New Zealand

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Economic Background
- NZ Economy emerging from recession
- Export driven, consumer slow to respond
- Repeated collapse of finance companies highlighting governance
- Fiscal position strong

Capital Markets
- Government Issuance rising
- Corp Issuance
Recovery is Underway

Source: Statistics NZ, Westpac
Commodity Price Recovery

Source: Westpac, ANZ, RBNZ
The Changing Face of New Zealand Exports

Source: Statistics NZ, NZIER

53%
Bond Market Performance

- Secondary market activity has improved
- Increased Issuance
- Yield spreads not compelling for Uridashi/Eurobond Issuance

NZ Treasury/NZFMA initiatives to improve liquidity & participation
- Establishment of Bond Market Working Group
- Establishment of ‘tap’ & ‘reverse’ tenders
- Introduction of larger tenders
- Conducting global road shows to promote bonds
NZGB issuance projected to decline

Source: NZDMO, Westpac

NZ$b
NZ yields not yet compelling

Source: Reuters, Bloomberg and Westpac
NZ$ Eurobond issuance & redemption

NZ$b

- NZ$ uridashi and eurokiwi issuance
- NZ$ uridashi and eurokiwi maturity

Source: Reuters, Bloomberg and Westpac
Equity Performance

Equity Market

- NZ Equity Market cap has been relatively static through 2010
- IPO and Capital Markets Activity low in 2010
- Value of domestic equity turnover relative to GDP is small
- Equity transactions per head of population remain relatively low
- Capital Markets Development Taskforce recommendations
NZ Equities Market capitalisation

NZX market capitalisation
NZX market cap %GDP

Source: Bloomberg, Westpac
Major Developments

- The Capital Markets Development Taskforce
  - To improve the products available for the retail investor
  - Improve business access to capital at each stage of development
  - To improve the regulatory and Tax Environment
Regulatory Landscape

Financial Advisors Act
- Implementation July 2011

Securities Act Reform
- A complete review and re-write of securities legislation
- Scope of law
- Investor Information - Disclosure
- Financial Statements
- Due mid 2012

Financial Market Authority