AUSTRALIAN MARKETS WEEKLY

USD Outlook: It's Complicated

In this issue

- In today's weekly, we look at the outlook for the US$. This is always an important determinant in the outlook for the $A and $NZ, with each currency usually falling when the US$ is rising and vice versa. For those readers not receiving our FX Research directly, please email us to be added to the list.
- The USD recovery from mid-April looks largely to have played out for now. We look for a period of US$ consolidation in the months ahead. This suggests a fairly stable AUD/USD and NZD/USD as well.
- New modelling work on the USD suggests that one should be very wary of relying on US monetary policy and its outlook as a key driver of the USD. The transmission between US monetary policy and the USD can be complicated and unpredictable.
- Our core view remains unchanged. The USD, NZD and AUD all face headwinds over the medium term which leaves our projected profiles for AUD/USD and NZD/USD fairly flat, anchored around 0.75 and 0.70 respectively.
- This weekly is released as President Trump and Kim Jong Un meet in Singapore – and as relationships between President Trump and members of the G7 and his North American neighbours generally deteriorate over trade.
- It's a big week data and event wise, abstracting from these geopolitical highlights. Two central bank meetings take centre stage. The FOMC is expected to increase rates 25bps (early Thursday morning Australian time) – most focus will be on whether a fourth tightening for the year is added into the projections. We think this is unlikely just yet. Then – and probably more importantly – the ECB meets after hints last week it will discuss the wind back of its Asset Purchase Program. This is a pre-requisite for interest rates beginning to rise in Europe, something not expected until mid-next year, but nevertheless an important development for interest markets globally, given the global hunt for yield was in part driven by negative European interest rates.
- In Australia, the NAB Business Survey for May has just been released. It showed a moderate pull-back from a prior record high to still well-above trend levels. We are monitoring emerging trends in cash flow and profitability, which may be a fraction softer as well as possibly weaker business conditions in construction and manufacturing. These are important as the market debates the prospect of a further tightening of lending standards.
- In other Australian news, it's the latest instalment of the Labour Market data on Thursday. We are looking for a 15,000 rise in employment – slightly softer than the market's +19,000. The key will be the unemployment rate though – the RBA wants to see a reduction in spare capacity which would mean an unemployment rate closer to 5% than 5.6%. Governor Lowe and Assistant Governor Ellis also speak.

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Ask the Economists

Ask the FX Strategists

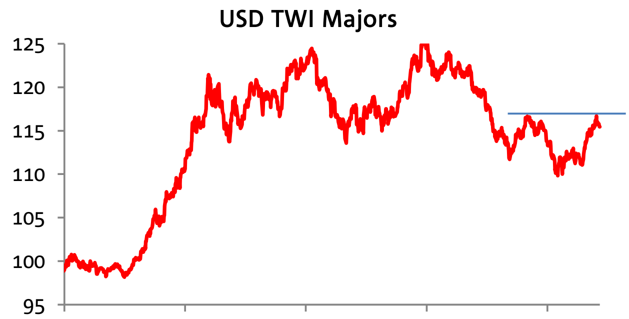
Ask the Interest Rate Strategists

Key markets over the past week

	Last	% chg week		Last	bp / % chg week
AUD	0.7592	-0.1	RBA cash	1.50	0
AUD/CNY	4.87	0.0	3y swap	2.25	3
AUD/JPY	83.9	0.3	ASX 200	6,054	0.5
AUD/EUR	0.646	-0.5	Iron ore	66.8	0.8
AUD/NZD	1.084	0.0	WTI oil	66.1	1.1

Source: Bloomberg

Chart 1: USD recovery over now?



Source: BNZ/NAB, Bloomberg

Jason Wong, Senior Markets Strategist

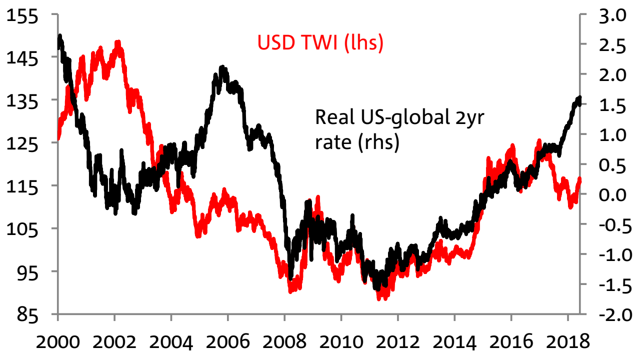
Ivan Colhoun, Chief Economist, Markets

After trending down from early 2017, the USD staged a decent counter-trend rally from mid-April through to late May, worth about 5% on the USD TWI-majors index and 6% on the DXY. It was a broadly-based rally, accentuated by prior heavy short speculative positioning in the USD, emerging Italian political risk that weighed on EUR, poor data and negative Brexit headlines that weighed on GBP, and the lack of a renegotiated NAFTA deal that weighed on CAD. The counter-trend rally in the USD was instrumental in seeing both the AUD and NZD fall about four cents each over that period.

The USD recovery looks like it has done its dash for now, with the level back to highs recorded towards the end of last year providing some technical resistance, more balanced speculative positioning, and some of the depressing factors that weighed on EUR and GBP now looking like they have more chance of reversing than pressing on. EUR is showing more signs of life as the market turns its attention away from Italy and towards the ECB meeting this week, and some better PMI indicators for the UK have breathed some life back in GBP. The AUD and NZD have also both recovered and remain on the weaker side of our short-term fair value model estimates of about 0.78 and 0.71 respectively.

Still, the outlook doesn't seem any easier to predict with lots of moving parts that have the potential to throw the USD in either direction. We've done some more modelling work on the USD which casts some light on how US monetary policy and its relative position to other major countries might be influencing the currency.

Chart 2: US rate differentials less of a factor for the USD



Source: BNZ/NAB, Bloomberg

On many previous occasions we've pointed out how US-global rate differentials are no longer a key driver of the USD. The relationship broke down around early-mid 2017. Prior to that – at least since the 2008 GFC – one could reliably map US-global rate differentials closely against the performance of the USD. This is illustrated in the chart above, which also highlighted that prior to the GFC the relationship was a bit wobbly. To be glib, rate differentials can explain currency movements well until they don't.

With the rate differential model broken down, another explanation is required and earlier in the year we (and others) latched onto the view that the US widening twin deficits (fiscal and current account) might be a factor in the downward trend in the USD over the recent period not explained by higher relative US interest rates.

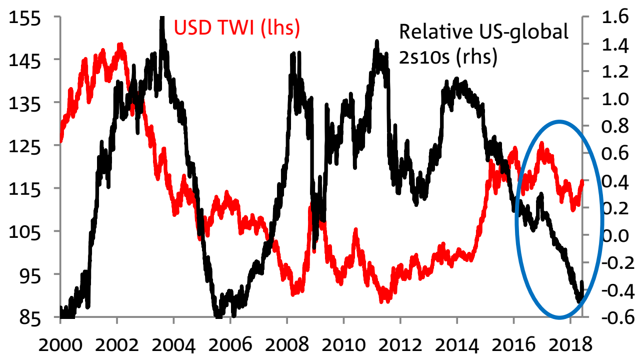
The story goes that the wider US fiscal deficit – driven by Trump's tax reform package and increased spending required to kick the debt ceiling can down the road – came at a time of US economic capacity constraints that would flow through into a rising current account deficit as well. Higher government debt and more reliance on offshore capital flows to fund the US economy required both higher US rates and a weaker USD. With easier fiscal policy "baked in the cake" we still see this as a structural headwind for the USD.

But one needn't resort to such economic logic to explain why the USD has trended lower from early 2017 against the economy's rising rate differential. One can simply look at the behaviour of the relative yield curve in the US.

The US yield curve has been flattening relative to the rest of the world (G7 ex US) for the past few years and as that trend has continued it has become a more important downward force on the USD. In other words, US monetary policy tightening is well advanced compared to other major countries so the US yield curve is a lot flatter. This signals growth headwinds for the US in the years ahead relative to other countries, which is USD-negative.

The relationship between the relative US-global yield curve and the USD varies significantly over-time. There have actually been other times when a relatively flatter US yield curve has been associated with a stronger USD.

Chart 3: US-global yield curve currently USD-negative



Source: BNZ/NAB, Bloomberg

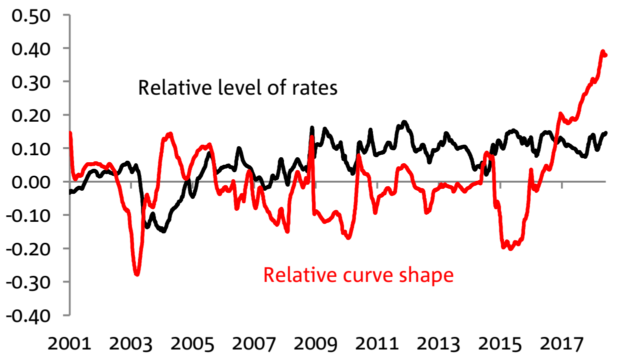
A good way to map the changing relationships is to do a rolling regression model. We try to model the USD TWI with two factors – the relative real US two-year swap rate against other G7 nations and the relative US 2s10s yield curve slope relative to other G7 nations. We use a one-year rolling regression, which will offer a glimpse on how the factors change over time in explaining the USD.

The first point to note is that this two-factor model does a good job of explaining the USD over time. This is obviously aided by the responsive nature of the model, over the rolling 1-year horizon. Of more interest to us is how the coefficients on the factors change over time.

As the earlier charts forewarned, the coefficient on the relative level of rates variable is relatively stable over the post GFC period at around 0.1. So a 10bps increase in US short-term rates relative to global rates lifts fair value of the USD by about 1%. In the pre-GFC period, interest rate differentials seemed to matter a lot less and the coefficient averages close to zero (see chart 4 below).

More interesting is the coefficient on the relative yield curve slope. Over the past 12 months it is the highest it has been since 2000, recently coming in at a chunky 0.4. Prior to 2017, the coefficient oscillated between minus 0.2 to +0.1 and averaged slightly below zero.
In other words, while we can point to the flattening US yield curve relative to the rest of the G7 as a key driver of the weaker USD from 2017 onwards, the yield curve in general is a fairly unpredictable driver of the USD.

Chart 4: Rolling co-efficients on 2-factor USD model



Source: BNZ/NAB, Bloomberg

While the shape of the yield curve typically reflects monetary policy and growth expectations, in the current chapter we must also contend with quantitative easing policies, which are distorting the signal of yield curves. These include central bank balance sheet expansion still on-going in the Eurozone and Japan, the reduction in the Fed's balance sheet, and associated cross border equity and income flows. These might be a factor in blowing out the coefficient of the relative yield curve in the model.

Overall, the results suggest that one should be very wary of relying on US monetary policy and its outlook as a key driver of the USD. The US monetary policy outlook is likely only one factor, and historically at times not even a strong factor, in predicting the path of the USD.

The transmission between US monetary policy and the USD can be complicated and unpredictable. Looking forward, rate dynamics might be expected to have opposing forces on the USD. On the negative side, the rates advantage of the US will eventually fade as the US tightening cycle eventually draws to a close and other central banks tighten policy. On the positive side, the current flattening pressure of the US curve relative to other countries will turn around. However, in this case there's no guarantee that the positive coefficient on the relative yield curve will be sustained – history suggests that the yield curve's significance in influencing the USD will fade.

In summary, we have a clear view on what the outlook for global monetary policy looks like – US monetary policy is much closer to the end of the tightening cycle while other G7 countries have barely begun – but that doesn't make the outlook for the USD any easier to predict.

Our base case remains that the USD will eventually face headwinds via relative monetary policy factors, while the projected path of the twin fiscal and current account deficits remains a structural headwind for the USD. This sees USD indices trending lower on a 1-2 year view.

One topical source of uncertainty about the outlook is how US-global trade talks develop. At face value, increasing US trade protectionism looks like a USD-negative factor as well. We can't think of any country that got richer by putting up trade barriers. The counter argument might be that Trump is playing a masterful game which will end up positive to the US (and global economy) as other countries reduce trade barriers and the US is first in the queue to take advantage of that. However, amidst the current US-global trade tensions, that seems a long bow to draw at this stage.

While we see USD headwinds ahead, at the same time we hold a similar view for the AUD and NZD TWIs over the same horizon. This view is based on likely headwinds developing via a global economic slowdown and associated resistance to further commodity price gains.

The net result is relatively flat AUD/USD and NZD/USD profiles over the rest of the year, the former anchored towards 0.75 and the latter anchored around 0.70, year-end projections which we haven't been inclined to revise throughout the recent swings in FX markets.

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CALENDAR OF ECONOMIC RELEASES

Country	Economic Indicator	Period	Forecast	Consensus	Actual	Previous	GMT	AEST
Monday 11 June, 2018								
Queen's Birthday Holiday - AU								
CH	Money Supply M2 YoY	May		8.5		8.3	10 June to 15 June	
CH	New Yuan Loans CNY	May		1200		1180	10 June to 15 June	
NZ	REINZ House Sales YoY	May				6.6	10 June to 14 June	
JN	Core Machine Orders MoM/YoY	Apr		/		10.1/9.6	22.50	9.50
UK	Trade Balance	Apr				-5280	7.30	18.30
UK	Industrial Production MoM/YoY	Apr		/		-0.8/1.8	7.30	18.30
Tuesday, 12 June, 2018								
NZ	ANZ Truckometer Heavy MoM	May				1.4	21.00	8.00
NZ	Electronic Card Transactions	May	1			-0.9	21.45	8.45
JN	PPI YoY	May		2.1		2	22.50	9.50
AU	NAB Business Conditions/Confidence	May		/		21/10	0.30	11.30
AU	Home Loans MoM	Apr	-1.5	-1.8		-2.2	0.30	11.30
UK	Jobless Claims Change	May				31.2	7.30	18.30
UK	ILO Unemployment Rate 3Mths	Apr		4.2		4.2	7.30	18.30
GE	ZEW Survey Current Situation/Expectations	Jun		85/-14		87.4/-8.2	8.00	19.00
EC	ZEW Survey Expectations	Jun				2.4	8.00	19.00
US	NFIB Small Business Optimism	May		105		104.8	9.00	20.00
US	CPI MoM/YoY	May		0.2/2.8		0.2/2.5	11.30	22.30
US	CPI Ex Food and Energy MoM/YoY	May		0.2/2.2		0.1/2.1	11.30	22.30
Wednesday, 13 June 2018								
NZ	Food Prices MoM	May	0.7			0.1	21.45	8.45
AU	Westpac Consumer Conf SA MoM	Jun				-0.6	23.30	10.30
AU	RBA's Lowe gives speech on Productivity, Wages and Prosperity – at the Australian Industry Group, Melbourne						2.30	13.30
UK	CPI MoM/YoY	May		0.4/2.4		0.4/2.4	7.30	18.30
UK	CPI Core YoY	May		2.1		2.1	7.30	18.30
UK	Retail Price Index MoM/YoY	May		0.4/3.4		0.5/3.4	7.30	18.30
UK	PPI Output NSA MoM/YoY	May		0.3/2.9		0.3/2.7	7.30	18.30
EC	Industrial Production SA MoM/YoY	Apr		-0.7/2.5		0.5/3	8.00	19.00
US	MBA Mortgage Applications	8 June				4.1	10.00	21.00
US	PPI Final Demand MoM/YoY	May		0.3/2.8		0.1/2.6	11.30	22.30
US	FOMC Rate Decision	13 June	1.75/2	1.75/2		1.5/1.75	17.00	4.00
US	Fed's Powell Holds Press Conference Following FOMC Decision						17.30	4.30
Thursday, 14 June 2018								
AU	Consumer Inflation Expectation	Jun				3.7	0.00	11.00
AU	Employment Change/Unemployment rate	May	15/5.6	19/5.5		22.6/5.6	0.30	11.30
AU	Participation Rate	May	65.6	65.6		65.6	0.30	11.30
CH	Retail Sales YTD YoY	May		9.7		9.7	1.00	12.00
CH	Industrial Production YTD YoY	May		6.9		6.9	1.00	12.00
CH	Fixed Assets Ex Rural YTD YoY	May		7		7	1.00	12.00
JN	Industrial Production MoM/YoY	Apr F		/		0.3/2.5	13.00	0.00
GE	CPI MoM/YoY	May F		0.5/2.2		0.5/2.2	5.00	16.00
UK	Retail Sales Inc Auto Fuel MoM/YoY	May		0.5/2.4		1.6/1.4	7.30	18.30
EC	ECB Deposit Facility Rate	14 June	-0.4	-0.4		-0.4	10.45	21.45
CA	New Housing Price Index MoM	Apr		0		0	11.30	22.30
US	Retail Sales Advance MoM	May		0.4		0.3	11.30	22.30
US	Retail Sales Ex Auto and Gas	May		0.4		0.3	11.30	22.30
US	Initial Jobless Claims	9 June		223		222	13.00	0.00
Friday, 15 June 2018								
JN	BOJ Policy Balance Rate	15 June	-0.1	-0.1		-0.1	15 June	
NZ	BusinessNZ Manufacturing PMI	May				58.9	21.30	8.30
AU	RBA's Ellis gives speech at the Infrastructure Partnerships Australia (IPA) Leaders' Luncheon, Sydney						2.30	13.30
EC	EU27 New Car Registrations	May				9.6	5.00	16.00
EC	Trade Balance SA	Apr		20		21.2	8.00	19.00
EC	CPI Core YoY	May F		1.1		1.1	8.00	19.00
EC	CPI YoY	May F		1.9		1.2	8.00	19.00
CA	Manufacturing Sales MoM	Apr		0.6		1.4	11.30	22.30
US	Empire Manufacturing	Jun		19		20.1	11.30	22.30
US	Industrial Production MoM	May		0.2		0.7	12.15	23.15
US	Capacity Utilization	May		78.1		78	12.15	23.15
US	U. of Mich. Sentiment	Jun P		98.5		98	13.00	0.00
US	Total Net TIC Flows	Apr				-38.5	19.00	6.00
Upcoming Central Bank Interest Rate Announcements								
US, Federal Reserve		13-Jun	1.75-2%	1.75-2%		1.5-1.75%		
Europe, ECB		14-Jun	-0.4%	-0.4%		-0.4%		
Japan, BoJ		15-Jun	-0.1%	-0.1%		-0.1%		
New Zealand, RBNZ		28-Jun	1.75%	1.75%		1.75%		
UK, BOE		21-Jun	0.5%	0.5%		0.5%		
Australia, RBA		3-Jul	1.5%	1.5%		1.5%		
Canada, BoC		11-Jul	1.5%	1.5%		1.25%		

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

FORECASTS

Economic Forecasts

Australia 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
Household Consumption	2.9	2.7	2.8	2.4	1.0	0.6	0.5	0.8	0.4	0.9	0.5	1.0	0.8	0.5	0.5	0.6	0.6	0.6	0.7	0.7
Underlying Business Investment	-11.9	3.0	4.0	5.4	-3.4	-2.4	-5.4	1.6	3.2	0.3	4.0	-1.2	0.6	1.6	1.3	1.3	1.1	1.5	1.4	1.5
Residential Construction	8.6	-2.4	-3.2	-2.0	4.6	1.5	-1.0	2.5	-3.0	0.2	-1.7	-1.3	-0.4	-1.0	-0.6	-0.3	-1.0	-0.2	0.0	-0.5
Underlying Public Spending	5.3	4.5	3.9	3.7	1.8	2.0	1.0	0.7	1.0	1.1	1.6	1.1	0.8	0.8	0.8	0.9	1.0	1.0	1.0	1.0
Exports	6.8	3.9	4.9	4.3	2.5	1.2	0.8	3.2	-1.7	3.0	1.2	-1.8	2.1	1.9	1.8	1.6	0.5	0.8	0.8	0.9
Imports	0.2	7.6	4.2	4.5	-0.8	2.5	0.8	2.3	2.9	0.8	2.2	0.5	1.1	0.9	0.9	1.1	1.0	1.2	1.4	1.3
Net Exports (a)	1.2	-0.9	0.0	-0.2	1.0	-0.3	0.0	0.1	-1.0	0.4	-0.2	-0.5	0.2	0.2	0.2	0.1	-0.1	-0.1	-0.2	-0.1
Inventories (a)	0.1	-0.1	0.0	0.0	0.0	0.4	0.2	-0.4	0.4	-0.6	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Domestic Demand - qtr%					0.1	0.6	-0.1	1.0	0.7	0.9	0.9	0.6	0.7	0.6	0.6	0.7	0.6	0.7	0.8	0.8
Dom Demand - ann %	1.9	2.9	2.7	2.7	1.5	1.8	1.7	2.5	2.3	2.6	3.6	3.1	3.1	2.7	2.4	2.5	2.5	2.6	2.9	3.0
Real GDP - qtr %					**1.0**	**0.8**	**-0.2**	**1.1**	**0.5**	**0.8**	**0.7**	**0.4**	**0.9**	**0.8**	**0.7**	**0.8**	**0.5**	**0.7**	**0.6**	**0.7**
Real GDP - ann %	2.6	2.3	2.8	2.7	**2.7**	**3.3**	**2.1**	**2.4**	**1.9**	**2.0**	**2.9**	**2.4**	**2.8**	**2.7**	**2.7**	**3.1**	**2.8**	**2.7**	**2.6**	**2.5**
CPI headline - qtr %					-0.2	0.4	0.7	0.5	0.5	0.2	0.6	0.6	0.4	0.5	0.6	0.7	0.5	0.5	0.6	0.8
CPI headline - ann %	1.3	1.9	2.2	2.3	1.3	1.0	1.3	1.5	2.1	1.9	1.8	1.9	1.9	2.2	2.2	2.3	2.4	2.3	2.3	2.4
CPI underlying - qtr %					0.2	0.5	0.3	0.5	0.5	0.6	0.4	0.4	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.6
CPI underlying - ann %	1.5	1.8	1.9	2.1	1.6	1.6	1.5	1.5	1.8	1.8	1.9	1.9	1.8	1.8	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	0.5	0.5	0.6	0.6	0.6	0.6	0.6	0.7	0.7	0.7
Wages (Pvte WPI - ann %)	1.9	1.8	2.1	2.5	2.0	2.0	1.9	1.8	1.8	1.8	1.9	1.9	2.0	2.1	2.2	2.3	2.4	2.5	2.5	2.6
Unemployment Rate (%)	5.7	5.6	5.4	5.1	5.8	5.7	5.7	5.7	5.9	5.6	5.5	5.4	5.5	5.5	5.4	5.2	5.2	5.1	5.1	5.1
Terms of trade	0.5	12.2	-1.1	-0.9	-1.9	2.5	4.1	11.2	5.4	-6.0	-0.1	0.2	2.7	-3.0	-3.2	-1.0	-1.9	-2.2	0.3	0.4
G&S trade balance, $Abn	-14.2	11.8	2.7	-25.1	-8.4	-7.5	-4.3	6.0	6.9	3.0	2.0	-0.1	3.5	1.5	-0.9	-1.4	-4.0	-6.8	-7.2	-7.2
% of GDP	-0.8	0.7	0.1	-1.3	-2.0	-1.8	-1.0	1.4	1.5	0.7	0.4	0.0	0.8	0.3	-0.2	-0.3	-0.8	-1.4	-1.5	-1.5
Current Account (% GDP)	-3.1	-2.3	-3.0	-4.4	-3.7	-3.9	-3.3	-1.4	-1.4	-2.4	-2.4	-3.1	-2.4	-2.8	-3.3	-3.4	-4.0	-4.5	-4.6	-4.6

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

Exchange Rate Forecasts

	12-Jun	Jun-18	Sep-18	Dec-18	Jun-19	Dec-19
Majors						
AUD/USD	0.7592	0.77	0.75	0.75	0.75	0.75
NZD/USD	0.7006	0.71	0.70	0.70	0.71	0.70
USD/JPY	110.46	110	108	106	102	99
EUR/USD	1.1749	1.23	1.25	1.26	1.28	1.32
GBP/USD	1.3359	1.42	1.45	1.50	1.53	1.55
USD/CNY	6.4018	6.28	6.20	6.20	6.23	6.25
USD/CAD	1.2997	1.24	1.24	1.22	1.23	1.25
USD/CHF	0.9874	0.98	0.97	0.96	0.95	0.93
Australian Cross Rates						
AUD/NZD	1.0836	1.08	1.07	1.07	1.06	1.07
AUD/JPY	83.9	85	81	80	77	74
AUD/EUR	0.6462	0.63	0.60	0.60	0.59	0.57
AUD/GBP	0.5683	0.54	0.52	0.50	0.49	0.48
AUD/CNY	4.8602	4.84	4.65	4.65	4.67	4.69
AUD/CAD	0.9867	0.95	0.93	0.92	0.92	0.94
AUD/CHF	0.7496	0.75	0.73	0.72	0.71	0.70

Interest Rate Forecasts

	12-Jun	Jun-18	Sep-18	Dec-18	Jun-19	Dec-19
Australia Rates						
RBA Cash rate	1.50	1.50	1.50	1.50	1.75	2.00
3 month bill rate	2.06	1.95	2.15	2.15	2.40	2.65
3 Year Swap Rate	2.26	2.4	2.5	2.6	3.2	3.4
10 Year Swap Rate	2.97	3.3	3.4	3.5	3.9	4.0
Offshore Policy Rates						
US Fed funds	1.75	2.00	2.25	2.25	2.75	3.00
ECB deposit rate	-0.40	-0.40	-0.40	-0.40	-0.20	0.00
BoE repo rate	0.50	0.50	0.50	0.75	1.00	1.25
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	2.50
China 1yr lending rate	4.35	4.35	4.35	4.35	4.35	4.35
China Reserve Ratio	16.0	16.0	16.0	16.0	16.0	16.0
10-year Benchmark Bond Yields						
Australia	2.80	2.80	3.10	3.10	3.40	3.65
United States	2.96	3.00	3.25	3.25	3.50	3.50
New Zealand	2.98	2.90	3.20	3.25	3.60	3.85

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	2.8	2.7	3.4
US	2.6	2.9	1.5	2.3	2.7	2.3	2.6
Eurozone	1.4	2.0	1.8	2.5	2.7	2.5	1.5
UK	3.1	2.3	1.9	1.8	1.8	1.7	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	7.6	7.9	6.4	6.8	7.2	6.6
New Zealand	3.6	3.5	4.0	2.9	3.0	3.0	3.0
World	3.5	3.4	3.2	3.6	3.8	3.6	3.5
MTP Top 5	4.0	4.1	3.7	4.2	4.1	3.8	5.0

Commodity prices ($US)

	12-Jun	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19
Brent oil	66.1	67	67	66	65	66	67	68
Gold	1297	1310	1320	1350	1365	1370	1380	1390
Iron ore	66.8	67	63	61	60	58	60	62
Hard coking coal	198	175	130	110	101	99	100	100
Thermal coal	114	90	90	90	90	65	65	65
Copper	7259	6690	6630	6630	6630	6630	6630	6630
Aust LNG (*)	12.4	11.2	11.5	11.8	11.7	11.3	11.7	11.8

(*) Implied Australian LNG export prices.

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