

THE FORWARD VIEW - AUSTRALIA

JUNE 2017

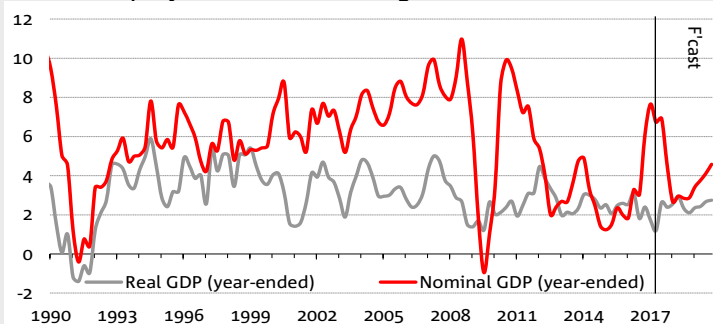


Business versus households – how will the situation resolve itself?

- **The Australian economy inched forward in the first quarter of 2017**, eking out growth of 0.3% q/q. While this marked the 26th year of uninterrupted growth without a technical recession - no mean feat - the year-ended rate of growth dropped to 1.7%, the weakest rate since the global financial crisis in 2009. Partly this owed to one-off (largely weather-related) hits to exports and construction. There will be further disruptions in Q2 given the 45% decline in coal exports in April thanks to Cyclone Debbie – our forecasts see net exports subtracting 0.5ppt from Q2 growth, taking GDP growth down to 0.2% q/q and 1.2% y/y. Fundamentally we have not changed the tenor of our forecasts but have fine tuned some of the near term numbers.
- **Household income remains a constraint on growth**, with average earnings flat in year-ended terms. While households are drawing down on their savings to fund spending (the savings rate dropped to 4.7%), spending on essentials (particularly services) remains the strongest component of consumption, suggesting the drop in savings may not be voluntary. In contrast, **business conditions remain strong and business investment increased modestly in Q1**, driven by a small rise in both non-mining and mining investment. While some further declines in mining investment are likely as LNG projects run off, the worst of the “mining cliff” appears, probably, to be behind us. In addition, it is possible that non-mining investment may soon accelerate in response to positive growth in non-mining profits and higher capacity utilisation.
- **How this apparent disconnect between a buoyant business sector and weaker household sector resolves itself will be critical to the economic outlook.** For now, we envisage lacklustre growth in household consumption, and a moderate cyclical upturn in non-mining investment, while government investment will help to fill some of the void left by mining investment. Real GDP growth will be supported in the second half of this year as LNG exports ramp up (with delays now suggesting the most strength in Q4), before softening to 2¼% y/y by mid-2018 - as LNG peaks and dwelling construction turns negative. For 2019 growth improves moderately to nearer 2.7% y/y - as non mining investment and public spending strengthen.
- **Official employment data have strengthened notably, reducing the divergence with survey measures.** Leading indicators such as the NAB business survey employment index imply some downside risk to our near-term forecasts for the unemployment rate to ease very gradually, with the participation rate a swing factor.
- **There is some evidence that housing prices may be peaking**, including in Sydney and Melbourne, with further response to macro-prudential measures likely as mortgage lenders limit interest only loans. This should help settle RBA concerns about household debt although rate hikes are a long way off amidst elevated unemployment and low wages and inflation.

	Calendar Year				
	2015	2016	2017-F	2018-F	2019-F
Domestic Demand (a)	1.3	1.5	2.2	2.2	2.7
Real GDP (a)	2.4	2.5	2.0	2.5	2.6
Terms of Trade (a)	-11.7	-0.3	13.1	-7.0	-3.4
Employment (a)	2.0	1.5	1.4	1.5	1.4
Unemployment Rate (b)	5.9	5.6	5.7	5.7	5.5
Headline CPI (b)	1.7	1.5	2.1	2.3	2.3
Core CPI (b)	2.0	1.6	1.8	2.0	2.1
RBA Cash Rate (b)	2.00	1.50	1.50	1.50	2.00
\$A/US cents (b)	0.73	0.72	0.70	0.70	0.73

(a) annual average growth, (b) end-period, (c) through the year inflation



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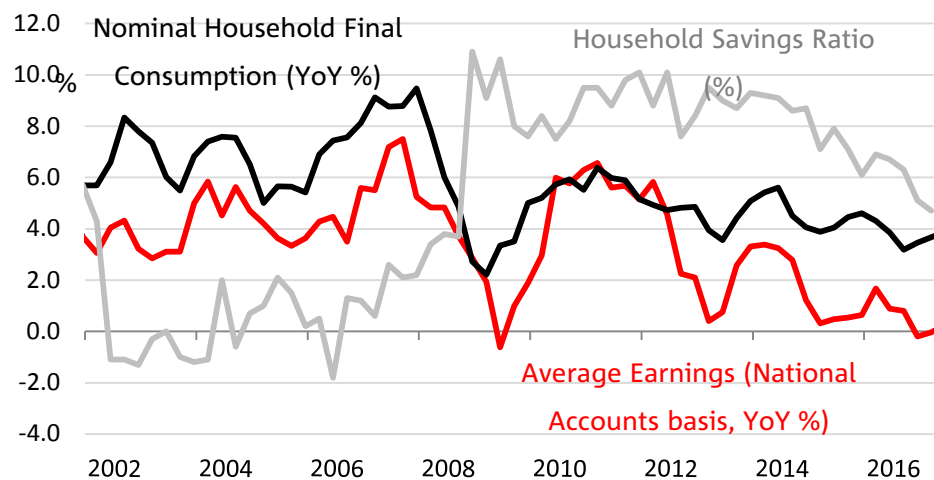
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CHARTS OF THE MONTH

Business sector healthy while households struggle amidst low income growth

LOWER SAVINGS BUFFER CONSUMPTION GROWTH

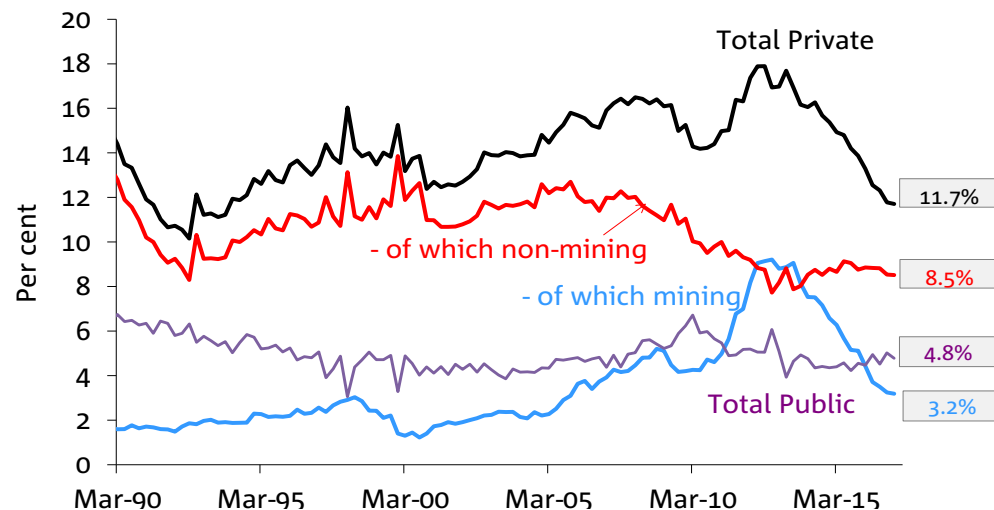
Nominal household consumption and average earnings



Source: ABS, NAB Group Economics

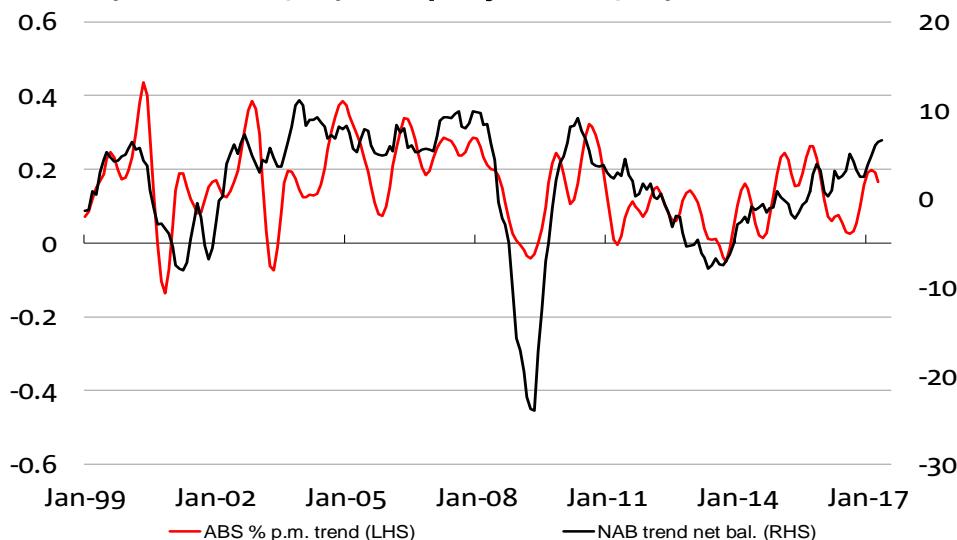
COMPONENTS OF INVESTMENT

Gross fixed capital formation, % of GDP



OFFICIAL EMPLOYMENT MEASURES CATCHING UP

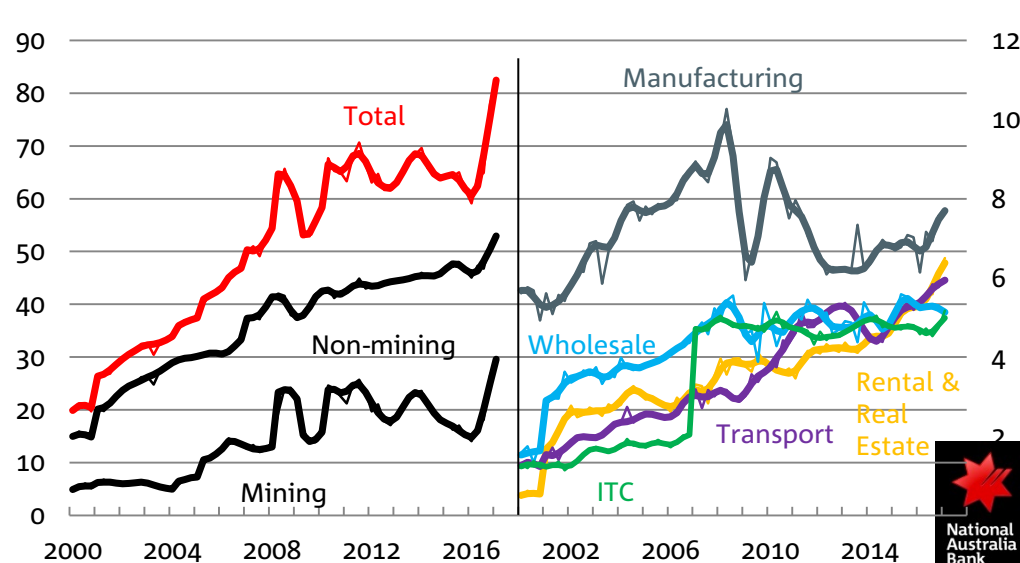
Monthly trend employment vs NAB employment



Sources: ABS, NAB

NON-MINING PROFITABILITY TURNING UP

\$bn

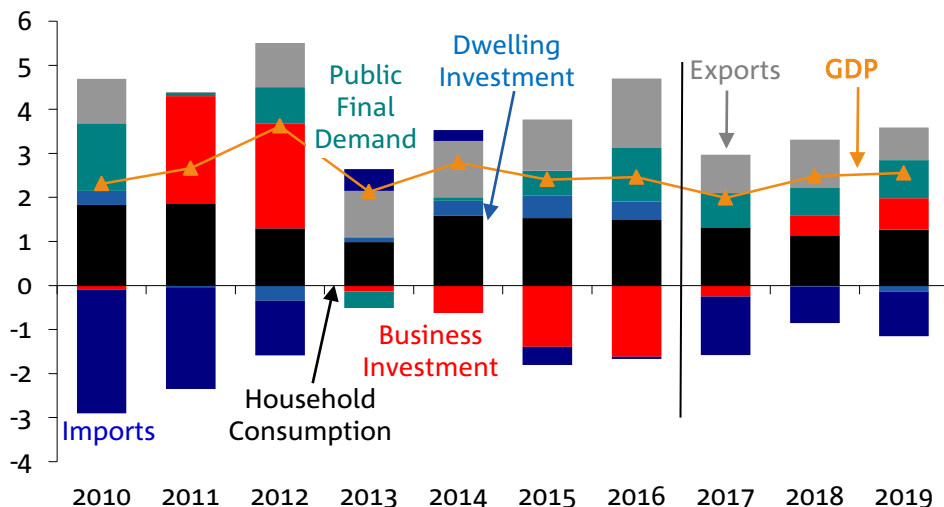


OVERVIEW - AUSTRALIAN ECONOMIC OUTLOOK

Growth profile volatile near-term around a lacklustre average

ANNUAL AVERAGE FIGURES MASKS VOLATILITY IN GROWTH

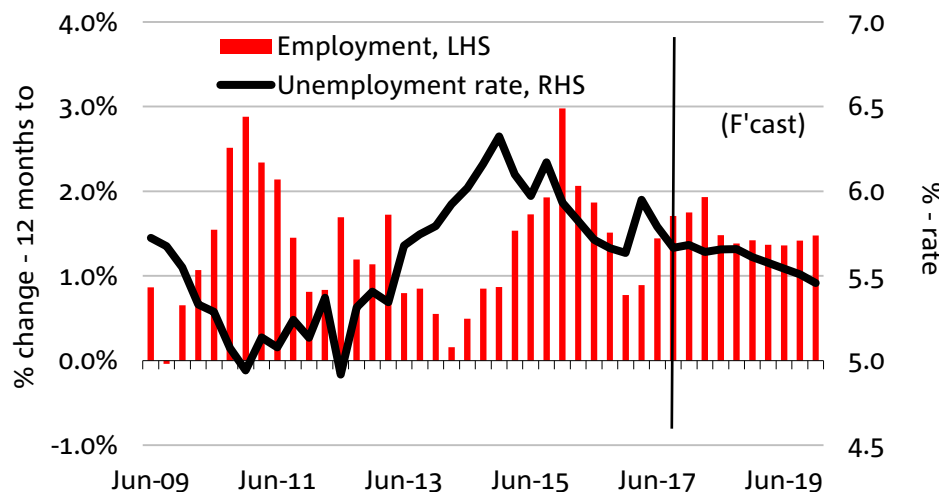
Annual average % change



Source: NAB, ABS

UNEMPLOYMENT TRACKING DOWNWARDS... VERY GENTLY

Employment growth and unemployment rate



Sources: ABS, NAB

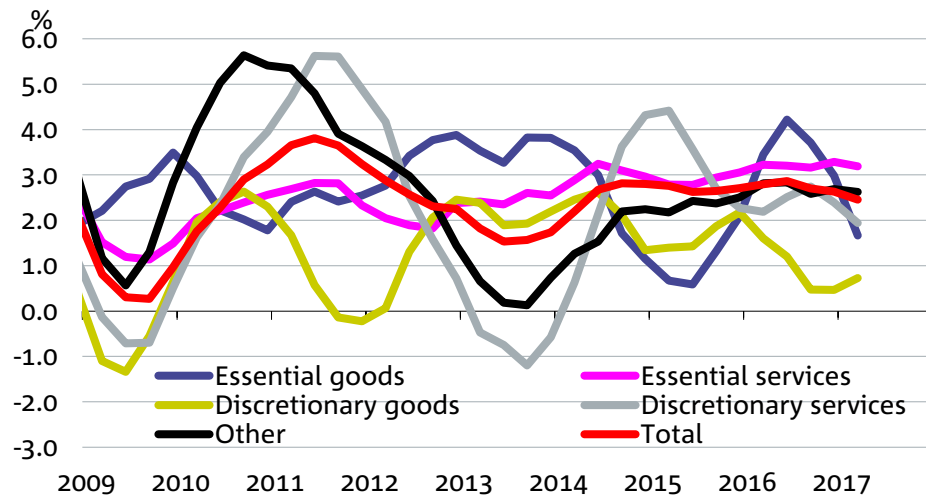
- Australia achieved another milestone in Q1 2017 – 26 years of uninterrupted economic growth without a technical recession (2 quarters of negative growth). This is no small achievement considering this period included the global financial crisis, the tech wreck and the Asian financial crisis. That said, Australia’s average growth rate has slowed significantly in recent years. The year-ended pace of growth slowed to 1.7% in Q1 this year, the lowest rate since 2009. In addition, the average pace of growth since 2009 (and more recently from 2012) is around 2½%, a fair bit weaker than the previous historical average of around 3¼%. **Our forecasts suggest little change to this fundamental outlook, with annual average growth rates of 2.5% and 2.6% expected in 2018 and 2019 respectively, following growth of 2.0% in 2017.**
- **These annual average figures do however mask a fair degree of variability in the projected growth outlook.** In contrast, year-ended growth is expected to drop to 1.2% in Q2 this year from 1.7% at present, with Cyclone Debbie weighing on exports (largely of coal) – our current forecast is for quarterly growth of 0.2% in Q2, with net exports dragging 0.5ppt (0.4ppt in the unlikely event that coal recovers completely in May following the 45% drop in nominal terms in April). Year-ended growth is then forecast to strengthen to just below 3% by Jun-18, thanks in large part to LNG projects in H2 this year (the timing for which we have adjusted a little to reflect project delays, with more of the growth now expected in Q4). Year-ended growth is then expected to ease back to just above 2% by end-18 as LNG exports flatten off and dwelling construction turns before picking up to 2.7% by end-2019. Throughout the entire forecast horizon, household consumption growth remains lacklustre, while non-mining investment experiences a moderate cyclical recovery and government investment helps plug some of the gap left by mining investment’s decline.
- **The unemployment rate is forecast to ease very gradually from 5.7% at present to 5.5% by end-2019.** Current strength in employment has helped to reconcile the deviation between official measures and survey measures such as the NAB business survey’s employment index. Such leading indicators are also suggesting some downside risk to our unemployment forecasts in the near-term (see page 7). The participation rate will remain a swing factor, while a high level of underemployment and weak wages growth continues to imply a softer labour market than suggested by the unemployment rate alone. **This will continue to weigh on the outlook for inflation, which only returns to the bottom of the RBA’s target band by late 2018 in underlying terms., and will prevent rate hikes through 2017 and 2018.**
- **Hints that housing prices are starting to peak will be welcome by the Reserve Bank** who remain concerned about elevated household debt. While it is early days, this is consistent with our view that housing prices will slow from here, particularly given further tightening in credit growth as banks are forced to cut back on interest only loans. No rate hikes are likely however until mid- 2019.

CONSUMER DEMAND AND INFLATION

Consumer spending constrained by weak income growth; inflation subdued

CONSUMPTION OF ESSENTIALS OUTPACES DISCRETIONARY G&S

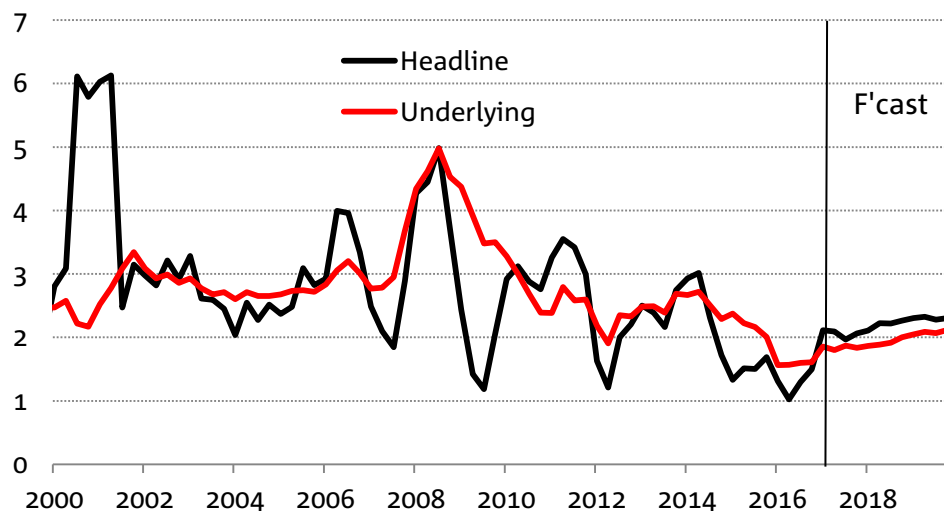
HFCE 4-quarter rolling growth



Source: ABS, NAB Economics

INFLATION OUTLOOK SUBDUED

Consumer price inflation, y/y % change



Sources: ABS; NAB Economics

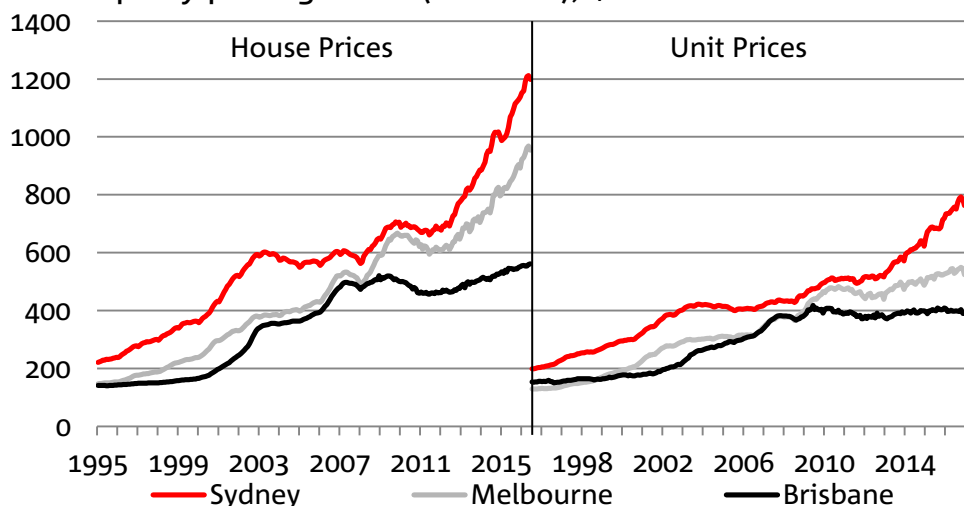
- Consumer spending growth continues to be below average, as households face slow wage growth and the double edged sword of elevated property prices (especially in Sydney and Melbourne, reflecting the ability to draw down equity for some, but large mortgages for others, and the need to save for ever bigger deposits for those hoping to buy).
- Both the latest National Accounts and NAB proprietary data reflect a focus on essentials at the expense of discretionary spending, with electricity, gas and other fuel (up 2.9%) followed by the operation of vehicles as the biggest contributors to HFCE growth in Q1. Alcohol and clothing were the biggest negatives (down 1.0% and 0.7% respectively). Nonetheless, consumption growth remained in positive territory in Q1 2017, up 0.5% q/q (2.3% y/y).
- This was driven by yet another drop in the household savings ratio to a post-GFC low 4.7% (see chart page 2) - the fourth straight quarterly fall. We see lower savings driven household consumption growth approaching its limit, particularly against a backdrop of elevated household debt. With nominal household disposable income growth subdued at 1.8% y/y in Q1 (compared to CPI running at 2.1% y/y over the same period), it is likely that at least some of the current drawdown on savings is involuntary.
- The retail industry continues to lag well behind other industries in the NAB Monthly Business Survey, but there has been a gradual improvement in trend business conditions over recent months. The trend conditions index rose (up 1) in the month, although the industry is still the only one where trend conditions is not positive (at 0 index points). Nominal retail sales were stronger than expected in April, rising 1.0% according to the ABS, although that followed anaemic growth in previous months – although it is unclear what impact weather and calendar effects have been having on the numbers.
- Inflation was subdued in Q1, with underlying inflation at 0.45% q/q and 1.8% y/y (average of trimmed mean and weighted median). Trends keeping a lid on inflation are likely to persist, including weak unit labour cost outcomes (-6.2% y/y in non-farm real terms), strong competition in the retail space and low rental inflation as further supply (particularly of apartments) comes on stream. While there will be some offset from stronger utilities prices, higher dwelling construction costs and a pick up in fuel prices, our forecasts envisage only a very gradual increase in underlying inflation to the bottom of the 2-3% target band by late 2018. Headline inflation is a little higher due to some temporary impact on fruit and vegetable prices from Cyclone Debbie, as well as direct fuel price and tobacco excise increases.

THE HOUSING MARKET

More evidence emerging that the housing market has cooled

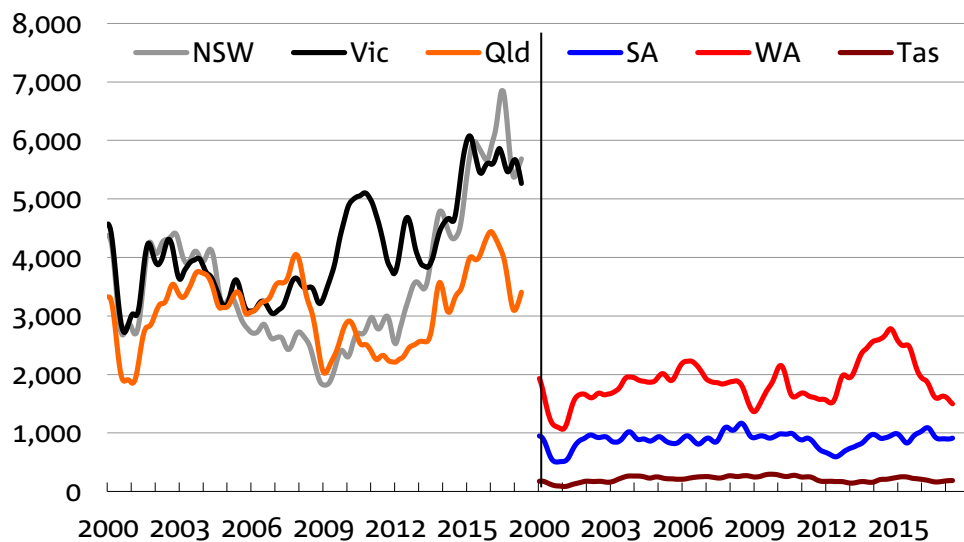
MORE DIVERGENCE IN PROPERTY PRICES

Property price growth (hedonic), \$000s



RESIDENTIAL BUILDING APPROVALS BY STATE (TREND)

Private dwelling units approved



Sources: ABS; CoreLogic

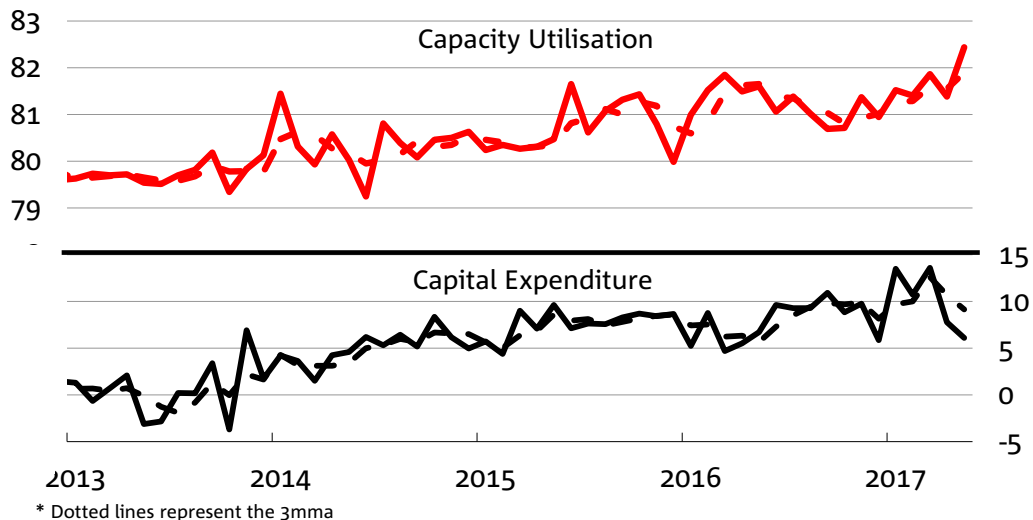
- It is yet too soon to gauge the true impact of recent macro-prudential measures on the housing market, but recent reads on prices suggest the market could already be close to its peak. According to CoreLogic's hedonic price measure, property prices fell in May, including in the major boom cities of Sydney and Melbourne – prices fell for both detached houses and units, although the latter fell by more. Declines were not uniform, however, with dwelling prices rising in both Brisbane and Adelaide.
- Mortgage lending has cooled only slightly, but is expected to be weighed down as lenders look to stem the flow of interest only loans (with the biggest impact likely to be seen in investor credit). Mortgage credit rose by a steady (albeit subdued) 0.5% m/m in April, as investor credit actually outpaced owner-occupied credit modestly.
- Looming headwinds from prudential tightening, combined with rising housing supply, affordability constraints and modest wages growth (which looks set to continue), validate our expectation for the housing market to cool from here. That said, while the risks have certainly compounded, we continue to expect an orderly conclusion to the long-running housing boom in major markets, with the profile also helped by additional policy announcements of late to support first home buyers. Our national forecasts for houses in 2017 are 7.2% in 2017 and 4.3% in 2018. Unit prices are forecast to rise 6.8% in 2017, but will fall modestly in 2018 (-0.4%). Forecasts for 2017 anticipate additional modest growth in coming months, suggesting a degree of downside risk.
- Dwelling investment dropped by a greater than expected 4.4% in Q4, occurring despite a pipeline of construction projects that is close to record levels – although weather related disruptions may have contributed to the result. However, it is possible that supply is being constrained by other factors, including deliberate delays by developers in response to rising settlement concerns. Capacity constraints and tighter credit availability are other possible explanations. Declines were seen across both new and used dwellings (down 4%) and alterations & additions (renovations, down 5.2%). Growth in dwelling investment over the year was also soft at -2.5% y/y.
- New building approvals have come off from their highs, but have held steady at higher than expected levels in recent months. That might suggest the housing construction boom has a little further to run (despite recent declines in dwelling investment), although our economic modelling still points to significant downside risks to the outlook. Overall, dwelling investment is expected to be flat in 2017 (revised down due to very weak Q1 outcome), before turning modestly negative (-0.4% and -2.5% in 2018 and 2019 respectively).

BUSINESS ACTIVITY, INVESTMENT AND CONSTRUCTION

Business investment up in Q1, but outlook still mixed

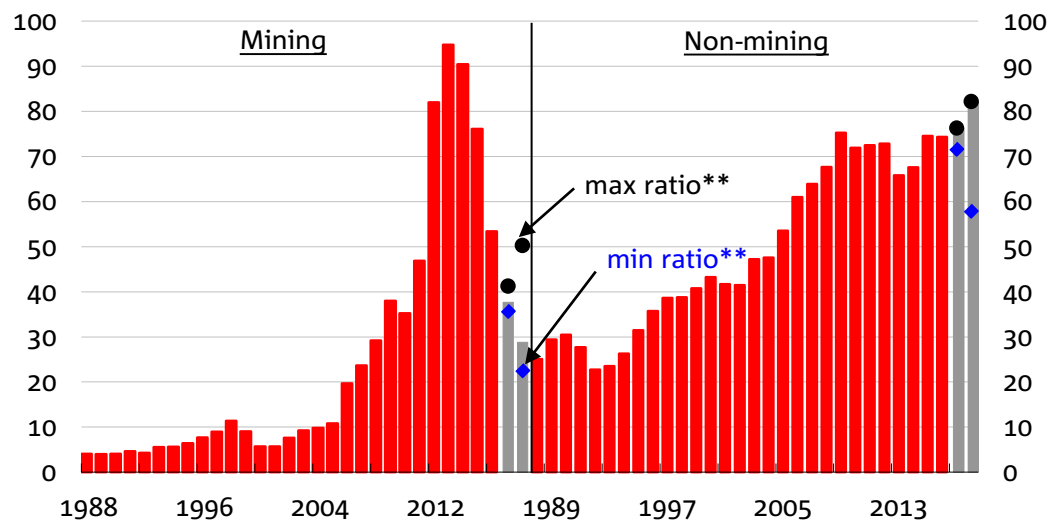
NAB MONTHLY SURVEY INVESTMENT INDICATORS*

% of capacity; Net balance



PRIVATE CAPITAL EXPENDITURE & EXPECTATIONS

\$ billions



* Grey bars are the latest expectations adjusted by the previous year's realisation ratio

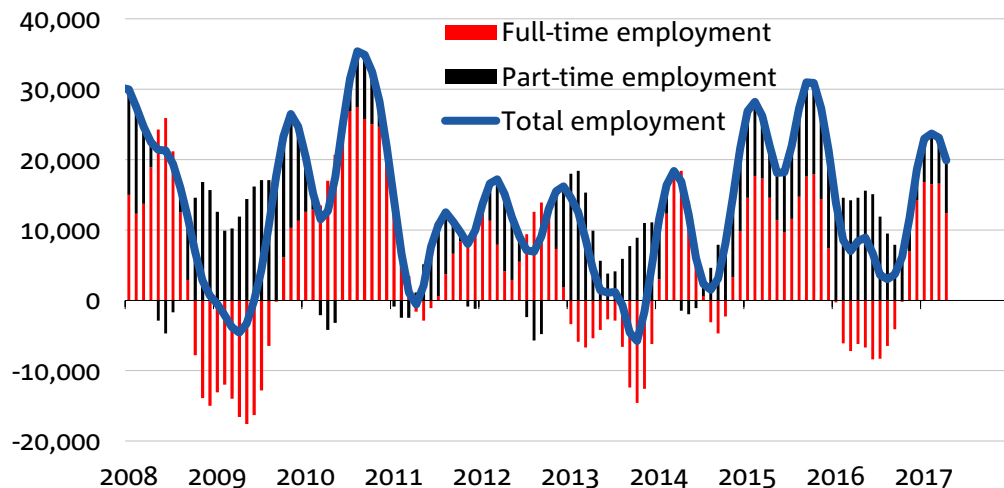
- The NAB Monthly Business Survey was a little softer in April, but still points to a healthy business sector. **Business conditions** are elevated and confidence is holding up above long-run average levels. **Capacity utilisation** rates rose in the month to their highest level since mid-2008, although the Survey's indicator of **capital expenditure** eased back (but is still positive).
- **Profitability will factor into firms' spending decisions.** The NAB Survey is suggesting good profitability, which is consistent with ABS data on corporate profits. While mining profits were especially strong in Q1, non-mining corporate profits have also exhibited a positive trend (chart on page 2). The NAB Survey suggests that improved demand (trading conditions) has supported profits, although subdued growth in non-mining GDP and domestic inflation suggests that cost rationalisation has also been a major factor.
- In terms of the other timely indicators of capital expenditure, the value of **non-residential building approvals** has been volatile but rose 5.5% in April, and has shown somewhat of a positive trend since early 2015. Meanwhile, the value of capital goods imports rose 2.3% in April and have trended somewhat higher (since around early 2014) – though is still below earlier peaks.
- Underlying **private business investment** rose by 0.7% q/q, pointing to a continuation of the improving trend for business investment. Engineering construction posted a solid increase in the quarter, up 4.3%, its first increase since 2013, while separately released data from the ABS show that mining did not a drag on investment in Q1 – for the first time since mid-2014. This suggests that the worst of the drag from the mining investment “cliff” is behind us, while NAB estimates suggest that non-mining investment also rose in the quarter. Non-residential building construction rose only modestly in Q1 (up 0.2%), but that built upon a solid rebound in Q4 2016 following temporary disruptions in Q4 2016. Meanwhile, equipment investment fell by 2.2%, seemingly not seeing much support from the lift in engineering activity.
- Leads on the longer-term outlook for business are mixed. Expectations in the **NAB Quarterly Business Survey for capital expenditure in the next 12-months** have held up, but the outlook for non-mining investment in the ABS Private Capital Expenditure Survey remains stubbornly subdued – although to what degree depends on how the data are adjusted for prediction bias.
- Underlying business investment (around 12% of GDP) is forecast to fall in 2017 (-1.1%). In 2018 and 2019, business investment growth is forecast to improve to 4.5% and 6.7% respectively.

LABOUR MARKET AND WAGES

Gap between official and survey measures of employment narrows

TREND EMPLOYMENT GROWTH STRONGER IN RECENT MONTHS

Employed person, monthly change, 000s, trend



Source: ABS

THE PHILLIPS CURVE

Average earnings and unemployment



Source: ABS, NAB Economics

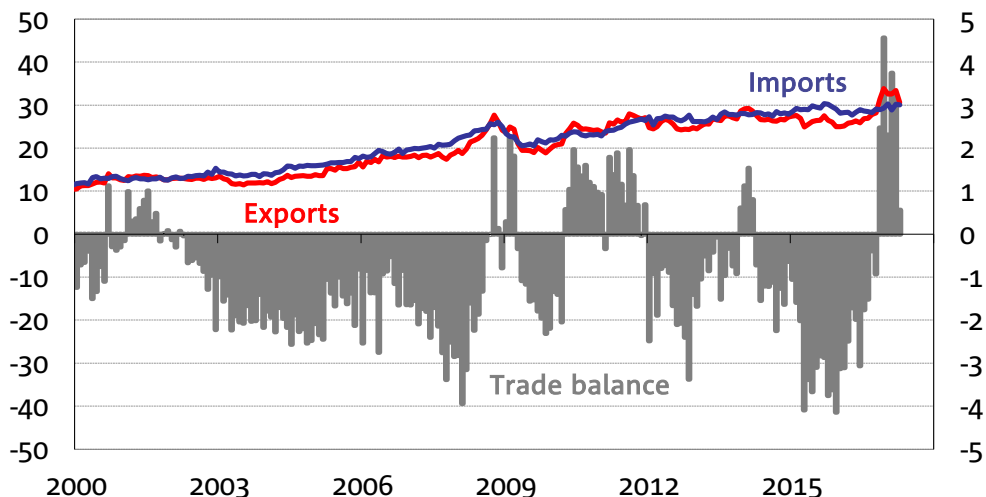
- Official employment data has strengthened considerably in recent months, rising 37K in April following a 60K increase in March (seasonally adjusted). In trend terms, the number of employed persons has strengthened to 19.9K per month, with much of this growth in full-time employment (+12.4K per month in trend terms in April), a welcome change from 2016 where most growth was in part-time work. Trends in unemployment have been more variable, although the unemployment rate did ease back to 5.7% in April after spiking up to 5.9% in March, despite the participation rate holding at a relatively high level of 64.8%.
- This recent surge in official measures has seen the divergence with survey measures narrow (see chart page 2). The employment index of the NAB Business Survey eased slightly in May, but has stayed at levels indicating a healthy rate of job creation in the economy. The employment index fell 1 points, to +6 index points, which is well above the long-run average. This points to an annual job creation rate of around 230k (around 19k per month), which may be sufficient to see the unemployment rate push lower (all else unchanged) in coming months – employment growth of between 14-17K is currently required to keep the unemployment rate steady (depending on population growth). This suggests some downside risk to our current forecast for the unemployment rate to remain broadly unchanged at 5¾% this year.
- Despite the improvement in employment and unemployment in recent months, trends in hours worked are not quite as upbeat, despite the pick up in full-time employment. The monthly trend in hours worked is currently negative, while it has grown just 0.6% over the year (c/f trend employment growth of 1.3% y/y). This explains ongoing concern about underemployment.
- Measures of wages in last week's national accounts data suggested very limited wages pressure. While average compensation of employees grew 0.7% q/q, the best quarterly result since late 2013, this followed a dismal -1% q/q (revised) in Q4, with this measure flat over the year. This is well below growth in the wage price index of 1.9% y/y, with the national accounts measure more affected by compositional change to lower paid jobs and trend declines in average hours worked – this measure also includes non-salary benefits which are likely weak at present. Wages growth on all measures are running at rates lower than the historic relationship with the unemployment rate would suggest (see chart to the left), with the high level of underemployment part of the explanation.

NET EXPORTS, COMMODITIES AND THE TERMS OF TRADE

Net exports to detract from growth in Q2 before bouncing back

TRADE BALANCE

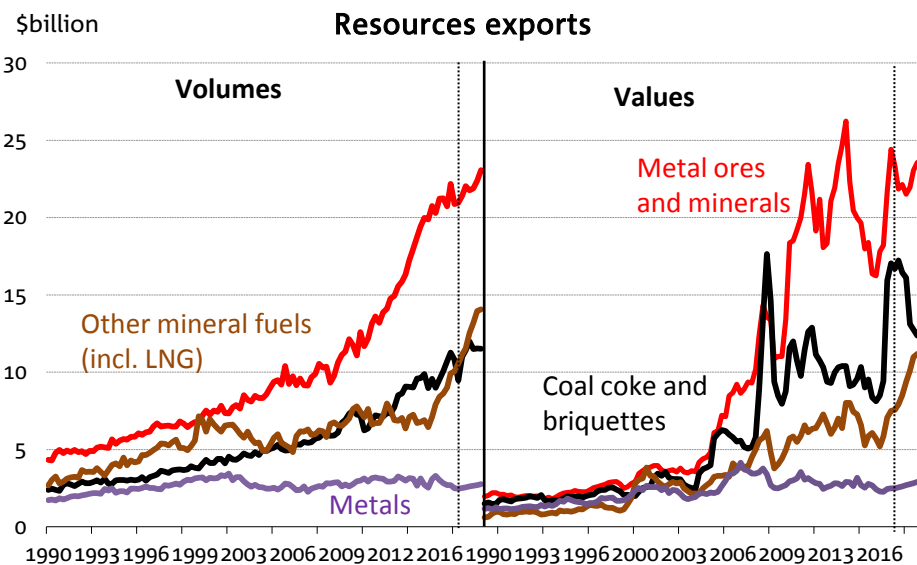
Monthly, values, \$bn



- Net exports are expected to detract from GDP growth again in Q2, by 0.5 ppts, after a 0.7 ppts subtraction in Q1. Weather disruptions explain the significant loss in resources production and exports. While iron ore exports are expected to recover in Q2, the brunt of the impact of Cyclone Debbie on coal exports will be felt in Q2. Net exports are expected to bounce back in Q3, as coal production returns to normal and LNG exports ramp up.
- Trade numbers in April showed the trade surplus narrowed from \$3.2 billion to \$555 million. Coal exports in value terms declined by 45% in April, alone accounting for most of the \$2.6 billion decline in trade surplus. Mines and several coal rail lines were shut due to the cyclone. While production has been slowly returning to normal, it will take sometime for coal production and exports to return to full capacity. Most of the damage will be felt in Q2, with some lingering effects expected in Q3. Tourism exports seemed resilient, despite damages to tourist regions including the Whitsundays.
- The ramping up of production at Wheatstone LNG project has been delayed since our last forecasts. We now expect LNG exports to contribute notably to growth in 2017 and 2018, before flattening off in 2019. Due to frequent project delays, forecasting the exact quarterly profile remains difficult.
- Bulk commodities prices have retreated from recent peaks – following supply disruptions that impacted coal markets and a correction in iron ore markets (reflecting both ample supply and speculative pressure). The NAB USD non-rural commodity price index is expected to rise by around 22% in 2017, although this masks the correction in bulks prices; the index is forecast to be down 7½% over the year to December 2017. That will see the terms of trade resume its gradual descent in the second half of this year, once again weighing on domestic income growth (see [NAB's Minerals & Energy Outlook](#)).
- Services exports are likely to remain an area of strength, particularly if our forecasts for the AUD to depreciate from here prove correct.
- Imports will continue to subtract from growth, although the drag will ease off as falling mining business investment reduces capital imports and imports of consumption goods remain limited by subdued household spending.
- The outlook for production remains mixed. Last year, winter crops had a record season but this will be difficult to match. On the other hand, the autumn break has been kinder than expected across some (but by no means all) areas, so if rain continues yields should be average to even above average some districts. We will release initial forecasts for grain production soon.

RESOURCES EXPORTS VOLUMES RISING STEADILY

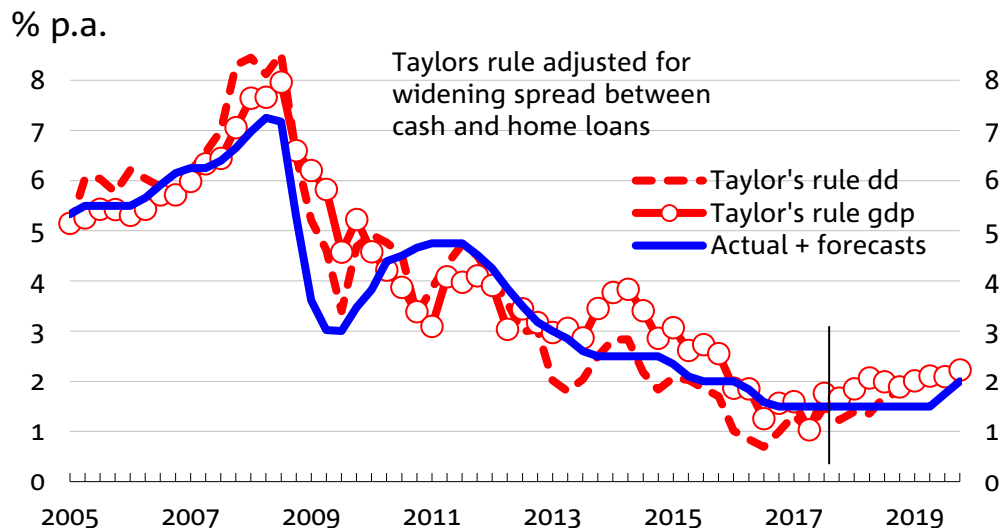
Resources exports, volumes and values forecasts



MONETARY POLICY AND THE EXCHANGE RATE

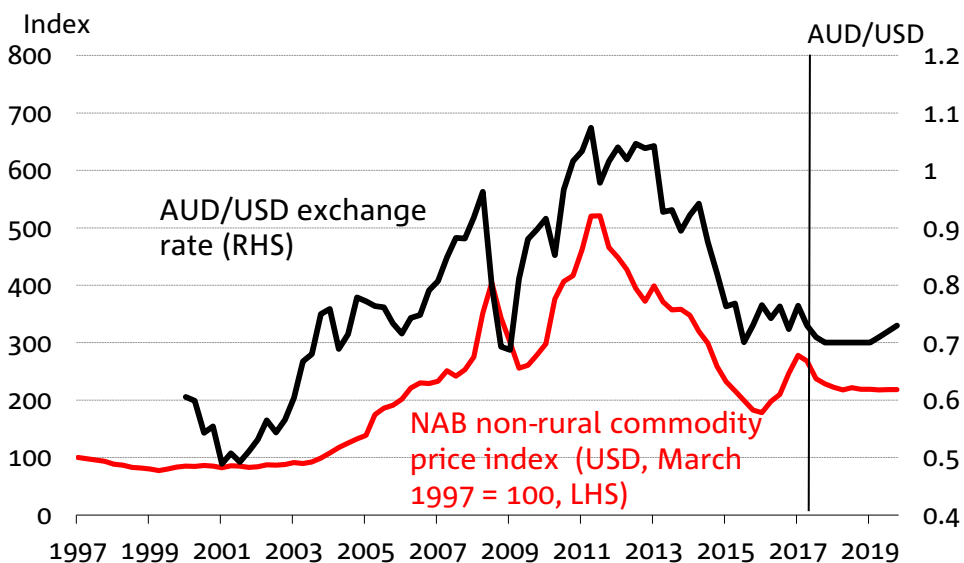
Slower house prices may alleviate some RBA fears, but hikes a fair way off

AUSTRALIAN CASH RATE AND TAYLOR RULE



AUD UNLIKELY TO SURVIVE BOUNCE IN USD OR RETRACING COMMODITIES

NAB's AUD/USD and commodity price forecasts



Sources: ABS, NAB, Datastream

- There is very little probability of a rate change priced into markets at present. The RBA has indicated that it will look through the volatility in GDP in coming quarters and remains surprisingly confident that growth will pick up to “to a little above 3%”. Bolstering that view is its assessment that “the transition to lower levels of mining investment following the mining investment boom is almost complete”.
- While our forecasts are only a little softer near term, we continue to believe that the RBA’s forecasts into 2018 and 2019 for growth of 2¼ - 3¾% will be revised downwards over time. In addition, mixed labour market outcomes (with the RBA particularly concerned about underemployment) and weak wages and inflation data will prevent any hike. Meanwhile, there is tentative evidence that macroprudential and policy changes are leading to a softening in dwelling price growth, which may help mitigate economic risks associated with rising household debt levels. The bottom line is the RBA is on hold for a long period, with our forecasts only suggesting a hike by mid-2019.
- The recovery in the AUD/USD rate in the past month, from a low of 0.7329 on May 9 to a high of 0.7566 was underway well before last week’s Q1 GDP elicited a ‘relief rally’ on the basis that the outcome was not significantly worse (as we ourselves had feared). While the ongoing unwind of the post-Trump USD rally is part of the story, the AUD does stand as the second best performing G10 currency of the past fortnight (after the NZD). This has been primarily via the modest back-up in Australian yields (more so than for equivalent US rates) as the GDP data diluted thoughts that the RBA could yet cut the cash rate again in this cycle.
- We continue to seriously doubt that this recovery can survive any meaningful recovery in the US dollar, which remains our base case. We still see a very realistic prospect of cross-over between U.S. and Australian rates next year and together with our expectation for further weakening in Australia’s terms of trade, see the risks to our 0.70 end 2017 and 2018 point forecasts as skewed to the downside.

DETAILED ECONOMIC FORECASTS

Australian economic and financial forecasts (a)

	Fiscal Year				Calendar Year				
	2015-16 F	2016-17 F	2017-18 F	2018-19 F	2015	2016	2017-F	2018-F	2019-F
Private Consumption	2.9	2.3	2.1	2.0	2.7	2.6	2.3	2.0	2.2
Dwelling Investment	10.5	1.9	1.9	-2.9	10.1	7.6	0.0	-0.4	-2.5
Underlying Business Investment	-12.2	-7.5	2.9	5.8	-9.9	-11.6	-1.1	4.5	6.7
Underlying Public Final Demand	4.0	3.9	2.7	3.1	2.6	4.6	2.8	2.8	3.8
Domestic Demand	1.4	1.6	2.4	2.3	1.3	1.5	2.2	2.2	2.7
Stocks (b)	-0.1	0.3	-0.1	0.0	0.0	0.1	0.1	-0.1	0.1
GNE	1.4	1.9	2.3	2.3	1.3	1.6	2.3	2.1	2.8
Exports	6.7	6.3	5.3	3.5	6.0	7.9	4.1	5.1	3.3
Imports	-0.3	4.6	5.1	3.8	2.0	0.2	6.5	3.9	4.6
GDP	2.7	1.8	2.6	2.3	2.4	2.5	2.0	2.5	2.6
Nominal GDP	2.4	5.8	4.0	3.3	1.8	3.6	6.2	2.9	4.0
Federal Budget Deficit: (\$b)	-37	-34	-23	-22	NA	NA	NA	NA	NA
Current Account Deficit (\$b)	74	24	43	66	77	45	28	55	76
(-%) of GDP	4.5	1.4	2.3	3.5	4.7	2.6	1.6	3.0	3.9
Employment	2.2	1.2	1.7	1.3	2.0	1.5	1.4	1.5	1.4
Terms of Trade	-10.1	15.4	-2.2	-5.0	-11.7	-0.3	13.1	-7.0	-3.4
Average Earnings (Nat. Accts. Basis)	0.9	0.3	1.5	2.0	0.5	0.8	0.8	1.9	2.1
End of Period									
Total CPI	1.0	2.1	2.2	2.3	1.7	1.5	2.1	2.3	2.3
Core CPI	1.6	1.8	1.9	2.1	2.0	1.6	1.8	2.0	2.1
Unemployment Rate	5.7	5.8	5.7	5.6	5.9	5.6	5.7	5.7	5.5
RBA Cash Rate	1.75	1.50	1.50	1.50	2.00	1.50	1.50	1.50	2.00
10 Year Govt. Bonds	1.98	2.75	3.05	2.90	2.88	2.77	2.90	2.90	3.00
\$A/US cents :	0.74	0.73	0.70	0.71	0.73	0.72	0.70	0.70	0.73
\$A - Trade Weighted Index	62.5	63.5	61.9	61.9	62.7	63.9	61.6	61.8	62.4

(a) Percentage changes represent average annual growth, except for cash and unemployment rates. The latter are end June. Percentage changes for CPI represent through the year inflation.

(b) Contribution to GDP growth

COMMODITY PRICE FORECASTS

	Unit	Spot	Actual	Forecasts						
		12/06/2017	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18
WTI oil	US\$/bbl	46	53	51	53	54	56	58	59	60
Brent oil	US\$/bbl	49	55	53	55	56	58	60	61	62
Tapis oil	US\$/bbl	48	56	54	56	57	59	61	62	63
Gold	US\$/ounce	1266	1220	1260	1260	1260	1280	1290	1300	1300
Iron ore (spot)	US\$/tonne	n.a.	86	65	61	60	58	60	62	60
Hard coking coal*	US\$/tonne	n.a.	285	210	160	140	120	110	105	100
Semi-soft coal*	US\$/tonne	n.a.	210	153	114	101	87	79	76	72
Thermal coal*	US\$/tonne	75	62	85	85	85	85	65	65	65
Aluminium	US\$/tonne	1880	1850	1910	1900	1900	1880	1860	1860	1860
Copper	US\$/tonne	5743	5837	5660	5660	5720	5720	5720	5720	5720
Lead	US\$/tonne	2031	2275	2210	2210	2210	2210	2210	2210	2210
Nickel	US\$/tonne	8736	10273	9760	9810	9810	9810	9810	9810	9810
Zinc	US\$/tonne	2476	2777	2640	2650	2660	2680	2690	2700	2720
Aus LNG**	AU\$/GJ	n.a.	8.36	7.88	7.79	8.16	8.28	8.54	8.80	8.93

* Data reflect NAB estimates of US\$/ tonne FOB quarterly contract prices (thermal coal is JFY contract). Actual data represent most recent final quarterly contract price. ** Implied Australian LNG export prices

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