

# AUSTRALIAN ECONOMICS

## AUSTRALIAN ECONOMICS WEEKLY

29 JULY 2011

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### RBA TO LIFT RATES NEXT WEEK

- **The RBA will need to respond to this week's higher than expected CPI.** The RBA's favoured statistical measures of underlying inflation averaged 0.9% q/q for the second consecutive quarter. The exclusion-based CPI ex volatiles and deposit & loan facilities measure was more subdued at 0.5% q/q, but the average of the three underlying measures has come in at 0.8% or 3.2% annualised for the past two quarters. Headline inflation also surprised on the upside at 0.9% q/q and 3.6% y/y. This was driven by some one-off moves (such as in fruit and deposit and loan facilities) but also higher than expected prices for some discretionary consumer items), notwithstanding the appreciation of the AUD and weak consumer spending atmospherics.
- **ANZ now expects the RBA to lift the cash rate by 25bps to 5.0% at next week's August meeting.** Wednesday's Q2 CPI result has brought inflation in Australia to an uncomfortably high starting point, given the robust 2012 outlook. This necessitates a small adjustment to the policy rate sooner rather than later. A small upward adjustment to interest rates now could well save the Australian economy from a painful series of rate hikes in 2012. The outlook for Australia underlining this scenario is detailed in our *In Focus* article on page 2.
- If the RBA does not lift rates in August, it will be a finely balanced decision, likely driven by international uncertainties and recent weakness in domestic data. The most likely factor that could keep the RBA on hold in August would be continued uncertainty surrounding **the US fiscal debt situation** (with the RBA Board to meet on 2 August, the same day the US debt ceiling is expected to be reached). The implications of a US debt default for the Australian economy and domestic financial markets more broadly are also examined in our *In Focus* section inside.
- **Our forecasts for AUDUSD have been revised higher, reaching 1.12 by end-2011 and 1.14 by Q3 2012.** We think that the AUD's broad uptrend remains in place. The AUD's strength will be underpinned by a substantial narrowing of the current account deficit and high interest rate differentials with the US (see *In Focus* below for more details on our FX outlook).

### THE WEEK AHEAD

- In **Australia**, the RBA rate decision will be the focus for markets (see above and our *In Focus* article). The RBA will also release its latest Statement of Monetary Policy (SOMP). We expect the SOMP will continue to focus on Australia's strong medium-term outlook. Building approvals, retail sales and trade data will also be released.
- In the **US**, the market will remain focussed on the US debt ceiling, which is expected to be reached next Tuesday 2 August. The major data releases will be payrolls, the ISM manufacturing index and the June Core PCE deflator. Also worth watching are personal income and spending data, ICSC chain store sales and consumer credit data.
- **Chinese, Euro-zone, German and UK PMI** data will all be released next week, as well as rates decisions from the ECB, BoE and BoJ.

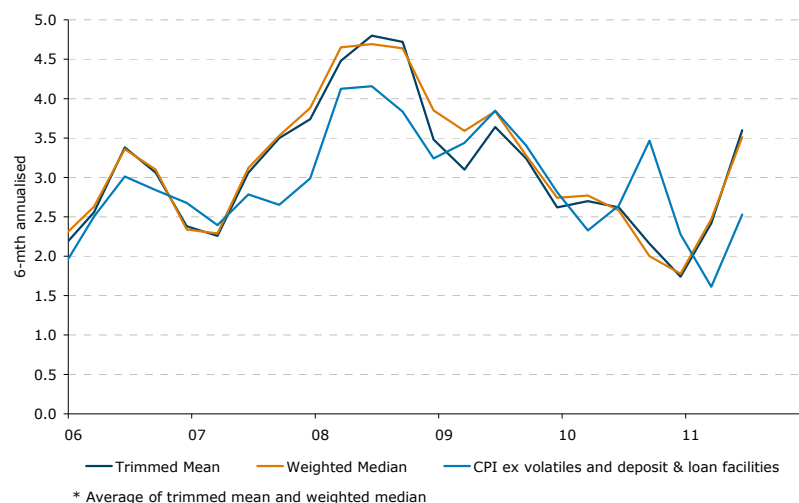
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## RBA TO LIFT RATES NEXT WEEK

- **ANZ now expects the RBA to lift the cash rate by 25bps to 5.0% in August.** We are of the view that Wednesday's Q2 CPI result has brought inflation in Australia to an uncomfortably high starting point given the robust 2012 outlook. This necessitates a small adjustment to the policy rate.
- Memories of 2007/08 will make the RBA sensitive to being behind the curve on inflation. **A small upward adjustment to interest rates now could well save the Australian economy from a painful series of rate hikes in 2012.**
- **Some members of the RBA Board may well not want to hike in August.** But with the RBA's persistent focus on inflation, and the forward-looking nature of monetary policy, a small move now will likely be the RBA's preferred action. The RBA should have capital to convince Board members of the need to move given rates have been raised only once in the last fifteen months.
- If the RBA does not lift rates in August, it will be a finely balanced decision, likely driven by international uncertainties and recent weakness in domestic data. **The most likely factor that could keep the RBA on hold in August would be a significant deterioration in the US debt situation** (with the Board to meet on 2 August, the same day the US debt ceiling is expected to be reached). Even so, the RBA will likely use the Statement in August to prepare the markets for a September rate rise.
- **If rates are lifted in August, we expect it will be followed (again) by an extended period of no policy change.** An August tightening would be a pre-emptive move to get ahead of the pick-up in growth the RBA expects over the next two years. The non-mining domestic economy will remain soft over the rest of 2011, before mining investment drives a renewed upturn in aggregate growth over 2012. This is the new normal for the Australian economy.
- Hence, whilst 5.0% is unlikely to be the peak in rates, **a further tightening would be unlikely before the middle of 2012.**

FIGURE 1. UNDERLYING INFLATION MEASURES (6-MTH ANNUALISED)



Sources: ABS, RBA

## THE BOARD WILL ACT ON HIGH INFLATION

*“Notwithstanding [a downgrade to the 2011 growth outlook], members considered that the continuing strong economic performance of Asian economies meant that the medium-term outlook for the Australian economy remained strong. The prices of Australia’s main commodity exports were at elevated levels, and very strong growth in investment, led by the resources sector, was still expected over the next couple of years.*

*The extent to which these forces would strain the economy’s productive capacity over time would be a key determinant of inflation. Members noted, however, that the flow of recent information suggested both that there was more time to assess the likely strength of inflationary pressures in Australia and that it would be prudent to use that time. Members noted that **the CPI outcome for the June quarter, to be published later in the month, would be important in helping to shape views about inflation, and therefore the future path of interest rates.** Accordingly, members considered that the current mildly restrictive setting of monetary policy remained appropriate.”*

Minutes from the Monetary Policy Meeting of the Reserve Bank Board,  
5 July 11.

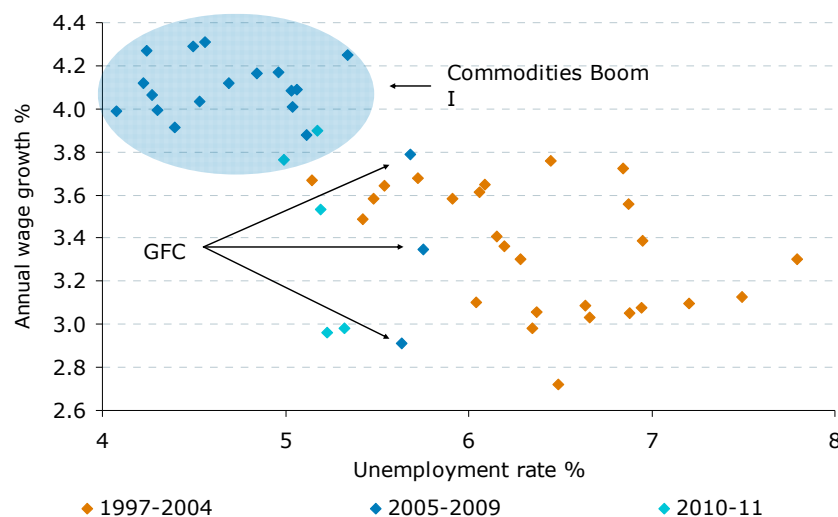
The minutes from the last RBA Board Meeting highlighted the importance of the June quarter CPI in formulating the Board’s monetary policy outlook. Yesterday, the June quarter CPI came in well above expectations, at 0.9% q/q in both underlying and headline terms. This is the second consecutive quarter that inflation has surprised on the upside. As a result, ANZ now expects the RBA will lift the cash rate by 25bps to 5.00% in August.

The case for an August move:

- **The high starting point.** Yesterday’s data showed that core inflation unexpectedly ran at an annualised pace of 3.5% in the first half of 2011 (above the RBA’s 2-3% target band). With the RBA maintaining a positive medium-term outlook for the economy, this higher starting point gives the RBA little room for manoeuvre. Memories of Commodity Boom Mark I, when core inflation surged through 4%, will be haunting the RBA executive right now. The higher starting point also means that unless the RBA assumes a notable step down in core inflation over H2 (as a result of either a downgrade to economic growth or a higher A\$ assumption), the RBA will need to raise its forecast for core inflation to above 3.0% by the end of 2011. ANZ’s forecast is for underlying inflation to hover around or above the top of the RBA’s 2 to 3% target band in 2012 and 2013.
- **The need to be pre-emptive.** Memories of 2007/08 will make the RBA sensitive to being behind the curve on inflation. A small upward adjustment to interest rates now could well save the Australian economy from a painful series of rate hikes in 2012. The higher currency in 2011 should help to contain inflation but domestic pressures remain material. Unit labour costs are inconsistent with the inflation target so long as productivity growth remains weak and wages are rising at around 4%. All the risks to wages appear skewed to the upside over the medium-term. This will be of great concern to the RBA.
- **Unemployment outside of the comfort zone.** The RBA (and indeed our own analysis – see Figure 2 below) suggests an unemployment rate below 5.0% tends to drive wages growth of around 4.0%. Wages growth of 4.0% or above, combined with current weak labour productivity (which is unlikely to pick up in the short-term), is problematic for the inflation outlook. While we think there is a material risk that the unemployment rate will rise slightly before year-end (see below), we don’t think a minor rise would be overly concerning for the RBA given these wages risks. Moreover, given the RBA’s still robust outlook for 2012, it would likely see any rise in the unemployment rate over late-2011 as temporary.

- The risk to inflation expectations.** An important take away from yesterday's CPI result was the sharp rise in the price of non-discretionary items, which rose 1.1% in Q2 (5.6% y/y). Our measure of inflation for frequently purchased items has also kicked up sharply in recent quarters and is now running at 5.0% y/y compared with 0.8% y/y growth in prices for infrequently purchased items. While some may argue this is a constraint on consumer spending (and so may ultimately prove disinflationary), we suspect the RBA will be more concerned about the upside risks to inflation that these price rises are generating via higher inflation expectations.
- The economy is not as weak at the high-frequency indicators suggest.** The RBA's two preferred measures of the strength of the Australian economy – the unemployment rate and the NAB survey measure of business conditions – are both currently suggesting that the Australian economy is growing at around trend rates at the moment. Whilst some sectors (notably retail) are running below trend, this is being offset by strength in other sectors (eg. mining). But it is wrong to say that this economy is all about mining. Domestic service industries and agriculture are also experiencing favourable economic conditions. Household income growth is strong.
- Importing Asia's policy mistakes.** Whilst the developed world has weakened and uncertainty around both US and European prospects are heightened, growth remains robust amongst Australia's Asian trading partners. Australia is benefitting strongly from this growth via our exports and terms of trade. But Australia is also, as evidenced in parts of yesterday's CPI reading, exposed to the inflationary consequences of this strong Asian growth (which in part is being driven by some Asian economy's defacto US policy settings). Rising global commodity prices and rising Asian export prices (notably from China) are adding to Australian domestic inflation.

FIGURE 2. THE AUSTRALIAN PHILLIPS CURVE



Sources: ABS, ANZ

## WHAT COULD SEE THE BOARD DELAY

If the RBA doesn't move in August, it will be a finely balanced decision. The decision will be to wait for a little longer to see how the domestic economy evolves, given:

- **Heightened global financial market uncertainty as a result of European and US sovereign debt concerns.** The RBA may wish to wait to ensure the US government avoids a default of its debt (with the Board meeting on 2 August, the same day that the US debt ceiling will be reached).
- **A weaker outlook for the Australian labour market.** Forward indicators of employment have slowed notably in recent months. And the composition of economic growth has become much less friendly for the labour market (ie. job losses in retail and possibly hospitality and manufacturing). There is a non-trivial risk that the unemployment rate will rise to 5.0% or above before year-end.
- **The higher AUD.** ANZ has recently upgraded its forecast for the A\$ to US\$1.12 by year-end, to peak US\$1.14 in late-2012. This is a material tightening in financial conditions that will both weigh on imported inflation as well as provide a significant headwind to growth for non-commodity exports and the Australian retail sector.
- **The potential for inflation to step down in H2.** There is a strong likelihood that we will see some 'catch up' in currency pass through to Australian inflation in the short-term, given the soft consumer spending atmospherics. Combined with ANZ's now higher A\$ view, this will likely see the quarterly pace of underlying inflation step down from 0.8% per quarter in H1 to around 0.7% per quarter in H2. Other factors are however likely to continue to work to push up inflation not least rising prices for utilities and domestic services.

## TIME RUNNING OUT FOR THE US DEBT CRISIS – IMPLICATIONS FOR AUSTRALIA

Partisan brinkmanship has increased the risk of a US sovereign credit rating downgrade and threatens a technical default of the US government. Whilst a default would likely be technical, with a drastic reduction in spending to occur to meet government debt obligations, a downgrade of the US government's credit rating is a material risk. A downgrade will only be avoided if the US debt ceiling is lifted and the politicians find enough short-term savings or revenue measures to placate the ratings agencies. A credible long-term fiscal consolidation plan, where the Republicans and the Democrats agree on \$3-4 trillion of savings, (as demanded by some credit agencies) appears unlikely before the debt ceiling is reached on August 2 (the same day that the RBA Board meets).

For Australia (and indeed the rest of the world), the worst-case scenario of a US default would have significant consequences. The initial direct, transmission mechanism would be via the disruption to financial markets; the A\$ could spike higher (perhaps after some initial instability) as the US\$ sinks and the local equity market would fall sharply. Whilst Australian bonds should outperform US treasuries, Australian swap spreads would widen.

The second-round impacts from these events to the local economy would depend on the magnitude of the market moves and the speed at which the US situation was resolved. But clearly there would be a risk of a negative impact to consumer and business spending, as wealth is hurt via equity market weakness. Household savings would rise further. Sectors sensitive to the higher A\$ (non-commodity exporters and import-competing firms, such as

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retailers), would clearly feel even more pain. This could also weigh on employment intentions (although, initially at least, would unlikely lead to labour retrenchment).

There would also be the potential impact to local bank funding costs (and thus another de facto tightening of financial conditions), should a US credit event drive a freeze in global credit markets. However, given local bank's considerably lower reliance on short-term offshore funding (relative to pre-GFC times), the risk to the economy from this channel would appear limited.

### AUSTRALIAN DOLLAR GOES FROM STRENGTH TO STRENGTH

- We think that the AUD's broad uptrend remains in place.
- Our forecasts for AUDUSD have been revised higher to 1.14 by Q3-2012.
- The AUD's strength will be driven by a substantial narrowing of the current account deficit and high interest rate differentials with the US.

The AUD had stabilised around the 1.05–1.10 region but in the wake of the June quarter CPI has pushed to a fresh post float high of 1.1081. We believe the broad uptrend remains in place and we had already upgraded our medium-term forecast to 1.14 ahead of the recent CPI data. The AUD has traded well throughout the Greece/US debt crises and dips have been very shallow. We think that there is a combination of strong structural drivers which will add further impetus to the AUD's strength. This includes a narrowing current account deficit, underpinned by a surge in Australia's terms of trade, and high interest rate differentials with the US. As outlined in our recent FX monthly, we also expect sustained USD weakness to underpin further AUDUSD strength.

FIGURE 3. ANZ'S NEW FORECASTS

	Sep 11	Dec 11	Mar 12	Jun 12	Sep 12	Dec 12
<b>Current</b>	<b>1.10</b>	<b>1.12</b>	<b>1.12</b>	<b>1.12</b>	<b>1.14</b>	<b>1.14</b>
<b>Previous</b>	1.08	1.08	1.06	1.03	1.01	0.99

Source: ANZ

### RATIONALE

One of the biggest structural shifts in currency markets in recent years has been the AUD's shift from a high current account debtor to only a modest debtor (6.2% of GDP current account deficit in 2007 to 2.6% last year). Importantly, the household sector is saving more, effectively funding part of the mining investment boom. ANZ Economics expects the current account deficit to fall to around 1% of GDP over 2H 2011 -- well ahead of consensus -- as the trade balance is expected to rise to more than 3.5% of GDP later this year.

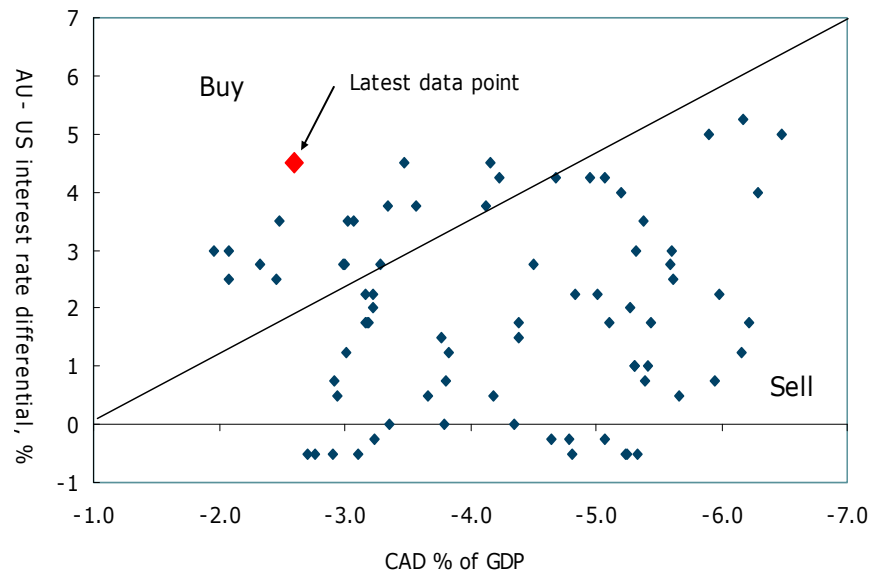
Critically, the interest rate differential between Australia and the US is also very wide, which further reinforces the positive AUD dynamic. This is a strong combination that we think provides a powerful reason for AUD to remain strong.

The shift in the current account deficit has been underwritten by the massive improvement in the trade balance, driven by the surge in Australia's terms of trade. We expect this to be sustained in the medium term, given our bullish commodity and world growth outlook (2011 +4.2%, 2012 +4.7%). Of other major commodity producers, the increase in Australia's terms of trade is surpassed only by Chile.

Australia's current account deficit has not been this narrow since 2001-2002 in the wake of the post-tech stock bubble period which saw the USD surge and the AUD fall to a record low of

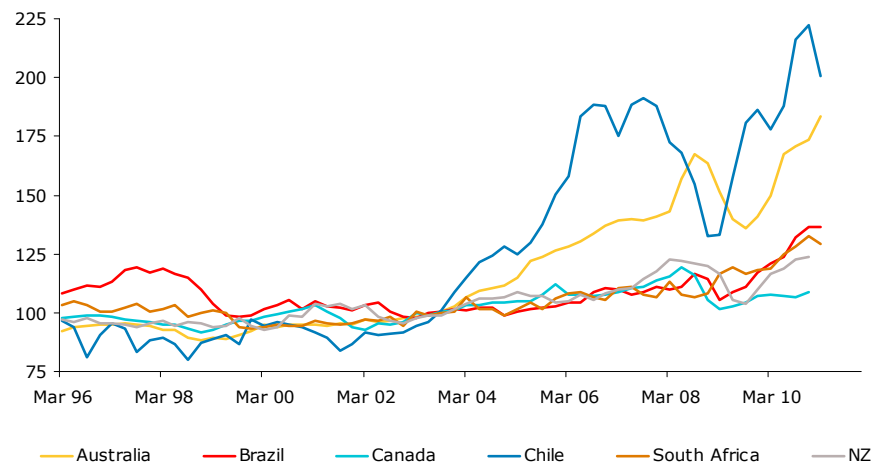
0.4775. In that episode, the narrowing of the current account deficit was largely driven by a weaker currency. Softer demand for imports did assist but were only a minor factor. In contrast, the key difference in the current episode is that the narrowing of the current account deficit is being driven by strong exports, but it is also occurring whilst the AUD is appreciating.

**FIGURE 4. AUSTRALIA'S CURRENT ACCOUNT DEFICIT AND AU-US INTEREST RATE DIFFERENTIALS**



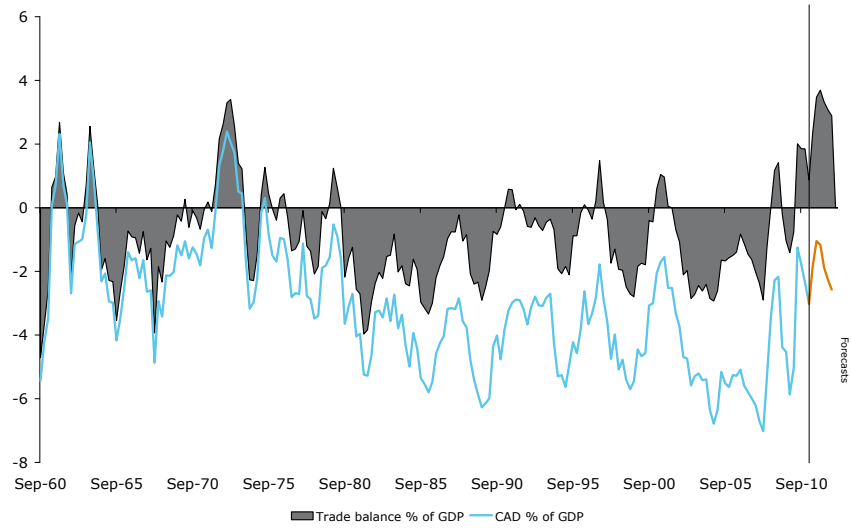
Sources: ABS, ANZ

**FIGURE 5. TERMS OF TRADE, 2003 = 100**



Sources: Datastream, ANZ

FIGURE 6. TRADE BALANCE AND CURRENT ACCOUNT BALANCE - % OF GDP



Sources: ABS, ANZ

## DATA WRAP

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## DATA WRAP

- Headline **inflation** came in at 0.9% q/q and 3.2% y/y. The RBA's favoured underlying statistical measures, the trimmed mean and weighted median, were also higher than expected at 0.9% q/q. The stronger than expected rise in the CPI was driven largely by deposit and loan facilities, fruit and vegetable prices and larger than expected rises in some retailing components.
- The final stage **Producer Price Index** increased 0.8% q/q and 3.4% y/y in the June quarter. This was driven by higher domestic prices (1.1% q/q) with higher construction, fuel and agricultural prices the major drivers. Lower imported prices provided some relief (-1.4% q/q), largely due to the strengthening AUD.
- Total **private sector credit growth** decreased in June (-0.1%) with annual growth slowing to 2.7%. Both business and personal credit were lower in June with business credit decreasing 0.7% and personal credit 0.4% lower in the month. Housing credit growth softened in June, increasing 0.3% for the month (compared to 0.5% and 0.4% increase in May and April respectively) to be 6.0% higher over the year. This is the weakest annual growth rate since this data has been reported in 1977.
- **RP Data-Rismark national dwelling prices** fell for the sixth consecutive month in June (-0.2% seasonally adjusted, -0.6% original). Prices are down 2.0% over the past 12 months. In seasonally adjusted terms, prices fell across all capital cities in June. The largest monthly price fall was in Darwin (-2.7%) followed by Adelaide (-0.5%). All other capital cities saw prices fall by 0.3% or less in the month.
- The **Conference Board Leading Index** fell 0.1% in May, while the April index was upwardly revised by 0.1% to 0.2%. The fall was driven by falls in share prices and building approvals.

# DATA PREVIEW

## BUILDING APPROVALS

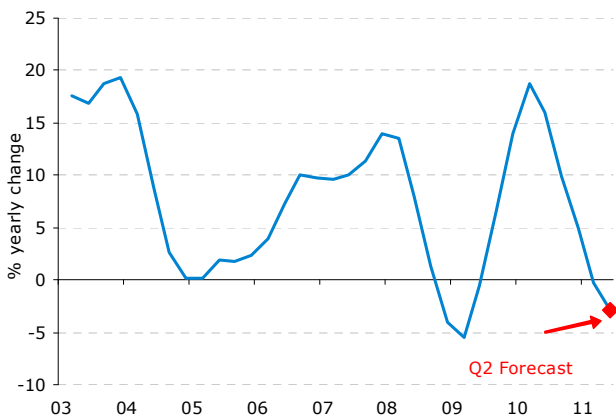


## 2 AUGUST: BUILDING APPROVALS (JUNE)

**ANZ: +1.7% m/m, -11.3% y/y**  
**Market: 2.5% m/m, -10.7% y/y**  
**Last: +7.9% m/m, -14.5% y/y**

Building approvals are expected to edge a little higher in June as construction plans make up ground from the weak May building approvals result. Despite continuing softness in housing market sentiment and weakening house prices, seven straight months without a rate hike (to June) should support a moderate increase in building approvals. Queensland building approvals are expected to improve as the rebuilding phase continues to drive construction activity. Building approvals are also expected to be higher for the volatile apartment sector in NSW and Victoria, following a weak result in May, to provide a boost to aggregate dwelling construction activity. (DC)

## HOUSE PRICES

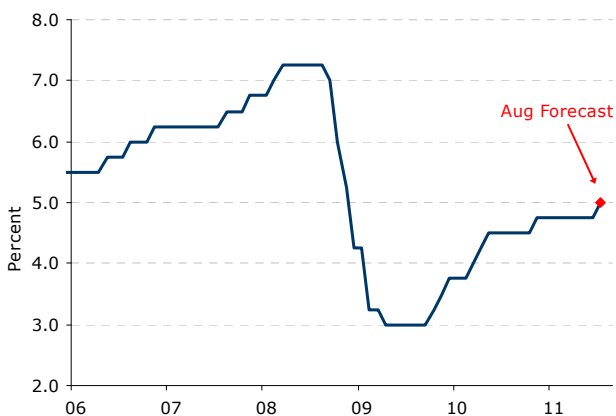


## 2 AUGUST: HOUSE PRICE INDEX (Q2)

**ANZ: -0.9% q/q, -2.9% y/y**  
**Market: -1.0% q/q, -3.0% y/y**  
**Last: +1.7% q/q, -0.2% y/y**

Conditions in the housing market remain soft. We are forecasting house prices to fall across all of the major capital cities, with the exception of Canberra. The biggest fall is expected in Perth, with other capital cities recording more modest declines. Expectations of further rate hikes mean that activity is likely to remain subdued over the second half of the year. Despite the current softness in the housing market, the long term fundamentals remain strong. We are beginning to witness tightening vacancy rates and accelerating rental growth. Moreover, further gains in employment along with continued wages growth should continue to underpin prices, preventing a major correction. (DE)

## RBA CASH RATE



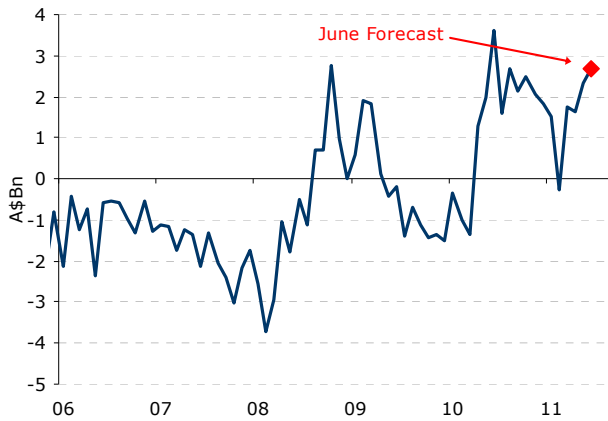
## 2 AUGUST: RBA CASH RATE (AUG)

**ANZ: 5.00%**  
**Market: 4.75%**  
**Last: 4.75%**

In what will probably be a close decision, we expect the RBA will raise its overnight cash rate by 25bps to 5.00% at its August meeting. We expect the Board will decide a small policy adjustment now as the most prudent approach to inflation management, given the now notably higher starting point for underlying inflation. The major risk to our view would be any intensification of US debt concerns, and the subsequent fall out across global financial markets. See our 'In Focus' article above. (KD)

# DATA PREVIEW

## TRADE BALANCE



## 3 AUGUST: TRADE BALANCE (JUNE)

**ANZ: A\$2.7Bn**

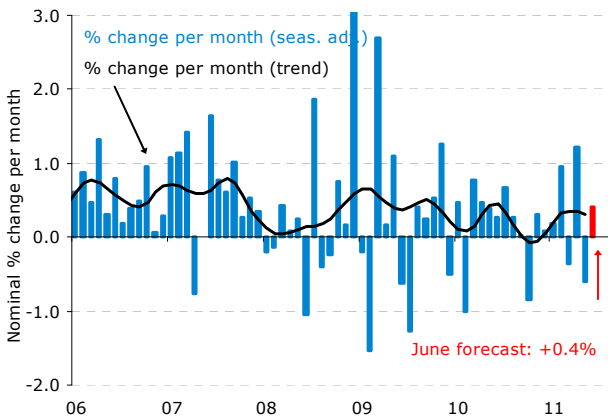
**Market: A\$2.2Bn**

**Last: A\$2.333Bn**

The trade surplus is expected to widen further in June, due to another rise in resources exports. Ports data suggest a pick-up in Queensland coal export volumes, while iron ore exports are expected to rise on a further lift in prices. Meanwhile, the Australian dollar remained at elevated levels in June and is likely to see manufacturing and services exports weaker.

Merchandise imports data suggest a solid rise in imports in June. This was largely driven by fuel imports and capital goods imports with a slight fall in consumption goods imports. The trend of increasing capital goods imports and weak consumption goods imports is likely to continue over the near-term. (AM)

## RETAIL TRADE (NOMINAL MONTHLY SALES)



## 3 AUGUST: RETAIL TRADE (JUNE)

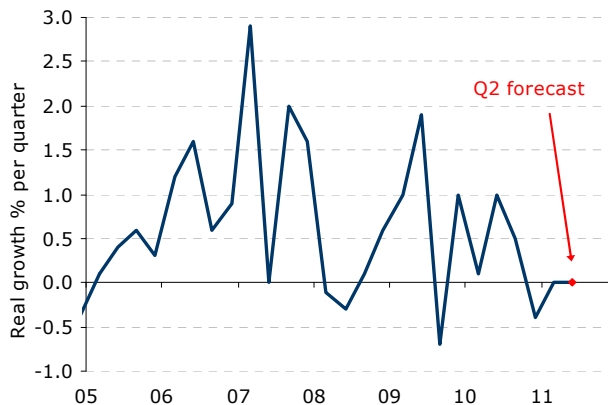
**ANZ: +0.4% m/m, 2.3% y/y**

**Market: +0.3% m/m**

**Last: -0.6% m/m, 2.2% y/y**

We expect that in June, retail trade continued its volatile see-saw pattern of late. Seeing through this volatility, trend growth has been sitting at 0.3% m/m for the last 4 months (around 2.5% y/y). After a sizeable fall in May, retail sales will now be due for a nominal increase again. June is likely to have seen patchy sales growth across categories and across geographies, in line with other indicators. End of financial year discounts could have lifted volumes but depressed nominal takings, although anecdotal reports suggest the traditional end-of-year sales were not so successful this year, with heavier discounting required to move old stock. The persistently high AUD will continue to favour international online shopping over local retailers for many consumers. (JT)

## RETAIL TRADE (REAL QUARTERLY SALES)



## 3 AUGUST: RETAIL TRADE VOLUMES (Q2)

**ANZ: 0.0% q/q, 0.1% y/y**

**Market: +0.4% q/q**

**Last: 0.0% q/q, 0.8% y/y**

Monthly growth in nominal retail turnover of 0.4% in June would imply quarterly growth of around 1.0% q/q and 2.5% y/y (nominal) for Q2. Last week's CPI data showed inflation picking up significantly in Q2 across a broad range of retail goods. For retailers as a whole, we estimate inflation probably jumped from 0.8% q/q in Q1 to around 1.0% q/q in Q2. This would imply another totally flat quarter of sales growth for retailers in real (volume) terms and just 0.1% y/y. Any pick-up in retail inflation above 1.0% (and the NAB survey's retailers' pricing component implies inflation for retailers could well have been higher than 1.0% in Q2) could imply that total retail sales went backwards in real terms in Q2, just as it did in Q4 last year. Such a result would confirm 2010-11 as one of the worst trading periods for retailers in recent memory. (JT)

## DATA &amp; EVENT CALENDAR

## WEEK STARTING 1 AUGUST

DATE	COUNTRY	DATA/EVENT	PERIOD	MARKET	ANZ	LAST	GMT	AEST
31-Jul	UK	Lloyds Business Barometer	JUL	--	--	36	23:01	09:01
01-05 AUG	UK	Halifax House Price 3Mths/Year	JUL	-2.8%	--	-3.5%		
		Halifax House Prices sa m/m	JUL	0.0%	--	1.2%		
01-07 AUG	JN	Official Reserve Assets	JUL	--	--	\$1137.8B		
1-Aug	NZ	ANZ Commodity Price	JUL	--	--	-1.2%	01:00	11:00
	AU	AiG Performance of Mfg Index	JUL	--	--	52.9	23:30	09:30
		TD Securities Inflation m/m	JUL	--	--	0.0%	00:30	10:30
		TD Securities Inflation y/y	JUL	--	--	2.9%	00:30	10:30
		HIA New Home Sales m/m	JUN	--	--	-0.2%	01:00	11:00
	JN	Vehicle Sales y/y	JUL	--	--	-23.3%	05:00	15:00
	CH	PMI Manufacturing	JUL	50.2	50.2	50.9	01:00	11:00
		HSBC Manufacturing PMI	JUL	--	--	50.1	02:30	12:30
	EU	PMI Manufacturing	JUL F	50.4	--	50.4	08:00	18:00
		Euro-Zone Unemployment Rate	JUN	9.9%	--	9.9%	09:00	19:00
		ECB Calls for Bids in 7-Day Main Refinancing Tender					13:30	23:30
	GE	PMI Manufacturing	JUL F	52.1	--	52.1	07:55	17:55
	UK	PMI Manufacturing	JUL	51	--	51.3	08:30	18:30
	US	Construction Spending m/m	JUN	-0.1%	--	-0.6%	14:00	00:00
		ISM Manufacturing	JUL	55	--	55.3	14:00	00:00
		ISM Prices Paid	JUL	64	--	68	14:00	00:00
	CA	<b>Civic Day Public Holiday</b>						
Tuesday	NZ	Fonterra Global Dairy Auction					12:00	22:00
2-Aug		Average Hourly Earnings q/q	Q2	0.8%	0.6%	0.3%	22:45	08:45
		Private Wages Exc Overtime q/q	Q2	0.5%	0.5%	0.4%	22:45	08:45
		Private Wages Inc Overtime q/q	Q2	0.5%	0.5%	0.4%	22:45	08:45
	AU	Building Approvals m/m	JUN	2.5%	1.7%	-7.9%	01:30	11:30
		Building Approvals y/y	JUN	-10.7%	-11.3%	-14.4%	01:30	11:30
		House Price Index q/q	Q2	-1.0%	-0.9%	-1.7%	01:30	11:30
		House Price Index y/y	Q2	-3.0%	-2.9%	-0.2%	01:30	11:30
		<b>RBA CASH TARGET</b>	<b>Aug-02</b>	<b>4.75%</b>	<b>5.0%</b>	<b>4.75%</b>	<b>04:30</b>	<b>14:30</b>
		RBA Commodity Index SDR y/y	JUL	--	--	28.2%	06:30	16:30
		RBA Commodity Price Index Au	JUL	--	--	109.4	06:30	16:30
	JN	Monetary Base y/y	JUL	--	--	17.0%	23:50	09:50
		Labor Cash Earnings y/y	JUN	--	--	1.0%	01:30	11:30
	EU	Euro-Zone PPI m/m	JUN	0.1%	--	-0.2%	09:00	19:00
		Euro-Zone PPI y/y	JUN	6.0%	--	6.2%	09:00	19:00
		ECB Announces Allotment in 7-Day Main Refinancing Tender					09:15	19:15
		ECB Announces Allotment in 7-Day Term Deposits					11:00	21:00
	UK	PMI Construction	JUL	53.2	--	53.6	08:30	18:30
		BRC Shop Price Index y/y	JUL	--	--	2.9%	23:01	09:01
	US	Annual Revisions: Personal Income and Spending					12:30	22:30
		PCE Core m/m	JUN	0.2%	--	0.3%	12:30	22:30
		PCE Core y/y	JUN	1.4%	--	1.2%	12:30	22:30
		PCE Deflator y/y	JUN	--	--	2.5%	12:30	22:30
		Personal Income	JUN	0.2%	--	0.3%	12:30	22:30
		Personal Spending	JUN	0.2%	--	0.0%	12:30	22:30
		Domestic Vehicle Sales	JUL	9.30M	--	8.95M	21:00	07:00
		Total Vehicle Sales	JUL	11.85M	--	11.41M	21:00	07:00
Wednesday	AU	AiG Performance of Service Index	JUL	--	--	48.5	23:30	09:30
3-Aug		<b>RBA Chart Pack Released</b>	<b>JUL</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>01:30</b>	<b>11:30</b>
		Retail Sales sa m/m	JUN	0.3%	0.4%	-0.6%	01:30	11:30
		Retail sales volumes q/q	Q2	0.4%	0.0%	0.0%	01:30	11:30
		Trade Balance	JUN	2200M	2700M	2333M	01:30	11:30
		Foreign Reserves	JUL	--	--	A\$41.1B	06:30	16:30
		<b>AOFM Auctions A\$700m of April 2023 Bonds</b>						
	CH	China Non-manufacturing PMI	JUL	--	--	57	01:00	11:00
		China HSBC Services PMI	JUL	--	--	54.1	02:30	12:30

## DATA &amp; EVENT CALENDAR

DATE	COUNTRY	DATA/EVENT	PERIOD	MARKET	ANZ	LAST	GMT	AEST
Wednesday	EU	PMI Composite	JUL F	--	--	50.8	08:00	18:00
3-Aug		PMI Services	JUL F	51.4	--	51.4	08:00	18:00
(cont.)		Euro-Zone Retail Sales m/m	JUN	0.5%	--	-1.0%	09:00	19:00
		Euro-Zone Retail Sales y/y	JUN	-0.9%	--	-1.8%	09:00	19:00
	GE	PMI Services	JUL F	52.9	--	52.9	07:55	17:55
	UK	Official Reserves Change	JUL	--	--	-\$148M	08:30	18:30
		PMI Services	JUL	53.5	--	53.9	08:30	18:30
	US	MBA Mortgage Applications	Jul-29	--	--	-5.0%	11:00	21:00
		Challenger Job Cuts y/y	JUL	--	--	5.3%	11:30	21:30
		ADP Employment Change	JUL	100K	--	157K	12:15	22:15
		Factory Orders	JUN	-0.6%	--	0.8%	14:00	00:00
		ISM Non-Manufacturing Composite	JUL	54	--	53.3	14:00	00:00
Thursday	NZ	Employment Change q/q	Q2	0.0%	0.3%	1.4%	22:45	08:45
4-Aug		Employment Change y/y	Q2	2.0%	2.3%	1.8%	22:45	08:45
		Participation Rate q/q	Q2	68.4%	68.6%	68.7%	22:45	08:45
		Unemployment Rate	Q2	6.5%	6.4%	6.6%	22:45	08:45
	JN	Foreign Buying Japan Bonds	Jul-29	--	--	¥146.0B	23:50	09:50
		Foreign Buying Japan Stocks	Jul-29	--	--	¥2.3B	23:50	09:50
		Japan Buying Foreign Bonds	Jul-29	--	--	¥224.0B	23:50	09:50
		Japan Buying Foreign Stocks	Jul-29	--	--	¥61.7B	23:50	09:50
	EU	<b>ECB Announces Interest Rates</b>	<b>Aug-04</b>	<b>1.5%</b>	<b>1.5%</b>	<b>1.5%</b>	<b>11:45</b>	<b>21:45</b>
		<b>Trichet Speaks at ECB Monthly News Conference</b>					<b>12:30</b>	<b>22:30</b>
	GE	Factory Orders m/m sa	JUN	-0.2%	--	1.8%	10:00	20:00
		Factory Orders y/y nsa	JUN	6.8%	--	12.2%	10:00	20:00
	UK	New Car Registrations y/y	JUL	--	--	-6.2%	00:00	10:00
		<b>BoE Monetary Policy Committee Decision</b>	<b>Aug-04</b>	<b>0.5%</b>	--	<b>0.5%</b>	<b>11:00</b>	<b>21:00</b>
		<b>BoE Asset Purchase Target</b>	<b>AUG</b>	<b>200B</b>	--	<b>200B</b>	<b>11:00</b>	<b>21:00</b>
	US	ICSC Chain Store Sales y/y	JUL	--	--	6.9%	00:00	10:00
		RBC Consumer Outlook Index	AUG	--	--	43.7	12:00	22:00
		Continuing Claims	Jul-23	--	--	3703K	12:30	22:30
		Initial Jobless Claims	Jul-29	--	--	398K	12:30	22:30
05-09 AUG	JN	Tokyo Avg Office Vacancies	JUL	--	--	8.81		
Friday	AU	AiG Perf of Construction Index	JUL	--	--	35.8	23:30	09:30
5-Aug		<b>RBA's Statement on Monetary Policy</b>	<b>Q2</b>	--	--	--	<b>01:30</b>	<b>11:30</b>
		<b>AOFM Auctions A\$700m of January 2018 Bonds</b>						
	JN	<b>BOJ Target Rate</b>		<b>0.1%</b>	<b>0.1%</b>	<b>0.1%</b>	<b>14:00</b>	<b>00:00</b>
		Coincident Index CI	JUN P	108.6	--	106.3	05:00	15:00
		Leading Index CI	JUN P	103.5	--	99.6	05:00	15:00
	GE	Industrial Prod. y/y nsa wda	JUN	8.1%	--	7.6%	10:00	20:00
		Industrial Production m/m sa	JUN	0.1%	--	1.2%	10:00	20:00
	UK	PPI Input nsa m/m	JUL	0.6%	--	0.4%	08:30	18:30
		PPI Input nsa y/y	JUL	18.7%	--	17.0%	08:30	18:30
		PPI Output nsa m/m	JUL	0.2%	--	0.1%	08:30	18:30
		PPI Output nsa y/y	JUL	5.8%	--	5.7%	08:30	18:30
		PPI Output Core nsa m/m	JUL	0.2%	--	0.2%	08:30	18:30
		PPI Output Core nsa y/y	JUL	3.2%	--	3.2%	08:30	18:30
	US	Avg Hourly Earning m/m All Emp	JUL	0.2%	--	0.0%	12:30	22:30
		Avg Hourly Earning y/y All Emp	JUL	1.9%	--	1.9%	12:30	22:30
		Avg Weekly Hours All Employees	JUL	34.4	--	34.3	12:30	22:30
		Change in Manufacturing Payrolls	JUL	15K	--	6K	12:30	22:30
		Change in Nonfarm Payrolls	JUL	95K	--	18K	12:30	22:30
		Change in Private Payrolls	JUL	135K	--	57K	12:30	22:30
		Change in Household Survey Empl	JUL	--	--	-445	12:30	22:30
		Unemployment Rate	JUL	9.2%	--	9.2%	12:30	22:30
		Consumer Credit	JUN	\$5.000B	--	\$5.077B	19:00	05:00
	CA	Full Time Employment Change	JUL	--	--	7.3	11:00	21:00
		Net Change in Employment	JUL	20.0K	--	28.4K	11:00	21:00
		Part Time Employment Change	JUL	--	--	21.1	11:00	21:00
		Participation Rate	JUL	--	--	66.9	11:00	21:00
		Unemployment Rate	JUL	7.4%	--	7.4%	11:00	21:00
		Building Permits m/m	JUN	-5.0%	--	20.9%	12:30	22:30
		Ivey Purchasing Managers Index sa	JUL	62.9	--	59.9	14:00	00:00
		IVEY Purchasing Mangers nsa	JUL	64.6	--	68.2	14:00	00:00

# FIVE WEEKS AT A GLANCE

MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY
<b>1 AUGUST</b> CH: PMI Manufacturing (Jul), EU: PMI Manufacturing (Jul F), Unemployment (Jun) GE: PMI Manufacturing (Jul F) UK: PMI Manufacturing (Jul) US: ISM Manufacturing (Jul), Construction Spending (Jun)	<b>2 AUGUST</b> NZ: Private Wages (Q2) AU: Trade (Q2), Building Approvals (Jun), House Price Index (Q2), <b>RBA Cash Rate</b> EU: Eurozone PPI (Jun) GE: Retail Sales (Jun) UK: PMI Construction (Jul) US: Personal Income and Spending (Jun), PCE Core Deflator (Jun)	<b>3 AUGUST</b> AU: Retail Sales (Jun), Trade (Jun) CH: Non-manufacturing PMI (Jul) EU: PMI Services and Composite (Jul F), Retail Sales (Jun) GE: PMI Services (Jul F) UK: PMI Services (Jul) US: ADP Employment (Jul), ISM non-manufacturing (Jul), Factory orders (Jun), Challenger Job Cuts (Jul)	<b>4 AUGUST</b> NZ: Employment (Q2) EU: <b>ECB Announces Rates, Trichet Speaks</b> GE: Factory Orders (Jun), Import Price Index (Jun) UK: <b>BoE Announces Rates</b> US: ICSC chain store sales (Jul),	<b>5 AUGUST</b> AU: <b>RBA's SoMP</b> JP: <b>BoJ Target Rate</b> GE: Industrial Production (Jun) UK: PPI (Jul) US: Payrolls (Jul), Unemployment (Jul) Consumer Credit (Jun) CA: Employment (Jul), Building Permits (Jun), Ivey PMI (Jul)
<b>8 AUGUST</b> AU: TD Securities Inflation (Jul), ANZ Job Ads (Jul) JP: Eco Watchers Survey (Jul), CA (Jun), Trade (Jun) EU: Sentix Investor Confidence (Aug) UK: RICS House Prices (Jul)	<b>9 AUGUST</b> NZ: Card Spending (Jul) AU: NAB Business Confidence (Jul), Housing Finance (Jun) JP: Consumer Confidence (Jul) GE: Trade (Jun), CA (Jun) UK: IP (Jun), Trade (Jun), Manufacturing Production (Jun), NIESR GDP (Jul) US: NFIB Small Business Optimism (Jul), Unit Labour Costs (Q2 P), <b>FOMC Rates Decision</b> CA: Housing Starts (Jul)	<b>10 AUGUST</b> AU: Consumer Confidence (Aug), Real Retail Sales (Q2) JP: Domestic CGPI (Jul) CH: Trade (Jul) GE: CPI UK: <b>BoE inflation report</b> US: JOLTS Job Openings (Jun), Momthly Budget Statement (Jul)	<b>11 AUGUST</b> NZ: Business NZ PMI (Jul) AU: Employment (Jul) JP: Machine Tool Orders (Jun) CH: PPI (Jul), CPI (Jul), Retail Sales (Jul), IP (Jul) EU: <b>ECB Publishes Monthly Report</b> US: Trade (Jun) CA: New House Price Index (Jun), Merchandise Trade (Jun)	<b>12 AUGUST</b> NZ: Real Retail Sales (Q2) JP: IP (Jun F) EU: IP (Jun) US: Retail Sales (Jul), Uni. Of Michigan Confidence (Aug P), Business Inventories (Jun)
<b>15 AUGUST</b> NZ: Performance of Services Index (Jul) AU: Motor Sales (Jul) JP: GDP (Q2 P) US: Empire Manufacturing (Aug), TIC Flows (Jun), NAHB Housing Market Index (Aug)	<b>16 AUGUST</b> AU: <b>RBA Minutes</b> EU: GDP (Q2 A), Trade (Jun) GE: GDP (Q2 P) UK: CPI (Jul), RPI (Jul) US: Import Prices (Jul), Housing Starts (Jul), Building Permits (Jul), IP (Jul) CA: Manufacturing Sales (Jun)	<b>17 AUGUST</b> NZ: PPI (Q2) AU: WPI (Q2) EU: Current Account (Jun), CPI (Jul) UK: <b>BoE Minutes</b> (Jul), Unemployment (Jun), Jobless Claims Change (Jul) US: PPI (Jul)	<b>18 AUGUST</b> AU: AWOTE (May) JP: Trade (Jul) EU: Construction Output (Jun) UK: Retail Sales (Jul) US: CPI (Jul), Philly Fed (Aug), Existing Home Sales (Jul) CA: Wholesale Sales (Jun)	<b>19 AUGUST</b> NZ: Net Migration (Jul), Credit Card Spending (Jul) GE: PPI (Jul) CA: CPI (Jul)
<b>22 AUGUST</b> US: Chicago Fed Activity Index (Jul)	<b>23 AUGUST</b> JP: Machine Tool Orders (Jul F) EU: ZEW Survey (Aug), Consumer Confidence (Aug A) GE: ZEW Survey (Aug) US: Richmond Fed Manufacturing Index (Aug), New Homes Sales (Jul) CA: Retail Sales (Jun)	<b>24 AUGUST</b> NZ: Trade Balance (Jul) AU: Construction Work Done (Q2) EU: Ind. New Orders (Jun) GE: IFO (Aug) US: Durable & Capital Goods Orders (Jul)	<b>25 AUGUST</b> NZ: Food Prices (Jul)	<b>26 AUGUST</b> JP: CPI (Jul), Tokyo CPI (Aug) GE: GfK Consumer Confidence (Sep) UK: GDP (Q2 P) US: GDP (Q2 S), Personal Consumption (Q2 S), Core PCE (Q2 S), Univ. of Michigan Consumer Confidence (Aug F)
<b>29 AUGUST</b> AU: HIA New Home Sakes (Jul) GE: CPI (Aug P) US: Personal Income (Jul), PCE core (Jul), Pending Home Sales (Jul), Dallas Fed Manufacturing Activity (Aug)	<b>30 AUGUST</b> NZ: Building Permits (Jul) JP: Jobless Rate (Jul), Retail Trade (Jul) EU: Consumer Confidence (Aug) UK: Mortgage Approvals (Jul), GfK Consumer Confidence (Aug) US: Case Shiller House Prices (Jun), Consumer Confidence (Aug), <b>FOMC Minutes</b>	<b>31 AUGUST</b> NZ: NBNZ Business Confidence (Aug) AU: RP-Data Rismark House Prices (Jul), Private Credit (Jul) JP: IP (Jul P), Vehicle Production (Jul), Housing Starts (Jul) EU: Unemployment (Aug), CPI est. (Aug) GE: Unemployment (Aug) US: ADP employment (Aug), Chicago PMI (Aug), Factory Orders (Jul) CA: GDP (Q2)	<b>1 SEPTEMBER</b> NZ: Commodity prices (Aug), ToT (Q2) AU: CAPEX (Q2), Retail Sales (Jul), AiG PMI (Aug) JP: Vehicle Sales (Aug) CH: PMI Manuf. (Aug) EU: PMI Manuf. (Aug F), <b>ECB's Stark &amp; Nowotny Speak</b> GE: GDP (Q2), PMI Manuf. (Aug F) UK: PMI Manuf. (Aug) US: ISM Manuf. (Aug), ICSC Chain Store Sales (Aug)	<b>2 SEPTEMBER</b> JP: Capital Spending (Q2) EU: PPI (Jul) UK: PMI Con. (Aug) US: Payrolls (Aug)

# 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	3.6	4.5	5.7
Household consumption	2.8	2.3	1.8	1.9
Dwelling investment	4.0	3.4	-1.9	7.6
Business investment	-0.7	9.1	15.9	16.4
Public demand	9.0	3.1	3.1	2.0
Domestic final demand	3.6	3.4	4.2	4.8
Inventories (contribution to GDP)	0.4	-0.2	0.0	0.0
Gross National Expenditure (GNE)	4.1	3.3	4.2	4.8
Exports	5.3	-1.8	12.1	10.4
Imports	13.3	9.3	14.0	12.2
Net Exports (contribution to GDP)	-1.6	-2.6	-0.8	-0.8
<b>Gross Domestic Product (GDP)</b>	<b>2.7</b>	<b>0.9</b>	<b>3.2</b>	<b>3.7</b>
<b>Prices and wages (annual % change)</b>				
Inflation:				
Headline CPI	2.8	3.3	2.7	3.6
Underlying*	2.6	2.7	3.1	3.5
Wages:	3.3	3.8	4.1	4.3
<b>Labour market</b>				
Employment (annual % change)	2.7	2.1	1.8	2.1
Unemployment rate (annual average %)	5.2	4.9	4.8	4.6
<b>External sector</b>				
Terms of trade (annual % change)	16.6	18.1	5.4	-3.6
Current account balance: A\$bn	-34.6	-26.2	-28.1	-52.5
% of GDP	-2.6	-1.8	-1.8	-3.2

\* 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	5.00	5.00	5.00	5.25
90 day bill	5.07	5.30	5.30	5.30	5.35	5.50
3 year bond	4.37	5.00	5.00	5.10	5.10	5.30
10 year bond	4.81	5.20	5.20	5.30	5.30	5.40
3s10s yield curve	0.44	0.20	0.20	0.20	0.20	0.10
3 year swap	4.84	5.35	5.35	5.48	5.48	5.70
10 year swap	5.52	5.78	5.78	5.85	5.85	5.95

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	2.92	2.67	3.11	3.67	3.75	4.17
US Fed funds note	0.25	0.25	0.25	0.25	0.25	0.25
US 2 year note	0.42	0.50	0.60	0.70	0.80	0.90
US 10 year note	2.95	3.10	3.20	3.30	3.30	3.40
Japan call rate	0.10	0.10	0.10	0.10	0.10	0.10
ECB refinance rate	1.50	1.50	1.50	1.50	1.75	2.00
UK repo rate	0.50	0.50	0.50	0.75	1.00	1.25

## FORECASTS

FOREIGN EXCHANGE RATES	CURRENT	SEP 11F	DEC 11F	MAR 12F	JUN 12F	SEP 12F
<b>Australian exchange rates</b>						
A\$/US\$	1.10	1.10	1.12	1.12	1.12	1.14
NZ\$/US\$	0.87	0.88	0.91	0.92	0.93	0.93
A\$/¥	85.1	82.5	84.0	84.0	80.6	82.1
A\$/€	0.77	0.75	0.75	0.74	0.74	0.74
A\$/£	0.67	0.67	0.68	0.67	0.67	0.67
A\$/NZ\$	1.27	1.25	1.23	1.22	1.20	1.23
A\$/C\$	1.04	1.05	1.08	1.10	1.11	1.15
A\$/CHF	0.88	0.99	1.03	1.05	1.08	1.12
A\$/CNY	7.07	7.02	7.06	6.97	6.88	6.92
A\$ Trade weighted index	79.0	78.1	78.7	77.9	76.8	77.4
<b>International cross rates</b>						
US\$/¥	77.6	75.0	75.0	75.0	72.0	72.0
€/US\$	1.43	1.47	1.50	1.52	1.52	1.55
€/¥	111	110	113	114	109	112
£/US\$	1.64	1.65	1.65	1.68	1.68	1.70
€/£	0.88	0.89	0.91	0.90	0.90	0.91
US\$/C\$	0.95	0.95	0.96	0.98	0.99	1.01
US\$/CHF	0.80	0.90	0.92	0.94	0.96	0.98
US\$ index	74.1	77.4	78.6	80.4	80.1	80.5
<b>Asia exchange rates</b>						
US\$/CNY	6.44	6.38	6.30	6.22	6.14	6.07
US\$/HKD	7.79	7.80	7.80	7.80	7.80	7.80
US\$/IDR	8501	8400	8200	7900	7700	7500
US\$/INR	44.1	44.1	42.9	41.8	40.6	39.5
US\$/KRW	1053	1040	1020	990	970	950
US\$/MYR	2.96	2.96	2.92	2.88	2.83	2.79
US\$/PHP	42.2	42.1	41.4	40.8	40.2	39.6
US\$/SGD	1.20	1.20	1.18	1.17	1.15	1.13
US\$/THB	29.72	29.60	29.30	28.90	28.60	28.20
US\$/TWD	28.81	28.70	28.40	28.10	27.80	27.50
US\$/VND	20578	20600	20600	21400	21400	21400
<b>Pacific exchange rates</b>						
PGK/US\$	0.445	0.385	0.378	0.372	0.366	0.366
FJD/US\$	0.583	0.548	0.538	0.530	0.522	0.522

**IMPORTANT NOTICE**

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