



## PREVIEW: RBA rate decision due Tuesday 5th April 2022 at 05.30BST/00:30EDT

- RBA is expected to keep the Cash Rate Target unchanged at 0.10% at its meeting on Tuesday
- Market participants will be eyeing any change in rhetoric and clues for when the rate lift off will occur
- There is plenty of scope for the central bank to reiterate a dovish tone especially given the geopolitical uncertainty

**OVERVIEW:** RBA is expected to keep the Cash Rate Target unchanged at the record low 0.10% at its policy meeting on Tuesday where market participants will be focusing on any clues for how soon a rate lift off may occur.

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**RBA HAS KEPT THE DOOR OPEN ON A RATE LIFT OFF:** The RBA has continued to signal an openness for the timing of a rate hike with Governor Lowe stating that it is plausible the Cash Rate will be raised later this year and it would be prudent for borrowers to plan for an increase in rates, while he noted that they are closer to the point where inflation is sustainably in the target range, but caveated that they are not there yet and moving too early on a rate hike carries risks to achieving full employment. Furthermore, Governor Lowe suggested that there are plausible scenarios where there is no hike this year and he doesn't think there is a lot of demand for a rate hike. These comments highlight the indecision at the central bank with Lowe also pointing to the war in Ukraine as a new major downside risk to the global economy. Nonetheless, many are calling for a rate increase as soon as the June meeting and RBC recently joined the bandwagon in which it brought forward its RBA rate hike forecast from August. This comes amid normalisation amongst various central banks and with the latest data from Australia showing a stronger than expected economy as GDP Y/Y in Q4 rose 4.2% vs. Exp. 3.7% (Prev. 3.9%, Rev. 4.0%) and the Unemployment Rate recently falling to its lowest level since 2008 at 4.0% vs. Exp. 4.1% (Prev. 4.2%). That being said, there is plenty of scope for the central bank to reiterate a dovish tone especially given the uncertainty from the geopolitical turmoil surrounding Ukraine.

**ANNOUNCEMENT:** The announcement is scheduled for 05.30BST/00:30EDT and a hold in rates is seen as a foregone conclusion.

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