NEW ZEALAND MARKET FOCUS

3 April 2017

INSIDE

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

MATURING AND MELLOWING

ECONOMIC OVERVIEW

Our latest set of forecasts portrays an economy at a mature stage of its economic cycle. Late-cycle behaviours are apparent, and historically these have helped bring about a sharp slowdown, perhaps compounded by a global event. However, with credit/housing related excesses being actively curtailed, and numerous support factors remaining, we see the economy experiencing a 'gallop to canter' style moderation, with annual growth holding around 3% over 2017. The labour market will continue to tighten and domestic inflation pressures rise – that will necessitate a higher OCR in time. However, the RBNZ has time on its side. This week's QSBO will likely be consistent with this more mature theme, with activity indicators holding up, but growing capacity pressures evident. Dairy prices are expected to show some stability, while our commodity price index will highlight the broader picture.

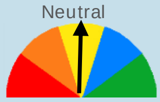
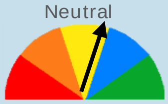
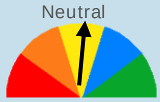
INTEREST RATE STRATEGY

Short-end interest rates continue to range-trade, with the potential for realignment lower towards levels more consistent with the RBNZ's balanced and neutral stance offset by unwillingness to chase the market this late in the cycle. Whilst acknowledging this, we remain very comfortable playing the short end from the long side given the recent widening to Australia and attractive roll + carry. Long-end rates are also biased lower near term in line with US Treasury bond yields, which continue to press lower. With short positioning now far less widespread than it was some weeks ago, most measures of US inflation heading higher, and some FOMC members talking about balance sheet reduction, we believe US bond yields are on borrowed time here, global political uncertainties and the lack of inflation in Europe and Japan notwithstanding. With the short end anchored by the OCR and the long end ultimately heading higher, we expect the curve to steepen.

CURRENCY STRATEGY

We expect the NZD to continue range-trading ahead of Q1 CPI data on April 20th, with very little else on the near term horizon to drive it. Global themes remain mixed (and illogical), with bond yields rallying and the USD consolidating as those on the reflation trade question their views (despite clear signs of a lift in US inflation), EUR softens on the absence of inflation, and JPY makes an assault on 110 despite generally disappointing data. The NZD's credentials are respectable, and we find it difficult to be outright bearish while that remains the case. With APRA tightening the screws on residential lending in Australia, NZD/AUD looks like it has bottomed.

THE ANZ HEATMAP

Variable	View	Comment	Risk profile (change to view)
GDP	3.2% y/y for 2017 Q4	Soft Q4 GDP figures are not a true reflection of the state of the economy. While momentum is forecast to ease, it should remain decent overall.	Neutral  Negative Positive
Unemployment rate	4.7% for 2017 Q4	We are looking through the Q4 lift in the unemployment rate. Job ads firmly signal it lower. Finding staff is a huge challenge for firms.	Neutral  Negative Positive
OCR	1.75% by Sep 2017	With strong growth, capacity pressures emerging and inflation past its lows, further OCR cuts would now be hard to justify. Next move is up.	Neutral  Down Up
CPI	2.1% y/y for 2017 Q4	Headline inflation is past its lows, with base effects seeing it return to the target mid-point shortly. Domestic and core inflation should also gradually lift.	Neutral  Negative Positive

ECONOMIC OVERVIEW

SUMMARY

Our latest set of forecasts portrays an economy at a mature stage of its economic cycle. Late-cycle behaviours are apparent, and historically these have helped bring about a sharp slowdown, perhaps compounded by a global event. However, with credit/housing related excesses being actively curtailed, and numerous support factors remaining, we see the economy experiencing a 'gallop to canter' style moderation, with annual growth holding around 3% over 2017. The labour market will continue to tighten and domestic inflation pressures rise – that will necessitate a higher OCR in time. However, the RBNZ has time on its side. This week's QSBO will likely be consistent with this more mature theme, with activity indicators holding up, but growing capacity pressures evident. Dairy prices are expected to show some stability, while our commodity price index will highlight the broader picture.

FORTHCOMING EVENTS

NZIER Quarterly Survey of Business Opinion – Q1 (10:00am, Tuesday, 4 April). Confidence may ease off highs, but will still be decent. We'd expect to see more signs of capacity and price tensions.

GlobalDairyTrade Auction (early am, Wednesday, 5 April). We are looking for relative stability in prices at this auction, but wouldn't count out an upside surprise.

ANZ Job Advertising – March (10:00am, Wednesday, 5 April).

ANZ Commodity Price Index – March (1:00pm, Wednesday, 5 April).

Government Financial Statements – February (10:00am, Thursday, 6 April). While the fiscal costs of the Kaikoura earthquakes are yet to be included, tax revenue continues to run ahead of projections.

WHAT'S THE VIEW?

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

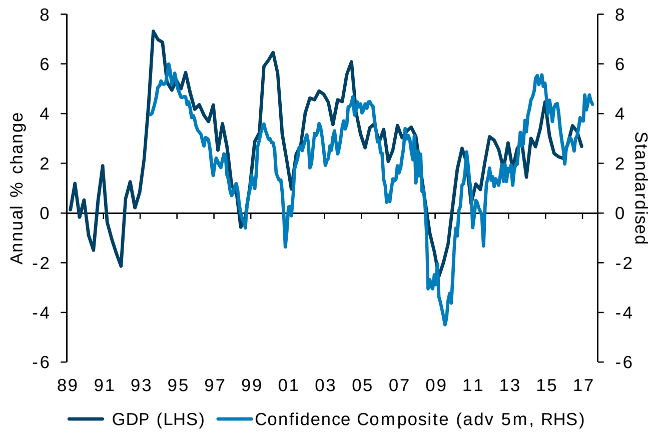
The New Zealand economy has reached a mature stage in the economic cycle. Firms are reporting more issues with finding skilled staff, and issues with capacity more generally. Productivity growth is waning and valuation excesses (housing) and leveraging behaviour is apparent. Historically, these are the conditions that often see a sharp slowdown follow, perhaps exacerbated by a global event.

However, we don't believe history is about to repeat, at least not due to domestic considerations. This is because: 1) a consumption boom has not followed the housing equivalent (keeping inflation low and the RBNZ at bay – at least for now); 2) there is still a shortage of houses, at least in Auckland; 3) most lending is now regulated (there is no shadow banking system); 4) the RBNZ has not sat idly by, introducing macro-prudential measures, which have cooled activity; and 5) banks are curtailing credit late in the cycle. **It is a combination that could have a powerful influence over the coming years as a containment of excesses at the top of the cycle will help limit the potential for a correction in the future.**

So our forecast story is not just about growth through the economic cycle, it is about the volatility of that growth and potential risks around it.

Economic signals are naturally becoming more fractured as late-cycle excesses are managed. Key cyclical parts of the economy have softened. **However, ample support factors for growth remain** including solid business and consumer confidence, strong population growth, tighter but still supportive financial conditions, historically elevated terms of trade, a decent external sector performance (led by tourism and some non-dairy agricultural sectors), less drag from fiscal policy, and a still-large construction sector pipeline (even though the near-term outlook for residential investment looks tougher).

FIGURE 1. GDP VS CONFIDENCE COMPOSITE



Source: ANZ, Roy Morgan, Statistics NZ

Our forecasts have annual GDP growth hovering around 3% over the course of 2017. As that is down from the 3½-4% pace experienced in mid-2016, technically it does mean that we believe growth has 'peaked'. But forecasting a peak in growth is quite different to forecasting a slowdown. We do believe growth momentum will ease (when you look at our forecasts on a quarterly sequential basis), but we'd class this as a 'gallop to canter' style moderation.

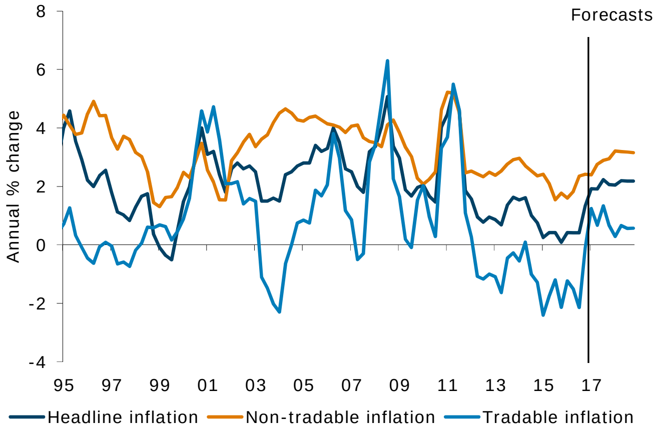
Employment growth looks to have peaked, but we still believe the labour market will tighten

ECONOMIC OVERVIEW

further. We see the unemployment rate falling to 4.4% by the end of 2018. Stronger wage growth should naturally follow, although we are mindful of the impact that technology is having and how this is likely to result in increased wage growth dispersion, rather than lifting wages equally.

But together with capacity pressures more generally, that should see domestic inflation pressures rise gradually. And even though annual tradable inflation is forecast to be near its highs in Q1 (with the boost from food prices temporary and deflationary forces remaining), headline inflation is forecast to be back at the target mid-point this year and hold there for our projection period.

FIGURE 2. CPI FORECASTS



Source: ANZ, Statistics NZ

This all corresponds with the next move in the OCR being up. We can certainly envisage scenarios where the OCR needs to be cut again. However, we don't believe the odds of that are evenly split, like the RBNZ suggests they are. Nonetheless, with retail banks already lifting borrowing rates and the global scene remaining uncertain, the RBNZ is likely to tread cautiously. We see the first OCR hike in May 2018.

We forecast the recent improvement in global growth to be sustained into 2018. US momentum is solid, ex-China Asian activity is accelerating and European activity is recovering. China is slowing, but that masks still-strong growth. This is all welcome, but many questions remain. Growth is okay, but trend growth is weak as productivity is low and demographics are no longer a tailwind. Questions surround the impact and speed of protectionist nuances, and how the global economy will respond to a re-pricing of the global cost of capital as interest rates lift off lows. We're anticipating bumps, but expect growth to hold up.

With regards to the primary sector outlook, the cyclical upturn in global soft commodities prices has matured, but we are not expecting a sudden turn for the worse. Dairy cash-flow prospects look steady to slightly better into mid-2018. Meat returns are exceeding expectations, but volumes are low. Smaller kiwifruit and grape crops are expected, while a record-sized pipfruit crop is on its way. Early season price indicators are strong for kiwifruit and pipfruit. Forestry prices continue to be robust with rising volumes expected over coming years.

And as to our views on the outlook for interest rates, despite range trading over Q1 (after having risen sharply during Q4) and a number of uncertainties remaining, **we continue to expect yields to slowly nudge higher** given that the Fed is in trend tightening mode, and the tone of central bank communications elsewhere is turning. By contrast, short-end rates will be anchored to the OCR, which we expect to remain on hold over 2017. **In currency markets, we expect the NZD to weaken modestly** as the growth cycle matures. The dip is expected to be shallower compared to earlier cycles, thanks largely to still very respectable domestic credentials.

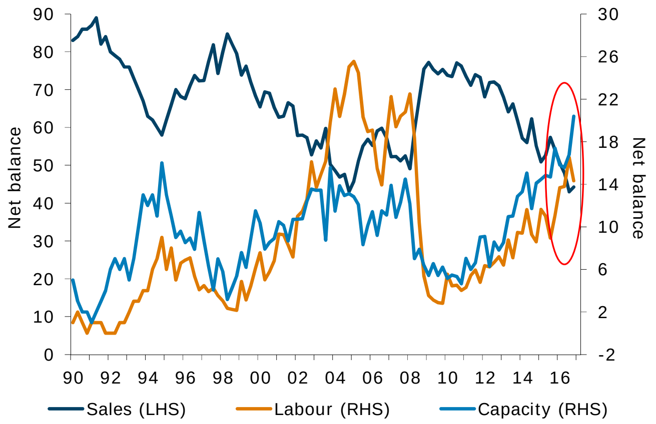
Turning to the week's domestic data, the NZIER Quarterly Survey of Business Opinion for Q1 will perhaps show softer confidence, but reasonable underlying messages. The survey typically mirrors the broad themes contained within our own Business Outlook survey and we are not expecting this quarter to be any different. In that regard, we are still expecting the survey to paint a decent economic picture overall, but one where some of the features typical of an economy at a more mature phase in its cycle are increasingly emerging.

Activity indicators within the survey should still point to a reasonable (but perhaps moderating) pace of momentum. In the Q4 survey, firms' experienced and expected domestic trading conditions eased to a net 21% and 25% (from 26% and 32%) respectively. Based on the relationship with own activity expectations from our Business Outlook survey, it is possible that these gauges fall again, although any moves are likely to be only small. Importantly, they will both remain well above historical averages, pointing to a still-reasonable pace of GDP growth over the first half of this year. Firms' hiring and investment intentions are also expected to remain broadly similar to Q4 levels.

But we fully expect to see ongoing evidence of capacity pressures. That, to be fair, has been evident within this survey for a number of quarters now. But in Q4, the number of firms saying that 'labour' or 'capacity' were their biggest constraints to expansion rose to the highest level since 2007 (a net 35%), and we wouldn't be surprised if this rose further in the Q1 figures. Firms' are also no doubt likely to continue to report difficulties in finding skilled staff – we certainly detect that sentiment in our own internal anecdotes.

ECONOMIC OVERVIEW

FIGURE 3: QSBO FACTOR CONSTRAINTS



Source: ANZ, NZIER

We are also expecting pricing gauges to have lifted a little further. In Q4, firms' pricing intentions (for the next three months) rose to a net 22%, which was up from just 7% in Q3, and the highest since Q3 2014. This is consistent with headline inflation continuing to head towards the target mid-point.

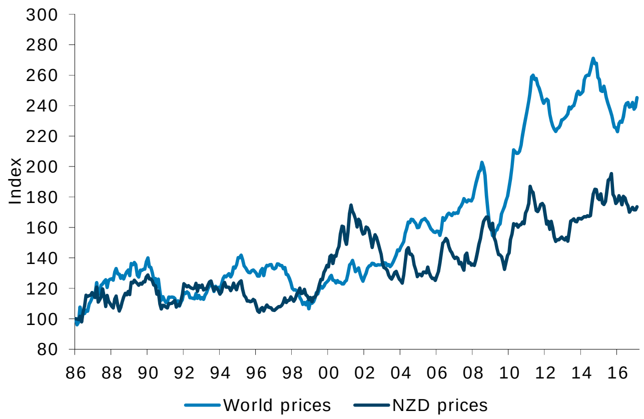
We don't expect much change in the headline result for this week's GDT dairy auction. But there could be more movement at the sub-category level triggering an upside surprise. We expect some further upside for whole milk powder (WMP) and milkfat prices, while skim milk powder (SMP) prices are biased lower. NZX dairy futures are pointing to a 1-2% decline in both the GDT-TWI and WMP, but price direction/action since the last auction's upside surprise (especially for WMP) has been rather lacklustre. This suggests to us the market is lacking a strong conviction on price direction at the moment.

The main risk at present is that higher milk flow out of New Zealand, Europe and the US overwhelm markets, sending all dairy product prices lower, but it doesn't feel like the market is at that juncture yet. This is highlighted by the varying price direction of individual dairy products in recent weeks, suggesting most products are trading on their own supply-demand fundamentals for now. From our perspective, WMP prices could improve further in the near term with China continuing to buy, latent demand from other buyers priced out of the market late last year being triggered by the early March price fall, and lower volumes to be auctioned this week (-20% vs. last auction). While additional milkfat supply (+8% vs. last auction) has been added this week, auction prices are expected to remain robust with a shortage of tradable product, high Australian demand due to low local milk supplies, and New Zealand remaining the cheapest global source. In contrast there would seem to be clear downside for SMP prices despite NZX futures suggesting an unchanged result.

More product is being offered (+50% compared to last auction), there's still a large price premium from GDT supply to Europe and US product; and more supply is on its way from Europe (seasonality), which will add to already-high inventories looking for a home.

Of course, when it comes assessing the outlook for the terms of trade and broader export earnings, it is not just about dairy prices. Our commodity price index for March will provide an update on this broader picture. Recently, the message has been reasonable, with 10 of the 17 index components rising in February, and prices excluding dairy up a solid 2.5% m/m to their highest level since May 2015. Admittedly, some of the strength was been offset by the NZD, with the NZD (ex-dairy) index rising a more modest 1.2% m/m. But with the NZD generally falling over March, the near-term outlook for farm gate prices appears reasonable if commodity prices can at least maintain recent gains.

FIGURE 4: NON-DAIRY COMMODITY PRICES



Source: ANZ

The demand for labour has been extraordinarily strong. Our job ads series for March will highlight whether that remains the case. Total job advertising rose 0.4% m/m in February, reversing a 0.4% m/m drop in January. Although there are some signs that annual growth is topping out, this is hardly surprising when nationally it sits at 19% (on a three-month average basis). Strong growth is being recorded in most parts of the country, especially the regions, with the main exception being Canterbury. Given the difficulties firms are having matching the skills needed with workers available, it is possible that employment growth begins to cool even with elevated vacancies.

LOCAL DATA

Building Consent Issuance – February. Total dwelling consent issuance rebounded 14% m/m (sa).

ANZ Business Outlook – March. Headline business confidence fell 6 points to a net 11%. Firms' own activity expectations rose 2 points to +39.

INTEREST RATE STRATEGY

SUMMARY

Short-end interest rates continue to range-trade, with the potential for realignment lower towards levels more consistent with the RBNZ's balanced and neutral stance offset by unwillingness to chase the market this late in the cycle. Whilst acknowledging this, we remain very comfortable playing the short end from the long side given the recent widening to Australia and attractive roll + carry. Long-end rates are also biased lower near term in line with US Treasury bond yields, which continue to press lower. With short positioning now far less widespread than it was some weeks ago, most measures of US inflation heading higher, and some FOMC members talking about balance sheet reduction, we believe US bond yields are on borrowed time here, global political uncertainties and the lack of inflation in Europe and Japan notwithstanding. With the short end anchored by the OCR and the long end ultimately heading higher, we expect the curve to steepen.

THEMES

- Familiar themes remain in place: the short end trying hard to bet against the RBNZ, who is comfortably on hold, and a long end that's rallying on US fiscal policy disappointment despite clear signs that US inflation is rising.
- Ahead of a fairly quiet week on the local data front we don't expect much change near-term. Our bias to be received at the short end is more about carry and patience than an expectation of rates actually moving lower.
- Talk over the weekend that the Fed is considering trimming its balance sheet has been shrugged off by the market. However, the lift in the core PCE deflator (the Fed's preferred measure of inflation) is a shot across the bow for the market.

MONETARY POLICY AND SHORT END

Short-end rates have range-traded over the past few weeks and look set to continue doing so. Trading ranges remain tight, with the bellwether 2 year swap confined to a 2.28%/2.34% range.

As we have discussed for some time, **technically the short end has scope to rally** – particularly given moves seen offshore (notably Australia), the RBNZ's very balanced stance, and the more moderate tone of recent local data. **Nonetheless, the market has been understandably reluctant to chase yields lower, and until we see a circuit-breaker emerge, short-end rates are likely to remain steady.**

On that score, the most obvious catalyst for a re-assessment is Q1 CPI, due on April 20th. We expect it to show an increase of 0.7% q/q and 1.9% y/y. While that would be the highest reading in more than 5 years – and effectively puts it back at the RBNZ's target mid-point – base effects and a temporary spike in food prices are playing big roles. As our Monthly Inflation Gauge has shown, a broad-based lift in domestic inflation is still lacking. **Consequently, we remain guarded about the prospect of a meaningful rise in short-end rates**. Indeed, with retail interest rates rising gradually and the curve steepening – which in essence is doing some of the work normally done by the OCR – the RBNZ remains comfortably on hold.

GLOBAL MARKETS AND LONG END

The immediate outlook for long-end rates is also rather bland, with US Treasury bond yields trading tight ranges too. In the last two weeks, US bond yields have fallen, dragging NZ yields with them. Further downside is possible near term, especially with the bellwether US 10-year bond yield just below the key 2.40% level. If sustained, this is likely to have many investors questioning their view that yields will rise. Such a reassessment could be very disruptive.

However, we have no difficulty articulating the case for higher yields, with US inflation (eg the core and headline PCE deflators) edging up, the Fed flagging a 3% terminal fed funds rate, and talk of eventually trimming the Fed's balance sheet. Positioning remains slightly short, but is nothing like it was a month ago. But the biggest irony: why are so many questioning the reflation trade amid clear signs US inflation is rising? Accordingly, **we expect US bond yields to bottom out soon, taking NZ yields higher.**

STRATEGY

Investors: No change – we **prefer to remain short duration, and positioned for a steeper curve.** We see scope for the NZ/US spread to continue to narrow, and for Linkers to outperform going into CPI data.

Borrowers: No change – **BKBM is at a record low, but that won't last, and our forecasts have swap rates going higher than where forward rates sit,** adding to our sense to add to hedges on dips.

KEY VIEWS		
SECTOR	**DIRECTION**	**COMMENT**
Short end	Neutral/Bullish	Yields can fall given the RBNZ's position, spreads to AU and R+C. But nobody keen to chase it late cycle!
Long end	Neutral/Higher	Sharp reduction in US short positioning suggests short squeeze is over. US real yields too low; need to rise.
Yield Curve	Steeper	Strategically favour a steepener, based largely on divergent views. US curve ought to be steeper too.
Geographic spreads	Neutral/ narrower	Spreads mid- range. Should narrow further over the year as USTs grind higher (especially given neutral RBNZ tone). Generally well correlated with the outlook for policy rate spreads (narrower!).
Swap spreads	Neutral	NZGS demand fair. Some risk of corporate paying, but global uncertainties likely to keep payers at bay.
NZD/TWI	Off highs	RBNZ February inflation projections now outdated given food prices and lower TWI. TWI is still high though.

CURRENCY STRATEGY

SUMMARY

We expect the NZD to continue range-trading ahead of Q1 CPI data on April 20th, with very little else on the near term horizon to drive it. Global themes remain somewhat mixed (and illogical), with bond yields rallying and the USD consolidating as those on the reflation trade question their views (despite clear signs of a lift in US inflation), EUR softens on the absence of inflation, and JPY makes an assault on 110 despite generally disappointing data. The NZD's credentials are respectable, and we find it difficult to be outright bearish while that remains the case. With APRA tightening the screws on residential lending in Australia, NZD/AUD looks like it has bottomed.

TABLE 1: KEY VIEWS			
CROSS	GUIDE	MONTH	YEAR
NZD/USD	↔	Range trading until Q1 CPI on April 20th	Mildly firmer USD bias over the year
NZD/AUD	↔/↑	Basing	Push higher
NZD/EUR	↔	EUR CPI very soft. Politics the wildcard	Huge growth/politics divide
NZD/GBP	↔	Consumer slowing as BoE feared	Brexit execution woes weighing
NZD/JPY	↔/↑	JPY struggling to maintain strength	Japan a defensive play; US strong too

THEMES AND RISKS

- Those onboard the reflation trade remain disappointed following Trump's healthcare reform bill failure, yet US inflation is clearly picking up.
- That said, the reflation trade is as much about growth as it is about inflation; and as the global growth pulse broadens, that's likely to weigh on the USD.
- Also, with the Fed leading the way higher from a policy perspective, and the USD up around 25% from pre-2015 post-GFC averages, catch-up elsewhere is not likely to benefit the USD.
- Local credentials remain strong, and this needs to be (and clearly is being) acknowledged.

ASSESSMENT

The NZD has been range-bound for some weeks now, and as with short-end interest rates, we expect this to remain the case at least until Q1 CPI data is released on April 20th. Until then, we see limited scope for a sustained break of familiar ranges amid a host of global cross-currents.

When we consider the NZD on its own, **it's hard to look past New Zealand's respectable macroeconomic, political and interest rate credentials.** These factors may be long in the tooth, so to speak, but they do need to be acknowledged. At a minimum, they make it difficult and expensive to bet against the NZD.

Pointing in the same direction, it's also difficult to be bullish the broad USD from here given the circa 25% lift seen since late 2014 ahead of what is likely to be a broadening of the global growth pulse, and some catch-up on the monetary policy front.

That said; with EUR inflation nowhere to be seen, the UK negotiating Brexit and Japanese data generally disappointing, it's also difficult to be bearish the USD against the majors. USD bulls have been disappointed by the new administration's lack of momentum and political uncertainty. **Our sense is that the USD risks on this front are to the upside** given apparent greater unity among Republicans with regard to tax policy, and the potential for the Fed to upgrade its mediocre GDP forecasts (which underscore the Fed's gradualist theme) – especially with inflation clearly trending higher**. Amid opposing forces, we expect more USD range-trading near-term.**

NZD/AUD is at an interesting juncture, having struggled to break sustainably through 0.9100. Neither currency is likely to get a hand from policy, with both central banks on hold. But NZ interest rates are higher and the yield curve is steeper here. Credit growth is slowing in NZ, but Australian lending standards have just been tightened. The latter is not a game-changer, but at the margin it likely delays the timing of eventual RBA hikes, and if the NZ example is anything to go by, it will have an impact on credit and the housing market, for a period at least. **With that in mind, we find it difficult to call for a sustained NZD/AUD break lower.**

TABLE 2: NZD VS AUD: MONTHLY GAUGES		
GAUGE	GUIDE	COMMENT
Fair value	↔/↑	Fair value is 0.93; we're below that.
Yield	↔/↑	NZ/AU spreads are now wider.
Commodities	↔	Dairy prices stabilising.
Data	↔/↑	Soft NZ data surprises now in the price.
Techs	↔	In consolidation mode around 0.92.
Sentiment	↔/↑	Looks to be turning in NZD's favour.
Other	↔/↑	Credit channel tightening faster in AU.
On balance	↔/↑	**Primed for a bounce off lows.**

TABLE 3: NZD VS USD: MONTHLY GAUGES		
GAUGE	GUIDE	COMMENT
Fair value	↔/↑	Below fair-value estimate of ~0.75.
Yield	↔	Term yields set to rise in both markets.
Commodities	↔	Some challenges for dairy.
Risk aversion	↔	Not a strong factor with VIX so low.
Data	↔/↓	Data turning more mixed in NZ.
Techs	↔/↑	Bounce off ~0.69 lows encouraging.
Sentiment	↔/↑	Need to acknowledge NZ positives.
Other	↔/↓	Can we ignore the rise in US inflation?
On balance	↔	**Range-bound.**

DATA EVENT CALENDAR

DATE	COUNTRY	DATA/EVENT	MKT.	LAST	NZ TIME
3-Apr	JN	Tankan Large Mfg Index - Q1	14	10	11:50
	JN	Tankan Large Mfg Outlook - Q1	13	8	11:50
	JN	Tankan Large Non-Mfg Index - Q1	19	18	11:50
	JN	Tankan Large Non-Mfg Outlook - Q1	19	16	11:50
	JN	Tankan Large All Industry Capex - Q1	-0.3%	5.5%	11:50
	AU	CoreLogic House Px MoM - Mar	--	1.4%	12:00
	AU	Melbourne Institute Inflation MoM - Mar	--	-0.3%	13:00
	AU	Retail Sales MoM - Feb	0.3%	0.4%	13:30
	AU	Building Approvals MoM - Feb	-1.5%	1.8%	13:30
	AU	Building Approvals YoY - Feb	-14.5%	-12.0%	13:30
	AU	ANZ Job Advertisements MoM - Mar	--	-0.7%	13:30
	AU	Commodity Index AUD - Mar	--	120.9	18:30
	AU	Commodity Index SDR YoY - Mar	--	56.0%	18:30
	GE	Markit/BME Manufacturing PMI - Mar F	58.3	58.3	19:55
	EC	Markit Manufacturing PMI - Mar F	56.2	56.2	20:00
	UK	Markit PMI Manufacturing SA - Mar	55.0	54.6	20:30
	EC	PPI MoM - Feb	0.1%	0.7%	21:00
	EC	PPI YoY - Feb	4.2%	3.5%	21:00
	EC	Unemployment Rate - Feb	9.5%	9.6%	21:00
4-Apr	US	Markit Manufacturing PMI - Mar F	53.5	53.4	01:45
	US	ISM Manufacturing - Mar	57.2	57.7	02:00
	US	ISM Prices Paid - Mar	66.0	68.0	02:00
	US	Construction Spending MoM - Feb	1.0%	-1.0%	02:00
	NZ	NZIER Business Opinion Survey - Q1	--	28.3	10:00
	AU	ANZ-RM Consumer Confidence Index - 2-Apr	--	113.8	11:30
	AU	Trade Balance - Feb	A$1700M	A$1302M	13:30
	AU	RBA Cash Rate Target - Apr	1.50%	1.50%	16:30
	UK	Markit/CIPS Construction PMI - Mar	52.5	52.5	20:30
	EC	Retail Sales MoM - Feb	0.5%	-0.1%	21:00
	EC	Retail Sales YoY - Feb	1.0%	1.2%	21:00
5-Apr	US	Trade Balance - Feb	-$44.5B	-$48.5B	00:30
	US	Factory Orders - Feb	1.0%	1.2%	02:00
	US	Durable Goods Orders - Feb F	1.9%	1.7%	02:00
	US	Durables Ex Transportation - Feb F	--	0.4%	02:00
	US	Cap Goods Orders Nondef Ex Air - Feb F	--	-0.1%	02:00
	US	Cap Goods Ship Nondef Ex Air - Feb F	--	1.0%	02:00
	NZ	QV House Prices YoY - Mar	--	13.5%	05:00
	NZ	ANZ Job Advertisements MoM - Mar	--	0.4%	10:00
	AU	AiG Perf of Services Index - Mar	--	49.0	11:30
	JN	Nikkei PMI Services - Mar	--	51.3	12:30
	JN	Nikkei PMI Composite - Mar	--	52.2	12:30
	NZ	ANZ Commodity Price - Mar	--	2.0%	13:00
	GE	Markit Services PMI - Mar F	55.6	55.6	19:55
	GE	Markit/BME Composite PMI - Mar F	57.0	57.0	19:55
	EC	Markit Services PMI - Mar F	56.5	56.5	20:00
	EC	Markit Composite PMI - Mar F	56.7	56.7	20:00
	UK	Markit/CIPS Services PMI - Mar	53.4	53.3	20:30
	UK	Markit/CIPS Composite PMI - Mar	53.8	53.8	20:30

Continued on following page

DATA EVENT CALENDAR

DATE	COUNTRY	DATA/EVENT	MKT.	LAST	NZ TIME
5-Apr	UK	Official Reserves Changes - Mar	--	$360M	20:30
	UK	Unit Labor Costs YoY - Q4	2.0%	2.3%	20:30
	US	MBA Mortgage Applications - 31-Mar	--	-0.8%	23:00
6-Apr	US	ADP Employment Change - Mar	195k	298k	00:15
	US	Markit Services PMI - Mar F	--	52.9	01:45
	US	Markit Composite PMI - Mar F	--	53.2	01:45
	US	ISM Non-Manf. Composite - Mar	57.0	57.6	02:00
	US	FOMC Meeting Minutes - 15-Mar	--	--	06:00
	CH	Caixin PMI Composite - Mar	--	52.6	13:45
	CH	Caixin PMI Services - Mar	--	52.6	13:45
	JN	Consumer Confidence Index - Mar	43.4	43.1	17:00
	GE	Factory Orders MoM - Feb	4.0%	-7.4%	18:00
	GE	Factory Orders WDA YoY - Feb	3.9%	-0.8%	18:00
	EC	ECB President Draghi speaks in Frankfurt -	--	--	19:00
	GE	Markit Construction PMI - Mar	--	54.1	19:30
	GE	Markit Retail PMI - Mar	--	51.2	20:10
	EC	Markit Retail PMI - Mar	--	49.9	20:10
7-Apr	US	Initial Jobless Claims - 1-Apr	250k	258k	00:30
	US	Continuing Claims - 25-Mar	2040k	2052k	00:30
	AU	AiG Perf of Construction Index - Mar	--	53.1	11:30
	GE	Industrial Production SA MoM - Feb	-0.2%	2.8%	18:00
	GE	Industrial Production WDA YoY - Feb	0.5%	0.0%	18:00
	GE	Trade Balance - Feb	€17.7B	€14.9B	18:00
	GE	Current Account Balance - Feb	€19.1B	€12.8B	18:00
	GE	Exports SA MoM - Feb	-0.5%	2.6%	18:00
	GE	Imports SA MoM - Feb	0.2%	2.8%	18:00
	AU	Foreign Reserves - Mar	--	A$66.8B	18:30
	UK	Halifax House Prices MoM - Mar	0.2%	0.1%	19:30
	UK	Halifax House Price 3Mths/Year - Mar	4.0%	5.1%	19:30
	UK	Industrial Production MoM - Feb	0.2%	-0.4%	20:30
	UK	Industrial Production YoY - Feb	3.7%	3.2%	20:30
	UK	Manufacturing Production MoM - Feb	0.3%	-0.9%	20:30
	UK	Manufacturing Production YoY - Feb	3.9%	2.7%	20:30
	UK	Visible Trade Balance GBP/Mn - Feb	-£10900	-£10833	20:30
	UK	Trade Balance Non EU GBP/Mn - Feb	-£2500	-£2447	20:30
	UK	Trade Balance - Feb	-£2200	-£1966	20:30
	CH	Foreign Reserves - Mar	$3007.5B	$3005.1B	/2017
8-Apr	UK	NIESR GDP Estimate - Mar	0.6%	0.6%	00:00
	US	Change in Nonfarm Payrolls - Mar	175k	235k	00:30
	US	Unemployment Rate - Mar	4.7%	4.7%	00:30
	US	Average Hourly Earnings MoM - Mar	0.3%	0.2%	00:30
	US	Average Hourly Earnings YoY - Mar	2.7%	2.8%	00:30
	US	Wholesale Trade Sales MoM - Feb	--	-0.1%	02:00
	US	Wholesale Inventories MoM - Feb F	0.40%	0.40%	02:00
	US	Consumer Credit - Feb	$13.75B	$8.79B	07:00

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

Looking through the weak Q4 GDP figures, we still believe domestic economic momentum is solid. However, there are some hints of softening. Inflation has lifted off lows, which is consistent with the next move in the OCR being upwards, but probably not until 2018.

DATE	DATA/EVENT	ECONOMIC SIGNAL	COMMENT
Tue 4 Apr (10:00am)	NZIER QSBO – Q1	Still decent	Confidence may ease off highs, but will still be decent. We'd expect to see more signs of capacity and price tensions.
Wed 5 Apr	New sectoral RBNZ funding and claims data	New format	The RBNZ has changed the structure of many of its bank lending and funding data series. This is the first release.
Wed 5 Apr (early am)	GlobalDairyTrade Auction	Stability?	Improved global supply has shifted sentiment. The key to whether we see ongoing price weakness is Chinese demand.
Wed 5 Apr (10:00am)	ANZ Job Ads – Mar	--	--
Wed 5 Apr (1:00pm)	ANZ Commodity Price Index – Mar	--	--
Thu 6 Apr (10:00am)	Government Financial Statements – Feb	Running ahead	While the fiscal costs of the Kaikoura earthquakes are yet to be incorporated, tax revenue continues to run ahead of projections.
10-14 Apr	REINZ Housing Market Statistics – Mar	Stable at a softer level	Turnover levels are expected to stabilise, although annual house price growth will continue to cool.
Tue 11 Apr (10:45am)	Electronic Card Transactions – Mar	Reasonable	While households are showing restraint overall, there are still enough positive forces to boost overall spending levels.
Tue 11 Apr (1:00pm)	ANZ Monthly Inflation Gauge – Mar	--	--
Wed 12 Apr (10:00am)	ANZ Truckometer – Mar	--	--
Thu 13 Apr (10:30am)	BNZ-BusinessNZ PMI – Mar	Better	More mixed construction sector activity poses some challenges, but we expect activity to hold up overall.
Thu 13 Apr (10:45am)	Food Price Index – Mar	Down?	After January's spike, prices were surprisingly flat in February. We have pencilled in some unwind in March.
Wed 19 Apr (early am)	GlobalDairyTrade Auction	Stability?	Improved global supply has shifted sentiment. The key to whether we see ongoing price weakness is Chinese demand.
Wed 19 Apr (10:30am)	BNZ-Business NZ PSI – Mar	Strong	Services sector activity is holding up, and despite the weaker housing market, is outperforming.
Thu 20 Apr (10:45am)	CPI – Q1	Back at the midpoint?	There is a non-trivial chance that headline inflation will be back at 2% on the back of food and petrol price increases.
Fri 21 Apr (1:00pm)	ANZ-Roy Morgan Consumer Confidence – Apr	--	--
Wed 26 Apr (10:45am)	International Travel & Migration – Mar	At highs	It is getting harder for net inflows to continue to setting net monthly records. Yet we can't see softer numbers on the horizon either.
Fri 28 Apr (10:45am)	Building Consent Issuance – Mar	Capped	Capacity and capital constraints are near-term challenges that are likely to cap the upside for issuance.
Fri 28 Apr (10:45am)	Overseas Merchandise Trade – Mar	Improving	Stronger export commodity prices and improved agricultural production should start to correspond to an improved trade balance.
Fri 28 Apr (1:00pm)	ANZ Business Outlook – Apr	--	--
On balance		**Data watch**	**Momentum is looking a little patchier, but should remain reasonable. Inflation is showing tentative signs of lifting.**

KEY FORECASTS AND RATES

	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19
GDP (% qoq)	0.4	**1.1**	**0.8**	**0.7**	**0.6**	**0.6**	**0.5**	**0.5**	**0.5**	**0.6**
GDP (% yoy)	2.7	**3.1**	**3.1**	**3.0**	**3.2**	**2.7**	**2.4**	**2.2**	**2.1**	**2.1**
CPI (% qoq)	0.4	**0.7**	**0.4**	**0.7**	**0.2**	**0.7**	**0.5**	**0.6**	**0.2**	**0.6**
CPI (% yoy)	1.3	**1.9**	**1.9**	**2.2**	**2.1**	**2.0**	**2.2**	**2.2**	**2.2**	**2.1**
Employment (% qoq)	0.8	**0.7**	**0.6**	**0.4**	**0.4**	**0.4**	**0.4**	**0.3**	**0.3**	**0.3**
Employment (% yoy)	5.8	**5.2**	**3.4**	**2.5**	**2.1**	**1.8**	**1.6**	**1.5**	**1.4**	**1.3**
Unemployment Rate (% sa)	5.2	**5.0**	**4.8**	**4.7**	**4.7**	**4.6**	**4.5**	**4.5**	**4.4**	**4.3**
Current Account (% GDP)	-2.7	**-2.6**	**-2.5**	**-2.5**	**-2.7**	**-3.1**	**-3.2**	**-3.3**	**-3.4**	**-3.4**
Terms of Trade (% qoq)	5.7	**0.2**	**-1.8**	**-1.1**	**-0.2**	**0.4**	**0.3**	**0.1**	**0.1**	**0.0**
Terms of Trade (% yoy)	6.7	**2.6**	**2.9**	**2.9**	**-2.8**	**-2.6**	**-0.6**	**0.6**	**0.9**	**0.5**

	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17
Retail ECT (% mom)	1.3	0.2	-1.2	2.0	0.5	0.0	0.1	2.7	-0.6	--
Retail ECT (% yoy)	6.8	5.8	3.2	6.1	4.2	5.1	5.8	5.6	2.6	--
Credit Card Billings (% mom)	-1.0	2.6	-1.0	2.9	2.9	-4.1	3.0	0.4	-1.4	--
Credit Card Billings (% yoy)	4.2	5.7	2.3	8.3	10.1	4.2	8.5	7.1	5.3	--
Car Registrations (% mom)	-0.7	0.1	2.6	-4.0	12.2	3.6	-6.1	1.4	0.2	--
Car Registrations (% yoy)	-1.2	-1.9	2.6	-0.8	13.1	18.4	7.8	12.2	7.3	--
Building Consents (% mom)	16.1	-5.2	-2.5	1.1	0.2	-8.6	-7.5	2.1	14.0	--
Building Consents (% yoy)	39.1	7.9	11.8	17.2	14.0	2.2	-10.5	-1.2	8.5	--
REINZ House Price Index (% yoy)	14.2	16.3	11.7	9.7	14.4	14.9	13.5	11.7	10.5	--
Household Lending Growth (% mom)	0.8	0.8	0.8	0.8	0.6	0.6	0.7	0.5	--	--
Household Lending Growth (% yoy)	8.3	8.6	8.7	8.8	8.7	8.6	8.7	8.7	--	--
ANZ Roy Morgan Consumer Conf.	118.9	118.2	117.7	121.0	122.9	127.2	124.5	128.7	127.4	125.2
ANZ Business Confidence	20.2	16.0	15.5	27.9	24.5	20.5	21.7	..	16.6	11.3
ANZ Own Activity Outlook	35.1	31.4	33.7	42.4	38.4	37.6	39.6	..	37.2	38.8
Trade Balance ($m)	107	-351	-1240	-1388	-798	-723	-6	-257	-18	--
Trade Bal ($m ann)	52660	52078	51900	51938	51943	51668	51622	51902	52056	--
ANZ World Commodity Price Index (% mom)	3.5	2.1	3.2	5.1	0.7	3.2	0.7	-0.1	2.0	--
ANZ World Comm. Price Index (% yoy)	-5.6	1.9	11.1	10.6	4.0	13.6	16.5	19.1	20.9	--
Net Migration (sa)	5770	5710	5710	6370	6230	6200	6010	6420	6000	--
Net Migration (ann)	69090	69015	69119	69954	70282	70354	70588	71305	71333	--
ANZ Heavy Traffic Index (% mom)	5.4	-6.4	7.1	-2.1	-0.5	3.7	-0.3	-1.0	2.3	--
ANZ Light Traffic Index (% mom)	2.7	-0.6	1.0	0.1	-2.1	-1.6	0.2	-0.3	0.7	--

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

KEY FORECASTS AND RATES

	ACTUAL			FORECAST (END MONTH)						
FX RATES	Jan-17	Feb-17	Today	Jun-17	Sep-17	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18
NZD/USD	0.728	0.719	0.701	0.70	0.69	0.68	0.68	0.68	0.67	0.67
NZD/AUD	0.964	0.938	0.918	0.92	0.93	0.94	0.94	0.93	0.91	0.89
NZD/EUR	0.680	0.679	0.657	0.65	0.66	0.67	0.68	0.65	0.63	0.63
NZD/JPY	82.80	80.79	78.05	80.5	79.4	78.2	78.2	78.2	77.1	77.1
NZD/GBP	0.585	0.578	0.558	0.58	0.58	0.58	0.55	0.54	0.54	0.52
NZ$ TWI	78.3	77.2	76.3	75.3	75.3	75.3	75.5	74.2	72.7	72.2
INTEREST RATES	Jan-17	Feb-17	Today	Jun-17	Sep-17	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18
NZ OCR	1.75	1.75	1.75	1.75	1.75	1.75	1.75	2.00	2.25	2.25
NZ 90 day bill	1.99	2.00	2.00	2.00	2.00	2.00	2.10	2.30	2.50	2.50
NZ 10-yr bond	3.37	3.23	3.18	3.50	3.70	3.80	3.90	4.00	4.00	4.10
US Fed funds	0.75	0.75	1.00	1.00	1.25	1.50	1.50	1.75	2.00	2.25
US 3-mth	1.03	1.06	1.15	1.20	1.45	1.70	1.70	1.95	2.20	2.45
AU Cash Rate	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50
AU 3-mth	1.77	1.78	1.80	1.70	1.70	1.70	1.70	1.70	1.70	1.70

	28 Feb	27 Mar	28 Mar	29 Mar	30 Mar	31 Mar
Official Cash Rate	1.75	1.75	1.75	1.75	1.75	1.75
90 day bank bill	2.00	1.98	1.98	1.99	1.99	2.00
NZGB 03/19	2.17	2.11	2.13	2.15	2.14	2.14
NZGB 05/21	2.58	2.49	2.48	2.49	2.47	2.48
NZGB 04/23	2.82	2.78	2.78	2.81	2.78	2.78
NZGB 04/27	3.23	3.17	3.19	3.22	3.19	3.19
2 year swap	2.34	2.30	2.32	2.34	2.32	2.32
5 year swap	2.96	2.89	2.91	2.94	2.92	2.93
RBNZ TWI	78.32	76.54	76.41	76.07	76.34	76.06
NZD/USD	0.7192	0.7055	0.7021	0.7024	0.7013	0.7006
NZD/AUD	0.9377	0.9242	0.9234	0.9177	0.9138	0.9185
NZD/JPY	80.78	77.86	77.64	77.97	77.95	78.06
NZD/GBP	0.5783	0.5605	0.5591	0.5651	0.5633	0.5585
NZD/EUR	0.6788	0.6493	0.6469	0.6511	0.6531	0.6577
AUD/USD	0.7670	0.7633	0.7604	0.7654	0.7675	0.7629
EUR/USD	1.0596	1.0865	1.0854	1.0787	1.0740	1.0652
USD/JPY	112.33	110.36	110.57	111.02	111.14	111.39
GBP/USD	1.2436	1.2586	1.2558	1.2429	1.2450	1.2550
Oil (US$/bbl)	54.01	47.73	48.37	49.51	50.35	50.60
Gold (US$/oz)	1252.03	1256.81	1254.22	1251.77	1250.31	1249.20
Electricity (Haywards)	6.52	4.74	4.18	4.92	4.53	3.76
Baltic Dry Freight Index	859	1282	1333	1338	1324	1297
NZX WMP Futures (US$/t)	3020	2870	2860	2800	2810	2850

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

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