



Weekly Economic Commentary.

What lies beneath? (Answer: Higher inflation and interest rates).

With the Delta outbreak now well into its third month, we're seeing an ongoing split in demand across regions. However, under the surface, economic conditions have remained resilient. At the same time, we're seeing no let-up in the strong inflation pressures that have been bubbling over in recent months.

It's been a long three months, with ongoing Covid-related activity restrictions resulting in challenging times for many families and businesses. It's been particularly tough for those in upper North Island regions like Auckland, where restrictions have been the most prohibitive and where retail sales are still running close to 30% below pre-Delta levels. However, Delta's icy grip has been felt right across the country, with many businesses in customer facing industries like hospitality still struggling with significant reductions in demand even in regions that are at Alert Level 2. And with such a protracted outbreak, it's no surprise that business confidence has been slipping in recent months.

But while Delta has been a significant drag on some parts of the economy, underlying economic conditions have actually

remained fairly resilient. In fact, in areas outside of Auckland, spending levels have continued to grind higher and are now running around 5% above the levels we saw prior to the outbreak.

That resilience in household spending appetites will be welcome news for many retailers as we head into the holiday shopping season. After a challenging few months, many retailers are relying on a boost from pent-up demand. And the early indications on this front are positive, with reports that shoppers have already started heading back to stores over the past week as restrictions on Auckland's retail sector have been relaxed. Trading restrictions are set to be eased again next month when Auckland is expected to shift into the Government's new 'traffic light' system for managing Covid.



And it's not just the retail sector where we're seeing signs of firm demand. The outlook for construction activity remains very strong, with a record 47,000 new dwellings consented over the past year. We're also hearing reports of firm demand in the manufacturing sector. And on top of that, prices for many of our key commodity exports continue to charge higher, with particular strength in the prices for dairy products.

Putting this altogether, we expect a return to strong levels of activity next year as health restrictions are gradually rolled back. However, with firmness in domestic demand we also expect that inflation pressures are going to remain intense. Despite the dialling up of the Alert Level, recent months have seen no respite in the strong imported cost pressures that many businesses have been struggling with. Consistent with that, nearly two-thirds of businesses have reported that they intend to increase output prices over the next three months. We're forecasting that consumer price inflation will rise above 5% by the end of this year, and that it won't return inside the RBNZ's target band until the end of 2022 at the earliest.

Against this backdrop of firm demand, as well as strong and persistent inflation pressures, we're expecting a series of hikes from the RBNZ over the coming year, including a 25bp hike at the upcoming November policy decision.

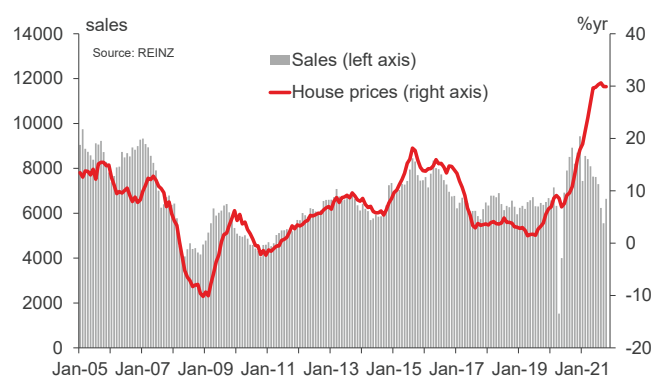
Given the strength of economic activity and inflation, financial markets have been pricing in a chance that the RBNZ will actually increase the OCR by 50bps in November. GDP growth, inflation and the labour market have all proven to be much stronger than the RBNZ had anticipated. But while such a move isn't out of the range of possible outcomes, we expect that the ongoing risks around the health situation will prompt the central bank to move in increments of 25 bps, though those steps higher will come quickly over the next few years.

One key part of the economy where the resilience in demand has been particularly evident has been the housing market.

While sales are still a bit below the levels we saw prior to the outbreak, prices have continued to charge higher. On a nationwide basis, house prices rose 2.3% in October, and are up 30% over the past year. Strength in prices has been widespread, with prices in Auckland up a hefty 3.7% in October, and prices in other regions also continuing to rise at a brisk pace.

However, while the housing market has been resilient to date, the real test will come over the next few years. We expect that interest rates hikes from the RBNZ will take the OCR into 'tight' territory, and mortgage rates are already factoring in a similar outcome. On top of that, the RBNZ has begun consulting on the introduction of debt-to-income limits for borrowers, with a tightening in lending regulations likely over the coming year. Combined, those conditions are likely to see house price growth slowing over the coming months and eventually giving way to a period of modest declines.

REINZ house prices and sales



Satish Ranchhod, Senior Economist

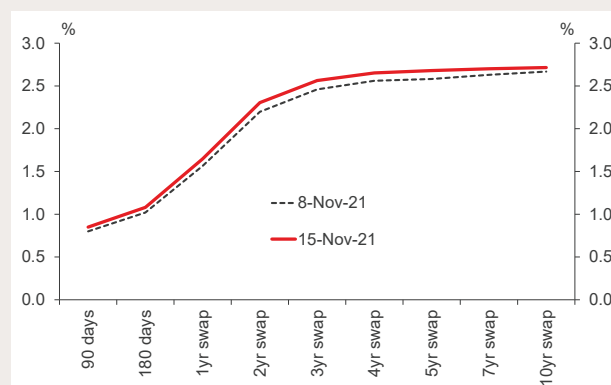
+64 9 336 5668

Fixed vs floating for mortgages.

We expect the Reserve Bank to increase the OCR further at its upcoming reviews, reaching a peak of 3% by mid-2023.

Based on these OCR forecasts, we think there is value in extending fixed-rate terms as far out as three years. Longer terms (out to five years) don't offer additional value, though they may be suitable for borrowers who value more certainty in their repayments.

NZ interest rates



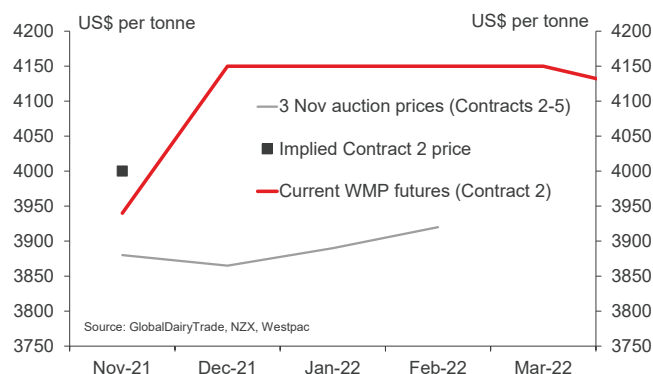
The week ahead.

NZ GlobalDairyTrade auction, whole milk powder prices

Nov 17, Last: +2.7%, Westpac: +2.0%

- We expect whole milk powder prices to lift at the upcoming dairy auction. This lift would build on the circa 10% rise since the end of August.
- Our pick is more modest than futures market pricing, where a circa 4% lift is expected.
- Recently, soft global supply has been translating into higher global dairy prices. Notably, New Zealand production has started the season on the back foot, with production down 3.1% on a season to date basis.

Whole milk powder prices

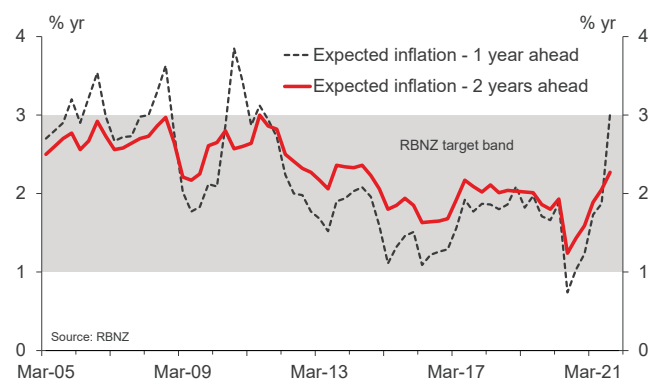


NZ Q4 Survey of expectations

Nov 18, Two year ahead inflation expectations, Last: 2.27%

- We expect the RBNZ's latest survey will show that inflation expectations have continued to push higher in recent months. The survey comes hot on the heels of the much stronger than expected September quarter inflation result. Recent months have also seen firm indications for domestic activity and widespread reports of ongoing cost pressures.
- We expect a lift in inflation expectations across all key horizons. Notably, the closely watched 2-years ahead measure has already risen above the RBNZ's 2% target, and we expect it will take another step higher this quarter.
- We already expect the RBNZ will increase the cash rate at its November policy meeting. However, a strong rise in inflation expectations would reinforce the case for faster rate increases over 2022.

NZ RBNZ Survey of Expectations

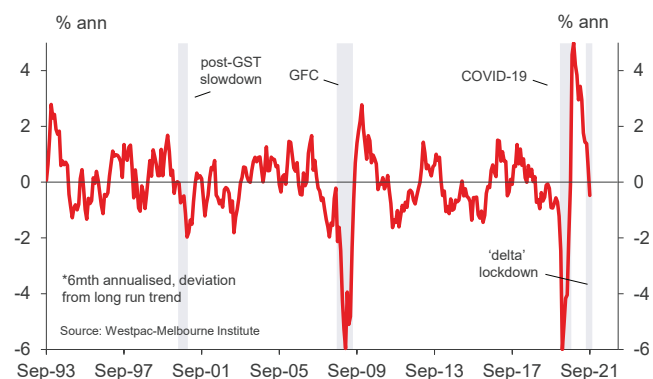


Aus Oct Westpac-MI Leading Index

Nov 17, Last: -0.5%

- The six-month annualised growth rate fell into negative territory in Sep as the full impact of delta lockdowns showed through locally - marking the first below trend read in 2021.
- The Oct read will include a mixed bag of component updates: sentiment-related measures improving, particularly expectations around the labour market, and commodity prices a touch firmer in the month in AUD terms but dwelling approvals continuing to track lower. Being a six-month annualised growth rate, the headline measure is likely to remain weak as it cycles delta lockdown effects.

Au Westpac-MI Leading Index



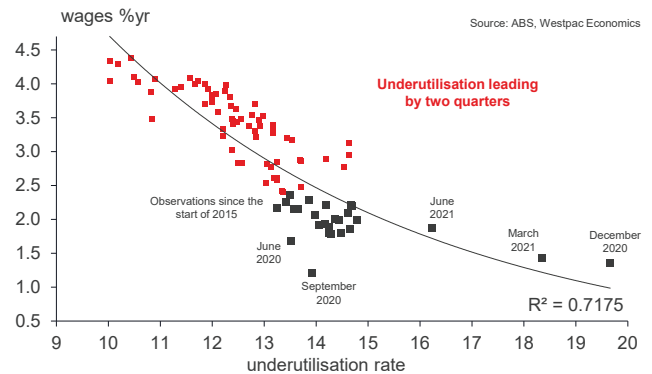
The week ahead.

Aus Q3 Wage Price Index (WPI)

Nov 17, Last: 0.4%, WBC f/c: 0.5%
Mkt f/c: 0.6%, Range: 0.4% to 0.8%

- The WPI lifted 0.4% in Q2, significantly less than Westpac's forecast of 0.7% and the market's 0.6% estimate. This moderation followed two consecutive increases of 0.6% which was in response to the two softest quarterly increases in the history of the series. The annual rate lifted from 1.5%yr to 1.7%yr, 0.2ppt stronger than a year earlier.
- Apart from a few isolated examples of skills shortages placing pressure on market rates, wage inflation was best described as subdued. Some employers revisited wage reviews postponed during the pandemic with the Q2 gain partially underpinned by the return of regular scheduled increases. But the increase was still only just on par with the pre-Covid pace.
- During Q3 there were the further disruptions of lockdowns particularly in NSW, Vic and ACT. However, the labour market remained particular tight so pressure on a wage recovery remains. Our 0.5%qtr forecast will lift the annual pace to 2.2%yr.

Au underutilisation and private wages

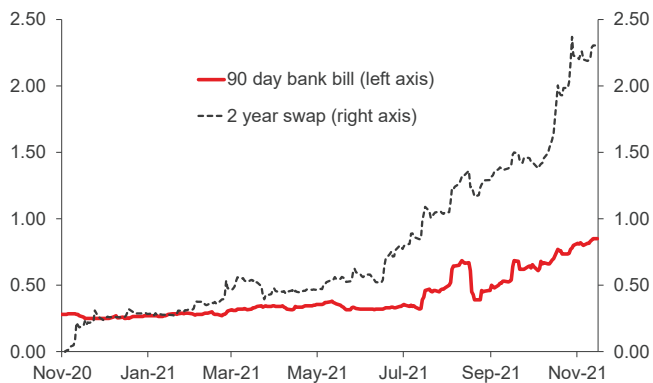


New Zealand forecasts.

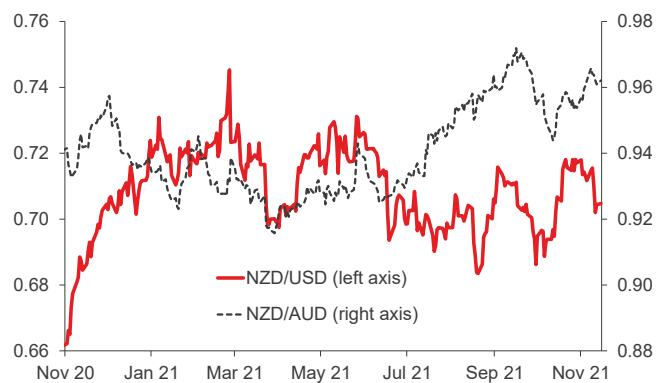
Economic forecasts	Quarterly				Annual			
	2021			2022				
% change	Jun (a)	Sep	Dec	Mar	2019	2020	2021f	2022f
GDP (Production)	2.8	-5.5	4.5	2.2	2.4	-2.1	4.7	4.8
Employment	1.0	2.0	0.2	0.1	1.2	0.6	3.8	0.3
Unemployment Rate % s.a.	4.0	3.4	3.6	3.6	4.0	4.8	3.6	3.5
CPI	1.3	2.2	0.6	0.8	1.9	1.4	5.1	2.7
Current Account Balance % of GDP	-3.3	-3.9	-4.4	-4.2	-2.9	-0.8	-4.4	-5.2

Financial forecasts	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Dec-23
Cash	0.75	1.00	1.50	2.00	2.25	2.50	2.75	3.00
90 Day bill	0.95	1.40	1.90	2.20	2.45	2.70	2.95	3.10
2 Year Swap	2.30	2.55	2.75	2.90	2.95	3.00	3.00	2.90
5 Year Swap	2.60	2.80	2.95	3.05	3.10	3.15	3.15	3.10
10 Year Bond	2.70	2.80	2.85	2.90	3.00	3.00	3.00	2.95
NZD/USD	0.71	0.72	0.73	0.74	0.74	0.74	0.74	0.73
NZD/AUD	0.95	0.95	0.95	0.95	0.95	0.94	0.93	0.94
NZD/JPY	79.5	80.6	82.5	83.6	84.4	84.4	85.1	84.7
NZD/EUR	0.60	0.60	0.61	0.63	0.63	0.63	0.64	0.63
NZD/GBP	0.51	0.52	0.52	0.52	0.52	0.53	0.53	0.53
TWI	74.6	75.2	75.9	76.6	76.4	76.3	76.0	75.3

2 year swap and 90 day bank bills



NZD/USD and NZD/AUD



NZ interest rates as at market open on 15 November 2021

Interest rates	Current	Two weeks ago	One month ago
Cash	0.50%	0.50%	0.50%
30 Days	0.73%	0.59%	0.53%
60 Days	0.79%	0.70%	0.61%
90 Days	0.85%	0.80%	0.70%
2 Year Swap	2.31%	2.26%	1.65%
5 Year Swap	2.68%	2.63%	2.05%

NZ foreign currency mid-rates as at 15 November 2021

Exchange rates	Current	Two weeks ago	One month ago
NZD/USD	0.7047	0.7159	0.7063
NZD/EUR	0.6155	0.6195	0.6090
NZD/GBP	0.5251	0.5229	0.5137
NZD/JPY	80.26	81.70	80.68
NZD/AUD	0.9621	0.9532	0.9525
TWI	75.13	75.94	75.20

Data calendar.

		Last	Market median	Westpac forecast	Risk/Comment
Mon 15					
NZ	Oct BusinessNZ PSI	46.9	–	–	Expected to lift as restrictions in Auckland were eased.
	Sep net migration	353	–	–	Set to remain low due to the continued border closure.
Aus	RBA Assistant Governor Economic	–	–	–	Appearing Parliament (Tax & Revenue Committee).
Chn	Oct retail sales %yr	4.4%	3.7%	–	Services PMI was promising, but delta cases built over...
	Oct retail sales YTD %yr	16.4%	14.7%	–	... month, creating risks for consumption.
	Oct industrial production YTD %yr	11.8%	10.8%	–	Supply issues & power outages to slow production growth.
	Oct fixed asset investment ytd %yr	7.3%	6.2%	–	Regulatory changes to put pressure on investment.
Eur	Sep trade balance €bn	11.1	–	–	Surplus has narrowed through 2021.
UK	Nov Rightmove house prices	1.8%	–	–	House price growth approaching 2020 peak of 6.6%.
US	Nov Fed Empire state index	19.8	20.1	–	To provide a timely update on NY manufacturing sector.
Tue 16					
Aus	RBA minutes	–	–	–	Colour around possible timing of initial RBA rate hike.
	RBA Governor Lowe speaking	–	–	–	Recent Trends in Inflation, to ABE.
Eur	Q3 GDP	2.2%	2.2%	–	+ve outlook with high vaccination rates & supportive policy.
UK	Sep ILO unemployment rate	4.5%	4.4%	–	Economic recovery to gradually reduce unemployment.
US	Oct retail sales	0.7%	1.1%	–	Expected to lift as demand eases for goods and services.
	Oct industrial production	–1.3%	0.8%	–	Conditions volatile given supply and delta risks.
	Sep business inventories	0.6%	0.6%	–	Should build as supply chain allows.
	Nov NAHB housing market index	80	80	–	Stable at high level in 2021.
	Fedspeak	–	–	–	Barkin, Bostic, George and Daly.
Wed 17					
NZ	GlobalDairyTrade auction	2.7%	–	2.0%	Soft global supply is translating into higher global dairy prices.
Aus	Oct Westpac-MI Leading Index	–0.5%	–	–	Too early for delta reopening to show through in a big way.
	Q3 wage cost index	0.4%	0.6%	0.5%	Despite a robust labour market wage gains will be gradual.
Eur	Oct CPI (final)	0.8%	0.8%	–	Energy prices account for half of overall inflation.
UK	Oct CPI	0.3%	0.8%	–	Supply chain constraints and recovery demand to lift CPI.
US	Oct housing starts	–1.6%	1.3%	–	Expected to reverse some of Sep's losses...
	Oct building permits	–7.7%	2.8%	–	... as a result of robust underlying demand.
	Fedspeak	–	–	–	Bowman, Mester, Waller, Daly, Evans and Bostic.
Thu 18					
NZ	Q4 RBNZ inflation expectations (2yrs)	2.27%	–	–	Expected to take another step higher this quarter.
Aus	RBA Assistant Governor Economic	–	–	–	Luci Ellis, speaking at CEDA, online.
US	Initial jobless claims	267k	260k	–	Gradual downtrend continuing.
	Nov Philly Fed index	23.8	22.0	–	To offer a gauge of varied business conditions in the region.
	Oct leading index	0.2%	0.8%	–	Momentum to pick up after a soft result in Sep.
	Nov Kansas City Fed index	31	–	–	Record high suggests +ve manufacturing outlook for region.
	Fedspeak	–	–	–	Bostic, Evans and Daly.
Fri 19					
UK	Nov GfK consumer sentiment	–17	–	–	Fuel shortages hurt sentiment, but well above 2020 lows.
	Oct retail sales	–0.2%	–	–	Demand for services weighing on goods retail.
US	Fedspeak	–	–	–	Clarida to speak on global monetary policy. Waller too.

International forecasts.

Economic Forecasts (Calendar Years)	2017	2018	2019	2020	2021f	2022f
Australia						
Real GDP %/yr	2.4	2.8	1.9	-2.4	3.0	5.0
CPI inflation %/yr	1.9	1.8	1.8	0.9	3.0	2.5
Unemployment rate %	5.5	5.0	5.2	6.8	4.9	3.7
Current account % of GDP	-2.6	-2.1	0.7	2.7	4.4	1.8
United States						
Real GDP %/yr	2.3	3.0	2.2	-3.5	5.6	4.0
CPI inflation %/yr	2.1	2.4	1.9	1.2	4.5	3.1
Unemployment rate %	4.4	3.9	3.7	8.1	5.4	4.2
Current account % of GDP	-2.3	-2.3	-2.6	-2.5	-2.4	-2.4
Japan						
Real GDP %/yr	1.7	0.6	0.3	-4.8	2.3	2.7
Euro zone						
Real GDP %/yr	2.6	1.9	1.3	-6.6	4.9	4.4
United Kingdom						
Real GDP %/yr	1.7	1.3	1.4	-9.9	6.7	5.5
China						
Real GDP %/yr	6.9	6.7	5.8	2.3	8.5	5.7
East Asia ex China						
Real GDP %/yr	4.7	4.4	3.7	-2.4	3.8	4.9
World						
Real GDP %/yr	3.8	3.6	2.8	-3.3	5.4	4.6
Forecasts finalised 5 November 2021						

Interest rate forecasts	Latest	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Dec-23
Australia									
Cash	0.10	0.10	0.10	0.10	0.10	0.10	0.25	0.50	0.75
90 Day BBSW	0.04	0.07	0.10	0.15	0.20	0.40	0.65	0.70	0.95
10 Year Bond	1.79	1.95	2.05	2.15	2.25	2.30	2.30	2.30	2.30
International									
Fed Funds	0.125	0.125	0.125	0.125	0.125	0.375	0.625	0.875	0.875
US 10 Year Bond	1.56	1.75	1.90	2.00	2.10	2.20	2.25	2.30	2.30

Exchange rate forecasts	Latest	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Dec-23
AUD/USD	0.7286	0.75	0.76	0.77	0.78	0.78	0.79	0.80	0.78
USD/JPY	114.26	114	115	115	115	116	116	117	117
EUR/USD	1.1439	1.18	1.18	1.18	1.17	1.17	1.16	1.16	1.15
GBP/USD	1.3364	1.38	1.39	1.40	1.41	1.41	1.40	1.40	1.39
USD/CNY	6.3962	6.35	6.30	6.25	6.25	6.20	6.20	6.15	6.10
AUD/NZD	1.0403	1.06	1.06	1.05	1.05	1.05	1.07	1.08	1.07

Contact the Westpac economics team.

Michael Gordon, Acting Chief Economist

+64 9 336 5670

Satish Ranchhod, Senior Economist

+64 9 336 5668

Nathan Penny, Senior Agri Economist

+64 9 348 9114

Paul Clark, Industry Economist

+64 9 336 5656

Gregorius Steven, Economist

+64 9 367 3978

Any questions email:

economics@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. For further information please refer to the Product Disclosure Statement (available from your Relationship Manager) for any product for which a Product Disclosure Statement is required, or applicable customer agreement.

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 of 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.