The Australian Economy and Financial Markets

Chart Pack | July 2023
Contents

World Economy 1
Australian Growth 4
Australian Inflation 5
Household Sector 6
Business Sector 8
Credit and Money 11
Factors of Production and Labour Market 12
Regions and Industry 14
Government 15
Commodity Prices 16
Balance of Payments and External Position 17
Central Bank Balance Sheets and Bond Purchases 19
Interest Rates 20
Share Markets 25
Bond Issuance 26
Exchange Rates 28
Banking Indicators 30
World Economy

**GDP Growth – World**

*Year-ended*

- Major trading partners*
- World**

* Weighted using Australian export shares.
** PPP-weighted; accounts for 85 per cent of world GDP.
Sources: ABS; CEIC Data; IMF; RBA; Refinitiv.

**GDP Growth – China and India**

*Year-ended*

- China
- India

Sources: CEIC Data; RBA.

**GDP Growth – Advanced Economies**

*Year-ended*

- US
- Euro area
- Japan

Source: Refinitiv.

**GDP Growth – East Asia**

*Year-ended*

- Indonesia
- South Korea
- Malaysia

Sources: CEIC Data; RBA.
Australian Growth

**GDP Growth**

Source: ABS.

**Contributions to GDP Growth**

Sources: ABS; RBA.

**Mining and Non-mining Activity**

Sources: ABS; RBA.

**State Final Demand**

Sources: ABS; RBA.
Australian Inflation

**Consumer Price Inflation***

- Year-ended
- Quarterly (seasonally adjusted)

Sources: ABS; RBA.

**Measures of Underlying Inflation***

- Year-ended
- CPI excl volatile items
- Weighted median
- Trimmed mean

* 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**
- Year-ended
- Quarterly (seasonally adjusted)

- Tradable excl volatiles

** 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

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 2020/21.

Source: ABS.

Private Residential Building Approvals

- Monthly

Source: ABS.
Business Sector

**Business Investment**

Share of nominal GDP

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

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

Nominal, log scale

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

**Business Investment Components**

Share of nominal GDP

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

**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*

Share of nominal GDP

- Non-mining
- Mining

Sources: ABS; RBA.

Lending to Businesses*

Break-adjusted**

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

Sources: APRA; RBA.

NAB Business Survey

- Business conditions*
- Business confidence*
- Capacity utilisation

Average since 1989

Sources: NAB; RBA.

* Gross operating profits; inventory valuation adjusted.
** Net balance: deviation from average since 1989.
Business Lending Rates*

Average interest rate on credit outstanding

<table>
<thead>
<tr>
<th></th>
<th>Small business</th>
<th>Medium business</th>
<th>Large business</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixed-rate</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Secured by residential property**</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Variable-rate</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* Changes to business size definitions in April 2023 resulted in some large business credit being reclassified as medium business credit and some medium business credit being reclassified as small business credit.

** 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*

Small and medium-sized businesses, excluding refinancing

<table>
<thead>
<tr>
<th></th>
<th>Other**</th>
<th>Purchase of property</th>
<th>Working capital</th>
<th>Construction</th>
<th>Plant and equipment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* Fixed-term loans; not seasonally adjusted. Changes to business size definitions in April 2023 resulted in some large business credit being reclassified as medium business credit and some medium business credit being reclassified as small business credit.

** Wholesale finance, acquisitions and general business purposes.

Sources: APRA; RBA.

Lending to Businesses*

Not seasonally adjusted, break-adjusted

<table>
<thead>
<tr>
<th></th>
<th>Small business</th>
<th>Medium business</th>
<th>Large business</th>
</tr>
</thead>
<tbody>
<tr>
<td>Secured (other)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Secured (residential property)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Secured</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* Changes to business size definitions in April 2023 resulted in some large business credit being reclassified as medium business credit and some medium business credit being reclassified as small business credit.

Sources: APRA; RBA.

Lending to Selected Industries

Small and medium-sized businesses, credit outstanding*

<table>
<thead>
<tr>
<th></th>
<th>Highly affected by COVID-19**</th>
<th>Less affected by COVID-19**</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accom &amp; food</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Admin &amp; Healthcare</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Construction</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other services***</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other highly affected***</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Agriculture</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rental</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* Changes to business size definitions in April 2023 resulted in some large business credit being reclassified as medium business credit and some medium business credit being reclassified as small business credit.

** 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.
Factors of Production and Labour Market

Factors of Production

Annual growth

- Net capital stock*

- Working-age population

Sources: ABS; RBA.

Wage Price Index Growth*

- Year-ended

- Quarterly

* Total pay excluding bonuses.
Source: ABS.

Capital Ratios*

- Capital–labour ratio

- Capital–output ratio

1979/80 = 100

Sources: ABS; RBA.

Unit Labour Costs Growth

- Non-farm, year-ended

- Unit labour costs

- Average earnings per hour

- Labour productivity per hour

Sources: ABS; RBA.
**Government**

**Australian Government Budget Balance***

*Per cent of nominal GDP*

-8 -6 -4 -2 0 2 %

81/82 90/91 99/00 08/09 17/18 26/27

* Underlying cash balance; 2023/24 Budget.
Source: Australian Treasury.

**State Budget Balances***

*Per cent of nominal GDP*

-2.5 -2.0 -1.5 -1.0 -0.5 0.0 0.5 1.0 %

85/86 92/93 99/00 06/07 13/14 20/21

* Underlying cash balance.
Source: ABS.

**Public Construction Work Done**

*Per cent of nominal GDP*

% 0 1 2 3


Total Engineering Building

Source: ABS.

**Taxation Revenue Growth**

Nominal, year-ended with contributions

% -10 -5 0 5 10 15 20

2007 2011 2015 2019 2023

- Total Corporate income tax Other
- Household income tax GST

* Only includes taxation of resident corporations.
Source: ABS.
Balance of Payments and External Position

**Export Volumes**
Log scale, quarterly

**Resource Exports**
Log scale, quarterly

* Seasonally adjusted by the RBA.
Sources: ABS; Department of Industry, Science, Energy and Resources; RBA.

**Import Volumes**
Log scale, quarterly

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

* The series has been revised to exclude the UK.
Sources: ABS; RBA.
Central Bank Balance Sheets and Bond Purchases

RBA Assets

Central Bank Total Assets

Per cent of GDP

Sources: Central banks; RBA; Refinitiv.

RBA Liabilities

Central Bank Government Bond Holdings

Per cent of eligible stock outstanding*

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

* 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.

Source: RBA.
Spread between Australian 10-year Bond Yield and the Cash Rate Target

Sources: RBA.

Australian Non-financial Corporate Bond Yields

Sources: Bloomberg; RBA.

Differential between Australian and US 10-year Government Bond Yields

Sources: RBA; Refinitiv; Yieldbroker.

Australian Non-financial Corporate Bond Spreads

Spread to government yields; 3-year target

Sources: Bloomberg; RBA; Yieldbroker.
Average Housing Interest Rates

Variable-rate loans

Fixed-rate loans

Reference rates**

Outstanding loans***

New loans***

2015 2019 2023 2025

2 4 6 8

%*

* 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.

Fixed Housing Interest Rates

3-year maturity

Advertised*

Swap rate


0 2 4 6 8 10 12

%*

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

Housing Interest Rates*

Outstanding loans

Owner-occupier

Investor

Interest-only

Principal-and-interest

2015 2019 2023 2025

2 3 4 5 6

%*

* 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.

Australian Business Lending Rates*

Average interest rate on credit outstanding

Small loans

Small business (EFS)

Large loans

Medium business (EFS)

Large business (EFS)


0 2 4 6 8

%*

* 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). Changes to business size definitions in April 2023 resulted in some large business credit being reclassified as medium business credit and some medium business credit being reclassified as small business credit.
Sources: APRA; RBA.
Share Markets

Share Price Accumulation Indices
Log scale, end December 1994 = 100

Sources: Bloomberg; RBA.

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

Sources: Bloomberg; RBA.

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

* MSCI indices; Shanghai Composite Index for China.

Sources: Bloomberg; MSCI, RBA.

CHART PACK | JULY 2023
Bond Issuance

**Bonds on Issue in Australia**

- **Australian government***
- **State governments***
- **Non-government**

* 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**

- **Gross issuance**
  - Domestic issuers***
  - Non-resident issuers**

* 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**

- **All currency denominations**
  - Financials
  - Non-financial corporations
  - Non-residents*
  - Asset-backed securities

* Australian dollar-denominated bonds only.

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

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

- **Financials**
- **Asset-backed securities***
- **Non-financial corporations*
- **Non-residents**

* Excludes ADIs' self-securitisations.

Sources: ABS; Bloomberg; KangaNews; Private Placement Monitor; RBA.
US and Euro Area Corporate Bond Issuance*

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

Emerging Market Corporate Bond Issuance*

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

**Australian Dollar Trade-weighted Index***

- 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.

**Official Reserve Assets***

- 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.

**Australian Dollar**

- ECU per A$ until 31 December 1998.
- Source: Bloomberg.

**US Dollar**

- US$ per ECU until 31 December 1998.
- Sources: Bloomberg; Eurostat.
Selected Asian Currencies against the US Dollar

31 January 2000 = 100

Source: Bloomberg.

G3 Nominal Trade-weighted Indices

1999–2020 average = 100

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

Chinese Renminbi

Yuan per US$ (RHS, monthly average, inverted scale)

Nominal effective exchange rate* (LHS, 2020 average = 100)

* Monthly average nominal rate calculated using BIS EER weights.

Sources: BIS; Refinitiv.
Banks’ Non-performing Assets
Domestic books

<table>
<thead>
<tr>
<th>Year</th>
<th>Total</th>
<th>Business*</th>
<th>Personal</th>
<th>Housing</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td></td>
<td>3.2%</td>
<td>3.0%</td>
<td>2.8%</td>
</tr>
<tr>
<td>2010</td>
<td></td>
<td>2.9%</td>
<td>2.7%</td>
<td>2.5%</td>
</tr>
<tr>
<td>2023</td>
<td></td>
<td>2.4%</td>
<td>2.2%</td>
<td>2.0%</td>
</tr>
</tbody>
</table>

* 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*

<table>
<thead>
<tr>
<th>Year</th>
<th>Domestic deposits</th>
<th>Short-term debt**</th>
<th>Long-term debt</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2023</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* 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 Loans
Consolidated global operations, share of loans and advances

<table>
<thead>
<tr>
<th>Year</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003</td>
<td>0.3%</td>
</tr>
<tr>
<td>2007</td>
<td>0.2%</td>
</tr>
<tr>
<td>2011</td>
<td>0.1%</td>
</tr>
<tr>
<td>2015</td>
<td>0.05%</td>
</tr>
<tr>
<td>2023</td>
<td>0.05%</td>
</tr>
</tbody>
</table>

Source: APRA.

Capital Ratios*
Consolidated global operations of locally incorporated ADIs

<table>
<thead>
<tr>
<th>Year</th>
<th>Tier 1</th>
<th>CET1</th>
<th>Tier 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2023</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* 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.