

Central Bank Overview: last meeting

CB	Date	Days	Event	Content	Market Reaction	Source
RBA	2023-07-04	24	Rates	Unchanged at 4.10% (vs. expectations of 50/50 and market pricing of 80/20 for a hold/hike)		
			Statement	<ul style="list-style-type: none"> * Reason for no change: 1) high uncertainty regarding the economic outlook, 2) past rate increases will continue working to bring supply and demand into balance, 3) more time to assess the impact of past hikes * Guidance unchanged: Some further tightening may be required to ensure inflation returns to target in a reasonable timeframe * Inflation has passed its peak but is too high and will remain for some time yet * The Board's priority is to return inflation to target within a reasonable timeframe * Growth has slowed, the labour market has eased but remains very tight, wages have picked up * Wage growth is still consistent with the inflation target if productivity growth picks up * The Board remains alert to the risk of inflation expectations contributing to price and wage increases * Expects the economy to grow even as inflation returns to target (previously: seeking to keep the economy on an even keel), the path to achieving this is narrow 	AUD lower, 2s10s bull steepening	x
	2023-07-18	10	Minutes	<ul style="list-style-type: none"> * Members noted that inflation in Australia remained very high, despite a decline in prior months, and was currently not expected to return to the top of the target range until mid-2025. * The housing market had stabilised, with housing prices rising once again. The tightening of monetary policy was still working its way through the economy, including as fixed-rate loans matured. * Members discussed two options for monetary policy at this meeting: increasing the cash rate by a further 25 basis points; or holding the cash rate unchanged. * Case for a 25 bps hike: inflation was forecast to remain above target for an extended period, weak productivity was contributing to strong growth in unit labour costs, tight labour market, policy rate in Australia was still lower than elsewhere, other countries' experiences with upside risks to inflation. * Case for a hold: inverted yield curve, lags in transmission of monetary policy, demand for labour also responds with a lag. * Members agreed that some further tightening may be required to bring inflation back to target within a reasonable timeframe. 	AUD mostly sideways, 2s10s bear flattening later in the day	x
RBA	2023-06-06	52	Rates	Hike by 25 bps (vs. expected hold) to 4.10%		
			Statement	<ul style="list-style-type: none"> * Guidance remains unchanged: Some further tightening may be required but that will depend on how the economy and inflation evolve * Inflation has passed its peak but is still too high, today's increase in the policy rate will provide greater confidence that it will return to target in a reasonable timeframe * Recent data indicate that the upside risks to the inflation outlook have increased * The Board remains alert to the risk of inflation expectations contributing to larger price and wage increases 		
	2023-06-20	38	Minutes	<ul style="list-style-type: none"> * Inflation had passed its peak but remained well above target and was forecast to return to the top of the target range only by mid-2025 * Members discussed two options: increasing the cash rate by 25 basis points; or holding the cash rate unchanged * The case for raising the cash rate by a further 25 basis points focused on the increased risk that inflation would take longer to return to target than had been expected * Members concluded that the balance of risks on inflation had to the upside compared with a month earlier * The case for holding the cash rate unchanged at this meeting rested on the slowing in the economy and the possibility that the significant increases in interest rates to date would lead to the economy slowing more sharply than expected * The scale of increase in the cash rate over the preceding year, lags in the transmission of monetary policy through the economy and the large number of fixed-rate loans scheduled to expire over coming months would see financial conditions tighten further * Members discussed the possibility of holding the cash rate unchanged at this meeting and then reconsidering at subsequent meetings, with the benefit of additional data * Members recognised the strength of both sets of arguments, concluding that the arguments were finely balanced * The recent data suggested that inflation risks had shifted somewhat to the upside; given this shift and the already drawn-out return of inflation to target, the Board judged that a further increase in interest rates was warranted. 	AUD sharply lower, bull steepening of the 2s10s; the market wasn't happy with the "finely balanced" part of the decision	x

FX	Date	LON	Data	Act	Exp	Prev	Reaction
AUD	Mon 03.07.23	02:00	MI Inflation Gauge m/m	0.1		0.9	AUD weaker
		02:30	ANZ Job Advertisements m/m	-2.5		0.1	AUD briefly higher
			Building Approvals m/m	20.6	3.1	-8.1	
	Tue 04.07.23	05:30	RBA Rate Statement				AUD briefly lower
	Wed 05.07.23	02:30	Retail Sales m/m	0.7	0.7	0.7	AUD unchanged
	Thu 06.07.23	02:30	Trade Balance	11.79	10.85	11.16	AUD stronger
	Tue 11.07.23	01:30	Westpac Consumer Sentiment	2.7		0.2	AUD briefly higher
		02:30	NAB Business Confidence	0		-4	AUD lower
	Thu 13.07.23	02:00	MI Inflation Expectations	5.2		5.2	AUD sideways
	Tue 18.07.23	02:30	Monetary Policy Meeting Minutes				AUD sideways overall
	Wed 19.07.23	01:30	MI Leading Index m/m	0.1		-0.3	AUD weaker
	Thu 20.07.23	02:30	Employment Change	32.6	15.4	75.9	AUD kneejerk higher
			NAB Quarterly Business Confidence	-3		-4	
			Unemployment Rate	3.5	3.6	3.6	
	Mon 24.07.23	00:00	Flash Manufacturing PMI	49.6		48.2	AUD lower
			Flash Services PMI	48.0		50.3	
	Wed 26.07.23	02:30	CPI q/q	0.8	1.0	1.4	AUD sharply lower
			CPI y/y	5.4	5.4	5.6	
			Trimmed Mean CPI q/q	0.9	1.1	1.2	
	Fri 28.07.23	02:30	PPI q/q	0.5	0.9	1.0	AUD weaker
Retail Sales m/m			-0.8	0.0	0.7		

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<i>Days ago</i>	<i>Date</i>	<i>Speaker</i>	<i>Bias</i>	<i>Relevant Points</i>
16	12.07.23	Lowe		It remains to be determined whether there is more work to be done on monetary policy, possible that some further tightening is required, very conscious that policy operates with a lag and full effects have yet to be felt, from 2024 the RBA Board will meet eight times a year compared with 11 times currently, the governor will hold a press conference after each policy meeting to explain the decision.