

ANZ ECONOMIC AND FINANCIAL MARKET FORECASTS

Australian economic indicators	2008	2009f	2010f	2011f
Economic activity (annual % change)				
Private final demand	4.4	-0.2	1.8	4.1
Household consumption	2.6	1.4	1.6	3.1
Dwelling investment	2.8	-7.4	4.8	5.4
Business investment	13.9	-3.1	1.1	7.0
Public demand	6.2	2.6	7.0	4.4
Domestic final demand	4.8	0.4	3.0	4.2
Inventories (contribution to GDP)	-0.7	-0.4	0.7	-0.1
Gross National Expenditure (GNE)	4.1	0.1	3.7	4.1
Exports	3.8	1.2	1.8	4.6
Imports	11.3	-9.6	6.9	9.5
Net Exports (contribution to GDP)	-1.8	2.6	-1.1	-1.2
Gross Domestic Product (GDP)	2.4	1.0	2.6	3.2
Prices and wages (annual % change)				
Inflation: Headline CPI	4.4	1.7	2.2	2.5
Underlying*	4.4	3.8	2.9	2.5
Wages	4.2	3.6	2.9	3.3
Labour market				
Employment (annual % change)	2.2	0.2	1.3	2.2
Unemployment rate (%)	4.3	5.7	6.5	6.3
External sector				
Current account balance (A\$ bn)	-54.5	-48.2	-54.6	-60.7
(% of GDP)	-4.6	-4.0	-4.3	-4.5

*Average of RBA weighted median and trimmed mean statistical measures.

Australian interest rates	Current	Dec 09f	Mar 10f	Jun 10f	Sep10f	Dec 10f
RBA cash rate	3.25	3.50	4.00	4.00	4.00	4.00
90 day bill	3.92	3.90	4.35	4.25	4.25	4.25
3 year bond	5.04	5.15	5.35	5.25	5.05	5.30
10 year bond	5.52	5.45	5.60	5.55	5.45	5.60
3s10s yield curve	0.48	0.30	0.25	0.30	0.40	0.30
3 year swap	5.61	5.60	5.80	5.70	5.50	5.75
10 year swap	6.16	6.05	6.20	6.10	6.00	6.15

International interest rates	Current	Dec 09f	Mar 10f	Jun 10f	Sep10f	Dec 10f
RBNZ cash rate	2.50	2.50	2.50	2.50	3.00	4.00
NZ 90 day bill	2.80	2.80	2.80	2.80	3.63	4.47
US Fed funds note	0.25	0.25	0.25	0.50	1.00	1.75
US 2 year note	0.94	1.20	1.50	1.75	2.00	2.35
US 10 year note	3.41	4.20	4.40	4.55	4.50	4.55
Japan call rate	0.10	0.10	0.10	0.10	0.25	0.25
ECB refinance rate	1.00	1.00	1.00	1.00	1.00	1.25
UK repo rate	0.50	0.50	0.50	0.50	0.50	1.00

For additional information on interest rates please refer to ANZ's *Interest Rate Strategy Weekly*.

Australian exchange rates	Current	Dec 09f	Mar 10f	Jun 10f	Sep10f	Dec 10f
A\$/US\$	0.8987	0.92	0.95	0.94	0.92	0.90
NZ\$/US\$	0.7192	0.74	0.75	0.74	0.71	0.70
A\$/¥	81.21	81.0	81.7	82.7	82.8	82.8
A\$/€	0.6103	0.62	0.62	0.62	0.61	0.60
A\$/£	0.5486	0.56	0.58	0.58	0.56	0.55
A\$/NZ	1.2497	1.24	1.27	1.27	1.30	1.29
A\$/CA\$	0.9692	0.95	0.96	0.97	0.96	0.95
A\$/CHF	0.9216	0.94	0.96	0.98	0.97	0.96
A\$/CNY	6.1381	6.28	6.49	6.42	6.27	6.12
A\$ Trade weighted index	69.60	69.2	70.6	70.5	69.5	67.7

International cross rates	Current	Dec 09f	Mar 10f	Jun 10f	Sep10f	Dec 10f
US\$/¥	90.37	88.0	86.0	88.0	90.0	92.0
€/US\$	1.4725	1.49	1.53	1.52	1.50	1.49
€/¥	133.07	131	132	134	135	137
£/US\$	1.6382	1.63	1.64	1.63	1.64	1.65
€/£	0.8989	0.91	0.93	0.93	0.91	0.90
US\$/CA\$	1.0784	1.03	1.01	1.03	1.04	1.05
US\$/CHF	1.0255	1.02	1.01	1.04	1.05	1.07
US\$ index	76.37	75.1	73.4	74.2	75.1	75.7

Asia exchange rates	Current	Dec 09f	Mar 10f	Jun 10f	Sep10f	Dec 10f
US\$/CNY	6.8296	6.83	6.83	6.83	6.82	6.80
US\$/HKD	7.7502	7.75	7.75	7.76	7.77	7.77
US\$/IDR	9681	9500	9500	9625	9500	9250
US\$/INR	47.50	47.0	46.5	46.0	46.0	45.0
US\$/KRW	1196	1125	1100	1150	1175	1050
US\$/MYR	3.4270	3.41	3.34	3.37	3.40	3.40
US\$/PHP	47.770	47.0	46.0	46.5	46.0	45.0
US\$/SGD	1.4019	1.40	1.39	1.40	1.41	1.41
US\$/THB	33.490	33.00	33.00	33.00	32.50	32.50
US\$/TWD	32.558	31.50	31.00	31.30	31.50	30.30
US\$/VND	17859	18500	18500	18500	18500	19300
Pacific exchange rates						
PGK/US\$	0.3839	0.374	0.392	0.381	0.395	0.386
FJD/US\$	0.5254	0.534	0.545	0.540	0.530	0.523

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