

New Zealand Weekly Data Wrap

21 October 2022



This is not personal advice nor financial advice about any product or service. It does not take into account your financial situation or goals. Please refer to the Important Notice.



Contact us

See page 5.

Forecast updates

Recent ANZ NZ Forecast Updates can be found [here](#).

- NZ CPI and OCR call change: 75s now expected for Nov and Feb
- NZ Property Focus: spring bounce or false floor?
- NZ OCR Call Change: more work to do
- NZ Forecast Update: Farmgate milk price forecasts revised up
- NZ Quarterly Economic Outlook: on the edge

Our other recent publications are on [page 2](#).

What's the view?

- GDP currently constrained by supply more than demand
- Labour market still extremely tight, and very inflationary
- Inflation way above target, and looking sticky
- OCR to 5% by Feb to contain inflation

Our forecasts are on [page 4](#).

Confused by acronyms or jargon? See a glossary [here](#).

Key risks to our view



Global growth risks abound, not least in China, our key trading partner.



Falling house prices could have a more significant impact on the economy than expected.



The neutral OCR could be increasing faster than estimated.

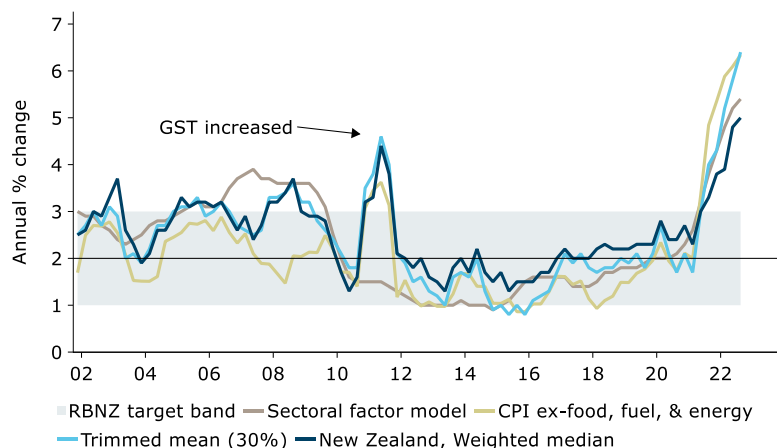


Global inflation pressures may not decline as quickly or as far as anticipated.

What happened this week?

This week's CPI inflation report for Q3 was grim. After hitting a multi-decade high of 7.3% in Q2, we had expected annual CPI inflation to ease to 6.6% in Q3 (consensus expectations were for 6.5%, and the RBNZ's August MPS forecast was for 6.4%). Instead, **inflation barely budged**, down 0.1ppts to 7.2%, and prices were up a whopping 2.2% q/q in Q3 alone. To be sure, there was some significant quarterly volatility in key CPI components that boosted the headline figure, such as a 20% lift in airfares over the quarter that added 0.4ppts to the 2.2% q/q lift in consumer prices. But unfortunately, underneath all the volatility in the data was an alarmingly strong underlying inflation pulse. Measures of core inflation were up across the board, with core inflation measures ranging from 5.0-6.4% y/y (figure 1). Services inflation is also still accelerating, which seems unlikely to change soon, given extremely low unemployment and surging wages. 78% of items in the CPI saw a price rise of over 2% in the past 12 months, and 51% saw a price rise greater than 5%. In short, large price rises continue to become more common, not less.

Figure 1. New Zealand core CPI inflation



Source: Stats NZ, RBNZ, Macrobond, ANZ Research

The surprising strength in underlying inflation is a serious concern for the RBNZ, and in our view **pushes the odds in favour** of a 75bp OCR hike at the November MPS (especially in the wake of their comment in the October [Monetary Policy Review](#) that "the Committee considered whether to increase the OCR by 50 or 75 basis points at this meeting"). With Q3 labour market data (out on 2 November) expected to come in strong, we've also changed our February call to a 75bp hike. That sees the OCR peaking at 5.0% in February 2023, versus our previous peak of 4.75% in May 2023. So a slightly higher peak, and a much quicker path to it. Markets reacted strongly to the CPI data this week, pricing around 150bps of OCR hikes into the next two meetings (consistent with our forecast), and pricing a peak of 5.46% in the OCR in mid-2023 (higher than our forecast of a 5.0% peak, but well within the realm of possibilities given uncertainty about the NZ inflation outlook).

Given these 75bp hikes would come on the back of a whopping five consecutive 50bp OCR hikes, we see the RBNZ calling a halt to further increases after February to see how events unfold. It's a huge amount of monetary policy tightening to deliver in a very short period of time, and given that monetary policy impacts the economy with 'long and variable lags', we haven't yet seen the full impact of the hikes delivered to date (although ongoing softening in the housing market suggests they are having an effect).



Looking ahead



Recent Publications

ANZ produces a range of in-depth insights.

- NZ Property Focus: spring bounce or false floor?
- NZ Insight: The inflation outlook and the balance of risks
- NZ Insight: 2020 hindsight
- NZ Agri Insight: feeding the world sustainably
- NZ Agri Focus: it's raining, it's pouring
- NZ Insight: the Australian labour market and the RBNZ
- NZ Property Focus: hardening headwinds and soft landings
- NZ Insight: the low consumer confidence puzzle
- NZ Property Focus: when, not if
- NZ Insight: He Waka Eke Noa recommendations
- Agri Insight: global food crisis to worsen
- NZ Budget Review: Big Budget
- NZ Insight: Emissions Reduction Plan
- NZ Insight: new fiscal rules
- NZ Property Focus: regional rollercoaster
- NZ Insight: how widespread is labour market tightness?
- NZ Insight: the RBNZ's inflation expectations headache
- NZ Insight: how is NZ's agri sector impacted by the Russian invasion
- NZ Insight: Endemic COVID-19 and labour supply

[Click here for more.](#)



ANZ Proprietary data

Check out our latest releases below.

- ANZ Business Outlook
- ANZ-Roy Morgan Consumer Confidence
- ANZ Truckometer
- ANZ Commodity Price Index

Inflation looking more persistent, but set to soften in 2023

Looking at the details of the quarterly inflation numbers, it's hard to escape the conclusion that the domestic inflation surge will take a bit longer to beat than anticipated. Ongoing resource pressure in the construction industry means that cost inflation there is easing at a snail's pace, and rental inflation has been intense too. Indicators suggest both should ease, but with the labour market remaining incredibly tight and inflationary, there's not much else to pin a big drop in non-tradables inflation on except for monetary policy tightening, and we'll feel its full effects over 2023 rather than imminently.

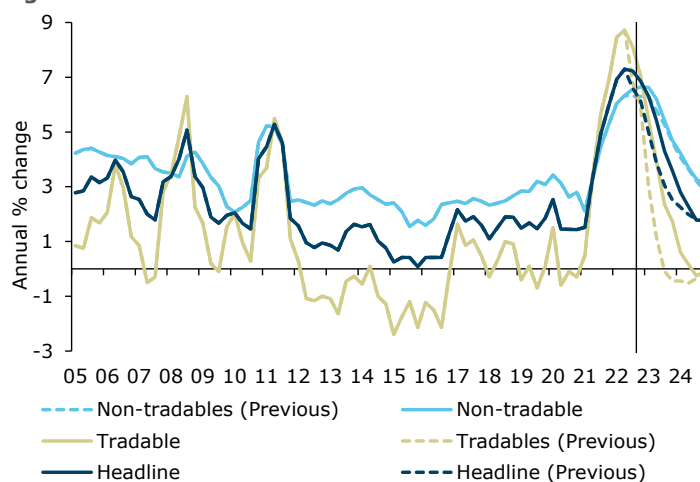
On the tradables side, price rises have also been much more persistent than expected. Petrol prices have fallen relative to their peak in June, but apart from that, tradables inflation remains broad-based and very strong. The significant depreciation in the NZD versus key trading partners (in particular the USD) is also reducing the relief we might otherwise be feeling from the rapid drop in global shipping costs in recent months.

That leaves us with an inflation forecast that sees tradables inflation easing more slowly than expected, and non-tradables inflation remaining high for the next few quarters, before easing significantly over 2023 as the monetary policy tightening really starts to bite. Has inflation peaked? That remains our view; we just think it'll take a little longer to really start to see underlying inflation pressures come off the boil. We're forecasting CPI inflation will ease to 6.9% y/y in Q4, and will be back below 3% in early 2024.

It's worth noting that ongoing weakness in the NZD and constrained supply conditions in global oil markets could easily see petrol prices rise significantly over Q4. If petrol prices lifted by 6% q/q (which would be well within the range of recent quarterly movements), feeding that through mechanically to our CPI forecast would send headline inflation up to a new high of 7.4% y/y. So it wouldn't take much to see inflation hit a fresh peak.

But we should stress that risks to the inflation outlook are not one-sided. The sensitivity of the domestic and global economies to the monetary tightening delivered thus far remains uncertain. If it turns out that central banks have overdone the tightening (just as they, with the benefit of hindsight, overdid the loosening in 2020), then demand could fall away much faster than expected, taking inflation (and the 'soft landing') with it. The geopolitical environment remains volatile, and COVID-zero is having a dampening effect on consumer demand in China – our biggest trading partner. But right now, downside risks to inflation have not materialised, while the timely data points to a more persistent domestic inflation pulse. You have to play the cards you've got; that will likely see more **aggressive rate rises** being delivered by the RBNZ.

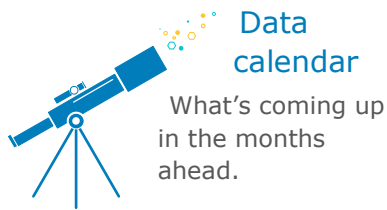
Figure 2. CPI inflation forecast



Source: Stats NZ, ANZ Research



Financial markets update



Date	Data/event
Wed 26 Oct (1:00pm)	ANZ Business Outlook – Oct
Fri 28 Oct (10:00am)	ANZ-RM Consumer Confidence – Oct
Mon 31 Oct (3:00pm)	RBNZ Sectoral Lending – Sep
Tue 1 Nov (10:45am)	Building Permits – Sep
Wed 2 Nov (early am)	GlobalDairyTrade auction
Wed 2 Nov (10:45am)	Labour Market – Q3
Thu 3 Nov (1:00pm)	ANZ Commodity Price Index – Oct
Tue 8 Nov (10:00am)	ANZ Truckometer – Oct
Tue 8 Nov (3:00pm)	RBNZ 2Yr Inflation Expectation – Q4
Wed 9 Nov (10:45am)	Electronic Card Transactions – Oct
Fri 11 Nov (10:30am)	BusinessNZ Manuf PMI – Oct
Fri 11 Nov (10:45am)	Food Price Index – Oct
Fri 11 Nov (10:45am)	Rental Price Index – Oct
Mon 14 Nov (10:30am)	Performance Services Index – Oct
Tue 15 Nov (10:45am)	Net Migration – Sep
Wed 16 Nov (early am)	GlobalDairyTrade auction
Tue 22 Nov (10:45am)	Merchandise Trade – Oct
Wed 23 Nov (2:00pm)	RBNZ Monetary Policy Statement
Fri 25 Nov (10:00am)	ANZ-RM Consumer Confidence – Nov
Fri 25 Nov (10:45am)	Retail Sales – Q3
Wed 30 Nov (10:45am)	Building Permits – Oct
Wed 30 Nov (1:00pm)	ANZ Business Outlook – Nov
Fri 2 Dec (10:45am)	Terms of Trade – Q3
Tue 6 Dec (1:00pm)	ANZ Commodity Price Index – Nov
Wed 7 Dec (early am)	GlobalDairyTrade auction
Thu 9 Dec (10:00am)	ANZ Truckometer – Nov
Thu 9 Dec (10:45am)	Economic Survey of Manufacturing – Q3

Interest rate markets

This week was one for the history books, with many economists (including us) now expecting the RBNZ to up the tightening ante in November with a 75bp hike. Markets have gone a step further, and with 80bps priced for November; they are now clearly testing the possibility of a 100bp hike. Part of the reason that this has occurred is markets are worried Q3 labour market data due on 2 November might come in stronger than expected, as we suspect it might, if recent gains in data like the monthly employment indicator are anything to go by. Markets are also pricing in a much higher terminal OCR now (the peak in market expectations now stands at 5.46%). Volatility has been high and liquidity poor, and together with an almost universal upgrade in economists' forecasts, that has contributed to a ~40bp lift in the 2yr swap rate since last Friday. Our new, higher, OCR forecasts also have implications for all of our other interest rate forecasts, which have all been upgraded (see overleaf). But as pressing as inflation risks are, this far into the hiking cycle, and with the OCR already at (or close to) contractionary levels, this isn't without risk, so don't expect volatility to die down anytime soon. It has also been a volatile week globally, with UK bond yields sharply lower in the wake of the Government's mini-budget U-turn and then the resignation of the PM overnight. The 10-year gilt yield has fallen from last week's high of 4.6% to around 3.9% today. Meanwhile, the bellwether US 10-year yield marches on, up around 24bps over this week, rounding out our sense that interest rate markets will remain challenging for some time yet.

FX markets

With market pricing for the RBNZ taking a step up, carry has quickly become a larger consideration for Kiwi. But despite all the domestic excitement this week, global forces still appear to be at the helm, with broad USD strength still pretty unrelenting. The NZD has been moving with the ebb and flow of global risk assets, but global growth vulnerabilities aren't going away in a hurry. Hard-landing risks only intensify with each positive inflation surprise (that will keep central banks tightening by more and/or for longer). But that also increases the odds that something will eventually break. The risk-sensitive NZD is stuck in the middle of that, suggesting volatility will linger for a while yet. All else equal, NZD should find some support from a more aggressive OCR outlook, but this is risky business. This week's 'shout out' currency has to be the GBP. UK September inflation rose to 10.1% y/y, the highest in 40 years. Recession is looming, fiscal policy has been re-normalised and the BoE needs to hike hard and enter QT. It remains an ugly backdrop for sterling, which still has plenty of headwinds to navigate.

Key data summary

Performance of Services Index – September. Fell 2.8pts to a still-solid 55.8. Like our Heavy Traffic Index, the composite PMI/PSI is pointing to upside risk to our Q3 GDP forecast of 0.4% q/q.

CPI – Q3. Way too strong at the core. See our [Review](#).

GlobalDairyTrade auction. Downwards pressure in the market is showing no sign of letting up, with dairy prices down a further 4.6% this week. Offer volumes are seasonally high at this time of the season, but were smaller than the volumes offered at the same event a year ago.

The week ahead

ANZ Business Outlook – October (Wednesday 26 October, 1:00pm).

ANZ Roy Morgan Consumer Confidence – October (Friday 28 October, 10:00am).



Key forecasts and rates

FX rates	Actual			Forecast (end month)					
	Aug-22	Sep-22	Today	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24
NZD/USD	0.612	0.560	0.568	0.590	0.570	0.570	0.580	0.590	0.600
NZD/AUD	0.893	0.874	0.904	0.894	0.891	0.891	0.892	0.894	0.882
NZD/EUR	0.613	0.571	0.580	0.608	0.600	0.600	0.598	0.590	0.583
NZD/JPY	84.9	81.0	85.2	86.7	85.5	85.5	85.8	85.6	85.2
NZD/GBP	0.527	0.501	0.505	0.527	0.518	0.518	0.513	0.504	0.504
NZ\$ TWI	70.7	67.8	68.5	70.0	68.6	68.6	68.9	69.1	69.1
Interest rates	Aug-22	Sep-22	Today	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24
NZ OCR	3.00	3.00	3.50	4.25	5.00	5.00	5.00	5.00	5.00
NZ 90 day bill	3.47	3.85	4.15	4.85	5.10	5.10	5.10	5.10	5.10
NZ 2-yr swap	4.32	4.67	5.38	5.30	5.30	5.30	5.20	5.20	5.10
NZ 10-yr bond	3.98	4.30	4.71	5.00	5.00	4.75	4.75	4.75	4.50

Economic forecasts

	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24
GDP (% qoq)	1.7	0.4	0.2	0.3	0.7	0.2	0.2	0.3	0.4
GDP (% yoy)	0.4	5.0	2.1	2.6	1.6	1.4	1.4	1.4	1.1
CPI (% qoq)	1.7	2.2	1.1	1.2	0.8	1.0	0.4	0.5	0.3
CPI (% yoy)	7.3	7.2	6.9	6.3	5.4	4.3	3.6	2.8	2.3
Employment (% qoq)	0.0	0.1	0.1	0.1	0.1	-0.3	-0.4	-0.4	0.1
Employment (% yoy)	1.6	-0.1	0.1	0.3	0.3	0.0	-0.5	-1.0	-1.0
Unemployment Rate (% sa)	3.3	3.3	3.4	3.4	3.6	4.0	4.5	4.8	4.9

Figures in bold are forecasts. mom: Month-on-Month; qoq: Quarter-on-Quarter; yoy: Year-on-Year. Click [here](#) for full ANZ forecasts

Figure 3. GDP forecast level

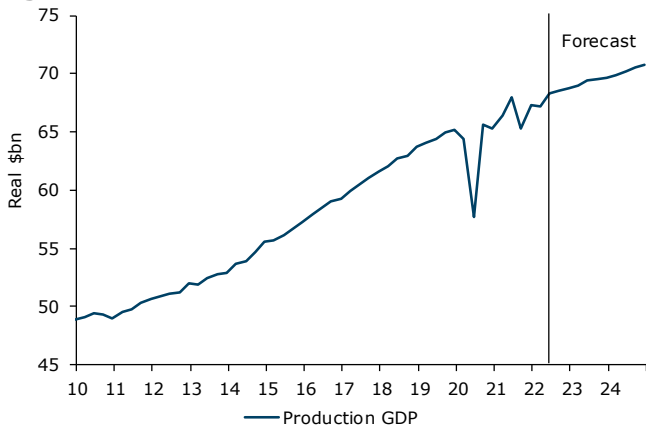


Figure 4. CPI inflation components

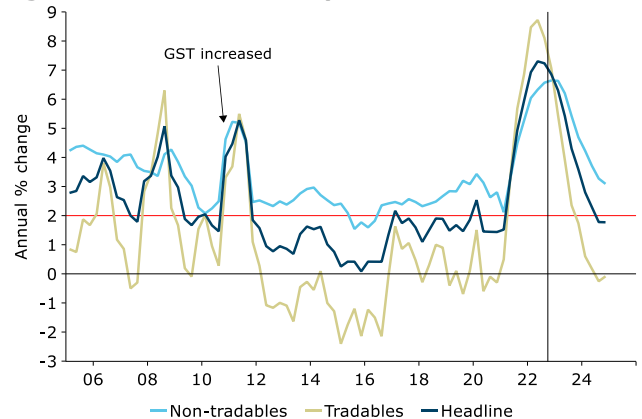


Figure 5. ANZ OCR forecast

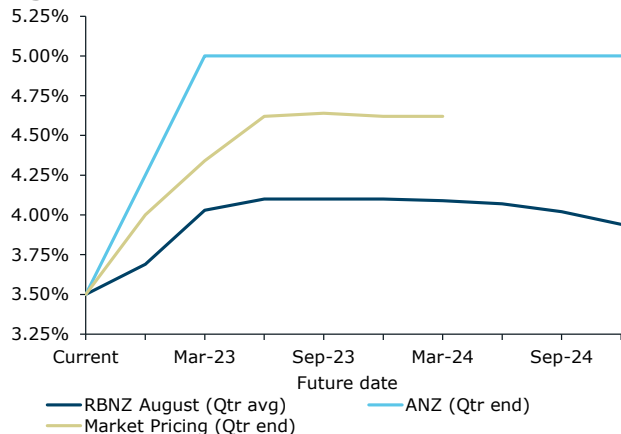
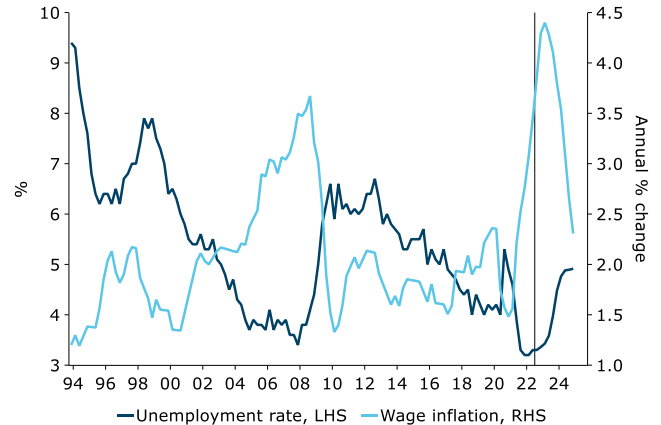


Figure 6. Unemployment and wage inflation



Source: Stats NZ, Bloomberg, RBNZ, Macrobond, ANZ Research



Contact us

Meet the team

We welcome your questions and feedback. Click [here](#) for more information about our team.



Sharon Zollner
Chief Economist

Follow Sharon on Twitter
[@sharon_zollner](#)

Telephone: +64 9 357 4094
Email: sharon.zollner@anz.com

General enquiries:
research@anz.com

Follow ANZ Research
[@ANZ_Research](#) (global)



David Croy
Senior Strategist

Market developments, interest rates, FX, unconventional monetary policy, liaison with market participants.

Telephone: +64 4 576 1022
Email: david.croy@anz.com



Susan Kilsby
Agricultural Economist

Primary industry developments and outlook, structural change and regulation, liaison with industry.

Telephone: +64 21 633 469
Email: susan.kilsby@anz.com



Miles Workman
Senior Economist

Macroeconomic forecast co-ordinator, fiscal policy, economic risk assessment and credit developments.

Telephone: +64 21 661 792
Email: miles.workman@anz.com



Finn Robinson
Economist

Macroeconomic forecasting, economic developments, labour market dynamics, inflation and monetary policy.

Telephone: +64 21 629 553
Email: finn.robinson@anz.com



Kyle Uerata
Economic Statistician

Economic statistics, ANZ proprietary data (including ANZ Business Outlook), data capability and infrastructure.

Telephone: +64 21 633 894
Email: kyle.uerata@anz.com



Natalie Denne
PA / Desktop Publisher

Business management, general enquiries, mailing lists, publications, chief economist's diary.

Telephone: +64 21 253 6808
Email: natalie.denne@anz.com

Important notice

Last updated: 1 September 2022

This document (which may be in the form of text, image, video or audio) is intended for ANZ's Institutional, Markets and Private Banking clients. It should not be forwarded, copied or distributed. The opinions and research contained in this document are (a) not personal advice nor financial advice about any product or service; (b) provided for information only; and (c) intended to be general in nature and does not take into account your financial situation or goals.

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 [click here](#) or request from your ANZ point of contact.

Brazil. This document is distributed on a cross border basis and only following request by the recipient. No securities are being offered or sold in Brazil under this document, and no securities have been and will not be registered with the Securities Commission - CVM.

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

Cambodia. The information contained in this document is confidential and is provided solely for your use upon your request.

This does not constitute or form part of an offer or solicitation of any offer to engage services, nor should it or any part of it form the basis of, or be relied in any connection with, any contract or commitment whatsoever. ANZ does not have a licence to undertake banking operations or securities business or similar business, in Cambodia. By requesting financial services from ANZ, you agree, represent and warrant that you are engaging our services wholly outside of Cambodia and subject to the laws of the contract governing the terms of our engagement.

Canada. This document is general information only, is intended for institutional use only – not retail, and is not meant to be tailored to the needs and circumstances of any recipient. In addition, this document is not intended to be an offer or solicitation to purchase or sell any security or other financial instrument or to employ a specific investment strategy.

Chile. You understand and agree that ANZ Banking Group Limited is not regulated by Chilean Authorities and that the provision of this document is not subject to any Chilean supervision and is not guaranteed by any regulatory or governmental agency in Chile.

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 document 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 document have not been reviewed by any regulatory authority in Hong Kong. If you are in any doubt about any of the contents of this document, you should obtain independent professional advice.

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.

Israel. ANZ is not a holder of a licence granted in Israel pursuant to the Regulation of Investment Advising, Investment Marketing and Portfolio Management Law, 1995 ("Investment Advice Law") and does not hold the insurance coverage required of a licensee pursuant to the Investment Advice Law. This publication has been prepared exclusively for Qualified Clients as such term is defined in the First Schedule to the Investment Advice Law. As a prerequisite to the receipt of a copy of this publication a recipient will be required to provide confirmation and evidence that it is a Qualified Client. Nothing in this publication should be considered Investment Advice or Investment Marketing as defined in the Investment Advice Law. Recipients are encouraged to seek competent investment advice from a locally licensed investment adviser prior to making any investment.

Macau. Click [here](#) to read the disclaimer for all jurisdictions in Mandarin. 澳门. [点击此处](#) 阅读所有司法管辖区的免责声明的中文版。

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

Important notice

New Zealand. This material is for information purposes only and is not financial advice about any product or service. We recommend seeking financial advice about your financial situation and goals before acquiring or disposing of (or not acquiring or disposing of) a financial product.

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 (**CBO**) or Oman's Capital Market Authority (**CMA**). 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. So, 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.

Peru. The information contained in this document has not been, and will not be, registered with or approved by the Peruvian Superintendency of the Securities Market (Superintendencia del Mercado de Valores, **SMV**) or the Lima Stock Exchange (Bolsa de Valores de Lima, **BVL**) or under the Peruvian Securities Market Law (Legislative Decree 6 861), and will not be subject to Peruvian laws applicable to public offerings in Peru. To the extent this information refers to any securities or interests, it should be noted the securities or interests may not be offered or sold in Peru, except if (i) such securities or interests were previously registered with the Peruvian Superintendency of the Securities Market, or (ii) such offering is considered a private offering in Peru under the securities laws and regulation of Peru.

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 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. In respect of any matters arising from, or in connection with, the distribution of this document in Singapore, please speak to your usual ANZ contact in 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.

United Kingdom. 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 Financial Conduct Authority (**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 considers this document to constitute an Acceptable Minor Non-Monetary Benefits (**AMNMB**) under the relevant inducement rules of 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.

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 our website or have otherwise received this document and are a US Person who is an individual: to avoid loss, you should cease to use our 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 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 a 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>