

CROSS-SECTION

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Page 2: Economic overview

- > The domestic economy is slowing, but inflationary pressures continue to bubble behind the scenes. Global credit conditions continue to deteriorate and we remain circumspect with how this will impact on NZ.

Page 5: Economic comment – more vulnerable?

- > Sections and apartments are often talked about as the most vulnerable parts of the property market. In October last year we presented a table showing which regions had the most sections and apartments for sale, relative to regional totals. We have updated our analysis, and while the regional rankings are similar, incredibly 80 percent of regions have shown an increase in available listings of sections and apartments. It reinforces our view that prices in both areas are likely to come under pressure, particularly sections.

Page 7: Economic comment – earnings vulnerability

- > The sustainability of earnings is becoming a strong focal point given the easing growth/sticky inflation mix. Looking at margins, volume, wage, and productivity trends across numerous sectors suggests a more challenging earnings environment ahead. With most sectors unlikely to be able to rely on volume growth to increase earnings, the million dollar question remains when attention will turn to costs, and notably labour inputs.

Page 10: Economic comment – global watch

- > Data was mixed out of the US, with stronger than expected retail sales (although still soft), but significantly weaker than expected consumer confidence. European growth is slowing. However, it remains a case of Asian (ex-Japan) growth remain solid, although Singapore Q4 GDP was revised lower.

Page 11: Interest rate strategy

- > A light domestic data calendar this week means offshore news and mortgage flows will dictate. Receivers are likely to keep to the sidelines and wait for further soft data before entering again.

Page 12: Currency strategy

- > A lack of local domestic data this week will mean global developments continue to dominate. The AUD is finding support from a hawkish RBA and this may drag the NZD higher. However, the NZD/AUD is finally heading lower and we favour a continuation.

Page 13: Data and event calendar

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ECONOMIC OVERVIEW

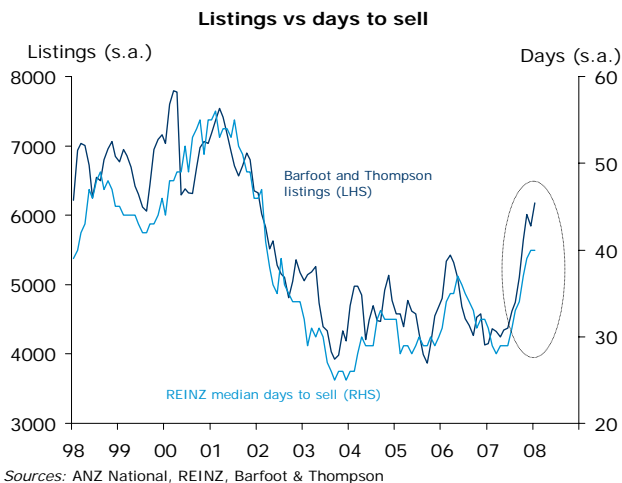
The domestic economy is slowing, but inflationary pressures continue to bubble behind the scenes. Global credit conditions continue to deteriorate and we remain circumspect with how this will impact on NZ.

What's ahead?

- > **NBNZ February Regional Trends** (Thursday 1500 NZDT).
- > **NZ January Credit Card Spending** (Friday 1500 NZDT). Following a weak December, anecdotes suggest January was a mixed month for retailers. This could see a rebound in credit card billings, though overall spending still slowing.

What's the view?

The data over this past week has reinforced the key themes facing the NZ economy at present: slowing domestic demand but persistent inflationary pressures. (There is a third key theme as well, namely credit, but more on that later).



The housing market continues to slide. House sales are down 31.5 percent on a year ago, and this weakness is spread across all price brackets. The median number of days to sell a house (at 40 days seasonally adjusted) has increased to its highest level in five years and house prices are now falling. The median house price has fallen \$12,000 in two months and although annual growth is still running at 4 percent, when looking at the timelier six monthly change, prices have fallen 2 percent. There is growing evidence of a large amount of properties on the market (Barfoot and Thompson report 9 months supply, and listings on realestate.co.nz have risen 30 percent since last year). Higher interest rates, reducing credit availability to more speculative pockets, and easing migration are major headwinds. But if the housing market is already weak, spare a thought for the endgame when the unemployment rate moves up. The latter is a *fait accompli* if (when) inflation pressure is set to recede. We have pencilled in a 5 percent fall in house prices over 2008 but are increasingly biased towards something closer to 10

percent. We are not buying into the argument that house prices seldom fall, and if they do, never by much. This property cycle has been the biggest in history on the upside so we doubt "the average cycle" in turn provides a logical benchmark for the dip.

Housing weakness also looks as though it is beginning to broaden. The Roy Morgan consumer confidence survey continues to soften, while the Colmar Brunton poll also showed a sharp dip. Retail spending rose by a modest 0.1 percent in December, although this comes after a strong 1.7 percent increase in November. However, over the quarter, real volume growth was just 0.3 percent and follows growth of just 0.2 percent in September and a decline in June. Once motor vehicle-related industries are removed, volume growth looks even weaker, with the level of sales below March 2007 levels. Of course, March 2007 was a whopping quarter (volumes surged 3.7 percent) so flat-lined sales since still leaves the level high, although effectively flat in growth.

The big picture looks to be one of growing headwinds. Core retail spending remains sluggish (the trend has been pretty static), despite booming job and wage growth. Such sluggishness looks testament to the restraining influence a weak housing market is having, along with disposable incomes being gobbled up by rising prices for core staples such as food and petrol.

Despite all this, constantly bubbling behind the scenes is the extent of inflationary pressures. PPI data last week, with input prices rising 1.3 percent and output prices rising 1.5 percent over the December quarter, illustrate the inflationary undercurrent present within the economy and particularly the influence from commodity prices. The small improvement in margins over the quarter (which are now up 0.6 percent in annual terms) will be a positive development for some businesses. However, once wage increases are taken into account, we suspect that pressure on margins remains and it portends of further pipeline inflationary pressures. Food prices came in at 0.4 percent, but once again it was core grocery prices which rose strongly, and are now up 8 percent on a year ago. It's a double whammy to the economy, adding to inflation pressure, and siphoning cash out of wallets as it costs more to eat.

In terms of a real-time barometer of sentiment (remember data comes with a lag), we are becoming increasingly drawn to the performance of the equity market. The NZSE 50 has been declining now for 4 months and is down 19 percent from its peak. While some of this will reflect the removal of the "private equity" premium that had supported valuations as well as weak equity sentiment offshore, a fair degree of the weakness comes back to the fundamentals. Growth is slowing and inflation is sticky. Throw on top of this weak productivity growth and it is a tough environment for earnings at present. Indeed the Q4 earnings season has seen more downside than upside surprises so far, and there also looks to be growing scepticism from investors over the path for earnings, not so much for 2008, but 2009. Our soft growth

prognosis over the coming few years certainly concurs with that sentiment.

We also can't help looking back at 2005 and early 2006. While soft economic data (zero growth in six months) lured all and sundry into a belief of sustained slow growth and expectations of an easing cycle, the equity market was giving no such messages. It tracked higher at a time retailing, housing, employment and co were weak. Indeed, equities proved to be the superior "economic" barometer correctly anticipating deflation. This time around, equity market sentiment is moving in line, and in fact looks to be anticipating a weaker economic trend.

Moving to the international scene, sentiment remains fragile. Data out of Europe during the week confirms that growth within this region continues to slow. Industrial production has fallen for the second consecutive month and although Q4 GDP came in a touch above expectations, annual growth has fallen to its softest in two years. Equity markets remain extremely volatile. Conditions across credit markets continue to deteriorate. The Australian iTraxx – a broad measure of the risk premium facing corporates – continues to head skywards, and swap spreads around the globe are once again pushing higher. Global growth concerns continue to dominate, although we note the Baltic Dry Freight Index rose around 16 percent last week. Conversely, the AUD – a global growth sentiment barometer – has not kicked on despite a hawkish RBA. It remains a very uncertain environment.

iTraxx Australian theoretical 5-yr



Sources: ANZ National, Bloomberg

Regular readers will be attuned to our wariness over the credit cycle, and particularly the implications for nations such as New Zealand that are very reliant on offshore investment to fund savings shortfalls. The first leg remains the cost of credit, which continues to push higher. This is an implicit cost borrowers will have to face, and this process continues to filter through. Floating lending rates nudged higher last week, a direct consequence of higher international funding costs. Lending margins to corporates are widening. Yet we are becoming increasingly drawn to a second channel, the outright availability of credit as global conditions continue to deteriorate. It is this channel that may well be the show-stopper.

The credit channel of monetary policy has been a phenomenal source of impetus to the economy. It's been a simple circle of success. First comes liquidity, then rising asset values, spending, profits, employment, credit, rising assets values, spending...and the circle is in motion. But what about the reverse? Falling asset values, lower spending, less profits, rising unemployment, less credit, falling asset values...and the inward spiral is in motion. Both spirals are heavily behavioural. No one wants to be the party pooper at the top, and no one wants to step in front of a freight train on the other side.

Bottom line is that financial intermediaries are going to have a huge say on how this cycle unfolds. Key at present is the appetites for risk, and the degree of flexibility in terms of keeping funding operational. But the longer credit markets remain dysfunctional, the greater the risk the outright supply of credit becomes impacted.

Closer to home, we noted a few weeks ago that we would not be surprised to see the RBA pursuing an RBNZ-2007 style tightening cycle. Strong employment growth (a record low unemployment rate), high core inflation, and a hawkish Statement of Monetary Policy by the RBA (the latter resembling what the RBNZ said in January 2007) has the market now locked in for a March hike, and talk of a follow up move in May. So far as NZ is concerned, there are a couple of implications:

- > If the AUD/USD can break free of global growth caution (the Aus-US 2 year swap differential is 500 basis points), the NZD will also get dragged higher, with a break of 80 cents likely. However, the flipside to this should be a far weaker NZD/AUD given the compression in the 2-year swap differential at 75 basis. At present, the currency market seems to want to hedge its bet, keeping the NZD/USD high, but not wanting to take the NZD/AUD lower. The global backdrop will continue to have the major say.
- > Higher interest rates across the Tasman are helping the RBNZ maintain policy traction across the NZ yield curve as the local market follows its big brother.
- > Growth in the Australian economy will slow "significantly" (RBA emphasis). The RBA is saying sub 3 percent growth in 2009. The inflation backdrop demands it. Conversely, consensus forecasts (a lagging indicator) are saying 3.3 percent. We'll be closely watching how the RBNZ assesses the outlook for Australia, given their January comment towards our largest trading partner. A bullish view 18 months out looks incompatible with the inflation backdrop.

It is a quiet week locally for data and it is now a matter of waiting for the Reserve Bank's *Monetary Policy Statement* in the first week of March. Of the data due for release the RBNZ *Regional Trends* report will be interesting as it should provide a reasonable early indication of GDP growth in the December quarter. January credit card billings will also grab

some attention and they could possibly bounce back from a soft December read. The key gauge we will be monitoring is the interest bearing component as a proportion of outstanding balances. This has been increasing recently and could be taken as evidence that tight financial conditions are biting.

Offshore, the major data/events will be the release of the minutes from both the Fed's and RBA's recent meetings. The former is likely to be very downbeat prospects, while the latter should be the complete opposite. In terms of international data this week, US CPI is the major release.

Recent data...

- > **NZ PPI (December quarter)**. Input prices rose by 1.3 percent and output prices by 1.5 percent. In annual terms, input and output price inflation is running at 3.4 percent and 4.0 percent respectively.
- > **REINZ Housing Report (January)**. House sales fell by 0.3 percent in seasonally adjusted terms, days to sell rose to 49 days (40 days s.a.) and median house prices fell \$5,000 to \$340,000.
- > **NZ Food Price Index (January)**. Food prices rose by 0.4 percent, taking annual growth to 4.4 percent.
- > **Roy Morgan Consumer Confidence (early February)**. The headline index fell to 117.8, from 121.2 in late January.
- > **NZ Retail Sales (December)**. Total nominal sales rose 0.1 percent, following a 1.7 percent increase in November. Core sales rose a slightly stronger 0.3 percent. Over the December quarter, real sales rose by 0.3 percent.

MORE VULNERABLE?

Sections and apartments are often talked about as the most vulnerable parts of the property market. In October last year we presented a table showing which regions had the most sections and apartments for sale, relative to regional totals. We have updated our analysis, and while the regional rankings are similar, incredibly 80 percent of regions have shown an increase in available listings of sections and apartments. It reinforces our view that prices in both areas are likely to come under pressure, particularly sections.

The section and apartment sectors of the property market – traditionally more speculative areas – are often touted as being the pockets that are the most vulnerable at this stage in the property cycle and turn in the credit cycle. Higher interest rates or changes in the credit cycle and risk appetites often mean that these pockets can experience large price swings, relative to other types of property, as demand wanes.

The table on the following page, which we first presented in October last year, shows the number of sections and apartments for sale relative to the total number of properties on the market. It is based on data from the Trade Me website (which provided easy access to this type of data). Although it is somewhat of a crude indicator, as it does not have complete coverage, we suspect it will still capture the underlying trend. The table ranks the various regions from highest to lowest and also show their movement compared with October 2007.

So what does it show?

- > Compared with October 2007, an incredible 80 percent of regions have shown an increase in section and apartment listings relative to the total number of properties for sale. The average increase in this ratio across the regions was a stunning 23 percent.
- > The relative rankings of the regions are reasonably similar to October 2007. Those regions that had a relatively high proportion of sections and apartments for sale in October, typically still have high proportions now, and vice versa. The biggest movers of note were Southland, which has gone from having the top ranking in October (ratio of 50.4 percent) to being the 24th ranked region now (ratio of 24.1 percent). Given the continued strength in the Southland property market, the only reason we can think of for this is that these properties (mainly sections) have been sold. The biggest mover in the opposite direction was Papakura, which has increased from its 37th ranking, to 11th now.
- > There remains a holiday or retirement destination theme. Popular locations for the family bach and retirement, namely Thames/Coromandel, Taupo, Tasman, Northland, and Queenstown all have a high exposure. These regions have experienced significant expansion and price growth over this

latest cycle, but could now be in a position of increased vulnerability. We also that regions with similar “holiday” characteristics, namely Bay of Plenty areas, Hawke’s Bay and Kapiti Coast do not have higher exposures.

- > In terms of the bellwether Auckland region, the city ranks highly (large number of apartments), but the majority of areas within greater Auckland are in the lower quartile. Other large cities, Wellington, Christchurch and Dunedin are also in the middle to lower half of regions.

The upshot

Rising supply of sections and apartments on the market relative to the total stock of houses is one sign of unease. With both exposed to high interest rates (low yield or high carry cost), likely diminished appetites to lend, credit dislocation in certain pockets, and land-banking – which has the potential to unwind quickly, we expect prices for both apartments and sections to come under continued downward pressure. This is particularly so for sections and land.

Number of sections and apartments for sale relative to total properties for sale					
Rank	Region	sections & apartments as % of total	Oct-07 %	% change from Oct-07	Oct-07 rank
1	Queenstown Lakes	52.1	43.5	19.7	2
2	Auckland City	43.8	37.0	18.5	5
3	Northland - Far North	42.7	40.5	5.5	4
4	Thames/Coromandel	39.4	34.8	13.1	6
5	West Coast	36.6	33.8	8.3	7
6	Tasman	36.5	43.4	-15.9	3
7	Central Otago ex-Qtwn	36.1	33.1	9.2	8
8	Taupo	35.2	32.3	9.1	10
9	Waitaki	33.8	31.0	9.0	12
10	Marlborough	33.5	29.3	14.4	16
11	Papakura	33.2	9.7	241.8	37
12	Northland - Whangarei	33.1	32.9	0.7	9
13	Hurunui, Hanmer	32.5	30.3	7.1	14
14	Rodney	32.4	28.7	12.8	17
15	Kaikoura	32.0	21.4	49.5	22
16	Hauraki	28.9	25.6	12.9	19
17	Western BoP	28.4	24.9	14.1	20
18	Wellington City	28.0	30.7	-8.9	13
19	Gisbourne	27.2	31.0	-12.4	11
20	Whakatane	26.8	27.4	-2.1	18
21	Selwyn	26.3	16.7	57.5	25
22	Nelson City	26.2	29.6	-11.5	15
23	Tauranga City	25.4	22.0	15.3	21
24	Southland	24.1	50.4	-52.2	1
25	Taranaki	23.8	15.1	57.7	28
26	North Shore City	23.7	19.4	22.3	24
27	Waitakere	22.5	14.3	57.3	30
28	Hamilton City	21.5	15.1	42.7	27
29	Kapiti Coast	20.7	14.3	44.6	31
30	Waimakariri	20.3	14.5	39.7	29
31	Franklin	16.7	12.5	33.3	34
32	Upper Hutt	15.9	15.2	4.5	26
33	Manawatu/Wanganui	15.2	12.5	21.4	33
34	Dunedin City	15.0	19.6	-23.4	23
35	Hawke's Bay	14.9	13.0	14.8	32
36	Manakau City	14.0	10.0	40.0	36
37	Christchurch City	10.8	8.8	22.5	38
38	Rotorua	9.4	7.1	32.7	39
39	Timaru	9.4	10.6	-11.5	35
40	Lower Hutt	7.8	4.2	85.3	40

Source: www.trademe.co.nz (the only available source)

EARNINGS VULNERABILITY

The sustainability of earnings is becoming a strong focal point given the easing growth/sticky inflation mix. Looking at margins, volume, wage, and productivity trends across numerous sectors suggests a more challenging earnings environment ahead. With most sectors unlikely to be able to rely on volume growth to increase earnings, the million dollar question remains when attention will turn to costs, and notably labour inputs.

The NZX has been on a downward trend for four months, with a general degree of nervousness manifesting over the outlook for earnings.

Strictly looking at the broad economic backdrop (easing growth, and sticky inflation), the market is correctly pre-empting a tougher earnings environment.

But which sectors are more heavily vulnerable to earnings disappointment? To get an appreciation of the sectors that are most susceptible to downgrades, or conversely those that could show earnings resilience, we look at the margins, volume, wage, productivity, and labour intensity gauges across key industries. While we have to be coy about making sweeping assessments (the data contains large standard errors the more disaggregated down you dig), some broad trends are noticeable.

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

- > **Margins have recovered for some groups.** After contracting over most of 2006 and 2007, margins look to be slowly improving, although they remain at low levels in some cases. Nevertheless, pressures remain particularly high when wage increases are taken into account. Price takers such as forestry and mining suffered the largest decline in margins, while competitive industries such as communications, finance and insurance also saw margins decline. The retail/hospitality, manufacturing and utility sectors managed to expand their margins over the course of the year.
- > **Job growth remains robust.** With the exclusion of the mining, retail and communication sectors, all sectors have higher staff levels compared with 12 months ago. However, in around half of the sectors, hours paid has been outpaced by employment growth, suggesting hours paid per employee has reduced.
- > **Wage inflation is strong generally across the board.** The mining and finance and insurance sectors showed the largest increases in wage inflation, the former partly due to intense competition for workers from across the Tasman given the mining boom in Australia.
- > **Productivity growth is weak.** The majority of industries have experienced falling productivity growth over the past two years, and notably across the service sector, which has been a major

late-cycle employer. The forestry sector has been the stand out performer (although we certainly doubt the actual leap will be anything like the 30 percent surge calculated: we'll put this down to the joys of working with NZ data).

- > **The manufacturing sector is soft,** and has effectively been in recession for the past two years. With the NZD remaining at a persistently high level, this sector looks likely to remain under pressure for some time. The only shining light at the moment appears to be positive, albeit modest, productivity growth from this sector.
- > **The construction sector looks vulnerable.** Growth within this sector has slowed and although margins have recovered recently, they remain well down on 2005 levels. Weak productivity growth is also weighing. With the housing market soft and set to slow further, this sector is likely to face some challenges ahead, although solid non-residential building activity may provide an offset and we note that job growth remains strong to date.
- > **The communications sector looks to be responding to margin and productivity pressures.** Although volume growth was solid over the past 12 months, margins are falling and productivity growth is dire. Firms look to be responding with staff levels and hours paid falling by 3.3 and 4.3 percent respectively.
- > **The mining sector is surging ahead thanks to Tui.** Volumes within this sector are growing at an annual rate of 26.8 percent and we suspect the majority of it is due to increased oil production from Tui. With this excluded, the sector looks a little shaky, with contracting margins, falling employment and weak productivity growth.

The earnings environment is undoubtedly turning more challenging over the coming 12-18 months. Most sectors are unlikely to be able to rely on volume growth to generate increased revenues. When you have inflation, there is a growth sacrifice. The construction, manufacturing, retail and housing-related sectors all look volume vulnerable given the tightness in financial conditions. Some of the biggest employers (construction, business services, hospitality) are also showing weak productivity trends.

But the million dollar question remains when corporate attention turns to costs as a means of sustained bottom-line profit performance. There is certainly an element of caution we are detecting across businesses. After struggling to get staff for a number of years, cost cutting exercises are a major step to undertake. But if there is one thing that looks different to the previous years it is that the equity market is weakening. In this environment, we doubt costs will remain unscathed.

Industry	Volume growth (GDP, aapc)	Output prices (apc)	Input prices (apc)	Non-labour margins (apc)	LCI Wage inflation (apc)	Labour productivity (average 2005-07)	Labour intensity (AES)	Jobs growth (apc)	Hours paid growth (apc)
Forestry	5.0	-1.8	0.0	-1.8	2.0	30.3	11.7	12.3	14.1
Mining	26.8	-7.9	4.2	-11.6	5.5	-16.5	8.8	-14.3	-12.9
Manufacturing	-0.2	6.1	4.6	1.4	3.1	1.0	16.1	0.6	0.8
<i>Food, beverage and tobacco</i>	<i>-3.0</i>	<i>12.7</i>	<i>8.4</i>	<i>3.9</i>	<i>3.0</i>	<i>..</i>	<i>11.4</i>	<i>..</i>	<i>..</i>
<i>Textile and apparel manufacturing</i>	<i>5.8</i>	<i>-0.3</i>	<i>-1.1</i>	<i>0.8</i>	<i>3.2</i>	<i>..</i>	<i>23.3</i>	<i>..</i>	<i>..</i>
<i>Wood and paper product manufacturing</i>	<i>2.6</i>	<i>3.3</i>	<i>1.0</i>	<i>2.3</i>	<i>3.3</i>	<i>..</i>	<i>17.6</i>	<i>..</i>	<i>..</i>
<i>Printing, publishing and recorded media</i>	<i>-2.0</i>	<i>2.4</i>	<i>0.9</i>	<i>1.5</i>	<i>2.7</i>	<i>..</i>	<i>20.7</i>	<i>..</i>	<i>..</i>
<i>Petroleum, chemical, plastic and rubber product manufacturing</i>	<i>-0.6</i>	<i>3.6</i>	<i>2.1</i>	<i>1.5</i>	<i>3.3</i>	<i>..</i>	<i>13.3</i>	<i>..</i>	<i>..</i>
<i>Non-metallic mineral product manufacturing</i>	<i>4.0</i>	<i>3.2</i>	<i>2.8</i>	<i>0.5</i>	<i>3.4</i>	<i>..</i>	<i>18.0</i>	<i>..</i>	<i>..</i>
<i>Metal product manufacturing</i>	<i>2.7</i>	<i>4.4</i>	<i>2.8</i>	<i>1.6</i>	<i>2.9</i>	<i>..</i>	<i>20.0</i>	<i>..</i>	<i>..</i>
<i>Machinery and equipment manufacturing</i>	<i>1.9</i>	<i>-0.1</i>	<i>3.4</i>	<i>-3.3</i>	<i>3.5</i>	<i>..</i>	<i>23.6</i>	<i>..</i>	<i>..</i>
<i>Furniture and other manufacturing</i>	<i>-5.1</i>	<i>4.4</i>	<i>3.4</i>	<i>1.0</i>	<i>1.9</i>	<i>..</i>	<i>21.7</i>	<i>..</i>	<i>..</i>
Electricity, gas & water	-1.7	-0.3	-1.4	1.1	2.9	1.0	4.5	2.8	4.5
Construction	1.3	5.0	5.1	-0.1	3.3	-5.8	17.2	7.0	9.0
Wholesale trade	4.0	5.9	0.5	5.4	2.8	-0.6	6.1	9.6	9.2
Retail trade	6.9	3.3	2.6	0.7	3.4	2.8	10.4	0.0	-1.3
Accommodation, restaurants & bars	2.5	3.7	2.4	1.3	1.7	-0.8	25.6	7.9	5.7
Transport & storage	5.2	4.8	3.7	1.0	3.3	-3.7	26.5	7.1	6.0
Communications	5.5	0.0	1.7	-1.6	0.8	-9.1	16.7	-3.3	-4.3
Finance and insurance	6.3	-0.8	3.3	-4.0	6.4	-0.6	7.0	2.8	1.8
Property & business services	4.5	3.6	3.4	0.2	3.4	-0.6	19.5	7.1	4.1

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 out of the US, with stronger than expected retail sales (although still soft), but significantly weaker than expected consumer confidence. European growth is slowing. However, it remains a case of Asian (ex-Japan) growth remain solid, although Singapore Q4 GDP was revised lower.

Country/ Area	Indicator	Mkt	Actual	Last	Outturn vs market
US	Advance Retail Sales (Jan)	-0.3%	0.3%	-0.4%	Stronger
	Import Price Index (Jan)	0.5%	1.7%	-0.2%	Stronger
	Empire Manufacturing (Feb)	6.5	-11.7	9.0	Weaker
	Industrial Production (Jan)	0.1%	0.1%	0.1%	In-line
	University of Michigan Consumer Confidence (Feb P)	76.0	69.6	78.4	Weaker
Europe	ZEW Survey (Economic Sentiment) (Feb)	-43.0	-41.4	-41.7	Stronger
	Industrial Production (Dec) – mom	0.6%	-0.2%	-0.4%	Weaker
	GDP (4Q A) - qoq	0.3%	0.4%	0.8%	Stronger
UK	PPI Input (Jan) – yoy	14.4%	19.1%	12.2%	Stronger
	PPI Output (Jan) - yoy	5.1%	5.7%	5.0%	Stronger
	DCLG House Prices (Dec) – yoy	8.0%	9.1%	9.7%	Stronger
	CPI (Jan) – yoy	2.3%	2.2%	2.1%	Weaker
	Claimant Count Rate (Jan)	2.5%	2.5%	2.5%	In-line
	Jobless Claims Change (Jan)	-5.0k	-10.8k	-8.7k	Stronger
	ILO Unemployment Rate (Dec) – 3mths	5.3%	5.2%	5.3%	Stronger
Asia Ex-Japan					
<i>China</i>	Money Supply – M2 (Jan) - yoy	16.5%	18.9%	16.7%	Stronger
	Exports (Jan) – yoy	20.5%	26.7%	21.7%	Stronger
	Imports (Jan) – yoy	24.0%	27.6%	25.7%	Stronger
<i>Singapore</i>	GDP Annualised (4Q)	-3.2%	-4.8%	-3.2%	Weaker
	Retail Sales (Dec) – yoy	1.8%	2.5%	0.0%	Stronger
<i>India</i>	Industrial Production (Dec) – yoy	6.9%	7.6%	5.1%	Stronger
<i>Indonesia</i>	Money Supply – M2 (Dec) – yoy	-	18.9%	16.3%	-
	Consumer Confidence Index (Jan)	-	3.574	3.598	-
<i>Philippines</i>	Total Exports (Dec P) – yoy	8.1%	21.4%	-2.1%	Stronger
	Bank Lending (Dec) – yoy	-			
<i>South Korea</i>	Money Supply – M2 (Dec) – yoy	-	11.5%	11.3%	-
	Consumer Confidence (Jan)	-	105.9	104.0	-
	Bank of Korea Interest Rate Announcement	5.00%	5.00%	5.00%	In-line
	Producer Price Index (Jan) – yoy				
<i>Malaysia</i>	Exports (Dec) – yoy	4.9%	3.0%	5.9%	Weaker
	Imports (Dec) – yoy	9.4%	8.7%	4.3%	Weaker
Japan	Domestic CGPI (Jan) – mom	0.0%	0.2%	0.3%	Stronger
	Consumer Confidence Households (Jan)	37.5	37.5	38.0	In-line
	GDP (4Q P) – qoq	0.4%	0.9%	0.3%	Stronger
	Industrial Production (Dec F) - mom	1.4%	1.4%	1.4%	In-line
	BoJ Interest Rate Announcement	0.50%	0.50%	0.50%	In-line
Australia	Home Loans (Dec)	-1.0%	0.1%	3.3%	Stronger
	Employment Change (Jan)	15.0k	26.8k	24.8k	Stronger
	Unemployment Rate (Jan)	4.3%	4.1%	4.3%	Stronger

INTEREST RATE STRATEGY

A light domestic data calendar this week means offshore news and mortgage flows will dictate. Receivers are likely to keep to the sidelines and wait for further soft data before entering again.

Market themes...

- > Core retail sales flat-lining despite strong labour market.
- > Liquidity premium sees 90-day rates spike higher.
- > US 10-year bond yields rise on inflation concerns should Fed continue to ease.
- > Markets in Australia pricing in a March hike and another move after that.

Outlook...

NZ swap yields headed lower over the course of last week following the sharp rise in the previous week on the back of strong labour market data releases. Soft retail sales for December saw the pay-side bias that emerged earlier in the week ease off. The divergence in the dataflow – strong labour market versus softness in housing and retail spending – leave the rates outlook uncertain with no clear steer in either direction. Receivers, particularly the offshore ones who have been active earlier in the year, will keep to the sidelines and wait for further signs of softness in the data before emerging again.

Ongoing global credit concerns will put a cap on swap yields for now. With the domestic data calendar light this week, offshore news and mortgage flows will dictate direction. However, recent ranges should continue to hold. Credit card and electronic transaction data for January will provide cues for how consumer spending fared early this year, and may see some reaction in rates. The next major piece of data is the RBNZ Expectations Survey for Q1 due on 26 February and the National Bank *Business Outlook* due on 27 February.

Market pricing is for a 32 percent chance of another hike by July, with the odds of a rate cut at 40 percent by December. We remain of the view that trading the ranges (8.35 to 8.6 percent range in the 2-year) remain the name of the game at the moment. Swap spreads remain in consolidation mode but offshore credit concerns could push them wider. Renewed cash concerns following FCIG's downgrade by Moodys have seen 90-day yields spike up, and the liquidity premium will likely linger this week.

In offshore developments, Bernanke's testimony to the Senate Banking Committee signals a period of sluggish growth ahead for the US economy, confirming current market pricing of further Fed easings. Inflation concerns linger, but growth worries continue to dominate. This week's US CPI release should provide the bond market with some direction. The release of the Fed, BoE and RBA minutes could also provide the markets with some food for thought, especially the RBA's. With the Australian market now coming around to a March hike, the minutes might see the market

fully price in a March move and assign higher odds of another move after that.

Gauges for NZ interest rates yields		
Gauge	Direction	Comment
RBNZ	↔	Comfortable with direction of housing market and retail spending, but will be concerned at tight labour market.
NZ data	↔	Light data week. Credit card and electronic transaction data to provide cues for January retail spending.
Fed Funds/front end	↓	Fed sees sluggish growth ahead. More rate cuts likely.
RBA	↑	March hike looking likely, and another one after that as well.
US 10 year	↔/↓	Recession fears overcoming inflation worries for now.
NZ swap spreads	↔/↑	Spreads expected to widen slightly due to payers in the 10-year trying to steepen the curve.
Flow	↔	Flows to be light given lack of domestic data.
Technicals	↔/↓	Further pressure for US curve to steepen.

Borrowing strategies we favour at present

Given lingering global growth concerns, we favour paying short durations, and for those with existing 5-year paying to take profit and shorten duration into 2-year while delta matching. Should tighter monetary policy be needed (not our central view), we think the curve will invert with the 2s5s spread blowing out and borrowers will benefit more from being paid in the 2-year vs 5-year.

Probability of 25bps increase as implied by market pricing

OCR dates	Last week	This week
Thu 6-Mar-08	11	16
Thu 24-Apr-08	22	26
Thu 5-Jun-08	30	32
Thu 24-Jul-08	26	32
Thu 11-Sep-08	6	8
Thu 23-Oct-08	6	-16
Thu 4-Dec-08	-26	-40

Trading themes we favour at present

We maintain our Sept (buy) Dec (sell) spread at -17pts, targeting a move to -12pts. While swaps are middle of the range, this trade is not so dependent on outright direction.

CURRENCY STRATEGY

A lack of local domestic data this week will mean global developments continue to dominate. The AUD is finding support from a hawkish RBA and this may drag the NZD higher. However, the NZD/AUD is finally heading lower and we favour a continuation.

Market themes...

- > AUD finding strength from a hawkish RBA.
- > US looks to be getting closer to recession and this is weighing on the greenback.
- > Limited local data this week will see offshore events dominate.

Outlook...

The NZD remains stuck in its familiar 0.78 to 0.7950 range against the USD and looks to be lacking the ability for a sustained break either side. It remains a case of the huge yield differential being weighed up with continued concerns over the global growth outlook and further credit market dislocation. Even evidence that the NZ economy is facing material headwinds, with housing weak, retail flat-lining and drought impacting on the rural sector is failing to see the NZD head lower. Domestic developments look to be playing second fiddle to global palpitations and there are a number that are featuring at present:

- > The US economy appears to be getting closer to, if not in, recession, with consumer confidence falling to a 16-year low. The greenback is struggling.
- > But European growth is also weakening. Industrial production is contracting, and business sentiment is soft. Although fears are that this weakness will be sustained, the EUR has failed to experience a sustained move lower.
- > Credit conditions are deteriorating. Swap spreads are widening and rumours continue to circulate of further pending writedowns. Concerns over bond insurers is weighing on sentiment.
- > The AUD has found renewed support from a hawkish RBA. The possibility the RBA will embark on a RBNZ-style tightening cycle is growing given significant inflationary pressures.

So what does this all mean for the kiwi? Well, it will remain a case of volatility and large ranges. Further evidence of global credit malaise broadening beyond the US will continue to cap the NZD. However, a stronger AUD looks likely to provide some support for the bird as it gets dragged along in kanga's pouch. It does mean, however, that the NZD/AUD finally looks to be moving lower after – somewhat frustratingly – remaining stubbornly persistent, although this is just a testament to global growth concerns. The fact is that the Australian economy is just stronger at the current juncture and the 2-year swap differential has fallen to just 75bps. We continue to favour this cross heading lower over the week ahead.

Moving to the data this week, it is relatively quiet. A lack of local data, will see global events dominate. The major offshore events will be the release of minutes from the FOMC, BoE and RBA. The FOMC are likely to paint a somewhat downbeat picture, the RBA the opposite, and the BoE somewhere in between. US CPI data (Thursday NZDT) will also be of interest to currency markets.

The NZD continues to trade below major resistance at 0.7920/70 level and we see this level as providing resistance for the week ahead. Support exists at 0.7840 then 0.7810. The NZDAUD has resistance lower now at 0.8770 and we expect this level to contain for a move towards 0.8610.

NZD vs AUD: monthly directional gauges		
Gauge	Direction	Comment
Fair value	↓	Growth differentials favouring AUD.
Yield	↔/↓	Yield spreads narrowing.
Commodities	↓	Gold, iron ore, coal all up....milk down.
Partial indicators	↓	Better across the Tasman. Terms of trade shocks bigger there.
Technicals	↓	Top at 0.8770.
Sentiment	↓	AUD data is better.
Other	↓	RBNZ hold, RBA catchup.
On balance	↓	AUD simply better.

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 in.
Yield	↑	Yield differentials at phenomenal levels.
Commodities	↔	Off highs but still high.
Risk aversion	↓	VIX Index high and credit concerns rising again. This will affect NZ eventually.
Partial indicators	↑	NZ domestic economy is soft, but US is softer.
Technicals	↔	Topside momentum waning. Downside risks growing. 0.7950 pivot.
AUD	↑/↔	Good fundamentals but a play on global cycle.
Sentiment	↔	Mixed messages.
Other	↔	USD disliked, but US weakness broadening = period of sub-trend NZ growth.
On balance	↔/↓	Close to a major turn.

DATA AND EVENT CALENDAR

Date	Country	Data/Event	Mkt.	Last	Time (NZDT)
Feb 18	UK	Rightmove House Prices (Feb) – mom	-	-0.8%	13:01
	JN	Leading Economic Index (Dec F)	45.5%	40.0%	18:00
		Coincident Index (Dec F)	70.0%	66.7%	18:00
	AU	Preliminary BoP Imports (Jan) – mom	-	-0.3%	13:30
Feb 19	EU	Construction Output (Dec) – mom	-	-0.8%	23:00
Feb 20	US	Fed's Stern speaks on US Economy in Minnesota	-	-	03:00
		NAHB Housing Market Index (Feb)	19	19	07:00
	AU	Westpac Leading Index (Dec) – mom	-	1.0%	12:30
	JN	BoJ Monetary Policy Meeting Minutes for January	-	-	12:50
		DEWR Skilled Vacancies (Feb) – mom	-	1.1%	13:00
		Wage Cost Index (4Q) – qoq	1.1%	1.0%	13:30
	GE	Producer Prices (Jan) – mom	0.3%	-0.1%	20:00
	UK	BoE Minutes	-	-	22:30
		Public Finances (PSNCR) (Jan)	-19.5B	17.0B	22:30
		Public Sector Net Borrowing (Jan)	-9.5B	7.8B	22:30
		M4 Money Supply (Jan P) – mom	0.8%	1.5%	22:30
		M4 Sterling Lending (Jan P)	16.0B	17.4B	22:30
Feb 21	US	CPI (Jan) – mom	0.3%	0.3%	02:30
		CPI (Jan) – yoy	4.2%	4.1%	02:30
		CPI Ex Food & Energy (Jan) – mom	0.2%	0.2%	02:30
		CPI Ex Food & Energy (Jan) – yoy	2.4%	2.4%	02:30
		Housing Starts (Jan)	1,010k	1,006k	02:30
		Building Permits (Jan)	1,045k	1,068k	02:30
		Fed's Poole speaks at Truman State University	-	-	07:30
		Minutes from Jan 29-30 FOMC Meeting	-	-	08:00
	JN	Adjusted Merchandise Trade Balance (Jan)	926.6B	642.5B	12:50
		All Industry Activity Index (Dec) – mom	0.2%	-0.5%	12:50
	AU	RBA Foreign Exchange Transactions (Jan)	-	A\$546m	13:30
		New Motor Vehicle Sales (Jan) – mom	-	1.1%	13:30
		Average Weekly Wages (Jan) – qoq	-	1.0%	16:30
	NZ	Credit Card Spending (Jan) – yoy	-	7.6%	15:00
	EC	Current Account (Dec)	0.2B	0.7B	22:00
	UK	Retail Sales (Jan) – mom	0.3%	-0.4%	22:30
Feb 22	US	Philadelphia Fed (Feb)	-10.0	-20.9	04:00
		Leading Indicators (Jan)	-0.1%	-0.2%	04:00
	JN	BoJ Governor Fukui to speak in Tokyo	-	-	16:00
	EU	PMI Manufacturing (Feb A)	52.3	52.8	22:00

Continued over page

Date	Country	Data/Event	Mkt.	Last	Time (NZDT)
Feb 22 cont.	EU	PMI Services (Feb A)	51.0	50.6	22:00
		PMI Composite (Feb A)	51.5	51.8	22:00
		New Industrial Orders (Dec) – mom	-1.1%	2.7%	23:00
Feb 23	EU	ECB's Gonzalez-Paramo speaks in Madrid	-	-	00:30
	JN	BoJ Governor Fukui speaks in Tokyo	-	-	17:05

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: There is limited data now prior to the RBNZ's *Monetary Policy Statement* due in the first week of March, with the key release being the NBNZ *Business Outlook*. Data following this is likely to continue to paint a picture of slowing domestic demand and growing headwinds for the economy.

Date	Data/Event	Economic Signal	Comment
Thu 21 Feb (15.00)	NBNZ <i>Regional Trends</i> (Mar qtr)	-	-
Fri 22 Feb (15.00)	Credit Card Billings (Jan)	Rebound?	Following a weak December, anecdotes suggest January was a mixed month for retailers.
Tue 26 Feb (15.00)	RBNZ Survey of Expectations (Mar qtr)	Elevated	The key measure to watch is two-year ahead inflation expectations, and they are expected to remain elevated. We would not be surprised if they rose from their current level of 2.7 percent.
Wed 27 Feb (10.45)	Building Consents (Jan)	Soft	An easing trend is now clearly in place. Based on the falls in house sales, a further decline in consent issuance is expected.
Thu 28 Feb (10.45)	External Migration (Jan)	Steady	We expect annual migration to stabilise around current levels of 5,000, although the risks appear skewed to the downside.
Thu 28 Feb (15.00)	NBNZ <i>Business Outlook</i> (Feb)	-	-
Fri 29 Feb (10.45)	Overseas Merchandise Trade (Jan)	Improving	Another small trade surplus is expected following the surprise surplus in December. The impact of high dairy prices is increasing as the milk production ramps up, although dry conditions may weigh on this slightly.
Tue 4 Mar (10.45)	ANZ Commodity Price Index (Feb)	-	-
Wed 5 Mar (10.45)	Wholesale Trade Survey (Dec qtr)	Softening	Wholesale trade activity is expected to soften in line with slowing activity in the retail sector.
Thu 6 Mar (09.00)	RBNZ <i>Monetary Policy Statement</i>	Watching and waiting	The Reserve Bank won't have liked the messages from the labour market. But global conditions are weaker and so is housing. Expect a similar message to January.
Fri 7 Mar (10.45)	Value of Building Work Put in Place (Dec qtr)	Easing	Given an easing trend present in building consent issuance, we expect residential construction activity to detract from growth in the December quarter.
circa 10 Mar	REINZ Housing Report (Feb)	Soft	The housing market has well and truly turned. With demand soft and increased supply on the market, we expect the median number of days to sell a house to continue rising. This will place further downward pressure on prices.
Tue 11 Mar (10.45)	Overseas Trade Indexes (Dec qtr)	Terms of trade up	The impact of higher export commodity prices is expected to more than offset an increase in oil prices over the quarter and result in a further rise in the terms of trade.
Thu 13 Mar (10.45)	Retail Sales (Jan)	Small bounce	Given the volatile nature of this survey, a small bounce after softness in December is possible. However, the underlying trend is likely to remain one of softness.
Fri 14 Mar (10.45)	Economic Survey of Manufacturing (Dec qtr)	Solid	Given strength in exports in the quarter, we expect this survey to be reasonably strong. However, we will be closely watching stock levels to see if the export strength came out of stocks.
On Balance		Sub-trend growth	Inflationary pressures persist, but domestic demand waning.

SUMMARY OF KEY ECONOMIC FORECASTS

	Dec-06	Mar-07	Jun-07	Sep-07	Dec-07	Mar-08	Jun-08	Sep-08	Dec-08	Mar-09
GDP (% qoq)	0.7	1.2	0.8	0.5	0.3	0.3	0.3	0.3	0.5	0.6
GDP (% yoy)	2.0	2.4	3.2	3.3	2.9	1.9	1.4	1.2	1.4	1.7
CPI (% qoq)	-0.2	0.5	1.0	0.5	1.2	0.6	0.8	0.9	0.8	0.5
CPI (% yoy)	2.6	2.5	2.0	1.8	3.2	3.3	3.0	3.4	3.0	2.9
Employment (% qoq)	0.1	1.2	0.6	-0.3	1.1	0.4	0.3	0.2	0.3	0.1
Employment (% yoy)	1.4	1.7	1.6	1.6	2.5	1.8	1.5	2.0	1.2	0.9
Unemployment Rate (% sa)	3.8	3.7	3.6	3.5	3.4	3.7	3.8	3.8	4.0	4.1
Current Account (% GDP)	-8.6	-8.2	-8.1	-8.3	-8.0	-7.6	-7.0	-6.7	-6.8	-6.9
Terms of Trade (% qoq)	2.5	1.5	0.4	3.7	2.7	0.5	-0.5	-0.6	-0.4	-0.6
Terms of Trade (% yoy)	3.8	4.5	2.3	8.4	8.5	7.4	6.4	2.1	-1.0	-2.1

KEY ECONOMIC INDICATORS

	Apr-07	May-07	Jun-07	Jul-07	Aug-07	Sep-07	Oct-07	Nov-07	Dec-07	Jan-08
Retail Sales (% mom)	-1.2	1.1	-0.4	0.2	0.3	1.1	-0.4	1.7	0.1	..
Retail Sales (% yoy)	7.4	6.7	4.8	5.7	6.3	4.1	5.8	7.2	5.4	..
Credit Card Billings (% mom)	-1.1	1.0	1.8	0.1	0.5	2.4	-0.6	1.2	0.3	..
Credit Card Billings (% yoy)	7.9	5.8	8.9	7.9	8.6	9.4	7.7	9.5	7.6	..
Car Registrations (% mom)	-1.6	6.1	-4.7	7.0	1.1	-6.7	5.6	-3.6	-2.6	..
Car Registrations (% yoy)	-4.8	-2.5	-1.5	7.0	10.9	0.1	4.7	2.3	1.4	..
Building Consents (% mom)	0.3	4.9	12.3	-15.6	4.9	-9.8	-4.7	-0.1	-5.2	..
Building Consents (% yoy)	9.0	2.9	33.0	-4.2	-1.5	-15.4	-16.0	-4.9	-6.7	..
REINZ House Price (% yoy)	14.4	14.8	12.1	10.4	12.9	12.3	8.0	6.7	4.5	4.0
Household Lending Growth (% mom)	1.0	1.0	1.1	0.9	0.9	0.8	0.8	0.8	0.7	..
Household Lending Growth (% yoy)	13.5	13.5	13.5	13.5	13.4	13.0	12.8	12.6	12.2	..
Roy Morgan Consumer Confidence	128.6	122.1	121.0	121.1	122.4	121.3	122.0	121.9	126.6	121.2
NBNZ Business Confidence	-19.4	-48.3	-37.2	-38.5	-33.8	-26.5	-12.9	-19.6	-24.9	..
NBNZ Own Activity Outlook	22.5	7.8	14.8	12.4	16.7	17.2	20.3	15.7	18.2	..
Trade Balance (\$m)	-215	8	-518	-808	-947	-572	-773	-628	33	..
Trade Balance (\$m annual)	-6024	-5900	-6226	-6340	-6336	-6282	-5882	-5690	-5311	..
ANZ World Commodity Price Index (% mom)	4.9	2.6	6.3	4.6	1.4	0.4	1.8	0.8	0.0	-1.4
ANZ World Commodity Price Index (% yoy)	20.9	21.1	29.8	35.1	36.3	35.7	37.8	35.9	30.9	27.4
Net Migration (sa)	240	430	620	490	740	680	280	530	20	..
Net Migration (annual)	11222	10682	10078	8966	8730	8309	7517	6588	5491	..

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)						
	Dec 07	Jan 08	18 Feb 08	Mar 08	Jun 08	Sep 08	Dec 08	Mar 09	Jun 09	Sep 09
NZD/USD	0.768	0.772	0.789	0.780	0.770	0.730	0.680	0.660	0.640	0.630
NZD/AUD	0.881	0.876	0.870	0.857	0.856	0.830	0.791	0.786	0.780	0.788
NZD/EUR	0.528	0.524	0.538	0.523	0.513	0.500	0.479	0.478	0.478	0.485
NZD/JPY	86.3	83.2	85.1	85.8	83.2	77.4	70.7	69.3	69.1	69.3
NZD/GBP	0.380	0.392	0.403	0.396	0.395	0.378	0.358	0.351	0.344	0.342
NZ\$ TWI	71.6	71.2	72.5	71.5	70.5	67.5	63.5	62.5	61.7	61.7
NZ interest rates	Dec 07	Jan 08	18 Feb 08	Mar 08	Jun 08	Sep 08	Dec 08	Mar 09	Jun 09	Sep 09
OCR	8.40	8.38	8.25	8.25	8.25	8.00	7.50	7.00	6.75	6.75
90 day bill	8.90	8.75	8.85	8.70	8.60	8.00	7.50	7.00	7.00	7.00
10 year bond	6.39	6.28	6.43	6.50	6.50	6.30	5.90	5.50	5.30	5.30
International	Dec 07	Jan 08	18 Feb 08	Mar 08	Jun 08	Sep 08	Dec 08	Mar 09	Jun 09	Sep 09
US Fed funds	4.25	3.00	3.00	2.75	2.25	2.00	2.00	2.00	2.00	2.25
US 3-mth	4.70	3.11	3.07	2.75	2.24	2.15	2.15	2.25	2.40	2.75
AU cash	6.75	6.75	7.00	7.25	7.50	7.50	7.50	7.50	7.50	7.50
AU 3-mth	7.24	7.35	7.80	7.70	7.90	7.90	7.70	7.70	7.70	7.70

KEY RATES

	15 Jan	11 Feb	12 Feb	13 Feb	14 Feb	15 Feb
Official Cash Rate	8.25	8.25	8.25	8.25	8.25	8.25
90 day bank bill	8.79	8.76	8.78	8.80	8.81	8.87
NZGB 07/09	7.31	7.28	7.30	7.29	7.32	7.32
NZGB 11/11	7.05	7.03	7.05	7.03	7.05	7.05
NZGB 04/13	6.96	6.89	6.91	6.89	6.92	6.92
NZGB 12/17	6.32	6.38	6.40	6.38	6.40	6.40
2 year swap	8.58	8.57	8.56	8.55	8.55	8.53
5 year swap	8.09	8.10	8.09	8.08	8.11	8.09
RBNZ TWI	72.6	72.8	72.6	72.7	72.5	72.2
NZD/USD	0.7911	0.7889	0.7880	0.7895	0.7863	0.7846
NZD/AUD	0.8797	0.8753	0.8724	0.8732	0.8711	0.8697
NZD/JPY	85.39	84.66	84.23	84.60	85.02	84.63
NZD/GBP	0.4042	0.4051	0.4040	0.4029	0.4007	0.3985
NZD/EUR	0.5319	0.5430	0.5429	0.5413	0.5396	0.5361
AUD/USD	0.8993	0.9013	0.9033	0.9041	0.9027	0.9021
EUR/USD	1.4873	1.4529	1.4514	1.4584	1.4571	1.4636
USD/JPY	107.94	107.31	106.89	107.16	108.13	107.86
GBP/USD	1.9570	1.9474	1.9507	1.9597	1.9625	1.9688
Oil	94.23	91.77	93.56	92.82	93.28	95.42
Gold	907.80	921.00	921.15	905.45	905.90	910.00
Electricity (Haywards)	7.06	14.04	14.43	13.42	13.81	11.46
Milk futures (US\$/contract)	151	136	136	136	134	134
Baltic Dry Freight Index	7336	6520	6712	6965	7212	7355

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