Andrew von Dadelszen
Volume 97

Bay Brokers Limited

Email: andrew@vond.co.nz

INVESTMENT STRATEGIES

Christmas 2024

NZ ECONOMY

Latest data shows how poorly the NZ Economy is doing. StatsNZ stated that activity has declined in 11 of the 16 industries over the September quarter, with the worst performing being manufacturing, business services, and construction. The good news is that the worst is likely over. That said, unless we improve New Zealand's productivity we will remain one of the poorest performing economies in the OECD.

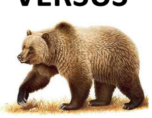
NZ OUTLOOK

Christopher Luxon will need to "stare down" the radical left, if New Zealanders standard of living is to be restored. Hindsight is a wonderful thing, but few New Zealanders have much respect for the Ardern/Hipkins years of pork-barrel politics.

Māoridom has become highly radicalised, buoyed on by a previous "woke" central government. They do themselves no favours longer-term and I hope that sanity is restored. Most Kiwis recognise the Treaty of Waitangi (myself included), but we can't abide the relentless reinterpretation – ensuring a growing divisiveness that is both unhelpful and dangerous. Let's all take a Festive Season break and return in the New Year with a sense on inclusiveness – but also relying on the One person - One vote which is the basis of our democracy.

NZX50 INDEX (1-YR)

VERSUS



CONTENTS

STATISTICS NZ DATA

Estimated NZ population as at 23-Dec-24 **5,441,402**
Population: 1950: 1,911,608 2000: 3,855,266 Growth 1.8% this year
Births / Deaths: Births: **58,047** Deaths: **37,941** Sept-24 year
Deaths per 1000 live births**:** Pasifika: **7.3** Māori: **5.7** European: **3.8**
Māori population Estimate Dec-23 (**17.8% of NZ pop**) **887,493**
Net Migration Oct-24yr (**NZ: -53,000; Non NZ: 91,700**) ↓ **38,776**
NZer Migration Oct-24yr (**Depart: 77,900; Arriv: 24,900**) **- 44,800**
Non NZ Migration Sept-24yr (**Depart: 53,200; Arriv: 144,900**) **+ 91,700**
Net migration by country Oct-24yr India: 30,700; China: 18,900; Philippines: 17,500; Fiji: 6,100; Sri Lanka; 6,100; UK:5,700; South Africa: 5,100

Annual GDP Growth Sept-24 year (**Qtly Sep-24 -1.0%**) **0.1%**
Annual GDP Per Capita Sept-24 year **-1.2%**
Real Gross Disposable Income Sept-24 year **-0.8%**
Inflation Rate (CPI) Sept-24 year (↓ from 3.3% to Jun-24) **2.2%**
Non-Tradable Inflation (Domestic) Sept-24 year **4.9%**
Food Price Inflation Sept-24 year **1.2%**
Household Cost of Living Sept-24qutr ↓ **5.4%**
NZ Core tax Revenue at 2023/24 year ↑ **$167.3 bn**
NZ Core Govt Debt at Sept-24 Treasury Data ↑ **$174.6 bn**
Debt per person (public+private) Jun-23 ↑ **$151,080**
Minimum Wage (up from $23.15 currently) from 1st April 25 **$23.50**
Living wage from 1-June-24 **$27.80**
NZ Median Wage from 30-Feb-24 **$33.56**
Annual Wage Inflation Sept-24 year **3.8%**
Wages average per hour Sept-24 qtr **$41.98**
Labour force participation rate Sept-24 qtr **67.8%**
Unemployment Sept-24 qtr ↑ **4.8%**
Youth Unemployment Sept24 **12.3%**
Beneficiaries (Job seeker/Solo/Supported living) Mar-24 ↑ **370,251**
(11.6% of working-age population as at 31-Mar-24)
Jobseeker Support numbers Mar-24 ↑ **187,986**

Size of Māori Economy 2024 (2013: $43bn 2020: $69bn) **$70 bn**
Size of NZ Economy (NZ GDP) Sept-24 **$420 bn**

WEBSITE:
vond.co.nz

Wishing you all a very Merry Christmas

All comments regarding Local Government are my personal views, and do not purport to represent the views of our Regional Council – of which I am an elected representative.

RESOURCE MANAGEMENT (CONSENTING AND OTHER SYSTEM CHANGES) AMENDMENT BILL

This Bill was introduced into Parliament on 9th December and, after the first reading, will then go to the Select Committee, who will call for submissions prior to Christmas.

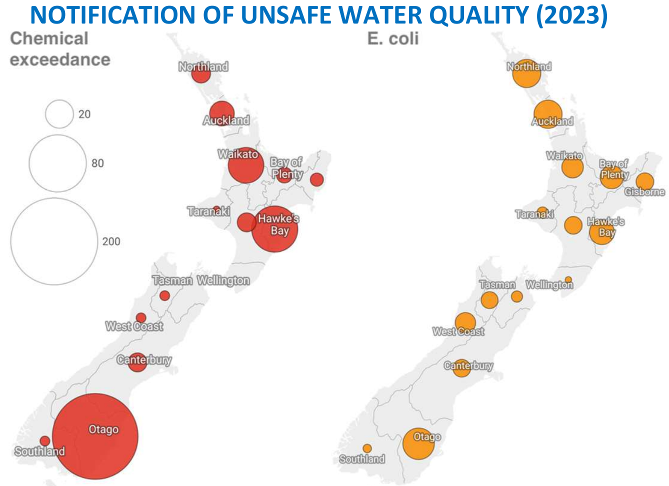
The Bill amends the Resource Management Act 1991 to progress Government priorities, as follows:

- making it easier to consent new infrastructure, including for renewable energy, building houses, and enhancing the primary sector.
- cutting red tape to unleash the investment in renewable energy for New Zealand to meet its emissions reduction targets.
- making the medium density residential standards (the MDRS) optional for councils, with the need for councils to ratify any use of the MDRS, including in existing zones.
- implementing the Going for Housing Growth policy to unlock land for housing, build infrastructure, and allow communities to share the benefits of growth.
- facilitating the development and efficiency of ports, and strengthening international supply networks.
- simplifying the planning system.

As per the Bill's explanatory note, it amends a range of existing RMA provisions across 5 themes:

- INFRASTRUCTURE AND ENERGY – the Bill amends the RMA to specify default maximum time frames for consent processing and establish default consent durations for renewable energy and infrastructure consents to improve process and outcome certainty for system users.
- HOUSING GROWTH - the Bill amends the RMA to make it optional for councils to implement the MDRS and provides plan-making processes to deliver for housing. The aim is to increase flexibility and support housing growth. The Bill introduces new powers for the Minister to ensure compliance with national direction. The Bill also simplifies the listing and delisting of heritage buildings and structures.
- FARMING AND THE PRIMARY SECTOR - the Bill clarifies the interface between the RMA and the Fisheries Act 1996, to balance marine protection with fishing rights. It amends certification and auditing of farm plans, ensures timely consent processing for wood processing facilities, and enables national direction to facilitate aquaculture improvements more easily. The objective is to enhance investment certainty and support growth.
- NATURAL HAZARDS AND EMERGENCIES - The Bill provides an increased suite of tools to deal with natural hazards and emergency events, aiming for better decision making and efficiency.
- SYSTEM IMPROVEMENTS - The Bill amends the RMA to enhance compliance and enforcement, reduce regulatory uncertainty, address system gaps, and clarify policy intent to support a well-functioning resource management system.

NOTIFICATION OF UNSAFE WATER QUALITY (2023)



The left continues to argue about the deteriorating water quality within the Bay of Plenty, and across New Zealand. Yes, there are a couple of "hot spots" but overall water quality is not deteriorating. Their talk is very damaging to "Brand New Zealand".

TAURANGA MARINE PRECINCT SALE

Tauranga Electorate MP Sam Uffindell is absolutely justified in his LGOIMA request to Tauranga City Council to transparently release the details of the very contentious sale of the City's marine precinct.

Tauranga City's CEO, Marty Grenfell needs to step up and take ownership of many of these "last days of the Commission" decisions. All we are asking for is genuine transparency.

ONE NEWS/VERIAN POLL - December 2024				
Party	Vote	Change*	Seats	Change**
National	37%	nc	46	(3)
Labour	29%	nc	36	2
Act	8%	nc	10	(1)
Green	10%	(2.0%)	12	(3)
NZ First	6.0%	1.0%	7	(1)
Maori	7.0%	3.0%	9	2
Other	5%	0.3%	-	-

* Change from August 2024   ** Change since election

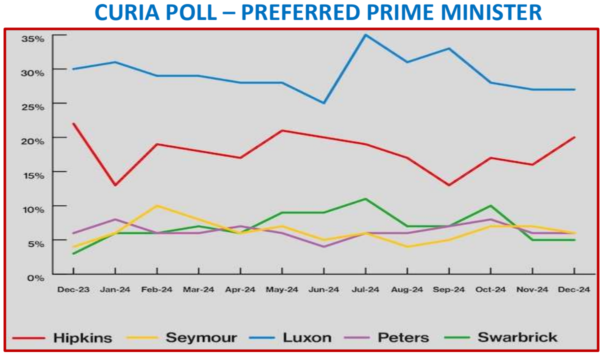
Polling Period: 30th November to 4th December 2024

CURIA/TAXPAYERS' UNION Dec-24 POLL				
Party	Vote	Change*	Seats	Change**
National	34.2%	(4.6%)	44	(5)
ACT	13.0%	4.5%	17	6
NZ First	5.4%	(1.1%)	7	(1)
Labour	26.9%	(4.6%)	34	nc
Green	8.3%	(1.0%)	11	(4)
Māori	5.5%	3.0%	7	1
Other	3.3%	0.3%	-	nc

* Change from Oct-24   ** Change since election

Polling Period: 1st to 3rd December 2024

CURIA POLL – PREFERRED PRIME MINISTER



AUCKLAND INCREASES IN CONFIDENCE - SURVEY

Auckland Business Chamber confidence survey reveals a significant improvement, with negative business sentiment dropping to 45% – the lowest since the survey began asking the question. Businesses are more optimistic about NZ's economic performance over the coming year. This is of particular interest to Labour, who will be looking for a disgruntled Auckland group of electors, who massively shifted away from Labour in the 2023 election.

POLITICIAN OF THE YEAR 2024

Source: NZ Herald, 14-Dec-24

Minister Simeon Brown, who holds the Transport, Auckland, Energy and Local Government portfolios, has gone at his portfolios like a bull at a gate, he has impressed his boss and has gained the respect of Cabinet. The only one he is yet to grab by the throat is the Energy portfolio. That could yet come, once his review of the electricity market is completed.

Columnist Claire Trevett notes that Brown does not exactly cut a commanding presence, but he has proved to be highly effective, unflappable and competent – with just enough of an edge of the retail politician not to be too boring. In some ways, his job has appeared easy – partly because he has made it look that way.

Brown has not had to water down National's campaign promise list much to accommodate coalition partners' desires, nor compromise on National's own promises.

People like roads and he gets to build them – a lot of them (the hard bit has been paying for them). People also do not like lower speed limits, potholes or speed bumps and raised crossings every 200 metres, and he got to declare their demise. His potholes fund seemed like a gimmick at the time he came up with it, but he has proved a master at squeezing every drop of publicity out of it.

Come 2026, those roads will be one of the tangible things National can tout to show they are doing what they said they would.

"Communities deserve value for money, not grand projects that fail to meet expectations."

Minister Simeon Brown

ECONOMY NOT HELPING COALITION GOVERNMENT

Upon leading the new Coalition Government, National anticipated that the economy would recover enough in 2024 to provide space for its restructuring policies. However, the economy has not responded as expected to the government's measures, with mid-year tax changes and falling interest rates yet to have the desired stimulatory effect.

The debate in recent months has been largely focused on Act's Treaty Principles Bill, which is expected to continue until Parliament addresses the Bill around May 2025. Although there is some polling evidence of support for the Bill, this support has not resulted in a substantive increase in party support for Act or the centre-right broadly. While the immediate political impact of the Treaty Principles Bill may be limited, deeper divisions could persist once the Bill is resolved, requiring attention.

Attention will then shift to the Government, particularly National, and how it plans to address these divisions. A more proactive and inclusive approach will be necessary compared to the hands-off strategy used for the Treaty Principles Bill. How this issue is managed could influence the future of Māori/Pākehā relations and the Treaty for a long time.

In addition to the economy and the Treaty Principles Bill, the public health system has emerged as a significant challenge for the Government in 2025. Labour's reform plan did not succeed, partly due to insufficient funding. The coalition Government's efforts to address these issues have so far been perceived as inadequate. From the smokefree policy challenges early in the year to the Dunedin Hospital rebuild, the Government has faced difficulties in health sector management. The replacement of the Health New Zealand board with a commissioner has not significantly changed public perception. The Government lacks a comprehensive long-term plan for health services beyond cost and service reductions.

As 2025 approaches, the country faces critical decisions. While voters remember why they voted out the Labour-led government last year, they are becoming less certain about the current Government's performance. With the gap between parties narrowing, voters will scrutinize the main parties and their partners more closely next year.

Both Labour and the Government face high stakes - Labour needs to reveal more of its policies, while the Coalition Government must deliver specific outcomes in the economy, cost of living, and health. If, in 12 months, a majority of voters still believe the country is heading in the wrong direction, the likelihood of a change of government in 2026 will increase.

GOVERNMENT DEBT CONTINUES TO GROW

The Government's debt pile has risen by 11% over the past year, and by 130% from pre-Covid, to $215 billion. While it's downsizing the public sector, the sluggish economy is seeing it receive less tax revenue than expected. This is pushing out a return to surplus. Until the books are out of the red, the Government has to keep renewing its debt, rather than pay it down.

In its latest (December) update, Treasury now believes it'll have to issue $146 billion of New Zealand Government Bonds (debt) in the four years to 2027/28, $20bn more than forecast at the Budget in May. Treasury forecasts annual core Crown finance costs rising every year until they hit $12bn in 2028/29. The issue is, the Government can't start repaying its Covid-era debt until it gets its books back in surplus. Currently, it's renewing its old debt, while issuing new debt to pay for new expenditure.

Net core Crown debt is expected to rise to 45% of GDP in 2024/25, before peaking at nearly 47% in 2026/27. For context, net core Crown debt fell below 20% of GDP before Covid.

WELLINGTON'S POST RATES MINISTERS

The Post does an annual review of key Ministers and gives them scores out of 10. Their scores, in order, are:

- 10/10 – Chris Bishop
- 9/10 – Erica Stanford
- 8/10 – Simeon Brown, Mark Mitchell, Todd McClay, Winston Peters
- 7/10 – Paul Goldsmith, Shane Jones, David Seymour
- 6.5/10 – Judith Collins, Simon Watts
- 6/10 – Christoper Luxon, Nicola Willis, Tama Potaka, Matt Doocey, Brooke van Velden
- 5/10 – Louise Upston
- 3/10 – Shane Reti, Nicole McKee
- 0.5/10 – Casey Costello

While these are just the view of the Post staff, and not mine, they are none-the-less interesting.

LABOUR STILL IN TROUBLE IN AUCKLAND

Labour leader Chris Hipkins acknowledges that his Party faces a tough challenge in regaining support in Auckland, following significant losses in the 2023 election. Labour won only six electorates in the city, down from 12 in 2020, with key seats like New Lynn and Mt Roskill shifting to National. Hipkins believes increased visibility in Auckland will help Labour rebuild its base there. Visiting Auckland is not the same as having front bench MPs in Auckland. The composition of Labour's front bench is:

- Auckland 2
- Wellington 4
- Christchurch 1
- Provincial 2

Labour's party vote in the general Auckland electorates under MMP has been:

- 1999 39.1%
- 2002 42.4%
- 2005 41.8%
- 2008 32.5%
- 2011 30.4%

- 2014 27.7%
- 2017 36.8%
- 2020 50.0%
- **2023 25.9%**

Labour's 2023 result was the worst ever for them in Auckland in the history of MMP. Hipkins is now making regular visits to Auckland, saying he understands there was a *perception* that Labour was too Wellington-focussed, and he has to change that. He believes that it was only a perception – Yeah Right!

The reality that the excessive Auckland specific Covid lockdown has left a very long-term bitter taste for most Aucklanders.

LABOUR HAS BIG RECONSTRUCYION ISSUE

Labour Party leader Chris Hipkins has told the Party's annual conference in Christchurch that the Coalition would be a one-term government. While he attacked National, he failed to even mention the discussion on his tax policy – a capital gains tax and a wealth tax.

TREATY ISSUES POLL SHOWS THE WAY FORWARD

Source: Kiwiblog, 10-Dec-24 An interesting Blog by David Farrar….

Hobson's Pledge has released a poll done by Curia on Treaty issues. It shows that despite all the heat, there is a popular simple way forward.

Respondents were asked to agree or disagree with a number of statements, one of them being:

I want New Zealand to honour the Treaty of Waitangi, but only if it can do so in a way that doesn't undermine fundamental human rights such as equality of suffrage where all votes have roughly equal power.

This had +50% net support (62% support, 12% opposed). The net agreement by party vote was:

- ACT +63%
- National +63%
- NZF +61%
- Labour +45%
- Greens +26%
- TPM -17%

So, this is a proposition that a majority of Labour, National, ACT and NZF voters agree with, and a plurality of Green voters. It shows that the vast majority do want to honour the Treaty, but not at the expense of fundamental human rights. And this tension is what has caused such a backlash.

The last Government tried to abolish equality of suffrage for a local council. TPM openly advocate against equality of suffrage. Equality of suffrage is a fundamental human right in the Universal Declaration of Human Rights.

A related issue is the notion that New Zealanders who do not have Māori ancestry only have a right to reside in New Zealand because of the Treaty. This conflicts with the UDHR which states "Everyone has the right to a nationality". People (legally) born in New Zealand who are NZ citizens have an inalienable right to reside in NZ. It is not contingent on the Treaty.

My solution is to not pass the Treaty Principles Bill as it stands, but to amend the Bill of Rights Act so that the rights in that Act are explicitly made to be superior to any purported Treaty settlement.

The poll also asked people who should have the final say on what the principles of the Treaty are, if there is disagreement. The results were:

- Referendum 32%
- Parliament 22%
- Waitangi Tribunal 19%
- Judiciary 8%

So, the principle of Parliament or a referendum deciding, where there is disagreement, is a majority view.

Other results were:

- Only 13% of respondents think the Treaty means that 50% of MPs must be Māori.
- Only 26% of respondents think the Treaty means water companies must be co-governed.

NATIONAL GOVERNMENT'S WINS for 2024

THIS YEAR, WHEN IT COMES TO THE ECONOMY, KIWIS HAVE SEEN:

- Inflation down to 2.2% from a peak of 7.3%.
- 3 interest rate cuts, after 12 rises.
- Wages rising faster than inflation for 4 quarters in a row, after 13 quarters of declining real wages.
- Tax relief for 3.5 million New Zealanders – the first time in 14 years.
- Business, consumer and farmer confidence at their highest levels in recent times.

ON THE LAW AND ORDER FRONT, THE COALITION HAS:

- Total victimisations down.
- Gang patches banned.
- Ram raids down 60%.
- Police foot patrols is up by 30%.

IN OUR SCHOOLS, THE ACHIEVEMENTS INCLUDE:

- An hour a day each of reading, writing and maths.
- Phones banned from the classroom.
- Structured Literacy and Maths developed to teach our kids the basics brilliantly.
- And school attendance up 6 points.

IN HEALTH, THE NATIONAL COALITION HAS:

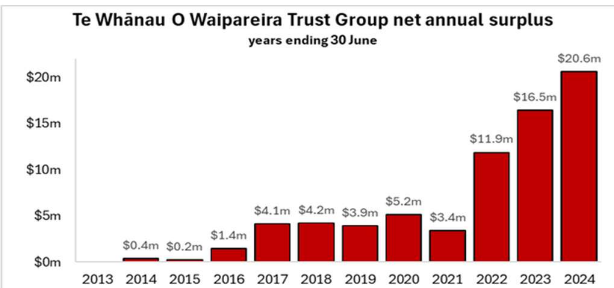
- Invested a record $16.7bn more.
- Invested in up to 26 new cancer treatments as part of 54 new medicines helping 175,000 Kiwis.
- Hired 2,900 more nurses.

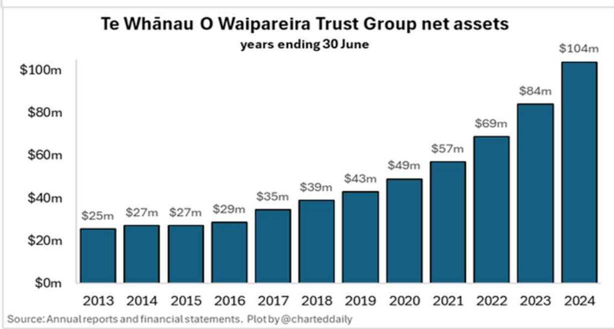
ANOTHER QUESTIONABLE CHARITY

New Zealand needs to crack down on charities. There are around 28,000 in New Zealand with an annual income of around $27 billion, with the tax take from this group looking unduly low.

BREAKING NEWS – THE CHARITY REGULATOR HAS MOVED TO DEREGISTER WAIPAREIRA, CONCLUDING A FOUR-YEAR INVESTIGATION INTO ITS FUNDING OF CHIEF EXECUTIVE JOHN TAMIHERE'S POLITICAL CAMPAIGNS.

A 24% RETURN ON REVENUE - Te Whānau O Waipareira Trust Group's 2023/24 annual report shows net assets of $103.8m - more than double what they were four years ago. Its net annual surplus hit a record $20.6m (24% of revenue, also a record), and the group now holds over $75m in cash & cash equivalents.





A surplus or profit that is 24% of your revenue is astonishing. Not just astonishing for a charity that is almost entirely taxpayer funded but would be astonishing for a commercial company.

Of the top 100 companies in NZ, only seven have a higher profit as a share of revenue than the Waipareira Trust. This taxpayer funded charity is making a higher profit than 93% of the top 100 companies in NZ.

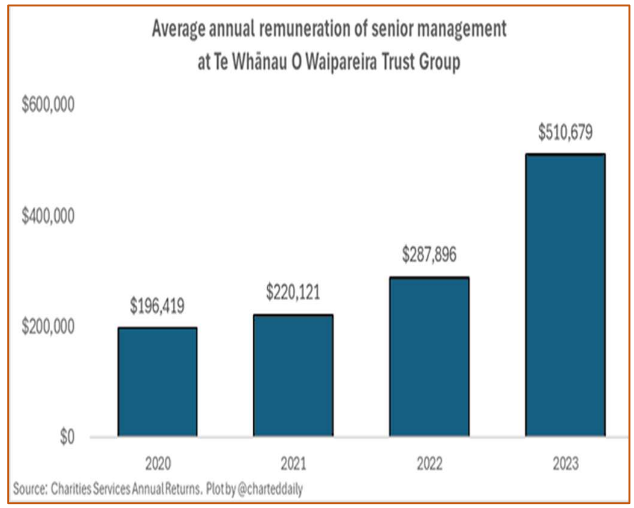
For Year Ended	Total Income	Total Expenditure	Income less Expenditure
30-Jun-23	$71,727,910	$55,690,567	$16,037,343
30-Jun-22	$73,319,422	$62,361,373	$10,958,049
30-Jun-21	$57,027,874	$49,927,203	$7,100,671
30-Jun-20	$56,047,058	$50,992,402	$5,054,656
30-Jun-19	$53,433,599	$49,477,278	$3,956,321
30-Jun-18	$52,201,986	$47,996,327	$4,205,659
30-Jun-17	$37,796,241	$33,643,415	$4,152,826
30-Jun-16	$23,734,403	$22,231,444	$1,502,959
30-Jun-15	$17,990,011	$16,718,528	$1,271,483
30-Jun-14	$16,196,984	$15,727,529	$469,455
30-Jun-13	$13,880,259	$14,241,763	-$361,504
30-Jun-12	$15,490,714	$14,961,082	$529,632
30-Jun-11	$31,103,842	$28,183,117	$2,920,725
30-Jun-10	$18,137,000	$16,543,000	$1,594,000
30-Jun-09	$13,618,000	$11,999,000	$1,619,000

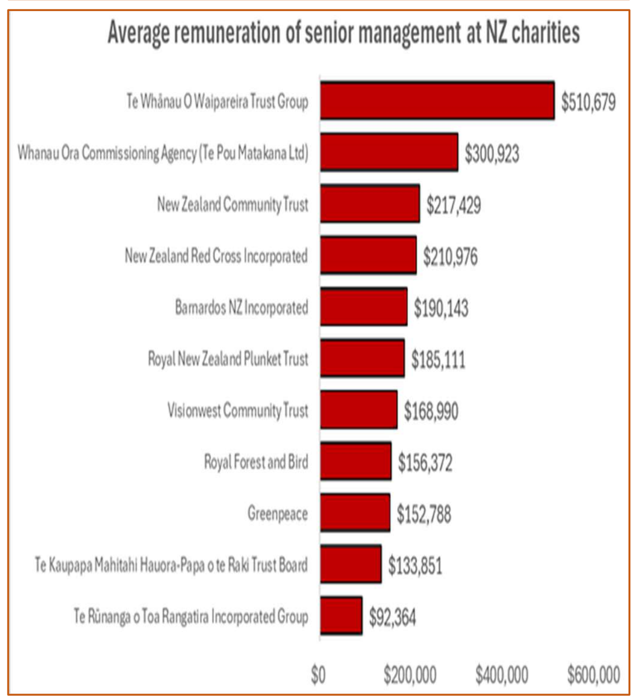
Member Charities include:

- Housing for Social Benefits Ltd
- Te Pou Matakana Tuararo Ltd
- Te Whanau O Waipareira Trust
- Wai-Health Ltd
- Waiora Healthcare Trust
- Waipareira Investments Ltd
- Wai-Tech Ltd
- Whanau Tahi Ltd

WAIPAREIRA SENIOR MANAGEMENT REMUNERATION

The remuneration of senior management at Te Whānau O Waipareira Trust Group jumped a whopping 55% in 2023 - **$6.8m for 13.3 full time equivalent personnel. That is $511,000 each on average** - more than the NZ Prime Minister. David Farrar checked a bunch of other charities & couldn't see anything comparable.





"If it looks like a rat and smells like a rat – then it probably is a rat."

BORIS JOHNSON KEYNOTE SPEAKER IN AUCKLAND

Boris Johnson was recently in Auckland as a keynote speaker at a Charity Dinner. He noted that "*Winston Peters claims that before humans arrived, New Zealand had no animals with teeth. He compares it to Tolkien's shire for its safety and friendliness*." Peters might have overlooked sea lions, whales, dolphins, and dinosaurs, but his point remains clear.

Johnson mentioned Jacinda Ardern, receiving some boos, but he praised her efforts for making the country so safe. "*No, really, I like her. She did her bit to make it so safe, you can't even smoke yourself to death*."

Johnson remarked on New Zealand being a destination for paranoid billionaires building bunkers and questioned this phenomenon. He humorously addressed tech giants, assuring them their fears were unfounded.

He expressed his belief in technology and capitalism to solve global issues like climate change, citing Tesla as an example of success without succumbing to control tactics. Boris said "*Climate change? We're going to fix it. We have the technology. We did it in London, we are going to defeat it without giving in to the semi-Marxist control freaks who are using the threat to try to defeat capitalism. It is capitalism that is saving us. Just look at Tesla*." He's like a real-life tweet machine.

NEW ARGENTINIAN PRESIDENT MIGHT HAVE LESSONS FOR NEW ZEALAND

Javier Milei has been president of Argentina for a year. He has introduced a radical economic programme focused on free markets, fiscal discipline, and reduced government intervention. While his explosive personality and controversial rhetoric, symbolized by his campaigning with a chainsaw, has drawn mixed reactions, his policies have led to significant reforms, such as cutting public spending by nearly a third, slashing the number of ministries, and achieving a budget surplus.

His economic program is serious and one of the most radical implementations of free-market principles since Thatcherism. It comes with risks due to Argentina's history of instability and Mr. Milei's strong personality. However, the lessons are noteworthy.

Argentina has faced issues for decades, with a state that dispensed patronage, misleading politicians, and a central bank that printed money to mask problems. To control inflation, previous governments used measures such as price controls and multiple exchange rates. Argentina is the only country in modern economic history to have regressed from a wealthy nation to a middle-income one.

Mr. Milei was elected to reverse this decline. His policies have reduced public spending by nearly a third, halved the number of ministries, and achieved a budget surplus. Deregulation has affected various markets, from housing rentals to airlines. The initial results are promising - inflation has decreased from 13% per month (156% pa) to 3% (36% pa), and the risk of default has been halved, indicating economic recovery.

There are potential challenges. Austerity measures have increased the poverty rate from 40% to 53% in the first half of 2024. Governance could become difficult if resistance grows and the opposition becomes more organized. Removing capital controls and adjusting the peso could lead to a currency slump and rising inflation. Mr. Milei's focus may shift to cultural debates, which could detract from his economic goals.

That said, Milei's first year offers important lessons globally, particularly in the context of rising state debts and growing public spending. His pragmatic approach, cutting government costs while avoiding deep cuts to welfare, highlights the need for fiscal responsibility. His policies, while polarising, show that voters can handle tough truths, and his coherent vision for Argentina's economy stands as a model for other countries grappling with similar issues.

Some of Mr. Milei's strategies are technical. He has cut spending by reducing procurement, administrative costs, and salaries rather than welfare programmes. He understands the importance of controlling pension spending due to an aging population. In power, he has balanced pragmatism with his convictions, delegating legislative negotiations to his staff and appointing skilled ministers like Federico Sturzenegger, his deregulation tsar.

Mr. Milei's approach to addressing severe economic issues offers valuable insights and deserves attention globally, including in places like both the White House and New Zealand's Beehive.

Sometimes, in politics, you don't have time to muck around – time is your enemy and Milei seems to understand this.

"My contempt for the state is infinite"

President of Argentina, Javier Milei

LABOUR's FINANCE SPOKESPERSON DIDN'T REALISE THAT LABOUR INCREASED GOVT DEBT MASSIVELY

In June 2017 net core crown debt was $59.5billionn. In June 2023 it had expanded to $155.3billion.

That's an average increase of:

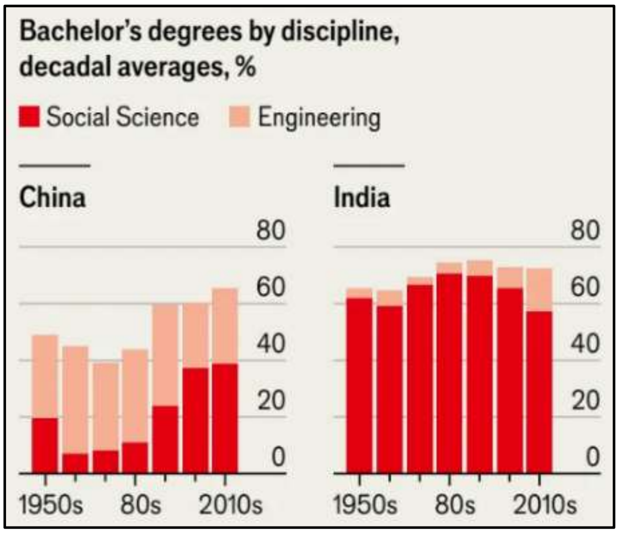
- $15,970,000,000 each year
- $1,330,000,000 every month
- $306,000,000 every week
- $43,7000,000 every day
- $1,820,000 every hour

And this despite Labour's Barabara Edmonds website incorrectly stating that the Ardern-Hipkins Government had reduced Government Debt by $31 billion in its second term.

Edmonds shows Labour's total lack of credibility and its total inability to manage the New Zealand economy throughout the Ardern-Hipkins period.

IS INDIA'S EDUCATION SYSTEM THE ROOT OF ITS PROBLEMS?

SOURCE: The Economist (Asia Pacific)



The divergent educational paths of India and China have played a significant role in shaping their economic trajectories, according to a recent study. While both countries were similarly poor in the early 20th century, China's GDP per person today (at around US$13,000) is nearly five times higher than India's. The chasm is traditionally explained by the way their economies opened up. China became the world's factory, which turbocharged growth. India became its back office. But what shaped these paths?

China's educational policies were focused on mass access to primary and secondary education, following a "bottom-up" approach that emphasized foundational skills. By the 1980s, 93% of Chinese children were enrolled in primary school, while just 1.7% were in college. This massive improvement in basic education laid the groundwork for China's manufacturing sector, which thrived on an increasingly skilled labour force, bolstered by a strong emphasis on vocational and engineering education.

India, in contrast, adopted a "top-down" strategy, prioritizing high-quality tertiary institutions, such as the prestigious Indian Institutes of Technology (IITs), over primary education. By 1980, only 69% of Indian children were in primary school, and 8% were in college. The focus on higher education, especially in fields like humanities, law, and business, meant that while India excelled in services, it lagged behind in developing a labour force suited for industrial growth. Vocational education in India was also underemphasized, with just 10% of students pursuing vocational degrees compared to more than 40% in China.

Historically, China's Qing dynasty had emphasized vocational training to prepare soldiers, whereas India's colonial rulers established an education system designed to train administrators. After independence, India continued this legacy, reinforcing a preference for higher education over primary schooling.

While India has made efforts to improve primary education and vocational training since the 2000s, these changes have been hampered by quality issues. Furthermore, with the rise of the services sector, India may have missed the window for manufacturing-led growth, as many engineering graduates struggle to find jobs in the country.

In conclusion, while both countries now have near-universal education, their differing strategies—China's emphasis on basic and vocational education versus India's focus on higher education—have profoundly impacted their economic development, with China emerging as the world's manufacturing powerhouse and India focusing more on services.

"Nicola Willis is currently in Antarctica. I suspect there is a greater chance of her taking advice from a penguin rather than three hand-picked economists who used to work for Grant Robertson."

Minister Chris Bishop

THE WORLD AT A GLANCE – GLOBAL HEAT MAP June-24

United States
Biden has long since left
The Office. It's all about Trump

Europe
Will Europe step up to
fund NATO & defend Ukraine

India
Is the Indian economy
losing steam?

Australia
Albanese hasn't learnt from NZ
The wheels are coming off fast

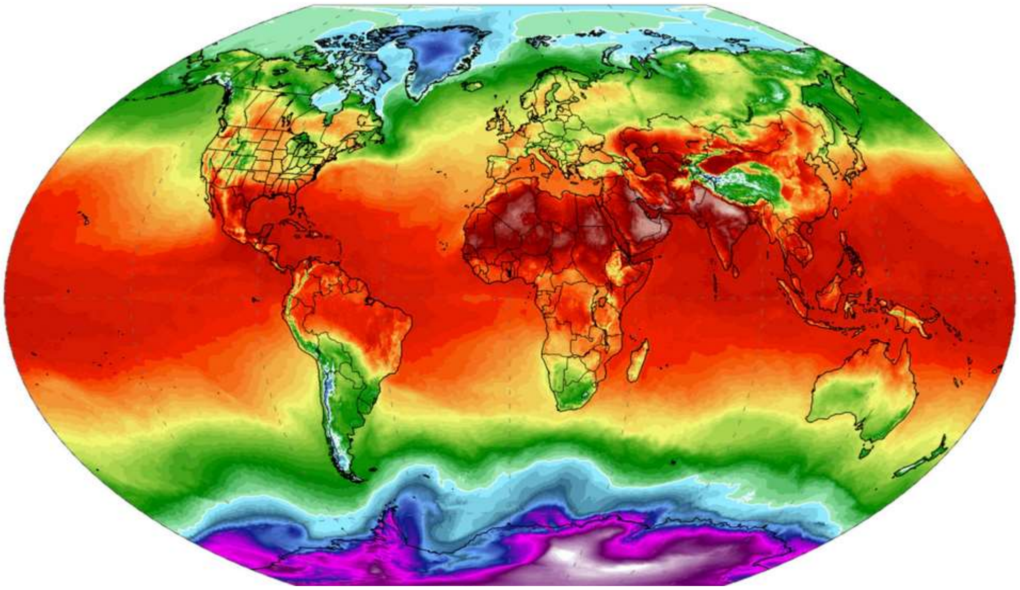
New Zealand
Māoridom has become radicalised.
They are doing themselves no favours

United Kingdom
UK will see slowest growth
in the G7 next year

Russia
Putin economic gamble
The hidden cost of war

China
Economy slowdown deepens Trump
is a big risk to any Chinese recovery

Japan
Deflation finally looks beaten. Crushing debt still not
addressed - US$250bn stimulation adds to their problem



WORLD HEAT MAP (ABOVE)

New Zealand is very well placed to have an improving economy as a result of global warning. In 2006 NIWA produced a report that stated that New Zealand's economy would achieve a net 25% increased economic benefit from a warming climate. Countries closer to the equator will be the ones that are most adversely affected. This is not to say that "Storm effect" will not be a huge risk for parts of New Zealand going forward. Warming oceans means that climate change does remain a global risk – albeit cyclical. New Zealand is well positioned to be a net benefiter, positioned within the cooler zones.

January marks the start of the second quarter of the 21st century—a good time to review the performance of emerging and developing economies since 2000 and assess their prospects. The next 25 years could prove decisive in determining whether the world's 26 poorest countries progress to middle-income status, a new World Bank analysis shows. Home to more than 40% of people struggling on less than $2.15 a day, these countries are the central focus of global efforts to end extreme poverty. Yet their progress has stalled amid heightened conflict, frequent economic crises, and persistently feeble growth.

Peace & Stability

For LICs (Low Income Countries) in fragile and conflict situations, greater peace and stability are necessary conditions for delivering broader reforms. Conflicts can also have significant adverse spillovers to neighboring countries, which compounds aggregate human and economic costs. In LICs, conflicts are widespread—battle-related deaths since 2000 dwarf those recorded in better off countries.

TRADING PARTNER REAL GDP (calendar years)

	Annual average % change			
	2023	2024	2025	2026
Australia	2.0	1.3	2.2	2.4
China	5.2	5.0	4.8	4.5
United States	2.9	2.7	2.4	2.0
Japan	1.9	-0.1	1.2	1.0
East Asia ex China	3.3	4.3	4.1	4.1
India	7.8	6.8	6.8	6.5
Euro Zone	0.4	0.8	1.3	1.5
United Kingdom	0.1	1.0	1.4	1.5
NZ trading partners	3.3	3.3	3.4	3.3
World	3.2	3.3	3.3	3.3

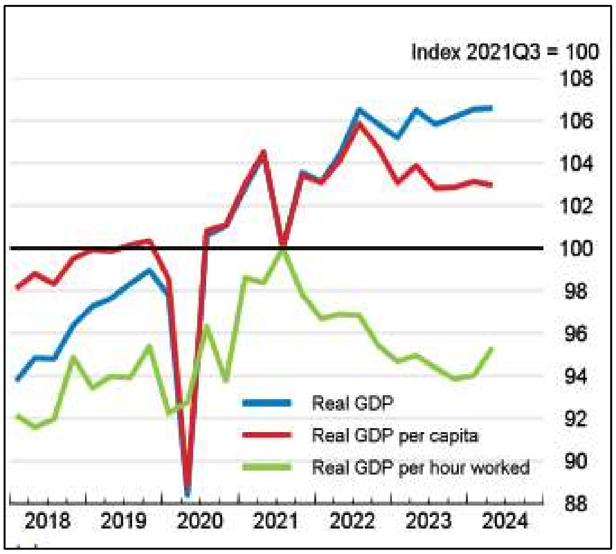
NEW ZEALAND'S ECONOMIC OUTLOOK

Population: 5.41 million

NZ ECONOMY

New Zealand's GDP crashed by 1% in the September 2024 quarter, a much larger fall than economists had expected. This slump came after a revised 1.1% decrease in the June 2024 quarter, according to figures just released by Stats NZ. The previous figure for the June quarter was a fall of just 0.2% - which puts New Zealand into the deepest recession since the initial Covid-related slump in 2020. We won't get data for the current quarter until 21st March 2025.

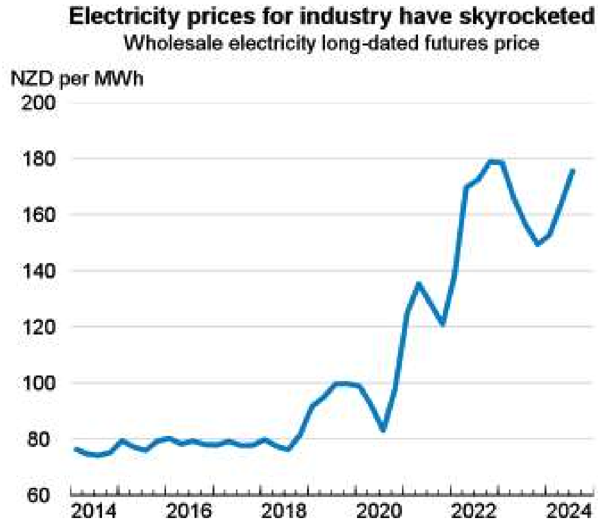
REAL GDP GROWTH RATE



LATEST OECD REPORT ON NZ, DEC-24

IT IS ESSENTIAL TO TACKLE LOW PRODUCTIVITY GROWTH AND HIGH ELECTRICITY FUTURES PRICES

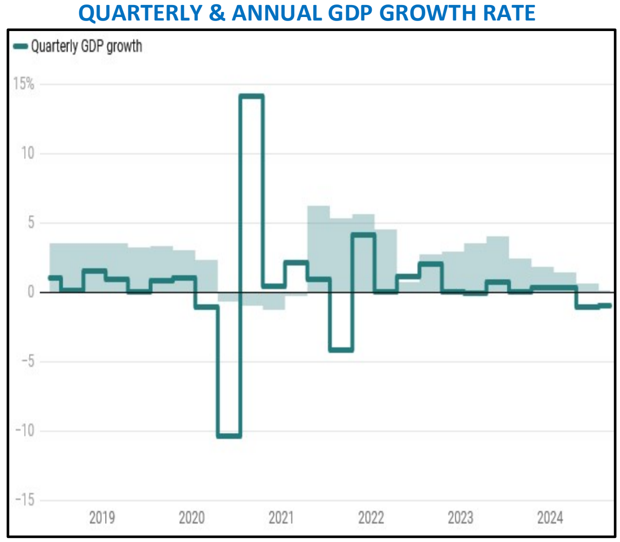
Labour productivity growth has declined since 2021, with recent GDP growth driven by low and medium-skilled migration. High bank margins and capital costs limit credit demand, and limited competition hinders investment and innovation, resulting in a low capital-to-labour ratio and business R&D. To boost productivity, the government should increase competition, especially in digital banking. High electricity prices threaten business investment, particularly in green and digital sectors. Reviews of the electricity market should consider separating generation and retail operations to enhance competition. Tax credits for R&D should be complemented by targeted grants for industry-research collaborations. School reforms should focus more on reading, writing, mathematics, and science to prepare students for high-skilled occupations in short supply.



GDP per capita fell 1.2% during the September 2024 quarter, despite a significant cooling in net migration. This was the eighth consecutive fall in the series. On an annual basis, the per capita size of the economy is 2.7% smaller. An already weakening New Zealand dollar fell by about a third of a US cent to US56.30c on the back of the much worse-than-expected GDP data.

During the September 2024 quarter, activity declined in 11 of the 16 industries that make up the production measure of GDP. The biggest falls were in manufacturing, business services, and construction. Goods-producing and service industries fell but primary industries increased. "*The rise in agriculture this quarter was driven by dairy farming. We also saw a rise in exports of milk powder, butter, and cheese*," StatsNZ said.

QUARTERLY & ANNUAL GDP GROWTH RATE



"Further OCR cuts should help to spur economic growth and limit the risk of doing prolonged damage. However, ongoing headwinds, including our expectation for further weakening in the labour market, and cooling net migration inflows suggest we are unlikely to see a rapid turnaround in the economy."

Several Bank analysts suggest we may now need a 75-basis point OCR cut in February, with many convinced that the Bank will cut rates below neutral, expecting an eventually cut to 2.25%.

Inflation

The committee was confident that remaining inflation pressures will abate. "*Feedback from recent surveys and business visits suggest domestic price and wage setting behaviours are becoming consistent with inflation remaining sustainably at target,*" it said.

Despite the pathway being lowered the forecast endpoint for the OCR was lifted a little to 3.06% (from 2.98%).

ASB chief economist Nick Tuffley said the RBNZ had left the door wide open for its future moves. But the OCR track for the March quarter had an average of 4.07% which implied a fairly high chance of a 50 basis point cut in February.

It is three months until the RBNZ next meets, with a full cycle of quarterly domestic data and President Trump's inauguration in between. PM Christopher Luxon said ahead of the Reserve Bank's announcement that: "*Mortgage relief is on the way because our plan is supporting lower inflation*." Orr said: "*Success has thousands of parents, I'm very pleased to no longer be an orphan*."

The ANZ Economic Outlook report highlights that the Reserve Bank of New Zealand's faster withdrawal of monetary restrictions is expected to lead to a quicker economic recovery. Lower interest rates, stabilizing house prices, easier credit conditions, and a softer New Zealand dollar are contributing to easing financial conditions.

ANZ Business Confidence

Prior to the latest RBNZ announcement, ANZ forecast a recessionary -1% GDP for 2024, followed by 1.1% growth in 2025, and a healthier 3% growth in 2026. The report suggests that while economic conditions remain challenging in the short term, the outlook for the latter half of 2025 and beyond is more optimistic.

Post the RBNZ OCR move of interest rate cuts, with the prospect of more to come, this has sparked a surge in surveyed business confidence, with general expectations for the year ahead reaching 10-year highs. That optimism has yet to be matched by the reality; firms still report that their activity is down on the same time last year, though the gap is closing.

Our Biggest City is lagging

NZ's boat led the recent America's Cup, but Auckland lags in the global city race. The World Economic Forum says cities are vital for competitive, innovation-driven economies with strong infrastructure, labour markets, and R&D. As NZ's largest economic hub, generating 38% of NZ's GDP, Auckland should excel. However, the State of the City reports show it struggles. Despite promising sectors like gaming and health tech, Auckland has not reached the economic leadership expected of NZ's main growth engine.

AUSTRALIAN ECONOMIC OUTLOOK

Population: 27.2 million

Australian Economy

Australia's employment rose by +35,600 in November from October, up +334,500 in a year. That is a +2.1% annual rise. Monthly, full-time employment rose +52,600 while part-time employment fell -17,000. These gains were enough to push their jobless rate down from 4.1% to 3.9%, and unexpected improvement. (New Zealand's jobless rate was 4.8% in September.) For some, this is a good-news-is-bad-news item because it probably pushes back an RBA rate cut even further.

Population Growth

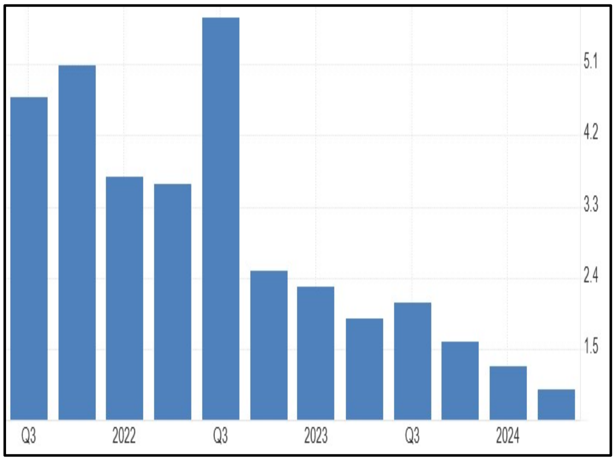
Australia's population rose +2.1% in the year to June, adding +552,000 and taking the total to 27.2m. Victoria, Queensland and Western Australia all rose faster than the national average. Victoria grew the most, up +165,000 to just shy of 7m. NSW was next, growing +143,000 to 8.5m. (New Zealand's population was 5.35m as at September, and close to Queensland's 5.6m. In the past year, New Zealand's population grew by +65,000 or +1.2%.)

GDP Growth

Australian GDP rose by 0.3% in Q3, less than expected. The shortfall was largely in household consumption, which was flat for the quarter. Tax cuts spurred a 0.8% rise in real household incomes, but this appears to have been saved rather than spent during the quarter. Subsequent data has pointed to a solid lift in spending in October, though this may be distorted by shifting seasonal patterns around end-of-year discounting. Government spending made the biggest contribution to GDP growth, partly due to a 'reallocation' of electricity spending by households to the government through energy rebates. However, this marks a continuation of recent trends where government spending as a share of the economy has continued to set new record highs.

AUSTRALIAN GDP GROWTH

AUSTRALIA – ANNUALISED GDP GROWTH RATE

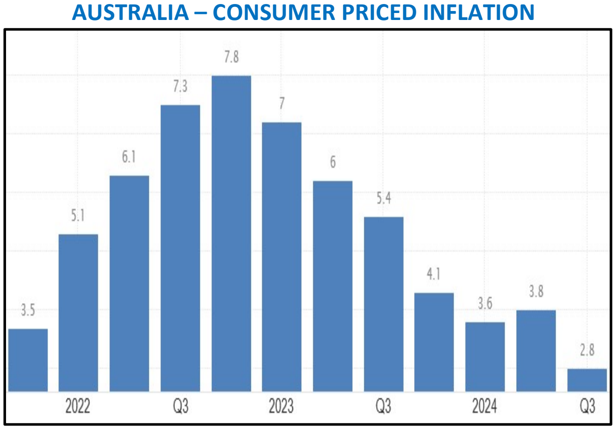


INFLATION AT 3.4% YOY

In Australia, inflation has been sticky on the way down, after lagging the rest of the world on the way up. "*Governor Bullock has made it very clear that they won't be cutting until inflation moves back into the range - and that's probably not until well into 2025,*" according to Macquarie Bank's Tom Deverell.

The labour market is also a consideration for the RBA, after a surprisingly resilient 2024. "*That's part of the challenge the RBA faces, because they think unemployment is too low at the moment. They think it's below what they call the 'natural rate,' and they would like it to go up a bit,*" says Deverell. "*I think it probably creeps up a bit over the next year, but I think it's reasonably stable*."

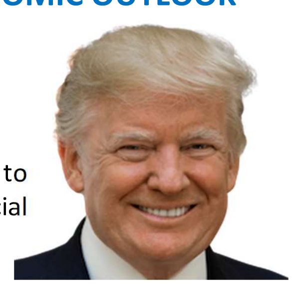
AUSTRALIA – CONSUMER PRICED INFLATION



UNITED STATES ECONOMIC OUTLOOK

Population: 345.7 million

It is predicted that there are at least a further 11.7m undocumented (illegal) migrants in the US currently.

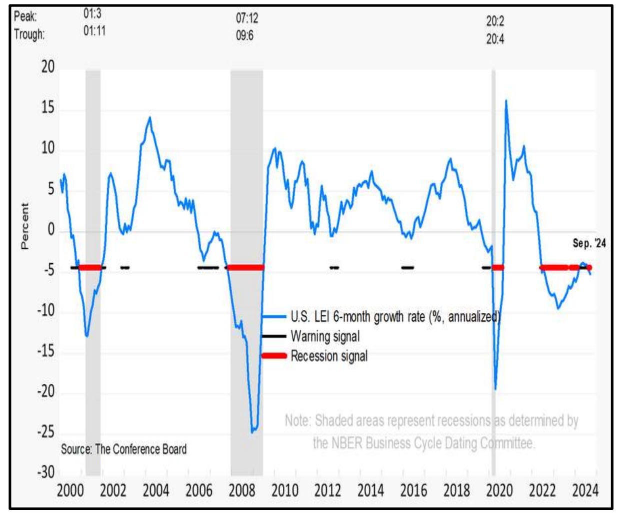


US ECONOMY

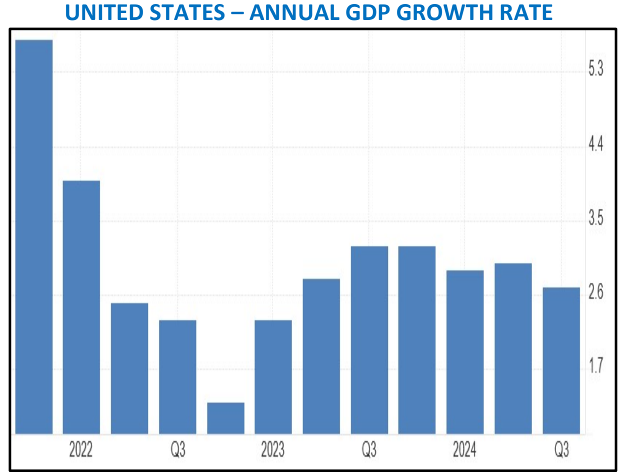
The US economy continues to defy gravity as financial markets end the year at record all-time highs. And Bank of America economists don't see that changing anytime soon according to their latest projections. In its latest research note, the bank projects the US economy will grow at an annualised rate of 2.4% in 2025, higher than current forecasts for 2% growth, according to the latest Bloomberg consensus estimates. This comes despite uncertainties surrounding the economic policies of President-elect Donald Trump, including campaign promises of tariffs on imported goods, tax cuts for corporations, and curbs on immigration, which economists have viewed as inflationary.

It noted these proposals could also hinder economic growth and pressure an already bloated federal deficit, further complicating the Federal Reserve's path forward for interest rates.

US ECONOMY IS NOT OUT OF THE WOODS YET



UNITED STATES – ANNUAL GDP GROWTH RATE



CONSUMER CONFIDENCE

Consumer confidence is at its highest level in almost two years. Retail sales topped estimates for the month of October, the unemployment rate continues to hover at around 4%, and inflation has moderated despite its bumpy path down to 2%. The world right now is one in which the US economy has consistently outperformed its peers for almost two years, the Bank of America noted.

US INFLATION

The US's November CPI rate came in without any surprises, Irising for a second consecutive month to 2.7% from 2.6% in October. Core inflation, without food and energy, was stable at 3.3%. Food prices rose +2.4% and rents +4.7%. Petrol costs fell -8.1%.

CHINESE ECONOMIC OUTLOOK

Population: 1.419 billion ↓

CHINESE ECONOMY

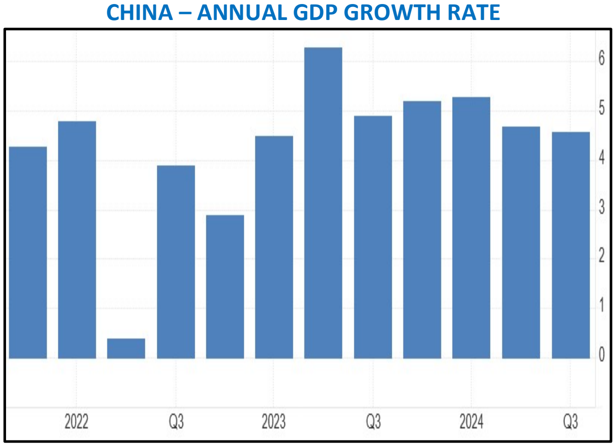
China's vehicle sales jumped by almost +12% to 3.3m units in November 2024. from the year before and accelerating sharply from a +7% rise in October. Beijing incentives seem to be working as intended, although they might be at the cost of spending in other sectors.

The world's second largest economy and our largest trading partner experienced a lacklustre year with most major indicators falling well short of expectations.

Growth in China remains weak and at 5% is well short of its target led principally by a significant downturn in its property market, which has led to a dramatic slide in consumer confidence.

However, recent comments suggest China is planning to revive its flagging economic performance in 2025 and will adopt an "appropriately loose" monetary policy next year, alongside a more proactive fiscal policy to spur economic growth, according to Politburo sources. It plans to focus on expanding domestic demand and boosting consumption, state media Xinhua reported, citing a readout of a meeting of top Communist Party officials.

CHINA – ANNUAL GDP GROWTH RATE



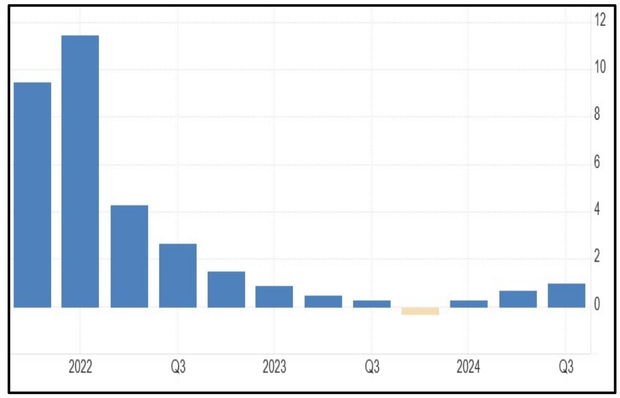
UNITED KINGDOM ECONOMIC OUTLOOK

POPULATION: 69.2 million

UK ECONOMY

GDP in the UK expanded 1% year-on-year in the third quarter of 2024, the strongest growth rate in seven quarters, compared to 0.7% in Q2 and in line with market expectations, preliminary estimates showed. Household spending rose 1.2%, compared to a flat reading in Q2; and gross fixed capital formation grew faster (3.6% vs 0.7%) of which business investment (4.5% vs 0.2%). Government expenditure also remained robust (1.8% vs 2.1%), while exports contracted (-1.3% vs -2.9%) and imports rose at a faster pace (4.3% vs 3.3%).

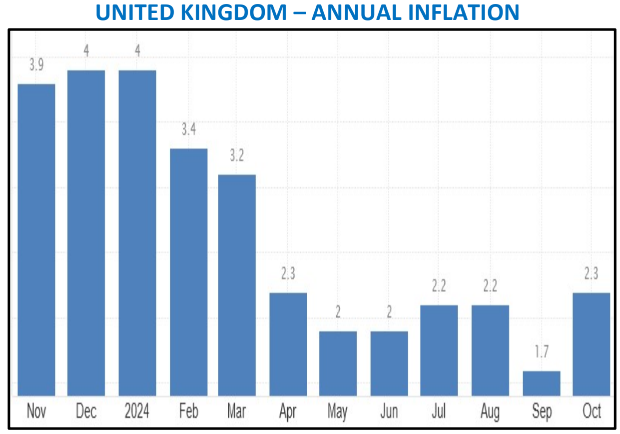
UNITED KINGDOM – ANNUAL GDP GROWTH RATE



INFLATION RATE

Annual inflation rate in the UK went up to 2.3% in October 2024, the highest in six months, compared to 1.7% in September. This exceeded both the Bank of England's target and market expectations of 2.2%. The largest upward contribution came from housing and household services (5.5% vs 3.8% in September), mainly electricity (-6.3% vs -19.5%) and gas (-7.3% vs -22.8%), reflecting the rise of the Office of Gas and Electricity Markets (Ofgem) energy price cap in October 2024. Also, prices rose faster for restaurants and hotels (4.3% vs 4.1%) and rebounded for housing and utilities (2.9% vs -1.7%).

UNITED KINGDOM – ANNUAL INFLATION



EUROZONE ECONOMIC OUTLOOK

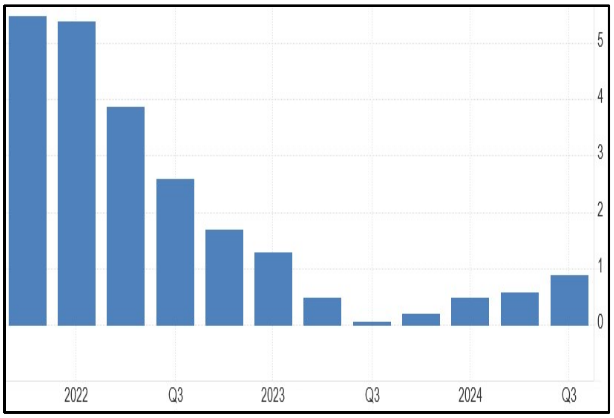
POPULATION: 449.2 million

EU ECONOMY

Europe continues to struggle economically. The political situation in many EU countries is also showing increasing signs of elecotoral disfunction. The Far-Right continue to gain electoral support and this has just increased the political instability.

EU's GDP is expected to grow by 1.6% in 2025, up from 1.0% in 2024. The euro area is expected to see slightly lower growth of 1.4%.

EUROZONE – ANNUAL GDP GROWTH RATE



Germany Settles for 23-Feb-25 Snap Election

The proposed date for another German federal vote comes nearly a week after the collapse of Chancellor Olaf Scholz's coalition government. This was precipitated by Scholz firing his finance minister, Christian Lindner, the leader of the fiscally conservative Free Democratic Party (FDP), after several months of rising acrimony due to sharp disagreements on spending and stimulus for Germany's ailing economy.

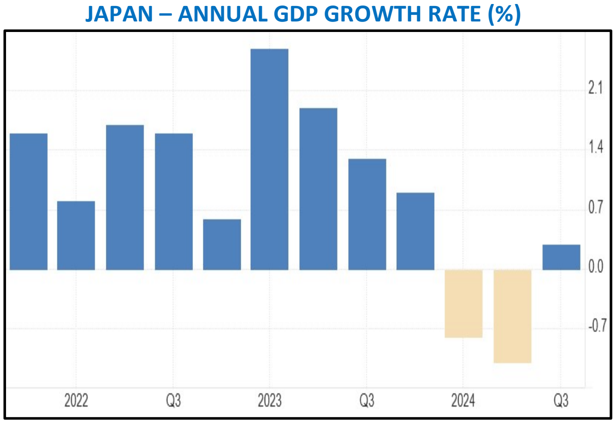
JAPAN'S ECONOMIC OUTLOOK

Population: 123.7 million

Japanese economy

The Japanese economy is likely to expand 1.1% in 2025 "*with growth boosted by private consumption as real wage growth strengthens*," the IMF said. Japan's minority government has unveil a US$140 billion (NZ$238bn) stimulus drive aimed at putting more money in consumers' pockets after the ruling party's worst election result in 15 years.

JAPAN – ANNUAL GDP GROWTH RATE (%)



Japan equities are still favoured

In Japan, investor concern over the upward pressure on the yen due to higher Japanese interest rates led to a significant selloff of Japanese equities in August. Consequently, the Bank of Japan has adopted a more cautious stance regarding the increase of its policy interest rate. Additionally, the election of a new Prime Minister and the subsequent calling of a snap election have introduced uncertainty into Japanese equity investment.

Despite these recent concerns, we maintain an optimistic outlook for Japanese equities. The ongoing changes in the Japanese economy are unlikely to be disrupted by political developments, as companies are being encouraged to enhance efficiencies and workers are being empowered to seek higher wages. These factors should continue to support future investment returns from Japanese equities.

INDIA'S ECONOMIC OUTLOOK

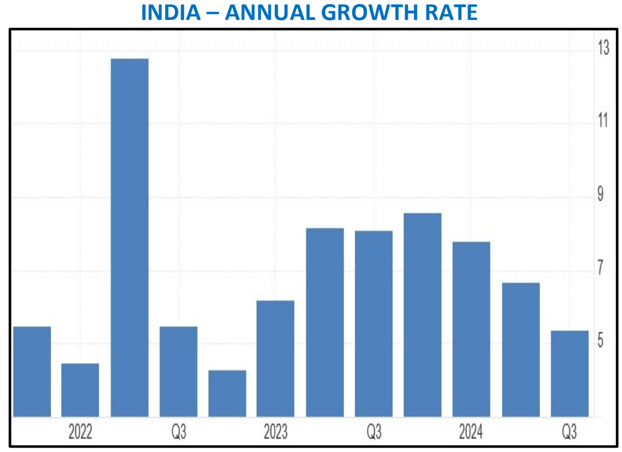
Population: 1.453 billion

India has now overtaken China as the highest population nation in the world.

Indian Economy

India's November consumer inflation rate was 5.5% (a small reduction) and their October industrial production rose +3.5% (also slowing). Food prices are rising much more than the overall level, but they are responsible for most of the decline in the November rate.

INDIA – ANNUAL GROWTH RATE

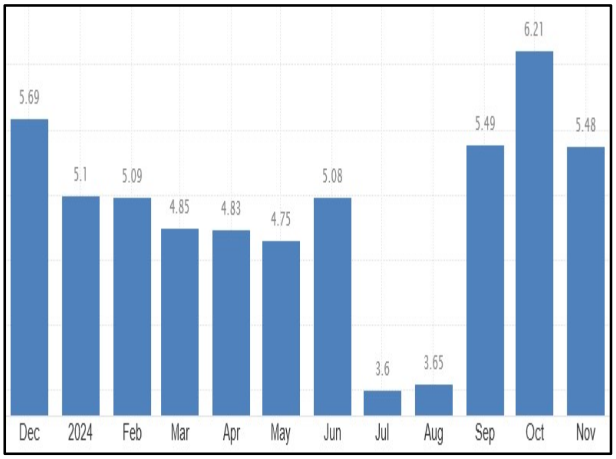


Inflation Rate

The annual inflation rate in India eased to 5.5% in November of 2024 from 6.2% in the previous month, loosely in line with market expectations, and remaining near the limit for the central bank's limit of 2 percentage points away from 4%. Despite easing back to the target range, the result showed that inflation remained firmly above the averages from earlier in the year, raising risks for the RBI to commence its rate-cutting cycle in the first quarter of

2025. Inflation remained elevated but eased for food (9% vs 10.9% in October), which accounts for half of the Indian consumer price basket.

INDIA – CPI % CHANGE – YEAR TO YEAR



COMMODITIES

NZ EXCHANGE RATES

	Historical data				F'cast
	Spot	3mth range	5yr range	5yr avg	Dec-24
USD	0.576	0.576-0.636	0.555-0.743	0.644	0.58
AUD	0.905	0.895-0.920	0.873-0.992	0.928	0.91
EUR	0.549	0.548-0.569	0.517-0.637	0.580	0.55
GBP	0.457	0.453-0.475	0.453-0.535	0.501	0.45
JPY	88.5	86.5-92.1	61.3-98.6	81.5	88.5

After falling 8% from early October to a low of 0.5797, the NZD/USD had enjoyed a modest corrective rally to 0.5927. However, that rally lost its legs recently, with the Kiwi trading back down to 0.5830 in the wake of the US payrolls data. Looking ahead, major support lies at 0.5775 (October 2023 low), which if broken would signal a move to around 0.5500.

OIL – BRENT CRUDE

Over the past 10 years, oil prices have fluctuated due to factors such as growth in U.S. shale oil production, OPEC+ (Organisation of the Petroleum Exporting Countries plus) production strategies, geopolitical risks, and economic trends. Recently oil prices have fallen to levels last seen in late 2021, impacted by slower global economic growth and increased OPEC+ and non-OPEC oil production.

BRENT CRUDE (10-YR)

NOTE: New Zealand trades in Brent Crude Oil

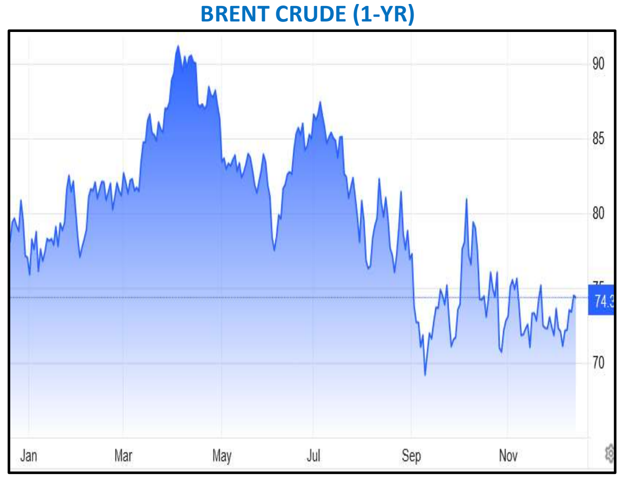
Global oil consumption has slowed, particularly due to weak demand from China post-COVID and muted global economic growth caused by central banks' interest rate hikes to combat inflation. Looking forward, U.S. policy shifts under President Trump could lead to potentially adverse economic impacts on China and their demand for oil.

The rise in electric vehicle adoption, particularly in China, Europe, and the U.S., is expected to significantly reduce oil demand over the next decade. By 2030, an estimated 6 million barrels of oil per day (bopd) may be displaced by alternative energy sources.

OPEC+ has imposed significant production cuts to stabilize oil prices, while U.S. shale production growth continues to counteract these efforts. The organization's spare capacity presents both a buffer and a risk to oil prices depending on future production decisions.

Oil prices are expected to fall modestly through 2025, from the current level of around US$74 per barrel to around US$66 per barrel, assuming no further escalation in geopolitical conflicts and a gradual phase-out of OPEC+ production cuts.

BRENT CRUDE (1-YR)



GOLD

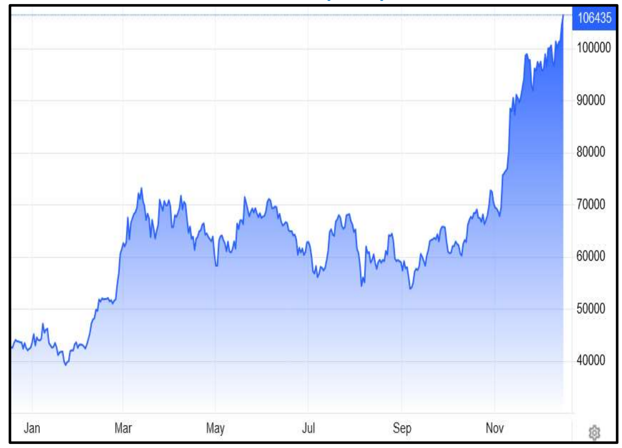
Gold reached a record high of US$2,792 in late October, before easing slightly (currently US$2,650). On the geopolitical front, traders continued to monitor developments in the Middle East. While the fall of the Syrian dictatorship eased some of the metal's safety appeal, uncertainty persists. Bullion prices fell after factory gate costs in the US rose at a much faster pace than expected in November, strengthening lingering concerns of stubborn inflation and pushing back against the lack of upside surprises in the CPI print this week. Still, the dovish momentum for major central banks supported gold prices enough to be set for a small increase.

GOLD (1-YR)

BITCOIN

Bitcoin is the world's most traded cryptocurrency and represents the largest piece of the crypto market pie. It was the first digital coin and as such, remains the most famous and widely adopted cryptocurrency in the world. It's the original gangster in whose footsteps all other coins follow. The birth of Bitcoin was the genesis of an entirely new asset class, and a huge step away from traditional, centrally controlled money. Today, many advocates believe Bitcoin will facilitate the next stage for the global financial system, although this — of course — remains to be seen.

BITCOIN (1-YR)



TRUMP BACKS BITCOIN

Donald Trump will likely issue an executive order on his first day in office to designate Bitcoin as a United States reserve asset, according to Jack Mallers, CEO and founder of Strike. The Bitcoin Act of 2024, introduced by pro-crypto Senator Cynthia Lummis in July 2024, proposes that the Treasury and Federal Reserve purchase 200,000 BTC annually over five years, accumulating 1 million BTC. The reserve will be held for at least 20 years, thereby taking 5% of Bitcoin's total supply (of 21 million tokens) from circulation.

This speculation has resulted in some lofty new BTC price targets for 2025 and beyond. According to Perianne Boring, founder of The Digital Chamber, Bitcoin's capped supply could lead to significant price appreciation, especially if Trump successfully implements many of his proposed crypto policies.

"If Donald Trump is successful in putting forth a lot of the proposals that he's proposed to the [crypto] community, the sky is the limit because Bitcoin has a fixed supply," Boring stated in an interview with Fox Business.

"We are not going to concede or yield to these separatists, these people who spew an anthem of hate against other people"

Winston Peters

AGRIBUSINESS – LOOKING FROM THE OUTSIDE IN



7% LIFT IN PRIMARY SECTOR EXPORTS IN 2025

SOURCE: NZ Herald, 12-Dec-24

New Zealand's primary sector export revenue is expected to increase by 7% to $56.9 billion in the June 2025 year, following a contraction in 2024, according to the Ministry for Primary Industries (MPI).

MPI's Situation and Outlook report forecasts sustained growth, with revenue projected to reach $58.3 billion in the June 2026 year. The downturn in 2024 was attributed to China's economic slowdown and corrections in commodity prices.

MPI expressed confidence in the sector's ability to drive New Zealand's economic growth and help achieve the Government's objective of doubling export value within ten years. They noted improving global economic conditions, such as declining inflation, reduced interest rates, lower debt servicing costs, decreased global shipping expenses, and a reduction in farm input costs.

DAIRY - Revenue from New Zealand's dairy products is projected to rise by 10% to $25.5 billion in 2025 due to higher global dairy prices resulting from limited supply. The forecasted 10% increase in dairy export revenue follows a decline in 2023/24. Global dairy prices are expected to rise in 2024/25 due to limited supply from major exporting regions like the US and EU. MPI also noted strengthened global import demand. Milk production and export volumes are anticipated to grow due to favourable weather conditions, with the average farmgate milk price projected to climb to $9.60 per kg of milk solids, enhancing profitability.

MEAT AND WOOL - Meat and wool export revenue is expected to increase slightly to $11.4 billion in the year ending June 30, 2025, driven by improved demand and tighter global beef supplies. MPI indicated that rising prices are likely to offset volume declines. Increased prices are driven by constrained global beef and mutton supplies and robust demand from Europe and the US. However, the sector may not fully benefit from higher prices due to lower production volumes stemming from a smaller flock, reduced lambing rates, and post-drought herd rebuilding. Consequently, sheep and beef farm profit is projected to decline in 2024/25.

FOOD & FIBRE - In 2024, food and fibre accounted for 81.1% of New Zealand's goods exports. Over the past decade, these exports have grown at an average annual rate of 3.2%, compared to 1.5% for other goods. MPI reported that the food and fibre sectors rebounded after bottoming out in 2023/24.

HORTICULTURE - The Horticulture sector is anticipated to continue its strong performance, with export revenue reaching $8 billion, a 12% increase in the June 2025 year. Kiwifruit revenue is projected to surpass $3 billion for the first time. Wine export revenue is also expected to recover from a challenging 2023/24, bolstered by strong consumer demand for New Zealand wine. Apple and pear export revenue is predicted to exceed $1 billion, spurred by recovering export volumes following the cyclone-affected 2023 season. Fresh and processed vegetable export revenue is also expected to increase by 7%.

FORESTRY - Forestry is recovering from domestic supply-side disruptions and slow global demand over the past two years. Early signs of increased construction activity in China could boost demand for logs and some processed wood products. Nevertheless, overall global demand for wood products remains low, and the closure of certain wood processing plants will reduce production capacity in the near term. MPI highlighted ongoing uncertainty due to the instability of global economic recovery, potential trade barriers, and continued high input costs. Exports are forecasted to recover, growing by 4% to $6 billion in the June year.

SEAFOOD - The seafood sector is expected to benefit from robust demand, tight global supply, and high prices, with export revenue rising by 3% to $2.2 billion in the year. Nonetheless, increased competition in the Chinese rock lobster export market poses downside risks. Recent declines in fuel costs have eased margin pressures for fish farmers, fishers, and processors, contributing to the industry's positive outlook, according to MPI.

Despite global uncertainties, MPI expects food and fibre sector export revenue to increase in 2024/25 due to favourable production conditions, rising commodity prices, and a slightly lower NZ dollar against the US dollar. "The rebound in 2024/25 is expected to be driven by stronger global demand and tighter global supplies for key commodities, including dairy, beef, mutton, and seafood products," MPI stated. Additionally, higher export volumes of dairy, forestry, seafood, and horticulture products are anticipated to support export revenue for 2024/25.

NEW ZEALAND EQUITIES

NZ ENERGY SECTOR

Contact and Meridian have just reported November operating statistics. Both were in line with Jarden expectations.

Meridian EBITDA in November was $64m vs. $74m in the pcp, and **Contact Energy** $57m vs. $48m in the pcp. In the month, **Meridian** still had higher-than-normal risk mitigation costs associated with the August squeeze, now only c.$15m behind a normalised month expectation after having fallen c.$230m behind over the prior four months. **Contact Energy** is on track to achieve Jarden's FY25 EBITDA estimate of $794m and **Meridian** our $881m estimate. We retain a Buy rating on CEN and Neutral rating on Meridian.

November impacted by low wholesale pricing: The wholesale price averaged NZ$31/MWh in November. Meridian's Waitaki dam level was at 155% of average at the end of November.

Energy margins shape similar to EA dataset: In November, **Contact Energy** calculated energy margin was NZ$78m, in line with the Electricity Authority weekly reported energy margin estimate. Meridian's was NZ$92m, up on the EA indicated NZ$81m - see figures 1 and 2 below. Meridian starting to track back toward a normalised Energy margin - see figure 3 below.

Meridian November risk mitigation losses were NZ$44m (September -NZ$88m, October -NZ$66m) as the cost to cover risk created by the hydro shortage in August hurt once more. Demand response payments continue through to February next year, having past peak payment in September. In August, the Tiwai demand response payments were NZ$19m, September at NZ$25m, October at NZ$21m and November NZ$13m, with payments at a declining rate expected through to February next year. There is only c. NZ$10m of demand response payments to go.

Contact has some washups as well as a Tauhara outage negatively impacting November. The Mass Market retail price was depressed in November due to over accounting in the prior four months. Also, the lines losses at 10% negatively impacted by under-allocation in the prior months. While wholesale prices were at materially low levels at the start of November, CEN took the opportunity to put extra effort into fixing the rattle at Tauhara. This intervention should reduce the duration of the planned six-week outage this time next year and it could also allow for above 153MW output from the kit through to then.

Valuation and risk: We derive our 12m target prices for the CEN and MEL using rolled forward three-stage DCF valuations. We use an MRP of 7.0% and terminal growth of 2.25%. See the Valuation and risks section later in this note for more details of our 12-month target prices and risks to our valuations.

Key financial metrics	Rating	Price (NZ$)	12m target price (NZ$)	Projected return	Price to earnings (x)	Dividend yield
Contact Energy Limited	Buy	9.00	10.89	25.3%	24.1	4.3%
Meridian Energy Limited	Neutral	5.72	6.39	15.7%	57.1	4.0%
Genesis Energy Limited	Buy	2.18	3.15	51.1%	29.2	6.6%
Mercury NZ Limited	Overweight	5.72	7.62	37.4%	39.3	4.2%
Manawa Energy Limited	Neutral	5.64	5.46	-1.1%	138.5	2.1%

Source: Jarden Research

DISCLOSURE APPENDIX AT THE BACK OF THIS REPORT CONTAINS IMPORTANT DISCLOSURES, ANALYST CERTIFICATIONS, LEGAL ENTITY DISCLOSURE AND THE STATUS OF NON-US ANALYSTS. US Disclosure: Jarden does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the Firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

STOCKS TO WATCH NEW ZEALAND

PRICES AS AT 20TH DECEMBER 2024

ALL GRAPHS ARE ONE YEAR

AIR NEW ZEALAND

Research: 3rd December

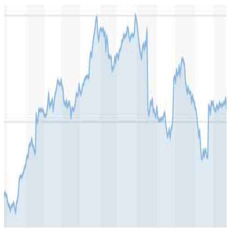
At its recent investor day, AIR presented various initiatives aimed at driving EBITDA improvements of ~$300m to $400m by FY28. Revenue initiatives are centred around capacity growth (fleet on order) and premiumisation of the long-haul fleet, with premium seating lifting 30% over FY19 levels and a 10-15% RASK increase expected on North American routes. Other revenue initiatives include a ~$50m lift in loyalty earnings (growth in member and partner base, higher loyalty tier) and data-driven revenue increases including upselling opportunities and cargo optimisation. On the cost side, AIR is seeking to save ~$100m with targeted savings in labour and overheads. Combining a more efficient fleet, AIR expects CASK to remain broadly flat. It is useful to see the quantum of underlying improvements that AIR is targeting, however, Jarden expects (and management acknowledged) that the realised lift in earnings is likely to be somewhat lower given the highly competitive nature of the industry.

2025 P/E: 17.6 2026 P/E: 10.5

NZX Code:	**AIR**
Share Price:	**$0.58**
12mth Target:	**$0.61**
Projected return (%)	
Capital gain	6.1%
Dividend yield (Net)	3.6%
Total return	**9.7%**

Rating: **NEUTRAL**

52-week price range: 0.51-0.65



A2 MILK

Research: 22nd November

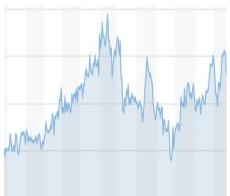
Modest revenue upgrade, notwithstanding China macro weakness. FY25 revenue growth upgrade to mid-to-high single digits (from mid-single digit at August FY24). Jarden ingoing estimate +6% for FY25E revenue growth. EBITDA margin still expected to be broadly in line with pcp, 1H down and 2H up on respective pcps. In line with standing Jarden estimate and unchanged from August guidance. Management also reiterating it remains on track to achieve its FY27 ambition targets. Board noted it will continue to review capital management options which may result in further capital returns, likely in the form of special dividends.

2025 P/E: 24.8 2026 P/E: 23.3

NZX Code:	**ATM**
Share Price:	**$6.25**
12mth Target:	**$7.35**
Projected return (%)	
Capital gain	17.6%
Dividend yield (Net)	2.4%
Total return	**20.0%**

Rating: **OVERWEIGHT**

52-week price range: 4.12-8.05



CONTACT ENERGY

Research: 16h December

The Mass Market retail price was depressed in November due to over accounting in the prior four months. Also, the lines losses at 10% negatively impacted by under-allocation in the prior months. While wholesale prices were at materially low levels at the start of November, CEN took the opportunity to put extra effort into fixing the rattle at Tauhara. This intervention should reduce the duration of the planned six-week outage this time next year and it could also allow for above 153MW output from the kit through to then.

2025 P/E: 24.1 2026 P/E: 22.4

NZX Code:	**CEN**
Share Price:	**$8.78**
12mth Target:	**$10.79**
Projected return (%)	
Capital gain	22.9%
Dividend yield (Net)	4.7%
Total return	**27.6%**

Rating: **BUY**

52-week price range: 7.86-9.43

CHORUS

Research: 12th December

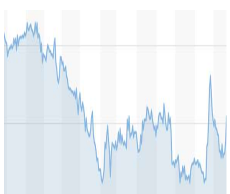
A ~$220m lift in the final MAR but unlikely to be recovered in RP2. The ComCom has released its final decision on CNU's MAR for RP2 (four-year period commencing 1 January 2025), with the total MAR up ~$220m from the draft provided in July. The draft decision was based on provisional information including the draft WACC, preliminary CPI forecasts and CY22 Information Disclosures - each of which have now been updated to the latest information. The final decision also updates for a favourable outcome on opex allowances in mid-August which added ~$100m to the MAR (now updated to ~$120m). The tax building block also lifted ~$45m on the higher MAR profile. The balance of the uplift is primarily related to a change in depreciation tilting (~+$50m). Risks include network competition reducing as FWA fails to meet mass-market desire for actual fibre experience.

2025 P/E: 2026 P/E:

NZX Code:	**CNU**
Share Price:	**$9.03**
12mth Target: ↓	**$7.57**
Projected return (%)	
Capital gain	-162%
Dividend yield (Net)	1.1%
Total return	**-15.1%**

Rating: **UNDERWEIGHT**

52-week price range: 7.03-9.39



GENESIS ENERGY

Research: 21st November

GNE reported 1Q25 opstats, with EBITDA estimated at $158m, c. $28m up on pcp, in line with expectations. This is a positive update considering that GNE had paid up for extra Methanex gas from mid-August. With wholesale prices having retraced, it made it difficult to monetise this investment. Retail pricing a good flexible use of its thermal kit, which means that Genesis should be on track to beat its $460m FY25 EBITDA guidance. Jarden keeps their FY25 EBITDA forecast at $462m and retains their Buy rating.

2025 P/E: 26.8 2026 P/E: 17.3

NZX Code:	**GNE**
Share Price:	**$2.27**
12mth Target:	**$3.15**
Projected return (%)	
Capital gain	38.8%
Dividend yield (Net)	7.0%
Total return	**45.8%**

Rating: **BUY**

52-week price range: 2.05-2.60

HALLENSTEIN GLASSON

Research: 21st November

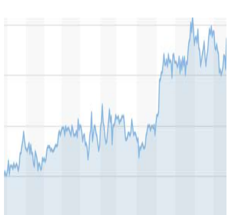
HLG delivered strong (pre-guided) FY24 results as its product resonated well with consumers. Group sales increased +6% y/y against a difficult backdrop, with momentum accelerating in 2H24. The strong result was led by Australia and although New Zealand was comparatively softer, it still gained share, outperforming broader apparel sales in that market. The eight-week FY25 trading update showed continued positive sales momentum, tracking +11% ahead of the pcp, although commentary indicated New Zealand continues to lag, noting the group is also cycling a weak comp when sales were down -6%. Glassons Australia remains the highlight within the group, with 2H24 sales growth accelerating to +26% y/y. The result was helped by two store openings and a number of store expansions, although driven largely by strong same-store sales. Expect positive, albeit moderating, momentum to continue.

2025 P/E: 9.6 2026 P/E: 9.1

NZX Code:	**HLG**
Share Price:	**$8.30**
12mth Target: ↑	**$7.05**
Projected return (%)	
Capital gain	-15.1%
Dividend yield (Net)	9.4%
Total return	**-5.7%**

Rating: **OVERWEIGHT**

52-week price range: 5.10-8.40



INFRATIL

Research: 14th November

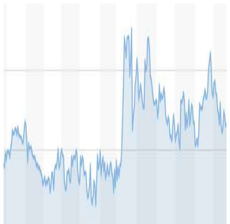
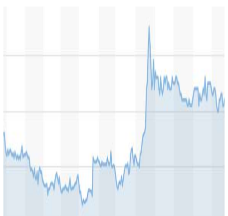
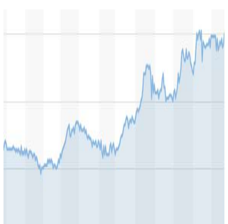
IFT's 1H24 proportionate EBITDA of $478.8m was above consensus ($458m), partly due to 1H/2H phasing for One NZ. Other asset contributions were broadly as expected, and FY25 EBITDA guidance changes were minor. Proportionate "operational" EBITDA is now guided $960-$1,000m (prev $962-$1,012m). CDC FY25 EBITDA guidance remains unchanged at A$320-$330m but now steered to the lower end, on contract starts delayed into 1H26. One NZ showed less exposure to enterprise/government spend slowdowns flagged by peers. IFT warned earlier this year a changing of the guard in the White House could impact Longroad Energy, the Boston-based solar farm operator in which it has a 37.3% stake. An unimputed interim dividend of 7.25 cents per share was declared – a 3.6% year-on-year increase.

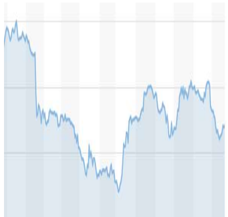
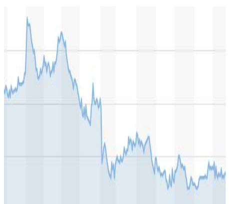
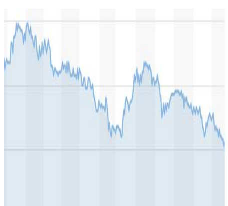
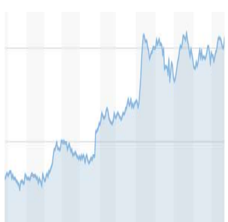
2025 P/E: 2026P/E: 270.8

NZX Code:	**IFT**
Share Price:	**$12.70**
12mth Target:	**$12.70**
Projected return (%)	
Capital gain	0.0%
Dividend yield (Net)	1.7%
Total return	1.7%

Rating: **OVERWEIGHT**

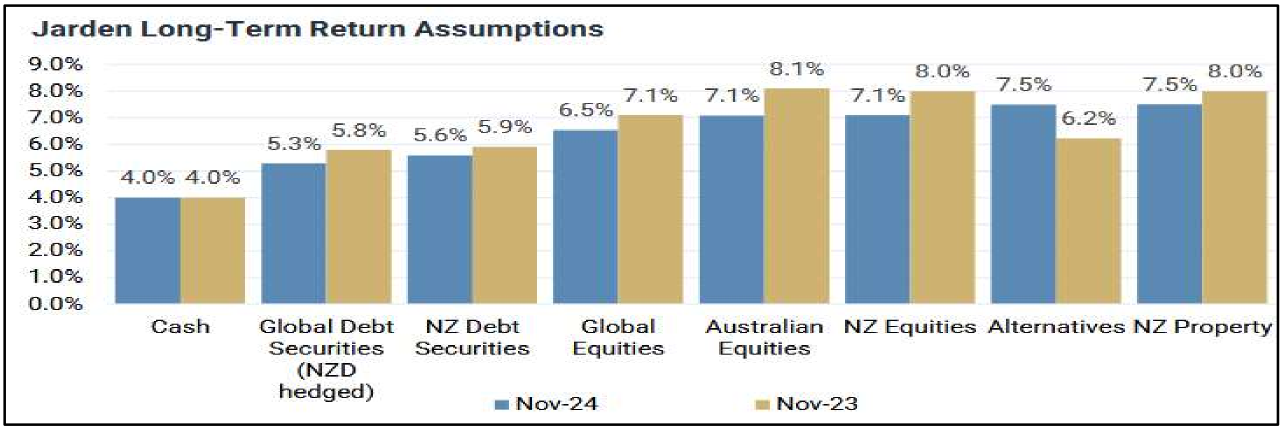
52-week price range: 9.98-13.34

	**INVESTORE PROPERTY** Research: 14th November While NPI ($31.2m) was slightly below Jarden's estimates, distributable profit ($13.9m) was in line, on lower expensed interest. AFFO was slightly ahead at $12.8m on what appears to be maintenance capex timing, with IPL still targeting to do ~$5m of total spend in FY25. Portfolio revaluations look to be stabilising, coming in at -$3.5m (2H24: -$16m and ~-$300m over FY23/FY24), with the portfolio cap rate now up 1bps to 6.38%. Gearing remains relatively unchanged at 41.6% (FY24: 40.8%) and slightly outside of IPL's target range. With little commitments (~$5m development works and IPL to net ~$5m in from asset repositioning), IPL looks comfortable holding gearing at this level. 2025 P/E: 16.0 2026P/E: 15.1	NZX Code: **IPL** Share Price: **$1.16** 12mth Target: **$1.26** Projected return (%) Capital gain 8.6% Dividend yield (Net) 5.9% Total return **14.5%** Rating: **OVERWEIGHT** 52-week price range: 0.97-1.29
	**MAINFREIGHT** Research: 12th November 1H25 PBT of $161.2m was $2.7m ahead of the draft result (led by NZ) and down ~8% on the pcp. The largest contributor to the YoY earnings decline was in A&O (-$7.7m, -10%) in a competitive market against a soft macro backdrop. Warehousing was also weak (-$6.1m, -23%) with under-utilisation in Europe and some drag from recently added capacity in Australia as utilisation builds. Transport was flat, with losses in the US and weakness in NZ offset by strength in Australia and some improvement in Europe. MFT reported net debt of $88m, while Jarden's medium-term forecasts continue to show a net cash balance despite a sustained lift in capex vs pre-COVID levels. Bonus accrual of $19.5m represented ~10% of NPBBT (pre-IFRS16). MFT declared a fully imputed 1H25 dividend of 85cps (flat). 2025 P/E: 27.3 2026P/E: 22.7	NZX Code: **MFT** Share Price: **$71.50** 12mth Target: **$80.00** Projected return (%) Capital gain 11.9% Dividend yield (Net) 2.4% Total return **14.3%** Rating: **OVERWEIGHT** 52-week price range: 65.50-77.60
	**MY FOOD BAG** Research: 21st November Stabilising demand remains a feature in 1H25. The rate of decline in revenue continues to sequentially improve which, against the challenging consumer backdrop, represents a stabilisation of the demand base in our opinion. 1H25 revenue fell -1.9% y/y, with total deliveries falling -1.4% and AOV (average order value) down -0.6% y/y. Importantly, MFB outperformed broader NZ online grocery spend, which fell -4.7% y/y over the same period, the first period of relative growth outperformance since listing. While total online grocery spend is well above pre-pandemic levels, Jarden notes MFB deliveries are now at the same level as 1H20 (September 2019). Despite price increases in My Food Bag, the relative performance of lower price point Bargain Box drove the lower AOV, although encouragingly management commentary suggests that mix shift showed signs of stabilising in 2Q25. 2024 P/E: 8.4 2025 P/E: 7.2	NZX Code: **MFB** Share Price: **$0.21** 12mth Target: **$0.28** Projected return (%) Capital gain 33.3% Dividend yield (Net) 5.9% Total return **39.2%** Rating: **OVERWEIGHT** 52-week price range: 0.116-0.28
	**NZX** Research: 8th November The overall strategy outlined at NZX's investor day remains focused on driving scale and operating leverage in each of its three business segments. NZX continues to make the case to central government for more streamlined regulations around initial and ongoing disclosure requirements, more closely aligned to the Australasian market, and believes it has made good progress on this front. The company has also highlighted the concerns expressed by others around the recent expansion of environmental disclosure requirements (significantly more onerous than other jurisdictions), and director personal liability, both of which have the potential to act as barriers to listings. NZX is also advocating for markets to play a more active role in supporting public infrastructure investment. 2024 P/E: 28.2 2025 P/E: 27.4	NZX Code: **NZX** Share Price: **$1.50** 12mth Target: ↑ **$1.68** Projected return (%) Capital gain 12.0% Dividend yield (Net) 4.1% Total return **16.1%** Rating: **OVERWEIGHT** 52-week price range: 0.97-1.53
	**PORT OF TAURANGA** Research: 11th December Jarden notes a flat outlook for key export commodities. They also consider the competition for import volumes and expects that capacity constraints at Port of Auckland will be a key driver of import growth at POT. They update their pricing assumptions to reflect the price / volume trade-off and POA's clear focus on price over volume. Export outlook flat outside kiwifruit - POT has historically seen strong growth in key export commodities, reflecting underlying industry growth alongside trade consolidation through transhipments. While there is scope for a recovery in export transhipments, Jarden highlights that industry volumes for dairy, meat and logs are likely to remain flat for the foreseeable future. Industry body forecasts suggest kiwifruit volumes are likely to grow ~33% over the next 10 years. Import model assumes POT share gains: POT's import container volumes declined ~23% in FY24 on a weak economy and reduced rail capacity to Metroport. Wharf extension - The Government's Fast-track Approvals Bill has passed its second reading, looking set to become law in the coming weeks, paving the way for POT's southern wharf extension. With further consultation required and some risk remaining, we push back our start date for construction into FY26. 2025 P/E: 36.8 2026 P/E: 30.8	NZX Code: **POT** Share Price: **$6.64** 12mth Target: ↑ **$6.09** Projected return (%) Capital gain -8.3% Dividend yield (Net) 2.5% Total return **-5.8%** Rating: **NEUTRAL** 52-week price range: 4.64-6.64

	**RYMAN HEALTHCARE** Research: 15th November While things have more recently unwound for RYM (dilutive equity raise; Directors' valuation reversal; impact of development execution), RYM and SUM have sustained strong compound growth in book equity (NTA) over the last decade - SUM over 20% and RYM 14% over the last 12 years. NTA is not a perfect measure of value. Complexity and uncertainty on tenure don't help. Jarden's updated village analysis suggests NTA may not be too far off the mark as a proxy for village value, particularly with RYM's downwards adjustments in care and overall valuation in FY24. Jarden believes the sector remains well placed for solid growth in NTA, albeit with the rate of growth likely to continue to face downwards pressure on the increasing scale of the asset bases. 2025 P/E: 12.4 2026 P/E:	NZX Code: **RYM** Share Price: **$4.40** 12mth Target: **$5.03** Projected return (%) Capital gain 14.3% Dividend yield (Net) 0.0% Total return **14.3%** Rating: **NEUTRAL** 52-week price range: 3.40-6.02
	**SCALES CORPORATION** Research: 4th December SCL's maiden FY25 guidance range slightly below market expectations, although is typically conservative on this side of the key growing and harvest months. FY25 underlying NPAT attributable to shareholders (NPATS) is expected to be between $35m to $40m (updated JARDe $39.5m). The company also reiterated its FY24 underlying NPATS range of $30m to $35m (JARDe $34m), and announced a 1H24 interim dividend of 7.25cps. The expectation is that total FY24 dividends are "split approximately evenly between interim and final", implying total FY24E of ~14.5cps. 2025 P/E: 17.0 2026 P/E: 14.5	NZX Code: **SCL** Share Price: **$3.82** 12mth Target: ↑ **$4.60** Projected return (%) Capital gain 20.4% Dividend yield (Net) 3.6% Total return **24.0%** Rating: **OVERWEIGHT** 52-week price range: 3.00-4.25
	**SKY CITY ENTERTAINMENT** Research: 1st November Jarden has reviewed a range of key issues which they believe still overhang the SKC value case, noting that new management will need to address as part of their to-do list over the next 12-24 months. Shareholders at the 31st October AGM voiced anger, raising concerns about a string of compliance proceedings, actions and investigations which hit the company. Next year, SKC will make carded play mandatory, moving away from cash payments. The group hosts more than 7 million visitors annually across all operations. Group revenue rose 0.3% to $928.5m but this resulted in a $143.3m net loss for the year. 2025 P/E: 2026 P/E:	NZX Code: **SKC** Share Price: **$1.42** 12mth Target: **$1.85** Projected return (%) Capital gain 30.3% Dividend yield (Net) 7.8% Total return **38.1%** Rating: **OVERWEIGHT** 52-week price range: 1.30-2.18
	**STEEL & TUBE** Research: 18th November STU reported four months to October trading with volumes down 18% on the pcp, normalised EBIT of negative $5m (plus $9.6m in pcp), and normalised EBITDA of $2.7m, down $13.8m on pcp. This was a disappointing trend as the downturn momentum has continued aggressively where post the FY24 result update in August, Jarden's perception on trading was that a more moderate fall being the new trend with the start of CY25 marking a rebound. The rebound has been pushed out to mid-CY25. Jarden has reduced their FY25E EBIT from $13.3m to $0m and reduced their FY25 dividend expectation to 2c from 3c previously. Jarden reduced their target price from $1.21 to $1.15. 2025 P/E: (32.0) 2026 P/E: 41.9	NZX Code: **STU** Share Price: **$0.82** 12mth Target: ↓ **$1.15** Projected return (%) Capital gain 40.2% Dividend yield (Net) 2.3% Total return **42.5%** Rating: **OVERWEIGHT** 52-week price range: 0.80-1.19
	**VISTA GROUP INTERNATIONAL** Research: 19th December Jarden assumes VGL can achieve a completed cloud transition cash EBITDA margin of 31%. The business is entering an acceleration period for cloud uptake and has illustrated an early ability to scale. As the economics of the revenue transition prove up They see further scope for valuation upside from greater margin expansion. However, the recent share price appreciation reflects a high level of confidence in the company's ability to execute on cloud adoption They observed an average c.+13 percentage point expansion in EBITDA margins at completion, which compares to the +15 percentage point expansion implied by updated VGL forecasts. Jarden sees opportunity for upside risk to this assumption given the singular vertical and high market share characteristics of VGL's business, but weigh that risk against the fact it remains too early in the transition to build a high degree of confidence in terminal assumptions. 2025 P/E: 109.4 2026 P/E: 38.2	NZX Code: **VGL** Share Price: **$3.10** 12mth Target: ↑ **$3.05** Projected return (%) Capital gain -1.6% Dividend yield (Net) 0.0% Total return **-1.6%** Rating: **OVERWEIGHT** 52-week price range: 1.48-3.18

SUMMARY

- While short-term interest rates are lower than a year ago, an upward revision to Jarden's long-term neutral interest rate assumptions, based on estimates by the Reserve Bank of New Zealand and the Federal Reserve Bank of New York, has caused them to keep the expected long-term return on Cash unchanged from their 2024 Long-Term Return Assumptions.
- Lower longer-term interest rates in New Zealand and globally have lowered the starting point for Jarden's projected return which has led to a downgrade to their projected long-term returns for New Zealand and Global Debt Securities.
- Equity valuation multiples have risen since Jarden's last Long-Term Return Assumptions were calculated, which have generally lowered the returns on Growth asset classes. The largest impacts from valuation multiple changes have been for New Zealand and Australian equities.
- As interest rates remain elevated compared to historical averages, the returns from income assets and New Zealand property are expected to be materially higher over the next ten years compared to the past ten years. In contrast, the returns from equities are expected to be lower over the next ten years compared to the past 10 years.



INTEREST RATES HAVE RECENTLY TRENDED DOWN

When we updated the Long-Term Return Assumptions a year ago, interest rates were close to cyclical peaks as central banks had progressively raised their policy interest rates to subdue high inflation. Since then, inflation has ebbed allowing central banks to ease their restrictive monetary policies. This has led to moderate declines in both short-term and long-term interest rates over the past twelve months, with interest rates on the

New Zealand 90-day Bank Bill and New Zealand 10-year government bond both declining just over 1.0%.

CASH RETURNS UNCHANGED

While short-term interest rates have trended lower since our last Long-Term Return update, our expected long-term Cash return assumption is unchanged. This is because we have slightly upgraded our projections for the long-term neutral interest rate based on recent estimates from the Reserve Bank of New Zealand and Federal Reserve Bank of New York. Recent experience suggests global economies have evolved so that higher average interest rates are needed to maintain central bank 2.0% inflation targets in the medium-term. This offsets the impact of a lower starting point for Cash interest rates.

LOWER DEBT SECURITY RETURNS

In contrast to expected Cash returns, a lower starting point for longer-term interest rates has led to a modest downgrade of the long-term returns Jarden expects from both New Zealand and Global Debt securities. The lower starting point for longer-term interest rates more than offsets the positive influence of a slightly higher estimated longer-term neutral interest rates.

NEW ZEALAND DOLLAR "CARRY"

For New Zealand cash and debt securities, they estimate that long-term average returns will generally remain higher than cash and debt security returns in other large, developed economies, such as the US, Europe, and Japan. This premium (or New Zealand dollar "carry") is consistent with long-term history, where New Zealand interest rates have typically been higher than in other developed countries.

IMPROVED OUTLOOK FOR LONG-TERM EQUITY RETURNS

Compared to Jarden's last Long-Term Return Assumptions, they have downgraded their projections for New Zealand, Australian, and Global equities. This is largely due to significantly higher equity valuation multiples in these markets compared to a year ago (New Zealand 25.4 versus 20 a year ago, Australia 18.1 versus 14.1 a year ago, Global 17.9 versus 15.1 a year ago). These result in a higher starting point for their calculations.

Over the longer-run, equity returns are driven by company earnings growth, which at a macro level is largely determined by productivity growth and population growth. Jarden expects recent trends in these variables to continue to be a steady positive influence on equity returns over the next ten years.

ALTERNATIVE ASSETS EXPECTED TO DELIVER ROBUST RETURNS

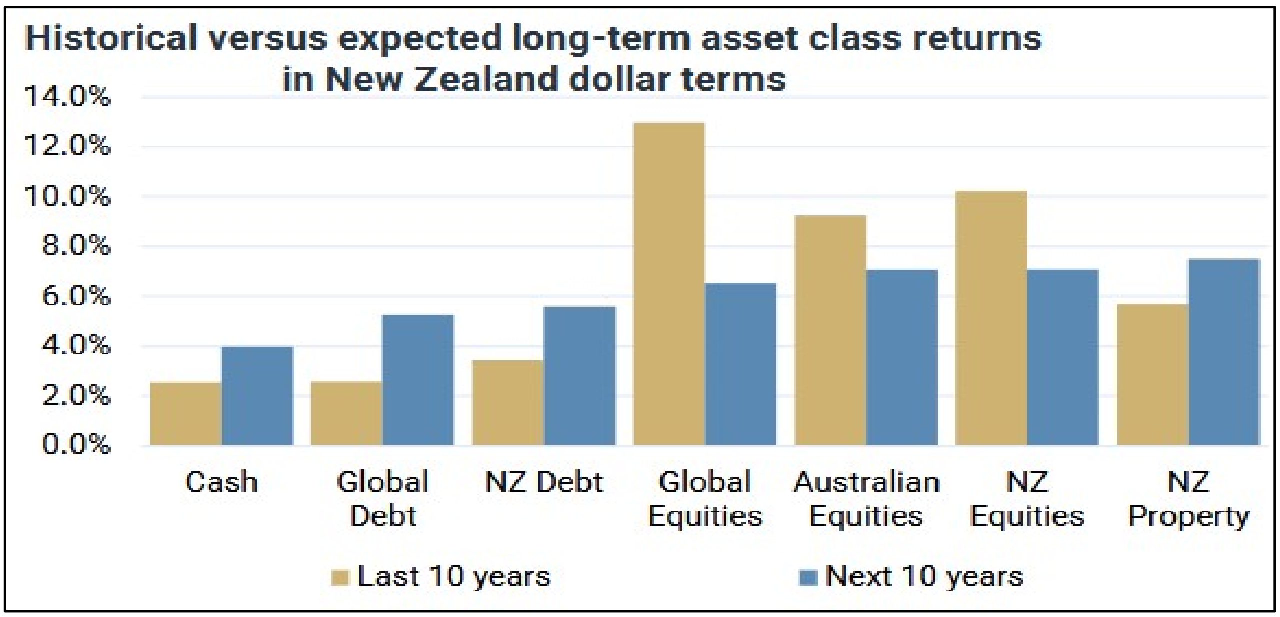
After a review of Jarden Wealth's Alternatives asset class earlier this year, commodities were removed from the asset class and private credit was added. Because private credit generates significantly higher average returns than commodities over the long term, this has resulted in a significant upgrade to the expected returns from the reconfigured asset class. The asset class also includes allocations to hedge funds and private equities, which are both expected to deliver solid returns over the next 10 years.

Alternative assets are most often held by investors not just for their expected returns but also their ability to diversify where investment returns are generated from in portfolios.

HIGHER EXPECTED INCOME ASSET RETURNS AND LOWER EXPECTED GROWTH ASSET RETURNS COMPARED TO THE PAST

While interest rates have declined over the past year, they remain elevated compared to their averages over the past decade. This has led to higher expected returns on Income assets and New Zealand property over the next 10 years compared to the returns on these asset classes over the past ten years.

For Growth assets, New Zealand, Australian and Global Equity returns are expected to be significantly lower than averages over the past 10 years. This is largely due to the current elevated equity valuation multiples compared to the past.



SHAREMARKETS	CODE	YTD	5 yr/pa
New Zealand	^NZ50	9.6%	2.5%
Australia	^AXJO	6.2%	4.1%
United Kingdom	^FTSE	5.1%	1.2%
US - Dow Jones	^DJI	13.7%	10.0%
US - S&P500	^GSPC	24.0%	16.7%
US - NASDAQ	^IXIC	29.7%	23.6%

JARDEN'S NEW ZEALAND WATCH LIST

AS AT 20TH DECEMBER 2024

NEW ZEALAND EQUITY WATCH LIST as at 20-December-2024		Jarden Rating	20-Dec-24 Price	Annual % Change	Target Price
AIA	Auckland International Airport	N	8.14	-3.45%	7.98
AIR	Air New Zealand	N	0.56	-2.43%	0.62
ATM	A2 Milk Company	O	6.43	44.49%	6.96
CEN	Contact Energy	B	9.00	19.71%	9.85
CHI	Channel Infrastructure	O	1.92	44.41%	2.03
CNU	Chorus	U	8.82	21.41%	8.32
EBO	Ebos Group	N	36.36	4.22%	38.84
FPH	Fisher & Paykel Healthcare	U	2.76	-40.04%	3.01
FBU	Fletcher Building	B	37.70	58.79%	35.68
FRW	Freightways	N	10.52	32.98%	10.16
HGH	Heartland Group	O	0.96	-31.22%	1.29
IFT	Infratil	O	12.12	24.99%	13.01
MCY	Mercury	O	6.00	-5.15%	6.98
MEL	Meridian Energy	N	5.58	8.65%	6.68
MFT	Mainfreight	O	71.46	6.70%	80.68
OCA	Oceania Healthcare	N	0.74	4.23%	0.92
POT	Port of Tauranga	N	6.35	24.07%	6.25
RYM	Ryman Healthcare	N	4.38	-20.51%	5.89
SCL	Scales Corporation	O	4.00	31.94%	4.25
SKC	Sky City Entertainment Group	B	1.42	-19.00%	1.72
SKL	Skellerup	O	4.95	3.88%	5.08
SPK	Spark	O	2.81	-40.65%	3.54
SUM	Summerset Group Holdings	O	12.60	30.70%	14.15
THL	Tourism Holdings	B	1.99	-42.73%	2.81
VCT	Vector	O	3.86	9.83%	4.13

JARDEN'S AUSTRALIAN WATCH LIST

AS AT 20TH DECEMBER 2024

AUSTRALIAN EQUITY WATCH LIST as at 20-December-2024		Jarden Rating	20-Dec-24 Price (A$)	Annual % Change	Target Price (A$)
ALL.AU	Aristocrat Leisure	B	68.35	65.84%	71.56
AQL.AU	ALS	N	15.37	24.85%	16.07
ANZ.AU	ANZ Banking Group	O	28.61	19.27%	29.50
ASX.AU	ASX	N	65.44	8.23%	62.08
BHP.AU	BHP Billiton*	N	39.68	-15.69%	45.53
CBA.AU	Commonwealth Bank of Australia	N	155.99	46.33%	101.91
CSL.AU	CSL	O	278.79	0.54%	319.36
CTD.AU	Corporate Travel	N	12.97	-31.10%	14.30
CWY.AU	Cleanaway Waste Management	N	2.67	2.61%	3.10
IGO.AU	IGO	O	4.90	-41.20%	5.94
MFG.AU	Magellan Financial Group	N	10.92	29.76%	9.80
NAB.AU	National Australia Bank	O	37.20	28.34%	33.81
NXT.AU	NEXTDC	B	15.16	13.07%	19.35
QBE.AU	QBE Insurance Group	B	19.32	37.53%	20.50
RIO.AU	Rio Tinto*	N	117.40	-7.52%	134.84
RMD.AU	Resmed	O	36.93	45.71%	40.09
S32.AU	South32*	N	3.36	5.09%	3.96
SEK.AU	Seek	B	23.41	-7.74%	25.58
TCL.AU	Transurban Group	U	13.45	1.66%	13.07
TLS.AU	Telstra Group	B	3.97	6.88%	4.22
WDS.AU	Woodside Energy	N	23.10	-20.08%	30.41
WES.AU	Wesfarmers	N	73.22	35.77%	65.29
WOR.AU	Worley*	O	13.34	-20.03%	17.39
WOW.AU	Woolworths	O	30.39	-13.21%	32.99
XRO.AU	Xero	N	166.27	48.64%	187.25

Note: Prices shown in local currency *Target price reflects consensus Source: Thomson Reuters, Jarden

JARDEN'S GLOBAL EQUITY WATCH LIST

AS AT 20TH DECEMBER 2024

GLOBAL EQUITY WATCH LIST as at 20-December-2024	Ticker	20-Dec-24 Price	Annual % Change	12-month Target
Tencent Holdings	700.HK	406.00	30.30%	511.07
Apple	AAPL.US	248.00	26.63%	243.25
Air Liquide	AI.FP	158.26	-1.08%	188.11
Amazon	AMZN.US	220.52	43.13%	238.24
Amphenol	APH.US	70.10	42.25%	77.92
ASML	ASML.NA	717.30	6.02%	847.53
BP	BP/.LN	3.83	-17.58%	4.80
Berkshire Hathaway	BRK/B.US	446.59	24.17%	513.00
Citigroup	C.US	68.12	37.17%	80.82
Disney	DIS.US	111.35	19.91%	123.75
Alphabet	GOOGL.US	188.40	38.73%	208.01
Hershey Foods	HSY.US	172.46	-5.38%	183.47
JPMorgan	JPM.US	230.37	38.59%	243.94
Lululemon	LULU.US	372.07	-25.83%	377.82
MasterCard	MA.US	519.96	22.51%	563.50
LVMH	MC.FR	636.50	-14.20%	702.16
Morgan Stanley	MS.US	121.04	33.36%	125.17
Microsoft	MSFT.US	437.39	17.37%	500.23
Nike Inc	NKE.US	76.90	-36.52%	90.12
NVIDIA	NVDA.US	128.91	157.42%	170.38
Schneider Electric	SU.FP	248.15	37.08%	251.30
Tesla	TSLA.US	440.13	74.60%	278.47
United Health	UNH.US	499.72	-5.10%	638.78
Visa	V.US	309.78	19.90%	330.22
Volkswagen	VOW3.GE	87.64	-23.66%	115.80

Source: Thomson Reuters, Jarden.
Note: Change calculations incorporate dividends. Target Prices reflect consensus

JARDEN'S INVESTMENT TRUST WATCH LIST

AS AT 20TH DECEMBER 2024

INVESTMENT TRUST WATCH LIST as at 20 Dec 2024	Ticker	Price £	Annual % Change
Schroder Asian Total Return	ATR	4.80	11.89%
Baillie Gifford Japan Trust	BGFD	7.19	5.58%
Bankers Inv. Trust	BNKR	1.16	14.91%
Blackrock World Mining	BRWM	4.81	-15.26%
City of London Investment Trust	CTY	4.28	5.68%
Asia Dragon Trust	DGN	4.21	23.10%
Euro Small Comp. Trust	ESCT	1.67	6.11%
F&C Investment Trust	FCIT	11.24	17.82%
Global Smaller Companies Trust	GSCT	1.65	12.06%
HarbourVest Global Private Eq.	HVPE	25.00	9.17%
JPM American	JAM	11.40	34.12%
JPMorgan Eur Discorvery Trust	JEDT	4.47	8.24%

INVESTMENT TRUST WATCH LIST as at 20 Dec 2024	Ticker	Price £	Annual % Change
JPM European Inv. Trust	JEGI	1.00	1.84%
JPMorgan Japanese	JFJ	5.63	17.78%
JPM Global Growth	JGGI	5.88	17.84%
Mid Wynd International	MIDW	8.06	8.92%
Monks ITC	MNKS	12.86	23.89%
Nth American Inc. Trust	NAIT	3.32	17.73%
Polar Cap Tech	PCT	3.50	37.25%
RIT Cap Partners	RCP	19.42	9.22%
Schroder Asia Pacific	SDP	5.42	10.84%
Scottish Mortgage Trust	SMT	9.57	21.94%
Templeton Emerg.	TEM	1.67	12.70%
Worldwide Health	WWH	3.23	5.91%

JARDEN'S FIXED INTEREST BONDS

AS AT 20TH DECEMBER 2024

Ticker	SECURITY	Credit Rating	Coupon Rate	Yield	Maturity
FBI190	Fletcher Building Industries	Not rated	3.90%	12.48%	15-Mar-25
MEL050	Meridian Energy	BBB+	4.21%	4.29%	27-Jun-25
TRP070	Transpower New Zealand	AA	1.74%	4.16%	4-Sep-25
SUM020	Summerset Group Holdings	Not rated	4.20%	4.90%	24-Sep-25
WPAC0724	Westpac	AA-	2.27%	4.58%	20-Feb-25
FCG050	Fonterra Co-Operative Group	A-	4.15%	4.09%	14-Nov-25
BNZ150	Bank of New Zealand	AA-	1.88%	3.89%	8-Jun-26
AIA240	Auckland Airport	A-	3.29%	4.08%	17-Nov-26
CCB1124	China Construction Bank (NZ)	A	2.39%	NA	2-Dec-27
CNU030	Chorus Limited	BBB	1.98%	4.31%	2-Dec-27
IFT310	Infratil	Not rated	3.60%	6.05%	15-Dec-27
ANB180	ANZ Bank New Zealand	AA-	5.22%	4.16%	16-Feb-28
KPG050	Kiwi Property Group	BBB+	2.85%	5.11%	19-Jul-28
SBS020	Southland Building Society	BBB+	6.14%	4.83%	7-Mar-29
HYBRID	**SECURITY**	**Credit Rating**	**Coupon Rate**	**Price**	**Reset**
ANB170	ANZ Bank Limited Unsecured, Sub	A	3.00%	$96.31	17-Sep-26
IFTHA	Infratil Perpetual Infrast. Bond	Not rated	5.51%	$63.74	1-yr swap rate
KWB010	Kiwibank	BBB	2.36%	97.02	11-Dec-25
MCY050	Mercury NZ	BB+	3.60%	99.99	13-May-52

LIMITATIONS AND DISCLAIMER