

CAMA RBA SHADOW BOARD – COMMENTS

SEPTEMBER 2017

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PAUL BLOXHAM

The case for a higher cash rate is building and, on my assessment, it should be lifted within the next six months. Global growth is lifting, which is supporting commodity prices and boosting Australia's national income. Conditions in the local economy have improved. Surveyed business conditions are around decade-highs, corporate profitability has picked up and so has jobs growth. Although underlying inflation is still below the bottom edge of the target band, the lift in growth should be expected to support a pick-up in underlying inflation over time and monetary policy should be set with the forecasts in mind. While the current highly accommodative cash rate setting was needed to assist the economy to rebalance after the end of the mining boom, the mining retreat is near its end. The low cash rate is also causing other challenges, by continuing to support housing price booms in Sydney and Melbourne. Although I recommend the cash rate is held steady this month, I can see a strong case for it needing to be lifted in the next six months.

MARK CROSBY

Little has changed that should affect rate decisions in coming months and the greatest uncertainty is probably the political uncertainty in North Korea. However it is unclear how this will play out and what implications for monetary policy might be.

MARDI DUNGEY

No comment.

BOB GREGORY

No comment.

GUAY LIM

No comment.

WARWICK MCKIBBIN

No comment.

JAMES MORLEY

No comment.

JOHN ROMALIS

No comment.

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JEFFREY SHEEN

No comment.