

21 April 2017

INSIDE

Economic Overview	2
Interest Rate Strategy	6
Currency Strategy	7
Data Event Calendar	8
Local Data Watch	11
Key Forecasts	12

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 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

As next week is holiday-shortened, we are releasing our Weekly today, instead of Monday. The next edition will be published as normal on Monday 1st May.

SLOW GRIND

ECONOMIC OVERVIEW

While the lift in headline inflation can be discounted to some degree, the latest CPI figures still reinforce that core inflation is grinding higher, albeit gradually and not broadly enough to shift the RBNZ's stance at this stage. Slow rises in core inflation are something we expect to continue amidst a lot of economic uncertainty (the impact of a sizeable tightening in financial conditions being a major one; the global situation is another). This week's separate announcements with regards to equal pay and immigration policy add to that inflationary vibe at the margin, as they should provide an additional boost to wage growth. In data next week, net migration figures will be strong, while building consent figures are likely to be capped by capital and credit constraints. Our Business Outlook survey will provide a signal on how activity is tracking into the middle part of the year.

INTEREST RATE STRATEGY

Stronger than expected Q1 CPI has understandably led to increased debate around the appropriateness of the RBNZ's neutral stance and driven the short end higher. We remain comfortable with our view of the OCR on hold until next year, with global uncertainties, mandate uncertainty, tighter credit conditions, two false tightening cycles in recent years, and the lack of broad-based inflation pressures all flagging a high hurdle to kick off another tightening cycle. Against this backdrop, we expect any lift in short end rates to be bought/ received into. New Zealand long end rates remain inextricably linked to US rates, which continue to edge lower and are now in a new trading range. Absent a break back through the key 2.3% level in US 10 year Treasuries, with the US data pulse softening abruptly, it's difficult to envisage US bond yields rising too far for now. Increased talk of delayed Fed hikes is having a dampening impact, as are geopolitical risks.

CURRENCY STRATEGY

Better-than-expected Q1 CPI data helped pull Kiwi out of the doldrums, and the contrasting NZ/US data pulse and positioning data suggests we are at risk of a sharper short-term squeeze higher. However, the broader currency backdrop remains convoluted, with European political uncertainty and upbeat Fed policy talk giving the USD a hand, but the wider policy platform suggestive of a weaker USD. Our six-month bias remains lower for the NZD/USD, but the dip will be shallow. The relative NZ/Australia inflation and commodity picture is NZD/AUD supportive.

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.	
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.	
OCR	1.75% by Dec 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.	
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

While the lift in headline inflation can be discounted to some degree, the latest CPI figures still reinforce that core inflation is grinding higher, albeit gradually and not broadly enough to shift the RBNZ's stance at this stage. Slow rises in core inflation are something we expect to continue amidst a lot of economic uncertainty (the impact of a sizeable tightening in financial conditions being a major one; the global situation is another). This week's separate announcements with regards to equal pay and immigration policy add to that inflationary vibe at the margin, as they should provide an additional boost to wage growth. In data next week, net migration figures will be strong, while building consent figures are likely to be capped by capital and credit constraints. Our Business Outlook survey will provide a signal on how activity is tracking into the middle part of the year.

FORTHCOMING EVENTS

ANZ-Roy Morgan Consumer Confidence – April
(1:00pm, Friday, 21 April).

International Travel & Migration – March
(10:45am, Wednesday, 26 April). It is getting harder for net inflows to continue to set net monthly records. Yet we can't see softer numbers on the horizon either.

Overseas Merchandise Trade – March (10:45am, Friday, 28 April). Stronger export commodity prices should start to translate into an improved trade balance. We have pencilled in a \$170m surplus.

Building Consents Issued – March (10:45am, Friday, 28 April). Capacity and capital constraints are near-term challenges that are likely to cap the upside for issuance.

ANZ Business Outlook – April (1:00pm, Friday, 28 April).

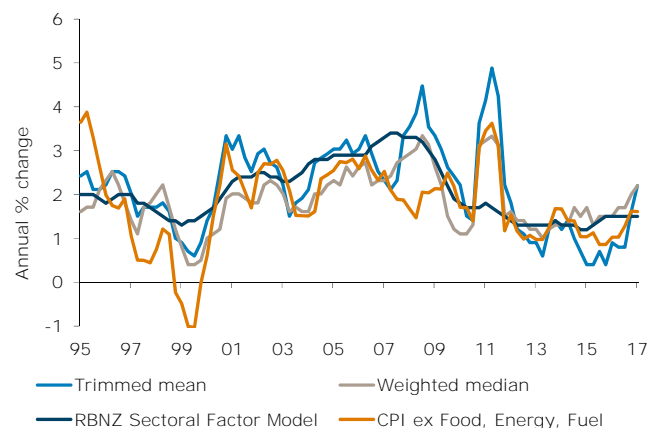
WHAT'S THE VIEW?

The RBNZ will welcome headline inflation back at the target midpoint. It certainly feels like it has been a while in the making.

But we doubt the figures will spur the RBNZ to dramatically shift its stance just yet. Yes, the figures were well above the RBNZ's February forecasts, and some measures of core inflation (weighted median and trimmed mean especially) are now back over 2%. However, the signals were far from unanimous. The RBNZ's own Sectoral Factor Model was unchanged at 1.5% y/y (reinforcing that a lot of the price rises in Q1 were due to idiosyncratic factors), and there remains limited evidence of

domestic inflation pressures broadening beyond housing (annual non-tradable inflation excluding housing was stable at 1.9%). Not only this, but there is still only tentative evidence at best that price pressures are spilling into the labour market (wages). And we've had two false tightening starts before, only to see inflation fade. Table 1 on page 5 presents an array of inflation measures and it's a bunch of liquorice all-sorts. Some are up, and some are moving sideways.

FIGURE 1: CORE INFLATION MEASURES



Source: ANZ, Statistics NZ

We continue to track the potential impact of tighter financial conditions across the economy.

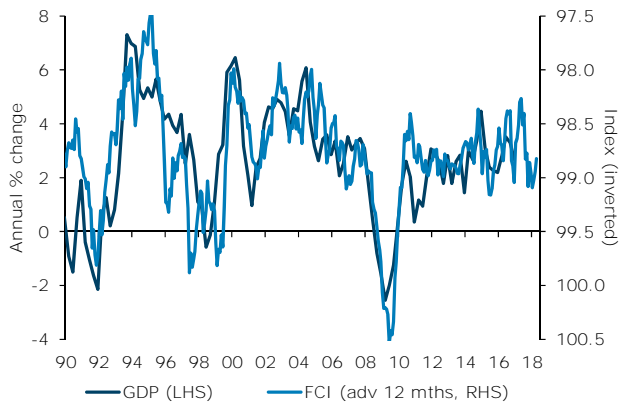
Leading and concurrent gauges are consistent with above-trend growth and a continuation of rising core inflation pressure. However, financial conditions are not. This requires close watching in the second half of 2017.

As we noted a couple of weeks ago, there is a sizeable re-pricing of risk passing through the business, agriculture and corporate scene. Noted lifts in mortgage rates are only the acknowledged, visible and best-known part of the story.

The RBNZ will need to be confident that above-trend growth will continue to be sure that headline CPI will not fall back below 2%. There is still some uncertainty around that. Indeed, our own forecasts have GDP growth tailing off in 2018, which can easily beg the question why the RBNZ should be tightening at all! But that moderation ultimately reflects a more constrained supply side, and softer investment growth as cost pressures start to increasingly weigh on business profit margins.

ECONOMIC OVERVIEW

FIGURE 2: GDP VS FINANCIAL CONDITIONS

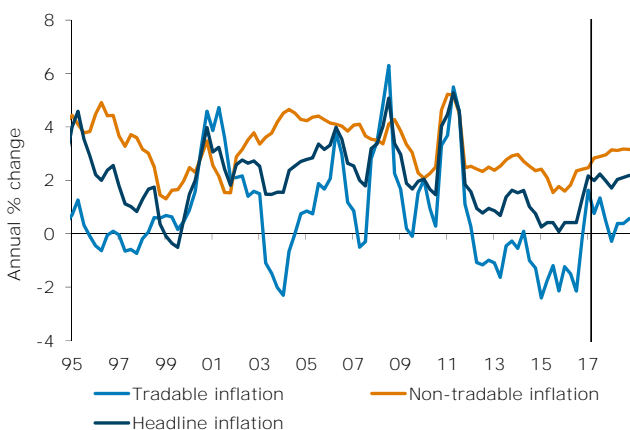


Source: ANZ, Statistics NZ

Our central scenario is that above-trend growth over 2017 will continue to see domestic inflation pressures gradually build. As the economy increasingly butts up against capacity constraints, we expect price tension to increase. The same goes for the labour market, where skill shortages are already apparent and should feed into higher wage growth. Within the Q1 figures, our main takeaway from the various measures is that core inflation is grinding higher. However, it is doing so only gradually. And when you throw in the likely unwind in some of the temporary factors boosting headline inflation and the clouded international inflation backdrop (core inflation remains low), the RBNZ is likely to remain comfortable maintaining its cautious, watchful stance.

Our forecasts depict headline inflation continuing to bob around the 2% level. However, there are offsetting moves at the components level, with domestic inflation expected to continue to slowly grind higher, while tradable inflation should ease from current levels.

FIGURE 3: ANZ CPI FORECASTS



Source: ANZ, Statistics NZ

A couple of separate announcements this week should add to the inflationary vibe, at least at the margin and in time. The first was the equal pay settlement between healthcare workers and the Government, and the second was the latest round of changes to immigration policy (introducing income thresholds as a way to measure skills). Both have potentially noticeable implications.

Above all, these policies appear sensible. The pay rates for some in the healthcare industry looked remarkably low considering the important role they play and certainly equity considerations should be taken into account. And we have long argued the biggest challenge with elevated net migrant inflows was not necessarily the outright number of migrants *per se* (businesses continue to report finding skilled labour as a major problem so the labour needs to come from somewhere), but the mix, and the changes do look like they will assist with that.

The equal pay settlement will have a mechanical impact on Q3 wage figures. While the exact bounce is unclear as it will come down to workers' qualifications, their experience, and job status (full or part-time), we estimate that economy-wide average hourly earnings could lift by between 0.3-0.4% in Q3 alone (and additional increases will occur given the settlement was spread over five years). Theoretically, the LCI measure should lift by a similar amount, as this is an increase in unit labour costs and not related to promotions or a shift in the quality of work.

But the bigger issue (and one that is far from clear right now) is the degree of spill-over into broader wage negotiations. Certainly you'd have to think that if you were a worker in other care sectors, or even in the education space, you would be pushing for similar types of adjustments. So Pandora's Box may have been opened a crack, notably in the public sector arena. This is something we will be keeping a close eye on. It certainly adds to the argument that we'll see stronger wage growth, which labour shortages and higher inflation rates (through cost-of-living adjustments) were already pointing towards.

And the latest changes to immigration policy could also provide an additional impetus to wages. Of course, the policies are not intended to dramatically restrict the flow of migrants. The Government is well aware that firms are already having difficulty finding staff. And temporary and seasonal workers are critically important to elements of the agricultural industry. But there will be some fallout, as it will now be more difficult for those on temporary visas to gain permanent residency. And

ECONOMIC OVERVIEW

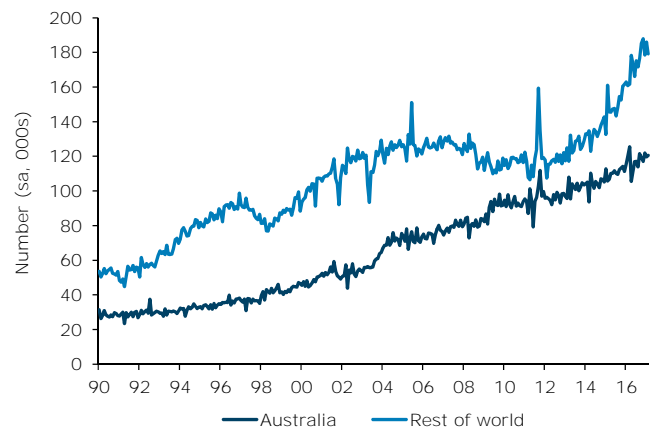
we did find it interesting to read that of the 600 skilled migrant category applications being considered as at March 1, only three in five would actually meet the new income threshold. While we see the introduction of income thresholds as a simple and sensible way to assess skill levels, that could see wages get bumped up for jobs on the cusp of those thresholds.

None of this is a game-changer; migration is being dominated by New Zealanders returning or not leaving in the first place. But at a time when inflation expectations are set to hold at a higher level and capacity pressures should see price tension lift, these additional policies add to the inflationary vibe. Deflationary forces certainly still remain (technology, leverage, global spare capacity etc), but the backdrop is becoming one where inflationary downside risks are becoming less pronounced.

Turning to next week's domestic data calendar in another holiday-shortened week, net migration figures for March should remain strong. While it is naturally becoming harder for net inflows to continue to set new monthly records (given the already-elevated level), we struggle to see them weakening much any time soon. The economy's decent performance and strength of the labour market, and the fact that firms continue to report difficulties in finding labour, should ensure that New Zealand remains an attractive place for new migrants (as well as New Zealanders). Political developments globally should add to that vibe. As mentioned above, the latest immigration changes could have some impact eventually, but we are not expecting to see any impact for some time.

Visitor arrivals should also remain strong. The likes of the World Masters Games, which get underway in Auckland this weekend, could also provide an added boost, although the impact may be more noticeable in the April figures. The British and Irish Lions rugby tour in June also looms large as likely to boost overall visitor numbers. While these types of events have the potential to displace other visitors, or see those that were going to come anyway simply shift the timing of their travels to coincide with these events, we are still expecting to see some decent arrivals figures over the next few months. The Rugby World Cup spike (and the previous Lions tour) is hard to miss in the chart below.

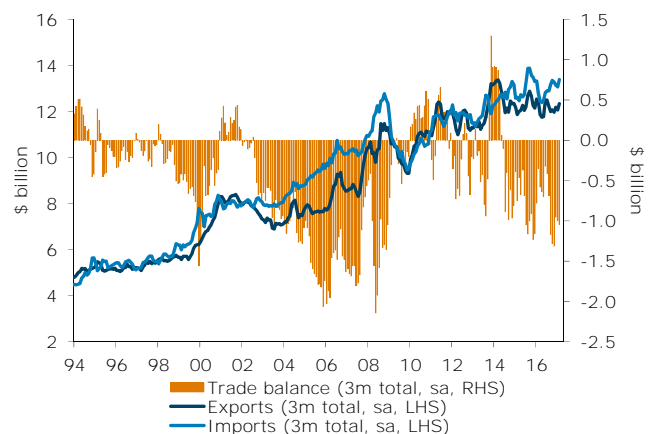
FIGURE 4: INTERNATIONAL VISITOR ARRIVALS



Source: ANZ, Statistics NZ

Overseas merchandise trade figures for March are expected to show a small monthly surplus of \$170m. Export earnings are expected to rebound after a soft February result. Commodity prices have been nudging higher and the lower NZD during the month should provide an additional lift. Moreover, volumes could improve post the Chinese New Year period given fairly solid global demand for a range of products. However, a more pronounced uptick in volumes from the livestock and horticulture sectors isn't likely until April. This is due to a late harvest for many horticulture crops, the delay between milk flow increases and actual exports, and the timing of increased livestock turn-off. On the import side, we are expecting a continuation of a familiar story, with ongoing strong motor vehicle and petroleum imports, with the latter boosted by the earlier lift in crude oil prices.

FIGURE 5: OVERSEAS MERCHANDISE TRADE



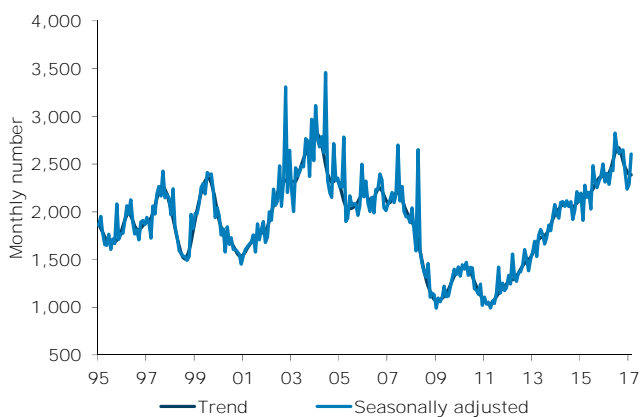
Source: ANZ, Statistics NZ

The outlook for building consent issuance is clouded by tension between two key forces. The demand backdrop is clear, with a housing shortage (at least in Auckland) and strong population growth requiring ongoing lifts in housing supply (and non-

ECONOMIC OVERVIEW

residential and infrastructure work too, to be fair). However, that supply response is increasingly being curtailed by capacity and capital constraints in the construction industry. Although issuance did record a solid 14% m/m seasonally adjusted bounce in February, the level is still below its mid-2016 highs and is falling in trend terms, which we believe highlights the impact that these constraints are having in capping the upside. It is something that we see as persisting for some time yet.

FIGURE 6: NATIONWIDE DWELLING CONSENT ISSUANCE

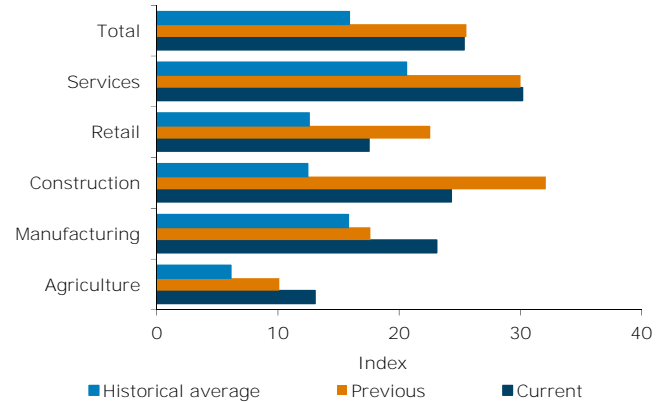


Source: ANZ, Statistics NZ

Our Business Outlook survey for April will provide an early steer of momentum as we head into the middle of the year. While headline confidence has eased from its late-2016 highs (sitting at a net 11% in March), that relative softness has not

been apparent within other components of the survey. And importantly, those components have a far better relationship with actual growth outcomes. Firms' own activity, investment, employment and profit expectations all remain elevated. Using these measures, our sectoral composite gauges all remained well above historical averages in March.

FIGURE 7: ANZ BUSINESS OUTLOOK COMPOSITES



Source: ANZ, Statistics NZ

LOCAL DATA

GlobalDairyTrade Auction. The GDT TWI rose 3.1%, with whole milk powder prices up 3.5%.

BNZ-BusinessNZ PSI – March. The index lifted 0.3 points to 59.0.

CPI – Q1. Headline inflation rose 1.0% q/q, with annual inflation increasing to 2.2% y/y – the highest since 2011.

TABLE 1. VARIOUS CORE/UNDERLYING INFLATION MEASURES (ANNUAL % CHANGE)

	Q1 2017 (Q4 2016)	Recent direction	Comment
Tradable	1.6% (-0.1%)	↑	Deflationary impact of high TWI still a factor. Petrol price base effects lingering, food prices up.
Non-tradable	2.5% (2.4%)	↑	Housing the main impetus, elsewhere few obvious drivers.
CPI ex food, energy, fuel	1.6% (1.6%)	→	Lifted 0.6ppts in H2 2016 but stable now.
Housing & household utilities	3.3% (3.3%)	→	Inflation pressures are evident. Construction costs push higher, rents rising.
Central & local government charges	1.0% (1.1%)	↓	Historically low. ACC levy drops offsetting other lifts in government charges.
Non-tradable less housing	1.9% (1.9%)	→	Broad based inflationary pressures still missing.
Non-tradable less govt charges & tobacco	2.3% (2.4%)	↓	Stable for past 12 months.
Trimmed mean (10%)	2.2% (1.6%)	↑	Reached mid-point target for first time since 2011.
Weighted median	2.2% (2.0%)	↑	Continued upward trend, reached target in December 2016 for first time since 2011.
Factor Model	1.8% (1.5%)	↑	Highest since Q3 2011.
Sectoral Factor Model	1.5% (1.5%)	→	Unchanged since Q4 2015.

INTEREST RATE STRATEGY

SUMMARY

Stronger than expected Q1 CPI has understandably led to increased debate around the appropriateness of the RBNZ's neutral stance and driven the short end higher. We remain comfortable with our view of the OCR on hold until next year, with global uncertainties, mandate uncertainty, tighter credit conditions, two false tightening cycles in recent years, and the lack of broad-based inflation pressures all flagging a high hurdle to kick off another tightening cycle. Against this backdrop, we expect any lift in short end rates to be bought/received into. New Zealand long end rates remain inextricably linked to US rates, which continue to edge lower and are now in a new trading range. Absent a break back through the key 2.3% level in US 10 year Treasuries, with the US data pulse softening abruptly, it's difficult to envisage US bond yields rising too far for now. Increased talk of delayed Fed hikes is having a dampening impact, as are geopolitical risks.

THEMES

- Although the rise in Q1 CPI to 2.2% has put the RBNZ back "on target" for the first time in 5 years, the consequent NZD rally and questions over how broad-based price pressures are or how sustained the lift will be, need to be acknowledged.
- Looking beyond the inevitable knee-jerk reaction, such questions leave us comfortable with our assumption of no OCR hikes in 2017.
- Politics and price action remain the main themes for the long end. The break lower in US Treasury bond yields has been sustained, and we now need to see a convincing break higher before we can start talking about the economics again!

MONETARY POLICY AND SHORT END

Make no doubt, Q1 CPI surprised strongly to the upside, eclipsing our estimate by some margin, and beating around 90% of forecasters' picks.

While the surprise needs to be acknowledged, and has understandably led to a resetting of expectations, we don't believe there's a "smoking gun" in the data, and remain comfortable with our view that the OCR will be on hold for the remainder of 2017.

Still, markets have been caught on the hop, and the reaction we have seen is understandable. The question is; can it be sustained given that the data has also led to an upward re-rating of the NZD, and the RBNZ's insistence that it intends to look through

temporary spikes in inflation? In our view, it won't be, and questions need to be asked whether a housing construction cost, fuel, food and tobacco inspired lift in inflation is the type of inflation that should be leaned into, or worried about!

Far from being something to fear, this CPI result has been five years in the making and is likely to have been met with cheer by the RBNZ. That's the psychology of it in our view, particularly given everything else that's going on locally. Indeed, given tightening domestic credit conditions, a slow-down in the property market, talk of a tweak to the RBNZ's mandate, globally political uncertainty (be that elections in France and now the UK, or geopolitical tensions), and two false tightening cycle starts where inflation didn't kick on, the hurdle to moving to a tightening bias is reasonably high. **As such, we expect rises in short end yields to be capped, and see good value for investors.**

GLOBAL MARKETS AND LONG END

The direction of local long end rates remains inextricably linked to the direction of US 10 year Treasury bond yields, as we noted in our last edition.

On that score, technical resistance at around the 2.3% level has turned into support, and we're going to need to see a determined break back above that level before the market can start to acknowledge the outlook for Fed policy and the macro backdrop. Although we have seen a few data disappointments of late, which could delay Fed hikes, we're not talking about a complete re-think of the outlook.

However, geopolitics remains a wildcard, and has helped extend the bond rally, as has recent equity market softness. Without this, we doubt we would have seen US 10 year Treasury yields hit a low of 2.16%. **But they have, and until this risk subsides, it's difficult to put too much emphasis on a cyclical "fundamental" view, intuitive as it might be.**

STRATEGY

Investors: We continue to favour **being nimble**, mindful that it's fear and flow that's driving markets, not economics. We do favour adding to received short end positions given compositional aspects of the CPI, and wider considerations on the RBNZ's plate.

Borrowers: No change. **BKBM is at a record low, but our forecasts have swap rates going higher.** But caution is required given the global scene.

KEY VIEWS

SECTOR	DIRECTION	COMMENT
Short end	Neutral/Bullish	Market has over-reacted. Short end yields can fall from post-CPI highs. Spreads to US and R+C elevated.
Long end	Neutral	UST 10y yield has now sustainably broken below 2.3%. Amid a couple of data surprises and escalating geopolitical risks, that now looks like the level we need to break back above for yields to rise sustainably.
Yield Curve	Neutral	Strategically favour a steepener, based largely on divergent views. But tactically, flatter looks more likely.
Geographic spreads	Neutral/narrower	NZ/US spread has performed well. Should narrow further over the year as USTs grind higher (especially given the RBNZ's neutral stance). Would be bearish had we not been so comfortable that RBNZ is on hold.
Swap spreads	Neutral	NZGS demand fair. Risk of corporate paying fading, and global uncertainties likely to keep payers at bay.
NZD/TWI	In ascendency	Post-CPI strength puts TWI back at levels that'll help contain inflation going forward, so is relevant to OCR.

CURRENCY STRATEGY

SUMMARY

Better-than-expected Q1 CPI data helped pull Kiwi out of the doldrums, and the contrasting NZ/US data pulse and positioning data suggests we are at risk of a sharper short-term squeeze higher. However, the broader currency backdrop remains convoluted, with European political uncertainty and upbeat Fed policy talk giving the USD a hand, but the wider policy platform suggestive of a weaker USD. Our six-month bias remains lower for the NZD/USD, but the dip will be shallow. The relative NZ/Australia inflation and commodity picture is NZD/AUD supportive.

TABLE 1: KEY VIEWS

CROSS	GUIDE	MONTH	YEAR
NZD/USD	↔	CPI data will help contain downside	Firmer USD bias over the year
NZD/AUD	↔/↑	Now in an upward trend channel	Holding up
NZD/EUR	↔	EU inflation low. Politics the focus	Huge growth/politics divide
NZD/GBP	↔	UK election to bolster confidence	Brexit execution woes weighing
NZD/JPY	↔	Safe-haven flows to benefit JPY	Japan a defensive play; US strong too

THEMES AND RISKS

- US data is softening yet positioning remains long. By contrast, improving NZ data and extreme NZD short positioning risk a sizeable corrective NZD/USD short-squeeze higher.
- New Zealand inflation figures a clear pointer that the RBNZ's neutral stance is on borrowed time.
- Volatility subsides as geopolitical tension eases.
- NZD/AUD trying to rally, with iron ore and dairy (key bellwethers) going in opposite directions.

ASSESSMENT

The NZD/USD is benefiting from five factors:

- Valuation: anything with a 6 in front of it now looks cheap. Conversely, the USD is extended on valuation metrics.
- US economic data is moderating, bringing into question how far the Fed can lift rates in 2017.
- New Zealand inflation is clearly picking up, and that puts the RBNZ's neutral stance under the spotlight regarding when it gets dropped.
- New Zealand growth momentum is stronger now relative to the patchiness of a few months ago. Firming dairy prices add to the vibe.
- Volatility has subsided, bringing carry into play.

We're buyers of some of those factors being sustained, but sellers of others. Valuations

continue to test prospects for USD strength as a thematic globally. We expect the tenor of local data to remain solid and NZD supportive over the coming three months. A ~1% quarterly GDP print for Q1 is on offer. The other three prongs are questionable:

- Fed rhetoric is still consistent with another couple of hikes in 2017 and we view the moderation in indicators as a blip as opposed to a trend. With global productivity growth low and demographics now a headwind as opposed to a tailwind in the DM space, the global economy is in a low-growth rut. Modest growth is still inflationary and labour market signals in the US are pointing that way.
- Two failed tightening cycle attempts mean core inflation needs to be pretty well at 2% before the RBNZ shifts stance. Some measures are there; a host are not.
- High leverage, a hiking Fed, extended asset valuations and messy geopolitics do not make for a low-volatility world.

So our bias remains tilted towards a lower NZD/USD, though given the USD's valuation and policy platform challenges, we envisage any waning to be mild and shallow. The mid to high 60s now looks to be the "new normal".

Our attention next week will be drawn to the Australian CPI figures, which we expect to diverge from New Zealand trends. Australia's core measures are expected to remain contained, while a (gradually) firming tone is apparent in New Zealand. With dairy prices lifting and iron ore under the pump, further rises in the NZD/AUD beckon.

TABLE 2: NZD VS AUD: MONTHLY GAUGES

GAUGE	GUIDE	COMMENT
Fair value	↔/↑	Fair value is 0.93; we're below that.
Yield	↔/↑	Rate differential more in NZ's favour.
Commodities	↔/↑	Iron ore/dairy price divergence telling.
Data	↔/↑	NZ data outlook to improve this qtr.
Techs	↔	Now in an upward-sloping channel.
Sentiment	↔/↑	CPI data has given Kiwi bulls a hand.
Other	↔/↑	Credit channel tightening faster in AU.
On balance	↔/↑	Bounce/ongoing rally.

TABLE 3: NZD VS USD: MONTHLY GAUGES

GAUGE	GUIDE	COMMENT
Fair value	↔/↑	Below fair-value estimate of ~0.75.
Yield	↔/↑	Short-end NZ/US spreads elevated.
Commodities	↔	Rise in dairy prices encouraging.
Risk aversion	↔/↓	Hasn't affected NZD of late.
Data	↔/↑	NZ data pulse doing the opposite of US.
Techs	↔/↑	Has broken up out of wedge.
Sentiment	↔/↑	Need to acknowledge NZ positives.
Other	↔	NZ hasn't been a flight-to-safety loser.
On balance	↔	Holding steady for now.

DATA EVENT CALENDAR

DATE	COUNTRY	DATA/EVENT	MKT.	LAST	NZ TIME
21-Apr	JN	Nikkei Japan PMI Mfg - Apr P	--	52.4	12:30
	NZ	ANZ Consumer Confidence Index - Apr	--	125.2	13:00
	NZ	ANZ Consumer Confidence MoM - Apr	--	-1.7%	13:00
	JN	Tertiary Industry Index MoM - Feb	0.3%	0.0%	16:30
	GE	Markit/BME Manufacturing PMI - Apr P	58.0	58.3	19:30
	GE	Markit Services PMI - Apr P	55.5	55.6	19:30
	GE	Markit/BME Composite PMI - Apr P	56.8	57.1	19:30
	EC	Markit Manufacturing PMI - Apr P	56.0	56.2	20:00
	EC	Markit Services PMI - Apr P	55.9	56.0	20:00
	EC	Markit Composite PMI - Apr P	56.4	56.4	20:00
	EC	ECB Current Account SA - Feb	--	€25.4B	20:00
	EC	Current Account NSA - Feb	--	€2.5B	20:00
	UK	Retail Sales Ex Auto Fuel MoM - Mar	-0.5%	1.3%	20:30
	UK	Retail Sales Ex Auto Fuel YoY - Mar	3.8%	4.1%	20:30
	UK	Retail Sales Inc Auto Fuel MoM - Mar	-0.5%	1.4%	20:30
	UK	Retail Sales Inc Auto Fuel YoY - Mar	3.3%	3.7%	20:30
22-Apr	US	Markit Manufacturing PMI - Apr P	53.8	53.3	01:45
	US	Markit Services PMI - Apr P	53.2	52.8	01:45
	US	Markit Composite PMI - Apr P	--	53	01:45
	US	Existing Home Sales - Mar	5.60M	5.48M	02:00
	US	Existing Home Sales MoM - Mar	2.2%	-3.7%	02:00
24-Apr	UK	Rightmove House Prices MoM - Apr	--	1.3%	11:01
	UK	Rightmove House Prices YoY - Apr	--	2.3%	11:01
	GE	Ifo Business Climate - Apr	112.3	112.3	20:00
	GE	Ifo Expectations - Apr	106.0	105.7	20:00
	GE	Ifo Current Assessment - Apr	119.0	119.3	20:00
	UK	CBI Business Optimism - Apr	--	15	22:00
	UK	CBI Trends Total Orders - Apr	--	8	22:00
	UK	CBI Trends Selling Prices - Apr	--	29	22:00
	GE	Import Price Index MoM - Mar	--	0.7%	24-29 Apr
	GE	Import Price Index YoY - Mar	--	7.4%	24-29 Apr
25-Apr	US	Chicago Fed Nat Activity Index - Mar	--	0.34	00:30
	US	Dallas Fed Manf. Activity - Apr	17.5	16.9	02:30
	UK	Public Finances (PSNCR) - Mar	--	£12.9B	20:30
	UK	Public Sector Net Borrowing - Mar	--	£1.1B	20:30
	UK	PSNB ex Banking Groups - Mar	£2.8B	£1.8B	20:30
26-Apr	US	FHFA House Price Index MoM - Feb	--	0.0%	01:00
	US	S&P CoreLogic CS 20-City MoM SA - Feb	0.70%	0.86%	01:00
	US	S&P CoreLogic CS 20-City YoY NSA - Feb	5.73%	5.73%	01:00
	US	New Home Sales - Mar	588k	592k	02:00
	US	New Home Sales MoM - Mar	-0.7%	6.1%	02:00
	US	Conf. Board Consumer Confidence - Apr	123.7	125.6	02:00
	US	Richmond Fed Manufact. Index - Apr	17.0	22.0	02:00
	NZ	Net Migration SA - Mar	--	6000	10:45
	AU	ANZ-RM Consumer Confidence Index - 23-Apr	--	112.6	11:30
	AU	Skilled Vacancies MoM - Mar	--	0.1%	13:00
	AU	CPI QoQ - Q1	0.6%	0.5%	13:30
	AU	CPI YoY - Q1	2.3%	1.5%	13:30

Continued on following page

DATA EVENT CALENDAR

DATE	COUNTRY	DATA/EVENT	MKT.	LAST	NZ TIME
26-Apr	AU	CPI Trimmed Mean QoQ - Q1	0.5%	0.4%	13:30
	AU	CPI Trimmed Mean YoY - Q1	1.9%	1.6%	13:30
	AU	CPI Weighted Median QoQ - Q1	0.5%	0.4%	13:30
	AU	CPI Weighted Median YoY - Q1	1.8%	1.5%	13:30
	NZ	Credit Card Spending MoM - Mar	--	-1.4%	15:00
	NZ	Credit Card Spending YoY - Mar	--	5.3%	15:00
	US	MBA Mortgage Applications - 21-Apr	--	-1.8%	23:00
27-Apr	AU	Import Price Index QoQ - Q1	0.0%	0.2%	13:30
	AU	Export Price Index QoQ - Q1	3.5%	12.4%	13:30
	GE	GfK Consumer Confidence - May	9.9	9.8	18:00
	EC	Economic Confidence - Apr	108.1	107.9	21:00
	EC	Business Climate Indicator - Apr	0.81	0.82	21:00
	EC	Industrial Confidence - Apr	1.2	1.2	21:00
	EC	Services Confidence - Apr	13.0	12.7	21:00
	EC	Consumer Confidence - Apr F	--	-3.6	21:00
	UK	CBI Retailing Reported Sales - Apr	--	9	22:00
	UK	CBI Total Dist. Reported Sales - Apr	--	32	22:00
	EC	ECB Main Refinancing Rate - Apr	0.00%	0.00%	23:45
	EC	ECB Marginal Lending Facility - Apr	0.25%	0.25%	23:45
	EC	ECB Deposit Facility Rate - Apr	-0.40%	-0.40%	23:45
	EC	ECB Asset Purchase Target - Apr	€60B	€80B	23:45
	JN	BoJ Monetary Policy Statement	--	--	UNPSECIFIED
	JN	BoJ Policy Balance Rate - Apr	--	-0.10%	UNPSECIFIED
	GE	Retail Sales MoM - Mar	0.0%	1.8%	27 Apr-4 May
	GE	Retail Sales YoY - Mar	2.5%	-2.1%	27 Apr-4 May
28-Apr	GE	CPI MoM - Apr P	-0.1%	0.2%	00:00
	GE	CPI YoY - Apr P	1.9%	1.6%	00:00
	GE	CPI EU Harmonized MoM - Apr P	-0.2%	0.1%	00:00
	GE	CPI EU Harmonized YoY - Apr P	1.8%	1.5%	00:00
	US	Advance Goods Trade Balance - Mar	-\$65.1B	-\$63.9B	00:30
	US	Wholesale Inventories MoM - Mar P	0.3%	0.4%	00:30
	US	Retail Inventories MoM - Mar	--	0.4%	00:30
	US	Durable Goods Orders - Mar P	1.5%	1.8%	00:30
	US	Durables Ex Transportation - Mar P	0.5%	0.5%	00:30
	US	Initial Jobless Claims - 22-Apr	--	244k	00:30
	US	Continuing Claims - 15-Apr	--	1979k	00:30
	US	Pending Home Sales MoM - Mar	-0.5%	5.5%	02:00
	US	Pending Home Sales NSA YoY - Mar	--	-2.4%	02:00
	US	Kansas City Fed Manf. Activity - Apr	--	20	03:00
	NZ	Building Permits MoM - Mar	--	14.0%	10:45
	NZ	Trade Balance NZD - Mar	400M	-18M	10:45
	NZ	Exports NZD - Mar	4.70B	4.01B	10:45
	NZ	Imports NZD - Mar	4.30B	4.02B	10:45
	NZ	Trade Balance 12 Mth YTD NZD - Mar	-3580M	-3794M	10:45
	UK	GfK Consumer Confidence - Apr	-7.0	-6.0	11:01
	JN	Natl CPI YoY - Mar	0.2%	0.3%	11:30
	JN	Natl CPI Ex Fresh Food YoY - Mar	0.2%	0.2%	11:30
	JN	Tokyo CPI YoY - Apr	-0.1%	-0.4%	11:30

Continued on following page

DATA EVENT CALENDAR

DATE	COUNTRY	DATA/EVENT	MKT.	LAST	NZ TIME
28-Apr	JN	Tokyo CPI Ex-Fresh Food YoY - Apr	-0.2%	-0.4%	11:30
	JN	Retail Sales MoM - Mar	-0.1%	0.3%	11:50
	JN	Retail Trade YoY - Mar	1.7%	0.2%	11:50
	JN	Industrial Production MoM - Mar P	-1.0%	3.2%	11:50
	JN	Industrial Production YoY - Mar P	2.9%	4.7%	11:50
	NZ	ANZ Activity Outlook - Apr	--	38.8	13:00
	NZ	ANZ Business Confidence - Apr	--	11.3	13:00
	AU	Private Sector Credit MoM - Mar	0.5%	0.3%	13:30
	AU	Private Sector Credit YoY - Mar	5.1%	5.0%	13:30
	AU	PPI QoQ - Q1	--	0.5%	13:30
	AU	PPI YoY - Q1	--	0.7%	13:30
	EC	M3 Money Supply YoY - Mar	4.8%	4.7%	20:00
	UK	BBA Loans for House Purchase - Mar	--	42613	20:30
	UK	GDP QoQ - Q1 A	0.4%	0.7%	20:30
	UK	GDP YoY - Q1 A	2.2%	1.9%	20:30
	UK	Index of Services MoM - Feb	0.2%	-0.1%	20:30
	UK	Index of Services 3M/3M - Feb	0.5%	0.6%	20:30
	EC	CPI Estimate YoY - Apr	1.7%	1.5%	21:00
	EC	CPI Core YoY - Apr A	0.9%	0.7%	21:00
	UK	Nationwide House PX MoM - Apr	0.2%	-0.3%	28 Apr-4 May
	UK	Nationwide House Px NSA YoY - Apr	3.4%	3.5%	28 Apr-4 May
29-Apr	US	Employment Cost Index - Q1	0.6%	0.5%	00:30
	US	GDP Annualized QoQ - Q1 A	1.2%	2.1%	00:30
	US	Personal Consumption - Q1 A	1.1%	3.5%	00:30
	US	GDP Price Index - Q1 A	2.0%	2.1%	00:30
	US	Core PCE QoQ - Q1 A	--	1.3%	00:30
	US	Chicago Purchasing Manager - Apr	56.9	57.7	01:45
	US	U. of Mich. Sentiment - Apr F	98.4	98.0	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

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
Fri 21 Apr (1:00pm)	ANZ-Roy Morgan Consumer Confidence – Apr	--	--
Wed 26 Apr (10:45am)	International Travel & Migration – Mar	At highs	New monthly records may not be set, but 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 translate into an improved trade balance.
Fri 28 Apr (1:00pm)	ANZ Business Outlook – Apr	--	--
Mon 1 May (3:00pm)	RBNZ New Mortgage Lending – Mar	Stabilising	After easing over recent months, we expect new mortgage lending to begin to stabilise at lower levels.
Wed 3 May (early am)	GlobalDairyTrade Auction	Latent demand	Higher demand from the Middle East/North Africa is likely to provide a base of support for prices.
Wed 3 May (10:45am)	Labour Market Statistics – Q1	Still strong	Labour demand is clearly strong. The big question is whether supply can keep pace. We believe that is becoming more of a struggle, and see the unemployment rate trending lower.
Thu 4 May (10:00am)	ANZ Job Ads – Apr	--	--
Thu 4 May (1:00pm)	ANZ Commodity Price Index – Apr	--	--
Tue 9 May (1:00pm)	ANZ Monthly Inflation Gauge – Apr	--	--
Tue 9 May (3:00pm)	RBNZ Bank Assets & Liabilities	Cooling	Overall credit growth should continue to cool. The question is whether deposit growth has been able to lift further.
Wed 10 May (10:00am)	ANZ Truckometer – Apr	--	--
Wed 10 May (10:45am)	Electronic Card Transactions – Apr	Steady	Spending growth has been on the soft side lately, but we are expecting a steady underlying trend overall.
10-15 May	REINZ Housing Market Statistics – Apr	Stable at a lower level	Turnover is stabilising at a lower level. However, price growth should continue to moderate.
Thu 11 May (9:00am)	RBNZ Monetary Policy Statement	Holding the line	Even with headline inflation back at target, the RBNZ will remain comfortable with its neutral stance.
Thu 11 May (10:45am)	Food Price Index – Apr	Easing?	After a large increase over the March quarter, we suspect prices will start to unwind. That said, poor autumn weather could delay this move.
Fri 12 May (10:30am)	BNZ-BusinessNZ PMI – Apr	Solid	Despite construction sector challenges, manufacturing continues to perform strongly.
Mon 15 May (10:30am)	BNZ-BusinessNZ PSI – Apr	Elevated	The services sector is outperforming.
Mon 15 May (10:45am)	Retail Trade Survey – Q1	Modest	We are expecting a modest but respectable lift in total sales volumes.
Wed 17 May (10:45am)	PPI – Q1	Up	The impact of earlier commodity price moves should continue to flow through.
Thu 18 May (1:00pm)	ANZ-Roy Morgan Consumer Confidence – May	--	--
Fri 19 May (10:45am)	International Travel & Migration – Apr	At highs	New monthly records may not be set, but we can't see softer numbers on the horizon either.
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	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)	0.8	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)	1.2	0.2	-1.2	1.9	0.5	0.0	0.1	2.7	-0.6	-0.3
Retail ECT (% yoy)	6.8	5.8	3.2	6.1	4.2	5.1	5.8	5.6	2.6	5.6
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	0.0	2.6	-4.0	12.8	3.1	-6.2	1.6	0.5	3.5
Car Registrations (% yoy)	-1.2	-1.9	2.6	-0.8	13.1	18.4	7.8	12.2	7.3	16.5
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	11.1
Household Lending Growth (% mom)	0.8	0.8	0.8	0.8	0.6	0.6	0.7	0.5	0.5	--
Household Lending Growth (% yoy)	8.3	8.5	8.7	8.7	8.7	8.6	8.8	8.7	8.5	--
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	0.4
ANZ World Comm. Price Index (% yoy)	-5.6	1.9	11.1	10.6	4.0	13.6	16.5	19.1	20.9	23.0
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	-6.3	7.2	-2.1	-0.5	3.7	-0.2	-0.9	1.7	1.7
ANZ Light Traffic Index (% mom)	2.6	-0.6	0.9	0.1	-2.0	1.5	0.2	-0.3	0.9	1.0

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)						
	Feb-17	Mar-17	Today	Jun-17	Sep-17	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18
NZD/USD	0.719	0.701	0.699	0.70	0.69	0.68	0.68	0.68	0.67	0.67
NZD/AUD	0.938	0.918	0.930	0.92	0.93	0.94	0.94	0.93	0.91	0.89
NZD/EUR	0.679	0.658	0.653	0.65	0.66	0.67	0.68	0.65	0.63	0.63
NZD/JPY	80.79	78.04	76.47	80.5	79.4	78.2	78.2	78.2	77.1	77.1
NZD/GBP	0.578	0.558	0.546	0.58	0.58	0.58	0.55	0.54	0.54	0.52
NZ\$ TWI	77.2	75.1	76.2	75.3	75.3	75.3	75.5	74.2	72.7	72.2
INTEREST RATES	Feb-17	Mar-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	2.00	2.00	1.95	2.00	2.00	2.00	2.10	2.30	2.50	2.50
NZ 10-yr bond	3.23	3.19	2.98	3.50	3.70	3.80	3.90	4.00	4.00	4.10
US Fed funds	0.75	1.00	1.00	1.00	1.25	1.50	1.50	1.75	2.00	2.25
US 3-mth	1.06	1.15	1.16	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	1.78	1.80	1.75	1.70	1.70	1.70	1.70	1.70	1.70	1.70

	21 Mar	17 Apr	18 Apr	19 Apr	20 Apr	21 Apr
Official Cash Rate	1.75	1.75	1.75	1.75	1.75	1.75
90 day bank bill	1.96	1.96	1.97	1.97	1.96	1.96
NZGB 03/19	2.09	2.07	2.11	2.10	2.12	2.14
NZGB 05/21	2.50	2.34	2.37	2.34	2.38	2.40
NZGB 04/23	2.79	2.63	2.67	2.63	2.66	2.68
NZGB 04/27	3.22	2.93	2.97	2.92	2.95	2.97
2 year swap	2.29	2.27	2.30	2.30	2.33	2.32
5 year swap	2.94	2.80	2.82	2.81	2.85	2.86
RBNZ TWI	76.63	76.12	76.27	76.60	76.65	76.65
NZD/USD	0.7058	0.7021	0.7029	0.7018	0.7017	0.7010
NZD/AUD	0.9126	0.9248	0.9322	0.9329	0.9336	0.9314
NZD/JPY	79.44	76.06	76.49	76.40	76.55	76.61
NZD/GBP	0.5662	0.5597	0.5555	0.5466	0.5479	0.5472
NZD/EUR	0.6535	0.6604	0.6591	0.6543	0.6524	0.6541
AUD/USD	0.7734	0.7591	0.7540	0.7523	0.7516	0.7526
EUR/USD	1.0801	1.0631	1.0664	1.0726	1.0755	1.0715
USD/JPY	112.55	108.33	108.82	108.86	109.09	109.29
GBP/USD	1.2468	1.2545	1.2652	1.2839	1.2806	1.2811
Oil (US\$/bbl)	47.34	52.65	52.41	50.44	50.27	50.27
Gold (US\$/oz)	1232.24	1289.80	1286.15	1283.43	1278.27	1281.85
Electricity (Haywards)	5.86	2.81	4.40	4.77	4.08	--
Baltic Dry Freight Index	1200	1296	1294	1278	1278	1278
NZX WMP Futures (US\$/t)	2615	3000	3000	3200	3250	3250

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>

