

CAMA RBA SHADOW BOARD – COMMENTS

SEPTEMBER 2023

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.

BESA DEDA

No comment.

BEGOÑA DOMINGUEZ

No comment.

MARIANO KULISH

The RBA should increase the cash rate at its next meeting. Monetary policy, while less expansionary than before, remains expansionary. With inflation running around 6 per cent, the real cash rate remains negative. Real rates for households and businesses are around zero as well. And the labour market continues to be quite tight. The exchange rate has recently depreciated as expectations of future monetary policy shifted in the United States. A weaker dollar will add to inflation. The RBA should now put more weight on the risks associated with doing too little: this is the risk of inflation taking a long time to return to target or of failing to return at all. At the moment, giving current inflation, low productivity growth, a weaker exchange rate, very high services inflation and negative real rates increasing the cash rate, in my view, is required.

GUAY LIM

No comment.

WARWICK MCKIBBIN

No comment.

JAMES MORLEY

No comment.

JOHN ROMALIS

No comment.

PETER TULIP

Incoming data on wages and prices was lower than expected while unemployment was higher than expected. So I have revised down the recommended path for the cash rate.

However, inflation over the forecast horizon remains too high, so further tightening is still desirable.