

## Data and event previews - Australia and New Zealand

Date <sup>(a)</sup>	Data/event	Forecast			Comment
		JPMorgan	Consensus	Previous	
Tuesday, 5 August (2:30pm)	<b>RBA policy announcement</b>	No change	No change	No change	The RBA probably will announce an unchanged cash rate today, but the commentary will be a key signal of how the policy risks have shifted towards an easier policy stance. Officials will have to acknowledge the clearer weakness in domestic demand - including back to back declines in real retail spending, a plunge in confidence, and diving demand for credit - but they also will reinforce the impact of the strength of the terms of trade, which remains a major source of support for the economy. Officials probably will talk again of the "opposing forces" at work in the economy and the high level of uncertainty. Employment bounced since the last RBA commentary, and the 2Q CPI was unexpectedly high, so the traffic is not all in one direction. That said, the RBA's statement also will refer to deteriorating conditions offshore, which may signal that the first rate cut is closer than many believe. We look for the first rate cut in February 2009, but the risk of an earlier move has increased.
Wednesday, 6 August (11:30am)	<b>Aust. housing finance (June, %m/m)</b>	-3.5	-2.0	-7.9	The number of home loans slumped in May under the considerable weight of high interest rates and diving confidence. There is likely to be another drop in June (-3.5%/m), owing partly to further rate hikes by the commercial banks. The leading indicators of demand for housing, like auction clearance rates, have been deteriorating.
Thursday, 7 August (8.45am)	<b>NZ employment change (Q2, %q/q)</b>	0.3	0.1	-1.3	The kiwi employment print should show that employment grew 0.3%q/q (6,400 persons) in 2Q, part payback for the surprise 1.3% contraction (28,000 persons) in 1Q. We expect to see growing signs of weakness in the labour market, however. Business confidence is at 17-year lows amid still high petrol prices and tighter credit conditions; hence, companies will become more reluctant to hire new workers and others will shed workers in a bid to cut costs.
Thursday, 7 August (11:30am)	<b>Aust. employment change (July)</b>	7,500	5,000	29,800	The July Labour Force report is the first to be released under the ABS's slimmer data collection regime, which requires implementation of a smaller sample size owing to cuts in the May budget. This is likely to produce more "random volatility" in this already random data series. That said, employment probably expanded 7,500 in July, after the unexpected huge gain in June. The jobless rate probably will rise to 4.3%, from 4.2% in June (consensus also 4.3%). The boost to job growth from the World Youth Day celebrations in Sydney probably was small, but so too was the drag from the gas explosion in Western Australia. RBA officials probably are awaiting further evidence that the job market has "rolled over", but they are unlikely to get a clear signal this month.

(a) Australian Eastern Standard Time.