

# CAMA RBA SHADOW BOARD – COMMENTS

JULY 2021

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.

RENÉE FRY-MCKIBBIN

No comment.

SARAH HUNTER

The outlook for the economy remains broadly unchanged, with all of the forward indicators still suggesting solid growth momentum in employment and output; given this, my view on the timing for cash rate rises is broadly unchanged from last month. But the current spate of lockdowns and slow pace of vaccine rollout (compared to other countries) clearly highlight that a complete return to normal will not be possible in the very near term. Previous experience here and overseas suggests that activity will rebound strongly after the lockdowns come to an end, so the recent episode is not likely to derail the economy, but given the increased transmissibility of the delta variant (and so the need for future restrictions), the downside risks have increased.

MARIANO KULISH

No comment.

GUAY LIM

No comment.

WARWICK MCKIBBIN

No comment.

JAMES MORLEY

The break-even 10-year inflation rate has improved in recent months and returned to the (lower-half of the) RBA's 2-3% target range. Also, the faster than expected fall in the unemployment rate to 5.1% in May and likely labour shortages in various sectors of the economy that will come out of hibernation in 2022 should start to boost wage pressures. Given this, I have put a bit more weight compared to last month on liftoff in April 2024 rather than November 2024. However, the RBA should make clear that liftoff in the first half of 2024 would require inflation to be sustainably in the top half of its 2-3% target range before then to help partially offset the effects of the Covid crisis (and past misses of the target range) on the price level.

JOHN ROMALIS

No comment.

JEFFREY SHEEN

No comment.