



TTeke

Weekly Economic Commentary.

Building houses and milking cows.

While the tourism and hospitality sectors continue to struggle with the closure of our borders, the New Zealand economy as a whole has weathered the Covid storm better than expected. That's in large part due to firmness in domestically focused industries like construction. We're also seeing strength in the prices for some of our key commodity exports.

New Zealand's recovery from Covid-19 remains uneven. Our services sector is continuing to struggle with the massive reduction in demand resulting from ongoing border closures. Importantly, that loss of international tourist dollars, and the resulting impact on the demand for seasonal workers, is an even bigger drag now than when we first went into lockdown. That's because tourism is highly seasonal, and there is normally a strong net inflow of people into the country in the summer months. The resulting loss of demand has been

felt acutely in industries like hospitality, accommodation and transport.

But while the closure of the border and the loss of international tourists has clearly hit some areas hard, we're actually seeing solid demand in some other parts of the economy, such as the public sector and construction. That's meant that overall economic activity and the job market have both been more resilient than expected in recent months.

A temporary change in the Westpac Economics Team.

Our Chief Economist, Dominick Stephens, is taking up a ten-month secondment as the New Zealand Treasury's Deputy Secretary, Chief Economic Advisor. Michael Gordon will be Westpac's Acting Chief Economist until Dominick's return in January 2022. Michael has been second-in-charge of the Economics Team for the past 10 years and has performed the role in the past. The team will continue to provide all the same quality insights and analysis.



In fact, compared to January last year, the number of filled jobs has risen by 0.1%, despite the job losses in sectors such as retail and hospitality. In addition, recent data on job advertisements point to growing demand for workers. Those developments support our view that the unemployment rate has more or less peaked.

One of the key sectors that has helped to bolster New Zealand's economic fortunes in the wake of the outbreak has been the agricultural sector. Firming global demand has seen prices for some of our key commodity exports charging higher in recent months. Most notably, prices for whole milk powder (WMP) rose by 21% in the latest GlobalDairyTrade auction and are up by nearly 50% since November. Those strong gains have prompted us to lift our 2020/21 farmgate milk price forecast by 40 cents to \$7.90/kg (Fonterra has also revised up its forecast range to \$7.30/kg to \$7.90/kg). We have maintained our 2021/22 milk price forecast at \$7.25/kg, though the balance of risks here is to the upside.

Underpinning the strength in global dairy prices has been strong demand from China and, more recently, growing demand from other South East Asian nations. We expect this strength in demand will continue over the year ahead, helping to keep export prices at firm levels. Even so, some of the recent increase in prices is likely to be temporary. New Zealand has entered its autumn and the dairy production season is winding down. Markets know that New Zealand supply will not be able to catch up to surging demand until the spring, so prices are rising right now. But when spring rolls around, we expect WMP and milk fat prices to start to moderate as New Zealand production starts its spring flush. In addition, global dairy supply will eventually respond.

The other key area where we're seeing significant strength is the construction sector, with particular strength in new home building. Residential construction levels are already around 5% above the levels we saw prior to the outbreak of Covid, and the outlook for the coming year is looking increasingly strong. Dwelling consent numbers have been charging higher,

with data last week showing that 39,881 new dwellings were consented over the 12 months to January. That's the highest level since 1974.

Underpinning the strong rise in consent issuance has been the combination of low interest rates and rising house prices, which have encouraged developers to bring new projects to market. Changes in building regulations that have allowed for greater intensification (such as Auckland's unitary plan) have also played an important role, with much of the lift in dwelling consents related to medium density projects like town houses and apartments.

This pickup follows an extended period where home building in New Zealand failed to keep pace with population growth. In fact, relative to changes in the population over the past decade, New Zealand built around 70,000 too few homes. Much of that shortfall has been in Auckland, but shortages of affordable housing are being felt in many corners of the nation.

However, the balance between home building and population growth is set to swing around dramatically in the wake of the Covid outbreak. At the same time as the boom in home building is getting underway, population growth has plummeted following the closure of our borders and the halt on migration. We estimate that population growth will slow from a peak of 2.4% to a low of 0.4%. This means that the shortages which have built up in recent years are now being rapidly eroded.

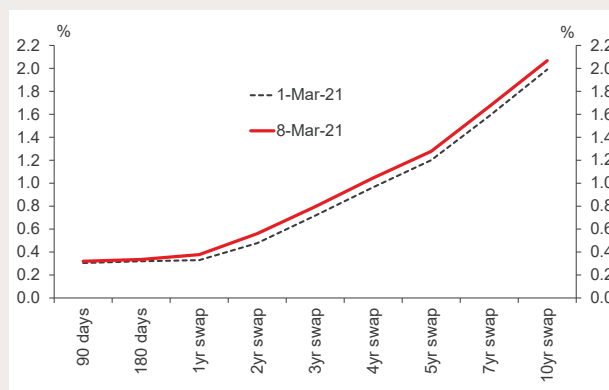
Even after the borders reopen, net migration is expected to remain below pre-Covid levels due to tighter Government migration policy. That means housing shortages will continue to shrink even after migration resumes. This erosion of housing shortages is likely to cause a reduction in the annual rate of increase in rents – one more reason to expect low inflation in the coming years. Eroding shortages is also one reason that we expect house price inflation to start gradually cooling from later in 2021 (although rising interest rates will play a more important role).

Fixed vs Floating for mortgages.

We expect mortgage rates to rise over coming years. Based on our forecasts, taking a longer-term fixed rate (from three years to five years) will prove less expensive for borrowers than taking a short-term rate now and refixing later.

Longer-term fixed mortgage rates may rise soon, in response to a large increase in wholesale fixed rates over the past two months. We expect shorter-term fixed rates, and floating rates, will be stable over the coming months.

NZ interest rates



The week ahead.

NZ Mar ANZ Business Outlook survey

Mar 9, Business confidence – Last: 7.0

- Overall business conditions have picked up in recent months and are now around average levels. However, the recovery has been uneven. Firmness in domestically focused sectors like construction has been balanced against softness in those areas linked to the international border.
- We expect that business confidence will take a small step down in the March survey. As well as the ongoing drag from the lack of international tourists, the temporary dialling up of Covid Alert settings will have added to uncertainty around the outlook, especially among service sector firms.
- We'll be keeping a close eye on the survey's pricing gauges which spiked higher in recent months following disruptions to global supply chains.

NZ business confidence

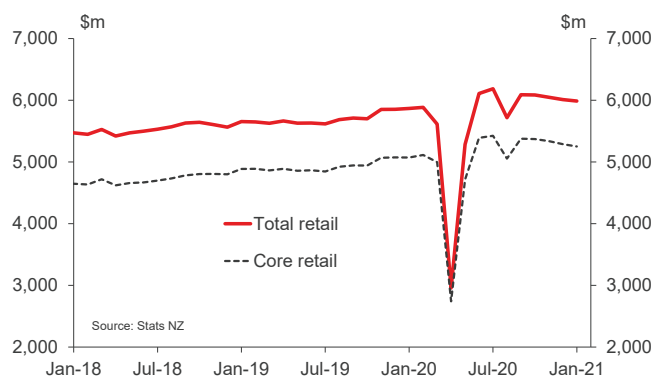


NZ Feb Retail Card Spending

Mar 10, Last: -0.4%, Westpac f/c: -3%

- Retail spending fell by 0.4% in January. That was the fourth decline in as many months. Spending has been softening in most categories, however, there has been particular softness in the hospitality sector. While spending by New Zealanders has been resilient, the lack of international tourists remains a significant drag.
- We expect to see another decline in spending in February. In addition to the lack of international visitors, the Covid Alert Level was dialled up for several days late in the month. That took a bite out of spending in Auckland and the hospitality sector.

Retail card spending



NZ Feb REINZ house prices and sales

Mar 12 (TBC), Sales last: -22.2%, Prices last: +19.2%yr

- The New Zealand housing market continued to run hot in January, with the REINZ price index up 19.2% on a year ago. Monthly increases have arguably started to slow though, compared to the unsustainable pace seen in late 2020.
- We expect a further 17% rise in prices over 2021, albeit with the pace slowing over the course of the year. Low mortgage rates remain an important driver, but these have bottomed out and are likely to rise gradually over time. In addition, near-zero migration and strong homebuilding activity mean that housing shortages are starting to be eroded.
- House sales went from red-hot to around average in January. This may have just been due to the usual New Year's lull; partial data points to a pick-up again in February.

REINZ house prices and sales



The week ahead.

Aus Mar Westpac-MI Consumer Sentiment

Mar 10, Last: 109.1

- Consumer sentiment increased 1.9% to 109.1 in Feb from 107 in Jan, recouping about half of the loss seen in the previous month when several states temporarily reinstated tighter COVID restrictions. Overall, sentiment has remained relatively buoyant throughout early 2021, having come off a 10 year high in Dec.
- Local virus-related developments have mostly been positive over the last month, brief lockdowns in Perth and Victoria having been lifted and vaccinations commencing. Developments have also been positive around the economy, with the December national accounts recording a robust 3.1% gain, labour markets continuing to surprise to the upside and a strong pick up now clearly evident across housing markets. On policy, the RBA again reaffirmed its commitment to an extended period of extraordinary policy stimulus at its March meeting.

Aus Consumer Sentiment Index

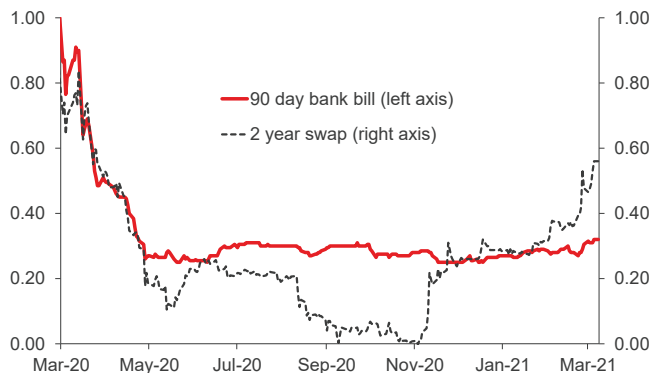


New Zealand forecasts.

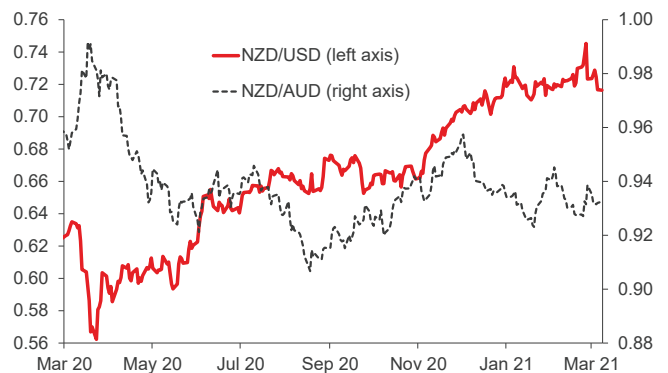
| Economic forecasts | Quarterly | | | | Annual | | | |
|----------------------------------|-----------|------|------|------|--------|-------|-------|-------|
| | 2020 | 2021 | | | | | | |
| % change | Sep (a) | Dec | Mar | Jun | 2019 | 2020f | 2021f | 2022f |
| GDP (Production) | 14.0 | -0.7 | 0.0 | 1.9 | 2.3 | -2.8 | 4.5 | 3.8 |
| Employment | -0.7 | 0.6 | -0.1 | 0.2 | 1.3 | 0.7 | 1.0 | 3.0 |
| Unemployment Rate % s.a. | 5.3 | 4.9 | 5.0 | 5.1 | 4.1 | 4.9 | 4.9 | 4.2 |
| CPI | 0.7 | 0.5 | 0.8 | 0.6 | 1.9 | 1.4 | 1.9 | 0.9 |
| Current Account Balance % of GDP | -0.8 | -0.8 | -1.1 | -1.8 | -3.3 | -0.8 | -2.7 | -2.8 |

| Financial forecasts | Mar-21 | Jun-21 | Sep-21 | Dec-21 | Mar-22 | Jun-22 |
|---------------------|--------|--------|--------|--------|--------|--------|
| Cash | 0.25 | 0.25 | 0.25 | 0.25 | 0.25 | 0.25 |
| 90 Day bill | 0.30 | 0.30 | 0.30 | 0.30 | 0.30 | 0.30 |
| 2 Year Swap | 0.40 | 0.40 | 0.40 | 0.40 | 0.45 | 0.50 |
| 5 Year Swap | 1.00 | 1.00 | 1.00 | 1.05 | 1.10 | 1.20 |
| 10 Year Bond | 1.90 | 1.90 | 1.90 | 1.95 | 2.00 | 2.10 |
| NZD/USD | 0.73 | 0.74 | 0.75 | 0.76 | 0.78 | 0.78 |
| NZD/AUD | 0.94 | 0.94 | 0.94 | 0.93 | 0.92 | 0.92 |
| NZD/JPY | 75.9 | 77.0 | 78.0 | 79.0 | 81.9 | 81.9 |
| NZD/EUR | 0.60 | 0.60 | 0.60 | 0.61 | 0.62 | 0.61 |
| NZD/GBP | 0.53 | 0.54 | 0.54 | 0.55 | 0.55 | 0.55 |
| TWI | 75.5 | 75.9 | 76.2 | 76.5 | 77.6 | 77.4 |

2 year swap and 90 day bank bills



NZD/USD and NZD/AUD



NZ interest rates as at market open on 8 March 2021

| Interest rates | Current | Two weeks ago | One month ago |
|----------------|---------|---------------|---------------|
| Cash | 0.25% | 0.25% | 0.25% |
| 30 Days | 0.26% | 0.26% | 0.26% |
| 60 Days | 0.29% | 0.27% | 0.27% |
| 90 Days | 0.32% | 0.28% | 0.28% |
| 2 Year Swap | 0.56% | 0.36% | 0.38% |
| 5 Year Swap | 1.28% | 0.89% | 0.85% |

NZ foreign currency mid-rates as at 8 March 2021

| Exchange rates | Current | Two weeks ago | One month ago |
|----------------|---------|---------------|---------------|
| NZD/USD | 0.7164 | 0.7294 | 0.7221 |
| NZD/EUR | 0.6011 | 0.6022 | 0.5993 |
| NZD/GBP | 0.5179 | 0.5204 | 0.5255 |
| NZD/JPY | 77.65 | 76.87 | 75.97 |
| NZD/AUD | 0.9325 | 0.9279 | 0.9378 |
| TWI | 75.06 | 75.55 | 75.19 |

Data calendar.

| | | Last | Market median | Westpac forecast | Risk/Comment |
|---------------|------------------------------------|--------|---------------|------------------|---|
| Mon 8 | | | | | |
| Chn | Feb foreign direct investment %oyr | 4.6% | - | - | Annual pace moderating from peak in September. |
| Eur | Mar Sentix investor confidence | -0.2 | - | - | Recovery stalled in Feb on extended lockdowns/slow rollout. |
| Tue 9 | | | | | |
| NZ | Mar ANZ business confidence | 7.0 | - | - | Around average, likely to fall due to Covid restrictions. |
| Aus | Feb NAB business survey | 7 | - | - | Conditions trended higher to be at a robust +7, on reopening. |
| Chn | Feb new loans, CNYbn | 3580.0 | 950.0 | - | Set to pull back following pre-Golden Week surge. |
| | Feb M2 money supply %oyr | 9.4% | 9.4% | - | Has eased from high of 11.1%oyr in June. |
| Eur | Q4 GDP | -0.6% | -0.6% | - | Final update unchanged from previous estimate. |
| US | Feb NFIB small business optimism | 95 | 96 | - | Small business will be buoyed by stimulus prospects. |
| Wed 10 | | | | | |
| NZ | Feb retail card spending | -0.4% | - | -3.0% | Drag from Covid restrictions and border closure. |
| Aus | RBA Governor Lowe | - | - | - | 'The Recovery, Investment and Monetary Policy' in Sydney. |
| | Mar WBC-MI Consumer Sentiment | 109.1 | - | - | Sentiment remains buoyant despite mini-lockdowns. |
| Chn | Feb CPI %oyr | -0.3% | -0.3% | - | Slow services price growth a drag. |
| | Feb PPI %oyr | 0.3% | 1.4% | - | Reversal from deflation points to upstream price pressures. |
| US | Feb CPI | 0.3% | 0.4% | - | Base effects will see abrupt rise in annual growth. |
| | Feb monthly budget statement | -162.8 | - | - | Deficit will continue to widen as stimulus comes online. |
| Thu 11 | | | | | |
| NZ | Feb food price index | 1.3% | - | 0.5% | Annual inflation has eased since mid-2020. |
| Aus | Mar MI inflation expectations | 3.7% | - | - | Has improved 0.6ppt since the trough of the crisis. |
| Eur | ECB policy decision | 0.0% | 0.0% | - | Will be looking for commentary around rising yields. |
| US | Initial jobless claims | 745k | - | - | Ticked higher on weather disruptions last week. |
| | Jan JOLTS job openings | 6646 | 6600 | - | December rise led by business services and retail. |
| Fri 12 | | | | | |
| NZ | Feb manufacturing PMI | 57.5 | - | - | Conditions have been firming in recent months. |
| | Feb REINZ house prices %oyr | 19.2% | - | - | TBC. Price growth remains strong... |
| | Feb REINZ house sales | -22.2% | - | - | ...supported by low mortgage rates and a lack of listings. |
| Eur | Jan industrial production | -1.6% | -0.2% | - | Output still down around 0.8% on the year. |
| UK | Jan trade balance £bn | -6202 | - | - | Remained extremely volatile into year end. |
| US | Feb PPI | 1.3% | 0.4% | - | Rising energy and commodity prices a source of pressure. |
| | Mar Uni. of Michigan sentiment | 76.8 | 78.0 | - | Supported by vaccine rollout and likelihood of stimulus. |

International forecasts.

| Economic Forecasts (Calendar Years) | 2017 | 2018 | 2019 | 2020f | 2021f | 2022f |
|-------------------------------------|------|------|------|-------|-------|-------|
| Australia | | | | | | |
| Real GDP %/yr | 2.4 | 2.8 | 1.9 | -2.6 | 4.2 | 3.3 |
| CPI inflation %/yr | 1.9 | 1.8 | 1.8 | 0.9 | 2.6 | 2.2 |
| Unemployment rate % | 5.5 | 5.0 | 5.2 | 6.8 | 6.0 | 5.3 |
| Current account % of GDP | -2.6 | -2.1 | 0.7 | 2.4 | 1.9 | -0.1 |
| United States | | | | | | |
| Real GDP %/yr | 2.3 | 3.0 | 2.2 | -3.5 | 4.4 | 4.5 |
| CPI inflation %/yr | 2.1 | 2.4 | 1.9 | 1.1 | 1.8 | 1.9 |
| Unemployment rate % | 4.4 | 3.9 | 3.7 | 8.1 | 5.7 | 4.5 |
| Current account % of GDP | -2.3 | -2.3 | -2.6 | -2.5 | -2.4 | -2.4 |
| Japan | | | | | | |
| Real GDP %/yr | 2.2 | 0.3 | 0.7 | -5.5 | 2.5 | 2.2 |
| Euro zone | | | | | | |
| Real GDP %/yr | 2.6 | 1.8 | 1.3 | -6.8 | 4.0 | 3.5 |
| United Kingdom | | | | | | |
| Real GDP %/yr | 1.9 | 1.3 | 1.5 | -10.5 | 5.0 | 5.5 |
| China | | | | | | |
| Real GDP %/yr | 6.9 | 6.8 | 6.1 | 2.3 | 10.0 | 5.7 |
| East Asia ex China | | | | | | |
| Real GDP %/yr | 4.7 | 4.4 | 3.7 | -2.6 | 5.2 | 5.0 |
| World | | | | | | |
| Real GDP %/yr | 3.8 | 3.5 | 2.8 | -3.2 | 5.8 | 4.6 |

Forecasts finalised 5 February 2021

| Interest rate forecasts | Latest | Mar-21 | Jun-21 | Sep-21 | Dec-21 | Mar-22 | Jun-22 | Dec-22 |
|-------------------------|--------|--------|--------|--------|--------|--------|--------|--------|
| Australia | | | | | | | | |
| Cash | 0.10 | 0.10 | 0.10 | 0.10 | 0.10 | 0.10 | 0.10 | 0.10 |
| 90 Day BBSW | 0.04 | 0.02 | 0.02 | 0.02 | 0.04 | 0.06 | 0.08 | 0.10 |
| 10 Year Bond | 1.83 | 1.85 | 1.85 | 1.90 | 2.05 | 2.20 | 2.35 | 2.50 |
| International | | | | | | | | |
| Fed Funds | 0.125 | 0.125 | 0.125 | 0.125 | 0.125 | 0.125 | 0.125 | 0.125 |
| US 10 Year Bond | 1.57 | 1.65 | 1.70 | 1.80 | 1.95 | 2.10 | 2.25 | 2.40 |

| Exchange rate forecasts | Latest | Mar-21 | Jun-21 | Sep-21 | Dec-21 | Mar-22 | Jun-22 | Dec-22 |
|-------------------------|--------|--------|--------|--------|--------|--------|--------|--------|
| AUD/USD | 0.7713 | 0.79 | 0.80 | 0.82 | 0.85 | 0.85 | 0.84 | 0.82 |
| USD/JPY | 107.99 | 106 | 106 | 106 | 107 | 107 | 107 | 107 |
| EUR/USD | 1.1961 | 1.23 | 1.24 | 1.25 | 1.26 | 1.27 | 1.28 | 1.28 |
| GBP/USD | 1.3898 | 1.40 | 1.40 | 1.41 | 1.41 | 1.41 | 1.42 | 1.42 |
| USD/CNY | 6.4725 | 6.35 | 6.25 | 6.20 | 6.15 | 6.10 | 6.05 | 6.00 |
| AUD/NZD | 1.0753 | 1.07 | 1.07 | 1.08 | 1.09 | 1.09 | 1.09 | 1.09 |

Contact the Westpac economics team.

Dominick Stephens, Chief Economist

+64 9 336 5671

Michael Gordon, Senior Economist

+64 9 336 5670

Satish Ranchhod, Senior Economist

+64 9 336 5668

Nathan Penny, Senior Agri Economist

+64 9 348 9114

Paul Clark, Industry Economist

+64 9 336 5656

Any questions email:

economics@westpac.co.nz

Past performance is not a reliable indicator of future performance. The forecasts given in this document are predictive in character. Whilst every effort has been taken to ensure that the assumptions on which the forecasts are based are reasonable, the forecasts may be affected by incorrect assumptions or by known or unknown risks and uncertainties. The ultimate outcomes may differ substantially from these forecasts.

Disclaimer.

Things you should know

Westpac Institutional Bank is a division of Westpac Banking Corporation ABN 33 007 457 141 ("Westpac").

Disclaimer

This material contains general commentary, and market colour. The material does not constitute investment advice. Certain types of transactions, including those involving futures, options and high yield securities give rise to substantial risk and are not suitable for all investors. We recommend that you seek your own independent legal or financial advice before proceeding with any investment decision. This information has been prepared without taking account of your objectives, financial situation or needs. This material may contain material provided by third parties. While such material is published with the necessary permission none of Westpac or its related entities accepts any responsibility for the accuracy or completeness of any such material. Although we have made every effort to ensure the information is free from error, none of Westpac or its related entities warrants the accuracy, adequacy or completeness of the information, or otherwise endorses it in any way. Except where contrary to law, Westpac and its related entities intend by this notice to exclude liability for the information. The information is subject to change without notice and none of Westpac or its related entities is under any obligation to update the information or correct any inaccuracy which may become apparent at a later date. The information contained in this material does not constitute an offer, a solicitation of an offer, or an inducement to subscribe for, purchase or sell any financial instrument or to enter a legally binding contract. Past performance is not a reliable indicator of future performance. Whilst every effort has been taken to ensure that the assumptions on which the forecasts are based are reasonable, the forecasts may be affected by incorrect assumptions or by known or unknown risks and uncertainties. The ultimate outcomes may differ substantially from these forecasts.

Country disclosures

Australia: Westpac holds an Australian Financial Services Licence (No. 233714). This material is provided to you solely for your own use and in your capacity as a wholesale client of Westpac.

New Zealand: In New Zealand, Westpac Institutional Bank refers to the brand under which products and services are provided by either Westpac or Westpac New Zealand Limited ("WNZL"). Any product or service made available by WNZL does not represent an offer from Westpac or any of its subsidiaries (other than WNZL). Neither Westpac nor its other subsidiaries guarantee or otherwise support the performance of WNZL in respect of any such product. The current disclosure statements for the New Zealand branch of Westpac and WNZL can be obtained at the internet address www.westpac.co.nz. For further information please refer to the Product Disclosure Statement (available from your Relationship Manager) for any product for which a Product Disclosure Statement is required, or applicable customer agreement. Download the Westpac NZ QF Group Financial Advisers Act 2008 Disclosure Statement at www.westpac.co.nz.

China, Hong Kong, Singapore and India: This material has been prepared and issued for distribution in Singapore to institutional investors, accredited investors and expert investors (as defined in the applicable Singapore laws and regulations) only. Recipients in Singapore of this material should contact Westpac Singapore Branch in respect of any matters arising from, or in connection with, this material. Westpac Singapore Branch holds a wholesale banking licence and is subject to supervision by the Monetary Authority of Singapore. Westpac Hong Kong Branch holds a banking licence and is subject to supervision by the Hong Kong Monetary Authority. Westpac Hong Kong branch also holds a license issued by the Hong Kong Securities and Futures Commission (SFC) for Type 1 and Type 4 regulated activities. This material is intended only to "professional investors" as defined in the Securities and Futures Ordinance and any rules made under that Ordinance. Westpac Shanghai and Beijing Branches hold banking licenses and are subject to supervision by the China Banking and Insurance Regulatory Commission (CBIRC). Westpac Mumbai Branch holds a banking license from Reserve Bank of India (RBI) and subject to regulation and supervision by the RBI.

UK: The contents of this communication, which have been prepared by and are the sole responsibility of Westpac Banking Corporation London and Westpac Europe Limited. Westpac (a) has its principal place of business in the United Kingdom at Camomile Court, 23 Camomile Street, London EC3A 7LL, and is registered at Cardiff in the UK (as Branch No. BR00106), and (b) authorised and regulated by the Australian Prudential Regulation Authority in Australia. Westpac is authorised in the United Kingdom by the Prudential Regulation Authority. Westpac is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. Details about the extent of our regulation by the Prudential Regulation Authority are available from us on request. Westpac Europe Limited is a company registered in England (number 05660023) and is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.

This communication is being made only to and is directed at (a) persons who have professional experience in matters relating to investments who fall within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order") or (b) high net worth entities, and other persons to whom it may otherwise lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as "relevant persons"). Any person who is not a relevant person should not act or rely on this communication or any of its contents. The investments to which this communication relates are only available to and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such investments will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely upon this communication or any of its contents. In the same way, the information contained in this communication is intended for "eligible counterparties" and "professional clients" as defined by the rules of the Financial Conduct Authority and is not intended for "retail clients". With this in mind, Westpac expressly prohibits you from passing on the information in this communication to any third party. In particular this communication and, in each case, any copies thereof may not be taken, transmitted or distributed,

directly or indirectly into any restricted jurisdiction. This communication is made in compliance with the Market Abuse Regulation (Regulation(EU) 596/2014).

Investment Recommendations Disclosure

The material may contain investment recommendations, including information recommending an investment strategy. Reasonable steps have been taken to ensure that the material is presented in a clear, accurate and objective manner. Investment Recommendations for Financial Instruments covered by MAR are made in compliance with Article 20 MAR. Westpac does not apply MAR Investment Recommendation requirements to Spot Foreign Exchange which is out of scope for MAR.

Unless otherwise indicated, there are no planned updates to this Investment Recommendation at the time of publication. Westpac has no obligation to update, modify or amend this Investment Recommendation or to notify the recipients of this Investment Recommendation should any information, including opinion, forecast or estimate set out in this Investment Recommendation change or subsequently become inaccurate.

Westpac will from time to time dispose of and acquire financial instruments of companies covered in this Investment Recommendation as principal and act as a market maker or liquidity provider in such financial instruments.

Westpac does not have any proprietary positions in equity shares of issuers that are the subject of an investment recommendation.

Westpac may have provided investment banking services to the issuer in the course of the past 12 months.

Westpac does not permit any issuer to see or comment on any investment recommendation prior to its completion and distribution.

Individuals who produce investment recommendations are not permitted to undertake any transactions in any financial instruments or derivatives in relation to the issuers covered by the investment recommendations they produce.

Westpac has implemented policies and procedures, which are designed to ensure conflicts of interests are managed consistently and appropriately, and to treat clients fairly.

The following arrangements have been adopted for the avoidance and prevention of conflicts of interests associated with the provision of investment recommendations.

- (i) Chinese Wall/Cell arrangements;
- (ii) physical separation of various Business/Support Units;
- (iii) and well defined wall/cell crossing procedures;
- (iv) a "need to know" policy;
- (v) documented and well defined procedures for dealing with conflicts of interest;
- (vi) steps by Compliance to ensure that the Chinese Wall/Cell arrangements remain effective and that such arrangements are adequately monitored.

U.S.: Westpac operates in the United States of America as a federally licensed branch, regulated by the Office of the Comptroller of the Currency. Westpac is also registered with the US Commodity Futures Trading Commission ("CFTC") as a Swap Dealer, but is neither registered as, or affiliated with, a Futures Commission Merchant registered with the US CFTC. Westpac Capital Markets, LLC ("WCM"), a wholly-owned subsidiary of Westpac, is a broker-dealer registered under the U.S. Securities Exchange Act of 1934 ("the Exchange Act") and member of the Financial Industry Regulatory Authority ("FINRA"). This communication is provided for distribution to U.S. institutional investors in reliance on the exemption from registration provided by Rule 15a-6 under the Exchange Act and is not subject to all of the independence and disclosure standards applicable to debt research reports prepared for retail investors in the United States. WCM is the U.S. distributor of this communication and accepts responsibility for the contents of this communication. All disclaimers set out with respect to Westpac apply equally to WCM. If you would like to speak to someone regarding any security mentioned herein, please contact WCM on +1 212 389 1269. All disclaimers set out with respect to Westpac apply equally to WCM.

Investing in any non-U.S. securities or related financial instruments mentioned in this communication may present certain risks. The securities of non-U.S. issuers may not be registered with, or be subject to the regulations of, the SEC in the United States. Information on such non-U.S. securities or related financial instruments may be limited. Non-U.S. companies may not be subject to audit and reporting standards and regulatory requirements comparable to those in effect in the United States. The value of any investment or income from any securities or related derivative instruments denominated in a currency other than U.S. dollars is subject to exchange rate fluctuations that may have a positive or adverse effect on the value of or income from such securities or related derivative instruments.

The author of this communication is employed by Westpac and is not registered or qualified as a research analyst, representative, or associated person under the rules of FINRA, any other U.S. self-regulatory organisation, or the laws, rules or regulations of any State. Unless otherwise specifically stated, the views expressed herein are solely those of the author and may differ from the information, views or analysis expressed by Westpac and/or its affiliates.