

# Current Economic Conditions

October 2006



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Reserve Bank of Australia

## Cash Rate



Source: RBA

# Monetary Policy

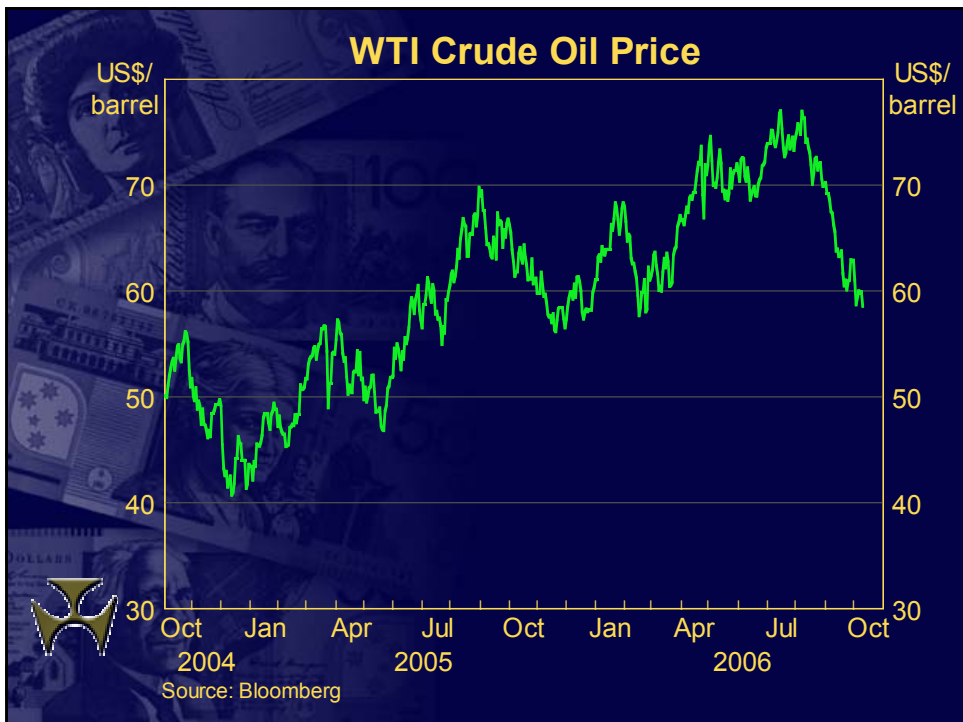
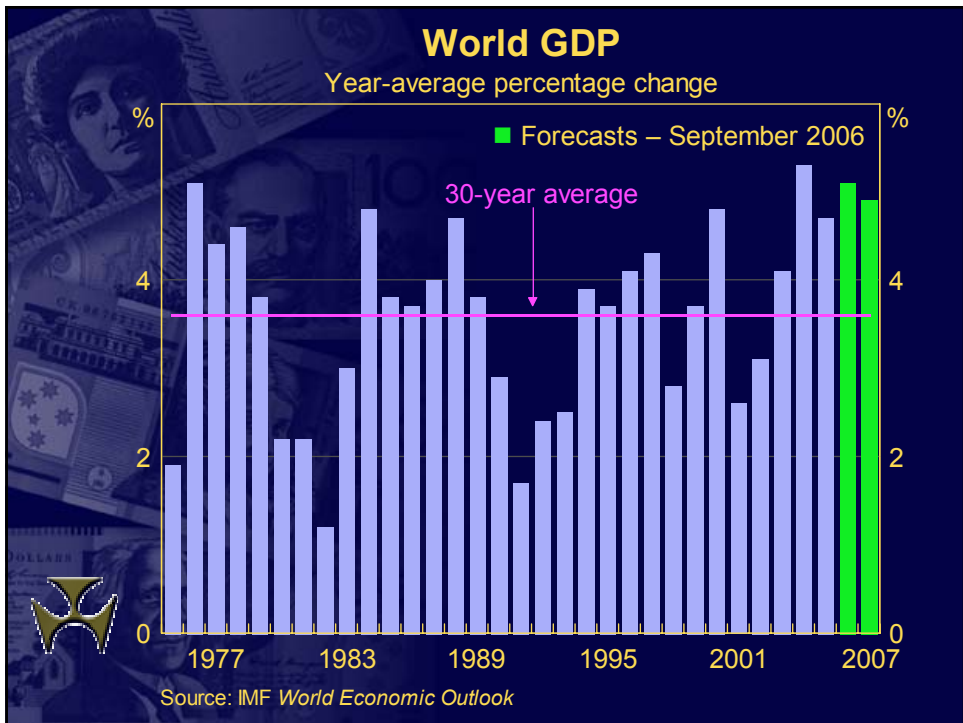
## main messages

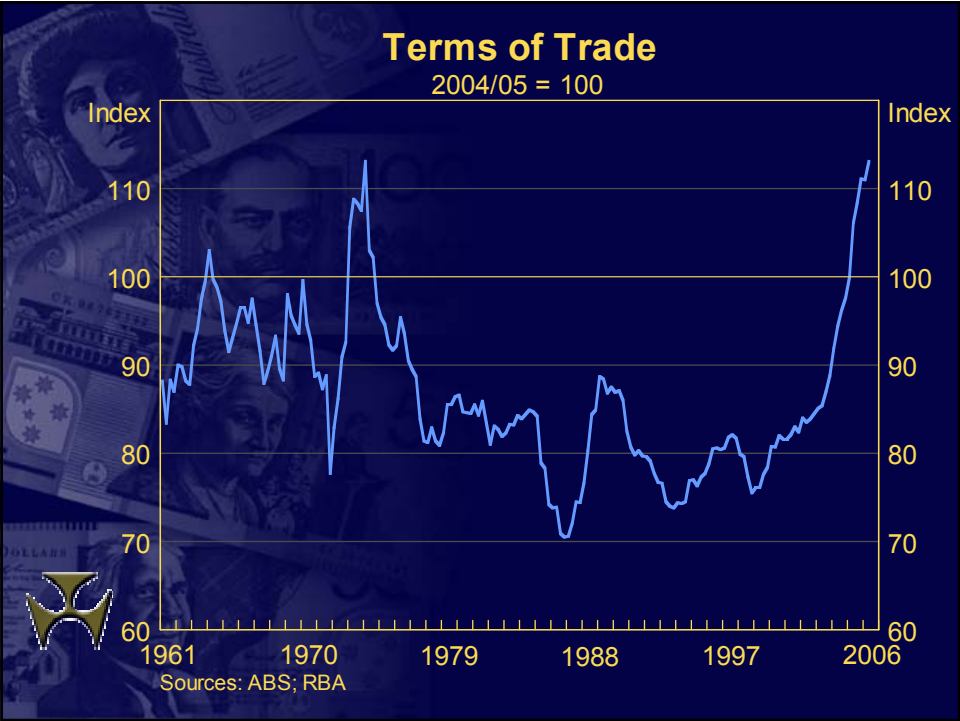
- The world economy is strong.
- Commodity prices remain at high levels.
- Domestic demand continues to grow, and capacity is tight.
- Underlying inflation is drifting up, and is close to 3 per cent.
- The Board responded to growing inflationary pressures by raising the cash rate.



Global environment  
strong ...



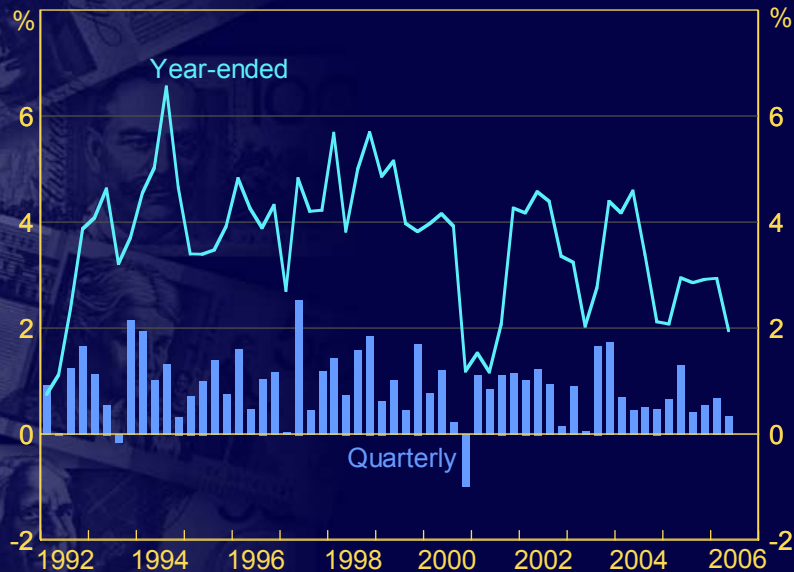




Our economy continues to grow...

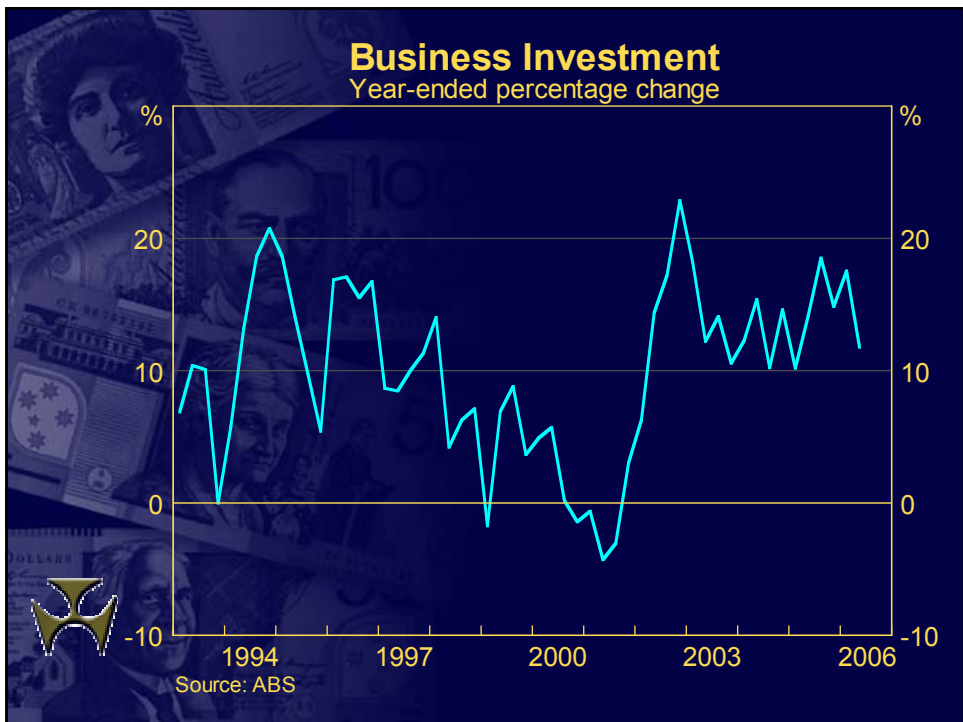
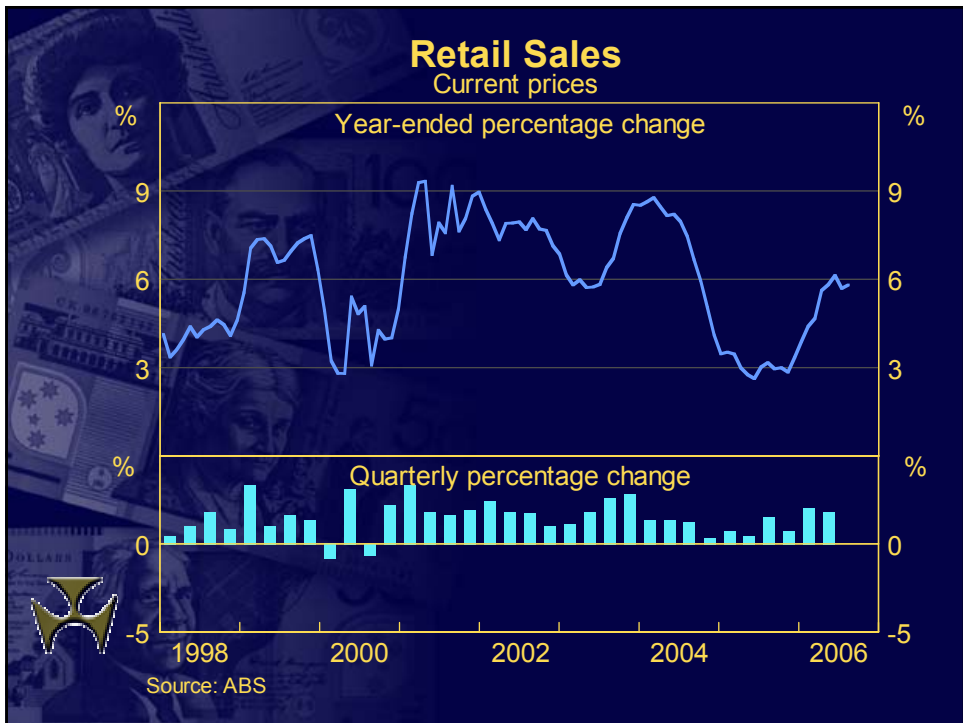


### GDP Growth

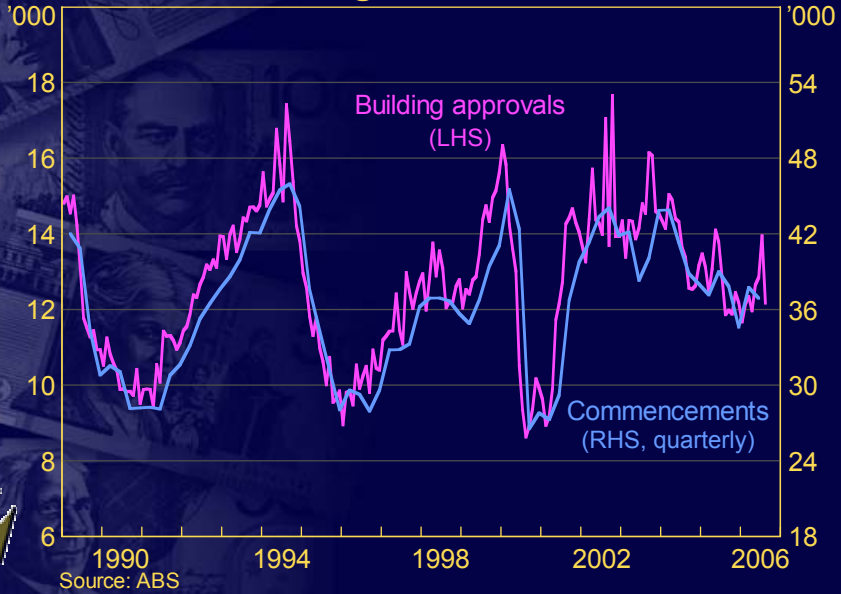


Source: ABS





## Housing Construction



## Housing Credit Growth\*

Six-month-ended annualised percentage change



\* Growth rates for investors and owner-occupiers are estimated from bank data prior to April 2003 and from on-balance sheet loans of all financial intermediaries thereafter; includes securitised loans.

Source: RBA

# External sector recovering...



## Exports

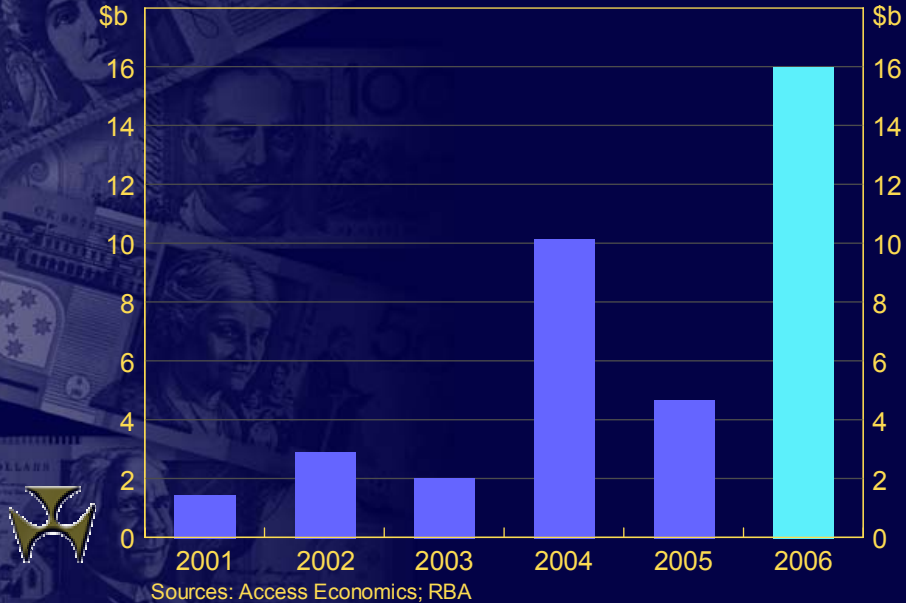


Source: ABS

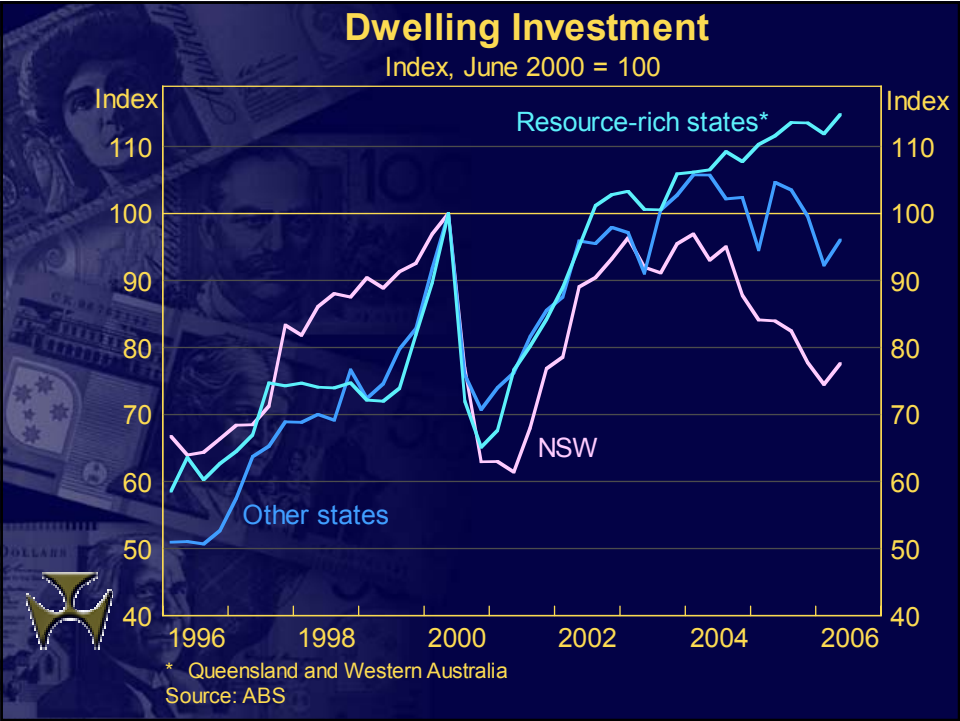
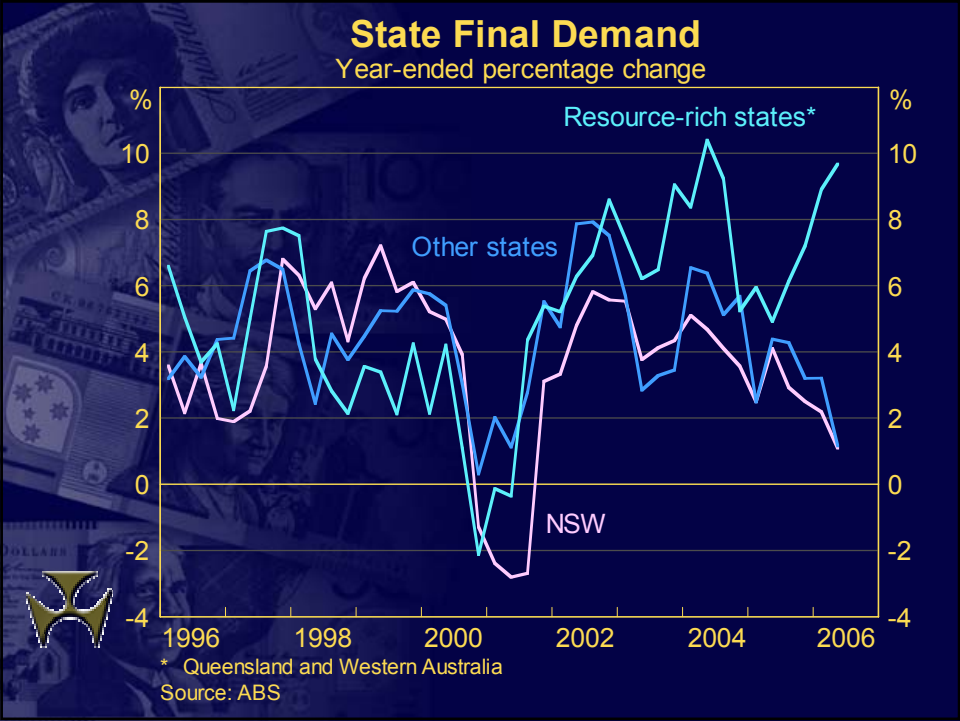




## Value of Completed Resource Projects



But regional variations are large ...



# Capacity constraints persist...



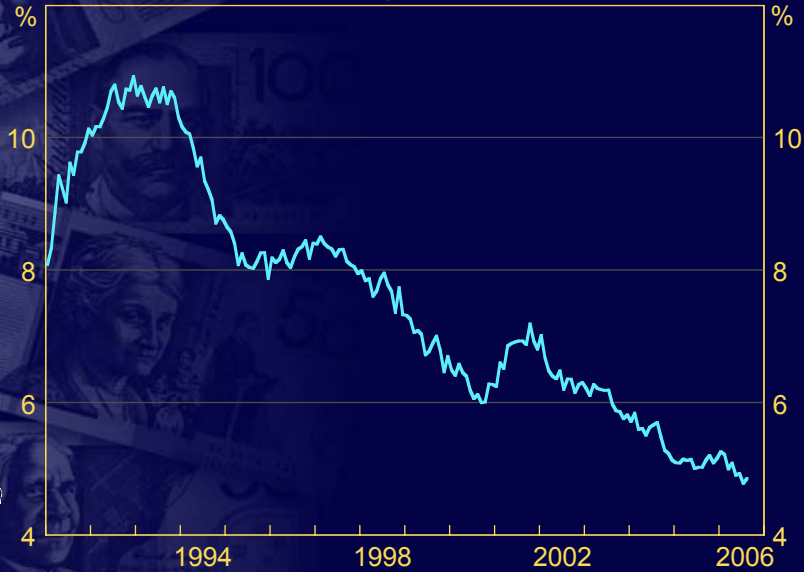
## Capacity Utilisation



Source: NAB



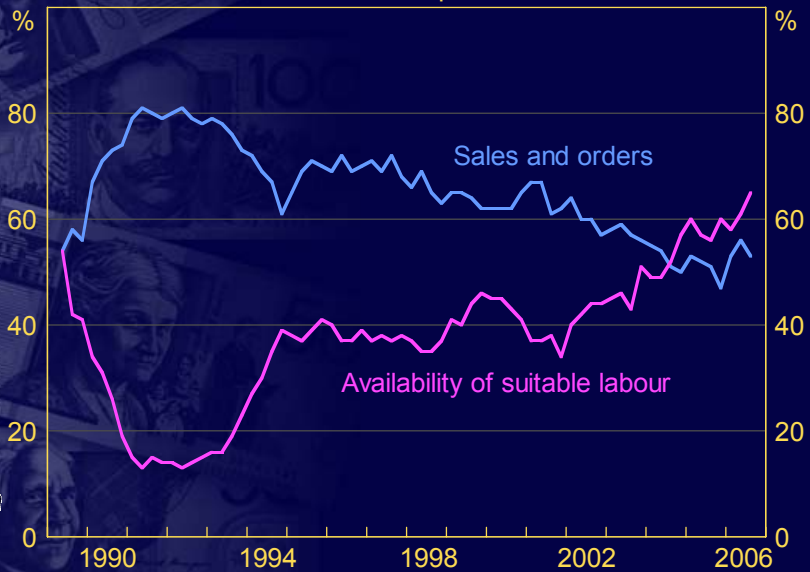
## Unemployment Rate



Source: ABS

## Factors Constraining Output

Per cent of respondents



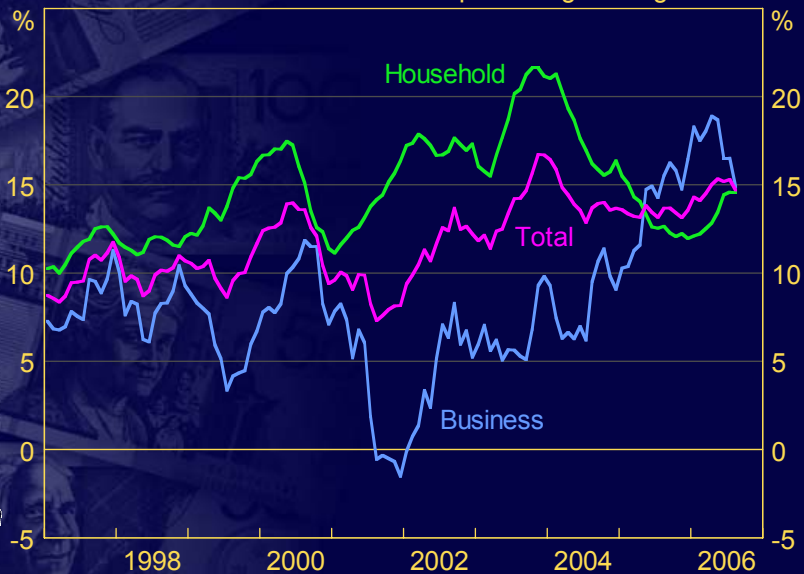
Source: NAB

# Financial conditions not restrictive



## Credit Growth\*

Six-month-ended annualised percentage change



\* Includes securitised loans

Source: RBA



Inflation is edging higher...



### Consumer Price Inflation\*

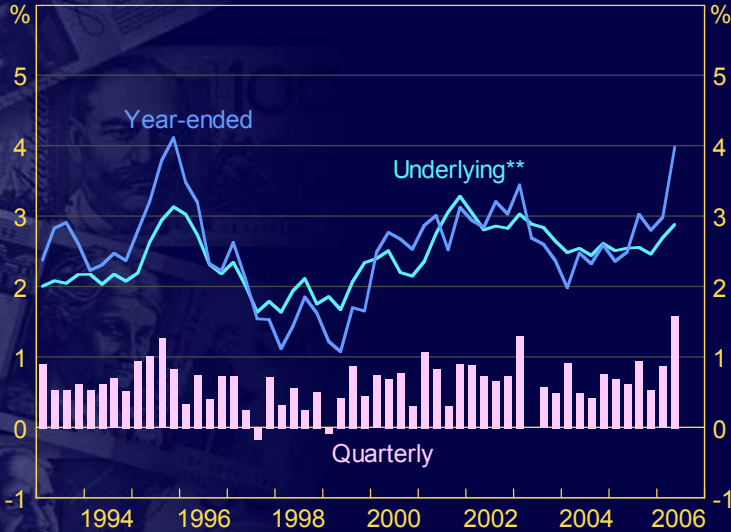


\* Excluding interest charges prior to the September quarter 1998 and adjusted for the tax changes of 1999–2000

Sources: ABS; RBA



## Consumer Price Inflation\*



\* Excluding interest charges prior to the September quarter 1998 and adjusted for the tax changes of 1999–2000

\*\* Average of the seasonally-adjusted trimmed mean and weighted median

Sources: ABS; RBA



## CPI Items Rising Faster than 2.5 per cent\*

Proportion of all CPI groups



\* Based on seasonally adjusted data; CPI items with annualised quarterly growth greater than 2.5 per cent.

Sources: ABS; RBA

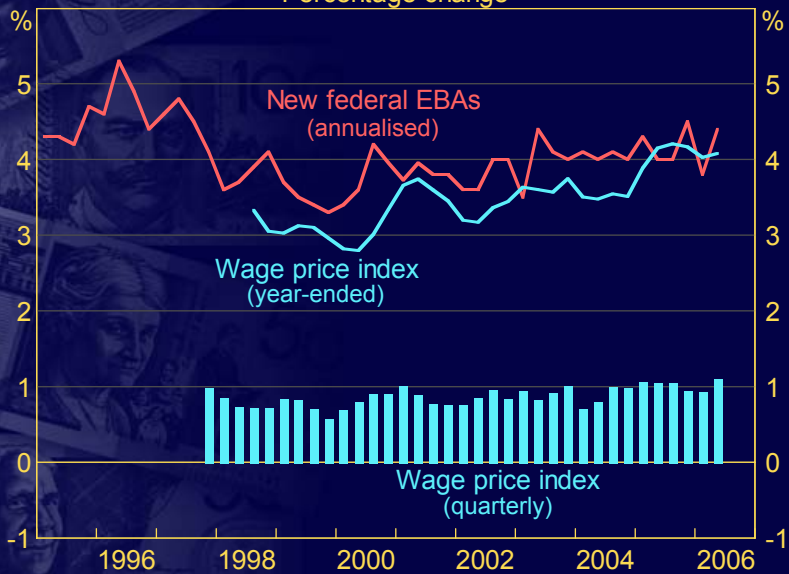


# Some upside risks...



## Wage Indicators

Percentage change



Sources: ABS; DEWR





