AUSTRALIAN ECONOMICS
AUSTRALIAN ECONOMICS WEEKLY

23 SEPTEMBER 2011

INSIDE

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WAITING FOR A CIRCUIT BREAKER

- Our first *In Focus* article this week articulates why recent disconcerting price action in global financial markets suggests urgent need for policy response, in particular by European policy makers on the European banking system. If a response is not forthcoming soon and equity markets continue to fall, the risk of an insurance interest rate cut by the RBA is significantly increased.
- **The FOMC engaged in what has been labelled "Operation Twist",** announcing that it will sell US$400bn of shorter-dated securities (3 years or less) to purchase the same amount of longer-dated Treasury bonds (6 to 30 year sector). As the size of the Fed's balance sheet is not expanding, this is not a new round of quantitative easing. The move has helped flatten the yield curve further and has seen 10-year and 30-year yields drop below 1.7% and 2.8% later in the week. The FOMC will now also reinvest principal payments from its holdings of agency debt and agency mortgage-backed securities to support the mortgage markets. While helpful, markets are unconvinced that these measures will be sufficiently effective in stimulating US growth and have latched firmly onto the downside risks apparent in the FOMC statement.
- **The AUD has fallen sharply this week and is now trading around USD0.98.** The move is partly being driven by USD strength, which itself reflects the market's current bias that problems in the global economy are spreading rather than becoming more contained, with greater downside for emerging markets and commodities. With the FOMC failing to deliver beyond expectations, it does not appear to have done enough to provide a short-term circuit breaker to the discouraging pricing action in currencies. In the short term, we expect the USD to retain a bid tone, and the AUD thus to remain under downward pressure.
- **The IMF downgraded its global growth forecasts** to 4% in 2011 and 2012, down from 4.3% and 4.5% previously. While noting that "the global economy is in a dangerous new phase" and that "downside risks are growing", these projections assume that European policymakers can contain the current crisis and that US policymakers can strike a balance between supporting the economy and medium-term fiscal consolidation.
- **Speeches from the RBA's Battellino and Lowe this week suggested that there remain "reasonable grounds for optimism" regarding the domestic outlook** given the lower correlation between the Australian and US economies and increased correlation with China. The RBA even suggested current market pricing of large interest rate cuts may be misleading, while the Bank remains comfortable with higher household savings from a "national risk-management perspective." Importantly, however, **these RBA speeches did not incorporate the disconcerting price action in markets in recent days,** most importantly for Australia in equities, commodities and currencies. These present clear downside risks to both confidence and real economic activity. The European sovereign debt crisis and its impact on global financial markets remains the main negative external event risk and trigger of any potential future rate cut(s).
- **New weights for the 16th series CPI (to be introduced from Q3 onwards) are expected to have limited impact on inflation forecasts.** While the changed composition implies some slight upside bias to the CPI, this will be overwhelmed by the net impact of the lower starting point and likely downgrades to the RBA's now seemingly optimistic forecasts for GDP, the labour market and the AUD. (See Data Wrap, page 8). Indeed, IMF

forecasts for Australia this week were for growth of 1.8% in 2011 and 3.3% in 2012, well below the RBA's latest forecasts of 2.0% in 2011 and 4.5% in 2012.

- Our second *In Focus article this week* looks into recent household income and spending data which shows that **income gains and savings should soften the blow of increasing household cost pressures** across all age groups. However, with high debt servicing requirements and limited direct asset wealth compared to other age groups, **Generation X and Generation Y households remain most vulnerable** to higher interest rates and weaker employment growth.

THE WEEK AHEAD

- In **Australia**, the most significant release is private sector credit, which will likely remain weak in August (ANZ: 0.3% m/m, Mkt: 0.2% m/m).
- In the **US**, there are a host of Fed speakers include Bullard, Raskin, Lockhart, Rosengren, Kocherlakota and Plosser. The data calendar is busy, with house prices, household income and spending data, durable goods orders, the final estimate of Q2 GDP and a range of regional manufacturing data released. We expect the housing data and the Chicago PMI (both of which are forecast to remain broadly flat) will be the most important for gauging US economic prospects.
- In the **Euro-zone**, flash CPI, unemployment and confidence reads will largely take a back seat to the engulfing sovereign debt crisis, with a lack of action at the **G20 finance ministers meeting today and over the weekend** to see continued volatility across financial markets. The German Parliament will vote on the EFSF changes on Thursday night AEST.
- In **Japan**, industrial production, retail trade and inflation will be released. Industrial production, is expected to continue to improve following the natural disasters in March.
- In New Zealand trade and building approvals data will be released.

IN FOCUS

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EUROPEAN BANKING DEVELOPMENTS INCREASE RISK OF INSURANCE EASE BY THE RBA

Financial markets have entered a more marked phase of instability and weakness. This has been driven by a combination of:

- (mostly) continuing concern about the speed with which European policy makers are moving in delivering a feasible solution to Europe's sovereign debt issues, which are increasingly impacting the European banking system;
- ongoing disappointment at the slowness of the recovery in the US economy; and
- signs of softening economic growth in particular in Europe, which looks increasingly at risk of slipping once again into recession, and a further slight softening in Chinese manufacturing indicators.

Markets are increasingly losing confidence in the European banking system and have lost patience with the lack of a credible European sovereign solution and are now acting to force a policy response. In recent days, weakness in equity markets and rallies in bond markets have accelerated, the US$ has surged and commodity prices and the AUD have fallen sharply in what looks very much like a re-run of the events of the second half of 2008 ahead of and in the immediate aftermath of Lehman Brothers' failure. In such an environment, policy responses need to be rapid and significant to arrest more significant declines in equity markets, otherwise, financial market developments will become self-fulfilling and will drive further weakness in the real economy globally. Very interestingly, on Thursday night Italian and Spanish bond yields also rallied in a genuinely weak equity market environment, which suggests the current episode entails not only "risk off" or risk aversion trades, but a degree of positioning reduction also. Similarly, gold prices also fell, in contrast to the behaviour of gold prices in recent episodes of risk aversion.

WHAT'S NEXT?

Markets are likely to continue to trade off developments on both sides of the Atlantic, particularly US equity markets and European policy action (or lack thereof). Markets urgently need a circuit breaker. The main possible circuit breakers that might help both stabilise markets and counter current negative economic and financial developments could be:

- An easing in monetary policy by the ECB - this is increasingly viewed as likely by markets at the early October ECB meeting;
- Urgent action in respect of the European situation including:
  - Implement and enlarge the EFSF;
  - Recapitalisation of European banks;
  - A more robust governance structure for the ratification and implementation of decisions relating to the economic functioning of the Eurozone;
  - A credible workout plan implemented by Europe and/or the international community for the European sovereign debt situation.
- An easing of monetary policy and greater FX flexibility in emerging markets (with any such moves by the PBOC likely to be especially welcomed by markets). This would be consistent with emerging market leaders' recent commitment to move towards even more domestic-led growth; or
- Action by the US to address the ongoing weakness in US housing, including perhaps targeting means by which the refinancing of mortgages with negative equity could be achieved.

While not a policy action, any continuing decline in oil and other commodity prices would also likely be seen as helpful for the global economy as it would reduce inflationary pressures in many countries including China, while at the same time reliquefying consumers in advanced nations (though obviously this would not be seen as especially favourable for large energy exporters such as Australia).

Each of the above options would likely be viewed positively by the markets and would be beneficial for global growth and confidence. As a package it would be a very strong policy response. Measures to address the European banking and sovereign crisis would obviously be the most important as these are the focal point of markets' concerns at the present time. To us, it seems most urgent to create confidence in the European banking system and prevent contagion to the global banking system. Thereafter, a credible medium-term fiscal work out plan must be enacted. Encouragingly, today's emergency G20 communiqué suggests policy leaders recognise the increasing seriousness of current market developments.

So far, Australian financial instruments have responded in a varied fashion to developments in the US and Europe. While equity markets have weakened significantly and bond yields and short-term interest rate futures have rallied strongly, commodity prices and the AUD have declined only modestly. This week, however, has seen a more significant negative response by both commodity prices and the AUD, which bears some resemblance to the situation in the second half of 2008, whereby commodities and the AUD peaked very late relative to the emerging weakness in the US economy and equity markets.

The RBA spent considerable time in its public communications this week (the September Board Minutes, a speech by RBA Deputy Governor Ric Battellino and even an interview by RBA Board Member Jillian Broadbent), outlining what it sees to be some important differences between current developments and the situation pertaining in the second half of 2008, in particular:

- China has continued to grow reasonably strongly. Our China team notes that as Chinese growth is increasingly domestically sourced, then as sharp a slowdown as occurred in 2008 should not occur, barring a further significant global financial crisis;
- Commodity price declines have been relatively small compared to those seen in late 2008 (at least to date);
- US growth while weak, remains positive.

In addition, we would note:

- The Australian mining investment boom is now occurring - in 2008, many projects were only in the planning stages and were easily deferred or cancelled;
- Corporate treasuries are much better prepared to counter illiquid markets, while central banks have mechanisms in place to reduce the counterparty risk issues that were important in 2008; and
- To date, there has not been a Lehmans’ event. This was important in adding the final leg down to markets and economies as funding markets effectively shut.

The RBA is maintaining a watching brief. The Bank sees it as too early to know how recent financial gyrations will impact on Australian growth through both the effects on confidence of Australian consumers and businesses and via the indirect effects on the Chinese economy. While there are reasons to believe that these effects will be less serious than in 2008, if markets continue to weaken or European policy makers do not act to stabilise concerns over the banking system, the chances of the RBA enacting at least a modest insurance rate cut are increasing. How equity markets develop in coming days and weeks, and how, in particular European policy makers respond, will be key in this regard. One suspects that there may be some further weakness in equity markets in the next few weeks before European and global policy makers come to the party.

IN FOCUS

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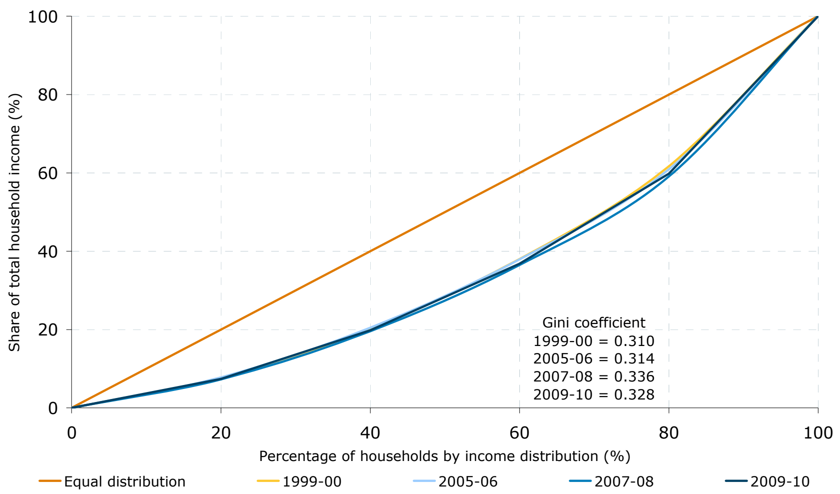
HOUSEHOLD SPENDING AND INCOME: THE DEVIL IS IN THE DETAIL

The Australian Bureau of Statistics recently released its latest update of household spending and income in the 2009-10 Household Expenditure Survey (HES) and 2009-10 Survey of Income and Housing (SIH). Since this data was released the media has been flooded with reports of increases in household costs compared to the last HES (in 2003-04) – housing costs increased 55%, medical costs are 43% higher, internet spending is up 152% - feeding the perception that cost pressures are pushing the typical Australian household towards the edge of financial collapse. This will be the case for some households, however delving deeper into the data and combining household costs with household income and wealth data provides a more useful and meaningful insight into household financial stability.

While the common approach is to report broad average measures as indicators for the *average household*, **what does the data reveal about the *non-average household*?** Unfortunately, due to confidentiality legislation, all HES and SIH data will be an average of sorts but distributing and dissecting data can reveal a lot about the non-average household.

A common economic representation of household income distribution is the Lorenz Curve or Gini coefficient*. The Lorenz curve for Australian households reveals that **the distribution of household income has remained largely stable over the last 10 years**, with only small shifts in household income at the 60th-100th income percentiles. This has reflected higher income shares for higher income households in economic upturns and lower shares through the GFC. The Gini coefficient shows this **pro-cyclical distributional effect was more pronounced for household income across all states in the height of the 2007-08 commodity boom.** However in contrast to all other states, **household income distribution continued to become increasingly unequal in WA during the GFC correction**.

FIGURE 1: HOUSEHOLD INCOME DISTRIBUTION: LORENZ CURVE



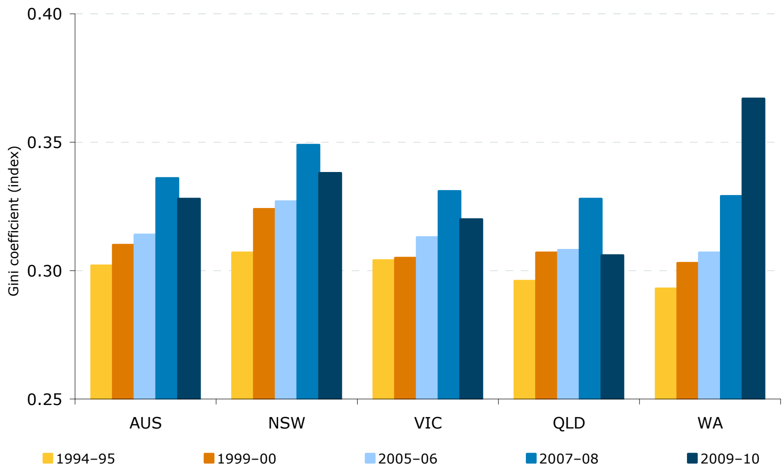
Sources: ABS and ANZ Research.

** The **Gini-coefficient** (or area between the equal distribution line and **Lorenz Curve**) indicates the dispersion of income across the entire income distribution. The Gini-coefficient has a value of zero when income is distributed equally and a value of one when one income unit receives all the income.*

There are many ways to represent a distribution or "slice the pie" (ie: household income, geography, household characteristics). Looking at household income by location, the "capital city income multiple" (household income of equivalent capital city household relative to a rest of state household) **shows middle income households (40th-60th percentile) of capital cities fared relatively better than their 'rest of state' equivalents between 2007-08 and 2009-10**. Over the same period, 'rest of state' highest income earning households (80th-100th percentile) pulled back some ground from their capital city equivalents.

IN FOCUS

FIGURE 2: HOUSEHOLD INCOME DISTRIBUTION: STATE GINI COEFFICIENTS

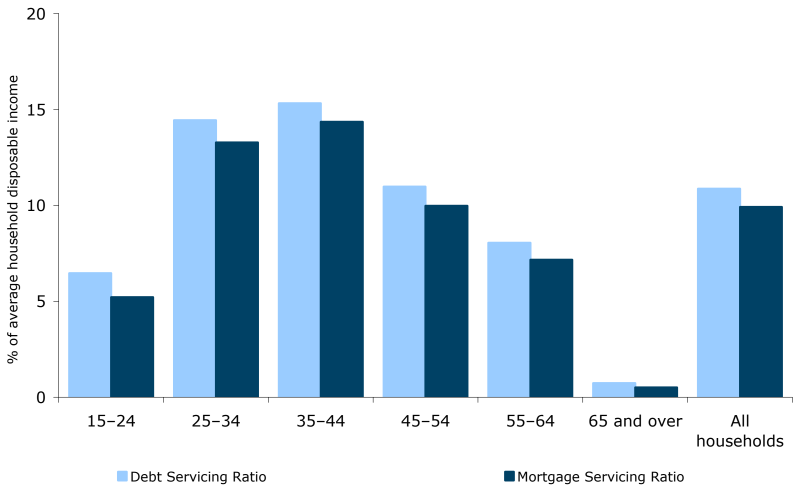


Sources: ABS and ANZ Research.

The 2009-10 household spending data show that current housing costs (for the primary home) were the most significant item of spending, with mortgage interest and rent payments making up around 6.3% and 6.6% of total household costs respectively. However even these average estimates will understate the 'true' average of either one of these items as a household (average or otherwise) will only pay rent or a mortgage on their home, not some derived combination of both. Unfortunately, the ABS did not provide a breakdown of household spending by tenure in 2009-10 HES (which it did for 2003-04 HES), so little can be concluded in terms of typical household spending from the 'average' housing costs data without any further compositional detail.

While this principal also applies to average debt measures (ie: not all households have outstanding debt), **simple debt servicing ratios show the most vulnerable age groups are the 25-34 and 35-44 year old households**. That is, the highest household leverage is for the typical 'first home buyer' household. Unlike the 45-54 and 55-64 age groups, which have significant asset wealth, the **Gen X and Gen Y households rely more on income and employment stability to service debt obligations**.

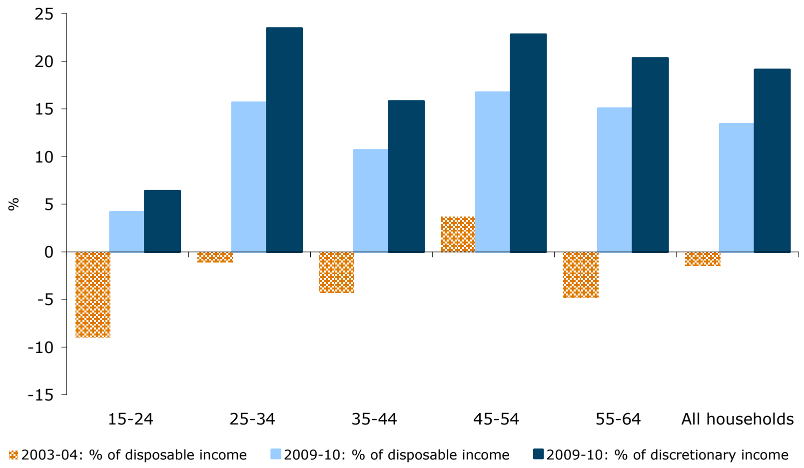
FIGURE 3: HOUSEHOLD DEBT SERVICING REQUIREMENTS, 2009-10



Sources: ABS and ANZ Research.

A recent trend that has impacted the Australian economy and household finances is increased 'consumer caution', with households voluntarily reducing their marginal propensity to consume, or the proportion of income spent on goods and services (see: *The Cautious Consumer* and *Australian Economic Update: Strong GDP Surprise, Outlook Unchanged*, ANZ Research, 7 September 2011). This has resulted in a **sharp shift in the household savings profile across all age groups between 2003-04 and 2009-10**. In 2003-04, the only age group that reported positive average household saving was the 45-54 age household. **In 2009-10 households were saving (on average) across *all* age groups**, with 45-54 year old households saving the most ($15,700/year) followed by 25-34 year old households ($12,700/year) and 55-64 year old households (15,700/year).

FIGURE 4: HOUSEHOLD SAVINGS MEASURES



Sources: ABS and ANZ Research.

Relative to average 'discretionary' income, or disposable income (gross income less tax) less essential household items (rent/mortgage, food, utilities, insurance, health), the savings ratio was highest for 25-34 year old households (around 23.5%). This is likely to reflect the **high proportion of 'stay at home kids' with low 'essential cost' commitments and higher propensity (and capacity) to save**. For some 25-34 year old households, an increasing propensity to save forms a defensive buffer against potential loss in income. For others **this strong annual rate of savings equates to approximately 23% of the deposit requirement for an 'average' house in Australia**.

On average, HES reveals that increasing household costs are adding pressure to the household budget, but what does this all mean for the *non-average* household? If you are high income 'older' household in WA this pressure is minimal. In contrast, the story is quite different if you are a low income 'younger' first homeowner household in WA (or NSW). The *average* household is saving, has positive net worth (net assets) and manageable debt servicing obligations. However, in the face of weakening employment growth, **the most financially vulnerable households, apart from the lowest end of the income distribution, will be highly leveraged income-rich asset-poor households**.

DATA WRAP

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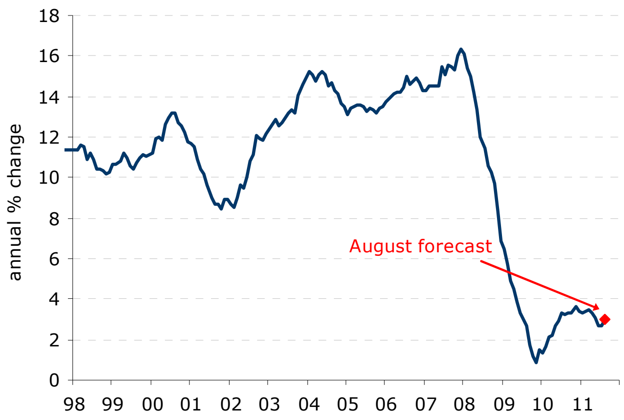
DATA WRAP

- The **DEWR internet skilled vacancies** data was broadly in line with the ANZ Job Advertisement Series, which has pointed to a mild slowing in employment growth. Vacancies fell by 0.6% in August.
- The **Westpac Leading Index** rose by 0.5% in July. A rise in productivity and gross operating surplus were the major drivers of the rise.
- **The ABS released the weights for the 16th series CPI this week.** These weights, which are based on the 2009-10 Household Expenditure Survey, will apply from the September quarter 2011 (ie. the next CPI release, due 26th October). Our initial impression is that the new weights will have limited impact on ANZ's or the RBA's inflation forecasts. On balance, the composition of items increasing/decreasing in weight may lead to some minor upward bias to both headline and underlying inflation. But our preliminary estimate is that this impact will be less than 0.1ppt per annum. Given the likely very minor impact from this re-weighting, we still anticipate that the RBA will lower its Dec-11 forecast of 3¼% for underlying inflation to 3%. This is largely due to the lower base for underlying inflation following last week's downward revisions to underlying inflation (from the change in seasonal adjustment methodology). Over this short time horizon, any downgrade to the RBA's growth/employment assumptions will likely be offset by the impact of the lower currency. (The RBA's previous forecasts had the AUD unchanged at USD1.07 – it is currently trading slightly below parity). There also seems potential for the RBA to revise down its medium-term forecasts for underlying inflation (ex carbon tax) of 3.0% in Q2 2012, rising to 3¼% by Q4 2013. This is because of the large scope for downward revisions to the RBA's now seemingly optimistic growth and labour market forecasts.
- **RBA Deputy Governor Battelino's speech "Will Australia catch a US cold?"** suggested that the lower correlation between the Australian and US economies and increased correlation between Australia and China is "reasonable grounds for optimism" regarding the domestic outlook. Battellino also reiterated that current monetary policy settings remain "appropriate" and that there are "technical reasons why current market pricing may not be giving an accurate picture of interest rate expectations." In addition, the RBA views current market pricing as largely predicated on a significant flow-though of US and European weakness to Australia. Note however that this speech pre-dated the disconcerting price action in financial markets in recent days.
- **RBA Assistant Governor Phil Lowe's speech "Changing Patterns in Household Saving and Spending"** suggested the RBA is not surprised, or perturbed, by changing household behaviour. He suggested that weakness in Australian retailing is not symptomatic of an overly constrained household sector. The RBA instead attributes the current challenging times for Australian retailers to a combination of higher household savings, which they see as a positive development from a "national risk-management perspective", and increased spending on services (for which there is little high-frequency data available). These trends are likely to remain persistent.
- The **RBA Financial Stability Report** highlighted the strength of the underlying fundamentals of the Australian financial system and broader economy. The Australian banking system is considerably better placed to cope with periods of market strain than it was before the 2008 crisis both from a capital and liquidity viewpoint. Australian banks have little direct exposure to the risky euro area sovereigns and no direct exposure at all to Greek sovereign risk. Likewise, Australian banks' exposures to euro area banks are low, accounting for less than 10 per cent of their total foreign claims and under 2 per cent of their total assets. Furthermore, dependence on international funding markets has also been reduced with the deleveraging of Australian businesses and households.
- The **Conference Board Leading Index** declined by 0.1% in July, following a 0.5% fall in June (revised up from -0.87%).

DATA PREVIEW

PRIVATE SECTOR CREDIT



30 SEP: PRIVATE SECTOR CREDIT (AUG)

ANZ: +0.3% m/m, +3.0% y/y

Market: +0.2% m/m, +2.8% y/y

Last: +0.2% m/m, +2.7% y/y

Private sector credit is expected to post a moderate monthly increase of 0.3% in August with annual growth edging higher to 3.0%. Business credit growth is expected to remain subdued with the escalation of uncertain global economic conditions in August and ongoing weak domestic economic activity. Softening house prices and weak housing market activity is expected to keep housing credit growth steady in August, while personal credit growth is expected to improve slightly following four consecutive months of negative growth. **(DC)**

DATA & EVENT CALENDAR

WEEK STARTING 26 SEPTEMBER

DATE	COUNTRY	DATA/EVENT	PERIOD	MARKET	ANZ	LAST	GMT	AEST
24 Sep - 25 Sep		**IMF and World Bank Annual Meeting**						
24-Sep	EU	**ECB's Stark Speaking in Washington**					**15:40**	**01:40**
		ECB's Weidmann, Germany's Schaeuble Speak in Washington					**17:30**	**03:30**
		ECB's Stark Speaking in Washington					**20:45**	**06:45**
		ECB's Trichet Speaking in Washington					**23:00**	**09:00**
25 Sep - 28 Sep	CH	Leading Index	AUG	- -	- -	102.25	- -	- -
26 Sep - 30 Sep	UK	Nat'wide House prices nsa y/y	SEP	- -	- -	-0.4%	- -	- -
		Nat'wide House prices sa m/m	SEP	- -	- -	-0.6%	- -	- -
26 Sep - 4 Oct	GE	Retail Sales m/m	AUG	-0.7%	- -	0.3%	- -	- -
		Retail Sales y/y	AUG	-1.3%	- -	-1.6%	- -	- -
Monday	NZ	Exports	AUG	3.44B	3.50B	3.72B	22:45	08:45
26-Sep		Imports	AUG	3.78B	3.80B	3.59B	22:45	08:45
		Trade Balance	AUG	-321M	-300M	129M	22:45	08:45
		Trade Balance 12 Mth YTD	AUG	1400	1400M	1314	22:45	08:45
	EU	ECB Announces Bond Purchases					13:30	23:30
		ECB Calls for Bids in 7-Day Main Refinancing Tender					13:30	23:30
	GE	IFO - Business Climate	SEP	107	- -	108.7	08:00	18:00
		IFO - Current Assessment	SEP	116.9	- -	118.1	08:00	18:00
		IFO - Expectations	SEP	98	- -	100.1	08:00	18:00
	US	Chicago Fed Nat Activity Index	AUG	-0.4	- -	-0.06	12:30	22:30
		Fed's Raskin (voter) Speaks on Monetary Policy in Washington					**13:15**	**23:15**
		Fed's Bullard (non-voter) Speaks in New York					**13:30**	**23:30**
		New Home Sales	AUG	295K	- -	298K	14:00	00:00
		New Home Sales m/m	AUG	-1.0%	- -	-0.7%	14:00	00:00
		Dallas Fed Manf. Activity	SEP	-8	- -	-11.4	14:30	00:30
		Fed's Kocherlakota (voter) Speaks on Debt Panel in Chicago					**19:00**	**05:00**
27 Sep - 4 Oct	GE	Import Price Index m/m	AUG	-0.3%	- -	0.8%	- -	- -
		Import Price Index y/y	AUG	6.6%	- -	7.5%	- -	- -
Tuesday	JN	Small Business Confidence	SEP	- -	- -	46.4	14:00	00:00
27-Sep		Corp Service Price Index y/y	AUG	-0.4%	- -	-0.5%	23:50	09:50
	CH	Industrial Profits YTD y/y	AUG	- -	- -	28.3%	02:00	12:00
	EU	Euro-Zone M3 sa y/y	AUG	2.0%	- -	2.0%	08:00	18:00
		Euro-Zone M3 sa 3 mth ave.	AUG	2.0%	- -	2.1%	08:00	18:00
		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
		ECB Calls for Bids in 3-Month Tender					13:30	23:30
	GE	GfK Consumer Confidence Survey	OCT	5	- -	5.2	06:00	16:00
	UK	CBI Reported Sales	SEP	-14	- -	-14	10:00	20:00
		BOE Publishes Statement on Financial Policy Committee Meeting					23:00	09:00
	US	S&P/CaseShiller Home Price Ind	JUL	- -	- -	141.3	13:00	23:00
		S&P/CS 20 City m/m sa	JUL	0.1%	- -	-0.1%	13:00	23:00
		S&P/CS Composite-20 y/y	JUL	-4.4%	- -	-4.5%	13:00	23:00
		Consumer Confidence	SEP	46.5	- -	44.5	14:00	00:00
		Richmond Fed Manufact. Index	SEP	-9	- -	-10	14:00	00:00
		Fed's Lockhart (non-voter) Speaks on Economy in Jacksonville, Florida					**16:30**	**02:30**
		Fed's Fisher (voter) Speaks on Dissent in Dallas, Texas					**17:20**	**03:20**
		US Treasury Auctions 2-year Note						
	CA	**Bank of Canada's Macklem Speaks in Vancouver**					**20:25**	**06:25**
Wednesday	AU	HIA New Home Sales m/m	AUG	- -	- -	-8.0%	01:00	11:00
28-Sep		**AOFM Auctions A$850 million of May 2021 Bonds**						
	EU	ECB Calls for Bids in 7-Day Dollar Tender					07:15	17:15
		ECB Announces Allotment in 7-Day Dollar Tender					09:00	19:00
		ECB Announces Allotment in 3-Month Tender					09:15	19:15
		ECB's Mersch Speaks At Luxembourg Two-Day Event					**12:00**	**22:00**
	GE	Consumer Price Index m/m	SEP P	-0.1%	- -	0.0%	00:00	10:00
		Consumer Price Index y/y	SEP P	2.4%	- -	2.4%	00:00	10:00
		CPI - EU Harmonised m/m	SEP P	-0.2%	- -	0.0%	00:00	10:00
		CPI - EU Harmonised y/y	SEP P	2.5%	- -	2.5%	00:00	10:00
	US	**Fed's Rosengren (non-voter) Speaks at Swedbank Seminar in Stockholm**					**06:40**	**16:40**

DATA & EVENT CALENDAR

DATE	COUNTRY	DATA/EVENT	PERIOD	MARKET	ANZ	LAST	GMT	AEST
Wednesday		MBA Mortgage Applications	Sep-11	- -	- -	0.6%	11:00	21:00
28 Sep cont		Cap Goods Orders Nondef Ex Air	AUG	- -	- -	-1.5%	12:30	22:30
		Cap Goods Ship Nondef Ex Air	AUG	- -	- -	0.2%	12:30	22:30
		Durable Goods Orders	AUG	-1.0%	- -	4.1%	12:30	22:30
		Durables Ex Transportation	AUG	0.2%	- -	0.8%	12:30	22:30
		Fed's Bernanke (voter) Speaks in Cleveland, Ohio					**21:00**	**07:00**
		US Treasury Auctions 5-year Note						
	CA	Teranet/National Bank HP Index	JUL	- -	- -	144.67	13:00	23:00
		Teranet/National Bank HPI m/m	JUL	- -	- -	1.7%	13:00	23:00
		Teranet/National Bank HPI y/y	JUL	- -	- -	4.5%	13:00	23:00
Thursday	AU	Job vacancies	AUG	- -	- -	-4.5%	01:30	11:30
29-Sep	JN	Foreign Buying Japan Bonds	Sep-11	- -	- -	¥762.1B	23:50	09:50
		Foreign Buying Japan Stocks	Sep-11	- -	- -	-¥588.9B	23:50	09:50
		Japan Buying Foreign Bonds	Sep-11	- -	- -	-¥468.4B	23:50	09:50
		Japan Buying Foreign Stocks	Sep-11	- -	- -	¥64.7B	23:50	09:50
		Large Retailers' Sales	AUG	-0.6%	- -	0.8%	23:50	09:50
		Retail Trade m/m sa	AUG	0.2%	- -	-0.3%	23:50	09:50
		Retail Trade y/y	AUG	-0.8%	- -	0.6%	23:50	09:50
		Foreign Buying Japan Bonds	Sep-11	- -	- -	- -	23:51	09:51
		Foreign Buying Japan Stocks	Sep-11	- -	- -	- -	23:51	09:51
		Japan Buying Foreign Bonds	Sep-11	- -	- -	- -	23:51	09:51
		Japan Buying Foreign Stocks	Sep-11	- -	- -	- -	23:51	09:51
	EU	Business Climate Indicator	SEP	-0.16	- -	0.07	09:00	19:00
		Euro-Zone Consumer Confidence	SEP F	- -	- -	-18.9	09:00	19:00
		Euro-Zone Economic Confidence	SEP	96.2	- -	98.3	09:00	19:00
		Euro-Zone Indust. Confidence	SEP	-4	- -	-2.9	09:00	19:00
		Euro-zone Services Confidence	SEP	2	- -	3.7	09:00	19:00
	GE	Unemployment Change (000's)	SEP	-8K	- -	-8K	07:55	17:55
		Unemployment Rate sa	SEP	7.0%	- -	7.0%	07:55	17:55
		German Parliament votes on ESFS Changes					- -	- -
	UK	M4 Ex OFCs 3M Annualised	AUG	- -	- -	3.5%	08:30	18:30
		M4 Money Supply m/m	AUG	- -	- -	-0.1%	08:30	18:30
		M4 Money Supply y/y	AUG	- -	- -	-1.1%	08:30	18:30
		Mortgage Approvals	AUG	50.0K	- -	49.2K	08:30	18:30
		Net Consumer Credit	AUG	0.2B	- -	0.2B	08:30	18:30
		Net Lending Sec. on Dwellings	AUG	- -	- -	0.7B	08:30	18:30
		GfK Consumer Confidence Survey	SEP	-32	- -	-31	23:01	09:01
	US	**Fed's Rosengren (non-voter) Speaks on Bank Regulation in Stockholm**					**06:50**	**16:50**
		Continuing Claims	Sep-11	- -	- -	- -	12:30	22:30
		Core PCE q/q	2Q T	2.2%	- -	2.2%	12:30	22:30
		Fed's Plosser (voter) Speaks on Economy in Radnor, Pennsylvania					**12:30**	**22:30**
		GDP Price Index	2Q T	2.4%	- -	2.4%	12:30	22:30
		GDP q/q (Annualized)	2Q T	1.2%	- -	1.0%	12:30	22:30
		Initial Jobless Claims	Sep-11	- -	- -	- -	12:30	22:30
		Personal Consumption	2Q T	0.4%	- -	0.4%	12:30	22:30
		Bloomberg Consumer Comfort	Sep-11	- -	- -	-52.1	13:45	23:45
		Pending Home Sales m/m	AUG	-2.1%	- -	-1.3%	14:00	00:00
		Pending Home Sales y/y	AUG	- -	- -	10.1%	14:00	00:00
		Kansas City Fed Manf. Activity	SEP	- -	- -	- -	15:00	01:00
		Fed's Lockhart (non-voter) Speaks in Atlanta					**17:00**	**03:00**
		US Treasury Auctions 7-year Note						
	CA	Industrial Product Price m/m	AUG	-0.4%	- -	-0.3%	12:30	22:30
		Raw Materials Price Index m/m	AUG	-1.3%	- -	-1.2%	12:30	22:30

DATA & EVENT CALENDAR

DATE	COUNTRY	DATA/EVENT	PERIOD	MARKET	ANZ	LAST	GMT	AEST
Friday	NZ	Building Permits m/m	AUG	-1.5%	- -	13.0%	21:45	07:45
30-Sep		NBNZ Activity Outlook	SEP	- -	- -	43.3	01:00	11:00
		NBNZ Business Confidence	SEP	- -	- -	34.4	01:00	11:00
		Money Supply M3 y/y	AUG	- -	- -	6.3%	02:00	12:00
	AU	RPData-Rismark House Prices nsa	AUG	- -	- -	-0.9%	00:30	10:30
		RPData-Rismark House Prices sa	AUG	- -	- -	-0.6%	00:30	10:30
		Private Sector Credit m/m	AUG	0.2%	0.3%	0.2%	01:30	11:30
		Private Sector Credit y/y	AUG	2.8%	3.0%	2.7%	01:30	11:30
		AOFM Auctions A$700 million of June 2016 Bonds						
	JN	Markit/JMMA Manufacturing PMI	SEP	- -	- -	51.9	23:15	09:15
		Jobless Rate	AUG	4.7%	- -	4.7%	23:30	09:30
		Job-To-Applicant Ratio	AUG	0.65	- -	0.64	23:30	09:30
		Natl CPI Ex Food, Energy y/y	AUG	-0.6%	- -	-0.5%	23:30	09:30
		Natl CPI Ex-Fresh Food y/y	AUG	0.1%	- -	0.1%	23:30	09:30
		Natl CPI y/y	AUG	0.1%	- -	0.2%	23:30	09:30
		Overall Hhold Spending y/y	AUG	-2.8%	- -	-2.1%	23:30	09:30
		Tokyo CPI Ex Food, Energy y/y	SEP	-0.5%	- -	-0.6%	23:30	09:30
		Tokyo CPI Ex-Fresh Food y/y	SEP	-0.1%	- -	-0.2%	23:30	09:30
		Tokyo CPI y/y	SEP	-0.2%	- -	-0.2%	23:30	09:30
		Industrial Production m/m	AUG P	1.5%	- -	0.4%	23:50	09:50
		Industrial Production y/y	AUG P	1.1%	- -	-3.0%	23:50	09:50
		Vehicle Production y/y	AUG	- -	- -	-8.9%	04:00	14:00
		Annualized Housing Starts	AUG	0.860M	- -	0.955M	05:00	15:00
		Construction Orders y/y	AUG	- -	- -	5.7%	05:00	15:00
		Housing Starts y/y	AUG	4.5%	- -	21.2%	05:00	15:00
	CH	MNI September Business Condition Survey					01:35	11:35
		HSBC Manufacturing PMI	SEP	- -	- -	49.9	02:30	12:30
	EU	Euro-Zone CPI Estimate y/y	SEP	2.5%	- -	2.5%	09:00	19:00
		Euro-Zone Unemployment Rate	AUG	10.0%	- -	10.0%	09:00	19:00
	US	PCE Core m/m	AUG	0.2%	- -	0.2%	12:30	22:30
		PCE Core y/y	AUG	1.7%	- -	1.6%	12:30	22:30
		PCE Deflator y/y	AUG	3.0%	- -	2.8%	12:30	22:30
		Personal Income	AUG	0.1%	- -	0.3%	12:30	22:30
		Personal Spending	AUG	0.2%	- -	0.8%	12:30	22:30
		Chicago Purchasing Manager	SEP	56.5	- -	56.5	13:45	23:45
		U. of Michigan Confidence	SEP F	57.8	- -	57.8	13:55	23:55
		NAPM-Milwaukee	SEP	- -	- -	58.3	14:00	00:00
		Fed's Bullard (non-voter) to Speak in San Diego					**15:00**	**01:00**
	CA	Gross Domestic Product m/m	JUL	0.3%	- -	0.2%	12:30	22:30
		Gross Domestic Product y/y	JUL	2.3%	- -	2.0%	12:30	22:30
1-Oct	CH	PMI Manufacturing	SEP	- -	- -	50.9	01:00	11:00
1 Oct - 7 Oct	JN	Official Reserve Assets	SEP	- -	- -	$1218.5B	- -	- -

FIVE WEEKS AT A GLANCE

MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY
26 SEPTEMBER NZ: Trade Balance (Aug) GE: IFO Survey (Sep) US: Chicago Fed Activity Index (Aug), New Home Sales (Aug), Dallas Fed Survey (Sep), **Fed's Raskin, Kocherlakota and Bullard Speak**	27 SEPTEMBER CH: Industrial Profits (Aug) GE: GfK Consumer Confidence US: Case-Shiller house prices (Jul), Consumer Confidence (Sep), Richmond Fed (Sep), **Fed's Lockhart and Fisher Speak** CA: **BOC's Macklem Speaks**	28 SEPTEMBER EU: **ECB's Mersch Speaks** GE: CPI (Sep P) SZ: **SNB's Jordan Speaks** US: Capital & Durable Goods Orders (Aug), **Fed's Bernanke and Rosengren Speak**	29 SEPTEMBER JN: Retail Trade (Aug) GE: Unemployment Rate (Sep), **German Parliament votes on EFSF changes** EU: Consumer Confidence (Sep F), Eco, Ind & Services Confidence (Sep) UK: Consumer Credit (Aug), Mortgage Approvals (Aug), GfK Consumer Confidence (Sep) US: GDP (Q2 T), Personal Consumption (Q2 T), Pending Home Sales (Aug), Kansas City Fed Manf. Activity (Sep) **Fed's Rosengren, Plosser & Lockhart Speak**	30 SEPTEMBER NZ: Building Permits (Aug), Bus. Conf. (Sep) AU: Private Credit (Aug) CH: HSBC Manufacturing PMI (Sep) JN: Jobless Rate (Aug), CPI (Aug), Tokyo CPI (Sep), Ind Prod. (Aug P), House Starts (Aug) EU: Flash CPI (Sep), Unemployment Rate (Aug) US: Personal Income & Spending (Aug), Core PCE (Aug), Chicago PMI (Sep), Univ of Mich Consumer Confidence (Sep F), NAPM Milwaukee (Sep), **Fed's Bullard Speaks** CA: GDP (Jul)
3 OCTOBER NZ: Commod. Prices (Sep) AU: AiG PMI (Sep) CH: Non-Manf.PMI (Sep) JP: Tankan Survey (Q3) EU: PMI Manf. (Sep F) GE: PMI Manf. (Sep F) UK: PMI Manf. (Sep) US: Construction Spend (Aug), ISM (Sep)	4 OCTOBER NZ: Fonterra Global Diary Auction AU: Trade (Aug), Building Approvals (Aug), **RBA Cash Rate** EU: PPI (Aug) UK: PMI Construction (Sep) US: Factory Orders (Aug), **Fed Chairman Bernanke Testifies before JEC**	5 OCTOBER AU: Retail Sales (Aug) EU: PMI Services (Sep F), Retail Sales (Aug) GE: PMI Services (SepF) UK: PMI Services (Sep), GDP (Q2 F), Trade (Q2 P) US: ADP Employment (Sep), ISM Non – Manf. (Sep)	6 OCTOBER EU: **ECB Rates Decision, ECB's Trichet Speaks** GE: Factory Orders (Aug) UK: **BoE Rates Decision** CA: Building Permits (Aug), Ivey PMI (Sep)	7 OCTOBER JP: **BoJ Rates Decision** GE: Ind Production (Aug) UK: Ind Production (Aug) Manf. Production (Aug), PPI (Sep), NIESR GDP Est (Sep) US: Non-farm Payrolls (Sep), Unemployment Rate (Sep), **Fed's Lockhart Speaks** CA: Employment (Sep)
10 OCTOBER AU: ANZ Job Ads (Sep), TD Inflation (Sep) CH: Trade (Sep) JP: **Sports Day Holiday** GE: Current Acc. (Aug), Trade (Aug) EU: Sentix Survey (Oct) US **Columbus Holiday** CA: **Thanksgiving Hol.**	11 OCTOBER NZ: Card Spending (Sep) AU: NAB Business Survey (Sep) JP: Current Account (Aug), Consumer Conf. (Sep), Trade (Aug) UK: Trade (Aug) US: NFIB Small Business Survey (Sep), **FOMC Minutes** CA: Housing Starts (Sep)	12 OCTOBER AU: Westpac Consumer Conf. (Oct), Housing Finance (Aug), **RBA's Debelle Speaks** JP: Machine Orders (Aug) EU: Ind Production (Aug) UK: AWE (Aug), Unemp. (Aug), Jobless Claims Change (Sep) US: JOLT Jobs (Aug), **Fed's Plosser Speaks** CA: New House Price (Aug)	13 OCTOBER NZ: Business PMI (Sep), Food Prices (Sep), ANZ Consumer Conf. (Oct) AU: Employment (Sep) JP: **BoJ minutes** EU: **ECB publishes Monthly Report (Oct)** GE: CPI (Sep F) US: Trade (Aug) CA: Trade (Aug)	14 OCTOBER CH: CPI (Sep), PPI (Sep) EU: CPI (Sep), Trade (Aug) US: Import Prices (Sep), Retail Sales (Sep), Uni of Michigan Conf. (Oct P), Business Inventories (Aug) CA: Manf. Sales (Aug)
17 OCTOBER NZ: Performance of Services Index (Sep) AU: Vehicle Sales (Sep) JP: Inustrial Production (Aug F) US: Empire Manf. Index (Oct), Ind. Production (Sep) CA: BoC loan officers Survey (Q3)	18 OCTOBER AU: **RBA Minutes** CH: GDP (Q3), IP (Sep), Retail Sales (Sep) EU: ZEW Survey (Oct) GE: ZEW Survey (Oct) UK: CPI (Sep) US: **Fed's Rosengreen and Bernanke Speak**, PPI (Sep), TIC flows (Aug), NAHB Housing Market Index (Oct).	19 OCTOBER AU: Consumer Inflation Expectations (Oct), DEWR Vacancies (Sep), **RBA's Debelle Speaks** EU: Current Account (Aug), Construction Output (Aug) UK: **BoE minutes** US: **Fed's Beige Book**, CPI (Sep), Housing Starts (Sep), Building Permits	20 OCTOBER AU: NAB Business Survey (Q3), **RBA's Edey Speaks** EU: Consumer Confidence (Oct A) GE: PPI (Sep) UK: Retail Sales (Sep) US: Philly Fed. (Oct), Existing Home Sales (Sep), Leading Indicators (Sep) CA: Wholesale Sales (Aug)	21 OCTOBER NZ: Net Migration (Sep), Credit Card Spending (Sep) AU: Trade Prices (Q3) EU: **ECB's Trichet, Praet, Stark and Nowotny Speak** GE: IFO (Oct) SZ: **SB Publishes Monthly Nulletin** CA: CPI (Sep)
24 OCTOBER NZ: **Labour Day Holiday** AU: PPI (Q3) JP: Trade (Sep) EU: Industrial New Orders (Aug), **EU's Juncker Speaks** US: Chicago Fed Activity Index (Sep)	25 OCTOBER NZ: CPI (Q3) AU: **RBA's Battellino Speaks** UK: GDP (Q3 A), Services Index (Aug) US: Case-Shiller House Prices (Aug), Cons. Conf. (Oct), Richmond Fed Manf. Index (Oct) CA: Retail Sales (Aug), **BoC Rates Decision**	26 OCTOBER NZ: NBNZ Business Conf. (Oct) AU: CPI (Q3) EU: **ECB Bank Lending Survey** GE: GfK Consumer Conf. (Nov) US: Durable Goods Orders (Sep), Capital Goods Orders (Sep), New Home Sales (Sep) CA: **Monetary Policy Report**	27 OCTOBER NZ: **RBNZ Cash Rate Decision**, Trade (Sep) JP: **BoJ Rates Decision**, Retail Sales (Sep) CH: Industrial Profits YTD (Sep) EU: Consumer Confidence (Oct F), Economic, Industrial & Service Confidence (Oct) GE: CPI (Oct P) US: GDP (Q3 A), Personal Consumption (Q3 A), Pending Home Sales (Sep), Kansas City Fed Manf (Oct)	28 OCTOBER JP: Jobless Rate (Sep), Household Spending (Sep), CPI (Sep), Industrial Production (Sep P) UK: GfK Consumer Conf. (Oct) US: Personal Income (Sep), Personal Spending (Sep), PCE Deflator (Sep), Uni of Michigan Conf. (Oct F)

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 Mintues 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
Economic activity (annual % change)					
Private final demand		2.2	4.3	5.7	6.4
Household consumption		2.8	2.7	2.1	2.3
Dwelling investment		4.2	1.6	-2.0	7.6
Business investment		0.0	12.0	20.0	17.6
Public demand		9.1	1.8	2.7	2.0
Domestic final demand		3.8	3.7	5.0	5.4
Inventories (contribution to GDP)		0.4	0.3	-0.4	0.0
Gross National Expenditure (GNE)		4.2	4.0	4.5	5.4
Exports		5.7	-0.8	12.2	10.3
Imports		13.7	12.0	14.6	12.2
Net Exports (contribution to GDP)		-1.6	-3.0	-1.0	-0.9
Gross Domestic Product (GDP)		**2.7**	**1.2**	**3.1**	**3.9**
Prices and wages (annual % change)					
Inflation:	Headline CPI*	2.8	3.3	2.6	3.6
	Underlying*^	2.6	2.5	2.8	3.4
Wages:		3.3	3.8	3.7	4.1
Labour market					
Employment (annual % change)		2.7	1.8	0.8	2.1
Unemployment rate (annual average %)		5.2	5.1	5.5	5.3
External sector					
Terms of trade (annual % change)		16.5	16.3	5.1	-3.5
Current account balance:	A$bn	-36.0	-26.4	-14.7	-33.8
	% of GDP	-2.7	-1.8	-1.0	-2.1

* Includes carbon tax. ^ Average of RBA trimmed mean and weighted statistical measures

AUSTRALIAN INTEREST RATES	CURRENT	DEC 11F	MAR 12F	JUN 12F	SEP 12F	DEC 12F
RBA cash rate	4.75	4.75	4.75	4.75	4.75	4.75
90 day bill	4.76	4.90	4.90	4.90	4.90	4.90
3 year bond	3.46	3.70	3.80	4.00	4.20	4.40
10 year bond	4.01	4.40	4.40	4.50	4.70	4.90
3s10s yield curve	0.56	0.70	0.60	0.50	0.50	0.50
3 year swap	4.05	4.10	4.20	4.40	4.60	4.80
10 year swap	4.72	4.98	4.95	5.05	5.25	5.45

INTERNATIONAL INTEREST RATES	CURRENT	DEC 11F	MAR 12F	JUN 12F	SEP 12F	DEC 12F
RBNZ cash rate	2.50	2.50	2.75	3.00	3.25	3.50
NZ 90 day bill	2.83	2.80	3.17	3.25	3.67	3.75
US Fed funds note	0.25	0.25	0.25	0.25	0.25	0.25
US 2 year note	0.20	0.20	0.20	0.20	0.20	0.40
US 10 year note	1.72	2.10	2.20	2.40	2.70	3.00
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	1.50	1.50
UK repo rate	0.50	0.50	0.50	0.50	0.50	0.50

FORECASTS

FOREIGN EXCHANGE RATES	CURRENT	DEC 11F	MAR 12F	JUN 12F	SEP 12F	DEC 12F
Australian exchange rates						
A$/US$	0.98	1.12	1.12	1.12	1.14	1.14
NZ$/US$	0.78	0.91	0.92	0.93	0.93	0.93
A$/¥	74.6	84.0	84.0	80.6	82.1	82.1
A$/€	0.72	0.75	0.74	0.74	0.74	0.74
A$/£	0.64	0.68	0.67	0.67	0.67	0.67
A$/NZ$	1.25	1.23	1.22	1.20	1.23	1.23
A$/C$	1.00	1.08	1.10	1.11	1.15	1.17
A$/CHF	0.89	1.03	1.05	1.08	1.12	1.14
A$/CNY	6.25	7.06	6.97	6.88	6.92	6.83
A$ Trade weighted index	74.1	78.4	77.6	76.5	77.1	76.9
International cross rates						
US$/¥	76.3	75.0	75.0	72.0	72.0	72.0
€/US$	1.35	1.50	1.52	1.52	1.55	1.55
€/¥	103	113	114	109	112	112
£/US$	1.54	1.65	1.68	1.68	1.70	1.70
€/£	0.88	0.91	0.90	0.90	0.91	0.91
US$/C$	1.03	0.96	0.98	0.99	1.01	1.03
US$/CHF	0.91	0.92	0.94	0.96	0.98	1.00
US$ index	78.2	78.6	80.4	80.1	80.5	80.8
Asia exchange rates						
US$/CNY	6.39	6.30	6.22	6.14	6.07	5.99
US$/HKD	7.80	7.80	7.80	7.80	7.80	7.80
US$/IDR	8944	8200	7900	7700	7500	7500
US$/INR	49.8	42.9	41.8	40.6	39.5	39.5
US$/KRW	1195	1020	990	970	950	950
US$/MYR	3.18	2.92	2.88	2.83	2.79	2.79
US$/PHP	43.8	41.4	40.8	40.2	39.6	39.6
US$/SGD	1.30	1.18	1.17	1.15	1.13	1.13
US$/THB	30.82	29.30	28.90	28.60	28.20	28.20
US$/TWD	30.59	28.40	28.10	27.80	27.50	27.50
US$/VND	20827	21000	21400	21400	21400	21400
Pacific exchange rates						
PGK/US$	0.447	0.378	0.372	0.366	0.366	0.366
FJD/US$	0.547	0.538	0.530	0.522	0.522	0.522

IMPORTANT NOTICE

Australia and New Zealand Group Limited is represented in:

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