



The Australian Economy

Boom or Gloom?

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What will China do to support growth?



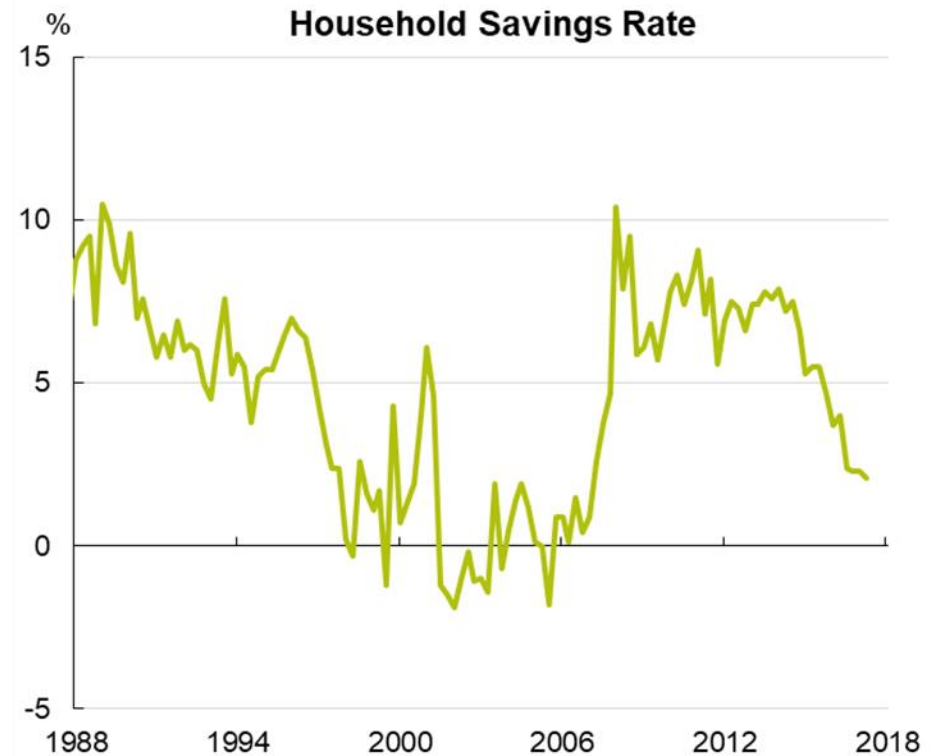
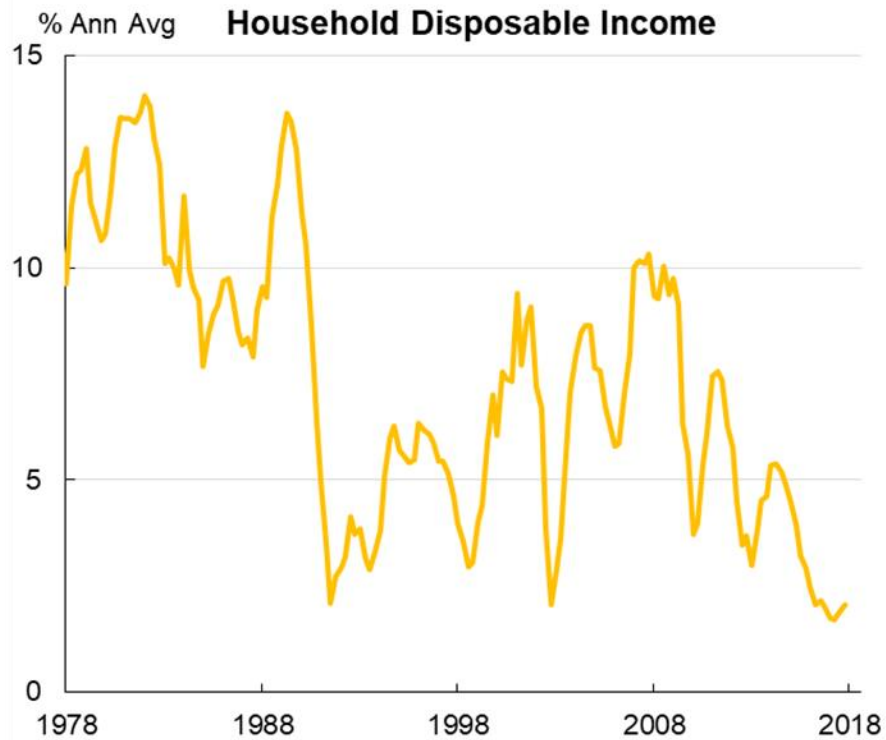
The Story of the Australian Economy

Nominal Growth		
-- Last 3 years (annualised % change)		
Government	Consumption	5.3
	Investment	8.8
Households	Consumption	4.1
	Housebuilding	5.2
Business	Building	1.3
	Engineering	-11.6
	Machinery	1.3
Total domestic demand		3.6
Exports		7.1
Imports		3.8
GDP		4.4

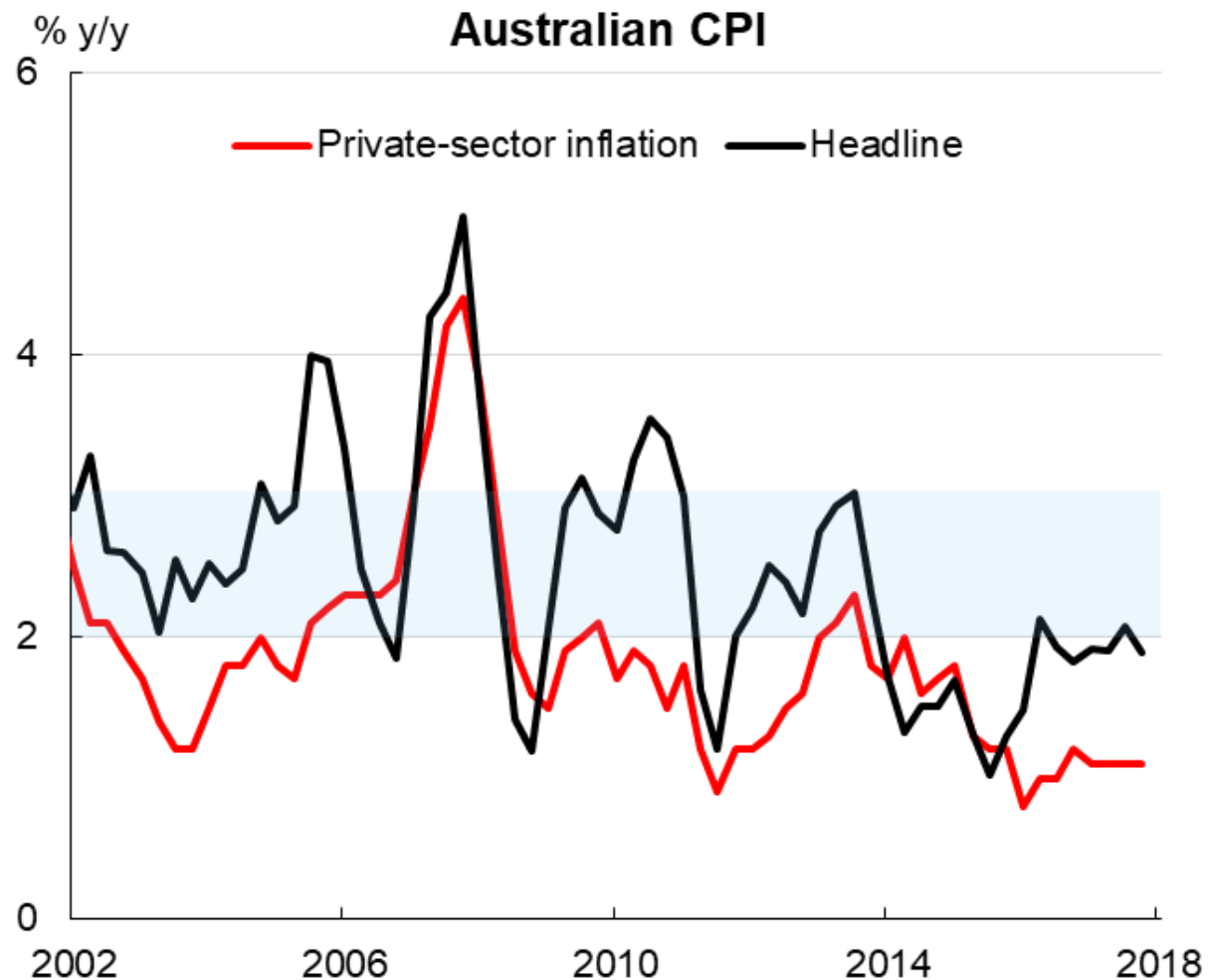
The Story of the Australian Consumer

Nominal Growth		
-- Last 3 years (annualised % change)		
Discretionary		
	Hotels, cafes	3.5
	Recreation	2.9
	Communication	0.6
	Cars	4.0
	Clothing	3.0
	H'hold goods	3.0
	Rent	3.7
	Food	3.9
Non-discretionary/Regulated prices		
	Health	5.8
	Education	5.0
	Insurance	6.8
	Utility bills	7.4
	Cigarettes	9.2
Household Consumption		4.1

Current spending sustained by saving less



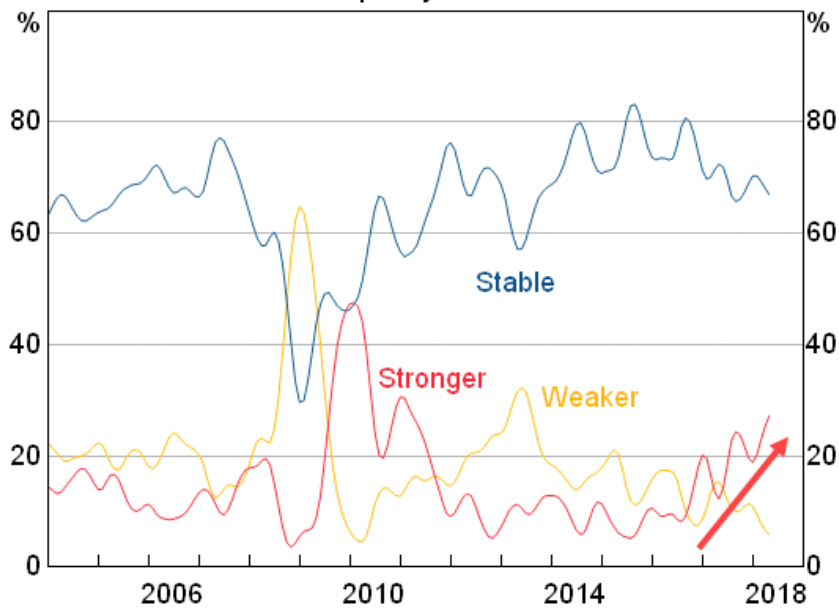
Private firms lack pricing power



Will wages accelerate?

Expectations for Wages Growth

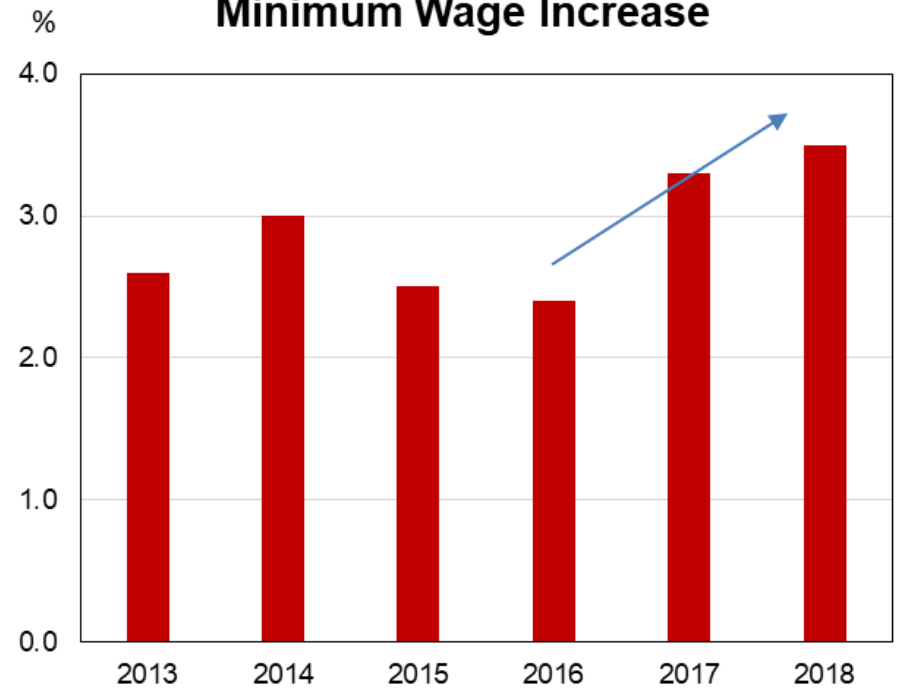
Relative to the past year, share of firms*



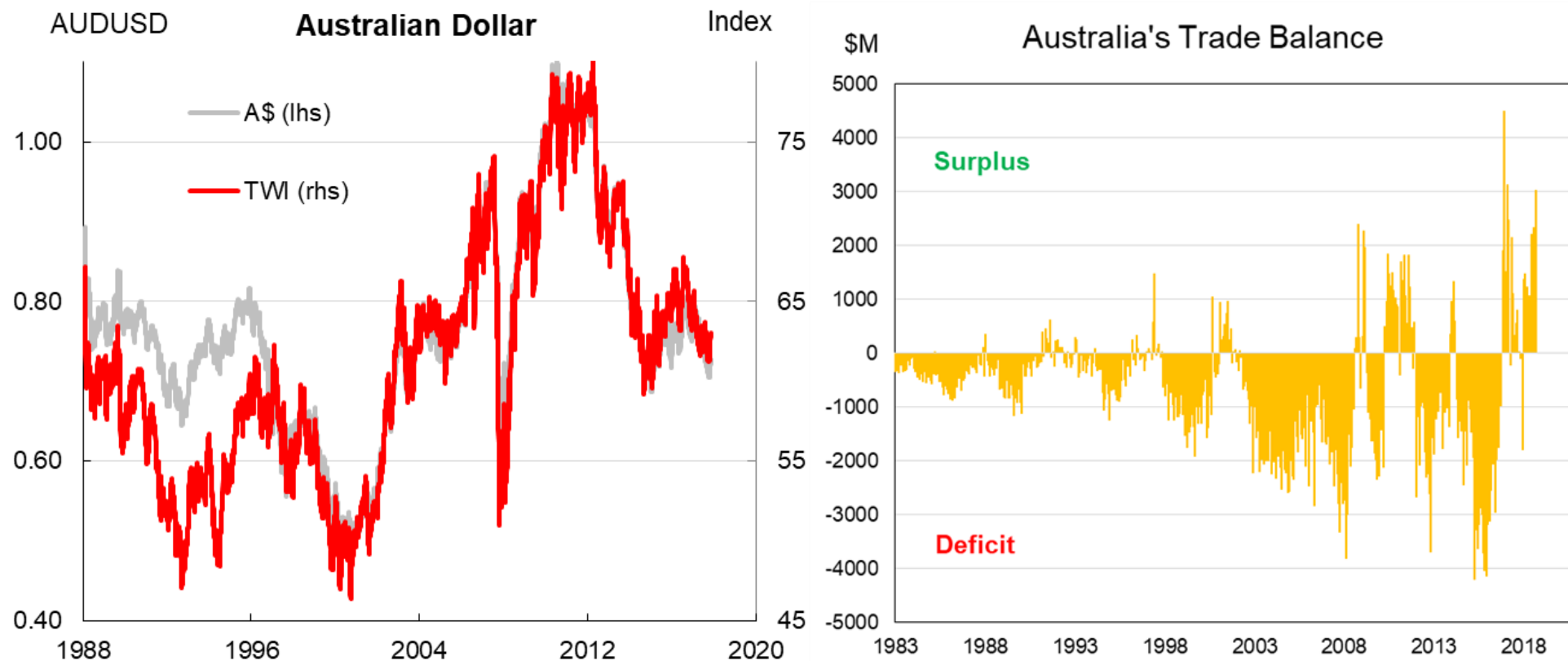
* 13-term Henderson trend

Source: RBA

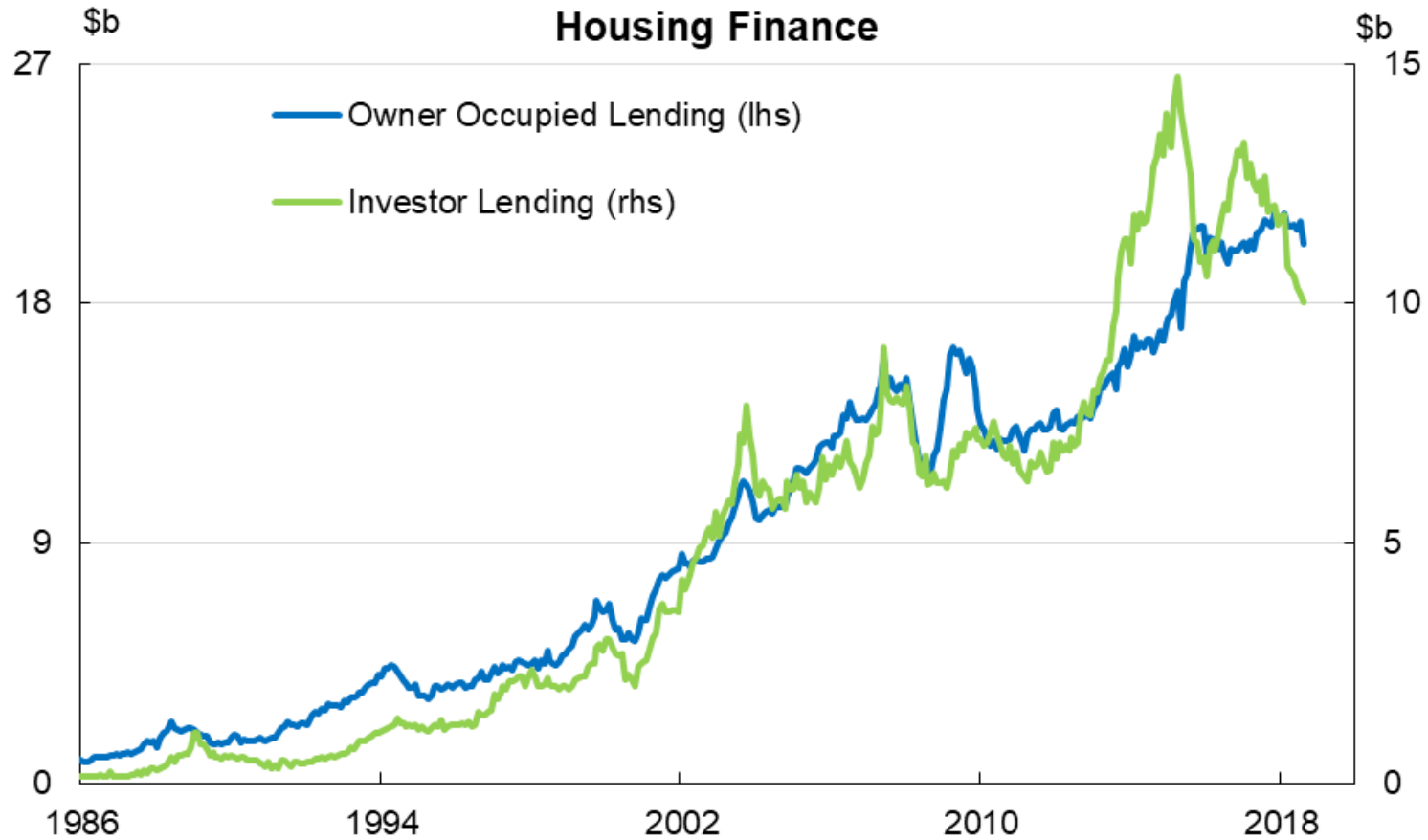
Minimum Wage Increase



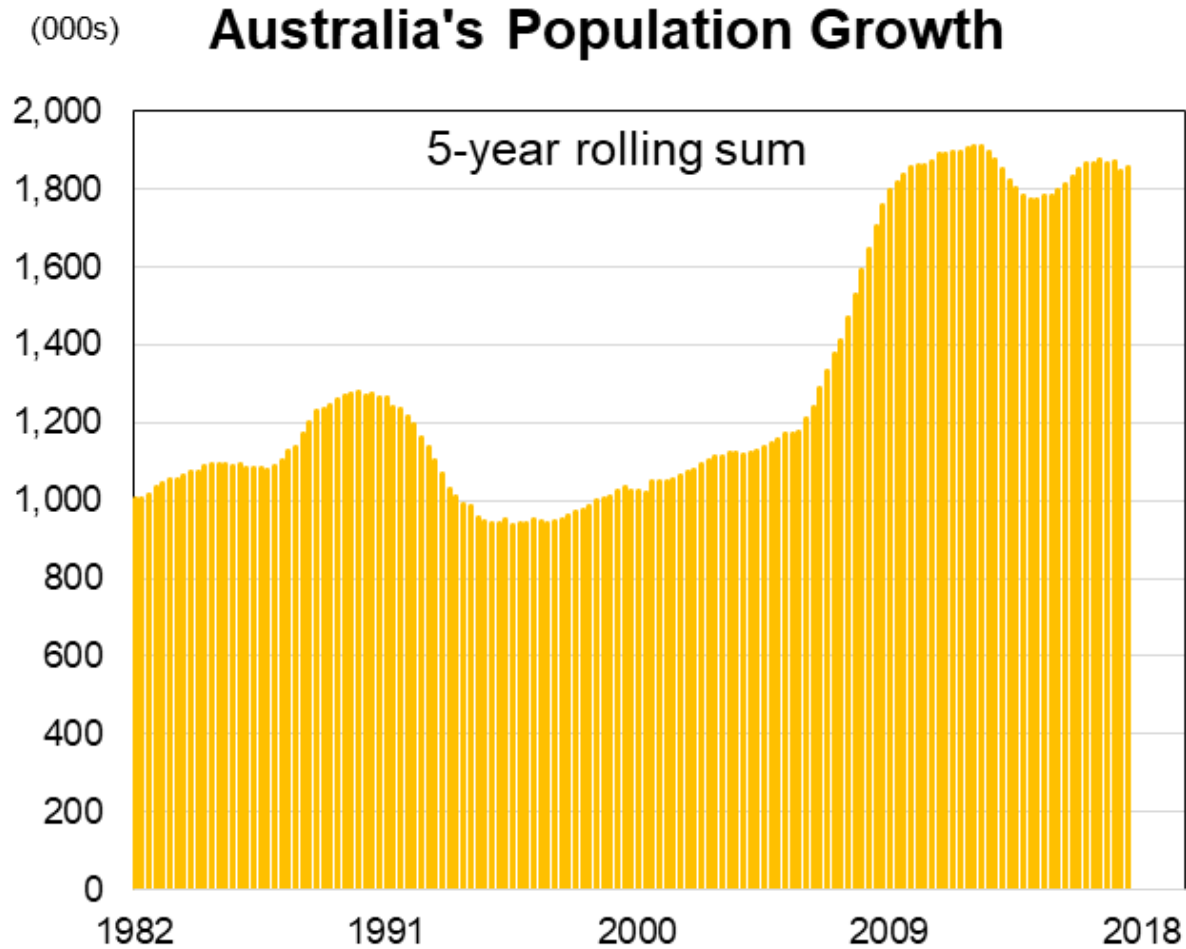
Has Australia lost its shock absorber?



The \$6.7 trillion question....



Population pressures





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