

Australian Markets Weekly

Employment stalls: mid-cycle slowing or something more?

- In this weekly, we delve further behind Australia's employment data where trend employment growth has stalled. The last time trend employment was so weak was in mid-2013.
- The slowing is coming from NSW (and to some extent Vic). SEEK Job Ads suggests this might be partly attributable to a slowing in new jobs generated from the housing sector– it's even possible the peak in residential construction might be nearer than thought. Combined with continued evident job shedding in the mining sector (especially in WA), spare capacity in the labour market is set to grow (note around 13-15k jobs a month are needed to keep the unemployment rate from rising).
- As for markets, the boost to bond yields, equities and the US dollar has continued. Fed Chair Yellen indicated that a December rate hike was likely – the market currently prices in a 96% chance. Dr Yellen also obliquely indicated (via referencing market pricing) that an expected US fiscal expansion under a Trump Administration is expected to push up inflation. Despite that, the Fed Chair continued to temper expectations for Fed policy into next year stating the economy only warrants “gradual increases”. In tacit approval for recent US dollar strength and associated tightening in financial conditions, the Fed's Dudley also said there was nothing concerning with recent financial market movements.
- A light calendar increases the chances further that markets will pay more attention to geopolitical events (after having been wrong-footed by Brexit and the US election). Key events include the coming OPEC meeting (30 Nov); the Italian Constitutional Referendum (4 Dec) on which PM Renzi has staked his leadership; the French Presidential Election (April-May) now getting wire coverage where Eurosceptic LePen is polling at 30%; and the German Federal Election (Oct 2016).
- NAB's FX Strategy team have also today published revised forecasts for the EUR, JPY, GBP and CNY. Forecasts for AUD and NZD versus the USD are unchanged since there was already a substantial depreciation built in to our 2017 and early 2018 forecasts.

Markets over the past week

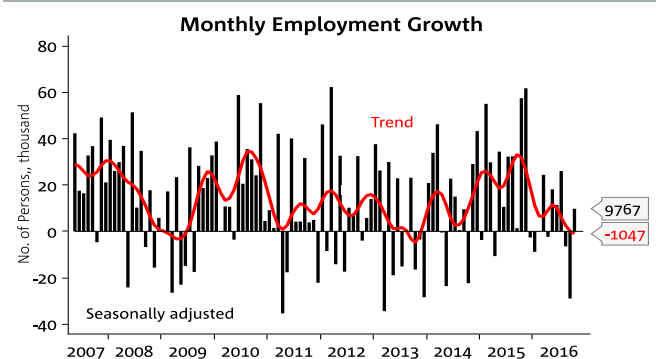
For markets, the post Trump euphoria continues with equities and the US dollar higher (helped along by comments from Yellen), while nominal bond yields moved higher in

Table 1: Market Moves

	Last	% chg week		Last	bp / % chg week
AUD	0.7328	-3.0	RBA cash	1.50	0
AUD/CNY	5.05	-2.3	3y swap	1.99	-5
AUD/JPY	81.3	-0.8	ASX 200	5,420	0.3
AUD/EUR	0.691	-1.8	Iron ore	72.8	-8.8
AUD/NZD	1.047	-1.4	WTI oil	46.1	6.4

Source: Bloomberg

Chart 1: What's driving flat employment?



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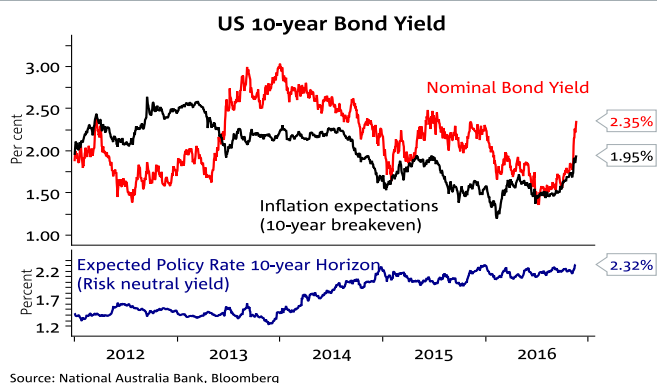
Tapas Strickland, Economist, Markets

anticipation that Trump's fiscal policies (infrastructure and tax cuts) are inflationary. With the dollar higher, the Australian dollar fell 3% over the week.

Rising US bond yields (Chart 2) has also dragged up Australian bond yields. Combined with some neutral comments from Martin Place, this has seen markets almost price out any chance of further RBA easing (currently only 4% chance the RBA cuts rates over the next 12 months).

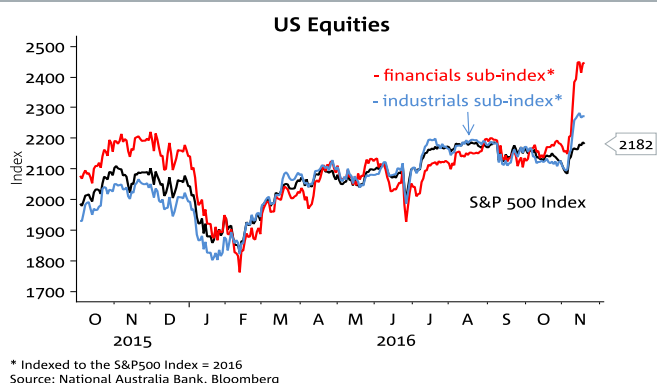
Our feature article in this Weekly delves into the recent slowdown in employment, which if it continued into 2017 could be the catalyst for further RBA easing. We suggest further subdued near term employment prints could be likely, and if realised would see the market pricing a greater risk of easing. (NAB's forecasts call for the RBA to cut rates further in 2017.)

Chart 2: Bond yields up mainly on inflation expectations



One interesting aspect of the recent rally in equities has been the outperformance of financials and industrials (Chart 3). Financials have been buoyed by the prospect of less financial regulation (namely a roll back of US Dodd-Frank legislation) and industrials on prospects of greater infrastructure spending. (Positive US equity moves has also led to Australian equities being 0.3% higher over the week).

Chart 3: US equities rally narrowly focused – vulnerable?



Revised FX forecasts

NAB's FX Strategy team have today published revised forecasts for the EUR, JPY, GBP and CNY. Forecasts for AUD and NZD versus the USD are unchanged since there was already a substantial depreciation built in to our 2017 and early 2018 forecasts. There is though recognition that the risks around the AUD forecasts in particular are now biased

to the downside. Higher US bond yields in the wake of Donald Trump's US presidential election victory, anticipating more expansionary fiscal policy next year, higher inflation and tighter Fed policy, are the key drivers of these forecast revisions.

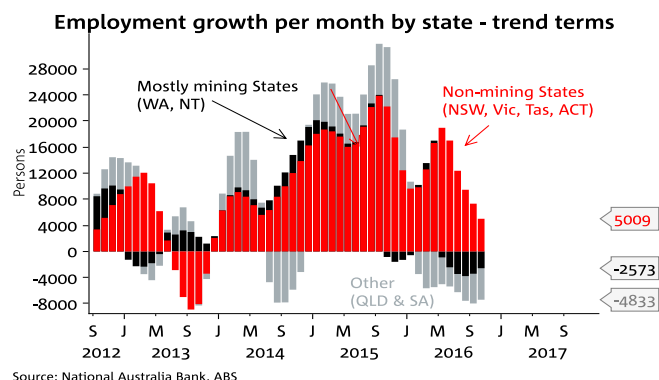
EUR/USD is now seen breaking below parity ahead of next year's French Presidential elections, with a period of important geopolitical risk now almost upon us with the Italian referendum on constitutional reform and Austrian Presidential election both scheduled for 4th December. The post-Trump victory rise in USD/JPY is seen extending to the ¥115 area next year with upside risk. This means that our AUD/EUR and AUD/JPY forecasts are both revised higher. GBP forecasts have also been revised higher, with improved prospects for a US-UK free trade agreement following Trump's win one relevant factor. On CNY, the current commitment to a stable RMB in trade-weighted basket terms is likely to see additional USD strength reflected in on-going USD/CNY appreciation – to near 7.25 by Q1 next year.

Why is employment growth slowing?

The Statistician reported last Thursday that Australia's trend employment growth has slowed further to stall speed. The slowing has come with the decline in full-time jobs – partly mining, and this is what the RBA reported in its latest Statement on Monetary Policy (SoMP).

However, and more worryingly, there appears to be a broad based slowing in the non-mining parts of employment growth – principally in the large non-mining state of NSW (Chart 4). This slowing is also being picked up in most forward indicators of the labour market, including in the NAB Business Survey and in SEEK Job Ads.

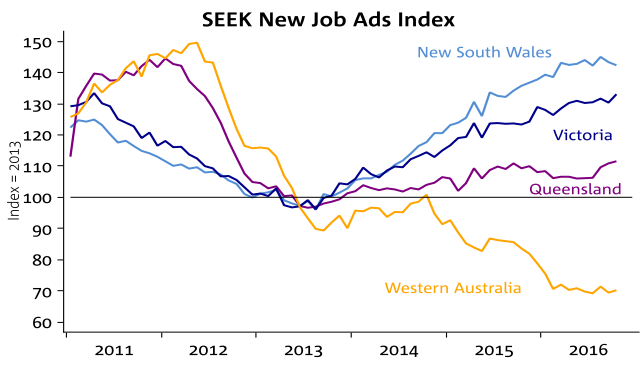
Chart 4: Slower growth driven by mining and NSW



Since 2016, SEEK has been reporting a slowing in the pace of new NSW job ads posted on its website and to some extent for Vic-based jobs. In contrast, the Qld Job advertising market appears to be picking up after a prolonged period of weakness (more on that later).

A key question emerging is what industries are causing the labour market to slow and how likely is this slowdown to persist. Lucky for us, SEEK publishes growth in job ads by industry across Australia on year on year basis (Chart 6). It reveals the pace of job ads growth has started to decline in a number of areas, with around half of the categories declining, and around half rising.

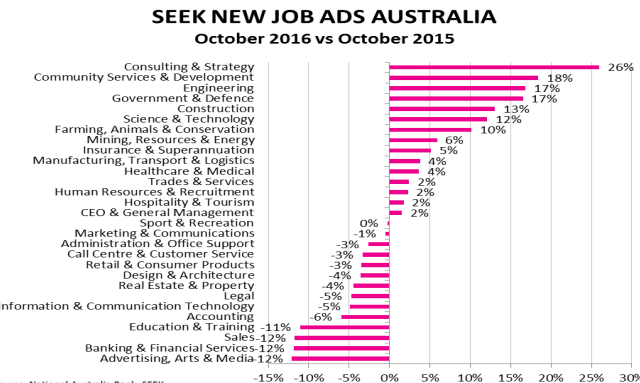
Chart 5: New Job Ads slowing in NSW (and slightly in Vic)



Source: National Australia Bank, SEEK

It is also interesting to see some of the declines occurring in the Design & Architecture and Real Estate & Property sectors, along with very slow growth in Trades & Services – all sectors associated with the recent residential construction boom and property price boom in the eastern states. In contrast, Construction jobs are still growing strongly, along with Government & Defence and other largely public sector-related jobs of Community Services & Development, and Healthcare & Medical.

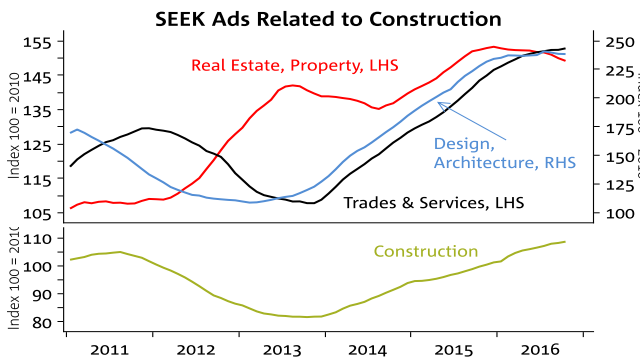
Chart 6: Job Ads slowing across a range of categories



Source: National Australia Bank, SEEK

Focusing in on the residential construction sector
The four components of job ads somewhat related to the residential property sector comprise around 20% of job advertising so trends in these sectors are significant for the overall momentum in the labour market (See Chart 7). During 2014 to 2015 there was very strong growth in these sectors. However, since early 2016 three out of the four sectors appear to be flattening off and even declining.

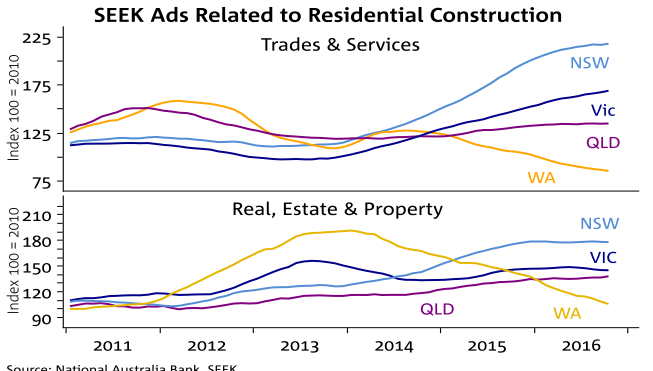
Chart 7: Ads related to residential boom slowing



Source: National Australia Bank, SEEK

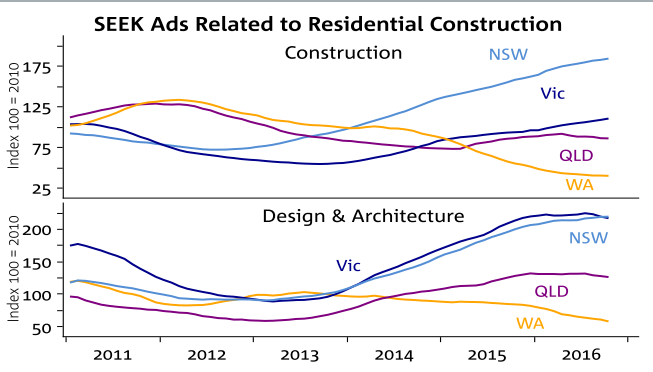
Of course some of that is related to difficult conditions in WA, but focusing in on NSW reveals job ads for Trades & Services, Real Estate & Property, and Design & Architecture has softened (Charts 8 and 9).

Chart 8: NSW appears to be slowing for resi-related jobs



Source: National Australia Bank, SEEK

Chart 9: Construction still strong, but Design peaking



Source: National Australia Bank, SEEK

The softening in job ads in these sectors also lines up with a moderation in housing turning over, along with an emerging flattening out in residential building approvals. With new job ads leading activity, this also suggests the peak in residential construction may be approaching. NAB currently has two rate cuts pencilled in for 2017 on the back of the housing construction cycle turning in 2017/18 with the RBA needing to pre-emptively cut rates to stimulate other sectors of the economy in order to stop the unemployment rate from rising. Our analysis suggests the labour market indicates that the slowing in the housing construction cycle may have already begun. If realised, that would see the market pricing in a greater risk of easing.

Outlook for employment

The trend for employment remains hostage to trends in mining employment, and the possibility that gains in the non-mining states have become more problematic. Analysis of passenger traffic on key mining routes tells a different story across the country. In WA, traffic remains well above pre-boom levels, presumably from high activity levels, even if the completion of remaining LNG work could see some further decline (Chart 10). Levels of traffic to mining airports in QLD are back at if not below pre-boom levels; it will be interesting to see what pick up might be now in the offing as a result of very attractive coal export prices (Chart 11).

Chart 10: Fly-in, fly-out WA traffic still high historically

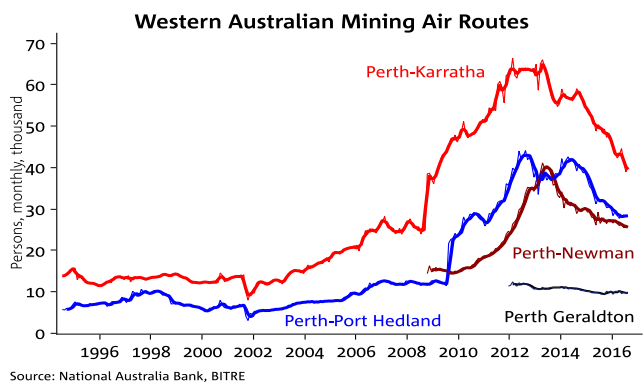


Chart 13: Continued part-time jobs likely – it’s a global story

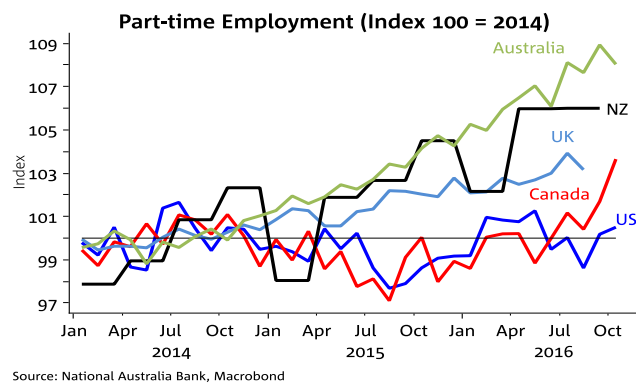
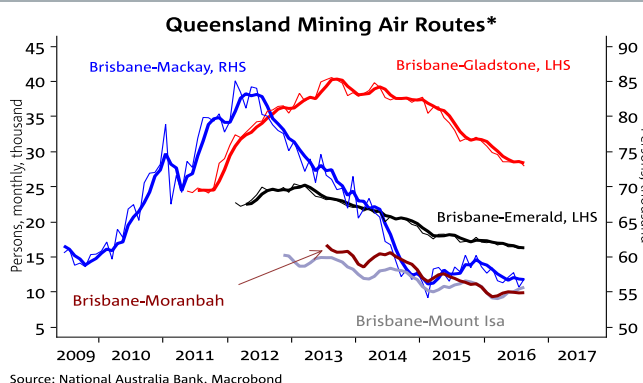


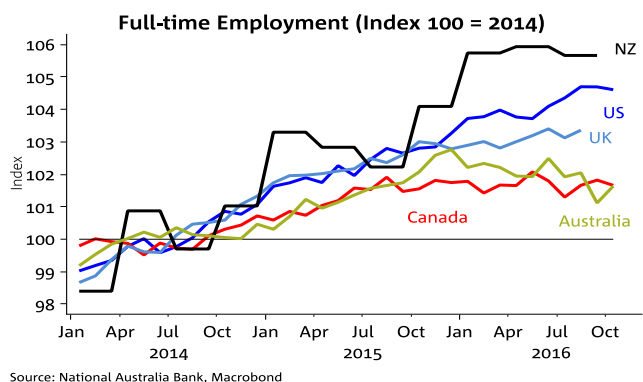
Chart 11: QLD traffic back to much lower levels



With mining related jobs typically being full-time, this sector could still play a role in the overall employment outlook.

As an aside, it’s also worth noting that Australia has generally underperformed globally on full-time jobs creation, but has performed similarly to Canada which has also experienced to now quite challenging resource sector conditions, support to the notion that the loss of full-time jobs is mining-related.

Chart 12: Full-time jobs likely to underperform



With the services sector likely to drive future employment prospects, it is likely that part-time employment will grow in structural importance. It’s also worth noting here that the growth in part-time employment is also a global phenomenon. For Australia, with full-time employment levels in the resources-related sectors well down from peak levels, and new job creation driven by a further shift to part-time employment over time, it’s possible spare capacity and underemployment could remain elevated for some time.

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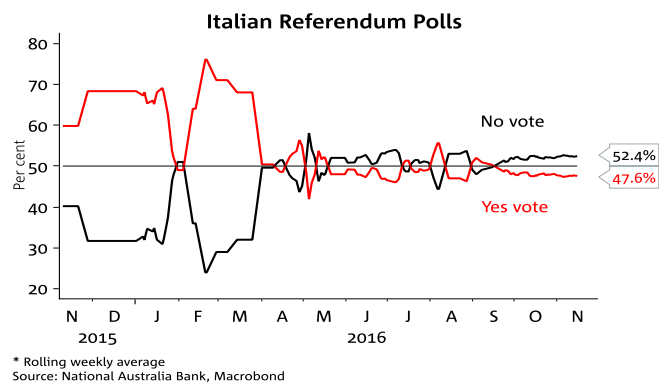
Week ahead

It is a very quiet week ahead for Australia with only two major events. The first is a Speech by the RBA’s Chief Economist Chris Kent on Tuesday evening to the Australian Business Economists’ Forecasting Conference at 18.45 AEDT. Dr Kent is speaking to the topic “Australia’s Economic Transition – State by State”. The other is Q3 Construction Data which is a major input into Q3 GDP (out 7 December).

For Construction Work Done, the major story has been one of falling mining investment, subdued non-mining investment and rising residential construction. These trends have seen aggregate construction work decline for four consecutive quarters. For this quarter, NAB’s forecasts calls for another decline of 1.6% q/q, with the boost from residential and public infrastructure construction still more than offset by a further wind down of resource sector spending. The market consensus also sits at -1.6% q/q.

It is also a quiet week internationally with the US Thanksgiving Day Holiday and associated light trade Friday. Geopolitical events are likely to dominate market sentiment with eyes on polls ahead of the Italian referendum which PM Renzi has staked his leadership on (4 Dec), focus on OPEC with officials meeting Monday ahead of the formal meeting on 30 Nov. Data-wise we get the FOMC November Minutes, EU flash PMIs also Wednesday, German IFO Thursday, and Japanese CPI Friday.

Chart 14: Focus on Italian Referendum – no vote is ahead



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Calendar of Economic Releases

Country	Economic Indicator	Period	Forecast	Consensus	Actual	Previous	GMT	AEDT
Monday, 21 November 2016								
JN	Trade Balance Adjusted	Oct		404.25		349.0	0.50	10.50
JN	Exports/Imports YoY	Oct		-8.5/-16.1		-6.9/-16.3	0.50	10.50
UK	Rightmove House Prices MoM/YoY	Dec		/		-1.1/4.5	1.10	11.10
JN	BoJ Policy Board member Masai speaks						2.30	12.30
JN	All Industry Activity Index MoM	Sep		0		0.2	5.30	15.30
JN	Convenience Store Sales YoY	Oct				0.0	8.00	18.00
US	Fed Governor Fischer speaks in New York, "Long Term Challenges for the US Economy"						14.00	0.00
US	Chicago Fed Nat Activity Index	Oct		0		-0.1	14.30	0.30
CA	Wholesale Trade Sales MoM	Sep		0.5		0.8	14.30	0.30
CH	Conference Board Leading Economic Index	Oct					15.00	1.00
CA	Bloomberg Nanos Confidence	Nov 18				55.6	16.00	2.00
Tuesday, 22 November 2016								
NZ	Net Migration SA	Oct				6340.0	22.45	8.45
AU	ANZ Roy Morgan Weekly Consumer Confidence Index	Nov 20				118.2	23.30	9.30
AU	RBA's Chris Aylmer (Head of Domestic Markets) speaks at the Australian Securitisation Forum in Sydney						0.25	10.25
NZ	Credit Card Spending MoM/YoY	Oct		/		2.6/8.2	3.00	13.00
AU	RBA's Kent, Assistant Governor (Economic) speaks on "Australia's Economic Transition - State by State" at ABE Event in Sydney						8.45	18.45
UK	Public Finances (PSNCR)/Public Sector Net Borrowing	Oct		/5.95		13.3/10.1	10.30	20.30
UK	PSNB ex Banking Groups	Oct		6		10.6	10.30	20.30
UK	CBI Trends Total Orders/Selling Prices	Nov		-8/		-17.0/8.0	12.00	22.00
CA	Retail Sales/Ex autos MoM	Sep		0.6/0.5		-0.1/0.0	14.30	0.30
US	Richmond Fed Manufact. Index	Nov		0		-4.0	16.00	2.00
EC	Consumer Confidence	Nov A		-7.8		-8.0	16.00	2.00
US	Existing Home Sales/MoM	Oct		5.43/-0.73		5.5/3.2	16.00	2.00
Wednesday, 23 November 2016								
AU	Skilled Vacancies MoM	Oct				-1.2	1.00	11.00
AU	Construction Work Done	3Q	-1.6	-1.6		-3.7	1.30	11.30
CH	MNI Business Indicator	Nov					2.45	12.45
GE	Markit/BME Germany Manufacturing/Services PMI	Nov P		54.8/54		55.0/54.2	9.30	19.30
GE	Markit/BME Germany Composite PMI	Nov P		55		55.1	9.30	19.30
EC	Markit Eurozone Manufacturing/Services PMI	Nov P		53.3/52.9		53.5/52.8	10.00	20.00
EC	Markit Eurozone Composite PMI	Nov P		53.3		53.3	10.00	20.00
US	Durable Goods Orders	Oct P		1.2/0.3		-0.3/-1.3	14.30	0.30
US	Cap Goods Orders Nondef Ex Air	Oct P		0.3		-1.3	14.30	0.30
US	Initial Jobless Claims	Nov 19		248		235.0	14.30	0.30
US	House Price Purchase Index QoQ	3Q				1.2	15.00	1.00
US	FHFA House Price Index MoM	Sep		0.5		0.7	15.00	1.00
US	Bloomberg Consumer Comfort	Nov 20				45.4	15.45	1.45
US	Markit US Manufacturing PMI	Nov P		53.4		53.4	15.45	1.45
US	New Home Sales/MoM	Oct		590/-0.5		593.0/3.1	16.00	2.00
US	U. of Mich. Sentiment/5-10 Yr Inflation Expectations	Nov F		91.6/		91.6/2.7	16.00	2.00
US	U.S. Fed Releases Minutes from November 1-2 FOMC Meeting						20.00	6.00
Thursday, 24 November 2016								
JN	Nikkei Japan PMI Mfg	Nov P				51.4	1.30	11.30
CH	Swift Global Payments CNY	Oct				2.0	2.00	12.00
JN	Leading Index CI	Sep F				100.5	6.00	16.00
GE	GDP SA QoQ/YoY	3Q F		0.2/1.7		0.2/1.7	8.00	18.00
GE	IFO Business Climate	Nov		110.5		110.5	10.00	20.00
GE	IFO Current Assessment/Expectations	Nov		115/106		115.0/106.1	10.00	20.00
UK	BBA Loans for House Purchase	Oct		38975		38252.0	10.30	20.30
GE	GfK Consumer Confidence	Dec		9.7		9.7	13.00	23.00
US	Thanksgiving Day holiday							
Friday, 25 November 2016								
NZ	Trade Balance NZD/12m YTD	Oct		-942/-3386		-1436.0/-3404.0	#VALUE!	#VALUE!
JN	Natl CPI/Ex fresh food YoY	Oct		0/-0.4		-0.5/-0.5	0.30	10.30
JN	Natl CPI Ex Food, Energy YoY	Oct		0.1		0.0	0.30	10.30
JN	PPI Services YoY	Oct		0.3		0.3	0.50	10.50
JN	Natl CPI Ex Fresh Food, Energy YoY	Oct		0.3		0.2	6.00	16.00
UK	GDP QoQ/YoY	3Q P		0.5/2.3		0.5/2.3	10.30	20.30
UK	Index of Services MoM/ 3m/3m	Sep		0.2/0.8		0.2/0.8	10.30	20.30
UK	Total Business Investment QoQ/YoY	3Q P		-1/-2.5		1.0/-0.8	10.30	20.30
UK	CBI Retailing Reported Sales	Nov		12		21.0	12.00	22.00
UK	CBI Total Dist. Reported Sales	Nov		11		26.0	12.00	22.00
US	Advance Goods Trade Balance	Oct		-58.95		-56.5	14.30	0.30
US	Wholesale Inventories MoM	Oct P		0.2		0.1	14.30	0.30
US	Markit US Services/Composite PMI	Nov P		54.7/		54.8/54.9	15.45	1.45
Sunday, 27 November 2016								
CH	Industrial Profits YoY	Oct				7.7	2.30	12.30
Upcoming Central Bank Interest Rate Announcements								
Australia, RBA		6-Dec	1.50%	1.50%		1.50%		
Canada, BoC		7-Dec				0.50%		
Europe ECB		8-Dec				0.00%		
US Federal Reserve		15-Dec	0.25-0.50%	0.25-0.50%		0.25-0.50%		
UK BOE		15-Dec				0.25%		
Japan, BoJ		20-Dec				-0.1% to +0.1%		
New Zealand, RBNZ		9-Feb	1.75%	1.75%		1.75%		

GMT: Greenwich Mean Time; AEDT: Australian Daylight Savings 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
Australia Forecasts																				
Household Consumption	2.8	2.6	2.2	2.4	0.6	0.6	0.9	0.7	0.8	0.4	0.4	0.6	0.4	0.5	0.8	1.0	0.2	0.0	1.0	1.5
Underlying Business Investment	-10.4	-8.9	-4.6	3.4	-4.0	-1.5	-6.3	-2.0	-3.4	-2.2	-0.4	1.2	-3.9	-1.9	0.6	0.8	1.3	1.3	-0.6	3.8
Residential Construction	9.7	7.4	2.7	-2.4	4.6	0.6	1.5	2.8	2.1	1.6	1.3	0.9	0.7	0.5	0.0	-0.3	-0.5	-1.1	-1.5	-1.0
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	6.9	9.3	6.8	3.5	-3.1	4.8	0.2	3.1	1.3	0.4	3.3	2.4	2.4	2.5	2.2	1.6	1.2	0.8	0.9
Imports	1.7	0.9	4.8	5.6	3.3	0.4	-1.6	0.3	-0.8	2.7	1.8	1.6	0.1	0.7	1.7	2.0	1.0	0.7	1.4	3.1
Net Exports (a)	0.9	1.3	1.2	0.5	0.1	-0.8	1.4	0.0	1.1	-0.2	-0.3	0.4	0.5	0.4	0.3	0.1	0.2	0.2	-0.1	-0.4
Inventories (a)	0.1	0.0	0.0	0.0	0.6	-0.3	0.1	-0.1	-0.1	0.2	0.0	0.0	-0.1	0.1	0.1	0.0	-0.2	0.0	0.1	0.2
Domestic Demand - qtr%					0.3	0.6	-0.4	0.6	0.1	0.6	0.4	0.7	0.0	0.3	0.7	0.8	0.4	0.2	0.6	1.4
Dom Demand - ann %	1.1	1.7	1.6	2.2	0.7	1.3	1.1	1.1	1.3	1.2	2.0	2.1	1.7	1.4	1.7	1.8	2.1	2.1	2.0	2.5
Real GDP - qtr %					0.9	0.2	1.0	0.7	1.0	0.5	0.1	1.0	0.4	0.8	1.0	0.9	0.3	0.4	0.5	1.1
Real GDP - ann %	2.4	2.8	2.7	2.6	2.3	2.0	2.6	2.8	3.0	3.3	2.4	2.7	2.1	2.3	3.2	3.2	3.1	2.7	2.2	2.3
CPI headline - qtr %					0.2	0.7	0.5	0.4	-0.2	0.4	0.7	0.7	0.5	0.6	0.7	0.6	0.4	0.6	0.6	0.7
CPI headline - ann %	1.5	1.3	2.4	2.3	1.3	1.5	1.5	1.7	1.3	1.0	1.3	1.6	2.3	2.5	2.4	2.4	2.3	2.3	2.3	2.4
CPI underlying - qtr %					0.7	0.5	0.4	0.5	0.2	0.5	0.4	0.5	0.5	0.5	0.4	0.4	0.4	0.5	0.5	0.6
CPI underlying - ann %	2.2	1.5	1.8	1.9	2.4	2.3	2.2	2.1	1.6	1.6	1.5	1.5	1.8	1.8	1.9	1.9	1.8	1.8	1.8	2.0
Wages (Pvte WPI - ann %)	2.1	2.0	2.0	2.3	2.3	2.2	2.1	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.1	2.2	2.3	2.4
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	5.7	5.6	5.6	5.6	5.6	5.6	5.6
Terms of trade	-11.5	-1.3	3.4	-0.3	-2.6	-4.5	-2.3	-3.3	-1.9	2.2	4.3	5.9	3.0	-4.9	-5.6	-1.2	0.1	-0.2	-0.6	-0.7
G&S trade balance, \$Abn	-36.3	-22.3	0.4	-16.7	-5.0	-11.5	-8.6	-11.3	-8.6	-8.0	-5.8	0.2	4.8	1.8	-2.6	-3.6	-3.0	-2.8	-4.0	-6.9
% of GDP	-2.2	-1.3	0.0	-0.9	-1.2	-2.8	-2.1	-2.8	-2.1	-1.9	-1.4	0.0	1.1	0.4	-0.6	-0.8	-0.7	-0.6	-0.9	-1.5
Current Account (% GDP)	-4.7	-3.1	-2.4	-2.8	-3.4	-5.2	-4.8	-5.5	-3.6	-3.7	-3.2	-1.8	-1.3	-2.0	-3.0	-3.2	-2.5	-2.5	-2.8	-3.4

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

Exchange Rate Forecasts

	21-Nov	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17
Majors						
AUD/USD	0.7406	0.75	0.73	0.72	0.70	0.70
NZD/USD	0.7025	0.72	0.70	0.68	0.67	0.67
USD/JPY	110.13	110	112	114	113	112
EUR/USD	1.0625	1.02	0.98	1.00	1.02	1.04
GBP/USD	1.2418	1.23	1.21	1.20	1.19	1.20
USD/CNY	6.8775	6.95	7.20	7.24	7.18	7.17
USD/CAD	1.3523	1.35	1.37	1.38	1.42	1.43

Australian Cross Rates

AUD/JPY	81.6	83	82	82	79	78
AUD/EUR	0.6970	0.74	0.74	0.72	0.69	0.67
AUD/GBP	0.5964	0.61	0.60	0.60	0.59	0.58
AUD/NZD	1.0542	1.04	1.04	1.06	1.04	1.04
AUD/CNY	5.0935	5.21	5.26	5.21	5.03	5.02
AUD/CAD	1.0015	1.01	1.00	0.99	0.99	1.00
AUD/CHF	0.7459	0.73	0.70	0.69	0.68	0.68

Interest Rate Forecasts

	21-Nov	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17
Aust rates						
RBA Cash rate	1.50	1.50	1.50	1.25	1.00	1.00
3 month bill rate	1.76	1.75	1.75	1.50	1.25	1.25
3 Year Swap Rate	1.99	2.1	2.1	2.0	2.0	2.1
10 Year Swap Rate	2.82	2.9	3.0	3.0	3.0	3.0

Offshore Policy Rates

US Fed funds	0.50	0.75	0.75	1.00	1.00	1.25
ECB deposit rate	-0.40	-0.40	-0.40	-0.40	-0.40	-0.40
BoE repo rate	0.25	0.25	0.25	0.25	0.25	0.25
BoJ excess reserves rate	-0.10	-0.10	-0.10	-0.10	-0.10	-0.10
RBNZ OCR	1.75	1.75	1.75	1.75	1.75	1.75
China 1yr lending rate	4.35	4.35	4.10	4.10	4.10	4.10
China Reserve Ratio	17.0	15.0	15.0	15.0	15.0	15.0

10 Year Benchmark Bond Yields

Australia	2.69	2.70	2.75	2.80	2.75	2.70
United States	2.34	2.30	2.40	2.50	2.50	2.50
New Zealand	3.09	3.00	3.15	3.30	3.35	3.30

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	2.8	2.7	2.6	3.4
US	1.7	2.4	2.6	1.5	2.1	1.9	2.6
Eurozone	-0.3	1.1	1.9	1.6	1.5	1.6	1.5
UK	1.9	3.1	2.2	1.8	0.8	1.6	2.4
Japan	1.3	-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	6.3	7.0	7.2	7.4	7.5	7.5	6.6
New Zealand	2.4	3.8	2.5	3.4	3.1	1.9	3.0
World	3.3	3.3	3.0	2.9	3.2	3.2	3.5
MTP Top 5	3.9	3.9	3.9	3.5	3.6	3.5	5.0

Commodity prices (\$US)

	21-Nov	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17
WTI oil	46.21	49	51	52	53	55
Gold	1211	1290	1260	1240	1210	1180
Iron ore	72.8	54	49	45	42	41
Hard cok. coal	300	200	180	106	97	93
Thermal coal	105	62	62	65	65	65
Copper	5418	4830	4830	4800	4800	4800
Japan LNG	6.6	6.7	7.0	7.2	7.8	8.2

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