

AUSTRALIAN MARKETS WEEKLY

Employment good news to start 2018



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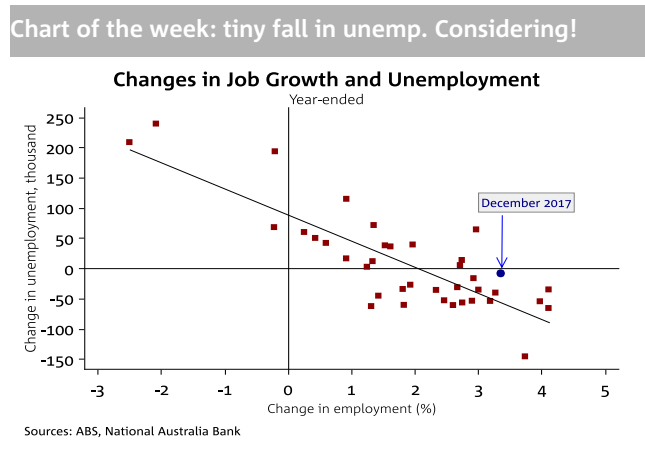
- Mostly strong data over the holiday period. Employment was again strong in December, though a continuing surge in participation left the unemployment rate still somewhat elevated at 5.5%. The RBA is likely to see this as indicating spare capacity remains in the labour market.
- Normally, with over 3% jobs growth over the past year (3.3% to Dec) one would expect the unemployment rate to drop around three quarters of a percentage point, not the 0.3% drop recorded.
- A number of commentators have suggested the National Disability Insurance Scheme (NDIS) has seen people move from full-time carers (and outside the definition of employment) to part- or full-time employment, thus adding to both measured employment and participation.
- The rise in participation has been extremely sharp over the past little while. It seems to reflect a combination of stronger participation in the mining states (as commodity prices improve business conditions) and stronger female participation rates. The latter may reflect the NDIS, which commenced from 1 July 2016 and is progressively being rolled out across the states. If people are being reclassified from carers outside the labour force to now being “employees” this would reduce the implications of strong employment growth for monetary policy.
- Typically, the RBA has prioritized the message of the unemployment rate, which at this stage remains elevated. Further progress on this front is likely to be necessary before the Bank considers removing policy accommodation.
- Consumer confidence data also show a number of important and encouraging trends – the prior divergence with business confidence has been resolved in favour of business confidence; consumers are also signaling lower unemployment lies ahead; and WA and QLD (together over a third of national output and the main laggards in recent years) have experienced pick-ups in confidence (QLD strongly so).
- This is also important as modest falls in house or apartment prices that are occurring in some quarters are unlikely to have a significant negative effect on the economy, while the unemployment rate is reasonably low or falling.
- This week is very quiet for Australian data with nothing major to be released. We'll focus on the NZ CPI on Thursday to finalise our Q4 CPI forecast (preliminary +0.8% q/q for headline; +0.5% q/q for core) which is released on Wednesday week. In markets, bond yields remain under modest upward pressure – a trend expected to continue – due to stronger global growth, higher oil prices and ongoing suggestions that major central banks will reduce policy support. The main surprise has been unexpected weakness in the US\$, which has pushed the \$A back above US\$0.80. With the shutdown of the US government, \$A strength may extend, though we continue to see a lower \$A by year's end.

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- [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	0.7999	0.6	RBA cash	1.50	0
AUD/CNY	5.13	0.6	3y swap	2.29	10
AUD/JPY	88.5	0.6	ASX 200	6,016	-1.1
AUD/EUR	0.653	0.7	Iron ore	74.9	-4.0
AUD/NZD	1.099	0.7	WTI oil	63.4	-0.7

Source: Bloomberg



Ivan Colhoun, Chief Economist, Markets

Recent positive economy report

For the most part, it’s been a positive start to the new year for local data. Retail sales were stronger in each of October and November after a run of weak months. This “catch up” in part reflects still changing seasonal shopping patterns (including the continuing shift to on-line) and a new iPhone launch, cautioning against reading too much into the trends from one month’s figures. Encouragingly, prior weakness was not been maintained.

Elsewhere:

- Building approvals surged 11.8% in November, driven by a sharp rise in Victorian building approvals. While the jump will likely be reversed next month, it remains the case that building approvals have not fallen away as much as expected suggesting housing construction, while slowing modestly, should not be a significant drag on the economy in the near future;
- Consumer sentiment has lifted noticeably in recent months, rising 1.8% in January and is now 8.2% higher than the low last August. We’ll focus further on some of the important trends in consumer sentiment below; and
- A further 34,700 jobs were created in December – more than double market expectations. This took the number of jobs created over 2017 to 403,100, with 303,400 of them full-time. While that’s a stunning 3.3% annual rate of jobs growth, unusually unemployment has not fallen anywhere near as significantly as one would normally expect. This has in turn been due to a surge in the workforce. A line of best fit between jobs growth and the unemployment rate would suggest that the unemployment rate should have declined around three-quarters of a percentage point over the past year, instead of the 0.3% decline actually recorded (see chart of the week). A 5.5% unemployment rate and a rising participation rate would likely be interpreted by the RBA as still suggesting spare capacity in the labour market. Below, we’ll investigate the rise in the participation rate a bit more. This trend is important as it’s constraining the fall in unemployment. The RBA will likely want to see further reduction in spare capacity before being convinced that wages growth and the CPI will sustainably pick up before beginning to lift interest rates.

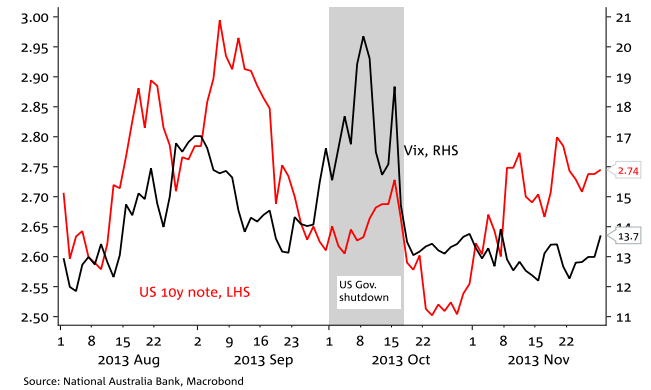
The markets commence the week to news of a shutdown of the US Federal Government. The experience of the 2013 shutdown (from 1-16 October) saw limited market impact though the VIX did briefly jump higher (see chart 1).

A quiet week for data

This week, there’s no first string data at all in Australia, with only the weekly ANZ-Roy Morgan Consumer Confidence tomorrow and Skilled Vacancies on Wednesday. We will watch NZ’s CPI on Thursday as a number of NZ components map closely to counterparts in Australia’s CPI, due Wednesday week. Tradables inflation is closely correlated between the two countries.

NAB’s preliminary forecast for the CPI is a headline rate of 0.8% q/q and core rates around 0.5% q/q. The latter will leave the annual core inflation rate just below the lower end of the RBA’s 2-3% target that of course only

Chart 1: US Government shutdown: 2013 experience



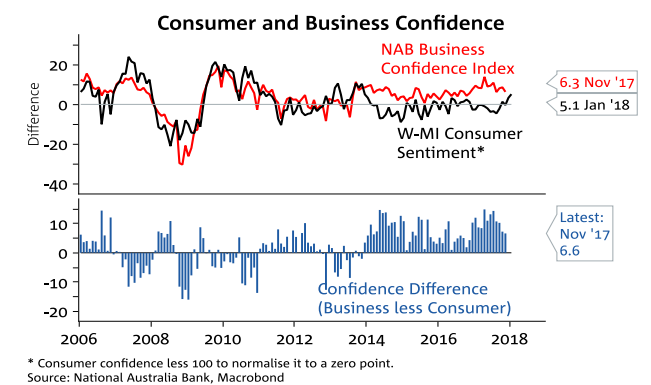
needs to be achieved over time, rather than at any point in time. With core inflation seemingly relatively stable at close to 2%, the RBA will be much more comfortable than it was when like other central banks it eased in the first half of 2016 fearing deflation.

Key consumer confidence developments

There have been a number of important developments in consumer confidence in recent months:

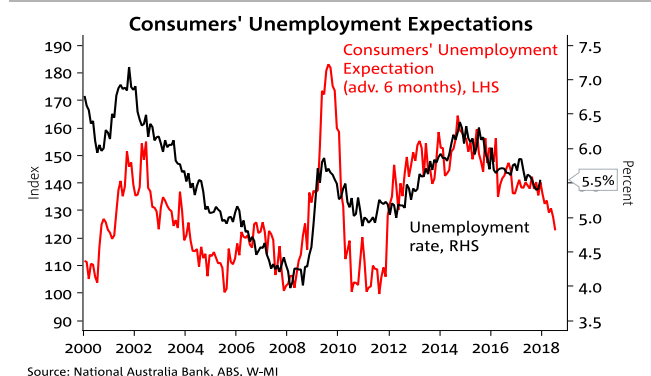
- Consumer confidence is catching up to business confidence. Remember this divergence was seen as quite a big issue in Australia back in early 2017;

Chart 2: The divergence closes



- Unemployment expectations from the consumer survey are firmly pointing lower. Current consumer perceptions and expectations for the job market suggest the unemployment rate should head towards 5% this year (see chart 3). Job Vacancies paint a

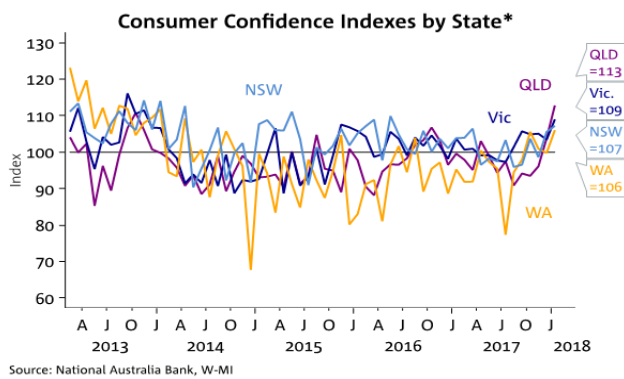
Chart 3: Consumers seeing a better job market



similar story. Overall, this suggests there is further improvement in the labour market to come, which supports NAB's forecast for the RBA to raise rates later in 2018;

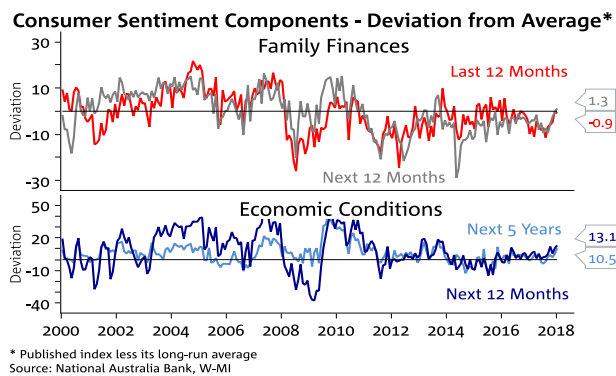
- The detail of the consumer sentiment survey highlights a strong improvement in Qld, while there have also been solid increases in NSW, Vic and WA. The turnaround in the mining states of QLD and WA is particularly significant as they were substantial drags on growth in 2015-2017. Improvement in these states should boost the national aggregates, given together they account for over a third of national output;

Chart 4: Improving confidence across the country



- Consumers are less anxious about their own finances and becoming more optimistic on the economy; and

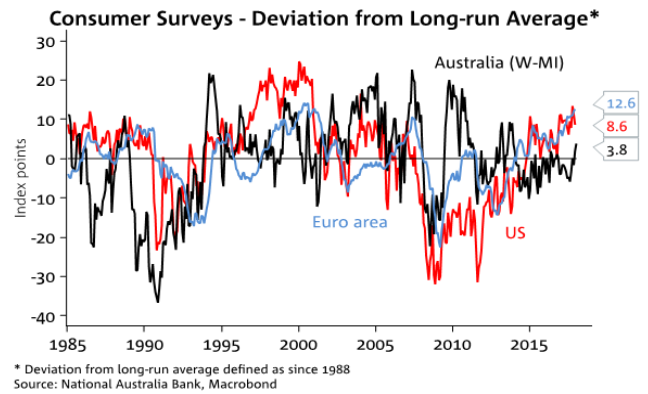
Chart 5: Improvement in own finances and economy



- Australian consumers are catching up to their international peers (see chart 6), suggesting the stronger global economy may also be having a positive spillover effect on Australia. Stronger share prices are likely the main direct channel here.

It's also possible that talk of income tax cuts floated over the holiday period has also been supportive. It's also worth pointing out that despite some easing in house and apartment prices in some regions, this has not had a significant negative impact on consumer confidence. Were it to eventuate, it would also seem unlikely that say a 5% pull-back in national house prices would have a significant negative impact on the economy, while the unemployment rate was declining, which is NAB's base case. Larger house price falls or falls in conjunction with rising unemployment would be more concerning, though neither looks imminent.

Chart 6: Catching up internationally



When will unemployment start to fall?

As our front page chart of the week shows, the Australian unemployment rate would ordinarily have fallen more significantly over the past year, given the 3.3% y/y growth in employment. A significant rise in participation has meant that from the low in participation in September 2016, 492,000 more people are participating in the labour force. While 477,000 of these participants have found employment over the period, the number unemployed has risen by 15,000. The unemployment rate has fallen slightly because of the substantial increase in the labour force.

We've looked back in history and can find only a few periods where employment growth has been this strong and the number of people unemployed has actually risen. In those few years, provided employment growth has been maintained the following year, the number unemployed and the unemployment rates have both declined.

What's driven the increase in participation?

We don't have 100% of the answer, but the charts below uncover a number of trends. We'll delve some more into this topic in coming weeks! What we can say about the recent rise in participation is:

- This is one of the sharpest increases in participation witnessed over a short period of time. Prior sharp rises in participation have occurred during recoveries from recession/slowdown (as discouraged workers return to the labour force – as from late 1993, 2001 and 2015). There was also a sharp rise in participation in the slowdown associated with the Global Financial Crisis (chart 7);
- There are two main reasons for the current rise in participation – a rise in in the mining states of WA and Qld, no doubt reflecting the recovery in commodity prices and improvement in mining business conditions; and a rise in participation rates in females in NSW and Victoria, which has not especially been mirrored in male participation rates in these states. A number of commentators have suggested that the rise in female participation may reflect the impact of the NDIS, though it has not been rolled out in all states as yet. If an influence, carers could be being reclassified as employees

Looking at the relationship between unemployment and the participation rate more broadly, it's usual for the unemployment rate to have its first leg lower when the

participation rate bottoms and to have a further leg lower when the participation rate stabilises. With participation having risen quite sharply over the past year and a bit, it's possible that we might see less ongoing rise over the next year, which might mean we could see more of a decline in unemployment, though that's speculation/something to watch for at this point.

Chart 7: Sharp rise in the part. rate mirrors other recovery periods

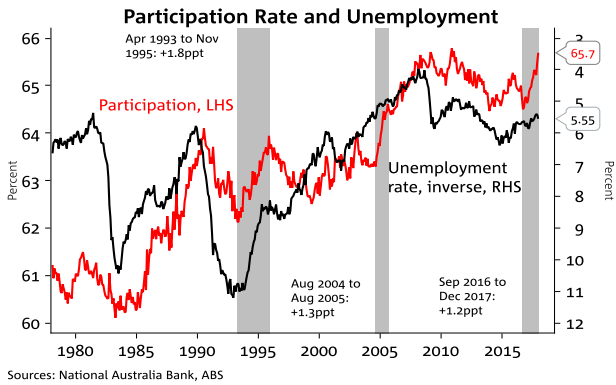


Chart 8: The part. rate has risen in the major states

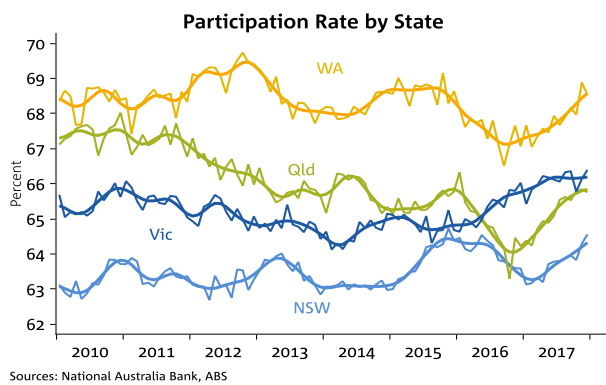


Chart 9: Broad-based strength in female participation

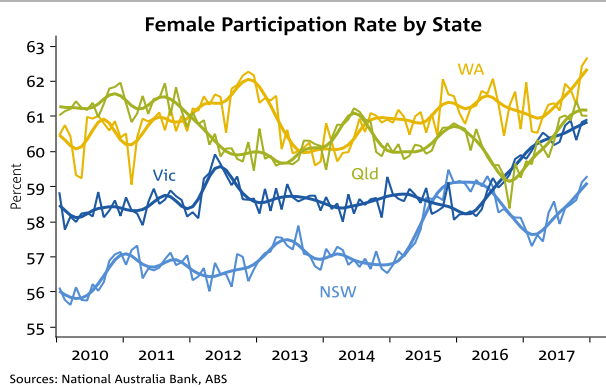
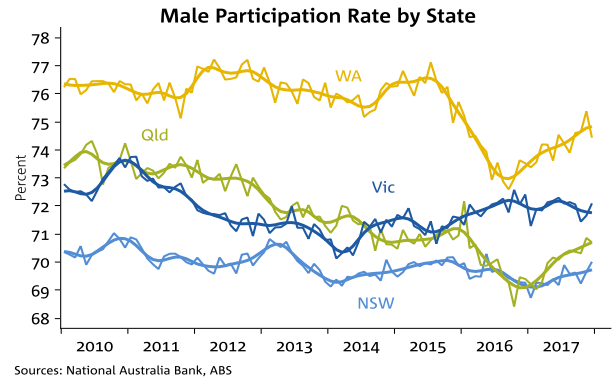


Chart 10: Male participation has grown in WA and Qld



Historically, when the RBA is uncertain about the reliability of employment data, it has tended to rely on the unemployment rate, which tends to be less affected by any measurement distortions (such as the NDIS possibility mentioned), since often the numerator and denominator of the unemployment rate calculation are similarly impacted. While last month's 5.5% unemployment rate (which was a whisker off rounding to 5.6%) likely overstates the current unemployment rate a little given the oscillations around the slow declining trend evident over the past eighteen months, the 5.5% rate is likely to be interpreted by the RBA as indicating continuing spare capacity in the labour market.

As such it remains consistent with the RBA continuing to retain the current accommodative monetary policy stance in the first half of the year, barring the Bank deciding like many of its global counterparts that it wishes to also begin removing some monetary accommodation. Our expectation is that the Bank would prefer to further reduce the spare capacity in the labour market given continuing low inflation, while also letting rate rises by overseas central banks lower the \$A somewhat.

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CALENDAR OF ECONOMIC RELEASES

Country	Economic Indicator	Period	Forecast	Consensus	Actual	Previous	GMT	AEDT
Monday, 22 January 2018								
NZ	Holiday (partial) - Wellington Anniversary	4Q		0.4/1.9		0.5/1.9	5.45	16.45
UK	Rightmove House Prices MoM/YoY	Feb		/		0.7/1.1	0.10	11.10
CA	Wholesale Trade Sales MoM	Nov		1.2		1.5	13.30	0.30
US	Chicago Fed Nat Activity Index	Dec		0.22		0.2	13.30	0.30
CA	Bloomberg Nanos Confidence	Jan 19				60.5	15.00	2.00
Tuesday, 23 January 2018								
NZ	Performance Services Index	Dec				56.4	21.30	8.30
AU	ANZ Roy Morgan Weekly Consumer Confidence Index	Jan 21				123.5	22.30	9.30
JN	All Industry Activity Index MoM	Nov		0.9		0.3	4.30	15.30
UK	Public Finances (PSNCR)	Dec				12.9	9.30	20.30
GE	ZEW Survey Current Situation/Expectations	Jan		89.6/17.7		89.3/17.4	10.00	21.00
EC	ZEW Survey Expectations	Jan				29.0	10.00	21.00
UK	CBI Trends Total Orders/Selling prices	Jan		12/		17.0/23.0	11.00	22.00
UK	CBI Trends Selling Prices	Jan				23.0	11.00	22.00
UK	CBI Business Optimism	Jan				-11.0	11.00	22.00
JN	BOJ 10-Yr Yield Target	Jan 23		0		0.0		
JN	BOJ Policy Balance Rate	Jan 23		-0.1		-0.1		
UK	CBI Retailing/Total Dist. Reported Sales	Jan		12.5/		20.0/24.0	11.00	22.00
UK	CBI Total Dist. Reported Sales	Jan				24.0	11.00	22.00
US	Richmond Fed Manufact. Index	Jan		18		20.0	15.00	2.00
US	Fed's Evans makes introductory remarks						23.30	10.30
Wednesday, 24 January 2018								
AU	Westpac Leading Index MoM	Dec				0.1	23.30	10.30
JN	Trade Balance Adjusted	Dec		264.3		364.1	23.50	10.50
AU	Skilled Vacancies MoM	Dec				0.3	0.00	11.00
JN	Nikkei Japan PMI Mfg	Jan P				54.0	0.30	11.30
CN	China Economic Advisor Liu He Speaks in Davos						9.50	20.50
NZ	Credit Card Spending MoM/YoY	Dec		/		0.8/9.1	2.00	13.00
JN	Leading Index CI	Nov F				108.6	5.00	16.00
GE	Markit/BME Germany Manufacturing PMI	Jan P		63		63.3	8.30	19.30
GE	Markit Germany Services/Composite PMI	Jan P		55.5/58.5		55.8/58.9	8.30	19.30
EC	Markit Eurozone Manufacturing PMI	Jan P		60.3		60.6	9.00	20.00
EC	Markit Eurozone Services/Composite PMI	Jan P		56.4/57.9		56.6/58.1	9.00	20.00
UK	Jobless Claims Change	Dec				5.9	9.30	20.30
UK	Average Weekly Earnings/ex bonus 3M/YoY	Nov		2.5/2.3		2.5/2.3	9.30	20.30
UK	Employment Change/Unemployment rate 3M/3M	Nov		-10/4.3		-56.0/4.3	9.30	20.30
US	FHFA House Price Index MoM	Nov		0.5		0.5	14.00	1.00
US	Markit US Manufacturing PMI	Jan P		55		55.1	14.45	1.45
US	Markit US Services PMI	Jan P		54.2		53.7	14.45	1.45
US	Markit US Composite PMI	Jan P				54.1	14.45	1.45
US	Existing Home Sales/MoM	Dec		5.7/-1.89		5.8/5.6	15.00	2.00
Thursday, 25 January 2018								
NZ	CPI QoQ/YoY	4Q	0.4/1.9	0.4/1.9		0.5/1.9	21.45	8.45
NZ	Crown Financial Accounts	5m-to-Nov						
GE	Ifo Business Climate	Jan		117		117.2	9.00	20.00
GE	Ifo Current Assessment/Expectations	Jan		125.3/109.3		125.4/109.5	9.00	20.00
EC	ECB Main Refinancing Rate	Jan 25		0		0.0	12.45	23.45
EC	ECB Marginal Lending Facility	Jan 25		0.25		0.3	12.45	23.45
EC	ECB Deposit Facility Rate	Jan 25		-0.4		-0.4	12.45	23.45
US	Advance Goods Trade Balance	Dec		-68.8		-999998.0	13.30	0.30
US	Wholesale Inventories MoM	Dec P		0.4		0.8	13.30	0.30
US	Initial Jobless Claims	Jan 20		235		220.0	13.30	0.30
CA	Retail Sales MoM	Nov		0.8		1.5	13.30	0.30
US	New Home Sales/MoM	Dec		675/-7.9		733.0/17.5	15.00	2.00
US	Kansas City Fed Manf. Activity	Jan		14.5		14.0	16.00	3.00
Friday, 26 January 2018								
AU	Australia Day National Holiday - Markets Closed							
JN	Natl CPI YoY	Dec		1.1		0.6	23.30	10.30
JN	PPI Services YoY	Dec		0.8		0.8	23.50	10.50
UK	Index of Services MoM/3M/3M	Nov		0.2/0.4		0.2/0.3	9.30	20.30
UK	GDP QoQ/YoY	4Q A		0.4/1.4		0.4/1.7	9.30	20.30
CA	CPI NSA MoM/YoY	Dec		-0.3/1.9		0.3/2.1	13.30	0.30
US	GDP Annualized QoQ	4Q A		3		3.2	13.30	0.30
US	Durable Goods Orders	Dec P		0.9		1.3	13.30	0.30
US	Cap Goods Orders Nondef Ex Air	Dec P		0.6		-0.2	13.30	0.30
US	Baker Hughes U.S. Rig Count/Oil rigs only	Jan 26		/		936.0/747.0	18.00	5.00
Upcoming Central Bank Interest Rate Announcements								
Canada, BoC		7-Mar				1.25%		
Japan, BoJ		23-Jan	-0.1%	-0.1%		-0.1%		
Europe ECB		25-Jan	-0.4%	-0.4%		-0.4%		
US Federal Reserve		1-Feb	1.25-1.50%	1.25-1.50%		1.25-1.50%		
Australia, RBA		6-Feb	1.50%	1.50%		1.50%		
New Zealand, RBNZ		8-Feb	1.75%	1.75%		1.75%		
UK BOE		8-Feb	0.5%			0.50%		

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

FORECASTS

Economic Forecasts

	Annual % change				Quarterly % change															
	2016	2017	2018	2019	2016				2017				2018				2019			
					Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Australia Forecasts																				
Household Consumption	2.8	2.1	2.0	2.4	0.9	0.5	0.3	0.9	0.4	0.8	0.1	0.5	0.5	0.6	0.6	0.5	0.6	0.6	0.6	0.6
Underlying Business Investment	-11.9	2.9	4.8	4.8	-3.4	-2.4	-5.5	1.7	3.2	0.2	2.6	1.4	1.6	0.4	0.1	1.6	1.3	0.9	1.7	1.7
Residential Construction	8.6	-2.3	-2.2	-2.2	4.4	1.4	-0.9	2.6	-3.4	-0.5	-1.0	0.5	-0.9	-0.6	-0.8	-0.7	-0.4	-0.5	-0.3	-0.7
Underlying Public Spending	5.2	4.4	3.6	4.1	1.9	2.0	0.8	0.7	1.1	1.2	1.5	0.8	0.8	0.8	0.8	0.9	1.1	1.1	1.1	1.1
Exports	6.8	5.1	7.2	3.6	2.7	1.3	0.9	2.7	-1.6	3.3	1.9	1.6	2.2	1.5	1.1	0.9	0.8	0.8	0.6	0.8
Imports	0.2	7.4	4.1	4.2	-0.8	2.6	0.7	2.4	2.7	0.5	1.9	1.4	0.9	0.7	0.7	1.0	1.2	1.0	1.2	1.2
Net Exports (a)	1.2	-0.6	0.5	-0.2	1.1	-0.3	0.0	0.0	-0.9	0.5	0.0	0.0	0.3	0.1	0.1	0.0	-0.1	-0.1	-0.2	-0.1
Inventories (a)	0.1	-0.1	0.0	0.0	-0.1	0.3	0.1	-0.3	0.3	-0.6	0.2	-0.1	0.1	0.1	-0.1	0.1	0.0	0.0	0.0	0.0
Domestic Demand - qtr%					0.1	0.6	-0.2	1.0	0.7	0.8	0.6	0.6	0.6	0.5	0.5	0.6	0.7	0.7	0.8	0.8
Dom Demand - ann %	1.8	2.6	2.3	2.7	1.5	1.8	1.5	2.3	2.2	2.4	3.2	2.8	2.6	2.3	2.2	2.2	2.4	2.5	2.8	3.0
Real GDP - qtr %					1.0	0.8	-0.3	1.1	0.4	0.9	0.6	0.6	1.0	0.7	0.4	0.7	0.7	0.6	0.7	0.7
Real GDP - ann %	2.6	2.3	2.9	2.6	2.7	3.3	2.1	2.4	1.8	1.9	2.8	2.5	3.1	2.9	2.7	2.9	2.6	2.4	2.6	2.6
CPI headline - qtr %					-0.2	0.4	0.7	0.5	0.5	0.2	0.6	0.8	0.5	0.5	0.6	0.7	0.5	0.5	0.5	0.7
CPI headline - ann %	1.3	2.0	2.2	2.2	1.3	1.0	1.3	1.5	2.1	1.9	1.8	2.1	2.1	2.4	2.3	2.2	2.2	2.3	2.2	2.2
CPI underlying - qtr %					0.2	0.4	0.4	0.5	0.5	0.6	0.4	0.4	0.5	0.5	0.5	0.5	0.6	0.5	0.5	0.5
CPI underlying - ann %	1.5	1.8	1.9	2.1	1.5	1.5	1.5	1.5	1.7	1.9	1.9	1.9	1.9	1.7	1.9	2.0	2.1	2.1	2.1	2.2
Wages (Pvte WPI - qtr %)					0.5	0.5	0.4	0.4	0.5	0.5	0.4	0.4	0.5	0.5	0.5	0.7	0.6	0.6	0.6	0.6
Wages (Pvte WPI - ann %)	1.9	1.9	1.9	2.3	2.0	2.0	1.9	1.8	2.0	2.0	1.9	1.8	1.8	1.8	1.9	2.2	2.2	2.3	2.4	2.2
Unemployment Rate (%)	5.7	5.6	5.3	5.2	5.8	5.7	5.7	5.7	5.9	5.6	5.5	5.4	5.3	5.3	5.3	5.2	5.2	5.2	5.2	5.1
Terms of trade	0.5	12.0	-1.2	-0.4	-1.9	2.5	4.1	11.2	5.5	-6.1	-0.4	-0.2	-2.9	-0.9	-0.8	-0.3	-0.4	-1.0	-0.2	0.1
G&S trade balance, \$Abn	-14.3	16.3	4.9	-5.6	-8.4	-7.4	-4.1	5.7	6.8	3.4	3.1	3.1	1.6	1.5	1.1	0.7	0.0	-1.3	-2.0	-2.3
% of GDP	-0.8	0.9	0.3	-0.3	-2.0	-1.8	-1.0	1.3	1.5	0.8	0.7	0.7	0.4	0.3	0.2	0.2	0.0	-0.3	-0.4	-0.5
Current Account (% GDP)	-2.9	-1.9	-2.5	-3.0	-3.7	-3.9	-2.9	-1.1	-1.3	-2.2	-2.0	-2.0	-2.5	-2.5	-2.6	-2.6	-2.8	-3.0	-3.2	-3.2

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

Exchange Rate Forecasts

	22-Jan	Mar-18	Jun-18	Sep-18	Dec-18
Majors					
AUD/USD	0.7993	0.73	0.72	0.73	0.73
NZD/USD	0.7283	0.68	0.68	0.69	0.70
USD/JPY	110.82	115	116	117	118
EUR/USD	1.2228	1.20	1.21	1.24	1.26
GBP/USD	1.3867	1.40	1.41	1.43	1.44
USD/CNY	6.4040	6.59	6.55	6.52	6.50
USD/CAD	1.2485	1.29	1.29	1.29	1.29
USD/CHF	0.9626	0.97	0.97	0.94	0.94

Australian Cross Rates

	22-Jan	Mar-18	Jun-18	Sep-18	Dec-18
AUD/NZD	1.0975	1.07	1.06	1.05	1.04
AUD/JPY	88.6	84	83	85	86
AUD/EUR	0.6537	0.61	0.60	0.59	0.58
AUD/GBP	0.5764	0.52	0.51	0.51	0.51
AUD/CNY	5.1187	4.81	4.72	4.73	4.75
AUD/CAD	0.9979	0.94	0.93	0.94	0.94
AUD/CHF	0.7694	0.71	0.70	0.68	0.69

Interest Rate Forecasts

	22-Jan	Mar-18	Jun-18	Sep-18	Dec-18
Australia Rates					
RBA Cash rate	1.50	1.50	1.50	1.75	2.00
3 month bill rate	1.80	1.75	2.00	2.25	2.25
3 Year Swap Rate	2.28	2.5	2.9	3.0	3.1
10 Year Swap Rate	3.04	3.3	3.6	3.7	3.7
Offshore Policy Rates					
US Fed funds	1.50	1.75	2.00	2.00	2.25
ECB deposit rate	-0.40	-0.40	-0.40	-0.40	-0.20
BoE repo rate	0.50	0.50	0.50	0.50	0.75
BoJ excess reserves rate	-0.10	-0.10	-0.10	-0.10	-0.10
RBNZ OCR	1.75	1.75	1.75	2.00	2.25
China 1yr lending rate	4.35	4.35	4.35	4.35	4.35
China Reserve Ratio	17.0	16.0	16.0	16.0	16.0
10-year Benchmark Bond Yields					
Australia	2.87	2.70	2.80	2.85	3.05
United States	2.66	2.50	2.60	2.60	2.75
New Zealand	2.97	2.95	3.10	3.15	3.40

Sources: NAB Global Markets Research; Bloomberg; ABS

Global GDP

Dec year	2014	2015	2016	2017	2018	2019	20 Yr Avge
Australia	2.6	2.5	2.6	2.3	2.9	2.6	3.4
US	2.6	2.9	1.5	2.3	2.4	2.0	2.6
Eurozone	1.4	2.0	1.8	2.4	2.2	1.9	1.5
UK	3.1	2.3	1.8	1.5	1.5	1.5	2.4
Japan	0.3	1.4	0.9	1.8	1.4	0.9	0.8
China	7.3	6.9	6.7	6.8	6.5	6.3	9.2
India	7.0	7.5	7.9	6.4	7.1	7.3	6.6
New Zealand	3.4	2.5	3.0	2.5	2.9	2.9	3.0
World	3.5	3.4	3.2	3.5	3.6	3.5	3.5
MTP Top 5	4.0	4.1	3.7	4.2	3.9	3.6	5.0

Commodity prices (\$US)

	22-Jan	Mar-18	Jun-18	Dec-18	Dec-19
WTI oil	63.58	52	54	58	60
Gold	1331	1270	1280	1290	1300
Iron ore	74.9	60	62	60	60
Hard coking coal	243	140	120	100	101
Thermal coal	107	85	80	80	80
Copper	7017	6340	6280	6280	6280
Aust LNG (*)	6.32	7.9	8.0	8.5	8.8

(*) Implied Australian LNG export prices.

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