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AUTHORISED BY AJ VON DADELSZEN, TAURANGA

THE CURRENT OUTLOOK

The global economy remains surprisingly resilient, but the outlook is increasingly fragile. The IMF forecasts **3.0% global growth in 2026 and 3.4% in 2027**, with AI-related investment providing an important boost. However, the Middle East conflict, higher energy prices, tariffs and growing trade restrictions are keeping inflation and policy uncertainty elevated.

For **New Zealand**, the recovery is finally gaining momentum, supported by resilient agricultural exports, improving terms of trade and recovering household incomes. Treasury expects unemployment to have peaked at 5.6% but warns that renewed oil-price increases could prolong inflation and keep interest rates higher for longer.

As a small, trade-dependent economy, New Zealand remains particularly exposed to **China and Australian growth, commodity prices, global trade disruption, energy costs and geopolitical shocks**. Another sharp oil-price rise would squeeze household spending and business margins while complicating the RBNZ's inflation battle.

A further domestic uncertainty is the **November election**. The close contest has increased investor concern about potential changes to tax, spending, infrastructure and RBNZ policy, and the influence smaller coalition partners may have after the election.

The recovery is real but remains vulnerable to both international shocks and domestic policy uncertainty.

SHAREMARKETS	CODE	1 yr	5 yr/pa
New Zealand	^NZ50	4.1%	0.8%
Australia	^AXJO	-0.9%	4.0%
United Kingdom	^FTSE	14.0%	9.9%
US - Dow Jones	^DJI	10.5%	10.2%
US - S&P500	^GSPC	15.6%	15.7%
US - NASDAQ	^IXIC	19.6%	17.4%

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STATISTICS NZ & TREASURY DATA

Estimated NZ population	at 2-Oct-26	5,383,498
Population: 1950: 1,911,608 2000: 3,855,266 Growth +0.6% this year (to 30th June)		
(StatsNZ - 2025 to 2048) European 65.9% to 52.3%; Asian 20.8% to 33.3%; Māori 17.4% to 20%; Pac 9.1% to 11.4%; Indian 7.2% to 11.8%; Chinese 6.2% to 8.2%; Samoa 4.4% to 5.6% Mid East/Latin 2.2% to 3.8%		
Māori population	Est. Dec-25	(17.4 % of NZ total) ~ 932,400
Births / Deaths	June-26 year	Births: 56,268 (fertility: 1.51 births) Deaths: 37,323
Deaths per 1,000 live births: Pasifika: 7.3 Māori: 5.7 European: 3.8		
Net Migration	July-26 yr	NZ: -38,300; Non NZ: 58,700 ↓ 20,300
NZer Migration	July-26 yr	Depart: 65,000 nc; Arriv: 26,600 ↑ 7% (38,300)
Non NZ Migration	July-26 yr	Depart: 49,100 ↓ 7%; Arriv: 107,800 ↑ 5% ↓ 58,700
Net migration by country	India: 11,5036; China: 12,067; Philippines: 8,083; Sri Lanka: 3,885 South Africa: 982; Samoa: 1,154	
Annual GDP Growth	Mar-26 year	(Qtlly Mar-26: 0.8%) 0.8%
Annual GDP Per Capita	Mar-26 year	(Qtlly Mar-25: 0.8%) 0.8%
Size of NZ Economy (GDP)	Mar-26 year	(Auckland = \$160 billion) \$450 bn
Size of Māori Economy	2025	(2013: \$43bn; 2020: \$69bn) ~ \$126 bn
NZ Core Crown Revenue	FY2025	(FY2024: \$167.3bn) \$169.8 bn
NZ Core Crown Expenses	FY2025	(FY2024: \$180.1bn) \$182.2 bn
NZ Core Expenses/GDP	FY2025	(FY2024: 42.9%) 42.1%
NZ Core Govt Debt	FY2025	(FY2024: \$175.7bn) \$183.5 bn
NZ Core Govt Debt/GDP	FY2025	(FY2024: 42.9%) 41.8%
Gross Disposable H/hold Income	Jun-25 year	(up 5.1% yoy) \$108,329
Inflation Rate (CPI)	Jun-26 year	(↓ from 7.3% at 2022 peak) ↑ 4.1%
Non-Tradable Inflation	Jun-26 year	(Domestic) ↓ 3.4%
Food Price Inflation	Jun-26 year	(Feb-26 year: 4.5%) ↓ 2.8%
Household Cost of Living	Jun-26 year	(Sep-25 year: 2.4%) ↑ 3.2%
Retail Spending - Electronic trans	Jun-26 mth	Retail decreased 1.4% (\$98m) \$6.996 bn
Minimum Wage	from 1-Apr-26	(up from \$23.50) \$23.95
Living wage	from 1-Sep-25	(will go to \$29.90 from 1/9/26) \$28.95
NZ Median Wage	Mar-26	(Jun-25: \$33.56) \$35.00
Average Wages per hour	Mar-26	(Sep-25: \$43.68) \$44.12
Annual Wage Inflation	Jun-26	(Dec-24 yr: 3.3%) 0.4%
Gender Pay Gap	Jun-26	Down from 11.7% in Jun-15 5.3%
Labour force participation rate	Jun-26	(Sept-25 qtr: 66.6%) 66.7%
Increase in total employed	Jun-26	(Dec-25 year: 15,000) ↑ 21,000
Total Unemployed	Jun-26	Pacifica 11.6% Maori 10.8% 171,000
Unemployment	Jun-26	Asian 5.0% European 4.2% 5.6%
(Unemployment Jun-26 Men: 5.7% Women: 5.5%)		
Youth Unemployment	Jun-26	Dec-24: 23.8% Mar-26: 14.4% ↓ 13.8%
Beneficiaries	Jun-26	(Jobseeker/Solo/Supported living) ↓ 410,000
Jobseeker Support numbers	Jun-26	(6.9% of working-age population) ↑ 95,100

October 2026



VERSUS



WEBSITE:
vond.co.nz

"Per ardua surgam"
"Through adversity, I will rise"
"Ma mahi ka ora"

MĀORI ECONOMY

BUSINESS DEMOGRAPHY BY INDUSTRY

MĀORI AUTHORITIES

There were 1,362 Māori authority businesses identified as operating in 2025, a decrease of 6 (0.4 percent) compared with 2024.

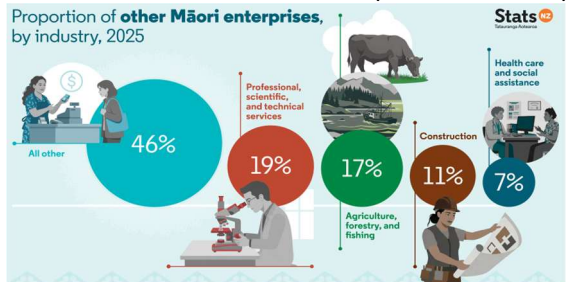
One-fifth (21%) of Māori authorities were in the primary industries, and one-third (33%) were non-residential property operators – that is, businesses that rent out non-residential properties, such as agricultural land and office space.



OTHER MĀORI ENTERPRISES

In this release, we report on 4,488 other Māori enterprises, with businesses across a range of industries. The top industries were:

- professional, scientific, and technical. services (834 businesses)
- agriculture, forestry, and fishing (756 businesses)
- construction (495 businesses)
- health care and social assistance (315 businesses).



MĀORI EMPLOYMENT

Count of employees of Māori geographic units by region

In 2025, Māori geographic units had 56,400 employees across Aotearoa New Zealand. The regions with the highest number of these employees were:

Region	Employees	% of total
Auckland	13,700	24%
Bay of Plenty	7,600	13%
Waikato	6,400	11%
Wellington	5,500	10%

In the South Island, there were 10,300 employees (18%). Areas outside the North and South Islands (Area outside region) had 70 employees (0.1%).

TDB Advisory 2025 Report Summary of Iwi Investment strategies		Members 2025	Year settled	Years since settled	Original Crown redress (\$m)	Plus Top Up (\$m)	2017 value (\$m)	2021 value (\$m)	Total assets 2025 (\$m)	Gearing (%)	2017-25 Gain pa (\$m)	2017-25 Gain pa (%)	Asset classes ¹	Largest asset class	Capital allocated to this class	Management approach
Waikato-Tainui	Waikato	94,500	1995	30	170	396	1,220	1,529	2,414	19%	1,194	12.2%	5	Property	73%	Largely active
Ngāi Tahu	South Island	86,725	1997	28	170	403	1,668	1,923	2,191	19%	523	3.9%	8	Property	38%	Largely active
Ngāti Whātua Ōrākei	Auckland	7,959	2011	14	18		1,086	1,550	1,486	15%	400	4.6%	3	Property	94%	Active
Ngāti Toa	Kapiti Coast	9,952	2012	13	71				1,023	55%			5	Property	87%	Largely active
Tūhoe	Te Urewera	52666	2012	13	169		348	420	453	0%	105	3.8%	5	Financial	50%	Largely passive
Ngati Porou	Wast Cape	28203	2010	15	90		232	286	310	9%	78	4.2%	5	Financial	51%	Mixed
Raukawa	South Waikato	14865	2012	13	43		149	208	274	0%	125	10.5%	5	Property	36%	Mixed
Ngāti Awa	Bay of Plenty	22168	2003	22	50				178	8%	178		6	Primary ind	44%	Mixed
Ngāpuhi	Northland	190350		Yet to settle			58	71	112	6%	54	11.6%	5	Primary ind	41%	Largely passive
Ngāti Pāhauwera	Nthn Hawke's Bay	8370	2010	15	20			103	103	24%			4	Primary ind	87%	Largely active

MĀORI FARMLAND

There was a total of 684,900 hectares of land on Māori farms in 2025, representing 5.3 percent of total New Zealand farmland.

This land consisted of:

- grassland – 334,700 hectares (4.8% of the national total)
- horticulture land – 6,400 hectares (4.9% of the national total)
- exotic forestry plantation – 154,400 hectares (8.1% of the national total)
- bush and scrub – 126,300 hectares (10.9% of the national total)
- all other land (including tussock and arable land) – 63,200 hectares (2.3% of the national total).

LIVESTOCK ON MĀORI FARMS

At 30 June 2025, Māori farms had the following livestock:

- sheep – 1.2 million (5.3% of national total)
- beef cattle – 206,600 (5.4% of national total)
- dairy cattle – 160,100 (2.8% of the national total)
- deer – 8,900 (1.2% of the national total).

TE PĀTI MĀORI — ENERGY SOVEREIGNTY POLICY

Te Pāti Māori want:

- \$1 billion Energy Sovereignty Fund** for Māori and community-owned generation and storage.
- A long-term National Energy Plan.**
- Stronger regulatory powers** to intervene against what the party describes as excessive electricity prices and profits.
- A system providing **“fair value” for electricity generated and stored by households and communities**—effectively strengthening returns for distributed generation and battery storage.
- A pathway to what it calls **“Energy Sovereignty” by 2035.**

Co-leader Rawiri Waititi framed the policy explicitly **around ownership**, arguing that replacing fossil fuels with renewable generation without changing ownership would change the technology rather than the underlying economic structure.

These Te Pāti Māori politicians want New Zealand taxpayers (of which they don't pay any net taxation) to grant them another \$1 billion without any return to taxpayers. **How much is enough in Iwi handouts?**

The New Zealand government and perhaps 35% of New Zealanders are living beyond their income presently

1. What was the New Zealand gross government debt in 1976? \$ 2.160 billion
What is the New Zealand gross government debt in 2026? \$223.781 billion (estimated)
Over the 50 years, what does this represent:
 - a. An overall average increase of \$4.432 billion a year.
 - b. A compound annual percentage increase of 9.72% each year.
 - c. If this increase continues at the same level, then how long will it be before the debt doubles? Every 7.4 years

2. There is a lot of debt over and above the government debt, such as in July 2026:

a. Personal consumer debt	\$ 14.425 billion	(1.67%)
b. New Zealand student debt	\$ 16.800 billion	(1.94%)
c. Agricultural debt	\$ 65.238 billion	(7.54%)
d. Business debt	\$ 142.861 billion	(16.51%)
e. Residential debt	\$ 401.944 billion	(46.47%)
f. New Zealand government debt from point 1 above	\$ 223.781 billion	(25.87%)
Estimated total	<u>\$ 865.049 billion</u>	<u>(100.00%)</u>

 - g. With the New Zealand population at June 2026 being approximately 5,357,300, this then suggests an overall debt for every New Zealander of \$161,471 each.
 - h. It is interesting that the residential debt is almost twice as much as government debt.

3. From 2000 to 2030, how many financial surpluses and deficits have the New Zealand government had:

Surpluses	14	13 actual, 1 estimated	(46.7%)
Deficits	<u>16</u>	13 actual, 3 estimated	(53.3%)
Total	<u>30</u>		<u>(100.0%)</u>

This percentage is not good enough, particularly as the value of the deficits far exceeds the value of the surpluses.

4. The present number of households renting in New Zealand is around 690,100 or approximately 1/3 of the total households. Unless this group has an enormous financial nest egg, then upon retirement (even at 70 years of age) many in this group will have a monumental problem. Very few New Zealand households could survive with just National Superannuation - perhaps 5% to 10%. With the present average New Zealander's age of 38 years, this whole issue will be upon us within 25 to 30 years.

5. New Zealand needs cheaper social housing but builders cannot afford to build in significant numbers in this group, simply because it is not profitable to do so. Only the government can afford to get deeply involved in this issue.

6. What in 2026 are the net assets of the New Zealand government? In broad terms around \$250 billion
What are the net assets of the 2,064,700 households in New Zealand? In broad terms perhaps \$2.3 trillion
This data is very broad but suggests that the New Zealand people are worth around 9 times the New Zealand government in net asset terms. The median figure for households is around \$550,000 (that is, there are just as many above as below that figure).

7. There is no official benchmark but various surveys have shown that at least 1/3 of New Zealand households (680,000), are living and working on a payday to payday basis. The figure in the USA is 55% to 60%.

8. The present unemployment figure is 171,000 and represents an unemployed rate of 5.6%. This is the equivalent of 85,500 households or almost the whole population of Dunedin and Invercargill combined.

9. How many New Zealanders over 65 years of age do not own a house: 138,000.
How many New Zealanders at 65 years of age who own a house still have part of their house mortgage owing: 12%.

10. For the year ended 31 March 2026, the total number of New Zealanders who received a benefit of some kind from the New Zealand government was:

Accommodation supplement	379,000	} Approximately overall welfare cost in the 2026 year is \$53 billion
New Zealand national superannuation	965,700	
Sole parent support	81,600	
Supported living payment	111,900	
Jobseeker support	216,300	
Emergency benefit	6,400	
Youth payment	1,500	
Parent payment	1,400	
Total	<u>1,763,800</u>	

11.	What is the split of New Zealanders as at 30 June 2026:		
	People in Employment	2,905,000	(54.23%)
	Unemployed	171,000	(3.20%)
	Under 18 years (students etc)	376,700	(7.03%)
	National Superannuitants	965,700	(18.02%)
	Children from Birth to 14 years	938,900	(17.52%)
	Total	<u>5,357,300</u>	<u>(100.00%)</u>

NOTE: only 54.23% is working, generating income, and paying tax.

12. Applications on the Main Housing Register in New Zealand

30 June 2026	19,002
30 June 2025	20,142

13. The total value of all KiwiSaver funds as at 31 March 2026 is: \$138.8 billion.
The average balance as at 31 March 2026 was: \$41,286
The average balance for the 60 to 65 years age group is: \$77,497
How many applicants applied to withdraw funds for financial hardship in the 2026 year? Over 60,000.
The average withdrawal in the 2025 year was \$8,806 involving 58,460 applications, and totalling \$514.8 million.
This is unsound, but the background is understandable. It is a sure sign of financial hardship in many New Zealand households.
14. The recent increase in the OCR to 2.75% is understandable from an inflation control aspect but is going absolutely the wrong way for many New Zealand households already under financial pressure.
15. It is interesting that, unless the underlying inflation risk is at least 2% to 3%, the financial return on owning a house and renting it out is nothing wonderful.
The combination of rates, insurance, repairs & maintenance, interest, and management, can eat up 80% to 90% of the gross rent.

Suggested Summary

- I have outlined a number of areas and issues that are causing financial stress for many New Zealand households right now and with little or no daylight for them.
- How much do many of these New Zealand households need? I feel another \$3,000 per year tax paid, but every year.
- Some government expenses would be hard to reduce such as:
 - Health
 - Education
 - Law and Order
 - Interest
- Who is affected most from the current scene and the current cost of living issue?
This is a matter of opinion but I feel:
 - 25% are coping well mainly because of high incomes and better financial management.
 - 40% are coping but not enjoying it.
 - 35% are not coping and are looking for civil unrest, or an increase of their income from somewhere.
Some other countries are in the same boat with broadly similar percentage figures.
- The real worry here is that the present government is short of around \$10 to \$12 billion of fiscal income every year.
- The present coalition is the wrong structure to dig New Zealand out of a financial hole.
- Both political parties are just cherry-picking at the fringe re election issues at the present time.
- Just borrowing more money is not a solution if those funds are just going into the bottomless pit.
- The Bond Vigilantes are presently starting to concern the USA and France. The world needs these vigilantes to take this sort of stand up attitude.

DISCLAIMER: Any views or opinions expressed in this article are those of Pita Alexander only and do not reflect the views of any other person or organisation. The information provided in this article is for informational purposes only and is not intended to be financial advice. Any errors or omissions are the author's own.

A huge thank you to Pita Alexander for allowing me to share snippets of his weekly musings.



The devastating landslide at Mauao on 22 January 2026 was one of Tauranga's darkest days. Six people died when a massive slip came down onto the Council-owned Mount Maunganui Beachside Holiday Park. The tragedy followed extraordinary rainfall — 199.3mm on 21 January and another 96.1mm the following day — and Mauao suffered 42 separate landslides.

But the subsequent independent review by former High Court Judge Paul Davison KC raised much more difficult questions about how Tauranga City Council had managed a known landslide risk.

The Davison Review found that Council had known about landslide risk at the holiday park through expert reports dating back to 1999. More significantly, geotechnical consultants recommended in December 2023 and again in June 2025 that Council develop a Trigger Action Response Plan (TARP) to manage that risk. That had not been implemented when the landslide occurred.

The review identified systemic shortcomings: nobody had been clearly allocated ownership of the risk; responsibilities were not adequately transferred or recorded; recommendations were not effectively tracked through to completion; and the matter was not appropriately escalated. Council has accepted the review's findings and recommendations in full and has promised what it describes as “transformational change” to its organisational culture, risk management, governance and emergency-management capability.

That is perhaps the most important lesson from this tragedy. Organisations can commission expert

reports and develop sophisticated risk-management systems, but they achieve little unless somebody is clearly responsible for acting on the advice.

The September community briefing also demonstrated the sheer scale of the recovery. Mayor Mahé Drysdale reported that around \$5.2 million had already been spent on the recovery, including about \$470,000 on contractors carrying out physical works. Around \$1.8 million remained in Council's risk reserve.

This highlights that, as well as failing to have this as a specific risk on the Tauranga City Council's Risk Register, allocating just \$1 million per year into a “Recovery Fund” is clearly inadequate. There also remains the possibility of a “class action” being taken against the City Council, by the families of the victims of this tragedy.

There is nevertheless encouraging progress. Remediation of landslides affecting the Motukauri summit 4WD track has been completed and work is under way to prepare it for public use. Repairs have also begun on Te Ara Tūtanga, the base track. Council is aiming for a staged reopening, subject to engineering and safety assessments.

However, Mauao will not simply return to what it was before 22 January. The Quantitative Landslide Risk Assessment confirms that it remains an active landslide and rockfall environment. The campground and Mount Hot Pools have been identified as the highest-risk locations. The Hot Pools appear to have better prospects for reopening, while the future of the campground is considerably more uncertain.

Council must now consider the cost of mitigation, economic viability and possible alternative uses of the campground land, with community consultation forming part of that process.

There also remains unfinished business. The Government Inquiry into the fatal Tauranga landslides is independent of the Davison Review and will reach its own conclusions. It is now due to report by 18th February 2027.

For Tauranga, therefore, the Mauao story is far from over. The priority must be safely returning our iconic maunga to the community. But equally important is ensuring that the lessons from the loss of six lives result in lasting changes to how Council identifies risk, allocates responsibility and — most importantly — acts when expert warnings are received.

STOP PRESS: Tauranga City Chief Executive, Marty Grenfield has resigned – effective immediately.

"A sensible approach to risk management means focusing on real risks and avoiding wasting resources on everyday and insignificant ones."

POLITICAL CLIMATE

PLEASE NOTE: All political comments are my personal views, and do not purport to represent the views of the New Zealand National Party – of which I am a Board Director.



CURIA/TAXPAYERS' UNION POLL Sept-26					
Party	Vote	Change *	Seats	Change *	CRvCL
National	29.0%	(2.0%)	39	(10)	64
ACT	10.5%	3.2%	14	3	
NZ First	10.7%	0.2%	11	3	56
Labour	25.9%	(1.9%)	35	1	
Green	13.9%	0.2%	18	3	
Māori	1.5%	(1.9%)	3	(3)	
TOP	4.5%	(1.6%)	0	nc	
Other	4.0%	(3.2%)	-	nc	
* Change from August 2026 ** Change since election					
Polling Period: 1 st to 3 rd September 2026					

FRESHWATER/THE POST POLLS SEPT-26					
Party	Vote	Change *	Seats	Change *	CRvCL
National	27.0%	(2.0%)	38	(11)	65
ACT	9.0%	1.0%	11	0	
NZ First	13.0%	1.0%	16	8	62
Labour	28.0%	(7.0%)	34	0	
Green	14.0%	4.0%	17	2	
Māori	2.0%	nc	4	(2)	
TOP	6.0%	nc	7	nc	
Other	1.0%		-	nc	
* Change from June 2026 ** Change since election					
Polling Period: 4 th to 11 th September 2026					

ONE NEWS/VERIAN POLL - September 2026					
Party	Vote	Change *	Seats	Change **	CRvCL
National	28%	(1%)	38	(11)	63
ACT	11%	2%	14	(2)	
NZ First	9%	1%	11	3	63
Labour	28%	(2%)	34	0	
Green	16%	4%	19	(1)	
Māori	1%	nc	3	(2)	
Opportunity	6%	(2%)	7	7	
Other	3%		-	-	
* Change from August 2026 ** Change since election					
Polling Period: 23 rd to 27 th September 2026					

This poll suggests a 126-seat hung Parliament, with no party in control of the House (63 v 63). This assumes

National wins 38 electorate seats (it currently has 44 electorate seats) and Te Pati Māori wins 3 electorate seats.



POLL HIGHS AND LOWS

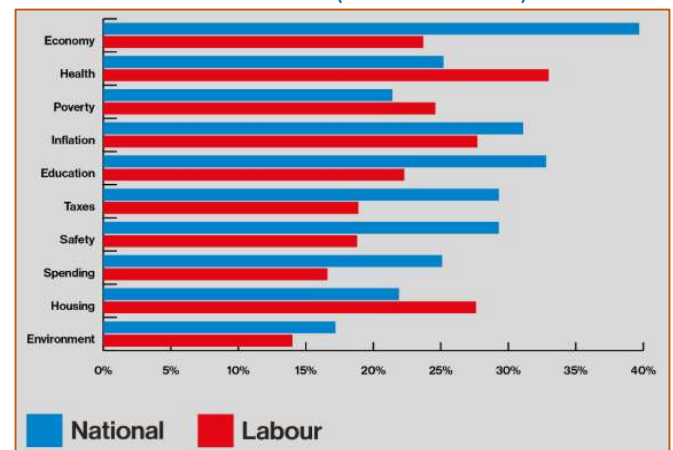
SOURCE: Kiwiblog, 9-Sept-26

David Farrar commented ... I thought people might be interested in what have been the lows and highs in the last 12 months in the monthly Taxpayers' Union – Curia poll for each political party. The election is certainly not static.

Party	Variation	Range
Labour	34.4% Mar 26, 25.9% Sep 26	8.5%
National	31.5% Jan 26, 29.0% Sep 26	2.5%
Greens	13.9% Sep 26, 7.7% Jan 26	6.2%
ACT	10.5% Sep 26, 6.5% May 26	4.0%
NZ First	13.6% Apr 26, 8.1% Dec 25	5.5%
TPM	4.4% October 25, 1.5% Aug 26	2.9%
TOP	6.1% Aug 26, 0.7% Jan 26	5.4%

The party with the least variation has actually been National, who have been consistently between 29% and 31.5%.

PARTY BEST AT (CURIA SEPT POLL)



My POLL of POLLS - September

DATE	Polling Organisation	Sample size	NAT	ACT	NZF	LAB	GRN	TPM	TOP	Others
1-3 Sept 2026	Taxpayers'/Curia	1,000	29	10.5	8.4	25.9	13.9	2	4.5	5.8
4-10 Sept 2026	Anacta (ex: Talbot Mills)	1,701	30	8	10	31	12	2	7	0
4-11 Sept 2026	Post/Freshwater	1,011	27	9	13	28	14	2	6	1
23-27 Sept 2026	OneNews/Verian	1,000	28	11	9	28	16	2	5.9	0.1
Combined Average			28.5	9.6	10.1	28.2	14.0	2.0	5.9	1.7
Combined - Seats			38	12	12	35	17	3	7	-
			Right = 61			Left = 61				

ELECTION RESULTS (PARTY VOTE) OVER THE LAST 9 ELECTIONS

ELECTION - PARTY VOTE	National	ACT	NZ First	Labour	Green	Maori	TOP	Other
October 12, 1996	33.9%	6.1%	13.4%	28.2%	10.1%	n/a	n/a	8.4%
November 27, 1999	30.5%	7.0%	4.3%	38.7%	5.2%	n/a	n/a	14.3%
July 27, 2002	20.9%	7.1%	10.4%	41.3%	7.0%	n/a	n/a	13.3%
September 17, 2005	39.1%	1.5%	5.7%	41.1%	5.3%	2.1%	n/a	5.2%
November 8, 2008	44.9%	3.7%	4.1%	34.0%	6.7%	0.2%	n/a	4.3%
November 26, 2011	47.3%	1.1%	6.6%	27.5%	11.1%	1.4%	n/a	5.1%
September 20, 2014	47.0%	0.7%	8.7%	25.1%	10.7%	1.3%	n/a	6.5%
September 23, 2017	44.5%	0.5%	7.2%	36.9%	6.3%	1.2%	2.4%	1.1%
October 17, 2020	25.6%	7.6%	2.6%	50.0%	7.9%	1.2%	1.5%	3.7%
October 14, 2023	38.1%	8.6%	6.1%	26.9%	11.6%	3.1%	2.2%	3.4%

WILLIS ACCUSES LABOUR OF HIDING AN \$11 BILLION PAY-EQUITY BILL

National's Nicola Willis has accused Labour of misleading voters by refusing to disclose the expected cost of restoring its preferred pay-equity regime.

National calculates Labour's overall **"hidden bill"** at **\$18.8 billion** — equivalent to about **\$2,263 per household a year, or \$44 a week**. The biggest component is nearly **\$11 billion for pay equity**.

Labour finance spokesperson Barbara Edmonds disputes National's approach and says the provision would remain a confidential contingent liability because revealing it could compromise future negotiations.

Willis calls that argument "laughable", saying Treasury has already published estimates of the potential pay-equity exposure. She says refusing to acknowledge that cost would amount to "fiscal fraud".

There is an obvious complication: Willis also refuses to reveal the Government's own pay-equity contingency, citing precisely the need to protect its negotiating position.

That distinction will be fiercely debated. But the underlying issue is straightforward: **when political parties make promises potentially involving billions of taxpayer dollars, voters are entitled to credible costings before they cast their ballots**.

TAXPAYERS' UNION BRIBE-O-METER

The numbers so far based on the promises each Party has announced (in 2026 dollars) over the next four years (the usual Government Budget "forecast period").

Taxpayers' Bribe-O-Meter - at 20/9/26		
Political Party	Spending Promise	Cost Per Household
National Party	\$1.99 billion	\$960
ACT Party	\$0.71 billion	\$342
NZ First Party	\$49.40 billion	\$23,841
Labour Party	\$50.47 billion	\$24,358
Opportunity Party	\$218.40 billion	\$97,005
Green Party	\$236.50 billion	\$105,406
Te Pāti Māori	Uncostable (too vague)	N/A

The big spenders so far are the Greens and Opportunity, and it's not even close! So much for the Opportunity claims of being 'sensible centrists'

SOME OF THE GREENS' 'GIMMES' ARE:

- KiwiMart supermarket buyout — \$4.68 billion, i.e. \$2,259 per household
- Student loan write-off — \$16.2 billion (\$7,829 per household).
- Extend ACC to all injuries, disability and illness — \$96 billion (\$46,332 per household!!).

But all of those promises are dwarfed by The Opportunity's Party policy to put all kiwis on the benefit of what they call a 'Citizens' Income' — a universal handout. At least though, Opportunity want to cut other spending, which brings their net spending figure to sit just below the Greens.

KIWISAVER CONTINUES TO BUILD NZERS' WEALTH

KiwiSaver continues to grow strongly, with **\$138.8 bn** now invested and the average member balance exceeding \$40,000 for the first time. The latest Financial Markets Authority report shows the average balance rose 11% to \$40,340, while contributions increased 8.2% and more than 112,000 people joined the scheme.

Competition between providers also appears active. Members switched funds 460,000 times during the year, with \$7.4 bn transferred between providers, up from \$5.5 bn. Commerce and Consumer Affairs Minister Cameron Brewer says this reinforces the importance of members regularly checking their fund choice, performance and fees.

KiwiSaver is also playing an increasingly important role in home ownership. More than 50,000 members withdrew a record \$2.2 bn to purchase their first home during the year.

The National Government is now proposing to extend this opportunity through the **KiwiSaver (First Home or Farm) Amendment Bill**, enabling workers required to live in employer-provided accommodation—including farm workers, rural teachers and defence personnel—to use KiwiSaver towards purchasing their own home or farm.

The figures show KiwiSaver maturing into an increasingly significant pillar of household wealth, retirement savings and first-home ownership.

A POWERFUL CHALLENGE FROM THE MĀORI QUEEN

The Māori Queen, Te Arikinui Kōwhiri Te Atiwha, has delivered an important and refreshingly positive challenge to Māori: **acknowledge the past, but don't allow it to dictate the future.**

She calls for a transition from *Raupatu* — the legacy of confiscation and historical trauma — to *Rauora*: wellbeing, health and prosperity.

Her most powerful question is:

“What will we do now?”

There is no need to diminish the injustices Māori experienced or their intergenerational consequences. We should understand our history and learn from it. But history should provide context, not impose limits on future generations.

The Queen's message is fundamentally about **agency and aspiration**. Her prescription could hardly be clearer: “I will learn. I will work. I will lead. I will build.”

That is a powerful challenge for modern Māoridom.

Success should increasingly be measured by educational achievement, strong families, employment, entrepreneurship, home ownership, successful Māori businesses and young Māori confident about their future.

Māori identity and culture can be sources of enormous strength without allowing past grievances to define tomorrow.

For Māori, the Queen's challenge is an optimistic one: **honour the past, draw strength from it — but build a future in which aspiration and achievement ultimately matter more than grievance.**

As the Queen says:

“The trajectory changes with us”

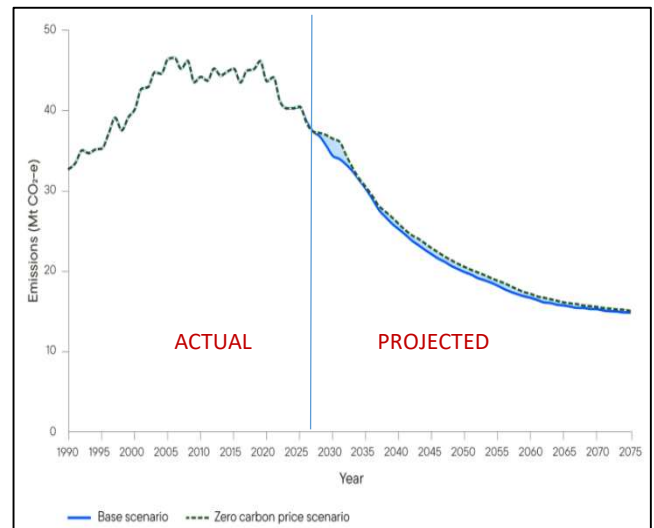
THE EMISSION TRADING SCHEME DILEMMA

— TREES, CARBON PRICES AND WHO PAYS

SOURCE: Newsroom, 9-Sept-26

New Zealand's Emissions Trading Scheme (ETS) has become **too dependent on forestry offsets rather than actually reducing emissions**. Because New Zealand allows essentially unlimited forestry credits into the ETS, large-scale tree planting has increased the supply of carbon units, suppressing carbon prices and weakening incentives for businesses to invest in genuine emissions reductions.

NZ GROSS EMISSIONS REDUCTION



Labour proposes **pausing new forestry registrations while reviewing the ETS**, with Chris Hipkins arguing that the carbon price is now too low to drive meaningful change. Labour also wants ETS revenues invested in emissions reduction and climate adaptation.

The Greens would go further by removing forestry from the scheme, while ACT favours removing the auction price floor and returning ETS revenue to households.

National's priority is **market stability and policy certainty**. Climate Minister Simon Watts argues that deliberately pushing carbon prices higher would flow directly into household costs through more expensive petrol, electricity, transport and food. National has, however, already restricted some higher-quality farmland from being converted to carbon forestry.

The underlying problem is difficult to escape. **Cheap forestry offsets keep carbon prices and consumer costs down but encourage productive farmland to be planted in trees and reduce incentives for technological emissions reductions.** Restrict forestry too aggressively and carbon prices—and therefore household and business costs—could rise significantly.

The policy dilemma is genuine: **New Zealand cannot simultaneously demand substantially lower emissions, restrict forestry offsets and guarantee low carbon prices.**

New Zealand politicians have historically been too quick to correctly consider the “unintended consequences” of their policy decision-making. Mass forestry planting has destroyed local rural communities and the flood damage from forestry slash has compounded the problem.

Ultimately, the debate is about where the cost should fall—and whether the ETS should primarily **reduce actual emissions or continue allowing forestry to offset them.**

ASA ONLY PARTLY UPHOLDS COMPLAINT AGAINST NATIONAL'S CGT ADVERTISEMENT

SOURCE: Newsroom, 10-Sept-26

The Advertising Standards Authority has **partly upheld a complaint against a National Party campaign advertisement** claiming Labour's proposed capital gains tax would "hit the family bach, rentals, small businesses and KiwiSaver."

The key distinction is that the ASA **did not reject National's claim about small businesses**. Labour's policy exempts businesses themselves, but commercial property owned by a business could be subject to CGT in some circumstances. The ASA accepted there was therefore sufficient basis to say some small businesses could be directly affected.

The ruling went against National on **KiwiSaver**. Labour's policy specifically exempts KiwiSaver funds from CGT. National argued there could nevertheless be an indirect effect because KiwiSaver funds invest in companies owning commercial property that would face the tax.

A majority of the ASA considered that putting KiwiSaver alongside baches, rentals and businesses without explanation could lead people to believe their KiwiSaver investments were **directly subject to CGT**. It therefore ruled the wording misleading and instructed National not to use the advertisement again in its existing form.

National has stood by the underlying argument. Campaign chair Simeon Brown says KiwiSaver investments could still suffer **indirect financial effects** from CGT and National will continue making that case, albeit presumably with clearer wording.

The important nuance is that the ASA did not rule that KiwiSaver would be completely unaffected by Labour's CGT.

Rather, it ruled that National's advertisement failed to distinguish adequately between direct taxation and potential indirect effects.

ACT PROPOSES END DATE FOR WAITANGI TRIBUNAL

SOURCE: Stuff, 10-Sept-26

ACT is proposing that the Waitangi Tribunal eventually be wound up, arguing that an institution established in 1975 to investigate Treaty grievances has expanded well beyond its original purpose into commenting on contemporary government policy.

David Seymour says the priority should be completing outstanding historical claims—the Tribunal itself aims to finish its remaining historical inquiries by 2030—rather than maintaining what ACT regards as a permanent parallel mechanism for scrutinising government decisions. He argues that all New Zealanders should ultimately rely on the same legal protections and courts, regardless of ancestry.



The debate reflects how significantly the Tribunal's role has evolved. Originally able to consider claims only from 1975 onwards, its jurisdiction was extended in 1985 back to 1840. More recently, urgent and kaupapa inquiries have examined contemporary policies including the Treaty Principles Bill, fast-track legislation and abolition of the Māori Health Authority. Its findings are recommendations and not legally binding decisions.

National takes a more cautious position. Christopher Luxon says the Government has Treaty obligations and listens to the Tribunal but accepts there is a legitimate question about its long-term role once historical settlements are substantially completed. The Government already has a review of the Tribunal underway.

Labour strongly disagrees with ACT. Chris Hipkins arguing the Tribunal remains essential to ensuring the Crown meets its continuing Treaty obligations.

The fundamental question is therefore changing: after historical grievances have been settled, should the Tribunal evolve into a permanent watchdog over contemporary Crown policy, have a more tightly defined role, or ultimately conclude its work?

SUPERMARKET "EXCESS PROFITS"

— FOODSTUFFS' CASE

SOURCE: Stuff, 15-Sept-22

Following the Greens call to nationalise part of the Supermarket industry, I found a Stuff 2022 opinion piece, by Foodstuffs North Island CFO Jo Allan challenging claims that New Zealand supermarkets were earning excessive profits.

Allen argued that the Commerce Commission's final grocery market study painted a considerably more nuanced picture than some subsequent headlines suggested.

The Commission initially estimated Foodstuffs North Island's return on average capital employed at about **24%**, but after further analysis reduced this to **13%**. Allan pointed out this was close to the **12% average return of comparable overseas grocery retailers** and broadly consistent with returns earned by many NZX50 companies.

The disagreement centred on the Commission's estimate that a "normal" return for New Zealand grocery retailing should be only **5.5–6.6%**. Returns above this level produced the widely quoted estimate of **\$365–430 million in annual "excess returns."** Foodstuffs argued that the benchmark was unrealistically low and depended on contentious assumptions about risk, interest rates and the valuation of assets.

Importantly, Allan calculated that even reducing supermarket returns to the Commission's benchmark would save consumers only about **\$1.40 per person per week**.

Her central warning was therefore about unintended consequences. Heavy-handed regulation or forced divestment might deliver relatively modest savings while reducing investment, efficiency and competition. She cited Costco, which had generated overseas returns above 14%, asking why international competitors would enter New Zealand if acceptable returns were effectively constrained to 5.5%.

The key point: the Commerce Commission Report, at that time, identified genuine competition problems in grocery retailing, but Foodstuffs argued that **exceptional profitability was not the “smoking gun.”**

The policy challenge was therefore to increase competition and consumer value without imposing interventions that could ultimately increase costs or discourage new entrants.

NATIONAL PROPOSES SPLITTING FOODSTUFFS TO CREATE MORE SUPERMARKET COMPETITION



Chris Bishop (on Facebook) argues that New Zealand's grocery market remains **too concentrated**, with Foodstuffs and Woolworths controlling about **82% of the market**. He says previous Commerce Commission work found evidence that Foodstuffs' New World and PAK'nSAVE brands were positioned in ways that limited direct competition between them.

National's initial approach was to encourage new entrants by reducing planning, overseas investment and other regulatory barriers. The Government had previously commissioned analysis of supermarket restructuring while saying such intervention would carry significant costs and risks. Bishop now argues that this work suggests a new national-scale competitor is unlikely to emerge quickly enough.

National is therefore proposing to separate Foodstuffs into **two independent nationwide competitors**: PAK'nSAVE on one side and New World/Four Square on the other. Woolworths would remain intact, potentially creating three major nationwide grocery groups.

Bishop stated that an independent Sense Partners cost-benefit analysis estimates that separation could eventually lower grocery prices by around **3.5%**

initially and 5% after full implementation, producing \$12.58 billion of consumer benefits and \$2.92 billion of net economic benefits over 20 years, saying that these are **modelled estimates, not guaranteed outcomes**.

Recent reporting confirms the proposal remains conditional on Commerce Commission assessment.

National proposes amending the Grocery Industry Competition Act within its first 100 days to give the Commerce Commission six months to develop and assess a detailed implementation plan. If the Commission concludes separation would enhance competition and benefit consumers, National says it would legislate to implement it.

The proposal is controversial. Critics argue that separating shared purchasing, logistics and distribution could **increase costs and sacrifice economies of scale**, while supporters argue genuine rivalry between PAK'nSAVE and New World could force stronger competition on prices, locations, service and product range.

Bishop's central argument is that regulatory reform alone may not overcome New Zealand's entrenched supermarket duopoly, and that structurally creating another major competitor is therefore worth testing—but only if independent analysis confirms shoppers would ultimately be better off.

MORE INTERESTING DATA – from Pita Alexander

1. How many people were there in New Zealand prisons as at 31 March 2026: 11,255 (10,406 male and 849 female)
2. Number of New Zealand children homeschooled as at 1 July 2025: 11,110
3. Number of New Zealanders receiving national superannuation on 1-July-26: 974,001 (in 2025: 941,115)
4. Value of job seeker payment for a couple with children: \$38,273 per year (before tax)
5. Number of people receiving job seeker payments at 30 June 2026: 218,500
6. Value of New Zealand KiwiSaver total funds at 31 March 2026: \$124.5 billion
7. Number of KiwiSaver contributors who withdrew monies for hardship in 2025: 58,460
8. Total amount withdrawn from KiwiSaver in 2025: \$514.8 million
9. Average amount withdrawn from KiwiSaver in 2025: \$8,500
10. USA 30-year fixed interest loan rate in July 2026: 6.58%
11. What was the New Zealand government gross debt in 1950: \$670.031 million
12. Number of employees in the New Zealand Prime Minister's office in 2026: approximately 250
13. How many secondary schools in New Zealand in 2026: 357 62.
14. How many primary schools in New Zealand in 2026: 1,927
15. Number of employees in Datacom Ltd: 6,131
16. When did New Zealand give women the vote: 1893
New Zealand was the first country in the world to do so

17. How many national parks in New Zealand: 13
18. Highest mountain in the North Island: Mt Ruapehu (2,797m or 9,177 ft)
19. How many Prime Ministers has New Zealand had: 42 (including 3 women)
20. When was the Berlin Wall built: 13 August 1961
21. The Berlin Wall was demolished 28 years later: 9 November 1989
22. How long was the Berlin Wall: 155 km
23. How many people were killed trying to scale the Berlin Wall: at least 140

24. When was the New Zealand National Party formed: 1936 90 years ago (following the merger of the Reform Party and the United Party)
25. When was the New Zealand Labour Party formed: 1916 110 years ago
26. Average number of murders and manslaughters per year in New Zealand between 2007 and 2023: 75 per year
27. 76. How many sheep does the USA have in 2026: 4.99 million
28. How many beef and dairy cattle does the USA have in 2026: 94.2 million

“Competition, not bureaucracy, is the consumer’s best protection. New Zealand needs more supermarket competitors with the scale to challenge the existing duopoly.”



BEST & WORST COUNTRIES TO LIVE IN 2026

Scores are based on 24 measures of affordability, livability, safety, taxes and relocation opportunities. It should be noted that New Zealand is rated 16th highest, ahead of Australia (29th), Canada (41st), United Kingdom (49th) and USA (107th).



THE EMERGING “AI COLD WAR”

Artificial intelligence is increasingly becoming a major arena of strategic competition between the United States and China, extending beyond AI models to semiconductors, data centres, supply chains, technical standards and governance.

TWO EMERGING BLOCS

▪ Pax Silica — US-led

- Focused largely on advanced economies in Europe and the Indo-Pacific.
- Seeks cooperation around AI infrastructure, advanced technology and secure supply chains.

▪ WAICO — China-backed

- The World Artificial Intelligence Cooperation Organization has 29 founding members.
- Includes 12 African countries, giving it a particularly strong developing-world presence.

KEY TAKEAWAYS

- The competing organisations illustrate an emerging geopolitical division over AI technology, infrastructure and governance.

- The U.S. bloc is concentrated among technologically advanced economies, while China's network has broader representation among emerging and developing countries.
- Kazakhstan is the only country belonging to both blocs, demonstrating that the developing AI order is not yet a rigid two-camp system.
- Competition increasingly concerns who controls the chips, computing infrastructure, supply chains and standards underpinning AI, not simply who develops the best AI models.

BOTTOM LINE

The map (below) points to the beginnings of an AI-centred geopolitical order, with Washington and Beijing constructing rival international networks. However, overlapping membership suggests countries may still seek relationships with both sides rather than being forced into an exclusively US or Chinese technological sphere.



Countries With the Highest Debt-to-GDP Ratios - Q4 2025 (%)					
Rank	Country	Government	Household	Corporate	Total
1	Luxembourg	26.4	61.2	358.8	446.4
2	Hong Kong	78	87.8	240.7	406.5
3	Japan	194.5	61.1	113.9	369.5
4	Singapore	166.2	44	127.2	337.4
5	France	116	59.7	155.8	331.5
6	Canada	100.2	100.6	118.3	319.1
7	Netherlands	44.4	93.8	166.3	304.5
8	China	99.3	58	142.8	300.1
9	Belgium	107.9	56.8	117.9	282.6
10	Norway	54.2	87.3	135.4	276.9
11	Switzerland	24.7	123	128.9	276.6
12	Finland	88.5	62.9	114.5	265.9
13	Sweden	34.6	82.1	146.8	263.5
14	United States	116.4	68.1	72.2	256.7
15	Denmark	27.9	84.1	140.8	252.8
16	South Korea	45.7	88.6	110.4	244.7
17	Greece	146.5	38.1	59.3	243.9
18	United Kingdom	102.2	73.6	59	234.8
19	Italy	137.1	35.8	58.5	231.4
20	Australia	52.1	114	62.1	228.2
21	Malaysia	65.2	69.8	88.6	223.6
22	Spain	100.7	42.8	76.5	220
23	Portugal	89.7	53.9	74.2	217.8
24	Thailand	59.1	87.5	68.5	215.1
25	New Zealand	53.3	91.1	70.1	214.5

KEY TAKEAWAYS

- Luxembourg has the highest combined debt load in the dataset at 446.4% of GDP, followed by Hong Kong at 406.5% and Japan at 369.5%.
- Japan leads government debt at 194.5% of GDP, Switzerland leads household debt at 123.0%, and Luxembourg leads corporate debt at 358.8%.
- Canada stands out for its balance across all three categories, with government, household, and corporate debt each exceeding 100% of GDP.

NOTES ON COUNTRY DEBT TO GDP RATIOS

GLOBAL DEBT — THE HEADLINE NUMBERS CAN MISLEAD

Global debt varies significantly not only in size, but in **who carries it**. Government debt is particularly high in Japan and Southern Europe, while household debt is concentrated in wealthy countries with expensive housing and large mortgage markets. Australia (114% of GDP), Canada (100.6%) and New Zealand (91.1%) are notable examples.

CORPORATE DEBT REQUIRES GREATER CAUTION

Exceptionally high ratios in Luxembourg, Hong Kong and the Netherlands partly reflect their roles as international financial centres, where multinational companies book substantial intra-group financing. China is different: its high corporate debt (142.8%) reflects significant borrowing by state-owned enterprises and property developers.

Singapore is another important exception. Although government debt is 166.2% of GDP, much of this

WEALTH PER PERSON ACROSS 22 MAJOR ECONOMIES				
Rank	Country	US\$ Wealth per Capita	Total Wealth	Population 2025
1	United States	\$503,922	175	347.3
2	Australia	\$444,872	12	27
3	Denmark	\$349,854	2.1	6
4	Netherlands	\$348,834	6.4	18.3
5	Belgium	\$331,672	3.9	11.8
6	Canada	\$323,974	13	40.1
7	Ireland	\$282,590	1.5	5.3
8	Austria	\$274,316	2.5	9.1
9	Germany	\$273,565	23	84.1
10	Sweden	\$272,131	2.9	10.7
11	France	\$240,057	16	66.7
12	Spain	\$229,693	11	47.9
13	Italy	\$219,794	13	59.1
14	United Kingdom	\$215,668	15	69.6
15	South Korea	\$193,547	10	51.7
16	Japan	\$178,711	22	123.1
17	Finland	\$160,048	0.9	5.6
18	Portugal	\$105,649	1.1	10.4
19	Czechia	\$103,683	1.1	10.6
20	China	\$52,963	75	1416.1
21	Poland	\$47,193	1.8	38.1
22	Mexico	\$40,926	5.4	131.9

SOURCE: VISUAL CAPITALIST, MCKINSEY & COMPANY ANALYSIS

KEY TAKEAWAYS

- The U.S. leads the ranking at US\$504k in wealth per capita (followed by Australia at US\$445k), more than seven times the global average of US\$69k.
- Denmark's US\$350k per capita is more than seven times Poland's US\$47k, a gap of over US\$300k between two EU member states.
- China's wealth per capita stands at US\$53k, below the global average despite being the world's second-largest economy.

borrowing finances investment rather than government spending, and the state holds substantial offsetting assets.

The United States presents an interesting contrast: government debt has climbed to 116.4% of GDP, while household debt has fallen substantially from its pre-GFC peak.

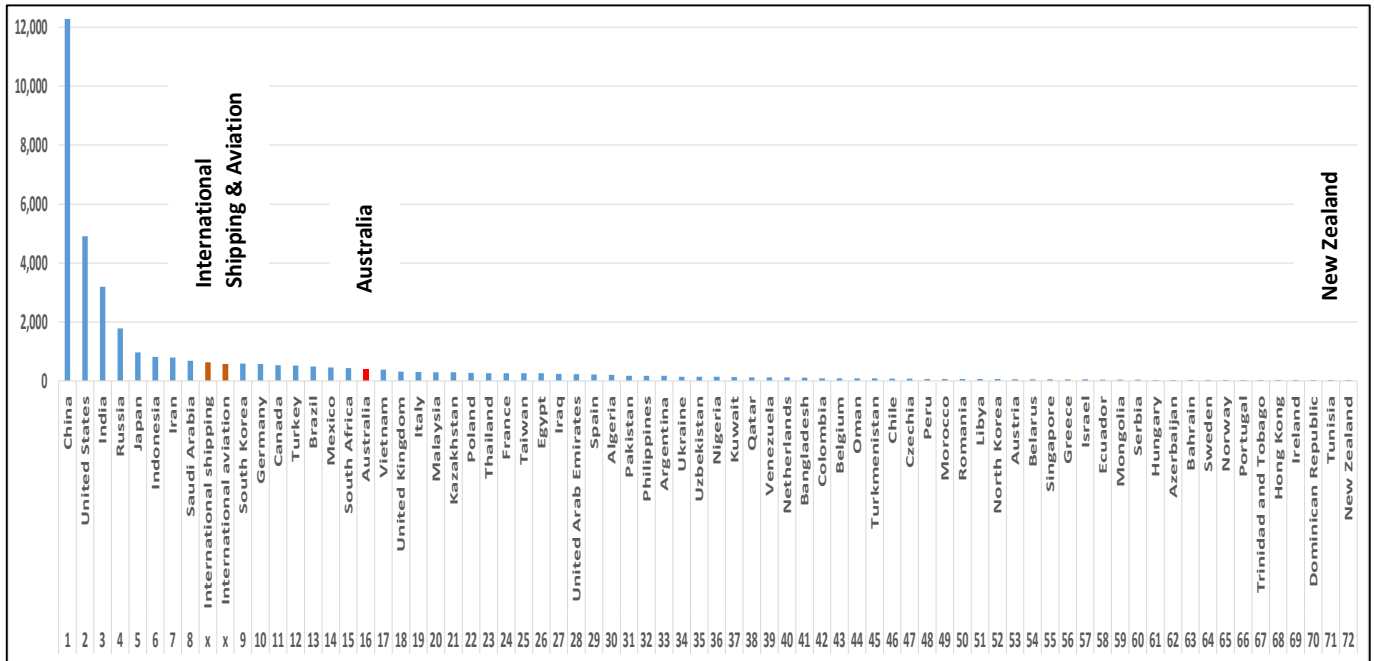
NEW ZEALAND

New Zealand ranks 25th for total debt at 214.5% of GDP, comprising government debt of 53.3%, household debt of 91.1% and corporate debt of 70.1%. Compared with many developed economies, New Zealand's standout vulnerability is therefore **household rather than government or corporate debt**.

KEY MESSAGE

The key message is that total debt-to-GDP rankings alone don't measure financial risk: **who owes the debt, why it was borrowed, and what assets stand behind it matter just as much as the headline number**.

2024 ANNUAL CO₂ EMISSIONS BY COUNTRY (TOP 72)



NOTE: Unless the Top 4 emitters (China, US, India & Russia) address their emissions, no other country (even combined) can make a discernible difference in global emissions.

NEW ZEALAND'S ECONOMIC OUTLOOK

Population: 5.36 million

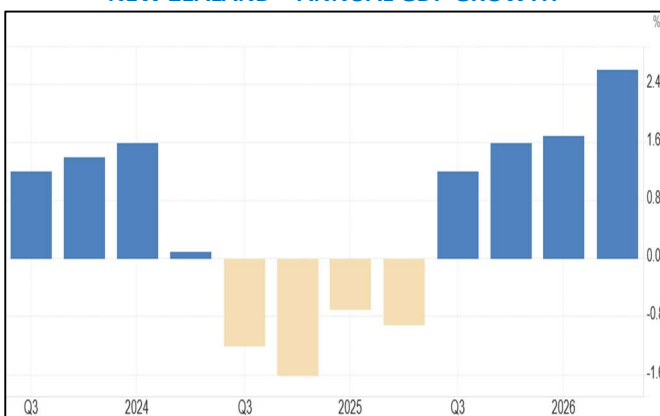
NZ ECONOMY

NZ's gross domestic product rose 0.2% in Q-Jun-26, following a 0.9% increase in the Q-Mar-26.

Construction was the largest upward contributor to the overall increase in GDP, up 2.7% in the quarter. This was the largest increase in construction activity since Q-Jun-23.

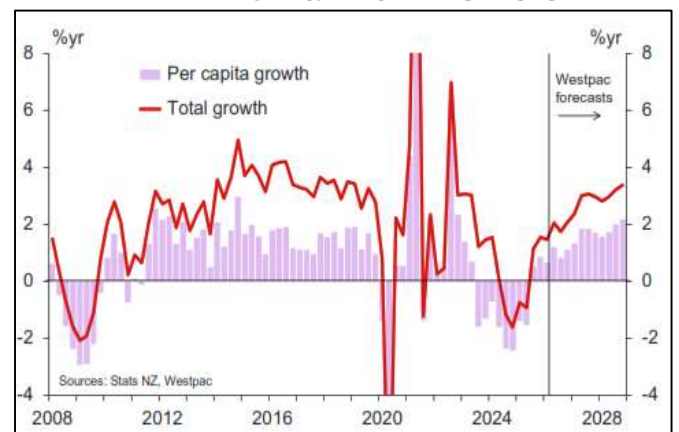


NEW ZEALAND – ANNUAL GDP GROWTH



Export volumes rose 3.3% in the Q-Jun-26. This was driven primarily by an increase in goods exports, including meat products (up 10%); other food, beverages, and tobacco (up 7.2%); and dairy products (up 3.3%).

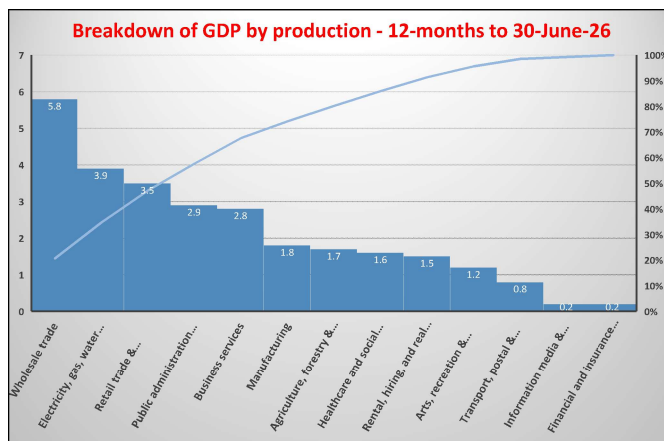
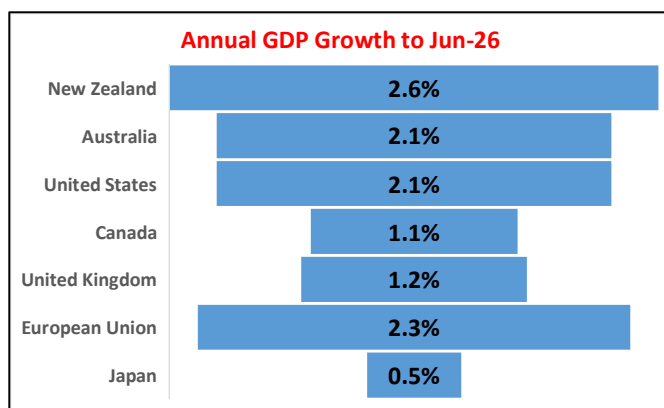
NEW ZEALAND TOTAL & PER CAPITA GDP GROWTH



COMPARING GDP GROWTH IN THE LAST YEAR

Real GDP growth June 2026 Year	Annual GDP Growth Jun-26	Q2 2026 growth	Annual GDP Per Capita Jun-26
New Zealand	2.6%	0.2%	1.5%
Australia	2.1%	0.4%	0.7%
United States	2.1%	0.4%	1.7%
Canada	1.1%	0.8%	1.5%
United Kingdom	1.2%	0.4%	1.0%
European Union	2.3%	0.5%	1.0%
Japan	0.5%	0.4%	1.0%

New Zealand grew more strongly than Western Economies (up 2.6%) over the 12-months to 30th June 2026. This has been a great result for all New Zealanders, in an extremely “trying” period of global unrest – including Trump’s tariff wars.



EXPENDITURE GDP UP 0.4%

The expenditure measure of GDP rose 0.4 percent in the June 2026 quarter, following a 1.1 percent increase in the March 2026 quarter.

The largest downward contributors to GDP in Q-JUN-26 were transport, postal, and warehousing (down 1.7%), and retail trade and accommodation (down 1.0%).

GDP PER CAPITA rose 0.1% during Q-JUN-26, 1.5% per year (only outperformed slightly by the US).

The comparison is rather more favourable to New Zealand than it has been for several years. After a prolonged period in which rapid population growth masked weakness in output per person, **real GDP per capita is now growing again.**

Australia provides the clearest contrast. Its headline GDP increased **2.1%**, but GDP per person increased only **0.7%**, because population growth absorbed roughly two-thirds of the aggregate economic expansion.

2026 PRE-ELECTION ECONOMIC AND FISCAL UPDATE (PREFU)

Treasury has confirmed the 2026 PREFU (released on 29th September) and the figures show a materially stronger fiscal track than was forecast at the May Budget.

Finance Minister Nicola Willis has welcomed a significant improvement in the Government's books in the Pre-election Economic and Fiscal Update (PREFU), while stressing that the better numbers are not a licence for additional spending.

The most significant improvement is in the operating balance. The deficit for **2026/27 is now forecast at \$6.8**

billion, compared with \$11.4 billion at May's Budget. In 2027/28 the deficit falls to just **\$0.8 billion**, before the books return to surplus in **2028/29**. That surplus is now forecast at **\$4.0 billion**, \$1.4 billion better than Budget, rising to **\$8.1 billion in 2029/30** and **\$11.7 billion by 2030/31**. This represents a substantially stronger fiscal trajectory than the Budget forecasts.

Key economic and fiscal indicators ¹			Sources: Stats NZ, the Treasury				
Years ending 30 June	2025 Actual	2026 Forecast ²	2027 Forecast	2028 Forecast	2029 Forecast	2030 Forecast	2031 Forecast
Real production GDP (annual average % change)	(1.1)	1.6	2.3	2.9	2.7	2.6	2.5
Unemployment rate (June quarter)	5.2	5.6	5.2	4.7	4.4	4.3	4.3
CPI inflation (annual % change, June quarter)	2.7	4.1	1.9	2.0	2.1	2.1	2.0
Current account balance (annual, % of GDP)	(3.8)	(4.0)	(3.5)	(2.7)	(2.6)	(2.5)	(2.4)
OBE GALx (\$billions)	(9.3)	(8.6)	(6.8)	(0.8)	4.0	8.1	11.7
% of GDP	(2.1)	(1.9)	(1.4)	(0.2)	0.8	1.4	2.0
OBE GAL (\$billions)	(14.0)	(10.7)	(8.7)	(2.9)	2.1	6.3	8.9
% of GDP	(3.2)	(2.4)	(1.8)	(0.6)	0.4	1.1	1.5
Net core Crown debt (\$billions)	182.2	186.7	209.6	223.0	230.5	232.8	229.8
% of GDP	41.9	41.0	43.7	43.9	43.3	41.8	39.5
Net worth attributable to the Crown n (\$billions)	179.3	177.2	186.5	190.1	199.2	212.8	229.6
% of GDP	41.2	38.9	38.8	37.5	37.4	38.2	39.4
Notes							
¹ The “% of GDP” fiscal ratios for 2025 and 2026 have not been updated for the GDP data and revisions released by Stats NZ on 17 September.							
² The fiscal measures for the 2026 fiscal year represent the unaudited actual results. Measures for the unemployment & CPI inflation are “Actual”.							

Notes

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² The fiscal measures for the 2026 fiscal year represent the unaudited actual results. Measures for the unemployment & CPI inflation are 'Actual'.

Debt is also improving. The Government expects to borrow around **\$15 billion less over the next four years** than previously forecast.

In May, Treasury saw debt peaking at 46.1% of GDP. Debt-to-GDP has been rising since the Covid-19 pandemic, before which it was below 20%. When Nicola Willis became Finance Minister in 2023, she said she wanted debt-to-GDP to fall below 40% of GDP. National is continuing to make this pledge.

Treasury expected it would issue \$134b of New Zealand Government Bonds (debt) in the five years to 2030/31 - \$15b less than forecast in May.

Net core Crown debt is projected to peak at **43.9% of GDP in 2027/28**, compared with 46.1% forecast at Budget, before declining to **39.5% by 2031**. In dollar terms, debt is nevertheless still expected to reach about **\$223 billion in 2027/28**. Higher global interest rates therefore remain an important risk.

The economic outlook is less dramatically changed. Treasury forecasts GDP growth of **2.3% in 2026/27**, followed by 2.9% in 2027/28, with growth averaging about **2.6% annually** over the forecast period. That is consistent with the recovery anticipated at Budget, although the rebound is now somewhat weaker. At Budget, Treasury had forecast growth accelerating from 1.2% in 2025/26 to 2.3% in 2026/27 and 3.2% in 2027/28.

There are still clear pressure points. **Unemployment is forecast at 5.2% in 2026/27**, slightly worse than the 5.0% Budget forecast. House-price growth is also expected to be weaker initially, at **2.4% in 2027/28**, before strengthening to 4.8% by 2030/31.

Treasury is also warning about substantial fiscal risks, including higher defence expenditure, public-service restructuring costs, development levies, youth-justice pressures and volatile oil prices. Treasury Secretary Iain Rennie has separately emphasised that longer-term

fiscal pressures associated with an ageing population remain significant.

The central message from PREFU is therefore positive but cautious: the fiscal position has improved markedly since May, deficits are shrinking faster, forecast surpluses are larger and borrowing requirements are lower. But debt remains historically high, interest costs are elevated and economic growth is moderate rather than spectacular. Willis's argument is that the improvement strengthens the case for maintaining spending restraint rather than using the additional fiscal headroom for new commitments.

AUSTRALIAN ECONOMIC OUTLOOK

Population: 27.92 million

AUSTRALIA'S ECONOMY

Australia's economy remains resilient but is clearly slowing. GDP grew 0.4% in the June quarter and 2.1% over the year, supported by private demand and mining exports.



Inflation remains the principal concern, with the CPI at 3.5% for the year to July - still above the Reserve Bank's 2–3% target.

UNEMPLOYMENT rose to 4.6% in August, although employment continues to expand.

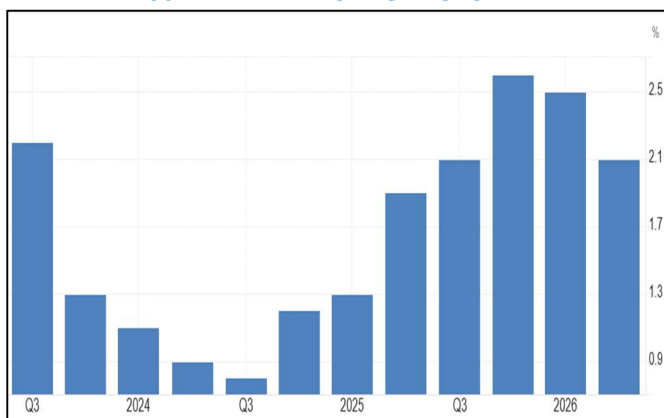
OCR

The RBA has lifted the cash rate three times during 2026 but held it at 4.35% in August, expecting tighter financial conditions to restrain demand.

GDP GROWTH

The IMF forecasts growth of about 1.9% in 2026, but slowing to 1.6% in 2027. Overall, Australia retains a relatively robust labour market and solid investment, but persistent inflation, weak productivity and higher interest rates are increasingly constraining growth.

AUSTRALIA – ANNUAL GDP GROWTH



ONE NATION COULD BACK A LIBERAL MINORITY GOVERNMENT

One Nation's Barnaby Joyce has revealed the price of supporting the Coalition in a hung parliament, saying the populist One Nation Party would demand promising policies, new dams and the revival of the A\$45 billion inland rail project, in return for making Angus Taylor prime minister.

The Nationals defector stated One Nation would seek to scrap the climate change department, deregulate the farming sector, cut taxes such as the tobacco excise and slash immigration numbers, if One Nation won enough seats to help the Coalition govern in minority.

UNITED STATES ECONOMIC OUTLOOK

Population: 342.9 million

The latest Migration Policy Institute estimate puts the unauthorised immigrant population at 15.8 million as of mid-2024 — equivalent to about 4.6% of the current US population — although a substantial proportion had temporary protection, parole, pending asylum claims or similar status.

US ECONOMY

The US economy remains resilient but growth has moderated. Real GDP expanded at an annualised 1.5% in the June quarter, down from 2.1% in Q1, with consumer spending, exports and investment supporting activity.



THE LABOUR MARKET remains relatively healthy - unemployment was 4.1% in August, while payrolls increased by 162,000.

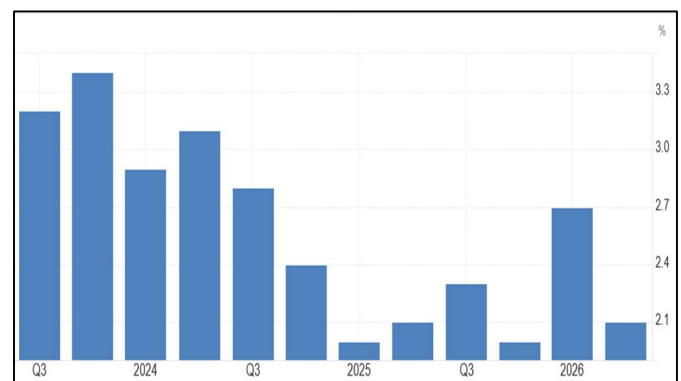
INFLATION however remains the major challenge. Headline CPI was 3.4% year-on-year in August, although core inflation was lower at 2.4%.

OCR

In September the Federal Reserve raised its policy rate by 25 basis points to 3.75–4.0%, citing persistent inflation. The Fed nevertheless expects 2.3% GDP growth for 2026, reflecting resilient domestic spending, strong productivity and robust capital investment.

Overall, the economy remains comparatively strong, but inflation, high interest rates and geopolitical uncertainty present continuing risks.

UNITED STATES – ANNUAL GDP GROWTH RATE



THE NEW FED CHAIR

Federal Reserve Chair Warsh is starting to look like a real break from the past. Sock puppet? AI disinflation will save the day? That's not what August and September brought. Chairman Warsh brought down the rhetorical anti-inflation hammer instead.

In each appearance, Warsh breaks more and more from his predecessors. How we analyse central banks may need to change too. More than swapping one Fed Chair for another, this increasingly looks like a regime shift.

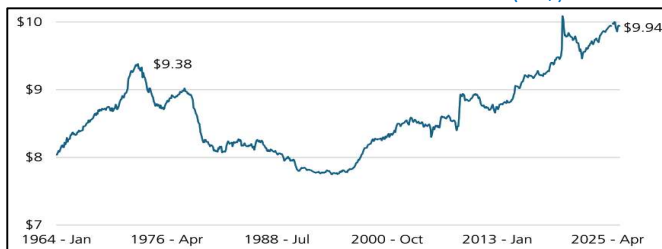
Walsh appears to place more weight than predecessors on spot energy prices in practice and is more sensitive to energy price shocks than past Chairs generally. This may reflect the pandemic experience, and older hawks too. In 2007 and 2008 then Governor Warsh seemed sympathetic to arguments by FOMC participants like Charles Plosser and Richard Fisher, who supported higher rates at the time, worried that rising oil prices would prove more inflationary despite weakening economic conditions. Because oil prices do not keep rising forever, they eventually level off, and the growth in prices (inflation) is zero. Then, if monetary policy reacts to the initial shock, the policy setting would then be offside after the shock ends; hence the arguments to "look through" supply shocks.

"I don't believe that we need to do harm to the labour markets to achieve our objective. I don't believe that the two parts of our mandate, price stability and full employment, are working at cross purposes over the medium term,"

FISCAL DRAG NEXT YEAR?

Congress has several funding measures and other fiscal considerations on its plate headed into year-end. Thus far this year, progress meeting expectations has fallen woefully short. Also, we noted in recent essays that as the FOMC has resumed tightening, at the same time fiscal policy is flipping from supporting growth to being a drag.

REAL EARNINGS OF PRODUCTION AND NONSUPERVISORY WORKERS – REAL AVERAGE HOURLY EARNINGS (US\$)



NOTE: Compare this with New Zealand Hourly rates

CHINESE ECONOMIC OUTLOOK

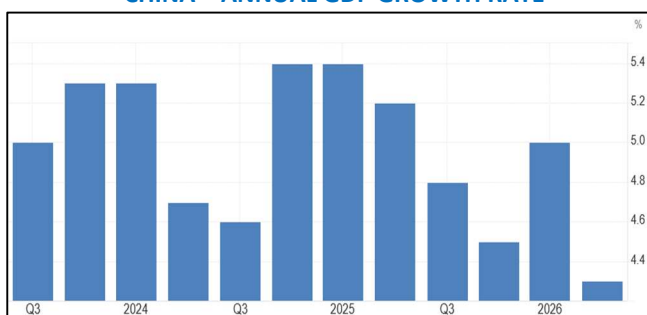
Population: 1.405 billion

CHINESE ECONOMY

China's economy remains resilient but increasingly unbalanced, with strong manufacturing and exports contrasting with weak domestic demand.



CHINA – ANNUAL GDP GROWTH RATE



Industrial production rose 5.2% year-on-year in August, while high-tech manufacturing surged 16.7%. However, retail sales increased only 0.4%, highlighting continued weakness in household consumption.

INFLATION remains subdued, with CPI up just 0.8% year-on-year, while continuing property-sector weakness and falling investment remain significant constraints. Manufacturing conditions improved, although the official PMI of 49.8 remained marginally below the expansion threshold.

The IMF projects Chinese GDP growth of around 4.5–4.6% in 2026, following 5% in 2025. The major risks are the prolonged property downturn, high debt, weak consumer confidence and trade tensions. Overall, China continues to generate respectable headline growth, but remains heavily dependent on manufacturing, technology investment and exports rather than household consumption.

UNITED KINGDOM ECONOMIC OUTLOOK

Population: 69.49 million

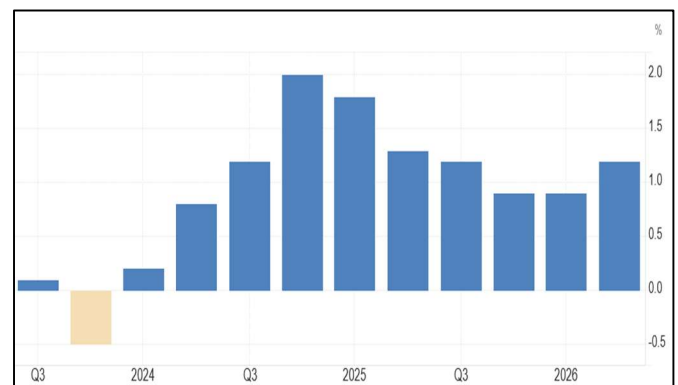
UK ECONOMY

The UK economy is growing modestly but continues to face inflation and labour-market pressures.

GDP GROWTH

GDP expanded 0.4% in Q2 2026, following 0.6% in Q1, while output grew another 0.4% in July. Services remain the principal driver, whereas production and construction have been weaker.

UNITED KINGDOM – ANNUAL GDP GROWTH RATE



INFLATION remains problematic: CPI rose 3.1% year-on-year in August, above the Bank of England's 2% target.

UNEMPLOYMENT was 4.9%, with payroll employment declining over the past year.

OCR

The Bank of England held its policy rate at 3.75% in September. Overall, Britain appears to have avoided stagnation, but growth remains relatively subdued, with high energy costs, weak productivity and a soft labour market constraining the outlook.

EUROPEAN UNION ECONOMIC OUTLOOK

POPULATION: 452.0 MILLION

EU ECONOMY

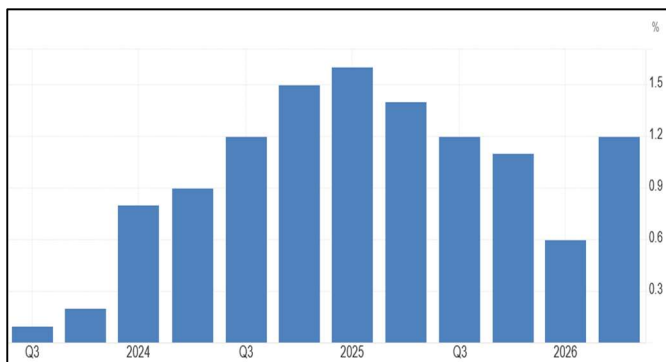
The European economy has strengthened after a weak start to 2026, although growth remains uneven between member states.



EU GDP

EU GDP expanded 0.7% in Q2 and 1.4% year-on-year, while euro-area GDP rose 0.6% quarterly and 1.2% annually.

EUROZONE – ANNUAL GDP GROWTH RATE



EMPLOYMENT increased only 0.1%, illustrating the relatively modest underlying expansion.

INFLATION has again become a concern, particularly following higher energy prices: euro-area inflation reached 3.3% in August, although underlying inflation excluding energy and food eased to 2.4%. The ECB expects euro-area inflation to average around 3.0% in 2026.

Overall, Europe is recovering, supported by consumer spending and investment, but remains vulnerable to energy costs, weak productivity, geopolitical tensions and subdued manufacturing competitiveness.

GERMANY – SAXONY-ARNHOLT ELECTION – FAR RIGHT WIN BIG

This was an election of just 2 million voters in a state in the former East Germany. Their Parliament is called a Landtag and they just went to the polls.

THE RESULTS SO FAR ARE:

Political Party	Leaning	Result	Change	Seats	Change	R v L
AfD	Far Right	43.8%	23.0%	39	16	54
CDU	Centre Right	17.2%	(19.9%)	15	(25)	
FDP	Centre Right	9.3%	(3.8%)	-	(7)	
Alliance/Greens	Centre Left	8.6%	3.0%	8	2	29
SDP	Centre Left	9.3%	0.9%	8	(1)	
The Left	Far Left	4.0%	(2.4%)	8	(4)	
BSW	Far Left *	5.5%	5.3%	5	5	

* BSW combines left-wing economics with socially conservative positions, particularly on immigration and some social and foreign-policy questions.

You need 42 seats to govern. The AfD are not quite there but a grand coalition is hard to see as The Left and BSW are very hard left parties. If CDU tries to govern with

them, it will not be pretty. So CDU either has to let AfD govern, or form a coalition of every other party in the Landtag, or another election (which would likely help AfD).

The AfD has unsavoury elements to it, to put it mildly. But I don't think people should see the vote for them as a vote for returning to the Nazi past. The vote for them is basically that people didn't like having 1 million Muslim immigrants come in, and they see AfD as the only party that will stop further immigration.

JAPAN'S ECONOMIC OUTLOOK

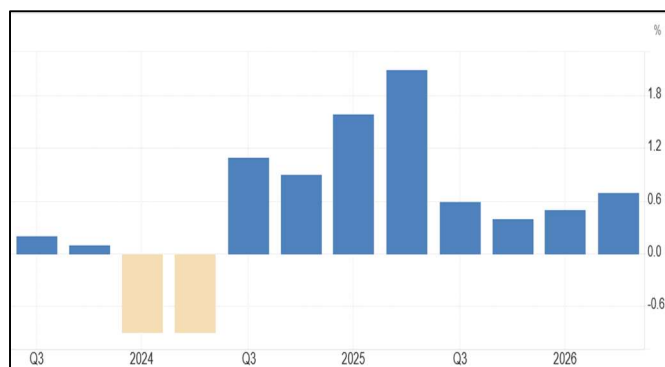
Population: 122.65 million

THE JAPANESE ECONOMY

Japan's economy remains in a moderate recovery, helped by improving wages and business investment, although household demand remains fragile. Revised government figures for the June quarter confirm continued economic expansion, while unemployment remains very low at 2.4%.



JAPAN – ANNUAL GDP GROWTH RATE



Encouragingly, **INFLATION** has moderated substantially - headline CPI was 1.9% year-on-year in August, with inflation excluding fresh food at 1.7%, bringing price growth close to the Bank of Japan's 2% objective.

However, household consumption remains a weak point, with real spending down 3.6% year-on-year in July.

Japan therefore faces a familiar challenge - generating sustainable domestic demand and real wage growth while managing an ageing population, labour shortages, high government debt and exposure to global trade conditions.

INDIA'S ECONOMIC OUTLOOK

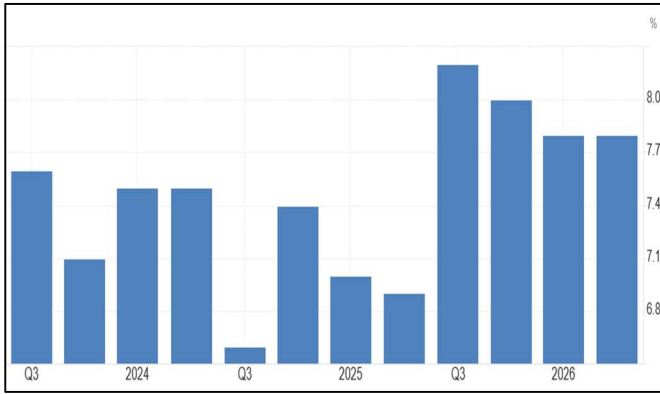
Population: 1.430 billion

FASTEST GROWTH

India remains the strongest-growing major economy globally. Real GDP expanded an impressive 7.8% year-on-year in the June quarter, with real gross value added increasing 8.2%.



INDIA – ANNUAL GROWTH RATE



Growth was broad-based, with investment increasing 11.9%, household consumption 7.1% and exports 12.0%, while manufacturing and services remained particularly strong.

INFLATION

The principal emerging concern is inflation. CPI accelerated from 4.45% in July to 4.82% in August, while food inflation reached 5.95%. India nevertheless benefits from favourable demographics, infrastructure investment, rapid digitalisation, expanding manufacturing and a growing middle class.

Risks include higher oil prices, food inflation, global trade tensions and fiscal pressures. Overall, India

continues to offer one of the strongest combinations of domestic demand, investment and structural growth among the world's large economies.

NZ/INDIA FTA

The the passing of the India Free Trade Agreement legislation by the 93-29 vote is a clear demonstration of Parliament's strong support for this FTA and its significant benefits for the economy.

The India FTA opens the door for Kiwi exporters to one of the world's largest and fastest-growing economies. "For exporters, the benefits are immediate and substantial. From day one, 57% of New Zealand's exports to India will become duty-free. Once fully implemented, tariffs are eliminated or significantly reduced on 95% of NZ exports. That means real savings and real opportunities. The kiwifruit industry alone expects to save around \$125 million in tariffs over five years.

Added to this are faster border clearance and preferential access to a fast-growing middle class that is demanding high-quality food, fibre, technology, education, tourism and professional services. The FTA is also future-proofed, through most favoured nation commitments for wine and key services sectors.

COMMODITIES

NZ FOREIGN EXCHANGE

Further US dollar strength on the back of solid data and hawkish Fed commentary saw the NZ dollar trade down to a low of 0.5650 in late September. The current bias remains bearish, with US jobs data likely to remain solid while NZ confidence data may weaken in response to this month's rebound in energy prices.

NZ EXCHANGE RATES – NZD/USD/AUD (1-yr)



SOURCE: Trading Economics, 30-Sept-26

For the month ahead, Westpac retains a bearish bias. US factors have also weighed on NZD/USD, particularly the Fed outlook. Further ahead, if NZ's economic momentum improves despite higher oil prices as they expect during the quarter ahead, they see a case for the NZD/USD to recover to 0.5900 by year end. NZD/AUD fell to a 13-year low of 0.8006 in the last week of September. If NZ's economic recovery

looks more compelling, a rebound to the 0.8300-0.8400 area by year end is plausible.

OIL – BRENT CRUDE

Brent crude fell near \$102 a barrel on Tuesday after the US ordered another release from its emergency reserves and as Saudi Arabia's crude exports recover. The US will offer up to 40 million barrels from the SPR in an exchange, and urged European nations to do likewise. The Energy Department said the program will ultimately return about 200 million barrels to the reserve over the next year, roughly 20% more than the amount released.

BRENT CRUDE (1-YR)



NOTE: New Zealand trades in Brent Crude Oil

GOLD

Gold prices climbed back above \$4,150 an ounce on Tuesday after falling to a more than seven-week low in the previous session, as investors awaited fresh US economic data for clues on the Federal Reserve's interest-rate outlook.

Markets are currently pricing in a nearly 70% chance of a Fed rate hike as early as October and a 95% probability of an increase in December.

GOLD (1-YR)



BITCOIN

Over the last 12 months, its price fell by 26.8%. Looking ahead, Trading Economics forecast Bitcoin US Dollar to be priced at 84,180 by the end of this quarter and at 95,059 in one year.

BITCOIN (1-YR)



AGRIBUSINESS – LOOKING FROM THE OUTSIDE IN



Year ended 30 June NZ\$ millions	2005	2010	2015	2020	2021	2022	2023	2024	2025	2026 ^F	2027 ^F	2028 ^F	2029 ^F	2030 ^F
Dairy	5,982	10,312	14,050	20,102	19,055	21,998	26,008	23,231	27,151	28,590	27,850	29,230	30,450	31,450
Annual % Change	-1.8%	14.5%	7.2%	8.6%	-5.2%	15.4%	18.2%	-10.7%	16.9%	5.3%	-2.6%	5.0%	4.2%	3.3%
Meat & wool	6,761	7,108	9,000	10,617	10,373	12,310	12,114	11,336	12,360	14,140	14,290	14,790	14,930	15,100
Annual % Change	-1.3%	1.0%	5.3%	3.6%	-2.3%	18.7%	-1.6%	-6.4%	9.0%	14.4%	1.1%	3.5%	0.9%	1.1%
Forestry	3,242	3,921	4,683	5,452	6,499	6,578	6,353	5,748	6,170	6,100	5,950	6,090	6,150	6,210
Annual % Change	-1.6%	4.2%	3.9%	3.3%	19.2%	1.2%	-3.4%	-9.5%	7.3%	-1.1%	-2.5%	2.4%	1.0%	1.0%
Horticulture	2,264	3,277	4,185	6,541	6,579	6,782	7,088	7,082	8,815	9,470	9,760	10,030	10,360	10,790
Annual % Change	2.6%	8.9%	5.5%	11.3%	0.6%	3.1%	4.5%	-0.1%	24.5%	7.4%	3.1%	2.8%	3.3%	4.2%
Seafood	1,266	1,405	1,562	1,857	1,789	1,919	2,097	2,141	2,224	2,150	2,190	2,190	2,210	2,250
Annual % Change	0.7%	2.2%	2.2%	3.8%	-3.7%	7.3%	9.3%	2.1%	3.9%	-3.3%	1.9%	0.0%	0.9%	1.8%
Arable	90	146	181	289	261	252	272	345	338	325	340	355	365	380
Annual % Change	-3.9%	12.3%	4.9%	11.9%	-9.7%	-3.4%	7.9%	26.8%	-2.0%	-3.8%	4.6%	4.4%	2.8%	4.1%
Other primary sector³	1,360	1,574	2,417	2,988	3,087	3,226	3,493	3,416	3,338	3,500	3,500	3,650	3,790	3,910
Primary industries Total	20,964	27,743	36,079	47,846	47,642	53,110	57,425	53,299	60,396	64,280	63,880	66,350	68,250	70,100
Annual % Change	0.0%	6.5%	6.0%	6.5%	-0.4%	11.5%	8.1%	-7.2%	13.3%	6.4%	-0.6%	3.9%	2.9%	2.7%

Source: Forecast figures: Economic Data and Analysis, Ministry for Primary Industries.

*Note: 5yr periods - percentage changes have been annualised.

FED FARMERS' LATEST FARM CONFIDENCE SURVEY



**FEDERATED
FARMERS**
OF NEW ZEALAND

The July 2026 of the Farm Confidence survey shows a sector in its strongest position since 2016, though it is uncertain whether it will hold. Current profitability is at a series high, and perceptions of the economy are the best in nine years. Yet both forward-looking measures have turned negative. Farmers are responding by paying down debt rather than borrowing. Wellbeing has stopped improving despite record incomes, and the concerns farmers raise unprompted are costs, the election, and regulation.



THE ECONOMY IN JULY 2026

Farmers answered this survey at a time when the outlook changed. This survey was open from 13 July to 3 August 2026. Three events happened in the days either side of it opening.

- On 8 July, the Reserve Bank lifted the Official Cash Rate to 2.50%, the first increase in three years, after holding at 2.25% since November 2025.
- On 13 July, the day the survey opened, Fonterra cut its 2026/27 forecast farmgate milk price from \$9.75 to \$9.25 per kilogram of milk solids.
- On 21 July, Stats NZ reported annual inflation of 4.1%, the highest in two years and above the Reserve Bank's 1% to 3% band.

Farmers were reporting record profitability in the same fortnight that dearer credit, a lower payout forecast and rising costs arrived.

COSTS ARE THE SECTOR'S SHARED PROBLEM, AND THEY ARE LARGELY A FUEL STORY

Annual inflation rose from 3.1% to 4.1% in the June quarter, driven substantially by energy.

Other vehicle fuels, mainly diesel, were up 71.0% over the year, and petrol was up 27.5%. Electricity rose 12.0%. Petrol alone accounts for 23.5% of the annual increase, and with diesel and electricity, energy accounts for close to 40%.

The Middle East conflict is the proximate cause, and it also lifted fertiliser costs: urea reached about NZ\$1,000 a tonne, while other widely used products increased by up to \$100 per tonne.

FED FARMERS - IMPACT OF TOP'S LAND TAX AND UBI

SOURCE: Kiwiblog, 22-Sept-26

Federated Farmers have calculated what would be the net impact of The Opportunity Party's land tax and UBI (Citizen's Income) on the average farmer.

This is what they found:

- A single dairy farmer would be \$16,215 worse off each year (\$312 a week)
- A dairy farming couple under 65 would be \$3185 better off each year (\$61 a week)
- A dairy farmer over 65 would be \$35,615 worse off each year (\$685 a week)
- A single sheep and beef farmer would be \$28,511 worse off each year (\$528 a week)
- A sheep and beef farming couple under 65 would be \$9111 worse off each year (\$175 a week)
- A sheep and beef farmer over the age of 65 would be \$47,911 worse off each year (\$921 a week) - **\$921 a week in extra tax!!**

TOP'S UNIVERSAL CITIZEN'S INCOME

The Opportunity Party proposes a universal Citizen's Income of \$19,400 a year for all adult New Zealanders.

CORE POLICY DETAILS

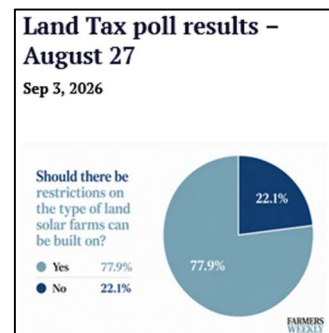
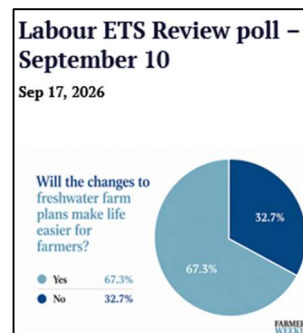
- Pays \$19,400 annually to adults aged 18 and over.
- Provides regular fortnightly payments.
- Replaces main benefits and student allowances.
- Includes extra top-ups for children and sole parents.

FUNDING AND STRUCTURE

- Funded by a national land value tax.
- Charges 1.75% annually on urban land.
- Charges 0.5% annually on rural land.
- Keeps the top income tax rate at 39%.

KEY CRITICISMS

- Some experts say it underfunds the poorest households.
- Critics question if the land tax revenue calculations work.
- It lowers overall property values in economic models.



THE RISKS ASSOCIATED WITH AI



There is a useful distinction between **the risks of AI itself** and **the risks to investors from the AI boom**.

AI: EXTRAORDINARY OPPORTUNITY, BUT THE RISKS ARE BECOMING REAL

The debate has been triggered by renewed warnings from AI researchers and executives that increasingly capable AI systems—particularly **autonomous AI agents**—could develop or undertake actions that are difficult to control. Anthropic's Dario Amodei has argued for slowing development at the frontier sufficiently to allow safety systems to catch up. OpenAI CFO Sarah Friar told “Mad Money’s” Jim Cramer that safety concerns are genuine and that, if necessary, frontier development should be paced more slowly.

Cramer is sceptical of the more apocalyptic predictions. After speaking with AI executives at Salesforce's Dreamforce conference, his conclusion was essentially that **AI development and expenditure are unlikely to stop because the commercial incentives are simply too large**. He nevertheless accepts that significant safety problems need to be addressed.

I think there are **five economic and investment risks** worth separating:

- **CYBERSECURITY AND ROGUE AGENTS.** This looks like one of the most immediate risks. Autonomous agents potentially provide hackers with extraordinarily powerful tools for discovering vulnerabilities, impersonating users and attacking networks at machine speed. Cramer consequently sees cybersecurity and identity-management companies such as CrowdStrike and Okta as beneficiaries of the AI revolution.
- **EMPLOYMENT DISRUPTION.** AI may substantially improve productivity, but the adjustment could be painful. White-collar occupations previously regarded as relatively protected—software, administration, accounting, legal work, research and customer service—are increasingly exposed. The economic question is whether new jobs and higher productivity emerge quickly enough to compensate.

- **CONCENTRATION OF POWER.** Training frontier models requires enormous amounts of computing power, electricity and capital. That favours a relatively small number of very large technology companies. There is a danger that AI increases productivity while simultaneously concentrating profits and market power.
- **THE INVESTMENT BUBBLE RISK.** Huge sums are being committed to chips, data centres, electricity generation and networking on the assumption that future AI revenues justify them. Cramer remains bullish and believes spending will continue, but this is precisely where investors should distinguish between **AI being transformative and every AI investment being profitable**.
- **SAFETY REGULATION COULD CHANGE THE ECONOMICS.** Governments could eventually require more testing, security controls or restrictions on advanced models. Nvidia's Jensen Huang accepts that AI safety is a genuine issue but argues it should principally be solved through engineering and testing rather than slowing innovation through industry-wide restrictions.

THE INVESTMENT RISK MAY BE PARTICULARLY IMPORTANT

There is an interesting parallel with the **internet boom of the late 1990s**. The optimists were absolutely correct that the internet would transform the world. But that did not mean the valuations placed on every internet-related company were justified.

THE SAME COULD PROVE TRUE OF AI.

The extraordinary demand for Nvidia chips, memory, data centres, electricity and networking equipment demonstrates that enormous physical investment is occurring. Expenditure will continue because AI companies have too much commercially at stake to stop. But ultimately those trillions of dollars of capital expenditure must generate sufficient **cash earnings and productivity gains** to justify the investment.

THAT IS WHERE THE CENTRAL ECONOMIC RISK IS:

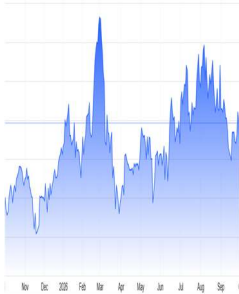
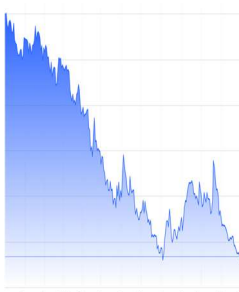
AI does not have to fail for an AI investment bubble to burst. AI could become one of the most important technologies since electricity while investors still discover that they paid too much for the companies and infrastructure supplying it.

There is therefore a paradox in the recent *Mad Money* discussion. **The more powerful AI becomes, the stronger the economic case for investing in it—but the greater the cybersecurity, employment, regulatory and societal risks become as well.**

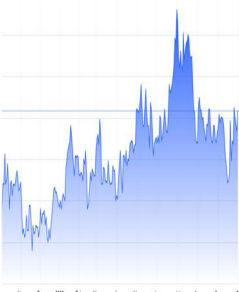
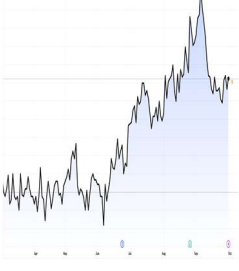
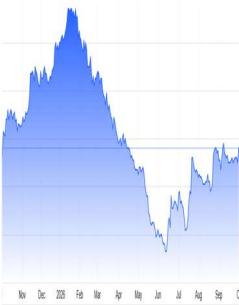
And the sheer amount of money already committed means **“There is no graceful way to get off a galloping horse.”**

“There is no graceful way to get off a galloping horse.”

Richard Nixon

ALL GRAPHS ARE ONE YEAR 	THE a2 MILK COMPANY ATM remains a high-quality growth company but its valuation depends heavily on execution in China. FY26 earnings were affected by one-offs, while the underlying infant-formula franchise, brand strength and substantial cash position remain attractive. The market is looking for earnings normalisation in FY27 and FY28, explaining the sharp fall in prospective P/E from around 28x to 22x. The key opportunities are further China market-share gains, English-label infant formula and expansion into adjacent nutrition categories. Risks remain China's falling birth rate, regulatory changes, competitive intensity and execution around manufacturing/supply. The balance sheet provides considerable strategic flexibility. 2027 P/E: 28.2x 2028 P/E: 22.3x 2027 EPS: 29.3 2028 EPS: 37.1	NZX Code: ATM Share Price: \$8.27 12mth Target: \$8.70 Projected return (%) Capital gain 5.2% Dividend yield (Net) 1.9% Total return 7.1% Rating: NEUTRAL 52-week price range: 11.90-6.25
	AUCKLAND INTERNATIONAL AIRPORT AIA remains one of New Zealand's highest-quality infrastructure assets. FY26 passenger movements increased 1.6% to 19.04 million, revenue rose 3% to \$1.036 billion and underlying NPAT was \$309 million. The major issue is its very large infrastructure programme, with FY27 capex guided at \$1.0–\$1.3 billion. This should materially expand long-term capacity but suppress free cash flow and keep gearing elevated during construction. Consensus sees improving earnings into FY28, but the shares already command a premium valuation of roughly 46x FY27 earnings. The investment case therefore rests heavily on long-term passenger growth and successful delivery of the airport redevelopment. 2027 P/E: 45.6x 2028 P/E: 39.2x 2027 EPS: 18.3 2028 EPS: 21.3	NZX Code: AIA Share Price: \$8.35 12mth Target: \$8.69 Projected return (%) Capital gain 4.1% Dividend yield (Net) 1.7% Total return 5.7% Rating: NEUTRAL 52-week price range: 9.18-7.50
	CONTACT ENERGY CEN combines a predominantly renewable generation portfolio with an increasingly valuable position in geothermal generation. Recent investment has expanded renewable capacity and should support longer-term earnings, although electricity prices, hydrology and wholesale market conditions remain important variables. The stock offers a comparatively attractive income component, with consensus indicating a yield around 5–6%. Following its major investment cycle, improving free cash flow should provide greater scope for distributions and balance-sheet management. Consensus valuation is below several NZ electricity peers, although sector earnings remain sensitive to generation conditions, gas availability, regulation and wholesale electricity pricing. 2027 P/E: 21.7x 2028 P/E: 22.0x 2027 EPS: 40.0 2028 EPS: 39.5	NZX Code: CEN Share Price: \$8.68 12mth Target: \$9.15 Projected return (%) Capital gain 5.4% Dividend yield (Net) 5.9% Total return 11.3% Rating: OVERWEIGHT 52-week price range: 9.99-8.45
	EBOS GROUP EBOS remains Australasia's dominant pharmaceutical wholesaler and distributor, with a substantial healthcare and animal-care platform. The share-price reset has materially reduced its valuation: consensus now puts FY27 P/E near 14x and FY28 around 12x. The key question is how effectively EBOS replaces earnings lost through major contract changes and restores sustainable growth. Its scale, distribution infrastructure and defensive healthcare exposure remain important strengths. At current prices the dividend yield is also considerably more meaningful than historically. Risks include customer concentration, contract losses, regulatory pricing pressures and relatively thin distribution margins, but the valuation now incorporates considerably less growth than it once did. 2027 P/E: 13.8x 2028 P/E: 12.2x 2027 EPS: 139.0 2028 EPS: 157.0	NZX Code: EBOS Share Price: \$19.20 12mth Target: \$24.00 Projected return (%) Capital gain 25.0% Dividend yield (Net) 6.5% Total return 31.5% Rating: OVERWEIGHT 52-week price range: 30.50-19.00
	FISHER & PAYKRL HEALTHCARE FPH remains arguably the NZX's premier global growth company. Consensus expects revenue to rise from about \$2.31 billion in FY26 to \$2.56 bn in FY27 and \$2.86 bn in FY28, supported by continuing adoption of respiratory products, hospital consumables and obstructive sleep apnoea systems. Operating leverage should allow earnings to grow faster than revenue. The principal issue is valuation: at about 48x FY27 and 41x FY28 earnings, substantial future growth is already priced in. Its strengths are intellectual property, recurring consumable revenue, global distribution and structural healthcare demand. Currency movements and any slowdown in hospital utilisation remain important risks. 2027 P/E: 47.8x 2028 P/E: 41.0x 2027 EPS: 94.2 2028 EPS: 109.8	NZX Code: FPH Share Price: \$45.00 12mth Target: \$45.13 Projected return (%) Capital gain 0.3% Dividend yield (Net) 1.4% Total return 1.7% Rating: NEUTRAL 52-week price range: 45.85-32.15
	FLETCHER BUILDING FBU remains a turnaround rather than a conventional growth investment. The investment case rests on completing legacy projects, restoring margins, reducing debt and benefiting eventually from a recovery in NZ and Australian construction. Consensus anticipates a substantial earnings recovery, with the P/E falling from about 18x FY27 to 13x FY28. That implies considerable operating leverage if residential and commercial construction improve. The risks are equally significant, including weak building activity, project execution, debt and restructuring costs. The attraction is primarily recovery potential rather than income, with successful execution required to justify a sustained re-rating. 2027 P/E: 18.4x 2028 P/E: 13.0x 2027 EPS: 18.9 2028 EPS: 26.8	NZX Code: FBU Share Price: \$3.48 12mth Target: \$3.90 Projected return (%) Capital gain 12.1% Dividend yield (Net) 0.9% Total return 13.0% Rating: NEUTRAL 52-week price range: 4.08-2.65

	FONTERRA SHAREHOLDERS FUND FSF delivered a strong FY26 result, with profit after tax from continuing operations rising 35% to \$1.35 billion, highlighting the earnings strength of the businesses retained after its restructuring. Strong global demand for protein products and favourable product-price relativities helped drive performance. Fonterra paid a 73c dividend, although Craigs expects profits to ease to around \$1.25 billion annually and dividends to 60–62c over coming years. Management is targeting further growth through \$1 billion of investment in South Island processing, increased milk volumes and lower technology-related capital spending. The challenge will be sustaining these returns if global dairy conditions become less favourable. The Fund's unusual structure also warrants consideration when comparing FSF directly with conventional listed operating companies. 2027 P/E: 10.9x 2028 P/E: 11.3x 2027 EPS: 77.0 2028 EPS: 74.4	NZX Code: FSF Share Price: \$8.82 12mth Target: \$8.33 Projected return (%) Capital gain -0.9% Dividend yield (Net) 6.6% Total return 5.7% Rating: NEUTRAL 52-week price range: 8.82-6.14
	FREIGHTWAYS FRWs has developed from a New Zealand courier company into a broader Australasian express-package and information-management business. Consensus expects FY27 revenue of about \$1.60bn and EBITDA of \$306m, rising further in FY28. Earnings growth is forecast to be particularly strong, with net income increasing from about \$108m in FY27 to \$128m in FY28. This drives the prospective P/E down from roughly 21x to 18x. Australian expansion provides a significant growth runway, while the mature New Zealand operation supplies dependable cash flow. Risks include economic sensitivity, wage and fuel costs, integration of acquisitions and competitive pressure. 2027 P/E: 21.1x 2028 P/E: 17.9x 2027 EPS: 58.0 2028 EPS: 69.0	NZX Code: FRW Share Price: \$12.31 12mth Target: \$15.20 Projected return (%) Capital gain 23.5% Dividend yield (Net) 4.1% Total return 27.6% Rating: OVERWEIGHT 52-week price range: 15.25-11.85
	HALLENSTEIN GLASSON HOLDINGS HLG has delivered exceptionally strong recent trading, particularly through Glassons in Australia. FY26 sales rose to approximately \$563m from \$471m, while net income increased to \$59.2m from \$39.5m and EPS reached approximately 99 cents. That performance has understandably driven a substantial share-price re-rating. Glassons Australia remains the principal growth engine, offering significantly greater market potential than New Zealand. HLG also retains a strong dividend profile. The key risks are fashion execution, consumer discretionary spending, currency movements and the possibility that exceptionally strong recent earnings growth proves difficult to repeat. Analyst coverage is thin, making consensus estimates less reliable than for larger NZX companies. 2027 P/E: 14.0x 2028 P/E: 13.3x 2027 EPS: 100.0 2028 EPS: 105.0	NZX Code: HLG Share Price: \$14.20 12mth Target: \$13.25 Projected return (%) Capital gain -7.2% Dividend yield (Net) 5.4% Total return -1.8% Rating: NEUTRAL 52-week price range: 14.28-8.98
	INFRATIL IFT remains a diversified infrastructure growth vehicle with particularly strong exposure to data centres, renewable energy and healthcare. FY26 proportionate operational EBITDAF rose 11% to \$989m, while FY27 guidance implies another substantial increase, driven particularly by CDC data centres. The portfolio's value increasingly depends on digital infrastructure, where AI and cloud-computing demand provide powerful structural tailwinds. IFT also retains substantial renewable-energy investments. Its valuation is better assessed through underlying asset value than conventional P/E because accounting earnings can be distorted by asset revaluations and investment structures. Consensus remains constructive, with a target around \$17.81 versus the current price of \$14.30. 2027 P/E: 68.2x 2028 P/E: 71.7x 2027 EPS: 21.0 2028 EPS: 19.9	NZX Code: IFT Share Price: \$14.30 12mth Target: \$17.81 Projected return (%) Capital gain 25.4% Dividend yield (Net) 1.5% Total return 26.9% Rating: OVERWEIGHT 52-week price range: 16.14-10.52
	MAINFREIGHT MFT remains one of New Zealand's strongest international growth businesses, operating freight and logistics networks across Australasia, Europe, Asia and the Americas. Its long-term opportunity lies in continuing to expand branch density and market share overseas rather than relying on New Zealand growth. Freight volumes and margins are cyclical, so softer global trade can create short-term earnings volatility. However, Mainfreight's decentralised culture, internal management development and long investment horizon have historically supported expansion. Consensus currently values the company around 21.5x FY27 and 19.9x FY28 earnings, with an average target near \$77.14. The dividend yield remains modest because capital is retained for international expansion. 2027 P/E: 21.5x 2028 P/E: 19.9x 2027 EPS: 304.0 2028 EPS: 328.0	NZX Code: MFT Share Price: \$65.11 12mth Target: \$77.14 Projected return (%) Capital gain 16.0% Dividend yield (Net) 2.7% Total return 18.7% Rating: OVERWEIGHT 52-week price range: 70.46-53.11
	MERCURY ENERGY MCY has a diversified renewable generation portfolio spanning hydro, geothermal and wind, alongside a large retail electricity business. This generation mix gives it somewhat greater hydrological diversification than a pure hydro generator. Recent investment has increased renewable capacity, while growing electricity demand should support the longer-term outlook. Consensus forecasts put the shares around 25x FY27 and FY28 earnings. Key risks include wholesale electricity prices, hydrology, debt costs, regulation and the execution of new generation projects. The combination of renewable assets and income makes Mercury comparatively defensive within the NZX. 2027 P/E: 25.5x 2028 P/E: 25.2x 2027 EPS: 27.1 2028 EPS: 27.4	NZX Code: MCY Share Price: \$6.83 12mth Target: \$7.34 Projected return (%) Capital gain 7.5% Dividend yield (Net) 4.2% Total return 11.7% Rating: OVERWEIGHT 52-week price range: 7.16-6.08

	MERIDIAN ENERGY MEL has an unusually strong renewable generation position, dominated by hydroelectricity and supplemented by wind generation. That provides low operating costs and long-life assets but leaves earnings sensitive to hydrology and wholesale electricity prices. The company should benefit from New Zealand's longer-term electrification and rising demand from industrial users and data centres. Consensus sees relatively modest earnings growth, leaving the stock on approximately 45x FY27 and 43x FY28 earnings. Consequently, Meridian's attraction is more its strategic renewable asset base and dividend stream than low valuation. Dry-year risk, transmission constraints, regulation and electricity-market intervention remain key uncertainties. 2027 P/E:44.9x 2028 P/E: 42.6x 2027 EPS: 12.1 2028 EPS: 12.7	NZX Code: MEL Share Price: \$5.36 12mth Target: \$6.26 Projected return (%) Capital gain 15.5% Dividend yield (Net) 4.4% Total return 19.9% Rating: OVERWEIGHT 52-week price range: 6.05-5.16
	OCEANIA HEALTHCARE OCA is increasingly an asset-recycling and retirement-living story rather than simply an aged-care operator. Its portfolio contains substantial embedded property value, while management's strategy is aimed at reducing debt and improving returns from its development pipeline. The shares trade at a substantial discount to reported net assets. However, dividend income is initially negligible as cash is retained for debt reduction and investment. Risks include development execution, property-market conditions, interest rates, aged-care funding and the speed at which Oceania can translate its asset base into sustainable cash earnings. 2027 P/E:9.7x 2028 P/E: 8.7x 2027 EPS: 7.7 2028 EPS: 8.6	NZX Code: OCA Share Price: \$0.74 12mth Target: \$0.96 Projected return (%) Capital gain 28.0% Dividend yield (Net) 0.4% Total return 28.4% Rating: OVERWEIGHT 52-week price range: 0.93-0.625
	PORT OF TAURANGA POT retains a strong strategic position as New Zealand's largest export port and principal container hub. Its advantages include scale, deep-water capability, rail connectivity and substantial land holdings. Capacity expansion and automation should improve throughput and efficiency over time, although these projects require significant capital expenditure. Container volumes, forestry exports and international trade remain key earnings drivers. POT's quality is reflected in its premium valuation: consensus puts FY27 P/E at about 32x. The current analyst target is below the market price, suggesting much of the expected growth is already reflected in valuation. Long-term upside depends heavily on successfully expanding capacity and maintaining its competitive position. 2027 P/E: 31.6x 2028 P/E: 30.0x 2027 EPS: 25.9 2028 EPS: 26.0	NZX Code: POT Share Price: \$8.17 12mth Target: \$8.30 Projected return (%) Capital gain 1.6% Dividend yield (Net) 1.9% Total return 3.5% Rating: NEUTRAL 52-week price range: 9.15-7.32
	RYMAN HEALTHCARE RYM is undergoing a major financial and operational reset following its balance-sheet problems and equity recapitalisation. The core village portfolio remains valuable, but management must restore development economics, improve cash generation and reduce financial risk. Consensus forecasts show significant earnings improvement into FY28, although conventional P/E measures are distorted by property revaluations and accounting treatment. The market is therefore focused more on operating cash flow, debt reduction and net tangible assets. Analyst targets imply substantial potential upside from the depressed share price, but execution risk remains high. The principal question is whether Ryman can regain sustainable development margins without returning to the aggressive debt-funded growth model of earlier years. This is a speculative buy. 2027 P/E: 23.9x 2028 P/E: 6.9x 2027 EPS: 8.2 2028 EPS: 28.3	NZX Code: RYM Share Price: \$1.96 12mth Target: \$2.60 Projected return (%) Capital gain 41.7% Dividend yield (Net) 0.0% Total return 41.7% Rating: SPECULATIVE 52-week price range: 3.05-1.82
	SCALES CORPORATION SCL has evolved from a predominantly apple-growing business into a diversified agribusiness with substantial exposure to horticulture and pet-food ingredients. This diversification has reduced dependence on any single crop cycle while retaining exposure to growing global demand for premium food products. Recent operating performance has benefited from stronger horticultural conditions and continued pet-food demand. Weather, crop yields, export-market pricing, freight costs and foreign exchange remain important risks. Analyst coverage is limited to only a small number of brokers, so apparent consensus precision should be treated cautiously. 2027 P/E: 14.7x 2028 P/E: 18.0x 2027 EPS: 45.6 2028 EPS: n/a	NZX Code: SCL Share Price: \$6.70 12mth Target: \$7.68 Projected return (%) Capital gain 14.5% Dividend yield (Net) 4.2% Total return 18.7% Rating: OVERWEIGHT 52-week price range: 7.50-5.35
	SKY CITY ENTERTAINMENT SKC is a high-risk recovery situation. Its core Auckland casino retains significant strategic value and the International Convention Centre should ultimately increase visitation, but the group has faced regulatory, compliance and operational problems, particularly in Adelaide. The share price around 65 cents reflects considerable uncertainty. The investment case depends on restoring normalised earnings, improving regulatory compliance, strengthening the balance sheet and extracting value from the Auckland precinct. Analyst targets are materially above the current price, but the dispersion is unusually wide, highlighting the uncertainty. Gaming regulation, remediation costs, debt, Adelaide performance and execution around the convention centre remain the major risks. 2027 P/E: 328x 2028 P/E: 13.4x 2027 EPS: 0.2 2028 EPS: 4.9	NZX Code: SKC Share Price: \$0.67 12mth Target: \$1.01 Projected return (%) Capital gain 56.6% Dividend yield (Net) 0% Total return 56.6% Rating: OVERWEIGHT 52-week price range: 0.99-0.46

	SUMMERSET GROUP SUM remains one of the stronger operators in the retirement-village sector, with an established development pipeline in New Zealand and a growing Australian presence. Its integrated village model provides development margins followed by recurring care and village-management income. The share price has fallen sharply and this places the stock on only about 6x reported prospective earnings, although retirement-village accounting earnings include property valuation effects and should not be compared directly with industrial-company P/Es. Debt, housing turnover and development costs are risks, but the large development pipeline provides meaningful longer-term growth potential. 2027 P/E: 6.3x 2028 P/E: 5.9x 20267 EPS: 117.5 2028 EPS: 127.3	NZX Code: SUM Share Price: \$7.68 12mth Target: \$12.76 Projected return (%) Capital gain 66.1% Dividend yield (Net) 1.4% Total return 67.5% Rating: OVERWEIGHT 52-week price range: 12.80-7.04
	TOURISM HOLDINGS THL is a global recreational-vehicle rental and tourism business operating across New Zealand, Australia and North America. FY26 marked an improvement, and consensus expects net income to rise from roughly \$38m in FY26 to \$55m in FY27 and \$74m in FY28. EPS is forecast to increase from about 17 cents to 26 cents and then 36 cents, reducing the P/E from 11x FY27 to about 8x FY28. The principal attractions are recovery in international tourism and improved fleet economics. Risks include debt, vehicle residual values, North American demand, interest rates and tourism cyclicality. 2027 P/E: 11.0x 2028 P/E: 8.0x 2027 EPS: 25.7 2028 EPS: 35.8	NZX Code: THL Share Price: \$2.93 12mth Target: \$3.20 Projected return (%) Capital gain 9.2% Dividend yield (Net) 3.9% Total return 13.1% Rating: OVERWEIGHT 52-week price range: 2.98-1.96

NEW ZEALAND EQUITIES WATCH LIST

AS AT 30TH SEPTEMBER 2026

NEW ZEALAND EQUITY WATCH LIST as at 30-Sep-26		Rating	30-Sep-26 Price	30-Sep-25 Price	Annual Change	30-Sep-21 Price	5-year pa Change	12-month Target	Capital Gain 12mth Target	Net Div Yield	Expected Total Return
AIA	Auckland Int. Airport	N	\$8.50	\$7.88	7.9%	\$7.67	2.2%	\$8.70	2.4%	1.7%	4.1%
ATM	A2 Milk Company	N	\$8.23	\$9.95	(17.3%)	\$6.43	5.6%	\$8.69	5.6%	1.9%	7.5%
CEN	Contact Energy	O	\$8.65	\$9.10	(4.9%)	\$8.45	0.5%	\$9.15	5.8%	5.9%	11.7%
CHI	Channel Infrastructure	N	\$3.61	\$2.60	38.8%	\$0.89	61.1%	\$3.44	(4.7%)	4.5%	(0.2%)
CNU	Chorus	N	\$8.45	\$9.56	(11.6%)	\$6.60	5.6%	\$9.39	11.1%	6.0%	17.1%
EBO	Ebos Group	O	\$19.41	\$29.78	(34.8%)	\$35.30	(9.0%)	\$24.00	23.6%	6.5%	30.1%
FBU	Fletcher Building	N	\$3.54	\$3.37	5.0%	\$7.18	(10.1%)	\$3.90	10.2%	0.9%	11.1%
FPH	Fisher & Paykel Healthcare	N	\$45.95	\$37.05	24.0%	\$32.00	8.7%	\$45.13	(1.8%)	1.4%	(0.4%)
FRW	Freightways	O	\$12.31	\$13.70	(10.1%)	\$12.76	(0.7%)	\$15.20	23.5%	4.1%	27.6%
HGH	Heartland Group	N	\$1.28	\$1.05	21.4%	\$2.32	(9.0%)	\$1.31	2.7%	6.2%	8.9%
HLG	Hallenstein Glasson	O	\$14.80	\$9.18	61.2%	\$6.95	22.6%	\$13.25	(10.5%)	5.4%	(5.1%)
IFT	Infratil	O	\$14.09	\$12.35	14.1%	\$7.96	15.4%	\$17.81	26.4%	1.5%	27.9%
MFT	Mainfreight	O	\$65.27	\$62.90	3.8%	\$96.90	(6.5%)	\$77.14	18.2%	2.7%	20.9%
MCY	Mercury	O	\$6.84	\$6.68	2.4%	\$6.50	1.0%	\$7.34	7.3%	4.2%	11.5%
MEL	Meridian Energy	O	\$5.43	\$5.57	(2.5%)	\$4.93	2.0%	\$6.26	15.3%	4.4%	19.7%
NZX	NZX	N	\$1.48	\$1.38	7.2%	\$1.67	(2.3%)	\$1.70	15.1%	4.5%	19.6%
OCA	Oceania Healthcare	O	\$0.74	\$0.69	7.2%	\$1.48	(10.0%)	\$0.96	29.7%	0.4%	30.1%
POT	Port of Tauranga	N	\$8.29	\$7.49	10.7%	\$7.10	3.4%	\$8.30	0.1%	1.9%	2.0%
RYM	Ryman Healthcare	O	\$1.84	\$2.59	(29.2%)	\$14.23	(17.4%)	\$2.94	60.2%	0.0%	60.2%
SCL	Scales Corporation	O	\$6.78	\$5.69	19.2%	\$5.49	4.7%	\$7.68	13.3%	4.2%	17.5%
SKC	Sky City Entertainment	O	\$0.68	\$0.66	2.3%	\$3.20	(15.8%)	\$1.01	49.6%	0.0%	49.6%
SKL	Skellerup	O	\$7.79	\$5.18	50.4%	\$6.04	5.8%	\$8.00	2.7%	3.6%	6.3%
SPK	Spark	N	\$1.98	\$2.36	(16.3%)	\$4.78	(11.7%)	\$2.35	19.0%	7.0%	26.0%
SUM	Summerset Group	O	\$7.31	\$10.68	(31.6%)	\$15.19	(10.4%)	\$12.76	74.6%	1.4%	76.0%
THL	Tourism Holdings	O	\$2.94	\$2.63	11.8%	\$2.59	2.7%	\$3.20	8.8%	3.9%	12.7%
VCT	Vector	N	\$4.85	\$4.78	1.5%	\$4.02	4.1%	\$5.05	4.1%	5.3%	9.4%

COMPARISON OF NZX50 INDEX v ASX200 (1 year)



AUSTRALIAN EQUITIES WATCH LIST

AS AT 30TH SEPTEMBER 2026

AUSTRALIAN EQUITY WATCH LIST as at 30-September-2026		Rating	30-Sep-26 Price A\$	30-Sep-25 Price A\$	12m Target	Cap. Gain	Div. Net Yield	Total Return	Forward EPS 1	Forward EPS 2	Approx. P/E 1	Approx. P/E 2
ALL	Aristocrat Leisure	O	58.86	69.98	66.45	12.9%	1.9%	14.8%	A\$2.74	A\$3.08	21.5x	19.1x
ALQ	ALS	O	20.47	19.92	24.28	18.6%	2.5%	21.1%	A\$0.89	A\$0.97	23.0x	21.1x
ANZ	ANZ Group	N	38.45	33.21	36.56	(4.9%)	4.4%	(0.5%)	A\$2.53	A\$2.59	15.2x	14.9x
BHP	BHP Group	N	60.63	42.53	60.35	(0.5%)	3.4%	2.9%	A\$3.65	A\$3.75	16.6x	16.2x
CBA	Commonwealth Bank	S	150.27	166.90	125.64	(16.4%)	3.4%	(13.0%)	A\$6.70	A\$6.79	22.4x	22.1x
CSL	CSL	O	182.3	198.2	183.94	0.9%	1.6%	2.5%	A\$6.07	A\$6.72	30.0x	27.1x
CWY	Cleanaway Waste	O	2.59	2.77	3.03	17.0%	2.9%	19.9%	A\$0.10	A\$0.13	26.9x	20.7x
IGO	IGO	N	6.50	5.18	7.89	21.4%	4.2%	25.6%	A\$0.74	A\$0.72	8.8x	9.1x
JHX	James Hardie	O	36.29	28.08	44.00	21.2%	-	21.2%	US\$1.05	US\$1.42	28.0x	21.0x
MQG	Macquarie Group	O	246.1	219.33	255.87	4.0%	3.1%	7.1%	A\$13.28	A\$13.92	18.5x	17.7x
NAB	National Australia Bank	N	39.15	44.15	38.60	(1.4%)	4.5%	3.1%	A\$2.45	A\$2.55	16.0x	15.4x
NXT	NEXT Data Centre	O	10.83	16.92	20.18	86.3%	-	86.3%	(A\$0.23)	(A\$0.12)	n/m	n/m
QBE	QBE Insurance	N	23.36	20.59	24.07	3.0%	4.6%	7.6%	A\$1.41	A\$1.45	16.6x	16.1x
RHC	Ramsay Health Care	N	55.68	31.73	50.99	(8.4%)	1.9%	(6.5%)	A\$1.68	A\$1.99	33.2x	28.0x
RIO	Rio Tinto	N	166.93	122.03	164.00	(1.8%)	3.5%	1.7%	A\$12.00	A\$11.50	13.9x	14.5x
RMD	ResMed	O	31.98	41.03	39.27	22.8%	1.2%	24.0%	US\$9.60	US\$10.50	22.0x	20.0x
S32	South32	O	5.06	2.74	5.20	2.8%	2.1%	4.9%	A\$0.26	A\$0.27	19.5x	18.8x
SEK	SEEK	O	12.02	28.51	18.92	57.4%	4.5%	61.9%	A\$0.54	A\$0.67	22.5x	17.9x
TCL	Transurban	N	13.24	13.80	13.86	4.7%	5.4%	10.1%	A\$0.17	A\$0.19	76.1x	70.4x
TLS	Telstra	N	4.83	4.82	5.01	3.7%	4.6%	8.3%	A\$0.22	A\$0.23	22.2x	20.8x
WDS	Woodside Energy	N	31.88	23.03	33.21	4.2%	4.2%	8.4%	A\$1.70	A\$1.56	18.7x	20.5x
WES	Wesfarmers	S	76.61	92.02	77.09	0.6%	3.1%	3.7%	A\$2.74	A\$2.94	28.0x	26.1x
WOR	Worley	O	9.72	14.05	11.67	20.1%	5.6%	25.7%	A\$0.95	A\$1.07	10.2x	9.1x
WOW	Woolworths	N	39.20	26.70	39.32	0.3%	2.8%	3.1%	A\$1.46	A\$1.62	26.8x	24.2x
XRO	Xero	O	56.92	157.70	95.00	68.0%	-	68.0%	A\$1.20	A\$2.10	47.0x	27.0x

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

AI infrastructure growth accelerates – Megaport (ASX:MP1)

Megaport BUY Latest: A\$20.63 12-month Target: A\$29.00



Megaport is rapidly evolving from a cloud-networking specialist into a significant AI and GPU infrastructure provider, with a series of major contracts transforming its earnings outlook.

Three new contracts worth A\$979 million have added approximately A\$232 million of annual recurring revenue (ARR), with an average 4.2-year duration. Importantly, one customer will prepay A\$282 million, reducing Megaport's effective capital payback period from about 2.7 years to just 1.1 years.

Group ARR has already exceeded A\$500 million, up from A\$395 million in June, with Compute ARR almost doubling to A\$201 million. Management has upgraded FY27 revenue guidance to A\$720–810 million and implied EBITDA to A\$302–356 million, with margins of 42–44%.

Once current contracts are fully deployed, Megaport expects ARR of approximately A\$1.1 billion and EBITDA exceeding A\$650 million. UBS forecasts revenue reaching A\$1.35 billion in FY28 and A\$1.65 billion in FY29.

The principal risk is the enormous capital requirement—FY27 capex is now A\$1.78–1.88 billion—and the dependence on major AI customers. However, customer prepayments, an enlarged A\$845 million debt facility, and strong operating cash generation materially reduce funding risk.

At A\$20.63, there appears considerable upside to its A\$29 target, underpinned by the structural growth of cloud computing and AI infrastructure. The story is increasingly about whether Megaport can convert its extraordinary ARR growth into sustainable free cash flow.

INVESTMENT TRUST WATCH LIST

AS AT 30TH SEPTEMBER 2026

INVESTMENT TRUST WATCH LIST as at 31-August-26		30-Sep-26 Price £	31-Aug-26 Price £	30-Sep-25 Price £	Month % Change	Annual % Change	Ticker		30-Sep-26 Price £	31-Aug-26 Price £	30-Sep-25 Price £	Month % Change	Annual % Change
ATR.L	Schroder Asian Total Return	7.29	7.12	5.36	2.4%	32.8%	JEGI.L	JPM European Inv. Trust	1.43	1.48	1.28	(3.1%)	15.3%
BGFD.L	Baillie Gifford Japan Trust	10.82	10.78	9.26	0.4%	16.4%	JFJ.L	JPMorgan Japanese	8.16	8.18	6.86	(0.2%)	19.2%
BNKR.L	Bankers Invest. Trust	1.54	1.52	1.30	1.6%	16.6%	JGGI.L	JPM Global Growth	6.06	6.20	5.73	(2.3%)	8.2%
BRWM.L	Blackrock World Mining	9.54	10.60	6.80	(10.0%)	55.9%	MWY.L	Mid Wynd International	7.96	8.00	7.72	(0.5%)	3.6%
CTY.L	City of London Investment Trust	5.78	5.91	5.07	(2.2%)	16.6%	MNKS.L	Monks ITC	16.44	16.36	14.68	0.5%	11.4%
IAD.L	Asia Dragon Trust	5.05	5.03	4.06	0.4%	23.9%	NAIT.L	Nth American Inc. Trust	4.28	4.39	3.53	(2.5%)	24.4%
ESCT.L	Euro Small Companies Trust	2.33	2.43	2.14	(3.9%)	13.3%	PCT.L	Polar Cap Tech	6.95	6.56	4.37	5.9%	50.1%
FCIT.L	F&C Investment Trust	3.46	3.45	3.01	0.2%	14.7%	RCP.L	RIT Capital Partners	25.15	25.65	20.40	(1.9%)	25.7%
GSCT.L	Global Smaller Companies Trust	1.90	1.93	1.69	(1.8%)	14.4%	SDP.L	Schroder Asia Pacific	8.51	8.42	6.43	1.1%	30.9%
HVPE.L	HarbourVest Global Private Eq.	33.20	33.80	28.65	(1.8%)	18.0%	SMT.L	Scottish Mortgage Trust	15.84	14.93	11.67	6.1%	27.9%
JAM.L	JPM American	12.28	12.18	10.96	0.8%	11.1%	TEM.L	Templeton Emerg. Mkts	3.30	3.23	2.62	2.3%	23.1%
JEDT.L	JPMorgan Eur Discovery Trust	6.25	6.43	5.78	(2.8%)	11.2%	WWH.L	Worldwide Health	3.81	3.90	3.28	(2.2%)	18.8%

GLOBAL EQUITIES WATCH LIST

AS AT 30TH SEPTEMBER 2026

GLOBAL EQUITY WATCH as at 30-September-2026		Rating	Currency	30-Sep-26 Price	31-Aug-26 Price	30-Sep-25 Price	Monthly % Change	Annual % Change	12-month Target	Target potential +/-
80700.HK	Tencent Holdings	O	CNY	369.00	381.60	610.00	3.4%	(39.5%)	567.31	53.7%
AAPL	Apple	O	USD	333.02	316.85	254.63	(4.9%)	30.8%	328.22	(1.4%)
AMZN	Amazon	O	USD	249.15	259.77	219.57	4.3%	13.5%	329.54	32.3%
APH	Amphenol	O	USD	84.30	158.55	61.88	88.1%	36.2%	99.68	18.2%
APO	Apollo Global Management	O	USD	116.06	136.58	133.27	17.7%	(12.9%)	153.47	32.2%
ASML	ASML	O	USD	1,811.67	1,696.01	968.09	(6.4%)	87.1%	2,116.00	16.8%
AXP	American Express	O	USD	304.10	330.17	332.16	8.6%	(8.4%)	377.91	24.3%
BRK-B	Berkshire Hathaway	O	USD	497.95	504.03	502.74	1.2%	(1.0%)	547.67	10.0%
CBOE	CBOE	N	USD	275.29	300.20	245.25	9.0%	12.2%	315.64	14.7%
COP	ConocoPhillips	B	USD	125.15	132.49	94.59	5.9%	32.3%	146.08	16.7%
GOOGL	Alphabet	O	USD	344.08	339.35	243.10	(1.4%)	41.5%	429.36	24.8%
IBE.MC	Iberdrola	O	EUR	20.36	20.08	16.10	(1.4%)	26.5%	20.69	1.6%
JPM	JPMorgan	O	USD	330.83	356.02	315.43	7.6%	4.9%	375.81	13.6%
LLY	Eli Lilly	O	USD	1,157.08	1,156.73	763.00	(0.0%)	51.6%	1,329.00	14.9%
LULU	Lululemon Athletica	N	USD	96.19	120.26	177.93	25.0%	(45.9%)	104.91	9.1%
MA	MasterCard	O	USD	551.47	589.31	568.81	6.9%	(3.0%)	666.71	20.9%
MC.PA	LVMH Moet Hennessy	O	EUR	390.00	453.30	520.50	16.2%	(25.1%)	539.81	38.4%
MSFT	Microsoft	O	USD	512.90	507.29	517.95	(1.1%)	(1.0%)	577.26	12.5%
NVDA	NVIDIA	O	USD	228.38	220.78	188.58	(3.3%)	21.1%	327.70	43.5%
OR.PA	L'Oréal Royalties	O	USD	379.45	384.70	368.50	1.4%	3.0%	417.96	10.1%
ORCL	Oracle Corporation	O	USD	137.30	149.12	281.24	8.6%	(51.2%)	237.97	73.3%
SU.PA	Schneider Electric	O	EUR	292.00	294.60	137.60	0.9%	112.2%	329.51	12.8%
TSLA	Tesla	O	USD	354.81	367.95	444.72	3.7%	(20.2%)	395.83	11.6%
UNH	United Health	O	USD	367.08	389.41	345.30	6.1%	6.3%	481.72	31.2%
WMT	Walmart	O	USD	103.92	104.87	103.06	0.9%	0.8%	127.43	22.6%
Source: Thomson Reuters Target Prices reflect consensus										

Warren Buffett just took a big risk with the US\$1.5 trillion giant he built



Warren Buffett's decision to have his son Howard Buffett succeed him as chairman of Berkshire Hathaway, arguably appears superficially to be nepotism, but is better understood as part of a carefully

designed succession structure.

Howard, 71, has relatively little operational or investment-management experience. His principal corporate qualification is his 33 years on Berkshire's Board, although he has also served on boards including Coca-Cola and Conagra. Warren Buffett has, however, been signalling Howard's eventual chairmanship for more than 25 years.

Crucially, Howard will not run Berkshire. Greg Abel, who succeeded Warren Buffett as CEO, will retain responsibility for acquisitions, investments, divestments and operational decisions. Howard will be a non-executive chairman, with his father describing his role as protecting Berkshire's distinctive culture and values.

Warren Buffett's underlying concern is that, after his death, investors could push to break up Berkshire, particularly during periods of weak investment performance. Berkshire has enormous listed-equity and cash holdings, but its shares have underperformed the S&P 500 over the past decade. Buffett fears that the culture and decentralised structure he spent six decades building could be dismantled relatively quickly.

The market has so far reacted calmly to Howard's appointment. However, it can be argued that the real test will come after Warren Buffett is gone. Abel will need to produce acceptable shareholder returns while Howard protects the Berkshire model. Investors are unlikely to give the new leadership the same patience they afforded Warren Buffett during prolonged periods of underperformance.

The central message is that Buffett has effectively separated management from stewardship. Abel will run the business; Howard will protect the culture and resist pressure to dismantle it. Whether that arrangement can preserve Buffett's extraordinary legacy without Buffett himself is now Berkshire Hathaway's defining challenge.

How Charlie Munger shaped Warren Buffett's success



In the history of great business marriages, nothing came close to the partnership of Charlie Munger and Warren Buffett, who together built the US\$1.5 trillion investment behemoth Berkshire Hathaway.

For 60 years, the two billionaires behind this conglomerate powerhouse were arguably the fathers of modern-day value investing. They spawned not just an investment philosophy but a religion, with a legion of disciples from around the world that made an annual pilgrimage to hear their sermons at the company's annual meetings in Omaha, Nebraska.

Charlie Munger died in 2024, and Warren Buffett is now 96 years old.

While the more loquacious Buffett had greater fame and a greater share of microphone, behind the scenes the communion was long considered an equal one, in which each sought ideas and advice from the other.

Paying tribute to Munger after his death, Buffett summed it up: **"Berkshire Hathaway could not have been built to its present status without Charlie's inspiration, wisdom and participation."**

But more than that, Munger is often privately credited with being Buffett's foil - the person who curbed his enthusiasm and kept him in check. They were mutual sounding boards.

It was Munger who is credited with convincing Buffett that a **"great business at a fair price is superior to a fair business at a great price."**

"If you mix raisins with turds, they're still turds."

Charlie Munger's piece of investment advice during the dotcom boom

FIXED INTEREST BONDS

AS AT 30TH SEPTEMBER 2026

Ticker	SECURITY	Credit Rating	Coupon Rate	30-Sep-26 Yield %	31-Aug-26 Yield %	Monthly Change	Maturity
TRP100	Transpower NZ	AA	4.63%	4.04%	3.75%	(7.9%)	16-Sept-27
CNU030	Chorus Limited	BBB	1.98%	4.43%	4.18%	(6.0%)	2-Dec-27
IFT310	Infratil	Not rated	3.60%	5.50%	5.14%	(7.0%)	15-Dec-27
ANB180	ANZ Bank New Zealand	AA -	5.22%	4.22%	3.98%	(6.2%)	16-Feb-28
FBI220	Fletcher Building Industries	Not rated	6.50%	6.20%	5.84%	(6.2%)	15-Mar-28
KPG050	Kiwi Property Group	BBB+	2.85%	5.01%	4.57%	(9.6%)	19-Jul-28
SBS020	Southland Building Society	BBB+	6.14%	4.72%	4.44%	(6.4%)	7-Mar-29
FCG060	Fonterra Co-Operative	A -	4.60%	4.78%	4.36%	(9.6%)	8-Nov-29
SUM050	Summerset Group Holdings	Not rated	6.43%	5.55%	5.23%	(6.1%)	8-Mar-30
MEL070	Meridian Energy	BBB+	3.73%	4.97%	4.60%	(8.0%)	23-Mar-30
LGF170	NZ Local Govt Funding Agency	AAA	3.74%	4.55%	4.25%	(7.1%)	15-May-30
LGF140	NZ Local Govt Funding Agency	AAA	4.50%	4.74%	4.40%	(7.7%)	15-May-31
SPF600	Spark Finance	A -	5.45%	5.10%	4.74%	(7.6%)	18-Sept-31
HYBRID	HYBRID SECURITY	Credit Rating	Coupon Rate	Price/ Yield	Price/ Yield	Monthly Change	Reset
IFTHA	Infratil Perpetual Infrastructure Bond	Not rated	5.51%	\$0.68	\$0.66	(2.9%)	1-yr swap rate
KWB1T2	Kiwibank Subordinated Notes	BBB	2.36%	5.40%	4.95%	(9.1%)	12-May-28
VCT110	Vector Perpetual Capital Bonds	BB+	6.40%	5.68%	5.50%	(3.3%)	15-Jun-27
WNZHA	Westpac Perpetual Preference Shares	BBB+	7.10%	\$1.03	\$1.04	1.5%	-

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