All Signal, No Noise

MARKET ANALYSIS

MNI RBA Review - August 2020

Meeting Date: Tuesday August 4 2020

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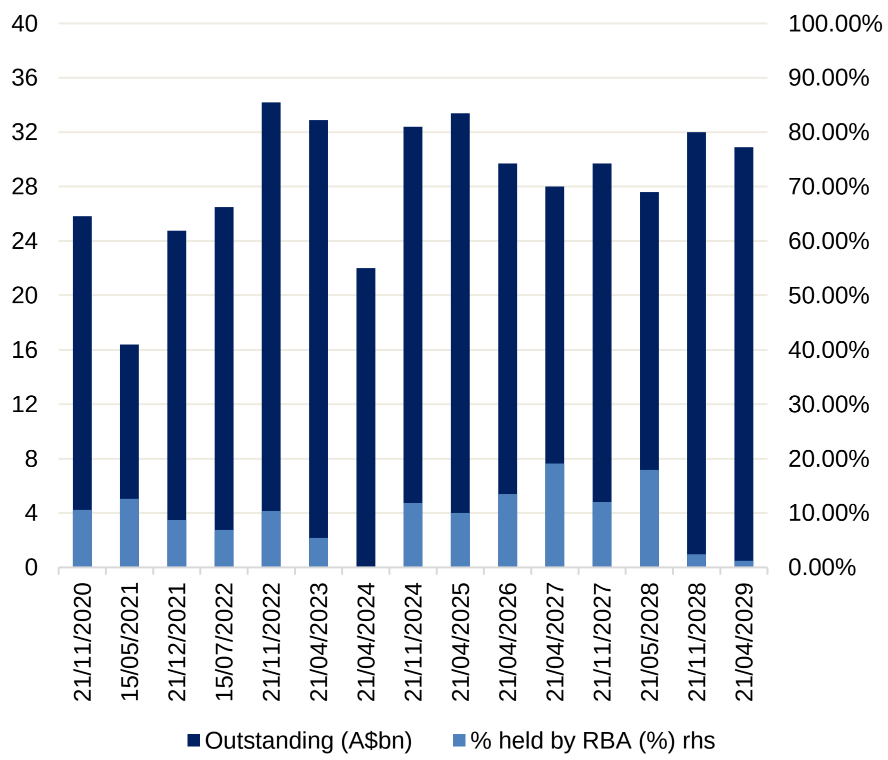
Figure 1: ACGB's Held Under The RBA's AGS Purchasing Program Introduced In March 2020



Source: MNI - Market News/RBA

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MNI POV (Point Of View): Exerting Control

The Reserve Bank of Australia (RBA) met expectations as it left its monetary policy settings unchanged, with the cash rate target held at 0.25%, while the 3-Year yield target for Australian government bonds was held at around 0.25%, alongside an affirmation of the RBA's forward guidance.

The real surprise came in the form of the Bank noting that it will restart its purchases of Australian Government Securities on Wednesday, with further purchases to be "undertaken as necessary." This indicates that the time that the 3-Year yield spends above target could be as much of a factor as absolute yield levels, at least in the eyes of the Bank. It may also reflect the RBA's desire to manage the yield curve prudently ahead of the 3-Year benchmark bond rolldown in October.

But why make the announcement on Tuesday? Firstly, it gives the Bank ample time before the aforementioned rolldown, meaning it can assess the need regarding the quantity and maturities of its ACGB purchases. Secondly, the move allows the market to take care of some of the Bank's dirty work, with the front end of the ACGB curve bid post-decision. This is particularly helpful after the gap in ACGB purchases. The pre-warning also provides the Bank with a clearer idea of the market's reaction function and may limit the total amount of capital it has to deploy to enforce its yield target.

The move will allow ES account surplus deposits at the RBA to swell once more, after hovering around the A$40.0bn mark in recent times (well shy of the record highs seen earlier this year, but still comfortably above historical norms). In turn, this will continue to limit any instances of upward momentum in the overnight cash rate, which currently sits at 0.13%, comfortably through target and just 3bp above the interest paid on E/S account surplus deposits.

We would guess that Wednesday's purchases will focus on ACGBs, but there is scope to conduct purchases in the semi-government bond space, most notably in the Victorian government bond market, given the pressure that has been felt in that space in recent weeks on the back of the fiscal and economic constraints that come with the second round of COVID-19 worry.

It is unlikely that Wednesday's operations will be a case of one and done, with the Bank set to observe the digestion and prevailing prices of the ops as it returns to market after a ~3-month hiatus. ACGB April '23 provides an obvious starting point for purchases, while ACGB April '24 may be a tad new for inclusion, unless the RBA has a desire to narrow the spread between the two well ahead of the previously outlined benchmark rolldown.

It is hard to guide on the size of purchases to expect on Wednesday, but the combination of Australia's fiscal burden, more than ample room to ramp up RBA ownership across all of the ACGBs that it holds (as well as widening the lines that it holds) and the pattern observed in the initial flurry of ACGB purchases (starting at A$5.0bn before being tiered down A$500mn) suggest that the RBA could start with a relatively lumpy round of purchases.

Elsewhere, the text of the RBA release pointed to the clouds of uncertainty that are swirling at present, even as the Bank suggested that "the worst of this contraction has now passed,"

The language revealed a steady projection for 2020 GDP shrinkage when the SoMP is released on Friday, while there will be a slight lift in the unemployment profile (albeit with the same projected peak) owing to the COVID-19 situation in Victoria and "more people elsewhere in Australia looking for jobs." Further out, the '21 GDP growth profile will seemingly edge lower.

The RBA also noted that "in each of the scenarios considered by the Board, inflation remains below 2 per cent over the next couple of years," which provided no real surprise.

To sum up, the Bank's latest move proves that it is true to its word i.e. it will do more if required, however, the proximity to its self-imposed lower bound in the cash rate continues to tie the Bank's hands as it looks to fend off the impact of COVID-19.

RBA August 4 2020 Meeting Statement

At its meeting today, the Board decided to maintain the current policy settings, including the targets for the cash rate and the yield on 3-year Australian Government bonds of 25 basis points.

The global economy is experiencing a severe contraction as countries seek to contain the coronavirus. Even though the worst of this contraction has now passed, the outlook remains highly uncertain. The recovery is expected to be only gradual and its shape is dependent on containment of the virus. While infection rates have declined in some countries, they are still very high and rising in others. International trade remains weak, although there has been a strong recovery in industrial activity in China over recent months.

Globally, conditions in financial markets remain accommodative. Volatility has declined and there have been large raisings of both debt and equity. The prices of many assets have risen substantially despite the high level of uncertainty about the economic outlook. Bond yields remain at historically low levels.

The Bank's mid-March package of support for the Australian economy is working as expected. There is a very high level of liquidity in the Australian financial system and borrowing rates are at historical lows. Authorised deposit-taking institutions are continuing to draw on the Term Funding Facility, with total drawings to date of around $29 billion. Further use of this facility is expected over coming months.

Government bond markets are functioning normally alongside a significant increase in issuance. The yield on 3-year Australian Government Securities (AGS) has been consistent with the target of around 25 basis points. The yield has, however, been a little higher than 25 basis points over recent weeks. Given this, tomorrow the Bank will purchase AGS in the secondary market to ensure that the yield on 3-year bonds remains consistent with the target. Further purchases will be undertaken as necessary. The yield target will remain in place until progress is being made towards the goals for full employment and inflation.

The Australian economy is going through a very difficult period and is experiencing the biggest contraction since the 1930s. As difficult as this is, the downturn is not as severe as earlier expected and a recovery is now underway in most of Australia. This recovery is, however, likely to be both uneven and bumpy, with the coronavirus outbreak in Victoria having a major effect on the Victorian economy. Given the uncertainties about the overall outlook, the Board considered a range of scenarios at its meeting. In the baseline scenario, output falls by 6 per cent over 2020 and then grows by 5 per cent over the following year. In this scenario, the unemployment rate rises to around 10 per cent later in 2020 due to further job losses in Victoria and more people elsewhere in Australia looking for jobs. Over the following couple of years, the unemployment rate is expected to decline gradually to around 7 per cent.

The Board also considered other scenarios. A stronger recovery is possible if progress is made in containing the virus in the near future. This progress would support an improvement in confidence and a less cautious approach by households and businesses to their spending. On the other hand, if Australia and other countries were to experience further widespread lockdowns, the recovery in both output and the labour market would be delayed. Details on these scenarios will be provided in the Statement on Monetary Policy on 7 August.

In each of the scenarios considered by the Board, inflation remains below 2 per cent over the next couple of years. In the most recent quarter, CPI inflation fell to –0.3 per cent in year-ended terms, reflecting lower oil prices and the effects of various policy measures, including the decisions to make child care and some pre-school free for a period. Inflation is expected to return to positive territory in the current quarter. Beyond that, given the ongoing spare capacity in the economy, inflation is expected to average between 1 and 1½ per cent over the next couple of years.

As Australians deal with the coronavirus, the economy is being supported by the substantial, coordinated and unprecedented easing of fiscal and monetary policy. The Australian Government's recent announcement that various income support measures will be extended is a welcome development and will support aggregate demand. It is likely that fiscal and monetary stimulus will be required for some time given the outlook for the economy and the labour market.

The Board is committed to do what it can to support jobs, incomes and businesses in Australia. Its actions are keeping funding costs low and assisting with the supply of credit to households and businesses. This accommodative approach will be maintained as long as it is required. The Board will not increase the cash rate target until progress is being made towards full employment and it is confident that inflation will be sustainably within the 2–3 per cent target band.

MNI POLICY TEAM REVIEW: RBA Commits To 3-Year Bond Target, To Buy Bonds

By Lachlan Colquhoun

MNI (Sydney) - The Reserve Bank of Australia left official interest rates unchanged at a record low 0.25% Tuesday and will continue to target a yield on 0.25% on the benchmark 3-year government bond, but now sees a domestic economic downturn "likely to be both uneven and bumpy" as a result of the fresh pandemic-driven lockdowns in Melbourne.

The Bank today re-affirmed its bond buying program, which has seen it spend AUD50 billion to date to control yields on Government bonds. Policymakers noted that the yield on the 3-year had edged above the target in recent weeks and would move to buy more government bonds from Wednesday to address the issue. Further purchases would be undertaken as necessary, the RBA said

The RBA also confirmed the continuation of the Term Funding Facility which has seen commercial banks draw around AUD$15 billion so far from the AUD90 billion available.

MELBOURNE RISK

According to Tuesday's statement, the RBA said despite the evolving situation in Melbourne, the downturn "is not as severe as earlier expected and a recovery is now underway in most of Australia."

The RBA considered "a range of possibilities" for the economy, with a baseline scenario of unemployment rising to around 10% later this year as a result of anticipated job losses in Victoria. June unemployment was at 7.4%.

The strength of the recovery depended on the progress in containing the virus in the near future, as that would support confidence and spending by households and businesses.

It also looked at both a better- case scenario and a worse-case scenario, saying it will outline further details of all three paths in the Statement on Monetary Policy set to be published on Friday.

The RBA was largely expected to maintain its current policy settings in order to save any ammunition for later in the year, when fiscal stimulus from the Australian Government is scheduled to taper off.

ANALYSTS' KEY COMMENTS

ANZ:

- The RBA left its policy settings unchanged at the August board meeting, noting that "its actions are keeping funding costs low and assisting with the supply of credit to households and businesses." It did, however, note that the 3Y yield has "been a little higher than 25 basis points over recent weeks. Given this, tomorrow the Bank will purchase AGS in the secondary market to ensure that the yield on 3-year bonds remains consistent with the target." Thus, the RBA has undertaken a positive action without formally changing its policy.
- The immediate effect of the RBA's bond purchases will be to lower the 3Y yield by a few basis points. The return to purchasing bonds may also provide some support for semi spreads. Some commentators may be disappointed the RBA did not do more, given the deteriorating situation in Victoria. But this is the reality we are facing when the cash rate is at 0.25% and a negative rate is deemed undesirable.
- That is not to say there are no other options open to the RBA. The Bank could, for instance, extend the Term Funding Facility (TFF) to provide additional low cost funding for banks. We actually think this is something the RBA will do, but next year, given the current TFF is still available. The RBA could also strengthen its forward guidance. For instance, by ruling out a change in its yield target until after it has achieved its inflation target rather than its current commitment, which is to keep it until "progress is being made" towards it and full employment.
- The main tool for providing additional support for the economy from this point is fiscal. Monetary policy can help by remaining stimulatory for a very long time.

Barclays:

- In line with our expectation, the RBA sees a recovery in the rest of the economy (ex Victoria). The bank also continues to state that the policy package is working as expected. We think the RBA will continue to flag increasing uncertainty and risks to recovery, considering the second outbreak of COVID-19 cases and renewed restrictions, but will remain comfortable with its stance, given the signs of green shoots emerging in the rest of the economy. With the RBA unlikely to make any changes to its policy we continue to expect the cash rate to remain at 0.25% for three years.
- However, we expect the RBA's tone to remain cautious and for it to continue to state that the nature and speed of the expected recovery will remain highly uncertain. Today the bank termed the recovery underway as "uneven and bumpy". It had earlier flagged that uncertainty about the health situation and the future of the economy is affecting consumption and the investment plans of households and businesses; in this respect, we think the Victoria outbreak is already exacting a toll on consumer and business confidence.
- While the bank left its growth forecast unchanged, the Statement on Monetary Policy on 7 August will be the next focus, as the RBA will detail the other scenarios that it has considered - one with a stronger recovery and the other with more widespread lockdowns. The SoMP will be followed by a speech by the RBA Assistant Governor (Economic), Luci Ellis, which we expect to give a further explanation as to how the Victoria shutdown is being factored into the RBA's forecasts.

CBA:

- The RBA Board left monetary policy unchanged today, as expected. The target on the cash rate remains at the nominated effective lower bound of 0.25%. And the target yield on 3-year ACGBs also sits at 0.25%.
- The most noteworthy part in the Governor's Statement is that the RBA will resume its purchases of ACGBs from tomorrow, "to ensure that the yield on 3-year bonds remains consistent with the (25 basis points) target. Further purchases will be undertaken as necessary".
- The Governor also gave us a sneak preview of the forecasts that will be forthcoming in Friday's August Statement on Monetary Policy (SMP). Here the message is somewhat mixed. On the one hand the Governor stated that "the downturn is not as severe as earlier expected and a recovery is now underway in most of Australia". That would imply an upgrade to the May GDP forecast profile. But the Governor also stated that in the RBA's updated baseline scenario, output falls by 6% over 2020 and then grows by 5% over the following year. In the Governor's Statement accompanying the May Board he noted that their baseline scenario was for a fall in output of 6% in 2020 and an increase of 6% in 2021 (these numbers are

prepared on a through the year basis to the December quarter). So if anything the new numbers we will get on Friday look like a downgrade to their GDP profile in 2021.

- Having said all that it's largely semantics. The forecasts will show a big fall in GDP over 2020 and a solid increase in GDP in 2021 on a through the year basis, which is the consensus call. On the labour market, the RBA expects the unemployment rate to peak at 10% "later in the year".
- The Governor noted that the Board also discussed a few other scenarios – basically an upside and downside case to their central scenario. These will be presented in the August SMP as was the case in the May SMP.
- The RBA expects annual inflation to average between 1% and 1½% over the next couple of years. That is in line with our own thinking. Wages growth will be particularly weak and this will weigh on consumer price inflation.

Goldman Sachs:

- As expected, the RBA left the targets for the cash rate and the 3-year government bond yield unchanged at 0.25% at its August Board Meeting. The RBA's forward guidance was fundamentally unchanged, though it did observe that the 3-year yield had "been a little higher than 25bp" and guide that it would "tomorrow …purchase AGS in the secondary market".
- Consistent with RBA commentary over recent months, today's statement noted that "the downturn is not as severe as earlier expected and a recovery is now underway in most of Australia". Even so, the RBA appears to have left its base case macro forecast largely unchanged – with GDP expected to contract 6% in 2020 and the unemployment rate peaking at 10%. Ongoing uncertainty around the macro outlook and yesterday's move in Melbourne to an extended Stage 4 lockdown is the backdrop to the RBA's cautiousness and we await more detail in Friday's Statement on Monetary Policy.

J.P.Morgan:

- At today's decision, the RBA board kept the cash rate and 3Y yield targets unchanged at 0.25%, but stated it would resume QE purchases tomorrow after about three months off.
- The 3Y yields have been trading above the target without drawing a reaction so far, but having clarified last week that the target bond will roll from the ACGB April 23s to the April 24s - i.e. the RBA is in this for the long haul - and having yields still "a little higher than 25 basis points over recent weeks", the leadership has seen enough to warrant sending a clear signal.
- Today's announcement is significant in that it pre-empts tomorrow's purchases, and also shows willingness to act despite what the board/staff view to be "normal" functioning of the bond market. This gives the QE decision the flavour of conventional monetary policy, rather than an operation to restore market order. It may also be a nod to the worrying developments in Victoria, which would otherwise have drawn a policy response if the RBA were not already at the ELB.
- The statement commits only to action at tomorrow's operation and nothing explicitly thereafter, though "further purchases will be undertaken as necessary". Officials are probably hoping tomorrow's operation is enough to entrench credibility of the target, though we don't doubt the willingness to do more if there is slippage. Yields on the target bond have dropped around 2.5bp to 0.25% upon this announcement.
- We have written in recent weeks that the RBA was close to resuming purchases, given small, but reasonably sustained deviations from their targets, which was a challenge to the policy stance and guidance.
- Looking further ahead, one possibly overlooked implication of the RBA's success in anchoring yields without much purchase activity in recent months is that purchases can resume for short bursts in periods where there are newer perceived risks to the economy, or indeed state finances (it remains to be seen whether the RBA would be willing to buy semis again near-term). This helps the Board deliver something even when policy is constrained, while still leaving most of the pressure on fiscal policy.
- There wasn't a lot to remark on in the remainder of today's statement. The state-based guidance suggests the cash rate will stay at 0.25% until achievement of the inflation target appears sustainably achievable; i.e., for a long time. The commentary foreshadows the staff forecast changes in Friday's SoMP. The economic forecasts will be upgraded near-term, given the absolute trough in 2Q was not as bad as feared from an hours worked and, hence, GDP perspective. The language still describes an unfolding "recovery" despite issues in Victoria, though this will be "uneven and bumpy". In every scenario the staff considered,

inflation remains below the bottom of the target band for another couple of years. In a particularly adverse scenario, unemployment gets to the previously forecast peak of 10% later this year.

NAB:

- The RBA kept policy unchanged at its August meeting as widely expected (cash rate 0.25%, 3 year yield curve target 0.25%). In the lead up to the meeting, there was some speculation amongst economists that the new level four lockdown in Melbourne could prompt the RBA to consider further policy easing. This does not seem to have been the case though sometimes the Minutes reveal more than the Statement on the Day. In the end the RBA concluded “the downturn is not as severe as earlier expected and a recovery is now underway in most of Australia. This recovery is, however, likely to be both uneven and bumpy, with the coronavirus outbreak in Victoria having a major effect on the Victorian economy”.
- The RBA’s baseline forecasts indicate the RBA is still expecting outcomes similar to that envisaged in the May SoMP, though presumably that is not as rosy as looked likely just a few weeks ago. Instead, the Victorian virus resurgence has pared some of the probability that the economy could track closer to the RBA’s upside scenario. Either way policy will remain accommodative for “as long as it is required” and the RBA’s forward guidance is unchanged that cash rates and the 3 year bond target will remain at 0.25% until there is progress towards full employment and inflation sustainably in the target band.
- Today’s post-meeting Statement included the forecasts that will be released in greater detail on Friday in the Statement on Monetary Policy (SoMP). In the baseline scenario, GDP declines by 6 per cent over 2020 and then grows by 5 per cent over the following year (compared to -6% and +6% in the May SoMP). The unemployment rate rises to around 10 per cent and then over the following couple of years falls to around 7% (previously unemployment 9% at end of 2020 and 7.5% at end of 2021). Inflation is expected to average between 1 and 1½% over the next couple of years (compared to 1.25% at the end of 2021 in the May SoMP). A high degree of uncertainty remains, with the RBA continuing the practice of having a downside and upside scenario – the details of these will be released on Friday.
- The RBA Governor had previously discussed alternatives to the RBA’s current policy package in his recent Anika Foundation speech. In that speech he noted “the various interest rates currently at 25 basis points could have been set lower, at say 10 basis points. It would also have been possible to introduce a program of government bond purchases beyond that required to achieve the 3-year yield target. Different parameters could have also been chosen for the Term Funding Facility…not ruled out future changes to the configuration of this package if developments in Australia and overseas warrant doing so.” Those comments in combination with Victoria’s virus resurgence and stricter lockdowns had prompted speculation that the RBA could be contemplating further easing. Today’s Statement gives no suggestion of this, though we have sometimes learnt more in the Minutes of late. Clearly, fiscal policy is better placed to support the economy in the current circumstances, but the RBA could well also consider if there is something else that it could do to make a difference over time, though it’s not immediately clear that it can do much more and the Governor has consistently ruled out negative rates – putting the onus back on YCC, QE or tweaks to the Term Funding Facility.
- The RBA also reinforced the 3 year yield curve target today by stating “tomorrow the Bank will purchase AGS in the secondary market to ensure that the yield on 3-year bonds remains consistent with the target” – the comment in reaction to the 3 year yield being a little higher than 0.25% over recent weeks (recent high of 0.287%, now down today in anticipation of RBA buying at 0.252%). While takeup of the Term Funding Facility remains low at around $29bn, the RBA is still expecting the use of the facility to pickup over coming months.

RBC:

- Despite some market speculation of possible easing today, the RBA left the cash rate and all key (unconventional) policy measures unchanged following its August board meeting. Following the step up in Victorian restrictions to Stage 4 in Melbourne and Stage 3 for regional Victoria from 2 August for 6 weeks and heightened uncertainty, there were two notable takeaways from today’s post board meeting statement.
- Firstly, after having been absent from the market since early May, the RBA flagged that “tomorrow the Bank will purchase AGS in the secondary market to ensure that the yield on 3-year bonds remains consistent with the target.” Its rationale is that “The yield has, however, been a little higher than 25 basis points over recent weeks.” In what is still early days of unconventional monetary policy, the RBA’s reaction function on its 3y yield target is still a little opaque in our view. The sentence raises several issues:

- 1) By our count, the yield on the ACGB 4/2023 has been above 0.25% for the last 18 consecutive days by up to 3bp. Consistent with the Governor's recent answer to a question following the Anika Foundation speech, and reluctance to put a number on the yield level that would trigger buying, he suggested that market conditions and yields "sustainably higher" than 0.25% would also factor into their thinking. Is 2-3 weeks the period that meets the "sustainably higher" criteria?
- 2) What if the 3y yield was closer to 0.3% or higher? Surely, the RBA would not wait 2-3 weeks before stepping in to buy?
- 3) Is this gentle easing partly a reaction to the Victorian developments and risks it poses to the macro outlook? Does it hint at more ahead?
- 4) Why announce it today? An unannounced purchase tomorrow after a long hiatus would have had a substantial impact on yields with some surprise factor. However, we note that bonds have firmed post the statement with the market effectively doing some of the RBA's work for it. Perhaps it will need to buy only a modest amount tomorrow.
- Regardless of our questions above and early thoughts, the RBA will purchase bonds tomorrow. It last bought ACGBs on the 4th May, buying Apr-27s through to Nov-28s. This time, we think it's clear they will target 3yr bonds specifically, as this is about the YCC rather than general market dislocation.
- Secondly, the RBA will continue with several scenarios for GDP, inflation and the labour market and may well have a less detailed set of forecasts given the recent Victorian developments. Indeed, VIC is likely to have been virtually the only topic of conversation around the board table today with the RBA pointedly noting that "This recovery is, however, likely to be both uneven and bumpy, with the coronavirus outbreak in Victoria having a major effect on the Victorian economy." We think this approach to forecasts is entirely defensible with the RBA's scenarios to be outlined in more detail in Friday's SoMP. We released some early and preliminary forecasts this morning to try and capture the impact of the next stage of restrictions in VIC but continue to counsel considerable caution amid heightened uncertainty and further likely policy support.

Westpac:

- As expected, the Reserve Bank Board decided to maintain its policy settings including the targets for the cash rate and the three year bond rate at 25 basis points.
- The Governor retains his cautious view on the global economy, noting that the worst of the contraction has now passed but the outlook remains highly uncertain.
- Markets have been expecting that, in light of a slight upward drift in the three year bond rate and no purchases by the Bank since the first week in May, the Bank might re -enter the market. In fact, the Governor has indicated that the Bank will purchase AGS in the secondary market tomorrow aiming specifically at keeping the three year rate consistent with the target.
- The Governor also revealed that $29 billion of the available Term Funding Facility has been drawn down. Last month he pointed out that due to banks' increasing their loans to small business ($5 million per million lent) and large business ($1 million per million lent) the facility had increased from $90 billion to $150 billion. With the facility needing to be drawn down by end September there is likely to be a considerable boost to system liquidity in the December quarter. That boost will support the economy in negotiating the so called fiscal cliff where we estimate that the federal government currently expects that transfers to households and business will be reduced from $80 billion in the September quarter to $15 billion in the December quarter.
- The Bank is scheduled to release its revised economic forecasts in its Statement on Monetary Policy on August 7. Today, the Governor noted that the economy is expected to contract by 6% in 2020. Given the recent developments in Victoria the fact he has not revised down the growth forecast from the May Statement on Monetary Policy leads us to conclude that the Bank has been positively surprised by the growth progress in the other states.
- It has lowered its forecast for growth in 2021 from 6% to 5%, now sensibly recognising that activity in the economy by end 2021 will be lower than at the beginning of 2020.
- Westpac has been consistently more constructive on the growth outlook for 2020. Prior to the adverse developments in Victoria we had been expecting the economy to contract by 4.2% in 2020. We now expect a contraction of 4.7% in 2020 including a contraction of 9% in Victoria in the September quarter.
- We have consistently expected the growth momentum in 2021 to be much lower than the 5% forecast by the Bank at around 3%.

- The Bank has also lifted its forecast for the unemployment rate by end 2020 from 9% to 10% “due to further job losses in Victoria and more people in Australia looking for a job”. There has been no change in the growth forecast for 2020 and yet there has been an increase in the unemployment forecast.
- That issue highlights the difficulties in this cycle in assessing the outlook for the unemployment rate. Uncertainties about participation; the transition from JobKeeper to JobSeeker; the future policy outlook; and the part time/full time split exacerbate the challenge around forecasting the unemployment rate more than in any previous cycle.
- Recall that the forecasts in May have been based on AUD at USD 0.64 over the forecast period. The AUD is now around USD 0.71 but it appears that the Bank has not materially changed its growth forecasts. Accordingly, with still no comments from the Governor about the AUD in this Statement, it seems that the Bank’s “pain threshold“ for the AUD is some way off.
- The policy outlook is unchanged, with a consistent support for expansionary fiscal policy with the accommodative monetary policy stance being “maintained as long as it is required”.
- Our more detailed forecasts for the economy in light of the recent developments in Victoria will be released tomorrow.