

AUSTRALIAN MARKETS WEEKLY

Hurdle to RBA cutting is very high!



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- In today's weekly we consider the case for the RBA cutting the cash rate.
- The RBA has left the cash rate unchanged at 1.5% for 23 months – a record in the modern era. When asked, the RBA tend to say that their next move in interest rates is likely to be up, but not for some time.
- The market is less sure. Cash is priced dead flat at 1.5% in 2018 and little is now priced for hikes in 2019. There is also some chatter that rising trade tensions, pressure on bank funding costs, and a tightening in credit conditions means the next RBA move could be a cut. It's conceivable the market moves to price some chance of an RBA cut – as has happened in NZ, where the RBNZ have indicated their next move could be a cut or a hike.
- The RBA's elevated concern about high household debt (Governor Lowe said it is the #1 domestic risk to the Australian economy) makes the hurdle to cut rates very high. Especially while they are still forecasting the unemployment rate to decline and inflation to rise. Of course, if progress towards its inflation and unemployment goals stalls, or reverses, the RBA can cut again.
- NAB still sees the next move in the RBA cash rate as higher – albeit we think it's a long way off. The next key data will be Q2 CPI on 25 July and Wages on 15 August.
- Starting off this week, the AUD is a little higher, on the back of US payrolls data that saw the unemployment rate lift 0.2 ppt to 4% and the return of some stability in CNY and EM FX (of which the AUD has become a proxy). However, headwinds remain from softening commodity prices, and the AUD is still susceptible to any escalations in US-China trade tensions.
- Those trade tensions will continue to dominate global sentiment as markets remain alert to any shifts in stance from the US or China, and whether this develops into a tit-for-tat trade war that would be global growth negative. Nevertheless, the BoC is expected to lift rates at its meeting on Wednesday.
- Across the pond from the US, Brexit plans take centre stage – a White Paper is due later today, which will form the basis for EU-UK negotiations on Brexit. Over the weekend, PM Theresa May outlined a "soft Brexit" plan that appears to have been accepted by the "hard Brexiters", whereby the UK stays in the single market and some sort of customs union (for goods and agriculture). However, May does not commit to the free movement of people for these sectors, which leaves the door open for the EU to reject the proposal.
- Domestically, two key data releases worth watching: the June NAB Business Survey (Tuesday) and May Home Loans data (Wednesday). The June NAB Business Survey will be the first read since US-China trade tensions escalated, and markets will see how (and if) business sentiment was impacted. Home Loans data will be watched for signs of tightening credit conditions, which some fear will materially impact the housing market. The market is expecting a decline of 2% m/m, while NAB expects a smaller 1.1% m/m decline.

To contact NAB's market experts, please click on one of the following links:

[Ask the Economists](#)

[Ask the FX Strategists](#)

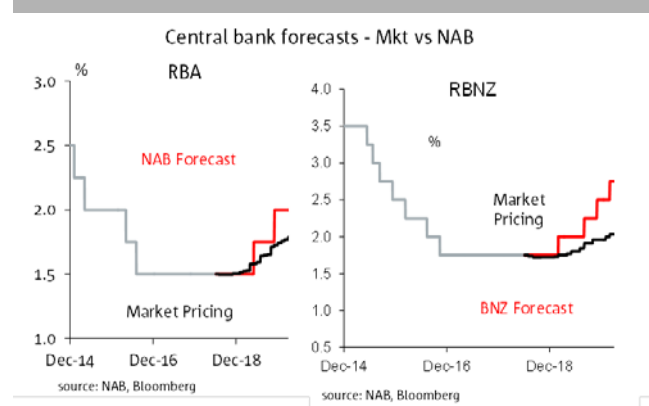
[Ask the Interest Rate Strategists](#)

Key markets over the past week

	Last	% chg week		Last	bp / % chg week
AUD	0.6457	1.6	RBA cash	1.50	0
AUD/CNY	4.95	1.3	3y swap	2.16	3
AUD/JPY	82.3	1.2	ASX 200	6,288	1.8
AUD/EUR	0.634	0.6	Iron ore	63.84	-1.8
AUD/NZD	1.090	-0.3	WTI oil	73.9	-0.3

Source: Bloomberg

Chart 1: Forecast and market pricing for RBA and RBNZ



Peter Jolly, Global Head of Research

Over the past year or so the RBA has said the next move in their cash rate is likely to be up, not down, but it could be some way off. They don't say it religiously but it pops up from time to time in speeches, in answer to a question, and in Board meeting Minutes.

It was most recently used in a speech by the Governor on 13 June where he said "the national accounts provided confirmation that the Australian economy is moving in the right direction. If this continues to be the case, it is likely that the next move in interest rates will be up, not down. ... Any increase in interest rates, however, still looks to be some time away."

Coming into July's RBA Board meeting some were evidently looking for a softening in the RBA's language – the AUD rallied and bonds sold off a few points when the Statements key guidance didn't change.

Related to this some clients have asked whether the RBA could "do an RBNZ" and start saying their next move is just as likely to be a cut as a hike.

Market pricing in NZ now prices a small chance the RBNZ will cut their cash rate by year-end and market momentum in Australia is headed in the same direction with the RBA cash rate priced exactly flat at 1.5% to year-end with just 20bps of hikes priced by year-end 2019 - Chart 1.

I expect the hurdle to an RBA cut is very high.

The RBA is not the RBNZ!

Now my colleagues at BNZ think the RBNZ's willingness to say they might cut rates next is unlikely to be matched by action. It nonetheless reflects uncertainties they have stemming from global trade tensions, the drop in business confidence since late 2017, and recent agricultural risks.

The points we would emphasize are that RBA does policy differently than the RBNZ and the economic outlook in Australia is still positive.

Inflation still forecast to rise in Australia

The RBA Governor and his colleagues have spoken at length in recent years about new uncertainties around the inflation/wage process. However, the crux of their uncertainty seems to be how low will the unemployment rate need to fall to achieve a sustainable lift in wages and prices – not that it will never happen.

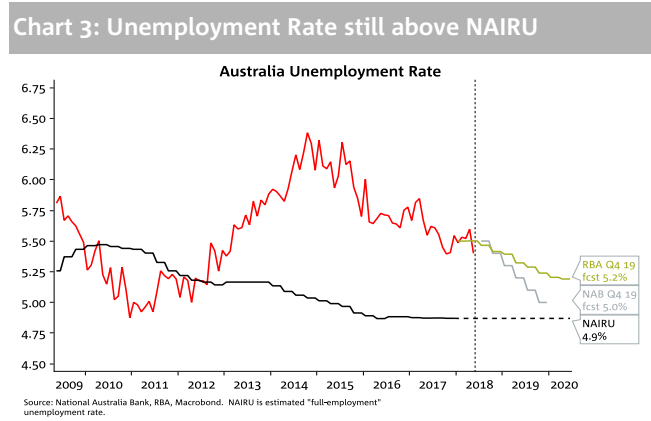
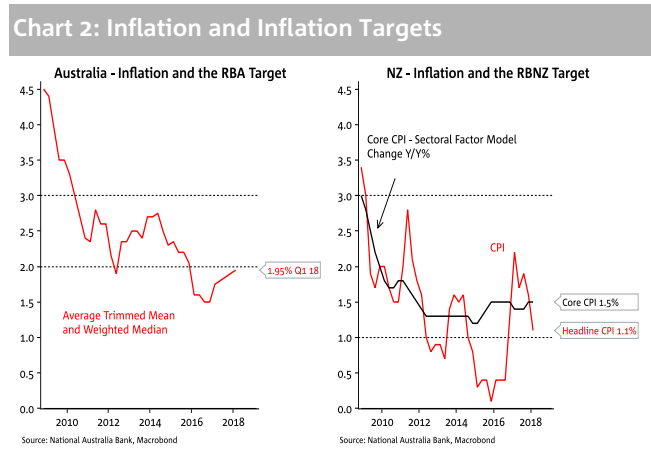
Speaking in Portugal a few weeks ago Governor Lowe said "I remain confident we're going to get back to 2.5% – it's just going to take us a bit of time."

Currently, they acknowledge there is still too much labour market slack, with the unemployment rate around 5½% compared to their estimate for full employment a little below 5%.

Australia's labour market slack is a contrast to most advanced economies where full employment has already been achieved. The OECD estimates that by the end of 2018, 75% of their member countries will have achieved full employment – have their unemployment rates below the NAIRU. Australia is not one of those countries.

The better news is that wage growth appears to have bottomed recently in Australia and there are reports of pressure building in industries where capacity is tight – e.g. construction. This capacity should tighten further, with both the RBA and NAB forecasting the unemployment rate to fall further – Chart 3.

The RBA likely also takes comfort from recent developments in the United States, where the super low 4% unemployment



rate has helped lift wage outcomes and pushed core PCE inflation back to the Fed's 2% target. The US unemployment rate had to go lower than almost everyone expected to achieve the required lift in wages/prices, but it does at least prove you can still generate higher wage and inflation outcomes.

Financial Stability now as important as inflation target

At the same gathering in Portugal, Governor Lowe said that the #1 domestic risk to the Australian economy was high levels of household debt and asset prices! Not low inflation.

He said inflation had been "...1¾-2%. I think we can live with that for a while. To try and get back to two and a half very quickly, it would be mainly through people borrowing more money and having higher asset prices. I think that's a much bigger risk to our economy than people having surprisingly low inflation expectations."

He said this latter strategy posed longer term risks to the "the economic prosperity and welfare of the people of Australia", which is the third goal of the RBA alongside price stability and full employment.

The elevated weight the RBA is putting on financial stability is a growing contrast to many of Governor Lowe's central bank peers who still see price stability as the only or main objective of the central bank – get inflation right and everything else falls into place.

Charts 4 and 5 (next page) explain why the Governors concerns about high household debt are much greater than his peers in the US, Japan and Europe.

According to a BIS study of 40 advanced countries, Australian households are the second most indebted - chart 4.

Chart 5 shows Australia's household leverage has risen considerably in recent years – in 2014 household credit was around 110% of GDP and it is now 122%. In contrast,

household leverage has fallen in the US, Europe and Japan. Household leverage has risen sharply in china but it still remains relatively low at 48% of GDP.

RBA forecast still on track means hikes – eventually

Adding together 1) the RBA’s ongoing confidence that inflation is still forecast to gradually rise with 2) their elevated concern for financial stability and it’s not surprising the Governor concluded just a few weeks ago that it’s likely that next move in their cash rate will be up, not down. Even if it might be a long way off.

To contemplate a cut – against this heightened financial stability concern – the RBA would need to lose confidence in the forecast for inflation to return to the target mid-point.

They haven’t. In the July Statement they again said “Further progress in reducing unemployment and having inflation return to target is expected, although this progress is likely to be gradual.”

What might change this forecast for inflation to return to target? Some of the possibilities include:

1. A sufficiently large negative economic shock would do it – NAB forecasts above trend global growth in the next few years but we are watching risks to this outlook like rising US-Global trade tensions.
2. More years of frustration with inflation not rising as they forecast it to – the RBNZ situation/frustration. This is a big risk in my view but I expect we are still a few years of frustration away from this point.
3. Large enough out-of-cycle increases to mortgage and business interest rates to change the forecast for inflation to return the target mid-point in the years ahead. I expect this would require cumulative increases of at least 25bps – and probably more. Ivan Colhoun covered the issues that stem from recent developments in money market in more detail, see last week’s Australian Markets Weekly¹.

Average Variable Mortgage Rate Actually Declining

While there has been focus on the potential for rising bank funding costs to lift retail mortgage rates, in their Statement last Tuesday the RBA said that despite some tightening in credit conditions “the average mortgage interest rate on outstanding loans has been declining for some time”.

I expect the Board was looking at Chart 6, which was published in their Chart Pack last week, when they were making this conclusion. It shows that despite the standard variable being unchanged, the interest rates on new variable mortgages is low and falling and this is pulling down the average interest rate on all variable mortgages falling.

Conclusion – next move still likely to be a hike

The RBA’s elevated concern around financial stability and high household debt makes the hurdle to cut rates high – especially while they are still forecasting the unemployment to decline and inflation to rise.

There are always risks to the economic outlook and at the moment global trade tensions seem the largest risk – my colleague Tony Kelly wrote a full note on these risks earlier this month². Risks aren’t all to the downside though, with high commodity prices supporting an uplift in that sector and public sector investment likely to be very strong in the year ahead.

¹ <https://business.nab.com.au/australian-markets-weekly-funding-pressures-bbsw-y-and-monetary-policy-30352/>

² <https://business.nab.com.au/trade-tensions-on-the-rise-july-2018-30426/>

Chart 4: Australian household debt top of the world

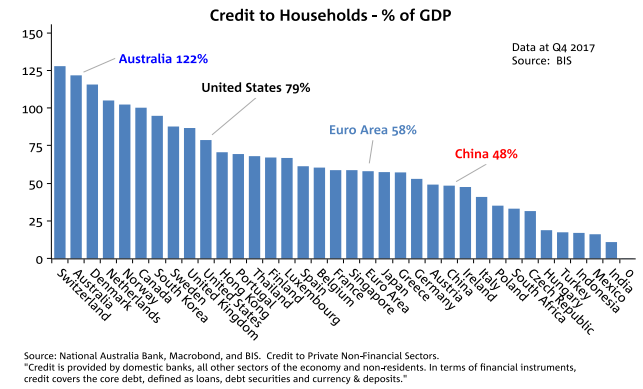


Chart 5: Household debt

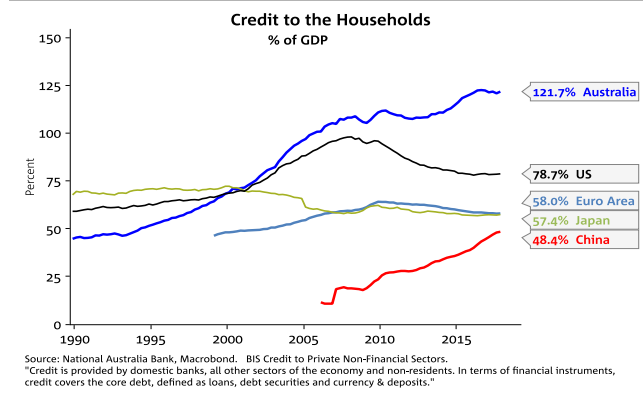
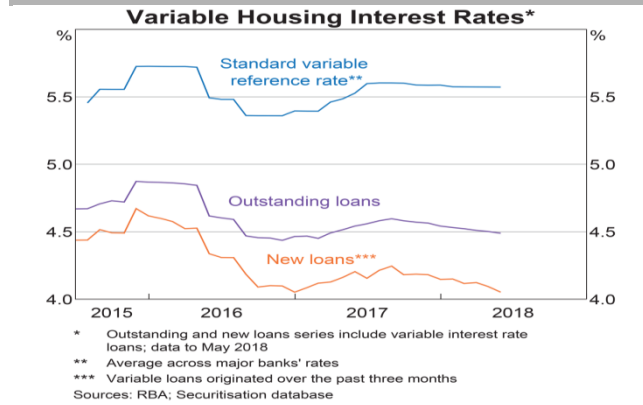


Chart 6: Household debt



The RBA will give an updated set forecasts in their Statement on Monetary Policy on 10 August – after the Q2 CPI on 25 July. If those forecasts still show inflation returning the mid-point of the RBA’s 2 to 3% target in the years ahead then I expect if asked the Governor would still conclude that the next move in the RBA cash rate was likely to be, not down, even if it was some way off.

NAB continues to expect the RBA to leave rates on hold for some time, with modest increases pencilled in from the middle of next year.

The exact timing will be driven by the data flow and in particular when clearer evidence of rising wage and inflation pressures emerge. At the moment it seems risks are tilted to an even longer delay but we will make that judgment after we see inflation data on 25 July and Wage Price Index on 15 August.

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CALENDAR OF ECONOMIC RELEASES

Country	Economic Indicator	Period	Forecast	Consensus	Actual	Previous	GMT	AEST
Monday, 9 July 2018								
UK	Brexit White Paper						8 July	
CH	Foreign Reserves	Jun		3101.8		3110.62	9 July	
JN	BoP Current Account Balance	May		1266		1845.1	22.50	9.50
UK	BoE Deputy Governor Broadbent speaks on "Economics and Psychology" at conference in London						6.50	17.50
Tuesday, 10 July 2018								
NZ	REINZ House Sales YoY	Jun				1.3	10 to 14 July	
CH	New Yuan Loans CNY	Jun		1535		1150	10 to 15 July	
CH	Money Supply M2 YoY	Jun		8.4		8.3	10 to 15 July	
NZ	ANZ Truckometer Heavy MoM	Jun				3	21.00	8.00
NZ	Electronic Card Transactions	Jun	1			0.5	21.45	8.45
AU	NAB Business Conditions/Confidence	Jun		/		15/6	0.30	11.30
CH	PPI YoY/CPI YoY	Jun		4.5/1.9		4.1/1.8	0.30	11.30
JN	Machine Tool Orders YoY	Jun P				14.9	5.00	16.00
UK	Trade Balance	May		-3378		-5280	7.30	18.30
UK	Industrial Production MoM/ YoY	May		0.5/1.9		-0.8/1.8	7.30	18.30
UK	U.K. Statistics Office Publishes First Monthly Estimate of GDP						7.30	18.30
GE	ZEW Survey Current Situation	Jul		78.2		80.6	8.00	19.00
EC	ZEW Survey Expectations	Jul				-12.6	8.00	19.00
US	NFIB Small Business Optimism	Jun		105.8		107.8	9.00	20.00
CA	Housing Starts	Jun		210		195.613	11.15	22.15
CA	Building Permits MoM	May		-0.5		-4.6	11.30	22.30
Wednesday, 11 July 2018								
JN	PPI YoY	Jun		2.8		2.7	22.50	9.50
JN	Core Machine Orders MoM/YoY	May		-5/10.3		10.1/9.6	22.50	9.50
AU	Westpac Consumer Conf Index	Jul				102.1	23.30	10.30
AU	Home Loans MoM	May	-1.1	-2		-1.4	0.30	11.30
US	MBA Mortgage Applications	6 July				-0.5	10.00	21.00
US	PPI Final Demand MoM/YoY	Jun		0.2/3.1		0.5/3.1	11.30	22.30
CA	Bank of Canada Rate Decision	11 July		1.5		1.25	13.00	0.00
US	Wholesale Inventories MoM	May F		0.4		0.5	13.00	0.00
UK	BOE Governor Mark Carney Speaks in Boston, Massachusetts						14.35	1.35
US	Fed's Williams Speaks with Community Leaders in Brooklyn						19.30	6.30
Thursday, 12 July 2018								
NZ	Food Prices MoM	Jun	0.3			0	21.45	8.45
AU	Consumer Inflation Expectation	Jul				4.2	0.00	11.00
GE	CPI MoM/YoY	Jun F		0.1/2.1		0.1/2.1	5.00	16.00
EC	Industrial Production SA MoM/WDA YoY	May		1.2/2.3		-0.9/1.7	8.00	19.00
US	Fed's Kashkari Speaks on Panel Discussing Immigration						11.30	22.30
US	Initial Jobless Claims	7 July		225		231	11.30	22.30
CA	New Housing Price Index MoM	May		0.1		0	11.30	22.30
US	CPI MoM/YoY	Jun		0.2/2.9		0.2/2.8	11.30	22.30
US	CPI Ex Food and Energy MoM/YoY	Jun		0.2/2.3		0.2/2.2	11.30	22.30
US	Fed's Harker Speaks at Rocky Mountain Economic Summit						15.15	2.15
Friday, 13 July 2018								
CH	Trade Balance	Jun		27.715		24.92	13 July	
CH	Exports YoY/Imports YoY	Jun		9.7/21.8		12.6/26	13 July	
NZ	BusinessNZ Manufacturing PMI	Jun				54.5	21.30	8.30
JN	Industrial Production MoM/YoY	May F		/		-0.2/4.2	3.30	14.30
UK	Bank of England Deputy Governor Jon Cunliffe Speaks in Kendall						10.00	21.00
US	U. of Mich. Sentiment	Jul P		98		98.2	13.00	0.00
US	Fed Releases Monetary Policy Report to Congress						14.00	1.00
US	Fed's Bostic Holds Town Hall Chat in Northern Virginia						15.30	2.30
Upcoming Central Bank Interest Rate Announcements								
Canada, BoC		11-Jul	1.5%	1.5%		1.25%		
Europe, ECB		26-Jul	-0.4%	-0.4%		-0.4%		
Japan, BoJ		31-Jul	-0.1%	-0.1%		-0.1%		
US, Federal Reserve		1-Aug	1.75-2%	1.75-2%		1.75-2%		
UK, BOE		2-Aug	0.75%	0.75%		0.5%		
Australia, RBA		7-Aug	1.5%	1.5%		1.5%		
New Zealand, RBNZ		9-Aug	1.75%	1.75%		1.75%		

GMT: Greenwich Mean Time; AEST: Australian Eastern Standard 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	2.9	2.7	2.5	2.5	0.9	0.6	0.5	0.8	0.3	1.0	0.6	1.0	0.3	0.5	0.6	0.6	0.6	0.6	0.6	0.7	0.7
Underlying Business Investment	-11.8	3.0	3.3	6.6	-3.4	-2.6	-5.6	2.2	3.1	0.0	3.7	-0.5	-0.1	1.3	1.6	0.9	2.1	1.6	2.2	1.2	
Residential Construction	8.7	-2.2	-1.4	-2.6	4.3	1.7	-0.7	2.4	-3.2	0.3	-2.1	-0.1	0.9	-1.1	-0.6	-0.7	-1.0	-0.5	-0.2	-0.2	
Underlying Public Spending	5.2	4.5	4.8	4.3	1.8	1.9	1.1	0.6	1.0	1.3	1.4	1.2	1.5	0.8	0.9	1.0	1.1	1.1	1.1	1.1	
Exports	6.8	3.5	4.4	4.9	2.1	1.4	0.8	3.4	-1.9	2.9	0.7	-1.5	2.4	1.1	1.5	1.4	1.3	1.2	0.7	0.6	
Imports	0.2	7.8	4.2	4.4	-0.8	2.1	0.9	2.5	3.1	-0.1	2.6	1.6	0.5	0.7	0.9	0.8	1.1	1.3	1.5	1.3	
Net Exports (a)	1.2	-1.0	-0.1	0.0	0.9	-0.2	0.0	0.1	-1.1	0.6	-0.4	-0.7	0.3	0.1	0.1	0.1	0.0	0.0	-0.2	-0.2	
Inventories (a)	0.1	-0.1	0.0	-0.1	0.0	0.4	0.2	-0.4	0.4	-0.5	0.1	0.0	0.2	-0.1	-0.1	0.0	0.0	0.0	0.0	0.0	
Domestic Demand - qtr%					0.1	0.6	-0.1	1.1	0.7	0.9	0.9	0.8	0.6	0.6	0.7	0.6	0.8	0.8	0.9	0.8	
Dom Demand - ann %	1.9	3.0	2.8	3.0	1.5	1.8	1.7	2.5	2.3	2.6	3.6	3.3	3.2	2.8	2.6	2.5	2.6	2.9	3.1	3.3	
Real GDP - qtr %					0.9	0.9	-0.2	1.1	0.3	1.0	0.5	0.5	1.0	0.5	0.7	0.7	0.8	0.7	0.7	0.6	
Real GDP - ann %	2.6	2.2	2.9	3.0	2.7	3.3	2.0	2.4	1.8	2.0	2.8	2.4	3.1	2.6	2.8	3.0	2.8	3.0	3.0	2.9	
CPI headline - qtr %					-0.2	0.4	0.7	0.5	0.5	0.2	0.6	0.6	0.4	0.7	0.4	0.7	0.4	0.5	0.6	0.8	
CPI headline - ann %	1.3	1.9	2.2	2.2	1.3	1.0	1.3	1.5	2.1	1.9	1.8	1.9	1.9	2.4	2.2	2.3	2.2	2.0	2.2	2.2	
CPI underlying - qtr %					0.2	0.5	0.3	0.5	0.4	0.6	0.4	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.6	
CPI underlying - ann %	1.6	1.8	2.0	2.1	1.6	1.6	1.5	1.5	1.7	1.8	1.9	1.9	2.0	1.9	2.0	2.0	2.0	2.0	2.1	2.2	
Wages (Pvte WPI - qtr %)					0.5	0.5	0.4	0.4	0.5	0.5	0.5	0.5	0.5	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	1.9	2.0	2.1	2.2	2.4	2.5	2.5	2.6	
Unemployment Rate (%)	5.7	5.6	5.4	5.0	5.8	5.8	5.7	5.7	5.9	5.6	5.5	5.4	5.5	5.5	5.4	5.3	5.2	5.1	5.0	5.0	
Terms of trade	0.6	12.3	-0.4	-0.8	-1.9	2.4	4.0	11.3	5.4	-6.0	-0.1	0.4	3.3	-1.4	-3.4	-0.2	-1.9	-1.4	-0.1	0.2	
G&S trade balance, \$Abn	-14.3	10.2	8.4	-11.2	-8.7	-7.4	-4.3	6.0	6.4	3.4	1.4	-1.0	4.1	3.2	0.4	0.8	-0.9	-2.5	-3.6	-4.2	
% of GDP	-0.8	0.6	0.4	-0.6	-2.1	-1.8	-1.0	1.4	1.4	0.8	0.3	-0.2	0.9	0.7	0.1	0.2	-0.2	-0.5	-0.7	-0.8	
Current Account (% GDP)	-3.1	-2.5	-2.7	-3.7	-3.8	-3.9	-3.4	-1.4	-1.6	-2.4	-2.6	-3.2	-2.3	-2.4	-3.0	-2.9	-3.3	-3.6	-3.8	-3.9	

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

Exchange Rate Forecasts

	9-Jul	Sep-18	Dec-18	Mar-19	Jun-19	Sep-19
Majors						
AUD/USD	0.7456	0.73	0.75	0.75	0.75	0.75
NZD/USD	0.6841	0.69	0.70	0.70	0.71	0.71
USD/JPY	110.43	109.0	110.0	108.0	106.0	104.0
EUR/USD	1.1758	1.15	1.18	1.22	1.22	1.25
GBP/USD	1.3292	1.32	1.38	1.45	1.47	1.53
USD/CHF	0.9884	1.02	1.00	0.98	0.98	0.97
USD/CAD	1.3089	1.32	1.28	1.26	1.25	1.25
USD/CNY	6.6331	6.50	6.40	6.30	6.23	6.23

Australian Cross Rates

	9-Jul	Sep-18	Dec-18	Mar-19	Jun-19	Sep-19
AUD/NZD	1.0899	1.06	1.07	1.07	1.06	1.06
AUD/JPY	82.3	80	83	81	80	78
AUD/EUR	0.6341	0.63	0.64	0.61	0.61	0.60
AUD/GBP	0.5609	0.55	0.54	0.52	0.51	0.49
AUD/CNY	4.9456	4.75	4.80	4.73	4.67	4.67
AUD/CAD	0.9759	0.96	0.96	0.95	0.94	0.94
AUD/CHF	0.7370	0.74	0.75	0.74	0.74	0.73

Interest Rate Forecasts

	9-Jul	Sep-18	Dec-18	Mar-19	Jun-19	Sep-19
Australia Rates						
RBA Cash rate	1.50	1.50	1.50	1.50	1.75	1.75
3 month bill rate	2.06	1.95	1.95	1.95	2.15	2.15
3 Year Swap Rate	2.17	2.15	2.35	2.50	2.80	3.00
10 Year Swap Rate	2.81	2.95	3.20	3.30	3.60	3.70

Offshore Policy Rates

	9-Jul	Sep-18	Dec-18	Mar-19	Jun-19	Sep-19
US Fed funds	2.00	2.25	2.50	2.75	3.00	3.25
ECB deposit rate	-0.40	-0.40	-0.40	-0.40	-0.40	-0.20
BoE repo rate	0.50	0.50	0.75	0.75	1.00	1.00
BoJ excess reserves rate	-0.10	-0.10	-0.10	-0.10	-0.10	-0.10
RBNZ OCR	1.75	1.75	1.75	1.75	2.00	2.25
China 1yr lending rate	4.35	4.35	4.35	4.35	4.35	4.35
China Reserve Ratio	16.0	16.0	16.0	16.0	16.0	16.0

10-year Benchmark Bond Yields

	9-Jul	Sep-18	Dec-18	Mar-19	Jun-19	Sep-19
Australia	2.61	2.80	3.00	3.05	3.30	3.40
United States	2.84	3.10	3.25	3.25	3.50	3.50
New Zealand	2.81	2.95	3.10	3.20	3.45	3.60

Sources: NAB Global Markets Research; Bloomberg; ABS

Global GDP

Dec year	2015	2016	2017	2018	2019	2020	20 Yr Ave
Australia	2.5	2.6	2.2	2.9	3.0	2.7	3.4
US	2.9	1.5	2.3	2.7	2.3	1.7	2.6
Eurozone	2.1	1.8	2.6	2.1	2.0	1.8	1.5
UK	2.3	1.9	1.8	1.5	1.7	1.5	2.4
Japan	1.4	0.9	1.7	0.9	1.0	0.7	0.8
China	6.9	6.7	6.9	6.5	6.3	6.0	9.2
India	8.2	7.1	6.7	6.8	7.2	6.9	6.6
New Zealand	3.5	4.0	2.9	2.9	3.0	2.4	3.0
World	3.5	3.2	3.8	3.8	3.7	3.5	3.5
MTP Top 5	4.1	3.7	4.2	3.9	3.7	3.1	5.0

Commodity prices (\$US)

	9-Jul	Sep-18	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19
Brent oil	73.9	67	66	65	66	67	68
Gold	1258	1320	1350	1365	1370	1380	1390
Iron ore	65.0	63	61	60	58	60	62
Hard coking coal	189	130	110	101	99	100	100
Thermal coal	116	90	90	90	65	65	65
Copper	6284	6630	6630	6630	6630	6630	6630
Aust LNG (*)	13.4	11.5	11.8	11.7	11.3	11.7	11.8

(*) Implied Australian LNG export prices.

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