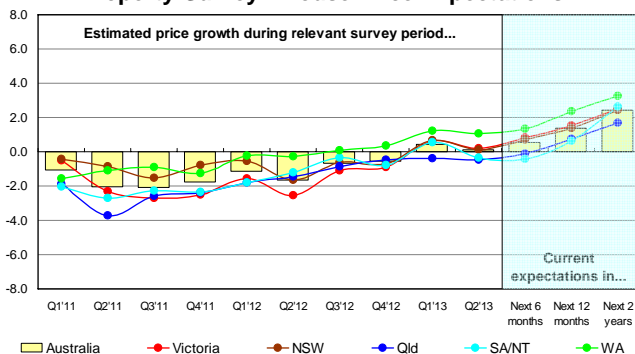


## Quarterly Australian Residential Property Survey: Q2 2013

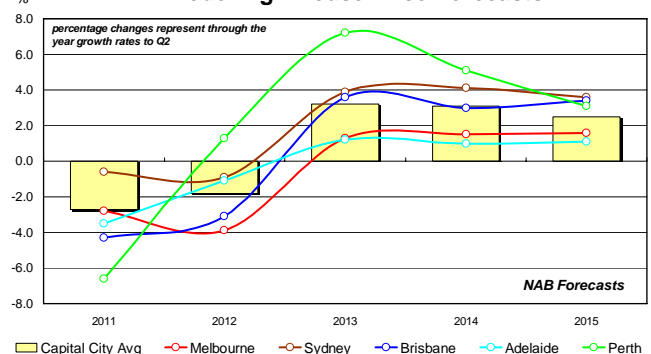
Housing market sentiment weakened in all states in the June quarter as prices took a backward step and rents slowed. Capital and rental expectations were also more measured, with confidence seemingly undermined by softer economic growth and downside risks posed by the economy's structural adjustment. WA is the most optimistic state for prices in the next year, followed by Victoria and NSW. Resident owner occupiers more active in the established market, while new developments attract more investors. Foreign buyer activity remains elevated at around 13% of total demand, up from 5-6% in much of 2011.

- The NAB Residential Property Index fell to +15 points in Q2'13 (+35 in Q1'13). WA (+42) was the standout but sentiment was down from Q1 highs. Victoria (+18) was the next best state. Market sentiment was weakest in SA/NT (-9) and Queensland (+4). WA (+72) is expected to remain the leading state, but Queensland (+59) will overtake Victoria (+58) and NSW (+57) by mid-2015.
- Nationwide house price growth slowed to 0.1% in Q2'13, with weaker outcomes reported in all states. Price growth was fastest in WA (1%), but fell in Queensland (-0.5%) and SA/NT (-0.4%). Property professionals were also less bullish in regards to future price growth (all states). National house prices are now expected to rise by just 1.4% in the next year and 2.4% in the next 2 years, despite improved affordability and lower interest rates.
- **NAB modelling indicates capital city house prices will grow 3.1% through the year to Q2'14 and 2.5% in the year to Q2'15** - above the survey forecast. NSW (4.1% and 3.6%), WA (5.1% and 3.1%) and Brisbane (3% and 3.4%) outperform, with Melbourne (1.5% and 1.6%) and Adelaide (1% and 1.1%) lagging. See Appendix 1.
- There was a loosening in the national rental market in Q2'13 as rents stalled (0.1%). Income returns were lower in all states. WA (0.8%) was again the standout with rents falling in SA/NT (-0.5%) and NSW (-0.2%). Against a backdrop of slower economic growth and rising labour market pressures, rental expectations over the next 1-2 years were revised down in all states (except Victoria where they were broadly unchanged).
- Resident owner occupiers are still the main players in the new property market, but their share of total demand slipped as demand from resident investors and foreign buyers increased. Demand for new property improved slightly in the inner city and middle/outer ring (especially in NSW and WA). Tight credit was again the main factor constraining new housing development, but concerns about affordability and construction also rose.
- Resident investors saw better value in the established property market in Q2'13 (especially in Queensland), with their share of total demand rising to a high of more than 24%. Demand for inner city and middle/outer ring houses also improved slightly in Q2, but weakened for most other property types. Demand for CBD apartments remains very weak in SA/NT and Victoria. Expectations for capital growth in the next 12 months were scaled back at all price points for both houses and apartments. Employment security is still the main impediment to purchasing existing property (more so than in Q1) as forward labour market indicators continued to weaken.

**Property Survey - House Price Expectations**



**NAB Modelling - House Price Forecasts**



**NAB Residential Property Index: Q2 2013**

	Q1'11	Q2'11	Q3'11	Q4'11	Q1'12	Q2'12	Q3'12	Q4'12	Q1'13	Q2'13	Q4'13	Q2'14	Q2'15
Victoria	24	-6	-28	-16	-14	-40	-18	-15	34	18	32	53	58
NSW	35	18	20	28	28	-8	5	13	38	10	33	48	57
Queensland	-1	-26	-38	-12	-3	4	15	15	14	4	21	48	59
South Australia/NT	-4	-8	-32	-17	1	-6	-7	-20	28	-9	-3	19	44
Western Australia	15	10	11	18	41	33	41	41	71	42	50	59	72
<b>Residential Property Index</b>	<b>17</b>	<b>-2</b>	<b>-12</b>	<b>1</b>	<b>8</b>	<b>-8</b>	<b>4</b>	<b>8</b>	<b>35</b>	<b>15</b>	<b>29</b>	<b>49</b>	<b>60</b>

For more information contact:  
Alan Oster, Chief Economist  
(03) 8634 2927 0414 444 652

Robert De lure, Senior Economist - Industry Analysis  
(03) 8634 4611

Dean Pearson, Head of Industry Analysis  
(03) 8634 2331

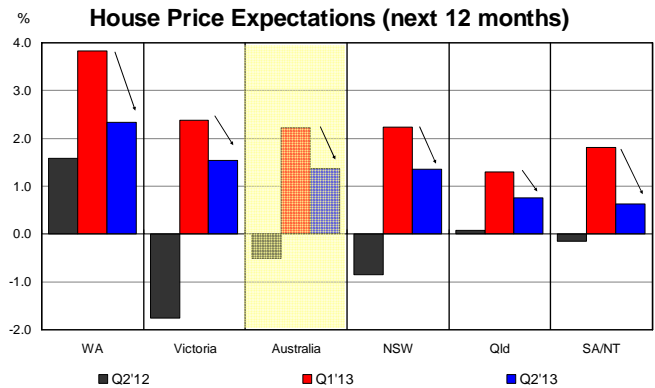
## Residential Property - Market Performance

National house prices appear to have taken a backward step in Q2. Surveyed property professionals estimated a flat outcome in Q2'13 (0.1%), after growth of 0.4% in Q1'13, which was consistent with a modest 0.2% rise reported by RP Data for the June quarter.

**National house prices took a backward step in Q2'13, while house price expectations for the next 1-2 years were more measured.**

House price growth slowed in all states. WA was still the strongest market (1%). Modest growth was reported in Victoria (0.2%) and NSW (0.1%), while prices continued falling in Queensland (-0.5%). House prices also fell in SA/NT (-0.4%) after posting a small gain in Q1.

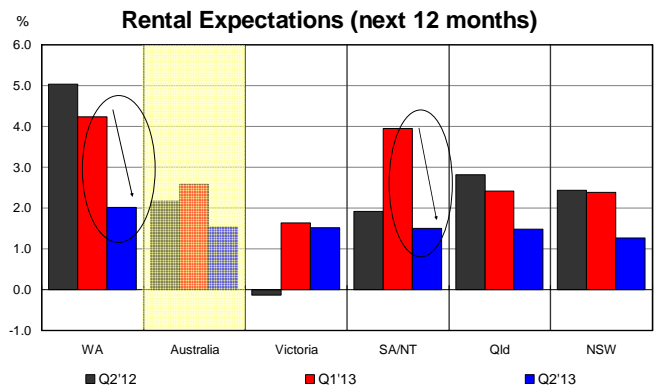
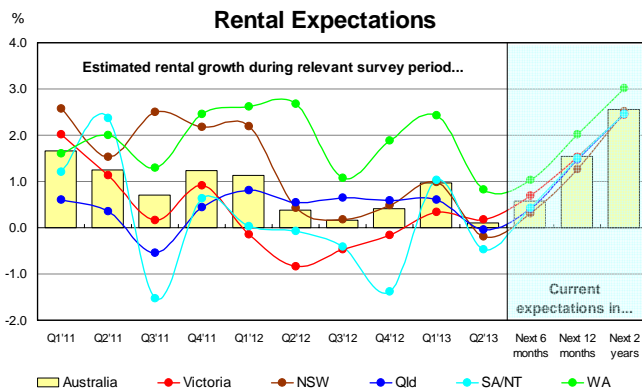
Survey respondents were more measured with regards to future house price growth as the economy softened and consumer confidence slipped. National house prices are now tipped to rise by 1.4% nationally in the next year (2.2% previously), with softer price gains forecast in all states. WA (1.4%) is still the most optimistic state, followed by Victoria (1.5%) and NSW (1.4%). Expectations are weakest in SA/NT (0.6%)



Longer-term confidence has also been undermined by the softening economy and the downside risks being posed by the economy's structural adjustment, National house prices are now expected to grow by just 2.4% in the next 2 years (3.6% forecast in Q1'13). WA is expected to out-perform the rest of the country although forecast price gains were scaled back to 3.3% (5.4% previously) amid a reported slow down in state economic growth. Respondents from Queensland were the least optimistic, tipping gains of just 1.7% (2.7% forecast previously).

NAB's own view of Australian house prices is slightly more optimistic than the average survey forecast. NAB sees capital city house prices rising by 3.1% in the year through to June 2014 and by 2.5% in the year through to June 2015. More detail is contained in Appendix 1.

**Rental growth has also stalled, while the outlook for income returns has softened.**

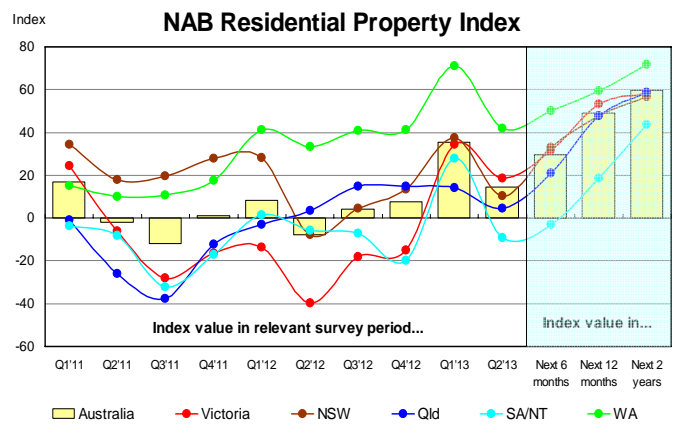
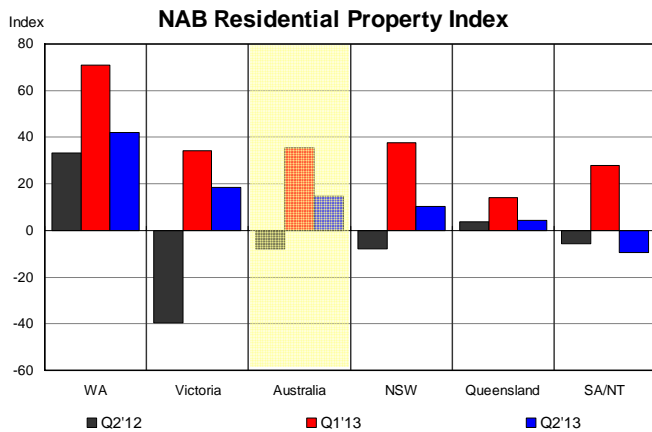


National rental growth stalled in Q2'13, rising by just 0.1% (1% in Q1'13). This comes on the heels of recent SQM research which also shows that the national vacancy rate increased in each of the last four months to May, which suggests we may be seeing a gradual loosening in the national rental market. Estimates for rental growth were scaled back in all states. WA was again the standout for income growth in Q2'13, although rents grew by just 0.8% (2.4% in Q1'13). Rents fell by -0.5% in SA/NT, reflecting the weaker local economy, and were also down -0.2% in NSW. In Victoria (where Melbourne continues to report the highest vacancy rate of the capital cities), rents grew by just 0.2%.

Rental expectations for the next year were pared back to 1.5% nationally (2.6% previously). Expectations were revised down in all states except Victoria, where they were broadly unchanged (1.5%). In WA, rental growth is expected to soften to 2% (4.2% previously). Expectations were also lowered in SA/NT to 1.5%, although we note this series is generally more volatile because of a smaller sample size. Rental expectations for the next year were weakest in NSW (1.3%).

With the Australian economy slowing and labour market pressures growing, national rental returns are forecast to slow to 2.6% in the next 2 years (3.6% previously). Returns are expected to be highest in WA (3%), with yields of around 2½% forecast in all other markets.

**The NAB Residential Property Index declined in all states in Q2'13.**



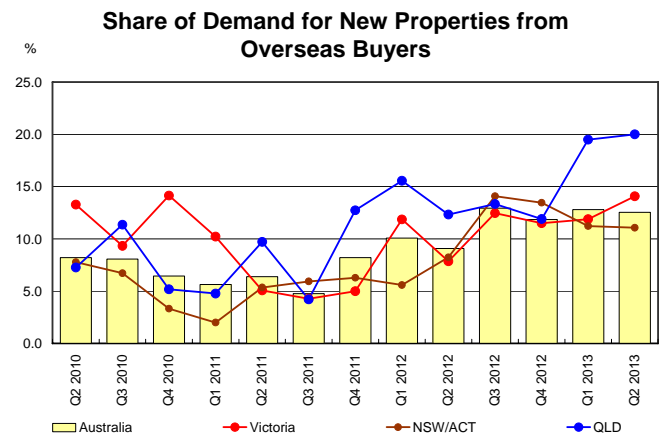
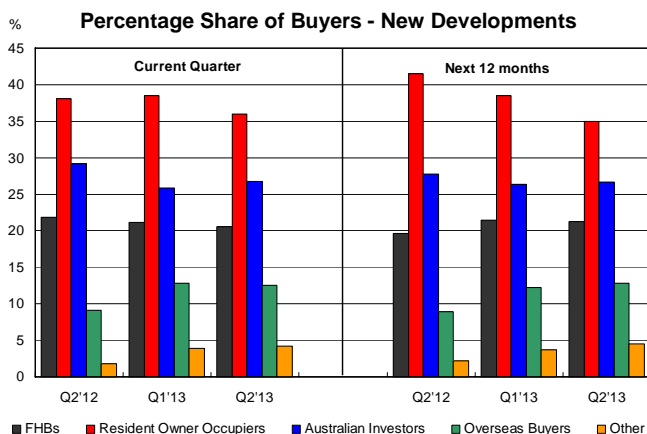
Overall sentiment in the Australian residential property market softened in all states in Q2'13 with a lower net balance of survey respondents reporting positive house price growth and a negative net balance predicting income growth. Consequently, the NAB Residential Property Index fell to +15 points, down from +35 points in Q1'13.

Overall housing market sentiment was again strongest in WA, but the state index fell to +42 points in Q2'13, down from a high of +71 points in Q1'13. In Victoria, the index fell to +15 points, but it remained the next best state. Market sentiment was weakest in SA/NT (-9 points), albeit from a smaller sample size, and in Queensland (+4 points), where the state index has fallen back to year-earlier levels.

With more property professionals cutting back their expectations for capital and income growth in the next 1-2 years, the NAB Residential Property Index is expected to rise to +49 points by mid-2014 and +60 points by mid-2015 - a substantially lower outcome than predicted in the last survey. WA out-performs, with the index climbing to +59 points by Q2'14 and +72 points by Q2'15. The survey also indicates that Queensland (+59 points) will overtake Victoria (+57 points) and NSW (+57 points) as the next best state by mid-2015.

**Residential Property - New Developments**

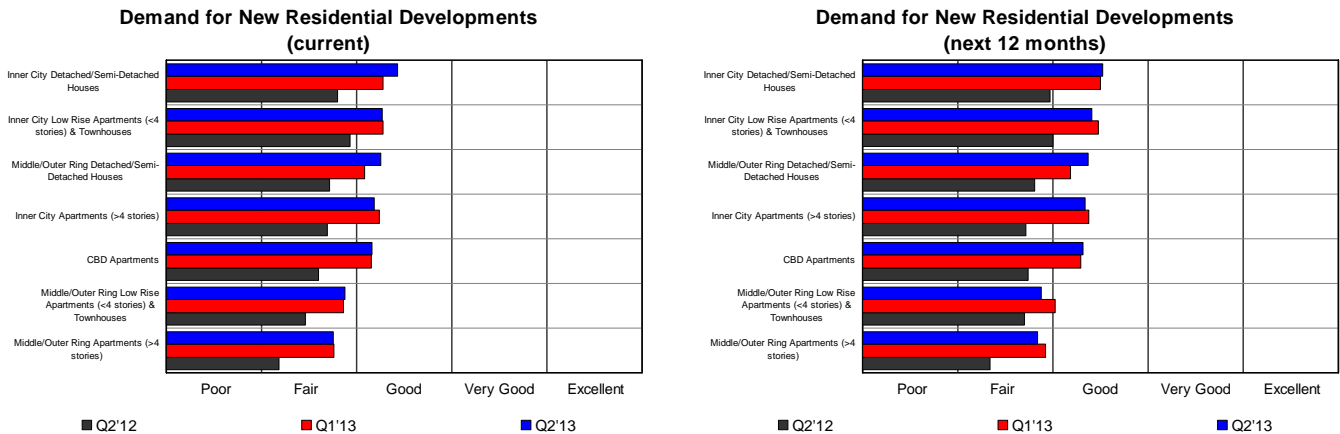
**Owner occupiers the key players in new property market but investment activity growing.**



Resident owner occupiers remain the biggest players in the new property market, but their share of total demand slipped to 36% in Q2'13. The share of first home buyer activity in the market was broadly unchanged at just over 20%. In contrast, demand for new property from Australian resident investors climbed to 27% in Q2'13, with investment demand especially strong in Victoria (34%) and Queensland (26%). We suspect that the relative low yields offered by fixed interest and continuing equity market volatility may be helping to boost investment demand.

We have seen a big pick up in recent surveys in foreign buyer activity in the new property market to around 12-13%, from 5-6% seen in much of 2011. Queensland (20%) and Victoria (14.1%) remain the choice locations for foreign investors. Asian investors (mainly Chinese) have been driving this trend according to the latest data from FIRB. A number of factors are driving Chinese investment into Australian property, including initiatives to curb real estate speculation in China, diversification for Chinese property investors and immigration potential.

**There was a modest improvement in demand for some types of new property in Q2'13, but overall demand is well above year earlier levels. Inner city houses most preferred.**



Property professionals identified an improvement in national demand for new residential inner city detached and semi-detached houses in Q2'13, with overall demand considered to be "good". However, demand for this type of property strengthened notably in both NSW and WA, where demand was considered "very good". Stronger demand for this property type was also noted in Queensland, but it softened in Victoria and was considered only "fair".

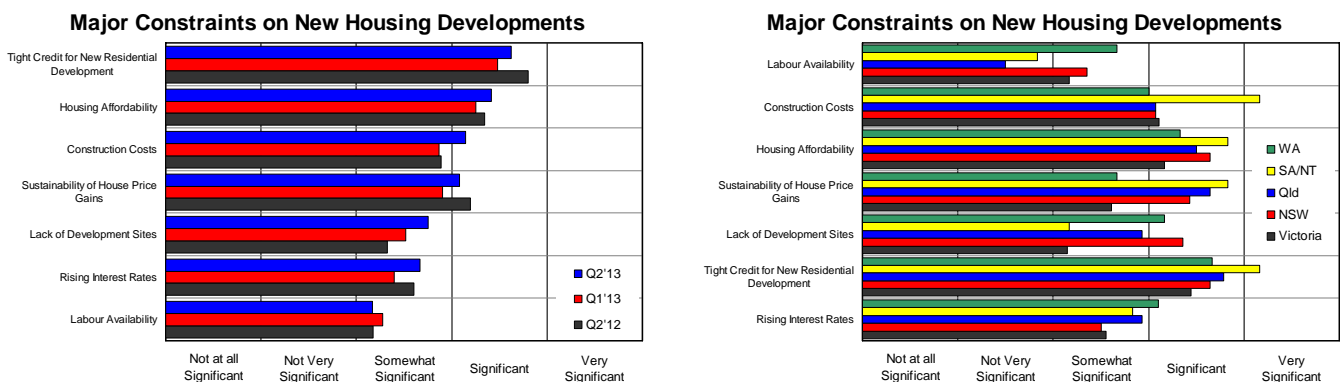
Survey respondents also identified stronger national demand for new housing developments located in the middle and outer ring with national demand for this property type considered to be "good". However, demand varied across the states. Demand for this type of property in Victoria and Queensland improved, but was still only considered "fair", whereas demand for new middle and outer ring developments in WA was "very good".

National demand for new inner city low rise apartment developments was also rated "good" in Q2, with stronger demand reported in all states except Victoria. Indeed, survey respondents in Victoria reported a marked softening in demand for this property type, with demand now considered to be only "fair". National demand for high rise apartments fell slightly in Q2'13, with softer demand in all states except NSW and Queensland.

Overall demand for new CBD apartments was unchanged in Q2'13 and rated "good". But this masked a further weakening in demand for this property type in Victoria, where it is now considered to be just "fair". While demand for some segments of the new property market in Victoria are performing well, it is now apparent that some market segments are struggling due to an over-supply of new and off the plan apartments in and near the Melbourne CBD.

Survey respondents from Victoria are the only group expecting demand for new residential property to improve across all property types in the next 12 months. In NSW, demand for inner city houses is expected to soften (but still lead the country). In Queensland, demand is expected to be unchanged in all categories except inner city low rise (down) and middle outer ring houses (up). Significantly, respondents from WA are now expecting weaker demand for new housing developments in the inner city and new housing and apartment developments in the middle/outer ring, possibly reflecting the slow down in state economic growth.

**Tight credit still a problem, but concerns over affordability & construction costs growing.**



We ask surveyed property professionals to rate how specific factors constrain new housing development in the country. At the national level (and state level), credit availability was cited as the most "significant" constraint for new developments (led by SA/NT). While these concerns have risen since Q1'13 they are below year earlier levels.

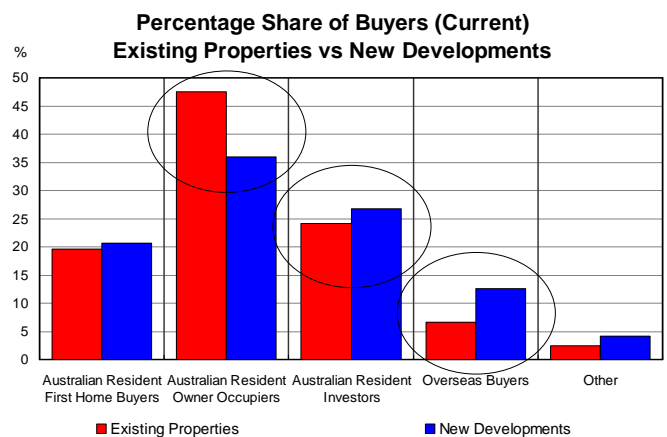
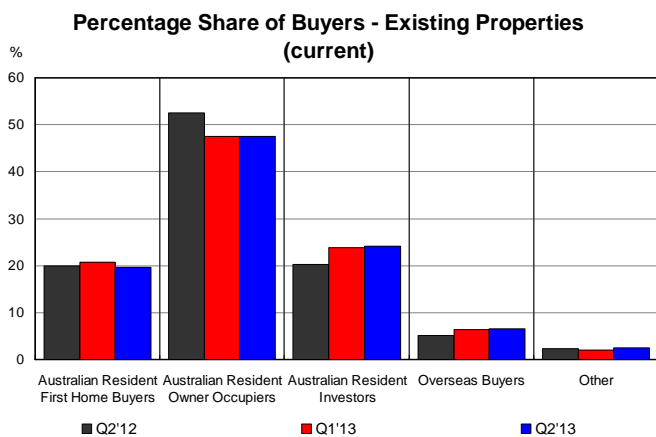
Surprisingly, housing affordability emerged as a bigger impediment to new property development in Q2 despite a softening in prices and the positive impact of May's interest rate cut on affordability. SA/NT and NSW (with the highest median house prices in the country) were most pessimistic states for housing affordability.

The impact of construction costs on new housing developments also rose in Q2'13 and it is now considered to be nationally "significant". However, concerns over construction costs were much higher in SA/NT (from a small sample size) and in Victoria. Respondents from WA were the least concerned (after expressing "very significant" concerns in the previous survey) which may relate to the recent slowing of capital works in the resource/mining sectors which has released trades to other regions.

In line with softer capital growth expectations, property professionals also rated their concern over the sustainability of house price gains as "significant". Respondents in SA/NT and Queensland expressed higher concern about the sustainability of house price gains relative to Q1'13, whereas respondents in Victoria and WA were less worried.

## Residential Property - Existing Properties

### Owner-occupiers dominate demand in the established property market



The profile of buyers in the existing property market was broadly unchanged in Q2'13. National market share continues to be dominated by resident owner occupiers, accounting for between 45-48% of demand in all states except SA/NT (almost 55%). Investors are also seeing better value in the established market, with their share of demand rising to a high of over 24%. Investors were most active in Queensland (27%) and least active in WA (18%) and SA/NT (17%). The share of first home buyers in the existing property market also rose slightly to just over 24% in Q2'13. First home buyers in the existing property market were most active in WA, although the number of first home buyers in this market may have peaked after falling back to 25% in Q2'13 (29% in Q1'13).

What has become increasingly apparent is the growing divide in the main drivers of demand for existing property compared to the new property market. A much higher proportion of resident owner occupiers are attracted to the established property market, but more investors - both domestic foreign - are seeking to buy new developments. This most likely reflects factors such as bigger tax depreciation benefits associated with new property, potential savings from buying off the plan and stricter rules for foreigners looking to buy established property in Australia.

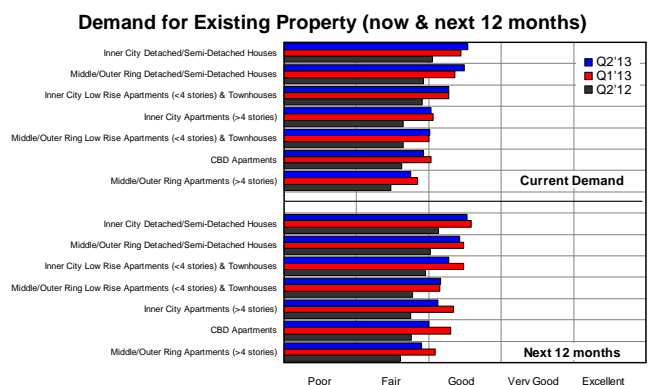
National demand for inner and middle/outer ring houses improved slightly in Q2'13. Demand for all other types of property was however slightly weaker or unchanged over Q1'13, but still stronger than year earlier levels.

Overall demand was strongest for houses in the inner city in Q2'13, with demand assessed as "good" in all states bar NSW where it was "very good". Demand for middle /outer ring houses was also "good" in all states.

Demand was weakest for middle/outer ring high rise and CBD apartments with overall demand rated "fair". Demand for CBD apartments was especially weak in SA/NT and Victoria.

Property professionals expect slightly weaker demand for all property types in the next year relative to Q1'13.

### Demand strongest for established houses





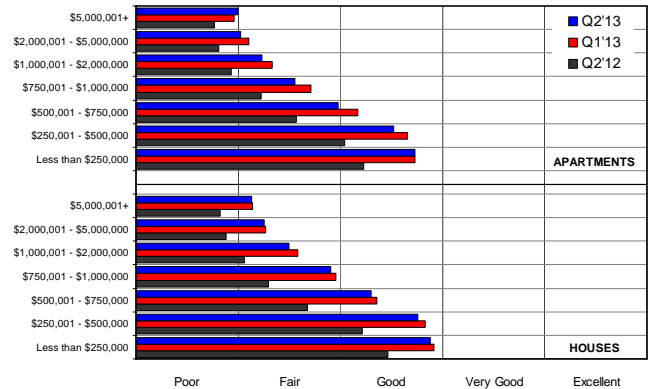
Survey respondents scaled back their expectations for capital growth in the next 12 months. Expectations were lowered at all price points for both houses and apartments, except premium apartments (largely in NSW) but expectations in this segment are still “poor”.

Whereas all states report “good” prospects for capital growth for houses below \$500,000, respondents from NSW, Victoria and WA said expectations in the \$500-750k range were also “good”. Expectations for capital growth for properties above \$1 million are “fair”.

Respondents were less bullish about capital growth for apartments at most price points, but especially in the \$500k to \$1 million range. Capital growth expectations at the premium end of the market remain very weak, especially in Queensland where demand for apartments over \$2 million is considered to be “poor”.

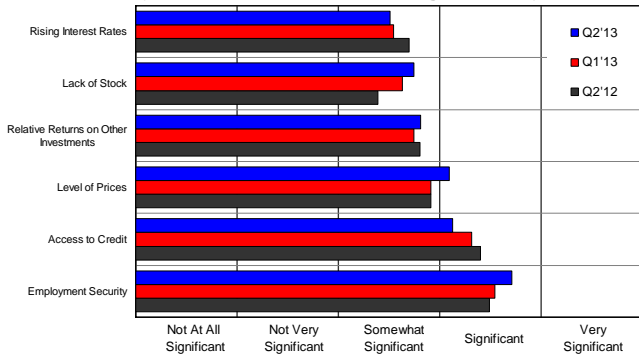
**Expectations lower at all price points**

Expected Capital Growth by Price (next 12 months)

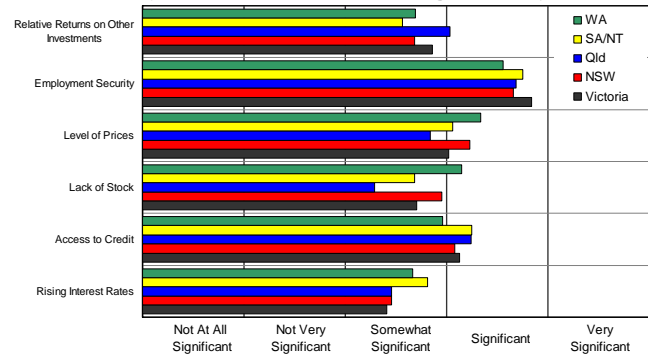


**Employment security the biggest impediment to buying existing property.**

Major Constraints on Existing Property



Major Constraints on Existing Property



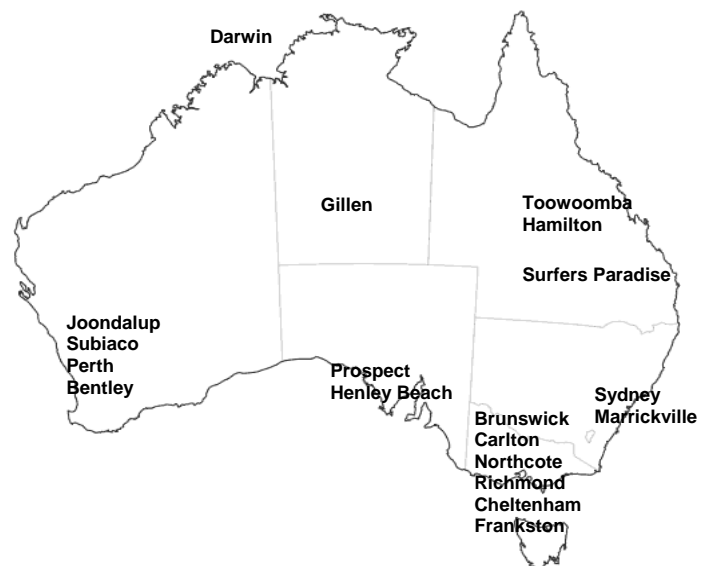
Employment security is still the biggest impediment to purchasing existing property and more so than in Q1'13. It was the biggest impediment in all states, consistent with weaker forward labour market indicators in recent months. Victoria and SA/NT were most pessimistic, but concerns increased most in WA, where state unemployment has been rising recently. Access to credit was the next most “significant” concern, but property professionals were less concerned about credit availability than in Q1'13. Access to credit was identified as being most difficult in SA/NT and Queensland, which was also the only state rating their concerns about credit availability higher than in Q1'13. With prices climbing since Q1'13, property professionals also saw house price levels as a “significant” concern. Not surprisingly, these concerns were highest in WA (where price growth has been fastest) and NSW (where median house prices are highest in the country). Property professionals in Queensland were the least worried.

**More suburbs in Victoria to enjoy above average capital growth in next 12 months**

Victoria nominated more suburbs to grow fastest in terms of capital values in the next 12 months. The established inner suburbs of Brunswick, Carlton, Northcote and Richmond were the most favoured, along with the seaside suburbs of Cheltenham and Frankston.

The Brisbane suburbs of Toowoomba and Hamilton were identified as strong prospects, along with Surfers Paradise in south east Queensland.

In NSW, Sydney and Marrickville featured prominently, while Prospect and Henley Beach were prominent in SA. In WA, the suburbs of Joondalup, Subiaco, Perth and Bentley were most nominated. Darwin was again nominated in the NT, also joined by the Alice Springs suburb of Gillen.



## Survey Respondents' Expectations

### House Price Expectations (%)

	Current Survey Quarter										Next 6mth	Next 12mth	Next 2yrs
	Q1'11	Q2'11	Q3'11	Q4'11	Q1'12	Q2'12	Q3'12	Q4'12	Q1'13	Q2'13			
Victoria	-0.5	-2.3	-2.7	-2.5	-1.6	-2.5	-1.1	-0.9	0.6	0.2	0.8	1.5	2.5
NSW	-0.4	-0.9	-1.5	-0.8	-0.5	-1.7	-0.6	-0.7	0.6	0.1	0.7	1.4	2.4
Queensland	-1.9	-3.7	-2.6	-2.4	-1.8	-1.4	-0.8	-0.5	-0.4	-0.5	-0.1	0.8	1.7
South Australia/NT	-2.1	-2.7	-2.3	-2.4	-1.8	-1.2	-0.3	-0.8	0.5	-0.4	-0.4	0.6	2.6
Western Australia	-1.6	-1.1	-0.9	-1.3	-0.2	-0.3	0.1	0.4	1.2	1.0	1.3	2.3	3.3
<b>Australia</b>	<b>-1.1</b>	<b>-2.0</b>	<b>-2.1</b>	<b>-1.8</b>	<b>-1.2</b>	<b>-1.6</b>	<b>-0.7</b>	<b>-0.6</b>	<b>0.4</b>	<b>0.1</b>	<b>0.6</b>	<b>1.4</b>	<b>2.4</b>

### Rental Expectations (%)

	Current Survey Quarter										Next 6mth	Next 12mth	Next 2yrs
	Q1'11	Q2'11	Q3'11	Q4'11	Q1'12	Q2'12	Q3'12	Q4'12	Q1'13	Q2'13			
Victoria	2.0	1.1	0.2	0.9	-0.1	-0.8	-0.5	-0.2	0.3	0.2	0.7	1.5	2.4
NSW	2.6	1.5	2.5	2.2	2.2	0.4	0.2	0.5	1.0	-0.2	0.3	1.3	2.5
Queensland	0.6	0.4	-0.5	0.4	0.8	0.6	0.6	0.6	0.6	0.0	0.4	1.5	2.5
South Australia/NT	1.2	2.4	-1.5	0.6	0.0	-0.1	-0.4	-1.4	1.0	-0.5	0.4	1.5	2.5
Western Australia	1.6	2.0	1.3	2.5	2.6	2.7	1.1	1.9	2.4	0.8	1.0	2.0	3.0
<b>Australia</b>	<b>1.7</b>	<b>1.3</b>	<b>0.7</b>	<b>1.2</b>	<b>1.1</b>	<b>0.4</b>	<b>0.2</b>	<b>0.4</b>	<b>1.0</b>	<b>0.1</b>	<b>0.6</b>	<b>1.5</b>	<b>2.6</b>

## Appendix 1: NAB's View of Residential House Prices

The low interest rate environment combined with increased housing affordability has underpinned an improvement in residential property prices since 2012. However, national house prices took a backwards step in Q2 2013, despite average mortgage rates falling to their lowest levels since late-2009. RP Data indicates that dwelling prices rose by just 0.2% in the 8-capital cities in Q2'13 (2.8% in Q1'13). Market performance remained patchy between the states, with dwelling prices down in all cities except Sydney and Adelaide, while Perth was essentially flat.

Despite the weaker outcome for house prices in Q2 2013, the 25 bps interest rate cut in May and NAB's forecast for a further 25 bps rate cut in August should help support prices into 2014. However, we expect these gains to be modest with job security looming as a constraint on house prices as 2013 unfolds.

Housing indicators such as finance approvals, new home sales, housing credit and dwelling investment are slowly improving, but the appetite for housing and increased debt does not seem conducive to another house price bubble developing in the near-future. Dwelling approvals are continuing to drift sideways, suggesting that the scope for further growth in dwelling investment in the near-term will be limited, with oversupply emerging in some regions (such as Melbourne apartments and outer suburbs) also limiting this momentum.

NAB modelling indicates average capital city house prices will rise by 3.1% through the year to June 2014 and by 2.5% in the year to June 2015, above the average survey forecast. House price growth will however vary with Perth (5.1%), Sydney (4.1%) and Brisbane (3%) leading the way in 2014. Capital gains will be slowest in Melbourne (1.5%) and Adelaide (1%) reflecting excess supply in these locations and subdued state economic conditions.

State variance will persist into 2015 with slower growth forecast in Perth (3.1%) as resource activity moderates, unemployment rises as population growth eases. Sydney (3.6%) will out-perform the national average underpinned by supply shortages and improved affordability. In Brisbane, house prices are expected to rise by 3.4%. In Melbourne (1.6%) and Adelaide (1.1%), price growth will continue to be constrained by excess supply.

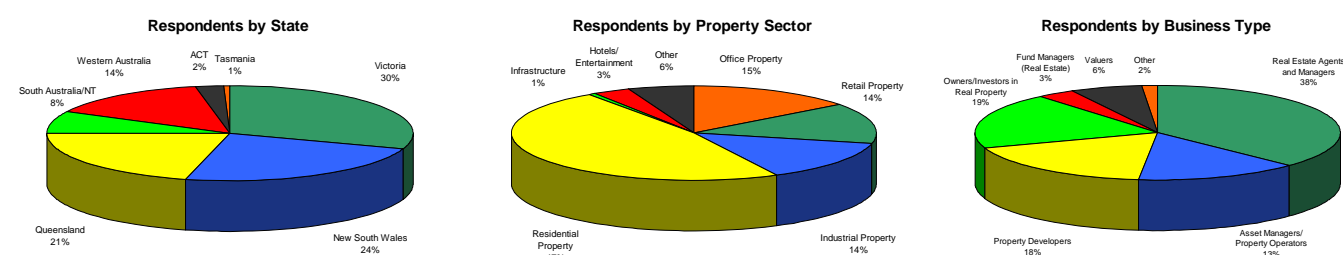
### NAB Capital City House Price Forecasts (%)\*

	2010	2011	2012	2013	2014	2015
Sydney	16.9	-0.6	-0.9	3.9	4.1	3.6
Melbourne	22.8	-2.8	-3.9	1.3	1.5	1.6
Brisbane	8.5	-4.3	-3.1	3.6	3.0	3.4
Adelaide	9.3	-3.5	-1.1	1.2	1.0	1.1
Perth	12.4	-6.6	1.3	7.2	5.1	3.1
<b>Capital City Average</b>	<b>16.0</b>	<b>-2.7</b>	<b>-1.8</b>	<b>3.2</b>	<b>3.1</b>	<b>2.5</b>

\*percentage changes represent through the year growth rates to Q2

## About the Survey

In April 2010, NAB launched the inaugural NAB Quarterly Australian Commercial Property Survey with the aim of developing Australia's pre-eminent survey of market conditions in the Commercial Property market. The large external panel of respondents consisted of Real Estate Agents/Managers, Property Developers, Asset/Fund Managers and Owners/Investors. Given the large number of respondents who are also directly exposed to the residential market, NAB expanded the survey questionnaire to focus more extensively on the Australian Residential market. Around 300 panellists participated in the June 2013 Survey and the breakdown of our Survey respondents - by location, property sector and business type - are shown below.





## Macroeconomic, Industry & Markets Research

### Australia

Alan Oster	Group Chief Economist	+ (61 3) 8634 2927
Jacqui Brand	Personal Assistant	+ (61 3) 8634 2181
Rob Brooker	Head of Australian Economics & Commodities	+ (61 3) 8634 1663
Alexandra Knight	Economist - Australia	+ (61 3) 9208 8035
Vyanne Lai	Economist - Agribusiness	+ (61 3) 8634 0198
Dean Pearson	Head of Industry Analysis	+ (61 3) 8634 2331
Robert De Iure	Senior Economist - Industry Analysis	+ (61 3) 8634 4611
Gerard Burg	Economist - Industry Analysis	+ (61 3) 8634 2788
Brien McDonald	Economist - Industry Analysis & Risk Metrics	+ (61 3) 8634 3837
Tom Taylor	Head of International Economics	+ (61 3) 8634 1883
John Sharma	Economist - Sovereign Risk	+ (61 3) 8634 4514
Tony Kelly	Economist - International	+ (61 3) 9208 5049
James Glenn	Economist - Asia	+ (61 3) 9208 8129

### Global Markets Research - Wholesale Banking

Peter Jolly	Head of Markets Research	+ (61 2) 9237 1406
Robert Henderson	Chief Economist Markets - Australia	+ (61 2) 9237 1836
Spiros Papadopoulos	Senior Economist - Markets	+ (61 3) 8641 0978
David de Garis	Senior Economist - Markets	+ (61 3) 8641 3045

### New Zealand

Tony Alexander	Chief Economist - BNZ	+ (64 4) 474 6744
Stephen Toplis	Head of Research, NZ	+ (64 4) 474 6905
Craig Ebert	Senior Economist, NZ	+ (64 4) 474 6799
Doug Steel	Markets Economist, NZ	+ (64 4) 474 6923

### London

Nick Parsons	Head of Research, UK/Europe & Global Head of FX Strategy	+ (44 20) 7710 2993
Tom Vosa	Head of Market Economics - UK/Europe	+ (44 20) 7710 1573
Gavin Friend	Markets Strategist - UK/Europe	+ (44 20) 7710 2155

### Foreign Exchange

Sydney	+800 9295 1100	+ (61 2) 9295 1166
Melbourne	+800 842 3301	+ (61 3) 9277 3321
Wellington	+800 64 642 222	+800 64 644 464
London	+800 747 4615	+ (44 20) 7796 4761
New York	+1 800 125 602	+1877 377 5480
Singapore	+ (65) 338 0019	+ (65) 338 1789

### Fixed Interest/Derivatives

## Important Notices

**Disclaimer:** This document has been prepared by National Australia Bank Limited ABN 12 004 044 937 AFSL 230686 ("NAB"). Any advice contained in this document has been prepared without taking into account your objectives, financial situation or needs. Before acting on any advice in this document, NAB recommends that you consider whether the advice is appropriate for your circumstances. NAB recommends that you obtain and consider the relevant Product Disclosure Statement or other disclosure document, before making any decision about a product including whether to acquire or to continue to hold it. Products are issued by NAB unless otherwise specified.

So far as laws and regulatory requirements permit, NAB, its related companies, associated entities and any officer, employee, agent, adviser or contractor thereof (the "NAB Group") does not warrant or represent that the information, recommendations, opinions or conclusions contained in this document ("**Information**") is accurate, reliable, complete or current. The Information is indicative and prepared for information purposes only and does not purport to contain all matters relevant to any particular investment or financial instrument. The Information is not intended to be relied upon and in all cases anyone proposing to use the Information should independently verify and check its accuracy, completeness, reliability and suitability obtain appropriate professional advice. The Information is not intended to create any legal or fiduciary relationship and nothing contained in this document will be considered an invitation to engage in business, a recommendation, guidance, invitation, inducement, proposal, advice or solicitation to provide investment, financial or banking services or an invitation to engage in business or invest, buy, sell or deal in any securities or other financial instruments.

The Information is subject to change without notice, but the NAB Group shall not be under any duty to update or correct it. All statements as to future matters are not guaranteed to be accurate and any statements as to past performance do not represent future performance.

The NAB Group takes various positions and/or roles in relation to financial products and services, and (subject to NAB policies) may hold a position or act as a price-maker in the financial instruments of any company or issuer discussed within this document, or act and receive fees as an underwriter, placement agent, adviser, broker or lender to such company or issuer. The NAB Group may transact, for its own account or for the account of any client(s), the securities of or other financial instruments relating to any company or issuer described in the Information, including in a manner that is inconsistent with or contrary to the Information.

Subject to any terms implied by law and which cannot be excluded, the NAB Group shall not be liable for any errors, omissions, defects or misrepresentations in the Information (including by reasons of negligence, negligent misstatement or otherwise) or for any loss or damage (whether direct or indirect) suffered by persons who use or rely on the Information. If any law prohibits the exclusion of such liability, the NAB Group limits its liability to the re-supply of the Information, provided that such limitation is permitted by law and is fair and reasonable.

This document is intended for clients of the NAB Group only and may not be reproduced or distributed without the consent of NAB. The Information is governed by, and is to be construed in accordance with, the laws in force in the State of Victoria, Australia.

**Analyst Disclaimer:** The Information accurately reflects the personal views of the author(s) about the securities, issuers and other subject matters discussed, and is based upon sources reasonably believed to be reliable and accurate. The views of the author(s) do not necessarily reflect the views of the NAB Group. No part of the compensation of the author(s) was, is, or will be, directly or indirectly, related to any specific recommendations or views expressed. Research analysts responsible for this report receive compensation based upon, among other factors, the overall profitability of the Global Markets Division of NAB.

**For distribution by WealthHub Securities:** Where you have received this document via the nabtrade service (nabtrade), it is distributed to you by WealthHub Securities Limited ABN 83 089 718 249 AFSL No. 230704 ("WealthHub Securities"). WealthHub Securities is a Participant of the Australia Securities Exchange and a wholly owned subsidiary of National Australia Bank Limited ABN 12 004 044 937 AFSL No. 230686 ("NAB"). NAB doesn't guarantee the obligations or performance its subsidiaries, or the products or services its subsidiaries offer. Any material provided to you by WealthHub Securities will contain factual information or general advice. This factual information or general advice does not take into account your particular objectives, financial situation and needs, and a statement of advice will not be provided. WealthHub Securities will not give you any legal, tax, financial or accounting advice or any advice or recommendation regarding the suitability or profitability about your transactions. Before you make a decision about whether to acquire a financial product, you should obtain and read the Product Disclosure Statement available at nabtrade.com.au and consider the appropriateness of the information having regard to your particular circumstances. You agree that you will not solely rely on the information provided by WealthHub Securities or elsewhere on nabtrade.com.au when making investment and/or financial decisions. WealthHub Securities does not provide personal advice to online retail clients. WealthHub Securities receives commission from dealing in securities and from its authorised representatives. Introducers of business may directly share in this commission. WealthHub Securities and its associates may hold shares in the companies that it distributes research/information on.

The value of investments and future returns may rise or fall and, at times, returns may be negative. Past performance is not a guarantee of future performance. Please note, this material has not been verified by WealthHub Securities. WealthHub Securities does not make any representation or warranty as to the timeliness, reliability, accuracy or completeness of the material, nor does it accept any responsibility arising in any way for errors in, or omissions from, that material.

**United Kingdom:** If this document is distributed in the United Kingdom, such distribution is by National Australia Bank Limited, 88 Wood Street, London EC2V 7QQ. Registered in England BR1924. Head Office: 800 Bourke Street, Docklands, Victoria, 3008. Incorporated with limited liability in the State of Victoria, Australia. Authorised and regulated by the Australian Prudential Regulation Authority. Authorised in the UK by the Prudential Regulation Authority. Subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. Details about the extent of our regulation by the Prudential Regulation Authority are available from us on request.

**USA:** If this document is distributed in the United States, such distribution is by nabSecurities, LLC. This document is not intended as an offer or solicitation for the purchase or sale of any securities, financial instrument or product or to provide financial services. It is not the intention of nabSecurities to create legal relations on the basis of information provided herein. **Hong Kong:** In Hong Kong this document is for distribution only to "professional investors" within the meaning of Schedule 1 to the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) ("SFO") and any rules made thereunder and may not be redistributed in whole or in part in Hong Kong to any person. Issued by National Australia Bank Limited, a licensed bank under the Banking Ordinance (Cap. 155, Laws of Hong Kong) and a registered institution under the SFO (central entity number: AAO169).

**New Zealand:** This publication has been provided for general information only. Although every effort has been made to ensure this publication is accurate the contents should not be relied upon or used as a basis for entering into any products described in this publication. To the extent that any information or recommendations in this publication constitute financial advice, they do not take into account any person's particular financial situation or goals. Bank of New Zealand strongly recommends readers seek independent legal/financial advice prior to acting in relation to any of the matters discussed in this publication. Neither Bank of New Zealand nor any person involved in this publication accepts any liability for any loss or damage whatsoever may directly or indirectly result from any advice, opinion, information, representation or omission, whether negligent or otherwise, contained in this publication. National Australia Bank Limited is not a registered bank in New Zealand.

**Japan:** National Australia Bank Ltd. has no license of securities-related business in Japan. Therefore, this document is only for your information purpose and is not intended as an offer or solicitation for the purchase or sale of the securities described herein or for any other action.