

AUSTRALIAN MARKETS WEEKLY

Prospects for the RBA will depend on jobs



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A Happy New Year to our readers. This is the first Australian Markets Weekly for 2017 and as always, questions, feedback and comments are gratefully received.

Regards the Australian Market Economics Team
Ivan, David and Tapas

- Today’s Weekly provides our preliminary Q4 inflation forecast (we will finalise our forecasts later this week in a full preview note) and where we think the RBA cash rate will be headed in 2017.
- For Q4 CPI (out Wednesday week, 25 Jan) our preliminary forecast sees Headline CPI at 0.9% q/q and 1.8% y/y. While this higher headline rate will keep the RBA on the sidelines in Feb, we maintain our view the RBA is likely to cut rates later in 2017.
- Prospects for the RBA will be driven by the labour market outlook where the RBA already harbors “considerable uncertainty about the momentum”. This notion was also emphasized by former Board member John Edwards in a recent opinion piece.
- Finally, within are updated FX forecasts from our strategists. Our FX forecasts for the AUD are unchanged since our pre-year-end update in mid-December, with the major exception being AUD/GBP as hard Brexit fears mount.

Former RBA Board Member John Edwards penned an article at the end of December on the outlook for the Australian economy “bad news for jobs but no recession”. This piece noted that the main domestic issue for 2017 will be “jobs” and that there was a risk that the unemployment rate will start to slowly drift up as housing construction has seemingly peaked in late 2016 with little indication that non-mining investment is picking up.

Last month’s employment report reinforced notions that the labour market had lost momentum in the larger non-mining states. Trend employment grew just 3k in the month, well below the breakeven level of 15k that NAB estimates is needed to keep the unemployment rate from rising. (Seasonally adjusted employment did spike higher but this was almost entirely driven by sampling volatility in QLD that had previously skewed employment lower). If the subdued trend rate of employment growth continues in 2017, the unemployment rate is likely to start drifting up.

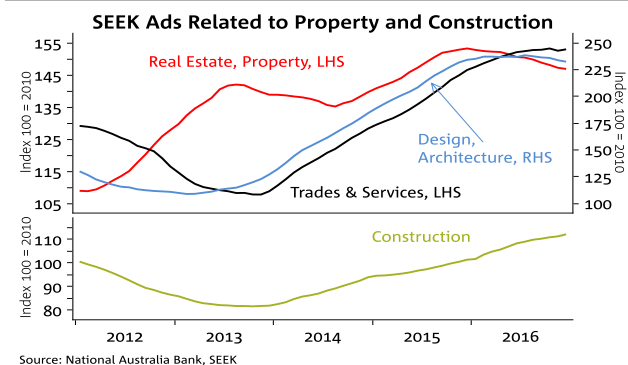
How likely will subdued employment growth persist? We noted in a previous Weekly that the four components of job advertisements somewhat related to the residential property sector comprised around 20% of job advertising. During 2014 and 2015 there was very strong growth in these sectors. However, since early 2016, three out of these four “residential-related” sub-sectors appear to be flattening off and even declining.

Key markets over the past week

	Last	% chg week		Last	bp / % chg week
AUD	0.7477	1.7	RBA cash	1.50	0
AUD/CNY	5.15	1.2	3y swap	2.10	-2
AUD/JPY	85.3	0.0	ASX 200	5,746	-1.1
AUD/EUR	0.704	1.2	Iron ore	80.5	5.6
AUD/NZD	1.054	0.6	WTI oil	52.5	1.1

Source: Bloomberg

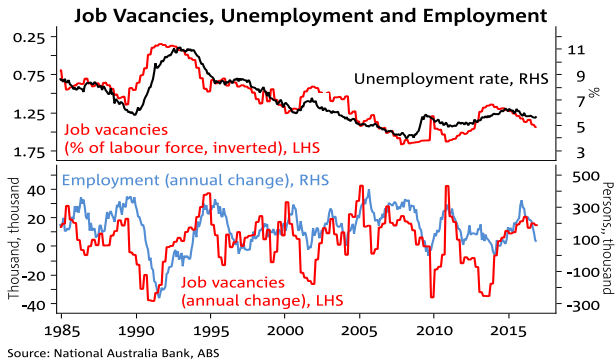
Chart 1: Job ads related to the property boom slowing



The softening in job ads also lines up with a moderation in housing turnover, along with a trend decline in building approvals.

Against flatter job advertisements of late, job vacancies have been trending higher. Higher job vacancies are usually associated with a lower unemployment rate and greater employment growth (Chart 2). (We also note that Construction industry vacancies are also showing signs of rising.) How this discrepancy resolves itself in 2017 will be crucial for the outlook for the labour market and thus rates.

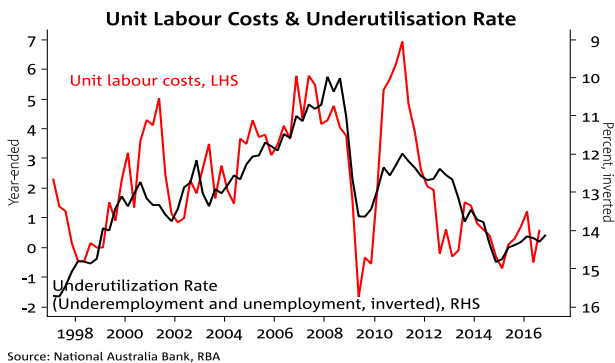
Chart 2: Job vacancies are more positive than job ads



The RBA November Statement on Monetary Policy (SoMP) noted the uncertainty over the labour market as a “key” uncertainty in its outlook for growth and inflation. The RBA’s worries centres on two aspects: first, a soft labour market is likely to keep wages growth low and thus keep inflation lower for longer; and second, a soft labour market keeps a lid on household consumption growth.

On wages growth, the RBA has noted that unit labour costs have been low for a number of years because wage growth has been matched by increases in productivity. Or in other words, wages growth has been meagre. One reason why wages growth has been so low is that spare capacity in the labour market has remained at elevated levels – driven by elevated underemployment.

Chart 3: Labour utilisation drives unit labour costs



Over time there is a very close relationship between unit labour costs and the more broadly-defined labour underutilisation rate (the unemployment rate plus underemployment rate) (Chart 3). That is likely because as the labour market tightens, wage rises pick up ahead of productivity growth.

One labour market-driven model the RBA has flagged it uses amongst its suite of models to forecast inflation over the medium term shows subdued unit labour costs as the major drag on core inflation since 2014 (this model is termed the New Keynesian Phillips Curve model). While inflation expectations have continued within the RBA’s target band over the same period, expectations over the past year have shown signs of moving lower though have stabilised somewhat towards the end of 2016. Thus if spare capacity in the labour market was to remain elevated, unit labour costs are likely to remain subdued and this will present downside risks to the RBA’s inflation forecasts which only sees underlying inflation getting back to the lower end of the 2-3% target range by the mid-2018.

Chart 4: Unit labour costs dragging on core inflation

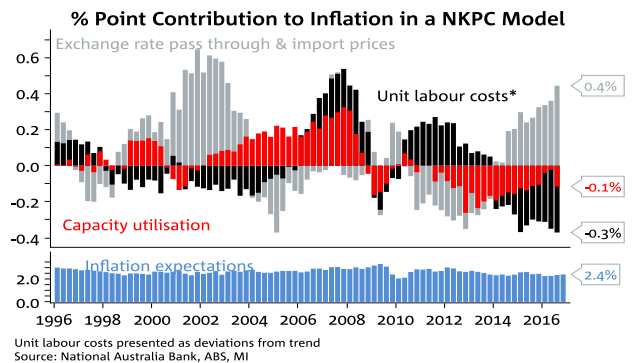
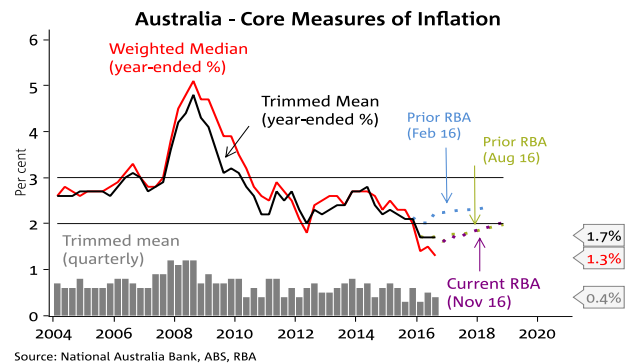


Chart 5: RBA’s inflation forecasts still on the low side



How will the RBA respond to slowing employment growth? Dr Edwards recent term on the RBA Board may provide some insight here (recall he was on the Board when the RBA first cut rates in 2016). He suggests the RBA would cut but “only very reluctantly, only if jobs growth deteriorates – and even then with no conviction another cut would change much” and that again household debt will be factor with the RBA “uneasy about the increase in household debt”.

That should see the market paying close attention to indicators of the labour market in 2017 and how the RBA is assessing risks around household debt. We get the first instalment on the jobs market this week with the December Labour Force report. For this report, the market is looking for jobs growth of +10k m/m and for the unemployment rate to be unchanged at 5.7%. NAB also has a similar forecast.

CPI higher on petrol and vegetables

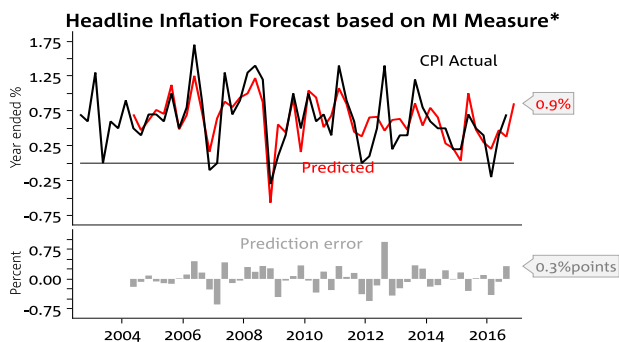
Wednesday week sees the release of the December quarter CPI. NAB's preliminary model forecast sees Headline CPI at 0.9% q/q and 1.8% y/y with core inflation expected to be around 0.5% q/q, 1.5% y/y. (We will finalise our forecasts later this week in a full preview note.)

The preliminary forecast of 0.5% for core inflation is consistent with the RBA's most recent (November) forecast, the pace that's on their track to get underlying inflation back towards the lower end of the RBA's 2-3% target range over the course of this year.

Early figuring from incoming reports points to a larger rise in headline inflation driven by higher petrol prices (up 6.0% q/q), vegetable prices (up 8.9% q/q), air fare prices (up 5.7%) and tobacco excise (up some 7.4% q/q due to legislative tax increases in the month of September).

Some support for a higher Headline inflation print also comes from the Melbourne Institute which released their monthly inflation gauge today. Monthly inflation rose 0.5% m/m in December with prices 1.8% higher than a year ago. Mapping the monthly measure into the ABS' official CPI also implies a headline inflation number of 0.9% q/q.

Chart 6: MI Inflation Gauge points to high headline CPI

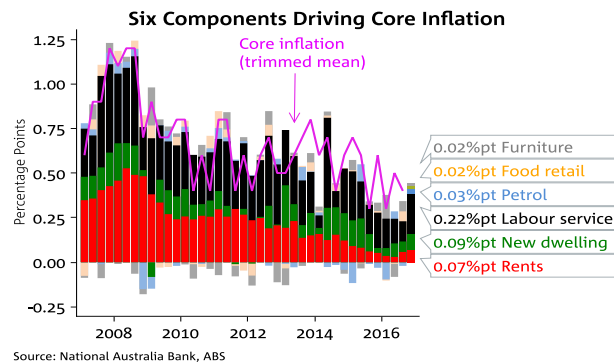


The higher headline outcome should be helpful from an inflation expectations perspective, as the public is more likely to pay attention to the headline measure than the less familiar core measure. The RBA Governor noted in October that the Bank must be careful to guard against inflationary expectations dropping too much.

Core inflation still likely subdued in Q4

While headline inflation is expected to pick-up, our models of core inflation are pointing to a still subdued print in the region of 0.4-0.5% q/q. Our recent Principal Components Analysis of core inflation suggests a +0.5% q/q outcome – this model is driven primarily by developments in rent, petrol prices, the exchange rate, dwelling construction costs, wages and supermarket prices. As noted in previous Weeklies, slowing rental growth has been dragging on core inflation rates which will likely keep core inflation at low levels.

Chart 7: Core inflation to remain subdued on rents

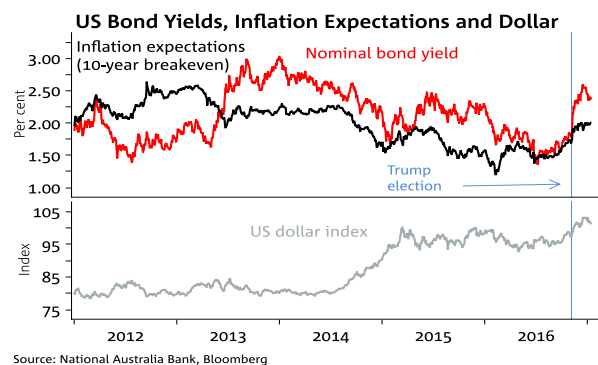


This week

Financial markets are focussing this week on two major developments:

- Focusing on the Trump Presidency with his inauguration on Friday. Markets are pricing in that a Trump presidency is likely to bolster growth and, in time, add to inflation owing to a lift in fiscal spending (tax cuts and infrastructure spending) at a time when the economy is already close to or at full employment. The risk of higher inflation would consequently increase the risk of tighter US monetary policy than otherwise continues (Chart 6).
- Market attention this week is also back squarely on Brexit, with press reports that UK PM May will this week use tomorrow's major set-piece speech to outline more conclusively the prospect and path toward a "hard" Brexit, in essence a fuller economic and political divorce from the EU.

Chart 8: Trumpflation remains the theme for 2017



In terms of offshore data flow, the US major events are the CPI and Industrial Production Wednesday along with two speeches by Fed Chair Yellen on Wednesday and Thursday. The title of the two speeches are: "The Goals of Monetary Policy and How We Pursue Them" and "The Economic Outlook and the Conduct of Monetary Policy" and so are likely to be relevant for the outlook for policy.

Finally, China releases its Q4 GDP figures on Friday which are likely to come in around the consensus of 6.7% y/y.

FX outlook

NAB has released its latest *Global FX Strategist* for 2017. Our FX forecasts for the AUD are unchanged since our pre-year-end update in mid-December, with the exception of AUD/GBP. Our forecasts for this cross have been revised modestly higher over the next few quarters – from 0.60 to 0.62 – as it becomes increasingly evident that the UK Brexit debate is less about a ‘hard’ or ‘soft’ disengagement with the EU as a question of whether a likely hard Brexit will be fast or slow to arrive. A lot of bad news looks to be in the price of Sterling, yet our FX strategists believe that markets still have at least a little way to go to fully price a hard Brexit scenario under which the UK loses free access to both the EU single market and the broader customs union.

CALENDAR OF ECONOMIC RELEASES

Country	Economic Indicator	Period	Forecast	Consensus	Actual	Previous	GMT	AEDT
Monday, 16 January 2017								
CH	Foreign Direct Investment YoY CNY	Jan				5.7		
NZ	Food Prices MoM	Dec				-0.1	22.45	8.45
JN	Machine Orders MoM	Nov		-1.7		4.1	0.50	10.50
AU	Melbourne Institute Inflation MoM/YoY	Dec				0.1/1.5	1.00	11.00
UK	Rightmove House Prices MoM/YoY	Jan				-2.1/3.4	1.10	11.10
JN	Tertiary Industry Index MoM	Nov		0.2		0.2	5.30	15.30
EC	Trade Balance SA	Nov		20.8		19.7	11.00	21.00
CA	Bloomberg Nanos Confidence	Jan 13				56.5	16.00	2.00
Tuesday, 17 January 2017								
AU	Home Loans #/Investment Lending \$ MoM	Nov		0.3		-0.8	1.30	11.30
AU	New Motor Vehicle Sales MoM/YoY	Dec				-0.6/-1.1	1.30	11.30
JN	Industrial Production MoM/YoY	Nov F		/		1.5/4.6	5.30	15.30
EC	EU27 New Car Registrations	Dec				5.8	8.00	18.00
UK	UK PM May on Major Brexit Speech "Brexit Approach"							time unknown
UK	CPI MoM/YoY	Dec		0.3/1.4		0.2/1.2	10.30	20.30
UK	CPI Core YoY	Dec		1.4		1.4	10.30	20.30
UK	PPI Output Core NSA MoM/YoY	Dec		0.2/2.2		0.0/2.2	10.30	20.30
UK	House Price Index YoY	Nov		6.1		6.9	10.30	20.30
GE	ZEW Survey Expectations	Jan		18.4		13.8/63.5	11.00	21.00
EC	ZEW Survey Expectations	Jan				18.1	11.00	21.00
US	Fed's Dudley (voter) Speaks on Consumer Behavior in New York						14.45	0.45
US	Fed's Williams (non-voter) speaks in Sacramento						0.00	10.00
Wednesday, 18 January 2017								
AU	Westpac Consumer Conf Index/MoM	Jan				97.3/-3.9	0.30	10.30
NZ	Non Resident Bond Holdings	Dec				63.6	3.00	13.00
GE	CPI EU Harmonized MoM/YoY	Dec F		1/1.7		1.0/1.7	8.00	18.00
UK	Jobless Claims Change	Dec		5		2.4	10.30	20.30
UK	Average Weekly Earnings 3M/YoY	Nov		2.6		2.5	10.30	20.30
UK	Employment Change 3M/3M/ILO Unemployment rate 3M	Nov		-35/4.8		-6.0/4.8	10.30	20.30
EC	Construction Output MoM	Nov				0.8	11.00	21.00
EC	CPI MoM/YoY	Dec		0.5/1.1		-0.1/0.6	11.00	21.00
EC	CPI Core YoY	Dec F		0.9		0.9	11.00	21.00
CH	Property Prices	Dec						
US	CPI MoM/YoY	Dec		0.3/2.1		0.2/1.7	14.30	0.30
US	CPI Ex Food and Energy MoM/YoY	Dec		0.2/2.2		0.2/2.1	14.30	0.30
US	Industrial Production MoM	Dec		0.6		-0.4	15.15	1.15
US	Fed's Kaplan (voter) speaks in Dallas							1.00
CA	Bank of Canada Rate Decision	Jan 18		0.5		0.5	16.00	2.00
US	Fed's Kashkari speaks in San Francisco							3.00
US	Fed Chair Yellen speaks in San Francisco						21.00	7.00
Thursday, 19 January 2017								
NZ	BusinessNZ Manufacturing PMI	Dec				54.4	22.30	8.30
NZ	CPI QoQ/YoY	4Q		/		0.2/0.2	22.45	8.45
AU	Consumer Inflation Expectation	Jan				3.4	1.00	11.00
UK	RICS House Price Balance	Dec		30		30.0	1.10	11.10
AU	Employment Change/Unemployment rate	Dec		10		39.1	1.30	11.30
AU	RBA FX Transactions Market	Dec				503.0	1.30	11.30
JN	Tokyo Condominium Sales YoY	Dec				-22.7	5.00	15.00
EC	ECB Current Account SA	Nov				28.4	10.00	20.00
EC	ECB Main Refinancing Rate	Jan 19		0		0.0	13.45	23.45
EC	ECB Marginal Lending Facility	Jan 19		0.25		0.3	13.45	23.45
EC	ECB Deposit Facility Rate	Jan 19		-0.4		-0.4	13.45	23.45
EC	ECB Asset Purchase Target	Jan		80		80.0	13.45	23.45
CA	Int'l Securities Transactions	Nov				15.8	14.30	0.30
CA	Manufacturing Sales MoM	Nov		1		-0.8	14.30	0.30
US	Housing Starts #/MoM	Dec		1184/8.6		1090/-18.7	14.30	0.30
US	Building Permits #/MoM	Dec		1225/1.1		1201/-4.7	14.30	0.30
US	Philadelphia Fed Business Outlook	Jan		16		21.5	14.30	0.30
US	Fed Chair Yellen speaks at Stanford						2.00	12.00
Friday, 20 January 2017								
NZ	ANZ Consumer Confidence Index/MoM	Jan				124.5/-2.1	1.00	11.00
AU	HIA New Home Sales MoM	Nov				-8.5	1.00	11.00
CH	GDP SA QoQ/YoY	4Q		1.7/6.7		1.8/6.7	20 Jan release	
CH	GDP YTD YoY	4Q		6.7		6.7	20 Jan release	
CH	Industrial Production YoY/YTD YoY	Dec		6.1/6		6.2/6.0	20 Jan release	
CH	Retail Sales YoY/YTD YoY	Dec		10.7/10.4		10.8/10.4	20 Jan release	
CH	Fixed Assets Ex Rural YTD YoY	Dec		8.3		8.3	20 Jan release	
GE	PPI MoM/YoY	Dec		0.4/1		0.3/0.1	8.00	18.00
EC	ECB Survey of Professional Forecasters						10.00	20.00
UK	Retail Sales Ex Auto Fuel MoM/YoY	Dec		-0.4/7.5		0.5/6.6	10.30	20.30
UK	CBI Trends Total Orders/Selling Prices	Jan				0.0	20-26 Jan release	
UK	CBI Business Optimism	Jan				-8.0	20-26 Jan release	
CA	Retail Sales/Ex Autos MoM	Nov		0.5/0.1		1.1/1.4	14.30	0.30
CA	CPI NSA MoM/YoY	Dec		0/1.7		-0.4/1.2	14.30	0.30
CA	CPI SA MoM	#N/A Field Not Applicable				-0.2		
US	Fed's Harker speaks in New Jersey on Economic Outlook						15.00	1.00
Upcoming Central Bank Interest Rate Announcements								
Europe	ECB	19-Jan		0.00%		0.00%		
Canada	BoC	19-Jan				0.50%		
US	Federal Reserve	28-Jan				0.5-0.75%		
Japan	BoJ	31-Jan		-0.1% to +0.1%		-0.1% to +0.1%		
UK	BOE	2-Feb				0.25%		
Australia	RBA	7-Feb	1.50%	1.50%		1.50%		
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				
					Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
Australia Forecasts																					
Household Consumption	2.7	2.7	2.3	2.1	0.6	0.6	0.9	0.8	0.8	0.5	0.4	0.7	0.6	0.6	0.5	0.5	0.5	0.6	0.5	0.4	0.4
Underlying Business Investment	-10.1	-11.7	-3.9	4.8	-3.3	-2.0	-5.6	-2.1	-3.4	-2.1	-4.5	-1.1	-0.7	-0.6	0.7	1.3	1.5	1.6	0.9	1.7	1.7
Residential Construction	10.0	9.0	2.8	-1.3	5.1	-1.2	3.6	1.8	4.1	2.6	-1.4	2.3	0.2	0.5	0.9	0.5	-0.8	-1.1	-1.0	-0.8	-0.8
Underlying Public Spending	2.4	4.0	2.5	2.6	1.3	1.9	-0.9	1.8	0.7	2.8	-0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.7	0.7	0.7	0.7
Exports	6.1	7.0	8.6	6.5	3.4	-2.8	4.2	0.8	2.6	2.1	0.3	2.0	2.8	2.2	2.3	2.1	1.5	1.2	0.8	0.9	0.9
Imports	2.0	0.5	5.6	5.5	2.5	0.8	-1.6	0.5	-0.8	2.9	1.3	1.4	1.1	1.1	1.5	1.5	1.3	1.4	1.1	1.3	1.3
Net Exports (a)	0.8	1.3	0.6	0.3	0.1	-0.7	1.2	0.1	1.0	-0.1	-0.2	0.1	0.4	0.2	0.2	0.1	0.1	0.0	-0.1	-0.1	-0.1
Inventories (a)	0.1	0.1	0.0	-0.1	0.6	-0.4	0.1	0.0	-0.1	0.2	0.2	-0.1	-0.1	0.0	-0.1	0.0	0.0	0.0	0.0	0.0	0.0
Domestic Demand - qtr%					0.5	0.5	-0.3	0.6	0.1	0.8	-0.5	0.6	0.4	0.5	0.6	0.6	0.5	0.6	0.4	0.5	0.5
Dom Demand - ann %	1.3	1.5	1.7	2.2	1.1	1.4	1.2	1.3	1.3	1.6	1.5	1.5	1.4	1.0	2.1	2.1	2.3	2.4	2.2	2.1	2.1
Real GDP - qtr %					1.1	0.1	0.8	0.6	1.0	0.6	-0.5	0.9	0.7	0.7	0.7	0.9	0.6	0.6	0.3	0.4	0.4
Real GDP - ann %	2.4	2.4	2.4	2.5	2.5	2.0	2.4	2.6	2.5	3.1	1.8	2.0	1.8	1.8	3.0	3.0	2.9	2.8	2.4	2.4	1.9
CPI headline - qtr %					0.2	0.7	0.5	0.4	-0.2	0.4	0.7	0.9	0.5	0.6	0.7	0.6	0.4	0.6	0.6	0.7	0.7
CPI headline - ann %	1.5	1.4	2.4	2.3	1.3	1.5	1.5	1.7	1.3	1.0	1.3	1.8	2.3	2.5	2.4	2.4	2.3	2.3	2.3	2.4	2.4
CPI underlying - qtr %					0.7	0.5	0.3	0.5	0.2	0.5	0.4	0.5	0.5	0.5	0.5	0.4	0.4	0.5	0.5	0.6	0.6
CPI underlying - ann %	2.2	1.5	1.8	1.9	2.4	2.2	2.1	2.0	1.5	1.5	1.5	1.5	1.8	1.8	1.9	1.9	1.8	1.8	1.8	2.0	2.0
Wages (Pvte WPI - ann %)	2.1	1.9	1.9	2.2	2.2	2.2	2.1	2.0	2.0	2.0	1.9	1.9	2.0	2.0	1.9	1.9	2.0	2.1	2.3	2.4	2.4
Unemployment Rate (%)	6.0	5.7	5.7	5.7	6.2	6.0	6.1	5.9	5.9	5.7	5.6	5.7	5.7	5.7	5.7	5.7	5.6	5.7	5.7	5.8	5.8
Terms of trade	-11.6	-0.6	10.2	-1.8	-2.6	-4.3	-2.6	-3.7	-1.9	2.3	4.5	7.7	6.9	-4.4	-2.8	-3.5	-1.9	-1.8	-2.0	-1.4	-1.4
G&S trade balance, \$Abn	-36.7	-18.5	23.0	-10.7	-4.8	-11.3	-9.0	-11.7	-8.4	-7.4	-4.7	1.9	9.6	6.5	4.8	2.1	0.4	-1.6	-3.9	-5.7	-5.7
% of GDP	-2.2	-1.1	1.3	-0.6	-1.2	-2.8	-2.2	-2.8	-2.0	-1.8	-1.1	0.4	2.2	1.5	1.1	0.5	0.1	-0.3	-0.8	-1.2	-1.2
Current Account (% GDP)	-4.8	-2.8	-0.3	-2.2	-3.3	-5.1	-5.0	-5.6	-3.6	-3.8	-2.7	-1.1	0.6	-0.1	-0.5	-1.1	-1.5	-1.9	-2.4	-2.8	-2.8

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

Exchange Rate Forecasts

	16-Jan	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18
Majors						
AUD/USD	0.7476	0.73	0.72	0.70	0.70	0.69
NZD/USD	0.7096	0.70	0.68	0.67	0.67	0.68
USD/JPY	114.18	115	115	118	118	120
EUR/USD	1.0609	0.98	1.00	1.02	1.04	1.05
GBP/USD	1.2033	1.18	1.16	1.18	1.20	1.20
USD/CNY	6.8940	7.20	7.24	7.18	7.17	7.18
USD/CAD	1.3141	1.33	1.35	1.37	1.37	1.37

Australian Cross Rates

	85.4	84	83	83	83
AUD/JPY	85.4	84	83	83	83
AUD/EUR	0.7047	0.74	0.72	0.69	0.67
AUD/GBP	0.6243	0.62	0.62	0.59	0.58
AUD/NZD	1.0536	1.04	1.06	1.04	1.04
AUD/CNY	5.1540	5.26	5.21	5.03	4.95
AUD/CAD	0.9824	0.97	0.97	0.96	0.95
AUD/CHF	0.7558	0.71	0.69	0.74	0.73

Interest Rate Forecasts

	16-Jan	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18
Aust rates						
RBA Cash rate	1.50	1.50	1.25	1.00	1.00	1.00
3 month bill rate	1.78	1.75	1.50	1.25	1.25	1.25
3 Year Swap Rate	2.10	2.1	2.0	2.0	2.1	2.2
10 Year Swap Rate	2.90	3.0	3.0	3.0	3.0	3.0
Offshore Policy Rates						
US Fed funds	0.75	0.75	1.00	1.00	1.25	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	17.0	16.5	16.5	16.5	16.5
10 Year Benchmark Bond Yields						
Australia	2.70	2.75	2.80	2.75	2.70	2.70
United States	2.40	2.40	2.50	2.50	2.50	2.50
New Zealand	3.14	3.25	3.30	3.35	3.30	3.30

Sources: NAB Global Markets Research; Bloomberg; ABS

Global GDP

Dec year	2013	2014	2015	2016	2017	2018	20 Yr Avg
Australia	2.1	2.8	2.4	2.4	2.4	2.5	3.4
US	1.7	2.4	2.6	1.6	2.1	2.4	2.6
Eurozone	-0.3	1.1	1.9	1.6	1.5	1.6	1.5
UK	1.9	3.1	2.2	2.0	1.3	1.6	2.4
Japan	2.0	0.3	1.2	1.0	0.8	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	3.2	2.4	3.0
World	3.4	3.4	3.1	2.9	3.2	3.3	3.5
MTP Top 5	4.1	3.9	4.0	3.7	3.7	3.6	5.0

Commodity prices (\$US)

	16-Jan	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18
WTI oil	52.55	51	52	53	55	56
Gold	1203	1150	1130	1100	1060	1030
Iron ore	80.5	69	65	63	60	58
Hard cok. coal	190	285	215	180	150	125
Thermal coal	84	62	65	65	65	65
Copper	5884	5200	5180	5180	5180	5200
Aust LNG (#N/A Invalid Security)		7.2	7.6	7.9	8.0	8.4

(*) Implied Australian LNG export prices.

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