

Return to Budget surplus remains on track.

US import prices rose by 2.2pct in April, driven by a 7.2pct lift in petroleum prices. Export prices rose by 1.1pct. Economists had tipped a 1.8pct rise in import prices and 0.9pct lift in export prices. And US wholesale inventories rose by 1.1pct in March with sales up 2.9pct. The stocks to sales ratio fell to a near 3-year low.

European shares rebounded on Tuesday with banks and miners leading the way. Investors tip an orderly restructuring of Greek debt, sparing pain for the banking sector. And miners rose in response to solid Chinese import data. The FTSEurofirst index rose by 0.8pct with the German Dax up 1.2pct and the UK FTSE up 1.3pct.

US sharemarkets rose for a third day on Tuesday. Utilities and other defensive sectors led the way, although gains were spread across the board. However shares in Microsoft dipped 0.6pct after revealing plans to buy internet phone giant Skype for \$8.5 billion. The CBOE volatility index - also known as the "fear gauge" - fell another 7.3pct. The Dow Jones index rose by 75pts or 0.6pct with the S&P 500 higher by 0.8pct and the Nasdaq was up by 28pts or 1.0pct.

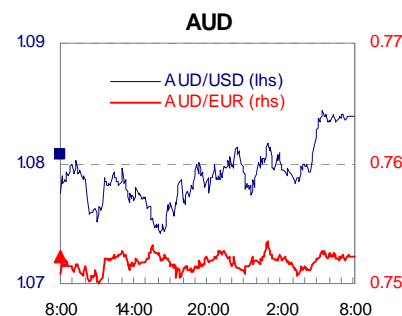
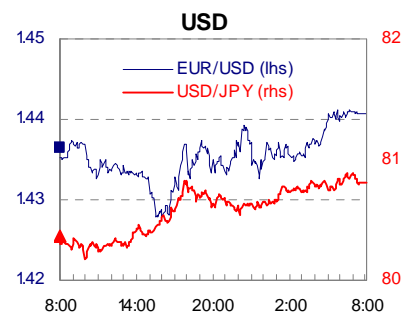
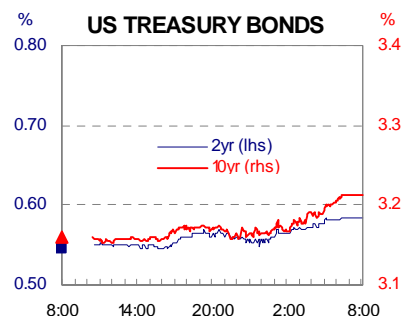
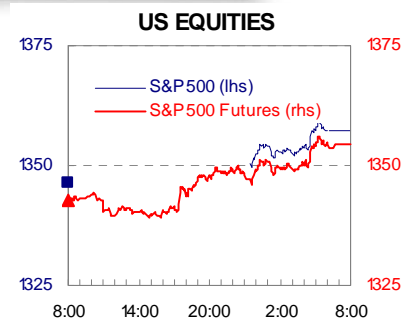
US treasury prices eased (yields higher) as investors shifted to growth-focussed investments like equities, commodities and commodity currencies. US 2yr yields rose by 3pts to 0.585pct and US 10yr yields rose by 5pts to 3.215pct.

The **US dollar** lost ground against the Euro and commodity currencies on Tuesday as investors showed a liking for riskier, or growth-focussed, investments. The Euro rose from lows near US\$1.4270 to US\$1.4410, ending US trade near its highs. The Aussie dollar rallied from lows near US107.35c to around US108.45c, and was also near its highs in late US trade. But the Japanese yen eased from around 80.45 yen per US dollar to JPY80.85, closing US trade near its weakest levels.

US and European crude oil prices rose again on Tuesday. Supporting prices was strong Chinese import data for April and supply concerns emanating from the flooding of the Mississippi River. The flooding threatens to disrupt refineries in Louisiana, including the second largest refinery in the US. The Nymex crude oil contract rose by US\$1.33 or 1.3pct to US\$103.88 a barrel. London Brent crude rose by US\$1.73 to US\$117.63 a barrel. In after-hours trade, US crude eased to US\$103.30 after the release of American Petroleum Institute inventory data.

Base metal prices were mostly higher on the London Metal Exchange on Tuesday with the exception of tin, down 0.7pct. Other metals rose up to 2pct with nickel doing best. And the gold price rose for a second day in line with other commodities with Comex gold futures up by US\$13.70 an ounce or 0.9pct to US\$1,516.90.

Ahead: In Australia, David Jones is releasing sales data. CBA releases its third quarter trading update. In China, monthly economic data is issued. In the US, trade data is released.



Indicative market rate at 7am Source: Bloomberg

Currencies	10 Yr Bond Yields (%)	Commodities	Equities
AUD/USD 1.0839 0.7%	Australia 5.39 -0.04	CRB Index 348.57 1.3%	Dow 12760.4 0.6%
NZD/USD 0.7939 0.0%	NZ 5.27 0.05	S&P GS Index 673.96 0.0%	S&P 500 1357.2 0.8%
EUR/USD 1.4408 0.5%	US 3.21 0.05	Aluminium \$/t 2653.5 1.7%	NASDAQ 2871.9 1.0%
USD/JPY 80.81 0.6%	AU less US 2.18	Copper \$/t 8888.3 0.2%	FTSE 6018.9 1.3%
GBP/USD 1.6368 -0.1%	NZ less US 2.06	Lead \$/t 2358.5 1.0%	Shanghai 2890.6 0.6%
USD/CHF 0.8799 0.8%	AUD Swap Rates (%)	Nickel \$/t 24848 2.0%	H.Seng 23336.0 0.8%
AUD/NZD 1.3652 0.7%	3mth 5.04 0.06	Zinc \$/t 2156.3 0.4%	Nikkei 9818.8 0.2%
AUD/JPY 87.59 1.3%	3yr 5.40 -0.02	Gold \$/o 1516.8 0.2%	ASX200 4725.8 -0.7%
AUD/EUR 0.7523 0.2%	5yr 5.70 -0.02	WTI Oil \$/b 103.88 1.3%	NZSX50 3528.8 0.3%

Chris Tennent-Brown NZ Economist T. +649 374 8819 E. chris.tennent-brown@cba.com.au



Economics: Preview

AUSTRALIA & NEW ZEALAND

Today or tomorrow.

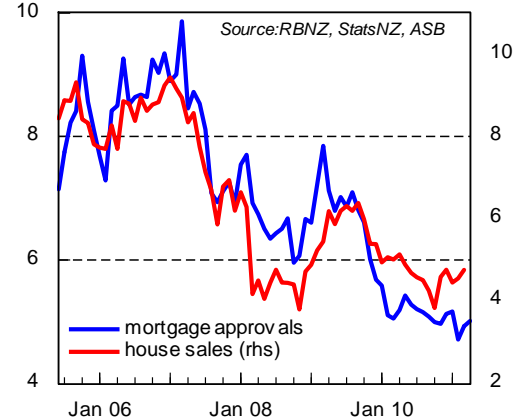
NZ REINZ House Sales Turnover, Apr, y%ch (-5.1 prev)

REINZ nationwide sales data for April are due between 10-12 May. Auckland property data released by agents Barfoot & Thompson have been solid over March and April, with March turnover the strongest turnover in 15 months. In seasonally adjusted terms, Auckland turnover in April was only down 1% on March's strong result. In contrast with the strength in Auckland, the February earthquake is disrupting activity in the Canterbury region, as property damage and insurance issues derail sales.

Looking at the nationwide picture, a contained level of inventory, as well as the recent drop in interest rates, are positive for the property market. We expect nationwide prices are troughing out now, and should increase by around 3% over the year ahead. Behind this lift will be a range of experiences, from stronger price appreciation in Auckland, and ongoing weakness in areas where fundamentals are less supportive.

MORTGAGE APPROVALS & HOUSE SALES

(s.a. number of approvals & sales)



INTERNATIONAL

CH Industrial Production, Apr, y%ch, (14.8 prev)

CH Retail Sales, Apr, y%ch, (17.4 prev)

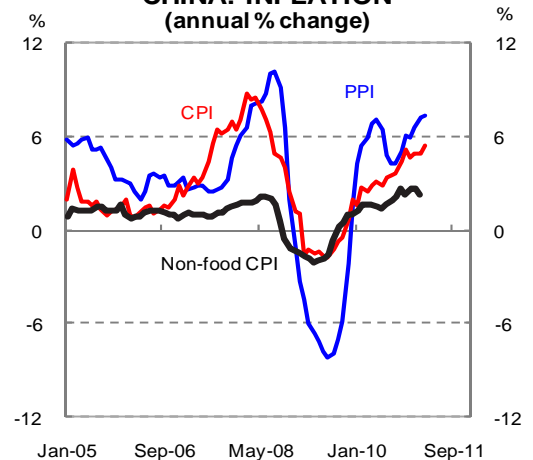
CH Consumer Prices, Apr, y%ch, (5.4 prev)

CH Producer Prices, Apr, y%ch, (7.3 prev)

The March batch of Chinese economic data provided market participants their first glimpse of the economy without the influential Lunar New Year holiday effects impacting the data. Despite China's inflation accelerated in March, lifting to 5.4% (YoY), the rise was again largely a function of elevated food prices. Non-food CPI increased by only 2.7% (YoY) in March, while food CPI rose 11.7% in the year. We continue to expect China's CPI to peak in the coming months, in line with a peak in food prices.

In contrast, China's industrial production appears to have bottomed, and is likely to accelerate in the coming months, in line with stronger manufacturing production. Despite the PBoC's recent policy "normalisation", we expect GDP growth in China to remain robust in 2011, coming in at 9.5%.

CHINA: INFLATION (annual % change)

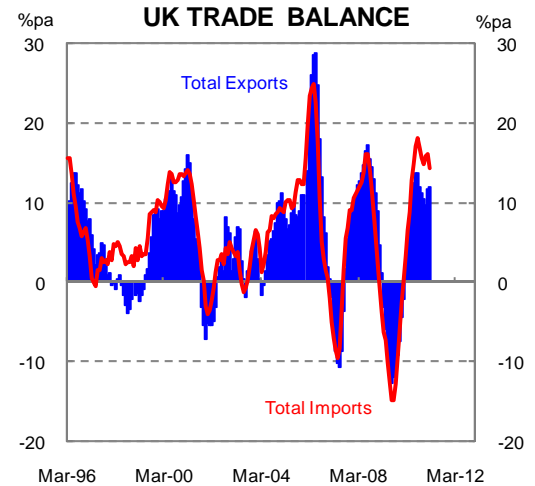




UK Visible Trade Balance, Mar, £bn, (6.78 prev)

The UK's visible trade deficit narrowed more than expected in February, coming in at £6.78bn. Visible exports rose to £25.1bn, while visible imports fell for the second consecutive month, declining a further 2.2% to £31.8bn. Visible imports have fallen by 5% in 2011. Food and drink, and oil exports continue to lead UK export growth, while the fall in imports was largely a function of a drop in the volatile aircraft component.

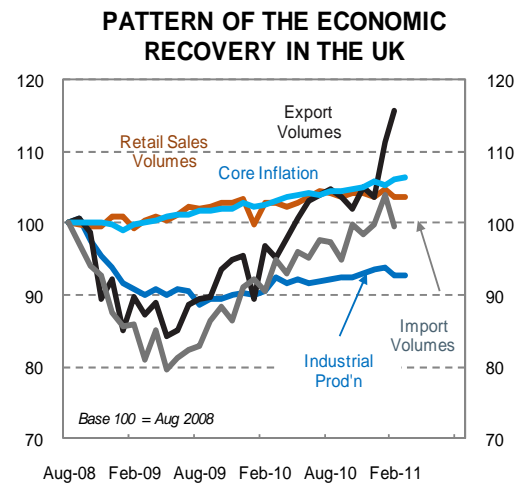
The relative weakness of the GBP continues to support UK visible exports, which have risen 36.4% from their August 2009 lows. But, the patchy economic recovery in a number of the UK's larger trading partners appears to be limiting significant export growth. This is somewhat concerning, given the sluggish recovery in some sectors of the UK domestic economy. Softness in various domestic UK economic sectors appears to be placing the burden of recovery on the shoulders of export orientated sectors.



UK BoE Inflation Report, May

Despite UK CPI slowing in March, it remains elevated at 4.0% (YoY). UK CPI has now remained above the Bank of England's (BoE) 2% target for 16 consecutive months. Building UK price pressures appear to be a function of the recent rise in commodity prices, a higher UK sales tax and the weaker GBP.

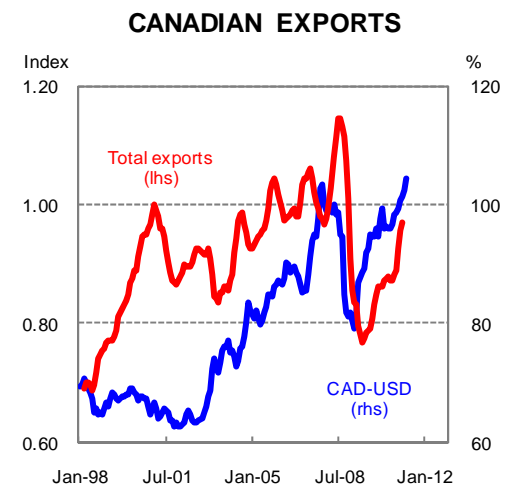
Recently, the BoE Monetary Policy Committee (MPC) indicated that near-term UK inflation may exceed 5%. However, a majority of the MPC continue to see this acceleration as a temporary phenomenon. The majority believe that in the medium-term inflation will fall back to target, as the temporary effects, such as higher oil prices, dissipate. As such, the BoE has been reluctant to tighten monetary policy given the uncertain UK economic outlook. The recent sluggish UK economic data reaffirms the uncertain outlook. In April, the BoE noted that "downside" risks may be developing in the economy. The BoE's inflation report will provide market participants with the central banks latest outlook for the UK economy, and in particular its view on inflation.



CA International Merchandise Trade, Mar, C\$bn, (0.03 prev)

Canada's trade surplus narrowed once again in February, coming in almost flat in the month. The trade balance has shrunk by some C\$1.89bn since December. In February, Canada's exports declined 4.9%, to C\$35.8bn, while imports fell 4% to C\$35.8bn. Despite the falls in February, the strong CAD has boosted Canada's imports. As of February, imports have increased 22% from their June 2009 lows.

In contrast, the strong CAD continues to put pressure on Canada's exports. Recently the Bank of Canada noted that the strength of the currency may be a drag on export growth and economic momentum in the coming quarters. However, some reprieve should come from the elevated price of oil, given energy exports account for some 22% of Canada's total exports.

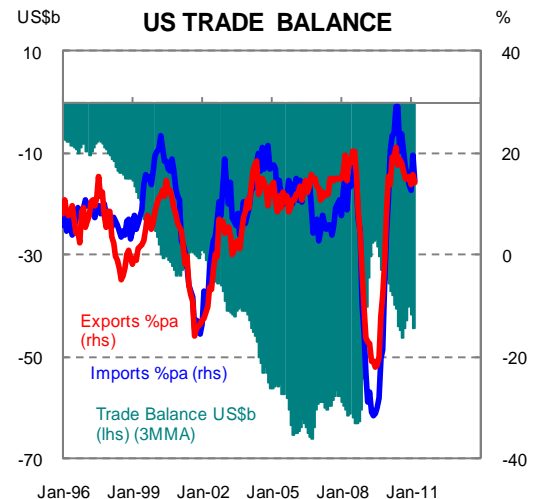




US Trade Balance, Mar, US\$bn, (-45.8 prev)

The US trade deficit narrowed less than expected in February, declining to US\$45.8bn, a 2.6% fall. Despite the 1.4% monthly fall in exports, US exports remain some 33% from their April 2009 cyclical lows. The relatively weak USD and improving global economy continues to boost export demand.

However, the improving US economy and rising commodity prices are placing upward pressure on imports. Higher oil and food prices have driven the recent increase. The import price index rose 2.7% in April, the largest monthly gain since June 2009. Imports were US\$211bn in February, up 14% from a year earlier. As the US economic recovery continues to gather momentum, imports are likely to rise further. The US trade deficit is anticipated to widen over 2011. The trade deficit remains some 25.5% (or US\$15.7bn) off its August 2008 peak.

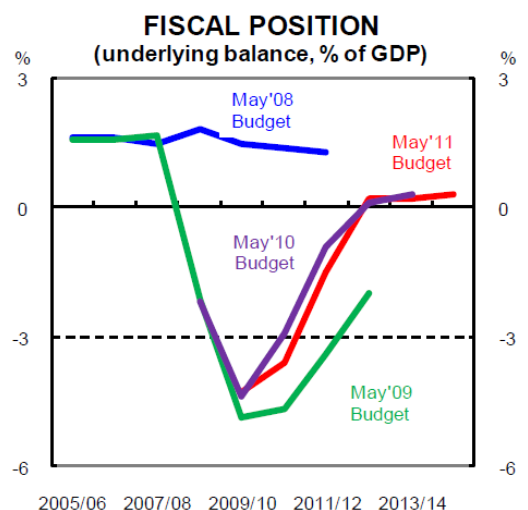
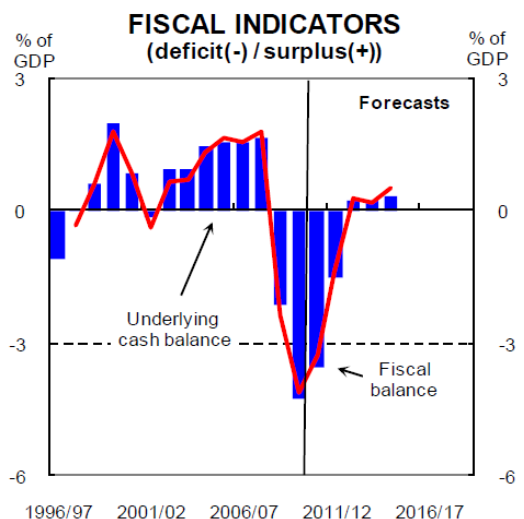


Economics: Review

Australia and New Zealand

Commonwealth Budget 2011

- The underlying Budget deficit for 2011/12 is projected at \$22.6bn (1.5% of GDP) vs the \$49.4bn (3.6% of GDP) deficit now expected in 2010/12.
- A return to surplus is still expected from 2012/13.
- The pre Budget “marketing” of a tough Budget comes through clearly in the revenue commentary and the focus on savings measures.
- Natural disasters are expected to shave GDP growth in 2010/11 to 2¼% but the subsequent rebuild boosts growth to 4% in 2011/12. Unemployment is expected to edge marginally lower, reaching 4¾% by mid 2012
- Inflation forecasts are in line with those published by the RBA in the May Statement on Monetary Policy.
- The Budget largely delivers what was promised. Fiscal policy has moved in a contractionary direction and there are some worthy initiatives that will assist in dealing with longer-run challenges.
- The Budget focus and direction should help kick-start the (much needed) debate on dealing with longer-running structural changes.
- The implications for bond yield and the AUD are minor. However, bond issuance will be much larger than expected at \$53bn in 2011/12 and the Government has virtually committed to maintaining outstandings near current levels.





Extensive pre-announcements and a vigorous massaging of expectations mean that there are few surprises in Budget 2011. Pre Budget themes that the Mining Boom Mk II won't deliver the "rivers of gold" of Mining Boom Mk I are evident in revenue commentary although revenue growth forecasts for the next couple of years are surprisingly solid (mainly due to the timing of mining tax payments). But a return to surplus in 2012/13 remains a key fiscal and political objective. So the Budget is dominated by savings measures – new spending is limited and any significant revenue initiatives are largely deferred to the Tax Forum in October.

The Budget arithmetic involves a net saving effort worth \$21bn and a \$2bn dip into the contingency reserve over the four years to 2014/15. This effort negates the \$16bn deterioration in the Budget bottom line caused by changes to economic parameters since the Mid Year Review in November 2010. And it partly pays for the near \$17bn worth of new spending initiatives included in tonight's Budget. The Budget bottom line over the four years to 2014/15 is \$9-10bn worse than envisaged in November.

No allowance for the carbon tax was included in Budget figuring – revised forecasts will be necessary at some point.

Savings initiatives focus on the old standbys of increasing efficiency dividends and reprioritising some spending (especially defence). The harder-edged decisions relate to measures limiting growth in payments to higher income earners, reforming income support payments to encourage workforce participation, capping some health spending, tightening up tax expenditures (especially the FBT arrangements for cars) and reducing industry assistance.

New policy measures have a heavy labour force focus. They range from increasing the skilled migrant intake to measures designed to improve the quality of the existing workforce. As with some of the savings initiatives, there is also the flavour of measures designed to lift labour force participation. Other measures focus on health (especially mental health) and measures to ease the burden of rising living costs on lower income households. There is also a major infrastructure focus – both in rebuilding after the spate of natural disasters and in the regions.

The Budget meets all the requirements of the government's medium-term fiscal strategy and it adheres to the exit strategy from the GFC-stimulus period. But was it a tough Budget? Certainly relative to previous significant periods of fiscal consolidation today's offering looks a little limp. But those earlier periods were times of significant fiscal stress, necessitating a slash and burn approach. Our judgement is that this Budget largely delivers what is required from a short-term cyclical perspective. And it represents a step forward in setting up the economy for the longer haul. The Budget focus and direction should help kick-start the (much needed) debate on dealing with the longer-running structural change being thrust on the economy through the Asian emergence.

RBNZ Financial Stability Review

Selected highlights:

- New Zealand's financial system is more resilient and positioned to support economic growth, but still faces a volatile and uncertain environment, Reserve Bank Governor Alan Bollard said today, when releasing the Bank's May 2011 Financial Stability Report.
- The global economic recovery is now broader, and strong growth in Asia is supporting commodity producers like New Zealand and Australia. However, global wholesale funding markets remain fragile, given stretched fiscal positions and banking sector problems in some European countries," Dr Bollard said.
- "Efforts by households and businesses to cut or contain debt are reducing New Zealand's overall external imbalance, but are also weakening domestic demand. Government too is looking to consolidate its financial position, which should help to improve the country's overall external position."
- Dr Bollard noted the February earthquake had caused financial stress for households and businesses and created a challenge for the insurance sector in dealing with claim flows. But the banks' readiness to support recovery in Christchurch was encouraging.
- Deputy Governor Grant Spencer said the New Zealand banking system has continued to strengthen. "Bank profits have recovered over the past six months and bad debt charges declined. Bank funding has moved to a more stable footing and capital ratios are relatively high. Non-performing loans are elevated but remain manageable." The Reserve Bank is currently evaluating the new Basel III global regulatory standards for bank capital adequacy and liquidity and expects to consult with banks on this later in the year.
- The Reserve Bank recently assumed the role of insurance sector regulator. Following the recent earthquakes, the Government has had to support AMI to ensure an orderly claims process in Christchurch. "The Bank has accelerated its work programme in light of the earthquakes and is monitoring this sector closely. While there remains considerable uncertainty over the extent of total final claims, we believe the overall industry is sound," Mr Spencer said.



Treasury released the NZ Government's Financial Statements for the 9 months ending 31 March yesterday. As seen the previous month's statements, both core revenue and core expenditure have been tracking relatively close to expectations. Tax revenue has held well, particularly in light of weaker than expected economic growth. Expenses are slightly under forecast, due to under spending across a number of areas. The operating deficit is larger than expected, mostly due to the estimated net cost of the February earthquake to the EQC of \$1.5 billion. Attention now turns to Budget day on May 19th.

QVNZ's April property report showed New Zealand house values remain relatively stable at a national level according to the QV indices. Nationwide property values are now 1.9% lower than a year ago, and 5.8% below the market peak of late 2007. Prices have stabilised over recent months after falling slightly over 2010.

NZ Electronic card transactions for April showed total retail spending lifted 1.5% mom, while ex-auto retail was up 1.6% mom. The improvement is encouraging, and builds on the strength seen in March. The increase this time was driven by higher spending on the food and eating out categories, suggesting an improvement in discretionary spending as households become more optimistic. This is in contrast to the increase in card spending in March, which was driven by higher spending on big-ticket household items which we assume were earthquake related purchases.

RBNZ view

In response to domestic economic weakness and the Christchurch earthquake, the RBNZ delivered a 50bpt rate cut at the 10 March policy meeting. We expect the RBNZ's tightening cycle to resume in Q1 2012.

RBA view

The RBA has normalised monetary policy, and has begun a shift to contractionary rates to head off inflationary pressures. We expect rates to reach 5.50% by QIV 2011.

US & CANADA

US import prices rose by 2.2pct in April, driven by a 7.2pct lift in petroleum prices and a weak USD. Export prices rose by 1.1pct. Economists had tipped a 1.8pct rise in import prices and 0.9pct lift in export prices. **US wholesale inventories** rose by 1.1pct in March with sales up 2.9pct. The stocks to sales ratio fell to a near 3-year low.

Fed view

A debate about ending the QE program is underway. We expect the QE program will end in June and the first Fed Funds hike in QIV 2011.

Bank of Canada view

The Canadian economy is recovering, and the BoC has begun to remove stimulus. We expect a slow and steady removal of policy accommodation to ensue.

EUROZONE & UK

Greece remains in the spotlight, with talk of more assistance, and the need for greater austerity. Moody's placed eight Greek banks on review for possible downgrade.

UK BRC Retail Sales lifted +5.2% YoY in April: that is the best result since April 2006, with sales boosted by strong Easter sales and some Royal Wedding spending.

UK RICS house price housing survey showed house prices falling at the slowest rate since July.

Bank of England view

Members of the BoE are becoming more concerned about UK inflationary pressures. But, most members expect significant spare capacity to dull the near-term pressures. We expect the first move in QII 2011.

ECB view

Elevated inflation in the Eurozone has led to the ECB commencing tightening in an effort to pre-empt the onset of second round inflation effects. We expect the ECB to raise rates again in QIV 2011.



CHINA & JAPAN

China trade: China posted a large trade surplus in April, with weaker than expected imports behind the lift back into surplus. Imports from Japan fell as a result of the disaster there, but a drop in commodity imports was also noted. Exports increased 29.9% yoy in April, while Imports rose only 21.8% y/y, (consensus +28.9%).

Bank of Japan

In response to the recent natural disasters, the Bank of Japan has implemented further quantitative easing measures. Monetary policy in Japan is likely to remain accommodative for some time.



The Week Ahead

Calendar - Australasia, Japan and China

Date	Time		Econ Event	Period	Unit	Last	Forecast	
	AEST						Market	CBA
Wed 11 May	09.50	JP	Official reserve assets	Apr	¥bn	1,116	~	~
	12.00	CH	Producer price index	Apr	y%ch	7.3	7.0	~
	12.00	CH	Industrial production	Apr	y%ch	14.8	14.6	~
	12.00	CH	Consumer price index	Apr	y%ch	5.4	5.2	~
	12.00	CH	Fixed assets inv excluding rural	Apr	ytd y%ch	25.0	24.9	~
	12.00	CH	Retail sales	Apr	y%ch	17.4	17.5	~
	15.00	JP	Coincident index	Mar P	Index	106.8	103.6	~
	15.00	JP	Leading index	Mar P	Index	104.2	99.8	~
Thu 12 May	08.30	NZ	Business NZ PMI	Apr	Index	50.1	~	~
	08.30	NZ	Food prices	Apr	m%ch	0.3	~	~
	09.50	JP	Current account total	Mar	¥bn	1,641.0	1,737.5	~
	09.50	JP	Trade balance - BOP basis	Mar	¥bn	723.3	303.4	~
	11.30	AU	Employment change	Apr	'000	37.8	~	25.0
	11.30	AU	Unemployment rate	Apr	%	4.9	~	4.8
	11.30	AU	Participation rate	Apr	%	65.8	~	65.8
	15.00	JP	Eco watchers survey: current	Apr	Index	27.7	~	~
15.00	JP	Eco watchers survey: outlook	Apr	Index	26.6	~	~	
16.00	JP	Machine tool orders	Apr	y%ch	49.6	~	~	
Fri 13 May	12.00	CH	Conference board China March leading economic index					
	13.00	NZ	Non resident bond holdings	Apr	%	62.8	~	~



Calendar – North America & Europe

Please note all days and times are UK time, not local release day/times

Date	UK			Period	Unit	Last	Forecast		
	Time	Econ	Event				Market	CBA	
Wed 11 May	07.00	GE	Consumer price index	Apr	y%ch	2.4	~	~	
	09.30	UK	Visible trade balance	Mar	£mn	-6,776	-7,700	~	
	09.30	UK	Total trade balance	Mar	£mn	-2,443	-3,400	~	
	10.30	UK	Bank of England inflation report	~	~	~	~	~	
	13.30	CA	International merchandise trade	Mar	C\$bn	0.0	0.0	~	
	13.30	US	Trade balance	Mar	US\$bn	-45.8	-47.0	~	
Thu 12 May	~	UK	NIESR GDP estimate	Apr	q%ch	0.7	~	~	
	09.00	EZ	ECB publishes may monthly report	~	~	~	~	~	
	09.30	UK	Industrial production	Mar	m%ch	-1.2	0.8	~	
	09.30	UK	Manufacturing production	Mar	m%ch	0.0	0.4	~	
	10.00	EZ	Industrial production	May	m%ch	7.5	0.5	~	
	13.30	CA	New housing price index	Mar	m%ch	0.4	~	~	
	13.30	US	Initial jobless claims	7 May	'000	474	~	~	
	13.30	US	Continuing claims	30 Apr	'000	3,733	~	~	
	13.30	US	Producer price index	Apr	y%ch	5.8	6.5	~	
	13.30	US	PPI Ex food & energy	Apr	y%ch	1.9	2.1	~	
	13.30	US	Advance retail sales	Apr	m%ch	0.4	0.6	~	
	13.30	US	Retail sales ex auto & gas	Apr	m%ch	0.6	0.5	~	
	15.00	US	Business inventories	Mar	m%ch	0.5	0.9	~	
	Fri 13 May	07.00	GE	GDP s.a.	Q1 P	q%ch	0.4	~	~
		10.00	EZ	GDP s.a.	Q1 A	q%ch	0.3	0.6	~
13.30		US	Consumer price index	Apr	y%ch	2.7	3.1	~	
13.30		US	CPI Ex food & energy	Apr	y%ch	1.2	1.3	~	
14.55		US	University of Michigan confidence	May P	Index	69.8	70.0	~	



Research

Commodities		Telephone	Email Address
Luke Mathews	Agri Commodities	+612 9118 1098	luke.mathews@cba.com.au
Lachlan Shaw	Mining & Energy Commodities	+613 9675 8618	lachlan.shaw@cba.com.au

Economics		Telephone	Email Address
Michael Blythe	Chief Economist	+612 9118 1101	michael.blythe@cba.com.au
Michael Workman	Senior Economist	+612 9118 1019	michael.workman@cba.com.au
John Peters	Senior Economist	+612 9117 0112	john.peters@cba.com.au
James McIntyre	Economist	+612 9118 1100	james.mcintyre@cba.com.au

Fixed Income		Telephone	Email Address
Adam Donaldson	Head of Debt Research	+612 9118 1095	adam.donaldson@cba.com.au
Philip Brown	Fixed Income Quantitative Strategist	+612 9118 1090	philip.brown@cba.com.au
Alex Stanley	Associate Analyst, Fixed Income	+612 9118 1125	alex.stanley@cba.com.au
Michael Bors	Credit Research Analyst	+612 9118 1108	borsma@cba.com.au
Steve Shoober	Credit Research Analyst	+612 9118 1096	steve.shoober@cba.com.au
Winnie Chee	Securitized Product	+612 9118 1104	winnie.chee@cba.com.au
Tally Dewan	Quantitative Analyst	+612 9118 1105	tally.dewan@cba.com.au
Kevin Ward	Database Manager	+612 9118 1960	kevin.ward@cba.com.au

Foreign Exchange		Telephone	Email Address
Richard Grace	Chief Currency Strategist	+612 9117 0080	richard.grace@cba.com.au
Joseph Capurso	Currency Strategist	+612 9118 1106	joseph.capurso@cba.com.au
Peter Dragicevich	FX Economist	+612 9118 1107	peter.dragicevich@cba.com.au

Delivery Channels & Publications		Telephone	Email Address
Monica Eley	Internet/Intranet	+612 9118 1097	monica.eley@cba.com.au
Ai-Quynh Mac	Information Services	+612 9118 1102	maca@cba.com.au

New Zealand		Telephone	Email Address
Chris Tennent-Brown	CBA NZ Economist	+64 9374 8819	chris.tennent-brown@asb.co.nz
Nick Tuffley	ASB Chief Economist	+64 9374 8604	nick.tuffley@asb.co.nz
Jane Turner	Economist	+64 9374 8185	jane.turner@asb.co.nz
Christina Leung	Economist	+64 9369 4421	christina.leung@asb.co.nz

Sales

Institutional	Telephone	Equities	Telephone
Syd FX	+612 9117 0190	Syd	+612 9118 1446
	+612 9117 0341	Asia	+613 9675 6967
	Credit	Lon/Eu	+44 20 7710 3573
	Japan Desk	NY	+1212 336 7749
Melb	+613 9675 6815		
	+613 9675 7495		
	+613 9675 6618		
	+613 9675 7757		
Lon FX	+44 20 7329 6266		
	Debt & Derivatives		
	Corporate		
HK	+852 2844 7538		
Sing	+65 6349 7077		
NY	+1212 336 7739		
		Corporate	Telephone
		NSW	+612 9117 0377
		VIC	+612 9675 7737
		SA	+618 8206 4155
		WA	+618 9482 6044
		QLD	+617 3015 4525
		NZ	+64 9375 5738
		Metals Desk	+612 9117 0069
		Agri Desk (Corp)	+612 9117 0157
		Agri Desk	+612 9117 0145



Please view our website at www.research.commbank.com.au. The Commonwealth Bank of Australia ABN 48 123 123 124 AFSL 234945 ("the Bank") and its subsidiaries, including Commonwealth Securities Limited ABN 60 067 254 399 AFSL 238814 ("CommSec"), Commonwealth Australia Securities LLC, CBA Europe Ltd and Global Markets Research, are domestic or foreign entities or business areas of the Commonwealth Bank Group of Companies (CBGOC). CBGOC and their directors, employees and representatives are referred to in this Appendix as "the Group". This report is published solely for informational purposes and is not to be construed as a solicitation or an offer to buy any securities or financial instruments. This report has been prepared without taking account of the objectives, financial situation and capacity to bear loss, knowledge, experience or needs of any specific person who may receive this report. No member of the Group does, or is required to, assess the appropriateness or suitability of the report for recipients who therefore do not benefit from any regulatory protections in this regard. All recipients should, before acting on the information in this report, consider the appropriateness and suitability of the information, having regard to their own objectives, financial situation and needs, and, if necessary seek the appropriate professional, foreign exchange or financial advice regarding the content of this report. We believe that the information in this report is correct and any opinions, conclusions or recommendations are reasonably held or made, based on the information available at the time of its compilation, but no representation or warranty, either expressed or implied, is made or provided as to accuracy, reliability or completeness of any statement made in this report. Any opinions, conclusions or recommendations set forth in this report are subject to change without notice and may differ or be contrary to the opinions, conclusions or recommendations expressed elsewhere by the Group. We are under no obligation to, and do not, update or keep current the information contained in this report. The Group does not accept any liability for any loss or damage arising out of the use of all or any part of this report. Any valuations, projections and forecasts contained in this report are based on a number of assumptions and estimates and are subject to contingencies and uncertainties. Different assumptions and estimates could result in materially different results. The Group does not represent or warrant that any of these valuations, projections or forecasts, or any of the underlying assumptions or estimates, will be met. Past performance is not a reliable indicator of future performance. The Group has provided, provides, or seeks to provide, investment banking, capital markets and/or other services, including financial services, to the companies described in the report and their associates. This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or which would subject any entity within the Group to any registration or licensing requirement within such jurisdiction. All material presented in this report, unless specifically indicated otherwise, is under copyright to the Group. None of the material, nor its content, nor any copy of it, may be altered in any way, transmitted to, copied or distributed to any other party, without the prior written permission of the appropriate entity within the Group. In the case of certain products, the Bank or one of its related bodies corporate is or may be the only market maker. The Group, its agents, associates and clients have or have had long or short positions in the securities or other financial instruments referred to herein, and may at any time make purchases and/or sales in such interests or securities as principal or agent, including selling to or buying from clients on a principal basis and may engage in transactions in a manner inconsistent with this report.

US Investors: If you would like to speak to someone regarding the subject securities described in this report, please contact Commonwealth Australia Securities LLC (the "US Broker-Dealer"), a broker-dealer registered under the U.S. Securities Exchange Act of 1934 (the "Exchange Act") and a member of the Financial Industry Regulatory Authority ("FINRA") at 1 (212) 336-7737. This report was prepared, approved and published by Global Markets Research, a division of Commonwealth Bank of Australia ABN 48 123 123 124 AFSL 234945 ("the Bank") and distributed in the U.S. by the US Broker-Dealer. The Bank is not registered as a broker-dealer under the Exchange Act and is not a member of FINRA or any U.S. self-regulatory organization. Commonwealth Australia Securities LLC ("US Broker-Dealer") is a wholly owned, but non-guaranteed, subsidiary of the Bank, organized under the laws of the State of Delaware, USA, with limited liability. The US Broker-Dealer is not authorized to engage in the underwriting of securities and does not make markets or otherwise engage in any trading in the securities of the subject companies described in our research reports. The US Broker-Dealer is the distributor of this research report in the United States under Rule 15a-6 of the Exchange Act and accepts responsibility for its content. Global Markets Research and the US Broker-Dealer are affiliates under common control. Computation of 1% beneficial ownership is based upon the methodology used to compute ownership under Section 13(d) of the Exchange Act. The securities discussed in this research report may not be eligible for sale in all States or countries, and such securities may not be suitable for all types of investors. Offers and sales of securities discussed in this research report, and the distribution of this report, may be made only in States and countries where such securities are exempt from registration or qualification or have been so registered or qualified for offer and sale, and in accordance with applicable broker-dealer and agent/salesman registration or licensing requirements. The preparer of this research report is employed by Global Markets Research and is not registered or qualified as a research analyst, representative, or associated person under the rules of FINRA, the New York Stock Exchange, Inc., any other U.S. self-regulatory organization, or the laws, rules or regulations of any State.

European Investors: This report is published, approved and distributed in the UK by the Bank and by CBA Europe Ltd ("CBAE"). The Bank and CBAE are both registered in England (No. BR250 and 05687023 respectively) and authorised and regulated in the UK by the Financial Services Authority ("FSA"). This report does not purport to be a complete statement or summary. For the purpose of the FSA rules, this report and related services are not intended for retail customers and are not available to them. The products and services referred to in this report may put your capital at risk. Investments, persons, matters and services referred to in this report may not be regulated by the FSA. CBAE can clarify where FSA regulations apply.

Singapore Investors: This report is distributed in Singapore by Commonwealth Bank of Australia, Singapore Branch (company number F03137W) and is made available only for persons who are Accredited Investors as defined in the Singapore Securities and Futures Act and the Financial Advisers Act. It has not been prepared for, and must not be distributed to or replicated in any form, to anyone who is not an Accredited Investor.

Hong Kong Investors: This report was prepared, approved and published by the Bank, and distributed in Hong Kong by the Bank's Hong Kong Branch. The Hong Kong Branch is a registered institution with the Hong Kong Monetary Authority to carry out the Type 1 (Dealing in securities) and Type 4 (Advising on securities) regulated activities under the Securities and Futures Ordinance. Investors should understand the risks in investments and that prices do go up as well as down, and in some cases may even become worthless. Research report on collective investment schemes which have not been authorized by the Securities and Futures Commission is not directed to, or intended for distribution in Hong Kong.

All investors: Analyst Certification and Disclaimer: Each research analyst, primarily responsible for the content of this research report, in whole or in part, certifies that with respect to each security or issuer that the analyst covered in this report: (1) all of the views expressed accurately reflect his or her personal views about those securities or issuers; and (2) no part of his or her compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed by that research analyst in the report. The analyst(s) responsible for the preparation of this report may interact with trading desk personnel, sales personnel and other constituencies for the purpose of gathering, synthesizing, and interpreting market information. Directors or employees of the Group may serve or may have served as officers or directors of the subject company of this report. The compensation of analysts who prepared this report is determined exclusively by research management and senior management (not including investment banking). No inducement has been or will be received by the Group from the subject of this report or its associates to undertake the research or make the recommendations. The research staff responsible for this report receive a salary and a bonus that is dependent on a number of factors including their performance and the overall financial performance of the Group, including its profits derived from investment banking, sales and trading revenue.

Unless agreed separately, we do not charge any fees for any information provided in this presentation. You may be charged fees in relation to the financial products or other services the Bank provides, these are set out in the relevant Financial Services Guide (FSG) and relevant Product Disclosure Statements (PDS). Our employees receive a salary and do not receive any commissions or fees. However, they may be eligible for a bonus payment from us based on a number of factors relating to their overall performance during the year. These factors include the level of revenue they generate, meeting client service standards and reaching individual sales portfolio targets. Our employees may also receive benefits such as tickets to sporting and cultural events, corporate promotional merchandise and other similar benefits. If you have a complaint, the Bank's dispute resolution process can be accessed on 132221.

Unless otherwise noted, all data is sourced from Australian Bureau of Statistics material (www.abs.gov.au).