



The Australian Economy and Financial Markets

Chart Pack | October 2020

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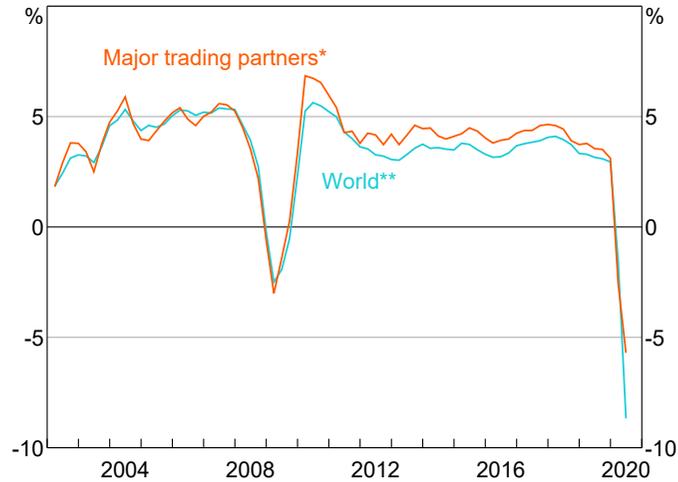
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GDP Growth – World

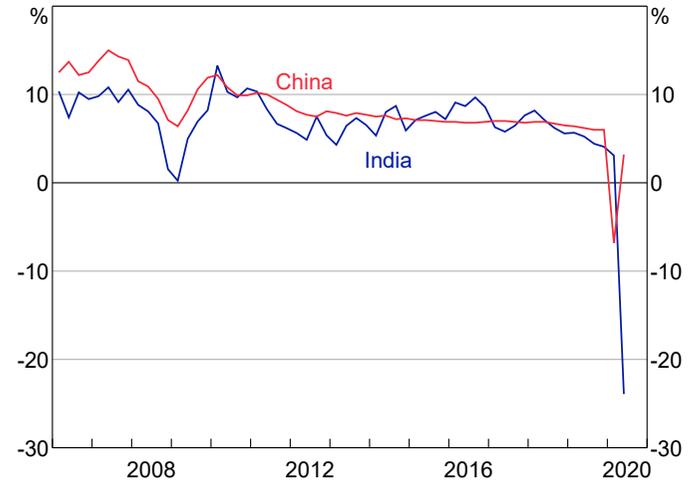
Year-ended



* 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

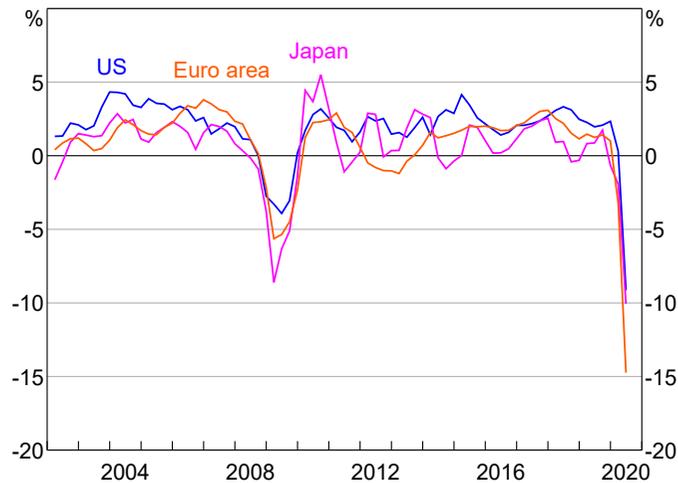
Year-ended



Sources: CEIC Data; RBA

GDP Growth – Advanced Economies

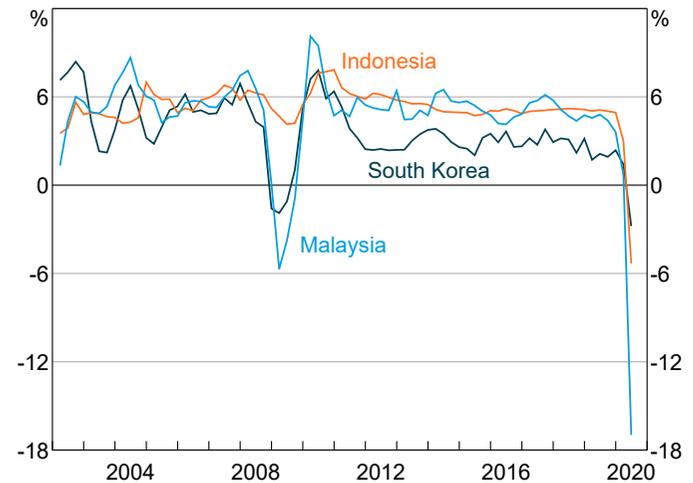
Year-ended



Source: Refinitiv

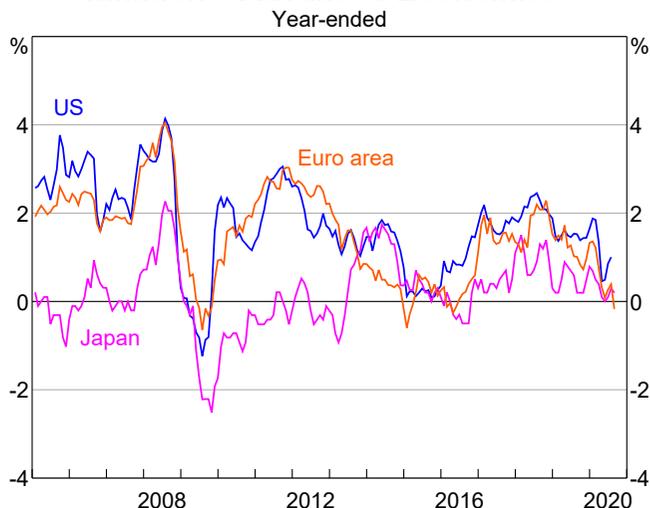
GDP Growth – East Asia

Year-ended



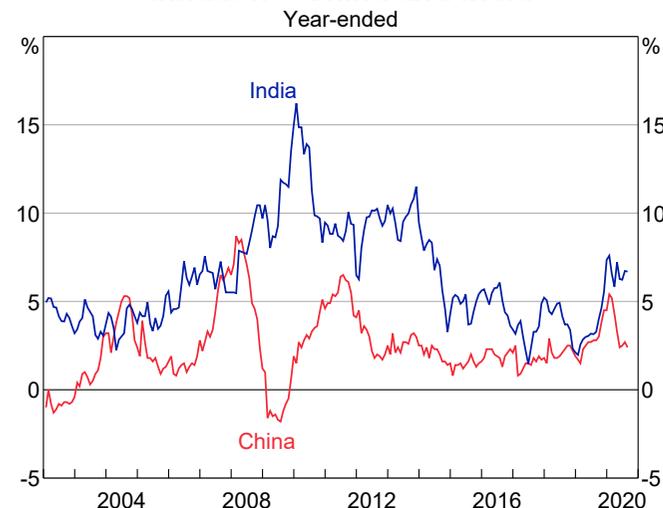
Sources: CEIC Data; RBA

Inflation – Advanced Economies*



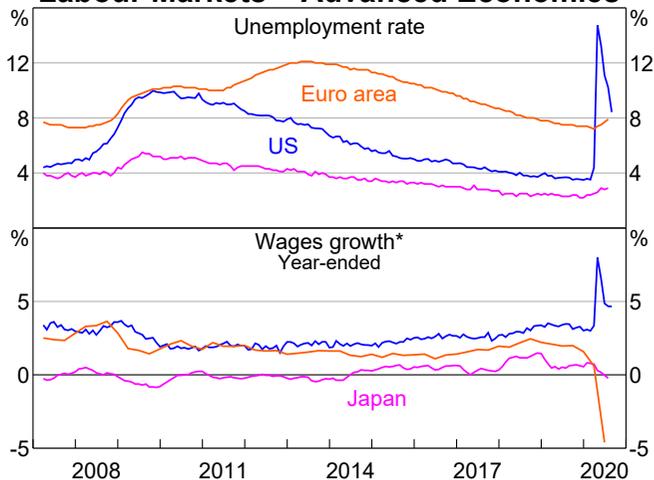
* Personal consumption expenditure (PCE) inflation for the US; Japan data excludes the effects of the consumption tax increase in April 2014
Sources: RBA; Refinitiv

Inflation – China and India



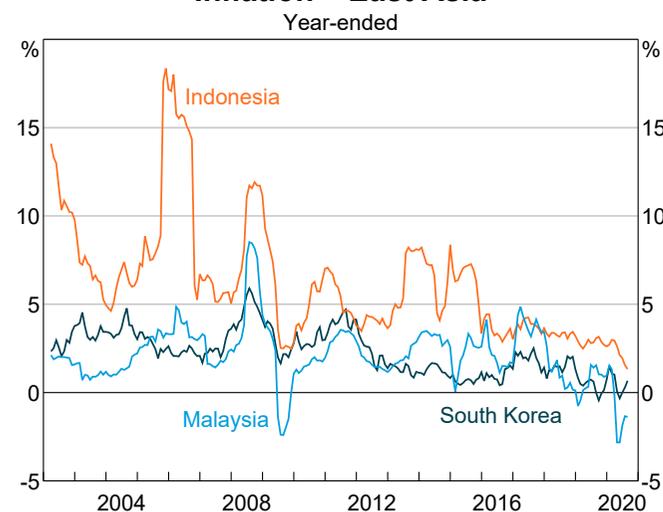
Source: CEIC Data

Labour Markets – Advanced Economies



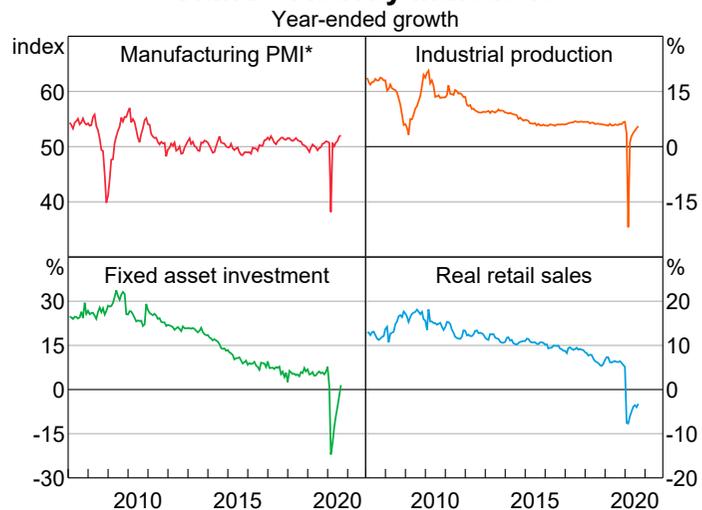
* Average hourly earnings for the US; compensation per employee for the euro area; smoothed full-time base wages for Japan
Sources: ECB; Eurostat; RBA; Refinitiv

Inflation – East Asia



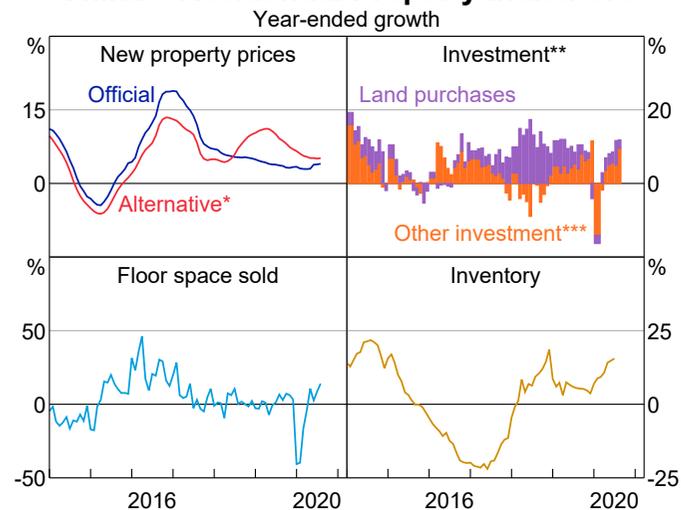
Sources: CEIC Data; RBA

China – Activity Indicators



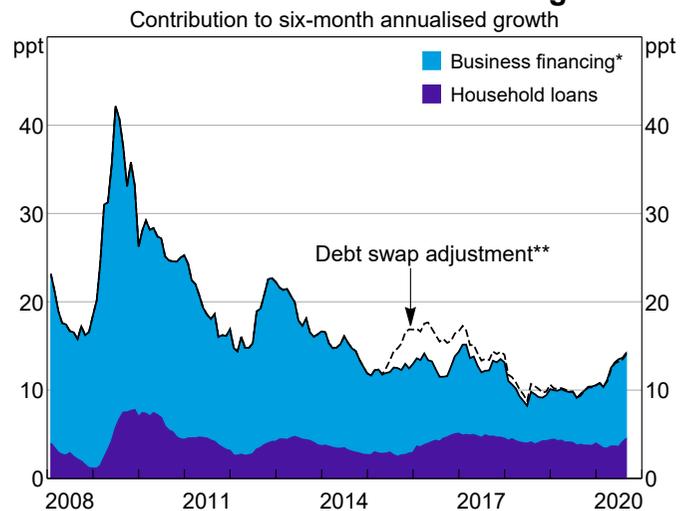
* Diffusion index; average of the official and Caixin
Sources: CEIC Data; Markit Economics; RBA

China – Residential Property Indicators



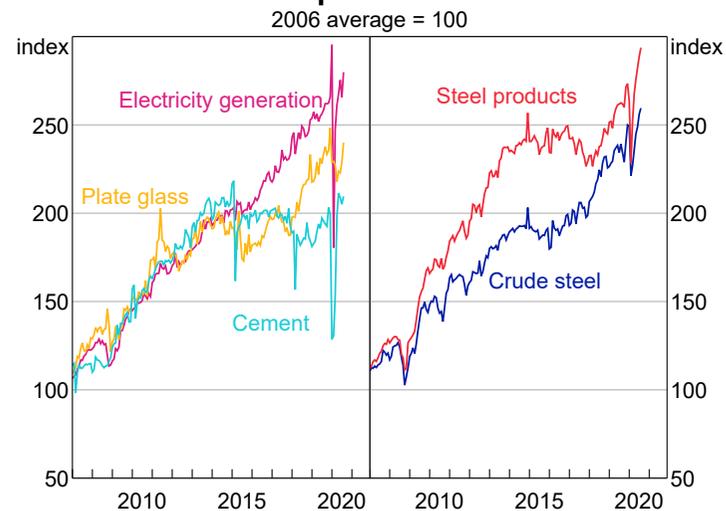
* China Index Academy
** Contributions of residential and non-residential investment
*** Construction, installation, equipment purchases and other
Sources: CEIC Data; CIA; CRIC; RBA

China – Total Social Financing

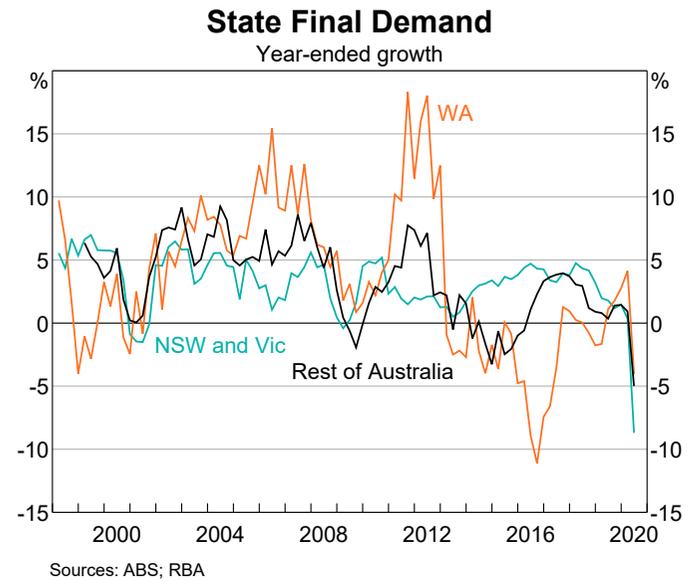
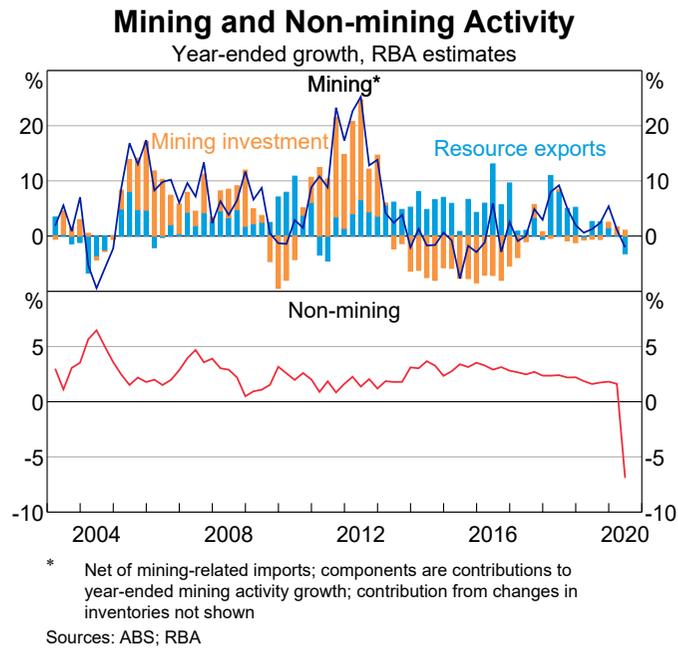
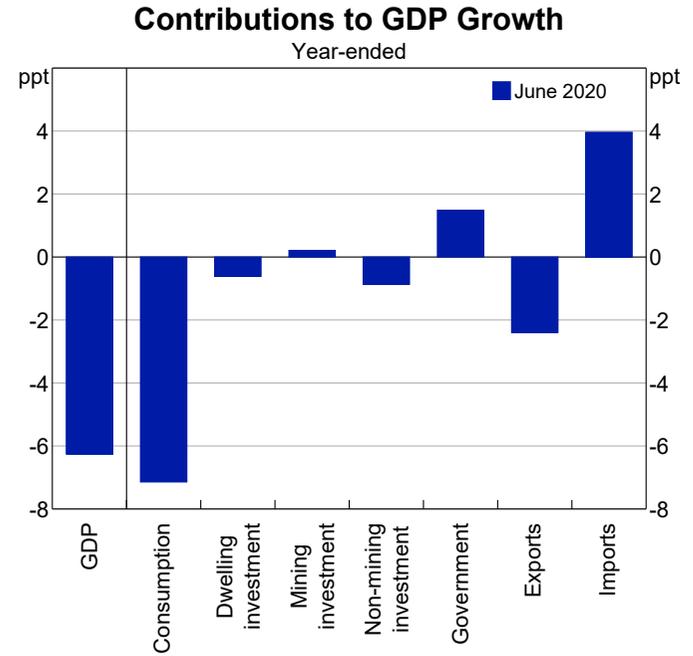
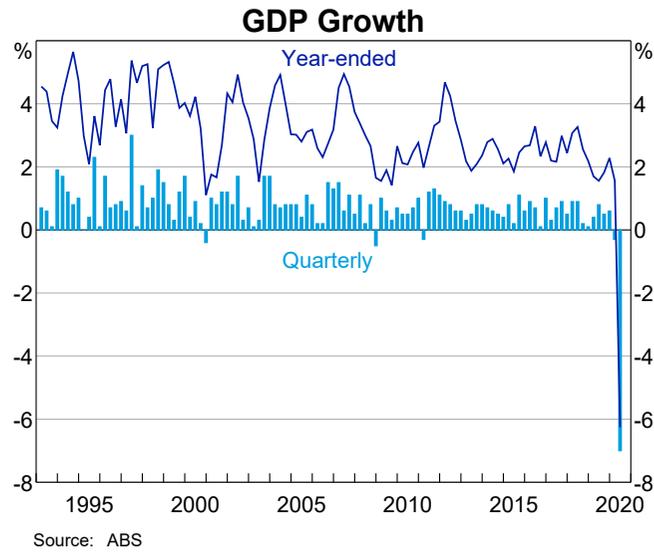


* Sum of business loans, securities financing and off-balance sheet financing
** Upper bound estimate after including local government bond issuance to pay off debt previously included in TSF
Sources: CEIC Data; RBA

China – Gross Output of Selected Products*

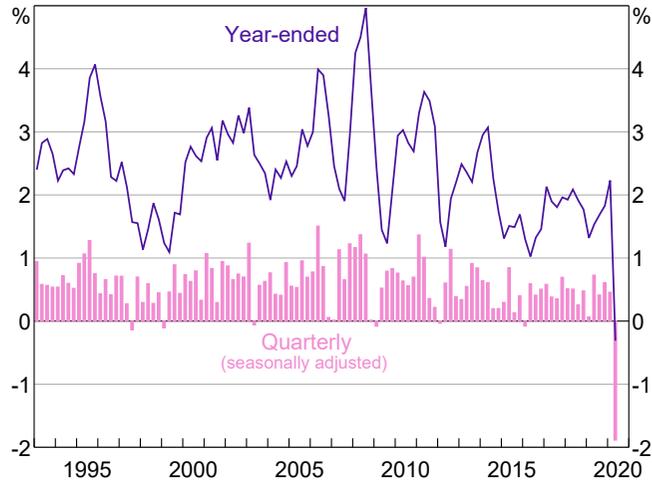


* Seasonally adjusted by RBA
Sources: CEIC Data; RBA



Australian Inflation

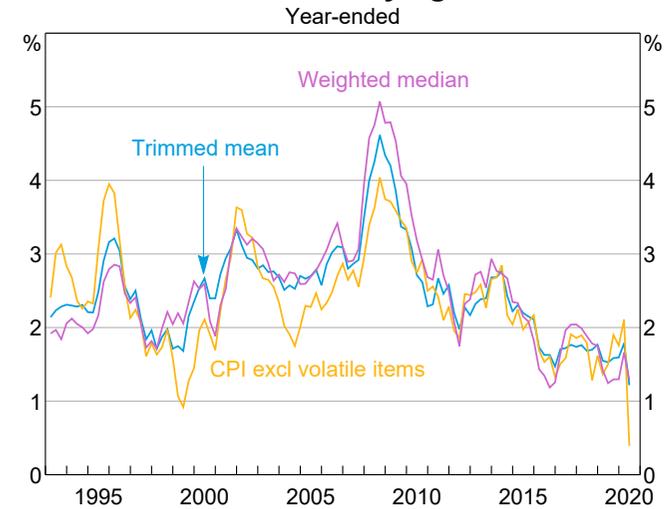
Consumer Price Inflation*



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

Sources: ABS; RBA

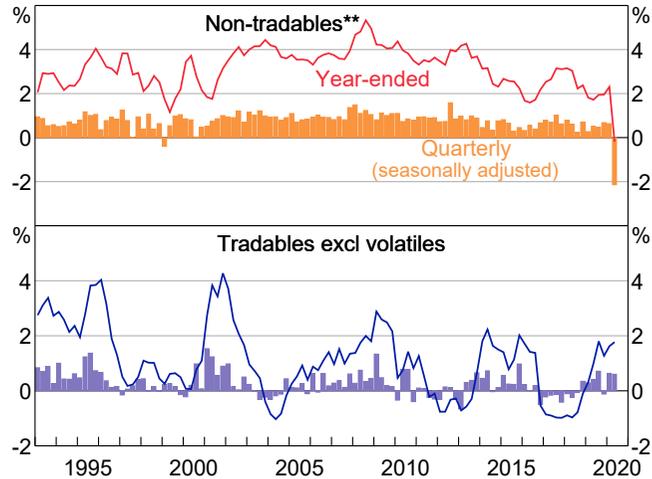
Measures of Underlying Inflation*



* 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*

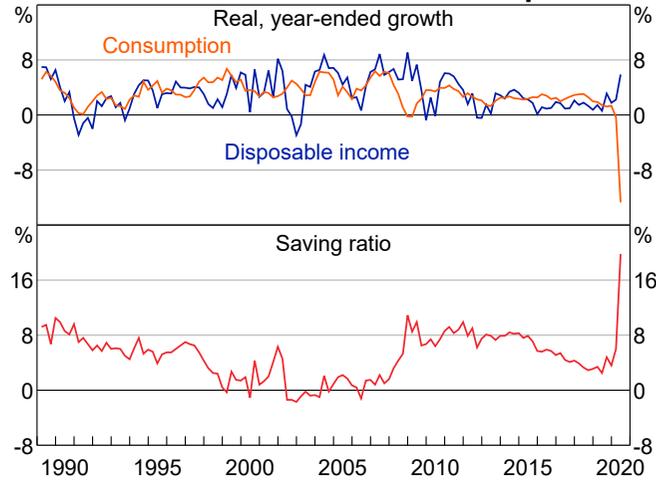


* Adjusted for the tax changes of 1999–2000

** Excludes interest charges and indirect deposit & loan facilities

Sources: ABS; RBA

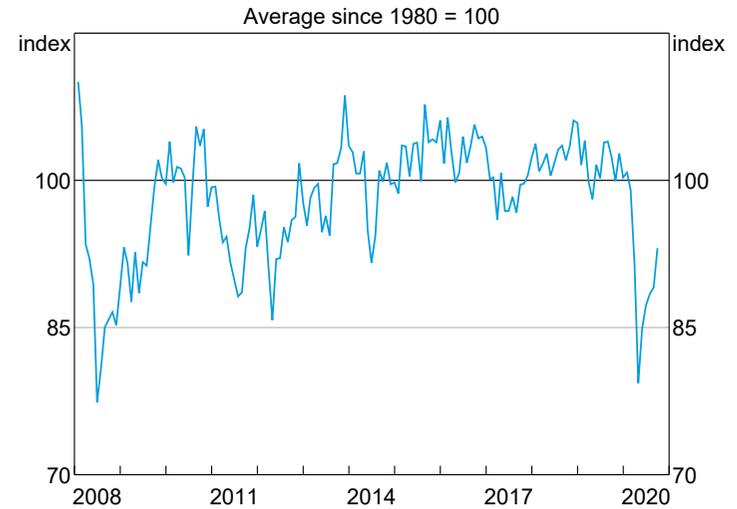
Household Income and Consumption*



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

Sources: ABS; RBA

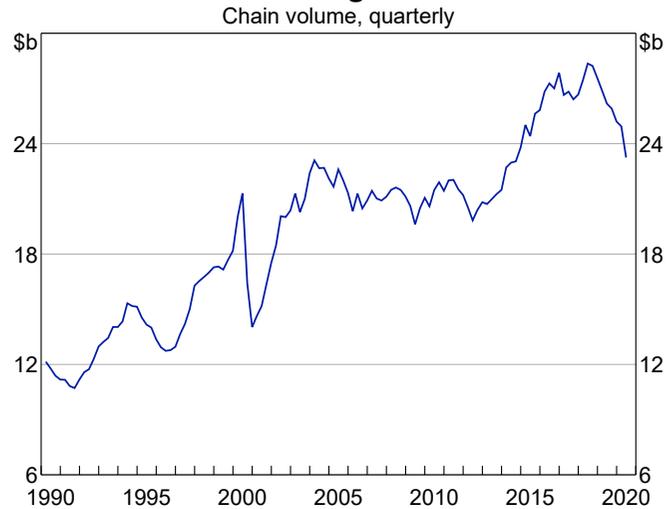
Consumer Sentiment*



* Average 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

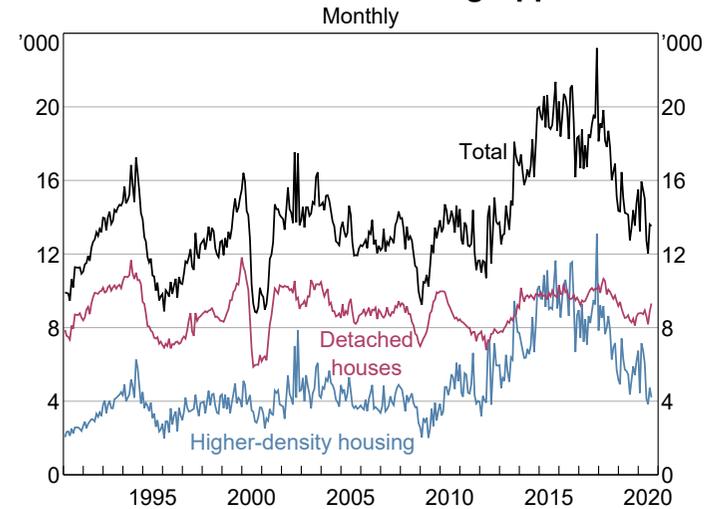
Private Dwelling Investment*



* Reference year is 2017/18

Source: ABS

Private Residential Building Approvals



Source: ABS

Housing Prices and Household Debt*

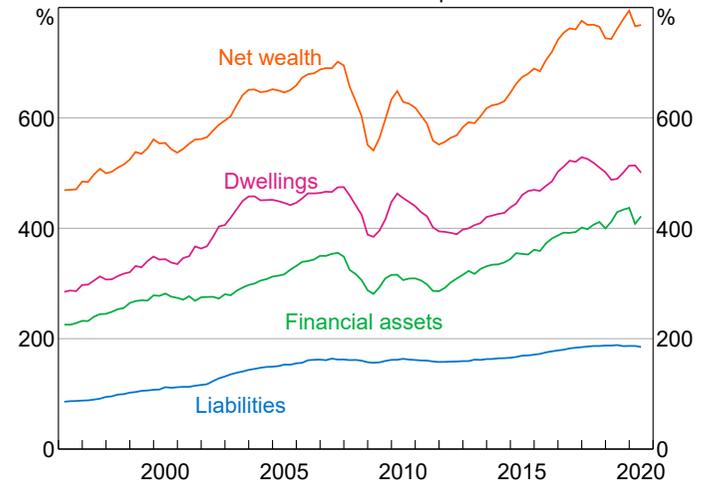
Ratio to household disposable income



* 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*

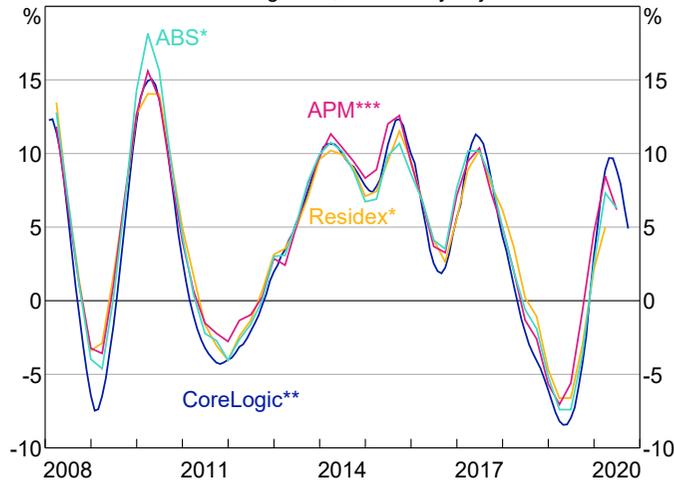
Per cent of annual household disposable income



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

Housing Prices

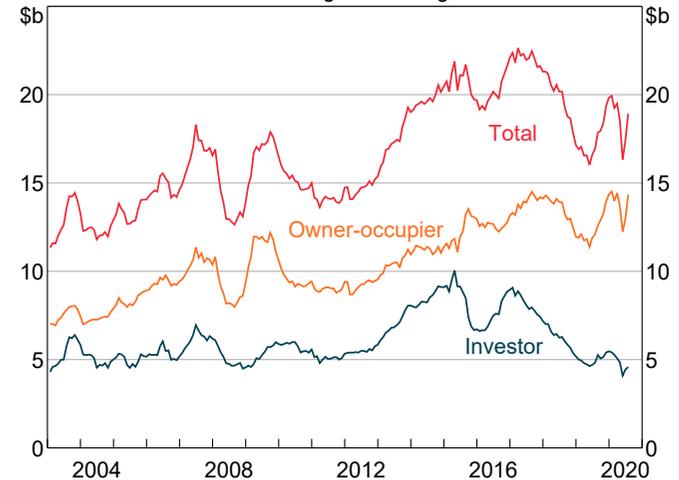
Year-ended growth, seasonally adjusted



* 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*

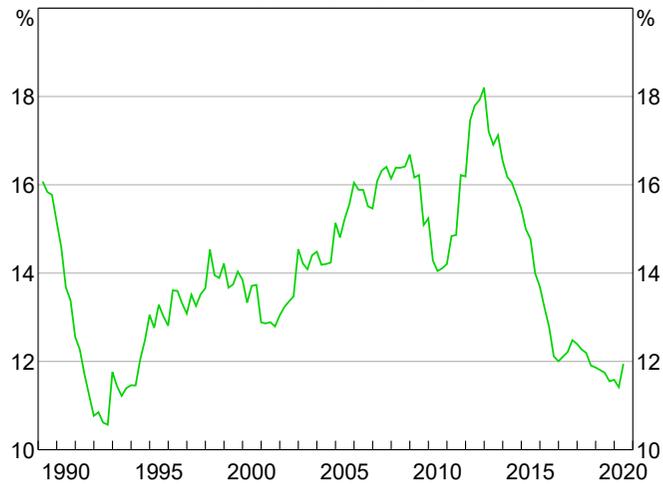
Excluding refinancing



* Seasonally adjusted
Sources: ABS; RBA

Business Investment*

Share of nominal GDP

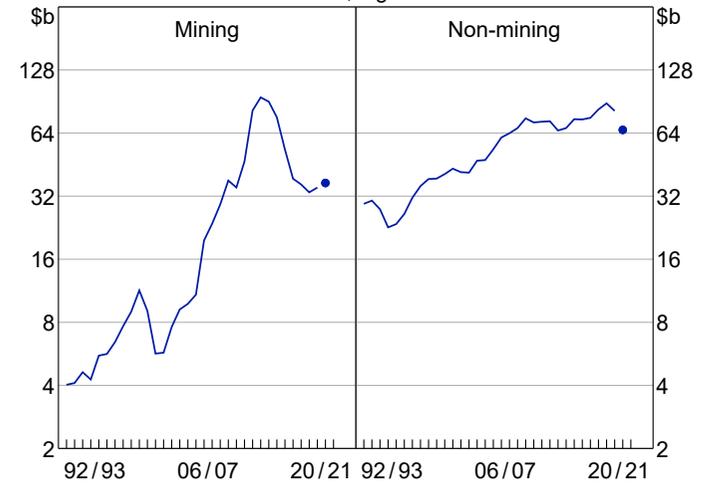


* Adjusted for second-hand asset transfers between the private and other sectors

Source: ABS

Capital Expenditure – Mining and Non-mining*

Nominal, log scale

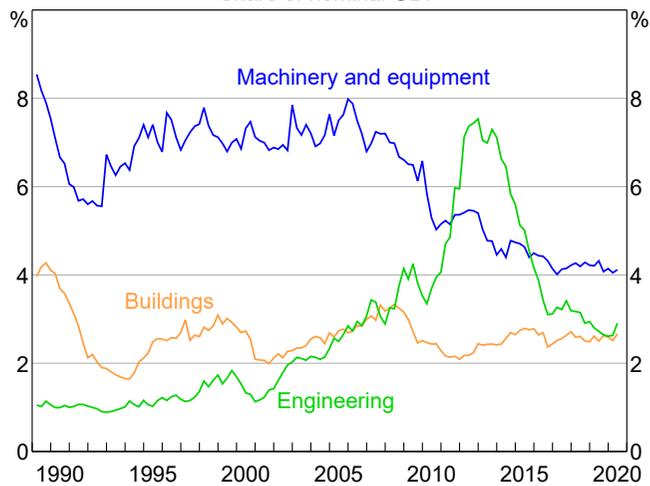


* Dots are firms' expectations for 2020/21; adjusted for historical differences between expected and realised spending

Sources: ABS; RBA

Business Investment Components*

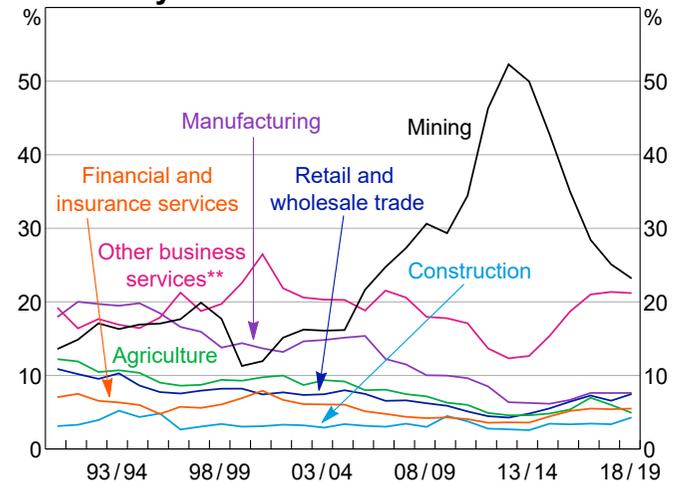
Share of nominal GDP



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

Source: ABS

Industry Share of Business Investment*



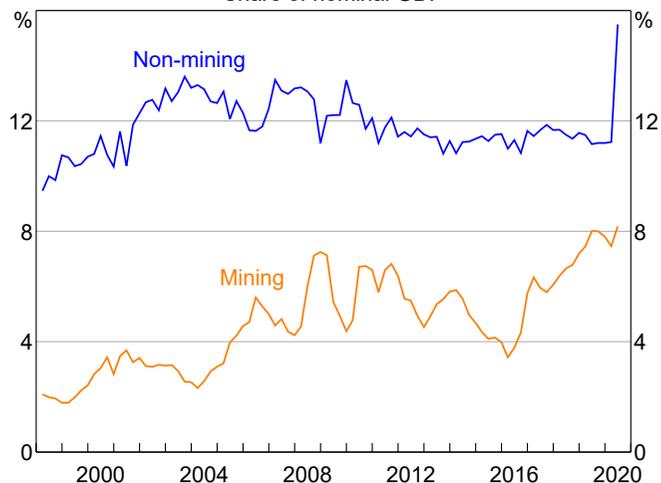
* Nominal; includes second hand asset transfers

** 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*

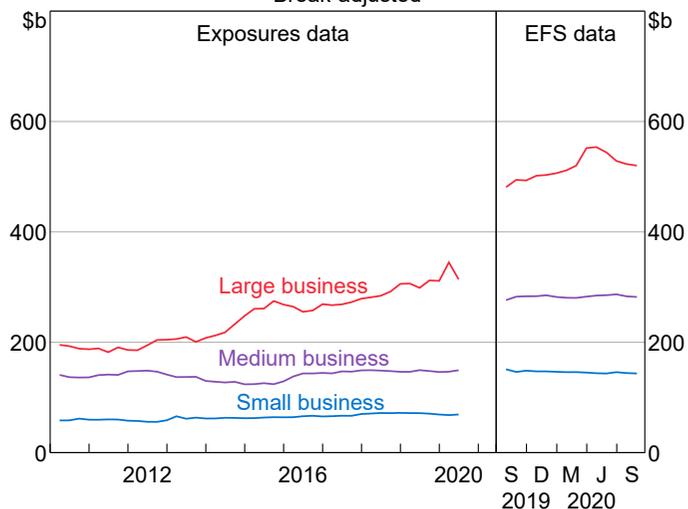
Share of nominal GDP



* Gross operating profits; inventory valuation adjusted
Sources: ABS; RBA

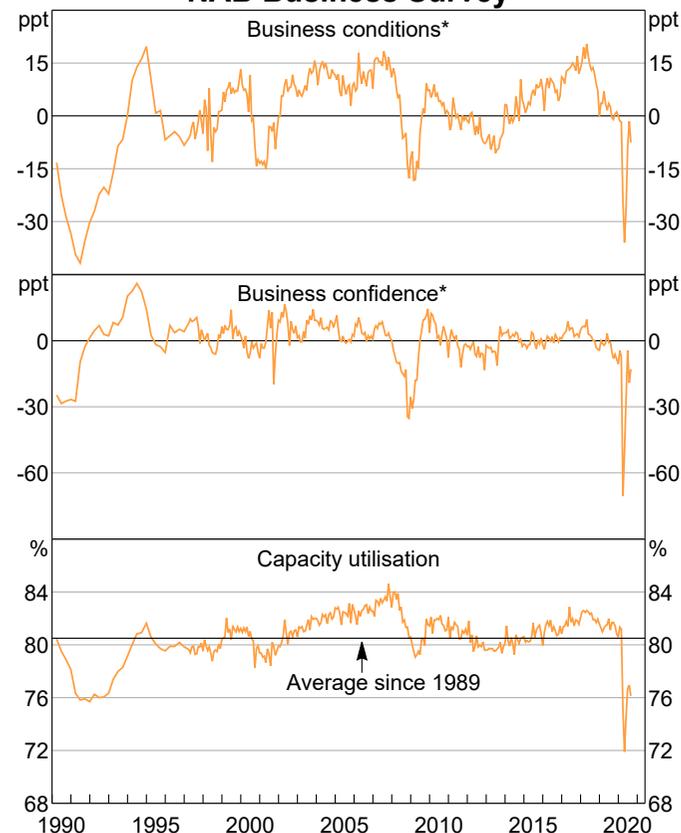
Lending to Business*

Break-adjusted



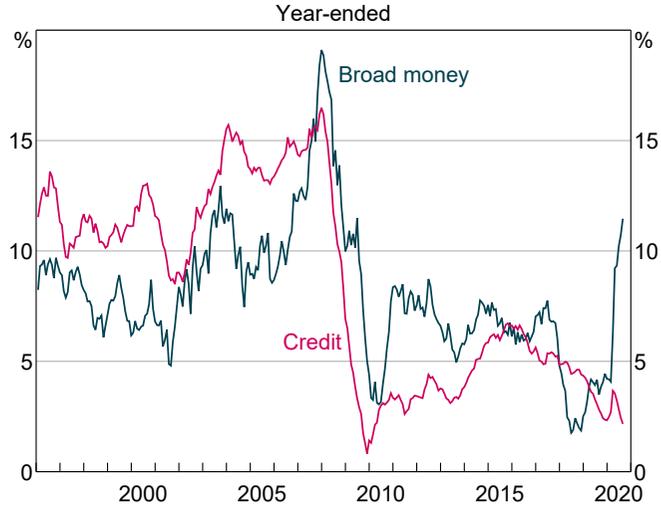
* Exposures data capture credit exposures on the balance sheets of banks allowed by APRA to use an internal ratings-based approach for credit risk management; EFS data are based on reporting of banks and finance companies that have \$2 billion or more of business credit
Sources: APRA; RBA

NAB Business Survey

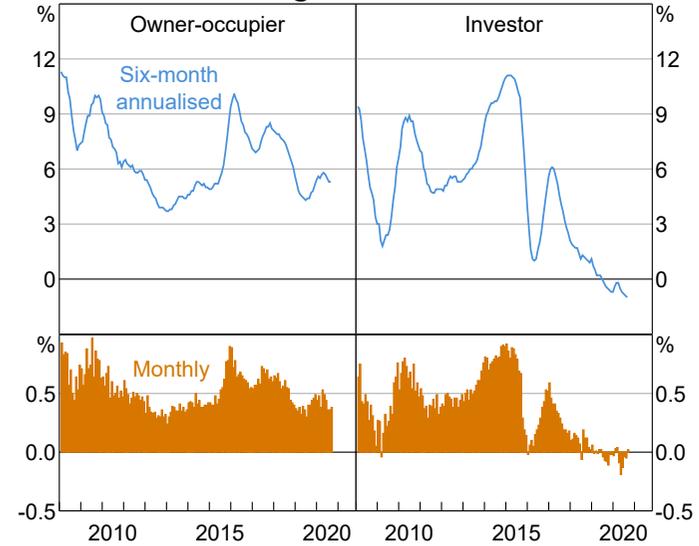


* Net balance; deviation from average since 1989
Sources: NAB; RBA

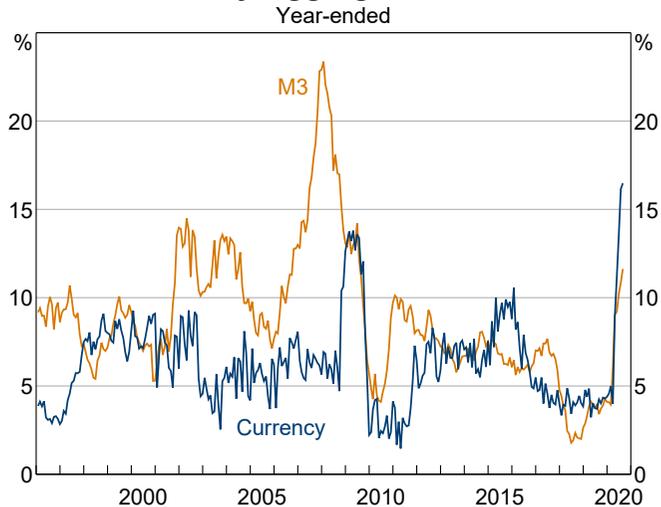
Credit and Broad Money Growth



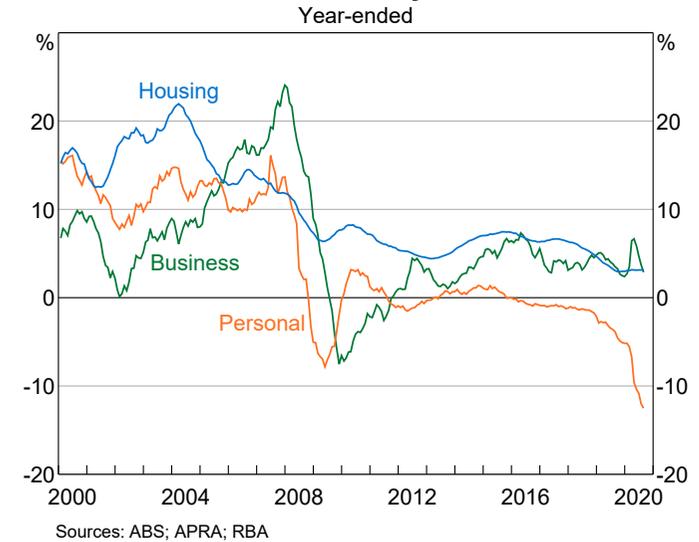
Housing Credit Growth



Monetary Aggregates Growth

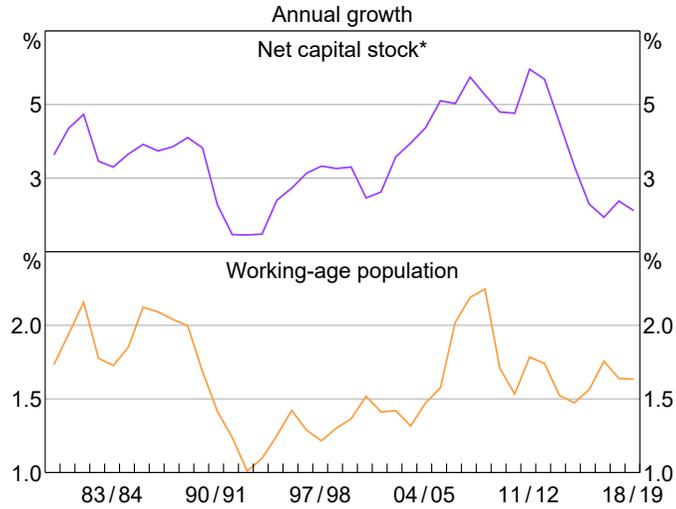


Credit Growth by Sector



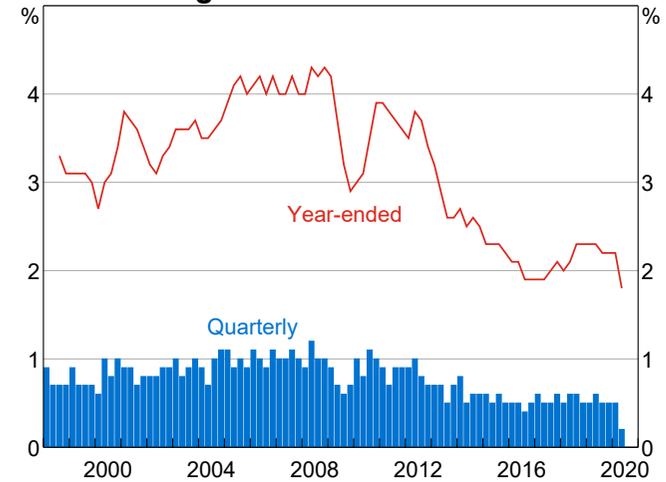
Factors of Production and Labour Market

Factors of Production



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

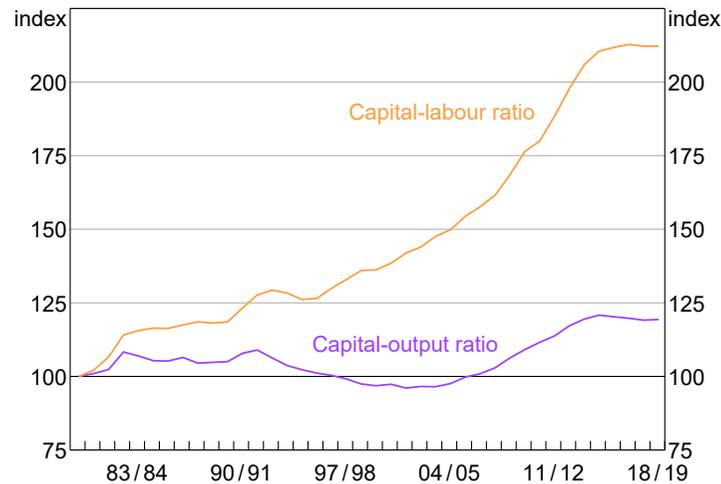
Wage Price Index Growth*



* Total pay excluding bonuses
Source: ABS

Capital Ratios*

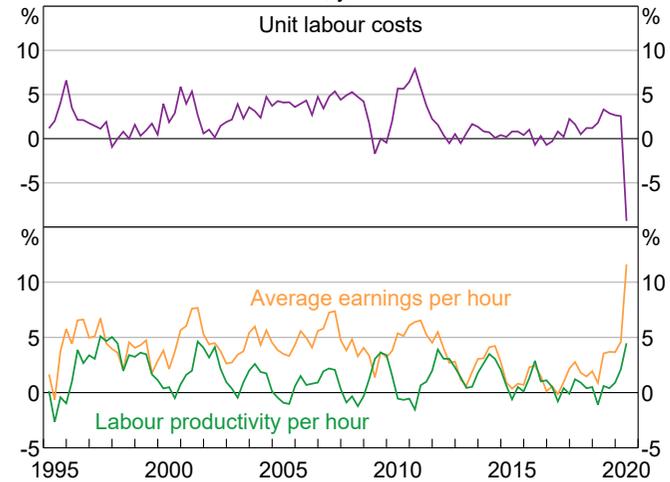
1979/80 = 100



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

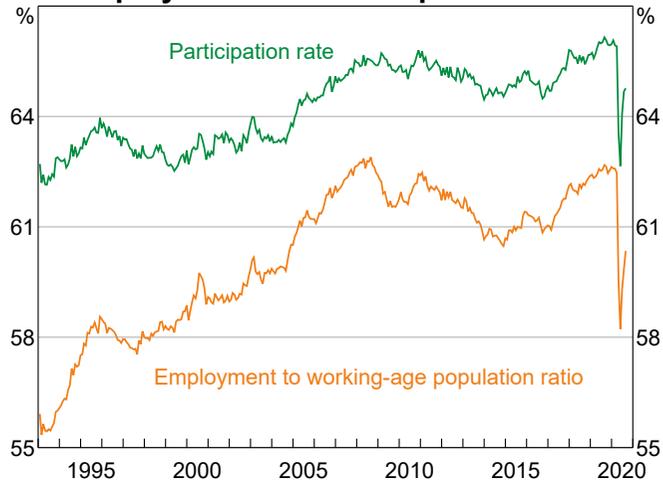
Unit Labour Costs Growth

Non-farm, year-ended



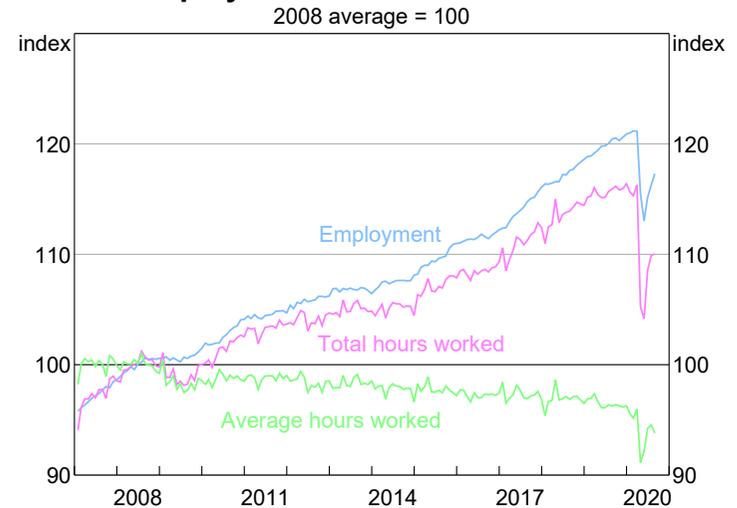
Sources: ABS; RBA

Employment and Participation Rates



Source: ABS

Employment and Hours Worked*

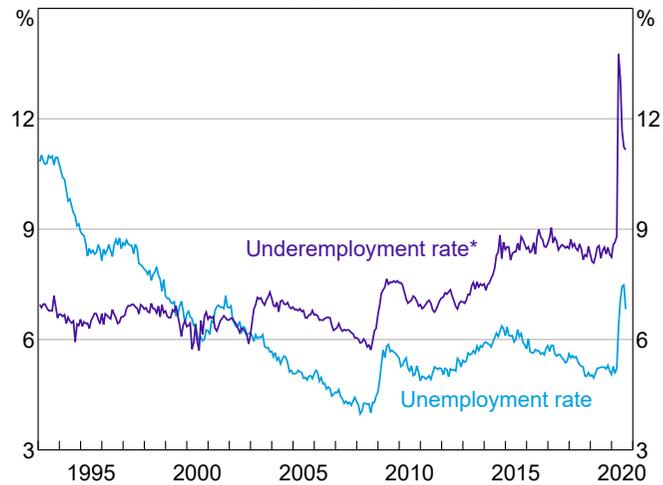


* Seasonally adjusted

Sources: ABS; RBA

Labour Underutilisation Rates

Heads-based

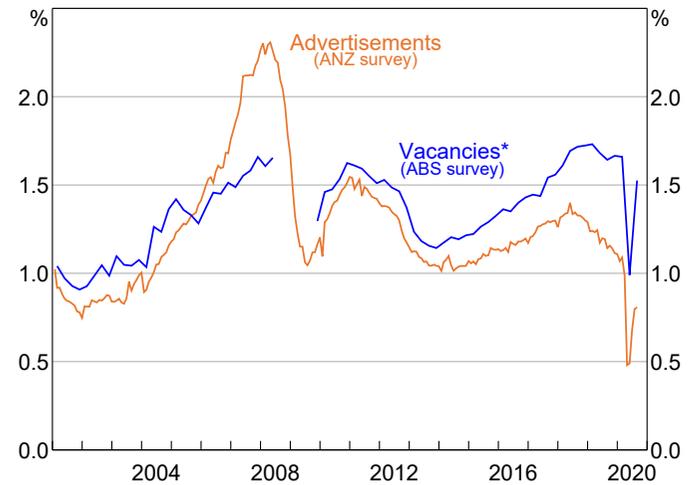


* Full-time workers on reduced hours for economic reasons and part-time workers who would like, and are available, to work more hours

Source: ABS

Job Vacancies and Advertisements

Per cent of labour force

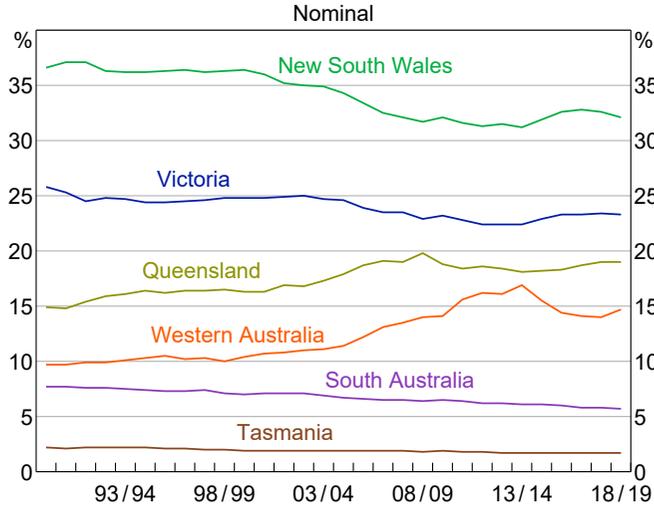


* This survey was suspended between May 2008 and November 2009

Sources: ABS; ANZ

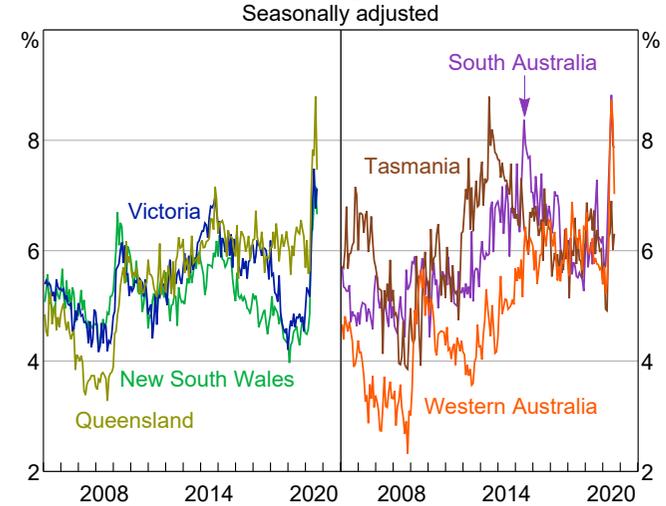


State Share of Output



Source: ABS

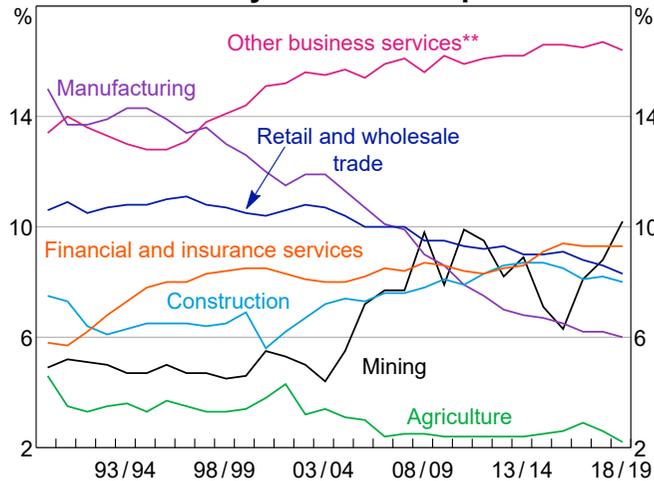
State Unemployment Rates*



* 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*

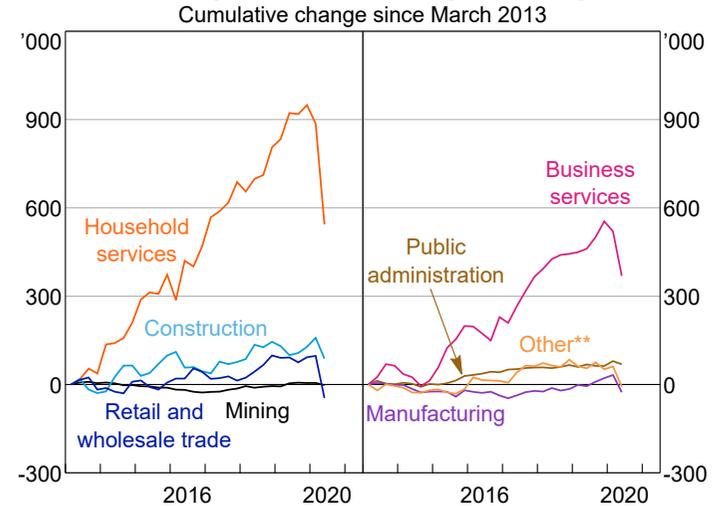


* Nominal gross value added

** 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*



* 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

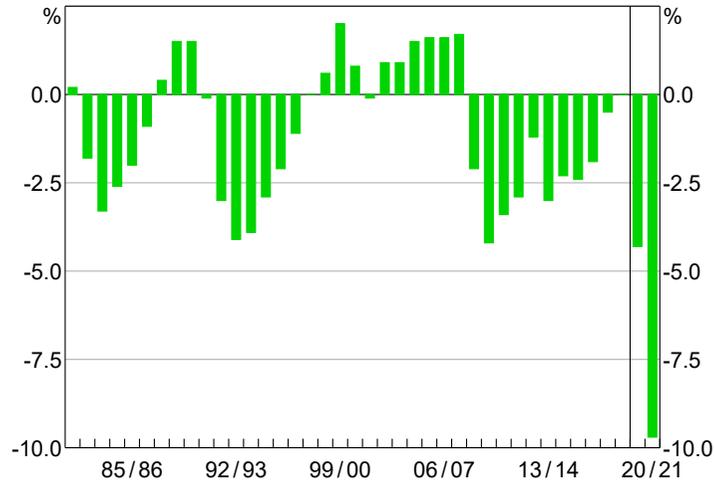
** Includes agriculture, forestry & fishing; transport, postal & warehousing; and electricity, gas, water & waste services

Source: ABS



Australian Government Budget Balance*

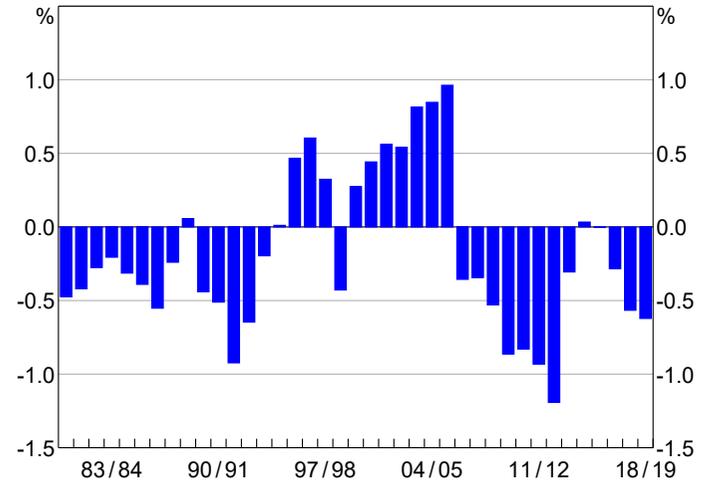
Per cent of nominal GDP



* Underlying cash balance; 2020 July economic and fiscal update
Source: Australian Treasury

State Budget Balances*

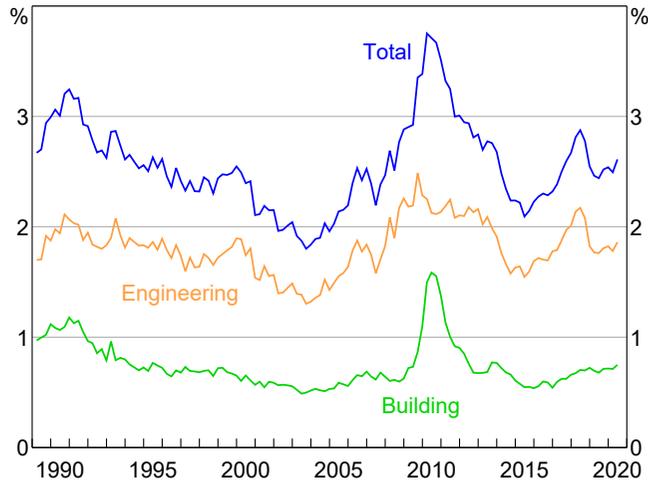
Per cent of nominal GDP



* Underlying cash balance
Source: ABS

Public Construction Work Done

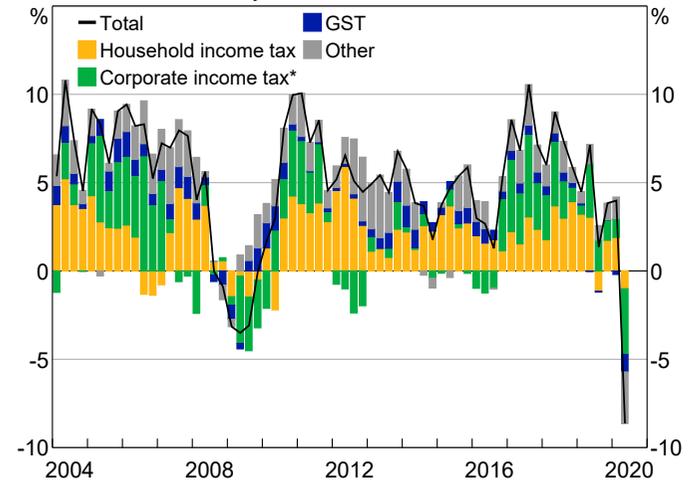
Per cent of nominal GDP



Source: ABS

Taxation Revenue Growth

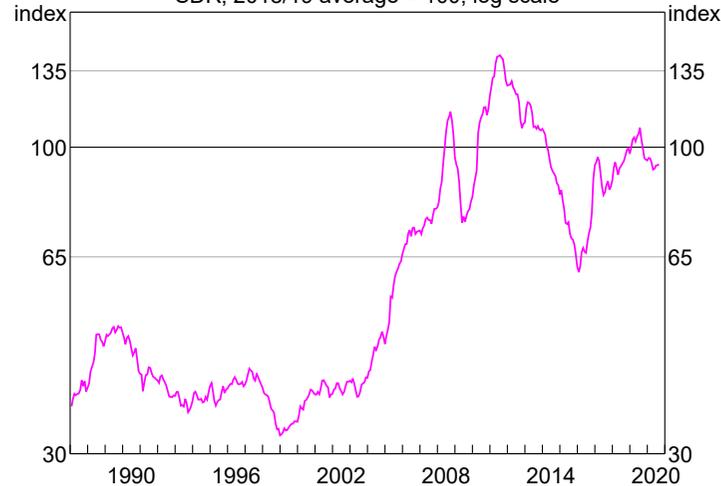
Nominal, year-ended with contributions



* Only includes taxation of resident corporations
Source: ABS

RBA Index of Commodity Prices

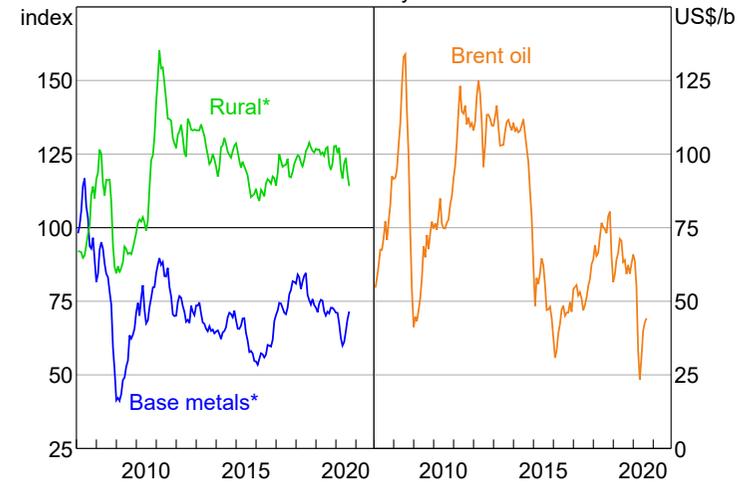
SDR, 2018/19 average = 100, log scale



Source: RBA

Base Metals, Rural and Oil Prices

Monthly

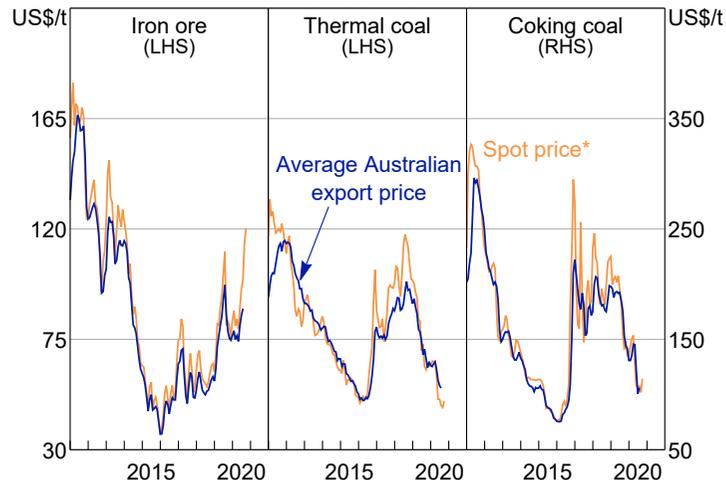


* RBA Index of Commodity Prices sub-indices; SDR terms; 2007 average = 100

Sources: Bloomberg; RBA

Bulk Commodity Prices

Free on board basis



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

Sources: ABS; Bloomberg; IHS Markit; RBA

Terms of Trade*

2017/18 average = 100, log scale



* Annual data are used prior to 1960

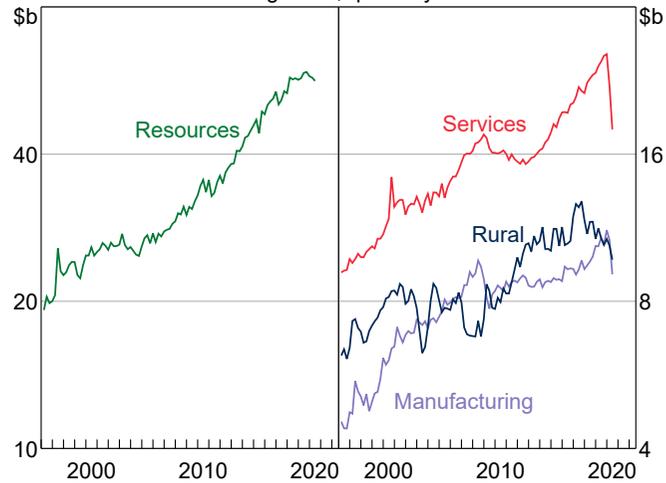
Sources: ABS; RBA



Balance of Payments and External Position

Export Volumes

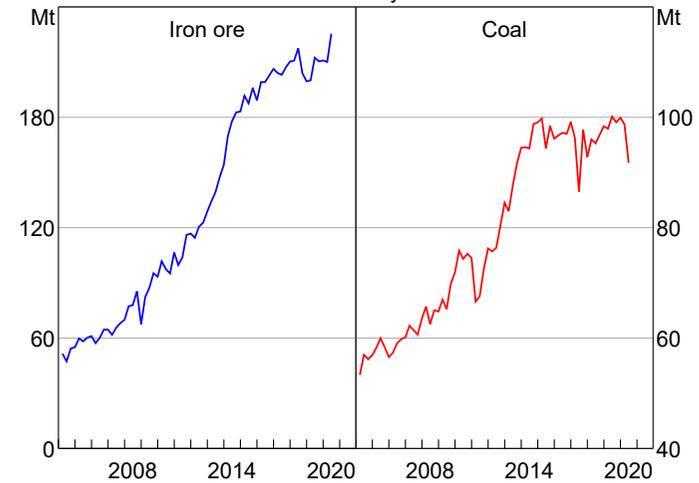
Log scale, quarterly



Sources: ABS; RBA

Bulk Commodity Exports

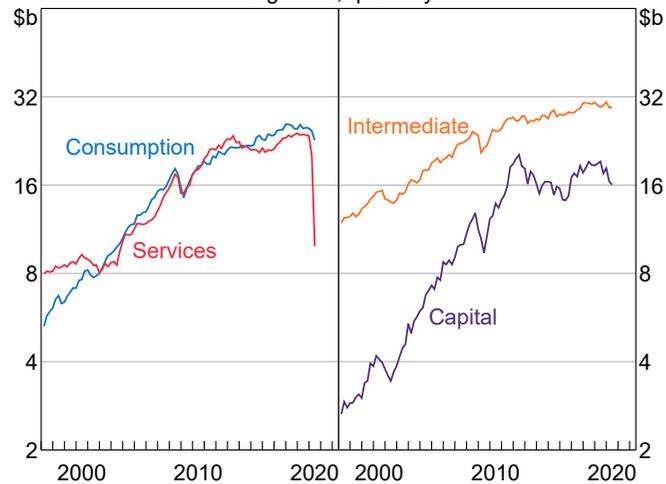
Quarterly



Sources: ABS; RBA

Import Volumes

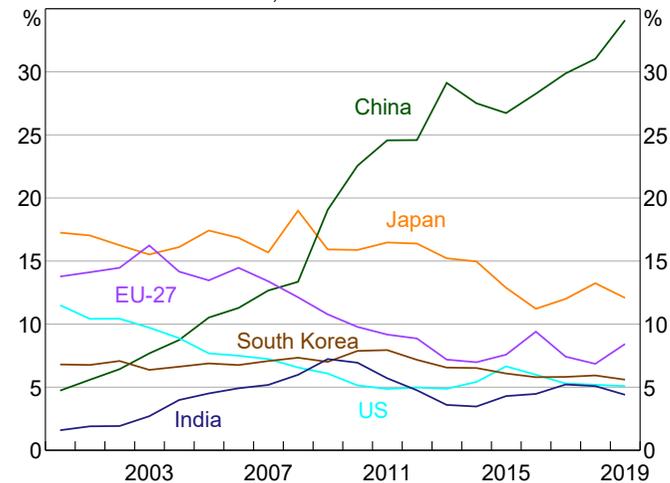
Log scale, quarterly



Source: ABS

Exports by Destination

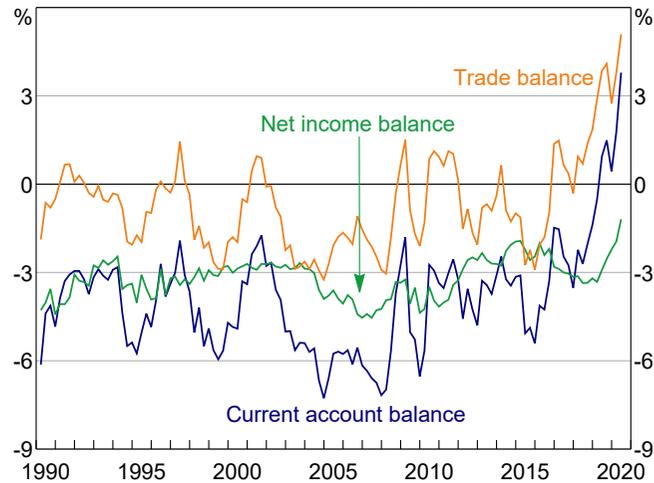
Annual, share of total values



Source: ABS

Current Account Balance

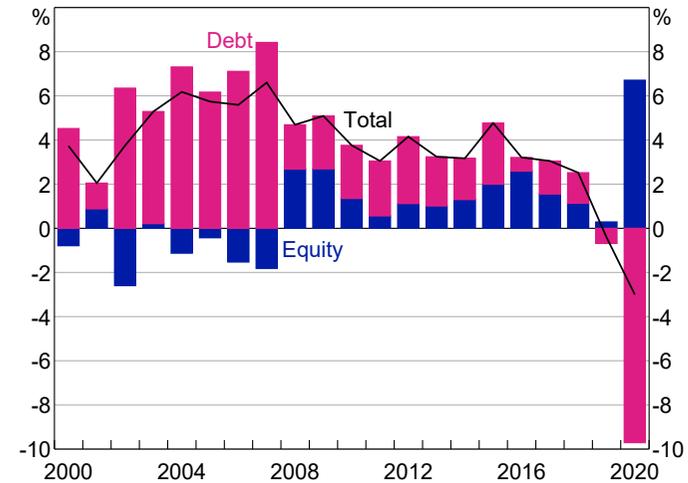
Per cent of nominal GDP



Source: ABS

Net Capital Inflow*

Per cent of nominal GDP

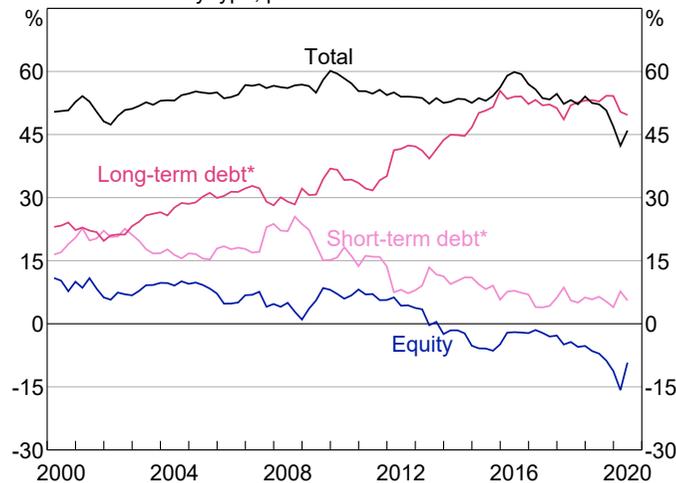


* 2020 values include the March and June quarters

Source: ABS

Net Foreign Liabilities

By type, per cent of nominal GDP

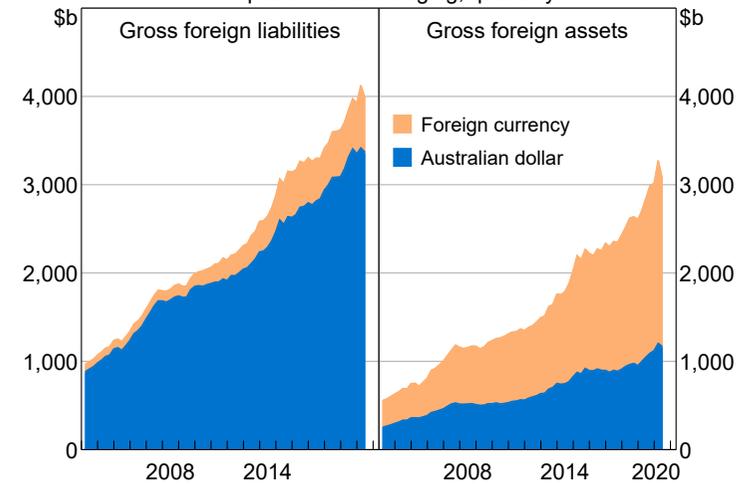


* Short-term includes debt with residual maturity of one year or less; long-term includes all other debt

Source: ABS

External Position*

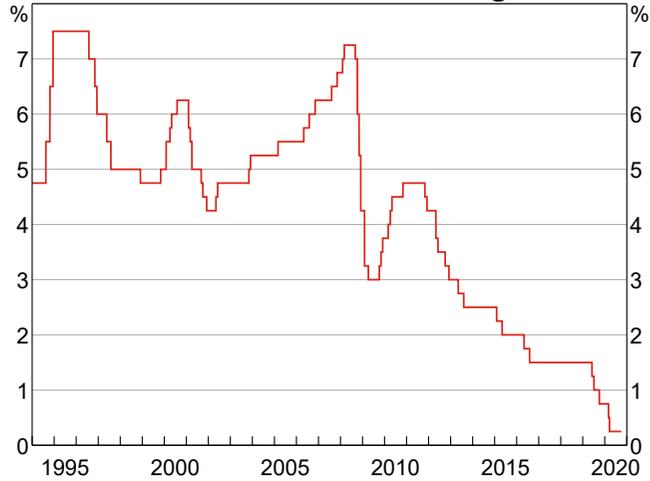
Composition after hedging, quarterly



* Hedge ratios inferred from ABS Foreign Currency Exposure surveys

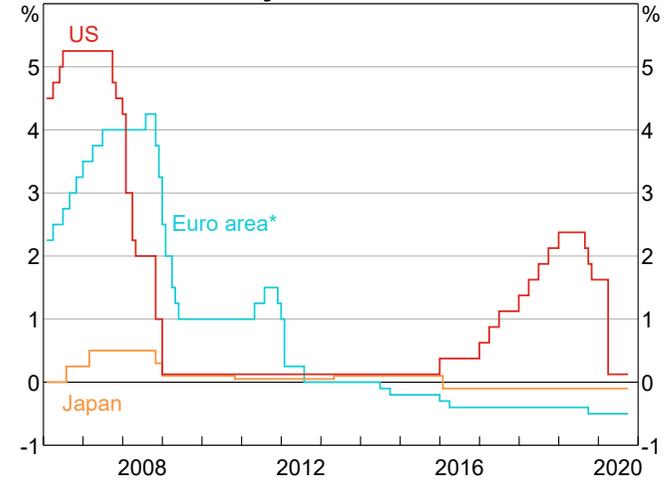
Sources: ABS; RBA

Australian Cash Rate Target



Source: RBA

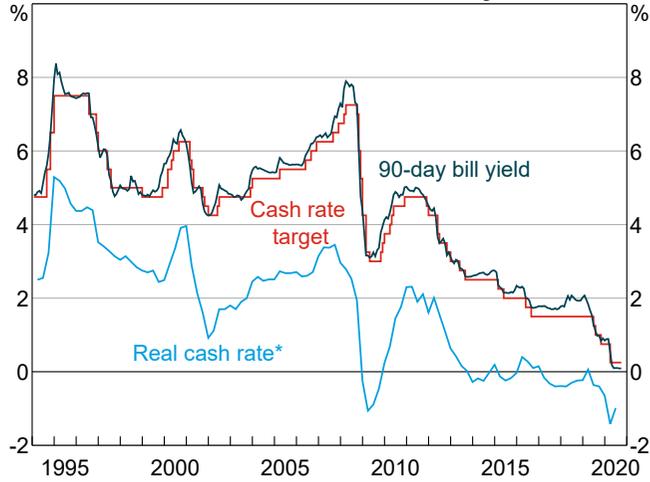
Policy Interest Rates



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

Source: Central banks

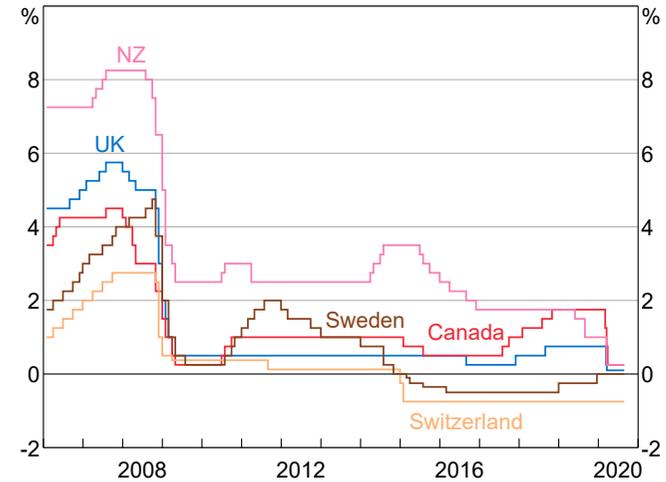
Australian Cash Rate and 90-day Bill Yield



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

Sources: ABS; AFMA; ASX; RBA

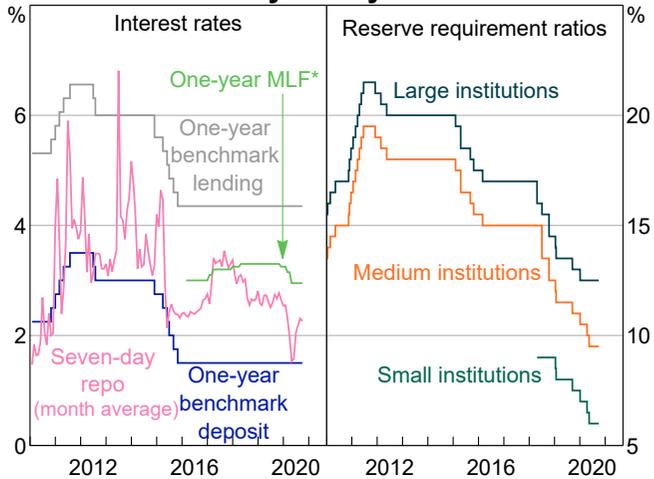
Policy Interest Rates – Selected Advanced Economies



Source: Central banks



Monetary Policy – China



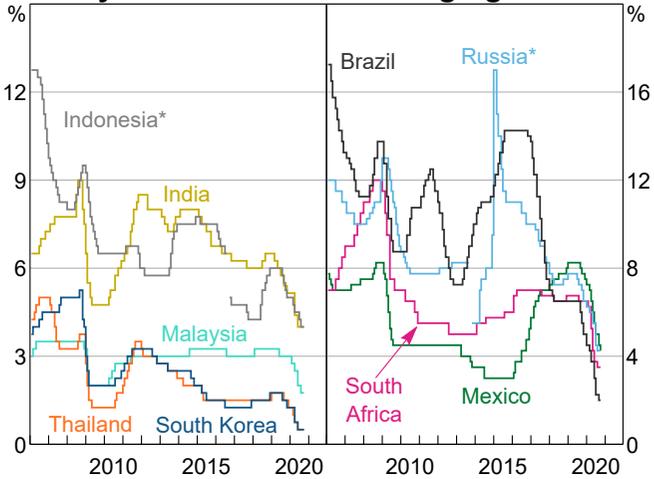
* Medium term lending facility
Sources: CEIC Data; RBA

10-year Australian Government Bond Yield



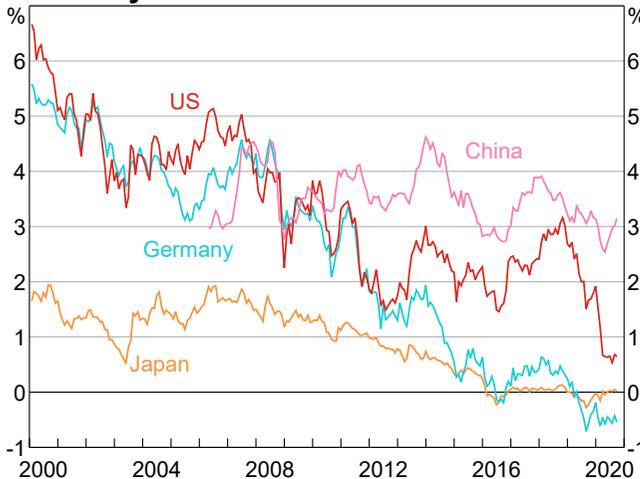
Sources: RBA; Yieldbroker

Policy Interest Rates – Emerging Markets



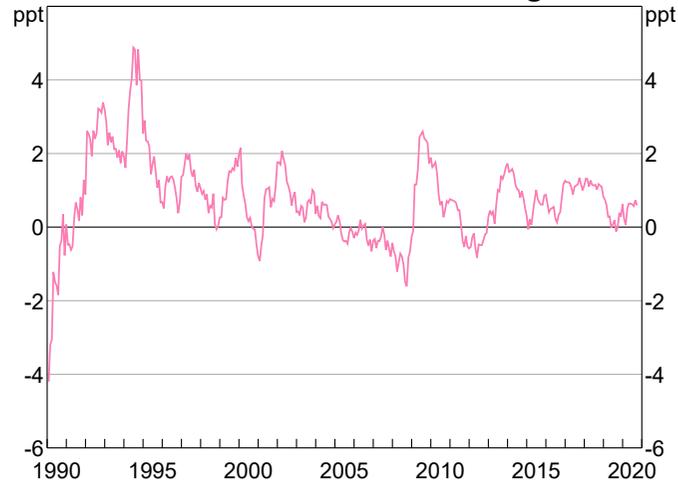
* Breaks in series indicate changes in the official policy rates for Russia (September 2013) and Indonesia (August 2016)
Source: Central banks

10-year Government Bond Yields



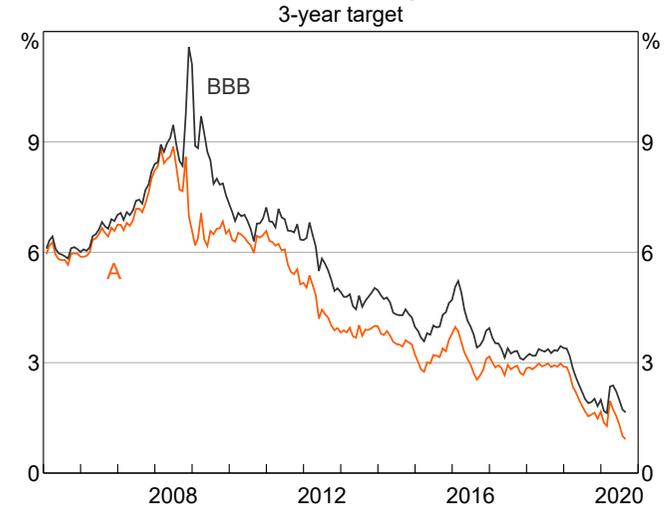
Sources: CEIC Data; Refinitiv

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



Source: RBA

Australian Non-financial Corporate Bond Yields



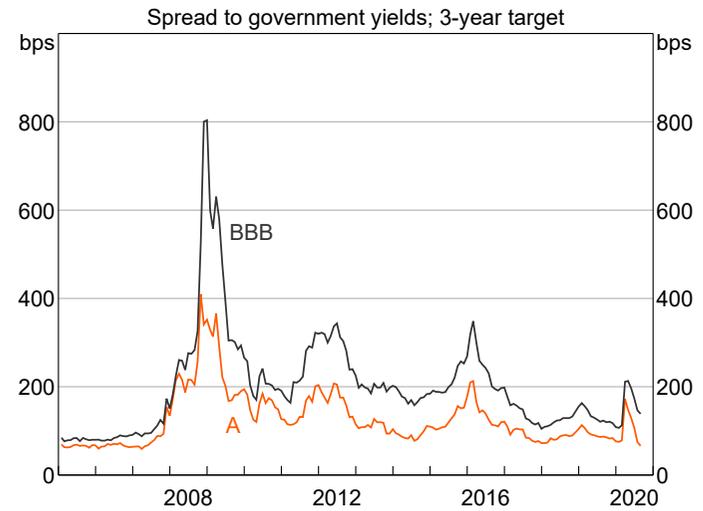
Sources: Bloomberg; RBA

Differential between Australian and US 10-year Government Bond Yields



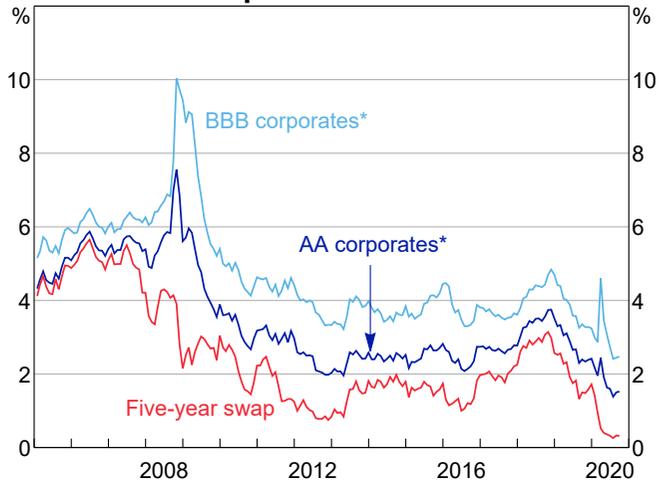
Sources: RBA; Yieldbroker

Australian Non-financial Corporate Bond Spreads



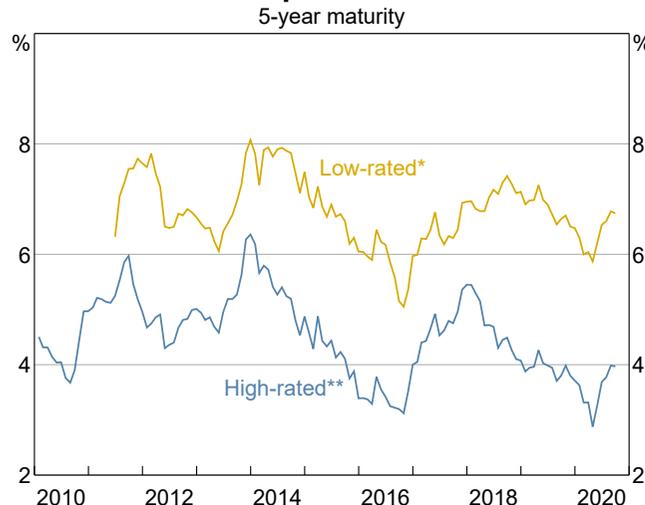
Sources: Bloomberg; RBA

US Corporate Bond Yields



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

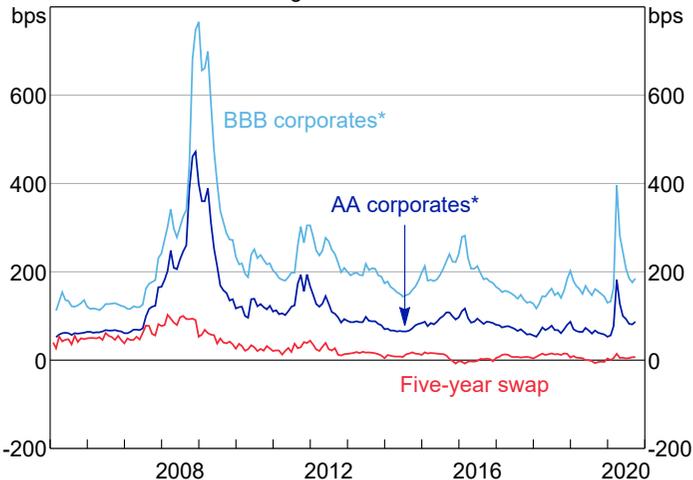
Chinese Corporate Bond Yields



* Based on AA- domestically rated bond
** Based on AAA domestically rated bond
Source: CEIC Data

US Corporate Bond Spreads

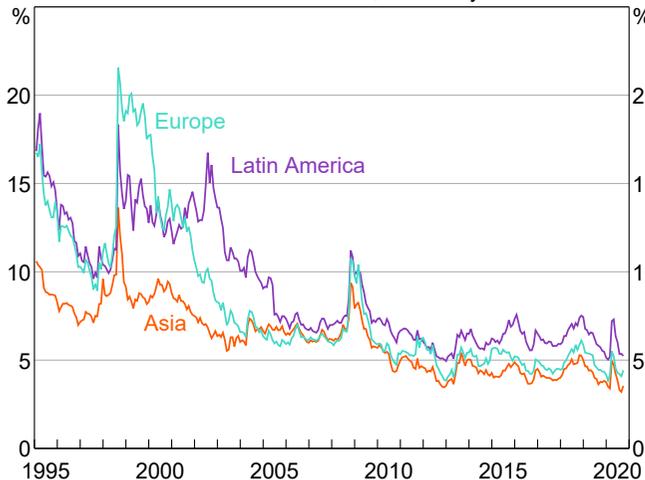
To US government bonds



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

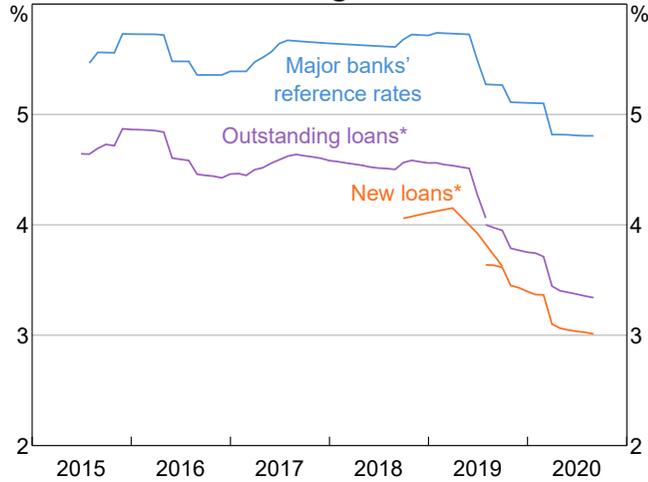
Emerging Market Bond Yields

US dollar-denominated, blended yield



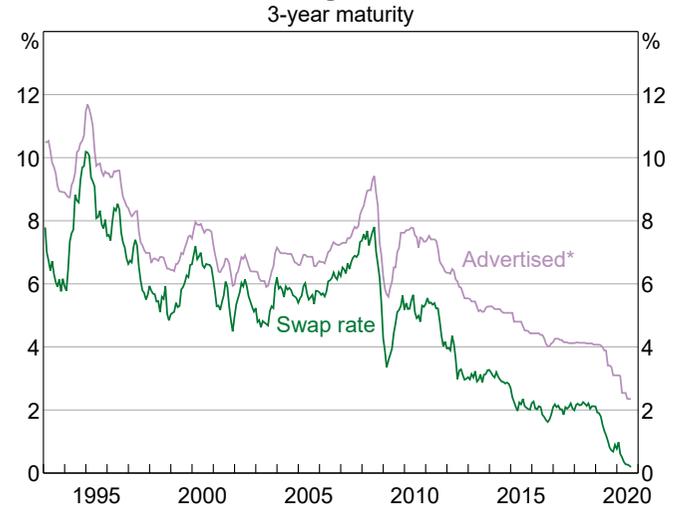
Source: Refinitiv

Variable Housing Interest Rates



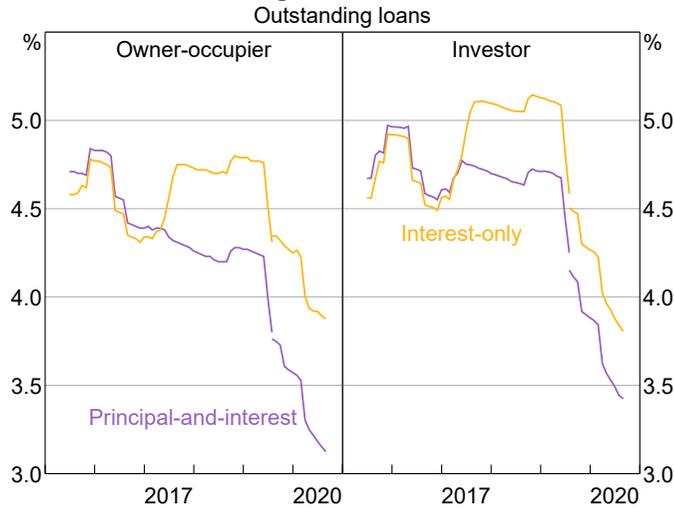
* Series break in July 2019; thereafter, data based on EFS collection
Sources: APRA; banks' websites; CANSTAR; RBA; Securitisation System

Fixed Housing Interest Rates



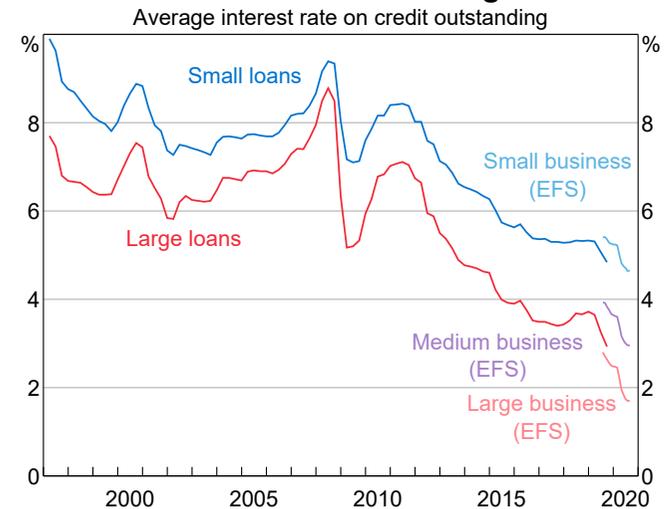
* Available to owner-occupiers
Sources: Banks' websites; CANSTAR; RBA; Refinitiv

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

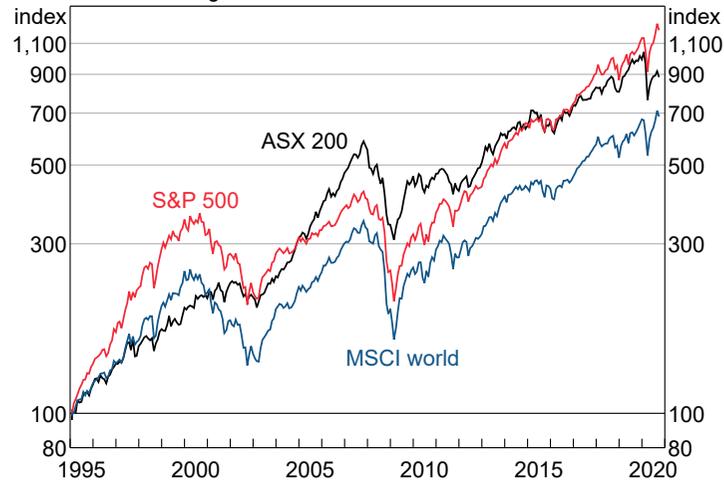
Australian Business Lending Rates*



* 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 Price Accumulation Indices

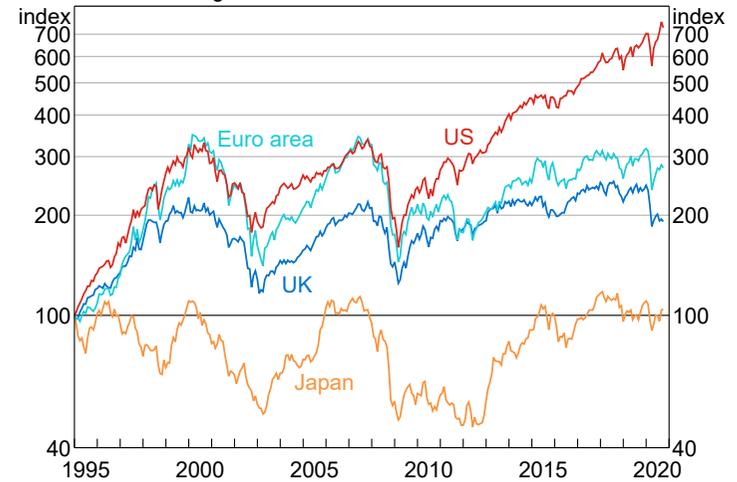
Log scale, end December 1994 = 100



Sources: RBA; Refinitiv

Advanced Economies' Share Price Indices

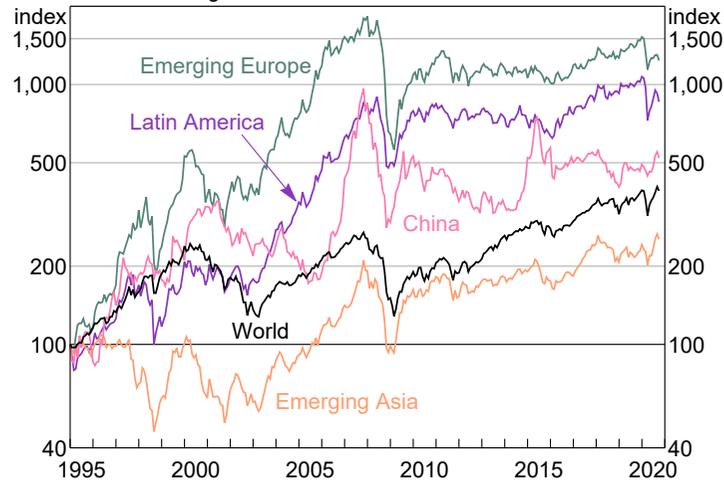
Log scale, end December 1994 = 100



Sources: Bloomberg; RBA

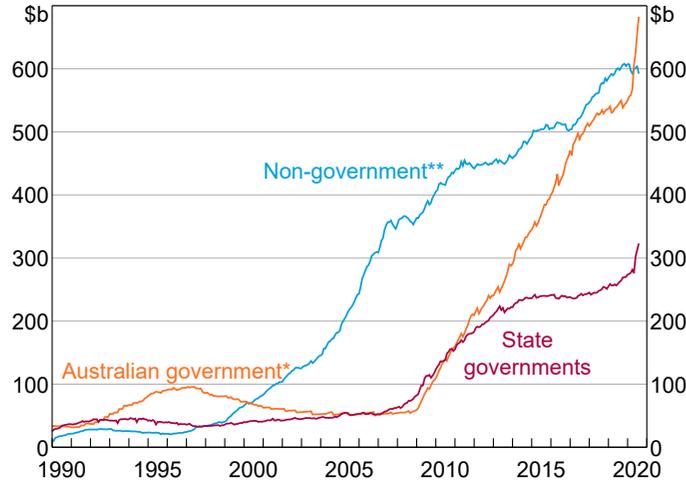
Emerging Markets' Share Price Indices*

Log scale, end December 1994 = 100



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

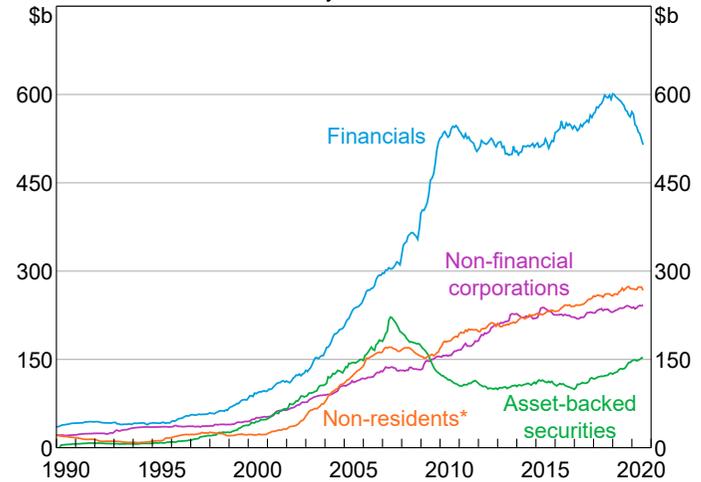
Bonds on Issue in Australia



* 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

Total Non-government Bonds on Issue

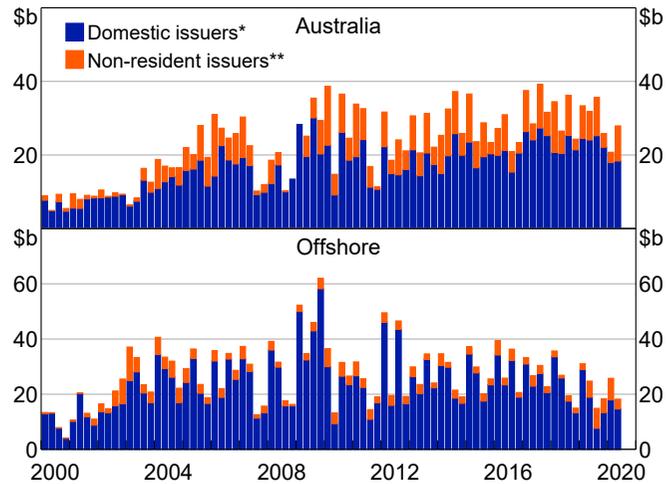
All currency denominations



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

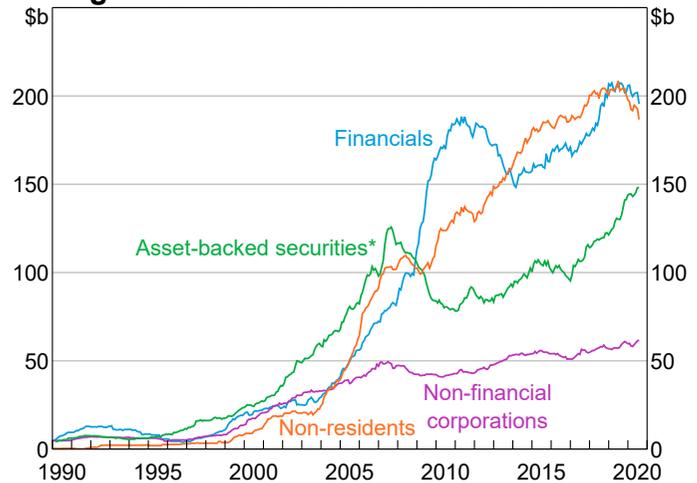
Non-government Bond Issuance

Gross issuance



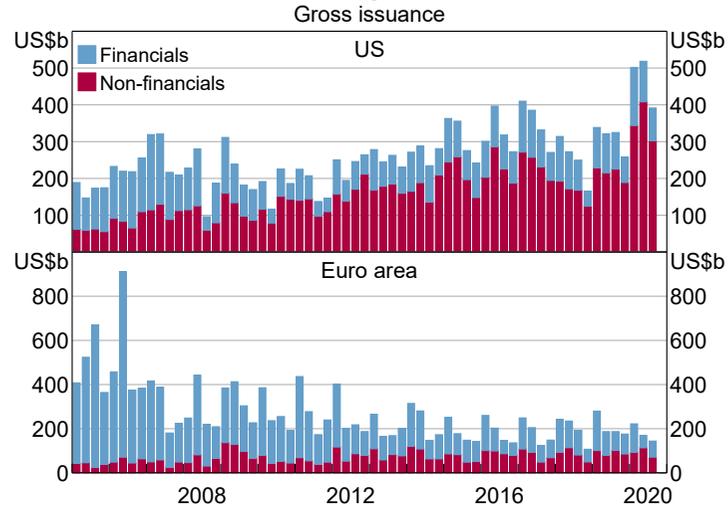
* Excludes ADIs' self-securitisations
 ** Offshore non-resident issuance includes Australian dollar-denominated bonds only
 Sources: Bloomberg; KangaNews; Private Placement Monitor; RBA

Non-government Bonds on Issue in Australia



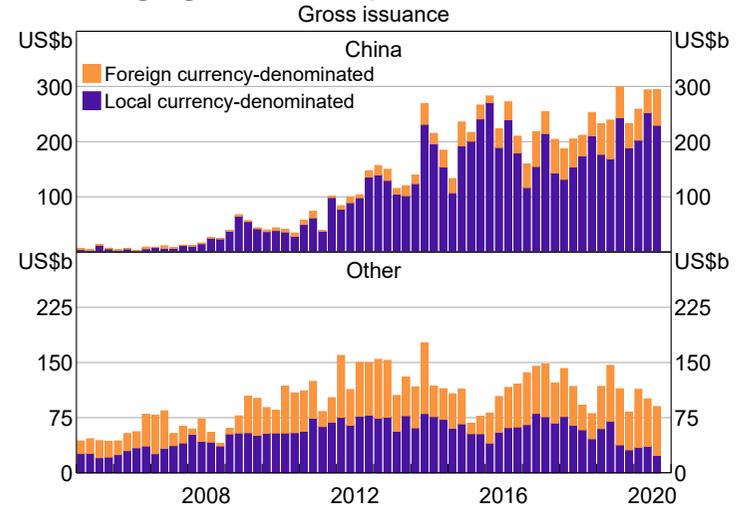
* Excludes ADIs' self-securitisations
 Sources: ABS; Bloomberg; KangaNews; Private Placement Monitor; RBA

US and Euro Area Corporate Bond Issuance



Sources: Dealogic; RBA

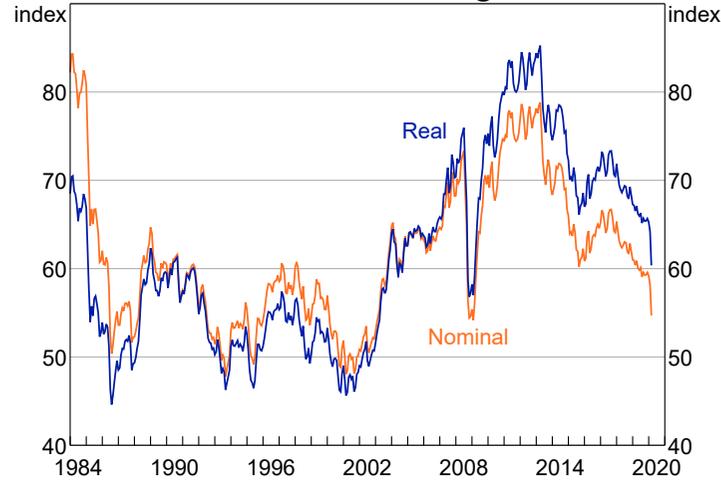
Emerging Market Corporate Bond Issuance



Sources: Dealogic; RBA

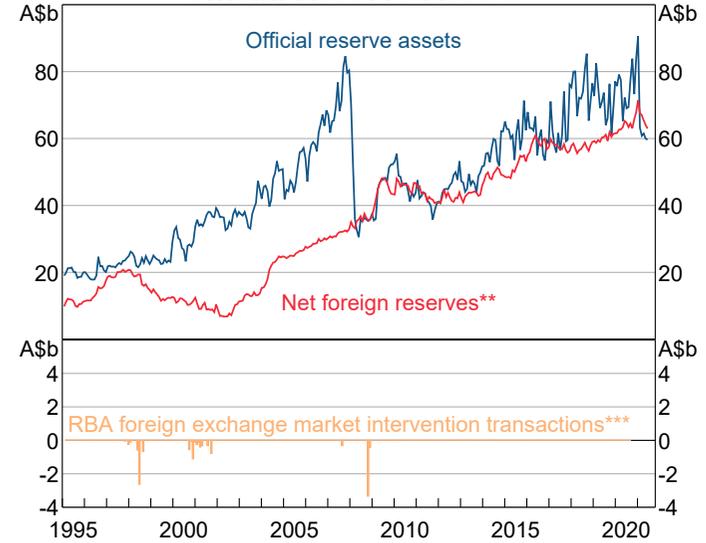
Exchange Rates

Australian Dollar Trade-weighted Index*



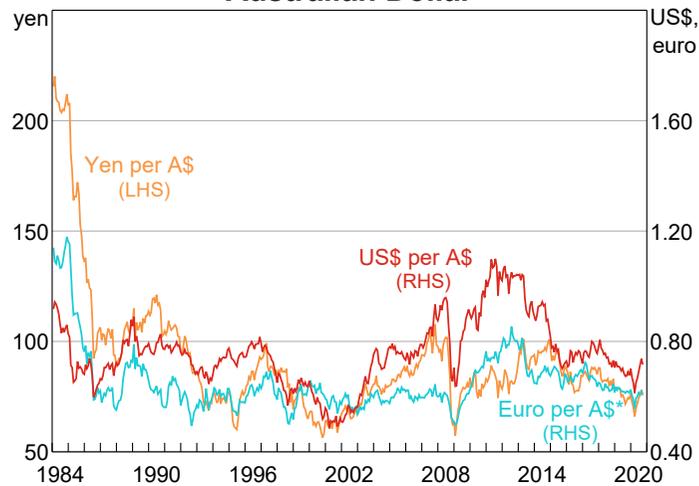
* May 1970 = 100 for nominal; real indexed to equate post-float averages; latest observations for real TWI are estimates
Sources: ABS; RBA; Refinitiv; WM/Reuters

Official Reserve Assets*



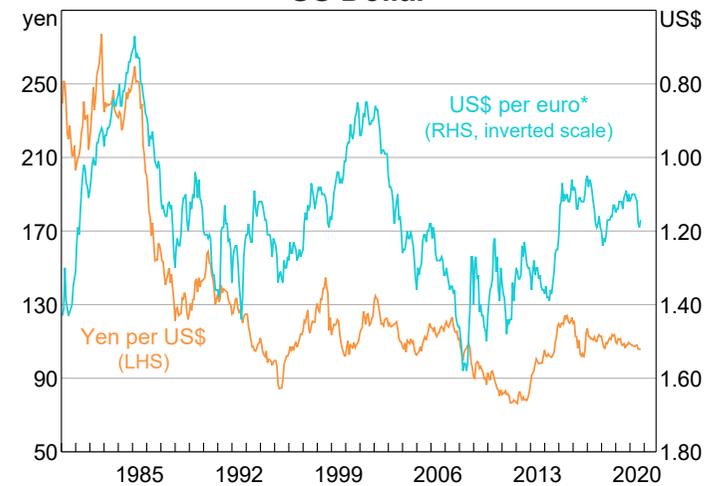
* The reporting methodology for official reserve asset data changes in 2015
** Excludes net forward foreign currency commitments
*** Data up to 30 June 2019; a positive value indicates a purchase of foreign exchange, while a negative value indicates a sale of foreign exchange
Source: RBA

Australian Dollar



* ECU per A\$ until 31 December 1998
Source: Bloomberg

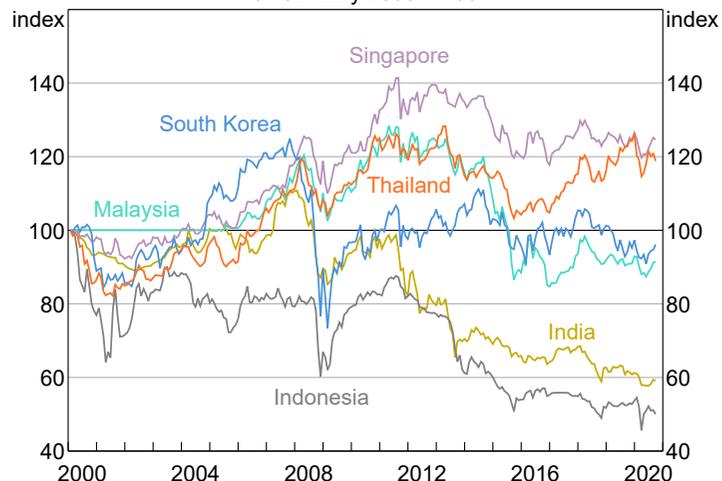
US Dollar



* US\$ per ECU until 31 December 1998
Sources: Bloomberg; Eurostat

Selected Asian Currencies against the US Dollar

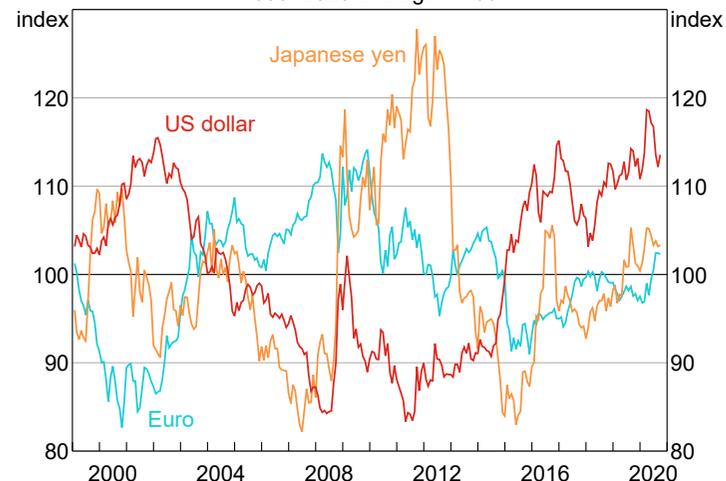
31 January 2000 = 100



Source: Bloomberg

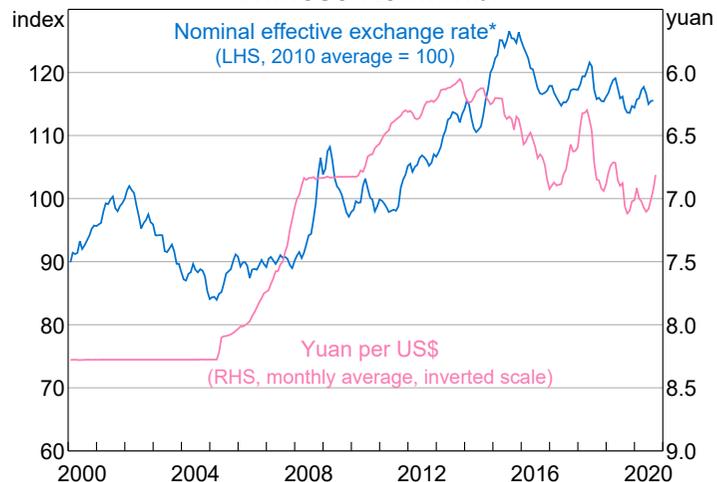
G3 Nominal Trade-weighted Indices

1999–2020 average = 100



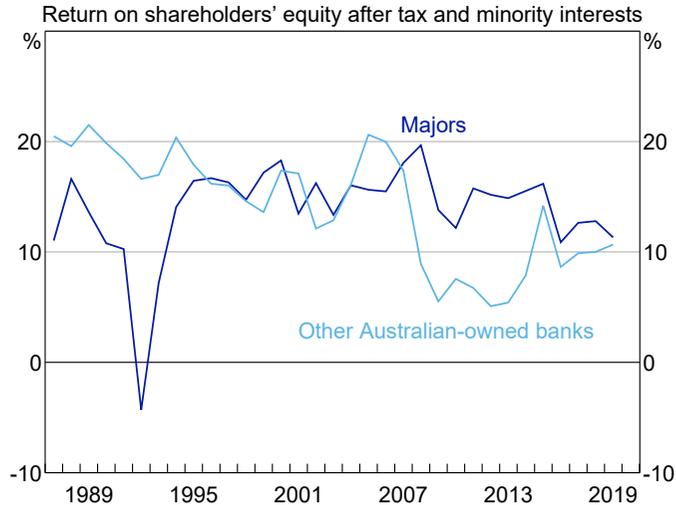
Sources: BIS; Bloomberg; Board of Governors of the Federal Reserve System

Chinese Renminbi



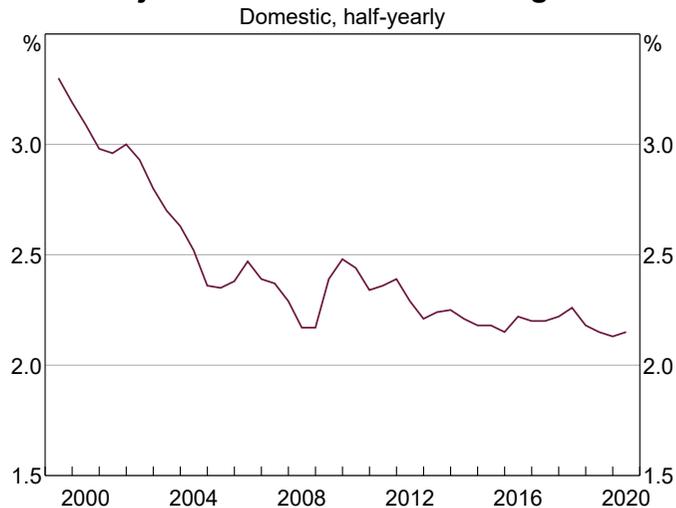
* Monthly average nominal rate calculated using BIS EER weights
Sources: BIS; Bloomberg; RBA

Australian Bank Profitability*



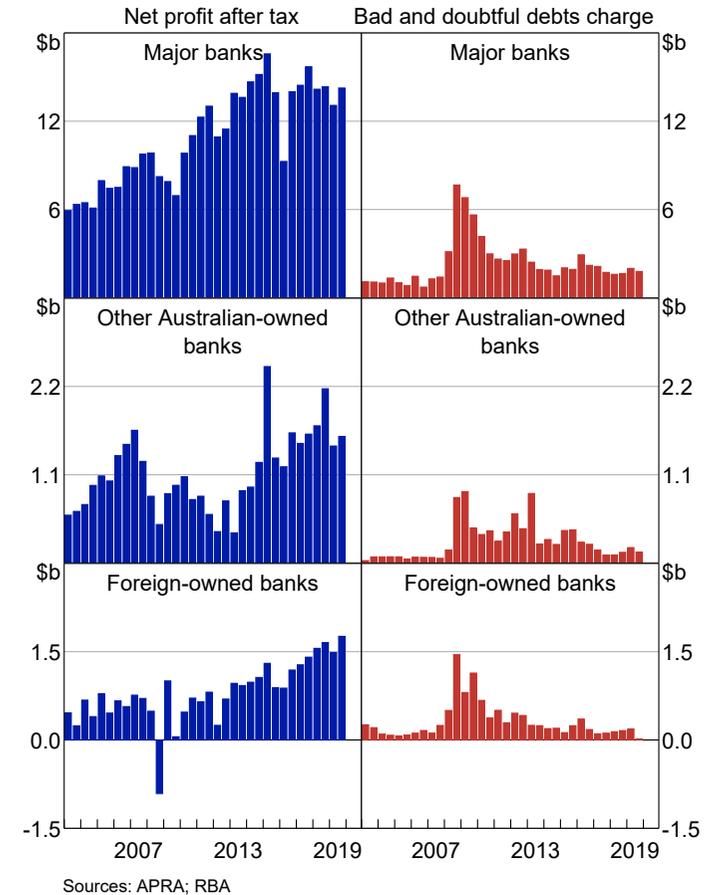
* Fiscal years from 2003 onwards; prior data are as reported in banks' financial statements
Sources: APRA; Banks' annual reports; RBA

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

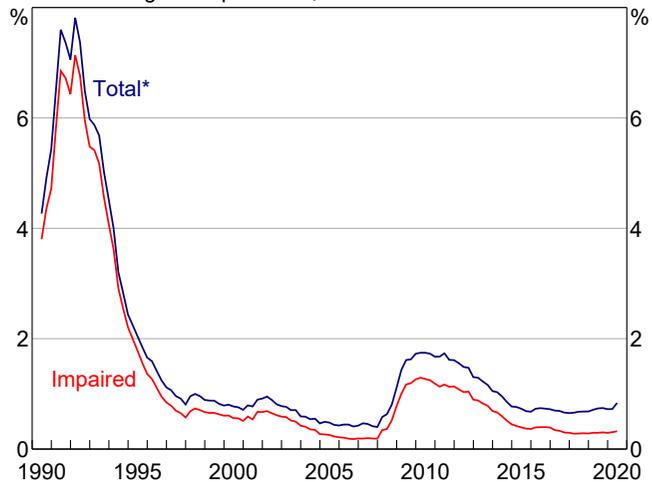
Australian Bank Profits



Sources: APRA; RBA

Banks' Non-performing Assets

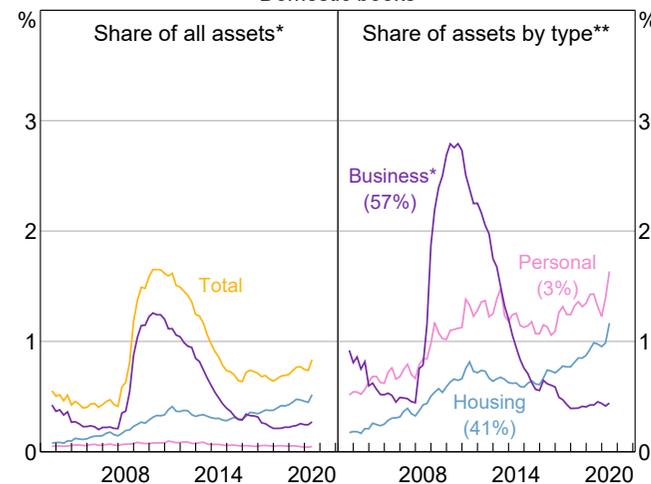
Consolidated global operations, share of on-balance sheet assets



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

Banks' Non-performing Assets

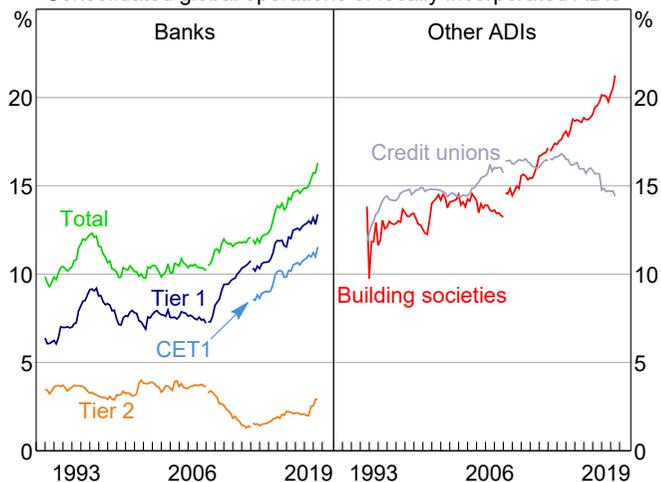
Domestic books



* 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 June 2020 is shown in parentheses; shares may not add up to 100 due to rounding
Sources: APRA; RBA

Capital Ratios*

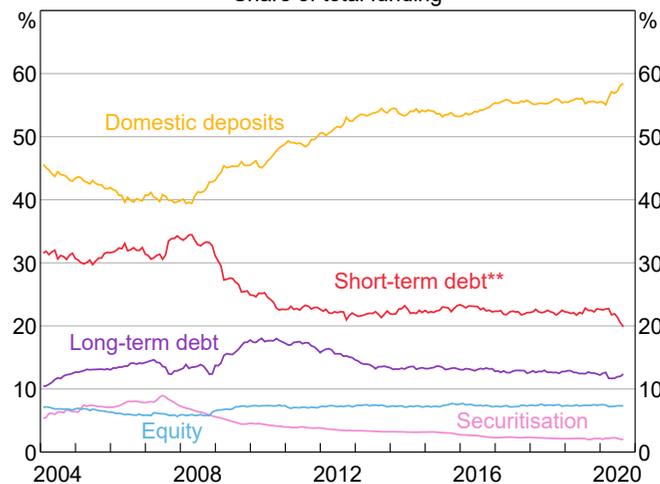
Consolidated global operations of locally incorporated ADIs



* 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

Funding Composition of Banks in Australia*

Share of total funding



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