



RESERVE BANK OF AUSTRALIA

Monetary Policy and Current Economic Conditions

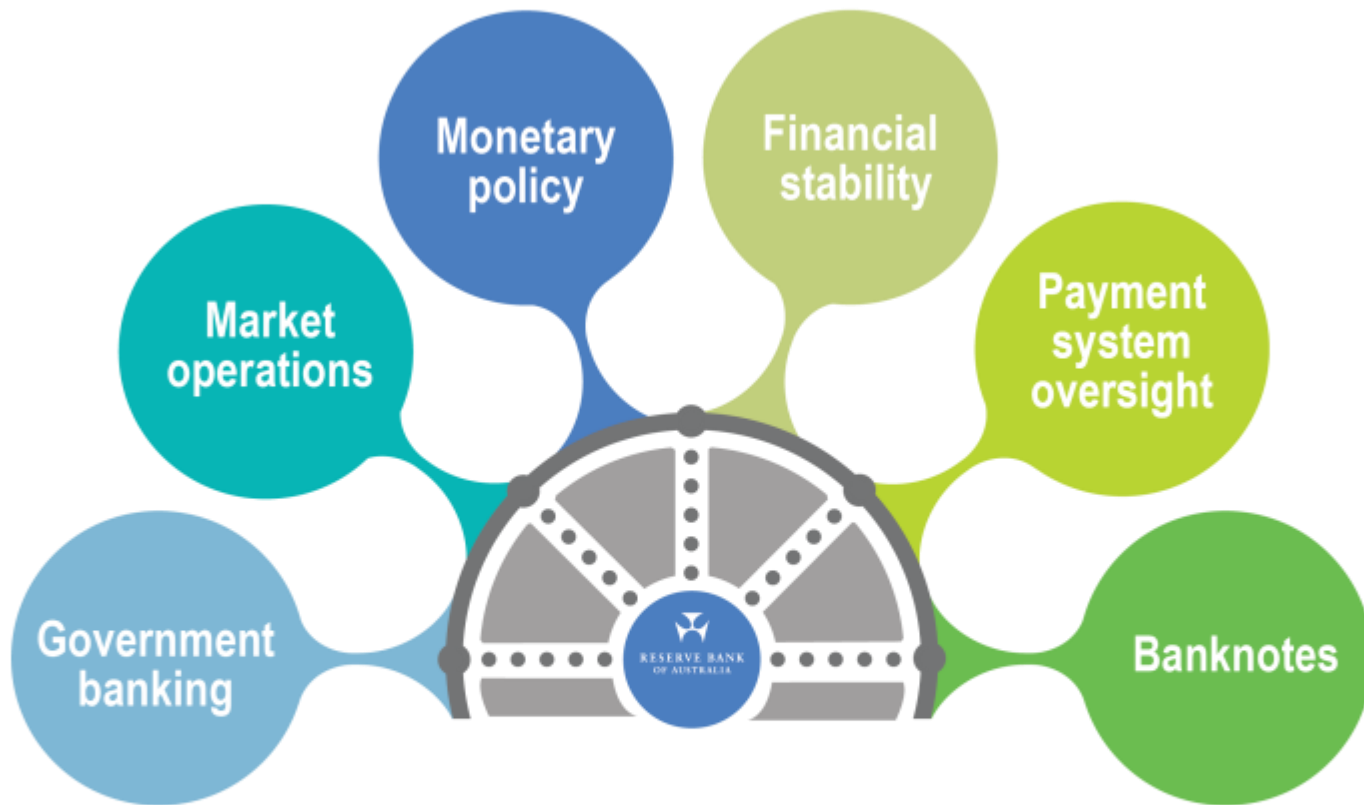
A decorative graphic at the bottom of the slide consisting of overlapping, curved shapes in shades of blue, teal, and light green. The word "Education" is written in white text in the bottom right corner of this graphic area.

Education

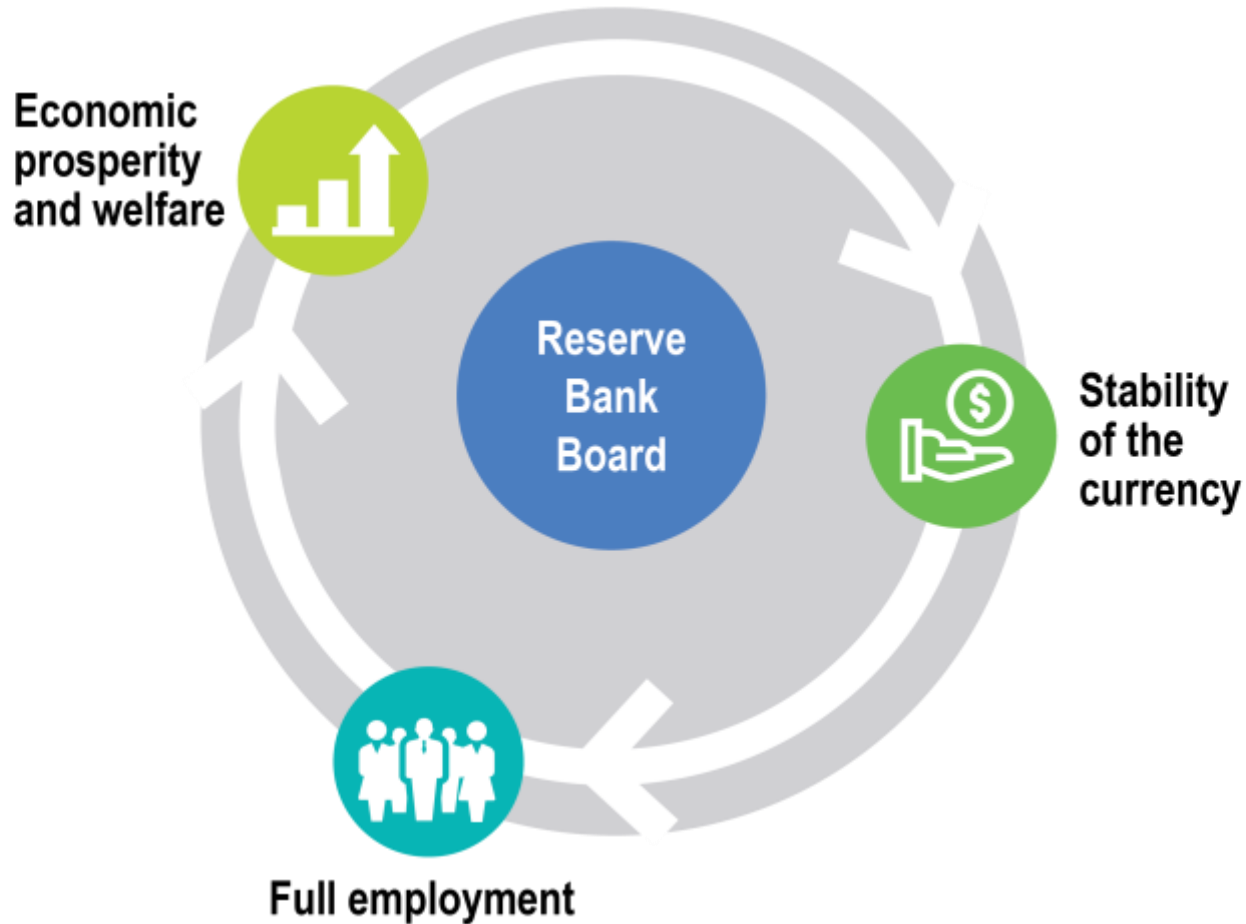


Part 1: Monetary Policy

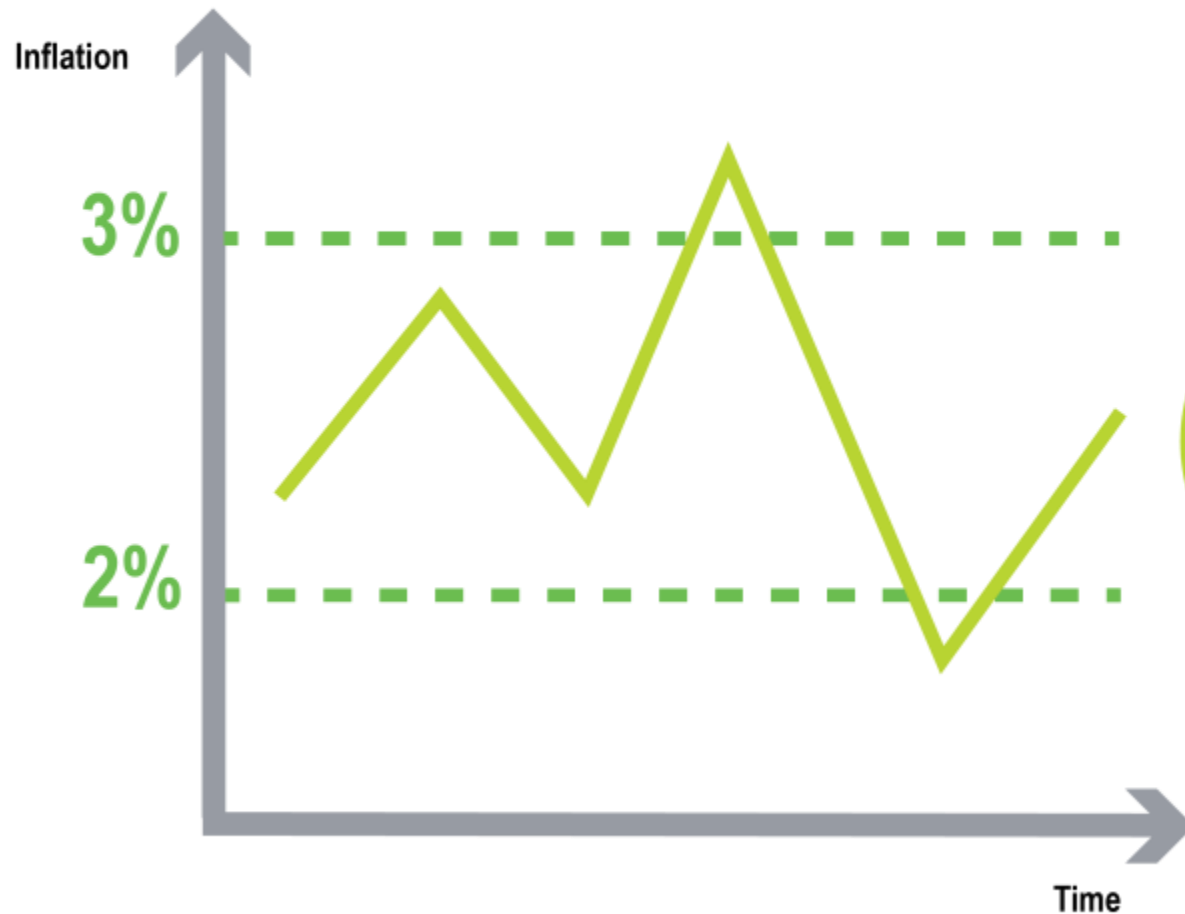
How Does the Reserve Bank Achieve Its Objectives?



What Is the Role of the Reserve Bank Board?

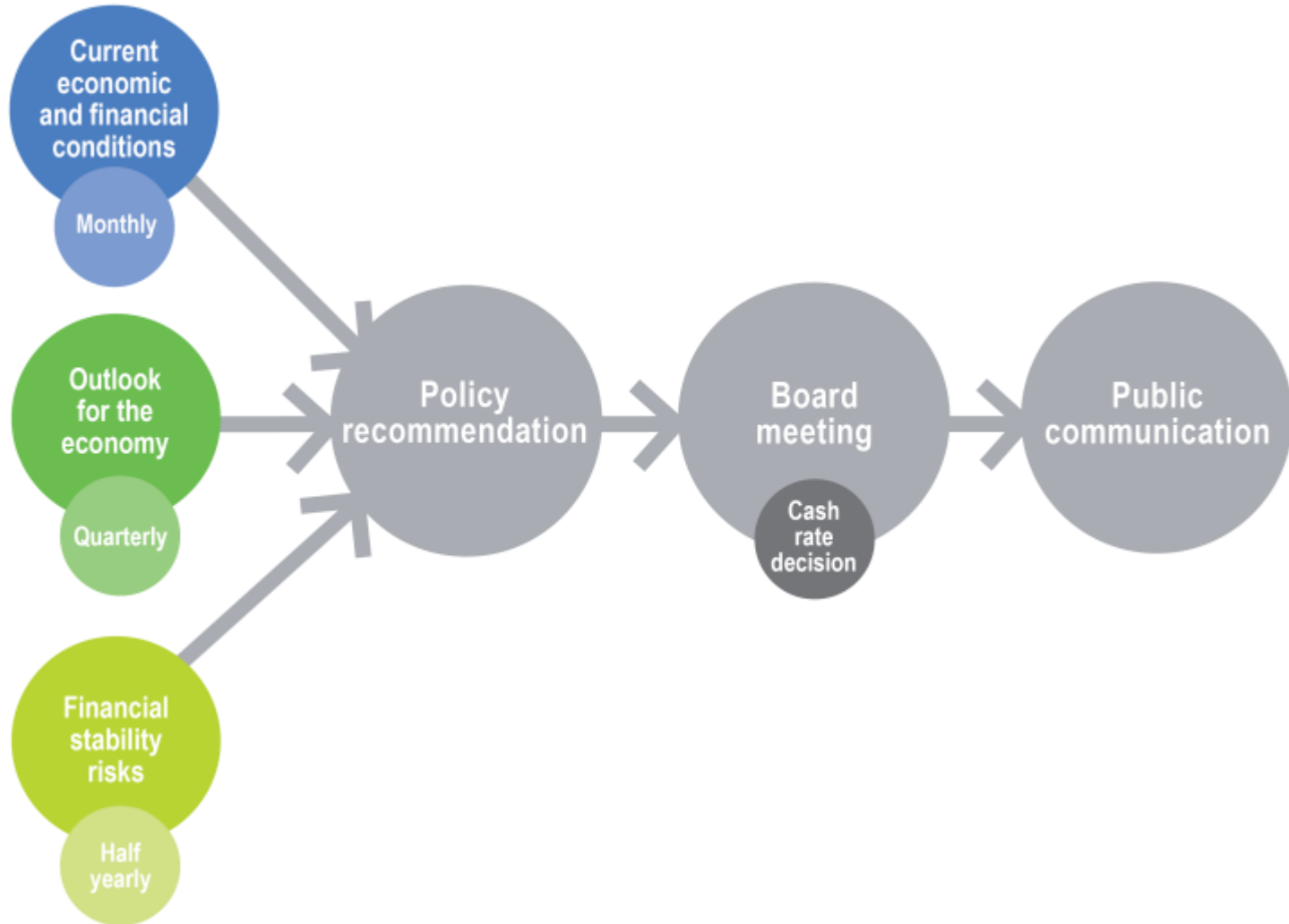


Monetary Policy – Inflation Target

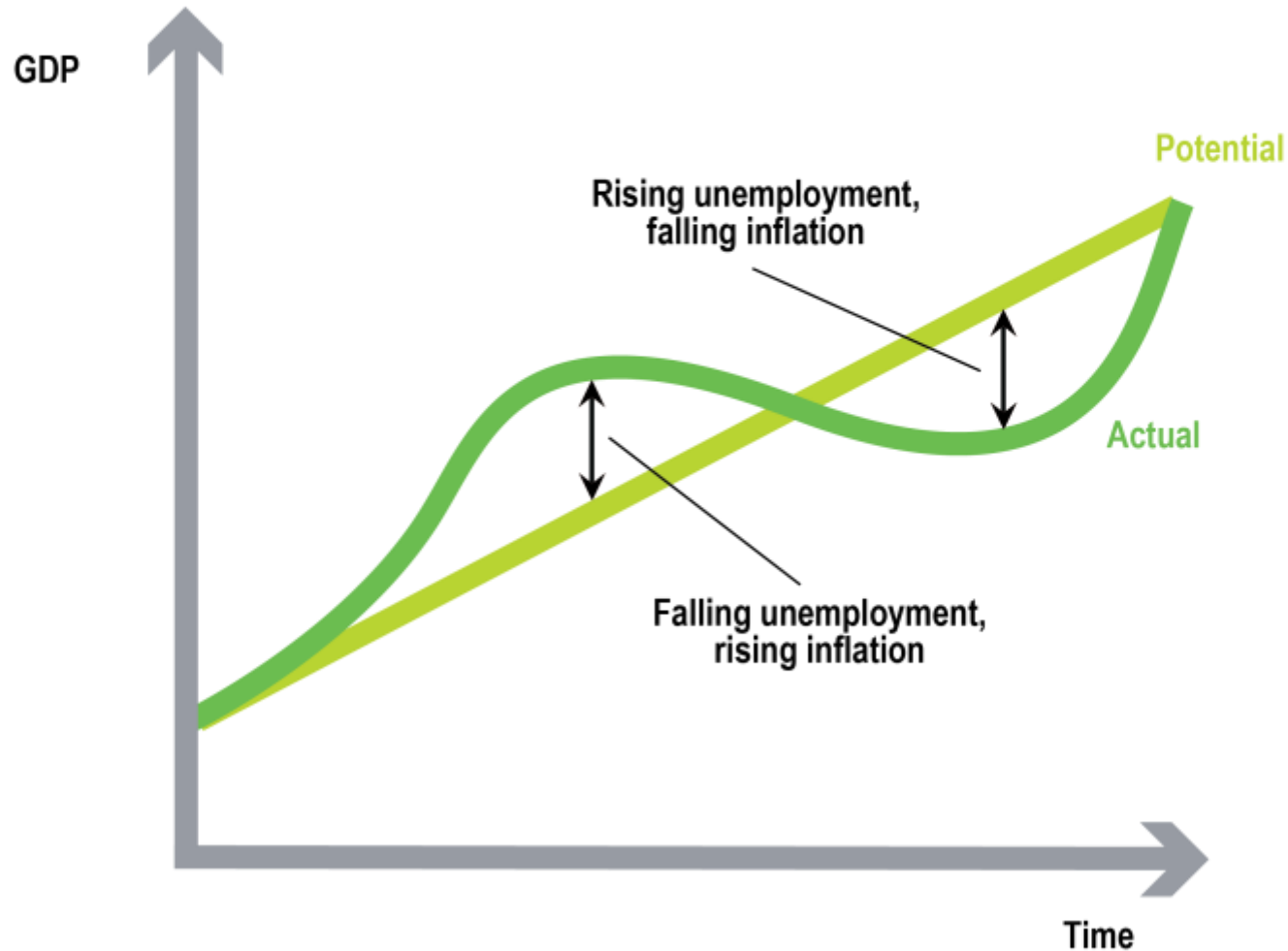


To achieve an inflation rate of **2–3%** on average, over time

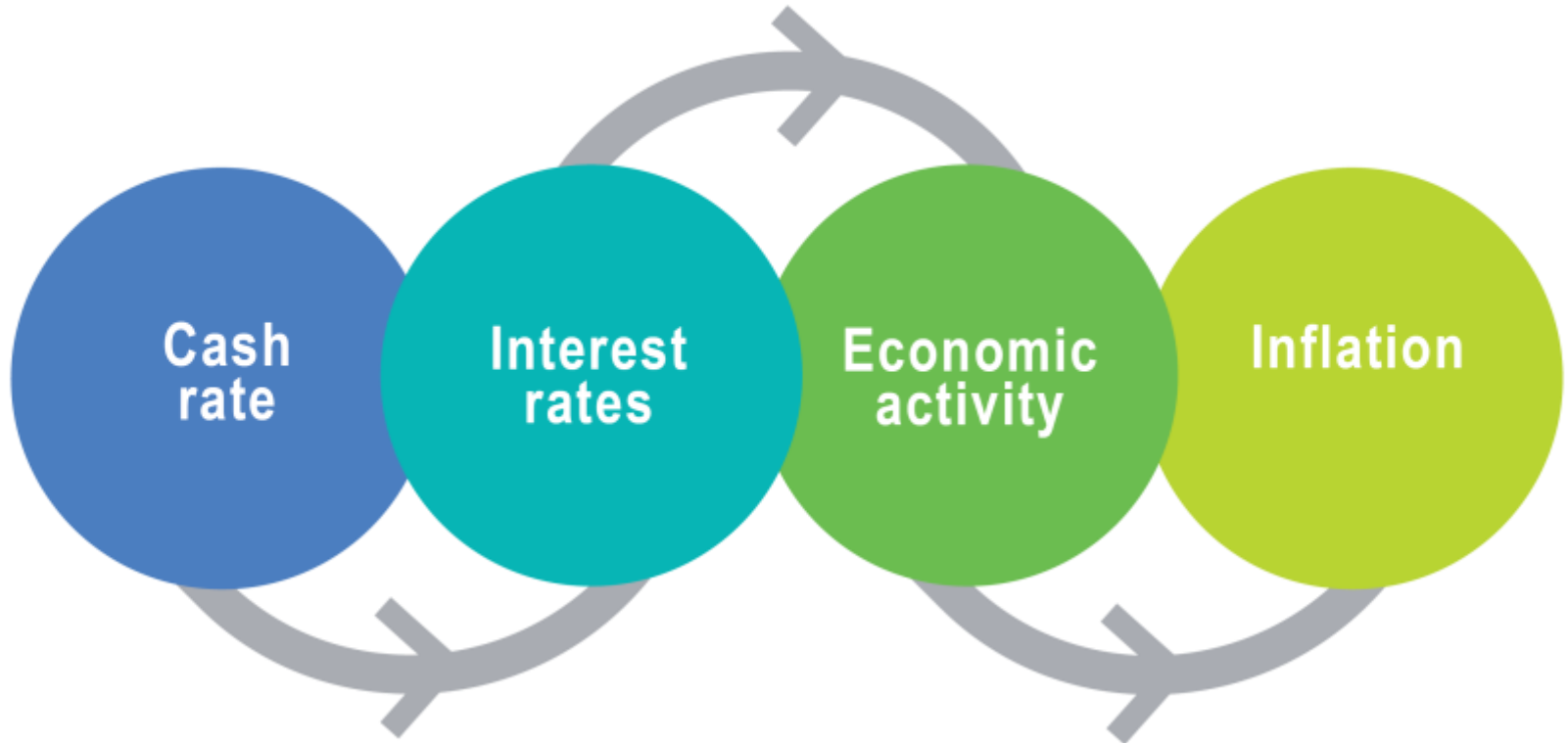
Monetary Policy – Decision Process



Monetary Policy – Decision Process

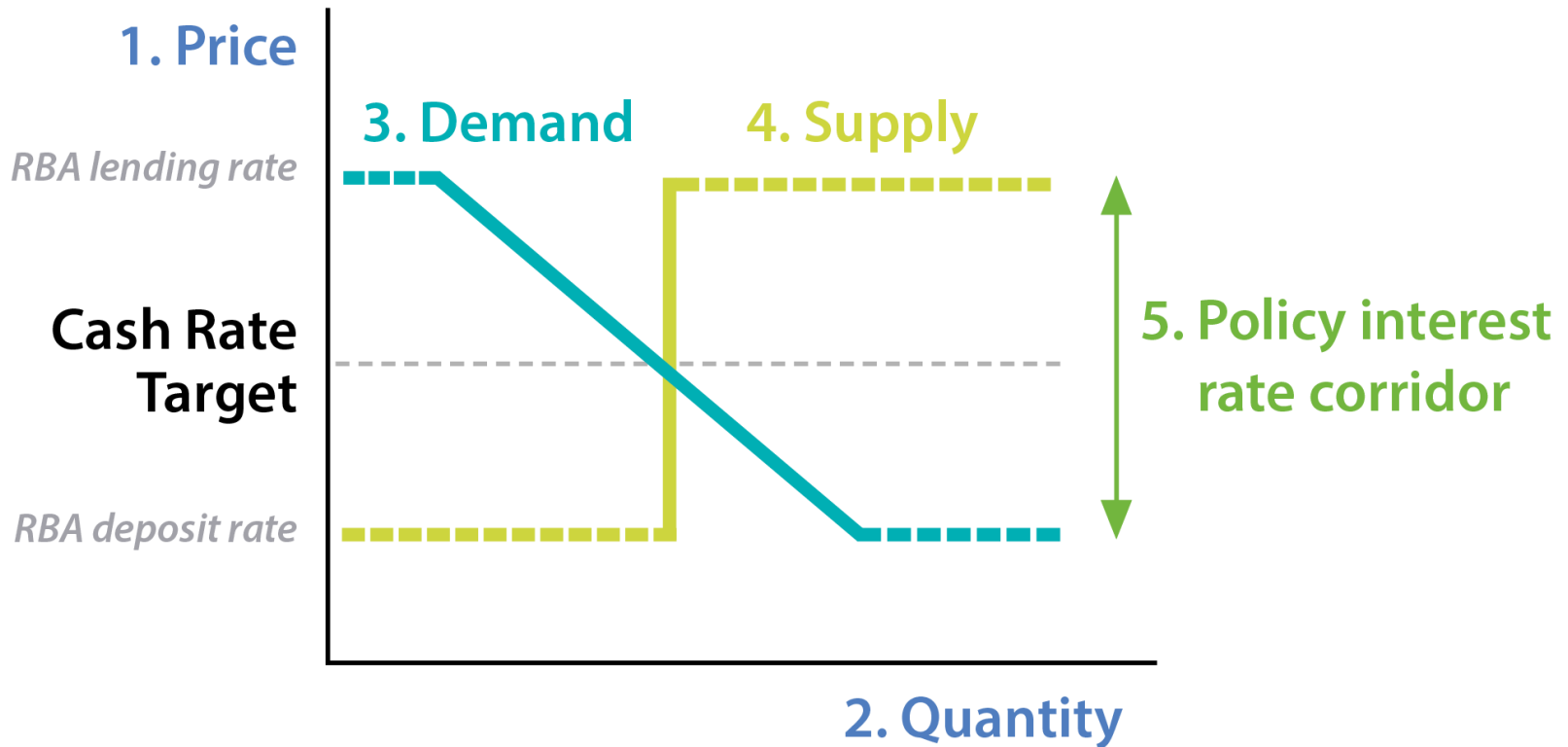


Monetary Policy – Transmission Mechanism



Monetary Policy – Implementation

The Australian Cash Market

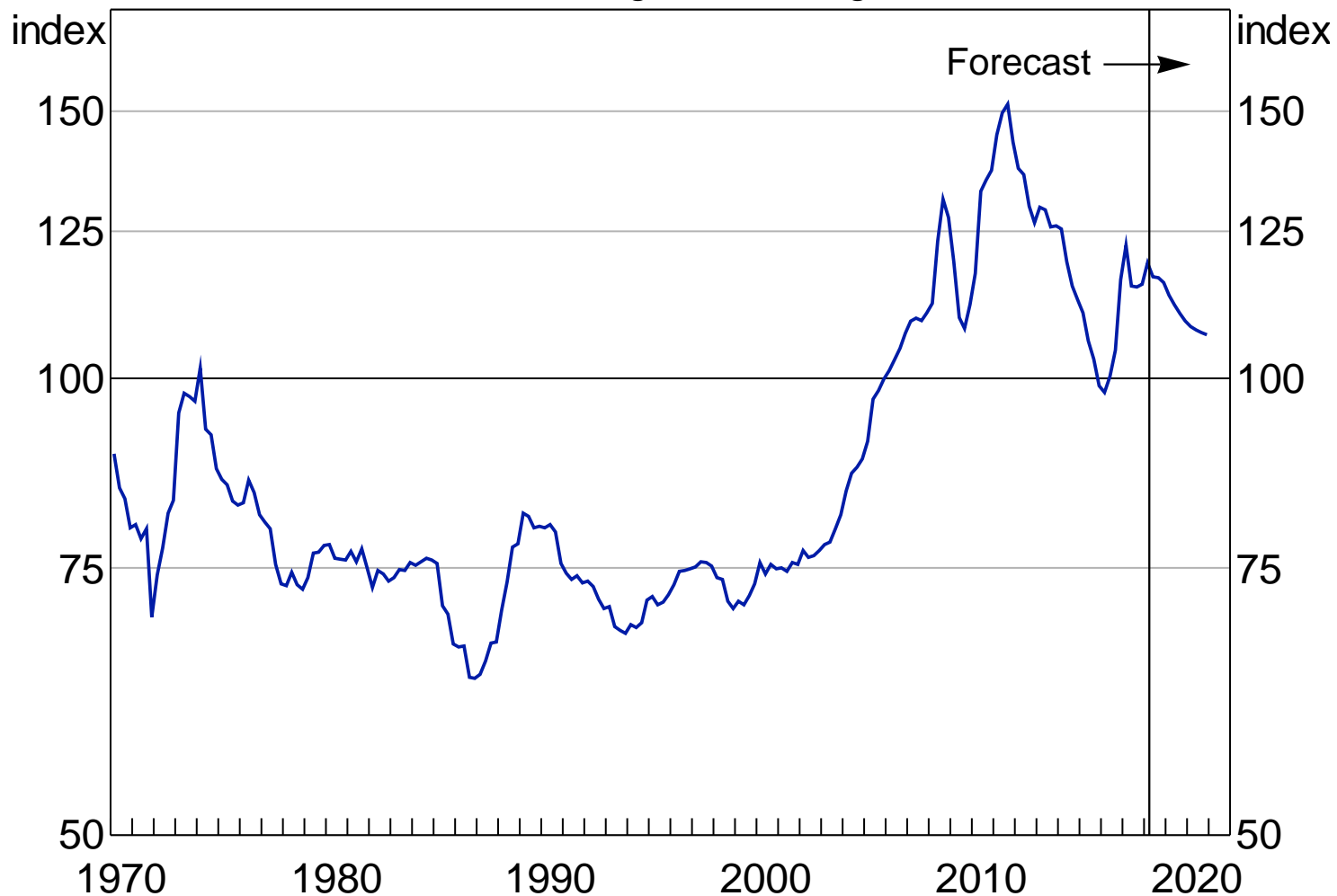




Part 2: Current Economic Conditions

Terms of Trade

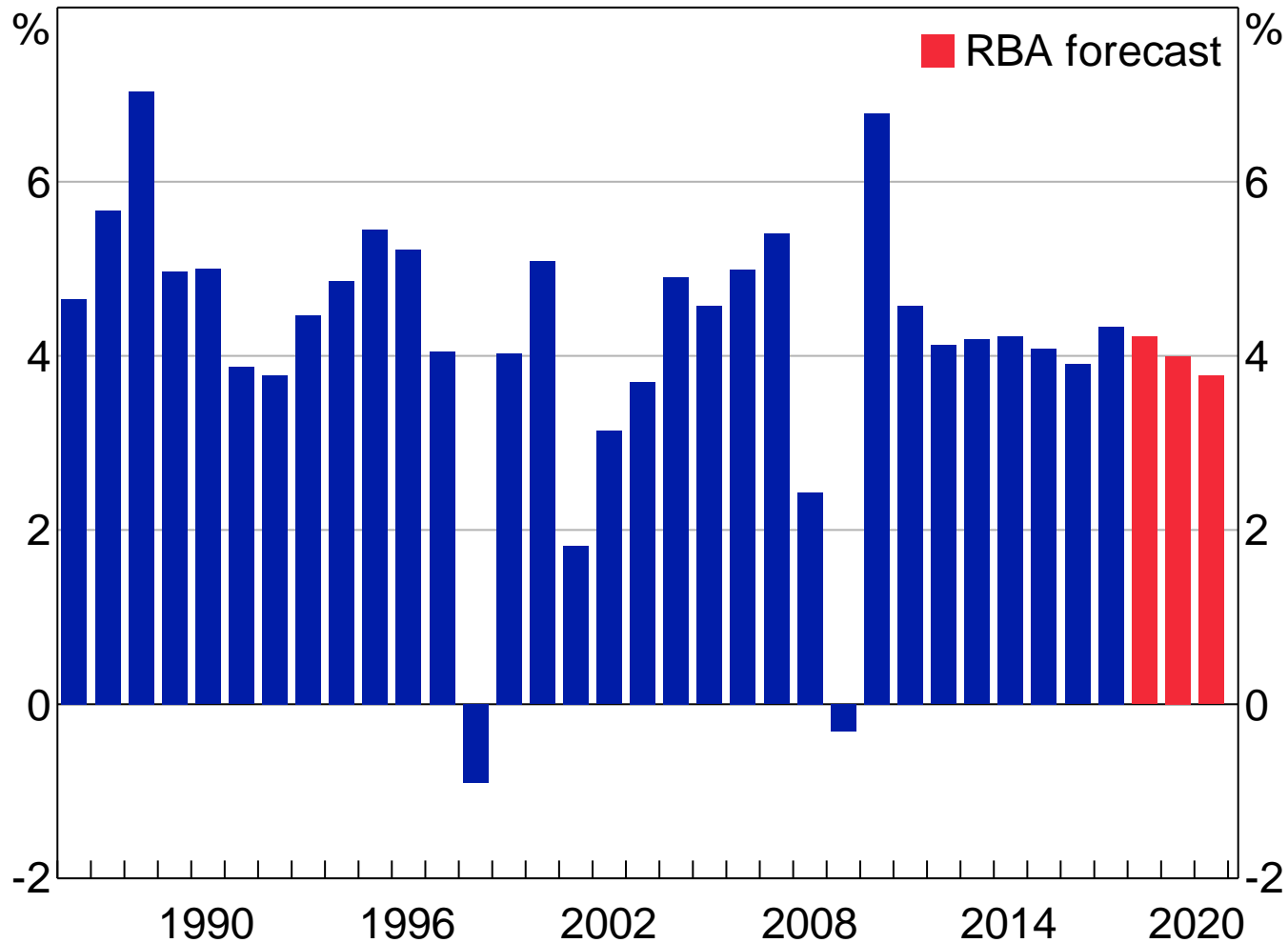
2015/16 average = 100, log scale



Sources: ABS; RBA

Australia's Trading Partner Growth*

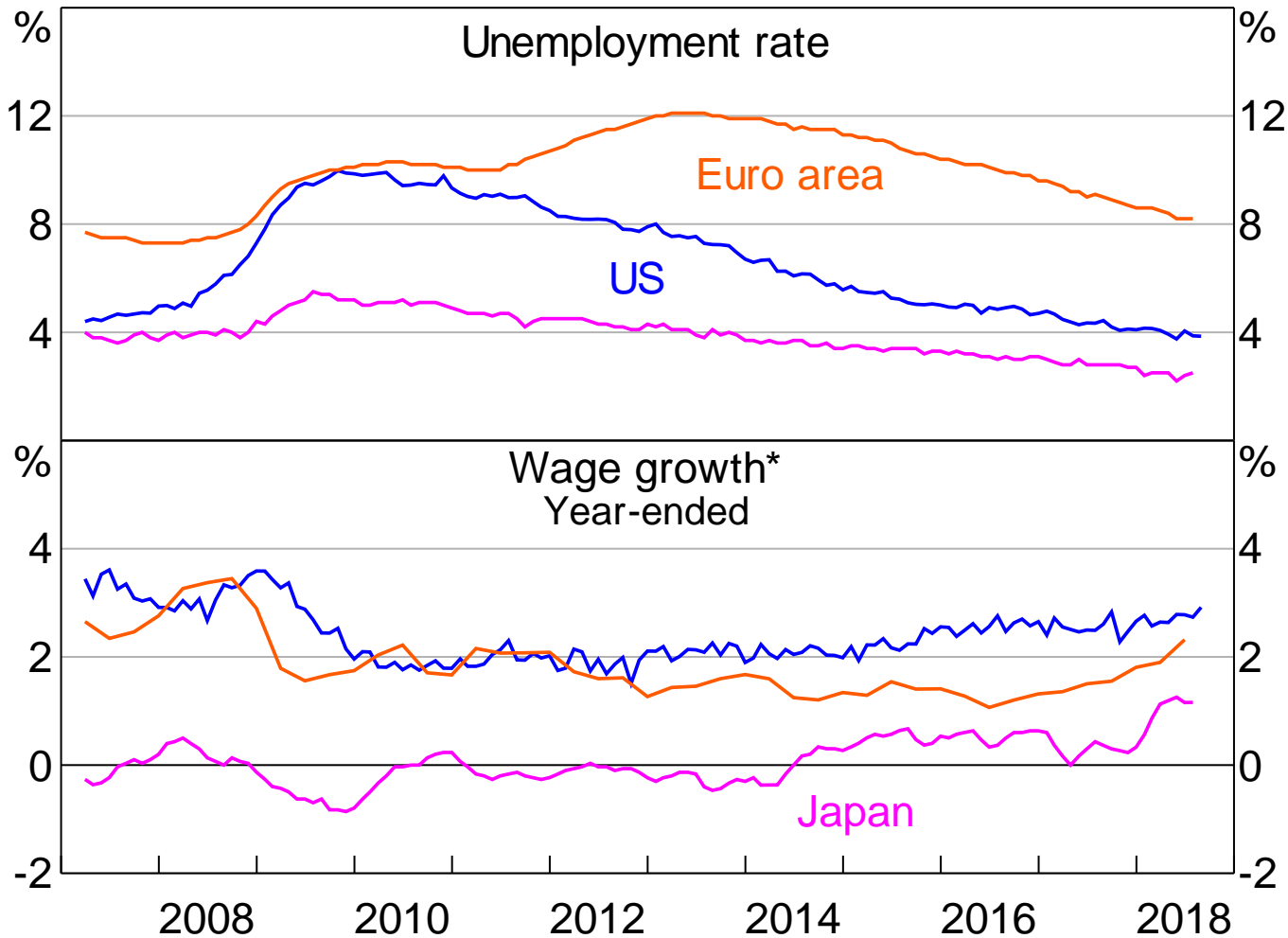
Year-average



* Aggregated using total export shares

Sources: ABS; CEIC Data; RBA; Thomson Reuters

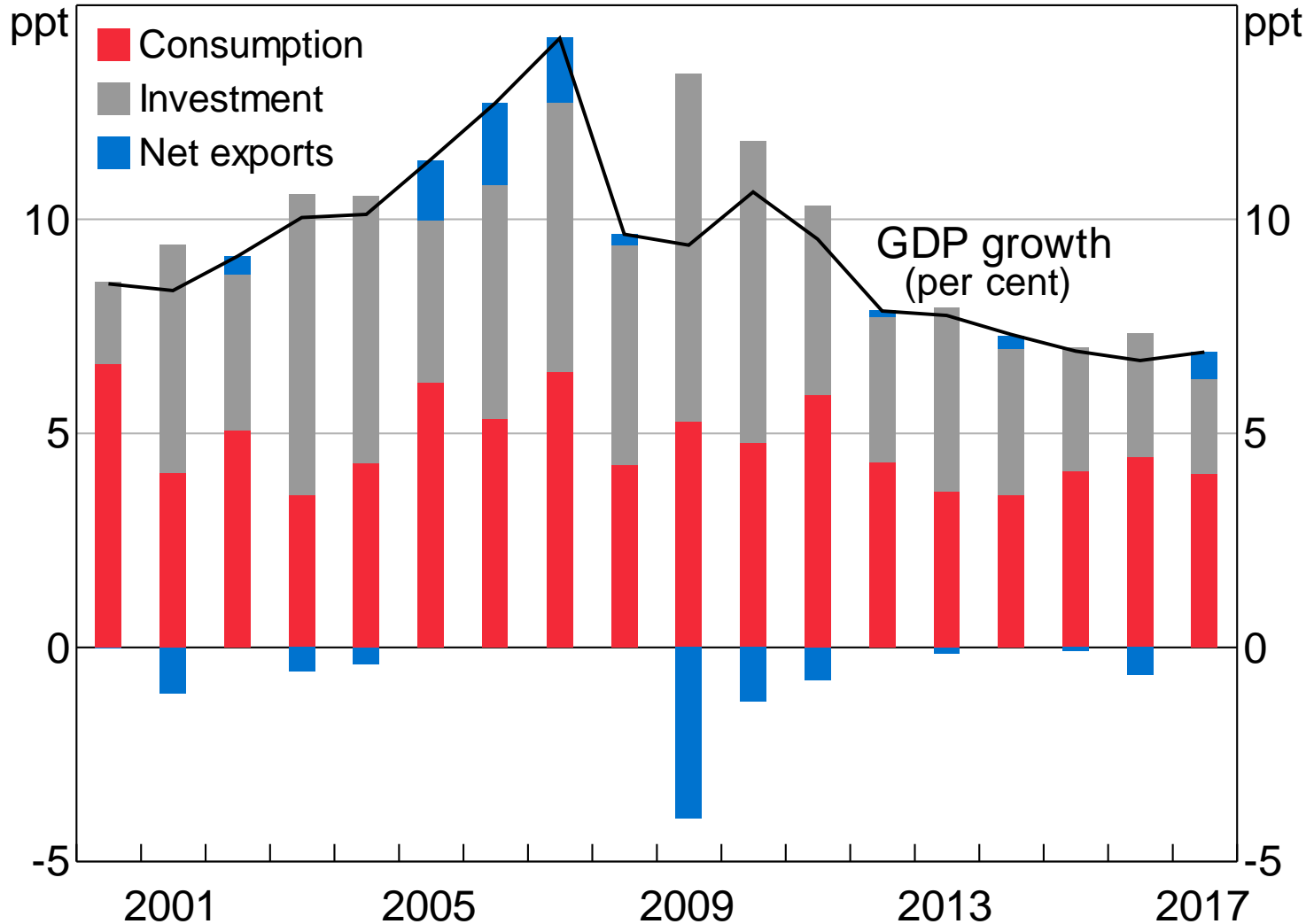
Labour Markets – Advanced Economies



* 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

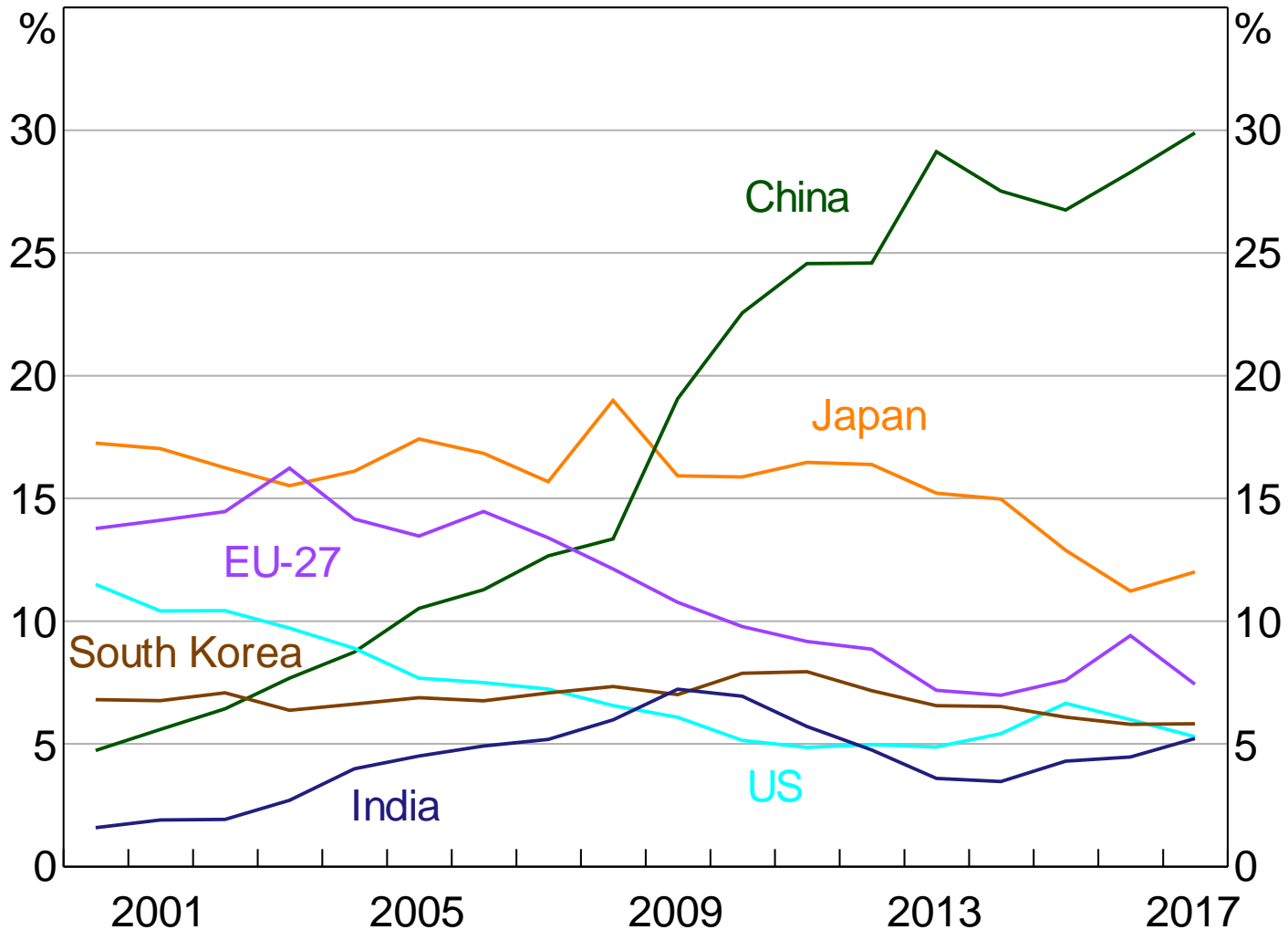
China – Contributions to GDP Growth



Sources: CEIC Data; RBA

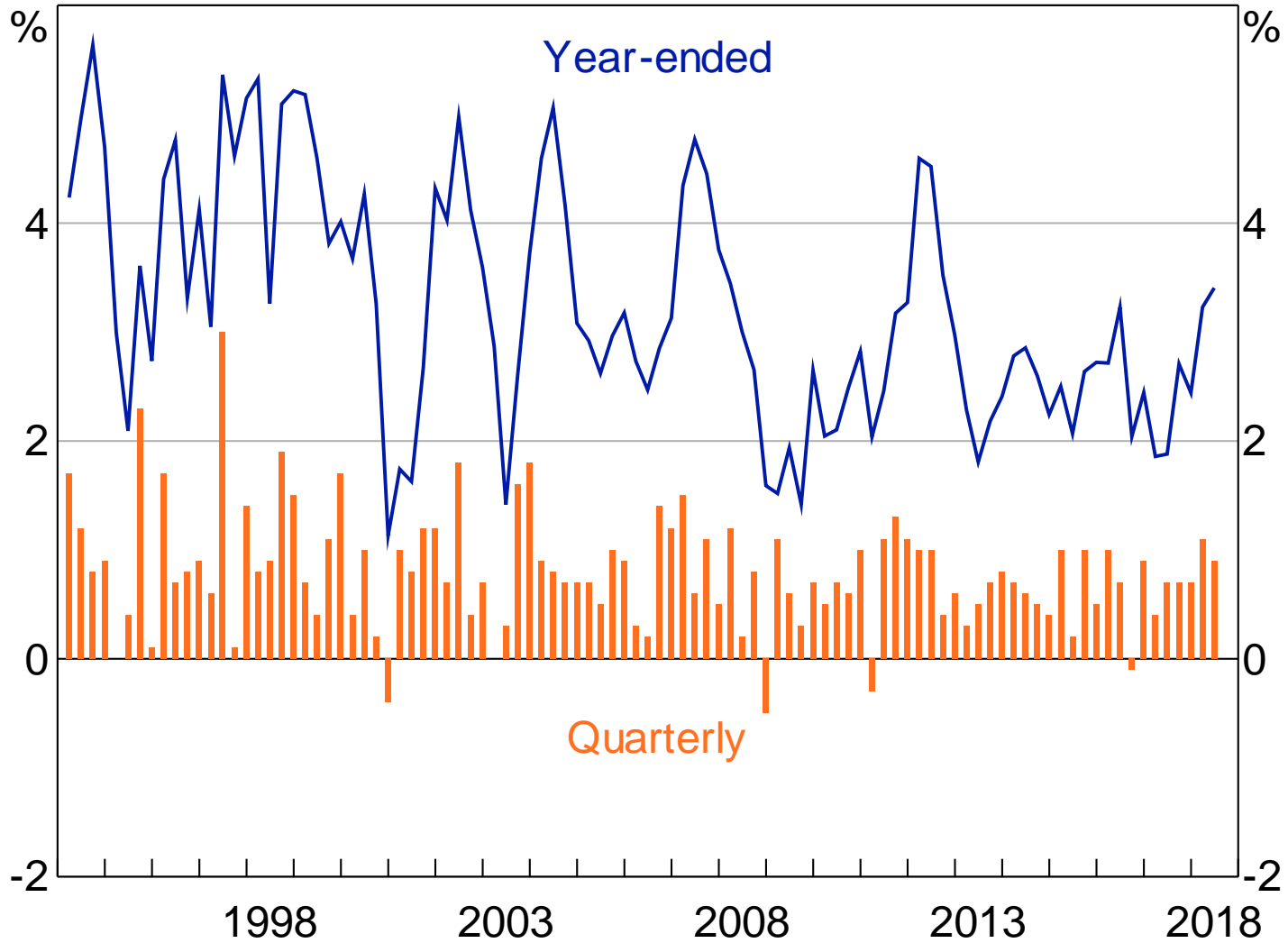
Exports by Destination

Annual, share of total values



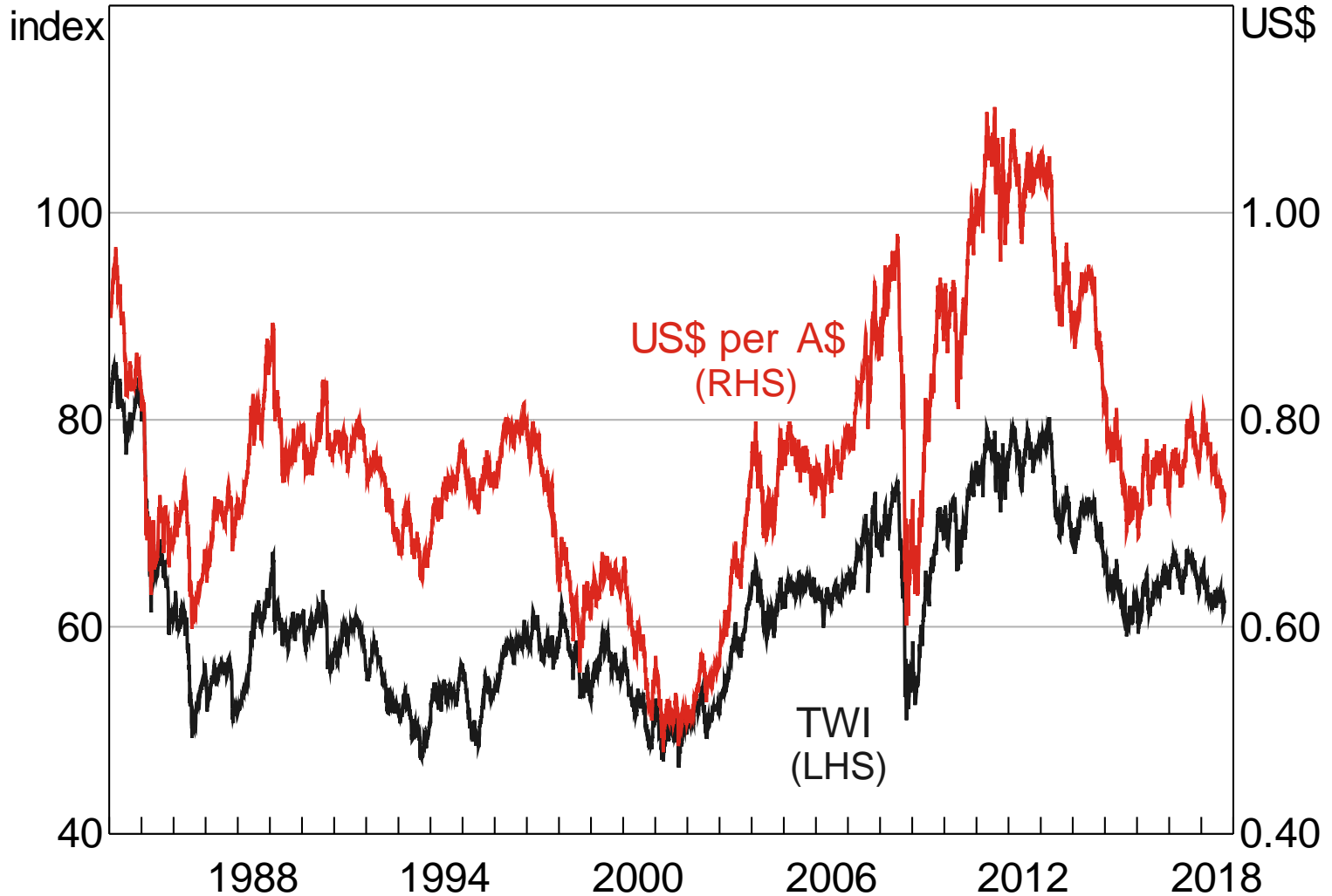
Source: ABS

GDP Growth



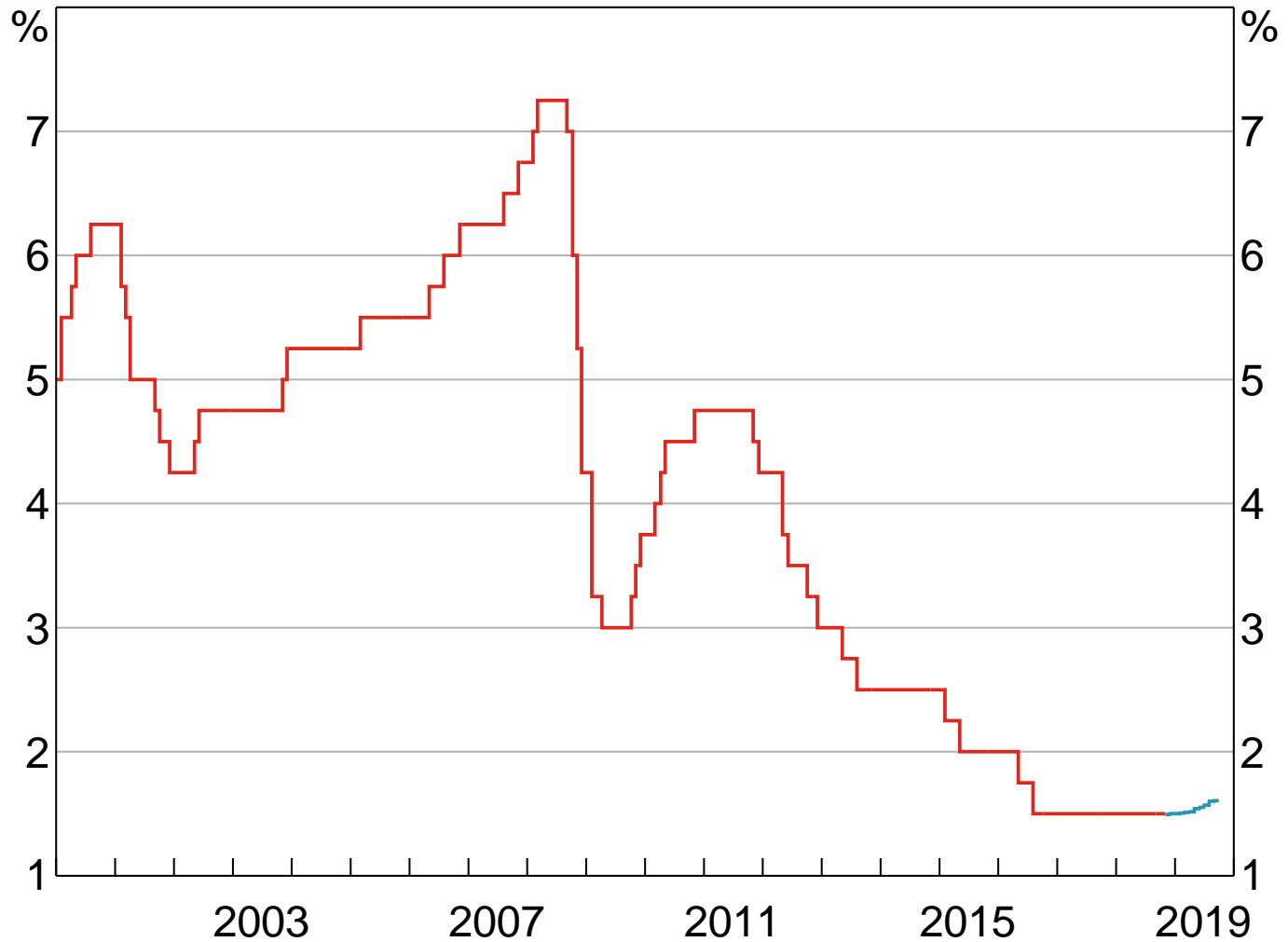
Source: ABS

Australian Dollar



Sources: Bloomberg; RBA; WM/Reuters

Cash Rate*

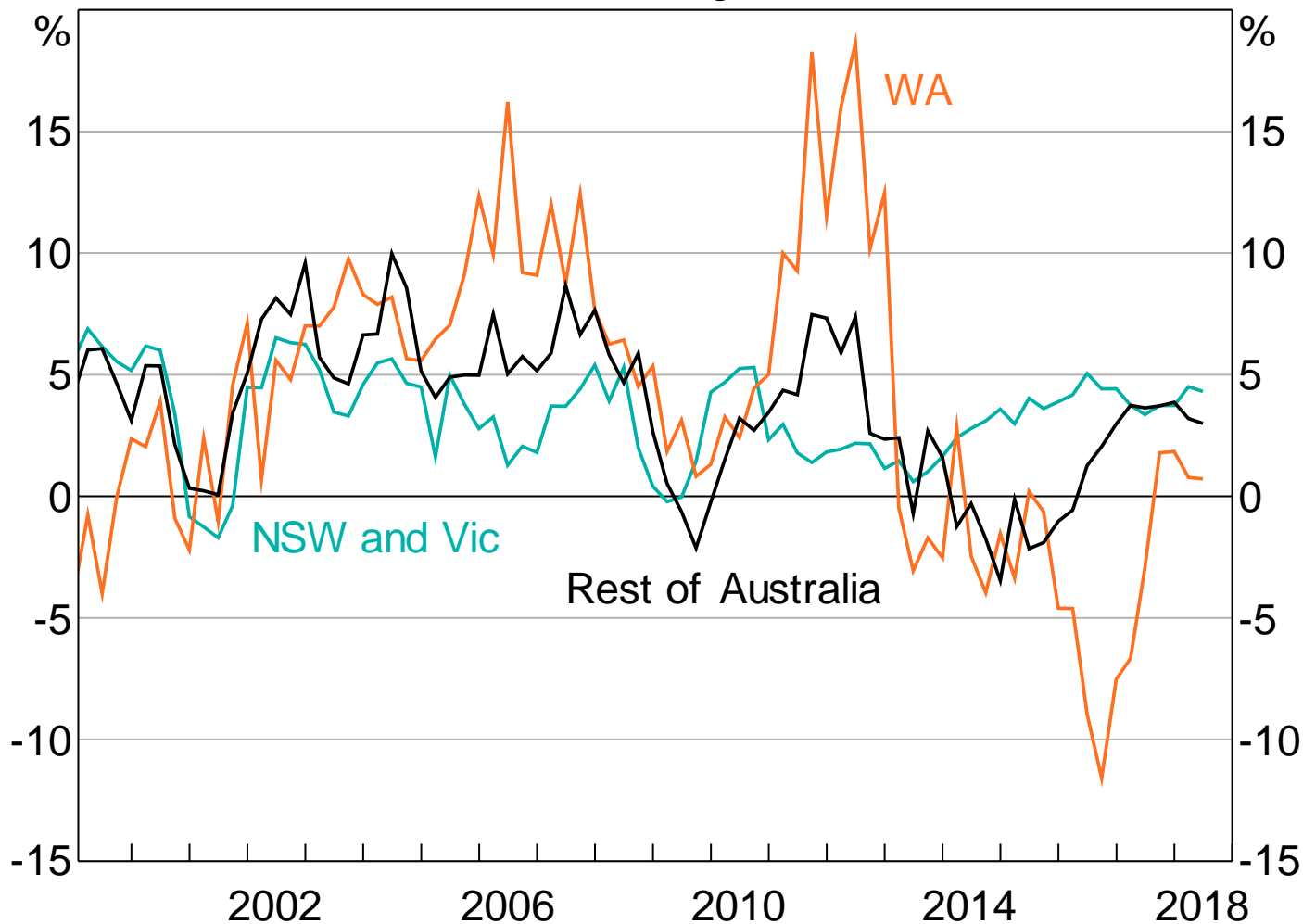


* Data from November 2018 onwards are expectations derived from interbank cash rate futures

Sources: ASX; Bloomberg

State Final Demand

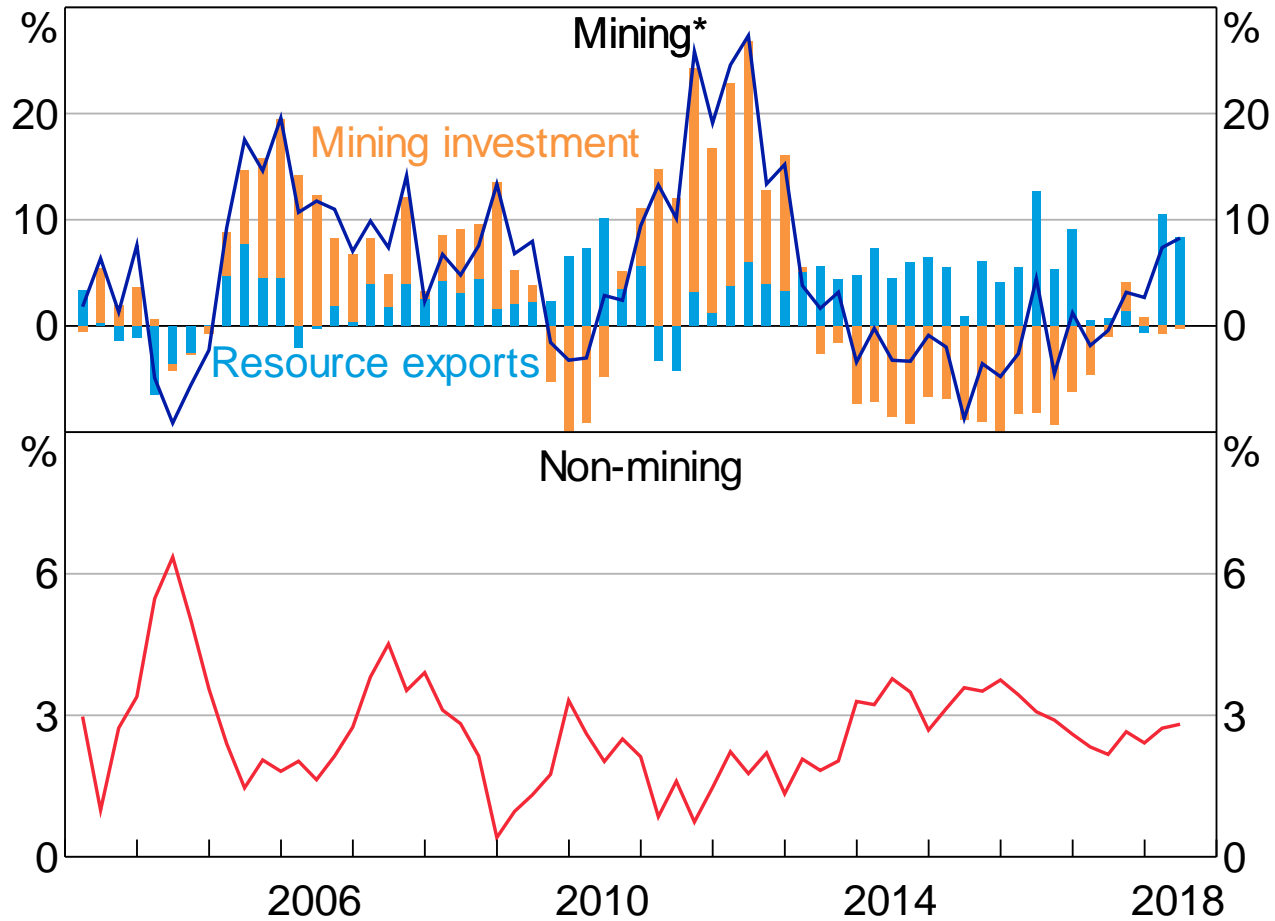
Year-ended growth



Sources: ABS; RBA

Mining and Non-mining Activity

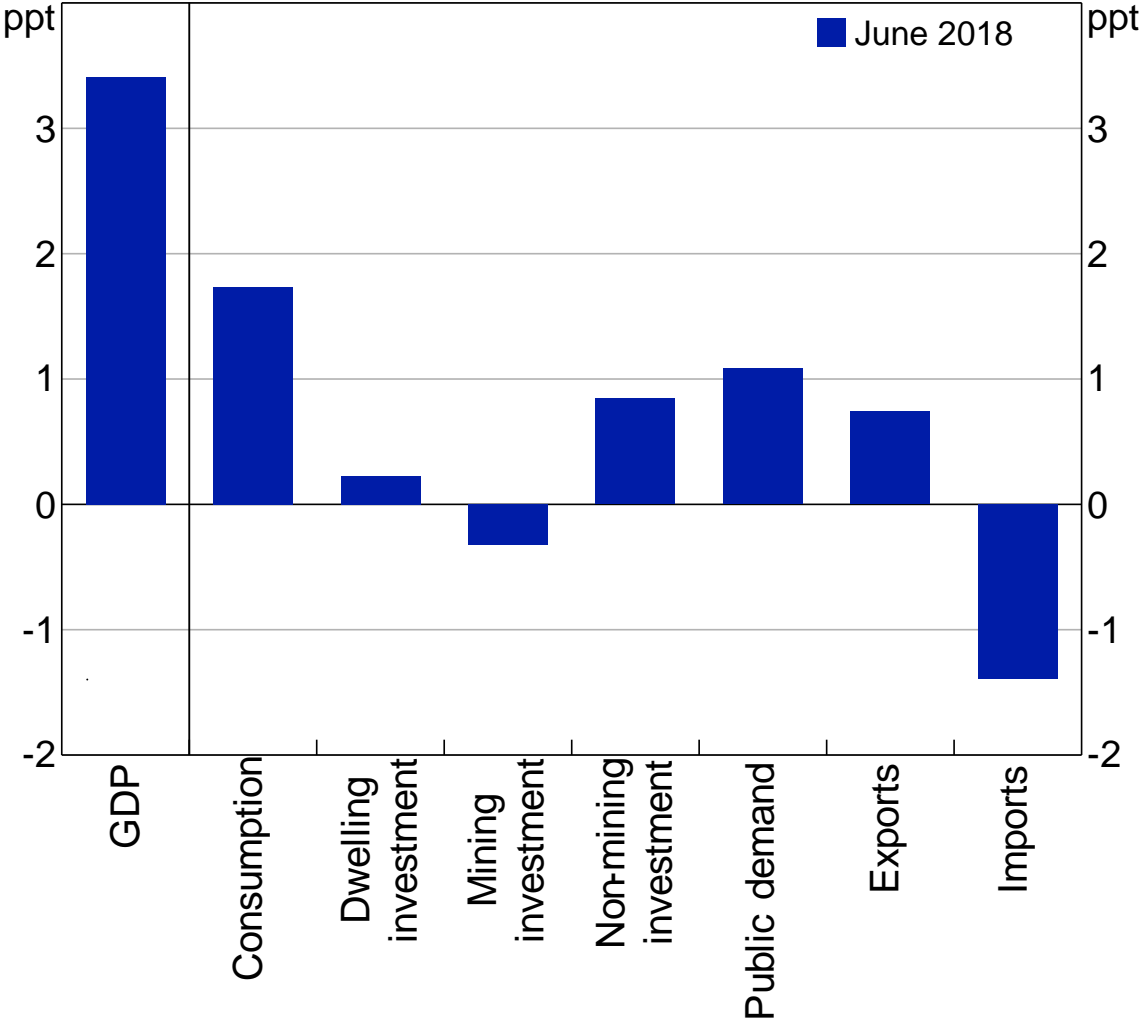
Year-ended growth, RBA estimates



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

Contributions to GDP Growth

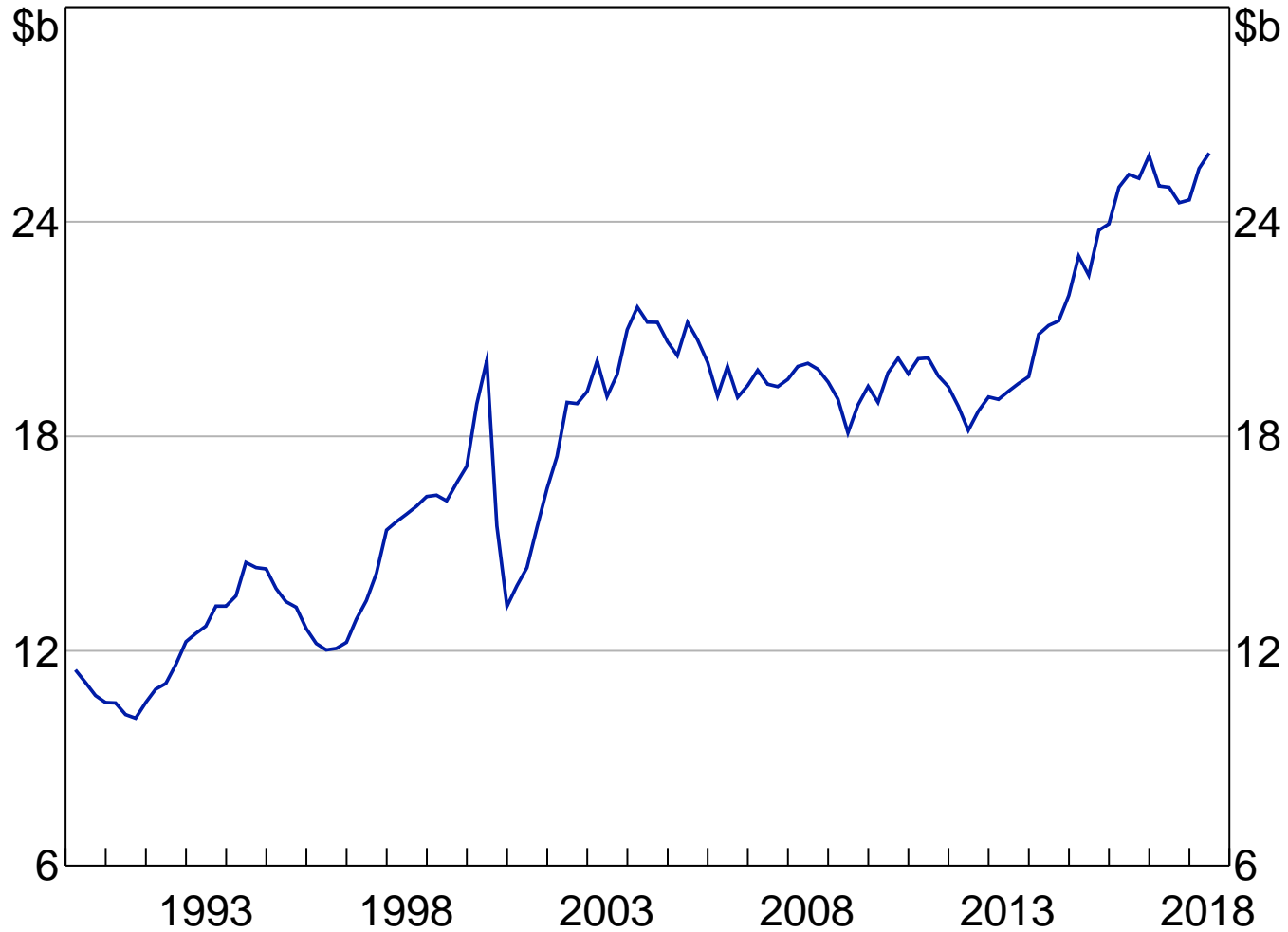
Year-ended



Sources: ABS; RBA

Private Dwelling Investment*

Chain volume, quarterly

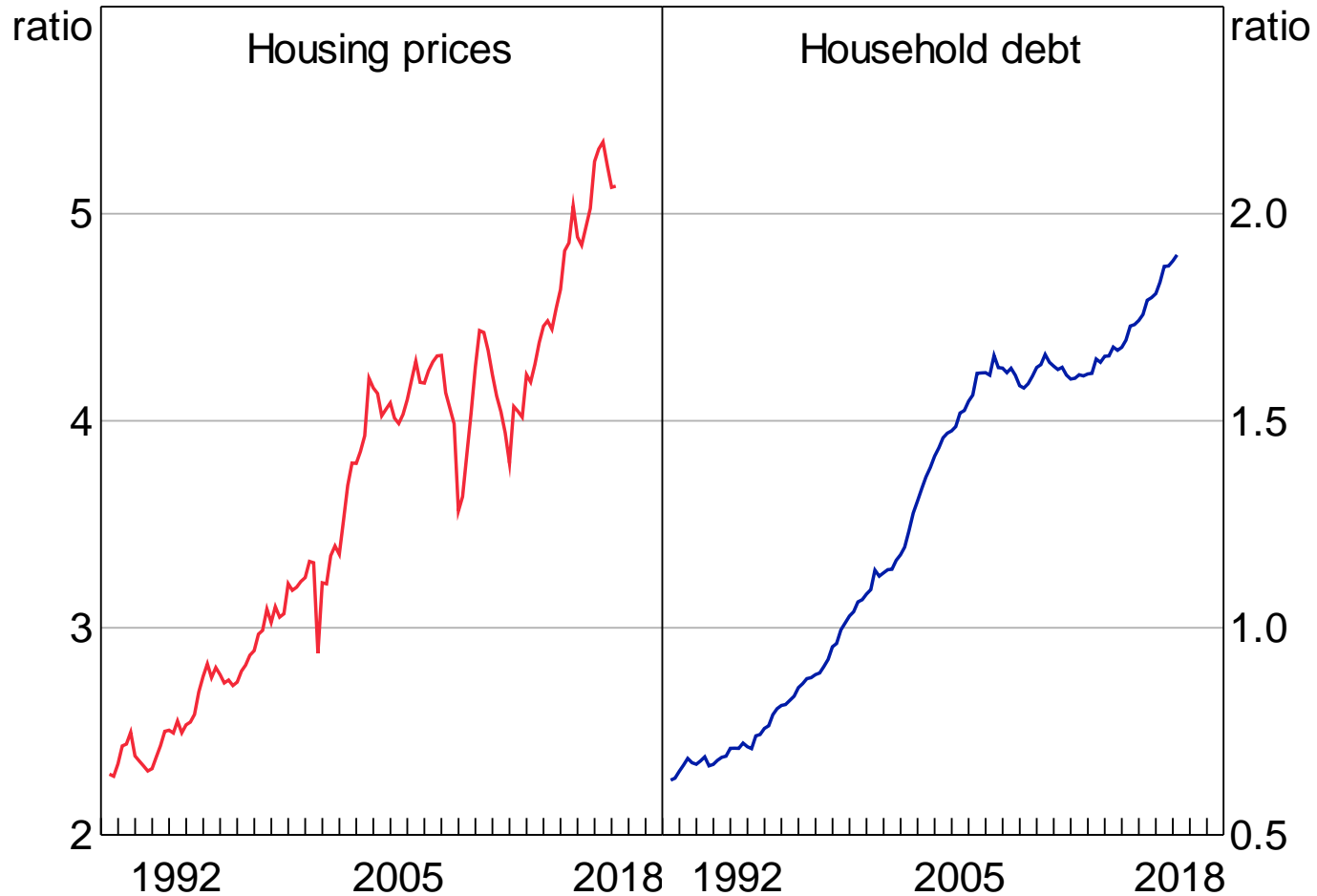


* Reference year is 2015/16

Source: ABS

Housing Prices and Household Debt*

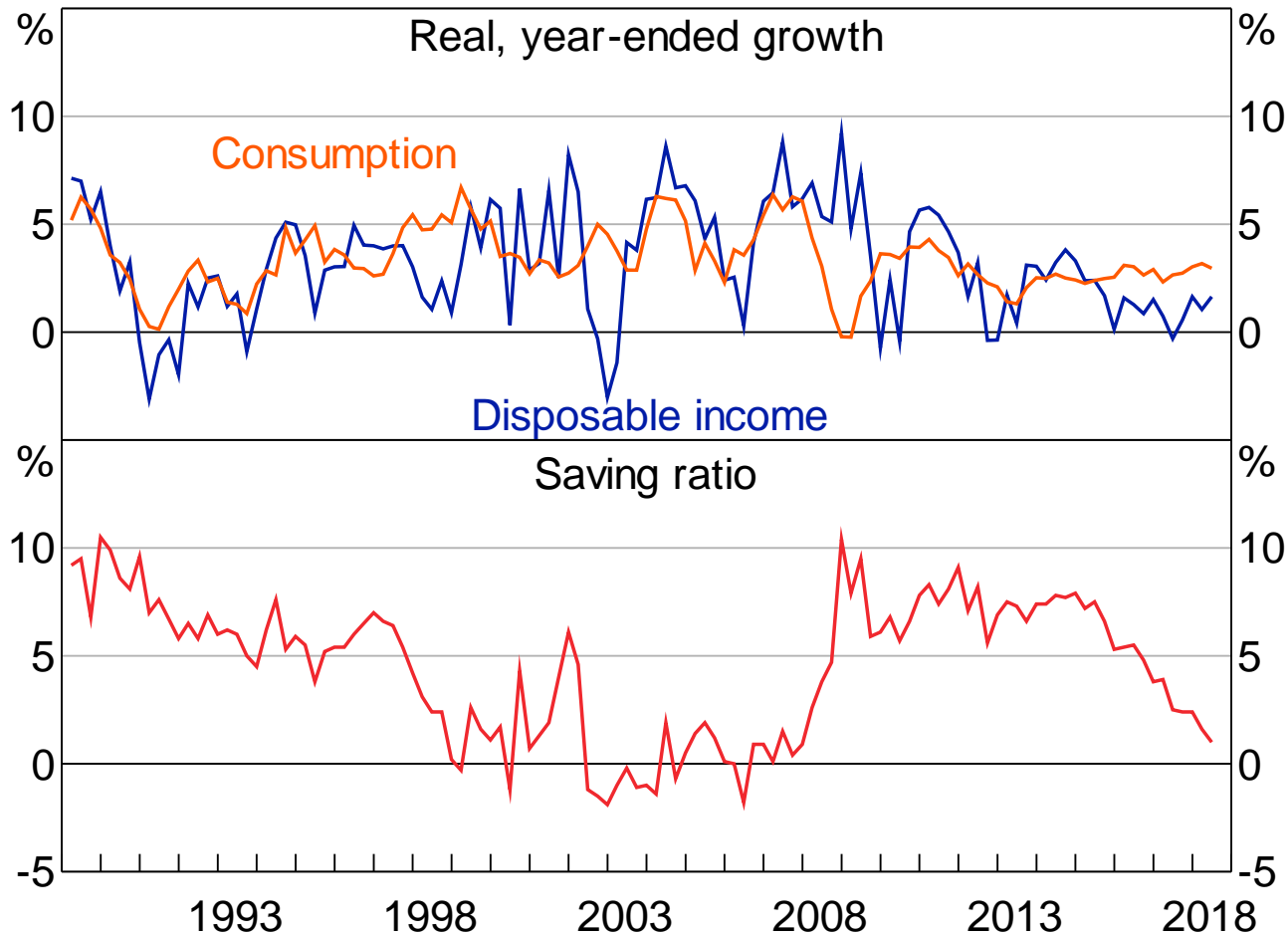
Ratio to annual household disposable income



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

Sources: ABS; APM; APRA; CoreLogic; RBA

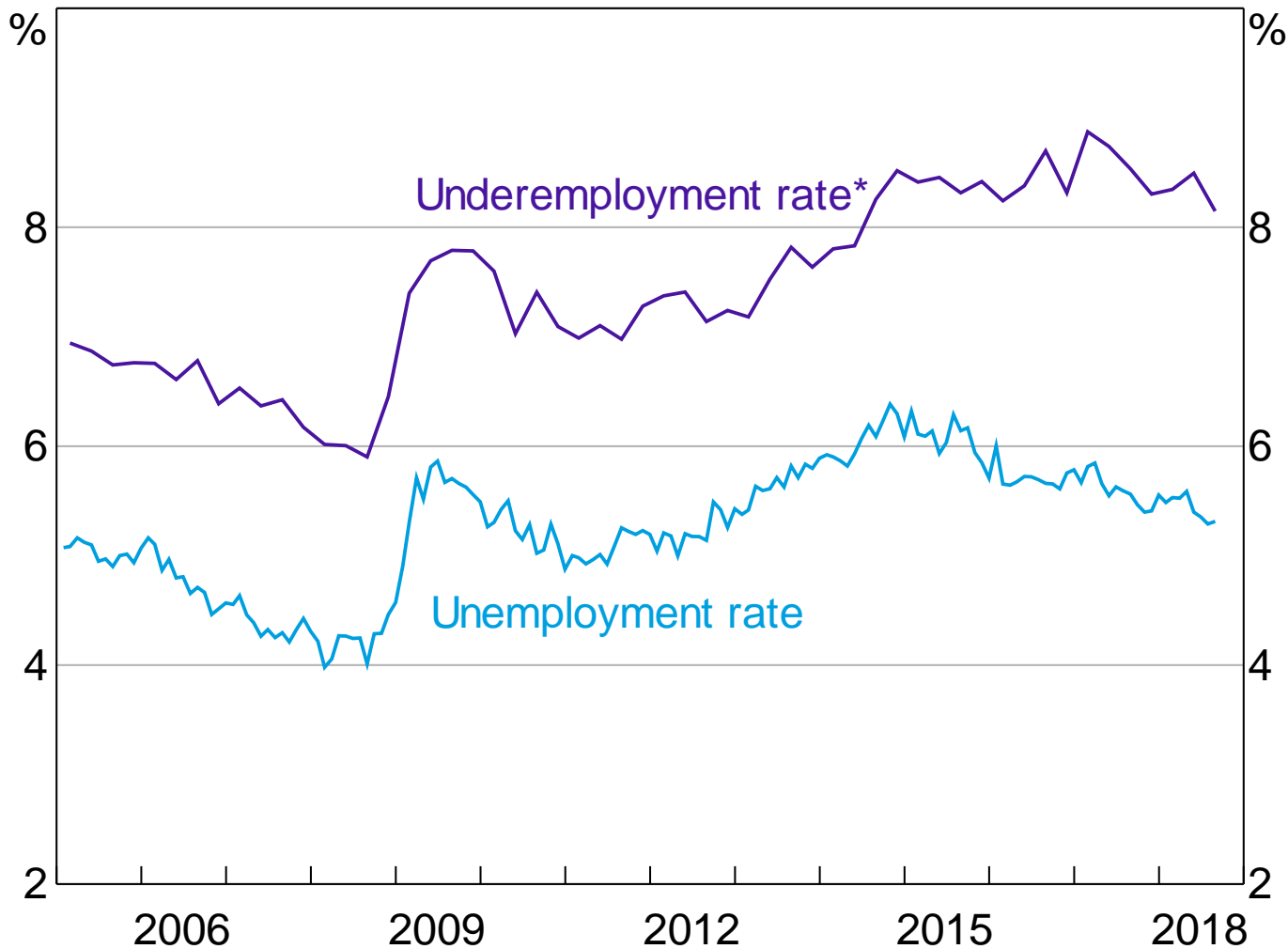
Household Income and Consumption*



* 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

Sources: ABS; RBA

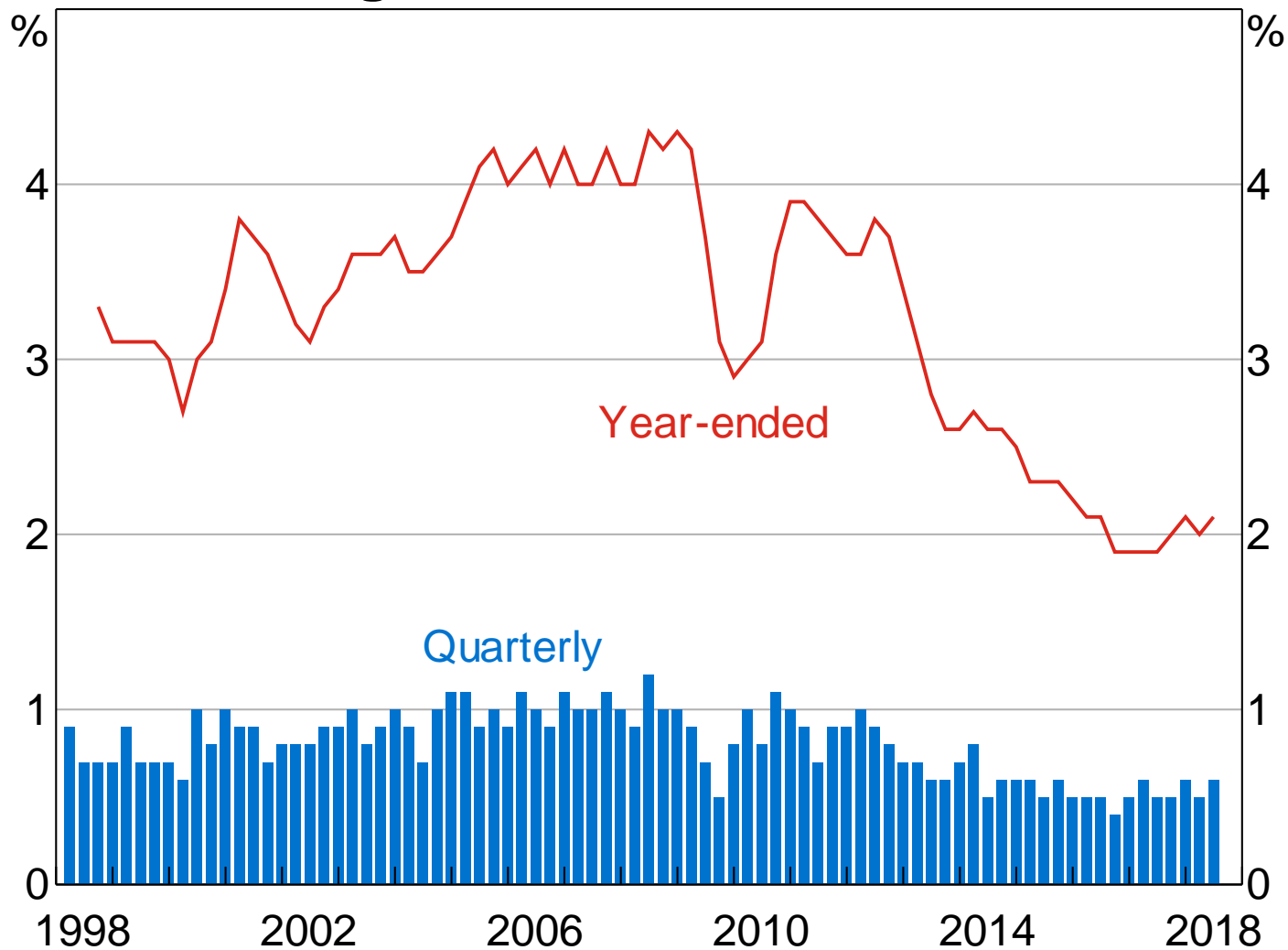
Labour Market



* 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

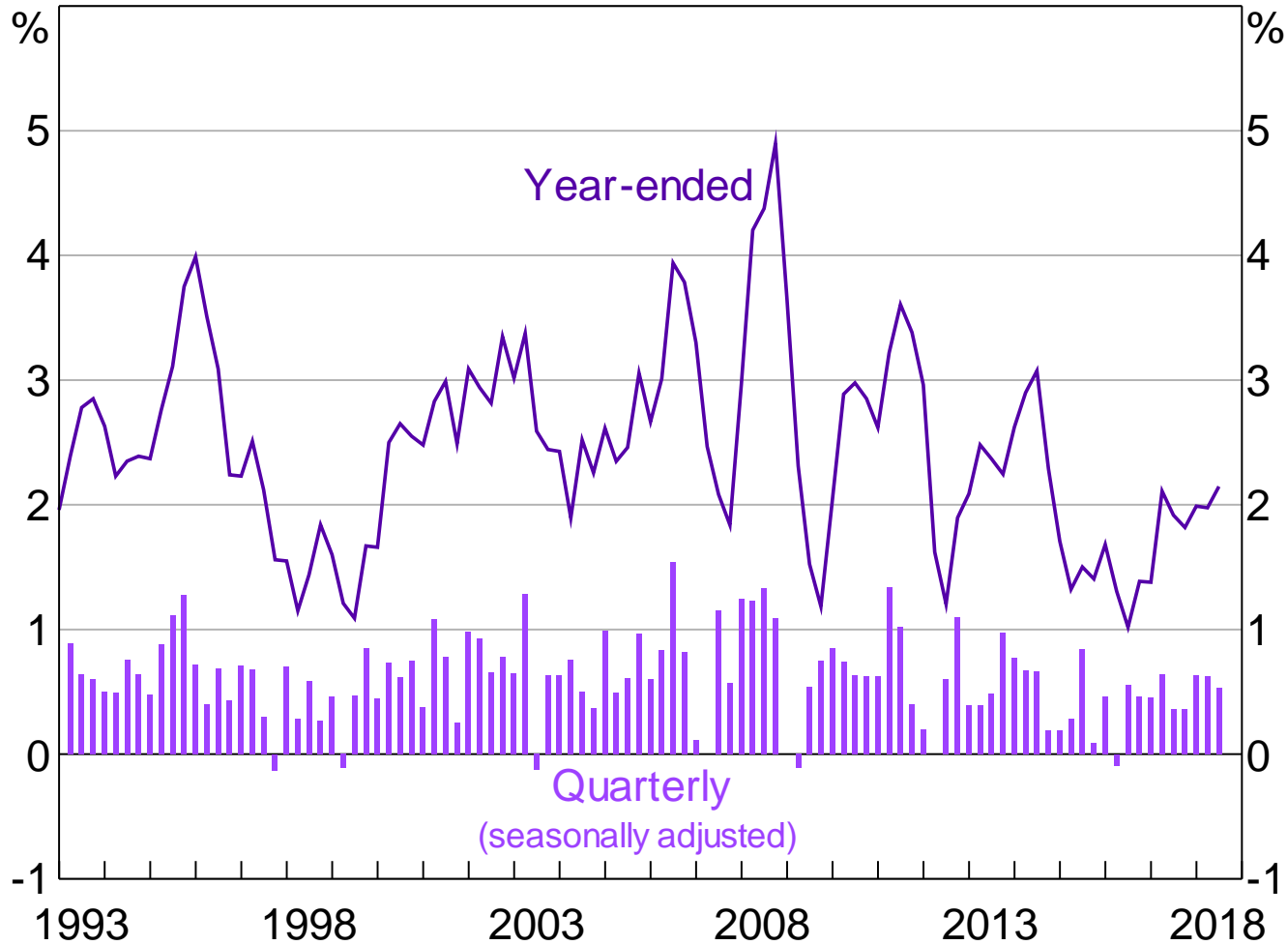
Wage Price Index Growth*



* Total pay excluding bonuses

Source: ABS

Consumer Price Inflation*

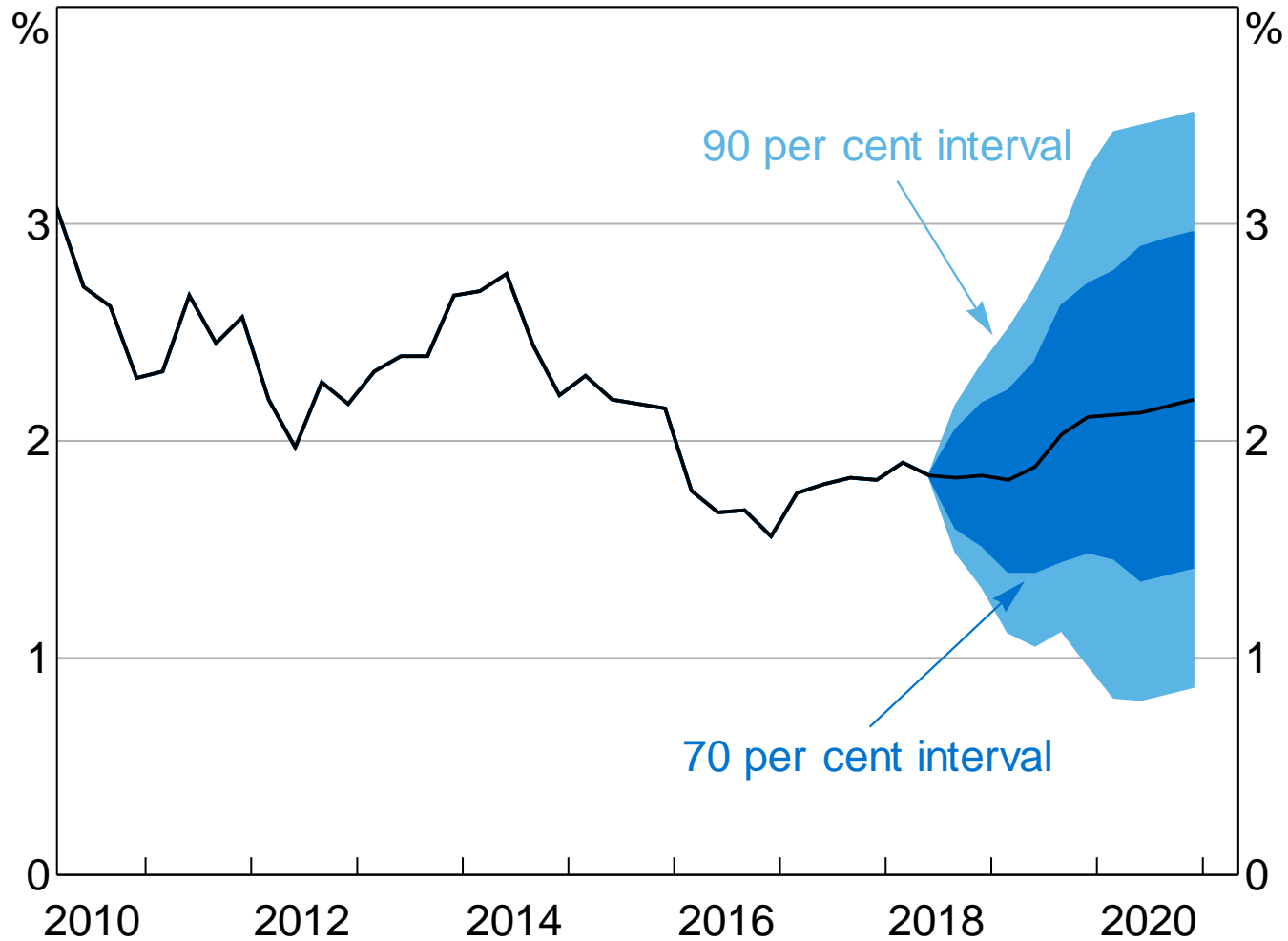


* Excluding interest charges prior to the September quarter 1998 and adjusted for the tax changes of 1999–2000

Sources: ABS; RBA

Trimmed Mean Inflation Forecast*

Year-ended

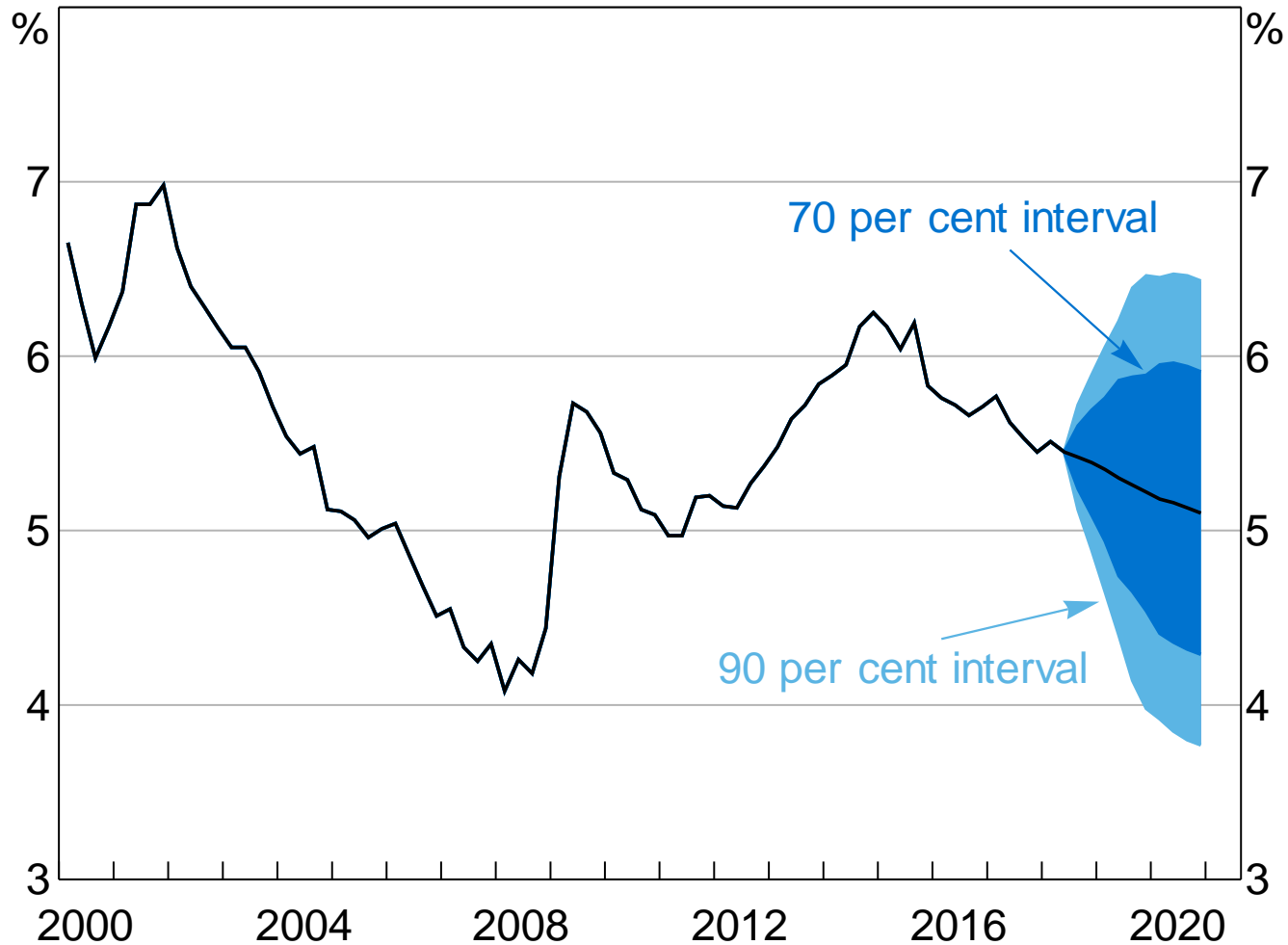


* Confidence intervals reflect RBA forecast errors since 1993

Sources: ABS; RBA

Unemployment Rate Forecast*

Quarterly



* Confidence intervals reflect RBA forecast errors since 1993

Sources: ABS; RBA

More Information



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