The Australian Economy and Financial Markets

Chart Pack | October 2021
The Australian Economy and Financial Markets

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Major trading partners*

World**

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

* Weighted using Australian export shares
** PPP-weighted; accounts for 85 per cent of world GDP

GDP Growth – Advanced Economies

Source: Refinitiv

GDP Growth – East Asia

Sources: CEIC Data; RBA
Inflation – Advanced Economies*
Year-ended

Inflation – China and India
Year-ended

Labour Markets – Advanced Economies

Inflation – East Asia
Year-ended

* Personal consumption expenditure (PCE) inflation for the US; Japan data excludes the effects of the consumption tax increase in April 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
**China – Activity Indicators**

Year-ended growth

<table>
<thead>
<tr>
<th>Indicator</th>
<th>2011</th>
<th>2016</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manufacturing PMI*</td>
<td></td>
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<tr>
<td>Industrial production</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Fixed asset investment</td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Real retail sales</td>
<td></td>
<td></td>
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</tbody>
</table>

* Diffusion index; average of the official and Caixin
Sources: CEIC Data; Markit Economics; RBA

**China – Residential Property Indicators**

Year-ended growth

<table>
<thead>
<tr>
<th>Indicator</th>
<th>2017</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>New property prices</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Alternative*</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Official</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Land purchases</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other investment***</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* China Index Academy
** Contributions of residential and non-residential investment
*** Construction, installation, equipment purchases and other
Sources: CEIC Data; CIA; CRIC; RBA

**China – Total Social Financing Growth**

Year-ended with contributions

<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td>Household loans</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Business financing*</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Government bonds**</td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>

* Sum of business loans, securities financing and off-balance sheet financing
** 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 – Gross Output of Selected Products**

2006 average = 100

<table>
<thead>
<tr>
<th>Product</th>
<th>2011</th>
<th>2016</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electricity generation</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Steel products</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Plate glass</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cement</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Crude steel</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* Seasonally adjusted by the RBA
Sources: CEIC Data; RBA
**Australian Growth**

**GDP Growth**

- **Year-ended**
- **Quarterly**

Source: ABS

**Contributions to GDP Growth**

Year-ended

Source: 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***

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

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

**Tradable and Non-tradable Inflation***

* Adjusted for the tax changes of 1999–2000

** Excludes interest charges and indirect deposit & loan facilities

Sources: ABS; RBA
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 2018/19

Source: ABS

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>1991</td>
<td>2.0</td>
<td>0.5</td>
</tr>
<tr>
<td>2001</td>
<td>3.0</td>
<td>1.0</td>
</tr>
<tr>
<td>2021</td>
<td>4.0</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>1996</td>
<td>600</td>
<td>400</td>
<td>200</td>
<td>0</td>
</tr>
<tr>
<td>2021</td>
<td>800</td>
<td>600</td>
<td>400</td>
<td>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; RBA

Housing Prices

Year-ended growth, seasonally adjusted

Sources: ABS; APM; CoreLogic; RBA

Housing Loan Commitments*

Excluding refinancing

Sources: ABS; RBA
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 2021/22; 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
NAB Business Survey

**Business conditions**

-40  -20  0  20  40  60  ppt

**Business confidence**

-60  -30  0  30  60  ppt

**Capacity utilisation**


- 68  72  76  80  84  %

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**Private Non-financial Corporation Profits**

Share of nominal GDP

* Gross operating profits; inventory valuation adjusted

Sources: ABS; RBA

**Lending to Business**

Break-adjusted

$b

* 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
### Business Lending Rates

**Average interest rate on credit outstanding**

- **Small business**
  - Fixed-rate: [Graph showing rates]
  - Secured by residential property*
  - Variable-rate: [Graph showing rates]

- **Medium business**
  - Secured by residential property*

- **Large business**
  - Unsecured

* 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

### Lending to Businesses

**Not seasonally adjusted, break-adjusted**

- **Small business**
  - Secured (other)
  - Secured (residential property)
  - Unsecured

- **Medium business**
  - Secured (other)

- **Large business**
  - Secured (residential property)
  - Unsecured

Sources: APRA; RBA

### Lending to Selected Industries

**Small and medium-sized businesses, credit outstanding**

- **Highly affected by COVID-19***
  - Accommodation & food
  - Healthcare

- **Less affected by COVID-19***
  - Other services
  - Rental

* 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

### Business Loan Commitments*

**Small and medium-sized businesses, excluding refinancing**

- **Total**
- **Other****
- **Plant and equipment**
- **Construction**
- **Purchase of property**

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

Sources: APRA; RBA

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**Small business**

2019 2021

0 150 300 450 600

**Medium business**

2019 2021

0 150 300 450 600

**Large business**

2019 2021

0 150 300 450 600
Credit and Money

Credit and Broad Money Growth

Year-ended

Source: ABS; APRA; RBA

Housing Credit Growth

Owner-occupier

Investor

Six-month annualised

Monthly

Source: APRA; RBA

Monetary Aggregates Growth

Year-ended

Source: APRA; RBA

Credit Growth by Sector

Year-ended

Source: ABS; APRA; RBA
Factors of Production and Labour Market

Factors of Production

Annual growth

Net capital stock*

Working-age population

* Excluding livestock & orchards, dwellings and ownership transfer costs

Sources: ABS; RBA

Wage Price Index Growth*

Year-ended

Quarterly

* Total pay excluding bonuses

Source: ABS

Unit Labour Costs Growth

Non-farm, year-ended

Unit labour costs

Average earnings per hour

Labour productivity per hour

Sources: ABS; RBA

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

Sources: ABS; RBA
Employment and Participation Rates

- Participation rate
- Employment to working-age population ratio

Source: ABS

Employment and Hours Worked*

- Employment
- Total hours worked
- Average hours worked

2008 average = 100

* Seasonally adjusted
Source: ABS; RBA

Labour Underutilisation Rates

- Heads-based
- Underemployment rate*
- Unemployment rate

* Full-time workers on reduced hours for economic reasons and part-time workers who would like, and are available, to work more hours
Source: ABS

Job Vacancies and Advertisements

- Per cent of labour force
- Vacancies*
- Advertisements
* This survey was suspended between May 2008 and November 2009
Sources: ABS; ANZ; National Skills Commission (NSC); RBA
State Share of Output

**Nominal**

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

Source: ABS

Industry Share of Output*

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

Source: ABS

Employment Growth by Industry*

**Cumulative change since March 2013**

- Construction
- Household services
- Business services
- Public administration
- Other**

Source: ABS

State Unemployment Rates*

**Seasonally adjusted**

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

* 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

* Nominal gross value added
** Includes: information media and telecommunications; rental, hiring and real estate services; professional, scientific and technical services; administrative and support services

* 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
Government

Australian Government Budget Balance*
Per cent of nominal GDP

- Underlying cash balance; 2021/22 Budget
Source: Australian Treasury

State Budget Balances*
Per cent of nominal GDP

- Underlying cash balance
Source: ABS

Public Construction Work Done
Per cent of nominal GDP

Source: ABS

Taxation Revenue Growth
Nominal, year-ended with contributions

- Only includes taxation of resident corporations
Source: ABS
Commodity Prices

RBA Index of Commodity Prices
SDR, 2019/20 average = 100, log scale

Source: RBA

 Bulk Commodity Prices
Free on board basis

Iron ore (LHS)
Thermal coal (LHS)
Coking coal (RHS)

Average Australian export price
Spot price*

Sources: ABS; Bloomberg; IHS Markit; RBA

Oil and LNG Prices
Monthly

Brent oil (LHS)
Japan and Korea LNG spot (RHS)

Sources: Bloomberg; RBA; Refinitiv

Terms of Trade*
2018/19 average = 100, log scale

Index

Sources: ABS; RBA

* Iron ore 62% Fe Fines Index; Newcastle thermal coal and premium hard coking coal

* Annual data are used prior to 1960

Sources: ABS; RBA
Balance of Payments and External Position

**Export Volumes**
Log scale, quarterly

- **Resources**
- **Services**
- **Rural**
- **Manufacturing**

Sources: ABS; RBA

**Resource Exports***
Log scale, quarterly

- **Iron ore**
- **Coal**
- **LNG**

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

**Import Volumes**
Log scale, quarterly

- **Consumption**
- **Intermediate**
- **Services**
- **Capital**

Source: ABS

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

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

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

RBA Assets

Financial year Weekly

Source: RBA

RBA Liabilities

Financial Year Weekly

Source: RBA

Central Bank Total Assets

Per cent of GDP

Sources: Central banks; RBA; Refinitiv

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 bank government bond purchase programs; 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.
Interest Rates

**Australian Cash Rate Target**

- Chart showing the Australian Cash Rate Target from 1996 to 2021.
- Source: RBA

**Policy Interest Rates**

- Chart showing policy interest rates for various countries from 2009 to 2021.
- Note: *Main refinancing rate until the introduction of 3-year LTROs in December 2011; deposit facility rate thereafter*
- Source: Central banks

**Australian Cash Rate and 90-day Bill Yield**

- Chart showing Australian Cash Rate and 90-day Bill Yield from 1996 to 2021.
- Note: *Calculated using average of year-ended weighted median inflation and year-ended trimmed mean inflation*
- Sources: ABS; AFMA; ASX; RBA

**Policy Interest Rates – Selected Advanced Economies**

- Chart showing policy interest rates for various countries from 2009 to 2021.
- Sources: Central banks
### Monetary Policy – China

- **Interest rates**
  - One-year benchmark lending
  - Seven-day repo (month average)
  - One-year benchmark deposit

- **Reserve requirement ratios**
  - Large institutions
  - Medium institutions
  - Small institutions

* Medium term lending facility

Sources: CEIC Data; RBA

### 10-year Australian Government Bond Yield

Sources: RBA; Yieldbroker

### Policy Interest Rates – Emerging Markets

- **Indonesia**
- **Brazil**
- **Russia**
- **Mexico**
- **South Africa**
- **South Korea**
- **Thailand**
- **Malaysia**
- **Philippines**
- **India**

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

Source: Central banks

### 10-year Government Bond Yields

Sources: CEIC Data; Refinitiv
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

Source: Bloomberg; RBA

Sources: RBA, Refinitiv, Yieldbroker
Variable Housing Interest Rates

Outstanding loans*

New loans*

Major banks’ reference rates

Sources: APRA; banks’ websites; CANSTAR; RBA; Securitisation System

Fixed Housing Interest Rates

3-year maturity

Advertised*

Swap rate

Sources: Banks’ websites; CANSTAR; RBA; Refinitiv

Housing Interest Rates*

Outstanding loans

Owner-occupier

Investor

Interest-only

Principal-and-interest

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)

Sources: APRA; RBA

* Series break in July 2019; thereafter, data based on EFS collection

* Available to owner-occupiers

* Average of variable-rate securitised loans to 2019; thereafter, average of fixed and variable-rate loans, based on EFS data

* 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)
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
US and Euro Area Corporate Bond Issuance*

Emerging Market Corporate Bond Issuance*

* September 2021 is quarter-to-date
Sources: Dealogic; RBA
**Australian Dollar Trade-weighted Index**

- Real
- Nominal

*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

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**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 2019; a positive value indicates a purchase of foreign exchange, while a negative value indicates a sale of foreign exchange

Source: RBA

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**Australian Dollar**

- Yen per A$ (LHS)
- US$ per A$ (RHS)
- Euro per A$ (RHS)

*ECU per A$ until 31 December 1998

Source: Bloomberg

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**US Dollar**

- Yen per US$ (LHS)
- US$ per euro* (RHS, inverted scale)

*US$ per ECU until 31 December 1998

Sources: Bloomberg; Eurostat
Australian Bank Profitability*

Return on shareholders’ equity after tax and minority interests

Majors

Other Australian-owned banks

Sources: APRA; Banks’ annual reports; RBA

Major Banks’ Net Interest Margin*

Domestic, half-yearly

Sources: APRA; RBA

Australian Bank Profits

Net profit after tax

Bad and doubtful debts charge

Major banks

Other Australian-owned banks

Foreign-owned banks

Sources: APRA; RBA

* 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

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

Sources: APRA; Banks’ annual reports; RBA
**Banks’ Non-performing Assets**

*Domestic books*

- Share of all assets
- Share of assets by type

**Consolidated global operations, share of on-balance sheet assets**

*Includes assets 90+ days past due that are well secured*

Source: APRA

**Funding Composition of Banks in Australia**

*Share of total funding*

- Domestic deposits
- Short-term debt
- Long-term debt
- Equity
- Securitisation
- TFF***

*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

**Capital Ratios**

*Consolidated global operations of locally incorporated ADIs*

- Total
- Tier 1
- CET1
- Tier 2

*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