

Monetary Policy Recommendation Statement

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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 Still Balanced, Less Risk

The outlook for domestic and international economic conditions remains fairly balanced, with less imminent risk of a large change in direction of the Australian economy than a month ago. Therefore, my recommendation puts the most weight on holding rates steady, but has some weights on incremental raising or lowering. The higher weight on raising continues to reflect the need to return the policy rate its neutral level over the medium term.

Please see this and previous comments at

http://research.economics.unsw.edu.au/jmorley/Main/Monetary_Policy_Statements.html

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.