

STICKING TO THE NEW YEAR'S RESOLUTIONS

NZ Economics Team:

Cameron Bagrie

Chief Economist
Telephone: +64 4 802 2212
E-mail: bagriec@anz.com

Khoon Goh

Senior Markets Economist
Telephone: +64 4 802 2357
E-mail: gohk@anz.com

David Croy

Interest Rate Strategist
Telephone: +64 4 802 2286
E-mail: croyd1@anz.com

Philip Borkin

Economist
Telephone: +64 4 802 2199
E-mail: borkinp@anz.com

Steve Edwards

Economist
Telephone: +64 4 802 2217
E-mail: edwards1@anz.com

Kevin Wilson

Rural Economist
Telephone: +64 4 802 2361
E-mail: wilsonk1@anz.com

Page 2: Economic overview

- > Our attention is now focused on the key macro themes for 2009, which we will be providing analysis on this Friday in the second edition of our Market Focus. For now, data – particularly soft commodity prices and ongoing anecdotes of stress – have us increasingly moving towards a 75 basis point cut from the RBNZ in January. But our end-point to the OCR cycle remains at 3.5 percent. Looking at the week ahead, we expect the NZIER Quarterly Survey of Business Opinion to broadly mirror the weakness witnessed in the December National Bank *Business Outlook* survey.

Page 5: Economic comment – global watch

- > The big piece of data out last week was US non-farm payrolls and although in line with expectations, it was still ugly. The US unemployment rate has risen to a 16-year high. However, data across the rest of the globe was also poor, highlighting that this global slowdown is a synchronised one.

Page 6: Interest rate strategy

- > Interest rates have fallen significantly in the three weeks since the last Market Focus, as expected, bottoming out at year-end. They have since risen slightly, and fallen again. Policy and swap rates are likely headed lower, and are likely to remain low for some time. However, the real issue is what's happening to everyday lending and borrowing rates.

Page 7: Currency strategy

- > The typical year-end seasonal effect saw the NZD drift higher these past two weeks. USD weakness no doubt assisted this move, as did some return of risk appetites early this year. But we expect the fundamentals to start dominating, as the domestic dataflow start to pick-up starting with tomorrow's QSBO. Risk appetites are expected to remain flaky as economic reality dominates markets globally.

Page 8: Currency comment – effective exchange rate update

- > Another large fall in global dairy prices, more than offsetting movements in the NZD, has seen the dairy sector commodity adjusted real exchange rate move close to 'neutral' levels after being at record enhancing levels for some time. It joins the meat and manufacturing sectors as experiencing neutral conditions.

Page 10: Data and event calendar

Page 12: Data watch

Page 13: Key forecasts

ECONOMIC OVERVIEW

Our attention is now focused on the key macro themes for 2009, which we will be providing analysis on this Friday in the second edition of our *Market Focus*. For now, data – particularly soft commodity prices and ongoing anecdotes of stress – have us increasingly moving towards a 75 basis point cut from the RBNZ in January. But our end-point to the OCR cycle remains at 3.5 percent. Looking at the week ahead, we expect the NZIER Quarterly Survey of Business Opinion to broadly mirror the weakness witnessed in the December National Bank *Business Outlook* survey.

What's ahead?

- > **NZIER Q4 Quarterly Survey of Business Opinion** (Tuesday 1000 NZDT). Likely to reflect the deterioration seen in the National Bank *Business Outlook*. Look for capacity utilisation and other indicators of resource pressures to show more signs of slack.
- > **November Building Permits** (Wednesday 1045 NZDT). Following the 22 percent slump in October, a technical rebound can be expected. But the level of residential consent issuance will remain at historical lows. We expect commercial consents to start showing clear signs of easing.
- > **December REINZ housing data** (expected sometime this week). Housing activity likely ended 2008 on a weak note. Low housing turnover and prices under pressure are likely to continue to feature.

What's the view?

With 2008 now behind us (although we will continue to receive data on the December quarter), attention is now firmly on prospects for 2009. For sure, 2008 will continue to draw comment with regards to the level of momentum the economy has (or more correctly has not) heading into the global downturn and the corresponding rapid easing in capacity and inflation pressures. But our attention is more firmly on the future, particularly the big picture themes that we believe will be influential over the coming year. We will be putting the finishing touches on these over the coming days and publishing our key macro theme this Friday (NB: Monday is Wellington Anniversary day). Suffice to say that the collective picture remains one of challenges given both the global backdrop and current account rebalancing process that the economy still has to go through.

Data released over the holiday season has done little to alter our pre-Christmas views. Our December *Quarterly Economic Forecasts* painted a

picture of further economic weakness (GDP growth of -1.1 percent over 2009), more rate cuts and an inevitable further leg of currency realignment. While the global backdrop obviously was a key feature underlying these views, so too was the dynamics of a current account rebalancing process. The latter is an issue that weighs heavily on our projections.

Recent international developments have tended to be downbeat, particularly in the US. December non-farm payrolls (employment data) top the "most negative" list, posting a 524k slump. This is the twelfth successive fall in US jobs, and takes total job losses for 2008 to 2.6 million. Worse still, the unemployment rate rose from 6.8 percent to 7.2 percent, a staggering jump from the 4.9 percent level at the beginning of 2008, and is at the highest since 1993. There was mixed news from the ISM surveys. While the manufacturing survey fell to a new low, the non-manufacturing survey rebounded, but remains at a depressed level. Factory orders were also weak, down 4.6 percent in November, and US housing data remains dire.

On the central bank front, the Bank of England cut the Bank Rate by 50 basis points to 1.50 percent as expected. The BoE noted that while monetary policy decisions to date, tax cuts and a lower exchange rate would provide stimulus in the year ahead, the risk that inflation undershoots its 2 percent target remained "significant". UK house price data was also very soft, with various measures showing that price falls were accelerating, with falls of around 16 percent in annual terms.

Also of significance were the clear signs of accelerating weakness in Asia; with weak exports out of South Korea; further poor PMI reads out of China; talk of another poor Chinese export number for December; and a sharp deterioration in Singapore's GDP in the December quarter, which fell an annualised 12.5 percent.

Turning to financial markets, it looks like the cautious optimism witnessed in the first few trading days of the year have begun to fade. After surging over 250 points on the first day of the year, the Dow Jones Industrial Average has since retreated on earnings downgrades by key retailers like Wal-Mart and Macy's, layoff announcements, and falling commodity prices. The surge in oil prices in the first few days of the year also looks to have run its course, with reports of a large inventory accumulation more than offsetting support from the Gaza skirmish and the recent cold snap on the US East Coast. There's been plenty of talk in the market about increased risk appetites since the New Year – and it has undoubtedly been a factor driving currencies like the AUD and NZD higher. However, we wonder how much of the enthusiasm was simply an observation that equities and oil

prices had rallied at the start, leading punters to conclude that somehow everything was "OK" again?

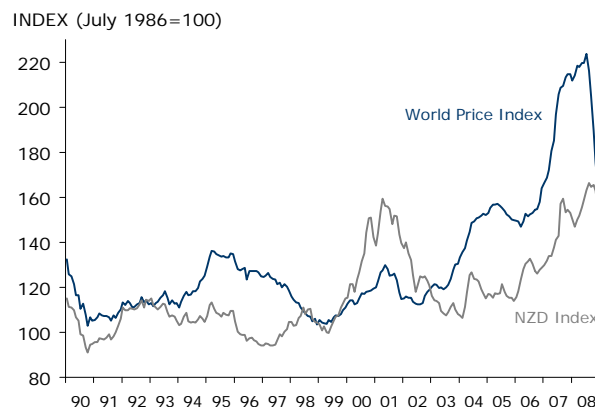
However, some positive news we are watching is that credit markets are starting to function again: price is an issue but at least volume and terms are starting to be available. While encouraging, we are also mindful that there is roughly a year's lag between credit markets and the real economy. Credit markets need to improve in early 2009 for real macro improvement in 2010 to unfold.

With regards to the NZD, while we are expecting 2009 to be a difficult year for the kiwi as New Zealand undergoes a period of significant macro re-balancing, we were not surprised that the NZD has edged higher over the holiday period. For one, it has become the seasonal trend over the liquidity thin holiday period. Second, after such a huge fall (around 25 cents over 5 months), we shouldn't be surprised to see a mild corrective phase. Third, interest rates still matter (to a degree), and in this environment of reduced volatility (or at least less volatile than the 3 months previous), the 500 basis point spread between NZ and US cash rates was always likely to generate some carry interest in NZ, especially over the holiday shortened weeks around Christmas and the New Year. However, we wonder how long this will last. While the price action is supportive, we can't reconcile it with the fundamentals. What this means is that when it does turn "South", the swing in the NZD could be brutal.

From a domestic perspective, recent developments on the international front and commodity prices leave us erring towards a 75 basis point cut from the RBNZ at the end of the month. Softer commodity prices and the deterioration in the US and global economic picture places more downward pressure on the export sector, and should be reflected in a lower exchange rate. Instead, the NZD TWI has risen around 8 percent since the December *Monetary Policy Statement*. This paves the way for interest rates to "do more", particularly while credit markets remain tight.

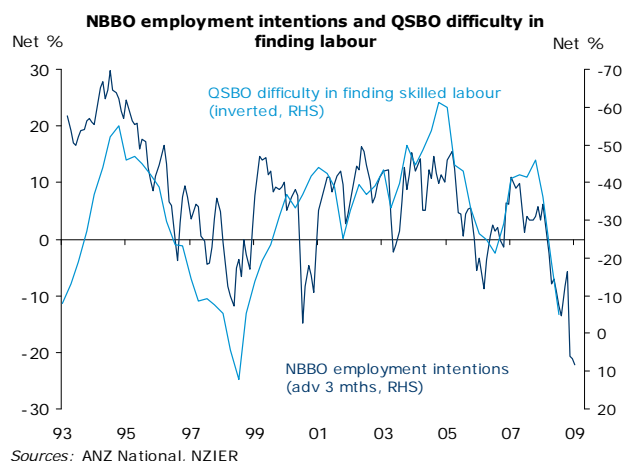
Developments on the commodity price front are also very influential on our view, with another record fall in NZ's "soft" commodity basket over December. Movements in dairy prices continue to dominate, and are now down a whopping 43 percent over six months. The lower NZD (relative to a year ago at least) is providing a buffer, but the real issue is where commodity prices reside relative to expectations built into land values. The outlook for rural, and in fact all, land prices will be one of our key themes for 2009.

ANZ COMMODITY PRICE INDEX



The major focus this week will be the NZIER Quarterly Survey of Business Opinion (QSBO), due tomorrow. While tempting as it may be to wait for the QSBO, and possibly Q4 CPI the week after, before altering our OCR view, we see little reason to expect the former to differ from awful readings from the December National Bank *Business Outlook* survey. Even though we're shifting our sights for the January *OCR Review*, we're not inclined to change the ultimate end point for the OCR just yet, which remains at 3.5 percent.

In terms of the detail of the QSBO, it is hard to go past the across the board weakness we expect in growth measures. The expected domestic trading activity measure (which has a good correlation with GDP growth) is likely to fall sharply (circa -25 net percent) and potentially to the lowest level since the early 1980s. However, the survey should also highlight a rapid freeing up in labour resources (as measured by skill shortages) and also capacity pressures. The former has eased significantly over recent quarters and it highlights the strong likelihood that wage inflation has peaked. Based on employment intentions for the NBNZ *Business Outlook* survey, the net number of firms reporting it difficult to find skilled staff could fall to the lowest levels since 1998 – a marked change from 12 months prior.



Other data due this week are building consents for November and REINZ house sales for December. The falls in the former have been remarkable over recent months but is consistent with the level of activity in the housing market. Given the subdued level of house sales, which should again be reinforced by the REINZ data this week, there is actually room for further falls in residential consent issuance. However, we also would not rule out the potential for a rebound in the month given the sharp falls seen. The more important story in our eyes is actually how commercial consents perform. While growth has slowed, commercial consent issuance has held up at a reasonable level over most of 2008. We suspect this should also start to ease as weak demand and altered credit conditions begin to bite.

Recent local data...

- > **November Electronic Cards Transactions:**
The value of electronic transactions at NZ retailers fell 2.3 percent in November. This is the largest fall in the six year history of this survey, and the level of spending is just 1.1 percent higher compared to a year ago. Falling petrol prices contributed to the result – transactions excluding the auto sector fell just 0.5 percent.
- > **November Merchandise Trade Balance:**
The merchandise trade deficit recorded a surprise improvement in November, falling to \$520 million. On an annual basis, the trade deficit narrowed from \$5.27 billion to \$5.16 billion.
- > **December ANZ Commodity Price Index:**
The value of New Zealand's commodity basket fell 7.4 percent in December, the fifth successive fall in the index. Prices are now 27 percent lower than their peak in July. Every component recorded price declines except apples, the most "broad based" fall yet.

GLOBAL WATCH

The big piece of data out last week was US non-farm payrolls and although in line with expectations, it was still ugly. The US unemployment rate has risen to a 16-year high. However, data across the rest of the globe was also poor, highlighting that this global slowdown is a synchronised one.

Country/ Area	Indicator	Mkt	Actual	Last	Outturn vs market	
US	Construction Spending (Nov) – mom	-1.4%	-0.6%	-0.4%	Stronger	
	ISM Non-Manufacturing Composite (Dec)	36.5	40.6	37.3	Stronger	
	Factor Orders (Nov)	-2.3%	-4.6%	-6.0%	Weaker	
	Pending Homes Sales (Nov) – mom	-1.0%	-4.0%	-4.2%	Weaker	
	Continuing Jobless Claims (w/e Dec 28)	4483K	4611K	4510K	Weaker	
	Consumer Credit (Nov)	\$0.0B	-\$7.9B	-\$2.8B	Weaker	
	Change in Non-Farm Payrolls (Dec)	-525K	-524K	-584K	In-line	
	Unemployment Rate (Dec)	7.0%	7.2%	6.8%	Weaker	
	Average Hourly Earnings (Dec) – mom	0.2%	0.3%	0.4%	Stronger	
Euro-zone	PMI Services (Dec F)	42.0	42.1	42.0	In-line	
	CPI Estimate (Dec) – yoy	1.8%	1.6%	2.1%	Weaker	
	PPI (Nov) – mom	-1.0	-1.9%	-0.8%	Weaker	
	Unemployment Rate (Nov)	7.8%	7.8%	7.7%	In-line	
	GDP (3Q F) – qoq	-0.2%	-0.2%	-0.2%	In-line	
	Economic Confidence (Dec)	71.8	67.1	74.9	Weaker	
	Retail Sales (Nov) – mom	0.0%	0.6%	-1.0%	Stronger	
UK	PMI Construction (Dec)	30.5	29.3	31.8	Weaker	
	Nationwide House Prices (Dec) – mom	-1.5%	-2.5%	-0.4%	Weaker	
	PMI Services (Dec)	39.0	40.2	40.1	Stronger	
	BoE Interest Rate Announcement	1.50%	1.50%	2.00%	In-line	
	PPI Input (Dec) – mom	-2.0%	-2.0%	-3.0%	In-line	
	Industrial Production (Nov) – mom	-0.5%	-2.5%	-1.6%	Weaker	
Asia Ex-Japan						
	<i>South Korea</i>	Bank of Korea 7-Day Repo Rate	2.50%	2.50%	3.00%	In-line
		Producer Price Index (Dec) – yoy	-	5.6%	7.8%	-
	<i>Singapore</i>	Electronics Sector Index (Dec)	53.2	41.8	46.2	Weaker
	<i>Philippines</i>	CPI (Dec) – mom	-0.6%	-0.9%	-0.6%	Weaker
	<i>Indonesia</i>	Inflation (Dec) – mom	0.3%	-0.0%	0.1%	Weaker
		Exports (Nov) – yoy	0.7%	-2.1%	4.9%	Weaker
		Imports (Nov) – yoy	14.2%	-5.1%	40.3%	Weaker
		Bank of Indonesia Reference Rate	9.00%	8.75%	9.25%	Weaker
	<i>Malaysia</i>	Exports (Nov) – yoy	-5.7%	-4.9%	-2.6%	Stronger
	Imports (Nov) – yoy	-5.0%	-8.6%	-5.3%	Weaker	
	Industrial Production (Nov) – yoy	-6.5%	-7.7%	-2.9%	Weaker	
Japan	Leading CI (Nov P)	81.5	81.5	85.2	In-line	
	Coincident CI (Nov P)	94.9	94.9	97.7	In-line	
Australia	Retail Sales (Nov) – mom	-0.4%	0.4%	1.0%	Stronger	
	Building Approvals (Nov) – mom	-1.5%	-12.8%	-3.1%	Weaker	

INTEREST RATE STRATEGY

Interest rates have fallen significantly in the three weeks since the last *Market Focus*, as expected, bottoming out at year-end. They have since risen slightly, and fallen again. Policy and swap rates are likely headed lower, and are likely to remain low for some time. However, the real issue is what's happening to everyday lending and borrowing rates.

Market themes...

- > 2008 ended on a soft note, with NZ swap rates across closing at post-OCR lows.
- > Early 2009 data has been very soft (especially in the US), but there is an air of cautious optimism. We're not convinced, and can't see our way past the massive rebalancing in store.
- > Swap rates are low, and are starting to look attractive for borrowers. But what really matters now are margins.

Review and outlook ...

The big question for 2009 is – how much lower can interest rates go? Where is the OCR headed, and what does that mean for swap rates? What does increased government borrowing mean for long term rates? And what effect will “Quantitative Easing” and a zero Fed Funds rate have? These are all very good questions – and as always, the answer will be complex, and what eventuates may be very surprising. Indeed, who thought 2008 would turn out the way it did? Still, that shouldn't prevent us from coming up with a plausible view.

We believe the international interest rate environment will be dominated by two factors: low and stable policy rates, and expanding government balance sheets. All other things equal, these would normally put downward pressure on interest rates, at least initially. However, leaving it there ignores the long term consequences that will surely follow – namely deflation and recovery, which are “bad” for interest rates. We therefore see scope for long term interest rates to rise over 2009, most likely once the bad news is out of the way. That may not be far away, possibly late Q1/early Q2.

The domestic picture is slightly different, and is likely to be dominated by altered lending appetites (for both demand and supply sides), de-leveraging, and more accommodative monetary policy. While the US can “internalise” its problems by supporting assets and monetising its deficit, NZ can't. Instead, we need to access foreign markets, and once the dust settles, that's likely to see term rates drift up, steepening the yield curve. While policy rates will continue to fall over early 2009, this will be offset by wider margins and risk premiums. Everyday borrowers may not have much to cheer about.

Borrowing strategies we favour at present

Even if we had a crystal ball and could predict the path of swap rates with complete accuracy, it would only be of limited use when it came to formulating a hedge strategy. While it would enable us to pick the “bottom” of the interest rate cycle, it would be a hollow victory if funding became more difficult, and margins continued to rise. Most borrowers are likely to find that difficult funding conditions and wider margins will lead to a slowdown in business activity. It may also lead to more RBNZ cuts. In a sense then, the offsetting nature of the risks argues for less hedging, not more. So while swap rates are probably now close to their prospective lows (especially 5yrs+), as this only one building block in the all up cost of borrowing, caution is warranted.

Gauges for NZ interest rates

Gauge	Direction	Comment
RBNZ	↔/↓	75bps priced in is more than the 50bps we expect, but the sentiment seems fair.
NZ data	↓	GDP broadly as expected, X'mas anecdotes mixed. US data picture horrible.
Fed Funds/ front end	↓	FF to 0%, and staying there. Quant easing and Fed desire to see lending margins fall now the focus. BKBM lower.
RBA	↔/↓	Market contemplating a Jan cut.
US 10 year	↔/↓	Bonds have been spooked by equity market strength. Can't see it lasting.
NZ swap curve	↔	Lower OCR + more NZGS issuance = steeper curve.
Flow	↔/↓	Flow has been very light. Corporates have been absent over holidays.
Technicals	↔/↓	Breaking new ground across the curve. Brave new world.

Market expectations for RBNZ OCR (bps)

OCR dates	Last (19 Dec)	This week
Thu 29-Jan-09	-67	-67
Thu 5-Mar-09	-115	-131
Thu 23-Apr-09	-121	-151
Thu 4-Jun-09	-125	-157
Thu 30-Jul-09	-126	-156
Thu 10-Sep-09	-123	-156
Thu 29-Oct-09	-122	-156

Trading themes we favour at present

Rallies in equity and commodity markets in the first few days of 2009 sent confusing signals to bond markets. However, fundamentals, and Fed plans to buy securities should see yields drift lower over coming weeks. NZ still attractive in relative terms.

CURRENCY STRATEGY

The typical year-end seasonal effect saw the NZD drift higher these past two weeks. USD weakness no doubt assisted this move, as did some return of risk appetites early this year. But we expect the fundamentals to start dominating, as the domestic dataflow start to pick-up starting with tomorrow's QSBO. Risk appetites are expected to remain flaky as economic reality dominates markets globally.

Market themes...

- > USD under some pressure but may have run its course for now.
- > Liquidity thinned trading and promising start to the year for equities saw some risk appetites return, pushing the NZD and AUD higher.
- > But economic dataflow and earnings results to give the markets a reality check. Fundamentals still point to a lower NZD.

Review and outlook...

The end of year effect on the NZD, which we mentioned in our last *Market Focus* of 2008, again eventuated over the Christmas/New Year period. Thin liquidity, a still attractive yield advantage (5 percent cash rate in NZ versus zero in the US), and the USD coming under some downward pressure all assisted the NZD's move up towards 60 cents. The NZD is now poised at the key Fibonacci 23.6 percent retracement level of 0.59, and there is firm resistance at the 0.60 level on the topside.

It has been global news that has dominated FX movements over the past couple of weeks. The USD came under some pressure, though this should not come as any surprise considering the huge run-up over the preceding few months. The EUR has strengthened towards the end of 2008, but has now started to ease as it is becoming clear that the ECB will be cutting rates. The GBP remains weak, and the BoE's statement following its 50bp cut suggests that they are prepared to cut further, placing the pound under more pressure. JPY may have weakened, but still managed to pullback towards 90 against the Greenback.

All in all, it appears that the USD retracement move is close to running its course. Yes, the dataflow out of the US is still nasty. But we should not lose sight of the dataflow on the other side, with the tenor out of both Europe and Asia weak, and deteriorating rapidly in the case of the latter. Risk appetites are expected to remain flaky as economic reality dominates markets globally.

Our fundamental view of the NZD remains unchanged. We are still bearish on the kiwi medium-term based on the fundamentals. Key in this regard remains the inevitable current account

rebalancing process. With "soft" commodity prices deteriorating, the onus is increasingly being put on the currency forming a bigger part of the adjustment to support export volumes. And this requires the NZD to be nearer 50 cents as opposed to 60. We are expecting another year of wide ranges for the NZD, and will be looking for another big move down at some stage. With fundamentals and current account deficits on the radar, we suspect it's an H1 as opposed to an H2 story.

NZD vs AUD: monthly directional gauges		
Gauge	Direction	Comment
Fair value	↓	Should be lower based on fundamentals.
Yield	↔	Starting to toy with a bigger cut from the RBNZ.
Commodities	↔/↓	NZ's commodity basket continues to fall sharply.
Partial indicators	↓	NZ indicators still worse.
Technicals	↔/↓	Capped at 0.8500 for now.
Sentiment	↔	Risk appetites fickle but appear to be waning.
Other	↔	Subject to same global forces
On balance	↓	Should be lower but subject to global scene

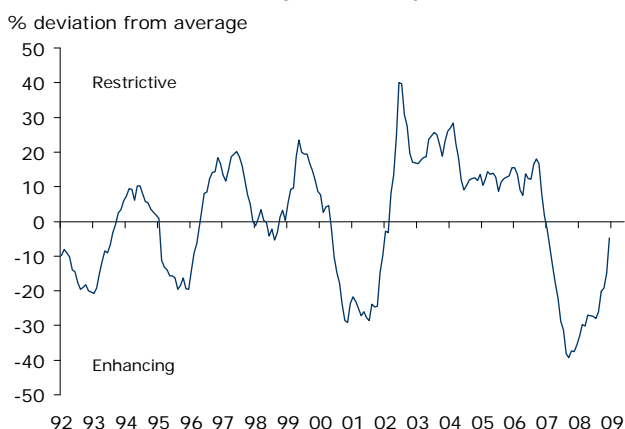
NZD vs USD: monthly directional gauges		
Gauge	Direction	Comment
Fair value – long-term	↔/↓	Erring towards macro-balance fair value models in this environment. They say low 0.50s.
Fair value – short-term	↔/↓	Still above cyclical fair value level at present.
Yield	↔/↑	Fed can do no more. RBNZ still has room to move.
Commodities	↓	Dairy prices still falling. So too other softs.
Risk aversion	↔	Fickle, and appear to be waning.
Partial indicators	↔/↑	Choice of ugly ducklings
Technicals	↔/↓	Major resistance at 0.6000.
AUD	↔	AUD getting some lift but may not last.
Sentiment	↔	Improving but fickle.
Other	↔/↓	USD retracement may have run its course.
On balance	↔/↓	Near-term bounce at an end. Next move is down.

EFFECTIVE EXCHANGE RATES UPDATE

We present an update of our real effective exchange rate measures across New Zealand's main export industries. The measures take into account the world prices that exporters are able to command (commodity prices in the case of commodity exporters), and adjust them by currency movements based on the export destinations. While recent falls in the NZD is helping to improve competitiveness, this is offset by falling commodity prices in some sectors.

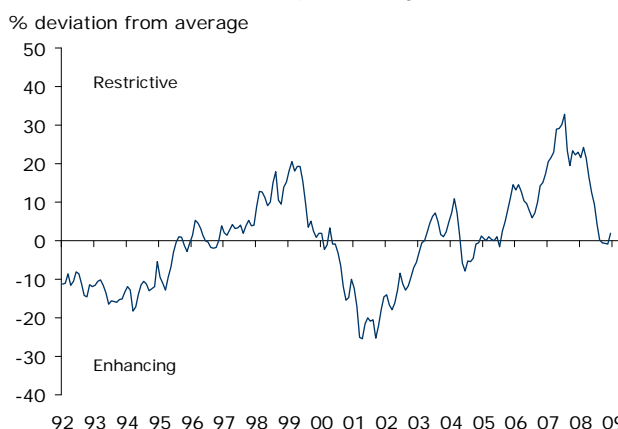
Another large fall in global dairy prices, more than offsetting movements in the NZD, has seen the dairy sector commodity adjusted real exchange rate move close to 'neutral' levels after being at record enhancing levels for some time. It joins the meat and manufacturing sectors as experiencing neutral conditions. The seafood sector continues to experience favourable conditions, with a fall in the NZD/JPY more than offsetting the impact of lower global prices in December. The forestry and crude sectors face restrictive conditions, although both commodity adjusted exchange rates were largely unchanged in the month.

Sector: Dairy, ≈18% of exports



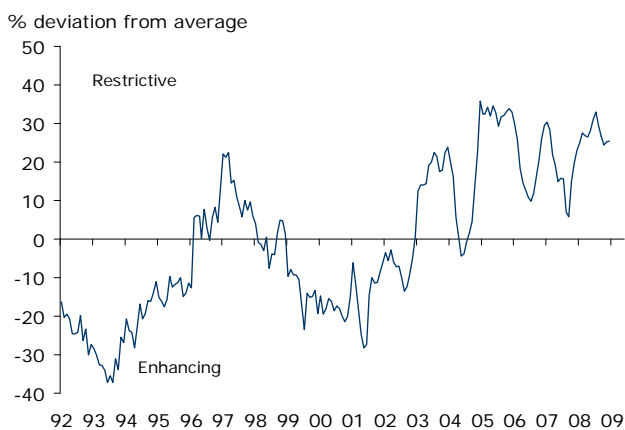
Sources: ANZ National, Bloomberg, Statistics NZ

Sector: Meat, ≈8% of exports



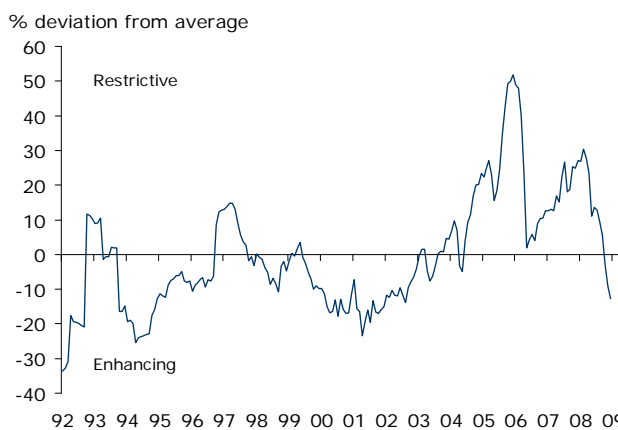
Sources: ANZ National, Bloomberg, Statistics NZ

Sector: Forestry, ≈10% of exports



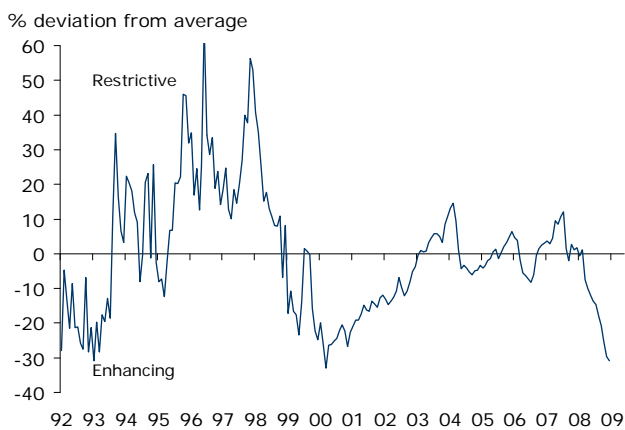
Sources: ANZ National, Bloomberg, Statistics NZ

Sector: Horticulture, ≈4% of exports



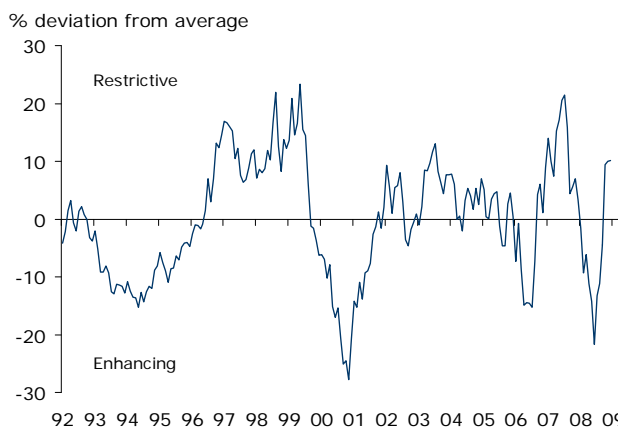
Sources: ANZ National, Bloomberg, Statistics NZ

Sector: Seafood, ≈3% of exports



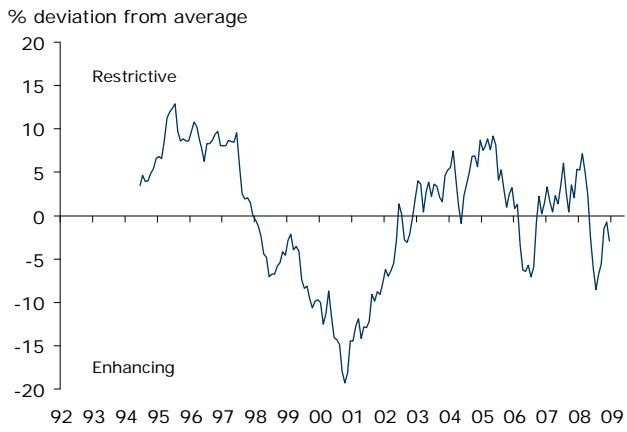
Sources: ANZ National, Bloomberg, Statistics NZ

Sector: Crude, ≈5% of exports

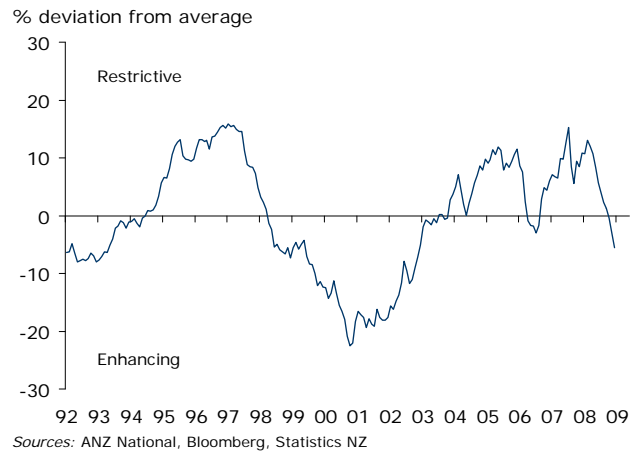


Sources: ANZ National, Bloomberg, Statistics NZ

Sector: Manufacturing, ≈20% of exports



Sector: Services, ≈24% of exports



DATA AND EVENT CALENDAR

Date	Country	Data/Event	Mkt.	Last	Time (NZDT)
12-Jan	AU	Quarterly Wage Agreements (3Q)	-	4	05:00
		ANZ Job Advertisements (Dec) - mom	-	-8.6%	13:30
13-Jan	US	Fed's Lockhart Speaks on US Economic Outlook in Atlanta	-	-	06:40
	NZ	NZIER Business Opinion Survey (3Q)	-	-19	10:00
	JN	Money Stock M3 (Dec) - yoy	0.6%	0.6%	12:50
		Adjusted Current Account Total (Nov)	¥625.4B	¥1113.2B	12:50
	UK	RICS House Price Balance (Dec)	-74%	-76%	13:01
		Total Trade Balance (Nov)	-£3700m	-£3867m	22:30
		DCLG UK House Prices (Nov) - yoy	-8.50%	-7.40%	22:30
	GE	Wholesale Price Index (Dec) - mom	-	-3.30%	20:00
	EC	ECB's Trichet Speaks in Strasbourg	-	-	22:00
14-Jan	US	Fed's Bernanke Speaks on Crisis, Policy Response in London	-	-	02:00
		Trade Balance (Nov)	-\$51.0B	-\$57.2B	02:30
		Treasury's Kashkari Speaks On TARP Implementation	-	-	03:30
		IBD/TIPP Economic Optimism (Jan)	-	45	04:00
		Monthly Budget Statement (Dec)	-\$83.0B	\$48.3B	08:00
		Fed's Lacker Speaks on Economic Outlook in South Carolina	-	-	11:00
	NZ	Building Permits (Nov) - mom	-	-21.90%	10:45
	AU	Home Loans (Nov)	1.0%	1.3%	13:30
		Investment Lending (Nov)	1.5%	0.7%	13:30
		Value of Loans (Nov) - mom	0.0%	2.4%	13:30
	EC	Industrial Production (Nov) - mom	-2.1%	-1.2%	23:00
15-Jan	US	Import Price Index (Dec) - mom	-5.3%	-6.7%	02:30
		Advance Retail Sales (Dec)	-1.2%	-1.8%	02:30
		Retail Sales Less Autos (Dec)	-1.4%	-1.6%	02:30
		Fed's Plosser Gives Economic Outlook in Newark, Delaware	-	-	02:30
		Business Inventories (Nov)	-0.5%	-0.6%	04:00
		Fed's Stern Speaks in Cedar Rapids, Iowa on Policy Prospects	-	-	07:00
		Fed Releases Beige Book Economic Report	-	-	08:00
	JN	Machine Orders (Nov) - mom	-8.0%	-4.4%	12:50
		Domestic CGPI (Dec) - mom	-1.5%	-1.9%	12:50
	AU	Employment Change (Dec)	-20.0K	-15.6K	13:30
		Unemployment Rate (Dec)	4.5%	4.4%	13:30
		Participation Rate (Dec)	65.0%	65.1%	13:30
	GE	Consumer Price Index (Dec F)	0.3%	-0.5%	20:00
	EC	CPI (Dec) - mom	-0.1%	-0.5%	23:00
		CPI (Dec) - yoy	1.6%	2.1%	23:00

Continued over page

Date	Country	Data/Event	Mkt.	Last	Time (NZDT)
15-Jan cont.		CPI - Core (Dec) - yoy	1.8%	1.9%	23:00
16-Jan	NZ	QV House Prices (Dec) - yoy	-	-	00:01
		Non Resident Bond Holdings (Dec)	-	74.20%	15:00
	EC	ECB Announces Interest Rates	2.0%	2.5%	01:45
		Trichet Speaks at ECB Monthly News Conference	-	-	02:30
		ECB's Stark Speaking in Frankfurt	-	-	04:30
		Trade Balance sa (Nov)	-4.8B	-1.3B	23:00
	US	Producer Price Index (Dec) - mom	-2.0%	-2.2%	02:30
		PPI Ex Food & Energy (Dec) - mom	0.1%	0.1%	02:30
		Initial Jobless Claims (w/e Jan-11)	500K	467K	02:30
		Continuing Claims (w/e Jan-4)	4610K	4611K	02:30
		Empire Manufacturing (Jan)	-25	-25.76	02:30
		Philadelphia Fed. (Jan)	-35	-32.9	04:00
		Fed's Evans Speaks to Bankers in Madison, Wisconsin	-	-	07:40
		Fed's Lockhart Speaks on US Economic Outlook in Mississippi	-	-	07:40
		Fed's Yellen Speaks in San Francisco on US Economic Outlook	-	-	09:45
	UK	BoE Deputy Governor Gieve to Make Speech	-	-	21:30
17-Jan	US	Consumer Price Index (Dec) - mom	-0.9%	-1.7%	02:30
		CPI Ex Food & Energy (Dec) - mom	0.1%	0.0%	02:30
		Consumer Price Index (Dec) - yoy	-0.2%	1.1%	02:30
		CPI Ex Food & Energy (Dec) - yoy	1.8%	2.0%	02:30
		Net Long-term TIC Flows (Nov)	\$2.0B	\$1.5B	03:00
		Industrial Production (Dec)	-1.0%	-0.6%	03:15
		Capacity Utilisation (Dec)	74.5%	75.4%	03:15
		U. of Michigan Confidence (Jan P)	59	60.1	04:00
		Fed's Lacker Speaks on US Economic Outlook in Richmond	-	-	06:15

Key: AU: Australia, EC: 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: The QSBO this week is likely to mirror the themes from recent NBNZ *Business Outlook* surveys, in other words a sharply weaker growth outlook. Following this, the December quarter CPI, while showing a negative headline, will be watched for whether the weaker domestic economy is resulting in reduced inflation pressures.

Date	Data/Event	Economic Signal	Comment
circa 12 Jan	REINZ House Sales (Dec)	Still weak	While the length of time houses are taking to sell has improved, house prices are expected to remain under downward pressure.
Tue 13 Jan (10.00)	NZIER QSBO (Dec quarter)	Similar story to the NBBO	Likely to reflect the deterioration seen in the National Bank <i>Business Outlook</i> . Look for capacity utilisation and other indicators of resource pressures to show more signs of slack.
Wed 14 Jan (10.45)	Building Consents Issued (Nov)	Time for a bounce?	While the low level of house sales suggests there is still further downside to dwelling consent issuance, there is also the risk of a bounce given the sharp fall experienced in October.
Tue 20 Jan (10.45)	CPI (Dec quarter)	Falling petrol prices pulls down headline	Sharply lower petrol prices are expected to see the headline CPI fall 0.3 percent. However, key will once again be underlying and non-tradable inflation. Some signs of easing are expected.
Wed 21 Jan (10.45)	Retail Trade Survey (Nov)	Weak	ECT data for November was poor. Coupled with lower petrol prices, headline sales should record a reasonable fall in the month.
Mon 26 Jan (15.00)	Credit Card Spending (Dec)	How did Christmas spending period go?	Anecdotes were mixed on the retail performance over the Christmas period.
Thu 29 Jan (09.00)	RBNZ <i>OCR Review</i>	75bp cut	Given falling commodity prices and the global economic outlook, the bias remains for monetary policy to continue acting aggressively.
Thu 29 Jan (10.45)	Overseas Merchandise Trade (Dec)	Watching imports	A trade deficit is typically recorded in December months and this is likely to be the case again. However, given lower oil prices and an expectation that import demand will capitulate, the deficit could potentially be a small one.
Thu 29 Jan (15.00)	Credit Growth (Dec)	Still very subdued	With the housing market remaining weak, there is little doubt that credit growth will also remain soft and near record lows.
Fri 30 Jan (10.45)	Building Consents (Dec)	A very low level	Residential consent issuance will remain at a very subdued level, which is consistent with activity in the housing market. Key to watch now is the performance of commercial consents.
Mon 2 Feb (10.45)	LCI & QES (Dec quarter)	Wage growth still elevated, but at its peak	Wage growth is likely to have peaked. However, annual growth rates will remain elevated for a time yet.
Thu 5 Feb (10.45)	HLFS (Dec quarter)	Continuing to turn	This has the potential to be a nasty one. We expect employment to fall and for the unemployment rate to rise sharply.
On Balance		Flow-on from the global scene starting to appear in the dataflow.	Weakness extending into 2009.

SUMMARY OF KEY ECONOMIC FORECASTS

	Dec-07	Mar-08	Jun-08	Sep-08	Dec-08	Mar-09	Jun-09	Sep-09	Dec-09	Mar-10
GDP (% qoq)	0.8	-0.3	-0.2	-0.4	0.1	-0.6	-0.5	0.0	0.3	0.6
GDP (% yoy)	3.7	2.1	1.0	-0.1	-0.8	-1.1	-1.4	-1.0	-0.8	0.4
CPI (% qoq)	1.2	0.7	1.6	1.5	-0.3	-0.2	0.9	1.0	1.0	0.6
CPI (% yoy)	3.2	3.4	4.0	5.1	3.6	2.7	2.0	1.5	2.8	3.6
Employment (% qoq)	0.9	-1.3	1.3	0.1	-0.9	-0.7	-0.6	0.0	0.0	0.1
Employment (% yoy)	2.5	-0.2	0.7	1.0	-0.8	-0.2	-2.1	-2.2	-1.3	-0.5
Unemployment Rate (% sa)	3.4	3.7	3.9	4.2	4.7	5.0	5.6	5.8	6.2	6.4
Current Account (% GDP)	-8.2	-8.0	-8.4	-8.6	-8.9	-8.8	-7.7	-7.0	-6.5	-6.5
Terms of Trade (% qoq)	2.9	4.2	-0.4	-2.3	-3.1	-1.5	-1.7	-1.6	-1.1	-0.7
Terms of Trade (% yoy)	8.8	11.6	10.7	4.4	-1.8	-7.1	-8.4	-7.7	-5.8	-5.0

KEY ECONOMIC INDICATORS

	Mar-08	Apr-08	May-08	Jun-08	Jul-08	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08
Retail Sales (% mom)	-1.0	1.3	-1.1	0.8	-0.7	0.3	0.3	-1.3
Retail Sales (% yoy)	-1.0	4.1	1.0	1.5	2.5	-0.9	2.2	0.7
Credit Card Billings (% mom)	-0.5	-0.3	0.5	-0.1	0.1	-0.2	1.1	-1.4	-0.8	..
Credit Card Billings (% yoy)	5.9	5.5	6.0	4.0	4.2	2.5	2.3	1.2	-0.7	..
Car Registrations (% mom)	-12.7	11.9	-13.9	1.3	-7.2	-3.5	11.1	-0.2	-20.3	..
Car Registrations (% yoy)	-13.2	-1.0	-20.6	-15.9	-27.1	-30.5	-15.6	-19.9	-34.4	..
Building Consents (% mom)	-13.0	79.8	-42.3	-12.8	-1.4	-7.5	11.1	-22.0
Building Consents (% yoy)	-26.8	29.9	-27.0	-45.5	-34.6	-43.2	-27.9	-43.2
REINZ House Price (% yoy)	1.6	-1.1	-1.4	-2.2	-1.4	-5.7	-6.1	-4.3	-4.1	..
Household Lending Growth (% mom)	0.4	0.3	0.5	0.2	0.3	0.4	0.2	0.2	-0.1	..
Household Lending Growth (% yoy)	10.8	9.9	9.2	8.4	7.7	7.2	6.6	5.9	4.8	..
Roy Morgan Consumer Confidence	111.7	99.9	89.2	86.5	83.9	91.4	108.6	99.7	99.0	102.9
NBNZ Business Confidence	-57.9	-54.8	-49.7	-38.7	-43.2	-20.5	1.6	-42.3	-43.0	-35.0
NBNZ Own Activity Outlook	-6.4	-3.8	-4.4	-4.0	-8.2	4.7	16.7	-11.4	-14.1	-21.5
Trade Balance (\$m)	-43	-293	-169	-215	-797	-848	-1253	-996	-520	..
Trade Balance (\$m annual)	-4526	-4604	-4782	-4478	-4468	-4369	-5050	-5272	-5164	..
ANZ World Commodity Price Index (% mom)	2.0	-0.3	0.9	0.0	1.8	-3.4	-5.1	-7.6	-7.4	-7.4
ANZ World Commodity Price Index (% yoy)	26.9	20.7	18.7	11.6	8.7	3.5	-2.1	-11.1	-18.3	-24.3
Net Migration (sa)	550	500	960	460	780	360	-20	-20	-590	..
Net Migration (annual)	4678	4666	4931	4732	5201	4938	4403	4329	3569	..

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)						
	Nov-08	Dec-08	12-Jan-08	Mar-09	Jun-09	Sep-09	Dec-09	Mar-10	Jun-10	Sep-10
NZD/USD	0.566	0.557	0.588	0.520	0.470	0.450	0.440	0.450	0.460	0.480
NZD/AUD	0.860	0.831	0.841	0.825	0.810	0.804	0.815	0.833	0.821	0.828
NZD/EUR	0.445	0.414	0.437	0.426	0.392	0.381	0.386	0.409	0.438	0.457
NZD/JPY	55.0	50.9	53.1	47.8	43.2	41.4	41.4	43.2	45.1	48.0
NZD/GBP	0.369	0.373	0.389	0.347	0.318	0.313	0.314	0.321	0.329	0.338
NZ\$ TWI	57.5	55.1	57.6	53.5	49.4	47.9	47.8	49.6	51.1	53.1
NZ interest rates	Nov-08	Dec-08	12-Jan-08	Mar-09	Jun-09	Sep-09	Dec-09	Mar-10	Jun-10	Sep-10
OCR	6.72	5.42	5.00	3.75	3.50	3.50	3.50	3.50	4.00	5.00
90 day bill	6.24	5.22	4.61	4.00	3.90	3.80	3.80	3.80	4.60	5.60
10 year bond	5.71	4.87	4.75	4.60	4.80	4.90	5.00	5.30	5.30	5.80
International	Nov-08	Dec-08	12-Jan-08	Mar-09	Jun-09	Sep-09	Dec-09	Mar-10	Jun-10	Sep-10
US Fed funds	1.00	0.25	0.25	0.25	0.25	0.25	0.25	0.50	1.00	1.50
US 3-mth	2.22	1.43	1.26	1.20	0.90	0.70	0.50	0.70	1.25	1.75
AU cash	5.25	4.25	4.25	3.50	3.25	3.00	3.00	3.00	3.00	3.50
AU 3-mth	4.72	4.15	3.98	4.00	3.80	3.70	3.80	3.80	3.80	4.20

KEY RATES

	9 Dec	5 Jan	6 Jan	7 Jan	8 Jan	9 Jan
Official Cash Rate	5.00	5.00	5.00	5.00	5.00	5.00
90 day bank bill	5.37	4.88	4.90	4.89	4.80	4.70
NZGB 07/09	4.57	3.96	3.90	3.90	3.90	3.87
NZGB 11/11	4.60	4.20	4.19	4.21	4.21	4.19
NZGB 04/13	4.52	4.33	4.35	4.37	4.37	4.37
NZGB 12/17	4.77	4.68	4.71	4.72	4.72	4.72
2 year swap	4.78	4.31	4.37	4.46	4.40	4.28
5 year swap	5.10	4.65	4.72	4.81	4.78	4.68
RBNZ TWI	54.7	57.3	57.6	58.5	57.3	57.7
NZD/USD	0.5432	0.5882	0.5883	0.5977	0.5853	0.5917
NZD/AUD	0.8242	0.8282	0.8233	0.8274	0.8295	0.8373
NZD/JPY	50.38	54.10	54.76	56.07	54.30	54.00
NZD/GBP	0.3659	0.4066	0.4013	0.4007	0.3890	0.3899
NZD/EUR	0.4220	0.4243	0.4326	0.4419	0.4306	0.4336
AUD/USD	0.6591	0.7102	0.7146	0.7224	0.7056	0.7067
EUR/USD	1.2872	1.3863	1.3598	1.3526	1.3592	1.3646
USD/JPY	92.75	91.98	93.08	93.81	92.78	91.27
GBP/USD	1.4845	1.4467	1.4659	1.4915	1.5048	1.5176
Oil	43.69	46.17	48.46	48.56	42.75	41.68
Gold	772.85	870.55	856.20	858.45	845.40	853.50
Electricity (Haywards)	4.83	2.77	0.87	3.07	2.55	1.96
Milk futures (US\$/contract)	85	86	86	87	87	86
Baltic Dry Freight Index	679	772	775	789	821	872

NEW ZEALAND 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.

NEW ZEALAND DISCLAIMER

The Bank does not provide investment advice tailored to an investor's personal circumstances. It is the investor's responsibility to understand the nature of the security subscribed for, and the risks associated with that security. To the maximum extent permitted by law, the Bank excludes liability for, and shall not be responsible for, any loss suffered by the investor resulting from the Bank's investment advice.

Each security (including the principal, interest or other returns of any security) the subject of investment advice given to the investor by the Bank or otherwise, is not guaranteed, secured or underwritten in any way by the Bank or any associated or related party except to the extent expressly agreed in the terms of the relevant security.

This document is provided for informational purposes only and does not constitute an offer to sell or solicitation to buy any security or other financial instrument. No part of this document can be reproduced, altered, transmitted to, copied to or distributed to any other person without the prior express permission of the Bank.

This document has been prepared by ANZ National Bank Limited.

ANZ (part of ANZ National Bank Limited), Level 7, 1 Victoria Street, Wellington 6011, New Zealand Phone 64-4-802 2000 Fax 64-4-496 8639 <http://www.anz.co.nz> e-mail ecnmcs@anz.com

This document is a necessarily brief and general summary of the subjects covered and does not constitute advice. You should obtain professional advice before acting on the basis of any opinions or information contained in it. The information contained in this document is given in good faith, has been derived from sources perceived by it to be reliable and accurate and the Bank shall not be obliged to update any such information after the date of this document. Neither the Bank nor any other person involved in the preparation of this document accepts any liability for any opinions or information (including the accuracy or completeness thereof) contained in it, or for any consequences flowing from its use.

UNITED STATES DISCLAIMER

This document is being distributed in the United States by ANZ Securities, Inc. ("ANZ S") (an affiliated company of Australia and New Zealand Banking Group Limited ("ANZBG") and the Bank), which accepts responsibility for its content. Further information on any securities referred to herein may be obtained from ANZ S upon request. Any US person(s) receiving this document and wishing to effect transactions in any fixed income securities referred to herein should contact ANZ S 1177 Avenue of the Americas, New York, NY 10036 USA, Tel: 1-212-801-9160, Fax: 1-212-801-9163, not its affiliates.

This document is issued on the basis that it is only for the information of the particular person to whom it is provided. This document may not be reproduced, distributed or published by any recipient for any purpose. This document does not take into account your personal needs and financial circumstances. Under no circumstances is this document to be used or considered as an offer to sell, or a solicitation of an offer to buy.

In addition, from time to time ANZBG, the Bank, ANZ S, their affiliated companies, or their respective associates and employees may have an interest in any financial products (as defined by the Australian Corporations Act 2001), securities or other investments, directly or indirectly the subject of this document (and may receive commissions or other remuneration in relation to the sale of such financial products, securities or other investments), or may perform services for, or solicit business from, any company the subject of this document. If you have been referred to ANZBG, the Bank, ANZ S or their affiliated companies by any person, that person may receive a benefit in respect of any transactions effected on your behalf, details of which will be available upon request.

The information herein has been obtained from, and any opinions herein are based upon, sources believed reliable. The views expressed in this document accurately reflect the author's personal views, including those about any and all of the securities and issuers referred to herein. The author however makes no representation as to its accuracy or completeness and the information should not be relied upon as such. All opinions and estimates herein reflect the author's judgement on the date of this document and are subject to change without notice. No part of the author's compensation was, is or will be directly or indirectly related to specific recommendations or views expressed in this document. ANZBG, the Bank, ANZ S, their affiliated companies, their respective directors, officers, and employees disclaim any responsibility, and shall not be liable, for any loss, damage, claim, liability, proceedings, cost or expense ("Liability") arising directly or indirectly (and whether in tort (including negligence), contract, equity or otherwise) out of or in connection with the contents of and/or any omissions from this communication except where a Liability is made non-excludable by legislation.