Australian Economic Perspectives

The end of cheap overseas holidays…

Economics

Australia

George Tharenou
Economist
george.tharenou@ubs.com
+61-2-9324 3520

Scott Haslem
Economist
scott.haslem@ubs.com
+61-2-9324 3663

Overview

After a rising AUD trend from 2003 to 2013 saw overseas holidays/departures average booming 10% y/y growth, the recent AUD depreciation to a 6-year low saw departures slow sharply to just ~2% y/y recently. This is consistent with our prior research arguing the lower AUD ended cheap overseas holidays, which has been confirmed by international travel & accommodation prices lifting to a record high (despite lower oil).

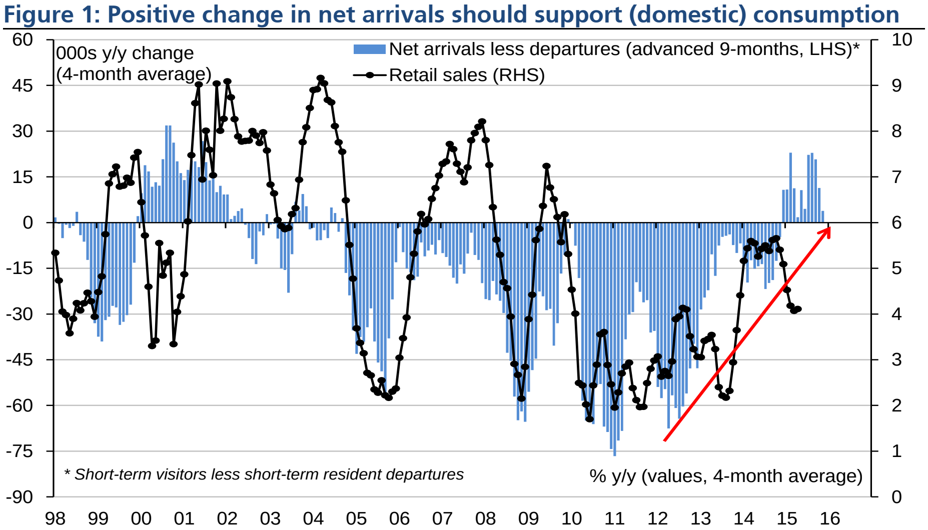
But in contrast, arrivals accelerated to a ~decade high 5% y/y trend, up from almost flat from 2005-13. Post-GFC, Chinese visitors were initially the key driver with ~16% y/y average growth, but non-Chinese also lifted since mid-13 once the AUD retraced.

Hence, the change in 'net arrivals' is the most positive since the 2000 Olympics, a support to consumption given weak nominal household income. Indeed, because a lower AUD saw average spend per arrival bounce & average spend per departure slump sharply, net exports of tourism services are now the highest since 2011 (¼% of GDP).

Overall, for a sub-trend economy lacking domestic drivers, tourism (~6% of GDP) is a bright spot that could add up to ½%pt y/y (net) to GDP ahead. This reflects our view the AUD falls further to USD0.70 by end-15. This is via 2 major channels. First, it marks the end of cheap overseas holidays & should see departures slow to ~flat – which causes substitution of consumption to the domestic economy (with tourism spending in Australia by residents ~3x foreigners). Second, arrivals should continue a solid pick-up – with support to our view from a proprietary UBS Evidence Lab survey (Shop 'til you drop?) of mainland Chinese citing a doubling of Sydney & Melbourne as a 'preferred travel destination' in the next year (which also analyses listed equity implications).

Week ahead: *Q1 residential prices likely lifted again, while May skilled vacancies & job vacancies update the labour market. The NSW budget, Q1 financial accounts & Q4 population are due. Offshore, we expect US Q1 GDP to be revised towards flat; May spending to jump & core PCE to rise 0.1%, but durable goods to ease. Elsewhere, CH Jun PMI mfg should stay in contraction. JP May core CPI will be a focus of the BoJ.*

Figure 1: Positive change in net arrivals should support (domestic) consumption



Source: ABS, UBS

Data week 22nd – 26th June

Tuesday
ABS residential prices (Q1)
NSW budget (2015/16)

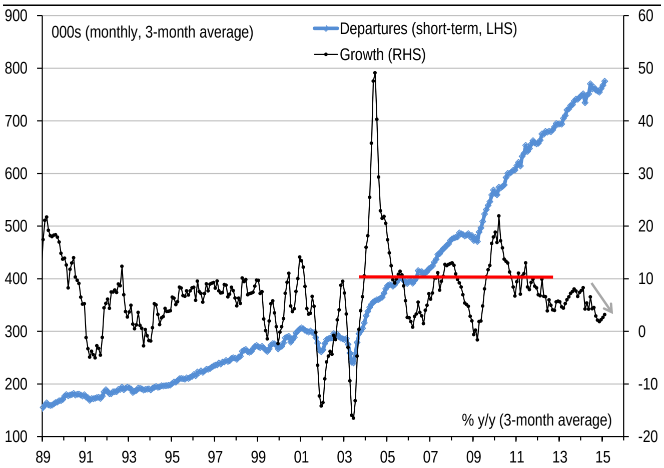
Wednesday
Skilled vacancies (May)

Thursday
Job vacancies (May qtr)
Financial accounts (Q1)
Population (Q4)

The end of cheap overseas holidays…

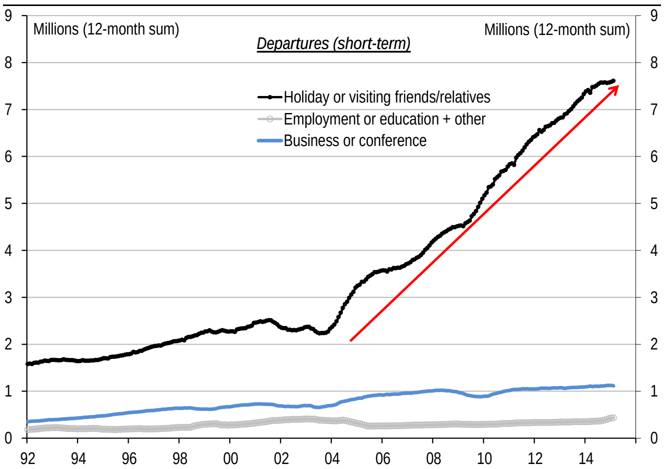
The cumulative ~65% surge in the real TWI from 2002-13 was likely the key driver of the decade-long boom in the number of (short-term visitor) departures overseas, which averaged growth of 10% y/y from 2003-2013, which was double the prior trend (Figure 2). This was driven mainly by Australians taking more overseas holidays (and visits to friends/relatives), which more than tripled over this period – and are now a record 83% of total departures (Figure 3), mainly to Asia (Figure 4).

Figure 2: Departures averaged 10% y/y in the decade to 2013; but slowed sharply to a ~2% y/y trend recently



Source: ABS, UBS

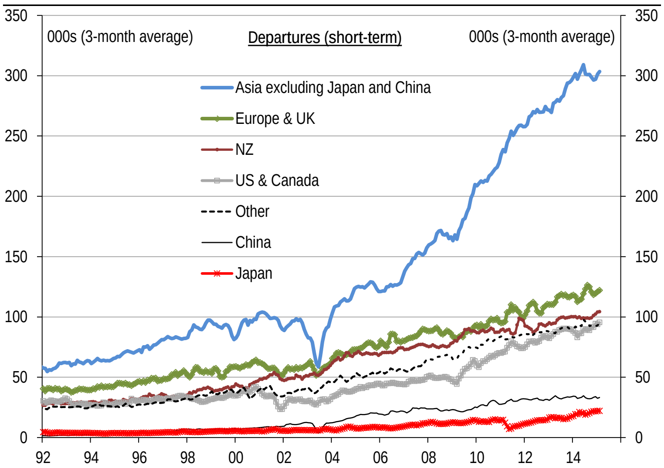
Figure 3: Holiday departures tripled over the last decade – but the lower AUD marks the end of cheap overseas trips



Source: ABS, UBS

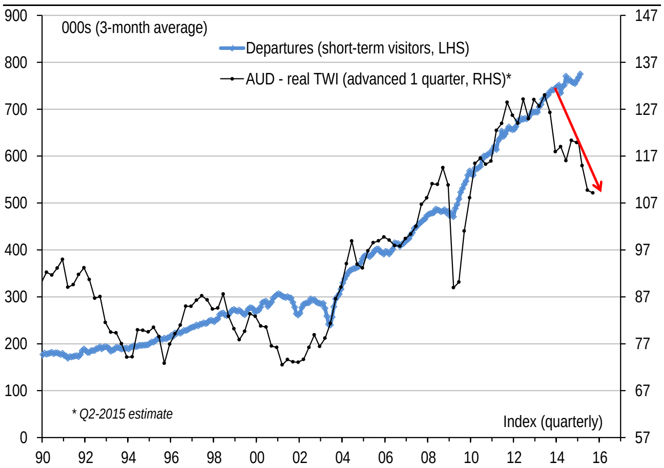
However, since Q1-2013, the AUD/USD dropped ~25% to a 6-year low of 0.77, & the real TWI (which also accounts for relative inflation) also fell a significant 16%. This has likely been the key driver dragging down the trend in the growth of the number of departures to a 6-year low of just ~2% y/y. Indeed, our view is that the AUD will depreciate further to 0.70 by end-2015 – as the Fed hikes interest rates, but the RBA keeps the cash rate at a record low. Hence, the persistently weaker AUD marks the end of cheap overseas holidays, and is making them relatively less attractive vs domestic holidays. While a rising population & real income growth remain a structural support for departures, a lower AUD should see trend growth of departures still slow sharply to be closer to flat in coming years (Figure 5).

Figure 4: Departures boom has been mainly driven by more trips to Asia



Source: ABS, UBS

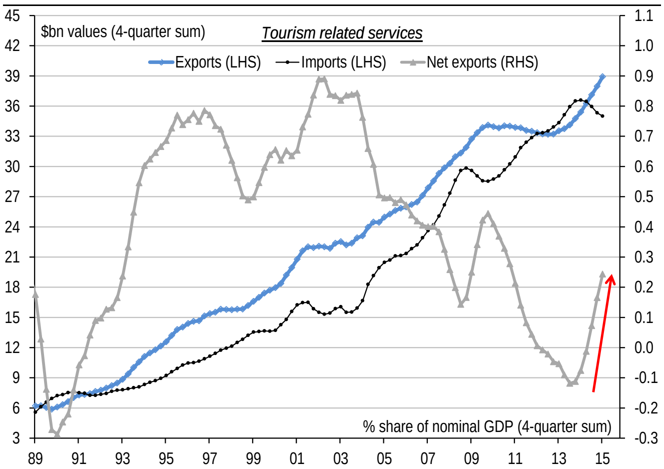
Figure 5: The sharp AUD depreciation suggests growth in departures should slow further ahead towards ~flat



Source: ABS, RBA, UBS

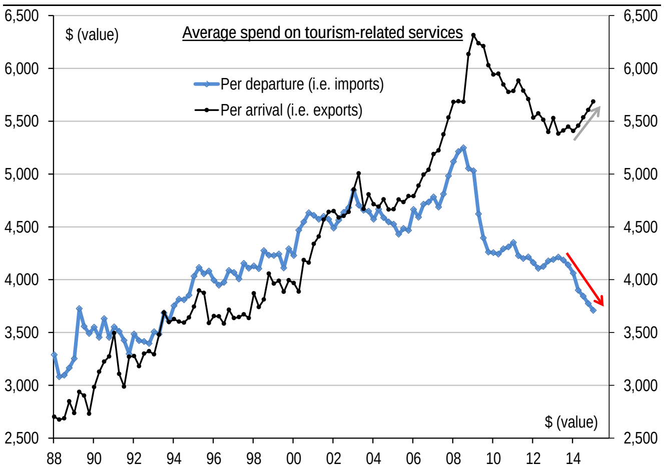
Reflecting the combination of both slower departures and faster arrivals – likely driven by AUD depreciation – the (annual) value of net exports of tourism-related services has rebounded to a 5-year high of almost $4bn in Q1-2015 (or ¼%pt of GDP), which is a sharp turnaround from net imports of close to $2bn in 2013 (Figure 6). Also contributing to this large change is average spending per arrival also rebounded to the highest level since 2011; while in contrast average spending per departure has slumped to the lowest level since 1993 (Figure 7). This is consistent with our expected response to the change in purchasing power from the large AUD depreciation seeing a switch in tourism related trade volumes. Indeed, the CPI price of international holiday travel and accommodation has rebounded by ~10% since mid-2013 to now be around a record high level, despite the sharp drop in oil prices since mid-2014 (Figure 8).

Figure 6: Net exports of tourism related services has sharply rebounded to a ¼%pt share of GDP



Source: ABS, UBS

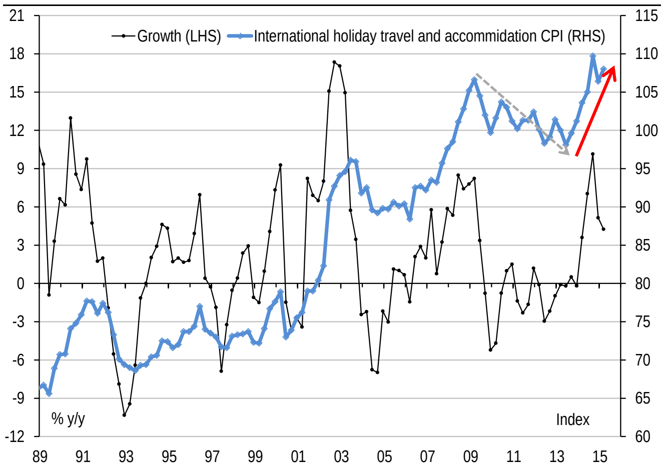
Figure 7: Lower AUD seeing average tourism spending per arrivals rebound, but average per departure slump



Source: ABS, UBS

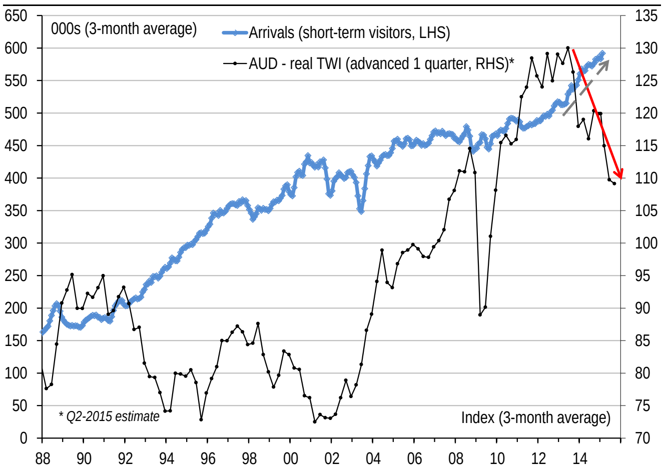
Meanwhile, the AUD is less correlated to arrivals than departures, but it is still positive for domestic tourism (Figure 9). Indeed, soon after the AUD started to fall in 2013, arrivals accelerated to a decade high growth rate of 10% y/y, and while moderating to 5% y/y in 2015 (despite the one-off boost from the Cricket World Cup), this remains a clear improvement after a nearly flat (~1% y/y) trend during the period from the 2000 Olympics until 2013.

Figure 8: Lower AUD saw international holiday prices lift ~10% since mid-13, despite lower oil since mid-14



Source: ABS, UBS

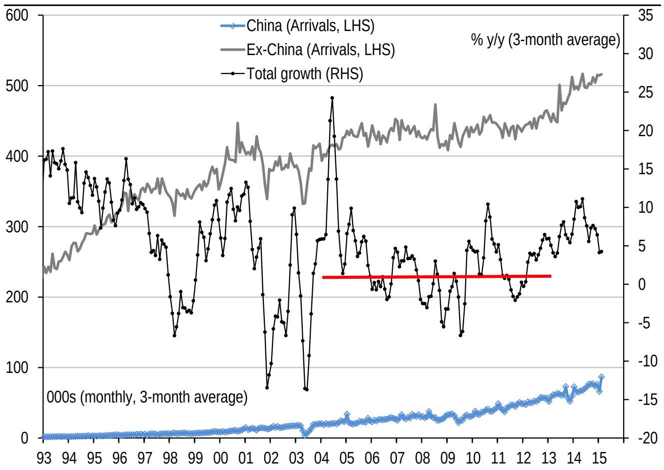
Figure 9: When the AUD started depreciating in 2013, arrivals then accelerated



Source: ABS, RBA, UBS

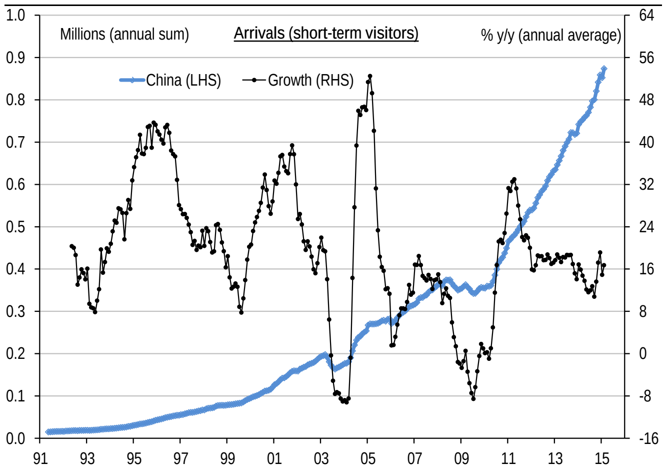
Arrivals from China remain the strongest source, with average booming growth of ~16% y/y since the GFC (Figures 10 & 11), to reach a 13% share of the total. We expect this structural trend to continue – with support from a proprietary [UBS Evidence Lab survey (Shop 'til you drop?)]() of mainland Chinese finding those citing Sydney & Melbourne as a 'preferred travel destination' in the next year is ~double last year (Figure 12). Interestingly, the pick-up of arrivals broadened beyond China in the last 2 years, with AUD depreciation seeing non-China arrivals (particularly Asia ex-Japan) also finally pick up to a record high, after a multi-year flat trend.

Figure 10: Arrivals growth moderated, but remains solid at ~5% y/y trend (up from ~1% post Olympics until 2013)



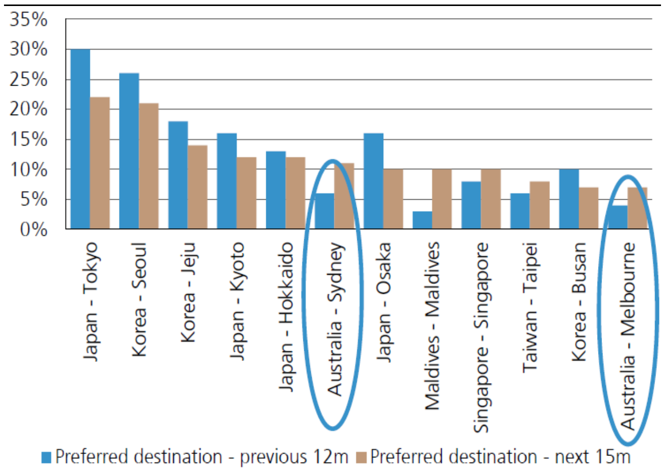
Source: ABS, UBS

Figure 11: Arrivals from China have averaged a booming ~16% y/y since the GFC (now 13% share of total arrivals)



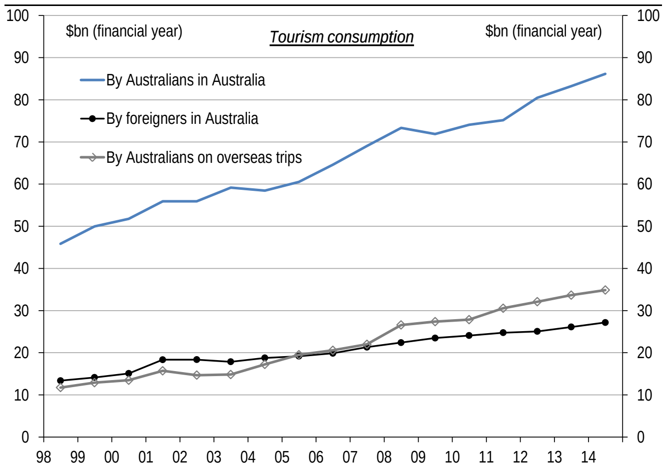
Source: ABS, UBS

Figure 12: UBS Evidence Lab survey shows Chinese citing Syd & Melb as 'preferred destination' is double last year



Source: UBS Evidence Lab

Figure 13: We look for substitution of overseas tourism consumption to the domestic economy ahead



Source: ABS, UBS

Looking ahead, with the total direct + indirect tourism industry an estimated ~6% share of GDP & ~8% of jobs, we expect a lower AUD to see strong growth to contribute a solid (net) boost up to ½%pt y/y to GDP. This estimate includes direct net exports & the substitution of overseas consumption to the domestic economy, noting that tourism spending in Australia by Australian residents is ~3x the consumption by foreigners in Australia (Figure 13). Meanwhile, with a lag, this should also lead to more employment & capex (albeit capex in accommodation & food services is only 0.2% of GDP, & retail trade is an additional 0.5% of GDP). Overall, for a sub-trend economy lacking domestic drivers, tourism is a bright spot, albeit only a partial offset to the (much larger) drags on overall GDP growth from combination of the (mining) capex cliff, fiscal consolidation & still over-valued AUD.

Australian Economic Outlook

	Calendar Year (average % y/y change)				Fiscal Year (average % y/y change)			
	2013	2014	2015 (f)	2016 (f)	2012/13	2013/14	2014/15 (f)	2015/16 (f)
REAL:								
GDP	2.1	2.7	2.3	2.7	2.5	2.5	2.4	2.4
Private Consumption	1.7	2.5	2.6	2.8	1.9	2.2	2.5	2.7
Dwelling Investment	0.4	7.9	13.0	7.0	-3.8	5.3	9.2	11.8
Business Investment *	-3.8	-5.0	-7.7	-6.2	5.0	-5.2	-6.0	-7.9
- Machinery & equipment *	-12.0	-3.6	-2.2	-5.0	-3.2	-12.6	2.6	-6.3
- Non-residential construction *	-0.3	-7.8	-13.9	-9.9	10.8	-2.9	-12.6	-12.5
Domestic Final Demand	0.6	1.2	0.9	1.4	1.6	1.0	0.8	1.1
- Private Final Demand *	0.5	1.2	1.1	1.3	2.3	0.8	1.1	1.1
- Public Final Demand *	0.2	0.7	0.1	1.7	-0.9	1.6	-0.3	1.1
Stocks (%pts contribution)	-0.4	0.0	0.0	0.0	-0.1	-0.3	0.2	0.0
GNE	0.0	1.1	0.9	1.4	1.4	0.7	1.0	1.0
Exports	6.2	6.8	9.1	5.9	6.0	5.8	8.3	7.2
Imports	-1.8	-1.6	2.2	-0.4	0.7	-1.8	0.0	1.1
Net Exports (%pts contribution)	1.6	1.7	1.5	1.4	1.0	1.5	1.7	1.3
Nominal GDP	3.3	3.1	1.5	4.0	2.2	4.1	1.6	2.5
OTHER KEY INDICATORS								
Headline CPI	2.4	2.5	1.7	2.5	2.3	2.7	1.7	2.3
RBA 'underlying' CPI **	2.5	2.5	2.4	2.4	2.4	2.6	2.3	2.5
Wage Price Index	2.9	2.5	2.4	2.9	3.3	2.6	2.4	2.6
Employment	1.0	0.8	1.6	1.4	1.2	0.7	1.3	1.5
Unemployment Rate (quarterly, % at year-end)	5.8	6.2	6.5	6.5	5.6	5.9	6.3	6.5
Dwelling Commencements (000s)	168	198	210	200	162	182	211	201
Current Account Balance (% of GDP)	-3.3	-2.8	-3.4	-3.0	-3.9	-3.0	-2.9	-3.6

QUARTERLY		Sep-14	Dec-14	Mar-15	Jun-15 (f)	Sep-15 (f)	Dec-15 (f)	Mar-16 (f)	Jun-16 (f)
GDP	(% q/q)	0.3	0.5	0.9	0.4	0.6	0.6	0.7	0.7
	(% y/y)	2.7	2.4	2.3	2.1	2.4	2.5	2.2	2.6
		Sep-14	Dec-14	Mar-15	Jun-15 (f)	Sep-15 (f)	Dec-15 (f)	Mar-16 (f)	Jun-16 (f)
Headline CPI	(% q/q, nsa)	0.5	0.2	0.2	0.5	1.0	0.5	0.6	0.4
	(% y/y, nsa)	2.3	1.7	1.3	1.4	1.9	2.2	2.6	2.5
RBA 'underlying' CPI *	(% q/q, sa)	0.3	0.6	0.7	0.6	0.6	0.6	0.6	0.6
	(% y/y, sa)	2.4	2.2	2.4	2.2	2.5	2.5	2.4	2.4
FINANCIAL MARKETS (at end qtr)		Sep-14	Dec-14	Mar-15	Jun-15 (f)	Sep-15 (f)	Dec-15 (f)	Mar-16 (f)	Jun-16 (f)
- Cash (%)		2.50	2.50	2.25	2.00	2.00	2.00	2.00	2.00
- 90 Day Bills (%)		2.71	2.78	2.21	2.10	2.10	2.10	2.10	2.10
- 3-year Commonwealth Bonds (%)		2.73	2.15	1.74	2.00	2.10	2.20	2.20	2.30
- 10-year Commonwealth Bonds (%)		3.51	2.81	2.34	2.80	2.80	3.00	3.10	3.20
- S&P/ASX 200 (Index)		5293	5411	5892	5800	5800	5900	6000	6050
Exchange Rates (end qtr):	AUD/USD	0.87	0.82	0.76	0.75	0.73	0.70	0.70	0.70
	AUD/EUR	0.69	0.68	0.71	0.65	0.66	0.67	0.66	0.65
	AUD/JPY	95.8	97.9	91.4	87.8	87.7	87.5	88.4	89.3
	TWI	68.9	66.5	63.3	63.7	62.4	60.8	61.0	61.2

Source: ABS, Datastream, RBA, UBS estimates * new – adjusted for asset transfers ** 3-core average, sa

UBS Australian Forecasts: What & Why?

Forecasts vs. Consensus

- Our forecast for real GDP growth of 2.3% y/y in 2015 is below Consensus of 2.5% y/y, while 2016 of 2.7% y/y is also well under Consensus of 2.9% y/y.

Latest forecast changes

- On 5 June we changed the composition of growth. We cut domestic demand on a 'capex cliff', which is only partly offset by booming housing, with moderate consumption; but GDP is boosted by stronger net exports.

Key growth drivers

- Ongoing record low interest rates will drive a housing boom which adds solidly to growth ahead, with dwelling commencements lifting to a record 210k in 2015.
- Real consumption is driven by rising household wealth, dragging down the savings rate, a pick-up in housing-related consumption (where we target dwelling commencements of 210k in 2015), and the lower AUD seeing a fading drag from net tourism departures.
- The export supply pick-up, post the mining capex boom, should add further to real growth amid a lower AUD; while weak capex also restrains imports.
- A stabilisation in unemployment should reflect the pick-up of growth in more labour intensive retail, housing & tourism sectors (on a lower AUD) – despite the loss of mining jobs. An unemployment rate that is near peaking should support confidence and consumption.
- Weaker nominal income growth, from a slower China & falling commodity prices resulting in a (mining) capex cliff, plus fiscal repair & lower wage growth, will constrain GDP to 'below' trend in the next couple of years. The composition of GDP will likely have more '(net) exports', but less domestic demand.

Key inflation drivers

- Headline CPI should remain low in 2015 at 1.7%, but still lifts in 2016 to 2.6%, on a lower AUD as well as a rebound of petrol prices.
- Further ahead, for underlying CPI, very low wages and weak domestic demand (as well as global trends) should be dragging down inflation, but poor productivity and an historically evident stickiness of domestic prices is expected to keep underlying CPI broadly flat around its current pace of 2.4% over the forecast horizon, albeit with downside risk based on survey measures.

Monetary & fiscal policy outlook

- RBA – global disinflation amid the slump in commodity prices (particularly oil) – plus weakness in domestic indicators like commencements and the recessionary ABS capex survey raises the risk they cut again. But we think sticky core CPI (and likely AUD depreciation expected ahead), limits the RBA's scope to ease further.
- Government – we see fiscal policy as a drag on growth in the period ahead, as the Federal Coalition attempts to return the budget to structural balance.

Key forecast risks

- Downside: A delay of US Fed hikes into 2016, lifting the AUD over USD0.80, would likely undermine the still fragile lift in domestic activity & business conditions. A deeper China property downturn could further sharply lower commodity prices & export income. The weaker nominal income environment, ongoing fiscal drag, and negative offshore news could see consumers become more cautious with a modest fall in the saving rate needed to deliver decent consumption growth. These scenarios could see the RBA trim rates further.
- Upside: AUD <USD0.70 would provide more stimulus to the domestic economy, as could more RBA rate cuts. A pick-up in China, EU & Japan could support business confidence. Consumer debt appetite could strengthen further, driving stronger spending & non-mining capex.

Key growth signposts

- The AUD depreciating towards our USD0.70 target, which would support the rebalancing of growth.
- A recovery in business and consumer confidence, which has been mixed recently.
- A peak in the unemployment rate, which is key to easing elevated job insecurity & boosting consumer confidence.

Positions on key controversies

- Consumer caution – we do not expect consumers to return to the leverage-keen environment of the 2000s. But we do expect some lift in confidence & real consumption – amid record low interest rates dragging down the household savings rate – despite still high unemployment and ongoing soft wages growth.
- Terms of trade – a much weaker trend for commodity prices will mean the pick-up in Australia's growth will be more export volume led, with a more sluggish domestic recovery. However, that does not ensure a recession.

Market trends

Monetary policy: RBA to hold, but risk of easing

- **Cash:** The RBA followed-up their February 25bp cut, with a further 25bp in May, taking the cash rate to our long-standing forecast of 2.0% for 1H15. The market continues to price the cash rate modestly below 2%, as the RBA will likely maintain an easing bias. We continue to expect the RBA to hold at 2%, but this depends on the US Fed tightening this year, an AUD moving lower to USD0.70 and some pick-up in capex plans over coming quarters, to augment the rebalancing underway in the consumer and housing sectors. The RBA will likely only cut the cash rate lower if core inflation is lower (after recently being higher than expected).

Aussie 10-years – target 3% end-2015

- **US 10-years:** US 10-year yields have remained around 2%, capped by QE by the ECB & BoJ (Figure A). While patchy global growth will limit the extent that US 10-years rise, we continue to see improving US activity and Fed rate hikes in 2H15 lifting US Treasuries to 2.5% by end-15, and 3.0% end-16.

- **Australian 10-years:** Aussie 10-years had rallied more than their offshore peers as the market re-priced RBA cuts for 1H15. But post the RBA's May cut, Aussie 10-years have underperformed as global yields have begun to rise again. Aussie 10-years remain expensive, relative to our models (Figure B), and we look for yields to move higher. We see renewed out-performance against global yields ahead, due to a mixed growth outlook weighed by weak capex, a slower China & falling commodity prices. We target 3.0% for end-15.

Australian 3-years – target a rise back towards 2¼%

- **Australian 3-years:** The prior rally had sent Aussie 3-years well below the cash rate. Post the RBA's cut to 2.0%, US Fed tightening in 2H15 should see Aussie 3-years rise further toward 2.2% by the end of 2015, but remain capped by the ongoing record low RBA cash rate.

Yield Curve – risk of bear-steepening from here

- **Yield curve:** The 3-10s curve has steepened above our model's range. But from here, we look for stabilisation above fair value, given the long-end yield is dragged up by the Fed hiking, but the shorter end is constrained by the RBA holding at a record low.

Aussie – US 10-year spread – should tighten again

- **Australian-US spread:** The Aussie-US spread has recently widened on the shift in market expectations towards a view that the RBA is close to done on their easing cycle (after -25bp in May). But likely Fed rate hikes will diverge from an on-hold RBA over the coming couple of years. Specifically, we look for a recommencement of spread compression to 50bp by end-2015, as the US Fed begins its rate hike cycle in 2H15.

Source for text and charts: Bloomberg, Datastream, UBS

** UBS forecasts for end 2015 & 2016*

Figure A: US 10-year bond yield

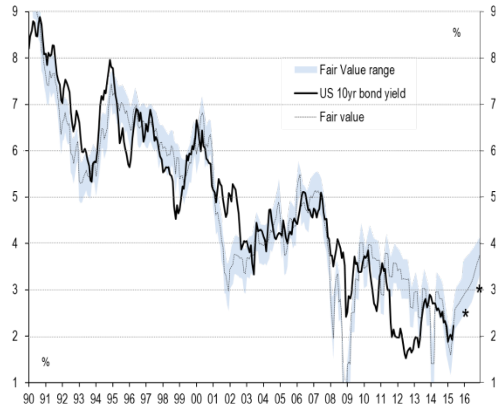


Figure B: Australian 10-year bond yield

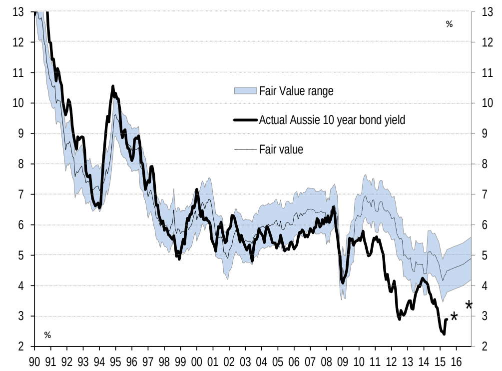


Figure C: Australian 3-year bond yield

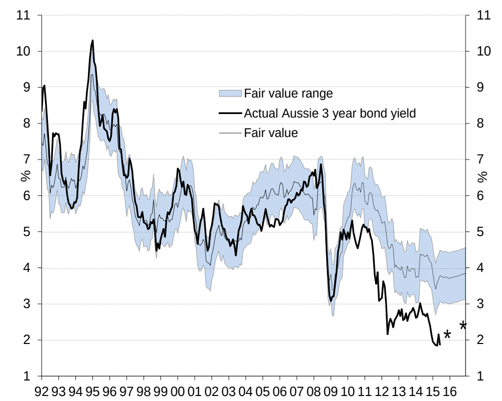
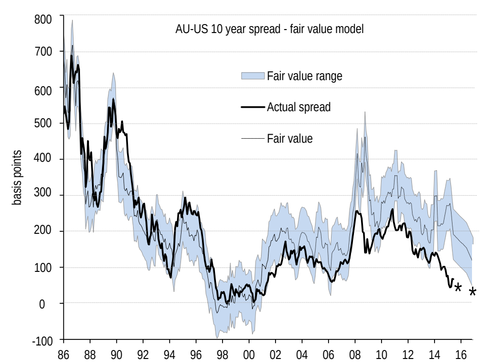


Figure D: AU-US 10-year bond yield spread



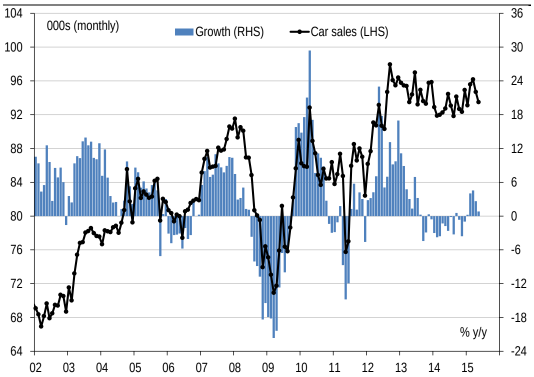
Week in Review: 15th – 19th June

The RBA's June meeting minutes did not introduce an explicit easing bias stating that it was "appropriate to leave the cash rate unchanged & to assess information on economic & financial conditions". However, this was superseded by a more dovish Stevens last week. Meanwhile, Kent noted monetary policy is working against strong headwinds. Elsewhere, May car sales fell & goods imports retraced. The ACCI-Westpac Survey rose & the SA Budget showed an expected improvement.

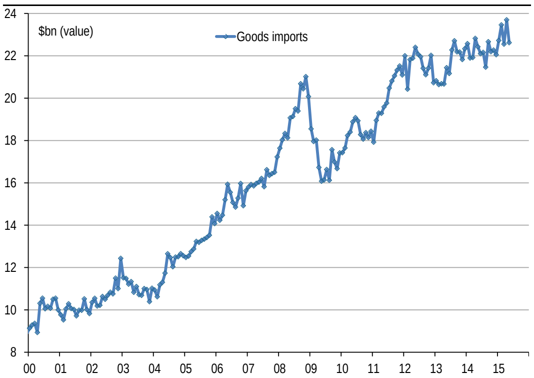
Offshore, the Fed held as expected, but noted an improvement in data after a temporary slowdown in Q1. US data was mixed. While the June housing market index bounced, May housing starts retraced more than expected, and May IP fell despite expectations of a modest rise. Elsewhere, UK May CPI exited deflation but remained weak, while May EU CPI was unrevised.

Over the week to noon, the AUD rose 0.6% to 77.93, the 10-year bond yield fell 15bp to 2.87% and the ASX 200 bounced 1% to 5595.

Car sales retraced further in May



Goods imports retraced from a record high



Source: ABS, UBS

- The **RBA's June meeting minutes** failed to introduce an explicit easing bias and repeated the post-meeting statement that it was 'appropriate to leave the cash rate unchanged and to assess information on economic and financial conditions as it became available'. On the exchange rate, the minutes again highlighted that a further depreciation of the currency was 'both likely and necessary'. However, this was superseded by Steven's explicit easing bias last week. **RBA Assistant Governor Kent** discussed changes in the transmission of monetary policy. Kent argued that although households relying on interest receipts 'may feel compelled to constrain their consumption' in periods of very low interest rates, overall 'monetary policy is clearly working to support demand, although it is working against some strong headwinds' of a slump in mining capex, an historically high AUD and contractionary fiscal policy.
- **Car sales** retraced further in May, falling 1.3% m/m (after -1.5%), bringing the y/y lower to +0.8%, after +2.6% in April.
- **Goods imports values** retraced 5% m/m in May (-$1077mn), largely driven by a 46% fall in machinery and industrial equipment.
- The **SA budget** showed their public non-financial sector balance is expected to improve slightly to -$279 million (-0.3% of GSP) in 2015/16, from -$428 million (-0.4% of GSP) in 2014/15.
- The **ACCI-Westpac survey of industrial trends** showed conditions rose for the third consecutive quarter in Q2 to 58.4 after 56.2 in Q1.

Week Ahead: 22nd – 26th June

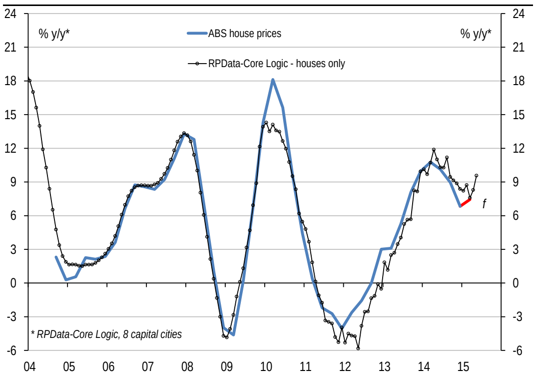
In a data light week, the highlight will be the NSW budget (Tue). Q1 ABS residential prices (Tue) likely lifted again, while May skilled vacancies (Wed) and job vacancies (Thu) provide an update on leading indicators of labour market conditions. The Q1 financial accounts (Thu) and Q4 population (Thu) are also due.

Offshore, data is seen improving with May existing home sales (Mon) bouncing; May new home sales (Tue) & Apr FHFA house prices (Tue) rising, but May durable goods (Tue) should retrace. Q1 GDP (Wed) should be revised towards flat & May spending (Thu) may jump with Core PCE up 0.1%. Elsewhere, the CH Jun HSBC mfg PMI (Tue) may stay in contraction, GE Jun IFO (Wed) should tick up & JP May core CPI (Fri) will be a focus of the BoJ. A Greek emergency summit (Mon) is due.

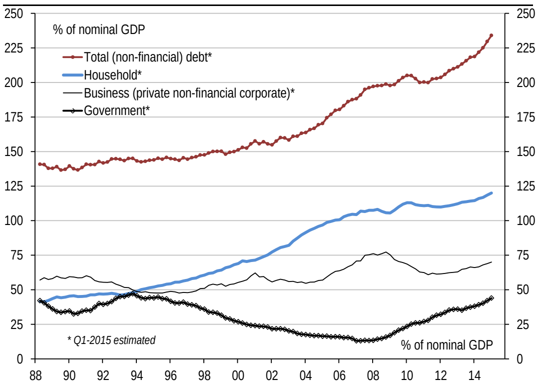
Date	Time (AEDT)	Data/Event	UBS	Market*	Previous
23-Jun	11:30	ABS residential prices (Q1)	+2.0%	+2.1%	+1.9%
23-Jun	12:00	NSW budget (2015/16)	-	-	-
24-Jun	11:30	Department of employment skilled vacancies (May)	nf	nf	+0.0%
25-Jun	11:30	ABS job vacancies (May qtr)	+2.0%	nf	+0.8%
25-Jun	11:30	Financial accounts (Q1)	-	-	-
25-Jun	11:30	Population (Q4)	-	-	+0.4%

Source: ABS, Bloomberg, RBA, Reuters, Dow Jones * Market may not be final

House prices should rise further in Q1



Q1 total debt-GDP likely lifted to a record high



Source: ABS, RPData-Core Logic, UBS

Job vacancies (May qtr) & skilled vacancies (May)

Modestly higher May ANZ job ads suggest that ABS job vacancies likely picked up a further 2% q/q in May (after +0.8% q/q in February), albeit this still sees the y/y retracing further to +5.1% (after +6.3%). Meanwhile, May Department of Employment skilled vacancies also provide an update on leading indicators of labour market conditions.

Economic Calendar

MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY
------- 15 June -------	------- 16 June -------	------- 17 June -------	------- 18 June -------	------- 19 June -------
RBA KENT SPEECH NZ PSI SERVICES (May) Act: 58.0, Pre: 56.5 US IP (May) Act: -0.2%, Pre: -0.5% r US HOUSING MARKET INDEX (Jun) Act: 59, Pre: 54	AU CAR SALES (May) Act: -1.3%, Pre: -1.5% RBA MINUTES (Jun) RBA DEBELLE SPEECH US HOUSING STARTS (May) Act: -11.1%, Pre: +22.1% UK CPI (May, y/y) Act: +0.1%, Pre: -0.1%	NZ CAD (Q1) Act: $662mn, Pre: -$3170mn r FED DECISION (Jun) Act: no change, Pre: 0.0% - 0.25% EU CPI (May f, y/y) Act: +0.3%, Pre: +0.3% (May p) UK UNEMPLOYMENT RATE (Apr) Act: 5.5%, Pre: 5.5% BOE MINUTES (Jun)	AU GOODS IMPORTS (May) Act: -4.5%, Pre: +5.1% NZ GDP (Q1) Act: +0.2%, Pre: +0.7% r US CPI (May) Act: +0.4%, Pre: +0.1% US CORE CPI (May) Act: +0.1%, Pre: +0.3% RBA BULLETIN (Q2) SA BUDGET (2015/16) EUROGROUP MEETING	NZ ANZ-RM CONS. CONF. (Jun) Act: 119.9, Pre: 123.9 CA CPI (May) Mkt: nf, Pre: -0.1% BOJ DECISION (June) UBS & Mkt: no change, Pre: 0.1%
------- 22 June -------	------- 23 June -------	------- 24 June -------	------- 25 June -------	------- 26 June -------
NZ TOURIST ARRIVALS (May) Mkt: nf, Pre: +1.4% NZ CREDIT CARD BILLS (May) Mkt: nf, Pre: -0.6% NZ WBC CONS CONFIDENCE (Q2) UBS: 115, Pre: 117.4 US EXISTING HOME SALES (May) UBS: +5.2%, Pre: -3.3% GREECE EMERGENCY SUMMIT	AU RESIDENTIAL PRICES (Q1) UBS: +2.0%, Pre: +1.9% NSW BUDGET (2015/16) US DURABLE GOODS (May) UBS: -0.3%, Pre: -0.2% r US FHFA HOUSE PRICES (Apr) UBS: +0.5%, Pre: +0.3% US PMI MFG (Jun p) UBS: 54.5, Pre: 54.0 (May f) US NEW HOME SALES (May) UBS: +2.5%, Pre: +6.8% CH HSBC PMI MFG (Jun p) Mkt: 49.4, Pre: 49.2 (May f) EU PMI COMPOSITE (Jun p) Mkt: 53.7, Pre: 53.6 (May f)	AU SKILLED VACANCIES (May) Mkt: nf, Pre: +0.0% US GDP (Q1 f) UBS: -0.1%, Pre: -0.7% (Q1 p) GE IFO (Jun) Mkt: 108.0, Pre: 108.5	AU JOB VACANCIES (May qtr) UBS: +2.0%, Pre: +0.8% AU FINANCIAL ACCOUNTS (Q1) AU POPULATION (Q4) Mkt: nf, Pre: +0.4% US CONSUMPTION (May) UBS: +0.8%, Pre: +0.0% US CORE PCE (May) UBS: +0.1%, Pre: +0.1%	NZ TRADE BALANCE (May) UBS: -$150mn, Pre: +$123mn JP UNEMPLOYMENT RATE (May) UBS: 3.3%, Pre: 3.3% JP CORE CPI (May, y/y) UBS: +0.2%, Pre: +0.3% US UM CONS. CONF. (Jun f) UBS: 94.5, Pre: 94.6 (Jun p)
------- 29 June -------	------- 30 June -------	------- 1 July -------	------- 2 July -------	------- 3 July -------
US PENDING HOME SALES (May) Pre: +3.4% JP IP (May p) Pre: +1.2%	AU NEW HOME SALES (May) Pre: +0.5% AU CREDIT (May) Pre: +0.3% RBA STEVENS SPEECH NZ DWELLING CONSENTS (May) Pre: -1.7% NZ ANZ OWN ACTIVITY (Jun) Pre: +32.6% NZ HOUSEHOLD CLAIMS (May) Pre: +0.5% US S&P/CS HOME PRICES (Apr) Pre: +0.1% US CB CONSUMER CONF. (Jun) Pre: 95.4 EU CPI (Jun p, y/y) Pre: +0.3% (May f) UK GDP (Q1 f) Pre: +0.3% (Q1 p) GREECE IMF PAYMENT DUE	AU PMI MANUFACTURING (Jun) Pre: 52.3 AU CL-RP DWELLING PRICES (Jun) Pre: -0.9% AU RESIDENTIAL APPROVALS (May) Pre: -4.4% AU RBA COMMODITY PRICE (Jun) Pre: -2.1% AU ENG CONSTRUCTION (Q1) US ADP PAYROLLS (Jun) Pre: +201k US PMI MFG (Jun f) Pre: 54.0 (May f) US ISM MFG (Jun) Pre: 52.8 CH OFFICIAL PMI MFG (Jun) Pre: 50.2 CH HSBC PMI MFG (Jun f) Pre: 49.2 (May f) JP TANKAN (Q2) Pre: +12	AU TRADE BALANCE (May) Pre: -$3888mn NZ ANZ COMMODITY PRICE (Jun) Pre: -4.7% US PAYROLLS (Jun) Pre: +280k US UNEMPLOYMENT RATE (Jun) Pre: 5.5%	AU PSI SERVICES (Jun) Pre: 49.6 AU RETAIL SALES (May) Pre: +0.0% EU PMI COMPOSITE (Jun f) Pre: 53.6 (May f) US HOLIDAY US markets closed
------- 6 July -------	------- 7 July -------	------- 8 July -------	------- 9 July -------	------- 10 July -------
AU ANZ JOB ADS (Jun) Pre: +0.0% US ISM NON-MFG (Jun) Pre: 55.7	AU PCI CONSTRUCTION (Jun) Pre: 47.8 RBA DECISION (Jul) Pre: 2.00% US TRADE BALANCE (May) Pre: -$40.9bn UK IP (May) Pre: +0.4%	FED MINUTES (Jul)	AU EMPLOYMENT (Jun) Pre: +42.0k AU UNEMPLOYMENT RATE (Jun) Pre: 6.0% NZ ELECTRONIC CARDS (Jun) Pre: +1.4% CH CPI (Jun, y/y) Pre: +1.2% BOE DECISION (Jul) Pre: 0.50%	AU HOME LOAN VALUES (May) Pre: +2.5% AU HOME LOAN O/O NO. (May) Pre: +1.0%

UBS: UBS Forecast Pre: Previous Release Act: Actual Mkt: Market a: advanced r: revised p: preliminary f: final nf: no forecast Note: Dates subject to change

Global Economics & Macro Strategy Analysts

Global Economics			
Paul Donovan	+44 20 7568 3372	paul.donovan@ubs.com	Senior Global Economist
Andrew Cates	+44 20 7568 1401	andrew.cates@ubs.com	Senior Global Economist
George Magnus	+44 20 7568 3322	george.magnus@ubs.com	Senior Economic Advisor
Sophie Constable	+44 20 7568 3105	sophie.constable@ubs.com	Economist / Global Database Manager
North America			
Maury Harris	+1 212 713 2472	maury.harris@ubs.com	Chief Economist ,US
Drew Matus	+1 212 713 4448	drew.matus@ubs.com	Deputy Chief Economist, US & Canada
Samuel Coffin	+1 203 719 1252	samuel.coffin@ubs.com	Economist, US
Kevin Cummins	+1 203 719 1676	kevin.cummins@ubs.com	Economist, US
Latin America			
Rafael de la Fuente	+1 203 719 7127	rafael.delafuente@ubs.com	Chief Economist, Latin America
Guilherme Loureiro	+55 11 2767 6621	guilherme.loureiro@ubs.com	Senior Economist, Brazil
Thiago Carlos	+55 11 3014 7429	thiago.carlos@ubs.com	Economist, Brazil
Mariano Szafowal Samowerskyj	+54 11 43 160311	mariano.szafowal@ubs.com	Economist, Argentina
Australasia			
Scott Haslem	+61 2 9324 3663	scott.haslem@ubs.com	Chief Economist, Australasia
George Tharenou	+61 2 9324 3520	george.tharenou@ubs.com	Senior Economist, Australia
Robin Clements	+64 33 589 150	robin.clements@ubs.com	Senior Economist, New Zealand
Asia			
Duncan Wooldridge	+852 2971 6046	duncan.wooldridge@ubs.com	Chief Economist, Asia & Japan
Silvia Liu	+852 2971 8121	silvia.liu@ubs.com	Economist, Hong Kong & Taiwan
Amy Tang	+852 2971 8461	amy.tang@ubs.com	Statistician, Asian Economics
Edward Teather	+65 64 955 965	edward.teather@ubs.com	Senior Economist, ASEAN & India
Alice Fulwood	+65 64 953 085	alice.fulwood@ubs.com	GTP, Asian Economics
Daiju Aoki	+81 352 087454	daiju.aoki@ubs.com	Economist, Japan
China			
Tao Wang	+852 2971 7525	wang.tao@ubssecurities.com	Head of China Economic Research
Donna Kwok	+852 3712 3160	donna.kwok@ubs.com	Senior Economist, China
Ning Zhang	+852 3971 8135	ning.zhang@ubs	Economist, China
Harrison Hu	+86 10 5832 8847	harrison.hu@ubssecurities.com	Economist, China, UBS Securities
Jennifer A Zhong	+86 10 5832 8324	jennifer-a.zhong@ubs.com	Associate, China, UBS Securities
Europe			
Reinhard Cluse	+44 20 7568 6722	reinhard.cluse@ubs.com	Chief Economist, Europe
Martin Lueck	+49 69 1369 8280	martin.lueck@ubs.com	Economist, Germany, Italy
David Tinsley	+44 20 7567 4652	david.tinsley@ubs.com	Economist, UK
Jennifer Aslin	+44 20 7568 6585	jennifer.aslin@ubs.com	Associate Economist
Emerging EMEA			
Gyorgy Kovacs	+44 20 7568 7563	gyorgy.kovacs@ubs.com	Chief Economist, Emerging EMEA
Anna Zadornova	+44 20 7567 4212	anna.zadornova@ubs.com	Economist, Russia, ex-CIS, UAE, Qatar

Required Disclosures

This report has been prepared by UBS Securities Australia Ltd, an affiliate of UBS AG. UBS AG, its subsidiaries, branches and affiliates are referred to herein as UBS.

For information on the ways in which UBS manages conflicts and maintains independence of its research product; historical performance information; and certain additional disclosures concerning UBS research recommendations, please visit www.ubs.com/disclosures. The figures contained in performance charts refer to the past; past performance is not a reliable indicator of future results. Additional information will be made available upon request. UBS Securities Co. Limited is licensed to conduct securities investment consultancy businesses by the China Securities Regulatory Commission.

Analyst Certification: 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 were prepared in an independent manner, including with respect to UBS, 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 research report.

Global Disclaimer

This document has been prepared by UBS Securities Australia Ltd, an affiliate of UBS AG. UBS AG, its subsidiaries, branches and affiliates are referred to herein as UBS.

Global Research is provided to our clients through UBS Neo, the UBS Client Portal and UBS.com (each a "System"). It may also be made available through third party vendors and distributed by UBS and/or third parties via e-mail or alternative electronic means. The level and types of services provided by Global Research to a client may vary depending upon various factors such as a client's individual preferences as to the frequency and manner of receiving communications, a client's risk profile and investment focus and perspective (e.g. market wide, sector specific, long-term, short-term, etc.), the size and scope of the overall client relationship with UBS and legal and regulatory constraints.

When you receive Global Research through a System, your access and/or use of such Global Research is subject to this Global Research Disclaimer and to the terms of use governing the applicable System.

When you receive Global Research via a third party vendor, e-mail or other electronic means, your use shall be subject to this Global Research Disclaimer and to UBS's Terms of Use/Disclaimer (http://www.ubs.com/global/en/legalinfo2/disclaimer.html). By accessing and/or using Global Research in this manner, you are indicating that you have read and agree to be bound by our Terms of Use/Disclaimer. In addition, you consent to UBS processing your personal data and using cookies in accordance with our Privacy Statement (http://www.ubs.com/global/en/legalinfo2/privacy.html) and cookie notice (http://www.ubs.com/global/en/homepage/cookies/cookie-management.html).

If you receive Global Research, whether through a System or by any other means, you agree that you shall not copy, revise, amend, create a derivative work, transfer to any third party, or in any way commercially exploit any UBS research provided via Global Research or otherwise, and that you shall not extract data from any research or estimates provided to you via Global Research or otherwise, without the prior written consent of UBS.

For access to all available Global Research on UBS Neo and the Client Portal, please contact your UBS sales representative.

This document is for distribution only as may be permitted by law. It 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 would subject UBS to any registration or licensing requirement within such jurisdiction. It is published solely for information purposes; it is not an advertisement nor is it a solicitation or an offer to buy or sell any financial instruments or to participate in any particular trading strategy. No representation or warranty, either expressed or implied, is provided in relation to the accuracy, completeness or reliability of the information contained in this document ('the Information'), except with respect to Information concerning UBS. The Information is not intended to be a complete statement or summary of the securities, markets or developments referred to in the document. UBS does not undertake to update or keep current the Information. Any opinions expressed in this document may change without notice and may differ or be contrary to opinions expressed by other business areas or groups of UBS. Any statements contained in this report attributed to a third party represent UBS's interpretation of the data, information and/or opinions provided by that third party either publicly or through a subscription service, and such use and interpretation have not been reviewed by the third party.

Nothing in this document constitutes a representation that any investment strategy or recommendation is suitable or appropriate to an investor's individual circumstances or otherwise constitutes a personal recommendation. Investments involve risks, and investors should exercise prudence and their own judgement in making their investment decisions. The financial instruments described in the document may not be eligible for sale in all jurisdictions or to certain categories of investors. Options, derivative products and futures are not suitable for all investors, and trading in these instruments is considered risky. Mortgage and asset-backed securities may involve a high degree of risk and may be highly volatile in response to fluctuations in interest rates or other market conditions. Foreign currency rates of exchange may adversely affect the value, price or income of any security or related instrument referred to in the document. For investment advice, trade execution or other enquiries, clients should contact their local sales representative.

The value of any investment or income may go down as well as up, and investors may not get back the full (or any) amount invested. Past performance is not necessarily a guide to future performance. Neither UBS nor any of its directors, employees or agents accepts any liability for any loss (including investment loss) or damage arising out of the use of all or any of the Information.

Any prices stated in this document are for information purposes only and do not represent valuations for individual securities or other financial instruments. There is no representation that any transaction can or could have been effected at those prices, and any prices do not necessarily reflect UBS's internal books and records or theoretical model-based valuations and may be based on certain assumptions. Different assumptions by UBS or any other source may yield substantially different results.

This document and the Information are produced by UBS as part of its research function and are provided to you solely for general background information. UBS has no regard to the specific investment objectives, financial situation or particular needs of any specific recipient. In no circumstances may this document or any of the Information be used for any of the following purposes:

(i) valuation or accounting purposes;

(ii) to determine the amounts due or payable, the price or the value of any financial instrument or financial contract; or

(iii) to measure the performance of any financial instrument.

By receiving this document and the Information you will be deemed to represent and warrant to UBS that you will not use this document or any of the Information for any of the above purposes or otherwise rely upon this document or any of the Information.

Research will initiate, update and cease coverage solely at the discretion of UBS Investment Bank Research Management. The analysis contained in this document is based on numerous assumptions. Different assumptions could result in materially different results. The analyst(s) responsible for the preparation of this document may interact with trading desk personnel, sales personnel and other parties for the purpose of gathering, applying and interpreting market information. UBS relies on information barriers to control the flow of information contained in one or more areas within UBS into other areas, units, groups or affiliates of UBS. The compensation of the analyst who prepared this document is determined exclusively by research management and senior management (not including investment banking). Analyst compensation is not based on investment banking revenues; however, compensation may relate to the revenues of UBS Investment Bank as a whole, of which investment banking, sales and trading are a part.

For financial instruments admitted to trading on an EU regulated market: UBS AG, its affiliates or subsidiaries (excluding UBS Securities LLC) acts as a market maker or liquidity provider (in accordance with the interpretation of these terms in the UK) in the financial instruments of the issuer save that where the activity of liquidity provider is carried out in accordance with the definition given to it by the laws and regulations of any other EU jurisdictions, such information is separately disclosed in this document. For financial instruments admitted to trading on a non-EU regulated market: UBS may act as a market maker save that where this activity is carried out in the US in accordance with the definition given to it by the relevant laws and regulations, such activity will be specifically disclosed in this document. UBS may have issued a warrant the value of which is based on one or more of the financial instruments referred to in the document. UBS and its affiliates and employees may have long or short positions, trade as principal and buy and sell in instruments or derivatives identified herein; such transactions or positions may be inconsistent with the opinions expressed in this document.

United Kingdom and the rest of Europe: Except as otherwise specified herein, this material is distributed by UBS Limited to persons who are eligible counterparties or professional clients. UBS Limited is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. **France:** Prepared by UBS Limited and distributed by UBS Limited and UBS Securities France S.A. UBS Securities France S.A. is regulated by the ACPR (Autorité de Contrôle Prudentiel et de Résolution) and the Autorité des Marchés Financiers (AMF). Where an analyst of UBS Securities France S.A. has contributed to this document, the document is also deemed to have been prepared by UBS Securities France S.A. **Germany:** Prepared by UBS Limited and distributed by UBS Limited and UBS Deutschland AG. UBS Deutschland AG is regulated by the Bundesanstalt fur Finanzdienstleistungsaufsicht (BaFin). **Spain:** Prepared by UBS Limited and distributed by UBS Limited and UBS Securities España SV, SA. UBS Securities España SV, SA is regulated by the Comisión Nacional del Mercado de Valores (CNMV). **Turkey:** Distributed by UBS Limited. No information in this document is provided for the purpose of offering, marketing and sale by any means of any capital market instruments and services in the Republic of Turkey. Therefore, this document may not be considered as an offer made or to be made to residents of the Republic of Turkey. UBS AG is not licensed by the Turkish Capital Market Board under the provisions of the Capital Market Law (Law No. 6362). Accordingly, neither this document nor any other offering material related to the instruments/services may be utilized in connection with providing any capital market services to persons within the Republic of Turkey without the prior approval of the Capital Market Board. However, according to article 15 (d) (ii) of the Decree No. 32, there is no restriction on the purchase or sale of the securities abroad by residents of the Republic of Turkey. **Poland:** Distributed by UBS Limited (spolka z ograniczona odpowiedzialnoscia) Oddzial w Polsce regulated by the Polish Financial Supervision Authority. Where an analyst of UBS Limited (spolka z ograniczona odpowiedzialnoscia) Oddzial w Polsce has contributed to this document, the document is also deemed to have been prepared by UBS Limited (spolka z ograniczona odpowiedzialnoscia) Oddzial w Polsce. **Russia:** Prepared and distributed by UBS Bank (OOO). **Switzerland:** Distributed by UBS AG to persons who are institutional investors only. UBS AG is regulated by the Swiss Financial Market Supervisory Authority (FINMA). **Italy:** Prepared by UBS Limited and distributed by UBS Limited and UBS Italia Sim S.p.A. UBS Italia Sim S.p.A. is regulated by the Bank of Italy and by the Commissione Nazionale per le Società e la Borsa (CONSOB). Where an analyst of UBS Italia Sim S.p.A. has contributed to this document, the document is also deemed to have been prepared by UBS Italia Sim S.p.A. **South Africa:** Distributed by UBS South Africa (Pty) Limited (Registration No. 1995/011140/07), an authorised user of the JSE and an authorised Financial Services Provider (FSP 7328). **Israel:** This material is distributed by UBS Limited. UBS Limited is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. UBS Securities Israel Ltd is a licensed Investment Marketer that is supervised by the Israel Securities Authority (ISA). UBS Limited and its affiliates incorporated outside Israel are not licensed under the Israeli Advisory Law. UBS Limited is not covered by insurance as required from a licensee under the Israeli Advisory Law. UBS may engage among others in issuance of Financial Assets or in distribution of Financial Assets of other issuers for fees or other benefits. UBS Limited and its affiliates may prefer various Financial Assets to which they have or may have Affiliation (as such term is defined under the Israeli Advisory Law). Nothing in this Material should be considered as investment advice under the Israeli Advisory Law. This Material is being issued only to and/or is directed only at persons who are Eligible Clients within the meaning of the Israeli Advisory Law, and this material must not be relied on or acted upon by any other persons. **Saudi Arabia:** This document has been issued by UBS AG (and/or any of its subsidiaries, branches or affiliates), a public company limited by shares, incorporated in Switzerland with its registered offices at Aeschenvorstadt 1, CH-4051 Basel and Bahnhofstrasse 45, CH-8001 Zurich. This publication has been approved by UBS Saudi Arabia (a subsidiary of UBS AG), a Saudi closed joint stock company incorporated in the Kingdom of Saudi Arabia under commercial register number 1010257812 having its registered office at Tatweer Towers, P.O. Box 75724, Riyadh 11588, Kingdom of Saudi Arabia. UBS Saudi Arabia is authorized and regulated by the Capital Market Authority to conduct securities business under license number 08113-37. **Dubai:** The information distributed by UBS AG Dubai Branch is intended for Professional Clients only and is not for further distribution within the United Arab Emirates. **United States:** Distributed to US persons by either UBS Securities LLC or by UBS Financial Services Inc., subsidiaries of UBS AG; or by a group, subsidiary or affiliate of UBS AG that is not registered as a US broker-dealer (a **'non-US affiliate'**) to major US institutional investors only. UBS Securities LLC or UBS Financial Services Inc. accepts responsibility for the content of a document prepared by another non-US affiliate when distributed to US persons by UBS Securities LLC or UBS Financial Services Inc. All transactions by a US person in the securities mentioned in this document must be effected through UBS Securities LLC or UBS Financial Services Inc., and not through a non-US affiliate. **Canada:** Distributed by UBS Securities Canada Inc., a registered investment dealer in Canada and a Member-Canadian Investor Protection Fund, or by another affiliate of UBS AG that is registered to conduct business in Canada or is otherwise exempt from registration. **Brazil:** Except as otherwise specified herein, this material is prepared by UBS Brasil CCTVM S.A. to persons who are eligible investors residing in Brazil, which are considered to be: (i) financial institutions, (ii) insurance firms and investment capital companies, (iii) supplementary pension entities, (iv) entities that hold financial investments higher than R$300,000.00 and that confirm the status of qualified investors in written, (v) investment funds, (vi) securities portfolio managers and securities consultants duly authorized by Comissão de Valores Mobiliários (CVM), regarding their own investments, and (vii) social security systems created by the Federal Government, States, and Municipalities. **Hong Kong:** Distributed by UBS Securities Asia Limited and/or UBS AG, Hong Kong Branch. **Singapore:** Distributed by UBS Securities Pte. Ltd. [MCI (P) 016/09/2014 and Co. Reg. No.: 198500648C] or UBS AG, Singapore Branch. Please contact UBS Securities Pte. Ltd., an exempt financial adviser under the Singapore Financial Advisers Act (Cap. 110); or UBS AG, Singapore Branch, an exempt financial adviser under the Singapore Financial Advisers Act (Cap. 110) and a wholesale bank licensed under the Singapore Banking Act (Cap. 19) regulated by the Monetary Authority of Singapore, in respect of any matters arising from, or in connection with, the analysis or document. The recipients of this document represent and warrant that they are accredited and institutional investors as defined in the Securities and Futures Act (Cap. 289). **Japan:** Distributed by UBS Securities Japan Co., Ltd. to professional investors (except as otherwise permitted). Where this document has been prepared by UBS Securities Japan Co., Ltd., UBS Securities Japan Co., Ltd. is the author, publisher and distributor of the document. Distributed by UBS AG, Tokyo Branch to Professional Investors (except as otherwise permitted) in relation to foreign exchange and other banking businesses when relevant. **Australia:** Clients of UBS AG: Distributed by UBS AG (Holder of Australian Financial Services License No. 231087). Clients of UBS Securities Australia Ltd: Distributed by UBS Securities Australia Ltd (Holder of Australian Financial Services License No. 231098). Clients of UBS Wealth Management Australia Ltd: Distributed by UBS Wealth Management Australia Ltd (Holder of Australian Financial Services Licence No. 231127). This Document contains general information and/or general advice only and does not constitute personal financial product advice. As such, the Information in this document has been prepared without taking into account any investor's objectives, financial situation or needs, and investors should, before acting on the Information, consider the appropriateness of the Information, having regard to their objectives, financial situation and needs. If the Information contained in this document relates to the acquisition, or potential acquisition of a particular financial product by a 'Retail' client as defined by section 761G of the Corporations Act 2001 where a Product Disclosure Statement would be required, the retail client should obtain and consider the Product Disclosure Statement relating to the product before making any decision about whether to acquire the product. The UBS Securities Australia Limited Financial Services Guide is available at: www.ubs.com/ecs-research-fsg. **New Zealand:** Distributed by UBS New Zealand Ltd. The information and recommendations in this publication are provided for general information purposes only. To the extent that any such information or recommendations constitute financial advice, they do not take into account any person's particular financial situation or goals. We recommend that recipients seek advice specific to their circumstances from their financial advisor. **Korea:** Distributed in Korea by UBS Securities Pte. Ltd., Seoul Branch. This document may have been edited or contributed to from time to time by affiliates of UBS Securities Pte. Ltd., Seoul Branch. **Malaysia:** This material is authorized to be distributed in Malaysia by UBS Securities Malaysia Sdn. Bhd (Capital Markets Services License No.: CMSL/A0063/2007). This material is intended for professional/institutional clients only and not for distribution to any retail clients. **India:** Prepared by UBS Securities India Private Ltd. (Corporate Identity Number U67120MH1996PTC097299) 2/F, 2 North Avenue, Maker Maxity, Bandra Kurla Complex, Bandra (East), Mumbai (India) 400051. Phone: +912261556000. It provides brokerage services bearing SEBI Registration Numbers: NSE (Capital Market Segment): INB230951431, NSE (F&O Segment) INF230951431, NSE (Currency Derivatives Segment) INE230951431, BSE (Capital Market Segment) INB010951437; merchant banking services bearing SEBI Registration Number: INM000010809 and research services. UBS AG, its affiliates or subsidiaries may have debt holdings or positions in the subject Indian company/companies. Within the past 12 months, UBS AG, its affiliates or subsidiaries may have received compensation for non-investment banking securities-related services and/or non-securities services from the subject Indian company/companies. With regard to information on associates, please refer Annual Report at: http://www.ubs.com/global/en/about_ubs/investor_relations/annualreporting.html

The disclosures contained in research documents produced by UBS Limited shall be governed by and construed in accordance with English law.

UBS