31 August 2015

Borrowing Our Way To Recession?

- Confidence indicators slump further
- Pricing pressures diminish
- More rate cuts, a lower NZD
- Dairy in the doldrums but price bounce in the offing
- Housing surge increasingly debt driven

As each day passes, the likelihood of our alternative scenario, of an economy stumbling to near-recession, increases. Last week we lowered our GDP forecasts to cater for an expected drop in export volumes associated with lower dairy production (both weather and price related). As a consequence, our central forecast for annual GDP growth now troughs at around 1.7%. This is accompanied by a significant pick up in the unemployment rate exacerbated by strong migration inflows not being met by job growth.

Today's ANZ Business Opinion Survey certainly supports our central concerns about weakening growth and rising unemployment. The really worrying perspective, however, is that if the general tenor of the survey deteriorates any further, which seems entirely plausible, then our expectations will start to look decidedly optimistic.

The majority of indicators in the August survey reverted to levels last seen as the New Zealand economy climbed out of its post GFC recession in mid-2009. Indicative of this, business expectations for their own activity slumped to 12.2 – the lowest level since June 2009 and consistent with annual GDP growth falling to around 2.0%.

Not surprisingly, the agriculture sector (read dairy) is in a state of depression but every other sector surveyed now also has below-average expectations for activity growth. The only sector within cooey of optimism was services

ANZ Bank Business Outlook

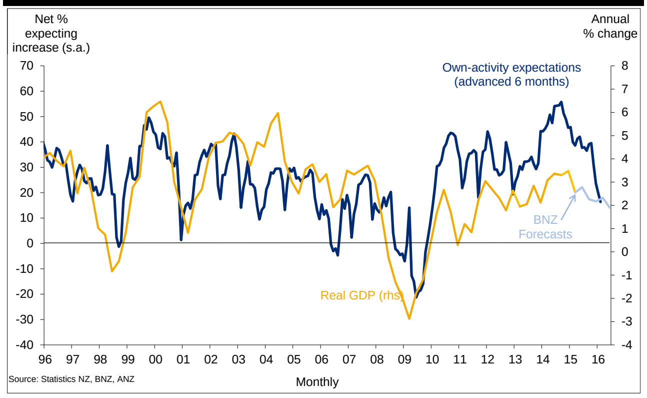
Net balance - next 12 months (All sectors)	Jul	Jul	Change	Average
General business outlook	**-29.1**	**-15.3**	-13.8	11.0
Own business	**12.2**	**19.0**	-6.8	27.4
Profits	**-1.5**	**8.9**	-10.4	9.4
Employment	**2.8**	**9.3**	-6.5	7.8
Investment	**-0.4**	**10.8**	-11.2	13.9
Pricing intentions	**16.3**	**22.0**	-5.7	21.0
Inflation expectations	**1.68**	**1.70**	-0.02	2.7
Exports	**11.0**	**19.1**	-8.1	30.9
(Own activity outlook)				
Retail	**14.3**	**29.3**	-15.0	25.3
Manufacturing	**9.4**	**27.6**	-18.2	29.3
Agriculture	**-28.2**	**0.0**	-28.2	23.7
Construction	**5.1**	**-9.5**	14.6	18.0
Services	**23.0**	**22.7**	0.3	30.4

which is likely to largely reflect the booming state of the housing market and those who can benefit from such.

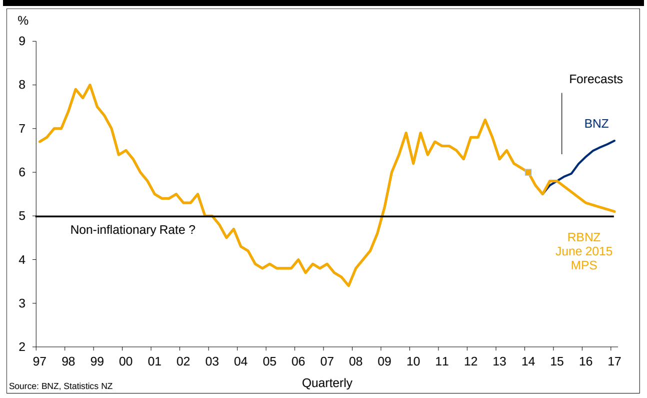
We are particularly interested in the fact that employment intentions are dipping. The decline is consistent with our forecast that annual employment growth will have fallen to just 1.5% by March 2016. With the labour force continuing to grow rapidly we see the unemployment rate climbing to 6.5% by mid next year. This is a diametrically opposite view to the Reserve Bank's latest forecasts. Not only will this be a headache for the RBNZ but it will also be political dynamite on two levels. Firstly, opposition parties love rising unemployment rates to get their teeth into but, secondly, it opens the gates for xenophobes to blame foreigners for the state of affairs in the labour market at least until such time that migration inflows diminish.

We had expected that pricing intentions might rise, despite the softening in activity, as the slumping NZD

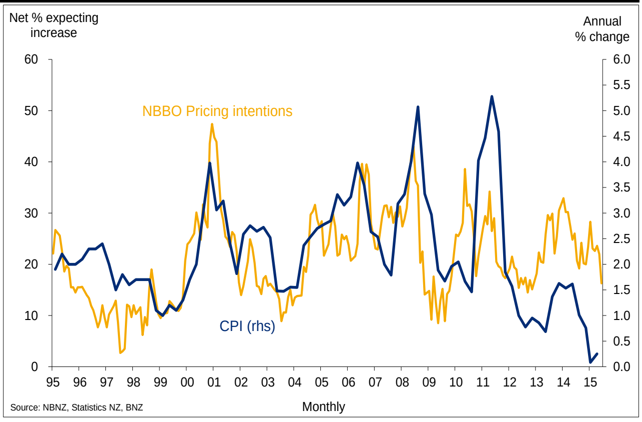
Business Expectations and GDP



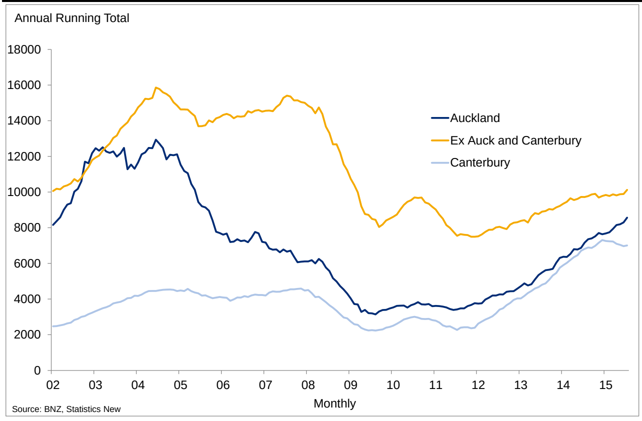
Unemployment Rate



Pricing Intentions and Inflation



New Dwelling Unit Authorisations



pushed up import prices. This has not proven to be the case. The net number of businesses expecting to raise prices fell to 16.3 from 22.0 last month and inflation expectations dropped to 1.68% from 1.70%. The level of these indicators will not have us scurrying to lower our own short term inflation forecasts, which are already very low, but they do indicate just how weak pricing pressure is at the moment.

Putting all this together leaves us very comfortable with our view that the cash rate gets cut at least two more times and the NZD heads lower still.

One of the areas that has been propping up the economy over the last year or so has been construction – particularly residential construction. We think that construction activity levels will remain lofty for some time to come but that the pace of growth will rapidly diminish. We still hold to that view but were surprised by the strength in residential building approvals for July, as published, this morning, by Statistics New Zealand.

New dwelling permits were 24% higher in July 2015 than they were a year earlier. This was led by apartments and units but there was also growth in permits for standard housing. Activity in Christchurch continues to show signs of peaking but permit numbers for Auckland are soaring. A total of 25,696 new dwelling unit authorisations were issued in the year ended July 2015. That's the highest number since November 2007.

The strength in these figures will explain why one of the few brighter points in the ANZ survey was a lift in residential construction expectations.

Be that as it may, the 21% seasonally adjusted surge in permits for the month looks like a statistical aberration. So, while we continue to expect residential construction to contribute significantly to GDP growth over the next twelve months, we are not getting carried away with today's data at this stage instead expecting to see some correction in the months ahead.

Non-residential permit data were also released today. This sector continues to disappoint with the value of consents down 11.3% on the same month a year earlier.

The remainder of the week's data is heavily focused on commodity prices and their impact on the wider economic aggregates.

First up are Tuesday's Overseas Trade Indices. With slumping dairy prices continuing to hammer export returns we expect to see a 3.7% drop in the terms of trade announced for Q2 taking the annual change to -9.0%. While dairy-driven export prices are expected to fall 2.7% in the quarter, import prices are expected to show a modest increase largely attributable to the 2.1% fall in the NZD over the quarter.

We'll also be watching the accompanying trade volume data closely. Our expenditure GDP forecasts assume export volumes rise 0.2% while import volumes increase 1.1%. We're starting to sense that our Q2 GDP forecasts may be a tad robust so we'll be looking for supportive evidence of this concern in these data.

There is an expectation that dairy prices may also weigh on Wednesday's ANZ Commodity Price Index for the month of August. However, the 23.1% drop in the previous month may have captured the majority of the dairy price decline witnessed so far so some caution is required. With this in mind, we are picking a 1.4% monthly drop in the world price index for New Zealand commodities which returns a 1.0% increase in the NZD price index as the fall in the currency acts as an offset.

A "better" look at current dairy price moves will be revealed in Wednesday's early-morning GDT price auction. Given recent strength in futures prices, we wouldn't be surprised by another double digit increase on top of last auction's 14.8% jump. While this would still leave dairy prices miles behind decent levels, it would, nonetheless, be another small step in the right direction.

While dairy suffers, the housing market soars. We should get confirmation of the ongoing strength in the housing sector with the latest QVNZ data, which will be released Tuesday. We believe housing activity is again being bolstered by credit growth in turn helped by ultra-low mortgage interest rates. Indicative of this, monthly data released today revealed that household lending rose 0.7% in the month of July meaning that credit growth for the year climbed to 6.0% (the strongest pace of annual growth since September 2008). Incidentally, lending to the agriculture sector accelerated to 7.9%, from 7.6%, as demands for working capital soar. Business lending rose 6.7%. This represents an accelerating trend somewhat inconsistent with declining investment intentions, as reported in this afternoon's ANZ survey.

Rounding out the week's data releases will be the Value of Building Work Put in Place figures on Thursday. To be consistent with our Q2 GDP forecasts we'll be looking for a 1.5% pick up in residential building and a 1.0% increase in non-residential sector activity.

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Global Watch

- Australia: A big week ahead. RBA Board outcome Tuesday and GDP Wednesday the highlights. Key pre-GDP partials due Monday (profits, inventories) and Tuesday (net exports, government spending). Monthly data, involve RBA credit (Monday), house prices. NAB Online Retail (Wednesday), retail trade and international trade (Thursday)
- China: Official PMIs the main focus (Tuesday)
- US: Jackson Hole this weekend, ISM Manufacturing and payrolls the highlights, Fed Beige book and Fed speakers too
- Japan: Industrial production Monday and final PMI Tuesday
- Euro: CPI, final PMIs, ECB meeting; G20 Finance Ministers meeting in Ankara Friday/Saturday
- UK: PMI, mortgage lending
- Canada: GDP, trade, unemployment

Australia

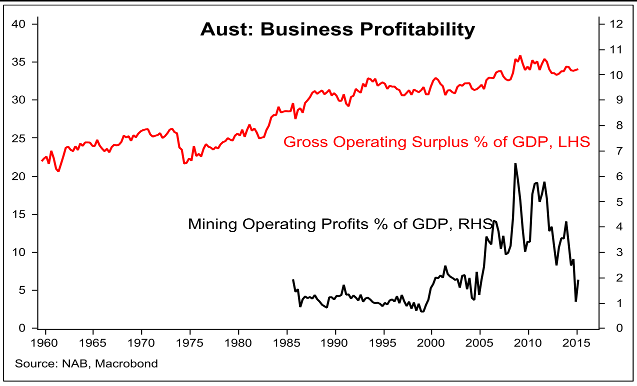
A super week busy lies ahead for the Australian data and policy event calendar, with highlights being Tuesday's RBA Board meeting (no change highly likely) and Wednesday's June quarter GDP release.

Most of the attention on Monday will be on the ABS Business Indicators. For company operating profits, we expect the decline in export commodity prices in the June quarter (the RBA commodity price index was down 6.8% in the quarter in $A terms) will have cut profits, together with the interruption to coal exports from Queensland owing to bad weather, both factors weighing on mining profits. NAB expects company operating profits to be down 4.0%, a larger fall than that the -2.0% market consensus. Beware also that headline profits are also likely to be adversely affected by a large negative inventory valuation adjustment, headline profits likely to have fallen by more than the -4% that feeds into the national accounts measure of Gross Operating Surplus.

As some offset to weaker profits, we look for non-farm inventories to have risen by 0.4%, a stronger implied contribution to GDP growth than the market consensus expectation of a +0.1% increase. This ABS release also has an estimate of aggregate wage payments for the June quarter, a large element of the income-based measure of GDP; growth should be evident from higher levels of employment and further limited growth in wage rates.

RBA credit for July is expected to be only somewhat faster, up 0.5% after 0.4% in June for unchanged annual growth at 5.9%. Monthly growth has averaged just over 0.5% so far this year. Note that this data mostly precedes the most recent increases in lending rates for investment housing loans from banks that were announced in the last week of July. APRA announced in late July higher likely

Business Profits Limited By Declining Mining Earnings



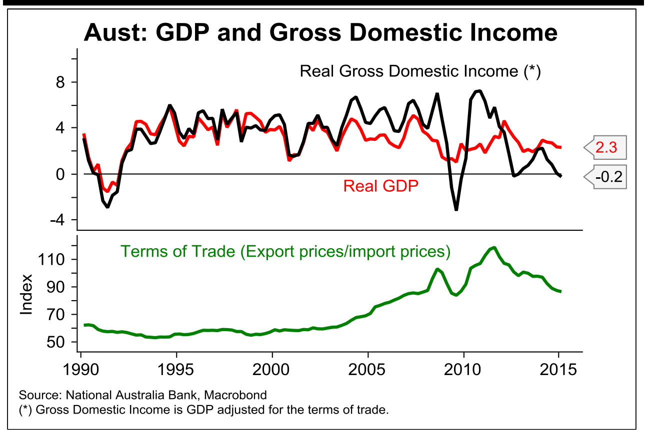
risk weights for residential mortgages (from 16 to 25% for the majors and an average risk weight of 39% for the smaller lenders), though those requirements do not come into effect until July 2016 and are dependent on new Basel international standards that are unlikely to be finalized until the end of 2015.

The main data focus Tuesday ahead of the RBA 2.30 announcement is the CoreLogic RP Data house prices for August. Weekly data points to Sydney up by 1.0%, Melbourne virtually flat and the other capital cities mixed) much cooler than July's 2.8% rise.

Based on the monthly trade reports, the June quarter balance of payment release will likely print a current account deficit in the vicinity of $A16bn, up from March quarter's $A10.7bn shortfall. Within that overall shortfall, the June quarter BoP release will reveal another large fall in the terms of trade (mainly from lower export commodity prices), also cutting nominal GDP growth. Based on export and import price data, we look for a terms of trade decline of 5.6%, the higher nominal trade deficit for the quarter also pointing to a detraction from growth for net export volumes of 0.3%, that's also the market consensus.

In the March quarter, direct government spending rose 0.2% and we look for a similarly subdued 0.4% growth in the Q2 Government Financial Statistics published Tuesday.

The Restraint On Income From The Terms Of Trade



After these quarterly releases, we'll be in a more advanced state to decide whether our model 0.6% Q2 GDP growth is looking on the ambitious or conservative side. GDP is out Wednesday, along with July building approvals where we look for only a partial 2.0% bounce after June's 8.2% drop, industry reports not suggesting a new burst of prospective development after the 19.5% decline in medium-high density approvals in June. The market consensus is +3.0%.

No one is expecting the RBA to do anything other than leave rates on hold again. High frequency data on the domestic economy suggests some further transition in growth toward the domestic economy, buying more on-hold time for the central bank. There may well be some further refinement of the Bank's evolving view of the international economy and China in particular given signs of some further slowing and more market volatility.

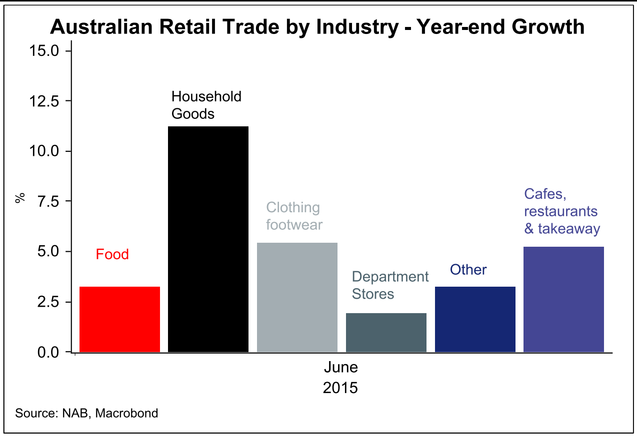
With the AUD/USD taking the brunt of increased market volatility centred on China, the RBA is going to be a little less anxious again about the AUD that traded as low as 0.70-0.71 early last week and finished the local session Friday on the high 0.71s. Since the August RBA Board meeting, AUD/USD has declined by 2.8% and in $A TWI terms by 1.6%.

Thursday's retail trade report for July should be another positive one, NAB looking for monthly growth of 0.5%, most analysts expecting growth of 0.4-0.5%. The NAB Survey points to growth in the vicinity of 0.5%, down from June's faster 0.7% growth. Note also that the NAB Online Retail sales report for July will be out on Wednesday.

The international trade balance for July is likely to jump up to a deficit on our figuring of $3.6bn, up from June's $2.93bn, from a small rise in merchandise imports but

more materially, a slower month of iron ore shipments (at least from Port Hedland, the main shipping port) and some decline in $A commodity prices with the RBA commodity price index down 1.7% in the month. The market consensus for the trade balance is a deficit of $A3.1bn.

Retail: Households Goods Retailing Leading



China

A relatively quiet week by volume of releases from China but expect strong focus on the official PMIs for August on Tuesday (and possible revision to preliminary Caixin release) for further confirmation of any further decline in manufacturing. The Services PMI has also shown greater resilience to date so any decline would be significant.

US

A huge week ahead in the US with Fed speeches, the Beige book and the all-important non-farm payrolls out at the end of the week. The Fed's, Rosengren speaks on the Economic Outlook on Tuesday while Lacker is speaking Friday on "The case Against Further Delay". The Fed will also be releasing the Beige book on Wednesday which will probably be more closely read as the market seeks to weigh up trends in the data against market volatility.

Otherwise, of particular focus will be the ISM Manufacturing data on Tuesday and Non-Manufacturing release on Thursday. The week finishes with non-farm payrolls for August, typically the biggest market mover globally, and definitely on the Fed's radar given unemployment is already close to full employment and the Fed looking to gauge whether there is "some" further labour market improvement.

Japan

The main focus in Japan should be the industrial production data Monday and Manufacturing PMI Tuesday.

Euro

Any further elevation of the ECB's downside risks view, which may be revealed at Thursday's monetary policy meeting and press conference, would be noteworthy. On the data front, there is EC unemployment, the CPI and GDP along with the Manufacturing and Services PMIs. The latter will be scrutinised for any signs of slowing export orders, in particular given the markets current close focus on China. German unemployment is out Tuesday with final PMIs and factory orders data.

Canada

The first focus from Canada will be the Current Account Balance on Monday - not typically a market mover but of interest given significant oil price changes. The focus will then shift to the labour market data released on Friday.

UK

The PMIs will be the main focus along with mortgage approvals/ lending data.

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Fixed Interest Market

Reuters: BNZL, BNZM Bloomberg:BNZ

We are now into the countdown to the 10 September meeting of the RBNZ. We believe the Bank will cut by 25bps at this meeting and most likely follow up with a further cut at its October meeting, taking the OCR to 2.50%. This may prompt the market to price a sub-2.50% OCR. In turn this could see NZ 2-year swap trade down toward 2.70%, which may start to represent a paying opportunity. The market currently prices that the OCR will be cut to 2.50% by around Q2 next year.

We would caution against getting too carried away with rate cut expectations. The NZD is significantly lower than the RBNZ's prior expectations. And last week's RBNZ speech on the NZ property market acknowledged house price inflation was keeping the RBNZ "awake at night". Low interest rates were seen as contributing.

We have pushed back our expectation for a first Fed rate hike from September to December. Our September call had already been line ball, given still low US inflation readings and some Fed members' concern about further USD appreciation and commodity price falls. Recent global market volatility and declines in US equity indices have nudged us over the line. We expect the Fed will wait for the dust to settle and to allow it to determine if there are any lasting negative impacts on business and consumer confidence from recent events.

The risks around a December Fed hike are two-sided. If markets are to quickly recover lost ground, volatility to recede and U.S. activity data reports are strong (keeping an eye on the 5 Sept payrolls report) then September or October could still be in play. However, if equity market declines prove an indicator of a global economy even softer than previously thought, the Fed may delay any action until 2016.

We continue to look for NZ curve steepening although we now target a 60-115bps range on the 2-10s swap curve. Along with delaying our Fed hike call we have slightly lowered our forecast trajectory for NZ long yields. But we do not see that precluding NZ curve steepening to year-end. We have slightly lowered our expected trading range however. Near-term fluctuations in the NZ curve will remain dominated by moves in US 10-year yields.

US 10-year yields have rebounded from their lows last week as risk appetite has improved. However, our global risk appetite index remains fairly fragile at 27%, despite rebounding from recent lows of 16%. From 1.90% early last week, US 10-year yields are now back at 2.18%. We now see 2.50% marking the top of their trading range for the year.

It is a busy week ahead for domestic and offshore events. Locally, following today's (huge) building consent figures, (weak) ANZ business survey and (likely accelerating) credit aggregates, attention will likely focus on Wednesday morning's dairy auction. We expect a follow up gain to the previous big bounce off a very low level. Q2 terms of trade tomorrow, commodity prices Wednesday, and Q2 building work on Thursday round out the data week. Offshore, Friday's US employment report will be eagerly anticipated, ahead of the Fed meeting later in September. Also in focus will be Chinese PMI's and the RBA meeting tomorrow, along with Australia's Q2 GDP report on Wednesday.

change (bps)	90 day bills	12/17 NZGB	04/27 NZGB	2yr swaps	10yr swaps	2yr/10yr swaps (bps)
24-Aug-15	2.91%	2.51%	3.15%	2.82%	3.48%	66
31-Aug-15	2.92%	2.54%	3.27%	2.79%	3.63%	84
Change (bps)	**1**	**3**	**11**	**-3**	**16**	**19**

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Foreign Exchange Markets

Reuters pg BNZWFWDS Bloomberg pg BNZ9

The market is still coming to grips with last week's equity market rout. For us, the most salient discussion was whether or not the chaos in markets would be a good enough reason for the Fed to delay rate hikes. In and of itself, the volatility should not have been enough, but with questions marks around China's growth pulse and the prospect of disinflation from lower oil prices, the Fed might be better served by not lifting rates in September. We now see the first rate hike in December, from September previously.

But with markets relatively becalmed into week's close, investors started to question whether the probability of a September hike was really as low as 24% (as indicated by Fed Funds Futures on Wednesday). Over the weekend, Fed Vice Chair Fischer failed to rule out the possibility of a September hike, noting that US economic data was impressively strong.

The focus thus turns to the US employment reports this week, which will be the last before the 18 September FOMC meeting. In short, further improvement in payrolls growth and/or the unemployment rate, even in the absence of accelerating wage growth, will have investors fretting at the prospect of an impending rate hike. At 5.3% today, the unemployment rate is perilously close to the 5.2% the FOMC currently consider to be "full employment", and therefore likely to instigate broad inflation.

Last week's rout saw an impressive squeeze in EUR and JPY, where investors have long held short positions. The CFTC/IMM data, dated to last Tuesday, showed that overall long USD positions had fallen significantly over the past few weeks. In our minds, this position clearing will simply ease the ability of the USD to rise, especially against those currencies, once investors warm again to the prospect of rate hikes.

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Charts of the week

Chart 1: US Unemployment Rate Close To "Full Employment"

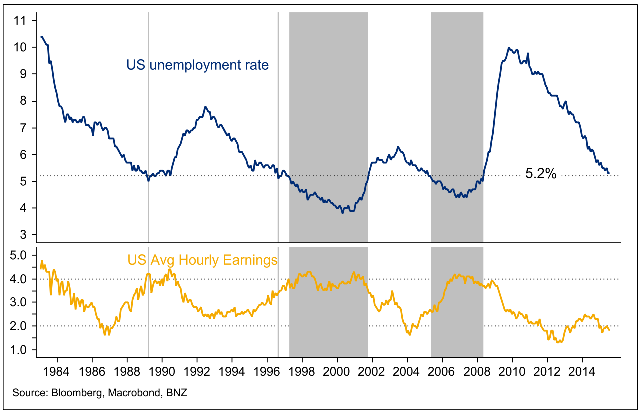
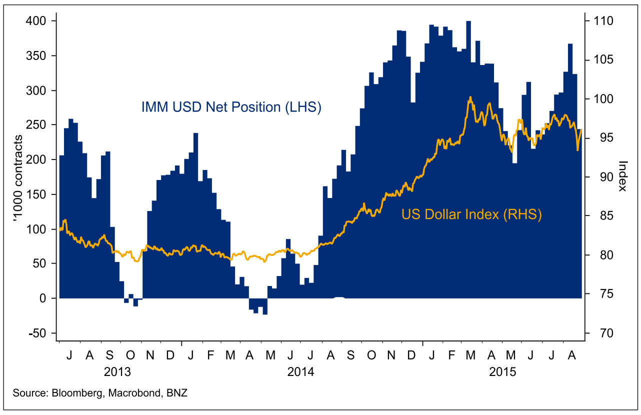


Chart 2: USD Long Positions Pared In Past Few Weeks



NZD Weekly Outlook

	Current	Week ahead	Year ahead	Momentum¹	Outlook
NZD/USD	0.6462	↘	↘	Negative	We expect some upside at Wed's dairy auction, but doubt it will be enough to lift NZD sustainably back above 0.65. We favour the USD gain heading into Fri's employment reports.
NZD/AUD	0.9026	→	→	Neutral	A very heavy week for AU data, with the bias for AUD weakness out of a possible softening of RBA tone (on China concerns) and decelerating GDP growth. The cross should remain range-bound.
NZD/GBP	0.4195	→	↘	Negative	The UK will remain out of the limelight, kicking off the week on holiday. Expect GBP to be a mid-pack performer, but it's unclear whether NZD will perform materially worse this week.
NZD/EUR	0.5784	↗	→	Negative	EUR/USD had a terrific squeeze higher last week, clearing the decks of long-held short positions. We expect this gives room for EUR to suffer more heavily in any broad USD strengthening.
NZD/JPY	78.60	↗	↘	Negative	The risk aversion trade to push NZD/JPY lower unwound at the end of last week, and (if equity markets remain calm) this has room to continue.

Short-term Fair Value²				Risk Appetite³			NZ Commodity Prices (SDR)⁴		
NZD/USD:	0.6906	NZD/AUD:	0.8811	27%	weekly Δ 11%	monthly Δ -35%	154	weekly Δ 2.4	monthly Δ -0.8

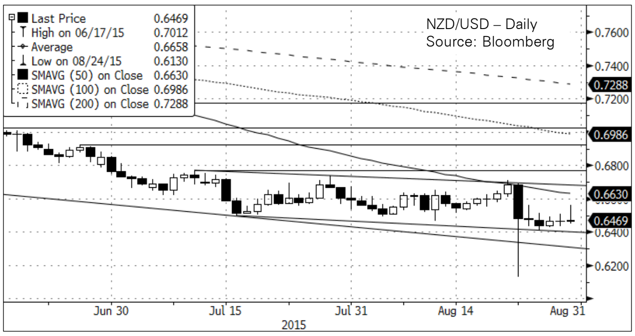
¹According to our momentum model ²According to our short-term fair-value models ³According to our Risk Appetite Index (where 100 = risk-loving) ⁴ASB Commodity Price Index
Source: BNZ, Bloomberg, ASB

Technicals

NZD/USD

Outlook:	Sell the rally
ST Resistance:	0.6630 (ahead of 0.6770)
ST Support:	0.6400 (ahead of 0.6300)

The 0.65 level has been convincingly broken, with NZD trying but failing to close above that level multiple times last week.



NZD/AUD

Outlook:	Play the range
ST Resistance:	0.9200 (ahead of 0.9360)
ST Support:	0.8950 (ahead of 0.8840)

The 0.88 – 0.92 range held last week, and the cross begins this week smack in the middle. We slightly favour a return to the higher end.

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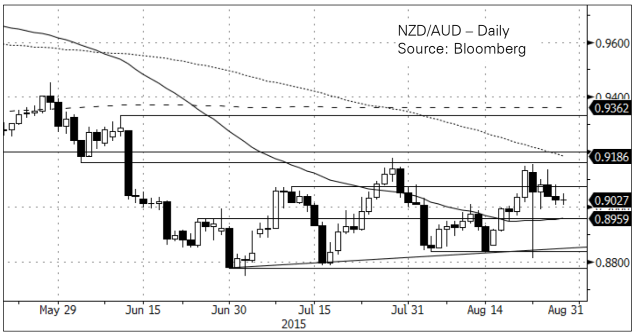
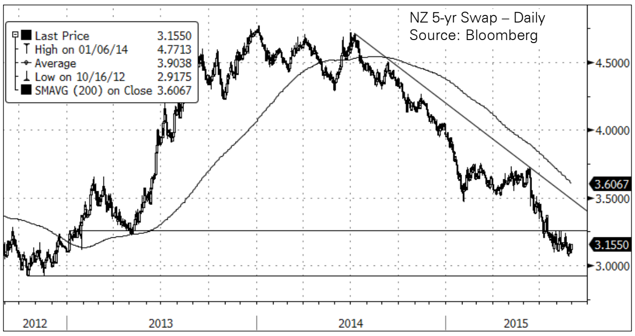


NZ 5-year Swap Rate

Outlook:	Lower
ST Resistance:	3.25
ST Support:	2.92

Still expect a move to 2.92 and only a move above 3.25 will negate this view.



NZ 2-year - 5-year Swap Spread (yield curve)

Outlook:	Steeper
ST Resistance:	+43
ST Support:	+20

Still expect steepening but with support at +29 now breached we risk a move to +20 first. Should we close below +20, the steepening will be brought into question.

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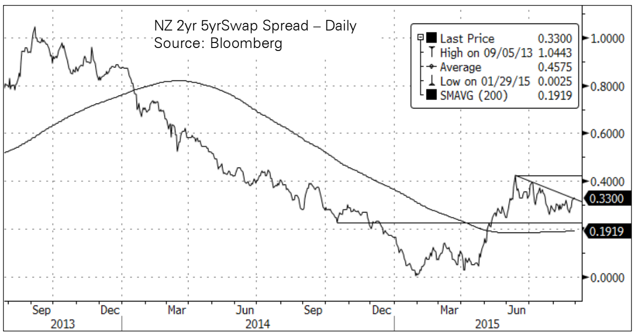


Key Upcoming Events

	Forecast	Median	Last
Monday 31 August			
NZ, Building Consents, July (res, #)			-4.1%
NZ, Household Credit, July y/y			+5.6%
NZ, ANZ Business Survey, August			-15.3
Aus, Private Sector Credit, July	+0.5%	+0.5%	+0.4%
Aus, Company Profits, Q2	-4.0%	-2.0%	+0.2%
Jpn, Industrial Production, July 1st est		+0.1%	+1.1%
Euro, CPI, August y/y 1st est		+0.1%	+0.2%
US, Chicago PMI, August		54.5	54.7
Tuesday 1 September			
NZ, QVNZ House Prices, August			+10.1%
NZ, Terms of Trade, Q2	-3.7%	-2.0%	+1.5%
Aus, RBA Policy Announcement	2.00%	2.00%	2.00%
Aus, Building Approvals, July	+2.0%	+3.0%	-8.2%
Aus, BOP Goods & Services, Q2 prelim	-0.3ppts	-0.3ppts	+0.5ppts
China, PMI (Caixin), August 2nd est		47.2	47.1P
China, PMI (NBS), August		49.7	50.0
China, Non-manufacturing PMI, August			53.9
Jpn, Capital Spending, Q2 y/y		+8.9%	+7.3%
UK, CIPS Manuf Survey, August		52.0	51.9
US, ISM Manufacturing, August		52.9	52.7
US, Construction Spending, July		+0.6%	+0.1%
US, Fed's Rosengren Speaks, Economic Outlook			

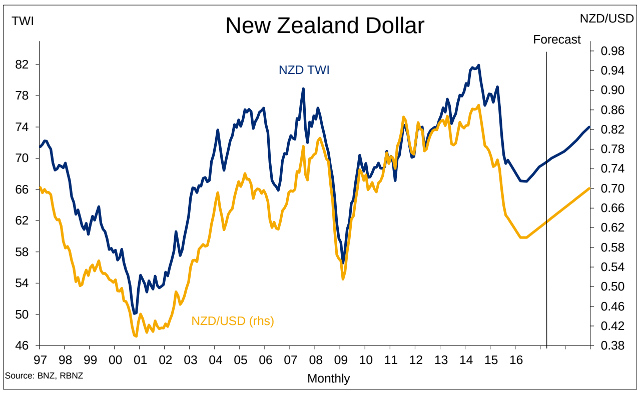
	Forecast	Median	Last
Wednesday 2 September			
NZ, ANZ Comdty Prices ($NZ), August			-6.7%
NZ, Dairy Auction			+14.9%
Aus, GDP, Q2	+0.6%	+0.4%	+0.9%
US, Factory Orders, July		+0.9%	+1.8%
US, ADP Employment, August		+200k	+185k
US, Beige Book			
Thursday 3 September			
NZ, Building Work Put In Place, Q2 vol s.a.	+1.0%		+1.0%
Aus, Retail Trade, July	+0.5%	+0.4%	+0.7%
Aus, International Trade, July	-$3.60b	-$3.13b	-$2.93b
China, Services PMI (Caixin), August			53.8
Euro, Retail Sales, June		+0.5%	-0.6%
Euro, ECB Policy Announcement	0.05%	0.05%	0.05%
UK, CIPS Services, August		57.7	57.4
US, ISM Non-Manuf, August		58.4	60.3
US, FOMC Minutes, 16/17 Sept meeting			
US, International Trade, July		-$43.0b	-$43.84b
Friday 4 September			
Euro, GDP, Q2 2nd estimate		+0.3%	+0.3%P
Germ, Factory Orders, July		-0.6%	+2.0%
US, Non-Farm Payrolls, August		+220k	+215k
US, Fed's Lacker Speaks, Monetary Policy			

Historical Data

	Today	Week Ago	Month Ago	Year Ago
CASH & BANK BILLS				
Call	3.00	3.00	3.00	3.50
1mth	3.01	3.04	3.11	3.64
2mth	2.94	2.94	3.08	3.67
3mth	2.92	2.92	3.06	3.69
6mth	2.86	2.88	2.97	3.74
GOVERNMENT STOCK				
12/17	2.54	2.51	2.56	3.93
03/19	2.62	2.56	2.59	4.02
04/20	2.72	2.63	2.70	4.12
05/21	2.79	2.69	2.76	4.16
04/23	2.97	2.88	2.94	4.24
GLOBAL CREDIT INDICES (ITRXX)				
AUD 5Y	108.6	111.13	95.75	83.00
N. AMERICA 5Y	80.28	82.73	71.79	57.85
EUROPE 5Y	71.46	73.50	62.50	59.89
SWAP RATES				
2 years	2.82	2.84	2.88	4.08
3 years	2.91	2.92	2.95	4.22
5 years	3.14	3.11	3.17	4.42
10 years	3.63	3.50	3.66	4.68

	Today	Week Ago	Month Ago	Year Ago
FOREIGN EXCHANGE				
NZD/USD	0.6461	0.6636	0.6579	0.8350
NZD/AUD	0.9042	0.9136	0.9034	0.8970
NZD/JPY	78.39	80.661	81.441	86.950
NZD/EUR	0.577	0.5827	0.5994	0.6330
NZD/GBP	0.419	0.4234	0.4238	0.5050
NZD/CAD	0.855	0.8774	0.8579	0.9150
TWI	69.91	71.43	70.19	78.81

NZD Outlook



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