Market Focus

New Zealand

28 September 2009

TAKING STOCK

NZ Economics Team:

Cameron Bagrie
Chief Economist
Telephone: +64 4 802 2212
E-mail: bagriec@anz.com

Khoon Goh
Senior Markets Economist
Telephone: +64 4 802 2357
E-mail: gohk@anz.com

Philip Borkin
Economist
Telephone: +64 4 802 2199
E-mail: borkinp@anz.com

Steve Edwards
Economist
Telephone: +64 4 802 2217
E-mail: edwards1@anz.com

Kevin Wilson
Rural Economist
Telephone: +64 4 802 2361
E-mail: wilsonk1@anz.com

Page 2: Economic overview

> A string of positive news last week was welcome. The economy is growing again and has gone some way towards rebalancing. Strings of good news can naturally breed a better feel-good factor. At such junctures we must not lose sight of the big picture: there is still a long way to go and a real risk is that complacency sets in. This week's data is expected to continue the "string" of recovering momentum off a low base.

Page 5: Economic comment – stock take

> The inventory cycle looks set to be a key factor underpinning global growth over H2 2009, as production rebounds. This same dynamic is also likely to be present in NZ and should see forward momentum build. But we expect the result to be somewhat more muted given NZ specific factors.

Page 7: Interest rate strategy

> Following last week's selloff, we expect to see some pullback as receivers take advantage of attractive entry points and mortgage paying flows subside. The market will continue to front run the early rate hike theme, though the high cost of carry could see enthusiasm wane somewhat if the dataflow does not continue to print on the strong side.

Page 8: Currency strategy

> Markets are at cross roads. On the one hand, weaker US data, a slight pick up in risk aversion, jittery credit markets and weaker commodities could see the NZD pull back. But on the other hand Merkel's win in the German elections, combined with a benign G20, a rally in US rates and an increased Fonterra payout suggest business as usual. The net result is expected to see the bird capped around current levels.

Page 9: Data and event calendar

Page 11: Data watch

Page 12: Key forecasts

ECONOMIC OVERVIEW

A string of positive news last week was welcome. The economy is growing again and has gone some way towards rebalancing. Strings of good news can naturally breed a better feel-good factor. At such junctures we must not lose sight of the big picture: there is still a long way to go and a real risk is that complacency sets in. This week's data is expected to continue the "string" of recovering momentum off a low base.

What's ahead?

> **August Building Consent Issuance** (Tuesday 1045 NZDT). Residential building consent issuance looks to have turned the corner and is on the recovery path. We expect a solid rise in the month. However, the opposite looks to be the case for non-residential consent issuance.

> **August Credit Growth** (Tuesday 1500 NZDT). Housing credit growth is likely to continue to improve, albeit modestly. Business and agricultural lending should remain weak.

> **September NBNZ *Business Outlook*** (Wednesday 1500 NZDT).

What's the view?

The string of positive news last week was hard to miss. In fact, it was news of the negative variety that was, for once, thin on the ground. Running through the list; the economy is now technically out of recession (and one quarter earlier than we and most commentators had expected), external imbalances in the form of the current account deficit have reduced sharply, dairy incomes are set to improve courtesy of a higher Fonterra payout and consumers are feeling more optimistic about the future.

All these positives need to be respected. Strings of good news can naturally breed a better feel-good factor. To be fair, growth of just 0.1 percent in the quarter is not substantial by anyone's standards, and it is also well within the realms of future possible revisions, so we wouldn't recommend getting the recessionary tombstone engraved with "Q2 2009" just yet – but we would at least get the template drawn up. A current account deficit of 5.9 percent of GDP is the smallest since September 2004 and with export volumes now above import volumes (for the first time since March 2003) it clearly shows the economy has gone some way towards the rebalancing it needs. The boost in Fonterra's payout forecast to $5.10/kg ms, will go some way towards alleviating significant cash flow pressures in the sector. The psychological impact will be enormous and improving soft commodity prices is not simply a dairy affair. Despite this, we fully expect the rural sector to remain under significant pressure but the uplift in the payout should allow the sector to work through its excesses in a semi-orderly fashion.

So can we now breathe a collective sigh of relief? It would be easy, given this string of good (or less bad) news, to relax and think that the hard work is done. In fact, we would argue to the contrary, and the more complacency we see, the more convinced we'll get a double-dip. **This brings us back to our usual bugbears.**

> **We are now into the statistical recovery.** The mix to Q2 GDP was hardly encouraging with production in the tradable sector down and non-tradable sector up. Lower imports helped drive net exports but are hardly a sign of confidence. Job losses continue and mortgagee sales are up. We fully expect a decent inventory cycle to drive growth in the coming six months, but we need to see sustained evidence of final demand for this to extend. And of course final demand is facing a different set of labour market conditions at the same time as consumers still need to de-leverage and rebuild precautionary savings buffers.

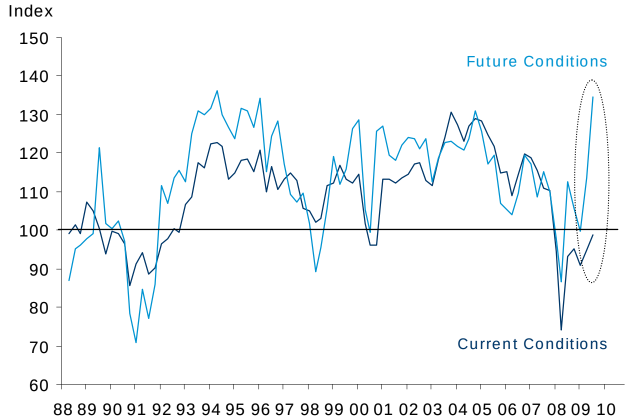
> **A full rebalancing is far from assured.** Years ago, deficits in excess of 5 percent of GDP were banana republic stuff. Now the champagne bottles are being opened at 5.9 percent of GDP. When you look at the reasons behind the improvement (lower profits, a one-off tax hit, a cyclical capitulation in imports and low interest rates), all are deeply cyclical. August trade numbers show exports down 23 percent on a year ago as previously high inventory levels (largely in the dairy sector) have been exhausted. This suggests any improved export performance will have to come out of production and its hard not to see imports creeping back up given domestic demand signals.

> **Pricing signals continue to frustrate the structural rebalancing of the economy.** Some such as higher deposit rates are assisting, but we continue to hold concerns over the elevated currency, as the US's economic problems are simply "exported". Reading between the lines, continued capital raisings locally are also telling us something. Moreover, we simply haven't seen the improvement in savings behaviour (nor incentives to foster a structural shift) to take any comfort that the fundamental basic current account issue (a mismatch between savings and investment) has changed.

> **Consumers are still facing a reality check.** Consumer confidence rose to a four year high according to the Westpac McDermott-Miller measure. However, this was almost entirely

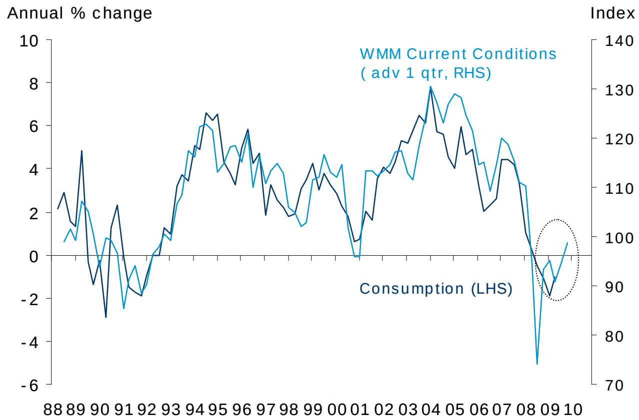
driven by an increase in future expectations. Views of the current situation remain subdued and it is this that is most important for spending.

Westpac McDermott Miller Consumer confidence



Sources: ANZ National, Westpac

Consumption Growth vs Consumer Confidence



Sources: ANZ National, Statistics NZ, Westpac

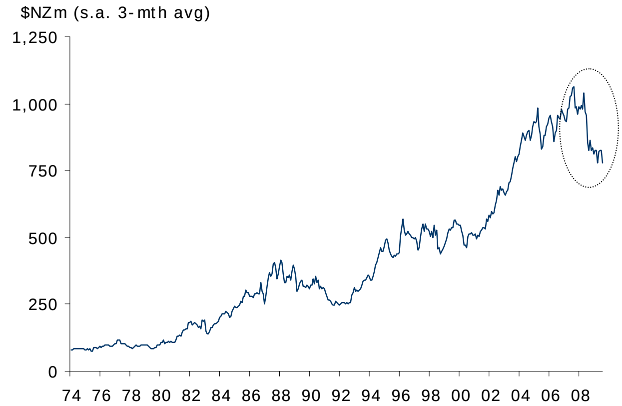
So for us, it is a case of acknowledging the pleasant surprises last week, but not seeing them as enough to change our underlying economic view. We will be releasing a new set of quarterly forecasts in the next week or two. There will obviously be some tweaking of the numbers, but the core themes from our message delivered three months ago will be largely unchanged. The economy is now simply into the "hard yards" aspect of the adjustment.

Turning to the week ahead, the September NBNZ *Business Outlook* dominates the local calendar. Business sentiment has risen sharply of late (which is also a theme around the globe). This has largely centred on activity expectations, with uncertainty still seeing firms' intentions towards employment and investment remaining subdued, albeit off their lows. The question for this month will be whether confidence is becoming engrained enough to see business feel more optimistic about their staffing and investment levels.

Building consent data is expected to lift, but show a divide between residential and non-residential. The past few months have shown residential building consents stabilising and turning the corner as housing market turnover begins to recover. We expect this trend to continue and should see residential consents post a solid monthly increase – albeit off very depressed levels – in the vicinity of 5-10 percent. However, this is no longer the focus. Instead, the outlook for non-residential building appears the key focal point and this does not appear as favourable – particularly for commercial and office buildings. Anecdotal evidence suggests a drying up of pipeline construction work in the major centres. Vacancy rates are rising and rents are falling. On top of this, access to capital is still restricted. In rural regions, we doubt there will be a lot of construction pending for farm buildings etc., despite the recent improvement in the dairy payout.

Rather than be caught by the building consent figures – which are still an important cyclical barometer – we'll be paying closer attention to the aggregate consent spend figures. Until the aggregate amount of work picks up, resources will simply chase for work, shuffling from non-residential to residential, and aggressive margins and pricing will be a key consequence.

Total value of all building consent issuance



Sources: ANZ National, Statistics NZ

Rounding out the local data releases is credit growth for August. Just like with the building consent numbers, it will be the composition of credit growth that will tell the fuller picture. Housing credit growth is likely to continue to improve in line with the housing market, albeit modestly. However, business and agricultural lending should remain subdued.

Internationally, it is quite a busy week. While markets will likely be digesting the G20 statement, seeing as the start of a new month occurs during the week, there is generally plenty of data released. In the US, non-farm payrolls, ISM manufacturing, personal income and spending and the final reading of US Q2 GDP will be the major releases. On top of this, there is the important Tankan sentiment survey in Japan, as well labour market data. In Australia, retail sales and building approvals data are the highlight. To top things off, there are also a number of global central bank officials due to make speeches during the week.

Recent local data…

> **International Travel and Migration (August):** A seasonally adjusted net 1,620 people permanently migrated to NZ in the month, taking the annual total to 15,642.

> **Balance of Payments (June quarter):** A monthly current account surplus of $124 million was recorded, while the annual deficit improved from 8.1 percent to 5.9 percent of GDP.

> **Gross Domestic Production (June quarter):** Headline GDP rose 0.1 percent – the first positive quarterly growth since December 2007.

> **Westpac McDermott-Miller Consumer Confidence (September quarter):** The headline index rose 14.3 points to 120.3.

> **Overseas Merchandise Trade (August):** A trade deficit of $725 million was recorded in the month. Despite this, the annual trade deficit improved from $2,488 million to $2,365 million.

STOCK TAKE

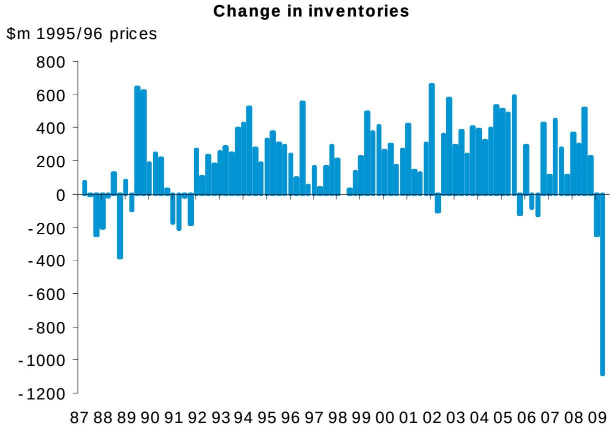
The inventory cycle looks set to be a key factor underpinning global growth over H2 2009, as production rebounds. This same dynamic is also likely to be present in NZ and should see forward momentum build. But we expect the result to be somewhat more muted given NZ specific factors.

It is commonly accepted that an inventory fillip is set to drive the first leg of the global recovery. You can see from the table below that inventories have had a massive negative impact during the downturn. But as confidence returns there will be the invariable rebuild, and such rebuilds (off lows) will give the recovery a V shaped feel to it. Forward indicators are already pointing to this. The JP Morgan Global Manufacturing PMI new order measure has risen to 58.2. It seems that the de-stocking story is now well advanced. Even a mild inventory rebuild will see inventories make positive contributions to growth in a number of countries over the next few quarters.

Inventories contribution to GDP growth (ppt)			
	Q4 2008	Q1 2009	Q2 2009
US	-0.3	-0.9	-1.2
Euro-zone	0.2	-0.8	-0.7
UK	-1.4	-1.6	-1.2
Japan	0.8	0.5	-0.1
Australia	-1.5	0.2	0.2
New Zealand	-0.9	-1.4	-2.5
Sources: Bloomberg, ABS, Statistics NZ			

In a recent *Bulletin* note, the RBA estimated that Asia (ex China and Japan) experienced a rundown in inventories in the March quarter equivalent to 2½ percentage points of GDP. The majority of large economies around the globe have also experienced a rundown in inventories of varying magnitudes, with the UK and US, in particular, seeing inventories detract 4.2 and 2.4 percentage points from growth respectively over the past three quarters.

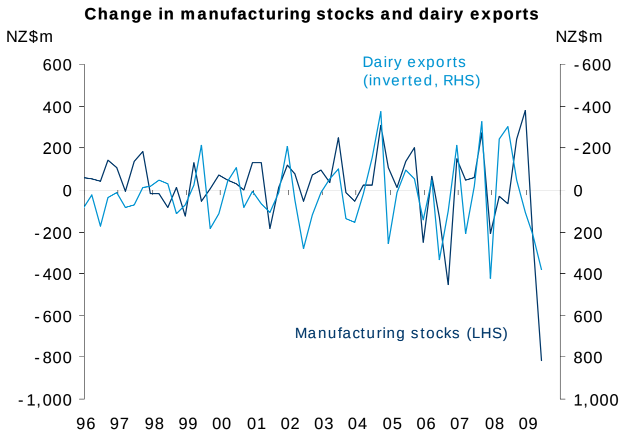
NZ has experienced a significant inventory cycle over the past 12 months. Following a period of rising stocks levels, we estimate that inventories have subtracted a total of 4.8 percentage points from growth since the December 2008 quarter. In the June 2009 quarter alone, inventories were estimated to have knocked 2.5 percentage points off growth, falling a massive $1.1 billion (in real terms) in the quarter – the sharpest reduction (by some way) since the data began in 1987. **On the face of it, the size of NZ's inventory detraction suggests we may well have the potential for more pent-up inventory rebuilding to take place.** With manufacturing (ex-primary) volumes down 17 percent from its recent peak, even if we assume production recovers half that level, it could potentially add 1 percentage point to GDP over the coming year.



Sources: ANZ National, Statistics NZ

We fully expect inventories to add materially to growth but we need to look at the wider picture.

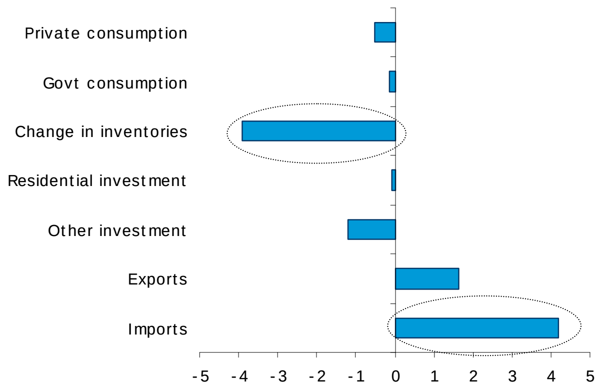
> **NZ's inventory cycle is heavily influenced by the dairy sector, which manifests in an export-inventory trade-off.** The volume of dairy exports rose a whopping 13 percent in Q1 and 21 percent in Q2. Early indications for dairy export performance in Q3 are poor given the August trade numbers showing a sharp drop in dairy exports, especially to China.



Sources: ANZ National, Statistics NZ

> **An inventory rebuild will be partly met out of imports.** It is no coincidence that over the past 10 years, the correlation between the contribution from net exports and inventories to GDP growth has been a rather high 0.67. Not all of this can be placed on the dairy sector. Over the first six months of this year, the rundown in inventories was met with an almost one-for-one fall in imports – implying a close to zero net impact on GDP.

Contributions to H1 2009 growth



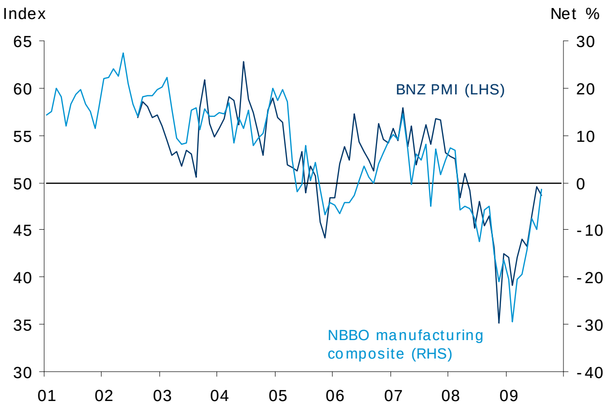
Sources: ANZ National, Statistics NZ

> **NZ's production capacity is somewhat biologically constrained** as it takes Mother Nature's assistance for the likes of the rural industry to respond to different economic conditions. Moreover, across the dairy sector, pressure on cash-flow is shifting focus back to a low cost but also a lower production model.

> **The positive spin on biological constraints is that near-term demand-supply mismatches then tend to be reflected in prices.** This already looks to be occurring with commodity prices up sharply in Q3. After an 8.9 percent fall in the terms of trade in Q2, we expect recoveries over Q3 and Q4. A gradual rising terms of trade represents a positive aspect to the long-term NZ story and over time this will support domestic incomes (although a near-term challenge is that an excessive portion has already been capitalised into the likes of farm values).

> **The BNZ Capital-Business NZ PMI has shown improvement, but not one of production rocketing away.** Instead it is more like one of activity contracting at a slower rate. In fact, the PMI fell 0.9 points in August to 48.7. This is hardly consistent with a large manufacturing recovery. A similar story is present from the NBNZ *Business Outlook*.

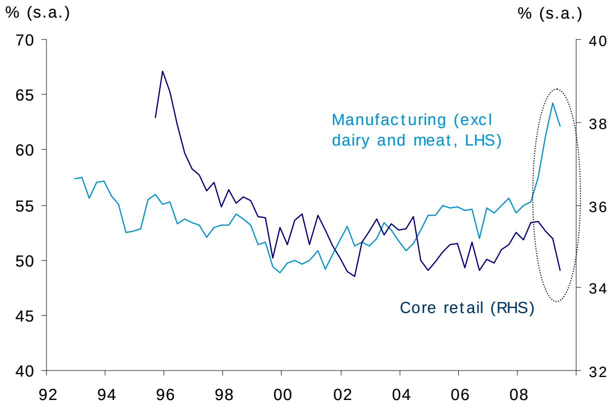
PMI vs NBBO



Sources: ANZ National, Business NZ

> **The manufacturing stock to sales ratio is at a high level.** If meat and dairy manufacturing is excluded, the total stocks to sales ratio has risen sharply over recent quarters. This suggests two things: a) less pent up inventory demand to occur, and b) a continued structural (efficiency) adjustment to come. It also raises concerns for us that a further pending tweaking of the staff lever in the industry may be on the horizon if demand does not recover quickly. Looking at retail on the other hand, the stocks to sales ratio has fallen. But it has hardly fallen away rapidly, which flags to us that a lot of businesses may be slowly adapting to structural aspects this cycle.

Stock to sales ratio



Sources: ANZ National, Statistics NZ

The upshot

We fully expect NZ to follow global trends and see inventories contribute positively to growth over the coming six months. But after such a sharp rundown this is hardly surprising.

This contributes to the "statistical" type recovery that is occurring. But for most it won't feel like it. An inventory and production rebuild – which should see the return of positive GDP growth rates over the remainder of the year – won't really feel like the recession has ended for the average person on the street. With the labour market still weak (rising unemployment and subdued wage growth) and a general de-leveraging backdrop still present, a number of headwinds to final demand remain. The turn in the inventory cycle naturally sees the recovery take on a V shaped look (at least initially). But there remain a number of factors that leave us questioning whether this momentum can be sustained.

INTEREST RATE STRATEGY

Following last week's selloff, we expect to see some pullback as receivers take advantage of attractive entry points and mortgage paying flows subside. The market will continue to front run the early rate hike theme, though the high cost of carry could see enthusiasm wane somewhat if the dataflow does not continue to print on the strong side.

Market themes...

> Upside surprises leads to a selloff in rates and flattening of the curve.

> OIS pricing now has 50 percent chance of a 25bp hike in January, with over 100bps of hikes by July 2010.

> Market likely to run with early tightening theme for a while given improving dataflow.

Review and outlook

NZ rates sold off aggressively on the back of upside positive surprises. Fonterra's upward revision to its 2009/10 forecast payout from $4.55 to $5.10/kg ms on Tuesday, followed by better than expected Q2 GDP on Wednesday and a big increase in consumer confidence on Thursday set the scene for the selloff. Stop losses were triggered (we suspect unfavourable short Aussie/long Kiwi trades being unwound) leading to additional payside pressure before receiving interest came back in later in the week. A reluctance to receive fixed and pay the typically elevated floating bank bill rate sets, coinciding with March and September bank half and full year ends, has prevented the rally going further and reduced liquidity in the market. We expect more receiving interest as the end of bank financial year nears, although it may take until the end of the week.

With the sharp sell off in the front end, the curve flattened significantly from 189.5 to 176bs in the 2s10s. While some of this move was a push post GDP, and probably justified given the front end sell off, the cost of carry may restrict how long it remains here. While bids are below this level, it feels that the market is reluctant to push it back and a decent front end rally from here is probably required before the move is unwound. For current levels to be justified, the RBNZ will need to validate market pricing and hike earlier, something we think unlikely.

Further steepening in the mortgage curve will see limited payside from mortgage books. We expect most of the new mortgage flows and those coming up for refinancing to roll into the 1-year or less tenor, where term deposits are typically sufficient to offset the mortgage risk, meaning the excess delta on balance sheets is much reduced.

With less mortgage paying flows combined with the still high cost of carry, yields are unlikely to push much higher in the near-term.

Borrowing strategies we favour at present

We still see rates remaining low for some time, despite the economy exiting from recession earlier. Our strategy of staying floating remains. Indeed, with a steep yield curve set to be a regular feature in NZ, paying a premium for certainty is set to become the norm. We still see the market pricing in rate hikes too early, and continue to favour options for hedging purposes.

Gauges for NZ interest rates

Gauge	Direction	Comment
RBNZ / OCR	↔	A period of monetary policy stability. RBNZ on hold until late next year.
NZ data	↔/↑	NZ economy out of technical recession. Dataflow to show pace of recovery still subdued.
Fed Funds / front end	↔	Fed still committed to low rates for an extended period.
RBA	↑	RBA in datawatch mode. Next move is up but timing depends on the data.
US 10 year	↔	Trading within a 3.3% to 3.5% range.
NZ swap curve	↔/↑	Curve flattened following better data last week, but move looks overdone.
Flow	↔	Receiving interest should pick-up at current levels.
Technicals	↔	The 2-year has broken through topside resistance, but we doubt this marks a new higher range.

Market expectations for RBNZ OCR (bps)

OCR dates	Last week	This week
Thu 29-Oct-09	0	+1
Thu 10-Dec-09	+1	+2
Thu 28-Jan-10	+8	+13
Thu 11-Mar-10	+24	+35
Thu 29-Apr-10	+36	+59
Thu 10-Jun-10	+67	+83
Thu 29-Jul-10	+90	+108

Trading themes we favour at present

The market has swiftly moved to cement in rate hikes from early next year on better than expected data. We still see the tightening cycle as a H2 2010 affair. As such, current levels represent attractive entry points for receive positions, especially given the positive carry. We will continue to hold on to our 2s10s steepener position.

CURRENCY STRATEGY

Markets are at cross roads. On the one hand, weaker US data, a slight pick up in risk aversion, jittery credit markets and weaker commodities could see the NZD pull back. But on the other hand Merkel's win in the German elections, combined with a benign G20, a rally in US rates and an increased Fonterra payout suggest business as usual. The net result is expected to see the bird capped around current levels.

Market themes...

> End of financial year for many institutions. Profit taking is possible.

> China 60 year celebrations this week will receive more focus. Will they window dress their stock market going into this long holiday?

> GBP leading currency markets. The question is where this week?

Review and outlook...

Better data was the focus locally last week. Both GDP and the current account numbers were better than expected. On top of this, Fonterra boosted their payout forecast. This helped pushed the NZD to new highs for the year versus the USD, JPY, GBP, EUR and CAD and the highest level versus the AUD since January. The currency couldn't maintain gains above 0.7300 against the USD, but 0.7120 support looks solid. The market will be asking the age old questions: Is all the good news already priced in, or is the trend your friend?

Given the above statements, it is no wonder we are in a triangle. The levels are clear with strong support coming in now at the 0.7110-0.7140 zone. The big levels of resistance start from the 0.7210-0.7270 range. Our intention is to buy the down side level and sell the top side level as often as possible this week till the non-farm payrolls release in the US on Friday night, with a stop and reverse at the break out of any range.

The GBP will again be influential for the direction of all currencies this week. The sterling's five big figure meltdown last week spooked the complacently long currency and commodity markets versus the USD. Any continuation of last week's sell off will see this extend and investors potentially look to the safety of the most liquid market in the world – US Treasuries.

Commodities are struggling. Fonterra's increased payout forecast aside, commodities are looking weak. The CRB index (which reflects Australia's commodity basket more than ours) reduced from 260 to 250 last week with gold notably closing the week below US$1000/oz.

However, still notable demand for Australian bonds continues to hold the AUD/USD above the critical 0.8600 support level.

All up, we feel the tail winds are starting to turn to head winds for the NZD. But the momentum will take time to slow and we see another week where the topside break is more likely than a downside move. However, anything with a 0.74 handle equals weekly resistance and we favour a turn at that level.

NZD vs AUD: monthly directional gauges

Gauge	Direction	Comment
Fair value	↔	Within the range.
Yield	↓	Yield favours Australia.
Commodities	↔	Starting to look heavy as demand concerns feature.
Partial indicators	↔	Both economies improving, but Aussie faster?
Technicals	↔	Range trade now.
Sentiment	↔/↑	Both NZD and AUD taking direction from the GBP.
Other	↔	Asian central banks diversification.
On balance	↔	**Respect the ranges.**

NZD vs USD: monthly directional gauges

Gauge	Direction	Comment
Fair value – long-term	↔/↓	Above long term average.
Fair value – short-term	↔	About cyclical fair value estimates.
Yield	↔/↓	Lower for longer from RBNZ, but Fed the same.
Commodities	↔	Starting to look heavy as demand concerns feature.
Risk aversion	↔	Improved, but fragile.
Partial indicators	↔/↓	Inventories being rebuilt, but what about demand?
Technicals	↔/↑	Solid support at 0.7120.
AUD	↔/↑	Despite lower commodity prices, AUD couldn't break 0.86.
Sentiment	↔/↑	USD unloved, but is the weak GBP an early turn indicator?
Other	↔/↑	Asian central banks are dominating and more are looking at NZ.
On balance	↔/↑	**The trend is currently your friend, but for how long?**

DATA AND EVENT CALENDAR

Date	Country	Data/Event	Mkt.	Last	Time (NZDT)
28-Sep	AU	RBA Governor Stevens Speaks to Senate Committee in Sydney	-	-	12:15
29-Sep	US	Chicago Fed Nat Activity Index (Aug)	-	-0.7	01:30
	NZ	**Building Permits (Aug) - mom**	**-**	**4.9**	**11:45**
		Money Supply M3 (Aug) - yoy	**-**	**3.8%**	**16:00**
	JN	National CPI (Aug) - yoy	-2.2%	-2.2%	12:30
		National CPI Ex-Fresh Food (Aug) - yoy	-2.4%	-2.2%	12:30
		National CPI Ex Food, Energy (Aug) - yoy	-0.9%	-0.9%	12:30
	AU	RBA's Richards speaks in Sydney	-	-	14:30
	EC	ECB Council Member Liikanen Speaks in Helsinki	-	-	21:00
		Consumer Confidence (Sep)	-21	-22	22:00
		Economic Confidence (Sep)	82.7	80.6	22:00
	UK	GDP (2Q F) - qoq	-0.6%	-0.7%	21:30
		Current Account (2Q)	-7.7B	-8.5B	21:30
		Net Consumer Credit (Aug)	0.0B	-0.2B	21:30
		Mortgage Approvals (Aug)	51.5K	50.1K	21:30
30-Sep	US	S&P/CS Composite-20 (Jul) - yoy	-14.2%	-15.4%	02:00
		Fed's Fisher Speaks in Dallas on U.S. Economy	-	-	02:50
		Consumer Confidence (Sep)	57.0	54.1	03:00
		Fed's Plosser to Speak at Lafayette College Economic Summit	-	-	12:00
	UK	GfK Consumer Confidence Survey (Sep)	-24	-25	12:01
	JN	Nomura/JMMA Manufacturing PMI (Sep)	-	53.6	12:15
		Industrial Production (Aug P) - mom	1.8%	2.1%	12:50
		Vehicle Production (Aug) - yoy	-	-31.9%	17:00
		Housing Starts (Aug) - yoy	-31.7%	-32.1%	18:00
		Construction Orders (Aug) - yoy	-	-42.8%	18:00
	AU	Conference Board Leading Index (Jul)	-	0.9%	13:00
		Private Sector Credit (Aug) - mom	0.2%	0.2%	14:30
		Retail Sales s.a. (Aug) - mom	0.5%	-1.0%	14:30
		Building Approvals (Aug) - mom	2.5%	7.7%	14:30
	NZ	**NBNZ Business Confidence (Sep)**	**-**	**34.2**	**15:00**
	EC	ECB's Papademos Speaks at Eurofi Financial Forum in Sweden	-	-	20:45
		ECB's Weber Speaks at Eurofi Financial Forum in Sweden	-	-	20:45
		CPI Estimate (Sep) - yoy	-0.2%	-0.2%	22:00
		ECB's Noyer Speaks at Eurofi Financial Forum in Sweden	-	-	22:30
	GE	Unemployment Change (000's) (Sep)	20K	-1K	20:55
		Unemployment Rate (Sep)	8.4%	8.3%	20:55

Continued over page

Date	Country	Data/Event	Mkt.	Last	Time (NZDT)
1-Oct	US	ADP Employment Change (Sep)	-200K	-298K	01:15
		GDP (Annualized) (2Q F)	-1.2%	-1.0%	01:30
		Core PCE (2Q) - qoq	2.0%	2.0%	01:30
		Chicago Purchasing Manager (Sep)	52.0	50.0	02:45
		Fed's Lockhart Speaks on US Outlook in Mobile, Alabama	-	-	03:30
		Fed's Kohn to Speak in Washington on Exit Policies	-	-	05:30
	EC	ECB's Trichet Speaks at Eurofi Financial Forum in Sweden	-	-	06:45
		PMI Manufacturing (Sep F)	49.0	49.0	21:00
		Unemployment Rate (Aug)	9.6%	9.5%	22:00
	AU	AiG Performance of Mfg Index (Sep)	-	51.7	12:30
		RBA Commodity Index SDR (Sep) - yoy	-	-31.8%	18:30
	JN	Tankan Large Manufacturers Index (3Q)	-33	-48	12:50
		Tankan Non-Manufacturing (3Q)	-26	-29	12:50
		Retail Trade (Aug) - mom	0.3%	0.5%	12:50
	GE	PMI Manufacturing (Sep F)	49.6	49.6	20:55
	UK	PMI Manufacturing (Sep)	50.2	49.7	21:30
		BoE Releases Quarterly Credit Conditions Survey	-	-	21:30
2-Oct	US	Personal Income (Aug)	0.1%	0.0%	01:30
		Personal Spending (Aug)	1.1%	0.2%	01:30
		PCE Core (Aug) - mom	0.1%	0.1%	01:30
		Initial Jobless Claims (w/e Sep-27)	535K	530K	01:30
		Continuing Claims (w/e Sep-20)	6178K	6138K	01:30
		Bernanke Testifies at House Financial Services Committee	-	-	02:00
		ISM Manufacturing (Sep)	54.0	52.9	03:00
		Pending Home Sales (Aug) - mom	1.0%	3.2%	03:00
		Construction Spending (Aug) - mom	-0.2%	-0.2%	03:00
		Fed's Lockhart Speaks on US Economy in Macon, Georgia	-	-	10:30
		Fed's Pianalto to Speak in New York on Economy	-	-	10:30
	JN	Jobless Rate (Aug)	5.8%	5.7%	12:30
		Household Spending (Aug) - yoy	-0.2%	-2.0%	12:30
	AU	TD Securities Inflation (Sep) - mom	-	0.0%	13:30
	UK	PMI Construction (Sep)	48.1	47.7	21:30
	EC	PPI (Aug) - mom	0.4%	-0.8%	22:00
3-Oct	US	Change in Non-Farm Payrolls (Sep)	-180K	-216K	01:30
		Unemployment Rate (Sep)	9.8%	9.7%	01:30
		Average Hourly Earnings (Sep) - mom	0.2%	0.3%	01:30
		Factory Orders (Aug)	0.5%	1.3%	03:00

Key: AU: Australia, EC: Euro-zone, GE: Germany, JN: Japan, NZ: New Zealand, UK: United Kingdom, US: United States. Sources: Dow Jones, Reuters, Bloomberg, ANZ National Bank. All $ values in local currency. (Note: all surveys are preliminary and subject to change).

NEW ZEALAND DATA WATCH

Key focus over the next four weeks: Now that the economy is "technically" out of recession, the focus needs to turn to the quality and durability of the upturn. Upcoming data is expected to continue its generally improving trend, but we still question whether the "mix" to growth is right to get a sustainable recovery. The NZIER QSBO should point to a better feel good factor. We will be perusing the Government's financial statements closely.

Date	Data/Event	Economic Signal	Comment
Tue 29 Sep (10.45)	Building Consent Issuance (Aug)	On the mend	Residential building consent issuance looks to have turned the corner and is on the recovery path. However, the opposite looks to be the case for non-residential consent issuance.
Tue 29 Sep (15.00)	Credit Growth (Aug)	Housing better, but others still weak	Housing credit growth is likely to continue to improve, albeit modestly. Business and agricultural lending should remain weak.
Wed 30 Sep (15.00)	NBNZ *Business Outlook* (Sep)	-	-
Mon 5 Oct (15.00)	ANZ Commodity Price Index (Sep)	-	-
Tue 6 Oct (10.00)	NZIER Quarterly Survey of Business Opinion (Jun qtr)	Improving	Following the trends in the National Bank *Business Outlook*, the QSBO is expected to show improving sentiment and activity. While firms' employment and investment intentions are also expected to improve, they will generally remain weak. The indicators of resource pressure should still show large slack in the economy.
Wed 6 Oct	Fonterra global DairyTrade results (Oct)	Will there be another strong rise?	Anecdotes suggest a further firming in global dairy prices. However, given the 50 percent increase in the past two auctions, we would not rule out a pull-back.
circa 11 Oct	REINZ House Sales (Sep)	Still solid	Activity is likely to again be solid as inventory on the market remains tight. However, we expect this dynamic to ease into year end as more listings come onto the market and higher long-term mortgage rates slow demand.
Tue 13 Oct (10.45)	Retail Trade Survey (Aug)	Facing headwinds	De-leveraging consumers and a weak labour market remain large headwinds for consumers. Spending is likely to be positive, but only modestly so.
Wed 14 Oct (10.00)	Financial Statements of Government for the year ended June 2009	Watching the tax take	We expect the numbers to be reasonably close to what was forecast in the May *Budget*. We will, however, be watching the tax take closely.
Thu 15 Oct (10.45)	Consumers Price Index (Sep qtr)	Underlying softness	Food prices and local authority rate increases should see the CPI rise around 0.8 percent in the quarter. However, non-tradable and other core measure should remain soft.
Wed 21 Oct (10.45)	International Travel and Migration (Sep)	Starting to slow?	While another solid monthly net migration inflow is expected, with the number of residency and work permit approvals falling, the number of arrivals may start to ease. We will be keeping a close watch on departures for signs of a turnaround.
On Balance		**We have found a base**	**The focus of the dataflow is how H2 2009 is faring. The growth mix does not give the recovery a sustainable fell though.**

SUMMARY OF KEY ECONOMIC FORECASTS

	Sep-08	Dec-08	Mar-09	Jun-09	Sep-09	Dec-09	Mar-10	Jun-10	Sep-10	Dec-10
GDP (% qoq)	-0.5	-1.0	-0.8	0.1	**0.5**	**0.4**	**-0.3**	**0.2**	**1.2**	**1.0**
GDP (% yoy)	-0.4	-2.2	-2.6	-2.1	**-1.2**	**0.2**	**0.7**	**0.8**	**1.5**	**2.1**
CPI (% qoq)	1.5	-0.5	0.3	0.6	**0.8**	**0.4**	**0.3**	**0.7**	**0.7**	**0.8**
CPI (% yoy)	5.1	3.4	3.0	1.9	**1.2**	**2.1**	**2.0**	**2.2**	**2.1**	**2.6**
Employment (% qoq)	0.1	0.8	-1.4	-0.5	**-0.6**	**-0.3**	**-0.3**	**0.0**	**0.2**	**0.4**
Employment (% yoy)	1.0	1.0	0.8	-0.9	**-1.6**	**-2.7**	**-1.6**	**-1.2**	**-0.4**	**0.3**
Unemployment Rate (% sa)	4.3	4.7	5.0	6.0	**6.3**	**6.7**	**7.1**	**7.3**	**7.3**	**7.2**
Current Account (% GDP)	-8.6	-8.9	-8.1	-5.9	**-5.8**	**-5.1**	**-5.1**	**-5.7**	**-6.0**	**-6.2**
Terms of Trade (% qoq)	-1.0	-1.0	-2.7	-8.9	**1.0**	**1.0**	**0.5**	**0.0**	**0.2**	**0.1**
Terms of Trade (% yoy)	5.8	1.8	-5.0	-13.1	**-11.4**	**-9.6**	**-6.7**	**2.5**	**1.7**	**0.7**

KEY ECONOMIC INDICATORS

	Dec-08	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Jul-09	Aug-09	Sep-09
Retail Sales (% mom)	-0.5	-1.2	0.1	-0.1	0.5	0.7	-0.1	-0.5	..	..
Retail Sales (% yoy)	-0.9	-3.7	-6.9	-1.9	-1.7	-2.4	-1.1	-1.4	..	..
Credit Card Billings (% mom)	-2.2	1.6	1.0	-3.0	2.4	-0.3	0.1	0.2	1.6	..
Credit Card Billings (% yoy)	-3.7	-2.4	-2.0	-4.8	-1.6	-2.3	-2.1	-1.9	0.1	..
Car Registrations (% mom)	12.7	-14.2	-14.8	7.3	-1.7	-2.5	6.1	7.0	-3.5	..
Car Registrations (% yoy)	-23.7	-36.5	-44.6	-32.9	-41.0	-33.3	-29.6	-16.4	-18.3	..
Building Consents (% mom)	-5.8	-13.1	12.3	-1.7	11.2	2.9	-9.6	4.9	..	..
Building Consents (% yoy)	-41.4	-51.3	-39.8	-34.2	-56.6	-23.4	-24.1	-16.8	..	..
REINZ House Price (% yoy)	-4.8	-4.4	-2.2	-4.0	-1.4	-2.2	0.0	0.0	5.1	..
Household Lending Growth (% mom)	0.2	0.2	0.1	0.1	0.2	0.4	0.1	0.3	..	..
Household Lending Growth (% yoy)	4.2	3.8	3.1	2.7	2.6	2.5	2.4	2.4	..	..
Roy Morgan Consumer Confidence	102.9	103.7	98.8	94.7	101.1	104.9	105.3	107.0	113.2	117.3
NBNZ Business Confidence	-35.0	..	-41.2	-39.3	-14.5	1.9	5.5	18.7	34.2	..
NBNZ Own Activity Outlook	-21.5	..	-20.1	-21.2	-3.8	3.8	8.3	12.6	26.0	..
Trade Balance ($m)	-341	-102	483	438	322	906	-331	-175	-725	..
Trade Balance ($m annual)	-5614	-5405	-5165	-4684	-4070	-2994	-3111	-2488	-2365	..
ANZ World Commodity Price Index (% mom)	-7.4	-4.3	-4.6	1.0	2.6	2.8	0.2	1.0	4.3	..
ANZ World Commodity Price Index (% yoy)	-24.3	-26.5	-30.7	-31.4	-29.4	-28.1	-27.9	-28.5	-22.8	..
Net Migration (sa)	390	870	1660	1730	2100	2610	1700	2420	1610	..
Net Migration (annual)	3814	4538	6160	7482	9176	11202	12515	14488	15642	..

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

SUMMARY OF KEY MARKET FORECASTS

	Actual		Current	Forecast (end month)						
NZ FX rates	Jul-09	Aug-09	28-Sep-09	Dec-09	Mar-10	Jun-10	Sep-10	Dec-10	Mar-11	Jun-11
NZD/USD	0.644	0.675	0.719	0.710	0.720	0.710	0.690	0.680	0.670	0.650
NZD/AUD	0.801	0.809	0.827	0.798	0.783	0.780	0.775	0.782	0.788	0.793
NZD/EUR	0.458	0.474	0.489	0.480	0.474	0.473	0.466	0.463	0.459	0.455
NZD/JPY	60.9	64.1	64.5	62.5	61.9	62.5	62.1	62.6	63.0	61.8
NZD/GBP	0.393	0.408	0.450	0.425	0.431	0.430	0.421	0.412	0.404	0.389
NZ$ TWI	60.6	62.9	65.40	63.8	63.6	63.3	62.3	61.9	61.6	60.6
NZ interest rates	Jul-09	Aug-09	28-Sep-09	Dec-09	Mar-10	Jun-10	Sep-10	Dec-10	Mar-11	Jun-11
OCR	2.73	2.73	2.50	2.50	2.50	2.50	3.00	4.00	4.50	5.00
90 day bill	2.79	2.76	2.79	2.80	2.80	2.80	3.60	4.50	5.00	5.50
10 year bond	5.96	6.03	5.59	5.50	5.80	5.80	6.20	6.40	6.50	6.60
International	Jul-09	Aug-09	28-Sep-09	Dec-09	Mar-10	Jun-10	Sep-10	Dec-10	Mar-11	Jun-11
US Fed funds	0.25	0.25	0.25	0.25	0.25	0.25	0.50	0.75	1.25	1.75
US 3-mth	0.48	0.44	0.28	0.50	0.70	0.80	1.25	1.50	2.00	2.50
AU cash	3.00	3.00	3.00	3.00	3.25	3.50	3.75	4.00	4.00	4.00
AU 3-mth	3.20	3.30	3.27	3.50	3.60	3.80	4.30	4.30	4.30	4.30

KEY RATES

	25 Aug	21 Sep	22 Sep	23 Sep	24 Sep	25 Sep
Official Cash Rate	2.50	2.50	2.50	2.50	2.50	2.50
90 day bank bill	2.78	2.77	2.77	2.76	2.78	2.79
NZGB 11/11	4.04	3.96	4.02	4.13	4.09	4.04
NZGB 04/13	4.91	4.82	4.87	4.98	4.92	4.85
NZGB 12/17	5.74	5.65	5.66	5.70	5.67	5.59
NZGB 05/21	6.15	6.05	6.05	6.07	6.03	5.95
2 year swap	4.08	4.08	4.16	4.28	4.25	4.22
5 year swap	5.39	5.38	5.44	5.51	5.47	5.44
RBNZ TWI	63.7	64.6	65.4	65.8	65.5	65.5
NZD/USD	0.6856	0.7076	0.7171	0.7264	0.7199	0.7179
NZD/AUD	0.8185	0.8170	0.8251	0.8287	0.8269	0.8284
NZD/JPY	64.51	64.72	65.79	65.92	65.48	65.17
NZD/GBP	0.4175	0.4358	0.4416	0.4432	0.4404	0.4494
NZD/EUR	0.4793	0.4817	0.4874	0.4904	0.4892	0.4895
AUD/USD	0.8376	0.8661	0.8691	0.8766	0.8706	0.8666
EUR/USD	1.4303	1.4691	1.4713	1.4812	1.4717	1.4667
USD/JPY	94.10	91.47	91.75	90.75	90.96	90.78
GBP/USD	1.6422	1.6235	1.6239	1.6390	1.6346	1.5974
Oil	73.68	71.11	69.74	71.50	68.74	65.74
Gold	944.20	1010.43	1006.65	1017.90	1009.70	997.55
Electricity (Haywards)	1.37	1.99	1.71	1.48	2.23	3.50
Milk futures (US$/contract)	98	99	99	99	99	99
Baltic Dry Freight Index	2388	2318	2246	2175	2163	2183

NEW ZEALAND DISCLOSURE INFORMATION

The Bank (in respect of itself and its principal officers) makes the following investment adviser disclosure to you pursuant to section 41A of the Securities Markets Act 1988.

The Bank (in respect of itself and its principal officers) makes the following investment broker disclosure to you pursuant to section 41G of the Securities Markets Act 1988.

Qualifications, experience and professional standing

Experience

The Bank is a registered bank and, through its staff, is experienced in providing investment advice about its own securities and, where applicable, the securities of other issuers. The Bank has been selling securities, and providing investment advice on those securities, to customers as a core part of its business for many years, drawing on the extensive research undertaken by the Bank and its related companies and the skills of specialised staff employed by the Bank. The Bank is represented on many bank, finance and investment related organisations and keeps abreast of relevant issues by running seminars and workshops for relevant staff and having its investment adviser staff attend external seminars where appropriate. The Bank subscribes to relevant industry publications and, where appropriate, its investment advisers will monitor the financial markets.

Relevant professional body

The Bank is a member of the following professional bodies relevant to the provision of investment advice:

- New Zealand Bankers Association;
- Associate Member of Investment Savings & Insurance Association of NZ;
- Financial Markets Operations Association; and
- Institute of Finance Professionals.

Professional indemnity insurance

The Bank (and its subsidiaries), through its ultimate parent company Australia and New Zealand Banking Group Limited, has professional indemnity insurance which covers its activities including those of investment advisers it employs.

This insurance covers issues (including 'prior acts') arising from staff fraud, electronic crime, documentary fraud and physical loss of property. The scope of the insurance also extends to third party civil claims, including those for negligence. The level of cover is of an amount commensurate with the size and scale of the Bank.

The insurer is ANZcover Insurance Pty Limited.

Dispute resolution facilities

The Bank has a process in place for resolving disputes. Should a problem arise, you can contact any branch of the Bank for more information on the Bank's procedures or refer to any of the Bank's websites.

Unresolved complaints may ultimately be referred to the Banking Ombudsman, whose contact address is PO Box 10-573, Wellington.

Criminal convictions

In the five years before the relevant investment advice is given none of the Bank (in its capacity as an investment adviser and where applicable an investment broker) or any principal officer of the Bank has been:

- Convicted of an offence under the Securities Markets Act 1988, or the Securities Act 1978 or of a crime involving dishonesty (as defined in section 2(1) of the Crimes Act 1961);
- A principal officer of a body corporate when that body corporate committed any of the offences or crimes involving dishonesty as described above;
- Adjudicated bankrupt;
- Prohibited by an Act or by a court from taking part in the management of a company or a business;
- Subject of an adverse finding by a court in any proceeding that has been taken against them in their professional capacity;
- Expelled from or has been prohibited from being a member of a professional body; or
- Placed in statutory management or receivership.

Fees

At the time of providing this disclosure statement it is not practicable to provide accurate disclosure of the fees payable for all securities that may be advised on. However, this information will be disclosed to you should you seek advice from one of the Bank's investment advisers on a specific investment.

Other interests and relationships

When a security is sold by the Bank, the Bank may receive a commission, either from the issuer of a security or from an associated person of the Bank. Whether that commission is received and, if received, its value depends on the security sold. At the time of providing this disclosure statement it is not practicable to provide a detailed list of each security that may be advised on, the name of the issuer of that security and the rate of the commission received by the Bank. However, this information will be disclosed to you should you seek advice from one of the Bank's investment advisers on a specific investment.

In addition to the interest that the Bank has in products of which it is the issuer, the Bank, or an associated person of the Bank, has the following interests or relationships that a reasonable person would find reasonably likely to influence the Bank in providing the investment advice on the securities listed below:

- ANZ Investment Services (New Zealand) Limited (ANZIS), as a wholly owned subsidiary of the Bank, is an associated person of the Bank. ANZIS may receive remuneration from a third party relating to a security sold by the Investment Adviser.
- UDC Finance Limited (UDC), as a wholly owned subsidiary of the Bank, is an associated person of the Bank. UDC may receive remuneration from a third party relating to a security sold by the Investment Adviser.
- The Bank has a joint venture relationship with ING (NZ) Holdings Limited (ING). ING and its related companies may receive remuneration from a third party relating to a security sold by the Investment Adviser.

Securities about which investment advice is given

The Bank provides investment advice on the following types of securities:

- Debt securities including term and call deposits, government stock, local authority stock, State-Owned Enterprise bonds, Kiwi bonds and corporate bonds and notes;
- Equity securities such as listed and unlisted shares;
- New Zealand and overseas unit trusts;
- Share in a limited partnership;
- Superannuation schemes and bonds;
- Group investment funds;
- Life insurance products;
- Derivative products including interest rate and currency forward rate contracts and options; and
- Other forms of security, such as participatory securities.

PROCEDURES FOR DEALING WITH INVESTMENT MONEY OR INVESTMENT PROPERTY

If you wish to pay investment money to the Bank you can do this in several ways such as by:

- Providing cash;
- Providing a cheque payable to the relevant product or service provider and crossed 'not transferable'; or
- Making an automatic payment or payment through another electronic delivery mechanism operated by the Bank.

Investment property (other than money) may be delivered to the Bank by lodging the relevant property (for example, share certificates) with any branch of the Bank offering a safe custody service, or by posting (using registered post) the documents or other property to a branch of the Bank, identifying your name, account number and investment purpose.

Any investment money lodged with the Bank for the purchase of securities offered by the Bank, its subsidiaries or any third parties will be deposited in accordance with your instructions, to your nominated account or investment. Such money will be held by the Bank according to usual banking terms and conditions applying to that account or the particular terms and conditions relating to the investment and will not be held by the Bank on trust unless explicitly accepted by the Bank on those terms. Any investment money or property accepted by the Bank on trust will be so held until disbursed in accordance with your instructions. Any investment property lodged with the Bank will be held by the Bank as bailee according to the Bank's standard terms and conditions for holding your property.

Record Keeping

The Bank will keep adequate records of the deposit of investment moneys or property and all withdrawals and dealings with such money or property, using the account/investment number allocated to your investment. You may have access to those records upon request.

Auditing

The Bank's systems and operations are internally audited on a regular basis. The financial statements of the Bank and its subsidiaries are audited annually by KPMG. However, this does not involve an external audit of the receipt, holding and disbursement of the money and other property.

Use of Money and Property

Money or property held by the Bank for a specific purpose communicated to the Bank (e.g. the purchase of an interest in a security) may not be used by the Bank for its own purposes and will be applied for your stated purpose. No member of the Bank's staff may use any money or property deposited with the Bank, for their own purposes or for the benefit of any other person. In the absence of such instructions, money deposited with the Bank may be used by the Bank for its own purposes, provided it repays the money to you upon demand (or where applicable, on maturity), together with interest, where payable.

NEW ZEALAND DISCLAIMER

The Bank does not provide investment advice tailored to an investor's personal circumstances. It is the investor's responsibility to understand the nature of the security subscribed for, and the risks associated with that security. To the maximum extent permitted by law, the Bank excludes liability for, and shall not be responsible for, any loss suffered by the investor resulting from the Bank's investment advice.

Each security (including the principal, interest or other returns of any security) the subject of investment advice given to the investor by the Bank or otherwise, is not guaranteed, secured or underwritten in any way by the Bank or any associated or related party except to the extent expressly agreed in the terms of the relevant security.

This document is provided for informational purposes only and does not constitute an offer to sell or solicitation to buy any security or other financial instrument. No part of this document can be reproduced, altered, transmitted to, copied to or distributed to any other person without the prior express permission of the Bank.

This document is a necessarily brief and general summary of the subjects covered and does not constitute advice. You should obtain professional advice before acting on the basis of any opinions or information contained in it. The information contained in this document is given in good faith, has been derived from sources perceived by it to be reliable and accurate and the Bank shall not be obliged to update any such information after the date of this document. Neither the Bank nor any other person involved in the preparation of this document accepts any liability for any opinions or information (including the accuracy or completeness thereof) contained in it, or for any consequences flowing from its use.

UNITED STATES DISCLAIMER

This document is being distributed in the United States by ANZ Securities, Inc. (Member of FINRA [www.finra.org] and SEC) ("ANZ S") (an affiliated company of Australia and New Zealand Banking Group Limited ("ANZBG") and the Bank), which accepts responsibility for its content. Further information on any securities referred to herein may be obtained from ANZ S upon request. Any US person(s) receiving this document and wishing to effect transactions in any fixed income securities referred to herein should contact ANZ S 1177 Avenue of the Americas, New York, NY 10036 USA, Tel: 1-212-801-9160, Fax: 1-212-801-9163, not its affiliates.

This document is issued on the basis that it is only for the information of the particular person to whom it is provided. This document may not be reproduced, distributed or published by any recipient for any purpose. This document does not take into account your personal needs and financial circumstances. Under no circumstances is this document to be used or considered as an offer to sell, or a solicitation of an offer to buy.

In addition, from time to time ANZBG, the Bank, ANZ S, their affiliated companies, or their respective associates and employees may have an interest in any financial products (as defined by the Australian Corporations Act 2001), securities or other investments, directly or indirectly the subject of this document (and may receive commissions or other remuneration in relation to the sale of such financial products, securities or other investments), or may perform services for, or solicit business from, any company the subject of this document. If you have been referred to ANZBG, the Bank, ANZ S or their affiliated companies by any person, that person may receive a benefit in respect of any transactions effected on your behalf, details of which will be available upon request.

The information herein has been obtained from, and any opinions herein are based upon, sources believed reliable. The views expressed in this document accurately reflect the author's personal views, including those about any and all of the securities and issuers referred to herein. The author however makes no representation as to its accuracy or completeness and the information should not be relied upon as such. All opinions and estimates herein reflect the author's judgement on the date of this document and are subject to change without notice. No part of the author's compensation was, is or will be directly or indirectly related to specific recommendations or views expressed in this document. ANZBG, the Bank, ANZ S, their affiliated companies, their respective directors, officers, and employees 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 the contents of and/or any omissions from this communication except where a Liability is made non-excludable by legislation.

This document has been prepared by ANZ National Bank Limited.

ANZ (part of ANZ National Bank Limited), Level 7, 1 Victoria Street, Wellington 6011, New Zealand Phone 64-4-802 2000 Fax 64-4-496 8639 http://www.anz.co.nz e-mail ecnmcs@anz.com