

# AUSTRALIAN ECONOMICS

## AUSTRALIAN ECONOMICS WEEKLY

3 JUNE 2011

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### CONTRIBUTORS

**Warren Hogan**  
Chief Economist,  
+61 2 9227 1562  
Warren.Hogan@anz.com

**Ivan Colhoun**  
Head of Australian  
Economics and Property  
Research  
+61 2 9227 1780  
Ivan.Colhoun@anz.com

**Katie Dean**  
Head of Australian  
Economics  
+61 3 9273 1381  
Katie.Dean@anz.com

**Riki Polygenis**  
Senior Economist  
+61 3 9273 4060  
Riki.Polygenis@anz.com

**Julie Toth**  
Senior Economist  
+61 3 9273 6252  
Julie.Toth@anz.com

**David Cannington**  
Economist  
+61 3 9273 4274  
David.Cannington@anz.com

**Andrew McManus**  
Analyst  
+61 2 9227 1742  
Andrew.McManus@anz.com

**Dylan Eades**  
Analyst  
+61 3 9273 2708  
Dylan.Eades@anz.com

**Pat O'Sullivan**  
Analyst  
+61 2 9273 3133  
Pat.O'Sullivan@anz.com

### WEAK Q1 GDP WILL NOT PREVENT RBA FROM TIGHTENING FURTHER

- **The 1.2% decline in Australian GDP in Q1 revealed in this week's national accounts was not unexpected.** The contraction was driven entirely the disruption to the Queensland economy from natural disasters, and especially coal exports (which fell nearly 30%). As detailed in our *In Focus* article, **were four key takeaways in this week's data:** (1) the economy is transitioning towards investment taking over as the primary driver of growth; (2) households in aggregate are more cautious than constrained, with household income growing rapidly; (3) conditions remain mixed across industries and sectors and; (4) the sharp pick up in the national accounts measure of wages was a worrying sign for inflation.
- **Overall, there was little in this week's Q1 data to dissuade the RBA from tightening policy in coming months.** It is now a question of timing. While our forecast remains for the RBA to lift rates in August, the market is underpricing the risk of a rate rise at both the July and next week's meeting.
- **Global uncertainty and weak US data has driven global bond yields and term rates sharply lower in recent weeks.** US 10-year bond yields fell below 3.0% this week for the first time December 2010. This has had a significant impact on local term rates despite the clear tightening bias from the RBA in recent commentary. This week's *In Focus* article also outlines recent developments term rates.
- The **latest activity data for Q2** indicate the continuation of a mixed pattern of growth across Australia. Private sector credit and building approvals stalled in April, and the AiG's performance indexes for manufacturing and services moved back to 'net contraction' in May. April's trade data shows our trade flows are still being affected by this year's disasters. Australian coal exports have not yet recovered from Q1's disastrous falls. Meanwhile Japanese exports to Australia (as elsewhere) remain earthquake-affected, with automotive imports down 80%, whilst Australian thermal coal exports to Japan surged due to the shift away from nuclear towards coal-fired electricity. For households, retail spending was resurrected in at least some states, while house prices appeared to gain in some states but to fall slightly in others.

### THE WEEK AHEAD

- In **Australia**, the focus will be on the RBA rates decision on Tuesday. We will be looking for more hawkish commentary that may see bond yields and the A\$ push higher. The key data release will be employment on Thursday. We are looking for a modest rise of 14k jobs in May and the unemployment rate to remain at 4.9%.
- In **New Zealand**, the RBNZ is widely expected to leave rates on hold at 2.5%.
- In the **US**, monthly payrolls growth is expected to slow and the unemployment rate is expected to improve only marginally, to 8.9%. The end of QE2 this month will heighten interest in Fed speeches. A host of Fed speakers, including Chairman Bernanke (and the Fed's beige book), are scheduled for next week. In Canada, the unemployment rate is expected to remain at 7.6%, employment growth is expected to moderate and housing starts are expected to improve in May.
- In the **Euro zone**, commentary around Greek debt solutions has overshadowed core data in recent weeks. This is likely to continue with a host of ECB speakers next week, including ECB President Trichet. The BoE and ECB are expected to leave rates on hold.
- In **Japan**, consumer confidence for May, trade data for April and final estimates for Q1 GDP will shed more light on Japan's earthquake recovery. And **China's** trade data for May will give a further indication of ongoing supply disruptions with Japan.

**Katie Dean**  
 Head of Australian  
 Economics  
 +61 3 9273 1381  
 Katie.Dean@anz.com

**Tony Morriss**  
 Head of Interest Rate  
 Research  
 +61 2 9226 6757  
 Tony.Morriss@anz.com

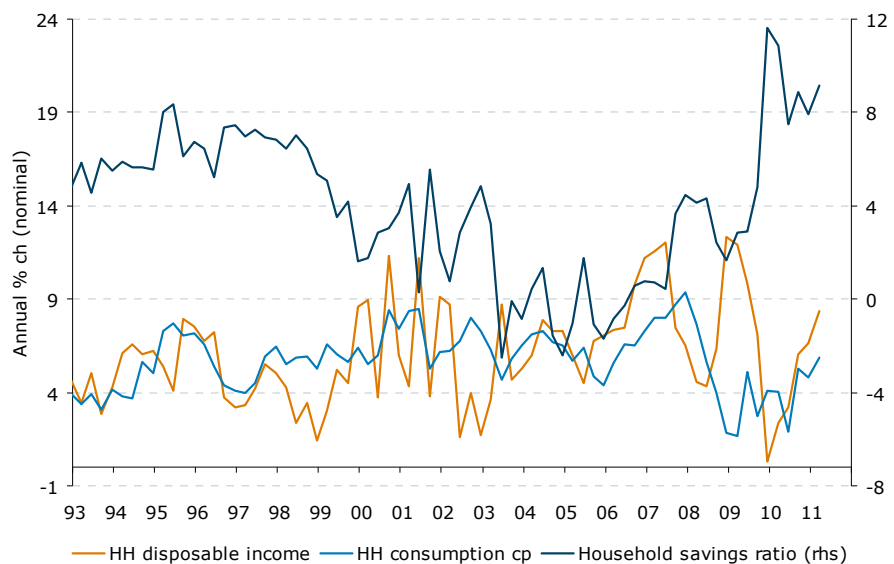
**Riki Polygenis**  
 Senior Economist  
 +61 3 9273 4060  
 Riki.Polygenis@anz.com

**WEAK Q1 GDP WILL NOT PREVENT RBA FROM TIGHTENING FURTHER**

The 1.2% decline in Australian GDP over Q1 revealed in this week’s national accounts was not unexpected. The contraction was driven entirely the disruption to the Queensland economy, and especially coal exports (which fell nearly 30%). Looking through the impact of the floods, which the RBA has said they will do, this week’s GDP data delivers the following key take-aways on the Australian economy:

- **The economy is transitioning to the investment boom.** Underlying business investment expanded by 2.8% q/q and to be 5.9% higher y/y driven by strength in both machinery and equipment investment (+6.0% q/q) and engineering construction (+2.5% q/q) for the second consecutive quarter. Engineering construction in particular has now increased by 21% over the past year and the colossal pipeline of work yet to be done suggests this double-digit pace of growth will continue for at least the next two years. Business investment is readying to take over as the primary driver of economic growth.
- **Households (in aggregate) are more cautious than constrained.** Gross household disposable income surged by 3.6% in Q1. While this may partly have reflected insurance payouts following recent natural disasters (check this!), it was primarily driven by a surge in wages. Average compensation per employee jumped 2.4% in Q1 to be 5.7% higher over the year. Annual growth in household disposable income is now growing at 8.3% in nominal terms and 5.8% in real terms (after adjusting for inflation). This allowed households to increase spending in Q1 (with household consumption rising 1.7% in nominal terms and 0.6% in real terms) whilst simultaneously increasing their savings (the household savings rate surged to 11.5%, the highest level since the mid-1980s if you exclude the spike at the height of the GFC). While we caution about taking the level of the household savings rate too literally, given it will tend to overestimate savings if household consumer spending is 'leaking' offshore (via internet sales) and overseas travel, the general upward trend in savings is not in dispute.

**FIGURE 1: HOUSEHOLD INCOME, CONSUMPTION AND SAVINGS**



Sources: ABS

- **Conditions remain mixed across industries and regions.** Even after abstracting from the floods (which caused big contractions in mining and agricultural), the GDP data showed the economy remains patchy. Partly, this reflects the dampening impact of the higher A\$. Sectors particularly exposed to the currency, manufacturing, transportation and hospitality (the latter two are good proxies for tourism) all contracted in Q1. This



divergent performance across sectors is expected to remain a feature of Australian economic growth for some time. The RBA does not see this as a reason to resist further monetary policy tightening. The minutes of the May Board meeting stated that "Members noted that significant divergences between different sectors of the economy presented challenges for policy-making, but that monetary policy had to be set for the needs of the overall economy."

- **There are worrying signs for inflation.** Wednesday's data shows a surprise jump in the national accounts measure of wage costs. Average non-farm compensation per employee jumped by 2.4%q/q. While this series can be variable on a quarterly basis (the previous three quarterly readings were 0.2%, 0.3% and 2.6% q/q), the annual rate of growth picked up to 5.7%, y/y, the highest rate since Q3 2007. This is the broadest measure of labour costs which includes wages and salaries, overtime, bonuses, paid leave, superannuation, taxes on employment, training and recruitment costs and fringe benefits. When one considers the relative tightness of the labour market, there appears clear scope for further acceleration in non-farm average compensation per employee. The unemployment rate averaged 5% in Q1. The last time the unemployment rate was at the same level, growth in average non-farm compensation per employee was lower at around 4.8% y/y. In addition, we are forecasting the unemployment rate to drop below 4½% over the next 12 to 18 months. This last occurred from 2007 and coincided with a spike up in the national accounts measure of wages of over 7% y/y.

#### WHERE TO FROM HERE?

Australian GDP should bounce back strongly from the sharp Q1 contraction. But this bounce back could be a little protracted. That is, the rebound could unfold over the next couple of quarters, rather than delivering one out-sized quarterly bounce. Primarily this is because exports, which will drive the rebound in headline GDP, have not yet fully recovered from the Queensland floods.

Meanwhile, the high frequency data on the local economy remains mixed. Local partial data mixed but also flood and Japan affected. Although housing has clearly weakened.

**The unemployment rate has the best chance of netting out all of these conflicting forces.** But, but, even then, it may be thrown around in the next couple of months by the confluence of factors above (eg. possible temporary shutdowns in the manufacturing sector following the Japanese earthquake, as we have seen in the US or additional jobs created in post-flood reconstruction). That said, the unemployment rate is still probably the best monthly leading indicator for inflation that the RBA can rely on. Next week's labour market data is not released until after Tuesday's monetary policy meeting.

**The global environment has also become less favourable.** Global growth is decelerating, with this week revealing a sharp deceleration in the manufacturing sector (as measured by the PMIs) across the US, Europe and Asia in April. This reflects a combination of higher oil prices but also, and maybe more importantly, temporary disruptions to the global supply chain from the Japanese earthquake. A re-escalation in European sovereign debt issues has also elevated global risk yet again (see below).

#### A QUESTION OF TIMING

**The RBA has stated that monetary policy will need to be tightened further this cycle** as the investment boom pressures capacity utilisation and the labour market. Indeed the RBA's inflation forecasts, which are for core inflation to rise to 3% this year and to 3¼% in early 2013 are barely acceptable for a forward-looking inflation-targeting central bank. **It is now a question of timing.** Our forecast remains for the RBA to lift rates in August. With policy-settings already pre-emptively tight, the local economy overall not yet picking up speed and the global economy losing momentum, the RBA can afford to wait and see the next CPI, due late July.

**There is still nevertheless a higher chance of a rate rise at both the July and next week's meeting than current market pricing** (see Figure 2 below). In particular, we view

the chance of a July move as close to 50/50. This week's data should have given the RBA (a) more confidence that (a) the investment boom is coming and (b) that households (in aggregate) are not constrained (i.e. strong household income growth increases the risk that consumer spending could pick up). Indeed it may be that 0.6% quarterly growth in household consumption volumes, as reported in the national accounts, and this week's pick up in retail spending of 0.9% m/m is considered a worrying signal by the RBA. The pick up in wages in this week's GDP is also a potential trigger for a June policy change.

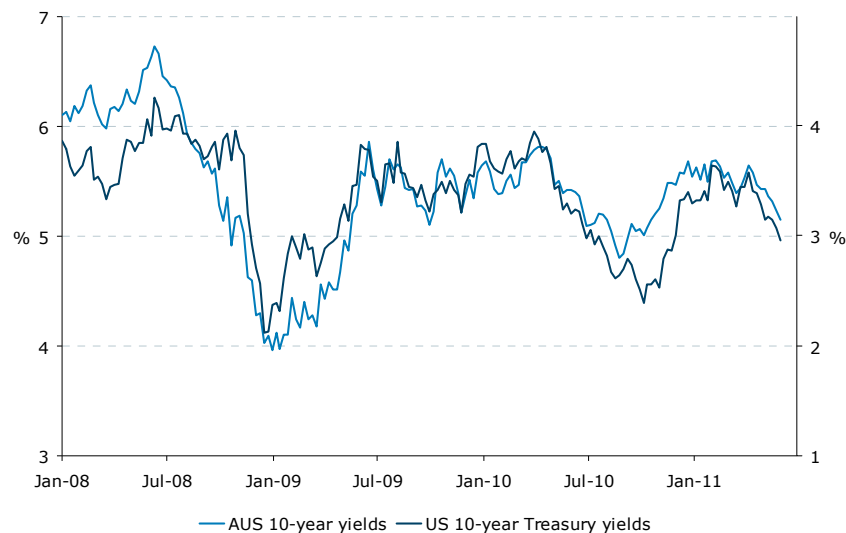
### GLOBAL FACTORS DRIVING TERM RATES

**Global uncertainty and weak US data has driven global bond yields and term rates sharply lower in recent weeks.** US 10-year bond yields fell below 3.0% this week for the first time December 2010.

This has had a significant impact on local term rates despite the communication of a clear tightening bias from the RBA in recent commentary. Monetary policy is clearly in very different parts of the cycle. Australian 10-year yields dropped below 5.10% this week before release of the GDP and Retail Sales data.

What is concerning about recent price action in the US is that this comes before the end of the QE2 period when the Federal Reserve will curtail the official programme of purchasing US\$600bn of US Treasury bonds. High oil prices and a much larger than anticipated (although temporary) impact of the Japan disaster have dented activity and confidence. Oil prices have stabilised and could ease further if OPEC production is increased while interrupted production lines are coming back on line so a rebound looks likely in coming months.

**FIGURE 2: AUSTRALIAN AND US 10-YEAR GOVERNMENT BOND YIELDS**



Sources: Bloomberg

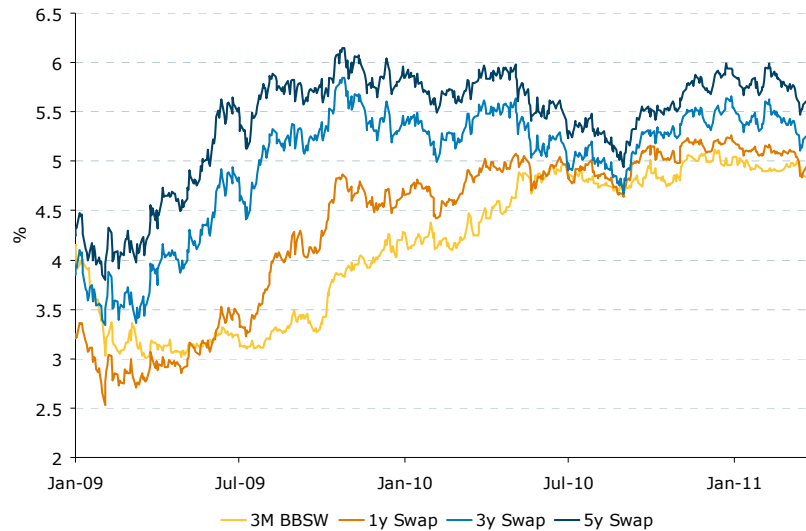
**The spread between Australian and US market rates has widened marginally in recent weeks.** But it still appears as if global factors are having a disproportionate influence in driving domestic yields towards unsustainable levels if, as we expect, the RBA will lift cash rates to 5.0% in August.

**Government bond yields already look to be uncomfortably close to the current official cash rate** in an environment where any further fall in yields would have to be justified by contemplation that the next move in rates is down rather than up, or by another global event such as the Japan quake.

Three and 5-year swap rates have eased back to levels seen after the Japan disaster to highlight the impact of global factors on domestic markets.

Some of the recent safe-haven demand for bonds could be linked to the renewed intensification of sovereign debt pressures in Europe. But the political determination of European policy-makers to buy time to address fiscal issues looks likely to result in further aid measures in the periphery that could easily unwind flight-to-quality demand for safer government bonds.

**FIGURE 3: AUSTRALIAN SWAP RATES**



Source: Bloomberg

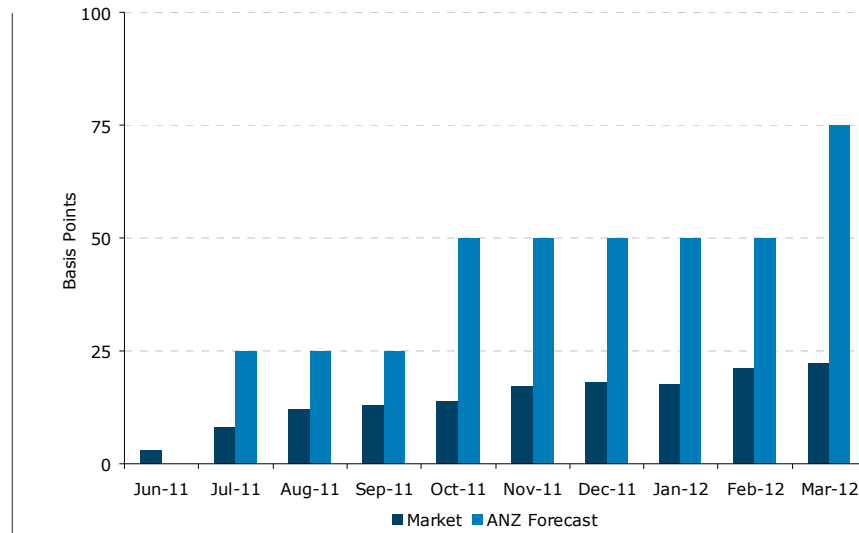
The swaps curve has flattened significantly over this period to highlight the extent to which longer-dated swaps relative to BBSW are now well below average levels, particularly as we remain in a gradual and extended tightening cycle.

**We would also note that 5-year swap rates have rarely sustained a move below 5.40% since policy rates here have normalised in 2009** with the exception of the rally ahead of the adoption of the QE2 asset purchase program in the US. (Current is just above 5.5%). The likelihood of QE3 remains remote in our view.

As we expect further tightening of monetary policy into 2012 above 5.5% current levels look particularly unsustainable. As Figure 4 below illustrates, even one 25bps rate hike from the RBA is not priced into the 30-day interbank futures rate heading into 2012.

The weaker run of data that has driven US 10-year yields below 3.0% might be seen to be mature with the release of the May Payrolls data in the US later today. Domestic focus will return next week with a heavy release and event schedule with focus on the RBA Board meeting (where a hike cannot be entirely ruled out) to be followed by Labour Force data for May.

FIGURE 4: RBA CASH RATE TIGHTENING EXPECTATIONS



Source: Bloomberg, ANZ

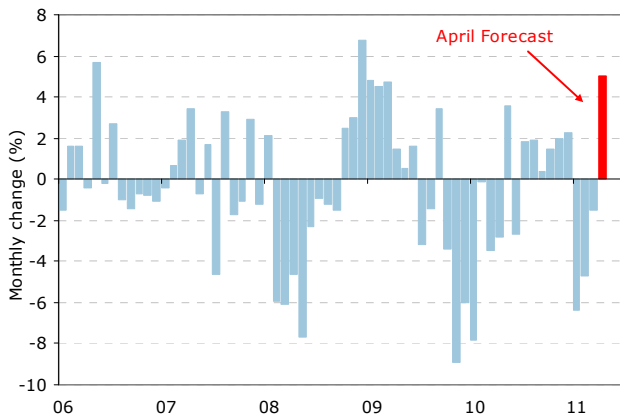
Andrew McManus  
Analyst  
+61 2 92271742  
Andrew.McManus@anz.com

## DATA WRAP

- The **HIA new home sales** rose 0.2% in April due to strong sales in New South Wales (+7.9% m/m) and Victoria (-2.2% m/m). Sales in Western Australia fell 10.2% m/m.
- The Q1 business indicators survey generally led to downward revisions to Q1 GDP estimates. **Company profits** fell 2.0% in Q1, led by a 6.6% collapse in mining profits. This was largely flood-related, although the higher A\$ probably also had a dampening impact. **Inventories** rose 0.4% in the quarter, led by what may have been an inadvertent stock rebuild in wholesale trade.
- **RP Data-Rismark national dwelling prices** fell in April (-0.3% m/m seasonally adjusted, -0.1% m/m original). Prices are down 1.5% from 12 months ago. Market conditions vary markedly across the capital cities. In seasonally adjusted terms, prices rose in Sydney (+0.3%), Darwin (+2.4%) and Canberra (+1.4%) and declined in Melbourne (-0.4%), Brisbane (-0.9%), Adelaide (-1.2%) and Perth (-1.8%).
- **Private sector credit** growth stalled in April to be just 3.3% higher over the year. Housing credit slowed to 0.4% m/m, business credit partially unwound the previous monthly gains declining by 0.6% m/m and personal credit declined 0.3% m/m.
- **Building approvals** reversed last month's gains. Residential building approvals declined by 1.3% m/m, while non-residential building approvals fell by 38.6% m/m in seasonally adjusted terms and remain at very depressed levels.
- The **current account deficit (CAD)** widened to A\$10.45bn in Q1 2011, to an estimated 3.0% of GDP, as a near halving of Australia's trade surplus more than offset a slight narrowing of the net income deficit. **Australia's net exports subtracted 2.4ppts from GDP growth in Q1 2011** as the Queensland floods saw coal export volumes collapse by 27% in the quarter. This was the biggest drag on growth from the external sector in any single quarter in Australia's post-war history.
- The **AiG Performance of manufacturing index** fell 0.7 pts to 47.7 in May (below 50 points indicates net contraction). In May, the export index was 6.4 pts lower, production was 6.4 pts lower and input prices were 7.7 pts lower.
- **GDP** contracted by 1.2% in Q1, largely due to natural disasters. Abstracting from these disasters, the economy remained firm with domestic final demand accelerating (+1.3% q/q). Household consumption rose 0.6%, despite flat retail sales volumes in the quarter. Despite solid growth in consumer spending, the household savings ratio still rose further, to 11.5%. Business investment rose a strong 2.8% q/q, double the rate of growth in Q4.
- The **RBA commodity price index** rose 1.2 pts to 107.3 in May, continuing to rise towards the record high of 122.5 in October 2008.
- Nominal **retail trade** leaped 1.1% m/m in April (+3.3% y/y). And March's contraction of 0.5% was revised to a contraction of 0.3% m/m. In trend terms, the data show a gentle acceleration in total retail spending since at least January. Retail trade growth across the states was very patchy. Most of the growth this month occurred in Victoria, Queensland and Western Australia. New South Wales retail trade growth remains weak.
- Australia's **trade surplus** shrank slightly to A\$1.597bn from A\$1.691bn (downwardly revised from A\$1.740bn) in April. This was due to a 0.5% m/m rise in exports, which was more than offset by a 1.0% m/m rise in imports. On the imports side, goods imports from Japan declined by 48% in the month, largely due to the 81% fall in non-industrial transport equipment imports (i.e. motor vehicles).
- The **AiG performance of Services Index** declined to 49.9 points in May, from 51.5 points in April. Levels below 50 points in this series indicate 'net contraction'. The long-run average for this series (since 2003) is 50.9 points.

# DATA PREVIEW

## HOUSING FINANCE (APR)



## 8 JUNE: HOUSING FINANCE (APR)

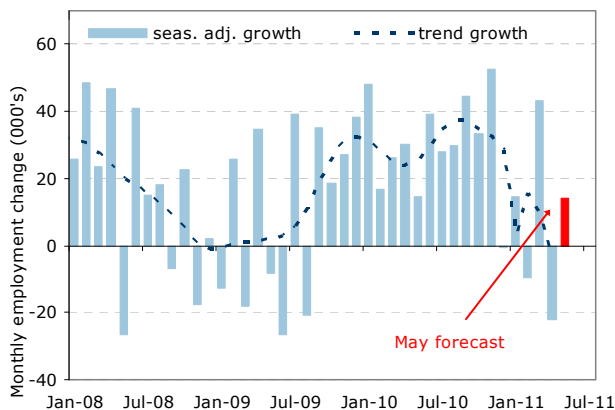
**ANZ: +5.0% m/m, +2.6% y/y**

**Market: +2.5% m/m**

**Last: -1.5% m/m, -5.0% y/y**

Following three consecutive months of decline, housing finance is expected to rebound in April, as weakness in housing activity following the November rate rise dissipates. While house price growth remains weak across the country, increased sales volumes along with robust domestic economic conditions suggest that housing finance commitments will tick up in April, recording their first increase in annual terms in 16 months. **(DE)**

## EMPLOYMENT (MAY)



## 12 MAY: LABOUR FORCE (MAY)

### Employment:

**ANZ: +14.0K**

**Market: +25.0k**

**Last: -22.1K**

### Unemployment Rate:

**ANZ: 4.9%**

**Market: 4.9%**

**Last: 4.9%**

### Participation Rate:

**ANZ: 65.6%**

**Market: 65.6%**

**Last: 65.6%**

Employment contracted by 22.1K in April, largely due to statistical volatility in full-time employment, which dropped by 49.1K after gaining 85.4K in the previous two months. In May, employment is expected to rebound, although this will only be a partial reversal (+14K) as we view the fall in April as being the major correction in the series. Moderate employment growth is consistent with forward-looking indicators of labour demand, which point to a gradual softening in momentum. We are also mindful that Easter fell very late in April this year and is likely to have weighed on employment in early May. (The labour force survey was taken between 8 May and 21 May and asks about the previous two weeks. Around 70% of the survey was completed in the first week, implying the 'Easter effect' is still relevant this month) This is unlikely to have been fully captured by the seasonal factors.



## DATA PREVIEW

The major upside risk to our employment forecast is even greater than expected positive payback in NSW employment, following the sharp 44K drop in NSW in April. We are not expecting a full retracement, given recent weakness in NSW state final demand and partial indicators such as retail trade and residential building approvals. (Note however that the change in the national estimate of employment has tended to undershoot the sum of the states by an average of 30K in the past 4 months. This suggests that even if NSW employment rises by more than expected, it may not flow through fully to the national aggregate figure). Offsetting this risk to some degree is the expectation that female part-time employment will come off following a pronounced 25.3K gain in April; large movements in this series have a tendency to be reversed.

The unemployment is expected to hold steady despite our modest forecast increase in employment. This is due to the recent slowdown in population growth, which implies that employment only needs to grow by around 12K per month to hold the unemployment rate steady, assuming no change in the participation rate. **(RP)**

## DATA &amp; EVENT CALENDAR

## WEEK STARTING 6 JUNE

DATE	COUNTRY	DATA/EVENT	PERIOD	MARKET	ANZ	LAST	GMT	AEST
5-Jun	UK	Lloyds Employment Confidence Index	MAY	--	--	-58	23:01	09:01
Monday	NZ	<b>Queen's Birthday Holiday</b>						
6-Jun	AU	AiG Perf of Construction Index	MAY	--	--	37.9	23:30	09:30
		TD Securities Inflation Gauge m/m	MAY	--	--	0.3%	00:30	10:30
		TD Securities Inflation Gauge y/y	MAY	--	--	3.6%	00:30	10:30
		ANZ Job Advertisements m/m	MAY	--	--	1.0%	01:30	11:30
		Foreign Reserves	MAY	--	--	A\$38.4B	06:30	16:30
	CH	<b>Tuen Ng (Dragon Boat Festival) Holiday</b>						
	EU	<b>ECB's Constancio speaks in Florence</b>					08:00	18:00
		Sentix Investor Confidence	JUN	10.0	--	10.9	08:30	18:30
		Euro-Zone PPI m/m	APR	0.9%	--	0.7%	09:00	19:00
		Euro-Zone PPI y/y	APR	6.7%	--	6.7%	09:00	19:00
		<b>ECB Announces Bond Purchases</b>					13:30	23:30
		<b>ECB Calls for Bids in 7-Day Main Refinancing Tender</b>					13:30	23:30
	UK	New Car Registrations y/y	MAY	--	--	-7.4%	00:00	10:00
		BRC Sales Like-For-Like y/y	MAY	--	--	5.2%	23:01	09:01
	US	<b>Fed's Plosser (voter) speaks in Helsinki</b>					07:30	17:30
		<b>Treasury's Geithner speaks in Atlanta</b>					17:15	03:15
		<b>Fed's Fisher (voter) speaks in New York</b>					21:30	07:30
	CA	Building Permits m/m	APR	--	--	17.2%	12:30	22:30
		Ivey Purchasing Managers Index sa	MAY	58.8	--	57.8	14:00	00:00
		<b>Bank of Canada's Macklem speaks in Montreal</b>					14:30	00:30
		<b>ECB's Trichet speaks in Montreal</b>					16:00	02:00
Tuesday	AU	<b>RBA CASH TARGET</b>	JUN	4.75%	4.75%	4.75%	04:30	14:30
7-Jun	JN	Official Reserve Assets	MAY	--	--	\$1135.5B	23:50	09:50
		Coincident Index CI	APR P	103.7	--	103.5	05:00	15:00
		Leading Index CI	APR P	96.5	--	100.1	05:00	15:00
	EU	Euro-Zone Retail Sales m/m	APR	0.3%	--	-0.9%	09:00	19:00
		Euro-Zone Retail Sales y/y	APR	0.1%	--	-1.7%	09:00	19:00
		<b>ECB Announces Allotment in 7-Day Main Refinancing Tender</b>					09:15	19:15
		<b>ECB Announces Allotment in 7-Day Term Deposits</b>					11:00	21:00
	GE	Factory Orders m/m sa	APR	2.1%	--	-4.0%	10:00	20:00
		Factory Orders y/y nsa	APR	9.1%	--	9.7%	10:00	20:00
	UK	BRC Shop Price Index y/y	MAY	--	--	2.5%	23:01	09:01
	US	<b>US Treasury auctions 3-year Notes</b>						
		IBD/TIPP Economic Optimism	JUN	42.0	--	42.8	14:00	00:00
		JOLTs Job Openings	APR	--	--	3124	14:00	00:00
		<b>Fed's Lockhart (non-voter) speaks in North Carolina</b>					16:30	02:30
		Consumer Credit	APR	\$5.550B	--	\$6.016B	19:00	05:00
		<b>Fed's Bernanke (voter) speaks in Atlanta</b>					19:45	05:45
Wednesday	NZ	Value of All Buildings q/q sa	1Q	--	-3.0%	1.1%	22:45	08:45
8-Jun		QV House Prices y/y	MAY	--	-1.7%	-1.9%	00:00	10:00
	AU	Westpac Consumer Confidence Index	JUN	--	--	103.9	00:30	10:30
		Westpac Consumer Confidence sa m/m	JUN	--	--	-1.3%	00:30	10:30
		Home Loans m/m	APR	2.0%	5.0%	-1.5%	01:30	11:30
		Investment Lending	APR	--	--	2.1%	01:30	11:30
		Owner-Occupied Home Loan Value m/m	APR	--	--	-1.1%	01:30	11:30
		<b>AOFM tenders \$800 million of April 2023 Treasury Bonds</b>						
	JN	Adjusted Current Account Total	APR	--	--	¥752.7B	23:50	09:50
		Japan Money Stock M2 y/y	MAY	2.7%	--	2.7%	23:50	09:50
		Japan Money Stock M3 y/y	MAY	2.0%	--	2.1%	23:50	09:50
		Bank Lending Ex-Trusts y/y	MAY	--	--	-1.0%	23:50	09:50
		Bank Lending incl Trusts y/y	MAY	--	--	-0.9%	23:50	09:50
		Current Account Balance y/y	APR	-86.3%	--	-34.3%	23:50	09:50
		Current Account Total	APR	¥182.1B	--	¥1679.1B	23:50	09:50
		Trade Balance - BOP Basis	APR	-¥373.2B	--	¥240.3B	23:50	09:50
		Bankruptcies y/y	MAY	--	--	-6.8%	04:30	14:30
		Eco Watchers Survey: Current	MAY	--	--	28.3	05:00	15:00
		Eco Watchers Survey: Outlook	MAY	--	--	38.4	05:00	15:00

## DATA &amp; EVENT CALENDAR

DATE	COUNTRY	DATA/EVENT	PERIOD	MARKET	ANZ	LAST	GMT	AEST
Wednesday	EU	<b>ECB Calls for Bids in 7-Day Dollar Tender</b>					07:15	17:15
8-Jun		<b>ECB Announces Allotment in 7-Day Dollar Tender</b>					09:00	19:00
(cont. )		Euro-Zone GDP sa q/q	1Q P	0.8%	--	0.8%	09:00	19:00
		Euro-Zone GDP sa y/y	1Q P	2.5%	--	2.5%	09:00	19:00
	GE	Current Account (EURO)	APR	11.0B	--	19.5B	06:00	16:00
		Exports sa m/m	APR	-2.9%	--	7.3%	06:00	16:00
		Imports sa m/m	APR	0.7%	--	3.1%	06:00	16:00
		Trade Balance	APR	14.3B	--	18.9B	06:00	16:00
		Industrial Prod. y/y (nsa wda)	APR	10.3%	--	11.2%	10:00	20:00
		Industrial Production m/m sa	APR	0.2%	--	0.7%	10:00	20:00
	US	<b>US Treasury auctions 10-year Notes</b>						
		<b>Fed's Dudley (voter) speaks in New York</b>					01:00	11:00
		MBA Mortgage Applications	JUN	--	--	-4.0%	11:00	21:00
		<b>Fed's Beige Book</b>					18:00	04:00
		<b>Fed's Hoenig (non-voter) speaks in Steamboat Springs, Colorado</b>					18:20	04:20
	CA	Housing Starts	MAY	183.5k	--	179.0K	12:15	22:15
09-16 JUN	GE	Wholesale Price Index m/m	MAY	--	--	0.2%		
09-16 JUN	GE	Wholesale price Index y/y	MAY	--	--	9.2%		
Thursday	NZ	<b>RBNZ Official Cash Rate</b>	JUN	2.5%	2.5%	2.5%	21:00	07:00
9-Jun	AU	<b>South Australian Budget 2011</b>						
		Employment Change	MAY	25.0k	14.0k	-22.1K	01:30	11:30
		Full Time Employment Change	MAY	--	--	-49.1K	01:30	11:30
		Part Time Employment Change	MAY	--	--	26.9K	01:30	11:30
		Participation Rate	MAY	65.6%	65.6%	65.6%	01:30	11:30
		Unemployment Rate	MAY	4.9%	4.9%	4.9%	01:30	11:30
	JN	Foreign Buying Japan Bonds	Jun-03	--	--	¥190.6B	23:50	09:50
		Foreign Buying Japan Stocks	Jun-03	--	--	¥26.3B	23:50	09:50
		GDP Annualized	1Q F	-3.0%	--	-3.7%	23:50	09:50
		GDP Deflator y/y	1Q F	-1.9%	--	-1.9%	23:50	09:50
		GDP q/q	1Q F	-0.8%	--	-0.9%	23:50	09:50
		Nominal GDP q/q	1Q F	-1.3%	--	-1.3%	23:50	09:50
		Japan Buying Foreign Bonds	Jun-03	--	--	--	23:50	09:50
		Japan Buying Foreign Stocks	Jun-03	--	--	--	23:50	09:50
		Consumer Confidence	MAY	36.0	--	33.1	05:00	15:00
		Machine Tool Orders y/y	MAY P	--	--	32.3%	06:00	16:00
	EU	<b>ECB Announces Interest Rates</b>	Jun-09	1.25%	1.25%	1.25%	11:45	21:45
		<b>ECB's Trichet (non-voter) Speaks at Monthly News Conference</b>					12:30	22:30
		<b>ECB's Mersch Presents Annual BCL Report</b>					16:00	02:00
	GE	Labor Costs Seas. Adj. q/q	1Q	--	--	0.7%	06:00	16:00
		Labor Costs Workday Adj y/y	1Q	--	--	1.1%	06:00	16:00
	UK	Total Trade Balance (GBP/Mln)	APR	-£3000	--	-£3005	08:30	18:30
		Trade Balance Non EU GBP/Mn	APR	-£4300	--	-£4479	08:30	18:30
		Visible Trade Balance GBP/Mn	APR	-£7550	--	-£7660	08:30	18:30
		<b>Bank of England Announces Rates</b>	Jun-09	0.5%	0.5%	0.5%	11:00	21:00
		<b>BOE Asset Purchase Target</b>	JUN	200B	--	200B	11:00	21:00
	US	<b>US Treasury auctions 30-year Bonds</b>						
		<b>Fed's Plosser (voter) speaks in London</b>					08:00	18:00
		Annual Revisions: Trade					12:30	22:30
		Continuing Claims	May-28	--	--	--	12:30	22:30
		Initial Jobless Claims	Jun-03	--	--	--	12:30	22:30
		Trade Balance	APR	-\$48.6B	--	-\$48.2B	12:30	22:30
		Wholesale Inventories	APR	1.0%	--	1.1%	14:00	00:00
		<b>Fed's Yellen (voter) speaks in Cleveland</b>					15:30	01:30
	CA	Int'l Merchandise Trade	APR	0.3B	--	0.6B	12:30	22:30
		New Housing Price Index m/m	APR	--	--	0.0%	12:30	22:30
		New Housing Price Index y/y	APR	--	--	1.9%	12:30	22:30

## DATA &amp; EVENT CALENDAR

DATE	COUNTRY	DATA/EVENT	PERIOD	MARKET	ANZ	LAST	GMT	AEST
10-12 JUN	NZ	REINZ House Sales m/m	MAY	--	2.0%	-4.2%		
		REINZ Housing Price Index	MAY	--	--	3245.4		
		REINZ Housing Price Index m/m	MAY	--	0.0%	1.1%		
10-14 JUN	GE	Germany Third Quarter Manpower Employment Outlook (Table)						
10-15 JUN	CH	Actual FDI y/y	MAY	--	--	15.2%		
Friday	NZ	NZ Card Spending - Retail m/m	MAY	--	--	1.5%	22:45	08:45
10-Jun		NZ Card Spending - Total m/m	MAY	--	--	1.7%	22:45	08:45
		<b>RBNZ 's Bollard speaks in Auckland</b>					<b>00:00</b>	<b>10:00</b>
	AU	<b>AOFM tenders \$750 million of February 2017 Treasury Bonds</b>						
	JN	Domestic CGPI m/m	MAY	0.1%	--	0.9%	23:50	09:50
		Domestic CGPI y/y	MAY	2.6%	--	2.5%	23:50	09:50
		Tertiary Industry Index m/m	APR	2.7%	--	-6.0%	23:50	09:50
	CH	Exports y/y	MAY	22.5%	--	29.9%	02:00	12:00
		Imports y/y	MAY	22.5%	--	21.8%	02:00	12:00
		Trade Balance (USD)	MAY	\$18.1B	--	\$11.42B	02:00	12:00
	EU	<b>ECB's Trichet speaks in Frankfurt</b>					<b>06:50</b>	<b>16:50</b>
		<b>ECB's Gonzalez-Paramo speaks in Madrid</b>					<b>11:00</b>	<b>21:00</b>
	GE	Consumer Price Index m/m	MAY F	0.0%	--	0.0%	06:00	16:00
		Consumer Price Index y/y	MAY F	2.3%	--	2.3%	06:00	16:00
		CPI - EU Harmonised m/m	MAY F	-0.2%	--	-0.2%	06:00	16:00
		CPI - EU Harmonised y/y	MAY F	2.4%	--	2.4%	06:00	16:00
	UK	NIESR GDP Estimate	MAY	--	--	0.3%	00:00	10:00
		Industrial Production m/m	APR	0.0%	--	0.2%	08:30	18:30
		Industrial Production y/y	APR	1.3%	--	0.7%	08:30	18:30
		Manufacturing Production m/m	APR	0.1%	--	0.2%	08:30	18:30
		Manufacturing Production y/y	APR	3.7%	--	2.7%	08:30	18:30
		PPI Input n.s.a. m/m	MAY	-1.0%	--	2.6%	08:30	18:30
		PPI Input n.s.a. y/y	MAY	15.7%	--	17.6%	08:30	18:30
		PPI Output Core n.s.a. m/m	MAY	0.4%	--	0.6%	08:30	18:30
		PPI Output Core n.s.a. y/y	MAY	3.5%	--	3.4%	08:30	18:30
		PPI Output n.s.a. m/m	MAY	0.3%	--	0.8%	08:30	18:30
		PPI Output n.s.a. y/y	MAY	5.3%	--	5.3%	08:30	18:30
	US	Import Price Index m/m	MAY	-0.7%	--	2.2%	12:30	22:30
		Import Price Index y/y	MAY	11.2%	--	11.1%	12:30	22:30
		Monthly Budget Statement	MAY	-\$160.0B	--	--	18:00	04:00
	CA	Full Time Employment Change	MAY	--	--	17.2	11:00	21:00
		Net Change in Employment	MAY	25.0k	--	58.3K	11:00	21:00
		Part Time Employment Change	MAY	--	--	41.1	11:00	21:00
		Participation Rate	MAY	--	--	67	11:00	21:00
		Unemployment Rate	MAY	7.6%	--	7.6%	11:00	21:00
		Labor Productivity q/q	1Q	--	--	0.5%	12:30	22:30
		International Economic Forum of the Americas, Montreal						
11-15 JUN	CH	Money Supply - M0 y/y	MAY	--	--	14.7%		
		Money Supply - M1 y/y	MAY	14.0%	--	12.9%		
		Money Supply - M2 y/y	MAY	15.4%	--	15.3%		
		New Yuan Loans	MAY	602.5B	--	739.6B		

# FIVE WEEKS AT A GLANCE

MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY
<b>6 JUNE</b> NZ: <b>Queen's Birthday Holiday</b> AU: ANZ Job Ads (Apr), TD Securities Inflation (May), AiG PCI (May) CH: <b>Dragon Boat Festival Public Holiday</b> EU: <b>ECB's Constancio speaks</b> , Sentix Investor Confidence (Jun), PPI (Apr) UK: New car regs (May) US: <b>Fed's Plosser and Fisher Speak</b> CA: Building Permits (Apr), Ivey PMI (May)	<b>7 JUNE</b> AU: <b>RBA Cash Rate</b> JP: Leading Index CI (Apr P), Coincident Index (Apr), Official Reserve Assets (May) EU: Retail Sales (Apr) GE: Factory Orders (Apr) US: <b>Fed's Bernanke and Lockhart speak</b> , JOLTs Job Openings (Apr), Consumer Credit (Apr), IBD/TIPP optimism (Jun)	<b>8 JUNE</b> AU: Westpac Consumer Confidence (Jun), Housing Finance (Apr) JP: Money Stock (May), Current Account (Apr), Trade (Apr), Bankruptcies (May) EU: GDP (Q1 P) GE: Current Account (Apr), Trade (Apr), Ind Production (Apr) US: <b>Fed's Dudley and Hoenig Speak</b> , <b>Beige Book</b> , MBA mortgages (Jun) CA: Housing Starts (May)	<b>9 JUNE</b> NZ: <b>RBNZ Cash Rate</b> , <b>South Aust. Budget</b> , Employment (May) JP: GDP (Q1 F), Consumer Confidence (May), Machine Tool Orders (May) EU: <b>ECB Rates Decision</b> , <b>ECB's Trichet Speaks</b> UK: <b>BoE Rates Decision</b> , Trade (Apr) US: <b>Fed's Yellen and Plosser Speak</b> , Trade (Apr), W'sale inventories (Apr) CA: Merch Trade (Apr)	<b>10 JUNE</b> NZ: <b>RBNZ's Bollard speaks</b> , Card spending (May) JP: Domestic CGPI (May) EU: <b>ECB's Trichet and Gonzalez-Paramo Speak</b> CH: Trade Balance (May), Actual FDI (May) GE: CPI (May F) UK: NIESR GDP (May), Industrial & Manuf. Prod'n (Apr), PPI (May) US: Import Price Index (May), Monthly Budget Statement (May) CA: Employment (May)
<b>13 JUNE</b> AU: <b>Queens Birthday Holiday</b> JP: Machine Orders (Apr) CH: New Yuan Loans (May), Money Supply (May) GE & FR: <b>Whit Day Holiday</b> UK: RICS House Price Balance (May) US: <b>Fed's Lacker Speaks</b>	<b>14 JUNE</b> NZ: Food Prices (May) AU: <b>Queensland Budget</b> , NAB Business Confidence (May) JP: <b>BoJ Target rate</b> , Industrial Prod (Apr F) CH: PPI (May), CPI (May), Industrial Prod (May), Retail Sales (May) UK: CPI & RPI (May) US: PPI (May), Retail Sales (May), Business Inventories (Apr), Small Business Optimism (May)	<b>15 JUNE</b> AU: Dwelling Starts (Q1), Inflation Expectation (Jun), <b>RBA's Stevens Speaks</b> , ABARES crop report (Q2) EU: IP (Apr) UK: Ave Weekly Earnings (Apr), ILO Unemp (Apr), Jobless Claims (May) US: CPI (May), Empire Manuf. Index (Jun), Net TIC Flows (Apr), IP (May)	<b>16 JUNE</b> NZ: ANZ Consumer Confidence (Jun), Business PMI (May) AU: <b>TAS Budget</b> EU: CPI (May), Employment (Q1) UK: Retail Sales (May) US: Building Permits (May), Housing Starts (May), Philly Fed Survey (Jun)	<b>17 JUNE</b> JN: <b>BoJ Publish Minutes</b> EU: Construction Output (Apr), Trade Balance (Apr), <b>ECB Publishes Monthly Report (Jun)</b> US: Leading Indicators (May), Univ of Michigan Consumer Confidence (Jun P)
<b>20 JUNE</b> NZ: Credit Card Spending (May) JP: Trade (May), Leading Index (Apr F) EU: Current Account (Apr) GE: Producer Prices (May)	<b>21 JUNE</b> NZ: Net Migration (Jun) AU: <b>RBA Board Minutes (Jun)</b> , ABARES commodities report (Q2) JP: Industry Activity Index (Apr) EU: ZEW Survey (Jun) GE: ZEW Survey (Jun) UK: Public Finances (May) US: Home Sales (May) CA: Leading Indicators (May), Retail Sales (Apr)	<b>22 JUNE</b> NZ: Current Acc. Bal. (Q1) EU: Ind. New Orders (Apr), Consumer Conf. (Jun A) UK: <b>BoE Publish Minutes</b> US: <b>FOMC Rate Decision</b> , House Price Index (Apr), <b>Fed Chairman Bernanke Speaks</b>	<b>23 JUNE</b> AU: Leading Index (Apr) EU: PMI Composite, Manufac & Services (Jun A) GE: PMI Manufac & Services (Jun A) US: Chicago Fed Nat Activity Index (May), New Home Sales (May)	<b>24 JUNE</b> JP: Corp Service Index (May) CH: MNI Business Condition Survey (Jun) GE: IFO Bus. Climate, Current Assess. & Expectations (Jun) US: Durable & Capital Goods Orders (May), GDP (Q1 T), Personal Consumption (Q1 T), Core PCE (Q1 T)
<b>27 JUNE</b> NZ: Trade (May) CH: Industrial Profits (May), Leading Index (May) US: PCE Core (May), Dallas Fed Manf Activity (Jun), Personal Income (May), Personal Spending (May)	<b>28 JUNE</b> JP: Retail Trade (May) GE: CPI (Jun P) UK: GDP (Q1 F) US: Case-Shiller Index (Apr), Consumer Conf. (Jun), Richmond Fed Index (Jun)	<b>29 JUNE</b> AU: DEWR Skilled Vacancies (Jun) JP: IP (May P) EU: <b>ECB's Draghi, Weidmann, Ackerman and Schaeuble Speak</b> Business Climate Indicator (Jun), Consumer Conf. (Jun F), Indust, Services and Economic Conf. (Jun) UK: GFK Consumer Conf. (Jun), Consumer Credit (May), Mortgage Approvals (May) US: Home Sales (May) CA: CPI (May)	<b>30 JUNE</b> NZ: Building Permits (May), Trade Balance (May), Business Confidence (Jun) AU: Job Vacancies (May), Private Sector Credit (May) JP: Housing Starts (May), Vehicle Production (May) EU: CPI Est. (Jun) GE: Unemployment Rate (Jun) US: <b>Fed's Bullard Speaks</b> , Chicago PMI (Jun) CA: GDP (Apr)	<b>1 JULY</b> AU: AiG PMI (Jun) JP: CPI (Jun), Jobless Rate (May), Tankan Survey(Q2), Vehicle Sales (Jun) CH: PMI Mfg (Jun), <b>SAR Est. Day (HK)</b> EU: PMI Mfg (Jun F), Unemp. (May) GE: PMI Mfg (Jun F), Retail Sales (May) UK: PMI Mfg (Jun) US: U. of Michigan Conf. (Jun F), Const. Spending (May), ISM Manuf. (Jun) CA: <b>Canada Day Hol.</b>
<b>4 JULY</b> NZ: ANZ Commodity Price AU: AiG Perf of Const. Index (Jun), Building Approvals (May), ANZ Job Ads (Jun), Retail Sales (May) EU: Sentix Inv. Conf. (Jul), PPI (May) UK: PMI Const. (Jun) US: <b>Independence Day Public holiday</b>	<b>5 JULY</b> AU: <b>RBA Cash Rate</b> , Trade (May) EU: PMI Composite and Services (Jun F), Retail Sales (May) GE: Import Price Index (May), PMI Services (Jun F) UK: PMI Services (Jun) US: Factory Orders (May)	<b>6 JULY</b> AU: AiG Perf. of Services Index (Jun) JP: Coincident and Leading Index CI (May P) GE: Factory Orders (May) US: Challenger Job Cuts (Jun) CA: Building Permits (May)	<b>7 JULY</b> NZ: GDP (Q1) AU: Employment (Jun) JP: Machine Orders (May) EU: <b>ECB Announces Rates, Trichet Speaks</b> GE: Industrial Prod. (May) UK: <b>BoE Announces Rates</b> , NIESR GDP (Jun), Ind. and Mfg. Prod'n (May), US: ADP Employment (Jun) CA: New Housing Price Index (May), Ivey PMI (Jun)	<b>8 JULY</b> JN: Bank Lending (Jun), Money Stock (Jun) CH: Business Climate Index (Q2), Entrepreneur Confidence Index (Q2) GE: Trade (May) UK: PPI (Jun) US: Payrolls (Jun), Employment (Jun), W'sale Inventories (May), Consumer Credit (May) CA: Employment (Jun)

## CENTRAL BANK RELEASES FOR 2011

JANUARY	FEBRUARY	MARCH	APRIL
5th – FOMC Minutes 13th – BoE 13th – ECB 25th – BoJ 26th – FOMC 26th – BoE Minutes 27th – RBNZ 28th – BoJ Minutes	1st – RBA 3rd – ECB 4th – RBA MP Statement 10th – BoE 15th – RBA Minutes 15th – BoJ 22nd – BoJ Minutes 23rd – BoE Minutes	1st – RBA 1st – BoC 3rd – ECB 10th – RBNZ 10th – RBNZ MP Statement 10th – BoE 15th – BoJ 15th – RBA Minutes 15th – FOMC 17th – SNB 18th – BoJ Minutes 23rd – BoE Minutes	5th – RBA 7th – BoJ 7th – BoE 7th – ECB 12th – BoJ Minutes 12th – BoC 19th – RBA Minutes 20th – BoE Minutes 27th – FOMC 28th – RBNZ 28th – BoJ
MAY	JUNE	JULY	AUGUST
3rd – RBA 6th – RBA MP Statement 5th – BoE 5th – ECB 9th – BoJ Minutes 17th – RBA Minutes 18th – BoE Minutes 20th – BoJ 25th – BoJ Minutes 31st – BoC	7th – RBA 9th – RBNZ 9th – RBNZ MP Statement 9th – BoE 9th – ECB 14th – BoJ 16th – SNB 17th – BoJ Minutes 21st – RBA Minutes 22nd – BoE Minutes 22nd – FOMC	5th – RBA 7th – ECB 7th – BoE 12th – BoJ 13th – FOMC Minutes 15th – BoJ Minutes 19th – RBA Minutes 19th – BoC 20th – BoE Minutes 28th – RBNZ	2nd – RBA 4th – ECB 4th – BoE 5th – BoJ 9th – FOMC 10th – BoJ Minutes 16th – RBA Minutes 17th – BoE Minutes 30th – FOMC Minutes
SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER
6th – RBA 7th – BoJ 7th – BoC 8th – ECB 8th – BoE 12th – BoJ Minutes 15th – RBNZ 28th – RBNZ MP Statement 15th – SNB 20th – RBA Minutes 20th – FOMC 21st – BoE Minutes	4th – RBA 6th – ECB 6th – BoE 7th – BoJ 11th – FOMC Minutes 13th – BoJ Minutes 18th – RBA Minutes 19th – BoE Minutes 25th – BoC 27th – RBNZ 27th – BoJ	1st – RBA 1st – BoJ Minutes 2nd – FOMC 3rd – ECB 10th – BoE 16th – BoJ 18th – RBA Minutes 21st – BoJ Minutes 22nd – FOMC Minutes 23rd – BoE Minutes	6th – RBA 6th – BoC 8th – RBNZ 8th – RBNZ MP Statement 8th – ECB 8th – BoE 13th – FOMC 15th – SNB 20th – RBA Minutes 21st – BoJ 21st – BoE Minutes 27th – BoJ Minutes

**\*Notes:** Entries are the dates of central bank interest rate announcements for 2011, unless specified as minutes or otherwise.

Dates are indicative only and are subject to change by central bank authorities.

**Key:** BoC: Bank of Canada, BoJ: Bank of Japan, BoE: Bank of England, ECB: European Central Bank, FOMC: Federal Open Market Committee, RBA: Reserve Bank of Australia, RBNZ: Reserve Bank of New Zealand, SNB: Swiss National Bank.

**Source:** Central bank websites.

## FORECASTS

AUSTRALIAN ECONOMIC INDICATORS	2010	2011F	2012F	2013F
<b>Economic activity (annual % change)</b>				
Private final demand	2.0	4.2	5.2	6.0
Household consumption	2.8	2.9	2.9	2.7
Dwelling investment	4.0	3.8	-1.4	7.7
Business investment	-0.7	10.2	15.3	15.3
Public demand	9.0	3.3	3.1	2.0
Domestic final demand	3.6	4.0	4.7	5.0
Inventories (contribution to GDP )	0.4	-0.2	0.0	0.0
Gross National Expenditure (GNE)	4.1	3.8	4.7	5.0
Exports	5.3	-2.1	11.0	10.5
Imports	13.3	11.1	14.7	9.7
Net Exports (contribution to GDP )	-1.6	-3.1	-1.3	-0.2
<b>Gross Domestic Product (GDP)</b>	<b>2.7</b>	<b>0.8</b>	<b>3.7</b>	<b>4.3</b>
<b>Prices and wages (annual % change)</b>				
Inflation:				
Headline CPI	2.8	3.3	2.7	3.1
Underlying*	2.6	2.7	3.1	3.0
Wages	3.3	3.8	4.1	4.3
<b>Labour market</b>				
Employment (annual % change)	2.7	2.4	2.4	2.4
Unemployment rate (annual average %)	5.2	4.9	4.5	4.1
<b>External sector</b>				
Terms of trade (annual % change)	16.4	19.9	3.0	-1.3
Current account balance: A\$bn	-34.6	-21.1	-27.7	-33.0
% of GDP	-2.6	-1.5	-1.8	-2.0

\* Average of RBA weighted median and trimmed mean statistical measure

AUSTRALIAN INTEREST RATES	CURRENT	SEP 11F	DEC 11F	MAR 12F	JUN 12F	SEP 12F
RBA cash rate	4.75	5.00	5.25	5.25	5.50	5.75
90 day bill	5.01	5.30	5.50	5.60	5.80	5.95
3 year bond	4.93	5.40	5.60	5.80	6.00	6.10
10 year bond	5.26	5.70	5.80	5.90	6.00	6.00
3s10s yield curve	0.33	0.30	0.20	0.10	0.00	-0.10
3 year swap	5.26	5.70	6.00	6.20	6.40	6.50
10 year swap	5.80	6.25	6.35	6.45	6.55	6.55

INTERNATIONAL INTEREST RATES	CURRENT	SEP 11F	DEC 11F	MAR 12F	JUN 12F	SEP 12F
RBNZ cash rate	2.50	2.50	2.75	3.25	3.50	3.75
NZ 90 day bill	2.65	2.69	3.14	3.67	3.75	4.17
US Fed funds note	0.25	0.25	0.25	0.75	1.50	2.00
US 2 year note	0.45	1.00	1.30	1.60	1.90	2.30
US 10 year note	3.02	3.70	3.90	4.10	4.20	4.30
Japan call rate	0.10	0.10	0.10	0.10	0.10	0.10
ECB refinance rate	1.25	1.50	1.50	1.50	1.75	2.00
UK repo rate	0.50	0.75	1.00	1.00	1.25	1.75

## FORECASTS

FOREIGN EXCHANGE RATES	CURRENT	SEP 11F	DEC 11F	MAR 12F	JUN 12F	SEP 12F
<b>Australian exchange rates</b>						
A\$/US\$	1.07	1.08	1.04	1.02	1.00	0.98
NZ\$/US\$	0.82	0.77	0.75	0.74	0.72	0.71
A\$/¥	86.2	92.9	91.5	91.8	92.0	91.1
A\$/€	0.74	0.79	0.77	0.77	0.75	0.73
A\$/£	0.65	0.68	0.66	0.65	0.64	0.62
A\$/NZ\$	1.31	1.40	1.39	1.38	1.39	1.38
A\$/C\$	1.04	1.03	1.00	1.00	0.99	0.99
A\$/CHF	0.90	0.97	0.96	0.96	0.96	0.96
A\$/CNY	6.92	6.84	6.48	6.28	6.10	5.92
A\$ Trade weighted index	77.3	80.8	78.4	77.0	75.4	73.5
<b>International cross rates</b>						
US\$/¥	80.8	86.0	88.0	90.0	92.0	93.0
€/US\$	1.45	1.37	1.35	1.33	1.33	1.35
€/¥	117	118	119	120	122	126
£/US\$	1.63	1.60	1.58	1.57	1.57	1.57
€/£	0.89	0.86	0.85	0.85	0.85	0.86
US\$/C\$	0.98	0.95	0.96	0.98	0.99	1.01
US\$/CHF	0.84	0.90	0.92	0.94	0.96	0.98
US\$ index	74.3	77.4	78.6	80.4	80.1	80.5
<b>Asia exchange rates</b>						
US\$/CNY	6.48	6.33	6.23	6.16	6.10	6.04
US\$/HKD	7.78	7.78	7.80	7.80	7.80	7.80
US\$/IDR	8538	8900	8700	8500	8300	8100
US\$/INR	44.8	46.5	47.0	46.3	45.6	44.9
US\$/KRW	1078	1155	1175	1150	1125	1100
US\$/MYR	3.01	3.10	3.15	3.13	3.10	3.07
US\$/PHP	43.2	45.3	45.9	45.5	45.0	44.5
US\$/SGD	1.23	1.27	1.28	1.27	1.26	1.25
US\$/THB	30.33	30.90	31.70	31.50	31.30	31.10
US\$/TWD	28.66	30.00	30.50	30.25	30.00	29.75
US\$/VND	20560	21400	21400	22000	22000	22000
<b>Pacific exchange rates</b>						
PGK/US\$	0.426	0.385	0.378	0.372	0.366	0.366
FJD/US\$	0.571	0.548	0.538	0.530	0.522	0.522



## IMPORTANT NOTICE

Australia and New Zealand Group Limited is represented in:

### AUSTRALIA

Australia and New Zealand Banking Group Limited  
 ABN 11 005 357 522  
 ANZ Centre Melbourne, Level 9, 833 Collins Street, Docklands  
 Victoria 3008, Australia  
 Telephone +61 3 9273 5555 Fax +61 3 9273 5711

### UNITED STATES OF AMERICA

ANZ Securities, Inc. is a member of FINRA ([www.finra.org](http://www.finra.org)) and registered with the SEC.  
 277 Park Avenue, 31<sup>st</sup> Floor, New York, NY 10172,  
 United States of America  
 Tel: +1 212 801 9160 Fax: +1 212 801 9163

### UNITED KINGDOM BY:

Australia and New Zealand Banking Group Limited  
 ABN 11 005 357 522  
 40 Bank Street, Canary Wharf, London, E14 5EJ, United Kingdom  
 Telephone +44 20 3229 2121 Fax +44 20 7378 2378

### NEW ZEALAND BY:

ANZ National Bank Limited  
 Level 7, 1-9 Victoria Street, Wellington, New Zealand  
 Telephone +64 4 802 2000

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