

CAMA RBA SHADOW BOARD – COMMENTS

FEBRUARY 2019

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

Calls for the RBA to consider cutting are very premature. Despite recent house price falls prices are still well above levels 3 years ago in major capitals. The global environment is complicated by Brexit and US-China trade tensions, but Europe and the UK have been irrelevant to Australia's growth in the past decade. The key international factor is declining economic growth in China, but growth there is more likely to slowly slow than to crash. With rates still below neutral the medium to longer term level for rates should be higher rather than lower.

RENÉE FRY-MCKIBBIN

No comment.

GUAY LIM

No comment.

WARWICK MCKIBBIN

No comment.

JAMES MORLEY

No comment.

JOHN ROMALIS

No comment.

JEFFREY SHEEN

As I indicated in mid-2018, 2019 is likely to be when the global business cycle is well past its peak. The probability that the US will enter a recession by the end of 2019 has recently become much higher. China's growth has already slowed significantly, as has Europe's and Japan's. In Australia, inflation remains below 2%. Credit markets are now too tight, as a result of APRA controls that remained for too long, and because of banks' (over)reaction to the Royal Commission. An election looms in 2019, which may lead to an even weaker investment climate. All of this means 2019 into 2020 will be a difficult period, and so the RBA will need to maintain the low cash rate, and be prepared to cut if necessary.