



# ECONOMICS & MARKETS RESEARCH

## ANZ AUSTRALIAN ECONOMICS TOOLBOX

16 APRIL 2010

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### ECONOMIC UPDATE: INTEREST RATES BEGIN TO BITE, BUT EXTERNAL DRIVERS OF DEMAND CONTINUE TO STRENGTHEN

- **The weakening trend in housing finance persisted into February.** The *number* of owner-occupied housing finance commitments declined by 1.8% (-2.7% excluding refinancing), while the *value* of total commitments fell 3.2%. It is apparent that the 75bps worth of rate hikes implemented through to February 2010 have begun to bite, with investor demand for finance also 0.3% softer in the month. The slowing in the momentum of finance approvals is of particular concern for the undersupply issue facing the housing market: construction loan approvals have tumbled 12.5% since October 2009, suggesting that the shortage of housing will become even more entrenched as monetary policy continues to tighten. Combined with sustained demand for dwellings through population growth and offshore investor demand, house prices look set to show solid growth in 2010.
- **The Chinese economy is booming,** with Q1 GDP growth clocking in at 11.9% YoY, driven by strong domestic demand. China's accelerating momentum and soaring demand for commodities has been a key driver of Australia's economic outperformance over the past year. However, there is a concern that China is now overheating: CPI inflation has accelerated on a 3-month annualised basis and is expected to soon breach the government's 3% target rate. It is increasingly likely that China's authorities will need to tighten financial conditions in the near term, and we expect an appreciation in the USD/CNY and higher interest rates to ensue over the months ahead. While these measures should ensure a more sustainable pace of Chinese growth over the medium term, in the short term this could provide a headwind to Australia's export growth (and GDP) and weigh on the AUD.
- **Financial markets have welcomed the announcement of a medium-term plan to help Greece resolve its sovereign debt issues.** In brief, the Euro zone has offered €30bn in 3-year loans at below-market rates, with another €15bn to be provided by the IMF, although the Greek government still needs to accept the package for it to be activated. While the move has calmed markets, it raises issues of moral hazard for other debt-stricken Europeans including Portugal and Spain. But for the moment, the plan has given investor risk appetite (and in turn, the AUD/USD) a boost, and for Australia, should reassure the RBA that sovereign credit concerns will remain largely contained as it continues to normalise policy.

### THE WEEK AHEAD

- The **Australian** dataflow is relatively thin in the week ahead. The main event will be the minutes from the RBA's April Board meeting, which should reveal further detail on the central bank's thoughts around its continued normalisation of monetary policy. Also due out are the WBC Leading Index, DEWR Skilled Vacancies, new motor vehicle sales, and the import and export price indices.
- **NZ** data watchers will be active, with Q1 consumer prices data due out on Tuesday. Also released are the Performance of Services Index, ANZ Consumer Confidence series, visitor arrivals and credit card spending figures.
- In the **US**, watch out for the leading indicators series, producer prices, existing and new home sales data, durable goods orders, and speeches from the Fed's Evans, Bernanke, Duke and Kohn.
- The ZEW survey of investor and analyst economic sentiment and the Purchasing Managers Indices will be the key economic data released in the **Euro zone**. Also watch out for construction output, current account, consumer confidence and industrial new orders data. In the **UK**, Q1 GDP, consumer prices, unemployment rate, and retail sales data will be the key data of interest to be released.

## DATA &amp; EVENT CALENDAR

Date	Country	Data/Event	ANZ	Market	Last	GMT
18 Apr	NZ	Performance Services Index - (Mar)	nf	na	53.7	-
18-23 Apr	JP	Supermarket Sales YoY - (Mar)	nf	na	-2.4%	-
19-23 Apr	GE	Import Price Index MoM - (Mar)	nf	1.1%	1.0%	-
		Import Price Index YoY - (Mar)	nf	4.3%	2.6%	-
19 Apr	JP	Consumer Confidence - (Mar)	nf	na	40.0	05:00
		Consumer Confidence Households - (Mar)	nf	na	39.8	05:00
	EU	Construction Output sa MoM - (Feb)	nf	na	-2.2%	09:00
		Construction Output wda YoY - (Feb)	nf	na	-12.5%	09:00
		<b>ECB's Tumpel-Gugerell talk in Luxembourg</b>	-	-	-	<b>15:00</b>
		<b>ECB's Papademos speaks in Strasbourg</b>	-	-	-	<b>17:00</b>
	UK	Rightmove House Prices (MoM)	nf	na	0.10%	23:01
		Rightmove House Prices (YoY)	nf	na	5.30%	23:01
	US	Leading Indicators - (Mar)	nf	1.0%	0.1%	14:00
		<b>Fed's Evans and Bernanke Speak in Chicago</b>	-	-	-	<b>13:00</b>
	CA	International Securities Transactions - (Feb)	nf	na	11.830B	12:30
20 Apr	NZ	Food Prices MoM - (Mar)	nf	na	-1.3%	22:45
		Consumer Prices QoQ - (Q1)	0.5%	2.6%	-0.2%	22:45
		Consumer Prices YoY - (Q1)	2.2%	2.2%	2.0%	22:45
	AU	<b>Reserve Bank's Board April Minutes released</b>	-	-	-	<b>01:30</b>
	JP	Tertiary Industry Index MoM - (Feb)	nf	na	2.90%	23:50
		Machine Tool Orders YoY - (Mar F)	nf	na	262.10%	06:00
		Convenience Store Sales YoY - (Mar)	nf	na	-4.70%	07:00
	EU	ECB Euro-Zone Current Account sa - (Feb)	nf	na	-8.1B	08:00
		Euro-Zone Current Account nsa - (Feb)	nf	na	-16.7B	08:00
		ZEW Survey (Economic Sentiment) - (Apr)	nf	na	37.9	09:00
		<b>ECB's Weber Speaks in Germany</b>	-	-	-	<b>16:00</b>
	GE	Producer Prices MoM - (Mar)	nf	0.4%	0.0%	06:00
		Producer Prices YoY - (Mar)	nf	-1.8%	-2.9%	06:00
		ZEW Survey (Economic. Sentiment) - (Apr)	nf	46.3	44.5	09:00
		ZEW Survey (Current Situation) - (Apr)	nf	-45.5	-51.9	09:00
	UK	CPI MoM - (Mar)	nf	0.4%	0.40%	08:30
		CPI YoY - (Mar)	nf	3.2%	3.00%	08:30
		Core CPI YoY - (Mar)	nf	2.9%	2.90%	08:30
		RPI MoM - (Mar)	nf	0.4%	0.60%	08:30
		RPI YoY - (Mar)	nf	4.1%	3.70%	08:30

## DATA &amp; EVENT CALENDAR

Date	Country	Data/Event	ANZ	Market	Last	GMT	
20 Apr Cont	UK	RPI Ex Mort. & Interest Payments YoY – (Mar)	nf	4.4%	4.20%	08:30	
	US	ABC Consumer Confidence – (Apr 18)	nf	na	-47	21:00	
	CA	<b>Bank of Canada Rate – (Apr 20)</b>	<b>0.25%</b>	<b>0.25%</b>	<b>0.25%</b>	<b>13:00</b>	
21 Apr	AU	Westpac Leading Index MoM – (Feb)	nf	na	0.2%	00:30	
		DEWR Skilled Vacancies MoM – (Apr)	nf	na	2.4%	01:00	
		<b>AOFM \$700 million of April 2020 Bonds</b>	-	-	-	-	
	JP	Leading Index CI – (Feb F)	nf	na	97.9	05:00	
		Coincident Index CI – (Feb F)	nf	na	100.7	05:00	
	UK	<b>Bank of England Minutes</b>	-	-	-	<b>08:30</b>	
		Claimant Count Rate – (Mar)		4.9%	4.90%	08:30	
		Jobless Claims Change – (Mar)	nf	2.5%	-32.3K	08:30	
		ILO Unemployment Rate (3mths) – (Feb)	nf	-8.8K	7.80%	08:30	
		Average Weekly Earnings 3M/YoY – (Feb)	nf	1.6%	0.90%	08:30	
		Weekly Earnings exBonus 3M/YoY – (Feb)	nf	7.8%	1.40%	08:30	
	US	MBA Mortgage Applications – (Apr 16)	nf	na	-9.6%	11:00	
	CA	Wholesale Sales MoM – (Feb)	nf	1.2%	3.0%	12:30	
	22 Apr	NZ	ANZ Consumer Confidence Index – (Apr)	nf	na	121.8	03:00
			ANZ Consumer Confidence MoM– (Apr)	nf	na	-1.5%	03:00
		AU	New Motor Vehicle Sales MoM – (Mar)	nf	na	-1.9%	01:30
			New Motor Vehicle Sales YoY – (Mar)	nf	na	17.1%	01:30
		RBA Foreign Exchange Transactions – (Mar)	nf	na	424M	01:30	
JP		Merchandise Trade Balance Total – (Mar)	nf	na	¥649.6B	23:50	
		Adjusted Merchandise Trade Bal. – (Mar)	nf	na	¥470.5B	23:50	
		Merchandise Trade Exports YoY – (Mar)	nf	na	45.3	23:50	
		Merchandise Trade Imports YoY – (Mar)	nf	na	29.5	23:50	
EU		Euro-Zone Govt Debt/GDP Ratio – (Dec 31)	nf	na	69.3%	08:00	
		Euro-Zone Consumer Confidence – (Apr A)	nf	-17	-17	14:00	
		PMI Services – (Apr A)	nf	54.4	54.1	08:00	
		PMI Manufacturing – (Apr A)	nf	56.4	56.6	08:00	
		PMI Composite – (Apr A)	nf	na	55.9	08:00	
		<b>ECB's Trichet, Wellink, Papademos, Provopoulos in Frankfurt</b>	-	-	-	<b>11:00</b>	
GE		PMI Services – (Apr A)	nf	55.0	54.9	07:30	
		PMI Manufacturing – (Apr A)	nf	59.8	60.2	07:30	
UK		Major Banks Mortgage Approvals – (Mar)	nf	na	48K	08:30	
		M4 Money Supply MoM – (Mar P)	nf	na	0.20%	08:30	

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Date	Country	Data/Event	ANZ	Market	Last	GMT	
22 Apr Cont	UK	M4 Money Supply YoY – (Mar P)	nf	na	3.90%	08:30	
		UK CBI April Quarterly Industrial Trends -	-	-	-	10:00	
		Public Finances (PSNCR) – (Mar)	nf	34.0B	7.7B	08:30	
		Public Sector Net Borrowing – (Mar)	nf	27.5B	12.4B	08:30	
		Retail Sales MoM – (Mar)	nf	0.7%	2.10%	08:30	
		Retail Sales YoY – (Mar)	nf	2.4%	3.50%	08:30	
		Retail Sales Ex Auto Fuel MoM – (Mar)	nf	na	1.60%	08:30	
		Retail Sales Ex Auto Fuel YoY – (Mar)	nf	na	5.40%	08:30	
	US	Producer Price Index MoM – (Mar)	nf	0.5%	-0.60%	12:30	
		Producer Price Index YoY – (Mar)	nf	6.1%	4.40%	12:30	
		PPI Ex Food & Energy MoM – (Mar)	nf	0.1%	0.10%	12:30	
		PPI Ex Food & Energy YoY – (Mar)	nf	0.9%	1.00%	12:30	
		Initial Jobless Claims – (Apr 17)	nf	450K	484K	12:30	
		Continuing Claims – (Apr 10)	nf	na	4639K	12:30	
		RPX Composite 28dy YoY – (Feb)	nf	na	-0.51%	13:00	
		RPX Composite 28dy Index – (Feb 28)	nf	na	185.8	13:00	
		House Price Index MoM – (Feb)	nf	-0.1%	-0.60%	14:00	
		US	Existing Home Sales – (Mar)	nf	5.30M	5.02M	14:00
	Existing Home Sales MoM – (Mar)		nf	5.6%	-0.60%	14:00	
	<b>G-20 Meets in Washington</b>		-	-	-	<b>23:00</b>	
CA	Leading Indicators MoM – (Mar)	nf	0.7%	0.8%	12:30		
23 Apr	NZ	Visitor Arrivals – (Mar)	nf	na	-1.9%	22:45	
		Credit Card Spending sa MoM – (Mar)	nf	na	-0.3%	03:00	
		Credit Card Spending YoY – (Mar)	nf	na	1.1%	03:00	
	AU	Import price index QoQ – (Q1)	-2.2%	na	-4.3%	01:30	
		Export price index QoQ – (Q1)	1.8%	na	-1.7%	01:30	
	<b>AOFM auctions \$500 mn of Mar 2019 Bonds</b>			-	-	-	-
	JP	All Industry Activity Index MoM – (Feb)	nf	na	3.8%	04:30	
		<b>BoJ's Shirakawa Speaks in New York</b>	-	-	-	<b>16:15</b>	
	EU	Industrial New Orders sa MoM – (Feb)	nf	0.7%	-1.6%	09:00	
		Industrial New Orders sa YoY – (Feb)	nf	11.2%	7.3%	09:00	
	<b>ECB's Gonzalez-Paramo in Frankfurt</b>			-	-	-	<b>07:00</b>
	GE	IFO - Business Climate – (Apr)	nf	98.9	98.1	08:00	
IFO - Current Assessment – (Apr)		nf	95.1	94.4	08:00		
IFO - Expectations – (Apr)		nf	102.3	101.9	08:00		
UK	GDP QoQ – (Q1 A)	nf	0.4%	0.40%	08:30		

## DATA & EVENT CALENDAR

Date	Country	Data/Event	ANZ	Market	Last	GMT
23 Apr Cont	UK	GDP YoY – (Q1 A)	nf	-0.3%	-3.10%	08:30
		Index of Services (3mth/3mth) – (Feb)	nf	na	0.60%	08:30
	US	Durable Goods Orders MoM – (Mar)	nf	0.1%	0.90%	12:30
		Durables Ex Transportation MoM – (Mar)	nf	0.5%	1.40%	12:30
		New Home Sales – (Mar)	nf	322K	308K	14:00
		New Home Sales MoM – (Mar)	nf	4.6%	-2.20%	14:00
		<b>Fed's Kohn Speaks at ECB Conference</b>	-	-	-	<b>07:00</b>
	CA	Consumer Price Index MoM – (Mar)	nf	0.2%	0.40%	11:00
		Consumer Price Index YoY – (Mar)	nf	1.6%	1.60%	11:00
		Bank Canada CPI Core MoM – (Mar)	nf	0.0%	0.70%	11:00
		Bank Canada CPI Core YoY – (Mar)	nf	1.9%	2.10%	11:00
		Retail Sales MoM – (Feb)	nf	1.0%	0.70%	12:30
		Retail Sales Less Autos MoM – (Feb)	nf	0.8%	1.80%	12:30

## FIVE WEEKS AT A GLANCE

Monday	Tuesday	Wednesday	Thursday	Friday
<p><b>26 April</b> JP: Corp Service Price Index (Mar) UK: Hometrack Housing Survey (Apr) US: Dallas Fed Manf. Activity (Apr)</p>	<p><b>27 April</b> AU: PPI (Q1) UK: BBA Loans for House Purchase (Mar) US: Consumer Confidence (Apr), ABC Consumer Confidence (Apr 25)</p>	<p><b>28 April</b> NZ: NBNZ Business Confidence (Apr) AU: CPI (Q1) GE: GfK Consumer Confidence Survey (May) US: <b>FOMC Rate Decision</b>, MBA Mortgage Applications (Apr 23)</p>	<p><b>29 April</b> NZ: <b>RBNZ Official Cash Rate</b>, Trade Balance (Mar) AU: Conference Board Leading Index (Feb) EU: Business Climate Indicator (Apr), Euro-Zone Confidence (Apr) GE: Unemployment Rate (Apr) US: Initial Jobless Claims (Apr 24)</p>	<p><b>30 April</b> NZ: Building Permits (Mar), Imports (Mar) AU: Private Sector Credit (Mar) JP: Jobless Rate (Mar), CPI (Apr), Industrial Production (Mar P), <b>BOJ Target Rate</b> EU: Euro-Zone UE Rate (Mar) US: GDP (Q1 A) CA: Industrial Product Price (Mar), GDP (Feb)</p>
<p><b>3 May</b> NZ: ANZ Commodity Price (Apr) AU: AiG Performance of Mfg Index (Apr), TD Securities Inflation (Apr), RBA Comm Index (Apr) CH: Manu PMI (Apr) EU: PMI Manu (Apr) GE: PMI Manu (Apr F) US: Personal Income &amp; Spending (Mar), PCE (Mar), ISM Manu (Apr), Domestic Vehicle Sales (Apr), Total Vehicle Sales (Apr)</p>	<p><b>4 May</b> NZ: Private Wages (Q1), Ave Hourly Earnings (Q1) AU: <b>RBA CASH TARGET</b> EU: Euro-Zone PPI (Mar) UK: Mortgage Approvals (Mar), PMI Manufacturing (Apr) US: Factory Orders (Mar), Pending Home Sales (Mar), ABC Consumer Confidence (May 2)</p>	<p><b>5 May</b> AU: Building Approvals (Mar), AiG Performance of Service Index (Apr) EU: PMI Services &amp; Composite (Apr F), Euro-Zone Retail Sales (Mar) EU: PMI Services (Mar) UK: Nationwide Consumer Confidence (Apr), PMI Construction (Apr) US: MBA Mortgage Applications (Apr 30), ADP Employment Change (Apr)</p>	<p><b>6 May</b> NZ: UE Rate (Q1) AU: Trade Balance (Mar), Retail Sales (Mar) JP: <b>BoJ Monetary Policy Meeting Minutes for Apr</b>, Loans &amp; Discounts Corp (Mar), Vehicle Sales EU: <b>ECB Announces Interest Rates</b> GE: Factory Orders (Mar) UK: <b>BOE ANNOUNCES RATES</b>, PMI Services US: Initial Jobless Claims (May 1) CA: Building Permits (Mar)</p>	<p><b>7 May</b> AU: AiG Construction Index (Apr), <b>Reserve Bank Quarterly Monetary Policy Statement</b> JP: Monetary Base (Apr) GE: Industrial Production (Mar) UK: New Car Registrations (Apr), PPI (Apr) US: Change in Nonfarm Payrolls (Apr), UE Rate (Apr), Consumer Credit (Mar) CA: UE Rate (Apr)</p>
<p><b>10 May</b> NZ Card Spending (Apr) AU: ANZ Job Advertisements (Apr), Home Loans CH: Trade Balance (Apr), Exports (Apr), Imports (Apr) EU: Sentix Investor Confidence (May) GE: Trade Balance (Mar), Current Account (Mar) CA: Housing Starts (Apr)</p>	<p><b>11 May</b> AU: <b>2010-11 Federal Budget released</b> NAB Business Confidence (Apr) CH: PPI (Apr), PPI (Apr), CPI (Apr), Retail Sales (Apr), Industrial Production (Apr) EU: GDP (Apr) GE: CPI (Apr) UK: Industrial Production (Mar), Manufacturing Production (Mar), US: Wholesale Inventories (Mar),</p>	<p><b>12 May</b> NZ Business PMI (Apr), Food Prices (Apr) AU: Home Loans (Mar), , AU. JP: Leading Index.(Mar) CH: House Prices (Apr) EU: GDP (Q1) GE: GDP (Q1) US: Trade Balance (Mar), Monthly Budget Statement (Apr) CA: Int'l Merchandise Trade (Mar)</p>	<p><b>13 May</b> NZ: House Sales (Apr), Housing Price Index (Apr), Retail Sales (Mar) AU: UE Rate (Apr), Participation Rate (Apr) JP: Japan Money Stock, Bank Lending (Apr), Adjusted Current Account (Mar), Bank Lending Banks (Apr), Trade Balance (Mar) EU: <b>ECB Publishes May Monthly Report</b></p>	<p><b>14 May</b> US Advance Retail Sales (Apr), Industrial Production (Apr), Capacity Utilisation (Apr), U. of Michigan Confidence (May P), Business Confidence (Mar) CA: Manufacturing Sales (Mar), New Motor Vehicle Sales (Mar)</p>
<p><b>17 May</b> JP: Domestic CGPI (Apr), Machine Orders (Mar), Domestic CGPI (Apr), CH: Actual FDI (Apr) EU: EU 25 New Car Registrations (Apr) US: Empire Manufacturing (May), Net Long-term TIC Flows (Mar), Total Net TIC Flows (Mar), NAHB</p>	<p><b>18 May</b> NZ: PPI (Q1) AU: <b>Reserve Bank's Board May Minutes</b> JP: Tertiary Industry Index (Mar), Consumer Confidence (Apr) EU: CPI (Apr), Trade Balance (Mar) GE: ZEW Survey (Econ. Sentiment) (May) UK: CPI (Apr), RPI (Apr) US: PPI (Apr), Housing</p>	<p><b>19 May</b> AU: Westpac Consumer Confidence (May), Wage Cost Index (Q1), DEWR Skilled Vacancies (May) JP: Industrial Production (Mar), Capacity Utilization (Mar) EU: Construction Output (Mar) UK: <b>BoE Minutes</b> US: CPI (Apr)</p>	<p><b>20 May</b> NZ: <b>New Zealand Budget</b>, ANZ Consumer Confidence Index (May) AU: Consumer Inflation Expectation (May), Ave Weekly Wages (Feb) JP: GDP (Q1), GDP Deflator (Q1) EU: Consumer Confidence (May) GE: Producer Prices (Apr) UK: Retail Sales (Apr)</p>	<p><b>21 May</b> NZ: Visitor Arrivals (Apr) JP: <b>BOJ Target Rate</b> EU: Current Account (Mar) GE: GDP (Q1), IFO - Business Climate (May) UK: M4 Money Supply (Apr) US: Leading Indicators (Apr), Phil Fed Business Outlook Survey CA: CPI (Apr), Retail</p>
<p><b>24 May</b> AU: New Motor Vehicle Sales (Apr) JP: All Industry Activity Index (Mar), <b>BOJ Monthly Report</b> CH: Leading Index EU: PMI for Services and Manufacturing GE: PMI for Services and Manufacturing UK: Nat'wide House prices sa (May) US: Existing Home Sales (Apr)</p>	<p><b>25 May</b> EU: Industrial New Orders SA (Mar) UK: GDP (Q1), BBA Loans for House Purchase (Apr) US: Richmond Fed Manufact. Index (May), Consumer Confidence (May)</p>	<p><b>26 May</b> AU: Construction Work Done (Q1) JP: <b>BoJ Monetary Policy Meeting Minutes for Apr</b> US: MBA Mortgage Applications (May 21), Durable Goods Orders (Apr), New Home Sales (Apr)</p>	<p><b>27 May</b> NZ: Trade Balance (Apr) AU: Private Capital Expenditure (Q1) JP: Merchnds Trade Balance Total (Apr), Adjusted Merchnds Trade Bal. (Apr) US: GDP (Q1), Personal Consumption (Q1), Core PCE Q1), Initial Jobless Claims (May 22)</p>	<p><b>28 May</b> NZ: Building Permits (Apr) JP: CPI (Apr), Retail Trade (Apr), Jobless Rate (Apr) GE: CPI (May) US: Personal Income (Apr), Personal Spending (Apr), Chicago Purchasing Manager (May) CA: Current Account (Q1)</p>

# CENTRAL BANK RELEASES FOR 2010

JANUARY	FEBRUARY	MARCH	APRIL
6th – FOMC Minutes 7th – BoE 14th – ECB 19th – BoC 20th – BoE Minutes 25-26th – BoJ 27th – FOMC 28th – RBNZ	2nd – RBA 4th – BoE 4th – ECB 5th – RBA MP Statement 16th – RBA Minutes 17th – BoE Minutes 17th – FOMC Minutes 17-18th – BoJ 18th – ECB 23rd – BoJ Minutes	2nd – BoC 2nd – RBA 4th – BoE 4th – ECB 11th – RBNZ 11th – RBNZ MP Statement 11th – SNB 16th – FOMC 16th – RBA Minutes 17th – BoE Minutes 16-17th – BoJ 18th – ECB 23rd – BoJ Minutes	6th – RBA 6-7th – BoJ 8th – BoE 8th – ECB 12th – BoJ Minutes 20th – BoC 20th – RBA 21st – BoE Minutes 22nd – ECB 28th – FOMC 29th – RBNZ 30th – BoJ
MAY	JUNE	JULY	AUGUST
4th – RBA 6th – BoE 6th – ECB 7th – RBA MP Statement 10th – BoJ Minutes 18th – RBA Minutes 19th – BoE Minutes 20th – ECB 20-21st – BoJ 26th – BoJ Minutes	1st – BoC 1st – RBA 10th – BoE 10th – ECB 10th – RBNZ 10th – RBNZ MP Statement 14-15th – BoJ 15th – RBA Minutes 17th – SNB 18th – BoJ Minutes 23rd – BoE Minutes 23rd – FOMC 24th – ECB	6th – RBA 8th – BoE 8th – ECB 20th – RBA Minutes 20th – BoC 21st – BoE Minutes 22nd – ECB 29th – RBNZ	3rd – RBA 5th – BoE 5th – ECB 6th – RBA MP Statement 10th – FOMC 17th – RBA Minutes 18th – BoE Minutes
SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER
2nd – ECB 7th – RBA 8th – BoC 9th – BoE 16th – ECB 16th – RBNZ 16th – RBNZ MP Statement 16th – SNB 21st – RBA Minutes 21st – FOMC 22nd – BoE Minutes	5th – RBA 7th – BoE 7th – ECB 19th – RBA Minutes 19th – BoC 20th – BoE Minutes 21st – ECB 28th – RBNZ	2nd – RBA 3rd – FOMC 4th – BoE 4th – ECB 5th – RBA MP Statement 16th – RBA Minutes 17th – BoE Minutes 18th – ECB	2nd – ECB 7th – RBA 9th – BoE 9th – RBNZ 9th – RBNZ MP Statement 14th – FOMC 16th – ECB 16th – SNB 21st – RBA Minutes 22nd – BoE Minutes

**\*Notes:** Entries are the dates of central bank interest rate announcements for 2010, unless specified as minutes or otherwise.

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

BoJ data are available only to June.

**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	2009	2010 F	2011 F	2012 F
<b>Economic activity (annual % change)</b>				
Private final demand	1.1	4.3	4.6	4.6
Household consumption	2.2	2.4	2.9	2.8
Dwelling investment	-4.4	14.1	5.0	1.7
Business investment	-0.7	7.1	9.8	11.1
Public demand	3.1	8.2	4.1	2.2
Domestic final demand	1.6	5.2	4.5	4.1
Inventories (contribution to GDP )	-0.5	0.5	0.0	0.0
Gross National Expenditure (GNE)	1.0	5.7	4.4	4.0
Exports	0.5	2.4	5.4	6.1
Imports	-7.7	14.7	9.9	10.3
Net Exports (contribution to GDP)	1.8	-2.5	-1.2	-1.3
<b>Gross Domestic Product (GDP)</b>	<b>1.3</b>	<b>3.2</b>	<b>3.3</b>	<b>3.5</b>
<b>Prices and wages (annual % change)</b>				
Inflation: Headline CPI	1.8	2.4	2.8	2.9
Underlying *	3.8	2.9	2.7	2.8
Wages	3.6	2.8	3.3	3.7
<b>Labour market</b>				
Employment (annual % change)	0.3	2.3	2.0	2.0
Unemployment rate (annual average %)	5.6	5.2	4.9	4.6
<b>External sector</b>				
Current account balance: A\$bn	-51.7	-50.9	-40.0	-50.2
% of GDP	-4.1	-3.8	-2.7	-3.2

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

AUSTRALIAN INTEREST RATES	CURRENT	JUN 10 F	SEP 10 F	DEC 10 F	MAR 11 F	JUN 11 F
RBA cash rate	4.25	4.25	4.75	5.00	5.25	5.50
90 day bill	4.48	4.40	4.90	5.20	5.40	5.70
3 year bond	5.29	5.30	5.40	5.50	5.50	5.75
10 year bond	5.82	5.70	5.70	5.70	5.70	5.85
3s10s yield curve	0.53	0.40	0.30	0.20	0.20	0.10
3 year swap	5.52	5.70	5.80	5.90	5.90	6.15
10 year swap	6.22	6.25	6.25	6.25	6.25	6.40
INTERNATIONAL INTEREST RATES	CURRENT	JUN 10 F	SEP 10 F	DEC 10 F	MAR 11 F	JUN 11 F
RBNZ cash rate	2.50	2.50	2.75	3.25	3.50	4.00
NZ 90 day bill	2.68	2.73	3.17	3.67	3.75	4.58
US Fed funds note	0.25	0.25	0.25	0.75	1.25	1.75
US 2 year note	1.00	1.10	1.40	1.80	2.20	2.70
US 10 year note	3.81	4.60	4.70	4.80	4.80	4.80
Japan call rate	0.10	0.10	0.10	0.10	0.10	0.10
ECB refinance rate	1.00	1.00	1.00	1.00	1.50	1.75
UK repo rate	0.50	0.50	0.50	0.50	1.00	1.25

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

## FORECASTS

FOREIGN EXCHANGE RATES	CURRENT	JUN 10 F	SEP 10 F	DEC 10 F	MAR 11 F	JUN 11 F
<b>Australian exchange rates</b>						
A\$/US\$	0.9274	0.95	0.96	0.94	0.92	0.90
NZ\$/US\$	0.7073	0.71	0.72	0.70	0.69	0.68
A\$/¥	86.72	88.4	91.2	90.2	89.2	88.2
A\$/€	0.6948	0.69	0.71	0.71	0.71	0.70
A\$/£	0.6070	0.62	0.62	0.61	0.60	0.59
A\$/NZ\$	1.3111	1.34	1.33	1.34	1.33	1.32
A\$/C\$	0.9288	0.94	0.94	0.90	0.87	0.85
A\$/CHF	0.9954	1.04	1.07	1.07	1.07	1.08
A\$/CNY	6.3285	6.40	6.39	6.18	5.97	5.81
A\$ Trade weighted index	72.40	74.2	74.8	73.3	71.6	70.1
<b>International cross rates</b>						
US\$/¥	93.54	93.0	95.0	96.0	97.0	98.0
€/US\$	1.3348	1.37	1.36	1.33	1.30	1.28
€/¥	124.84	127	129	128	126	125
£/US\$	1.5279	1.54	1.54	1.53	1.53	1.52
€/£	0.8746	0.89	0.88	0.87	0.85	0.84
US\$/C\$	1.0015	0.99	0.98	0.96	0.95	0.94
US\$/CHF	1.0734	1.09	1.11	1.14	1.16	1.20
US\$ index	81.56	80.3	80.9	82.1	83.3	84.3
<b>Asia exchange rates</b>						
US\$/CNY	6.8242	6.74	6.66	6.57	6.49	6.45
US\$/HKD	7.7586	7.76	7.76	7.75	7.75	7.75
US\$/IDR	9033	9500	9300	9000	8900	8850
US\$/INR	44.38	45.5	45.0	44.0	43.5	43.0
US\$/KRW	1118	1175	1125	1100	1050	1000
US\$/MYR	3.1915	3.34	3.37	3.40	3.40	3.35
US\$/PHP	44.810	45.5	45.0	44.0	44.0	43.5
US\$/SGD	1.3942	1.38	1.38	1.41	1.41	1.42
US\$/THB	32.290	32.50	32.50	32.50	32.00	32.00
US\$/TWD	31.565	32.20	31.50	30.50	30.00	30.00
US\$/VND	19040	19300	20000	20000	20000	20000
<b>Pacific exchange rates</b>						
PGK/US\$	0.3765	0.381	0.395	0.386	0.372	0.358
FJD/US\$	0.5195	0.507	0.501	0.495	0.484	0.476

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