

AUSTRALIAN MARKETS WEEKLY

Way out West: mining and exploring again



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- After three years of very high growth fuelled by the resource construction boom, the past three years have seen the WA economy underperform. WA's Gross State Product contracted by 2.7% in 2016-17.
- This week, we report on conditions on the ground in the West after a trip there last week. The signs are very encouraging.
- The worst now seems to be behind the WA economy if the mining and resources sector is any guide. The sector is now again spending and hiring both to maintain (and enhance) production with companies also responding to an increased appetite for new growth in both traditional and non-traditional/emerging sectors.
- Iron ore production is now near intended annual production guidance limits. (Some further material lift could follow but only if market conditions lift further.) Gold, base metals, lithium, cobalt, and rare earths are all sectors of current interest. Investor interest is also seen with more IPOs coming to market with the re-emergence of junior explorers.
- The WA labour market is already showing signs of turning. SEEK Job Ads have been rising for a year with trend employment now stabilising. In some sectors there are even emerging signs of selective shortages.
- Property markets generally remain soft, over-supplied, though there are signs of improvement at the higher end of both the commercial and residential property markets.
- Markets this week will be paying close attention to Australia's September quarter growth, 0.7%/2.9% expected. Annual growth is set to jump from 1.8% to 2.9% courtesy of Q3 growth and base effects as a growth contraction last September quarter drops out. Tomorrow's RBA Board is expected to leave rates on hold, express confidence in the growth outlook and continue signaling no near term rush to move. Retail sales in October (Thursday) are likely to have risen 0.3% after a weak Q3.
- Offshore, US tax reform remains in focus with the Senate and the House having now passed bills, though differences now need to be reconciled before it can become law. US Non-farm payrolls are out Friday, focus especially on wage earnings.

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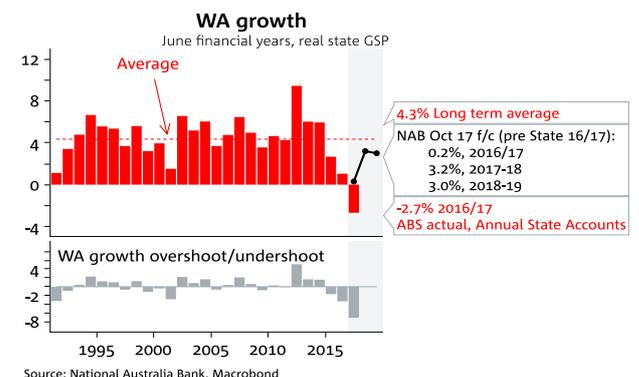
After three years of overshooting, the WA economy has had three years of below-average performance, culminating in an absolute decline of 2.7% GSP for 2016-17, the first absolute decline in the WA economy since State accounts were first estimated for financial year 1991.

Key markets over the past week

	Last	% chg week		Last	bp / % chg week
AUD	0.7592	-0.7	RBA cash	1.50	0
AUD/CNY	5.02	-0.1	3y swap	2.03	4
AUD/JPY	85.7	0.8	ASX 200	5,995	0.1
AUD/EUR	0.640	0.0	Iron ore	70.1	3.2
AUD/NZD	1.107	-0.1	WTI oil	58.2	0.2

Source: Bloomberg

Chart 1: Three years of undershoot after the "boom"

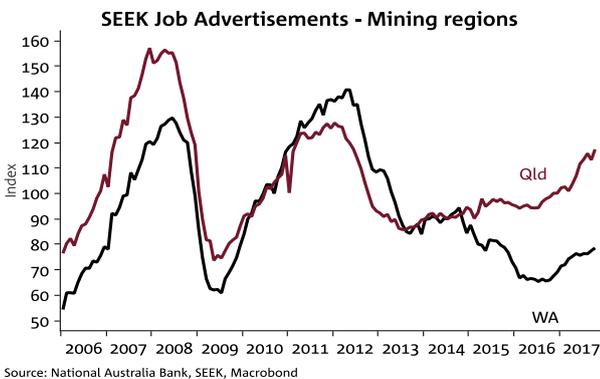


NAB's October State report forecast for the WA economy called for a return to positive growth this current financial year and next. While this stemmed in large part from the progressive ramp up of LNG production and export shipments, a trip to Perth last week has confirmed that mining activity growth more generally is re-appearing, adding to growth expectations. It also adds force to the outlook of even more broad-based growth now appearing across the country, a theme that has been evident from the likes of the NAB Business Survey.

Mining activity emerging quickly

The tide is beginning to turn. Mining activity levels are lifting, companies are hiring again, and offering new contracts to mining service operators. This reflects both payback after a clamp on costs and restrictions on "maintenance capex" to protect cash flow and restrict costs, but also now emerging endeavours to capitalise on higher commodity prices and prospective returns.

Chart: Demand for labour in mining states rising

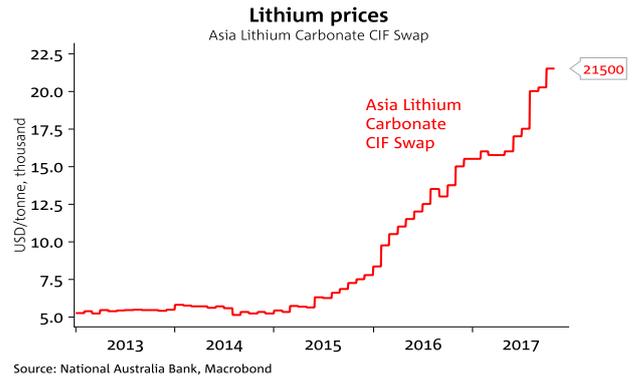


SEEK Job ads have now been rising in the West for the best part of a year, while ABS trend employment levels are beginning to rise. This is coming at a time when a high level of net migration out of the West, as jobs quickly faded from the resource construction-driven downturn has left the State somewhat depleted of skilled labour and even reports of some selective wage rises.

One mining service contractor reported that they had put on 150 employees over the past three to four weeks, had bought a fleet of mining trucks; they also reported that they had increased the wages of diesel mechanics by 10% from 1 October to retain staff that were in danger of being poached by competitors and other sectors. Another reported that there are now less applicants seeking positions, with a growing incidence of applicants being less tilted to a surplus of unemployed and more seeking to upgrade or move up the ladder.

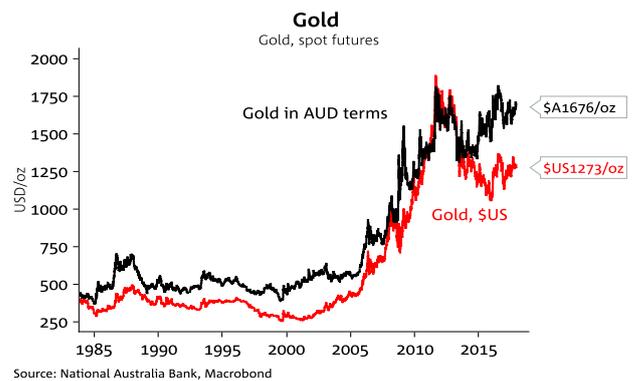
With the demand for mining services now rising, one contact said that equipment and service contract rates are up some 30-50% compared to one to two years ago and 50-60% from levels of three years earlier. An engineering company reported that after some years of resource companies failing to "push the button" on possible projects, they are now tendering for \$2bn in mining-related work.

Lithium on the radar



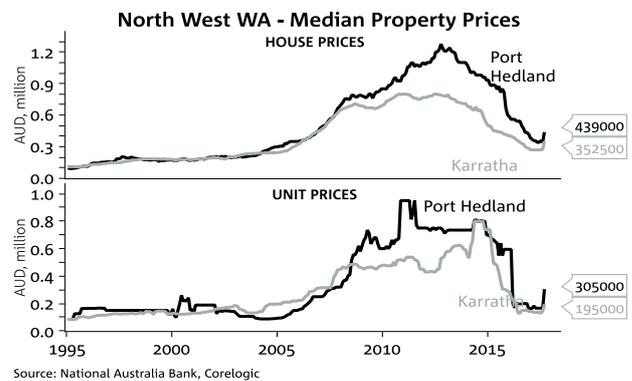
Confidence is returning. The pipeline of work is looking encouraging. Gold prices in Australian dollar terms have recently been trading at record levels, base metal prices are again looking more attractive, with interest in emerging commodities such as lithium. The junior explorer sector has become very active with a lot of market talk of IPOs.

Gold returns attractive for Australian producers



One mining contractor reported that in the aftermath of the (world) mining downturn, the largest mining equipment suppliers (e.g. Liebherr, Caterpillar, Komatsu, and Hitachi), had to cut production of signature vehicles and equipment with the consequence that spare parts (including from their component suppliers) are also now in shorter supply.

Chart: Interest returning to remote mining towns



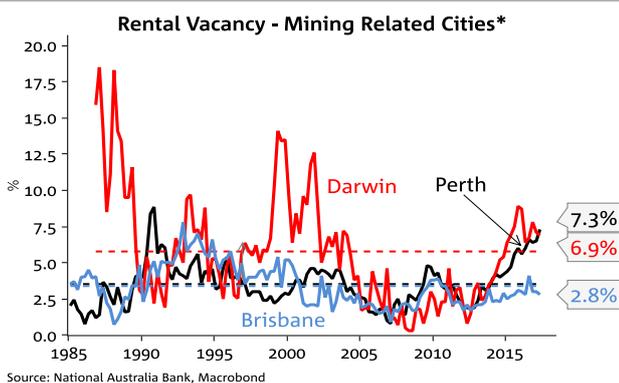
Another contact in the iron ore industry suggested that Chinese iron ore inventories may have recently been accumulated given regional geo-political tensions and a risk this might disrupt shipping.

Reflecting the high and growing levels of resource production and export shipments, fly-in traffic numbers to remote WA iron ore-centric towns are beginning to stabilise. Moreover, property markets in these towns are seeing some increase in liquidity with re-emerging increases in rents and prices, if from very sedate levels.

Property markets: still mostly soft, but signs of life

WA property markets generally remain soft. While the office market remains over-supplied, property market participants report some net absorption at the high end of the market. While not in short supply by any stretch, vacancies in that CBD sector seem to have peaked. Some reported that there has been a slowdown in incentives to attract tenants. In the premium office space, incentives had eased from 50% to now less than 20% on net. There was a deal of interest in “large format” retailing that was now becoming more commonplace, including the rebranding of previously Masters sites now being occupied (progressively).

Soft Perth residential rental markets



At a less encouraging level, there remains a huge volume of unrented lower grade stock, including in areas like West Perth, previously viewed as a bellwether of Perth resources and professional service businesses. There is some activity in selected industrial markets, while retail property generally remains challenging. There was general agreement that while there is a large surplus of property, there is a shortage of quality property with good tenants, qualities sought often by professional and institutional investors.

Perth residential markets also remain over-supplied. Prices have now been falling for the past three years. CoreLogic’s home values dwelling index for Perth dwellings has fallen by 9.6% over the three years to

November 2017. There are emerging signs that prices in some higher priced suburbs, including some of beachside suburbs (eg more expensive suburbs such as Peppermint Grove and beachside suburbs as Cottesloe, Sorrento, North Beach were mentioned) are seeing shortages of stock relative to demand, higher levels of market liquidity and some increase in prices.

Rather than remaining on the market unsold for a protracted period, sales are taking place in shorter time frames. Whereas prices of \$1m and above presented a barrier to sale, in recently popular areas, this is no longer the case. One contact reported an increase in interest from interstate and international investors in Perth property assets that were seen by some as increasingly attractive or even cheap.

By the same token, at the lower end of the market, new land and home sales remain very slow, especially in large development suburbs as Baldivis. One contact described new home-land sales as “terrible” with an expectation that it would be 18 months before Perth new housing demand increases, lags expected from time taken to see higher employment, increased confidence, and absorb existing unsold stock. Employment levels remain very low, there is a substantial stock of unsold development, and residential rental markets are soft with high vacancy rates and still flat-to-declining rental rates.

The pervasive view among operators in this sector is that this will take some time to rebalance and recover. Apartments remain hard to sell. One property developer has had to “can” an apartment project after experiencing lacklustre sales over an extended period. This property developer has now given back the deposits and put the project to one side. He also mentioned the potential for work in social housing and in the aged care sector.

One developer contrasted their currently subdued sales experience in Perth with Melbourne where new home/land sales were running at 24K pa, well above an effective 19K development limit. Moreover, this has led to notable increases in land prices, prices in some areas up over 50% in around three years.

Lower crop yields but fishing OK

As for agriculture, this year’s grain crop at this time is looking OK. It won’t match last year’s record but shortfalls in some regions are likely to be offset by good yields in others. A contact in the fishing industry reported generally good catches, including crayfish. Wholesale prices remain high however with still very high levels of demand from China, strong Chinese demand a common theme also evident across other industry sectors.

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CALENDAR OF ECONOMIC RELEASES

Country	Economic Indicator	Period	Forecast	Consensus	Actual	Previous	GMT	AEDT
Monday, 4 December 2017								
AU	Melbourne Institute Inflation MoM/YoY	Nov		/		0.3/2.6	0.00	11.00
AU	ANZ Job Advertisements MoM	Nov				1.4	0.30	11.30
AU	Inventories SA QoQ	3Q	-0.2	0		-0.4	0.30	11.30
AU	Company Operating Profit QoQ	3Q	0.2	0.1		-4.5	0.30	11.30
JN	Consumer Confidence Index	Nov		44.9		44.5	5.00	16.00
UK	Markit/CIPS UK Construction PMI	Nov		51		50.8	9.30	20.30
EC	Sentix Investor Confidence	Dec		33.4		34.0	9.30	20.30
EC	PPI MoM/YoY	Oct		0.3/2.6		0.6/2.9	10.00	21.00
CA	Bloomberg Nanos Confidence	Dec 1				58.7	15.00	2.00
US	Factory Orders/Ex Trans	Oct		-0.4/		1.4/0.7	15.00	2.00
Tuesday, 5 December 2017								
NZ	Volume of All Buildings SA QoQ	3Q		2		-0.5	21.45	8.45
AU	CBA Australia PMI Services/Composite	Nov		/		53.0/53.1	22.00	9.00
AU	AiG Perf of Services Index	Nov				51.4	22.30	9.30
AU	ANZ Roy Morgan Weekly Consumer Confidence Index	Dec 3				115.0	22.30	9.30
NZ	ANZ Commodity Price	Nov				-0.3	0.00	11.00
UK	BRC Sales Like-For-Like YoY	Nov				-1.0	0.10	11.10
JN	Nikkei Japan PMI Services/Composite	Nov		/		53.4/53.4	0.30	11.30
AU	Net Exports of GDP/Current account	3Q	0.3/9.6	0.3/-9		0.3/-10.0	0.30	11.30
AU	Government spending	3Q	0.3			2.2	0.30	11.30
AU	Retail Sales MoM	Oct	0.3	0.3		0.0	0.30	11.30
CH	Caixin China PMI Services	Nov		/		51.2/51.0	1.45	12.45
AU	RBA Cash Rate Target	Dec 5	1.5	1.5		1.5	3.30	14.30
GE	Markit Germany Services/Composite PMI	Nov F		54.9/57.6		54.9/57.6	8.55	19.55
UK	New Car Registrations YoY	Nov				-12.2	9.00	20.00
EC	Markit Eurozone Services/Composite PMI	Nov F		56.2/57.5		56.2/57.5	9.00	20.00
UK	Markit/CIPS UK Services/Composite PMI	Nov		55/55.8		55.6/55.8	9.30	20.30
UK	Official Reserves Changes	Nov				30.0	9.30	20.30
EC	Retail Sales MoM/YoY	Oct		-0.7/1.6		0.7/3.7	10.00	21.00
EC	GDP SA QoQ/YoY	3Q F		0.6/2.5		0.6/2.5	10.00	21.00
CA	Int'l Merchandise Trade	Oct		-2.7		-3.2	13.30	0.30
US	Trade Balance	Oct		-47.4		-43.5	13.30	0.30
US	Markit US Services/Composite PMI	Nov F		55.3/		54.7/54.6	14.45	1.45
US	ISM Non-Manf. Composite	Nov		59		60.1	15.00	2.00
Wednesday, 6 December 2017								
NZ	ANZ Job Advertisements MoM	Nov				0.9	21.00	8.00
AU	GDP SA QoQ/YoY	3Q	0.7/3.0	0.7/3		0.8/1.8	0.30	11.30
GE	Factory Orders MoM/YoY	Oct		-0.2/7		1.0/9.5	7.00	18.00
EC	ECB's Yves Mersch speaks in Frankfurt						7.30	18.30
GE	Markit Germany Construction PMI	Nov				53.3	8.30	19.30
GE	Markit Germany Retail PMI	Nov				51.2	9.10	20.10
EC	Markit Eurozone Retail PMI	Nov				51.1	9.10	20.10
US	ADP Employment Change	Nov		190		235.0	13.15	0.15
CA	Labor Productivity QoQ	3Q				-0.1	13.30	0.30
US	Nonfarm Productivity/Unit Labour Costs	3Q F		3.3/0.3		3.0/0.5	13.30	0.30
CA	Bank of Canada Rate Decision	Dec 6		1		1.0	15.00	2.00
Thursday, 7 December 2017								
AU	AiG Perf of Construction Index	Nov				53.2	22.30	9.30
AU	Trade Balance	Oct	1350	1400		1745.0	0.30	11.30
JN	Leading Index CI	Oct P		106.1		106.4	5.00	16.00
AU	Foreign Reserves	Nov				78.1	5.30	16.30
GE	Industrial Production SA MoM/YoY	Oct		1/4.3		-1.6/3.6	7.00	18.00
UK	Halifax House Prices MoM/YoY	Nov		0.2/3.9		0.3/4.5	8.30	19.30
US	Challenger Job Cuts YoY	Nov				-3.0	12.30	23.30
CH	Foreign Reserves	Nov		3122		3109.2		
UK	CBI Trends Total Orders/Selling prices	Dec		/		17.0/17.0		
CA	Building Permits MoM	Oct				3.8	13.30	0.30
US	Initial Jobless Claims	Dec 2		240		238.0	13.30	0.30
US	Bloomberg Consumer Comfort	Dec 3				51.6	14.45	1.45
CA	Ivey Purchasing Managers Index SA	Nov				63.8	15.00	2.00
US	Household Change in Net Worth	3Q				1698.0	17.00	4.00
US	Consumer Credit	Oct		16.75		20.8	20.00	7.00
Friday, 8 December 2017								
NZ	Mfg Activity Volume/Activity QoQ	3Q		/		1.0/3.9	21.45	8.45
JN	GDP SA QoQ	3Q F		0.4		0.3	23.50	10.50
JN	Labor Cash/Real Earnings YoY	Oct		0.8/0.4		0.9/-0.1	0.00	11.00
AU	Home Loans MoM/Investment Lending \$ MoM	Oct	-2.5/ ..	-2/		-2.3/-6.2	0.30	11.30
GE	Current Account Balance	Oct		20		25.4	7.00	18.00
GE	Labor Costs SA QoQ/YoY	3Q		/		0.3/2.3	7.00	18.00
UK	Industrial Production MoM/YoY	Oct		0/3.5		0.7/2.5	9.30	20.30
UK	Manufacturing Production MoM/YoY	Oct		0/3.8		0.7/2.7	9.30	20.30
UK	Construction Output SA MoM/YoY	Oct		0.1/1.8		-1.6/1.1	9.30	20.30
UK	Trade Balance	Oct		-3000		-2754.0	9.30	20.30
UK	BoE/TNS Inflation Next 12 Mths	Nov				2.8	9.30	20.30
CH	Trade Balance CNY	Nov		/		254.5	3.00	14.00
CH	Exports/Imports YoY CNY	Nov		/		6.1/15.9	3.00	14.00
CH	Trade Balance	Nov		34.7		38.2	3.15	14.15
CH	Exports/Imports YoY	Nov		5.1/12		6.9/17.2	3.15	14.15
CH	Foreign Direct Investment YoY CNY	Nov				5.0	8-18 Dec release	
UK	NIESR GDP Estimate	Nov		0.4		0.5	13.00	0.00
CA	Housing Starts	Nov		215		222.8	13.15	0.15
CA	Capacity Utilization Rate	3Q				85.0	13.30	0.30
US	Change in Nonfarm Payrolls/Unemployment rate	Nov		199/4.1		261.0/4.1	13.30	0.30
US	Average Hourly Earnings MoM/YoY	Nov		0.3/2.7		0.0/2.4	13.30	0.30
US	Labor Force Participation Rate/Underemployment rate	Nov		/		62.7/7.9	13.30	0.30
US	Wholesale Inventories/Trade sales MoM	Oct F		0.1/0.3		-0.4/1.3	15.00	2.00
US	U. of Mich. Sentiment/5-10Yr Inflation	Dec P		99/		98.5/2.4	15.00	2.00
US	Baker Hughes U.S. Rig Count/Oil Rigs only	Dec 8		/		929.0/749.0	18.00	5.00
CH	New Yuan Loans/Aggregate financing CNY	Nov		825/1430		663.2/1040.0	10-15 Dec release	
NZ	REINZ House Sales YoY	Nov				-15.8	10-14 Dec release	
Saturday, 9 December 2017								
CH	CPI/PPI YoY	Nov		1.8/5.8		1.9/6.9	1.30	12.30
Upcoming Central Bank Interest Rate Announcements								
Australia, RBA		5-Dec	1.50%	1.50%		1.50%		
Canada, BoC		7-Dec				1.00%		
US Federal Reserve		14 Dec	1.25-1.50%	1.25-1.50%		1.00-1.25%		
UK BOE		14-Dec	0.5%			0.50%		
Europe ECB		14-Dec	-0.4%	-0.4%		-0.4%		
Japan, BoJ		21-Dec	-0.1%	-0.1%		-0.1%		
New Zealand, RBNZ		8-Feb				1.75%		

GMT: Greenwich Mean Time; AEDT: Australian Eastern Daylight Savings Time

FORECASTS

Economic Forecasts					Annual % change															
					2016				2017				2018				2019			
					Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Australia Forecasts																				
Household Consumption	2.7	2.4	2.0	2.4	0.9	0.4	0.3	1.1	0.5	0.7	0.4	0.5	0.5	0.5	0.5	0.6	0.6	0.6	0.6	
Underlying Business Investment	-11.7	1.6	4.3	5.3	-3.4	-2.5	-4.6	1.3	2.2	0.8	1.3	0.3	1.5	0.9	1.2	1.3	1.4	0.8	1.7	
Residential Construction	7.6	-1.8	0.9	-1.2	4.0	1.1	-0.9	1.9	-3.7	0.2	0.8	0.4	0.3	0.0	-0.2	-0.2	-0.4	-0.4	-0.9	
Underlying Public Spending	4.8	3.8	3.2	4.0	0.8	2.3	0.3	1.1	0.5	1.8	0.3	0.8	0.8	0.8	0.8	0.9	1.1	1.1	1.1	
Exports	7.3	4.5	6.2	3.1	3.0	1.5	1.0	2.8	-2.2	2.7	2.4	1.8	1.5	0.9	0.9	0.8	0.8	0.7	0.6	
Imports	0.0	6.5	4.5	4.6	-0.8	2.3	1.4	1.6	2.2	1.2	1.1	1.1	1.2	1.1	1.0	1.0	1.3	1.1	1.3	
Net Exports (a)	1.5	-0.4	0.4	-0.3	1.1	-0.2	-0.1	0.3	-0.9	0.3	0.3	0.2	0.1	0.0	0.0	0.0	-0.1	-0.1	-0.1	
Inventories (a)	0.0	0.0	0.0	0.0	-0.1	0.3	0.1	-0.3	0.5	-0.6	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Domestic Demand - qtr%					0.1	0.6	-0.3	1.2	0.6	1.0	0.5	0.5	0.6	0.6	0.6	0.6	0.8	0.7	0.8	
Dom Demand - ann %	1.6	2.6	2.5	2.8	1.4	1.6	1.3	1.9	2.0	2.4	3.3	2.6	2.7	2.3	2.4	2.5	2.6	2.7	2.9	
Real GDP - qtr %					1.0	0.8	-0.4	1.1	0.3	0.8	0.9	0.7	0.7	0.5	0.6	0.6	0.7	0.6	0.7	
Real GDP - ann %	2.5	2.4	2.8	2.5	2.6	3.2	1.9	2.4	1.8	1.8	3.2	2.8	3.2	2.9	2.6	2.4	2.4	2.4	2.5	
CPI headline - qtr %					-0.2	0.4	0.7	0.5	0.5	0.2	0.6	0.8	0.5	0.5	0.7	0.7	0.6	0.5	0.6	
CPI headline - ann %	1.3	2.0	2.4	2.5	1.3	1.0	1.3	1.5	2.1	1.9	1.8	2.1	2.2	2.5	2.5	2.4	2.5	2.5	2.4	
CPI underlying - qtr %					0.2	0.4	0.4	0.5	0.5	0.6	0.4	0.5	0.5	0.5	0.6	0.5	0.6	0.5	0.5	
CPI underlying - ann %	1.5	1.9	2.0	2.2	1.5	1.5	1.5	1.5	1.7	1.9	1.9	1.9	1.9	1.8	2.1	2.1	2.2	2.2	2.2	
Wages (Pvte WPI - qtr %)					0.5	0.4	0.5	0.4	0.5	0.4	0.5	0.4	0.5	0.4	0.8	0.7	0.6	0.6	0.6	
Wages (Pvte WPI - ann %)	1.9	1.9	2.0	2.4	2.0	1.9	1.9	1.8	2.0	1.9	1.9	1.8	1.8	1.8	2.1	2.4	2.5	2.6	2.4	
Unemployment Rate (%)	5.7	5.6	5.3	5.2	5.8	5.8	5.6	5.6	5.9	5.6	5.6	5.4	5.3	5.3	5.3	5.2	5.2	5.2	5.1	
Terms of trade	0.6	11.0	-1.1	-0.4	-1.9	2.5	4.7	10.5	5.6	-6.0	-1.5	-2.0	-2.5	-0.9	-0.8	-0.3	-0.4	-1.0	-0.2	
G&S trade balance, \$Abn	-12.5	15.2	-6.9	-20.5	-8.1	-6.9	-3.7	6.2	7.4	3.1	2.9	1.8	-0.4	-1.5	-2.3	-2.8	-3.6	-4.9	-5.8	
% of GDP	-0.7	0.8	-0.4	-1.1	-2.0	-1.6	-0.9	1.4	1.7	0.7	0.7	0.4	-0.1	-0.3	-0.5	-0.6	-0.8	-1.0	-1.2	
Current Account (% GDP)	-2.6	-2.0	-3.3	-4.0	-3.6	-3.7	-2.6	-0.8	-1.1	-2.1	-2.2	-2.4	-3.0	-3.3	-3.4	-3.5	-3.7	-4.0	-4.1	

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

Exchange Rate Forecasts

	4-Dec	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18
Majors						
AUD/USD	0.7592	0.75	0.74	0.73	0.73	0.73
NZD/USD	0.6859	0.70	0.69	0.69	0.70	0.70
USD/JPY	112.84	116	118	118	118	120
EUR/USD	1.1865	1.17	1.18	1.20	1.22	1.20
GBP/USD	1.3490	1.33	1.30	1.31	1.28	1.26
USD/CNY	6.6163	6.67	6.64	6.64	6.62	6.65
USD/CAD	1.2717	1.26	1.27	1.30	1.31	1.33
USD/CHF	0.9810	0.98	0.98	0.97	0.96	0.98

Australian Cross Rates						
	4-Dec	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18
AUD/NZD	1.1069	1.07	1.07	1.06	1.05	1.04
AUD/JPY	85.7	87	87	86	86	88
AUD/EUR	0.6399	0.64	0.63	0.61	0.60	0.61
AUD/GBP	0.5628	0.56	0.57	0.56	0.57	0.58
AUD/CNY	5.0231	5.00	4.91	4.85	4.83	4.85
AUD/CAD	0.9655	0.95	0.94	0.95	0.96	0.97
AUD/CHF	0.7448	0.73	0.72	0.71	0.70	0.72

Interest Rate Forecasts

	4-Dec	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18
Australia Rates						
RBA Cash rate	1.50	1.50	1.50	1.50	1.75	2.00
3 month bill rate	1.75	1.75	1.75	1.75	2.00	2.25
3 Year Swap Rate	2.03	2.4	2.5	2.6	2.9	3.0
10 Year Swap Rate	2.74	3.2	3.3	3.3	3.6	3.7
Offshore Policy Rates						
US Fed funds	1.25	1.50	1.75	2.00	2.00	2.25
ECB deposit rate	-0.40	-0.40	-0.40	-0.40	-0.40	-0.30
BoE repo rate	0.50	0.50	0.50	0.50	0.50	0.75
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	2.00	2.25
China 1yr lending rate	4.35	4.35	4.35	4.35	4.35	4.35
China Reserve Ratio	17.0	16.5	16.0	16.0	16.0	16.0
10-year Benchmark Bond Yields						
Australia	2.56	3.00	3.05	3.05	3.30	3.40
United States	2.36	2.60	2.75	2.75	3.00	3.00
New Zealand	2.75	3.10	3.35	3.40	3.50	3.60

Sources: NAB Global Markets Research; Bloomberg; ABS

Global GDP

Dec year	2014	2015	2016	2017	2018	2019	20 Yr Avge
Australia	2.8	2.4	2.5	2.4	2.8	2.5	3.4
US	2.6	2.9	1.5	2.2	2.3	2.0	2.6
Eurozone	1.4	2.0	1.8	2.3	2.1	1.7	1.5
UK	3.1	2.3	1.8	1.5	1.5	1.5	2.4
Japan	0.2	1.1	1.0	1.5	1.1	0.7	0.8
China	7.3	6.9	6.7	6.8	6.5	6.3	9.2
India	7.0	7.5	7.9	6.8	7.4	7.6	6.6
New Zealand	3.4	2.5	3.0	2.5	2.8	2.8	3.0
World	3.5	3.3	3.2	3.5	3.6	3.5	3.5
MTP Top 5	4.0	4.1	3.8	4.1	3.9	3.6	5.0

Commodity prices (\$US)

	4-Dec	Dec-17	Mar-18	Jun-18	Dec-18	Dec-19
WTI oil	58.24	51	52	54	58	60
Gold	1274	1270	1270	1280	1290	1300
Iron ore	70.1	62	60	62	60	60
Hard coking coal	221	160	140	120	100	101
Thermal coal	97	85	85	80	80	80
Copper	6812	6400	6340	6280	6280	6280
Aust LNG (*)	6.09	7.8	7.9	8.0	8.5	8.8

(*) Implied Australian LNG export prices.

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