The Australian Economy and Financial Markets

Chart Pack | May 2023



The Australian Economy and Financial Markets

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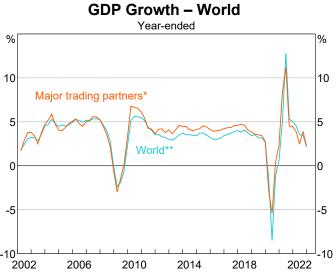
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World Economy

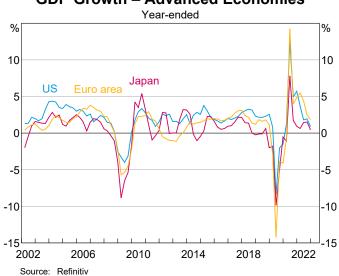


Weighted using Australian export shares.

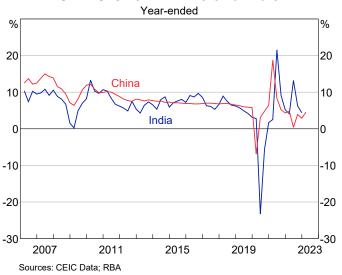
** PPP-weighted; accounts for 85 per cent of world GDP.

Sources: ABS; CEIC Data; IMF; RBA; Refinitiv

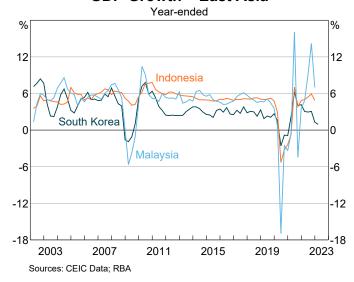
GDP Growth - Advanced Economies



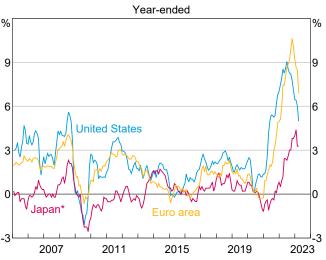
GDP Growth - China and India



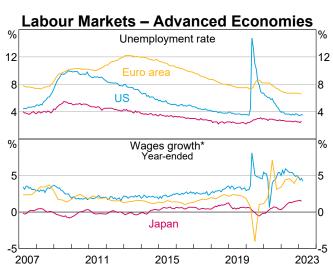
GDP Growth - East Asia



Inflation - Advanced Economies



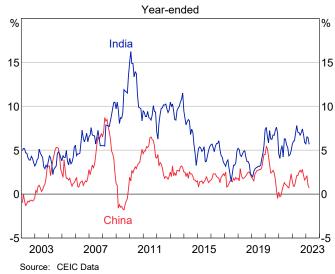
Excludes the effects of the consumption tax increase in 2014. Sources: RBA; Refinitiv



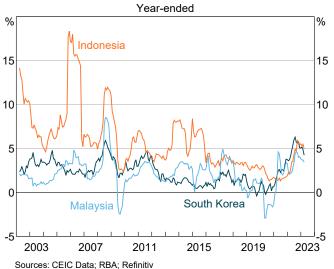
Average hourly earnings for the US; compensation per employee for the euro area; smoothed full-time base wages for Japan.

Sources: CEIC Data; RBA; Refinitiv

Inflation - China and India



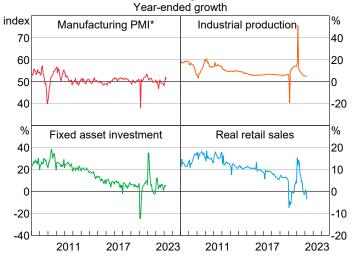
Inflation - East Asia







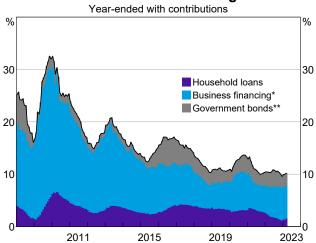
China – Activity Indicators



Diffusion index; average of the official and Caixin.

Sources: CEIC Data; Markit Economics; RBA

China - Total Social Financing Growth

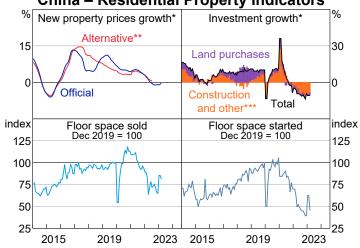


Sum of business loans, securities financing and off-balance sheet

Net government bond issuance includes local government bond issuance to pay off debt previously classified as business financing, and uses RBA estimates prior to 2016.

Sources: CEIC Data; RBA

China - Residential Property Indicators



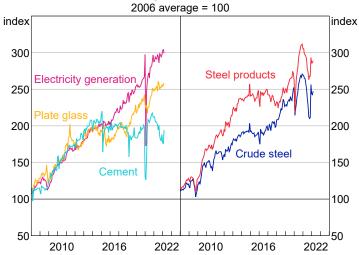
Year-ended.

China Index Academy.

Construction, installation, equipment purchases and other.

Sources: CEIC Data; CIA; RBA

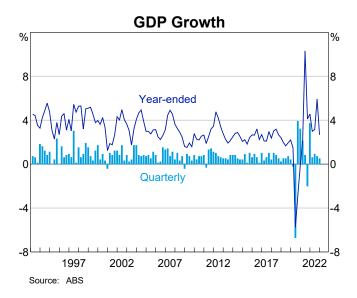
China - Gross Output of Selected Products*



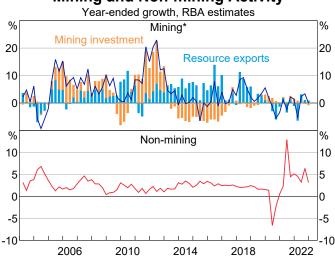
Seasonally adjusted by the RBA.

Sources: CEIC Data; RBA

Australian Growth



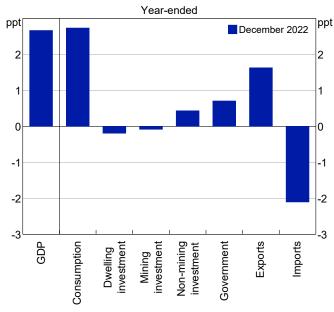
Mining and Non-mining Activity



Net of mining-related imports; components are contributions to year-ended mining activity growth; contribution from changes in inventories not shown.

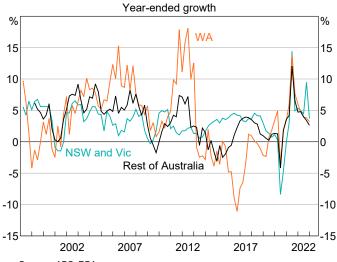
Sources: ABS; RBA

Contributions to GDP Growth



Sources: ABS; RBA

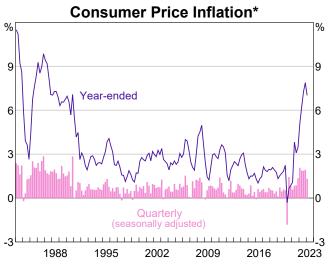
State Final Demand



Sources: ABS; RBA

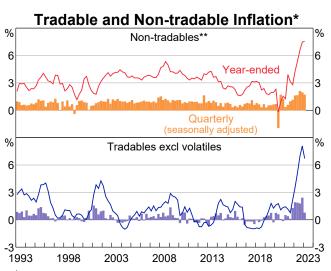


Australian Inflation



Excludes interest charges prior to the September quarter 1998; adjusted for the tax changes of 1999-2000.

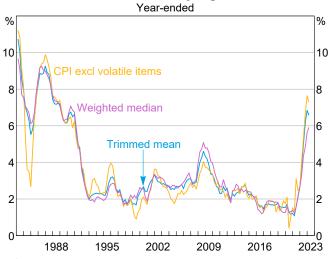
Sources: ABS; RBA



Adjusted for the tax changes of 1999–2000.

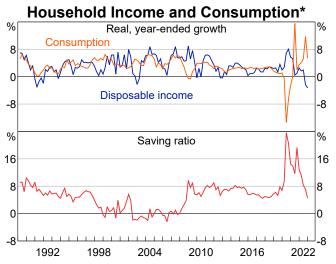
Excludes interest charges and indirect deposit & loan facilities. Sources: ABS; RBA

Measures of Underlying Inflation*



Excludes interest charges prior to September 1998 and deposit & loan facilities prior to September 2011; adjusted for 1999–2000 tax changes. Sources: ABS; RBA

Household Sector



Household sector includes unincorporated enterprises; disposable income is after tax and interest payments; saving ratio is net of depreciation.

Sources: ABS; RBA

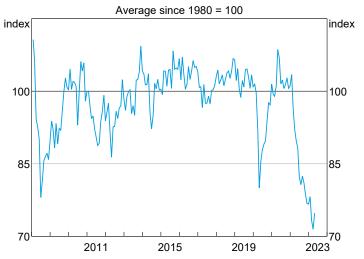
Private Dwelling Investment*



Reference year is 2020/21.

Source: ABS

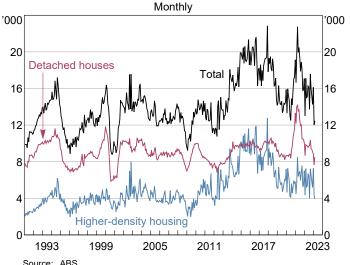
Consumer Sentiment*



Average of the ANZ-Roy Morgan and Westpac-Melbourne Institute consumer sentiment measure of respondents' perceptions of their personal finances relative to the previous year; ANZ-Roy Morgan index rescaled to have the same average as the Westpac-Melbourne Institute index since 1996.

Sources: ANZ-Roy Morgan; RBA; Westpac and Melbourne Institute

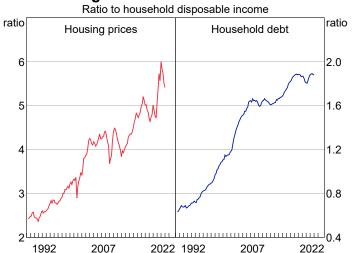
Private Residential Building Approvals



Source: ABS

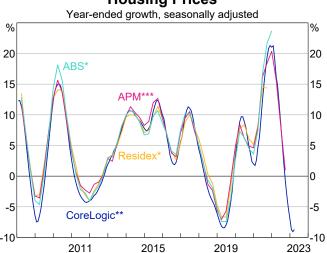


Housing Prices and Household Debt*



Household disposable income is after tax, before the deduction of interest payments, and includes income of unincorporated enterprises. Sources: ABS; CoreLogic; RBA

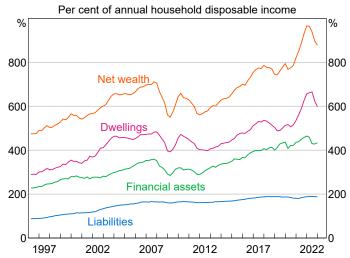
Housing Prices



- ABS is a quarterly stratified median price index; Residex is a quarterly repeat sales price index.
- Monthly hedonic price index; non-seasonally adjusted.
- Quarterly stratified median price index.

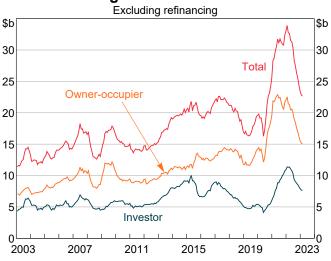
Sources: ABS; APM; CoreLogic; RBA; Residex

Household Wealth and Liabilities*



Household disposable income is after tax, before the deduction of interest payments, and includes income of unincorporated enterprises. Sources: ABS; RBA

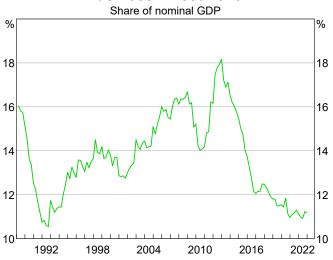
Housing Loan Commitments*



Seasonally adjusted. Sources: ABS; RBA

Business Sector

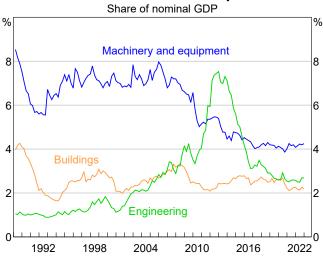
Business Investment*



Adjusted for second-hand asset transfers between the private and other sectors.

Source: ABS

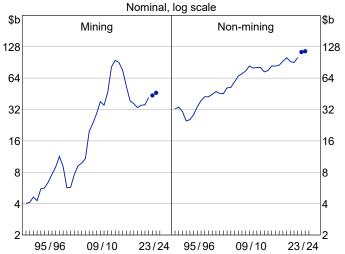
Business Investment Components*



* Adjusted for second-hand asset transfers between the private and other sectors.

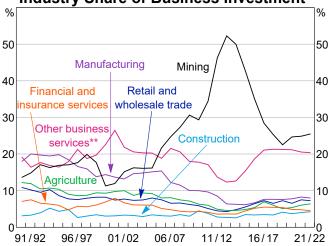
Source: ABS

Capital Expenditure – Mining and Non-mining*



* Dots are firms' expectations for 2022/23 and 2023/24; adjusted for historical differences between expected and realised spending. Sources: ABS: RBA

Industry Share of Business Investment*



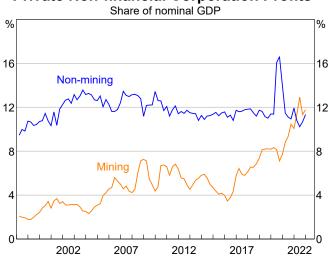
* Nominal; includes second hand asset transfers.

*** Includes: information media and telecommunications; rental, hiring and real estate services; professional, scientific and technical services; administrative and support services.

Source: ABS



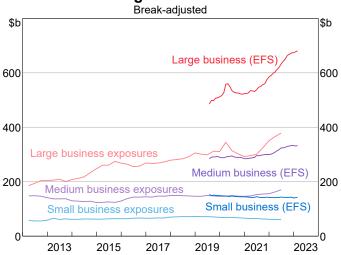
Private Non-financial Corporation Profits*



Gross operating profits; inventory valuation adjusted.

Sources: ABS; RBA

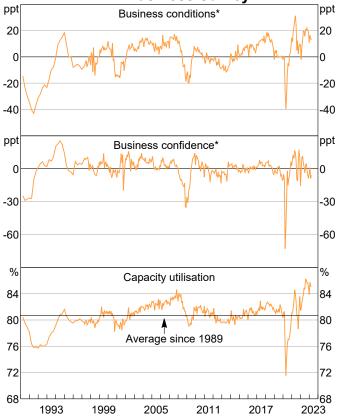
Lending to Businesses*



Exposures data capture credit exposures on the balance sheets of banks allowed by APRA to use an internal ratings-based approach for credit risk management. EFS data are based on reporting of banks and finance companies that have \$2 billion or more of business credit.

Sources: APRA; RBA

NAB Business Survey

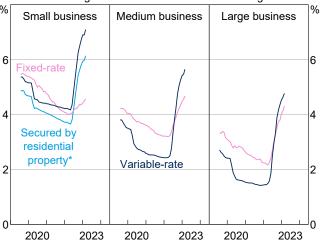


Net balance; deviation from average since 1989. Sources: NAB; RBA



Business Lending Rates

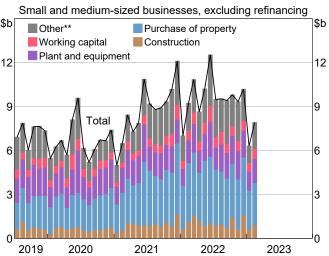
Average interest rate on credit outstanding



Small business loans secured by residential property can have fixed or variable interest rate terms and are included in the fixed-rate and variable-rate lines.

Sources: APRA: RBA

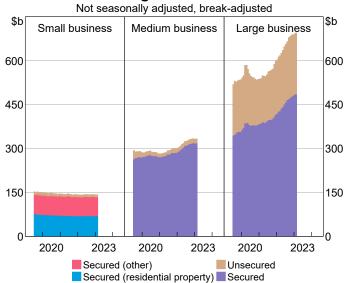
Business Loan Commitments*



- * Fixed-term loans; not seasonally adjusted.
- ** Wholesale finance, acquisitions and general business purposes.

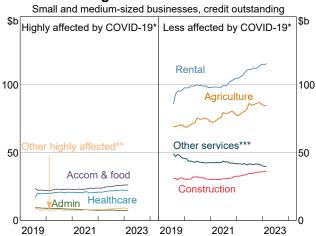
Sources: APRA: RBA

Lending to Businesses



Sources: APRA; RBA

Lending to Selected Industries

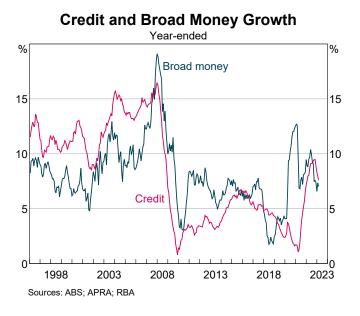


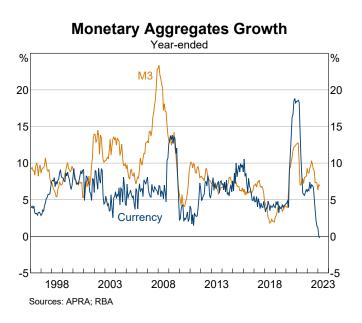
- * Highly affected industries had the highest share of businesses report a fall in revenue of greater than 50 per cent in a June 2020 ABS survey; less affected industries are the top four by value of SME lending.
- ** Education & training; arts & recreation; information media & telecoms.
- *** Other services includes a broad range of personal services, selected repair and maintenance activities and households employing staff.

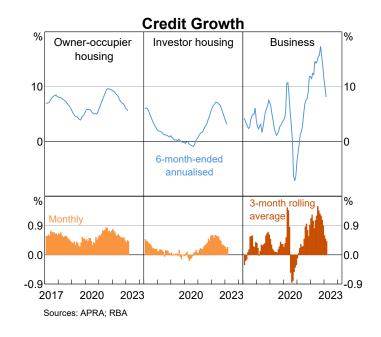
Sources: APRA; RBA

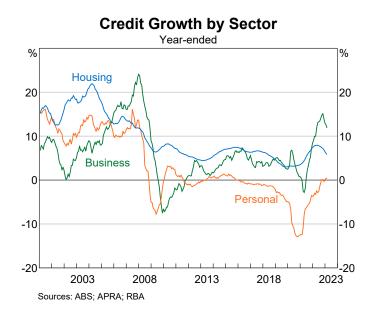


Credit and Money











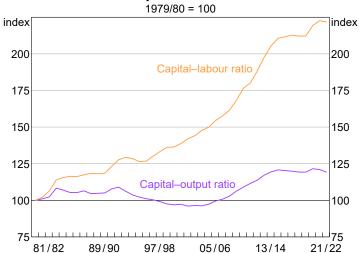
Factors of Production and Labour Market





* Excluding livestock & orchards, dwellings and ownership transfer costs. Sources: ABS; RBA





Capital stock excludes livestock & orchards, dwellings and ownership transfer costs.

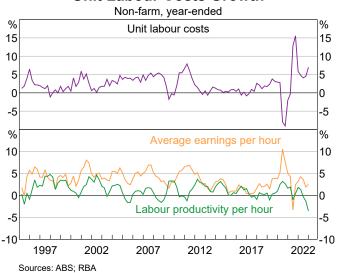
Sources: ABS; RBA



* Total pay excluding bonuses.

Source: ABS

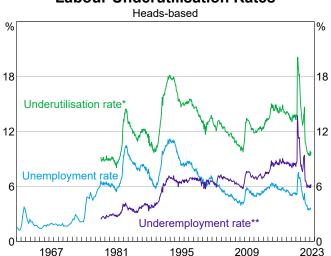
Unit Labour Costs Growth





Employment and Participation Rates 65 Participation rate 60 Employment-to-population ratio 1975 1987 1999 2011 2023 Source: ABS

Labour Underutilisation Rates

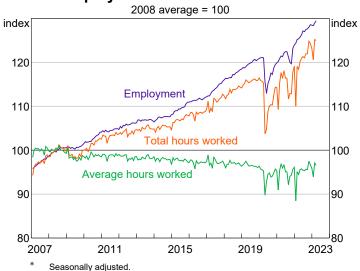


Sum of the unemployment and underemployment rates.

** Employed people who want, and are available, to work more hours.

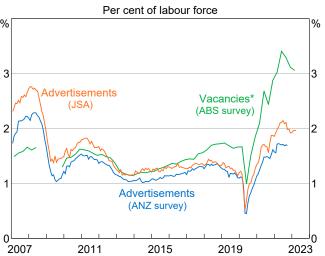
Source: ABS

Employment and Hours Worked*



Sources: ABS; RBA

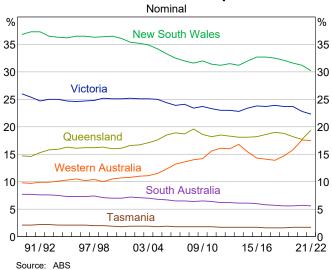
Job Vacancies and Advertisements



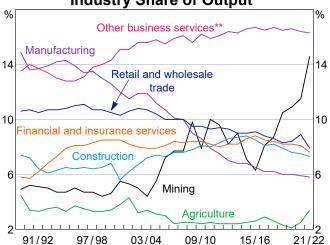
* This survey was suspended between May 2008 and November 2009. Sources: ABS; ANZ; Jobs and Skills Australia (JSA); RBA

Regions and Industry





Industry Share of Output*

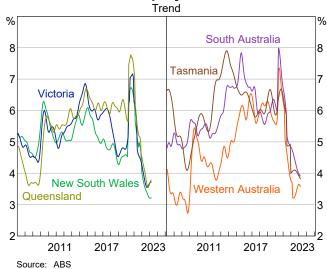


* Nominal gross value added.

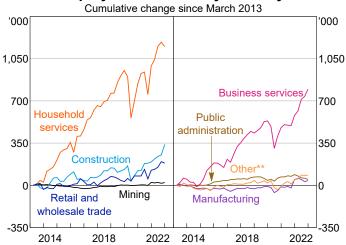
*** Includes: information media and telecommunications; rental, hiring and real estate services; professional, scientific and technical services; administrative and support services.

Source: ABS

State Unemployment Rates



Employment Growth by Industry*



* The trend series have been suspended from June 2020 until more certainty emerges in the underlying trend in labour market activity over the COVID-19 period.

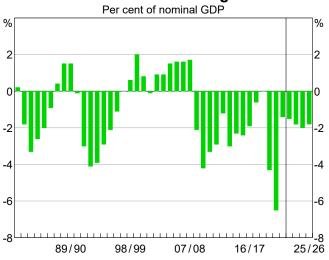
*** Includes agriculture, forestry & fishing; transport, postal & warehousing; and electricity, gas, water & waste services.

Source: ABS



Government

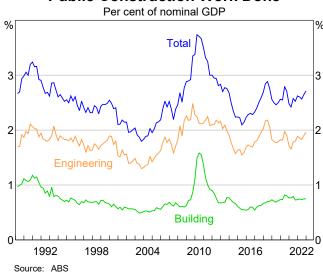
Australian Government Budget Balance*



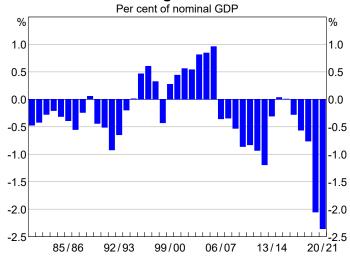
Underlying cash balance; 2022/23 October Budget.

Source: Australian Treasury

Public Construction Work Done



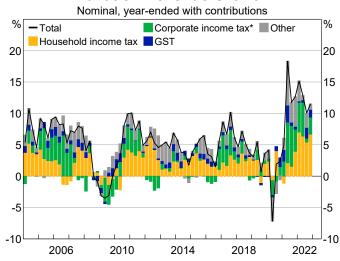
State Budget Balances*



Underlying cash balance.

Source: ABS

Taxation Revenue Growth



Only includes taxation of resident corporations.

Source: ABS

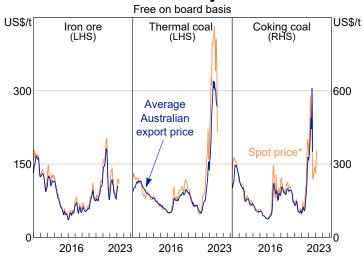


Commodity Prices

RBA Index of Commodity Prices



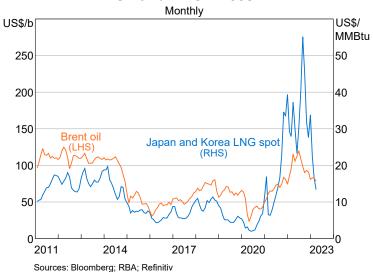
Bulk Commodity Prices



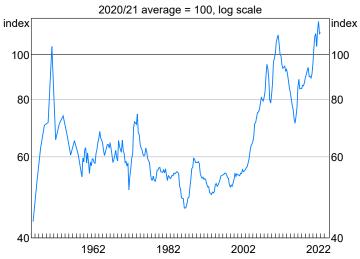
Iron ore 62% Fe fines index; Newcastle thermal coal and premium hard coking coal.

Sources: ABS; Bloomberg; McCloskey by OPIS; RBA

Oil and LNG Prices



Terms of Trade*

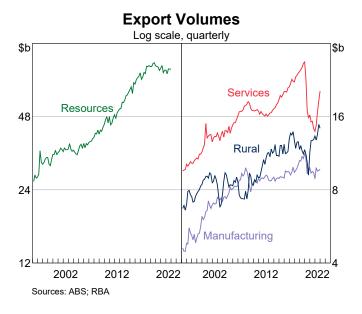


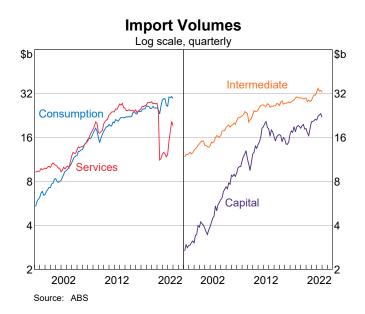
* Annual data are used prior to 1960.

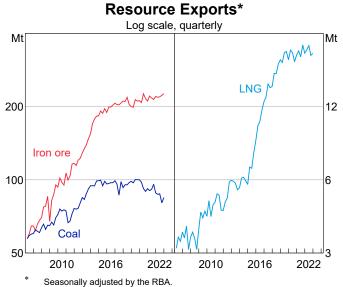
Sources: ABS; RBA



Balance of Payments and External Position

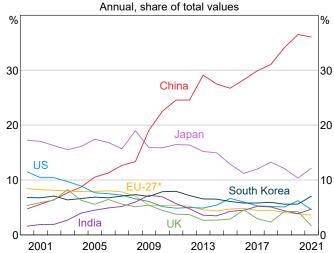






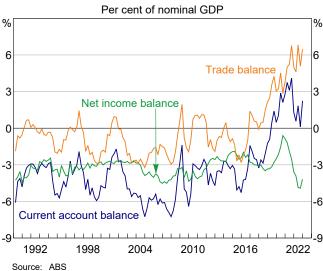
Sources: ABS; Department of Industry, Science, Energy and Resources;
RBA

Exports by DestinationAnnual, share of total values

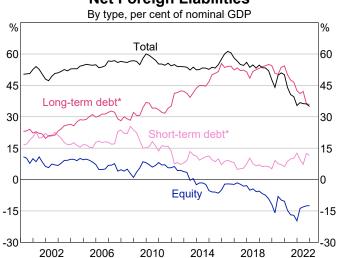


* The series has been revised to exclude the UK. Sources: ABS; RBA

Current Account Balance



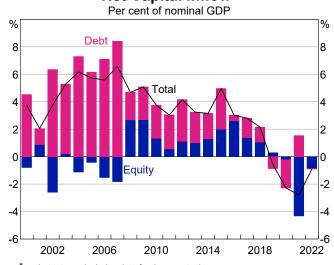
Net Foreign Liabilities



Short-term includes debt with residual maturity of one year or less; long-term includes all other debt.

Source: ABS

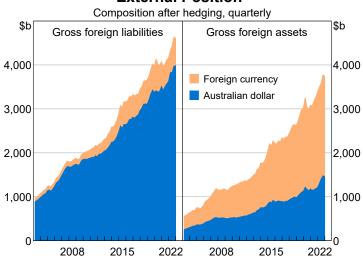
Net Capital Inflow*



Latest year includes data for the year to date.

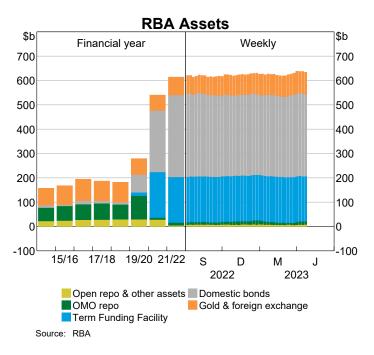
Source: ABS

External Position*

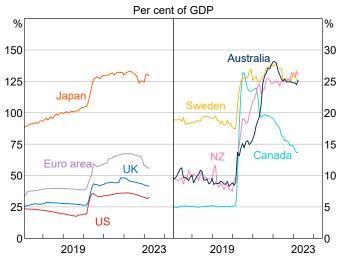


Hedge ratios inferred from ABS Foreign Currency Exposure surveys. Sources: ABS; RBA

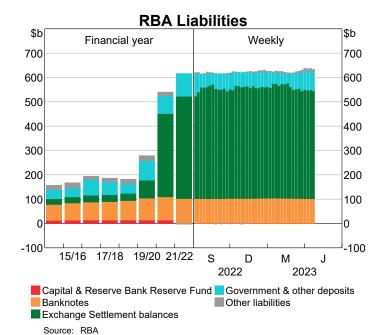
Central Bank Balance Sheets and Bond Purchases



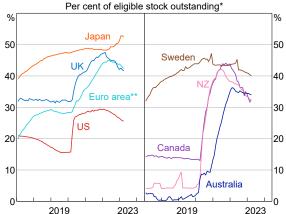
Central Bank Total Assets



Sources: Central banks: RBA: Refinitiv



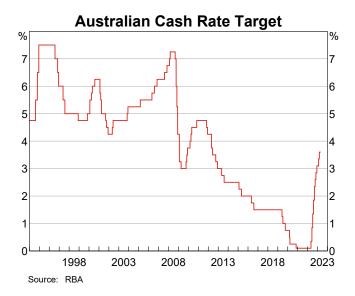
Central Bank Government Bond Holdings

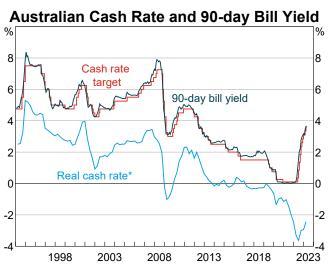


- Data include nominal and inflation-linked bonds issued by central governments that are eligible for purchase in the secondary market under central banks' government bond purchase programs (for Australia, this is nominal Australian Government Securities only); data for euro area also include eligible bonds issued by local and regional governments.
- ** Holdings data for euro area only include bonds held as part of asset purchase programs; holdings data for other central banks also include bonds held for operational or liquidity purposes.

Sources: Central banks; debt management offices; RBA; Refinitiv

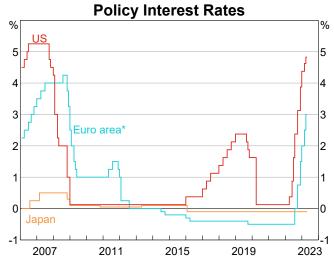
Interest Rates





Calculated using average of year-ended weighted median inflation and year-ended trimmed mean inflation.

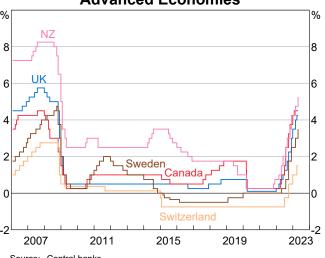
Sources: ABS; AFMA; ASX; RBA



Main refinancing rate until the introduction of 3-year LTROs in December 2011; deposit facility rate thereafter.

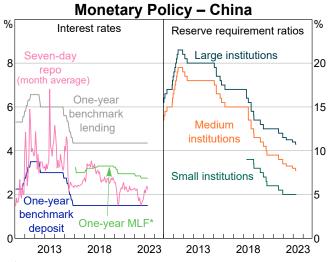
Source: Central banks

Policy Interest Rates - Selected **Advanced Economies**

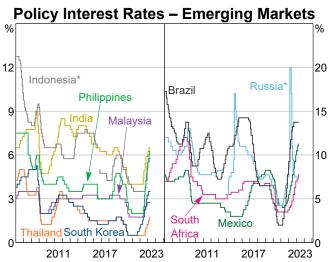


Source: Central banks



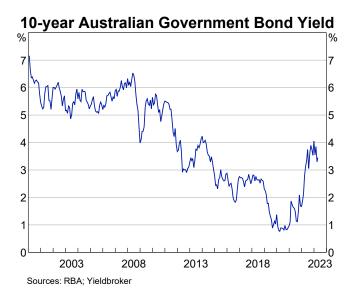


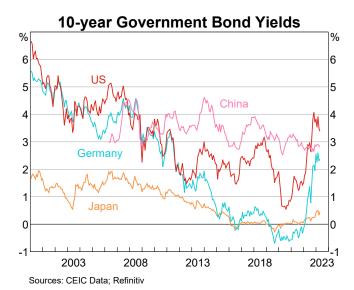
Medium term lending facility. Sources: CEIC Data; RBA



Breaks in series indicate changes in the official policy rates for Russia (September 2013) and Indonesia (August 2016).

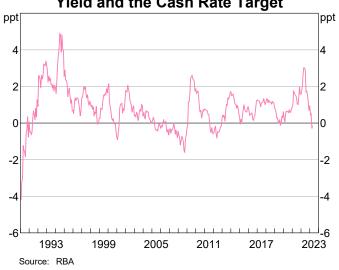
Source: Central banks



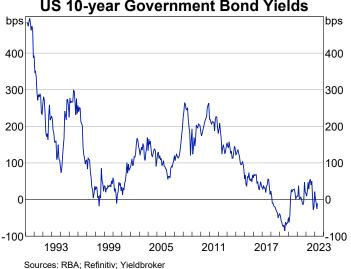




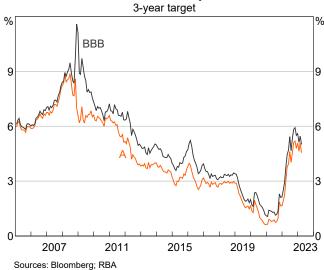
Spread between Australian 10-year Bond **Yield and the Cash Rate Target**



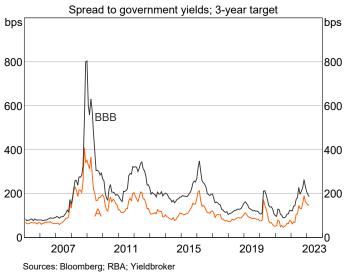
Differential between Australian and **US 10-year Government Bond Yields**



Australian Non-financial Corporate Bond Yields



Australian Non-financial Corporate Bond Spreads

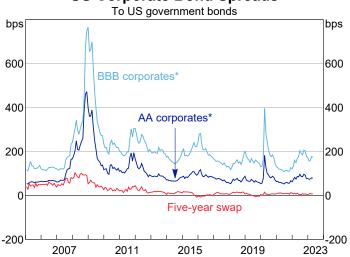




US Corporate Bond Yields 10 10 ↑ BBB corporates* AA corporates* 2007 2011 2015 2019 2023

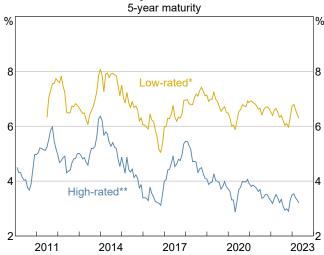
Includes financials and non-financials. Source: ICE Data is used with permission

US Corporate Bond Spreads



Includes financials and non-financials. Sources: Bloomberg; ICE Data is used with permission

Chinese Corporate Bond Yields

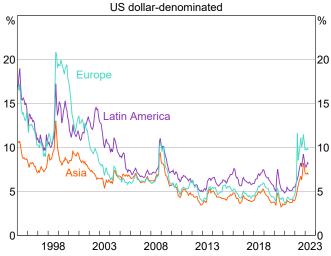


Based on AA- domestically rated bond.

Based on AAA domestically rated bond.

Source: CEIC Data

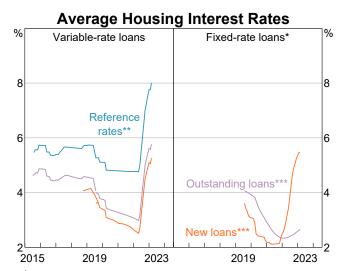
Emerging Market Government Bond Yields*



Weighted average across issuers.

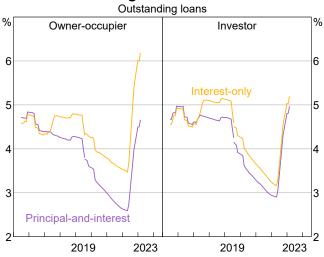
Source: J.P. Morgan





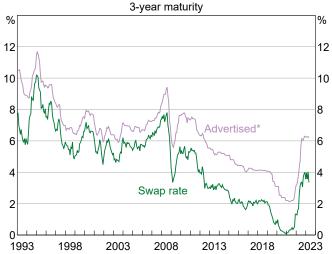
- * Weighted average interest rate across all fixed-rate periods.
- ** Major banks' standard reference rates for owner-occupier variable-rate loans
- *** Series break in July 2019; thereafter, data based on EFS collection. Sources: APRA; banks' websites; CANSTAR; RBA; Securitisation System

Housing Interest Rates*



* Average of variable-rate securitised loans to 2019; thereafter, average of fixed and variable-rate loans, based on EFS data.
Sources: APRA; RBA; Securitisation System

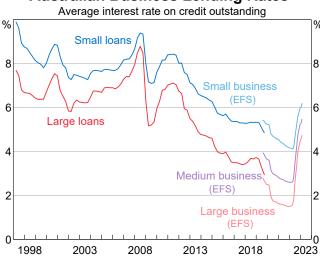
Fixed Housing Interest Rates



* Available to owner-occupiers.

Sources: Banks' websites; CANSTAR; RBA; Refinitiv

Australian Business Lending Rates*

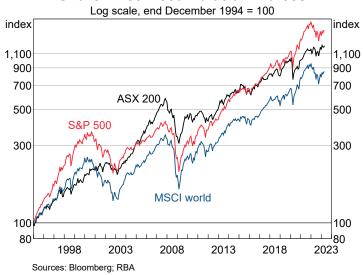


* Small loans are loans less than \$2 million; large loans are loans \$2 million or more; new series from July 2019 are from the Economic and Financial Statistics (EFS) collection (see Statistical Table F7).
Sources: APRA: RBA

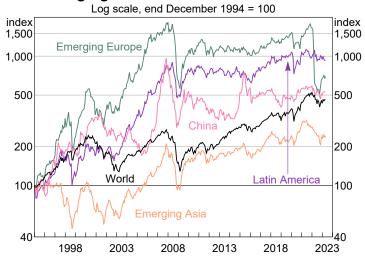


Share Markets

Share Price Accumulation Indices

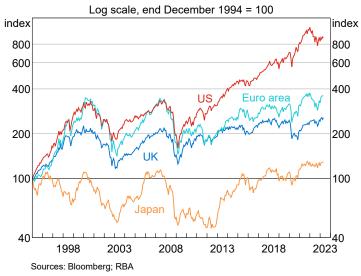


Emerging Markets' Share Price Indices*

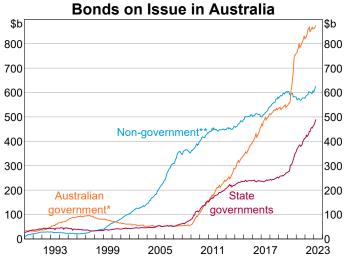


* MSCI indices; Shanghai Composite Index for China. Sources: Bloomberg; MSCI; RBA

Advanced Economies' Share Price Indices



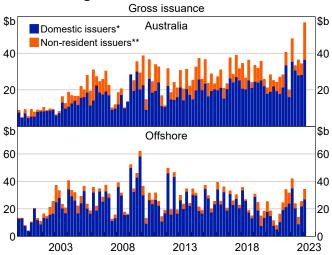
Bond Issuance



- * Excludes bonds purchased by the Australian Government.
- ** Excludes ADIs' self-securitisations, includes government-guaranteed bonds.

Sources: ABS; AOFM; Bloomberg; KangaNews; Private Placement Monitor; RBA; State Treasury Corporations

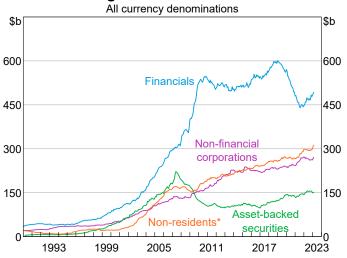
Non-government Bond Issuance



- * Excludes ADIs' self-securitisations.
- ** Offshore non-resident issuance includes Australian dollar-denominated bonds only.

Sources: Bloomberg; KangaNews; Private Placement Monitor; RBA

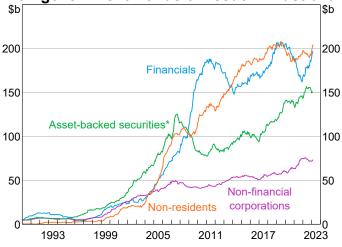
Total Non-government Bonds on Issue



* Australian dollar-denominated bonds only.

Sources: ABS; Bloomberg; KangaNews; Private Placement Monitor; RBA

Non-government Bonds on Issue in Australia

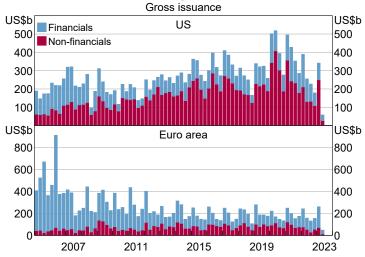


* Excludes ADIs' self-securitisations.

Sources: ABS; Bloomberg; KangaNews; Private Placement Monitor; RBA

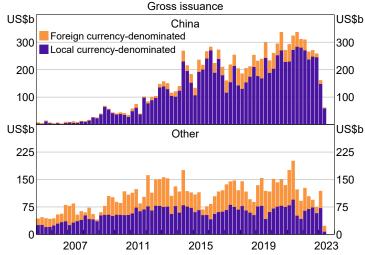


US and Euro Area Corporate Bond Issuance* Gross issuance



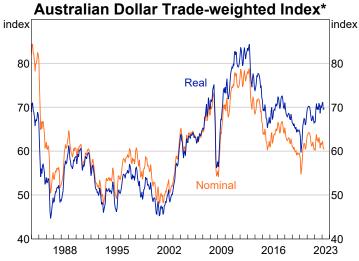
Most recent data is quarter-to-date. Sources: Dealogic; RBA

Emerging Market Corporate Bond Issuance* Gross issuance



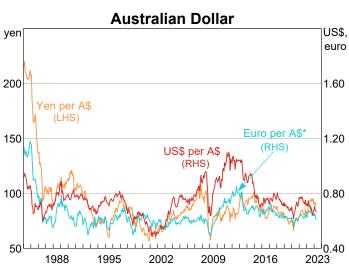
Most recent data is quarter-to-date. Sources: Dealogic; RBA

Exchange Rates



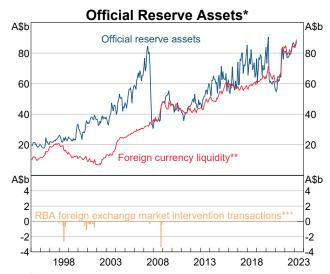
May 1970 = 100 for nominal; real indexed to equate post-float averages; latest observations for real TWI are estimates.

Sources: ABS; RBA; Refinitiv; WM/Reuters



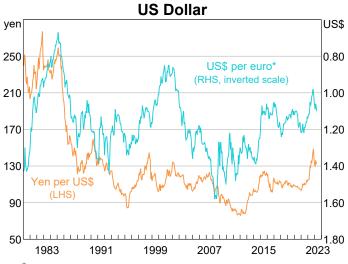
* ECU per A\$ until 31 December 1998.

Source: Bloomberg



- * The reporting methodology for official reserve asset data changes in 2015.
- ** Excludes net forward foreign currency commitments.
- *** Data up to 30 June 2022; a positive value indicates a purchase of foreign exchange, while a negative value indicates a sale of foreign exchange.

Source: RBA

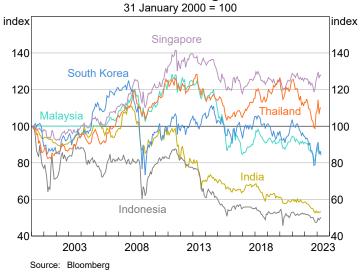


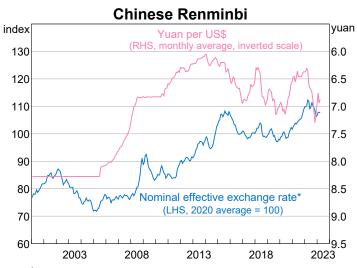
* US\$ per ECU until 31 December 1998.

Sources: Bloomberg; Eurostat



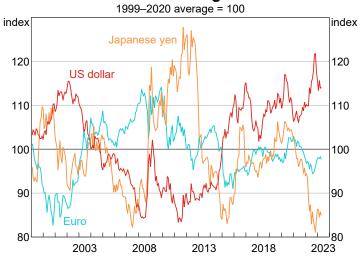
Selected Asian Currencies against the US Dollar





* Monthly average nominal rate calculated using BIS EER weights. Sources: BIS; Refinitiv

G3 Nominal Trade-weighted Indices



Sources: BIS; Bloomberg; Board of Governors of the Federal Reserve System

Banking Indicators

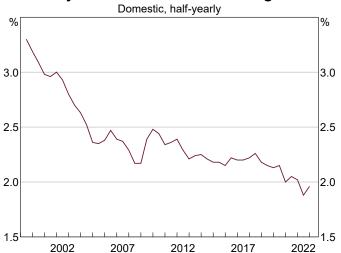
Australian Bank Profitability*



Fiscal years from 2003 onwards; prior data are as reported in banks' financial statements

Sources: APRA; Banks' annual reports; RBA

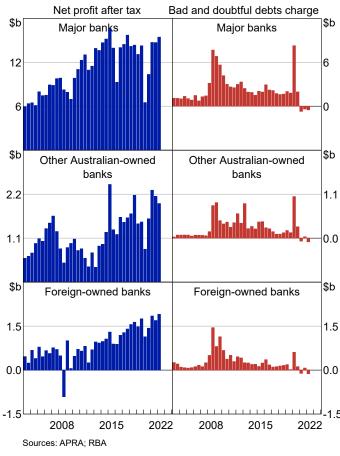
Major Banks' Net Interest Margin*



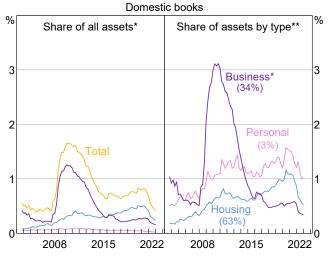
Data for a given period relate to banks' public profit reports released in that half; IFRS basis from 2006, AGAAP prior; excludes St George Bank and Bankwest prior to the first half of 2009.

Sources: Banks' financial reports; RBA

Australian Bank Profits



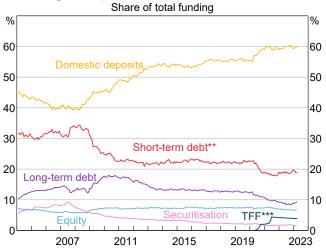
Banks' Non-performing Assets



- Includes lending to financial businesses, bills, short-term and long-term debt securities and other non-household loans
- Each category's share of total domestic lending at December 2022 is shown in parentheses; shares may not add up to 100 due to rounding

Sources: APRA; RBA

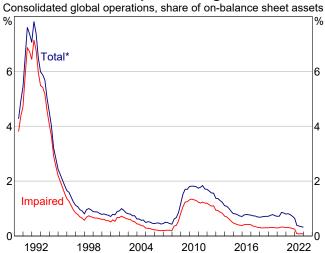
Funding Composition of Banks in Australia*



- Adjusted for movements in foreign exchange rates; tenor of debt is estimated on a residual maturity basis.
- Includes deposits and intragroup funding from non-residents.
- Term Funding Facility.

Sources: ABS; APRA; Bloomberg; RBA; Refinitiv; Standard & Poor's

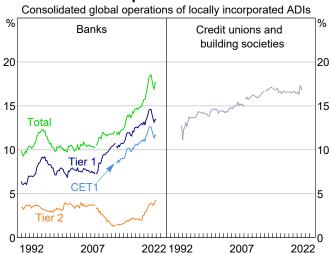
Banks' Non-performing Assets



Includes assets 90+ days past due that are well secured

Source: APRA

Capital Ratios*



Per cent of risk-weighted assets; break in March 2008 due to the introduction of Basel II for most ADIs; break in March 2013 due to the introduction of Basel III for all ADIs.

Source: APRA

