

January 2012 Quarterly Strategic Outlook



- > 2012: Still a hard grind
- > Europe to remain the key focus in 2012
- > America: 2% growth...again
- > India faces more challenges than China
- > New Zealand looking good (by comparison)
- > Asset strategy: 2011; 2012 and beyond

Executive summary

After being the key focus in 2011, we expect sovereign debt in Europe to remain a focus in 2012. Towards the end of 2011 important progress was made in establishing a framework to address Europe's fiscal challenges, but considerable work still needs to be done. Europe dipped back into recession at the end of 2011, however at this point we believe the recession will be relatively shallow.

In America the theme of debt-constrained growth is expected to continue. Contrary to the 2011 trend of slowing growth for most of the world's major economies, the US economy increased momentum throughout the year, but still managed to post only modest growth for the year in total. We expect more of the same in 2012 with deleveraging and slow jobs growth still providing the biggest constraints to a more robust recovery.

Economic growth also slowed in the key emerging markets over the year, largely in response to weakness in Europe and the recent tightening in monetary conditions. Importantly, inflation is past its peak, allowing room for easing in monetary conditions. Following an estimated 3.5% in 2011 we expect global growth to slow further in 2012 to 3.0%. This is then likely to be followed by a modest rebound to 3.5% in 2013.

Following two years of healthy returns, 2011 was a challenging year for equity markets but a strong final quarter recovered some of the earlier losses. What can we expect in 2012 and beyond?

Further volatility sounds rather trite these days. The contrarian would pick emerging markets and Australian shares for the top performers; the likelihood of further policy easing coupled with attractive valuations in these regions would support their case. Outside of a few areas such as global property, share valuations appear attractive across the board. However, downside risk stemming from the vicious cycle of weakness between European governments, their financial sectors and GDP growth, argues against a large overweight position in risky assets presently. Given the size and importance of their economies and debt markets, we believe lower yields on Italian and Spanish debt is the necessary condition for breaking the negative feedback loop. It appears recent actions by the European Central Bank (ECB), which can be thought of as 'QE-lite', has made some inroads with short term government bond yields sharply lower.

Our portfolios are presently neutral on growth versus income but given the attractive return differential between shares and bonds, further improvement on the systemic front would see us overweighting growth assets.

Our views in summary

Asset class	Near term view	Medium term view	Current position
Global shares	Likely to range trade given ongoing eurozone debt concerns and slowing earnings momentum.	Valuations are very supportive for this asset class over the medium term.	Neutral
Australasian shares	Will broadly track global shares but lower interest rates and a lower AUD should be supportive of the Australian market.	Both New Zealand and Australia attractively priced with Australia a bit cheaper. Higher earnings growth in Australia offsets higher dividend yields in New Zealand.	Underweight New Zealand
Emerging market (EM) shares	Still coupled to developed markets but policy easing will lend some support.	EM relative valuations are looking more attractive given recent declines. Strong earnings growth should enhance returns.	Neutral
Property & infrastructure	Given lower leverage expect a steadier return from New Zealand than global property.	Medium term fundamentals in New Zealand property are looking healthier than global at present.	Underweight Global Overweight New Zealand
Commodities	Evenly distributed outlook with weaker growth counterbalanced by supply concerns in key commodities.	Commodity prices now more in-line with longer term structural trend.	Neutral
Global bonds	Slower global growth and reduced risk appetite are supporting factors but yields now closer to the floor than ceiling.	Expect low returns given very low core government bond yields. Negative real yields imply upward risk to yields.	Underweight
New Zealand bonds	Record low yields will constrain returns but long-end should be held in check by global concerns.	Low yields foreshadow low returns but less upside risk to yields than global bonds.	Neutral
Cash	Low rates equals low returns in the short term but risk of capital loss also low.	Expect little difference between bonds and cash returns over the medium term.	Overweight
Foreign currency	Unlikely to return to last year's high but elevated terms of trade will limit downside.	The NZD remains overvalued against the USD, GBP and EUR in a long term context.	Overweight foreign currency

Note: The asset strategy detailed in this publication applies to the multi-sector funds over which AMP Capital in New Zealand currently has asset allocation responsibilities. This includes the AXA Superannuation Master Trust, AXA KiwiSaver Scheme, Client Unit Trust and the wholesale clients of AXA Global Investors.

Economic outlook

2012: Still a hard grind

The global economy continues to expand but momentum slowed as 2011 progressed. Aside from America, growth rates for most of the world's major economies at the end of the year were lower than at mid-year.

Developed economies continue to struggle under the dual weight of household and government leveraging. Growth remains more robust in emerging markets, but has also slowed as authorities tightened monetary conditions in order to bring inflation under control. As if this wasn't enough for the world economy to cope with, there is also the ongoing challenge of the necessary structural change required to create a more robust environment for economic growth, job creation and a reduction in structural imbalances.

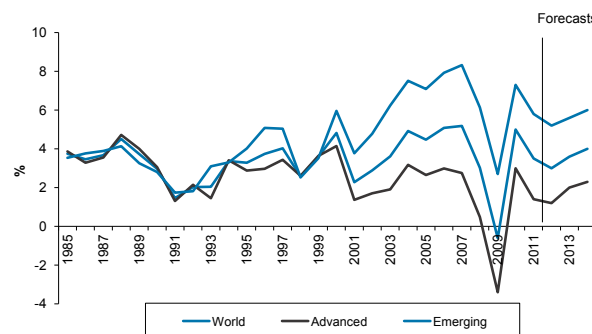
The major theme of 2011 was Europe and the various attempts to resolve the sovereign debt crisis. It will remain a key theme into 2012. European Union summits in October and December made some progress towards building a more enduring framework to address the eurozone's fiscal challenges. In the meantime the European economy has dipped back into recession with businesses reluctant to invest and hire new staff given the uncertainty generated by the sovereign debt problems.

In the US, data has been surprisingly resilient to developments in Europe and remains consistent with debt-constrained growth. Labour market data is improving but jobs growth remains weak for this stage of the recovery. This is the primary factor constraining a more robust pick-up in activity.

Growth has slowed in the key emerging markets of China, India and Brazil. Importantly, inflation is also past its peak which has led to monetary policy easing in Brazil and China. Inflation remains more problematic in India which, together with a high budget deficit, limits options to stimulate the economy.

When all the data has been collated and the number-crunchers have done their thing we think the global economy posted 3.5% growth in 2011. We expect it to slow further to around 3.0% in 2012 reflecting weakness in Europe, continued low growth in America and a further loss of momentum in China. Following that we expect a modest rebound to 3.5% in 2013.

Global Growth



Source: IMF, AMP Capital

Europe

It has been slow in coming, but we believe Europe is taking some important steps forward in resolving its collective fiscal problems. Political summits towards the end of 2011 have progressed some key elements of a more enduring solution. These include the establishment of a stronger fiscal union or "fiscal compact" within the eurozone with clear fiscal rules and penalties for breaking those rules. Fiscal co-ordination has been the missing link in the set-up of the European Monetary Union. While it's obviously too late to prevent the current crisis, its important in establishing a framework for the way forward.

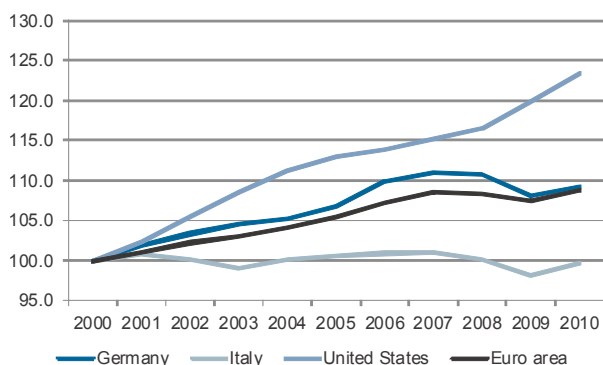
Europe is also bringing forward to 2012 the establishment of the European Stability Mechanism (ESM), the permanent replacement to the European Financial Stability Facility (EFSF). The formation of technocrat governments in Italy and Greece has also been a positive development. Contrary to popular belief, we believe these governments will have a better chance of instituting the necessary reforms in their respective economies. We also believe there will eventually be an agreement between Greece and its private sector creditors on a restructuring of Greek debt.

Much of the recent economic and market turmoil has been borne out of political intransigence. As we have consistently argued, European governments (and many others) failed the requirement in the immediate aftermath of the global financial crisis (GFC) recession to develop and articulate credible medium term plans for achieving fiscal sustainability.

Actions since then have largely been in response to the immediate symptoms of that political failure. In particular, funding costs have risen and credit conditions have tightened and concern has spread from the periphery towards the core of Europe.

The primary response has been ever-more stringent near term austerity measures, especially in the peripheral economies where fiscal and broader economic challenges remain greatest. That approach has lost sight of the important balance between achieving fiscal consolidation and supporting economic growth. The fundamental problem in Europe is the competitive imbalances that have built up within the eurozone and poor growth dynamics (productivity) in many of the weaker members. That's not going to be a short term fix.

Relative productivity growth



Source: OECD Statistics, AMP Capital

As credit conditions have deteriorated the ECB has taken important steps to provide “unlimited liquidity” to the European banking sector. They have also undertaken a modest amount of sovereign bond purchases, but have so far resisted calls for large scale purchases. It remains vital that sovereigns retain access to liquidity: we expect further action will be required by some or all of the ECB, the EFSF and the International Monetary Fund.

There is considerable work still to be done in Europe and we wouldn't rule out further bouts of bad news. The reality is that moving the eurozone to some semblance of fiscal sustainability is going to take many years. Plans to achieve that sustainability in individual members of the eurozone need to take a long term approach and consider their respective points in the economic cycle.

In the meantime, Europe has slipped back into recession, driven primarily by the extreme weakness in the periphery. At this point we think the overall recession will be relatively mild with contractions in activity in the fourth quarter of 2011 and the first two quarters of 2012.

The reasons are well known: weak business confidence, fiscal austerity, higher funding costs and the availability of credit as banks strive to meet the new 9% capital adequacy ratio by mid-year. The weakness is centred in the periphery

but even Germany is unlikely to avoid a contraction in activity – Germany's export ratio is around 40% of GDP with most of that going to its European neighbours.

Following a return to fragile growth in the second half of the year, we expect a 2012 calendar year GDP outcome of around -0.5%. The risk is clearly skewed to the downside, but at this point, the weaker exchange rate, bank deleveraging being done and dusted by mid-year and likely further interest rate easing from the ECB should all help prevent a deeper and more protracted recession. If the situation deteriorates from here it becomes more likely the ECB goes down the quantitative easing path but uses a monetary policy (price stability) rationale rather than lender of last resort.

America: 2% growth ... again

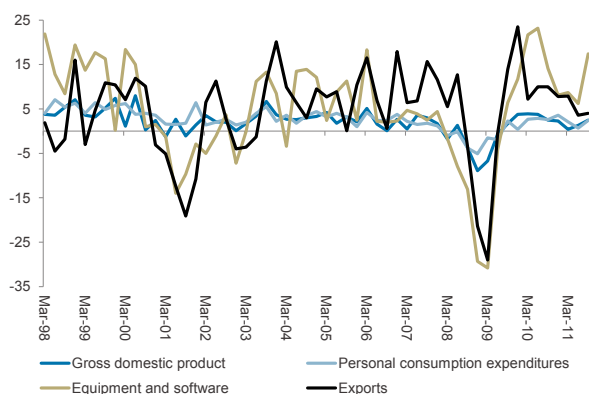
Economic growth in America has been surprisingly resilient to developments in Europe. In fact GDP growth for the fourth quarter of 2011 will most likely be the strongest of the year. Market expectations are for a seasonally adjusted annual rate of around 3.5%. That means that, counter to most of the rest of the world, the American economy has been building momentum through 2011. Annual growth for the year will be around 2%.

It's important not to extend that improving quarterly trend into 2012. Activity will continue to be constrained by the same factors – soft consumption, weak jobs growth and a still fragile housing market. There has been little discernible impact from the slowdown in Europe, although tighter credit conditions in the US will have a growth dampening effect.

Assuming the payroll tax cuts get extended for the full year, we expect fiscal policy to be mildly contractionary in 2012. That remains dependent on policy decisions yet to be made (or not) especially around the President's jobs plan. Further out the Bush tax cuts are due to expire in 2013. The quantum of fiscal tightening will increase over the next few years which will be a continued dampener to growth.

But there are also reasons for some optimism. Household finances are improving as household debt levels as a proportion of disposable income falls and debt servicing remains low. The cyclical sectors have clearly bottomed. There were signs of stability emerging in the housing market towards the end of 2011.

US GDP components



Source: US Bureau of Economic Analysis

We continue to look for business investment and exports (manufacturing) to be the strongest performing component of GDP in the US. Exports are a necessary and vital part of the long term US economic growth landscape. However we expect net exports contribution to GDP to be relatively benign in the year ahead in response to the softer growth outlook, particularly in Europe. Therein lies one of the major risks to the US outlook: a deeper and more protracted recession in Europe.

The other risk in the year ahead for America is politics. We have already seen the consequences of politically generated uncertainty at the time of the debt ceiling debate last year. It's election year in America in 2012, so expect more of the same.

So it looks like being another year of 2% growth in the US in 2012. On the back of that we expect to see steadier but still modest gains in employment in the year ahead. Another area of interest for us will be the labour market and the unit labour cost (inflation) implications of a structural unemployment rate that is now likely higher than it was pre-GFC. We don't know where that is, but some recent research has suggested it may be as high as 7%.

We expect inflation to head lower in 2012. Commodity and producer price inflation will slow and unit labour costs will remain subdued...for now. Lower inflation will improve the outlook for real incomes which partly underpins our expectations of consumption growth this year. We expect core inflation will head lower this year, but not dramatically so.

That doesn't mean further monetary accommodation via a third round of quantitative easing (or QE3) is a done deal. The hurdle for another round is now higher. The first two rounds were about restoring financial stability and avoiding deflation. We are not in either of those situations now,

although whether the Federal Reserve chooses to go down that path will remain highly data dependent (activity and inflation). We wouldn't rule out a more targeted QE, for example a purchase of Mortgage Backed Securities aimed at providing greater stability in the housing market.

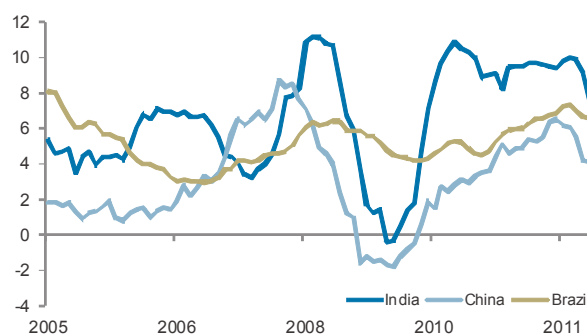
India faces more challenges than China

Growth momentum is continuing to slow in China, reflecting weaker external demand and the continued transmission through the economy of tighter monetary conditions. Exports and residential housing are soft while retail sales and investment are continuing to hold up well. GDP growth came in at 9.2% in 2011.

Growth will continue to slow into 2012. This reflects the weaker external picture (Europe and America are China's largest trading partners) and further weakness in residential housing.

The good news is the now rapidly cooling inflation picture. After peaking at 6.5% in July this year headline inflation has now fallen to 4.1% in December. This reflects the dropping out of some of the supply-constraint induced food price increases at the end of 2010. We expect inflation to fall further to around 3.5% during 2012, which is pretty modest by emerging market standards.

Emerging market inflation



Source: Bloomberg

From a policy perspective the authorities have the challenging task of supporting growth without giving away the hard won gains on inflation. The process of easing monetary conditions has begun with a 50 basis point reduction in the reserve ratio requirement (RRR). We expect further reduction in the RRR in 2012 with interest rate cuts also likely within the next few months.

As with America, one of the key risks to China growth is a sharper-than-expected slowdown in Europe. If that eventuates we would also expect to see further fiscal as well

as monetary stimulus, most likely in the form of subsidies to support consumption, particularly in rural areas. Indeed we are keen to see China policy move towards greater support for households and consumption. The recent increase in the poverty line will expose an estimated further 100 million Chinese to initiatives to support poor households.

It's important for China to remain cautious with regard to inflation. We continue to believe the biggest risk to rising prosperity in China, and in emerging markets generally, is any lack of commitment to keep inflation in check.

The slowdown in growth in both India and Brazil was sharper than we were expecting at the start of the year. GDP growth in Brazil is now likely to come in just under 3% in 2011 while India is likely to post growth of around 7%.

The monetary authorities in Brazil have responded to the slowdown with four 0.5% cuts to the benchmark Selic rate since August, from a high of 12.5% to 10.5% currently. We expect further cuts to around 9.5% in the near future. Further downside is limited given capacity constraints. The unemployment rate in Brazil is at a 20-year low of 5.2%.

In India inflation is also heading lower now, but in our view remains problematic, meaning there is little scope for monetary easing in the near term. Authorities are therefore hamstrung in terms of responding to the slowdown in growth. A budget deficit of 5% of GDP means a fiscal response is also unlikely. We expect GDP growth of 7% in 2012.

New Zealand looking good (by comparison)

As with most of the developed world, recent New Zealand economic growth has been relatively soft compared to what you would expect for this stage of the cycle. Recent GDP data has been quite volatile, with most recent data showing GDP growth of 1.9% for the year to September 2011. We expect 2.0% for the full 2011 calendar year. That's not a bad outcome given a whole raft of negatives over the year, particularly the Canterbury earthquakes.

We expect continued modest growth in 2012. It's going to be a hard grind, especially if a softening in business confidence towards the end of 2011 is anything to go by.

There are some positives out there. Monetary conditions remain highly stimulatory, the housing market is finally responding to that stimulus with signs of improvement and, while commodity prices have softened lately, we expect the terms of trade to remain at relatively high levels by historical standards.

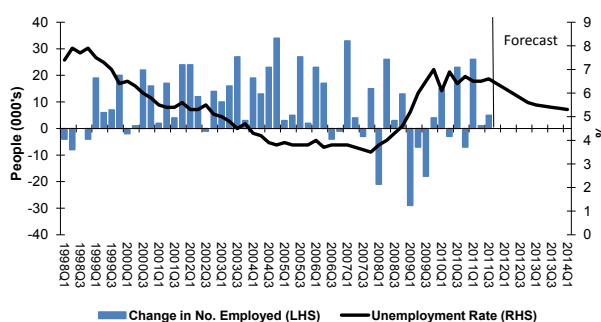
The major negative is the softening in global growth. Offsetting that to some extent is the fact that we are increasingly exporting to all the right places: while we expect

global growth of 3% this year, average New Zealand trading partner growth is likely to be closer to 3.5%.

We are expecting GDP growth of 2.4% this year. That reflects a soft start to the year with an assumption of a pick-up in Canterbury rebuilding activity as the year progresses. As with America and China, the risk to that view is a sharper and more protracted downturn in Europe.

In line with growth in activity, the labour market is gradually improving. From the current level of 6.6% we expect the unemployment rate to fall further to under 6% this year. As with most of the developed world we remain concerned that structural unemployment in New Zealand is higher than previously. Indeed one of the most interesting results out of the NZIER's latest Quarterly Survey of Business Opinion is the number of businesses reporting difficulty in finding skilled labour. This has implications for wages and unit labour costs.

New Zealand employment



Source: Statistics New Zealand, AMP Capital

In the near term however, inflation looks relatively benign. The annual rate of CPI inflation fell sharply to 1.8% at the end of 2011 as the increase in GST from 2010 dropped out of the annual calculation and food prices fell sharply.

The Reserve Bank of New Zealand (RBNZ) left the Official Cash Rate (OCR) on hold in December, largely reflecting the uncertain global environment. However, they have a clear bias to tighten which is appropriate given the current stimulatory level of conditions and our expectation that spare capacity in the economy may not be as great as it currently appears. The unexpectedly soft year-end inflation data does not change our view about the inflation outlook and we don't believe it will dramatically change the RBNZ's view of the outlook either. We expect the RBNZ will be tightening in the second half of this year.



Bevan Graham
Chief Economist

Asset strategy

2011; 2012 and beyond

Following two years of healthy returns, 2011 was a challenging year for equity markets but a strong final quarter recovered some of the earlier losses. Indeed, not all growth assets finished the year in negative territory. New Zealand listed property produced a double-digit return for the year (outperforming global bonds), global property and global infrastructure both eked out low positive returns, as did New Zealand shares if one includes imputation credits. All in all, a more diversified growth allocation performed much better in 2011 compared to 2008 when all risky assets declined by 20% or more.

Domestic bonds were the best performing asset class in 2011 with emerging market shares and Australian shares being the worst performers. What can we expect in 2012 and beyond? Further volatility sounds rather trite these days. The contrarian would pick emerging markets and Australian shares for the top performers; the likelihood of further policy easing coupled with attractive valuations in these regions would support their case.

Outside of a few areas such as global property, share valuations appear attractive across the board, especially versus bond yields, though not as attractive as the 2009 lows. However, downside risk stemming from the vicious cycle of weakness between European governments, their financial sectors and GDP growth, argues against a large overweight position in risky assets presently.

Given the size and importance of their economies and debt markets we believe lower yields on Italian and Spanish debt is the necessary condition for breaking the negative feedback loop (see diagram below). This will give governments time to support growth and implement the reforms needed to stabilise their debt profiles.

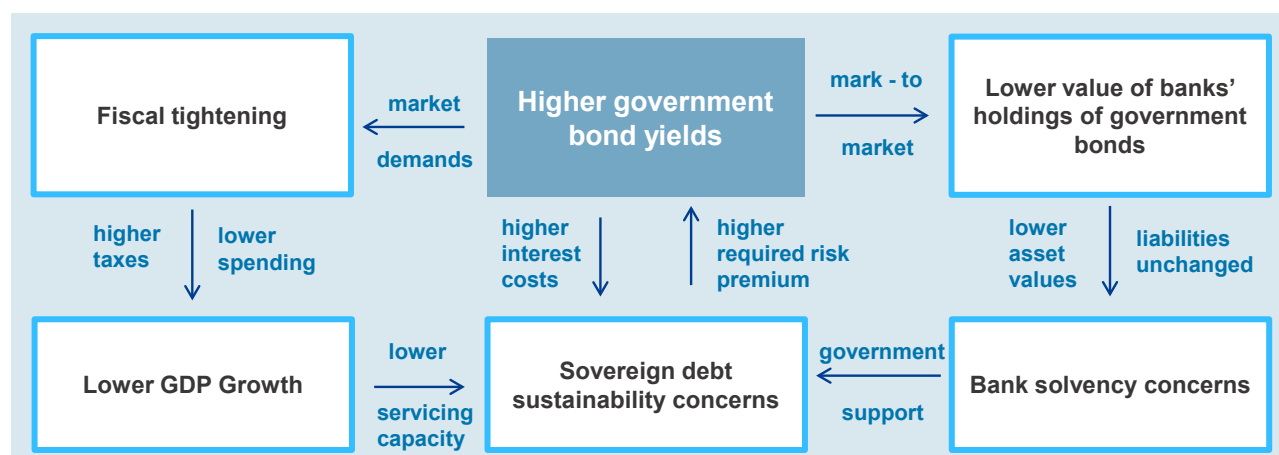
It appears recent actions by the ECB has made some inroads, with short term government bond yields sharply lower. Unlimited ECB loans to the banking sector can be thought as 'QE-lite' with some of the €489 billion three-year cash loaned to the banks used to purchase sovereign debt of similar maturity, which in-turn can be used as collateral for the loans. In both QE and 'QE-lite' the central bank exchanges cash for government bonds, except in the latter we don't know how much has been exchanged given the bank intermediation.

Our portfolios are presently neutral on growth versus income but given the attractive return differential between shares and bonds, further improvement on the systemic front would see us overweighting growth assets.

Intra-growth/income relative value positions are preferred to outright positions at this stage, i.e. overweight Australia v New Zealand shares; overweight New Zealand v global property; overweight cash v global bonds.

As always, valuation remains the best anchor in a sea of uncertainty. In the section that follows we present some of the key valuation indicators we look at.

Why Italian and Spanish government bond yields need to be lower

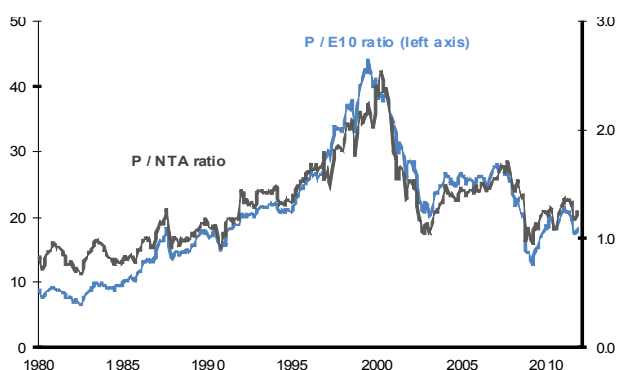


Source: AMP Capital

Shares

US shares are at their lowest valuations for two decades relative to trailing 10-year median earnings, one of our preferred measures. Stocks are less inexpensive relative to book (net tangible asset) values. This reflects the trend rise in margins over the last two decades, much of which is sustainable given contained labour cost growth from globalisation of the work force.

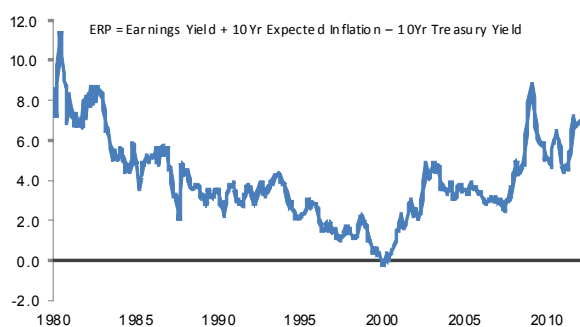
Long term US equity valuations



Source: AMP Capital

Stocks were cheaper in the early 1980s, but bond yields were in the double digits back then. In fact the US equity risk premium, the expected return differential between shares and bonds, is not far off early 1980 levels.

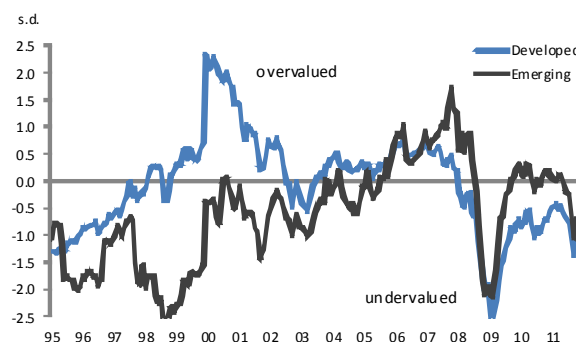
US equity risk premium



Source: AMP Capital

Our composite valuation indicator for the MSCI world indices paints a similar picture. Stocks look undervalued. The composite indicator is derived from four valuation measures: dividend yield, price to book, price to sales and price to five year trailing earnings.

MSCI composite valuations



Source: Bloomberg, AMP Capital

It is always worth remembering that there is an inverse relationship between valuations and fear levels and, in the end, valuations usually win out. The fear list is front of mind at present: Europe tops the list, followed by slowing global growth, Iran tensions and China property.

Besides valuations, a few reasons to be positive include strong non-financial corporate balance sheets and cash flows, which should encourage share buybacks (cash payouts from US buybacks exceeded dividends by almost 2-to-1 in 2011); economic resilience in the US; easy monetary policy in developed markets and policy stimulus in emerging markets. We could also add 2012 is the US presidential election year (usually positive for stocks) but fundamental investors would do well to discount such vagaries.

Comparison of emerging market and developed market valuations show they are trading on similar multiples presently, though there appears to have been a re-rating over the last decade with emerging markets valuations moving higher and developed markets moving lower.

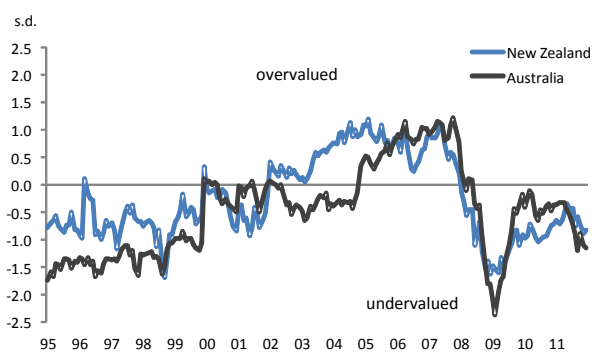
Market liberalisation, lower inflation outcomes and greater financial and political stability has contributed to the emerging market re-rating. The developed market re-rating followed the collapse of unrealistic growth expectations associated with the internet boom.

An important point of difference between the recent slowdown in emerging and developed markets is the emerging market deceleration was targeted to stem excess inflation. With emerging market inflation now declining, although modestly in some places, monetary and lending policies are being eased and this should be positive for emerging markets growth and asset returns.

Trans Tasman valuations also appear attractive with Australia looking slightly better value than New Zealand at present. Lower interest rates and a lower Australian dollar should be supportive of the Australian market in 2012 and beyond. New Zealand monetary policy will remain

accommodative in 2012 but growth will have to seriously disappoint expectations to warrant further interest rate cuts.

Trans Tasman valuations



Source: Bloomberg, AMP Capital

Bonds

Near zero global cash rates, investor ‘flight to safety’ and quantitative easing are combining to push global bond yields to very low levels. Yet outside of Japan, long term inflation expectations remain above 2.0% which means global real bond yields are negative for the first time in decades.

Asset class	10 year nominal bond	10 year inflation swap	10 year real yield
US	2.0	2.4	-0.4
eurozone	1.9	2.1	-0.2
UK	2.1	3.2	-1.1

Source: Bloomberg, AMP Capital

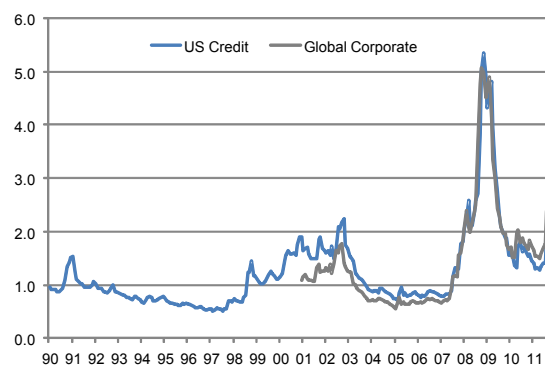
Negative real yields are not an entirely new phenomenon. According to a recent BIS Working Paper (No 363), advanced economy real yields were negative roughly half of the time from 1945-1980 and this ‘financial repression tax’ did most of the work in reducing post war debt levels. Debt-to-GDP ratios for the UK and US were 216% and 116% in 1946. By 1980 they were 46% and 42%, respectively. Could negative real yields be with us for some time?

Either way, with nominal yields a good predictor of medium term returns and real yields a decent predictor of shorter term returns, bonds do not look particularly attractive. In the near term, core sovereign bonds should continue to act as useful portfolio diversifiers during ‘risk off’ events.

For the major markets, the average of our projected cash rate over the next 10 years is below the respective 10-year bond yield. This implies investors are willing to pay a premium for the diversification benefits of bonds (i.e. the duration premium is negative).

We think fair value global bond yields are 1.0% higher than current market yields (fair value US 10-year is 3.0% versus 2.0% presently). For the aggregate global bond index which has a 40% allocation to non-government bonds, the overvaluation of treasuries more than offsets any undervaluation of credit.

Investment grade credit spreads



Source: Barclays Capital, AMP Capital

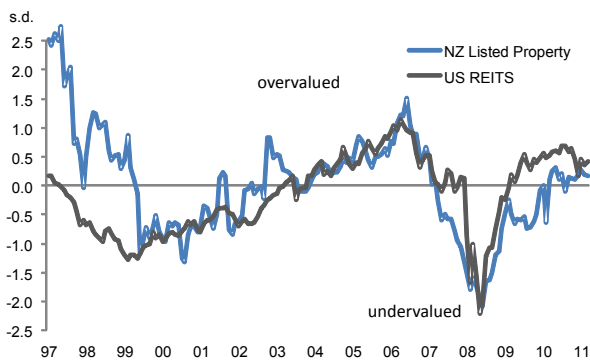
US and global credit spreads are well above the long term average of 1.25%. Besides ongoing eurozone concerns, one factor possibly limiting a full contraction in spreads is higher bank capital ratios and higher risk weightings on credit. This is leading financial institutions to exchange corporate exposures for government. Some may argue this is another form of financial repression.

We are less bearish on New Zealand bonds than global bonds on a medium term view. New Zealand long term government yields are below our fair value estimate, but to a lesser degree than global bonds. New Zealand government debt ratios are much healthier and the 10-year real yield is positive at 1.2% using the RBNZ’s survey of two-year inflation expectations. Furthermore, New Zealand government bonds may benefit from spread contraction given the difference between New Zealand and US 10-year yields is 0.5% above the long term average of 1.5%.

Property

Dividend yields and book values are the key valuation measures we look at for listed property. These indicate New Zealand listed property is near fair value while global property is on the expensive side. On a hedged income yield basis, global property is offering a 6% yield compared to a 7% gross yield for New Zealand property. Global property yields do look healthier versus global bonds, but given global yields are below our estimate of fair value we discount this measure.

Listed property composite valuations



Source: Bloomberg, AMP Capital

Commodities

Downward revisions to the global growth outlook contributed to an 11% decline in spot commodity prices during 2011. As a result prices are now more in line with longer term trend price increases.

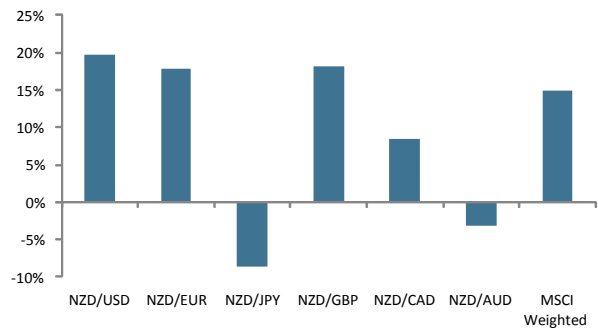
Looking forward, the outlook for commodity prices appears evenly distributed with weaker global growth counterbalanced by supply concerns in key commodities such as oil and copper.

OECD oil inventories are below the 5 year average, so a global embargo of Iranian oil exports poses an imminent threat to oil prices. Iran's exports represents close to 5% of global oil production. An output loss of that magnitude, if not mostly replaced by other oil producing nations, could do what the eurozone debt crisis has failed to do so far – drag the US into recession. This is not our base case.

Currency

Our medium term fair value estimates continue to point to an overvaluation of the New Zealand dollar against most of the major currencies. We determine fair value from three models: purchase power parity, external balance and an augmented real exchange rate.

Relative value



Source: Bloomberg, AMP Capital

We expect the New Zealand dollar to trend toward fair value over the medium term and heightened eurozone concerns could precipitate this movement. The elevated terms of trade, while past its peak, should keep a higher than average floor under the New Zealand dollar.



Keith Poore
Head of Investment Strategy & Portfolio Management

Contact us

If you would like to know more about how AMP Capital can help you, please visit ampcapital.co.nz, or call us on 0800 400 499

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