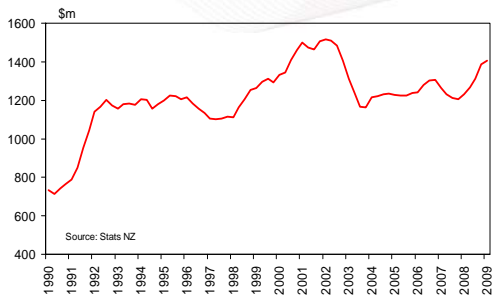


Economic Outlook

Westpac Bank

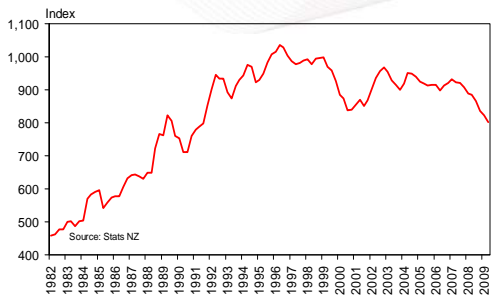
1

Annual Fish (& fish prep) Exports, \$m



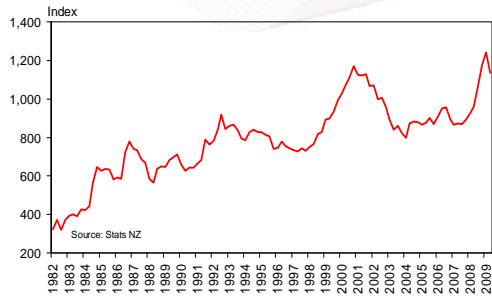
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Volume of Fish exports



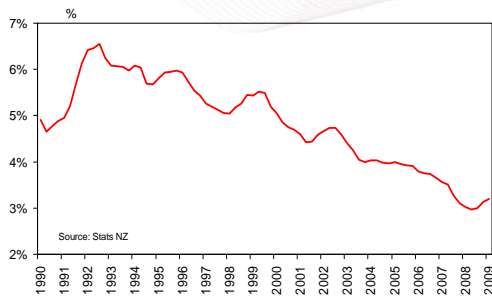
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Fish: Export Price Index (NZD)



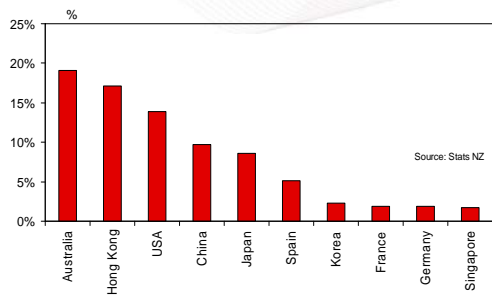
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Fish: Share of Total Goods Exports



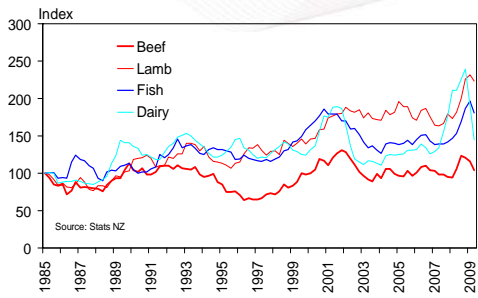
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Fish: Main Market Share



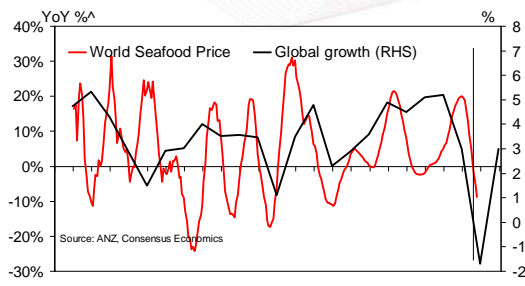
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NZD Export Price



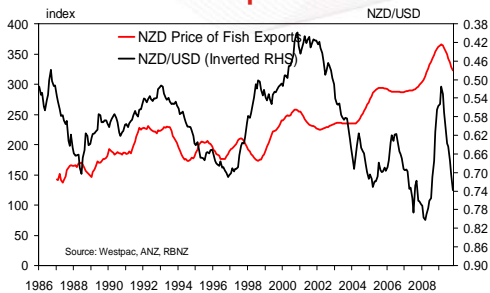
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World seafood price volatile



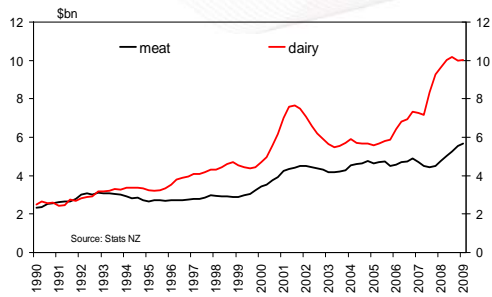
8

Currency / competitiveness NZD Price of Fish Exports v NZD:USD



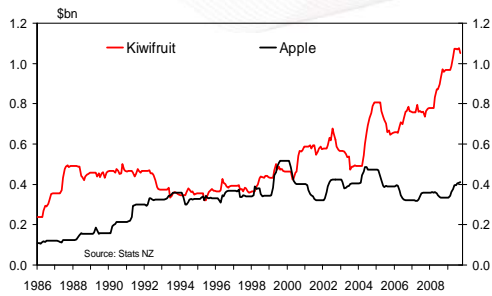
9

Export Revenue



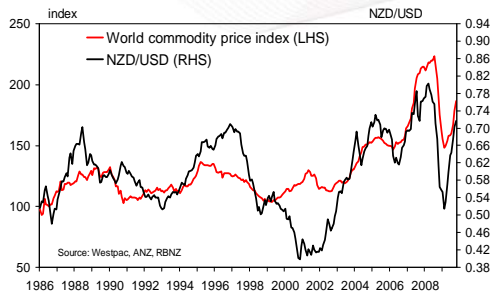
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Export Revenue



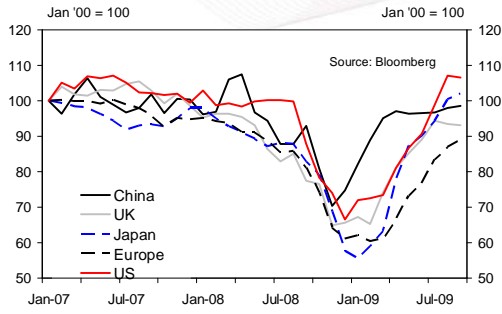
14

NZD: commodity currency



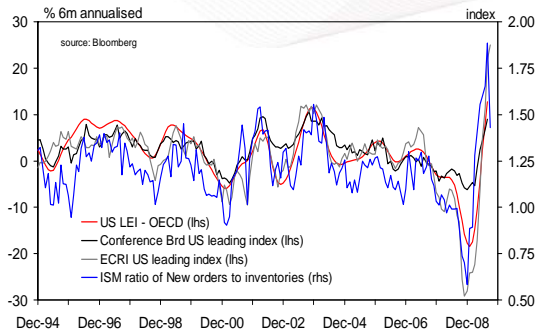
15

Manufacturing PMIs



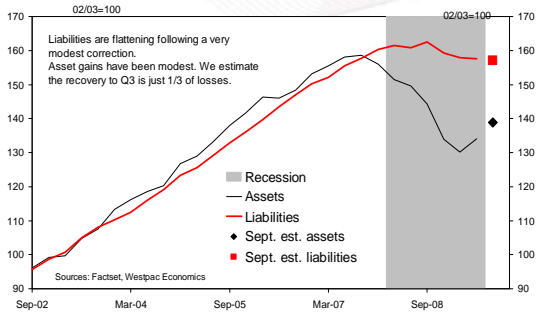
16

Leading indicators still pointing to "V"



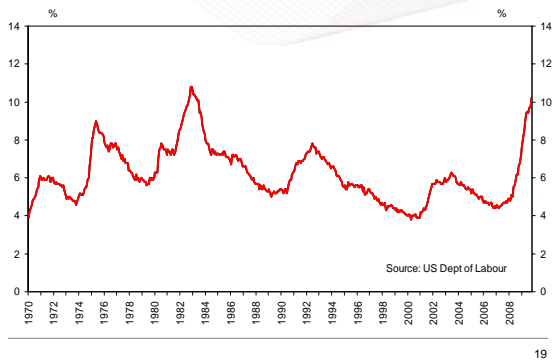
17

US household assets rose \$2trn in Q2 but the balance sheet hole is still huge

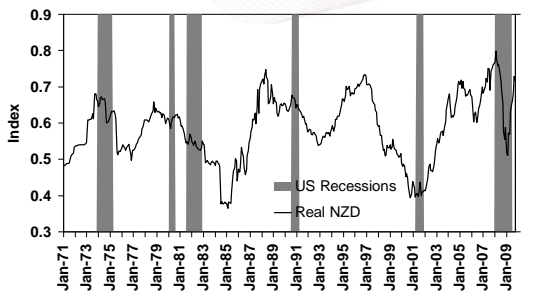


18

US Unemployment Rate

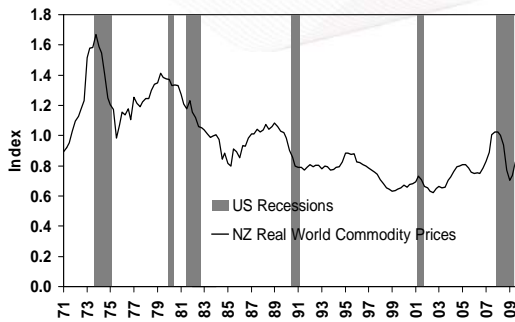


Real NZD and US recessions



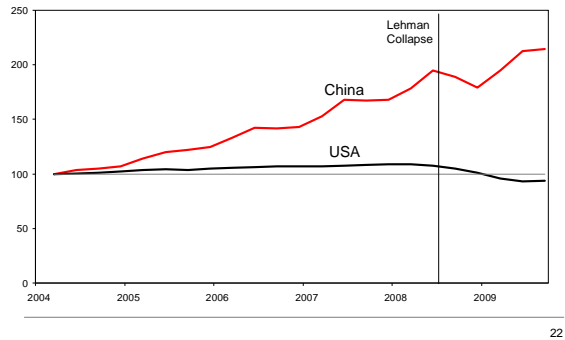
20

NZ Real World Commodity Prices and US recessions



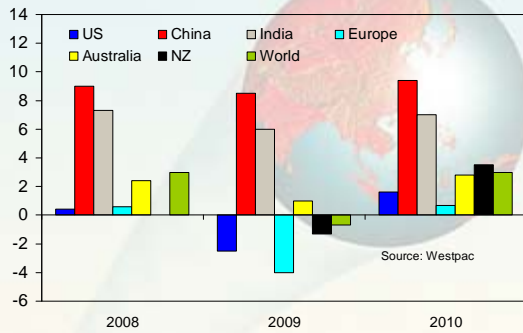
21

Industrial Production, China and USA



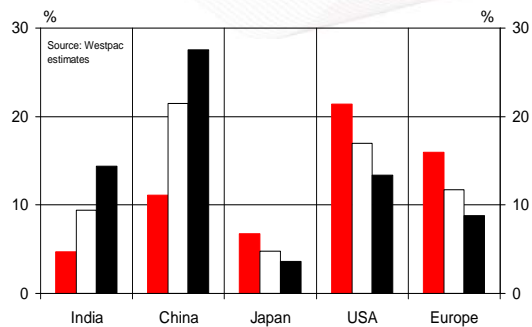
22

World growth forecasts



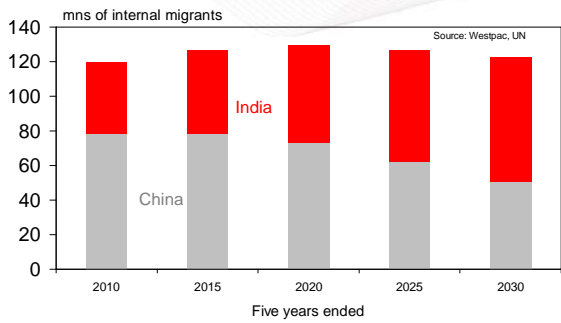
Source: Westpac

Shares of global output, 2008, 2020 & 2030



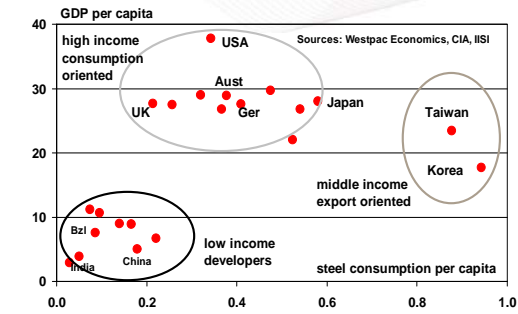
24

Urbanisation in Asia rolls on



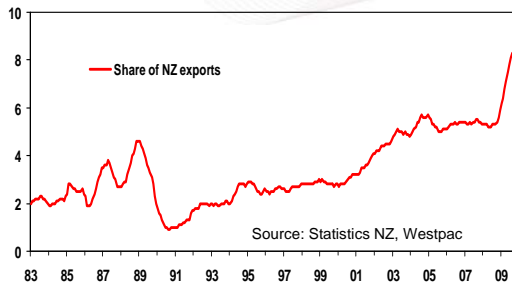
25

Steel consumption & level of development



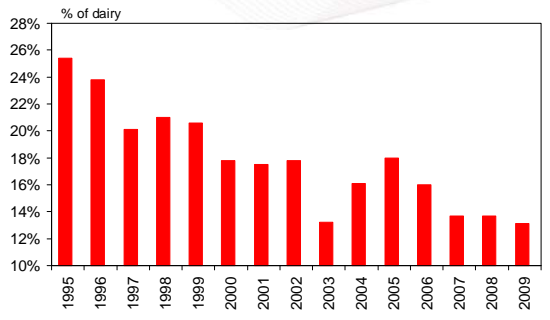
26

China's share of NZ goods exports



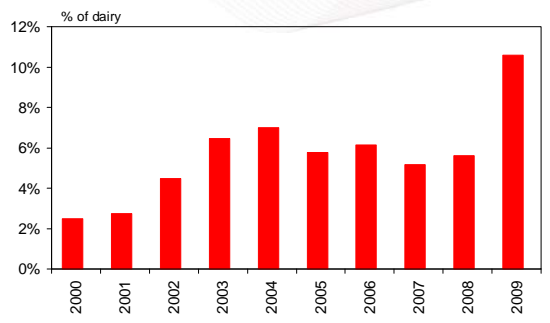
27

G7 losing share of NZ dairy exports



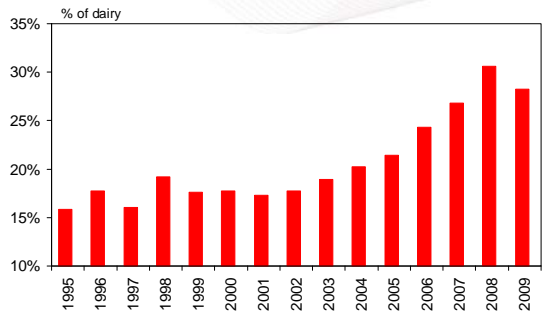
28

China gaining share of NZ dairy exports



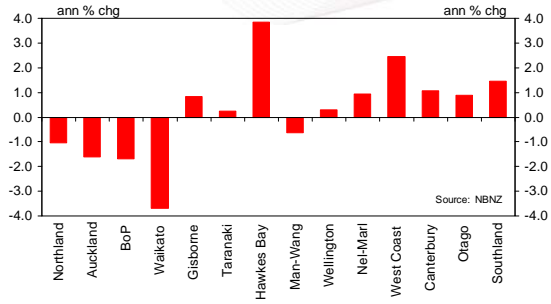
29

Petro-economies demanding dairy



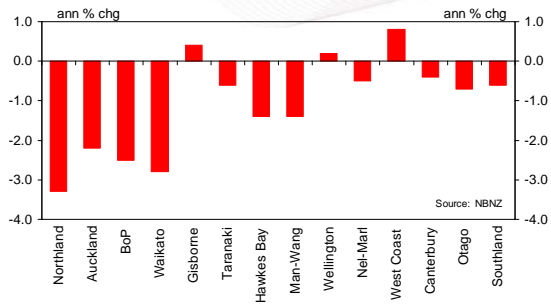
30

Regional Growth, June 08
North bore the brunt



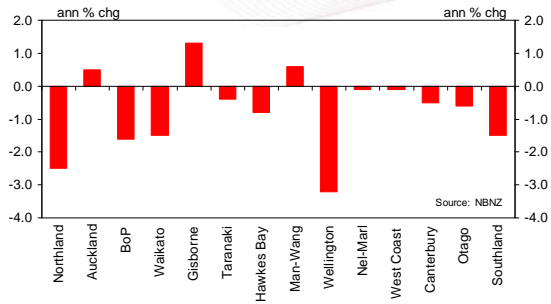
31

Regional Growth, Mar 09
Everyone sharing the pain



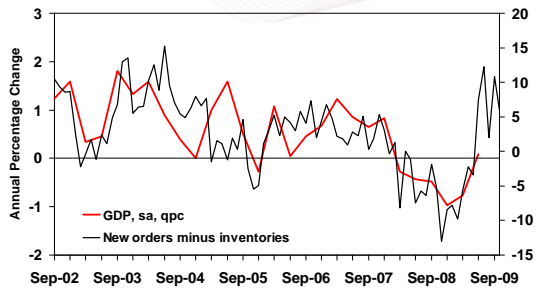
32

Regional Growth, Sep 09
Auckland leads recovery



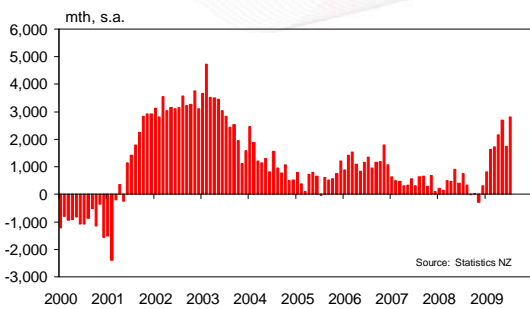
33

NZ PMI: new orders minus inventories - suggest production pick up



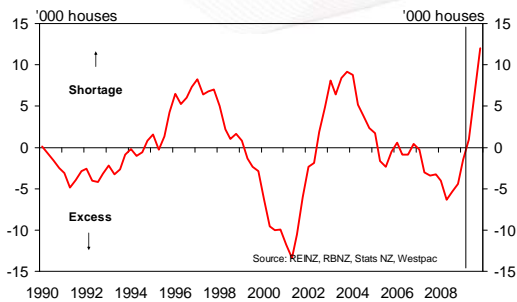
34

Net migration to New Zealand



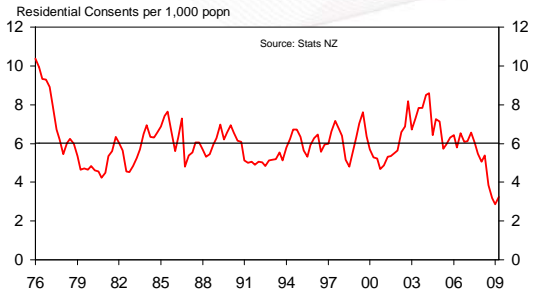
35

Severe housing shortage by end of 2009



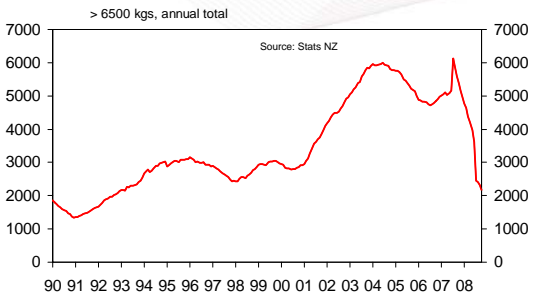
36

**RBNZ questioning sustainability of growth.
I'd question sustainability of downturn!**



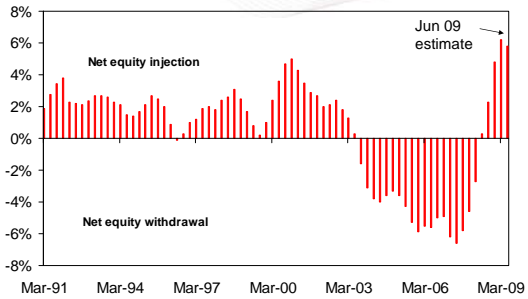
37

Heavy Truck Registrations



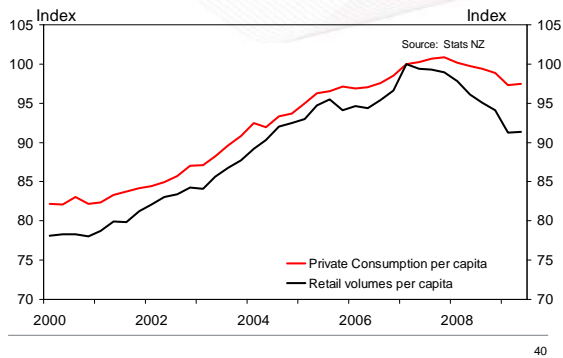
38

Housing equity withdrawal
Annual total, % of household disposable income

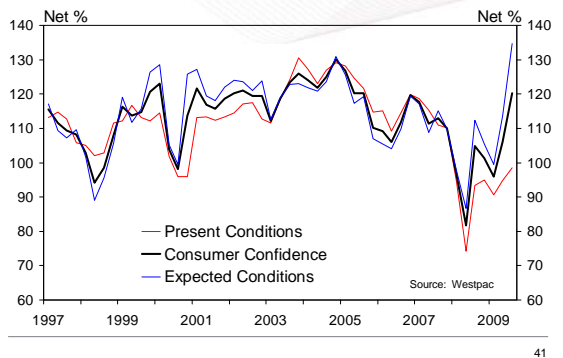


39

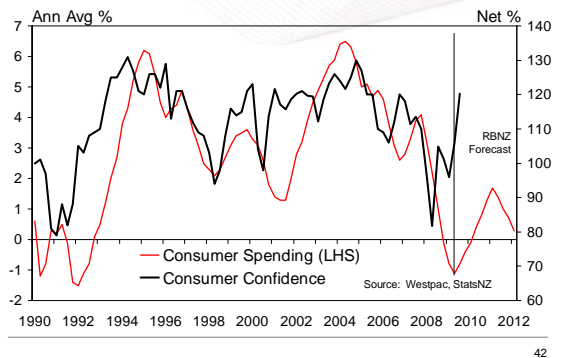
Severe consumer retrenchment



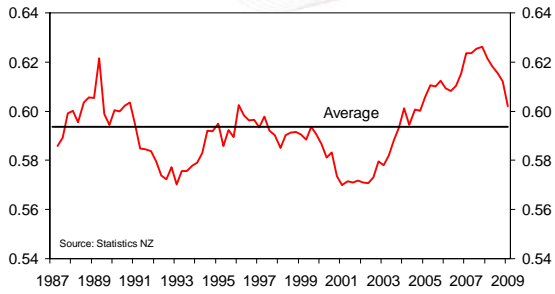
Consumers optimistic: for the future



Consumer spending vs consumer confidence

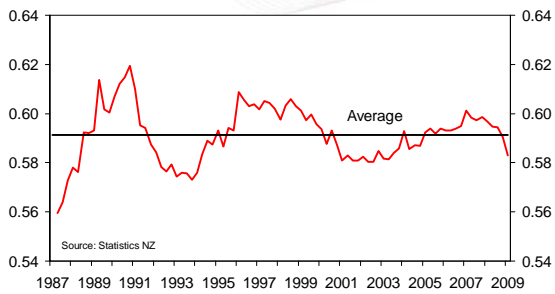


Real household consumption as a share of trend real GDP



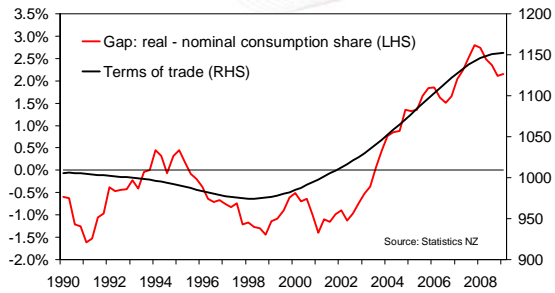
43

Nominal household consumption as a share of trend nominal GDP



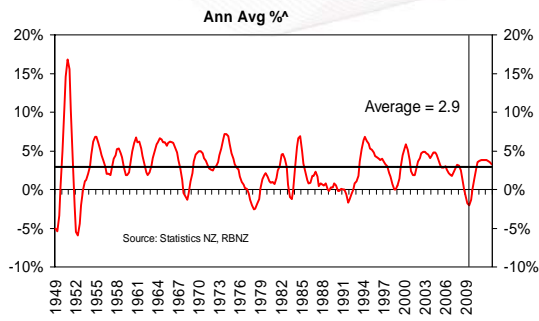
44

Real minus nominal consumption shares versus trend terms of trade



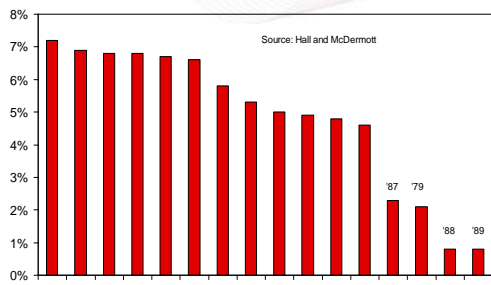
45

NZ real GDP growth since WW2



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Distribution of post 1950 recovery peak growth rates



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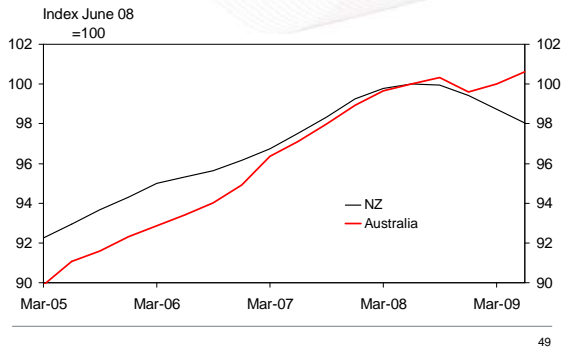
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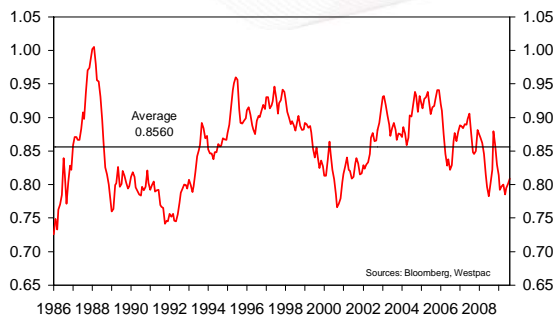
© 2007 Westpac Banking Corporation.

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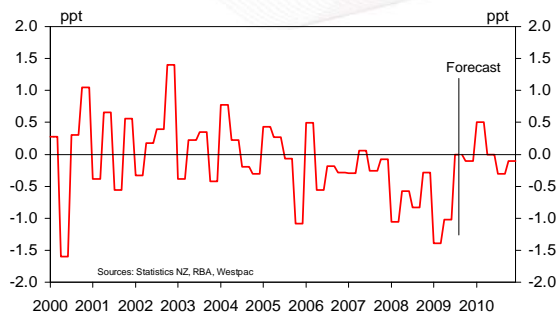
NZ v Aussie GDP: only one had a sidestep



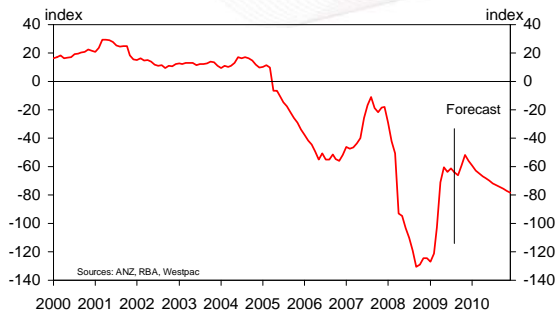
Inflation-adjusted NZD/AUD August 2009 dollars



Relative GDP growth, NZ less Aus

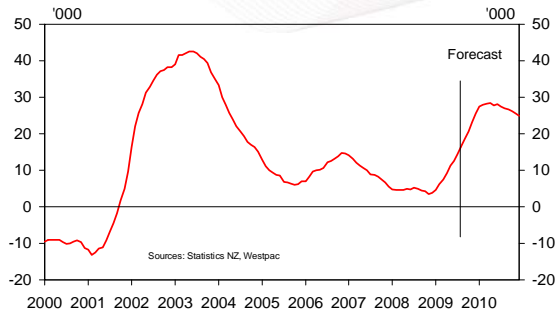


Relative commodity prices, NZ less Aus



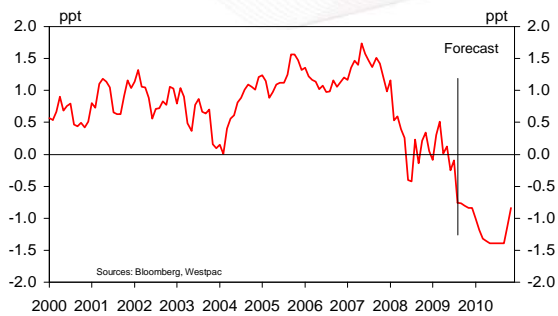
52

NZ annual migration



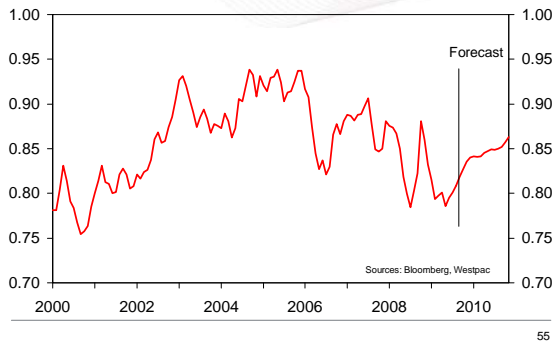
53

2-year swap spread, NZ less Aus

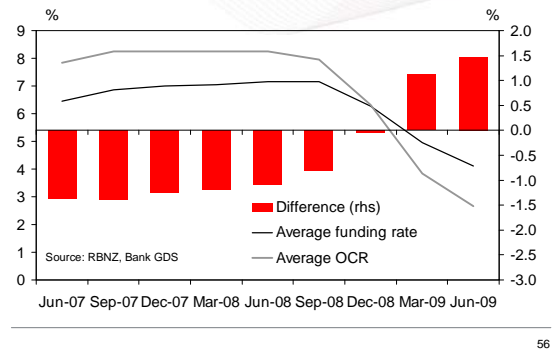


54

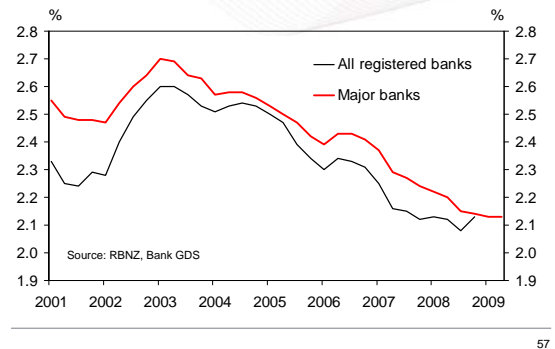
Actual and forecast NZD/AUD



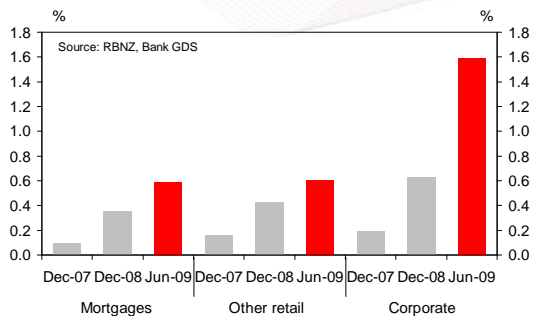
Average cost of funding vs OCR



Net interest margins have contracted

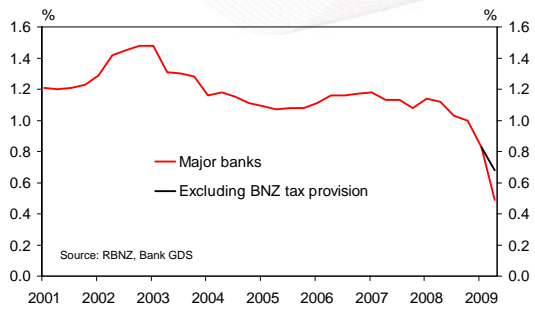


Impaired assets as a % of loans



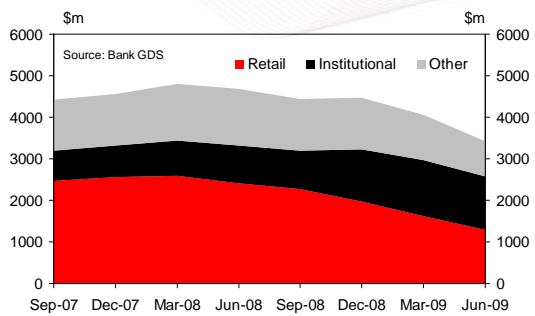
58

Return on assets for major banks



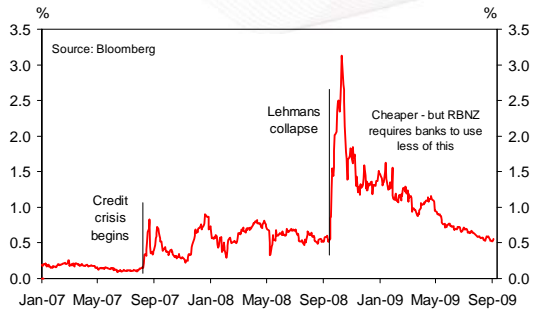
59

Pre-tax profits by business segment



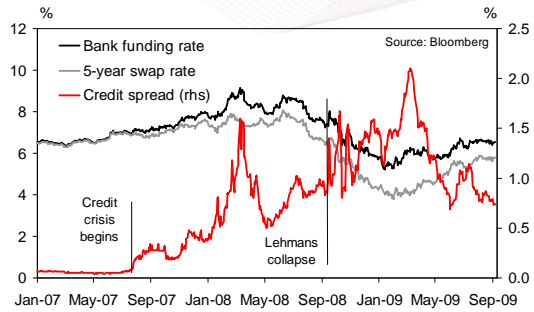
60

Cost of offshore short-term borrowing



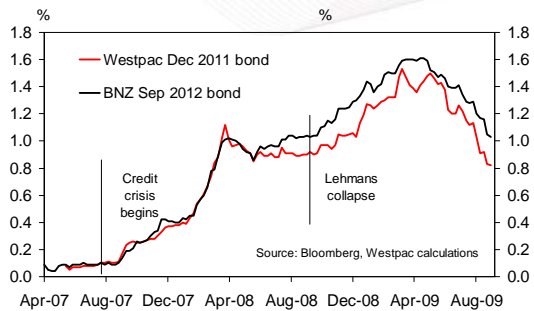
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Cost of long-term funding for Australian banks



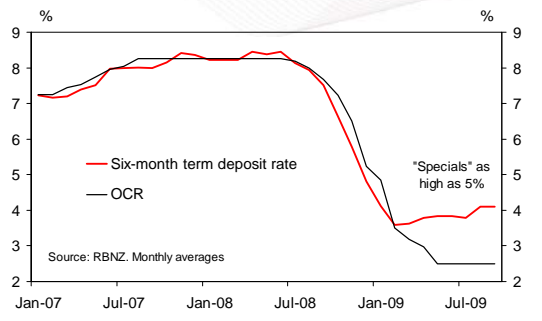
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NZ bank bond yields over swap



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Term deposit spreads are rising



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