

# Australian Markets Weekly

## RBA decision need not be so knife-edged

- Inflation was right in line with RBA May forecasts
- NAB continues to see no new case for the RBA to ease further
- On reflection, Q1 underlying inflation was more the outlier
- Even though risks continue, the outlook for growth and inflation has not deteriorated
- Market price reaction more if the RBA remain on hold tomorrow
- Retail Sales, Building Approvals, and International Trade also due this week
- Offshore this week: More important US data points, including ISMs, PCE deflators and payrolls; Japanese Government stimulus package tomorrow and BoE Thursday

### Recent developments

The market has continued to price toward the likelihood that the RBA will cut rates again at tomorrow's Board meeting, pricing in this morning a 64% chance of an easing, with 36 of 47 economists surveyed by Reuters on Friday forecasting a cut this week. NAB continues to expect that the RBA will, after due consideration, agree to leave the cash rate unchanged at 1.75%. Market price reaction will likely be greater in the event the RBA leaves rates on hold.

The reason for NAB's view of no change in the cash rate stem primarily from analysis that the RBA's forecasts for growth and inflation will not have materially altered since the Board last met in July, and indeed since the last set of published RBA forecasts, released in May. Nor are international factors or market conditions suggesting new downside risks.

When the Board met last month, the Governor's Media Statement stated that "holding monetary policy steady would be prudent at this meeting ..... (and that) ..... "over the period ahead, further information should allow the Board to refine its assessment of the outlook for growth and inflation and to make any adjustment to the stance of policy that may be appropriate."

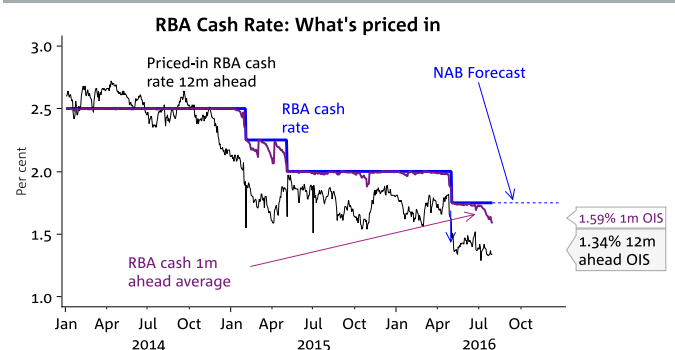
That assessment for growth and inflation, NAB expects, will not have materially altered since the Board last met. Last week's key CPI release for the June quarter revealed headline inflation of 1.0% y/y and underlying inflation of 1½%, inflation predicted in its May Statement on Monetary Policy. (You can see those forecasts [here](#); an updated set of forecasts will be released in its quarterly August Statement on Friday.)

### Key markets over the past week

	Last	% chg week		Last	bp / % chg week
AUD	0.7608	1.8	RBA cash	1.75	0
AUD/CNY	5.05	1.0	3y swap	1.67	-7
AUD/JPY	78.0	-2.0	ASX 200	5,608	1.3
AUD/EUR	0.681	-0.1	Iron ore	59.4	6.3
AUD/NZD	1.054	-1.6	WTI oil	41.8	-3.1

Source: Bloomberg

### Chart 1: Market not priced for steady RBA tomorrow



Source: National Australia Bank, Macrobond

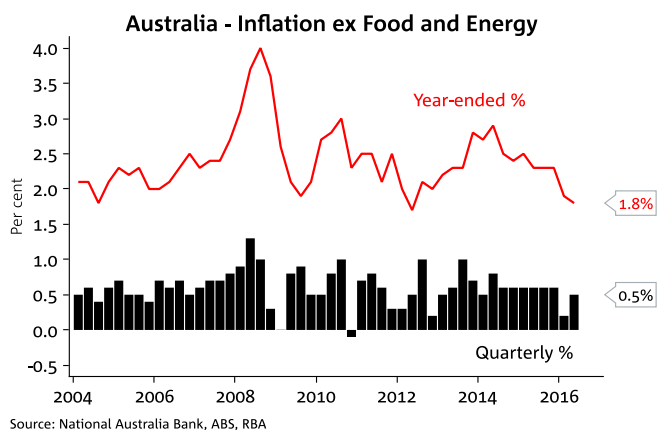
### Author:

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Some speculation of a further easing from the RBA has been constructed on a more general premise of continuing low inflation. As a general point, low inflation has certainly continued, but it's also a point that is embodied implicitly in the Bank's forecasts that inflation would continue to track below target for another year and then still remain around the lower bound of the RBA's target range through the Bank's forecast horizon that extends through to the first half of 2018

Last week's CPI release revealed on reflection that the very low reading for underlying inflation in the March quarter, 0.2%, now looks to be more the outlier, rather than the start of a new very low trend for inflation in Australia. Underlying inflation has since risen to 0.5% in the June quarter that was also its average over the course of 2015.

**Chart 2: Q1 CPI looking more like the outlier**



There was also a smattering of evidence in the inflation report of some exchange rate pass-through, even though still very evident heightened retail competition has limited exchange rate pass-through to date. Furnishings and household equipment – predominantly imported – have seen some rise in prices over the past year, consistent with stronger levels of dwelling investment and some ability to lift prices.

All that said, inflation remains low, and is likely to remain so for a period of time. Flatter rentals and continued strong competition in the retail industry are set to continue, but there is little that monetary can do to change these dynamics other than to lift domestic demand growth, over time. And on that score, monetary policy is already on quite accommodative settings.

As a further update on inflation into the September quarter, the Melbourne Institute's CPI gauge for July continued in the theme of persistent low inflation, headline inflation down 0.3% in July (for annual growth of 1.0%) and the gauge's trimmed mean measure flat in the month for annual growth of 1.4%.

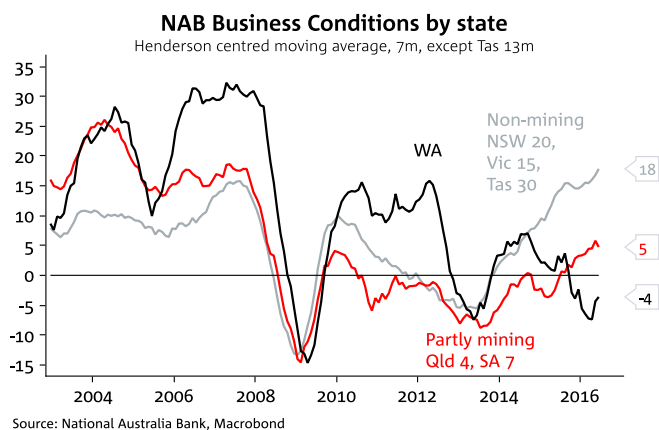
### Non-mining growth still making progress

While inflation has been tracking as forecast, the activity side of the Australian economy has continued to make progress. The unemployment rate remains at 5¾% with annual employment growth of 1.9%, above growth in the working-age population. (We also note that sample

rotation effects remain as a near term headwind to measured employment growth and risks a lower than trend outcome for employment in July, that release set for Thursday week.)

A further rise in the NAB Business Conditions index (and Confidence) for June from 10 to 12 has been followed up this morning with the first of the three AiG Performance indexes for July being released this week, today's for manufacturing. The AiG Performance of Manufacturing Index was 56.4 in July, the highest since March (58.1), having been above the 50 growth threshold level now since last July, the exports component at a higher 59.5.

**Chart 4: The non-mining recovery continues**



Housing and house prices are certain to be closely discussed at the Board meeting, as they have for some time now. While housing continues to be a watch point for the RBA Board, there are mounting headwinds that will test the resilience of the housing market and we would not over-play the housing market as the major swing factor to leave rates on hold.

While a lower mortgage rate would be a positive for housing demand and prices, headwinds to the housing market continue from, in the words of last month's post-Board Media release, "a number of lenders .... taking a more cautious attitude to lending in certain segments". The release goes on to note that while "Dwelling prices have risen again in many parts of the country over recent months". The Bank also notes that "considerable supply of apartments is scheduled to come on stream over the next couple of years, particularly in the eastern capital cities."

To the list of potential headwinds for housing, several State Governments have either increased (Victoria) or instituted state taxes for foreign buyers (NSW and Queensland). Even so, it would be a fair argument to make that easing monetary policy further would be at odds with other supervisory policies designed to cool the sector.

The morning's CoreLogic July house price report and weekend auction results continue to point to resilience in the major Eastern Seaboard residential property markets.

### Australian data this week: Retail Sales, Building Approvals and Trade, plus more

Australia: The local data flow has already started today with the AiG Manufacturing PMI, the monthly CPI gauge,

CoreLogic House prices (revealing further rises in July), and a 8.2% rise in HIA New Home Sales, within a trend of relatively stable and continuing demand for HIA member detached homes and units.

As the first of the major monthly partials for this week, the Statistician's Building Approvals report for June is being released tomorrow and NAB's forecast is for no change within a trend pointing towards some slowdown in additions to the residential building pipeline.

Also out tomorrow is the International Trade report for June, expected to reveal some further gains in bulk commodity export volumes (especially iron ore and LNG), the latter as the new LNG plants, especially those in Queensland, lift production and shipments.

Thursday sees the release of retail sales in June, sales we expect have been boosted by winter sales of clothing that were boosted by the arrival in June of cold weather. There has been little to no growth in the Department Stores category for the past two months and the Specialty Clothing, Footwear, and Personal Accessory store category was down a sizeable 1.2% in May, flat sales attributable in part to the late onset of winter this year.

This month's Retail Sales release comes with volumes for the June quarter, that we expect rose 0.6%, little changed from 0.5% in Q1 and a major component in consumer spending that NAB's economic model estimates grew by 0.4% behind a GDP growth forecast of 0.5%.

NAB's Online Retail Sales Index for June is being released on Wednesday.

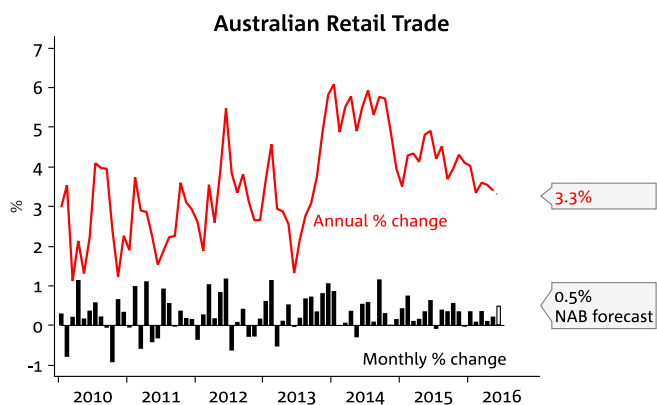
Elsewhere, today's release of the official Chinese PMIs for July were in line with general Chinese economic growth expectations into the September quarter, with the private sector Caixin Manufacturing index popping its head above 50 at 50.6.

Japanese markets will now be waiting to see the detail of tomorrow's ¥28tr fiscal stimulus plan and its likely economic impact. On Thursday, the Bank of England is expected to ease monetary policy through a cut in the Bank rate and some prospective increase in quantitative easing.

It's a quiet week for scheduled data in the Eurozone; Eurostat revealed Friday that the zone's GDP rose 0.3% in Q2, down from 0.6% for annual growth of 1.6%. Such annual growth however was strong enough to have outdone growth of the US economy over the past year, currently pegged at a moderate 1.2%.

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Chart 5: Retail sales likely up 0.5% in June



Source: National Australia Bank, ABS

Offshore, the extent to which softer US economic growth for the June quarter revealed on Friday will possibly delay further the removal of US monetary accommodation will hopefully be clarified by further key data out this week. There are the two key US ISM releases this week (Manufacturing tonight and Non-manufacturing Wednesday) followed by Payrolls at on Friday. The June month personal income, spending and PCE deflators report is being released tomorrow night, providing another update on the progress toward meeting the Fed's 2% target for the PCE deflator, as will Friday's payrolls reveal another update on the pace of earnings growth.

# Calendar of Economic Releases

Country	Economic Indicator	Period	Forecast	Consensus	Actual	Previous	GMT	AEST
<b>Monday, 1 August 2016</b>								
NZ	Fonterra Milk Price and Earnings Guidance (2016/17), previous: \$4.25 (milk price)							
AU	AiG Perf of Mfg Index	Jul			56.4	51.8	23.30	9.30
AU	CoreLogic House Px MoM	Jul	0.7		0.8	0.5	0.00	10.00
AU	Melbourne Institute Inflation MoM/YoY	Jul			-0.3/1.0	0.6/1.5	1.00	11.00
AU	HIA New Home Sales MoM	Jun			8.2	-1.8	1.00	11.00
CH	Manufacturing/Non-manufacturing PMI	Jul		50/	49.9/53.9	50.0/53.7	1.00	11.00
CH	Caixin China PMI Mfg	Jul		48.8	50.6	48.6	1.45	11.45
JN	Nikkei Japan PMI Mfg	Jul F			49.3	49.0	2.00	12.00
GE	Markit/BME Germany Manufacturing PMI	Jul F		53.7		53.7	7.55	17.55
EC	Markit Eurozone Manufacturing PMI	Jul F		51.9		51.9	8.00	18.00
UK	Markit UK PMI Manufacturing SA	Jul F		49.1		49.1	8.30	18.30
US	Markit US Manufacturing PMI	Jul F		52.9		52.9	13.45	23.45
US	Construction Spending MoM	Jun		0.5		-0.8	14.00	0.00
US	ISM Manufacturing	Jul		53		53.2	14.00	0.00
<b>Tuesday, 2 August 2016</b>								
AU	ANZ Roy Morgan Weekly Consumer Confidence Index	Jul 31				115.5	23.30	9.30
NZ	QV House Prices YoY	Jul				13.5	0.00	10.00
AU	Trade Balance	Jun	-1650	-2000		-2218.0	1.30	11.30
AU	Building Approvals MoM/YoY	Jun	0.0/-2.4	0.8/-2.4		-5.2/-9.1	1.30	11.30
NZ	2Yr Inflation Expectation	3Q				1.6	3.00	13.00
AU	RBA Cash Rate Target	Aug 2	1.75	1.5		1.75	4.30	14.30
JN	Government to announce fiscal stimulus plan							
JN	Consumer Confidence Index	Jul		42		41.8	5.00	15.00
AU	Commodity Index AUD/YoY	Jul				89.7/-9.9	6.30	16.30
UK	Markit/CIPS UK Construction PMI	Jul		44		46.0	8.30	18.30
CH/US	Fed's Kaplan Speaks in Lecture in Beijing						10.15	20.15
US	Personal Income/Spending	Jun		0.3/0.3		0.2/0.4	12.30	22.30
US	PCE Deflator MoM/YoY	Jun		0.2		0.2	12.30	22.30
US	PCE Core MoM/YoY	Jun		0.1		0.2	12.30	22.30
CA	RBC Canadian Manufacturing PMI	Jul				51.8	13.30	23.30
US	ISM New York	Jul				45.4	13.45	23.45
NZ	GDT Dairy Auction					flat	early AM NZT	
<b>Wednesday, 3 August 2016</b>								
NZ	Pvt Wages Ex/Incl. Overtime QoQ	2Q	0.5/0.4	0.5/0.4		0.4/0.4	22.45	8.45
NZ	Pvt Wages Inc Overtime/Everage Hourly Earnings QoQ	2Q		0.4/0.9		0.4/0.3	22.45	8.45
UK	BRC Shop Price Index YoY	Jul				-2.0	23.10	9.10
AU	AiG Perf of Services Index	Jul				51.3	23.30	9.30
NZ	ANZ Commodity Price	Jul	-0.2			3.7	1.00	11.00
AU	NAB Online Retail Sales Index MoM/YoY	Jun				2.0/13.2	1.30	11.30
CH	Caixin PMI Services/Composite	Jul				52.7/50.3	1.45	11.45
JN	Nikkei PMI Services/Composite	Jul				49.4/49.0	2.00	12.00
GE	Markit Services/Composite PMI	Jul F		54.6/55.3		54.6/55.3	7.55	17.55
EC	Markit Services/Composite PMI	Jul F		52.7/52.9		52.7/52.9	8.00	18.00
UK	Markit/CIPS Services/Composite PMI	Jul F		47.4		47.4	8.30	18.30
EC	Retail Sales MoM/YoY	Jun		0/1.8		0.4/1.6	9.00	19.00
US	ADP Employment Change	Jul		170		172.0	12.15	22.15
US	Markit Services/Composite PMI	Jul F		51/		50.9/51.5	13.45	23.45
US	ISM Non-Manf. Composite	Jul		56		56.5	14.00	0.00
<b>Thursday, 4 August 2016</b>								
AU	Retail Sales \$ MoM/real QoQ	Jun	0.5/0.6	0.3/0.5		0.2/0.5	1.30	11.30
CH	BoP Current Account Balance	2Q P				39.3	7.30	17.30
UK	New Car Registrations YoY	Jul				-0.8	8.00	18.00
EC	ECB Publishes Economic Bulletin						8.00	18.00
CH/US	Fed's Kaplan Speaks in Shanghai						10.15	20.15
UK	Bank of England Bank Rate	Aug 4		0.25		0.5	11.00	21.00
UK	BOE Asset Purchase Target	Aug		375		375.0	11.00	21.00
UK	Bank of England Inflation Report						11.00	21.00
US	Challenger Job Cuts YoY	Jul				-14.1	11.30	21.30
US	Initial Jobless Claims	Jul 30		265		266.0	12.30	22.30
US	Factory Orders	Jun		-1.9		-1.0	14.00	0.00
<b>Friday, 5 August 2016</b>								
AU	AiG Perf of Construction Index	Jul				53.2	23.30	9.30
JN	Labor Cash/Real Earnings YoY	Jun		0.4		-0.2	0.00	10.00
AU	RBA Statement on Monetary Policy						1.30	11.30
JN	Leading Index CI	Jun P		99.7		99.7	5.00	15.00
GE	Factory Orders MoM/YoY	Jun		0.5		0.0	6.00	16.00
UK	Halifax House Prices MoM/3M YoY	Jul		-0.2		1.3/8.4	7.30	17.30
US	Change in Nonfarm Payrolls/Unemployment rate	Jul		175/4.8		287/4.9	12.30	22.30
US	Average Hourly Earnings MoM/YoY	Jul		0.2/2.6		0.1/2.6	12.30	22.30
US	Trade Balance	Jun		-43		-41.1	12.30	22.30
CA	Net Change in Employment/Unemployment rate	Jul		10/6.9		-0.7/6.8	12.30	22.30
CA	Int'l Merchandise Trade	Jun		-2.82		-3.3	12.30	22.30
CA	Ivey Purchasing Managers Index SA	Jul				51.7	14.00	0.00
US	Consumer Credit	Jun		16		18.6	19.00	5.00
EC	EU Commission Publishes Economic Forecasts							
<b>Sunday, 7 August 2016</b>								
CH	Foreign Reserves	Jul		3200		3205	8.15	18.15
<b>Upcoming Central Bank Interest Rate Announcements</b>								
Australia, RBA		2-Aug	1.75%	1.50%		1.75%		
UK BOE		4-Aug		0.25%		0.50%		
New Zealand, RBNZ		11-Aug	2.00%	2.00%		2.25%		
Canada, BoC		7-Sep				0.50%		
Europe ECB		8-Sep				0.00%		
Japan, BoJ		21-Sep				-0.1% to +0.1%		
US Federal Reserve		22-Sep				0.25-0.50%		

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

# Forecasts

## Economic Forecasts

	Annual % change				Quarterly % change											
					2015				2016				2017			
	2015	2016	2017	2018	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
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
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
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
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
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
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
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
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
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
<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>0.8</b>	<b>0.9</b>	<b>0.8</b>	<b>0.6</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>
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
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
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
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
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
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
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
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
% 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
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

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

## Exchange Rate Forecasts

	1-Aug	Sep-16	Dec-16	Mar-17	Jun-17	Sep-17
<b>Majors</b>						
AUD/USD	<b>0.7604</b>	0.72	0.70	0.69	0.69	0.69
NZD/USD	<b>0.7216</b>	0.68	0.66	0.66	0.65	0.66
USD/JPY	<b>102.54</b>	105	105	103	103	102
EUR/USD	<b>1.1168</b>	1.08	1.06	1.05	1.05	1.06
GBP/USD	<b>1.3252</b>	1.28	1.25	1.22	1.20	1.22
USD/CNY	<b>6.6346</b>	6.73	6.80	6.78	6.76	6.74
USD/CAD	<b>1.3041</b>	1.33	1.40	1.40	1.42	1.42

## Australian Cross Rates

	1-Aug	Sep-16	Dec-16	Mar-17	Jun-17	Sep-17
AUD/JPY	<b>78.0</b>	76	74	71	71	70
AUD/EUR	<b>0.6809</b>	0.67	0.66	0.66	0.66	0.65
AUD/GBP	<b>0.5738</b>	0.56	0.56	0.57	0.58	0.57
AUD/NZD	<b>1.0538</b>	1.06	1.06	1.05	1.06	1.05
AUD/CNY	<b>5.0449</b>	4.85	4.76	4.68	4.66	4.65
AUD/CAD	<b>0.9916</b>	0.96	0.98	0.97	0.98	0.98
AUD/CHF	<b>0.7372</b>	0.72	0.68	0.68	0.70	0.72

## Interest Rate Forecasts

	1-Aug	Sep-16	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17
<b>Aust rates</b>							
RBA Cash rate	<b>1.75</b>	1.75	1.75	1.75	1.75	1.75	1.75
3 month bill rate	<b>1.86</b>	1.95	1.95	1.95	1.95	1.95	1.95
3 Year Swap Rate	<b>1.67</b>	1.7	1.8	1.8	1.8	1.8	2.0
10 Year Swap Rate	<b>2.07</b>	2.1	2.3	2.3	2.4	2.4	2.7
<b>Offshore Policy Rates</b>							
US Fed funds	<b>0.50</b>	0.50	0.75	0.75	1.00	1.25	1.50
ECB deposit rate	<b>-0.40</b>	-0.40	-0.40	-0.40	-0.40	-0.40	-0.40
BoE repo rate	<b>0.50</b>	0.50	0.50	0.50	0.50	0.50	0.75
BoJ excess reserves rate	<b>-0.10</b>	-0.10	-0.10	-0.10	-0.10	-0.10	-0.10
RBNZ OCR	<b>2.25</b>	2.00	1.75	1.75	1.75	1.75	2.00
China 1yr lending rate	<b>4.35</b>	3.85	3.85	3.60	3.60	3.60	3.60
China Reserve Ratio	<b>17.0</b>	16.0	16.0	16.0	16.0	16.0	16.0
<b>10 Year Benchmark Bond Yields</b>							
Australia	<b>1.87</b>	1.95	2.10	2.10	2.25	2.25	2.45
United States	<b>1.48</b>	1.50	1.75	1.75	2.00	2.00	2.25
New Zealand	<b>2.16</b>	2.25	2.35	2.55	2.65	2.75	2.95

## Global GDP

Dec year	2013	2014	2015	2016	2017	2018	20 Yr Ave
Australia	2.0	2.7	2.5	3.1	3.0	2.4	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)

	1-Aug	Sep-16	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17
WTI oil	41.78	45	52	54	56	58	60
Gold	1357	1320	1300	1250	1210	1170	1120
Iron ore	59	44	41	40	41	41	40
Hard cok. coal	89	93	85	83	84	85	85
Thermal coal	68	62	62	62	58	58	58
Copper	4917	4650	4750	4790	4840	4890	4940
Japan LNG	5.9	6.8	7.1	8.0	8.3	8.5	8.6

Sources: NAB Global Markets Research; Bloomberg; ABS

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