

Moderation

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Summary

- > The monthly *Property Focus* publication is aimed at providing investors and prospective homeowners with an independent appraisal of recent developments in the property market, as well as our favoured mortgage borrowing strategy. In this issue, the feature articles are on the effective increase in mortgage interest rates that is in the pipeline and on the turn in the credit cycle.

The month in review (page 2)

- > Housing market activity softened once again in July, although there is still considerable late-cycle support from income growth and a low unemployment rate.

Property gauges (page 3)

- > Housing market activity is showing signs of turning. Liquidity and restricted supply are still providing support, although affordability measures remain over-extended.

Economic backdrop (page 5)

- > It looks like, after four OCR hikes this year, the current tightening cycle is over, although inflation risks will keep the Reserve Bank on guard. Any upside risk to interest rates is currently being mitigated by offshore developments.

Mortgage borrowing strategy (page 6)

- > The Reserve Bank has signalled that it doesn't anticipate raising the OCR beyond the current 8.25 percent. While inflation pressures remain, we struggle to see an easing until the end of next year in the absence of a major event. We see little value in 5-year lending rates around 9 percent. Relative to last month we are more inclined to 2-year rates as opposed to 3-year, given global developments.

Feature article – Effective mortgage rates (page 7)

- > While the Reserve Bank has signalled the end of the tightening cycle, they are banking on interest rate increases that are "in the pipeline" to continue to rein in housing market activity. In this article we look at how much is in the pipeline.

Feature article – A turn in the credit cycle (page 9)

- > There has been a credit accelerator supporting the housing market and asset prices in general. However, developments in the US suggest that the credit cycle has now turned and there is considerable uncertainty at present. While credit will still be plentiful, we do expect some flow-on to New Zealand.

Key forecasts (page 11)



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The month in review

Housing market activity softened once again in July, although there is still considerable late-cycle support from income growth and a low unemployment rate.

OCR increased to 8.25 percent, but the Reserve Bank signals it thinks it has done enough.

Housing market data showing signs of softening...

...despite ongoing support from a tight labour market.

Some signs that things are going in the right direction, but still early days yet.

- > **RBNZ OCR Review – July.** The Reserve Bank increased the Official Cash Rate by 25 basis points at their July *Review*. The increase was in response to tight resource pressures, ongoing increases in dairy prices, and sustained inflationary pressures from rising oil and food prices. The Bank noted that *“we think the four successive OCR increases we have delivered will be sufficient to contain inflation”*, effectively shifting monetary policy to a “neutral” stance.
- > **REINZ housing data – July month.** Seasonally adjusted house sales fell 6.2 percent in July, following a 7.0 percent decline in June (although, as noted last month, changes to the reporting process by REINZ complicated the interpretation of the June number). House sales are down 14.3 percent on July 2006, making this month the weakest July since 2001. Median house prices fell \$2,500 to \$345,000 – their second consecutive monthly fall. Annual house price growth has eased from a high of 14.8 percent in May to 10.2 percent in July. However, annual data can be misleading, and looking at the annualised growth in house prices over the past quarter (6 percent) paints a more sombre picture.
- > **QV monthly house prices – July.** Prices over the three months ending July were 12.7 percent higher than the same period a year ago.
- > **Household Labour Force Survey – June quarter.** The NZ labour market tightened in the June quarter, recording strong employment growth and an unemployment rate at its equal lowest since the series began.
- > **Wages data – June quarter.** The Labour Cost Index and Quarterly Employment Survey recorded solid wage gains in the June quarter. The preferred measure of the two, LCI private sector ordinary time earnings (which adjusts for productivity-linked wage enhancements), rose 0.7 percent, taking annual wage inflation to 3.1 percent.
- > **Building Consents – June month.** Residential building consents rose by 15.8 percent in June (seasonally adjusted). On an ex-apartment basis, consents rose a more modest 1.4 percent in the month. Announced council fee increases, which came into force from July, are likely to have contributed to the rise in consent issuance as builders lodged applications early to avoid the fee increase.
- > **Mortgage lending - June.** Mortgage borrowing increased by 1.1 percent (NZ\$1.6b) in June. Annual growth in mortgage borrowing (14.4 percent) continues to run at its fastest rate since the middle of last year.

Assessment

The Reserve Bank has expressed a belief that it has raised interest rates enough to contain inflation. Early signs of moderation in the housing market in particular will be a source of comfort for the Reserve Bank, although they will want to see further signs of a slowing in the housing market and consumer spending more generally, before they are convinced. August housing market data will be examined closely for further signs of easing.

Nevertheless, the labour market clearly remains a source of inflationary risk through the insulation that it is providing households. Solid increases in total gross earnings will continue to support consumer spending and the housing market – two key areas that the Reserve Bank wants to see moderate. In this environment, the bias for interest rates remains skewed to the upside (abstracting from global developments) and any easing in monetary policy is still a long way off.

Property gauges

Housing market activity is showing signs of turning. Liquidity and restricted supply are still providing support, although affordability measures remain over-extended.

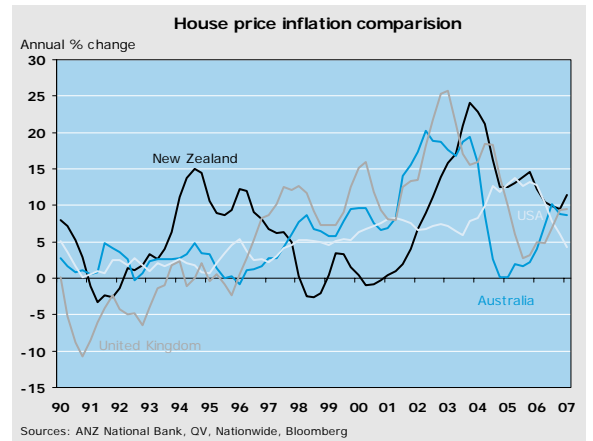
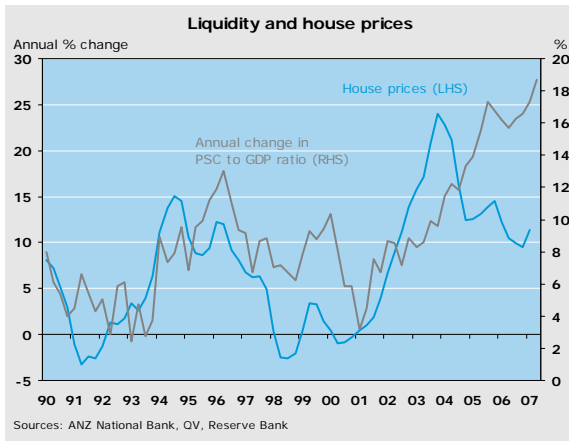
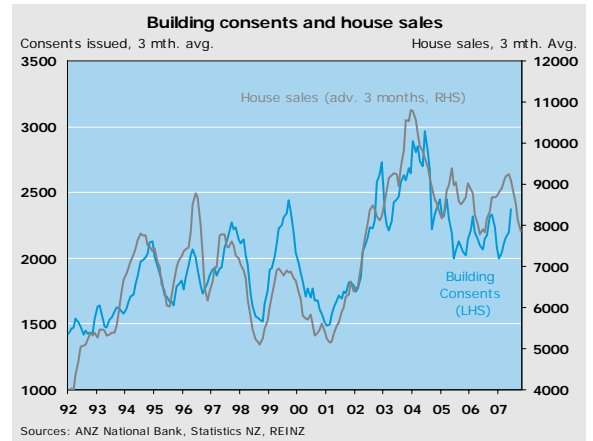
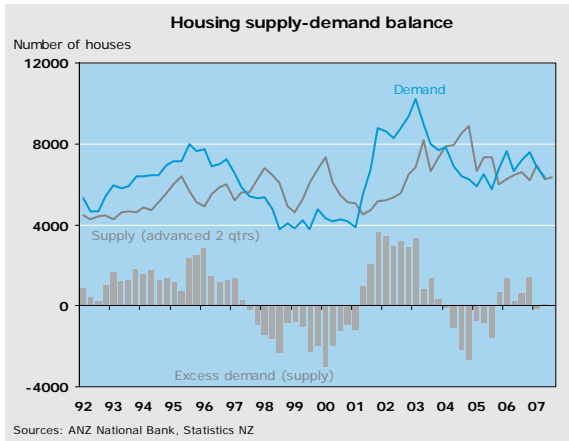
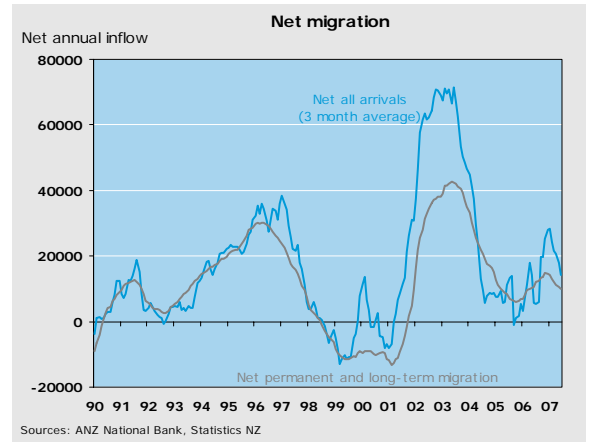
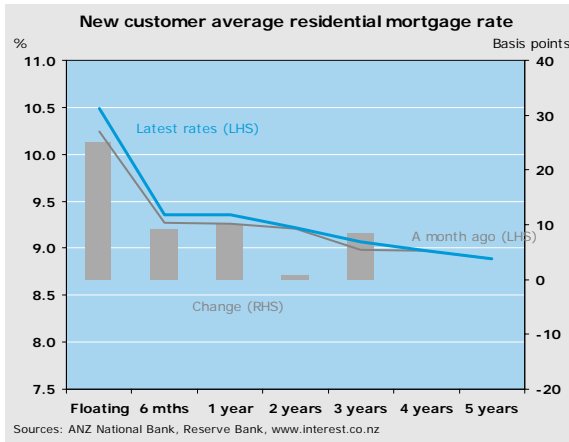
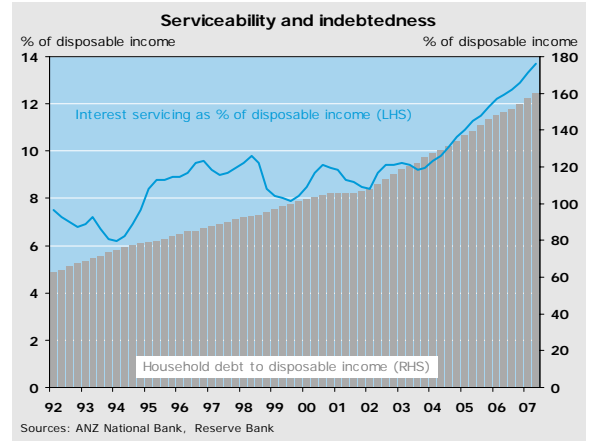
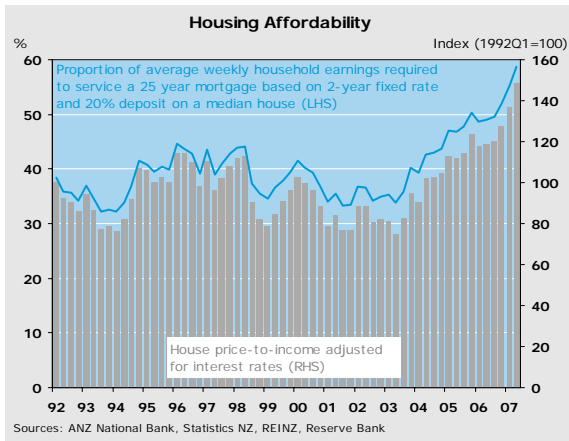
We use eight gauges to assess the state of the property market, and whether warning signs are emerging.

- > **Affordability.** For new entrants into the housing market, we measure affordability using the ratio of house prices-to-income (augmented for interest rates), and mortgage payments as a proportion of income.
- > **Serviceability / indebtedness.** For existing homeowners, serviceability relates interest payments to income while indebtedness is measured as the level of debt relative to income.
- > **Interest rates.** Interest rates affect both the affordability of new houses and the serviceability of existing mortgage payments.
- > **Migration.** A key source of demand for new housing.
- > **Supply-demand balance.** We use dwelling consents issuance to proxy supply. Demand is derived via the natural growth rate in the population, net migration, and the average household size.
- > **Consents and house sales.** These are both key gauges of activity in the property market.
- > **Liquidity.** We look at growth in private sector credit relative to GDP to assess the availability of credit in supporting the property market.
- > **Globalisation.** We look at relative property price movements between New Zealand, the US, UK and Australia in recognition of the important role that globalisation is playing in NZ's property cycle.

More signs are emerging from housing market data to suggest that the market is turning in response to higher mortgage interest rates, slowing net migration, and reduced confidence about the economic outlook.

Nevertheless, restrictive supply, ample liquidity, and a strong labour market will help to underpin activity. The balancing act facing the Reserve Bank continues.

Indicator	Level	Direction for prices	Comment
Affordability	Expensive	↓	Affordability continues to deteriorate sharply, not helped at all by rising mortgage rates.
Serviceability / indebtedness	High	↓	Household indebtedness and the debt servicing burden keep hitting new highs and show no signs of consolidating.
Interest rates	High	↓	Further increases in shorter-term mortgage interest rates. With most rates above 9 percent, there is nowhere on the curve for borrowers to hide.
Migration	Medium	↔/↓	Migration inflows continue to slow.
Supply-demand balance	Neutral	↔	Close to balance, in line with a slowing migration inflow.
Consents and house sales	Consents strong, sales softening	↔	The real estate market still looks to be supply constrained. Consents increasing ahead of fee increases?
Liquidity	High	↑/↔	Liquidity remains abundant, but global events suggest diminished appetites to lend could be pending.
Globalisation	Cheap in world terms	↑	On a relative basis, NZ property is still cheap.
On balance		↓	RBNZ will win.



Economic backdrop

It looks like, after four OCR hikes this year, the current tightening cycle is over, although inflation risks will keep the Reserve Bank on guard. Any upside risk to interest rates is currently being mitigated by offshore developments.

> Are we there yet?

The Reserve Bank increased the OCR to 8.25 percent in July in response to ongoing tight resource pressures in the economy and rising dairy prices. Though the Reserve Bank moved to a conditional neutral bias, stating that the four successive OCR increases will be sufficient to contain inflation, the risk profile for rates remains up (although recent global developments are mitigating this risk). A lack of inflation headroom and the risk of inflationary pressure from the labour market mean a period of slower growth is required. While housing market activity appears to be moderating, inflation trends are more broad-based, which means the Reserve Bank needs to see such moderation as sustained and to filter across to other areas of the economy.

We believe that the tightening cycle is finally over, but OCR cuts remain a long way off. Forward confidence gauges and our financial conditions index point to a slowing in economic activity over the second half of this year. There is still further pipeline tightening to come through the effective mortgage rate that households face (see page 7). In addition, net migration continues to ease. But alongside the labour market, the economy continues to be supported by continued rises in commodity prices (particularly dairy) and expansionary fiscal policy. Given these, the Reserve Bank will not be contemplating reducing the OCR for quite a while.

While the economy remains in a sound footing, it is at a vulnerable stage in the cycle, and very susceptible to an adverse "event". Financial conditions are tight. The external imbalance remains large, and households with mortgages rolling off over coming months face a 110 basis point increase in their borrowing costs.

> Looking over your shoulder

Little has changed over the past month with regards to the domestic economic situation and outlook, but there is now heightened uncertainty surrounding the global environment. In particular, concerns are growing about investors' risk appetites and the potential for difficulties in the US subprime mortgage lending market spreading further afield. While the global environment remains strong, particularly in Asia, and liquidity remains plentiful, there are concerns about how wide-spread the difficulties are.

It is certainly too early to say whether recent events are a temporary "liquidity panic" that will subside or something more enduring. But we note, with a cautionary tone, that past downturns in the New Zealand economic cycle tend to be affected by external shocks – the 1987 stockmarket crash, the global recession of the early 1990s and the Asian crisis of the late 1990s. The housing market has not been immune to such events.

Financial markets will respond appropriately if risks to the economy intensify or we do see a global downturn, thereby loosening financial conditions and acting as a stabiliser, most notably through a weaker NZ dollar, which makes NZ property cheaper.

The OCR is now 8.25 percent...

...but shouldn't need to be increased further.

Global market developments warrant keeping a close eye on.

Mortgage borrowing strategy

The Reserve Bank has signalled that it doesn't anticipate raising the OCR beyond the current 8.25 percent. While inflation pressures remain, we struggle to see an easing until the end of next year in the absence of a major event. We see little value in 5-year lending rates around 9 percent. Relative to last month we are more inclined to 2-year rates as opposed to 3-year, given global developments.

> Key themes

The themes that dominate our interest rate view are unchanged.

- **The (domestic) risk profile for rates remains skewed to the upside.** While there are tentative signs that the housing market is softening, a lack of inflation "headroom" combined with still strong inflation pressures, keeps the risk profile for interest rates to the upside.
- **On balance, we do not believe the Reserve Bank will need to raise interest rates further. But it is difficult to see rates moving down for a long time in the absence of an offshore event.** Stimulus being provided by sky-rocketing dairy prices, a strong labour market, and prospects for a loosening of the fiscal reins at the 2008 *Budget* are likely to provide impetus to the economy, and be a sticking point for the Reserve Bank.
- **When rates do come down, it is likely to be aggressively.** History shows that central banks typically end up getting behind the curve (keeping rates too high for too long) and we expect this cycle to be no different. We continue to favour an aggressive easing cycle, but not until late 2008/early 2009.
- **Recent global events have added an additional layer of vulnerability** and support shorter-duration borrowing in lieu of the accident factor.

> The choice?

We continue to believe that the choice of where to borrow on the mortgage interest rate curve depends on how you expect the housing market to perform over the next couple of years.

If you think the consolidation that has occurred over the past couple of months will be short-lived, and that the housing market will re-ignite, then interest rates are likely to increase further, and to remain high for some time. In such an environment, it would be prudent to take advantage of the slightly cheaper interest rates on offer at the 5-year end of the curve.

Alternatively, if you believe that the consolidation will continue (as we do) then the 2 and 3-year part of the curve would still be relatively more attractive (despite increases over the past month). It is hard to look past the vulnerabilities that have emerged in the housing market. In particular, the increasing deterioration in the serviceability of debt (see our feature article on page 7 for discussion of where effective interest rates are heading) suggests that monetary policy and interest rates are going to have an impact, and that impact will be stronger than in the past.

> Themes we favour in the current environment

- **Take a balanced (diversified) approach.** A balanced approach to spread risk by having exposure to different parts of the mortgage yield curve.
- **Relative to last month, we are more inclined to 2-year rates as opposed to 3-year rates given global developments.** Global developments have added an additional layer of vulnerability and mitigate the upside risk profile for the OCR. Fixing for a shorter duration will enable you to take advantage of lower rates in the event of a global "accident".
- **We struggle to see value in the 5-year rate at present.**

The risk profile for interest rates is still higher for longer...

...although borrowers should maintain a degree of flexibility.

Feature article – effective mortgage rates

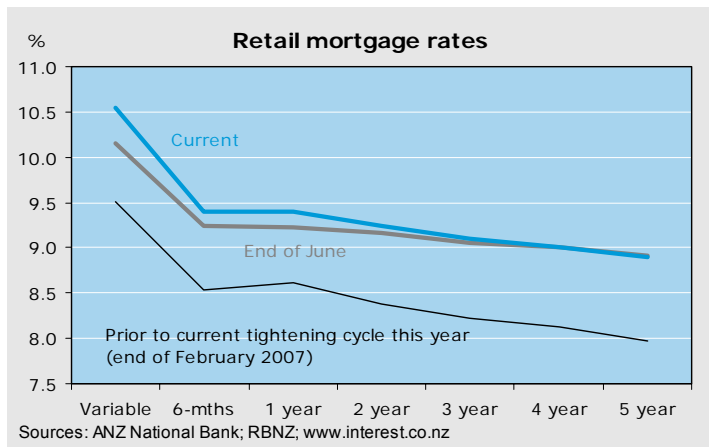
While the Reserve Bank has signalled the end of the tightening cycle, they are banking on interest rate increases that are “in the pipeline” to continue to rein in housing market activity. In this article we look at the extent of this “pipeline”.

There has been a sharp move towards fixed-rate mortgage borrowing.

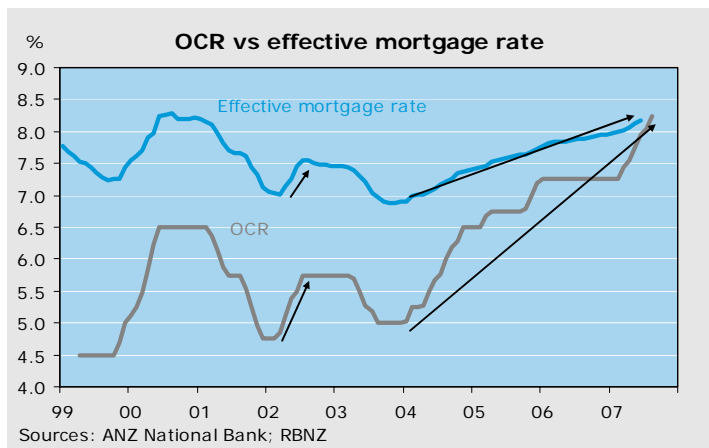
This has provided mortgage borrowers with (temporary) insulation from OCR increases.

Most New Zealand mortgages are for a fixed term duration. As at June 2007, almost 86 percent of the total mortgages outstanding were fixed, with the average duration of all outstanding mortgages at 20 months. The rise in the popularity of fixed rate mortgages occurred from around 2003 when the gap between floating and fixed mortgage rates widened courtesy of low global interest rates and this was compounded by aggressive pricing by retail banks. Since the end of 2004, fixed rates consistently remained 100-150 basis points below floating rates, and for a brief period in early 2006, this difference was as much as 200 basis points below floating.

Clearly, the response by households to move into fixed rate mortgages was an entirely rational one. But while this provided a degree of certainty for households (not to mention considerable savings over floating rates), it acted to mute and delay the impact of monetary policy throughout the current tightening cycle. A 25 basis point increase in the OCR by the RBNZ would only deliver an immediate increase of 3 basis points in the borrowing costs faced by New Zealand households (through those on floating). Of course, this is not to say that households have been totally insulated from OCR increases. Rather, the impact will be felt when their mortgages eventually come up for refinancing.



To estimate the amount of tightening still in the pipeline as mortgages roll off over coming months, the RBNZ calculates an effective mortgage rate series, which is the average weighted rate being paid on all outstanding mortgage debt. The RBNZ’s projection of the effective mortgage rate is also contained in their *Monetary Policy Statements*.



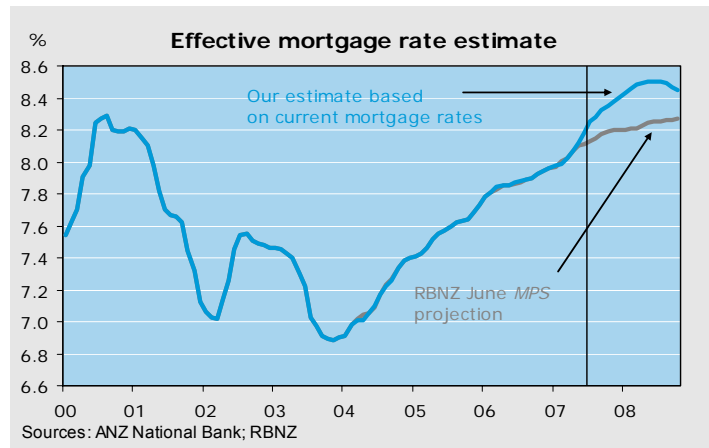
The lengthening in the transmission channel from monetary policy to households can be seen from the increases in the effective mortgage rate compared to the OCR over the current tightening cycle. Since early 2004, the OCR has been increased by 325 basis points. Over that same time, the effective mortgage rate faced by households has only increased by around 130 basis points.

The latest OCR increase has seen banks increase their floating rates by 25 basis points to 10.55 percent, with only small increases in fixed rates. Despite this, there is still a considerable amount of pipeline tightening to come over the months ahead at current mortgage interest rate levels. Some 28 percent of total fixed rate mortgages are rolling off over the next 12 months, at a weighted average rate of 7.9 percent. Our own internal data shows that most people are fixing in the 2-3 year space at an average of 9 percent, which means they face on average a 110 basis point increase.

By our estimate, the effective mortgage rate should increase from the current 8.18 percent to peak at 8.5 percent by mid-2008 (assuming no further OCR increases), taking it to the highest rate since late 1998. The tightening currently in the pipeline is larger than what the RBNZ was projecting in their June *Monetary Policy Statement*.

Borrowers coming off fixed rate loans are facing a marked increase in interest rates...

...with the pipeline resulting in effective interest rates up a further 32 basis points.



This increase will help to further moderate consumer spending, despite the RBNZ having halted its own interest rate increases.

The steep rise in the effective mortgage rate expected over the rest of this year will ultimately bite at some stage, helping to moderate consumer spending. The RBNZ obviously felt comfortable enough to signal an end to the tightening cycle with a currency close to record highs (then), anecdotes of household borrowing starting to moderate (which we, as a bank, can attest to) and confidence that the rise in the effective mortgage rate will start to impact. Certainly, we believe mortgage rates at current levels will start to slow household borrowing, consumer spending and the housing market over the remainder of this year.

Feature article – A turn in the credit cycle

There has been a credit accelerator supporting the housing market and asset prices in general. However, developments in the US suggest that the credit cycle has now turned and there is considerable uncertainty at present. While credit will still be plentiful, we do expect some flow-on to New Zealand.

Abundant credit has helped support the NZ housing market.

A key reason behind surging house prices over the past eight years has been what we term a credit accelerator. The cost of credit has been cheap (low interest rates), and risk appetites strong. Liquidity and cash to do deals have been freely abundant via the latter channel. The housing market has been in a circle of success where house prices move up, allowing scope to leverage, providing greater liquidity, thereby moving house prices up, allowing more leverage...and the spiral has been in motion. It all works so long as risk appetites remain strong. Hence the term a credit accelerator, and it's been a global as well as domestic phenomena.

Events in the US suggest that the credit cycle has now turned.

The credit cycle has now turned. Since late July, concerns about the quality of lending in the US mortgage market have gained increasing traction. These concerns intensified when Countrywide Financial (the US's largest mortgage lender, seen as a bellwether for the US mortgage market) reported that more borrowers with good credit histories were falling behind on their loans. With subprime difficulties apparently spreading into the prime mortgage market, there has been a sharp reappraisal of investors' risk appetites, and the "price" of risk. Swap spreads and credit spreads have widened around the globe. In addition, the uncertainty over subprime issues is now extending across a range of financial institutions, and more recently, across borders. As concerns mount, investors have exited riskier investments and sought the relative safety of government bonds and cash-based assets. There have been large falls in equity markets, and a short-term "washout" in leveraged financial trading positions. The flight to safety has been so pronounced that financial system liquidity has come under a pressure, and has had to be bolstered by central banks around the globe. Indeed, since late last week, central banks have reportedly added more than USD300 billion to the global financial system to meet the demand for highly liquid assets – the US Federal Reserve on one day alone added \$38 billion to its banking system – the largest amount of liquidity since the days after 11 September 2001.

US subprime woes should be contained.

Touch wood, woes in the US subprime market should be contained. Excluding the subprime market, US growth remains robust, as does the remainder of the global economy. Liquidity – by-and-large – remains plentiful. But the big uncertainty at present is how extensive further losses could be, and how this could diffuse through the global economy. New Zealand (and the property market) would not be immune to a fundamental shift. At this stage we are viewing developments as a semi-healthy reminder that excess returns do not come without risk. Specifically, if you expect to receive excess returns, whether via speculative property investment, equities, or Bridgecorp, the reality is that there will be a chance you will not get all your money back! Hence the term "risk" should always be assessed in conjunction with the expected return.

However, the credit accelerator now has the potential to turn into a credit and growth "decelerator" if contagion does develop. There has been an implicit tightening in financial conditions via a widening in swap and credit spreads – albeit from low levels. Deals will be harder to get off the ground as they are more closely perused.

Credit will still be abundant, but associated risk will be of more importance.

New Zealand will not be immune. Even if global events are contained, credit spreads have still widened domestically in line with offshore movements and seem unlikely to contract. It would be safe to assume that there will not be the same appetite for credit risk. By-and-large, credit will still be plentiful but just not as cheaply nor of the same magnitude. In the current environment, deals will be more closely analysed. This does not mean that credit will not be readily available.

Merely that the recent and perhaps abnormal experience of exceptional credit growth and risk appetites has come to an end, and conditions will return to more historical norms.

Admittedly, the NZ banking system is fundamentally sound and bears little resemblance to the US equivalent, which is littered with moral hazard problems in terms of how the mortgage market operates. However, we will still get caught up in the wider global sentiment. Domestically it is the non-bank financial institutions that have the greatest potential to act as a credit decelerator. The failure of Bridgecorp may be just the tip of the iceberg if funding becomes more of an issue.

As a small open economy that is critically reliant on offshore capital to fund our savings shortfall, a shift in credit conditions will mean a shift in the price we pay via interest rates for our borrowing. By-and-large this effect should not be large, and only in the order of a few basis points as a modest widening in credit risk is reflected in lending rates. However, it comes on the heels of four successive hikes from the Reserve Bank. The headwinds just keep getting stronger.

Statistical Annex

Weekly mortgage repayments table (based on 25 year term)

Mortgage Size (\$'000)	Mortgage Rate (%)														
	7.50	7.75	8.00	8.25	8.50	8.75	9.00	9.25	9.50	9.75	10.00	10.25	10.50	10.75	
100	170	174	178	182	186	190	194	197	201	205	210	214	218	222	
150	256	261	267	273	279	284	290	296	302	308	314	320	327	333	
200	341	348	356	364	371	379	387	395	403	411	419	427	435	444	
250	426	435	445	455	464	474	484	494	504	514	524	534	544	555	
300	511	522	534	545	557	569	581	592	604	616	629	641	653	666	
350	596	610	623	636	650	664	677	691	705	719	733	748	762	777	
400	682	697	712	727	743	758	774	790	806	822	838	855	871	887	
450	767	784	801	818	836	853	871	889	907	925	943	961	980	998	
500	852	871	890	909	928	948	968	987	1,007	1,027	1,048	1,068	1,089	1,109	
550	937	958	979	1,000	1,021	1,043	1,064	1,086	1,108	1,130	1,153	1,175	1,198	1,220	
600	1,022	1,045	1,068	1,091	1,114	1,137	1,161	1,185	1,209	1,233	1,257	1,282	1,306	1,331	
650	1,108	1,132	1,157	1,182	1,207	1,232	1,258	1,284	1,310	1,336	1,362	1,389	1,415	1,442	
700	1,193	1,219	1,246	1,273	1,300	1,327	1,355	1,382	1,410	1,438	1,467	1,495	1,524	1,553	
750	1,278	1,306	1,335	1,364	1,393	1,422	1,451	1,481	1,511	1,541	1,572	1,602	1,633	1,664	
800	1,363	1,393	1,424	1,454	1,485	1,517	1,548	1,580	1,612	1,644	1,676	1,709	1,742	1,775	
850	1,448	1,480	1,513	1,545	1,578	1,611	1,645	1,679	1,713	1,747	1,781	1,816	1,851	1,886	
900	1,534	1,567	1,602	1,636	1,671	1,706	1,742	1,777	1,813	1,849	1,886	1,923	1,960	1,997	
950	1,619	1,655	1,691	1,727	1,764	1,801	1,838	1,876	1,914	1,952	1,991	2,029	2,069	2,108	
1,000	1,704	1,742	1,780	1,818	1,857	1,896	1,935	1,975	2,015	2,055	2,095	2,136	2,177	2,219	

Housing market indicators for July 2007 (based on REINZ data)

	House prices (Ann % change)	3mth % chng	No of sales (s.a.)	Mthly % chng	Avg days to sell (s.a.)	Comment
Northland	18.0	2.7	259	(+44%)	43	Largest annual house prices gains in the North Island
Auckland	14.1	1.1	2,569	(-5%)	28	Prices flat in July
Waikato/BOP/Gisborne	12.3	1.9	1,074	(-11%)	39	Prices have eased from June's record high
Hawke's Bay	13.4	1.5	287	(-1%)	48	Days to sell pushing back towards 50
Taranaki	6.3	0.1	168	(-22%)	38	Lowest annual percentage price gains in the nation
Manawatu-Wanganui	12.2	2.7	374	(-2%)	37	Largest monthly fall in house prices nationwide
Wellington	9.1	-0.3	772	(-12%)	27	Sales and prices both falling
Nelson-Marlborough	7.6	1.7	249	(+19%)	33	Largest monthly fall in house prices in the South Island
Canterbury/Westland	14.8	1.5	989	(-8%)	25	Less than 1000 sales for the first time in years.
Otago	7.5	1.6	295	(-2%)	27	Days to sell stable at 27
Central Otago Lakes	13.6	5.5	99	(-3%)	51	Days to sell easing, but remain longest in country
Southland	28.9	10.9	243	(-13%)	19	Lowest days to sell in the country
NEW ZEALAND	10.2	1.5	7,325	(-6%)	30	More evidence of a slowdown

Key forecasts

Economic indicators	Actual			Forecast						
	Sep 06	Dec 06	Mar 07	Jun 07	Sep 07	Dec 07	Mar 08	Jun 08	Sep 08	Dec 08
GDP (ann avg % chg)	1.4	1.5	1.7	2.1	2.4	2.3	1.9	1.5	1.3	1.3
CPI inflation (%)	3.5	2.6	2.5	2.0 ^a	1.9	2.7	2.7	2.5	2.6	2.8
Unemployment rate (%)	3.8	3.7	3.7	3.6 ^a	3.9	4.1	4.1	4.2	4.3	4.3

Interest rates	Actual			Forecast (end month)						
	Jun 07	Jul 07	Current	Sep 07	Dec 07	Mar 08	Jun 08	Sep 08	Dec 08	Mar 09
Call rate	8.00	8.25	8.25	8.25	8.25	8.25	8.25	8.25	7.75	6.75
90-day bank bill rate	8.3	8.4	8.6	8.6	8.5	8.5	8.5	8.4	7.7	6.8
Floating mortgage rate	10.2	10.2	10.5	10.5	10.5	10.5	10.5	10.5	10.1	9.1
1-yr fixed mortgage rate	9.3	9.3	9.4	9.4	9.3	9.3	9.2	9.1	8.5	7.7
2-yr fixed mortgage rate	9.2	9.2	9.2	9.2	9.1	9.1	9.0	9.0	8.5	7.8
5-yr fixed mortgage rate	8.9	8.9	8.9	8.8	8.7	8.7	8.6	8.6	8.3	7.9

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