

AUSTRALIAN MARKETS WEEKLY



RBA growth and inflation outlook still on course

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- The RBA is under the spotlight this week.
- Tomorrow's RBA Board to leave rates steady again, with the release unlikely to signal a shift from its neutral policy bias. RBA Governor Lowe speaks on Thursday evening ahead of the Bank's full quarterly Statement on Monetary Policy released as usual on Friday.
- Global and Australian economies continue to improve. For Australia, last year's stellar labour market is a highlight, along with the upturn in business investment. The expected flow through from less spare capacity in the labour market to wages and inflation over time continues as a much-watched theme.
- Household debt and consumer spending is the one sore point in the local growth outlook, although strong employment growth points to an important underpinning to income growth ahead.
- RBA's November growth and inflation near-term forecasts still look "in the money" with the benefit of the September quarter national accounts and the December quarter CPI. The medium-term RBA outlook – this time extended to June 2020 – will also likely continue to forecast: 3%-plus GDP growth, only a gradual reduction in unemployment, and a gradual increase in inflation into the 2-3% target zone.
- NAB forecasts the RBA to hike rate later this year as further economic improvement unfolds.
- Last Friday's US non-farm payrolls report, with its higher-than-expected earnings growth, plays to the notion that wages may be now pushing higher in the US. This week's eight scheduled post-FOMC Fed speakers will provide further insight.
- US bond yields pushed higher last week, including on Friday, after payrolls and its upward surprise on average hourly earnings.
- AUD back closer to 0.79 today. NAB revises AUD forecasts.

Perhaps no changes to be made to RBA forecasts

The RBA cash rate has now been steady at 1.50% for the past 18 months. The Board is highly likely to leave the cash rate unchanged again tomorrow, at its first meeting for the year. The cooling in the housing market continues (as best we can tell through year-end), and the economy's growth outlook continues on track with the economy growing within its potential. The labour market still has an evident portion of spare capacity despite strong growth in employment over the past year.

Notwithstanding talk of last week's inflation being a low print, we noted that the result was close to RBA's expectations. Underlying inflation continued within its 0.4-0.5% q/q range over the past year or so with annual growth at 1¾%, exactly as forecast by the RBA in its November quarterly Statement. (At 1.87% underlying inflation was very close to being rounded to 2%!) Headline inflation was 1.9%, again right on the RBA's 2% forecast (rounded to the nearest ¼%). See the table on the next page for our forecast expectations.

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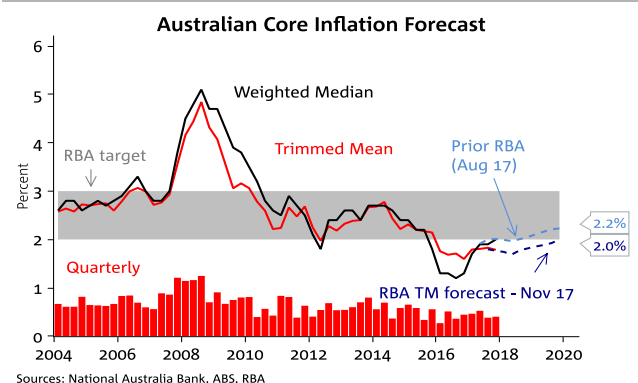
[Ask the Interest Rate Strategists](#)

Key markets over the past week

	Last	% chg week		Last	bp / % chg week
AUD	0.7927	-2.1	RBA cash	1.50	0
AUD/CNY	5.00	-2.6	3y swap	2.24	-5
AUD/JPY	87.1	-1.0	ASX 200	6,033	-0.7
AUD/EUR	0.636	-2.5	Iron ore	74.4	..
AUD/NZD	1.086	-1.7	WTI oil	64.9	-1.0

Source: Bloomberg

Chart of the week: CPI outlook on track



David de Garis, Director, Economics

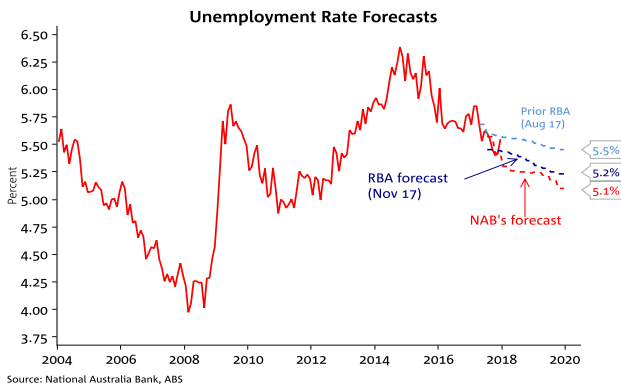
RBA still becoming more confident about the growth and inflation outlook

This month, the Board will be briefed by the Bank’s staff on the economic news over the Christmas-New Year period, and their latest review of their forecasts for growth, the labour market, and inflation.

Key to that briefing will be, we expect, that the economic outlook generally continues to brighten, both globally and domestically. The global growth outlook continues to show signs of becoming more synchronised from a more US-centric upturn evident earlier last year.

Such a global improvement adds force to the domestic view that not only does the near-term outlook for growth and inflation require no technical adjustment for the latest quarterly observations, but the evolving big picture outlook is consistent with an expected growth uplift to over 3% as being “in play”. This carries with it the likelihood that, in time, inflation will move up into the Bank’s 2-3% target range, which is what the RBA forecasts to occur.

Chart 1: Unemployment rate tracks



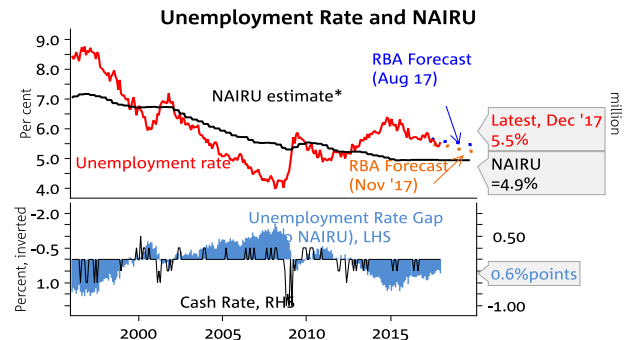
Retail sales and consumption remain on the low side, but business investment and infrastructure activity continues to reveal growth-supportive attributes. Housing markets continue to cool, with reliance on APRA measures to keep prices in check. The export sector should be benefitting from the better global outlook, despite some net \$A appreciation. In this context we would note some lift also in commodity prices and that the net rise in the AUD/USD reflects as much the net decline in the USD.

Tuesday’s post-Board statement refreshed but not materially revised

We expect that, as is usual for the first meeting of the year, and two months on from when the RBA Board last

met, tomorrow’s Statement will be refreshed. This will encompass a summary of generally positive recent offshore and domestic economic news together with an assessment of how the Bank’s forecasts have changed little. On the global scene, it will be interesting to see whether the Statement makes any particular references to hints of rising wage inflation in the US.

Chart 2: Unemployment still above NAIRU



* RBA NAIRU estimate from Cusbert (2017)
Source: National Australia Bank, ABS, RBA

Apart from a reference to how recent growth and inflation readings were broadly in line with the Bank’s expectations, little amendment is needed elsewhere in tomorrow’s Media Release from the Governor. The Statement is still likely to continue the reference to the notion that “An appreciating exchange rate would be expected to result in a slower pick-up in economic activity and inflation than currently forecast”. There may well be some references to how recent weakness in the US dollar has been a key factor underpinning strength in the Australian dollar.

Labour market and wages hold the keys to policy outlook

We have written at some length on the importance of the labour market and spare capacity as a critical point to watch in the inflation and policy outlook.

Like other market observers, the Bank has been watching the stellar increase in employment over the past year. Even so, the unemployment rate has barely shifted, thanks to faster growth in labour supply, represented by the rise in the participation rate as more individuals entered the labour market from outside the labour force. (The roll-out of the NDIS has been another complication in this story.)

Labour supply (the labour force) has grown 3.1% y/y, nearly matching the 3.4% growth in employment,

RBA SoMP forecasts: Nov '17 forecasts still on track

RBA Nov '17 SoMP forecast in grey, Feb '18 SoMP revision risk, NAB's forecasts in red

	Year-ended																
	Dec-17		Jun-18			Dec-18			Jun-19			Dec-19			Jun-20		
	RBA	NAB	RBA	NAB	RBA	NAB	RBA	NAB	RBA	NAB	RBA	NAB	RBA	NAB			
GDP growth	2½	✓	2.8	2½	✓	2.9	3¼	✓	2.4	3½	✓	2.4	3¼	✓	2.6	3¼	
Unemployment rate	5½	✓	5.4	5½	✓	5.3	5½	✓	5.2	5½	✓	5.2	5½	✓	5.1	5½	
CPI inflation	2	✓	2.1	2	✓	2.5	2¼	✓	2.4	2¼	✓	2.5	2¼	✓	2.4	2¼	
Underlying inflation	1½	✓	1.9	1½	✓	1.8	1½	✓	2.1	2	✓	2.2	2	✓	2.2	2	
	2017		2017/18			2018			2018/19			2019			2020		
GDP growth	2½	✓	2.4	2½	✓	3.1	3.0	✓	2.8	3¼	✓	2.4	3¼	✓	2.5	3¼	--

(a) Nov '17 RBA technical assumptions: \$A at US\$0.77, TWI at 65; Brent crude oil price at US\$63 per barrel.

(a) Likely new technical assumptions: \$A at US\$0.79, TWI at 65; Brent crude oil price at US\$68 per barrel.

Source: NAB; RBA Statement on Monetary Policy, 10 Nov 2017

delivering a meagre 0.3% point reduction in the unemployment rate to 5.5% by December 2017, which is over 0.5% above the Bank's assessment of the non-accelerating inflationary rate of unemployment, the NAIRU.

As was the case with the November quarterly Statement, this important aspect of the economic and policy outlook will get a lot of discussion, including likely in the "Key Uncertainties" section of the (final) Economic Outlook chapter of the Statement. Thursday's dinner speech from the Governor would be another opportunity for the Governor to offer his views not only on the economy and inflation, including the transmission of inflation through the labour market.

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FX forecast revisions

Amid recent USD weakness we have revised higher our near term AUD/USD forecasts. Nevertheless, we still think the currency will end this year lower than current levels. We anticipate the AUD/USD will drop to at least the 75 cents area by the end of 2018, with the narrowing of AU-US yield spreads, softer commodities and less supportive risk backdrop the main culprits for this decline. We have done little changes to our AUD cross rate forecasts. EUR, GBP and JPY are all seen stronger than previously assumed, AUD/EUR in particular is still seen below 0.60 this year (and lower still further out).

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CALENDAR OF ECONOMIC RELEASES

Country	Economic Indicator	Period	Forecast	Consensus	Actual	Previous	GMT	AEDT
Monday, 5 February 2018								
AU	CBA Australia PMI Services / Composite	Jan				55.1/55.5	22.00	9.00
AU	AiG Perf of Services Index	Jan				52.0	22.30	9.30
AU	Melbourne Institute Inflation MoM/YoY	Jan		/		0.1/2.3	0.00	11.00
NZ	ANZ Commodity Price	Jan	1.8%			-2.2	0.00	11.00
JN	Nikkei Japan PMI Services / Composite	Jan				51.1/52.2	0.30	11.30
AU	ANZ Job Advertisements MoM	Jan				-2.3	0.30	11.30
CH	Caixin China PMI Services / Composite	Jan				53.9/53.0	1.45	12.45
GE	Markit Germany Services PMI / Composite PMI	Jan F		53.5/		57.0/58.8	8.55	19.55
EC	Markit Eurozone Services PMI / Composite PMI	Jan F		57.6/58.6		57.6/58.6	9.00	20.00
UK	Markit/CIPS UK Services PMI	Jan		54.1		54.2	9.30	20.30
UK	Markit/CIPS UK Composite PMI	Jan		54.6		54.9	9.30	20.30
EC	Sentix Investor Confidence	Feb		33.15		32.9	9.30	20.30
EC	Retail Sales MoM/YoY	Dec		-1/1.9		1.5/2.8	10.00	21.00
US	Markit US Services PMI / Composite PMI	Jan F		53.3/		53.3/53.8	14.45	1.45
US	ISM Non-Manf. Composite	Jan		56.7		55.9	15.00	2.00
Tuesday, 6 February 2018								
NZ	Waitangi Day (National holiday)					120.9	22.30	9.30
AU	ANZ Roy Morgan Weekly Consumer Confidence Index	Feb 4				120.9	22.30	9.30
AU	Trade Balance	Dec	+700m	200		-628.0	0.30	11.30
AU	Retail Sales MoM	Dec	-0.5%	-0.2		1.2	0.30	11.30
AU	Retail Sales Ex Inflation QoQ	4Q	0.8%	1		0.1	0.30	11.30
AU	RBA Cash Rate Target	Feb 6	1.5	1.5		1.5	3.30	14.30
GE	Factory Orders MoM/ WDA YoY	Dec		0.8/3.1		-0.4/8.7	7.00	18.00
ECB	ECB's Weidmann, BIS's Carstens Speak in Frankfurt						9.00	20.00
CA	Int'l Merchandise Trade	Dec		-2.25		-2.5	13.30	0.30
US	Trade Balance	Dec		-52		-50.5	13.30	0.30
US	Fed's Bullard Speaks on U.S. Economy and Monetary Policy						13.50	0.50
US	JOLTS Job Openings	Dec				5879.0	15.00	2.00
CA	Ivey Purchasing Managers Index SA	Jan				60.4	15.00	2.00
Wednesday, 7 February 2018								
NZ	Unemployment Rate	4Q	4.5%	4.7		4.6	21.45	8.45
NZ	Employment Change QoQ / YoY	4Q	0.4%	0.4/3.6		2.2/4.2	21.45	8.45
NZ	Participation Rate	4Q		71		71.1	21.45	8.45
NZ	Pvt Wages Inc Overtime QoQ	4Q		0.5		0.7	21.45	8.45
AU	AiG Perf of Construction Index	Jan				52.8	22.30	9.30
JN	Labor Cash Earnings YoY	Dec		0.5		0.9	0.00	11.00
JN	Leading Index CI	Dec P		108.1		108.3	5.00	16.00
GE	Industrial Production SA MoM/ WDA YoY	Dec		-0.6/6.8		3.4/5.6	7.00	18.00
UK	Halifax House Prices MoM	Jan		0.2		-0.6	8.30	19.30
EC	ECB's Nouy and Launtenschlaeger speak in Frankfurt						9.00	20.00
EC	European Commission Economic Forecasts						10.00	21.00
US	Fed's Kaplan Speaks in Frankfurt						11.00	22.00
CH	Foreign Reserves	Jan		3170		3140.0		
CA	Building Permits MoM	Dec		2		-7.7	13.30	0.30
US	Fed's Dudley Speaks in Moderated Q&A						13.30	0.30
US	Fed's Evans Speaks on Economic and Policy Outlook						15.15	2.15
US	Consumer Credit	Dec		19.975		28.0	20.00	7.00
NZ	Dairy Auction							
Thursday, 8 February 2018								
NZ	RBNZ Official Cash Rate	Feb 8	1.75%	1.75		1.8	20.00	7.00
NZ	RBNZ's Spencer news conference on policy statement	Feb 8					21.00	8.00
US	Fed's Williams Speaks in Hawaii						22.20	9.20
JN	BoP Current Account Adjusted	Dec		1652.5		1700.5	23.50	10.50
UK	RICS House Price Balance	Jan		5		8.0	0.10	11.10
AU	NAB Business Confidence	4Q				7.0	0.30	13.30
JN	BOJ Suzuki makes a speech in Wakayama					1.30	12.30	
EC	ECB's Weidmann Speaks in Frankfurt					6.45	17.45	
EC	ECB Publishes Economic Bulletin					9.00	20.00	
AU	RBA Governor Lowe Gives Speech in Sydney						9.00	20.00
EC	ECB's Villeroy Speaks in Frankfurt					10.15	21.15	
EC	ECB's Mersch Speaks in London					10.30	21.30	
EC	ECB's Praet Speaks in Frankfurt					10.45	21.45	
UK	Bank of England Bank Rate	Feb 8		0.5		0.5	12.00	23.00
UK	Bank of England Inflation Report						12.00	23.00
JN	Eco Watchers Survey Current SA	Jan		53.7		53.9	Feb 8 release	
CH	Trade Balance CNY	Jan		322		362.0	Feb 8 release	
CH	Exports YoY CNY	Jan		1.3		7.4	Feb 8 release	
CH	Imports YoY CNY	Jan		5		0.9	Feb 8 release	
CH	Trade Balance	Jan		54.7		54.7	Feb 8 release	
CH	Imports YoY	Jan		11.2		4.5	Feb 8 release	
CH	Exports YoY	Jan		11.3		10.9	Feb 8 release	
CH	BoP Current Account Balance	4Q P				40.5	Feb 8 release	
CH	Foreign Direct Investment YoY CNY	Jan				-9.2	Feb 8 release	
US	Fed's Harker Speaks on Economy: Outlook and Impact for College						13.00	0.00
CA	Housing Starts	Jan		210		217.0	13.15	0.15
CA	New Housing Price Index MoM / YoY	Dec				0.1/3.4	13.30	0.30
US	Initial Jobless Claims	Feb 3		233		230.0	13.30	0.30
US	Fed's Kashkari Speaks in Moderated Q&A						14.00	1.00
Friday, 9 February 2018								
NZ	QV House Prices YoY	Jan				6.6	16.00	3.00
AU	Home Loans MoM	Dec		-1		2.1	0.30	11.30
AU	RBA Quarterly Statement on Monetary Policy						0.30	11.30
CH	PPI YoY	Jan		4.2		4.9	1.30	12.30
CH	CPI YoY	Jan		1.5		1.8	1.30	12.30
US	Fed's George Speaks on the Economy						2.00	13.00
UK	Industrial Production MoM	Dec		-0.9/0.4		0.4/2.5	9.30	20.30
UK	Construction Output SA MoM	Dec		-0.1/-1.9		0.4/0.4	9.30	20.30
UK	Trade Balance	Dec		-2400.0		-2804.0	9.30	20.30
UK	NIESR GDP Estimate	Jan		0.5		0.6	12.00	23.00
CA	Net Change in Employment	Jan		11.5		78.6	13.30	0.30
CA	Unemployment Rate	Jan		5.8		5.7	13.30	0.30
US	Wholesale Inventories MoM	Dec F		0.2		0.2	15.00	2.00
US	Baker Hughes U.S. Rig Count	Feb 9				946.0	18.00	5.00
Saturday, 10 February 2018								
EC	ECB's Visco Speaks at Annual Assiom Forex Event in Verona						10.30	21.30
CH	Aggregate Financing CNY	Jan		3350		1140.0	Feb 10 - 15 release	
CH	New Yuan Loans CNY	Jan		2050		584.4	Feb 10 - 15 release	
Upcoming Central Bank Interest Rate Announcements								
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%	0.5%		0.50%		
Canada, BoC		7-Mar				1.25%		
Europe ECB		8-Mar		-0.4%		-0.4%		
Japan, BoJ		9-Mar		-0.1%		-0.1%		
US Federal Reserve		22-Mar		1.25-1.50%		1.25-1.50%		

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	0.5	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

	5-Feb	Mar-18	Jun-18	Sep-18	Dec-18
Majors					
AUD/USD	0.7929	0.79	0.78	0.77	0.75
NZD/USD	0.7293	0.73	0.72	0.71	0.70
USD/JPY	109.97	110	110	109	109
EUR/USD	1.2455	1.25	1.28	1.30	1.30
GBP/USD	1.4113	1.44	1.45	1.47	1.48
USD/CNY	6.2984	6.28	6.25	6.20	6.18
USD/CAD	1.2420	1.23	1.22	1.24	1.25
USD/CHF	0.9309	0.93	0.92	0.90	0.91

Australian Cross Rates

	5-Feb	Mar-18	Jun-18	Sep-18	Dec-18
AUD/NZD	1.0872	1.08	1.08	1.08	1.07
AUD/JPY	87.2	87	86	84	82
AUD/EUR	0.6366	0.63	0.61	0.59	0.58
AUD/GBP	0.5618	0.55	0.54	0.52	0.51
AUD/CNY	4.9940	4.96	4.88	4.77	4.64
AUD/CAD	0.9848	0.97	0.95	0.95	0.94
AUD/CHF	0.7381	0.73	0.72	0.69	0.68

Interest Rate Forecasts

	5-Feb	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	1.77	1.75	2.00	2.25	2.25
3 Year Swap Rate	2.24	2.5	2.9	3.0	3.1
10 Year Swap Rate	3.06	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	2.91	2.95	2.95	3.00	3.05
United States	2.86	2.75	2.75	2.75	2.75
New Zealand	2.98	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 Avg
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)

	5-Feb	Mar-18	Jun-18	Dec-18	Dec-19
WTI oil	64.77	52	54	58	60
Gold	1329	1270	1280	1290	1300
Iron ore	74.4	60	62	60	60
Hard coking coal	228	140	120	100	101
Thermal coal	105	85	80	80	80
Copper	7016	6340	6280	6280	6280
Aust LNG (*)	6.51	7.9	8.0	8.5	8.8

(*) Implied Australian LNG export prices.

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