



# ECONOMICS & MARKETS RESEARCH

## ANZ AUSTRALIAN ECONOMICS TOOLBOX

23 APRIL 2010

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### ECONOMIC UPDATE: STRENGTHENING COMMODITY PRICES TO HELP BOOST REAL GROSS DOMESTIC INCOME

- **Export and import prices rebounded in Q1 2010.** The step up in export prices (+3.8% QoQ, -26.8% YoY) was largely on the back of stronger resource commodity prices, with ores, metals and petroleum prices higher, offset by smaller declines in coal and cereals prices. Import prices were more balanced (+0.3% QoQ, -12.9% YoY) despite a slightly stronger AUD/USD profile in the quarter. Today's data don't materially impact our expectations for next week's CPI read. A further grind higher in the AUD over the next few quarters should help to keep domestic tradeables inflation subdued, although as the global economy recovers we could start to see imported inflation begin to rise modestly. Commodity prices will continue to be the key driver of export prices, with bulk commodities moving from annual to quarterly price resets, and large price increases (particularly for iron ore) having been negotiated for Q2 2010.
- **Communications from the RBA this week have reiterated the positive tone of recent statements.** The minutes from the April board meeting highlighted the importance of the recent sharp rise in bulk commodity prices and their impact on Australia's terms of trade (and therefore income flows into Australia) in determining this month's 25bp hike in the cash rate to 4.25%. Today's speech by Governor Stevens continued to stress the point that borrowing rates are now close to 'average,' an appropriate level with growth around trend and inflation close to target. With solid growth and an upside risk to inflation as we move further into the economic expansion, next week's inflation read will be closely watched. However, given the slower pace of policy adjustment on the way up than down and recent weakness in consumer spending, a gradual path of monetary tightening looks to be in order, and we see the next rate rise to take place in July.
- **The IMF released its semi-annual World Economic Outlook.** Forecasts have been revised higher as the global recovery evolves ahead of expectations, with world growth now expected to reach 4½% in 2010 and 2011. However, the IMF notes that the advanced economies, particularly Europe and Japan, are lagging the recovery seen in emerging markets, and will need to continue to rely on monetary and fiscal support to sustain growth whilst also adopting credible strategies to tackle ever-rising public debt levels. The IMF's growth forecasts for Australia have moved higher to be broadly in line with ANZ's view, with the Fund expecting growth of 3% in 2010 and 3½% in 2011.

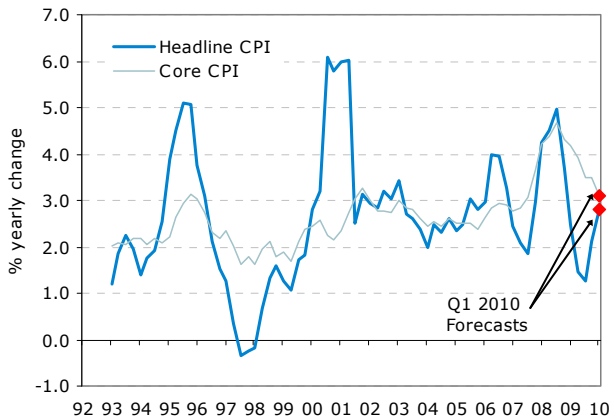
### THE WEEK AHEAD

- Markets will be closed on Monday in **Australia**. Wednesday's all-important Q1 CPI data will be the key economic release for the market. Ahead of this, look for Q1 producer prices. NAB business confidence and the Conference Board Leading Index are also due for release, and RBA Assistant Governor Debelle is scheduled to speak in Sydney.
- Internationally, leaders from the **G20** will continue to meet over the weekend.
- The key economic events next week in the **US** will be the FOMC rate decision (watch for any change in language from the Fed) and the release of the first estimate of Q1 GDP. Also out are Case-Shiller house price data, consumer confidence figures, activity indices from the Richmond and Chicago Feds, and the Chicago PMI.
- Highlights on the **Euro zone** economic event calendar include an array of confidence surveys, flash consumer prices for April, the unemployment rate, and a number of ECB speeches. In the **UK**, watch out for housing market and consumer confidence data.
- In **Japan**, markets will be closed on Thursday for Showa Day, and the **BoJ** will announce its target cash rate on Friday. A raft of data will also be released next week, with small business confidence, the jobless rate, PMI, CPI, industrial production, housing starts, and labour earnings all due out.

Are Australian house prices overvalued? ANZ property 2010 research available [here](#) soon.

## DATA PREVIEWS

Chart 1: CPI (Q1)



## 28 April: CPI (Q1)

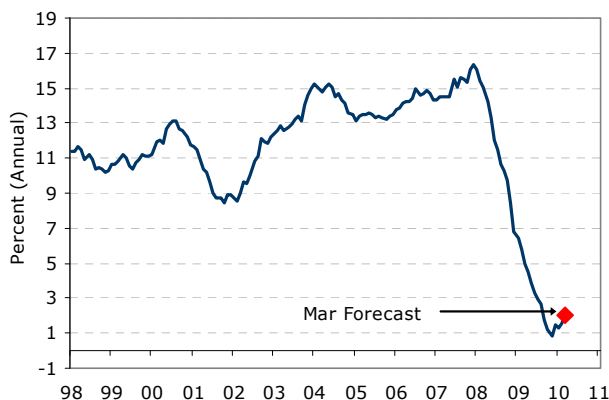
**Headline CPI****ANZ: +0.8%QoQ, +2.8%YoY****Market: +0.8% QoQ, +2.8% YoY****Last: +0.5% QoQ, +2.1% YoY****Core CPI****ANZ: +0.6%QoQ, +3.1%YoY****Market: +0.7% QoQ, +3.0% YoY****Last: +0.7% QoQ, +3.5% YoY**

We expect the headline CPI to rise by 0.8% in the quarter taking the inflation rate to 2.8%. Petrol rises probably rose by 4.5%, while utilities (2.5%), pharmaceuticals (12%), education (5%), urban transport fares (7%) and fruit and vegetables (2%) provided upward pressure on the CPI during the quarter. Discounting in department stores appears to be the main drag in the CPI with price falls evident in clothing (-0.4%), household appliances (-0.4%) and AV equipment (-3%).

We expect core CPI (average of the trimmed mean and weighted median) rose by 0.6% in the quarter. This quarterly change would slow underlying inflation to 2.9% and just below the top of the target band. The RBA expects underlying inflation to be 2.5% by Q2 2010 - this could be achieved by a 0.6% increase in Q1 followed by a 0.5% increase in Q2.

Movements in the terms of trade are the wild card in the longer term inflation outlook. While it will take a little time for the recent large increases in both iron ore and coal to trickle down through the economy, it will eventually add significantly to both income growth, demand and price pressures. Over the longer term, we expect underlying inflation to ease back to 2.6% by early 2012 before it rises to the top of the target band by early 2013. We expect headline inflation to rise to 3.1% by Q210 due to base effects before it eases back to 2.3% by early 2011. We expect to rise to the top of the target band from this low point by Q311.

Chart 2: RBA Credit Aggregates (March)



## 30 April: RBA Credit Aggregates (Mar)

**ANZ: +0.5% MoM, +2.0% YoY****Market: +0.4% MoM, +1.9%YoY****Last: +0.4% MoM, +1.6% YoY**

Total private sector credit growth is likely to expand again in March as increasing momentum in business confidence spills over to growth in business sector use of intermediated credit, while household credit growth is expected to remain stable.

Looking forward, the pace of household credit growth is likely to slow as deteriorating housing affordability (due to higher property prices and interest rates) continues to impact owner-occupier numbers. Nonetheless, we remain confident investors will continue to see value in property and will remain active in the market for some time yet.

Personal credit is expected to continue to post modest growth as consumers remain wary of taking on significant additional debt in the face of a tightening monetary policy cycle and higher debt servicing costs.

## DATA &amp; EVENT CALENDAR

Date	Country	Data/Event	ANZ	Market	Last	GMT	
24-29 Apr	NZ	AON 1-Year Inflation Expect - (Apr)	nf	na	7.2%	-	
25-29 Apr	AU	Quarterly Wage Agreements- (Apr)	nf	na	-	-	
26-30 Apr	CH	Leading Index - (Mar)	nf	na	104.73	-	
	GE	Import Price Index MoM - (Mar)	nf	1.1%	1.0%		
		Import Price Index YoY - (Mar)	nf	4.3%	2.6%	-	
	UK	Nat'wide House prices sa MoM - (Apr)	nf	0.5%	0.7%	-	
		Nat'wide House prices nsa YoY - (Apr)	nf	9.7%	9.0%	-	
26 Apr	AU	<b>Markets Closed</b>	-	-	-	-	
	JP	Corp Service Price Index YoY - (Mar)	nf	-1.4%	-1.3%	23:50	
	EU	<b>ECB's Trichet Speaks in New York</b>	-	-	-		
	UK	Hometrack Housing Survey MoM - (Apr)	nf	na	0.3%	23:01	
		Hometrack Housing Survey YoY - (Apr)	nf	na	1.3%	23:01	
	US	Dallas Fed Manufacturing. Activity	nf	9.8%	7.2%	14:30	
	27 Apr	AU	Producer Price Index (QoQ)	nf	0.5%		01:30
			Producer Price Index (YoY)	nf	-0.7%	-1.5%	01:30
			NAB Business Confidence - (Q1)	nf	na	18	01:30
		JP	Small Business Confidence - (Apr)	nf	na	45.8	05:00
		EU	<b>ECB's Tumpel-Gugerell Speaks in Paris</b>	-	-	-	
		<b>ECB's Orphanides Speaking in Cyprus</b>	-	-	-		
		<b>ECB's Trichet Speaks in Chicago</b>	-	-	-		
		<b>ECB's Trichet Speaks in Evanston, IL</b>	-	-	-		
GE		GfK Consumer Confidence Survey - (May)	nf	3.3	3.2	06:00	
UK		BBA Loans for House Purchase - (Mar)	nf	na	35276	08:30	
	UK CBI April Distributive Trades	nf	na		10:00		
US		S&P/CS Composite-20 City House Prices YoY - (Feb)	nf	1.3%	-0.7%	13:00	
		S&P/CS 20 City MoM sa - (Feb)	nf	-0.10%	0.32%	13:00	
		Richmond Fed Manufacturing Index - (Apr)	nf	na	6	14:00	
		Consumer Confidence - (Apr)	nf	54.0	52.5	14:00	
		ABC Consumer Confidence - (Apr 25)	nf	na	-50	21:00	
		<b>Bernanke Speaks at Debt-Reduction Commission</b>	-	-	-	14:00	
	28-30 Apr	GE	IFO Business Climate Survey by Industry - (Apr)	nf	na	-	-
	28 Apr	NZ	NBNZ Business Confidence - (Apr)	nf	na	42.5	03:00
AU		Consumer Prices QoQ - (Q1)	0.8%	0.8%	0.5%	01:30	
		Consumer Prices YoY - (Q1)	2.8%	2.8%	2.4%	01:30	

## DATA &amp; EVENT CALENDAR

Date	Country	Data/Event	ANZ	Market	Last	GMT	
28 Apr Cont	AU	RBA Trimmed Mean QoQ – (Q1)	0.6%	0.6%	0.8%	01:30	
		RBA Trimmed Mean YoY – (Q1)	2.9%	2.9%	3.3%	01:30	
		RBA Weighted Median QoQ – (Q1)	0.6%	0.7%	0.7%	01:30	
		RBA Weighted Median YoY – (Q1)	2.9%	3.0%	3.5%	01:30	
		<b>RBA's Debelle speaks in Sydney</b>	-	-	-	22:30	
	JP	Retail Trade MoM sa – (Mar)	nf	-0.4%	0.9%	23:50	
		Retail Trade YoY – (Mar)	nf	3.6%	4.2%	23:50	
		Large Retailers' Sales – (Mar)	nf	-4.2%	-4.0%	23:50	
	EU	<b>ECB's Mersch Holds Event to Review Financial Stability</b>	-	-	-		
		<b>ECB's Tumpel-Gugerell Speaks in Madrid</b>	-	-	-		
		<b>ECB's Stark speak at Euromoney Conference</b>	-	-	-	06:15	
	GE	Consumer Price Index MoM – (Apr P)	nf	0.1%	0.5%	-	
		Consumer Price Index YoY – (Apr P)	nf	0.1%	1.1%	-	
		CPI – EU Harmonised MoM – (Apr P)	nf	1.2%	0.6%	-	
		CPI – EU Harmonised YoY – (Apr P)	nf	1.2%	1.2%	-	
	US	MBA Mortgage Applications – (Apr 28)	nf	na	13.6%	11:00	
		<b>FOMC Rate Decision</b>	0.25%	0.25%	0.25%	18:15	
	CA	Canada House Price Index YoY – (Feb)	nf	na	7.5%	13:00	
29 Apr	NZ	<b>RBNZ Official Cash Rate</b>	2.50%	2.50%	2.50%	21:00	
		Trade Balance – (Mar)	360m	na	321M	22:45	
		Imports – (Mar)	3400m	na	3.00B	22:45	
		Exports – (Mar)	3760m	na	3.32B	22:45	
		NZ Trade Balance 12 Mth YTD – (Mar)	-425m	na	-347.0	22:45	
		Money Supply M3 YoY – (Mar)	nf	na	-5.1%	03:00	
		AU	Conference Board Leading Index – (Feb)	nf	na	-0.2%	00:00
		JP	<b>Markets Closed</b>	-	-	-	-
		EU	Euro-Zone M3 sa YoY – (Mar)	nf	-0.1%	-0.4%	08:00
			Euro-Zone M3 sa 3 mth avg – (Mar)	nf	-0.2%	-0.2%	08:00
			Business Climate Indicator – (Apr)	nf	-0.14	-0.32	09:00
			Euro-Zone Industrial. Confidence – (Apr)	nf	-8	-10	09:00
			Euro-Zone Consumer Confidence – (Apr F)	nf	na	-15	09:00
			Euro-Zone Economic Confidence – (Apr)	nf	99.3	97.7	09:00
			Euro-zone Services Confidence – (Apr)	nf	3	1	09:00
			<b>ECB's Trichet Speaks in Munich</b>	-	-	-	
	GE		Unemployment Change – (Apr)	nf	-10K	-31K	07:55
			Unemployment Rate sa – (Apr)	nf	8.0%	8.0%	07:55

## DATA &amp; EVENT CALENDAR

Date	Country	Data/Event	ANZ	Market	Last	GMT
29 Apr Cont	US	Chicago Fed National Activity Index – (Mar)	nf	na	-0.64	12:30
		Initial Jobless Claims – (Apr 24)	nf	441K	456K	12:30
		Continuing Claims – (Apr 17)	nf	4613K	4646K	12:30
30 Apr	NZ	Building Permits MoM – (Mar)	nf	na	5.9%	22:45
	AU	HIA New Home Sales MoM – (Mar)	nf	na	-5.2%	01:00
		Private Sector Credit MoM – (Mar)	0.5	0.4%	0.4%	01:30
		Private Sector Credit YoY – (Mar)	2.0	1.9%	1.6%	01:30
		<b>AOFM auctions \$1.25 bn of Dec 2013 bonds</b>	-	-	-	-
	JP	<b>BoJ Target Rate</b>	<b>0.10%</b>	<b>0.10%</b>	<b>0.10%</b>	-
		Nomura/JMMA Manufacturing PMI – (Apr)	nf	na	52.4	23:15
		Overall Household Spending YoY – (Mar)	nf	0.8%	-0.5%	23:30
		Jobless Rate – (Mar)	nf	4.9%	4.9%	23:30
		Job-To-Applicant Ratio – (Mar)	nf	0.48	0.47	23:30
		Tokyo CPI YoY – (Apr)	nf	-2.1%	-1.8%	23:30
		Tokyo CPI Ex-Fresh Food YoY – (Apr)	nf	-2.1%	-1.8%	23:30
		Tokyo CPI Ex-Food, Energy YoY – (Apr)	nf	-1.6%	-1.2%	23:30
		Nationwide CPI YoY – (Mar)	nf	-1.1%	-1.1%	23:30
		Nationwide CPI Ex-Fresh Food YoY – (Mar)	nf	-1.2%	-1.2%	23:30
		Nationwide CPI Ex-Food, Energy YoY – (Mar)	nf	-1.1%	-1.1%	23:30
		Industrial Production MoM – (Mar P)	nf	0.6%	-0.7%	23:50
		Industrial Production YoY – (Mar P)	nf	31.0%	31.3%	23:50
		Japan Buying Foreign Stocks – (Apr 23)	nf	na	-¥82.0B	23:50
		Japan Buying Foreign Bonds – (Apr 23)	nf	na	¥435.8B	23:50
		Foreign Buying Japan Stocks – (Apr 23)	nf	na	¥140.4B	23:50
		Foreign Buying Japan Bonds – (Apr 23)	nf	na	¥201.2B	23:50
		Labour Cash Earnings YoY – (Mar)	nf	na	-0.7%	01:30
		Vehicle Production YoY – (Mar)	nf	na	74.9%	04:00
		Housing Starts YoY – (Mar)	nf	-5.0%	-9.3%	05:00
		Annualised Housing Starts – (Mar)	nf	0.827M	0.794M	05:00
		Construction Orders YoY – (Mar)	nf	na	-20.3%	05:00
	EU	Euro-Zone CPI Estimate YoY – (Apr)	nf	1.5%	1.5%	09:00
		Euro-Zone Unemployment Rate – (Mar)	nf	10.0%	10.0%	09:00
	UK	GFK Consumer Confidence Survey – (Apr)	nf	-15	-15	23:01
	US	GDP QoQ – (Q1 A) (Annualised)	nf	3.4%	5.6%	12:30
		Personal Consumption – (Q1 A)	nf	3.1%	1.6%	12:30
		GDP Price Index – (Q1 A)	nf	0.8%	0.5%	12:30

## DATA &amp; EVENT CALENDAR

Date	Country	Data/Event	ANZ	Market	Last	GMT
30 Apr Cont	US	Core PCE QoQ – (Q1 A)	nf	0.4%	1.8%	12:30
		Employment Cost Index – (Q1)	nf	0.5%	0.5%	12:30
		Chicago Purchasing Manager – (Apr)	nf	60.0	58.8	13:45
		University of Michigan Confidence – (Apr F)	nf	71.0	69.5	13:55
		NAPM-Milwaukee PMI – (Apr)	nf	na	62.0	14:00
		Bloomberg FCI Monthly – (Apr)	nf	na	0.5	20:15
	CA	Industrial Product Price MoM – (Mar)	nf	na	0.0%	12:30
		Gross Domestic Product MoM – (Feb)	nf	0.4%	0.6%	12:30
		Raw Materials Price Index MoM – (Mar)	nf	na	0.4%	12:30

# FIVE WEEKS AT A GLANCE

Monday	Tuesday	Wednesday	Thursday	Friday
<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; Compsite (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 Housing Index (May)</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 starts (Apr)</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)            CA: Leading indic. (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 Sales (Apr)</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)</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</p>
<p><b>31 May</b>            NZ: NBNZ Business Confidence (May)            AU: TD Securities Inflation (May), Private Sector Credit (Apr), Current Account Balance (Q1), Company Operating Profit (Q1)            JP: Industrial Production (Apr P), Housing Starts (Apr)            EU: Industrial Confidence (May);M3 (Apr)            CA: Industrial Product Price (Apr), GDP (Mar)</p>	<p><b>1 June</b>            AU: <b>RBA CASH TARGET</b>, AiG Performance of Mfg Index (May), Building Approvals (Apr)            JP: Vehicle Sales (May)            CH: PMI Manu (May)            EU: UE Rate (Apr)            GE: UE Rate (Apr)            UK: PMI Manu (May)            US: ISM Manu (May), Construction Spending(Apr)            CA: <b>Bank of Canada Rate Decision</b></p>	<p><b>2 June</b>            NZ: ANZ Commodity Price (May)            AU: GDP (Q1)            EU: PPI (Apr)            UK: Mortgage Approvals (Apr)            US: MBA Mortgage Applications (May 28), Pending Home Sales (Apr)</p>	<p><b>3 June</b>            AU: Trade Balance (Apr)            JP: Capital Spending (Q1)            EU: Retail Sales (Apr), PMI Services and Composite (May F)            GE: PMI Services ( May F)            UK: PMI Services            US: ADP Employment Change (May), Initial Jobless Claims (May 29), Factory Orders (Apr), ISM Non-Manf. Composite (May)</p>	<p><b>4 June</b>            EU: GDP (Q1 P)            US: Change in Nonfarm Payrolls (May), Unemployment Rate (May)            CA: Net Change in Employment (May), Unemployment Rate (May), Ivey Purchasing Managers Index (May)</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	2.7	2.7	3.1
Underlying *	3.8	2.8	2.7	2.9
Wages	3.6	2.8	3.3	3.7
<b>Labour market</b>				
Employment (annual % change)	0.3	2.3	2.0	2.2
Unemployment rate (annual average %)	5.6	5.1	4.8	4.5
<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	4.53	4.40	4.90	5.20	5.40	5.70
3 year bond	5.31	5.30	5.40	5.50	5.50	5.75
10 year bond	5.78	5.70	5.70	5.70	5.70	5.85
3s10s yield curve	0.48	0.40	0.30	0.20	0.20	0.10
3 year swap	5.54	5.70	5.80	5.90	5.90	6.15
10 year swap	6.18	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	0.99	1.10	1.40	1.80	2.20	2.70
US 10 year note	3.74	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\$	0.9210	0.95	0.96	0.94	0.92	0.90
NZ\$/US\$	0.7108	0.71	0.72	0.70	0.69	0.68
A\$/¥	86.04	88.4	91.2	90.2	89.2	88.2
A\$/€	0.6961	0.69	0.71	0.71	0.71	0.70
A\$/£	0.5994	0.62	0.62	0.61	0.60	0.59
A\$/NZ\$	1.2959	1.34	1.33	1.34	1.33	1.32
A\$/C\$	0.9232	0.94	0.94	0.90	0.87	0.85
A\$/CHF	0.9975	1.04	1.07	1.07	1.07	1.08
A\$/CNY	6.2875	6.40	6.39	6.18	5.97	5.81
A\$ Trade weighted index	72.10	74.2	74.8	73.3	71.6	70.0
<b>International cross rates</b>						
US\$/¥	93.41	93.0	95.0	96.0	97.0	98.0
€/US\$	1.3231	1.37	1.36	1.33	1.30	1.28
€/¥	123.60	127	129	128	126	125
£/US\$	1.5367	1.54	1.54	1.53	1.53	1.52
€/£	0.8611	0.89	0.88	0.87	0.85	0.84
US\$/C\$	1.0024	0.99	0.98	0.96	0.95	0.94
US\$/CHF	1.0831	1.09	1.11	1.14	1.16	1.20
US\$ index	81.95	80.1	80.7	81.9	83.1	84.1
<b>Asia exchange rates</b>						
US\$/CNY	6.8267	6.74	6.66	6.57	6.49	6.45
US\$/HKD	7.7624	7.76	7.76	7.75	7.75	7.75
US\$/IDR	9011	9500	9300	9000	8900	8850
US\$/INR	44.55	45.5	45.0	44.0	43.5	43.0
US\$/KRW	1109	1175	1125	1100	1050	1000
US\$/MYR	3.2021	3.34	3.37	3.40	3.40	3.35
US\$/PHP	44.423	45.5	45.0	44.0	44.0	43.5
US\$/SGD	1.3739	1.38	1.38	1.41	1.41	1.42
US\$/THB	32.300	32.50	32.50	32.50	32.00	32.00
US\$/TWD	31.347	32.20	31.50	30.50	30.00	30.00
US\$/VND	19000	19300	20000	20000	20000	20000
<b>Pacific exchange rates</b>						
PGK/US\$	0.3730	0.381	0.395	0.386	0.372	0.358
FJD/US\$	0.5199	0.507	0.501	0.495	0.484	0.476

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