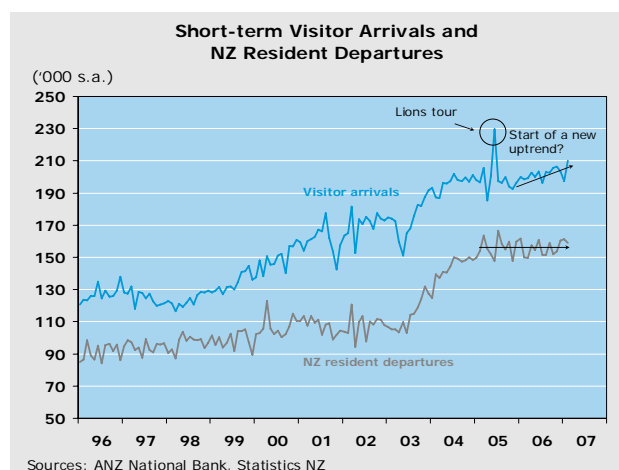
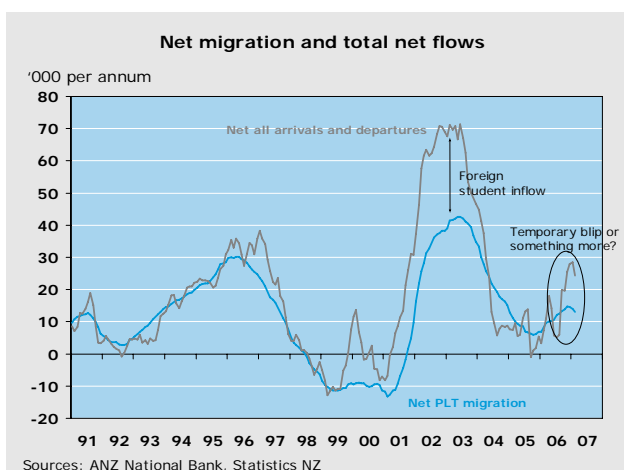


## EXTERNAL MIGRATION – FEBRUARY 2007

### Key points

- Migration recorded a net inflow of 520 (s.a.) in February, taking the annual total to 13,150.
- The trend in net migration flows appears to be softening, although it is still too early to be confident that it has definitely turned.
- There are early signs of an upward trend developing in short-term visitor arrivals, while NZ resident short-term departures remain stagnant.
- At current levels, migration will continue to provide a base for the housing market and consumer spending, but the Reserve Bank will take some comfort that migration is not accelerating.

	Actual
Net permanent and long term migration (monthly, s.a.)	520
Net permanent and long term migration (annual)	13,150
Overseas visitor arrivals (monthly, s.a.)	6.5%
NZ Resident short term departures (monthly, s.a.)	-1.4%



**In seasonally adjusted terms, there was a net migration inflow of 520 in February.** This follows a monthly increase of 410 in January and has seen the annual net inflow fall to 13,150 from 14,120 in January. The recent slowing in net migration inflows appears to be due to an easing in PLT arrivals, coupled with a small pick up in PLT departures. We note that in annualised terms, the three month total of net migration is running at less than 8,000 people per year. Although the trend in net migration flows appears to be softening, given the volatile nature of this data, it is still too early to be confident that it has definitely turned.

**Despite the high NZD, there appears to be an upward trend developing in visitor arrivals.** Short-term visitor arrivals rose by 6.5 percent in February to the highest level since the Lions rugby tour induced spike in June 2005. Looking at the past 18 months there are signs of an upward trend in visitor arrivals developing, indicating resilience in the tourism sector despite the level of the NZD. If this is sustained, it will provide continued support to the tourism sector and exports of services. NZ resident departures on the other hand, have been relatively stagnant over the past 24 months, and fell by 1.4 percent in February.

**Although net PLT migration inflows have eased, when the balance of those staying for less than one year are included, it suggests further demand pressures.** Back in 2002/03, the large influx of foreign students was not picked up to a great extent by PLT flows as these persons were generally intending on staying for less than one year, but many ended up staying for longer. It was shown by a large gap between the net PLT migration flows and total net migration flows, which tend to track closely. These student flows added pressures on resources through spending and rental demand. Recently, this dichotomy between net PLT flows and total net flows has developed again and although it could be due to timing issues, it has the potential to again result in more demand pressures than the headline PLT flows would suggest. This is something the Reserve Bank will be keeping a close eye on.

**At current levels, migration will continue to provide a base for the housing market and consumer spending, but the Reserve Bank will take some comfort that migration is not accelerating.**

## Important Notice

Australia and New Zealand Banking Group Limited is represented in:

AUSTRALIA by

Australia and New Zealand Banking Group Limited ABN 11005 357 522  
10th Floor 100 Queen Street, Melbourne 3000, Australia  
Telephone +61 3 9273 6224 Fax +61 3 9273 5711

UNITED KINGDOM by:

Australia and New Zealand Banking Group Limited  
ABN 11 005 357 522  
Minerva House, PO Box 7, Montague Close, London, SE1  
9DH, United Kingdom  
Telephone +44 20 7378 2121 Fax +44 20 7378 2378

UNITED STATES OF AMERICA by:

ANZ Securities, Inc. (Member of NASD and SIPC)  
6th Floor 1177 Avenue of the Americas  
New York, NY 10036, United States of America  
Tel: +1 212 801 9160 Fax: +1 212 801 9163

NEW ZEALAND by:

ANZ National Bank Limited  
Level 7, 1 Victoria Street, Wellington, New Zealand  
Telephone +64 4 802 2000

In Australia and the UK, ANZ Investment Bank ("ANZIB") is a business name of Australia and New Zealand Banking Group Limited, ABN 11 005 357 522 ("ANZ Bank"), which holds an Australian Financial Services licence no. 234527 and is authorised in the UK by the Financial Services Authority ("FSA"). In New Zealand, ANZ Investment Bank is a business name of ANZ National Bank Limited WN / 035976 ("ANZ NB").

This document is being distributed in the United States by ANZ Securities, Inc. ("ANZSI") (an affiliated company of ANZ Bank), which accepts responsibility for its content. Further information on any securities referred to herein may be obtained from ANZSI upon request. Any US person(s) receiving this document and wishing to effect transactions in any securities referred to herein should contact ANZSI, not its affiliates.

This document is being distributed in the United Kingdom by ANZ Bank for the information of its market counterparties and intermediate customers only. It is not intended for and must not be distributed to private customers. In the UK, ANZ Bank is regulated by the FSA. Nothing here excludes or restricts any duty or liability to a customer, which ANZ Bank may have under the UK Financial Services and Markets Act 2000 or under the regulatory system as defined in the Rules of the FSA. This document is issued on the basis that it is only for the information of the particular person to whom it is provided. This document may not be reproduced, distributed or published by any recipient for any purpose. This document does not take into account your personal needs and financial circumstances. Under no circumstances is this document to be used or considered as an offer to sell, or a solicitation of an offer to buy. In addition, from time to time ANZ Bank, ANZ NB, ANZSI, their affiliated companies, or their respective associates and employees may have an interest in any financial products (as defined by the Australian Corporations Act 2001), securities or other investments, directly or indirectly the subject of this document (and may receive commissions or other remuneration in relation to the sale of such financial products, securities or other investments), or may perform services for, or solicit business from, any company the subject of this document. If you have been referred to ANZ Bank, ANZ NB, ANZSI or their affiliated companies by any person, that person may receive a benefit in respect of any transactions effected on your behalf, details of which will be available upon request. The information herein has been obtained from, and any opinions herein are based upon, sources believed reliable.

The views expressed in this document accurately reflect the author's personal views, including those about any and all of the securities and issuers referred to herein. The author however makes no representation as to its accuracy or completeness and the information should not be relied upon as such. All opinions and estimates herein reflect the author's judgement on the date of this document and are subject to change without notice. No part of the author's compensation was, is or will directly or indirectly relate to specific recommendations or views expressed about any securities or issuers in this document. The author's compensation will, be based upon, among other factors, the overall profitability of ANZ, including profits from investment banking revenues.

ANZ Bank, ANZ NB, ANZSI, their affiliated companies, their respective directors, officers, and employees disclaim any responsibility, and shall not be liable, for any loss, damage, claim, liability, proceedings, cost or expense ("Liability") arising directly or indirectly (and whether in tort (including negligence), contract, equity or otherwise) out of or in connection with the contents of and/or any omissions from this communication except where a Liability is made non-excludable by legislation. Where the recipient of this publication conducts a business, the provisions of the Consumer Guarantees Act 1993 (NZ) shall not apply.