

Macroeconomic outlook: Risks on the horizon

Queensland Economic Teachers'
Association

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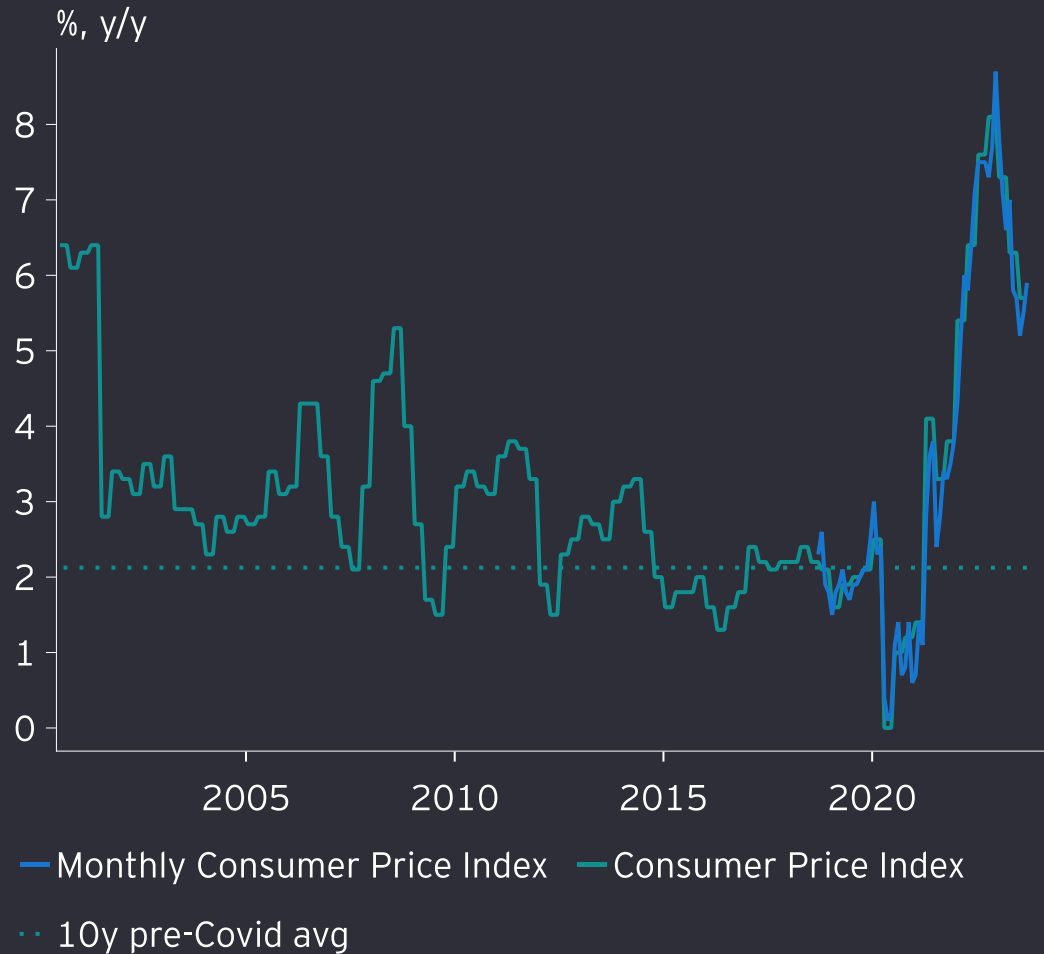
Australian outlook

Inflation is coming down,
but proving more persistent
than expected



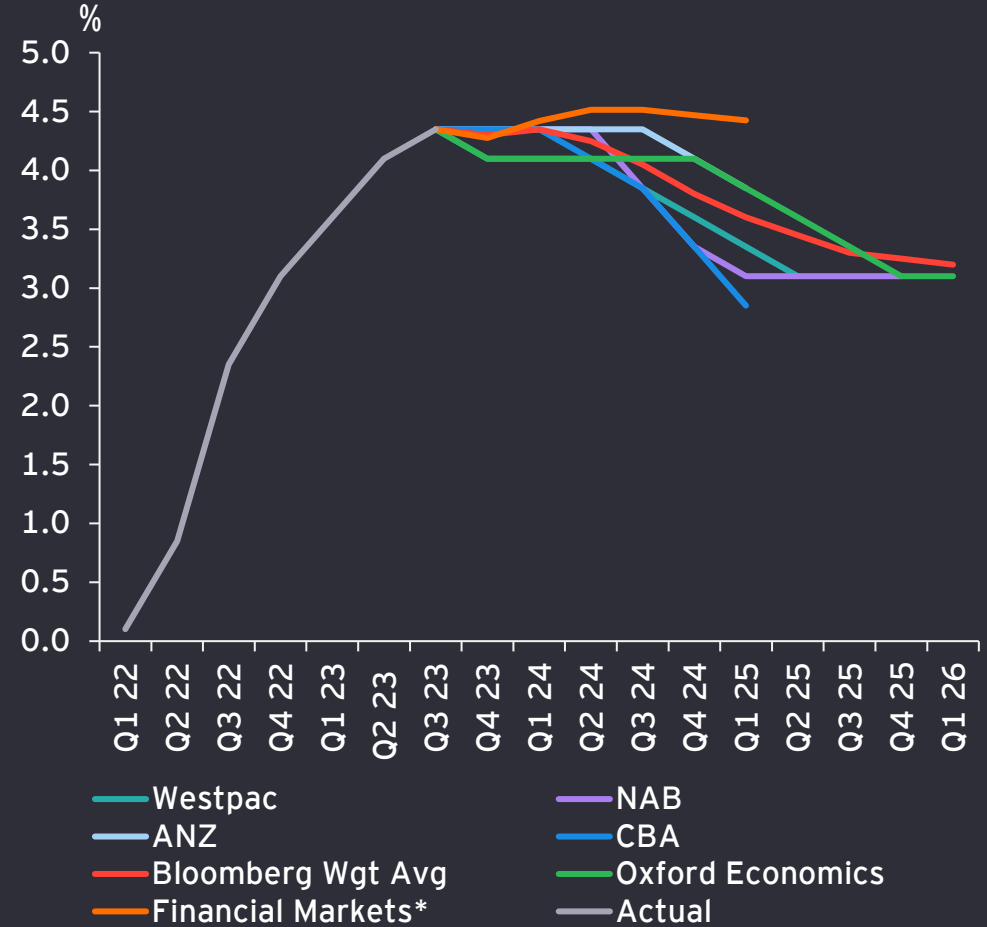
The risk for inflation remaining higher for longer has increased

Consumer Price Index



Source: ABS, Macrobond, EY

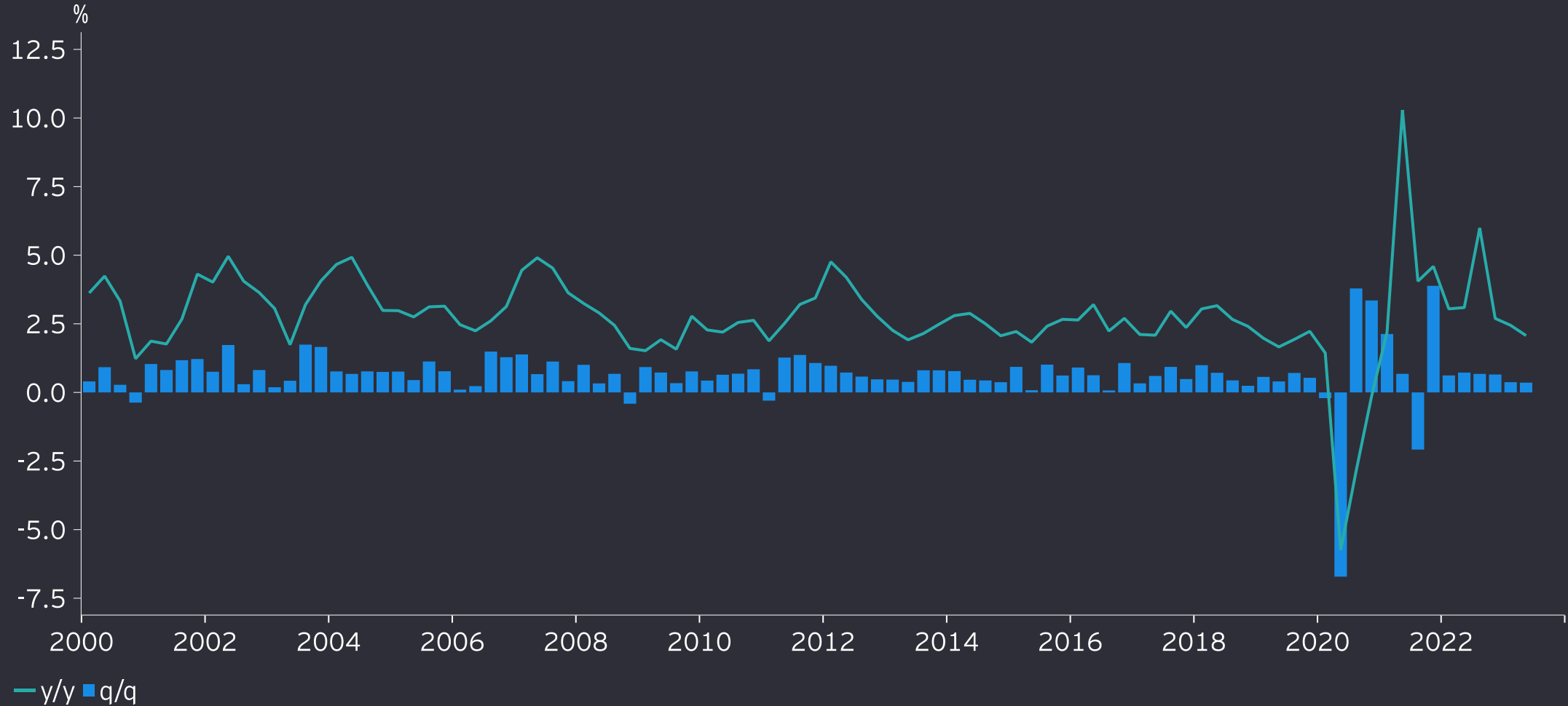
RBA Cash rate expectations



Source: ASX, ANZ, CBA, NAB, Oxford Economics, Westpac

The Australian economy is experiencing a period of below-trend growth as a direct response to monetary policy tightening

Gross Domestic Product

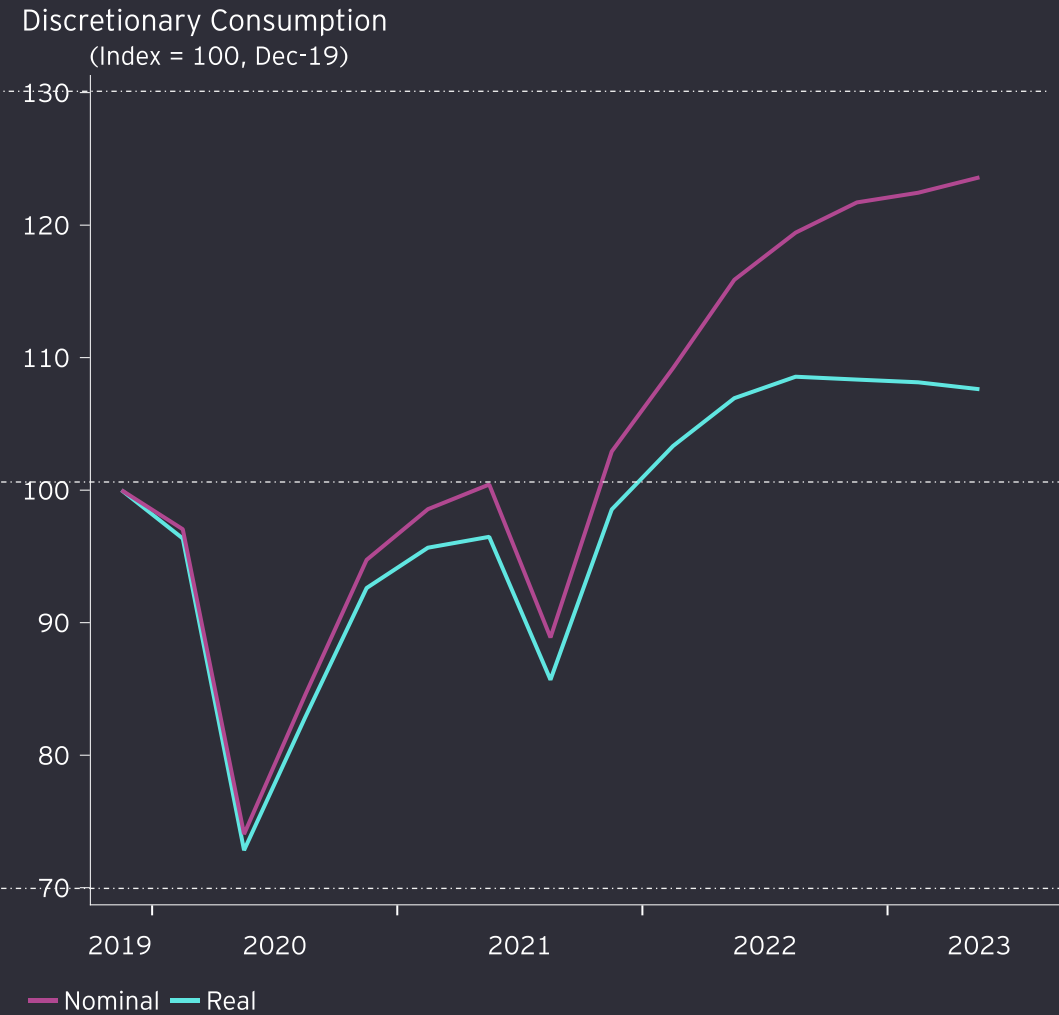


Source: ABS, Macrobond

Consumers focus on essential consumption over discretionary purchases



Source: ABS, Macrobond, EY

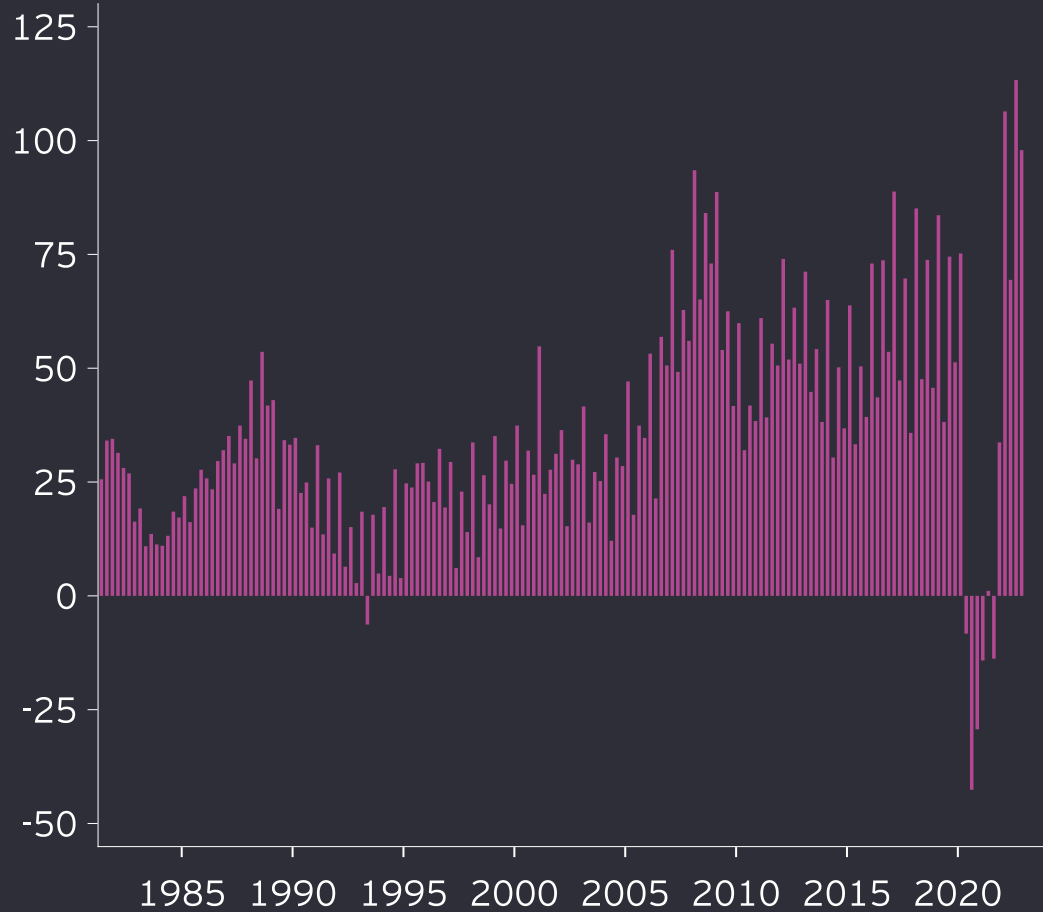


Source: ABS, Macrobond, EY

But net migration and a build-up in savings is cushioning the slowdown

Net Overseas Migration

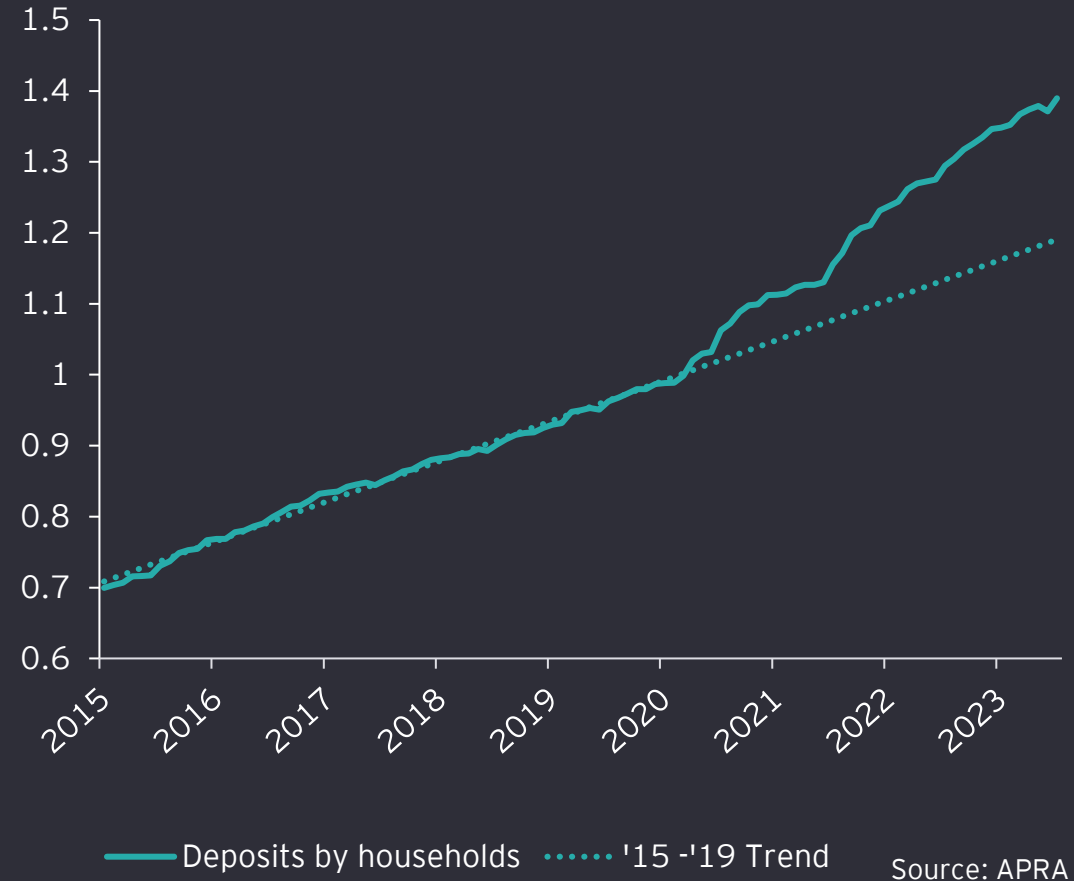
No. of Persons, thousand



Source: ABS, Macrobond, EY

Balance of household deposits at ADIs

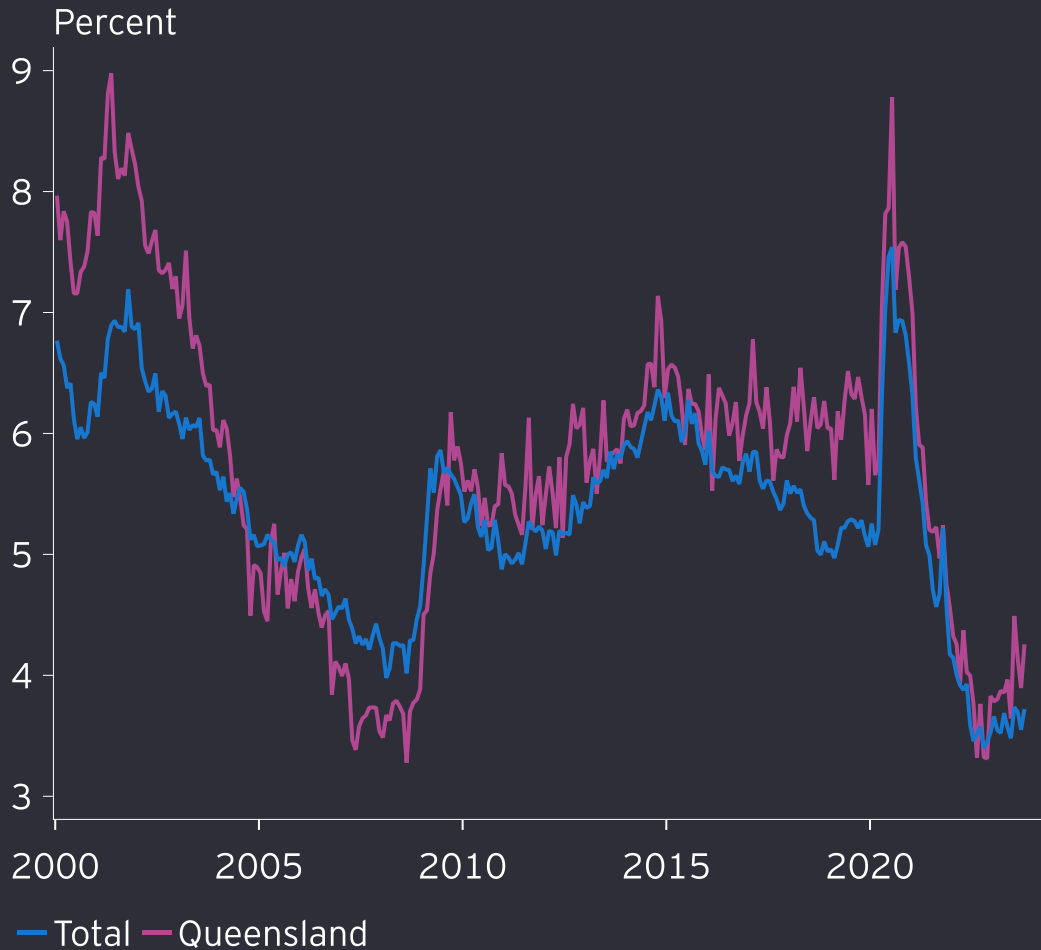
\$trillions



Source: APRA

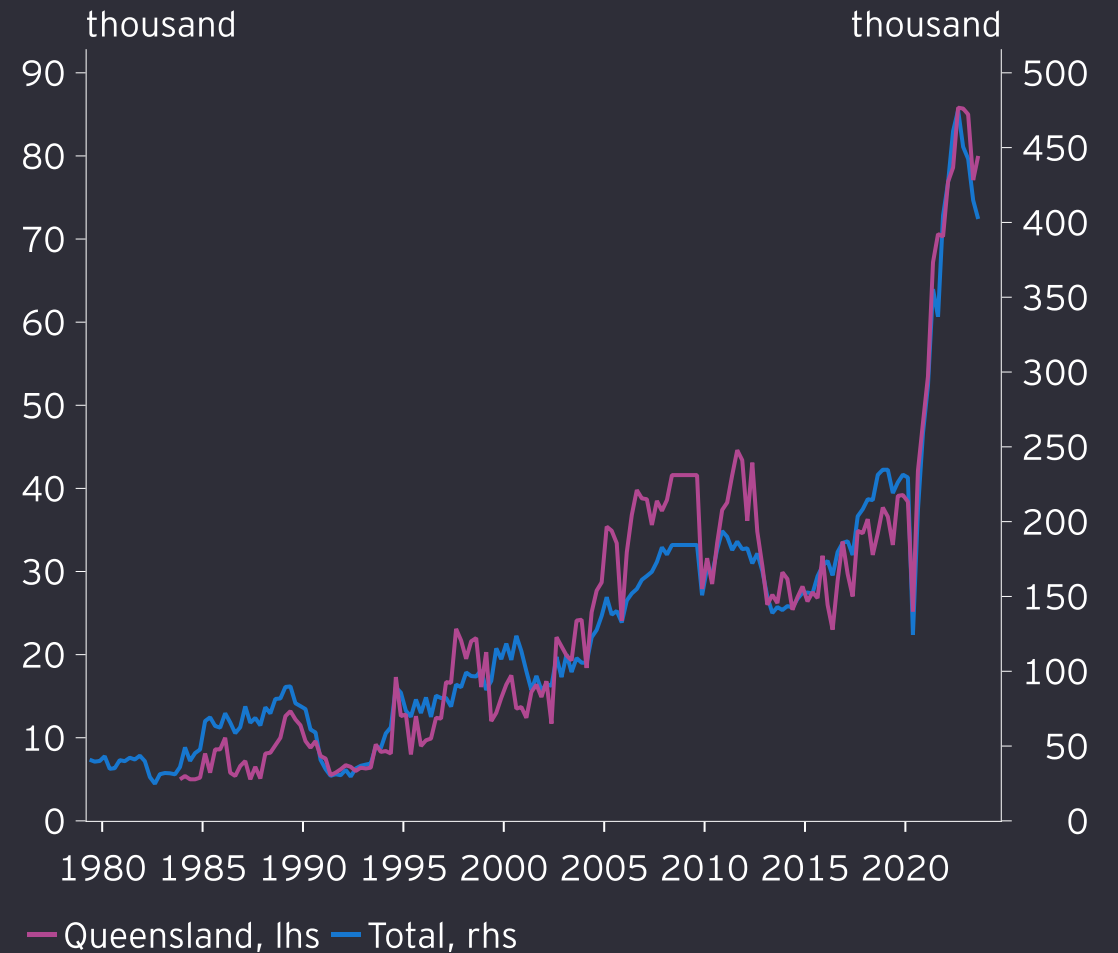
Conditions in the labour market have eased but they remain tight

Unemployment rate



Source: ABS, Macrobond, EY

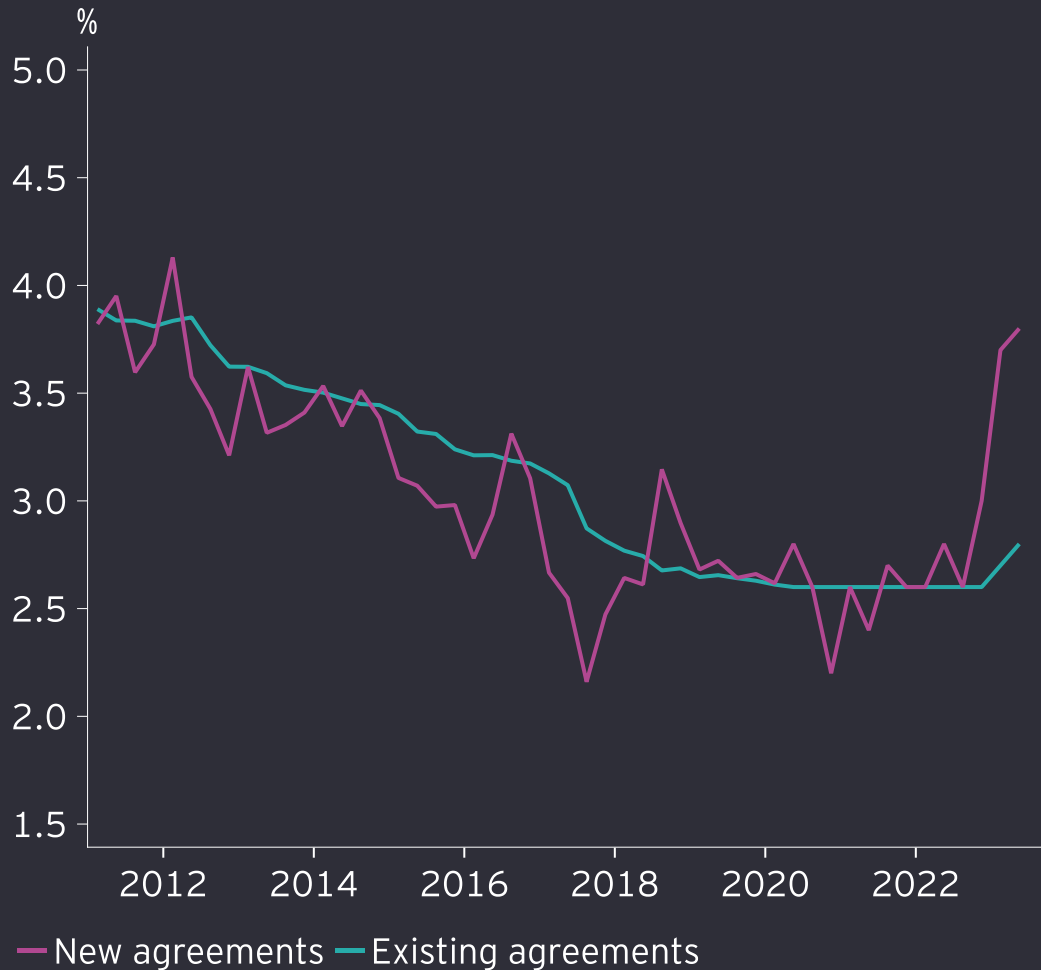
Job Vacancy Statistics



Source: ABS, Macrobond, EY

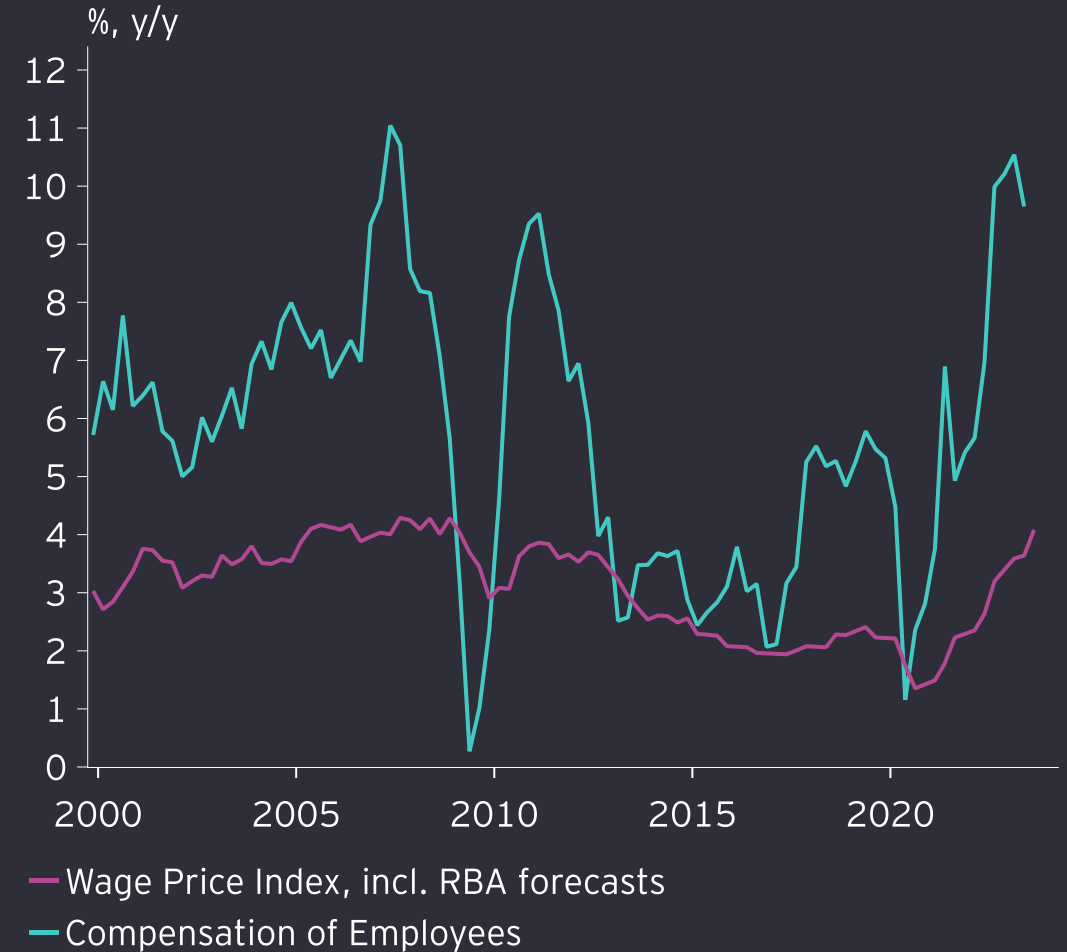
Quarterly wages growth is the highest in the 26-year history of the series, but the real test will come next year

Wage Agreement Increases per Employee



Source: Attorney-General's Department, Macrobond

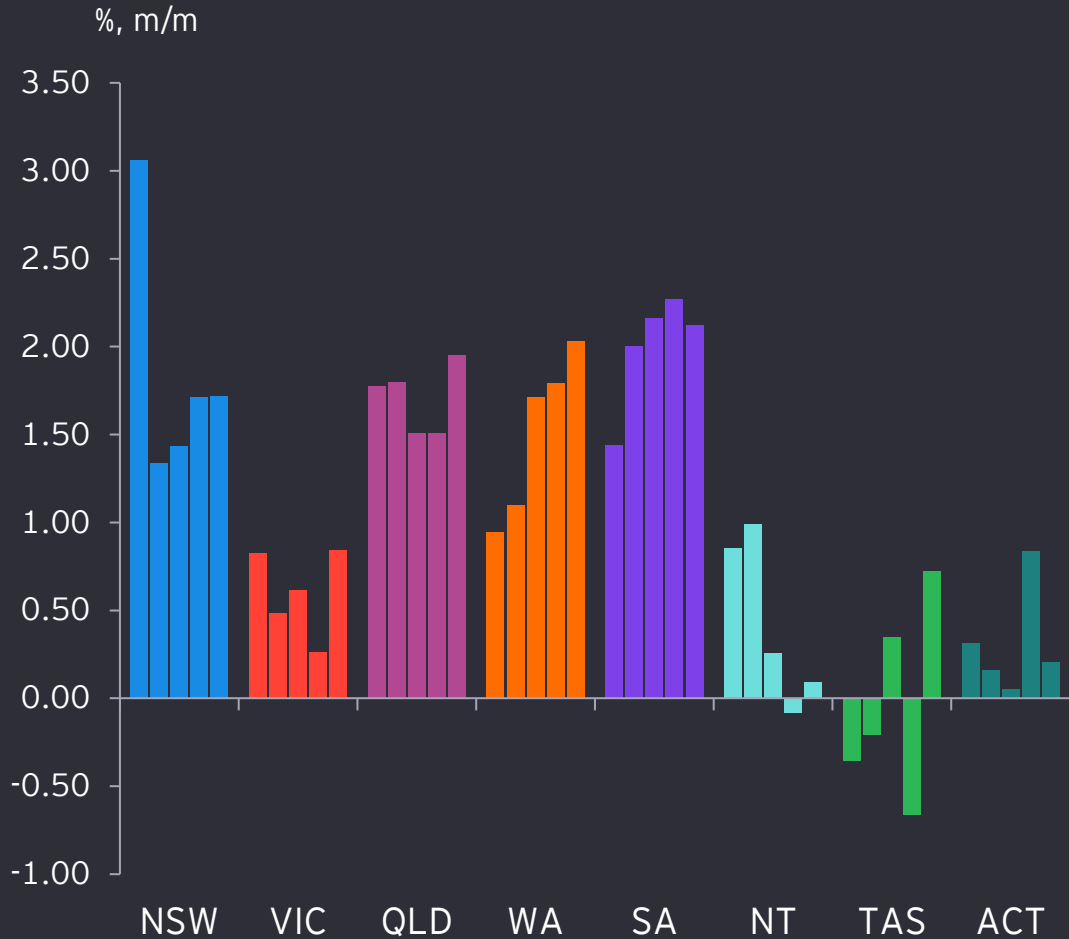
Wages and Compensation of Employees



Source: ABS, Macrobond, EY

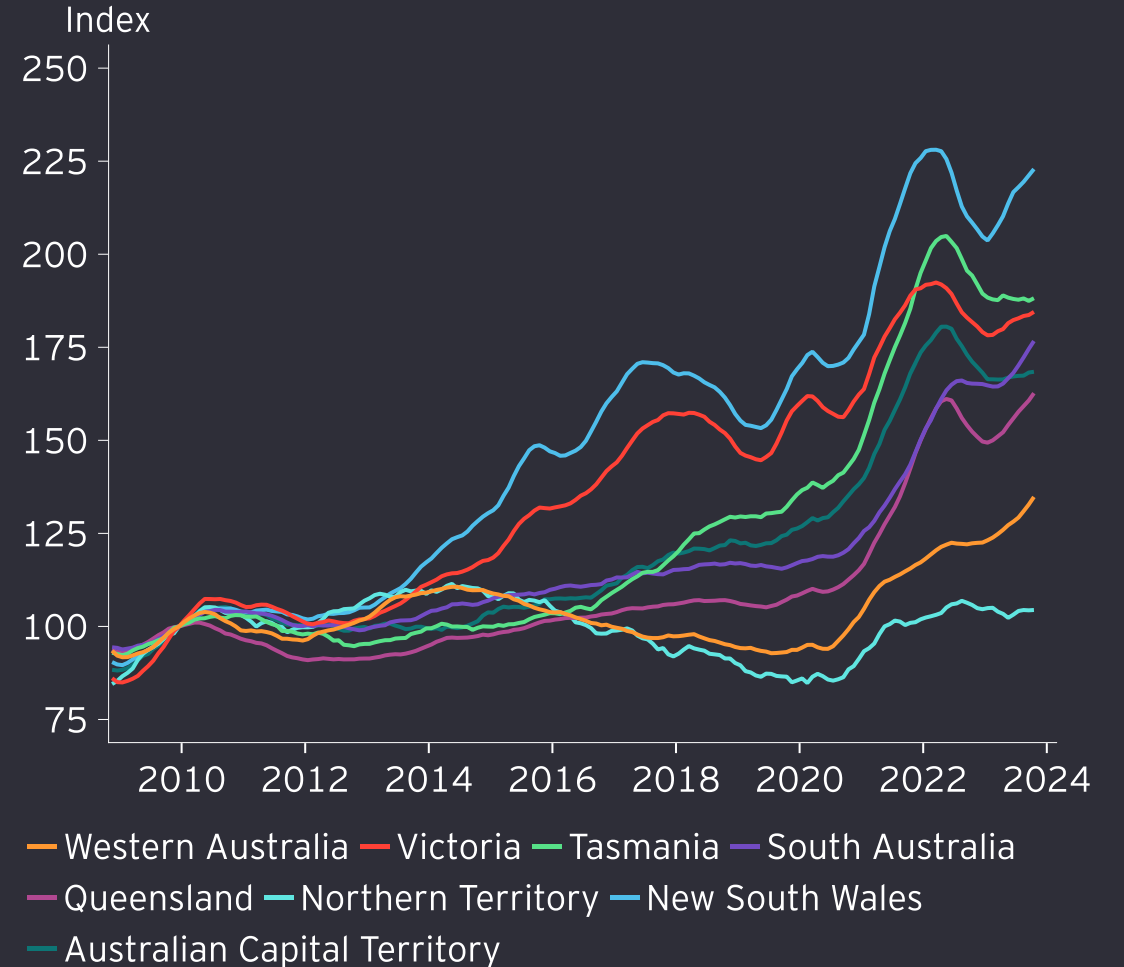
Dwelling prices have increased 33 per cent since the pandemic, and are within a whisker of a record high

Dwelling prices by region; Jun-23 - Oct-23



Source: CoreLogic

Dwelling prices by state



Source: ABS, Macrobond, EY

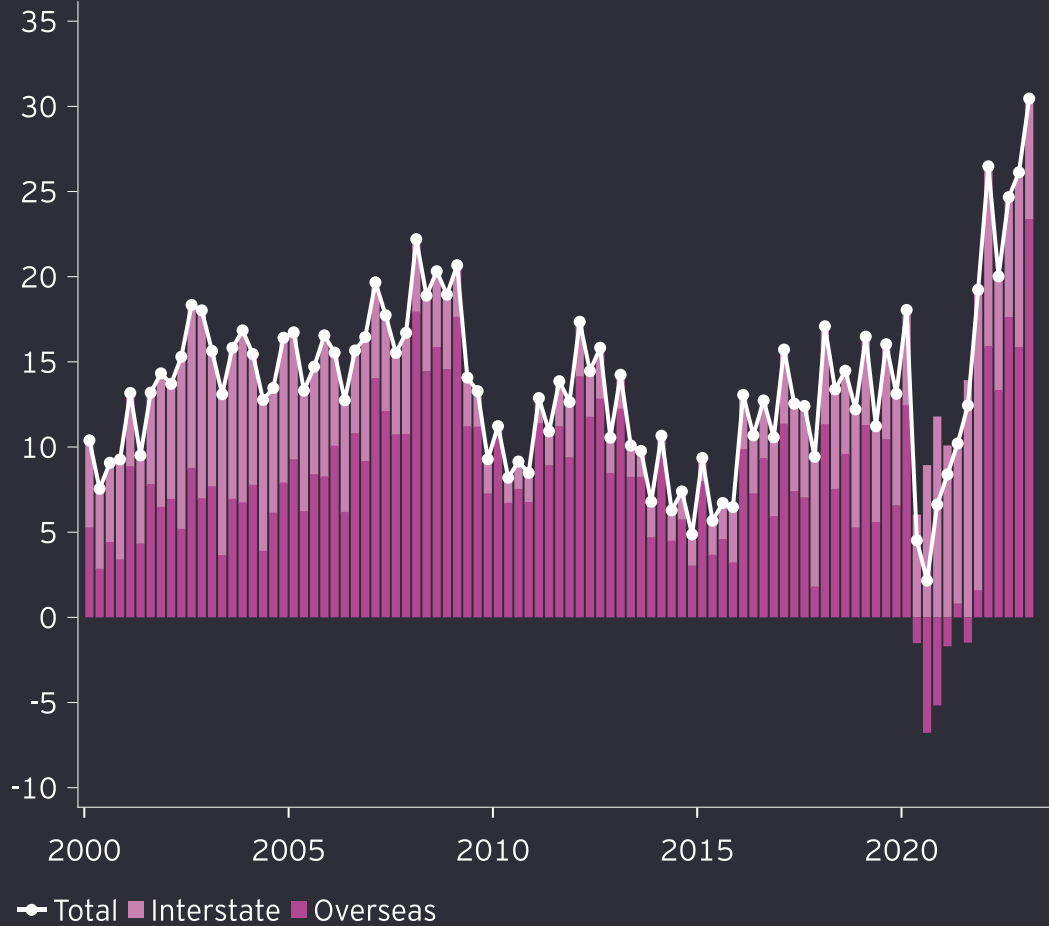
Queensland

The state is looking at a
defining time ahead



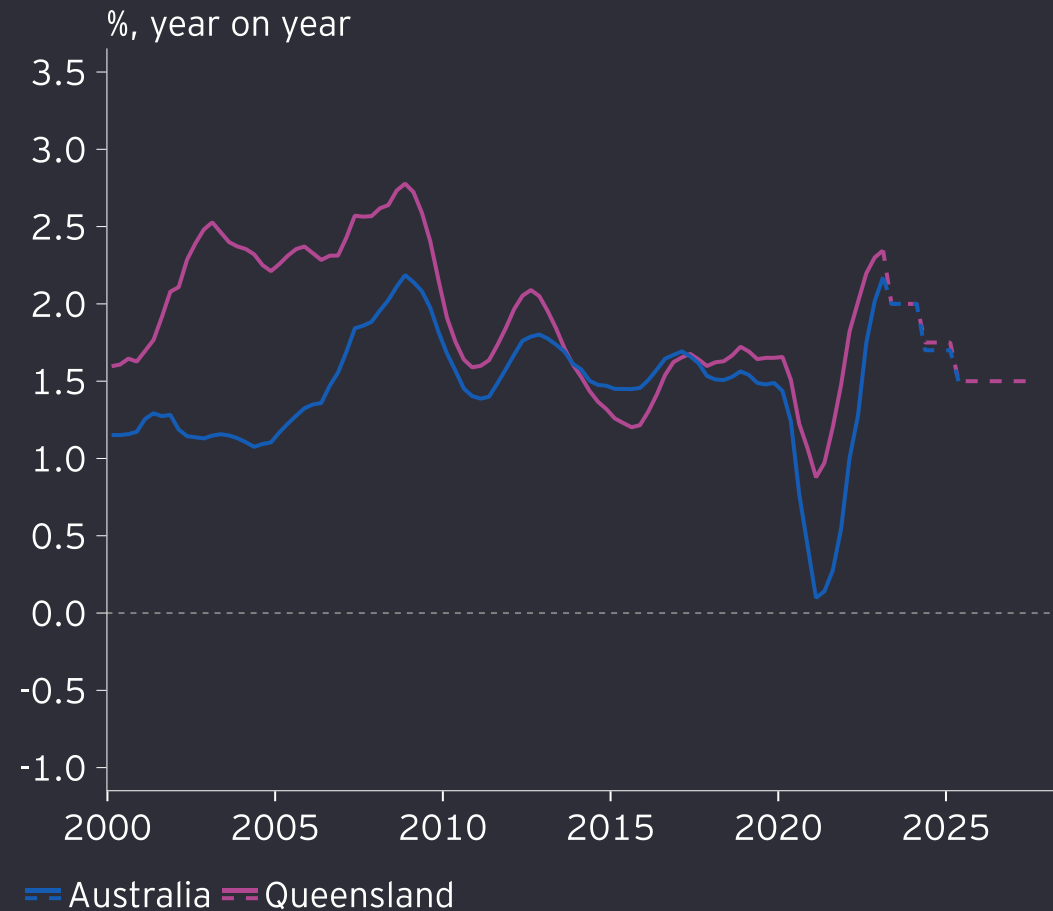
Strong population growth has been one of Queensland's superpowers

Net Migration, Queensland
thousand



Source: ABS, Macrobond, EY

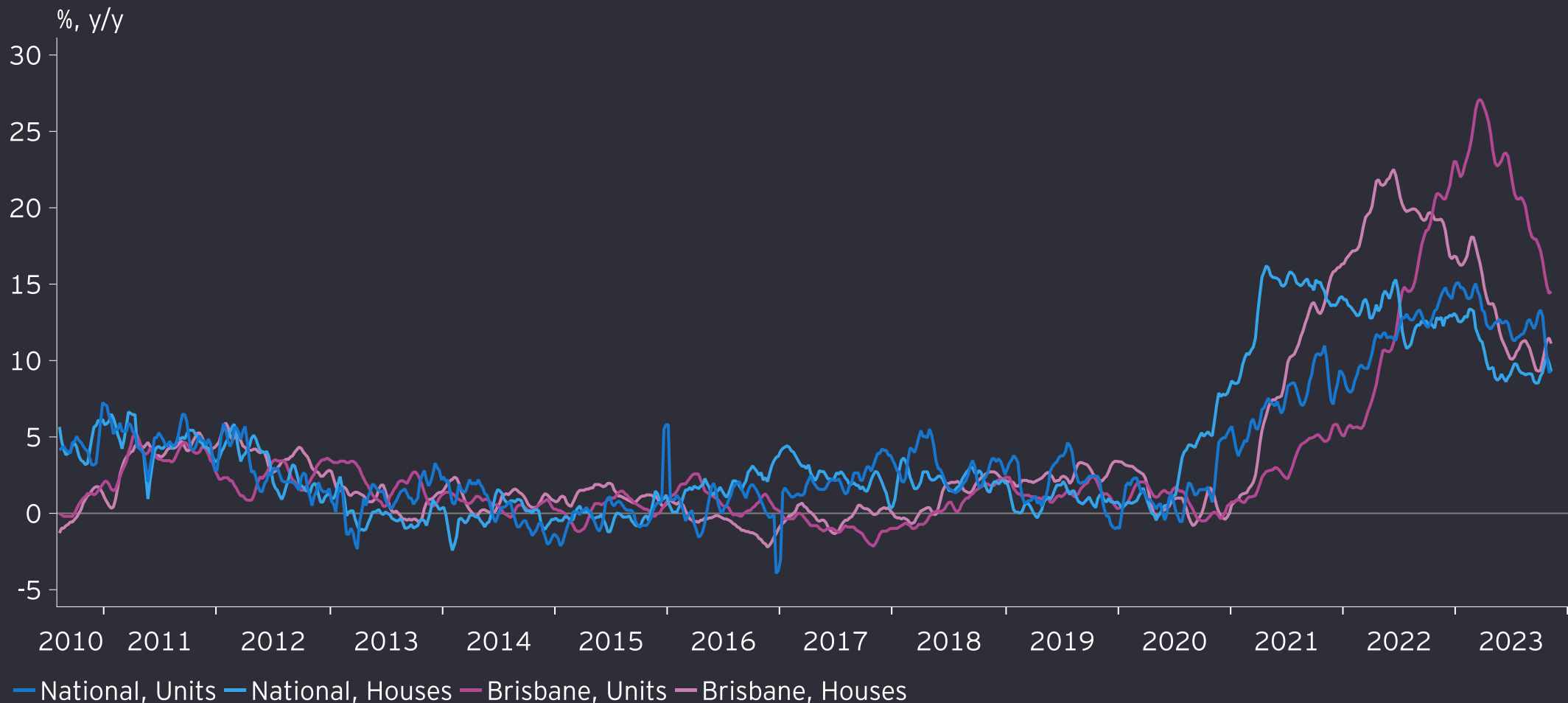
Estimated resident population
Including Budget 2023-24 forecasts



Source: ABS, QLD Budget FY24, Commonwealth Budget FY24, Macrobond, EY

Queensland needs to maintain its relative housing affordability to attract interstate migration

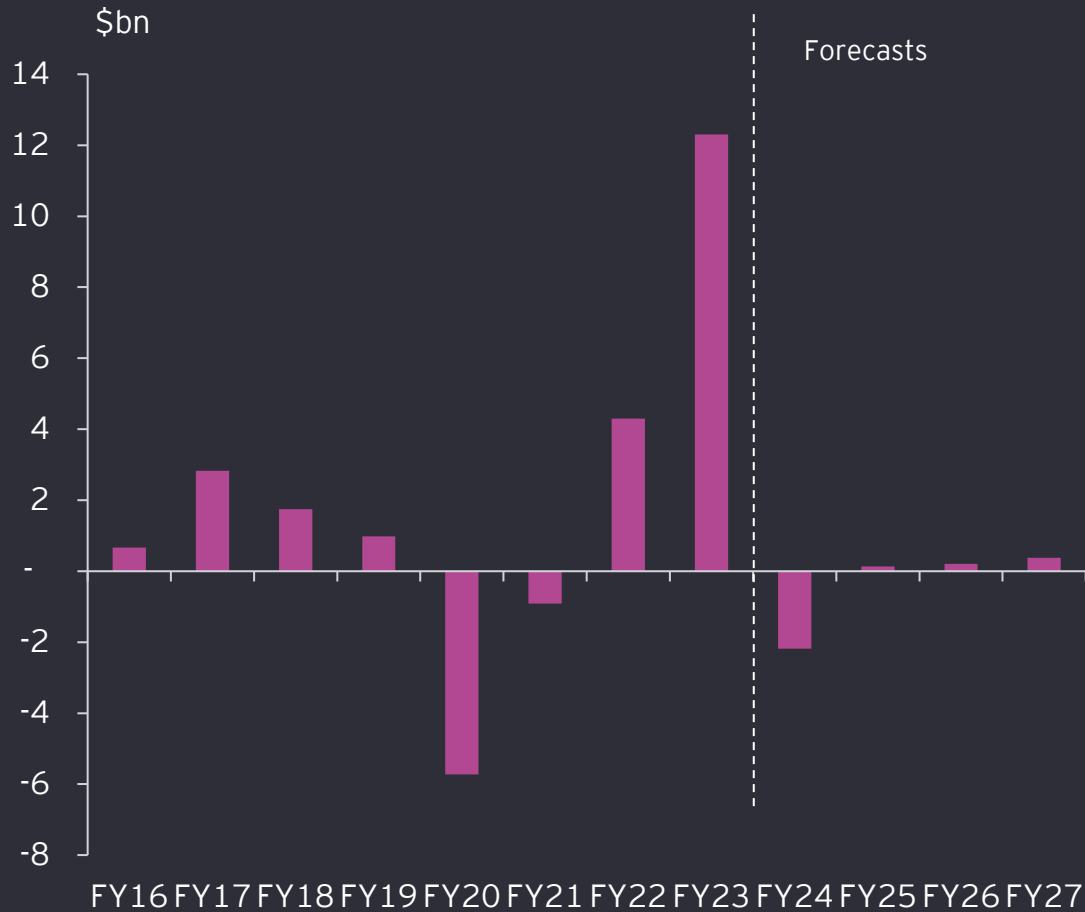
Weekly Rents Index



Source: SQM, Macrobond, EY

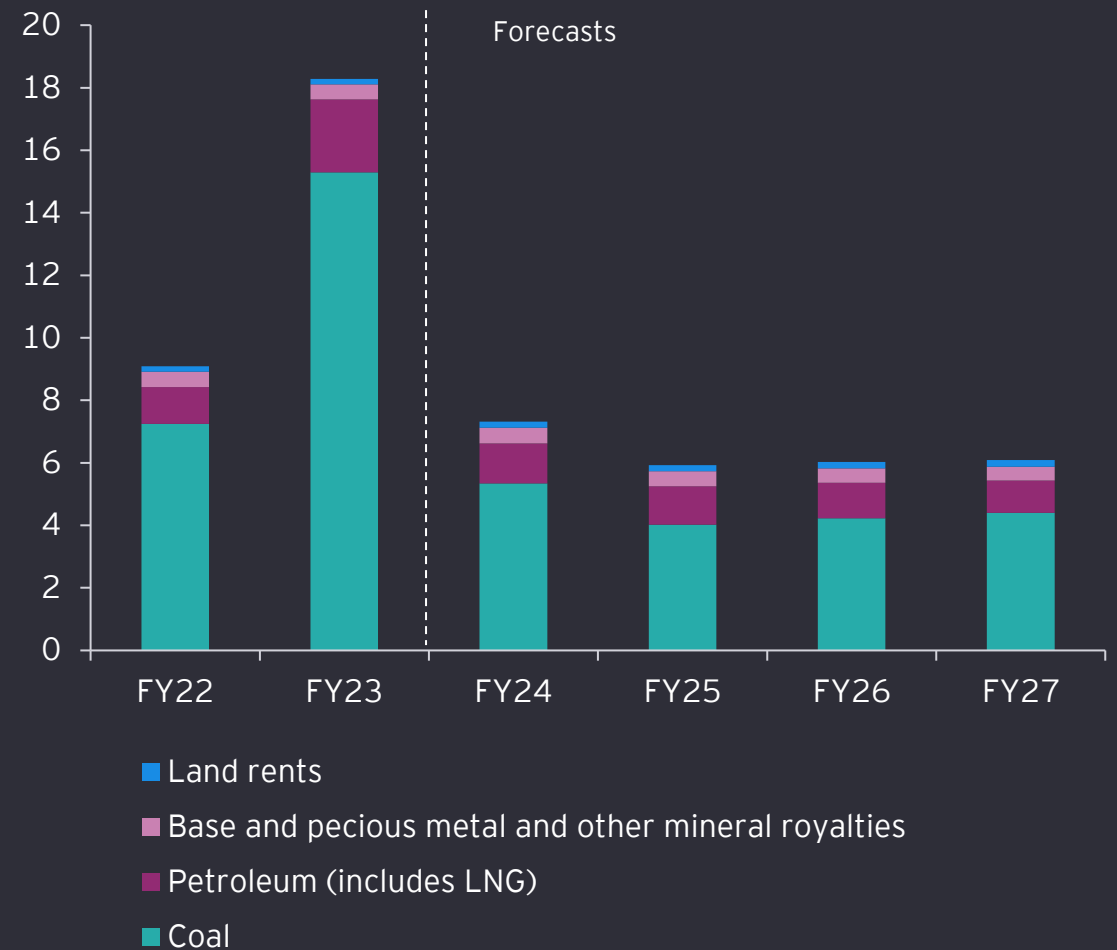
Its second super power being its net debt to GSP ratio of 1.2 per cent, compared to 20 per cent in Victoria and 10 per cent in NSW

Net Operating Balance, General Government Sector, Queensland



Source: 2023-24 QLD Budget Paper, EY

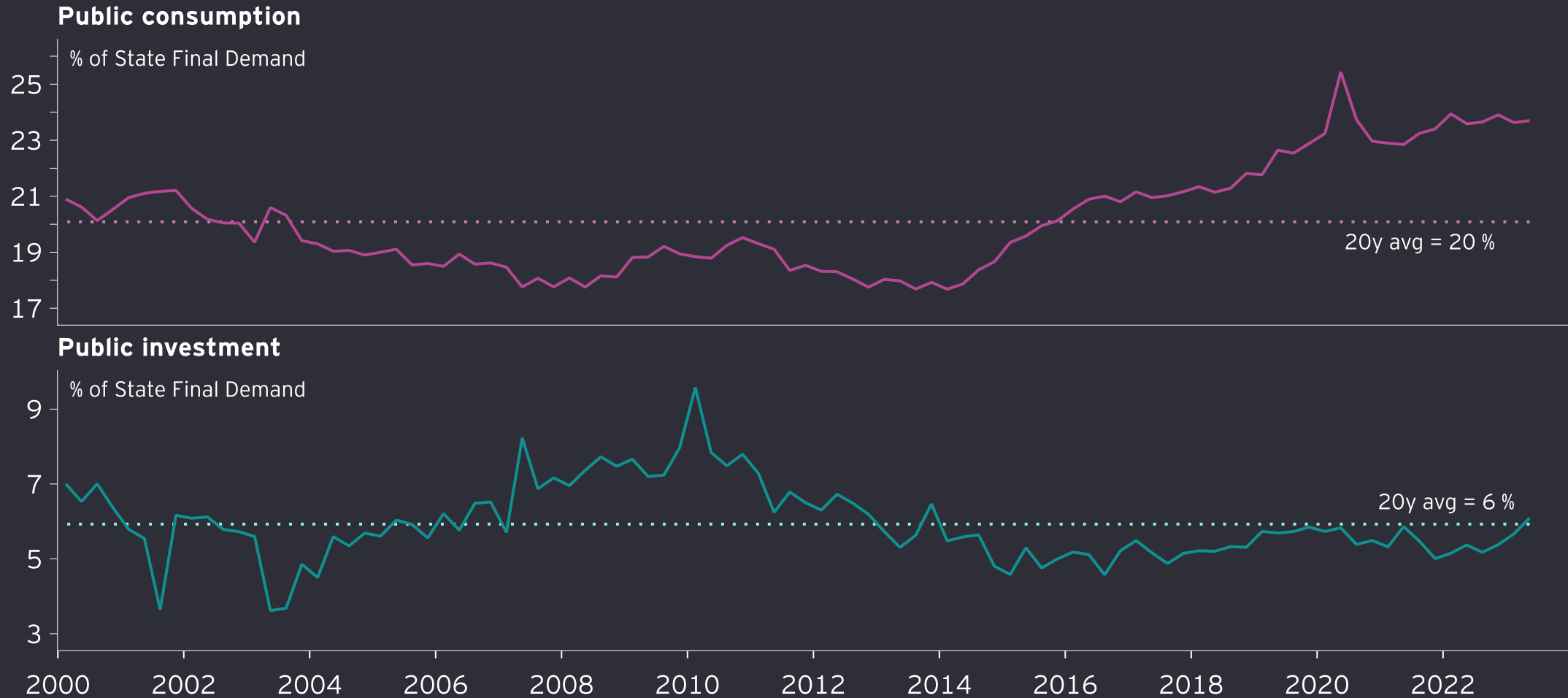
Royalties and land rents, Queensland \$bn



Source: QLD Budget 2023-24, EY

...which has helped the Queensland Government keep consumption levels elevated. But this leads to competition for resources with the private sector

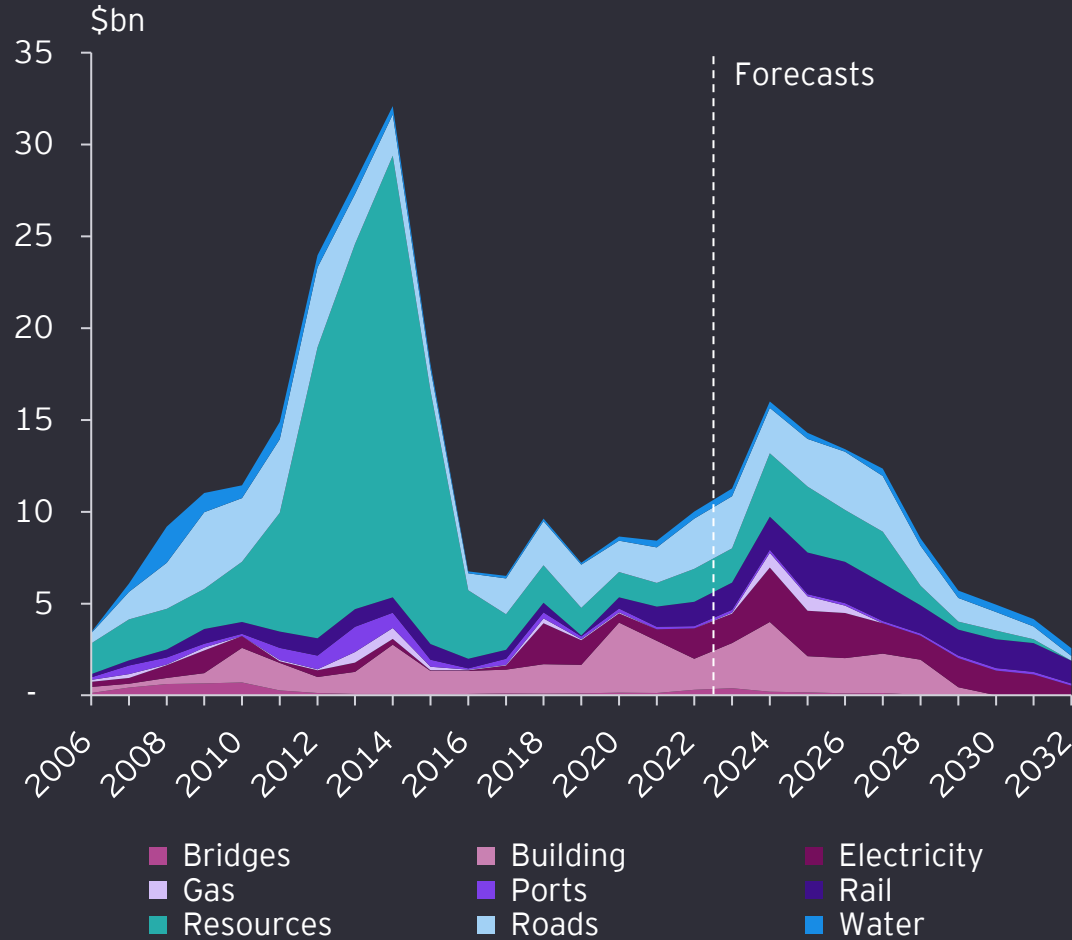
Public sector size, Queensland



Source: ABS, Macrobond, EY

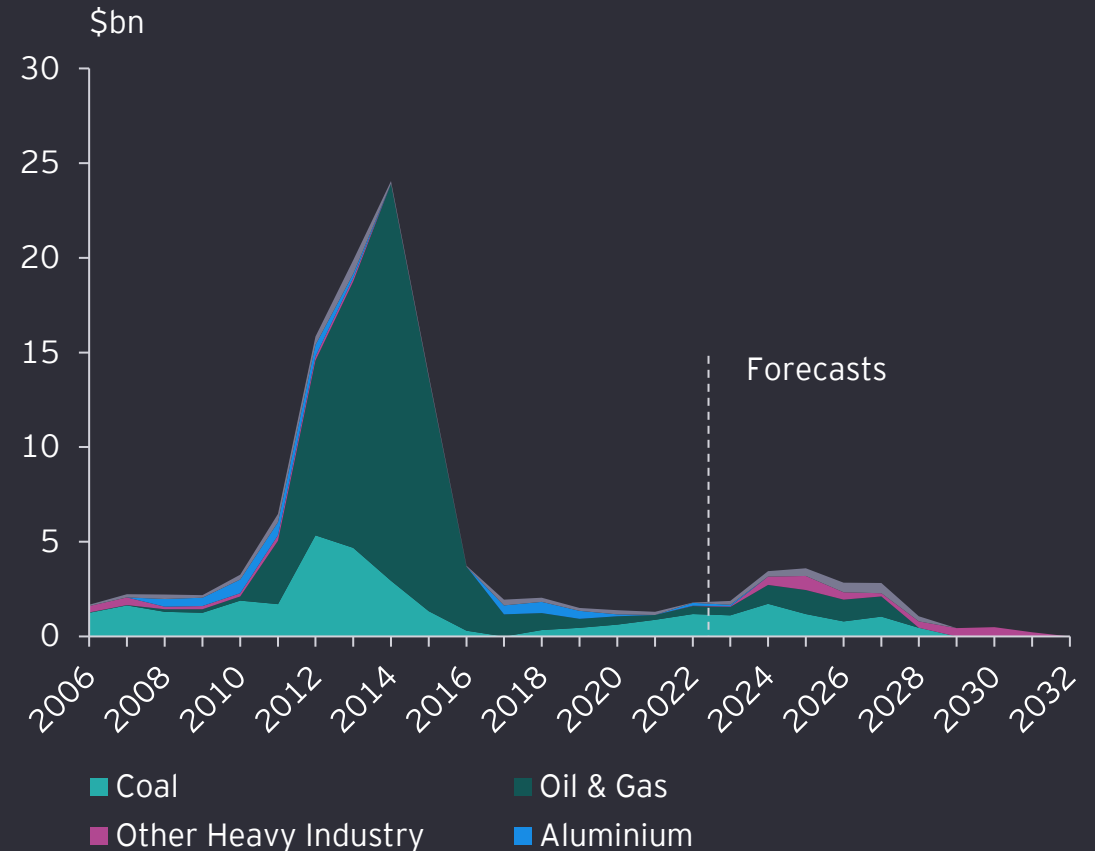
Queensland's investment pipeline is diversified, with major projects in resources, roads, rail, building, bridges and electricity

Major Investment Projects by Industry, Queensland



Source: Macromonitor (August 2023), EY

Major Investment Projects by Commodity, Queensland

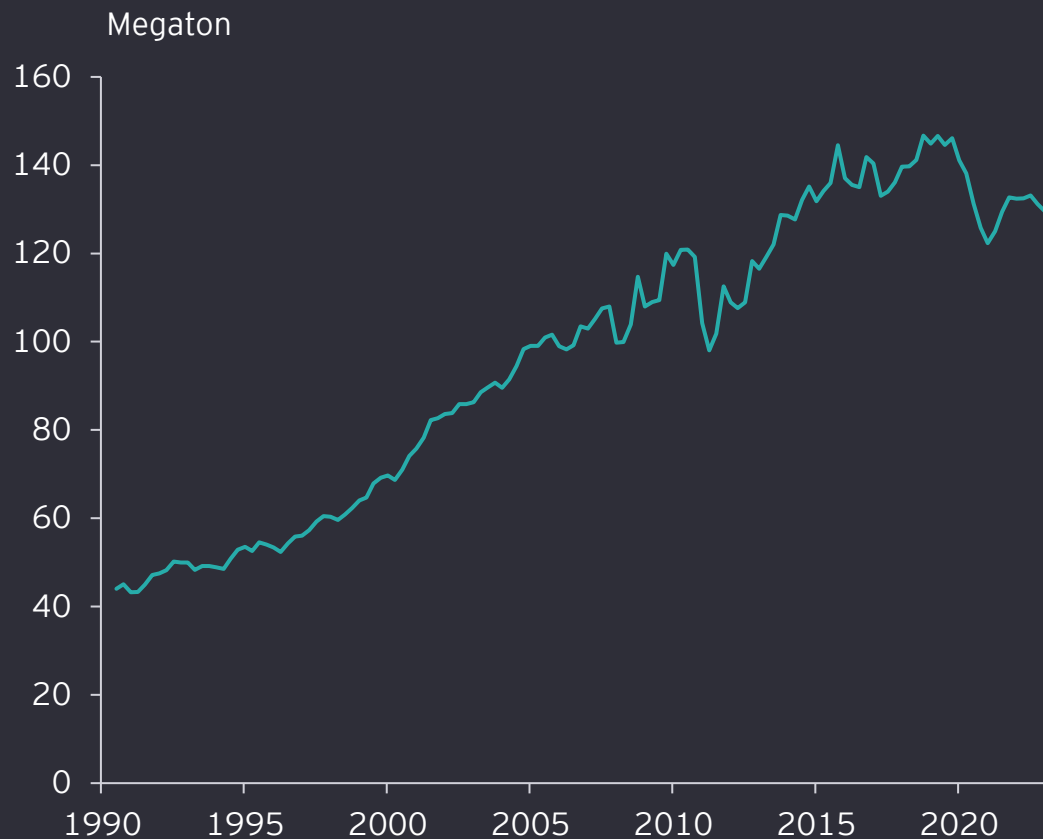


Source: Macromonitor (August 2023), EY

Coal production has fallen since the onset of the pandemic; countries will try to diversify towards cleaner options

Coal production in Queensland

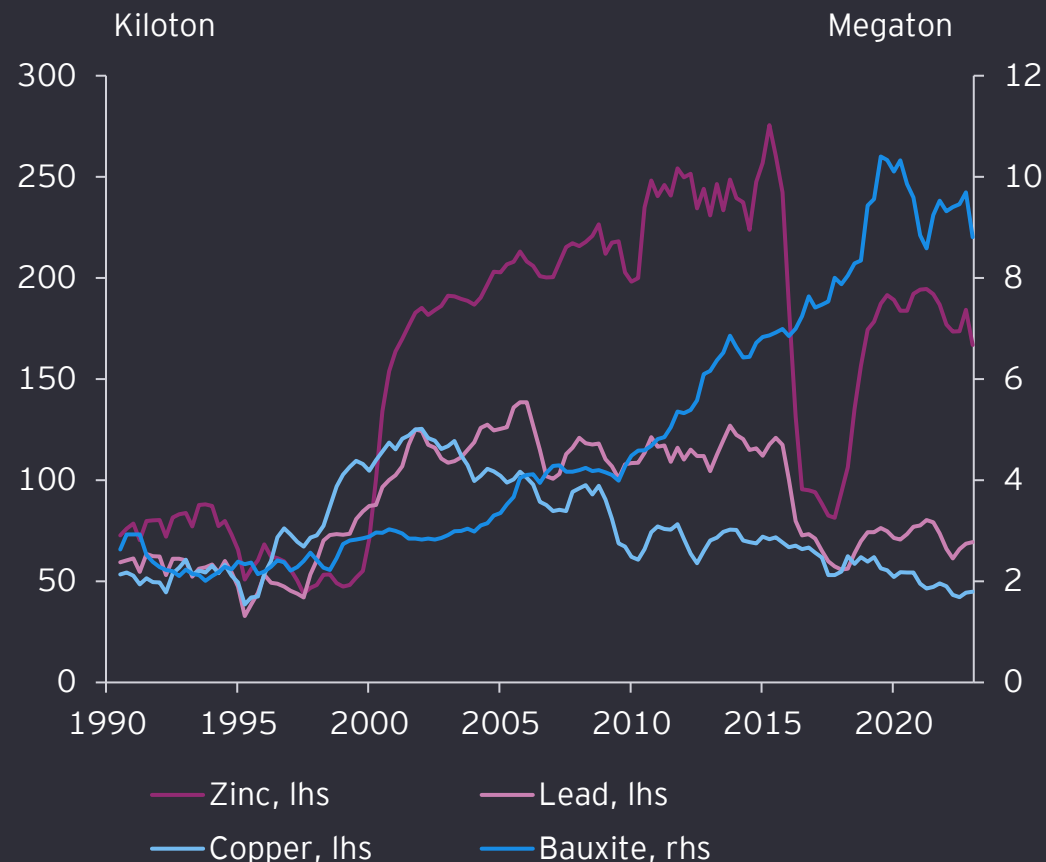
3 quarter moving average



Source: DISR, EY

Production in Queensland, by resource

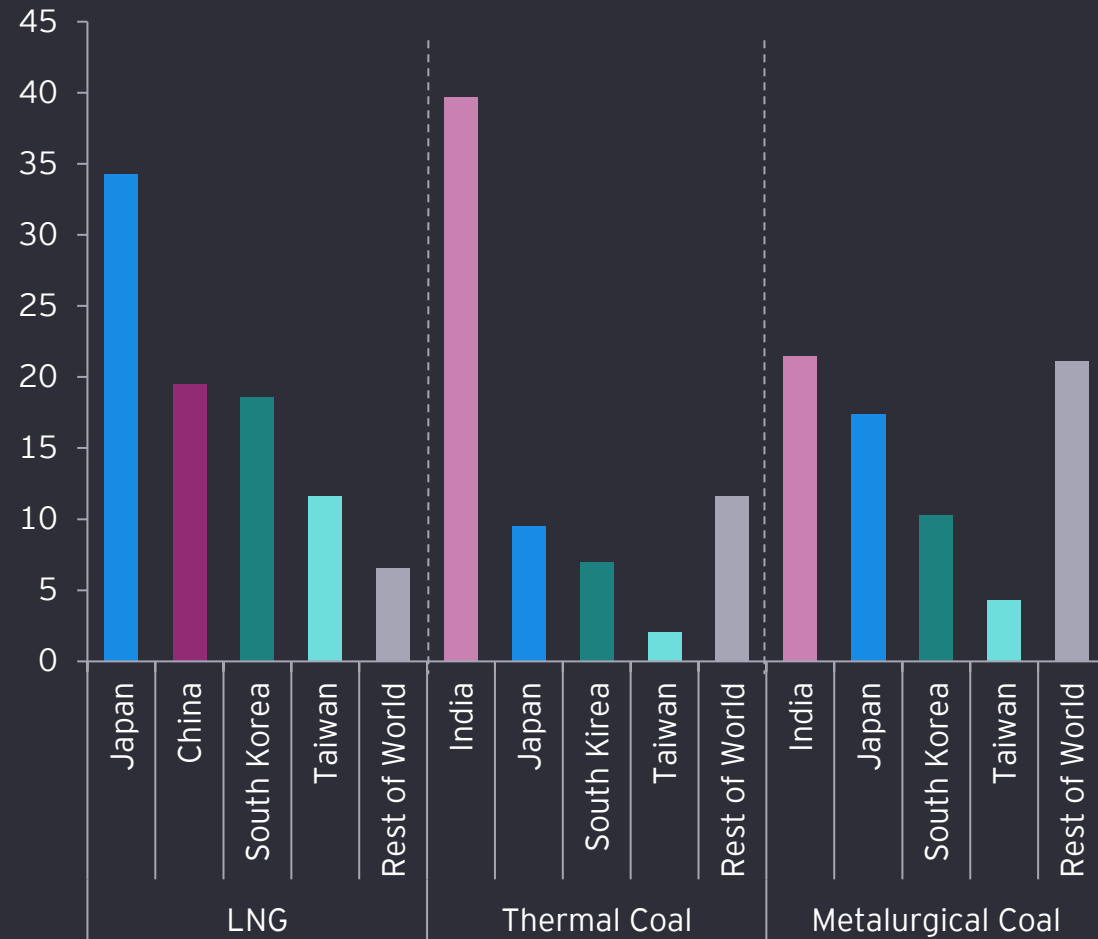
3 quarter moving average



Source: DISR, EY

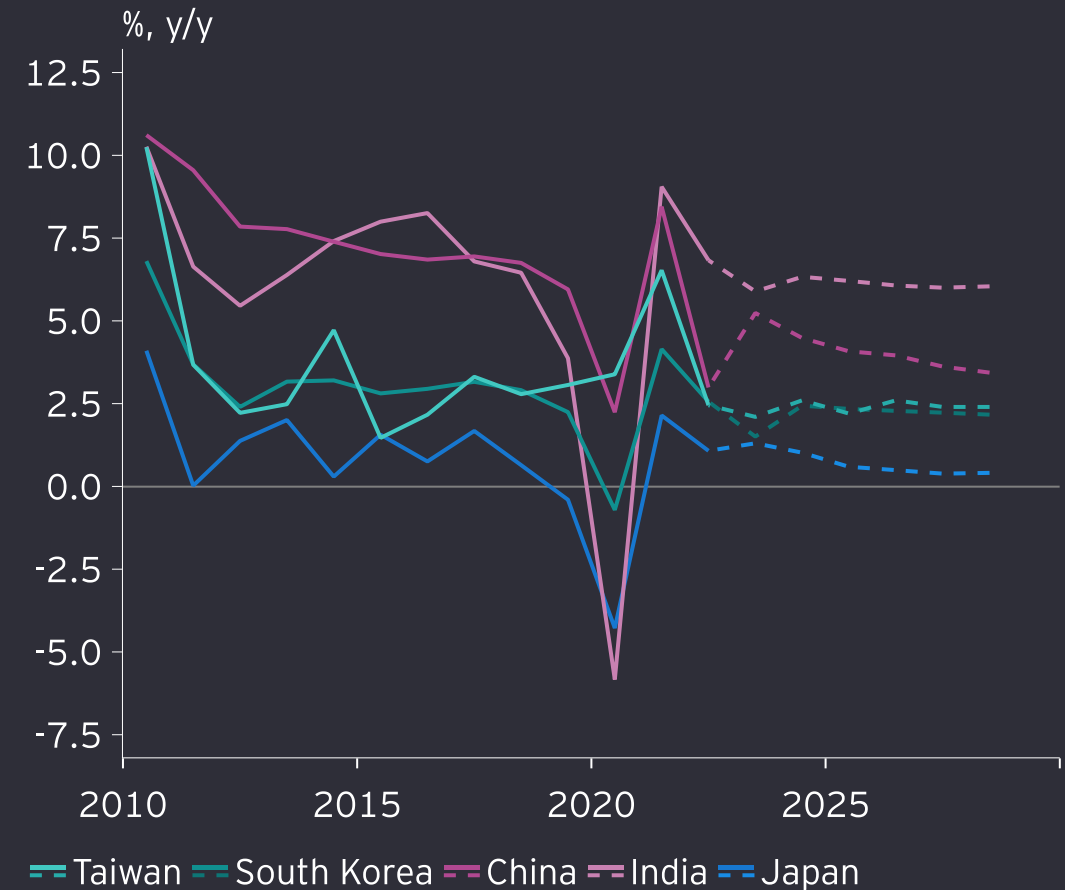
Australia's top LNG and coal export destinations are likely to see a slowdown in growth, except India

Australia's export earnings in 2022
\$bn



Source: DISR, EY

GDP by country
Including IMF forecasts

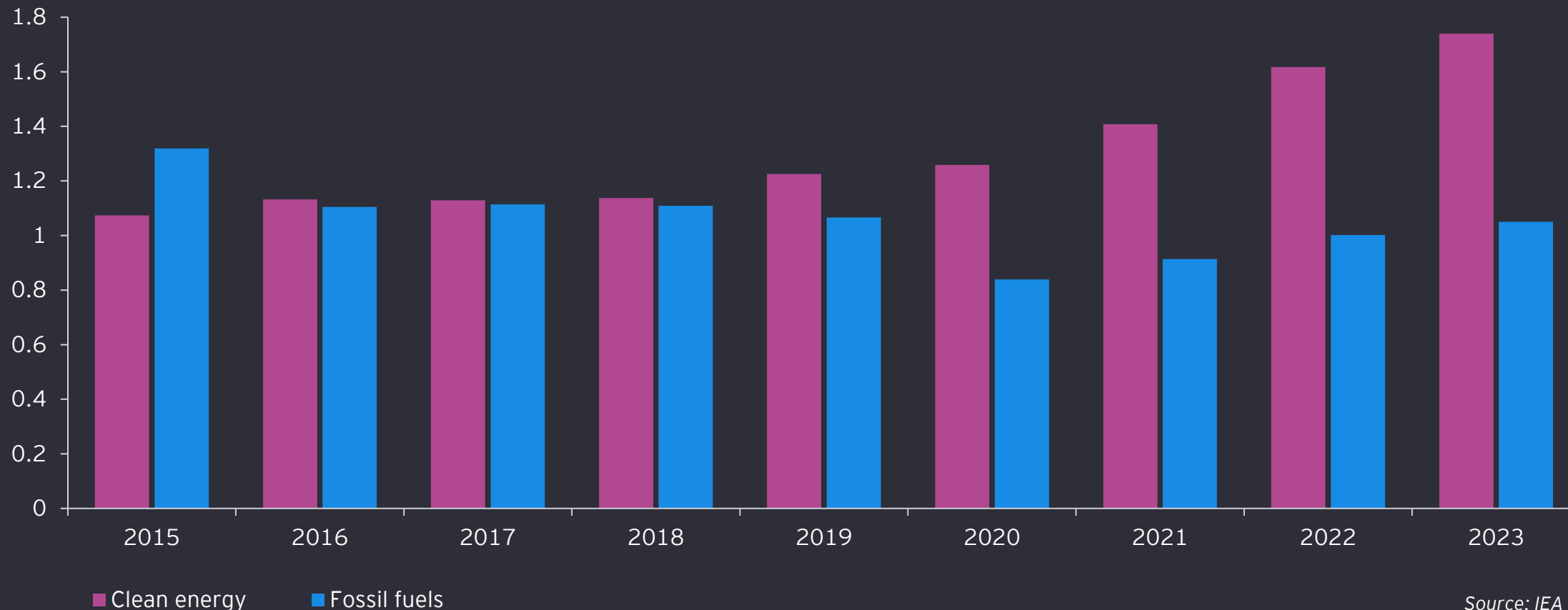


Source: IMF, Macrobond, EY

Globally, capital is now clearly favouring renewables

Global energy investment in clean energy and in fossil fuels

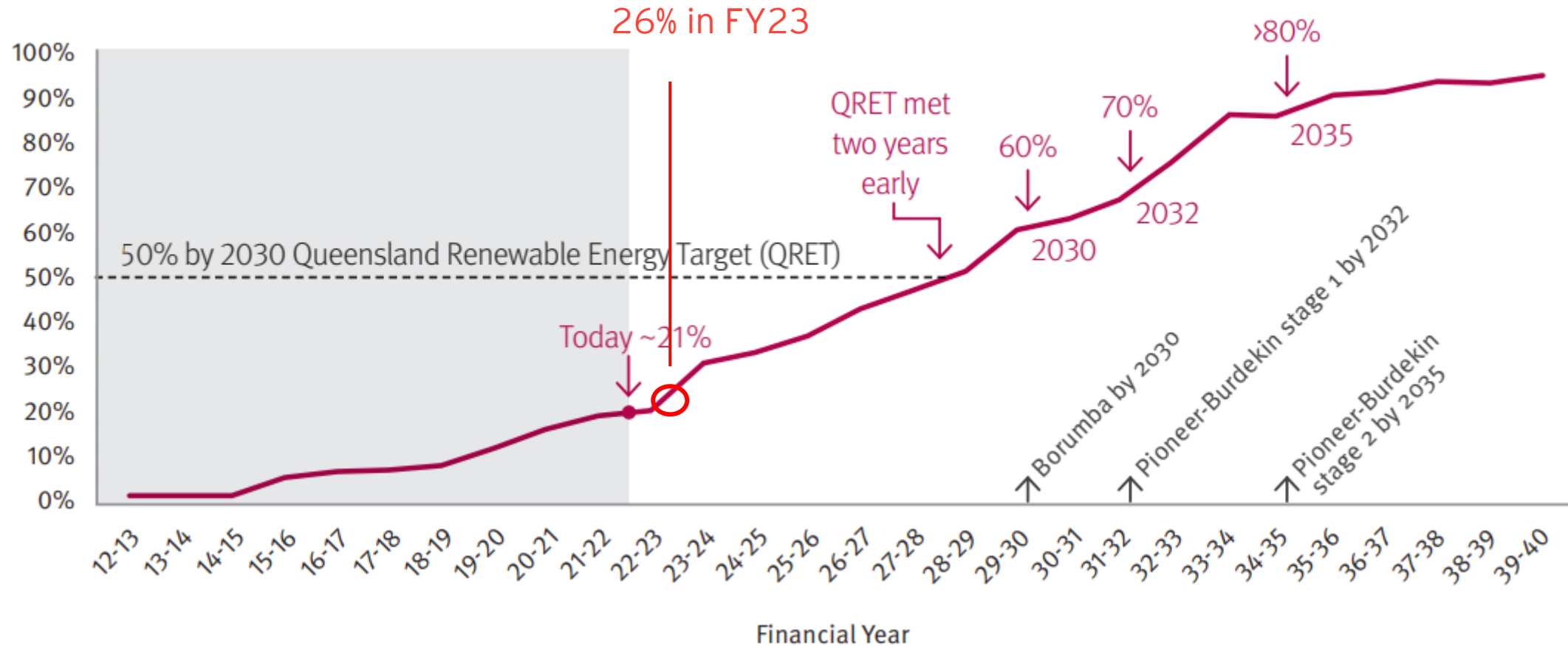
USD trillion



Source: IEA

The Queensland economy is transforming and wants to be part of the clean energy revolution, reaping its geographical advantages

Renewable energy percentage under the Queensland Energy and Jobs Plan



Source: QEJP



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