# NZ Budget 2025 Preview

12 May 2025



Contact
Miles Workman for more details.

Confused by acronyms or jargon? See a glossary here.

Update subscription preferences at www.research.anz.com

Listen to our daily podcast

## The gradual consolidation continues

### Summary

The Treasury's Budget Economic and Fiscal Update, Budget 2025, and the Government's Fiscal Strategy Report are out 22 May at 2pm. In a nutshell, here's what we expect:

- Lower operating allowances should shave a touch over $4bn from expenses over the four-year forecast horizon (assuming no changes to tax settings), but a weaker economic outlook is likely to add to non-discretionary expenses and weigh on the forecast tax take. A higher capital allowance (up $375mn to $4bn) will provide a small partial offset to the lower operating allowance in the near term.
- Significant cost savings and reprioritisations will continue to fund a significant portion of the Budget package. And given how much of the last Government's unsustainable expansion is still locked into baselines, there will probably be plenty of room for more of the same in future Budgets.
- As signalled by the Minister of Finance, the Treasury is likely to continue to forecast an OBEGALx surplus in the year to June 2029 (one year later than the Government's target). The forecast level of net core Crown debt is expected to be a bit higher than at HYEFU.
- The Minister has also signalled she intends to stick to the fiscal strategy laid out in December's Budget Policy Statement, with the main short-term operational target being a return to OBEGALx surplus in the year to June 2028. That should be easily achievable if the operating allowance for Budget 2026 and beyond is lowered as well (which could happen in the fullness of time).
- We estimate NZDM will lift its bond issuance guidance by $2bn over the forecast horizon (excluding the ~$2.5bn pre-funding already in the proverbial tin). There are scenarios (which are not our central expectation) where the bond programme is reduced.

| Year to June | Jun-25 | Jun-26 | Jun-27 | Jun-28 | Jun-29 | Total (26-29) |
|---|---|---|---|---|---|---|
| 2024 Half-Year Update | 40 | 40 | 38 | 28 | 22 | 128 |
| **Budget Update (ANZ central expectation)** | **42.5** | **40** | **38** | **28** | **24** | **130** |

Source: The Treasury, ANZ Research

- In terms of macroeconomic implications, the RBNZ is well placed to offset any negative impacts on aggregate demand caused by lower discretionary fiscal spending. All else equal, we estimate the reduction in the operating allowance could reduce pressure on the OCR by 5-10bps, with the slightly higher capital allowance meaning the impact could lean closer to the lower end of this range.
- Big picture: the Government's relatively gradual approach to consolidating the last Government's unsustainable expansion means the fiscal outlook is likely to remain challenged, and this is unlikely to be the last tight Budget. Structural deficits are likely to be forecast for years to come, with flip-a-coin odds that the debt to GDP ratio will be a decent clip above its pre-pandemic level when the next big global crisis or natural disaster comes along.

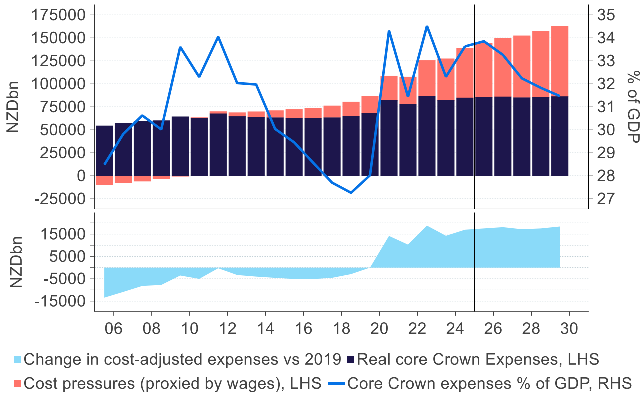
## Big picture and monetary policy implications

On 22 May, the Treasury will open up the Government's books with the publication of the Budget Economic and Fiscal Update (henceforth Budget Update), and the Government will deliver its Budget (Budget 2025) and Fiscal Strategy Report (FSR).

Budget 2025 will be delivered amid challenging economic times, which, combined with the need to consolidate the last Government's unsustainable fiscal expansion before the next big crisis or natural disaster comes along, means it'll be a tight one. Indeed, a reduction in real (cost-adjusted) spending is implied by the fact that the reduced operating allowance signalled by the Minister of Finance ($1.3bn rather than $2.4bn) is considerably smaller than the expected increase in the cost of delivering key public services. But that's the *relative* story.

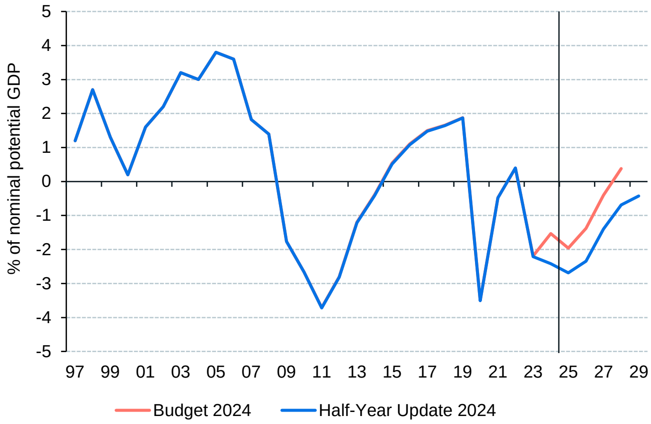
The *absolute* story is that a significant portion of the inflation-fuelling fiscal expansion undertaken by the last government still hasn't been unwound. Using December HYEFU forecasts, we estimate cost-adjusted government expenses were forecast to run around $15bn higher per year compared to just before the pandemic (2019). That suggests there is room for the Government to continue reprioritising less-effective spending from within existing baselines to meet new demands and priorities. Savings initiatives funded $3.8bn of Budget 2024's operating package (around $15bn over the four-year forecast horizon), and we could easily see a similar magnitude to that this year. That is, just because the operating allowance has been lowered, that doesn't mean the Government can't fund big initiatives by cutting back other programmes.

**Figure 1. Government expenses (HYEFU forecasts)**




Source: Treasury, Macrobond, ANZ Research

**Figure 2. Structural balance**




Source: Treasury, ANZ Research

The structural balance provides another important lens on the *absolute* story. This is a measure of the OBEGAL after stripping out automatic stabilisers and one-off expenditures associated with shocks such as natural disasters. And even after the reduction in the operating allowance (which represents around 0.25% of nominal GDP per year), the Treasury is likely to continue to forecast structural deficits for years to come.

The upshot: you can't pin persistent fiscal deficits on the state of the economy. Rather, these reflect a fundamental shortfall between government revenues and expenses left by the previous Government – a shortfall the current Government is addressing only gradually (by containing growth in new spending and allowing growth in the nominal economy to outpace that of the public sector). According to December's HYEFU forecasts, the Government was set to run 10 years of consecutive OBEGAL deficits since the onset of the pandemic. That compares to six consecutive deficits following the Global Financial Crisis and Canterbury earthquakes. At this pace there's certainly no guarantee the books will be back in the black before the next inevitable crisis/shock comes along.

One of the major uncertainties (that may persist after Budget 2025) is whether the Government will also reduce operating allowances from Budget 2026 onwards. The Minister has hinted that the previously signalled allowances of $2.4bn for these Budgets was more of a ceiling than a floor, but that doesn't mean they will be tweaked at this Budget. We note on page 5 what the bond programme might look like if the operating allowance was reduced to $1.3bn for Budgets 2026-2028. However, our central assumption going into Budget 2025 is that the Government will continue to signal $2.4bn operating allowances for Budgets 2026 onwards.

Turning to the capital allowance, the Prime Minister has said this will be increased from $3.625bn to $4bn for Budget 2025. Unlike the operating allowance, the capital allowance is a one-off injection (i.e. it doesn't get locked into baselines to the end of time), meaning it's likely the $375m increase at Budget 2025 will have limited implications for bond issuance over the forecast horizon. But like the operating allowance, we are currently in the dark as to what the Government is going to signal for Budget 2026 and beyond. Our working assumption is that the capital allowance for Budget 2026 and beyond will remain at $3.625bn.

There has been some speculation that the recently minted Defence Capability Plan will require an increase in capital and operating allowances down the track. But the signal sent by the Minister when asked about this is that she has no intention to increase allowances in order to specifically fund defence. Rather, this funding will be met through existing allowances and likely facilitated by reprioritisations (although that does limit how much reprioritising can be used for other initiatives).

In terms of monetary policy implications, we won't have to wait long to get the RBNZ's take on the updated fiscal outlook: the May Monetary Policy Statement is out six days later, on 28 May. All else equal, we estimate the reduction in the operating allowance could reduce pressure on the OCR by 5-10bps, with the near-term increase in capital spending pushing this towards the lower end of this range. That's not enough to move the dial if the RBNZ is cutting in 25bp increments, but it all goes into the mix.

All in all, Budget 2025 is shaping up to have limited implications for the broader macroeconomic outlook. The Government appears to be sticking to its fiscal strategy and gradually consolidating the last Government's mega expansion – a strategy that will require tight Budgets beyond this one. Importantly, reducing the operating allowance in the face of a weaker economy is not going to exacerbate any economic underperformance caused by global factors. That's because with inflation well under control the RBNZ can always respond to the growth/inflationary implications with a lower-than-otherwise OCR (supporting households and businesses).

Looking beyond Budget 2025, while the pursuit of public sector efficiency is a healthy exercise for the economy overall, there's only so much a restrained spending approach can achieve. Ongoing pressure on health and superannuation spending from an aging population, pressure on infrastructure from past underinvestment, and rising debt-servicing costs as higher Government bond yields meet the last Government's debt-funded spending spree are all major challenges waiting for us down the road – challenges that will be difficult to overcome in an equitable way without broadening the tax base. But adjusting revenue policy to address such challenges, let alone turning forecast structural deficits into surpluses sooner than otherwise, does not appear to be on this Government's agenda. Nonetheless, containing spending growth and focusing on improved public sector efficiency is a good first step towards addressing these challenges.

## The starting point for the Treasury’s forecast is a bit of a mixed bag…

The Q3 2024 GDP data (released just two days after December’s HYEFU) surprised the Treasury’s (and our) forecast to the downside (actual: -1.0% q/q; HYEFU: -0.1% q) and included material revisions to history: the level of real and nominal GDP was revised higher, but growth momentum in mid-2024 was revealed to be much weaker than previously thought. That said, GDP growth of +0.7% q/q in Q4 was stronger than the HYEFU forecast of +0.3%.

But it’s nominal GDP that matters for the tax take, and on that front growth of -0.3% q/q and +0.1% q/q in Q2 and Q3 respectively was significantly weaker than that presented in the HYEFU (+0.6% q/q for both quarters). But just as real growth surprised to the upside in Q4, so too did nominal GDP growth: +2.2% q/q vs Treasury’s forecast of 0.8% q/q.

Avid followers of the Treasury’s forecasts may recall that it wasn’t just a downgrade to the outlook for nominal GDP that resulted in a materially weaker tax outlook at HYEFU; the Treasury also made a few tweaks to their model assumptions. Indeed, the HYEFU noted that of the $13bn cumulative downgrade to the core Crown tax revenue forecast, lower nominal GDP accounted for $7.2 billion, while the remainder ($5.8bn) was owing to lower forecast tax relative to GDP. Now the big question is whether GDP revisions change the way the Treasury thinks about the tax outlook (potentially resulting in a partial unwind of the $5.8bn portion of HYEFU’s downgrade) or if they remain happy with the changes made at HYEFU. Typically, relatively consistent revisions to the level of nominal GDP will have very little impact on the tax outlook, but changes in the Treasury’s understanding of growth momentum are a different kettle of fish, and GDP revisions since the HYEFU have had both!

Turning to the starting point for the fiscals, monthly statements for the nine months to March show key accrual operating indicators (e.g. revenues and expenses) running close to the Treasury’s HYEFU forecast. Meanwhile, the core Crown residual cash deficit was $1.7bn narrower than forecast owing to weaker-than-expected capital outflows, but the Treasury notes this is a timing story. It’s not uncommon for capital spending to run into delays. All told, we don’t see the starting point for the fiscals as having major implications for the bond programme or fiscal outlook come Budget. But changes to the Treasury’s economic forecast and discretionary policy choices could be more meaningful.

## …but the outlook is in for a downgrade (magnitude unknown)

In a pre-Budget speech, the Minister of Finance noted that the Treasury has downgraded its growth forecasts for 2025 and 2026, hinting this will translate into a weaker forecast tax take. The culprit: a more volatile and uncertain global outlook following US trade policy developments. She also signalled a reduction in the operating allowance for Budget 2025 from $2.4bn to $1.3bn, which, assuming no change to tax settings, implies $4.4bn less spending than otherwise over the four-year forecast horizon. We don’t know if the Government intends to stick to the previously signalled $2.4bn operating allowance for Budget 2026 and beyond (2026 is an election year!), but if the operating allowance for Budgets 2026 to 2028 were also reduced to $1.3bn, discretionary spending would be around $11bn lower over the forecast horizon – we think that would more than offset the impacts of a weaker economy on the tax take and non-discretionary spending.

There’s a lot more art than science involved when estimating what a weaker economic outlook might mean for the Treasury’s forecast tax take. Our best guess (assuming the Treasury doesn’t change its tax model assumptions) is that a weaker outlook for nominal GDP could shave a cumulative $5-7bn from the forecast tax take to June 2029.

We expect the Treasury will continue to forecast the first post-pandemic OBEGALx surplus for the 2028/29 fiscal year, but it'll likely be a little smaller than HYEFU's $1.9bn. The level of net core Crown debt is likely to be a little higher across the forecast horizon, but the ratio to GDP may not be all that different (given GDP revisions).

Gauging new capital spending across Budgets is about to get a little easier: the Government is moving away from the multi-year capital allowance approach and back to single-year allowances. In December's Budget Policy Statement, capital allowances were signalled to be $3.625bn per year over the next four Budgets. We know Budget 2025 will see that increase by $375m to $4bn. That's not a large increase, but we'll be watching to see if the signal for Budgets 2026 and beyond changes.

## Most signs pointing to slightly higher bond issuance

Table 1 shows our central expectation for bond issuance guidance as well as a scenario where operating allowances beyond Budget 2025 are also reduced to $1.3bn from Budget 2026. For the central case, we've pencilled in a $2bn increase in issuance guidance to June 2029 compared to HYEFU, with no change until the 2028/29 fiscal year. Under the scenario, issuance guidance is $4bn lower. To get our central expectation and the scenario we have:

- Stripped $6bn out of the forecast tax take and bumped up non-discretionary spending slightly (reflecting the weaker economy and higher yields since HYEFU).
- Stripped out around $4bn in discretionary spending in our central forecast, reflecting the signalled change in the operating and capital allowance for Budget 2025, and stripped out around $11bn under the scenario.
- Accounted for NZDM's ~$2.5bn pre-funding of the 2026 programme (based on an assumed tender run rate of $450m for the remainder of the current fiscal year). This is reflected in the current year's programme (which only has a few weeks to go) lifting to $42.5bn. We've made no adjustment for starting point surprises in core Crown residual cash (the Treasury suggests that's a timing story).
- Added a smoothing factor to achieve a stable (downward sloping) profile and to ensure each year rounds to the nearest $2bn.

**Table 1. NZDM bond issuance guidance ($bn)**

| Year to June | Jun-25 | Jun-26 | Jun-27 | Jun-28 | Jun-29 | Total (26-29) |
|---|---|---|---|---|---|---|
| 2024 Half-Year Update | 40 | 40 | 38 | 28 | 22 | 128 |
| **Budget Update (ANZ central expectation)** | **42.5** | **40** | **38** | **28** | **24** | **130** |
| **Scenario: Lower operating allowance beyond Budget 2025** | **42.5** | **40** | **38** | **26** | **20** | **124** |

Source: The Treasury, ANZ Research

Forecasting bond issuance is notoriously difficult and there have been significant surprises in the past. It's worth noting that we see material risks in both directions. The Treasury's economic forecasts are always a wild card, but for the first time in a long time they didn't land on the optimistic side of our expectation at HYEFU, limiting the scope for downgrades now. And with HYEFU's whopping $20bn increase to bond issuance guidance fresh in our minds, we are nervous about the possibility that the Treasury unwinds (perhaps partially) recent tweaks to its tax model assumptions – a risk that we think skews towards a lower bond programme than otherwise.

Regarding the other bits and bobs we often get asked about: we've assumed no change to NZDM's liquidity buffer strategy, no change to Kāinga Ora funding (where maturing bonds over the Treasury's forecast horizon *are* provisioned for in NZDM's bond programme), and no change to the pace of the LSAP run-down.

## Sticking to the fiscal strategy

When it comes to the broad management of the Government's books over coming years, we expect the Government to stick to its recently tweaked fiscal strategy. In December's Budget Policy Statement, the Government changed from targeting an OBEGAL surplus to an OBEGALx surplus (the latter excluding ACC). Specifically, the Government's short-term intention was to "return the operating balance (before gains and losses, excluding ACC) to surplus by 2027/28", which after accounting for the impact of stripping out ACC represented a one-year delay versus the target for returning to surplus.

It's also worth noting that the Treasury's HYEFU forecast had the OBEGALx returning to surplus one year later than this, suggesting the Minister is either expecting the economy will outperform the Treasury's forecast, or that further restraint in terms of new spending (e.g. cuts to operating allowances) will be required down the track (assuming the Government continues to refuse to entertain the possibility of lifting taxes). Should the Government reduce the operating allowance for Budgets 2026 and beyond, we think a return to surplus by 2027/28 would be quite achievable.

Lastly, we noticed that December's Budget Policy Statement omitted the line that "upside revenue surprises will contribute to reducing the deficit". The last Government tended to spend positive revenue surprises, meaning risks to bond issuance guidance were asymmetric, i.e. a stronger-than-expected economy didn't necessarily imply fewer bonds, but a weaker economy sure did. Maintaining a commitment to use positive revenue surprises to get the books back in the black sooner than otherwise would bring some symmetry back.

## Summary

All up, even though we have a clear signal on Budget 2025's operating and capital allowance, there's still plenty of scope for surprise on the day:

- Just how much will the Treasury downgrade their economic and tax forecasts?
- Will the Treasury tweak its tax models following recent GDP revisions?
- Will the Minister signal lower operating allowances beyond Budget 2025?
- Will the signal on capital allowances beyond Budget 2025 change?

While we've landed on a central expectation that bond issuance guidance will be lifted by $2bn over the forecast horizon (excluding the ~$2.5bn overfunding of the current fiscal year), there are also scenarios where it could be lowered.

Given what we know about the operating and capital allowances, it's hard to see Budget 2025 being a game changer for the RBNZ. The mildly dovish implication of lower discretionary spending will probably matter less than changes to the RBNZ's outlook (owing to recent global wobbles) come the May MPS, but these developments do at least point in the same direction.

## 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

**Miles Workman**
Senior Economist

Macroeconomic forecast co-ordinator, economic developments, labour market dynamics, inflation, fiscal and monetary policy.

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

**Matthew Galt**
Senior Economist

Macroeconomic forecasting, economic developments, GDP, housing and credit dynamics.

Telephone: +64 21 633 469
Email: matthew.galt@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 21 221 7438
Email: natalie.denne@anz.com

# Important Notice

Last updated: 19 November 2024

**This document (in the form of text, image, video or audio) is intended for ANZ Group's Institutional, Markets, Private Bank and Premier Banking clients. It should not be forwarded, copied or distributed. The opinions and research contained in it are (a) not personal financial advice; (b) provided for information only; and (c) general in nature and do not take into account your financial situation or goals.**

This document may be restricted by law in certain jurisdictions. Recipients must observe all relevant restrictions.

**Disclaimer for all jurisdictions:** This document is prepared and 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 it are those of ANZ Research, an independent research team of Australia and New Zealand Banking Group 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 in it 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 and made on reasonable grounds on the date it was published, ANZ Group does not represent or warrant the accuracy or completeness of the information. 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.

This document may contain forward looking statements or opinions including statements regarding our intent, belief or current expectations regarding economic and market conditions, financial instruments and credit markets. Such statements are usually predictive in character, may not be accurate once the future becomes known and should not be relied upon when making investment decisions. Past performance is not a reliable indicator of future performance. ANZ does not accept any responsibility to inform you of any revisions to these forward-looking statements to reflect events or circumstances occurring after the date of 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. 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 (including infringement of any third party rights) out of or in connection with this document and your use of it to the extent permissible under relevant law. 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).

**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.