

New Zealand Weekly Focus

13 January 2020



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	9
Local data watch	12
Key forecasts	13
Important notice	15

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

Kyle Uerata
Economic Statistician

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

Miles Workman
Senior Economist

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

Contact

research@anz.com

Follow us on Twitter

@sharon_zollner
 @ANZ_Research (global)

20/20 vision – what to watch in the year ahead

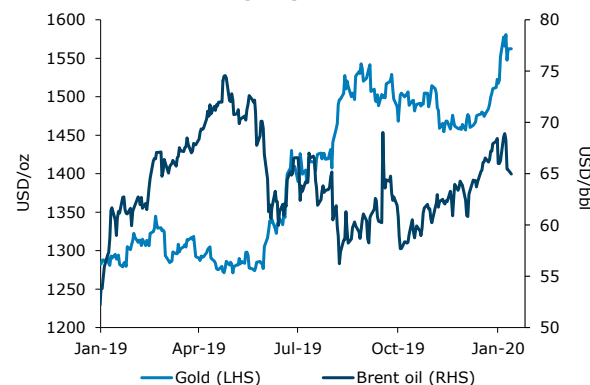
Economic overview

A new year is upon us. Unfortunately we don't have 20/20 vision when it comes to the 12 months ahead; if we did, we'd be traders, not economists. But still, it's useful to kick off the year by taking a big picture look at what we'll be watching closely – including some of the tail-risks that could mean our forecasts are completely wrong. First up, we should acknowledge that over a one-year horizon, the fate of the NZ economy isn't entirely in its own hands. The weather, natural disasters, commodity prices, global geopolitics, global credit markets and the NZD could all have a say in how the economy performs, but it's a case of rolling with the punches. In terms of things that actually reflect our choices and policy settings, we'll be watching credit availability, business sentiment activity indicators, the details of the Government's infrastructure spend-up, the housing market, and indicators of resource stretch and inflation pressure in the economy. This week we kick off with the QSBO and a range of inflation indicators, as well as reads on housing and manufacturing.

Chart of the week

Global markets can't quite decide how worried to be about US/Iran tensions.

Gold and Brent oil spot price



Source: Bloomberg

The ANZ heatmap

Variable	View	Comment	Risks around our view
GDP	2.3% y/y for 2021 Q1	Growth has slowed but OCR cuts should support a gradual recovery.	Neutral Negative Positive
Unemployment rate	4.5% for 2021 Q1	The labour market is "tight", but the weaker economy will push up unemployment slowly. Wage and employment growth to remain modest.	Neutral Negative Positive
OCR	0.75% in March 2021	We expect a further cut in May next year, taking the OCR to 0.75%.	Neutral Down Up
CPI	1.7% y/y for 2021 Q1	Below-trend growth will stymie domestic inflation. OCR cuts should support a gradual rise over time.	Neutral Negative Positive



Economic overview

As always, a pretty wide range of possibilities lie over the year ahead.

Summary

A new year is upon us. Unfortunately we don't have 20/20 vision when it comes to the 12 months ahead; if we did, we'd be traders, not economists. But still, it's useful to kick off the year by taking a big picture look at what we'll be watching closely – including some of the tail-risks that could mean our forecasts are completely wrong. First up, we should acknowledge that over a one-year horizon, the fate of the NZ economy isn't entirely in its own hands. The weather, natural disasters, commodity prices, global geopolitics, global credit markets and the NZD could all have a say in how the economy performs, but it's a case of rolling with the punches. In terms of things that actually reflect our choices and policy settings, we'll be watching credit availability, business sentiment activity indicators, the details of the Government's infrastructure spend-up, the housing market, and indicators of resource stretch and inflation pressure in the economy. This week we kick off with the QSBO and a range of inflation indicators, as well as reads on housing and manufacturing.

Forthcoming data

NZIER Quarterly Survey of Business Opinion – Q4 (Tuesday 14 January, 10:00am). If the ANZ Business Outlook is anything to go by, both headline business confidence and experienced activity should pick up in Q4.

Building Consents – November (Tuesday 14 January, 10:45am). Consents have held at a high level recently. Downside risks remain but the recent housing market resurgence will provide support.

Food Price Index – December (Wednesday 15 January, 10:45am). A small seasonal decline in food prices is expected.

Rental Price Index – December (Wednesday 15 January, 10:45am). Continued increases in rental prices should support a quarterly rise in CPI rents.

REINZ housing market data – December (Thursday 16 January, 9:00am). Nationwide, house prices were up 1.5% m/m in November (4.2% y/y 3mma). Auckland house prices were up a solid 2.5 m/m (0.4% y/y), and outperformed the broader market. OCR cuts definitely appear to have given the housing market a bump. Will December bring further strength?

ANZ Monthly Inflation Gauge – December (Thursday 16 January, 1:00pm).

BNZ-BusinessNZ Manufacturing PMI – December (Friday 17 January, 10:30am). Following a brief stint in contractionary mode the PMI has spent the last two months above 50. Will Q4 close out in the black?

What's the view?

Making predictions for the year ahead is always a risky business. The general theme of our economic forecasts is modest growth of around 2% as the New Zealand economy navigates a number of headwinds and tailwinds. But it's always worth asking why we might be wrong, as the old adage, that economic forecasters exist to make weather forecasters feel better about themselves, may just have something in it.

Over a one-year horizon, it's fair to say there's a lot of luck involved in the New Zealand economic outlook. So let's start with the things we can't really do a great deal about.

The weather / natural disasters

It's a case of 'so far so good' for most parts of the country, but some northern areas are drying out fast, according to NIWA's [drought monitor](#). That's not surprising after one of the hottest years on record. But compared to our neighbours across the ditch, we can certainly count ourselves lucky so far.

We expect the economy will grow at around 2% over the year ahead...

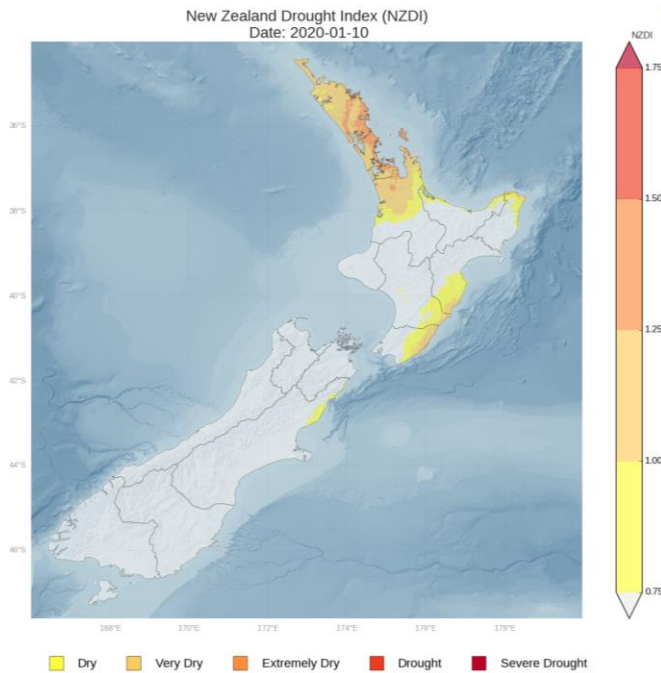
...but there are a lot of unknowns...

...such as weather conditions...



...so far so good on that front.

Figure 1. NIWA drought monitor



Source: NIWA

The share of agriculture in GDP isn't large, but due to its volatility it can really throw the numbers around. And just through pure bad luck, our droughts often seem to arrive at the same time as some other nasty shocks (Asian Crisis 1998, Global Financial Crisis 2008). Which brings us to where the global rubber hits the road for NZ.

Commodity prices

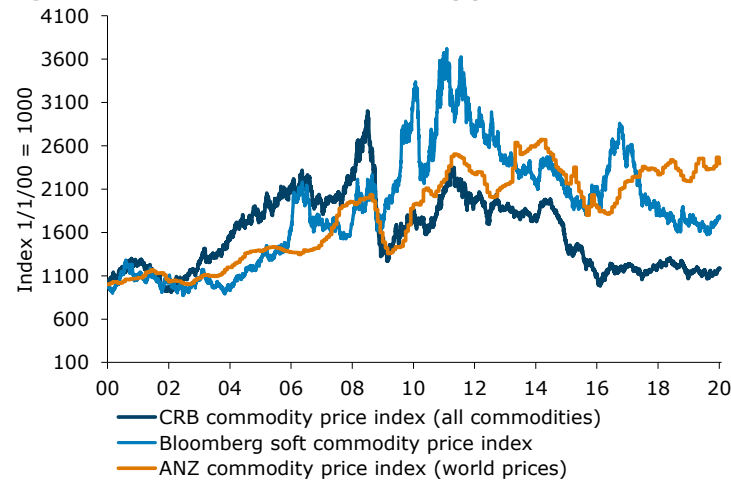
New Zealand does have some influence on global dairy prices, being a pretty big player in this market, but it's largely through milk volumes, which over the short run are weather-dependent. And in other markets, we're a pure price taker.

Our key commodity prices are at the whims of global demand and supply...

New Zealand's commodity prices are holding up remarkably well, when one considers both other global commodity prices, and a range of indicators regarding the state of the Chinese economy. Constrained global supply is the factor that squares the circle, both of dairy products globally and pork in China. But commodity supply does eventually respond to price signals, and how long our charmed run can continue is hard to know.

...the latter has been favourable in recent history.

Figure 2. Global versus NZ commodity prices



Source: Bloomberg, CRB, ANZ



Economic overview

The dairy outlook remains positive.

Geopolitical tensions could also change the global landscape.

Global credit conditions can be a real game changer...

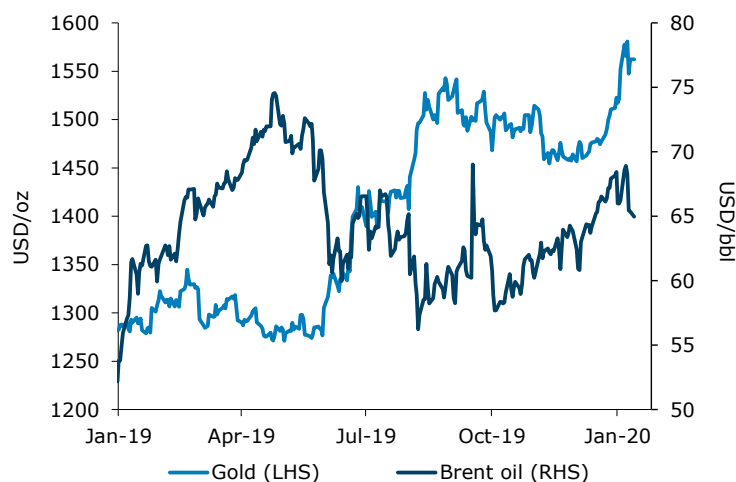
...and it's fair to say risks are elevated.

Dairy prices fell unexpectedly sharply in the last GlobalDairyTrade auction for 2019, but a bounce last week provided some reassurance that the demand and supply fundamentals remain supportive. NZX dairy futures suggest a solid outlook. A sharp lift in European dairy production would spoil the party, but this is not our forecast, as prices are not at enticingly high levels. On the demand side, the tailwind of the westernisation of Asian diets continues. But China's manufacturing sector continues to feel the pain of the trade war, and if this feeds more meaningfully into employment and therefore consumer spending over the year, we'll feel it.

Geopolitics

Global markets received a curve ball early this year in the form of an abrupt escalation in tensions between the US and Iran. This caused a risk-off tone, as captured by a sharp increase in the price of gold, the classic safe-haven, and a lift in the price of oil. However, the moves have subsequently partly unwound with oil now lower than before the escalation (figure 3). For now at least, the direct economic implications for New Zealand remain limited, and of less relevance than the ongoing tensions between the US and China, and in particular the impact of the trade war on the Chinese economy, and its consumers.

Figure 3. Gold and Brent oil spot price



Source: Bloomberg

Global credit markets

Credit market and risk appetite is definitely worth keeping an eye on, but again, it's not something we can do a great deal about, or predict particularly well. Freely flowing liquidity and credit has seen a pretty lackadaisical global attitude to risk of all kinds develop over time. BBB-rated bonds, the lowest investment tier, now make up nearly 60% of the investment grade universe; low-covenant loans with fewer protections for lenders have become the norm; and risk spreads of all kinds have contracted as investors seek yield wherever it can be found. This has benefited New Zealand, as a relatively risky, indebted economy. One key example is bank funding costs – banks have been able to borrow cheaply in international markets, and have passed these savings on to borrowers.

But history shows that collective attitudes to risk are prone to abrupt swings, and there is no reason to think that this time will be any different. What the catalyst and timing will be is impossible to know, but at some stage, pundits will hastily reassess the amount of risk out there – and the appropriate reward they should be receiving for taking it. Typically, this happens when things are turning pear-shaped, and the RBNZ is accordingly slashing the OCR, swamping the upward impact on interest rates of widening risk spreads. But now, with the OCR at record lows, it is not inconceivable that we could come to a point where New Zealand retail interest rates are lifting because times are bad. That's something we've never had to countenance before. There aren't any particular signs that such a development is coming this year, but the risk hasn't gone away.



Economic overview

As always, the NZD will have a say.

Domestic credit availability is unlikely to get easier for businesses and agri...

...but that's a slow-burn story.

NZD

It's been behaving itself pretty well, tracking at or below where New Zealand's commodity prices suggest it should be, making for some pretty nice farm-gate returns and supporting CPI inflation. The NZD is of course affected by monetary policy decisions but can reflect a lot of factors outside New Zealand's control as well. The currency can jump horses without much warning, from commodity prices, to interest rate differentials, to relative economic data, to global risk appetite. It makes exchange rate forecasting a mug's game, but the path of the NZD is a major determinant of many businesses' decision-making and profitability. It's an important relief valve for the NZ economy and a key part of monetary conditions, particularly with the OCR so close to its practical limits.

Let's turn now to things that typically reflect our choices and policy settings.

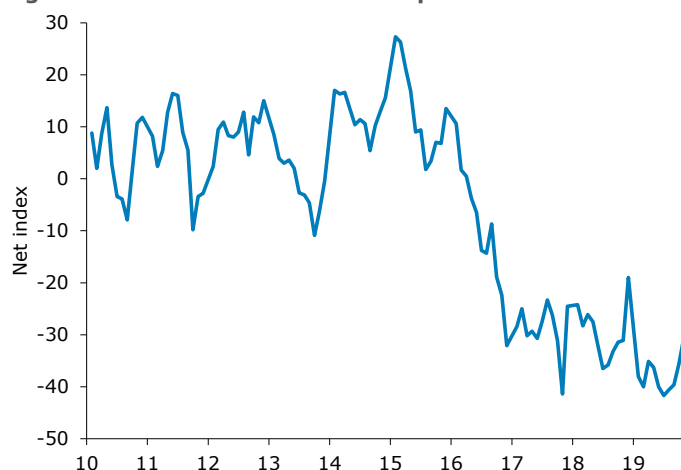
Credit availability

The RBNZ has come out with its final bank capital decision, which implies a less sharp required build-up of equity capital than the original proposal. This roughly halves our estimate of the impact on interest rates and the economy. While we still consider it will be a decent headwind, it's no longer looking like a handbrake. But it has consequences for credit availability, which is of particular concern as a range of factors coincide:

- The bank capital changes (including changes to risk weightings) provide stronger incentives for banks to tilt their balance sheets towards mortgage lending and away from lending to the productive sector, particularly agriculture.
- The dairy sector is heavily indebted, and is facing flat-to-falling land prices and much tougher environmental regulation.
- The OCR is at a record low, causing margin squeeze for banks as they attempt to hold onto deposits. The 2010 rules that made banks less reliant on short-term foreign funding made them more reliant on domestic deposits. If deposits walk out the door en masse looking for higher returns elsewhere, this could limit banks' ability or willingness to grow their lending.

In practice, observed credit growth is a combination of demand and supply factors. Credit availability is only observable by proxy, through the Reserve Bank's credit conditions survey, and the credit availability question in the ANZ Business Outlook survey (figure 4). Both are flashing orange at the moment. We'll be keeping a close eye on them and also credit growth as the year progresses. Credit availability has implications not least for business investment, the outlook for which is the main point of difference between our medium-term growth forecasts and those of the Reserve Bank.

Figure 4. ANZ Business Outlook expected credit availability



Source: ANZ



Economic overview

Improved business sentiment...

...and increased government spending are a positive.

A stronger housing market is a mixed blessing to say the least but it will support GDP.

How it all nets out in terms of capacity pressure and inflation is a key question...

Business sentiment

The vibe has definitely improved, and that is very welcome, but is it going to actually lift activity, or is it merely a correction from an overstatement of risks on the downside? At the least, the risk that we are talking ourselves into a slowdown seems to be diminishing.

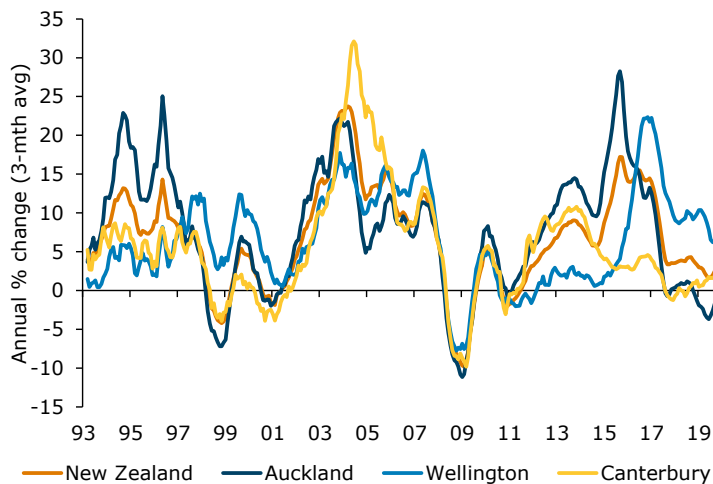
Fiscal policy

The Government has announced \$12bn of infrastructure spending, but so far details are scant on what the projects will be, and the timings. All else equal it underpins the medium-term growth outlook, but at this stage has no implications for our growth forecasts, particularly over the next 12 months. In the bigger picture, catching up on New Zealand's gaping infrastructure deficit will benefit productivity and wellbeing, but in a pure GDP growth sense the impetus is likely still some time away.

The housing market

Always worth watching, and it's got the bit between its teeth again. Around the nation, towns and cities are racing to set new records for the unaffordability of housing. Auckland annual house price inflation is back in the black (just), with very limited listings providing the price impetus. Record-low mortgage rates are clearly working their magic, and banks have an incentive to try to grab market share in this sector as its relative attractiveness compared to other forms of lending has increased. We are forecasting annual growth of 5-6% this year. We'll get more data this week.

Figure 5. Regional house price inflation



Source: REINZ

On the plus side, a strong housing market supports sentiment and GDP growth. On the downside, it's not the sort of growth we need. Household debt is already very high, housing affordability is already a significant economic and social problem, and house price rises further exacerbates wealth inequality. If things really start to get silly, the RBNZ has the option of tightening up LVR restrictions once more. We wouldn't rule it out.

Resource stretch and inflation

The starting point for the CPI inflation outlook is pretty much bang on target, albeit with some one-off factors at play. Our forecast that the RBNZ will conclude in May that the economy needs one more nudge is predicated on an assumption that the economy muddling along at around a 2% rate won't be sufficient to deliver medium-term inflation at the 2% target band midpoint. But the speed limit of the economy can and does change, based on things such as productivity and population growth.



Economic overview

...and as the data change so too will our assessment.

All up, there's a lot to keep us busy over the year ahead...

...and the starting position isn't looking too bad.

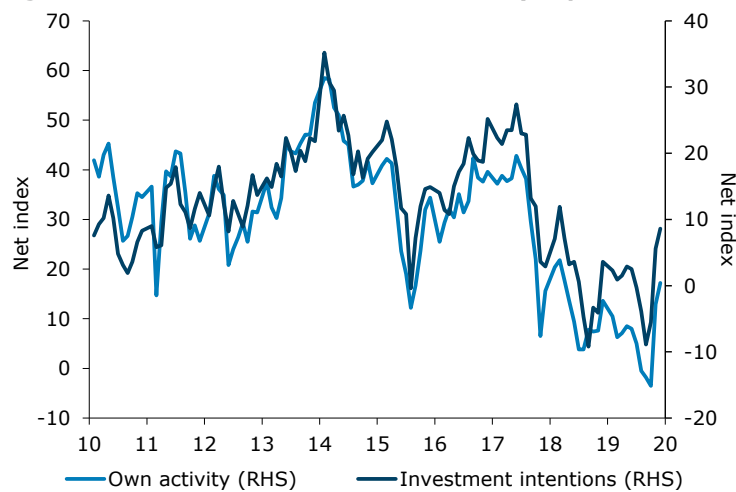
Statistics NZ signalled last week that a meaningful downward revision to net migration estimates is on the way with the next data release later this month. Both we and the RBNZ have been assuming this would happen (the provisional estimates have looked very out of whack with traffic growth, for example), so there isn't much 'news' in it. But it does highlight that estimates of resource stretch in the economy depend on much more than just reported GDP growth (which is itself subject to significant revision as well). Perhaps the biggest risk to our forecast that the RBNZ will cut again is if we get a flurry of inflation pressure out of the lift in the housing market – if consumers start to spend more freely then perhaps retailers will finally have an opportunity to rebuild their squeezed margins.

In sum

Those are the main things we will be watching this year, but as always, it could be that something comes out of left field. The main theme of our forecasts remain the same: the New Zealand economy is navigating some typical late-cycle challenges that make high speed more difficult to achieve, but as things stand, there is nothing that suggests a derailment. That said, global risks resulting from a decade of unprecedentedly easy monetary conditions have not gone away, and markets and sentiment can turn quickly, so to be honest we wouldn't expect to be able to see that kind of thing coming.

But while building resilience into one's business is very important, planning for the worst case scenario at all times will ensure a legacy of missed opportunities. New Zealand businesses appear to be returning to a mind-set of seeking out openings and possibilities, and it's great to see.

Figure 6. ANZ Business Outlook: own activity expectations and investment intentions



Source: ANZ

The week ahead

We're looking at a busy week. The highlight will be the Quarterly Survey of Business Opinion tomorrow. We expect it to follow the bounce seen in the ANZ Business Outlook. We'll also get the monthly housing market data, which is likely to show recent price strength persisting but sales remaining relatively low due to low listings. Building consents will be interesting – there is clearly demand for new housing but credit availability and high costs are headwinds.

On the pricing side we have a swathe of indicators: food prices, rental prices and our own Monthly Inflation Gauge. The starting point for CPI inflation is on target but a number of one-offs are at play. We'll be watching the monthly inflation indicators closely, as we all try to work out how much spare capacity exists in the economy at present, and how much pricing power firms have. We'll also receive the manufacturing PMI – it dipped last month, giving up some of a surge, so we'll be looking for where it settles.



Economic overview

Local data

GlobalDairyTrade auction. The GlobalDairyTrade resulted in a 2.8% increase in the GDT Price Index. This was closely aligned with market expectations with futures indicating a lift in the vicinity of 2%. This goes some way to clawing back the sharp drop (-6.7%) at the final event in December. It is also much more closely aligned with fundamentals as global milk supply remains tight and therefore prices should remain firm in the coming months.

ANZ Truckometer – December. The Light Traffic Index fell 2.0% m/m, while the Heavy Traffic fell 2.5% m/m. The signals are consistent with our forecast of an economy muddling along around a 2% annual rate of growth.

ANZ Commodity Price Index – December. The ANZ World Commodity Price Index fell 2.8% in December due to weaker prices for lamb, beef and kiwifruit. However, the overall index remains 9.4% higher than it was a year ago.

What you may have missed

Please [contact us](#) if you would like to be added to the distribution list for any of these publications. Otherwise click on the links below to view reports.

- [ANZ Roy Morgan Consumer Confidence: Resilient](#)
- [GDP: Through the worst](#)
- [Property Focus: Tightening up](#)
- [Balance of Payments: Contained](#)
- [ANZ Business Outlook: Merrier](#)



Data calendar

Date	Country	Data/event	Mkt.	Last	NZ time
13-Jan	AU	Melbourne Institute Inflation MoM - Dec	--	0.0%	13:00
	AU	Melbourne Institute Inflation YoY - Dec	--	1.5%	13:00
	GE	Wholesale Price Index MoM - Dec	--	-0.1%	20:00
	GE	Wholesale Price Index YoY - Dec	--	-2.5%	20:00
	UK	Visible Trade Balance GBP/Mn - Nov	-£11800M	-£14486M	22:30
	UK	Trade Balance Non EU GBP/Mn - Nov	-£3500M	-£5729M	22:30
	UK	Trade Balance GBP/Mn - Nov	-£2539M	-£5188M	22:30
	UK	Industrial Production MoM - Nov	0.0%	0.1%	22:30
	UK	Industrial Production YoY - Nov	-1.3%	-1.3%	22:30
	UK	Manufacturing Production MoM - Nov	-0.2%	0.2%	22:30
	UK	Manufacturing Production YoY - Nov	-1.6%	-1.2%	22:30
	UK	Construction Output MoM - Nov	0.6%	-2.3%	22:30
	UK	Construction Output YoY - Nov	-1.4%	-2.1%	22:30
	UK	Index of Services MoM - Nov	0.0%	0.2%	22:30
	UK	Index of Services 3M/3M - Nov	0.2%	0.2%	22:30
	UK	Monthly GDP (MoM) - Nov	0.0%	0.0%	22:30
	UK	Monthly GDP (3M/3M) - Nov	-0.1%	0.0%	22:30
	CH	Money Supply M0 YoY - Dec	5.2%	4.8%	13-15 Jan
	CH	New Yuan Loans CNY - Dec	1200.0B	1388.1B	13-15 Jan
	CH	Money Supply M1 YoY - Dec	3.7%	3.5%	13-15 Jan
	CH	Money Supply M2 YoY - Dec	8.3%	8.2%	13-15 Jan
14-Jan	US	Monthly Budget Statement - Dec	-\$15.0B	-\$13.5B	08:00
	NZ	NZIER QSBO - Q4	--	-40	10:00
	NZ	Building Permits MoM - Nov	--	-1.10%	10:45
	AU	ANZ-RM Consumer Confidence Index - 12-Jan	--	106.2	11:30
	JN	BoP Current Account Balance - Nov	¥1424.8B	¥1816.8B	12:50
	JN	BoP Current Account Adjusted - Nov	¥1786.2B	¥1732.2B	12:50
	JN	Trade Balance BoP Basis - Nov	¥103.8B	¥254.0B	12:50
	CH	Exports YoY - Dec	2.5%	-1.3%	UNSPECIFIED
	CH	Imports YoY - Dec	9.6%	0.3%	UNSPECIFIED
	CH	Trade Balance - Dec	\$45.70B	\$38.73B	UNSPECIFIED
15-Jan	US	NFIB Small Business Optimism - Dec	104.8	104.7	00:00
	US	CPI MoM - Dec	0.3%	0.3%	02:30
	US	CPI YoY - Dec	2.4%	2.1%	02:30
	US	CPI Ex Food and Energy MoM - Dec	0.2%	0.2%	02:30
	US	CPI Ex Food and Energy YoY - Dec	2.3%	2.3%	02:30
	NZ	Food Prices MoM - Dec	--	-0.7%	10:45
	UK	CPI MoM - Dec	0.2%	0.2%	22:30
	UK	CPI YoY - Dec	1.5%	1.5%	22:30
	UK	CPI Core YoY - Dec	1.7%	1.7%	22:30
	UK	RPI MoM - Dec	0.4%	0.2%	22:30
	UK	RPI YoY - Dec	2.3%	2.2%	22:30
	UK	RPI Ex Mort Int.Payments (YoY) - Dec	2.3%	2.3%	22:30
	UK	PPI Input NSA MoM - Dec	0.2%	-0.3%	22:30
	UK	PPI Input NSA YoY - Dec	-0.9%	-2.7%	22:30
	UK	PPI Output NSA MoM - Dec	0.1%	-0.2%	22:30
	UK	PPI Output NSA YoY - Dec	1.0%	0.5%	22:30
	UK	PPI Output Core NSA MoM - Dec	0.0%	-0.1%	22:30

Continued on following page



Data calendar

Date	Country	Data/event	Mkt.	Last	NZ time	
15-Jan	UK	PPI Output Core NSA YoY - Dec	1.0%	1.1%	22:30	
	UK	House Price Index YoY - Nov	1.0%	0.7%	22:30	
	EC	Industrial Production SA MoM - Nov	0.3%	-0.5%	23:00	
	EC	Industrial Production WDA YoY - Nov	-1.0%	-2.2%	23:00	
	EC	Trade Balance SA - Nov	€22.0B	€24.5B	23:00	
	EC	Trade Balance NSA - Nov	--	€28.0B	23:00	
16-Jan	US	MBA Mortgage Applications - 10-Jan	--	13.5%	01:00	
	US	PPI Final Demand MoM - Dec	0.2%	0.0%	02:30	
	US	PPI Final Demand YoY - Dec	1.3%	1.1%	02:30	
	US	PPI Ex Food and Energy MoM - Dec	0.2%	-0.2%	02:30	
	US	PPI Ex Food and Energy YoY - Dec	1.3%	1.3%	02:30	
	US	Empire Manufacturing - Jan	3.6	3.5	02:30	
	US	Federal Reserve releases Beige Book	--	--	08:00	
	NZ	REINZ House Sales YoY - Dec	--	-1.9%	09:00	
	NZ	Card Spending Retail MoM - Dec	0.1%	2.6%	10:45	
	NZ	Card Spending Total MoM - Dec	--	1.0%	10:45	
	JN	PPI MoM - Dec	0.1%	0.2%	12:50	
	JN	PPI YoY - Dec	0.9%	0.1%	12:50	
	NZ	ANZ Monthly Inflation Gauge - Dec	--	0.1%	13:00	
	UK	RICS House Price Balance - Dec	-8%	-12%	13:01	
	AU	Investor Loan Value MoM - Nov	1.0%	1.4%	13:30	
	AU	Home Loans Value MoM - Nov	1.4%	2.0%	13:30	
	AU	Owner-Occupier Loan Value MoM - Nov	1.8%	2.2%	13:30	
	CH	New Home Prices MoM - Dec	--	0.3%	14:30	
	GE	CPI MoM - Dec F	0.5%	0.5%	20:00	
	GE	CPI YoY - Dec F	1.5%	1.5%	20:00	
	GE	CPI EU Harmonized MoM - Dec F	0.6%	0.6%	20:00	
	GE	CPI EU Harmonized YoY - Dec F	1.5%	1.5%	20:00	
	17-Jan	US	Philadelphia Fed Business Outlook - Jan	3.1	2.4	02:30
		US	Import Price Index MoM - Dec	0.4%	0.2%	02:30
		US	Import Price Index YoY - Dec	0.5%	-1.3%	02:30
		US	Export Price Index MoM - Dec	0.2%	0.2%	02:30
		US	Export Price Index YoY - Dec	--	-1.3%	02:30
		US	Retail Sales Advance MoM - Dec	0.3%	0.2%	02:30
		US	Retail Sales Ex Auto MoM - Dec	0.5%	0.1%	02:30
		US	Retail Sales Ex Auto and Gas - Dec	0.4%	0.0%	02:30
US		Retail Sales Control Group - Dec	0.3%	0.1%	02:30	
US		Initial Jobless Claims - 11-Jan	217k	214k	02:30	
US		Continuing Claims - 4-Jan	--	1803k	02:30	
US		Business Inventories - Nov	-0.1%	0.2%	04:00	
US		NAHB Housing Market Index - Jan	74	76	04:00	
US		Net Long-term TIC Flows - Nov	--	\$32.5B	10:00	
US		Total Net TIC Flows - Nov	--	-\$48.3B	10:00	
NZ		BusinessNZ Manufacturing PMI - Dec	--	51.4	10:30	
CH		Retail Sales YTD YoY - Dec	8.0%	8.0%	15:00	
CH		Retail Sales YoY - Dec	7.9%	8.0%	15:00	
CH		Industrial Production YTD YoY - Dec	5.6%	5.6%	15:00	
CH		Industrial Production YoY - Dec	5.9%	6.2%	15:00	
CH		Fixed Assets Ex Rural YTD YoY - Dec	5.2%	5.2%	15:00	

Continued on following page



Data calendar

Date	Country	Data/event	Mkt.	Last	NZ time
17-Jan	CH	GDP SA QoQ - Q4	1.4%	1.5%	15:00
	CH	GDP YoY - Q4	6.0%	6.0%	15:00
	CH	GDP YTD YoY - Q4	6.2%	6.2%	15:00
	EC	ECB Current Account SA - Nov	--	€32.4B	22:00
	UK	Retail Sales Ex Auto Fuel MoM - Dec	0.8%	-0.6%	22:30
	UK	Retail Sales Ex Auto Fuel YoY - Dec	3.0%	0.8%	22:30
	UK	Retail Sales Inc Auto Fuel MoM - Dec	0.6%	-0.6%	22:30
	UK	Retail Sales Inc Auto Fuel YoY - Dec	2.7%	1.0%	22:30
	EC	Construction Output MoM - Nov	--	-1.0%	23:00
	EC	Construction Output YoY - Nov	--	0.3%	23:00
	EC	CPI MoM - Dec F	0.3%	0.3%	23:00
	EC	CPI YoY - Dec	1.3%	1.0%	23:00
	EC	CPI Core YoY - Dec F	1.3%	1.3%	23:00
	18-Jan	US	Housing Starts - Dec	1380k	1365k
US		Housing Starts MoM - Dec	1.1%	3.2%	02:30
US		Building Permits - Dec	1460k	1482k	02:30
US		Building Permits MoM - Dec	-1.5%	1.4%	02:30
US		Industrial Production MoM - Dec	-0.1%	1.1%	03:15
US		Capacity Utilization - Dec	77.1%	77.3%	03:15
US		Manufacturing (SIC) Production - Dec	0.1%	1.1%	03:15
US		U. of Mich. Sentiment - Jan P	99.3	99.3	04:00
US		JOLTS Job Openings - Nov	7267	7267	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 sentiment has turned upward but growth momentum has decelerated and global risks are heightened. As headwinds persist, we expect a lower OCR will be required in time to support growth, inflation and employment. The resilience of domestic data, the trend in inflation and global developments will all bear watching closely.

Date	Data/event	Economic signal	Comment
Tue 14 Jan (10:00am)	NZIER Business Opinion Survey – Q4	Poised	The ANZBO has recently improved – a sign that the QSBO is poised to do the same.
Tue 14 Jan (10:45am)	Building Consents – November	Wary	Consents have been holding at a high level. While downside risks remain, recent resurgence in the housing market provides some offset.
Wed 15 Jan (10:45am)	Food Price Index – December	Dip	A seasonal decline in food prices is expected.
Wed 15 Jan (10:45am)	Rental Price Index – December	Small rise	Continued increases in rental prices should support a quarterly rise in CPI rents.
Thu 16 Jan (9:00am)	REINZ Housing market data - December	Resurgence	OCR cuts appear to have supported resurgence in house price inflation, but sales remain subdued.
Thu 16 Jan (1:00pm)	ANZ Monthly Inflation Gauge – December	--	--
Fri 17 Jan (10:30am)	BNZ-BusinessNZ Manufacturing PMI – December	Rebound	The PMI has flipped into expansionary mode. But these data are volatile on a m/m basis. We're watching closely to see if recent strength is maintained.
Tue 21 Jan (10:30am)	Performance Services Index – December	Watching	An easing trend has been in play since 2016, but recent prints have remained robust.
Wed 22 Jan (early am)	GlobalDairyTrade auction	Small rise	Slight further price increases are expected as the market balance favours exporters rather than importers.
Fri 24 Jan (10:45am)	Consumer Price Index – Q4	Dip	We're expecting annual CPI inflation to pick up 0.3%pts to 1.8%, led by tradable inflation.
Thu 30 Jan (10:45am)	Overseas Merchandise Trade – December	Rise	Net exports to remain strong supported by strength in dairy export volumes in December.
Fri 31 Jan (10:00am)	ANZ Roy Morgan Consumer Confidence – January	--	--
Tue 4 Feb (10:45am)	Building Consents – December	Wary	Consents have been holding at a high level. While downside risks remain, recent resurgence in the housing market provides some offset.
Wed 4 Feb (early am)	GlobalDairyTrade auction	Small rise	Market is expected to continue to favour exporters over importers.
Wed 5 Feb (10:45am)	Labour Market Statistics – Q4	Tight	The labour market is tight, but the recent slowdown in economic momentum is yet to filter through.
Wed 5 Feb (1:00pm)	ANZ Commodity Price Index – January	--	--
Tue 11 Feb (10:00am)	ANZ Truckometer – January	--	--
Wed 12 Feb (2:00pm)	RBNZ Monetary Policy Statement – February	Hold	The RBNZ can afford to be patient, but by May we think the evidence will support a further cut.
Fri 14 Feb (10:45am)	Food Price Index – January	Rebound	A seasonal rebound in food prices is expected.
Fri 14 Feb (10:45am)	Rental Price Index – January	Small rise	Continued increases in rental prices should support a quarterly rise in CPI rents.
Mon 17 Feb (1:00pm)	ANZ Monthly Inflation Gauge – January	--	--
Wed 19 Feb (early am)	GlobalDairyTrade auction	Steady	Dairy prices are expected to stabilise in the latter part of the season.
Mon 24 Feb (10:45am)	Retail Sales – Q4	Bright spot	A robust household sector is one of the economy's bright spots. Don't fail us now.
Thu 27 Feb (10:45am)	Overseas Merchandise Trade – January	Easing	Dairy export volumes are expected to ease and a relatively slow start to the meat-processing season will keep export volumes in check.
On balance		Data watch	The vibe has improved but headwinds remain. We expect an OCR cut in May. Global risks are the wildcard.



Key forecasts and rates

	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21
GDP (% qoq)	0.7	0.6	0.6	0.5	0.6	0.6	0.6	0.6	0.7
GDP (% yoy)	2.3	1.8	2.0	2.4	2.3	2.3	2.3	2.4	2.5
CPI (% qoq)	0.7	0.4	0.6	0.3	0.5	0.1	0.6	0.5	0.4
CPI (% yoy)	1.5	1.8	2.2	1.9	1.8	1.6	1.7	1.9	1.8
LCI Wages (% qoq)	0.6	0.6	0.4	0.8	0.6	0.6	0.4	0.8	0.5
LCI Wages (% yoy)	2.3	2.3	2.4	2.3	2.3	2.3	2.3	2.4	2.4
Employment (% qoq)	0.2	0.3	0.3	0.3	0.3	0.3	0.4	0.4	0.4
Employment (% yoy)	0.9	1.1	1.4	1.2	1.3	1.3	1.4	1.4	1.4
Unemployment Rate (% sa)	4.2	4.3	4.4	4.4	4.5	4.5	4.5	4.5	4.5
Current Account (% GDP)	-3.3	-3.4	-3.5	-3.7	-3.8	-3.8	-3.7	-3.6	-3.5
Terms of Trade (% qoq)	1.9	-1.1	1.2	0.3	0.1	0.3	0.0	0.1	0.1
Terms of Trade (% yoy)	1.0	3.2	3.4	2.2	0.5	1.9	0.8	0.6	0.6

	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19
Retail ECT (% mom)	0.0	0.8	-0.6	0.3	-0.1	1.3	0.4	-0.5	2.6	--
Retail ECT (% yoy)	1.0	5.0	3.4	1.5	2.0	3.1	0.6	1.6	5.1	--
Car Registrations (% mom)	-2.8	1.7	-1.3	-2.7	4.6	0.6	6.5	-6.5	0.4	--
Car Registrations (% yoy)	-2.9	-0.5	-12.6	-11.0	-5.4	-5.2	4.7	-6.6	3.0	--
Building Consents (% mom)	-7.1	-7.3	14.7	-3.9	-1.1	1.0	7.4	-1.1	--	--
Building Consents (% yoy)	2.8	-3.2	8.1	9.9	18.5	12.5	23.8	18.9	--	--
REINZ House Price Index (% yoy)	2.4	1.4	1.7	1.7	1.6	2.7	3.2	3.9	5.6	--
Household Lending Growth (% mom)	0.5	0.5	0.5	0.5	0.5	0.6	0.5	0.5	0.6	--
Household Lending Growth (% yoy)	5.9	5.9	6.0	5.9	5.9	6.0	6.1	6.2	6.3	--
ANZ Roy Morgan Consumer Conf.	121.8	123.2	119.3	122.6	116.4	118.2	113.9	118.4	120.7	123.3
ANZ Business Confidence	-38.0	-37.5	-32.0	-38.1	-44.3	-52.3	-53.5	-42.4	-26.4	-13.2
ANZ Own Activity Outlook	6.3	7.1	8.5	8.0	5.0	-0.5	-1.8	-3.5	12.9	17.2
Trade Balance (\$m)	825	361	175	330	-732	-1642	-1322	-1039	-753	--
Trade Bal (\$m ann)	-5739	-5578	-5602	-4987	-5516	-5591	-5333	-5067	-4816	--
ANZ World Comm. Price Index (% mom)	4.1	2.6	0.0	-3.9	-1.4	0.3	0.0	1.2	4.3	-2.8
ANZ World Comm. Price Index (% yoy)	0.6	2.2	0.7	-2.4	-0.5	0.9	3.4	7.2	12.4	9.4
Net Migration (sa)	3550	3910	4150	4040	5110	4350	4290	4120	--	--
Net Migration (ann)	55721	55707	55577	55609	56812	56606	56191	55614	--	--
ANZ Heavy Traffic Index (% mom)	-2.1	3.7	0.8	-4.7	3.8	-4.2	3.0	3.4	-1.5	-2.5
ANZ Light Traffic Index (% mom)	0.7	0.2	0.7	-2.1	1.4	0.3	-0.3	0.3	1.2	-2.0
ANZ Monthly Inflation Gauge (% mom)	0.0	0.1	0.2	0.3	0.5	0.3	0.3	0.2	0.1	--

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



Key forecasts and rates

FX rates	Actual			Forecast (end month)					
	Nov-19	Dec-19	Today	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21
NZD/USD	0.642	0.674	0.664	0.65	0.64	0.64	0.63	0.63	0.63
NZD/AUD	0.950	0.961	0.963	0.97	0.97	0.97	0.95	0.95	0.95
NZD/EUR	0.583	0.600	0.597	0.60	0.58	0.58	0.56	0.56	0.55
NZD/JPY	70.31	73.10	72.74	72.2	71.7	71.7	70.6	70.6	70.6
NZD/GBP	0.497	0.511	0.509	0.49	0.48	0.47	0.46	0.46	0.46
NZ\$ TWI	69.64	71.94	72.98	71.1	69.9	69.8	68.4	68.1	68.0
Interest rates	Nov-19	Dec-19	Today	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21
NZ OCR	1.00	1.00	1.00	1.00	0.75	0.75	0.75	0.75	0.75
NZ 90 day bill	1.23	1.29	1.25	1.12	0.95	0.95	0.95	0.95	0.95
NZ 10-yr bond	1.29	1.65	1.47	1.95	1.67	1.65	1.30	1.30	1.25
US Fed funds	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75
US 3-mth	1.91	1.91	1.84	1.90	1.90	1.90	1.90	1.90	1.90
AU Cash Rate	0.75	0.75	0.75	0.50	0.25	0.25	0.25	0.25	0.25
AU 3-mth	0.89	0.92	0.91	0.70	0.45	0.45	0.45	0.45	0.45

	10-Dec	6-Jan	7-Jan	8-Jan	9-Jan	10-Jan
Official Cash Rate	1.00	1.00	1.00	1.00	1.00	1.00
90 day bank bill	1.19	1.28	1.27	1.24	1.22	1.24
NZGB 05/21	1.09	1.07	1.06	1.04	1.06	1.06
NZGB 04/23	1.14	1.09	1.08	1.04	1.06	1.06
NZGB 04/27	1.41	1.40	1.39	1.35	1.36	1.36
NZGB 04/33	1.74	1.76	1.75	1.69	1.71	1.70
2 year swap	1.22	1.20	1.19	1.17	1.17	1.18
5 year swap	1.35	1.35	1.33	1.30	1.31	1.31
RBNZ TWI	72.57	73.16	73.18	72.90	73.15	72.69
NZD/USD	0.6545	0.6675	0.6644	0.6648	0.6626	0.6631
NZD/AUD	0.9605	0.9600	0.9658	0.9681	0.9655	0.9615
NZD/JPY	71.06	72.09	72.03	72.25	72.52	72.59
NZD/GBP	0.4967	0.5075	0.5049	0.5067	0.5080	0.5079
NZD/EUR	0.5909	0.5962	0.5945	0.5974	0.5964	0.5966
AUD/USD	0.6814	0.6953	0.6879	0.6867	0.6863	0.6901
EUR/USD	1.1077	1.1196	1.1176	1.1127	1.1110	1.1121
USD/JPY	108.57	108.00	108.41	108.68	109.44	109.45
GBP/USD	1.3177	1.3152	1.3161	1.3120	1.3043	1.3064
Oil (US\$/bbl)	59.24	63.27	62.70	59.61	59.56	59.04
Gold (US\$/oz)	1465.00	1577.67	1565.74	1580.84	1547.53	1562.34
NZX 50	11284	11627	11630	11557	11538	11552
Baltic Dry Freight Index	1528	844	791	773	772	774
NZX WMP Futures (US\$/t)	3285	3090	3080	3100	3110	3115



Important notice

This document is intended for ANZ's Institutional, Markets and Private Banking clients. 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.

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.

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).



Important notice

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>