

# CAMA RBA SHADOW BOARD – COMMENTS

FEBRUARY 2017

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

The new US President has added considerably to global uncertainty regarding the 2017 economic outlook, but so far he has not done enough damage to warrant the RBA cutting rates. Medium term the outlook is still very unclear, with significant factors to look out for being Fed rate rises and movements in the AUD.

GUAY LIM

No comment.

WARWICK MCKIBBIN

The policies to be implemented by the Trump Administration are yet to be clear but the range of spending proposals on defence and infrastructure and company and household tax cuts imply very large fiscal deficits and excess demand at a time the Fed was already likely to be raising interest rates. This suggests rising short term and long term interest rates in the US which inevitably will pull up interest rate in Australia.

JAMES MORLEY

Given inflation continuing to be below the RBA's target range despite some recovery in commodity prices, as well as the massive downside risks for the global economy following the U.S. Presidential election, the RBA should hold its policy rate steady at this meeting. The next direction is most likely to be up as inflation can be expected to return to the target range in the medium term. But the risks of negative financial market and trade shocks are quite elevated at the moment and the RBA should look for some reduction in those risks before starting a tightening cycle.

JEFFREY SHEEN

No comment.