EMBARGOED UNTIL: 11.30AM WEDNESDAY 14 MARCH 2018

THE FORWARD VIEW - AUSTRALIA

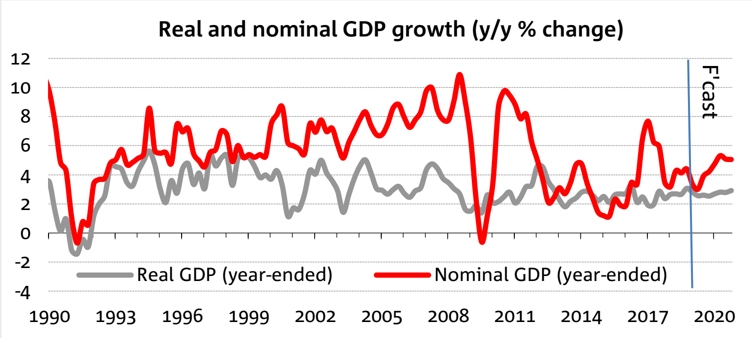
MARCH 2018

Gradually improving profile intact, despite a weak 2017

- **Full-year economic growth in 2017 came in at a relatively subdued 2.3%, disappointing the RBA and Consensus' expectations, but in line with our forecasts at the beginning of 2017.** The composition of growth was a little less tilted towards consumer spending than expected (despite our cautious and below consensus view at the time), and dwelling construction peaked a little earlier, while business and government infrastructure investment outperformed expectations. While growth was slow, the composition in 2017 was encouraging from the perspective that it will boost the future capacity of the Australian economy. Weak wages outcomes in the face of strong employment growth however remained a source of disappointment through 2017, partly owing to poor labour productivity growth (see Charts of the Month on page 2).
- **We continue to see the economy gathering some speed through 2018,** as business and government investment, as well as LNG exports contribute to growth. As a result, we see annual average growth of 2.8% in 2018, followed by 2.6% in 2019 and 2.8% in 2020, with the composition of growth more encouraging as time progresses – that is, driven more by domestic demand, including some uplift in consumer spending as wages slowly accelerate. Nominal GDP growth (and national income measures) will accelerate later in the piece, as a weaker outlook for key bulk commodities and the terms of trade declines weigh less in 2020.
- Employment growth surprised significantly to the upside through 2017, with more than 400K jobs created, approximately 300K of which were full-time. The NAB Business Survey suggests further strength in employment growth of 27K per month in the near term, which will somewhat softer than the current trend in official employment growth, continues to suggest labour market strength through 2018. **We are forecasting the unemployment rate to head down to around 5% by end-18 and then hold broadly steady thereafter.** This should be enough to put some gradual upward pressure on wages growth.
- **Key uncertainties include the pace of improvement in wages growth, and how consumers fare amidst slowing housing prices and high debt levels.** This will also be a key determinant of whether our forecasts for gradual RBA rate hikes from late this year prove correct. Meanwhile the global economic backdrop should remain generally supportive in the absence of an economic shock (particularly assuming current trade tensions do not escalate), although the composition of global growth will be a little less supportive for commodities and the terms of trade as Chinese demand slows. There is also risk of slowing in the global economy by 2020 as key advanced economies reach capacity constraints and global policy rates are tightened.

	2016	2017	2018-F	2019-F	2020-F
Domestic Demand (a)	1.9	2.9	2.6	2.8	3.2
Real GDP (annual average)	**2.6**	**2.3**	**2.8**	**2.6**	**2.8**
Real GDP (year-ended to Dec)	**2.5**	**2.4**	**3.1**	**2.5**	**2.9**
Terms of Trade (a)	0.1	11.6	-1.9	-5.6	-0.8
Employment (a)	1.6	2.2	2.9	1.7	1.6
Unemployment Rate (b)	5.7	5.4	5.0	5.0	5.0
Headline CPI (b)	1.5	1.9	2.4	2.5	2.7
Core CPI (b)	1.5	1.8	2.0	2.3	2.5
RBA Cash Rate (b)	1.50	1.50	1.75	2.25	2.75
$A/US cents (b)	0.72	0.78	0.75	0.75	0.73

(a) annual average growth, (b) end-period, (c) through the year inflation



CONTENTS

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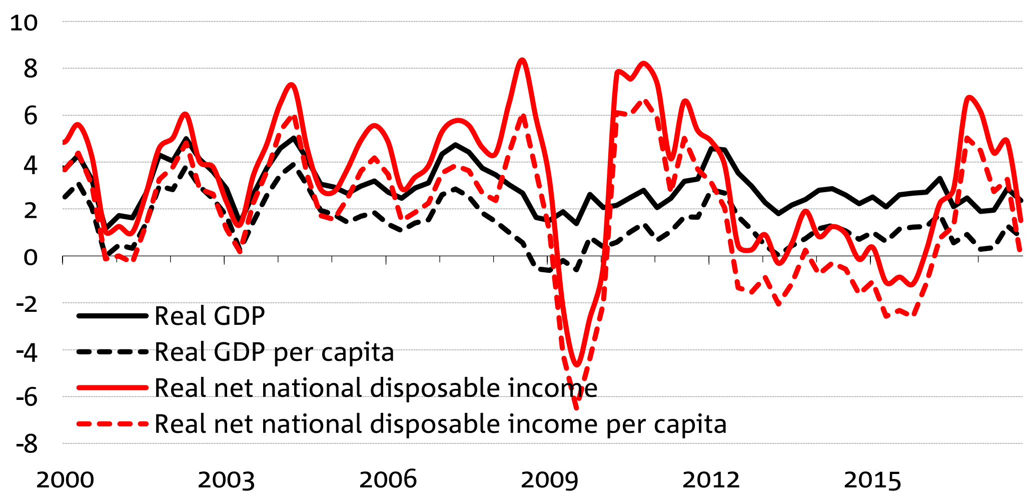
CHARTS OF THE MONTH *Subdued GDP and national income growth despite rapid population and employment growth. Poor labour productivity weighing on wages.*

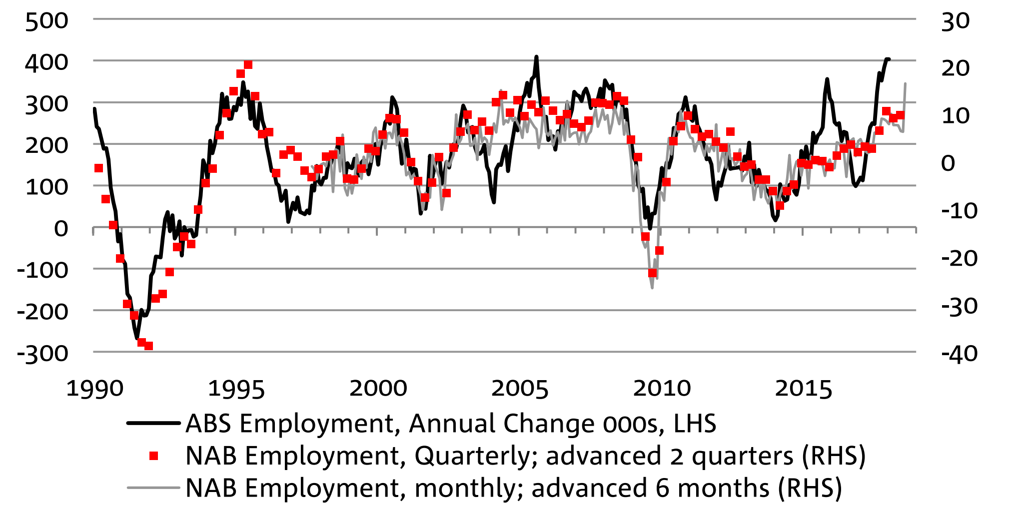
GROWTH & INCOME SUPPORTED BY STRONG POPULATION GROWTH

Real GDP and National Disposable Income growth, y/y % change



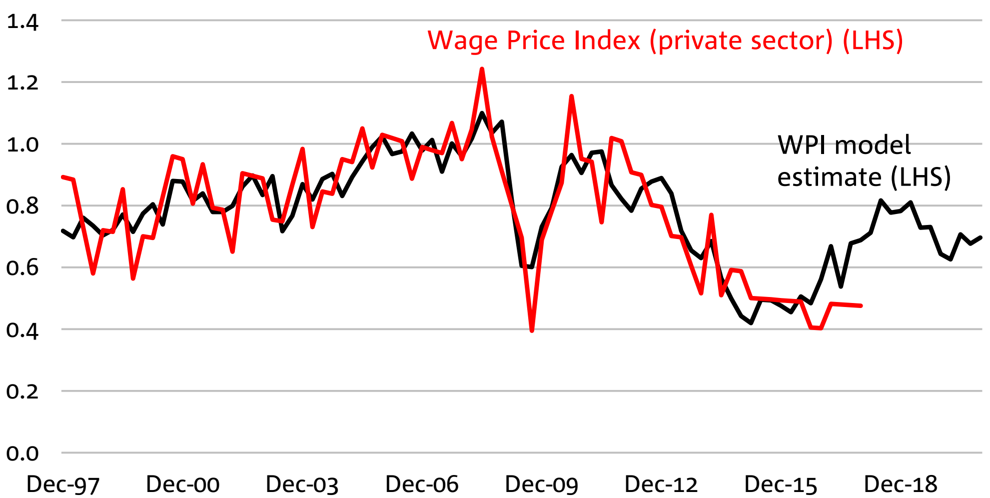
NEAR-TERM EMPLOYMENT STRENGTH LIKELY

NAB Business Survey employment index and official employment



WAGES GROWTH CONTINUES TO DISAPPOINT MODELLED EXPECTATIONS

Private wage price index, modelled and actual, q/q % change



… IN PART DUE TO POOR LABOUR PRODUCTIVITY FROM HIGH SUPPLY

Labour Productivity, y/y % change

Sources: ABS, NAB Group Economics

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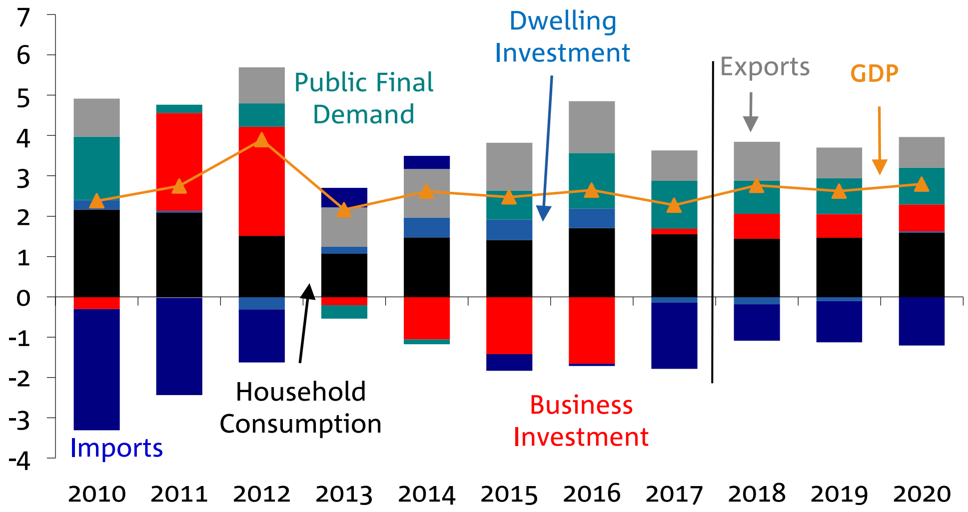
OVERVIEW - AUSTRALIAN ECONOMIC OUTLOOK

Economic growth to slightly exceed potential through to 2020

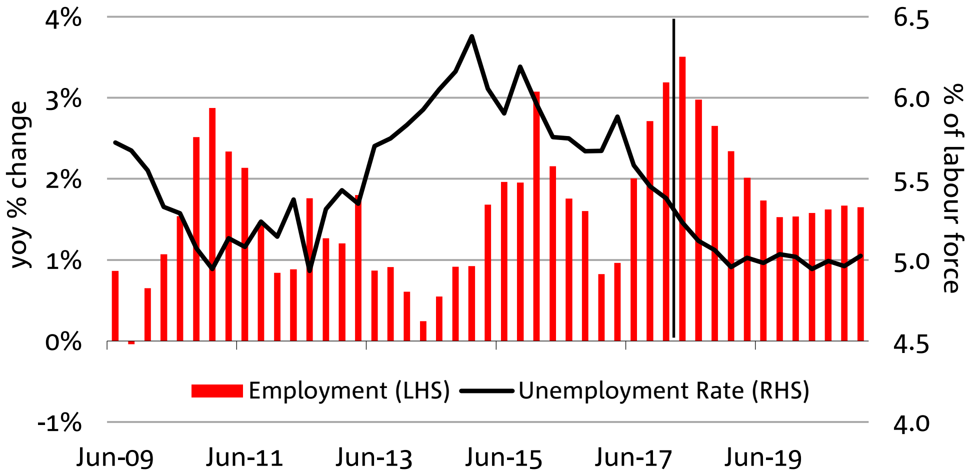
ECONOMIC GROWTH A LITTLE BETTER THROUGH TO 2020

Annual average % change



UNEMPLOYMENT TRACKS DOWN IN 2018 AND THEN STABILISES

Employment growth and unemployment rate



Sources: ABS, NAB

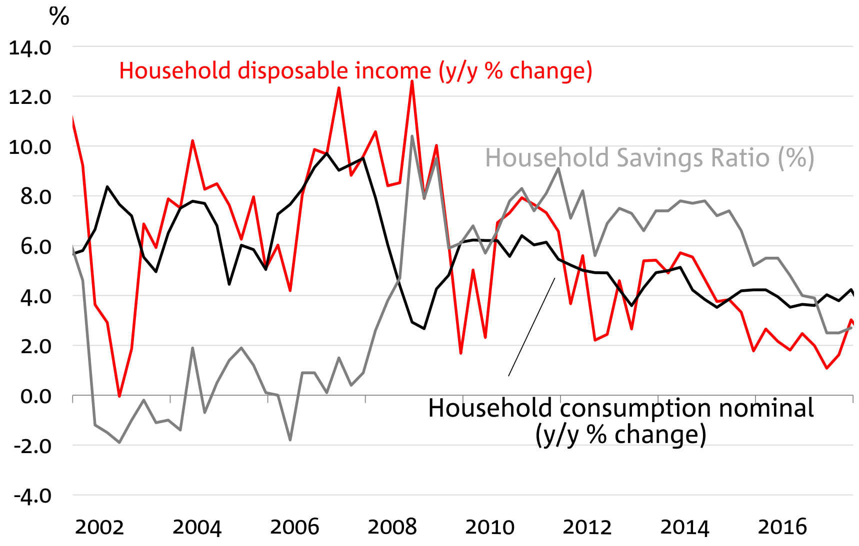
- GDP growth in Q4 largely disappointed expectations at 0.4% q/q and 2.4% y/y. Full-year annual average growth however was in line with our forecasts in early 2017, although the composition of growth was slightly different. The good news story through 2017 was the long-awaited uplift in non-mining business investment, as well as a strong contribution from government infrastructure investment. Meanwhile, consumer spending disappointed (our already conservative and below-consensus) forecasts, while dwelling investment peaked a little earlier than anticipated.
- Growth is forecast to be between 2.6 and 2.8% in the coming three years, slightly above where we estimate potential growth (~2.5%). With growth running slightly above potential, spare capacity should gradually be eliminated, with the unemployment rate tracking down to ~5% by end-2018 and wages and inflation pressures gradually picking up. The RBA will not hike rates until there is comprehensive evidence that wages growth/inflation is moving in the right direction. At this stage, we have the first hike pencilled in for November 2018, with some risk that it occurs later.
- The main contributors to growth in coming years will be business and public investment and exports (as LNG shipments ramp up). Meanwhile, imports growth will pick up as domestic demand strengthens, dwelling construction will decline modestly (but not subtract much from growth given its small share of GDP), and we retain subdued forecasts for household spending of 2.5% in 2018 and 2019. This is despite strong employment growth – while wages growth picks up gradually through the period, this will be somewhat offset by a diminishing wealth effect as housing prices cool, and high household debt levels (particularly as interest rates rise). Consumer spending will accelerate a little by 2020 as wages growth gathers a little more momentum.
- The possibility of global trade tensions escalating is also a risk to our forecasts for international trade and commodity prices (see page 7).
- The composition of our growth forecasts (that is more investment driven) is encouraging as it will help to build future capacity and go someway to managing the costs of strong population growth (such as congestion and lack of affordable housing) although more needs to be done in this space. That said, we remain somewhat sceptical about how far productivity growth can improve in the absence of further microeconomic and tax reform, much of which is politically challenging. There is also a risk that low labour productivity, will see a more limited uplift in wages growth, not to mention the impact of global forces such as automation and AI.

CONSUMER DEMAND AND INFLATION

Consumption strong at the end of 2017 but still facing headwinds

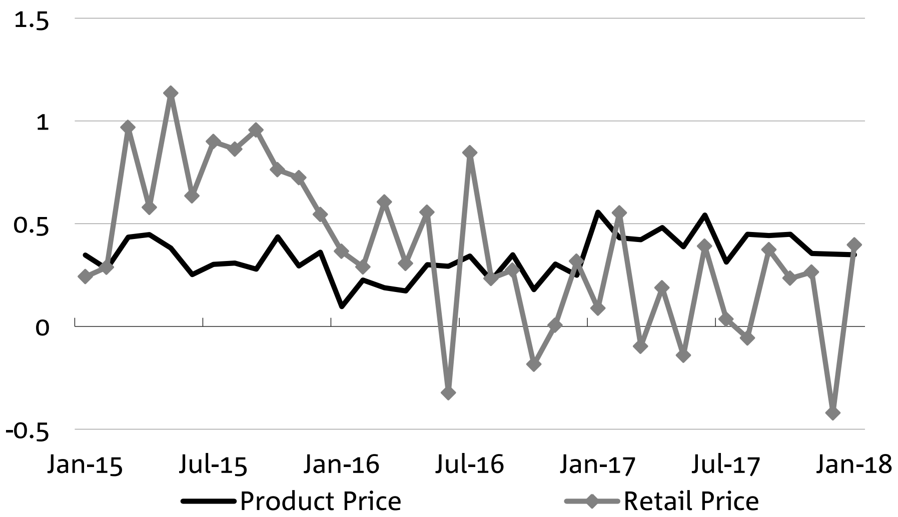
HOUSEHOLD SAVINGS RATE TICKS BACK UP

y/y % change and % of household disposable income



NAB SURVEY RETAIL PRICE GROWTH RECOVERED STRONGLY IN JAN

% change at a quarterly rate



Sources: ABS; NAB Economics

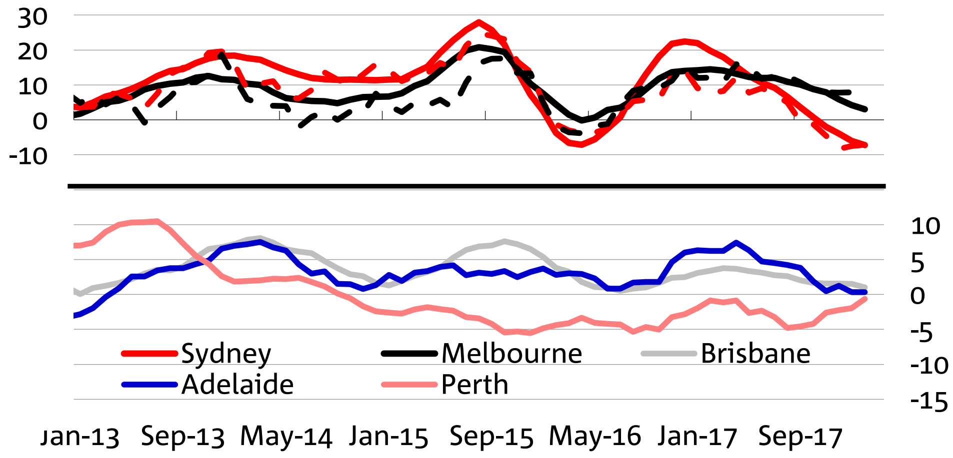
- As expected, household consumption rebounded in Q4 with growth of 1.0% q/q in line with our expectations, despite the household savings ratio ticking up to 2.7% from 2.5%. This took household consumption growth over the year to 2.9% y/y which is still modest by historical standards. Not only did overall consumption growth buck the trend of subdued activity, the composition also went against the story of weakness in discretionary consumer retail activity. The step up in growth was driven by growth in discretionary consumption while, in contrast, growth in spending on 'essential' items was a bit slower compared to last quarter, despite a large 3.4% q/q rise in health services. Electricity, gas & other fuel consumption recorded a large fall (3.1% q/q) – suggesting that consumers are adjusting to the rise in utility prices – as did food (-0.7%).
- Early indicators for 2018 are mixed. The NAB Cashless Retail Sales Index for January showed an improvement in January following a weak December, while the official ABS data increased only 0.1% m/m. Moreover, retail business conditions in the NAB Business survey have shown recent improvement, and this continued into February; although on the flipside personal & recreational services have been trending down recently.
- However, caution is required in interpreting recent consumption growth data; the seasonal pattern of retail spending is changing, adding volatility. Cost of living pressures – particularly the rise in utility bills - are still weighing on households, and with wages growth still subdued and a less supportive wealth effect as housing prices cool, we still only expect moderate household consumption growth of 2.5% in both 2018 and 2019, followed by some strengthening to 2.7% in 2020.
- Headline inflation was 0.6% q/q in Q4 2017, a result largely in line with expectations. New household expenditure weights also marginally lowered the inflation result. The biggest price rises over the quarter were in petrol, tobacco, domestic holiday and fruit, while prices fell in international holiday and communications. We expect higher oil and therefore petrol prices to continue to add slightly to headline inflation in the next two quarters. Underlying inflation was slightly below the lower end of RBA's target band of 2-3% at 1.8% y/y (trimmed mean) and 2% (weighted median). We expect underlying inflation to remain subdued as the labour market slowly absorbs spare capacity and wages growth picks up only gradually and strong competition prevails in the retail sector. We forecast underlying inflation to pick up to 2.0% by end-18, and 2.3% by end-19 y/y. This is a touch higher than the RBA"s forecast of underlying inflation to rise to 2% by June 2019.

THE HOUSING MARKET

Housing prices continue to lose momentum.

HOUSING PRICES COOLING ACROSS MOST CAPITALS

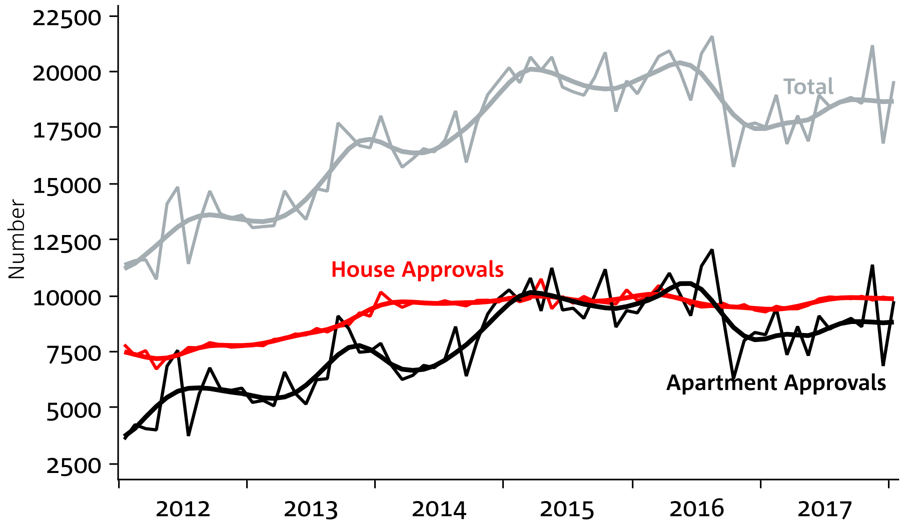
Dwelling price growth (%, 6-month annualised)



* Solid lines are hedonic prices. Dotted lines represent simple median prices.

HOUSING APPROVALS RESPONDING TO WEAKER PRICES?

Private dwelling units approved



Sources: CoreLogic, ABS

- Softer housing market conditions continued into the first two months of 2018. In annual terms, national hedonic dwelling price growth slowed to 1.9% in February, the weakest rate since December 2012. In monthly terms, Sydney dwelling prices continued to fall in January and February, with more pronounced declines in the median measures - 6-month annualised growth in Sydney is now down to approximately -7% according to both the hedonic and median measures. Prices in Melbourne and Brisbane tipped into negative according to the median price measures in January and February (although both capitals have been broadly flat on the hedonic measure). Meanwhile prices in Adelaide have been mixed, and prices in Perth have been mostly negative in the past 3 months after a short stretch of positives.
- Despite softer price momentum, auction markets have warmed up after a slow January. Auction volumes are tracking at equivalent levels to previous years in both Sydney and Melbourne. Auction clearance rates have also picked up to sit in the mid-to-high 60s in the major capitals.
- Dwelling investment was down again in Q4, falling 1.3% with new dwellings down 2.5% m/m and alterations & additions up 1.3% q/q (reversing the previous quarter's fall). This continued the trend fall seen since Q3 2016. We expect further modest declines in coming years, with building approvals sitting around 7.5% below their late 2016 peak. Building approvals have been broadly flat in trend terms in recent months for both house and apartment approvals despite some volatility, and are yet to respond to weaker price signals, suggesting developers and other market players are not overly concerned about a notable decline in housing prices, while population growth remains strong.
- The value of housing finance approvals rose 0.7% in January, with investor loan approvals (+1.1% m/m) outpacing owner-occupier approvals (0.5% m/m). This is an unsurprising development given investor lending growth is now running well below the 10% cap imposed by regulators – a little which may now be relaxed, although the cap on interest only loans at 30% of total lending growth will remain.
- Our housing price forecasts remain intact so far, although we are monitoring recent declines in Sydney in particular closely. House prices are forecast to increase by only 0.7% in 2018 with growth remaining subdued at 0.8% in 2019. The apartment market is expected to be a little weaker, with unit prices forecast to fall 0.9% in 2018 (previously +0.5%), and decline another 1.8% in 2019.
- Following a fall of 2.4% in 2017, dwelling investment is expected to decline by 3.3% in 2018 and 2.0% in 2019 followed by stabilisation in 2020, albeit with limited impact on economic growth given its small share of GDP.

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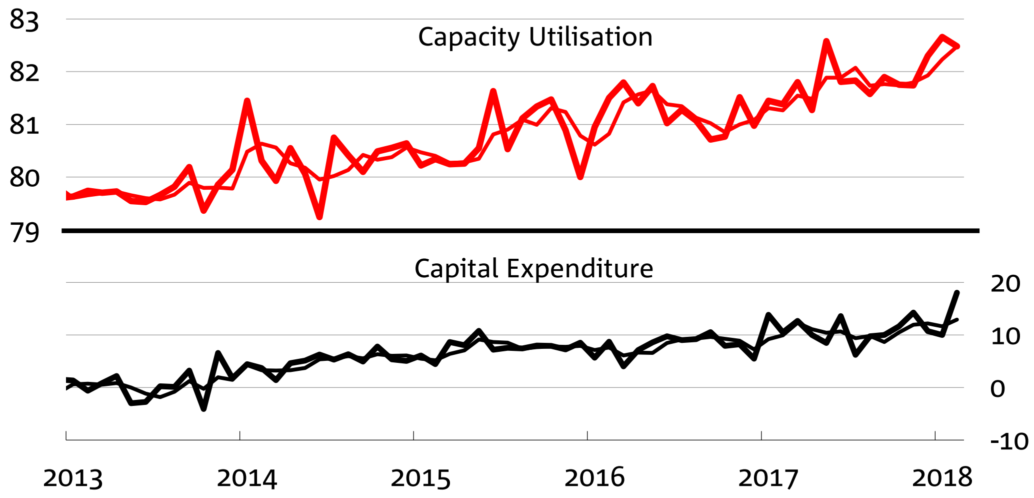
BUSINESS ACTIVITY, INVESTMENT AND CONSTRUCTION

Business conditions strong & outlook positive for investment despite weak Q4

NAB MONTHLY SURVEY INVESTMENT INDICATORS*

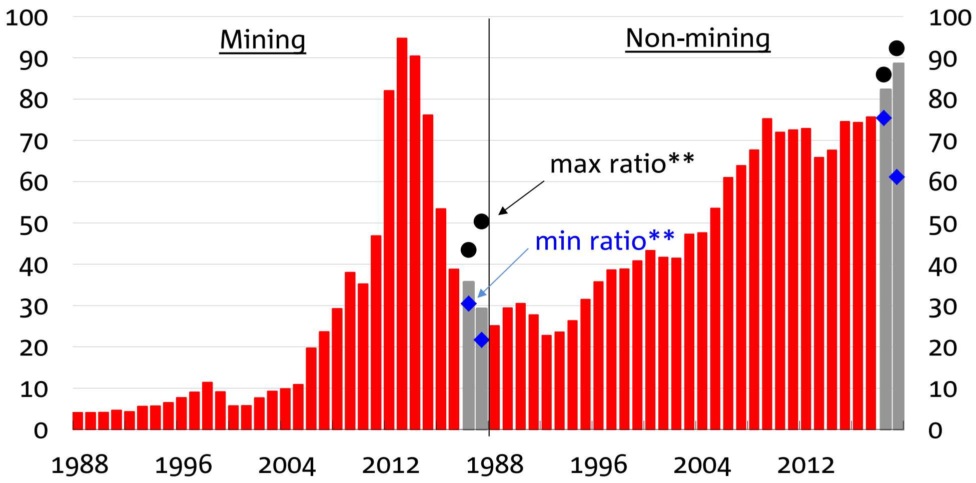
% of capacity; Net balance



* Light lines represent the 3mma

NON-MINING INVESTMENT INTENTIONS POSITIVE

Capital Expenditure Expectations, $ billions



* Grey bars are the latest expectations adjusted by the previous year's realisation ratio measure
** The max and min estimates based on historical max-min realisation ratios

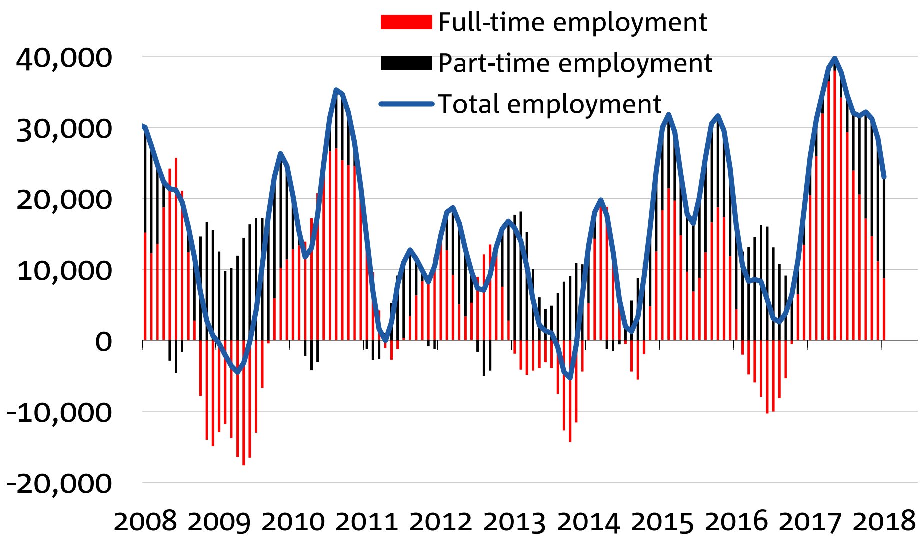
Sources: ABS, NAB Group Economics

- Business conditions moved to a record high in the February [NAB Monthly Business Survey](), and although business confidence eased it remains above average. Moreover, forward orders jumped, confirming the upwards trend of recent years, and signalling an improved outlook for the non-mining economy. There was a small decline in capacity utilisation, but the upwards trend remains in place and actual capex, which had eased in the prior two months, moved to its highest level since 2004 in trend terms.
- The value of non-residential buildings approvals remains at high levels, despite coming off its 2017 peak. Approvals in January 2018 were still 14% higher than a year ago, in trend terms. Approvals for offices, warehouses and aged care construction have been trending up, whereas accommodation and retail/wholesale have been steady.
- There was a pause in the upwards trend in underlying private business investment in Q4 with it falling by 1% q/q. However, this followed a large rise in Q3 (3.2% q/q) and it was still up 5.8% over the year. The fall was due to a decline in engineering construction, which appears to have been driven by a fall in investment in the Northern Territory and WA, likely reflecting the lumpy profile of LNG investment projects. Meanwhile, non-residential building was up 3.3% and machinery & equipment investment increased by 3% in underlying terms for their fifth and fourth consecutive quarterly increase respectively.
- There was a small decline in government investment in Q4 in underlying terms, but it was still 4.8% higher over the year. With a large pipeline of infrastructure projects, it will remain a key source of growth going forward, although because of public-private partnerships some of the effect will show up in private investment.
- Mining investment, after holding steady in Q3, resumed its downwards trend in Q4. Investment intentions point to more falls ahead but smaller than those seen in previous years suggesting that the drag from mining investment will continue to ease. In contrast, the capex intentions survey points to increasing non-mining business investment.
- We expect the Q4 weakness in underlying business investment to be short lived and for it to grow by around 5-6% p.a. out to 2020 (in year average terms). Underlying public investment is expected to be even stronger, with growth of 7% in 2018 and 10% in 2019 forecast.

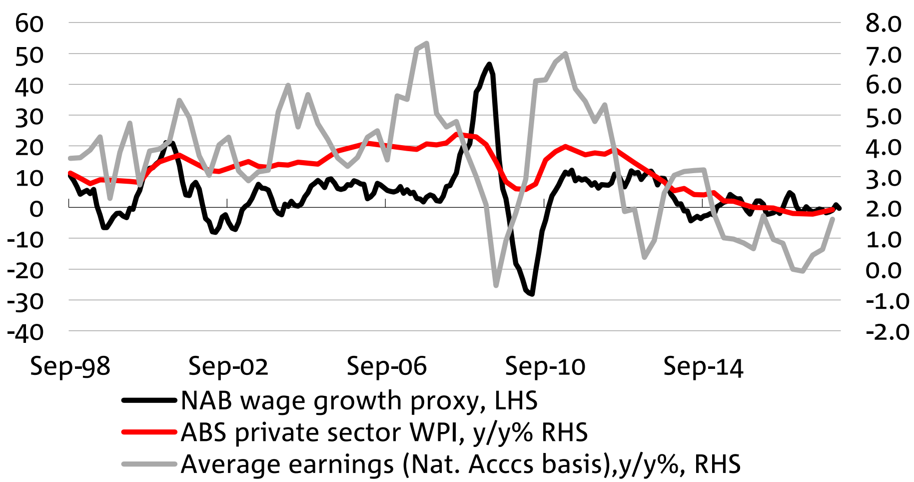
LABOUR MARKET AND WAGES

Both the ABS and NAB business surveys point to robust jobs growth

TREND EMPLOYMENT GROWTH, FT AND PT



NAB WAGES PROXY SUGGESTS FASTER WAGES GROWTH



Source: ABS, NAB Economics

- According to the latest ABS data, seasonally adjusted employment rose by 16k in January, the 16th consecutive monthly gain. In trend terms, employment growth was 23k per month, down from the 30+k increases seen last year. This month's numbers were negatively affected by sample rotation, as the incoming sample had a much lower employment to population ratio, much lower full time employment intensity and higher unemployment. Overall the participation rate declined a touch to 65.6% and the unemployment rate fell 0.1 ppt to 5.5%.
- The gains in employment have been broad based across states. Trend employment growth was driven by the three largest states, with the recent pickup in QLD employment particularly welcome. WA also recorded slight positive growth which is good news, although stronger growth would be helpful in reducing unemployment further. The other regions have been reporting positive employment growth as well, especially the ACT.
- The February NAB Business Survey showed a surge in the employment index, to +16 points, a record high. If sustained, this level of employment index is consistent with jobs growth of approximately 27k per month (see Charts of the Month on page 2). Both the ABS and NAB Business Survey are now pointing to robust jobs growth in Australia. Historically, NAB Business Survey employment has tended to lead the ABS data by six months. This suggests that the strength in employment growth will not be ending any time soon. Assuming no further large increase in the participation rate, this should be sufficient to see the unemployment rate inch downwards. We currently forecast the unemployment rate to gradually drift lower in 2018, as the labour market continues to improve, to around 5% by the end of the year.
- Labour income growth remained subdued, but there are signs it might have bottomed out. Q4 national accounts data showed labour income was up 1.1% q/q, although it was entirely driven by employment, with average earnings showing no growth in the quarter and only up 1.6% y/y. Wage price index grew by a slightly-better-than-expected 0.6% q/q in Q4, to be 2.1% higher y/y, still well below the long run average of 3.3%, but consistent with the gradual improvement in wages that we are expecting. With the labour market leading indicators continuing to point to further tightening in the labour market (including the NAB survey difficulty to find suitable labour index on the rise), we expect the continued lowering of the unemployment rate will gradually put upward pressure on wages growth. In the meantime, any further pick up in wages will be constrained by the lower wage rises still evident in the enterprise bargaining agreements.

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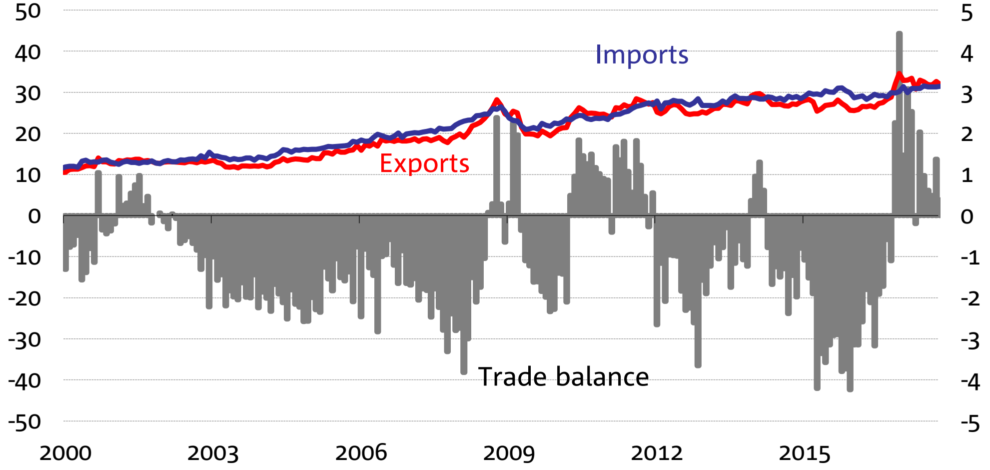
NET EXPORTS, COMMODITIES AND THE TERMS OF TRADE

Ichthys LNG to drive exports growth while imports helped by improving domestic demand

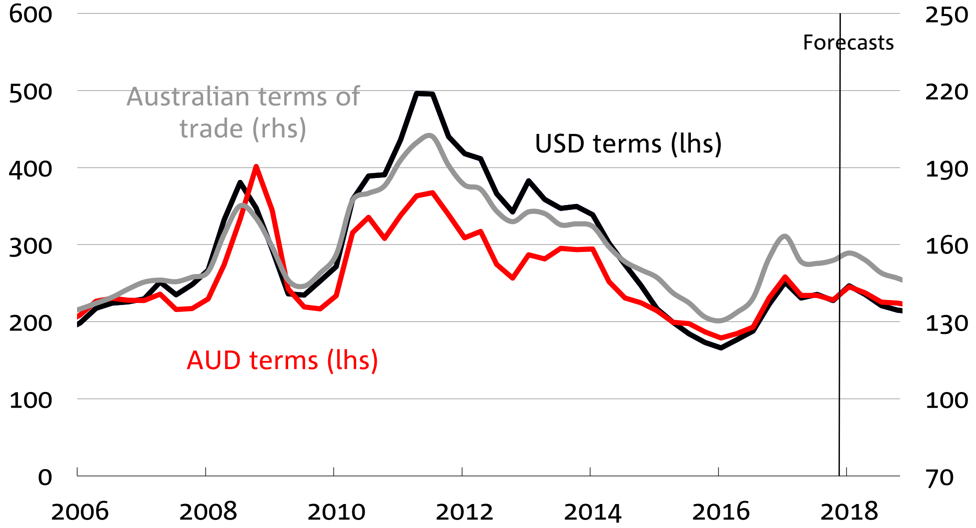
TRADE BALANCE BACK IN SURPLUS IN JANUARY

Trade balance, values, monthly, $billions



COMMODITY PRICE FALLS TO DRIVE DECLINES IN TOT

NAB Non-Rural Commodities Price Index (Sep 1996=100)

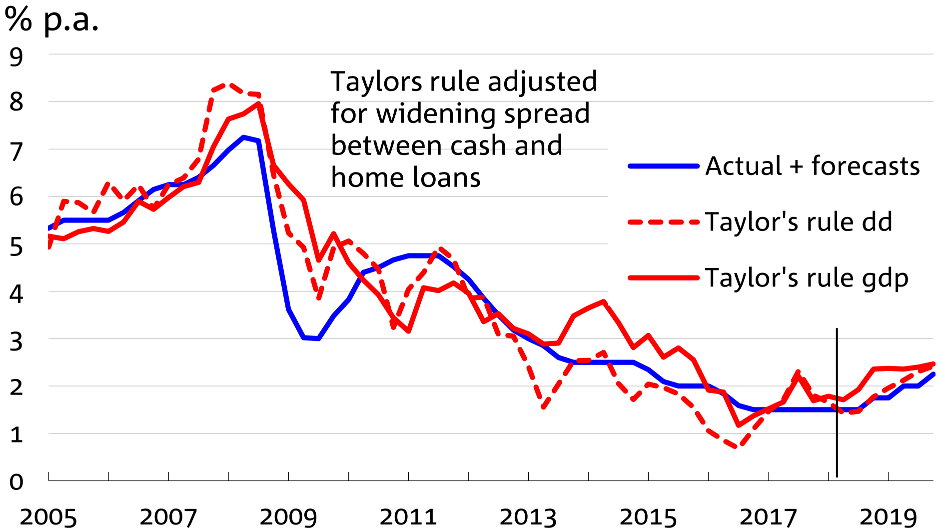


Source: ABS, Bloomberg, Thomson Datastream, NAB

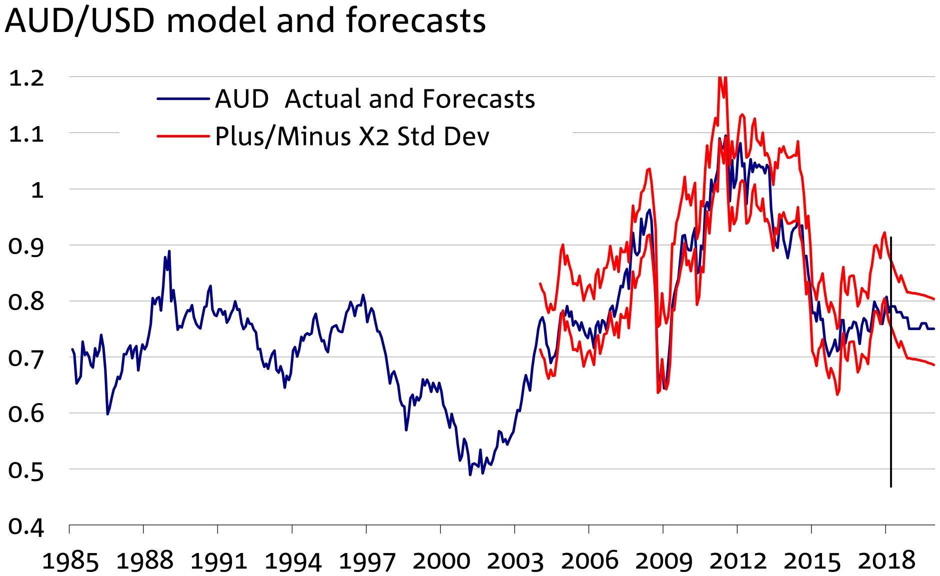
- Net exports detracted 0.5 ppts from GDP growth in Q4, after Q3 was also revised down to -0.2 ppts. Rural goods exports were 9.7% lower q/q, weighed down by falls in wheat and unseasonably low fruit & vegetable and canola exports. Coal exports were also weaker, due to temporary supply disruptions. Services exports were 1.9% lower q/q. The rise in imports was driven by strong growth in consumption and intermediate imports, consistent with stronger consumer spending in the quarter.
- In January, the trade surplus improved $1.055 billion. Export growth was led by non-monetary gold and LNG – the latter a sign that ramp-up in LNG production has begun following the completion of major LNG production trains (including part of Inpex's Icthys). The commissioning of the Ichthys project is expected in 2018. While LNG is expected to drive exports growth, downside risks remain. Depressed global oil prices and therefore LNG prices have seen companies operate at below nameplate capacity - export volumes could be lower than expected or ramp up at a slower speed. For imports, consumption and intermediate imports should improve as household consumption slowly picks up while capital imports will likely slow.
- We expect the NAB non-rural commodity price index to be temporarily higher in Q1 before declining through 2020. The Q1 strength is expected to be supported by higher oil, LNG, iron ore and coking coal prices. We expect oil and gold prices to show further strength in 2018, while base metals weaken slightly, iron ore declines by more and coking coal prices fall significantly. As a result, the terms of trade (ToT) is forecast to be 3% lower by end-2018 compared to end-17, and another 2.8% and 1.7% lower by the end of 2019 and 2020 respectively.
- Important to the outlook for exports and commodity prices will be the impact of the Trump administration's imposition of a 25% tariff on steel imports to the US and 10% on aluminium - Australia currently exports just over $400mn worth of steel and aluminium to the US. At this stage, it appears as if Australia may have gained an exemption, although the degree of escalation in trade tensions will still be important for commodity prices and global trade patterns going forward.
- In agriculture, many areas are seeing well below average summer rainfall. This has led to higher feed grain and lower cattle prices. However, recent rains across much of Queensland should give cattle prices a jolt. Meanwhile, the west has seen a generally wetter than average summer. With little subsoil moisture in the east, mainland cropping will be very dependent on in-season rainfall, although the west is better set up for the season ahead. Concerns about US wheat present an upside for grain prices in 2018. There are increasing risks that global dairy prices will come under pressure amid northern hemisphere oversupply and a recovery in NZ.

MONETARY POLICY AND THE EXCHANGE RATE *Trade tensions a future AUD risk; RBA view intact but risk that hikes come later*

AUSTRALIAN CASH RATE AND TAYLOR RULE



AUSSIE DOLLAR FORECASTS AND MODEL



Source: RBA, Bloomberg, NAB Economics

- Despite the disappointing GDP figures for Q4, the RBA still sees the economy as moving in the "right direction", and retains its forecasts for stronger growth in 2018 than in 2017 and for gradual progress to be made in reducing unemployment. That said, the RBA will also want clear evidence that wages growth and inflation are moving (at least gradually) higher before removing some policy accommodation. At this stage, we don't expect sufficient evidence of this until late 2018 (with our first hike pencilled in for November), with the risk that it occurs later.
- In particular, as we highlighted in Charts on the Month on page 2, the risk is that poor productivity outcomes and strong growth in the supply of labour may continue to limit the uptick in wages growth, despite very strong employment growth at present.
- The housing market will also be watched closely by the RBA– while the slowing in housing prices in response to macro-prudential measures and increasingly restrictive affordability in some capitals has alleviated some concerns, the RBA will not want the slowdown to gather too much momentum given the downside risks to household consumption and hence economic growth against a backdrop of high household debt levels.
- AUD/USD fell sharply in early February in conjunction with the extreme, albeit temporarily, deterioration in risk sentiment. The subsequent bounce in AUD/USD at mid-month proved to be of the 'dead cat' variety, reaching just shy of 0.80 before subsequently falling back to just below 0.78 at the time of writing. The fall has been aided by further adverse move in interest rate differentials, from both sides of the spread. The local rates market has further pushed out its expectations for the timing of an RBA tightening cycle alongside which the US market has started flirting with the notion of the Fed lifting rates more than three times this year.
- Important in regards to at least short term sentiment toward commodity prices will be the responses from other countries set to be impacted by the Trump administration's decision to go ahead with import tariffs on steel and aluminium. Were concerns about the health of global trade to become more elevated, this could see speculative support for commodity prices weaken at the same time that risk sentiment deteriorates on a less rosy global growth outlook. It's hard to see this being anything other than negative for AUD. We'd stress though that it is not our base case.
- At this stage, we retain our forecasts for the AUD to head down to USD0.75 by end-18 and to hold there through 2019.

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DETAILED ECONOMIC FORECASTS (ANNUAL AVERAGE)

Australian economic and financial forecasts (a)

	Fiscal Year				Calendar Year				
	2016-17	2017-18 F	2018-19 F	2019-20 F	2016	2017	2018-F	2019-F	2020-F
Private Consumption	2.6	2.7	2.3	2.7	2.9	2.7	2.5	2.5	2.7
Dwelling Investment	2.8	-3.9	-2.6	-0.9	8.5	-2.4	-3.3	-2.0	0.6
Underlying Business Investment	-6.7	6.6	4.7	6.0	-12.0	2.8	4.9	5.5	6.0
Underlying Public Final Demand	5.0	4.6	3.4	3.9	5.3	4.5	3.9	3.7	3.8
Domestic Demand	**2.3**	**3.1**	**2.5**	**3.1**	**1.9**	**2.9**	**2.6**	**2.8**	**3.2**
Stocks (b)	0.1	-0.2	0.0	0.0	0.1	-0.1	-0.1	0.0	0.0
GNE	**2.4**	**2.9**	**2.5**	**3.1**	**2.0**	**2.8**	**2.5**	**2.8**	**3.2**
Exports	5.5	3.7	5.1	3.2	6.8	3.8	4.9	3.7	3.7
Imports	4.9	6.0	3.8	5.0	0.2	7.6	4.0	4.5	5.2
GDP	**2.1**	**2.6**	**2.8**	**2.7**	**2.6**	**2.3**	**2.8**	**2.6**	**2.8**
Nominal GDP	5.9	4.2	3.7	4.5	3.8	5.8	4.0	3.6	5.0
Federal Budget Deficit: ($b)	-37	-34	-23	-22	NA	NA	NA	NA	NA
Current Account Deficit ($b)	37	47	66	84	52	42	51	78	92
(-%) of GDP	2.1	2.6	3.5	4.2	3.1	2.3	2.7	4.0	4.5
Employment	1.3	3.1	2.2	1.6	1.6	2.2	2.9	1.7	1.6
Terms of Trade	14.5	1.4	-5.0	-2.0	0.1	11.6	-1.9	-5.6	-0.8
Average Earnings (Nat. Accts. Basis)	0.3	1.3	2.1	2.6	0.9	0.7	1.7	2.4	2.7
End of Period									
Total CPI	1.9	2.3	2.4	2.6	1.5	1.9	2.4	2.5	2.7
Core CPI	1.8	1.7	2.2	2.4	1.5	1.8	2.0	2.3	2.5
Unemployment Rate	5.6	5.1	5.0	5.0	5.7	5.4	5.0	5.0	5.0
RBA Cash Rate	1.50	1.50	2.00	2.25	1.50	1.50	1.75	2.25	2.75
10 Year Govt. Bonds	2.60	2.80	3.40	3.65	2.77	2.63	3.10	3.65	3.80
$A/US cents :	0.77	0.78	0.76	0.74	0.72	0.78	0.75	0.75	0.73
$A - Trade Weighted Index	65.5	59.8	62.9	60.8	63.9	64.9	60.3	62.1	58.8

(a) Percentage changes represent average annual growth, except for cash and unemployment rates. The latter are end June. Percentage changes for CPI represent through the year inflation.

(b) Contribution to GDP growth

National Australia Bank

COMMODITY PRICE FORECASTS

		Spot	Actual	Forecasts											
	Unit	9/03/2018	Dec-17	*Mar-18*	*Jun-18*	*Sep-18*	*Dec-18*	*Mar-19*	*Jun-19*	*Sep-19*	*Dec-19*	*Mar-20*	*Jun-20*	*Sep-20*	*Dec-20*
WTI oil	US$/bbl	62	54	61	61	61	60	59	60	61	62	62	63	64	64
Brent oil	US$/bbl	65	60	64	67	67	66	65	66	67	68	68	69	70	70
Tapis oil	US$/bbl	68	63	65	68	68	67	66	67	68	69	69	70	71	71
Gold	US$/ounce	1322	1280	1330	1320	1330	1360	1380	1370	1380	1390	1400	1400	1410	1420
Iron ore (spot)	US$/tonne	n.a.	66	73	67	63	61	60	58	60	62	63	61	58	60
Hard coking coal*	US$/tonne	n.a.	200	215	175	130	110	101	99	100	100	105	100	95	100
Semi-soft coal*	US$/tonne	n.a.	144	156	126	94	79	73	71	72	72	76	72	69	72
Thermal coal*	US$/tonne	104	85	85	90	90	90	90	65	65	65	65	60	60	60
Aluminium	US$/tonne	2100	2110	2110	2020	1960	1920	1900	1890	1880	1880	1880	1880	1880	1880
Copper	US$/tonne	6938	6830	6970	6900	6830	6830	6830	6830	6830	6830	6830	6830	6830	6830
Lead	US$/tonne	2375	2490	2490	2460	2440	2410	2410	2410	2410	2410	2410	2410	2410	2410
Nickel	US$/tonne	13814	11620	13010	12490	12370	12240	12120	12120	12120	12120	12120	12120	12120	12120
Zinc	US$/tonne	3276	3230	3360	3190	3190	3210	3230	3230	3230	3230	3230	3230	3230	3230
Aus LNG**	AU$/GJ	n.a.	9.31	10.52	11.20	11.50	11.81	11.65	11.34	11.65	11.81	11.96	12.12	12.28	12.44

* Data reflect NAB estimates of US$/ tonne FOB quarterly contract prices (thermal coal is JFY contract). Actual data represent most recent final quarterly contract price. ** Implied Australian LNG export prices

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