

# AUSTRALIAN MARKETS WEEKLY

## Postcard from Tasmania



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- This week we report on trends in the Tasmanian economy, following a visit there for presentations last week. Overall, Tasmania continues to experience relatively favourable economic conditions, especially in the south of the state, which has been evident in a declining unemployment rate (Chart 1).
- The housing market has strengthened due to a pick-up in population growth, in turn the result of a reduction in the amount of outward net interstate migration (residents leaving the state). Some of this reflects the end of net outflows to WA and QLD likely associated with the mining boom, while net inwards migration from NSW has picked up, as is typical during times of strongly rising house prices in NSW.
- With house prices rising, vacancy rates declining and a previous drop in building approvals, it's likely that residential construction activity should begin to strengthen. Tourism is another important industry for Tasmania which has been performing relatively well, again with the south outperforming.
- In markets last week, the main developments were weakness in the EUR after softer than expected inflation readings, but stronger oil prices and weaker iron ore prices (the latter now down to around \$US80 per tonne). The \$A held up relatively well (until this morning's soft retail sales release) against the slightly stronger US\$, while bond yields eased a little further on the back of lower global yields.
- Importantly, Australian regulators acted to further tighten lending standards for housing, mainly by restricting the flow of interest-only new loans to 30% of total new housing lending. The regulator has also directed that lenders set strict rules for interest only lending at LVRs above 80%. These moves could act to further slow investor and overall housing lending, but did not include a quantitative reduction in the overall speed limit for investor housing as had been feared (currently set at 10% a year).
- It's a big week for markets with most focus in the US on the ISMs (Monday and Wednesday), Fed Minutes (Wednesday) and Non-farm Payrolls (Friday). These will guide as to the strength of the US economy and therefore enable markets to refine the extent to which the Federal Reserve might further raise interest rates this year (NAB expects two further increases). The ECB Minutes (Thursday) may also garner attention given recent comments from German officials on tapering current monetary accommodation. Domestic focus will be on the RBA Board Meeting tomorrow – though no interest rate adjustment is expected - and whether any references are made to APRA's new macro-prudential measures announced on Friday. There are also three RBA speeches with Governor Lowe's remarks at a Tuesday RBA Board dinner likely the highlight as they may provide greater detail on the Board's current thinking. NAB continues to expect an extended period of unchanged cash rates in Australia with rising US interest rates likely to conspire to bring about a weaker \$A towards US\$0.70 in a year's time.

To contact NAB's market experts, please click on one of the following links:

[Ask the Economists](#)

[Ask the FX Strategists](#)

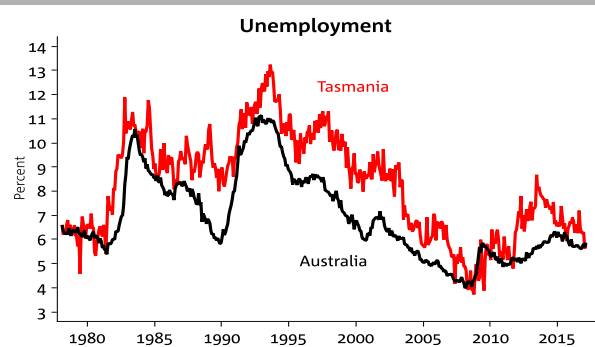
[Ask the Interest Rate Strategists](#)

### Key markets over the past week

	Last	% chg week		Last	bp / % chg week
AUD	0.7618	0.0	RBA cash	1.50	0
AUD/CNY	5.25	0.2	3y swap	2.06	-2
AUD/JPY	84.8	0.6	ASX 200	5,867	2.1
AUD/EUR	0.714	1.8	Iron ore	80.4	-5.5
AUD/NZD	1.087	0.5	WTI oil	50.6	6.0

Source: Bloomberg

Chart 1: Tasmanian unemployment declining



## Postcard from Tasmania

Our travels this week took us to Tasmania. Tassie (as it's affectionately known) is Australia's smallest state. Its population of 520,000 persons comprises 2.1% of the Australian population and produces about 1.6% of Australia's GDP. It's always interesting on these trips to research local economic developments and ascertain to what extent they are truly local – or to what extent they reflect similar trends occurring elsewhere in Australia or are perhaps occurring because of developments elsewhere in Australia. So here's Ivan and Tapas's postcard from Tassie!

### A little background

Tasmania has in general been experiencing overall better economic conditions in recent years, though parts of the state exposed to mining have like other parts of Australia suffered the adverse consequences of the end of the mining boom. These overall better economic conditions are evidenced by both generally high levels of business conditions – as reflected in the NAB Business Survey – and by the trend decline in the unemployment rate over the past two years (Charts 3 and 1, respectively).

Chart 2: Tas Economy & Labour Market Composition

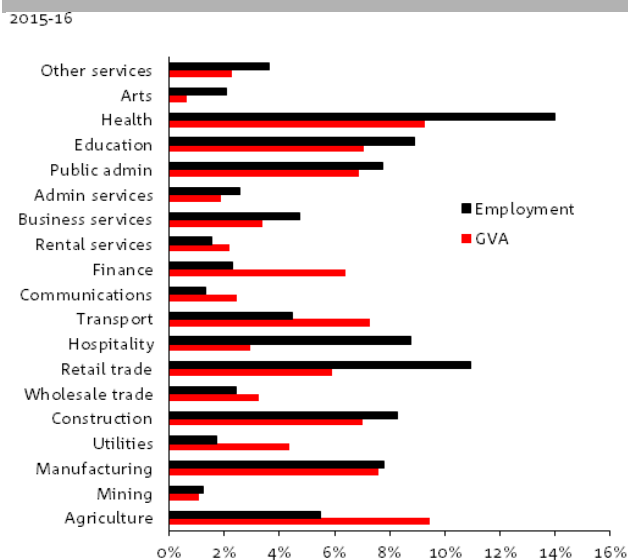
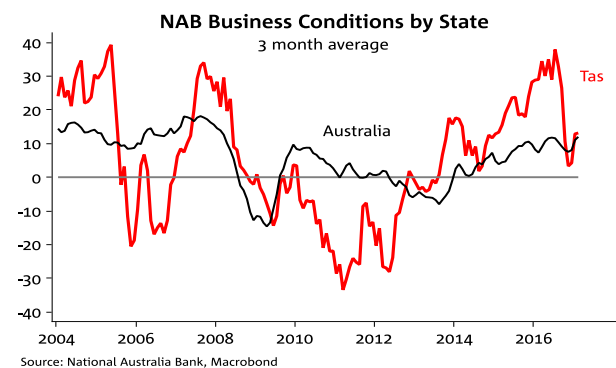


Chart 3: Tassie seeing favourable business conditions

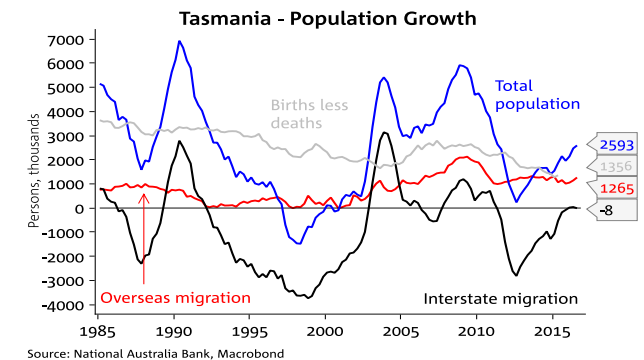


The recent sharp decline in business conditions reported in the NAB Survey does not seem to fully reflect on-the-ground intelligence on conditions. It's possible that

sample rotation in the survey may have brought in some businesses not performing quite so well as previous businesses sampled, though meetings in Launceston did note that the important dairy sector has seen weaker confidence in the wake of falls in dairy prices over the past few years. Encouragingly, dairy prices have improved a little in recent times. Anecdotally, there remains good interest from Chinese investors seeking access to farmland. The important point is that overall business conditions are still at relatively healthy levels, much akin to those experienced in the larger non-mining states of Victoria and NSW.

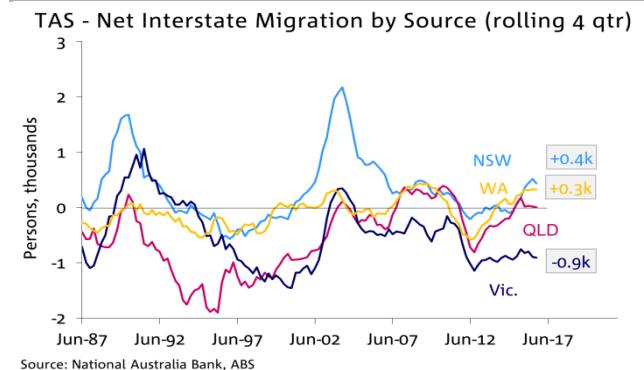
Part of the state's better growth performance likely reflects a pick-up in population growth in recent quarters. Tasmania, like South Australia, has typically experienced much slower rates of population growth than the rest of the nation, with these states having the oldest populations in Australia. This of course may provide some earlier opportunities for health and aged care services growth than in other parts of the country. As Chart 4 shows, the strengthening in population growth has mainly been the result of reduced net interstate migration (residents leaving Tasmania). Over the four quarters to September 2016, just eight persons, net, left the state for the mainland.

Chart 4: Components of Tasmanian population growth



Digging a little further into those trends, it's interesting to note that the main reason for the reduction in net interstate migration, has been a combination of the end of the mining-boom related flow to WA and QLD and the beginnings of a pick-up in people moving from NSW to Tasmania (Chart 5). Over the four quarters to September 2016, 400 persons net moved from NSW to Tasmania. As the chart shows, previous large flows of NSW

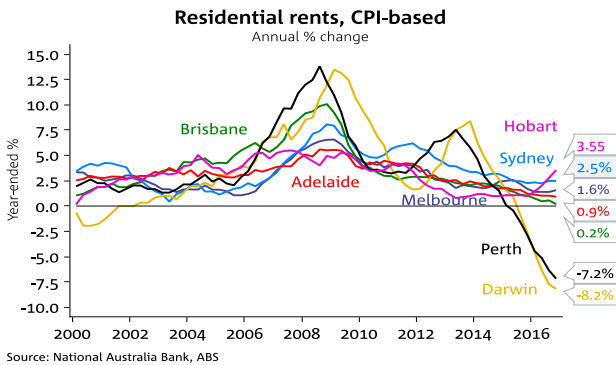
Chart 5: End of mining drain and pick-up from NSW



migration to Tasmania have occurred in periods when Sydney house prices were rising strongly (in the late 1980s and early 2000s).

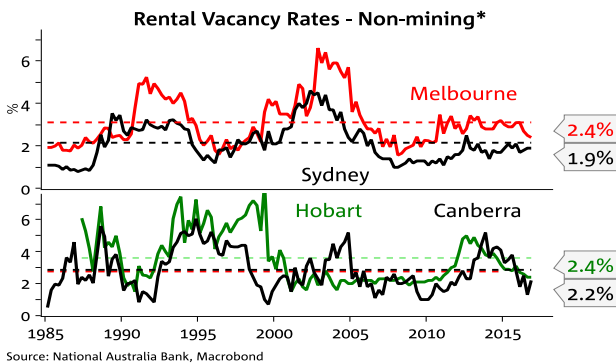
This pick-up in population growth appears to have been somewhat unexpected, as the housing market, particularly in Hobart, is now reflecting. As Charts 6, 7 and 8 show rents are now rising at the strongest rate of any capital city in Australia, the rental vacancy rate has been falling at the same time as residential building approvals have been trending lower for a number of years.

Chart 6: Rents rising strongly in Hobart



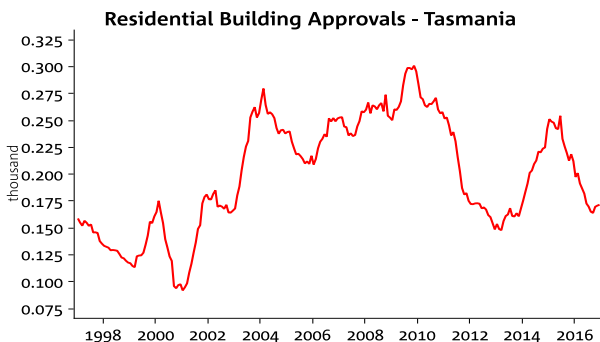
Source: National Australia Bank, ABS

Chart 7: Vacancy rates declining



Source: National Australia Bank, Macrobond

Chart 8: Building set for a rebound

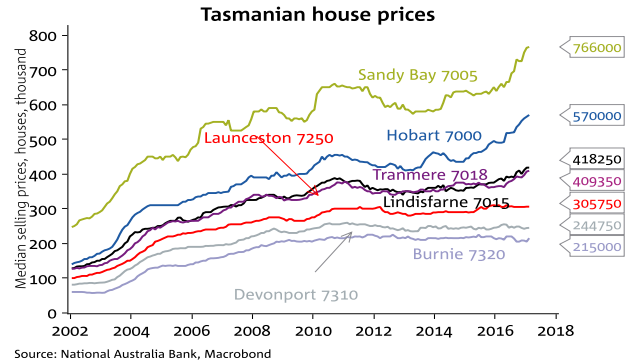


Source: National Australia Bank, ABS

As a consequence, house prices in some of Hobart's suburbs have been rising relatively sharply over the past year, though so far, northern cities have not experienced the same price trends (Chart 9). This reinforces two conclusions: first, similar to Sydney and Melbourne,

house prices respond to demand and supply imbalances – and are hard to match over any short-term timeframe. These trends – and interstate migration – might also suggest that some of the strength of Sydney's housing market may spread out somewhat more broadly throughout the country.

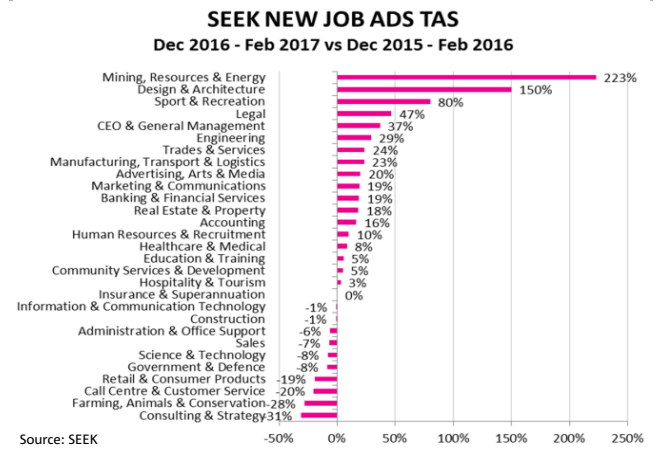
Chart 9: House prices rising in southern Tasmania



Source: National Australia Bank, Macrobond

Developments in house prices, rental vacancies and population growth suggest that building approvals and housing construction are likely to pick up, something also suggested by greater strength in advertising for Design & Architecture positions, a category of job advertising that tends to lead a pick-up in broader housing construction activity. Conversations with developers and business people in Hobart and Launceston confirm a healthy degree of construction activity at the present time.

Chart 10: Gains in job ads in most industries

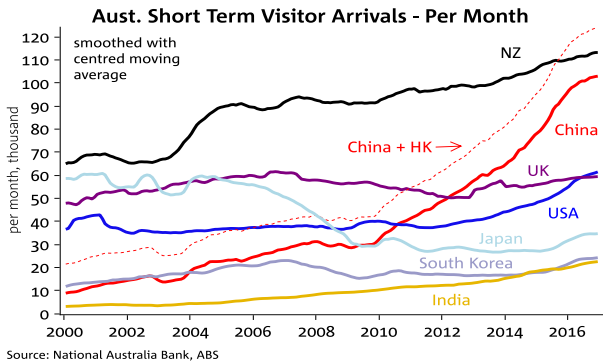


Source: SEEK

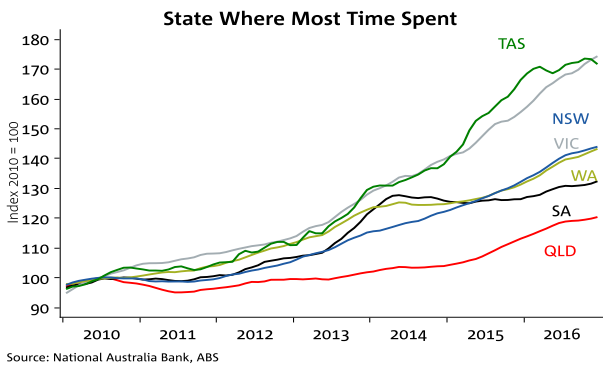
Tourism is another important industry for Tasmania and like other parts of Australia, the state is benefiting from strong growth in Chinese visitors (Chart 11). Domestic tourism has also been growing, particularly into Hobart, which has seen considerable additions to the hotel stock underway with further hotels under consideration. Anecdotally, some part of the tightness of the housing rental market may reflect renting out of residences on AirBnB to take advantage of this strong tourism growth. Recent international visitor surveys also reveals that Tasmania – along with Victoria – has been relatively more successful in capturing the recent growth in international tourism to Australia (Chart 12). Domestic flight movements show that again, Hobart has been

relatively more successful in attracting tourists compared to the north of the state (Chart 13). One anecdote was that tourists were not always spending while in Tasmania which was a challenge for operators.

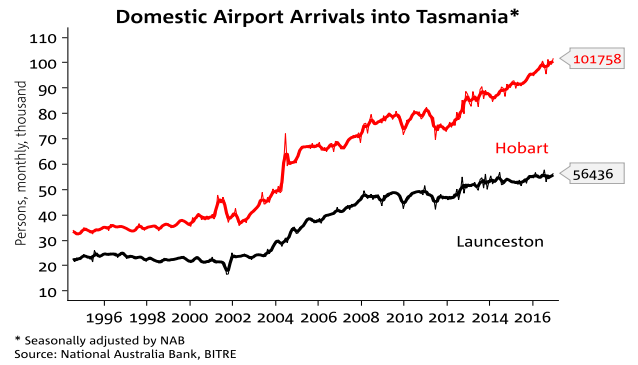
**Chart 11: Tourism growing especially from China**



**Chart 12: Tas and Vic relatively outperforming**



**Chart 13: South outperforming the North**



The bottom line seems to be that the outlook for the Tasmanian economy remains relatively favourable in the near term. It would not surprise to see a strengthening in housing construction activity given the pick-up in population growth, rental increases and the downward trend in vacancy rates. The data continues to suggest the south of the state is performing somewhat better than the north and northwest, which will therefore remain something of a policy challenge as it has done for some time for the Tasmanian government. The state continues to benefit from Chinese investment and tourism, though implicitly like the remainder of Australia, its economy has therefore become more exposed to any deterioration in Chinese growth.

Also attached is a more detailed report on the Tasmanian economy recently produced by NAB Group Economics.

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# CALENDAR OF ECONOMIC RELEASES

Country	Economic Indicator	Period	Forecast	Consensus	Actual	Previous	GMT	AEST
<b>Monday, 3 April 2017</b>								
AU	AiG Perf of Mfg Index	Mar				59.3	0.30	9.30
JN	Nikkei Japan PMI Mfg	Mar F				52.6	1.30	10.30
JN	Tankan Large Mfg/Non-Mfg Index	1Q		14/19		10.0/18.0	0.50	9.50
JN	Tankan Large All Industry Capex	1Q		-0.3		5.5	0.50	9.50
AU	CoreLogic House Px MoM	Mar				1.4	1.00	10.00
AU	Melbourne Institute Inflation MoM/YoY	Mar				-0.3	2.00	11.00
AU	Retail Sales MoM	Feb	0.3%	0.3		0.4	-2.30	11.30
AU	Building Approvals MoM/YoY	Feb	0.1%	-1/-14.1		1.8/-12.0	2.30	11.30
AU	ANZ Job Advertisements MoM	Mar				-0.7	2.30	11.30
CH	Caixin China PMI Mfg	Apr				51.7	2.45	11.45
AU	Commodity Index AUD/SDR YoY	Mar		/		120.9/56.0	7.30	16.30
GE	Markit/BME Germany Manufacturing PMI	Mar F		58.3		58.3	8.55	17.55
EC	Markit Eurozone Manufacturing PMI	Mar F		56.2		56.2	9.00	18.00
UK	Markit UK PMI Manufacturing SA	Mar		55		54.6	9.30	18.30
EC	PPI MoM/YoY	Feb		0.1/4.2		0.7/3.5	10.00	19.00
EC	Unemployment Rate	Feb		9.5		9.6	10.00	19.00
CA	Markit Canada Manufacturing PMI	Mar				54.7	14.30	23.30
US	Markit US Manufacturing PMI	Mar F		53.5		53.4	14.45	23.45
CA	Bloomberg Nanos Confidence	Mar 31				58.5	15.00	0.00
US	ISM Manufacturing	Mar		57.2		57.7	15.00	0.00
US	Construction Spending MoM	Feb		1		-1.0	15.00	0.00
US	Fed's Dudley speaks at a press briefing on US household debt						15.30	0.30
CA	Business Outlook Future Sales	1Q				26.0	15.30	0.30
CA	BoC Senior Loan Officer Survey	1Q				-2.6	15.30	0.30
US	Fed's Harker Speaks in Philadelphia on Fintech						20.00	5.00
US	Fed's Lacker Speaks in Lexington, Virginia						22.00	7.00
<b>Tuesday, 4 April 2017</b>								
AU	ANZ Roy Morgan Weekly Consumer Confidence Index	Apr 2				113.8	0.30	9.30
AU	Trade Balance	Feb	1200	1900		1302.0	2.30	11.30
AU	RBA Cash Rate Target	Apr 4	1.5%	1.5		1.5	5.30	14.30
UK	Markit/CIPS UK Construction PMI	Mar		52.5		52.5	9.30	18.30
EC	Retail Sales MoM/YoY	Feb		0.5/1		-0.1/1.2	10.00	19.00
AU	RBA Governor Remarks at RBA Board Dinner						10.15	19.15
US	Trade Balance	Feb		-44.5		-48.5	13.30	22.30
CA	Int'l Merchandise Trade	Feb		0.55		0.8	13.30	22.30
US	Factory Orders/Ex-trans	Feb		1/		1.2/0.3	15.00	0.00
NZ	QV House Prices YoY	Mar				13.5	18.00	3.00
AU	RBA's Heath Bloomberg Panel Participation						20.30	5.30
US	Fed's Tarullo speaks at Princeton University						21.30	6.30
<b>Wednesday, 5 April 2017</b>								
NZ	ANZ Job Advertisements MoM	Mar				0.4	23.00	8.00
UK	BRC Shop Price Index YoY	Mar		-0.8		-1.0	0.10	9.10
AU	AiG Perf of Services Index	Mar				49.0	0.30	9.30
JN	Nikkei Japan PMI Services/Composite	Mar		/		51.3/52.2	1.30	10.30
NZ	ANZ Commodity Price	Mar				2.0	2.00	11.00
AU	RBA's Heath at Bloomberg Voices Event						8.30	17.30
GE	Markit Germany Services/Composite PMI	Mar F		55.6/57		55.6/57.0	8.55	17.55
EC	Markit Eurozone Services/Composite PMI	Mar F		56.5/56.7		56.5/56.7	9.00	18.00
UK	Markit/CIPS UK Services/Composite PMI	Mar		53.4/53.8		53.3/53.8	9.30	18.30
UK	Unit Labor Costs YoY	4Q		2		2.3	9.30	18.30
US	ADP Employment Change	Mar		195		298.0	13.15	22.15
US	Markit US Services PMI	Mar F				52.9	14.45	23.45
US	ISM Non-Manf. Composite	Mar		57		57.6	15.00	0.00
US	FOMC Meeting Minutes	Mar 15					19.00	4.00
<b>Thursday, 6 April 2017</b>								
AU	RBA Deputy Gov Debelle speaking on "Recent Trends in Australian Capital Flows"						23.40	8.40
CH	Caixin China PMI Services/Composite	Mar		/		52.6/52.6	2.45	11.45
JN	Consumer Confidence Index	Mar		43.4		43.1	6.00	15.00
GE	Factory Orders MoM/YoY	Feb		4/3.9		-7.4/-0.8	7.00	16.00
EC	ECB account of the monetary policy meeting						12.30	21.30
CA	Building Permits MoM	Feb				5.4	13.30	22.30
US	Initial Jobless Claims	Apr 1		250		258.0	13.30	22.30
US	Fed's Williams Speaks on a Panel in Frankfurt						14.30	23.30
US	Bloomberg Consumer Comfort	Apr 2				49.7	14.45	23.45
<b>Friday, 7 April 2017</b>								
AU	AiG Perf of Construction Index	Mar				53.1	0.30	9.30
JN	Labor Cash Earnings YoY	Feb		0.5		0.5	1.00	10.00
JN	Leading Index CI	Feb P		104.6		104.9	6.00	15.00
GE	Industrial Production SA MoM/YoY	Feb		-0.2/0.5		2.8/0.0	7.00	16.00
GE	Current Account Balance	Feb		19.1		12.8	7.00	16.00
UK	Halifax House Prices MoM/3M YoY	Mar		0.2/4		0.1/5.1	8.30	17.30
UK	Industrial Production MoM/YoY	Feb		0.2/3.7		-0.4/3.2	9.30	18.30
UK	Manufacturing Production MoM/YoY	Feb		0.3/3.9		-0.9/2.7	9.30	18.30
UK	Construction Output SA MoM/YoY	Feb		0.1/1.9		-0.4/2.0	9.30	18.30
UK	Trade Balance	Feb		-2200		-1966.0	9.30	18.30
UK	NIESR GDP Estimate	Mar		0.6		0.6	13.00	22.00
CA	Net Change in Employment	Mar		5.7		15.3	13.30	22.30
CA	Unemployment Rate	Mar		6.7		6.6	13.30	22.30
US	Change in Nonfarm Payrolls/Unemployment Rate	Mar		175/4.7		235.0/4.7	13.30	22.30
US	Average Hourly Earnings MoM/YoY	Mar		0.3/2.7		0.2/2.8	13.30	22.30
CH	Foreign Reserves	Mar		3012.5		3005.1		
CA	Ivey Purchasing Managers Index SA	Mar				55.0	15.00	0.00
US	Wholesale Inventories MoM	Feb F		0.4		0.4	15.00	0.00
US	Consumer Credit	Feb		13.75		8.8	20.00	5.00
CH	Foreign Direct Investment YoY CNY	Mar				9.2		
<b>Upcoming Central Bank Interest Rate Announcements</b>								
Australia, RBA		4-Apr	1.50%	1.50%		1.50%		
Canada, BoC		12-Apr	0.5%	0.5%		0.5%		
Europe ECB		17-Apr	-0.4%	-0.4%		-0.4%		
Japan, BoJ		27-Apr	-0.1%	-0.1%		-0.1%		
US Federal Reserve		4-May	0.75-1.00%	0.75-1.00%		0.75-1.00%		
New Zealand, RBNZ		11-May	1.75%	1.75%		1.75%		
UK BOE		11-May	0.25%	0.25%		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			
Australia Forecasts	2015	2016	2017	2018	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Household Consumption	2.7	2.7	2.2	2.0	0.7	0.6	1.0	0.6	0.9	0.5	0.4	0.9	0.4	0.6	0.5	0.5	0.5	0.5	0.5	0.5
Underlying Business Investment	-10.1	-11.2	0.4	4.7	-3.2	-1.9	-5.5	-2.4	-3.4	-2.3	-5.3	2.1	0.4	1.1	1.2	1.1	0.9	1.4	1.2	1.4
Residential Construction	10.0	7.9	2.1	-0.9	4.8	-1.2	4.3	1.5	3.7	1.9	-1.3	1.2	0.6	0.6	0.4	0.0	-0.2	-0.9	-0.5	-0.3
Underlying Public Spending	2.4	4.6	3.2	2.8	1.2	1.8	-1.0	2.1	0.5	2.7	0.2	1.3	0.3	0.9	0.5	0.8	0.7	0.7	0.7	0.7
Exports	6.0	7.6	7.9	5.5	3.7	-2.9	4.6	-0.1	3.3	2.2	1.0	2.2	2.3	1.3	2.3	2.4	0.9	0.9	0.8	0.9
Imports	2.0	0.4	5.1	3.7	2.7	0.9	-1.3	0.0	-0.8	2.9	1.2	1.4	0.8	1.5	0.9	1.0	0.8	0.8	0.9	0.9
Net Exports (a)	0.7	1.4	0.6	0.4	0.2	-0.8	1.2	0.0	1.1	-0.1	0.0	0.2	0.3	0.0	0.3	0.3	0.0	0.0	0.0	0.0
Inventories (a)	0.1	0.1	-0.2	0.0	0.7	-0.3	-0.1	0.0	0.0	0.3	0.1	-0.2	-0.2	0.1	-0.1	0.0	0.0	0.0	0.0	0.0
Domestic Demand - qtr%					0.5	0.5	-0.2	0.5	0.1	0.7	-0.4	1.2	0.4	0.7	0.6	0.6	0.5	0.5	0.5	0.6
Dom Demand - ann %	1.3	1.6	2.2	2.3	1.1	1.4	1.2	1.3	1.4	1.6	1.4	2.1	1.9	1.9	2.9	2.3	2.4	2.2	2.2	2.2
Real GDP - qtr %					1.1	1.2	0.7	0.5	1.1	0.8	-0.5	1.1	0.6	0.8	0.7	0.9	0.5	0.6	0.5	0.6
Real GDP - ann %	2.4	2.5	2.6	2.6	2.5	2.0	2.4	2.5	2.5	3.1	1.9	2.4	2.0	2.0	3.3	3.1	3.0	2.8	2.5	2.2
CPI headline - qtr %					0.2	0.7	0.5	0.4	-0.2	0.4	0.7	0.5	0.5	0.5	0.5	0.6	0.4	0.5	0.6	0.6
CPI headline - ann %	1.5	1.3	2.2	2.1	1.3	1.5	1.5	1.7	1.3	1.0	1.3	1.5	2.2	2.3	2.1	2.2	2.1	2.1	2.1	2.1
CPI underlying - qtr %					0.6	0.5	0.4	0.4	0.2	0.5	0.4	0.5	0.4	0.5	0.4	0.4	0.5	0.4	0.4	0.4
CPI underlying - ann %	2.2	1.6	1.8	1.7	2.4	2.3	2.2	2.0	1.6	1.6	1.6	1.6	1.9	1.9	1.8	1.7	1.7	1.7	1.7	1.8
Wages (Pvte WPI - ann %)	2.1	1.9	1.9	1.6	2.2	2.2	2.1	2.0	2.0	2.0	1.9	1.8	2.0	2.0	1.9	1.8	1.7	1.6	1.6	1.6
Unemployment Rate (%)	6.1	5.7	5.7	5.8	6.2	6.0	6.2	6.0	5.9	5.7	5.6	5.7	5.7	5.6	5.7	5.7	5.7	5.7	5.8	5.8
Terms of trade	-11.6	0.0	16.6	-1.6	-2.5	-4.5	-2.1	-4.2	-1.9	2.1	5.2	9.0	9.4	-2.7	-2.2	-1.6	-1.6	-1.5	-1.6	-1.8
G&S trade balance, \$Abn	-36.8	-14.6	50.1	31.2	-4.7	-11.4	-8.6	-12.0	-8.4	-7.4	-3.5	4.7	14.8	12.1	11.6	11.6	10.2	8.8	7.1	5.3
% of GDP	-2.3	-0.9	2.8	1.7	-1.2	-2.8	-2.1	-2.9	-2.0	-1.8	-0.8	1.1	3.3	2.7	2.6	2.5	2.2	1.9	1.5	1.1
Current Account (% GDP)	-4.7	-2.6	0.2	-0.9	-3.3	-5.2	-4.8	-5.6	-3.6	-3.7	-2.4	-0.9	0.7	0.1	0.0	0.0	-0.4	-0.7	-1.0	-1.4

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

## Exchange Rate Forecasts

	3-Apr	Jun-17	Sep-17	Dec-17	Mar-18	Jun-18	Sep-18
<b>Majors</b>							
AUD/USD	0.7613	0.75	0.73	0.70	0.70	0.70	0.70
NZD/USD	0.7014	0.71	0.70	0.67	0.68	0.68	0.69
USD/JPY	111.36	114	116	118	120	120	122
EUR/USD	1.0679	1.05	1.04	1.04	1.05	1.06	1.08
GBP/USD	1.2545	1.25	1.24	1.22	1.20	1.21	1.22
USD/CNY	6.8872	6.92	7.05	7.04	7.03	7.01	7.01
USD/CAD	1.3314	1.33	1.35	1.37	1.37	1.38	1.37

Australian Cross Rates	3-Apr	Jun-17	Sep-17	Dec-17	Mar-18	Jun-18	Sep-18
AUD/JPY	84.8	86	85	83	84	84	85
AUD/EUR	0.7129	0.71	0.70	0.67	0.67	0.66	0.65
AUD/GBP	0.6069	0.60	0.59	0.57	0.58	0.58	0.57
AUD/NZD	1.0854	1.06	1.04	1.04	1.03	1.03	1.01
AUD/CNY	5.2432	5.19	5.15	4.93	4.92	4.91	4.91
AUD/CAD	1.0136	1.00	0.99	0.96	0.96	0.97	0.96
AUD/CHF	0.7621	0.73	0.71	0.67	0.74	0.71	0.71

## Interest Rate Forecasts

	3-Apr	Jun-17	Sep-17	Dec-17	Mar-18	Jun-18	Sep-18
<b>Aust rates</b>							
RBA Cash rate	1.50	1.50	1.50	1.50	1.50	1.50	1.50
3 month bill rate	1.80	1.75	1.75	1.75	1.75	1.75	1.75
3 Year Swap Rate	2.05	2.1	2.4	2.4	2.7	2.7	2.8
10 Year Swap Rate	2.95	3.0	3.3	3.3	3.5	3.5	3.5
<b>Offshore Policy Rates</b>							
US Fed funds	1.00	1.00	1.25	1.50	1.50	1.75	2.00
ECB deposit rate	-0.40	-0.40	-0.40	-0.40	-0.30	-0.20	-0.10
BoE repo rate	0.25	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	-0.10
RBNZ OCR	1.75	1.75	1.75	1.75	2.00	2.00	2.25
China 1yr lending rate	4.35	4.10	4.10	4.10	4.10	4.10	4.10
China Reserve Ratio	17.0	16.5	16.5	16.5	16.5	16.5	16.5
<b>10 Year Benchmark Bond Yields</b>							
Australia	2.68	2.8	3.0	3.0	3.2	3.2	3.2
United States	2.39	2.5	2.8	2.8	3.0	3.0	3.0
New Zealand	3.16	3.3	3.4	3.3	3.3	3.6	3.7

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	2.5	2.6	2.6	3.4
US	1.7	2.4	2.6	1.6	2.1	2.3	2.6
Eurozone	-0.3	1.1	1.9	1.7	1.9	1.8	1.5
UK	1.9	3.1	2.2	2.0	1.8	1.7	2.4
Japan	2.0	0.2	1.2	1.0	1.0	0.7	0.8
China	7.7	7.3	6.9	6.7	6.5	6.3	9.2
India	6.2	6.9	7.5	7.5	7.4	7.5	6.6
New Zealand	2.2	3.4	2.5	3.2	2.8	2.5	3.0
World	3.4	3.4	3.1	3.0	3.3	3.5	3.5
MTP Top 5	4.1	3.9	4.0	3.8	3.8	3.6	5.0

## Commodity prices (\$US)

	3-Apr	Jun-17	Sep-17	Dec-17	Mar-18	Jun-18
WTI oil	50.57	54	54	56	58	59
Gold	1247	1210	1210	1220	1230	1240
Iron ore	80.4	85	85	80	75	73
Hard cok. coal	178	180	180	160	140	120
Thermal coal	84	65	65	65	65	65
Copper	5824	5610	5610	5550	5550	5550
Aust LNG (*)	5.80	7.9	7.9	8.3	8.5	8.9

(\*) Implied Australian LNG export prices.



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