

NEW ZEALAND ECONOMICS ANZ MARKET FOCUS

9 August 2010

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A LABOURED EXPANSION

ECONOMIC OVERVIEW

Data and anecdotes are pointing to a pause in the tightening cycle, though we still remain mindful of the belligerence shown by the RBNZ in their July assessment. We'll be paying particular attention to leading indicators of investment and employment over the coming months. Looking beyond near-term tactical calls, we still see interest rates returning to less stimulatory levels over time. But this process will no doubt be more elongated, which is consistent with the spirit of recent developments. Housing market data this week is expected to show signs of improvement, but overall activity will remain weak as the sector continues to face strong headwinds. Retail related data is expected to convey mixed messages but the key take-out will be one of household caution.

MONTHLY INFLATION GAUGE

Our monthly inflation gauge rose by 1.1 percent in July, following a 0.2 percent increase in June. The month of July typically sees a strong rise due to local authority rates being struck. One-offs continue to dominate such movements, but they are now becoming a little too regular. Hence, it's easy to see why the RBNZ may have some latent wariness over the level of interest rates.

INTEREST RATE STRATEGY

Last week's much softer than expected HLFS data has cast a shadow over the recovery, and was the catalyst for another snap lower in interest rates. Swap rates are lower across the board, and while we agree with the overall spirit of the move, long end rates look stretched.

CURRENCY STRATEGY

Despite further weak domestic data, the NZD continues to thumb its nose at local developments. It remains a USD story and with the market anticipating further action by the FOMC to support US growth prospects, the greenback remains on the backfoot, helping keep the NZD elevated by default. But there is a growing risk that the market is getting well ahead of the FOMC, and it will not take much of a disappointment to see a short squeeze in the USD, which will finally see the kiwi's wings getting clipped.

EFFECTIVE EXCHANGE RATE UPDATE

Our real effective exchange rate (REER) measures take into account the world prices of our exports (commodity prices in the case of commodity exporters), adjusted for currency movements based on their main destinations. Five of the eight industry groups experienced a less enhancing REER in July, mostly due to a higher NZD. Sizeable disparities in trading conditions for our major export groups remain. Conditions are in enhancing territory for three groups, with the REER for dairying and meat significantly below historical averages. However the REER is in restrictive territory for five of the groups.

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Data and anecdotes are pointing to a pause in the tightening cycle, though we still remain mindful of the belligerence shown by the RBNZ in their July assessment. We'll be paying particular attention to leading indicators of investment and employment over the coming months. Looking beyond near-term tactical calls, we still see interest rates returning to less stimulatory levels over time. But this process will no doubt be more elongated, which is consistent with the spirit of recent developments. Housing market data this week is expected to show signs of improvement, but overall activity will remain weak as the sector continues to face strong headwinds. Retail related data is expected to convey mixed messages but the key take-out will be one of household caution.

THIS WEEK'S EVENTS

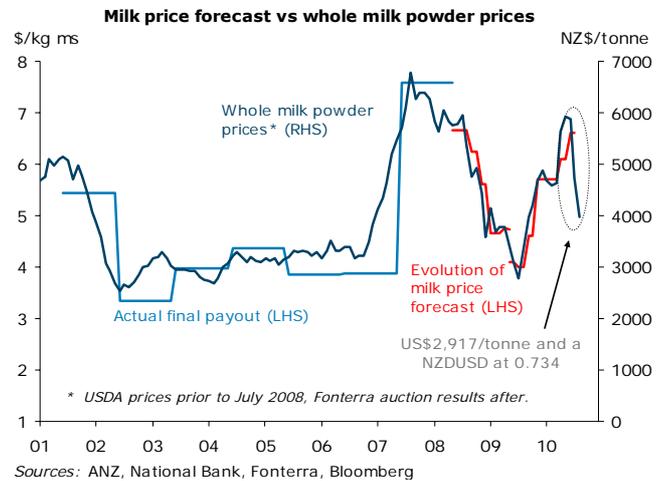
- **SNZ Electronic Card Transactions – July** (Tuesday 10 August, 10:45am). We expect total card spending to be boosted by advance sales for Rugby World Cup tickets. Retail related card spending is expected to show a more modest monthly increase.
- **SNZ Food Price Index – July** (Thursday 12 August, 10:45am). A monthly increase of around 1 percent is expected, largely reflecting seasonal influences and the unwinding of some grocery food discounting.
- **REINZ Housing Market Statistics – July** (Friday 13 August, 10:00am). We expect a 5 percent increase in the number of sales to around 5,000 sales per month, which remains very low. Prices are expected to track sideways with the median days to sell remaining in the low 40s.
- **SNZ Retail Trade Survey – Q2** (Friday 13 August, 10:45am). Total June monthly retail spending is expected to increase by a seasonally adjusted 0.4 percent, with core retail spending increasing by 0.6 percent. Retail values and volumes for Q2 are expected to rise by 0.3 percent, with core retail volumes anticipated to increase by 0.6 percent.

WHAT'S THE VIEW?

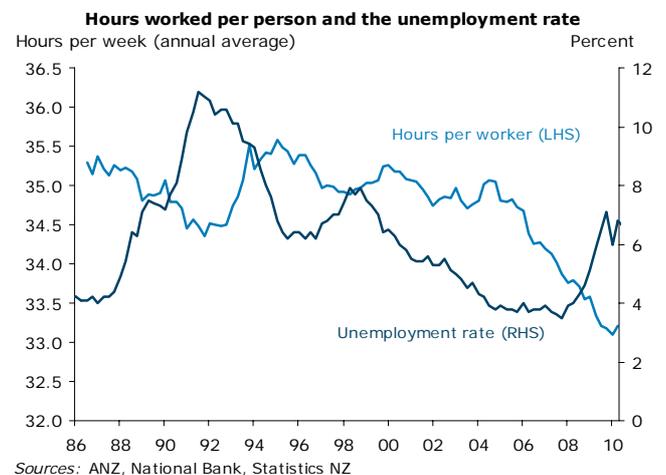
The case for a pause in the tightening cycle is building.

- **There looks to be considerable downside risk to the 2010/11 season dairy payout** with Fonterra announcing that the payout is under review (currently NZ\$6.60/kg ms for the milk

price component plus a distributable profit of 30-50 cents per share).



- **The unemployment rate rose sharply in Q2.** And while we can slice and dice the HLFS a number of ways, the overall spirit was still weaker. **There remains considerable slack in the labour market**, with scope to substantially increase the quantity of hours worked from the existing workforce.



Now, we would caution against getting overly excited by either of the above. Dairy prices are still very high relative to historical norms and there is a long way to go before the end of the season. The sharp spike in wheat prices due to severe drought in Russia, forcing the Russian government to ban wheat exports (applying even to contracts that had already been signed), could yet see dairy prices recover as feed costs for the northern hemisphere dairy herd rise. Our effective exchange rate measures have tightened of late (refer page 8) but, despite the higher NZD, it's not yet overly worrying stuff. The unemployment rate may have jumped but hours worked are up 1.8 percent in H2 2010, and firms

ECONOMIC OVERVIEW

would obviously not be adding to hours if the demand picture was not improving (albeit off lows). We view the sharp climb in the reported unemployment rate with some scepticism and believe it mis-represents the spirit of a gradually improving labour market. The outlier on the unemployment rate looks to be Q1's sharp fall to 6 percent, with an improvement from Q4 2009 to Q2 2010 from 7.1 to 6.8 percent. This feels about right. The number of people on the unemployment benefit fell marginally in July (seasonally adjusted) and this series has the advantage of being more timely. Spare capacity within the labour market remains polarised, with some sectors hitting constraints and others far from it.

Upside surprises also need to be acknowledged.

Most significant here was the 1 percent increase in the unadjusted labour cost index in Q2. Total gross earnings were also up sharply, rising by 1.8 percent in the quarter to be 4.6 percent higher compared to a year ago. Improving labour incomes will help the deleveraging process and ultimately lend support to consumer spending and the housing market.

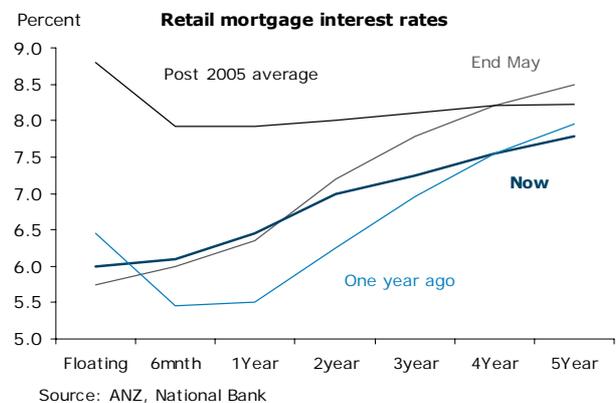


Looking back at the RBNZ's July assessment and their repeated comments towards interest rates being very supportive (read: rates are too low relative to NZ's cyclical position and rising inflation trajectory), **prospects appear tilted towards getting another hike in. That is obviously going to be a very challenging PR exercise, particularly if the dataflow does not pick up prior to the September Monetary Policy Statement (which would be our central scenario).**

We now think the odds of a hike in September have fallen to a 50-50 proposition, although our core view remains tilted towards a hike. Based purely on recent developments, a strong case for a pause can be made. **But for now we are going to**

sit on the fence in relation to whether the RBNZ hikes in September or not. We've always said that there was going to be a pause in the interest rate cycle before year end and recent data certainly cements this view, with the spirit of our story remaining intact.

Weighing up recent developments and the RBNZ's comments in July would probably still have us leaning towards a hike in September. But **all does not feel fine and dandy according to our travels around the country, and we place a lot of weight on the real-time feedback we receive.** July felt like the economy eased off (as in stalled), and while it's still early days in August, we're certainly not getting the feeling that things have bounced back. Over the coming weeks such anecdotes will determine which side of the fence we get off for September, although this may be one of those calls that end up being what we think the RBNZ should do versus what they will do. Leading indicators, particularly regarding employment and investment, are going to be critical here. But whether the RBNZ goes or not in September is pretty well irrelevant. Rates will move up over the coming 12 months but, as we've been saying for a while, this procession will not take place every six weeks.



We are also keeping a close eye on the physical mortgage curve. Last week saw one major bank lift their floating mortgage rate in line with the rise in the OCR. But at the same time, longer-term borrowing rates fell (marginally). The mortgage curve is still upward sloping, so households by-and-large are still incentivised to borrow short. But with a 60 basis point "spread" now between the floating rate and 2 year fixed rate, the latter is starting to look attractive. The last thing the RBNZ probably wants at present is a dilution of the OCR's effectiveness, which will occur if everyone is insulated by taking a 2 year mortgage (despite this obviously tightening policy more in the near-term). We suspect this will not be lost on the RBNZ and may reinforce their

ECONOMIC OVERVIEW

belligerent stance for fear of the curve working against them otherwise.

This week sees the release of data pertaining to the household sector. The pre-sale of 2011 Rugby World Cup (RWC) tickets are expected to contribute to a bounce in the total value of Electronic Card Transactions for July. Media reports suggest that approximately 500,000 tickets for the RWC were purchased around July, a sizeable portion of which would have been purchased by New Zealand households. These sales will be classified as 'non-retail' in the ECT data. With ticket sales not being captured in the retail trade statistics the only sign of a RWC effect this year may be in weaker retail spending on other items. Further RWC ticket allocations in September and early 2011 will continue to make it difficult to discern the underlying momentum of consumer spending. That is why we will continue to focus on gauges of consumer sentiment.

Food price data is anticipated to show a further climb following the 1.3 percent increase in June. We are expecting a monthly increase of close to 1 percent, driven by seasonal increases in fresh fruit and vegetable prices and a rebound in grocery food prices from discounting induced falls.

REINZ housing market data is expected to show signs of improvement, but from subdued levels. Low affordability and deleveraging remain formidable headwinds to a stronger recovery emerging. **There still appears to be a Mexican stand-off between buyers who do not want to pay too much and vendors who do not want to revise down their selling price expectations.**

Retail trade data for the June quarter finishes off the week. We are expecting total retail spending to register a 0.4 percent monthly increase, with lower fuel prices weighing down spending. Higher food prices are expected to support a 0.6 percent monthly increase in core retail spending. Nominal retail spending for the June quarter is forecast to increase by 0.3 percent. Retail discounting in some components will be offset by higher transportation costs, with retail volumes anticipated to increase by 0.3 percent. Nominal core retail spending is expected to increase by 0.5 percent for the June quarter, with consumer discounting expected to contribute to a 0.6 percent quarterly increase in volumes.

We are closely keeping an eye out for signs of a pre-GST bounce in consumer spending. As yet, we are not seeing a lot of evidence that this is currently underway. What we are detecting are

more offers from a variety of entities to pre-pay bills to temporarily avoid the higher GST. This could partly counteract the usual boom and bust pattern evident in consumer spending that we have previously seen around GST hikes. Furthermore, **consumer sentiment remains fickle and despite improving labour incomes, an element of caution is still evident.** Not the best environment for a spending spree on consumer durables.

Internationally, the big event is the FOMC decision on Wednesday morning. **Following the weaker than expected US non-farm payrolls over the weekend, the market is expecting the US Federal Reserve to provide more support for the economy.** In Australia, the key data release is the July employment report. Recent prints have been stronger than expected on the employment front, and while the RBA seems comfortably on hold for now, any downward movement in the Australian unemployment rate mean interest rates there are still biased upwards.

RECENT LOCAL DATA

- **ANZ Commodity Price Index – July.** The ANZ Commodity Price Index recorded a second successive drop in July, easing 0.8 percent over the month. There were falls in six of the components and rises in nine. However, commodity prices are 47 percent higher than 12 months earlier. The rising NZD contributed to a 2.8 percent fall in NZD denominated export prices, with the annual increase easing to 31 percent.
- **SNZ Labour Cost Index and Quarterly Employment Survey (QES) – June quarter.** Private sector salary and ordinary time wage rates increased by 0.4 percent in the June quarter (1.4 percent y/y). QES private sector ordinary time average hourly earnings rose by 0.6 percent (+1.4 percent y/y). QES filled jobs increased by 0.2 percent, with hours paid rising by 1.2 percent in Q2.
- **Fonterra online auction.** Whole Milk Powder prices fell by 7.7 percent in the August trading event to US \$2,974 per tonne. Prices are 29.2 percent higher compared to the August 2009 event. In NZD terms the monthly fall was 12.9 percent, with prices 18.4 percent higher than 12 months earlier.
- **SNZ Household Labour Force Survey – June 2010 quarter.** Employment fell by a seasonally adjusted 0.3 percent, with total hours worked increasing by 0.6 percent. The unemployment rate increased to 6.8 percent, with the participation rate unchanged on 68.0 percent.

MONTHLY INFLATION GAUGE

SUMMARY

Our monthly inflation gauge¹ rose by 1.1 percent in July, following a 0.2 percent increase in June. The month of July typically sees a strong rise due to local authority rates being struck. One-offs continue to dominate such movements, but they are now becoming a little too regular. Hence, it's easy to see why the RBNZ may have some latent wariness over the level of interest rates.

A BIGGER THAN USUAL JULY SPIKE

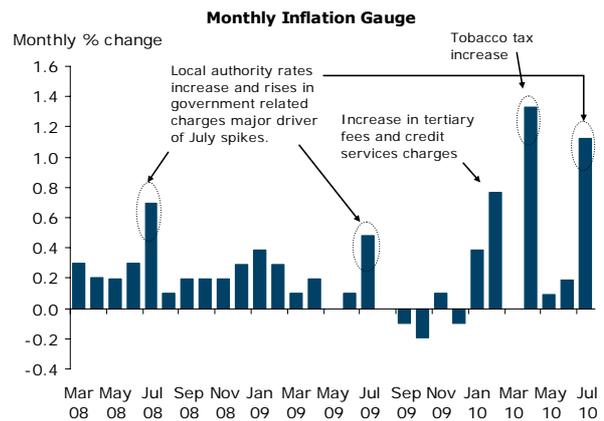
Following a rather subdued 0.2 percent increase in June, the monthly inflation gauge rose 1.1 percent in July. Five of the eight groups we monitor recorded increases, with three broadly flat. The month of July usually sees a large increase in our gauge, due to the annual local authority rate increases mostly coming into effect from 1 July each year. Based on our survey, the weighted average rates increase this year is 4.2 percent.

There were other notable price increases during July which led to a larger than usual increase in our monthly gauge. Electricity prices increased due to the introduction of the emissions trading scheme. Motor vehicle registration and licensing fees rose sharply from 1 July, some by over 40 percent. Alcoholic beverages prices also recorded an increase, though this reflected prices returning to their normal levels following specials offered in the previous month. The other price movements were relatively small. Rent and construction cost price increases remain muted, with little movement evident in services and recreation prices.

With such a strong increase in July, non-tradable inflation is shaping up to be strong in the September quarter. While the official non-tradable inflation outturn has been weaker than what our inflation gauge has been flagging over the past two quarters, we suspect some of that could be due to timing issues, as our earlier gauges undershot the official numbers.

Recent volatility in our inflation gauge due to "one offs" makes it difficult to discern the underlying price trends. We note that the months in which there were no "one offs" have generally been subdued with increases of between 0.1 and 0.2 percent. There will be one more "one off" to come when GST is increased on 1 October. After that, we

should be able to see how prices settle down. But the regular jumps in monthly inflation movements (despite being significantly one-off in nature) certainly portend of a stronger inflation undercurrent. While tempting to ignore one-offs, if we took out all the upsides, inflation would be negative! Hence, it's easy to understand why some parts of the RBNZ could be fretting over the existing level of interest rates relative to where inflation resides.



Source: ANZ

	Monthly Inflation Gauge (Index)	Monthly Inflation Gauge (m/m%)	Implied Inflation Gauge (q/q%)	Actual non-tradable CPI (q/q%)
Feb-08	1000			
Mar-08	1003	0.3		1.1
Apr-08	1005	0.2		
May-08	1007	0.2		
Jun-08	1010	0.3	0.6	0.9
Jul-08	1017	0.7		
Aug-08	1018	0.1		
Sep-08	1020	0.2	1.1	1.3
Oct-08	1022	0.2		
Nov-08	1024	0.2		
Dec-08	1027	0.3	0.6	0.8
Jan-09	1031	0.4		
Feb-09	1034	0.3		
Mar-09	1035	0.1	0.9	0.7
Apr-09	1037	0.2		
May-09	1037	0.0		
Jun-09	1038	0.1	0.4	0.5
Jul-09	1043	0.5		
Aug-09	1043	0.0		
Sep-09	1042	-0.1	0.5	1.0
Oct-09	1040	-0.2		
Nov-09	1041	0.1		
Dec-09	1040	-0.1	-0.2	0.1
Jan-10	1044	0.4		
Feb-10	1052	0.8		
Mar-10	1052	0.0	0.9	0.5
Apr-10	1066	1.3		
May-10	1067	0.1		
Jun-10	1069	0.2	1.7	0.6
Jul-10	1081	1.1		

¹ Our Monthly Inflation Gauge is intended to provide a timely indication of broad trends in CPI non-tradable inflation. While designed to be as comparable as possible to the official quarterly non-tradable CPI, differences in methodology and coverage mean the gauge will not exactly mirror the official series.

INTEREST RATE STRATEGY

SUMMARY

Last week's much softer than expected HLFS data has cast a shadow over the recovery, and was the catalyst for another snap lower in interest rates. Swap rates are lower across the board, and while we agree with the overall spirit of the move, long end rates look stretched.

MARKET THEMES

- Local data continues to disappoint, and suggests the recovery is losing momentum.
- It's easy to get caught up in the whirlwind of bearish sentiment, but let's not forget that we always knew this recovery would be "different". Interest rates look like they have "undershot".
- Global markets are eager to debate the possibility the Fed re-engages in quantitative easing (QE). Friday's US jobs report reinforced this view.

REVIEW AND OUTLOOK

Last week's Q2 HLFS employment report was just the latest in what is now a long list of domestic data disappointments, and **adds significant weight to the view that the recovery is losing momentum.** Disappointing as recent news has been, let's not throw the baby out with the bath water. After all, we always expected this recovery to be "different". Not only was it likely to be slower, but it was also likely to be punctuated by surprises. While the unemployment rate jumped, HLFS hours worked increased by 1.8 percent in the first six months of 2010. So **while we agree with the spirit of the market's reaction – in terms of toning down the probability of further rate hikes – we need to be careful about the permanence of such moves.** Caution in the near term is certainly warranted, and in fact we now see the odds of a September rate hike as 50-50 at best. But it's a step too far to say that the economy will never recover – yet that's the message you get when you consider that the 7year swap rate is below 5 percent. Markets over/undershoot all the time, and rates may well go lower yet, but at these levels, long end rates are starting to push the boundaries of sensibility.

As always there are risks – and at the moment we see these as fairly well balanced (at least relative to what's priced in). On the upside, **there is the possibility that recent increases in floating rates (that have coincided with a cut in fixed rates) sparks off a rush of mortgage fixing.** The market would struggle to digest this flow, which could have a significant impact on short end rates. By contrast, **there is the possibility that the Fed re-engages in QE.** If this does occur, global interest rates would

snap lower, taking NZ rates with them, particularly at the long end. But as we noted earlier, some risk of this is already priced in. **The bottom line – unless you think the economy is in hock for good, which we don't, there is a limit to how much lower rates can go.**

PREFERRED BORROWING STRATEGIES

NZ long end rates are like a beach ball underwater. The problem is, an equally powerful force – the threat of QE – is holding global rates down, and this is having a powerful impact on NZ rates. Uncertainty has increased, and this argues for caution. Similarly, weaker data suggest the tightening cycle will be more staggered. But let's not lose sight of the big picture – rates are still biased higher. Our preference is to add to long end hedges here, leaving some powder dry to add more later should global rates snap lower.

GAUGES FOR NZ INTEREST RATES

GAUGE	DIRECTION	COMMENT
RBNZ / OCR	↓	Odds of a Sept hike have fallen to 50-50.
NZ data	↓	Has been universally soft.
Fed Funds / front end	↔/↓	QE possibly on the agenda, but not till later in the year.
RBA	↔/↑	On hold for now, but upside risks remain. Our Taylor rule suggests a 5 percent cash rate.
US 10 year	↔/↑	Market will probably be disappointed by this week's FOMC. Too soon for QE.
NZ swap curve	↔/↑	Pushing the boundaries of valuations.
Flow	↔/↑	Market reluctant to take the rates much lower.
Technicals	↔/↓	2yr needs to hold 4%.

MARKET EXPECTATIONS FOR RBNZ OCR (BPS)

OCR DATES	LAST WEEK	THIS WEEK
Thu 16-Sep-10	17	16
Thu 28-Oct-10	26	28
Thu 9-Dec-10	38	34
Thu 27-Jan-11	47	42
Thu 10-Mar-11	54	47
Thu 28-Apr-11	61	59
Thu 9-Jun-11	69	69

TRADING THEMES WE FAVOUR AT PRESENT

We still like being long NZD OIS against AUD in the 4mth and 12mth maturities, on the view that the RBNZ will be more cautious, and the RBA is not done yet. Consider outright short positions at the long end.

CURRENCY STRATEGY

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MARKET THEMES

- NZ domestic data continues to be ignored by the currency market.
- US local government deficit reductions are driving their payrolls number down.
- Does the US Federal Reserve signal further QE and if so, how much of this is already priced in?
- The NZD/AUD cross actually has resistance at 0.8000 and may target lower.

REVIEW AND OUTLOOK

The NZD took everything the market could throw at it and really didn't miss a beat. A large fall in the global Dairy Trade online auction, which prompted Fonterra to flag that it was reviewing its payout forecast for the 2010/11 season, and a sharp rise in the Q2 unemployment rate failed to materially dent the NZD.

The over-riding theme in currency markets continue to be USD weakness, as market speculation intensifies over whether the US Federal Reserve will engage in further quantitative easing when the FOMC meet this week. A run of weaker than expected US data, which culminated with a weak non-farm payrolls print on Friday, have driven the greenback further lower, **keeping the NZD elevated by default.**

The big question is whether the market has run too far ahead of the FOMC. Since June, there has been a significant turnaround in speculative positioning in the USD, going from a record net long in the greenback towards a large net short position. With the market effectively already "pricing in" some further QE by the Fed (witness US 10-year bond yields falling to sub-2.8 percent), the risk of a massive position unwind on any disappointment is non-trivial.

The technical picture should become clear this week as the market is solely focused on the break

of the 200 day moving average in the DXY at 80.75 (interestingly the 200 week moving average is at 80.14). The proof will come with the FOMC statement on Wednesday morning. We prefer to trade that release hard rather than speculate on what it will contain.

The NZD should now remain trapped in a 0.7250-0.7400 range with the focus now switching to top side probes as the base proved very solid last week. Worryingly the picture above 0.7400 suggests only the 0.7634 high in October standing in the way of a 0.8000 target. Interestingly, the NZD is less bullish against most crosses and this suggests it is all a USD story.

NZD VS AUD: MONTHLY DIRECTIONAL GAUGES

GAUGE	DIRECTION	COMMENT
Fair value	↔	Not that far off fair value.
Yield	↔	RBA on hold, RBNZ to pause soon?
Commodities	↔	Dairy price declined. Wheat prices soar but of no major benefit to NZ.
Partial indicators	↓	Australian data outperforming NZ's.
Technicals	↓	Resistance above 0.83 major.
Sentiment	↔	Still tracking equity market moves.
Other	↔/↓	Australian employment this weeks key release.
On balance	↔	Range trade 0.78-0.83.

NZD VS USD: MONTHLY DIRECTIONAL GAUGES

GAUGE	DIRECTION	COMMENT
Fair value – long-term	↔/↓	Above structural fair value of 0.66.
Fair value – short-term	↔/↓	Still above our cyclical fair value estimates.
Yield	↔/↑	US not hiking for a while.
Commodities	↔/↓	Dairy prices continue to correct lower.
Risk aversion	↔	Fickle as always.
Partial indicators	↔/↓	NZ data weak of late.
Technicals	↔/↑	Possible topside probes now that base well supported.
AUD	↔	Election to see AUD sidelined.
Sentiment	↔/↑	All about the USD story.
Other	↔/↓	FOMC this week critical.
On balance	↔	Trapped in 0.7250-0.7400 range.

EFFECTIVE EXCHANGE RATE UPDATE

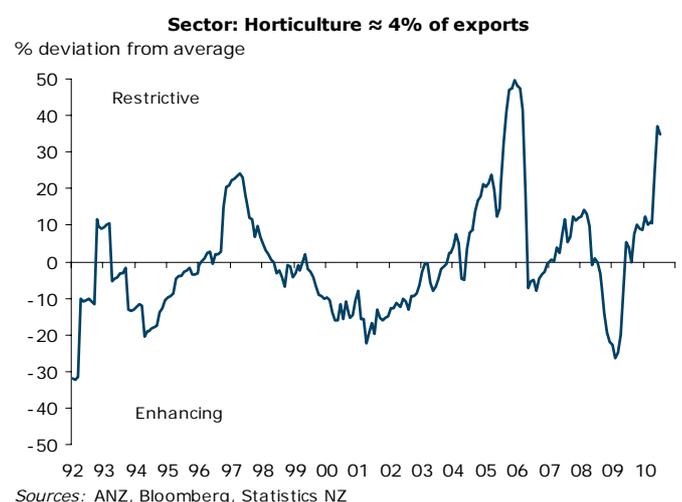
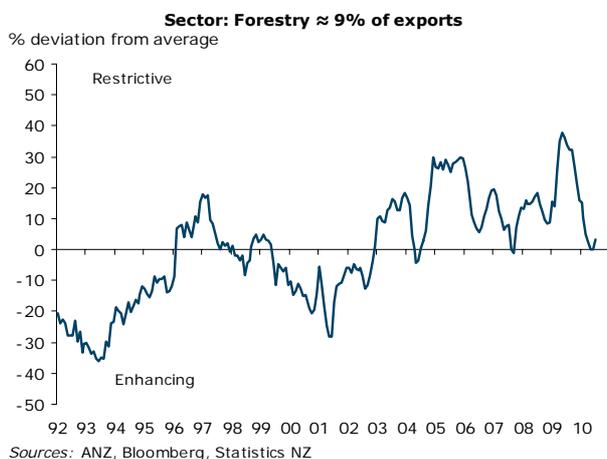
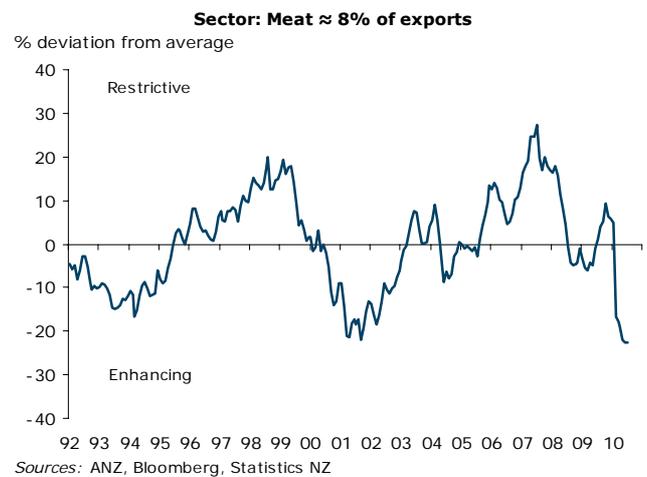
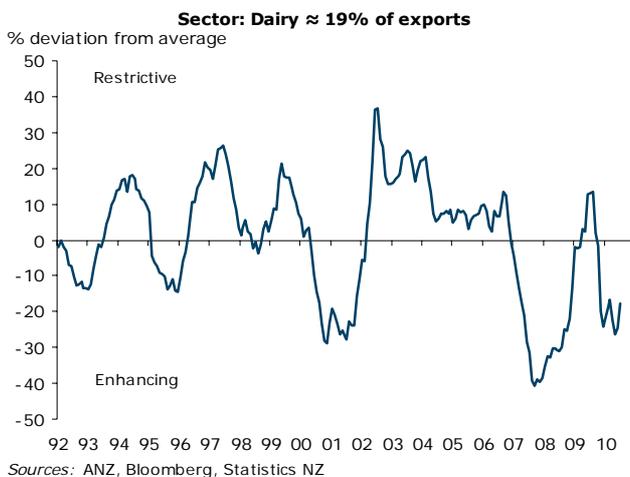
SUMMARY

Our real effective exchange rate (REER) measures take into account the world prices of our exports (commodity prices in the case of commodity exporters), adjusted for currency movements based on their main destinations. Five of the eight industry groups experienced a less enhancing REER in July, mostly due to a higher NZD. Sizeable disparities in trading conditions for our major export groups remain. Conditions are in enhancing territory for three groups, with the REER for dairying and meat significantly below historical averages. However the REER is in restrictive territory for five of the groups.

HIGHER NZD /USD LOWER NZD ENHANCES CONDITIONS FOR MOST GROUPS

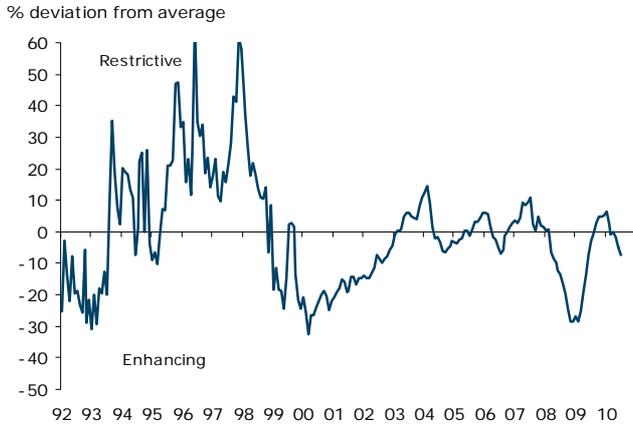
Largely due to the NZD rising against the USD, euro and to a lesser extent AUD, five of the eight industry groups experienced a more restrictive REER in June. The largest move into less enhancing territory was for dairy products, with the 6 percent fall in dairy export prices compounding the impact of the higher NZD. Rising export commodity prices were the major catalyst behind improved competitiveness for crude, seafood and horticulture.

Sizeable disparities in trading conditions are evident in the various export groups. Conditions are in enhancing territory for three of the groups we monitor namely dairy, meat and seafood. However, conditions are in restrictive territory for five of the eight groups, most evidently for horticulture and crude products. These disparities show little signs of closing, notwithstanding recent falls to dairy export prices. The most striking improvement in recent months has been for the meat group, which mostly reflects sizeable price increases for skins. Conversely, lower horticultural prices contributed to a large decline in competitiveness for that sector. With the NZD having strengthened against the USD in recent weeks but commodity export prices off their May highs, the buffering role of the exchange rate is becoming less evident.

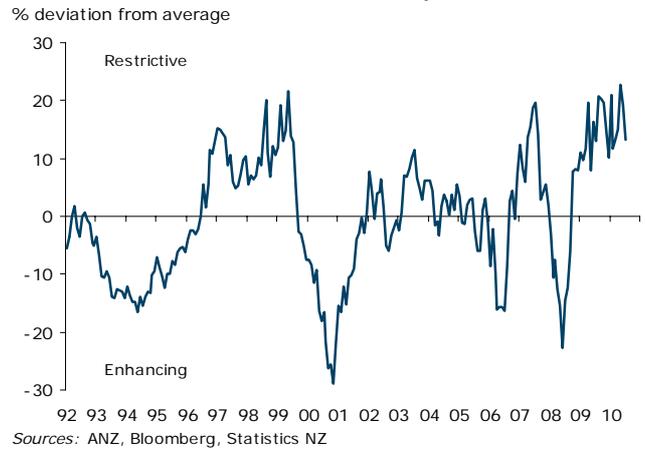


EFFECTIVE EXCHANGE RATE UPDATE

Sector: Seafood \approx 3% of exports



Sector: Crude \approx 5% of exports



Sector: Manufacturing \approx 20% of exports



Sector: Services \approx 21% of exports



DATA EVENT CALENDAR

DATE	COUNTRY	DATA/EVENT	MKT.	LAST	NZ TIME
9-Aug	NZ	QV House Prices YoY% - JUL	- -	5.20%	00:00
	JN	Current Account Total - JUN	¥1300.0B	¥1205.3B	11:50
	JN	Japan Money Stock M3 YoY - JUL	2.20%	2.20%	11:50
	JN	Trade Balance (BoP Basis) - JUN	¥790.0B	¥391.0B	11:50
	AU	Home Loans - JUN	-2.00%	1.90%	13:30
	AU	ANZ Job Advertisements (MoM) - JUL	- -	2.70%	13:30
	AU	Investment Lending - JUN	- -	2.60%	13:30
	AU	Value of Loans MoM - JUN	- -	-0.30%	13:30
	GE	Trade Balance - JUN	12.5B	9.7B	18:00
	GE	Current Account (EURO) - JUN	14.0B	2.2B	18:00
10-Aug	NZ	NZ Card Spending (MoM) - JUL	- -	0.4	10:45
	UK	RICS House Price Balance - JUL	4%	9%	11:01
	JN	Housing Loans YoY - 2Q	- -	1.00%	11:50
	AU	NAB Business Conditions - JUL	- -	8	13:30
	AU	NAB Business Confidence - JUL	- -	4	13:30
	JN	BOJ Target Rate	0.10%	0.10%	
	CH	Trade Balance (USD) - JUL	\$19.60B	\$20.02B	
	GE	CPI - EU Harmonised (YoY) - JUL F	1.10%	1.20%	18:00
	UK	Visible Trade Balance GBP/Mn - JUN	-£7650	-£8062	20:30
	UK	Total Trade Balance (GBP/Mln) - JUN	-£3500	-£3817	20:30
	UK	DCLG UK House Prices (YoY) - JUN	- -	11.00%	20:30
11-Aug	US	Nonfarm Productivity - 2Q P	0.30%	2.80%	00:30
	US	Unit Labor Costs - 2Q P	1.60%	-1.30%	00:30
	US	FOMC Rate Decision	0.25%	0.25%	06:15
	UK	Nationwide Consumer Confidence - JUL	- -	63	11:01
	JN	Machine Orders (MoM) - JUN	5.50%	-9.10%	11:50
	AU	Westpac Consumer Confidence - AUG	- -	11.10%	12:30
	AU	Westpac Cons. Confidence Index - AUG	- -	113.1	12:30
	CH	Producer Price Index (YoY) - JUL	6.00%	6.40%	14:00
	CH	Consumer Price Index (YoY) - JUL	3.30%	2.90%	14:00
	CH	Retail Sales (YoY) - JUL	18.50%	18.30%	14:00
	CH	Industrial Production (YoY) - JUL	13.40%	13.70%	14:00
	CH	Fixed Assets Inv Urban YTD YoY - JUL	25.30%	25.50%	14:00
	UK	Claimant Count Rate - JUL	4.50%	4.50%	20:30
	UK	Jobless Claims Change - JUL	-18.0K	-20.8K	20:30
	UK	Average Weekly Earnings 3M/YoY - JUN	1.00%	2.70%	20:30
	UK	ILO Unemployment Rate (3mths) - JUN	7.80%	7.80%	20:30
	UK	BOE Quarterly Inflation Report - AUG			21:30
12-Aug	US	Trade Balance - JUN	-\$42.2B	-\$42.3B	00:30
	US	Monthly Budget Statement - JUL	-\$165.0B	-\$180.7B	06:00
	NZ	Business NZ PMI - JUL	- -	56.2	10:30
	NZ	Food Prices (MoM) - JUL	- -	1.30%	10:45
	AU	Consumer Inflation Expectation - AUG	- -	3.30%	13:00
	AU	Employment Change - JUL	20.0K	45.9K	13:30
	AU	Unemployment Rate - JUL	5.10%	5.10%	13:30
	AU	Participation Rate - JUL	65.20%	65.20%	13:30
	JN	Industrial Production (MoM) - JUN F	- -	-1.50%	16:30
	JN	Capacity Utilization (MoM) - JUN F	- -	0.80%	16:30

Continued on following page

DATA EVENT CALENDAR

DATE	COUNTRY	DATA/EVENT	MKT.	LAST	NZ TIME
12-Aug	EC	ECB Publishes Aug. Monthly Report			20:00
	EC	Euro-Zone Ind. Prod. sa (MoM) - JUN	0.70%	0.90%	21:00
13-Aug	US	Initial Jobless Claims - 7 AUG	- -	479K	00:30
	US	Continuing Claims - 31 JUL	- -	4537K	00:30
	NZ	REINZ Housing Price Index MoM% - JUL	- -	0.60%	10:00
	NZ	Retail Sales (MoM) - JUN	0.50%	0.40%	10:45
	NZ	Retail Sales Ex-Auto (MoM) - JUN	0.50%	-0.20%	10:45
	NZ	Retail Sales Ex Inflation(QoQ) - 2Q	0.30%	0.20%	10:45
	NZ	Non Resident Bond Holdings - JUL	- -	64.10%	15:00
	GE	GDP s.a. (QOQ) - 2Q P	1.30%	- -	18:00
	GE	GDP nsa (YoY) - 2Q P	- -	- -	18:00
	EC	Euro-Zone Trade Balance sa - JUN	- -	-3.0B	21:00
	EC	Euro-Zone GDP s.a. (QoQ) - 2Q A	0.70%	0.20%	21:00
	EC	Euro-Zone GDP s.a. (YoY) - 2Q A	1.40%	0.60%	21:00
14-Aug	US	Consumer Price Index (MoM) - JUL	0.20%	-0.10%	00:30
	US	CPI Ex Food & Energy (MoM) - JUL	0.10%	0.20%	00:30
	US	Consumer Price Index (YoY) - JUL	1.20%	1.10%	00:30
	US	CPI Ex Food & Energy (YoY) - JUL	0.90%	0.90%	00:30
	US	Consumer Price Index NSA - JUL	0.1	217.965	00:30
	US	Advance Retail Sales - JUL	0.40%	-0.50%	00:30
	US	Retail Sales Less Autos - JUL	0.30%	-0.10%	00:30
	US	Retail Sales Ex Auto & Gas - JUL	0.30%	0.10%	00:30
	US	U. of Michigan Confidence - AUG P	69.8	67.8	01:55
	US	Business Inventories - JUN	0.30%	0.10%	02:00

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: Last week's data confirmed that the labour market recovery was continuing despite a surprise jump in the unemployment rate, with wage inflation remaining low. This week sees the release of retail and housing data, which will highlight the caution evident in the household sector. We expect data readings for Q3 to highlight moderate expansion, and we will closely watch the soft gauges for signs of direction beyond that.

DATE	DATA/EVENT	ECONOMIC SIGNAL	COMMENT
Tue 10 Aug (10:45am)	SNZ Electronic Card Transactions – July	World Cup boost	We expect total card spending to be boosted by advance sales for rugby world cup tickets. Retail related card spending is expected to show a more modest monthly increase.
Thur 12 Aug (10:45am)	SNZ Food Price Index – July	Climbing	The June monthly rise was partly driven by the lagged effects of strengthening meat and dairy commodity export prices. Further price increases are in the pipeline with the rebuilding of retail margins expected to push food prices higher.
Fri 13 Aug (10:00am)	REINZ Housing Market Statistics – July	Some improvement.	Sales volumes are expected to climb from their May trough. Low affordability and deleveraging remain formidable headwinds to a stronger recovery emerging.
Fri 13 Aug (10:45am)	SNZ Retail Trade Survey – Q2	June up slightly but volume growth low	Some bounce back in monthly sales is probable given the weak May figures. Total retail spending is expected to increase by 0.4 percent, with core retail spending increasing by 0.6 percent. Retail values and volumes for Q3 are expected to rise by 0.3 percent, with core retail volumes anticipated to increase by 0.6 percent.
Thur 19 Aug (10:45am)	SNZ Capital Goods Price and Producer Price Indexes – Q2	Pressure	High export commodity prices will continue to boost producer prices. Implied margins are expected to remain under pressure. Capital goods prices are expected to record a small increase.
Thur 19 Aug (3:00pm)	ANZ – Roy Morgan Consumer Confidence - Aug	- -	- -
Fri 20 Aug (10:45am)	SNZ – External Migration - Jul	Waning	We expect net PLT migration of around zero persons, although there is a risk of a net PLT outflow if departures retain their strengthening trend. Visitor arrivals are expected to recover in seasonally adjusted terms as volcanic ash disruptions recede.
Tue 24 Aug (3:00pm)	RBNZ Survey of Expectations – Q3	Up, down	The Q2 survey was conducted before the hike in GST was announced so we may see a ticking up in one (and possibly) two year ahead forecasts for CPI inflation. Growth expectations are expected to be scaled back given the softness in recent indicators.
Mon 30 Aug (10:45am)	SNZ – Overseas Merchandise Trade - Jul	Narrowing	We expect the monthly trade balance to slip back into a deficit of around \$120m. The lower USD is expected to lower NZD denominated export returns, whereas the usual seasonal influences will boost imports. An annual trade surplus of around \$700m is forecast.
Mon 30 Aug (3:00pm)	National Bank Business Outlook - Aug	- -	- -
Tue 31 Aug (10:45am)	SNZ - Building Consents - Jul	Slight improvement	Residential consent issuance is expected to post a modest increase from historically low levels - close to a 40 percent rise is needed to return consents to historical norms as a portion of the dwelling stock. The value of non-residential consents is expected to remain low.
Wed 1 Sep (3:00pm)	ANZ Commodity Price Index - Aug	- -	- -
On Balance		Building	Recovery continuing but signs of momentum easing.

ECONOMIC FORECASTS AND INDICATORS

	Sep-09	Dec-09	Mar-10	Jun-10	Sep-10	Dec-10	Mar-11	Jun-11	Sep-11	Dec-11
GDP (% qoq)	0.3	0.9	0.6	0.7	1.5	-0.1	1.1	1.3	1.6	0.5
GDP (% yoy)	-1.5	0.5	1.9	2.5	3.7	2.7	3.2	3.9	4.0	4.6
CPI (% qoq)	1.3	-0.2	0.4	0.3	1.1	2.8	0.6	1.0	0.8	0.5
CPI (% yoy)	1.7	2.0	2.0	1.8	1.6	4.6	4.8	5.6	5.3	3.0
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	-2.9	-2.4	-2.9	-3.7	-2.8	-3.0	-3.1	-2.9	-2.9
Terms of Trade (% qoq)	-1.6	5.8	5.8	3.9	2.4	1.0	-0.6	-0.6	0.1	-1.0
Terms of Trade (% yoy)	-14.1	-8.2	-0.2	14.4	19.1	13.7	6.8	2.2	-0.2	-2.0

	Oct-09	Nov-09	Dec-09	Jan-10	Feb-10	Mar-10	Apr-10	May-10	Jun-10	Jul-10
Retail Sales (% mom)	0.1	0.7	-0.5	0.7	-0.5	0.6	-0.3	0.4
Retail Sales (% yoy)	-0.2	2.4	2.0	2.3	2.4	4.4	2.7	1.9
Credit Card Billings (% mom)	0.4	0.8	-1.2	1.6	-0.2	0.7	-1.6	2.0	1.0	..
Credit Card Billings (% yoy)	-0.3	1.6	1.9	2.6	1.1	5.3	0.8	3.4	4.5	..
Car Registrations (% mom)	0.5	2.1	6.8	-0.7	0.4	5.0	3.0	-3.7	5.8	-6.0
Car Registrations (% yoy)	-16.8	2.4	0.3	15.9	31.4	31.7	40.5	30.5	35.8	16.0
Building Consents (% mom)	11.0	0.6	-3.8	-2.6	6.1	-0.2	8.6	-9.5	3.5	..
Building Consents (% yoy)	26.5	20.4	22.7	35.2	29.9	33.5	32.2	11.2	27.7	..
REINZ House Price (% yoy)	6.0	5.2	9.6	7.7	6.1	7.6	4.7	3.7	3.7	..
Household Lending Growth (% mom)	0.4	0.0	0.2	0.2	0.1	0.1	0.2	0.2	0.2	..
Household Lending Growth (% yoy)	2.6	2.7	2.7	2.7	2.7	2.8	2.7	2.5	2.5	..
ANZ-Roy Morgan Consumer Confidence	125.9	121.5	118.6	131.4	123.6	121.8	121.9	126.0	122.0	115.6
NBNZ Business Confidence	48.2	43.4	38.5	..	50.1	42.5	49.5	48.2	40.2	..
NBNZ Own Activity Outlook	30.5	33.7	36.9	..	41.9	38.6	43.0	45.3	38.5	..
Trade Balance (\$m)	-501.5	-280.4	-26.4	271.1	327.8	607.5	651.9	768.4	276.2	..
Trade Balance (\$m annual)	-1176	-863	-549	-176	-330	-160	169	32	639	..
ANZ World Commodity Price Index (% mom)	4.8	11.0	2.5	0.3	3.7	1.8	5.1	1.2	-1.6	-0.8
ANZ World Commodity Price Index (% yoy)	-1.7	17.8	30.4	36.7	48.6	49.5	53.2	51.8	50.1	47.2
Net Migration (sa)	2140	1740	1690	1850	1000	950	720	230	70	..
Net Migration (annual)	18560	20021	21253	22588	21618	20973	19954	17967	16504	..

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	Jun-10	Jul-10	Today	Sep-10	Dec-10	Mar-11	Jun-11	Sep-11	Dec-11	Mar-12
NZD/USD	0.685	0.726	0.733	0.700	0.710	0.720	0.730	0.730	0.720	0.710
NZD/AUD	0.815	0.802	0.797	0.795	0.789	0.783	0.777	0.777	0.783	0.789
NZD/EUR	0.560	0.556	0.549	0.579	0.602	0.632	0.652	0.652	0.643	0.634
NZD/JPY	60.54	62.78	62.15	66.50	68.16	69.84	71.54	73.00	72.00	71.71
NZD/GBP	0.458	0.463	0.457	0.479	0.486	0.483	0.480	0.474	0.462	0.449
NZ\$ TWI	66.6	67.5	67.1	68.1	69.3	70.7	71.7	71.8	71.1	70.5
INTEREST RATES	Jun-10	Jul-10	Today	Sep-10	Dec-10	Mar-11	Jun-11	Sep-11	Dec-11	Mar-12
NZ OCR	2.75	3.00	3.00	3.25	3.25	3.50	4.00	4.50	5.00	5.50
NZ 90 day bill	3.13	3.27	3.30	3.50	3.50	3.90	4.40	4.90	5.40	5.80
NZ 10-yr bond	5.34	5.33	5.34	5.40	5.40	5.60	5.80	6.20	6.20	6.10
US Fed funds	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.50	0.75	1.25
US 3-mth	0.53	0.45	0.41	0.40	0.35	0.35	0.35	0.60	0.85	1.35
AU Cash Rate	4.50	4.50	4.50	4.50	5.00	5.25	5.50	5.75	6.00	6.00
AU 3-mth	4.92	4.78	4.75	4.90	5.30	5.60	6.00	6.00	6.20	6.10

	6 Jul	2 Aug	3 Aug	4 Aug	5 Aug	6 Aug
Official Cash Rate	2.75	3.00	3.00	3.00	3.00	3.00
90 day bank bill	3.14	3.28	3.30	3.30	3.28	3.29
NZGB 11/11	3.70	3.67	3.67	3.66	3.64	3.64
NZGB 04/13	4.20	4.15	4.15	4.14	4.11	4.13
NZGB 12/17	5.15	5.05	5.06	5.05	5.02	5.03
NZGB 05/21	5.40	5.34	5.36	5.35	5.33	5.34
2 year swap	4.12	4.01	4.03	4.02	3.95	3.97
5 year swap	4.83	4.66	4.68	4.66	4.61	4.59
RBNZ TWI	65.8	67.5	67.7	67.6	67.4	67.2
NZD/USD	0.6861	0.7282	0.7324	0.7343	0.7297	0.7279
NZD/AUD	0.8197	0.8011	0.8049	0.8047	0.7971	0.7956
NZD/JPY	60.08	62.97	63.26	62.72	62.82	62.63
NZD/GBP	0.4538	0.4633	0.4613	0.4605	0.4594	0.4583
NZD/EUR	0.5477	0.5569	0.5562	0.5558	0.5548	0.5519
AUD/USD	0.8370	0.9090	0.9099	0.9125	0.9155	0.9149
EUR/USD	1.2527	1.3075	1.3168	1.3211	1.3153	1.3188
USD/JPY	87.57	86.47	86.37	85.41	86.09	86.04
GBP/USD	1.5120	1.5718	1.5877	1.5944	1.5884	1.5883
Oil (US\$/bbl)	72.06	78.85	81.25	82.52	82.49	80.67
Gold (US\$/oz)	1209.15	1183.40	1182.10	1192.70	1194.05	1205.30
Electricity (Haywards)	5.65	3.12	5.63	5.91	4.29	4.27
Milk futures (US\$/contract)	116	117	117	117	116	116
Baltic Dry Freight Index	2127	1977	1964	1957	1978	2030

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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