



PREVIEW: RBA Policy Announcement due at 05:30BST/00:30EDT on Tuesday, 16th June 2026

- RBA is widely expected to keep the Cash Rate unchanged at 4.35% on Tuesday.
- Expectations for a pause follow the RBA's three back-to-back rate hikes.
- Weak jobs and GDP support the case for a pause, although inflation remains above target.

OVERVIEW: The RBA is likely to keep rates unchanged when it decides on Tuesday, after a recent Reuters poll showed 42 of 45 economists forecast the Bank would pause, while money markets priced about a 98% chance it would keep the cash rate at 4.35%.

RBA HAS ALREADY DELIVERED THREE BACK-TO-BACK RATE HIKES SO FAR THIS YEAR: As a reminder, the RBA raised rates at its meeting last month for a third consecutive time, with the decision made by an 8-1 vote, while it said inflation is likely to remain above target and risks remain tilted to the upside. The Board said it would be attentive to the data and its evolving assessment of the outlook and risks to guide its decisions, but also noted that, having raised the cash rate three times, monetary policy is well placed to respond to developments, and it will do what it considers necessary to achieve that outcome. RBA Governor Bullock said during the post-meeting press conference that if second-round effects move through to expectations, higher rates may be needed, but also noted that the cash rate is a "bit" restrictive and the Bank has the policy space to wait and see. The minutes from the meeting showed the Board judged financial conditions would be somewhat restrictive after the May hike and that a hike would provide space to see how the Gulf conflict develops, as well as the response of households and businesses.

DISAPPOINTING JOBS AND GDP DATA SUPPORT THE CASE FOR A PAUSE: Recent data supports the case for policymakers to keep rates on hold. The latest jobs data showed a surprise contraction, with April employment change at -18.6k versus expectations of 17.5k (prev. 17.9k), while the unemployment rate rose to 4.5% versus expectations of 4.3% (prev. 4.3%). Q1 GDP disappointed, with Q/Q growth at 0.3% versus expectations of 0.5% (prev. 0.8%) and Y/Y growth at 2.5% versus expectations of 2.7% (prev. 2.6%), which will likely compel the Bank to pause. Conversely, monthly inflation data was somewhat mixed, with headline CPI Y/Y at 4.2% versus expectations of 4.4% (prev. 4.6%) and the RBA's preferred trimmed mean CPI Y/Y at 3.4% versus expectations of 3.4% (prev. 3.3%), suggesting the prospect of a future hike and a hawkish tone cannot be disregarded given inflation remains above the 2-3% target band.

ANNOUNCEMENT The rate decision is scheduled for Tuesday at 05:30 BST/00:30 EDT. With a pause widely seen as a foregone conclusion, participants will focus on the vote split and rhetoric for clues on future policy. RBA Governor Bullock will also hold a post-meeting press conference, starting an hour after the initial announcement.

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