**NZ ECONOMY - OVERVIEW**

* Fonterra – owned by Dairy farmers
* Receive ‘PAYOUTS’ + PRICE FOR MILK
* 20 % NZ EXPORTS
* They are the engine of NZ Economy
* Dairy farmers income impact **AD CURVE**
* ACC – Accident Compensation Corporation

**INFLATION**

* Definition – Disinflation, Deflation
* Show on AS-AD model inflation – DEMAND PULL vs COST PUSH inflation
* ACC - impacts cost of production for producers – effects **AS curve**
* **BUSINESS CYCLE** – identify stages – Boom, Recession, Downswing, Upturn
* **QUANTITY THEORY OF MONEY** (QTM) – Role of Interest rates – both during boom and recession.
* Impact of Deflation