Weekly Commentary

31 July 2017

Back to work

This week's labour market figures are expected to show that firms are still keen to hire, but that the unemployment rate has remained steady. Financial markets are probably more vulnerable to a softer than expected outcome, given the number of factors that already point to the Reserve Bank keeping interest rates on hold for a long time.

We expect the Household Labour Force Survey (HLFS) to show a 0.7% rise in employment over the June quarter. We also expect a similar result from the employer-focused Quarterly Employment Survey (QES), with a 0.9% rise in the number of full-time equivalent employees.

Growth in employment is expected to be widespread, with larger gains in service sectors (including hospitality), retail and professional services. We also expect continued employment gains in the construction sector, though difficulties in sourcing skilled labour may provide some brake on jobs growth on this front.

However, while the demand for workers is growing, the active labour force is also growing at a strong clip. The rise in population growth in recent years, led by trends in net migration, has been strongly motivated by job prospects. New arrivals have risen sharply, particularly for those coming on temporary work visas. At the same time, more New Zealanders are returning from Australia and fewer are leaving in the first place, which reflects the relatively subdued Australian jobs market in recent years.

As a result, we expect the unemployment rate to remain unchanged at 4.9%. That's a marked improvement on the post-financial crisis peak of 6.7%, but it's not particularly low compared to history. The unemployment rate was consistently below 5% from 2003 to 2008, and it wasn't until it fell below 4% that the labour market tightened and wage growth really ramped up.

In contrast, with unemployment now lingering around 5%, we've yet to see a broad-based lift in wage growth in the current cycle – in fact, the Labour Cost Index for the private sector rose just 1.5% in the year to March, its slowest pace in seven years. While there are pockets such as the construction sector where a shortage of skilled workers is increasingly acting as a constraint, it doesn't appear that the labour market as a whole has been in 'tight' territory up to now.

The idea of what constitutes 'tight' or 'loose' economic conditions was addressed in a speech last week by the Reserve Bank's Head of Economics. The broad theme of the speech was that monetary policy decisions depend in part on judging where the economy stands relative to its long-run equilibrium settings, which are unobservable and can change over time.

One of those unobservable factors is potential output – the level of GDP that leaves inflation neither rising nor falling. Potential output is highly uncertain, and the RBNZ uses several estimation methods that produce a range of results. But the RBNZ's central estimate suggests that the New Zealand economy has been running at, but not above, its potential rate for the last two years, having been below potential for several years after the financial crisis. In other words, it has not been in 'tight' territory – implying an acceleration in inflation – at any point in this decade.

Another key unobservable that was covered in the speech is the neutral level of the Official Cash Rate. The RBNZ's

Back to work continued

estimate of the neutral OCR has come down over time, and the latest estimate puts it at around 3.5%. That implies that the current OCR of 1.75% is providing stimulus to the economy, as is appropriate in the current circumstances.

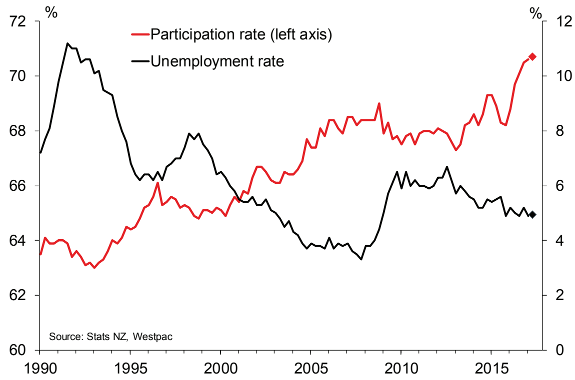
However, lowering the estimate of the neutral rate implies that the current level of the OCR has not been providing as much stimulus as previously thought – and perhaps should have been set even lower in recent times. Of course, this is with the benefit of hindsight, but it suggests that the best way forward is to keep the OCR low for even longer.

As we've noted before, the RBNZ's projections already imply that OCR hikes are a long way off. Our own forecasts are similar – we don't expect a hike before 2019. In contrast, financial markets are still pricing an OCR hike by August next year, and at times have implied an even earlier start to rate hikes.

We think that developments since the last OCR review will give the RBNZ even less reason to contemplate the idea of rate hikes. June quarter inflation was lower than expected, and some temporary factors are likely to keep inflation below the 2% target midpoint for at least another year. In addition, the housing market is slowing much faster than the RBNZ assumed, which is likely to have knock-on effects for the strength of domestic demand.

Finally, the New Zealand dollar has strengthened significantly in recent weeks. This is largely a product of US dollar weakness and may prove to be transitory. But if sustained, it will further undermine the outlook for inflation over the coming year.

Labour force participation and unemployment (including forecasts)



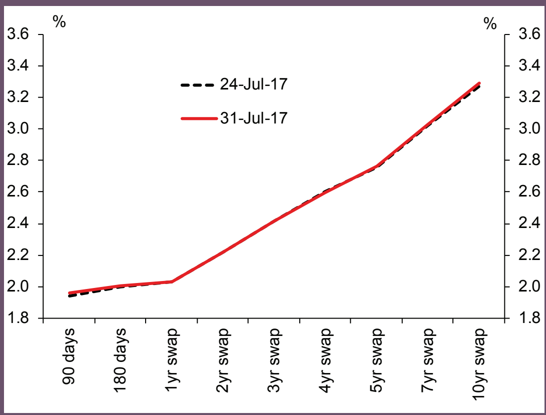
Consequently, we think that financial markets are more vulnerable to a soft outturn in this week's labour market update, which is one of the last key pieces of information before the 10 August *Monetary Policy Statement*. Even a stronger than expected result is unlikely to see the RBNZ contemplate an OCR hike within the next year, whereas a weak result would see markets push out the expected timing of rate hikes.

Fixed vs Floating for mortgages

For borrowers with a deposit of 20% or more, the best value lies in the two-year rate or shorter terms. Three- to five-year rates seem high relative to where we think short-term rates are going to go over that time. That said, these rates are most likely to be pressured higher by global market trends, so borrowers who prefer the security of a longer term still have a chance to lock in at historically quite low levels.

Floating mortgage rates usually work out to be more expensive for borrowers than short-term fixed rates such as the six-month rate. However, floating may still be the preferred option for those who require flexibility in their repayments.

NZ interest rates



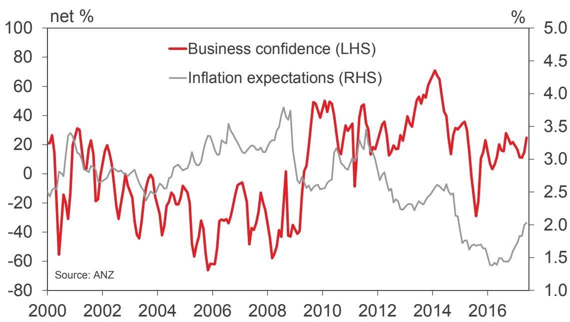
The week ahead

NZ June business confidence

Jul 31, Last: 24.8

- Businesses' confidence in the general economic outlook rose strongly in June, with widespread gains.
- Since the June survey, we've seen mixed economic conditions. Spending has held up, boosted by the current strong tourist season. But at the same time, housing market conditions have continued to weaken (especially in Auckland). There is also some uncertainty around how September's election will affect economic conditions.
- We'll be watching the survey's inflation and price gauges closely. Despite relatively firm economic growth in recent years, we're yet to see a broad based increase in pricing pressures. We don't expect much change on this front just yet.

NZ business confidence and inflation expectations

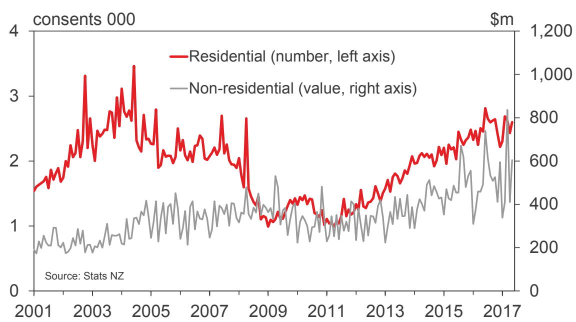


NZ June building consents

Jul 31, Last: 7.0%, WBC f/c: -5.0%

- Residential building consents rose 7% in May. That followed a 7.4% drop in April that looks like it was exacerbated by the timing of the Easter and Anzac Day holidays.
- After the solid May increase, we expect some pull back in consent issuance in June.
- Smoothing through month-to-month volatility, we should continue to see a trend increase in consents over the coming year, with large amounts of building work planned in coming years. However, there are questions around how fast construction will rise going forward. Capacity pressures in the building industry have already emerged, and both building costs and borrowing rates have been creeping higher. At the same time, house price growth has levelled off and reconstruction activity in Canterbury has eased back.

NZ building consents

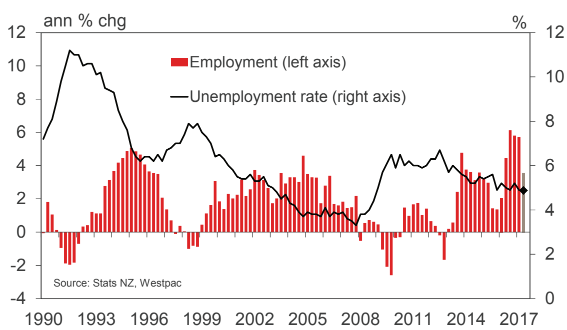


NZ Q2 household labour force survey

Aug 2, Employment, last: 1.2%, WBC f/c: 0.7%, Mkt f/c: +0.7%
Aug 2, Unemployment, last: 4.9%, WBC: 4.9%, Mkt f/c: 4.8%

- We expect the Household Labour Force Survey will show that employment levels increased by 0.7% in the June quarter. Increases in employment are expected to be widespread, with larger gains in service sectors (including hospitality), retail and professional services. We also expect continued employment gains in the construction sector, though difficulties sourcing skilled labour may slow jobs growth on this front.
- Labour force participation is expected to nudge higher again in June, taking it to a fresh record high of 70.7%. Jobs growth has encouraged more people to enter the labour market. This has been reinforced by strong net migration. These factors are providing a floor under the unemployment rate, which we expect to remain unchanged at 4.9%

Household Labour Force Survey

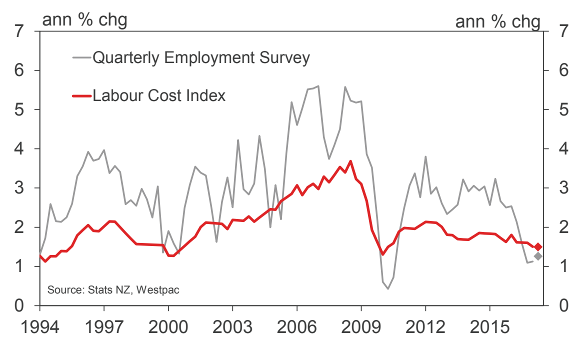


NZ Q2 labour cost index

Aug 2, Private sector (incl. overtime), last: 0.4%, WBC f/c: 0.4%, Mkt f/c: 0.4%

- Although the labour market has been strengthening, wage inflation remains low. We're expecting the June quarter Labour Cost Index will show that base wage rates rose by only 1.6% over the past year. Similarly, the broader QES measures of average hourly earnings is expected to have risen by only 1.3% – both largely unchanged from last quarter and still low.
- But while wage growth is currently low, this won't be the case forever. We expect that strong demand for workers, as well as increasing cost of living adjustments will contribute to rising wage inflation over the coming year.

LCI and QES wages



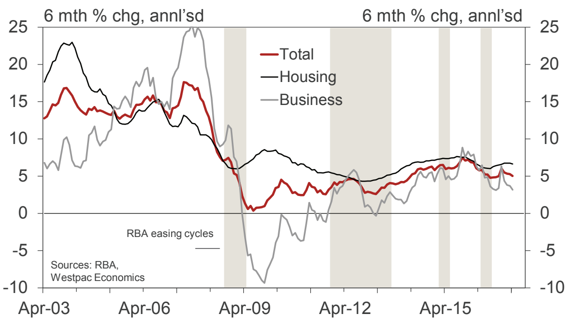
The week ahead

Aus Jun private credit

Jul 31, Last: 0.4%, WBC f/c: 0.4%
Mkt f/c: 0.4%, Range: 0.3% to 0.5%

- Private credit grew by 5.0% in the year to May, moderating from 6.4% a year earlier. Housing has slowed a little over this period, to 6.6% from 6.9%, as lending conditions have tightened. Business credit has moderated, to 3.1% from 7.0%, in part due to weakness around the time of the 2016 Federal election, as well as a soft start to 2017. For June, credit growth is expected to be 0.4%, matching the outcomes for the three months March through May. Housing credit grew by 0.55% in May, reversing a dip to 0.51% in April. The are tentative signs that the housing sector is beginning to cool, including a 1.5% decline in the total value of housing finance in the four months since January. Business credit grew by 0.4% in April and by 0.2% in May, representing a modest improvement on a 0.4% decline in Q1. Commercial finance, while still volatile, is up off its lows.

Credit: momentum shift

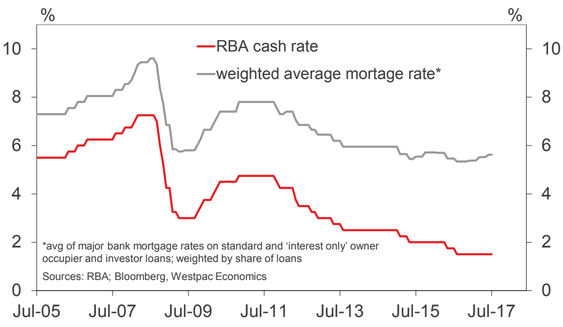


Aus RBA policy decision

Aug 1, Last: 1.50%, WBC f/c: 1.50%
Mkt f/c: 1.50%, Range: 1.50% to 1.50%

- The RBA will leave rates unchanged at its Aug meeting. Following two 25bp cuts in May and August 2016, the Bank has kept policy firmly on hold. Minutes to the July meeting reaffirmed labour and housing markets as particular areas of interest – key questions around both remain unresolved.
- A discussion of 'neutral' rates in the 'Considerations for Policy' section of the July minutes was seen by some as a more hawkish signal, contributing to a firming in the AUD.
- The RBA Governor has publicly rejected this view, reinforcing the Bank's 'firmly on hold' stance. Despite this the AUD has continue to rise. How this is treated in the Governor's decision statement and its forecasts in the Aug Statement on Monetary Policy (due Friday) will be of interest.

RBA cash rate & market pricing

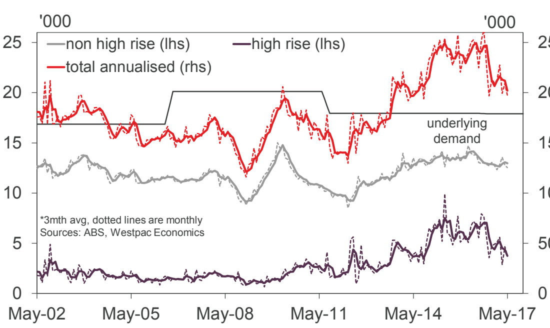


Aus Jun dwelling approvals

Aug 2, Last: –5.6%, WBC f/c: 1.0%
Mkt f/c: 1.0%, Range: -4.0% to 5.0%

- Dwelling approvals slumped 5.6% in May to be down 19.7%yr. The decline over both the month and the year has mainly been driven by 'high rise' (–20%mth, –45%yr). Nationally, May saw the second lowest monthly reading on high rise approvals since June 2013 – the lowest being the weather-affected read in March.
- Despite the weak May update, June is shaping a little more positively. In particular construction-related finance approvals continue to suggest some firming in non-high rise activity in coming months. Meanwhile high rise approvals should start to stabilise around current lower levels although the outlook for this volatile segment is more uncertain. On balance we expect monthly total approvals to show a slight 1% gain leaving the existing strong downtrend intact.

Dwelling approvals

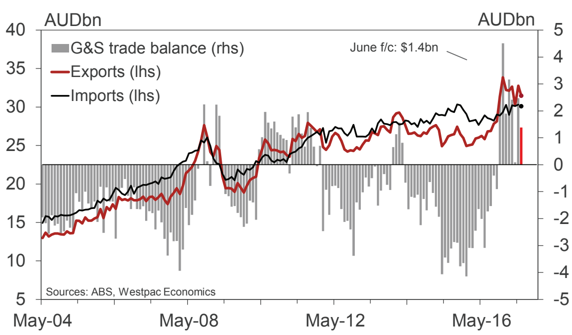


Aus Jun trade balance, AUDbn

Aug 3, Last: 2.5, WBC f/c: 1.4
Mkt f/c: 1.8, Range: 1.2 to 3.0

- Australia's trade balance was comfortably in surplus in May, after being impacted by Cyclone Debbie in April. For June, we expect a $1.4bn surplus, narrowing from a $2.5bn surplus in May.
- Export earnings are forecast to decline by 4%, -$1.3bn. Metal ores, coal and fuels, together accounting for close to 50% of exports, are expected to weaken, down $1.4bn. Prices fell (iron ore and fuels), so too volumes (iron ore, coal and LNG).
- Imports are forecast to decline by 0.7%, $0.2bn, on lower prices, with oil down and the Australian dollar stronger.
- *Note: since January 2016, there is additional uncertainty around the import and trade forecast. The ABS no longer publishes customs goods imports ahead of the trade release.*

Australia's trade balance



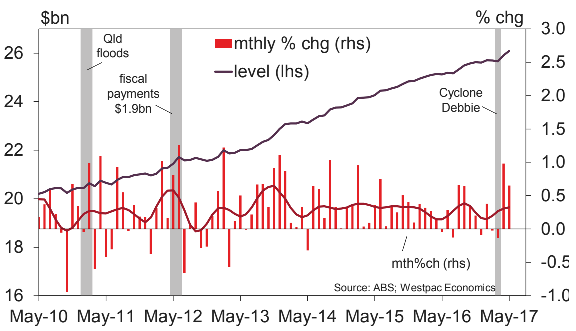
The week ahead

Aus Jun retail trade

Aug 4, Last: 0.6%, WBC f/c: flat
Mkt f/c: 0.2%, Range: -0.2% to 0.8%

- Retail sales came in better than expected for April with a 0.6% gain following on from April's 1% bounce-back from a weather-affected 0.1% contraction in March. The April detail suggested a genuine lift in momentum over and above weather-related volume and price impacts.
- Despite the lift, the backdrop in terms of consumer sentiment remains shaky with signs family finances came under renewed pressure over the first half of 2017 with mortgage rate increases in March and continued concerns around housing markets. That said, labour market conditions have improved. The Q2 CPI also suggests retail prices have been flat with continued aggressive discounting in non-food segments. On balance we expect June to post a flat result for monthly sales.

Monthly retail sales

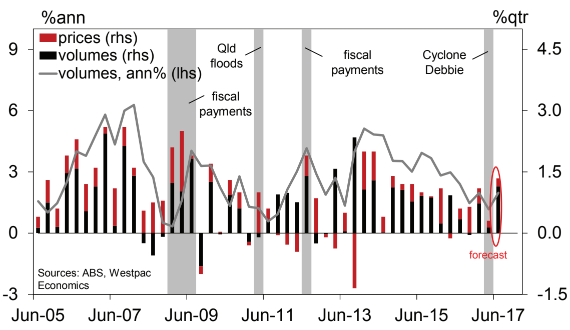


Aus Q2 real retail sales

Aug 4, Last: 0.1%, WBC f/c: 1.1%
Mkt f/c: 1.2%, Range: 0.6% to 1.5%

- Real retail sales rose just 0.1% in Q1 with weather a key restraining factor – sales in cyclone-affected Qld contracted 1%qtr but rose 0.4%qtr across the rest of Aus.
- The Q2 update is shaping as a strong one. Even with a flat monthly finish, nominal sales are on track for a 1.3% rise over the quarter. The CPI detail also points to a subdued retail deflator – up about 0.2% despite a weather-related jump in some food prices. The combination gives a 1.1% rise in real retail sales, with some upside risk if the deflator comes in weaker. Note that the retail measure remains a problematic indicator for the broader spending estimates in the national accounts – although the direction for Q2 looks right, the swings in total spending are likely to be much milder than the retail moves.

Quarterly retail volumes and prices

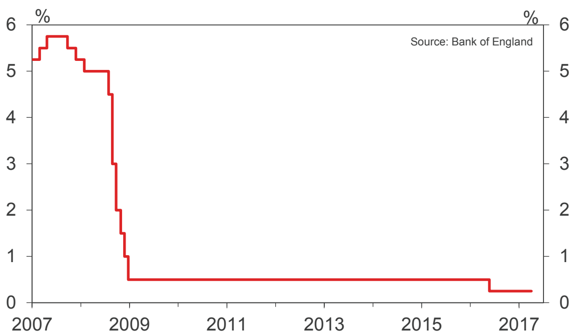


UK Mar Bank of England policy decision

Aug 3, Last: 0.25%, WBC f/c: 0.25%

- June saw a hawkish tilt from Bank of England. While the Bank Rate was left on hold, three of the eight members voted for an immediate rate hike in June, up from just one in May. Underlying this shift in stance was earlier firmness in economic activity that raised questions about how much of the recent pick-up in inflation should be looked through.
- Rate hikes are only a realistic possibility if there are convincing signs of resilience in economic activity. However, since the June meeting, inflation has softened and GDP growth has been subdued. We expect that these developments will see renewed caution among the MPC, with the Bank Rate and asset purchase program expected to remain unchanged in July.

Bank of England Bank Rate

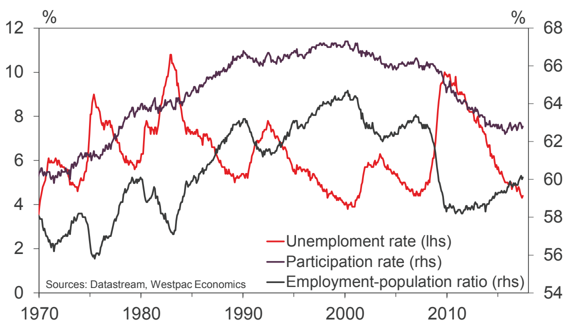


US Jul employment report

Aug 4, nonfarm payrolls Last: 222k, WBC 190k
Aug 4, unemployment report Last: 4.4%, WBC 4.4%

- It has been an interesting six months for employment growth in the US, nonfarm payrolls reporting month-average growth of 224k in Jan/Feb; a weak 50k in Mar; then 207k in Apr; 152k in May; and 222k in June. The net result is a month-average pace of 180k, broadly in line with 2016. At this stage in the economic cycle, given full employment has been reached, employment growth should have slowed. But it hasn't and partial indicators remains supportive of further strong gains. In Jul, we look for a 190k rise.
- Since January, the unemployment rate has consequently fallen from 4.8% to 4.4% in June. Participation has also been a factor, edging 0.2ppts lower to 62.8%. In Jul, we expect the unemployment rate to remain unchanged, with any surprise in employment to be offset by participation.

Employment Report



Data calendar

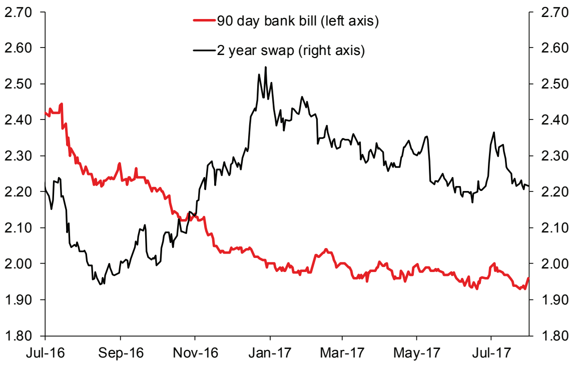
		Last	Market median	Westpac forecast	Risk/Comment
Mon 31					
NZ	Jun building consents	7.0%	–	–5.0%	Pull back after last month's strong gain, trend rise still in place.
	July ANZBO business confidence	24.8	–	–	Confidence will be challenged by the housing market slowdown.
Aus	Jun private sector credit	0.4%	0.4%	0.4%	May, housing, +0.55% (slowing ahead); business sluggish, 0.2%.
	Jul MI inflation gauge	0.1%	–	–	Inflation remains benign, weak wages growth & retail competition.
Chn	Jul manufacturing PMI	51.7	51.5	–	Continues to point to robust growth…
	Jul non–manufacturing PMI	54.9	–	–	… across manufacturing and services.
UK	Jun net lending secured dwellings, £b	3.5	–	–	Economic uncertainty weighing on housing market demand.
Eur	Jun unemployment rate	9.3%	9.2%	–	Will continue to slowly edge down.
	Jul CPI %yr	1.3%	1.2%	–	To remain weak.
US	Jul Chicago PMI	65.7	59.0	–	One of the stronger regional indexes.
	Jun pending home sales	–0.8%	1.0%	–	Uptrend for housing continuing.
	Jul Dallas Fed index	15.0	14.0	–	Still strong.
Tue 1					
Aus	RBA policy announcement	1.50%	1.50%	1.50%	On hold, again… rates last cut in Aug 2016.
	Jul AiG manufacturing PMI	55.0	–	–	Benefitting from construction upswing & relatively low AUD.
	Jul CoreLogic home value index	1.8%	–	1.5%	June lift carried into July but both flattered by seasonal effects.
Chn	Jul Caixin manufacturing PMI	50.4	50.4	–	Bounce last month pleased markets.
UK	Jul Nationwide house prices	1.1%	–0.2%	–	Likely to fall back from a jump in June.
	Jul Markit manufacturing PMI (final)	54.3	54.7	–	Manufacturing conditions have eased, but lower GBP still supportive.
Eur	Q2 GDP advance	0.6%	0.6%	0.6%	Another robust quarter anticipated.
	Jul Markit manufacturing PMI final	56.8	56.8	–	Strength broad based.
US	Jun personal income	0.4%	0.4%	–	Incomes rising at solid clip…
	Jun personal spending	0.1%	0.1%	–	… but consumers' interest in spending limited.
	Jun PCE inflation	–0.1%	0.0%	–	Disinflation transitory, but will take time to abate.
	Jul Markit manufacturing PMI final	53.2	–	–	Less positive than ISM…
	Jul ISM manufacturing PMI	57.8	56.2	–	… which remains strong.
	Jun construction spending	0.0%	0.5%	–	Investment unlikely to start new strong uptrend.
Wed 2					
NZ	GlobalDairyTrade auction	0.2%	–	–	Futures pointing towards a solid lift in the latest auction.
	Q2 employment	1.2%	0.7%	0.7%	Firms are still keen to hire…
	Q2 unemployment rate	4.9%	4.8%	4.9%	… but participation holds the unemployment rate steady.
	Q2 Labour Cost Index incl. overtime	0.4%	0.4%	0.4%	To maintain a subdued pace.
Aus	Jun dwelling approvals	–5.6%	1.0%	1.0%	High–rise –45%yr, to stablise? Finance figs suggest rest lifting.
US	Jul ADP employment	158k	195k	–	Not a particularly good predictor of payrolls.
	Fedspeak	–	–	–	Mester at community banking conference; Williams on policy.
Thu 3					
Aus	Jun trade balance, AUDbn	2.5	1.8	1.4	For June, exports –4%, weaker prices & vol's; imports –0.7%.
	Jul AiG services PSI	54.8	–	–	June, +3.3pts to a positive 54.8 (orders & sales). Risk of pull–back.
Chn	Jul Caixin services PMI	51.6	–	–	Receives limited attention given delayed release.
Eur	Jul Markit services PMI final	55.4	55.4	–	Strong momentum apparent.
UK	Jul Markit services PMI (final)	53.4	53.7	–	Rising consumer prices eroding household demand.
	Bank of England Bank Rate	0.25%	0.25%	0.25%	Moderation of inflation and soft GDP to dampen hawkish tilt.
US	Initial jobless claims	244k	–	–	Historically weak.
	Jul Markit services PMI final	54.2	–	–	As for manufacturing, there is a gap between Markit…
	Jul ISM non–manufacturing	57.4	56.8	–	… and ISM measures. Likely to persist.
	Jun factory orders	–0.8%	1.9%	–	Headline durable orders saw strong bounce on aircraft.
Fri 4					
Aus	Jun retail trade	0.6%	0.2	flat	Two solid gains in Apr–May but backdrop remains shaky.
	Q2 real retail trade	0.1%	1.2	1.1%	Shaping as a strong qtr, weather rebound + price discounting.
	RBA Statement on Monetary Policy	–	–	–	Key inflation and growth forecasts updated.
US	Jul nonfarm payrolls	222k	183k	190k	Strong growth to continue.
	Jul unemployment rate	4.4%	4.3%	4.4%	Participation to offset employment growth.
	Jun trade balance $bn	–46.5	–45.5	–	Decline in USD a positive for exports.

New Zealand forecasts

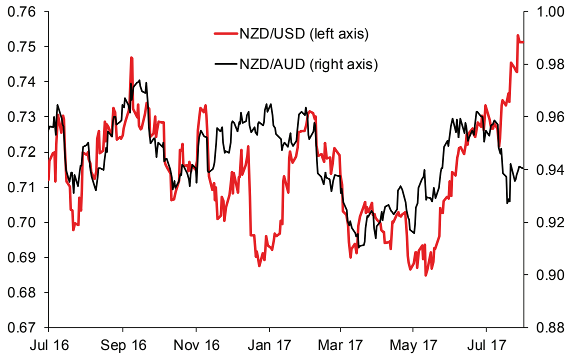
Economic Forecasts	2017				Calendar years			
% change	Mar (a)	Jun	Sep	Dec	2015	2016	2017f	2018f
GDP (Production) ann avg	0.5	1.0	0.9	0.7	2.5	3.1	2.8	3.2
Employment	1.2	0.3	0.5	0.5	1.4	5.8	2.5	1.9
Unemployment Rate % s.a.	4.9	4.9	4.6	4.4	4.9	5.2	4.4	4.5
CPI	1.0	0.0	0.4	0.2	0.1	1.3	1.6	1.9
Current Account Balance % of GDP	-3.1	-3.1	-3.1	-3.2	-3.4	-2.8	-3.2	-3.3

Financial Forecasts	Sep-17	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18
Cash	1.75	1.75	1.75	1.75	1.75	1.75
90 Day bill	2.00	2.00	2.00	2.00	2.00	2.15
2 Year Swap	2.30	2.35	2.40	2.45	2.50	2.60
5 Year Swap	2.90	3.00	3.10	3.20	3.30	3.40
10 Year Bond	3.15	3.30	3.50	3.70	3.80	3.85
NZD/USD	0.71	0.70	0.69	0.67	0.66	0.64
NZD/AUD	0.96	0.96	0.96	0.97	0.97	0.98
NZD/JPY	79.5	79.8	78.7	77.1	76.6	74.9
NZD/EUR	0.65	0.65	0.66	0.65	0.65	0.63
NZD/GBP	0.56	0.56	0.56	0.54	0.54	0.53
TWI	77.8	77.5	77.1	75.9	75.4	74.1

2 Year Swap and 90 Day Bank Bills



NZD/USD and NZD/AUD



NZ interest rates as at market open on Monday 31 July 2017

Interest Rates	Current	Two weeks ago	One month ago
Cash	1.75%	1.75%	1.75%
30 Days	1.84%	1.82%	1.86%
60 Days	1.89%	1.89%	1.92%
90 Days	1.96%	1.97%	1.99%
2 Year Swap	2.22%	2.27%	2.34%
5 Year Swap	2.77%	2.85%	2.88%

NZ foreign currency mid-rates as at Monday 31 July 2017

Exchange Rates	Current	Two weeks ago	One month ago
NZD/USD	0.7513	0.7345	0.7326
NZD/EUR	0.6388	0.6401	0.6409
NZD/GBP	0.5713	0.5605	0.5628
NZD/JPY	83.04	82.61	82.22
NZD/AUD	0.9404	0.9386	0.9536
TWI	79.25	78.21	78.59

International forecasts

Economic Forecasts (Calendar Years)	2013	2014	2015	2016	2017f	2018f
Australia						
Real GDP % yr	2.1	2.8	2.4	2.5	2.3	3.0
CPI inflation % annual	2.7	1.7	1.7	1.5	2.1	2.3
Unemployment %	5.8	6.2	5.8	5.7	5.7	6.2
Current Account % GDP	-3.4	-3.0	-4.7	-2.7	-1.7	-3.3
United States						
Real GDP %yr	1.5	2.4	2.6	1.6	2.1	2.4
Consumer Prices %yr	1.5	1.6	0.1	1.3	2.0	1.8
Unemployment Rate %	7.4	6.2	5.3	4.9	4.4	4.3
Current Account %GDP	-2.3	-2.3	-2.3	-2.6	-2.7	-2.8
Japan						
Real GDP %yr	1.4	0.0	0.5	0.6	1.1	1.0
Euroland						
Real GDP %yr	-0.3	0.9	1.6	1.7	1.8	1.4
United Kingdom						
Real GDP %yr	2.2	2.9	2.2	2.0	1.8	1.6
China						
Real GDP %yr	7.7	7.3	6.9	6.7	6.6	6.0
East Asia ex China						
Real GDP %yr	4.2	4.1	3.7	3.7	3.8	3.8
World						
Real GDP %yr	3.3	3.4	3.1	3.3	3.5	3.5
Forecasts finalised 14 July 2017						

Interest Rate Forecasts	Latest	Sep-17	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19
Australia								
Cash	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50
90 Day Bill	1.69	1.80	1.80	1.80	1.80	1.80	1.80	1.80
10 Year Bond	2.69	2.90	2.95	3.05	3.20	3.35	3.30	3.30
International								
Fed Funds	1.125	1.375	1.375	1.625	1.625	1.875	1.875	1.875
US 10 Year Bond	2.30	2.55	2.65	2.90	3.10	3.30	3.30	3.30
ECB Deposit Rate	–0.40	–0.40	–0.40	–0.40	–0.40	–0.40	–0.40	–0.30

Exchange Rate Forecasts	Latest	Sep-17	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19
AUD/USD	0.7961	0.74	0.73	0.72	0.69	0.68	0.65	0.65
USD/JPY	111.04	113	114	115	115	116	116	118
EUR/USD	1.1687	1.13	1.13	1.11	1.10	1.08	1.07	1.06
AUD/NZD	1.0650	1.04	1.04	1.04	1.03	1.03	1.02	1.02

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