



August 2024

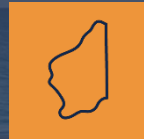
The economic landscape

Sam Collins – CCIWA Senior Economist

Overview



The global economy



The local economy



What comes next

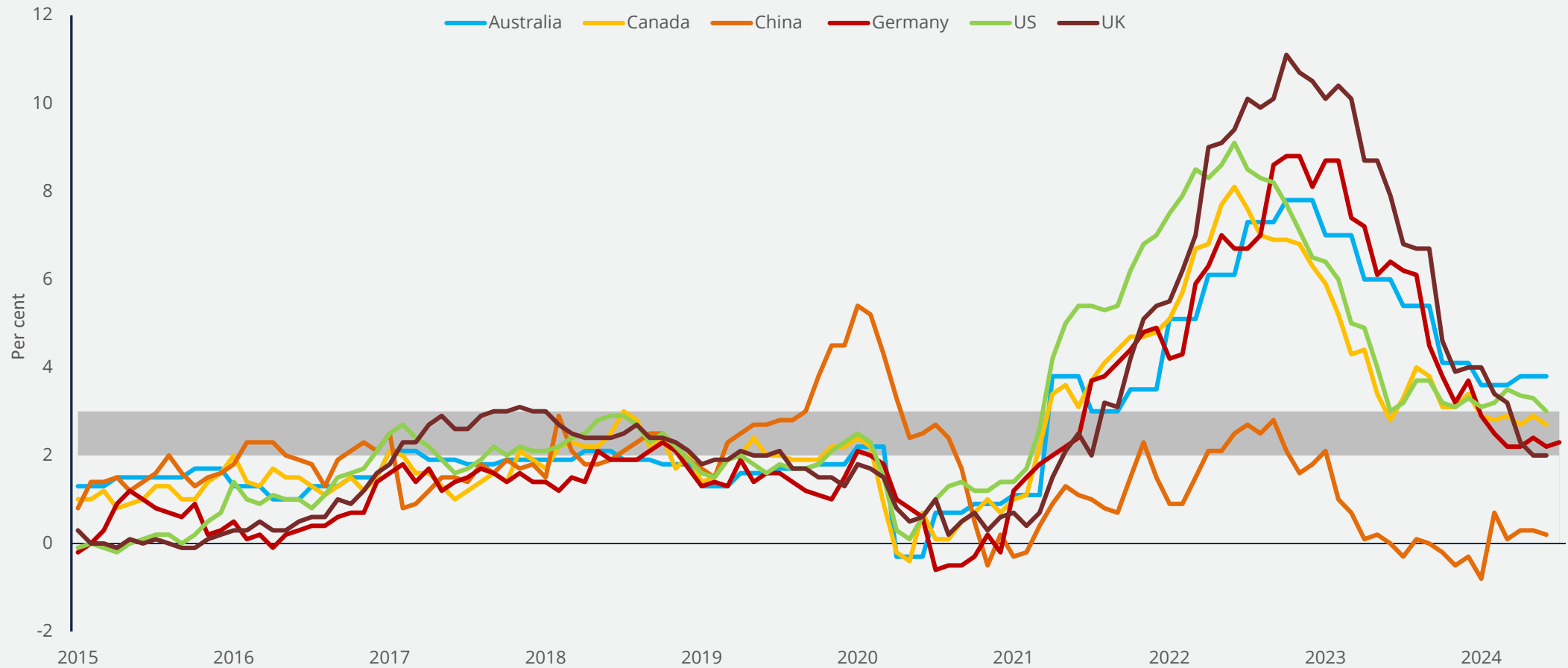
The global economy

A photograph of a wooden boardwalk leading to a beach at dusk. The boardwalk is made of weathered wooden planks and is flanked by low wooden posts connected by a thin white rope. The boardwalk leads towards a sandy beach and the ocean. The sky is a deep blue with some light clouds. The overall scene is calm and serene.

Global Challenge One...

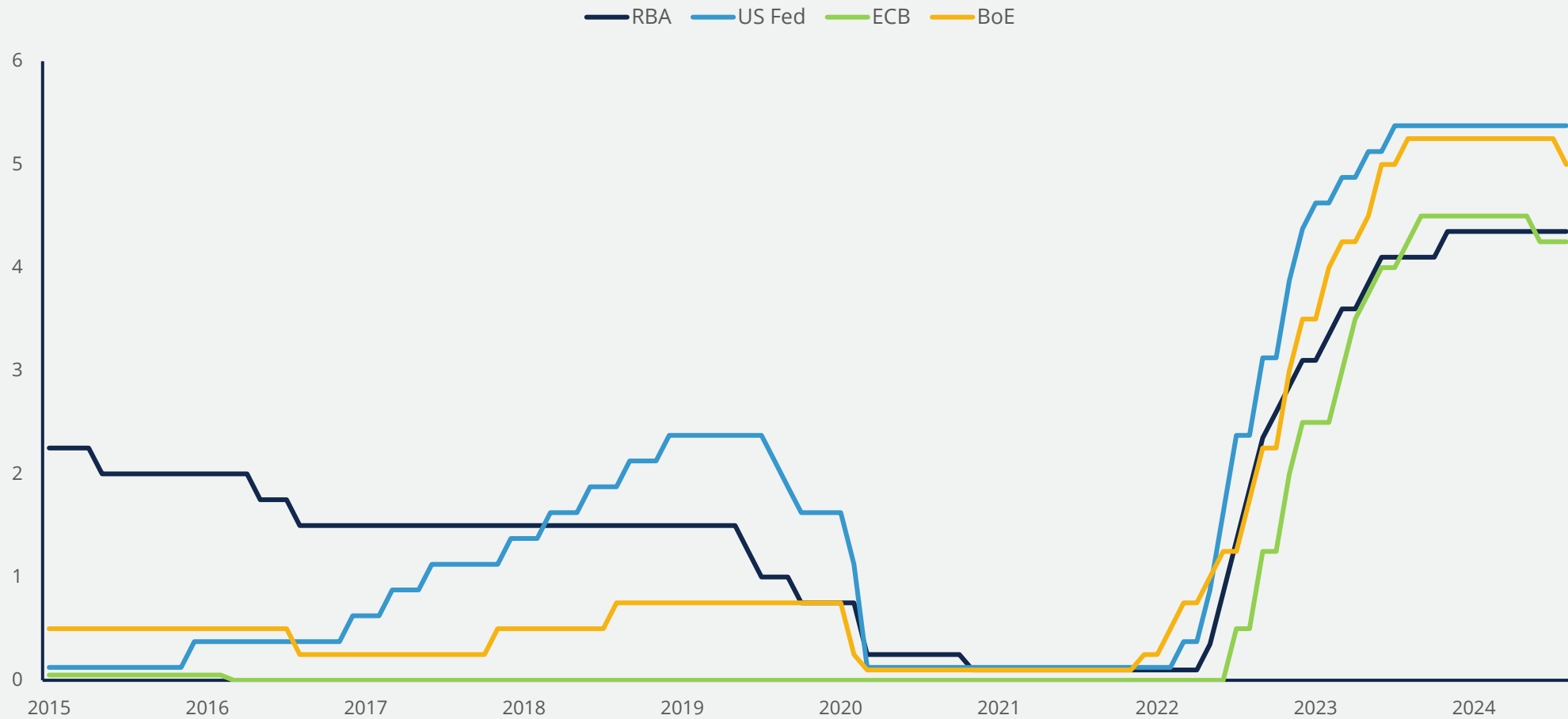
Global Inflation Rates

Year on Year



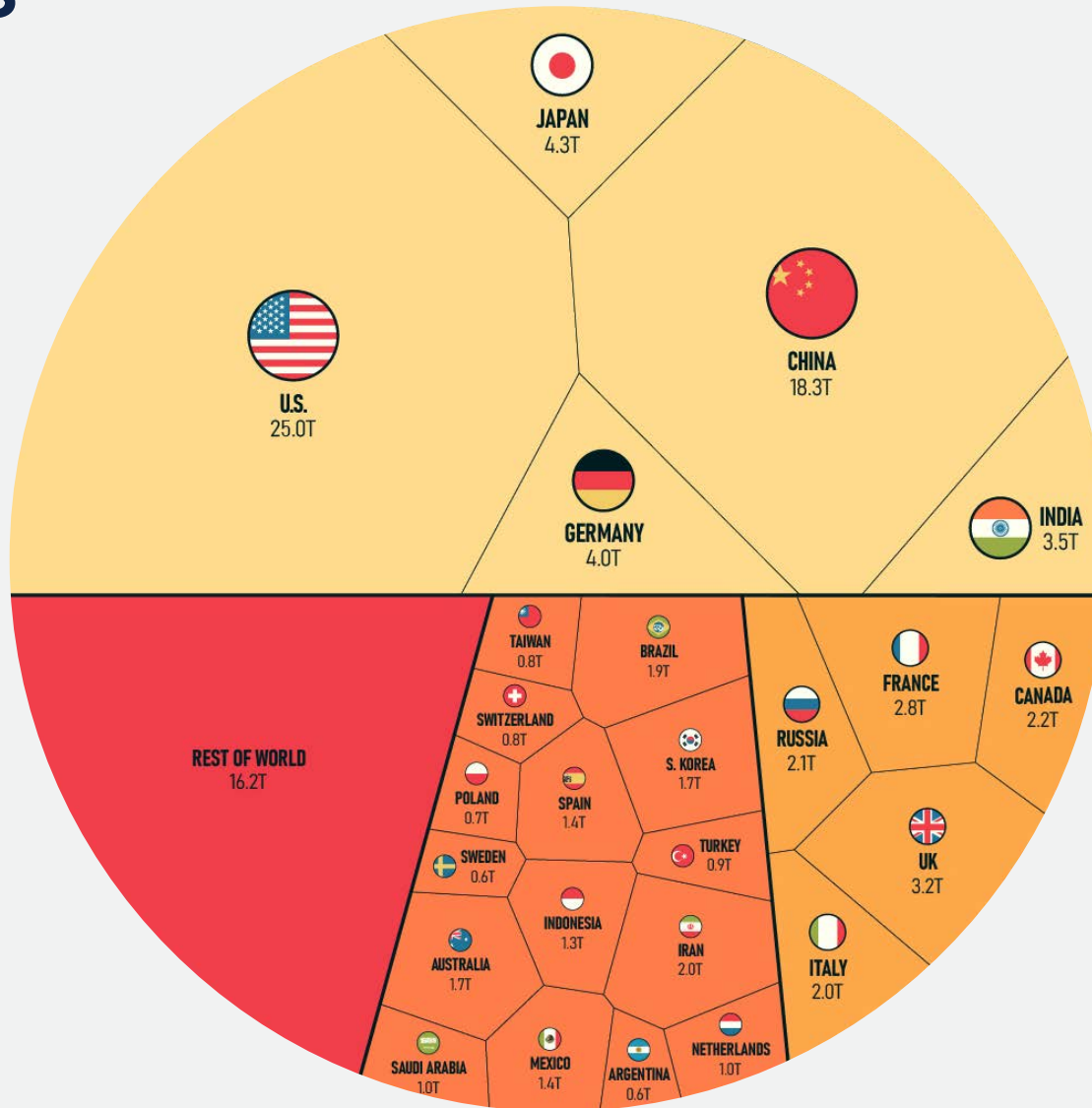
...Soft Landing

Central Bank Policy Rates



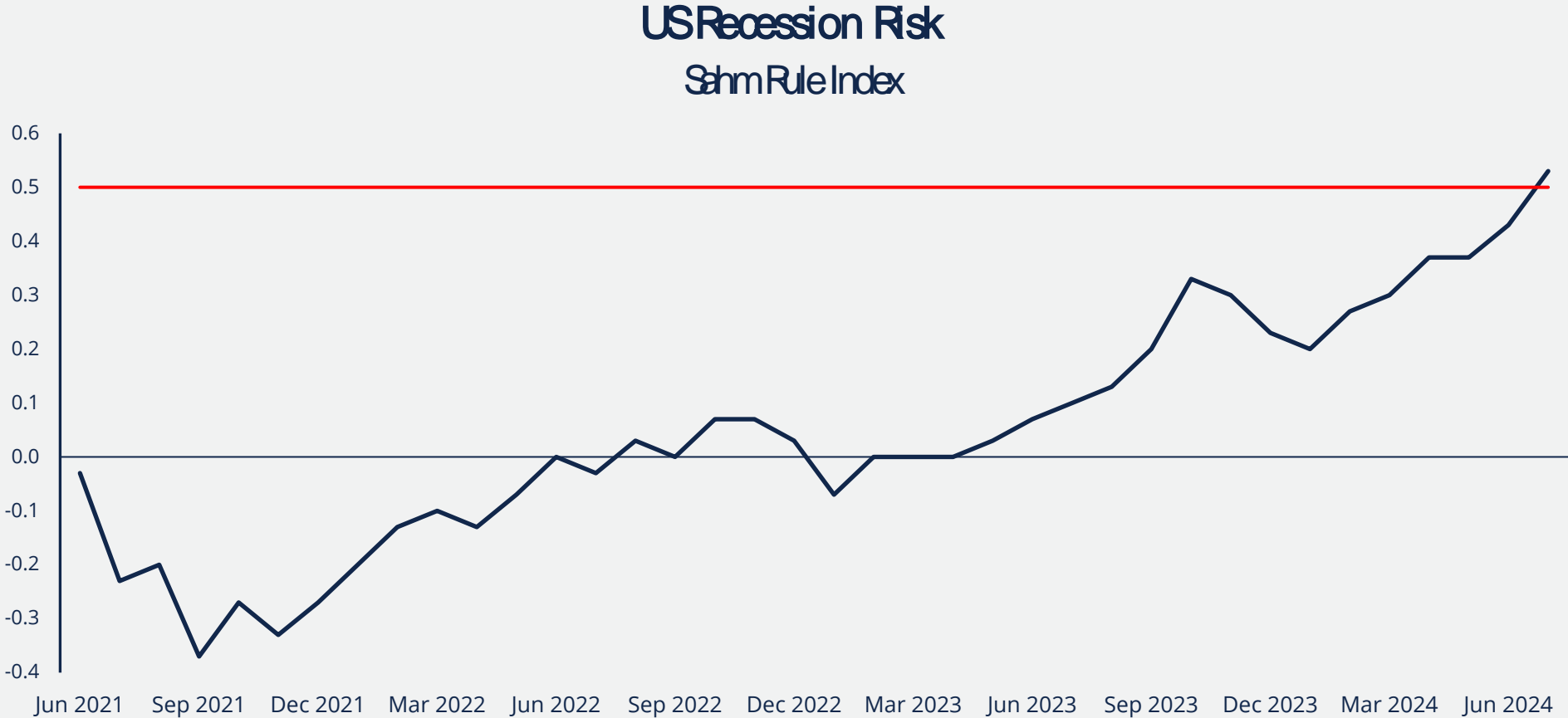
Source: CCIWA, Refinitiv

The big gorillas



Source: Visual Capitalist

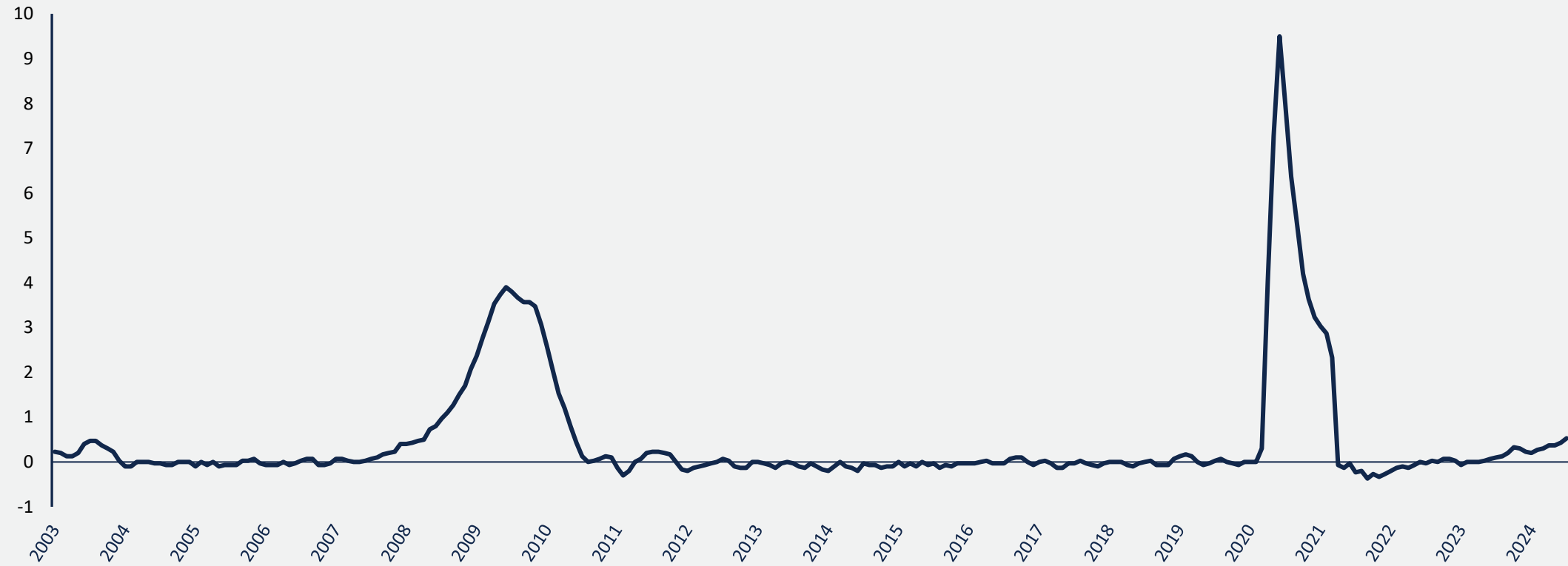
Recession risk is up



Source: CCIWA, St. Louis Federal Reserve

In context...

US Recession Risk
Sahm Rule Index

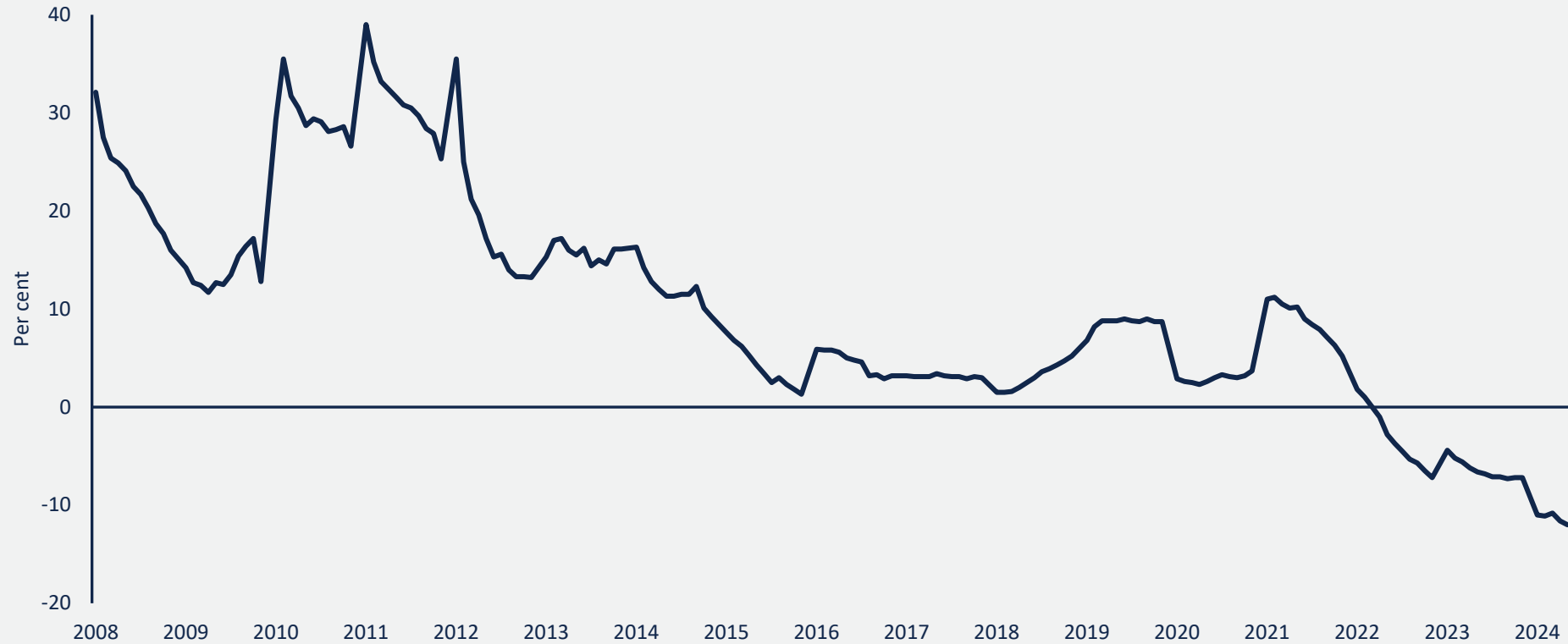


Source: CCIWA, St. Louis Federal Reserve

China's property woes

China Floorspace Under Construction

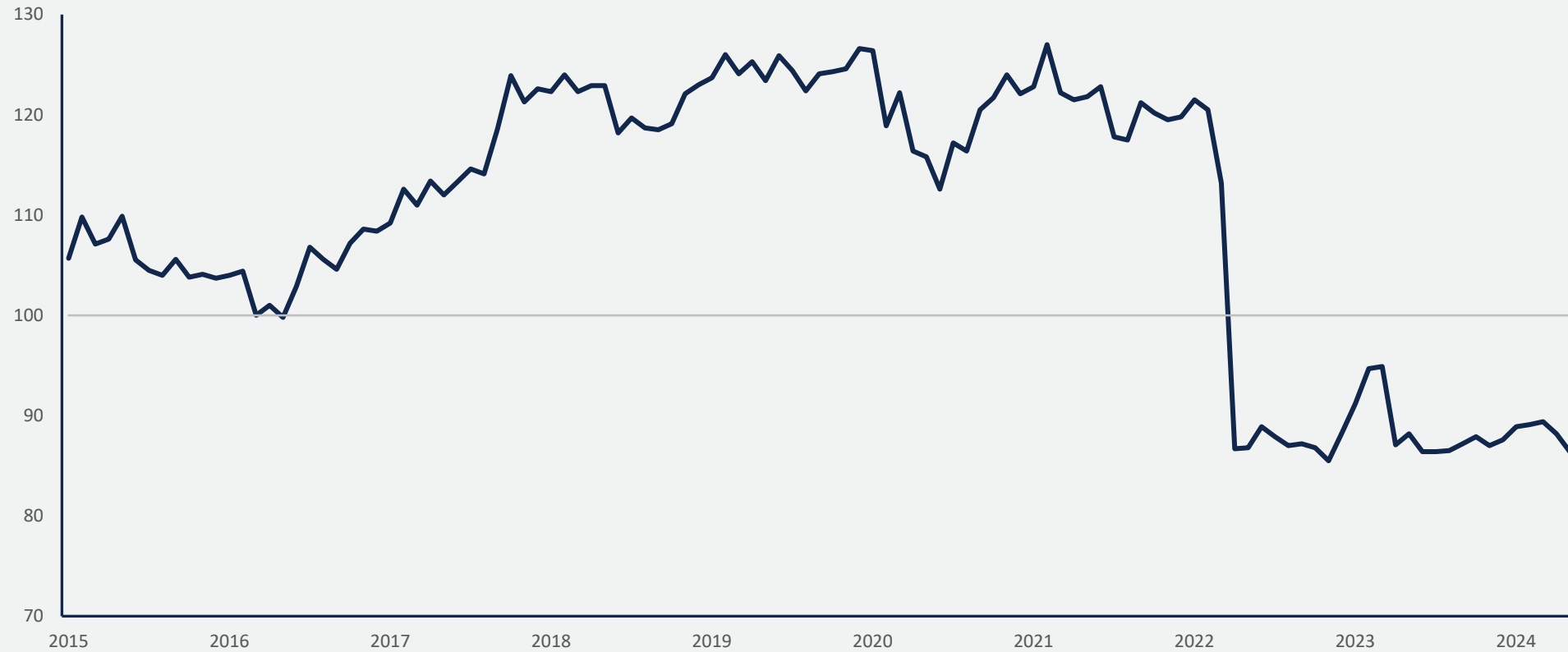
% change, year-on-year



Source: CCIWA, Refinitiv

Confidence at rock bottom

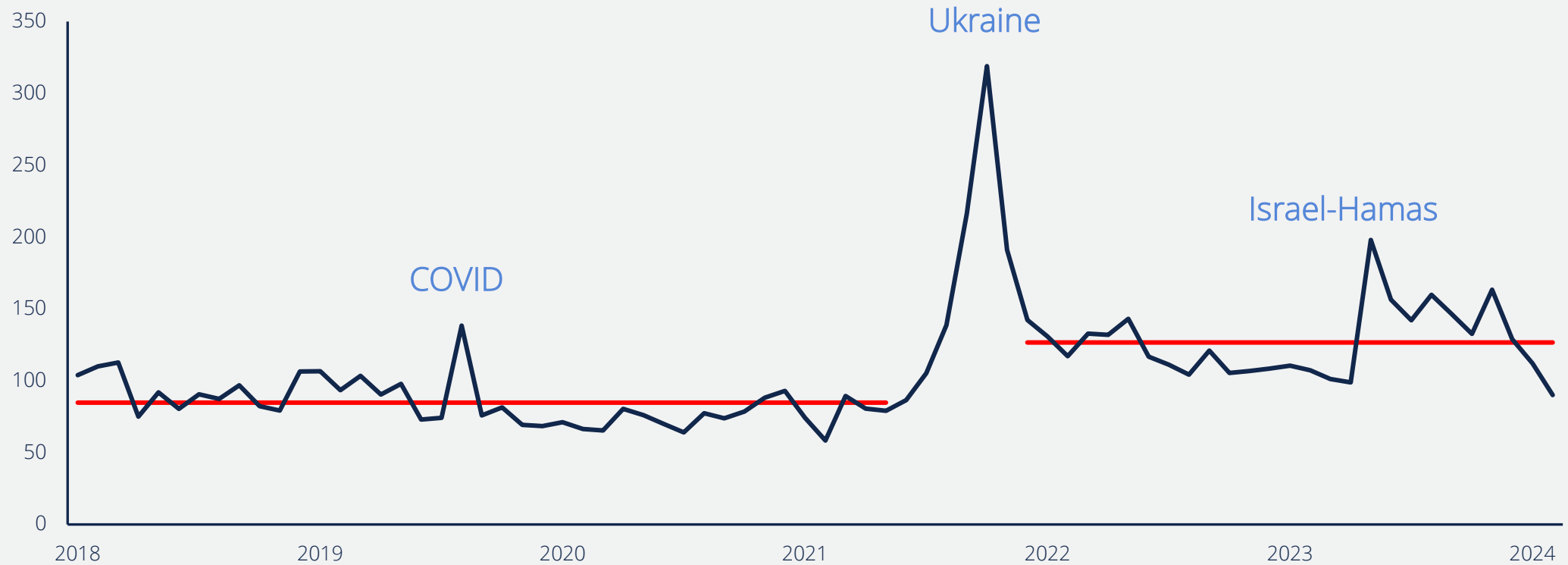
China Consumer Confidence Index
(March 2016 = 100)



Source: CCIWA, Refinitiv

Global Challenge Two - Riskier World

Geopolitical Risk Index



Source: CCIWA, Economic Policy Uncertainty

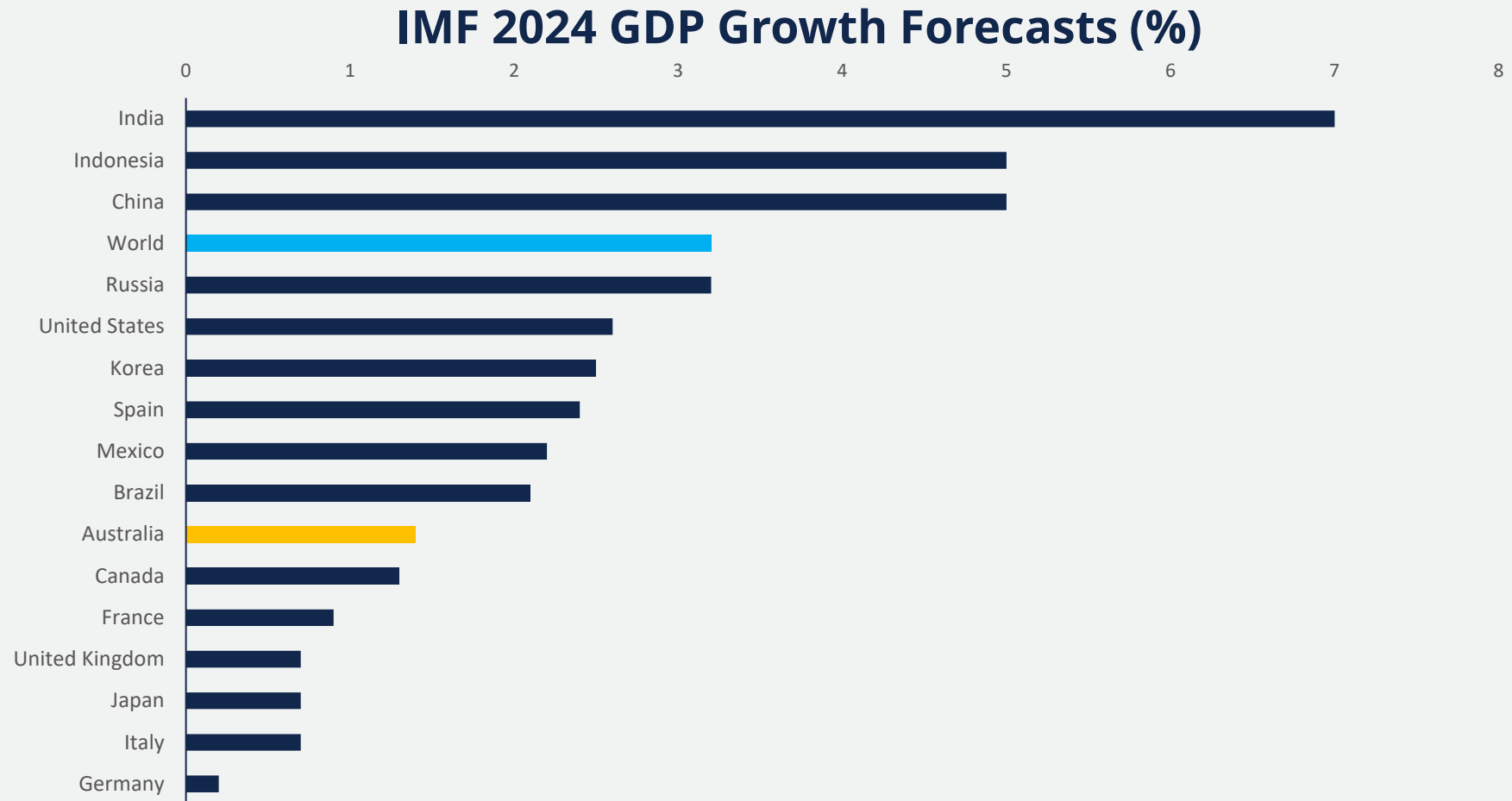
Hardly batting an eyelid

Brent Crude Oil Price



Source: CCIWA, Refinitiv

Growth expectations



Source: CCIWA, IMF

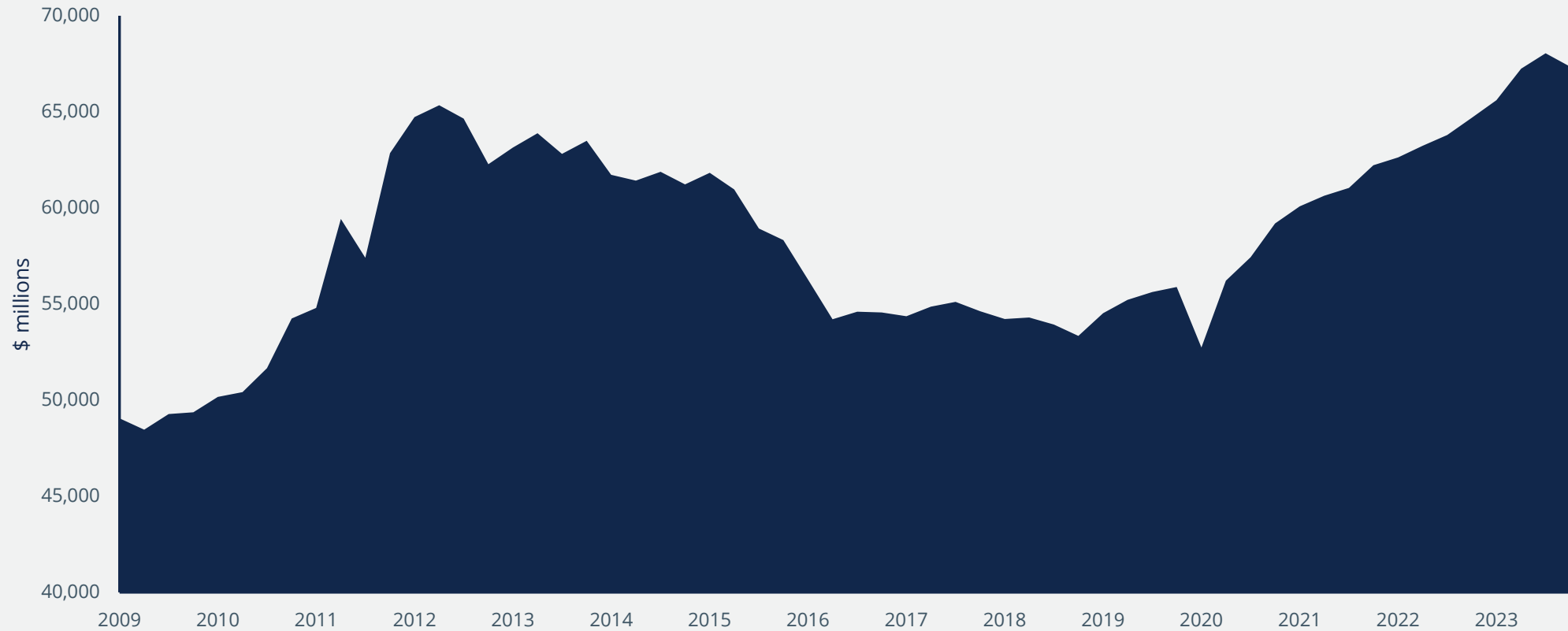
A wooden boardwalk leads from the foreground towards a beach and the ocean at dusk. The sky is a deep blue with some light clouds. The water is calm and reflects the twilight. The boardwalk is made of weathered wooden planks and has a simple railing on the right side. The beach is visible in the distance, and the overall atmosphere is serene and quiet.

The local economy

Part 1: Business conditions

An economy that won't quit

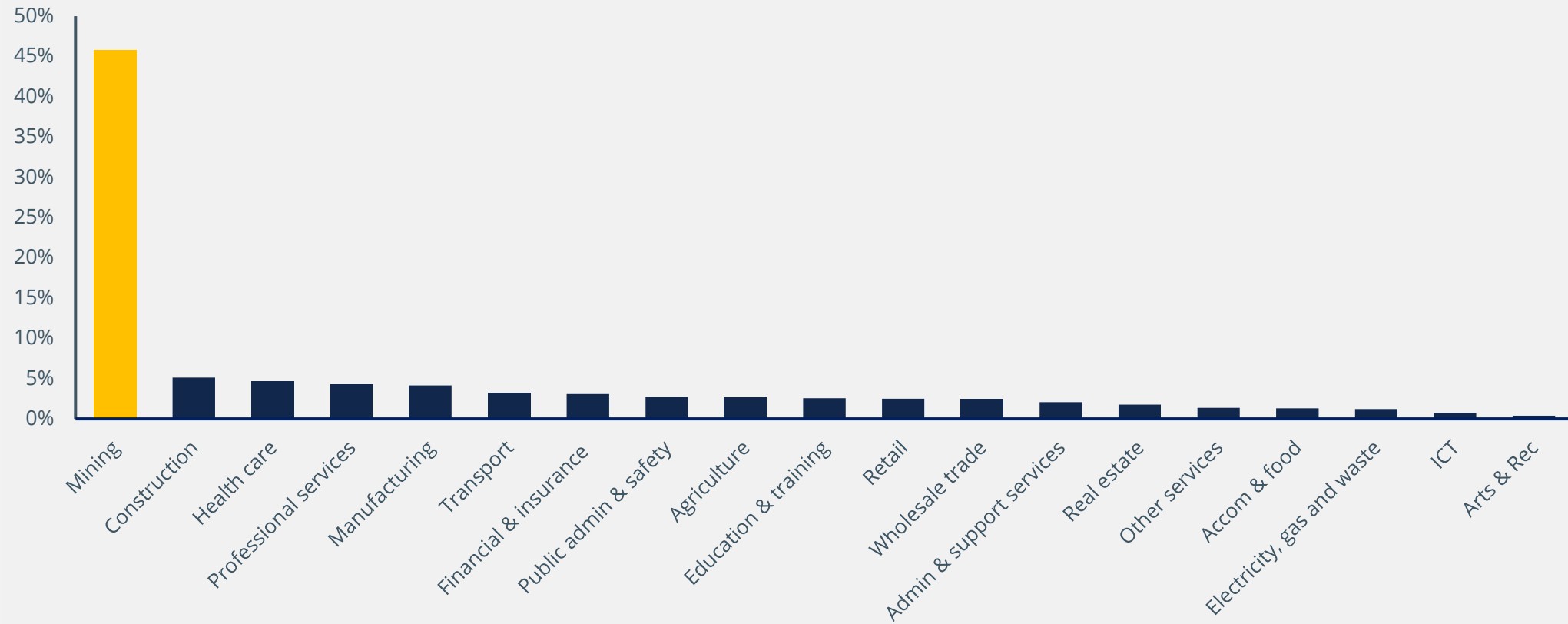
Size of WA's Domestic Economy
State Final Demand, Quarterly



Source: CCIWA, ABS

Breaking down WA's economy

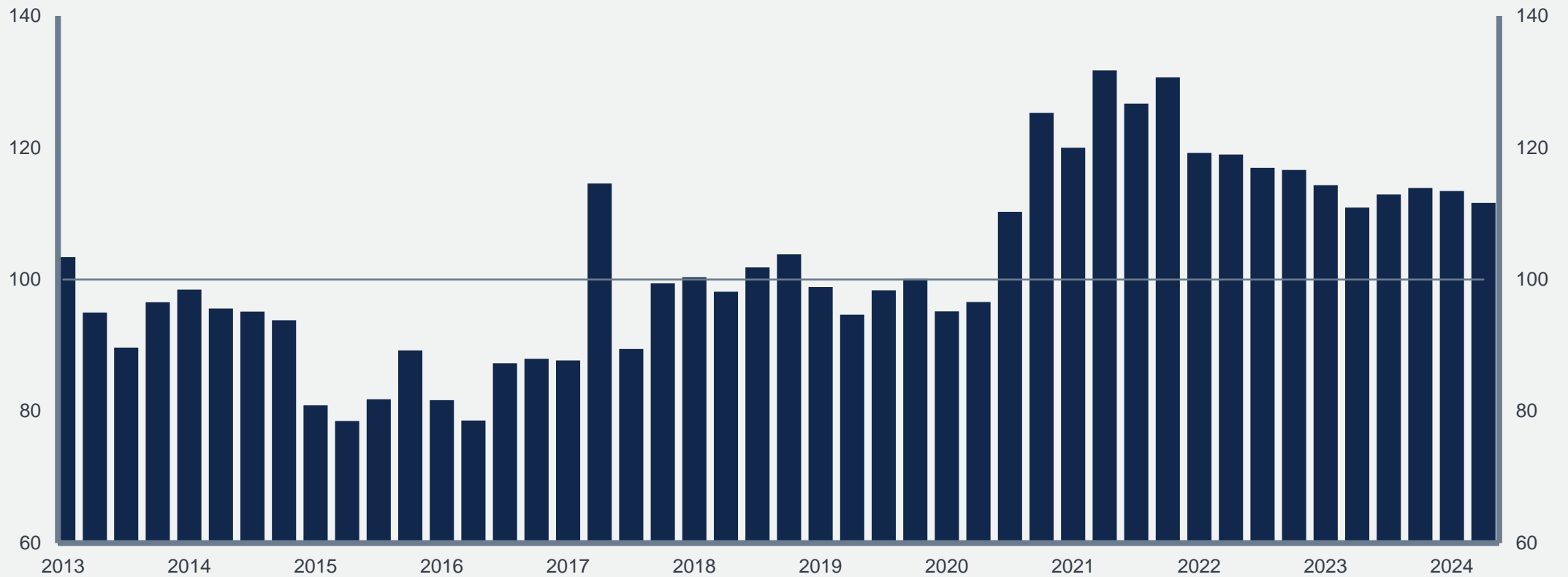
What makes up WA's economy? 2022-23, nominal GVA



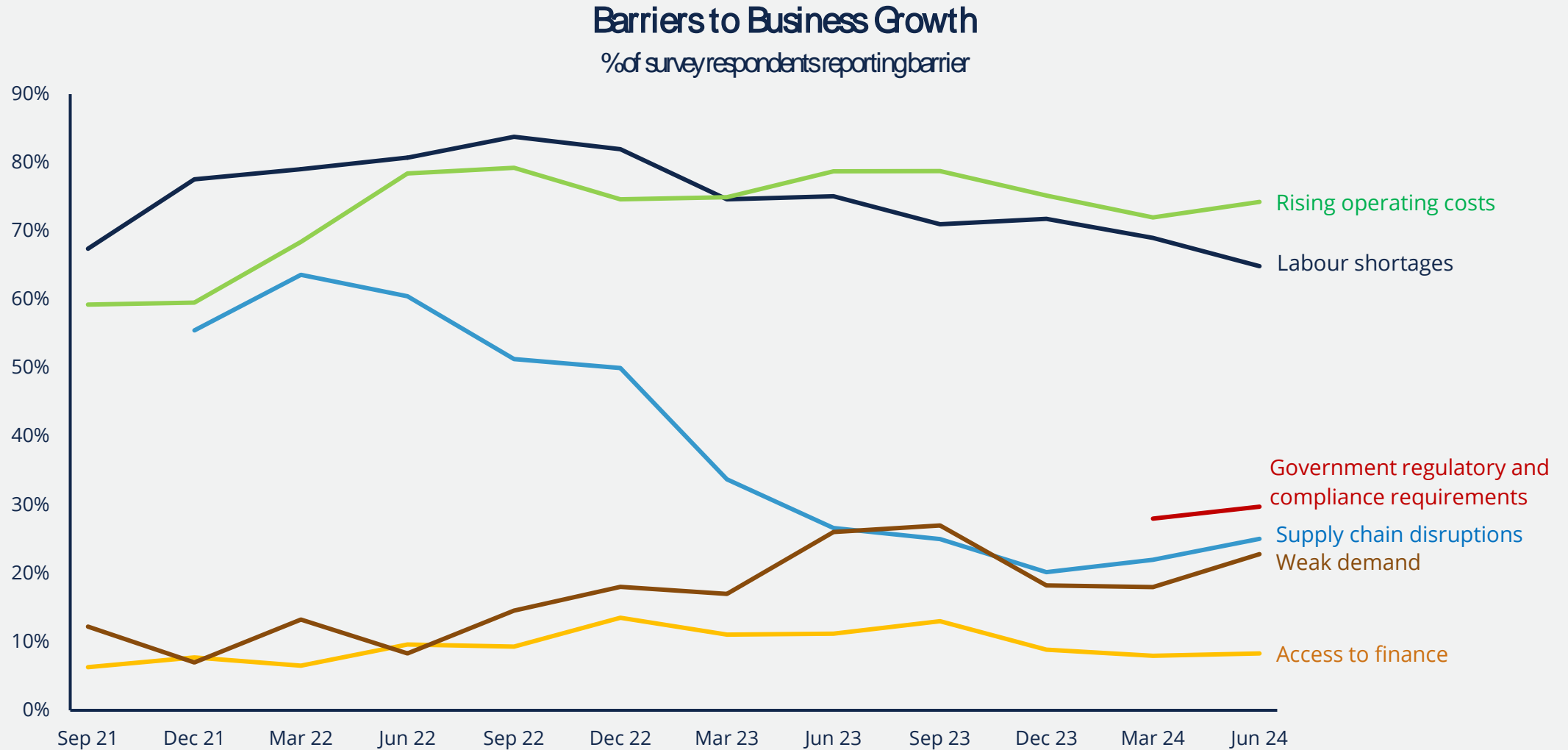
Source: CCIWA, ABS

Confidence edging down

QWA Business Confidence Index
2018 Average = 100

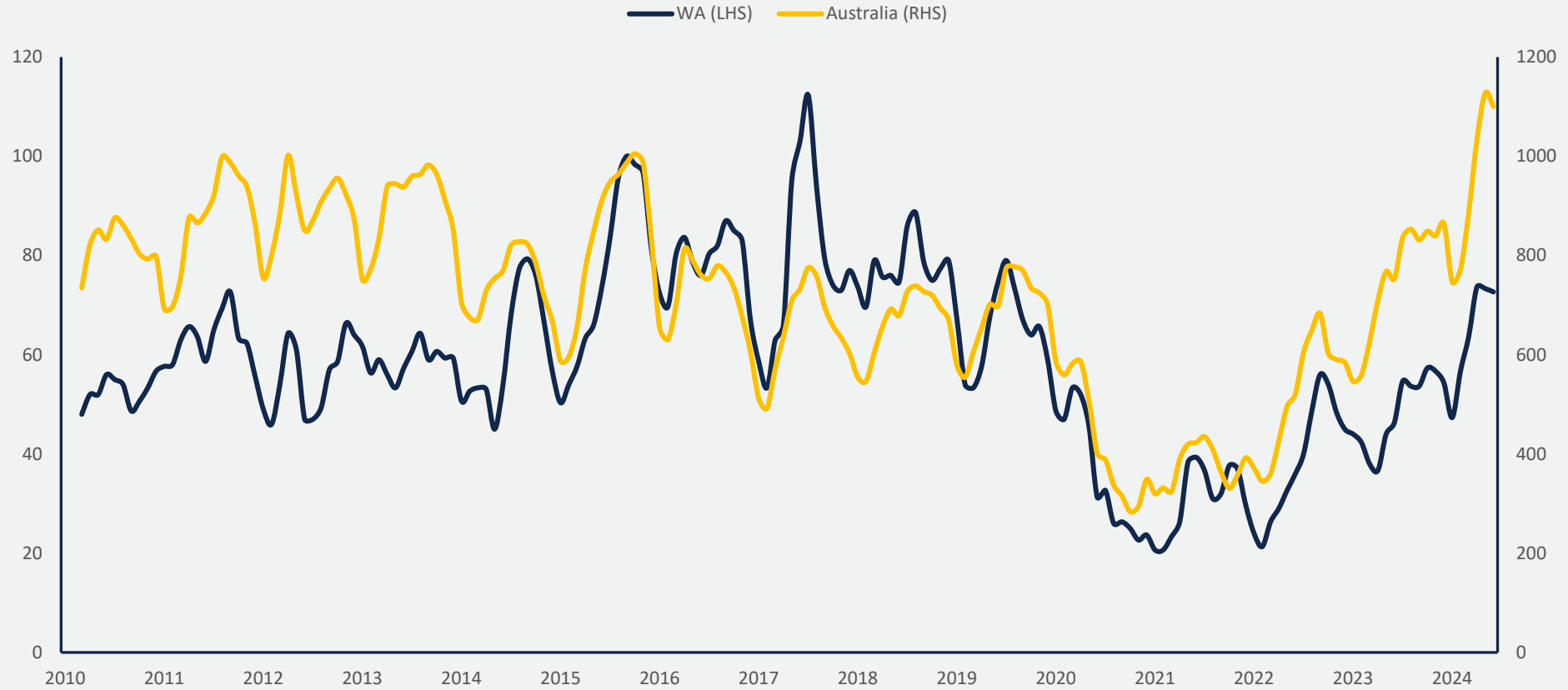


Businesses not without challenges



Business insolvencies soaring...

Business Insolvencies
Monthly, 3 month moving average

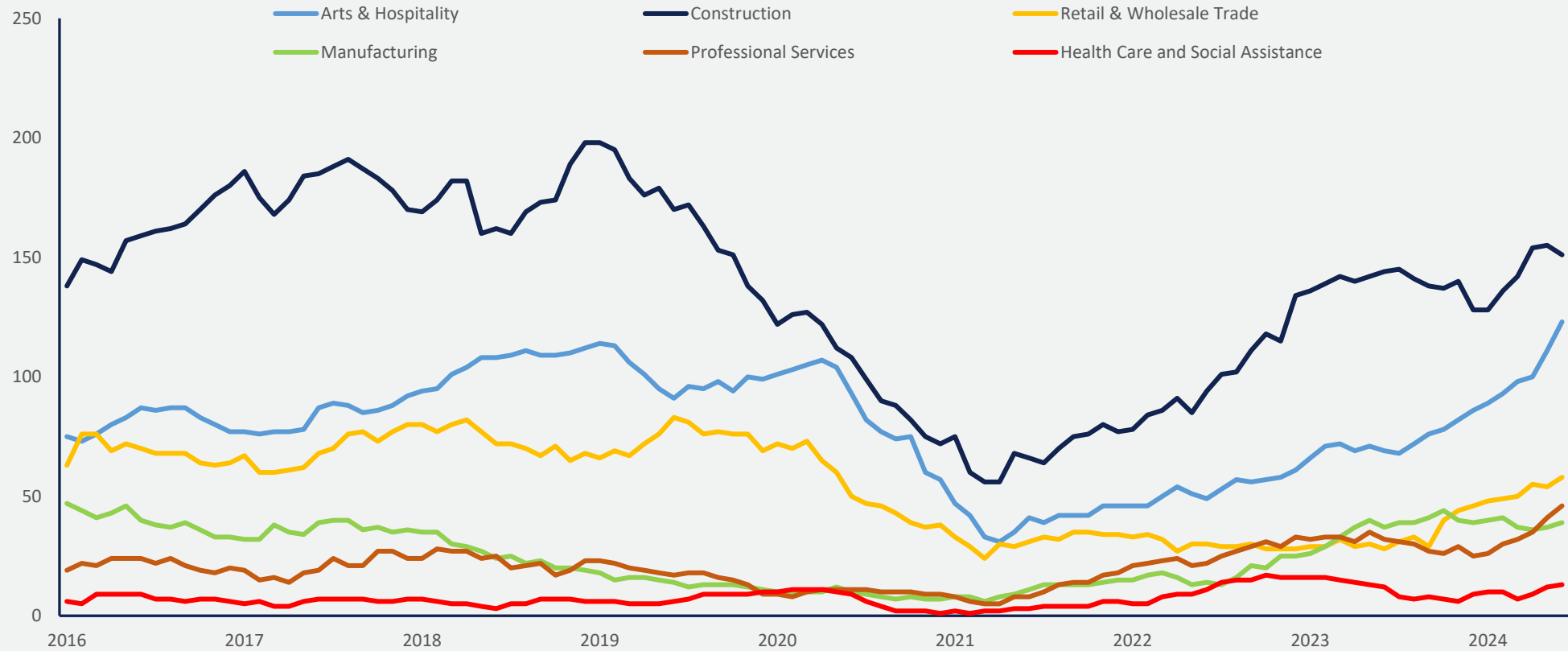


Source: CCIWA, ASIC

...led by the construction sector

Company Insolvencies

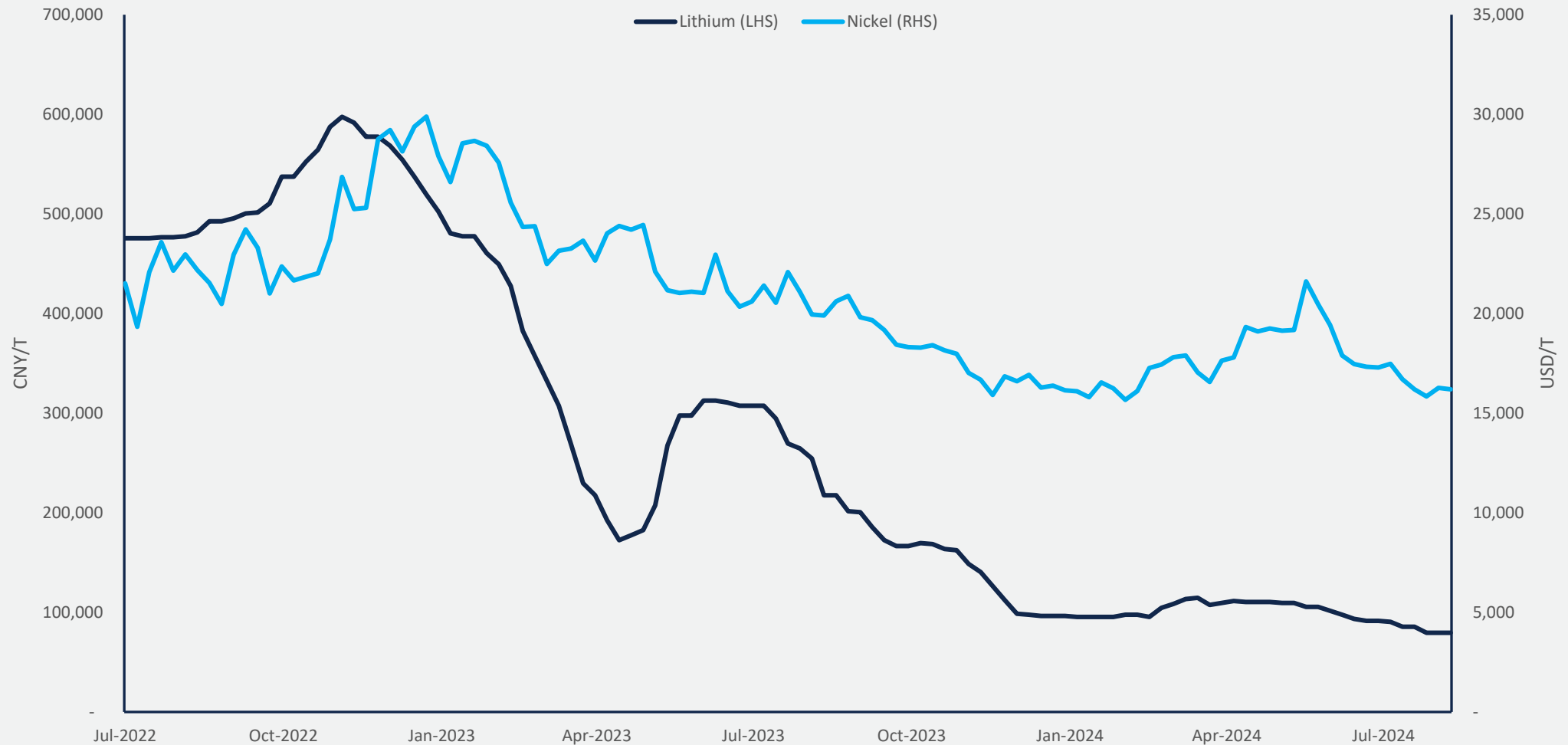
WA, Number, rolling 12 months



Source: CCIWA, ASIC

Some commodities struggling

Commodity Prices



A wooden boardwalk leads from the foreground towards a beach and the ocean at dusk. The sky is a deep blue with some light clouds. The water is calm, and the beach is visible in the distance. The boardwalk is made of wooden planks and has a simple railing on the right side. The overall scene is peaceful and scenic.

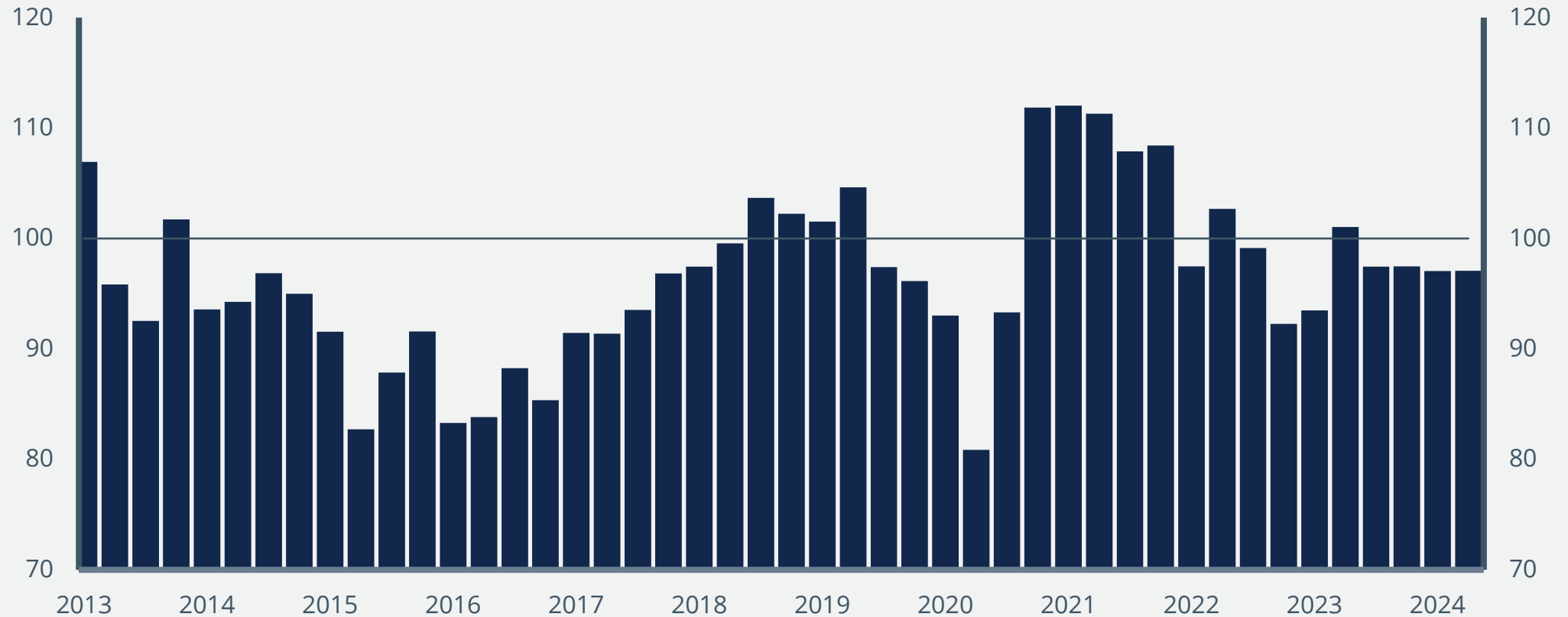
The local economy

Part 2: Households and Housing

Consumer confidence holding steady

QWA Consumer Confidence Index

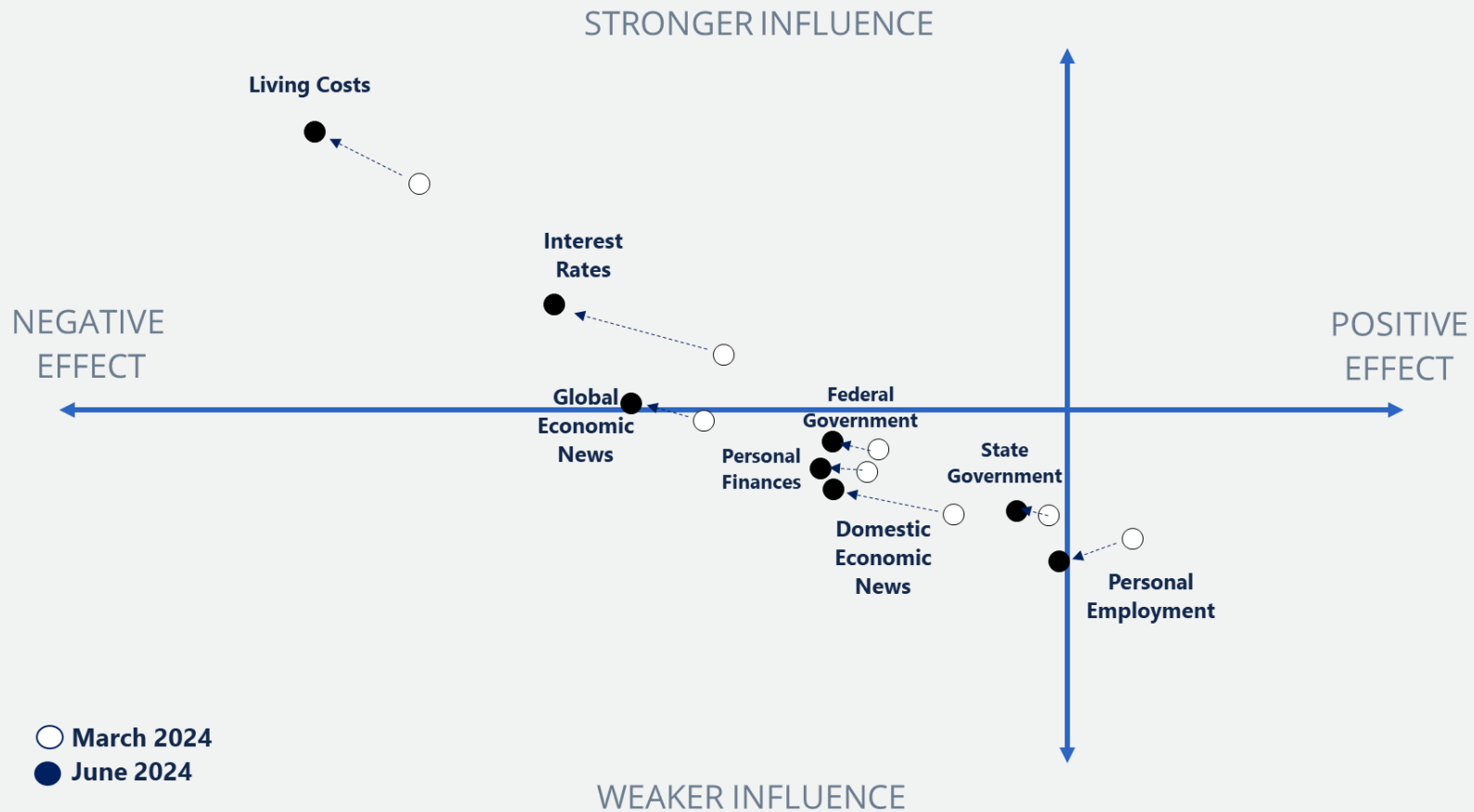
2018 Average = 100



The factors driving confidence

WHAT INFLUENCES CONSUMERS?

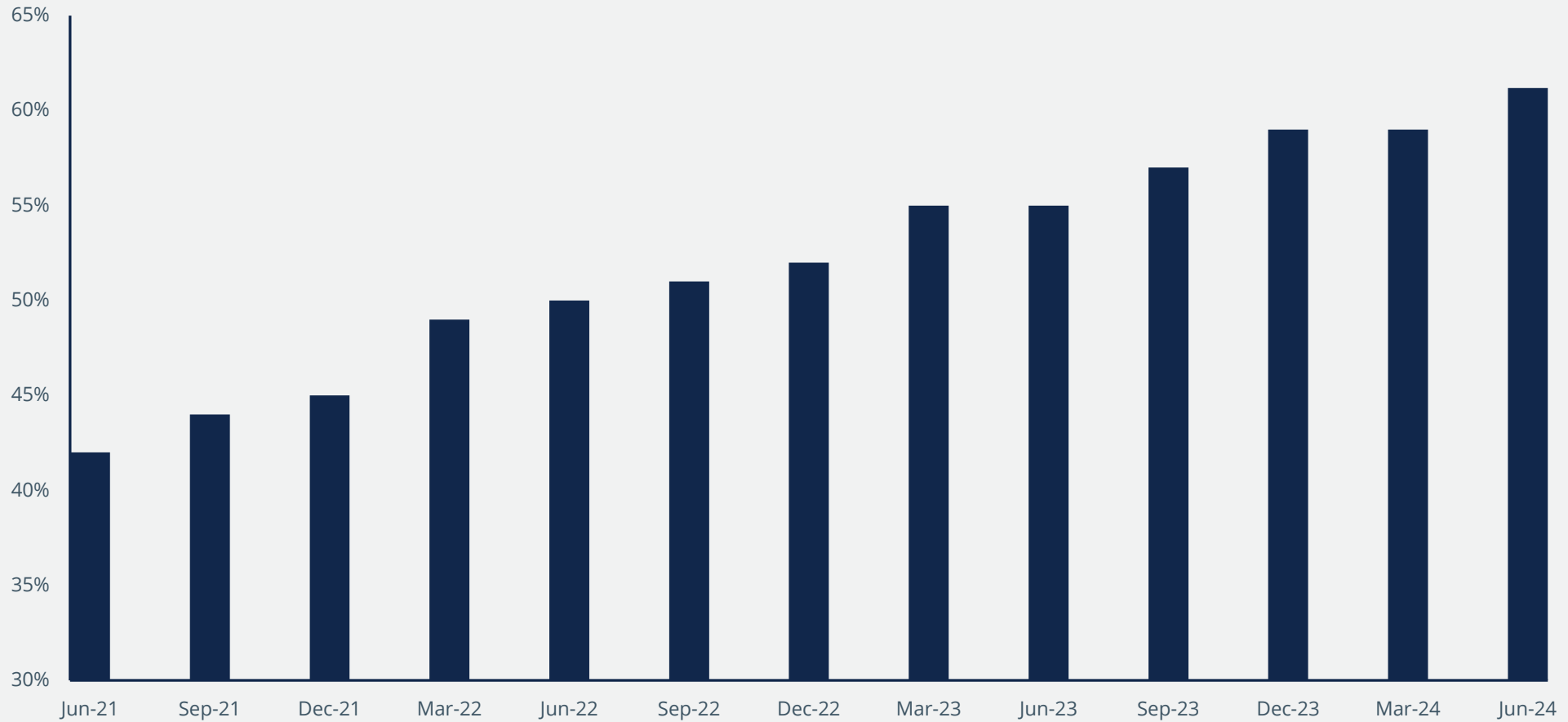
June 2024



Financial stressors rising

Experienced a financial stress issue over the past 3 months

Proportion of 'Yes' responses



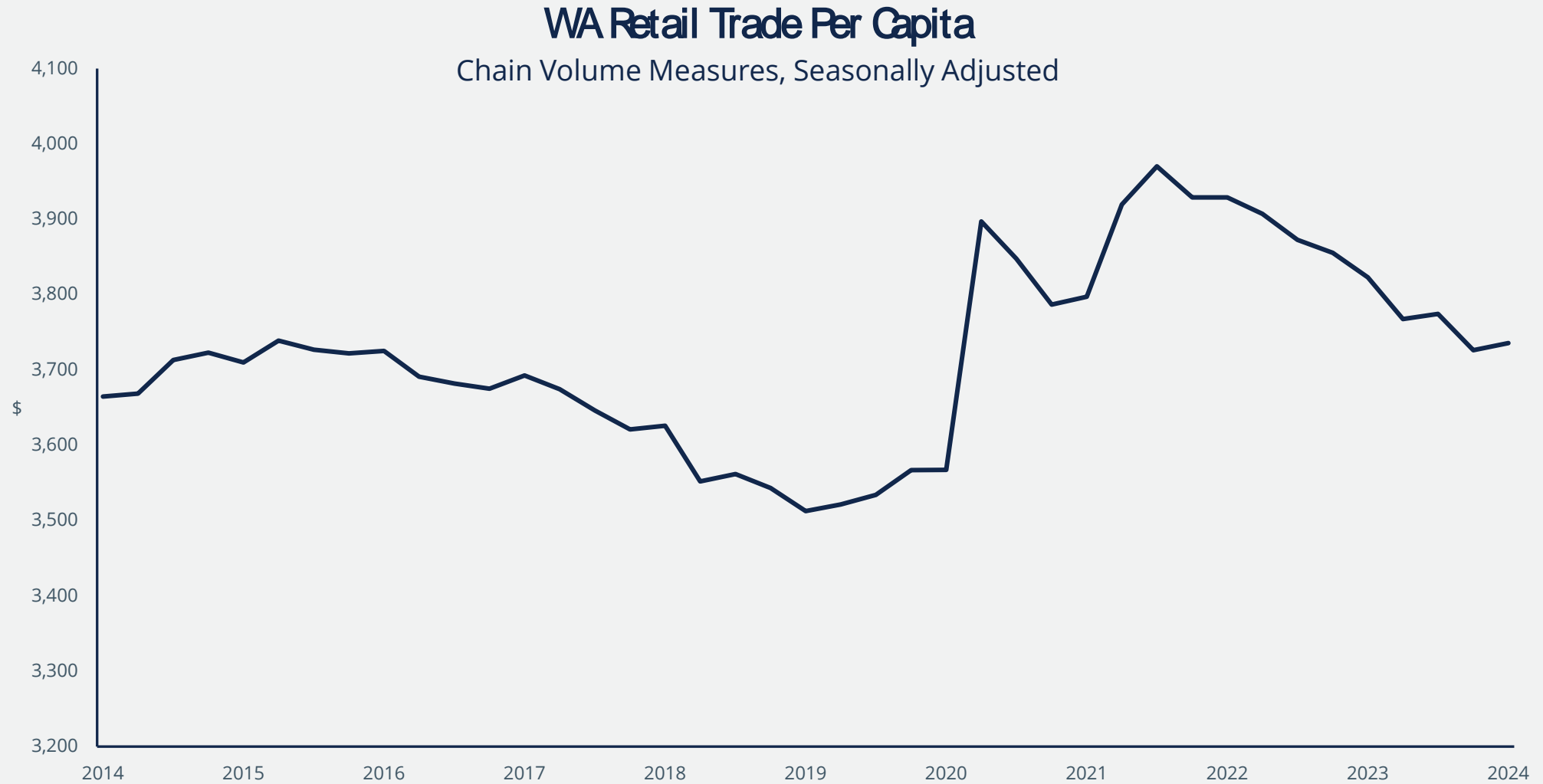
Spending on aggregate remains solid...

WA Retail Trade

Chain Volume Measures, Seasonally Adjusted

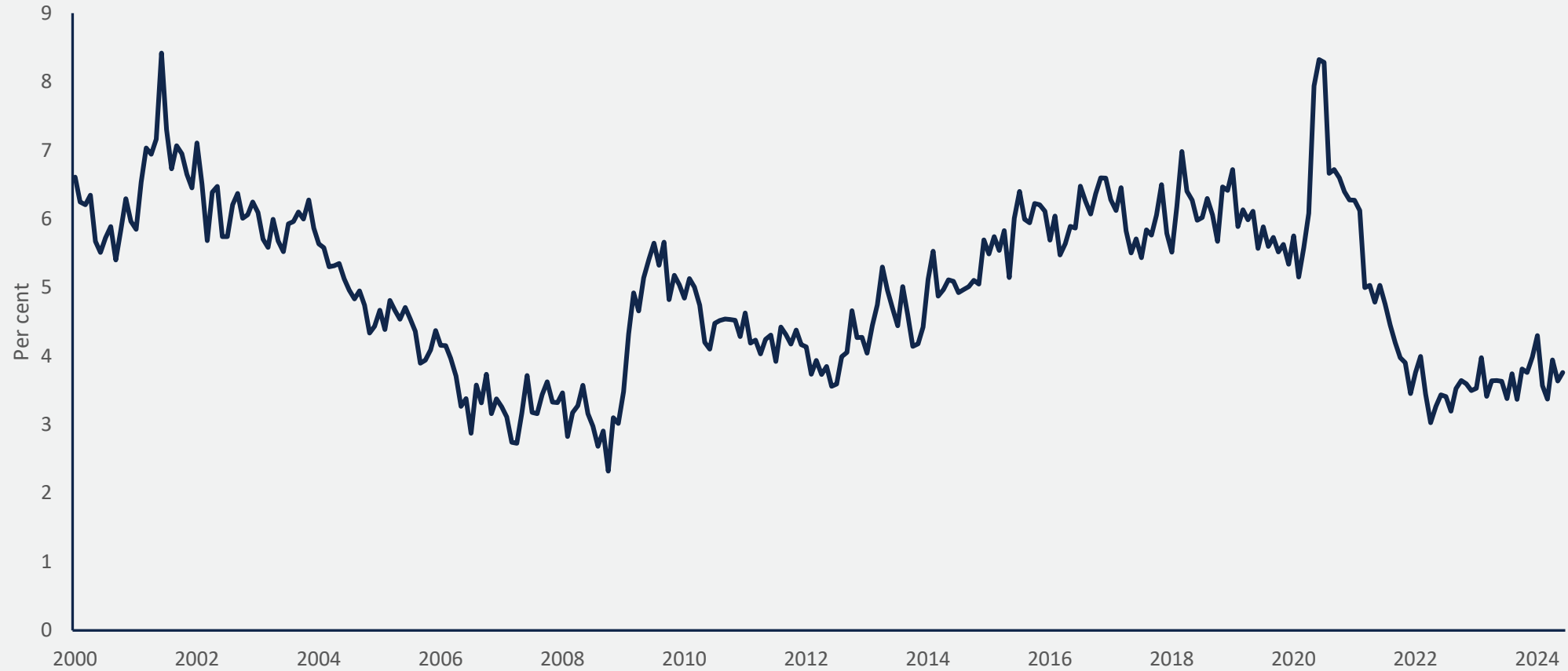


...but per person has been falling



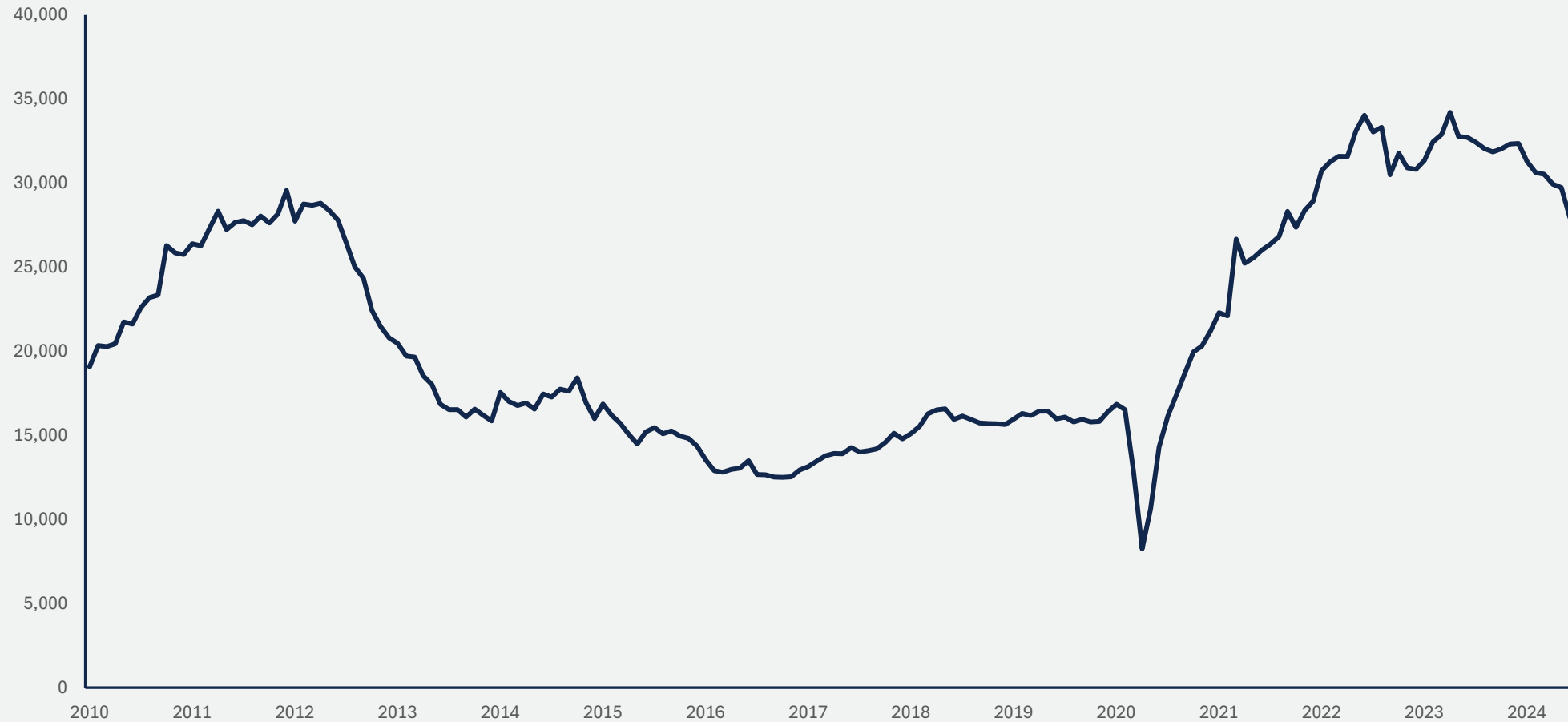
Unemployment edging upwards but still low

WA Unemployment Rate
Seasonally Adjusted



Job vacancies falling

Internet Job Vacancies
Western Australia, Seasonally Adjusted



Housing sector running hot

Home Construction and Population Growth

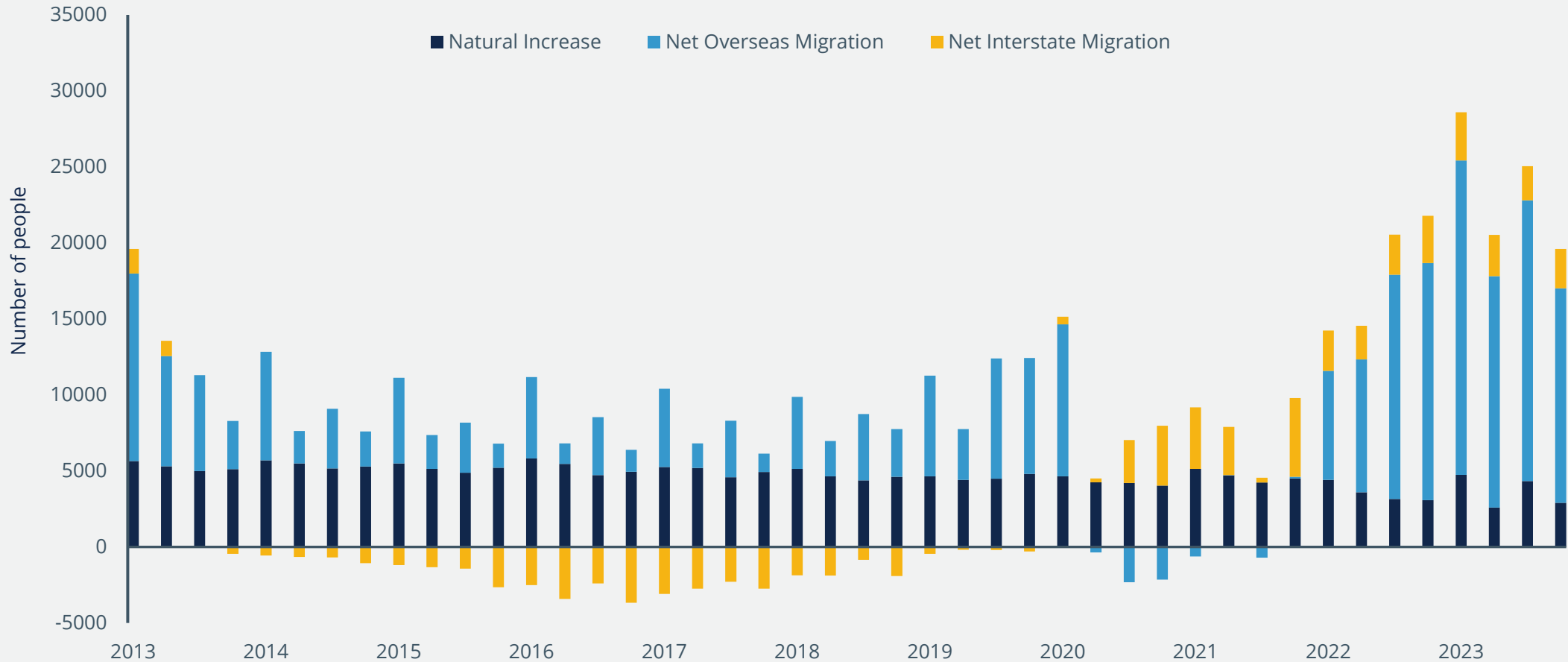
Western Australia, rolling 12 months



Source: CCIWA, ABS

Population picture

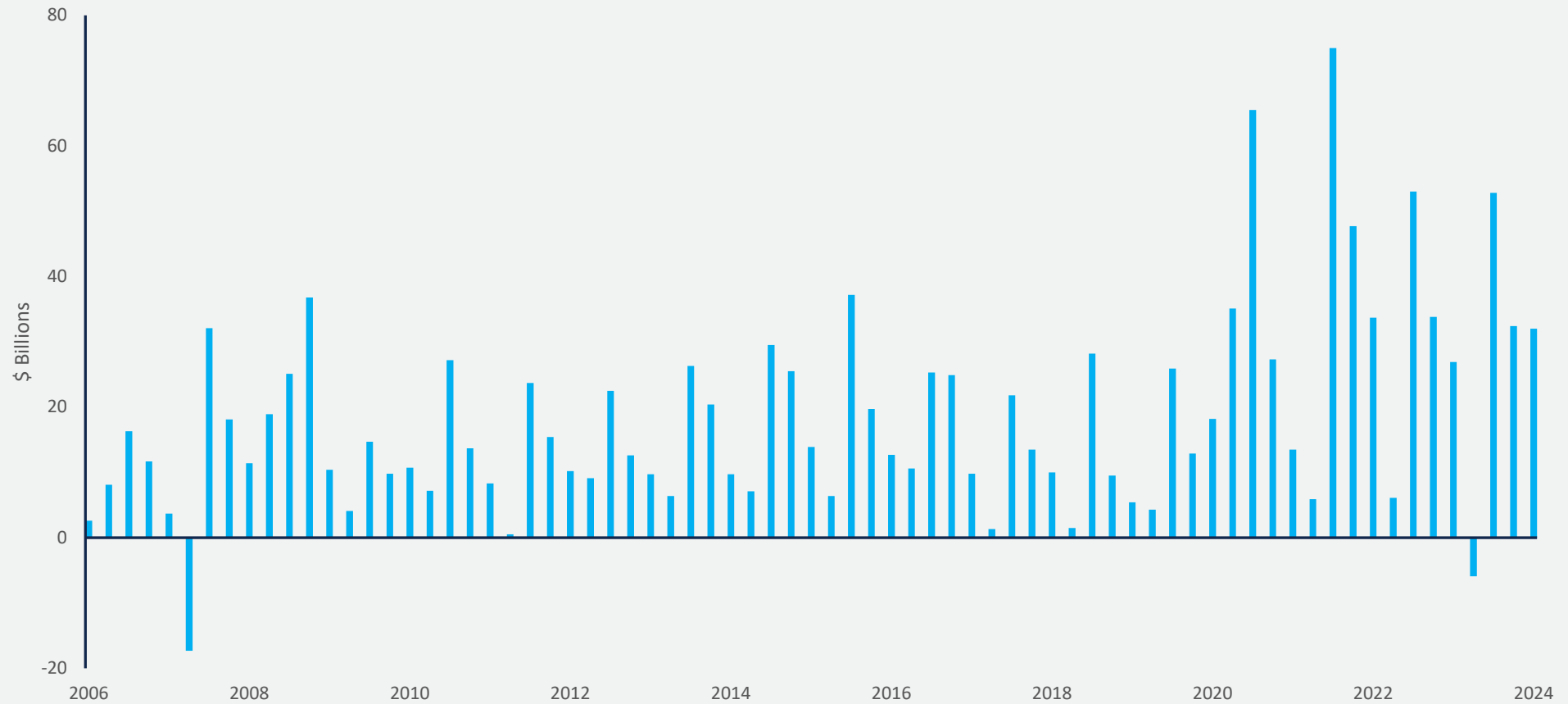
Quarterly Population Growth - WA



Source: CCIWA, ABS

Household deposits holding up

Change in Household Deposits

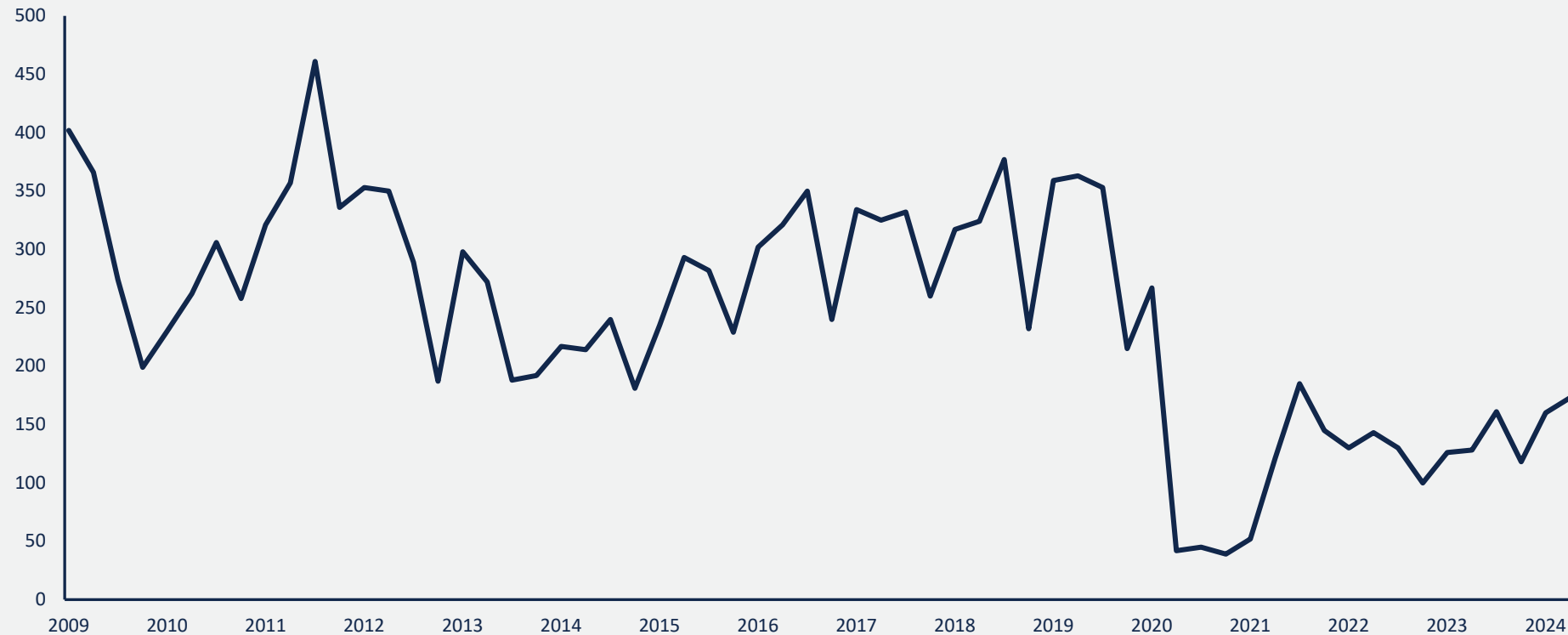


Source: CCIWA, ABS

Mortgage defaults still low

Civil Property Possession Applications

Western Australia, Quarterly



Source: CCIWA, Supreme Court of Western Australia

A photograph of a wooden boardwalk leading towards a beach at dusk. The boardwalk is made of weathered wooden planks and is flanked by low wooden posts connected by a thin rope. The boardwalk leads through dense, low-lying green vegetation towards a sandy beach and the ocean. The sky is a deep, dark blue with some light clouds, and the ocean is visible in the distance. The overall mood is serene and contemplative.

What comes next

Key calls



World economy to absorb ongoing conflict



State economy to hold its ground



Housing market to remain tight



Labour market to improve slowly

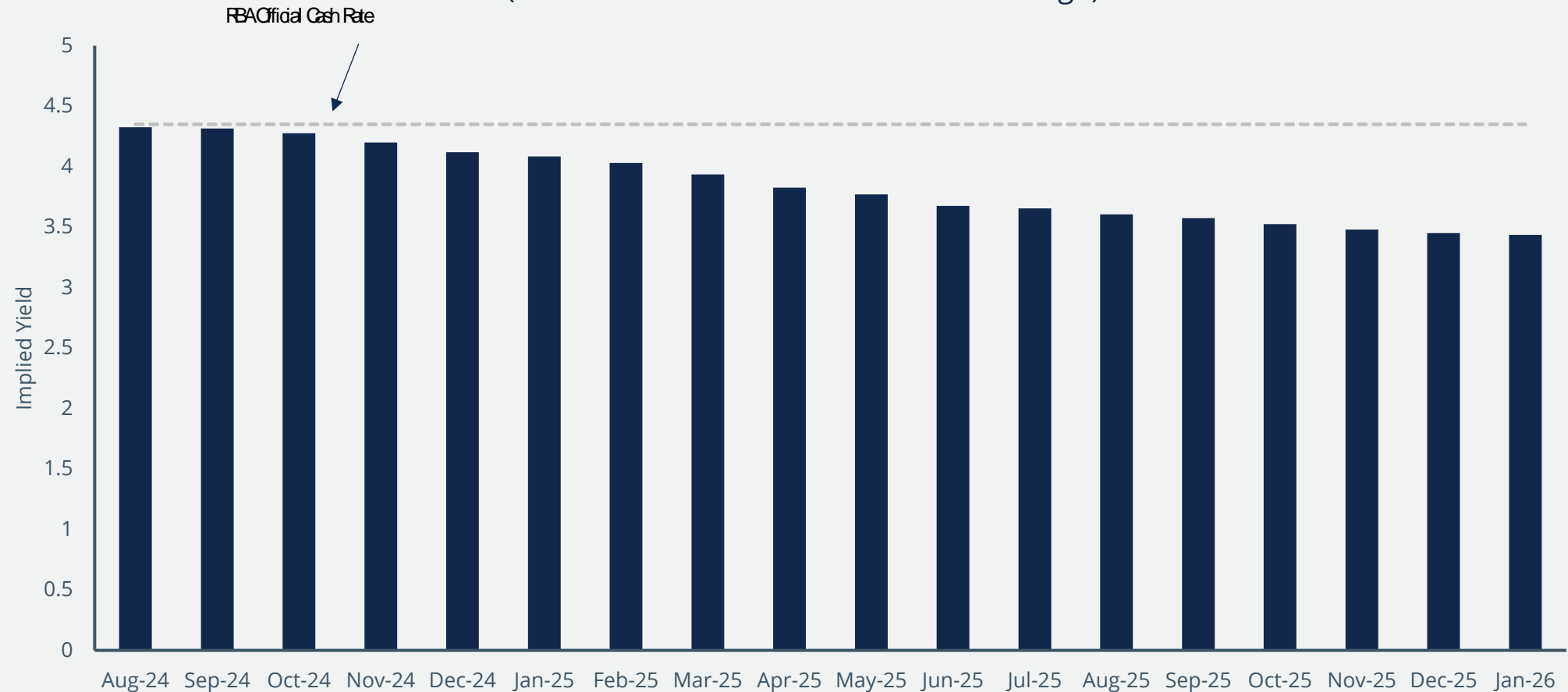


Inflation and interest rates higher for longer

Path for interest rates

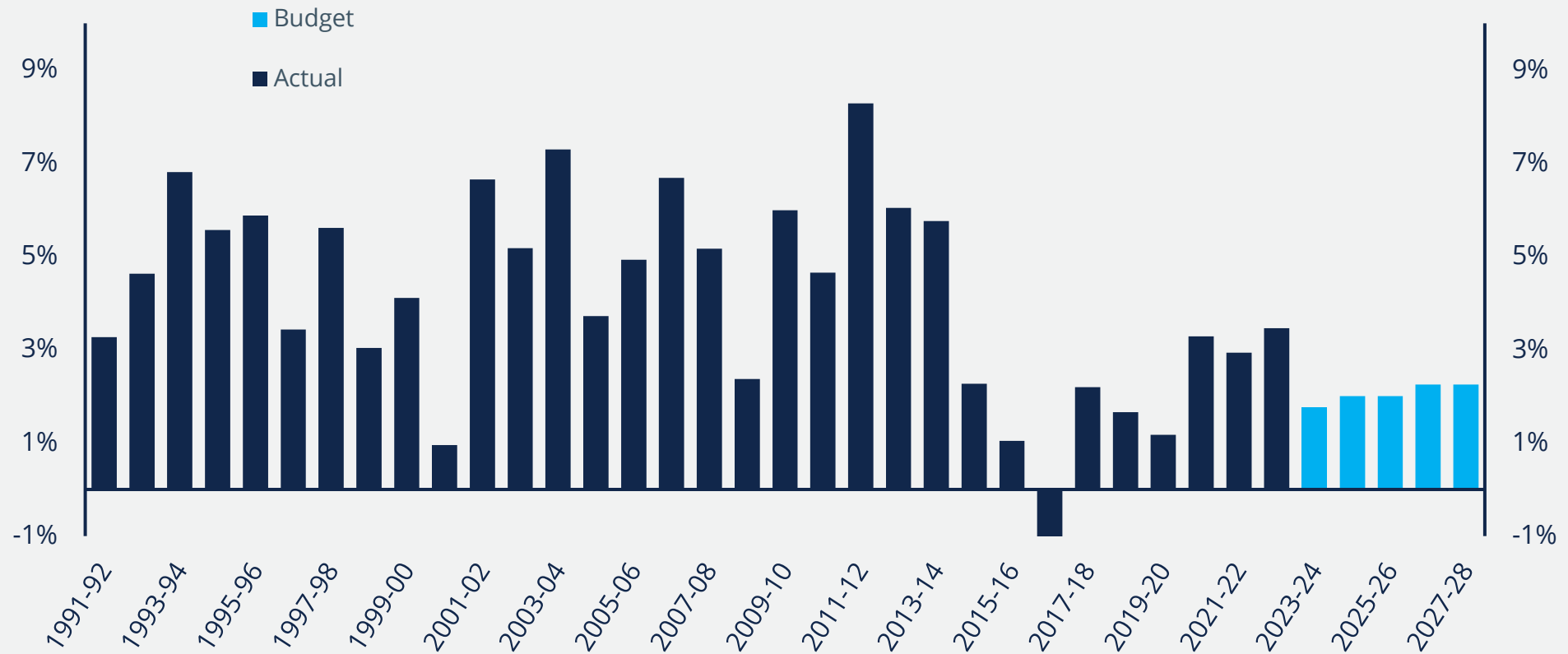
30 Day Interbank Futures Implied Yield Curve

(Where investors think interest rates will go)



Growth forecast

Gross State Product Annual Average Growth (%)



Source: ABS, WA State Budgets [2024]

A scenic view of a beach at sunset. In the foreground, a wooden boardwalk made of weathered planks leads through a field of green and grey dune vegetation. The boardwalk is bordered by wooden posts and a white rope. In the middle ground, a wide, sandy beach stretches across the frame. The ocean is visible in the background, with gentle waves breaking on the shore. The sky is a mix of blue and orange, with wispy white clouds. The overall atmosphere is calm and serene.

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The economic landscape

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