ANZ Research

New Zealand Weekly Data Wrap

19 October 2023

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 Property Focus: going up
- NZ Forecast Update: milk price revised down further
- NZ Forecast Update: the much-needed adjustment
- NZ Forecast Update: milk price forecasts trimmed further

Our other recent publications are on page 2.

What's the view?

- GDP transitioning from acute supply constraints to a softening demand pulse.
- Labour market still tight, but cooling.
- Inflation way above target and looking sticky.
- OCR on hold at 5.50% until February 2024, then higher.

Our forecasts are on page 4.

Confused by acronyms or jargon? See a glossary here.

Key risks to our view

- Global growth and financial market risks persist, with China in focus.
- Soaring net migration could see rents and house prices start to rise more quickly.
- Booming migration plus fiscal stimulus could see demand hold up for longer.
- NZ's large external imbalances could see the market impose a more abrupt adjustment path.

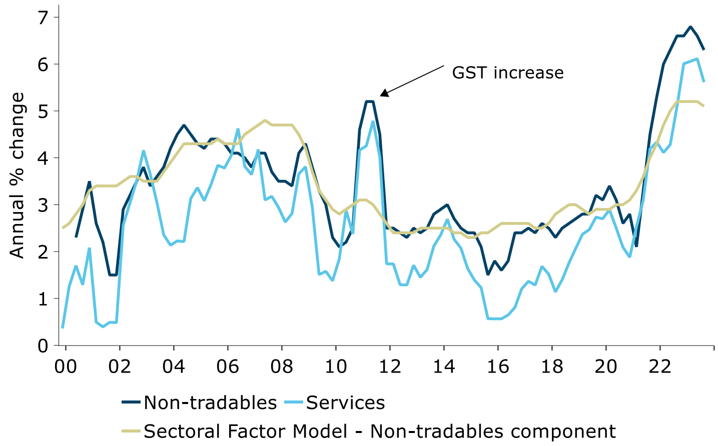
Break in the clouds

Annual inflation decelerated from 6.0% to 5.6% in Q3, below the RBNZ's August MPS forecast of 6.0%. The downside surprise is certainly welcome news for the RBNZ, even though all of it was due to weaker tradables inflation, over which the RBNZ has limited influence. Ongoing global goods disinflation is enormously helpful, but it can't be relied on to solve our inflation problem or our trade deficit. The recent volatility in oil prices as a result of the Israel-Hamas war is a stark reminder of that.

Annual non-tradables inflation (the domestically driven 'sticky' component that broadly follows the business cycle) came in at 6.3%, a touch above the RBNZ's expectation of 6.2%. Some of the big movers in non-tradables inflation like insurance and local council rates bills (both up 9.6% y/y) are also beyond the direct influence of monetary policy, but to some extent they are symptomatic of broad-based inflation pressures across the economy and highlight a concerning persistence. Extreme inflation is fading, but inflation for 84% of the CPI basket is still running in excess of 2% y/y.

That's not to say there wasn't progress in the Q3 data for the RBNZ. Encouragingly, there were broad declines across the suite of core inflation measures. The RBNZ's own core inflation measure, the sectoral factor model fell from 5.7% (where it had been since Q4 last year) to 5.2% in Q3 – all things the RBNZ needs to see. That buys the RBNZ some time to assess the sustainability of the downward trend. There's no question inflation is easing, but it remains highly uncertain whether the pace of progress is consistent with inflation returning to target in a reasonable timeframe. To be confident of that, further cooling in the labour market is needed to dampen the feedback between wages and prices.

Figure 1: Domestic inflation



Source: RBNZ, Stats NZ, Macrobond, ANZ Research

It's a high bar for the RBNZ to restart hikes. Naturally the Committee don't want to cause unnecessary damage to the economy and employment. Following the CPI data, we don't expect there will be enough evidence to get the RBNZ over the line in November, as things are still heading in the right direction. But when it comes down to it, we think the RBNZ will need to revise its output and domestic inflation forecasts higher in November, as it did at the August MPS. Continued upward revisions will naturally raise the question of whether an OCR of 5.50% is enough. We think the RBNZ's next move will be a hike, but now see that occurring in February.

Looking ahead

NZ Insights and Analysis

ANZ produces a range of in-depth insights.

- NZ Insight: finding external balance
- NZ Agri Focus: regaining ground
- NZ Property Focus: going up
- NZ Property Focus: regional revelations
- NZ Economic Outlook: waiting on the last domino
- NZ ETS: Change of price and volumes settings
- NZ Agri Focus: winter chill
- NZ Insight: divergence across the Tasman, recession for NZ but not for Oz
- NZ Insight: Inflation rotation
- NZ Insight: RBA/RBNZ policy divergence back in the spotlight

NZ Economic News

View latest data and policy releases

- NZ GDP: what recession … but one looming?
- NZ REINZ housing data: on ice
- RBNZ MPR Review: a more sustained period of time
- NZ CPI and OCR call change: progress buys time
- NZ labour market: relatives and absolutes
- NZ PREFU 2023: more debt, more bonds, more deficits

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
- ANZ NZ Merchant and Card Spending: September 2023

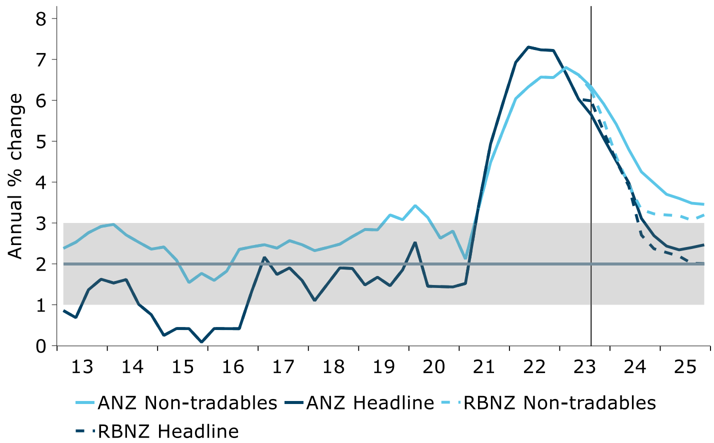
Updating our inflation forecasts

Despite the lower starting point, our inflation outlook remains broadly unchanged from our previous forecast. A faster normalisation in tradables inflation faces a meaningful offset from sticky domestic inflation. We now expect annual headline inflation to finish to the year at 5.1%.

While headline inflation is falling, that somewhat masks the challenge still presented by domestic inflation, tied to a labour market that for now remains tight (while turning). Tradables inflation, which was the initial culprit of the surge in inflation in 2021, is normalising, and in some cases, prices are outright falling. But the normalisation in tradables alone isn't enough to get inflation sustainably back to target, and progress on that front is going to become reliant on domestic inflation pressures moderating.

The RBNZ's August MPS forecasts showed non-tradables inflation falling sharply in Q4 to 0.8% q/q. After seasonal adjustment that implies the domestic inflation impulse will have returned to levels consistent with inflation at target – RBNZ are assuming that domestic inflation will have resolved itself from next quarter. We see that as overly optimistic given that economic momentum, while certainly patchy, is not rolling over abruptly, due to the elevated demand from fiscal policy and strong population growth.

Figure 2. Headline CPI and non-tradables forecast

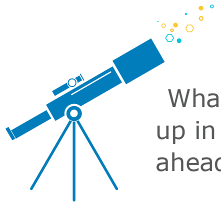


Source: RBNZ, Stats NZ, Macrobond, ANZ Research

That said, despite our expectation of much more persistent domestic inflation, our forecasts for headline inflation aren't that different to the RBNZ's August forecast, reflecting tradables inflation normalising faster than expected. The RBNZ's target is for headline inflation, so why should the RBNZ care about the mix? The main reason is that the RBNZ has little influence over tradables inflation and given the continued risks of negative supply shocks, putting all our eggs in the global disinflation basket leaves us vulnerable. For the RBNZ to be confident that inflation is returning sustainably to target, further (and faster) progress on domestic inflation is required.

Our new forecasts have headline inflation back within the 1-3% target band by the end of 2024, one quarter later than the RBNZ. But once the cycle in tradables inflation washes through, and returns to its historic average of around 1%, non-tradables inflation could remain too high for headline inflation to be consistent with the 2% target. And there are also plenty of arguments why global inflation may settle higher than experienced last decade: climate change, geopolitical fragmentation, increasing trade protectionism and re-shoring. Inflation targeting isn't likely to be 'easy' anytime soon. We're yet to be convinced that the moderation in domestic inflation is occurring fast enough to secure progress and we continue to expect the RBNZ will raise the OCR again. Further upwards revisions to its non-tradables inflation forecasts will be a key part of that decision.

Financial markets update



Data calendar

What's coming up in the months ahead.

Date	Data/event
Wed 25 Oct (10:00am)	ANZ Truckometer – Sep
Fri 27 Oct (10:00am)	ANZ-RM Consumer Confidence – Oct
Tue 31 Oct (10:45am)	Building Permits – Sep
Tue 31 Oct (1:00pm)	ANZ Business Outlook – Oct
Wed 1 Nov (10:45am)	**Labour Market – Q3**
Mon 6 Nov (1:00pm)	ANZ Commodity Price Index – Oct
Wed 8 Nov (early am)	GlobalDairyTrade auction
Wed 8 Nov (10:45am)	RBNZ Inflation Expectations – Q4
Fri 10 Nov (10:30am)	BusinessNZ Manuf PMI – Oct
Mon 13 Nov (10:30am)	Performance Services Index – Oct
Tue 14 Nov (10:45am)	Food Price Index – Oct
Tue 14 Nov (10:45am)	Rental Price Index – Oct
Wed 15 Nov (10:45am)	Electronic Card Transactions – Oct
Wed 15 Nov (10:45am)	Net Migration – Sep
Tue 21 Nov (10:45am)	Merchandise Trade – Oct
Wed 22 Nov (early am)	GlobalDairyTrade auction
Fri 24 Nov (10:00am)	ANZ Truckometer – Oct
Fri 24 Nov (10:45am)	Retail Trade – Q3
Wed 29 Nov (2:00pm)	**RBNZ MPS**
Thu 30 Nov (10:45am)	Building Permits – Oct
Thu 30 Nov (1:00pm)	ANZ Business Outlook – Nov
Fri 1 Dec (10:00am)	ANZ-RM Consumer Confidence – Nov
Mon 4 Dec (10:45am)	Terms of Trade – Q3
Tue 5 Dec (10:45am)	Volume of All Buildings – Q3
Tue 5 Dec (1:00pm)	ANZ Commodity Price Index – Nov
Wed 6 Dec (early am)	GlobalDairyTrade auction
Fri 8 Dec (10:45am)	Economic Survey of Manufacturing – Q3

Interest rate markets

Global bond yields continue to rise, with the bellwether US 10yr Treasury bond yield hitting a cycle high of 4.915% overnight, exceeding the high seen about 2 weeks ago by around 3bp. This move has been driven by a combination of resilient US data and bond supply concerns, with the US market struggling to digest issuance. Despite ever higher yields, three of the last four bond auctions have cleared at yields above where the market was going into the auctions, with bid cover down on the prior auction in each case. Owing to this being perceived mainly as an externality, Fed speakers have understandably been united in suggesting that the rise in term yields takes pressure off them to raise rates, signalling that higher bond yields might be 'worth' about one Fed Funds rate hike. Ordinarily that'd be good news for bond markets, but if yields do revert lower, hikes may be back on the table. For our part, we assume that the Fed is done tightening, in part because of higher long-term yields. Local bond yields have risen, but not by as much, with NZ/US spreads contracting in the wake of last week's less hawkish RBNZ MPR and this week's softer than expected CPI data. Those events have helped drive a moderation in short end yields, with the 2yr swap rate down about 20bps since the MPR, and markets now pricing in about 15% odds of a November OCR hike, and 50/50 odds of one by April. Pricing for November seems reasonable since no local economists are calling for a hike in November, but several expect a hike in February (us included, on both fronts), but our new OCR forecasts clearly imply upside risks for early 2024 OCR expectations. To be fair, markets are less convinced, especially given the rise in term rates, and we acknowledge that some sort of 'smoking gun' in the data may be needed to get markets over the line on another hike. All up, we remain cautious on the outlook for both short- and long-term rates, and this is echoed in our new interest rate forecasts, which envisage further upside and a steeper yield curve. To our knowledge, our NZ interest rate forecasts are top-of-market, but without a catalyst for them to fall (and 6.3% domestic inflation isn't one, and nor is resilient US activity data), we still worry more about the upside risks.

FX markets

The Kiwi has struggled this week as USD strength has returned amid rising US bond yields, and NZ interest rate spreads to other geographies have narrowed following last week's MPR and Q3 CPI data this week. NZD price action looks weak, with lower lows and lower highs seen including a break below the September low. Looking ahead, the biggest risk seems to be a continuation of the 'USD exceptionalism' theme, noting that a noticeable gap (that could close) has opened up between the USD DXY and bond yields.

Key data summary

Performance Services Index – September. Bounced back into expansionary territory at 50.7 – consistent with our Business Outlook survey.

CPI – Q3. Annual inflation surprised on the downside, falling to 5.6%. See our Review.

GlobalDairyTrade auction (Wednesday 18 October, early am). Prices lifted 4.3%, the fourth consecutive increase. Prices have now recovered to the level they were at in June.

The week ahead

Overseas Merchandise Trade – September (Friday 20 October, 10:45am). Imports (~$6.8b) are expected to exceed exports (~$5.1b) as exports prices remain soft, expanding the trade deficit.

ANZ Truckometer – September (Wednesday 25 October, 10:00am).

ANZ-Roy Morgan Consumer Confidence – October (Friday 27 October, 10:00am).

Key forecasts and rates

	Actual			Forecast (end month)					
FX rates	Aug-23	Sep-23	Today	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25
NZD/USD	0.594	0.600	0.584	0.590	0.610	0.610	0.620	0.630	0.630
NZD/AUD	0.919	0.932	0.926	0.908	0.897	0.897	0.886	0.875	0.875
NZD/EUR	0.547	0.567	0.554	0.541	0.550	0.540	0.544	0.543	0.543
NZD/JPY	86.7	89.6	87.4	85.6	85.4	83.0	81.8	80.6	80.6
NZD/GBP	0.469	0.492	0.481	0.465	0.473	0.462	0.463	0.463	0.463
NZ$ TWI	69.8	71.5	69.6	68.7	69.8	69.1	69.4	69.5	69.4
Interest rates	Aug-23	Sep-23	Today	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25
NZ OCR	5.50	5.50	5.50	5.50	5.75	5.75	5.75	5.50	5.25
NZ 90 day bill	5.65	5.74	5.66	5.83	6.07	6.10	5.93	5.82	5.57
NZ 2-yr swap	5.44	5.72	5.68	5.68	5.64	5.48	5.35	5.25	5.17
NZ 10-yr bond	4.87	5.31	5.58	5.70	5.75	5.65	5.50	5.35	5.25

Economic forecasts

	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25
GDP (% qoq)	0.9	**0.3**	**0.3**	**-0.1**	**0.1**	**0.3**	**0.3**	**0.4**	**0.5**
GDP (% yoy)	1.8	**0.6**	**1.5**	**1.4**	**0.6**	**0.6**	**0.6**	**1.1**	**1.5**
CPI (% qoq)	1.1	1.8	**0.9**	**0.7**	**0.6**	**0.9**	**0.4**	**0.4**	**0.5**
CPI (% yoy)	6.0	5.6	**5.1**	**4.5**	**4.0**	**3.1**	**2.7**	**2.4**	**2.3**
Employment (% qoq)	1.0	**0.2**	**0.0**	**-0.2**	**0.1**	**0.2**	**0.2**	**0.3**	**0.3**
Employment (% yoy)	4.0	**2.9**	**2.3**	**1.0**	**0.1**	**0.1**	**0.3**	**0.8**	**1.0**
Unemployment Rate (% sa)	3.6	**3.9**	**4.2**	**4.6**	**4.7**	**4.8**	**4.9**	**5.1**	**5.1**

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 level

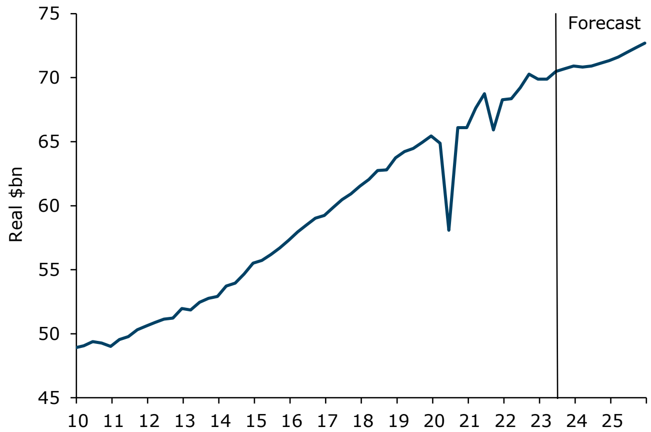
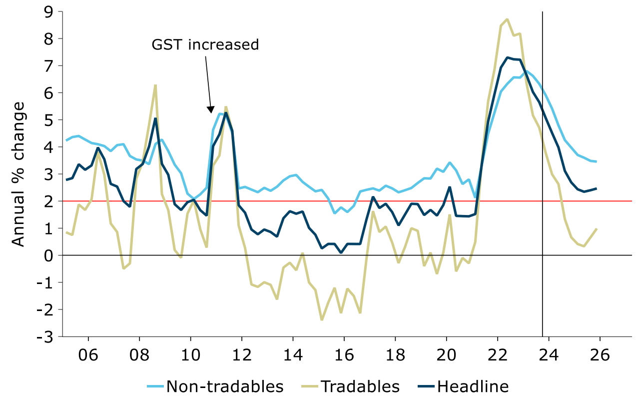


Figure 4. CPI inflation components



Source: Stats NZ, Macrobond, ANZ Research

Figure 5. OCR forecast

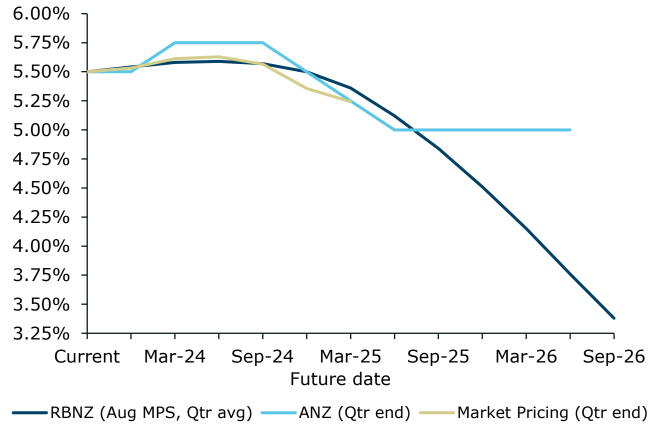
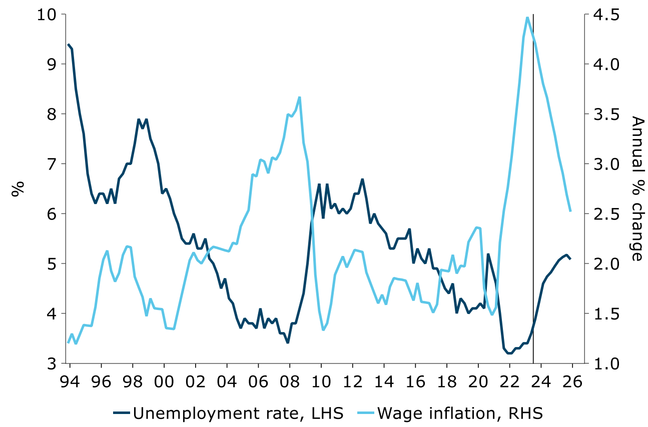


Figure 6. Unemployment and wage inflation



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 X
@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

Henry Russell
Economist

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

Telephone: +64 21 629 553
Email: henry.russell@anz.com

Andre Castaing
Economist

Macroeconomic forecasting, economic developments, housing and monetary policy.

Telephone: +64 21 199 8718
Email: andre.castaing@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: 18 April 2023

The opinions and research contained in this document (which may be in the form of text, image, video or audio) are (a) not personal financial advice nor financial advice about any product or service; (b) provided for information only; and (c) intended to be general in nature and do 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 by ANZ Bank New Zealand Limited (ANZ Centre, 23-29 Albert Street, Auckland 1010, New Zealand). This document is distributed in your country/region by Australia and New Zealand Banking Group Limited (ABN11 005 357 522) (**ANZ**), a company incorporated in Australia or (if otherwise stated), by its subsidiary or branch (herein collectively referred to as **ANZ Group**). The views expressed in this document are those of ANZ Economics and Markets Research, an independent research team of ANZ Bank New Zealand Limited.

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 Group 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 Group would be subject to additional licensing or registration requirements. Further, any products and services mentioned in this document may not be available in all countries.

ANZ Group in no way provides any personal 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 Group does not represent or warrant the accuracy or completeness of the information, except with respect to information concerning ANZ Group. Further, ANZ Group 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 Group 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. Any 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 Group 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 Group may have an interest in the subject matter of this document. They may receive fees from customers for dealing in any 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 any 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 Group's policies on conflicts of interest and ANZ Group maintains appropriate information barriers to control the flow of information between businesses within the group.

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

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 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 document is distributed in New Zealand by ANZ Bank New Zealand Limited. The material is for information purposes only and is not financial advice about any product or service. We recommend you seek 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. To the extent that this document contains any statements of opinion and/or recommendations related to an investment product or class of investment product (as defined in the Financial Advisers Act 2001), 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 2001 of Singapore). ANZ is licensed in Singapore under the Banking Act 1970 of Singapore and is exempted from holding a financial adviser's licence under Section 23(1)(a) of the Financial Advisers Act 2001 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**). 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.