

# Australian Markets Weekly

## Demographic trends remain growth supportive

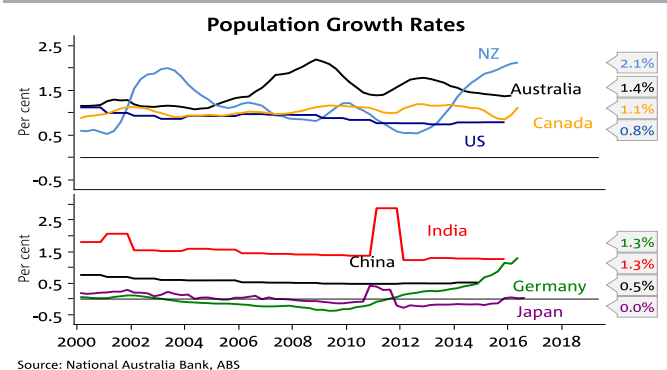
- This week, we focus on the latest demographic trends for Australia (full chart pack attached). While population growth has slowed, at 1.4% y/y, growth remains elevated by historical and international standards and provides a sound underpinning for GDP growth. Population growth remains strongest in the non-mining states of Victoria (nearly 2% y/y – nearly 115,000 new Victorians in the past four quarters) and NSW (1.3% y/y – or 103,000). Strong net overseas migration continues to underpin population growth in these states. And while net overseas migration to WA and QLD has slowed as the mining boom eased, this trend appears to now have stabilized. The other trend worth noting is a strengthening in net interstate migration to Victoria and Queensland. More people are leaving WA, while the traditional flow of population from NSW to Queensland seems to be picking up again possibly reflects house price differentials.
- On population ageing, the number of deaths has been rising (158K in the past year), along with stronger growth in numbers in the 65-74 year old category. That said, immigration and stronger births (304,000 in the past four quarters) mean that growth in the important 25-34 year old age category is broadly matching retirements. There is also strong growth in the very young (0-14).
- The past week saw the Bank of Japan introduce another variant to its QE program – this time QQE with Yield Curve Control (targeting both the slope and the broad level of 10-year yields to ensure the negative impacts of its negative interest rate policy are contained). Other central banks also seem to be stepping up the rhetoric that fiscal policy should play a greater role in supporting growth. That said, the Fed preferred to wait for further information on progress toward its inflation and employment mandates, despite noting that the case for tightening had strengthened in recent months, with 3 dissenters for an immediate tightening. The RBNZ also seems intent on cutting interest rates further, most likely at its November meeting, in spite of continuing strong data.
- This week seems relatively quiet on the data front both internationally and especially in Australia. The main focus will be on the first Presidential debate (today), a raft of Fed speakers over the week and the OPEC meeting in the early part of the week. Australia has public holidays on Friday (Victoria) and next Monday (NSW). The following week is likely to be more important for markets with the release of the US ISMs, the latest non-farm payrolls report along with Australian retail sales and building approvals data. The RBA is expected to leave rates unchanged in October (and by NAB until mid-2017).

### Key markets over the past week

	Last	% chg week		Last	bp / % chg week
AUD	0.7610	1.0	RBA cash	1.50	0
AUD/CNY	5.09	1.8	3y swap	1.70	-7
AUD/JPY	76.8	0.0	ASX 200	5,431	2.5
AUD/EUR	0.677	0.5	Iron ore	56.8	1.5
AUD/NZD	1.053	1.9	WTI oil	44.9	2.4

Source: Bloomberg

### Chart 1: Australia's population growth remains strong



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## The past week

Developments in markets over the past week were dominated by central bank meetings – first, the Bank of Japan on Wednesday Australian time; second the Fed early Thursday morning Australian time and finally the RBNZ also on Thursday morning. The outcomes were: (i) the BoJ seems less enamoured with negative interest rates and will now target keeping the yield curve a bit steeper; (ii) while the case for a further tightening in US policy has strengthened in recent months, the Fed still prefers to wait for further progress towards its dual mandates of 2% inflation and full employment (currently seen as US unemployment around 4.75%). That said there were three dissenters at this meeting for an immediate tightening. Finally, the RBNZ maintained its dovish talk, with the market expecting a further cut in rates at the Bank’s November meeting, in spite of continuing very strong population growth.

The net of these events saw the \$A strengthen – especially against the NZ\$ – while yields declined across the curve in the wake of the Fed’s non move. We are also wondering whether the economic environment in the US will be conducive to a December tightening given politics may cause businesses to be a little cautious until the Presidential situation is resolved.

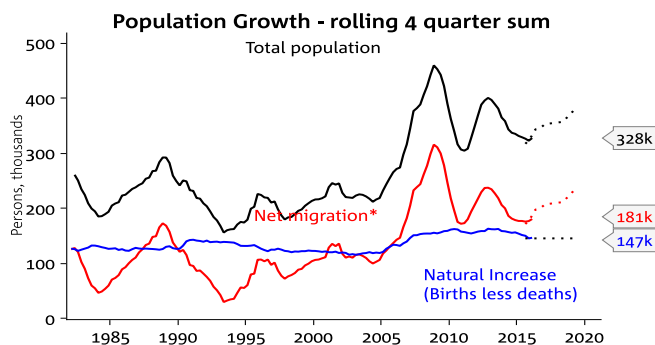
The \$A has been going broadly sideways for the past three months between US\$0.74 and 0.77. It remains NAB’s expectation that a stronger US\$ (likely reflecting further Fed tightening and a continued improvement in the US labour market) will be required for the \$A to begin to depreciate more meaningfully towards our year-ahead targets around US\$0.70.

## Australian population trends

Attached to this week’s publication is a detailed slide pack covering the latest trends in Australia’s population. Here are some of the major points to note.

First, the rate of growth in Australia’s population remains strong by historical (and international) standards at around 1.4% y/y. That’s 328,000 new Australians in the past year – which provides a sound support for Australian GDP growth (chart 2).

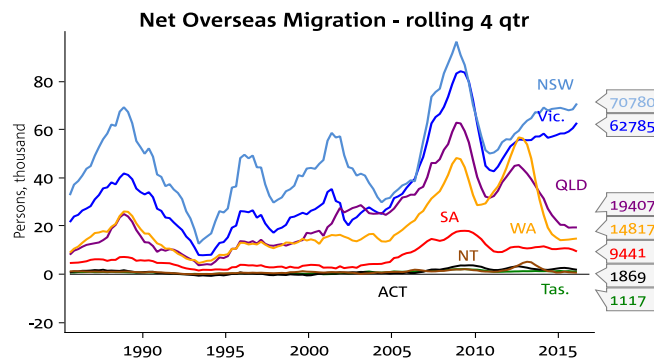
Chart 2: Population growth rates still historically strong



\* Forecast is from the Department of Immigration and Border Protection  
Source: National Australia Bank, ABS

Net overseas migration remains strong (181,000 persons), albeit having slowed somewhat in recent years. This mainly reflects a steady increase in departures, rather than any significant slowing in arrivals. The slowdown in net overseas migration has been concentrated in WA and QLD – and coincides with the moderation in mining activity. Net overseas migration remains very strong into both NSW and Victoria – particularly into Victoria (chart 3).

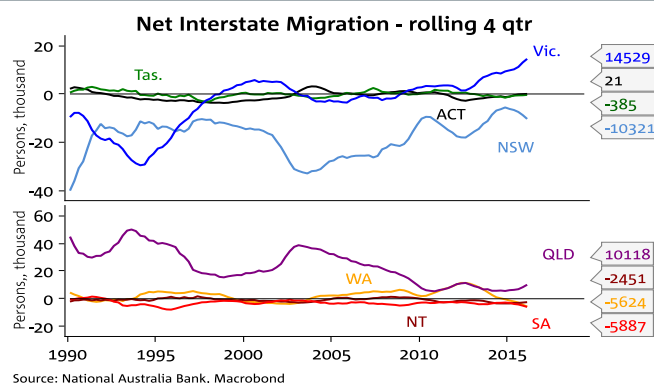
Chart 3: Overseas migration into NSW and Victoria elevated



Source: National Australia Bank, ABS

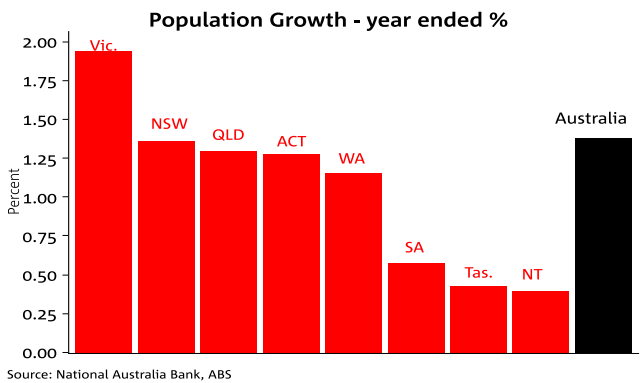
Victoria is also benefiting from an increase in net interstate migration – particularly from WA (which is now seeing population net leaving for interstate destinations – 5,600 persons in the past year), but also likely from NSW. One part of stronger NSW population growth in recent years has been reduced net interstate migration outflows. These outflows seem to be picking up a little again, with QLD net interstate migration also strengthening a little in recent quarters – house price differentials may be part of that story. Nevertheless, the NSW population still grew by over 100,000 in the past four quarters. Victorian population growth however remains the strongest in the nation, with an estimated 115,000 new Victorians over the past four quarters driving a near 2% increase in Victoria’s population (charts 4 and 5).

Chart 4: Victoria also benefiting from interstate migration



Source: National Australia Bank, Macrobond

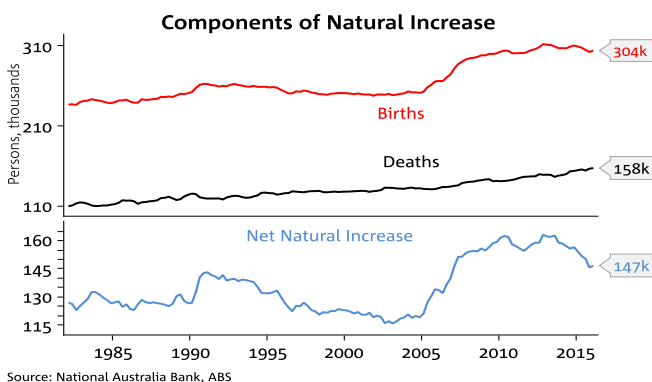
**Chart 5: Victorian population growth near 2%**



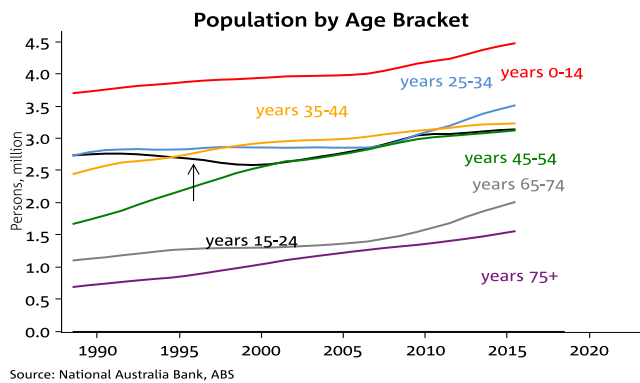
QLD's population growth appears to have stabilised in recent quarters, with a slight pick-up in net interstate migration and a stabilisation in net overseas migration. SA's population growth rate is slowing (from an already low rate) due to a pick-up in net interstate migration out of the state. Population growth rates remain slow in the NT and Tasmania, though in the NT growth seems to have stabilised in recent quarters, while in Tassie, population growth has strengthened a little due to a reduction in net interstate migration out of the state.

The trends in the age of the population have some characteristics of other countries, but some important differences given the continuing strong rate of net overseas migration. The number of deaths each year is rising (chart 6) as is the number of persons aged over 65 (with a particularly strong rise in those aged 65-74). However, the latter is broadly matched by an increase in the cohort aged 25-34 (important for both workforce participation and housing demand), while there is also strong growth in the 0-14 year old age bracket (chart 7).

**Chart 6: Deaths are rising**



**Chart 7: But growth of young balancing aged at present**



**The week ahead**

It's a quiet week on the Australian data front, with most focus offshore on today's first Presidential debate along with a raft of speeches from various Fed speakers the main items on the calendar. Friday is a public holiday in Victoria this week for the AFL Grand Final (go Dogs), while next Monday there is also a public holiday in NSW.

Next week is likely to be more important for markets as we get the next instalment of the all-important US labour market report, along with the ISM indexes for September (markets will be most interested in the extent of any bounce back from the sharp and largely unexpected falls recorded in August). In Australia, the RBA Board will meet on 4 October, while we begin to receive the monthly retail sales and building approvals data – retail sales generally having been softer-than-expected in recent months, while building approvals for the most part, continue to run at very elevated rates, especially in NSW and Victoria, though as our feature article highlights, both regions continue to experience relatively strong rates of population growth.

The RBA is expected to leave interest rates unchanged at its October meeting – and indeed NAB expects the Bank to leave rates unchanged through the end of the year, preferring to see the impact on the economy of the two recent rate cuts. In general, recent public utterances by central banks reveal an increased preference for more expansionary fiscal policy, and Governor Lowe's first Semi-annual testimony provided little encouragement for the suggestion of any change in monetary policy any time soon.

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# Calendar of Economic Releases

Country	Economic Indicator	Period	Forecast	Consensus	Actual	Previous	GMT	AEST
<b>Monday, 26 September 2016</b>								
NZ	Trade Balance	Aug		-735		-433.0	21.45	7.45
NZ	Exports/Imports	Aug		3.6		4.0/4.4	21.45	7.45
JN	BOJ Flow of Funds						23.50	9.50
JN	Leading Index CI	Jul F				100.0	5.00	15.00
JN	BoJ's Kuroda speaks in Osaka						5.30	15.30
JN	Coincident Index	Jul F				112.8	5.00	15.00
GE	Ifo Business Climate	Sep		106.3		106.2	8.00	18.00
GE	Ifo Current Assessment/Expectations	Sep		112.9/100.1		112.8/100.1	8.00	18.00
UK	BBA Loans for House Purchase	Aug		37100		37662.0	8.30	18.30
UK	CBI Total Dist. Reported Sales	Sep				17.0	10.00	20.00
CA	Bloomberg Nanos Confidence	Sep 23				56.7	14.00	0.00
US	New Home Sales/MoM	Aug		600/-8.3		654.0/12.4	14.00	0.00
EC	ECB's Draghi speaks at European Parliament in Brussels						14.00	0.00
US	Dallas Fed Manf. Activity	Sep		-3		-6.2	14.30	0.30
CA	BoC's Poloz speaks at a lecture in Washington State						23.00	9.00
<b>Tuesday, 27 September 2016</b>								
AU	ANZ Roy Morgan Weekly Consumer Confidence Index	Sep 25				115.5	23.30	9.30
JN	PPI Services YoY	Aug		0.3		0.4	23.50	9.50
CH	Industrial Profits YoY	Aug				5.1	1.30	11.30
EC	M3 Money Supply YoY	Aug		4.9		4.8	8.00	18.00
UK	CBI Retailing Reported Sales	Sep		5		9.0	10.00	20.00
US	S&P CoreLogic CS 20-City MoM/YoY	Jul		0/5.1		-0.1/5.1	13.00	23.00
US	Markit US Services/Composite PMI	Sep P		51.2/		51.0/51.5	13.45	23.45
US	Consumer Confidence Index	Sep		98.8		101.1	14.00	0.00
US	Richmond Fed Manuf. Index	Sep		-2		-11.0	14.00	0.00
US	Fed's Fischer discusses why Study Economics?						15.15	1.15
<b>Wednesday, 28 September 2016</b>								
AU	RBA's Edey (Assistant Governor, Financial System) speaks at AFR Retail Summit in Melbourne						0.20	10.20
CH	Westpac-MNI Consumer Sentiment	Sep				111.5	1.45	11.45
JN	Small Business Confidence	Sep		46.9		46.3	5.00	15.00
GE	GfK Consumer Confidence	Oct		10.2		10.2	6.00	16.00
US	MBA Mortgage Applications	Sep 23				-7.3	11.00	21.00
US	Durable Goods Orders/Core Orders	Aug P		-1.5/-0.1		4.4/1.5	12.30	22.30
EC	Draghi Attends Meeting of German Parliament's EU Committee						13.30	23.30
UK	Nationwide House PX MoM/YoY	Sep		0.3		0.6/5.6	28 Sep-4 Oct release	
US	Fed's Yellen Testifies before House Panel on Bank Supervisors						14.00	0.00
US	Fed's Bullard Makes Introductory Remarks on Community Banking						14.10	0.10
US	Fed's Evans Speaks on Community Banking in St. Louis						17.30	3.30
US	Fed's Mester Speaks on Economic Outlook and Policy						20.35	6.35
US	Fed's George Speaks to Minority Bankers in Kansas City						23.15	9.15
<b>Thursday, 29 September 2016</b>								
JN	Retail Sales MoM/YoY	Aug		-0.6		1.4/-0.2	23.50	9.50
CH	Swift Global Payments CNY	Aug				1.9	1.00	11.00
AU	Job vacancies	Aug				-1.9	1.30	11.30
GE	Unemployment Change (000's)/Rate	Sep		-5		-7.0/6.1	7.55	17.55
JN	BoJ's Kuroda speaks at Security Association Conference						6.35	16.35
UK	Net Consumer Credit	Aug		1.4		1.2	8.30	18.30
UK	Net Lending Sec. on Dwellings	Aug		2.55		2.7	8.30	18.30
UK	Mortgage Approvals	Aug		60.2		60.9	8.30	18.30
EC	Business Climate Indicator	Sep		0.05		0.0	9.00	19.00
US	Fed's Harker Speaks in Dublin, Ireland						9.00	19.00
GE	CPI MoM/YoY	Sep P		0/0.6		0.0/0.4	12.00	22.00
GE	CPI EU Harmonized MoM/YoY	Sep P		0/0.5		-0.1/0.3	12.00	22.00
US	Advance Goods Trade Balance	Aug		-62.3		-58.8	12.30	22.30
US	Wholesale Inventories MoM	Aug P		0		0.0	12.30	22.30
US	GDP Annualized QoQ	2Q T		1.3		1.1	12.30	22.30
US	Initial Jobless Claims	Sep 24		260		252	12.30	22.30
US	Fed's Lockhart Speaks to the Future of Florida Forum						12.50	22.50
US	Bloomberg Consumer Comfort	Sep 25				41.3	13.45	23.45
US	Fed's Powell Speaks on Community Banking in St. Louis						14.00	0.00
US	Pending Home Sales MoM/YoY	Aug		0/		1.3/-2.2	14.00	0.00
US	Yellen addresses minority banking conference via video link						20.00	6.00
<b>Friday, 30 September 2016</b>								
NZ	Building Permits MoM	Aug				-10.5	21.45	7.45
UK	GfK Consumer Confidence	Sep		-5		-7.0	23.10	9.10
UK	Lloyds Business Barometer	Sep				16.0	23.10	9.10
JN	Jobless Rate/Jobs-to-applicants ratio	Aug		3		3.0/1.4	23.30	9.30
JN	Overall Household Spending YoY	Aug		-2.1		-0.5	23.30	9.30
JN	Natl CPI YoY	Aug		-0.5		-0.4	23.30	9.30
JN	Industrial Production MoM/YoY	Aug P		0.5/3.4		-0.4/-4.2	23.50	9.50
NZ	ANZ Activity Outlook/Business Confidence	Sep				33.7/15.5	0.00	10.00
AU	HIA New Home Sales MoM	Aug				-1.8	1.00	11.00
AU	Private Sector Credit MoM/YoY	Aug		0.45/5.9		0.4/6.0	1.30	11.30
CH	Caixin China PMI Mfg	Sep		50.1		50.0	1.45	11.45
NZ	Money Supply M3 YoY	Aug				6.3	2.00	12.00
UK	GDP QoQ/YoY	2Q F		0.6/2.2		0.6/2.2	8.30	18.30
UK	Current Account Balance	2Q		-30.55		-32.6	8.30	18.30
UK	Index of Services MoM	Jul		0.1		0.2	8.30	18.30
UK	Total Business Investment QoQ/YoY	2Q F		0.5/-0.8		0.5/-0.8	8.30	18.30
EC	Unemployment Rate	Aug		10		10.1	9.00	19.00
EC	CPI Estimate YoY	Sep		0.4		0.2	9.00	19.00
EC	CPI Core YoY	Sep A		0.9		0.8	9.00	19.00
US	Personal Income/Spending	Aug		0.2/0.1		0.4/0.3	12.30	22.30
US	PCE Deflator MoM/YoY	Aug		0.2/0.9		0.0/0.8	12.30	22.30
US	PCE Core MoM/YoY	Aug		0.2/1.7		0.1/1.6	12.30	22.30
CA	GDP MoM/YoY	Jul		0.3/1		0.6/1.1	12.30	22.30
CA	Industrial Product Price MoM	Aug		0		0.2	12.30	22.30
CA	Raw Materials Price Index MoM	Aug		-1		-2.7	12.30	22.30
US	Chicago Purchasing Manager	Sep		52		51.5	13.45	23.45
CH	BoP Current Account Balance	2Q F				59.4		
US	U. of Mich. Sentiment/5-10 Yr Inflationary expectations	Sep F		90/		89.8/2.5	14.00	0.00
<b>Saturday, 1 October 2016</b>								
CH	Manufacturing PMI	Sep		50.4		50.4	1.00	11.00
CH	Non-manufacturing PMI	Sep				53.5	1.00	11.00
<b>Sunday, 2 October 2016</b>								
AUS	Daylight Savings begins, +1hr to +1100GMT							2.00
<b>Upcoming Central Bank Interest Rate Announcements</b>								
New Zealand, RBNZ		22-Sep	2.00%	2.00%		2.00%		
Australia, RBA		4-Oct	1.50%	1.50%		1.50%		
Europe, ECB		20-Oct				0.00%		
Canada, BoC		20-Oct				0.50%		
Japan, BoJ		1-Nov				-0.1% to +0.1%		
US Federal Reserve		3-Nov				0.25-0.50%		
UK, BOE		3-Nov				0.25%		

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	2.7	2.1	2.3	0.6	0.6	0.9	0.7	0.8	0.4	0.5	0.6	0.5	0.5	0.6	0.7	0.5	0.6	0.5	0.6
Underlying Business Investment	-10.4	-9.3	-5.4	-3.2	-4.0	-1.5	-6.3	-2.0	-3.4	-2.2	-0.4	-0.5	-2.9	-1.9	-0.4	0.8	1.5	1.2	0.7	1.8
Residential Construction	9.7	7.4	2.3	-3.8	4.6	0.6	1.5	2.8	2.1	1.6	1.3	0.9	0.7	0.5	-0.9	-0.4	-1.3	-1.7	-1.0	-0.7
Underlying Public Spending	2.1	4.1	2.9	2.6	1.0	1.9	-0.7	1.6	0.6	2.4	0.3	0.6	0.6	0.6	0.6	0.6	0.6	0.7	0.7	0.7
Exports	6.0	7.8	9.7	6.8	3.5	-3.1	4.8	0.2	3.1	1.3	2.4	2.4	2.4	2.4	2.5	2.2	1.6	1.2	0.8	0.9
Imports	1.7	0.4	4.0	5.1	3.3	0.4	-1.6	0.3	-0.8	2.7	1.0	1.1	0.5	0.7	1.0	1.5	1.3	1.3	1.2	1.6
Net Exports (a)	0.9	1.6	1.4	0.6	0.1	-0.8	1.4	0.0	1.1	-0.2	0.3	0.3	0.5	0.4	0.4	0.3	0.1	0.0	-0.1	-0.1
Inventories (a)	0.1	-0.1	0.0	0.1	0.6	-0.3	0.1	-0.1	-0.1	0.2	-0.2	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0
Domestic Demand - qtr%					0.3	0.6	-0.4	0.6	0.1	0.6	0.4	0.5	0.2	0.3	0.4	0.6	0.5	0.5	0.5	0.6
Dom Demand - ann %	1.1	1.6	1.5	2.0	0.7	1.3	1.1	1.1	1.3	1.2	2.0	1.9	1.7	1.4	1.4	1.4	1.8	2.0	2.1	2.2
<b>Real GDP - qtr %</b>	<b>0.9</b>	<b>0.2</b>	<b>1.0</b>	<b>0.7</b>	<b>0.9</b>	<b>0.2</b>	<b>1.0</b>	<b>0.7</b>	<b>1.0</b>	<b>0.5</b>	<b>0.5</b>	<b>0.8</b>	<b>0.6</b>	<b>0.8</b>	<b>0.8</b>	<b>0.8</b>	<b>0.6</b>	<b>0.5</b>	<b>0.4</b>	<b>0.5</b>
<b>Real GDP - ann %</b>	<b>2.4</b>	<b>3.0</b>	<b>2.8</b>	<b>2.6</b>	<b>2.3</b>	<b>2.0</b>	<b>2.6</b>	<b>2.8</b>	<b>3.0</b>	<b>3.3</b>	<b>2.8</b>	<b>2.9</b>	<b>2.5</b>	<b>2.7</b>	<b>3.0</b>	<b>3.0</b>	<b>3.0</b>	<b>2.8</b>	<b>2.4</b>	<b>2.1</b>
CPI headline - qtr %					0.2	0.7	0.5	0.4	-0.2	0.4	0.7	0.9	0.5	0.5	0.7	0.8	0.5	0.6	0.7	0.9
CPI headline - ann %	1.5	1.3	2.6	2.6	1.3	1.5	1.5	1.7	1.3	1.0	1.3	1.8	2.5	2.6	2.6	2.6	2.5	2.6	2.6	2.6
CPI underlying - qtr %					0.7	0.5	0.3	0.5	0.2	0.5	0.5	0.5	0.5	0.5	0.4	0.4	0.4	0.5	0.5	0.5
CPI underlying - ann %	2.2	1.6	1.8	1.8	2.4	2.2	2.1	2.0	1.5	1.5	1.7	1.6	1.9	1.9	1.8	1.8	1.7	1.8	1.8	2.0
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	5.7	5.6	5.6	6.2	6.0	6.1	5.9	5.9	5.7	5.7	5.6	5.6	5.6	5.7	5.7	5.6	5.6	5.6	5.6
Terms of trade	-11.5	-2.1	-5.7	-1.3	-2.6	-4.5	-2.3	-3.3	-1.9	2.2	6.2	-0.6	-4.3	-4.1	-2.1	-2.7	-1.3	-1.5	-1.8	-0.6
G&S trade balance, \$Abn	-36.3	-20.4	-23.9	-47.2	-5.0	-11.5	-8.6	-11.3	-8.6	-8.0	-2.1	-1.6	-3.6	-5.7	-6.4	-8.2	-9.3	-10.8	-12.9	-14.2
% of GDP	-2.2	-1.2	-1.4	-2.6	-1.2	-2.8	-2.1	-2.8	-2.1	-1.9	-0.5	-0.4	-0.8	-1.3	-1.5	-1.9	-2.1	-2.4	-2.9	-3.1
Current Account (% GDP)	-4.7	-2.9	-3.1	-4.4	-3.4	-5.2	-4.8	-5.5	-3.6	-3.7	-2.3	-2.1	-2.6	-3.1	-3.2	-3.6	-3.8	-4.2	-4.6	-4.9

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

## Exchange Rate Forecasts

	26-Sep	Sep-16	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17
<b>Majors</b>							
AUD/USD	<b>0.7611</b>	0.75	0.73	0.72	0.70	0.70	0.69
NZD/USD	<b>0.7226</b>	0.72	0.70	0.68	0.67	0.67	0.68
USD/JPY	<b>100.84</b>	102	103	103	102	101	100
EUR/USD	<b>1.1235</b>	1.12	1.10	1.09	1.07	1.06	1.06
GBP/USD	<b>1.2985</b>	1.26	1.22	1.20	1.17	1.16	1.16
USD/CNY	<b>6.6698</b>	6.70	6.70	6.68	6.65	6.65	6.65
USD/CAD	<b>1.3172</b>	1.29	1.33	1.35	1.37	1.37	1.38

### Australian Cross Rates

	26-Sep	Sep-16	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17
AUD/JPY	<b>76.7</b>	77	75	74	71	71	69
AUD/EUR	<b>0.6774</b>	0.67	0.66	0.66	0.65	0.66	0.65
AUD/GBP	<b>0.5861</b>	0.60	0.60	0.60	0.60	0.60	0.59
AUD/NZD	<b>1.0533</b>	1.04	1.04	1.06	1.04	1.04	1.01
AUD/CNY	<b>5.0764</b>	5.03	4.89	4.81	4.66	4.66	4.59
AUD/CAD	<b>1.0025</b>	0.97	0.97	0.97	0.96	0.96	0.95
AUD/CHF	<b>0.7380</b>	0.75	0.71	0.69	0.67	0.68	0.67

## Interest Rate Forecasts

	26-Sep	Sep-16	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17
<b>Aust rates</b>							
RBA Cash rate	<b>1.50</b>	1.50	1.50	1.50	1.25	1.00	1.00
3 month bill rate	<b>1.74</b>	1.75	1.75	1.75	1.50	1.25	1.25
3 Year Swap Rate	<b>1.70</b>	1.6	1.6	1.4	1.3	1.5	1.6
10 Year Swap Rate	<b>2.14</b>	2.1	2.2	2.1	2.2	2.2	2.4
<b>Offshore Policy Rates</b>							
US Fed funds	<b>0.50</b>	0.50	0.75	0.75	1.00	1.00	1.25
ECB deposit rate	<b>-0.40</b>	-0.40	-0.40	-0.40	-0.40	-0.40	-0.40
BoE repo rate	<b>0.25</b>	0.25	0.10	0.10	0.10	0.10	0.10
BoJ excess reserves rate	<b>-0.10</b>	-0.10	-0.10	-0.10	-0.10	-0.10	-0.10
RBNZ OCR	<b>2.00</b>	2.00	1.75	1.50	1.50	1.50	1.50
China 1yr lending rate	<b>4.35</b>	4.35	4.35	4.10	4.10	4.10	4.10
China Reserve Ratio	<b>17.0</b>	15.5	15.0	15.0	15.0	15.0	15.0
<b>10 Year Benchmark Bond Yields</b>							
Australia	<b>1.97</b>	1.90	2.05	1.95	2.00	2.00	2.15
United States	<b>1.61</b>	1.50	1.75	1.75	2.00	2.00	2.25
New Zealand	<b>2.36</b>	2.10	2.15	2.35	2.55	2.55	2.75

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	2.4	3.0	2.8	2.6	3.4
US	1.7	2.4	2.6	1.5	2.1	1.9	2.6
Eurozone	-0.3	0.9	1.6	1.4	1.1	1.5	1.5
UK	1.9	3.1	2.2	1.6	0.6	1.6	2.4
Japan	1.4	-0.1	0.6	0.5	0.6	0.6	0.8
China	7.7	7.3	6.9	6.6	6.5	6.3	9.2
India	6.4	7.0	7.2	7.7	7.7	7.5	6.6
New Zealand	2.4	3.7	2.5	2.9	2.9	1.9	3.0
World	3.3	3.3	3.0	2.8	3.0	3.1	3.5
MTP Top 5	3.9	3.8	3.9	3.5	3.5	3.4	5.0

## Commodity prices (\$US)

	26-Sep	Sep-16	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17
WTI oil	44.87	45	52	54	56	58	60
Gold	1336	1320	1300	1250	1210	1170	1120
Iron ore	57	44	41	40	41	41	40
Hard cok. coal	89	93	85	83	84	85	85
Thermal coal	72	62	62	62	58	58	58
Copper	4842	4650	4750	4790	4840	4890	4940
Japan LNG	6.6	6.8	7.1	8.0	8.3	8.5	8.6

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