New Zealand Weekly Focus

29 January 2019

This is not personal advice. It does not consider your objectives or circumstances. Please refer to the Important Notice.

Contents

Economic Overview	2
Data Event Calendar	8
Local Data Watch	11
Key Forecasts	12
Important Notice	14

NZ Economics Team

Sharon Zollner
Chief Economist
Telephone: +64 9 357 4094
Sharon.Zollner@anz.com

Natalie Denne
Desktop Publisher
Telephone: +64 4 802 2217
Natalie.Denne@anz.com

Liz Kendall
Senior Economist
Telephone: +64 4 382 1995
Elizabeth.Kendall@anz.com

Susan Kilsby
Agriculture Economist
Telephone: +64 4 382 1992
Susan.Kilsby@anz.com

Sandeep Parekh
Rates/FX Strategist
Telephone: +64 9 357 4065
Sandeep.Parekh@anz.com

Kyle Uerata
Economist
Telephone: +64 4 802 2357
Kyle.Uerata@anz.com

Miles Workman
Economist
Telephone: +64 4 382 1951
Miles.Workman@anz.com

Contact
research@anz.com

Follow us on Twitter
@sharon_zollner
@ANZ_Research (global)

In a couple of years...

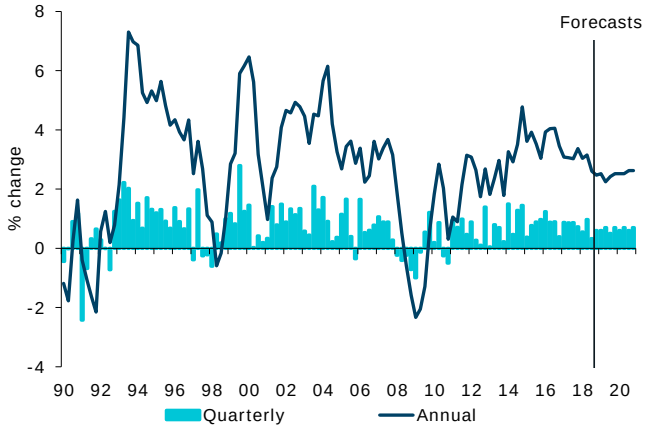
Economic overview

Our latest economic outlook sees annual growth averaging 2.5% over the next couple of years. While this is still a respectable pace of expansion (given it's off a high base), inflation pressures are not expected to intensify in this environment. Gradually tightening credit conditions, owing to confirmed and probable changes to bank capital requirements, add to an already lengthy list of headwinds the economy is expected to face (and in large part, is grappling with already). We see the case for OCR cuts becoming more evident in time, and have pencilled the first in for November. However, we acknowledge that the path ahead may not be a straight one, with market pricing ebbing and flowing with the data (the solid print for Q4 non-tradables inflation last week comes to mind). It's a pretty quiet week ahead data-wise, with Overseas Merchandise Trade for December (out today) the main event.

Chart of the week

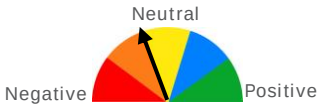
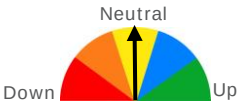
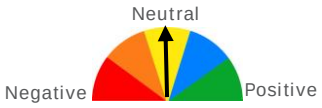
Annual growth with a 3-handle over the next couple of years looks like a stretch, but 2.5% on average isn't all bad.

Production GDP growth



Source: Statistics NZ, ANZ Research

The ANZ heatmap

Variable	View	Comment	Risks around our view
GDP	2.5% y/y for 2020 Q1	Growth is past its peak. We see growth averaging 2.5% over the next couple of years. Global factors are the main risk.	
Unemployment rate	3.9% for 2020 Q1	Unemployment is expected to fall a little further. The labour market is "tight". Wage growth to increase gradually.	
OCR	1.00% in March 2020	We see the next move in the OCR as a cut and have pencilled in for November 2019, with two to follow.	
CPI	1.9% y/y for 2020 Q1	Core inflation is expected to remain broadly stable over the next couple of years, with OCR cuts supporting a gradual rise over the medium term.	

Economic overview

Summary

Our latest outlook is for respectable growth, but with inflation needing a helping hand.

Our latest economic outlook sees annual growth averaging 2.5% over the next couple of years. While this is still a respectable pace of expansion (given it's off a high base), inflation pressures are not expected to intensify in this environment. Gradually tightening credit conditions, owing to confirmed and probable changes to bank capital requirements, o add to an already lengthy list of headwinds the economy is expected to face (and in large part, is grappling with already). We see the case for OCR cuts becoming more evident in time, and have pencilled in the first for November. However, we acknowledge that the path ahead may not be a straight one, with market pricing ebbing and flowing with the data (the solid print for Q4 non-tradables inflation last week comes to mind). It's a pretty quiet week ahead data-wise, with Overseas Merchandise Trade for December (out today) the main event.

Forthcoming events

Overseas Merchandise Trade – December (Tuesday 29 January, 10:45am). A small unadjusted surplus is on the cards for December as imports retreat and exports lift on strong agricultural production.

RBNZ New Residential Mortgage Lending – December (Tuesday 29 January, 3:00pm). The signal from REINZ house sales in December was soft (-17% m/m), but these data have been volatile of late. New lending is likely to follow suit.

RBNZ Sector Lending – December (Thursday 31 January, 3:00pm). Growth in private sector credit has moderated alongside slowing economic momentum. Slower-to-sideways looks likely.

ANZ-Roy Morgan Consumer Confidence – January (Friday 1 February, 10:00am).

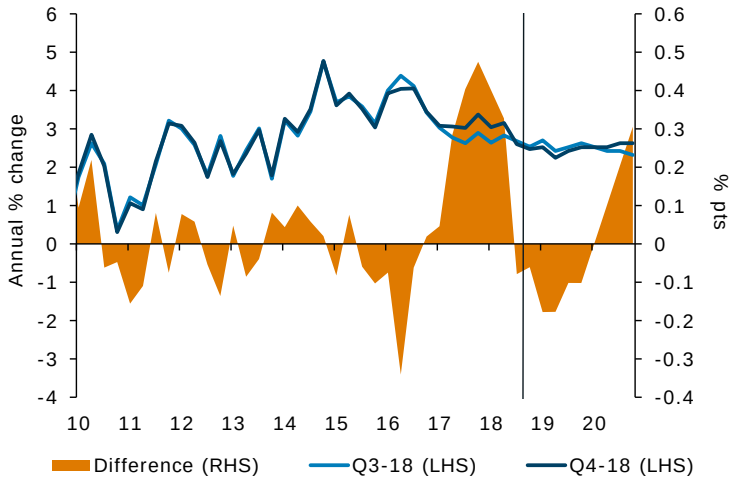
What's the view?

Last week we published our updated economic outlook (see ANZ Quarterly Economic Outlook for more details). This week, we summarise the outlook and discuss some of the changes from our previous (October) update.

GDP revisions change the starting point a touch.

Overall, our forecast for GDP growth hasn't changed significantly from the October update. Growth momentum is looking a touch softer (reflected in both the soft Q3 GDP release and forward-looking indicators), with upward revisions to historical GDP growth suggesting the recent deceleration has been more marked than previously thought (Figure 1).

Figure 1. Production GDP forecasts



Source: Statistics NZ, ANZ Research

Economic overview

Annual GDP growth is forecast to continue moderating from 2.6% in Q3 2018 to 2.2% by Q2 2019 before gradually ticking up and stabilising at 2.6% by the end of 2020. Quarterly growth averages 0.6% over the forecast horizon (a step down from an average of 0.7% over the past couple of years) and per capita growth is expected to remain subdued.

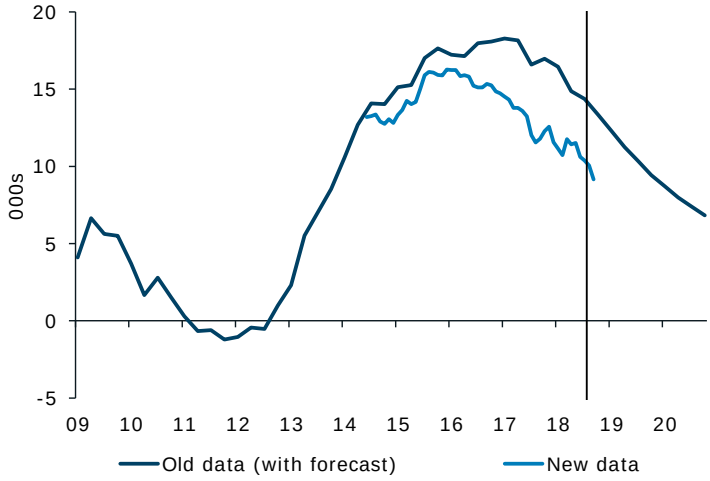
But slowing momentum is nothing new.

The recent slowing in momentum is nothing new. We have been arguing for some time that growth will struggle to accelerate as key growth drivers continue to wane and headwinds build:

- Further easing in net migration inflows is expected to see their impetus to GDP growth shrink. But on the flip side, net inflows remaining at a relatively high level is expected to put a floor under the economy's deceleration. For the record, changes to Statistics New Zealand's methodology (as a result of departure cards' departure) saw the level of net migrants revised lower over history (figure 2) in the most recent migration data released last week. It doesn't change our view. In fact, despite the lower level, these new data suggest net migration inflows have been easing for longer, with tentative signs this process has accelerated recently. The latter is consistent with our expectation that quarterly growth in Q4 of just 0.6% q/q will not mark a significant rebound following Q3's weak 0.3% print. This is also consistent with Q4's NZIER Quarterly Survey of Business Opinion 'experienced domestic activity', which has had a pretty good track record at picking GDP recently and ticked up only marginally in the quarter.

New migration data doesn't change the overall picture…

Figure 2. Net migration data, 3-month sum



Source: Statistics NZ, ANZ Research

…with a further gradual easing expected.

Other headwinds suggest growth will struggle to accelerate.

- Credit conditions could get a whole lot tighter as the RBNZ moves forward with its proposal to substantially increase banks' required capital holdings.
- The housing market has cooled and it appears the boost to private consumption and residential investment from a hot housing market is now behind us.
- A significant lift in construction activity is unlikely given acute capacity constraints, rising costs, and building cash-flow pressures.
- New Zealand's infrastructure deficit is expected to remain a limiting factor for growth going forward.
- The global environment is looking less favourable from a New Zealand exporter's perspective, with exporters likely to exercise a little more prudence than otherwise as they wait to see how things evolve.

Economic overview

While we have not revised our growth forecasts significantly, signs of waning momentum should be a significant cause for concern for the RBNZ. What's more, upward revisions to historical GDP mean the Bank may conclude that potential GDP is a little higher than previously assumed, and thus that a stronger-than-otherwise growth rate will be required to deliver inflation sustainably back at target.

There have been very few (if any) developments between the 2018 November MPS and now that could warrant an upward revision to the RBNZ's growth outlook. Indeed, it's all been going modestly the other way. Accordingly, we expect the next move in the OCR will be a 25bp cut, and have pencilled it in for November, with two follow-up moves taking the OCR to a record low of 1.0% by the end of 2020.

Lower interest rates will provide an offset.

In addition to combating slowing economic momentum, we see OCR cuts as necessary to offset the tighter financial conditions (through higher interest rates and/or credit rationing) that will gradually evolve as banks transition to meeting tougher capital requirements. Even though there are uncertainties around the policy details, the lag between monetary policy and real activity mean the OCR will need to be pre-emptive in order to avoid a growth hiccup later on.

OCR cuts are one of the more significant changes we have made to our outlook since October (when we were still on the fence). But given their timing (the first cut in November) and the lags between monetary policy and real activity, the majority of their impact is expected to be felt outside our 2-year forecast horizon, with only a modest positive pass-through to growth by end-2020.

But that's not to say things are expected to remain static until OCR cuts eventuate. Underneath our fairly steady headline GDP forecast is a shifting composition:

The composition of GDP will continue to shift…

- Business investment is expected to step up to fill the gap left by a gradual easing in private consumption growth (as slowing population growth weighs).
- Residential investment is expected to remain at a high level, but struggle to accelerate in light of acute capacity pressures.
- Expansionary fiscal settings are expected to contribute to growth over the year ahead. But the Government's commitment to its net debt target means the boost to growth will be relatively small and short-lived.
- Net exports are expected to support growth for a little while yet, reflecting solid agricultural production. However, we don't see net exports making a sustained positive contribution to growth, given domestic drivers are expected to keep imports buoyed.

The labour market is undeniably 'tight', with the unemployment rate falling to 3.9% in Q3 – below our estimate of full employment. However, these data are backward-looking in terms of the economic "pulse" and have been quite volatile of late to boot. We expect a technical bounce-back in the unemployment rate in Q4 (to 4.1%), with the degree of "tightness" remaining broadly stable for the remainder of the forecast horizon. This will support modest wage growth.

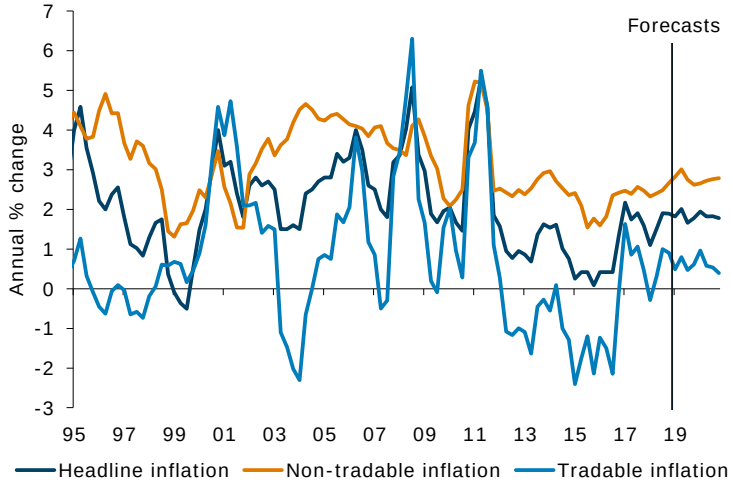
…while the labour market remains "tight".

The output gap is estimated to be marginally positive over the forecast horizon, but to a lesser extent than in October, and with resource pressures failing to intensify. Underlying inflation is expected to remain broadly stable over the forecast horizon, with OCR cuts providing an eventual sustained lift to target over the medium term (beyond our two-year forecast horizon). That said, non-tradable inflation is expected to nudge up in the short term, on account of the previous accumulation of capacity pressures that have now begun to dissipate.

But inflation pressures will remain fairly stable.

Economic overview

Figure 3. CPI



Source: Statistics NZ, ANZ Research

The global economy is facing challenges.

Turning to recent international developments, it has become increasingly clear that the global economy is facing challenges, and while growth has remained at robust levels in most major economies, manufacturing data has been coming in on the softer side (figure 4). And let's not forget the particularly nasty bout of equity volatility over December (figure 5) that has made the market sceptical of further hikes in the fed funds rate.

Figure 4. Selected global PMIs

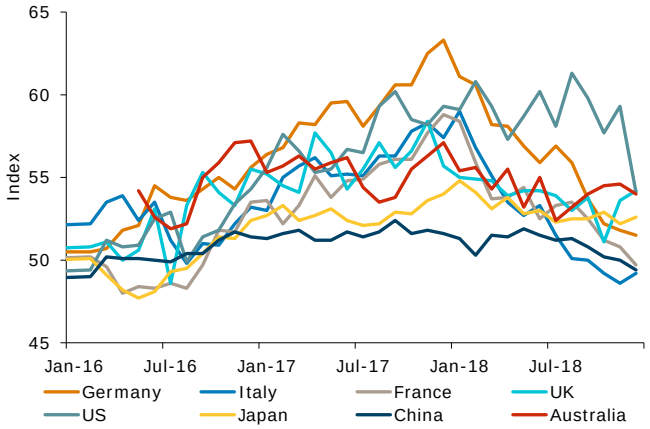
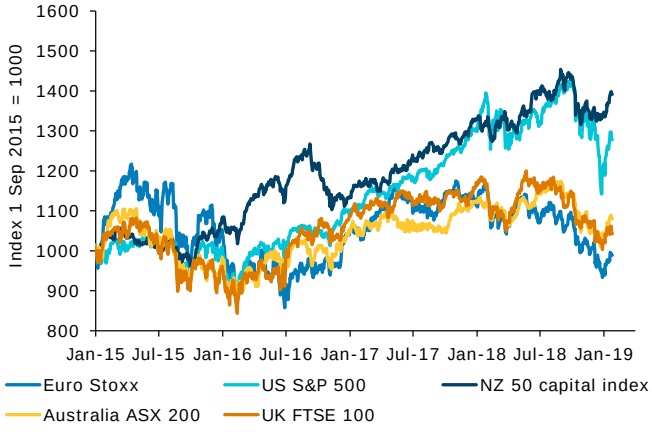


Figure 5: Selected global equity markets

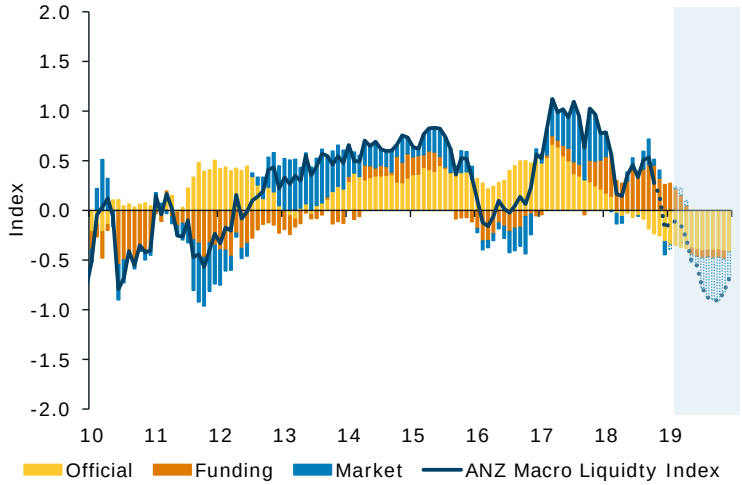


Source: Statistics NZ, ANZ Research

Tightening global liquidity will remain a headwind.

The global liquidity cycle continues to turn (Figure 6) – and is firmly in contractionary territory. Tightening liquidity reflects continuing shrinkage of central bank balance sheets and inertia from previous tightening that has yet to work its way through the system. We estimate that global liquidity will be an increasing headwind for markets over the coming year.

Figure 6: Selected global equity markets



Source: Statistics NZ, ANZ Research

NZ wouldn't be immune to a sharper slowdown in global growth.

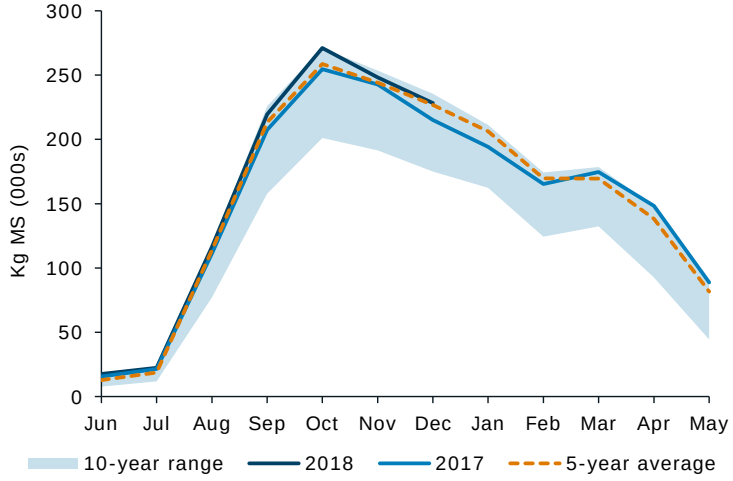
Overall, as the broader global data-flow backdrop has softened, risks have accumulated to the downside of ANZ's December global growth forecast for a slight moderation in 2019 (from 3.9% in 2018 to 3.7%). As a small open economy, New Zealand would not be immune to a sharper-than-expected slowdown in global growth. But while we're not yet at the stage of downgrading our expectations for global growth, we are certainly attentive to the lengthy list of risks out there, including:

- Fallout from the US-China tariff war
- Brexit and euro area growth wobbles
- Tightening global liquidity
- Geopolitical tensions
- Negative spillover from a slowing Australian housing market

So far, prices for primary outputs have proven resilient...

Back in New Zealand, despite these global developments prices for primary sector outputs have been holding up relatively well. Dairy prices are finding support from slowing global supply growth, and if prices continue to trend up, our $6.10 milk price for the 2018/19 season may prove too low. All the while New Zealand milk production has remained strong, with season-to-December production running around 5% ahead of last year (figure 7).

Figure 7. New Zealand milksolids production



Source: DCANZ, ANZ Research

Economic overview

But broad-based strength may not last if global risks materialise.

But it's not all about dairy. Grazing farm returns are positive, with output expected to lift this season on the back of favourable climatic conditions while pricing remains buoyant. Store stock prices are higher than normal for both lambs and cattle, reflecting additional demand as farmers look to increase stocking rates to utilise pasture production. Horticulture sectors are generally performing well, but labour is a major concern for both the pipfruit and kiwifruit industries. The forestry sector is looking in good shape for 2019, with export log prices holding up at high levels amidst higher felling rates. Overall, it's a story of broad-based strength, but as always much depends on global developments, particularly in China.

A weaker NZD should provide some reprieve.

The backdrop for risk currencies is looking a little more challenging. Heightened volatility is unlikely to fully subside, global liquidity continues to tighten, and the global economic cycle is moderating. This, alongside the case for OCR cuts (and pricing for them) becoming more evident in time is expected to weigh on NZD. We expect NZD/USD to reach 0.61 year end.

In the rates space, our expectation is that we will see some bull steepening pressure if monetary policy evolves as we expect. Short-end yields will move lower. But while a lower OCR and a more cautious Fed are also expected to cap yields, fixed income still looks expensive at the long end. We expect recent outperformance to subside somewhat, with some convergence to US yields. Spreads are expected to narrow from -40bps currently to -10bps by the end of 2020.

The week ahead

Data-wise, it's a relatively quiet week ahead with Overseas Merchandise Trade headlining today at 10:45am. We expect to see the unadjusted balance flip from deficit to surplus in December with imports pared by an unwinding in holiday-season induced strength in earlier months, and exports lifting on the back of strong agricultural production (including strong milksolids production and tree felling). All up, we've pencilled in a monthly surplus of $0.2bn, with exports coming in at $5.5bn and imports at $5.3bn. This would see the annual goods deficit widen $0.4bn from November to $5.8bn.

RBNZ new mortgage lending and sector lending data are out this afternoon and Thursday respectively. Fair to say that slowing economic momentum and soft house sales suggest credit growth will likely move sideways at best in December. Setting the vibe for 2019, the January ANZ-Roy Morgan consumer confidence is out on Friday.

Local data

Consumers Price Index – Q4. Headline CPI increased 0.1% q/q – below the 0.2% q/q rise incorporated in the RBNZ's November MPS but slightly above market expectations. Weakness was driven by tradable prices (-0.4% q/q), while the more-persistent non-tradable inflation (+0.7% q/q) was solid. Nonetheless, we think a case can be made for a cautious tone from the RBNZ in February, reflecting a softer growth outlook and global risks.

Net Migration – November. New data showed net migration continues to trend lower, and even suggests (possibly tentatively) that this process accelerated in November.

Data calendar

Date	Country	Data/event	Mkt.	Last	NZ time
29-Jan	NZ	Trade Balance NZD - Dec	150M	-861M	10:45
	NZ	Exports NZD - Dec	5.50B	4.94B	10:45
	NZ	Imports NZD - Dec	5.30B	5.80B	10:45
	NZ	Trade Balance 12 Mth YTD NZD - Dec	-5812M	-5423M	10:45
	AU	ANZ-RM Consumer Confidence Index - 27-Jan	--	115.7	11:30
	AU	NAB Business Conditions - Dec	--	11	13:30
	AU	NAB Business Confidence - Dec	--	3	13:30
30-Jan	US	S&P CoreLogic CS 20-City YoY NSA - Nov	4.88%	5.03%	03:00
	US	S&P CoreLogic CS 20-City MoM SA - Nov	0.40%	0.41%	03:00
	US	Conf. Board Consumer Confidence - Jan	124	128.1	04:00
	JN	Retail Sales MoM - Dec P	0.4%	-1.1%	12:50
	JN	Retail Trade YoY - Dec	1.0%	1.4%	12:50
	AU	CPI QoQ - Q4	0.4%	0.4%	13:30
	AU	CPI YoY - Q4	1.7%	1.9%	13:30
	AU	CPI Trimmed Mean QoQ - Q4	0.4%	0.4%	13:30
	AU	CPI Trimmed Mean YoY - Q4	1.8%	1.8%	13:30
	AU	CPI Weighted Median QoQ - Q4	0.5%	0.3%	13:30
	AU	CPI Weighted Median YoY - Q4	1.7%	1.7%	13:30
	GE	Import Price Index MoM - Dec	-0.8%	-1.0%	20:00
	GE	Import Price Index YoY - Dec	2.1%	3.1%	20:00
	GE	GfK Consumer Confidence - Feb	£10.3	£10.4	20:00
	UK	Net Consumer Credit - Dec	£0.8B	£0.9B	22:30
	UK	Net Lending Sec. on Dwellings - Dec	£3.6B	£3.5B	22:30
	UK	Mortgage Approvals - Dec	63.1k	63.7k	22:30
	UK	Money Supply M4 MoM - Dec	--	0.0%	22:30
	UK	M4 Money Supply YoY - Dec	--	0.8%	22:30
	UK	M4 Ex IOFCs 3M Annualised - Dec	--	1.7%	22:30
	EC	Economic Confidence - Jan	106.8	107.3	23:00
	EC	Business Climate Indicator - Jan	0.77	0.82	23:00
	EC	Industrial Confidence - Jan	0.5	1.1	23:00
	EC	Services Confidence - Jan	11.5	12.0	23:00
	EC	Consumer Confidence - Jan F	-7.9	-7.9	23:00
	US	Advance Goods Trade Balance - Nov	-$76.1B	-$77.0B	30 Jan - 5 Feb
	US	New Home Sales - Nov	567k	544k	30 Jan - 5 Feb
	US	New Home Sales MoM - Nov	4.2%	-8.9%	30 Jan - 5 Feb
	US	Retail Sales Advance MoM - Dec	0.1%	0.2%	30 Jan - 5 Feb
	US	Retail Sales Ex Auto MoM - Dec	0.1%	0.2%	30 Jan - 5 Feb
	US	Retail Sales Control Group - Dec	0.3%	0.9%	30 Jan - 5 Feb
	US	Retail Sales Ex Auto and Gas - Dec	0.4%	0.5%	30 Jan - 5 Feb
	US	Housing Starts MoM - Dec	-0.5%	3.2%	30 Jan - 5 Feb
	US	Housing Starts - Dec	1250k	1256k	30 Jan - 5 Feb
	US	Building Permits MoM - Dec	-2.9%	5.0%	30 Jan - 5 Feb
	US	Building Permits - Dec	1290k	1328k	30 Jan - 5 Feb
	US	Monthly Budget Statement - Dec	-$10.0B	-$204.9B	30 Jan - 5 Feb
	US	Cap Goods Orders Nondef Ex Air - Nov F	--	-0.6%	30 Jan - 5 Feb
	US	Cap Goods Orders Nondef Ex Air - Dec P	0.0%	--	30 Jan - 5 Feb
	US	Cap Goods Ship Nondef Ex Air - Nov F	--	-0.1%	30 Jan - 5 Feb
	US	Cap Goods Ship Nondef Ex Air - Dec P	0.0%	--	30 Jan - 5 Feb

Continued on following page

Data calendar

Date	Country	Data/event	Mkt.	Last	NZ time
30-Jan	US	Durables Ex Transportation - Nov F	--	-0.3%	30 Jan - 5 Feb
	US	Durables Ex Transportation - Dec P	0.2%	--	30 Jan - 5 Feb
	US	Durable Goods Orders - Nov F	0.8%	0.8%	30 Jan - 5 Feb
	US	Durable Goods Orders - Dec P	1.7%	--	30 Jan - 5 Feb
	US	Construction Spending MoM - Nov	0.2%	-0.1%	30 Jan - 5 Feb
	US	Trade Balance - Nov	-$54.0B	-$55.5B	30 Jan - 5 Feb
	US	New Home Sales MoM - Dec	5.7%	--	30 Jan - 5 Feb
	US	New Home Sales - Dec	575k	--	30 Jan - 5 Feb
	US	Total Net TIC Flows - Nov	--	$42.0B	30 Jan - 5 Feb
	US	Net Long-term TIC Flows - Nov	--	$31.3B	30 Jan - 5 Feb
	US	Factory Orders - Nov	0.3%	-2.1%	30 Jan - 5 Feb
	US	Factory Orders Ex Trans - Nov F	--	0.3%	30 Jan - 5 Feb
	US	Wholesale Inventories MoM - Nov F	--	--	30 Jan - 5 Feb
	US	Wholesale Trade Sales MoM - Nov	--	-0.2%	30 Jan - 5 Feb
	US	Business Inventories - Nov	0.3%	0.6%	30 Jan - 5 Feb
31-Jan	US	MBA Mortgage Applications - 25-Jan	--	-2.7%	01:00
	GE	CPI MoM - Jan P	-0.8%	0.1%	02:00
	GE	CPI YoY - Jan P	1.6%	1.7%	02:00
	GE	CPI EU Harmonized MoM - Jan P	-0.9%	0.3%	02:00
	GE	CPI EU Harmonized YoY - Jan P	1.7%	1.7%	02:00
	US	ADP Employment Change - Jan	180k	271k	02:15
	US	GDP Annualized QoQ - Q4 A	2.6%	3.4%	02:30
	US	Core PCE QoQ - Q4 A	--	1.6%	02:30
	US	Personal Consumption - Q4 A	3.8%	3.5%	02:30
	US	GDP Price Index - Q4 A	1.7%	1.8%	02:30
	US	Pending Home Sales MoM - Dec	0.5%	-0.7%	04:00
	US	Pending Home Sales NSA YoY - Dec	--	-7.7%	04:00
	US	FOMC Rate Decision - Jan	2.50%	2.50%	08:00
	JN	Industrial Production MoM - Dec P	-0.5%	-1.0%	12:50
	JN	Industrial Production YoY - Dec P	-2.3%	1.5%	12:50
	UK	GfK Consumer Confidence - Jan	-15	-14	13:01
	AU	Import Price Index QoQ - Q4	0.3%	1.9%	13:30
	AU	Export Price Index QoQ - Q4	2.7%	3.7%	13:30
	AU	Private Sector Credit MoM - Dec	0.3%	0.3%	13:30
	AU	Private Sector Credit YoY - Dec	4.4%	4.4%	13:30
	CH	Non-manufacturing PMI - Jan	53.8	53.8	14:00
	CH	Manufacturing PMI - Jan	49.3	49.4	14:00
	CH	Composite PMI - Jan	--	52.6	14:00
	GE	Retail Sales MoM - Dec	-0.6%	1.6%	20:00
	GE	Retail Sales YoY - Dec	1.5%	1.1%	20:00
	UK	Nationwide House PX MoM - Jan	0.2%	-0.7%	20:00
	UK	Nationwide House Px NSA YoY - Jan	0.0%	0.5%	20:00
	GE	Unemployment Change (000's) - Jan	-10k	-14k	21:55
	GE	Unemployment Claims Rate SA - Jan	5.0%	5.0%	21:55
	EC	Unemployment Rate - Dec	7.9%	7.9%	23:00
	EC	GDP SA QoQ - 4Q A	0.2%	0.2%	23:00
	EC	GDP SA YoY - 4Q A	1.2%	1.6%	23:00
	US	Wholesale Inventories MoM - Nov P	0.5%	0.8%	31 Jan - 5 Feb

Continued on following page

Data calendar

Date	Country	Data/event	Mkt.	Last	NZ time
31-Jan	US	Advance Goods Trade Balance - Dec	-$76.0B	--	31 Jan - 6 Feb
	US	Retail Inventories MoM - Dec	--	--	31 Jan - 6 Feb
1-Feb	US	Challenger Job Cuts YoY - Jan	--	35.3%	01:30
	US	Employment Cost Index - Q4	0.8%	0.8%	02:30
	US	Personal Income - Dec	0.5%	0.2%	02:30
	US	Personal Spending - Dec	0.3%	0.4%	02:30
	US	PCE Deflator MoM - Dec	0.0%	0.1%	02:30
	US	PCE Deflator YoY - Dec	1.7%	1.8%	02:30
	US	PCE Core MoM - Dec	0.2%	0.1%	02:30
	US	PCE Core YoY - Dec	1.90%	1.90%	02:30
	US	Initial Jobless Claims - 26-Jan	215k	199k	02:30
	US	Continuing Claims - 19-Jan	1725k	1713k	02:30
	US	Chicago Purchasing Manager - Jan	60.8	63.8	03:45
	NZ	ANZ Consumer Confidence MoM - Jan	--	2.8%	10:00
	NZ	ANZ Consumer Confidence Index - Jan	--	121.9	10:00
	AU	Ai Group Perf of Mfg Index - Jan	--	50.0	10:30
	AU	CBA PMI Mfg - Jan F	--	54.3	11:00
	AU	CoreLogic House Px MoM - Jan	--	-1.3%	12:00
	AU	PPI QoQ - Q4	--	0.8%	13:30
	AU	PPI YoY - Q4	--	2.1%	13:30
	JN	Nikkei PMI Mfg - Jan F	--	50.0	13:30
	CH	Caixin PMI Mfg - Jan	49.7	49.7	14:45
	AU	Commodity Index SDR YoY - Jan	--	10.5%	18:30
	AU	Commodity Index AUD - Jan	--	121.2	18:30
	GE	Markit/BME Manufacturing PMI - Jan F	49.9	49.9	21:55
	EC	Markit Manufacturing PMI - Jan F	50.5	50.5	22:00
	UK	Markit PMI Manufacturing SA - Jan	53.5	54.2	22:30
	EC	CPI Core YoY - Jan A	1.0%	1.0%	23:00
	EC	CPI Estimate YoY - Jan	1.4%	1.6%	23:00
	US	Wholesale Inventories MoM - Dec P	--	--	02/09
2-Feb	US	Change in Nonfarm Payrolls - Jan	165k	312k	02:30
	US	Unemployment Rate - Jan	3.9%	3.9%	02:30
	US	Average Hourly Earnings MoM - Jan	0.3%	0.4%	02:30
	US	Average Hourly Earnings YoY - Jan	3.2%	3.2%	02:30
	US	Average Weekly Hours All Employees - Jan	34.5	34.5	02:30
	US	Markit Manufacturing PMI - Jan F	54.8	54.9	03:45
	US	ISM Manufacturing - Jan	54.0	54.3	04:00
	US	Construction Spending MoM - Dec	0.2%	--	04:00
	US	U. of Mich. Sentiment - Jan F	90.7	90.7	04:00

Key: AU: Australia, EC: Eurozone, GE: Germany, JN: Japan, NZ: New Zealand, UK: United Kingdom, US: United States, CH: China.
Source: Dow Jones, Reuters, Bloomberg, ANZ Bank New Zealand Limited. All $ values in local currency.
Note: All surveys are preliminary and subject to change

Local data watch

Domestic growth momentum has decelerated and global risks are heightened. The outlook for a stabilisation in medium-term inflation around target is looking less assured, and we expect the next move in the OCR to be a cut. As we head into the new year, the resilience of domestic data, the trend in inflation and global developments will all bear watching closely.

Date	Data/event	Economic signal	Comment
Tue 29 Jan (10:45am)	Overseas Merchandise Trade – December	Flip	Solid seasonal agricultural production, particularly dairy, should see the trade balance flip from deficit to surplus.
Fri 1 Feb (10:00am)	ANZ-Roy Morgan Consumer Confidence – January	--	--
Mon 4 Feb (10:45am)	Building Consents – December	More	More growth in consents is needed to see building activity levels push higher.
Tue 5 Feb (1:00pm)	ANZ Commodity Price Index – January	--	--
Wed 6 Feb	Waitangi Day	--	--
Thu 7 Feb	Labour Market Statistics – Q4	Payback	A partial payback from Q3's stronger-than-expected fall in the unemployment rate wouldn't come as a surprise.
Tue 12 Feb (10:00am)	ANZ Truckometer - January	--	--
Tue 12 Feb (1:00pm)	ANZ Inflation Gauge – January	--	--
Wed 13 Feb (2:00pm)	RBNZ Monetary Policy Statement	Dovish tilt	Weaker Q3 GDP and growing global risks warrant a slightly more dovish stance.
Thu 14 Feb (10:45am)	Food Price Index – January	Bounce	The FPI generally lifts in the month of January as December specials wash out and fruit and veg prices rise.
Fri 15 Feb (10:00am)	BNZ-BusinessNZ Manufacturing PMI - January	New norm	The PMI has been trending broadly sideways after taking a step down in mid-2018. We suspect this is the new norm.
Fri 15 Feb (10:45am)	Net Migration – December	Gradual ease	The migration cycle is expected to continue easing gradually as earlier arrivals continue to cycle out.
Mon 18 Feb (10:30am)	Performance of Services Index - January	Sideways	We don't expect upwards momentum to come calling anytime soon. Broadly sideways should be the order of the day.
Wed 20 Feb (10:45am)	Producer Price Index – Q4	Oil slip	Fuel costs contributed to higher input prices in Q3. This should drag in Q4. Output prices are also poised to recoil.
Mon 25 Feb (10:45am)	Retail Trade Survey – Q4	Bounce	A small rebound is on the cards after last month's flat result.
Wed 27 Feb (10:45am)	Overseas Merchandise Trade – January	Solid	Solid agricultural production should keep exports moving in the right direction.
Thu 28 Feb (1:00pm)	ANZ Business Outlook – February	--	--
Fri 1 Mar (10:00am)	ANZ-Roy Morgan Consumer Confidence – February	--	--
On balance		**Data watch**	**Domestic data has softened. We are circumspect on the outlook, with risks in both directions.**

Key forecasts and rates

	Sep-18	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20
GDP (% qoq)	0.3	**0.6**	**0.6**	**0.7**	**0.5**	**0.7**	**0.6**	**0.7**	**0.6**	**0.7**
GDP (% yoy)	2.6	**2.5**	**2.5**	**2.2**	**2.4**	**2.5**	**2.5**	**2.5**	**2.6**	**2.6**
CPI (% qoq)	0.9	0.1	**0.4**	**0.6**	**0.5**	**0.2**	**0.6**	**0.5**	**0.5**	**0.2**
CPI (% yoy)	1.9	1.9	**1.8**	**2.0**	**1.7**	**1.8**	**1.9**	**1.8**	**1.8**	**1.8**
LCI Wages (% qoq)	0.5	**0.5**	**0.3**	**0.5**	**0.6**	**0.6**	**0.5**	**0.7**	**0.6**	**0.6**
LCI Wages (% yoy)	1.9	**2.0**	**2.0**	**1.9**	**2.0**	**2.1**	**2.2**	**2.4**	**2.5**	**2.5**
Employment (% qoq)	1.1	**0.2**	**0.4**	**0.4**	**0.4**	**0.4**	**0.4**	**0.4**	**0.3**	**0.3**
Employment (% yoy)	2.8	**2.5**	**2.3**	**2.1**	**1.4**	**1.6**	**1.6**	**1.5**	**1.5**	**1.4**
Unemployment Rate (% sa)	3.9	**4.1**	**4.0**	**4.0**	**3.9**	**3.9**	**3.9**	**3.8**	**3.8**	**3.8**
Current Account (% GDP)	-3.6	**-3.6**	**-3.3**	**-3.3**	**-3.3**	**-3.5**	**-3.6**	**-3.7**	**-3.8**	**-3.9**
Terms of Trade (% qoq)	-0.3	**0.4**	**0.1**	**-0.4**	**0.1**	**0.1**	**0.3**	**0.1**	**0.3**	**0.1**
Terms of Trade (% yoy)	-0.5	**-1.5**	**0.6**	**-0.3**	**0.2**	**-0.1**	**0.1**	**0.7**	**0.8**	**0.8**

	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18
Retail ECT (% mom)	1.7	-2.0	0.5	0.8	0.3	1.1	1.0	0.0	-0.4	-2.3
Retail ECT (% yoy)	6.7	1.4	4.2	4.9	3.8	6.3	5.7	6.2	4.6	0.6
Credit Card Billings (% mom)	1.0	0.6	-1.5	2.3	-1.5	3.1	0.8	-0.1	0.4	-0.5
Credit Card Billings (% yoy)	7.4	6.9	3.7	5.9	3.3	7.8	7.9	6.4	6.1	4.5
Car Registrations (% mom)	-4.1	-1.4	14.0	-6.2	-0.4	2.4	-4.6	4.5	-11.4	-1.2
Car Registrations (% yoy)	-11.9	-9.0	-0.6	-4.9	-0.7	-4.7	-10.8	-5.4	-17.9	-15.8
Building Consents (% mom)	12.7	-4.0	6.6	-7.9	-9.7	7.1	-1.3	1.4	-2.0	--
Building Consents (% yoy)	18.3	15.0	23.1	11.8	-5.7	-2.7	-3.0	8.4	-3.5	--
REINZ House Price Index (% yoy)	4.1	3.7	3.6	3.8	4.8	4.0	4.0	3.8	3.1	3.3
Household Lending Growth (% mom)	0.5	0.5	0.5	0.5	0.5	0.5	0.4	0.4	0.6	--
Household Lending Growth (% yoy)	5.7	5.8	5.8	5.8	6.0	6.0	5.9	5.8	6.0	--
ANZ Roy Morgan Consumer Conf.	128.0	120.5	121.0	120.0	118.4	117.6	117.6	115.4	118.6	121.9
ANZ Business Confidence	-20.0	-23.4	-27.2	-39.0	-44.9	-50.3	-38.3	-37.1	-37.1	-24.1
ANZ Own Activity Outlook	21.8	17.8	13.6	9.4	3.8	3.8	7.8	7.4	7.6	13.6
Trade Balance ($m)	-151	200	199	-285	-203	-1567	-1578	-1317	-861	--
Trade Bal ($m ann)	58071	58675	58982	59696	60708	61387	62265	63003	62967	--
ANZ World Comm. Price Index (% mom)	1.2	1.0	1.5	-0.9	-3.3	-1.1	-2.4	-2.4	-0.5	-0.2
ANZ World Comm. Price Index (% yoy)	5.8	7.1	5.4	2.3	-0.2	-0.5	-3.6	-5.6	-5.1	-3.4
Net Migration (sa)	3740	3740	4280	3410	3820	3390	3170	3500	2480	--
Net Migration (ann)	48773	48111	48009	46619	46086	45556	45277	45209	43416	--
ANZ Heavy Traffic Index (% mom)	0.6	-0.7	3.6	0.1	-0.8	1.2	-3.1	4.5	-2.3	-4.1
ANZ Light Traffic Index (% mom)	1.4	-0.5	1.1	0.0	0.2	0.9	-1.0	0.4	0.1	-1.9

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

Key forecasts and rates

	Actual			Forecast (end month)					
FX rates	Nov-18	Dec-18	Today	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20
NZD/USD	0.687	0.672	0.68	0.64	0.62	0.61	0.61	0.61	0.62	0.63
NZD/AUD	0.941	0.953	0.95	0.94	0.93	0.87	0.87	0.87	0.89	0.87
NZD/EUR	0.607	0.586	0.60	0.58	0.57	0.55	0.53	0.51	0.50	0.50
NZD/JPY	78.05	73.70	74.66	70.4	67.0	62.2	61.0	58.6	58.9	59.4
NZD/GBP	0.539	0.527	0.52	0.52	0.52	0.50	0.49	0.47	0.47	0.47
NZ$ TWI	73.2	71.5	74.0	69.7	67.9	65.2	64.2	62.9	63.1	63.2
Interest rates	Nov-18	Dec-18	Today	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20
NZ OCR	1.75	1.75	1.75	1.75	1.75	1.75	1.50	1.00	1.00	1.00
NZ 90 day bill	1.98	1.97	1.91	1.98	1.98	1.90	1.65	1.23	1.23	1.23
NZ 10-yr bond	2.56	2.37	2.31	2.80	2.80	2.80	2.80	2.90	2.95	2.95
US Fed funds	2.25	2.50	2.50	2.50	2.75	2.75	2.75	2.75	2.75	2.75
US 3-mth	2.74	2.81	2.75	2.90	3.10	3.10	3.10	3.10	3.10	3.10
AU Cash Rate	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.75
AU 3-mth	1.95	2.09	2.08	2.05	2.00	2.30	2.50	2.50	2.50	2.50

	25-Dec	21-Jan	22-Jan	23-Jan	24-Jan	25-Jan
Official Cash Rate	1.75	1.75	1.75	1.75	1.75	1.75
90 day bank bill	1.99	1.90	1.89	1.88	1.88	1.89
NZGB 05/21	1.72	1.69	1.70	1.71	1.71	1.70
NZGB 04/23	1.87	1.79	1.80	1.81	1.80	1.77
NZGB 04/27	2.24	2.13	2.14	2.15	2.15	2.12
NZGB 04/33	2.57	2.49	2.50	2.51	2.52	2.48
2 year swap	1.99	1.92	1.91	1.93	1.92	1.90
5 year swap	2.23	2.16	2.15	2.15	2.14	2.11
RBNZ TWI	73.86	73.15	73.15	73.70	73.82	73.67
NZD/USD	0.6732	0.6727	0.6710	0.6790	0.6766	0.6839
NZD/AUD	0.9569	0.9398	0.9420	0.9512	0.9538	0.9523
NZD/JPY	74.23	73.74	73.44	74.44	74.27	74.92
NZD/GBP	0.5312	0.5231	0.5196	0.5227	0.5189	0.5182
NZD/EUR	0.5908	0.5913	0.5905	0.5979	0.5964	0.5995
AUD/USD	0.7036	0.7159	0.7123	0.7138	0.7094	0.7179
EUR/USD	1.1391	1.1377	1.1363	1.1358	1.1344	1.1406
USD/JPY	110.30	109.61	109.45	109.63	109.78	109.55
GBP/USD	1.2673	1.2860	1.2915	1.2992	1.3039	1.3196
Oil (US$/bbl)	42.53	53.80	52.57	52.62	53.13	53.69
Gold (US$/oz)	1268.54	1279.03	1283.95	1285.08	1279.78	1305.25
NZX 50	8715	9149	9115	9106	9109	9111
Baltic Dry Freight Index	1271	1092	1036	982	939	905
NZX WMP Futures (US$/t)	2720	2840	2825	2825	2825	2850

Important notice

This document is intended for ANZ's institutional, professional or wholesale clients, and not for individuals or retail persons. It should not be forwarded, copied or distributed. The information in this document is general in nature, and does not constitute personal financial product advice or take into account your objectives, financial situation or needs.

This document may be restricted by law in certain jurisdictions. Persons who receive this document must inform themselves about and observe all relevant restrictions.

Disclaimer for all jurisdictions: This document is prepared and distributed in your country/region by either: Australia and New Zealand Banking Group Limited (ABN11 005 357 522) (**ANZ**); or its relevant subsidiary or branch (each, an **Affiliate**), as appropriate or as set out below.

This document is distributed on the basis that it is only for the information of the specified recipient or permitted user of the relevant website (**recipients**).

This document is solely for informational purposes and nothing contained within is intended to be an invitation, solicitation or offer by ANZ to sell, or buy, receive or provide any product or service, or to participate in a particular trading strategy.

Distribution of this document to you is only as may be permissible by the laws of your jurisdiction, and is not directed to or intended for distribution or use by recipients resident or located in jurisdictions where its use or distribution would be contrary to those laws or regulations, or in jurisdictions where ANZ would be subject to additional licensing or registration requirements. Further, the products and services mentioned in this document may not be available in all countries.

ANZ in no way provides any financial, legal, taxation or investment advice to you in connection with any product or service discussed in this document. Before making any investment decision, recipients should seek independent financial, legal, tax and other relevant advice having regard to their particular circumstances.

Whilst care has been taken in the preparation of this document and the information contained within is believed to be accurate, ANZ does not represent or warrant the accuracy or completeness of the information Further, ANZ does not accept any responsibility to inform you of any matter that subsequently comes to its notice, which may affect the accuracy of the information in this document.

Preparation of this document and the opinions expressed in it may involve material elements of subjective judgement and analysis. Unless specifically stated otherwise: they are current on the date of this document and are subject to change without notice; and, all price information is indicative only. Any opinions expressed in this document are subject to change at any time without notice.

ANZ does not guarantee the performance of any product mentioned in this document. All investments entail a risk and may result in both profits and losses. Past performance is not necessarily an indicator of future performance. The products and services described in this document may not be suitable for all investors, and transacting in these products or services may be considered risky.

ANZ expressly disclaims 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 this document to the extent permissible under relevant law. Please note, the contents of this document have not been reviewed by any regulatory body or authority in any jurisdiction.

ANZ and its Affiliates may have an interest in the subject matter of this document. They may receive fees from customers for dealing in the products or services described in this document, and their staff and introducers of business may share in such fees or remuneration that may be influenced by total sales, at all times received and/or apportioned in accordance with local regulatory requirements. Further, they or their customers may have or have had interests or long or short positions in the products or services described in this document, and may at any time make purchases and/or sales in them as principal or agent, as well as act (or have acted) as a market maker in such products. This document is published in accordance with ANZ's policies on conflicts of interest and ANZ maintains appropriate information barriers to control the flow of information between businesses within it and its Affiliates.

Your ANZ point of contact can assist with any questions about this document including for further information on these disclosures of interest.

Country/region specific information: Unless stated otherwise, this document is distributed by Australia and New Zealand Banking Group Limited (**ANZ**).

Australia. ANZ holds an Australian Financial Services licence no. 234527. For a copy of ANZ's Financial Services Guide please or request from your ANZ point of contact. If trading strategies or recommendations are included in this document, they are solely for the information of 'wholesale clients' (as defined in section 761G of the Corporations Act 2001 Cth).

Brazil, Brunei, India, Japan, Kuwait, Malaysia, Switzerland, Taiwan. This document is distributed in each of these jurisdictions by ANZ on a cross-border basis.

Cambodia. This document is distributed in Cambodia by ANZ Royal Bank (Cambodia) Limited (**ANZ Royal Bank**). The recipient acknowledges that although ANZ Royal Bank is a subsidiary of ANZ, it is a separate entity to ANZ and the obligations of ANZ Royal Bank do not constitute deposits or other liabilities of ANZ and ANZ is not required to meet the obligations of ANZ Royal Bank.

European Economic Area (EEA): ***United Kingdom.*** ANZ is authorised in the United Kingdom by the Prudential Regulation Authority (**PRA**) and is subject to regulation by the Financial Conduct Authority (**FCA**) and limited regulation by the PRA. Details about the extent of our regulation by the PRA are available from us on request. This document is distributed in the United Kingdom by Australia and New Zealand Banking Group Limited ANZ solely for the information of persons who would come within the FCA definition of "eligible counterparty" or "professional client". It is not intended for and must not be distributed to any person who would come within the FCA definition of "retail client". Nothing here excludes or restricts any duty or liability to a customer which ANZ may have under the UK Financial Services and Markets Act 2000 or under the regulatory system as defined in the Rules of the Prudential Regulation Authority (**PRA**) and the FCA. ANZ is authorised in the United Kingdom by the PRA and is subject to regulation by the FCA and limited regulation by the PRA. Details about the extent of our regulation by the PRA are available from us on request.

Fiji. For Fiji regulatory purposes, this document and any views and recommendations are not to be deemed as investment advice. Fiji investors must seek licensed professional advice should they wish to make any investment in relation to this document.

Hong Kong. This publication is issued or distributed in Hong Kong by the Hong Kong branch of ANZ, which is registered at the Hong Kong Monetary Authority to conduct Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities. The contents of this publication have not been reviewed by any regulatory authority in Hong Kong.

India. If this document is received in India, only you (the specified recipient) may print it provided that before doing so, you specify on it your name and place of printing.

Important notice

Myanmar. This publication is intended to be general and part of ANZ's customer service and marketing activities when implementing its functions as a licensed bank. This publication is not Securities Investment Advice (as that term is defined in the Myanmar Securities Transaction Law 2013).

New Zealand. This document is intended to be of a general nature, does not take into account your financial situation or goals, and is not a personalised adviser service under the Financial Advisers Act 2008 (**FAA**).

Oman. ANZ neither has a registered business presence nor a representative office in Oman and does not undertake banking business or provide financial services in Oman. Consequently ANZ is not regulated by either the Central Bank of Oman or Oman's Capital Market Authority. The information contained in this document is for discussion purposes only and neither constitutes an offer of securities in Oman as contemplated by the Commercial Companies Law of Oman (Royal Decree 4/74) or the Capital Market Law of Oman (Royal Decree 80/98), nor does it constitute an offer to sell, or the solicitation of any offer to buy non-Omani securities in Oman as contemplated by Article 139 of the Executive Regulations to the Capital Market Law (issued vide CMA Decision 1/2009). ANZ does not solicit business in Oman and the only circumstances in which ANZ sends information or material describing financial products or financial services to recipients in Oman, is where such information or material has been requested from ANZ and the recipient understands, acknowledges and agrees that this document has not been approved by the CBO, the CMA or any other regulatory body or authority in Oman. ANZ does not market, offer, sell or distribute any financial or investment products or services in Oman and no subscription to any securities, products or financial services may or will be consummated within Oman. Nothing contained in this document is intended to constitute Omani investment, legal, tax, accounting or other professional advice.

People's Republic of China (PRC). This document may be distributed by either ANZ or Australia and New Zealand Bank (China) Company Limited (**ANZ China**). Recipients must comply with all applicable laws and regulations of PRC, including any prohibitions on speculative transactions and CNY/CNH arbitrage trading. If this document is distributed by ANZ or an Affiliate (other than ANZ China), the following statement and the text below is applicable: No action has been taken by ANZ or any affiliate which would permit a public offering of any products or services of such an entity or distribution or re-distribution of this document in the PRC. Accordingly, the products and services of such entities are not being offered or sold within the PRC by means of this document or any other document. This document may not be distributed, re-distributed or published in the PRC, except under circumstances that will result in compliance with any applicable laws and regulations. If and when the material accompanying this document relates to the products and/or services of ANZ China, the following statement and the text below is applicable: This document is distributed by ANZ China in the Mainland of the PRC.

Qatar. This document has not been, and will not be:

- lodged or registered with, or reviewed or approved by, the Qatar Central Bank (**QCB**), the Qatar Financial Centre (**QFC**) Authority, QFC Regulatory Authority or any other authority in the State of Qatar (**Qatar**); or
- authorised or licensed for distribution in Qatar,

and the information contained in this document does not, and is not intended to, constitute a public offer or other invitation in respect of securities in Qatar or the QFC. The financial products or services described in this document have not been, and will not be:

- registered with the QCB, QFC Authority, QFC Regulatory Authority or any other governmental authority in Qatar; or
- authorised or licensed for offering, marketing, issue or sale, directly or indirectly, in Qatar.

Accordingly, the financial products or services described in this document are not being, and will not be, offered, issued or sold in Qatar, and this document is not being, and will not be, distributed in Qatar. The offering, marketing, issue and sale of the financial products or services described in this document and distribution of this document is being made in, and is subject to the laws, regulations and rules of, jurisdictions outside of Qatar and the QFC. Recipients of this document must abide by this restriction and not distribute this document in breach of this restriction. This document is being sent/issued to a limited number of institutional and/or sophisticated investors (i) upon their request and confirmation that they understand the statements above; and (ii) on the condition that it will not be provided to any person other than the original recipient, and is not for general circulation and may not be reproduced or used for any other purpose.

Singapore. This document is distributed in Singapore by the Singapore branch of ANZ solely for the information of "accredited investors", "expert investors" or (as the case may be) "institutional investors" (each term as defined in the Securities and Futures Act Cap. 289 of Singapore). ANZ is licensed in Singapore under the Banking Act Cap. 19 of Singapore and is exempted from holding a financial adviser's licence under Section 23(1)(a) of the Financial Advisers Act Cap. 100 of Singapore.

United Arab Emirates (UAE). This document is distributed in the UAE or the Dubai International Financial Centre (**DIFC**) (as applicable) by ANZ. This document does not, and is not intended to constitute: (a) an offer of securities anywhere in the UAE; (b) the carrying on or engagement in banking, financial and/or investment consultation business in the UAE under the rules and regulations made by the Central Bank of the UAE, the Emirates Securities and Commodities Authority or the UAE Ministry of Economy; (c) an offer of securities within the meaning of the Dubai International Financial Centre Markets Law (DIFCML) No. 12 of 2004; and (d) a financial promotion, as defined under the DIFCML No. 1 of 200. ANZ DIFC Branch is regulated by the Dubai Financial Services Authority (**DFSA**) ANZ DIFC Branch is regulated by the Dubai Financial Services Authority (**DFSA**). The financial products or services described in this document are only available to persons who qualify as "Professional Clients" or "Market Counterparty" in accordance with the provisions of the DFSA rules. In addition, ANZ has a representative office (**ANZ Representative Office**) in Abu Dhabi regulated by the Central Bank of the UAE. The ANZ Representative Office is not permitted by the Central Bank of the UAE to provide any banking services to clients in the UAE.

United States. Except where this is a FX- related document, this document is distributed in the United States by ANZ Securities, Inc. (**ANZ SI**) which is a member of the Financial Regulatory Authority (**FINRA**) (www.finra.org) and registered with the SEC. ANZSI's address is 277 Park Avenue, 31st Floor, New York, NY 10172, USA (Tel: +1 212 801 9160 Fax: +1 212 801 9163). ANZSI accepts responsibility for its content. Information on any securities referred to in this document may be obtained from ANZSI upon request. This document or material is intended for institutional use only – not retail. If you are an institutional customer wishing to effect transactions in any securities referred to in this document you must contact ANZSI, not its affiliates. ANZSI is authorised as a broker-dealer only for institutional customers, not for US Persons (as "US person" is defined in Regulation S under the US Securities Act of 1933, as amended) who are individuals. If you have registered to use this website or have otherwise received this document and are a US Person who is an individual: to avoid loss, you should cease to use this website by unsubscribing or should notify the sender and you should not act on the contents of this document in any way. Non-U.S. analysts: Non-U.S. analysts may not be associated persons of ANZSI and therefore may not be subject to FINRA Rule 2242 restrictions on communications with the subject company, public appearances and trading securities held by the analysts. Where this is an FX-related document, it is distributed in the United States by ANZ's New York Branch, which is also located at 277 Park Avenue, 31st Floor, New York, NY 10172, USA (Tel: +1 212 801 916 0 Fax: +1 212 801 9163).

Vietnam. This document is distributed in Vietnam by ANZ or ANZ Bank (Vietnam) Limited, a subsidiary of ANZ.

This document has been prepared by ANZ Bank New Zealand Limited, Level 26, 23-29 Albert Street, Auckland 1010, New Zealand, Ph 64-9-357 4094, e-mail nzeconomics@anz.com, http://www.anz.co.nz