



# Dashboard Dana Hyland

Phone 9482 3111 Email shane.wright@wanews.com.au



WA Chamber of  
Commerce and  
Industry manager of  
policy and economics.

smart money for smart business



debtorfinance.com

## Benign CPI but rates will stay

Last week saw the release of the important **Consumer Price Index** data for Australia, with both headline and core rates of inflation coming in below market expectations.

While the benign result shows that the **Reserve Bank** has scope to cut interest rates further — many commentators believe that there will be another cut before mid-year — the bank has been at pains to point out that the cash rate is at an “appropriate” level for current conditions.

From CCI’s perspective, we believe that rates will likely stay on hold for now. However, we will have to wait a few weeks until the Reserve board meets again to see whether our predictions hold true.

In the meantime, there is a raft of partial indicators to be released this week that will help form a more complete picture of conditions in the Australian economy.

Tuesday sees the release of the

**Reserve Bank’s monthly credit aggregates**, which will likely show households and businesses still remain reluctant to take on new debts.

The local housing market will again come into focus this week, with Wednesday’s release of the **Housing Industry Association’s monthly established home sales data**, while Thursday sees the release of the **Australian Bureau of Statistics monthly building approvals**. Indicators of the WA housing market have been more positive the past few months, and we will be looking for a continuation of this trend next week.

Offshore, monetary policy will be the focus this week with central banks meeting in a number of **G7** countries. Early Thursday morning Perth time, the **US Federal Reserve** announces the outcome of its **monthly policy meeting**. Economists will be poring over the minutes for hints of an “exit strate-

gy” from the Fed’s significant monetary stimulus. Also on Thursday, the minutes of the April meeting of the **Bank of Japan’s monetary policy committee** will be released, and give insights into Governor Kuroda’s decision to embark on the biggest stimulus activity in history.

Topping off a busy day, the **European Central Bank** meets in the evening. This is a potentially important meeting, with markets speculating the ECB could reduce interest rates to stimulate languishing economies in the region.

From a data perspective, the key release will be on Friday evening in the **US: non-farm payrolls**. The “non-farms”, as they are colloquially known, reflect the pulse of hiring activity in the US economy, and take on added significance following the release of a strong first estimate of US GDP in the March quarter last Friday.

### WHAT THE EXPERTS SAY



What we are continuing to see is very low increases and in fact declines in prices of many internationally traded goods. That’s partly because of the high value of the currency, but it also reflects the intense competition occurring in retailing.

**RBA deputy governor Philip Lowe**



The weakness in prices for things like furniture and household appliances also tells us that underlying demand in the economy remains weak and that companies lack pricing power.

**Shane Oliver, AMP Capital**



Households still remain cautious in their spending and borrowing behaviours. This is likely to keep demand for housing somewhat contained.

**Alan Oster, NAB chief economist**





## BUSINESS DIARY

### Today

Perth: BC Iron quarterly report. Canberra: Insolvency and Trustee Service Australia annual personal insolvency by postcode data report. Sydney: C5 Anti Corruption Australia Forum (day 1 of 2). Drillsearch Energy quarterly report. Melbourne: Senate Economics Legislation Committee public hearing into the development and operation of the Minerals Resource Rent Tax with presentations by BHP Billiton, Rio Tinto, Xstrata and Minerals Council of Australia. Adelaide: PayDirt's 2013 uranium conference.

### Tomorrow

Perth: Aurora Oil & Gas first-quarter update. Sydney: Reserve Bank of Australia financial aggregates for March. Quarterly reports: AWE, Infigen Energy, Origin Energy, Whitehaven Coal. Melbourne: ANZ half-year results. **Dividends payable:** Interim: Brookfield Prime 2¢ uf, Cabcharge 18¢ ff, Cadence Capital 5¢ plus 1¢ special ff, Cedar Woods 11¢ ff, Clime Capital 1¢ ff, Clover Corporation 0.5¢ ff, Envestra 3¢ uf, Legend Corporation 0.6¢ ff, Tasmania Mines 6¢ ff, Vealls Income 5.2¢ ff, WAM Capital 6¢ ff, Webster 1¢ ff.

### Wednesday

Sydney: The Australian Industry Group performance of manufacturing index (PMI) for April. Speech by RBA assistant governor (financial system) Malcolm Edey to the Thomson Reuters Regulatory Summit. RBA index of commodity prices for April. Housing Industry Association new home sales for March. RP Data/Rismark home prices (April). Melbourne: Mineral Deposits annual meeting. **Dividends payable:** Interim: Alacer Gold 22.85¢ uf, New Hope Corporation 6¢ ff, Transfield Services 3¢ uf. Final: Ausenco 10.1¢ pf.

### Thursday

Perth: Tempo Australian annual meeting. Sydney: Australian Bureau of Statistics building approvals for March. ABS International trade price indexes for the March quarter. Annual meetings: APN News & Media, Hutchison Telecommunications, GPT Group, Oriental Technologies. Melbourne: IRESS annual meeting. Australian Council of Superannuation Investors annual conference. Brisbane: Ausenco annual meeting. **Dividends payable:** Interim: Aberdeen Leaders 2¢ ff.

### Friday

Sydney: ABS producer price indexes for the March quarter. Australian Industry Group/Commonwealth Bank Australian Performance of Services Index (PSI) for April. Macquarie Group full-year results. Westpac half-year results. Melbourne: Alumina annual meeting. Style annual meeting. **Dividends payable:** Interim: CTI Logistics 3.5¢ ff, ILH Group 0.2¢ ff. \*ff=fully-franked, pf=partly-franked, uf=unfranked