



WEEKLY ECONOMIC COMMENTARY



28 Apr 2025 | Westpac Economics Team | westpac.co.nz/economics | economics@westpac.co.nz

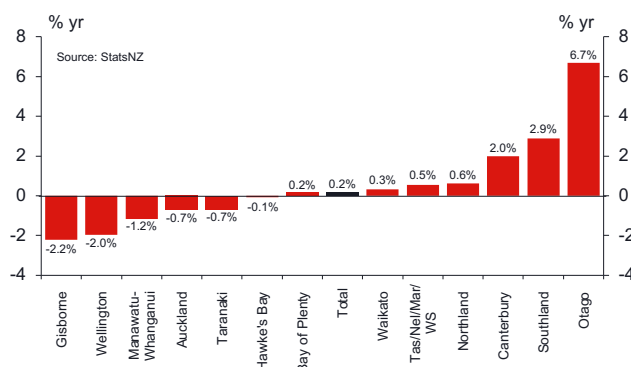
A gradual and uneven thaw in economic conditions

For the past few weeks Westpac's teams have been talking to households and businesses around the country to build up an **'on the ground' view of the conditions different regions are experiencing**.

Looking at the country as a whole, economic conditions have remained cool. More than six months since the Reserve Bank started cutting interest rates, many businesses have told us that demand remains subdued, with particular softness in parts of the retail, hospitality and construction sectors.

However, signs of a thaw are emerging as some of the powerful financial headwinds that have buffeted the economy have eased. Many businesses also told us that while conditions remain challenging, they aren't going backwards like they did in recent years. Moreover, businesses are also starting to feel optimistic about where the economy is headed over the coming year, thanks mainly to the easing in borrowing costs. There was also a view among those we spoke to that the recovery would likely be gradual, with reductions in inflation and interest rates taking time to ripple through the economy.

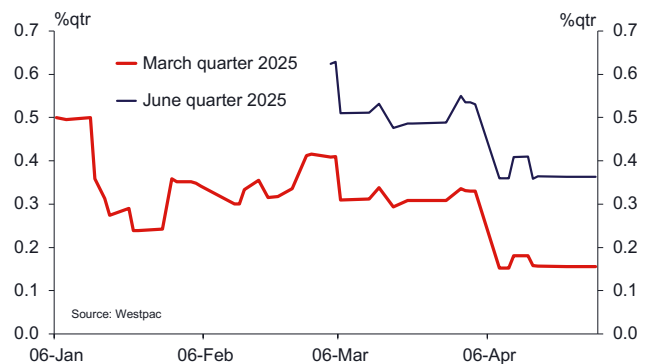
Retail spending growth by region (three months to December vs same time last year)



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
7 May 25	Labour market statistics, March quarter
7 May 25	RBNZ Financial Stability Report
7 May 25	FOMC Meeting (Announced 8 May NZT)
8 May 25	Govt financial statements, 9 months to March
15 May 25	NZ Selected price indexes, April
20 May 25	RBA Monetary Policy Decision
22 May 25	Government releases Budget 2025
28 May 25	RBNZ OCR Review & Monetary Policy Statement
5 Jun 25	Govt financial statements, 10 months to April
17 Jun 25	NZ Selected price indexes, May
18 Jun 25	FOMC Meeting (Announced 19 Jun NZT)

In addition to easing financial conditions, increasing commodity prices, from dairy to meat and horticulture, have helped to boost sentiment in many rural regions. That's also already flowing through to a lift in sentiment and spending in some parts of the country.

Cost pressures remain a concern...

Among the big concerns that we heard, inflation remains front of mind for many households and businesses. Even though inflation is back near 2%, households across the country are still dealing with the large cost of living increases we saw over the past few years, and that has been a drag on discretionary spending. Similarly in the business sector, many of those we spoke to told us of continued pressure on operating costs and ongoing margin squeeze. Insurance costs and local council rates were highlighted as particular pain points.

...and the tariff war is adding to uncertainty about the outlook.

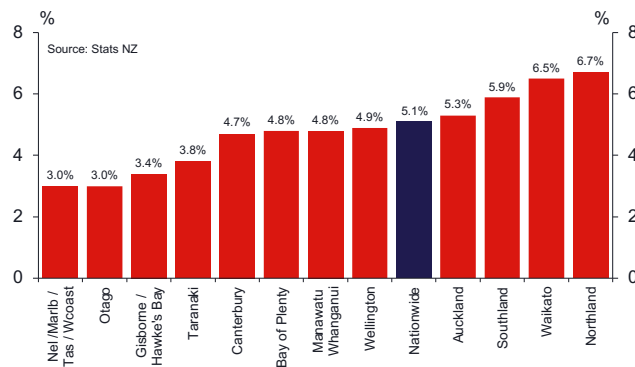
Another issue that was unsurprisingly causing some nervousness was the impact of the tariff war. On this front, most businesses weren't certain how they would be affected and were taking a 'watch and see' approach. That uncertainty is one factor why businesses are likely to be cautious about major capital spending for a time yet. The related drop in the New Zealand dollar has been welcomed by exporters but is adding to costs for other businesses.

Labour market conditions have continued to soften.

Feedback on the labour market remains soft, with many firms saying they had shed staff. Some of that was through restructures, but many were simply choosing not to replace team members when they left. Few of the firms we spoke to said they were looking to take on new staff. And those that were looking said there were a lot more candidates than in recent years and they tended to be better qualified.

We also heard a number of comments from those in the construction sector that staff were leaving and heading to Australia. A number of building and construction firms told us they were reluctant to let more specialised staff go, with concerns that positions would be hard to re-fill when the upswing eventually arrives. As a result, a number said they were bidding for smaller contracts or were prepared to take on lower margin projects to keep staff busy.

Unemployment by region

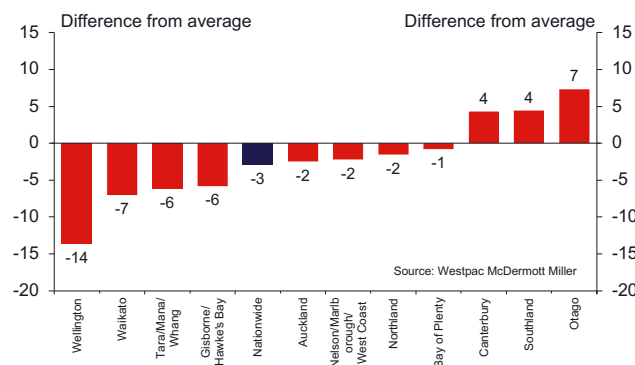


Town and country – the stars are brighter in the south.

While overall economic conditions remain cool, conditions are uneven across the country.

Households and businesses are feeling much more optimistic in those regions with strong rural backbones, with Canterbury, Otago and Southland the strongest performing parts of the country. Improving prices for dairy and other key commodity exports are boosting incomes, sentiment and spending. There's also been an ongoing recovery in international visitor numbers, which has been supporting spending in areas like Queenstown.

Consumer confidence by region (deviation from five year average)



It's a different picture in the major urban centres. Businesses we spoke to in Auckland continued to report tough trading conditions, with talk of a 10% reduction on last year being common. Some large retailers told us conditions are the worst they've seen in 25 years, with manufacturers and those in the construction sector also reporting soft activity.

We're also seeing ongoing weakness in Wellington. Like other parts of the country, households in the Capital have faced some tough financial conditions in recent years. And with Wellington's economy heavily oriented towards the service sector, post-pandemic changes in how and where people work have had a big impact on the vibrancy of the central city. On top of that, many of those we spoke

to in the central city highlighted prolonged disruptions as a result of infrastructure work. Wellington also isn't seeing the same benefits from the recovery in commodity prices that we're seeing in many rural areas. Nor is it benefiting from the lift in international visitors in the same way as centres like Queenstown and Auckland.

The week ahead.

The highlight of this week's calendar will be Wednesday's update on business confidence. As well as giving an update on recent trading conditions, this will be an early read on how sentiment, including pricing intentions, have been affected by the 'Liberation Day' announcements. We'll also get updates on the labour market (Tuesday) and building consents (Friday). In addition, Finance Minister Willis will give a pre-Budget speech on Tuesday morning.

Satish Ranchhod, Senior Economist

Chart of the week.

The recovery in international tourist numbers is continuing. Daily visitor arrivals over the Easter period were about 7% higher than the same time last year. Looking at the longer-term trend, visitor numbers have now retraced around 90% of their pre-pandemic levels. The related lift in spending has been a welcome boost to demand in tourist hot spots like Queenstown, with increasing visitor numbers from markets like the US and Australia. However, visitor numbers from the high-spending Chinese market remain low compared to pre-pandemic levels.

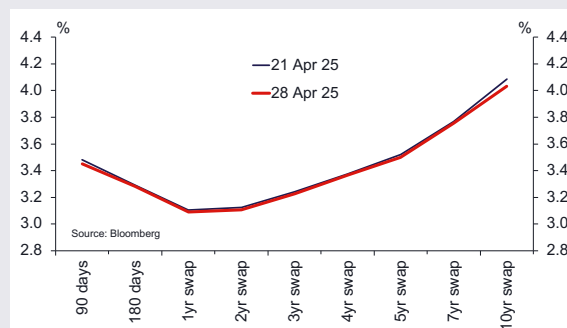
Daily arrivals of non-NZ citizens (7-day average)



Fixed versus floating for mortgages.

We're forecasting the cash rate to bottom at 3.25% in mid-2025 but with downside risks to that forecast given global events. Markets now factor in an OCR that bottoms closer to 2.75%. Mortgage rates now uniformly sit just under 5% reflecting the recent fall in wholesale rates, and even longer-term mortgage rates have fallen a touch. There could be some further scope for mortgage rates to fall further should wholesale rates settle around current levels. But fixing for longer periods still looks attractive now mortgage rates are either below or close to 5%. Very short-term mortgage rates are likely to fall in the near term as the RBNZ delivers further OCR cuts but they may remain above current longer term fixed rates. Fixing shorter than a year is a bet that the OCR bottoms somewhat lower than 2.75%.

NZ interest rates



Global wrap

North America.

Earlier risk aversion has given way to more positive sentiment after President Trump said that he had no intention of firing Fed Chair Powell. He also mooted looming trade deals with Japan, India and – eventually – China. On the data front, the Conference Board's leading index fell in March. In a similar vein, the flash PMI also softened, led by a 3pt fall in the services index to 51.4. A surge in aircraft orders caused durable goods orders to rise 9.0%/m in March, but core capex orders rose just 0.1%/m. The Fed's Beige Book reported little change in activity, and that uncertainty around trade policy was pervasive. Many firms were said to have already received notices from suppliers that costs would be increasing, with most expecting to pass through additional costs to customers. This week's busy diary is dominated by Wednesday's Q1 GDP report and Friday's April payrolls report, with both expected to reveal a loss of momentum. The Conference Board consumer confidence and ISM manufacturing survey will also be of interest. On the inflation front, the core PCE deflator is likely to have increased very modestly in March, causing annual inflation to return to a post-pandemic low of 2.6%.

Europe.

The flash PMI reports revealed some early impact from current US tariff uncertainty, although more so in the service sector. While the euro area manufacturing PMI was little changed at 48.7, the services PMI fell 1.3pts to a 5-month low of 49.7. In a similar vein, while the UK's manufacturing PMI fell 0.9pts to 44.0, the services PMI fell 3.6pts to 48.9 – the lowest reading in more than 2 years. This week sees the release of preliminary GDP data for Q1 and CPI data for April.

Asia-Pacific.

A big week looms in Australia with Wednesday's Q1 CPI report a key focus ahead of next month's RBA meeting. Westpac expects headline inflation to fall to 2.2%/y, while the closely-watched trimmed mean measure should ease to 2.8%/y. Friday will see the release of retail sales for March, including sales volumes data for Q1. The focus in China this week will be on Wednesday's PMI readings to gauge the early impact of the huge US tariffs on the economy. A busy week in Japan will bring the release of retail, IP and labour market data for March. On Thursday, the BoJ is widely expected to hold its policy rate steady amidst tariff-related uncertainty. Attention will focus on the accompanying Outlook Report to see what the BoJ's forecasts might imply about prospects for further policy normalisation at future meetings.

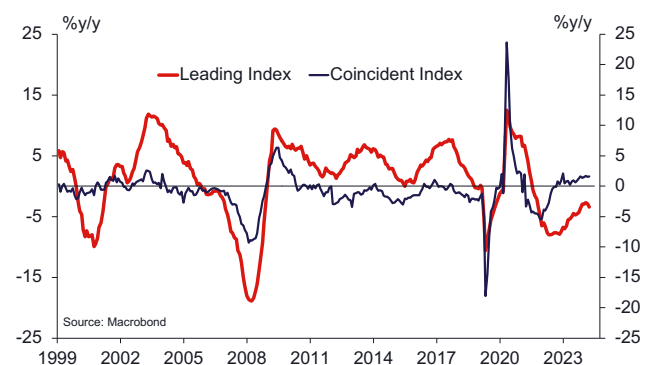
Trading partner real GDP (calendar years)

	Annual average % change			
	2023	2024	2025	2026
Australia	2.1	1.0	2.0	2.2
China	5.2	5.0	5.0	4.7
United States	2.5	2.8	1.1	0.9
Japan	1.9	-0.1	1.0	0.8
East Asia ex China	3.3	4.3	3.7	3.8
India	7.8	6.6	6.2	6.2
Euro Zone	0.4	0.7	0.7	1.2
United Kingdom	0.1	0.7	0.6	1.1
NZ trading partners	3.2	3.2	3.0	3.0
World	3.2	3.3	2.9	3.0

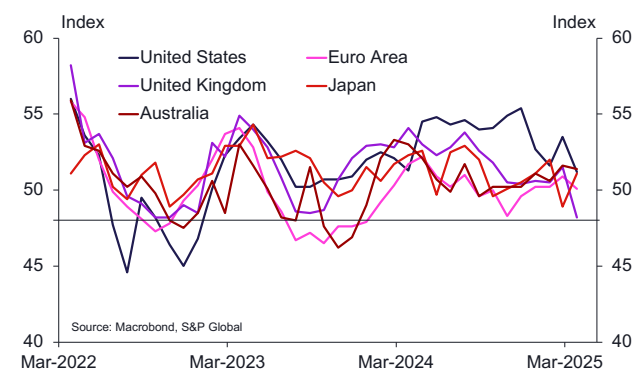
Australian & US interest rate outlook

	24 Apr	Jun-25	Dec-25	Dec-26
Australia				
Cash	4.10	3.85	3.35	3.35
90 Day BBSW	3.92	3.90	3.45	3.55
3 Year Swap	3.29	3.35	3.50	3.90
3 Year Bond	3.34	3.40	3.55	3.95
10 Year Bond	4.24	4.35	4.45	4.70
10 Year Spread to US (bps)	-11	5	5	0
US				
Fed Funds	4.375	4.375	3.875	3.875
US 10 Year Bond	4.35	4.30	4.40	4.70

US Conference Board Indexes



S&P Global composite PMI readings



Financial markets wrap

Interest rates.

NZD/USD's April rally has stalled around 0.6000. A range of 0.5850-0.6050 is plausible for the week ahead. Trump Administration headlines, particularly on tariffs, remain the dominant driver of currencies, with economic data taking a back seat. While the tariff headlines remain uneven, keeping markets on edge, they have recently become less combative in tone, supporting risk currencies such as the NZD and AUD.

There's little major NZ data to watch this week, the next major event being the Q1 labour data on 7 May. In the US, though, GDP, monthly payrolls and core PCE inflation data will be watched.

The NZD/AUD cross has potential to decline during the week ahead, to sub-0.9300, barring a deterioration in sentiment. It is technically stretched and due at least a corrective pullback. In addition, the AUD usually outperforms amid favourable news on China. AU markets will watch the Q1 CPI data on Wednesday.

Interest rates.

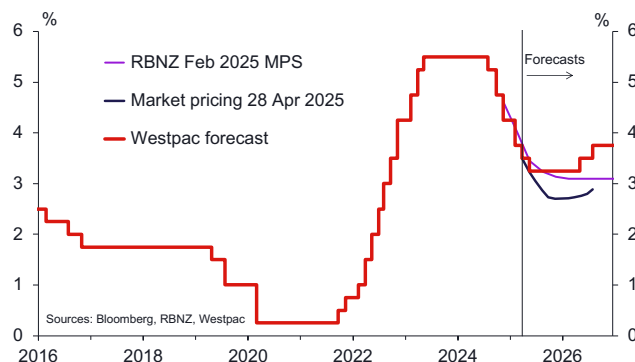
The NZ 2yr swap rate remains slightly above tentative support at 3.02%, which is its lowest level since 2022. US tariff news has been the main influence on US interest rates, and in turn NZ rates.

The market expects the new trade policies to weaken US economic growth and increase inflation. This mix has caused US short-maturity rates to fall and long-maturity rates to rise. The latter has also risen on concerns that US treasury bonds may lose some of their "safe-haven" identity.

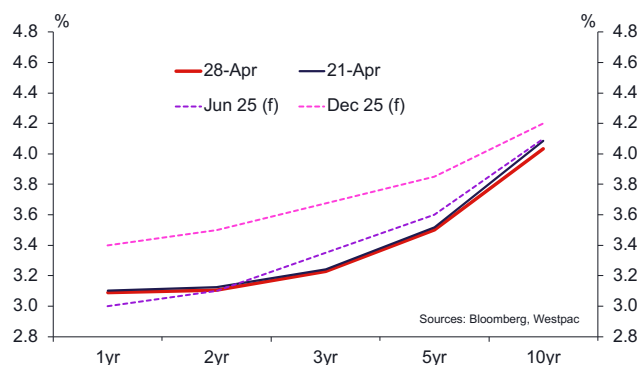
The above developments have spilled over to NZ rates, the NZ yield curve steepening significantly.

NZ OCR pricing has stabilised during the past few weeks, at three more 25bp cuts in this cycle, with the next one in May, and the remainder before year end. That implies a terminal rate of 2.75% - lower than the RBNZ's forecast from the February MPS, which showed a chance of 3.00%, as well as Westpac's current forecast at 3.25%.

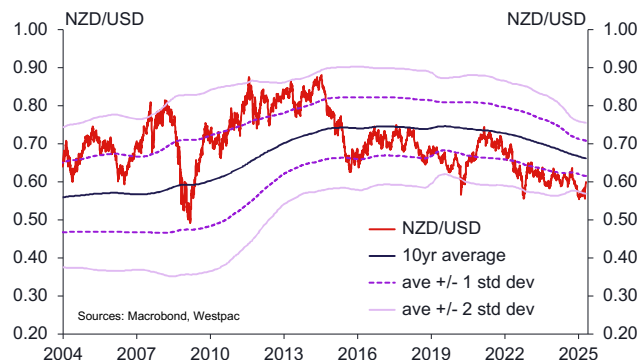
Official Cash Rate forecasts



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	0.596	0.553-0.599	0.553-0.743	0.639	0.57
AUD	0.932	0.897-0.936	0.873-0.971	0.924	0.87
EUR	0.524	0.502-0.549	0.502-0.637	0.577	0.51
GBP	0.448	0.431-0.459	0.431-0.535	0.498	0.44
JPY	85.6	80.5-88.6	63.7-98.6	82.7	79.9

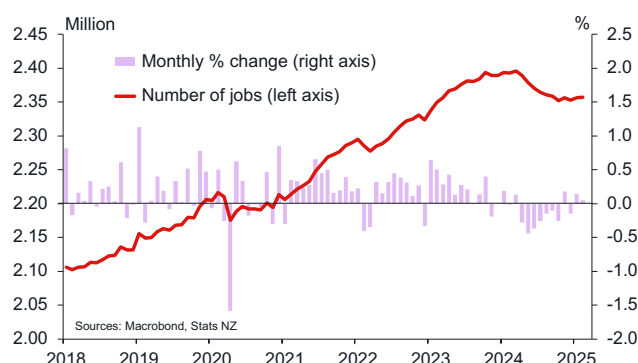
The week ahead

Mar Monthly Employment Indicator

Apr 29, Last: 0.0%, Westpac f/c: +0.2%

The Monthly Employment Indicator (MEI) showed that the number of filled jobs was around flat in February. Businesses are no longer shedding workers in the way that they were in mid-2024, but neither are they actively expanding, as demonstrated by the low level of job advertisements. Sectors that are linked to international tourism are returning to growth, while more domestically focused sectors remain soft. The weekly snapshots provided by Stats NZ suggest a modest lift in jobs in March.

Monthly Employment Indicator filled jobs



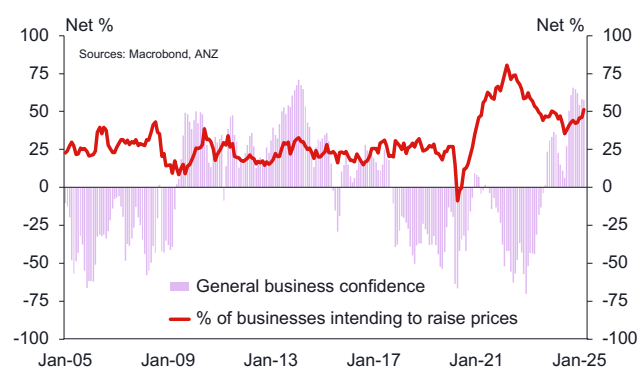
Apr ANZ Business Confidence

Apr 30, Last: 57.5

Businesses were upbeat in March about the outlook for the year ahead, while acknowledging that current conditions remained flat. Notably, concerns about cost pressures have been re-emerging, most likely reflecting the impact of the weaker New Zealand dollar on import prices.

The April survey will have captured the “Liberation Day” tariff announcement and the subsequent market turmoil. As such, it will provide our first gauge on whether the darkening global trade outlook has affected local businesses’ hiring and investment plans.

Business confidence and pricing intentions

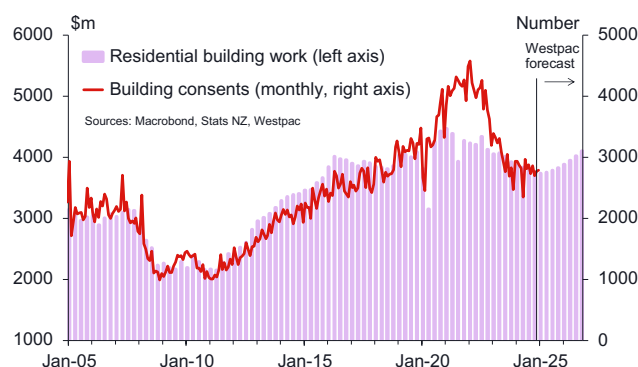


Mar Building Consents

May 2, Last: +0.7%, Westpac f/c: Flat

Despite the usual month-to-month volatility, consent issuance has flattened off. Annual consent issuance has been running at a little over 33,000 for close to a year now. We expect that consent issuance will remain around those levels for the next few months before beginning to turn higher through the latter part of the year as the impact of lower interest rates ripples through the housing market. Conditions in the non-residential sector remain mixed, with businesses still cautious about significant new capital expenditure for now. We’ve also seen a drop off in the number of government-related projects.

Residential building and consent numbers

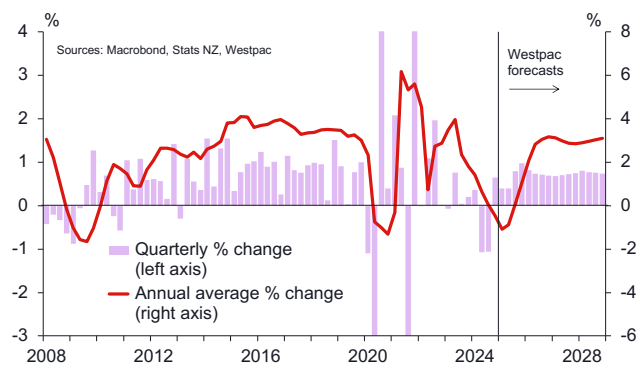


Economic and financial forecasts

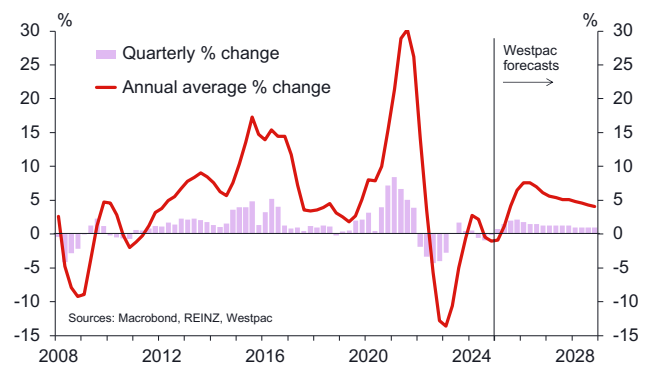
Economic indicators	Quarterly % change				Annual % change			
	Dec-24	Mar-25	Jun-25	Sep-25	2024	2025	2026	2027
GDP (production)	0.7	0.4	0.4	0.8	-0.5	1.0	3.2	2.8
Consumer price index	0.5	0.9	0.2	0.9	2.2	2.8	2.0	2.1
Employment change	-0.1	-0.1	0.1	0.1	-1.1	0.5	2.1	2.0
Unemployment rate	5.1	5.3	5.4	5.4	5.1	5.3	4.6	4.1
Labour cost index (all sectors)	0.6	0.6	0.5	0.5	3.3	2.2	1.8	2.1
Current account balance (% of GDP)	-6.2	-5.5	-4.6	-4.3	-6.2	-4.0	-4.5	-4.4
Terms of trade	3.1	7.1	2.6	-1.1	13.6	8.0	1.4	2.3
House price index	-0.2	0.8	1.5	2.0	-1.1	6.5	6.1	5.1

Financial forecasts	End of quarter				End of year			
	Dec-24	Mar-25	Jun-25	Sep-25	2024	2025	2026	2027
OCR	4.25	3.75	3.25	3.25	4.25	3.25	3.75	3.75
90 day bank bill	4.45	3.86	3.35	3.35	4.45	3.35	3.85	3.85
2 year swap	3.64	3.46	3.10	3.25	3.64	3.50	4.00	4.00
5 year swap	3.73	3.71	3.60	3.70	3.73	3.85	4.25	4.25
10 year bond	4.51	4.63	4.60	4.65	4.51	4.70	4.90	4.95
TWI	69.5	67.8	66.7	66.2	69.5	66.2	67.3	68.1
NZD/USD	0.59	0.57	0.56	0.56	0.59	0.57	0.60	0.62
NZD/AUD	0.91	0.90	0.90	0.89	0.91	0.87	0.87	0.87
NZD/EUR	0.55	0.54	0.51	0.51	0.55	0.51	0.52	0.54
NZD/GBP	0.46	0.45	0.44	0.43	0.46	0.44	0.45	0.46

GDP growth



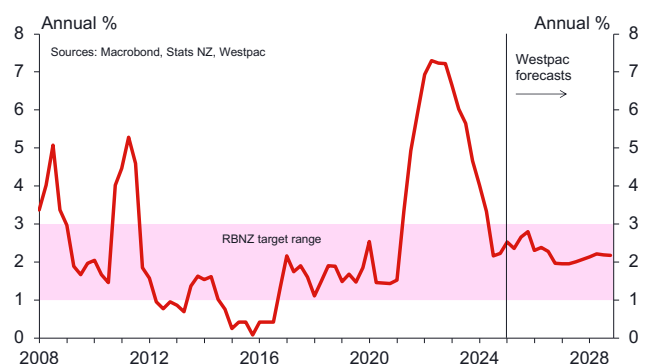
House prices



Unemployment and wage growth



Consumer price inflation



Data calendar

		Last	Market median	Westpac forecast	Risk/Comment
Mon 28					
US	Apr Dallas Fed, index	-16.3	-	-	Widespread weakness in regional manufacturing surveys.
Tue 29					
NZ	Mar Employment Indicator, %mth	0.0	-	0.2	Jobs broadly tracking sideways.
Aus	RBA Assist' Governor (Financial Mkts)	-	-	-	Kent speaking at Bloomberg in Sydney.
Eur	Apr Economic Confidence, index	95.2	-	-	Consumer confidence gaps lower, businesses circumspect.
US	Mar Wholesale Inventories, %mth	0.3	-	-	Non-durables supporting growth.
	Mar JOLTS Job Openings, 000s	7568	-	-	Vacancy-to-unemployment ratio continues to ease.
	Apr CB Consumer Confidence, index	92.9	-	-	Policy uncertainty weighing on confidence.
Wed 30					
NZ	Apr ANZ Business Confidence, index	57.5	-	-	First business survey since "Liberation Day".
Aus	Q1 Headline CPI, %qtr	0.2	0.8	0.7	The cost of living measures shaved 0.3ppt off the CPI in Dec...
	Q1 Headline CPI, %yr	2.4	2.3	2.2	... which won't be repeated in the March quarter.
	Q1 Trimmed Mean CPI, %qtr	0.5	0.6	0.6	The impact of the cost of living measures is insignificant for...
	Q1 Trimmed Mean CPI, %yr	3.2	2.8	2.8	... the TM with the annual pace now within the RBA band.
	Mar Monthly CPI Indicator, %yr	2.4	2.2	2.0	Monthly inflation at the bottom of the RBA target band.
	Mar Private Sector Credit, %mth	0.5	0.5	0.5	Steady growth to continue for now, downside risks ahead.
Jpn	Mar Industrial Production, %mth	2.3	-	-	A pull-back is on the cards.
Chn	Apr NBS Manufacturing PMI, index	50.5	-	-	Broadly neutral business conditions in manufacturing...
	Apr NBS Non-Manufacturing PMI, index	50.8	-	-	... and services under the official measure...
	Apr Caixin Manufacturing PMI, index	51.2	-	-	... echoed by signals from the unofficial measure.
Eur	Q1 GDP, %qtr	0.2	-	-	Public sector key pillar of growth during uncertain times.
US	Q1 Employment Cost Index, %qtr	0.9	-	-	Expected to pick-up but is unlikely to pressure inflation.
	Q1 GDP, %ann'd	2.4	-	-0.2	Component detail closely examined to pick out tariff impact.
	Mar Personal Income, %mth	0.8	-	-	Households are earning...
	Mar Personal Spending, %mth	0.4	-	-	... but not exactly burning cash...
	Mar PCE Deflator, %mth	0.3	-	-	... keeping the Fed's preferred gauge, core PCE, under control.
Thu 01					
Aus	Apr CoreLogic Home Value Index, %mth	0.4	-	0.3	Now seeing small gains across all major capital cities.
	Q1 Import Price Index, %qtr	0.2	-	-	The weaker AUD is increasing import costs, meanwhile...
	Q1 Export Price Index, %qtr	3.6	-	-	... lower commodity prices will weigh on export earnings.
	Mar Goods Trade Balance, \$bn	3.0	3.1	4.0	A recovery in exports to drive goods trade surplus back up.
Jpn	May BoJ Policy Decision, %	0.5	0.5	-	Rising prices and growth pick-up support policy normalisation.
US	Apr ISM Manufacturing, index	49	-	-	Unable to sustain its lift into expansion.
	Initial Jobless Claims	-	-	-	Has risen for four consecutive weeks.
World	Apr S&P Global Manufacturing PMI, index	-	-	-	Final estimate for Japan, UK and US.
Fri 02					
NZ	Mar Building Permits, %mth	0.7	-	0.0	Annual issuance has found a base.
Aus	Q1 PPI, %qtr	0.8	-	-	Confined within a 0.8-1.0%qtr range since Q4 2023.
	Mar Retail Sales, %mth	0.2	0.4	0.9	Boosted by Feb rate cut and stockpiling ahead of Cyclone Alfred.
	Q1 Real Retail Sales, %qtr	1.0	0.3	0.3	Upturn continues but at slower pace in early 2025.
Jpn	Mar Jobless Rate, %	2.4	-	-	To tick slightly higher.
Eur	Apr CPI, %yr	2.2	-	-	A welcome easing in services inflation...
	Mar Unemployment Rate, %	6.1	-	-	... even with the unemployment rate at a historic low.
US	Apr Non-Farm Payrolls, 000s	228	-	-	Business surveys point to downside risks for labour market...
	Apr Unemployment Rate, %	4.2	-	-	... but layoffs remain low, at least for now.
	Apr Average Hourly Earnings, %mth	0.3	-	-	Consistent with 2% inflation target.
	Mar Factory Orders, %mth	0.6	-	-	Rush to get orders in ahead of tariff implementation.

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 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.

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 licence 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 be 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.

