

# Weekly Commentary

A weekly outlook for New Zealand, Australia and US markets

2 June 2009

## Rating outlook: budge it up

Last week's Budget was a reflection of the tough times, striking a balance between supporting the economy through the recession in the short term, and implementing fiscal discipline further out. While it wasn't as frugal as we thought it could have been, it was enough to satisfy the credit rating agencies.

As expected, the Budget revealed a worse economic picture underpinning the fiscal forecasts than depicted in the half-year update in December. Real GDP growth is forecast to remain well below trend over the next three years, registering growth of -0.9% in March 2009, -1.7% in March 2010, and just 1.8% in March 2011, as the impact of the global economic slowdown and a combination of domestic factors sees businesses and households cut back on investment and spending. Unemployment is expected to rise substantially over that period, peaking at 8% in September 2010. These are reasonably conservative forecasts – the Government is clearly not counting on growing its way out of deficits.

With tax revenues falling sharply and spending commitments rising, the outlook has rapidly changed from surpluses to deficits for the foreseeable future. Without any changes to policy, gross Government debt was projected to be 70% of GDP and rising by 2023 – a prospect alarming enough to prompt Standard & Poor's to place New Zealand's foreign currency rating of AA+ on negative outlook back in January. Some tough choices had to be made

in order to keep projected debt at more manageable levels. In the end the Government took the path of least resistance, by maintaining existing entitlements (i.e. no-one is left significantly worse off) while cutting back on future policy commitments. That meant axing the personal tax cuts scheduled for 2011 and 2012, suspending contributions to the Super Fund, and reducing the allowance for new spending initiatives in future Budgets. While some have portrayed this as a slash-and-burn Budget, most of the 'cuts' have actually come in the form of smaller projected increases in spending – Government is still set to expand from 31.8% of the economy in 2008 to 37.3% in 2010 and 36.3% in 2013. Indeed, we are a little surprised that the Government has not done more to rein in future expenses.

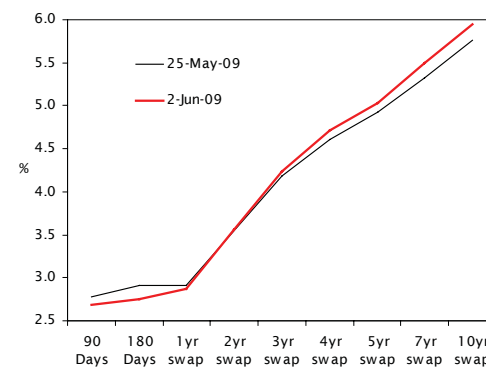
Even with these sacrifices, a return to operating surpluses isn't forecast until 2019. Gross debt is expected to lift from 17.5% of GDP in 2008 to 38.6% by 2013, and is not projected to peak until 2017 when it will reach 43% of GDP. It appears this is sufficiently under control to satisfy the rating agencies, with S&P returning New Zealand's rating to a stable outlook and Moody's affirming their previous judgement.

The market response to the Budget was (1) relief that a rating downgrade had been avoided, and (2) a view that the Treasury's gloomy economic forecasts would put more pressure on the RBNZ to

keep interest rates low for longer. We disagree with the latter, for two reasons. First, the RBNZ assesses inflationary pressures in terms of how the economy is performing relative to its potential; weak growth for a sustained period of time tends to be associated with weak potential growth as well, limiting the disinflationary effects.

Second, the fiscal stimulus projected in this Budget is well above what the RBNZ had factored in at the time of the March *Monetary Policy Statement*. The estimated fiscal stimulus was broadly unchanged for 2009, but more than doubled to 3.3% of GDP for 2010. The Treasury stressed that the increased stimulus reflects a non-policy related structural change, that is, a fall in revenue rather than an increase in spending – though we'd argue that choosing not to reduce spending in line with revenues is still a policy choice. On its own, the huge upward revision to the fiscal impulse would suggest that less

NZ Interest Rates



\*Yield curve is yields on bank bills to 180 days, fixed interest rate swaps for 1 year onwards.

**Westpac**

work needs to be done by the RBNZ, not more.

There was plenty of other news last week, most of which supported our view that the RBNZ can afford to pause on rates at the 11 June MPS. Business confidence rose further in May, turning positive for only the second time in the last seven years. While many of the key indicators remain lower than in any previous slowdown, it appears that our forecast of a 1% decline in Q2 GDP may be too pessimistic.

Merchandise trade reached a \$276m surplus in April. Meat and dairy exports benefited from good growing conditions and stabilising world prices. Imports remained soft, especially cars, which

are down 32% on a year ago. Export prices have held up better than the RBNZ expected, which in their minds will justify some of the recent strength in the NZD.

Residential building consents rose 11.2% in April, continuing their recovery from record lows in recent months. With little more than 1,000 consents being issued per month, the number of new homes being built is now below that required to keep pace with population growth – especially with net migration surging, as fewer Kiwis head offshore. Along with historically low mortgage rates and a marked increase in home sales in recent months, there is a clear signal for new home construction to pick up the pace.

On a more disappointing note,

Fonterra’s first payout forecast for the 2009/10 season was on the low side of expectations, at \$4.55 per kg of milksolids. Fonterra tend to be conservative with their first estimate, but if this figure were to eventuate, dairy farmers’ income would be by around \$900m lower compared to the last season.

**Fixed vs. floating:** We emphasise that there is no urgency to fix for longer terms at the moment. Short-term rates are significantly lower than long-term rates and the RBNZ has signalled that they will remain so for some time. Consequently, the trade-off between fixed and floating rates is likely to be much the same in three or six months’ time as it is today.

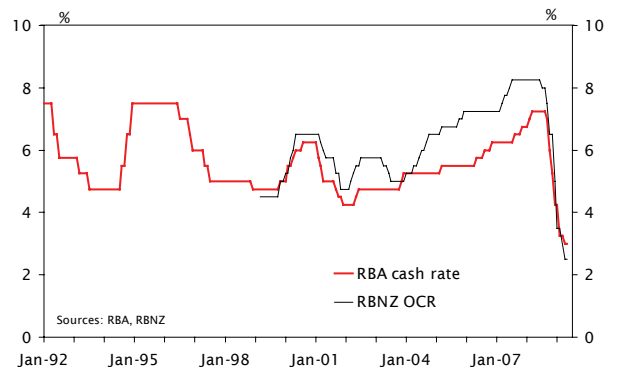
Key Data Previews

Aus RBA policy announcement

Jun 2, Last: 3.00%, WBC f/c: 3.00%, Mkt f/c: 3.00%

- The RBA is widely expected to leave rates unchanged at the June meeting – as they did in March and May. The Bank is content to assess the impact of past rate cuts, particularly with evidence that the housing sector is in recovery mode.
- With the cash rate at 3.0%, down from a high of 7.25%, the majority of the easing cycle has occurred. Interest rates, notably variable mortgage rates, are now at very low levels.
- The timing of additional monetary policy easing is, in part, a tactical decision. We see 2.0% as the low point. With the unemployment rate set to rise sharply, this will create an environment in which the Bank is likely to feel the need to provide an additional stimulus to counter downside risks.

Time to pause: assess impact of past cuts

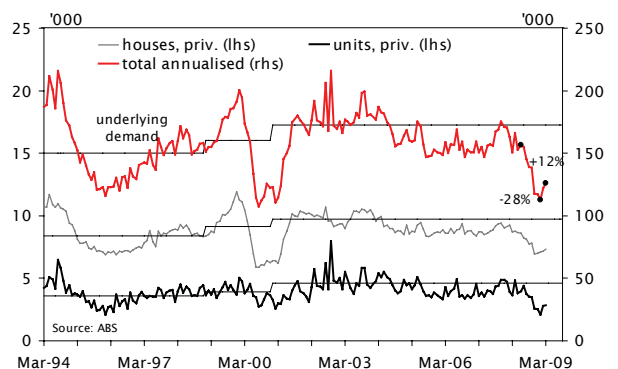


Aus Apr dwelling approvals

Jun 2, Last: 3.5%, WBC f/c: 1.5%, Mkt f/c: 2.0%, Range: -2.2% to 9.0%

- The long awaited up-tick in dwelling approvals gained more convincing traction in March, rising 3.5% after an apartment-driven 8% jump in February.
- Key indicators continue to point to the start of an upturn in dwelling construction. Housing finance approvals for the construction and purchase of newly built dwellings continued to surge in March and are now up 46% from their August lows. New home sales are also up strongly (22% since Dec). Resurgent first home buyer demand has been the main driver.
- Dwelling approvals have been slow to reflect this improvement and may continue to lag as finance remains hard to secure for developers. However, gains should be well sustained with a solid 1.5% rise forecast for April. However, the upturn won’t lift actual building until 2009H2 with sharp falls likely in H1.

Dwelling approvals: recovery gains traction



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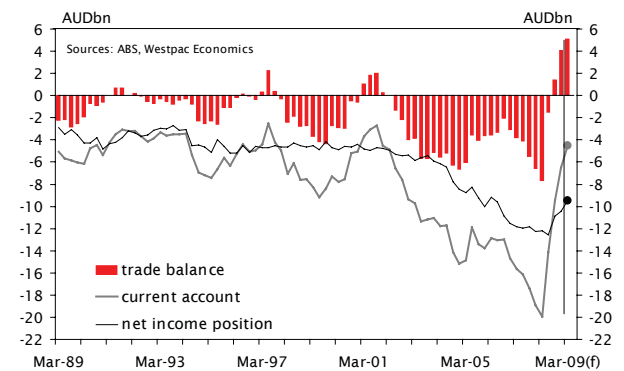


## Aus Q1 current account balance, AUDbn

Jun 2, Last: -6.5, WBC f/c: -4.5, Mkt f/c: -5.4, Range: -6.1 to -4.5

- We're forecasting the current account deficit to narrow by \$2bn to \$4.5bn in Q1. The trade surplus is expected to rise by \$1bn as import volumes fall faster than exports. The net income deficit is expected to improve by \$1bn, to a still hefty \$9.5bn, on an improvement in net equity income outflows.
- For Australia, this is as good as it gets. The quarterly deficit will represent just 1.5% of GDP. Since the start of the 1980s there have only been 4 quarters of deficit less than 2% (the last in 2001) and only 1 quarter of deficit less than 1.5% and that was back in 1980Q1.
- The terms of trade weakened by 2% in Q1. Larger falls are in prospect in Q2 and Q3 as iron ore and coal prices step sharply lower. This is expected to see the current account deficit rise from Q2 and approach 6% of GDP by year end.

## Current account balance and components

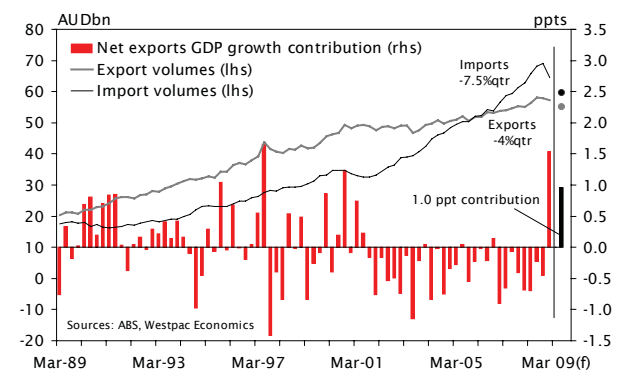


## Aus Q1 net exports

Jun 2, Last: 1.5ppts, WBC f/c: 1.0ppts, Mkt f/c: 1.0ppts  
Range: 0.2ppts to 1.8ppts

- Net exports are expected to make back-to-back hefty contributions to quarterly GDP. We're forecasting a contribution of 1.0ppt in Q1, following a 1.5ppts contribution. Prior to this, there were eight consecutive quarters of subtraction, with a cumulative impact of -4.2ppts.
- In a race to the bottom, imports are the clear winner over the last six months as domestic demand contracts and the cost of imports are up on the lower AUD. Import volumes fell by an estimated 7.5% in Q1, after a 6.8% drop in Q4.
- Export volumes fell by an estimated 4% in Q1, following small declines of less than 1% for the previous two quarters.
- Going forward, we expect imports to contract at a slower pace and for net exports to be broadly neutral.

## Export and import volumes

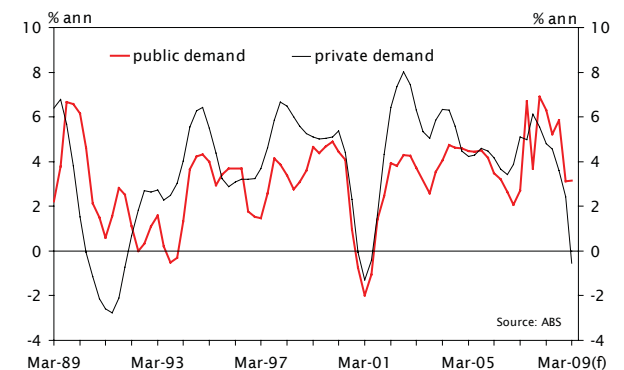


## Aus Q1 public spending

Jun 2, Last: flat, WBC f/c: 0.9%, Mkt f/c: 1.4%, Range: 0.4% to 1.6%

- Public demand, after disappointing over the second half of 2008, is forecast to rise by a moderate 0.9% in Q1. We saw public demand go sideways in Q4 and increase by 0.6% in Q3 - that was after a brisk 5.2% rise the year prior.
- Governments, facing budget pressures, have been looking for "efficiency gains" - i.e. keeping a lid on the size of the public service. As such, growth in public consumption (80% of public demand) has slowed appreciably. We expect this constraint to remain evident in Q1.
- The public investment upswing stumbled over 2008H2, with very little growth. State governments, unsure about their funding position, may have become more restrained. We expect the upswing to regain momentum in Q1, with the public construction data showing a healthy rise of 4.4%.

## Public spending cushions downturn



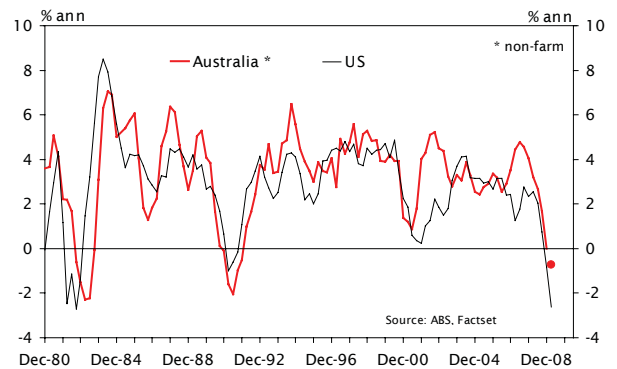
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## Aus Q1 GDP

Jun 3, Last: -0.5%, WBC f/c: -0.2%, Mkt f/c: -0.2%, Range: -0.7% to 0.1%

- The Australian economy most likely contracted in Q1, with our forecast for GDP of -0.2%qtr, -0.4%yr. Sizeable declines in dwelling construction and business investment were the major drag on activity in the quarter.
- A major upside risk is from the unprecedented \$8.4bn cash transfer from the Commonwealth to households in December, representing 3% of quarterly GDP. That saw real retail sales accelerate to an increase of 1.0% in Q1. The volatile inventories data is also a key risk.
- The global backdrop and private business surveys, which should capture the retail boost, point to the Australian economy being in recession. We note that the non-farm economy has contracted since mid-2008.

## Growth: Australia vs US

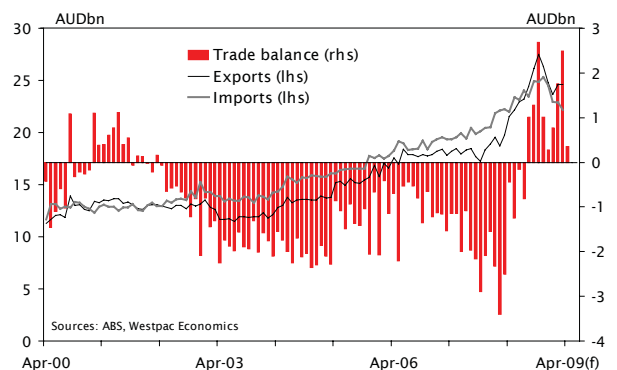


## Aus Apr trade balance, AUDbn

Jun 4, Last: 2.50, WBC f/c: 0.35, Mkt f/c: 1.7, Range: -1.0 to 3.0

- The trade surplus is expected to narrow sharply in April - to a forecast \$350mn, down from \$2.5bn in March - because of lower commodity prices, particularly from coal.
- Exports are forecast to fall by 11%. The higher AUD, up 7% to US71¢, lowers both export and import prices. Also, commodity prices are down 14% in US terms, with coal prices cut in half. Imports are forecast to fall by just 2.5%, with published customs data showing goods down only 2%. However, that follows sharp falls of late in response to weak demand.
- Risk: we do not expect iron ore price changes (likely to be -40%) to be in the April release, but rather to be incorporated as a revision when annual contracts are finalised. This was the approach adopted last year. When iron ore prices are updated the trade balance is likely to be close to deficit.

## Run of surpluses coming to an end

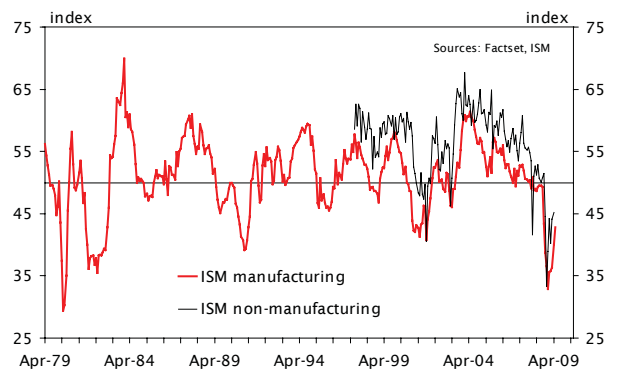


## US May non-manufacturing report

Jun 3, Non-Man Last: 43.7, WBC f/c: 46.0

- The regional Fed surveys all recovered somewhat in May, consistent with a slower pace of industrial decline in the middle of the second quarter, although one (Richmond) actually turned slightly positive for the first time in a year.
- ISM manufacturing followed a similar pattern, improving to 42.8 in May, though we do not expect any of the activity components (or the headline) to rise back above 50 for some months yet.
- The non-manufacturing index should follow the general pattern of global PMIs, which has been one of "less contraction" so far in the second quarter. The recent upswing in energy prices might be a constraining factor on service-provider confidence.

## US ISMs: staging a fight back!



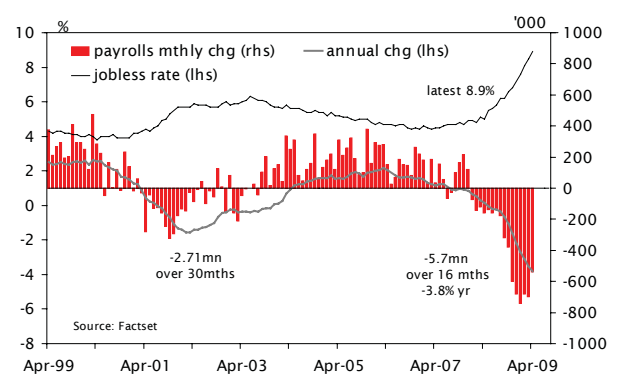
## US May non-farm payrolls to fall by 520k

Jun 5, Payrolls Last: -539k, WBC f/c: -520k

Jun 5, Unemployment Last: 8.9%, WBC f/c: 9.3%

- April's 539k payrolls decline was the smallest for six months, although most of the detail in the report – hours worked, earnings, unemployment – remained consistent with a chronically weak labour market. Govt jobs were boosted by 2010 census hiring, without which payrolls would have fallen by 600k.
- Initial unemployment insurance claims, consumer job market expectations, and the employment indicators in the regional business surveys all indicate that job losses, while still very steep, have passed their peak. Auto sector layoffs and modest further census hiring could be offsetting special factors.
- A surprise jump in the Apr household survey jobs measure is likely to be reversed in May, contributing to another sharp rise in the jobless rate.

## US jobs market: losses stabilise



## Banks of England, Canada and European Central Bank

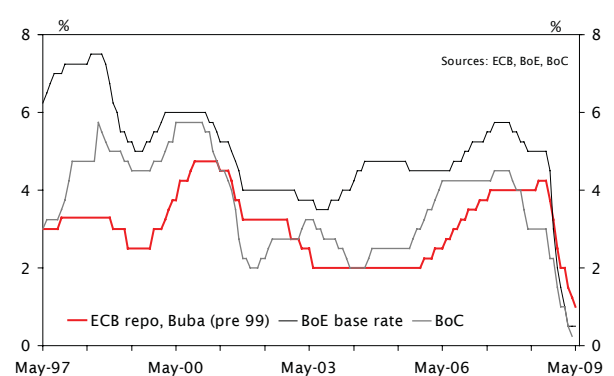
Jun 4, BoE Last: 0.5%, WBC f/c: 0.5%

Jun 4, ECB Last: 1.0%, WBC f/c: 1.0%

Jun 4, BoC Last: 0.25%, WBC f/c: 0.25%

- The BoE policy committee unanimously voted to keep rates on hold at 0.50% and to extend the quantitative easing program by two months and £50bn in May. With some signs that the pace of economic decline might be abating, we expect the status quo to be maintained in June – steady rates and no further QE announcements.
- The ECB is due to provide details of its €60bn covered bond purchase program, which will be sterilised (i.e. the cash mopped up in liquidity operations) so is not really “QE” – yet! Still some chance of a further rate cut but that is not our forecast.
- In April the BoC committed to hold rates steady at 0.25% till 2010. BoC officials have suggested there is “less need” for QE so the June announcement is unlikely to reveal anything new.

## BoC, BoE and ECB: all done



## Key Data and Events

		Last	Market Median	Westpac Forecast	Comments
<b>Tue 2 Jun</b>					
Aus	RBA Policy Announcement, 2:30pm	3.00%	3.00%	3.00%	On hold – for now – as in Mar & May. Assessing impact of past cuts.
	Apr Dwelling Approvals	3.5%	2.0%	1.5%	Initial recovery starting to gain traction.
	Q1 Current Account Balance AUDbn	-6.5	-5.4	-4.5	Deficit narrows: trade surplus up \$1bn, net income deficit down \$1bn.
	Q1 Net Exports Contribution, ppts cont.	1.5	1.0	1.0	Imports plunged: contracting domestic demand, higher import prices.
	Q1 Public Spending	flat	1.4%	0.9%	Up on increased investment & modest public consumption growth.
US	Apr Pending Home Sales	3.2%	0.5%	2.0%	Lower prices and foreclosure sales boosting total sales.
	May Auto Sales mn ann'lsd	9.3	9.4	9.0	Bankruptcy of Chrysler and maybe GM constraining sales.
UK	Apr Net Consumer Credit £bn	0.1	0.1	0.0	Consumer being paid off at around same rate as new debt issued.
	Apr Net Mortgage Lending £bn	0.8	1.0	1.0	Mortgage market showing tentative signs of very weak recovery.
	May PMI Construction	38.1	39.5	40.5	Well off its Feb low of 27.8 but still deeply recessed.
	May House Prices %yr	-1.7%	-1.0%	-1.0%	Tentative date for HBoS series, due 2-5/6. Down 17.7% yr in Apr.
<b>Wed 3 Jun</b>					
Aus	Q1 GDP	-0.5%	-0.2%	-0.2%	Down on large falls in residential construction & business investment
US	May Corporate Layoff Announcements	-	-	-	Guide to mood in job markets – currently sour.
	May ISM Non-Manufacturing	43.7	45.0	46.0	Still contracting but at a slower pace.
	Apr Factory Orders	-0.9%	0.9%	1.5%	Durable orders known up nearly 2%.
	May ADP Private Payrolls	-491k	-525k	-	Not especially reliable guide to private component of official payrolls.
	Fedspeak	-	-	-	Kansas City president, Hoenig, topic TBA
Eur	May PMI Services (F)	44.7 a	44.7	44.7	Not usually subject to significant revision.
	Apr Producer Prices %yr	-3.1%	-4.5%	-4.2%	Base effects very favourable for next few months.
	Q1 GDP Revision	-2.5% a	-2.5%	-2.5%	No indication from national data that revision likely.
UK	May Consumer Confidence	50	52	48	Nationwide measure. MP's expenses scandal not helpful here.
	May PMI Services	48.7	49.5	48.0	Still contracting but at a much less steep pace than earlier this year.
	May BRC Shop Price Index %yr	1.4	-	-	Often reliable guide to the subsequent official CPI report.
<b>Thu 4 Jun</b>					
NZ	May ANZ Commodity Prices	2.5%	-	-	Strong world price rise expected, offset by higher NZD.
Aus	Apr Trade Balance AUDbn	2.5	1.7	0.35	Exports -11% (lower prices – particularly coal), Imports -2.5%.
US	Q1 Productivity Revision % Ann'lsd	0.8% a	1.2%	-	Revision will depend mainly upon Q1 GDP revision due 29/5 but if
	Q1 Unit Labour Costs Rev % ann'lsd	3.3% a	2.9%	-	GDP revised up expect higher productivity and lower ULC estimates.
	Initial Jobless Claims w/e 30/5	623k	620k	615k	Pace at which workers are being shed moderating a little.
	May Chain Store Sales %yr	0.7%	0.5%	-	Aggregate of weekly chain store data.
	Fedspeak	-	-	-	Bernanke (brief remarks); also Pinalto and Dudley.
Jpn	Q1 MoF Capex Survey %yr	-17.3%	-30.0%	-	Source data for capex and inventories estimates in the national accts.
Eur	Apr Retail Sales	-0.6%	0.2%	flat	April retail PMI rose 4 pts to 48.4 suggesting flat sales, or modest fall
	ECB Policy Announcement	1.00%	1.00%	1.00%	Rates have probably bottomed. Details of asset purchase scheme due.
UK	BoE Policy Announcement	0.50%	0.50%	0.50%	Nothing new expected given QE was extended last month.
Can	Apr Building Permits	23.5%	-8.1%	-	Very volatile but trend is downwards in core building sectors.
	May Ivey PMI nsa	53.7	54.0	50.0	Always rises in May for seasonal reasons, so fall to 50 would be weak.
	Bank of Canada Rate Decision	0.25%	0.25%	0.25%	Rates at 0.25% till 2010. "Less need" for QE says BoC dep-gov Murray
<b>Fri 5 Jun</b>					
NZ	Q1 Wholesale Trade Survey	-2.3%	-	-3.5%	Sales down on weak demand and lower prices.
US	May Non-Farm Payrolls ch'	-539k	-520k	-520k	Auto layoffs to hit the data; also less/no census jobs boost this mth;
	May Unemployment Rate %	8.9%	9.2%	9.3%	but business surveys suggest less job shedding in elsewhere.
	Apr Consumer Credit \$bn	-11.1	-6.0	-4.0	March number was weakest ever in history!
	Fedspeak	-	-	-	Rosengren and Yellen.
UK	May Producer Prices %yr	2.4%	1.2%	-	Core output measure.
Can	May Employment ch' 000	36k	-37	-50k	April's jobs gain was a surprise and most likely temporary.

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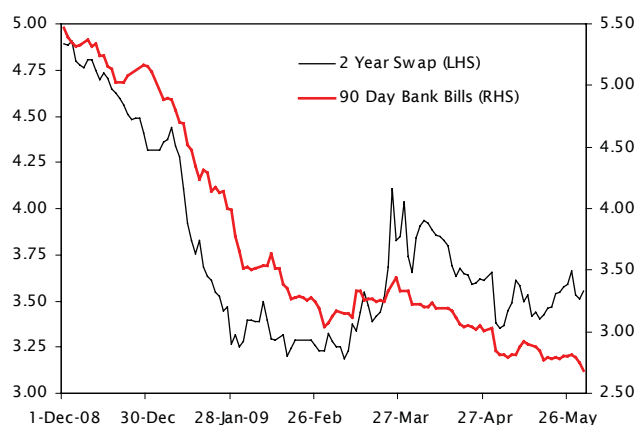
## New Zealand Economic and Financial Forecasts

Economic Growth Forecasts	March years				Calendar years			
	2008	2009f	2010f	2011f	2008	2009f	2010f	2011f
% change								
GDP (Production) ann avg	3.1	-0.9	-2.3	2.1	0.2	-2.8	1.1	3.7
Employment	-0.3	0.8	-2.9	1.5	0.9	-3.7	0.6	2.2
Unemployment Rate % s.a.	3.8	5.0	7.6	6.4	4.7	7.3	6.9	5.4
CPI	3.4	3.0	1.5	1.2	3.4	1.3	1.1	1.2
Current Account Balance % of GDP	-8.0	-8.9	-5.9	-5.3	-8.9	-6.2	-5.5	-5.9

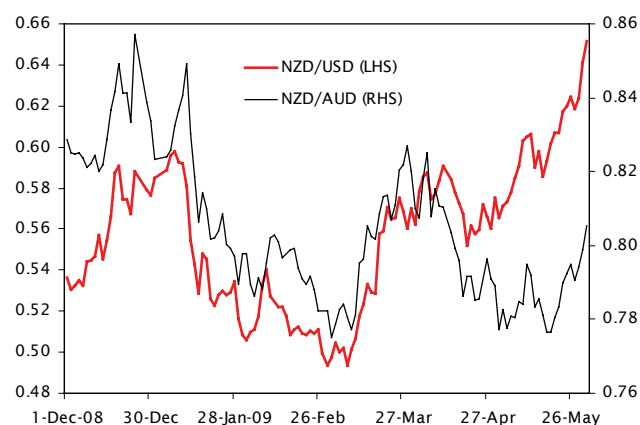
Economic forecasts 22 April 2009

Financial Forecasts	Sep-09	Dec-09	Mar-10	Jun-10	Sep-10	Dec-10	Mar-11
Cash	2.25	2.00	2.00	2.00	2.00	2.00	3.00
90 Day bill	2.50	2.30	2.30	2.30	2.30	2.50	3.40
2 Year Swap	3.60	3.70	3.90	4.10	4.30	4.50	4.70
5 Year Swap	4.50	4.60	4.70	4.80	5.00	5.20	5.40
10 Year Bond	5.40	5.50	5.60	5.70	5.80	5.90	6.10
NZD/USD	0.53	0.51	0.54	0.56	0.58	0.59	0.59
NZD/AUD	0.76	0.75	0.75	0.76	0.76	0.78	0.79
NZD/JPY	48.2	47.4	52.9	56.6	59.7	60.8	62.8
NZD/EUR	0.39	0.39	0.41	0.41	0.43	0.43	0.44
NZD/GBP	0.34	0.34	0.35	0.35	0.36	0.36	0.35
TWI	51.8	50.8	53.3	54.9	56.7	57.5	58.3

## 2 Year Swap and 90 Day Bank Bills



## NZD/USD and NZD/AUD



## NZ interest rates as at market open on Tuesday 2 June 2009

Interest Rates	Current	Two Weeks Ago	One Month Ago
Cash	2.50%	2.50%	2.50%
30 Days	2.79%	2.79%	2.91%
60 Days	2.76%	2.79%	2.85%
90 Days	2.69%	2.79%	2.81%
2 Year Swap	3.56%	3.46%	3.35%
5 Year Swap	5.04%	4.75%	4.59%

## NZ foreign currency midrates as at Tuesday 2 June 2009

Exchange Rates	Current	Two Weeks Ago	One Month Ago
NZD/USD	0.6492	0.6018	0.5715
NZD/EUR	0.4584	0.4413	0.4308
NZD/GBP	0.3949	0.3887	0.3834
NZD/JPY	62.690	57.800	56.740
NZD/AUD	0.8011	0.7764	0.7827
TWI	61.080	58.080	56.560

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## Economic and Financial Forecasts

Economic Forecasts (Calendar Years)	2004	2005	2006	2007	2008	2009f	2010f
<b>Australia</b>							
Real GDP % yr	3.8	2.8	2.9	4.0	2.1	-0.8	1.0
CPI inflation % annual	2.6	2.8	3.3	3.0	3.7	1.8	2.4
Unemployment %	5.4	5.1	4.8	4.4	4.2	6.3	8.5
Current Account % GDP	-6.1	-5.8	-5.3	-6.3	-4.3	-4.0	-5.5
<b>United States</b>							
Real GDP %yr	3.9	3.1	2.8	2.0	1.1	-3.2	0.7
Consumer Prices %yr	2.6	3.4	3.2	2.9	3.8	-1.4	1.2
Unemployment Rate %	5.5	5.1	4.6	4.6	5.8	9.2	10.6
Current Account %GDP	-5.7	-6.1	-6.0	-5.3	-4.7	-2.9	-3.1
<b>Japan</b>							
Real GDP %yr	2.3	1.9	2.8	2.3	-0.9	-4.3	0.8
Consumer Prices %yr	-0.1	-0.3	0.2	0.1	1.4	-1.1	-0.6
Unemployment Rate %	4.5	4.4	4.1	3.9	4.0	5.1	6.6
Current Account %GDP	3.3	3.6	3.9	4.8	3.2	2.5	2.4
<b>Euroland</b>							
Real GDP %yr	1.9	1.8	3.0	2.6	0.7	-3.8	0.0
Consumer Prices %yr	2.1	2.5	2.0	3.1	1.6	0.5	0.7
Unemployment Rate %	9.0	8.8	7.9	7.3	7.8	9.0	9.5
Current Account %GDP	0.0	-0.2	-0.5	0.0	-0.2	0.0	0.4
<b>United Kingdom</b>							
Real GDP %yr	2.8	2.1	2.8	3.0	0.7	-4.4	-0.1
Consumer Prices %yr	1.3	2.1	3.0	2.1	3.5	1.0	1.2
Unemployment Rate %	2.8	2.8	3.0	2.5	3.1	4.5	5.5
Current Account %GDP	-1.9	-2.6	-3.0	-2.8	-2.3	-6.0	-5.5

Forecasts finalised 8 May 2009

Interest Rate Forecasts	Latest (Jun 2)	Jun-09	Sep-09	Dec-09	Mar-10	Jun-10
<b>Australia</b>						
Cash	3.00	3.00	2.50	2.00	2.00	2.00
90 Day Bill	3.16	3.10	2.60	2.30	2.30	2.30
10 Year Bond	5.46	5.20	4.50	4.25	4.50	5.00
<b>International</b>						
Fed Funds	0.125	0.125	0.125	0.125	0.125	0.125
US 10 Year Bond	3.67	3.50	3.00	3.55	3.75	4.00
ECB Repo Rate	1.00	1.00	1.00	1.00	1.00	1.00
<b>Exchange Rate Forecasts</b>						
AUD/USD	0.8104	0.78	0.70	0.68	0.72	0.74
USD/JPY	96.57	94	91	93	98	101
EUR/USD	1.4161	1.39	1.35	1.31	1.33	1.35
AUD/NZD	1.2483	1.27	1.32	1.33	1.33	1.32

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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.