

ANZ-Roy Morgan Consumer Confidence

December 2009

Till bells will retain their jingle

Contacts:

Cameron Bagrie

ANZ Chief Economist
Telephone: +64 4 802 2212
E-mail: bagriec@anz.com

Mark Dansey

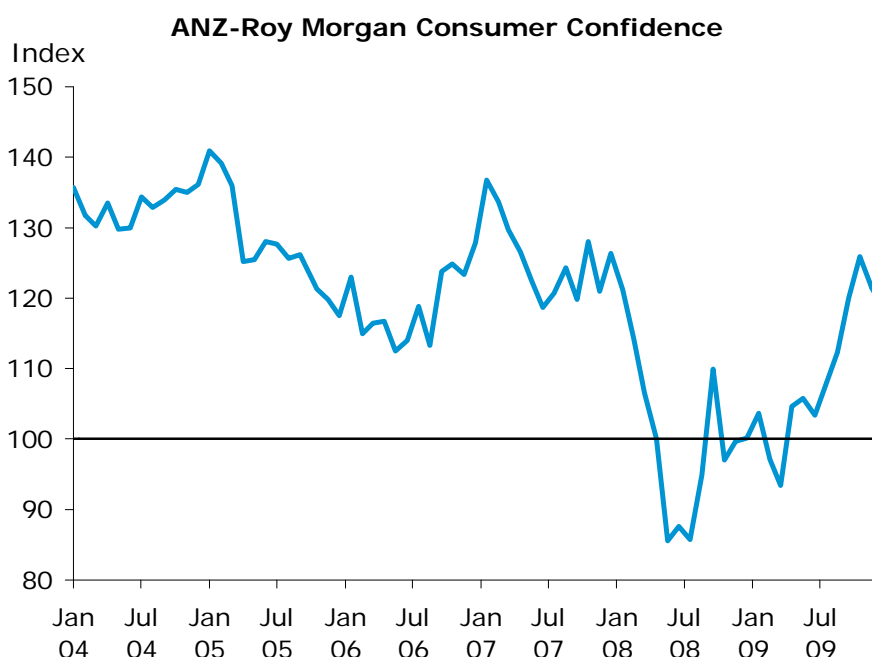
Roy Morgan
Telephone: +64 9 912 7032
E-mail: mark.dansey@roymorgan.com

- > **Consumer confidence remains elevated but is down 2.9 points in December.**
- > **A massive dichotomy remains between future conditions and current conditions with the latter remaining below 100.**
- > **The level of confidence remains robust although the dichotomy continues to give a layer of uncertainty surrounding the pace of recovery.**

The ANZ-Roy Morgan Consumer Confidence measure fell a further 2.9 percentage points in December – the second successive monthly decline. **However, the overall level of Consumer Confidence – 118.6 – remains high and well above the key 100 benchmark.**

ANZ Roy Morgan Consumer Confidence		
	Level	Change
Dec-08	100.1	0.4
Jan-09	103.7	3.6
Feb-09	97.1	-6.6
Mar-09	93.4	-3.7
Apr-09	104.6	11.2
May-09	105.8	1.2
Jun-09	103.4	-2.4
Jul-09	107.8	4.4
Aug-09	112.3	4.5
Sep-09	120.0	7.7
Oct-09	125.9	5.9
Nov-09	121.5	-4.4
Dec-09	118.6	-2.9

The survey was conducted from November 30 to December 13, across New Zealand by telephone with a cross section of 1,025 people aged 14 and over.



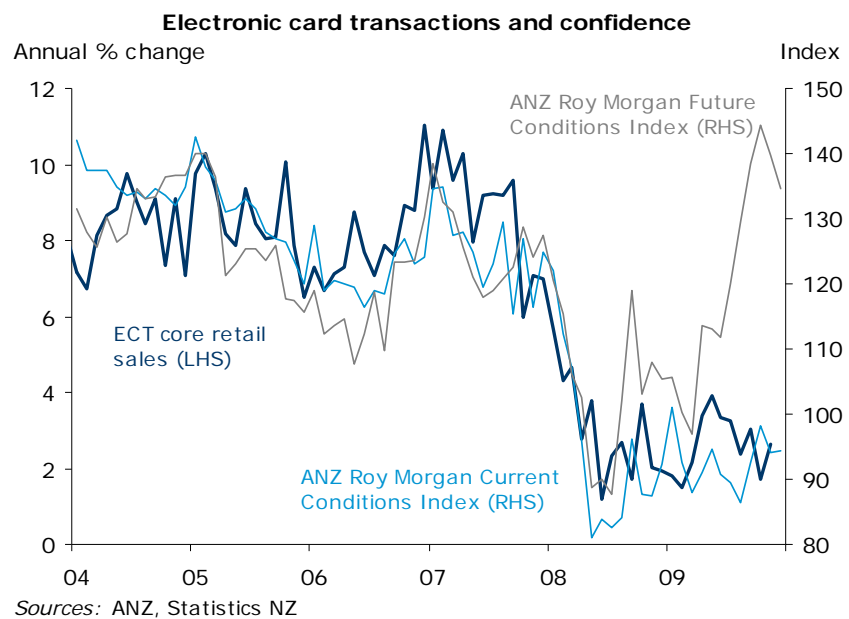
Sources: ANZ, Roy Morgan

Less optimistic expectations towards the future dragged aggregate consumer confidence down. Generally speaking, consumers remain optimistic about future prospects. A net 40 percent expect to be better off next year. A net 22 percent think we'll have good times financially. A net 42 percent expect good times during the next five years. However, they are down 4, 7 and 4 percentage points respectively on November. This has seen the future conditions index fall from 140 to 134.6.

Conversely, the current conditions component of the survey was broadly unchanged on last month. A net 22 percent still report as being

worse off relative to this time last year. A net 11 percent think it is a good time to buy a major household item – up a percentage point on November. This saw the current conditions component lift marginally from 94.2 to 94.5. **The level remains below the key 100 benchmark.**

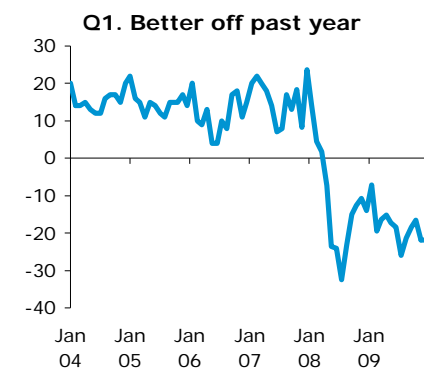
The dichotomy between current and expected conditions continues to give a layer of uncertainty surrounding the pace of recovery. In the first instance we should not be surprised a gap exists. Improving fortunes always starts with rising expectations towards the future. However, it is the magnitude of the gap that continues to portend of divergences between expectations and reality.



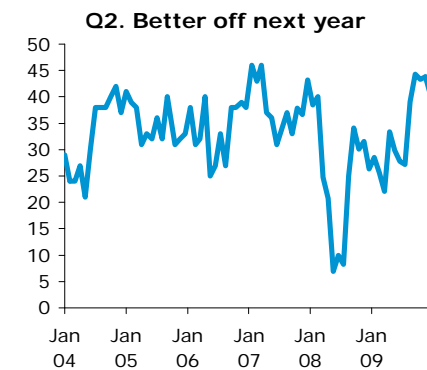
Looking at the details of this month's survey, males continue to be more confident than females across all the component questions. With regard to expectations of being better off financially in 12 months time, the gap has closed to just one point - with males down a net 9 points to a net 41 percent while females increased one point to a net 40 percent. Across the regions, North Islanders away from the two largest cities are the most confident (at 121.5), while the Non-Canterbury South Island counterparts are the least confident (at 110.2). Across the age bands, the level of confidence pivoted up 8 points for the 14-17 bracket (from a net 128.2 in November, to 136.3 in December) but was increasingly less confident for the older age groups. The 50 plus bracket slipped the most, dropping 8 points to 108.3.

When asked where respondents thought inflation would reside on average over the next two years, the answer came back at 3.9 percent. At present, it is impossible to provide insightful comment on such a figure. One's immediate reaction is that it resides outside the top-end of the 1 to 3 percent RBNZ policy band. But around the globe there is an inherent upward bias in such surveys. Inflation expectations questions that are more short-term focused (say 1 or 2 years ahead), offer little in regard to inflation expectations *per se*, but can be used as barometers of wage bargaining behaviour, which are in themselves critical components of any monetary policy framework. This is a key area we will monitor going forward.

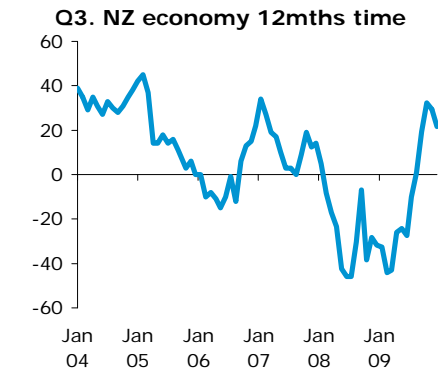
Survey Summary	May-09	Jun-09	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09
No. of Interviews	1,117	1,038	1,039	1,013	1,058	1,109	1,020	1,025
Q1. Would you say you and your family are better-off financially or worse off than you were at this time last year?								
Better Off	24	24	20	23	25	23	22	23
Worse Off	42	43	46	44	44	39	44	45
Net Balance	-17	-18	-26	-21	-18	-17	-22	-22
Q2. This time next year, do you and your family expect to be better-off financially or worse off than you are now?								
Better Off	50	49	47	55	56	56	57	55
Worse Off	20	21	20	16	12	12	13	15
Net Balance	30	28	27	39	44	43	44	40
Q3. Thinking of economic conditions in New Zealand as a whole. In the next 12 months, do you expect we'll have good times financially, bad times or some good and some bad?								
Good Times	29	26	31	40	48	53	52	47
Bad Times	53	53	42	39	28	21	22	25
Net Balance	-24	-27	-10	1	19	32	29	22
Q4. Looking ahead, what would you say is more likely, that in New Zealand as a whole, we'll have continuous good times during the next five years or so, or we'll have bad times, or some good and some bad?								
Good Times	54	52	56	62	64	68	59	56
Bad Times	20	17	13	13	13	11	13	14
Net Balance	34	35	43	49	52	57	46	42
Q5. Generally, do you think now is a good time, or a bad time, for people to buy major household items?								
Good Time to Buy	45	42	45	37	45	48	48	48
Bad Time to Buy	39	42	40	43	41	35	38	37
Net Balance	7	0	5	-6	3	13	10	11
ANZ Roy Morgan Consumer Confidence Rating (100 plus the unweighted average of the five net balances)								
	105.8	103.4	107.8	112.3	120.0	125.9	121.5	118.6



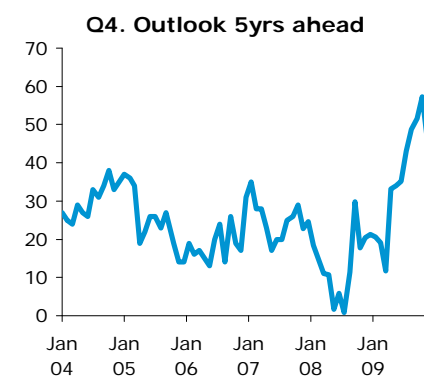
Sources: ANZ, Roy Morgan



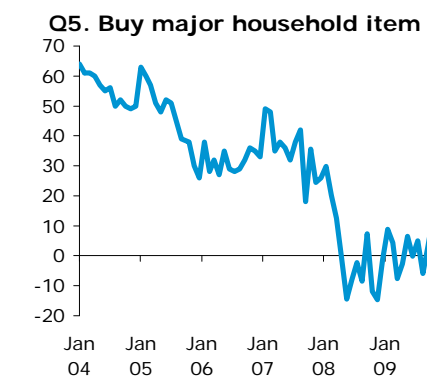
Sources: ANZ, Roy Morgan



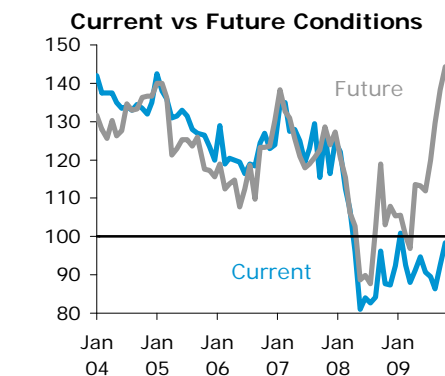
Sources: ANZ, Roy Morgan



Sources: ANZ, Roy Morgan



Sources: ANZ, Roy Morgan



Sources: ANZ, Roy Morgan



New Zealand Disclosure information

The Bank (in respect of itself and its principal officers) makes the following investment adviser disclosure to you pursuant to section 41A of the Securities Markets Act 1988.

The Bank (in respect of itself and its principal officers) makes the following investment broker disclosure to you pursuant to section 41G of the Securities Markets Act 1988.

Qualifications, experience and professional standing

Experience

The Bank is a registered bank and, through its staff, is experienced in providing investment advice about its own securities and, where applicable, the securities of other issuers. The Bank has been selling securities, and providing investment advice on those securities, to customers as a core part of its business for many years, drawing on the extensive research undertaken by the Bank and its related companies and the skills of specialised staff employed by the Bank. The Bank is represented on many bank, finance and investment related organisations and keeps abreast of relevant issues by running seminars and workshops for relevant staff and having its investment adviser staff attend external seminars where appropriate. The Bank subscribes to relevant industry publications and, where appropriate, its investment advisers will monitor the financial markets.

Relevant professional body

The Bank is a member of the following professional bodies relevant to the provision of investment advice:

- New Zealand Bankers Association;
- Associate Member of Investment Savings & Insurance Association of NZ;
- Financial Markets Operations Association; and
- Institute of Finance Professionals.

Professional indemnity insurance

The Bank (and its subsidiaries), through its ultimate parent company Australia and New Zealand Banking Group Limited, has professional indemnity insurance which covers its activities including those of investment advisers it employs.

This insurance covers issues (including 'prior acts') arising from staff fraud, electronic crime, documentary fraud and physical loss of property. The scope of the insurance also extends to third party civil claims, including those for negligence. The level of cover is of an amount commensurate with the size and scale of the Bank.

The insurer is ANZcover Insurance Pty Limited.

Dispute resolution facilities

The Bank has a process in place for resolving disputes. Should a problem arise, you can contact any branch of the Bank for more information on the Bank's procedures or refer to any of the Bank's websites.

Unresolved complaints may ultimately be referred to the Banking Ombudsman, whose contact address is PO Box 10-573, Wellington.

Criminal convictions

In the five years before the relevant investment advice is given none of the Bank (in its capacity as an investment adviser and where applicable an investment broker) or any principal officer of the Bank has been:

- Convicted of an offence under the Securities Markets Act 1988, or the Securities Act 1978 or of a crime involving dishonesty (as defined in section 2(1) of the Crimes Act 1961);
- A principal officer of a body corporate when that body corporate committed any of the offences or crimes involving dishonesty as described above;
- Adjudicated bankrupt;
- Prohibited by an Act or by a court from taking part in the management of a company or a business;

- Subject of an adverse finding by a court in any proceeding that has been taken against them in their professional capacity;
- Expelled from or has been prohibited from being a member of a professional body; or
- Placed in statutory management or receivership.

Fees

At the time of providing this disclosure statement it is not practicable to provide accurate disclosure of the fees payable for all securities that may be advised on. However, this information will be disclosed to you should you seek advice from one of the Bank's investment advisers on a specific investment.

Other interests and relationships

When a security is sold by the Bank, the Bank may receive a commission, either from the issuer of a security or from an associated person of the Bank. Whether that commission is received and, if received, its value depends on the security sold. At the time of providing this disclosure statement it is not practicable to provide a detailed list of each security that may be advised on, the name of the issuer of that security and the rate of the commission received by the Bank. However, this information will be disclosed to you should you seek advice from one of the Bank's investment advisers on a specific investment.

In addition to the interest that the Bank has in products of which it is the issuer, the Bank, or an associated person of the Bank, has the following interests or relationships that a reasonable person would find reasonably likely to influence the Bank in providing the investment advice on the securities listed below:

- ANZ Investment Services (New Zealand) Limited (ANZIS), as a wholly owned subsidiary of the Bank, is an associated person of the Bank. ANZIS may receive remuneration from a third party relating to a security sold by the Investment Adviser.
- UDC Finance Limited (UDC), as a wholly owned subsidiary of the Bank, is an associated person of the Bank. UDC may receive remuneration from a third party relating to a security sold by the Investment Adviser.
- The Bank has a joint venture relationship with ING (NZ) Holdings Limited (ING). ING and its related companies may receive remuneration from a third party relating to a security sold by the Investment Adviser.

Securities about which investment advice is given

The Bank provides investment advice on the following types of securities:

- Debt securities including term and call deposits, government stock, local authority stock, State-Owned Enterprise bonds, Kiwi bonds and corporate bonds and notes;
- Equity securities such as listed and unlisted shares;
- New Zealand and overseas unit trusts;
- Share in a limited partnership;
- Superannuation schemes and bonds;
- Group investment funds;
- Life insurance products;
- Derivative products including interest rate and currency forward rate contracts and options; and
- Other forms of security, such as participatory securities.

PROCEDURES FOR DEALING WITH INVESTMENT MONEY OR INVESTMENT PROPERTY

If you wish to pay investment money to the Bank you can do this in several ways such as by:

- Providing cash;
- Providing a cheque payable to the relevant product or service provider and crossed 'not transferable'; or

- Making an automatic payment or payment through another electronic delivery mechanism operated by the Bank.

Investment property (other than money) may be delivered to the Bank by lodging the relevant property (for example, share certificates) with any branch of the Bank offering a safe custody service, or by posting (using registered post) the documents or other property to a branch of the Bank, identifying your name, account number and investment purpose.

Any investment money lodged with the Bank for the purchase of securities offered by the Bank, its subsidiaries or any third parties will be deposited in accordance with your instructions, to your nominated account or investment. Such money will be held by the Bank according to usual banking terms and conditions applying to that account or the particular terms and conditions relating to the investment and will not be held by the Bank on trust unless explicitly accepted by the Bank on those terms. Any investment money or property accepted by the Bank on trust will be so held until disbursed in accordance with your instructions. Any investment property lodged with the Bank will be held by the Bank as bailee according to the Bank's standard terms and conditions for holding your property.

Record Keeping

The Bank will keep adequate records of the deposit of investment moneys or property and all withdrawals and dealings with such money or property, using the account/investment number allocated to your investment. You may have access to those records upon request.

Auditing

The Bank's systems and operations are internally audited on a regular basis. The financial statements of the Bank and its subsidiaries are audited annually by KPMG. However, this does not involve an external audit of the receipt, holding and disbursement of the money and other property.

Use of Money and Property

Money or property held by the Bank for a specific purpose communicated to the Bank (e.g. the purchase of an interest in a security) may not be used by the Bank for its own purposes and will be applied for your stated purpose. No member of the Bank's staff may use any money or property deposited with the Bank, for their own purposes or for the benefit of any other person. In the absence of such instructions, money deposited with the Bank may be used by the Bank for its own purposes, provided it repays the money to you upon demand (or where applicable, on maturity), together with interest, where payable.

NEW ZEALAND DISCLAIMER

The Bank does not provide investment advice tailored to an investor's personal circumstances. It is the investor's responsibility to understand the nature of the security subscribed for, and the risks associated with that security. To the maximum extent permitted by law, the Bank excludes liability for, and shall not be responsible for, any loss suffered by the investor resulting from the Bank's investment advice.

Each security (including the principal, interest or other returns of any security) the subject of investment advice given to the investor by the Bank or otherwise, is not guaranteed, secured or underwritten in any way by the Bank or any associated or related party except to the extent expressly agreed in the terms of the relevant security.

This document is provided for informational purposes only and does not constitute an offer to sell or solicitation to buy any security or other financial instrument. No part of this document can be reproduced, altered, transmitted to,

copied to or distributed to any other person without the prior express permission of the Bank.

This document is a necessarily brief and general summary of the subjects covered and does not constitute advice. You should obtain professional advice before acting on the basis of any opinions or information contained in it. The information contained in this document is given in good faith, has been derived from sources perceived by it to be reliable and accurate and the Bank shall not be obliged to update any such information after the date of this document. Neither the Bank nor any other person involved in the preparation of this document accepts any liability for any opinions or information (including the accuracy or completeness thereof) contained in it, or for any consequences flowing from its use.

UNITED STATES DISCLAIMER

This document is being distributed in the United States by ANZ Securities, Inc. (Member of FINRA [www.finra.org] and SEC) ("ANZ S") (an affiliated company of Australia and New Zealand Banking Group Limited ("ANZBG") and the Bank), which accepts responsibility for its content. Further information on any securities referred to herein may be obtained from ANZ S upon request. Any US person(s) receiving this document and wishing to effect transactions in any fixed income securities referred to herein should contact ANZ S 1177 Avenue of the Americas, New York, NY 10036 USA, Tel: 1-212-801-9160, Fax: 1-212-801-9163, not its affiliates.

This document is issued on the basis that it is only for the information of the particular person to whom it is provided. This document may not be reproduced, distributed or published by any recipient for any purpose. This document does not take into account your personal needs and financial circumstances. Under no circumstances is this document to be used or considered as an offer to sell, or a solicitation of an offer to buy.

In addition, from time to time ANZBG, the Bank, ANZ S, their affiliated companies, or their respective associates and employees may have an interest in any financial products (as defined by the Australian Corporations Act 2001), securities or other investments, directly or indirectly the subject of this document (and may receive commissions or other remuneration in relation to the sale of such financial products, securities or other investments), or may perform services for, or solicit business from, any company the subject of this document. If you have been referred to ANZBG, the Bank, ANZ S or their affiliated companies by any person, that person may receive a benefit in respect of any transactions effected on your behalf, details of which will be available upon request.

The information herein has been obtained from, and any opinions herein are based upon, sources believed reliable. The views expressed in this document accurately reflect the author's personal views, including those about any and all of the securities and issuers referred to herein. The author however makes no representation as to its accuracy or completeness and the information should not be relied upon as such. All opinions and estimates herein reflect the author's judgement on the date of this document and are subject to change without notice. No part of the author's compensation was, is or will be directly or indirectly related to specific recommendations or views expressed in this document. ANZBG, the Bank, ANZ S, their affiliated companies, their respective directors, officers, and employees disclaim any responsibility, and shall not be liable, for any loss, damage, claim, liability, proceedings, cost or expense ("Liability") arising directly or indirectly (and whether in tort (including negligence), contract, equity or otherwise) out of or in connection with the contents of and/or any omissions from this communication except where a Liability is made non-excludable by legislation.