

# Australian Markets Weekly

## Minority government possible; Brexit update; Revised \$A Forecasts; Australian Population Trends

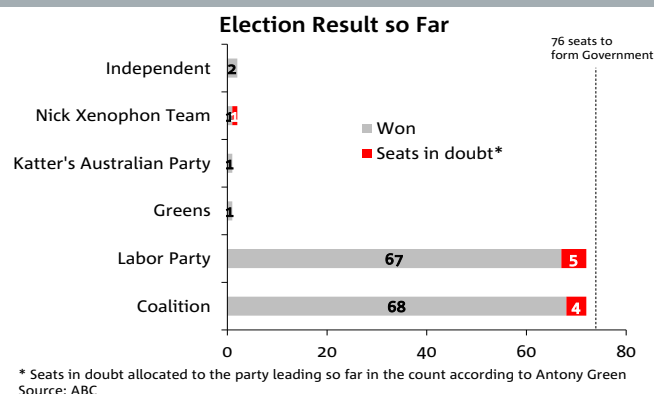
- The election remains too close to call, with prospects of a minority government and for a more diverse Senate cross bench than previously. Counting will not resume until Tuesday and we may not know a result until later this week. To form government, 76 seats are needed with the ABC reporting the Coalition currently at 68, Labor at 67 and 10 too close to call (Chart 1). The election uncertainty had a mild negative influence on the \$A at the open – trading 0.5c lower to \$US0.7450, though this has now mostly reversed.
- Global markets appear to have broadly stabilized after last week's initial Brexit shockwaves. NAB sees Brexit as mainly contained to the UK economy, with a mild UK H2 recession and only weak growth over the next two years. Directly, there should be little impact on Australia (only 2.7% of exports go to the UK) with the more significant impact likely to be if there were signs of other countries seeking to leave the EU.
- NAB has revised its currency and rates forecasts in the wake of Brexit and a more cautious Fed (please email us to be added to either our *Global FX Strategist* (wholesale clients only) or monthly *Corporate FX Update*). Our GBP and EUR forecasts have been lowered, while the Fed is now expected to make only one further tightening this year (in December). The AUD is still expected to move lower over time but now at a slower pace, ending the year around US\$0.70. Our long bond forecasts have also been revised lower.
- This week, the key domestic event is the RBA on Tuesday – where no change is expected, though keen interest will be on whether or not any bias is re-inserted into the post meeting Statement. We would expect the Bank to use language similar to that in reaction to the market volatility in February - where it said it would take time to assess “whether recent turbulence portends weaker global and domestic demand”. Internationally US non-farm payrolls on Friday night will dominate and give an indication as to the extent to which the weak May employment report was either an outlier or marked a new slower pace for US employment growth. The ISM non-manufacturing employment component should be followed closely in coming months.
- Our special focus this week is on the latest Australian population statistics. These show that overall population growth remains very strong in the two largest states – Victoria and NSW. Overall population growth continues to expand at around 1.4% y/y, slower than peak rates above 2% y/y, but still well above historical trends.

### Key markets over the past week

	Last	% chg week		Last	bp / % chg week
AUD	0.7466	1.9	RBA cash	1.75	0
AUD/CNY	4.98	1.0	3y swap	1.76	1
AUD/JPY	76.6	2.5	ASX 200	5,247	2.6
AUD/EUR	0.671	0.8	Iron ore	54.3	7.4
AUD/NZD	1.041	-0.7	WTI oil	49.1	5.9

Source: Bloomberg

### Chart 1: Election too close to call – minority govt. possible



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## Recent developments

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The early part of last week saw a continuation of post-Brexit equity market weakness, falling bond yields and generally heightened uncertainty. Equity market volatility peaked last Monday and subsequently fell for the remainder of the week, while equity markets recovered from mid-week, seeing a partial unwind of safe-haven pricing in bond yields and gold. The GBP also recovered somewhat from its lows, though bond yields remained close to record lows as investors assumed further easing in the UK and a further delay in Fed tightening. For the week as a whole the \$A rose (benefiting from Brexit developments), yields were a little lower, stock markets rose – broadly reversing last Friday's large Brexit inspired falls. Oil prices similarly reversed the previous week's Brexit losses, while iron ore prices continue to hold up relatively better than expected.

## Australian election – minority government likely

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The election remains too close to call, with strong prospects of a minority government and for a more diverse Senate cross bench than in the last parliament. To form government, 76 seats are needed with the ABC assessing the Coalition currently at 68 seats, Labor at 67, and 10 seats as too close to call. The Australian Electoral Commission (AEC) has stated that counting will not resume until Tuesday and that we may not know a result until later this week or even next week.

At the moment, the Coalition is leading in five seats and Labor in four, though the margins are very slim. Most commentators expect the government to do better from absentee voting and end up holding a few more seats in the lower house.

Should neither party reach the 76 seats required for an absolute majority, this would likely make it harder for either party in government to implement policy. Business confidence might be impacted if a hung parliament results, though it's too early to tell and ultimately confidence will be determined by business results, which to date remain strong reflecting stronger non-mining business conditions. The significance of a hung parliament for the outlook for the Australian economy is likely to be relatively minor in the medium term, certainly less significant than the recent UK vote to leave the EU.

Credit rating agency Moody's hit the wires this morning stating that the election uncertainty has limited implications for Australia's credit rating. The election would only affect Australia's rating if fiscal priorities were to change. Moody's currently expects fiscal consolidation to remain a key policy objective of the new government whichever party forms government. On this, we would note the election platforms of both major parties are focused on maintaining a path to surplus. Fitch also commented noting that "political gridlock that leads to a sustained widening of the deficit would put downward pressure on the rating", but that the current profile is consistent with a AAA rating.

The market will remain focused on S&P's annual review of Australia's rating in July. S&P has warned that Australia needs to deliver on its current budget forecasts to retain the AAA rating. If the new Parliament makes it difficult to pass

budgetary measures, this would increase the risk of a negative outlook for the rating.

## Brexit update

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As noted earlier, markets have calmed down from the initial shock of the British vote to exit Europe. NAB Group Economics published a detailed note on the Implications of Brexit for the Australian economy (please email [ivan.colhoun@nab.com.au](mailto:ivan.colhoun@nab.com.au) for a copy). In short the main conclusions are:

- The UK economy will suffer most from the Brexit vote – NAB has downgraded UK GDP forecasts for this year and next to around 1% growth (which effectively implies a mild recession in the UK in the second half of 2016);
- The UK economy at around 2.5% of global GDP – on a PPP basis or nearly 4% in US\$ terms – is too small to cause a significant impact on our global GDP growth forecasts, which remain broadly at 3% this year and next;
- The direct trade links between the UK and Australia are small (only 2.7% of Australian exports go to the UK) meaning little overall direct impact on the Australian economy; and
- More significant for the medium term is the extent to which the UK move might lead to other European countries seeking to leave the EU. This would likely be a more serious development for the global economy and therefore for Australia and could prove very challenging for the EUR. It must be noted that at this stage this is a risk scenario rather than a current reality.

## The week ahead

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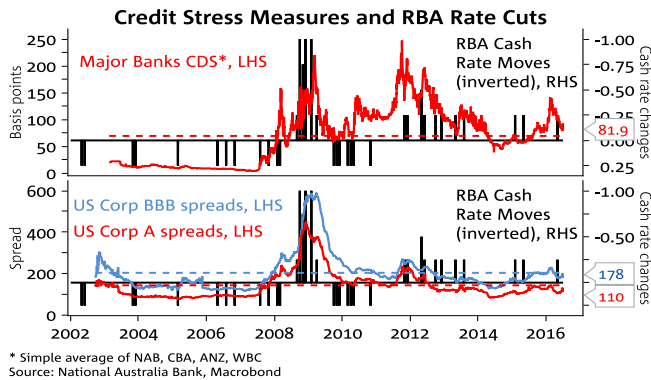
The key Australian events this week are the RBA Board Meeting, Retail Sales and Trade Balance – all happening on Tuesday. Other data out during the week include today's Building Approvals (-5.2% m/m) and MI Inflation Gauge.

There is an almost unanimous view of the RBA being on hold on Tuesday. Global financial conditions have stabilised post Brexit and stress levels are well below those experienced during the GFC (Chart 2). In the post meeting Statement we expect the RBA to acknowledge the recent volatility in financial markets, but that more time and data will be needed to assess whether this portends weaker global and domestic demand (similar to the RBA's reaction to the market volatility in February). We are also watching for any reinstatement of an easing bias along the lines of the low inflation environment "*may provide scope for easier monetary policy, should that be appropriate to lend support demand*". While financial markets would likely react favourably to the possible reinstatement of an explicit easing bias, we would note that the low inflation environment has provided the RBA scope to ease for some time and the likely addition of those words should not necessarily be taken as reflecting a greater willingness to ease.

NAB's view is that with domestic activity performing relatively well (non-mining GDP growth was above trend in Q1 and the unemployment rate continues its recent improvement) there is no imminent need for further easing

unless inflation were to surprise significantly to the downside and challenge the RBA's forecasts of returning core inflation to the 2-3% target band by 2018 – the next inflation update will be published on 27 July. Financial markets continue to price in further easing with around 37 basis points priced for the next 12 months.

**Chart 2: Financial conditions do not warrant RBA easing**



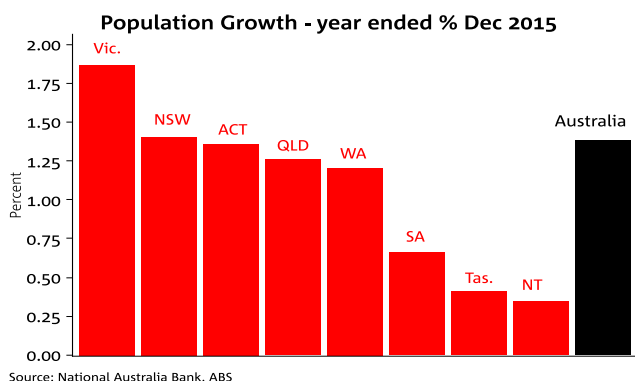
For Retail Sales we expect a tick-up in the pace of growth to 0.5% m/m – above the consensus of +0.3% m/m – driven by stronger Department Store sales assisted by discounting to clear slow moving winter stock. The RBA May rate cut may also have provided some support to trading. For the Trade Balance we expect a similar result to last month and expect a deficit of \$1.75bn, similar to the consensus of \$1.7bn with a possible dip in volatile gold exports.

**Australian population growth trends**

Last week, the ABS released Australia's population statistics as at the end of December 2015. There were a number of interesting trends worth noting:

- First, the population growth rate remains faster than historical experience at 1.4% y/y. There were around 325,000 new Australians over the past four quarters, with net overseas migration providing around 175,000 (nearly 55%) of the total.

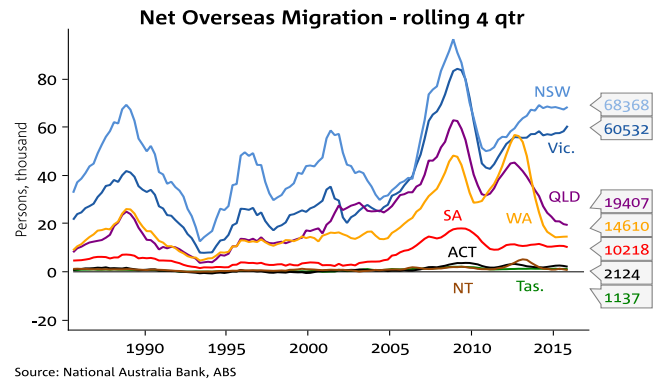
**Chart 3: Australian population growth remains elevated**



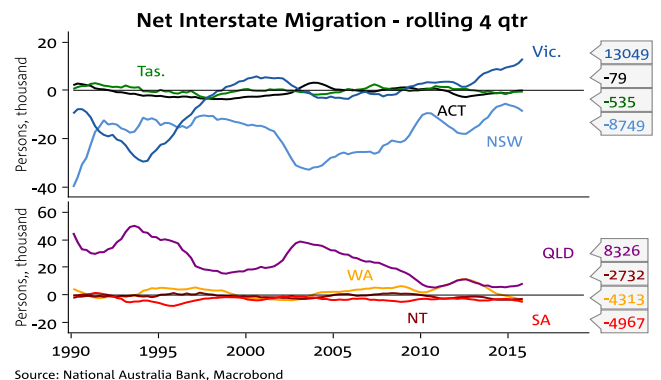
Growth has slowed from rates above 2% before the GFC and more recently near 1.75%pa when mining construction projects were at their peak, with the slowdown most pronounced in the more-mining centric regions of WA, the NT and Queensland (driven by lower overseas migration to these regions). Importantly, population growth remains strong in NSW and Victoria – underpinned by continuing

strong overseas migration flows – and has even strengthened somewhat in Victoria, in part because of an increase in net migration between WA and Victoria. There may also be the first signs of a pick-up in net interstate migration flows from NSW to QLD – a trend that was significant for both states' relative growth rates throughout the 2000s. Victoria is now recording the strongest rate of population growth nationally at around 1.9% y/y. SA and Tasmania continue to record the slowest population growth rates across the nation, though Tasmanian growth appears to have picked up in recent quarters, due to reduced net interstate migration; and

**Chart 4: Overseas migration remains strong in NSW/Vic**



**Chart 5: Net interstate migration: Victoria +; WA -**



- Growth has turned around sharply in regional locations. For much of the past decade, the mining boom drove very strong population growth in regional areas of WA and QLD. Population growth in these areas has slowed sharply in recent times – and in some cases is falling. Growth is now strongest in regional areas of Victoria and NSW – and the Gold and Sunshine Coasts in QLD – and Bunbury and Busselton in WA, suggesting perhaps the recommencement or reassertion of the trend to seachange and/or tree change living.

There are a number of important implications from these trends:

- First, the elevated population growth rate provides a solid underpinning for Australian GDP growth, especially with trend growth now assessed at closer to 2.5% pa by NAB;
- The relatively strong economic performance of NSW and Victoria seems set to continue – underpinned by strong overseas migration. This in turn may mean that

the significant lift in apartment supply in both Melbourne and Sydney may in part be offset by increased demand.

Clients interested in a slide deck of these (and other) population trends should email [tapas.strickland@nab.com.au](mailto:tapas.strickland@nab.com.au)

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# Calendar of Economic Releases

Country	Economic Indicator	Period	Forecast	Consensus	Actual	Previous	GMT	AEST	
<b>Monday, 4 July 2016</b>									
US	Public Holiday - US Bond and Equity markets close - Futures opened								
UK	Lloyds Business Barometer	Jun				32.0			
AU	Melbourne Institute Inflation MoM/YoY	Jun				-0.2/1.0	1.00	11.00	
AU	ANZ Job Advertisements MoM	Jun				2.4	1.30	11.30	
AU	Building Approvals MoM/YoY	May		-3.5/-6.4		3.0/0.7	1.30	11.30	
UK	Markit/CIPS UK Construction PMI	Jun		50.7		51.2	8.30	18.30	
EC	Sentix Investor Confidence	Jul		5		9.9	8.30	18.30	
EC	PPI MoM/YoY	May		0.3/-4.1		-0.3/-4.4	9.00	19.00	
CA	RBC Canadian Manufacturing PMI	Jun				52.1	13.30	23.30	
CA	Business Outlook Future Sales	2Q				16.0	14.30	0.30	
CA	BoC Senior Loan Officer Survey	2Q				6.6	14.30	0.30	
<b>Tuesday, 5 July 2016</b>									
AU	AiG Perf of Services Index	Jun				51.5	23.30	9.30	
AU	ANZ Roy Morgan Weekly Consumer Confidence Index	Jul 3				116.8	23.30	9.30	
NZ	QV House Prices YoY	Jun				12.4	0.00	10.00	
NZ	ANZ Commodity Price	Jun				1.0	1.00	11.00	
AU	Trade Balance	May	-1750	-1700		-1579.0	1.30	11.30	
AU	Retail Sales MoM	May	0.5%	0.3		0.2	1.30	11.30	
CH	Caixin China PMI Services/Composite	Jun		/		51.2/50.5	1.45	11.45	
JN	Nikkei Japan PMI Services/Composite	Jun		/		50.4/49.2	2.00	12.00	
AU	RBA Cash Rate Target	Jul 5	1.75%	1.75		1.8	4.30	14.30	
GE	Markit Germany Services/Composite PMI	Jun F		53.2/54.1		53.2/54.1	7.55	17.55	
EC	Markit Eurozone Services/Composite PMI	Jun F		52.4/52.8		52.4/52.8	8.00	18.00	
UK	Tory Leadership Ballot narrowed from 5 to 2							sometime	
UK	Markit/CIPS UK Services/Composite PMI	Jun		52.8/52		53.5/53.0	8.30	18.30	
EC	Retail Sales MoM/YoY	May		0.4/1.7		0.0/1.4	9.00	19.00	
UK	BOE Financial Stability Report and Press Conference by Governor Carney								
US	ISM New York	Jun				37.2	13.45	23.45	
US	Factory Orders/ex transp orders	May		-0.8		1.9	14.00	0.00	
US	NY Fed's Dudley speaks at a discussion round table							18.30	4.30
<b>Wednesday, 6 July 2016</b>									
UK	BRC Shop Price Index YoY	Jun				-1.8	23.10	9.10	
GE	Factory Orders MoM/YoY	May		1/0.9		-2.0/-0.5	6.00	16.00	
AU	RBA's Debelle speaks at "Examining the FX Code of Conduct" event								
US	Trade Balance	May		-40		-37.4	7.30	22.30	
CA	Int'l Merchandise Trade	May		-2.675		-2.9	12.30	22.30	
US	Fed's Tarullo speaks on Regulation and Monetary Policy								
US	Markit US Services/Composite PMI	Jun F		51.3/		51.3/51.2	13.45	23.45	
US	ISM Non-Manf. Composite	Jun		53.3		52.9	14.00	0.00	
US	U.S. Fed Releases Minutes from June 14-15 FOMC Meeting								
							18.00	4.00	
<b>Thursday, 7 July 2016</b>									
NZ	ANZ Truckometer Heavy MoM	Jun				-1.7	22.00	8.00	
AU	AiG Perf of Construction Index	Jun				46.7	23.30	9.30	
JN	BoJ Governor Kuroda speaks at Branch Managers' Meeting								
JN	Leading Index CI	May P		100		100.0	5.00	15.00	
GE	Industrial Production SA MoM/YoY	May		0/1.5		0.8/1.2	6.00	16.00	
CH	Foreign Reserves	Jun		3165		3191.7	8.05	18.05	
UK	Industrial Production MoM/YoY	May		-1/0.5		2.0/1.6	8.30	18.30	
US	Challenger Job Cuts YoY	Jun				-26.5	11.30	21.30	
EC	ECB account of the monetary policy meeting								
US	ADP Employment Change	Jun		160		173.0	12.15	22.15	
CA	Building Permits MoM	May		2		-0.3	12.30	22.30	
US	Initial Jobless Claims	Jul 2		267		268.0	12.30	22.30	
UK	NIESR GDP Estimate	Jun				0.5	14.00	0.00	
CA	Ivey Purchasing Managers Index SA	Jun				49.4	14.00	0.00	
<b>Friday, 8 July 2016</b>									
JN	BoP Current Account Adjusted	May		1515.3		1625.8	23.50	9.50	
JN	Labor Cash Earnings/Real Cash Earnings YoY	May		0.5		0.3/0.6	0.00	10.00	
GE	Current Account Balance	May		24.6		28.8	6.00	16.00	
UK	Trade Balance	May		-3575		-3294.0	8.30	18.30	
US	Change in Nonfarm Payrolls/Unemployment rate	Jun		175/4.8		38/4.7	12.30	22.30	
US	Average Hourly Earnings MoM/YoY	Jun		0.2/2.7		0.2/2.5	12.30	22.30	
CA	Net Change in Employment/Unemployment rate	Jun		6.5/7		13.8/6.9	12.30	22.30	
US	Consumer Credit	May		17		13.4	19.00	5.00	
<b>Sunday, 10 July 2016</b>									
CH	CPI/PPI YoY	Jun		1.9/-2.4		2.0/-2.8	1.30	11.30	
CH	New Yuan Loans/Aggregate Financing CNY	Jun		1000/1054		986/660	10-15 July release		
CH	Aggregate Financing CNY	Jun		1054		660	10-15 July release		
<b>Upcoming Central Bank Interest Rate Announcements</b>									
Australia, RBA		5-Jul	1.75%	1.75%		1.75%			
UK BOE		14-Jul				0.50%			
Canada, BoC		14-Jul				0.50%			
Europe ECB		21-Jul				0.00%			
US Federal Reserve		27-Jul				0.25-0.50%			
Japan, BoJ		29-Jul				-0.1% to +0.1%			
New Zealand, RBNZ		11-Aug	2.00%	2.00%		2.25%			

GMT: Greenwich Mean Time; AEST: Australian Eastern Standard Time

# Forecasts

## Economic Forecasts

	Annual % change				Quarterly % change															
	2015	2016	2017	2018	2015				2016				2017				2018			
	2015	2016	2017	2018	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<b>Australia Forecasts</b>																				
Household Consumption	2.8	2.6	2.4	2.2	0.7	0.5	0.9	0.8	0.7	0.4	0.5	0.6	0.6	0.7	0.7	0.6	0.5	0.5	0.5	0.5
Underlying Business Investment	-10.1	-13.9	-8.0	0.7	-4.3	-1.4	-5.5	-3.2	-3.4	-3.1	-3.2	-2.5	-2.4	-1.2	-0.8	-1.2	1.2	0.5	1.1	0.5
Residential Construction	9.5	5.2	0.9	-3.3	4.8	0.6	1.9	2.2	1.4	0.8	0.7	0.3	0.3	0.4	-0.6	-0.6	-1.3	-1.0	-0.8	-0.8
Underlying Public Spending	1.9	3.0	2.6	2.5	1.0	2.0	-0.7	1.3	0.9	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6
Exports	6.1	9.7	9.5	5.9	3.7	-3.9	5.4	0.6	4.4	1.2	2.7	2.5	2.4	2.3	2.2	1.5	1.2	1.1	1.2	1.2
Imports	1.0	-0.9	2.0	3.6	2.6	0.3	-2.3	0.6	-0.8	-0.1	0.3	0.3	0.4	0.8	0.9	0.8	1.0	0.8	1.0	0.8
Net Exports (a)	1.1	2.3	1.8	0.8	0.3	-0.9	1.6	0.0	1.1	0.3	0.6	0.5	0.5	0.4	0.4	0.2	0.1	0.1	0.1	0.2
Inventories (a)	0.0	0.0	0.0	0.0	0.4	0.1	-0.1	-0.2	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Domestic Demand - qtr%					0.3	0.6	-0.3	0.4	0.1	0.1	0.1	0.2	0.3	0.5	0.4	0.4	0.5	0.4	0.5	0.4
Dom Demand - ann %	1.0	0.7	1.2	1.7	0.6	1.3	1.2	1.1	0.9	0.4	0.8	0.6	0.8	1.1	1.4	1.5	1.7	1.7	1.7	1.8
<b>Real GDP - qtr %</b>	<b>0.9</b>	<b>0.3</b>	<b>1.1</b>	<b>0.6</b>	<b>1.1</b>	<b>0.5</b>	<b>0.6</b>	<b>0.8</b>	<b>1.1</b>	<b>0.5</b>	<b>0.6</b>	<b>0.8</b>	<b>0.8</b>	<b>0.9</b>	<b>0.8</b>	<b>0.6</b>	<b>0.6</b>	<b>0.5</b>	<b>0.6</b>	<b>0.5</b>
<b>Real GDP - ann %</b>	<b>2.5</b>	<b>3.1</b>	<b>3.0</b>	<b>2.4</b>	<b>2.2</b>	<b>2.0</b>	<b>2.7</b>	<b>3.0</b>	<b>3.1</b>	<b>3.3</b>	<b>2.8</b>	<b>3.0</b>	<b>2.7</b>	<b>3.2</b>	<b>3.3</b>	<b>3.0</b>	<b>2.9</b>	<b>2.4</b>	<b>2.2</b>	<b>2.2</b>
CPI headline - qtr %					0.2	0.7	0.5	0.4	-0.2	0.7	0.9	0.6	0.8	0.5	0.9	0.4	0.9	0.6	0.8	0.5
CPI headline - ann %	1.5	1.6	2.8	2.8	1.3	1.5	1.5	1.7	1.3	1.3	1.8	1.9	3.0	2.8	2.8	2.7	2.8	2.8	2.8	2.9
CPI underlying - qtr %					0.6	0.5	0.3	0.5	0.2	0.6	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.6
CPI underlying - ann %	2.2	1.7	2.0	2.0	2.3	2.2	2.1	2.0	1.5	1.6	1.8	1.8	2.1	2.0	1.9	1.9	1.9	2.0	2.0	2.1
Wages (Pvte WPI - ann %)	2.1	2.0	2.0	2.5	2.3	2.2	2.1	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.2	2.4	2.6	2.8
Unemployment Rate (%)	6.0	5.6	5.5	5.6	6.2	5.9	6.2	5.9	5.8	5.6	5.6	5.5	5.5	5.5	5.5	5.5	5.5	5.6	5.6	5.6
Terms of trade	-11.4	-3.8	-3.0	-0.2	-3.2	-3.9	-2.4	-3.2	-1.9	4.4	-2.1	-0.9	-1.5	-0.2	-0.8	-1.4	-0.2	-0.2	0.1	-0.7
G&S trade balance, \$Abn	-33.2	-11.7	1.6	2.7	-4.7	-11.3	-7.3	-9.9	-6.6	-2.1	-2.0	-1.0	-0.6	0.6	1.1	0.5	0.5	0.6	0.9	0.7
% of GDP	-2.0	-0.7	0.1	0.1	-1.2	-2.8	-1.8	-2.4	-1.6	-0.5	-0.5	-0.2	-0.1	0.1	0.2	0.1	0.1	0.1	0.2	0.1
Current Account (% GDP)	-4.6	-3.4	-2.5	-2.4	-3.4	-5.2	-4.6	-5.1	-4.3	-3.2	-3.1	-2.9	-2.8	-2.5	-2.4	-2.5	-2.5	-2.4	-2.4	-2.4

Source: NAB Group Economics; (a) Contributions to GDP growth

## Exchange Rate Forecasts

	4-Jul	Sep-16	Dec-16	Mar-17	Jun-17	Sep-17
<b>Majors</b>						
AUD/USD	<b>0.7494</b>	0.72	0.70	0.69	0.69	0.69
NZD/USD	<b>0.7177</b>	0.68	0.66	0.66	0.65	0.66
USD/JPY	<b>102.67</b>	105	105	103	103	102
EUR/USD	<b>1.1139</b>	1.08	1.06	1.05	1.05	1.06
GBP/USD	<b>1.3301</b>	1.28	1.25	1.22	1.20	1.22
USD/CNY	<b>6.6623</b>	6.73	6.80	6.78	6.76	6.74
USD/CAD	<b>1.2896</b>	1.33	1.40	1.40	1.42	1.42

### Australian Cross Rates

AUD/JPY	<b>76.9</b>	76	74	71	71	70
AUD/EUR	<b>0.6728</b>	0.67	0.66	0.66	0.66	0.65
AUD/GBP	<b>0.5634</b>	0.56	0.56	0.57	0.58	0.57
AUD/NZD	<b>1.0442</b>	1.06	1.06	1.05	1.06	1.05
AUD/CNY	<b>4.9927</b>	4.85	4.76	4.68	4.66	4.65
AUD/CAD	<b>0.9664</b>	0.96	0.98	0.97	0.98	0.98
AUD/CHF	<b>0.7294</b>	0.72	0.68	0.68	0.70	0.72

## Interest Rate Forecasts

	4-Jul	Sep-16	Dec-16	Mar-17	Jun-17	Sep-17
<b>Aust rates</b>						
RBA Cash rate	<b>1.75</b>	1.75	1.75	1.75	1.75	1.75
3 month bill rate	<b>1.96</b>	1.95	1.95	1.95	1.95	1.95
3 Year Swap Rate	<b>1.77</b>	1.7	1.8	1.8	1.8	1.8
10 Year Swap Rate	<b>2.18</b>	2.1	2.3	2.3	2.4	2.4

### Offshore Policy Rates

US Fed funds	<b>0.50</b>	0.50	0.75	0.75	1.00	1.25
ECB deposit rate	<b>-0.40</b>	-0.40	-0.40	-0.40	-0.40	0.60
BoE repo rate	<b>0.50</b>	0.50	0.50	0.50	0.50	0.50
BoJ excess reserves rate	<b>-0.10</b>	-0.10	-0.10	-0.10	-0.10	-0.10
RBNZ OCR	<b>2.25</b>	1.75	1.75	1.75	1.75	1.75
China 1yr lending rate	<b>4.35</b>	3.85	3.85	3.60	3.60	3.60
China Reserve Ratio	<b>17.0</b>	16.0	16.0	16.0	16.0	16.0

### 10 Year Benchmark Bond Yields

Australia	<b>1.98</b>	1.95	2.10	2.10	2.25	2.25
United States	<b>1.44</b>	1.50	1.75	1.75	2.00	2.00
New Zealand	<b>2.32</b>	2.80	2.80	2.90	3.10	3.15

Sources: NAB Global Markets Research; Bloomberg; ABS

## Global GDP

Dec year	2013	2014	2015	2016	2017	2018	20 Yr Avge
Australia	2.0	2.7	2.5	3.1	3.0	2.5	3.4
US	1.5	2.4	2.4	1.8	2.1	1.9	2.6
Eurozone	-0.3	0.9	1.5	1.5	1.5	1.6	1.5
UK	2.2	2.9	2.3	1.8	2.0	2.0	2.4
Japan	1.4	-0.1	0.6	0.5	0.7	0.5	0.8
China	7.7	7.3	6.9	6.7	6.5	6.3	9.2
India	6.3	7.0	7.2	7.7	7.7	7.5	6.6
New Zealand	2.4	3.7	2.5	2.3	2.5	2.4	3.0
World	3.3	3.4	3.0	2.9	3.2	3.1	3.5
<i>MTP Top 5</i>	3.9	3.8	3.8	3.6	3.6	3.4	5.0

## Commodity prices (\$US)

	4-Jul	Sep-16	Dec-16	Mar-17	Jun-17	Sep-17
WTI oil	49.05	36	39	40	43	45
Gold	1344	1100	1060	1040	1020	990
Iron ore	54	42	41	40	41	41
Hard cok. coal	89	81	82	83	84	85
Thermal coal	58	58	58	58	60	60
Copper	4904	4870	5020	5070	5120	5170
Japan LNG	7.4	5.8	6.2	6.4	6.6	6.8

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