



Lake Taupo

In this issue

Fixed vs floating	2
The week ahead	3
Data calendar	5
New Zealand forecasts	6
International forecasts	7

A slippery slope?

As New Zealanders drag their feet out of the sand and plant them firmly back under their desks last week, it is time to take stock of goings on. Over the holiday period, two big changes have stood out. Firstly, oil prices have fallen to levels not seen for 13 years. Secondly (and not unrelatedly) equity markets around the world have started the year with a serious case of the jitters. Neither is good news for New Zealand, though both developments lean in favour of our call that the OCR will head lower in 2016.

Oil prices have been sliding since mid-2015, but briefly plummeted below the \$30/barrel mark early in the New Year. The weakness has coincided with positive news on the supply front; shifts in the timing of the expected removal of embargoes on Iranian oil exports, robust US oil production, the refusal of OPEC nations to curtail their output, and high inventories. All of which have added to the downward pressure on prices.

However, our view is that falling oil prices can't just be attributed to a lift in supply. Instead, they are also a symptom of renewed concerns about the global growth outlook (as evidenced by plunging global share prices). Front and centre are worries about the strength of the Chinese economy. A further slowdown in China will, undoubtedly, affect demand for all commodities, not just oil.

That's bad news for New Zealand, and other commodity exporters. Already this year, we've seen dairy prices come under renewed pressure (whole milk powder prices fell 4.4% in the first GlobalDairyTrade auction of the year). Combined with the global backdrop described above, it's not hard to see downside risks building not only to our 2015/16 farm gate milk price payout forecast of \$4.50, but potentially beyond this. The backdrop is also likely to remain soggy for meat and forestry exporters.



A slippery slope? continued

Other countries which rely on income from commodity exports (including Australia and many countries in the Middle East) are also likely to be feeling the pinch. That's another source of bad news for New Zealand as these countries are a significant destination or our exports.

Falling NZ commodity prices tend to put downward pressure on the NZ dollar. And that's certainly been the case over the last few weeks. The NZD/USD has fallen more than 4 cents from where it started the year back at 0.6886 to around 0.6427 as we write. Looking ahead we expect the NZ dollar to fall further over the coming months. We're forecasting a fall to around 0.62 by the middle of the year.

But while commodity exporters will eye recent weakness in oil prices with trepidation, some sectors of the New Zealand economy undoubtedly benefit from lower oil prices. Consumers will save at the petrol pump, leaving them more money in their pocket to spend on other things. They're also likely to benefit as lower transport costs put downward pressure on the prices of other goods and services.

The tourism sector is another clear winner from the combination of lower oil prices and a weaker NZ dollar. Not only are the long flights to our far flung corner of the world likely to get cheaper, but a weaker NZ dollar means overseas visitors also get a boost to their spending power when they get here.

Lower oil prices will also put downward pressure on inflation in NZ. Although the recent step down in oil prices has grabbed the headlines, prices have actually been falling for much of the last year. And this is likely to permeate this week's CPI data. We expect inflation fell by 0.4% in the December quarter, which would leave annual inflation at just 0.2%. That's well short of the RBNZ's 0.4% forecast of annual inflation in the December Monetary Policy Statement, and will mark the fifth consecutive quarter of inflation below the RBNZ's 1-3% inflation target. We do not expect inflation will move back above 1% until December 2016. The prospect of another year of sub one

Dubai oil prices (USD)



percent inflation, a weaker global economy, poor conditions for New Zealand's key exporters and a marked slowdown in Auckland's housing market are a powerful combination in favour of our long-held view that the RBNZ will cut interest rates further this year.

The first chance we will have to see how the Reserve Bank's thinking is evolving will be in the OCR Review on the 28th of January. This will be followed up by the Governor's traditional on the record speech to the Canterbury Chamber of Commerce on the 3rd of February. While we don't expect a cut to the OCR in January, at either of these events the RBNZ may take the opportunity to remind markets of what it said back in December. Namely, that while the RBNZ expects that current interest rate settings will be sufficient to achieve its inflation target, it will "reduce rates if circumstances warrant." We think this will be the case by June. And markets are starting to agree. Already there is around a 50% chance of a rate cut priced in by then.

Fixed vs Floating for mortgages

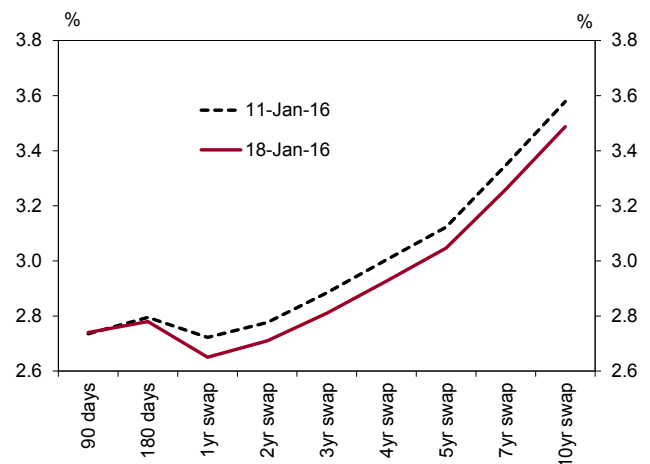
With short-term interest rates likely to fall further, borrowers should feel in no hurry to fix.

Longer-term fixed rates do offer the benefit of stability, but even those looking to fix may want to wait a while longer.

For borrowers with a deposit of 20% or more, the best value probably continues to lie in the two-year ahead and three-year ahead terms. Four- and five-year rates still seem high relative to where we think shorter-term rates are going to go over the next four or five years.

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

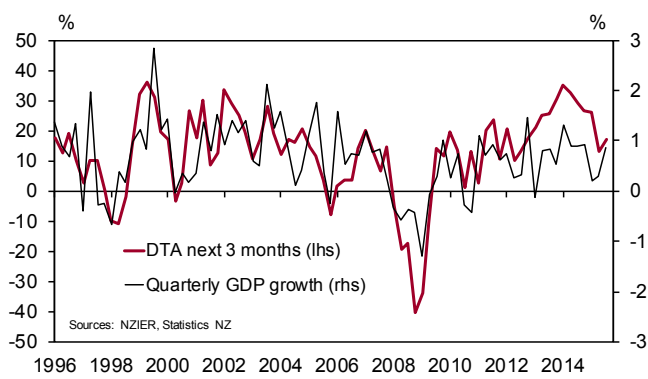


NZ Q4 Quarterly Survey of Business Opinion

Jan 19, General business confidence last: -14%

- The September quarter QBSO showed a lift in firms' own-activity expectations, albeit understating the strength of the rebound in GDP growth after a marked slowdown in the first half of the year. Recent activity indicators suggest that business conditions continued to improve towards the end of the year.
- We will be paying close attention to the survey's measures of costs and prices. The September survey showed a steep drop in firms' pricing intentions, even with a weaker New Zealand dollar pushing up import costs. Measures of capacity pressures also eased, despite solid economic growth.
- Note that the QSBO does not directly cover the agricultural sector, where some of the economy's most prominent risks lie, namely weak commodity prices and the risk of drought.

QSBO domestic trading activity and GDP

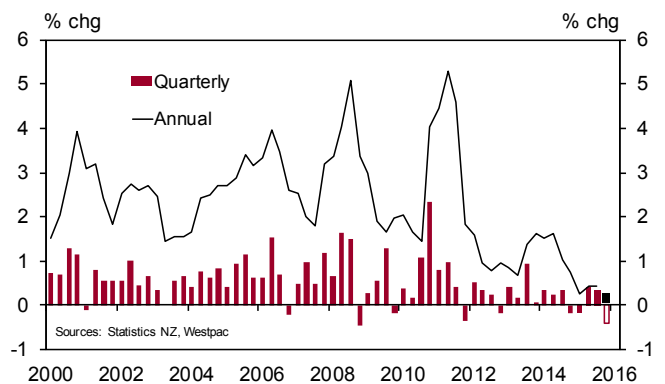


NZ Q4 Consumer Price Index

Jan 20, Last: 0.3%, Westpac f/c: -0.4%, Mkt f/c: -0.2%

- We estimate that consumer prices fell by 0.4% over the December quarter, which would bring annual inflation down to 0.2%, a new low point for the current cycle.
- The CPI typically falls in December quarters, due to seasonal effects. However, we expect a larger than usual decline, due to weak food prices and the renewed fall in oil prices.
- It now looks unlikely that inflation will return to within the 1-3% target band by early this year as the Reserve Bank has been hoping. This would be another mark in favour of our view that the OCR will need to be cut further to 2% this year.

NZ CPI inflation



Aus Jan Westpac-MI Consumer Sentiment

Jan 20 Last: 100.8

- The Westpac-Melbourne Institute Consumer Sentiment Index edged 0.8% lower in Dec but held on to most of the rally over the previous 2 mths to finish 2015 a touch above the 100 line, indicating optimists still slightly outnumber pessimists.
- The Jan survey is in the field over the week ended Jan 16. The new year has opened badly for financial markets with the China-commodity-price nexus again the focus of concerns – the ASX is down 4.4% since the Dec survey and the AUD is down 3½¢ vs the USD. Local economic developments have been mixed, with surprisingly strong labour force numbers for Nov-Dec but a soft finish to 2015 for housing activity and a mixed read for Nov retail sales. Despite recent sharp falls in oil prices, local petrol prices – which can have an influence on sentiment – are largely unchanged since the Dec survey.

Consumer Sentiment Index

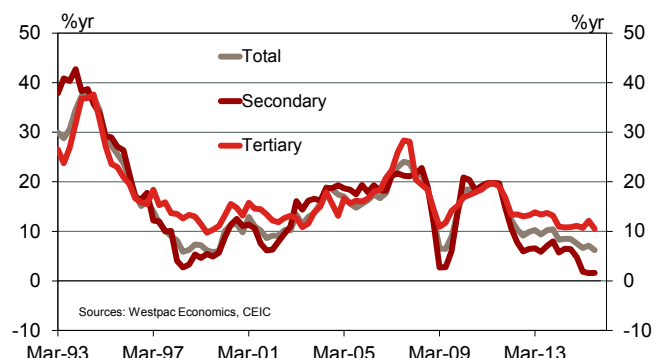


China Q4 real GDP

Jan 19, Last: 6.9%, WBC f/c: 6.9% Mkt f/c 6.9%

- Three months ago, the NBS estimated that Chinese real GDP grew by 6.9% over the year, as growth in Q3 matched Q2's 1.8% pace (seasonally adjusted).
- In nominal terms, GDP growth slowed much more abruptly, from 7.1%yr to 6.2%yr, implying the price deflator fell by 0.7%yr. Having accelerated in Q2 on a burst of activity in the financial sector, growth in tertiary activity subsequently decelerated back to Q1's pace in Q3. Nominal secondary output growth was little changed from Q2.
- In Q4, we see some evidence of stabilisation, with another 1.8%/6.9%yr result. Industry continues to be affected by soft external demand. And further policy easing will be needed to elicit stronger growth in services/ residential construction. Downside risks are more likely to show in the nominal data.

Nominal GDP: total & by broad sector

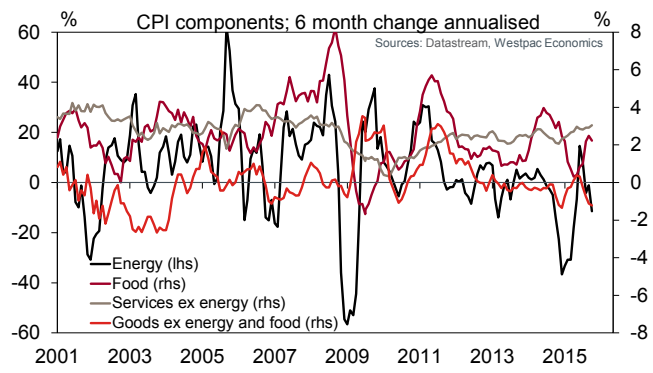


US December CPI

Jan 20, Last: flat, WBC f/c: flat Mkt f/c flat

- The deflationary impact of energy prices continues to subdue all other inflation pressures in the US.
- November saw a flat result; and on our and the market's forecasts, another nil print will be recorded for December. On a headline basis, annual growth is set to remain sub-1.0%.
- Omitting food and energy, the current inflation pulse is more in keeping with the FOMC's medium-term target of 2.0%. A 0.2% gain is probable in December.
- The key driver behind the core inflation trend remains services ex energy. And within this sub-component, of particular interest is the persistent inflation pressure found in rents and, to a lesser extent, rising insurance and health costs.

Energy prices stabilising; & USD impact lessens



Data calendar

		Last	Market median	Westpac forecast	Risk/Comment
Mon 18					
NZ	Dec REINZ house sales	-1.9%	-	-	Turnover has slowed since new restrictions in Oct-Nov.
	Dec REINZ house price index %yr	12.5%	-	-	Prices cooling in Auckland but strengthening in some other centres.
Aus	Dec TD-MI inflation gauge, %yr	1.8%	-	-	Currently pointing to a sub 0.5%qtr from the Q4 CPI
	Dec new vehicle sales	1.0%	-	flat	Another record year for sales in 2015, but mostly flat in Q4.
Chn	December property prices	-	-	-	Still waiting to see momentum build in tier 2 and 3 cities.
UK	Jan Rightmove house prices	-1.1%	-	-	Low mortgage rates are supporting housing demand.
Tue 19					
NZ	Q4 Quarterly Survey of Business Opinion	-14	-	-	Activity indicators over Q4 have generally been robust.
Chn	Q4 GDP, %yr	6.9%	6.9%	6.9%	Another 1.8% q/q gain to support stabilisation in annual growth.
	Dec industrial production, %yr	6.2%	6.1%	-	External demand and heavy industry remain constraints.
	Dec retail sales, %yr	11.2%	11.3%	-	WBC-MNI CSI detail more positive toward discretionary spending.
	Dec fixed asset investment, ytd %yr	10.2%	10.2%	-	Secondary industries struggling to gain more momentum.
EU	Jan ZEW Survey of Expectations	33.9	-	-	Global conditions to impact investors confidence.
UK	Dec CPI	0.0%	0.0%	-	Core inflation has been lifting, headline still low.
	Nov ONS house prices	7.0%	-	-	ONS measure; dated relative to other measures. Remains firm.
US	Jan NAHB housing market index	61	61	-	Near highs despite housing activity having lost momentum.
Wed 20					
NZ	Q4 CPI	0.3%	-0.2%	-0.4%	Soft food and fuel prices to keep annual inflation below target.
	GDT Auction results	-1.6%	-	-	Pressure on global commodities could well impact dairy prices.
Aus	Jan Westpac-MI Consumer Sentiment	100.8	-	-	Managed to finish 2015 just over 100. Fin' mkts shaky start to 2016.
	Jan Westpac-MI unemploy' exp'ns, %yr	-11.2%	-	-	Trend decline in expectations matches better labour market outcomes
UK	Nov ILO unemployment rate	5.2%	5.2%	-	Strength in the services sector has seen the labour market tighten.
US	Dec housing starts	10.5%	2.1%	3.0%	Momentum lost, but uptrend intact.
	Dec building permits	10.4%	-6.4%	-5.0%	More volatility expected.
	Dec CPI	flat	flat	flat	Annual headline rate to 0.8%/yr in Dec; core at FOMC 2% target.
Can	Bank of Canada rate decision	0.50%	0.25%	0.25%	Market leaning towards cut following oil's renewed plunge.
	Nov wholesale trade	-0.6%	-	-	Economy struggling for momentum given energy weakness.
Thu 21					
NZ	Dec manufacturing PMI	54.7	-	-	Survey consistently pointed to moderate growth over 2015.
	Jan ANZ consumer confidence	118.7	-	-	Confidence has improved but remains below its 2014 peak.
Aus	Jan MI inflation expectations, %yr	4.0%	-	-	Inflationary expectations have been in an uptrend since Q3.
EU	Dec CPI	-0.1%	flat	flat	Energy prices continue to weigh; annual growth at just 0.2%/yr.
	ECB policy announcement	0.05%	0.05%	0.05%	Further easing still months away.
US	Jan Philadelphia Fed survey	-10.2	-3.2	-	Manufacturing impacted by energy sector weakness and USD.
	Initial jobless claims w/e 16/1	284	-	-	Labour market full speed ahead.
Fri 22					
UK	Dec retail sales	1.7%	-0.1%	-	Low inflation and interest rates have boosted spending.
	Nov public sector borrowing, £b	13.6	-	-	Fiscal policy remains focused on a gradual return to surplus.
EU	Jan Markit Eurozone manufacturing PMI	53.2	53.0	-	Euro helping, but global economy a major hindrance.
	Jan Markit Eurozone services PMI	54.2	54.2	-	Domestic-centric services fairing better.
US	Dec existing home sales	-10.5%	9.2%	7.0%	Downside surprise in Nov to partly reverse; weather conducive.
	Dec Chicago Fed activity index	-0.30	-	-	Growth through Q4 looks to have been sub-trend.
	Jan Markit PMI, prelim	51.2	51.3	-	A more favourable read on manufacturing than ISM.
Can	Dec CPI %yr	1.4%	-	-	Renewed fall in fuel prices to keep annual inflation low.



New Zealand forecasts

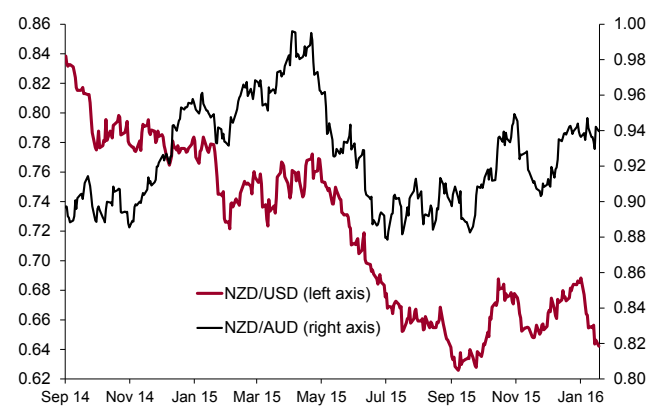
Economic Growth Forecasts	March years				Calendar years			
	2014	2015	2016f	2017f	2013	2014	2015f	2016f
% change								
GDP (Production) ann avg	2.5	3.2	2.2	2.2	2.3	3.3	2.4	2.0
Employment	3.8	3.2	1.0	2.3	2.9	3.6	1.2	2.1
Unemployment Rate % s.a.	6.0	5.8	6.4	6.3	6.1	5.7	6.3	6.4
CPI	1.5	0.3	1.1	1.5	1.6	0.8	0.3	1.7
Current Account Balance % of GDP	-2.6	-3.4	-3.7	-3.5	-3.2	-3.1	-3.4	-3.7

Financial Forecasts	Mar-16	Jun-16	Sep-16	Dec-16	Mar-17	Jun-17
Cash	2.50	2.25	2.00	2.00	2.00	2.00
90 Day bill	2.60	2.20	2.10	2.10	2.10	2.10
2 Year Swap	2.50	2.30	2.20	2.20	2.20	2.20
5 Year Swap	3.10	3.10	3.20	3.20	3.20	3.20
10 Year Bond	3.50	3.60	3.70	3.80	3.80	3.80
NZD/USD	0.63	0.62	0.62	0.62	0.62	0.62
NZD/AUD	0.93	0.94	0.93	0.90	0.89	0.87
NZD/JPY	78.1	77.5	78.1	78.7	76.9	76.9
NZD/EUR	0.60	0.60	0.60	0.60	0.59	0.58
NZD/GBP	0.43	0.42	0.42	0.41	0.40	0.39
TWI	69.8	69.6	69.4	68.7	68.0	67.4

2 Year Swap and 90 Day Bank Bills



NZD/USD and NZD/AUD



NZ interest rates as at market open on Monday 18 January 2016

Interest Rates	Current	Two weeks ago	One month ago
Cash	2.50%	2.50%	2.75%
30 Days	2.60%	2.64%	2.78%
60 Days	2.67%	2.70%	2.83%
90 Days	2.74%	2.77%	2.88%
2 Year Swap	2.71%	2.80%	2.75%
5 Year Swap	3.05%	3.18%	3.09%

NZ foreign currency mid-rates as at Monday 18 January 2016

Exchange Rates	Current	Two weeks ago	One month ago
NZD/USD	0.6422	0.6739	0.6740
NZD/EUR	0.5873	0.6201	0.6200
NZD/GBP	0.4505	0.4518	0.4462
NZD/JPY	74.98	81.65	83.03
NZD/AUD	0.9397	0.9390	0.9182
TWI	71.39	73.59	72.90



International forecasts

Economic and Financial Forecasts

Economic Forecasts (Calendar Years)	2012	2013	2014	2015f	2016f	2017f
Australia						
Real GDP % yr	3.5	2.0	2.6	2.3	2.8	2.8
CPI inflation % annual	2.2	2.7	1.7	1.7	2.2	2.2
Unemployment %	5.3	5.8	6.2	6.0	6.1	6.1
Current Account % GDP	-4.4	-3.4	-3.0	-4.3	-5.5	-5.5
United States						
Real GDP %yr	2.2	1.5	2.4	2.5	2.8	2.0
Consumer Prices %yr	2.1	1.5	1.6	0.1	1.7	1.7
Unemployment Rate %	8.1	7.4	6.2	5.3	4.8	4.8
Current Account %GDP	-2.9	-2.3	-2.2	-2.3	-2.3	-2.3
Japan						
Real GDP %yr	1.7	1.6	-0.1	0.6	1.4	1.8
Euroland						
Real GDP %yr	-0.8	-0.3	0.9	1.4	1.1	1.3
United Kingdom						
Real GDP %yr	0.7	1.7	3.0	2.5	2.5	2.0
China						
Real GDP %yr	7.7	7.7	7.3	7.0	6.6	6.4
East Asia ex China						
Real GDP %yr	4.6	4.2	4.1	3.6	3.8	4.6
World						
Real GDP %yr	3.4	3.3	3.4	3.1	3.5	3.7
Forecasts finalised 8 Dec 2015						

Interest Rate Forecasts	Latest	Mar-16	Jun-16	Sep-16	Dec-16	Mar-17
Australia						
Cash	2.00	2.00	2.00	2.00	2.00	2.00
90 Day Bill	2.30	2.20	2.20	2.20	2.20	2.20
10 Year Bond	2.70	3.00	3.00	3.10	3.30	3.55
International						
Fed Funds	0.375	0.625	0.875	1.125	1.375	1.625
US 10 Year Bond	2.09	2.50	2.70	2.90	3.00	3.25
ECB Repo Rate	0.05	0.05	0.05	0.05	0.05	0.05

Exchange Rate Forecasts	Latest	Mar-16	Jun-16	Sep-16	Dec-16	Mar-17
AUD/USD	0.6960	0.68	0.66	0.66	0.67	0.69
USD/JPY	117.95	125	126	127	128	125
EUR/USD	1.0880	1.05	1.02	1.02	1.03	1.06
AUD/NZD	1.0800	1.08	1.06	1.06	1.08	1.09

Westpac economics team contact details

Dominick Stephens, Chief Economist
+64 9 336 5671

Michael Gordon, Senior Economist
+64 9 336 5670

Satish Ranchhod, Senior Economist
+64 9 336 5668

Anne Boniface, Senior Economist
+64 9 336 5669

David Norman, 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: Each time someone visits our site, data is captured so that we can accurately evaluate the quality of our content and make improvements for you. We may at times use technology to capture data about you to help us to better understand you and your needs, including potentially for the purposes of assessing your individual reading habits and interests to allow us to provide suggestions regarding other reading material which may be suitable for you.

If you are located in Australia, this material and access to this website is provided to you solely for your own use and in your own capacity as a wholesale client of Westpac Institutional Bank being a division of Westpac Banking Corporation ABN 33 007 457 141 AFSL 233714 ('Westpac'). If you are located outside of Australia, this material and access to this website is provided to you as outlined below.

This material and this website contain general commentary only and 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 and this website 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 and this website 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. The forecasts given in this material and this website 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.

Transactions involving carbon give rise to substantial risk (including regulatory 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. Statements setting out a concise description of the characteristics of carbon units, Australian carbon credit units and eligible international emissions units (respectively) are available at www.cleanenergyregulator.gov.au as mentioned in section 202 of the Clean Energy Act 2011, section 162 of the Carbon Credits (Carbon Farming Initiative) Act 2011 and section 61 of the Australian National Registry of Emissions Units Act 2011. You should consider each such statement in deciding whether to acquire, or to continue to hold, any carbon unit, Australian carbon credit unit or eligible international emissions unit.

Additional information if you are located outside of Australia

New Zealand: The current disclosure statement for the New Zealand division of Westpac Banking Corporation ABN 33 007 457 141 or Westpac New Zealand Limited can be obtained at the internet address www.westpac.co.nz. Westpac Institutional Bank products and services are provided by either Westpac Banking Corporation ABN 33 007 457 141 incorporated in Australia (New Zealand division) or Westpac New Zealand Limited. 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 QFE Group Financial Advisers Act 2008 Disclosure Statement at www.westpac.co.nz.

China, Hong Kong, Singapore and India: 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 activity.

Westpac Shanghai and Beijing Branches hold banking licenses and are subject to supervision by the China Banking Regulatory Commission (CBRC). Westpac Mumbai Branch holds a banking license from Reserve Bank of India (RBI) and subject to regulation and supervision by the RBI.

Disclaimer continued overleaf.



Disclaimer continued

U.K.: Westpac Banking Corporation is registered in England as a branch (branch number BR000106), and is authorised and regulated by the Australian Prudential Regulatory Authority in Australia. WBC is authorised in the United Kingdom by the Prudential Regulation Authority. WBC is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority in the United Kingdom. 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 material and this website and any information contained therein is directed at a) persons who have professional experience in matters relating to investments falling within Article 19(1) of the Financial Services Act 2000 (Financial Promotion) Order 2005 or (b) high net worth entities, and other persons to whom it may otherwise be lawfully communicated, falling within Article 49(1) of the Order (all such persons together being referred to as “relevant persons”). The investments to which this material and this website 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 material and this website or any of its contents. In the same way, the information contained in this material and this website is intended for “eligible counterparties” and “professional clients” as defined by the rules of the Financial Services Authority and is not intended for “retail clients”. With this in mind, Westpac expressly prohibits you from passing on the information in this material and this website to any third party. In particular this material and this website, website content and, in each case, any copies thereof may not be taken, transmitted or distributed, directly or indirectly into any restricted jurisdiction.

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. 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.

For the purposes of Regulation AC only: Each analyst whose name appears in this report certifies that (1) the views expressed in this report accurately reflect the personal views of the analyst about any and all of the subject companies and their securities and (2) no part of the compensation of the analyst was, is, or will be, directly or indirectly related to the specific views or recommendations in this report.

