

# CAMA RBA SHADOW BOARD – COMMENTS

**JUNE 2014**

Each CAMA RBA Shadow Board member is invited (but not obliged) to provide a personal comment on monetary conditions. Neither the comments nor the probabilities constitute financial advice. The views of the Shadow Board members are not those of CAMA. Any individuals utilizing these comments, or the probabilities, do so at their own risk.

**PAUL BLOXHAM**

Australia's growth appears to be re-balancing from being led by mining investment to being driven by growth in the non-mining sectors. Low interest rates are a key catalyst for this process, with the lift in activity mostly coming from the consumer and housing sectors. The lift in growth is also starting to feed through to an increase in hiring, with the unemployment rate having ticked down in the past couple of months. At the same time, the current level of the unemployment rate has kept downward pressure on wages growth, which is helping to ensure that inflation remains well contained. The budget appears to have had a negative impact on consumer sentiment, although it is not yet clear if this will be temporary. The slowdown in Chinese growth is also having an impact on Australia, particularly through lower iron prices. It will be important to continue to monitor the Chinese economy, given that growth is currently running below the Chinese authority's target. I recommend that the cash rate is left unchanged this month.

**MARK CROSBY**

No comment.

**MARDI DUNGEY**

No comment.

**SAUL ESLAKE**

No comment.

**BOB GREGORY**

No comment.

**GUAY LIM**

No comment.

**WARWICK MCKIBBIN**

No comment.

**JAMES MORLEY**

The large decline in consumer confidence following the contractionary Federal budget makes it riskier for the RBA to start increasing the policy rate in the near future. However, the RBA should monitor credit conditions and move quickly to adjust the policy rate in the event of abnormal credit growth.

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JEFFREY SHEEN

No comment.