

NEW ZEALAND ECONOMICS ANZ COMMODITY PRICE INDEX

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The next issue of the *ANZ Commodity Price Index* is scheduled for release on: 4 October 2010 at 3pm.

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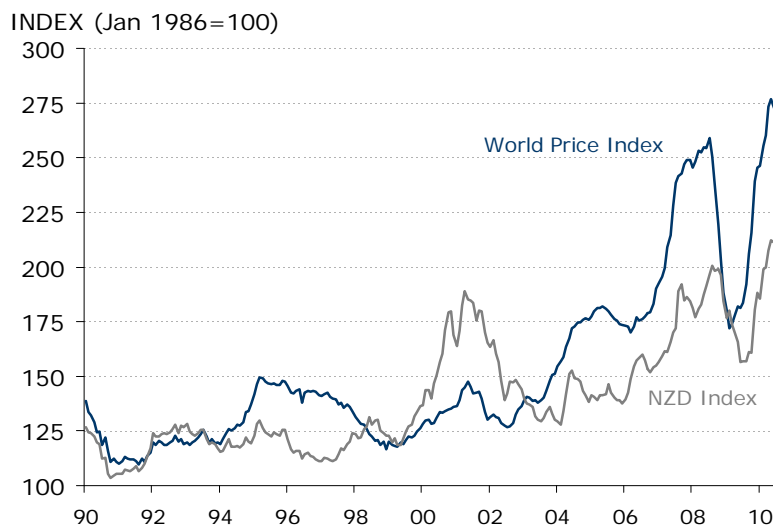
New Zealand's key commodity prices slipped for the third month in a row. The ANZ Commodity Price Index eased 1.4 percent in the month of August, the third consecutive decline in the index. Since its peak in May, the index has declined a total of 3.7 percent. While off its recent high, the level of the index remains elevated, being the fifth highest figure on record and 3 percent above the previous peak in 2008.

Declines outnumbered rises by two to one. Nine commodity prices dropped in August, four increased and four were unchanged. A seasonal 9 percent fall in the price of apples led the declines, followed by falling milk powder and pelt prices (down 6 percent). Logs and sawn timber recorded the next largest decline (dropping 4 percent), with butter, cheese and lamb prices dropping about 1 percent.

Deer gets dearer. Venison prices lifted 10 percent (see feature article on page three), while beef, aluminium and wool prices rose between 4-7 percent. Wood pulp, kiwifruit, casein and seafood prices were unchanged from a month earlier.

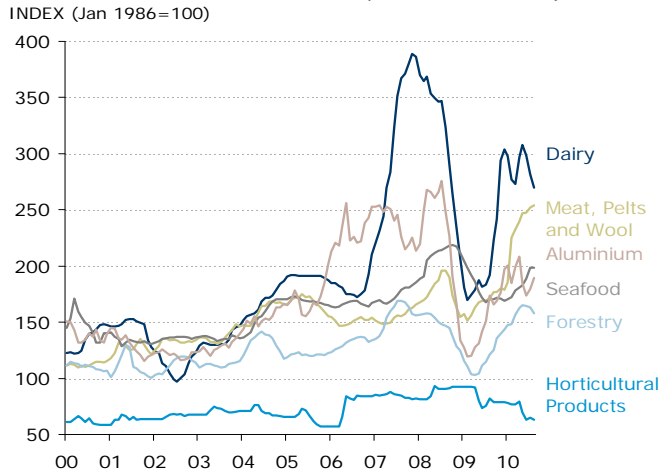
Kiwi dollar prices follow suit. The ANZ NZD Commodity Price Index eased 1.5 percent, but remains at an elevated level. The index is 4.6 percent below its peak in May 2010 and 1 percent above its previous peak in 2008.

ANZ COMMODITY PRICE INDEX

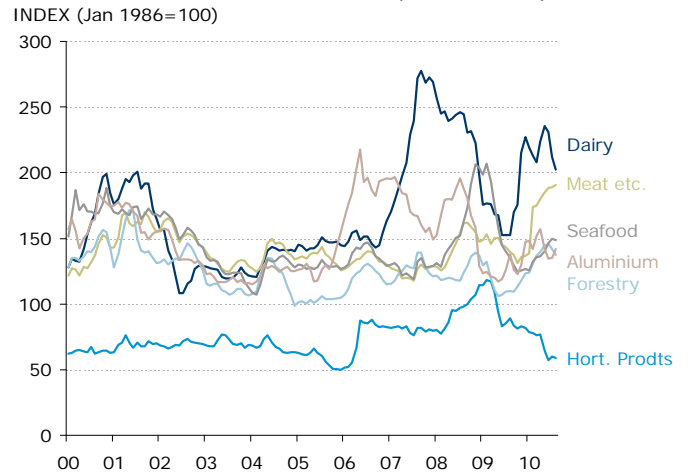


ANZ COMMODITY PRICE INDEX

SUB-GROUP INDICES (WORLD PRICES)



SUB-GROUP INDICES (NZD PRICES)



	World Price Index	Monthly % Change	Annual % Change	NZ\$ Index	Monthly % Change	Annual % Change
Aug-06	177.2	0.4	-0.5	157.2	-1.8	10.4
Aug-07	241.7	1.4	36.4	189.0	9.9	20.2
Aug-08	250.3	-3.4	3.6	200.5	2.0	6.1
Aug-09	192.1	4.8	-23.3	156.8	-0.1	-21.8
Mar-10	260.0	1.8	49.5	199.9	0.3	14.9
Apr-10	273.2	5.1	53.2	207.7	3.9	22.8
May-10	276.6	1.2	51.8	212.0	2.1	27.9
Jun-10	272.3	-1.6	50.1	211.2	-0.4	34.9
Jul-10	270.2	-0.8	47.3	205.3	-2.8	30.9
Aug-10	266.3	-1.4	38.6	202.2	-1.5	28.9

Commodity Price Index weights are based on contributions to merchandise exports. Weights for the 2010 year are: Wool 0.033; Beef 0.093; Lamb 0.150; Venison 0.013; Skins 0.019; Dairy 0.383; Apples 0.021; Kiwifruit 0.053; Logs 0.049; Sawn Timber 0.045; Wood Pulp 0.030; Seafood 0.065; Aluminium 0.046

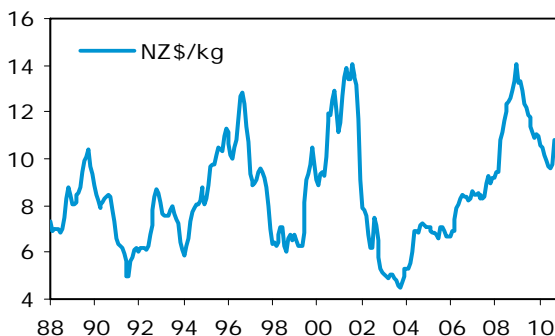
FEATURED COMMODITY: VENISON

Commercial deer farming began in New Zealand in the late sixties. Production has steadily grown over the past four decades, so that today venison and deer products account for around \$250 million in export earnings. Large price fluctuations for venison have been the norm.

When the early European settlers arrived in New Zealand they also brought with them red deer for release into the wild for hunting. The feral stock quickly spread to the point that by the 1950s they were regarded as a pest, raising concerns about their impact on the indigenous environment. The NZ Forest Service employed hunters during the 1950s and 1960s to reduce numbers. The first exports of venison from feral deer occurred in the 1960s and established an export market in Europe. The trade in feral deer was so successful that by the mid-1970s it was feared that the source would soon be exhausted. At this point farmers began trapping animals for the purpose of farming them, and thus, deer farming in NZ, as an industry in its own right, was born.

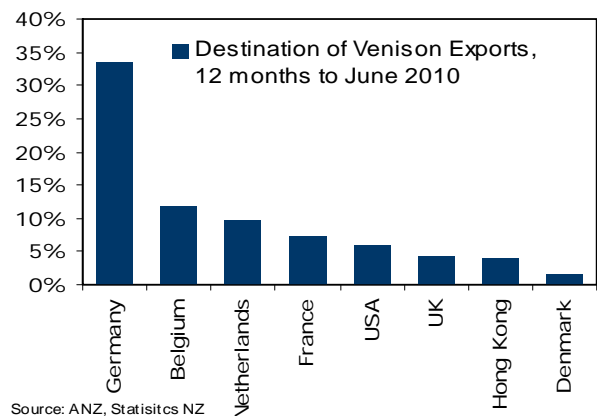
Over the next 35 years, commercial farming of deer in NZ has grown so rapidly that New Zealand is now a major player on the world stage, in terms of the number of deer farmed. There are approximately 1.2 million deer farmed in New Zealand. On an inter-Island basis, the split is roughly 40 percent of deer in the North Island and 60 percent in the South Island. Reflecting the original imported wild population, the majority of New Zealand's deer herd (about 85 percent) is red deer and the balance is predominantly elk (also known as wapiti) or elk crosses. The 1980s saw the creation of the "Cervena" trademark. This was part of an ambitious marketing strategy by the NZ Game Industry Board, designed to distinguish NZ deer meat from all other venison, with the trademarked assurance that the meat has been naturally produced and processed.

Venison Price (Benchmark International Price in NZ\$)



Source: ANZ, NZX Agrifax

The world price of venison has always been on a rollercoaster ride. Influences include: economic conditions in Germany, variations in supply from NZ, changing tastes of consumers (venison is one of the most healthy proteins sources) and resistance to price peaks. The European indicator price for venison has inched up to a new 10-year high of €6/kg. When converted into NZ dollars, venison prices have improved 13 percent from their recent low, but remain behind the prices recorded in 2008, when the NZD was weaker relative to the Euro. Nevertheless, the price for venison remains 25 percent above its long-run value, reflecting limited supply after the run down of the NZ breeding herd during the past 6 years. Ironically, a high venison price can be detrimental to demand, as chefs weigh-up the costs of including venison on their menus, compared to competing red meats.



Source: ANZ, Statistics NZ

New Zealand exported \$217 million of venison in the twelve months to June 2010, which represented less than one percent of our total merchandise exports and is the lowest annual level in five years. The export of velvet, deer hides and other co-products pushes the total deer industry export figure in excess of \$250 million.

The deer farming industry has put an increasing effort into extending the reach of venison in export markets. Nevertheless, by far the largest share (about a third) of our venison exports continues to be shipped to Germany. The next largest destinations are mainly European countries, the United States and Hong Kong.

Venison is an important part of the traditional German diet in autumn and winter, with strong links to the autumn hunting season – when game meats are in high demand. Venison, and a range of other game foods, is a common feature on German menus at this time. The game export season starts in September, with the majority of meat exported in October and November.

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The Bank (in respect of itself and its principal officers) makes the following investment broker disclosure to you pursuant to section 41G of the Securities Markets Act 1988.

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The Bank is a registered bank and, through its staff, is experienced in providing investment advice about its own securities and, where applicable, the securities of other issuers. The Bank has been selling securities, and providing investment advice on those securities, to customers as a core part of its business for many years, drawing on the extensive research undertaken by the Bank and its related companies and the skills of specialised staff employed by the Bank. The Bank is represented on many bank, finance and investment related organisations and keeps abreast of relevant issues by running seminars and workshops for relevant staff and having its investment adviser staff attend external seminars where appropriate. The Bank subscribes to relevant industry publications and, where appropriate, its investment advisers will monitor the financial markets.

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The Bank is a member of the following professional bodies relevant to the provision of investment advice:

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- Associate Member of Investment Savings & Insurance Association of NZ;
- Financial Markets Operations Association; and
- Institute of Finance Professionals.

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This insurance covers issues (including 'prior acts') arising from staff fraud, electronic crime, documentary fraud and physical loss of property. The scope of the insurance also extends to third party civil claims, including those for negligence. The level of cover is of an amount commensurate with the size and scale of the Bank.

The insurer is ANZcover Insurance Pty Limited.

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- Convicted of an offence under the Securities Markets Act 1988, or the Securities Act 1978 or of a crime involving dishonesty (as defined in section 2(1) of the Crimes Act 1961);
- A principal officer of a body corporate when that body corporate committed any of the offences or crimes involving dishonesty as described above;
- Adjudicated bankrupt;
- Prohibited by an Act or by a court from taking part in the management of a company or a business;

- Subject of an adverse finding by a court in any proceeding that has been taken against them in their professional capacity;
- Expelled from or has been prohibited from being a member of a professional body; or
- Placed in statutory management or receivership.

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At the time of providing this disclosure statement it is not practicable to provide accurate disclosure of the fees payable for all securities that may be advised on. However, this information will be disclosed to you should you seek advice from one of the Bank's investment advisers on a specific investment.

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- Equity securities such as listed and unlisted shares;
- New Zealand and overseas unit trusts;
- Share in a limited partnership;
- Superannuation schemes and bonds;
- Group investment funds;
- Life insurance products;
- Derivative products including interest rate and currency forward rate contracts and options; and
- Other forms of security, such as participatory securities.

PROCEDURES FOR DEALING WITH INVESTMENT MONEY OR INVESTMENT PROPERTY

If you wish to pay investment money to the Bank you can do this in several ways such as by:



IMPORTANT NOTICE

- Providing cash;
- Providing a cheque payable to the relevant product or service provider and crossed 'not transferable'; or
- Making an automatic payment or payment through another electronic delivery mechanism operated by the Bank.

Investment property (other than money) may be delivered to the Bank by lodging the relevant property (for example, share certificates) with any branch of the Bank offering a safe custody service, or by posting (using registered post) the documents or other property to a branch of the Bank, identifying your name, account number and investment purpose.

Any investment money lodged with the Bank for the purchase of securities offered by the Bank, its subsidiaries or any third parties will be deposited in accordance with your instructions, to your nominated account or investment. Such money will be held by the Bank according to usual banking terms and conditions applying to that account or the particular terms and conditions relating to the investment and will not be held by the Bank on trust unless explicitly accepted by the Bank on those terms. Any investment money or property accepted by the Bank on trust will be so held until disbursed in accordance with your instructions. Any investment property lodged with the Bank will be held by the Bank as bailee according to the Bank's standard terms and conditions for holding your property.

Record Keeping

The Bank will keep adequate records of the deposit of investment moneys or property and all withdrawals and dealings with such money or property, using the account/investment number allocated to your investment. You may have access to those records upon request.

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The Bank's systems and operations are internally audited on a regular basis. The financial statements of the Bank and its subsidiaries are audited annually by KPMG. However, this does not involve an external audit of the receipt, holding and disbursement of the money and other property.

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