AUSTRALIAN MARKETS WEEKLY

A boom in public spending is keeping the economy afloat

In this issue

Analysis – A boom in public spending is keeping the economy afloat

- The economy has cooled, with GDP growing by only 1.8% over the past year, not far above the 1.4% low-point of the global financial crisis. The slowdown reflects a slump in private demand, which has barely changed over the past year. Instead, growth has been almost wholly supported by a boom in public demand, which is increasing at an annual rate of almost 6%.
- The strength in public demand mainly reflects public consumption, where non-defence Commonwealth consumption is growing at an annual rate of 13%, which is the largest increase since the mid 1980s. This rapid growth reflects the ramping up of the National Disability Insurance Scheme and consumption should ease once the scheme reaches capacity early next year.
- Public investment is also strong due to infrastructure spending, but is less than a quarter the size of public consumption. Infrastructure investment has boosted both growth and productivity (via its effect on the capital stock), but its relatively small size at 2% of GDP suggests to us that the government should include more timely, direct measures when formulating the additional stimulus needed to support the economy. Such measures could include cash handouts and bringing forward planned personal income tax cuts.

The week ahead – RBNZ decision on rates; G20 meeting

- With no major data locally, the focus is on offshore. BNZ expects the RBNZ to cut the cash rate in August, but thinks there is a solid risk that the bank cuts the cash rate to 2.1% at its OCR review on Wednesday. As for China-US trade tensions, the Trump-Xi meeting is the highlight of the G20 get-together in Osaka on 28-29 June. President Trump has suggested communication between the two presidents is up and running again, lifting hopes that a deal could yet be done.

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Ask the Economists

Ask the FX Strategists

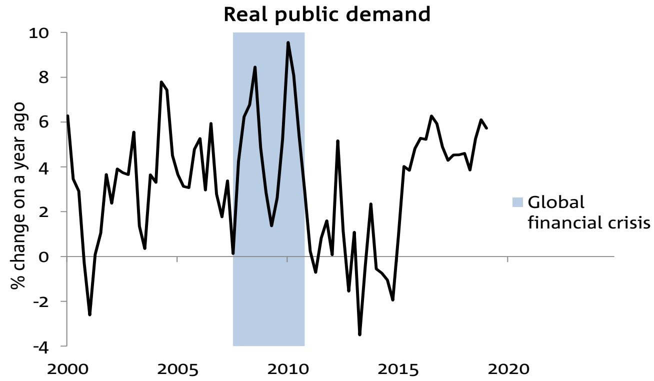
Ask the Interest Rate Strategists

Key markets over the past week

	Last	% chg week		Last	bp/% chg week
AUD	0.6951	1.4	RBA cash	1.25	0
AUD/CNY	4.78	0.7	3y swap	0.97	-11
AUD/JPY	74.6	0.3	ASX 200	6,638	1.6
AUD/EUR	0.611	0.0	Iron ore	109	6.0
AUD/NZD	1.054	-0.1	WTI oil	57.8	10.8

Source: Bloomberg

Chart of the week: Public demand is booming



Kieran Davies

A boom in public spending is keeping the economy afloat

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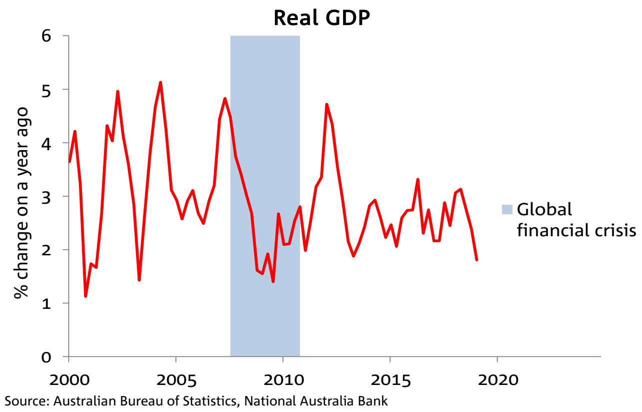
GDP is growing at its slowest rate since the global financial crisis

The economy has cooled over the past year, with real GDP increasing by only 1.8% over the past year, which is the weakest growth since the global financial crisis, when growth reached a low of 1.4% in 2009.

This contrasts with the Reserve Bank's forecasts prepared this time last year, which were for growth to accelerate to almost 3.5% by this point.

Chart 1: GDP growth is weak



Source: Australian Bureau of Statistics, National Australia Bank

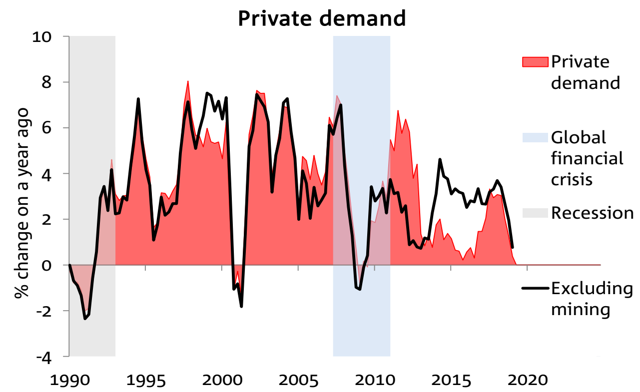
The weakness in GDP growth reflects a slump in private demand

Private demand has barely changed over the past year, up only 0.4% in real terms, which is the smallest increase since late 2016. This reflects:

- Weak growth in consumer spending , which has been held back by poor income growth and falling house prices;
- Falling residential investment, driven by tighter credit conditions, reduced investor demand and an oversupply of apartments;
- Falling ownership transfer costs, as turnover in the housing market has dropped to recession-like levels; and,
- Falling business investment, with mining investment nearing a long-awaited trough and non-mining investment slowly recovering.

Excluding the mining sector, which is not sensitive to interest rates, annual growth in real private demand has slumped to 0.8%. This is the smallest increase since 2013 and is below the low-points reached during the other mid-cycle slowdowns of the 1990s and 2000s.

Chart 2: Growth in private demand has slumped

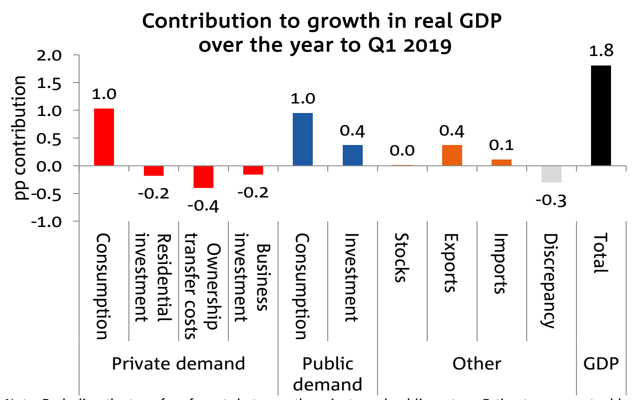


Note: Excluding the transfer of assets between the private and public sectors.
Source: Australian Bureau of Statistics, Melbourne Institute, National Australia Bank

GDP has been driven by booming public demand

Private demand contributed only 0.3pp to 1.8% growth in GDP over the past year, compared with a 1.3pp contribution from public demand. The large contribution from public demand reflects rapid growth of 5.7% in real terms over the past year.

Chart 3: Public demand has accounted for the bulk of GDP growth over the past year



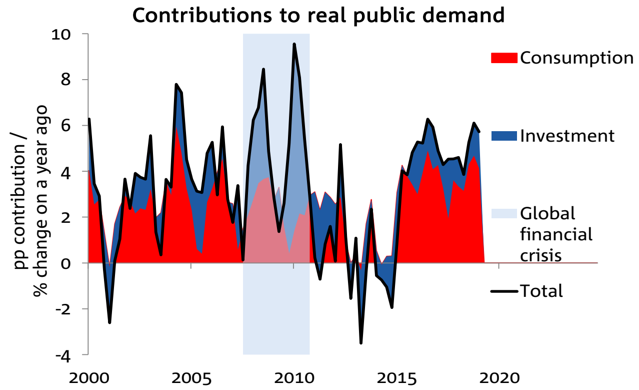
Note: Excluding the transfer of assets between the private and public sectors. Estimates may not add totals because of rounding.
Source: Australian Bureau of Statistics, National Australia Bank

The boom in public demand has been driven by consumption

The strength in public demand reflects both public consumption and public investment, which in real terms are up 5% and 9% over the past year, respectively.

These growth rates give the impression that investment is driving public demand, but public consumption is much larger and mostly responsible for the strength in demand and hence GDP. Public consumption currently accounts for almost 19% of nominal GDP, while investment's share is 4.5%.

Chart 4: Booming public demand has been driven by consumption



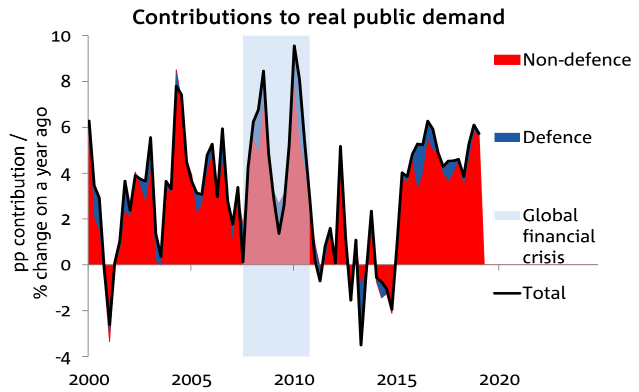
Note: Excluding the transfer of assets between the private and public sectors.
Source: Australian Bureau of Statistics, National Australia Bank

Strong public demand reflects non-defence spending

Public demand includes defence spending, which can sometimes have an impact on overall demand. That is not the case at the moment, with defence spending little changed over the past year, compared with 6% growth in non-defence expenditure.

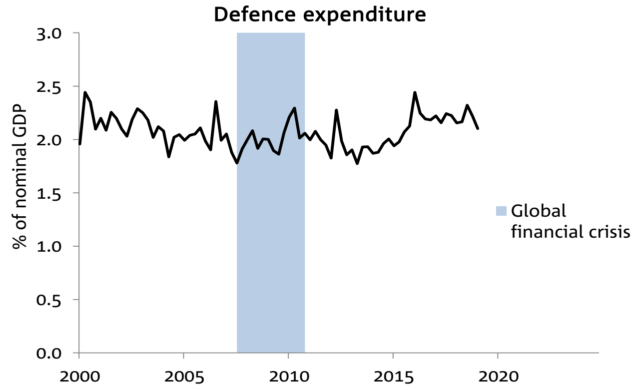
The small contribution from defence spending is not surprising given the government targets defence expenditure at 2% of GDP.

Chart 5: Public demand is driven by non-defence spending ...



Note: Excluding the transfer of assets between the private and public sectors.
Source: Australian Bureau of Statistics, National Australia Bank

Chart 6: ... which is not surprising given the government has a target for defence spending of 2% of GDP

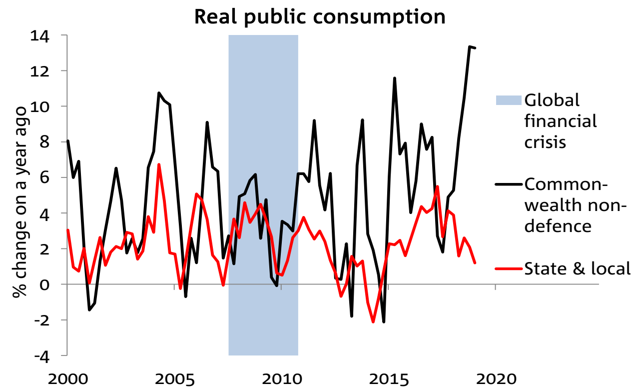


Source: Australian Bureau of Statistics, National Australia Bank

The roll-out of the NDIS is driving strong growth in public consumption

The strength in public consumption reflects extremely rapid growth in Commonwealth consumption as growth in state government consumption has moderated. Non-defence Commonwealth consumption has increased by 13% over the past year in real terms, which is the fastest growth since 1985.

Chart 7: Commonwealth consumption is growing at its fastest rate since the mid 1980s



Source: Australian Bureau of Statistics, National Australia Bank

Although public consumption is often thought of as capturing the number of public servants, Commonwealth consumption includes other government expenses, which are dominated by direct welfare payments to households.

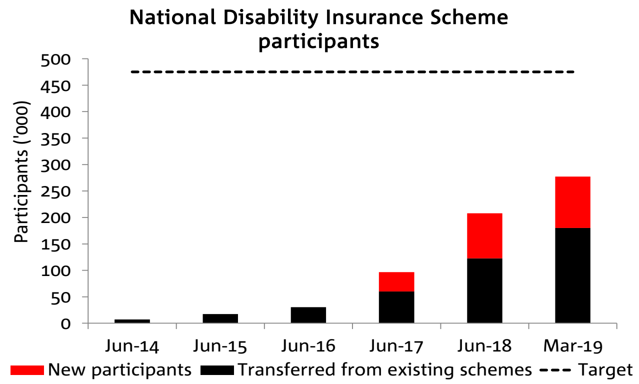
Direct welfare payments comprise things like Medicare rebates, childcare rebates, the Pharmaceutical Benefits Scheme and now the National Disability Insurance Scheme (NDIS). These payments differ from welfare payments that are not directly tied to a specific purpose, such as the aged pension, which are not counted in GDP.

Growth in public consumption should slow once the NDIS likely peaks by early 2020

Although it is difficult to track the impact of the National Disability Insurance Scheme, the Bureau of Statistics's write-up of the national accounts noted that strong Commonwealth consumption was being driven by continued spending on disability and health services.

Indirectly gauging the contribution from the NDIS, the National Disability Insurance Authority reports a rapid increase in the number of participants in the scheme, up 13% in the financial year to date. At this rate, the NDIS should reach its target of 475k participants by early next year. This suggests that public consumption should continue to grow at a strong rate over the rest of 2019 before slowing sharply over 2020.

Chart 8: On current trends, the NDIS is likely to reach capacity in early 2020

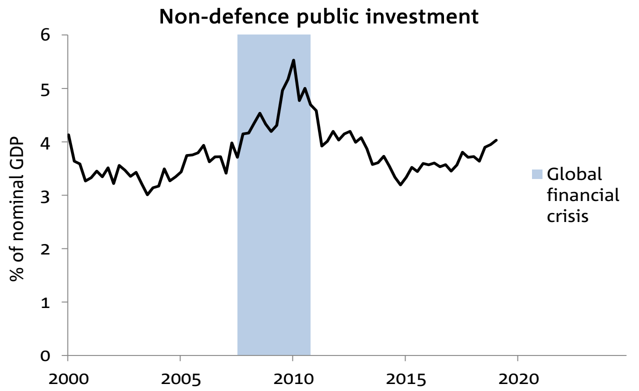


Note: The number of new participants incudes children covered by the Early Childhood Early Intervention programme.
Source: National Disability Insurance Authority, National Australia Bank

Infrastructure spending is driving public investment

Non-defence public investment has picked up over the past five years to reach 4.0% of GDP. This is the highest share of GDP since 2013, although it pales in comparison with the 5.5% peak reached during the fiscal stimulus of the global financial crisis.

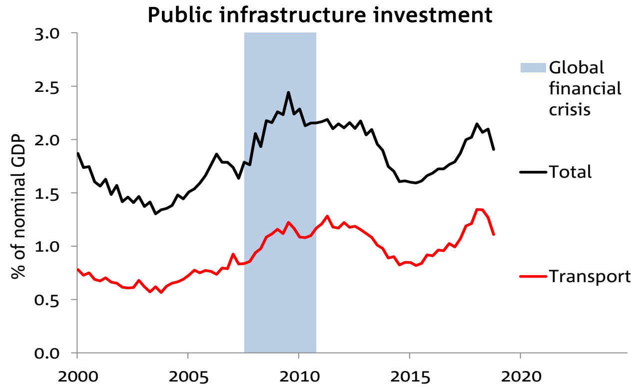
Chart 9: Public investment has grown strongly over recent years ...



Note: Total investment excludes the transfer of assets between the private and public sectors.
Source: Australian Bureau of Statistics, National Australia Bank

The recovery in non-defence public investment has been driven by infrastructure investment, particularly on transport. Infrastructure investment peaked at 2.1% of GDP early last year and is currently 1.9% of output. This almost matched the peak of 2.4% during the global financial crisis. Transport infrastructure reached 1.3% of GDP last year, which matched the previous peak in 2011, easing to 1.1% of GDP by the end of 2018.

Chart 10: ... thanks to strength in infrastructure investment



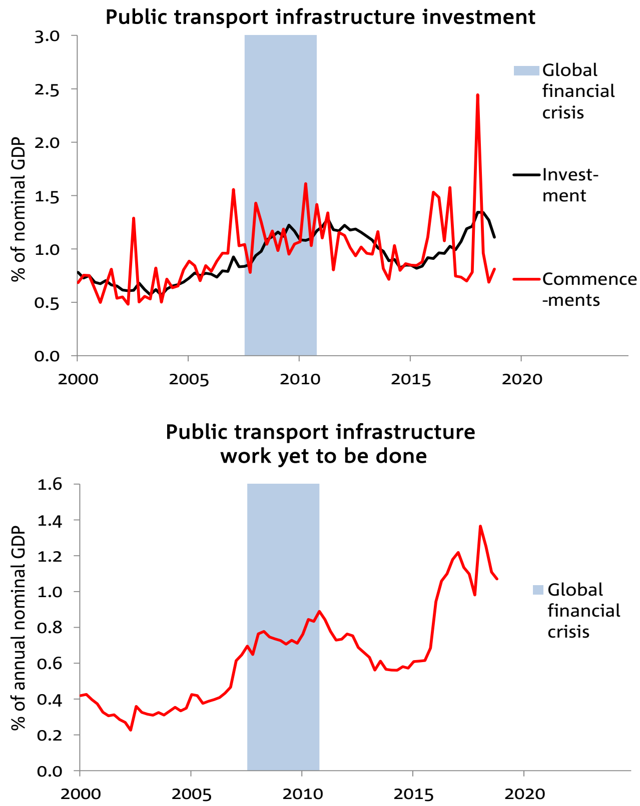
Note: Infrastructure investment is proxied by engineering construction.
Source: Australian Bureau of Statistics, National Australia Bank

Infrastructure spending may temporarily slow

The recent dip in infrastructure investment as a share of GDP may seem odd given both Commonwealth and state governments still have large multi-year spending plans, but is consistent with commencements data pointing to a lull in work done.

This is also consistent with the value of work yet to be done on transport projects, which has fallen from 1.4% of annual GDP in early 2018 to a still-high 1.1% of GDP at the end of last year.

Chart 11: Commencements point to a lull in work done, as does work yet to be done



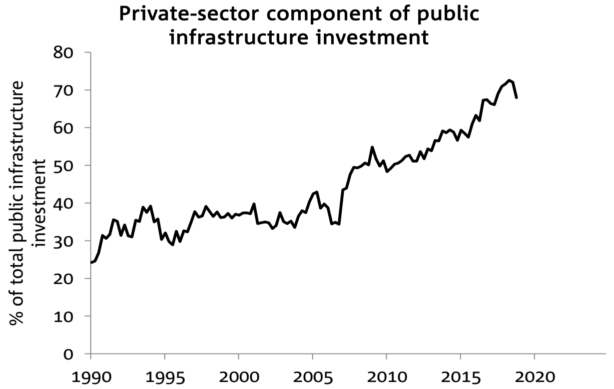
Note: Seasonally adjusted by National Australia Bank.
Source: Australian Bureau of Statistics, National Australia Bank

Infrastructure investment can have spillovers to the rest of the economy

Infrastructure investment is only a small share of GDP, but has the advantage that it adds to both demand and supply in the economy, with positive spillovers to the rest of the economy.

One spillover is mechanical, in that about 70% of public infrastructure investment is undertaken by the private sector, a point sometimes highlighted by the Reserve Bank in its business liaison.

Chart 18: The private sector undertakes most public infrastructure investment



Source: Australian Bureau of Statistics, National Australia Bank

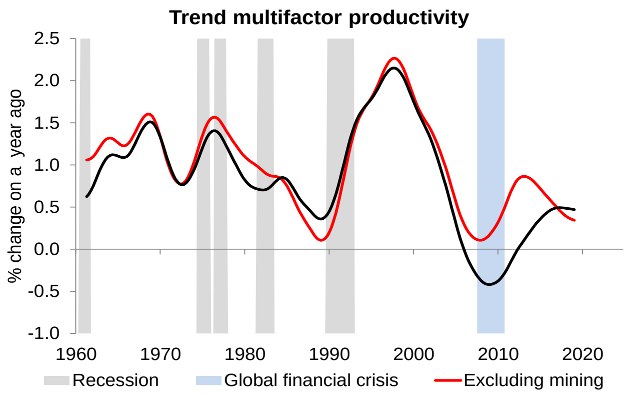
Infrastructure investment can also boost productivity

Another, more important spillover is to productivity. This spillover can be seen by splitting labour productivity into its twin drivers of:

- Capital per worker (i.e. capital deepening).
- Efficient use of the existing capital stock and workforce via technological progress/reform.

The efficient use of existing resources is measured by multifactor productivity, which has managed only weak growth over recent years.

Chart 13: Growth in multifactor productivity is extremely weak



Note: Multifactor productivity is derived as a residual from a Cobb-Douglas production function. Trends were calculated using a HP filter.
Source: Australian Bureau of Statistics, Melbourne Institute, National Australia Bank

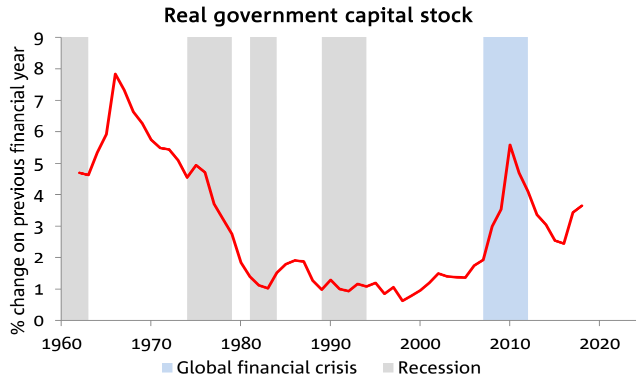
Reserve Bank Governor Lowe has called for "structural policies that support firms expanding, investing, innovating and employing people".[1] Such policies can help make more efficient use of existing resources, although Australia's track record in this area is not good. The last major reform was tax reform in 2000 and more recent tax reforms, such as the mining super profits tax and the carbon tax, were unwound.

The other constraint on the more efficient use of existing resources is that the global technological frontier – as proxied by US multifactor productivity – has expanded at a slower rate over recent years.

This leaves infrastructure investment, which was also supported by Governor Lowe, as a more direct way of boosting productivity. Unfortunately, there is no straightforward way of measuring the impact of infrastructure spending on the capital stock and hence productivity given a lack of detailed data.

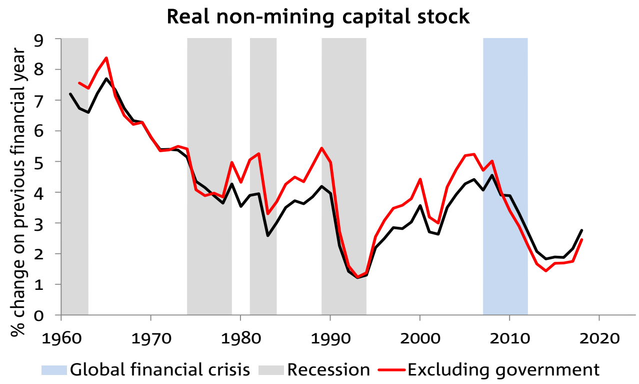
Using the government capital stock as a crude proxy for the public-sector infrastructure capital stock, it is currently growing at an annual rate of 3.6%. This is the fastest growth since the late 1970s if the temporary stimulus during the global financial crisis is excluded from the comparison.[2]

Chart 9: The government capital stock is growing more strongly …



Source: Australian Bureau of Statistics, Melbourne Institute, National Australia Bank

Chart 15: … but it is only having a small impact on the overall capital stock



Source: Australian Bureau of Statistics, Melbourne Institute, National Australia Bank

[1] See Reserve Bank Governor Lowe, *The labour market and spare capacity, 20* June 2019.

[2] We excluded weapons from the government capital stock, but not excluded public housing from the calculation. We were unable to include the capital stock for public corporations (such as NBN Co) because the Bureau of Statistics no longer publishes a private/public corporate split of split of the capital stock.

This is reinforcing a modest recovery that is under way in the national capital stock, although the direct contribution from government has been relatively small given the greater size of the private-sector capital stock.

Additional fiscal stimulus should include more timely direct fiscal stimulus

All this suggests that public demand should continue to support growth, although the contribution should ease once the NDIS approaches capacity. Infrastructure investment has the benefit of boosting both growth and productivity, but it is a relatively small share of the economy and capital stock.

We are assuming the government will announce additional fiscal stimulus later this year given the loss of momentum in the economy, which is likely to include infrastructure spending. Infrastructure investment boosts both growth and productivity and there is already a large multi-year commitment to infrastructure investment at both the Commonwealth and states.

The downside to infrastructure investment is that it is relatively small as a share of the economy and takes time to implement. With the economy losing momentum and public consumption – which dwarfs infrastructure investment – likely to ease once the NDIS reaches capacity, we think the government should also include more timely direct measures when delivering additional stimulus to support the economy. Such measures could include cash handouts and bringing forward planned personal income tax cuts.

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CALENDAR OF ECONOMIC RELEASES

Country	Economic Indicator	Period	Forecast	Consensus	Actual	Previous	GMT	AEST
Monday, 24 June 2019								
JN	Leading Index CI	Apr F				95.5	5.00	15.00
GE	IFO Business Climate	Jun		97.4		97.9	8.00	18.00
US	Chicago Fed Nat Activity Index	May		-0.05		-0.45	12.30	22.30
US	Dallas Fed Manf. Activity	Jun		-2		-5.3	14.30	0.30
Tuesday, 25 June 2019								
NZ	Trade Balance NZD	May		250		433	22.45	8.45
JN	BOJ Minutes of April Policy Meeting						23.50	9.50
AU	RBA's Bullock Gives Speech in Berlin						7.05	17.05
CA	Wholesale Trade Sales MoM	Apr		0.2		1.4	12.30	22.30
US	Fed's Williams Makes Opening Remarks at Finance Forum						12.45	22.45
US	Richmond Fed Manufact. Index	Jun		4		5	14.00	0.00
US	New Home Sales	May		685		673	14.00	0.00
US	Conf. Board Consumer Confidence	Jun		131		134.1	14.00	0.00
US	Fed's Bostic Speaks on Housing						16.00	2.00
US	Powell to speak at Council on Foreign Relations in New York						17.00	3.00
US	Fed's Barkin Speaks in Ottawa						19.30	5.30
US	Fed's Bullard Gives Welcoming Remarks at Lecture in St. Louis						22.30	8.30
Wednesday, 26 June 2019								
NZ	RBNZ Official Cash Rate	46174	1.5	1.5		1.5	2.00	12.00
GE	GfK Consumer Confidence	Jul		10		10.1	6.00	16.00
UK	BOE's Carney, Cunliffe, Tenreyro and Saunders Speak						9.15	19.15
US	Durable Goods Orders	May P		0		-2.1	12.30	22.30
US	Cap Goods Orders Nondef Ex Air	May P		0.1		-1	12.30	22.30
US	Wholesale Inventories MoM	May P		0.5		0.8	12.30	22.30
Thursday, 27 June 2019								
JN	The BOJ releases 1Q Money Flow						23.50	9.50
JN	Retail Sales MoM	May		0.6		0	23.50	9.50
NZ	ANZ Business Confidence	Jun				-32	1.00	11.00
JN	BOJ Wakatabe speaks in Aomori						1.30	11.30
EC	Consumer Confidence	Jun F		-7.2		-7.2	9.00	19.00
GE	CPI MoM / YoY	Jun P		0.2/1.4		0.2/1.4	12.00	22.00
US	GDP Annualized QoQ	1Q T		3.2		3.1	12.30	22.30
US	Core PCE QoQ	1Q T		1		1	12.30	22.30
Friday, 28 June 2019								
NZ	ANZ Consumer Confidence Index	Jun				119.3	22.00	8.00
JN	Jobless Rate	May		2.4		2.4	23.30	9.30
JN	Tokyo CPI YoY	Jun		1		1.1	23.30	9.30
JN	BOJ Summary of Opinions						23.50	9.50
JN	Industrial Production MoM / YoY	May P		0.7/-2.9		0.6/-1.1	23.50	9.50
AU	Private Sector Credit MoM / YoY	May	0.2/3.7	0.2/3.7		0.2/3.7	1.30	11.30
JN	Vehicle Production YoY	Apr				-4.1	4.00	14.00
JN	Housing Starts YoY	May		-4.2		-5.7	5.00	15.00
UK	GDP QoQ / YoY	1Q F		0.5/1.8		0.5/1.8	8.30	18.30
EC	CPI Core YoY	Jun A		0.9		0.8	9.00	19.00
EC	CPI Estimate YoY	Jun		1.2		1.2	9.00	19.00
CA	GDP MoM / YoY	Apr		0.2/1.5		0.5/1.4	12.30	22.30
CA	Industrial Product Price MoM	May		-0.05		0.8	12.30	22.30
US	PCE Core Deflator MoM / YoY	May		0.2/1.575		0.2/1.6	12.30	22.30
US	MNI Chicago PMI	Jun		53.8		54.2	13.45	23.45
US	U. of Mich. Sentiment	Jun F		98		97.9	14.00	0.00
Upcoming Central Bank Interest Rate Announcements								
UK, BOE		1-Aug	0.75%	0.75%		0.75%		
Japan, BoJ		30-Jul	-0.1%	-0.1%		-0.1%		
New Zealand, RBNZ		26-Jun	1.50%	1.5%		1.5%		
Australia, RBA		2-Jul	1.00%	1.25%		1.25%		
Canada, BoC		10-Jul	1.75%	1.75%		1.75%		
Europe, ECB		25-Jul	-0.4%	-0.4%		-0.4%		
US, Federal Reserve		31-Jul	2-2.25%	2.25-2.5%		2.25-2.5%		

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

FORECASTS

Economic Forecasts

	Annual % change				Quarterly % change															
					2018				2019				2020				2021			
Australia Forecasts	**2018**	**2019**	**2020**	**2021**	**Q1**	**Q2**	**Q3**	**Q4**	**Q1**	**Q2**	**Q3**	**Q4**	**Q1**	**Q2**	**Q3**	**Q4**	**Q1**	**Q2**	**Q3**	**Q4**
Household Consumption	2.6	1.5	2.3	2.3	0.4	0.8	0.3	0.4	0.3	0.2	0.5	0.6	0.7	0.6	0.6	0.6	0.6	0.6	0.5	0.6
Underlying Business Investment	0.9	0.9	4.3	3.6	0.6	-1.0	-2.1	0.0	0.6	1.2	0.7	1.8	0.3	1.7	0.4	1.4	0.4	0.9	0.7	1.5
Residential Construction	4.7	-8.2	-8.3	-1.6	4.1	1.7	0.7	-2.9	-2.5	-3.3	-3.0	-2.2	-2.0	-1.8	-1.9	-0.8	-0.2	0.5	0.2	0.8
Underlying Public Spending	5.0	5.4	4.5	4.1	1.4	0.4	2.5	1.6	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.0	1.0	1.0	1.0
Net Exports (a)	0.7	0.6	-0.3	-0.4	0.5	0.2	0.3	-0.2	0.2	0.3	0.1	0.1	0.0	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1
Inventories (a)	0.1	-0.2	-0.1	0.0	-0.1	0.2	-0.3	0.2	-0.1	-0.1	-0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Domestic Demand (q/q %)	--	--	--	--	0.9	0.6	0.5	0.4	0.1	0.3	0.4	0.7	0.6	0.7	0.5	0.7	0.6	0.7	0.7	0.8
Dom Demand (y/y %)	2.9	1.4	2.3	2.7	3.4	3.2	2.8	2.4	1.6	1.3	1.2	1.6	2.0	2.4	2.5	2.5	2.6	2.6	2.8	2.8
Real GDP (q/q %)	--	--	--	--	1.0	0.9	0.3	0.2	0.4	0.4	0.4	0.8	0.5	0.6	0.5	0.6	0.5	0.6	0.5	0.7
Real GDP (y/y %)	2.8	1.7	2.3	2.3	3.1	3.1	2.8	2.4	1.8	1.4	1.5	2.1	2.2	2.4	2.4	2.2	2.2	2.3	2.3	2.4
CPI headline (q/q %)	--	--	--	--	0.4	0.4	0.4	0.5	0.1	0.7	0.4	0.6	0.4	0.4	0.5	0.7	0.5	0.5	0.6	0.7
CPI headline (y/y %)	1.9	1.7	1.8	2.2	1.9	2.1	1.9	1.8	1.4	1.8	1.7	1.8	2.0	1.7	1.8	1.9	2.0	2.2	2.3	2.3
CPI underlying (q/q %)	--	--	--	--	0.5	0.5	0.3	0.4	0.2	0.4	0.3	0.4	0.4	0.4	0.4	0.5	0.5	0.5	0.5	0.5
CPI underlying (y/y %)	1.8	1.4	1.5	1.9	1.9	1.7	1.7	1.7	1.4	1.4	1.3	1.3	1.5	1.4	1.5	1.6	1.8	1.9	2.0	2.0
Private wages (q/q %)	--	--	--	--	0.5	0.6	0.6	0.5	0.5	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7
Private wages (y/y %)	2.1	2.4	2.7	2.8	1.9	2.1	2.2	2.3	2.4	2.4	2.4	2.5	2.6	2.7	2.7	2.8	2.8	2.8	2.8	2.8
Unemployment Rate (%)	5.3	5.2	5.3	5.4	5.5	5.5	5.1	5.0	5.1	5.2	5.2	5.2	5.3	5.3	5.3	5.3	5.3	5.4	5.3	5.4
Terms of trade	1.8	2.9	-3.8	-1.5	3.2	-1.2	1.1	2.9	3.1	-1.1	-2.6	-1.4	-0.6	-1.0	0.4	-0.2	-0.2	-0.8	-0.8	-0.5
Current Account (% GDP)	-2.0	-0.9	-1.8	-2.5	-2.2	-2.5	-2.1	-1.3	-0.6	-0.5	-1.1	-1.4	-1.5	-1.8	-1.8	-2.0	-2.1	-2.3	-2.6	-2.8

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

Exchange Rate Forecasts

	24-Jun	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20
Majors						
AUD/USD	0.695	0.71	0.73	0.74	0.75	0.75
NZD/USD	0.66	0.67	0.68	0.69	0.70	0.70
USD/JPY	107.4	107	108	107	106	105
EUR/USD	1.14	1.12	1.13	1.13	1.13	1.14
GBP/USD	1.27	1.22	1.24	1.24	1.25	1.27
USD/CNY	6.88	6.96	6.95	6.92	6.90	6.85
USD/CAD	1.32	1.33	1.30	1.29	1.27	1.28
USD/CHF	0.98	0.98	0.98	1.02	1.02	1.00
Australian Cross Rates						
AUD/NZD	1.05	1.06	1.07	1.07	1.07	1.07
AUD/JPY	74.6	76	79	79	80	79
AUD/EUR	0.61	0.63	0.65	0.65	0.66	0.66
AUD/GBP	0.55	0.58	0.59	0.60	0.60	0.59
AUD/CNY	4.78	4.94	5.07	5.12	5.18	5.14
AUD/CAD	0.92	0.94	0.95	0.95	0.95	0.96
AUD/CHF	0.68	0.70	0.72	0.75	0.77	0.75

Interest Rate Forecasts

	24-Jun	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20
Australian Rates						
RBA cash rate	1.25	1.00	0.75	0.75	0.75	0.75
3 month bill rate	1.19	1.10	0.85	0.85	0.85	0.85
3 Year Swap Rate	0.97	0.80	0.80	1.10	1.25	1.40
10 Year Swap Rate	1.56	1.38	1.38	1.60	1.75	1.90
Offshore Policy Rates						
US Fed funds	2.50	2.00	2.00	2.00	2.00	2.00
ECB deposit rate	-0.40	-0.40	-0.40	-0.40	-0.40	-0.40
BoE repo rate	0.75	0.75	0.75	0.75	0.75	0.75
BoJ excess reserves rate	-0.10	-0.10	-0.10	-0.10	-0.10	-0.10
RBNZ OCR	1.50	1.50	1.25	1.25	1.25	1.25
China 1yr lending rate	4.35	4.35	4.35	4.35	4.35	4.35
China Reserve Ratio	13.5	12.00	12.00	12.00	12.00	12.00
10-year Bond Yields						
Australia	1.31	1.20	1.20	1.40	1.50	1.60
United States	2.06	1.90	1.90	2.00	2.10	2.20
New Zealand	1.52	1.60	1.65	1.85	2.00	2.20

Sources: NAB Global Markets Research; Bloomberg; ABS

Global GDP

	2018	2019	2020	2021
Australia	2.8	1.7	2.3	2.3
United States	2.9	2.4	1.7	1.7
Eurozone	1.8	1.2	1.3	1.4
United Kingdom	1.4	1.5	1.4	1.5
Japan	0.8	0.7	0.4	0.9
China	6.6	6.3	6.0	5.8
India	7.1	6.7	7.2	7.1
New Zealand	2.8	2.4	2.6	2.5
World	3.6	3.2	3.3	3.5

Commodity prices ($US)

	24-Jun	Sep-19	Dec-19	Mar-20	Jun-20
Brent oil	65.5	68	70	70	75
Gold	1406	1300	1310	1350	1370
Iron ore	113	79	76	72	68
Hard coking coal*	196	178	170	165	160
Thermal coal	72	85	90	93	90
Copper	5958	6400	6300	6225	6150
Aus LNG**	10	12	12	12	12

** FOB quarterly contract prices (thermal coal is JFY contract)*

*** Implied Australian LNG export prices*

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