Australia and New Zealand - Weekly Prospects

Summary

- The **Australian** economic calendar swells this week with the release of the minutes of the RBA Board's last meeting in early April and the first quarter inflation numbers. There also is a speech by the RBA Governor. Our forecast is for headline inflation to fall back within the RBA's 2-3% target range for the first time since 2Q07. Unusually, though, the inflation report should have few direct implications for our RBA call. The Board minutes should reveal the extent to which officials at the April 7 policy meeting balanced the need to lower market interest rates against a desire to preserve policy ammunition. The market's main focus, though, will be on any evidence that rising bank funding costs played a role in the Board's decision to push through a small rate cut. We expect officials to trim the cash rate target twice more on route to a terminal rate of 2.5%.

- In **New Zealand**, the retail sales data for February showed an unexpected rise. A closer look, though, showed that core sales continued to fall and trend sales extended the most prolonged period of decline on record. Such weak domestic consumption growth, combined with problematic conditions offshore, the falling terms of trade, and subdued inflation pressures, provide ample scope for the RBNZ to continue lowering the cash rate. We forecast a 50bp OCR cut in April. The 1Q inflation report last week, which showed headline CPI at the very top end of the RBNZ's target range, will not be the primary concern for Governor Bollard on April 30.

- The latest flow of economic and financial market news is gradually laying the foundation for a second-half recovery in **global growth**. Three complementary recent developments are worth highlighting: traction, broad financial condition improvement, and the rise in April surveys. The forecast that **consumption** will stabilize this quarter is based on the view that the sharp slide in household spending and confidence at the end of last year represented a front-loaded adjustment to anticipated bad times. If we are right, global consumer confidence should move modestly higher as financial conditions improve and labour market weakness fails to validate the elevated fear at the start of the year. Already, US readings are pointing in this direction. Against the backdrop of a dramatic pullback in the level of output in recent months, this outcome will allow businesses to continue to successfully cut inventories and costs, and will signal that an end to these adjustments is not far off.

- Another reason for optimism that **global consumers** will not buckle is the continued increase in the amount and breadth of fiscal stimulus being directed at the world economy, which we now estimate at 2% of this year's global GDP. Increasingly, Asia is assuming the leadership in this process. China is at the forefront; last week's reports showed that these policies are bearing fruit. GDP growth accelerated from a virtual stall in 4Q08 to nearly 6% annualized in 1Q09; moreover, March activity data including exports, retail sales, fixed investment, and IP delivered across-the-board upside surprises, as did bank lending. All told, the forecast for a return to above-trend growth beginning this quarter looks firmly on track.

This week's highlight

The RBA Board minutes Tuesday. The extent to which Board members discussed the rise in commercial banks' funding costs will be of particular interest.

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JPMorgan Australia Ltd., Sydney
www.morganmarkets.com

Stephen Walters
(61-2) 9220-1599
stephen.b.walters@jpmorgan.com

Helen Kevans
(61-2) 9220-3250
helen.e.kevans@jpmorgan.com

JPMorgan Chase Bank, Sydney
Stephen Walters (61-2) 9220-1599
stephen.b.walters@jpmorgan.com
Helen Kevans (61-2) 9220-3250
helen.e.kevans@jpmorgan.com
Ben Jarman (61-2) 9220-1669
ben.k.jarman@jpmorgan.com

Data and event previews - Australia and New Zealand

Date	Time [a]	Data/event	Forecast JPMorgan	Forecast Consensus [b]	Previous
Monday, April 20	11.30am	Aust. PPI (%q/q, 1Q)	**-0.1**	0.6	*1.3*
Tuesday, April 21	8.45am	NZ visitor arrivals (%m/m, Mar.)	**na**	na	*2.9*
Tuesday, April 21	11.30am	RBA Board minutes (Apr.)	**na**	na	*na*
Tuesday, April 21	1.30pm	RBA Governor Stevens' speech	**na**	na	*na*
Wednesday, April 22	11.00am	Aust. DEWR skilled vacancies (%m/m, Apr.)	**na**	na	*-10.8*
Wednesday, April 22	11.30am	Aust. CPI (%q/q, 1Q)	**0.2**	0.5	*-0.3*
Thursday, April 23	11.30am	Aust. new motor vehicle sales (%m/m, Mar.)	**na**	na	*-3.5*
Thursday, April 23	1.00pm	NZ credit card spending (%oya, Mar.)	**-1.0**	na	*-1.9*

(a) Australian Eastern Standard Time.
(b) Consensus based on Bloomberg survey.

Australia

Aust. PPI (%q/q, 1Q) - Producer prices at the final stage of production should fall 0.1%q/q in 1Q, mainly owing to lower import prices. Weaker domestic demand probably meant that firms continued to face difficulties in passing on still-high early-stage input costs to final prices, leaving profit margins squeezed.

RBA Board minutes (Apr.) - The minutes from the Board meeting two weeks ago should make interesting reading. On one level, it will be insightful to see how officials weighed up the various arguments that led to what we describe as a middle-of-the-road 25bp rate cut. There almost certainly will be discussion of the need to balance the need for lower market interest rates against the desire by RBA officials to preserve policy flexibility for later. On another level, the minutes may provide colour on the degree to which elevated bank funding costs played a role in the Board's decision.

RBA Governor Glenn Stevens' speech - The Governor will be addressing the Australian Institute of Company Directors. He will be discussing the current economic climate - a Q&A session will follow. Coming just two hours after the release of the April Board minutes, the speech is unlikely to reveal much that is new.

Aust. CPI (%q/q, 1Q) - Headline inflation should fall back within the RBA's 2-3% target range. From the previous quarter, the CPI should grow 0.2%q/q (consensus 0.5%). The mild pickup in consumer price growth in the March quarter will be owing mainly to elevated food prices. Prices in areas such as housing and automotive fuel would have continued to ease. The import price data released last week delivered an unexpectedly large drop over the quarter.

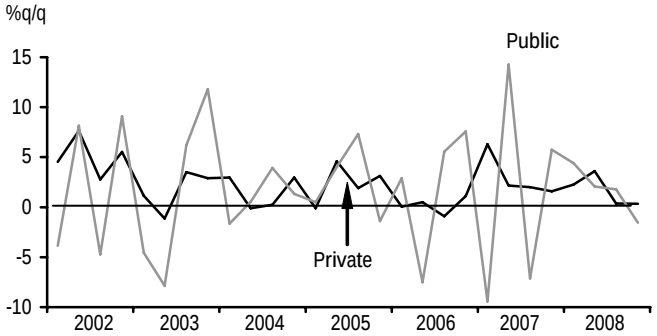
New Zealand

NZ credit card spending (%oya, Mar.) - Credit card spending should remain weak. Consumers are choosing to pay down debt and boost savings amid widespread recession fears and increased anxiety about job security.

JPMorgan Chase Bank, Sydney
Stephen Walters (61-2) 9220-1599
stephen.b.walters@jpmorgan.com
Helen Kevans (61-2) 9220-3250
helen.e.kevans@jpmorgan.com
Ben Jarman (61-2) 9220-1669
ben.k.jarman@jpmorgan.com

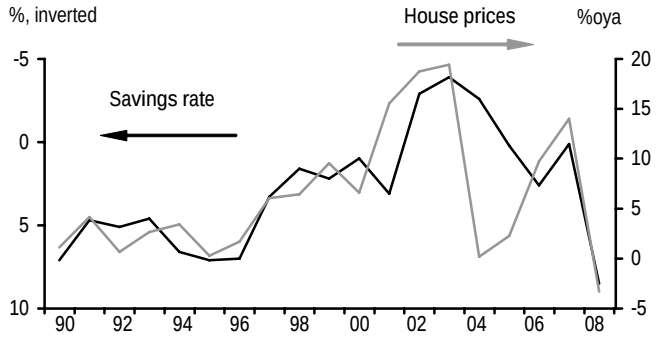
Feature charts

Australia: real fixed investment



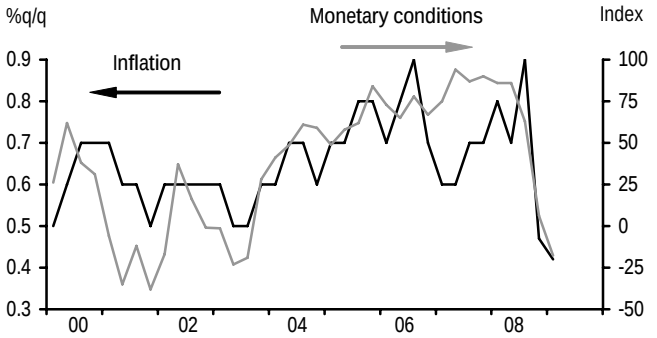
Australia's previously bulging investment pipeline has sprung a leak, due mainly to problematic funding arrangements, a moderation in the terms of trade and weakening global demand. Public infrastructure projects scheduled to begin at the end of the year will plug the gap to some extent. However, the volatile nature of public spending (projects are announced quickly and are large in scope) will raise coordination and logistical difficulties and could place upward pressure on construction costs.

Australia: household savings rate and house prices



Households adjust savings behaviour to maintain their balance sheets. House price appreciation increases net wealth, requiring a smaller portion from current income to be saved. Deleveraging and the return to savings during 2008 has been much stronger than in 2004, which reflects lower confidence in the state of the economy. We expect the savings rate to continue climbing.

New Zealand: RBNZ survey of expectations next quarter



There is a strong link between inflation expectations and monetary conditions. The futures market, however, began to price in monetary tightening by year's end after RBNZ Governor Bollard in March emphasized the importance of maintaining an attractive environment for capital flows. The conflicting objectives of officials wanting market interest rates to fall but also to remain attractive to offshore investors, and the lack of a clear market consensus, pose a significant problem for the effectiveness of monetary policy.

JPMorgan Australia Ltd., Sydney
Helen Kevans (61-2) 9220-3250
helen.e.kevans@jpmorgan.com
Ben Jarman (61-2) 9220-1669
ben.k.jarman@jpmorgan.com

Economic Research note

Aussie firms' true intentions overstated in capex survey

- **The December capex survey showed that firms intend to boost investment spending in 2009-10**
- **Using more realistic adjustments for forecasting errors, however, yields a fall of 17%**
- **The anticipated plunge in investment will send the jobless rate skyrocketing**

Anecdotes from industry indicate that firms are scaling back their investment plans as global economic conditions deteriorate. We were surprised, therefore, not to see a material downward revision to firms' spending plans in the most recent capex survey. The survey showed that firms plan to spend even more in the 2009-10 fiscal year than they are in the year ending June 2009. In our view, though, these spending plans will not be realized. In fact, a more realistic assessment of firms' estimation errors during recession implies that capital expenditure will contract 17% in 2009-10, compared to the 10.7% increase indicated by the recent official survey of firms' capex intentions, compiled by the Australian Bureau of Statistics (ABS).

Firms' spending plans look optimistic

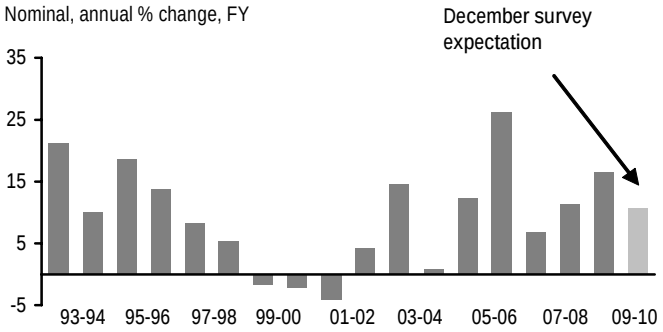
The deterioration in the global economic outlook, particularly in Australia's major trading partners, appears not to have affected firms' spending plans, at least not yet; that is, if the most recent capex survey is to be believed. Planned spending for 2009-10 was A$79.9 billion. After adjustment for firms' average underestimation of actual spending over the previous five years, this translates to a 10.7% rise relative to expected spending in the year ending June 2009.

The adjustment for forecasting error usually is applied using five-year average realization ratios (RRs) provided by the ABS. We have found, though, that the RRs tend to be inflated in boom times, which Australia recently enjoyed. Use of the ABS' five-year RR is valid only if firms' estimates are, on average, a constant fraction of actual capital expenditure. But, a simple regression indicates that mistakes are not randomly distributed (the methodology is discussed in detail on the next page). In fact, firms systematically underestimate expenditure more when capex is high.

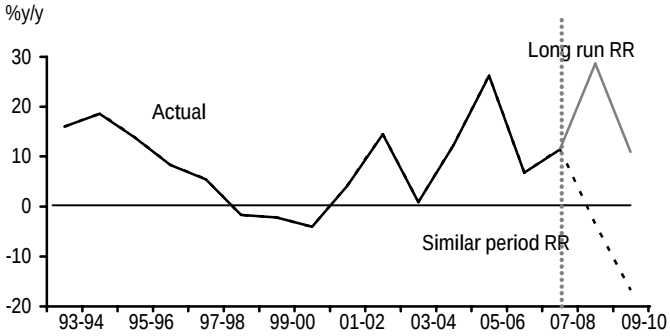
Extremely optimistic on our estimates

It is, therefore, more appropriate to use a historical forecasting error RR from a similar phase in the economic cycle to

Firms' spending plans look optimistic



Forecast capex plans adjusted for different forecasting errors



that currently being experienced. The obvious comparison is with Australia's most recent recession in 1990-91. That downturn and the current recession were preceded by an investment boom. A plunge in RRs occurred as economic growth moderated during the early stages of the early 1990s recession. The significance of the downturn in capex for the RR measure is that firms are better able to anticipate cuts in capex than increases. The latter involve uncertainties associated with, for example, obtaining finance and the viability of the project. This is evidenced by the RRs being close to 1.0 in the early 1990s recession, implying that firms follow through almost exactly with planned cuts to spending.

Thus, employing an RR of 1.05, the average of the RRs during 1991 (instead of the conventional, but inflated, RR of 1.4 using the recent five-year average), along with firms' original estimate of A$79.9 billion in spending in 2009-10, implies that spending will tumble 17% in the forthcoming fiscal year.

New projects not keeping pace

Evidence is rapidly accumulating that proposed investment in mining and associated infrastructure is being postponed, reined in, or cancelled. There has, for example, been a string of announcements of mine closures and job losses in recent months. These support our view that business investment plans are being scaled back dramatically. In particular, we suspect spending plans in the mining sector will be exten-

Helen Kevans (61-2) 9220-3250
helen.e.kevans@jpmorgan.com
Ben Jarman (61-2) 9220-1669
ben.k.jarman@jpmorgan.com

sively scaled back owing, in part, to the sharp drop in commodity prices and falling demand in Asia, which takes two-thirds of Australian exports. Prices for key commodity exports, iron ore and coal, tripled in the six years to 2008, but recently have fallen significantly—the RBA's commodity price index has fallen 23% since July. Contract price negotiations for iron ore currently underway will likely settle on price drops of 30%.

In 2008, investment in the mining sector accounted for over a third of private investment and expected expenditure accounted for some 40% of the total, substantially more than in previous booms. In 4Q, the mining sector invested a record A$8.3 billion. A fall in capital spending, if led by a contraction in the mining sector—previously the growth engine of the booming investment cycle—would have particularly severe consequences, given the significant sector's multiplier effects and impact on national income.

Ripple effects to be felt through economy

A further signal of the imminent contraction in investment is the deterioration in business sentiment. Owing to a grim global economic and financial climate, the NAB survey of business conditions has plummeted to near record lows: in March, a net 17% of respondents believed conditions were worsening. This was a mild improvement on the February reading, but conditions in all areas continued to trend south—employment, in particular, remained a key source of weakness. This pessimism eventually will feed into weaker investment and exports, alongside job growth. Indeed, there is strong evidence that this process already has begun, alongside Australia's recent fall into recession.

Investment's falling share of the economy will leave a serious dent in the employment outlook. There already have been an avalanche of announcements of widespread job losses recently, and our forecast is for the unemployment rate to rise sharply to 9% by the end of 2010, from 5.7% currently. The risks to our 9% call are to the upside, though. During the last two recessions in the early 1980s and early 1990s, the jobless rate ventured into double-digit territory and remained there for an extended period. Sharp falls in investment were key drivers of this deterioration.

A further consequence of a prolonged contraction in investment is the negative impact on potential output. Structural shifts in the required skill base, together with depreciation of the capital stock, imply that when a recovery arrives, there initially will be insufficient skilled labour and complementary capital to achieve pre-recession growth.

Methodology: average RRs not reliable

Regression. The assumption that long-run average RRs represent firms' estimation errors (i.e., are independent of the actual figures) requires a particularly simple relationship between estimates and actuals. Specifically, estimates should be a linear function of actuals, plus an error term. We test this assumption by adding a second-order term to the regression of estimates on actuals. The statistical significance of this term provides evidence of nonlinearity, and thus invalidates the use of long-run average RRs.

Capex estimates

Regression, t-stats in parentheses		
Actual capex (A$mn)	839.59	(15.62)
Actual capex squared ($Amn)	-1.74	(-1.99)
Adj. R-squared	0.85	

Note: While this approach seems indirect, it is necessary, because the alternative of a straight regression of the RRs on actuals would not be valid. Even if we found a relationship, the nonlinearity we found above implies that the error term in such a regression would be correlated with its regressor, the actuals. This violates the orthogonality condition that is fundamental to ordinary least squares.

Results. The regression estimates reveal two interesting phenomena. First, the significance of the second-order term indicates that RRs are not independent of the actuals; thus, it is misleading to use average RRs. Second, the coefficient is negative, meaning that as actuals rise, estimates increase, but at a declining rate. This suggests that RRs are higher during economic booms, as firms' estimates fall increasingly behind their realized capex figures.

New estimates. Firms' estimates are effectively flat between 2008-09 and 2009-10, meaning that any forecast growth in capex would purely be an artefact of the average RR measure rolling into the recent high-RR regime. Instead, using the recession era RR of 1.05 (the average over 1991) capex actually could fall 17% in the upcoming fiscal year.

Realization ratios and implied capex

	RR	Estimated (A$bn)	Actual (A$bn)
1988-89	1.78	16.63	29.53
1989-90	1.43	21.02	30.08
1990-91	1.06	26.93	28.47
1991-92	1.03	23.44	24.22
1992-93	1.23	20.97	25.85
1993-94	1.29	23.25	29.99
2003-04	1.18	43.37	51.25
2004-05	1.38	41.68	57.56
2005-06	1.62	44.82	72.64
2006-07	1.46	53.30	77.55
2007-08	1.36	63.57	86.40
2008-09	…	79.39	100.76
2009-10	…	79.87	83.86

Source: ABS, J.P.Morgan. 2008-09 figure computed using firms' last estimate (unlike first estimates, these are historically very close to correct). 2009-10 figure computed from our analysis, which yields an estimated fall in capex of 17%.

JPMorgan Australia Ltd., Sydney
Stephen Walters (61-2) 9220-1599
stephen.b.walters@jpmorgan.com
Helen Kevans (61-2) 9220-3250
helen.e.kevans@jpmorgan.com

Australia

- **RBA minutes should reaffirm that further official rate cuts are likely**
- **Aussie NAB business survey pointed to further labour market deterioration**
- **Inflation to remain subdued**

The Australian economic calendar swells this week with the release of the minutes from the RBA Board's last policy meeting in early April and the first quarter CPI numbers. Our forecast is for headline inflation to fall back within the RBA's 2-3% target range for the first time since 2Q07. The inflation report, though, should have few implications for our RBA call. The RBA's Board minutes should reveal the extent to which officials at the April 7 policy meeting balanced the need to lower market interest rates against a desire to preserve policy ammunition. We expect officials to trim the cash rate target "only" 25bp until they reach a terminal rate of 2.5%.

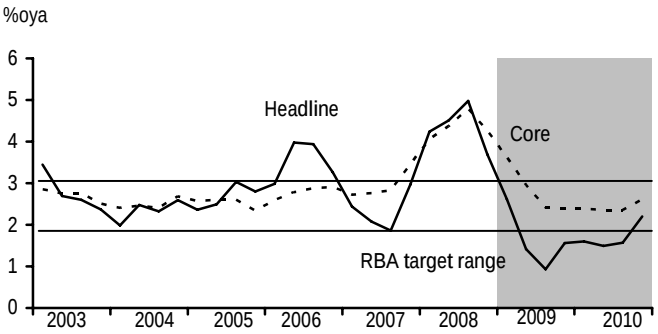
RBA minutes to talk of bank funding costs

This week's minutes from the RBA's meeting on April 7, at which officials opted to trim the cash rate 25bp, should make interesting reading. On one level, it will be insightful to see how officials weighed up the various arguments that led to what we describe as a middle-of-the-road rate cut—we expected a 50bp move, but many others expected no move at all. The Board opted for what seems a compromise rate cut that provided a small degree of relief to borrowers while simultaneously keeping policy in reserve for use later. On another level, the minutes may provide color on the degree to which elevated bank funding costs played a role in the Board's decision.

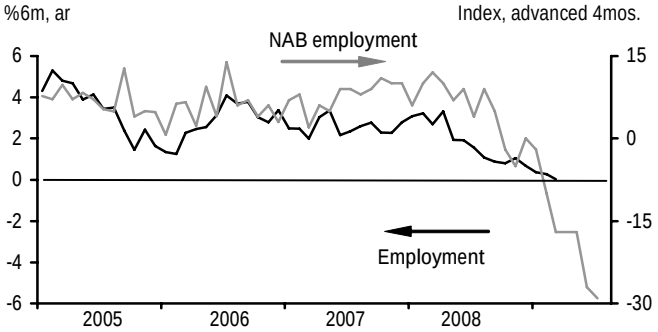
Commercial bank funding costs have been rising, which explains why the major Australian banks passed on to home loan rates only 10bp of the 25bp cut to the official rate—one bank passed on nothing at all. There is market speculation that the RBA opted to trim the cash rate this month mainly to dissuade the Aussie banks from raising home loan rates. The minutes are unlikely to provide conclusive evidence that bank behavior was a main driver of the decision, but they should inform the debate.

We expect further rate cuts from the RBA. One reason for this, we believe, is that it will be difficult for RBA officials to sit on their hands as the unemployment rate rises. With

Australia: CPI



Australia: NAB survey and employment growth



that in mind, the NAB survey of business confidence released last week reaffirmed our view that the unemployment rate will rise sharply. The headline reading improved from -22 in February to -13 in March, but the employment component of the survey deteriorated. The employment component tumbled to -29 in March from -27 in February and -17 in January, signalling that the pace of labour shedding will remain heady and that the unemployment rate will rise considerably in coming months. Our forecast is for an unemployment rate of 9% by the end of next year.

Prices pressures still subdued in 1Q

Headline inflation in Australia should print at 2.6%oya in 1Q, back within the RBA's 2-3% target range. A reading of 2.6%oya would lie in sharp contrast to the 3.7% rate recorded in the previous quarter and the 5.0% rate in 3Q. From the previous quarter, the CPI should grow 0.2%q/q, reversing the previous quarter's decline, and growth in the trimmed mean measure will be steady at 0.6%q/q.

The mild pickup in consumer price growth in the March quarter will be owing mainly to elevated food prices, rising rents and higher utility prices. Growth in other key areas, such as

JPMorgan Australia Ltd., Sydney
Stephen Walters (61-2) 9220-1599
stephen.b.walters@jpmorgan.com
Helen Kevans (61-2) 9220-3250
helen.e.kevans@jpmorgan.com

housing and automotive fuel, would have continued to ease considerably, however. Also, the financial service component, which carries a significant 8% weighting in the CPI, should have fallen in 1Q—interest rate margins have narrowed in the wake of aggressive cuts to the RBA's official cash rate, to the benefit of consumers.

Other data this week should show that producer prices at the final stage of production fell 0.1%q/q in the March quarter, after rising 2.7% in 4Q. We believe that prices at the preliminary and intermediate stages of production will have remained elevated given that, after falling 12% in 4Q, AUD held relatively steady on average in the first three months of the year. Weaker domestic demand probably meant, though, that firms continued to face difficulties in passing on still-high input costs to final prices, leaving profit margins squeezed.

Aussie terms of trade fell 2% in 1Q

Export and imports prices fell in 1Q, causing the terms of trade to drop 1.9%q/q. On our forecast, the terms of trade will fall a further 25% between now and the end of 2010, owing mainly to falling commodity prices. The terms of trade will, therefore, will be a drain on national income, having been a powerful source of support in recent years.

Export prices were down 4.6%q/q, after surging 15.9% in 4Q, which was the largest increase on record. The fall in 1Q was mainly owing to falls in prices for metalliferous ores and metal scarp (-12.0%) and nonferrous metals (-27.5%). These falls were partly offset by higher prices received for coal, coke and briquettes (+5.2%). Import prices also fell, slipping 2.8%q/q in the March quarter, after rising 10.8% in 4Q. Lower prices paid for petroleum, petroleum products and related materials (-32.5%) were the main driver of the fall. This fall was partly offset by a 15.7%q/q rise in prices paid for nonmonetary gold.

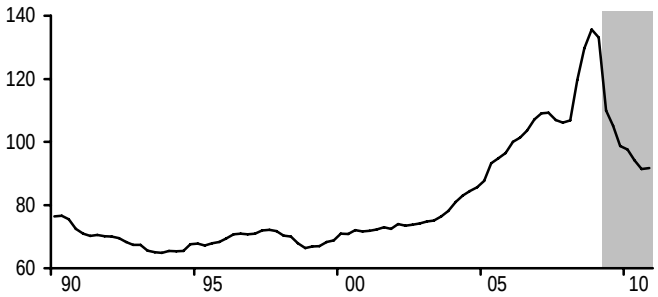
Data releases and forecasts

Week of April 20 - 24

Mon Apr 20 11:30am	Producer price index Percentage change	2Q08	3Q08	4Q08	1Q09
	(%oya)	4.7	5.6	6.4	4.3
	(%q/q)	1.0	2.0	1.3	-0.1

Australia: terms of trade

Index, 2004/05=100, sa



Wed Apr 22 11:30am	Consumer price index Percentage change	2Q08	3Q08	4Q08	1Q09
	Headline				
	(%oya)	4.5	5.0	3.7	2.6
	(%q/q)	1.5	1.2	-0.3	0.2
	Core (trimmed mean)				
	(%oya)	4.4	4.8	4.3	3.7
	(%q/q)	1.2	1.2	0.6	0.6

Thu Apr 23 11:30am	Sales of new motor vehicles Units, seasonally adjusted	Dec	Jan	Feb	Mar
	(%m/m)	1.5	-1.1	-3.5	__
	(%oya)	-15.8	-17.1	-18.6	__

Review of past week's data

NAB monthly business survey

% balance, seasonally adjusted

	Jan	Feb	Mar	
Business confidence	-32	-22	~~-25~~	*-13*

WMI leading index

Seasonally adjusted

	Dec		Jan		Feb	
(%m/m)	~~-0.4~~	*-0.8*	~~-0.2~~	*-0.7*	__	*-0.3*

Export price index

Not seasonally adjusted

	3Q08	4Q08	1Q09	
Index	189.8	219.9	~~214.4~~	*209.8*
(%q/q)	13.8	15.9	~~-2.5~~	*-4.6*
(%oya)	32.9	54.9	~~27.3~~	*42.8*

Import price index

Not seasonally adjusted

	3Q08	4Q08	1Q09	
Index	123.7	137.0	~~139.7~~	*133.2*
(%q/q)	5.0	10.8	~~2.0~~	*-2.8*
(%oya)	9.6	21.1	~~20.3~~	*14.6*

JPMorgan Australia Ltd., Sydney
Helen Kevans (61-2) 9220-3250
helen.e.kevans@jpmorgan.com

New Zealand

- **RBNZ to cut OCR by 50bp at next meeting**
- **Inflation at high end of target range, but falling**
- **Retail sales unexpectedly bounced back**

In New Zealand, the retail sales data for February showed an unexpected rise. A closer look, though, showed that core sales continued to fall and trend sales extended the most prolonged period of decline on record. Such weak domestic consumption growth, combined with problematic conditions offshore, falling terms of trade, and subdued inflation pressures, provides ample scope for the RBNZ to continue lowering the cash rate. We forecast a 50bp cut to the OCR on April 30, taking the key rate to 2.5%.

RBNZ to cut OCR 50bp in April

In a change of forecast, we now look for the RBNZ to cut the OCR 50bp on April 30. Previously, we believed the RBNZ would cut the OCR "only" 25bp, but the stubbornly elevated level of longer-term interest rates, and recent NZD appreciation, have caused monetary conditions to tighten; hence, we now believe a larger rate cut will be delivered later this month.

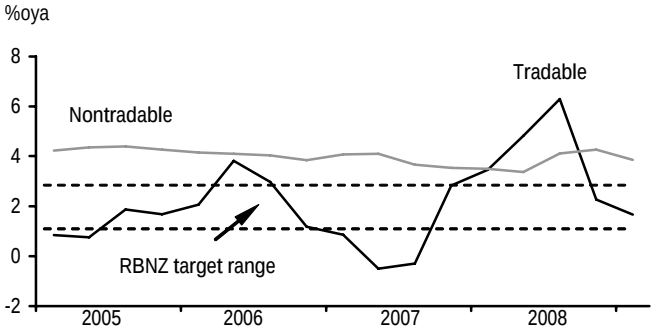
We have noted in previous commentary that on April 1, RBNZ Governor Alan Bollard, in an unusual step, voiced his concern that the recent rise in wholesale interest rates was "unwarranted" and "inconsistent with the monetary policy outlook." Indeed, wholesale interest rates actually have risen since the RBNZ's early March rate cut, leading some domestic retail banks to lift mortgage rates. A wave of panic to lock in interest rates or else risk "missing the boat" sent customers flooding into longer-term, fixed rate loans. The Governor's "jawboning," though, had only a short-lived impact. Essentially, if this current distortion in rates markets were to continue for an extended period, it would put further pressure on firms and households attempting to borrow; this would stifle already subpar economic growth.

Risks tilted toward lower terminal OCR

Having already contracted in each quarter of 2008, our forecast calls for the New Zealand economy to contract for at least another two quarters. This looks like being the best case outcome, however, after the release two weeks ago of the NZIER quarterly survey of business opinion. The NZIER survey signaled that the recession currently under way may

New Zealand: RBNZ official cash rate

New Zealand: nontradable and tradable inflation



be even more prolonged than we forecast, with a net 65% of respondents expecting that the economy will deteriorate further over the next six months.

Though the dismal economic outlook may suggest that a larger than 50bp rate cut from the RBNZ is warranted later this month, in the statement that accompanied Dr. Bollard's decision to cut the cash rate 50bp back in March, he made it clear that any future rate cuts would be smaller than those recently delivered. The Governor also signaled that the OCR needed to be kept at levels attractive to offshore investors so New Zealand could continue funding its enormous current account gap. We believe that a terminal cash rate of 2.25% will be reached in the current easing cycle. That said, with the domestic economy still soggy and conditions offshore still problematic, the risks remain skewed toward an even lower terminal rate.

NZ CPI still at top of the RBNZ's target

Inflation, as measured by changes in the consumer price index, rose 0.3%q/q in 1Q (J.P.Morgan 0.0%, consensus 0.3%), after falling 0.5%q/q in the fourth quarter. Of the 11 main

groups, seven increased in the first three months of the year, the main driver being higher food prices (+1.2%). The remaining groups recorded price declines, with transport leading the charge (-1.5%), owing mainly to falling petrol prices.

From a year ago, consumer prices grew 3.0% in the March quarter, falling back to the very top of the RBNZ's 1-3% target range. This result sits in sharp contrast to the 3.4% growth rate recorded in 4Q and the 18-year high of 5.1% reached in 3Q. Again, the most significant upward contribution owed to higher food prices (+8.8%).

What we had not anticipated, however, was that non-tradable inflation—generated domestically and not influenced by exchange rate fluctuations—would remain at such elevated levels. Despite the prolonged weakness in the domestic economy, nontradable inflation grew 3.8%oya in 1Q, down from 4.3%, but surprisingly high given that the Kiwi economy has been in homegrown recession since the start of 2008, one made worse by the deterioration in conditions offshore. The main drivers, like in the previous quarter, were higher prices for electricity and rentals for housing. Nontradable inflation now has been above the RBNZ's comfort zone for seven years.

The tradable component rose 1.7%oya, compared to 2.3% in the previous quarter; the moderation owed much to lower petrol prices. According the Statistics New Zealand, had petrol prices remained constant, the tradable component would have increased 2.8%oya.

Retail buoyed by spike in fuel retailing

Retail sales values unexpectedly rose 0.2%m/m in February (J.P.Morgan -0.6%, consensus -0.5%), bucking expectations for a decline and marking the first rise in five months. The modest rise, though, followed a sharp 1.2% decline in January, revised down from a previous estimate of -1.1%.

Once again, vehicle-related industries recorded the most significant movements, with automotive fuel retailing up 6.7% over the month, the largest increase in 15 months. Ex-auto sales remained weak, falling 0.1%m/m. As anticipated, the largest falls were in discretionary areas of retailing. Recreational goods and hardware retailing were down 4.9%m/m and 5.3%, respectively in February. On the other hand, owing to a rise in food prices (which were up 0.2%m/m in February), supermarket sales and sales of take away food were up over the month, rising 1.0%m/m and 2.2%, respectively.

The trend in retail sales continued to fall (-0.4%m/m), as it has done since January last year, extending the most prolonged period of decline on record. We expect this trend to continue and, on our forecasts, household spending will fall over 1% in 2009. The income tax cuts delivered from April 1 should, however, help prevent an even larger decline in consumption than we currently forecast. Still, we expect a significant portion of these tax cuts will be saved, not spent. Consumers have become increasingly reluctant to spend amid widespread recession fears and heightened anxiety about job security.

Data releases and forecasts

Week of April 20 - 24

Tue	**Visitor arrivals**				
Apr 21	Non seasonally adjusted				
10:45am		Dec	Jan	Feb	Mar
	Total (%m/m)	7.1	-7.4	2.9	__
Tue	**Net permanent immigration**				
Apr 21	Non seasonally adjusted				
10:45am		Dec	Jan	Feb	Mar
	Monthly (000s)	0.1	1.2	1.6	__
	12 month sum (000s)	3.8	4.5	1.5	__
Thu	**Credit card spending**				
Apr 23	Percentage change				
03:00pm		Dec	Jan	Feb	Mar
	(%oya)	-3.8	-2.2	-1.8	__
	(%m/m)	-2.3	1.8	0.5	__

Review of past week's data

Retail trade

Seasonally adjusted

	Dec		Jan		Feb	
(%m/m)	~~-0.7~~	*-0.6*	~~-1.1~~	*-1.2*	~~-0.6~~	*0.2*
(%oya)	-2.8		-4.0		~~-3.9~~	*-3.0*

Business PMI

Seasonally adjusted

	Jan		Feb		Mar	
Index	~~41.8~~	*42.0*	~~38.6~~	*38.9*	__	*40.7*
(%oya)	~~-20.6~~	*-20.4*	~~-25.9~~	*-25.7*	__	*-13.7*

Consumer price index

Not seasonally adjusted

	3Q08	4Q08	1Q09	
Headline (%oya)	5.1	3.4	~~2.2~~	*3.0*
Headline (%q/q)	1.5	-0.5	~~-0.4~~	*0.3*

JPMorgan Chase Bank, New York
Bruce Kasman (1-212) 834-5515
bruce.c.kasman@jpmorgan.com
David Hensley (1-212) 834-5516
david.hensley@jpmorgan.com

Global Essay

- **Improvement in financial markets and April surveys are encouraging**
- **Asian exports, Chinese activity post upside surprises in March**
- **A Japanese V: after an 8.8% projected 1H09 rate of decline, we expect GDP to grow at a faster than 3% pace during the second half**
- **Mexican growth is likely to rebound this quarter**

Slowly I turn, step by step

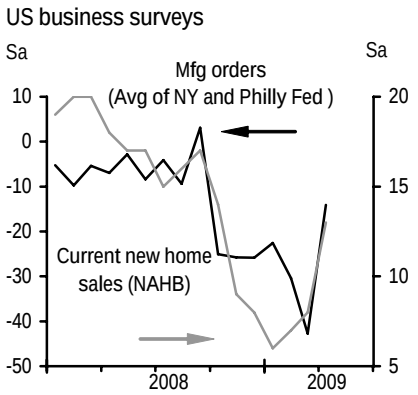
The latest flow of economic and financial market news is gradually laying the foundation for a second-half recovery in global growth. Three complementary recent developments are worth highlighting.

- **Traction.** Growth indicators suggest that global activity is still contracting. However, the contraction increasingly reflects successful efforts on the part of firms to align their inventories and costs with expectations of depressed levels of demand. This process appears advanced enough in the US and Asia to anticipate a significant moderation in the pace of business pullbacks around midyear.
- **Broad financial condition improvement.** The negative feedback loop between weak economic performance and financial conditions appears of late to have been short-circuited. Equity markets are in the midst of a sustained rally, which have moved global indices close to their level at the start of the year. Importantly, there has been a significant fall in private borrowing rates over the past four weeks even as global bond yields have moved higher. US rates on consumer auto and credit card ABS have moved sharply lower since TALF was implemented. Conforming mortgage rates have stabilized below 5%. And global credit spreads are narrowing.
- **Surveys rise in April.** Early April readings from the US showed improvement in both regional manufacturing and housing surveys, suggesting a continuation of the upward trend evident in global business surveys into the end of 1Q09. This week, we look for a modest rise in April business sentiment in Europe, the region likely to be the weakest in the coming months.

Absent a new financial shock wave, the main downside risk on which to focus is the renewed weakening in global consumption demand. After a surprising increase last quarter—global consumption is estimated to have increased modestly following two quarters of significant contraction—some moderation is in the cards. Global employment looks likely to post its largest decline this quarter as adjustments intensify outside the US. The forecast that consumption will stabilize this quarter is based on the view that the sharp slide in household spending and confidence at the end of last year represented a front-loaded adjustment to anticipated bad times. If we are right, global consumer confidence should move modestly higher as financial conditions improve and labor market weakness fails to validate the elevated fear at the start of the year. Already, US readings are pointing in this direction. Against the backdrop of a dramatic pullback in the level of output in recent months, this outcome will allow businesses to continue to successfully cut inventories and costs, and will signal that an end to these adjustments is not far off.

Global financial indicators

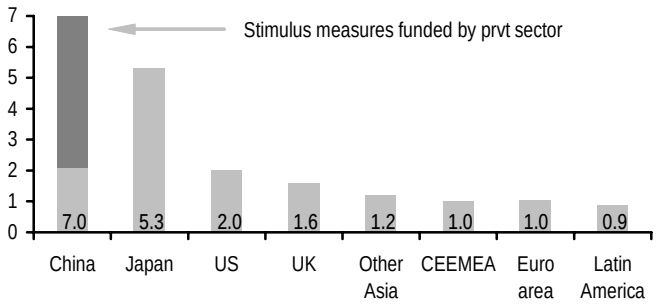
	4Q08	Mar	Current
10Y US Treasury yield (%)	3.3	2.8	2.9
Conform FRM rate (%)	5.9	5.1	4.9
Jumbo FRM rate (%)	7.3	6.7	6.3
US inv grade yield (%)	7.9	7.5	7.2
US HY yield (%)	18.4	18.2	16.2
EM corp yield (%)	12.4	11.7	10.5
N America HG CDS sprd (bp)	216	221	174
2Y AAA autos ABS sprd (bp)	504	253	140
2Y AAA cards ABS sprd (bp)	422	262	220
10Y AAA CMBS spread (bp)	810	1107	850
Global equities (index)	75	65	73
VIX (index)	59	45	36



JPMorgan Chase Bank, New York
Bruce Kasman (1-212) 834-5515
bruce.c.kasman@jpmorgan.com
David Hensley (1-212) 834-5516
david.hensley@jpmorgan.com

Fiscal stimulus for CY2009 (excl. automatic stabilizers)

% GDP; J.P.Morgan estimate



Asian axis of fiscal policy vigor

Another reason for optimism that global consumers will not buckle is the continued increase in the amount and breadth of fiscal stimulus being directed at the world economy, which we now estimate at 2% of this year's global GDP. Increasingly, Asia is assuming the leadership in this process. China is at the forefront; last week's reports showed that these policies are bearing fruit. GDP growth accelerated from a virtual stall in 4Q08 to nearly 6% annualized in 1Q09; moreover, March activity data including exports, retail sales, fixed investment, and IP delivered across-the-board upside surprises, as did bank lending. All told, the forecast for a return to above-trend growth beginning this quarter looks firmly on track.

The scope of China's fiscal plans has been in place for some time. What is new is the Japanese government's recent announcement of massive spending which, when combined with what is in the pipeline, amounts to an estimated 5.3% of GDP in 2009. On the back of this news, we have significantly revised up our Japan forecast. We are now calling for a much smaller decline in current quarter GDP (-2.5% vs -4.5%), with a return to sustained expansion beginning in 3Q. Indeed, our 2H09 GDP growth forecast has been raised almost 4%pts (ar) to 3.25%.

Whereas Japanese officials are rushing to provide a massive amount of new stimulus, next week's UK budget is likely to acknowledge that the size and composition of the deficit has largely exhausted the scope for new fiscal stimulus. Structural weakness, recession, and stimulus measures already implemented mean that the UK government faces a post-WWII record 12% deficit to GDP ratio this year. The Chancellor will make the most of a modest collection of measures this time, but will be forced to pencil in more spending restraint and tax increases for the next administration. Thus, BoE Governor King's appeal for fiscal restraint looks likely to be respected. But the quid pro quo is that an extension of QE will have to do the heavy lifting, if the economy fails to recover this year as we expect.

Tide is turning for global industry

Global manufacturing and trade flows collapsed toward year end, reflecting the severe drop in global expenditures on goods. Notably, this collapse continued even after consumer goods expenditures firmed as businesses worked even harder to lower inventories. At the height of this adjustment, in the months from November to January, global manufacturing fell almost 4% per month, while global exports fell more than 7% per month (not annualized).

Conditions in the industrial sector eased significantly in February. With virtually all countries now having reported, our tally shows that global IP fell a more moderate 1%m/m in February. Likewise, the closely related and higher-beta count of global exports posted a nearly 1% gain that month. The February improvement was broad-based geographically, although the EM was responsible for a disproportionate share of the improvement.

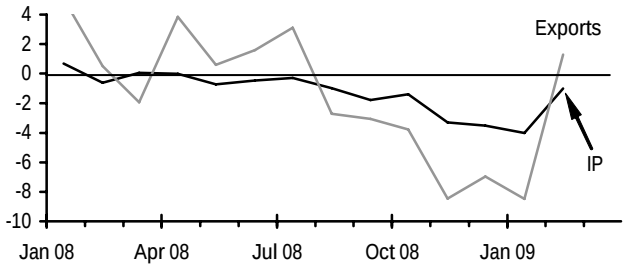
We continue to look for global IP and trade flows to stabilize into midyear, as consumer spending stabilizes and companies successfully align inventories with sales. Although US IP fell more than expected last month, output rose in China, and March exports already stood above their 1Q averages in a host of EM Asian countries including China, Korea, and Taiwan. More broadly, our global PMI continued to recover last month, with the forward-looking orders to inventory ratio reaching the highest level since last August. Last week's first look at the April regional Fed surveys also was encouraging, with both the NY and Philly indexes moving up.

The case for a healthy rebound in industrial activity late this year is building. The widespread declines in inventories observed in official data and implied by our global PMI inventory index mean that the level of global production has fallen significantly below sales. When businesses are done cutting inventories, this gap will close. This will entail a period in which the growth of IP exceeds the growth of sales, as firms move to stabilize inventory/sales ratios in a world of rising demand.

JPMorgan Chase Bank, New York
Bruce Kasman (1-212) 834-5515
bruce.c.kasman@jpmorgan.com
David Hensley (1-212) 834-5516
david.hensley@jpmorgan.com

Global IP and merchandise exports

%m/m, samr



To QE or not to QE

The Fed, BoJ, BoE, and SNB have finished cutting rates and adopted some form of quantitative easing. As other developed-economy central banks reach a lower bound on rates, the list engaged in QE is likely to expand. There may be new developments on this front after next week's central bank meetings. We think that the Bank of Canada is finished cutting rates at 0.5%. Whether they shift to QE will depend on their inflation forecast. Important insights into this will come with Thursday's Monetary Policy Report, which will include a road map for a prospective move into QE. If the Bank expects inflation to significantly undershoot its target, this would imply that some form of QE is imminent. In Sweden, we expect the Riksbank to cut the policy rate 75bp to 0.25%, finishing its rate cycle and ultimately purchasing both private and public sector assets. Although we would not rule out an announcement next week, a QE program is more likely to be unveiled around the next policy meeting in July.

In the Euro area, ECB council members appear at odds about what to do next on policy rates (currently at 1.25%) and whether to engage in outright purchases of assets. Divergent views about the depth of the recession, the near-term outlook for inflation and the risks of unconventional policy on the medium-term outlook for inflation, are driving this debate. A standard Taylor rule approach points to a nominal policy rate at the moment of around 2% (with core inflation in line with the ECB's objective and an output gap of around 4%), one that supports a more hawkish stance. This approach does not take into account the financial stress or the outlook for lower inflation and rising unemployment, issues that are of prominent concern for some members who would move toward quantitative easing. With the Euro area economy set to lag the global recovery in a meaningful fashion—we do not expect growth in the region until early 2010—the macroeconomic news is likely to drive the ECB to lower rates and to purchase private debt. At the upcoming May 7 meeting, a modest step in this direction is expected.

Signs of recovery in Brazil and Mexico

Diminished systemic risk, early signals of normalization in local credit and fx markets, and stronger data on retail sales and employment have raised confidence that Brazil is returning to growth. The government's aggressive fiscal stimulus, as seen in the reduction of the primary surplus target to the 2.0-2.5% of GDP range from 3.8%, is playing an important role. These developments led us to remove part of the monetary easing we were forecasting previously. We now anticipate a 100bp cut in the April 29 COPOM meeting—instead of the former forecast of 150bp—and are maintaining the call for a 50bp move at the June 10 meeting, leaving the Selic rate at 9.75% through year end.

Despite another severe contraction in GDP last quarter, the case is strengthening for a return to growth in Mexico as well, where we have raised the current-quarter GDP growth forecast from -3% to +2.8%q/q, saar. Total employment fell only 5,500 in March, after averaging drops of 141,500 in the previous two months. Moreover, the highly cyclical temporary job component rose 44,500 after declining in previous months. Also encouraging is the pickup in February exports and manufacturing output. This week's reports should show that exports rose again in March, based on the already reported rise in auto exports. Beneath the surface, these data suggest that fiscal and monetary stimuli are gaining traction. Encouragingly, Banxico today decided to maintain its 75bp cut per meeting pace, lowering its policy rate to 6%, and hinting that significant additional easing is likely. We anticipate cuts of 75bp and 50bp at the May and June meetings.

JPMorgan Australia Ltd., Sydney
Sally Auld (61-2) 9220-7816
sally.m.auld@jpmorgan.com

Markets - Australia and New Zealand

Below is a summary of *The Antipodean Strategist*, published weekly. The full version can be found on Morgan Markets.

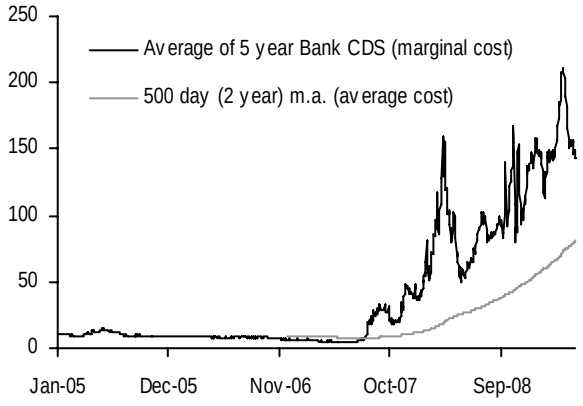
Australia

- At least in the near term, bank funding costs seem to be the key driver of monetary policy. But the broader macro environment suggests the cash rate has further to fall.
- Nonetheless, future easings are likely to be modest and sporadic in nature. J.P. Morgan economists are forecasting a terminal rate of 2.5%, but risks are skewed to the downside.
- 3-year yields are now in a (gentle) bearish channel. Range trading is likely to prevail in the short term, with the tactical buy level around the low 30s for 3-years, and sell levels around the high 70s.
- At this stage, it seems premature to rule out the possibility that new cyclical lows in yields could be reached. For investors skeptical of this view, we recommend trading the "low rates for longer" view.

New Zealand

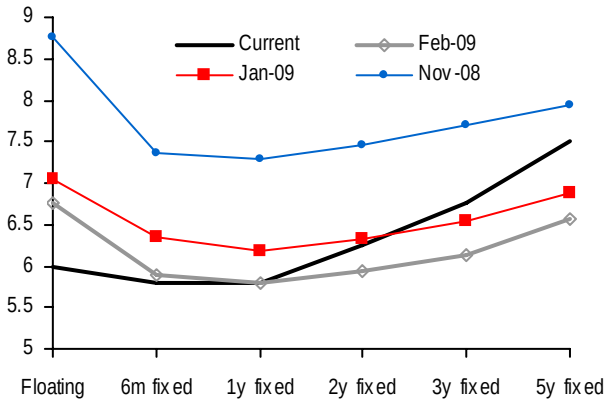
- Event risk is high in New Zealand in coming weeks, with the OCR announcement the key focus for financial markets. We expect this announcement to be supportive for the rates market. On April 30, we expect a 50bps rate cut and a reasonably dovish statement.
- Nonetheless, the recent rally (20bps in the past week) has meant that current levels are not so attractive for received positions. Target a modest retracement (3.75% for the 2-year swap, 4.45% for the 1y1y swap) before building received positions.
- We note that mortgage hedging flows appear to gain traction towards the end of the cycle; look for a move below 55bps to build paid 3-year swap positions against received 2-year swap positions.

Chart 1: Despite spread compression, the marginal funding cost for Australian banks still remains above the average
Basis Points



Source: J.P. Morgan and Bloomberg

Chart 2: The NZ mortgage rate curve – 2y, 3y and 5y fixed mortgage rates are higher than they were in February
Percentage Points



Source: J.P. Morgan, RBNZ and Bloomberg

JPMorgan Securities Ltd., London
Jan Loeys (44-20) 7325-5473
jan.loeys@jpmorgan.com
John Normand (44-20) 7325-5222
john.normand@jpmorgan.com

JPMorgan View - Global Markets

This rally has legs

- **Portfolio strategy: stay long risk in equities focusing on EM Asia. Gradual spread compression favors long-dated high-grade corporate bonds, which we expect to return double digits this year.**
- **Economics: last week's economic data were consistent with the view that the rate of contraction of the global economy will slow significantly in 2Q.**
- **Fixed income: long in US and EU, tactically neutral in UK ahead of budget.**
- **Equities: EM is currently attracting the bulk of inflows into equity funds.**
- **Credit: slower issuance in the primary market is inducing investors to deploy cash into the secondary market. Stay long US HG.**
- **Fx: increase exposure to the quantitative easing theme.**
- **Alternatives: favour relative-value hedge funds.**

10-yr Government bond yields

	Current	Jun 09	Sep 09	Dec 09	Mar 10
United States	2.94	2.30	2.20	2.10	2.00
Euro area	3.27	3.00	2.85	2.95	3.00
United Kingdom	3.36	2.75	2.75	2.90	3.00
Japan	1.45	1.10	1.20	1.40	1.30

Foreign exchange

	Current	Jun 09	Sep 09	Dec 09	Mar 10
EUR/USD	1.30	1.30	1.32	1.34	1.35
USD/JPY	99.3	92	95	99	102
GBP/USD	1.48	1.37	1.38	1.43	1.47

Commodities - quarterly average

	Current	2Q09	3Q09	4Q09
WTI ($/bbl)	50	50	50	55
Gold ($/oz)	867	950	975	1000
Copper($/m ton)	4725	3200	3250	3400
Corn ($/Bu)	3.86	5.00	4.90	4.70

Source: J.P. Morgan, Bloomberg, Datastream.

The recovery trade is on. Economic activity data continue to point to an inventory cycle, supported by a stabilized consumer, which should produce a small gain in 3Q world real GDP. Investors' first reaction has been to cover defensive underweights in equity and credit. We sense that few end investors have squarely moved long risky assets. The move is largely driven by asset managers putting excess cash to work. **With only a lukewarm buy-in into the recovery** trade so far, this equity and credit rally has legs.

Investors are not jumping wholeheartedly into the recovery trade because significant risks remain. We focus on two related vulnerabilities: **the global consumer and the banking system**. Consumers have largely stabilized their spending since November, but the risk is that heavy job losses in 1Q produce a second-phase retrenchment in 2Q. Banks similarly are not yet out of dire straits, despite upside surprises on 1Q earnings. The coming US stress tests should reveal how much new capital is needed and whether the money can be found to put the system on a sound footing. These are the **two risks** we are focused on.

As investors unwind recession trades and switch to recovery exposures, focus will quickly switch to what shape this recovery will take. As past shallow recessions have been followed by weak recoveries, one might be excused for expecting a strong rebound from a deep recession, simply by the strength of the inventory rebound and amount of policy stimulus. **We, and likely the consensus, expect** only a weak recovery, with growth staying below trend **for a year** as balance sheet restructuring is set to hold back spending plans. As a result, inflation is likely to fall in coming years, supporting bullish flattening positions in bonds. Volatility will fall dramatically, heralding a return of the carry trade. Credit, which requires stability more than growth, will continue to rally, while equities will struggle as they require strong growth more than just positive growth. Hence, one should hurry to catch the current equity rally, ride it for about 25% upside, and then again think a lot more tactically.

What should the long only investor buy? Outright we are most positive on EM and Asian equities. Aside from other stock markets, we would then focus on long-dated highgrade corporates, which we expect to return double digits this year.

Fixed income

USTs were flat on the week as the upward pressure on yields from the rally in risky markets was offset by strong Fed buying. The central bank purchased $16.2 billion of Treasuries on the week, well above the $11.5 billion required pace to meet its 6-month $300bn target. Purchases of Agency debt and MBS, as well as balance sheet expansion through TALF and PPIP, are positives for duration. Remain **long in the US**.

JPMorgan Securities Ltd., London
Jan Loeys (44-20) 7325-5473
jan.loeys@jpmorgan.com
John Normand (44-20) 7325-5222
john.normand@jpmorgan.com

Gilt yields in the UK should similarly grind lower on BoE support, but we turn **tactically neutral** ahead of next week's budget announcement. Though the **ECB** has not committed to QE, national central banks within the Eurosystem have recently increased their government bond holdings. We estimate that the Eurosystem currently holds around 200 billion of government bond securities, roughly 6% of EMU government bond debt outstanding, comparable to the fraction of debt held by the Fed and BoE. The 200 billion holdings represents a nonannualized 8% increase from the end of 2008. This supportive trend keeps us **long duration in the Euro area.** Consistent with the view that the current rally in risky markets has legs, **overweight high-yielding EMU sovereign bonds**.

Equities

Equity markets rallied driven by a positive start to the 1Q reporting season. Forty companies in the S&P500 have reported results so far, and 60% beat expectations. Our forecast was for financials to subtract $2 from S&P500 1Q EPS, after having subtracted $10 in 4Q, leading to a $10 EPS for the index in the current reporting season. Given large positive surprises from financials, however, we now look for a $12 S&P500 EPS, in line with the bottomup consensus. If our forecast materializes, **1Q will break a** 6-quarter string of large negative earning surprises.

We believe that **the S&P500 has further to rise** and will break 1000 in coming months as investors, who are still cautious and underweight equities, deploy their excess cash. Emerging markets, financials, and cyclicals will likely be the main beneficiaries of the equity rally.

Credit

Credit markets rallied for a third consecutive week with spreads tightening another 13bp in the US and 4bp in Europe. We stay **overweight in US HG**. Large banks are showing strong revenue growth and improved margins, creating a strong bid for bank credit. HG bond spreads remain very attractive against other investment grade asset classes such as CMBS and MBS. Technicals are supportive as slower issuance in the primary market is inducing investors to deploy their cash into the secondary market.

In both the US and Europe, we see **continued outperformance of financials versus industrials**. Weak earnings in 4Q and economic uncertainty were the primary drivers of the underperformance of financials early in the year; we expect 1Q earnings to provide support to financials this time.

Foreign exchange

We have taken cold comfort from the strength of equities, as it has brought an unusual divergence: stronger equities, lower vol but weaker cyclical currencies (AUD, NZD, EUR). Possibly these currencies' underperformance versus equities owes more to valuation than a rethink on the FX/equity link. We have noted before that high-beta pairs such as AUD/JPY and NZD/JPY were trading rich to their typical cyclical anchors (rate spreads, commodity prices), so we kept cyclical trades restrained to three pairs in our portfolio: NOK/CHF, NZD/JPY and EUR/CHF. We see little reason to broaden out the portfolio much, even given this week's moves. Many of the cyclical pairs have moved from reasonably overvalued versus rates (+1.5-sigmas) to only slightly rich (1-sigma) or to fair value. **Adding much cyclical risk is uncompelling**, whether judged by the earnings outlook this month or valuations.

There is decent scope to **increase exposure to the quantitative easing theme** we have played often over the past several months. Buying **NOK/SEK** again is the obvious candidate, given the likelihood that the Riksbank adopts unconventional measures such as outright bond purchases when it meets Tuesday. Also add a long in **EUR/GBP** cash to the existing call spread. QE isn't a new story for the UK, but event risks around the budget statement next Wednesday may mark a shortterm turning point in EUR/GBP after a month-long fall.

Alternatives

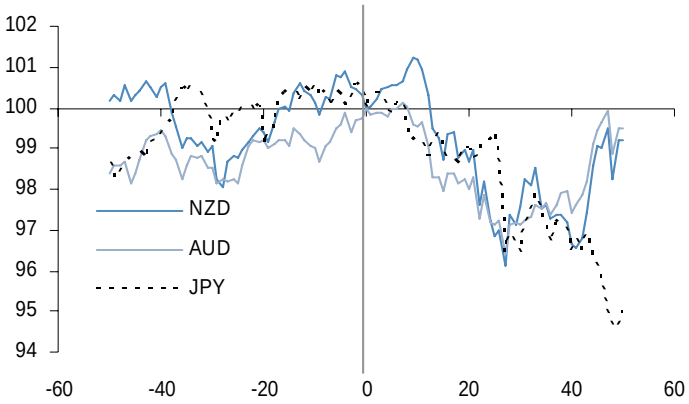
We remain medium-term bearish but the risks that the base metals may trade above $5000 near term are considerable. **Gold** is close to $870 today and it is likely to remain in a range. Ytd **hedge fund** returns are positive, in line with the main risky markets. Hedge funds have barely outperformed a bond-equity portfolio with similar risk in the past three or twelve months. They failed to fully participate in the recent equity rally, as many funds, particularly macro funds, had bearish positions. **Relative value** funds continue to outperform owing to the normalization in underlying markets. We believe that RV styles will remain attractive in coming months as outflows have eased significantly and government asset purchase programs provide opportunities.

AUD and NZD Commentary

- **Recent significant declines in implied and realized FX volatility raise the issue of whether it is possible that vol returns to its long-term average.**
- **Technicals: Short term corrections continue to develop for AUD/USD and NZD/USD; key supports holding.**

- The recent decline in volatility has been one of the more notable trends in currency markets. Now just below 15%, our JPM VXY G-7 index is now at the lowest levels since early 3Q08 versus a peak of more than 25 in late October. Our central view is that over the next 3 mths, volatility is unlikely to be significantly lower than current levels. Liquidity constaints remain, and there are signs that positive data surprises, which have been a good leading indicator of lower vol, should dissipate in the coming months. The risk of such an increase in vol would be relevant to our spot outlook as well, given the inverse correlation between the performance of higher-beta currencies and volatility. A relevant question is whether it would be prudent to turn more cautious on the commodity currencies not necessarily because of doubts that the global economy is bottoming but because of a likely rise in FX market volatility.
- Over the past 10 years, there has been a clear pattern by which the high-beta AUD and NZD have declined in the month following a significant bottom in volatility. Both AUD and NZD, however, also consistently have regained losses in the following month, even as volatility continued to increase. For USD/JPY, the pattern is consistent for the first month of increasing vol, but USD/JPY has not tended to stage a recovery as has been the case for AUD in NZD in the second month of increasing volatility.
- Looking more specifically at recent relationships between G-10 USD pairs and implied volatility also suggests that an uptick in vol may be more relevant to USD/JPY over the medium-term than to AUD and NZD. Key USD pairs have shown different sensitivities to implied vol (again as measured by the VXY) when viewed over the past 5-yrs. Over the past year, r-squares between USD pairs and implied vol are uniformly high given the risk unwind that triggered a jump in vol also drove short-covering in the USD and JPY. In the last 3 mths, most currencies have become less sensitive to the daily moves in volatility, likely because positions were already reduced heading into this period. There has been one clear aberration to these trends; the relationship between USD/JPY and FX volatility has remained strong over a 5-yr, 1-year and 3-mth time horizon. While we would not discount that an increase in vol would weigh on NZD and AUD in the near term, we would expect more of an effect on USD/JPY.

Chart 1: AUD and NZD have tended to decline following bottoms in volatility, but they have regained losses in subsequent weeks
AUD/USD, NZD/USD, and USD/JPY indexed and averaged around cyclical bottoms in FX implied volatility (as measured by the JPMorgan VXY index)*



Technical analysis

- The short term ranges continues to develop following the test and reversal from the next line of key resistance levels for AUD/USD and NZD/USD. Importantly, prices continue to struggle against the 200-day moving averages, but have thus far held key support levels leaving these pullbacks with a corrective bias. Still, the main concern is the short term overbought and diverging momentum setup. These studies need to be unwound to offer an improved setup and set the stage for another leg higher within this developing rally phase. As such, the .7140/.7030 support levels will be key for AUD/USD and maintain the short term upside bias. A break of the .7325/30 area would seek a closer test of the .7450/.7500 area and then the .7650/.7700 area. For NZD/USD, dips will now find support at .5635 and then the .5500 area. Importantly, we continue expect AUD to outperform as the rally in AUD/NZD cross is positioned for a retest, if not break of the March high.

AUD/USD - Daily chart

 Fri Apr 17 2009 14:40:18

JPMorgan Chase Bank, New York
David Hensley (1-212) 834-5516
david.hensley@jpmorgan.com
Carlton Strong (1-212) 834-5612
carlton.m.strong@jpmorgan.com

Global Economic Outlook Summary

	Real GDP			Real GDP							Consumer prices			
	% over a year ago			% over previous period, saar							% over a year ago			
	2008	2009	2010	4Q08	1Q09	2Q09	3Q09	4Q09	1Q10	2Q10	4Q08	2Q09	4Q09	4Q10
The Americas														
United States	1.1	-2.4	1.9	-6.3	-4.5	-2.0	1.0	1.0	2.0	3.0	1.5	-0.9	0.4	0.7
Canada	0.5	-3.0	2.1	-3.4	-7.5	-4.0	0.0	2.0	3.0	3.0	1.9	0.1	1.4	2.2
Latin America	3.8	-2.4 ↓	3.0	-8.7	-7.6 ↓	1.3 ↑	1.7 ↑	2.3 ↓	3.5 ↓	3.8	8.3	7.0 ↓	6.1 ↓	6.5 ↑
Argentina	7.0	-3.0	2.0	-1.2	-10.0	-6.0	0.0	-4.0	6.0	6.0	7.8	7.0	6.0	10.2
Brazil	5.1	-1.4	3.0	-13.6	-4.1	3.8	2.4	4.0	2.5	3.0	6.2	5.2	4.3	4.5
Chile	3.2	-1.5	3.2	-8.3	-4.0	0.0	0.0	0.0	8.0	4.0	8.2	4.0	2.0	3.2
Colombia	2.5	-0.5	3.0	-4.1	-1.2	0.5	1.1	0.8	3.5	4.3	7.8	5.5	4.8	4.5
Ecuador	6.5 ↓	-2.0 ↓	0.5	-1.0	-4.0 ↓	-6.5 ↓	-4.0 ↑	0.0	1.5	2.5	9.3	6.0	5.3	4.1 ↑
Mexico	1.3	-4.0	3.4	-10.3	-12.6 ↓	2.8 ↑	2.8 ↑	3.2 ↓	3.2 ↓	3.6	6.2	5.8 ↑	4.0	3.4
Peru	9.8	3.5	4.7	0.7	2.4	3.8	3.0	3.2	4.8	6.0	6.6	4.0	2.7	2.0
Venezuela	4.8	-2.0 ↓	1.5	3.8	-6.0 ↓	-8.0 ↓	-4.0 ↓	0.0 ↓	3.0 ↑	4.0	33.4	29.8 ↓	34.8 ↓	37.4 ↑
Asia/Pacific														
Japan	-0.7	-6.7 ↑	2.1 ↑	-12.1	-15.0	-2.5 ↑	2.0 ↑	4.5 ↑	3.5 ↑	-0.5	1.0	-0.3	-0.8	-0.2
Australia	2.1	-1.2	1.5	-2.1	-4.2	-1.0	2.6	0.9	1.2	2.2	3.7	1.6	1.7	2.8
New Zealand	0.3	-2.1	1.6	-3.6	-3.6	-1.7	0.3	1.6	2.2	2.1	3.4	0.4	-0.4	2.7
Asia ex. Japan	5.8	2.8	6.5	-5.2 ↑	0.0 ↑	6.2 ↑	7.0 ↓	7.1 ↓	6.3 ↑	6.4	4.7	1.2 ↑	1.7 ↑	2.8
China	9.0	7.2	8.5	2.2 ↑	5.8 ↑	10.8 ↑	10.0 ↓	9.5 ↓	7.6 ↑	7.6	2.5	-1.4 ↑	1.0 ↑	2.0
Hong Kong	2.5	-3.0	3.5	-7.8	-7.0	0.5	3.3	5.3	3.0	3.5	2.3	0.8	1.6	1.1
India	6.0	5.2	7.0	0.0	-1.8	-2.8	3.2	6.0	9.3	10.3	10.2	7.5	3.8	4.1
Indonesia	6.1	3.5	5.0	0.9	3.0	3.0	5.0	5.0	5.0	5.0	11.5	5.6	3.5	6.2
Korea	2.2	-3.6	4.2	-18.8	-7.8	5.0	6.5	5.0	4.0	3.5	4.5	2.2	2.5	3.4
Malaysia	4.6	-0.1	4.7	-6.9	-3.9	6.1	4.5	4.5	4.1	4.1	5.9	1.0	-0.2	1.6
Philippines	4.6	3.0	4.0	4.1	1.5	2.0	2.0	3.0	4.5	4.5	9.7	4.7	3.0	3.7
Singapore	1.1	-4.5	4.0	-16.4	-9.0	6.6	3.3	3.3	4.1	4.1	5.4	0.8	0.4	3.6
Taiwan	0.1	-5.0	4.8	-22.5	-5.0	5.7	6.8	6.9	4.0	3.8	1.9	-1.1	-0.7	1.5
Thailand	2.6	-3.0	4.0	-22.2	-5.9	9.1	4.5	4.5	3.2	3.2	2.1	-2.9	1.3	2.5
Africa														
South Africa	3.1	-0.9 ↓	2.4 ↑	-1.8	-3.4 ↓	-1.3 ↓	0.9 ↓	1.7 ↓	2.7 ↓	3.3	9.8	7.3	5.9	4.1
Europe														
Euro area	0.7	-3.9 ↓	0.2	-6.3	-6.0 ↓	-4.0	-2.0	0.0	1.0	1.0	2.3	0.4	0.8	1.1
Germany	1.0	-5.5 ↓	0.2	-8.2	-10.0 ↓	-4.0	-2.0	0.0	1.0	1.0	1.7	0.1	0.3	0.3
France	0.7	-2.8	0.4	-4.4	-4.5	-3.5	-1.5	0.5	1.0	1.0	2.0	-0.1	0.6	0.7
Italy	-1.0	-4.4 ↓	0.2	-7.5	-6.0 ↓	-4.0	-2.0	0.0	1.0	1.0	2.9	1.0	1.0	1.0
Norway	2.4	-1.2	0.6	-0.7	-3.0	-2.5	-1.0	0.0	1.0	1.5	3.6	2.4	0.7	1.3
Sweden	-0.5	-5.1 ↓	0.4	-9.3	-8.0 ↓	-3.0	-1.0	0.0	1.0	1.0	2.4	-0.8 ↓	-0.8 ↓	0.9
Switzerland	1.6	-2.4	0.6	-1.2	-6.0	-3.0	-0.5	0.5	1.0	1.2	1.6	-0.6	0.3	0.3
United Kingdom	0.7	-3.7	0.5	-6.1	-6.0	-2.5	-1.0	-0.5	1.0	1.5	3.9	0.7	0.2	2.3
Emerging Europe	4.1	-3.1	1.4	-7.1	-5.9	-2.8	-1.8	-0.8	1.4	2.5	9.5	7.8	7.3	6.3
Bulgaria	6.1	-1.5	2.0	…	…	…	…	…	…	…	…	…	…	…
Czech Republic	3.2	-3.0	0.0	-3.7	-7.0	-5.0	-3.0	-2.0	0.0	2.0	4.7	0.5	1.3	3.0
Hungary	0.5	-5.5	-0.5	-4.6	-7.5	-6.5	-5.5	-4.0	0.0	2.0	4.3	2.9	4.9	2.8
Poland	4.8	-1.0	1.8	1.2	-4.2	-3.0	-2.0	0.0	2.0	3.8	3.8	3.1	3.1	2.3
Romania	7.1	-4.0	-1.0	…	…	…	…	…	…	…	6.8	7.0	9.0	8.0
Russia	5.6	-3.5	1.5	-12.8	-6.5	-1.5	-0.5	0.0	2.0	2.5	13.8	12.7	11.2	9.9
Turkey	1.1	-3.4	2.5	…	…	…	…	…	…	…	10.9	6.9	6.1	5.0
Global	1.6	-2.8	2.0 ↑	-6.8	-6.0 ↓	-1.5 ↑	0.9 ↑	1.9 ↑	2.5 ↑	2.4	2.9	0.6	1.1	1.6
Developed markets	0.7	-3.6 ↑	1.3 ↑	-6.9	-6.8 ↓	-2.8 ↑	0.1 ↑	1.2 ↑	1.9 ↑	1.7	1.9	-0.2	0.4 ↑	0.9
Emerging markets	4.9	0.4 ↓	4.6	-6.3 ↑	-2.8 ↓	3.5 ↑	4.3 ↓	4.7 ↓	4.8 ↑	5.1	6.5	3.9	3.8 ↑	4.3 ↑

J.P. Morgan Chase Bank, New York
David Hensley (1-212) 834-5516
david.hensley@jpmorgan.com
Sam Conway (1-212) 834-9123
samuel.e.conway@jpmorgan.com

Global Central Bank Watch

	Official interest rate	Current	Change from Aug '07 (bp)	Last change	Next meeting	Forecast next change	Jun 09	Sep 09	Dec 09	Mar 10	Jun 10
Global	GDP-weighted average	1.57	-314				1.32	1.23	1.23	1.22	1.24
excluding US	GDP-weighted average	2.25	-220				1.89	1.75	1.75	1.74	1.77
Developed	GDP-weighted average	0.58	-356				0.42	0.33	0.33	0.33	0.33
Emerging	GDP-weighted average	5.52	-148				4.92	4.79	4.79	4.77	4.87
Latin America	GDP-weighted average	7.84	-97				6.49	6.49	6.49	6.54	6.63
CEEMEA	GDP-weighted average	6.97	-4				6.19	6.10	6.09	5.87	5.97
EM Asia	GDP-weighted average	4.10	-222				3.85	3.65	3.67	3.68	3.78
The Americas	GDP-weighted average	1.00	-460				0.85	0.85	0.85	0.85	0.86
United States	Federal funds rate	0.125	-512.5	16 Dec 08 (-87.5bp)	29 Apr 09	on hold	0.125	0.125	0.125	0.125	0.125
Canada	Overnight funding rate	0.50	-400	3 Mar 09 (-50bp)	21 Apr 09	on hold	0.50	0.50	0.50	0.50	0.50
Brazil	SELIC overnight rate	11.25	-25	11 Mar 09 (-150bp)	29 Apr 09	**29 Apr 09 (-100bp)**	9.75	9.75	9.75	9.75	9.75
Mexico	Repo rate	**6.00**	-125	**17 Apr 09 (-75bp)**	15 May 09	**15 May 09 (-75bp)**	4.75	4.75	4.75	4.75	4.75
Chile	Discount rate	2.25	-325	12 Mar 09 (-250bp)	9 Apr 09	9 Apr 09 (-50bp)	1.00	1.00	1.00	2.00	3.50
Colombia	Repo rate	7.00	-225	20 Mar 09 (-100bp)	30 Apr 09	30 Apr 09 (-100bp)	5.50	5.50	5.50	5.50	5.50
Peru	Reference rate	5.00	25	8 Apr 09 (-100bp)	7 May 09	7 May 09 (-50bp)	4.00	4.00	4.00	4.00	4.00
Europe/Africa	GDP-weighted average	1.82	-277				1.37	1.19	1.18	1.16	1.17
Euro area	Refi rate	1.25	-275	2 Apr 09 (-25bp)	7 May 09	7 May 09 (-25bp)	0.75	0.50	0.50	0.50	0.50
United Kingdom	Repo rate	0.50	-525	5 Mar 09 (-50bp)	7 May 09	on hold	0.50	0.50	0.50	0.50	0.50
Sweden	Repo rate	1.00	-250	11 Feb 08 (-100bp)	21 Apr 09	21 Apr 09 (-75bp)	0.25	0.25	0.25	0.25	0.25
Norway	Deposit rate	2.00	-275	25 Mar 09 (-50bp)	6 May 09	6 May 09 (-50bp)	1.50	1.00	1.00	1.00	1.00
Czech Republic	2-week repo rate	1.75	-150	5 Feb 09 (-50bp)	7 May 09	7 May 09 (-25bp)	1.50	1.50	1.50	2.00	2.50
Hungary	2-week deposit rate	9.50	175	19 Jan 09 (-50bp)	20 Apr 09	3Q 09 (-25bp)	9.50	9.25	8.50	8.00	7.50
Israel	Base rate	0.50	-350	23 Mar 09 (-25bp)	27 Apr 09	4Q 09 (+50bp)	0.50	0.50	1.00	2.00	3.00
Poland	7-day intervention rate	3.75	-100	25 Mar 09 (-25bp)	29 Apr 09	29 Apr 09 (-25bp)	3.25	3.00	3.00	3.00	3.00
Romania	Base rate	10.00	300	4 Feb 09 (-25bp)	6 May 09	6 May 09 (-25bp)	9.50	10.00	11.00	10.50	10.00
Russia	1-week deposit rate	8.25	500	10 Feb 09 (+100bp)	2Q 09	2Q 09 (-100bp)	7.25	7.25	7.25	6.25	6.25
South Africa	Repo rate	9.50	-50	24 Mar 09 (-100bp)	30 Apr 09	30 Apr 09 (-100bp)	8.00	7.50	7.00	7.00	7.00
Switzerland	3-month Swiss Libor	0.25	-225	12 Mar 09 (-25bp)	18 Jun 09	on hold	0.25	0.25	0.25	0.25	0.25
Turkey	Overnight borrowing rate	**9.75**	-775	**16 Apr 09 (-75bp)**	14 May 09	**14 May 09 (-50bp)**	9.00	9.00	9.00	9.25	9.50
Asia/Pacific	GDP-weighted average	2.10	-145				1.98	1.87	1.86	1.87	1.92
Australia	Cash rate	3.00	-350	7 Apr 09 (-25bp)	5 May 09	4 Aug 09 (-25bp)	3.00	2.75	2.50	2.50	2.50
New Zealand	Cash rate	3.00	-525	12 Mar 09 (-50bp)	30 Apr 09	30 Apr 09 (-50bp)	2.25	2.25	2.25	2.25	2.25
Japan	Overnight call rate	0.10	-40	19 Dec 08 (-20bp)	30 Apr 09	on hold	0.10	0.10	0.10	0.10	0.10
Hong Kong	Discount window base	0.50	-625	17 Dec 08 (-100bp)	30 Apr 09	on hold	0.50	0.50	0.50	0.50	0.50
China	1-year working capital	5.31	-171	22 Dec 08 (-27bp)	2Q 09	2Q 09 (-27bp)	5.04	4.77	4.77	4.77	4.77
Korea	Base rate	2.00	-300	12 Feb 09 (-50bp)	12 May 09	on hold	2.00	2.00	2.00	2.00	2.00
Indonesia	BI rate	7.50	-75	3 Apr 09 (-25bp)	5 May 09	5 May 09 (-25bp)	7.00	7.00	7.25	7.50	8.00
India	Repo rate	5.00	-275	4 Mar 09 (-50bp)	21 Apr 09	21 Apr 09 (-50bp)	4.50	4.00	4.00	4.00	4.50
Malaysia	Overnight policy rate	2.00	-150	24 Feb 09 (-50bp)	29 Apr 09	29 Apr 09 (-25bp)	1.50	1.50	1.50	1.50	1.50
Philippines	Reverse repo rate	**4.50**	-150	**16 Apr 09 (-25bp)**	28 May 09	**28 May 09 (-25bp)**	4.25	4.25	4.25	4.25	4.25
Thailand	1-day repo rate	1.25	-200	8 Apr 09 (-25bp)	20 May 09	20 May 09 (-25bp)	1.00	0.75	0.75	0.75	0.75
Taiwan	Official discount rate	1.25	-188	18 Feb 09 (-25bp)	2Q 09	on hold	1.25	1.25	1.25	1.25	1.25

Bold denotes move since last GDW and forecast changes. Underline denotes policy meeting during upcoming week.

JPMorgan Chase Bank, Sydney
Stephen Walters (61-2) 9220-1599
stephen.b.walters@jpmorgan.com
Helen Kevans (61-2) 9220-3250
helen.e.kevans@jpmorgan.com

Forecasts - Australia and New Zealand

Australia: economic projections *percentage change over previous period, seasonally adjusted annual rates, un*

				2008			2009				2010			
	2008	2009	2010	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Chain volume GDP	2.1	-1.2	1.5	1.1	0.3	-2.1	-4.2	-1.0	2.6	0.9	1.2	2.2	1.9	2.3
Private consumption	2.1	-0.5	1.7	-0.5	0.4	0.3	-2.8	-0.4	0.8	1.6	1.6	2.4	2.4	2.8
Construction investment	4.5	-2.3	-2.3	4.1	1.9	1.5	-7.7	-2.5	-4.8	-0.5	-3.1	-2.8	-2.1	1.5
Equipment investment	15.7	-8.6	-9.9	39.8	0.7	1.3	-28.4	-11.5	-3.9	-3.9	-18.5	-11.5	-7.8	0.0
Public investment	10.6	4.3	9.9	8.5	7.3	-6.0	6.6	6.3	6.7	7.3	9.5	11.8	14.1	15.1
Government consumption	3.6	4.0	5.3	4.4	2.3	0.1	5.1	6.2	5.6	5.4	5.6	4.6	5.0	4.7
Exports of goods & services	4.7	-13.1	-3.1	13.5	-2.0	-3.3	-18.5	-25.2	-20.3	-11.5	6.1	8.2	6.1	4.1
Imports of goods & services	10.6	-8.5	-2.4	15.4	5.6	-24.5	-9.6	-7.8	-5.9	-5.9	-3.9	0.0	4.1	8.2
Contributions to GDP growth:														
Domestic final sales	4.1	-0.3	1.3	4.3	1.4	-1.7	-2.5	-0.2	0.7	1.9	0.3	1.5	2.1	3.5
Inventories	-0.6	-0.1	0.3	-2.2	0.7	-6.4	0.1	3.1	4.8	-0.2	-1.0	-0.7	-0.4	-0.2
Net trade	-1.4	-0.7	0.0	-0.9	-1.8	6.3	-1.8	-3.8	-2.8	-0.8	1.9	1.4	0.2	-1.0
GDP deflator (%oya)	6.7	3.5	1.8	6.7	8.6	7.5	6.6	4.0	1.7	1.9	1.8	1.7	1.7	2.0
Consumer prices (%oya)	4.4	2.1	2.0	4.5	5.0	3.7	3.0	2.0	1.3	2.1	2.1	2.0	2.0	2.1
Producer prices (%oya)	8.3	1.6	0.7	8.7	10.9	6.7	4.2	0.6	-0.5	2.3	1.1	0.5	0.4	1.0
Trade balance (A$ bil, sa)	-3.7	-0.2	-12.1	-1.7	1.4	4.5	2.6	0.6	-1.8	-1.6	-2.6	-3.0	-3.2	-3.3
Current account (A$ bil, sa)	-67.0	-49.3	-66.6	-14.1	-9.5	-6.5	-9.4	-11.6	-14.1	-14.1	-15.1	-17.0	-18.2	-16.3
as % of GDP	-6.2	-4.1	-5.3	-4.8	-3.1	-2.2	-3.2	-3.9	-4.7	-4.6	-4.9	-5.5	-5.8	-5.1
3m eurodeposit rate (%)*	6.0	2.8	2.9	7.8	7.0	4.1	3.1	2.7	2.9	2.7	2.7	2.7	3.0	3.3
10-year bond yield (%)*	5.6	4.0	4.0	6.5	5.4	4.0	4.4	4.1	3.8	3.6	3.7	3.9	4.0	4.3
US$/A$*	0.75	0.73	0.83	0.74	0.77	0.65	0.68	0.70	0.74	0.78	0.80	0.82	0.84	0.85
Commonwealth budget (FY, A$ bil)	13.5	-54.5	-70.0											
as % of GDP	1.1	-4.5	-5.6											
Unemployment rate	4.2	6.1	8.1	4.3	4.3	4.5	5.7	6.0	6.2	6.4	7.0	7.9	8.4	9.0
Industrial production	1.9	-4.9	3.5	1.8	-3.3	-17.5	-4.0	-2.0	1.0	3.0	6.0	4.0	2.0	0.0

*All financial variables are period averages

New Zealand: economic projections *percentage change over previous period, seas. adjusted annual rates, unless stated*

				2008			2009				2010			
	2008	2009	2010	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Real GDP (1995-96 prices)	0.3	-2.1	1.6	-0.9	-1.8	-3.6	-2.9	-2.5	0.3	0.6	2.9	2.4	2.6	1.9
Private consumption	0.2	-1.2	0.5	-0.8	-0.2	0.0	-3.8	-1.4	0.4	0.5	0.2	0.4	1.1	2.8
Fixed Investment	-6.7	-10.4	6.3	10.1	-40.5	6.0	-14.8	-9.3	-2.8	2.9	10.3	11.1	12.6	10.0
Residential construction	-17.3	-25.0	8.8	-28.5	-28.5	-45.3	-28.0	-16.0	4.0	8.0	12.0	12.8	16.0	10.0
Other fixed investment	-3.9	-7.0	5.9	22.3	-43	22.4	-12.0	-8.0	-4.0	2.0	10.0	10.8	12.0	10.0
Inventory change (NZ$ bil, saar)	1.4	0.9	0.9	0.3	0.5	0.1	0.3	0.3	0.2	0.1	0.2	0.2	0.2	0.3
Government spending	4.0	7.6	-0.4	1.5	2.8	7.1	11.3	11.2	6.3	2.3	-4.1	-2.4	-1.3	-9.2
Exports of goods & services	-1.7	-5.1	2.0	-1.3	-12.0	-12.6	-3.5	-1.8	0.8	1.7	2.5	3.0	2.0	4.0
Imports of goods & services	2.6	-7.0	2.2	13.9	-24.3	-22.3	0.1	0.4	0.6	1.2	0.9	4.0	5.0	5.0
Contributions to GDP growth:														
Domestic final sales	1.4	-2.8	1.8	5.6	-10.7	-4.1	-3.9	-1.0	0.9	1.5	1.7	2.5	3.6	2.4
Inventories	0.4	-0.4	0.0	-0.8	2.5	-4.6	2.1	-0.8	-0.6	-1.0	0.7	0.5	0.2	0.1
Net trade	-1.5	1.1	-0.2	-5.5	7.1	5.3	-1.1	-0.7	0.0	0.1	0.4	-0.5	-1.2	-0.6
GDP deflator (%oya)	3.7	3.3	3.0	3.7	2.3	2.7	2.0	3.7	4.9	2.7	2.8	3.0	3.1	3.1
Consumer prices	4.0	-0.4	1.6	6.7	6.2	-1.8	-1.6	-0.8	0.0	0.8	1.6	2.4	3.2	3.7
%oya	4.0	0.3	1.6	4.0	5.1	3.4	2.3	0.4	-1.1	-0.4	0.4	1.2	2.0	2.7
Trade balance (NZ$ bil, sa)	-2.2	-4.5	-5.0	-1.1	-0.9	0.0	-0.4	-0.5	-1.3	-2.3	-2.5	-1.7	-1.1	0.3
Current account (NZ$ bil, sa)	-16.2	-13.1	-13.0	-4.7	-4.0	-4.0	-4.1	-3.4	-2.8	-2.8	-3.3	-5.2	-4.3	-0.2
as % of GDP	-9.0	-6.8	-1.5	-10.5	-9.1	-8.8	-7.6	-6.1	-6.2	-7.2	-9.2	-0.5	0.7	2.7
Yield on 90-day bank bill (%)*	7.9	2.4	2.7	8.8	8.2	6.0	2.8	2.3	2.3	2.3	2.4	2.6	2.8	3.0
10-year bond yield (%)*	6.0	3.6	4.0	6.5	5.9	5.3	4.1	3.8	3.4	3.3	3.5	3.8	4.0	4.5
US$/NZ$*	0.71	0.56	0.64	0.78	0.71	0.58	0.51	0.55	0.57	0.61	0.62	0.63	0.64	0.67
Commonwealth budget (NZ$ bil)	-1.8	-7.2	-8.6											
as % of GDP	-1.0	-4.0	-4.5											
Unemployment rate	4.1	6.1	7.4	3.9	4.2	4.6	5.2	5.8	6.5	7.0	7.2	7.4	7.5	7.5

*All financial variables are period averages

JPMorgan Chase Bank, Sydney
Stephen Walters (61-2) 9220-1599
stephen.b.walters@jpmorgan.com
Helen Kevans (61-2) 9220-3250
helen.e.kevans@jpmorgan.com

Australia and New Zealand economic calendar

Monday	Tuesday	Wednesday	Thursday	Friday
20 Apr Australia : PPI (11:30 am) 1Q 4.3 %oya	21 Apr New Zealand : Visitor arrivals (10:45 am) Mar	22 Apr Australia : CPI (11:30 am) 1Q 2.6 %oya	23 Apr Australia : New motor vehicles sales (11:30 am) Mar New Zealand: Credit card spending (3:00 pm) Mar	24 Apr
27 Apr	28 Apr	29 Apr New Zealand : Trade balance (10:45 am) Mar NBNZ business conf. (3:00 pm) Apr	30 Apr Australia : Pvt. sector credit (11:30 am) Mar New Zealand : RBNZ official cash rate (9:00 am) May Building permits (10:45 am) Mar	1 May Australia : Trade balance (11:30 am) Mar
4 May Australia : ANZ job ads (11:30 am) Apr House price index (11:30 am) 1Q	5 May Australia : Building approvals (11:30 am) Mar RBA cash target (2:30 pm) May New Zealand : ANZ comm. price (3:00 pm) Apr	6 May Australia : Retail sales (11:30 am) Mar	7 May Australia : Unemployment rate (11:30 am) Apr New Zealand : Unemployment rate (10:45 am) 1Q	8 May
11 May New Zealand : QV house prices Apr	12 May Australia : Housing finance (11:30 am) Mar	13 May Australia : Westpac consumer confidence (10:30 am) May Labor price index (11:30 am) 1Q	14 May	15 May New Zealand : Retail sales (10:45 am) Mar

Highlighted data are scheduled for release on or after the date shown. Times shown are local.

JPMorgan Chase Bank, New York
Sam Conway (1-212) 834-9123
samuel.e.conway@jpmorgan.com

Global Data Diary

Week / Weekend	Monday	Tuesday	Wednesday	Thursday	Friday
20 Apr - 24 Apr	20 April	21 April	22 April	23 April	24 April
	Hungary • NBH meeting Poland • IP (Mar)	Canada • BoC meeting Germany • ZEW bus. survey (Apr) India • RBI meeting Sweden • Riksbank meeting United Kingdom • CPI (Mar)	Australia • CPI (1Q) Japan • BoJ bank loan officers survey (1Q) • Trade balance (Mar) United Kingdom • Labor mkt report (Mar) • BoE minutes United States • FHFA HPI (Feb)	Belgium • BNB bus. surv (Apr) Euro area • Industrial orders (Feb) • PMI flash (Apr) France • INSEE bus. survey (Apr) Mexico • Trade balance provisional (Mar) Taiwan • Export orders, IP (Mar) United States • Existing home sales (Mar)	France • Mfg goods consumption (Mar) Germany • IFO bus. survey (Apr) Japan • All sect act index (Feb) • Shirakawa speech Korea • GDP prelim (1Q) United Kingdom • Retail sales (Mar) • GDP advance (1Q) United States • Durable goods (Mar) • New home sales (Mar)
27 Apr - 1 May	27 April	28 April	29 April	30 April	1 May
United Kingdom • Nationwide HPI (Mar)	Euro area • Trichet speech Germany • CPI prelim (Apr) Israel • BoI meeting United Kingdom • BBA mortgage lending (Mar)	Italy • ISAE bus. survey (Apr) Japan • Retail sales (Mar) • Shoko Chukin (Apr) United States • S&P/C-S HPI (Feb)	Brazil • COPOM meeting Euro area • EC bus. survey (Apr) • M3 (Mar) Malaysia • BNM meeting Poland • NBP meeting South Africa • CPI (Mar) United States • Real GDP adv (1Q) • FOMC meeting	Euro area • HICP flash (Apr) • Unemployment (Mar) Germany • Labor mkt report (Apr) Japan • IP prelim (Mar) • PMI mfg (Apr) Korea: IP (Mar) United States • Chicago PMI (Apr) • Employ cost index (1Q) • Personal income (Mar) Central bank meetings • Colombia • Japan • New Zealand • South Africa	Japan • Auto registrations (Apr) • CPI (Mar) • Hhold spending (Mar) • Nominal wages (Mar) • Unemployment (Mar) Korea • CPI (Apr) • Trade balance (Apr) United States • Consumer sent (Apr) • Factory orders (Mar) • Light vehicle sales (Apr) Manufacturing PMIs • China, UK, US (Apr)

Economic Research, Emerging Markets Research and Global FX Strategy at JPMorgan

Global Economics

Chief Economist
Bruce Kasman, New York (1-212) 834-5515

Economics: Global

David Hensley (1-212) 834-5516
Joseph Lupton (1-212) 834-5735
Sam Conway (1-212) 834-9123

Data and Forecast Systems

Carlton Strong (1-212) 834-5612
Donald Martis (1-212) 834-5667
Silvana Dimino (1-212) 834-5684

Economics: United States and Canada

United States

Robert Mellman, New York (1-212) 834-5517
Michael Feroli (1-212) 834-5523
Abiel Reinhart (1-212) 834-5614

Canada

Sandy Batten, New York (1-212) 834-9645

Economics: Latin America

Brazil

Fabio Hashizume, São Paulo (55-11) 3048-3634
Julio Callegari, São Paulo (55-11) 3048-3369
Bruno Hampshire, São Paulo (55-11) 3048-3369

Colombia, Ecuador, Venezuela, Peru

Luis Oganes, New York (1-212) 834-4326
Benjamin Ramsey, New York (1-212) 834-4308
Julio Callegari, São Paulo (55-11) 3048-3369
Bruno Hampshire, São Paulo (55-11) 3048-3369

Argentina, Chile
Vladimir Werning, New York (1-212) 834-8144
Florencia Vazquez, Buenos Aires (54-11) 4348-3405

Mexico
Alfredo Thorne, Mexico City (525) 540-9558

Economics: Asia/Pacific

Head of Japan
Masaaki Kanno, Tokyo (81-3) 6736-1166

Japan

Masamichi Adachi, Tokyo (81-3) 6736-1172
Miwako Nakamura, Tokyo (81-3) 6736-1167

Australia, New Zealand

Stephen Walters, Sydney (61-2) 9220 -1599
Helen Kevans (61-2) 9220-3250

Emerging Markets Research

Head of Emerging Markets Research
Joyce Chang (1-212) 834-4203

Head of Emerging Asia Economic Research
David G. Fernandez, Singapore, (65) 6882-2461

Greater China

Frank Gong, Hong Kong (852) 2800-7006
Grace Ng, Hong Kong (852) 2800-7002
Qian Wang, Hong Kong (852) 2800-7009
Peng Chen, Hong Kong (852) 2800-7005

Korea
Jiwon Lim, Seoul (822) 758-5509
James Lee, Seoul (822) 758-5512

India
Gunjan Gulati, Mumbai (91-22) 6639-3125

Indonesia, Malaysia, Philippines, Singapore, Thailand

Sin Beng Ong (65) 6882-7143
Matt Hildebrandt (65) 6882-2253

Emerging Markets FX Strategy
Claudio Piron (65) 6882-2218
Yen Ping Ho (65) 6882-2216

Economics: Europe/Africa

Head of Western Europe
David Mackie, London (44-20) 7325-5040

United Kingdom, Switzerland

Malcolm Barr, London (44-20) 7777-1080
Allan Monks, London (44-20) 7777-1188

Euro area

Maryse Pogodzinski, Paris (33-1) 4015-4225
Marta Bastoni, London (44-20) 7325-9114
Greg Fuzesi London (44-20) 7777-4792

Scandinavia

Nicola Mai, London (44-20) 7777-3467

Czech Republic, Hungary, Poland, Slovakia

Nora Szentivanyi, London (44-20) 7777-3981
Miroslav Plohjar, London (44-20) 7325-0745

CEEMEA

Michael Marrese, New York (1-212) 834-4876
Eva Sanchez, New York (1-212) 834-8217

Turkey, Bulgaria, the Baltics

Yarkin Cebeci, Istanbul (90-212) 326-8590

Russia, Ukraine, Bulgaria, Kazakhstan

Nina Chebotareva, Moscow (7-095) 937-7321
Anatoliy Shal (7-495) 937-7321

Africa
Graham Stock (44-20) 7777-3430
Tebogo Dintwe (27-11) 507-0777
Sonja Keller (27-11) 507-0376

Global FX Strategy

Global Head
John Normand (44-20) 7325-5222

Global FX Strategy, New York

Gabriel De Kock (1-212) 834-4254
Kenneth Landon (1-212) 834-2391
Holly Huffman (1-212) 834-4953
Arindam Sandilya (1-212) 834-2304
Talis Bauer (1-212) 834-9618

FX & Commodity Technical Strategy
Niall O'Connor (1-212) 834-5108

Global FX Strategy, London

Paul Meggyesi (44-20) 7859-6714
Kamal Sharma (44-20) 7777-1729
Kartikeya Ghia (44-20) 7325-3985

FX & Commodity Technical Strategy
Robin Wilkin (44-20) 7777-1345

Emerging Markets FX Strategy
Robert Beange (44-20) 7777-3246
Nandita Singh (44-20) 7777-3413

Global FX Strategy: Asia

Tohru Sasaki (81-3) 5570-7717
Junya Tanase (81-3) 5570-7718

Commodity Strategy

Head of Commodites Research
Lawrence Eagles (1-212) 834-8107

Global Energy Strategy
Scott Speaker (1-212) 834-3878
Mark Gravener (1-212) 834-3089
Benjamin Feldman (1-212) 834-3038
Sung Yoo (1-212) 834-7045
Kristi Jones (1-212) 834-2835

Global Metals Strategy
Michael Jansen (44-20) 7325-5882

Agricultural Commodity Strategy
Lewis Hagedorn (1-312) 325-6409

Commodity Index Research
Jennie Byun (44-20) 7777-0070
Santiago Tavolaro (44-20) 7777-0363