

12 June 2017

INSIDE

Economic Overview	2
Interest Rate Strategy	5
Currency Strategy	6
Data Event Calendar	7
Local Data Watch	10
Key Forecasts	11

NZ ECONOMICS TEAM

Cameron Bagrie Chief Economist

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

Philip Borkin Senior Economist

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

David Croy Senior Rates Strategist

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

Kyle Uerata Economist

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

Con Williams Rural Economist

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

Sharon Zöllner Senior Economist

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

A HEALTHY SNAPSHOT

ECONOMIC OVERVIEW

March quarter GDP and Balance of Payments figures will provide a reasonable **snapshot of the economy's cyclical and structural health**. However, we're more focused on the future than the rear-view mirror, and forward indicators continue to flag solid momentum, which is notable amidst a slowing in housing activity, difficulty finding staff and credit constraints. In other data this week, housing market figures should show a continued cooling in house price momentum, while **we'd expect the monthly BusinessNZ indicators to be consistent with the generally positive signal from our own proprietary activity gauges**.

INTEREST RATE STRATEGY

Short-end rates continue to plumb fresh lows for the year on the back of NZD strength and as US interest rates become more established in a new, lower trading range. While we see limited scope for short-end rates to rise given the lack of any urgency for the RBNZ to alter policy amid fresh lows in oil prices and generally faltering inflation elsewhere, equally, further downside will be slow and gradual. The performance of NZ long-end bond yields has been nothing short of **phenomenal (especially when combined with FX gains)**. While we don't expect to see a reversal any time soon, global bond yields sit below the majority of commentators' forecasts, including our own. With bond yields at current levels and many forecasting a sell-off, the value on offer is relative, rather than outright.

CURRENCY STRATEGY

We remain wary of chasing the NZD around current levels, despite the impetus being provided from the terms of trade, economic growth, and sound policy direction – with the latter increasingly a differentiator in a resentment-vote-driven world. Market pricing for the Fed looks underdone and we're expecting policy uncertainty to morph into market volatility as global growth numbers are impacted, with negative flow-on for the commodity bloc. We continue to favour the NZD/AUD higher, given respective business cycles.

THE ANZ HEATMAP

Variable	View	Comment	Risk profile (change to view)
GDP	2.9% y/y for 2017 Q4	Forward indicators remain positive despite headwinds from a softer housing market, difficulty finding staff and capital constraints.	
Unemployment rate	4.7% for 2017 Q4	Strong job ads growth suggests the unemployment rate should continue to trend lower. Wage growth is benign, but conditions for change are emerging.	
OCR	1.75% by Dec 2017	The case for a lower OCR right now is hard to justify, but a turn in the credit cycle is allowing the RBNZ to be patient.	
CPI	2.0% y/y for 2017 Q4	Headline inflation is now back at the target mid-point. Domestic and core inflation are also gradually lifting.	

ECONOMIC OVERVIEW

SUMMARY

March quarter GDP and Balance of Payments figures will provide a reasonable snapshot of the economy's cyclical and structural health. However, we're more focused on the future than the rear-view mirror, and forward indicators continue to flag solid momentum, which is notable amidst a slowing in housing activity, difficulty finding staff and credit constraints. In other data this week, housing market figures should show a continued cooling in house price momentum, while we'd expect the monthly BusinessNZ indicators to be consistent with the generally positive signal from our own proprietary activity gauges.

FORTHCOMING EVENTS

ANZ Monthly Inflation Gauge – May (1:00pm, Monday, 12 June).

REINZ Housing Market Statistics – May (sometime this week). While seasonally adjusted sales volumes may lift after falling sharply in April, house price growth momentum should have continued to slow.

Balance of Payments – Q1 (10:45am, Wednesday, 14 June). While we expect the seasonally adjusted deficit to be broadly unchanged, the annual deficit is expected to narrow to 2.6% of GDP.

Food Prices – May (10:45am, Wednesday, 14 June). After a large increase over Q1, we suspect prices will start to unwind. That said, poor autumn weather could delay this move.

GDP – Q1 (10:45am, Thursday, 15 June). Driven by gains in primary, goods-producing and services sectors, we expect production GDP growth of 0.8% q/q (2.8% y/y).

BNZ-BusinessNZ PMI – May (10:45am, Friday, 16 June). Despite construction sector capacity challenges, the manufacturing sector is performing well.

BNZ-BusinessNZ PSI – May (10:45am, Monday, 19 June). Perhaps related to weaker housing activity, the index fell sharply in April. We suspect it will bounce modestly.

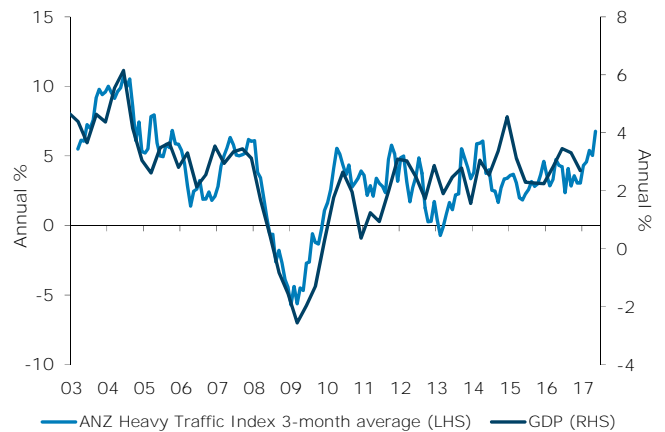
ANZ Roy Morgan Consumer Confidence – June (delayed until 1.00pm, Tuesday 20 June).

WHAT'S THE VIEW?

We're still taking a glass-half-full view of the economy. National income growth is strengthening given broad-based commodity price gains, firms and consumers are confident, the demand for labour is strong, our Truckometer is accelerating, dairy sector risks have reduced, and external imbalances (which have long been New Zealand's Achilles' Heel and a major source of vulnerability) are at far less worrying

levels than at equivalent points of previous economic cycles.

FIGURE 1: ANZ HEAVY TRAFFIC INDEX AND GDP GROWTH



Source: ANZ, Statistics NZ

This week's key Q1 data is expected to by-and-large reinforce that positive message. After a lacklustre end to 2016, in large part due to some temporary weather and earthquake disruptions, we believe the economy expanded 0.8% q/q in Q1 (2.8% y/y), which would be back on par with the pace of quarterly growth experienced over the first nine months of 2016. It's a rebound from Q4 2016, and a rate of (annualised) growth that is marginally eating into spare capacity.

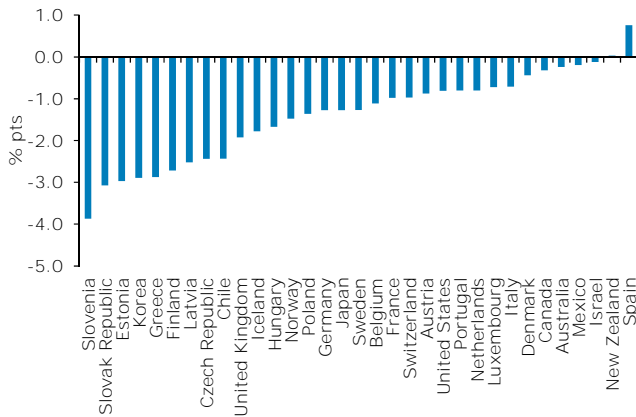
Now when you consider the population grew 0.6% over the quarter, GDP growth of 0.8% is not overly strong. Additionally, the risks to the expenditure measure of GDP do appear skewed to a softer outcome, given what looks set to be a large drag from net exports. So there will be the odd soft point and no doubt the usual naysayers will be out in force in that regard.

Productivity growth is not great, nor is GDP per capita. We're not disputing that. However, some nuances need to be acknowledged.

- The service sector is now around two thirds of the economy and we – by-and-large – still measure GDP as an old-school production-based economy. We suspect GDP is being under-reported.
- Migrants (the key driver of population growth) do not instantly slot into the economic system; like any worker who starts a new job, they take time to fit in and deliver value add.
- Almost all countries around the globe have seen productivity growth wane post the GFC. New Zealand has been no different. In fact, it has been "less bad" than most in change terms, admittedly from an unspectacular starting point.

ECONOMIC OVERVIEW

FIGURE 2: LABOUR PRODUCTIVITY GROWTH – 2009-2015 AVERAGE LESS 1990-2008 AVERAGE



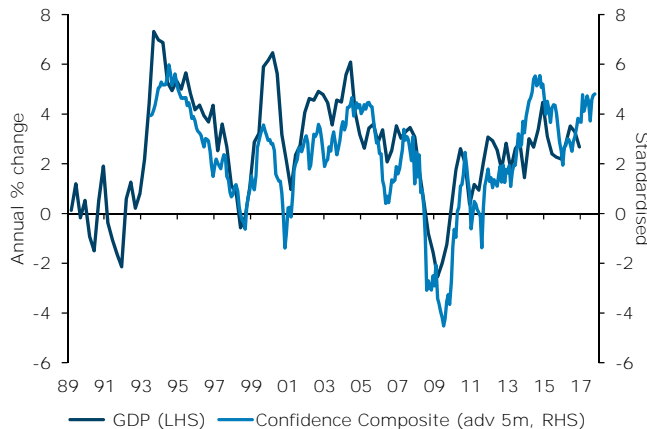
Source: ANZ, OECD

- The economy is still working through the lingering impact of natural disasters, and more recently the Kaikoura earthquake. As a result, the system is less efficient. Productivity has taken an entirely understandable hit.

So we're not jumping up and down about GDP per capita being weak. It is certainly sub-par, but it is not the disaster some suggest.

And in any case, as always, given long data production lags, it seems a little silly to be focusing on Q1 GDP considering we are now in June! Of much more importance to us is the fact that forward indicators remain positive for Q2, and are flagging good momentum into the back half of the year, despite credit and staffing being a handbrake on the economy. In fact, some of the activity gauges we monitor actually suggest growth could accelerate into H2 2017. Our Confidence Composite gauge is pointing to the possibility of 4% GDP and the Light Traffic Index (more a signal of activity momentum than anything) has accelerated again.

FIGURE 3: GDP VS CONFIDENCE COMPOSITE



Source: ANZ, Statistics NZ

This is against a backdrop where:

- Firms are telling us (via our Small Business Monitor) that getting staff is their biggest problem.
- The ease of getting credit is amongst the tightest we've seen, according to our Business Outlook Survey.
- Housing, a key pro-cyclical part of the economy (notably in Auckland), has slowed up a lot, and in fact house prices look to be moving modestly backwards.
- Most firms expect interest rates to move up.

That's a backdrop where you'd expect to see growth decelerating rather than accelerating!

So what's providing the momentum? Part of it is simply more bums on seats (migration and population) but we also think it's testament to a broad-based story across the economy, both in terms of sectors and regionally. It's a steady expansion that looks set to continue. We don't think there will be anything in this week's current account figures warning of ballooning imbalances that would necessitate a growth-clobbering correction. Indeed, we expect the reverse, with the annual current account deficit set to narrow modestly to 2.6% of GDP and net external debt (as a share of GDP) – a constant thorn in the economy's side that worries the rating agencies – remaining at historically low levels too.

In other data this week, REINZ housing market figures for May should show the air continuing to be let out of national house price growth. To be fair, after plunging 16% m/m in seasonally adjusted terms in April, we wouldn't be surprised to see sales volumes rebound somewhat in the month. Poor weather and the timing of Easter do appear to have played some temporary role in the April weakness. But with the latest Barfoot & Thompson figures for Auckland showing the sales to listing ratio falling to the lowest since 2011, effectively implying 5.8 months of available listings at the current pace of sales, the drivers of price growth continues to wane. While that is especially the case in Auckland, we expect to see it as a broader theme across the country too.



ECONOMIC OVERVIEW

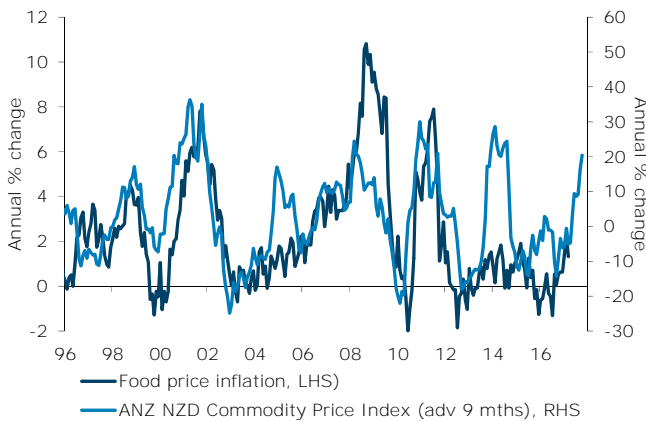
FIGURE 4: BARFOOT & THOMPSON SALES TO LISTING RATIO



Source: ANZ, Barfoot & Thompson

Our inclination is that May food prices will continue to unwind the Q1 spike. After a surge of 2.9% m/m in January and a flat result in February, prices have subsequently fallen 0.3% and 0.8% m/m in March and April respectively. Further unwind is likely, although we are mindful of the possibility of further poor weather delaying – or even reversing – that. But stepping back from the temporary impact of weather, any near-term unwind in food prices would need to be seen within the broader context of what stronger soft commodity prices are suggesting for the trend in food price inflation overall; it is upwards.

FIGURE 5: FOOD PRICES AND EXPORT COMMODITY PRICES

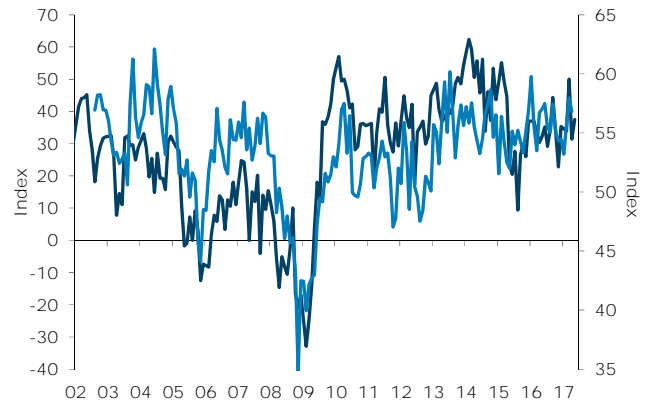


Source: ANZ, Statistics NZ

The signal from the two monthly BusinessNZ indicators for May is expected to be solid overall. The manufacturing PMI held at a solid 56.8 in April, with a strong level of new orders in particular. While capacity and capital constraints in the construction sector present headwinds for manufacturing, the story is broader than that. And certainly, our Business Outlook survey provides a decent signal, with a net 38% of manufacturing firms optimistic about their own firms' prospects. The services PSI did fall sharply from

58.8 to 52.8 in April, which does appear rather alarming. However, considering the sharp weakness in housing market activity in the month, it is perhaps not a surprise. We are expecting a modest bounce.

FIGURE 6: MANUFACTURING SECTOR SENTIMENT



Source: ANZ, BusinessNZ

And finally, we'll be paying attention to the mood at Mystery Creek Fielddays. With commodity prices elevated, we're expecting the pulse to be positive. The improved cash-flow environment has already begun to lift some cyclical costs for dairy farmers and vendors can expect to see catch-up spending on capital items and general farm maintenance items. But equally, memories from the down-turn are still fresh and debt repayment in some areas is required (Fonterra loans and working capital) to restore balance sheets. For other sectors, new capital investment will be on the list to improve efficiencies and to try to capture the better farm-gate prices in bottom lines (ie increased production).

LOCAL DATA

ANZ Commodity Price Index – May. The world price index rose 3.2% m/m, with the NZD price index lifting 4.0% m/m.

GlobalDairyTrade Auction. The GDT-TWI rose 0.6%, although whole milk powder prices fell 2.9%.

ANZ Job Ads – May. Total job ads eased 0.6% m/m (sa), with annual (3-month average) growth sitting at 16% y/y.

Economic Survey of Manufacturing – Q1. Total sales volumes fell 0.3% q/q, led by a 7.8% q/q drop in dairy and meat product manufacturing.

ANZ Truckometer – May. The Heavy Traffic Index jumped 4.1% m/m, while the Light Traffic Index rose 1.2% m/m.

Electronic Card Transactions – May. Both core and total retail spending fell 0.4% m/m.



INTEREST RATE STRATEGY

SUMMARY

Short-end rates continue to plumb fresh lows for the year on the back of NZD strength and as US interest rates become more established in a new, lower trading range. While we see limited scope for short-end rates to rise given the lack of any urgency for the RBNZ to alter policy amid fresh lows in oil prices and generally faltering inflation elsewhere, equally, further downside will be slow and gradual. The performance of NZ long-end bond yields has been nothing short of phenomenal (especially when combined with FX gains). While we don't expect to see a reversal any time soon, global bond yields sit below the majority of commentators' forecasts, including our own. With bond yields at current levels and many forecasting a sell-off, the value on offer is relative, rather than outright.

THEMES

- Short-end rates have scope to continue grinding lower, albeit at a glacial pace as trading ranges notch lower by around 0.5bp per week.
- Swap rates are at lows for the year across the curve, and the curve is as flat as it has been for some time. But signs of pay-side flow are scant.
- The prospect of a Fed rate hike this week will close the gap between NZ and US overnight cash rates. While that's less positive for the NZD, it's a positive for the NZ/US bond spread.
- Range-trading is the order of the day for both the short end and the long end, with plenty of offsets in both directions as traditional negatives like Fed rate hikes and higher forecasts go head to head with political uncertainty and lower oil prices.

MONETARY POLICY AND SHORT END

Short-end rates remain in a descending range-trade, with the upside capped by the realities of the high TWI/low inflation backdrop, and the downside limited by generalised unwillingness to chase the market lower without any realistic chances of an OCR cut being on the table. Ordinarily, having the TWI around 2.4% above the RBNZ's projections ought to have elicited a larger response at the short end. However, we are mindful that NZ's terms of trade are also at historic highs, so it's supported by the fundamentals. Nonetheless, with oil prices back at the year's lows, and signs that the housing market is

cooling, local short-end rates look set to continue to range trade for a while longer yet.

Technically speaking, with the **market pricing in ~40% odds of a hike by March, we do see more scope for yields to fall, rather than rise**. However, it's going to be a very gradual process, with few in the market keen to chase it without any real prospect of OCR cuts. Essentially what had been a 2.20%/2.30% trading range for the bellwether 2 year swap has now become a 2.15% to 2.25% range. **And based on current trends, once we get to 2.15%, we're on track to enter a 2.10%/2.20% range.**

GLOBAL MARKETS AND LONG END

Long-end rates are also at their lows for the year, having gotten here on the back of lower US bond yields and a gradual narrowing of the NZ/US 10 year bond spread. According to most forecasts (including ours), the outlook for US bonds is negative from here. However, against a backdrop of heightened political risk and a cautious Fed, we see limited immediate catalysts for global term rates to move higher.

The NZ/US 10 year bond spread has been the star performer, having contracted to almost 50bps earlier this month. While that is on a par with where the cash rate differential will be by the end of the week (presuming the Fed hikes), the bond spread tends to trade inside the cash spread, leaving us comfortable with current valuations. It's the outright level of US bond yields where most of the risks lie in our view, but as noted, there seems to be no obvious catalyst for a move higher any time soon.

NZGS linker BEIs have pared gains in recent weeks. Strategically, we see limited justification for current levels (~1.2%) given how far below they are from the RBNZ's inflation target mid-point (2%). However, with oil prices on the skids again it's difficult to see further material progress being made near term.

STRATEGY

Investors: We remain mildly bullish the short end but there's not much in it. We prefer to be **nimble at the long end** given the split tactical/strategic outlook.

Borrowers: BKBM and all swap rates are at or close to the year's lows. While our forecasts have them rising, caution is required given the global scene, but the recent fall in swap rates presents opportunities.

KEY VIEWS

SECTOR	DIRECTION	COMMENT
Short end	Mildly bullish	Trading range grinding gradually lower. R+C still attractive even now, and RBNZ on hold for a long time.
Long end	Neutral	More bullish NZ on a spread than outright, but further gains on a spread will be gradual. Difficult to be bullish given forecast for higher US yields, but difficult to be bearish given benign core inflation globally.
Yield Curve	Neutral	Our forecasts imply that the curve will steepen, but near-term catalyst for higher long-end yields absent.
Geographic spreads	Neutral/narrower	NZ/US spread performance exceptional. Should narrow further over the year as policy spreads narrow, UST grind higher (especially given the RBNZ's neutral stance). However, a breather seems likely near term.
Swap spreads	Neutral/wider	NZGS demand strong. Some risk of corporate paying with yields back at lows, but no obvious sign of it yet.
NZD/TWI	Elevated	NZD is a key channel through which a solid NZ data pulse is being expressed, capping short-end yields.

CURRENCY STRATEGY

SUMMARY

We remain wary of chasing the NZD around current levels, despite the impetus being provided from the terms of trade, economic growth, and sound policy direction – with the latter increasingly a differentiator in a resentment-vote-driven world. Market pricing for the Fed looks underdone and we're expecting policy uncertainty to morph into market volatility as global growth numbers are impacted, with negative flow-on for the commodity bloc. We continue to favour the NZD/AUD higher, given respective business cycles.

TABLE 1: KEY VIEWS

CROSS	GUIDE	MONTH	YEAR
NZD/USD	↔	Squeezing up	Closing yield = USD eventually up
NZD/AUD	↔/↑	Still like it higher	Don't rule out parity
NZD/EUR	↔	ECB not changing tack yet	Europe needs structural reform
NZD/GBP	↔/↑	Election result a shocker	Valuation says lower, Brexit and election challenges say higher
NZD/JPY	↔	In a holding pattern	USD/JPY direction doesn't look clear

THEMES AND RISKS

- The resentment / anger vote sends a reminder. Political uncertainty increases, but market volatility doesn't.
- Politics and policy are undermining the USD.
- The focus turns to central banks this week, with the FOMC, Bank of England, Bank of Japan and the Swiss National Bank meeting.

ASSESSMENT

We're wary of chasing the NZD around current levels, despite the impetus being provided on several levels:

- This week's GDP release will show annualised growth in excess of 3% and a contained current account deficit. That needs to be respected.
- Investors are looking for sound policy direction and stability; anger / resentment vote economies will find it hard to deliver that.
- New Zealand's terms of trade are at their highest level since the 1970s.
- Volatility is contained.
- Markets continue to question the prospects of the Fed (and others) lifting interest rates.

Nonetheless, there are four key reasons we prefer to hold a more neutral position:

- Market pricing is too detached from the FOMC's views. The Fed's 'five hikes by the end of 2018' is too many, but the market's 'two' is too light. That gap needs to be closed from both sides.

- China, commodities and the AUD all look vulnerable.
- A second episode of political backlash in the UK in a year is a reminder that the anger /resentment vote is alive and well. Capitalism as we know it is coming to an end. The spoils have accrued too much to capital and too little to labour; it has caused inequality and arguably contributed to secular stagnation themes. What the modified version of capitalism (some sort of social justice version) looks like has yet to be negotiated. Neither society nor politicians really know. What we do know is that policy uncertainty is high and sentiment fractured. When policy uncertainty is high, the time-value option for firms is in waiting to put cash to work. This will manifest in softening economic data and volatility, with negative implications for the commodity bloc.
- We're cognisant New Zealand has an election around the corner. We're not expecting anger-vote fireworks, but it doesn't take much of a shift to deliver uncertainty in an MMP environment.

The NZD/AUD is consolidating around 0.95-0.96 for a test higher still. While moving into overvalued territory, the rubber band does not yet look taut. Business cycle signals (construction, unemployment, growth, commodity prices) are more in New Zealand's favour and this is accentuated by a better microeconomic policy platform.

TABLE 2: NZD VS AUD: MONTHLY GAUGES

GAUGE	GUIDE	COMMENT
Fair value	↔	Slightly above fair value of 0.93.
Yield	↔/↑	RBNZ likely to hike before the RBA.
Commodities	↔/↑	NZ's terms of trade booming. Non-dairy NZ commodities under-appreciated.
Data	↔/↑	In NZ's favour. AU consumer a worry.
Techs	↔	0.951 support and 0.9625 resistance.
Sentiment	↔	Squeezing higher.
Other	↑	Housing in Australia looks weak.
On balance	↔/↑	Move not yet complete.

TABLE 3: NZD VS USD: MONTHLY GAUGES

GAUGE	GUIDE	COMMENT
Fair value	↔/↑	Below fair-value estimate of ~0.75.
Yield	↔/↓	Fed to hike this week, and likely to leave door ajar to more.
Commodities	↔/↑	NZ's soft commodities are doing well.
Risk aversion	↔/↓	Tied in with the commodity bloc, China and politics. No shortage of candidates.
Data	↔/↑	NZ data pulse looks good. US mixed.
Techs	↔/↑	Upward trading range intact; in the middle of range.
Sentiment	↔	NZ positives priced in above 0.70.
Other	↔/↑	Poor policy not a good platform for the USD.
On balance	↔	Move looks complete but upside to be prodded.

DATA EVENT CALENDAR

DATE	COUNTRY	DATA/EVENT	MKT.	LAST	NZ TIME
12-Jun	CH	Money Supply M2 YoY - May	10.4%	10.5%	12-15 Jun
	CH	Money Supply M1 YoY - May	17.6%	18.5%	12-15 Jun
	CH	New Yuan Loans CNY - May	1000.0B	1100.0B	12-15 Jun
	CH	Aggregate Financing CNY - May	1190.0B	1394.2B	12-15 Jun
	NZ	REINZ House Sales YoY - May	--	-31.0%	12-16 Jun
13-Jun	US	Monthly Budget Statement - May	-\$87.0B	-\$52.5B	06:00
	AU	NAB Business Conditions - May	--	14	13:30
	AU	NAB Business Confidence - May	--	13	13:30
	AU	Credit Card Purchases - Apr	--	A\$27.4B	13:30
	AU	Credit Card Balances - Apr	--	A\$52.2B	13:30
	GE	Wholesale Price Index MoM - May	--	0.3%	18:00
	GE	Wholesale Price Index YoY - May	--	4.7%	18:00
	UK	CPI MoM - May	0.2%	0.5%	20:30
	UK	CPI YoY - May	2.7%	2.7%	20:30
	UK	CPI Core YoY - May	2.3%	2.4%	20:30
	UK	RPI MoM - May	0.3%	0.5%	20:30
	UK	RPI YoY - May	3.5%	3.5%	20:30
	UK	RPI Ex Mort Int.Payments (YoY) - May	3.8%	3.8%	20:30
	UK	PPI Input NSA MoM - May	-0.5%	0.1%	20:30
	UK	PPI Input NSA YoY - May	13.5%	16.6%	20:30
	UK	PPI Output NSA MoM - May	0.1%	0.4%	20:30
	UK	PPI Output NSA YoY - May	3.6%	3.6%	20:30
	UK	PPI Output Core NSA MoM - May	0.2%	0.5%	20:30
	UK	PPI Output Core NSA YoY - May	2.9%	2.8%	20:30
	UK	House Price Index YoY - Apr	3.6%	4.1%	20:30
	GE	ZEW Survey Current Situation - Jun	85.0	83.9	21:00
	EC	ZEW Survey Expectations - Jun	--	35.1	21:00
	GE	ZEW Survey Expectations - Jun	21.7	20.6	21:00
	US	NFIB Small Business Optimism - May	104.5	104.5	22:00
14-Jun	US	PPI Final Demand MoM - May	0.0%	0.5%	00:30
	US	PPI Final Demand YoY - May	2.3%	2.5%	00:30
	US	PPI Ex Food and Energy MoM - May	0.2%	0.4%	00:30
	US	PPI Ex Food and Energy YoY - May	1.9%	1.9%	00:30
	NZ	Food Prices MoM - May	--	-0.8%	10:45
	NZ	BoP Current Account Balance NZD - Q1	1.000B	-2.335B	10:45
	NZ	Current Account GDP Ratio YTD - Q1	-2.7%	-2.7%	10:45
	AU	ANZ-RM Consumer Confidence Index - 11-Jun	--	112.9	11:30
	AU	Westpac Consumer Conf Index - Jun	--	98.0	12:30
	AU	Westpac Consumer Conf SA MoM - Jun	--	-1.1%	12:30
	CH	Retail Sales YoY - May	10.7%	10.7%	14:00
	CH	Retail Sales YTD YoY - May	10.3%	10.2%	14:00
	CH	Fixed Assets Ex Rural YTD YoY - May	8.8%	8.9%	14:00
	CH	Industrial Production YoY - May	6.4%	6.5%	14:00
	CH	Industrial Production YTD YoY - May	6.6%	6.7%	14:00
	GE	CPI MoM - May F	-0.2%	-0.2%	18:00
	GE	CPI YoY - May F	1.5%	1.5%	18:00
	GE	CPI EU Harmonized MoM - May F	-0.2%	-0.2%	18:00
	GE	CPI EU Harmonized YoY - May F	1.4%	1.4%	18:00

Continued on following page

DATA EVENT CALENDAR

DATE	COUNTRY	DATA/EVENT	MKT.	LAST	NZ TIME
14-Jun	UK	Claimant Count Rate - May	--	2.3%	20:30
	UK	Jobless Claims Change - May	--	19.4k	20:30
	UK	Average Weekly Earnings 3M/YoY - Apr	2.4%	2.4%	20:30
	UK	Weekly Earnings ex Bonus 3M/YoY - Apr	2.0%	2.1%	20:30
	UK	ILO Unemployment Rate 3Mths - Apr	4.6%	4.6%	20:30
	UK	Employment Change 3M/3M - Apr	125k	122k	20:30
	EC	Industrial Production SA MoM - Apr	0.5%	-0.1%	21:00
	EC	Industrial Production WDA YoY - Apr	1.4%	1.9%	21:00
	EC	Employment QoQ - Q1	--	0.3%	21:00
	EC	Employment YoY - Q1	--	1.1%	21:00
	US	MBA Mortgage Applications - 9-Jun	--	7.1%	23:00
15-Jun	US	CPI MoM - May	0.0%	0.2%	00:30
	US	CPI Ex Food and Energy MoM - May	0.2%	0.1%	00:30
	US	CPI YoY - May	2.0%	2.2%	00:30
	US	CPI Ex Food and Energy YoY - May	1.9%	1.9%	00:30
	US	Retail Sales Advance MoM - May	0.1%	0.4%	00:30
	US	Retail Sales Ex Auto MoM - May	0.1%	0.3%	00:30
	US	Retail Sales Ex Auto and Gas - May	0.3%	0.3%	00:30
	US	Retail Sales Control Group - May	0.3%	0.2%	00:30
	US	Business Inventories - Apr	-0.1%	0.2%	02:00
	US	FOMC Rate Decision (Upper Bound) - Jun	1.25%	1.00%	06:00
	US	FOMC Rate Decision (Lower Bound) - Jun	1.00%	0.75%	06:00
	NZ	GDP SA QoQ - Q1	0.7%	0.4%	10:45
	NZ	GDP YoY - Q1	2.7%	2.7%	10:45
	AU	Consumer Inflation Expectation - Jun	--	4.0%	13:00
	AU	RBA FX Transactions Government - May	--	-\$440M	13:30
	AU	RBA FX Transactions Market - May	--	A\$441M	13:30
	AU	RBA FX Transactions Other - May	--	A\$14M	13:30
	AU	Employment Change - May	10.0k	37.4k	13:30
	AU	Unemployment Rate - May	5.70%	5.70%	13:30
	AU	Full Time Employment Change - May	--	-11.6k	13:30
	AU	Part Time Employment Change - May	--	49.0k	13:30
	AU	Participation Rate - May	64.8%	64.8%	13:30
	UK	Retail Sales Ex Auto Fuel MoM - May	-1.0%	2.0%	20:30
	UK	Retail Sales Ex Auto Fuel YoY - May	1.9%	4.5%	20:30
	UK	Retail Sales Inc Auto Fuel MoM - May	-1.0%	2.3%	20:30
	UK	Retail Sales Inc Auto Fuel YoY - May	1.6%	4.0%	20:30
	EC	Trade Balance SA - Apr	€22.0B	€23.1B	21:00
	EC	Trade Balance NSA - Apr	€28.5B	€30.9B	21:00
	UK	Bank of England Bank Rate - Jun	0.25%	0.25%	23:00
	UK	BOE Asset Purchase Target - Jun	£435B	£435B	23:00
	UK	BOE Corporate Bond Target - Jun	£10B	£10B	23:00
16-Jun	US	Empire Manufacturing - Jun	5	-1	00:30
	US	Import Price Index MoM - May	0.0%	0.5%	00:30
	US	Import Price Index YoY - May	2.9%	4.1%	00:30
	US	Export Price Index MoM - May	0.2%	0.2%	00:30
	US	Export Price Index YoY - May	--	3.0%	00:30
	US	Initial Jobless Claims - 10-Jun	241k	245k	00:30

Continued on following page

DATA EVENT CALENDAR

DATE	COUNTRY	DATA/EVENT	MKT.	LAST	NZ TIME
16-Jun	US	Continuing Claims - 3-Jun	1920k	1917k	00:30
	US	Philadelphia Fed Business Outlook - Jun	25.0	38.8	00:30
	US	Industrial Production MoM - May	0.2%	1.0%	01:15
	US	Capacity Utilization - May	76.8%	76.7%	01:15
	US	NAHB Housing Market Index - Jun	70	70	02:00
	US	Total Net TIC Flows - Apr	--	-\$0.7B	08:00
	US	Net Long-term TIC Flows - Apr	--	\$59.8B	08:00
	NZ	BusinessNZ Manufacturing PMI - May	--	56.8	10:30
	NZ	Non Resident Bond Holdings - May	--	61.5%	15:00
	EC	Labour Costs YoY - Q1	--	1.6%	21:00
	EC	CPI MoM - May	-0.1%	0.4%	21:00
	EC	CPI YoY - May F	1.4%	1.9%	21:00
	EC	CPI Core YoY - May F	0.9%	0.9%	21:00
	JN	BOJ Policy Balance Rate - Jun	-0.10%	-0.10%	UNSPECIFIED
17-Jun	US	Housing Starts - May	1218k	1172k	00:30
	US	Housing Starts MoM - May	3.90%	-2.60%	00:30
	US	Building Permits - May	1250k	1228k	00:30
	US	Building Permits MoM - May	1.8%	-2.5%	00:30
	US	U. of Mich. Sentiment - Jun P	97.1	97.1	02:00

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

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

Note: All surveys are preliminary and subject to change

LOCAL DATA WATCH

Outside of quarterly volatility, we still believe the underlying pace of domestic economic momentum is solid despite housing and credit headwinds. 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
TBC	REINZ Housing Market Statistics – May	Cooling	Slowdown likely to remain most marked in Auckland.
Mon 12 Jun (1:00pm)	ANZ Monthly Inflation Gauge – May	--	--
Wed 14 Jun (10:45am)	Balance of Payments – Q1	Narrower	The annual current account deficit is likely to hold around 2.7% of GDP.
Wed 14 Jun (10:45am)	Food Price Index – May	Temporary	After a large increase over Q1, we suspect prices will start to unwind. That said, poor autumn weather could delay this move.
Thu 15 Jun (10:45am)	GDP – Q1	Bounce	After the soft end to 2016, we expect growth to rebound. Our forecast is 0.8% q/q.
Fri 16 Jun (10:30am)	BNZ-BusinessNZ PMI – May	Decent	Despite construction sector capacity challenges, the manufacturing sector is performing well.
Mon 19 Jun (10:30am)	BNZ-BusinessNZ PSI – May	Bounce?	Perhaps related to weaker housing activity, the index fell sharply in April. We suspect it will bounce modestly.
Tue 20 Jun (1:00pm)	ANZ-Roy Morgan Consumer Confidence – Jun	--	--
Wed 21 Jun (early am)	GlobalDairyTrade auction	Stable	Global dairy prices have outperformed other commodities of late despite a strong supply backdrop. Chinese demand is lending support.
Thu 22 Jun (9:00am)	RBNZ OCR Review	Aggressively neutral	The RBNZ has told us that the hurdle for policy action (or a shift in stance) is high. That will not change at this decision.
Thu 22 Jun (10:45am)	International Travel & Migration - May	Near highs	We struggle to see net migrant inflows falling much from near all-time highs. Visitor arrivals numbers should remain strong.
Tue 27 Jun (10:45am)	Overseas Merchandise Trade – May	Narrowing	Better primary export volumes, together with the recent lifts in export commodity prices, should support overall export values.
Thu 29 Jun (1:00pm)	ANZ Business Outlook – Jun	--	--
Fri 30 Jun (10:45am)	Building Consents – May	Capped	The demand picture is clear. However, capacity and capital constraints are capping the upside for supply.
Tue 4 Jul (10:00am)	NZIER QSBO – Q2	Holding up	Confidence will be off its highs, but the underlying message should still be positive. Capacity pressures will be evident. The key will be if that is starting to spill into price pressure.
Wed 5 Jul (early am)	GlobalDairyTrade auction	Stable	Global dairy prices have outperformed other commodities of late despite a strong supply backdrop. Chinese demand is lending support.
Wed 5 Jul (10:00am)	ANZ Job Ads – Jun	--	--
Wed 5 Jul (1:00pm)	ANZ Commodity Price Index – Jun	--	--
On balance		Data watch	The data pulse generally remains solid. Domestic inflation is gradually 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	0.8	0.8	0.7	0.6	0.6	0.5	0.5	0.5	0.6
GDP (% yoy)	2.7	2.8	2.8	2.7	2.9	2.7	2.4	2.2	2.1	2.1
CPI (% qoq)	0.4	1.0	0.3	0.6	0.1	0.7	0.5	0.6	0.2	0.7
CPI (% yoy)	1.3	2.2	2.0	2.2	2.0	1.7	2.0	2.1	2.2	2.2
Employment (% qoq)	0.7	1.2	0.6	0.4	0.4	0.4	0.4	0.3	0.3	0.3
Employment (% yoy)	5.8	5.7	3.9	2.9	2.5	1.8	1.6	1.5	1.4	1.3
Unemployment Rate (% sa)	5.2	4.9	4.8	4.7	4.7	4.6	4.5	4.4	4.4	4.3
Current Account (% GDP)	-2.7	-2.6	-2.6	-2.4	-2.4	-2.5	-2.7	-2.9	-3.0	-3.1
Terms of Trade (% qoq)	5.7	5.1	-0.2	-1.0	-1.1	-0.4	0.3	0.1	0.2	0.1
Terms of Trade (% yoy)	6.7	7.7	9.7	9.9	2.8	-2.7	-2.2	-1.1	0.1	0.6

	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17
Retail ECT (% mom)	-1.1	1.9	0.5	0.0	0.1	2.6	-0.6	-0.3	1.1	-0.4
Retail ECT (% yoy)	3.2	6.1	4.2	5.1	5.8	5.6	2.6	5.6	4.5	5.2
Credit Card Billings (% mom)	-1.0	2.9	2.8	-4.1	3.0	0.4	-1.3	0.9	0.9	--
Credit Card Billings (% yoy)	2.3	8.3	10.1	4.1	8.5	7.1	5.3	7.2	6.4	--
Car Registrations (% mom)	2.5	-3.9	13.2	2.9	-6.4	1.6	0.5	3.6	-2.6	3.6
Car Registrations (% yoy)	2.6	-0.8	13.1	18.4	7.8	12.2	7.3	16.5	3.0	13.7
Building Consents (% mom)	-2.3	1.0	0.4	-8.4	-8.4	4.1	15.4	-1.2	-7.6	--
Building Consents (% yoy)	11.5	17.0	14.0	2.2	-10.7	-0.9	8.9	17.1	-3.1	--
REINZ House Price Index (% yoy)	11.7	9.7	14.4	14.9	13.5	11.7	10.5	11.1	9.9	--
Household Lending Growth (% mom)	0.8	0.7	0.6	0.6	0.7	0.5	0.5	0.5	0.5	--
Household Lending Growth (% yoy)	8.7	8.7	8.7	8.6	8.8	8.7	8.5	8.4	8.0	--
ANZ Roy Morgan Consumer Conf.	117.7	121.0	122.9	127.2	124.5	128.7	127.4	125.2	121.7	123.9
ANZ Business Confidence	15.5	27.9	24.5	20.5	21.7	..	16.6	11.3	11.0	14.9
ANZ Own Activity Outlook	33.7	42.4	38.4	37.6	39.6	..	37.2	38.8	37.7	38.3
Trade Balance (\$m)	-1240	-1388	-798	-723	-1	-227	-58	277	578	--
Trade Bal (\$m ann)	51900	51938	51943	51668	51621	51901	52088	52404	52599	--
ANZ World Commodity Price Index (% mom)	3.2	5.1	0.7	3.2	0.7	-0.1	2.0	0.4	-0.2	3.2
ANZ World Comm. Price Index (% yoy)	11.1	10.6	4.0	13.6	16.5	19.1	20.9	23.0	23.7	26.3
Net Migration (sa)	5670	6320	6190	6160	5960	6360	5940	6130	5780	--
Net Migration (ann)	69119	69954	70282	70354	70588	71305	71333	71932	71885	--
ANZ Heavy Traffic Index (% mom)	7.2	-2.1	-0.5	3.7	-0.2	-0.9	1.7	1.7	-1.8	4.1
ANZ Light Traffic Index (% mom)	0.9	0.1	-2.0	1.5	0.2	-0.3	0.9	1.0	-1.5	1.2

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)						
	Apr-17	May-17	Today	Jun-17	Sep-17	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18
NZD/USD	0.687	0.712	0.721	0.70	0.69	0.68	0.68	0.68	0.67	0.67
NZD/AUD	0.917	0.954	0.957	0.92	0.93	0.94	0.94	0.93	0.91	0.89
NZD/EUR	0.630	0.635	0.643	0.63	0.60	0.60	0.62	0.63	0.63	0.63
NZD/JPY	76.55	78.83	79.51	76.3	75.9	76.2	78.2	78.2	77.1	77.1
NZD/GBP	0.530	0.554	0.566	0.54	0.52	0.54	0.54	0.55	0.54	0.54
NZ\$ TWI	73.3	75.4	77.8	73.6	72.5	72.4	73.5	73.7	72.6	72.3
INTEREST RATES	Apr-17	May-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	1.98	1.97	1.94	2.00	2.00	2.00	2.10	2.30	2.50	2.50
NZ 10-yr bond	3.04	2.78	2.76	3.30	3.50	3.70	3.70	3.90	3.90	4.00
US Fed funds	1.00	1.00	1.00	1.25	1.50	1.50	1.50	1.75	2.00	2.25
US 3-mth	1.17	1.20	1.24	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	1.75	1.74	1.73	1.70	1.70	1.70	1.70	1.70	1.70	1.70

	9 May	5 Jun	6 Jun	7 Jun	8 Jun	9 Jun
Official Cash Rate	1.75	1.75	1.75	1.75	1.75	1.75
90 day bank bill	1.99	1.95	1.94	1.95	1.94	1.94
NZGB 03/19	2.10	1.93	1.91	1.90	1.92	1.93
NZGB 05/21	2.48	2.19	2.15	2.14	2.16	2.18
NZGB 04/23	2.76	2.46	2.42	2.40	2.42	2.45
NZGB 04/27	3.09	2.77	2.72	2.70	2.73	2.76
2 year swap	2.36	2.21	2.19	2.19	2.20	2.20
5 year swap	2.98	2.70	2.68	2.67	2.69	2.69
RBNZ TWI	75.64	76.64	77.01	77.28	77.55	77.82
NZD/USD	0.6895	0.7132	0.7185	0.7193	0.7211	0.7213
NZD/AUD	0.9372	0.9541	0.9589	0.9523	0.9553	0.9593
NZD/JPY	78.46	78.88	78.64	78.73	79.39	79.56
NZD/GBP	0.5335	0.5526	0.5565	0.5576	0.5572	0.5660
NZD/EUR	0.6328	0.6343	0.6386	0.6415	0.6418	0.6442
AUD/USD	0.7357	0.7474	0.7494	0.7554	0.7548	0.7527
EUR/USD	1.0896	1.1243	1.1250	1.1212	1.1235	1.1195
USD/JPY	113.79	110.60	109.45	109.44	110.10	110.32
GBP/USD	1.2923	1.2905	1.2909	1.2901	1.2942	1.2746
Oil (US\$/bbl)	45.88	47.40	48.19	45.72	45.64	45.83
Gold (US\$/oz)	1225.64	1280.54	1292.31	1289.78	1284.45	1266.76
Electricity (Haywards)	6.67	8.72	10.90	12.05	11.86	11.73
Baltic Dry Freight Index	1007	821	818	821	824	849
NZX WMP Futures (US\$/t)	3370	3235	3240	3175	3085	3100

IMPORTANT NOTICE

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

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

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

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

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

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

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

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

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

2. Country/region specific information:

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

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

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

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

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

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

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

IMPORTANT NOTICE

India. This publication is distributed in India by ANZ on a cross-border basis. If this publication is received in India, only you (the specified recipient) may print it provided that before doing so, you specify on it your name and place of printing. Further copying or duplication of this publication is strictly prohibited.

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

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

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

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

Qatar. This publication has not been, and will not be lodged or registered with, or reviewed or approved by, the Qatar Central Bank ("QCB"), the Qatar Financial Centre ("QFC") Authority, QFC Regulatory Authority or any other authority in the State of Qatar ("Qatar"); or authorised or licensed for distribution in Qatar; and the information contained in this publication does not, and is not intended to, constitute a public offer or other invitation in respect of securities in Qatar or the QFC. The financial products or services described in this publication have not been, and will not be registered with the QCB, QFC Authority, QFC Regulatory Authority or any other governmental authority in Qatar; or authorised or licensed for offering, marketing, issue or sale, directly or indirectly, in Qatar. Accordingly, the financial products or services described in this publication are not being, and will not be, offered, issued or sold in Qatar, and this publication is not being, and will not be, distributed in Qatar. The offering, marketing, issue and sale of the financial products or services described in this publication and distribution of this publication is being made in, and is subject to the laws, regulations and rules of, jurisdictions outside of Qatar and the QFC. Recipients of this publication must abide by this restriction and not distribute this publication in breach of this restriction. This publication is being sent/issued to a limited number of institutional and/or sophisticated investors (i) upon their request and confirmation that they understand the statements above; and (ii) on the condition that it will not be provided to any person other than the original recipient, and is not for general circulation and may not be reproduced or used for any other purpose.

Singapore. This publication is distributed in Singapore by the Singapore branch of ANZ solely for the information of "accredited investors", "expert investors" or (as the case may be) "institutional investors" (each term as defined in the Securities and Futures Act Cap. 289 of Singapore). ANZ is licensed in Singapore under the Banking Act Cap. 19 of Singapore and is exempted from holding a financial adviser's licence under Section 23(1)(a) of the Financial Advisers Act Cap. 100 of Singapore. In respect of any matters arising from, or in connection with the distribution of this publication in Singapore, contact your ANZ point of contact.

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

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

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

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

