

Broadbase International Newsletter – July 2008 Exchange Rate Update

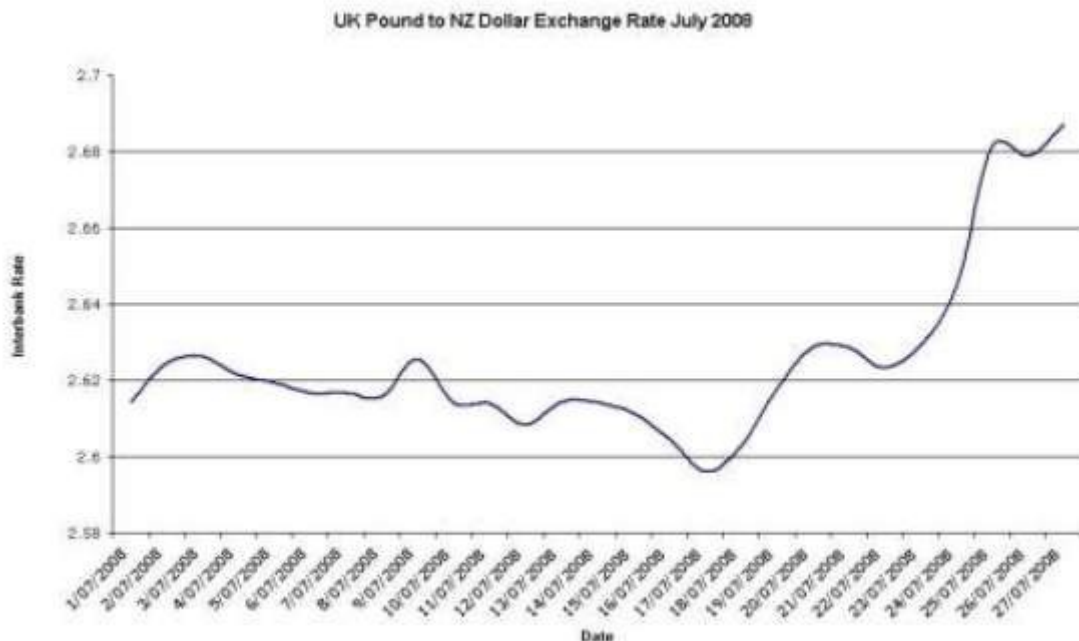
There has been some movement in the Pound Sterling to New Zealand Dollar exchange rate over the past week or two, which may be of interest to you if you have some Pounds waiting to change into Dollars. We hope that you enjoy this "special edition" of our newsletter, and welcome your comments and suggestions.

Foreign Exchange Update

Reserve Bank governor Alan Bollard cut the Official Cash Rate (OCR) on Friday 25th July by 25 basis points, taking it down to 8 per cent and is signaling that further cuts will follow. The reduction, the first drop in exactly five years, will provide some cheer for households being hurt by high mortgage rates, and soaring fuel and food bills. Since July 24, 2003, the Reserve Bank governor has raised the official cash rate 13 times, taking New Zealand interest rates to among the highest in the world. Market economists believed Bollard would wait until the next full monetary policy statement on September 11, by which time he would have fresh data on the state of the labour market. But they still put the probability of a further cut at 40 per cent while market pricing, as reflected in Credit Suisse's swaps-based indicator, implied a 56 per cent chance.

ASB Bank expects a series of 25bp cuts at each meeting, finishing with an OCR at 6.75%. A cautious approach is more appropriate given the precarious inflation outlook. A sharp drop in the exchange rate is the only real caveat, which may see the Bank consider a pause. There is some risk that they may choose to cut by 50bp, but only if funding costs continue to be of serious concern.

The GBP vs NZ\$ exchange rate has improved as a result and could well continue to improve as further rate cuts are made. You may therefore want to start thinking about your strategy and target exchange rates if you have GBPs that you are waiting to exchange.



Please note that this graph illustrates the average daily Interbank or wholesale rates – there would have been further variation within each day's trading, and you would get a slightly different rate as an individual using a foreign exchange service.

For more information on getting the most NZ\$ for your £ when you transfer your money to New Zealand, please see the [Foreign Exchange section](#) on our website. Our article on [£ to \\$ exchange rate volatility](#) may be of particular interest to you in the current market.

Lost Accounts

Our clients have reported some good results from using the [free online Pension Tracing service](#), so we were pleased to find a similar facility for tracing UK bank accounts, [My Lost Account](#), provided by the British Bankers' Association, the Building Societies Association and National Savings and Investments. Their connection to NS&I means that they can also find old Premium Bonds for you. We hope you find your

missing millions!

Renting out your house in the UK?

If you are renting out your home in the UK, please note that from 1st October 2008 it will be compulsory for you to provide an Energy Performance Certificate or EPC. Your EPC will be valid for 10 years, and will also come in handy when you come to sell your house as they form part of the Home Information Pack or (HIPs) which became mandatory from late last year.

For more information please check our article for more information on [renting out your home in the UK while you are living in New Zealand](#).

Beginners Guide to Pensions

People seemed to find the one-page [Beginners Guide to NZ Tax](#) that we sent out a few weeks ago handy, so we have written a new information sheet - a [Beginners Guide to NZ Pensions](#). Written specifically for Brits in NZ, it covers everything from getting paid your UK State Pension in NZ to NZ Superannuation, KiwiSaver and NZ tax on pensions. We hope you find it handy, and invite you to visit our website for more information on [retirement planning for Brits in New Zealand](#).

Citizenship

If you've been in New Zealand for a few years now and you are planning to stay, you might like to think about applying for NZ Citizenship. You are eligible after 3 years permanent residence in NZ if you arrived before April 2005, or after 5 years permanent residence in NZ if you arrived after April 2005. The process takes around 6 months and is a fair wodge of paperwork, plus a fee of \$460 for an adult and \$230 for a child.

Jeremy received his NZ citizenship at a ceremony last month, having confirmed that they do not turn down your application if you continue to support the England rugby team! Take a look at the [Department of Internal Affairs Citizenship web page](#) if you are interested in finding out more.

Until next month then...

Wishing you well until we are next in touch. Please feel free to contact [Jeremy](#) or [Steve](#) any time if you have any questions about the financial side of life in New Zealand.

Information in this newsletter is of a general nature and is not intended as a substitute for professional advice based on your individual circumstances. [Disclosure Statements](#) under the Securities Markets Act 1988 relating to the financial advisers associated with this newsletter are available on request and free of charge.

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