

CAMA RBA SHADOW BOARD – COMMENTS

MAY 2020

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.

MARIANO KULISH

No comment.

GUAY LIM

No comment.

WARWICK MCKIBBIN

No comment.

JAMES MORLEY

The RBA has signalled that it will keep the policy rate at its stated effective lower bound of 0.25 per cent until “progress is being made towards full employment and it is confident that inflation will be sustainably within the 2-3 per cent target band”. This forward guidance is shored up by the yield curve control measure to keep the 3-year government bond rate close to 0.25 per cent. At the same time, the RBA has forecasted that the COVID-19 crisis will lead to year-on-year deflation in the June quarter for the first time in decades. Given this, it would be helpful to provide more concrete commitments not to raise rates too soon just because the unemployment rate will eventually fall from high levels and to explain what would make the RBA confident that inflation will return sustainably to its target range. Linking not just maintaining the current policy rate, but also the continuation of yield curve control to various publicly-available measures of inflation expectations could help provide a clear indication of what it would take for the RBA to consider unwinding its current policies and make sure public expectations about when it will do so not run ahead of what the RBA actually intends.

JOHN ROMALIS

No comment.

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JEFFREY SHEEN

No comment.