WEEKLY ECONOMIC COMMENTARY

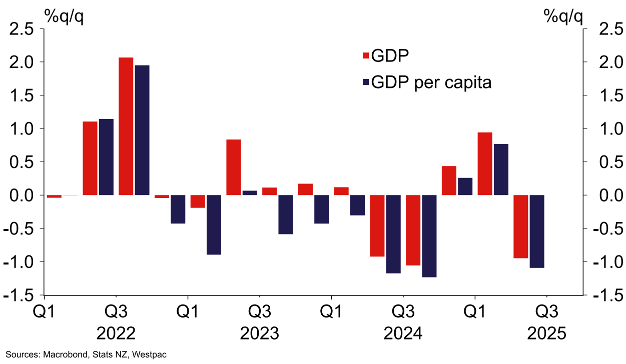
22 Sep 2025 | **Westpac Economics Team** | **westpac.co.nz/economics** | economics@westpac.co.nz

A week of surprises

While the general direction was mostly as expected, the magnitude of movement in some of the key economic data reported over the past week created surprises for both us and the market. Of greatest importance to financial markets was the release of the National Accounts for the June quarter. While somewhat dated, measures of activity in the GDP report play a key role in driving the RBNZ's assessment of both the economy's momentum and the level of activity relative to its non-inflationary capacity (i.e., the output gap).

We had anticipated that Stats NZ would report a -0.4%q/q contraction in activity, with seasonal distortions subtracting from what might have been viewed as a flat economy in underlying terms. The RBNZ and market consensus forecasts were in the same ballpark. But as it turns out, the production-based measure of GDP pointed to a very disappointing 0.9%q/q contraction in activity, leaving output down 0.6%y/y (revisions were minor).

Real GDP

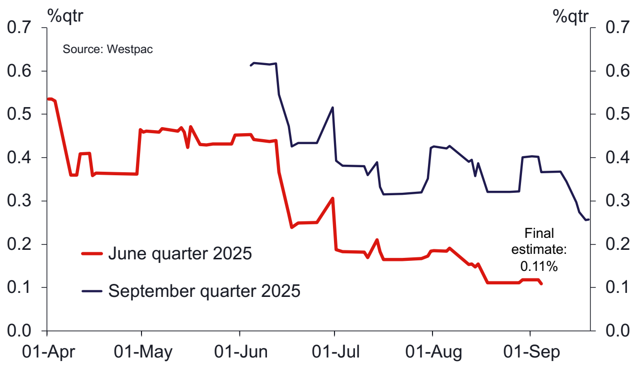


The production-based measure reported a decline in output in 10 of the 16 major industries, led by weakness in the manufacturing and construction sector. Service sector activity was unchanged, but this was a weaker

Key views

	Last 3 months	Next 3 months	Next year
Global economy	→	→	→
NZ economy	↓	↗	↗
Inflation	↗	↗	↘
2 year swap	↘	→	↗
10 year swap	↘	→	↗
NZD/USD	→	→	↗
NZD/AUD	↘	↘	↘

Westpac GDP nowcasts



Key data and event outlook

Date	Event
30 Sep 25	RBA Monetary Policy Decision
7 Oct 25	NZ QSBO Business Survey, September quarter
8 Oct 25	RBNZ OCR Review
9 Oct 25	Govt audited financial accounts, 2024/25
16 Oct 25	NZ Selected price indexes, September
20 Oct 25	NZ CPI, September quarter
29 Oct 25	FOMC meeting (30 Oct NZT)
4 Nov 25	RBA Monetary Policy Decision
5 Nov 25	NZ Labour Market Statistics, September quarter
17 Nov 25	NZ Selected price indexes, October

outcome than we had anticipated. The expenditure-based measure of GDP also reported also a 0.9%q/q decline in output in the June quarter. Viewed from this angle, although private consumption grew modestly and inventories made a small positive contribution to growth, there was a decline in both residential investment and business capex and a negative contribution from net exports (exports fell while imports rose).

The unexpectedly sharp decline in GDP in the June quarter left the level of output 0.6ppts lower than the RBNZ had forecast in its August Monetary Policy Statement. As a result, we expect that the RBNZ will conclude that the negative output gap is larger than previously estimated (although not by the full extent of the shortfall). While we expect that the economy returned to growth in the September quarter, our current forecast of 0.6%q/q looks solid enough and is higher than the RBNZ's most recent 0.3% q/q projection.

So where does that leave the RBNZ? Just over a week ago, speaking at the Financial Services Council annual conference, RBNZ Governor Christian Hawkesby stated: "While our central projection for the OCR is to fall to around 2.50% by the end of the year, that could occur faster or slower depending on how the economic recovery evolves." Last week's data strengthens the argument for moving faster. So while we expect that some rebound in activity will be recorded in the September quarter, **last week we adjusted our RBNZ call**.

We now expect the RBNZ will reduce the OCR by 50bps to 2.5% at its next meeting on 8 October. And in the absence of a stronger turn around in the data flow than we currently expect, we forecast that the RBNZ will reduce the OCR by a further 25bps to 2.25% at this year's final meeting on 26 November (25bps lower than forecast previously). The pricing of a slightly lower terminal rate is likely to add to the downward pressure on the NZ dollar, and so we have slightly revised down our near-term outlook from that published in this month's Market Outlook. Given US dollar weakness, we expect that the NZ dollar's struggles will be more evident on the crosses. For example, we expect NZD/AUD will end this year around 0.87.

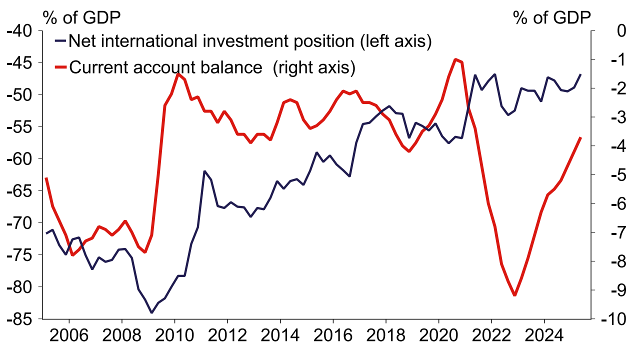
Looking further ahead, at the very least, more stimulatory financial conditions – including a lower than otherwise exchange rate – should provide more certainty that the economy will undergo a more durable recovery over the coming year. These conditions may also have implications for the timing of the eventual policy tightening cycle – something that we will consider when we update our economic forecasts next month – and should support the NZ dollar once a durable recovery is clearly underway.

Last week's second surprise came with the release of balance of payments data for the June quarter. A sizable positive revision to recent estimates of the current account balance was widely anticipated, as Stats NZ earlier reduced their estimates of the value of direct imports of low value goods (especially in the years since Temu and Shein entered New Zealand). However, the scale of the revision to the current account balance proved far larger than expected.

What had not been signalled by Stats NZ was an even larger positive revision to the investment income balance. Most of that revision owed to an increase in estimated investment income credits – the return on New Zealander's holdings of foreign assets – and was driven by higher than previously estimated returns on portfolio investments. This will include investment income earned by KiwiSaver and investment fund holdings of foreign equities and bonds.

As a result, the current account deficit for the year to March quarter 2025 was revised down to 4.2% of GDP from 5.7% of GDP previously. And given a modest deficit of $0.95bn in the June quarter – $2.2bn smaller than the same quarter a year earlier – the annual deficit narrowed further to 3.7% of GDP. That additional narrowing reflected the continued passthrough of high export commodity prices into the merchandise trade balance. Some further passthrough can be expected in the September quarter. There was no discernible financial market reaction to this news. However, the credit ratings agencies should be pleased that the deficit is now less than half as wide as the peak seen in 2022, and not much wider than it was leading into the pandemic.

Current account balance and NIIP

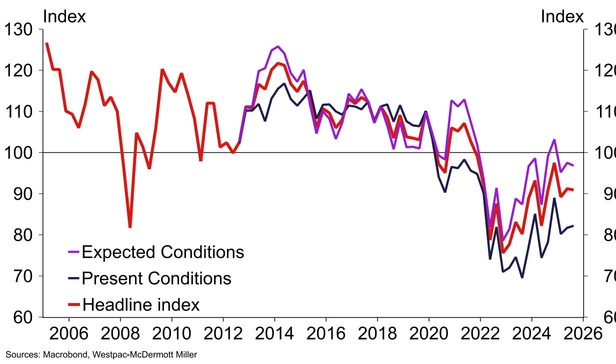


Sources: Macrobond, Stats NZ, Westpac

Westpac's McDermott-Miller measure of consumer confidence edged down to 90.9 in the September quarter. That was somewhat disappointing considering that the survey was in the field in the weeks immediately following the RBNZ's August rate cut and given the signalling of further rate cuts this year. The still soft state of the labour and housing markets, as well as rising prices for some household essentials are likely weighing on sentiment. The BusinessNZ Performance of Services Index was also somewhat disappointing, especially after last week's improved retail spending report, falling 1.4pts in August to 47.5. This index has now been below 50 for 18 consecutive months, with both the sales and new orders indexes losing ground this month.

Housing market data for August remained flat – albeit no weaker than we expected. REINZ reported a decline in the number of home sales in August which are now about 4% lower than the same month a year earlier (although sales do tend to be slightly understated on first release). Given growth in new listings, the level of sales was insufficient to prevent unsold inventory remaining at a more than 10-year high and the median days-to-sell lengthened fractionally to 46 days – still a historically slow rate of turnover. At the nationwide level prices were essentially steady in August following two prior months of decline and were just 0.4% higher than a year earlier. We view this report as consistent with our recently published housing market update, which predicted little change in house prices this year but some firming in 2026 as the economic recovery broadens and strengthens.

Consumer confidence



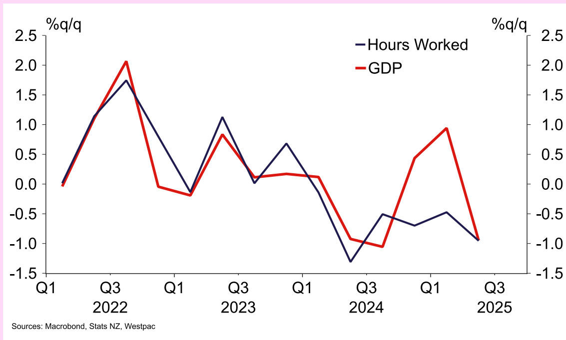
Finally, the Selected Prices report for August indicated that there may be slight downside risk to our current forecast for the September quarter CPI. The price of food and dwelling rents – collectively about 30% of the CPI basket – rose 0.3%mth and 0.1%mth respectively, which was in line with our expectations. However, in August there were sizeable (partly seasonal) declines in both international and domestic airfares, and declines in prices for accommodation, which were larger than expected. Given the month-to-month volatility of some of these components we have retained our forecast that annual CPI inflation will rise to 3.1% in the September quarter, but we will review this ahead of the CPI once we have seen the Selected Prices report for September.

Darren Gibbs, Senior Economist

Chart of the week.

Last week's June quarter GDP report was disappointing, printing both weaker than our formal forecasts and the outcome suggested by both our own GDP nowcast and that published by the RBNZ. However, there were a few indicators pointing to the possibility of a very weak outcome. One such indicator is the hours worked series from the Household Labour Force Survey. As this week's chart shows, over the past three years, quarterly movements in hours worked have proven to be a reliable indicator of quarterly GDP growth – a reflection of the very low and stable productivity gains seen over the period. The outsized GDP growth presently estimated to have occurred in the December 2024 and March 2025 quarters did not reoccur in the June 2025 quarter, with output falling back into line with the weak hours worked data released in early August. We will continue to watch labour market data closely, including our own Westpac-McDermott Employment Confidence Survey – the September edition of which we will release on Wednesday.

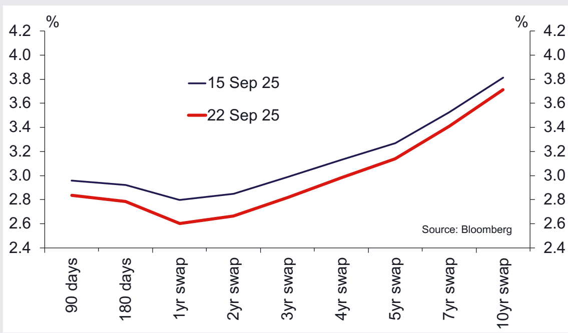
GDP and hours worked



Fixed versus floating for mortgages.

The RBNZ has signalled the likelihood of further rate cuts and we're now forecasting the cash rate to bottom at 2.25% later this year. Most fixed-term special mortgage rates are now under 5%, reflecting the recent falls in wholesale rates. Very short-term mortgage rates will likely fall slightly if the RBNZ cuts the OCR as deeply as we now expect, but they remain above current longer term fixed rates. At current rates, fixing for longer periods of two to three years looks attractive.

NZ interest rates



Global wrap

US.

As expected, the FOMC cut the federal funds rate by 25bps. The vote was 11-1, with the newly appointed Miran dissenting in favour of a 50bp cut. The dot plot indicated that the 'median' FOMC member expects a further 50bps of cuts this year (25bp more than previously), although 7 of 19 participants forecast no further easing this year. Forecasts for GDP growth were revised higher, though downside risks for employment were noted. On the data front, retail sales beat expectations in August, rising by 0.6%. However, industrial production increased just 0.1%, following declines in prior months. Regional business surveys remain mixed, with ongoing tariff uncertainty dampening business investment. Key upcoming data releases include household income and spending figures, as well as the PCE deflator. Additional business sector updates and commentary from Fed officials are also due this week. North of the border, the Bank of Canada also cut its policy rate by 25bp to 2.50%, citing a weakening labour market and trade disruptions. The BoC dropped its previous forward guidance for further cuts, however, instead emphasizing a cautious approach amid ongoing trade challenges.

UK.

The Bank of England left the bank rate on-hold at 4.0% in a 7–2 split decision (two members preferring to ease policy). Gov Bailey acknowledged the likelihood of further rate reductions, though their timing remains uncertain given that upside risks to inflation remain a concern. The BoE also slowed the pace of quantitative tightening.

Asia-Pacific.

Australian employment fell 5.4k in August, reinforcing the softening trend seen over the past year. Even so, the unemployment rate held steady at 4.2% due to lower labour force participation. Business conditions also weakened, with the Q3 Westpac-ACCI Survey indicating falling orders and weak manufacturing output. Key data releases this week include monthly inflation figures and job vacancies. In China, August activity data disappointed, with retail sales growth slowing to 3.4% year-on-year and industrial production growth easing to 5.2%. Fixed asset investment remained weak, and with the economic slowdown persisting, further stimulus and rate cuts are viewed as likely. The Bank of Japan left its policy rate unchanged in a 7–2 vote, though two members called for a rate hike, highlighting that the pressure for rates to move higher is mounting. The BOJ also announced it would gradually sell its holdings of ETFs and real-estate investment trusts.

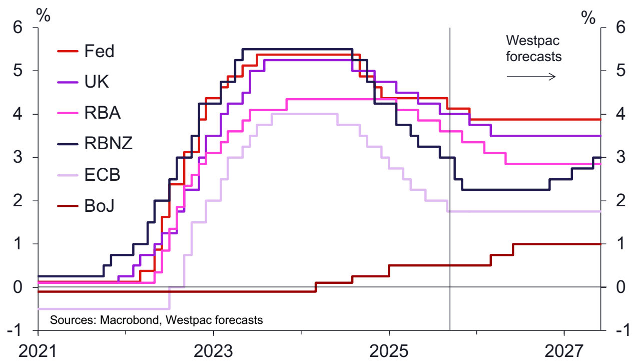
Trading partner real GDP (calendar years)

	Annual average % change			
	2024	**2025**	**2026**	**2027**
Australia	1.0	1.7	2.3	2.5
China	5.0	5.0	4.6	4.5
United States	2.8	1.9	1.3	1.6
Japan	0.1	0.9	0.8	0.8
East Asia ex China	4.3	3.7	3.8	4.0
India	6.5	6.7	6.4	6.3
Euro Zone	0.9	1.2	1.1	1.5
United Kingdom	1.1	1.3	1.3	1.5
NZ trading partners	2.9	2.8	2.7	2.8
World	3.3	3.2	3.1	3.2

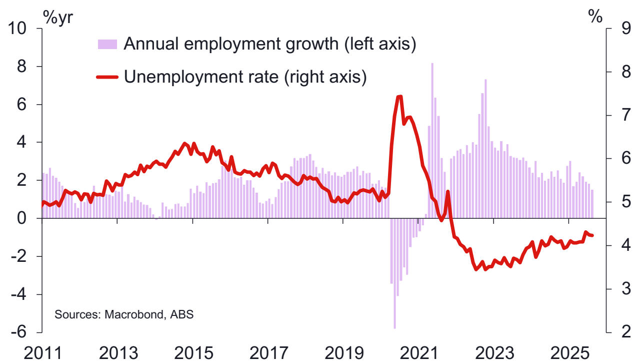
Australian & US interest rate outlook

	19 Sep	**Dec-25**	**Dec-26**	**Dec-27**
Australia				
Cash	3.60	3.35	2.85	2.85
90 Day BBSW	3.55	3.30	2.95	2.95
3 Year Swap	3.37	3.40	3.70	4.00
3 Year Bond	3.43	3.45	3.75	4.00
10 Year Bond	4.25	4.35	4.65	4.85
10 Year Spread to US (bps)	12	15	5	-5
US				
Fed Funds	4.125	4.125	3.875	3.875
US 10 Year Bond	4.13	4.20	4.60	4.90

Global central bank policy rates



Australian labour market



Financial markets wrap

Foreign exchange.

NZD/USD reversed sharply last week, from a two-month high of 0.6007 to 0.5854. The main catalyst was the surprisingly weak NZ GDP data on Thursday which caused some analysts (including ourselves) to reduce their OCR forecasts. In addition, the broad US dollar was supported by less dovish than expected guidance from the Fed regarding future rate cuts.

We expect NZD/USD to fall further to 0.5800 during the week ahead, with some chance of a break lower. NZ-US yield spreads will remain under downward pressure until at least the October RBNZ meeting.

There's little event risk from NZ this week, but some from US GDP and PCE inflation data. There will also be plenty of Fedspeak to add colour to last week's decision and guidance.

NZD/AUD fell sharply to 0.8866 following last week's NZ GDP data, and it will likely remain under downward pressure medium term. For the week ahead, though, we expect some consolidation of that decline, in an 0.8850-0.8950 range. There's event risk from the monthly AU CPI data on Wednesday.

Interest rates.

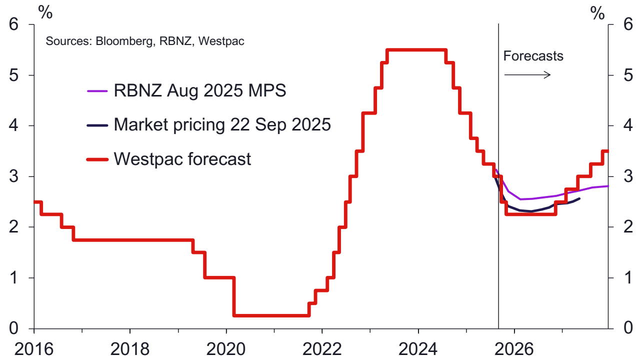
The downward trend in the NZ 2yr swap rate, which started in 2023, extended to 2.66% in response to the weak NZ GDP data last week. There is scope for it to reach 2.50% in this cycle, if the OCR falls further to 2.25% as our economists forecast.

Westpac, and some other forecasters, changed its OCR forecast following the GDP data. From its current level of 3.00%, the OCR is now forecast to decline to 2.25%, with a large 50bp cut expected at the next meeting in October and a final 25bp in November.

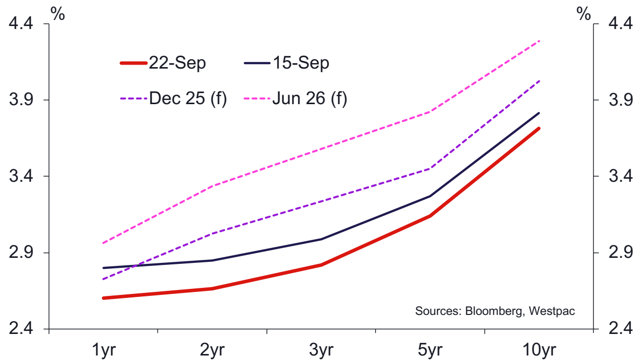
OIS pricing is not too dissimilar. It has fully priced a 25bp cut in October and assigns a 35% chance to a 50bp cut to that meeting. It has also fully priced a 25bp cut at the November meeting.

The GDP data also caused the NZ yield curve to reverse its early September flattening. The slope of the 2-10yr swap curve is currently only 1bp from the cycle high of 106bp and has potential to exceed that during the weeks ahead. We previously held a view that a prolonged flattening would start by year end in anticipation of the next RBNZ cycle but now don't expect that to happen until early next year.

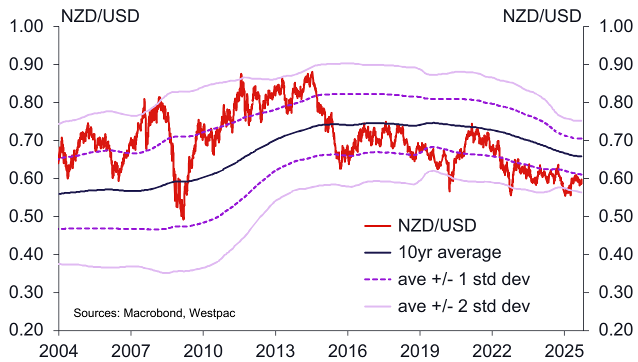
Official Cash Rate forecasts



Swap rates



NZD/USD vs rolling 10yr average



FX recent developments

	Historical data				F'cast
	Spot	**3mth range**	**5yr range**	**5yr avg**	**Dec-25**
USD	0.587	0.581-0.609	0.553-0.743	0.635	0.59
AUD	0.890	0.890-0.928	0.873-0.971	0.923	0.87
EUR	0.500	0.499-0.523	0.499-0.637	0.573	0.50
GBP	0.436	0.433-0.447	0.431-0.535	0.492	0.44
JPY	86.8	85.9-88.9	68.9-98.6	84.2	85.9

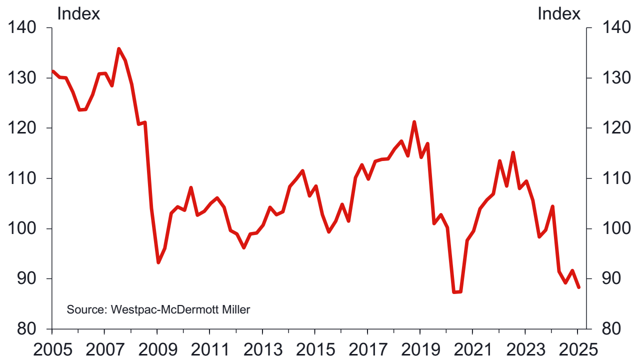
The week ahead

Q3 Westpac-McDermott Miller Employment Confidence Index

Sep 24, Last: 88.8

The Employment Confidence Index rose by 0.5 points in the June quarter, leaving it essentially unchanged over the last year. A perceived lack of job opportunities remains the key concern for New Zealand households. Expectations for the year ahead were weaker in June, largely offsetting the modest gains seen in the other survey questions. The latest survey was conducted on 1-12 September.

Employment Confidence Index

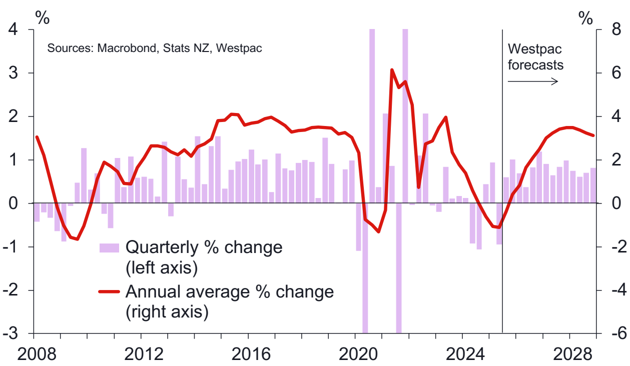


Economic and financial forecasts

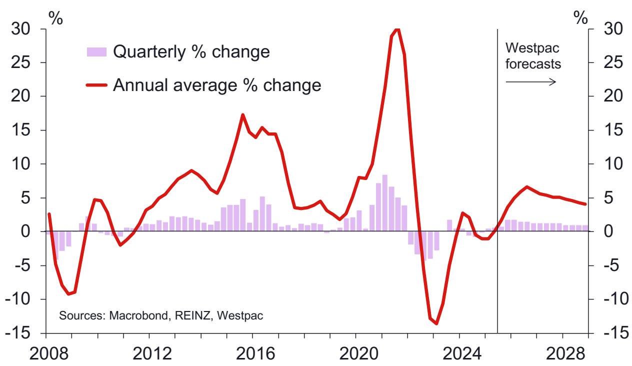
Economic indicators	Quarterly % change				Annual % change			
	Mar-25	Jun-25	Sep-25	Dec-25	2024	2025	2026	2027
GDP (production)	0.9	-0.9	0.6	1.0	-1.4	1.6	3.1	3.4
Consumer price index	0.9	0.5	1.1	0.5	2.2	3.0	2.0	2.1
Employment change	0.0	-0.1	0.0	0.2	-1.2	0.2	2.5	2.0
Unemployment rate	5.1	5.2	5.3	5.3	5.1	5.3	4.6	4.2
Labour cost index (all sectors)	0.5	0.6	0.6	0.5	3.3	2.2	2.2	2.2
Current account balance (% of GDP)	-4.2	-3.7	-3.5	-3.6	-4.7	-3.6	-4.1	-4.1
Terms of trade	2.0	4.1	0.5	-0.2	13.7	6.4	1.4	1.0
House price index	0.4	0.5	-0.6	0.6	-1.0	1.0	5.4	5.1

Financial forecasts	End of quarter				End of year			
	Mar-25	Jun-25	Sep-25	Dec-25	2024	2025	2026	2027
OCR	3.75	3.25	3.00	2.25	4.25	2.25	2.50	3.50
90 day bank bill	3.86	3.38	2.55	2.35	4.45	2.35	2.70	3.70
2 year swap	3.46	3.18	2.60	2.70	3.64	2.70	3.55	4.00
5 year swap	3.71	3.56	3.10	3.15	3.73	3.15	3.90	4.25
10 year bond	4.62	4.57	4.20	4.20	4.50	4.20	4.70	4.95
TWI	67.8	69.1	68.3	67.4	69.5	67.4	69.1	70.1
NZD/USD	0.57	0.59	0.60	0.59	0.59	0.59	0.62	0.65
NZD/AUD	0.90	0.93	0.90	0.87	0.91	0.87	0.88	0.89
NZD/EUR	0.54	0.52	0.51	0.50	0.55	0.50	0.52	0.54
NZD/GBP	0.45	0.44	0.44	0.44	0.46	0.44	0.46	0.47

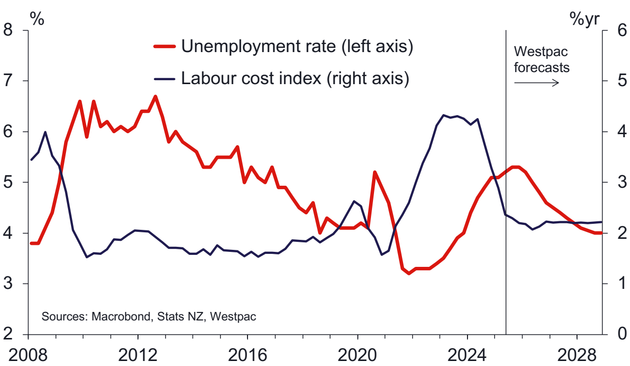
GDP growth



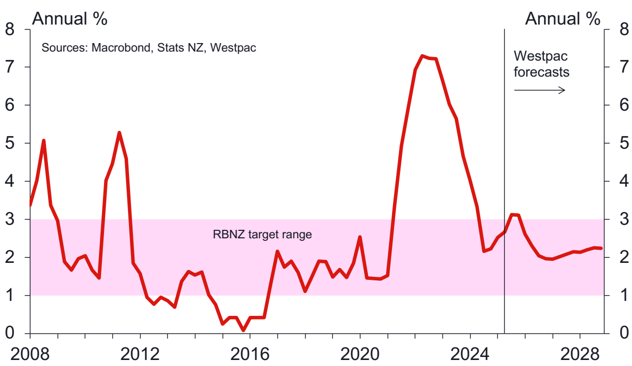
House prices



Unemployment and wage growth



Consumer price inflation



Data calendar

		Last	Market median	Westpac forecast	Risk/Comment
Mon 22					
Aus	RBA Governor Bullock	–	–	–	Appearance before House of Representatives.
Eur	Sep Consumer Confidence, index	–15.5	–	–	Lack of 'spark' casts doubt over consumer recovery.
US	Aug Chicago Fed Activity Index, %mth	–0.19	–	–	Consistent with below–average growth.
	Fedspeak	–	–	–	Williams, Musalem, Hammack.
Tue 23					
Eur	Sep HCOB Manufacturing PMI, index	50.7	50.8	–	Trending steadily higher into expansionary territory...
	Sep HCOB Services PMI, index	50.5	50.9	–	... but growth in services remains patchy and uneven.
UK	Sep S&P Global Manufacturing PMI, index	47	–	–	Fragile demand leaves manufacturing in the doldrums...
	Sep S&P Global Services PMI, index	54.2	54	–	... services at least providing a meaningful offset.
US	Sep S&P Global Manufacturing PMI, index	53	–	–	Volatile and in contrast to ISM's more downbeat tone...
	Sep S&P Global Services PMI, index	54.5	–	–	... but both can agree on services' supportive trend.
	Aug Existing Home Sales, %mth	2	–0.8	–	Buyer appetite crimped by elevated rates and prices.
	Sep Richmond Fed, index	–7	–	–	Regional conditions are volatile, varied and vulnerable.
Wed 24					
NZ	Q3 Westpac Employment Confidence, index	88.8	–	–	Lingered at low levels through the first half of the year.
Aus	Aug Monthly CPI Indicator, %ann	2.8	2.9	3.1	Electricity rebates in NSW & ACT to hold back the increase.
Jpn	Sep S&P Global Manufacturing PMI, index	49.7	–	–	Conditions neutral but sluggish demand is a concern...
	Sep S&P Global Services PMI, index	53.1	–	–	... fortunately services remains a key bright spot.
Ger	Sep IFO Business Climate Survey, index	89	89.5	–	More cause for optimism
US	Aug New Home Sales, %mth	–0.6	0.1	–	Buyer appetite crimped by elevated rates and prices.
	Aug Advanced Goods Trade Balance, US$bn	–102.8	–95.2	–	Back at pre–Liberation Day levels; trends from here are key.
	Fedspeak	–	–	–	Daly.
Thu 25					
Aus	Q3 Job Vacancies, %qtr	2.9	–	–0.5	Flows of new ads are moderating.
US	Q2 GDP, %ann'd	3.3	3.3	–	Final estimate.
	Aug Durable Goods Orders, %mth	–2.8	–0.5	–	Underlying orders trending higher.
	Aug Wholesale Inventories, %mth	0.1	–	–	Inventories have built up in excess of sales volumes.
	Sep Kansas City Fed, index	1	–	–	Regional conditions are volatile, varied and vulnerable.
	Initial Jobless Claims	–	–	–	Clearly stepped higher, but weather disruptions in the mix.
	Fedspeak	–	–	–	Goolsbee, Williams, Daly.
Fri 26					
NZ	Sep ANZ Consumer Confidence, index	92	–	–	Financial pressures continue to weigh on sentiment.
Jpn	Sep Tokyo CPI, %ann	2.6	2.8	–	On the path to sustainable inflation, albeit a bumpy one.
US	Aug Personal Income, %mth	0.4	0.3	–	Pace of wages growth remains fairly robust...
	Aug Personal Spending, %mth	0.5	0.5	–	... supporting growth in personal spending.
	Aug PCE Deflator, %mth	0.2	0.3	–	Importers largely absorbing tariff costs, for now.
	Sep Uni. of Michigan Sentiment, index	55.4	56	–	Final estimate.
	Fedspeak	–	–	–	Barkin, Bowman.
Sat 27					
Chn	Aug Industrial Profits, %ann	–1.5	–	–	Authorities closely watching aggressive price competition.

CONTACT

Westpac Economics Team | **westpac.co.nz/economics** | economics@westpac.co.nz

Kelly Eckhold, Chief Economist | +64 9 348 9382 | +64 21 786 758 | kelly.eckhold@westpac.co.nz

Satish Ranchhod, Senior Economist | +64 9 336 5668 | +64 21 710 852 | satish.ranchhod@westpac.co.nz

Darren Gibbs, Senior Economist | +64 9 367 3368 | +64 21 794 292 | darren.gibbs@westpac.co.nz

Michael Gordon, Senior Economist | +64 9 336 5670 | +64 21 749 506 | michael.gordon@westpac.co.nz

Paul Clark, Industry Economist | +64 9 336 5656 | +64 21 713 704 | paul.clark@westpac.co.nz

Imre Speizer, Market Strategist | +64 9 336 9929 | +64 21 769 968 | imre.speizer@westpac.co.nz

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.

DISCLAIMER

Things you should know.

Westpac Institutional Bank is a division of Westpac Banking Corporation ABN 33 007 457 141 ('Westpac').

Disclaimer.

This material contains general commentary, and market colour. The material does not constitute investment advice. Certain types of transactions, including those involving futures, options and high yield securities give rise to substantial risk and are not suitable for all investors. We recommend that you seek your own independent legal or financial advice before proceeding with any investment decision. This information has been prepared without taking account of your objectives, financial situation or needs. This material may contain material provided by third parties. While such material is published with the necessary permission none of Westpac or its related entities accepts any responsibility for the accuracy or completeness of any such material. Although we have made every effort to ensure the information is free from error, none of Westpac or its related entities warrants the accuracy, adequacy or completeness of the information, or otherwise endorses it in any way. Except where contrary to law, Westpac and its related entities intend by this notice to exclude liability for the information. The information is subject to change without notice and none of Westpac or its related entities is under any obligation to update the information or correct any inaccuracy which may become apparent at a later date. The information contained in this material does not constitute an offer, a solicitation of an offer, or an inducement to subscribe for, purchase or sell any financial instrument or to enter a legally binding contract. Past performance is not a reliable indicator of future performance. Whilst every effort has been taken to ensure 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.

Country disclosures.

Australia: Westpac holds an Australian Financial Services Licence (No. 233714). This material is provided to you solely for your own use and in your capacity as a wholesale client of Westpac.

New Zealand: In New Zealand, Westpac Institutional Bank refers to the brand under which products and services are provided by either Westpac or Westpac New Zealand Limited ("WNZL"). Any product or service made available by WNZL does not represent an offer from Westpac or any of its subsidiaries (other than WNZL). Neither Westpac nor its other subsidiaries guarantee or otherwise support the performance of WNZL in respect of any such product. The current disclosure statements for the New Zealand branch of Westpac and WNZL can be obtained at the internet address www.westpac.co.nz.

China, Hong Kong, Singapore and India: This material has been prepared and issued for distribution in Singapore to institutional investors, accredited investors and expert investors (as defined in the applicable Singapore laws and regulations) only. Recipients in Singapore of this material should contact Westpac Singapore Branch in respect of any matters arising from, or in connection with, this material. Westpac Singapore Branch holds a wholesale banking licence and is subject to supervision by the Monetary Authority of Singapore. Westpac Hong Kong Branch holds a banking license and is subject to supervision by the Hong Kong Monetary Authority. Westpac Hong Kong branch also holds a license issued by the Hong Kong Securities and Futures Commission (SFC) for Type 1 and Type 4 regulated activities. This material is intended only to "professional investors" as defined in the Securities and Futures Ordinance and any rules made under that Ordinance. Westpac Shanghai and Beijing Branches hold banking licenses and are subject to supervision by the China Banking and Insurance Regulatory Commission (CBIRC). Westpac Mumbai Branch holds a banking license from Reserve Bank of India (RBI) and subject to regulation and supervision by the RBI.

UK: The contents of this communication, which have been prepared by and are the sole responsibility of Westpac Banking Corporation London and Westpac Europe Limited. Westpac (a) has its principal place of business in the United Kingdom at Camomile Court, 23 Camomile Street, London EC3A 7LL, and is registered at Cardiff in the UK (as Branch No. BR00106), and (b) authorised and regulated by the Australian Prudential Regulation Authority in Australia. Westpac is authorised in the United Kingdom by the Prudential Regulation Authority. Westpac is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. Details about the extent of our regulation by the Prudential Regulation Authority are available from us on request. Westpac Europe Limited is a company registered in England (number 05660023) and is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.

This communication is being made only to and is directed at (a) persons who have professional experience in matters relating to investments who fall within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order") or (b) high net worth entities, and other persons to whom it may otherwise lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as "relevant persons"). Any person who is not a relevant person should not act or rely on this communication or any of its contents. The investments to which this communication relates are only available to and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such investments will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely upon this communication or any of its contents. In the same way, the information contained in this communication is intended for "eligible counterparties" and "professional clients" as defined by the rules of the Financial Conduct Authority and is not intended for "retail clients". With this in mind, Westpac expressly prohibits you from passing on the information in this communication to any third party. In particular this communication and, in each case, any copies thereof may not be taken, transmitted or distributed, directly or indirectly into any restricted jurisdiction. This communication is made in compliance with the Market Abuse Regulation (Regulation(EU) 596/2014).

Investment recommendations disclosure.

The material may contain investment recommendations, including information recommending an investment strategy. Reasonable steps have been taken to ensure that the material is presented in a clear, accurate and objective manner. Investment Recommendations for Financial Instruments covered by MAR are made in compliance with Article 20 MAR. Westpac does not apply MAR Investment Recommendation requirements to Spot Foreign Exchange which is out of scope for MAR.

Unless otherwise indicated, there are no planned updates to this Investment Recommendation at the time of publication. Westpac has no obligation to update, modify or amend this Investment Recommendation or to notify the recipients of this Investment Recommendation should any information, including opinion, forecast or estimate set out in this Investment Recommendation change or subsequently become inaccurate.

Westpac will from time to time dispose of and acquire financial instruments of companies covered in this Investment Recommendation as principal and act as a market maker or liquidity provider in such financial instruments.

Westpac does not have any proprietary positions in equity shares of issuers that are the subject of an investment recommendation.

Westpac may have provided investment banking services to the issuer in the course of the past 12 months.

Westpac does not permit any issuer to see or comment on any investment recommendation prior to its completion and distribution.

Individuals who produce investment recommendations are not permitted to undertake any transactions in any financial instruments or derivatives in relation to the issuers covered by the investment recommendations they produce.

Westpac has implemented policies and procedures, which are designed to ensure conflicts of interests are managed consistently and appropriately, and to treat clients fairly.

The following arrangements have been adopted for the avoidance and prevention of conflicts in interests associated with the provision of investment recommendations.

(i) Chinese Wall/Cell arrangements;

(ii) physical separation of various Business/Support Units;

(iii) and well defined wall/cell crossing procedures;

(iv) a "need to know" policy;

(v) documented and well defined procedures for dealing with conflicts of interest;

(vi) steps by Compliance to ensure that the Chinese Wall/Cell arrangements remain effective and that such arrangements are adequately monitored.

U.S: Westpac operates in the United States of America as a federally licensed branch, regulated by the Office of the Comptroller of the Currency. Westpac is also registered with the US Commodity Futures Trading Commission ("CFTC") as a Swap Dealer, but is neither registered as, or affiliated with, a Futures Commission Merchant registered with the US CFTC. Westpac Capital Markets, LLC ('WCM'), a wholly-owned subsidiary of Westpac, is a broker-dealer registered under the U.S. Securities Exchange Act of 1934 ('the Exchange Act') and member of the Financial Industry Regulatory Authority ('FINRA'). This communication is provided for distribution to U.S. institutional investors in reliance on the exemption from registration provided by Rule 15a-6 under the Exchange Act and is not subject to all of the independence and disclosure standards applicable to debt research reports prepared for retail investors in the United States. WCM is the U.S. distributor of this communication and accepts responsibility for the contents of this communication. All disclaimers set out with respect to Westpac apply equally to WCM. If you would like to speak to someone regarding any security mentioned herein, please contact WCM on +1 212 389 1269. All disclaimers set out with respect to Westpac apply equally to WCM.

Investing in any non-U.S. securities or related financial instruments mentioned in this communication may present certain risks. The securities of non-U.S. issuers may not be registered with, or be subject to the regulations of, the SEC in the United States. Information on such non-U.S. securities or related financial instruments may be limited. Non-U.S. companies may not subject to audit and reporting standards and regulatory requirements comparable to those in effect in the United States. The value of any investment or income from any securities or related derivative instruments denominated in a currency other than U.S. dollars is subject to exchange rate fluctuations that may have a positive or adverse effect on the value of or income from such securities or related derivative instruments.

The author of this communication is employed by Westpac and is not registered or qualified as a research analyst, representative, or associated person under the rules of FINRA, any other U.S. self-regulatory organisation, or the laws, rules or regulations of any State. Unless otherwise specifically stated, the views expressed herein are solely those of the author and may differ from the information, views or analysis expressed by Westpac and/or its affiliates.

Westpac Banking Corporation.