23 February 2015

Weekly Commentary

Hobbiton, Matamata

In this issue

Dry run

The undertone of last week's data was that the New Zealand economy remains robust but skewed towards domestic activity – and likely to be even more so over the first half of this year as the impact of another drought comes to bear. There was also further support for our view that the Reserve Bank will be able to hold its nerve through a period of very low inflation.

Dairy prices rose another 10% in the latest GlobalDairyTrade auction, including a 13.7% rise for whole milk powder, New Zealand's biggest export product. Dairy prices have now recovered almost 30% of the fall that we saw over the course of last year. The market has clearly got the message: dry conditions will curtail New Zealand's milk production over coming months, which in turn will have a significant impact on the volume of dairy products that are available for international trade.

As we've noted before, the previous drought in 2013 ended up being a net positive for industry-wide revenue, as the spike in world dairy prices far outstripped the fall in volumes. We've been reluctant to assume anything more than a revenue-neutral impact from this year's drought, for a number of reasons – stronger growth in the global milk supply and concerns about the strength of demand in some major markets. But the last two auction results raise the risk in our minds that history could repeat after all.

To be clear, the drought in New Zealand isn't the only factor in play at the moment. There are tentative signs that the growth in US and European milk production was flattening out by the end of 2014, a delayed response to the fall in prices. And the most recent trade figures (for December) showed that whole milk powder exports to China were back to something that could reasonably be considered trend, having been distinctly sub-par over most of 2014.

For now we're sticking with our forecast of a $5.00/kg milk price from Fonterra this season, though the risks are strongly to the upside – dairy prices tend to have a lot of inertia, so we'll see how the next few auctions pan out. We note that Fonterra's board

Dry run continued

is expected to meet this week, so an upgrade to their current forecast of $4.70/kg could follow. Bear in mind that even a $5/kg milk price is very low compared to recent history, and would be below breakeven for a substantial number of dairy farmers. However, an upgrade to the payout will help to take some of the financial strain off the industry.

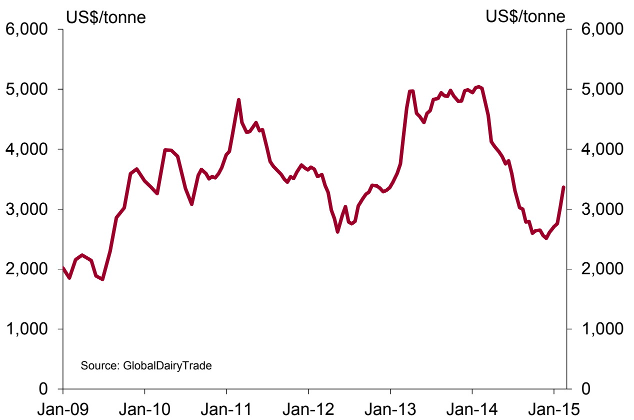
Turning to domestic activity, the New Zealand consumer has been in fine form in recent months. After adjusting for price changes, retail sales rose by 1.7% in the December quarter, even more than we expected. Annual sales growth increased to nearly 6%, the fastest pace since 2007.

This is no means a story of retailers needing to slash prices in order to induce sales: spending was up strongly across a range of storetypes, regardless of whether prices were rising or falling. While it's true that the overall retail price index has been falling over the last couple of years, the main culprit has been electronic goods, where prices habitually fall and were doing so even during the boom times. What's more, a lot of the 'fall' in electronics prices actually reflects quality adjustments: as technology improves, consumers get more bang for their buck. Hence, the whopping 14% rise in electronics store sales over the last year could be more accurately described as 'more TV' rather than 'more TVs'.

The other December quarter releases last week hinted that upstream price pressures may not be entirely benign. Producer prices fell by 0.1%, but after accounting for the known fact of a 10% cut to Fonterra's milk price during the quarter, prices elsewhere were stronger than we expected. The separate Capital Goods Price Index also saw a sizeable increase, leaving it up 2.8% on a year ago. Much of this was due to accelerating construction costs, which had already been highlighted in the CPI last month. But there was also a pickup in prices for plant and machinery, which have a large import component – suggesting that the effects of a lower New Zealand dollar are starting to flow through.

The more timely activity indicators once again hinted at the two-speed nature of the economy's upswing. The services PSI for January declined to follow the manufacturing survey lower, instead rising to a six-month high of 57.8. Meanwhile,

Weighted average dairy prices at auction



consumer confidence fell in February, a puzzling result given the effective windfall to consumers from lower fuel prices. (The decline was centred in Auckland and Wellington, which suggests it wasn't due to drought concerns.) We'd argue that actions speak louder than words though – the electronic card spending figures for January, published the previous week, showed that cheap fuel has indeed given consumers leeway to both save and spend a bit more elsewhere.

As for price news, we saw a larger than expected 1.3% rise in food prices in January, mostly due to poor growing conditions for a range of fruit and vegetables. And another hike in petrol prices at the start of the week means that 20 cents of the 50 cents/litre drop since last October has now been reversed. We still believe that lower fuel prices will have a meaningfully positive impact on the economy this year – indeed, petrol prices are still lower today than they were when we first made that judgement back in December. But the significance of these recent price moves is that the prospect of annual inflation dropping below zero – however briefly – is becoming more distant. Such things matter more for financial markets than for the RBNZ, which has already said that temporarily low inflation is not on its own a sufficient reason to join the increasingly crowded rate-cut camp.

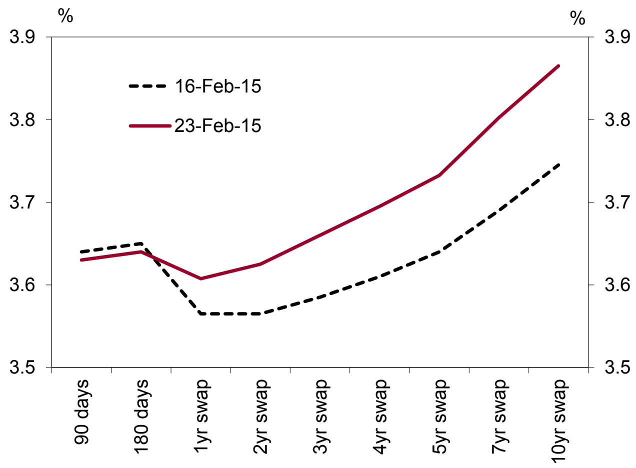
Fixed vs Floating for mortgages

Among the current standard fixed rates, the best value for borrowers with a deposit of 20% or more probably lies in the two-year and three-year terms. However, there is a possibility that fixed mortgage rates will fall even further over the weeks ahead. Waiting a while before fixing might offer even better value.

Four- and five-year rates seem high relative to where we think shorter-term rates are going to go over the coming four or five years, though they do offer stability.

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

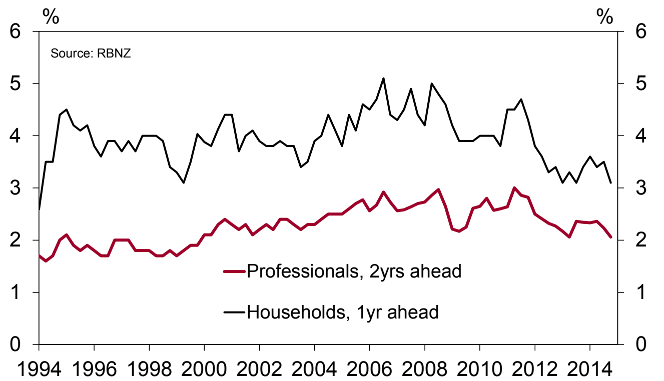


RBNZ Q1 survey of inflation expectations

Feb 24, Last: 2.06% 2yrs ahead

- Persistently low inflation outturns in recent times have taken a toll on inflation expectations, which fell to their equal-lowest in 15 years in Q4 last year. Another surprisingly low inflation print last month suggests that expectations will nudge lower again this quarter.
- The other notable development since the last survey is a sharp fall in fuel prices. The RBNZ noted in a recent speech that it will be exploring the impact on households' inflation expectations in the March Monetary Policy Statement.
- Our research suggests that current fuel prices do have an impact on expectations, but not a disproportionate one – that is, both professionals and households more or less correctly anticipate the impact that fuel prices will have on the current quarter CPI.

RBNZ survey of inflation expectations

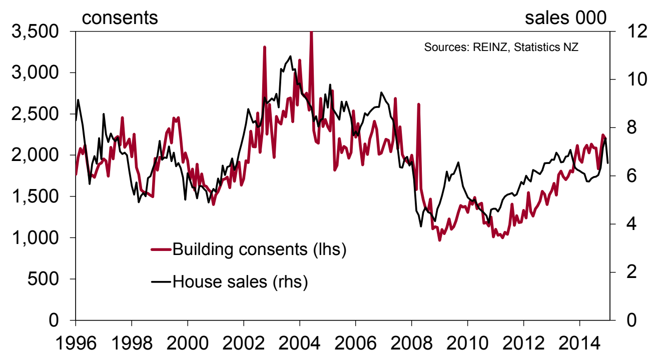


NZ Jan building consents

Feb 27, Last: –2.1%, Westpac f/c: –3.0%

- Monthly figures on residential building consents tend to be thrown around by the volatile apartment units category. A sharp upward spike in November was partially unwound in December, and we have assumed a further pullback to average levels in January.
- The underlying trend has remained robust, with consents having fully recovered from their pre-election slump by December. The post-quake rebuild in Canterbury remains in expansion mode, and population pressures are prompting a lift in building activity in Auckland – though still nowhere near enough yet.

NZ housing activity

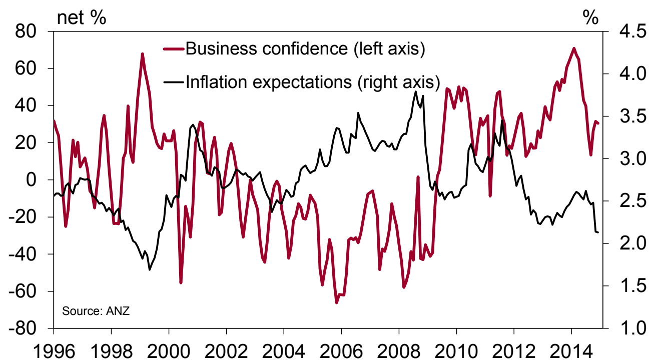


NZ Feb business confidence

Feb 27, Last: 30.4

- General business sentiment dropped a little in December, with the agricultural sector not surprisingly taking the bulk of the hit as Fonterra announced a further cut to its milk price forecast. Sentiment elsewhere remained at levels consistent with above-trend growth.
- The two big developments since then (the survey is not held in January) have been a sharp fall in fuel prices and a developing drought in many parts of the country. Our view is that the first of these will have the greater impact on economic activity, but the immediate effect on business sentiment is unclear.
- Inflation expectations and pricing intentions suggest that pricing power remains absent, with the understandable exception of construction. The February survey will capture firms' reaction to the surprisingly soft Q4 CPI print.

NZ business confidence and inflation expectations

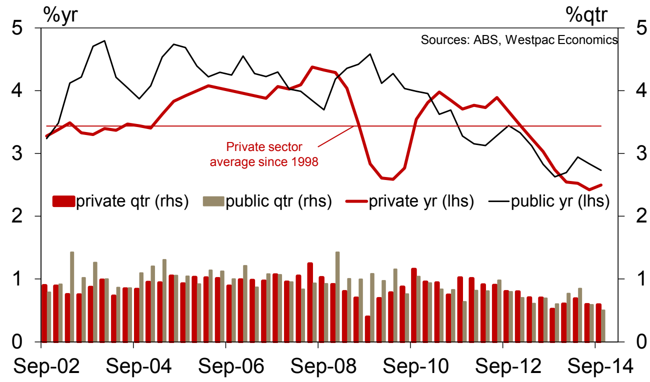


Aus Q4 wage price index

Feb 25, Last: 0.6%, WBC f/c:0.6%
Mkt f/c: 0.6%, Range: 0.5% to 0.8%

- The Q3 Wage Price Index came in on the market's expectations, printing 0.6%qtr. Annual growth stayed at 2.6%yr (2.58%yr vs. 2.59% in Q2 and 2.70% in Q1), holding at a record low for the series which dates back to Q3 1997.
- The heat has definitely come out of public sector wages. The annual pace of public sector wage growth slowed to 2.7%yr, well below Q2 2012's 3.3%yr result.
- Private sector wage growth is holding at 0.6%qtr (the quarterly average for the last year and a half is 0.61%qtr). Annual private sector wage growth is still softer than the public sector, running at 2.5%yr pace.
- Wages growth did not respond to the lift in employment in 2014 so we don't expect to see any lift in Q4.

Private vs. public sector wages

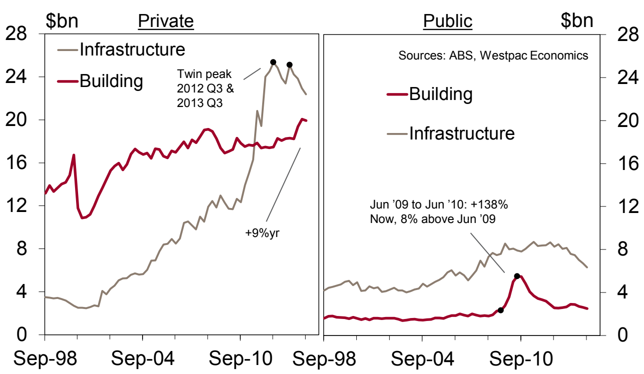


Aus Q4 construction work done

Feb 25, Last: –2.2%, WBC f/c: –1.3%
Mkt f/c: –1.0%, Range: –3.7% to 2.2%

- Construction work is expected to continue its downward trend in the December quarter, declining by a forecast 1.3% to be 4% lower over the year and 7% below the peak of two years ago.
- The downturn in mining investment is driving declines in private infrastructure work, with a 3.5% fall expected in Q4.
- Public works, accounting for around 17% of total construction, is also a source of weakness at present. A lift in public infrastructure work is expected to emerge in the year ahead.
- Private new home building work is in the midst of a strong upswing, up 10% over the past year, albeit dipping in Q3.
- Private non-residential building work is likely at a turning point, up 9% over the year, but with a sharp drop in approvals pointing to a moderation ahead.

Construction work: divergent trends

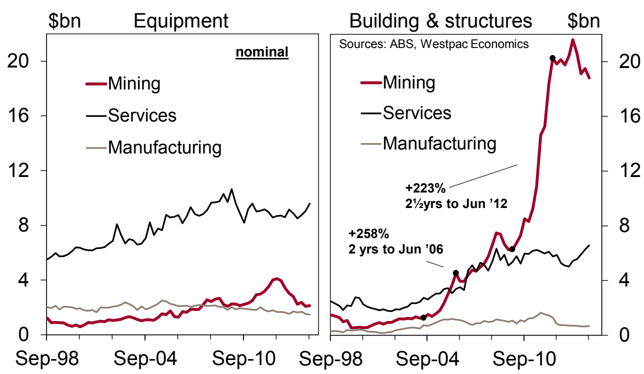


Aus Q4 private capex

Feb 26, Last: 0.2%, WBC f/c: –2.2%
Mkt f/c: –1.6%, Range: –4.5% to 3.5%

- Private business most likely cut capex spending in the final quarter of 2014, down a forecast 2.2%, to be about 3% lower than at the end of 2013.
- Building & structures, accounting for two thirds of capex in this survey, is trending lower as the mining investment downturn more than offsets the recent rise in non-residential building activity across the service sectors. We expect a fall approaching 3% in the quarter.
- Equipment spending, up 7% over the past three quarters, is forecast to edge lower in Q4, down by 1.2% or so. Confidence evaporated in the second half of 2014, against the backdrop of patchy demand domestically and globally.

CAPEX: by industry by asset

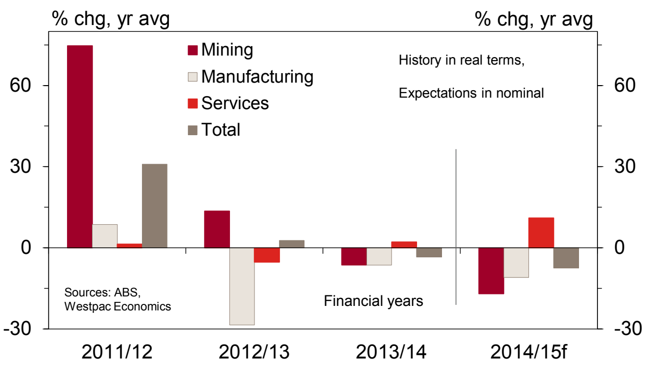


Aus 2014/15 & 2015/16 capex expectations

Feb 26, Last: Est 4 for 2014/15 $153bn

- Business capex is set to fall in 2014/15, as mining investment declines, an outlook confirmed by the capex survey.
- Est 4 of capex plans for 2014/15 is $153bn, 7.5% below Est 4 for 2013/14. By industry: mining, is –17%; manufacturing is at -11%, but the service sectors are positive at +11%,
- Est 5 for 2014/15 is likely to repeat these broad themes, with risks to the point estimates tilted to the downside. Over the past three months, commodity prices weakened and business confidence evaporated.
- This update will include Est 1 of plans for 2015/16. This will receive close attention, but we caution that Est 1 & Est 2 can be unreliable. A year ago, Est 1 for 2014/15 was a shocker at -17%. We expect Est 1 for 2015/16 to be a negative, but with a less dramatic rate of decline.

CAPEX plans by industry

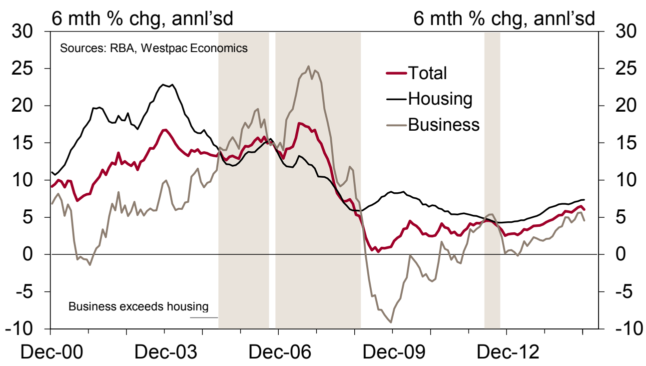


Aus Jan private credit

Feb 27, Last: 0.5%, WBC f/c: 0.4%
Mkt f/c: 0.5%, Range: 0.4% to 0.6%

- Credit is forecast to rise by 0.4% in January, a tick below the 0.5% increase in December.
- In 2014, credit grew by 5.9%, accelerating from 3.9% in 2013 as business and households responded to interest rates falling to record lows.
- Business credit grew by 1.9% in the final four months of 2014, including a 0.5% increase in December. However, new lending - commercial finance - has taken a step lower from August. Accordingly, business credit is likely to consolidate near term.
- Housing credit increased by 0.6%, 7.1% yr in December. Prospects are for a similar outcome in January.

Credit momentum

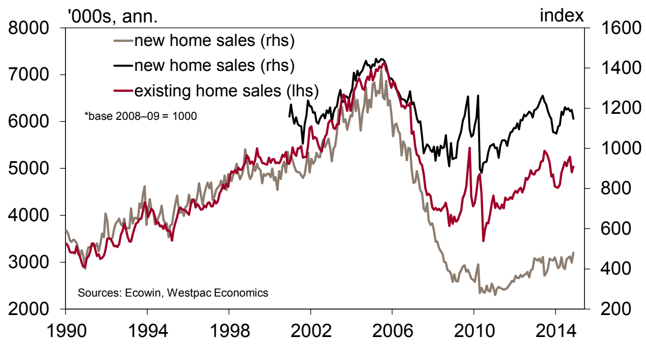


US Jan existing, new and pending home sales

Feb 23, Existing sales: Last: 2.4%, WBC f/c: –1.8%
Feb 25, New sales: Last: 11.6%, WBC f/c: –2.0%
Feb 27, Pending sales: Last: –3.7%, WBC f/c: flat

- US new home sales surprised in December, jumping 11.6% in the month to an annualised pace of 481k, a high back to June 2008. That said, sales are only up 8.8% for the year. Initial estimates for this series also have a habit of being subsequently revised lower. The NAHB survey for Jan pointed to weaker conditions; and the weather wouldn't have helped. We look for a 2.0% decline in Jan, and cite downside risks.
- Pending sales lead existing sales to the tune of 1 to 2 months, meaning Dec's 3.7% decline in pending sales is likely to be partially passed through to the Jan existing outcome. A decline of around 1.8% seems most likely. For pending sales, the weather could again be a factor, offsetting a reversal of the Dec fall. A flat outcome is our expectation.

Housing activity lacklustre

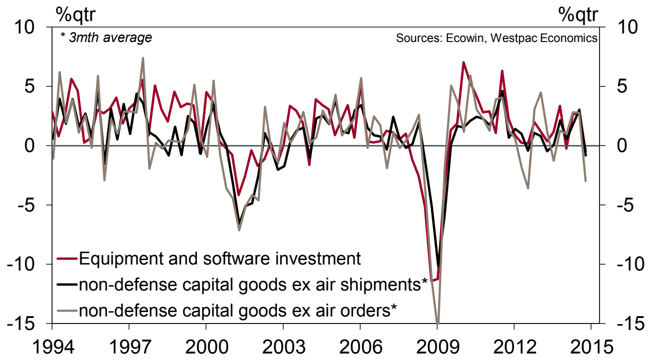


US Jan durable goods orders

Feb 26, Last: –3.3%, WBC f/c: 2.5%

- Business investment is a key point of concern at present. Robust growth through mid-2014 has given way to weakness late in the year, with recent durable goods orders data indicative of downward revisions to Q4 GDP in the second estimate, due for release on 27 Feb.
- In Dec itself, a further 3.3% decline was recorded on the back of Nov's 2.2% fall. This weakness was partly a function of weaker defence orders; however, the outcomes were principally driven by transport. Non-defence, ex-transport orders were down 0.1% in Dec after Nov's 0.5% fall.
- In Jan, we are likely to see a partial reversal of this recent weakness, with a 2.5% gain expected as transport activity reverses. But that will leave a weak trend intact, with activity over the past six months down 1.3% in annualised terms.

US durable goods trend weak

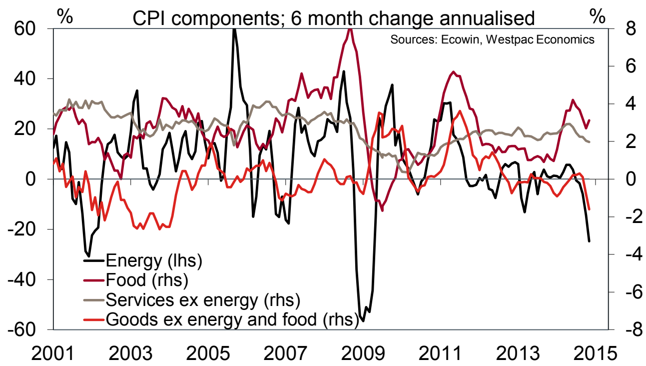


US Jan consumer price index

Feb 26, CPI: Last: –0.4%, WBC f/c: –0.6%

- The headline CPI fell by 0.4% in Dec following Nov's 0.3% decline and Oct's flat result. That left the annual pace of inflation at just 0.8%yr, a mile away from the FOMC's 2.0% medium-term target.
- Central to the result was the continued decline in the price of gasoline – it fell 9.4% in Dec to be down 21%yr. Taking a broader perspective, deflation for goods ex energy & food has (along with the energy price declines) largely offset relatively benign price gains for food and ex energy services.
- Come Jan, gasoline prices will again be a drag; in addition, the biggest drop in import prices in six years in Jan points to the stronger US dollar having a material impact on domestic inflation. The combination is most likely to result in an outsized monthly decline in the order of –0.6%. Ex food and energy, prices are likely to rise 0.1%, still a very benign outcome.

Inflation pressures narrow and limited

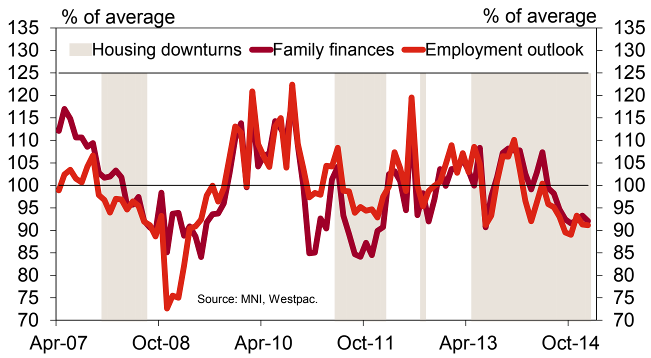


China Feb Westpac MNI Consumer Sentiment

Feb 25, Last: 112.1

- The headline index decreased by 0.4pts to 112.1 in January, a –7.9% change over the year. Consumers are still anxious about their own financial wellbeing and the economy more broadly.
- Activity data in the Jan-Feb period is volatile and accordingly difficult to interpret. Sentiment surveys are not necessarily afflicted with this curse. Note that the result will be released simultaneously with the flash PMI print at 9:45 China time.
- We will be looking for the following in February: 1) The evolving attitude of consumers towards the ongoing housing correction, noting that signs of stabilisation are evident in tier one cities, while the situation remains clouded elsewhere. 2) Developments in savings attitudes against this backdrop. 3) Any further signs that responses on the economy are picking up, given the lack of useful data on this front from other sources at this time of year.

Westpac MNI China CSI & housing downturns



Data calendar

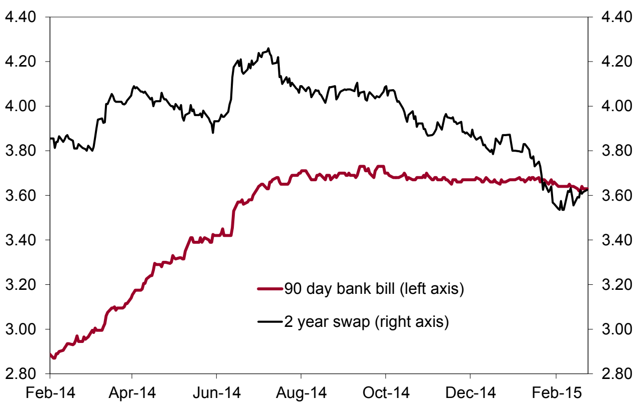
		Last	Market median	Westpac forecast	Risk/Comment
Mon 23					
UK	Feb CBI reported sales	39	–	–	Decline in petrol prices spurred above-consensus Jan outcome.
US	Jan Chicago Fed activity index	–0.05	0.05	–	Slipped from above to below trend pace in December.
	Jan existing home sales	2.4%	–0.8%	–1.8%	Revisions due this time around.
	Feb Dallas Fed activity index	–4.4	flat	–	Jan was first sub-zero read in 20 months.
Tue 24					
NZ	Q1 RBNZ 2yr inflation expectations	2.06%	–	–	Actual inflation surprised to the downside again in Q4.
Euro	Jan CPI final, %yr	–0.6%	–0.6%	–0.6%	Petrol weighing heavily, but wider deflation concerns the bigger issue.
	ECB President Draghi	–	–	–	Speaking in Frankfurt.
US	Dec S&P/C-S 20-city house prices	0.74%	0.6%	0.6%	Annual growth now just 4.3%yr; momentum clearly fading.
	Feb Markit composite PMI	54.4	–	–	Services component came in at 54.2 in Jan.
	Feb consumer confidence	102.9	99.5	99.0	Conference Board measure; pull-back after oil boost likely this month.
	Feb Richmond Fed manufacturing index	6	7	–	Has held up better than other surveys of late.
	Fed Chair Yellen	–	–	–	Semi-annual testimony to the Senate.
Wed 25					
Aus	Q4 wage price index	0.6%	0.6%	0.6%	Wages did not respond to a lift in employment, and that lift has passed.
	Q4 construction work done	–2.2%	–1.0%	–1.3%	Led lower by private infrastructure (mining) & public works.
Chn	Feb HSBC manufacturing PMI	49.7	49.5	–	Jan-Feb afflicted by seasonality issues. Deflationary pulse one key focus.
	Feb Westpac MNI Consumer Sentiment	112.1	–	–	Another update on housing, jobs, spending plans etc.
HK	Q4 GDP %yr	2.7%	1.6%	–	Composite PMI lower than both Q3 & 2013Q4, pointing to a slowdown.
Euro	ECB President Draghi	–	–	–	Testimony to the European Parliament, Brussels, on ECB annual report.
UK	Jan BBA mortgages, £bn	35.7	–	–	Dec result was weakest outcome in 18 months.
US	Jan new home sales	11.6%	–1.3%	–2.0%	NAHB survey weakened in Jan.
	Fed Chair Yellen	–	–	–	A repeat performance, testifying before the House.
Thu 26					
NZ	Jan net migration	4,100	–	4,800	Will student arrivals rebound from their surprise drop in Dec?
	Jan merchandise trade balance $m	–159	–158	–100	Sharp price drops for both exports (dairy) and imports (oil).
Aus	Q4 private capex	0.2%	–1.6%	–2.2%	B&S down by 2.5% or so, equipment down by a little more than 1%.
	2014/15 capex expectations, AUDbn	153	–	–	Est 4 vs Est 4 a yr ago, -7.5%. Expect a similar result for Est 5.
	2015/16 capex expectations, AUD bn	–	–	–	Est 1 for 2015/16 - mining downturn a major negative.
Euro	Jan M3 money supply, %yr	3.6%	3.8%	–	Latest credit figures also due.
	Feb business climate indicator	0.16	–	–	Pointing to continued marginal growth.
	Feb consumer confidence, final	–6.7	–	–	Received a boost from ECB's January decision.
Ger	Feb unemployment rate	6.5%	6.5%	–	Unemployment fell 9k in January.
US	Jan CPI	–0.4%	–0.6%	–0.6%	Oil price decline front and centre; but core pressures weak, circa 0.1%.
	Jan durable goods orders	–3.3%	1.6%	2.5%	Bounce highly likely after recent weakness; but weak trend to persist.
	Dec home prices	0.8%	0.4%	0.5%	FHFA measure; price momentum clearly slowing.
Can	Jan CPI, %yr	1.5%	0.8%	–	To follow global oil-induced trend.
Fri 27					
NZ	Jan building consents	–2.1%	–	–3.0%	Ex-apartment consents should see further gains.
	Feb ANZ business confidence	30.4	–	–	Cheaper fuel vs. drought the main considerations since the Dec survey.
	Jan private sector credit %yr	4.5%	–	–	Mortgage lending has re-accelerated in recent months.
Aus	Jan private credit	0.5%	0.5%	0.4%	Business credit +0.5% in Dec expected to consolidate.
Ger	Feb CPI, %yr	–0.5%	–0.5%	–	Deflation the result of the oil price not economic slack.
UK	Feb consumer confidence	1	2	–	GfK measure; Jan's material improvement supported by petrol.
	Q4 GDP, second estimate	0.5%	0.5%	0.5%	Soft end to 2014; more detail made available.
US	Q4 GDP, second estimate	2.6%	2.1%	2.1%	Investment and trade to see first estimate revised down.
	Feb Chicago PMI	59.4	58.3	56.0	Has been strong of late; going against ISM trend.
	Jan pending home sales	–3.7%	2.4%	flat	Trend to remain soft; headwinds for housing significant.
	Feb consumer sentiment, final	93.6	94.6	–	Uni of Michigan measure; back to December level.
	Fed vice-chair Fischer, other Fed officials	–	–	–	Participating in the US Monetary Policy Forum.

New Zealand forecasts

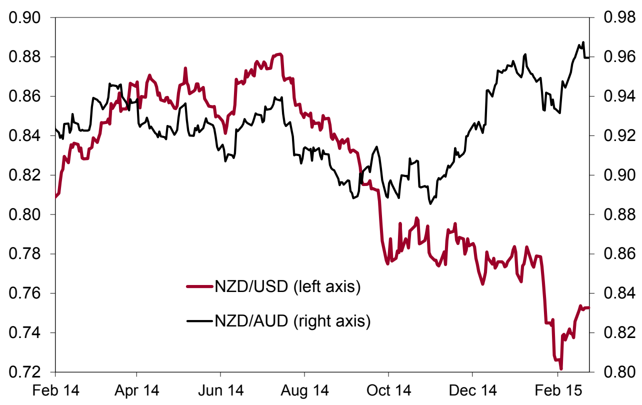
Economic Growth Forecasts	March years				Calendar years			
% change	2013	2014	2015f	2016f	2013	2014f	2015f	2016f
GDP (Production) ann avg	2.2	2.5	3.3	2.9	2.2	3.3	2.9	3.6
Employment	0.4	3.8	2.9	3.0	2.9	3.5	2.6	2.5
Unemployment Rate % s.a.	6.2	6.0	5.5	4.7	6.0	5.7	4.8	4.3
CPI	0.9	1.5	0.2	1.5	1.6	0.8	0.7	2.3
Current Account Balance % of GDP	-3.7	-2.6	-3.9	-5.0	-3.3	-3.1	-5.0	-4.6

Financial Forecasts	Mar-15	Jun-15	Sep-15	Dec-15	Mar-16	Jun-16
Cash	3.50	3.50	3.50	3.50	3.50	3.75
90 Day bill	3.70	3.70	3.70	3.70	3.75	4.00
2 Year Swap	3.50	3.60	3.70	3.80	4.00	4.20
5 Year Swap	3.60	3.70	3.80	3.90	4.10	4.40
10 Year Bond	3.30	3.40	3.50	3.70	3.90	4.20
NZD/USD	0.71	0.73	0.74	0.75	0.77	0.79
NZD/AUD	0.95	0.95	0.95	0.95	0.95	0.94
NZD/JPY	83.9	87.6	90.3	93.0	95.5	98.8
NZD/EUR	0.62	0.64	0.64	0.65	0.66	0.66
NZD/GBP	0.47	0.48	0.47	0.47	0.48	0.47
TWI	74.9	76.3	77.1	77.9	79.2	80.1

2 Year Swap and 90 Day Bank Bills



NZD/USD and NZD/AUD



NZ interest rates as at market open on Monday 23 February 2015

Interest Rates	Current	Two weeks ago	One month ago
Cash	3.50%	3.50%	3.50%
30 Days	3.63%	3.64%	3.66%
60 Days	3.63%	3.64%	3.66%
90 Days	3.63%	3.64%	3.65%
2 Year Swap	3.63%	3.57%	3.63%
5 Year Swap	3.73%	3.58%	3.66%

NZ foreign currency mid-rates as at Monday 23 February 2015

Exchange Rates	Current	Two weeks ago	One month ago
NZD/USD	0.7527	0.7335	0.7416
NZD/EUR	0.6605	0.6486	0.6581
NZD/GBP	0.4888	0.4818	0.4918
NZD/JPY	89.74	87.43	87.85
NZD/AUD	0.9595	0.9447	0.9365
TWI	78.07	76.20	76.61

International forecasts

Economic and Financial Forecasts

Economic Forecasts (Calendar Years)	2011	2012	2013	2014e	2015f	2016f
Australia						
Real GDP % yr	2.7	3.6	2.1	2.7	2.7	3.5
CPI inflation % annual	3.0	2.2	2.7	1.7	2.1	3.0
Unemployment %	5.2	5.3	5.8	6.2	6.4	6.0
Current Account % GDP	-2.8	-4.4	-3.3	-2.9	-2.3	-1.0
United States						
Real GDP %yr	1.6	2.3	2.2	2.4	2.7	3.2
Consumer Prices %yr	3.1	2.1	1.5	1.6	1.0	2.1
Unemployment Rate %	8.9	8.1	7.4	6.2	5.5	5.0
Current Account %GDP	-2.9	-2.9	-2.4	-2.4	-2.4	-2.4
Japan						
Real GDP %yr	-0.3	1.8	1.6	0.4	1.0	1.7
Euroland						
Real GDP %yr	1.6	-0.6	-0.4	0.7	0.9	1.0
United Kingdom						
Real GDP %yr	1.1	0.3	1.7	2.6	2.5	2.7
China						
Real GDP %yr	9.3	7.7	7.7	7.4	7.3	7.5
East Asia ex China						
Real GDP %yr	4.5	4.5	4.3	4.1	4.8	5.8
World						
Real GDP %yr	4.1	3.4	3.3	3.2	3.5	4.4
Forecasts finalised 6 February 2015						

Interest Rate Forecasts	Latest	Mar-15	Jun-15	Sep-15	Dec-15	Mar-16
Australia						
Cash	2.25	2.00	2.00	2.00	2.00	2.00
90 Day Bill	2.33	2.20	2.20	2.20	2.22	2.25
10 Year Bond	2.57	2.40	2.50	2.70	2.90	3.20
International						
Fed Funds	0.125	0.125	0.125	0.250	0.500	0.750
US 10 Year Bond	2.11	1.90	2.00	2.20	2.50	2.80
ECB Repo Rate	0.05	0.05	0.05	0.05	0.05	0.05

Exchange Rate Forecasts	Latest	Mar-15	Jun-15	Sep-15	Dec-15	Mar-16
AUD/USD	0.7809	0.75	0.77	0.78	0.79	0.81
USD/JPY	118.88	118	120	122	124	124
EUR/USD	1.1367	1.14	1.15	1.15	1.16	1.17
AUD/NZD	1.0366	1.05	1.05	1.05	1.05	1.05

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Disclaimer continued

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