

NEW ZEALAND ECONOMICS MARKET FOCUS

8 August 2016

INSIDE

Economic Overview	2
Interest Rate Strategy	6
Currency Strategy	7
Data Event Calendar	8
Local Data Watch	10
Key Forecasts	11

NZ ECONOMICS TEAM

Cameron Bagrie Chief Economist

Telephone: +64 4 802 2212
E-mail: Cameron.Bagrie@anz.com
Twitter @ANZ_cambagrie

Philip Borkin Senior Economist

Telephone: +64 9 357 4065
Email: Philip.Borkin@anz.com

David Croy Senior Rates Strategist

Telephone: +64 4 576 1022
E-mail: David.Croy@anz.com

Kyle Uerata Economist

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

Con Williams Rural Economist

Telephone: +64 4 802 2361
E-mail: Con.Williams@anz.com

Sharon Zöllner Senior Economist

Telephone: +64 9 357 4094
E-mail: Sharon.Zollner@anz.com

MORE CONVERGENCE ON OFFER

ECONOMIC OVERVIEW

The RBNZ will return to the rate-cutting table this week, and no doubt signal that **more easing beyond that is to come. We don't favour a BoE "bazooka" style approach** (i.e. the 50bp OCR cut that some speculate); the economy **just doesn't** warrant it, and the NZD is strong for a few reasons, not just yield. Stepping back, we continue to ponder the end-game of the race to the bottom (and below) for central bank policy. Global inflation pressures are low for many reasons that the price of money will not alter. In the meantime, central banks are contributing to a number of market distortions. Inflation-targeting frameworks in their current form look on borrowed time. Elsewhere this week, retail spending figures (while respectable) will show an ongoing element of household restraint. Our Truckometer and Inflation Gauge indicators will give early heads-ups on Q3 activity and inflation trends.

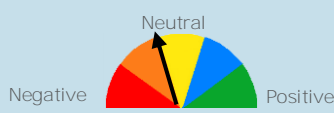
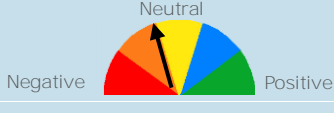
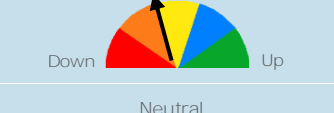

INTEREST RATE STRATEGY

With a 25bp rate cut fully priced in for this week's RBNZ MPS, the focus is on forward guidance and the 90-day bill track. We expect at least one more cut to be flagged (over and above the cut we expect this week), but that may not be enough to knock the NZD off its perch, or to satisfy a bullish rates market. So while we remain strategically bullish, much depends on how the market interprets the tone on Thursday – and we have seen things go awry before. As such, we see limited appeal in taking significant risk at the very short end, and prefer to focus on forward rates, the belly of the curve and geographic spreads, which are all biased lower. Curve flattening has taken a breather, but is set to resume as the market contemplates how far interest rate homogenisation can go in New Zealand.

CURRENCY STRATEGY

Successive months of solid US payrolls figures help solidify more positive views towards the USD, which should help bias the NZD marginally lower in the near term. A cautious Fed will leave the market coy about pushing the USD too far though. The RBNZ will further try to take the gloss off this week but until the New Zealand economy shows a sustained turn for the worse, expect NZD dips to be fairly shallow.

THE ANZ HEATMAP

Variable	View	Comment	Risk profile (change to view)
GDP	3.4% y/y for 2017 Q2	The economy is recording decent momentum, and we expect that to continue. Downside risk mainly stems from offshore.	
Unemployment rate	4.9% for 2017 Q2	The unemployment rate should continue to trend lower. Wage inflation is contained, but a turn looks to be in sight.	
OCR	1.75% by Jun 2017	A further 50bps of cuts out to early 2017, despite housing, with the global scene and NZD strength key drivers.	
CPI	1.2% y/y for 2017 Q2	Low petrol prices and further ACC levy cuts from July expected to keep headline inflation low this year. Core inflation measures to remain historically low.	

ECONOMIC OVERVIEW

SUMMARY

The RBNZ will return to the rate-cutting table this week, and no doubt signal that more easing beyond that is to come. We don't favour a BoE "bazooka" style approach (i.e. the 50bp OCR cut that some speculate); the economy just doesn't warrant it, and the NZD is strong for a few reasons, not just yield. Stepping back, we continue to ponder the end-game of the race to the bottom (and below) for central bank policy. Global inflation pressures are low for many reasons that the price of money will not alter. In the meantime, central banks are contributing to a number of market distortions. Inflation-targeting frameworks in their current form look on borrowed time. Elsewhere this week, retail spending figures (while respectable) will show an ongoing element of household restraint. Our Truckometer and Inflation Gauge indicators will give early heads-ups on Q3 activity and inflation trends.

FORTHCOMING EVENTS

ANZ Truckometer – July (10:00am, Tuesday, 9 August).

Electronic Card Transactions – July (10:45am, Tuesday, 9 August). After the strong June increase, a more modest lift is likely. Nevertheless, a respectable underlying trend will remain.

ANZ Monthly Inflation Gauge – July (1:00pm, Tuesday, 9 August).

RBNZ Monetary Policy Statement (9:00am, Thursday, 11 August). The RBNZ will cut the OCR by 25bps and retain an easing bias, leaving the door well and truly open to additional cuts.

Food Price Index – July (10:45am, Thursday, 11 August). A seasonal lift in fruit & vegetable prices would typically lead overall prices higher, although low commodity prices and the high NZD may dampen that.

BNZ-Business NZ PMI – July (10:30am, Friday, 12 August). Despite currency strength and global wobbles, the sector is performing well on the back of booming construction.

Retail Trade Survey – Q2 (10:45am, Friday, 12 August). ECT data has pointed to a continuation of solid, though not stellar, retail sales growth. We have pencilled in a 0.9% q/q increase.

BNZ-Business NZ PSI – July (10:30am, Monday, 15 August). Like most of the economy, the services sector is recording decent activity growth at present.

WHAT'S THE VIEW?

Expectations are overwhelming that the RBNZ will cut the OCR a further 25bps on Thursday. It seems reasonably obvious when you consider:

- The RBNZ effectively told us so in its recent *economic update* by saying a lower OCR was "likely".
- The NZD continues to frustrate with its strength.
- Inflation is set to be lower given the above.

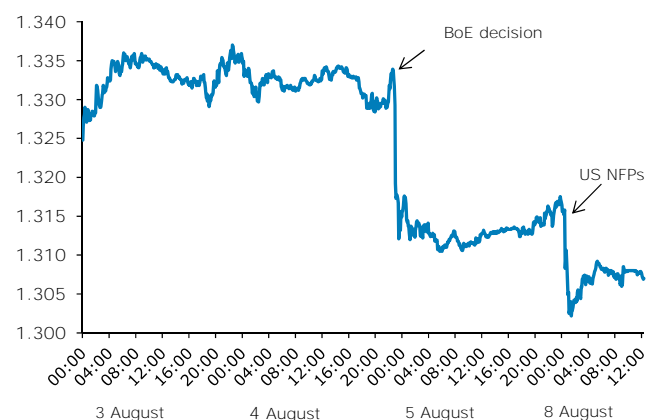
To be fair, we remain lukewarm over the rationale for lowering the OCR. In our judgement, the economy doesn't need it. Moreover, we believe inflation targeting in its current form is a sunset regime, but we'll touch on what we mean by that down the track.

In and of itself, an OCR cut this week is incidental; the real issue is what the RBNZ flags for policy thereafter. Given where market pricing has shifted to (over 60bps of cuts now priced out to the middle of next year), a clear signal that more easing is to come is required. Anything less would be viewed as a disappointment for the market and will drive the NZD up.

Recently, we have seen divergent market reactions to various central bank decisions.

- **Both the BoJ and RBA delivered more easing, but saw their respective currencies rise after the fact.** In a world of ultra-loose monetary policy already, just meeting market expectations is no longer enough.
- **The BoE, in contrast, brought out a bazooka.** It not only cut its policy rate (which was expected) but announced a return to QE, purchasing gilts and corporate bonds, and introduced a Term Funding Scheme to ensure lenders pass on the benefits of the rate cut to borrowers. UK equities rose, gilt yields fell and the GBP sank. Mission accomplished.

FIGURE 1: GBP/USD



Source: ANZ, Bloomberg

What this shows is that to get the desired reaction (and in the RBNZ's case it would clearly be a

ECONOMIC OVERVIEW

lower NZD), **meeting expectations will most likely not be enough.** You need to go over and above what the market is expecting. It is for that reason that some commentators are speculating the RBNZ will deliver a 50bp cut this week.

However, there are big differences between the conditions the BoE and RBNZ are facing.

- Some forward-looking indicators of UK economic activity had plunged. Odds of a recession are non-trivial. That couldn't be more different than the New Zealand situation, where the domestic growth picture remains firm and a number of forward-looking indicators are actually pointing to accelerating growth.
- The only certainty regarding the UK economy is uncertainty. The path of least resistance for central banks in that environment is to take out the insurance option and do more.

The strong NZD, which is the oft-quoted reason for policy to go "big", is more than just a yield story; there is a growth element too. Yes, New Zealand's high yields relative to the rest of the world are a key part of the story – witness our bond ladder table (and the RBNZ is in the process of narrowing that gap), but so too is the fact that growth is outperforming. The stable political situation, solid fiscal backdrop, improved external imbalances, and recent lifts in commodity prices (less dire terms of trade) can also all be thrown into the mix. Moreover, we shouldn't discount the fact that with the RBNZ set to cut the OCR again, this will only support the growth scene even more, which will ultimately be NZD positive. **The bottom line is that the NZD is strong for many reasons, not just yield differentials.**

FIGURE 2: G10 BOND YIELD MATRIX

Country	2-3 Year	5 Year	10 Year	Average
Switzerland	-0.96	-0.90	-0.56	-0.81
Germany	-0.62	-0.52	-0.07	-0.40
Japan	-0.20	-0.19	-0.10	-0.16
Denmark	-0.57	-0.34	0.05	-0.29
Sweden	-0.67	-0.41	0.10	-0.33
Norway	0.48	0.59	1.01	0.69
UK	0.14	0.21	0.67	0.34
Canada	0.52	0.61	1.07	0.73
USA	0.72	1.14	1.59	1.15
Australia	1.47	1.53	1.87	1.62
New Zealand	1.80	1.82	2.19	1.94

Source: ANZ, Bloomberg

So we continue to ponder the endgame. The RBNZ operates in a coupled global world so it cannot swim against the tide of global forces. But through their ultra-stimulatory policies, central banks are continuing to create market distortions and inflate global asset prices well beyond logical valuations. Yet at the same

time they are struggling to generate better growth and inflation outcomes. We can't see how delivering further stimulus on top of what has already been seen is actually going to change that picture.

There are many factors contributing to the prevalence of low global inflation that the price of borrowing money will not affect. Technological change, excess capacity across manufacturing, ageing populations, excessive leverage, the list goes on. We can't imagine why falling technology-based pricing will discourage people from buying things today either (thereby driving an economy into a deflationary rut). These are goods that people want today regardless. Who is going to defer buying that TV, smartphone, iPad, speaker system, or whatever new gadget the future brings because it will be cheaper in a year? "Savings" from cheaper goods are recycled into other areas (mostly housing, because that's a cost that doesn't go down and that central banks inflate!).

Some would even argue (and it is a view we have some sympathy for) that through their pump-priming, central banks are actually having a deflationary influence on the global growth situation; the savers' and baby-boomers' asset base will receive a zippo income stream based on current yields, and they are therefore being forced to save even more! Moreover, increased borrowing just shifts the timing of consumption and investment after all, it doesn't change its long-run growth trend. **To us, it means that when all is said and done, the inflation-targeting framework in its current form is on borrowed time.**

It means that an ultra-flexible approach from central banks is required. And we note the BoE once again, which effectively changed its interpretation of its inflation target last week. Rather than targeting inflation on an 18-24 month horizon, it is now looking to do that over the "longer term", which signals to us that it is prepared to look through any currency-related consequences on inflation. What "longer-term" means is anyone's guess, but the spirit is pretty clear; common sense is going to prevail and the BoE is going to do what is best for the broader economy. If that requires a rigid fixation with inflation to be sacrificed then so be it. Cheers to that!

Elsewhere this week, various figures are expected to reinforce a respectable (but contained) backdrop for retail spending. After rising strongly in June, Electronic Card Transactions data are likely to show a more modest pace of spending growth in July, but with the quarterly pace of growth holding around 1¼%-1½%. The June quarter Retail Trade Survey is expected to show total sales volume growth of around 1% q/q, which would be a

ECONOMIC OVERVIEW

touch stronger than the growth seen over Q1 (in part because we expect a larger contribution from motor vehicle sales), but still be consistent with the average quarterly pace of growth experienced over the past 18 months.

In fact, households have been showing far more restraint than is typically seen at the time of a booming housing market. In per capita terms, household consumption actually contracted modestly in Q1 and is up just 0.6% over the past 12 months. Per capita retail sales growth has been a little stronger (1.6% y/y), but that will largely be because of the additional boost provided by international tourist spending. It is a similar theme when you look at credit card statistics and consumer lending growth, which have both been modest of late. We are not seeing the traditional flow-through from strong house price gains and low borrowing costs into broad debt-driven excesses in the retail sector.

There could be a number of reasons for this theme: strong mortgage lending growth crowding out other forms of borrowing; the fact that debt levels are elevated already (the household debt to income ratio is at record highs); technological change affecting workers' perceptions of job security; wage growth being benign; or high house prices forcing a lift in saving from first home buyers, or concern amongst the middle class that they are going to have to fund their kids into their first home. Whatever the reason for the restraint, **it is something we believe will continue. The alternative would represent quite a different backdrop in terms of the likes of the current account deficit and domestic inflationary pressures.**

FIGURE 3: PER CAPITA SPENDING GROWTH

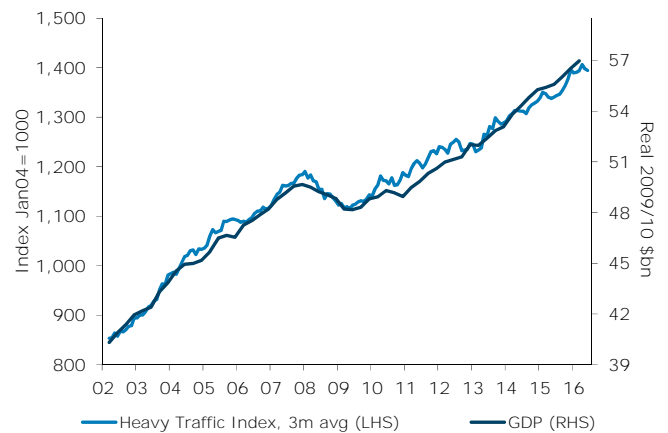


Source: ANZ, Statistics NZ

Two of our key proprietary indicators are also released (both for July), providing timely updates on activity and inflationary trends:

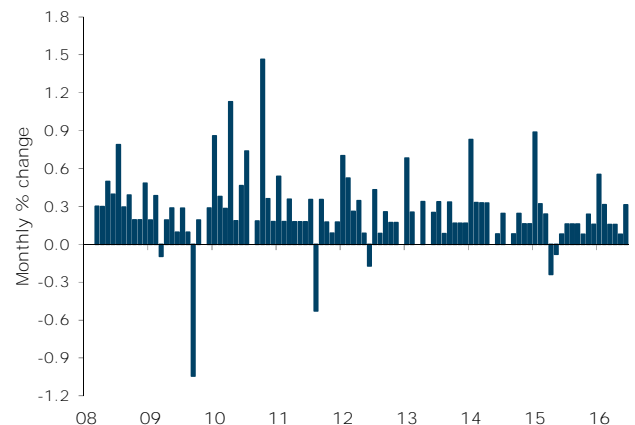
- **The Truckometer, which has been a little softer of late.** On a three-month average basis, the Heavy Traffic Index actually dipped 0.2% m/m in June, so at face value, suggests a reasonably modest pace of quarterly GDP growth in Q2. While the latest paid hours figures (which rose only 0.3% q/q) also point to modest growth, many other indicators suggest accelerating momentum, so it is an odd signal. Perhaps the weakness in dairying or weather-related issues are playing a role. The July figures will provide an early heads-up on how the September quarter has kicked off.

FIGURE 4: HEAVY TRAFFIC INDEX AND REAL GDP



Source: ANZ, Statistics NZ

FIGURE 5: MONTHLY INFLATION GAUGE



Source: ANZ

- **The Monthly Inflation Gauge, which is hinting at a possible turn in domestic inflationary pressures.** In June, the Gauge posted a 0.3% m/m increase, stronger than is usually seen in June months. While housing-related price increases were the predominant drivers, ex-housing prices rose 0.2% m/m too, so it was a broader increase than has been experienced for a while. To be fair, price pressures, particularly outside of housing, remain benign overall. However, with annual inflation from the Gauge

ECONOMIC OVERVIEW

now sitting at 2.5% (the highest in over a year), perhaps a turn is in sight.

The Business NZ manufacturing and services sector indicators for July will also provide a signal on how Q3 activity is tracking to date. We expect a reasonable signal. In June, the PMI lifted by 0.5 points to 57.7, while the PSI dipped a touch to 56.7. Both are at decent levels. In fact, on a GDP-weighted basis, the combined index held at 56.9, which is consistent with a number of other activity indicators across the economy pointing to reasonable momentum.

LOCAL DATA

QV House Prices - July. Annual nationwide price growth lifted to 14.1% from 13.5%.

RBNZ Survey of Expectations – Q3. Two-year-ahead inflation expectations were effectively unchanged at 1.65%.

GlobalDairyTrade Auction. The GDT-TWI rose 6.6%, with wholemilk powder prices rising 9.9%.

Quarterly Employment Survey – Q2. Filled jobs rose a modest 0.3% q/q, although annual growth accelerated to 3.1% y/y.

Labour Cost Index – Q2. Private sector ordinary time wages rose 0.4% (1.6% y/y).

ANZ Commodity Price Index – July. World prices rose a further 2.0% m/m, although prices fell 0.4% m/m in NZD terms.

INTEREST RATE STRATEGY

SUMMARY

With a 25bp rate cut fully priced in for this week's RBNZ MPS, the focus is on forward guidance and the 90-day bill track. We expect at least one more cut to be flagged (over and above the cut we expect this week), but that may not be enough to knock the NZD off its perch, or to satisfy a bullish rates market. So while we remain strategically bullish, much depends on how the market interprets the tone on Thursday – and we have seen things go awry before. As such, we see limited appeal in taking significant risk at the very short end, and prefer to focus on forward rates, the belly of the curve and geographic spreads, which are all biased lower. Curve flattening has taken a breather, but is set to resume as the market contemplates how far interest rate homogenisation can go in New Zealand.

THEMES

- The way the AUD responded to the RBA rate cut last week highlights the importance of crystal clear forward guidance. We do not expect the RBNZ to disappoint, but caution that the hurdle is high, as the market has got a lot priced in.
- Surging house prices are problematic, but to the extent that they can be tempered by macro-prudential policy, interest rate homogenisation is demanded by low wages, low inflation, low inflation expectations and a high TWI.
- It's not the RBNZ that has brought low interest rates and low inflation to New Zealand. It's the state of global conditions and policy settings. Ergo, yield convergence remains the key overarching theme in bond markets.
- The degree to which banks hold on to OCR cuts will have a bearing on future OCR decisions. In Australia, banks passed on only part of the rate cut, and lifted deposit rates. The same scenario looks to be in train here too.

MONETARY POLICY AND SHORT END

With a full rate cut priced in and a 50bp cut unlikely in our view, we see little prospect for the very short end to go much further this week. However, we do believe the risks to the OCR remain to the downside, and interest rate homogenisation is a necessary

condition for the TWI to be capped, which is itself key to removing negative tradable inflation from the picture. So while we remain bullish, we prefer to express that via forward rates and the belly of the curve, which stand to benefit should the OCR go much lower, and/or future hikes (priced in from mid-2017 – as in Figure 1) get priced out of the curve.

GLOBAL MARKETS AND LONG END

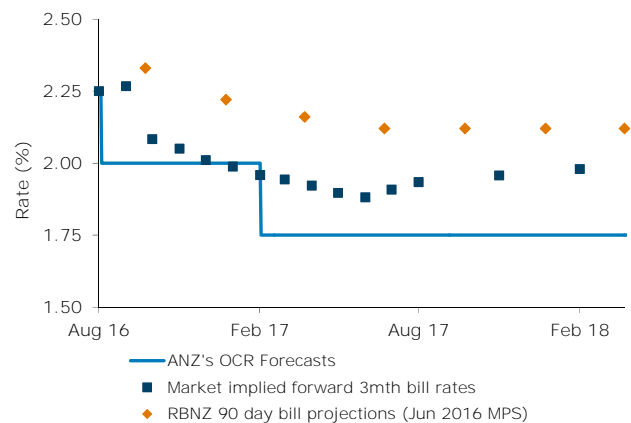
Yield homogenisation remains the key theme. While there is a limit to how low the OCR can go near term, given the strength of the domestic economy, the current OCR is less important than the forward track and forward guidance. Realisation that policy rates here are on a downward ratchet (with hikes years away and highly conditional) should drive further spread compression and curve flattening.

STRATEGY

Investors: We prefer to maintain a long duration position, positioned for spread compression versus the US and Australia. We also like being long forward rates and positioned for further curve flattening. August OIS is fully priced, leaving us neutral the very short end of the curve.

Borrowers: Watching and waiting remains our preferred strategy. We are not confident that the lows are yet in for term yields, despite dramatic falls. With BKBM also biased lower, we prefer options.

FIGURE 1: ANZ OCR FORECASTS, MARKET-IMPLIED FORWARD RATES AND RBNZ PROJECTIONS



Source: ANZ, Bloomberg

KEY VIEWS

SECTOR	DIRECTION	COMMENT
Short end	Neutral/bullish	Fully priced for Thursday, but long-term risk profile still lower. Forward curve >1yr needs to flatten.
Long end	Bullish	Yield convergence and homogenisation remains a key theme for us. Still lots of catch-up to come in NZ.
Yield curve	Flatter	RBNZ has more scope to ease than any other G10, and is about to act. Curve needs to flatten/invert.
Geographic spreads	Narrower	Remains a key thematic for us amid TWI strength and the huge gap between local and offshore yields on all reasonable metrics. NZ remains an attractive and highly rated market, and spreads need to compress.
Swap spreads	Neutral	NZGS demand still strong. Corporate payers have been very savvy; are unlikely to hedge any time soon.
NZD/TWI	Neutral	We fully expect the RBNZ to try and cap the Kiwi, but dips will be shallow until the growth cycle turns.



CURRENCY STRATEGY

SUMMARY

Successive months of solid US payrolls figures help solidify more positive views towards the USD, which should help bias the NZD marginally lower in the near term. A cautious Fed will leave the market coy about pushing the USD too far though. The RBNZ will further try to take the gloss off this week but until the New Zealand economy shows a sustained turn for the worse, expect NZD dips to be fairly shallow.

TABLE 1: KEY VIEWS

CROSS	WEEK	MONTH	YEAR
NZD/USD	↔	Growth & interest rate support	Needs to fall and will
NZD/AUD	↔	Onus on RBNZ to avoid RBA repeat. Yield supports NZ	To remain above long-run averages
NZD/EUR	↔	Summer doldrums	Self-limiting
NZD/GBP	↔	BoE policy weighing on GBP	Dips to be shallow given cycle variance
NZD/JPY	↔/↑	Bottoming out	USD/JPY ~100 untenable for BoJ

THEMES AND RISKS

- Strong US labour market data swings market sentiment towards a 50% chance of a Fed hike by December.
- If the US labour data is "right", the Fed is indeed in play and we're set for tension between liquidity-driven support for asset prices and fundamentals such as growth. Markets are priced for stability; that battle won't be low-volatility.
- BoE goes big, RBA and BoJ do not. Currency reacts accordingly, with pound down and AUD and yen firmer. A warning shot for the RBNZ who is expected to cut 25bps.
- China's foreign reserve data shows a slow, orderly outflow. Looks stable, but questions remain how it will navigate the impossible trinity.
- Same old, same old for the NZD, albeit with a "duel" with the RBNZ looming. Yield (our "bond ladder" thematic) + growth + political stability makes it difficult to call a sustained run lower for the NZD in the absence of a major global event.

ASSESSMENT

We have the Fed hiking by year-end, which means we have a stronger USD bias. Last week's US labour market data helps cement our conviction on this front.

That should help temper NZD strength, though as has been the case over prior weeks, we are not convinced the NZD is a 'sell on a rally' as opposed to a 'buy on a dip'. Our sense is that we are morphing between the two. The market certainly appears cautious about extrapolating a hiking Fed view, given the realities of soft Q2 GDP.

Domestic support pillars are also still material:

- A strong gap remains between yields in NZ and those in other developed markets. Pressure for interest rate convergence persists.
- There is no sign of weakness across economic indicators. The economy is on track for 3% growth.
- Chatter is that the RBNZ needs to go big; the problem is that outside of inflation and the NZD the economy doesn't need it. Targeting both amidst global forces just risks wasting an OCR bullet.
- Dairy price action is better. So too iron ore.

We're still mindful of NZD valuation gauges that remain expensive.

However, the most important fundamental remains growth across the economy. When that shows signs of becoming more mixed on the ground or an inflection point is at hand, we'll change our bias. Until then, **expect NZD support on dips.**

TABLE 2: NZD VS AUD: MONTHLY GAUGES

GAUGE	GUIDE	COMMENT
Fair value	↔	FV is above long-run averages
Yield	↔	Still net NZD-supportive
Commodities	↔	Dairy and iron ore both picking up
Data	↑	NZ accelerating; AU slowing
Techs	↔	Support at 0.9300 to hold.
Sentiment	↔/↑	Bottom of recent range.
Other	↔/↓	AUD offers better liquidity
On balance	↔	Difficult to see dips sustained

TABLE 3: NZD VS USD: MONTHLY GAUGES

GAUGE	GUIDE	COMMENT
Fair value	↔/↓	Expensive, but we know why
Yield	↔	Eyes on the Fed
Commodities	↔	Dairy price action encouraging
Risk aversion	↔	Still not evident in price action
Data	↔/↑	Expect upcoming data to be solid
Techs	↔	Trending higher, default is to buy
Other	↔/↓	RBNZ will do its best to talk (and act) to get NZD down.
On balance	↔	Vulnerable near term, but still supported by yield & growth

POSITIONING

NZD positions remain neutral and USD positioning remains long, suggestive of mild corrective upside NZD potential. EUR and GBP shorts remain very large, flagging potential spikes lower on these crosses.

GLOBAL VIEWS

Better-than-expected US jobs data adds weight to the case for Fed rate normalisation, but US markets continue to discount the prospect of hikes given a disconnect between jobs and GDP and the wider global picture. We're strategically bullish the USD but it's tempered bullishness. **The term structure of interest rates continues to strongly favour AUD and NZD** (with relative growth also strongly favouring the latter).

DATA EVENT CALENDAR

DATE	COUNTRY	DATA/EVENT	MKT.	LAST	NZ TIME
8-Aug	AU	ANZ Job Advertisements MoM - Jul	--	0.5%	13:30
	GE	Industrial Production SA MoM - Jun	0.7%	-1.3%	18:00
	GE	Industrial Production WDA YoY - Jun	0.5%	-0.4%	18:00
	AU	Foreign Reserves - Jul	--	A\$69.6B	18:30
	EC	Sentix Investor Confidence - Aug	3.0	1.7	20:30
	CH	Trade Balance - Jul	\$47.30B	\$48.11B	UNSPECIFIED
	CH	Exports YoY - Jul	-3.5%	-4.8%	UNSPECIFIED
	CH	Imports YoY - Jul	-7.0%	-8.4%	UNSPECIFIED
9-Aug	NZ	ANZ Truckometer Heavy MoM - Jul	--	4.7%	10:00
	NZ	Card Spending Retail MoM - Jul	0.1%	1.2%	10:45
	NZ	Card Spending Total MoM - Jul	--	1.0%	10:45
	AU	ANZ-RM Consumer Confidence Index - 7-Aug	--	118.0	11:30
	NZ	ANZ Monthly Inflation Gauge MoM - Jul	--	0.3%	13:00
	AU	NAB Business Conditions - Jul	--	12	13:30
	AU	NAB Business Confidence - Jul	--	6	13:30
	CH	CPI YoY - Jul	1.8%	1.9%	13:30
	CH	PPI YoY - Jul	-2.0%	-2.6%	13:30
	GE	Trade Balance - Jun	€23.0B	€21.0B	18:00
	GE	Current Account Balance - Jun	€23.0B	€17.5B	18:00
	GE	Exports SA MoM - Jun	1.1%	-1.9%	18:00
	GE	Imports SA MoM - Jun	0.6%	0.1%	18:00
	UK	Industrial Production MoM - Jun	0.1%	-0.5%	20:30
	UK	Industrial Production YoY - Jun	1.6%	1.4%	20:30
	UK	Manufacturing Production MoM - Jun	-0.2%	-0.5%	20:30
	UK	Manufacturing Production YoY - Jun	1.3%	1.7%	20:30
	UK	Visible Trade Balance GBP/Mn - Jun	-£10075	-£9879	20:30
	UK	Trade Balance Non EU GBP/Mn - Jun	-£2563	-£2566	20:30
	UK	Trade Balance - Jun	-£2550	-£2263	20:30
	US	NFIB Small Business Optimism - Jul	94.5	94.5	22:00
	US	Mortgage Delinquencies - Q2	--	4.77%	9-13 Aug
	US	MBA Mortgage Foreclosures - Q2	--	1.74%	9-13 Aug
10-Aug	US	Nonfarm Productivity - Q2 P	0.5%	-0.6%	00:30
	US	Unit Labor Costs - Q2 P	1.8%	4.5%	00:30
	UK	NIESR GDP Estimate - Jul	0.4%	0.6%	02:00
	US	Wholesale Inventories MoM - Jun	0.0%	0.0%	02:00
	US	Wholesale Trade Sales MoM - Jun	0.5%	0.5%	02:00
	US	IBD/TIPP Economic Optimism - Aug	--	45.5	02:00
	AU	Westpac Consumer Conf Index - Aug	--	99.1	12:30
	AU	Westpac Consumer Conf SA MoM - Aug	--	-3.0%	12:30
	AU	Home Loans MoM - Jun	2.3%	-1.0%	13:30
	AU	Investment Lending - Jun	--	3.9%	13:30
	AU	Owner-Occupier Loan Value MoM - Jun	--	-0.6%	13:30
	US	MBA Mortgage Applications - 5-Aug	--	-3.5%	23:00
	NZ	REINZ House Sales YoY - Jul	--	6.0%	10-15 Aug
	CH	Aggregate Financing CNY - Jul	1024.0B	1629.3B	10-15 Aug
	CH	Money Supply M0 YoY - Jul	7.1%	7.2%	10-15 Aug
	CH	Money Supply M1 YoY - Jul	24.1%	24.6%	10-15 Aug
	CH	New Yuan Loans CNY - Jul	900.0B	1380.0B	10-15 Aug

Continued on following page



DATA EVENT CALENDAR

DATE	COUNTRY	DATA/EVENT	MKT.	LAST	NZ TIME
10-Aug	CH	Money Supply M2 YoY - Jul	11.0%	11.8%	10-15 Aug
11-Aug	US	JOLTS Job Openings - Jun	5675	5500	02:00
	US	Monthly Budget Statement - Jul	-\$124.0B	-\$149.2B	06:00
	NZ	RBNZ Official Cash Rate - Aug	2.00%	2.25%	09:00
	NZ	Food Prices MoM - Jul	--	0.4%	10:45
	UK	RICS House Price Balance - Jul	6%	16%	11:01
	AU	Consumer Inflation Expectation - Aug	--	3.7%	13:00
12-Aug	US	Import Price Index MoM - Jul	-0.4%	0.2%	00:30
	US	Initial Jobless Claims - 6-Aug	265k	269k	00:30
	US	Continuing Claims - 30-Jul	2130k	2138k	00:30
	US	Import Price Index YoY - Jul	-4.3%	-4.8%	00:30
	NZ	BusinessNZ Manufacturing PMI - Jul	--	57.7	10:30
	NZ	Retail Sales Ex Inflation QoQ - Q2	1.0%	0.8%	10:45
	AU	Credit Card Purchases - Jun	--	A\$26.0B	13:30
	AU	Credit Card Balances - Jun	--	A\$51.9B	13:30
	CH	Industrial Production YoY - Jul	6.2%	6.2%	14:00
	CH	Industrial Production YTD YoY - Jul	6.0%	6.0%	14:00
	CH	Retail Sales YoY - Jul	10.5%	10.6%	14:00
	CH	Retail Sales YTD YoY - Jul	10.3%	10.3%	14:00
	CH	Fixed Assets Ex Rural YTD YoY - Jul	8.9%	9.0%	14:00
	GE	Wholesale Price Index MoM - Jul	--	0.6%	18:00
	GE	Wholesale Price Index YoY - Jul	--	-1.5%	18:00
	GE	CPI MoM - Jul F	0.3%	0.3%	18:00
	GE	CPI YoY - Jul F	0.4%	0.4%	18:00
	GE	CPI EU Harmonized MoM - Jul F	0.4%	0.4%	18:00
	GE	CPI EU Harmonized YoY - Jul F	0.4%	0.4%	18:00
	GE	GDP SA QoQ - Q2 P	0.2%	0.7%	18:00
	GE	GDP WDA YoY - Q2 P	1.4%	1.6%	18:00
	GE	GDP NSA YoY - Q2 P	2.8%	1.3%	18:00
	UK	Construction Output SA MoM - Jun	-1.0%	-2.1%	20:30
	UK	Construction Output SA YoY - Jun	-2.1%	-1.9%	20:30
	EC	Industrial Production SA MoM - Jun	0.5%	-1.2%	21:00
	EC	Industrial Production WDA YoY - Jun	0.7%	0.5%	21:00
	EC	GDP SA QoQ - Q2 P	0.3%	0.3%	21:00
	EC	GDP SA YoY - Q2 P	1.6%	1.6%	21:00
13-Aug	US	Retail Sales Advance MoM - Jul	0.4%	0.6%	00:30
	US	Retail Sales Ex Auto MoM - Jul	0.2%	0.7%	00:30
	US	Retail Sales Ex Auto and Gas - Jul	0.4%	0.7%	00:30
	US	Retail Sales Control Group - Jul	0.3%	0.5%	00:30
	US	PPI Final Demand MoM - Jul	0.1%	0.5%	00:30
	US	PPI Final Demand YoY - Jul	0.3%	0.3%	00:30
	US	PPI Ex Food and Energy MoM - Jul	0.2%	0.4%	00:30
	US	PPI Ex Food and Energy YoY - Jul	1.2%	1.3%	00:30
	US	Business Inventories - Jun	0.1%	0.2%	02:00
	US	U. of Mich. Sentiment - Aug P	--	143.8	02:00

Key: AU: Australia, EC: Eurozone, GE: Germany, JN: Japan, NZ: New Zealand, UK: United Kingdom, US: United States, CH: China.

Source: Dow Jones, Reuters, Bloomberg, ANZ Bank New Zealand Limited. All \$ values in local currency

Note: All surveys are preliminary and subject to change

LOCAL DATA WATCH

Domestic economic momentum is lifting. However, downside risks exist (mainly from offshore). On balance we see it as likely that the RBNZ will cut the OCR twice more (this week and early 2017), although we're still of the view that the economy doesn't need additional stimulus right now.

DATE	DATA/EVENT	ECONOMIC SIGNAL	COMMENT
Tue 9 Aug (10:00am)	ANZ Truckometer – Jul	--	--
Tue 9 Aug (10:45am)	Electronic Card Transactions – Jul	Decent trend	After the strong June increase, a more modest lift is likely. Nevertheless, a respectable underlying trend will remain.
Tue 9 Aug (1:00pm)	ANZ Monthly Inflation Gauge – Jul	--	--
Thu 11 Aug (9:00am)	RBNZ Monetary Policy Statement	25bp cut	With the RBNZ having signalled it is likely that further easing “will be” required, rather than “may be”, it has left little doubt it means action. An easing bias will be retained, with the door well and truly left open to additional cuts.
Thu 11 Aug (10:45am)	Food Price Index – Jul	Modest	A seasonal lift in fruit & vegetable prices would typically lead overall prices higher, although low commodity prices and the high NZD may dampen that.
Fri 12 Aug (10:30am)	BNZ-Business NZ PMI – Jul	Outperforming	Despite currency strength and global wobbles, the sector is performing well on the back of booming construction.
Fri 12 Aug (10:45am)	Retail Trade Survey – Q2	Solid	Electronic Card Transactions data has pointed to a continuation of solid, though not stellar, retail sales growth.
Mon 15 Aug (10:30am)	BNZ-Business NZ PSI – Jul	Carry on	Like the majority of the rest of the economy, the services sector is recording decent activity growth at present.
Wed 17 Aug (10:45am)	PPI – Q2	Benign	Both input and output prices are expected to lift a touch, led largely by a bounce in imported oil prices.
Wed 17 Aug (10:45am)	HLFS – Q2	Close call	Despite the softer signal from the QES, we expect reasonable employment growth. But with labour supply growth also strong, the unemployment rate is likely to be unchanged.
Tue 18 Aug (10:00am)	ANZ Job Ads – Jul	--	--
Thu 18 Aug (1:00pm)	ANZ-Roy Morgan Consumer Confidence – Aug	--	--
Fri 19 Aug (10:45am)	International Travel & Migration – Jul	Strong	While we are not expecting new monthly records to be set, we can't see net migrant inflows slowing any time soon.
Wed 24 Aug (10:45am)	Overseas Merchandise Trade – Jul	Holding	Rising oil prices are likely to have some impact, but the overall trade picture is of the 'not too bad' variety.
Tue 30 Aug (10:45am)	Building Consents Issued – Jul	Pull back	Following the surge in June, it would not surprise us to see some retracement. But the trend should remain positive.
Wed 31 Aug (1:00pm)	ANZ Business Outlook – Aug	--	--
Wed 31 Aug (3:00pm)	RBNZ Credit Aggregates – Jul	Still strong	Prudential policy changes should eventually cool credit growth, but the figures look set to remain strong in the near-term.
Thu 1 Sep (10:45am)	Overseas Trade Indexes – Q2	Fall	The terms of trade have held up remarkably well, although higher oil prices are likely to have dented its performance in Q2.
Fri 2 Sep (10:45am)	Building Work Put in Place – Q2	Solid	Outside of quarterly volatility, we are expecting the construction sector to remain a key positive source of growth for the economy.
On balance		Data watch	Momentum is increasing at present, but with risks. Inflation remains low, but has probably troughed.

KEY FORECASTS AND RATES

	Mar-16	Jun-16	Sep-16	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18	Jun-18
GDP (% qoq)	0.7	0.8	0.9	1.0	0.8	0.7	0.7	0.6	0.6	0.6
GDP (% yoy)	2.8	3.3	3.4	3.5	3.5	3.4	3.2	2.8	2.6	2.6
CPI (% qoq)	0.2	0.4	0.3	0.0	0.6	0.3	0.6	0.1	0.7	0.7
CPI (% yoy)	0.4	0.4	0.4	0.9	1.3	1.2	1.6	1.7	1.8	1.8
Employment (% qoq)	1.2	0.7	0.5	0.4	0.4	0.4	0.4	0.4	0.4	0.4
Employment (% yoy)	2.0	2.6	3.5	3.0	2.2	1.7	1.6	1.6	1.6	1.6
Unemployment Rate (% sa)	5.2	5.2	5.1	5.1	5.0	4.9	4.9	4.8	4.7	4.7
Current Account (% GDP)	-3.0	-3.1	-3.5	-3.7	-4.3	-4.4	-4.3	-4.1	-3.9	-3.9
Terms of Trade (% qoq)	4.4	-5.7	-2.8	-0.5	0.9	1.9	2.8	1.7	0.8	0.8
Terms of Trade (% yoy)	-0.1	-7.2	-6.2	-4.8	-8.0	-0.6	5.2	7.5	7.3	7.3

	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16
Retail ECT (% mom)	0.1	0.8	0.1	0.4	0.7	0.1	0.9	-0.3	1.2	--
Retail ECT (% yoy)	5.8	4.6	6.6	5.2	9.2	6.2	7.8	3.3	6.8	--
Credit Card Billings (% mom)	1.7	0.7	-0.7	2.1	-0.8	-1.1	2.7	-0.3	-1.2	--
Credit Card Billings (% yoy)	7.8	8.5	7.5	7.5	6.3	4.3	8.7	5.4	3.2	--
Car Registrations (% mom)	-1.2	-1.9	3.1	-2.8	5.8	-3.8	6.2	-3.6	-1.0	-0.5
Car Registrations (% yoy)	3.8	1.3	2.4	-1.1	7.4	-0.2	8.7	4.2	-1.2	-1.9
Building Consents (% mom)	4.9	1.5	2.4	-8.1	10.6	-9.2	7.8	0.1	16.3	--
Building Consents (% yoy)	14.8	7.4	17.5	4.9	26.8	0.3	13.5	10.3	39.6	--
REINZ House Price Index (% yoy)	14.1	12.5	12.6	10.7	11.9	13.3	14.5	14.7	14.2	--
Household Lending Growth (% mom)	0.7	0.6	0.6	0.6	0.6	0.6	0.8	0.7	0.8	--
Household Lending Growth (% yoy)	6.9	7.2	7.4	7.5	7.6	7.7	7.9	8.1	8.3	--
ANZ Roy Morgan Consumer Conf.	114.9	122.7	118.7	121.4	119.7	118.0	120.0	116.2	118.9	118.2
ANZ Business Confidence	10.5	14.6	23.0	..	7.1	3.2	6.2	11.3	20.2	16.0
ANZ Own Activity Outlook	23.7	32.0	34.4	..	25.5	29.4	32.1	30.4	35.1	31.4
Trade Balance (\$m)	-905	-795	-42	12	367	189	347	348	127	--
Trade Bal (\$m ann)	52101	52648	52510	52764	52831	52599	52626	52854	52654	--
ANZ World Commodity Price Index (% mom)	7.1	-5.6	-1.8	-2.3	0.5	-1.3	-0.8	1.1	3.7	2.0
ANZ World Comm. Price Index (% yoy)	-11.6	-15.3	-12.9	-14.7	-17.8	-22.4	-16.8	-11.6	-5.4	2.0
Net Migration (sa)	6120	6210	5530	6100	6010	5340	5470	5560	5680	--
Net Migration (ann)	62477	63659	64930	65911	67391	67619	68110	68432	69090	--
ANZ Heavy Traffic Index (% mom)	1.0	0.2	2.9	-4.2	1.7	3.4	-2.4	-2.7	4.7	--
ANZ Light Traffic Index (% mom)	-0.4	0.3	0.9	-1.3	-1.7	0.7	0.4	-1.3	2.8	--

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

KEY FORECASTS AND RATES

FX RATES	ACTUAL			FORECAST (END MONTH)						
	Jun-16	Jul-16	Today	Sep-16	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18
NZD/USD	0.712	0.720	0.712	0.69	0.65	0.64	0.64	0.63	0.63	0.64
NZD/AUD	0.955	0.948	0.935	0.96	0.97	0.97	0.97	0.93	0.90	0.89
NZD/EUR	0.639	0.644	0.637	0.66	0.63	0.62	0.61	0.57	0.57	0.57
NZD/JPY	73.20	73.47	72.78	72.5	68.3	64.0	64.0	63.0	63.0	67.2
NZD/GBP	0.528	0.544	0.544	0.55	0.54	0.52	0.51	0.48	0.47	0.46
NZ\$ TWI	74.5	75.0	75.9	74.5	71.9	70.4	69.9	67.3	66.8	67.5
INTEREST RATES	Jun-16	Jul-16	Today	Sep-16	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18
NZ OCR	2.25	2.25	2.25	2.00	2.00	1.75	1.75	1.75	1.75	1.75
NZ 90 day bill	2.41	2.28	2.26	2.20	2.20	2.00	2.00	2.00	2.00	2.00
NZ 10-yr bond	2.35	2.21	2.21	2.10	2.00	2.20	2.20	2.50	2.50	2.50
US Fed funds	0.50	0.50	0.50	0.50	0.75	0.75	1.00	1.00	1.25	1.25
US 3-mth	0.65	0.76	0.79	0.68	0.93	0.93	1.30	1.30	1.55	1.55
AU Cash Rate	1.75	1.75	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50
AU 3-mth	1.96	1.86	1.79	1.80	1.80	1.80	1.80	1.80	1.80	1.80

	5 Jul	1 Aug	2 Aug	3 Aug	4 Aug	5 Aug
Official Cash Rate	2.25	2.25	2.25	2.25	2.25	2.25
90 day bank bill	2.43	2.25	2.26	2.26	2.25	2.25
NZGB 03/19	1.97	1.78	1.80	1.82	1.80	1.78
NZGB 05/21	1.97	1.84	1.83	1.85	1.85	1.81
NZGB 04/23	2.01	1.91	1.91	1.94	1.94	1.90
NZGB 04/27	2.30	2.16	2.15	2.20	2.21	2.17
2 year swap	2.17	2.03	2.04	2.03	2.01	2.00
5 year swap	2.26	2.13	2.13	2.13	2.11	2.09
RBNZ TWI	76.9	76.59	76.48	76.31	76.03	76.24
NZD/USD	0.72	0.72	0.72	0.72	0.72	0.72
NZD/AUD	0.96	0.95	0.95	0.95	0.94	0.94
NZD/JPY	73.60	73.98	73.66	72.58	72.63	72.77
NZD/GBP	0.54	0.55	0.54	0.54	0.54	0.55
NZD/EUR	0.65	0.65	0.64	0.64	0.64	0.65
AUD/USD	0.75	0.76	0.75	0.76	0.76	0.77
EUR/USD	1.11	1.12	1.12	1.12	1.11	1.11
USD/JPY	102.12	102.42	102.48	100.81	101.31	101.15
GBP/USD	1.33	1.32	1.32	1.33	1.33	1.31
Oil (US\$/bbl)	49.02	41.54	40.05	39.50	40.80	41.92
Gold (US\$/oz)	1343.63	1350.55	1349.35	1363.58	1350.70	1363.20
Electricity (Haywards)	6.74	5.04	3.98	3.85	4.57	4.37
Baltic Dry Freight Index	692	650	645	641	636	636
Milk futures (USD)	47	41	40	42	43	43

IMPORTANT NOTICE

The distribution of this document or streaming of this video broadcast (as applicable, "publication") may be restricted by law in certain jurisdictions. Persons who receive this publication must inform themselves about and observe all relevant restrictions.

1. Disclaimer for all jurisdictions, where content is authored by ANZ Research:

Except if otherwise specified in section 2 below, this document is issued and distributed in your country/region by Australia and New Zealand Banking Group Limited (ABN11 005 357 522) ("ANZ"), on the basis that it is only for the information of the specified recipient or permitted user of the relevant website (collectively, "recipient"). This document is confidential and may not be reproduced, distributed or published by any recipient for any purpose. It is general information and has been prepared without taking into account the objectives, financial situation or needs of any person. Nothing in this document is intended to be an offer to sell, or a solicitation of an offer to buy, any product, security, instrument or investment, to effect any transaction or to conclude any legal act of any kind. If, despite the foregoing, any services or products referred to in this document are deemed to be offered in the jurisdiction in which this document is received or accessed, no such service or product is intended for nor available to persons resident in that jurisdiction if it would be contradictory to local law or regulation. Such local laws, regulations and other limitations always apply with non-exclusive jurisdiction of local courts. Certain financial products may be subject to mandatory clearing, regulatory reporting and/or other related obligations. These obligations may vary by jurisdiction and be subject to frequent amendment. Before making an investment decision, recipients should seek independent financial, legal, tax and other relevant advice having regard to their particular circumstances.

The views and recommendations expressed in this publication are the author's. They are based on information known by the author and on sources which the author believes to be reliable, but may involve material elements of subjective judgement and analysis. Unless specifically stated otherwise: they are current on the date of this publication and are subject to change without notice; and, all price information is indicative only. Any of the views and recommendations which comprise estimates, forecasts or other projections, are subject to significant uncertainties and contingencies that cannot reasonably be anticipated. On this basis, such views and recommendations may not always be achieved or prove to be correct. Indications of past performance in this publication will not necessarily be repeated in the future. No representation is being made that any investment will or is likely to achieve profits or losses similar to those achieved in the past, or that significant losses will be avoided. Additionally, this publication may contain 'forward looking statements'. Actual events or results or actual performance may differ materially from those reflected or contemplated in such forward looking statements. All investments entail a risk and may result in both profits and losses. Foreign currency rates of exchange may adversely affect the value, price or income of any products or services described in this publication. The products and services described in this publication are not suitable for all investors, and transacting in these products or services may be considered risky. ANZ and its related bodies corporate and affiliates, and the officers, employees, contractors and agents of each of them (including the author) ("Affiliates"), do not make any representation as to the accuracy, completeness or currency of the views or recommendations expressed in this publication. Neither ANZ nor its Affiliates accept any responsibility to inform you of any matter that subsequently comes to their notice, which may affect the accuracy, completeness or currency of the information in this publication. Except as required by law, and only to the extent so required: neither ANZ nor its Affiliates warrant or guarantee the performance of any of the products or services described in this publication or any return on any associated investment; and, ANZ and its Affiliates expressly disclaim 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 publication.

If this publication has been distributed by electronic transmission, such as e-mail, then such transmission cannot be guaranteed to be secure or error-free as information could be intercepted, corrupted, lost, destroyed, arrive late or incomplete, or contain viruses. ANZ and its Affiliates do not accept any Liability as a result of electronic transmission of this publication.

ANZ and its Affiliates may have an interest in the subject matter of this publication as follows:

- They may receive fees from customers for dealing in the products or services described in this publication, and their staff and introducers of business may share in such fees or receive a bonus that may be influenced by total sales.
- They or their customers may have or have had interests or long or short positions in the products or services described in this publication, and may at any time make purchases and/or sales in them as principal or agent.
- They may act or have acted as market-maker in products described in this publication.

ANZ and its Affiliates may rely on information barriers and other arrangements to control the flow of information contained in one or more business areas within ANZ or within its Affiliates into other business areas of ANZ or of its Affiliates. This document is published in accordance with ANZ's policies on Conflicts of Interest and Information Barriers.

Please contact your ANZ point of contact with any questions about this publication including for further information on these disclosures of interest.

2. Country/region specific information:

Australia. This publication is distributed in Australia by ANZ. ANZ holds an Australian Financial Services licence no. 234527. A copy of ANZ's Financial Services Guide is available at <http://www.anz.com/documents/AU/aboutANZ/FinancialServicesGuide.pdf> and is available upon request from your ANZ point of contact. If trading strategies or recommendations are included in this publication, they are solely for the information of 'wholesale clients' (as defined in section 761G of the Corporations Act 2001 *Cth*). Persons who receive this publication must inform themselves about and observe all relevant restrictions.

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

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

Cambodia. APS222 Disclosure. The recipient acknowledges that although ANZ Royal Bank (Cambodia) Ltd. is a subsidiary of ANZ, it is a separate entity to ANZ and the obligations of ANZ Royal Bank (Cambodia) Ltd. do not constitute deposits or other liabilities of ANZ and ANZ is not required to meet the obligations of ANZ Royal Bank (Cambodia) Ltd.

European Economic Area ("EEA"): United Kingdom. ANZ in the United Kingdom is authorised by the Prudential Regulation Authority ("PRA"). Subject to regulation by the Financial Conduct Authority ("FCA") and limited regulation by the PRA. Details about the extent of our regulation by the PRA are available from us on request. This publication is distributed in the United Kingdom by ANZ solely for the information of persons who would come within the FCA definition of "eligible counterparty" or "professional client". It is not intended for and must not be distributed to any person who would come within the FCA definition of "retail client". Nothing here excludes or restricts any duty or liability to a customer which ANZ may have under the UK Financial Services and Markets Act 2000 or under the regulatory system as defined in the Rules of the PRA and the FCA. **Germany.** This publication is distributed in Germany by the Frankfurt Branch of ANZ solely for the information of its clients. **Other EEA countries.** This publication is distributed in the EEA by ANZ Bank (Europe) Limited ("ANZBEL") which is authorised by the PRA and regulated by the FCA and the PRA in the United Kingdom, to persons who would come within the FCA definition of "eligible counterparty" or "professional client" in other countries in the EEA. This publication is distributed in those countries solely for the information of such persons upon their request. It is not intended for, and must not be distributed to, any person in those countries who would come within the FCA definition of "retail client".

Fiji. For Fiji regulatory purposes, this publication 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 publication.

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

IMPORTANT NOTICE

India. This publication is distributed in India by ANZ on a cross-border basis. If this publication 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. Further copying or duplication of this publication is strictly prohibited.

Myanmar. This publication is intended to be of a general nature as part of customer service and marketing activities provided by ANZ in the course of implementing its functions as a licensed bank. This publication does not take into account your financial situation or goals and is not Securities Investment Advice (as that term is defined in the Myanmar Securities Transaction Law 2013). The contents of this publication have not been reviewed by any regulatory authority in Myanmar. If in doubt about the contents of this publication, you should obtain independent professional advice.

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

Oman. This publication has been prepared by ANZ. ANZ neither has a registered business presence nor a representative office in Oman and does not undertake banking business or provide financial services in Oman. Consequently ANZ is not regulated by either the Central Bank of Oman or Oman's Capital Market Authority. The information contained in this publication 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 by receiving this publication, the person or entity to whom it has been dispatched by ANZ understands, acknowledges and agrees that this publication 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 publication is intended to constitute Omani investment, legal, tax, accounting or other professional advice.

People's Republic of China ("PRC"). Recipients must comply with all applicable laws and regulations of PRC, including any prohibitions on speculative transactions and CNY/CNH arbitrage trading. If and when the material accompanying this document is distributed by Australia and New Zealand Banking Group Limited (ABN 11 005 357 522) ("ANZ") or an affiliate (other than Australia and New Zealand Bank (China) Company Limited ("ANZ C")), the following statement and the text below is applicable: No action has been taken by ANZ or any affiliate which would permit a public offering of any products or services of such an entity or distribution or re-distribution of this document in the PRC. Accordingly, the products and services of such entities are not being offered or sold within the PRC by means of this document or any other document. This document may not be distributed, re-distributed or published in the PRC, except under circumstances that will result in compliance with any applicable laws and regulations. If and when the material accompanying this document relates to the products and/or services of ANZ C, the following statement and the text below is applicable: This document is distributed by ANZ C in the Mainland of the PRC.

Qatar. This publication 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 publication 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 publication 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 publication are not being, and will not be, offered, issued or sold in Qatar, and this publication 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 publication and distribution of this publication is being made in, and is subject to the laws, regulations and rules of, jurisdictions outside of Qatar and the QFC. Recipients of this publication must abide by this restriction and not distribute this publication in breach of this restriction. This publication 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 publication is distributed in Singapore by the Singapore branch of ANZ solely for the information of "accredited investors", "expert investors" or (as the case may be) "institutional investors" (each term as defined in the Securities and Futures Act Cap. 289 of Singapore). ANZ is licensed in Singapore under the Banking Act Cap. 19 of Singapore and is exempted from holding a financial adviser's licence under Section 23(1)(a) of the Financial Advisers Act Cap. 100 of Singapore. In respect of any matters arising from, or in connection with the distribution of this publication in Singapore, contact your ANZ point of contact.

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

United States. ANZ Securities, Inc. ("ANZSI") is a member of the Financial Industry 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). Except where this is an FX-related publication, this publication is distributed in the United States by ANZSI (a wholly owned subsidiary of ANZ), which accepts responsibility for its content. Information on any securities referred to in this publication may be obtained from ANZSI upon request. This publication 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 publication you must contact ANZSI, not its affiliates. ANZSI is authorised as a broker-dealer only for institutional customers, not for US Persons (as "US person" is defined in Regulation S under the US Securities Act of 1933, as amended) who are individuals. If you have registered to use this website or have otherwise received this publication and are a US Person who is an individual: to avoid loss, you should cease to use this website by unsubscribing or should notify the sender and you should not act on the contents of this publication in any way. Non-U.S. Analysts: Non-U.S. analysts may not be associated persons of ANZSI and therefore may not be subject to FINRA Rule 2242 restrictions on communications with subject company, public appearances and trading securities held by the analysts. Where this is an FX-related publication, 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 9160 Fax: +1 212 801 9163). Commodity-related products are not insured by any U.S. governmental agency, and are not guaranteed by ANZ or any of its affiliates. Transacting in these products may involve substantial risks and could result in a significant loss. You should carefully consider whether transacting in commodity-related products is suitable for you in light of your financial condition and investment objectives.

Vietnam. This publication is distributed in Vietnam by ANZ or ANZ Bank (Vietnam) Limited, a subsidiary of ANZ. Please note that the contents of this publication have not been reviewed by any regulatory authority in Vietnam. If you are in any doubt about any of the contents of this publication, you should obtain independent professional advice.

This document has been prepared by ANZ Bank New Zealand Limited, Level 10, 171 Featherston Street, Wellington 6011, New Zealand, Ph 64-4-802 2212, e-mail nzeconomics@anz.com, <http://www.anz.co.nz>

