

# CAMA RBA SHADOW BOARD – COMMENTS

OCTOBER 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.

SALLY AULD

No comment.

PAUL BLOXHAM

No comment.

RENÉE FRY-MCKIBBIN

No comment.

GUAY LIM

No comment.

WARWICK MCKIBBIN

No comment.

JAMES MORLEY

No comment.

JOHN ROMALIS

No comment.

JEFFREY SHEEN

The June quarter real GDP growth was weak (1.4% pa) mainly because of poor business investment. However, real national income grew well (4.4%) thanks to the 8.9% improvement in the terms of trade, in spite of well-understood global risks. Monetary stimulus in Australia will be forthcoming automatically from declining interest rates in the US, Europe and Japan that reduce foreign-sourced funding costs of Australian banks. With the cash rate at an all-time low, there is little gained by cutting further now. The Australian economy can easily absorb the resulting stronger exchange rate. A well-calibrated fiscal stimulus is a more desirable policy response in Australia - it is not a time for fiscal consolidation. Further macro-prudential relaxation now is also a better policy option than a cut in the cash rate. These recommendations imply strengthened and more explicit policy cooperation between the three arms of macroeconomic policy.