# The Australian Economy and Financial Markets

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Australian Growth

**GDP Growth**

- Year-ended
- Quarterly

Source: ABS

**Contributions to GDP Growth**

- Year-ended

Sources: ABS; RBA

**Mining and Non-mining Activity**

- Year-ended growth, RBA estimates

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

Sources: ABS; RBA

**State Final Demand**

- Year-ended growth

Sources: ABS; RBA
Australian Inflation

**Consumer Price Inflation***

- Year-ended
- Quarterly (seasonally adjusted)

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

Sources: ABS; RBA

**Measures of Underlying Inflation***

- Weighted median
- Trimmed mean
- CPI excl volatile items

*Excludes interest charges prior to September 1998 and deposit & loan facilities prior to September 2011; adjusted for 1999–2000 tax changes

Sources: ABS; RBA

** Tradable and Non-tradable Inflation***

- Non-tradables**
- Tradables excl volatiles

*Adjusted for the tax changes of 1999–2000

**Excludes interest charges and indirect deposit & loan facilities

Sources: ABS; RBA
Household Sector

Household Income and Consumption*

Real, year-ended growth

Consumption

Disposable income

Saving ratio


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

Sources: ABS; RBA

Consumer Sentiment*

Average since 1980 = 100


* 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 Dwelling Investment*

Chain volume, quarterly


* Reference year is 2017/18

Source: ABS

Private Residential Building Approvals

Monthly

0 10 20 30 40 50 60 70 80 90 100

Source: ABS
### Business Sector

#### Business Investment*

**Share of nominal GDP**

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

Source: ABS

#### Capital Expenditure – Mining and Non-mining*

**Nominal, log scale**

- **Mining**
  - 1992/3: $2.4
  - 2021: $128

- **Non-mining**
  - 1992/3: $4
  - 2021: $64

* Dots are firms’ expectations for 2020/21; adjusted for historical differences between expected and realised spending

Sources: ABS, RBA

#### Business Investment Components*

**Share of nominal GDP**

- **Machinery and equipment**
  - 1990: 8
  - 2020: 4

- **Buildings**
  - 1990: 4
  - 2020: 2

- **Engineering**
  - 1990: 8
  - 2020: 4

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

Source: ABS

#### Industry Share of Business Investment*

- **Manufacturing**
  - 1993/4: 30
  - 2018/19: 10

- **Mining**
  - 1993/4: 50
  - 2018/19: 20

- **Retail and wholesale trade**
  - 1993/4: 15
  - 2018/19: 5

- **Financial and insurance services**
  - 1993/4: 5
  - 2018/19: 2

- **Other business services**
  - 1993/4: 5
  - 2018/19: 2

- **Construction**
  - 1993/4: 10
  - 2018/19: 5

- **Agriculture**
  - 1993/4: 5
  - 2018/19: 1

* 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*

Share of nominal GDP

Non-mining

Mining

Lending to Business*

Break-adjusted

$\text{B}^*$

Exposures data

EFS data

Large business

Medium business

Small business

NAB Business Survey

Business conditions*

Business confidence*

Capacity utilisation

Average since 1989

* Gross operating profits; inventory valuation adjusted

Sources: ABS; RBA

* 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

* Net balance; deviation from average since 1989

Sources: NAB; RBA
Factors of Production and Labour Market

Factors of Production

Annual growth

- Net capital stock*
- Working-age population

Capital Ratios*

1979/80 = 100

- Capital-labour ratio
- Capital-output ratio

Unit Labour Costs Growth

Non-farm, year-ended

- Unit labour costs
- Average earnings per hour
- Labour productivity per hour

* Excluding livestock & orchards, dwellings and ownership transfer costs

Source: ABS; RBA

Wage Price Index Growth*

- Year-ended
- Quarterly

* Total pay excluding bonuses

Source: ABS

RESERVE BANK OF AUSTRALIA

CHART PACK | SEPTEMBER 2020  11
**Factors of Production and Labour Market**

- **Employment and Participation Rates**
  - Participation rate
  - Employment to working-age population ratio
  - Source: ABS

- **Employment and Hours Worked**
  - 2008 average = 100
  - Employment
  - Total hours worked
  - Average hours worked
  - *Seasonally adjusted
  - Sources: ABS; RBA

- **Labour Underutilisation Rates**
  - Heads-based
  - Underemployment rate*
  - Unemployment rate
  - Source: ABS

- **Job Vacancies and Advertisements**
  - Per cent of labour force
  - Advertisements (ANZ survey)
  - Vacancies*
  - *This survey was suspended between May 2008 and November 2009
  - Sources: ABS; ANZ
Regions and Industry

**State Share of Output**
Nominal

- New South Wales
- Victoria
- Queensland
- Western Australia
- South Australia
- Tasmania

Source: ABS

**State Unemployment Rates**
Seasonally adjusted

- New South Wales
- South Australia
- Tasmania
- Queensland

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

Source: ABS

**Industry Share of Output**

- Manufacturing
- Retail and wholesale trade
- Financial and insurance services
- Construction
- Mining
- Agriculture
- Other business services**

* 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

**Employment Growth by Industry**
Cumulative change since March 2013

- Household services
- Public administration
- Business services
- Other*
- Construction
- Mining
- Manufacturing
- Retail and wholesale trade

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

Source: ABS
**Commodity Prices**

**RBA Index of Commodity Prices**
- SDR, 2018/19 average = 100, log scale

**Base Metals, Rural and Oil Prices**
- Monthly
- * RBA Index of Commodity Prices sub-indices; SDR terms; 2007 average = 100

**Bulk Commodity Prices**
- Free on board basis
- Iron ore (LHS)
- Thermal coal (LHS)
- Coking coal (RHS)
- Average Australian export price

**Terms of Trade**
- 2017/18 average = 100, log scale
- * Annual data are used prior to 1960

Sources: ABS; Bloomberg; IHS Markit; RBA
Balance of Payments and External Position

**Export Volumes**
Log scale, quarterly

- Resources
- Services
- Rural
- Manufacturing

Sources: ABS; RBA

**Import Volumes**
Log scale, quarterly

- Consumption
- Intermediate
- Services
- Capital

Source: ABS

**Bulk Commodity Exports**
Quarterly

- Iron ore
- Coal

Sources: ABS; RBA

**Exports by Destination**
Annual, share of total values

- China
- Japan
- EU-27
- South Korea
- India
- US

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

**Australian Non-financial Corporate Bond Yields**

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

**Australian Non-financial Corporate Bond Spreads**

Sources: Bloomberg; RBA; Yieldbroker
**Variable Housing Interest Rates**

- Major banks’ reference rates
- Outstanding loans*
- New loans*

* Series break in July 2019; thereafter, data based on EFS collection
Sources: APRA; banks’ websites; CANSTAR; RBA; Securitisation System

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**Fixed Housing Interest Rates**

- Advertised*
- Swap rate

* Available to owner-occupiers
Sources: Banks’ websites; Bloomberg; CANSTAR; RBA

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**Housing Interest Rates* (Outstanding loans)**

- Owner-occupier
- Investor

* 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

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**Australian Business Lending Rates**

- Small loans
- Small business (EFS)
- Medium business (EFS)
- Large business (EFS)

* 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**

Log scale, end December 1994 = 100

ASX 200
S&P 500
MSCI world

Sources: RBA; Refinitiv

**Advanced Economies’ Share Price Indices**

Log scale, end December 1994 = 100

Euro area
US
UK
Japan

Sources: Bloomberg; RBA

**Australian Share Price Indices**

Log scale, end December 2014 = 100

All other sectors
Financials
Resources

Sources: Bloomberg; RBA; Refinitiv

**Emerging Markets’ Share Price Indices**

Log scale, end December 1994 = 100

Emerging Europe
Latin America
China
World
Emerging Asia

Sources: Bloomberg; MSCI; RBA

* ASX 200 companies

* MSCI indices; Shanghai Composite Index for China
**US and Euro Area Corporate Bond Issuance**

Gross issuance

- **US**
  - Financials
  - Non-financials

- **Euro area**
  - US
  - Financials
  - Non-financials

* September quarter-to-date
Sources: Dealogic; RBA

**Emerging Market Corporate Bond Issuance**

Gross issuance

- **China**
  - Foreign currency-denominated
  - Local currency-denominated

- **Other**
  - US
  - Foreign currency-denominated
  - Local currency-denominated

* September quarter-to-date
Sources: Dealogic; RBA
Banking Indicators

Australian Bank Profitability*

Return on shareholders’ equity after tax and minority interests

% %

20 10 0 -10


Majors

Other Australian-owned banks

* 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*

Domestic, half-yearly

% %

3.0 2.5 2.0 1.5 1.5


* 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

Net profit after tax

Bad and doubtful debts charge

$b $b

12 6 2.2 1.1 0.0

Major banks

Other Australian-owned banks

$b $b

1.5 1.0 0.5 0.0

Foreign-owned banks

$0.0 1.5 1.0 0.5 0.0

Major banks

Other Australian-owned banks

Foreign-owned banks

Sources: APRA; RBA