

NEW ZEALAND ECONOMICS ANZ COMMODITY PRICE INDEX

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The next issue of the *ANZ Commodity Price Index* is scheduled for release on: 1 November 2010 at 3pm.

WOOLLY JUMPER

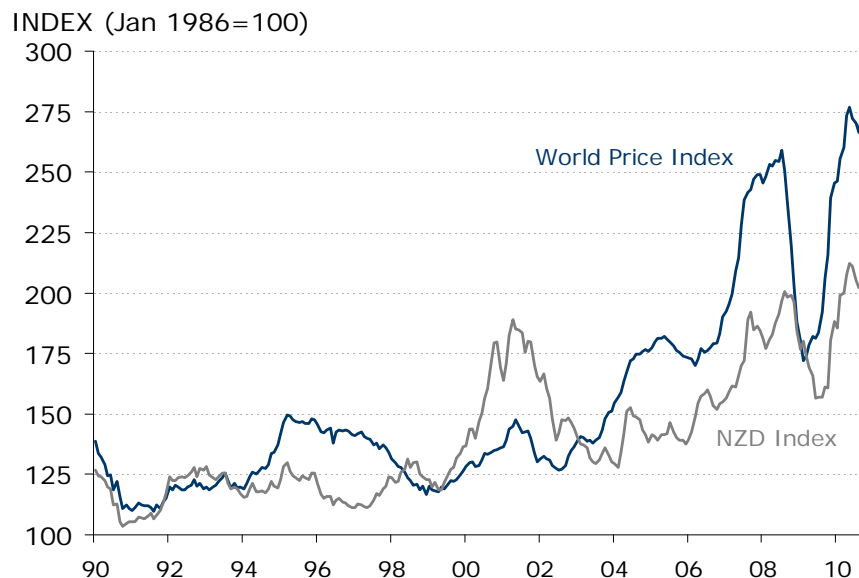
The first lift in four months. The ANZ Commodity Price Index recorded a 2.9 percent rise in September, the first lift in the series in four months. The index is now less than 1 percent below the all time high recorded in May.

Wool prices lift to a fourteen-year high. The number of commodities that recorded higher prices in September outnumbered the number of commodities recording lower prices by three to one. The largest lift was for wool, up 12 percent to hit a fourteen-year high. The lift in wool prices is likely to be attributable to higher prices for cotton (of which wool is a competing fibre) and renewed demand from Middle East and European markets, which has coincided with a run down in wool inventories globally. Milk powder prices lifted 6 percent in September; skins, seafood and butter prices rose 4 percent; beef lamb and aluminium rose 3 percent; and cheese and casein prices lifted 2 percent.

Sliced apple and wood shavings. Four commodities registered price falls in September. The largest decrease was a 11 percent drop in apple prices, which is associated with the Northern Hemisphere export season winding down. Prices for forestry related goods also fell. Wood pulp prices dropped 5 percent, sawn timber prices eased 4 percent and log prices eased 2 percent.

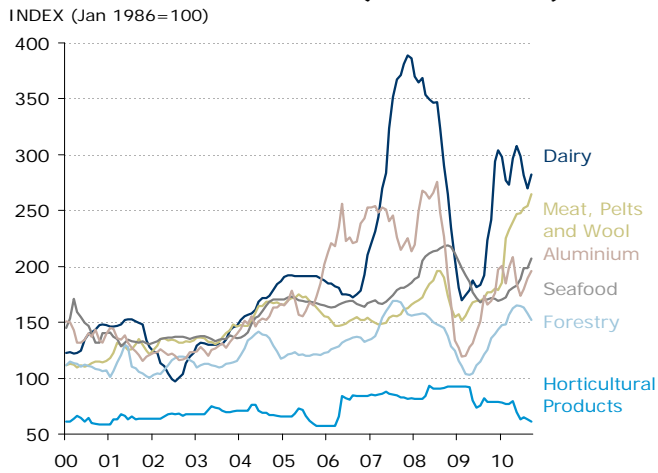
A muted rise in local currency terms. When converted to New Zealand prices, the ANZ NZD Commodity Price Index lifted 1.2 percent. On a monthly average basis the Kiwi dollar rose in value against the currencies of most of our trading partners – except against our largest trading partner, Australia, which weakened 2.2 percent.

ANZ COMMODITY PRICE INDEX

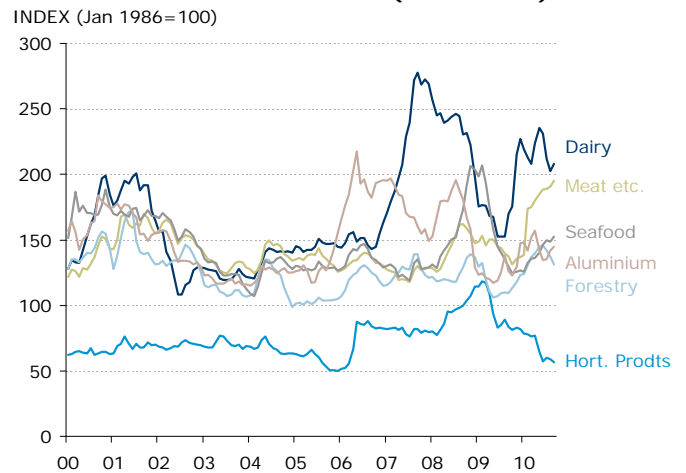


ANZ COMMODITY PRICE INDEX

SUB-GROUP INDICES (WORLD PRICES)



SUB-GROUP INDICES (NZD PRICES)



	World Price Index	Monthly % Change	Annual % Change	NZ\$ Index	Monthly % Change	Annual % Change
Sep-06	178.8	0.9	1.3	153.5	-2.4	9.4
Sep-07	242.7	0.4	35.7	191.9	1.6	25.1
Sep-08	237.4	-5.2	-2.1	198.3	-1.1	3.3
Sep-09	205.9	7.2	-13.3	161.2	2.8	-18.7
Apr-10	273.2	5.1	53.2	207.7	3.9	22.8
May-10	276.6	1.2	51.8	212.0	2.1	27.9
Jun-10	272.3	-1.6	50.1	211.2	-0.4	34.9
Jul-10	270.2	-0.8	47.3	205.3	-2.8	30.9
Aug-10	266.3	-1.4	38.6	202.2	-1.5	28.9
Sep-10	274.0	2.9	33.1	204.7	1.2	27.0

Commodity Price Index weights are based on contributions to merchandise exports. Weights for the 2010 year are: Wool 0.033; Beef 0.093; Lamb 0.150; Venison 0.013; Skins 0.019; Dairy 0.383; Apples 0.021; Kiwifruit 0.053; Logs 0.049; Sawn Timber 0.045; Wood Pulp 0.030; Seafood 0.065; Aluminium 0.046

FEATURED COMMODITY: KIWIFRUIT

New Zealand has a sizeable slice of the global trade in kiwifruit. From its roots 100 years ago, the industry has grown into a \$1 billion annual export earner, with fruit sold in 52 countries around the globe.

Kiwifruit was first introduced to New Zealand in 1904, when a Whanganui headmistress brought "yang tao" seeds back from China, and passed them on to an orchardist friend. Propagation over the next sixteen years saw plantings in Auckland, Fielding, Wanganui and Tauranga. It was another 30 years before the first commercial shipment, 13 tonnes of chinese gooseberries, were exported to England. The name kiwifruit was introduced in the late 1950s, coinciding with the first shipments that were exported to the United States.

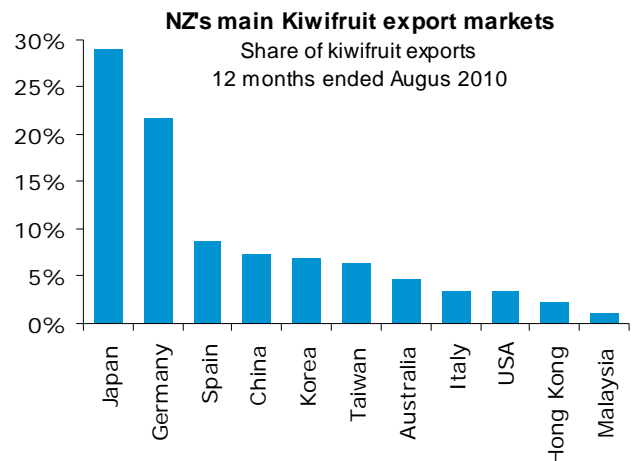
In 1977, the New Zealand Kiwifruit Marketing Licensing Authority was established. A decade later this organisation developed to be a single desk seller of NZ kiwifruit – the New Zealand Kiwifruit Marketing Board (NZKMB). In 1997, the NZKMB chose to differentiate New Zealand kiwifruit, to avoid confusion with product from other competing nations. Thus the ZESPRI™ brand and trademark was created for NZ kiwifruit, and ZESPRI International Ltd was established as the marketing subsidiary. In the late 1970's, NZ kiwifruit growers began experimenting with the cultivation of a golden kiwifruit. Seeds were imported from China, and after a lengthy selection and nurturing process, the yellow-fleshed kiwifruit (ZESPRI™ GOLD) variety was introduced to the world in 1999. More recently the industry has launched the 'Kiwiberry' – a bite-sized kiwifruit that can be eaten whole. The Bay of Plenty is the hub of kiwifruit production in New Zealand, with over three-quarters of the national crop harvested in the region. A small, but increasing, share of ZESPRI™ kiwifruit production is now being grown offshore, in an effort to build a year round supply programme for the brand.

New Zealand is the world's third largest kiwifruit producer, behind Italy and China. Approximately 700,000 tonnes of kiwifruit is traded globally each year, of which New Zealand contributes roughly 30 percent. With world-wide kiwifruit plantings relatively stable, variations in production levels are, largely, dependent on weather conditions in the key producing nations (New Zealand, Italy, Chile, France and China). Consequently, global kiwifruit production can vary considerably from year to year, with the knock-on effect on world prices. NZ kiwifruit commands a price premium, reflecting high quality, innovative marketing strategies, combined with strong branding and the promotion of the

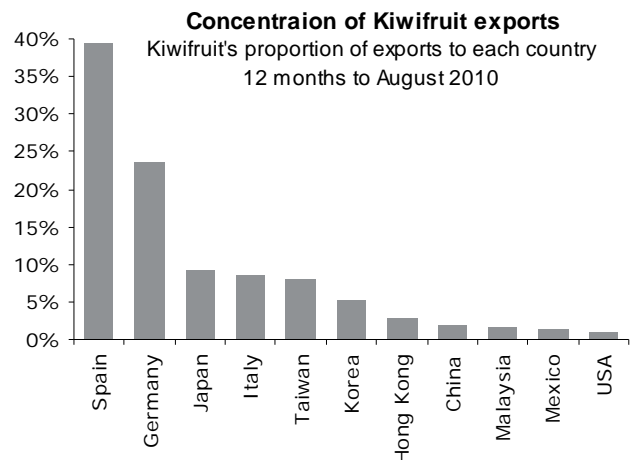
health benefits linked with eating kiwifruit. NZ dollar export prices have retraced from their recent highs posted earlier last year, combined with the value of the NZ dollar increasing in value.

New Zealand exported just over a \$1 billion of kiwifruit in the twelve months to August 2010, which represents 2½ percent of our total merchandise exports. About three quarters of kiwifruit exports were the classic ZESPRI™ GREEN kiwifruit, with a rising share (20 percent) of exports sourced from the ZESPRI™ GOLD fruit.

Japan is our largest single market for kiwifruit exports, taking around a quarter of the total value of kiwifruit exported. The next largest export markets for kiwifruit countries in Europe, Asia and Australia. China and Hong Kong have been tipped to take 20 percent of our kiwifruit exports in the next ten years, double the current share of 10 percent.



Sources: ANZ, Statistics NZ



Sources: ANZ, Statistics NZ

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NEW ZEALAND DISCLOSURE INFORMATION

The Bank (in respect of itself and its principal officers) makes the following investment adviser disclosure to you pursuant to section 41A of the Securities Markets Act 1988.

The Bank (in respect of itself and its principal officers) makes the following investment broker disclosure to you pursuant to section 41G of the Securities Markets Act 1988.

Qualifications, experience and professional standing Experience

The Bank is a registered bank and, through its staff, is experienced in providing investment advice about its own securities and, where applicable, the securities of other issuers. The Bank has been selling securities, and providing investment advice on those securities, to customers as a core part of its business for many years, drawing on the extensive research undertaken by the Bank and its related companies and the skills of specialised staff employed by the Bank. The Bank is represented on many bank, finance and investment related organisations and keeps abreast of relevant issues by running seminars and workshops for relevant staff and having its investment adviser staff attend external seminars where appropriate. The Bank subscribes to relevant industry publications and, where appropriate, its investment advisers will monitor the financial markets.

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The Bank is a member of the following professional bodies relevant to the provision of investment advice:

- New Zealand Bankers Association;
- Associate Member of Investment Savings & Insurance Association of NZ;
- Financial Markets Operations Association; and
- Institute of Finance Professionals.

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The Bank (and its subsidiaries), through its ultimate parent company Australia and New Zealand Banking Group Limited, has professional indemnity insurance which covers its activities including those of investment advisers it employs.

This insurance covers issues (including 'prior acts') arising from staff fraud, electronic crime, documentary fraud and physical loss of property. The scope of the insurance also extends to third party civil claims, including those for negligence. The level of cover is of an amount commensurate with the size and scale of the Bank.

The insurer is ANZcover Insurance Pty Limited.

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The Bank has a process in place for resolving disputes. Should a problem arise, you can contact any branch of the Bank for more information on the Bank's procedures or refer to any of the Bank's websites.

Unresolved complaints may ultimately be referred to the Banking Ombudsman, whose contact address is PO Box 10-573, Wellington.

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In the five years before the relevant investment advice is given none of the Bank (in its capacity as an investment adviser and where applicable an investment broker) or any principal officer of the Bank has been:

- Convicted of an offence under the Securities Markets Act 1988, or the Securities Act 1978 or of a crime involving dishonesty (as defined in section 2(1) of the Crimes Act 1961);
- A principal officer of a body corporate when that body corporate committed any of the offences or crimes involving dishonesty as described above;
- Adjudicated bankrupt;
- Prohibited by an Act or by a court from taking part in the management of a company or a business;

- Subject of an adverse finding by a court in any proceeding that has been taken against them in their professional capacity;
- Expelled from or has been prohibited from being a member of a professional body; or
- Placed in statutory management or receivership.

Fees

At the time of providing this disclosure statement it is not practicable to provide accurate disclosure of the fees payable for all securities that may be advised on. However, this information will be disclosed to you should you seek advice from one of the Bank's investment advisers on a specific investment.

Other interests and relationships

When a security is sold by the Bank, the Bank may receive a commission, either from the issuer of a security or from an associated person of the Bank. Whether that commission is received and, if received, its value depends on the security sold. At the time of providing this disclosure statement it is not practicable to provide a detailed list of each security that may be advised on, the name of the issuer of that security and the rate of the commission received by the Bank. However, this information will be disclosed to you should you seek advice from one of the Bank's investment advisers on a specific investment.

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- UDC Finance Limited (UDC), as a wholly owned subsidiary of the Bank, is an associated person of the Bank. UDC may receive remuneration from a third party relating to a security sold by the Investment Adviser.
- ING (NZ) Holdings Limited (ING), as a wholly owned subsidiary of the Bank, is an associated person of the Bank. ING and its related companies, including ING (NZ) Limited, may receive remuneration from a third party relating to a security sold by the Investment Adviser.
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The Bank provides investment advice on the following types of securities:

- Debt securities including term and call deposits, government stock, local authority stock, State-Owned Enterprise bonds, Kiwi bonds and corporate bonds and notes;
- Equity securities such as listed and unlisted shares;
- New Zealand and overseas unit trusts;
- Share in a limited partnership;
- Superannuation schemes and bonds;
- Group investment funds;
- Life insurance products;
- Derivative products including interest rate and currency forward rate contracts and options; and
- Other forms of security, such as participatory securities.

PROCEDURES FOR DEALING WITH INVESTMENT MONEY OR INVESTMENT PROPERTY

If you wish to pay investment money to the Bank you can do this in several ways such as by:



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- Providing cash;
- Providing a cheque payable to the relevant product or service provider and crossed 'not transferable'; or
- Making an automatic payment or payment through another electronic delivery mechanism operated by the Bank.

Investment property (other than money) may be delivered to the Bank by lodging the relevant property (for example, share certificates) with any branch of the Bank offering a safe custody service, or by posting (using registered post) the documents or other property to a branch of the Bank, identifying your name, account number and investment purpose.

Any investment money lodged with the Bank for the purchase of securities offered by the Bank, its subsidiaries or any third parties will be deposited in accordance with your instructions, to your nominated account or investment. Such money will be held by the Bank according to usual banking terms and conditions applying to that account or the particular terms and conditions relating to the investment and will not be held by the Bank on trust unless explicitly accepted by the Bank on those terms. Any investment money or property accepted by the Bank on trust will be so held until disbursed in accordance with your instructions. Any investment property lodged with the Bank will be held by the Bank as bailee according to the Bank's standard terms and conditions for holding your property.

Record Keeping

The Bank will keep adequate records of the deposit of investment moneys or property and all withdrawals and dealings with such money or property, using the account/investment number allocated to your investment. You may have access to those records upon request.

Auditing

The Bank's systems and operations are internally audited on a regular basis. The financial statements of the Bank and its subsidiaries are audited annually by KPMG. However, this does not involve an external audit of the receipt, holding and disbursement of the money and other property.

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Money or property held by the Bank for a specific purpose communicated to the Bank (e.g. the purchase of an interest in a security) may not be used by the Bank for its own purposes and will be applied for your stated purpose. No member of the Bank's staff may use any money or property deposited with the Bank, for their own purposes or for the benefit of any other person. In the absence of such instructions, money deposited with the Bank may be used by the Bank for its own purposes, provided it repays the money to you upon demand (or where applicable, on maturity), together with interest, where payable.

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