



ECONOMICS & MARKETS RESEARCH

ANZ AUSTRALIAN ECONOMICS TOOLBOX

9 APRIL 2010

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ECONOMIC UPDATE: INTEREST RATES HEAD CLOSER TO NORMAL AS EMPLOYMENT GROWTH POWERS AHEAD

- Monetary policy took another step forward in its normalisation process this week, with the **RBA lifting the cash rate for the second consecutive month by 25bp to 4.25%**. Governor Stevens' accompanying statement implied no significant change in the Bank's thinking around the need to return to a more normal setting. The Board considers it *"appropriate for interest rates to be closer to average."* Noting that this week's decision was *"a further step in that process,"* this suggests that the RBA recognises that more hikes are still to come. However, with little urgency in the tone of Stevens' statement, we expect the RBA to take some time to assess the impact of the 50bps worth of hikes implemented over the past two months (as well as the content of next month's Federal Budget). We forecast the next move by the RBA will be at the July meeting, with a cash rate of 5.00% likely by the end of the year.
- **Labour demand remains solid in the Australian economy**, with employment data for March showing jobs growth of 19.6k in the month. Moreover, the moderation in employment growth over the past two months lends some comfort that labour demand appears to be stabilising – the strong gains in the monthly jobs numbers from September 2009 to January 2010 were clearly unsustainable. Another positive feature of the data is the continued conversion of part-time into full-time jobs. While the unemployment rate, currently at 5.3%, is likely to continue heading south, a slower pace of decline can be expected, particularly with growth in the labour force catching up to the employment growth numbers.
- **Greece is (still) the word on international markets.** Reports this week that Greek banks were again requesting government support weighed on market sentiment. Moreover, with the current EU support plan still only vaguely articulated, investor confidence in Greece has cracked: Greek asset prices weakened sharply this week, with 5-year CDS spreads widening to as much as 460bps (above those of Dubai) and the premium on 10-year Greek government bonds over benchmark 10-year German bunds rising above 425bps. Such market pricing reduces the viability of Greek debt raisings (given the severe debt servicing costs they imply), not to mention whether demand would be sufficient. EU finance ministers and central bankers meet next week to discuss details of a potential loan package. But the issue of sovereign health in general, given the socialisation of private sector losses to the public, is a problem that will continue to haunt markets over the months ahead.

THE WEEK AHEAD

- The **Australian dataflow** next week will be relatively quiet, with only second-tier releases due. Housing finance data for February are due on Monday, with NAB Business Confidence and WBC-MI Consumer Confidence also to be released. Watch out for an appearance by RBA Assistant Governor Guy Debelle at a senate inquiry into access of small business finance on Monday morning.
- The key international data next week will be the Q1 **Chinese** GDP figures, as well as the usual monthly data dump including consumer prices, industrial production, fixed asset investment and retail sales.
- In the **US**, watch out for industrial production, CPI, advance retail sales and housing activity data, as well as a swathe of Fed speeches.
- **Euro zone** industrial production and trade figures are due for release. A special meeting by EU finance ministers and central bankers to discuss Greece's debt issues will be highly anticipated by the market.

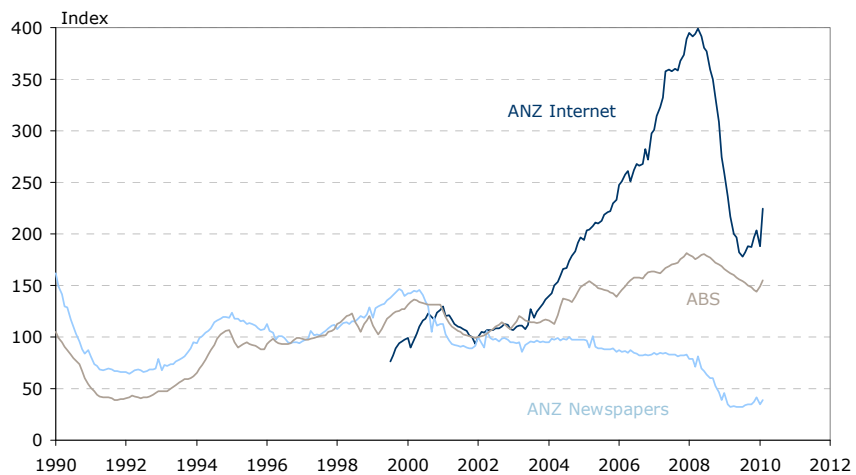
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LABOUR MARKET GOES FROM STRENGTH TO STRENGTH

This week's labour force data showed another solid 19.6k increase in employment in March and kept the unemployment rate sitting at 5.3%. The participation rate was virtually unchanged, but with rounding the headline figure edged lower to 65.1%. The composition of employment appears to be now shifting to full-time: full-time jobs rose by 30.1k in the month, but part-time employment fell by 10.6k. Indeed, as firms increasingly gain confidence about the recovery, full-time employment and hours worked should rise.

The positive outlook for the labour market was reinforced by this week's release of our own job ads survey for March. It showed a solid 1.8% increase following an exceptionally strong 19.1% rise in February. In that month alone, internet job ads rose by 19.6%, while newspaper ads rose by 13.1%. As a percentage of the labour force the ABS job vacancies and our own job ads series have clearly turned up (Figure 1)

FIGURE 1: LABOUR DEMAND INDICATORS AS A PERCENTAGE OF THE LABOUR FORCE, JANUARY 2002 = 100



NB. ABS job vancy data interpolated August 2008 to August 2009

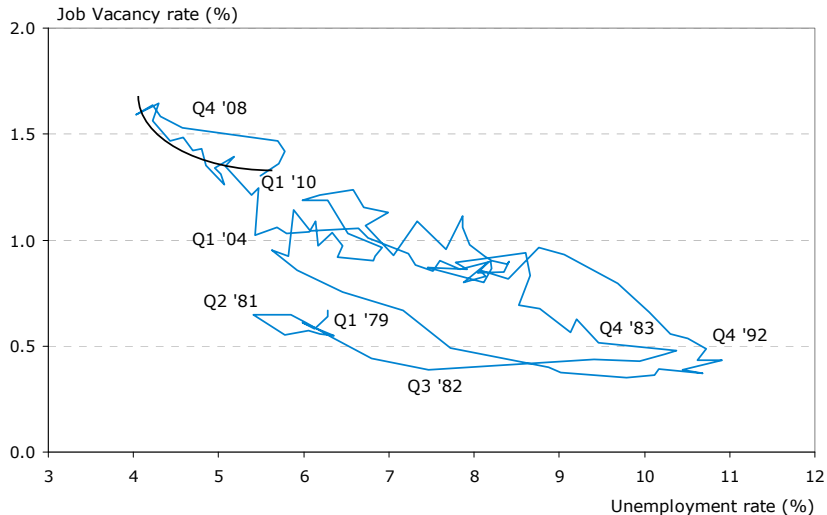
Source: ABS, ANZ

Whether or not the strengthening labour market spills over into wages pressures will depend to some extent on the ability of the labour market to respond to stronger demand for employment. One way to look at this is by constructing a Beveridge Curve; the job vacancy rate (job vacancies as a percentage of the labour force) versus the unemployment rate. As job vacancies rise the unemployment rate generally falls and visa versa, causing the curve to slope downward left to right (Figure 2). If the curve moves outwards over time, then a given level of vacancies would be associated with higher levels of unemployment, which would imply decreasing labour market efficiency.

The curve shows that Australia's labour market has become considerably more efficient over the past 20 years. The unemployment is now around the same level as it was in 1981, but the level of the job vacancy rate is considerably higher (1.3% versus 0.6%) and the curve appears now to be turning up as the unemployment rate has fallen in the past six months. Labour markets can become inefficient due to mismatches between available jobs and the available unemployed, or if labour is immobile.

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FIGURE 2. BEVERIDGE CURVE

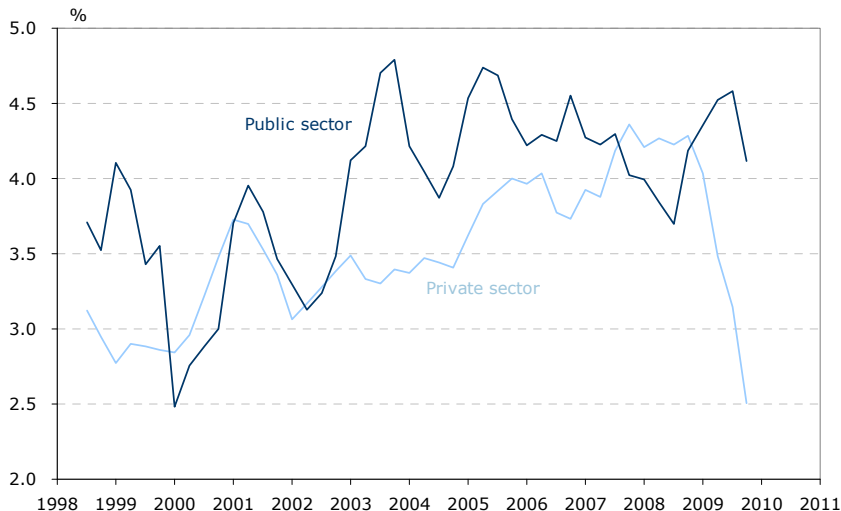


Source: ABS, ANZ

The Beveridge Curve suggests that the labour market is indeed flexible and responding to strong demand, but even with this flexibility there are limits. In 2008 when the unemployment rate was below 4.5% and the job vacancy rate was around 1.5% inflation was well above the top of the RBA’s target band.

The slowdown in private sector wages growth has been a key driver of disinflation over the past year and there is no sign yet that the slowdown has run its course (Figure 3). However, with the job vacancy rate still at high levels and the unemployment rate now turning down, risks are emerging that wages growth could pick up.

FIGURE 3: WAGE PRICE INDEX GROWTH (4 QUARTER ENDED)



Sources: ABS, ANZ



DATA & EVENT CALENDAR

Date	Country	Data/Event	ANZ	Market	Last	GMT	
9-16 Apr	GE	Wholesale Price Index MoM – (Mar)	nf	na	0.1%	-	
		Wholesale price Index YoY – (Mar)	nf	na	2.1%	-	
10-12 Apr	CH	China NDRC Housing Prices – (Mar)	nf	11.2	10.7	-	
10-15 Apr	CH	Money Supply - M0 YoY – (Mar)	nf	na	22.0%	-	
		Money Supply - M1 YoY – (Mar)	nf	na	35.0%	-	
		Money Supply - M2 YoY – (Mar)	nf	22.2%	25.5%	-	
		New Yuan Loans	nf	750.0B	700.1B	-	
10 Apr	CH	Trade Balance	Nf	-0.39B	\$7.61B	04:00	
		Exports YoY%	27.0	26.9%	45.7%	04:00	
		Imports YoY%	60.5	55.7%	44.7%	04:00	
11-16 Apr	CH	Foreign Exchange Reserves – (Mar)	nf	na	\$2399.15	-	
12-16 Apr	CH	Actual FDI YoY – (Mar)	nf	2.50%	1.08%	-	
11 Apr	NZ	QV House Prices YoY – (Mar)	nf	na	5.5%	12:00	
12 Apr	AU	Home Loans – (Feb)	-1.6	-1.0	-7.9%	01:30	
		Investment Lending – (Feb)	nf	na	0.9%	01:30	
		Value of Loans MoM – (Feb)	nf	na	-5.0%	01:30	
			RBA's Debelle speaks in Canberra	-	-	-	00:15
	JP		BoJ Monetary Policy Meeting Minutes for Mar	-	-	-	23:50
			Japan Money Stock M2 YoY – (Mar)	nf	2.7%	2.7%	23:50
			Japan Money Stock M3 YoY – (Mar)	nf	2.0%	2.0%	23:50
		Bank Lending YoY – (Mar)	nf	na	-1.5%	23:50	
	Bank Lending Banks YoY – (Mar)	nf	na	-1.6%	23:50		
	Bank Lending Banks Adjust YoY – (Mar)	nf	na	-1.3%	23:50		
	US	Monthly Budget Statement	nf	-\$105.0B	-\$191.6B	18:00	
CA		Housing Starts – (Mar)	nf	200.0K	196.6K	12:15	
		Business Outlook Future Sales – (Q1)	nf	na	49.00	14:30	
		BoC Senior Loan Officer Survey – (Q1)	nf	na	-8.7	14:30	
13 Apr	NZ	NZ Card Spending MoM – (Mar)	nf	na	-0.4	22:45	
	AU	NAB Business Conditions – (Mar)	nf	na	8	01:30	
		NAB Business Confidence – (Mar)	nf	na	19	01:30	
	JP	Domestic CGPI MoM – (Mar)	nf	0.3%	0.1%	23:50	
		Domestic CGPI YoY– (Mar)	nf	-1.1%	-1.5%	23:50	
		Tokyo Condominium Sales YoY– (Mar)	nf	na	10.7%	04:00	
	GE		Consumer Price Index MoM – (Mar F)	nf	0.5%	0.5%	06:00
			Consumer Price Index YoY – (Mar F)	nf	1.1%	1.1%	06:00

DATA & EVENT CALENDAR

Date	Country	Data/Event	ANZ	Market	Last	GMT	
13 Apr Cont	GE	CPI - EU Harmonised MoM – (Mar F)	nf	0.6%	0.6%	06:00	
		CPI - EU Harmonised YoY – (Mar F)	nf	1.3%	1.3%	06:00	
	UK	BRC March Retail Sales Monitor	nf	na		23:01	
		RICS House Price Balance – (Mar)	nf	na	17%	23:01	
		Visible Trade Balance GBP/Mn – (Feb)	nf	–£7200	–£7987	08:30	
		Trade Balance Non EU GBP/Mn – (Feb)	nf	na	–£4834	08:30	
		Total Trade Balance (GBP/Mln) – (Feb)	nf	na	–£3768	08:30	
		DCLG UK House Prices (YoY) – (Feb)	nf	na	6.2%	08:30	
		US	NFIB Small Business Optimism –(Apr)	nf	na	88.0	11:30
	Trade Balance – (Feb)		nf	–\$39.0B	–\$37.3B	12:30	
	Import Price Index MoM – (Mar)		nf	0.9%	–0.3%	12:30	
	Import Price Index YoY – (Mar)		nf	11.7%	11.2%	12:30	
	IBD/TIPP Economic Optimism – (Apr)		nf	47.5	45.4	14:00	
	ABC Consumer Confidence – (Apr 11)		nf	na	–43	21:00	
	Fed's Tarullo Speaks in Washington		-	-	-	14:45	
	Bernanke Speaks in Washington		-	-	-	23:00	
	Fed's Lacker Speaks in West Virginia		-	-	-	23:15	
	CA		New Housing Price Index MoM – (Feb)	nf	0.5%	0.4%	12:30
			Int'l Merchandise Trade – (Feb)	nf	0.7B	0.8B	12:30
14 Apr	NZ		Retail Sales MoM – (Feb)	nf	na	0.8%	22:45
			Retail Sales Ex-Auto MoM – (Feb)	nf	na	0.3%	22:45
		Non Resident Bond Holdings – (Mar)	nf	na	64.2%	03:00	
	AU	Westpac Consumer Confidence – (Apr)	nf	na	0.2%	00:30	
		Westpac Cons. Confidence Index – (Apr)	nf	na		00:30	
		AOFM auctions \$800 mn of July 2022 Bonds	-	-	-	-	
	EU	Euro-Zone Ind. Production. sa MoM – (Feb)	nf	0.3%	1.6%	09:00	
		Euro-Zone Ind. Production wda YoY – (Feb)	nf	3.1%	1.17%	09:00	
	US	MBA Mortgage Applications – (Apr)	nf		–11.7	11:00	
		Consumer Price Index MoM – (Mar)	nf	0.1%	0.0%	12:30	
		CPI Ex Food & Energy MoM – (Mar)	nf	0.1%	0.1%	12:30	
		CPI Ex Food & Energy YoY – (Mar)	nf	2.4%	1.3%	12:30	
		Consumer Price Index YoY – (Mar)	nf	1.0%	2.1%	12:30	
		Advance Retail Sales MoM – (Mar)	nf	0.5%	0.3%	12:30	
		Retail Sales Less Autos MoM– (Mar)	nf	1.2%	0.8%	12:30	
		Retail Sales Ex Auto & Gas MoM – (Mar)	nf	na	0.9%	12:30	
		Business Inventories – (Feb)	nf	0.3%	0.0%	14:00	
		Fed's Beige Book	-	-	-	18:00	

DATA & EVENT CALENDAR

Date	Country	Data/Event	ANZ	Market	Last	GMT
14 Apr Cont	US	Fed's Pinalto Speaks in New York	-	-	-	13:30
		Bernanke Speaks in Washington	-	-	-	14:00
		Fed's Lacker Speaks in West Virginia	-	-	-	15:00
		Fed's Fisher Speaks in New York	-	-	-	17:00
		NY Fed's Sack Speaks in New York	-	-	-	23:00
15 Apr	NZ	Business NZ PMI – (Mar)	nf	na	53.3	22:30
	AU	Consumer Inflation Expectation – (Apr)	nf	na	3.2%	01:00
	JP	Industrial Production MoM – (Feb F)	nf	na	-0.9%	04:30
		Industrial Production YoY – (Feb F)	nf	na	31.3%	04:30
		Capacity Utilization MoM – (Feb F)	nf	na	3.9%	04:30
	CH	Real GDP YoY – (Q1)	11.6	11.6%	10.7%	02:00
		Producer Price Index YoY – (Mar)	6.0	6.4%	5.4%	02:00
		Purchasing Price Index YoY – (Mar)	nf	11.5%	10.3%	02:00
		Consumer Price Index YoY – (Mar)	3.2	2.6%	2.7%	02:00
		Retail Sales YoY – (Mar)	19.2	18.0%	22.1%	02:00
		Retail Sales YTD YoY – (Mar)	nf	18.1%	17.9%	02:00
		Industrial Production YoY – (Mar)	nf	18.2%	12.8%	02:00
	EU	Industrial Production YTD YoY – (Mar)	nf	20.4%	20.7%	02:00
		Fixed Assets Inv Urban YTD YoY – (Mar)	28.5	26.0%	26.6%	02:00
		ECB Publishes Apr. Monthly Report	-	-	-	08:00
	EU	Euro-Zone Trade Balance – (Feb)	nf	-1.4B	-8.9B	09:00
		Euro-Zone Trade Balance sa – (Feb)	nf	na	3.3B	09:00
	UK	Nationwide Consumer Confidence – (Mar)	nf	81	80	23:01
	US	Initial Jobless Claims – (Apr 10)	nf	440K	460K	12:30
		Continuing Claims – (Apr 3)	nf	4600K	4550K	12:30
		Empire Manufacturing – (Apr)	nf	24.00	22.86	12:30
		Net Long-term TIC Flows – (Feb)	nf	na	\$19.1B	13:00
		Total Net TIC Flows – (Feb)	nf	na	-\$33.4B	13:00
		Industrial Production – (Mar)	nf	0.6%	0.1%	13:15
		Capacity Utilization – (Mar)	nf	73.3%	72.7%	13:15
		Philadelphia Fed. Business Outlook Survey– (Apr)	nf	20.0	18.9	14:00
		NAHB Housing Market Index – (Apr)	nf	16	15	17:00
Fed's Lacker to Speak in Charlotte		-	-	-	14:30	
Fed's Bullard Speaks in New York		-	-	-	16:15	
Fed's Lockhart in Pensacola, Florida		-	-	-	17:40	
Volcker Speaks in New York		-	-	-	19:00	
Fed's Lacker to Hold Press in Charlotte		-	-	-	19:15	

DATA & EVENT CALENDAR

Date	Country	Data/Event	ANZ	Market	Last	GMT	
15 Apr Cont	CA	New Motor Vehicle Sales MoM - (Feb)	nf	7.0%	0.0%	12:30	
	CA	Manufacturing Sales MoM - (Feb)	nf	0.9%	2.4%	12:30	
16 Apr	NZ	REINZ House Sales YoY% - (Mar)	nf	na	-3.8%	22:00	
		REINZ Housing Price Index - (Mar)	nf	na	3214.8	22:00	
		REINZ Housing Price Index MoM - (Mar)	nf	na	-	22:00	
	AU	AOFM auction \$750 mn of Nov 2012 bonds	-	-	-	-	
	EU	EU 25 New Car Registrations - (Mar)	nf	na	3.0%	06:00	
		Euro-Zone CPI MoM - (Mar)	nf	0.9%	0.3%	09:00	
		Euro-Zone CPI YoY - (Mar)	nf	1.5%	0.9%	09:00	
		Euro-Zone CPI - Core YoY - (Mar)	nf	0.9%	0.8%	09:00	
			EU Finance Chiefs and Central Bankers meet in Madrid	-	-	-	02:30
	US	Housing Starts - (Mar)	nf	610K	575K	12:30	
Housing Starts MoM - (Mar)		nf	6.1%	-5.9%	12:30		
Building Permits - (Mar)		nf	623K	637K	12:30		
Building Permits MoM - (Mar)		nf	-2.5%	-1.6%	12:30		
U. of Michigan Confidence - (Apr P)		nf	75.0	73.6	13:55		
			Fed's Yellen Speaks in San Francisco	-	-	-	01:00
			Fed's Warsh Speaks in New York	-	-	-	13:00
		Fed's Hoenig Speaks in New York	-	-	-	16:30	

FIVE WEEKS AT A GLANCE

Monday	Tuesday	Wednesday	Thursday	Friday
<p>19 April JP: Consumer Confidence (Mar) EU: Construction Output SA (Feb) UK: Rightmove House Prices (Apr) US: Leading Indicators (Mar) CA: Int'l Securities Transactions (Feb)</p>	<p>20 April NZ: Food Prices MoM (Mar), Q1 CPI AU: Reserve Bank's Board April Minutes, DEWR Skilled Vacancies JP: Tertiary Industry Index EU: ECB Euro-Zone Current Account (Feb), GE: Producer Prices (Mar), UK: CPI (Mar) US: ABC Consumer Confidence (Apr 18) CA: Bank of Canada Rate Announcement</p>	<p>21 April JP: Leading Index CI (Feb) UK: Bank of England Minutes, Jobless Claims Change (Mar) US: MBA Mortgage Applications (Apr 16) CA: Wholesale Sales (Feb)</p>	<p>22 April NZ: ANZ Consumer Confidence Index (Apr) AU: New Motor Vehicle Sales (Mar) JP: Merchandise Trade Balance Total (Mar) EU: Consumer Confidence (Apr A) US: PPI (Mar), Initial Jobless Claims (Apr 17), Existing Home Sales (Mar) CA: Leading Indicators (Mar), BoC Senior Loan Officer Survey</p>	<p>23 April NZ: Visitor Arrivals (Mar), Credit Card Spending (Mar) AU: Import price index (Q1), Export price index (Qo1) EU: Industrial New Orders SA (Feb) GE: IFO - Business Climate, IFO - Current Assessment, IFO - Expectations UK: GDP (Q1 A), Retail Sales (Mar)</p>
<p>26 April JP: Corp Service Price Index (Mar) UK: Hometrack Housing Survey (Apr) US: Dallas Fed Manf. Activity (Apr)</p>	<p>27 April AU: PPI (Q1) UK: BBA Loans for House Purchase (Mar) US: Consumer Confidence (Apr), ABC Consumer Confidence (Apr 25)</p>	<p>28 April NZ: NBNZ Business Confidence (Apr) AU: CPI (Q1) GE: GfK Consumer Confidence Survey (May) US: FOMC Rate Decision, MBA Mortgage Applications (Apr 23)</p>	<p>29 April NZ: RBNZ Official Cash Rate, 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>30 April NZ: Building Permits (Mar), Imports (Mar) AU: Private Sector Credit (Mar) JP: Jobless Rate (Mar), CPI (Apr), Industrial Production (Mar P), BOJ Target Rate EU: Euro-Zone UE Rate (Mar) US: GDP (Q1 A)) CA: Industrial Product Price (Mar), GDP (Feb)</p>
<p>3 May 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 & Spending (Mar), PCE (Mar), ISM Manu (Apr), Domestic Vehicle Sales (Apr), Total Vehicle Sales (Apr)</p>	<p>4 May NZ: Private Wages (Q1), Ave Hourly Earnings (Q1) AU: RBA CASH TARGET 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>5 May AU: Building Approvals (Mar), AiG Performance of Service Index (Apr) EU: PMI Services & 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>6 May NZ: UE Rate (Q1) AU: Trade Balance (Mar), Retail Sales (Mar) JP: BoJ Monetary Policy Meeting Minutes for Apr, Loans & Discounts Corp (Mar), Vehicle Sales EU: ECB Announces Interest Rates GE: Factory Orders (Mar) UK: BOE ANNOUNCES RATES, PMI Services US: Initial Jobless Claims (May 1) CA: Building Permits (Mar)</p>	<p>7 May AU: AiG Construction Index (Apr), Reserve Bank Quarterly Monetary Policy Statement 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>10 May 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)</p>	<p>11 May AU: 2010-11 Federal Budget released NAB Business Confidence (Apr) CH: PPI (Apr), PPI (Apr), CPI (Apr), Retail Sales (Apr), Industrial Production (Apr) EU: GDP (Apr) JP: CPI (Apr) UK: Industrial Production (Mar), Manufacturing Production (Mar),</p>	<p>12 May 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</p>	<p>13 May 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: ECB Publishes May Monthly Report</p>	<p>14 May 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>17 May 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>18 May NZ: PPI (Q1) AU: Reserve Bank's Board May Minutes 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>19 May 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: BoE Minutes US: CPI (Apr)</p>	<p>20 May NZ: New Zealand Budget, 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>21 May NZ: Visitor Arrivals (Apr) JP: BOJ Target Rate 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>

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
Economic activity (annual % change)				
Private final demand	1.1	3.8	4.2	4.5
Household consumption	2.2	2.2	2.5	2.7
Dwelling investment	-4.4	14.1	5.0	1.7
Business investment	-0.7	5.8	9.2	10.8
Public demand	3.1	8.2	4.0	2.2
Domestic final demand	1.6	4.8	4.1	3.9
Inventories (contribution to GDP)	-0.5	0.5	0.0	0.0
Gross National Expenditure (GNE)	1.0	5.3	4.1	3.9
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
Gross Domestic Product (GDP)	1.3	3.1	3.1	3.4
Prices and wages (annual % change)				
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
Labour market				
Employment (annual % change)	0.3	2.4	1.9	1.8
Unemployment rate (annual average %)	5.6	5.0	4.8	4.9
External sector				
Current account balance: A\$bn	-51.7	-61.9	-58.3	-72.2
% of GDP	-4.1	-4.6	-4.1	-4.8

* 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	4.54	4.40	4.90	5.20	5.40	5.70
3 year bond	5.30	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	5.55	5.70	5.80	5.90	5.90	6.15
10 year swap	6.24	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	1.07	1.10	1.40	1.80	2.20	2.70
US 10 year note	3.89	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
Australian exchange rates						
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
International cross rates						
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
Asia exchange rates						
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
Pacific exchange rates						
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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