



RESERVE BANK OF AUSTRALIA

Monetary Policy and Current Economic Conditions

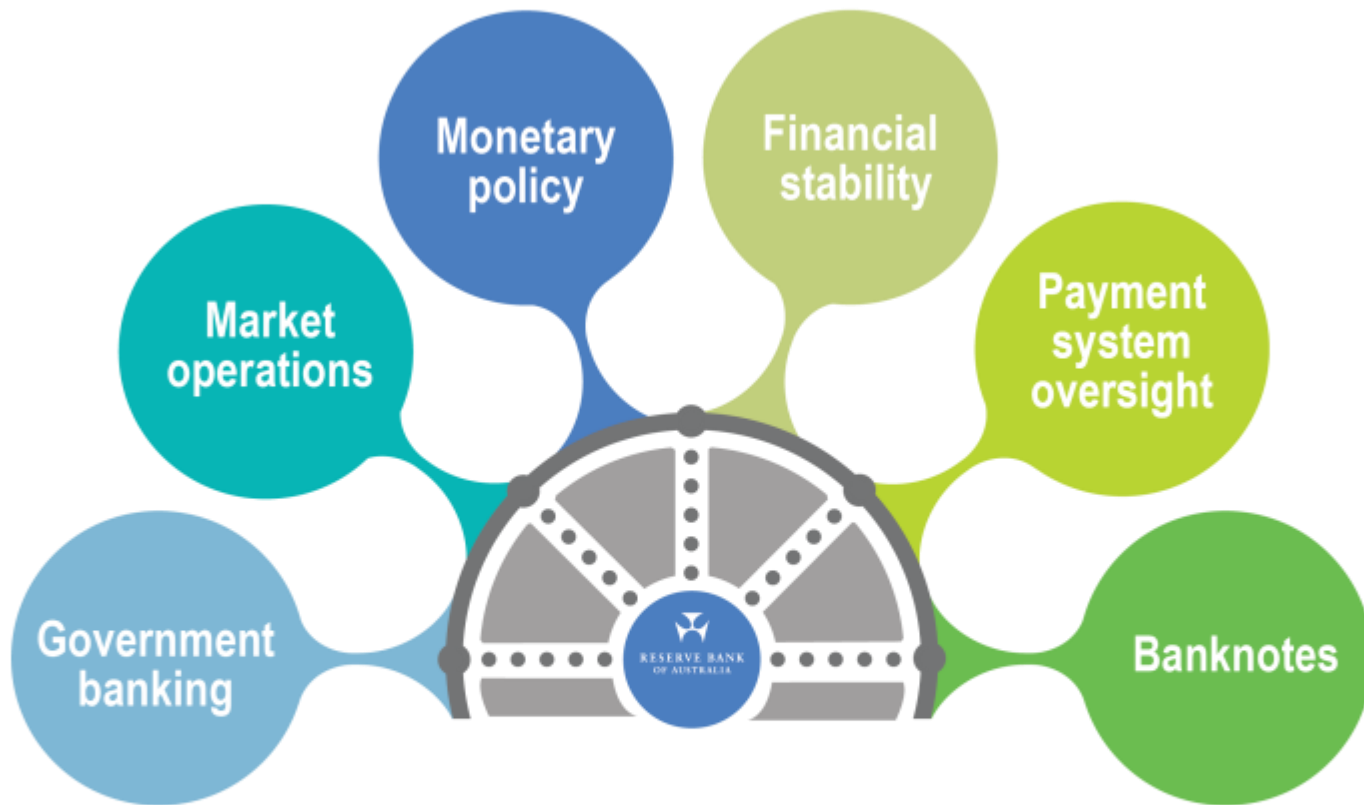
A decorative graphic at the bottom of the slide consisting of overlapping, curved shapes in shades of blue, teal, and light green, creating a sense of depth and movement.

Education

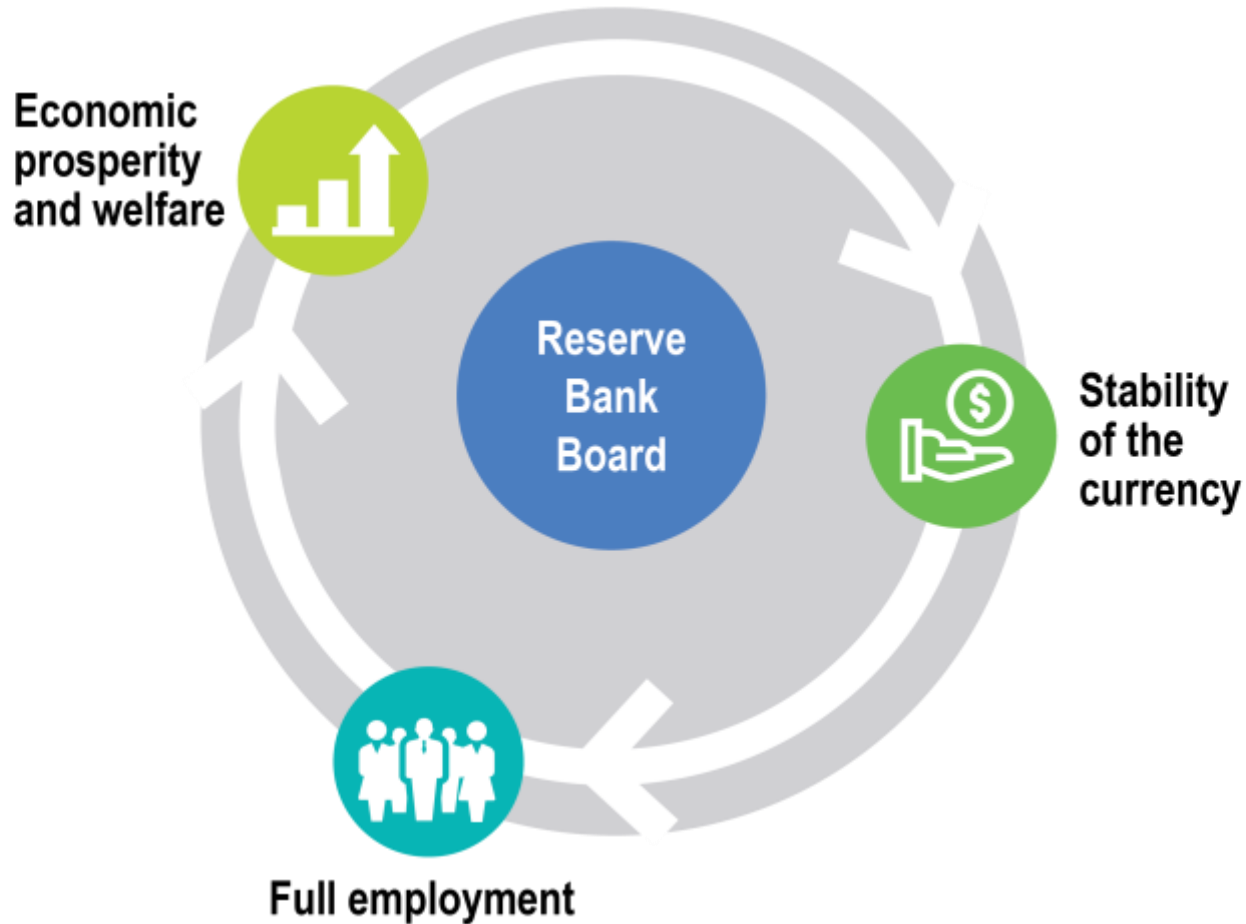


Part 1: Monetary Policy

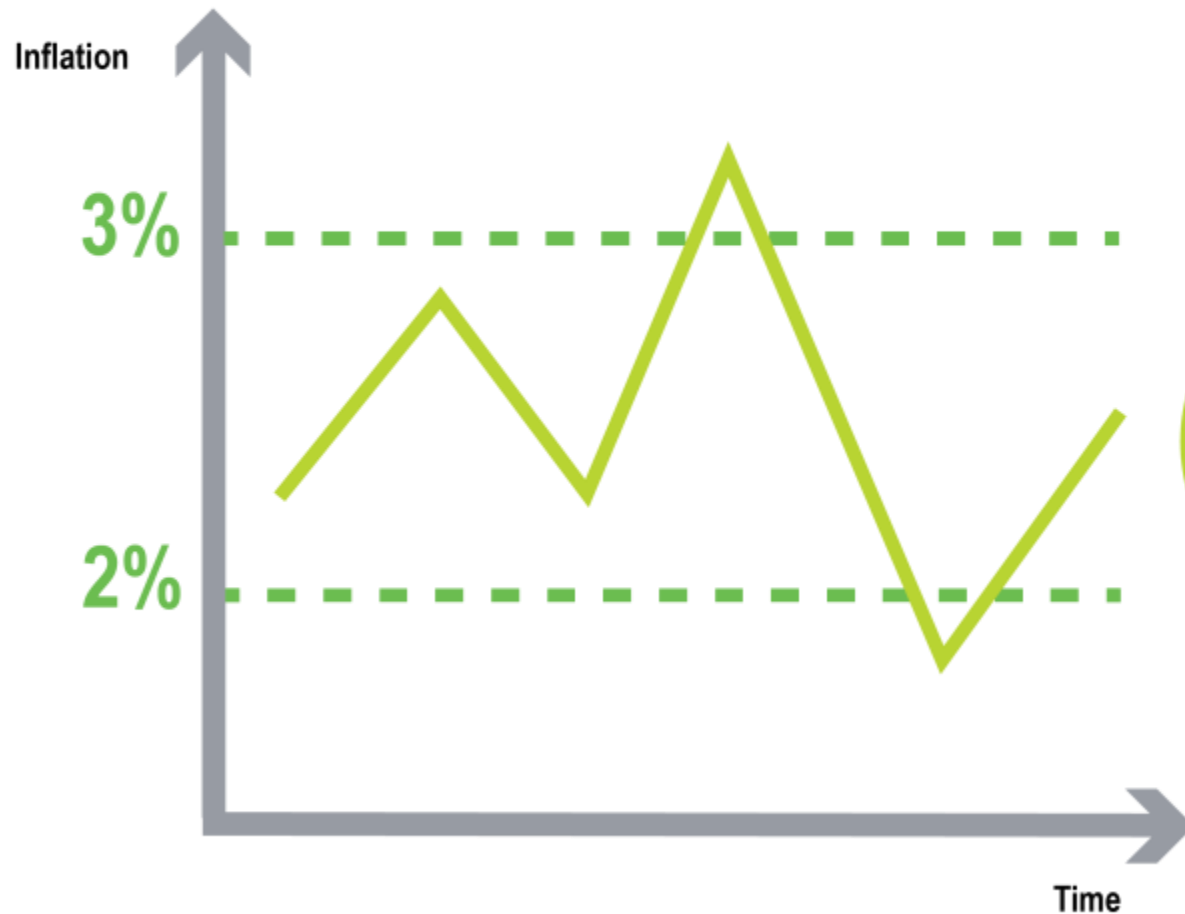
How Does the Reserve Bank Achieve Its Objectives?



What Is the Role of the Reserve Bank Board?

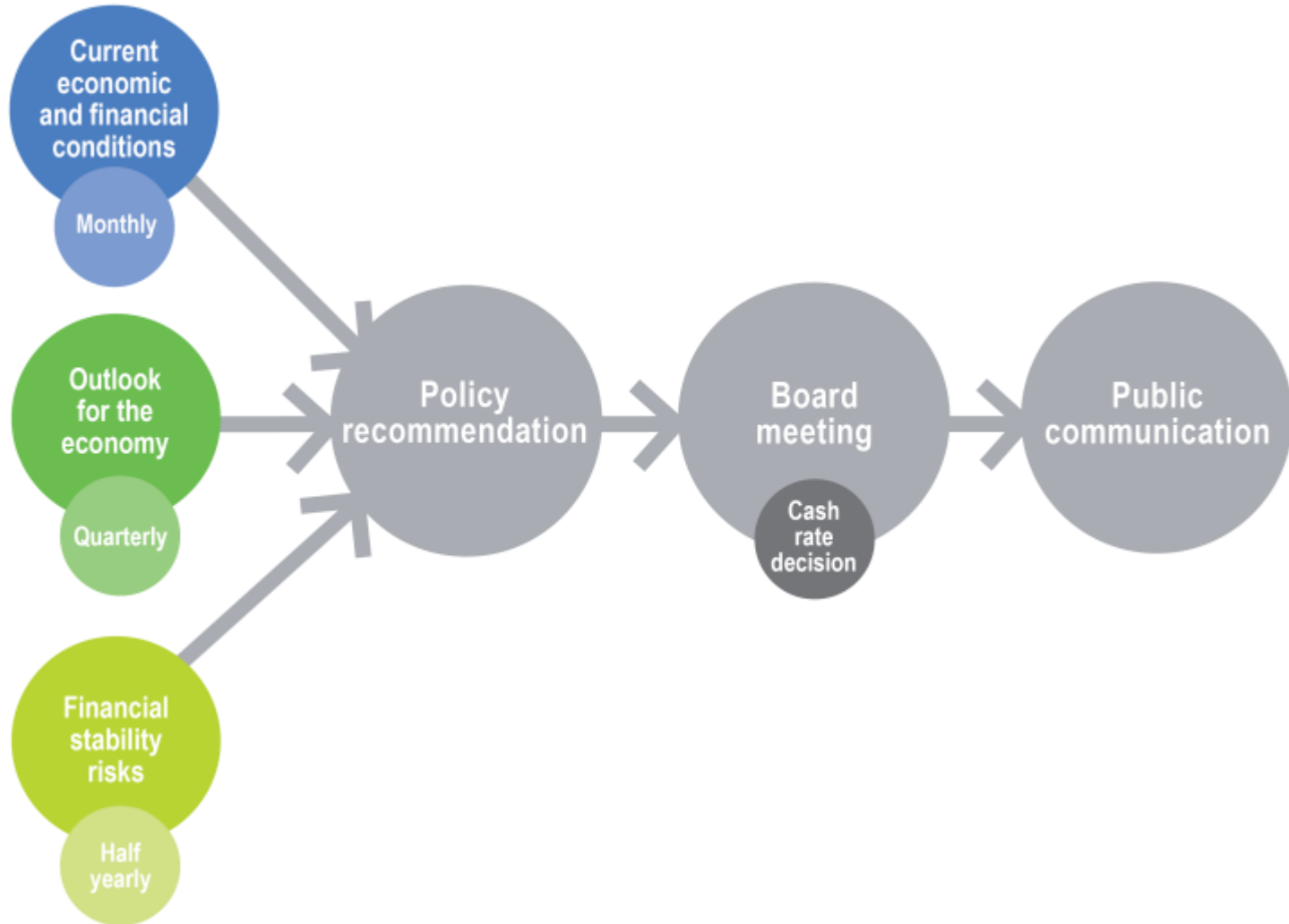


Monetary Policy – Inflation Target

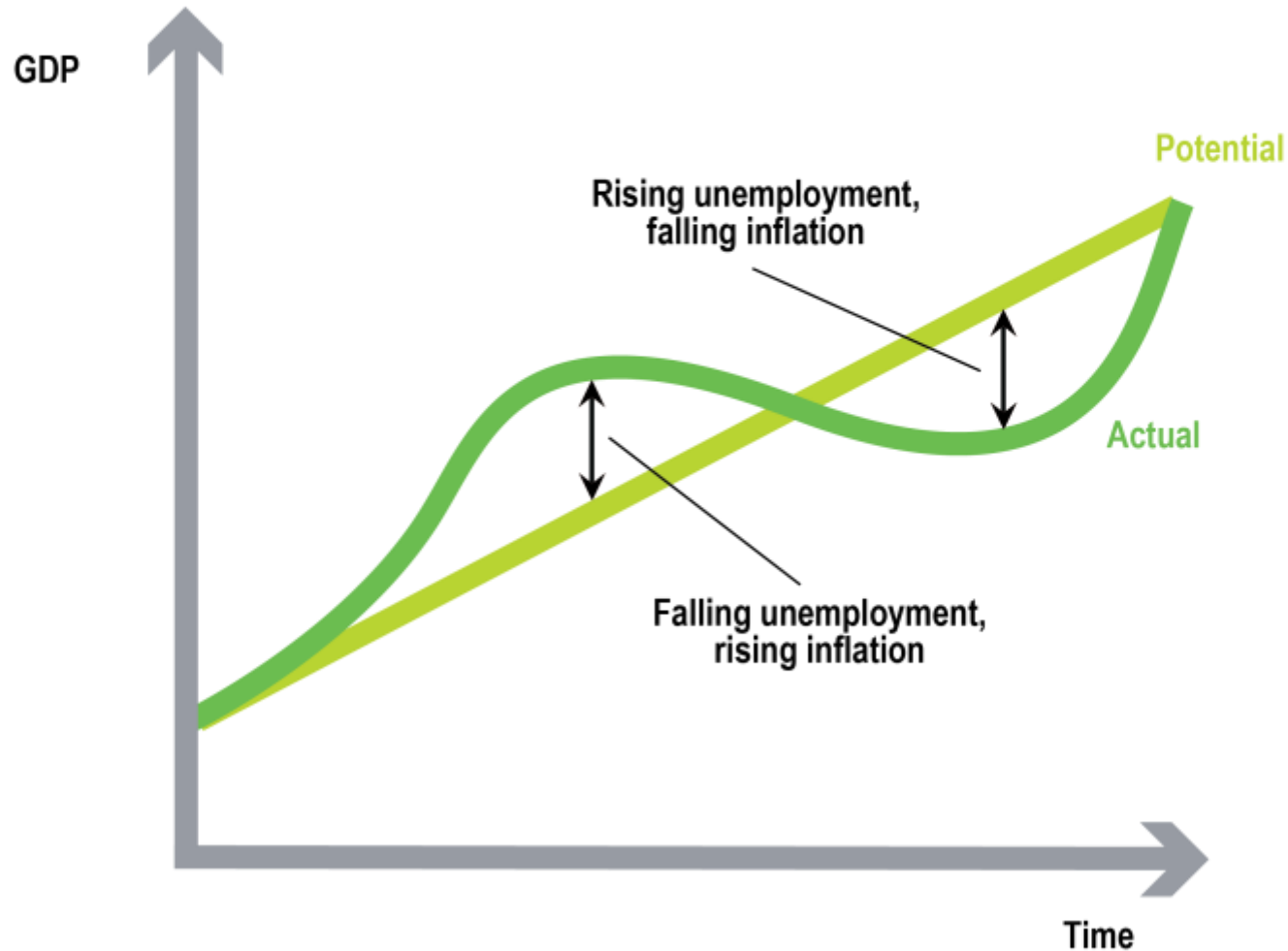


To achieve an inflation rate of **2–3%** on average, over time

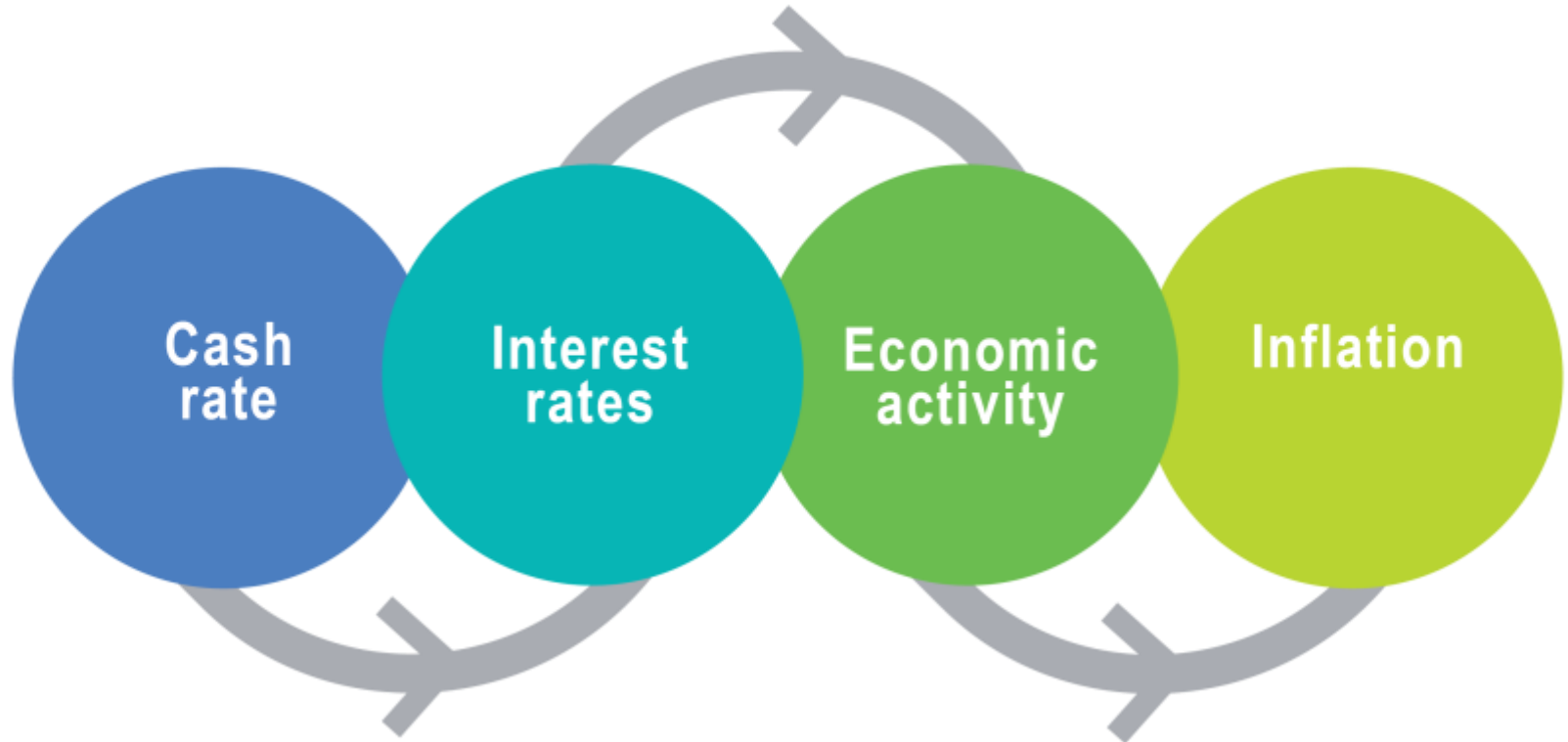
Monetary Policy – Decision Process



Monetary Policy – Decision Process

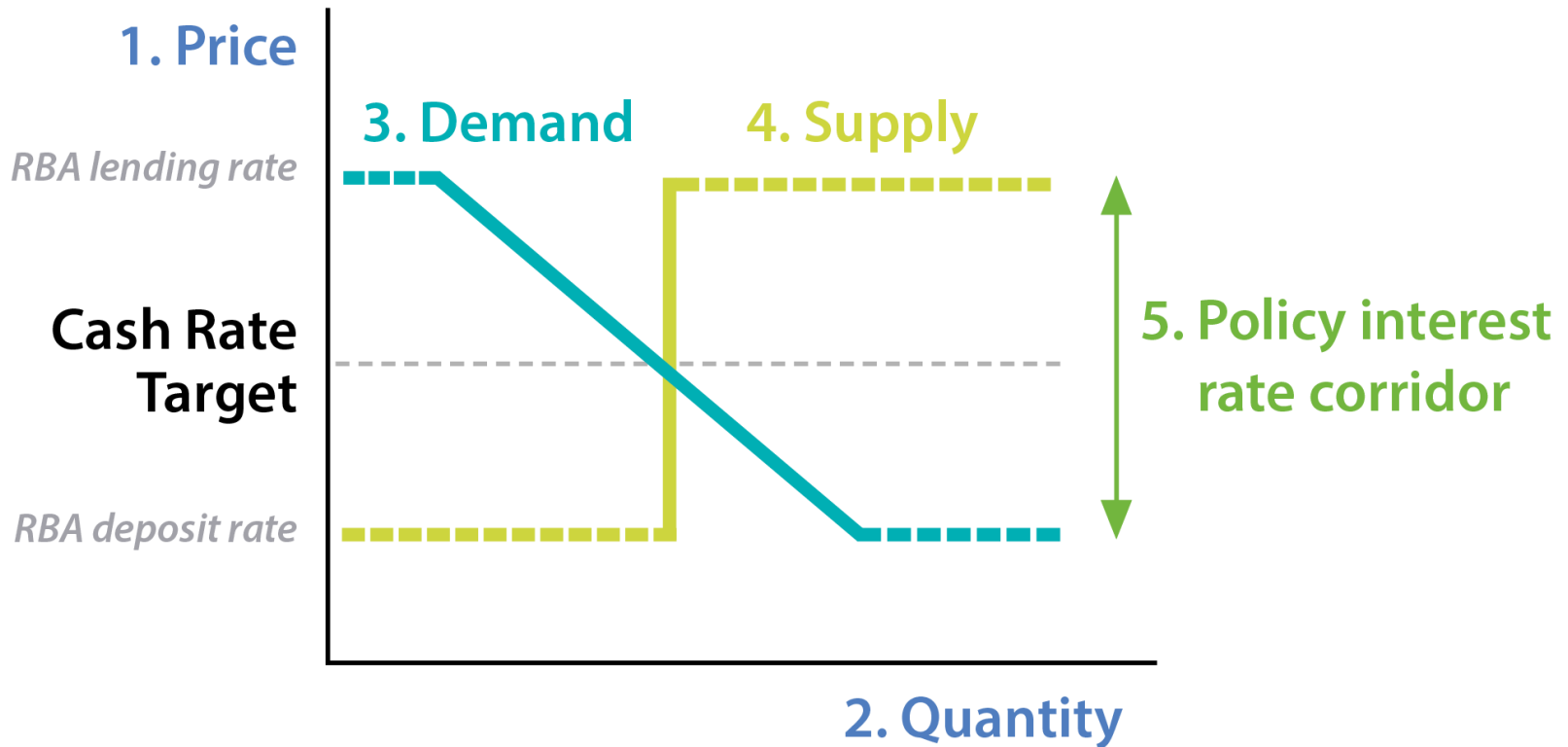


Monetary Policy – Transmission Mechanism



Monetary Policy – Implementation

The Australian Cash Market

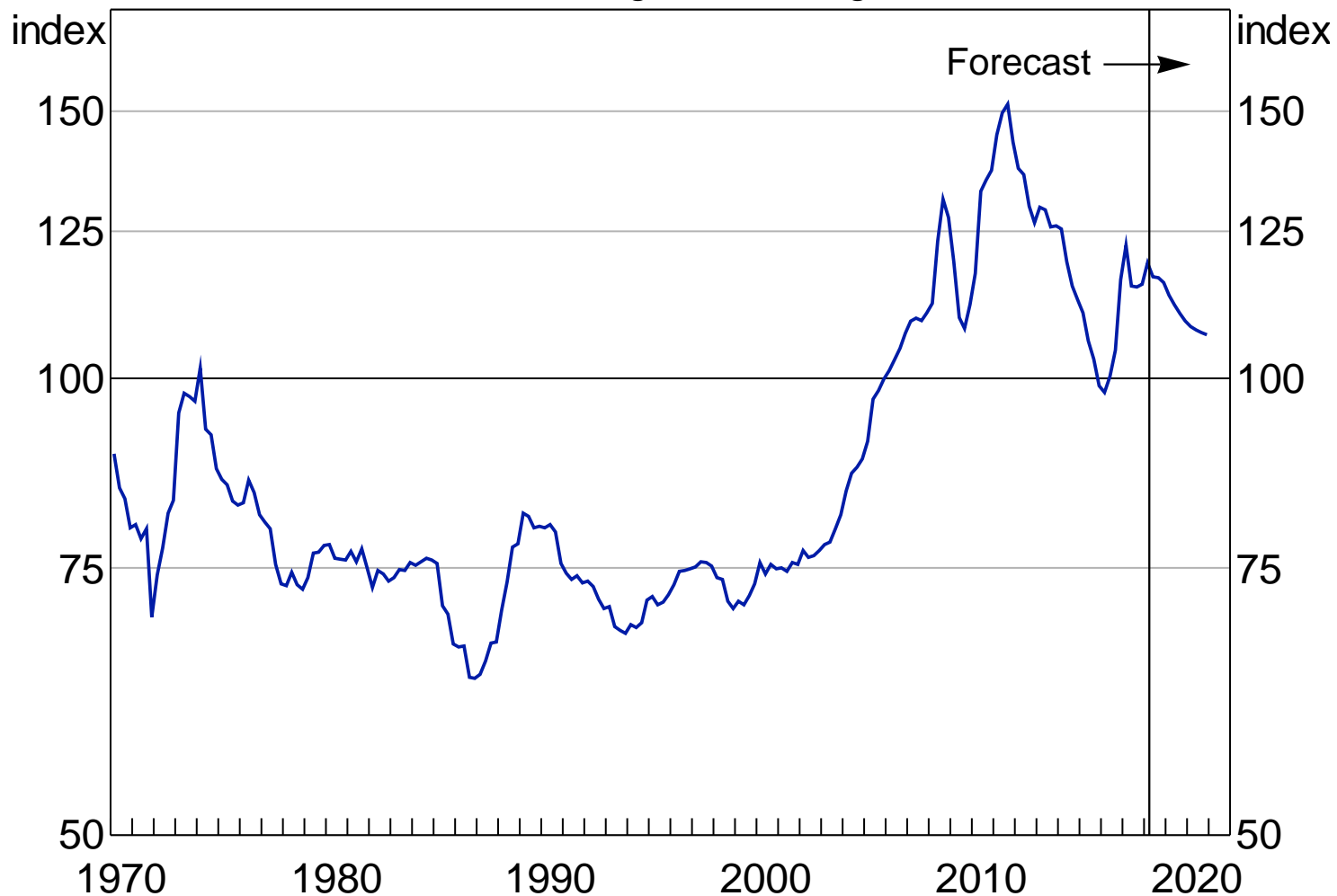




Part 2: Current Economic Conditions

Terms of Trade

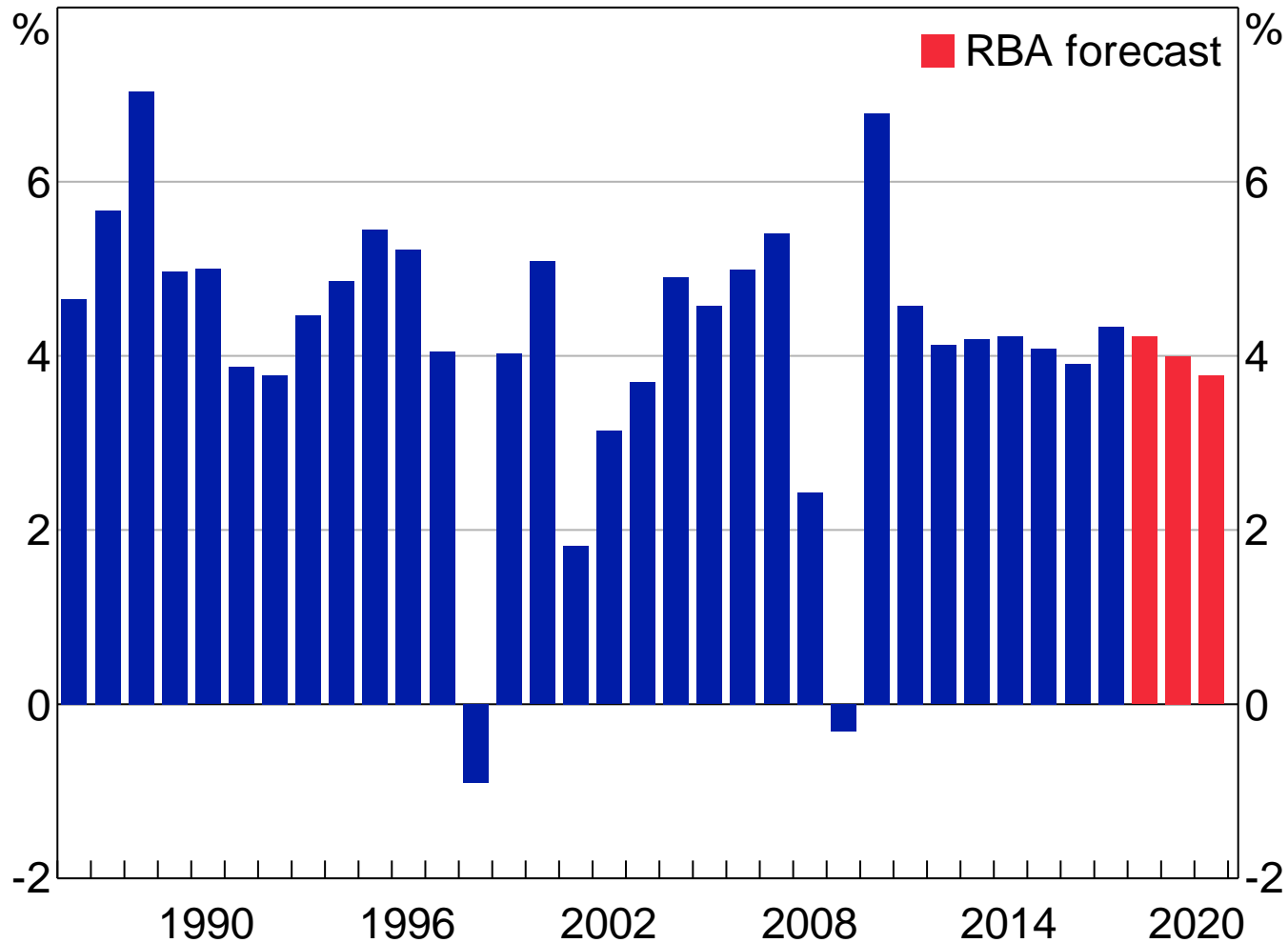
2015/16 average = 100, log scale



Sources: ABS; RBA

Australia's Trading Partner Growth*

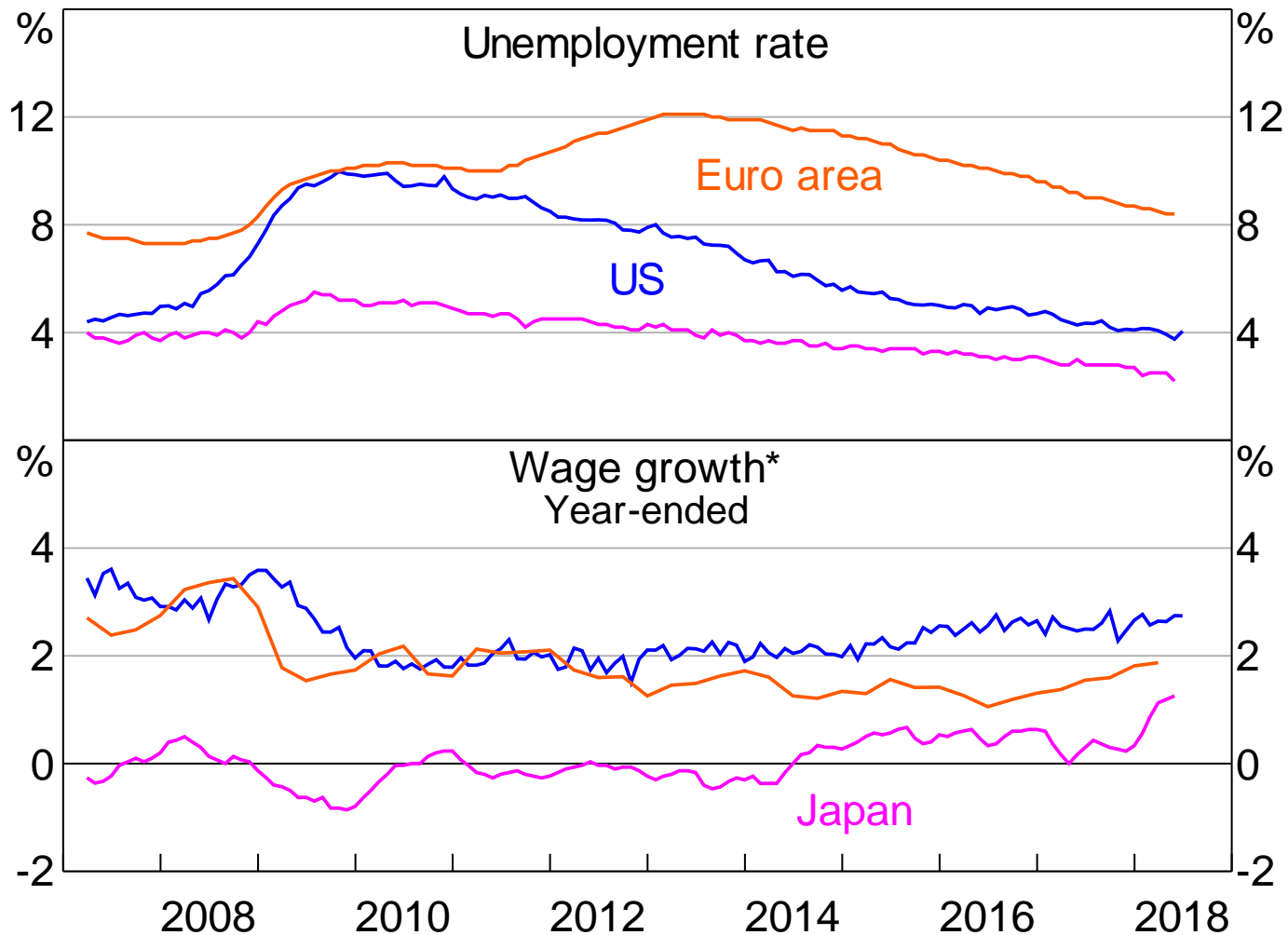
Year-average



* Aggregated using total export shares

Sources: ABS; CEIC Data; RBA; Thomson Reuters

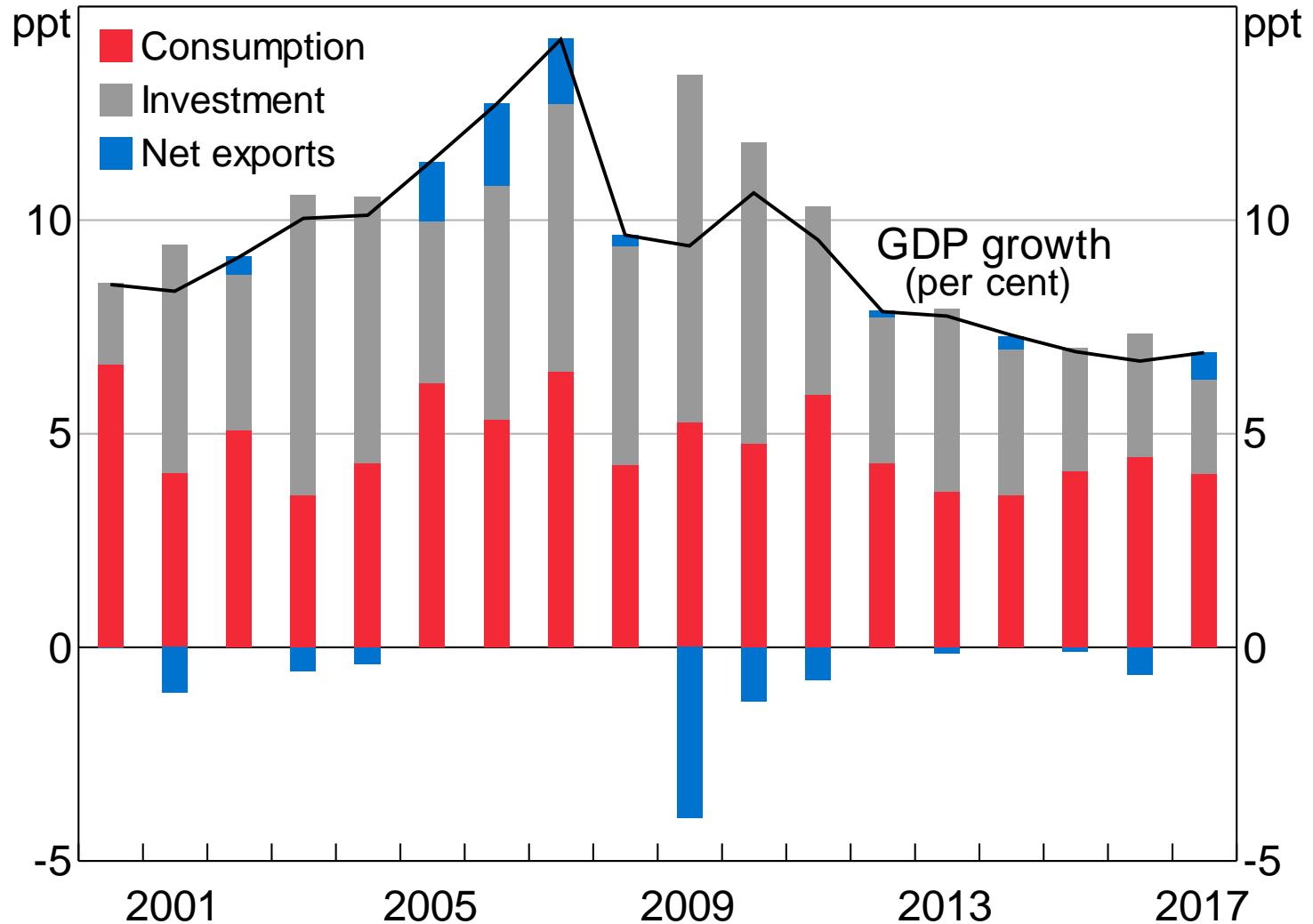
Labour Markets – Advanced Economies



* Average hourly earnings for the US; compensation per employee for the euro area; smoothed full-time base wages for Japan

Sources: ECB; Eurostat; RBA; Thomson Reuters

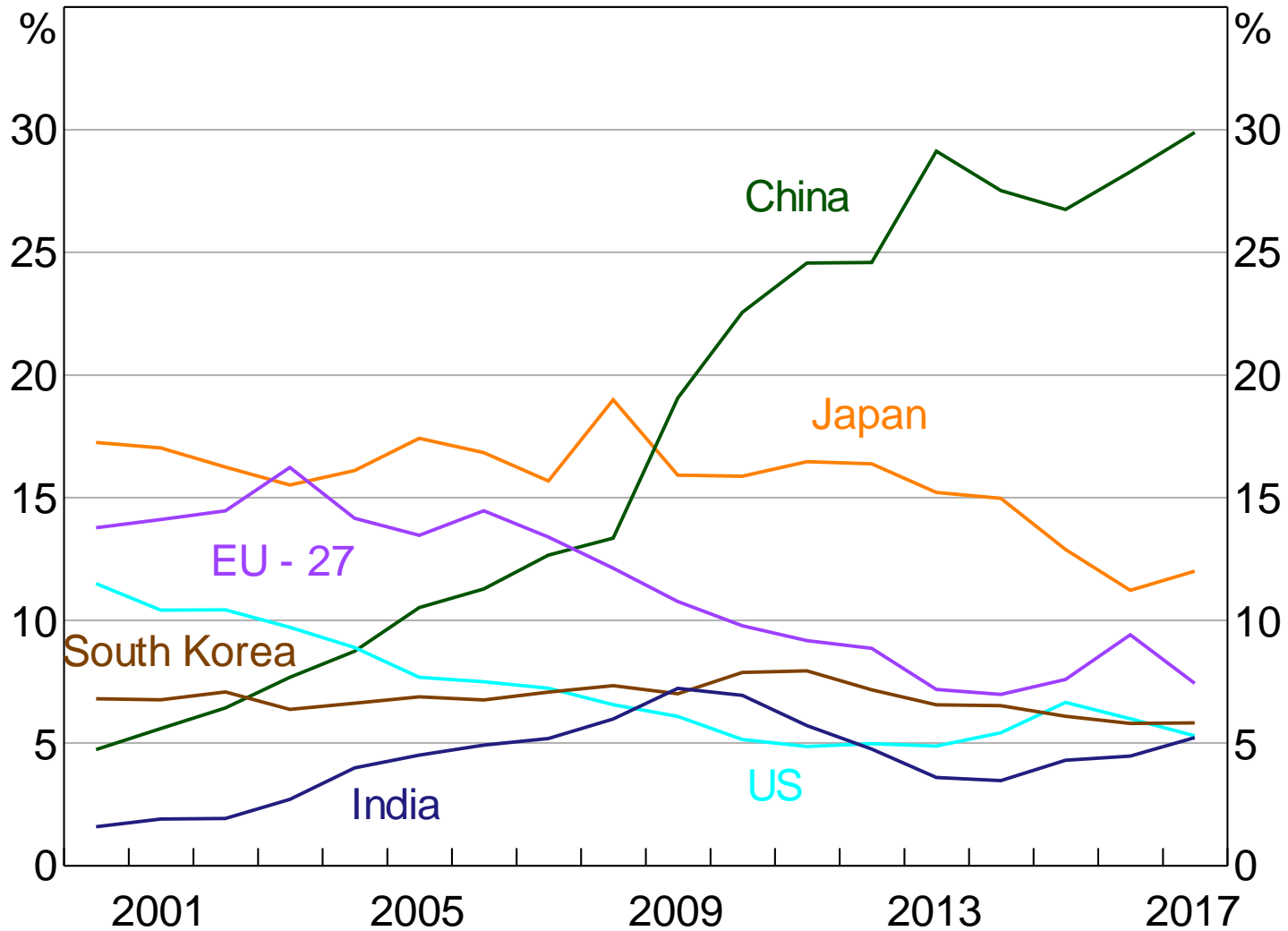
China – Contributions to GDP Growth



Sources: CEIC Data; RBA

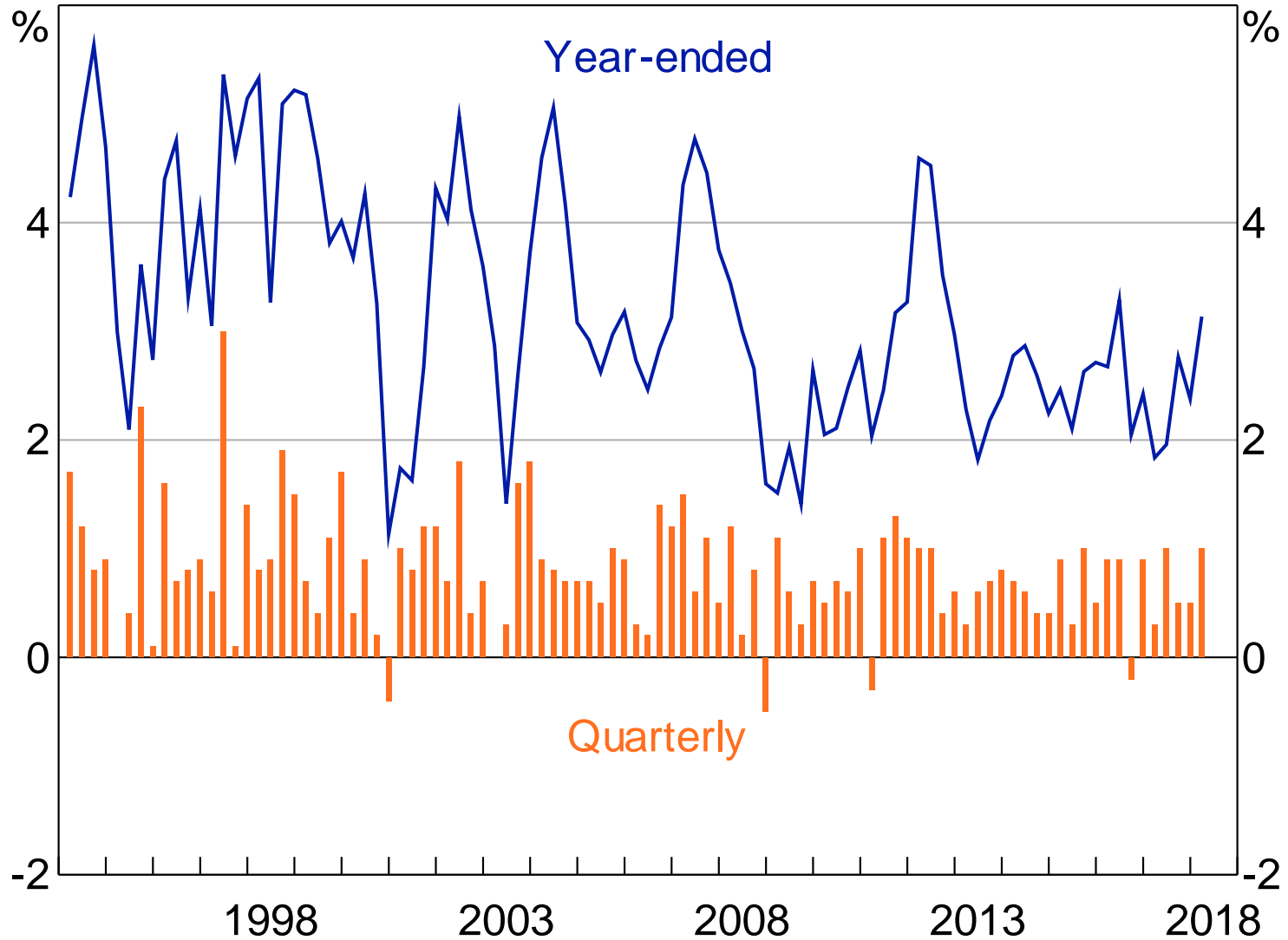
Exports by Destination

Annual, share of total values



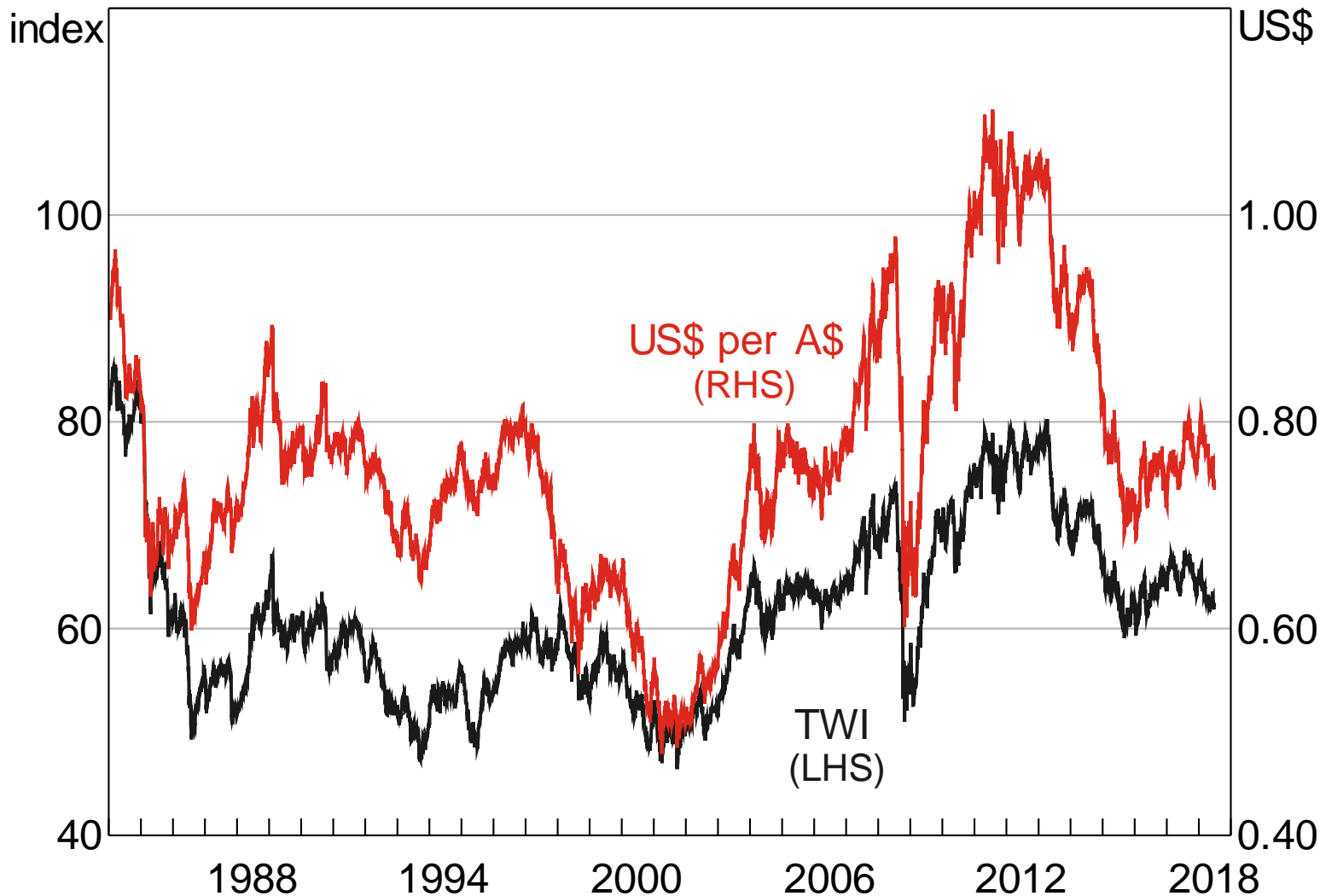
Source: ABS

GDP Growth



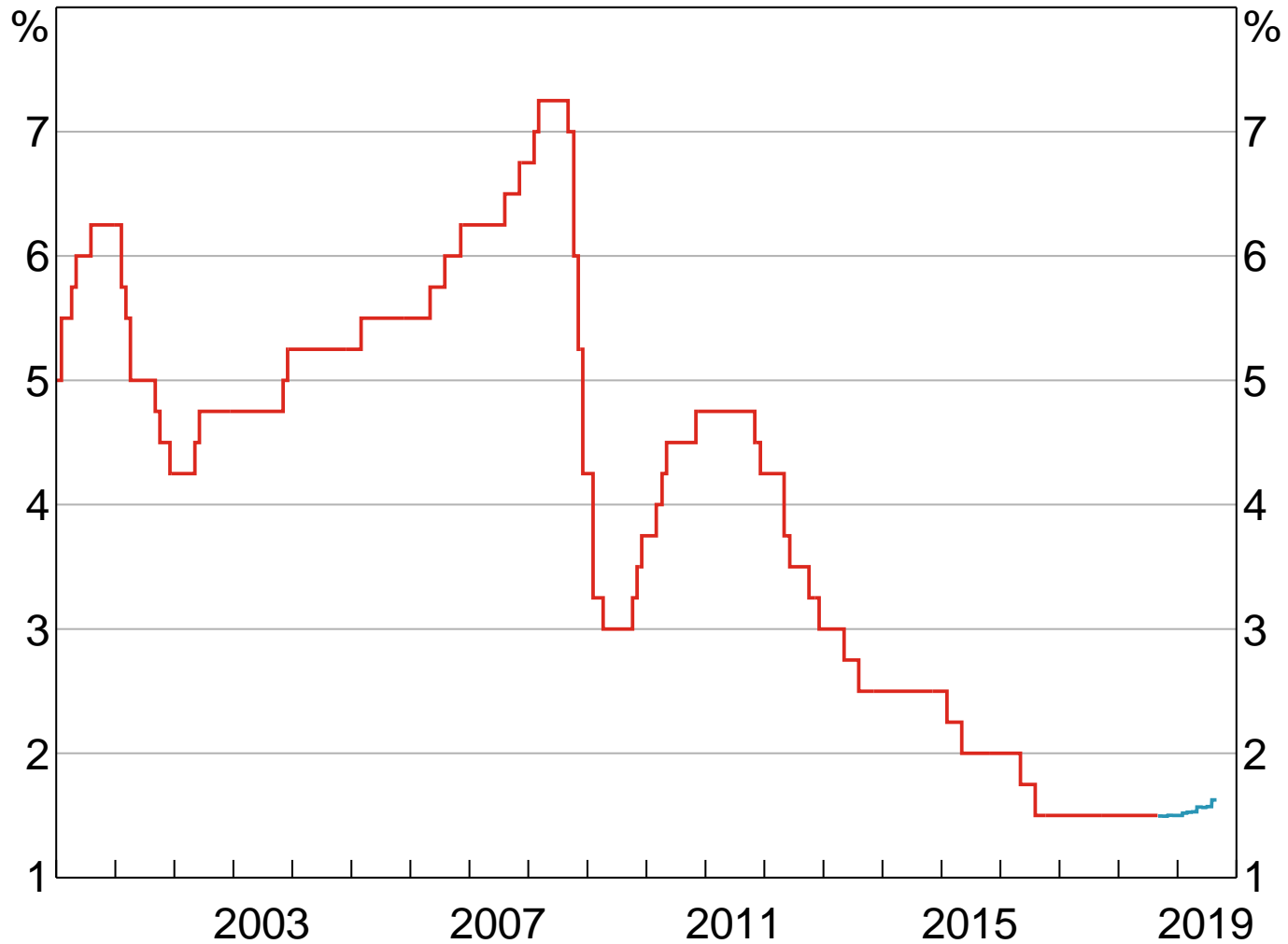
Source: ABS

Australian Dollar



Sources: Bloomberg; RBA; WM/Reuters

Cash Rate*

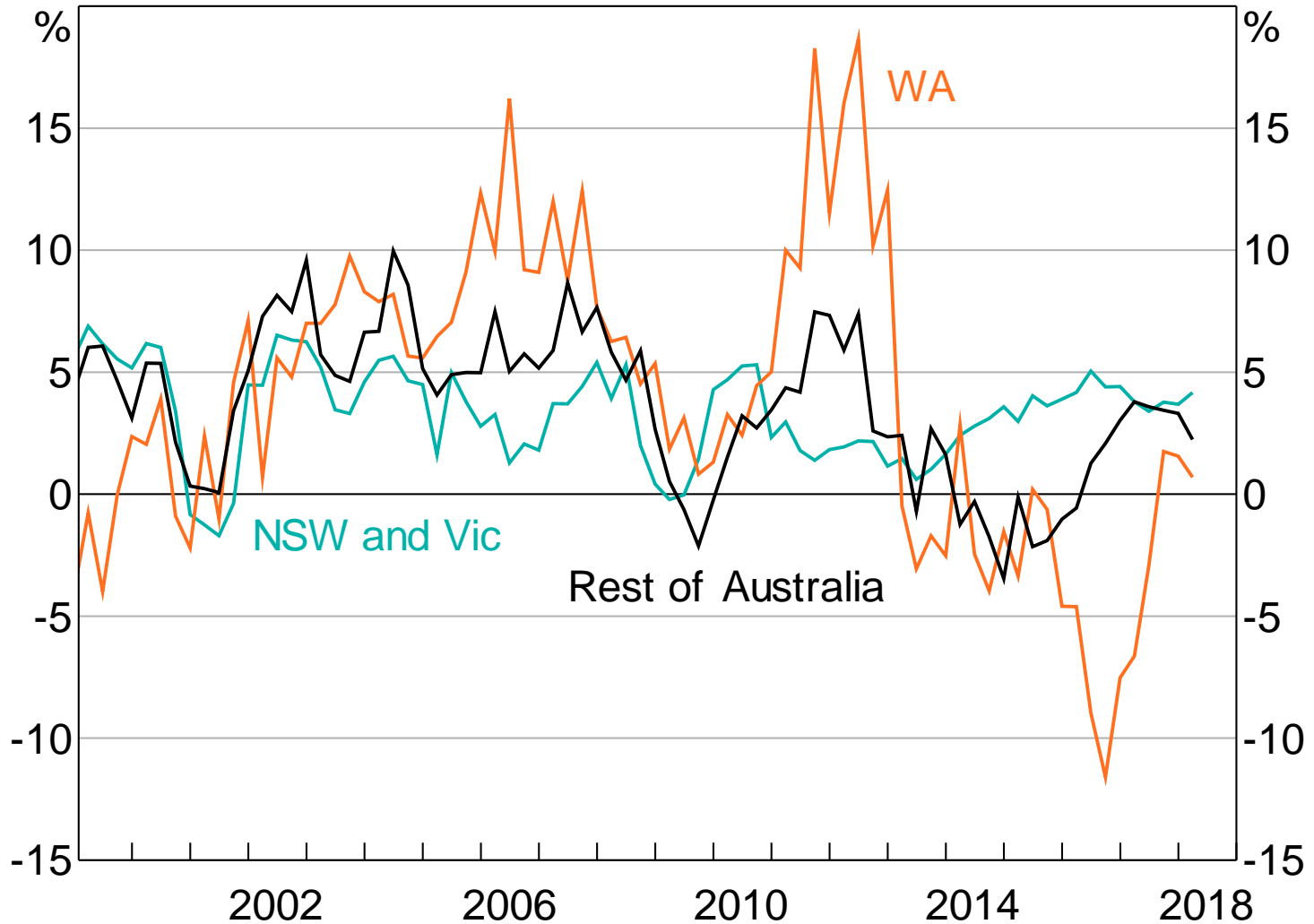


* Data from September 2018 onwards are expectations derived from interbank cash rate futures

Sources: ASX; Bloomberg

State Final Demand

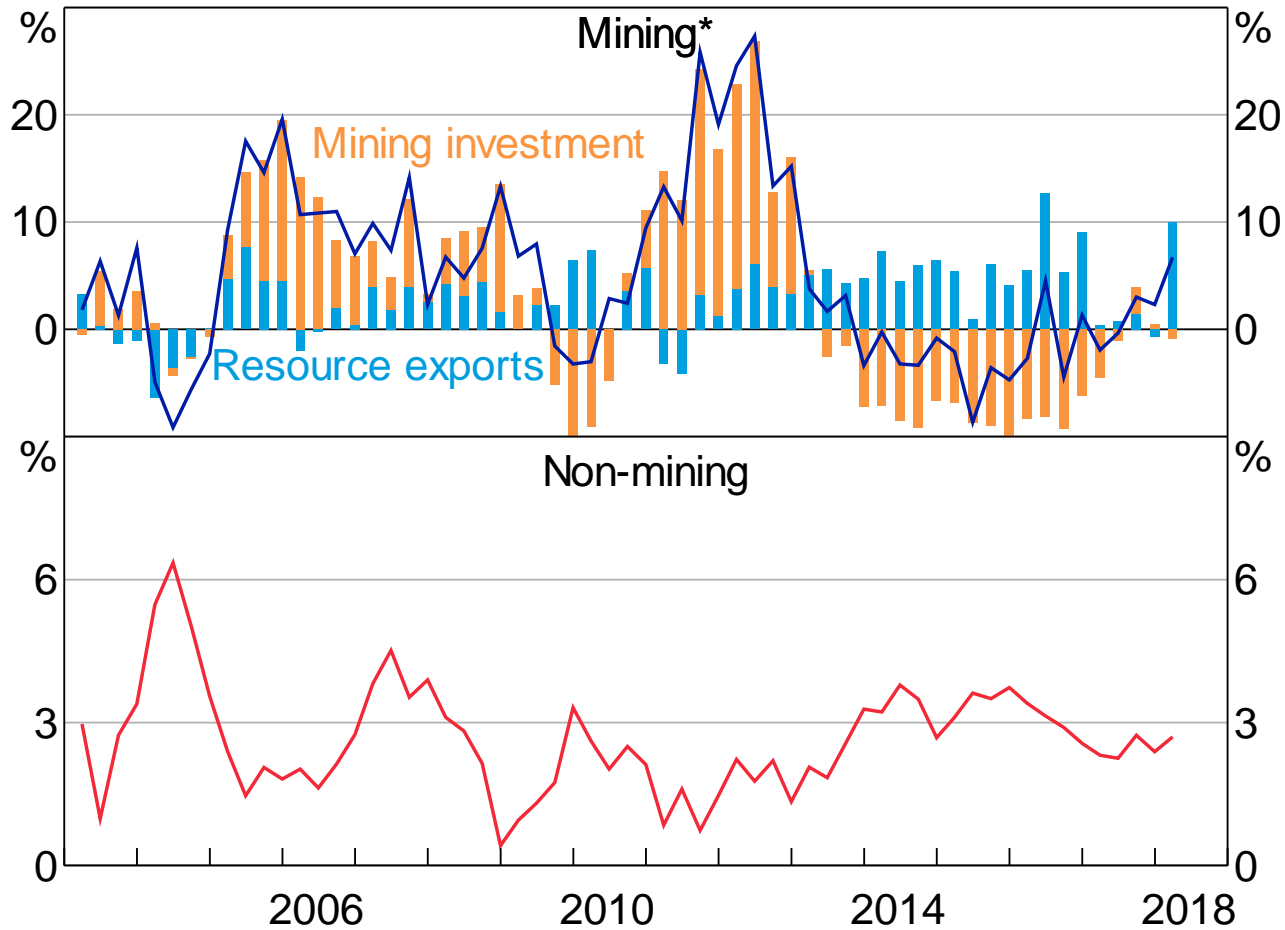
Year-ended growth



Sources: ABS; RBA

Mining and Non-mining Activity

Year-ended growth, RBA estimates

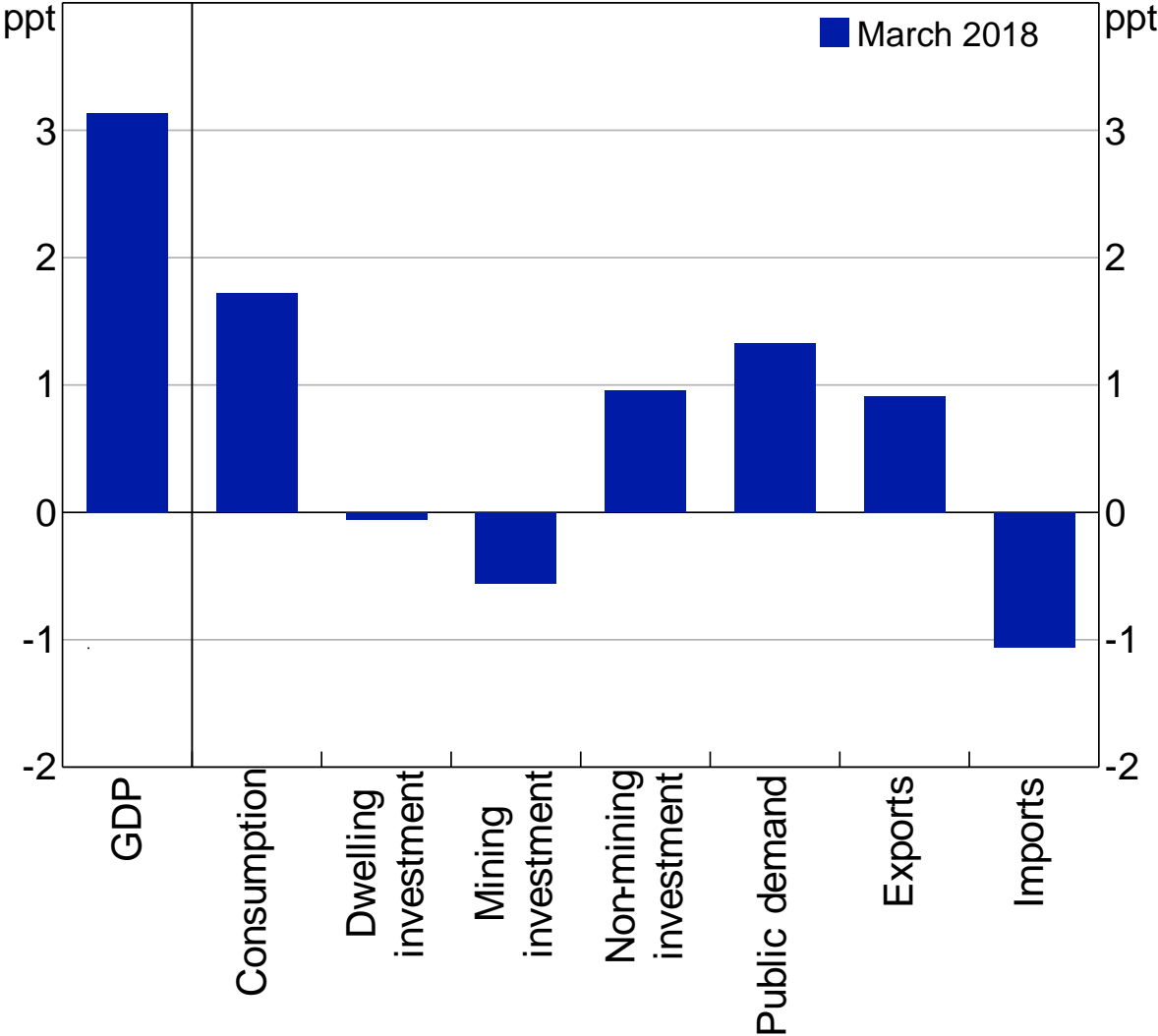


* Net of mining-related imports; components are contributions to year-ended mining activity growth; contribution from changes in inventories not shown

Sources: ABS; RBA

Contributions to GDP Growth

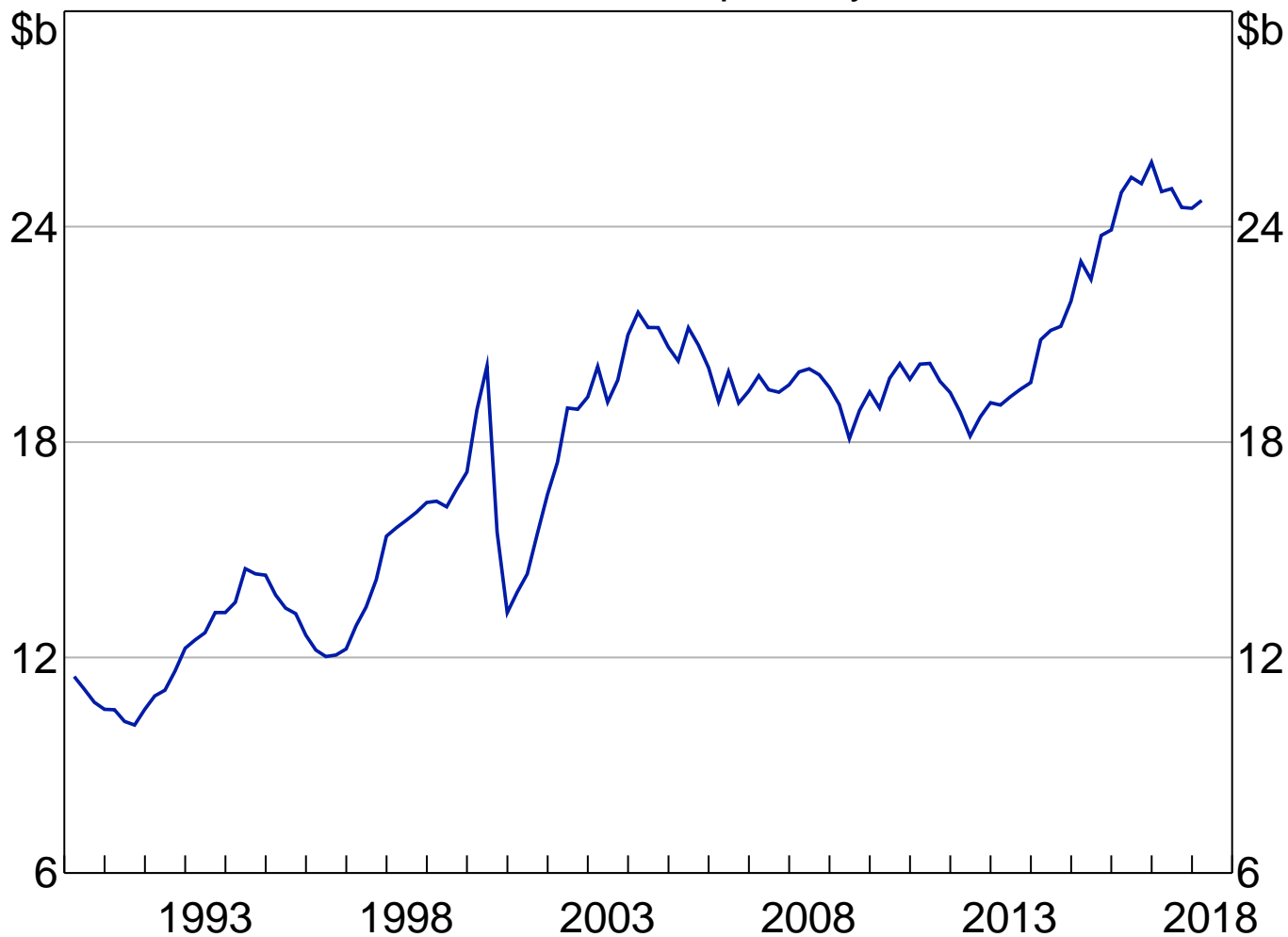
Year-ended



Sources: ABS; RBA

Private Dwelling Investment*

Chain volume, quarterly

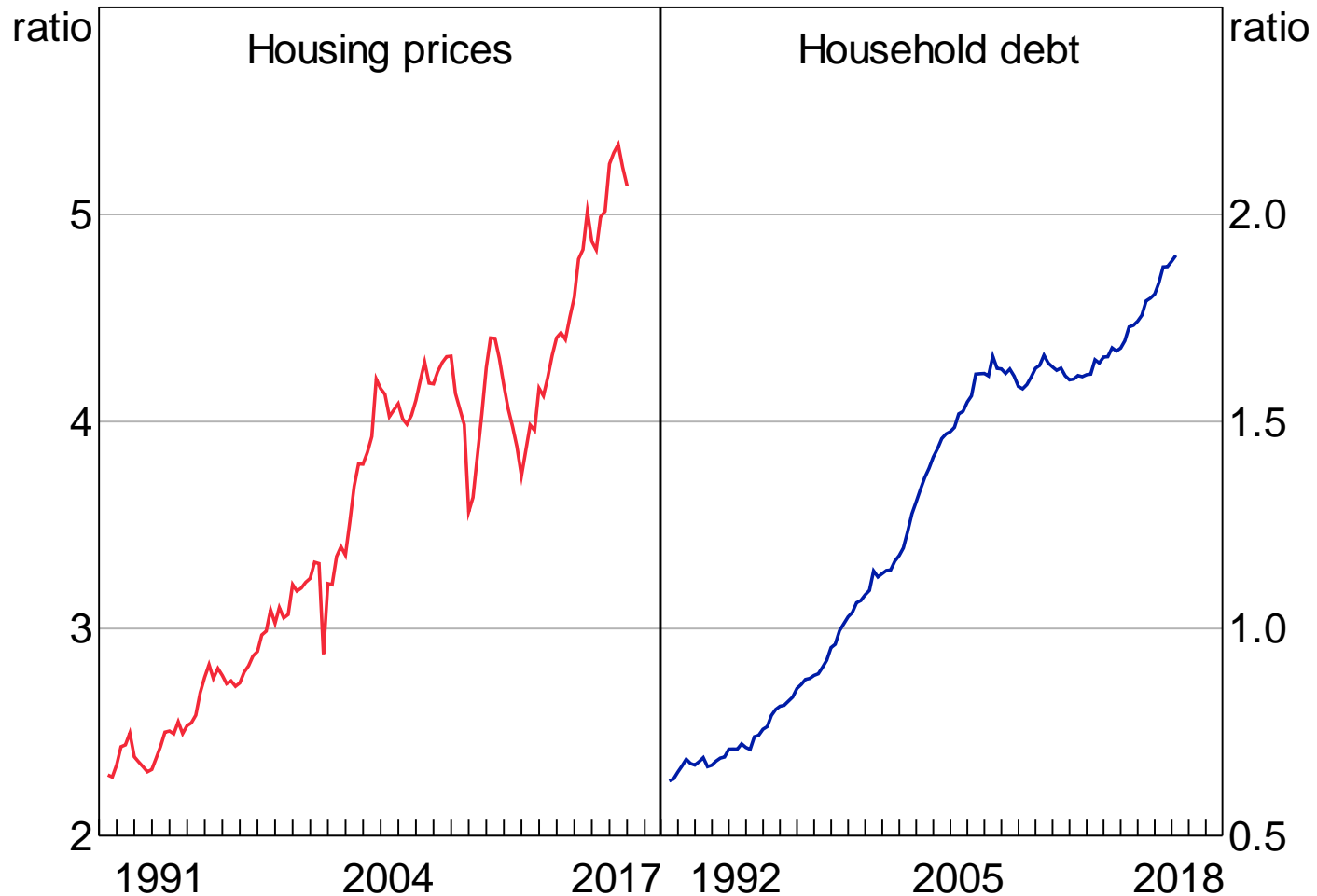


* Reference year is 2015/16

Source: ABS

Housing Prices and Household Debt*

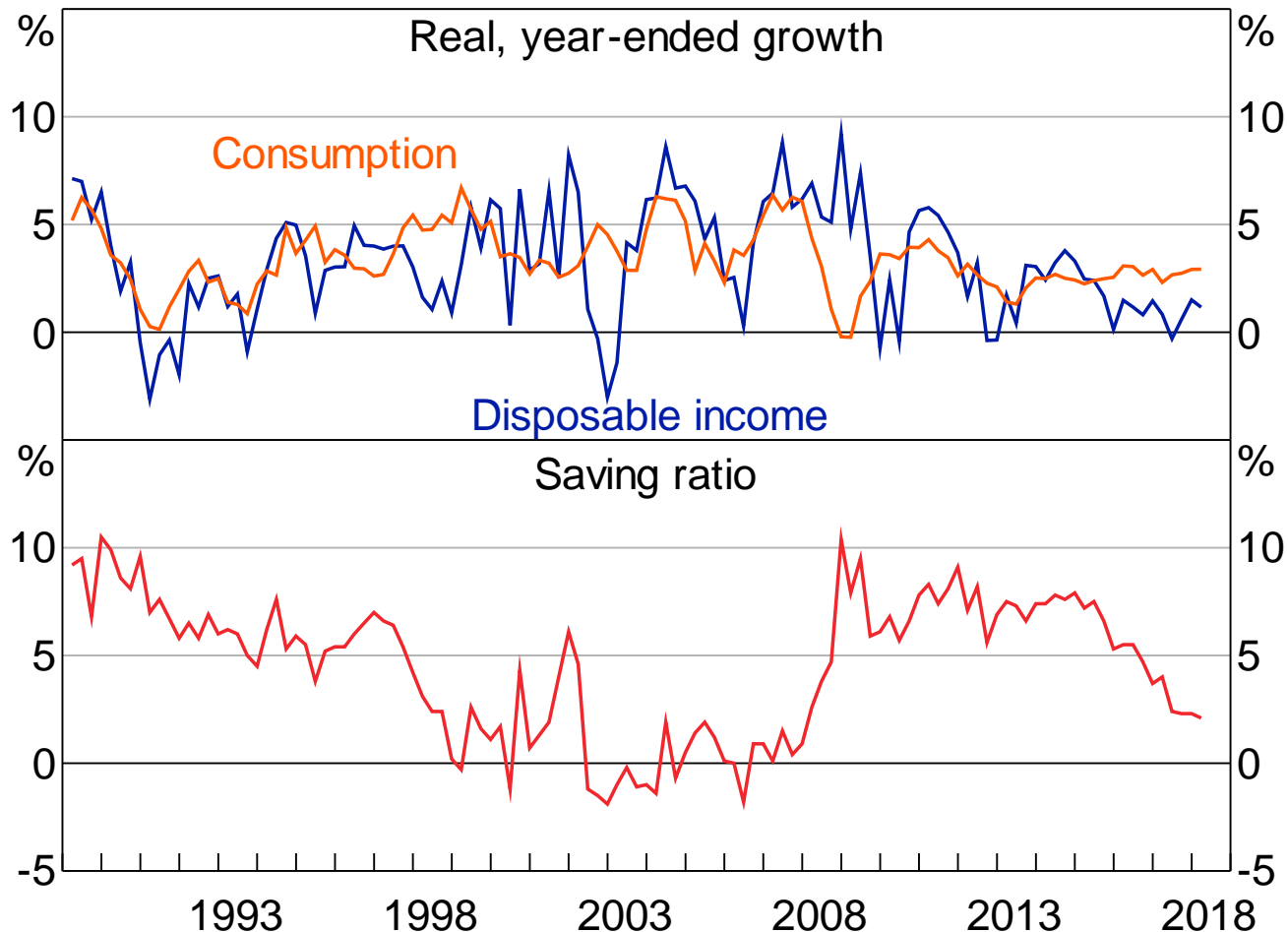
Ratio to annual household disposable income



* Household disposable income is after tax, before the deduction of interest payments, and includes income of unincorporated enterprises

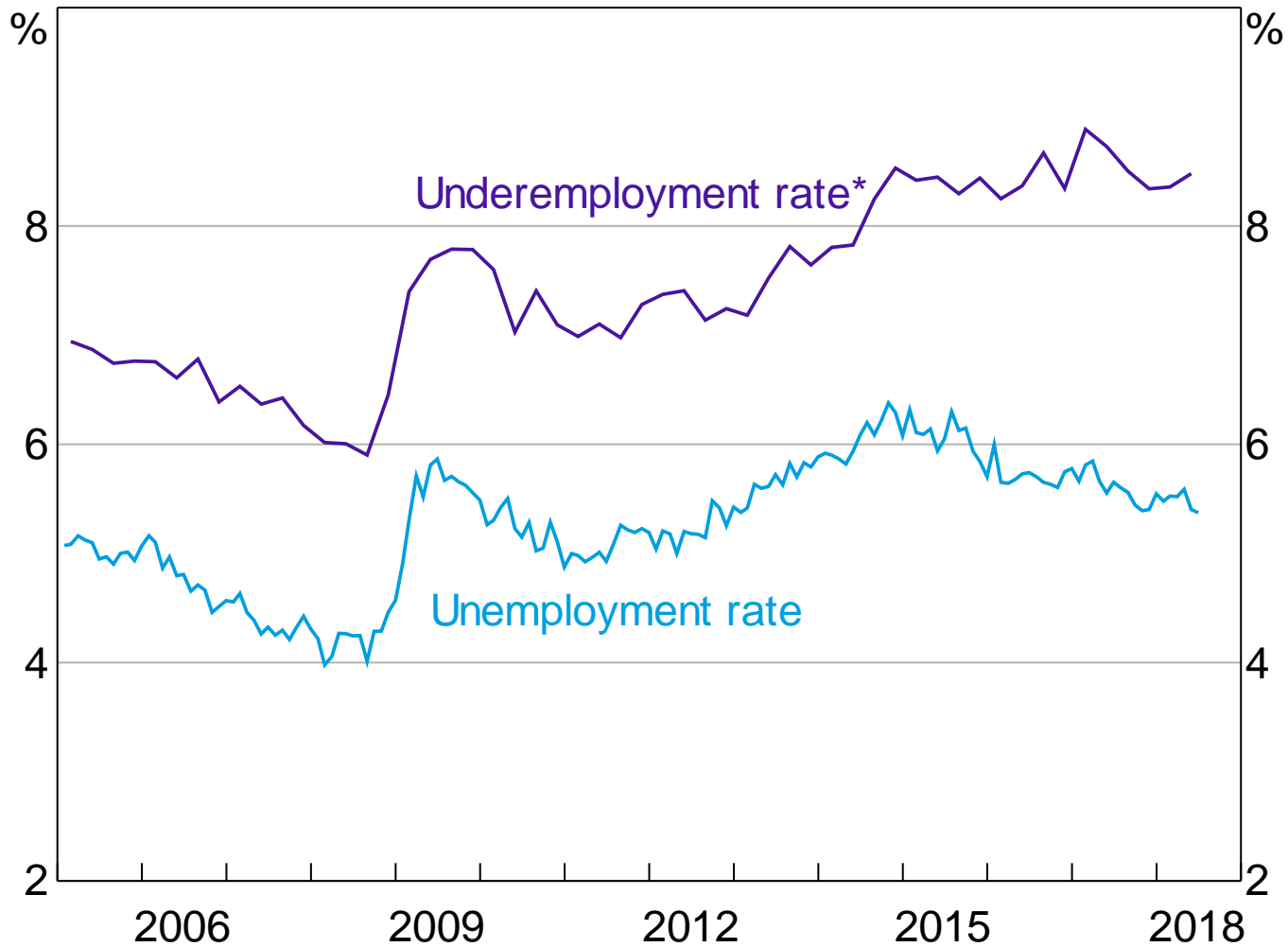
Sources: ABS; APM; APRA; CoreLogic; RBA

Household Income and Consumption*



* Household sector includes unincorporated enterprises; disposable income is after tax and interest payments; income level smoothed with a two-quarter moving average between March quarter 2000 and March quarter 2002; saving ratio is net of depreciation

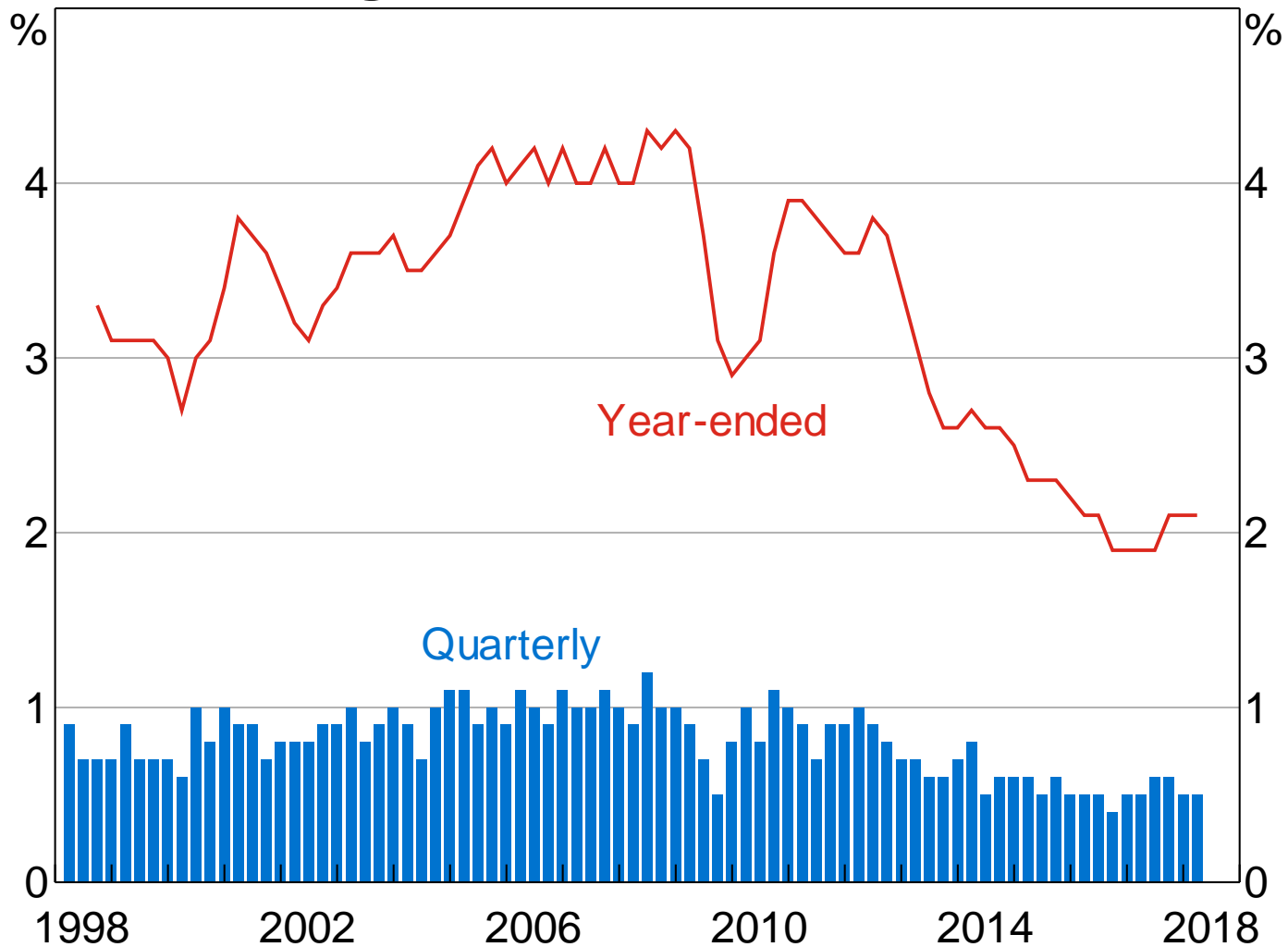
Labour Market



* Full-time workers on reduced hours for economic reasons and part-time workers who would like, and are available, to work more hours

Source: ABS

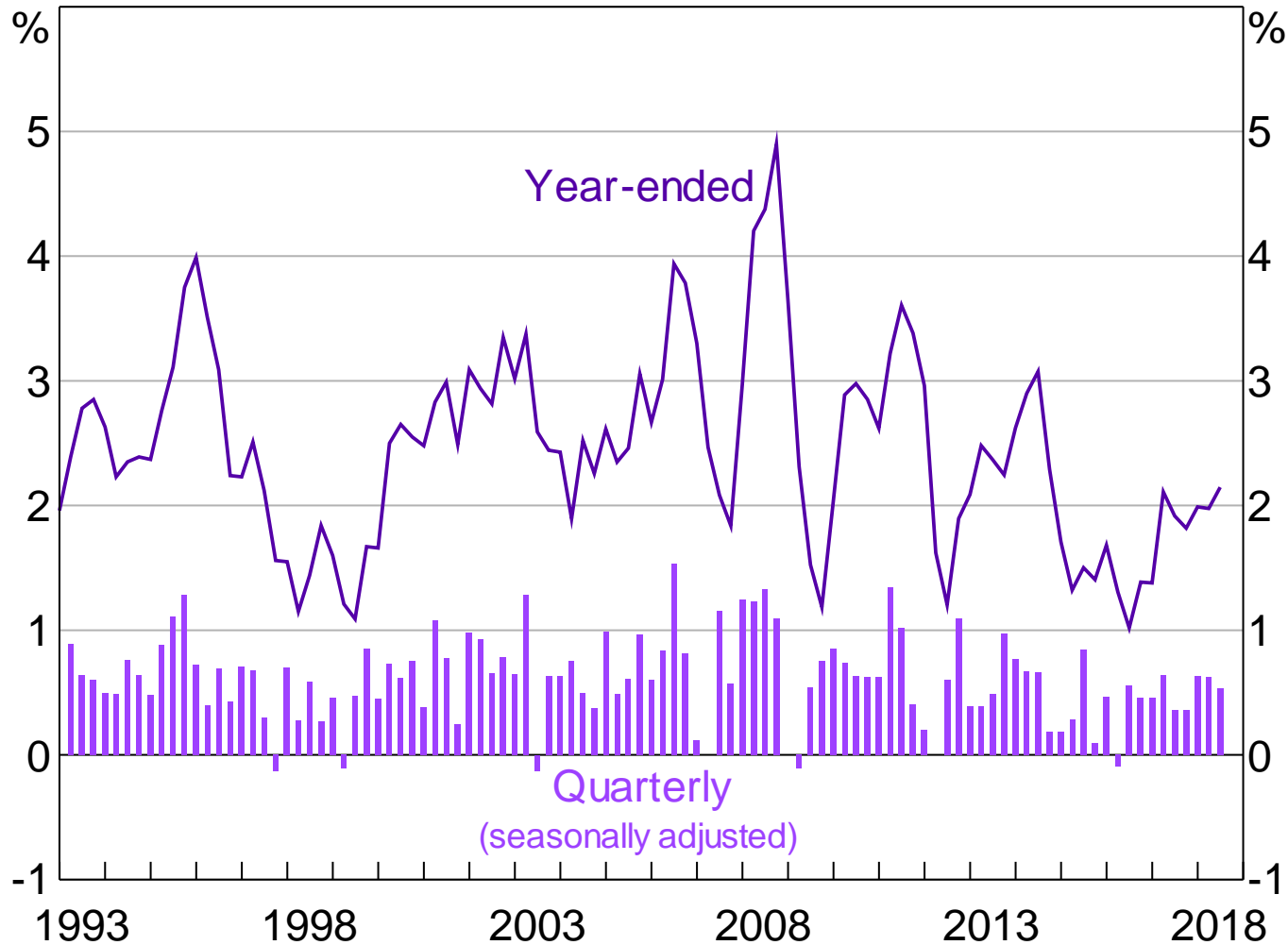
Wage Price Index Growth*



* Total pay excluding bonuses

Source: ABS

Consumer Price Inflation*

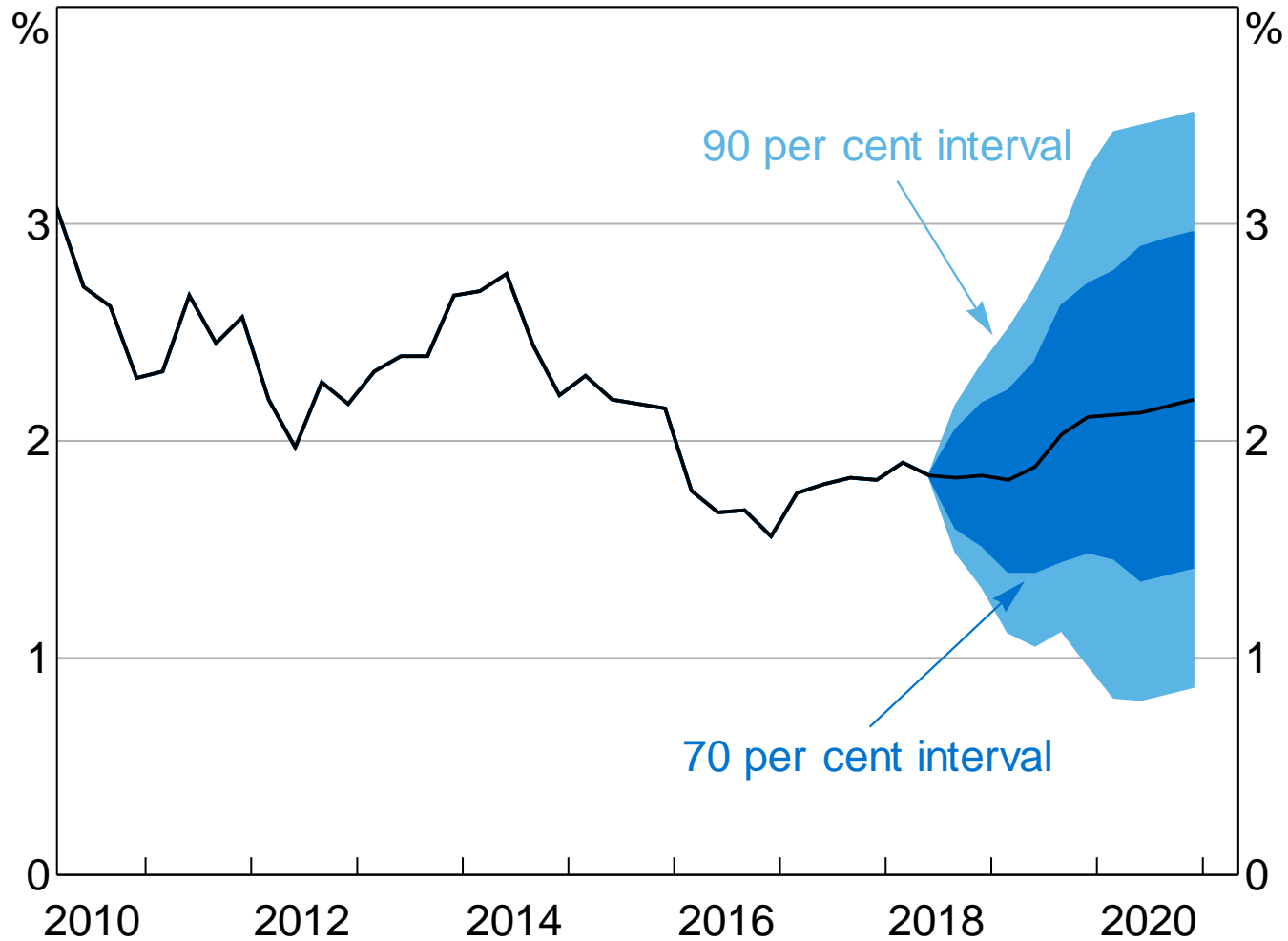


* Excluding interest charges prior to the September quarter 1998 and adjusted for the tax changes of 1999–2000

Sources: ABS; RBA

Trimmed Mean Inflation Forecast*

Year-ended

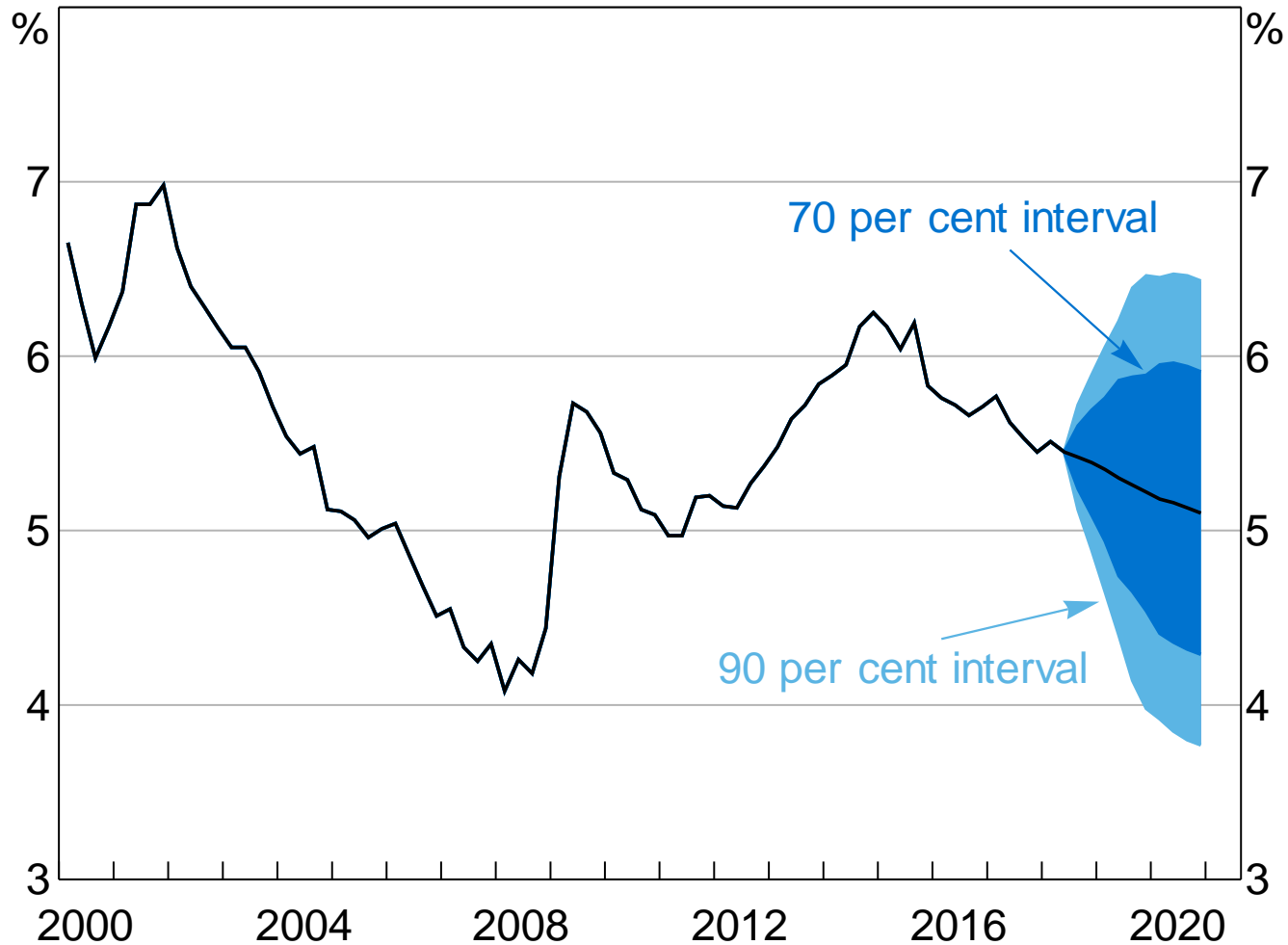


* Confidence intervals reflect RBA forecast errors since 1993

Sources: ABS; RBA

Unemployment Rate Forecast*

Quarterly



* Confidence intervals reflect RBA forecast errors since 1993

Sources: ABS; RBA

More Information



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