

# Australian weekly

week beginning 29 June 2009

- Australia: We have revised our RBA view – low point now 2.5%.
- Australian data: May private credit, retail sales, building approvals and trade balance previewed.
- NZ data: merchandise trade, building consents, business and employment confidence previewed.
- US employment report: larger payrolls fall expected in June.
- Other US data: house prices, Chicago PMI, consumer confidence and manufacturing ISM.
- ECB to leave repo rate unchanged while assessing impact of QE.
- Key economic & financial forecasts.

Information contained in this report was current as at 26 June 2009

# We have revised our RBA view – low point now 2.5%

We have revised our forecast for the employment profile and accordingly slightly adjusted our interest rate view. While we still expect that the RBA will keep rates on hold through 2010 we no longer expect that 2% will be the low point in the cycle for the cash rate. We have raised that low point to 2.5%, now expecting the RBA to limit its rate cuts to 2 x 25 bp's cuts over the course of the remainder of 2009. These cuts are likely to be spaced with 2/3 month gaps.

Reasons for these changes are:

1. We now expect that the point beyond which the unemployment rate will stop rising quickly will be much earlier in 2010 than previously expected. That is because our lead indicators of employment growth have bottomed out 3–6 months earlier than originally expected (detailed research report to follow). Previously, we expected that the unemployment rate could be rising by around 1ppt in the first half of 2010 whereas we now expect that the increase will be limited to around 0.5% with minimal increase in the second half of 2010. We have lowered the expected peak in the unemployment rate to 8.1% compared to 8.6% previously.

The period of sharpest increase in the unemployment rate (around 2ppt's) will be concentrated in the second half of 2009 and it will be at that time that we expect the Bank will recognise the need to restore some confidence with some further monetary easing. If it decides not to move around that time then it is likely that we will have seen the end of the cycle.

We expect that pressure on the Bank to cut more extensively in the earlier months of 2009 was resisted since the Bank planned to retain some flexibility to be seen to be acting when the unemployment rate is rising quickly. That period is likely to be centred around the second half of 2009.

With unemployment not increasing as rapidly through 2010 as previously expected, the risk of an earlier than previously expected beginning to the rate hike cycle has increased but on balance we expect that other factors including continuing weak global economic conditions and sluggish domestic spending (growth rate in 2010 expected to be 1%) will contain the need to raise rates. While not increasing the unemployment rate will be hovering around 8%; business investment will still be contracting and the output gap will therefore remain wide allowing plenty of scope for an acceleration in growth in 2011 to be required just to close the output gap let alone pressure inflation.

We would only see the unemployment rate remaining around that 8% level in the first half of 2011.

2. We had expected that, given the muted response by the banks to the RBA's 0.25% rate cut in April, (only passed on 10 bp's to variable mortgage rates) the RBA may have decided that traction could only be achieved by a larger rate cut. We had pencilled in a 50 bp cut around September. However, the strong response of finance approvals to the rate cuts (up 30%) and some precautionary comments from the Governor in a recent speech warning against excesses in the First Home Buyer segment (an extraordinary 70% of the growth in finance approvals) makes it likely that the urgency to further stimulate the housing markets has passed for now.

The concern is that whereas the overall response of approvals to the rate cuts has been stronger than in previous rate cut cycles (hardly surprising given the extent of the cuts) the larger more stable components – upgraders and investors – have lagged in this cycle. It has been largely driven, at this stage, by FHB's who are likely to be dropping off as prices in their price brackets rise and the increased Grant is phased out from September.

Our recent survey showed that those respondents in higher age brackets and higher incomes remain deeply concerned about the outlook for house prices which may constrain their preparedness to participate in the housing recovery.

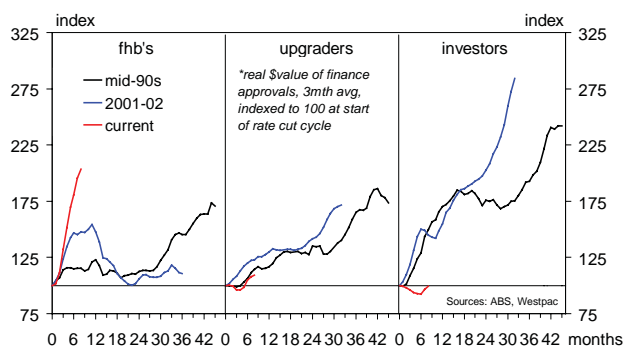
Not so for business. The RBA should be worried about the expected sharp contraction in business investment as the credit crisis and excess capacity weigh on investment plans.

In a recent report, the RBA points out that small business borrowing rates have been reduced by 230bp's compared to 385bp's for standard variable mortgage rates. Further, given that the markets have not priced in future rate cuts, any rate cut from the RBA would be largely priced into the bank bill rate. That would immediately help variable rate business borrowers and lower the funding costs of banks where wholesale funding costs and some retail deposit rates are directly linked to the bank bill rate or the cash rate.

3. We expect that the pace of consumer spending will slow to a trickle in the second half of 2009. The fading of the fiscal stimulus package; a contraction in labour incomes as unemployment rises and hours worked contracts; and reduction in consumer confidence (as the unemployment rate rises) will all weigh heavily on consumer spending. Concerns with the tractability of the recovery which to date has been supported by the fiscal stimulus and record rate cuts may also result in further rate cuts.

Bill Evans, Chief Economist

## Housing finance upturns: comparison



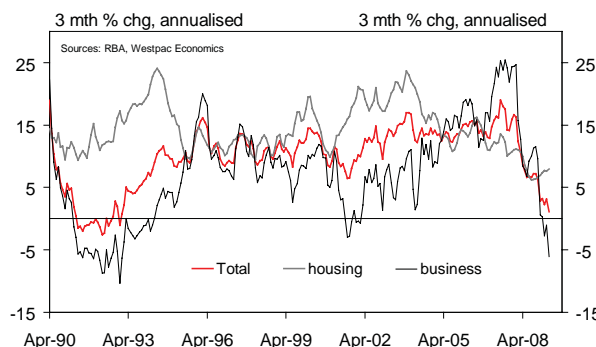
# Data previews

## Aus May private credit

**Jun 30, Last: 0.1%, WBC f/c: 0.1%**  
**Mkt f/c: 0.2%, Range: 0.0% to 0.5%**

- Private credit rose by just 0.1% in each of the last three months. A similar outcome is likely in May. That would lower annual growth to 4%, down from 16% at the start of 2008.
- The positive is that housing credit growth is strengthening, as new lending (housing finance) rebounds in response to a 41 year low in variable mortgage rates and the enhanced First Home Buyer scheme. Housing credit growth is now running at around an 8% annualised pace, after briefly dipping to less than 6½% annualised last August.
- However, business credit (representing a little less than 40% of total credit) is contracting, declining by 1.6% over the last three months. The downturn has some way to run with firms reducing expenditure in response to the recession.

## Credit: business cutting back

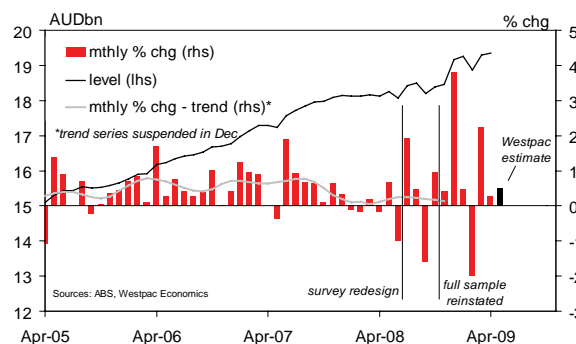


## Aus May retail trade

**Jul 1, Last: 0.3% (sa, trend series suspended), WBC f/c: 0.5%**  
**Mkt f/c: 0.5%, Range: -2.0% to 1.5%**

- Retail sales rose 0.3% in April after a 2.2% rise in March. Sales are up 6.8%yr and are 4.8% higher than their November level last year (i.e. prior to fiscal stimulus payments).
- Uncertainty over the impact of the Govt's second round of fiscal payments and the flow through to spending continues to make forecasting extremely difficult. Govt spending figures show the bulk of the payments were disbursed by April, implying a sharp wind-down through May-June. However, we suspect the payments made in March-April would have continued to support retail sales in May – a view corroborated by anecdotal reports of strong sales. A steady rally in consumer sentiment would also have helped.
- Overall we expect a 0.5% rise in sales but the risks around this clearly remain large, with a big wind-down looming from June.

## Monthly retail sales

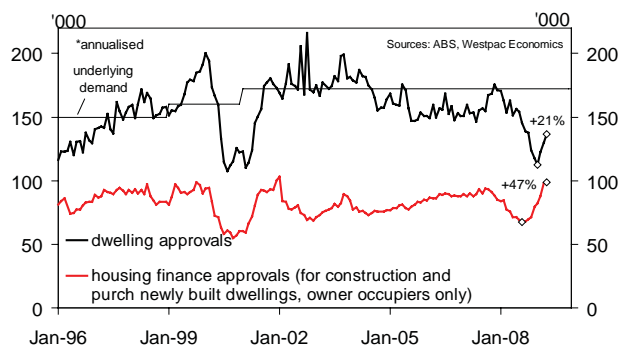


## Aus May dwelling approvals

**Jul 1, Last: 5.1%, WBC f/c: 2.0%**  
**Mkt f/c: 3.3%, Range: -2.5% to 7.0%**

- Dwelling approvals rose strongly by 5.1% in April with significant upward revisions to previous months. The gain brings approvals more in line with the strong increases signalled by other indicators.
- However, there is still a way to go. Housing finance approvals for the construction & purchase of newly built dwellings for example are up well over 40% from their mid-2008 lows. Dwelling approvals by comparison are up just 21%. There is unlikely to be a one-for-one mapping between the two, but something a little closer is to be expected.
- We are forecasting a solid 2% rise in approvals for May. However, there has been a tendency over the last six months for gains in approvals to appear in revised figures rather than original estimates (due to late survey returns).

## Dwelling approvals vs housing finance



# Data previews

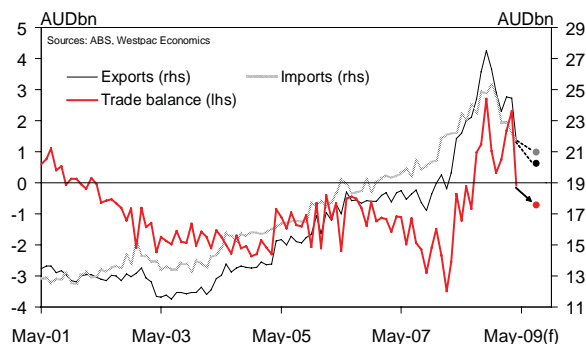
## Aus May international trade balance, AUDbn

Jul 2, Last: **-\$0.09bn**, WBC f/c: **-\$0.7bn**

Mkt f/c: **-\$0.125bn**, Range: **-\$1.0bn to +\$1.0bn**

- The trade balance returned to deficit in April for the first time since July 2008, falling from a \$2.302bn surplus to a \$0.091bn deficit. Exports saw a price-led 11.3% collapse, with the ABS incorporating a 20% estimate for the iron ore price fall from March to April. The hit to bulk export prices has driven total exports into a downtrend at  $-2.5\%$  mth, with the non-rural trend at  $-3.8\%$  mth, despite recent gains in volumes. Imports fell 1.7% (5th straight fall) as a 7.3% higher AUD hit prices, leaving them in a downtrend ( $-2.0\%$  mth led by capital goods).
- While better China demand argues for higher non-rural volumes, further significant price weakness (RBA NR index fell 10.7%) and a large SAdj drag gives a 10% non-rural export fall, and  $-6.6\%$  for total exports. Merchandise import data implies a partially offsetting 4.7% price-led fall in goods, with total imports  $-3.8\%$ , widening the deficit to \$700mn.

## Price driven NR X weakness outweighs M fall

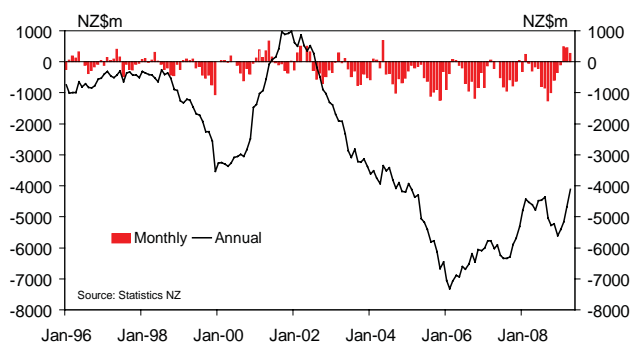


## NZ May merchandise trade NZDm

Jun 29, Last: **276**, WBC f/c: **490**

- The trade balance has moved well into surplus territory over recent months. Imports have crashed as consumers spend less, especially on big-ticket imports like cars, and as firms invest less. Meanwhile, export receipts have held up as commodity prices have stabilised at around trend levels.
- May is typically the strongest month for trade surpluses, as exports peak but imports are at their lowest. Our forecast reflects both the trend toward strong trade surpluses and the normal seasonal pattern.
- Car imports have recovered, but remain very weak compared to a year ago, so the import bill will still be low. On the export side, another new oil field coming online, combined with improved commodity prices, should lead to a strong month.

## NZ merchandise trade balance

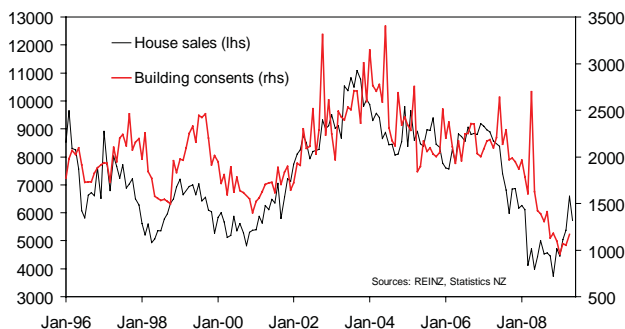


## NZ May building consents s.a.

Jun 29, Last: **11.2%**, WBC f/c: **3.0%**

- Dwelling consents rose strongly in April, but this followed a prolonged period of weakness. And with just over 1,100 consents being issued per month, the number of new homes being built is below that required to keep pace with population growth, especially with net migration surging in recent months.
- Combined with historically low mortgage rates and the marked increase in home sales in recent months, there is a clear signal new home construction needs to pick up the pace. As such, another lift in consents is expected in May.
- The trend in non-residential consents continued lower in April, producing the seventh consecutive decline. While recent business confidence surveys have painted a horrendous picture for the non-residential market, the latest NBNZ business survey recorded a strong rise in confidence in commercial construction, although it remains net negative.

## Housing activity monthly, seasonally adjusted



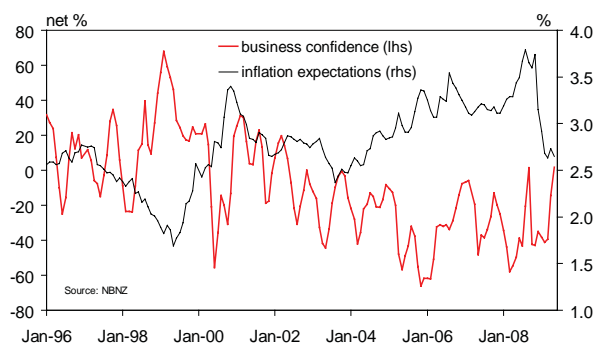
# Data previews

## NZ Jun NBNZ business confidence

Jun 30, Last: 1.9%

- Headline confidence rose sharply again in May, reaching positive territory for only the second time in the last seven years. However, while most of the details of the survey improved, they remained weaker than in previous recessions.
- Some recent negative factors could see confidence ease back slightly this month. House sales eased in May in seasonally adjusted terms as long-term mortgage rates continued to rise, and Fonterra's first estimate of the payout for the 2009/10 season was at the low end of expectations at \$4.55/kg. On the other hand, the 1 April tax cuts and surging net migration have provided some support to consumer spending.
- The survey results in April and May were broadly consistent with a 0.5% decline in Q2 GDP, compared to the RBNZ's most recent forecast of -0.3%. We are likely to revise up our current forecast of -1.0%.

## NBNZ business confidence

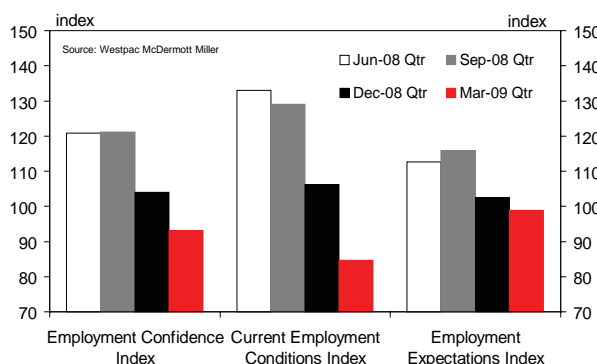


## NZ Q2 employment confidence index

Jul 1, Last: 93.2

- Employment confidence took a hammering in Q1, as concerns around current employment conditions reached fever pitch, and expectations of future conditions worsened.
- Since March, the news on the employment front hasn't worsened but neither has it improved. Business surveys suggest layoffs will continue to rise, and evidence suggests that wage growth is slowing fast.
- That said, employment confidence has already collapsed in the past six months. Moreover, the recent lift in consumer confidence suggests a stabilisation in views around the labour market may have occurred.

## NZ Employment Confidence Indices

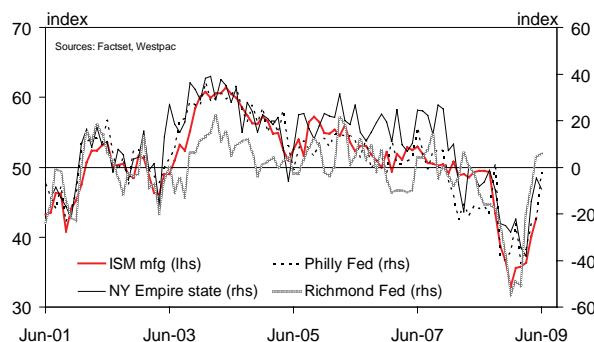


## US Jun ISM factory index

Jul 1, Last: 42.8, WBC f/c: 44.5

- Over the past few months, all the US business surveys have shown varying degrees of improvement, as fears of economic Armageddon around the turn of the year have been replaced by concerns about a more 'normal' recession. The ISM factory index bottomed at 32.9 in Dec but steadily recovered to 42.8 in May (still consistent with significant industrial contraction).
- The regional surveys available so far for June have mostly continued this trend: Philly Fed was less negative and Richmond Fed indicated industrial expansion for the second month running. The exception was a modest pull-back in the NY Fed after May's steep jump. These signals, and back to back durable orders growth in April-May, point to a further rise in the national ISM factory index for Jun, though we expect it to remain in negative (sub 50) territory for some time yet.

## US factory surveys bottoming out?



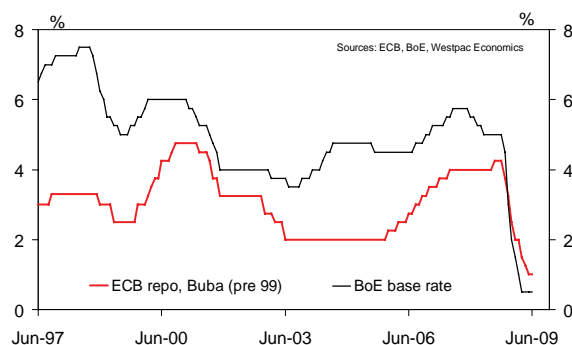
# Data previews

## European Central Bank rate decision

Jul 2, ECB Last: 1.0%, WBC f/c: 1.0%

- Unlike in the US and the UK, European economic data do not yet make a convincing case that the pace of economic contraction has moderated substantially from the 1.8% & 2.5% slumps recorded in Q4 and Q1 respectively. While some business surveys show less pessimistic growth expectations, most measures of current activity remain around historic lows.
- The ECB has not ruled out further cuts in its repo rate, but recent policy action has been on different fronts. It is about to embark on its €60bn covered bond purchase program, and its so-called "stealth easing" on June 24 represented its biggest ever single day market operation where €442bn of 1 year funding was provided to all bidders at the official repo rate of 1.0%. We suspect the ECB will wait to assess the impact of these measures before contemplating a further repo rate cut.

## ECB & BoE policy rates



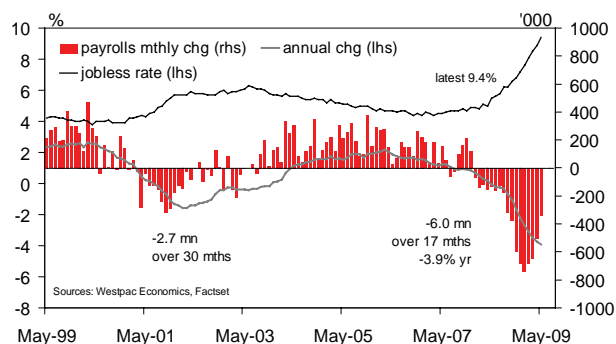
## US June non-farm payrolls to fall by 400k

Jul 2, Payrolls Last: -345k, WBC f/c: -400k

Jul 2, Unemployment Last: 9.4%, WBC f/c: 9.6%

- The monthly payrolls decline reached 741k in January, but losses have moderated since then, and in May the decline was 345k.
- However that outcome looked a little out of line with other labour market indicators, which have shown some improvement since the start of this year, but perhaps not as much as the payrolls report found. Initial jobless claims peaked at 674k in late March but by late June were still holding well above 600k. Business surveys were reporting a rapid pace of job shedding late in Q2, consistent with ~400k payrolls losses. The ADP payrolls estimate found 532k private sector job losses in May compared to 338k in BLS report.
- For these reasons we expect June payrolls to fall by a somewhat larger 400k, with a further rise in the jobless rate to 9.6%.

## US jobs market: losses moderating



# Key data & event risk for the week ahead

		Last	Market median	Westpac forecast	Risk/Comment
<b>Mon 29</b>					
NZ	May merchandise trade NZDm	276	250	490	Continuing trend of trade surpluses.
	May building consents s.a.	11.2%	-	3.0%	Risk is for another large bounce in dwelling consents this month.
Jpn	May industrial production	5.9%	6.9%	-	De-stocking mature, but some sectors are more equal than others.
	May retail sales %yr	-2.8%	-2.7%	-	Retail sales hit by both declining incomes and job insecurity.
Eur	Jun retail PMI	47.1	-	-	Early clue to official retail data.
	Jun business climate index	-3.17	-	-3.10	Most surveys have bottomed out but improvement relatively muted.
	Jun consumer confidence	-31	-30	-30	Bottomed out at -34 in March.
	Jun economic confidence	69.3	71.0	70.0	Off its March low but improvement constrained by ongoing recession.
UK	May net consumer credit £bn	0.3	0.3	-	Waiting for further signs that households are starting to borrow again.
	May net mortgage lending £bn	1.0	1.0	1.2	Bank data points to renewed gain in home loan approvals in May.
	Jun GfK consumer confidence	-27	-25	-25	Households are sending message that things might be past their worst.
US	May Chicago Fed national activity index	-2.06	-	-	Compilation of 80 different indicators into one data series.
	Jun Dallas Fed factory index	-21.5	-	-16.0	The regional surveys are all strengthening, to varying extents.
<b>Tue 30</b>					
Aus	May private credit	0.1%	0.2%	0.1%	Slowed considerably as business credit contracts. Housing improving.
NZ	Jun NBNZ business confidence	1.9%	-	-	Could ease slightly after sharp gains in April and May.
Jpn	May household spending %yr	-1.3%	-1.3%	-	Inflation adjusted but super volatile. Won't recover until incomes do.
	May unemployment rate	5.0%	5.2%	-	Jobs-to-applicants ratio points to an ongoing rise in joblessness.
	Jun Nomura PMI	46.6	-	-	Basically in line with other major economy manufacturing surveys.
	Jun small business confidence	34.1	-	-	Clearly, now is not the time to be a manufacturing sub-contractor.
	May cash earnings %yr	-2.7%	-3.0%	-	With profits collapsing, bonuses will shrink, as will regular pay.
	May housing starts %yr	-32.4%	-27.7%	-	Weakness is extreme given the absence of a boom level to fall from.
	May construction orders %yr	-25.9%	-	-	Commercial property in hibernation, but public works may help soon.
Kor	May industrial production %yr	-8.2%	-	-	Ex Chindia, this is one of the more impressive annual rates out there.
Inr	Q1 current account USDbn nsa	-14.6	-	-	March quarter traditionally shifts to surplus for seasonal reasons.
Eur	May money supply M3 %yr	4.9%	4.6%	4.7%	Took deep recession for M3 growth to near ECB's 4.5% reference rate.
	Jun CPI flash estimate %yr	0.0%	-0.2%	-0.2%	Inflation to dip temporarily below 0%, mainly due to base effects.
Ger	May retail sales	0.5%	-0.1%	0.0%	Retail PMI weaker in May.
	Jun unemployment chg	1k	40k	-	Statistical changes held May rise to just 1000.
UK	Q1 GDP final revision	-1.9% a	-2.2%	-1.9%	Not usually revised but risk to downside.
	Q1 current account deficit £bn	-7.6	-6.0	-	Has narrowed from £14bn peak in late 2006.
US	Apr house prices %yr	-18.7%	-18.8%	-	S&P-CS series. Realtor data point to steeper annual price declines.
	Jun Chicago PMI	34.9	38.5	39.0	The regional surveys are all strengthening, to varying extents.
	Jun CB consumer confidence	54.9	55.2	56.0	Householders sensing that downward eco momentum is easing.
	Jun Milwaukee PMI	43.0	-	46.0	The regional surveys are all strengthening, to varying extents.
Can	May industrial product prices	-0.5%	-0.6%	-	Apr saw first decline for the year so far.
	Apr GDP	-0.3%	-0.1%	-	Down for eight months running already.
<b>Wed 1</b>					
Aus	Jun AiG PMI	37.5	-	-	Manufacturing contracting. Index up 7.4pts in May, highest since Oct.
	May retail sales	0.3%	0.5%	0.5%	Supported by govt payments, firming sent. Policy boosts unwind from Jun.
	May building approvals	5.1%	3.3%	2.0%	<u>Housing finance points to continued resurgence.</u>
NZ	Q2 employment confidence index	93.2	-	-	Consumer confidence suggests some stabilisation in labour outlook.
Jpn	Q2 Tankan large manufacturing	-58	-43	-45	At the margin, conditions have improved, with sales stabilising.
	Q2 Tankan large non-manufacturing	-31	-27	-31	Non-manuf will not see the gains expected for their manuf. brethren.
	May bank lending %yr	3.0%	-	-	Still rather high relative to just about every other activity indicator.
Chn	Jun NBS PMI	53.1	-	53.3	Public sector component explains the premium over the CLSA.
	Jun CLSA PMI	51.2	-	52.0	Grinding its way higher as narrow revival broadens its reach.
Eur	Jun PMI factory final	42.4 a	42.4	42.4	Revisions usually minor.
UK	Jun house prices %yr	-16.3%	-	-	Tentative date for HBoS index, due 1-10/7.
	Jun PMI factory	45.4	46.0	46.0	Still contracting but at slower pace.
US	Jun corporate layoff announcements	111k	-	-	Down from 241k peak in Jan.
	Jun ADP private payrolls chg	-532k	-375k	-	Did not warn of official payrolls improvement in May.
	Jun ISM factory	42.8	44.0	44.5	Regional surveys mostly point to less steep contraction in June.
	May construction spending	0.8%	-0.5%	0.5%	Starts and sales both up in May.
	May pending home sales	6.7%	1.1%	-	Early clue to June existing home sales - rising mortgage rates a factor?
	Jun auto sales mn annualised	9.9	9.8	-	Finding a base just under 10mn.
<b>Thu 2</b>					
Aus	May international trade balance, AUDbn	-0.09	-0.125	-0.7	Weak NR X prices & SAdj drag for 6.6% X fall; M -3.8% on prices (\$A).
NZ	Jun ANZ commodity prices	2.7%	-	-	Moderate increase in world prices expected, down in NZD terms.
Sing	Jun PMI	51.2	-	-	Electronics tracking above the total as regional trade stirs.
Eur	May unemployment rate	9.2%	9.3%	9.5%	Heading to 10% before year end.
	May producer prices %yr	-4.6%	-5.6%	-5.2%	Base effects will continue pulling annual rate lower until July.
	ECB rate decision	1.0%	1.0%	1.0%	ECB to withstand pressure to cut rates further.
UK	PMI construction	45.9	-	46.0	Construction still contracting but at a slower pace.
US	Jun non-farm payrolls chg	-345k	-370k	-400k	Out a day early due to Friday holiday. Jobs downtrend still slowing but we expect a slightly steeper Jun payrolls decline. See text box.
	Jun unemployment rate	9.4%	9.6%	9.6%	Watch out for downward distortion from auto sector summer layoffs.
	Initial jobless claims w/e 27/6	627k	-	610k	
	May factory orders	0.7%	0.2%	2.0%	Durables known up nearly 2%, non-durables up due to price rise.
<b>Fri 3</b>					
Aus	Jun AiG PSI	39.9	-	-	Services sectors contracting, broad based weakness. Index flat in May.
Eur	Jun PMI services final	44.5 a	44.5	44.5	Revisions usually minor.
	May retail sales	0.2%	-0.1%	0.0%	Retail PMI weaker in May.
UK	Jun PMI services	51.7	51.5	49.0	Not convinced services sector is already back in recovery mode.
	Q1 mortgage equity withdrawal £bn	-8.0	-	-	No net withdrawal taken place since Q1 last year.
US	Independence Day holiday	-	-	-	Markets closed.

Past performance is not a reliable indicator of future performance. The forecasts given above 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 results ultimately achieved may differ substantially from these forecasts.

# Economic & financial forecasts

## Interest rate forecasts

	Latest (Jun 26)	Sep 09	Dec 09	Mar 10	Jun 10	Sep 10
Cash	3.00	2.75	2.50	2.50	2.50	2.50
90 Day Bill	3.24	3.00	2.75	2.75	2.75	2.75
3 Year Swap	4.90	4.50	4.25	4.25	4.50	5.00
10 Year Bond	5.59	5.00	4.75	5.00	5.50	5.75
10 Year Spread to US (bps)	203	150	150	125	125	100

## International

Fed Funds	0.125	0.125	0.125	0.125	0.125	0.125
US 10 Year Bond	3.55	3.50	3.25	3.75	4.25	4.75
ECB Repo Rate	1.00	1.00	1.00	1.00	1.00	1.00

## New Zealand

Cash	2.50	2.25	2.00	2.00	2.00	2.00
90 day bill	2.82	2.50	2.30	2.30	2.30	2.30
2 year swap	3.87	3.60	3.70	3.90	3.90	4.30
10 Year Bond	6.04	5.40	5.50	5.60	5.60	5.80
10 Year spread to US	248	240	195	185	185	240

## Exchange rate forecasts

	Latest (Jun 26)	Sep 09	Dec 09	Mar 10	Jun 10	Sep 10
AUD/USD	0.8055	0.76	0.74	0.77	0.80	0.82
NZD/USD	0.6442	0.60	0.59	0.62	0.65	0.68
USD/JPY	95.81	95	92	96	99	103
EUR/USD	1.4043	1.38	1.36	1.39	1.42	1.45
AUD/NZD	1.2505	1.27	1.25	1.24	1.23	1.21

## Australian economic growth forecasts

	2008		2009				2010		Calendar years			
	Q3	Q4	Q1	Q2f	Q3f	Q4f	Q1f	2007	2008	2009f	2010f	
% change												
GDP	0.2	-0.6	0.4	-0.6	-0.5	-0.3	0.4	4.0	2.3	-0.6	1.0	
ann chg	2.2	0.8	0.4	-0.6	-1.3	-1.0	-1.0	-	-	-	-	
Unemployment rate	4.2	4.5	5.3	5.7	6.8	7.4	7.7	4.4	4.3	6.3	7.9	
CPI headline	1.2	-0.3	0.1	0.7	0.4	0.6	0.6	-	-	-	-	
ann chg	5.0	3.7	2.5	1.7	0.9	1.8	2.3	3.0	3.7	1.8	2.4	
CPI core	1.2	0.7	1.1	0.7	0.7	0.6	0.5	-	-	-	-	
ann chg	4.7	4.3	4.2	3.8	3.2	3.1	2.5	3.6	4.3	3.1	2.0	

## New Zealand economic growth forecasts

	2008		2009				Calendar years					
	Q2	Q3	Q4	Q1	Q2f	Q3f	Q4f	2007	2008	2009f	2010f	
GDP % qtr	-0.2	-0.5	-1.0	-1.0	-1.0	-0.5	0.2	-	-	-	-	
Annual avg change	2.5	1.7	0.2	-1.0	-1.9	-2.7	-2.7	3.2	0.2	-2.7	1.2	
Unemployment rate %	4.0	4.3	4.7	5.0	6.2	6.9	7.4	3.5	4.7	7.4	6.8	
CPI %qtr	1.6	1.5	-0.5	0.3	0.6	0.3	0.2	-	-	-	-	
Annual change	4.0	5.1	3.4	3.0	1.9	0.6	1.3	3.2	3.4	1.3	1.1	

Past performance is not a reliable indicator of future performance. The forecasts given above 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 results ultimately achieved may differ substantially from these forecasts.