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**

No comment.

**MARK CROSBY**

Despite recent equity market volatility economic fundamentals have not changed in the past months. US and Australian job numbers remain solid, and the slowdown in Chinese GDP growth is in line with expectations. With this being the case the optimal short run setting is for no rate change, while in the course of this year rates should still be expected to rise moderately in line with the expected further tightening in the US.

**MARDI DUNGEY**

No comment.

**BOB GREGORY**

No comment.

**GUAY LIM**

No comment.

**WARWICK MCKIBBIN**

No comment.

**JAMES MORLEY**

Inflation expectations continue to remain well anchored and the unemployment rate has stabilized at a somewhat lower level in recent months (5.8% in November and December). The RBA should hold its policy rate steady this round, but with an eye to returning it back to its neutral level over the medium term.

**JEFFREY SHEEN**

Asset markets have been volatile and trending down in the last 2 months, triggered largely by nervousness about China’s perhaps sharper than expected downward adjustment to a more balanced growth path. Commodity prices continue to trend downwards, keeping inflation in check and disrupting the normal relationship between inflation and economic activity. In particular, the Australian labour market is strengthening marginally with participation and employment rising, yet wage and price inflation remain low. While this phenomenon is a dilemma for monetary policy, an even more accommodating monetary policy will become necessary if business and household sentiment do not improve.