The Australian Economy and Financial Markets

Chart Pack | December 2020
# The Australian Economy and Financial Markets

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Inflation – Advanced Economies*

Year-ended

%)

US

Euro area

Japan

2008 2012 2016 2020

* Personal consumption expenditure (PCE) inflation for the US; Japan data excludes the effects of the consumption tax increase in April 2014
Sources: RBA; Refinitiv

Labour Markets – Advanced Economies

Unemployment rate

%)

Euro area

US


Wages growth*

%)

Japan

2008 2012 2016 2020

* Average hourly earnings for the US; compensation per employee for the euro area; smoothed full-time base wages for Japan
Sources: ECB; Eurostat; RBA; Refinitiv

Inflation – China and India

Year-ended

%)

India

China

2004 2008 2012 2016 2020

Source: CEIC Data

Inflation – East Asia

Year-ended

%)

Indonesia

Malaysia

South Korea

2004 2008 2012 2016 2020

Sources: CEIC Data; 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

Private Dwelling Investment*

- Chain volume, quarterly

* Reference year is 2017/18

Source: ABS

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 Residential Building Approvals

- Monthly

Source: ABS
Housing Prices and Household Debt*
Ratio to household disposable income

<table>
<thead>
<tr>
<th>Year</th>
<th>Housing prices</th>
<th>Household debt</th>
</tr>
</thead>
<tbody>
<tr>
<td>1990</td>
<td>2.0</td>
<td>0.5</td>
</tr>
<tr>
<td>2000</td>
<td>3.0</td>
<td>1.0</td>
</tr>
<tr>
<td>2010</td>
<td>4.0</td>
<td>1.5</td>
</tr>
<tr>
<td>2020</td>
<td>5.0</td>
<td>2.0</td>
</tr>
</tbody>
</table>

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

Household Wealth and Liabilities*
Per cent of annual household disposable income

<table>
<thead>
<tr>
<th>Year</th>
<th>Net wealth</th>
<th>Dwellings</th>
<th>Financial assets</th>
<th>Liabilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>0%</td>
<td>200%</td>
<td>400%</td>
<td>600%</td>
</tr>
<tr>
<td>2010</td>
<td>200%</td>
<td>400%</td>
<td>600%</td>
<td>800%</td>
</tr>
<tr>
<td>2020</td>
<td>400%</td>
<td>600%</td>
<td>800%</td>
<td>1000%</td>
</tr>
</tbody>
</table>

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

Housing Prices
Year-ended growth, seasonally adjusted

<table>
<thead>
<tr>
<th>Year</th>
<th>ABS*</th>
<th>APM***</th>
<th>Residex*</th>
<th>CoreLogic**</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>5%</td>
<td>10%</td>
<td>15%</td>
<td>20%</td>
</tr>
<tr>
<td>2011</td>
<td>10%</td>
<td>15%</td>
<td>20%</td>
<td>25%</td>
</tr>
<tr>
<td>2014</td>
<td>15%</td>
<td>20%</td>
<td>25%</td>
<td>30%</td>
</tr>
<tr>
<td>2017</td>
<td>20%</td>
<td>25%</td>
<td>30%</td>
<td>35%</td>
</tr>
<tr>
<td>2020</td>
<td>25%</td>
<td>30%</td>
<td>35%</td>
<td>40%</td>
</tr>
</tbody>
</table>

* 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

Housing Loan Commitments*
Excluding refinancing

<table>
<thead>
<tr>
<th>Year</th>
<th>Total</th>
<th>Owner-occupier</th>
<th>Investor</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td>0.5</td>
<td>0.5</td>
<td>0.5</td>
</tr>
<tr>
<td>2008</td>
<td>1.0</td>
<td>1.0</td>
<td>1.0</td>
</tr>
<tr>
<td>2012</td>
<td>1.5</td>
<td>1.5</td>
<td>1.5</td>
</tr>
<tr>
<td>2016</td>
<td>2.0</td>
<td>2.0</td>
<td>2.0</td>
</tr>
<tr>
<td>2020</td>
<td>2.5</td>
<td>2.5</td>
<td>2.5</td>
</tr>
</tbody>
</table>

* Seasonally adjusted
Sources: ABS; RBA
Factors of Production and Labour Market

Factors of Production

Annual growth

- **Net capital stock***
  - 1984/85 - 2020
  - *Excluding livestock & orchards, dwellings and ownership transfer costs*
  - Sources: ABS; RBA

- Working-age population
  - 1984/85 - 2020

Wage Price Index Growth*

- Year-ended
  - 2000 - 2020
  - *Total pay excluding bonuses*
  - Source: ABS

Capital Ratios*

- **1979/80 = 100**

- Capital-labour ratio
  - 84/85 - 2019/20

- Capital-output ratio
  - 84/85 - 2019/20

Unit Labour Costs Growth

- Non-farm, year-ended

- Unit labour costs
  - 1995 - 2020

- Average earnings per hour
  - 1995 - 2020

- Labour productivity per hour
  - 1995 - 2020

* Capital stock excludes livestock & orchards, dwellings and ownership transfer costs
Sources: ABS; RBA
Regions and Industry

**State Share of Output**

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

Source: ABS

**State Unemployment Rates**

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

*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**

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

* 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**

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

* 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
Variable Housing Interest Rates

Fixed Housing Interest Rates

Housing Interest Rates*

Australian Business Lending Rates*

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

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

* 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

* 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

Advanced Economies’ Share Price Indices
Log scale, end December 1994 = 100

Emerging Markets’ Share Price Indices*
Log scale, end December 1994 = 100

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

Sources: RBA; Refinitiv

Sources: Bloomberg; RBA

Graphs and charts showing share price accumulation indices for various regions and markets, including ASX 200, S&P 500, MSCI world, Euro area, US, UK, Japan, Emerging Europe, Latin America, China, World, and Emerging Asia.
Bond Issuance

**Bonds on Issue in Australia**

![Graph showing bonds on issue in Australia]

**Total Non-government Bonds on Issue**

![Graph showing total non-government bonds on issue]

**Non-government Bond Issuance**

![Graph showing non-government bond issuance]

**Non-government Bonds on Issue in Australia**

![Graph showing non-government bonds on issue in Australia]

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* Excludes bonds purchased by the Australian Government
** Excludes ADIs’ self-secuiritisations, includes government-guaranteed bonds
Sources: ABS; AOFM; Bloomberg; KangaNews; Private Placement Monitor; RBA; State Treasury Corporations

* Australian dollar-denominated bonds only
Sources: ABS; Bloomberg; KangaNews; Private Placement Monitor; RBA

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* Excludes ADIs’ self-secuiritisations
** Offshore non-resident issuance includes Australian dollar-denominated bonds only
Sources: Bloomberg; KangaNews; Private Placement Monitor; RBA
**US and Euro Area Corporate Bond Issuance**

- **Gross issuance**

  US
  - Financials
  - Non-financials

  Euro area

* December is quarter-to-date

Sources: Dealogic; RBA

**Emerging Market Corporate Bond Issuance**

- **Gross issuance**

  China
  - Foreign currency-denominated
  - Local currency-denominated

  Other

* December is quarter-to-date

Sources: Dealogic; RBA

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**BOND ISSUANCE**

**CHART PACK | DECEMBER 2020**

25
Banking Indicators

**Australian Bank Profitability***
Return on shareholders' equity after tax and minority interests

- * 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

- * 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