

NEW ZEALAND MARKET FOCUS

18 December 2017

INSIDE

Economic Overview 2
 Data Event Calendar 7
 Local Data Watch 9
 Key Forecasts 10

NZ ECONOMICS TEAM

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

Philip Borkin
 Senior Economist
 Telephone: +64 9 357 4065
 Email: Philip.Borkin@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

SANTA PAUSE

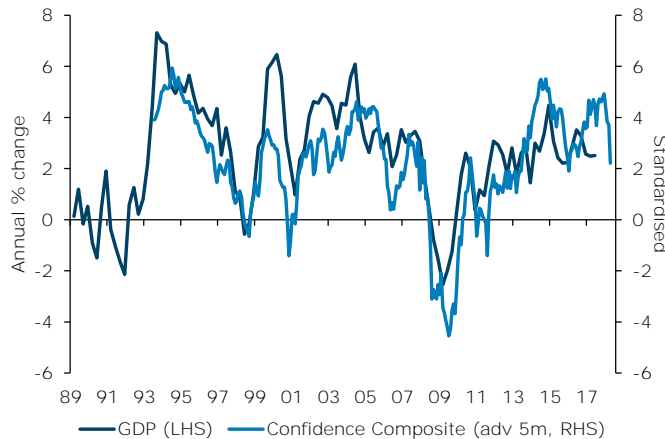
ECONOMIC OVERVIEW

Our latest set of economic forecasts portrays an economy grappling with some clear headwinds. It leaves us a little circumspect on the near-term growth picture. However, our view is that any growth pause will not turn into something longer-lasting. We believe there are still enough positive forces to see growth return to broadly around trend over the next couple of years (but probably not much more). Q3 GDP figures this week are expected to look a little mediocre, while consumer and business confidence data will provide a steer on whether this softer momentum is likely to persist into the New Year. Global dairy prices are expected to be broadly stable, while a modest trade deficit for November is likely. New mortgage lending figures for November could lift, following the better housing market activity figures of late, but overall credit growth should remain modest.

CHART OF THE WEEK

The recent plunge in business sentiment has seen our Confidence Composite fall sharply. Our December Business Outlook survey this week will be watched to see if weaker business confidence has persisted.

GDP versus Confidence Composite



Source: Statistics NZ, ANZ Research

THE ANZ HEATMAP

Variable	View	Comment	Risk profile (change to view)
GDP	2.4% y/y for 2018 Q2	The economy is not quite firing on all cylinders and we have become more circumspect near-term. However, we see growth holding around 2½-3% on average.	Neutral Negative Positive
Unemployment rate	4.5% for 2018 Q2	The unemployment rate should continue to trend gradually lower. Wage growth is benign, but conditions for change are emerging.	Neutral Negative Positive
OCR	1.75% by Jun 2018	While we can't really make the case for a lower OCR, interest rate hikes would also be hard to justify, with inflation impacted by secular forces.	Neutral Down Up
CPI	1.6% y/y for 2018 Q2	Base effects will see headline inflation ease over the next 12 months, but domestic and core inflation should lift gradually.	Neutral Negative Positive



This is our last Market Focus for the year. Our first edition for 2018 will be on Monday 15 January. We would like to wish our readers a safe and enjoyable festive season.

ECONOMIC OVERVIEW

SUMMARY

Our latest set of economic forecasts portrays an economy grappling with some clear headwinds. It leaves us a little circumspect on the near-term growth picture. However, our view is that any growth pause will not turn into something longer-lasting. We believe there are still enough positive forces to see growth return to broadly around trend over the next couple of years (but probably not much more). Q3 GDP figures this week are expected to look a little mediocre, while consumer and business confidence data will provide a steer on whether this softer momentum is likely to persist into the New Year. Global dairy prices are expected to be broadly stable, while a modest trade deficit for November is likely. New mortgage lending figures for November could lift, following the better housing market activity figures of late, but overall credit growth should remain modest.

FORTHCOMING EVENTS

ANZ- Roy Morgan Consumer Confidence – December (1:00pm, Monday, 18 December).

ANZ Business Outlook – December (1:00pm, Tuesday, 19 December).

GlobalDairyTrade Auction (early am, Wednesday, 20 December). We suspect prices will be broadly stable, with key forces offsetting (an upswing in global supply but a lift in price-sensitive demand).

Balance of Payments – Q3 (10:45am, Wednesday, 20 December). We expect the seasonally adjusted current account deficit will narrow to \$1.2bn, with the annual deficit falling to 2.5% of GDP (from 2.8%).

Overseas Merchandise Trade – November (10:45am, Wednesday, 20 December). Elevated export prices continue to underpin the trade balance. We have pencilled in a \$550mn monthly deficit.

International Travel and Migration – November (10:45am, Wednesday, 20 December). As departures lift off lows, it is clear that the net inflow of migrants is easing off record highs.

GDP – Q3 (10:45am, Thursday, 21 December). We expect mediocre growth of just 0.4% q/q, which would see annual growth fall to just 2.2% y/y.

RBNZ New Mortgage Lending – November (3:00pm, Thursday, 21 December). There has been a recent stabilisation (and even bounce) in housing market activity. That is likely to be reflected in new lending figures too.

RBNZ Sectoral Lending – November (3:00pm, Thursday, 21 December). Overall credit growth has slowed, and we see that slower pace of growth persisting.

GlobalDairyTrade Auction (early am, Wednesday, 3 January). We suspect prices will be broadly stable, with key forces offsetting (a lift in global supply but a lift in price-sensitive demand).

ANZ Job Ads – December (10:00am, Thursday, 11 January).

Building Consents – November (10:45am, Friday, 12 January). We still see annual dwelling consent issuance struggling to push much above 30k.

WHAT'S THE VIEW?

Last week we released our latest *Economic Outlook* publication. Below is a quick summary of the key points.

Right now the economy is navigating some clear headwinds. The housing market is soft and expected to remain so; growth drivers are transitioning as the likes of construction and migration peak; political change has caused some unease, which risks becoming self-fulfilling; and productivity growth is weak, which shows the economy has hardly been firing on all cylinders.

It leaves us reasonably circumspect regarding the near-term growth picture. Growth is expected to be somewhat mediocre over the next few quarters. In fact, given the signal from our Business Outlook survey and the recent run of dry weather hampering pasture growth, we see risks skewed to the downside, particularly over early 2018. **Indeed, we are left with the impression that the economy is delicately placed right now.**

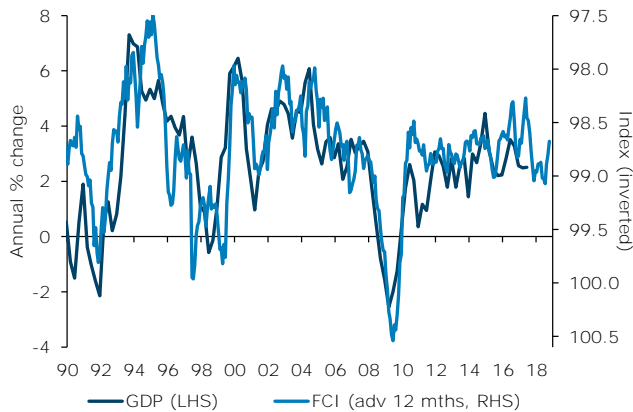
Given these headwinds, it would be easy to start to spout 'Chicken Little' type prognoses. **But one of our key views is that any growth pause will not turn into something longer-lasting.**

There are still reasons for optimism regarding the medium-term outlook. Financial conditions have eased, and point to an acceleration in growth from around the second half of 2018. Fiscal policy is set to turn far more stimulatory, with the Half-Year Update figures pointing to an estimated fiscal impulse of 1.4% and 0.7% of GDP over 2017/18 and 2018/19 respectively. That compares with an average drag of 1.0% of GDP over the prior six years. The terms of trade should remain elevated, providing purchasing power benefits. The global economic backdrop is solid, and expected to generally remain so, and it would be unusual for the New Zealand economy to embark on an entirely different path. Credit cycle headwinds should become less intense – bank funding pressures have eased. And structural metrics such as the current account deficit, which can

ECONOMIC OVERVIEW

exacerbate any downturn if at extremes, are far more contained at this point in the cycle than they typically have tended to be.

Figure 1: Financial conditions versus GDP growth



Source: Statistics NZ, ANZ Research

It leaves us content to retain a broadly positive medium-term expectation, with growth returning to more or less trend rates.

Notwithstanding the near-term risks, and some quarterly variability in GDP outturns, we forecast annual growth up towards 3% by the end of 2018, and averaging 2½-3% over the next couple of years overall. That is effectively the average rate of growth experienced since 2010. In other words, a 'respectable if not stellar' story, although one that arguably has more risks attached to it than it did.

But it does mean we are less upbeat than some.

Indeed, the likes of the RBNZ and Treasury see growth accelerating above trend over 2018/19. We'd of course like to share that view. However, **we feel there are some factors that limit the upside to a degree.**

- **History has proven that it is difficult for the New Zealand economy to grow above trend when the most cyclical sector (housing) is expected to remain soft.** Related to this, we see households rebuilding precautionary saving as the asset side of household balances sheets looks less rosy, which will see consumption growth slow from current rates.
- We also believe **there are limits to how stimulatory fiscal policy can be** at a time when the economy is already facing capacity constraints – not to mention the fact that we don't think the Government will have as much money to play with as fiscal projections currently show. That will set up the likelihood of it needing to reprioritise its spending plans within a couple of years in order to hit its self-imposed fiscal targets.

- Moreover, we believe there is an effective current account (or external balance sheet constraint) in play that will see the lift in national saving performance of late persisting. **More saving typically means less growth.**

All else equal, growth around trend will not dramatically alter the domestic inflation outlook.

Structural deflationary forces remain. But we do still forecast a gradual lift in domestic inflation, in large part due to a likely lift in cost-push inflation from the labour market. Some of the traditional drivers of wage inflation are already pointing upwards and some of the policies of the new Government (minimum wage hikes and possible work place relations changes in particular) are likely to accentuate moves. There are offsetting policies from an inflation perspective, like the one year of free tertiary education, which we estimate will knock 0.2%pts off headline inflation in Q1, but the stronger wage growth backdrop should still contribute to non-tradable inflation rising towards 3% by the end of 2019. Together with a little more tradable inflation on the back of the lower NZD and recent lift in global commodity prices, we see headline inflation averaging 1.5% in 2018 and 2.1% in 2019.

That leaves us with a bias towards the next move in the OCR being a hike.

But the timing of moves is highly uncertain. We have pencilled in a hike from late-2018. However, we see the risks skewed towards later than this.

With regards the global backdrop specifically, our forecasts depict a steady picture for global growth heading into 2018. The message remains positive, although it is arguably 'as good as it is going to get'. While we are positive overall, some tests are looming, and in particular the impact of a turn in the global liquidity cycle and the impact on asset prices at a time when many households appear more vulnerable.

In terms of the outlook for primary sectors, dairy markets look tentative heading into the first half of 2018, but most other sectors look steadier at what are currently historically high farm-gate prices. While local supply conditions are set to improve for most sectors, they remain constrained by historical standards.

And finally, near-term stability, before a gradual lift from around the middle of 2018, remains our overarching view on New Zealand short- and long-term interest rates. Consistent with our broader global forecasts, moves in New Zealand rates are forecast to be modest. **Apart from against the AUD, where we see some modest downside, the NZD is expected to strengthen a little on most**

ECONOMIC OVERVIEW

crosses out to the middle of 2018. However, as financial market volatility picks up on a more pronounced turn in the global liquidity cycle, we expect this to put the NZD back on the defensive again.

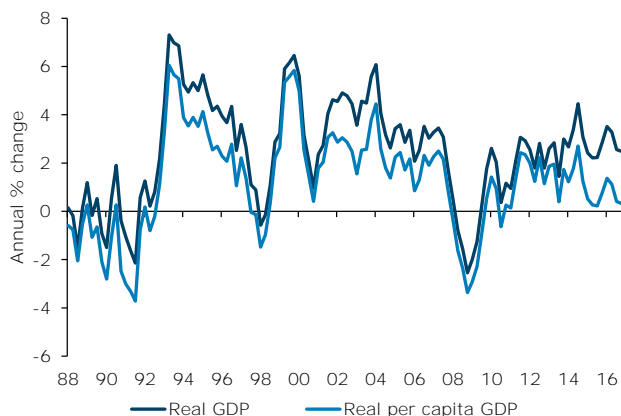
Turning to the upcoming domestic data calendar, the September quarter GDP and Balance of Payments figures headline the week.

The former is expected to show somewhat mediocre growth, while the latter should remain contained.

We expect real GDP growth of 0.4% q/q, which would see annual growth drop to just 2.2% y/y.

This implies a small contraction in per capita terms over the quarter. Primary industries account for the majority of softness (we expect a 2.0% q/q contraction), weighed down by a sharp fall in milk production. Activity in the goods-producing and services sectors is expected to lift 0.7% q/q and 0.6% q/q respectively, although the sectors are likely to look mixed at the industry level.

Figure 2: Total and per capita real GDP growth



Source: Statistics NZ, ANZ Research

The equivalent expenditure-based estimate is expected to be weighed down by a drag from inventories (-0.3%pts). Private consumption is expected to lift by a respectable 0.7% q/q, and residential investment should rebound from falls experienced over the prior two quarters. The broader investment picture is a little more mixed, with flat non-residential construction offset by a modest lift in plant and machinery and equipment investment. The contribution from net exports is expected to be relatively flat.

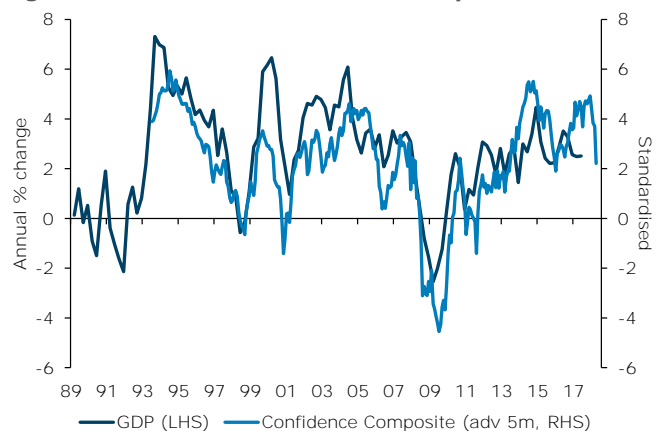
Admittedly, the quarterly picture could potentially be clouded by some meaningful historical revisions. This GDP release will incorporate Statistics NZ's annual benchmarking exercise as well as some methodological changes. This adds some additional uncertainty around picking quarterly outturns over and above the usual.

With regards to the Balance of Payments figures, we expect the seasonally adjusted current account deficit to narrow further. After falling sharply in Q2 to \$1.6bn, we expect a further narrowing to around \$1.2bn in Q3. That should see the annual deficit drop to 2.5% of GDP (from 2.8%). This narrowing in the quarter is once again almost entirely due to the goods and services balance, which we see lifting from a surplus of around \$0.8bn to \$1.1bn.

Two of our key proprietary gauges will provide an update on how consumers and businesses are feeling as the year draws to a close.

- **ANZ-Roy Morgan Consumer Confidence:** To date, consumers have remained reasonably upbeat, largely shaking off the potential woes of a soft housing market and political uncertainty. To be fair, sentiment has tracked lower of late, falling to a seven month low in November (dropping 3 points in the month). However, at 123.7, it remains above historical averages.
- **ANZ Business Outlook:** While consumers remain reasonably upbeat, the same cannot be said for firms. Both headline confidence and firms' own activity expectations plunged in November to the lowest levels since 2009, sending, on the face of it, a poor signal on future economic momentum. The December survey will obviously be followed closely to assess whether there is a bounce-back, which would suggest there was a 'protest vote' element last month regarding the new Government, or whether this weaker sentiment will persist.

Figure 3: GDP versus Confidence Composite



Source: Statistics NZ, ANZ Research

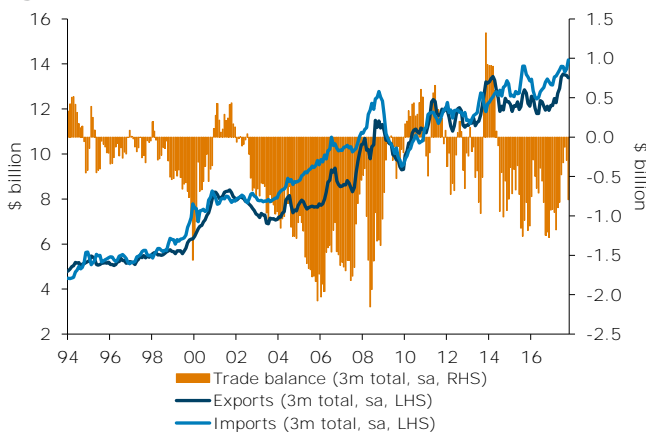
We expect November Overseas Merchandise Trade figures to show a monthly deficit of \$550m. This is broadly around the average-sized deficit experienced in November months over the past five years. While at face value the October

ECONOMIC OVERVIEW

figures looked poor, once a large one-off import (which we suspect was an aircraft) is stripped out, the underlying story actually looked reasonable. And we suspect that reasonable picture should have more or less carried over into the November figures.

Specifically, we see export values holding relatively steady. While export prices slipped in November (due largely to softer dairy prices), there was a 2.3% fall in the NZD/USD, more than compensating for this in local terms. Exports for forestry and dairy are expected to be fairly robust in November (early season dairy supply has been okay), but for meat and horticulture, weaker. There has been a slower start to the new season for livestock sector turnoff due to wet winter/spring slowed growth rates. Turnoff only started to increase more materially in later November as conditions became drier. We have also seen smaller horticulture crops, especially for green kiwifruit and pipfruit, which will limit end-of-season sales.

Figure 4: Overseas merchandise trade



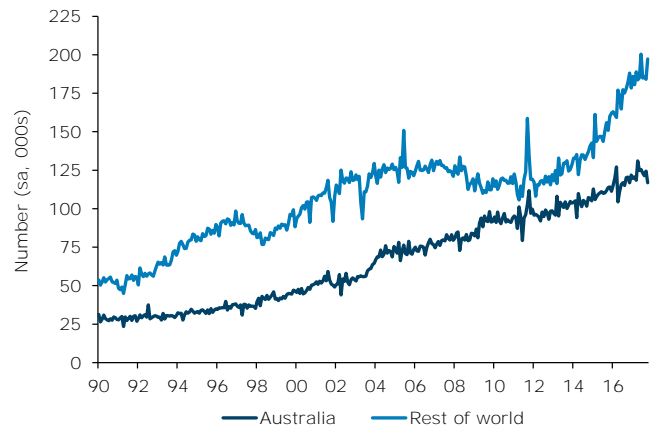
Source: Statistics NZ, ANZ Research

Abstracting from monthly volatility, we expect the trends in net migrant inflows to continue to soften. Largely due to a pick-up in non-New Zealand and Australian citizen departures, annualised net inflows averaged less than 65k over the three months to October, down from 75k in June. Even ahead of possible policy changes, we see this story persisting, signifying a natural cycle effect from earlier strong arrivals growth. The Australian labour market will also need to be watched given its recent strength could start to lure New Zealanders back over the Tasman again, as has been the historical tendency.

The trend in visitor arrivals growth is also likely to remain soft. While in seasonally adjusted terms, arrivals rose 1.9% m/m in October, the underlying trend in actually modestly negative right now. In part that reflects unwind from some of the large monthly inflows earlier in the year on the back of big sporting events, but we suspect there is an underlying softer

story too, largely reflecting capacity pressures. In saying that, while arrivals growth may continue to slow, the lower currency should boost average spend per visitor, and should see total visitor spending at a strong level.

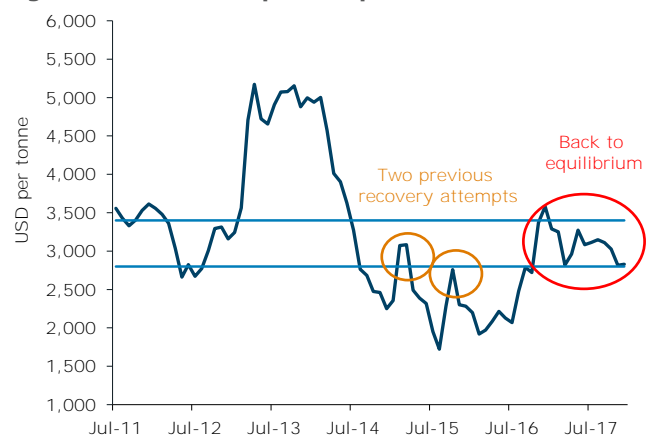
Figure 5: Monthly visitor arrivals



Source: Statistics NZ, ANZ Research

Turning to the next GDT auction, dairy markets remain at an interesting juncture with a synchronised upswing in global milk supply suggesting more downside into the New Year, but demand emerging from more price-sensitive markets, a factor which supported prices at the last auction. NZX futures are pointing to small gains for wholemilk powder (1-2%) and butter (3%) this week. However, at the aggregate level this is offset by a fall for skim milk powder (-4%) and anhydrous milkfat (-6%).

Figure 6: Whole milk powder prices



Source: GDT, ANZ Research

WMP prices have managed to hold the key level of USD2,800/t recently. In previous cycles, this has often acted as a critical level for turning points. Near term, this level should continue to hold with NZ milk supply under pressure, lower prices stimulating demand in more price-sensitive markets, and the seasonal peak for GDT supply having passed. However, a substantial rebound above USD3,000/t

ECONOMIC OVERVIEW

seems unlikely, with reports of inventory levels well above last year in China, and European milk supply continuing to grow strongly.

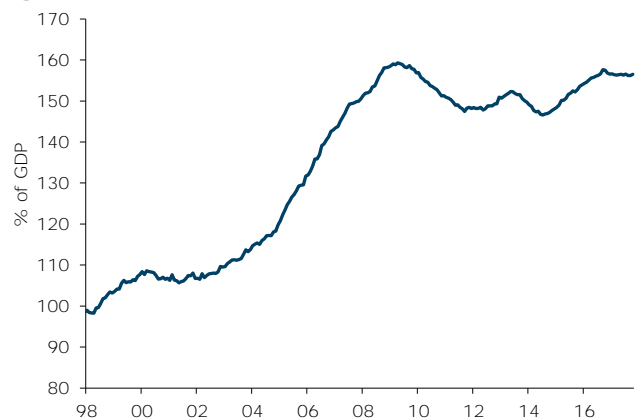
SMP surprised to the upside at the last auction as some buyers who need to source NZ product were concerned by the drier conditions. But these concerns seem to have been somewhat misplaced with SMP supply increased for this week's auction. This now means there will be 36% more product on offer during the first quarter of 2018 than in the same quarter this year. Combined with growing European supply, the European Commission likely switching to a tendering scheme for intervention in 2018, and NZ sourced product already at a premium, it's hard to see further price gains at this week's auction.

Milkfat prices have come under more pressure recently as seasonal demand for butter has moderated, some substitution effects have kicked in with higher retail prices, and global milk supply has lifted. The demand picture remains rosy, but higher Northern Hemisphere milk supply could push prices lower through early 2018. NZX futures are suggesting some correction in the milkfat value between AMF and Butter this week. There was additional AMF added to this week's auction with Fonterra suggesting demand remains strong, perhaps pointing to a better performance than the 6% decline futures suggest.

New mortgage lending figures from the RBNZ may show some improvement in November. That would be consistent with the recent lift in housing market activity off low levels over the past few months. REINZ figures for November showed total market turnover lifting 5.1% m/m (sa) following a 4.1% m/m gain in October.

But broader credit growth figures for November should show an ongoing modest pace of lending growth. In October, total private sector credit grew 0.6% m/m (sa), which in three-month annualised terms kept the pace of growth relatively steady around 5%. That is actually slightly less than nominal GDP growth right now, and has seen the ratio of credit to GDP ease a touch off recent levels. We expect that ratio to remain reasonably stable going forward.

Figure 7: Private sector credit to GDP



Source: RBNZ, Statistics NZ, ANZ Research

LOCAL DATA

ANZ Monthly Inflation Gauge – November. Prices rose 0.2% m/m, to be up 2.8% y/y.

ANZ Truckometer – November. The Heavy and Light Traffic Indexes rose 1.1% m/m and 1.5% m/m respectively/

REINZ Housing Market Statistics – November. In seasonally adjusted terms, sales volumes rose 6.4% m/m, while the REINZ House Price Index rise 0.7% m/m (3.5% y/y).

Food Price Index – November. Prices fell 0.4% m/m.

Half-year Economic Update and Budget Policy Statement. By 2021/22, and OBEGAL surplus of 2.5% of GDP was projected, with net debt at 19.3% of GDP.

BNZ-BusinessNZ PMI – November. The headline gauge lifted 0.4pts to 57.7.

BNZ-BusinessNZ PSI – November. The gauge lifted from 55.7 to 56.4.

DATA EVENT CALENDAR

DATE	COUNTRY	DATA/EVENT	MKT.	LAST	NZ TIME
18-Dec	JN	Trade Balance - Nov	-¥40.0B	¥284.6B	12:50
	JN	Trade Balance Adjusted - Nov	¥265.0B	¥322.9B	12:50
	JN	Exports YoY - Nov	14.7%	14.0%	12:50
	JN	Imports YoY - Nov	18.0%	18.9%	12:50
	NZ	ANZ Consumer Confidence Index - Dec	--	123.7	13:00
	NZ	ANZ Consumer Confidence MoM - Dec	--	-2.1%	13:00
	AU	New Motor Vehicle Sales MoM - Nov	--	0.0%	13:30
	AU	New Motor Vehicle Sales YoY - Nov	--	1.0%	13:30
	NZ	Non Resident Bond Holdings - Nov	--	60.9%	15:00
	EC	CPI MoM - Nov	0.1%	0.1%	23:00
	EC	CPI YoY - Nov F	1.5%	1.5%	23:00
	EC	CPI Core YoY - Nov F	0.9%	0.9%	23:00
19-Dec	UK	CBI Trends Total Orders - Dec	15	17	00:00
	UK	CBI Trends Selling Prices - Dec	--	17	00:00
	US	NAHB Housing Market Index - Dec	70	70	04:00
	NZ	Westpac Consumer Confidence - Q4	--	112.4	10:00
	AU	ANZ-RM Consumer Confidence Index - 17-Dec	--	115.1	11:30
	NZ	ANZ Activity Outlook - Dec	--	6.5	13:00
	NZ	ANZ Business Confidence - Dec	--	-39.3	13:00
	GE	IFO Business Climate - Dec	117.5	117.5	22:00
	GE	IFO Expectations - Dec	110.8	111	22:00
	GE	IFO Current Assessment - Dec	124.7	124.4	22:00
	EC	Construction Output MoM - Oct	--	0.10%	23:00
	EC	Construction Output YoY - Oct	--	3.10%	23:00
	EC	Labour Costs YoY - Q3	--	1.80%	23:00
20-Dec	US	Housing Starts - Nov	1248k	1290k	02:30
	US	Housing Starts MoM - Nov	-3.3%	13.7%	02:30
	US	Building Permits - Nov	1275k	1316k	02:30
	US	Building Permits MoM - Nov	-3.1%	7.4%	02:30
	US	Current Account Balance - Q3	-\$116.4B	-\$123.1B	02:30
	NZ	Net Migration SA - Nov	--	5580	10:45
	NZ	Trade Balance NZD - Nov	-550M	-871M	10:45
	NZ	Exports NZD - Nov	4.61B	4.56B	10:45
	NZ	Imports NZD - Nov	5.10B	5.43B	10:45
	NZ	Trade Balance 12 Mth YTD NZD - Nov	-2700M	-2986M	10:45
	NZ	BoP Current Account Balance NZD - Q3	-4.200B	-0.618B	10:45
	NZ	Current Account GDP Ratio YTD - Q3	-2.50%	-2.80%	10:45
	AU	Westpac Leading Index MoM - Nov	--	0.13%	12:30
	AU	Skilled Vacancies MoM - Nov	--	0.5%	13:00
	NZ	Credit Card Spending MoM - Nov	--	0.8%	15:00
	NZ	Credit Card Spending YoY - Nov	--	2.9%	15:00
	GE	PPI MoM - Nov	0.2%	0.3%	20:00
	GE	PPI YoY - Nov	2.6%	2.7%	20:00
	EC	ECB Current Account SA - Oct	--	€37.8B	22:00
	EC	Current Account NSA - Oct	--	€41.8B	22:00
21-Dec	UK	CBI Retailing Reported Sales - Dec	20	26	00:00
	UK	CBI Total Dist. Reported Sales - Dec	--	30	00:00
	US	MBA Mortgage Applications - 15-Dec	--	-2.3%	01:00

Continued on following page

DATA EVENT CALENDAR

DATE	COUNTRY	DATA/EVENT	MKT.	LAST	NZ TIME
21-Dec	US	Existing Home Sales - Nov	5.52M	5.48M	04:00
	US	Existing Home Sales MoM - Nov	0.7%	2.0%	04:00
	NZ	GDP SA QoQ - Q3	0.6%	0.8%	10:45
	NZ	GDP YoY - Q3	2.4%	2.5%	10:45
	UK	GfK Consumer Confidence - Dec	-12	-12	13:01
	AU	RBA FX Transactions Market - Nov	--	A\$609M	13:30
	UK	Public Finances (PSNCR) - Nov	--	-£3.8B	22:30
	UK	Central Government NCR - Nov	--	-£6.7B	22:30
	UK	Public Sector Net Borrowing - Nov	£8.5B	£7.5B	22:30
	UK	PSNB ex Banking Groups - Nov	£9.0B	£8.0B	22:30
	JN	BOJ Policy Balance Rate - Dec	--	-0.10%	UNSPECIFIED
	JN	BOJ 10-Yr Yield Target - Dec	--	0.00%	UNSPECIFIED
22-Dec	US	Philadelphia Fed Business Outlook - Dec	21.0	22.7	02:30
	US	GDP Annualized QoQ - Q3 T	3.3%	3.3%	02:30
	US	Personal Consumption - Q3 T	2.3%	2.3%	02:30
	US	GDP Price Index - Q3 T	2.1%	2.1%	02:30
	US	Core PCE QoQ - Q3 T	1.4%	1.4%	02:30
	US	Initial Jobless Claims - 16-Dec	233k	225k	02:30
	US	Continuing Claims - 9-Dec	--	1886k	02:30
	US	Chicago Fed Nat Activity Index - Nov	--	0.65	02:30
	US	FHFA House Price Index MoM - Oct	0.4%	0.3%	03:00
	EC	Consumer Confidence - Dec A	0.2	0.1	04:00
	US	Leading Index - Nov	0.4%	1.2%	04:00
	GE	GfK Consumer Confidence - Jan	10.7	10.7	20:00
	UK	Current Account Balance - Q3	-£21.4B	-£23.2B	22:30
	UK	GDP QoQ - Q3 F	0.4%	0.4%	22:30
	UK	GDP YoY - Q3 F	1.5%	1.5%	22:30
	UK	Index of Services MoM - Oct	0.2%	0.1%	22:30
	UK	Index of Services 3M/3M - Oct	0.3%	0.4%	22:30
	UK	Total Business Investment QoQ - Q3 F	0.2%	0.2%	22:30
	UK	Total Business Investment YoY - Q3 F	1.3%	1.3%	22:30
23-Dec	US	Personal Income - Nov	0.4%	0.4%	02:30
	US	Personal Spending - Nov	0.5%	0.3%	02:30
	US	PCE Deflator MoM - Nov	0.3%	0.1%	02:30
	US	PCE Deflator YoY - Nov	1.8%	1.6%	02:30
	US	PCE Core MoM - Nov	0.1%	0.2%	02:30
	US	PCE Core YoY - Nov	1.5%	1.4%	02:30
	US	Durable Goods Orders - Nov P	2.1%	-0.8%	02:30
	US	Durables Ex Transportation - Nov P	0.5%	0.9%	02:30
	US	Cap Goods Orders Nondef Ex Air - Nov P	0.5%	0.3%	02:30
	US	Cap Goods Ship Nondef Ex Air - Nov P	0.3%	1.1%	02:30
	US	New Home Sales - Nov	651k	685k	04:00
	US	New Home Sales MoM - Nov	-5.0%	6.2%	04:00
	US	U. of Mich. Sentiment - Dec F	97.2	96.8	04:00
	US	Kansas City Fed Manf. Activity - Dec	15.0	16.0	05:00

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

The risk profile for the near-term growth picture is looking more skewed to the downside. Housing, capacity and credit headwinds exist. However, we still see growth holding in a 2½-3% range over the next couple of years. While medium-term inflation risks look to be shifting, we doubt that will be enough to alter the outlook for the OCR much; it looks set to be on hold for some time yet.

DATE	DATA/EVENT	ECONOMIC SIGNAL	COMMENT
Mon 18 Dec (1:00pm)	ANZ-Roy Morgan Consumer Confidence – Dec	--	--
Tue 19 Dec (1:00pm)	ANZ Business Outlook – Dec	--	--
Wed 20 Dec (early am)	GlobalDairyTrade Auction	Stable	We suspect prices will be broadly stable, with key forces offsetting (an upswing in global supply but a lift in price-sensitive demand).
Wed 20 Dec (10:45am)	Overseas Merchandise Trade – Nov	Steady	Elevated export prices continue to underpin the trade balance.
Wed 20 Dec (10:45am)	Balance of Payments – Q3	Narrower	We see a further narrowing in the seasonally adjusted current account deficit, and the annual deficit falling to 2.5% of GDP.
Wed 20 Dec (10:45am)	International Travel and Migration – Nov	Past the peak	As departures lift off lows, it is clear that the net inflow of migrants is easing off record highs.
Thu 21 Dec (10:45am)	GDP – Q3	Mediocre	Even ahead of political uncertainty, we believe the economy is vulnerable to a growth air-pocket. We have pencilled in quarterly growth of just 0.4% q/q.
Thu 21 Dec (3:00pm)	RBNZ New Mortgage Lending – Nov	Soft	There has been a recent stabilisation (and even bounce) in housing market activity. That is likely to be reflected in new lending figures.
Thu 21 Dec (3:00pm)	RBNZ Sectoral Lending – Nov	Steady	Overall credit growth has slowed, and we see that slower pace of growth persisting.
Wed 3 Jan (early am)	GlobalDairyTrade Auction	Stable	We suspect prices will be broadly stable, with key forces offsetting (an upswing in global supply but a lift in price-sensitive demand).
Thu 11 Jan (10:00am)	ANZ Job Ads – Dec	--	--
Fri 12 Jan (10:45am)	Building Consent Issuance – Nov	Steady	We still see annual dwelling consent issuance struggling to push much above 30k.
Mon 15 Jan (10:45am)	Food Price Index – Dec	Upward march?	Higher export commodity prices suggest an upward skew to the outlook for retail food prices.
Mon 15 Jan (1:00pm)	ANZ Monthly Inflation Gauge – Dec	--	--
Tue 16 Jan (10:45am)	Electronic Card Transactions – Dec	Modest	The underlying trend in spending is soft, perhaps indicating broader spill-overs from the housing market.
Wed 17 Jan (10:00am)	ANZ Truckometer – Dec	--	--
Wed 17 Jan (1:00pm)	ANZ Commodity Price Index – Dec	--	--
On balance		Data watch	The data pulse has turned a little more mixed. Domestic inflation is low, but should lift gradually.

KEY FORECASTS AND RATES

	Jun-17	Sep-17	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19	Sep-19
GDP (% qoq)	0.8	0.4	0.5	0.6	0.9	0.9	0.8	0.7	0.7	0.7
GDP (% yoy)	2.5	2.2	2.3	2.3	2.4	2.9	3.2	3.3	3.1	2.8
CPI (% qoq)	0.0	0.5	0.4	0.5	0.2	0.6	0.3	0.7	0.6	0.8
CPI (% yoy)	1.7	1.9	1.9	1.4	1.6	1.7	1.5	1.7	2.1	2.3
Employment (% qoq)	-0.1	2.2	-0.5	0.5	0.4	0.4	0.3	0.3	0.3	0.3
Employment (% yoy)	3.1	4.1	2.8	2.1	2.6	0.8	1.6	1.4	1.3	1.2
Unemployment Rate (% sa)	4.8	4.6	4.7	4.6	4.5	4.5	4.4	4.4	4.4	4.4
Current Account (% GDP)	-2.8	-2.5	-2.6	-2.3	-2.5	-2.8	-3.0	-3.1	-3.0	-3.0
Terms of Trade (% qoq)	1.4	0.8	-1.5	-1.6	-0.8	0.0	0.1	0.1	0.1	0.1
Terms of Trade (% yoy)	10.1	12.4	4.6	-1.0	-3.1	-3.9	-2.2	-0.5	0.4	0.5

	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17
Retail ECT (% mom)	-0.8	-0.4	1.0	-0.4	0.0	-0.6	0.2	0.2	0.5	1.2
Retail ECT (% yoy)	2.6	5.6	4.5	5.2	4.5	2.0	4.4	2.9	1.3	4.3
Credit Card Billings (% mom)	-1.3	1.0	1.0	0.9	0.2	0.8	-0.7	0.7	0.8	--
Credit Card Billings (% yoy)	5.4	7.2	6.6	7.6	8.3	7.1	6.5	4.9	2.9	--
Car Registrations (% mom)	0.4	3.4	-2.7	3.6	-2.7	-4.5	9.4	-1.2	2.5	3.0
Car Registrations (% yoy)	7.3	16.5	3.0	13.7	11.1	6.2	13.5	15.6	7.3	7.3
Building Consents (% mom)	14.9	-2.8	-2.0	1.5	0.7	2.8	6.2	-2.5	-9.6	--
Building Consents (% yoy)	6.7	11.3	4.0	5.0	-8.0	-1.4	13.9	7.2	-7.3	--
REINZ House Price Index (% yoy)	11.9	10.6	9.1	6.7	5.3	3.2	2.7	3.7	3.4	3.5
Household Lending Growth (% mom)	0.5	0.5	0.5	0.4	0.5	0.3	0.4	0.5	0.5	--
Household Lending Growth (% yoy)	8.7	8.7	8.3	7.9	7.6	7.1	6.7	6.5	6.3	--
ANZ Roy Morgan Consumer Conf.	127.4	125.2	121.7	123.9	127.8	125.4	126.2	129.9	126.3	123.7
ANZ Business Confidence	16.6	11.3	11.0	14.9	24.8	19.4	18.3	0.0	-10.1	-39.3
ANZ Own Activity Outlook	37.2	38.8	37.7	38.3	42.8	40.3	38.2	29.6	22.2	6.5
Trade Balance (\$m)	-42	262	547	62	243	92	-1172	-1156	-871	--
Trade Bal (\$m ann)	52087	52404	52588	53218	53530	53742	53982	54057	54767	--
ANZ World Comm. Price Index (% mom)	2.0	0.4	-0.2	3.2	2.1	-0.8	-0.8	0.8	-0.3	-0.9
ANZ World Comm. Price Index (% yoy)	20.9	23.0	23.7	26.3	24.6	21.1	16.3	11.5	10.4	6.0
Net Migration (sa)	5940	6170	5830	5950	6310	5730	5440	5220	5580	--
Net Migration (ann)	71333	71932	71885	71964	72305	72402	72072	70986	70694	--
ANZ Heavy Traffic Index (% mom)	2.0	1.5	-2.2	4.0	-0.5	-6.0	6.5	-1.5	2.9	1.1
ANZ Light Traffic Index (% mom)	0.8	1.3	-1.4	1.2	1.2	-2.2	2.7	-0.1	-0.6	1.5

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)						
	Oct-17	Nov-17	Today	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19	Sep-19
NZD/USD	0.684	0.687	0.700	0.71	0.72	0.69	0.67	0.66	0.65	0.65
NZD/AUD	0.893	0.883	0.915	0.89	0.88	0.90	0.91	0.92	0.93	0.93
NZD/EUR	0.588	0.594	0.596	0.62	0.65	0.62	0.58	0.56	0.54	0.52
NZD/JPY	77.56	79.16	78.84	83.8	83.5	77.3	69.7	68.6	65.0	65.0
NZD/GBP	0.518	0.523	0.526	0.53	0.53	0.50	0.49	0.48	0.47	0.47
NZ\$ TWI	71.4	71.8	74.1	74.0	75.2	72.4	69.7	68.5	67.2	66.4
INTEREST RATES	Oct-17	Nov-17	Today	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19	Sep-19
NZ OCR	1.75	1.75	1.75	1.75	1.75	1.75	2.00	2.25	2.25	2.25
NZ 90 day bill	1.94	1.95	1.87	1.95	1.97	2.07	2.34	2.50	2.50	2.59
NZ 10-yr bond	2.92	2.80	2.74	2.85	3.05	3.25	3.40	3.45	3.50	3.50
US Fed funds	1.25	1.25	1.50	1.50	1.75	2.00	2.25	2.25	2.50	2.50
US 3-mth	1.38	1.57	1.61	1.75	2.05	2.20	2.45	2.45	2.45	2.45
AU Cash Rate	1.50	1.50	1.50	1.50	1.75	2.00	2.00	2.00	2.00	2.00
AU 3-mth	1.69	1.72	1.77	1.80	2.00	2.30	2.40	2.40	2.40	2.40

	15 Nov	11 Dec	12 Dec	13 Dec	14 Dec	15 Dec
Official Cash Rate	1.75	1.75	1.75	1.75	1.75	1.75
90 day bank bill	1.92	1.89	1.88	1.88	1.86	1.86
NZGB 03/19	1.86	1.82	1.81	1.81	1.80	1.79
NZGB 05/21	2.16	2.11	2.11	2.10	2.09	2.07
NZGB 04/23	2.45	2.40	2.41	2.39	2.35	2.32
NZGB 04/27	2.89	2.83	2.84	2.82	2.76	2.72
2 year swap	2.17	2.17	2.17	2.18	2.18	2.18
5 year swap	2.68	2.64	2.65	2.65	2.63	2.62
RBNZ TWI	73.22	72.83	73.41	73.77	74.07	74.07
NZD/USD	0.6911	0.6917	0.6949	0.6940	0.6993	0.6993
NZD/AUD	0.9099	0.9183	0.9176	0.9180	0.9130	0.9146
NZD/JPY	77.89	78.43	78.85	78.69	78.82	78.76
NZD/GBP	0.5249	0.5167	0.5210	0.5201	0.5202	0.5248
NZD/EUR	0.5834	0.5862	0.5901	0.5906	0.5909	0.5950
AUD/USD	0.7596	0.7532	0.7573	0.7561	0.7659	0.7646
EUR/USD	1.1846	1.1798	1.1776	1.1751	1.1834	1.1749
USD/JPY	112.70	113.39	113.45	113.37	112.71	112.60
GBP/USD	1.3166	1.3385	1.3339	1.3343	1.3442	1.3320
Oil (US\$/bbl)	55.33	57.99	57.14	56.60	57.04	57.30
Gold (US\$/oz)	1286.00	1251.21	1244.01	1241.57	1256.46	1256.44
Electricity (Haywards)	9.81	13.19	16.15	13.37	13.16	13.42
Baltic Dry Freight Index	1374	1727	1743	1730	1668	1619
NZX WMP Futures (US\$/t)	2820	2845	2845	2850	2850	2850

IMPORTANT NOTICE

This document is intended for ANZ's institutional, professional or wholesale clients, and not for individuals or retail persons. It should not be forwarded, copied or distributed. The information in this document is general in nature, and does not constitute personal financial product advice or take into account your objectives, financial situation or needs.

This document may be restricted by law in certain jurisdictions. Persons who receive this document must inform themselves about and observe all relevant restrictions.

Disclaimer for all jurisdictions: This document is prepared and distributed in your country/region by either: Australia and New Zealand Banking Group Limited (ABN11 005 357 522) (**ANZ**); or its relevant subsidiary or branch (each, an **Affiliate**), as appropriate or as set out below.

This document is distributed on the basis that it is only for the information of the specified recipient or permitted user of the relevant website (**recipients**).

This document is for informational purposes and nothing contained within is intended to be a recommendation, invitation, solicitation or offer by ANZ to sell, or buy, receive or provide any product or service, or to participate in a particular trading strategy.

Distribution of this document to you is only as may be permissible by the laws of your jurisdiction, and is not directed to or intended for distribution or use by recipients resident or located in jurisdictions where its use or distribution would be contrary to those laws or regulations, or in jurisdictions where ANZ would be subject to additional licensing or registration requirements. Further, the products and services mentioned in this document may not be available in all countries.

ANZ in no way provides any financial, legal, taxation or investment advice to you in connection with any product or service discussed in this document. Before making any investment decision, recipients should seek independent financial, legal, tax and other relevant advice having regard to their particular circumstances.

Whilst care has been taken in the preparation of this document, ANZ does not make any representation as to the accuracy of the views expressed in this document. Further, ANZ does not accept any responsibility to inform you of any matter that subsequently comes to its notice, which may affect the accuracy of the information in this document.

Preparation of this document and the opinions expressed in it may involve material elements of subjective judgement and analysis. Unless specifically stated otherwise: they are current on the date of this document and are subject to change without notice; and, all price information is indicative only. Any opinions expressed in this document are subject to change at any time without notice.

ANZ does not guarantee the performance of any product mentioned in this document. All investments entail a risk and may result in both profits and losses. Past performance is not necessarily an indicator of future performance. The products and services described in this document may not be suitable for all investors, and transacting in these products or services may be considered risky.

ANZ expressly disclaims any responsibility and shall not be liable for any loss, damage, claim, liability, proceedings, cost or expense (**Liability**) arising directly or indirectly and whether in tort (including negligence), contract, equity or otherwise out of or in connection with this document to the extent permissible under relevant law. Please note, the contents of this document have not been reviewed by any regulatory body or authority in any jurisdiction.

ANZ and its Affiliates may have an interest in the subject matter of this document. They may receive fees from customers for dealing in the products or services described in this document, and their staff and introducers of business may share in such fees or remuneration that may be influenced by total sales, at all times received and/or apportioned in accordance with local regulatory requirements. Further, they or their customers may have or have had interests or long or short positions in the products or services described in this document, and may at any time make purchases and/or sales in them as principal or agent, as well as act (or have acted) as a market maker in such products. This document is published in accordance with ANZ's policies on conflicts of interest and ANZ maintains appropriate information barriers to control the flow of information between businesses within it and its Affiliates.

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

Country/region specific information: Unless stated otherwise, this document is distributed by Australia and New Zealand Banking Group Limited (**ANZ**).

Australia. ANZ holds an Australian Financial Services licence no. 234527. For a copy of ANZ's Financial Services Guide please [click here](#) or request from your ANZ point of contact. If trading strategies or recommendations are included in this document, they are solely for the information of 'wholesale clients' (as defined in section 761G of the Corporations Act 2001 Cth).

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

Cambodia. This document is distributed in Cambodia by ANZ Royal Bank (Cambodia) Limited (**ANZ Royal Bank**). The recipient acknowledges that although ANZ Royal Bank is a subsidiary of ANZ, it is a separate entity to ANZ and the obligations of ANZ Royal Bank do not constitute deposits or other liabilities of ANZ and ANZ is not required to meet the obligations of ANZ Royal Bank.

European Economic Area (EEA): United Kingdom. ANZ is authorised in the United Kingdom by the Prudential Regulation Authority (**PRA**) and is subject to regulation by the Financial Conduct Authority (**FCA**) and limited regulation by the PRA. Details about the extent of our regulation by the PRA are available from us on request. This document is distributed in the United Kingdom by Australia and New Zealand Banking Group Limited ANZ solely for the information of persons who would come within the FCA definition of "eligible counterparty" or "professional client". It is not intended for and must not be distributed to any person who would come within the FCA definition of "retail client". Nothing here excludes or restricts any duty or liability to a customer which ANZ may have under the UK Financial Services and Markets Act 2000 or under the regulatory system as defined in the Rules of the Prudential Regulation Authority (**PRA**) and the FCA. ANZ is authorised in the United Kingdom by the PRA and is subject to regulation by the FCA and limited regulation by the PRA. Details about the extent of our regulation by the PRA are available from us on request.

Fiji. For Fiji regulatory purposes, this document and any views and recommendations are not to be deemed as investment advice. Fiji investors must seek licensed professional advice should they wish to make any investment in relation to this document.

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

India. If this document is received in India, only you (the specified recipient) may print it provided that before doing so, you specify on it your name and place of printing.

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



IMPORTANT NOTICE

New Zealand. This document is intended to be of a general nature, does not take into account your financial situation or goals, and is not a personalised adviser service under the Financial Advisers Act 2008 (**FAA**). When distributed by ANZ in New Zealand, this document is intended only for "wholesale" clients as defined in the FAA.

Oman. ANZ neither has a registered business presence nor a representative office in Oman and does not undertake banking business or provide financial services in Oman. Consequently ANZ is not regulated by either the Central Bank of Oman or Oman's Capital Market Authority. The information contained in this document is for discussion purposes only and neither constitutes an offer of securities in Oman as contemplated by the Commercial Companies Law of Oman (Royal Decree 4/74) or the Capital Market Law of Oman (Royal Decree 80/98), nor does it constitute an offer to sell, or the solicitation of any offer to buy non-Omani securities in Oman as contemplated by Article 139 of the Executive Regulations to the Capital Market Law (issued vide CMA Decision 1/2009). ANZ does not solicit business in Oman and the only circumstances in which ANZ sends information or material describing financial products or financial services to recipients in Oman, is where such information or material has been requested from ANZ and the recipient understands, acknowledges and agrees that this document has not been approved by the CBO, the CMA or any other regulatory body or authority in Oman. ANZ does not market, offer, sell or distribute any financial or investment products or services in Oman and no subscription to any securities, products or financial services may or will be consummated within Oman. Nothing contained in this document is intended to constitute Omani investment, legal, tax, accounting or other professional advice.

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

Qatar. This document has not been, and will not be:

- lodged or registered with, or reviewed or approved by, the Qatar Central Bank (**QCB**), the Qatar Financial Centre (**QFC**) Authority, QFC Regulatory Authority or any other authority in the State of Qatar (**Qatar**); or
- authorised or licensed for distribution in Qatar,

and the information contained in this document does not, and is not intended to, constitute a public offer or other invitation in respect of securities in Qatar or the QFC. The financial products or services described in this document have not been, and will not be:

- registered with the QCB, QFC Authority, QFC Regulatory Authority or any other governmental authority in Qatar; or
- authorised or licensed for offering, marketing, issue or sale, directly or indirectly, in Qatar.

Accordingly, the financial products or services described in this document are not being, and will not be, offered, issued or sold in Qatar, and this document is not being, and will not be, distributed in Qatar. The offering, marketing, issue and sale of the financial products or services described in this document and distribution of this document is being made in, and is subject to the laws, regulations and rules of, jurisdictions outside of Qatar and the QFC. Recipients of this document must abide by this restriction and not distribute this document in breach of this restriction. This document is being sent/issued to a limited number of institutional and/or sophisticated investors (i) upon their request and confirmation that they understand the statements above; and (ii) on the condition that it will not be provided to any person other than the original recipient, and is not for general circulation and may not be reproduced or used for any other purpose.

Singapore. This document is distributed in Singapore by the Singapore branch of ANZ solely for the information of "accredited investors", "expert investors" or (as the case may be) "institutional investors" (each term as defined in the Securities and Futures Act Cap. 289 of Singapore). ANZ is licensed in Singapore under the Banking Act Cap. 19 of Singapore and is exempted from holding a financial adviser's licence under Section 23(1)(a) of the Financial Advisers Act Cap. 100 of Singapore.

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

United States. Except where this is a FX-related document, this document is distributed in the United States by ANZ Securities, Inc. (**ANZ SI**) which is a member of the Financial Regulatory Authority (**FINRA**) (www.finra.org) and registered with the SEC. ANZSI's address is 277 Park Avenue, 31st Floor, New York, NY 10172, USA (Tel: +1 212 801 9160 Fax: +1 212 801 9163). ANZSI accepts responsibility for its content. Information on any securities referred to in this document may be obtained from ANZSI upon request. This document or material is intended for institutional use only – not retail. If you are an institutional customer wishing to effect transactions in any securities referred to in this document you must contact ANZSI, not its affiliates. ANZSI is authorised as a broker-dealer only for institutional customers, not for US Persons (as "US person" is defined in Regulation S under the US Securities Act of 1933, as amended) who are individuals. If you have registered to use this website or have otherwise received this document and are a US Person who is an individual: to avoid loss, you should cease to use this website by unsubscribing or should notify the sender and you should not act on the contents of this document in any way. Non-U.S. analysts: Non-U.S. analysts may not be associated persons of ANZSI and therefore may not be subject to FINRA Rule 2242 restrictions on communications with the subject company, public appearances and trading securities held by the analysts. Where this is an FX-related document, it is distributed in the United States by ANZ's New York Branch, which is also located at 277 Park Avenue, 31st Floor, New York, NY 10172, USA (Tel: +1 212 801 916 0 Fax: +1 212 801 9163).

Vietnam. This document is distributed in Vietnam by ANZ or ANZ Bank (Vietnam) Limited, a subsidiary of ANZ.

This document has been prepared by ANZ Bank New Zealand Limited, Level 26, 23-29 Albert Street, Auckland 1010, New Zealand, Ph 64-9-357 4094, e-mail nzeconomics@anz.com, <http://www.anz.co.nz>

