Monetary Policy Recommendation Statement

2 April 2012

James Morley

Recommended Target (X=4.25%)	
target rate	probability
X+75bp	0
X+50bp	0
X+25bp	0.3
X	0.5
X-25bp	0.2
X-50bp	0
X-75bp	0

Conditions Largely Unchanged

Conditions remain largely unchanged from last month. The overall balance of risks still points to raising rates back to their neutral level over the next six to twelve months. However, there is a small, but nontrivial risk that rates would have to be cut further if aggregate economic conditions were to show clear signs of deteriorating. The inflation outlook remains balanced and within the target range.

James Morley is a Professor of Economics at the University of New South Wales and a member of the Shadow RBA Board. This statement reflects the views of its author only and does not necessarily reflect the views of other Shadow RBA Board members or any institution the author is affiliated with.