ANZ Research

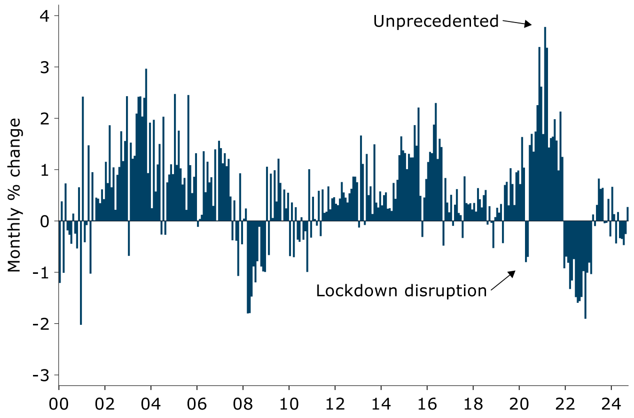
October 2024

New Zealand Property Focus

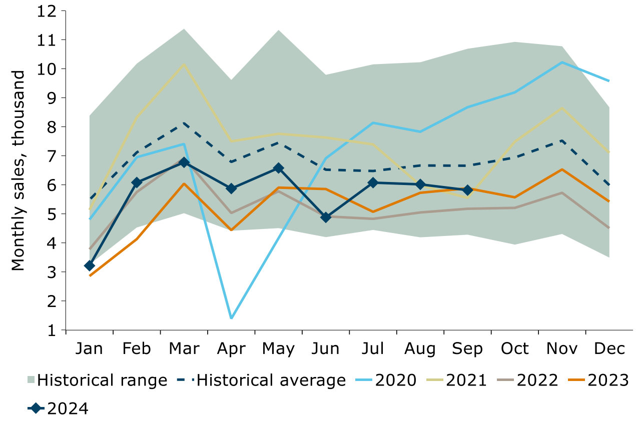
Yet to blossom

At a glance

House prices lifted in September for the first time since April…

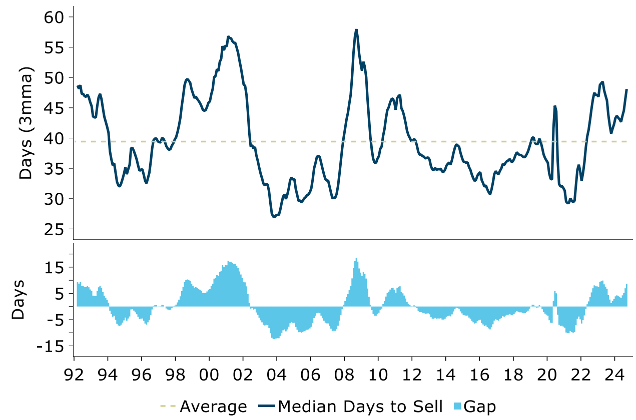


… but sales volumes remained subdued…

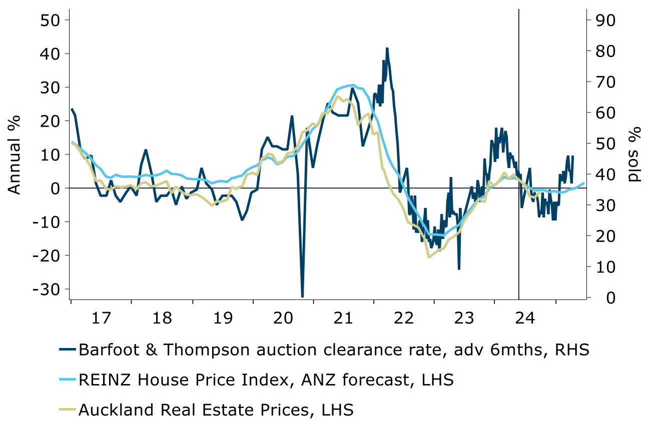


…against still-rising inventory

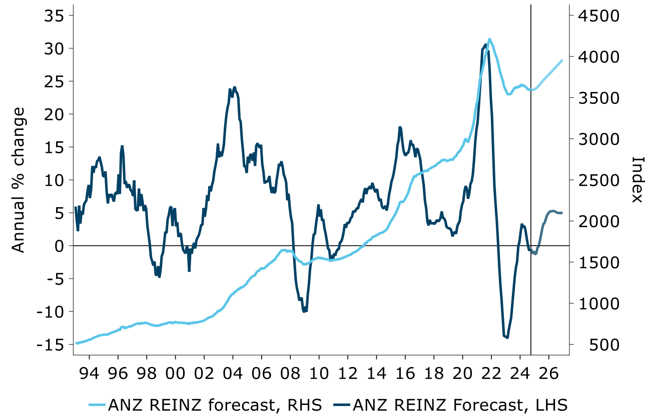
Days to sell continued to rise



Auction clearance rates suggest activity has picked up



We expect a gradual recovery in house prices over 2025



Source: REINZ, Barfoot & Thompson, interest.co.nz, realestate.co.nz, Macrobond, ANZ Research

This is not personal advice nor financial advice about any product or service. The opinions and research contained in this document are provided for information only, are intended to be general in nature and do not take into account your financial situation or goals. Please refer to the Important Notice.

Contact

Sharon Zollner,
Henry Russell, or
David Croy for more details.

See page 10

INSIDE

Confused by acronyms or jargon? See a glossary here.

ISSN 2624-0629

Publication date: 31 October 2024

Summary

Our monthly *Property Focus* publication provides an independent appraisal of recent developments in the residential property market.

Property Focus

The REINZ House Price Index lifted in September for the first time since April, but underlying housing momentum remained sluggish. Sales volumes fell, days to sell lifted and the number of listings on the market rose further. There is significant uncertainty around the likely pace of recovery in the housing market as mortgage rates continue to decline, with plenty for forecasters to weigh up: falling mortgage rates, rising unemployment, a fundamental undersupply of houses, changes in tax policy, affordability constraints, and of course “animal spirits”. We certainly see two-sided risk around our forecast for house prices to stabilise around the end of this year and rise 4.5% over 2025.
See our Property Focus.

Mortgage Borrowing Strategy

Mortgage rates generally fell again in October, led by floating rates, which fell by 0.50%, matching the size of the RBNZ’s OCR cut. Large falls were also seen in median 6mth and 1yr rates (down 0.36% and 0.30% respectively), but 2yr and 3yr rates fell only 0.10%, and 4yr and 5yr rates were unchanged. RBNZ fixing data shows that 6mth was the most popular term in August, overtaking 1yr terms, which remain more popular than 2yr terms. While 6mth rates are higher than 1yr rates, and 1yr rates are higher than 2yr rates, paying more over the short run so as to be able to fix for longer later (at a hopefully lower rate) has some merit in an environment where interest rates are falling, and we think it’s again worth considering this month. But caution is needed; we are inching closer to the point where mortgage rates are likely to find a base. Markets are already pricing in OCR cuts all the way down to 3%, which is below our forecast, so timing will be key for anyone who wants to pick the proverbial bottom. As always, fixing for a mix of terms is one sure way to spread risk.
See our Mortgage Borrowing Strategy.

Property Focus

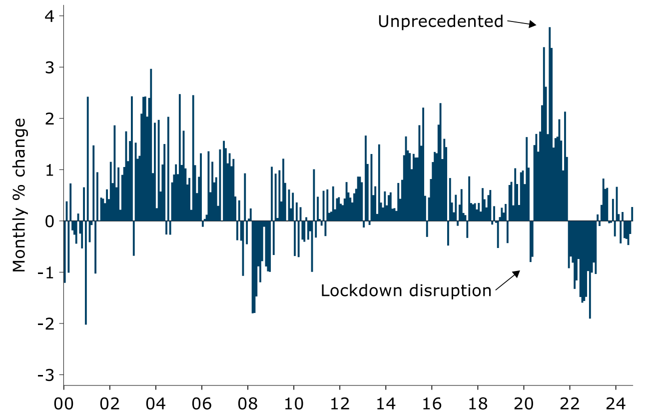
Summary

The REINZ House Price Index lifted in September for the first time since April, but underlying housing momentum remained sluggish. Sales volumes fell, days to sell lifted and the number of listings on the market rose further. There is significant uncertainty around the likely pace of recovery in the housing market as mortgage rates continue to decline, with plenty for forecasters to weigh up: falling mortgage rates, rising unemployment, a fundamental undersupply of houses, changes in tax policy, affordability constraints, and of course "animal spirits". We certainly see two-sided risk around our forecast for house prices to stabilise around the end of this year and rise 4.5% over 2025.

Yet to blossom

The REINZ House Price Index lifted 0.3% m/m in September, the first monthly gain since April. However, indicators of underlying momentum remained soggy, with sales volumes falling, days to sell rising and the number of listings on the market continuing to lift. In that sense, the modest lift in house prices was unexpected, and we don't believe September marked the start of a meaningful upswing in prices. We remain of the view that house prices will stabilise around the turn of the year, and a gradual recovery will follow over 2025. Ultimately, a sustained increase in house prices will require a meaningful lift in sales volumes to clear the backlog of listings on the market.

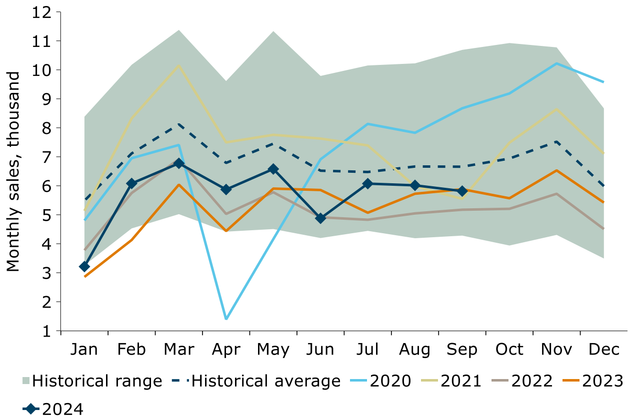
Figure 1. Monthly house price inflation (sa)



Source: REINZ, Macrobond, ANZ Research

Sales volumes fell 2.3% m/m (sa) in September and remain well below the historical average level. We expect to see sales activity pick up over the coming months as lower interest rates entice buyers into the market. That's certainly been reflected in anecdotes signalling a meaningful lift in mortgage lending enquiries over the past few months. But to what extent – and when – prospective buyers follow through remains uncertain. Buying a house isn't an effortless process. Finding the right property, securing finance and negotiating the price takes time. October and November tend to see a seasonal lift in activity in the market, and whether we see the usual lift will serve as a big test of housing momentum into 2025.

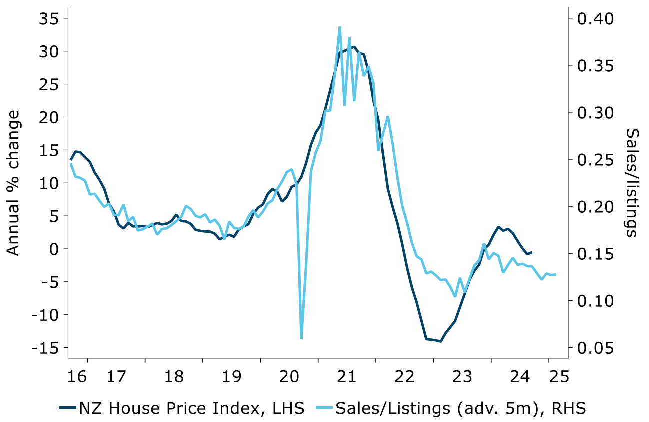
Figure 2. Sales relative to history



Source: REINZ, Macrobond, ANZ Research

The ratio of sales to listings is a useful measure of the heat in the housing market, as it reflects both supply (new listings and inventories) and demand (sales). It tends to give a 3-6 month lead on house price momentum. Given past weakness in sales and rising new listings coming onto the market, a backlog of inventory has been generated. The total number of listings on the market is currently at the highest level in nearly a decade, and given ample choice for buyers, the bargaining power sits with buyers currently. The nationwide sales-to-listings ratio suggests housing momentum remains southbound.

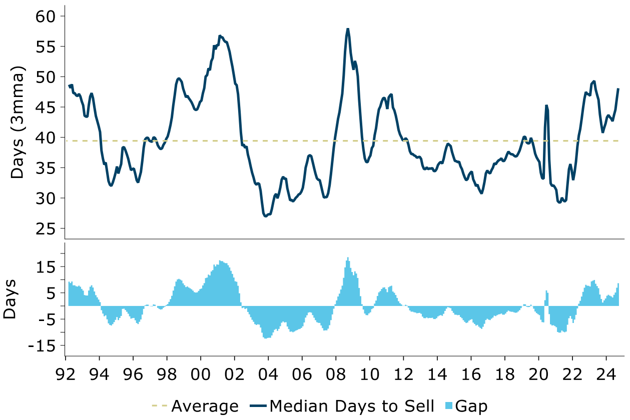
Figure 3. NZ sales-to-listings ratio vs house prices



Source: REINZ, realestate.co.nz, Macrobond, ANZ Research

The number of days to sell a property is also a useful indicator of market tightness. In September, the number of days to sell rose 2 to 48, well above the long-run average of 39, suggesting the market is well into "loose" territory.

Figure 4. Days to sell

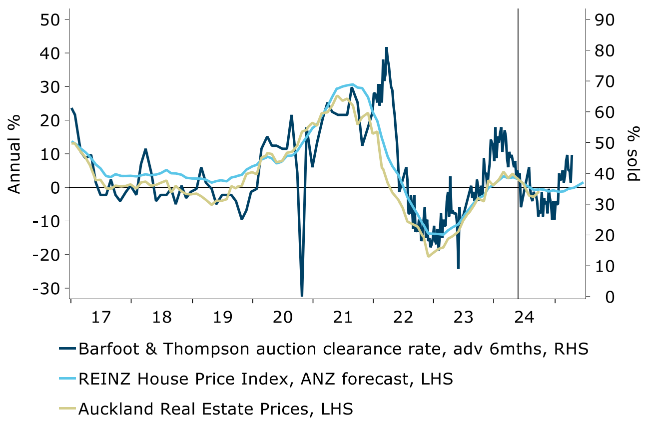


Source: REINZ, Macrobond, ANZ Research

All up, while the lift in house prices in September suggests the floor is approaching, the market remains fairly loose for now. Until the market shows signs of tightening, a meaningful upswing in house prices isn't likely to emerge. We expect that to become clearer over the coming months, but prices may bounce along the bottom for a few months yet.

While underlying momentum remains soft, there are signs that activity is picking up. One of the timelier indicators of housing market momentum, the auction clearance rate, has remained fairly stable following the bounce from late July. The auction clearance rate tends to give a three-month lead on sales and a six-month lead on prices, and the signal is broadly consistent with our forecast.

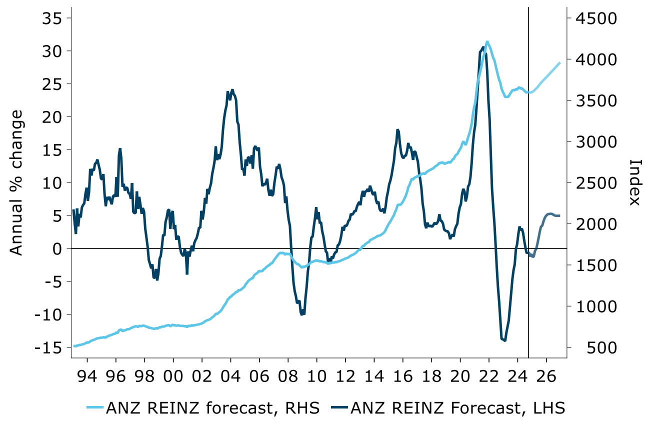
Figure 5. Auction clearance rate



Source: REINZ, B&T, interest.co.nz, Macrobond, ANZ Research

There is significant uncertainty around the likely pace of recovery in the housing market as mortgage rates continue to decline, with plenty for forecasters to weigh up: falling mortgage rates, rising unemployment, a fundamental undersupply of houses but high listings, favourable changes in tax policy, affordability constraints, and of course "animal spirits" (ie the tendency for the housing market to break away from "the fundamentals", with sentiments such as "fear of missing out" or "fear of overpaying" inducing a degree of volatility that's difficult to see coming and incorporate into a forecast). For now, the housing market's animal spirits appear to be sleeping, but anecdote suggests buyer interest has picked up meaningfully since the RBNZ started cutting the OCR, which is perhaps a signal that there might be a "buy the dip" mentality forming. We certainly see two-sided risk around our forecast for house prices to stabilise around the end of this year and rise 4.5% over 2025. To gauge the risks to our forecasts, let's take a quick look at how the various headwinds and tailwinds have evolved since our last edition.

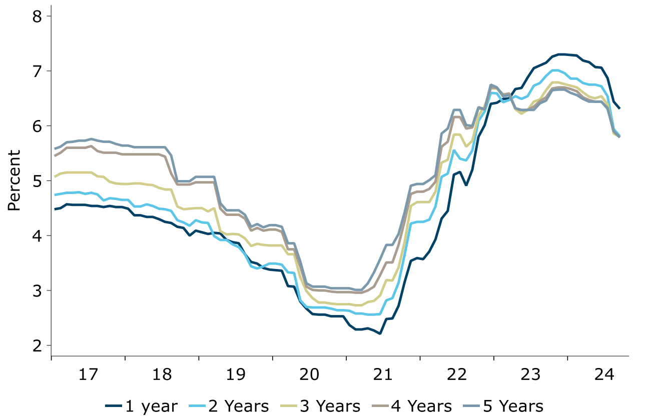
Figure 6. House price forecast



Source: REINZ, Macrobond, ANZ Research

Interest rates have continued to fall since our last edition, supported by the RBNZ's decision to step up the pace of easing and deliver a 50bp cut at its October meeting. We expect the RBNZ to deliver another 50bp cut in November to take the OCR to 4.25%. As the OCR returns closer to a neutral level, we expect the RBNZ to step down the pace to 25bp cuts over the first half of 2025, with the OCR ultimately falling to 3.5% by the middle of next year. Our OCR forecast would be consistent with mortgage rates stabilising around 5-5.5%; however, the bulk of the adjustment has already occurred with rates already nearing that range for longer tenors.

Figure 7. Fixed term mortgage rates



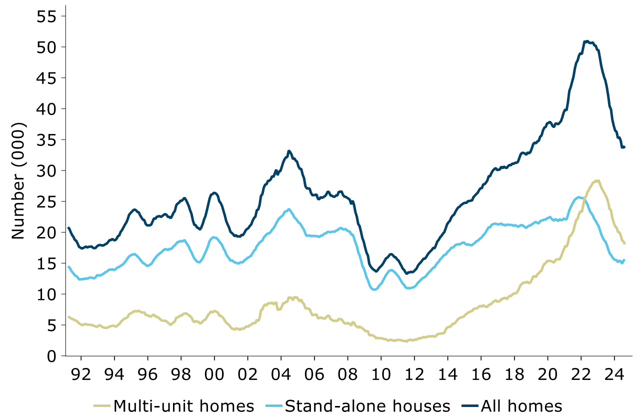
Source: RBNZ, Macrobond, ANZ Research

Rising unemployment stands as a significant headwind to the housing market recovery. The labour market tends to lag the broader economic cycle, meaning labour market conditions will continue to deteriorate well into next year. We expect the unemployment rate to peak at around 5.5% in the second half of next year. While not everyone is impacted directly by rising unemployment, it tends to flow through to confidence more broadly. That was evident in consumer confidence declining this month after three months of improvement, likely a reflection of rising job insecurity fears.

Slowing population growth also poses a headwind for the housing market. Reflecting weakening labour market conditions, net migration inflows have cooled rapidly. Annual net migration inflows have fallen from a peak of around 137k in October 2023 to 54k in August this year. We expect the annual inflow to continue to fall to around 20-25k in 2025, below the average of the decade pre-COVID.

Housing supply is also slowing on the back of restrictive interest rate settings over the past few years, which have weighed heavily on construction activity. All else equal, weaker housing supply will add upward pressure to house prices. While building consents look to be finding a floor, the decline has been significant, with annual consents down around 34% from their peak in early 2022. That's an impressive fall, but the peak was very impressive too: consents look to have troughed at a higher level than in the recession following the Global Financial Crisis.

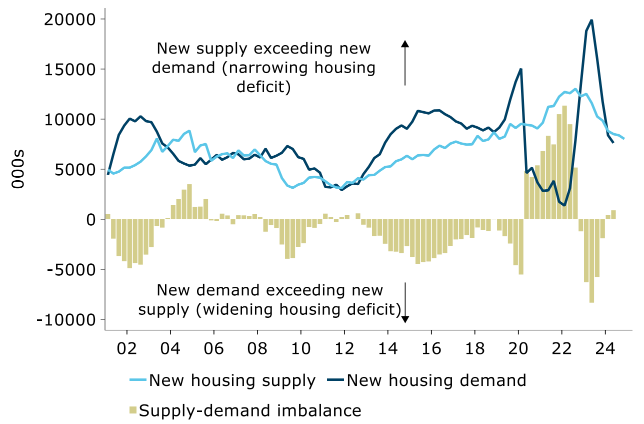
Figure 8. Annual building consents



Source: Stats NZ, Macrobond, ANZ Research

Ultimately, the imbalance between supply and demand is what matters for house prices in the long run. The surge in migration over the past two years in conjunction with the slowdown in residential construction has resulted in New Zealand's housing deficit widening once again. While the sharp cyclical fall in net migration has offset the impacts of slowing supply in recent quarters, the fundamental undersupply of housing is likely to continue to support the structural upward trend in house prices over the coming years. It's not just restrictive interest rate settings holding back supply, with stretched balance sheets restricting councils from investing in the infrastructure required to support new housing. That will be an ongoing challenge, and there's no easy fix.

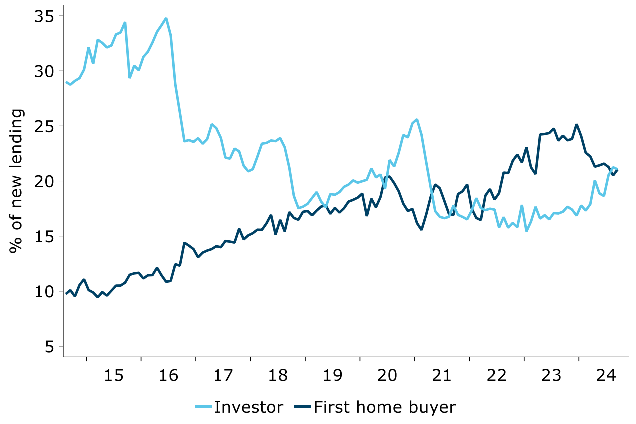
Figure 9. Estimated housing supply-demand imbalance



Source: Stats NZ, Macrobond, ANZ Research

Policy settings have been loosened in recent months, which will support housing demand, all else equal. The reinstatement of interest deductibility, the reduction in the Brightline test from 10 years to 2 years and loosening of LVR settings together increase incentives and credit availability for investors in particular. And there has been some increase in investor lending over recent months.

Figure 10. New mortgage lending by borrower type



Source: RBNZ, Macrobond, ANZ Research

Indeed, investors' share of new mortgage lending has been steadily rising since late last year and overtook first home buyers in August for the first time since early 2022. It has risen to its highest level since 2018, aside from the period from April 2020 to March 2021, when the RBNZ temporarily removed LVR restrictions as part of its COVID-19 policy response. That does suggest confidence is returning to the investor market.

All up, the outlook for the housing market is certainly looking more positive, but there are still plenty of headwinds. While anecdotes and timely indicators suggest activity is lifting, and in fact signal upside risk to our house price forecast, as yet there is little evidence of a shift in momentum in sales volumes. We'll be watching closely for a pickup in sales volumes over the coming months, as that's what's ultimately required for a meaningful shift in house price momentum moving forward.

Housing market indicators for September 2024 (based on REINZ data seasonally adjusted by ANZ Research)

	Median house price			House price index		Sales		Average days to sell
	Level	Annual % change	3-mth % change	Annual % change	3-mth % change	# of monthly sales	Monthly % change	
Northland	$677,296	-5.1	0.6	-1.5	-1.1	154	-18%	67
Auckland	$977,078	-5.5	-4.9	-2.0	-1.3	1,744	-7%	50
Waikato	$764,235	1.4	2.6	-1.2	-0.4	575	-3%	55
Bay of Plenty	$798,156	-1.1	-0.4	0.1	-0.7	390	-2%	50
Gisborne	$636,458	10.7	2.1	-2.0	-1.8	42	+11%	51
Hawke's Bay	$688,679	-0.5	0.4	-2.0	-1.8	224	+6%	48
Manawatu-Whanganui	$500,869	-4.5	-4.9	-0.9	-0.9	298	+10%	52
Taranaki	$614,722	6.2	-1.6	1.5	0.2	141	+1%	41
Wellington	$800,916	1.7	1.6	-2.4	-2.4	572	-5%	52
Tasman, Nelson & Marlborough	$695,189	-5.8	-0.3			189	-8%	54
Canterbury	$680,064	1.3	-1.8	2.8	0.1	1,004	+2%	42
Otago	$690,531	3.5	1.7	3.5	0.8	369	-1%	53
West Coast	$392,166	9.4	3.0	1.4	0.1	30	-15%	26
Southland	$473,919	8.1	3.1	3.8	-0.3	139	+7%	41
New Zealand	**$776,390**	**-2.4**	**-0.2**	**-0.5**	**-0.9**	**5,877**	**-2%**	**50**

Mortgage borrowing strategy

This is not financial advice about any product or service. The opinions and research contained in this document are provided for information only, are intended to be general in nature and do not take into account your financial situation or goals. Please refer to the Important Notice.

Summary

Mortgage rates generally fell again in October, led by floating rates, which fell by 0.50%, matching the size of the RBNZ's OCR cut. Large falls were also seen in median 6mth and 1yr rates (down 0.36% and 0.30% respectively), but 2yr and 3yr rates fell only 0.10%, and 4yr and 5yr rates were unchanged. RBNZ fixing data shows that 6mth was the most popular term in August, overtaking 1yr terms, which remain more popular than 2yr terms. While 6mth rates are higher than 1yr rates, and 1yr rates are higher than 2yr rates, paying more over the short run so as to be able to fix for longer later (at a hopefully lower rate) has some merit in an environment where interest rates are falling, and we think it's again worth considering this month. But caution is needed; we are inching closer to the point where mortgage rates are likely to find a base. Markets are already pricing in OCR cuts all the way down to 3%, which is below our forecast, so timing will be key for anyone who wants to pick the proverbial bottom. As always, fixing for a mix of terms is one sure way to spread risk.

Mortgage rates were generally lower in October, with larger falls seen at the short end following the RBNZ decision to cut the OCR by 50bps. Of note, the median 4yr and 5yr rate did not change, and that was because global bond yields (which have more of a bearing on New Zealand long-term interest rates) rose ahead of US elections next month.

We have discussed the idea of fixing for a shorter period in recent editions of the *Property Focus* on the premise that it might be worth paying a little more now so as to be able to re-fix for longer later, at hopefully a lower rate. That's pretty much how things have panned out – not only have rates fallen, but RBNZ data also shows that borrowers have had a preference for shorter terms, with 6mths the most popular fixed term in August (data for September isn't out yet). The 1yr (which had been the most popular rate for some time) is still more popular than the 2yr, and that's despite 2yr being cheaper at that time. So, borrowers are clearly thinking ahead, have probably done well (rates did fall!), and ought to be well positioned for what lies ahead.

But as pleasing as it is to "beat the market", at some stage, those who have a fixed term expiring soon, no matter when it was entered into, will need to decide whether to keep hoping that mortgage rates keep falling or make the decision to fix for longer. Getting this exactly right will be tricky and it's hard to come out on top every time, which is why we think it's worth considering a mix of terms, and not putting all of your proverbial eggs in one basket.

However, if you are going to try to time the market, we think three things bear consideration, as follows:

1. The OCR will almost certainly keep falling. We forecast it to do so, and the RBNZ is saying it will.
2. However, markets are already pricing in OCR cuts to 3%. That is below our forecast, <u>and</u> it means those cuts are already embedded into longer-term rates. So, some caution is warranted.
3. Global rates are rising, and our forecasts for wholesale interest rates bottom out fairly soon.

There is more to mortgage rates than just where the OCR and wholesale rates go – they also depend on other factors like term deposit rates, which tend to be slower to fall as banks chase deposits (so they can keep lending). But the point is, in coming months, we will be approaching the point where the pace of falls in mortgage rates is likely to slow, and they are likely to start finding a base. Longer-term rates could even rise if global long-term interest rates keep rising.

Breakevens show that rates need to fall by quite a bit over the next 6-12mths to make fixing for a shorter term cheaper in the long run than just fixing for, say, 2 years. We may see falls of the magnitude implied by breakevens, but with each passing month, we are likely getting closer to the point where locking in already-lower longer-term rates may be worth it.

Figure 1. Carded special mortgage rates*

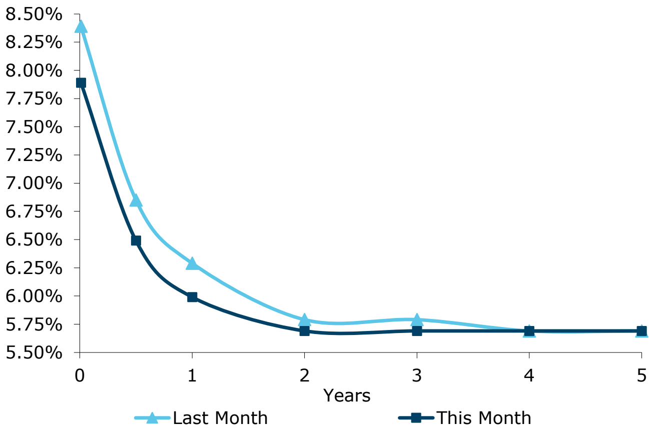


Table 1. Special Mortgage Rates*

		Breakevens for 20%+ equity borrowers			
Term	Current	in 6mths	in 1yr	in 18mths	in 2 yrs
Floating	7.89%				
6 months	6.49%	5.49%	5.54%	5.24%	5.69%
1 year	5.99%	5.52%	5.39%	5.47%	5.69%
2 years	5.69%	5.49%	5.54%	5.58%	5.69%
3 years	5.69%	5.56%	5.59%	5.62%	5.69%
4 years	5.69%	5.59%	5.62%		
5 years	5.69%	*Median of the five largest banks			

^ Average of carded rates from ANZ, ASB, BNZ and Westpac.

Source: interest.co.nz, ANZ Research

Key forecasts

Weekly mortgage repayments table (based on 30-year term)

Mortgage Size ($000)	Mortgage Rate (%) 4.75	5.00	5.25	5.50	5.75	6.00	6.25	6.50	6.75	7.00	7.25	7.50	7.75	8.00
200	241	248	255	262	269	277	284	292	299	307	315	323	330	338
250	301	309	318	327	336	346	355	364	374	384	393	403	413	423
300	361	371	382	393	404	415	426	437	449	460	472	484	496	508
350	421	433	446	458	471	484	497	510	524	537	551	564	578	592
400	481	495	509	524	538	553	568	583	598	614	629	645	661	677
450	541	557	573	589	606	622	639	656	673	690	708	726	744	762
500	601	619	637	655	673	691	710	729	748	767	787	806	826	846
550	662	681	700	720	740	760	781	802	823	844	865	887	909	931
600	722	743	764	786	807	830	852	875	897	921	944	968	991	1,015
650	782	805	828	851	875	899	923	947	972	997	1,023	1,048	1,074	1,100
700	842	867	891	917	942	968	994	1,020	1,047	1,074	1,101	1,129	1,157	1,185
750	902	928	955	982	1,009	1,037	1,065	1,093	1,122	1,151	1,180	1,209	1,239	1,269
800	962	990	1,019	1,048	1,077	1,106	1,136	1,166	1,197	1,227	1,259	1,290	1,322	1,354
850	1,023	1,052	1,082	1,113	1,144	1,175	1,207	1,239	1,271	1,304	1,337	1,371	1,404	1,438
900	1,083	1,114	1,146	1,178	1,211	1,244	1,278	1,312	1,346	1,381	1,416	1,451	1,487	1,523
950	1,143	1,176	1,210	1,244	1,278	1,313	1,349	1,385	1,421	1,458	1,495	1,532	1,570	1,608
1000	1,203	1,238	1,273	1,309	1,346	1,383	1,420	1,458	1,496	1,534	1,573	1,613	1,652	1,692

Mortgage rate projections (historic rates are special rates; projections based on ANZ's wholesale rate forecasts)

	Actual			Projections						
Interest rates	Jun-24	Sep-24	Current	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26
Floating Mortgage Rate	8.6	8.5	7.9	7.4	7.1	6.6	6.6	6.6	6.6	6.6
1-Yr Fixed Mortgage Rate	7.1	6.3	6.0	5.8	5.6	5.5	5.5	5.5	5.5	5.5
2-Yr Fixed Mortgage Rate	6.7	5.8	5.7	5.6	5.5	5.5	5.6	5.6	5.6	5.6
3-Yr Fixed Mortgage Rate	6.5	5.8	5.7	5.6	5.6	5.7	5.7	5.8	5.8	5.8
5-Yr Fixed Mortgage Rate	6.4	5.8	5.7	5.6	5.6	5.8	5.8	5.9	5.9	5.9

Source: RBNZ, ANZ Research

Economic forecasts

	Actual			Forecasts						
Economic indicators	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26
GDP (Annual % Chg)	0.0	0.5	-0.5	-0.1	0.0	0.1	0.6	1.0	1.4	1.8
CPI Inflation (Annual % Chg)	4.7	4.0	3.3	2.2(a)	2.1	2.0	2.2	2.3	2.3	2.1
Unemployment Rate (%)	4.0	4.4	4.6	4.9	*Under review*					
House Prices (Quarter % Chg)	0.4	0.6	-0.5	-0.9(a)	-0.1	0.6	1.2	1.4	1.2	1.2
House Prices (Annual % Chg)	-0.6	2.7	2.2	-0.4(a)	-0.9	-0.9	0.7	3.1	4.5	5.2

Interest rates	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26
Official Cash Rate	5.50	5.50	5.25	4.25	4.00	3.50	3.50	3.50	3.50	3.50
90-Day Bank Bill Rate	5.64	5.63	4.87	4.15	3.72	3.65	3.65	3.65	3.65	3.65
10-Year Bond	4.54	4.67	4.24	4.00	4.00	4.00	4.00	4.25	4.25	4.25

Source: ANZ Research, Statistics NZ, RBNZ, REINZ

Contact us

Meet the team

We welcome your questions and feedback. Click here for more information about our team.

Sharon Zollner
Chief Economist

Follow Sharon on X
@sharon_zollner

Telephone: +64 9 357 4094
Email: sharon.zollner@anz.com

General enquiries:
research@anz.com

Follow ANZ Research
@ANZ_Research (global)

David Croy
Senior Strategist

Market developments, interest rates, FX, unconventional monetary policy, liaison with market participants.

Telephone: +64 4 576 1022
Email: david.croy@anz.com

Susan Kilsby
Agricultural Economist

Primary industry developments and outlook, structural change and regulation, liaison with industry.

Telephone: +64 21 633 469
Email: susan.kilsby@anz.com

Miles Workman
Senior Economist

Macroeconomic forecast co-ordinator, economic developments, labour market dynamics, inflation, fiscal and monetary policy.

Telephone: +64 21 661 792
Email: miles.workman@anz.com

Henry Russell
Economist

Macroeconomic forecasting, economic developments, GDP and activity dynamics and monetary policy.

Telephone: +64 21 629 553
Email: henry.russell@anz.com

Natalie Denne
PA / Desktop Publisher

Business management, general enquiries, mailing lists, publications, chief economist's diary.

Telephone: +64 21 253 6808
Email: natalie.denne@anz.com

Kyle Uerata
Economic Statistician

Economic statistics, ANZ proprietary data (including ANZ Business Outlook), data capability and infrastructure.

Telephone: +64 21 633 894
Email: kyle.uerata@anz.com

Important notice

Last updated: 20 February 2024

The opinions and research contained in this document (in the form of text, image, video or audio) are (a) not personal financial advice nor financial advice about any product or service; (b) provided for information only; and (c) general in nature and do not take into account your financial situation or goals.

This document may be restricted by law in certain jurisdictions. Recipients must observe all relevant restrictions.

Disclaimer for all jurisdictions: This document is prepared by ANZ Bank New Zealand Limited (ANZ Centre, 23-29 Albert Street, Auckland 1010, New Zealand). This document is distributed in your country/region by Australia and New Zealand Banking Group Limited (ABN11 005 357 522) (**ANZ**), a company incorporated in Australia or (if otherwise stated), by its subsidiary or branch (herein collectively referred to as **ANZ Group**). The views expressed in it are those of ANZ Economics and Markets Research, an independent research team of ANZ Bank New Zealand Limited.

This document is distributed on the basis that it is only for the information of the specified recipient or permitted user of the relevant website (**recipients**).

This document is solely for informational purposes and nothing in it is intended to be an invitation, solicitation or offer by ANZ Group to sell, or buy, receive or provide any product or service, or to participate in a particular trading strategy.

Distribution of this document to you is only as may be permissible by the laws of your jurisdiction, and is not directed to or intended for distribution or use by recipients resident or located in jurisdictions where its use or distribution would be contrary to those laws or regulations, or in jurisdictions where ANZ Group would be subject to additional licensing or registration requirements. Further, any products and services mentioned in this document may not be available in all countries.

ANZ Group in no way provides any personal financial, legal, taxation or investment advice to you in connection with any product or service discussed in this document. Before making any investment decision, recipients should seek independent financial, legal, tax and other relevant advice having regard to their particular circumstances.

Whilst care has been taken in the preparation of this document and the information contained within is believed to be accurate and made on reasonable grounds on the date it was published, ANZ Group does not represent or warrant the accuracy or completeness of the information. Further, ANZ Group does not accept any responsibility to inform you of any matter that subsequently comes to its notice, which may affect the accuracy of the information in this document.

This document may contain forward looking statements or opinions including statements regarding our intent, belief or current expectations regarding economic and market conditions, financial instruments and credit markets. Such statements are usually predictive in character, may not be accurate once the future becomes known and should not be relied upon when making investment decisions. Past performance is not a reliable indicator of future performance. ANZ does not accept any responsibility to inform you of any revisions to these forward-looking statements to reflect events or circumstances occurring after the date of this document.

Preparation of this document and the opinions expressed in it may involve material elements of subjective judgement and analysis. Unless specifically stated otherwise: they are current on the date of this document and are subject to change without notice; and, all price information is indicative only. Any opinions expressed in this document are subject to change at any time without notice.

ANZ Group does not guarantee the performance of any product mentioned in this document. All investments entail a risk and may result in both profits and losses. Any products and services described in this document may not be suitable for all investors, and transacting in these products or services may be considered risky.

ANZ Group expressly disclaims any responsibility and shall not be liable for any loss, damage, claim, liability, proceedings, cost or expense (**Liability**) arising directly or indirectly and whether in tort (including negligence), contract, equity or otherwise out of or in connection with this document to the extent permissible under relevant law. The contents of this document have not been reviewed by any regulatory body or authority in any jurisdiction.

ANZ Group may have an interest in the subject matter of this document. They may receive fees from customers for dealing in any products or services described in this document, and their staff and introducers of business may share in such fees or remuneration that may be influenced by total sales, at all times received and/or apportioned in accordance with local regulatory requirements. Further, they or their customers may have or have had interests or long or short positions in any products or services described in this document, and may at any time make purchases and/or sales in them as principal or agent, as well as act (or have acted) as a market maker in such products. This document is published in accordance with ANZ Group's policies on conflicts of interest and ANZ Group maintains appropriate information barriers to control the flow of information between businesses within the group.

Your ANZ Group point of contact can assist with any questions about this document including for further information on these disclosures of interest.

Australia. ANZ holds an Australian Financial Services licence no. 234527. For a copy of ANZ's Financial Services Guide please click here or request from your ANZ point of contact.

Brazil. This document is distributed on a cross border basis and only following request by the recipient. No securities are being offered or sold in Brazil under this document, and no securities have been and will not be registered with the Securities Commission - CVM.

Brunei, Japan, Kuwait, Malaysia, Switzerland, Taiwan. This document is distributed in each of these jurisdictions by ANZ on a cross-border basis.

Cambodia. The information contained in this document is confidential and is provided solely for your use upon your request.
This does not constitute or form part of an offer or solicitation of any offer to engage services, nor should it or any part of it form the basis of, or be relied in any connection with, any contract or commitment whatsoever. ANZ does not have a licence to undertake banking operations or securities business or similar business, in Cambodia. By requesting financial services from ANZ, you agree, represent and warrant that you are engaging our services wholly outside of Cambodia and subject to the laws of the contract governing the terms of our engagement.

Canada. This document is general information only, is intended for institutional use only – not retail, and is not meant to be tailored to the needs and circumstances of any recipient. In addition, this document is not intended to be an offer or solicitation to purchase or sell any security or other financial instrument or to employ a specific investment strategy.

Chile. You understand and agree that ANZ is not regulated by Chilean Authorities and that the provision of this document is not subject to any Chilean supervision and is not guaranteed by any regulatory or governmental agency in Chile.

Important notice

Fiji. For Fiji regulatory purposes, this document and any views and recommendations are not to be deemed as investment advice. Fiji investors must seek licensed professional advice should they wish to make any investment in relation to this document.

Hong Kong. This document is issued or distributed in Hong Kong by the Hong Kong branch of ANZ, which is registered at the Hong Kong Monetary Authority to conduct Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities. The contents of this document have not been reviewed by any regulatory authority in Hong Kong. If you are in any doubt about any of the contents of this document, you should obtain independent professional advice.

India. If this document is received in India, only you (the specified recipient) may print it provided that before doing so, you specify on it your name and place of printing.

Israel. ANZ is not a holder of a licence granted in Israel pursuant to the Regulation of Investment Advising, Investment Marketing and Portfolio Management Law, 1995 ("Investment Advice Law") and does not hold the insurance coverage required of a licensee pursuant to the Investment Advice Law. This publication has been prepared exclusively for Qualified Clients as such term is defined in the First Schedule to the Investment Advice Law. As a prerequisite to the receipt of a copy of this publication a recipient will be required to provide confirmation and evidence that it is a Qualified Client. Nothing in this publication should be considered Investment Advice or Investment Marketing as defined in the Investment Advice Law. Recipients are encouraged to seek competent investment advice from a locally licensed investment adviser prior to making any investment.

Macau. Click here to read the disclaimer for all jurisdictions in Mandarin. **澳门.** 点击此处阅读所有司法管辖区的免责声明的中文版。

Myanmar. This document is intended to be general and part of ANZ's customer service and marketing activities when implementing its functions as a licensed bank. This document is not Securities Investment Advice (as that term is defined in the Myanmar Securities Transaction Law 2013).

New Zealand. This document is distributed in New Zealand by ANZ Bank New Zealand Limited. The material is for information purposes only and is not financial advice about any product or service. We recommend you seek advice about your financial situation and goals before acquiring or disposing of (or not acquiring or disposing of) a financial product.

Oman. ANZ neither has a registered business presence nor a representative office in Oman and does not undertake banking business or provide financial services in Oman. Consequently ANZ is not regulated by either the Central Bank of Oman (**CBO**) or Oman's Capital Market Authority (**CMA**). The information contained in this document is for discussion purposes only and neither constitutes an offer of securities in Oman as contemplated by the Commercial Companies Law of Oman (Royal Decree 4/74) or the Capital Market Law of Oman (Royal Decree 80/98), nor does it constitute an offer to sell, or the solicitation of any offer to buy non-Omani securities in Oman as contemplated by Article 139 of the Executive Regulations to the Capital Market Law (issued vide CMA Decision 1/2009). ANZ does not solicit business in Oman and the only circumstances in which ANZ sends information or material describing financial products or financial services to recipients in Oman, is where such information or material has been requested from ANZ and the recipient understands, acknowledges and agrees that this document has not been approved by the CBO, the CMA or any other regulatory body or authority in Oman. ANZ does not market, offer, sell or distribute any financial or investment products or services in Oman and no subscription to any securities, products or financial services may or will be consummated within Oman. Nothing contained in this document is intended to constitute Omani investment, legal, tax, accounting or other professional advice.

People's Republic of China (PRC). This document may be distributed by either ANZ or Australia and New Zealand Bank (China) Company Limited (**ANZ China**). Recipients must comply with all applicable laws and regulations of PRC, including any prohibitions on speculative transactions and CNY/CNH arbitrage trading. If this document is distributed by ANZ or an Affiliate (other than ANZ China), the following statement and the text below is applicable: No action has been taken by ANZ or any affiliate which would permit a public offering of any products or services of such an entity or distribution or re-distribution of this document in the PRC. So, the products and services of such entities are not being offered or sold within the PRC by means of this document or any other document. This document may not be distributed, re-distributed or published in the PRC, except under circumstances that will result in compliance with any applicable laws and regulations. If and when the material accompanying this document relates to the products and/or services of ANZ China, the following statement and the text below is applicable: This document is distributed by ANZ China in the Mainland of the PRC.

Peru. The information contained in this document has not been, and will not be, registered with or approved by the Peruvian Superintendency of the Securities Market (Superintendencia del Mercado de Valores, **SMV**) or the Lima Stock Exchange (Bolsa de Valores de Lima, **BVL**) or under the Peruvian Securities Market Law (Legislative Decree 6 861), and will not be subject to Peruvian laws applicable to public offerings in Peru. To the extent this information refers to any securities or interests, it should be noted the securities or interests may not be offered or sold in Peru, except if (i) such securities or interests were previously registered with the Peruvian Superintendency of the Securities Market, or (ii) such offering is considered a private offering in Peru under the securities laws and regulation of Peru.

Qatar. This document has not been, and will not be:

- lodged or registered with, or reviewed or approved by, the Qatar Central Bank (**QCB**), the Qatar Financial Centre (**QFC**) Authority, QFC Regulatory Authority or any other authority in the State of Qatar (**Qatar**); or
- authorised or licensed for distribution in Qatar, and the information contained in this document does not, and is not intended to, constitute a public offer or other invitation in respect of securities in Qatar or the QFC.

The financial products or services described in this document have not been, and will not be:

- registered with the QCB, QFC Authority, QFC Regulatory Authority or any other governmental authority in Qatar; or
- authorised or licensed for offering, marketing, issue or sale, directly or indirectly, in Qatar.

Accordingly, the financial products or services described in this document are not being, and will not be, offered, issued or sold in Qatar, and this document is not being, and will not be, distributed in Qatar. The offering, marketing, issue and sale of the financial products or services described in this document and distribution of this document is being made in, and is subject to the laws, regulations and rules of, jurisdictions outside of Qatar and the QFC. Recipients of this document must abide by this restriction and not distribute this document in breach of this restriction. This document is being sent/issued to a limited number of institutional and/or sophisticated investors (i) upon their request and confirmation that they understand the statements above; and (ii) on the condition that it will not be provided to any person other than the original recipient, and is not for general circulation and may not be reproduced or used for any other purpose.

Singapore. To the extent that this document contains any statements of opinion and/or recommendations related to an investment product or class of investment product (as defined in the Financial Advisers Act 2001), this document is distributed in Singapore by ANZ solely for the information of "accredited investors", "expert investors" or (as the case may be) "institutional investors" (each term as defined in the Securities and Futures Act 2001 of Singapore). ANZ is licensed in Singapore under the Banking Act 1970 of Singapore and is exempted from holding a financial adviser's licence under Section 23(1)(a) of the Financial Advisers Act 2001 of Singapore. In respect of any matters arising from, or in connection with, the distribution of this document in Singapore, please speak to your usual ANZ contact in Singapore.

Important notice

United Arab Emirates (UAE). This document is distributed in the UAE or the Dubai International Financial Centre (**DIFC**) (as applicable) by ANZ. This document does not, and is not intended to constitute: (a) an offer of securities anywhere in the UAE; (b) the carrying on or engagement in banking, financial and/or investment consultation business in the UAE under the rules and regulations made by the Central Bank of the UAE, the Emirates Securities and Commodities Authority or the UAE Ministry of Economy; (c) an offer of securities within the meaning of the Dubai International Financial Centre Markets Law (**DIFCML**) No. 12 of 2004; and (d) a financial promotion, as defined under the DIFCML No. 1 of 200. ANZ DIFC Branch is regulated by the Dubai Financial Services Authority (**DFSA**). The financial products or services described in this document are only available to persons who qualify as "Professional Clients" or "Market Counterparty" in accordance with the provisions of the DFSA rules.

United Kingdom. This document is distributed in the United Kingdom by Australia and New Zealand Banking Group Limited (**ANZ**) solely for the information of persons who would come within the Financial Conduct Authority (**FCA**) definition of "eligible counterparty" or "professional client". It is not intended for and must not be distributed to any person who would come within the FCA definition of "retail client". Nothing here excludes or restricts any duty or liability to a customer which ANZ may have under the UK Financial Services and Markets Act 2000 or under the regulatory system as defined in the Rules of the Prudential Regulation Authority (**PRA**) and the FCA. ANZ considers this document to constitute an Acceptable Minor Non-Monetary Benefits (**AMNMB**) under the relevant inducement rules of the FCA. ANZ is authorised in the United Kingdom by the PRA and is subject to regulation by the FCA and limited regulation by the PRA. Details about the extent of our regulation by the PRA are available from us on request.

United States. Except where this is a FX-related document, this document is distributed in the United States by ANZ Securities, Inc. (**ANZ SI**) which is a member of the Financial Regulatory Authority (**FINRA**) (www.finra.org) and registered with the SEC. ANZSI's address is 277 Park Avenue, 31st Floor, New York, NY 10172, USA (Tel: +1 212 801 9160 Fax: +1 212 801 9163). ANZSI accepts responsibility for its content. Information on any securities referred to in this document may be obtained from ANZSI upon request. This document or material is intended for institutional use only – not retail. If you are an institutional customer wishing to effect transactions in any securities referred to in this document you must contact ANZSI, not its affiliates. ANZSI is authorised as a broker-dealer only for institutional customers, not for US Persons (as "US person" is defined in Regulation S under the US Securities Act of 1933, as amended) who are individuals. If you have registered to use our website or have otherwise received this document and are a US Person who is an individual: to avoid loss, you should cease to use our website by unsubscribing or should notify the sender and you should not act on the contents of this document in any way. Non-U.S. analysts may not be associated persons of ANZSI and therefore may not be subject to FINRA Rule 2242 restrictions on communications with the subject company, public appearances and trading securities held by the analysts. Where this is a FX-related document, it is distributed in the United States by ANZ's New York Branch, which is also located at 277 Park Avenue, 31st Floor, New York, NY 10172, USA (Tel: +1 212 801 916 0 Fax: +1 212 801 9163).

Vietnam. This document is distributed in Vietnam by ANZ or ANZ Bank (Vietnam) Limited, a subsidiary of ANZ.