



Reserve Bank Governor to front House Economics Committee in Canberra

9.30am to 12.30pm, Wednesday, 18 December 2013

The House of Representatives Economics Committee will hold its first public hearing of the 44th Parliament with the Governor of the Reserve Bank of Australia, Mr Glenn Stevens, in Canberra from 9:30am to 12:30pm next Wednesday, 18 December 2013.

“Due to the recent Federal Election, the meeting with the RBA was cancelled in August. The Committee has wasted no time in fulfilling its responsibility to the Australian people by calling this meeting and getting on with the job” Ms O'Dwyer MP, Committee Chairman, said.

The RBA noted in its November Statement on Monetary Policy that overall, the outlook for the global economy is much as it was a few months ago and so the forecast for growth in Australia's major trading partners in both 2013 and 2014 is little changed from the August Statement. Trading partner growth in 2013 is expected to be slightly below its longer-run average. Growth in 2014 is expected to be a little above average.

Commodity prices have been little changed over the past few months. Spot prices for iron ore and coking coal increased, in line with the expansion of Chinese steel production, but this has been offset by slight declines in the prices of some other commodities. The stance of US monetary policy remained the focus of financial markets over the past few months. Expectations that the Federal Reserve might have begun to pare back its asset purchases as early as October saw yields rise further through to early September.

The Australian economy has expanded at a bit below trend pace this year. Business surveys and the Bank's liaison suggest that current business conditions have been below average for some time. Growth in household consumption appears to have remained below average over the past year, although indicators have been a bit more positive of late. Retail sales increased modestly over the year to September.

The path of the exchange rate is also a significant source of uncertainty for the domestic economy. The Australian dollar appreciated significantly over the past decade, as higher commodity prices led to increased capital inflows to fund the substantial increase in mining investment. The Reserve Bank Board decided to leave the cash rate unchanged at 2.5 per cent at its November meeting.

Although growth is forecast to remain a bit below trend for a time, there is a reasonable prospect that private demand beyond the resources sector will strengthen over time. Meanwhile, the outlook is for inflation to remain consistent with the medium-term target.

Public Hearing Details

Committee: House of Representatives Economics Committee
Venue Main Committee Room, Parliament House, Canberra
Date: Wednesday, 18 December 2013
Time: 9.30am to 12.30pm
Webcast: The hearing will be webcast <http://webcast.aph.gov.au/livebroadcasting/>

For media comment: Please contact the Committee Chair Kelly O'Dwyer MP:

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