NEW ZEALAND ECONOMICS
ANZ MARKET FOCUS

18 October 2010

INSIDE

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Q(U)E SERA SERA

ECONOMIC OVERVIEW

Last week's data confirmed that consumers were leaving it to the last moment to beat the GST increase. Abstracting from this blip in spending, the predominant mood remains one of consumer caution, with households reining in spending in other areas. Even after taking into account the impact of the Canterbury earthquake, weak housing data did very little to dispel the current gloom. While activity is not looking too flash at the moment, we should not lose sight of the fact that 2011 will be better, if supportive financial conditions, strong export commodity prices and the progress the economy has already made in deleveraging prove influential. This week's update on consumer sentiment will allow us to assess whether the changes to the tax system have had a noticeable impact. Wednesday's *globalDairyTrade* online auction will be of particular interest given the recent strengthening in other USD denominated commodity prices.

CPI REVIEW – Q3 2010

Today's 1.1 percent increase in the CPI index for the September quarter was in line with market expectations, but was slightly stronger than our and the RBNZ's forecast. Higher food prices and government related charges were responsible for the majority of the CPI increases. Core inflation measures were more contained with the weighted median registering a 0.5 percent quarterly increase and the trimmed means registering 0.8 percent quarterly increases. It would have taken a large and broad-based increase in the CPI numbers to cause a reassessment of the policy outlook. Evidence of this was not forthcoming.

INTEREST RATE STRATEGY

NZ interest rates ground higher over the past week, in step with mildly higher global interest rates. The future of US monetary policy remains at the heart of the debate. While QE2 now seems inevitable, and the list of Fed officials in favour of it continues to grow, markets are beginning to ponder the form it might take, and what bearing this will have on the market. It's certainly starting to get difficult to reconcile falling bond yields with rising gold prices, traditionally a harbinger of inflation. The question is, will NZ rates fall with US rates, or rise on fears of inflation in Asia?

CURRENCY STRATEGY

The excitement for the week was the prospect of the AUD/USD achieving parity for the first time since 1982. Focus on Bernanke and other Fed governor speeches on Friday saw short USD positions trimmed but positioning remains extreme. It seems the Fed recognise the need to ease further but are uncomfortable with the limited (only) choice left - QE.

ECONOMIC OVERVIEW

SUMMARY

Last week's data confirmed that consumers were leaving it to the last moment to beat the GST increase. Abstracting from this blip in spending, the predominant mood remains one of consumer caution, with households reining in spending in other areas. Even after taking into account the impact of the Canterbury earthquake, weak housing data did very little to dispel the current gloom. While activity is not looking too flash at the moment, we should not lose sight of the fact that 2011 will be better, if supportive financial conditions, strong export commodity prices and the progress the economy has already made in deleveraging prove influential. This week's update on consumer sentiment will allow us to assess whether the changes to the tax system have had a noticeable impact. Wednesday's *globalDairyTrade* online auction will be of particular interest given the recent strengthening in other USD denominated commodity prices.

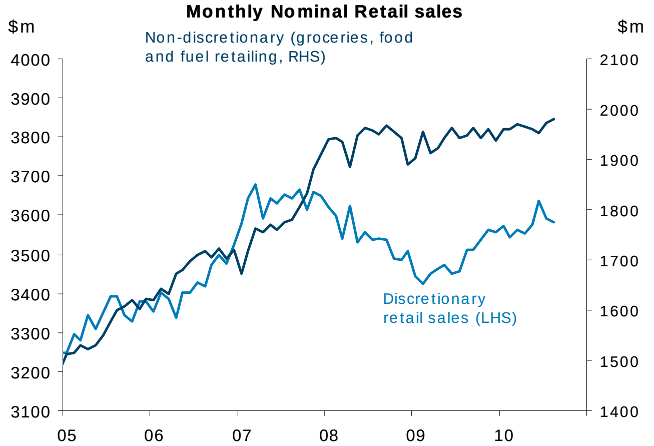
THIS WEEK'S EVENTS

- ***globalDairyTrade* online auction** (Wednesday, October 20, circa 5:00am). Prices are expected to consolidate at around US $3,500 per tonne.
- **SNZ External Travel and Migration - September** (Thursday, October 21, 10:45am). We expect a net Permanent and Long-term (PLT) inflow of about 750 persons. Visitor arrivals are expected to fall by 1 to 2 percent in seasonally adjusted terms.
- **ANZ-Roy Morgan Consumer Confidence – October** (Thursday, October 21, 3:00pm).
- **RBNZ Credit Card Billings - September** (Thursday October 21, 3:00pm). A monthly increase in billings of approximately 1.5 percent is expected as higher GST loomed.

WHAT'S THE VIEW?

Last week's data printed on the weaker side of the ledger and underscored the notion that consumer spending is largely in hibernation mode. August retail was very soggy, with broad-based falls in most of the core retail store types. Apart from the rise in vehicle spending there was little evidence of a widespread strengthening in durable spending in August, although the lift in durable spending from the September Electronic Card Transaction (ECT) data suggested that consumers left it till the last minute to avoid the GST hike.

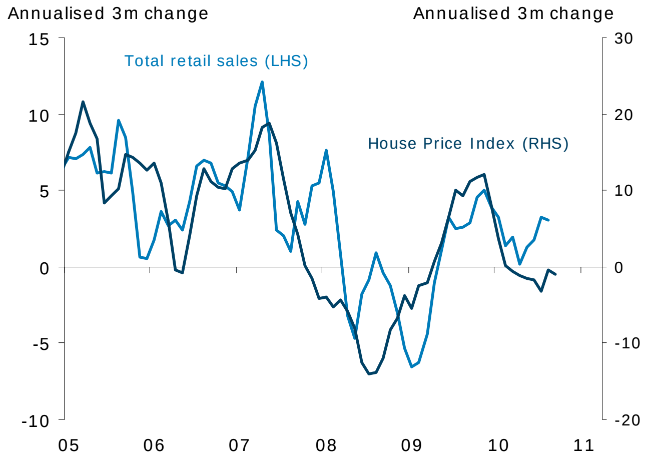
Monthly Nominal Retail sales



Sources: ANZ, National Bank, Statistics NZ

The common take out from both retail measures was that consumers were being opportunistic, concentrating their discretionary spending in areas where price rises after October were more likely and significant. **Abstracting from this, the general spirit of the retail environment is one of caution.** With labour income growth still around decade lows (but at least still growing) and the wealth effect seemingly to be working in the opposite direction, the casualty has been retail spending. Housing market data of late has hardly provided consumers a reason to go out and spend, and the September REINZ housing market data was no exception, even after taking into account the impact of the Canterbury earthquake.

Retail sales and house prices



Sources: ANZ, National Bank, REINZ, Statistics NZ

The RBNZ Annual Report provided further evidence of the degree to which RBNZ thinking has changed. The Governor's statement noted that while the OCR will move back to more neutral levels, the process is likely to be slow and the degree of policy tightening is unlikely to be as substantive as in previous recoveries. Ongoing caution by households

ECONOMIC OVERVIEW

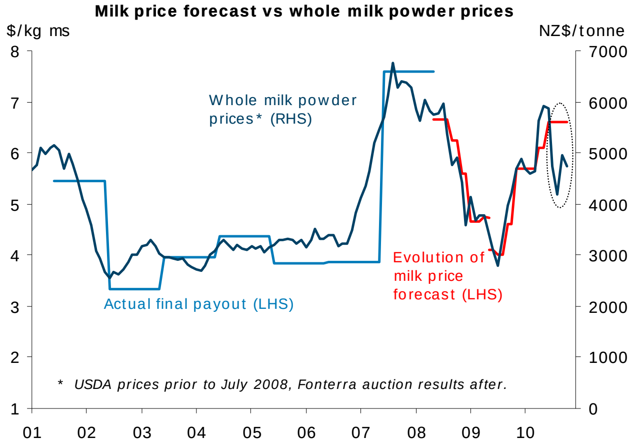
and businesses, low credit growth, high funding costs, a positively shaped yield curve and the assertion that inflation expectations remain contained, were all cited as influential factors. The upshot is that policy interest rate adjustments will be "slow", which is a world away from the "meaty chunks" flagged earlier in the year.

Despite the doom and gloom implied by the recent run of household-centric data, we encourage our readers to look ahead and not lose sight of the big picture. This was outlined in our key themes for 2010 in the January 22 *Market Focus*. The weakness we are seeing now is the result of the economy rebalancing. While we don't deny that growth over the next five or so years will be lower on average than the debt-fuelled growth that characterised the "old normal", the upshot will be growth with a more sustainable feel to it. **The *consensus* has now come around to our view for 2010.** For some time, we have had a below consensus view for 2010 growth. The recent *consensus* forecast numbers have seen a downgrade of 2010 growth forecasts from 2.6 percent to 2.1 percent, which is closer to our 1.9 percent forecast. **But, we remain above *consensus* on growth prospects for 2011,** forecasting 3.9 percent growth against the *consensus* forecast of 3.2 percent. Part of our optimism regarding 2011 is based on the rebalancing of the economy starting to pay dividends. Our internal anecdotes suggest that activity is starting to pick up throughout the economy (albeit off a low base), which is a positive sign for 2011.

This morning's CPI report was more or less in line with market expectations. Our review is on page 5. After taking into account government related charges and higher food prices which were partly weather related, there was not much evidence of widespread inflationary pressure. The challenging retail environment is proving a restraining influence, which is consistent with the RBNZ's September assessment. There was little from today's report that will immediately concern the RBNZ.

Local data for the remainder of the week is expected to highlight the promise of a better 2011. **Early Wednesday sees the *globalDairyTrade* online auction.** We expect further consolidation in whole milk powder prices, which are expected to average US $3,500 per tonne for the October event. If the recent spike in corn prices persists this could translate into higher feed costs in competitor markets, but the impact on global dairy prices is likely to be some way away yet. The low USD may be one factor that could lead to a higher outcome but we will have to wait and see.

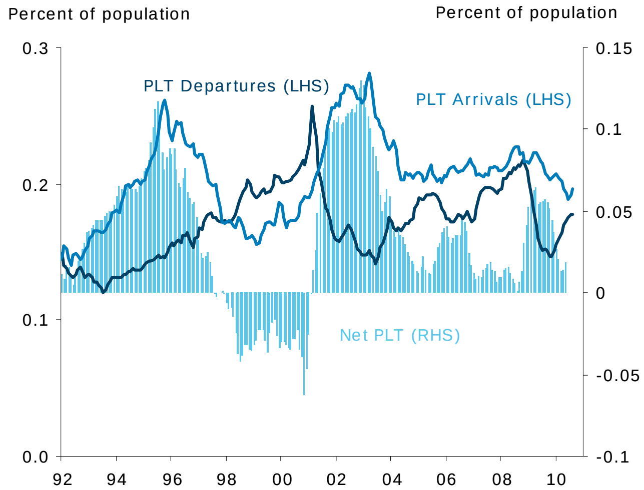
Milk price forecast vs whole milk powder prices



Sources: ANZ, National Bank, Fonterra, Bloomberg

External migration data for September is released on Thursday. We expect a net monthly permanent and long-term (PLT) monthly inflow of approximately 750 persons, with the annual net inflow easing to around 13,000. The strong performance of the Australian labour market is expected to continue enticing people across the ditch. Typically, migration inflows tend to correspond with periods of housing market strength, with the moderating net inflow over 2010 coinciding with a period in which the housing market has come off the boil. Canterbury earthquake-related disruptions are expected to contribute to a temporary winding down in overseas visitor arrivals. We expect a small fall of perhaps one to two percent.

Net PLT migration

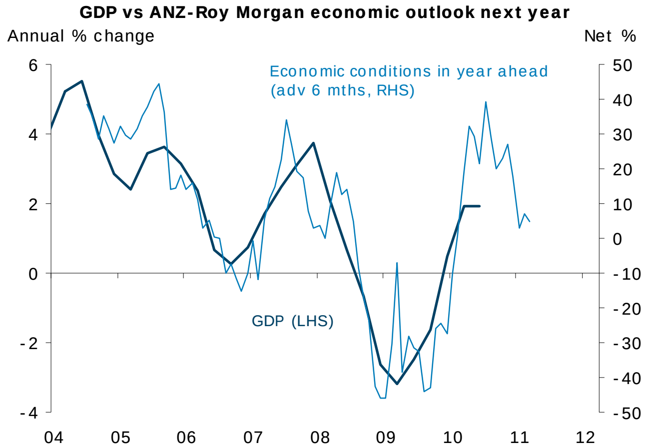


Sources: ANZ, National Bank, Statistics NZ

Rounding off the week is the release of the ANZ Roy Morgan Consumer Confidence report for October. A feature of late has been the large gap between how consumers are finding things now and what they expect them to be. It will be interesting to see whether the income tax cuts or the prospect of

ECONOMIC OVERVIEW

higher costs of living are having a tangible impact on consumer sentiment, and which components are most affected.



Sources: ANZ, Roy Morgan, Statistics NZ

The consumer confidence report will coincide with the release of September RBNZ Credit Card billings data. The September ECT data showed an increase in durable and fuel spending as households bought forward spending to beat the rise in GST and fuel excise. While monthly readings have not always accorded with the Electronic Card Transaction data, we expect a monthly increase in the region of 1.5 percent for credit card billings. The general theme of consumer caution is expected to remain for a while yet and we do not expect the September result to be a true reflection of the state of consumer spending. However, we should not lose sight that there is light at the end of the tunnel with the caution currently being shown by consumers now likely to pay dividends next year.

Turning to offshore events, **the big focus in Australia this week will be the minutes from the Reserve Bank of Australia's October board meeting.** After rates were unexpectedly left on hold this month, Tuesday's board minutes have a heightened importance, especially on whether the strength of the AUD has had a material influence on policy deliberations. **Chinese Q3 GDP, CPI and industrial production data will be the key event in Asia.** There is also a raft of US Federal Reserve Board member speeches this week, which are likely to add to the debate in markets around a potential move to QE2 as we head closer toward the FOMC's November policy meeting. The release of the Fed's Beige Book on Thursday will also be keenly awaited.

RECENT LOCAL DATA

- **SNZ Consumers Price Index – Q3 2010.** The CPI index increased by 1.1 percent in the September quarter, taking the rate of annual CPI inflation from a downwardly revised 1.7 percent in the June quarter to 1.5 percent.
- **SNZ Electronic Card Transactions – September 2010.** Retail-related card spending rose by 1.5 percent, underpinned by a 2.9 percent increase in fuel and a 4 percent increase in durable retailing. Core retail card spending rose by 1.4 percent.
- **SNZ Food Price Index – September 2010.** Food prices rose by 0.7 percent, to be 1.3 percent higher than a year ago. A 1.2 percent rise in grocery food prices and a 2.3 percent increase in fresh fruit and vegetable prices were partly offset by a 1.0 percent fall in meat prices.
- **REINZ Housing Market Statistics – September 2010.** In seasonally adjusted terms sales fell by 6.7 percent (-3.2 percent ex-Canterbury/Westland) to be 27 percent lower than 12-months earlier. Prices eased by 0.7 percent in seasonally adjusted terms to be 1.3 percent lower than in September 2009. Median days to sell climbed to 45 from 44 in August.
- **SNZ Retail Trade – August 2010.** In seasonally adjusted terms sales were broadly unchanged from August levels (+2.2 percent y/y). Motor vehicle (up 2.3 percent s.a.) and automotive fuel retailing (up 2.1 percent s.a.) registered large increases. Core retail spending fell a seasonally adjusted 0.6 percent (+0.1 percent y/y), with lower sales in 15 of the 20 store types within this category.
- **BNZ-Business NZ Manufacturing PMI – September 2010.** The headline PMI eased 0.1 point to 49.2. Deliveries, finished stocks and production dipped below 50, whereas employment and new orders increased, and are now above 50.
- **Government financial statements – 12 months to June 30, 2010.** An operating deficit of $4.5bn was $1.2bn better than forecast in the *2010 Budget*. Excluding gains and loses the operating balance (OBEGAL) was $6.3bn in deficit (3.3 percent of GDP) as opposed to the *Budget* forecast of a $5.7bn deficit. Net public debt at $26.7bn (14.1 percent of GDP) was lower than forecast but $9.5bn higher than in the June 2009 year.

CPI REVIEW – Q3 2010

SUMMARY

Today's 1.1 percent increase in the CPI index for the September quarter was in line with market expectations, but was slightly stronger than our and the RBNZ's forecast. Higher food prices and government related charges were responsible for the majority of the CPI increases. Core inflation measures were more contained with the weighted median registering a 0.5 percent quarterly increase and the trimmed means registering 0.8 percent quarterly increases. It would have taken a large and broad-based increase in the CPI numbers to cause a reassessment of the policy outlook. Evidence of this was not forthcoming.

COMMENT AND ASSESSMENT

The 1.1 percent increase in the September quarter CPI was in line with market expectations of a 1.0 percent rise, especially when factoring in the slight downward revision to the June quarter numbers (which was revised from 0.3 percent to 0.2 percent). The outturn was above our 0.8 percent forecast and the RBNZ's 0.9 percent forecast in their September *Monetary Policy Statement*.

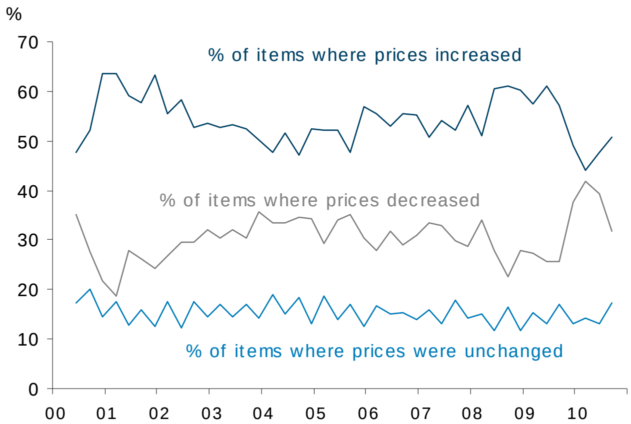
CPI Components	Quarterly % change	*%-point contrib.*	Annual % change
Food	2.4	*0.4*	0.1
Alcohol and Tobacco	2.3	*0.2*	6.1
Clothing and Footwear	-0.8	*0.0*	0.5
Housing and Household Utilities	1.4	*0.3*	2.4
Household Contents and Services	-0.6	*0.0*	-2.3
Health	1.0	*0.1*	3.3
Transport	1.0	*0.2*	3.7
Communication	-0.1	*0.0*	-1.9
Recreation and Culture	0.3	*0.0*	-1.4
Education	0.3	*0.0*	5.1
Miscellaneous Goods and Services	0.5	*0.0*	0.5
All Groups	**1.1**	***1.1***	**1.5**
Tradables	**0.9**	***0.4***	**0.3**
Non-tradables	**1.2**	***0.7***	**2.5**
Trimmed Mean	**0.8**		**1.7**
Weighted Median	**0.5**		**1.6**

Inflation from non-contestable pockets of the economy was evident. Government charges added 0.3 percentage points to the quarterly CPI increase. The July impact of the annual inflation adjustment to alcohol excise and the remainder of the late April tobacco excise increase pushed up tobacco and alcohol prices in Q3 by 2.3 percent. The July 1 increase in vehicle registration and driver licensing fees also contributed to the 1 percent increase in transport prices. Electricity prices rose by 2.8 percent, partly boosted by power companies incorporating the GST hike into invoices sent out after October 1 but for electricity consumed in September. Furthermore, the usual September increase in local authority rates was apparent, with this component increasing by 4.2 percent in Q3.

Food prices were influential, increasing by 2.4 percent and contributing 0.4 percentage points to the CPI. Of this, two-thirds was due to higher fruit and vegetable prices, with higher prices in this category a result of the wet winter. With food prices moving higher around the world, the concern will be that they may remain high and continue to erode any boost to consumers' purchasing power from the October income tax cuts.

Unusually, the CPI index for the previous quarter was revised. Statistics NZ found a processing error in their measurement of used car prices in the June quarter. Used car prices actually fell 2.3 percent rather than rising 2.4 percent as initially reported. This resulted in a downward revision to the June quarter increase in the CPI index from 0.3 percent to 0.2 percent (and in annual inflation from 1.8 to 1.7 percent). The difference is not material and does not change our (or the RBNZ's) view.

CPI national item-level index movements

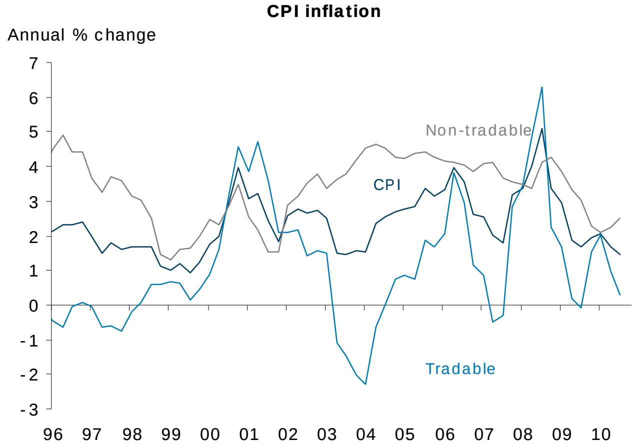


Sources: ANZ, National Bank, Statistics NZ

Core measures of inflation were more contained than the headline. Excluding government-related charges, non-tradable inflation was around 0.6 percent, which will be of reassurance to the RBNZ. The weighted median measure increased by 0.5 percent in the quarter. The trimmed CPI measures registered a 0.8 percent quarterly increase in Q3, with annual trimmed inflation tracking in a 1.5 to 1.8 percent range. The distribution of price increases suggests that the September increase in CPI inflation is not becoming broad based, which for now will reassure the RBNZ. However, the true test will come next year.

CPI REVIEW – Q3 2010

Quarterly non-tradable inflation, at 1.2 percent, was consistent with our expectation. Government charges contributed around half of the rise in non-tradable inflation in the quarter.



Sources: ANZ, National Bank, Statistics NZ

Tradable CPI registered a stronger than expected 0.9 percent increase. We had expected that the subdued retail environment would act to cap price increases in the tradable regimen. Stripping out the impact of higher food prices and seasonal increases in international airfares, price increases were relatively modest. But while anecdotal reports suggested that retail discounting was prevalent in Q3, there were only a few price falls scattered about in the CPI. We had expected larger than usual price falls for consumer durables, clothing and footwear. But while prices for apparel, textiles, household appliances and audio visual equipment did fall, it was more modest than consumer anecdotes had suggested. Given already available retails sales data, **the upshot will be a relatively flat result for retail spending volumes in Q3. This does not bode well for a healthy Q3 GDP result, already weighed down by Canterbury earthquake disruptions.**

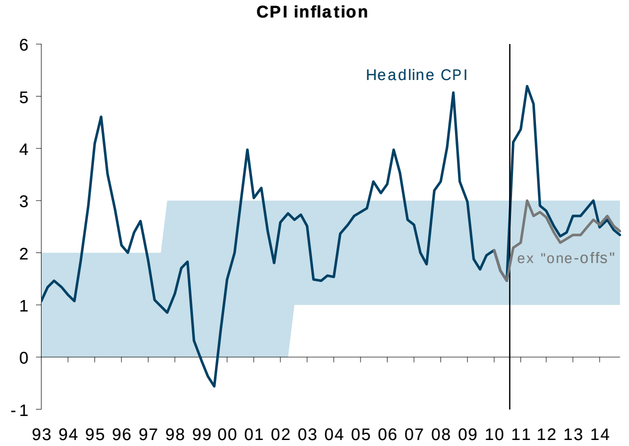
We also believed that some firms that would ordinarily increase prices at this time of the year would hold-off price increases until October. There was only mixed evidence of this occurring and we will have to wait until after the Q4 CPI to assess this.

FINANCIAL MARKET IMPLICATIONS

With the RBNZ likely to remain on hold until early 2011, there was always likely to be a muted market reaction to today's CPI print. It would have required a large and broad-based increase in the CPI numbers to cause a reassessment of the policy outlook and today's result is unlikely to have been enough to substantively change the RBNZ's view.

Key for the RBNZ will be the extent to which administered price increases spill over into generalised inflationary pressure. The key for monetary policy settings remaining consistent with the RBNZ's September assessment would be whether pricing pressures in non-contestable pockets in the economy remain contained.

However, the true test will be what happens over the next 12 months. For now, annual inflation sits well below the mid-point of the RBNZ target band. However, with annual inflation set to move higher, this is as low as it gets for the current cycle. GST-induced rises from October 1 make it inevitable that annual headline CPI inflation will rise over the next 12 months. We expect annual CPI inflation to exceed 5 percent by mid 2011.



The September MPS asserted that the weak state of domestic demand will be enough to keep underlying inflation anchored over 2011 and 2012. Given our more bullish assessment for 2011 and concerns we have about the supply-side capacity of the economy, the risk remains that inflation undercurrents could prove to be stronger as the economy picks up. Therefore, **the risk of the RBNZ tightening by more than what is currently factored into market pricing remains high.**

INTEREST RATE STRATEGY

SUMMARY

NZ interest rates ground higher over the past week, in step with mildly higher global interest rates. The future of US monetary policy remains at the heart of the debate. While QE2 now seems inevitable, and the list of Fed officials in favour of it continues to grow, markets are beginning to ponder the form it might take, and what bearing this will have on the market. It's certainly starting to get difficult to reconcile falling bond yields with rising gold prices, traditionally a harbinger of inflation. The question is, will NZ rates fall with US rates, or rise on fears of inflation in Asia?

MARKET THEMES

- The QE2 looks set to sail. But while it will, by definition, keep a lid on US Treasury bond yields, it may have other knock-on effects.
- Real money investor interest in the NZ market remains high, and should help support yields, even if questions remain about the impact of QE.

REVIEW AND OUTLOOK

Quantitative easing (QE) remains the dominant theme in global interest rate markets – not just in the US, but in the UK and Europe too. Markets are rife with speculation the BOE is about to embark on another round of QE, and ECB President Trichet has affirmed that the ECB has no plans to scrap its bond purchase programme. **But it was comments from various Fed officials that really got the market going – including Bernanke's suggestion that "there would appear – all else being equal – to be a case for further action".** Chicago Fed President Evans went further, saying the US was in a "bond fide liquidity trap"; and Boston Fed President Rosengren (who is a FOMC voting member) said more accommodation is not a "close call", adding that "insuring against the risk of deflation" now was better than trying to tackle it later if it took hold. **Further QE (QE2) thus now seems inevitable.**

At issue for NZ is the impact QE2 will have here, and across our trading partners. US Treasury yields will almost certainly snap lower if the Fed indeed go with QE – but how much lower and for how long depends on how it's implemented. **The concern in the bond market is that there is too much priced in, leaving room for disappointment.** Some are also concerned about the impact excess liquidity will have on asset prices in Asia and on global inflation. Surely this will lead to higher bond yields later on? Chances are it will, but for now, the chase for yield continues, and with Australia now a "crowded" trade, NZ is the "new, new thing" for real money investors.

PREFERRED BORROWING STRATEGIES

We continue to regard the current environment as an opportunistic one for borrowers, with rates being held artificially low by global factors. Indeed, while the domestic economy is deleveraging, and regulatory changes are helping to steepen the yield curve, this is being offset by a flood of liquidity (or at least the threat of it) from offshore. As such, those comfortable with the quality of underlying business conditions, and the level of debt they are carrying ought to consider extending hedges, adding incrementally as yields head lower (which we think they will if the Fed embarks on further QE, which also now seems likely). As we noted last week, even though rates look cheap here, that doesn't mean jumping in boots and all now. Our preferred strategy is to make sure you have enough cover on now so that you're happy if rates do snap higher. Any strategy certainly needs to recognise that rates could snap higher any time, and will be volatile.

GAUGES FOR NZ INTEREST RATES

GAUGE	DIRECTION	COMMENT
RBNZ / OCR	↔	On hold, not in focus.
NZ data	↔	CPI data limited near-term relevance.
Fed Funds / front end	↔/↓	The list of Fed officials backing QE keeps growing.
RBA	↔/↑	Tighter policy still needed. November depends on CPI.
US 10 year	↔/↓	"Buy the rumour, sell the fact" mindset at play.
NZ swap curve	↔/↓	QE-driven flattening will be significant near-term.
Flow	↔/↓	Some paying with yields backing up mildly.
Technicals	↔/↓	Not really in focus.

MARKET EXPECTATIONS FOR RBNZ OCR (BPS)

OCR DATES	LAST WEEK	THIS WEEK
Thu 28-Oct-10	+0	+0
Thu 9-Dec-10	+2	+1
Thu 27-Jan-11	+7	+5
Thu 10-Mar-11	+18	+13
Thu 28-Apr-11	+27	+23
Thu 9-Jun-11	+40	+32
Thu 28-Jul-11	+51	+42

TRADING THEMES WE FAVOUR AT PRESENT

Real money investors will continue to be drawn by the appeal of long-dated NZGS here, with swap spreads still mildly negative. We expect the normalisation of swap spreads to continue and for NZD to continue grinding higher, enhancing returns for unhedged investors. A massive steepening of the curve is in the offing for 2011, and the chorus of commentators calling for bond yields to rise aggressively in 2011 is growing. But at the same time, we need to acknowledge the impact QE2 will have on yields. We expect the low yield environment to persist for a little longer than just a few months.

CURRENCY STRATEGY

SUMMARY

The excitement for the week was the prospect of the AUD/USD achieving parity for the first time since 1982. Focus on Bernanke and other Fed governor speeches on Friday saw short USD positions trimmed but positioning remains extreme. It seems the Fed recognise the need to ease further but are uncomfortable with the limited (only) choice left - QE.

MARKET THEMES

- Short USD positioning remains extreme.
- AUD hit parity against USD but going long feels a crowded trade.
- QE2 still a key theme for major currencies.
- Will EUR feel pressure as social unrest mounts?
- No sign of BOJ intervention in JPY.

REVIEW AND OUTLOOK

NZD continues to be mainly influenced by external factors. NZ data continues to be anaemic but USD weakness persists. NZD/USD has again failed to trade through key resistance at 0.7645 and this level must be respected until broken convincingly. This, combined with positioning, suggests some downside risk is possible. Range for this week 0.7475 - 0.7645.

The extreme short USD positioning means the risk of a general cleanout is high. Any positioning induced selloff in currencies will likely be vicious and volatile. Fed speeches over the weekend have hinted that further easing of conditions is necessary but the Fed seems reluctant to use the term QE. Indeed there seemed to be suggestions that if they could find another way they would. This will keep the markets nervous until the next Fed meeting in early November.

The AUD/USD traded above 1.0000 for the first time since July 1982. Comments from Treasurer Wayne Swan suggest the authorities are unconcerned with the strength of their currency, and are indeed proud of the fact. The impact of the strong AUD on monetary conditions in Australia seems to have been overlooked for the time being, but if this becomes a factor for the RBA, then perhaps a second pause on Melbourne Cup day could start a deeper cleanout of long AUD positions.

Social unrest in Europe combined with extreme positioning has the potential to undermine EUR over the coming week. Technically this move up looks tired with a key day reversal on Friday (new high but lower close than previous close).

General theme for this week is looking for a corrective move in currencies. However this is unlikely to represent a significant change in direction from a medium term perspective. Generally the Antipodean currencies can strengthen against the USD over the medium term but never in a nice straight line. Be wary of a 2-3 cent cleanout before the next move up.

NZD VS AUD: MONTHLY DIRECTIONAL GAUGES

GAUGE	DIRECTION	COMMENT
Fair value	↔/↑	Under fair value now but not that far off.
Yield	↔/↓	Yields stable for now. Risk of RBA hike in November.
Commodities	↔	Soft commodities very strong, lending support to NZD.
Partial indicators	↓	Australian data outperforming NZ's.
Technicals	↔	Comfortable in 0.7600/0.7800 range.
Sentiment	↔	Everyone bullish AUD.
Other	↑	At historically low levels.
On balance	↔	**Range trade 0.7600-0.7830.**

NZD VS USD: MONTHLY DIRECTIONAL GAUGES

GAUGE	DIRECTION	COMMENT
Fair value – long-term	↔/↓	Above structural fair value of 0.67.
Fair value – short-term	↔/↓	Still above our cyclical fair value estimates.
Yield	↑	FOMC happy with weaker USD.
Commodities	↔/↑	Remain supportive overall.
Risk aversion	↔	Equities still relevant.
Partial indicators	↔/↓	NZ data still largely disappointing.
Technicals	↔	Strong support above 0.7475, respect 0.7645 resistance.
AUD	↑	Everyone bullish AUD.
Sentiment	↔	Current move tired.
Other	↔	Domestic data weak.
On balance	↔/↑	**Remains overall supported with rising base.**

DATA EVENT CALENDAR

DATE	COUNTRY	DATA / EVENT	MKT.	LAST	NZ TIME
18-Oct	UK	Rightmove House Prices (MoM) - OCT	- -	-1.10%	12:01
	UK	Rightmove House Prices (YoY) - OCT	- -	2.60%	12:01
	AU	New Motor Vehicle Sales MoM - SEP	- -	0.30%	13:30
	JN	Nationwide Dept. Sales (YoY) - SEP	- -	-3.20%	18:30
19-Oct	US	Total Net TIC Flows - AUG	- -	$63.7B	02:00
	US	Net Long-term TIC Flows - AUG	- -	$61.2B	02:00
	US	Industrial Production - SEP	0.20%	0.20%	02:15
	US	Capacity Utilization - SEP	74.80%	74.70%	02:15
	US	NAHB Housing Market Index - OCT	14	13	03:00
	AU	Reserve Bank's Board October Minutes - OCT	- -	- -	13:30
	EC	ECB Euro-Zone Current Account SA - AUG	- -	-3.8B	21:00
	EC	Construction Output SA MoM - AUG	- -	-3.10%	22:00
	EC	Construction Output WDA YoY - AUG	- -	-7.50%	22:00
	GE	Zew Survey (Current Situation) - OCT	64	59.9	22:00
	EC	ZEW Survey (Econ. Sentiment) - OCT	-2	4.4	22:00
	GE	ZEW Survey (Econ. Sentiment) - OCT	-7	-4.3	22:00
	UK	CBI Business Optimism - OCT	8	10	23:00
20-Oct	US	Housing Starts MOM% - SEP	-3.00%	10.50%	01:30
	US	Building Permits MOM% - SEP	0.70%	1.80%	01:30
	AU	Westpac Leading Index (MoM) - AUG	- -	0.40%	12:30
	AU	DEWR Skilled Vacancies MoM - OCT	- -	0.10%	13:00
	JN	Leading Index CI - AUG F	- -	99.1	- -
	GE	Producer Prices (MoM) - SEP	0.20%	0.00%	- -
	GE	Producer Prices (YoY) - SEP	3.80%	3.20%	19:00
	UK	Bank of England Minutes - OCT	- -	- -	21:30
	UK	Public Finances (PSNCR) - SEP	15.3B	5.8B	21:30
	UK	Public Sector Net Borrowing - SEP	14.5B	15.3B	21:30
	UK	M4 Money Supply (MoM) - SEP P	0.30%	-0.10%	21:30
	UK	M4 Money Supply (YoY) - SEP P	1.50%	1.90%	21:30
21-Oct	US	Fed's Beige Book - OCT	- -	- -	07:00
	NZ	New Zealand Net Migration SA - SEP	- -	840	10:45
	AU	CBAHIA House Affordability - 3Q	- -	108.3	13:00
	CH	Real GDP YoY - 3Q	9.50%	10.30%	15:00
	NZ	Credit Card Spending SA (MoM) - SEP	- -	0.50%	15:00
	NZ	Credit Card Spending (YoY) - SEP	- -	2.00%	15:00
	NZ	ANZ Consumer Confidence Index - OCT	- -	116.4	15:00
	CH	Producer Price Index (YoY) - SEP	4.10%	4.30%	15:00
	CH	Purchasing Price Index (YoY) - SEP	- -	7.50%	15:00
	CH	Consumer Price Index (YoY) - SEP	3.60%	3.50%	15:00
	CH	Retail Sales (YoY) - SEP	18.50%	18.40%	15:00
	CH	Industrial Production (YoY) - SEP	14.00%	13.90%	15:00
	JN	All Industry Activity Index (MoM) - AUG	-0.40%	1.00%	- -
	GE	PMI Manufacturing - OCT A	54.6	- -	- -
	GE	PMI Services - OCT A	54.9	- -	- -
	EC	PMI Composite - OCT A	53.7	- -	- -
	EC	PMI Manufacturing - OCT A	53.2	- -	21:00
	EC	PMI Services - OCT A	53.7	- -	21:00
	UK	Major Banks Mortgage Approvals - SEP	44K	45K	21:30

Continued on following page

DATA EVENT CALENDAR

DATE	COUNTRY	DATA / EVENT	MKT.	LAST	NZ TIME
21-Oct	UK	Retail Sales Ex Auto Fuel(MoM) - SEP	0.20%	-0.40%	21:30
	UK	Retail Sales w/Auto Fuel (MoM) - SEP	0.30%	-0.50%	21:30
22-Oct	US	Initial Jobless Claims - 16 Oct	455K	462K	01:30
	US	Continuing Claims - 9 Oct	4410K	4399K	- -
	EC	Euro-Zone Consumer Confidence - OCT A	-11	-11	- -
	US	Leading Indicators - SEP	0.30%	0.30%	03:00
	US	Philadelphia Fed. - OCT	1.8	-0.7	03:00
	AU	Import price index (QoQ) - 3Q	0.00%	1.90%	13:30
	AU	Export price index (QoQ) - 3Q	4.00%	16.10%	13:30
	EC	Euro-Zone Govt Debt/GDP Ratio - 11658	- -	78.70%	21:00
	GE	IFO - Business Climate - OCT	106.5	106.8	21:00
	GE	IFO - Current Assessment - OCT	110	109.7	21:00
	GE	IFO - Expectations - OCT	102.9	103.9	21:00

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

Sources: Dow Jones, Reuters, Bloomberg, ANZ, National Bank. All $ values in local currency.

Note: All surveys are preliminary and subject to change.

LOCAL DATA WATCH

Key focus over the next four weeks: Last week's Electronic Card Transaction data showed evidence of a pre-GST boost to consumer spending although this was relatively modest with consumers cutting back on discretionary spending. Elsewhere, September housing and August retail data reinforced the predominant mood of household caution. This week's data is expected to highlight the support of continued positive net immigration and high export commodity prices. The October OCR is rapidly approaching, with the RBNZ expected to stick to the script and signal the OCR on hold until early 2011. Earthquake related reconstruction will provide a boost to 2011 but GDP for Q3 2010 will be weighed down by earthquake disruptions. We continue to closely watch the soft gauges for signs of direction.

DATE	DATA/EVENT	ECONOMIC SIGNAL	COMMENT
Wed 20 Oct (6:00am)	*globalDairyTrade* online auction	Staying put	Further consolidation is likely, with contract prices for whole milk powder expected to average US $3,500 per tonne.
Thur 21 Oct (10:45am)	International Travel and Migration – Sep	Up and down	A net monthly PLT inflow of 750 persons is expected, with a risk of a larger than expected pick-up in departures to Australia. We will be on the lookout for any tourism disruption in the visitor arrivals number arising from the Canterbury earthquake.
Thur 21 Oct (3:00pm)	ANZ-Roy Morgan Consumer Confidence	- -	Will consumers remain cautious?
Thur 21 Oct (3:00pm)	RBNZ credit card statistics – Sep	Up	Electronic Card Transactions data showed a pre-GST impact. We expect a monthly increase in billings of around 1.5 percent.
Thur 28 Oct (9:00am)	RBNZ OCR Review	On hold	The RBNZ is expected to remain on hold until early 2011. With the OCR at 3 percent the next move will be up.
Thur 28 Oct (3:00pm)	RBNZ credit aggregates – Sep	Flat	Ongoing deleveraging is expected.
Fri 29 Oct (10:45am)	Overseas Merchandise Trade – Sep	Still in the red	A monthly deficit in the region of $500m is expected, with the annual trade deficit expected to remain close to $900m.
Fri 29 Oct (10:45am)	Building Consents – Sep	Up	After the sharp fall in August issuance a pullback of sorts is expected. Earthquake related disruptions could be influential.
Tue 2 Nov (10:45am)	Labour Cost Index – Q3	Restrained	We expect a 0.4 percent increase in private sector labour costs in Q3 (1.4 percent y/y). The forthcoming income tax cuts and soggy domestic demand should restrict wages moving higher.
Tue 2 Nov (10:45am)	Quarterly Employment Survey – Q3	Improving	We expect a 0.5 percent increase in filled jobs. Private sector average hourly earnings are expected to increase by 1.0 percent in Q3 (0.7 percent y/y).
Wed 3 Nov (6:00am)	*globalDairyTrade* online auction	Holding	Contract prices for whole milk powder are expected to average around US $3,500 per tonne.
Thur 4 Nov (10:45am)	Household Labour Force Survey – Q3	Improving	The spirit is of a modest recovery amongst the statistical noise. We expect a 0.5 percent increase in employment with the unemployment rate set to ease to 6.6 percent.
Tue 9 Nov (10:45am)	Electronic Card Transactions - Oct	Small increase	Lower retail volumes will be offset by higher prices.
Thur 11 Nov (10:45am)	Food Price Index – October	Up	Wet weather and export commodity prices will push food prices higher.
Fri 12 Nov (10:00am)	REINZ Housing Market Statistics – Oct	Moving higher	Sales are expected to increase as quake related disruptions lessen. The spirit of household caution remains.
On Balance			**Activity and confidence data for Q3 and Q4 may be subdued.**

KEY FORECASTS AND RATES

	Sep-09	Dec-09	Mar-10	Jun-10	Sep-10	Dec-10	Mar-11	Jun-11	Sep-11	Dec-11
GDP (% qoq)	0.2	1.0	0.5	0.2	**0.4**	**0.5**	**1.2**	**1.4**	**1.6**	**0.5**
GDP (% yoy)	-1.6	0.5	1.9	1.9	**2.1**	**1.6**	**2.3**	**3.5**	**4.8**	**4.8**
CPI (% qoq)	1.3	-0.2	0.4	0.2	1.1	**2.4**	**0.6**	**1.0**	**0.8**	**0.5**
CPI (% yoy)	1.7	2.0	2.0	1.7	1.5	**4.1**	**4.4**	**5.2**	**4.9**	**2.9**
Employment (% qoq)	-0.8	0.0	1.0	-0.3	**0.5**	**0.4**	**0.6**	**0.7**	**0.6**	**0.4**
Employment (% yoy)	-1.8	-2.4	-0.1	0.0	**1.3**	**1.6**	**1.2**	**2.2**	**2.3**	**2.3**
Unemployment Rate (% sa)	6.5	7.1	6.0	6.8	**6.6**	**6.4**	**6.1**	**5.7**	**5.5**	**5.4**
Current Account (% GDP)	-3.2	-2.8	-2.4	-3.0	**-3.7**	**-3.0**	**-3.1**	**-3.0**	**-3.1**	**-3.1**
Terms of Trade (% qoq)	-1.6	5.8	6.1	2.0	**3.0**	**1.0**	**-0.5**	**-0.7**	**0.0**	**-1.0**
Terms of Trade (% yoy)	-14.1	-8.2	0.1	12.7	**17.9**	**12.5**	**5.6**	**2.7**	**-0.2**	**-2.1**

	Dec-09	Jan-10	Feb-10	Mar-10	Apr-10	May-10	Jun-10	Jul-10	Aug-10	Sep-10
Retail Sales (% mom)	-0.5	0.8	-0.5	0.5	-0.3	0.3	1.0	-0.5	0.0	..
Retail Sales (% yoy)	2.0	2.3	2.4	4.4	2.7	1.9	3.4	2.2	2.3	..
Credit Card Billings (% mom)	-1.2	1.7	-0.2	0.8	-1.7	1.9	1.0	-1.3	0.5	..
Credit Card Billings (% yoy)	1.9	2.6	1.1	5.2	0.8	3.4	4.5	2.6	2.0	..
Car Registrations (% mom)	6.8	-0.6	0.4	5.2	2.9	-3.8	5.6	-6.4	-0.2	2.7
Car Registrations (% yoy)	0.3	15.9	31.4	31.7	40.5	30.5	35.8	16.0	19.0	19.2
Building Consents (% mom)	-3.8	-2.7	6.2	-0.3	8.6	-10.0	3.2	2.4	-17.8	..
Building Consents (% yoy)	22.8	35.7	30.0	32.8	32.4	10.9	27.5	25.9	-3.0	..
REINZ House Price (% yoy)	9.6	7.7	6.1	7.6	4.7	3.7	3.7	2.6	0.9	0.0
Household Lending Growth (% mom)	0.2	0.2	0.1	0.1	0.2	0.2	0.2	0.2	0.1	..
Household Lending Growth (% yoy)	2.7	2.7	2.7	2.8	2.7	2.5	2.5	2.3	2.2	..
ANZ-Roy Morgan Consumer Confidence	118.6	131.4	123.6	121.8	121.9	126.0	122.0	115.6	116.3	116.4
NBNZ Business Confidence	38.5	..	50.1	42.5	49.5	48.2	40.2	27.9	16.4	13.5
NBNZ Own Activity Outlook	36.9	..	41.9	38.6	43.0	45.3	38.5	32.4	25.7	26.7
Trade Balance ($m)	-26	271	328	608	660	770	220	-183	-437	..
Trade Balance ($m annual)	-549	-176	-330	-160	178	41	592	587	866	..
ANZ World Commodity Price Index (% mom)	2.5	0.3	3.7	1.8	5.1	1.2	-1.6	-0.8	-1.4	2.9
ANZ World Commodity Price Index (% yoy)	30.4	36.7	48.6	49.5	53.2	51.8	50.1	47.3	38.6	33.1
Net Migration (sa)	1700	1850	1000	960	770	350	230	880	840	..
Net Migration (annual)	21253	22588	21618	20973	19954	17967	16504	15221	14507	..

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

KEY MARKET FORECASTS AND RATES

	ACTUAL			FORECAST (END MONTH)						
FX RATES	Aug-10	Sep-10	Today	Dec-10	Mar-11	Jun-11	Sep-11	Dec-11	Mar-12	Jun-12
NZD/USD	0.699	0.734	0.755	0.720	0.720	0.734	0.740	0.724	0.710	0.700
NZD/AUD	0.785	0.759	0.763	0.758	0.766	0.753	0.740	0.739	0.740	0.745
NZD/EUR	0.551	0.539	0.540	0.514	0.507	0.517	0.510	0.510	0.507	0.507
NZD/JPY	58.86	61.33	61.34	57.60	56.16	55.05	55.50	56.47	56.80	57.40
NZD/GBP	0.455	0.467	0.472	0.456	0.450	0.459	0.457	0.453	0.444	0.443
NZ$ TWI	65.5	66.3	66.8	64.1	63.7	64.1	63.8	63.5	63.0	63.0
INTEREST RATES	Aug-10	Sep-10	Today	Dec-10	Mar-11	Jun-11	Sep-11	Dec-11	Mar-12	Jun-12
NZ OCR	3.00	3.00	3.00	3.00	3.25	3.75	4.00	4.25	4.75	5.25
NZ 90 day bill	3.21	3.17	3.21	3.30	3.70	4.20	4.30	4.70	5.20	5.50
NZ 10-yr bond	5.13	5.01	5.06	5.00	5.00	5.30	5.30	5.70	5.80	5.60
US Fed funds	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.75
US 3-mth	0.30	0.29	0.29	0.35	0.35	0.35	0.35	0.35	0.35	0.85
AU Cash Rate	4.50	4.50	4.50	4.75	5.25	5.50	5.75	6.00	6.00	6.00
AU 3-mth	4.75	5.01	4.74	5.10	5.60	6.00	6.00	6.20	6.10	6.10

	15 Sep	11 Oct	12 Oct	13 Oct	14 Oct	15 Oct
Official Cash Rate	3.00	3.00	3.00	3.00	3.00	3.00
90 day bank bill	3.19	3.19	3.18	3.21	3.21	3.20
NZGB 11/11	3.74	3.90	3.88	3.85	3.85	3.87
NZGB 04/13	4.18	4.37	4.35	4.32	4.32	4.34
NZGB 12/17	5.12	4.97	4.95	4.92	4.92	4.94
NZGB 05/21	5.41	5.08	5.06	5.03	5.03	5.05
2 year swap	3.85	3.76	3.74	3.75	3.72	3.75
5 year swap	4.45	4.33	4.32	4.33	4.31	4.34
RBNZ TWI	67.5	67.0	66.8	67.2	67.2	67.0
NZD/USD	0.7314	0.7554	0.7502	0.7621	0.7621	0.7579
NZD/AUD	0.7811	0.7657	0.7656	0.7650	0.7650	0.7646
NZD/JPY	62.22	61.92	61.55	61.91	61.91	61.70
NZD/GBP	0.4725	0.4737	0.4716	0.4769	0.4769	0.4737
NZD/EUR	0.5639	0.5405	0.5406	0.5414	0.5414	0.5399
AUD/USD	0.9364	0.9866	0.9799	0.9962	0.9962	0.9913
EUR/USD	1.2971	1.3977	1.3878	1.4077	1.4077	1.4038
USD/JPY	85.07	81.97	82.04	81.23	81.23	81.41
GBP/USD	1.5480	1.5946	1.5907	1.5981	1.5981	1.6000
Oil (US$/bbl)	76.78	82.66	82.18	83.03	83.03	82.71
Gold (US$/oz)	1268.95	1353.10	1349.45	1377.75	1376.83	1380.53
Electricity (Haywards)	0.90	3.41	1.72	1.30	4.67	5.12
Milk futures (US$/contract)	120	116	116	116	116	117
Baltic Dry Freight Index	2840	2695	2719	2748	2769	2762

IMPORTANT NOTICE

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.
- ING (NZ) Holdings Limited (ING), as a wholly owned subsidiary of the Bank, is an associated person of the Bank. ING and its related companies, including ING (NZ) Limited, may receive remuneration from a third party relating to a security sold by the Investment Adviser.
- Direct Broking Limited (DBL), as a wholly owned subsidiary of the Bank, is an associated person of the Bank. DBL 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;

IMPORTANT NOTICE

- 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.

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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.

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