

ASB Quarterly Economic Forecasts

Looking for the exit



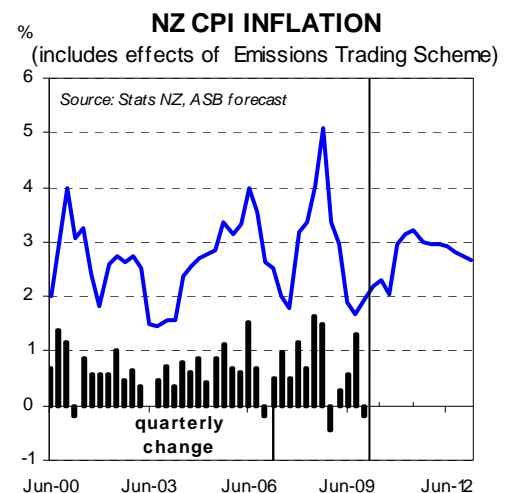
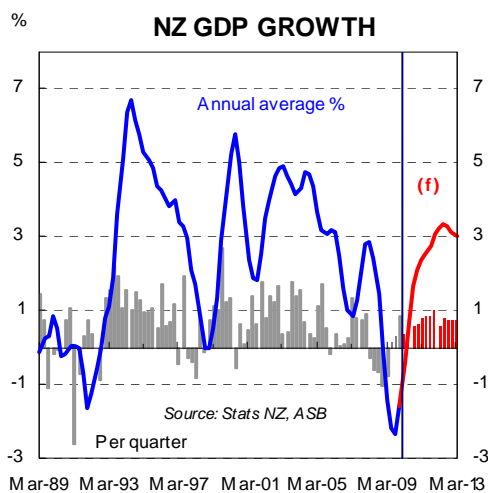
- Most countries are on the road to recovery: NZ continues to gradually pick up pace.
- Increasingly the global focus will turn to exit strategies from huge fiscal and monetary stimuli.
- June the more likely start for RBNZ hikes, though Budget will influence timing.

Economic recovery continues to gradually gather momentum in NZ, with the economy out of recession for the past year. The globe as a whole is on the road to recovery, with only a few exceptions. Over time countries will move from crisis response to recovery mode. Along the way that involves a baton change from growth supported by stimulus to self-sustaining growth engines. It will be a challenging transition, as the extent of the fiscal and monetary policy response to the crisis has been unprecedented.

Dealing with fiscal policy has urgency in some countries – Greece is the most high-profile example, though not the only one. Quite simply, there is a limit to how long some governments can continue to run huge budget deficits. NZ too needs to work at turning red ink into black, an alchemy trick that for many countries may make turning water into wine seem comparatively simple. Fortunately, NZ is better placed than many countries, though even then the rating agencies have over the past couple of years assessed that there is a greater degree of fiscal vulnerability. The extent of the local red ink has brought a strong focus on getting value for money out of government spending as well as on ways to promote faster economic growth. Both of these angles will be evident in the upcoming Budget. Expenditure growth will be constrained to help hasten the recovery of the fiscal position. Meanwhile, tax changes to shift the tax burden away from sources that harm economic growth towards less harmful sources will be a key Budget initiative.

The unwinding of monetary policy stimulus is inevitable, but the timetable will be dictated by the inflation outlook. The impact of the financial crisis has placed a large wedge between the Official Cash Rate and banks' funding cost. Our assessment is this wedge will not erode much over the next few years. Effectively, the change in funding costs means the 'neutral' RBNZ policy rate is now lower than it was pre-crisis, a topic for this quarter's theme piece. The RBNZ will take that wedge into account when lifting the OCR: to achieve a given level of customer lending rates the OCR will be that much lower in the future. We estimate that the neutral OCR has fallen from 6.25% before the crisis to 5% post-crisis.

The relatively short distance the OCR will have to travel to get to neutral, coupled with a slower-than-average economic recovery, suggest that the size of OCR increases will more likely be of 25bp than 'meaty chunks'. Our view is that June remains the more likely timing for the first hike on the path to moving rates back to more normal levels. There are still a number of uncertainties (aren't there always!), such as the final details of the Budget and early signs that potential for property taxes are already affecting the housing market. The more that fiscal policy and housing developments take the heat out of future inflation pressures the longer the RBNZ can afford to wait. Nevertheless, the 2- to 3-year inflation outlook is no longer all that benign, reinforcing that there is only so long the RBNZ can hold off lifting the OCR before running the risk of a less orderly return to more normal interest rate levels.



General Advice Warning

As this report was prepared without taking into account your objectives, financial situation or particular needs, you should not take any action in reliance of this report without considering your particular circumstances and, if necessary, obtaining professional advice.

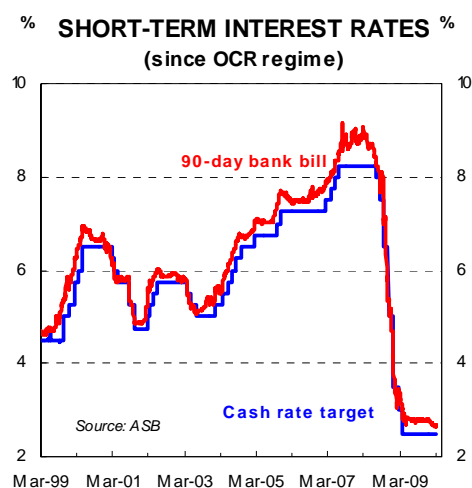
Higher funding costs mean lower neutral OCR

We estimate neutral OCR now at 5%.

The RBNZ indicated in its March *Monetary Policy Statement* the OCR will no longer have to be increased by as much relative to previous tightening cycles, given its expectations that banks' funding costs will remain high over the coming years. This is in line with our recent estimates of the neutral OCR at around 5%, roughly 1.25% lower than our expectations before the financial crisis (see [Finding Neutral](#)). This lower neutral cash rate largely reflects the change in liquidity conditions in recent years, and is the new level for the policy rate that would produce market rates equivalent to the pre-crisis level of neutral.

Monetary policy at the moment providing stimulus to the economy.

At the current level of the OCR, monetary policy is continuing to provide stimulus to the economy. This followed a substantial amount of easing in monetary policy since mid-2008, with 575 basis points of decreases in the OCR. The amount and persistence of this stimulus is determined by how far below the neutral level of interest rates the current level of interest rates are and for how long. Having a better idea of the likely neutral level for the OCR will help guide the RBNZ's decision-making as it starts to move interest rates higher with the objective of withdrawing all (or most of) the stimulus put in place in response to the Global Financial Crisis.



Decomposing the neutral interest rate.

Our estimate of a neutral interest rate is decomposed into an estimate of the neutral real interest rate (NRR), expected inflation, and the spread between banks' funding costs and the OCR. The first two components give us an estimate of neutral market interest rates, from which we take out the spread between the banks' funding costs and the OCR. This approach allows for the change in the funding spread that has occurred as a result of the financial crisis.

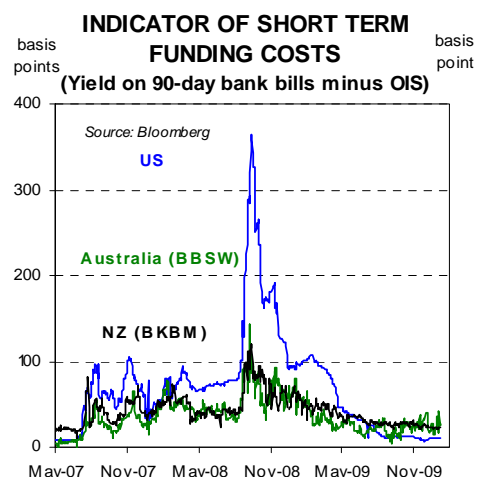
Using annual inflation and inflation expectations, 90-day nominal rate and 10-year nominal bond yields for NZ and Australia over the period 1992-2009, we obtain six historical estimates of neutral real rates. These estimates range from 3.3% to 4.6%, with the average being 4.1% applicable over 1992-2009. By adding the inflation component of 2.2% – which is the average annual CPI inflation, 2 year-ahead inflation expectations and the annual GDP deflator over the period of analysis – suggest the nominal neutral market rate is around 6.3%.

Effects of the financial crisis

Higher risk premiums demanded after the financial crisis.

The change in credit conditions that resulted from the financial crisis since late 2007 saw an increase in funding costs, as illustrated in the chart titled *Indicator of Short Term Funding Costs*. As the credit crisis unfolded, the cost to banks of raising wholesale funds from offshore increased substantially, particularly in USD terms. This largely reflected heightened risk aversion, with investors demanding higher risk premiums to lend to banks and other borrowers.

In the peak periods of strain during the crisis, offshore markets were not functioning, putting strain on local funding sources such as bank bills and retail deposits. Bank bill yields spiked higher, although not to the extent seen offshore.



The demand for local deposits led to a lift in the deposit rates offered and hence a sharp increase in banks' retail funding costs relative to short-term wholesale interest rates. Changes have now occurred more formally in the form of the RBNZ's prudential liquidity policy, which, from April 2010, sets a minimum threshold for the overall proportion of funding from non-wholesale sources (which includes retail deposits) and long-term wholesale funding – a policy known as the Core Funding Ratio.

Banks now have to use more expensive long-term wholesale and retail funds.

The new policy sets a cap on banks' reliance on short-term wholesale funding and thus enhances the stability of the NZ financial system by capping use of relatively cheap short-term wholesale funding. However, the policy steers banks to use greater amounts of more expensive long-term wholesale and retail funds.

Longer-term funding now costs significantly more (relative to the underlying swap rate) compared to pre-crisis levels. Arguably, long-term risk premiums were too low pre-crisis. Little or no reward was being paid for the greater amounts of uncertainty that exist the further out into the future you go. But the crisis triggered huge lifts in risk premiums on long-term debt.

Prior to 2007 the credit spread between swap rates and Australian AA bank bonds was low and stable. AA-rated banks could obtain long-term funding at rates less than 25 basis points over swap rates, regardless of the term. At the peak of the crisis these credit spreads widened to nearly 300bp. These spreads did compress over 2009, but are nowhere near pre-crisis levels. A higher risk premium will be paid in the future, as the market demands an appropriate term premium for credit risk. The spread between bank bonds and the corresponding swap term is expected to remain wide – in the range of 100 to 150 basis points.

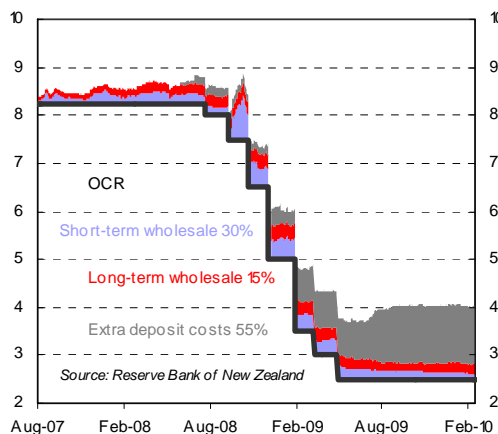
The 150bp increase in funding costs in light of funding costs likely to persist.

Based on this increased cost of funding, and the requirements of the RBNZ's liquidity policy, we estimate that banks' relative funding costs are 150 basis points or 1.5% higher than pre-crisis levels (which are in line with the RBNZ's own estimates). Hence relative to pre-crisis times, the change to banks' funding costs suggests the neutral level of the OCR is now 1.25% to 1.5% lower i.e. around 5%. High funding costs for banks (particularly for longer terms) have driven a 1.5% wedge between the OCR and lending rates. This wedge means the RBNZ can be more confident it can lift market borrowing costs up to an appropriate level through a lower OCR

than would have been required before the financial crisis. As the OCR rises, and time passes, the wedge may move to the lower end of the 1.25% to 1.5% band.

Importantly for bank customers and the transmission of monetary policy, the customer rates are what matter. The funding cost wedge does not mean customer rates will average higher levels than in the past. Rather, the OCR will average a lower level than pre-crisis levels – as long as the funding cost wedge remains.

MARGINAL BANK FUNDING COSTS RELATIVE TO THE OCR

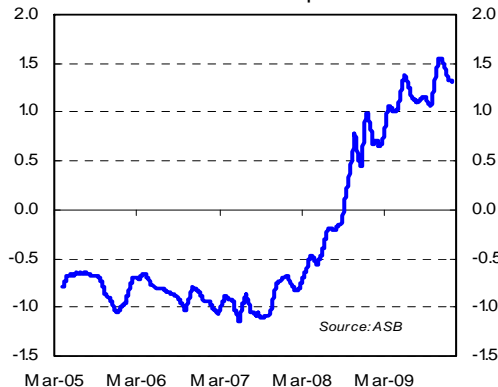


AA BANK 5-YR CREDIT SPREAD



NZ RETAIL SPREAD

Term deposit rates vs. bank bills & swap rates



International

Global recovery continues.

Economies continue to recover from the global financial crisis. The strength of recovery differs from region to region, and ranges from very strong (Asia ex-Japan) through to weak (Europe, UK). The prospects for New Zealand's major trading partners varies, but on the whole have improved steadily over the past 12 months. In 2010, Asian economies (ex-Japan) are expected to grow around 6.6%. In contrast, the combined growth rate of the US, UK and EU is expected to be a subdued 2%. Australia is New Zealand's major trading partner, and its economy is expected to grow over 3% this year.

Australian economy enjoys rude health.

The Australian economy is enjoying rude health and has avoided recession for a number of reasons. Aggressive rate cuts by the Reserve Bank of Australia (RBA), combined with strong fiscal stimulus, helped when the global financial crisis strain was peaking. The Australian economy is also benefiting from strong demand for exports from China and the broader recovery in the Asian region. The majority of Australian exports go to Asia, and the average growth prospects in the coming year look very healthy for the lucky country's major trading partners. The Reserve Bank of Australia began lifting the cash rate in late 2009 as prospects improved. The normalisation of interest rates has continued in 2010. A consequence of a healthy economy and rising interest rates is a strong Australian dollar: the NZD/AUD is at its lowest level since 2000. The exchange rate is providing an opportunity for many local businesses, and NZ is beginning to feel a bit of a boost from Australia's good performance.

NZ can get a boost from the Australian success.

US recovery continues.

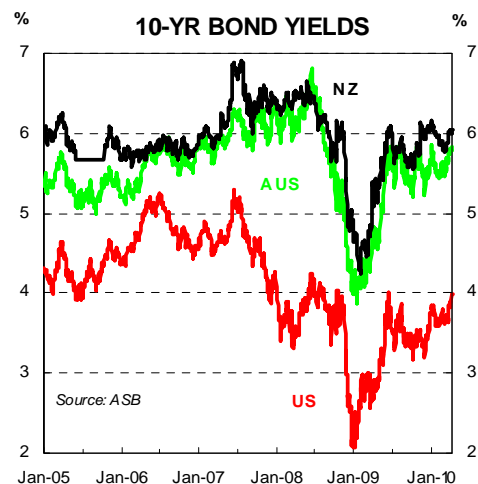
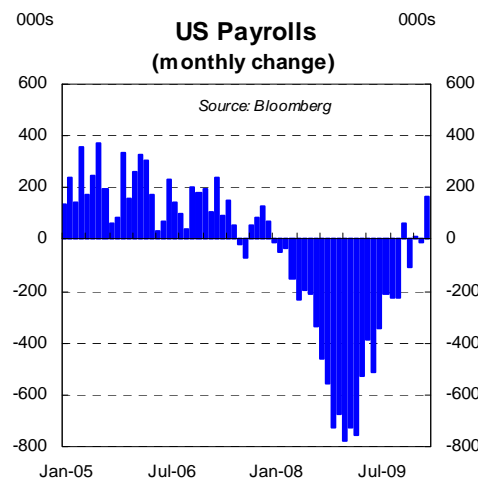
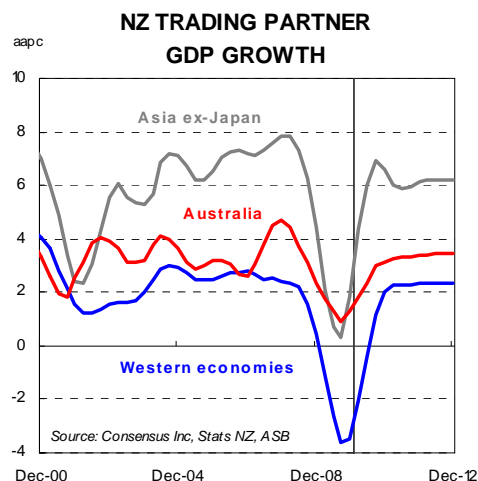
The US economy continues to improve. The US unemployment rate has slowly started to come down from a peak of 10%, and now stands at 9.7%. It will take years for the unemployment rate to get back down towards an average level, but the US labour market now appears to be recovering, with a gain in jobs recorded in three of the past five months. Industrial production is also rebounding, with the key manufacturing ISM survey recently posting its strongest reading since July 2004. China has recently overtaken the US as New Zealand's second-largest export market.

Asia looking good.

Other economies struggle.

Nonetheless, the US recovery remains very important to the outlook for exporters. In contrast with the "above average" report card for Australia and much of Asia and an "on track" for the US, 2010 year-to-date reports for Europe, UK or Japan would read "can do better". All these countries face significant budget issues, and are likely to post weak growth this year. Within Europe, the major focus has been on the fiscal problems faced by Greece. However, Greece is not the only fiscally challenged euro-zone economy. Portugal, Italy, Ireland and Spain all have significant problems to overcome in the years ahead.

Even AAA-rated UK and US debt is under the microscope. High government debt levels will remain an issue for years to come. Credit ratings downgrades will concern financial markets and the process of reining in debt levels will constrain the pace of economic recovery in many developed economies.



The New Zealand Economy

Economic recovery becomes more widespread.

The economy has moved past recession, with the recovery becoming more widespread over the final quarter of 2009. The fundamentals for a self-sustaining recovery are now locking into place. Business confidence has improved, with the early recovery in inventory rebuilding and investment an example of firms having enough faith to implement their investment plans.

Improving labour market to reinforce economic recovery over 2010.

Over 2010 an improving labour market will reinforce the economic recovery, helping underpin consumer confidence. To date, households have remained relatively cautious, still feeling the ongoing effects of high unemployment and real wage declines. Over the next year, improvements in the labour market and increased employment confidence should improve households' financial positions and confidence.

Export outlook improving

Export demand starting to improve.

The outlook for exporters has improved considerably over the past year. Global growth has recovered better than expected, particularly in emerging Asian countries. Demand from China and Australia has remained firm, in part due to powerful fiscal and monetary support. The emerging pick-up in global demand has underpinned the improvement in commodity prices. Dairy prices have recovered substantially since the middle of 2009, with this season's payout set to be the second-best on record. Forestry prices continue to gradually improve, due to strong demand from Asia.

The recovery in global demand has improved prospects for manufactured exports after a challenging period. In particular, manufacturers who export to Australia are benefiting, with the Australian economy recording solid growth and the low NZD/AUD giving competitiveness a boost.

Tourism outlook also starting to brighten.

Tourism has also benefited from Australia's buoyancy: strong improvement in tourism demand over the second half of 2009 was due to a surge in Australian visitor arrivals and an increase in spend per visitor. More recently, short-term visitor arrivals from Asia have also started to recover.

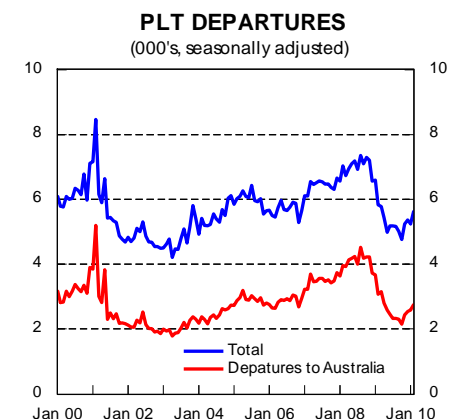
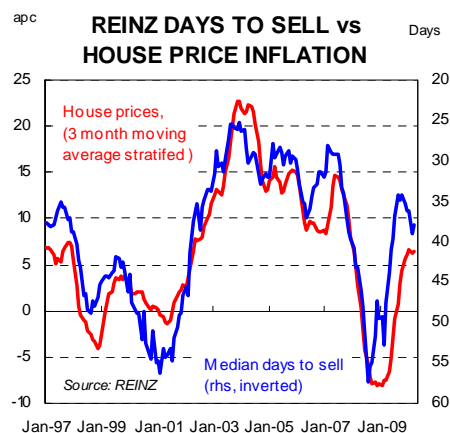
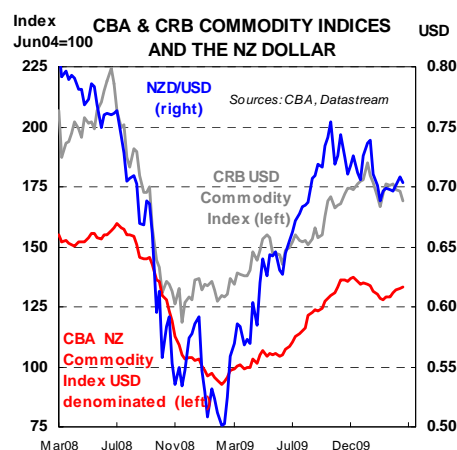
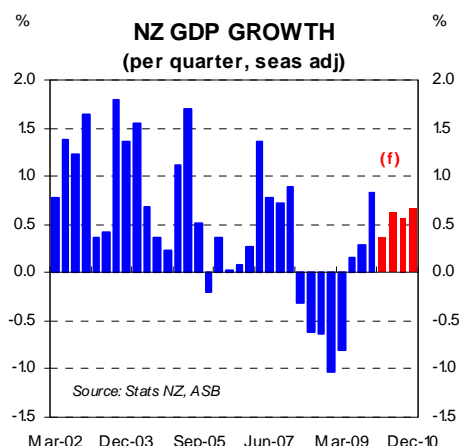
Housing market under renewed pressure

Housing market displayed surprising strength in spring.

The housing market recovered with gusto throughout the spring of 2009. Housing confidence quickly returned during the second half of 2009, as interest rates fell to very low levels, and demand was further supported by a pick up in population growth. However, with new listings remaining at very low levels, the market was very supply-constrained, and house prices were bid up frantically as a result. In many areas house prices are now higher than pre-crisis levels.

But tax changes set to weaken housing demand.

The housing market is now entering a more subdued period. The Government recently revealed it is likely to implement changes to the tax policy around investment properties,



although is vague on the details ahead of the May Budget while it assesses the impact of different options. Uncertainty is currently weighing down the market, and we expect to see a dip in house prices over much of 2010.

Departures to Australia to lift.

Along with the change in tax policy, slowing net migration could also weigh on housing market demand. Permanent departures to Australia have recently started to recover, and we expect this trend will continue. Australia's economic and employment growth outlook is more favourable than New Zealand's, and will increasingly attract Kiwis willing to relocate.

Retail spending limited by cautious outlook.

Retail spending improved solidly over 2009 (notably on a per capita basis). Nonetheless, a strong degree of caution continues to mute the recovery in consumer spending. Consumer confidence, while having lifted off lows, remains relatively subdued. Households are feeling more upbeat about the future although remain concerned about their current financial position. Unemployment remains high and purchasing power has been weakened by subdued wage growth. With the impetus from stronger population growth waning and house prices likely to decline, support for a recovery in consumer spending will be sparse.

Encouraging signs in business investment

Encouraging signs in business investment.

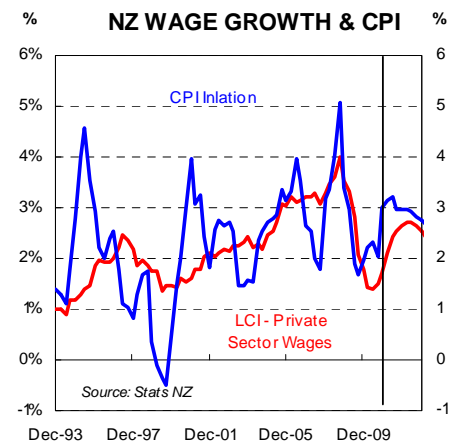
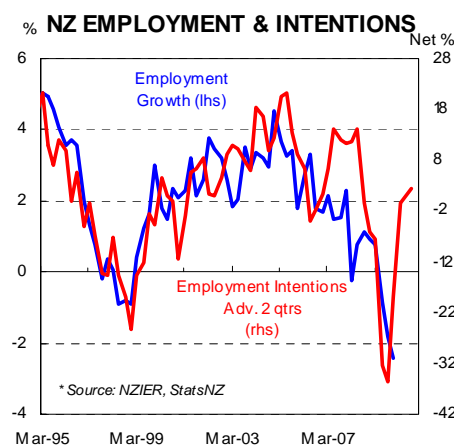
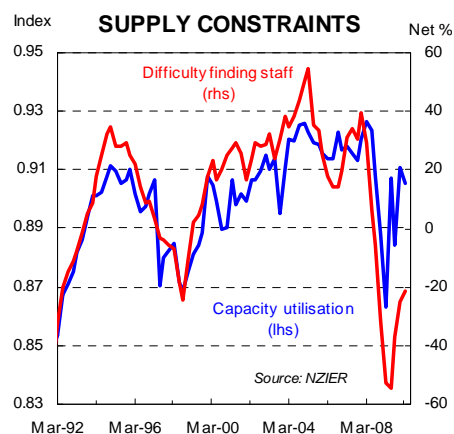
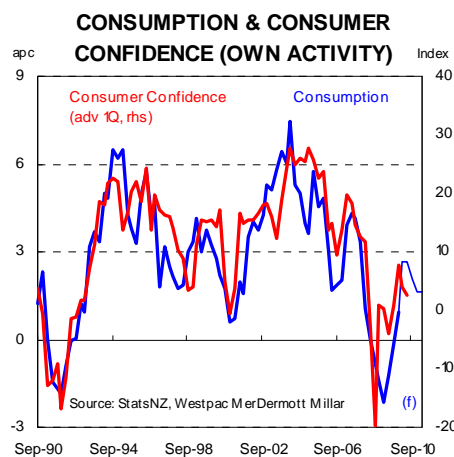
Business confidence has improved considerably over the past year and, encouragingly, there are early signs this optimism is translating into increased investment. Plant and machinery investment increased over Q4 2009, with business investment intentions pointing to further recovery over 2010. Evidence of early inventory rebuilding is also another positive sign businesses are increasingly preparing for the future. Despite the severity of the recession, there remains little spare capacity with firms already reporting capacity utilisation to be back above average levels. As the economic recovery continues to gain traction, businesses will find capital resources are quickly becoming stretched, which should help promote a lift in investment over 2010.

Evidence of labour hoarding by firms.

Employment is one area where firms continue to have a reasonable degree of slack. There is strong evidence of labour hoarding, with labour productivity falling sharply while the level of employment held up remarkably well. As the economy recovers, we expect to see a pick up in hours worked as a sign of improving labour demand. Firms continue to report finding required labour as relatively easy. However, businesses need to remain wary of skill shortages arising as permanent departures to Australia gather momentum.

Wage growth to remain subdued.

Wage growth has been very subdued throughout the recession. We expect over the next year wage inflation will start to recover, as wage freezes lift. However, strong growth in wages may be capped by the relatively weak recovery in firm profitability.



Signs of emerging inflation pressures

Concerning inflation developments in the pipeline.

Although inflation appears benign at the moment, there are enough developments in the pipeline which should be a cause for concern for the RBNZ. Indeed, the March *Monetary Policy Statement* removed the word 'comfortable' from its reference to the outlook for inflation. We expect the building up of inflation pressures over the coming year will drive annual inflation very close to the top of the RBNZ's inflation target band, even excluding the effects of the looming Emissions Trading Scheme.

Administrative inflation will boost annual CPI up to above 3%.

We expect administrative inflation (i.e. government-related charges) to propel inflation higher over the second half of 2010. ACC levies have triggered a substantial boost to non-tradable inflation in Q3 for the past two years via higher vehicle licensing costs. Given the announced increases in ACC levies, we expect the contribution to the CPI (of around 0.15) to be higher than for a typical September quarter (the time of year when ACC levies take effect). Meanwhile, the Emissions Trading Scheme will boost petrol and electricity prices from 1st July, although the cap of a NZD25 per tonne carbon price limits the direct price effects somewhat.

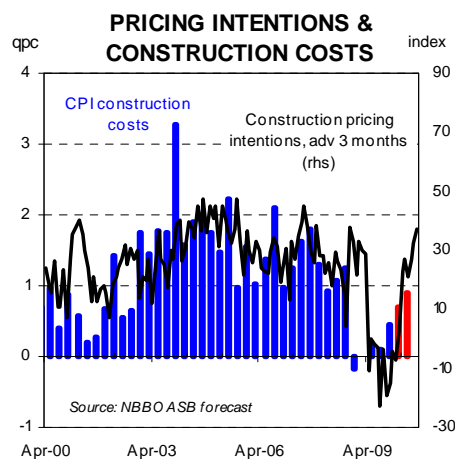
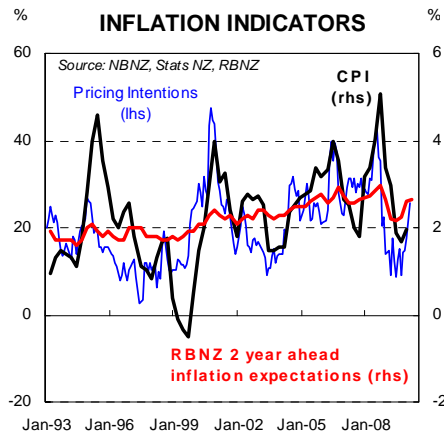
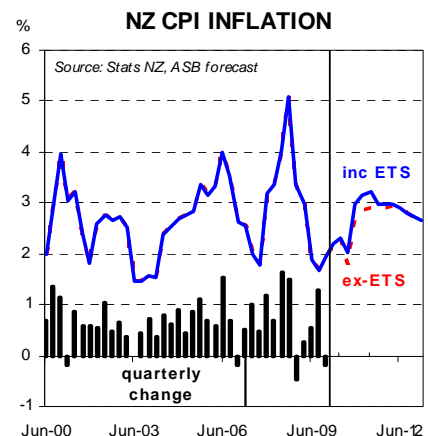
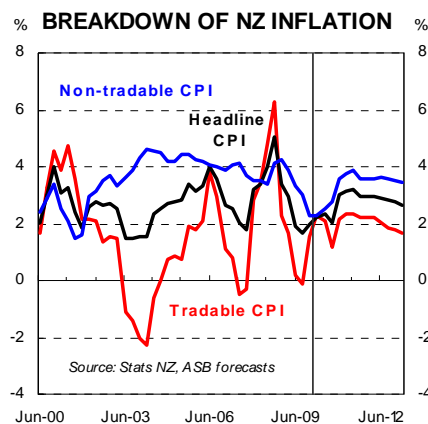
Nonetheless, with 2-year-ahead inflation expectations already elevated at 2.7%, there is little room to absorb any upside surprises in inflation. We expect wage pressures to be subdued in the near term given ongoing softness in the labour market. However, there is the risk that improving prospects and greater competition for workers – particularly from Australian businesses – will place upward pressure on wages.

Non-tradable inflation will be persistently high over the medium term.

This emigration of workers to Australia has the potential to exacerbate the rebound in construction costs as construction activity recovers. The National Bank Business Outlook survey has shown a strong increase in pricing intentions in the construction sector in recent months. We expect strong construction cost inflation to drive non-tradable inflation over the coming year. Of some relief to the RBNZ will be the small dip in capacity utilisation in the recent NZIER Quarterly Survey of Business Opinion, but only to the extent that it does not indicate an acceleration of inflation pressures.

The economy's level of potential output may also have fallen given the severity of the recession. It is likely some businesses have shut down uneconomic operations. Others have become casualties of the challenging trading environment over the past couple of years.

Meanwhile, the continued rise in petrol prices in recent months will underpin tradable inflation in the near term. Beyond that, the forecasted depreciation in the NZD is expected to hold tradable inflation up.



Self-sustaining recovery in place for tightening to commence in June.

Interest Rates and Exchange Rates Monetary policy to be tightened over 2010

The RBNZ has talked in previous statements of the need to be confident a sustainable recovery was in place before it would begin to withdraw monetary policy stimulus. December quarter GDP data suggest such a recovery is taking shape, with businesses once again rebuilding inventory and investing. This suggests businesses are confident enough about the recovery in demand to put in place expansion plans. The more recent Quarterly Survey of Business Opinion pointed to ongoing recovery.

Higher funding costs – particularly in light of the RBNZ's recent introduction of the Core Funding Ratio for banks – have already tightened financial conditions, thus reducing the need for the pace of tightening to be aggressive. Nonetheless, given the long lags from which monetary policy flows through to the full impact on inflation, the RBNZ will need to commence the tightening cycle soon in order to keep inflation pressures in check. As such, we continue to expect the RBNZ will start removing stimulus in June by steadily increasing the OCR in 25 basis point moves to an eventual peak of 5%.

Other factors could potentially come into play which would reduce the work the OCR needs to do. In particular, fiscal consolidation and tax policy changes to dampen the housing market would both impinge on economic activity. The upcoming May Budget could influence the start time of the impending tightening cycle.

NZD to fall slightly in the coming years

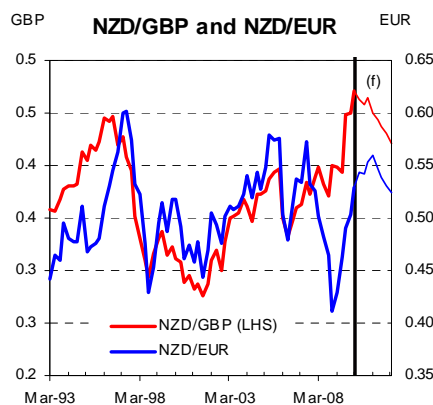
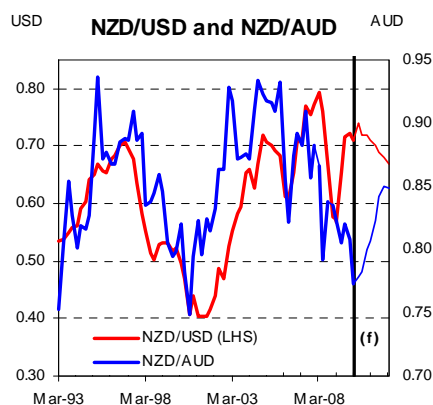
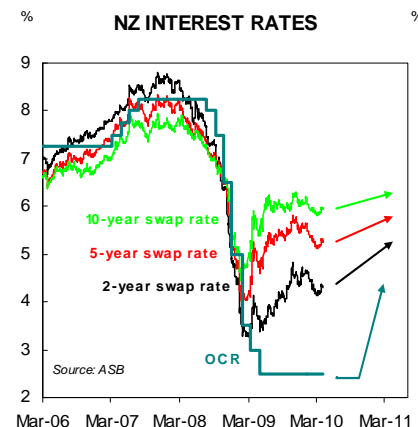
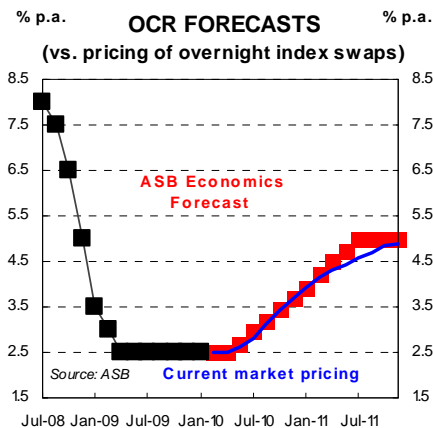
We expect the NZD to hold up around current levels in the near term, underpinned by interest rate differentials. We expect the RBNZ will start to increase its policy rate a little ahead of the Federal Reserve, and well before the main European central banks. The slightly earlier timing of a rate hike in NZ would give the NZD a slight short-term boost.

But later in 2010 we expect a mild depreciation in the NZD, as monetary policy tightening by the Federal Reserve provides some broad-based support for the USD and as European central banks follow suit. However, the extent of that depreciation is likely to be modest. NZ's economic prospects have fewer structural clouds hanging over them (particularly relative to the UK and Europe), and local interest rates will be higher. Against the USD and the Pound, in particular, the NZD is likely to linger above its respective averages of the past 10 years.

Meanwhile, the robust Australian economy has driven the NZD/AUD lower, which has benefited NZ's manufacturing sector. We expect higher Australian interest rates will continue to weigh on the NZD/AUD in the coming months. Further out, we expect the NZD/AUD will lift modestly back towards a roughly average level in line with the eventual increase in NZ interest rates.

Potential changes to property investment tax would reduce work the OCR needs to do.

NZ dollar TWI to depreciate over medium term as interest rate differentials narrow.



ECONOMIC FORECASTS

ASB economic forecasts		Dec-09 << actual	Mar-10 forecast >>	Jun-10	Sep-10	Dec-10	Mar-11	Jun-11	Mar-12	Mar-13
NZ GDP real	AA%	-1.6	-0.4	0.7	1.6	2.1	2.3	2.5	3.2	3.0
private consumption	AA%	-0.6	0.5	1.5	2.1	2.2	2.0	1.8	2.2	2.3
dwelling construction	AA%	-18.7	-10.7	-1.7	9.2	13.4	14.3	11.8	2.6	2.0
other investment	AA%	-11.5	-9.6	-5.2	-1.3	3.8	6.7	8.8	8.4	5.4
exports	AA%	0.0	2.6	3.0	2.8	2.6	2.5	3.3	4.6	3.6
imports	AA%	-15.2	-9.2	-0.1	7.9	11.3	11.2	9.3	5.0	2.8
NZ GDP real	A%	0.5	1.6	2.1	2.4	2.2	2.6	2.8	3.3	3.0
NZ GDP real	Q%	0.8	0.4	0.6	0.6					
NZ CPI	Q%	-0.2	0.5	0.7	1.0					
NZ CPI	A%	2.0	2.2	2.3	2.0	3.0	3.1	3.2	3.0	2.7
NZ house prices (QV index)	A%	5.9	5.6	1.9	-1.1	-3.5	-1.5	0.0	2.3	2.8
NZ unemployment (sa%)	Qtr	7.3	7.0	7.1	7.1	7.1	7.1	7.0	6.4	5.6
NZ private sector wages (LCI)	A%	1.6	1.4	1.6	1.8	2.1	2.3	2.4	2.7	2.4
NZ current account (\$b)	Yr	-5.5	-6.1	-8.2	-11.2	-11.4	-11.8	-12.1	-11.8	-10.9
as a % of GDP	Yr	-2.9	-3.3	-4.4	-5.9	-5.9	-6.1	-6.2	-5.8	-5.0

A% = percentage change since same quarter the previous year
AA% = percentage change for year ending quarter since the previous year

FINANCIAL FORECASTS

ASB interest rate forecasts (end of quarter)	Dec-09	Mar-10 << actual	Jun-10 forecast >>	Sep-10	Dec-10	Mar-11	Jun-11	Mar-12
NZ cash rate target	2.50	2.50	2.75	3.25	3.75	4.25	4.75	5.00
NZ 90-day bank bill	2.80	2.67	3.3	3.8	4.3	4.8	5.2	5.3
NZ 3-year swap rate	5.15	4.63	5.0	5.1	5.2	5.7	5.7	5.7
NZ 10-year gov't stock	6.11	6.02	6.1	6.3	6.4	6.5	6.5	6.5
ASB foreign exchange forecasts (end of quarter)	Dec-09	Mar-10 << actual <th>Jun-10 forecast >></th> <th>Sep-10</th> <th>Dec-10</th> <th>Mar-11</th> <th>Jun-11</th> <th>Mar-12</th>	Jun-10 forecast >>	Sep-10	Dec-10	Mar-11	Jun-11	Mar-12
USD per NZD	0.723	0.71	0.74	0.72	0.72	0.71	0.70	0.67
GBP per NZD	0.449	0.47	0.46	0.46	0.46	0.45	0.44	0.42
AUD per NZD	0.808	0.77	0.78	0.78	0.80	0.81	0.82	0.85
JPY per NZD	66.8	66	69	68	71	71	71	72
EUR per NZD	0.504	0.53	0.54	0.54	0.55	0.56	0.55	0.52
TWI	66.1	66.1	68.0	67.3	68.4	68.3	67.9	66.5

<http://reports.asb.co.nz/index.html>

ASB ECONOMICS
Level 9, 135 Albert Street, Auckland

ASB GROUP ECONOMICS & RESEARCH **PHONE** **FAX**

Economics				
Chief Economist	Nick Tuffley	nick.tuffley@asb.co.nz	(649) 374 8604	(649) 302 0992
Economist	Jane Turner	jane.turner@asb.co.nz	(649) 374 8185	
Economist	Christina Leung	christina.leung@asb.co.nz	(649) 369 4421	
CBA NZ Economist	Chris Tennent-Brown	chris.tennent-brown@asb.co.nz	(649) 374 8819	

DISCLAIMER

Views expressed in this report are those of the authors as at the date of this report and are based on information and sources believed but not warranted to be correct. Any views or information, while given in good faith, do not necessarily reflect the views of ASB and are subject to change without notice. Neither ASB Bank Limited nor any person involved in preparing this report accepts any liability for any loss or damage whatsoever that may directly or indirectly result from any views, information or omission contained in this report.