

SAME STORY, DIFFERENT WEEK

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Page 2: Economic overview

- > The economic story remains the same. Growth is poor, although a base may be approaching. Inflation pressure remains disconcerting. We expect to receive similar nuances this week. Financial conditions – via the global environment – are actually tightening with credit markets remaining on edge.

Page 4: Economic comment – industry update

- > Earnings are under the spotlight given the weak growth/high cost mix. Across sectors, margins are contracting for almost all, considerable cost pressure remains from wages, and productivity growth remains weak. In this environment we continue to hear, and look for evidence of, increasing attention towards costs.

Page 6: Economic comment – global watch

- > Data was mixed last week out of the US, with most demand gauges in line with expectations, but PPI inflation much stronger. European data reversed the recent trend and was generally stronger than expected, although key PMI results were still sub-50, suggesting contraction. It was a reasonably quiet week in Asia.

Page 7: Interest rate strategy

- > NZ swap rates look set to remain in consolidation mode following last month's eye-watering rally. Several stronger than expected data releases and the unwinding of bullish rate cut expectations have seen yields move around 10bps higher at the short end. Now that the market is fully priced for a rate cut next month and four by the end of March, we expect interest rates to move sideways or even drift higher over the week.

Page 8: Currency strategy

- > The corrective move in the NZD may not yet be over, though failure to take-out the 0.7220 topside level suggests the kiwi may struggle to push too much higher this week. Domestic data may provide some cues for the NZD, but how commodity markets perform this week will likely dictate the bird's fortunes. Increasing expectations of a weak Aussie Q2 GDP could be a drag on the NZD as well.

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ECONOMIC OVERVIEW

The economic story remains the same. Growth is poor, although a base may be approaching. Inflation pressure remains disconcerting. We expect to receive similar nuances this week. Financial conditions – via the global environment – are actually tightening with credit markets remaining on edge.

What's ahead?

- > **July Overseas Merchandise Trade** (Tuesday 1045 NZST). We expect a trade deficit of \$500 million for the month.
- > **Q3 RBNZ Survey of Expectations** (Tuesday 1500 NZST). Inflation expectations are expected to remain elevated and there remains a risk they could push higher.
- > **August NBNZ Business Outlook** (Wednesday 1500 NZST).
- > **July Credit Growth** (Thursday 1500 NZST). Household lending growth will be soft, in line with the weak housing market. Business lending should also continue to weaken.
- > **July Building Consents Issued** (Friday 1045 NZST). Building consents may bounce from the soft June level, but still with a weak trend. Commercial issuance remains key to watch.

What's the view?

We were given a timely reminder last week that there remains a lingering cost-push inflation dynamic. We don't typically follow NZ PPI data (or producer prices) too closely given that it provides a poor leading gauge on future CPI movements. In saying this though, it is difficult to completely ignore some of the messages coming through.

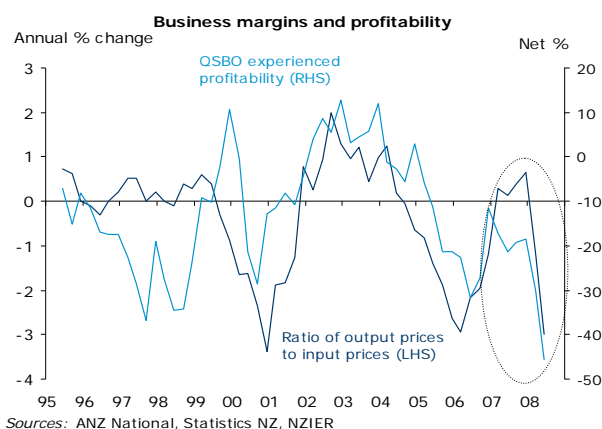
PPI input prices rose by a massive 5.6 percent in the June quarter – the largest quarterly increase since March 1980. Output prices rose 3.5 percent – the largest increase since June 1985. We acknowledge that the majority of the increases were a result of high wholesale electricity prices (drought-related), which saw the electricity and supply input index up 50.8 percent, and also oil prices, which rose 26 percent over the quarter in USD terms, and both are now off their peaks (particularly the former). However, underlying price strength was still high. We estimate that excluding electricity generation and wholesale industries, input and output prices were still up around 3.3 percent and 2.0 percent respectively. There remains an undercurrent of price pressure that will no doubt keep the RBNZ wary and there are two different dynamics to the inflation pressure in this cycle that we need to be mindful of.

First, is the generalised inflationary pressure coming from commodity prices across the globe. To be sure we've seen commodity prices such as oil come off of late, but by-and-large most have still doubled in the past three years. Such rises in commodity prices (such as steel) make it increasingly difficult for cyclically-sensitive inflationary pockets such as construction costs to fall, which has historically been the case.

Second, there is a structural domestic element to some of the inflation pressure in NZ. For example, electricity prices have been trending higher for the past five years. Upwards pressure on local authority rates shows no signs of abating.

Such forces reinforce to us that a degree of caution still needs to prevail in terms of how far and how fast monetary policy can be neutralised. It's a key reason we continue to look for a pause late in the year as the RBNZ adopt a staggered easing cycle. We are also continuing to detect signs of stabilisation in some of the forward or timely indicators (as opposed to lagging, such as the NBNZ's *Regional Trends* survey telling us growth was negative in Q2). This is to be expected after such a poor H1 2008 and NZ data does tend to run in strings. Certainly, migration trends remain positive and look to have found a base, despite the now familiar exodus to Australia. Credit card billings remain on the positive side, although the interest bearing component is rising and higher petrol prices look to be accounting for the rises in both that and electronic card transactions.

Of course if we continue to see more global unease, financial instability, and receding commodity prices, the economy will not stabilise. Instead, we'll be drawn to a "W" as opposed to a "U" shaped cycle. No pause in the easing cycle will be likely and it'll be a case of getting rates down far quicker. Given the global environment and domestic property market, this looks to be the key risk at present.



All this continues to make life difficult for the RBNZ. What they – and we – are putting confidence in is that in an environment of very weak growth, its high on impossible to pass on cost increases. This

was shown in the PPI data with aggregate input price growth outpacing output prices. Output prices lagged behind input prices, particularly for those industries that are exposed to the domestic economy. By our estimates, output prices for the non-tradable sector rose 7.3 percent from a year ago, but their input prices were up by 13.9 percent. In contrast, output prices for the tradable sector were up 9.4 percent from a year ago, compared to an 11.9 percent increase in their input prices.

Of course, this type of dynamic does not bode well for firms' profitability and the earnings environment is obviously very challenging at present. In our view, cost containment remains the next critical leg of the cycle to watch as firms respond, and this will invariably include the labour arena. Page 4 provides a sectoral breakdown of key earnings momentum indicators across various industries.

The other interesting aspect from last week was a speech by a senior RBNZ official, where they took the opportunity to remind people that despite the recent failures of local finance companies and frozen mortgage trust funds, NZ's financial system remains sound and continues to function well. While we don't want to downplay the significance of what is happening around the globe, the danger is that innuendo and rumour become self fulfilling prophecies. Commentators need to be careful and prudent in their assessments. We applaud the RBNZ for taking a more proactive stance and reminding people of the fundamental picture.

However, the rumour mill was again very busy last week as credit concerns once again emerged. Lacking confidence, sentiment remains very fickle. The massive US mortgage lenders Freddie Mac and Fannie Mae were never far from the headlines. US 2-year swap spreads have increased to be back over 100bps, credit spreads have also widened, with the European iTraxx index at a one-month high. The Australian equivalent is also at a one-month high. Such forces represent a de-facto tightening in financial conditions – even to NZ. It's an area we continue to keep an eye on, and with each passing day we are seeing the flow-on of higher borrowing costs passed on to NZ borrowers, notably in the corporate arena.

Australian theoretical 5-year iTraxx



Sources: ANZ National, Bloomberg

Looking forward to this week, the two major pieces of data out locally will be the NBNZ *Business Outlook* (NBBO) survey for August and the RBNZ's Survey of Expectations. As always, it will be how firms feel about their own activity that will be of most interest in the NBBO. The RBNZ place a lot of weight on inflation expectations and it is an important component in their forecasts of medium-term inflation. We expect the key 2-year ahead inflation expectations to remain elevated, at 2.9 percent.

The remaining data is all reasonably second-tier in nature with overseas merchandise trade, building consents, food prices and credit growth for July all due to be released. The trade balance is expected to record another deficit for the month, although the annual balance should continue to improve. Residential building consent issuance has the potential to bounce in the month considering the 20 percent fall in June and the fact the seasonally adjusted level is the lowest since October 2006. However, the trend will remain weak. More interesting in our eyes will be the performance of commercial consent issuance. We suspect that with mezzanine-related finance all but drying up and the activity outlook of builders from recent business surveys showing sharp declines, the risk is for a downward correction some time in the near future.

Internationally, it is a slightly busier week this week. The US Federal Reserve is due to release the minutes from their latest meeting and markets will be looking for the extent of discussion around the likelihood of an interest rate hike, seeing as Dallas Fed President Fisher voted for one. The other major data out of the US will be new home sales, durable goods, the second read of Q2 GDP and personal income and spending data. Across the Atlantic, the German IFO survey, as well as economic confidence data and the early CPI estimate for Europe will be the major focus.

Recent local data...

Producer Price Indexes (Q2): Input prices rose 5.6 percent, while output prices rose 3.5 percent.

External Migration (July): There was a net monthly inflow of 850 people, taking the annual inflow to 5,201.

Electronic Card Transactions (July): Retail ECT sales rose 0.8 percent, while core retail ECT sales rose 1.2 percent.

Credit Card Spending (July): Total credit card billings rose 0.4 percent.

NBNZ Regional Trends (June quarter): The nationwide measure of economic activity fell 0.5 percent. The Waikato region was the weakest, with growth contracting 2.1 percent.

INDUSTRY UPDATE

Earnings are under the spotlight given the weak growth/high cost mix. Across sectors, margins are contracting for almost all, considerable cost pressure remains from wages, and productivity growth remains weak. In this environment we continue to hear, and look for evidence of, increasing attention towards costs.

At the start of this year we presented some analysis showing a breakdown of margins, volumes, wages, employment and productivity trends across numerous sectors of the economy. While we have to be careful about making sweeping assessments (the data contains large standard errors the more disaggregated down you dig), some broad trends were noticeable and it was clear that the outlook for earnings was a challenging one.

It is therefore not surprising to have seen the NZX fall some 30 percent from its October 2007 peak, albeit recovering slightly of late, as the earnings outlook gets priced into company valuations. We update this analysis below. It shows that the earnings environment remains very challenging, and arguably more difficult than at the start of the year.

Looking at the broad industry breakdowns, we make the following observations:

- > **Margins are contracting for all but one sector.** With the exception of mining, all sectors experienced a contraction in non-labour margins over the past 12 months, although some sub-sectors of manufacturing managed small gains. The worst affected was the electricity, gas and water sector as dry weather conditions saw wholesale electricity prices skyrocket, but was not entirely passed on, while the transport and storage sector also experienced a large margin contraction, no doubt a consequence of high oil (input) prices.
- > **Wage inflation generally remains strong, adding to cost pressures.** LCI wages rose by 3.5 percent in the year to June – an equal record high. For the seventh consecutive quarter, the finance and insurance and mining sectors experienced the strongest annual wage growth.
- > **Some sectors are showing surprising job resilience.** Despite this pressure on margins and the soft growth environment, jobs growth (and hours paid) remains relatively robust over a number of industries. Six sectors recorded stronger growth in filled jobs than GDP volume growth in the year to June 2008. To be fair, jobs growth over the first six months of the year has been flat, the labour market is and

always lags economic developments, and we suspect some hoarding is apparent.

- > **But others look to be responding.** Jobs growth has turned negative in the retail sector and the mining sector (although the latter is off a low base so the growth numbers are a little misleading). The former is not surprising given that retail sales volumes have now contracted for two consecutive quarters. Construction sector jobs growth is broadly flat, while it has slowed for the property and business service sector.
- > **Productivity growth is poor.** The majority of sectors have experienced falling productivity growth over the past two years. However, it is interesting to note that two sectors (retail and mining) with positive productivity growth are also ones where jobs growth is negative. The transport and finance and insurance sectors are notable exceptions. Nevertheless, this is potentially a dynamic we see occurring for more sectors as businesses assess cost structures and look to improve efficiencies.
- > **The mining sector remains the shining light.** Volume growth from this sector continues to accelerate, with a massive annual rate of 42.7 percent. We suspect the majority of this increase is due to production from the Tui oil field, which has surpassed expectations. The mining sector is also leading the way on productivity and margin growth.

The upshot

There is little doubt that the earnings environment remains challenging. Recent full-year company results have also shown this, and although they have been a bit of a mixed bag compared with expectations, a number have highlighted an uncertain outlook ahead. We also need to appreciate that NZ's larger and listed firms have the benefit of scale and diversification, and its typically the small-mid tier businesses that suffer most in a weak growth-sticky inflation environment, which is what we are seeing at present.

The real theme at present – and one we hear consistently on our travels around the country – is that of cost containment. Firms are increasingly looking at cost structures and this is beginning to turn to labour. In this environment, we believe it is far too early to say a trough has been reached for the property market.

Industry	Volume growth (GDP, apc) *	Output prices (apc)	Input prices (apc)	Non-labour margins (apc)	LCI Wage inflation (apc)	Labour productivity 2006-2008 (% p.a.)	Labour intensity (AES) ^	Jobs growth (apc) ~	Hours paid growth (apc)
Forestry	-3.7	-8.0	1.7	-9.5	3.0	-4.7	11.7	40.4	38.0
Mining	42.7	13.8	8.9	4.5	5.1	23.8	8.8	-24.6	-25.9
Manufacturing	-1.3	9.5	10.8	-1.2	3.3	-1.3	16.1	3.9	4.0
<i>Food, beverage and tobacco</i>	-0.4	20.5	16.1	3.8	2.8	..	11.4	..	..
<i>Textile and apparel manufacturing</i>	-6.4	2.6	5.5	-2.7	3.5	..	23.3	..	..
<i>Wood and paper product manufacturing</i>	-2.1	1.6	4.0	-2.2	3.5	..	17.6	..	..
<i>Printing, publishing and recorded media</i>	1.2	0.4	2.2	-1.8	3.5	..	20.7	..	..
<i>Petroleum, chemical, plastic and rubber product manufacturing</i>	7.3	3.1	10.3	-6.5	3.0	..	13.3	..	..
<i>Non-metallic mineral product manufacturing</i>	0.4	3.5	6.0	-2.3	3.3	..	18.0	..	..
<i>Metal product manufacturing</i>	-9.1	6.1	16.9	-9.2	3.5	..	20.0	..	..
<i>Machinery and equipment manufacturing</i>	0.2	4.3	4.2	0.1	3.9	..	23.6	..	..
<i>Furniture and other manufacturing</i>	-12.7	4.9	5.5	-0.6	3.0	..	21.7	..	..
Electricity, gas & water	-5.3	36.5	74.4	-21.7	1.9	-0.7	4.5	8.7	7.4
Construction	-3.1	6.0	6.4	-0.3	3.4	-6.6	17.2	0.1	1.2
Wholesale trade	2.4	13.8	16.5	-2.3	2.7	-1.3	6.1	6.7	6.5
Retail trade	-1.4	5.2	6.4	-1.1	3.3	4.7	10.4	-4.6	-4.7
Accommodation, restaurants & bars	2.6	6.2	6.9	-0.6	3.0	-1.6	25.6	2.5	3.2
Transport & storage	4.0	5.5	17.9	-10.6	3.1	2.7	26.5	6.2	5.0
Communications	2.8	0.8	2.7	-1.8	1.3	-4.3	16.7	1.8	0.6
Finance and insurance	3.3	-2.9	3.7	-6.4	5.0	2.5	7.0	4.4	2.2
Property & business services	0.6	4.1	4.8	-0.6	3.4	-2.5	19.5	0.8	0.5
ECONOMY WIDE	0.9	8.5	11.8	-3.0	3.5	-0.4	15.2	2.2	2.1

Sources: ANZ National, Statistics NZ

* Volume growth data for the year to June 2008 are estimates

^ Salaries and wages as % of total expenditure (2006 AES)

~ Jobs growth based on filled jobs from the Quarterly Employment Survey.

GLOBAL WATCH

We present a table of global data outturns over the past week given the significance of the international backdrop at present. Data was mixed last week out of the US, with most demand gauges in line with expectations, but PPI inflation much stronger. European data reversed the recent trend and was generally stronger than expected, although key PMI results were still sub-50, suggesting contraction. It was a reasonably quiet week in Asia.

Country/ Area	Indicator	Mkt	Actual	Last	Outturn vs market	
US	NAHB Housing Market Index (Aug)	16	16	16	In-line	
	PPI (Jul) – mom	0.6%	1.2%	1.8%	Stronger	
	PPI – Ex Food & Energy (Jul) – mom	0.2%	0.7%	0.2%	Stronger	
	Housing Starts (Jul)	960K	965K	1,084K	In-line	
	Initial Jobless Claims (w/e Aug 17)	440K	432K	445K	In-line	
	Philadelphia Fed (Aug)	-12.6	-12.7	-16.3	In-line	
	Leading Indicators (Jul)	-0.2%	-0.7%	0.0%	Weaker	
Europe	ZEW Economic Sentiment (Aug)	-65.0	-55.7	-63.7	Stronger	
	PMI Manufacturing (Aug A)	47.0	47.5	47.4	Stronger	
	PMI Services (Aug A)	48.0	48.2	48.3	Stronger	
	PMI Composite (Aug A)	47.7	48.0	47.8	Stronger	
	Industrial New Orders (Jun) – yoy	-6.3%	-7.4%	-4.4%	Weaker	
UK	Public Finances (PSNCR) (Jul)	-10.0B	-12.6B	15.3B	Weaker	
	M4 Money Supply (Jul P) – mom	0.5%	0.9%	1.8%	Stronger	
	Retail Sales (Jul) – mom	-0.2%	0.8%	-4.3%	Stronger	
	Total Business Investment (2Q P) – qoq	-0.7%	-1.9%	-1.8%	Weaker	
	GDP (2Q P) - qoq	0.1%	0.0%	0.2%	Weaker	
Asia Ex-Japan						
	<i>China</i>	Wholesale Prices (Jul) – yoy	-	9.4%	9.5%	-
	<i>Singapore</i>	Non-Oil Domestic Exports (Jul) – mom	3.4%	-2.2%	4.2%	Weaker
		Electronic Exports (Jul) – yoy	-	-14.2%	-14.7%	-
	<i>Thailand</i>	Customs Exports (Jul) – yoy	-	43.9%	27.4%	-
		Customs Imports (Jul) – yoy	-	55.1%	30.7%	-
	<i>Malaysia</i>	CPI (Jul) – yoy	7.8%	8.5%	7.7%	Stronger
		Manufacturing Sales (Jun) – yoy	-	17.8%	15.1%	-
	<i>Philippines</i>	Balance of Payments (Jul)	-	\$142m	-\$248m	-
	<i>Taiwan</i>	Unemployment Rate (Jul)	3.90%	3.91%	3.88%	In-line
		GDP (2Q) – yoy	4.54%	4.32%	6.25%	Weaker
Japan	BoJ Interest Rate Announcement	0.50%	0.50%	0.50%	In-line	
	All Industry Activity Index (Jun) – mom	-0.9%	-0.9%	0.4%	In-line	
Australia	Westpac Leading Index (Jun) – mom	-	0.1%	0.0%	-	
	DEWR Skilled Vacancies (Aug) – mom	-	-1.7%	-2.0%	-	

INTEREST RATE STRATEGY

NZ swap rates look set to remain in consolidation mode following last month's eye-watering rally. Several stronger than expected data releases and the unwinding of bullish rate cut expectations have seen yields move around 10bps higher at the short end. Now that the market is *fully priced* for a rate cut next month and more than four by the end of March, we expect interest rates to move sideways or even drift higher over the week.

Market themes...

- > NZ interest rates rallied hard in July and early August, but have retraced slightly since. Meanwhile, US and Australian rates continued to move aggressively lower. However, that rally appears to have run its course.
- > Given the extent to which the US market has pushed out Fed rate hike expectations (one hike by March), and the fact that the Australian market is still considering a 50bp cut, we doubt NZ interest rates will be downwardly influenced by offshore markets.
- > We have suggested that borrowers look to keep interest rate risk short (i.e. 2 years or less) so as to benefit from flexibility and good savings relative to 3mth BKBM. We see this as the best strategy in a falling rate environment, but of course it adds to pay side pressure, and has coincided with profit taking by investors.

Review and outlook...

The stellar run lower in offshore interest rates now looks to be running out of steam, and has come at a time when the New Zealand market contemplates the meaning of the recent improvement in a number of data releases. As we discussed in last week's *Market Focus*, we see this as a temporary reprieve as opposed to the start of a trend improvement in economic conditions. However, it is entirely natural that the market takes a breather, particularly given (1) what's priced in, (2) what's going on offshore, and (3) the cost of holding a long position.

Market pricing is broadly consistent with 25bp cuts at each of the next four RBNZ meetings. At this early stage of the easing cycle this seems reasonable. Dr. Bollard has never shifted policy by more than 25bps in either direction, inflation remains stubborn, and the wheels have not (yet) completely fallen off the economy. At this stage, there is therefore no overwhelming case for an accelerated easing cycle, at least not from an economic standpoint. Financial stability remains the wildcard. At present, we continue to envisage the RBNZ pausing in early 2009 (by then they will

have unwound the four 2007 "late cycle" hikes) and assess how the economy has responded.

Given the shape of the yield curve (steeply inverse out to 3yrs, and then essentially flat) and the likelihood that rates will move lower in the long term, borrowers are likely to continue favouring the short end. This has come at a time when offshore profit takers have started entering the market, mindful of the still heavy negative carry and roll on long (received) short end positions.

Gauges for NZ interest rates yields		
Gauge	Direction	Comment
RBNZ	↔	RBNZ policy expectations are fair and reasonable.
NZ data	↔	Recent data have rebounded.
Fed Funds/ front end	↔ / ↑	US expectations are shifting back towards <i>more</i> hikes, after a long rally.
RBA	↔	The choice is likely to be a 25 or a 50bp cut, so pricing somewhere in-between makes sense.
US 10 year	↔ / ↑	Have bottomed out at similar levels to the previous rally.
NZ swap curve	↓	Long term normalisation trend ongoing, may pause.
Flow	↔ / ↑	Receive side flow slowed and turned into paying.
Technicals	↔ / ↑	Time for a pause in what will be an extended downtrend.

Borrowing strategies we favour at present

Keep interest rate cover short, out to 1-2 years at most, which offers a good balance of cost savings and flexibility, as outlined in last week's *Borrowers Strategy*. Smart caps also make sense here.

Market expectations for RBNZ OCR (bps)

OCR dates	Last week	This week
Thu 11-Sep-08	-29	-25
Thu 23-Oct-08	-58	-56
Thu 4-Dec-08	-76	-76
Thu 22-Jan-09	-106	-106
Thu 5-Mar-09	-121	-117
Thu 23-Apr-09	-131	-127
Thu 4-Jun-09	-142	-139

Trading themes we favour at present

Market "pulse" looks to be flat to higher in the week ahead, as our gauges above indicate. Still, given bullish long term prospects (this is likely to be a pause), use any front end back ups as an opportunity to enter 2yr-5yr steepeners circa -30bps.

CURRENCY STRATEGY

The corrective move in the NZD may not yet be over, though failure to take-out the 0.7220 topside level suggests the kiwi may struggle to push too much higher this week. Domestic data may provide some cues for the NZD, but how commodity markets perform this week will likely dictate the bird's fortunes.

Increasing expectations of a weak Aussie Q2 GDP could be a drag on the NZD as well.

Market themes...

- > USD recovery runs out of steam, as geopolitics sent commodities, especially oil, higher.
- > However, price action for oil remains weak as sellers gladly lined up after any substantial rally.
- > News of potential Asian interest in US financials could see positive sentiment return to the USD.

Review and outlook...

The NZD starts the week largely where it was a week ago, but trading was choppy throughout. Early signs of the USD recovery story running out of puff initially sent the NZD higher by default. A recovery in commodities following their recent rout, helped by geopolitical tensions between Russia and the West, led to further weakness in the USD, and saw commodity currencies back in favour.

However, the USD made a comeback late last week as the dataflow out of Europe made it clear that growth there was faltering (flat UK Q2 GDP, falling UK house prices, Euro-zone PMI data showing contraction). And the price action in the oil market indicates that sentiment remains bearish on balance, with any rally being met by eager sellers pushing the price back down.

The theme for this week is likely to be a continuation of last week's. Questions remain over whether we see further USD strength. With a busy US data calendar including the August FOMC minutes, the USD could stay in a holding pattern; though should the Euro-zone data (IFO and GfK confidence, unemployment and German Q2 GDP) show further weakness, the GBP and EUR will come under renewed pressure.

The domestic data calendar is busier this week, with the main focus on the RBNZ's Survey of Expectations tomorrow and the NBBO on Wednesday. While this might give the currency market something to chew on, offshore events and newsflow will likely end up dictating overall direction. The final partial data for Australian Q2 GDP comes out this week, and expectations are increasingly towards a very soft Q2 print (a negative is not out of the question). If so, then the ensuing AUD weakness will be a drag on the NZD.

Technically, the NZD's topside failure of 0.7220 has done a lot of damage to the retracement story. Support at 0.7060 will be critical to any further upside probes. Should this level hold, a further leg of retracement up to 0.7290 is still possible. Any break of 0.7050/60 would suggest a retest of 0.6950 en-route to new lows. For the NZDAUD cross, we still feel it will be capped somewhere in the 0.8240/80 level, and continue to look for a move back below 0.8000.

NZD vs AUD: monthly directional gauges

Gauge	Direction	Comment
Fair value	↓	Growth differentials still favouring AUD but closing.
Yield	↔	Aussie yields higher in the week but so was NZ's.
Commodities	↑	Recent commodity rally not convincing. Softs still lagging.
Partial indicators	↓	NZ indicators still worse.
Technicals	↔	Topside at 0.8240/80.
Sentiment	↔	AUD longs continue to be pared back. Japanese margin traders cull NZD longs.
Other	↔	AUD correction complete in first instance.
On balance	↓	Gone too far.

NZD vs USD: monthly directional gauges

Gauge	Direction	Comment
Fair value – long-term	↓	Fair value 0.65 (and rising) given a structural shift in commodity prices.
Fair value – short-term	↔	Yield and commodity story factored.
Yield	↔	RBNZ now easing but fully factored.
Commodities	↔	The big one to watch closely.
Risk aversion	↔	Watch for news on financials.
Partial indicators	↓	US data stabilising, NZ data still very weak.
Technicals	↔/↓	0.7060 support needs to hold.
AUD	↔	AUD first leg complete. Risk of recoil.
Sentiment	↔	Changes daily.
Other	↓	USD tallest pygmy. Bernanke needs a stronger USD.
On balance	↔/↓	We still like the trend.

DATA AND EVENT CALENDAR

Date	Country	Data/Event	Mkt.	Last	Time (NZST)
25-Aug	NZ	Food Prices (Jul) - mom	-	1.3%	10:45
	JN	BoJ Governor Shirakawa to Speak in Osaka	-	-	18:00
26-Aug	US	Existing Home Sales (Jul) – mom	1.0%	-2.6%	02:00
	NZ	Trade Balance (Jul)	-538.0M	-223.0M	10:45
		Imports (Jul)	4.00B	3.81B	10:45
		Exports (Jul)	3.45B	3.59B	10:45
		RBNZ 2-year Inflation Expectations (3Q)	-	2.9%	15:00
	JN	Corp Service Price (Jul) - yoy	1.4%	1.2%	11:50
	GE	GDP s.a. (2Q F) - qoq	-0.5%	1.5%	18:00
		GfK Consumer Confidence Survey (Sep)	2.0	2.1	18:10
		IFO - Business Climate (Aug)	97.2	97.5	20:00
		IFO - Current Assessment (Aug)	104.4	105.7	20:00
		IFO – Expectations (Aug)	90.5	90	20:00
	UK	BBA Loans for House Purchase (Jul)	-	21118	20:30
27-Aug	US	S&P/CS Composite-20 (Jun) – yoy	-16.2%	-15.8%	01:00
		Consumer Confidence (Aug)	53.0	51.9	02:00
		New Home Sales (Jul) – mom	-0.9%	-0.6%	02:00
		House Price Index (Jun) - mom	-0.4%	-0.3%	02:00
		House Price Purchase Index (2Q) – qoq	1.6%	-	02:00
		Richmond Fed Manufacturing Index (Aug)	-10	-16	02:00
		Minutes of August 5 FOMC Meeting	-	-	06:00
	AU	Construction Work Done (2Q)	1.5%	2.3%	13:30
	NZ	NBNZ Business Confidence (Aug)	-	-43.2	15:00
	EU	ECB's Papademos Speaks in Buenos Aires	-	-	19:25
28-Aug	US	Durable Goods Orders (Jul)	0.0%	0.8%	00:30
		Durables Ex Transportation (Jul)	-0.6%	2.0%	00:30
		Atlanta Fed's Lockhart to Speak on Inflation at Georgia State	-	-	00:35
	AU	Conference Board Leading Index (Jun)	-	-0.1%	12:00
		Private Capital Expenditure (2Q)	2.0%	-2.5%	13:30
	NZ	M3 - Money Supply (Jul) – yoy	-	7.4%	15:00
	UK	Nationwide House Prices (Aug) – mom	-1.5%	-1.7%	18:00
	GE	ILO Unemployment Rate (Jul)	7.3%	7.3%	18:00
		Unemployment Change (000's) (Aug)	-10.0K	-20K	19:55
		Unemployment Rate (s.a) (Aug)	7.8%	7.8%	19:55
	EU	Euro-Zone M3 s.a. (Jul) - 3 mth avg	9.5%	9.9%	20:00
29-Aug	US	GDP (Annualised) (2Q P)	2.7%	1.9%	00:30
		Personal Consumption (2Q P)	1.6%	1.5%	00:30

Continued over page

Date	Country	Data/Event	Mkt.	Last	Time (NZST)
29-Aug cont.		GDP Price Index (2Q P)	1.1%	1.1%	00:30
		Core PCE (2Q P) - qoq	2.1%	2.1%	00:30
		Initial Jobless Claims (w/e Aug 24)	425K	432K	00:30
		Continuing Claims (w/e Aug 17)	3,380K	3362K	00:30
	EU	ECB's Bini Smaghi Speaks at Conference in Cortina, Italy	-	-	04:00
	NZ	Building Permits (Jul) – mom	-	-20.1%	10:45
	UK	GfK Consumer Confidence Survey (Aug)	-41	-39	11:01
	JN	Jobless Rate (Jul)	4.1%	4.1%	11:30
		Household Spending (Jul) – yoy	-1.8%	-1.8%	11:30
		National CPI (Jul) - yoy	2.2%	2.0%	11:30
		National CPI Ex-Fresh Food (Jul) - yoy	2.3%	1.9%	11:30
		National CPI Ex Food, Energy (Jul) - yoy	0.1%	0.1%	11:30
		Industrial Production (Jul P) - mom	-0.5%	-2.2%	11:50
		Retail Trade (Jul) - mom	0.1%	0.0%	11:50
		BoJ Board Member Suda to Speak in Kanazawa	-	-	13:30
		Vehicle Production (Jul) – yoy	-	4.5%	16:00
		Housing Starts (Jul) - yoy	15.0%	-16.7%	17:00
		Construction Orders (Jul) - yoy	-	-11.7%	17:00
		Small Business Confidence (Aug)	-	39.9	17:00
	AU	Private Sector Credit (Jul) - mom	0.5%	0.4%	13:30
	EU	Euro-Zone Unemployment Rate (Jul)	7.3%	7.3%	21:00
		Euro-Zone CPI Estimate (Aug) - yoy	4.0%	4.1%	21:00
		Business Climate Indicator (Aug)	-0.30	-0.21	21:00
		Euro-Zone Consumer Confidence (Aug)	-20	-20	21:00
		Euro-Zone Economic Confidence (Aug)	89.3	89.5	21:00
		Euro-Zone Industrial Confidence (Aug)	-9	-8	21:00
		Euro-Zone Services Confidence (Aug)	1	1	21:00
30-Aug	US	Personal Income (Jul)	-0.2%	0.1%	00:30
		Personal Spending (Jul)	0.3%	0.6%	00:30
		PCE Deflator (Jul) - yoy	4.5%	4.1%	00:30
		PCE Core (Jul) – mom	0.3%	0.3%	00:30
		Chicago Purchasing Manager (Aug)	50.0	50.8	01:45
		U. of Michigan Confidence (Aug F)	62.0	61.7	02:00

Key: AU: Australia, EU: Euro-zone, GE: Germany, JN: Japan, NZ: New Zealand, UK: United Kingdom, US: United States. Sources: Dow Jones, Reuters, Bloomberg, ANZ National Bank. All \$ values in local currency. (Note: all surveys are preliminary and subject to change).

NEW ZEALAND DATA WATCH

Key focus over the next four weeks: As we have been saying of late, there is unlikely to be anything in the domestic data flow that will stand in the way of the RBNZ cutting rates again at their *Monetary Policy Statement* in around three weeks time. The data is likely to remain weak and indicators consistent with GDP contracting over the June quarter.

Date	Data/Event	Economic Signal	Comment
Tue 26 Aug (10.45)	Overseas Merchandise Trade (Jul)	Monthly deficit	Another monthly trade deficit, as the impact of high oil prices continues to add to imports (but also exports), although a correction in consumption goods imports is about due given weakness in retailing.
Tue 26 Aug (15.00)	RBNZ Survey of Expectations (Q3)	Elevated	The key 2-year ahead measure of inflation expectations is expected to remain elevated. There remains a risk that they could push higher if recent falls in oil prices are slow to be reflected in forecasts.
Wed 27 Aug (15.00)	RBNZ Business Outlook (Aug)	-	-
Thu 28 Aug (15.00)	Credit Growth (Jul)	Weak	Household lending growth will be soft, in line with the weak housing market. Business lending should also continue to weaken.
Fri 29 Aug (10.45)	Building Consents Issued (Jul)	Weak	Building consent issuance may bounce from the weak June level, but still with a weak trend. Commercial issuance remains key to watch.
Wed 3 Sep (15.00)	ANZ Commodity Price Index (Aug)	-	-
Mon 8 Sep (10.45)	Value of Building Work Put in Place (Q2)	Contraction	Both residential and non-residential construction activity are expected to have fallen over the June quarter.
Wed 10 Sep (10.45)	Overseas Trade Indexes (Q2)	Elevated terms of trade	Still elevated prices of NZ key commodity exports is expected to see the terms of trade post a modest increase in the quarter.
Thu 11 Sep (09.00)	RBNZ <i>Monetary Policy Statement</i>	25bp cut	We expect another 25bp cut in the OCR. The Bank's near-term GDP forecasts are likely to be revised even lower.
Fri 12 Sep (10.45)	Retail Trade Survey (Jul)	Underlying weakness	Credit card and ECT data suggest a rebound in July sales. We suspect much of this will be price related. An underlying weak trend should remain.
Mon 15 Sep (10.45)	Economic Survey of Manufacturing (Q2)	Soft	Primary food manufacturing is expected to rebound from last quarter's weakness, although activity for the remainder of manufacturing sector is expected to remain weak as illustrated by the Business NZ PMI survey.
Fri 19 Sep (10.45)	Balance of Payments (Q2)	Slow grind	The current account deficit is again expected to record a small improvement over the quarter as a result of a lower annual trade deficit.
Fri 19 Sep (10.45)	External Migration (Aug)	Stabilising	The annual inflow is expected to remain around its current 5,000 level. The timelier 3-mth annualised rate has been improving and currently sits around 9,000.
On Balance		An economy heading backwards, but with inflation	Growth indicators are poor. But inflation still lagging.

SUMMARY OF KEY ECONOMIC FORECASTS

	Jun-07	Sep-07	Dec-07	Mar-08	Jun-08	Sep-08	Dec-08	Mar-09	Jun-09	Sep-09
GDP (% qoq)	0.8	0.5	0.8	-0.3	-0.5	-0.2	0.2	0.3	0.5	0.5
GDP (% yoy)	3.2	3.3	3.5	1.9	0.6	-0.2	-0.8	-0.2	0.8	1.5
CPI (% qoq)	1.0	0.5	1.2	0.7	1.6	1.4	0.9	0.5	0.7	0.7
CPI (% yoy)	2.0	1.8	3.2	3.4	4.0	5.0	4.7	4.5	3.6	2.9
Employment (% qoq)	0.3	-0.1	0.9	-1.3	1.3	-0.6	-0.1	0.0	0.1	0.2
Employment (% yoy)	1.5	1.5	2.5	-0.2	0.7	0.2	-0.7	0.6	-0.6	0.2
Unemployment Rate (% sa)	3.6	3.5	3.4	3.7	3.9	4.2	4.5	4.6	4.8	4.9
Current Account (% GDP)	-8.1	-8.3	-7.9	-7.8	-7.6	-7.4	-7.2	-6.8	-6.4	-6.1
Terms of Trade (% qoq)	0.4	3.7	2.7	4.1	-0.1	-1.0	0.0	-1.5	-1.2	-1.0
Terms of Trade (% yoy)	2.3	8.4	8.5	11.3	10.7	5.7	2.9	-2.7	-3.7	-3.7

KEY ECONOMIC INDICATORS

	Nov-07	Dec-07	Jan-08	Feb-08	Mar-08	Apr-08	May-08	Jun-08	Jul-08	Aug-08
Retail Sales (% mom)	1.8	0.0	0.3	-0.7	-1.1	1.2	-1.1	0.9	..	..
Retail Sales (% yoy)	7.2	5.4	6.3	7.7	-1.0	4.1	1.0	1.5	..	..
Credit Card Billings (% mom)	1.1	0.7	-0.4	0.7	-2.5	2.9	-0.9	-0.4	0.4	..
Credit Card Billings (% yoy)	9.4	7.7	8.6	7.9	3.5	8.0	5.9	3.4	3.8	..
Car Registrations (% mom)	-3.7	-2.7	9.8	-8.5	-12.8	11.4	-13.5	1.4	-7.5	..
Car Registrations (% yoy)	2.3	1.4	1.7	1.9	-13.2	-1.0	-20.6	-15.9	-27.1	..
Building Consents (% mom)	0.6	-4.3	3.1	-6.1	-13.4	80.5	-40.8	-20.2	..	..
Building Consents (% yoy)	-4.4	-6.5	-5.3	-17.7	-27.3	30.6	-26.5	-47.1	..	..
REINZ House Price (% yoy)	6.7	4.5	4.0	0.7	1.6	-1.1	-1.4	-2.2	..	..
Household Lending Growth (% mom)	0.8	0.7	0.7	0.8	0.4	0.4	0.4	0.3	..	..
Household Lending Growth (% yoy)	12.8	12.3	11.9	11.6	10.8	9.9	9.3	8.4	..	..
Roy Morgan Consumer Confidence	121.9	126.6	121.2	116.0	111.7	99.9	89.2	86.5	83.9	91.4
NBNZ Business Confidence	-19.6	-24.9	..	-43.9	-57.9	-54.8	-49.7	-38.7	-43.2	..
NBNZ Own Activity Outlook	15.7	18.2	..	2.4	-6.4	-3.8	-4.4	-4.0	-8.2	..
Trade Balance (\$m)	-628	39	-311	243	-43	-288	-168	-223	..	..
Trade Balance (\$m annual)	-5691	-5307	-4793	-4422	-4526	-4599	-4775	-4480	..	..
ANZ World Commodity Price Index (% mom)	0.8	0.0	-1.4	1.1	2.0	-0.3	0.9	0.0	1.8	..
ANZ World Commodity Price Index (% yoy)	35.9	30.9	27.4	26.9	26.9	20.7	18.7	11.6	8.7	..
Net Migration (sa)	460	30	120	260	540	480	960	480	850	..
Net Migration (annual)	6588	5491	4799	4643	4678	4666	4931	4732	5201	..

Figures in bold are forecasts. mom: Month-on-Month qoq: Quarter-on-Quarter yoy: Year-on-Year

SUMMARY OF KEY MARKET FORECASTS

NZ FX rates	Actual		Current	Forecast (end month)						
	Jun-08	Jul-08	25-Aug-08	Sep-08	Dec-08	Mar-09	Jun-09	Sep-09	Dec-09	Mar-10
NZD/USD	0.762	0.756	0.709	0.710	0.690	0.680	0.660	0.640	0.630	0.620
NZD/AUD	0.801	0.785	0.818	0.755	0.750	0.747	0.742	0.744	0.759	0.765
NZD/EUR	0.489	0.479	0.480	0.455	0.454	0.453	0.446	0.441	0.450	0.456
NZD/JPY	81.4	80.7	78.0	76.7	74.5	74.8	72.6	71.7	71.8	71.3
NZD/GBP	0.387	0.380	0.383	0.362	0.358	0.358	0.353	0.346	0.346	0.344
NZ\$ TWI	68.2	67.2	66.1	63.8	62.7	62.4	61.1	60.2	60.5	60.4
NZ interest rates	Jun-08	Jul-08	25-Aug-08	Sep-08	Dec-08	Mar-09	Jun-09	Sep-09	Dec-09	Mar-10
OCR	8.25	8.18	8.00	7.75	7.25	7.25	7.00	6.50	6.00	6.00
90 day bill	8.76	8.46	8.16	8.00	7.60	7.60	7.10	6.50	6.20	6.20
10 year bond	6.44	6.17	6.13	6.10	6.00	6.00	5.80	5.70	5.70	5.80
International	Jun-08	Jul-08	25-Aug-08	Sep-08	Dec-08	Mar-09	Jun-09	Sep-09	Dec-09	Mar-10
US Fed funds	2.00	2.00	2.00	2.00	1.75	1.75	1.75	1.75	2.25	2.75
US 3-mth	2.78	2.79	2.81	2.50	2.00	1.75	2.00	2.50	3.00	3.50
AU cash	7.25	7.25	7.25	7.00	6.75	6.75	6.50	6.25	6.25	5.75
AU 3-mth	7.84	7.76	7.30	7.60	7.00	7.00	6.80	6.50	6.40	5.90

KEY RATES

	22 Jul	18 Aug	19 Aug	20 Aug	21 Aug	22 Aug
Official Cash Rate	8.25	8.00	8.00	8.00	8.00	8.00
90 day bank bill	8.45	8.15	8.17	8.16	8.16	8.16
NZGB 07/09	7.02	6.90	6.89	6.89	6.86	6.86
NZGB 11/11	6.26	6.26	6.25	6.25	6.18	6.18
NZGB 04/13	6.24	6.26	6.25	6.25	6.17	6.17
NZGB 12/17	6.18	6.19	6.18	6.18	6.09	6.09
2 year swap	7.64	7.24	7.26	7.29	7.30	7.32
5 year swap	7.35	6.99	7.01	7.02	7.02	7.04
RBNZ TWI	67.3	66.0	66.0	66.5	66.4	66.5
NZD/USD	0.7610	0.7092	0.7085	0.7151	0.7137	0.7185
NZD/AUD	0.7796	0.8124	0.8148	0.8196	0.8179	0.8178
NZD/JPY	80.99	78.13	77.81	78.58	78.22	78.29
NZD/GBP	0.3801	0.3793	0.3800	0.3832	0.3827	0.3831
NZD/EUR	0.4778	0.4806	0.4824	0.4844	0.4831	0.4829
AUD/USD	0.9762	0.8730	0.8695	0.8725	0.8726	0.8786
EUR/USD	1.5926	1.4756	1.4688	1.4764	1.4774	1.4878
USD/JPY	106.43	110.17	109.82	109.88	109.60	108.97
GBP/USD	2.0021	1.8696	1.8646	1.8659	1.8648	1.8753
Oil	131.43	113.46	112.92	114.39	115.48	121.23
Gold	967.75	797.00	791.65	817.25	816.05	835.85
Electricity (Haywards)	8.29	20.93	22.70	16.54	21.58	14.26
Milk futures (US\$/contract)	143	138	137	137	137	135
Baltic Dry Freight Index	8904	7622	7543	7344	7190	7147

DISCLOSURE INFORMATION

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

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.

Qualifications, experience and professional standing**Experience**

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.

Relevant professional body

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

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

Professional indemnity insurance

The Bank (and its subsidiaries), through its ultimate parent company Australia and New Zealand Banking Group Limited, has professional indemnity insurance which covers its activities including those of investment advisers it employs.

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.

Dispute resolution facilities

The Bank has a process in place for resolving disputes. Should a problem arise, you can contact any branch of the Bank for more information on the Bank's procedures or refer to any of the Bank's websites.

Unresolved complaints may ultimately be referred to the Banking Ombudsman, whose contact address is PO Box 10-573, Wellington.

Criminal convictions

In the five years before the relevant investment advice is given none of the Bank (in its capacity as an investment adviser and where applicable an investment broker) or any principal officer of the Bank has been:

- 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.

Fees

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.

Other interests and relationships

When a security is sold by the Bank, the Bank may receive a commission, either from the issuer of a security or from an associated person of the Bank. Whether that commission is received and, if received, its value depends on the security sold. At the time of providing this disclosure statement it is not practicable to provide a detailed list of each security that may be advised on, the name of the issuer of that security and the rate of the commission received by the Bank. However, this information will be disclosed to you should you seek advice from one of the Bank's investment advisers on a specific investment.

In addition to the interest that the Bank has in products of which it is the issuer, the Bank, or an associated person of the Bank, has the following interests or relationships that a reasonable person would find reasonably likely to influence the Bank in providing the investment advice on the securities listed below:

- ANZ Investment Services (New Zealand) Limited (ANZIS), as a wholly owned subsidiary of the Bank, is an associated person of the Bank. ANZIS may receive remuneration from a third party relating to a security sold by the Investment Adviser.
- UDC Finance Limited (UDC), as a wholly owned subsidiary of the Bank, is an associated person of the Bank. UDC may receive remuneration from a third party relating to a security sold by the Investment Adviser.
- The Bank has a joint venture relationship with ING (NZ) Holdings Limited (ING). ING and its related companies may receive remuneration from a third party relating to a security sold by the Investment Adviser.

Securities about which investment advice is given

The Bank provides investment advice on the following types of securities:

- Debt securities including term and call deposits, government stock, local authority stock, State-Owned Enterprise bonds, Kiwi bonds and corporate bonds and notes;
- 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:

- 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.

Auditing

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.

Use of Money and Property

Money or property held by the Bank for a specific purpose communicated to the Bank (e.g. the purchase of an interest in a security) may not be used by the Bank for its own purposes and will be applied for your stated purpose. No member of the Bank's staff may use any money or property deposited with the Bank, for their own purposes or for the benefit of any other person. In the absence of such instructions, money deposited with the Bank may be used by the Bank for its own purposes, provided it repays the money to you upon demand (or where applicable, on maturity), together with interest, where payable.

DISCLAIMER

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