

# AUSTRALIAN MARKETS WEEKLY

## Employment growth is realish



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- In this week's Weekly we look below the surface at recent employment growth, which has picked up to a 25k m/m trend pace, well above the 14k m/m pace required to keep the unemployment rate unchanged. Is it real? Our conclusion is mostly "yes".
- We dissect employment growth into its sample components to gauge whether recent growth is "real" or not. We find most of the jobs growth over the past 3-months has been driven by the common sample and not from sample rotation effects as had occurred in the past during months of strong employment gains. However, much of the growth in the common sample has come from changes in response rates (i.e. a person not answering last month but answering this month).
- While it is likely the unmatched change in the common sample is more reflective of the *level* of employment, it is not necessarily an accurate representation of recent employment *growth* and should be read more as a correction to prior weak months when the person failed to respond to the labour market survey. This thus suggests the pace of employment growth may slow in the months ahead. Nevertheless, our NAB Business Survey still points to trend growth of around 20k m/m.
- An industry breakdown of recent employment growth suggests it is broad-based with employment growing in industries that account for 74% of employment. Interestingly, the mining industry has turned from being a headwind to a tailwind, contributing around 13k jobs on net over the past year after prior declines. The improvement in mining employment is likely to reinforce the RBA's view of the "transition to lower levels of mining investment...was almost complete". The two weak points remain in retail (net -25k jobs lost y/y) and agriculture (net -22k y/y).
- The past week has been quiet in markets. The most significant development has been the flurry of central banks removing expectations of further policy easing and getting the market into thinking about the possibility of removing accommodation. We think Australia will lag this development given elevated underemployment and subdued wages growth.
- This week also looks quiet. Domestically we get Credit Statistics Friday with little in the way of other local data. Consequently domestic markets are likely to take their lead from international events, with US PCE inflation Friday along with China's PMIs. There is also a plethora of central bank speakers offering many sound-bite opportunities. Those to watch include Draghi on Monday and Yellen on Wednesday.
- AUD volatility remains by and large a function of USD volatility, prompting us to nudge our AUD/USD Q3 forecast up to 0.73 from 0.71 while retaining our 0.70 year-end forecast. The US dollar has at least stopped falling with lower yields, having earlier become slightly oversold. Higher wages and/or revived hopes for tax reform are pre-requisites for renewed USD appreciation, which we expect by Q4.

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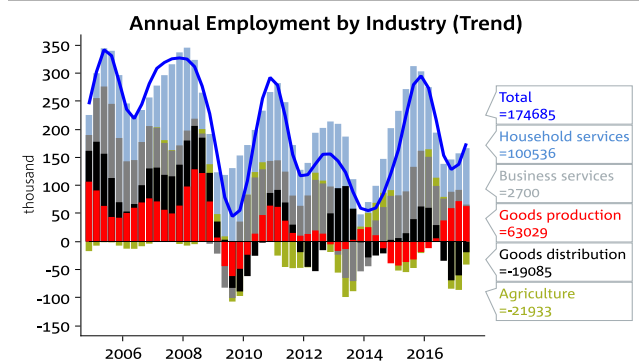
[Ask the Interest Rate Strategists](#)

### Key markets over the past week

	Last	% chg week		Last	bp / % chg week
AUD	0.7578	-0.3	RBA cash	1.50	0
AUD/CNY	5.18	0.0	3y swap	1.94	-3
AUD/JPY	84.4	-0.5	ASX 200	5,866	-1.4
AUD/EUR	0.677	-0.7	Iron ore	56.8	1.8
AUD/NZD	1.041	-0.9	WTI oil	43.5	-2.1

Source: Bloomberg

### Chart of the week: Employment growth by industry



## Past week: Policy coordination, or not?

The most notable feature of the past week has been the seemingly co-ordinated action by central banks to remove expectations of further policy easing and get the market into thinking about the possibility of removing accommodation:

- Norway’s central bank removed its explicit easing bias citing there were “signs of impending reversal in the decline in petroleum investment”. The statement also warned of the risk that “persistently low interest rates lead to financial system vulnerabilities”.
- The Bank of England’s Chief Economist Andrew Haldane said “I do think beginning the process of withdrawing some of the incremental stimulus provided last August would be prudent moving into the second half of the year”.
- The RBNZ’s policy statement was mostly unchanged against an expectation that it would be more dovish given the rise in the Kiwi and a disappointing Q1 GDP figure.
- RBA Board Member Harper said “bluntly, at this juncture there would be no reason to try and rush this. It’s recovering nicely and there are other reasons to do with financial stability why you wouldn’t rush”.
- And today, the Bank of International Settlements suggested coordination was required, noting “These challenges strengthen the case for enhanced central bank cooperation during [policy] normalisation...enhanced cooperation can take different forms...At a minimum, it could involve close dialogue...In some cases, such self-interest could also extend to joint action, as during the GFC”.

How close central banks (beyond the US Fed) are to removing policy accommodation remains to be seen and will crucially be dependent on the flow of upcoming data. For Australia that means a continuing focus on the labour market and lacklustre wages growth. Our assessment is that Australia will lag the rest of the world given elevated underemployment and subdued wages growth.

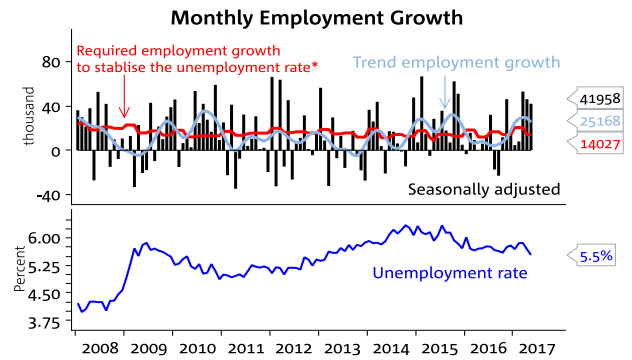
### Feature: Where are all the jobs at?

The Australian labour market has strengthened significantly over the past three months following months of mostly weak reads. So strong has recent employment growth been that Australia’s trend pace of employment growth has picked up to a 25k m/m pace, well above the 14k m/m pace required to keep the unemployment rate unchanged (Chart 1).

The key question for markets is, is this pace of job creation real? And if so, how persistent will this jobs growth be? There are many ways to answer this question. One way is to look into the sampling properties of the ABS Labour Force Survey and see whether recent employment growth is coming from the matched part of the sample or from changes in the sample, the latter not being seen as a sustainable source of growth. Or to put it another way, are we just seeing payback after overly soft readings?

An alternative method is look at the industry details of employment and make a judgement on whether employment growth is broad-based or merely isolated to a few sectors.

Chart 1: Past 3-months of labour market data strong



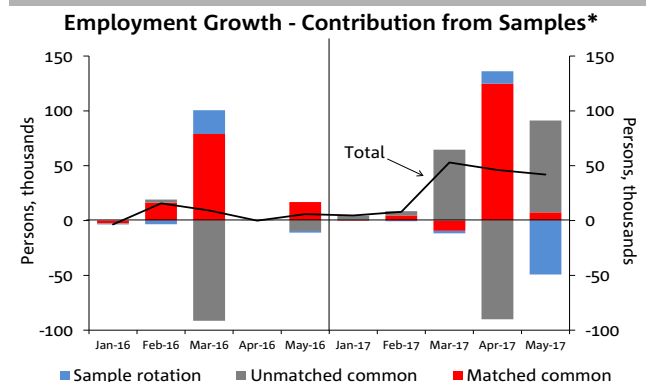
### Improvement in the jobs market is “real”

Australian employment data is created from a survey of households (termed the Labour Force Survey). Surveyed households are interviewed each month for eight months, with one-eighth of the sample replaced each month (termed sample rotation). To complicate this a little further, even within the seventh-eighths’ so-called “common” component, there are those who respond in the current month and last month (the matched common sample), and those who did not respond last month but did this month (the unmatched common sample). Chart 2 below splits out such influences.

Much of the improvement in recent months has come from the common sample, suggesting the improvement seen in the labour market of late has likely had a large element of reality to it, sample rotation effects not the culprit behind recent jobs growth.

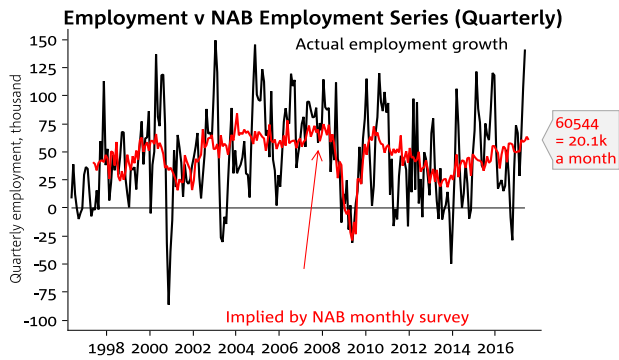
However, a large chunk of the jobs growth has also come from changes within the common sample response rates. While this unmatched change in the common sample is likely more reflective of the actual *level* of employment in the labour market, it is not necessarily reflective of actual employment *growth* and should be read more as a correction to prior weak months when individuals failed to respond to the labour market survey.

Chart 2: Jobs growth “realish” – common sample drives



That overall suggests the pace of employment growth will slow in the months ahead. Consistent with this notion, the NAB Business Survey suggests the true pace of trend employment is likely running at around 20k a month, a bit below the 25k m/m trend pace. This level of growth should still be sufficient to keep the unemployment rate broadly stable at around 5½-5¾% for the period ahead.

Chart 3: NAB survey also suggests jobs growth is “real”

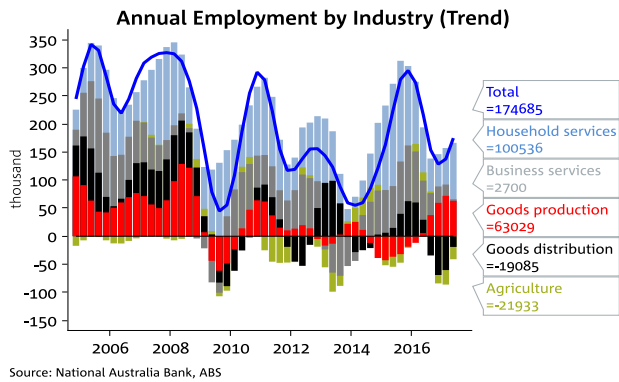


**Jobs growth by industry**

Quarterly employment data reveals employment is growing in industries that account for 74% of employment. Such broad-based growth also opens the prospect that recent employment growth is more than fleeting.

On an industry basis, the latest surge in employment growth has been driven by the Household services sector (100k y/y) and the Goods production sector (+63k y/y) which has continued to be a tailwind to employment growth after a period of being a headwind. Continuing to drag from growth has been the Goods distribution (-19k y/y) and Agriculture sectors (-22k y/y), likely reflective of structural changes occurring in these industries.

Chart 4: Employment growth by industry



The household services sector has been a significant contributor to employment growth over the past year. Growth in this sector has been driven by a renewed employment boost from Healthcare and social assistance (+33k y/y) and continued growth in employment in the Education and Accommodation and food services sectors.

Also adding significantly to employment growth has been the goods production sector. Mining employment has now become a contributor to employment growth (+13k y/y) after a prolonged period in which it contracted from growth. The pick-up in mining employment adds support the view held by the RBA that the “transition to lower levels of mining investment... was almost complete”.

Chart 5: Household services driving growth

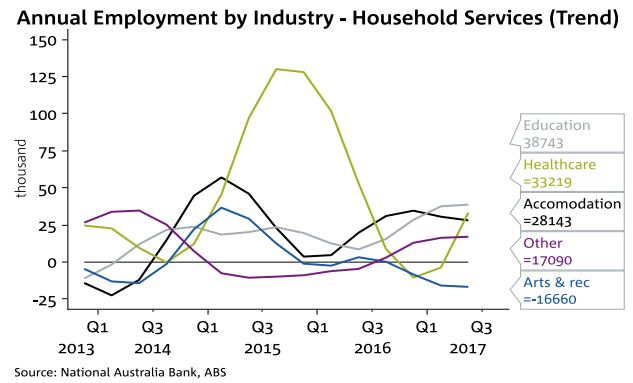
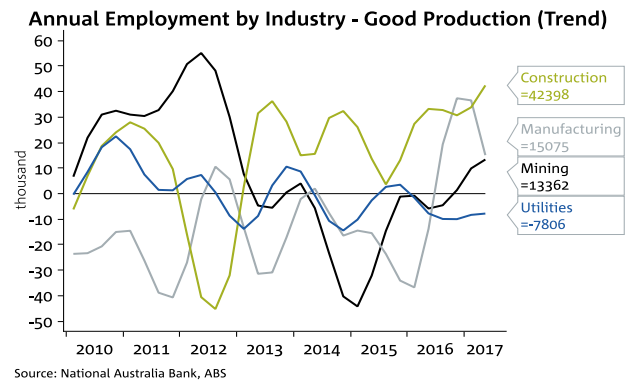


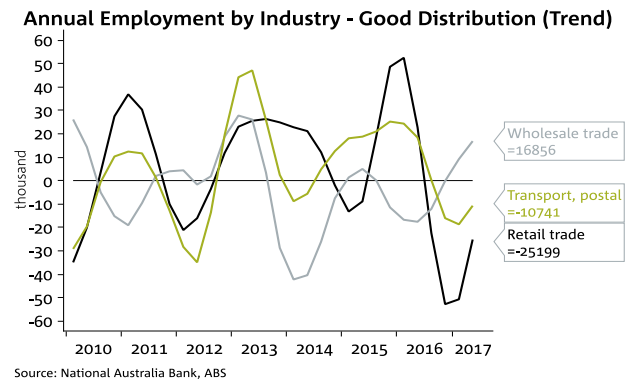
Chart 6: Mining employment now a tailwind



Along with mining, the construction sector has also been a solid contributor to employment growth.

The one area of weakness is in the goods distribution sector, led by Retail which has lost around 25k jobs on net over the past year. The decline in retail employment lines up with difficult business conditions being experienced by bricks and mortar retailers.

Chart 7: Retail sector a large drag on employment

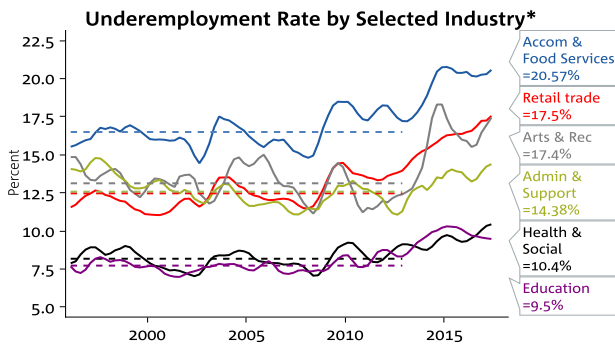


**Underemployment by industry**

While jobs growth has picked up in recent months, underemployment continues to be an issue in the Australian labour market. Until inroads are made into underemployment, we are unlikely to see much in the way of wages growth. The quarterly employment data suggests underemployment is highest in the

Accommodation & food services industry and in the Retail trade sectors — around one out of five workers in these two industries report a desire to work more hours than they are currently being given and is suggestive of substantial spare capacity in these two industries.

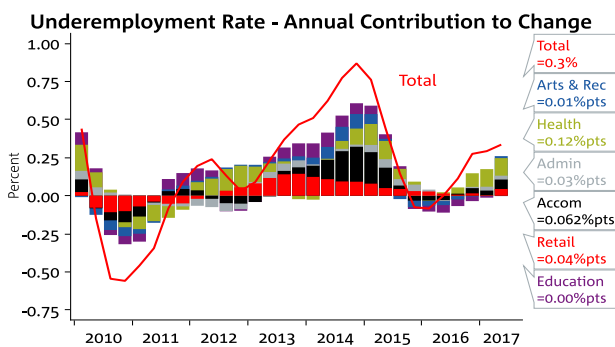
**Chart 8: Underemployment rising disproportionality**



\* Seasonally adjusted and trended by NAB  
Source: National Australia Bank, ABS

A decomposition of the rise in total underemployment shows that Retail, Accommodation and Health can account for most of the rise in underemployment over the past year. This is consistent with limited inroads into a still evident and elevated level of labour market slack and subdued wages growth.

**Chart 9: Underemployment being driven by Health**



\* Seasonally adjusted and trended by NAB  
Source: National Australia Bank, ABS

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# CALENDAR OF ECONOMIC RELEASES

Country	Economic Indicator	Period	Forecast	Consensus	Actual	Previous	GMT	AEST
<b>Monday, 26 June 2017</b>								
JN	BOJ Summary of Opinions at June 15-16 Meeting						0.50	9.50
AU/US	Fed's Williams Speaks at UTS in Sydney on "Speed Limits and Stall Speeds: Fostering Sustainable Growth in the United States"						5:20	14:20
JN	Leading Index CI	Apr F			104.5	104.5	6.00	15.00
GE	IFO Business Climate	Jun		114.5	114.6	114.6	9.00	18.00
UK	BBA Loans for House Purchase	May		40250	40750	40750	9.30	18.30
EC/UK/JN	Annual ECB Forum in Sintra With Draghi, Carney, Kuroda, through 28 June; Draghi and Bernanke give opening speeches						26-28 June	
US	Durable Goods Orders/Core Orders	May P		-0.6/0.3		-0.8/0.1	13.30	22.30
US	Chicago Fed Nat Activity Index	May		0.2		0.5	13.30	22.30
JN	Small Business Confidence	Jun		49.2		48.9	26-30 Jun release	
US	Dallas Fed Manf. Activity	Jun		16		17.2	15.30	0.30
EC	ECB Youth Dialogue With Mario Draghi in Lisbon						16.00	1.00
US	US EIA 2017 Energy Conference, though June 27							
<b>Tuesday, 27 June 2017</b>								
NZ	RBNZ's Mike Hannah speaks on "Engaging with our stakeholders to promote understanding, accountability and dialogue"						23.30	8.30
NZ	Trade Balance NZD/12m YTD	May	721	418.5		578	23.45	8.45
AU	ANZ Roy Morgan Weekly Consumer Confidence Index	Jun 25				112.4	0.30	9.30
AU	Demographic Statistics	Q4					2.30	11.30
AU	Census 2016, initial data sets						2.30	11.30
CH	Industrial Profits YoY	May				14.0	2.30	11.30
NZ	New Residential Lending YoY	May				-29.9	4.00	13.00
AU/US	Fed's Williams speaks at Macquarie University in Sydney on "The Global Growth Slump: Causes and Consequences"						8.30	17.30
CH	Annual meeting of World Economic Forum's "New Champions". Chinese Premier Li Keqiang & Russian Economy Minister Oreshkin attend. In Dalian, China, through June 29							
UK	BoE releases Financial Stability Report with Governor Mark Carney press conference (time tbc)						9.00	18.00
UK	CBI Retailing/Distributive Reported Sales	Jun		2/15		2.0/18.0	11.00	20.00
US	S&P CoreLogic CS 20-City MoM SA/YoY	Apr		0.5/5.9		0.9/5.9	14.00	23.00
US	Conf. Board Consumer Confidence	Jun		116		117.9	15.00	0.00
US	Richmond Fed Manufact. Index	Jun		7		1.0	15.00	0.00
UK/US	Fed's Harker Speaks on thn economic outlook and international trade at a conference in London						16.00	1.00
US	Fed's Yellen Speaks on Global Economic Issues in London						18.00	3.00
US	Fed's Kashkari Speaks at Townhall Event in Houghton, Michigan						22.30	7.30
<b>Wednesday, 28 June 2017</b>								
AU/US	Fed's Williams Speaks at ANU in Canberra; reprise of June 27 speech						8.30	17.30
EC	ECB's Lautenschlaeger speaks in Bonn						9.45	18.45
US	Advance Goods Trade Balance	May		-66		-67.1	13.30	22.30
US	Wholesale Inventories MoM	May P		0.2		-0.5	13.30	22.30
CA	Bank of Canada's Poloz at ECB Panel						14.30	23.30
US	Pending Home Sales MoM/YoY	May		0.8/		-1.3/-5.4	15.00	0.00
CA	Bank of Canada Deputy Governor Lynn Patterson Speaks in Calgary						19.15	4.15
US	Fed releases Part II of its annual bank stress tests: Comprehensive Capital Analysis and Review (CCAR)						21.30	6.30
<b>Thursday, 29 June 2017</b>								
JN	Retail Sales MoM/YoY	May		-1/2.6		1.4/3.2	0.50	9.50
NZ	ANZ Activity Outlook/Business Confidence	Jun		/		38.3/14.9	2.00	11.00
AU	HIA New Home Sales MoM	May				0.8	2.00	11.00
AU	Job vacancies	May				1.8	2.30	11.30
GE	GfK Consumer Confidence	Jul		10.4		10.4	7.00	16.00
CH	BoP Current Account Balance	1Q F				19.0	7.15	16.15
JN	BOJ Harada speaks in Tokyo						7.30	16.30
UK	Mortgage Approvals	May		64		64.6	9.30	18.30
AU	RBA's DeBelle Gives Speech on Global FX Code						9.30	18.30
EC	Business Climate Indicator	Jun		0.93		0.9	10.00	19.00
EC	ECB's Lautenschlaeger speaks in Berlin						10.30	19.30
GE	CPI EU Harmonized MoM/YoY	Jun P		0/1.3		-0.2/1.4	13.00	22.00
US	GDP Annualized QoQ	1Q T		1.2		1.2	13.30	22.30
US	Initial Jobless Claims	Jun 24		240		241.0	13.30	22.30
EC	ECB's Coeure speaks in Brussels						14.00	23.00
US	Fed's Bullard Speaks on the US Economy and Monetary Policy in London						18.00	3.00
<b>Friday, 30 June 2017</b>								
NZ	Building Permits MoM	May				-7.6	23.45	8.45
UK	GfK Consumer Confidence	Jun		-7		-5.0	0.10	9.10
UK	Lloyds Business Barometer	Jun				27.0	0.10	9.10
JN	Jobless Rate/Jobs-to-Applicants Ratio	May		2.8/1.48		2.8/1.5	0.30	9.30
JN	Overall Household Spending YoY	May		-0.7		-1.4	0.30	9.30
JN	Natl CPI YoY	May		0.5		0.4	0.30	9.30
JN	Industrial Production MoM/YoY	May P		-3/6.9		4.0/5.7	0.50	9.50
CH	Manufacturing/Non-manufacturing PMI	Jun		51/		51.2/54.5	2.00	11.00
AU	Private Sector Credit MoM/YoY	May	0.4/4.9	0.4/5		0.4/4.9	2.30	11.30
GE	Unemployment Change (000's)/Rate	Jun		-10/5.7		-9.0/5.7	8.55	17.55
UK	GDP QoQ/YoY	1Q F		0.2/2		0.2/2.0	9.30	18.30
UK	Total Business Investment QoQ/YoY	1Q F		/		0.6/0.8	9.30	18.30
UK	Current Account Balance	1Q		-16.7		-12.1	9.30	18.30
EC	CPI Estimate/Core YoY	Jun		1.2/1		1.4/0.9	10.00	19.00
US	Personal Income/Spending	May		0.3/0.1		0.4/0.4	13.30	22.30
US	PCE Deflator MoM/YoY	May		-0.1/1.5		0.2/1.7	13.30	22.30
US	PCE Core MoM/YoY	May		0.1/1.4		0.2/1.5	13.30	22.30
CA	GDP MoM/YoY	Apr		0.2/3.3		0.5/3.2	13.30	22.30
CA	Industrial Product/Raw Materials Price MoM	May		0.3/-0.5		0.6/1.6	13.30	22.30
US	Chicago Purchasing Manager	Jun		58		59.4	14.45	23.45
CA	BoC Senior Loan Officer Survey	2Q				-1.9	15.30	0.30
EC	ECB Executive Board Member Mersch speaks in Germany						16.30	1.30
US	Baker Hughes US Rig Count/Oil Rigs	Jun 30				941	18.00	3.00
<b>Upcoming Central Bank Interest Rate Announcements</b>								
Australia, RBA		4-Jul	1.50%	1.50%		1.50%		
Canada, BoC		13-Jul				0.5%		
Japan, BoJ		20-Jul	-0.1%	-0.1%		-0.1%		
Europe ECB		20-Jul	-0.4%	-0.4%		-0.4%		
US Federal Reserve		27-Jul				1.00-1.25%		
UK BOE		3-Aug				0.25%		
New Zealand, RBNZ		10-Aug	1.75%	1.75%		1.75%		

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

# FORECASTS

Australia 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
Household Consumption	2.7	2.6	2.3	2.0	0.6	0.6	0.9	0.6	0.8	0.5	0.3	1.0	0.5	0.6	0.4	0.5	0.4	0.5	0.5	0.5
Underlying Business Investment	-10.0	-11.5	-1.0	4.5	-3.2	-1.8	-5.1	-2.6	-3.4	-2.1	-4.9	1.3	0.4	0.2	0.1	1.5	1.1	1.6	1.0	1.8
Residential Construction	10.1	7.6	0.0	-0.3	4.9	-1.3	4.8	0.7	4.0	1.4	-1.2	1.9	-4.4	3.2	2.2	-0.4	-0.8	-0.6	-1.1	-0.7
Underlying Public Spending	2.6	4.6	2.9	2.8	1.1	1.9	-0.8	2.3	0.5	2.9	-0.3	0.9	0.5	0.8	0.5	0.8	0.7	0.7	0.7	0.7
Exports	6.0	7.9	4.2	5.1	3.3	-2.9	4.8	0.3	2.7	2.0	1.4	3.7	-1.6	-0.6	3.4	2.1	0.8	0.7	0.7	0.9
Imports	2.0	0.2	6.5	3.9	2.1	1.1	-1.2	0.1	-0.8	3.4	0.8	1.9	1.6	1.6	1.1	1.1	0.8	1.0	0.7	1.0
Net Exports (a)	0.7	1.5	-0.5	0.3	0.2	-0.8	1.2	0.0	1.1	-0.3	0.1	0.4	-0.7	-0.5	0.5	0.2	0.0	-0.1	0.0	0.0
Inventories (a)	0.1	0.1	0.1	-0.1	0.7	-0.3	-0.1	0.0	-0.1	0.3	0.2	-0.4	0.5	-0.3	0.0	0.0	0.0	0.0	0.0	0.0
Domestic Demand - qtr%					0.5	0.6	-0.1	0.6	0.1	0.8	-0.5	1.1	0.3	0.8	0.5	0.6	0.5	0.6	0.5	0.6
Dom Demand - ann %	1.3	1.5	2.1	2.2	1.1	1.4	1.3	1.4	1.4	1.6	1.2	1.8	1.7	1.7	2.8	2.3	2.4	2.2	2.2	2.1
Real GDP - qtr %					1.0	0.2	0.9	0.5	0.9	0.7	-0.4	1.1	0.3	0.2	1.0	0.9	0.4	0.6	0.4	0.6
Real GDP - ann %	2.4	2.5	2.0	2.5	2.5	2.0	2.5	2.5	2.5	3.1	1.8	2.4	1.7	1.2	2.6	2.4	2.6	2.9	2.3	2.1
CPI headline - qtr %					0.2	0.7	0.5	0.4	-0.2	0.4	0.7	0.6	0.4	0.3	0.6	0.7	0.5	0.5	0.6	0.7
CPI headline - ann %	1.5	1.3	2.1	2.2	1.3	1.5	1.5	1.7	1.3	1.0	1.3	1.5	2.1	2.1	2.0	2.1	2.1	2.2	2.3	2.3
CPI underlying - qtr %					0.6	0.5	0.4	0.5	0.2	0.5	0.4	0.5	0.4	0.4	0.5	0.4	0.5	0.5	0.5	0.5
CPI underlying - ann %	2.2	1.6	1.8	1.9	2.4	2.2	2.2	2.0	1.6	1.6	1.6	1.6	1.9	1.8	1.9	1.8	1.9	1.9	2.0	2.0
Wages (Pvte WPI - ann %)	2.1	1.9	1.9	1.9	2.2	2.2	2.1	2.0	2.0	2.0	1.9	1.8	2.0	2.0	1.9	1.8	1.8	1.8	1.9	2.0
Unemployment Rate (%)	6.0	5.7	5.8	5.7	6.1	6.0	6.2	5.9	5.8	5.7	5.7	5.6	5.9	5.8	5.7	5.7	5.7	5.7	5.7	5.7
Terms of trade	-11.7	0.1	13.6	-1.4	-2.0	-4.3	-2.8	-4.1	-1.9	2.5	4.3	9.5	6.6	-1.3	-4.1	-1.7	-1.6	-1.3	-1.3	-1.5
G&S trade balance, \$Abn	-36.6	-12.6	23.7	1.3	-4.4	-11.2	-9.0	-12.1	-8.0	-7.3	-3.4	6.1	9.2	6.1	4.5	4.0	2.5	1.0	-0.3	-1.8
% of GDP	-2.2	-0.7	1.3	0.1	-1.1	-2.8	-2.2	-2.9	-1.9	-1.7	-0.8	1.4	2.1	1.4	1.0	0.9	0.5	0.2	-0.1	-0.4
Current Account (% GDP)	-4.7	-2.6	-1.6	-3.0	-3.2	-5.1	-5.0	-5.6	-3.5	-3.8	-2.6	-0.8	-0.7	-1.6	-1.9	-2.1	-2.5	-2.8	-3.1	-3.4

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

## Exchange Rate Forecasts

	26-Jun	Sep-17	Dec-17	Mar-18	Jun-18	Sep-18
<b>Majors</b>						
AUD/USD	0.7578	0.73	0.70	0.70	0.70	0.70
NZD/USD	0.7282	0.71	0.68	0.68	0.68	0.69
USD/JPY	111.31	114	118	120	120	122
EUR/USD	1.1191	1.12	1.13	1.15	1.15	1.17
GBP/USD	1.2742	1.23	1.25	1.26	1.25	1.24
USD/CNY	6.8414	6.96	6.97	7.00	7.05	7.07
USD/CAD	1.3259	1.34	1.37	1.37	1.38	1.37

## Australian Cross Rates

AUD/JPY	84.4	83	83	84	84	85
AUD/EUR	0.6772	0.65	0.62	0.61	0.61	0.60
AUD/GBP	0.5947	0.59	0.56	0.56	0.56	0.57
AUD/NZD	1.0406	1.03	1.03	1.03	1.03	1.01
AUD/CNY	5.1844	5.08	4.88	4.90	4.94	4.95
AUD/CAD	1.0048	0.98	0.96	0.96	0.97	0.96
AUD/CHF	0.7351	0.71	0.67	0.74	0.71	0.68

## Interest Rate Forecasts

	26-Jun	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
3 month bill rate	1.72	1.75	1.75	1.75	1.75	1.75
3 Year Swap Rate	1.94	2.0	2.3	2.6	2.6	2.5
10 Year Swap Rate	2.65	2.9	3.1	3.4	3.4	3.3
<b>Offshore Policy Rates</b>						
US Fed funds	1.25	1.25	1.50	1.75	2.00	2.00
ECB deposit rate	-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
BoJ excess reserves rate	-0.10	-0.10	-0.10	-0.10	-0.10	0.90
RBNZ OCR	1.75	1.75	1.75	1.75	2.00	2.25
China 1yr lending rate	4.35	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
<b>10 Year Benchmark Bond Yields</b>						
Australia	2.37	2.65	2.85	3.10	3.05	2.95
United States	2.15	2.50	2.75	3.00	3.00	3.00
New Zealand	2.73	2.90	3.10	3.35	3.40	3.50

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	2.0	2.5	3.4
US	1.7	2.4	2.6	1.6	2.1	2.3	2.6
Eurozone	-0.2	1.3	1.9	1.7	2.0	1.9	1.5
UK	1.9	3.1	2.2	1.8	1.6	1.6	2.4
Japan	2.0	0.2	1.1	1.0	1.2	0.9	0.8
China	7.7	7.3	6.9	6.7	6.5	6.3	9.2
India	6.1	7.0	7.5	7.9	7.3	7.2	6.6
New Zealand	2.2	3.4	2.5	3.1	2.5	3.1	3.0
World	3.4	3.5	3.2	3.1	3.3	3.5	3.5
MTP Top 5	4.1	3.9	4.0	3.8	3.8	3.7	5.0

## Commodity prices (\$US)

	26-Jun	Jun-17	Sep-17	Dec-17	Mar-18	Jun-18
WTI oil	43.50	54	56	58	59	60
Gold	1257	1210	1220	1230	1240	1260
Iron ore	56.8	65	61	60	58	60
Hard cok. coal	145	210	160	140	120	110
Thermal coal	81	81	81	81	81	65
Copper	5786	5610	5550	5550	5550	5550
Aust LNG (*)	6.23	7.9	8.3	8.5	8.9	9.2

(\*) Implied Australian LNG export prices.

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