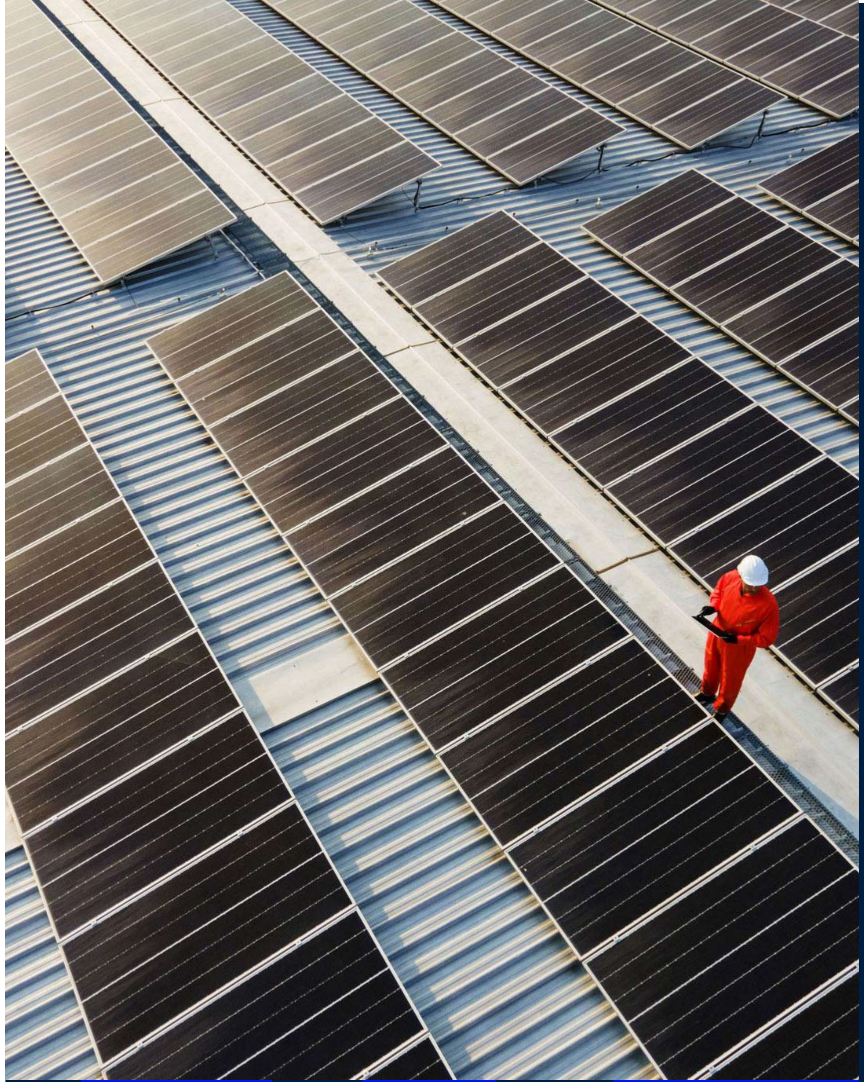
Macroeconomic Update with AMP



August 2024

Important note

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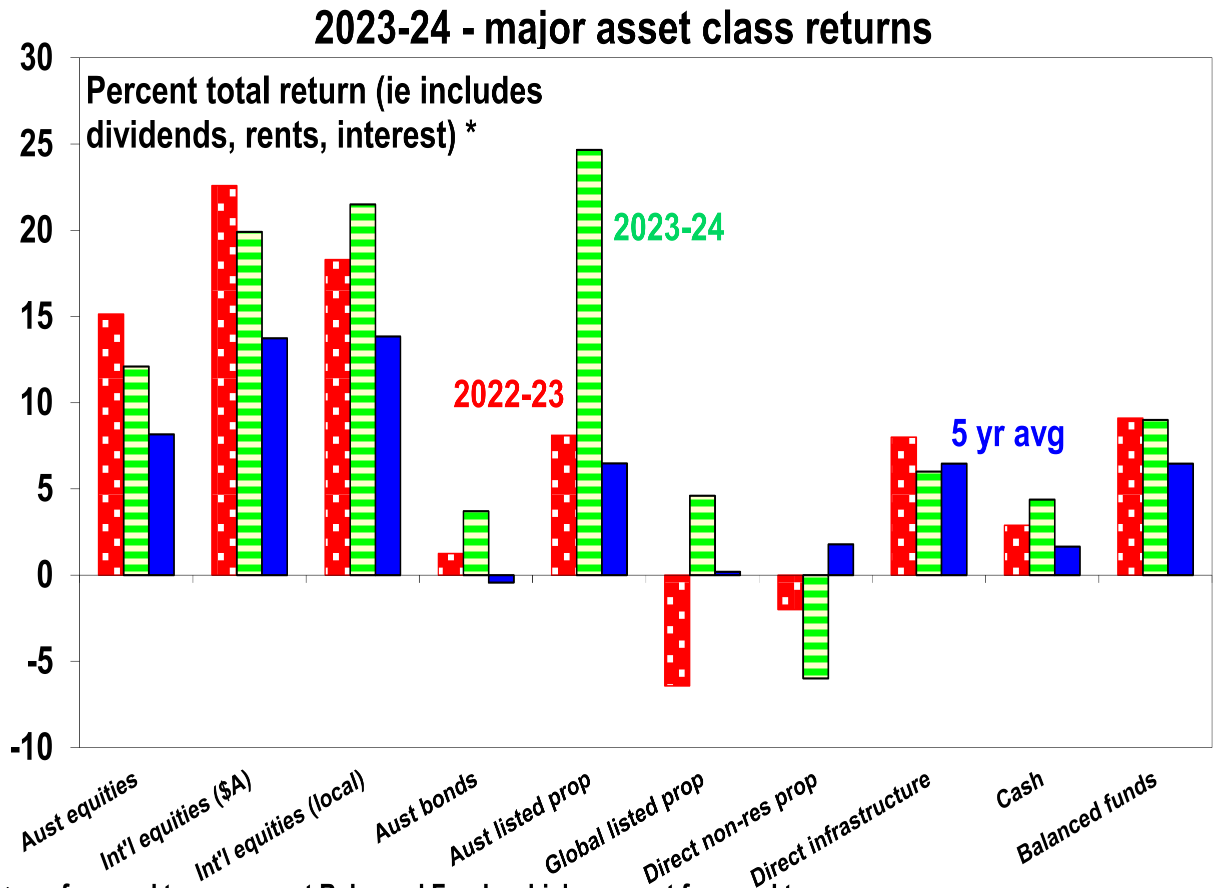
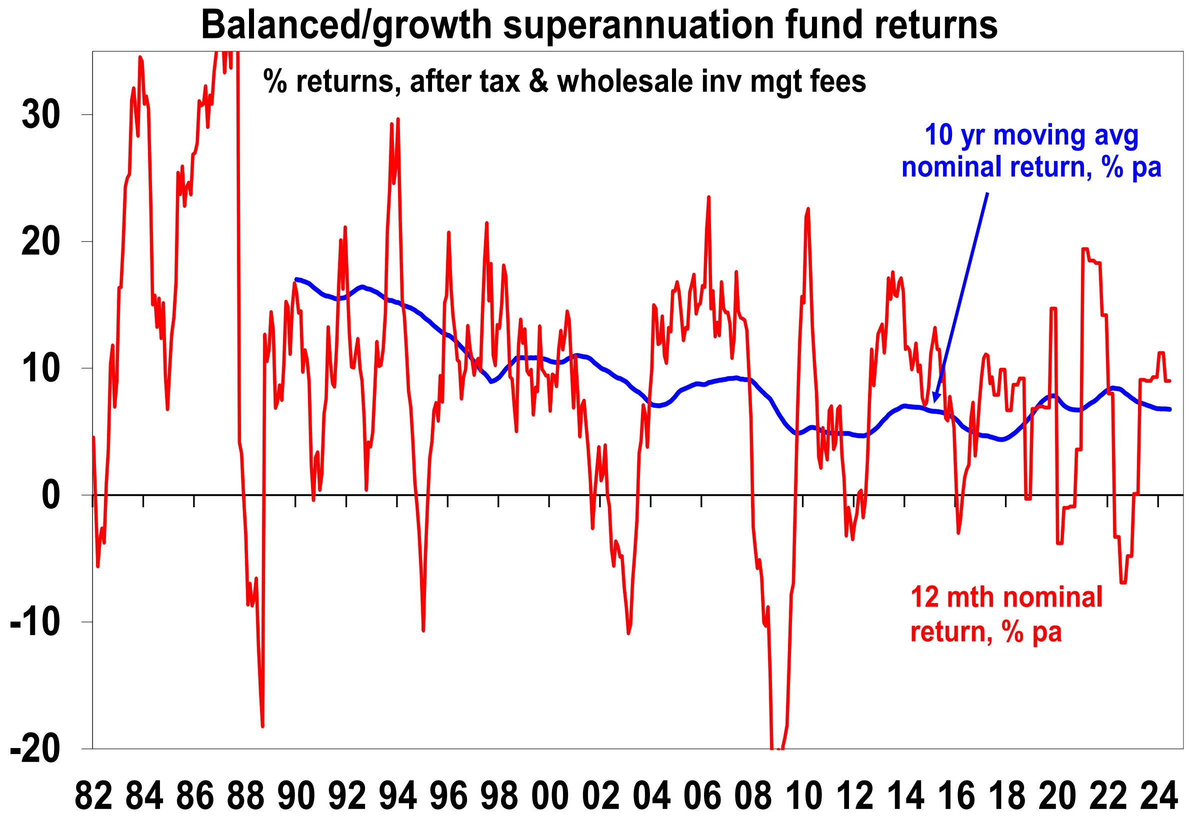
2023-24 saw solid investment returns as inflation fell



* pre fees and taxes, except Balanced Funds which are post fees and taxes.



Source: Bloomberg, Morningstar, AMP

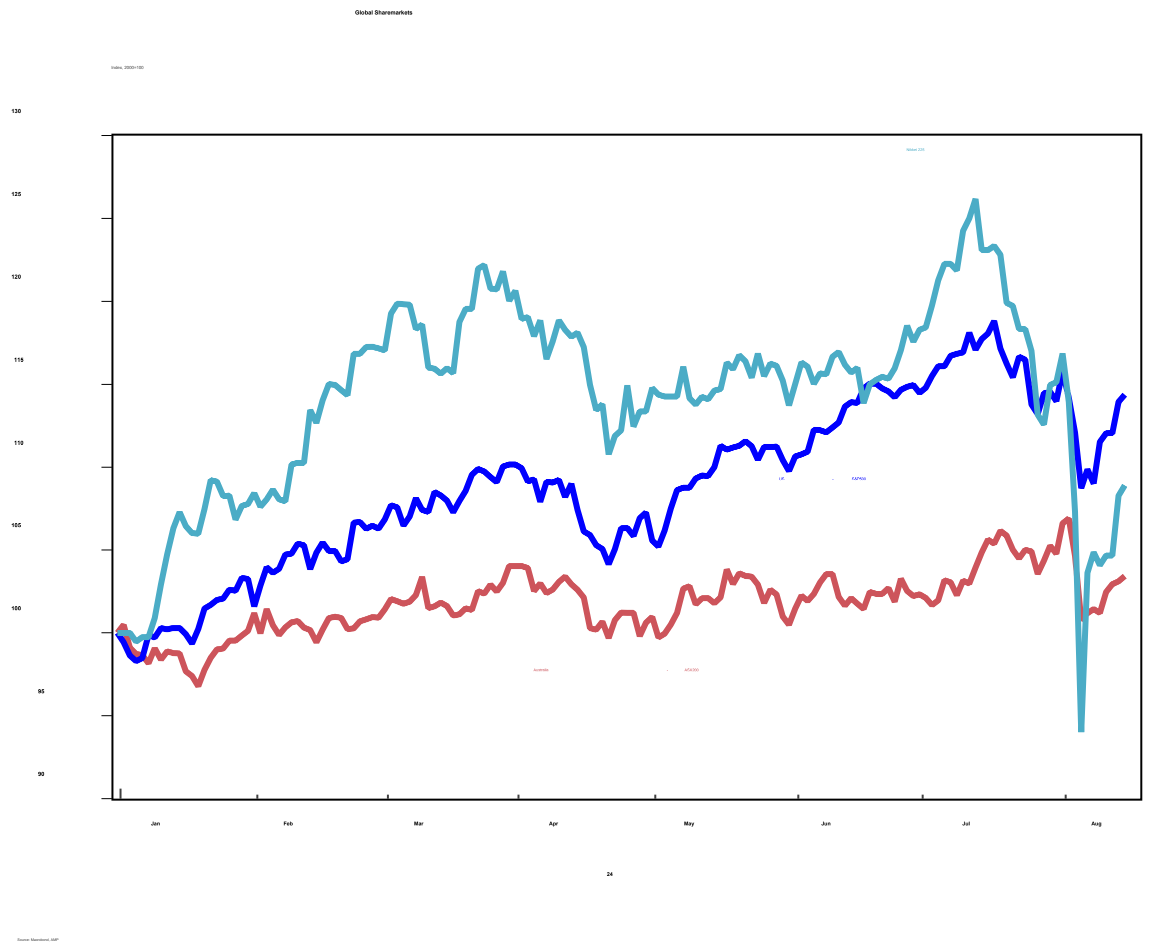
The state of the global economy

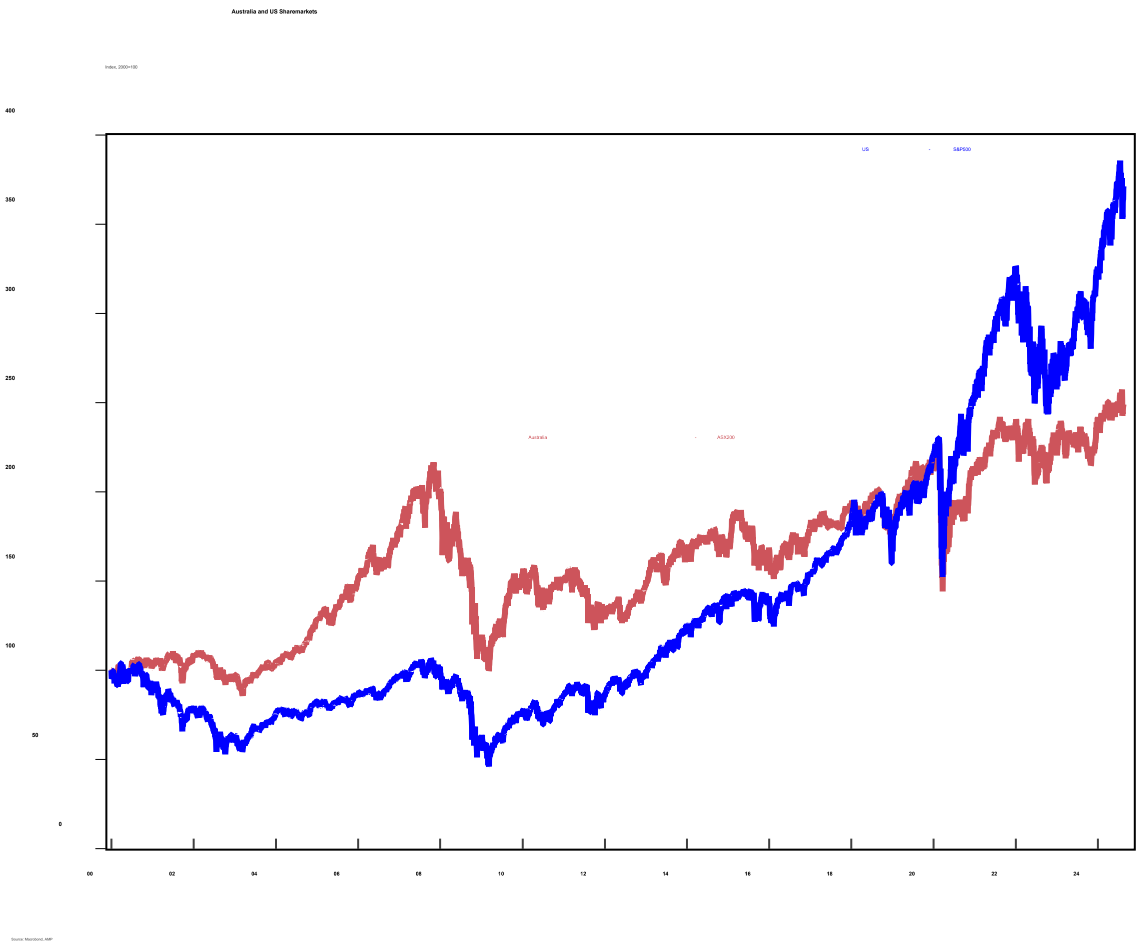
Global Purchasing Managers Indices

Source: AMP, Bloomberg, Flourish
Composite PMIs of Manufacturing and Services sectors were used where available (Manufacturing PMIs otherwise).
PMI above 50 represents expansion in activity vs the previous month, PMI under 50 represents a contraction.

Source: Bloomberg, Flourish, AMP

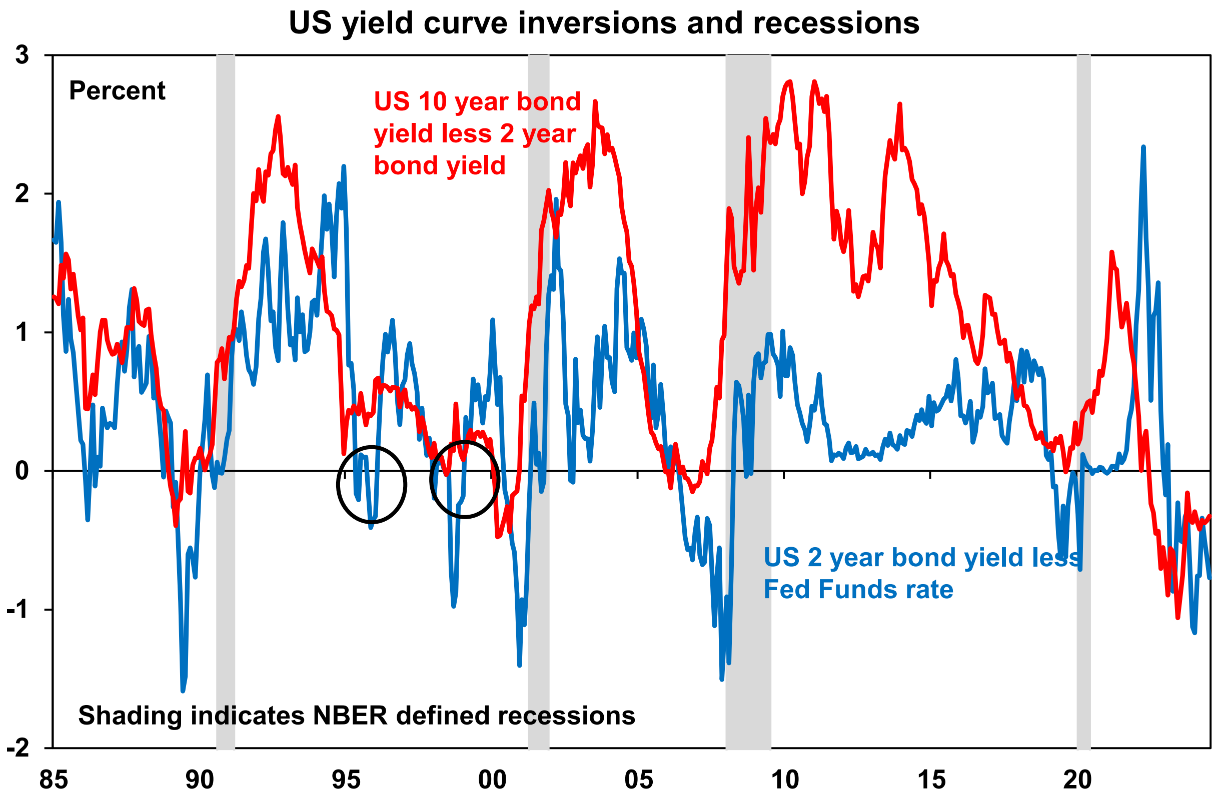
How sharemarkets have responded

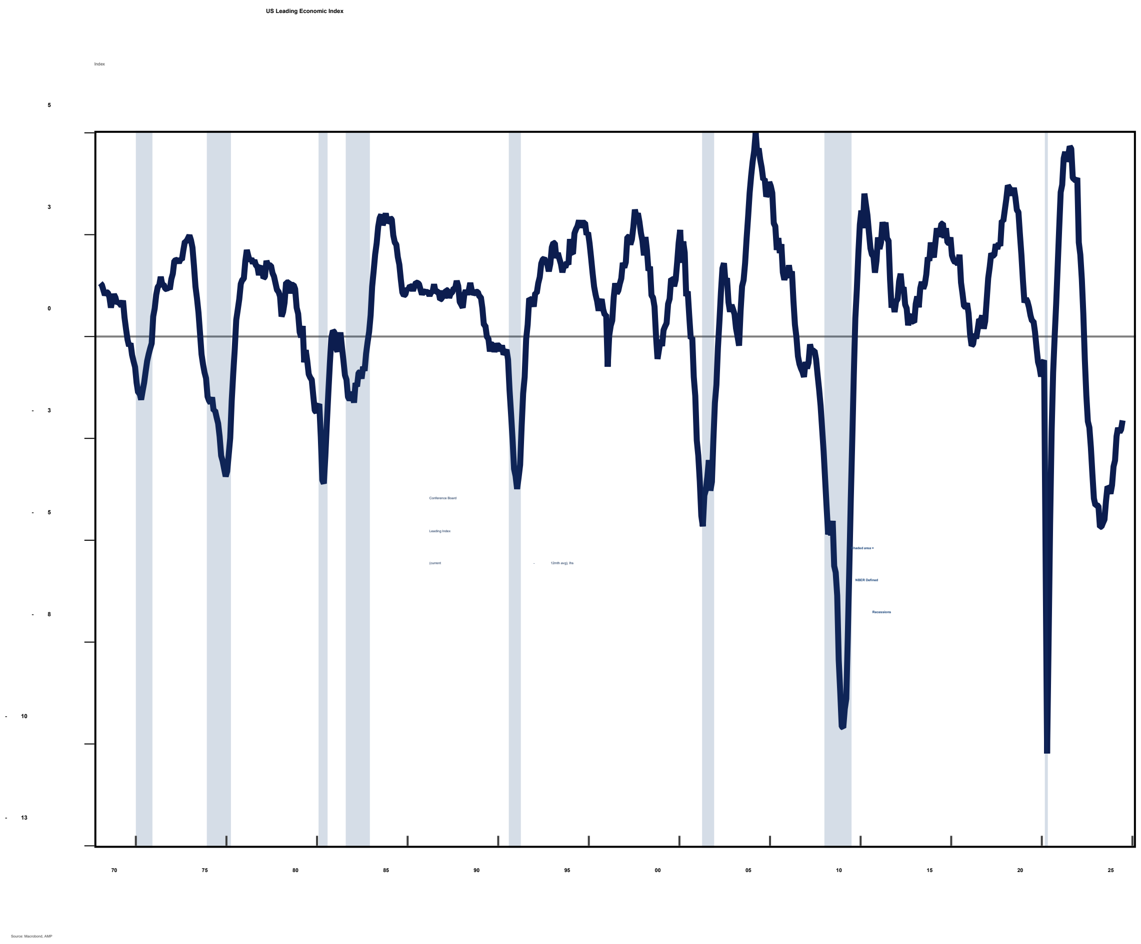




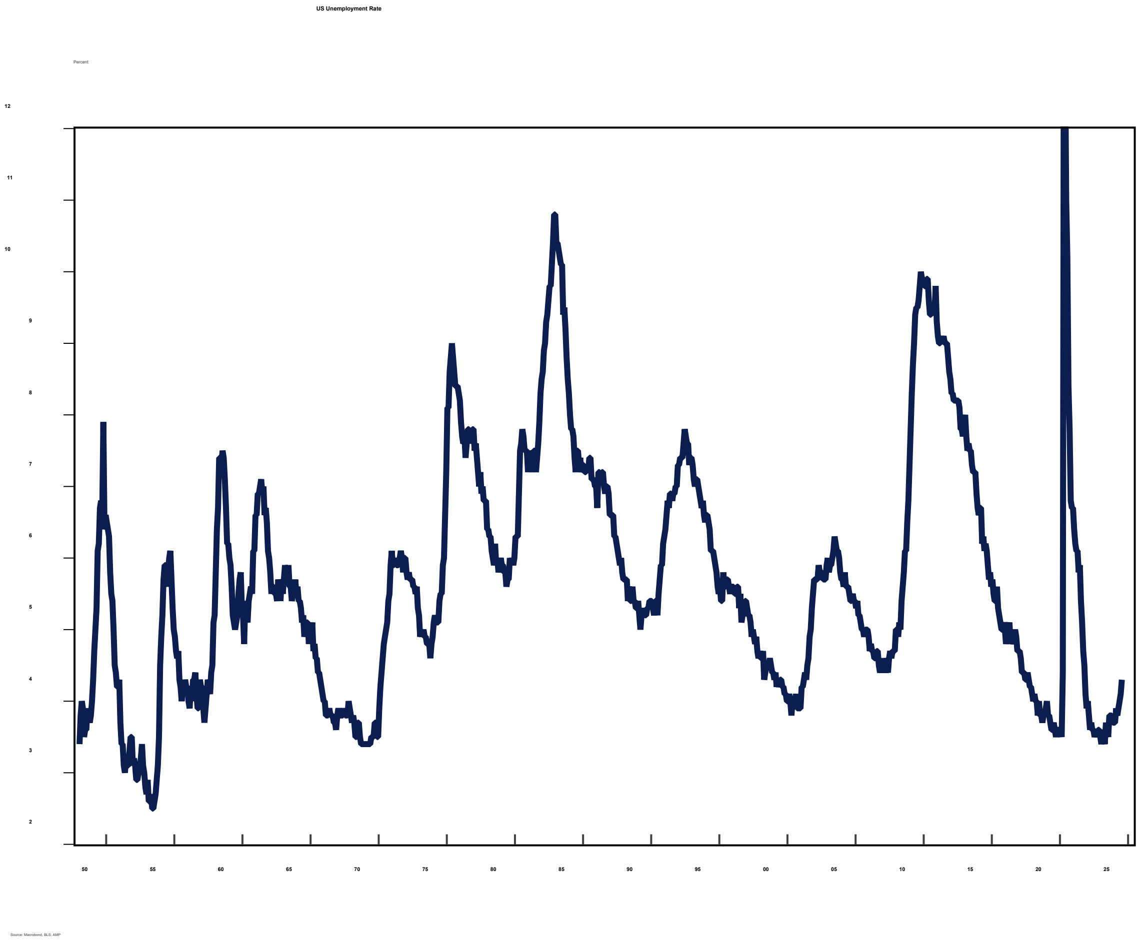
Source: Macrobond, AMP

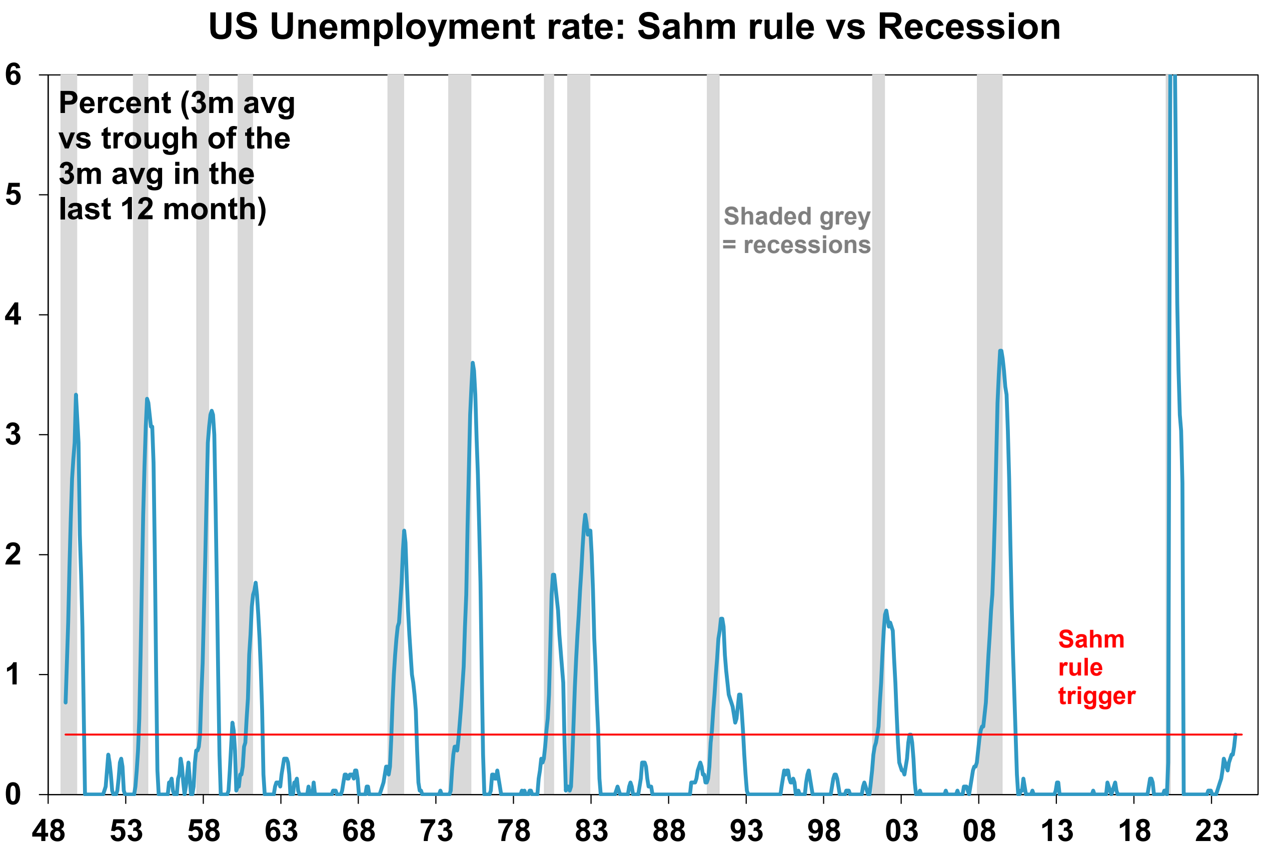
What about recession risks?





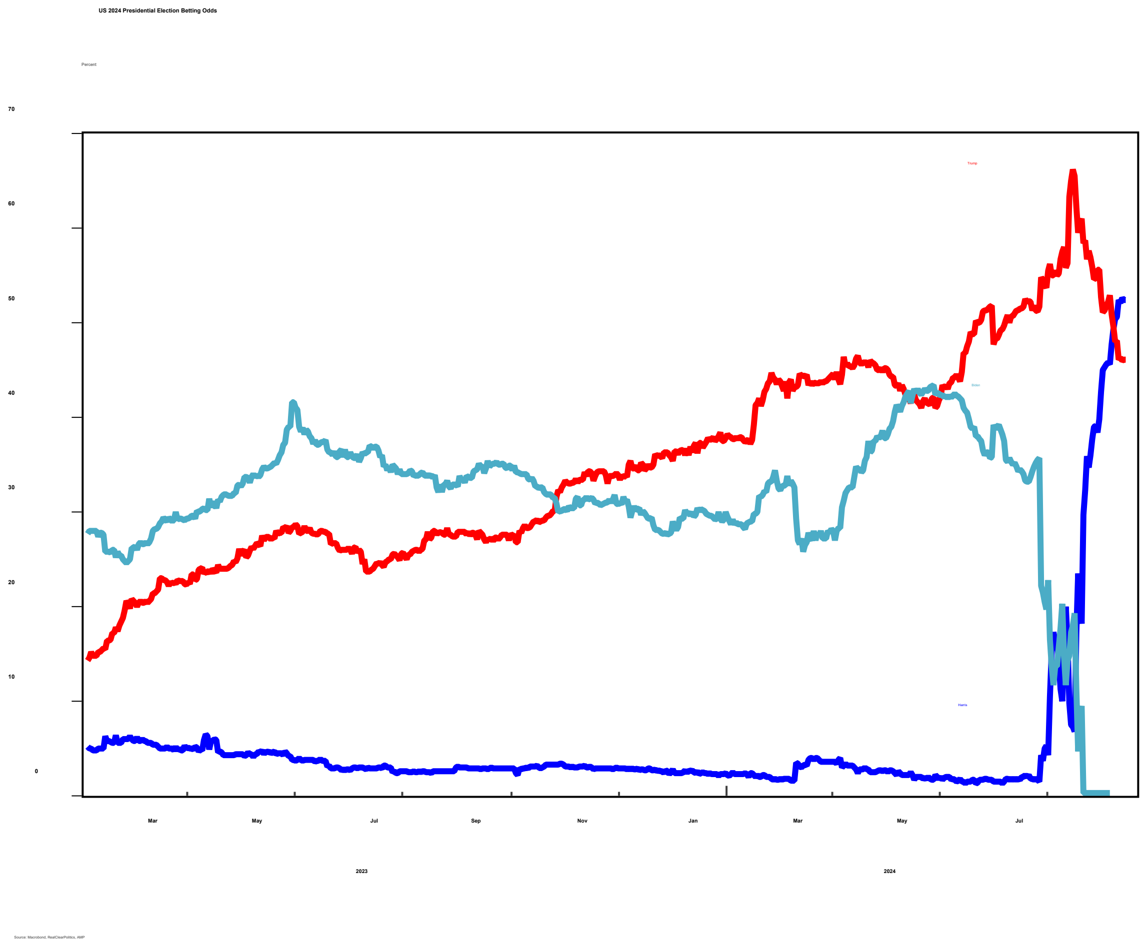
What is going on in the US labour market?

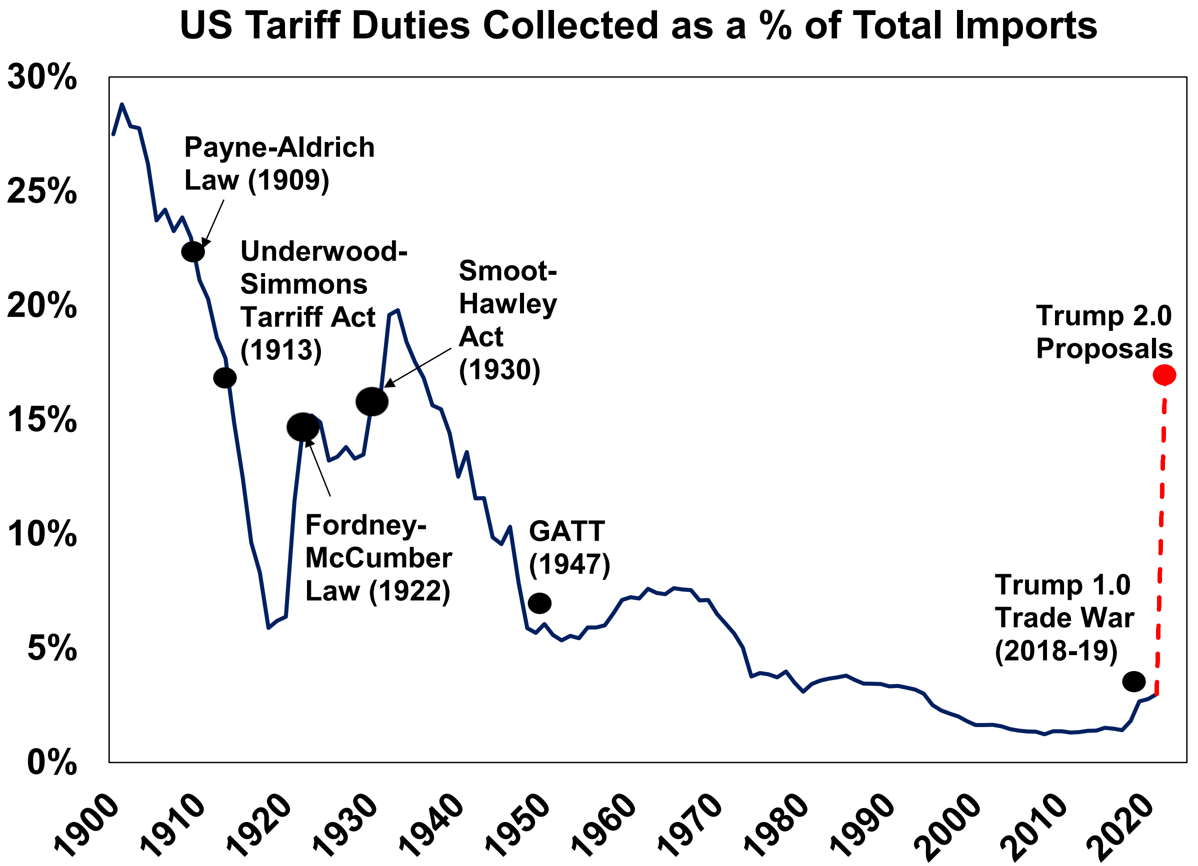




Source: Bloomberg, Macrobond, AMP

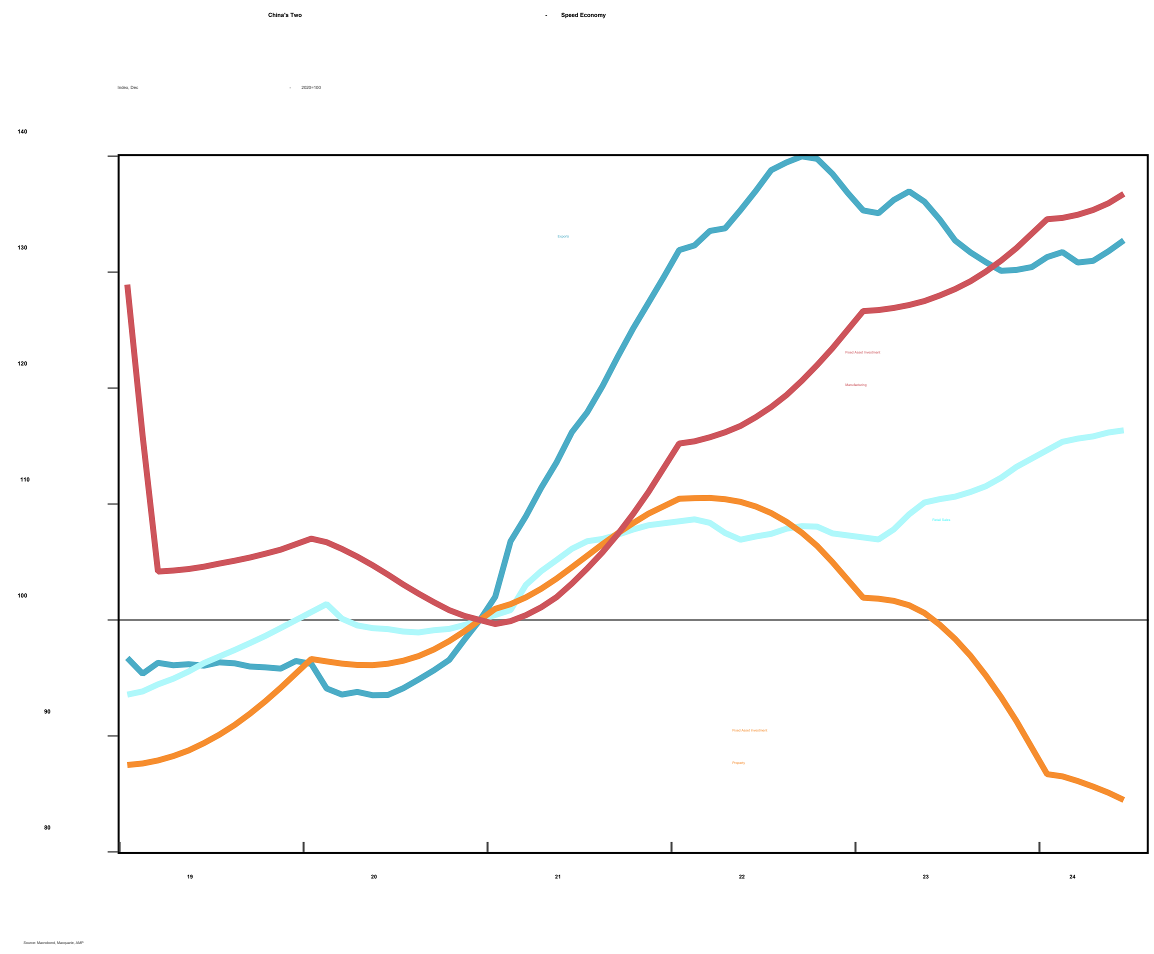
The US Election will be a source of volatility in the coming months (and potentially years)

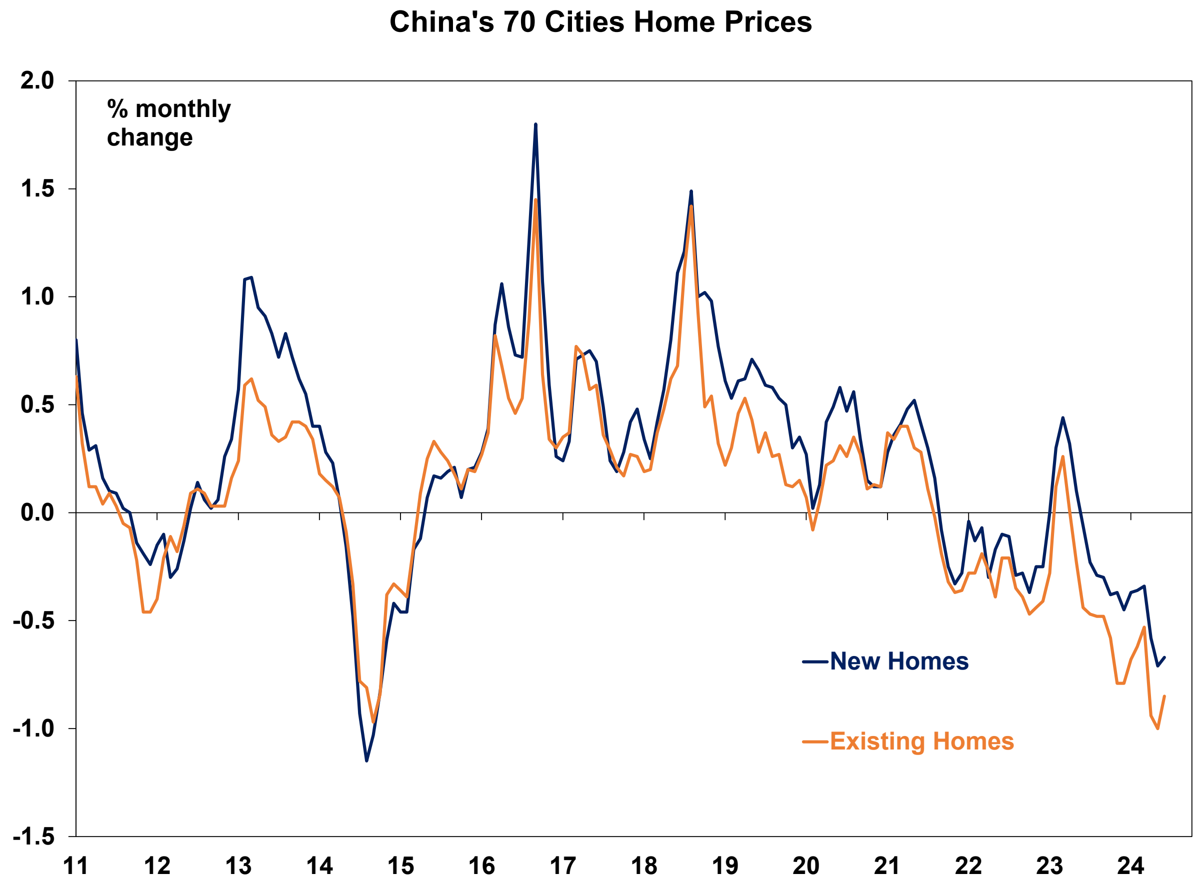




Source: Macrobond, Evercore, AMP

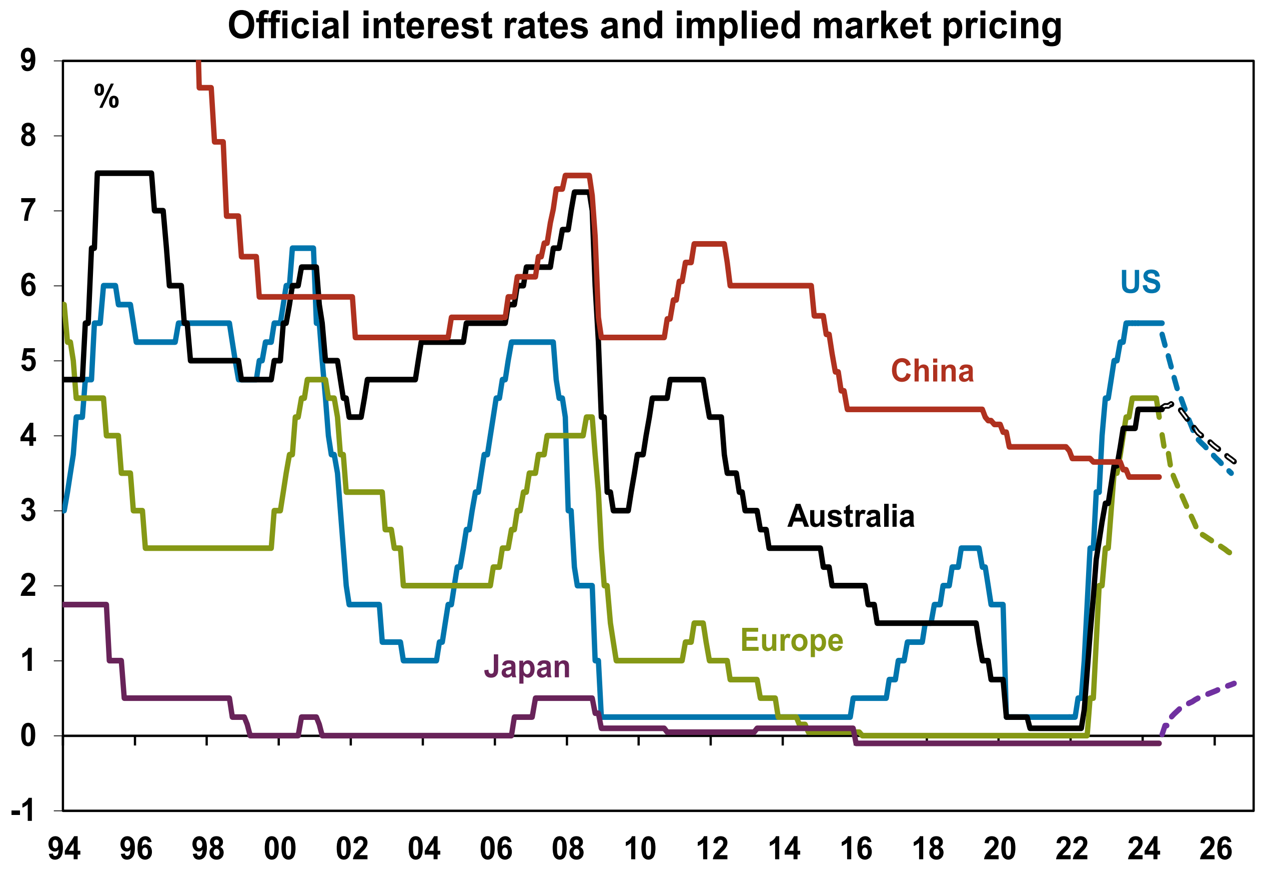
Chinese economic conditions have been messy

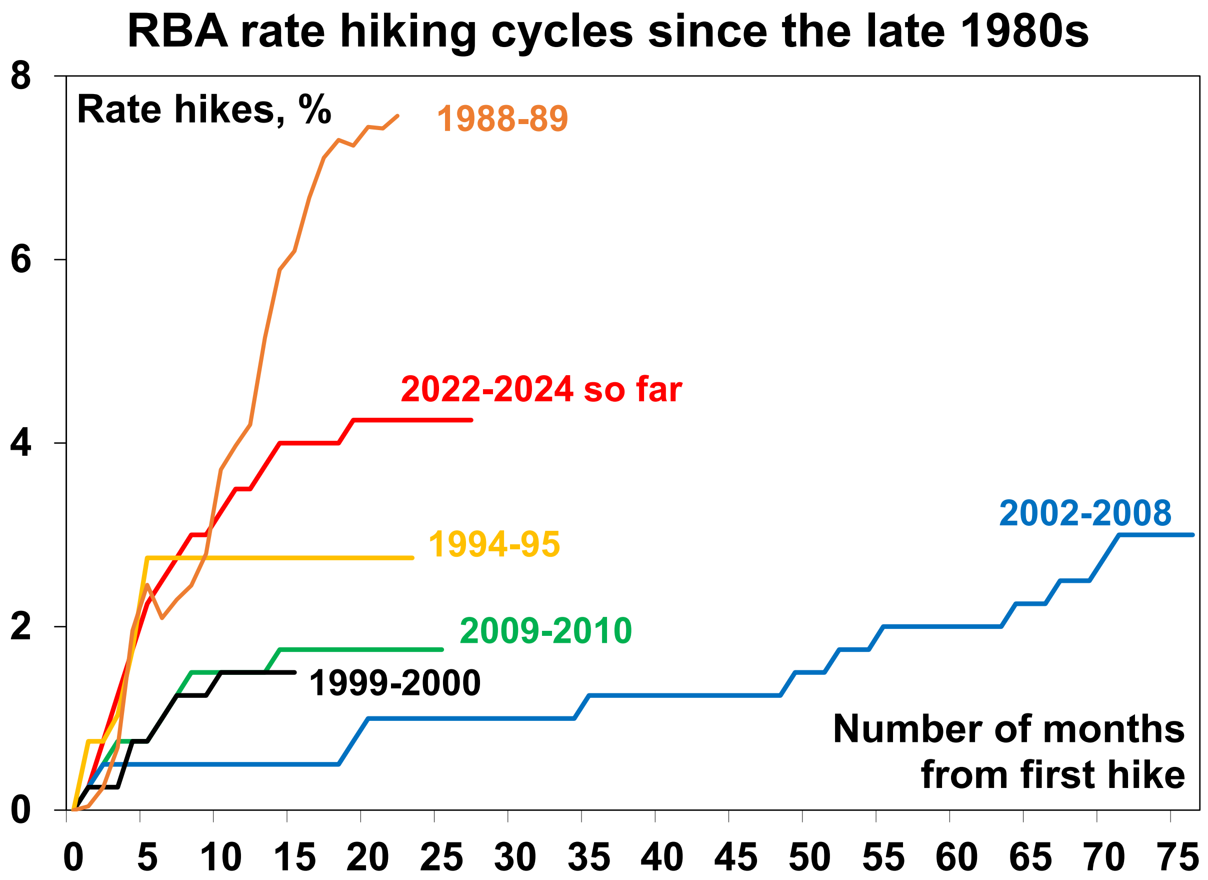




Source: Bloomberg, Macrobond, AMP

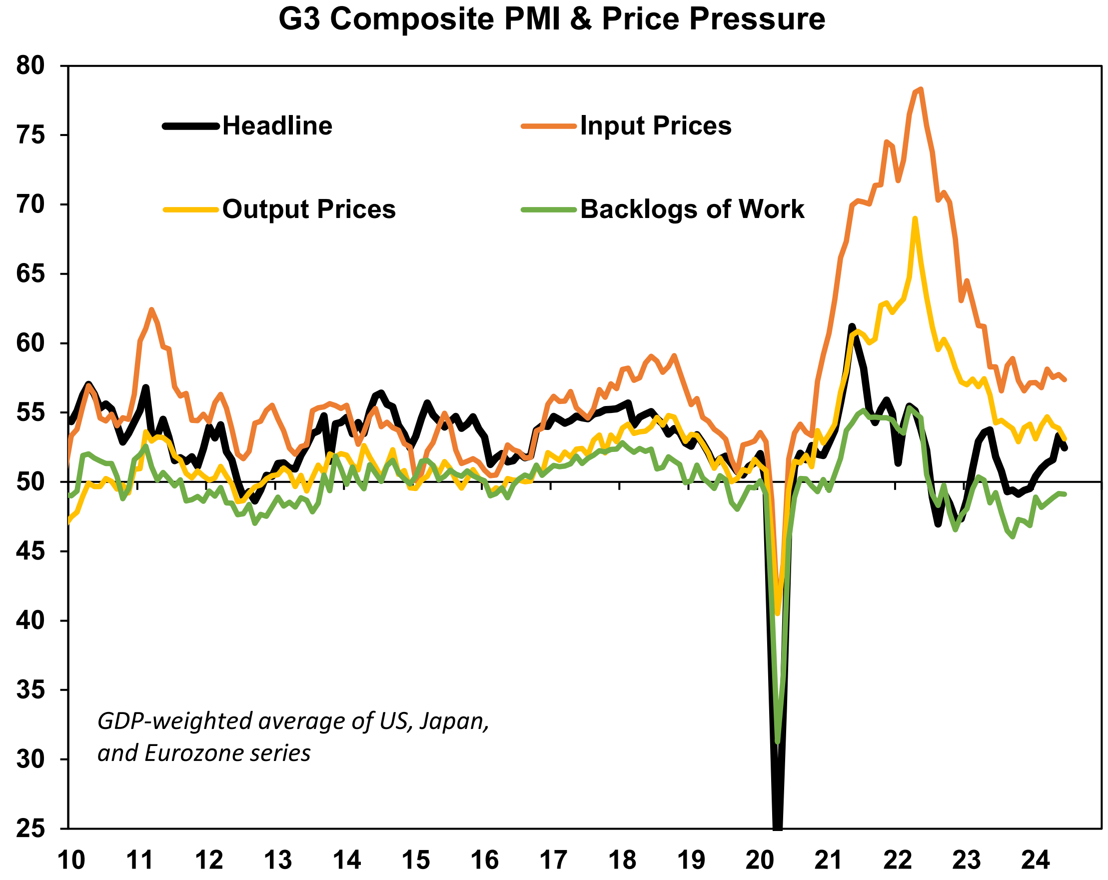
Central banks have lifted interest rates aggressively, but rates have now peaked

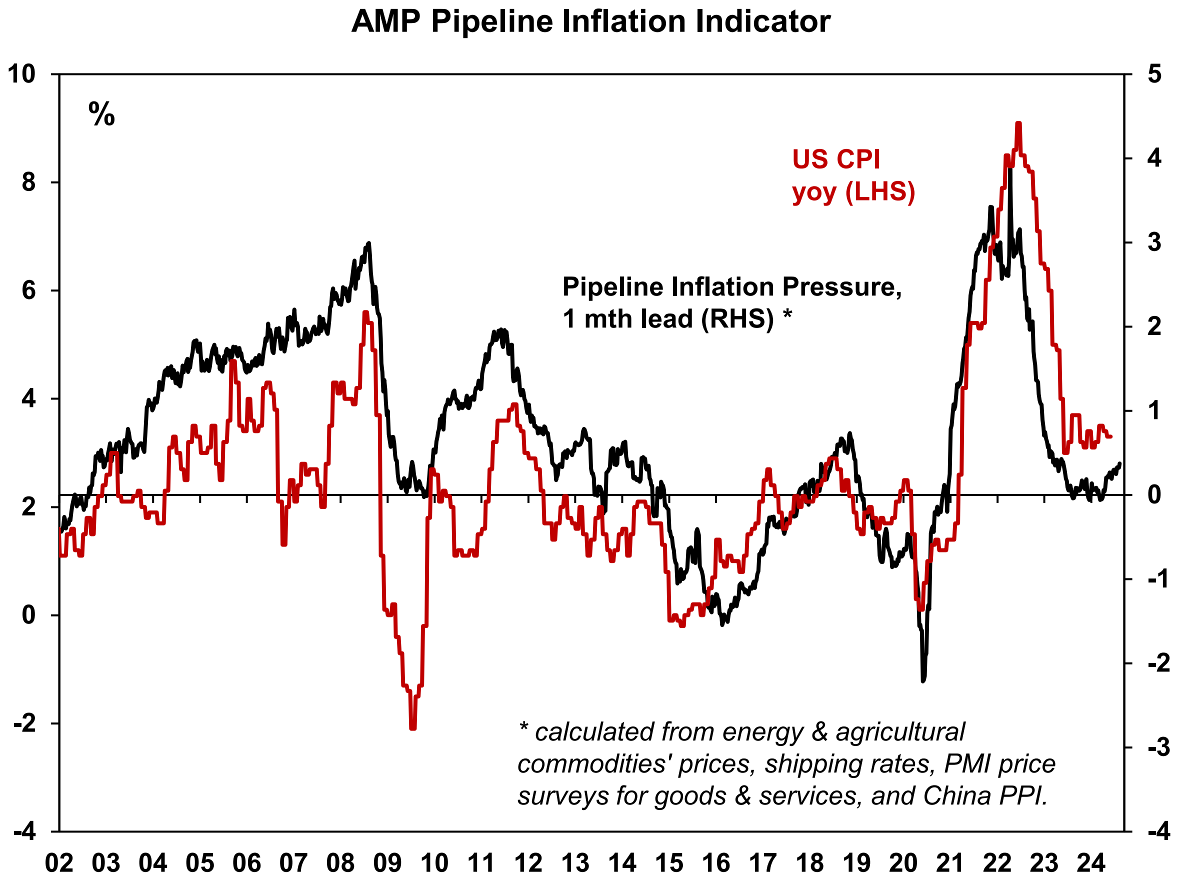




Source: Bloomberg, AMP

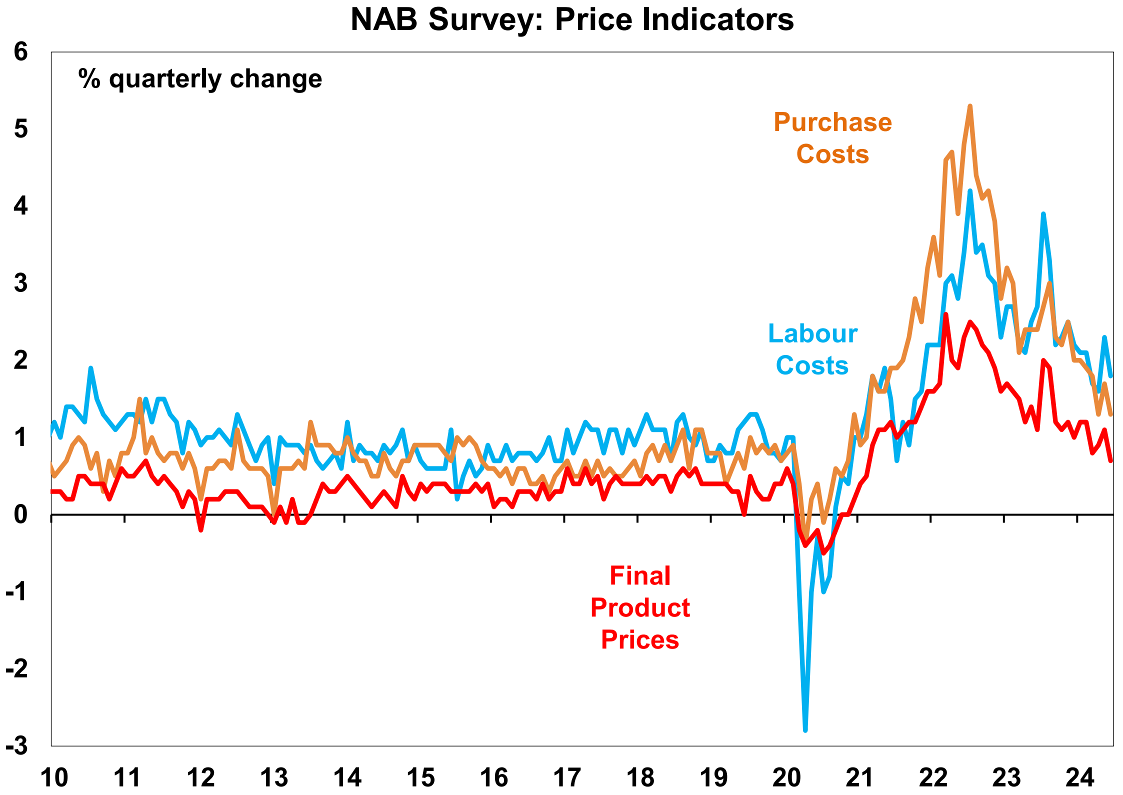
Global inflation pressures have already hit the trough evidenced by stabilizing price surveys, so the last mile to inflation target will be bumpy

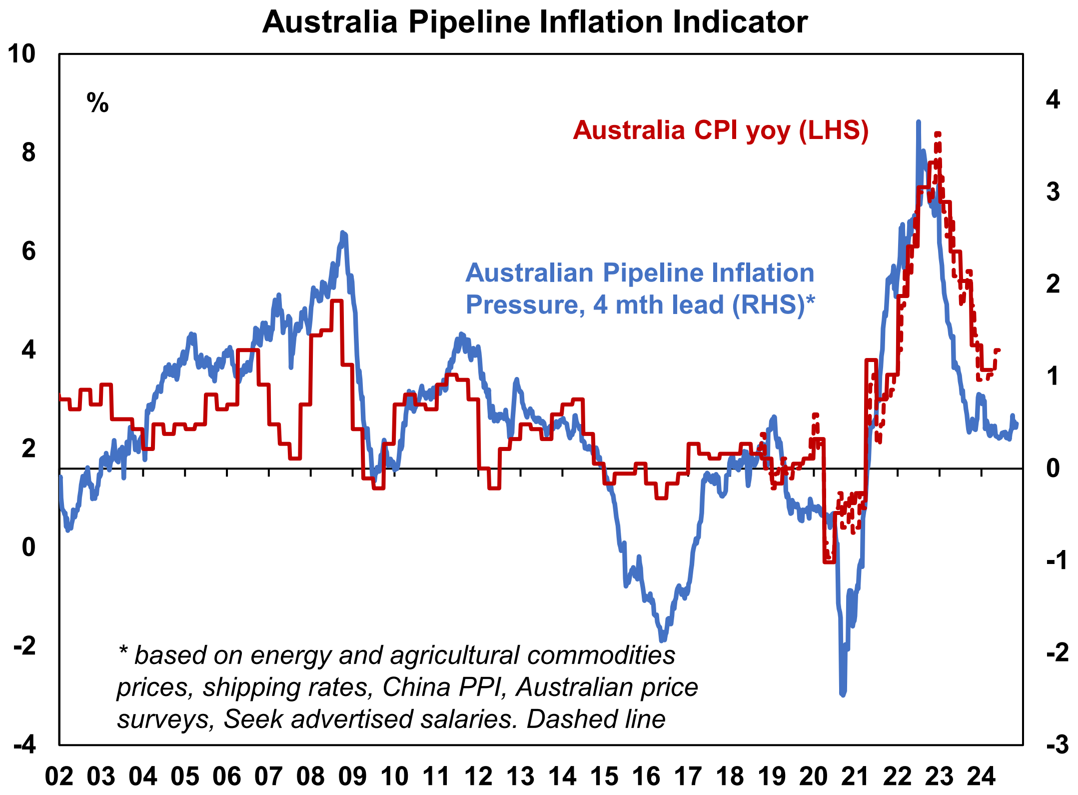




Source: Bloomberg, AMP

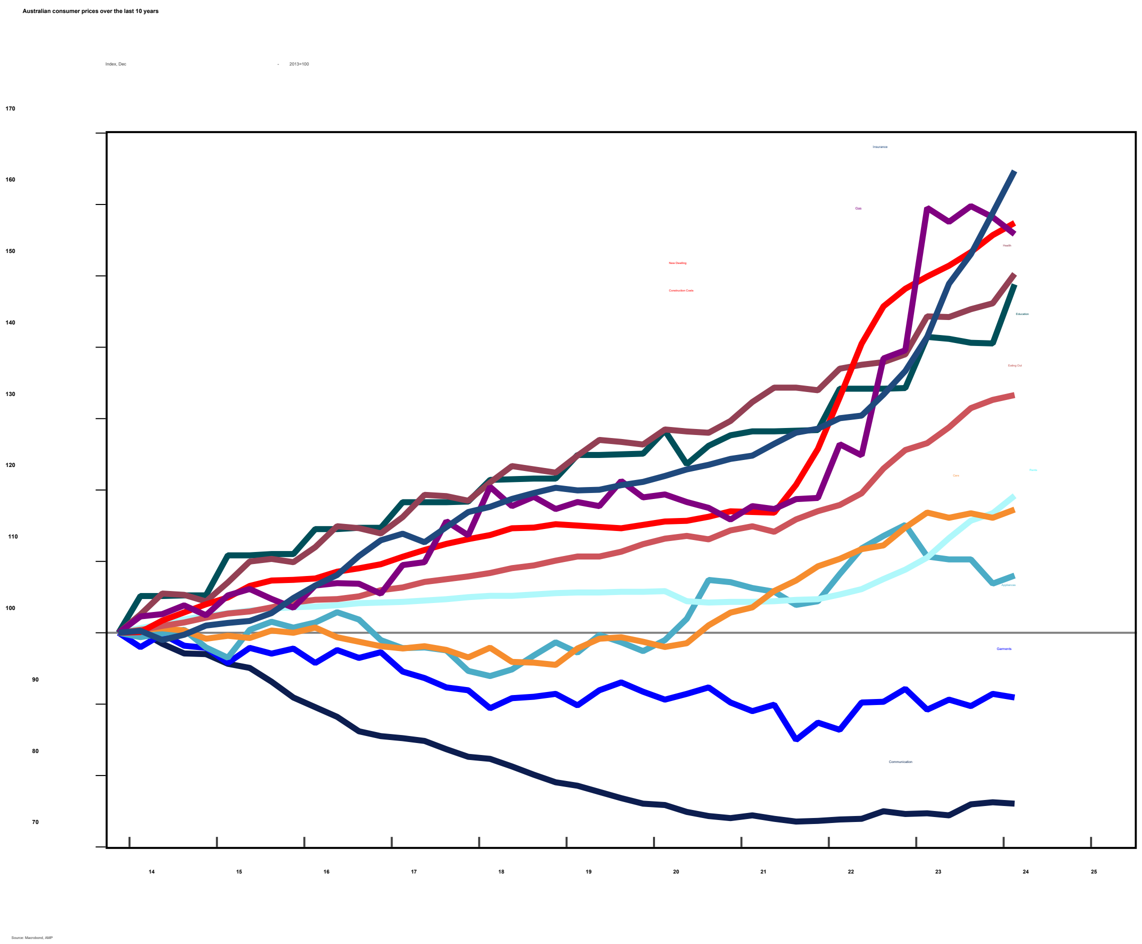
Australian inflation data has been higher than anticipated by the RBA & markets, but forward-looking indicators are still pointing down

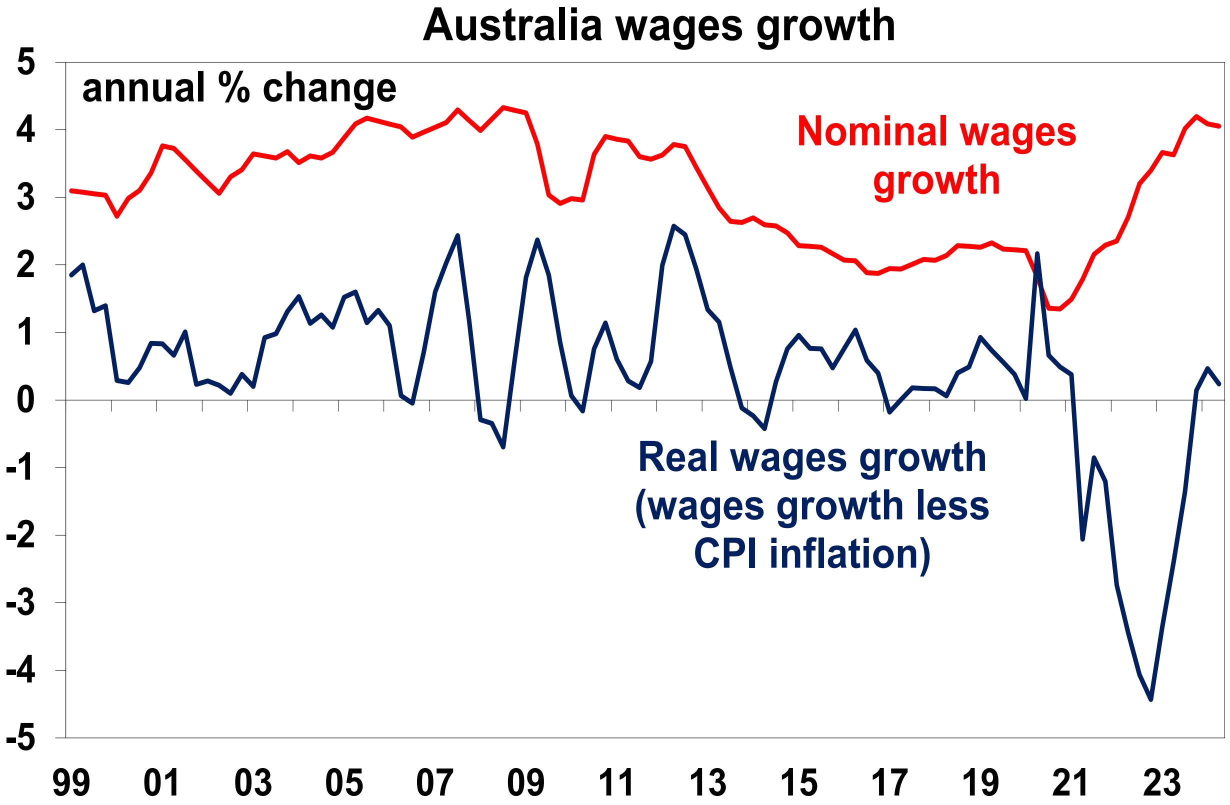




Source: Bloomberg, AMP

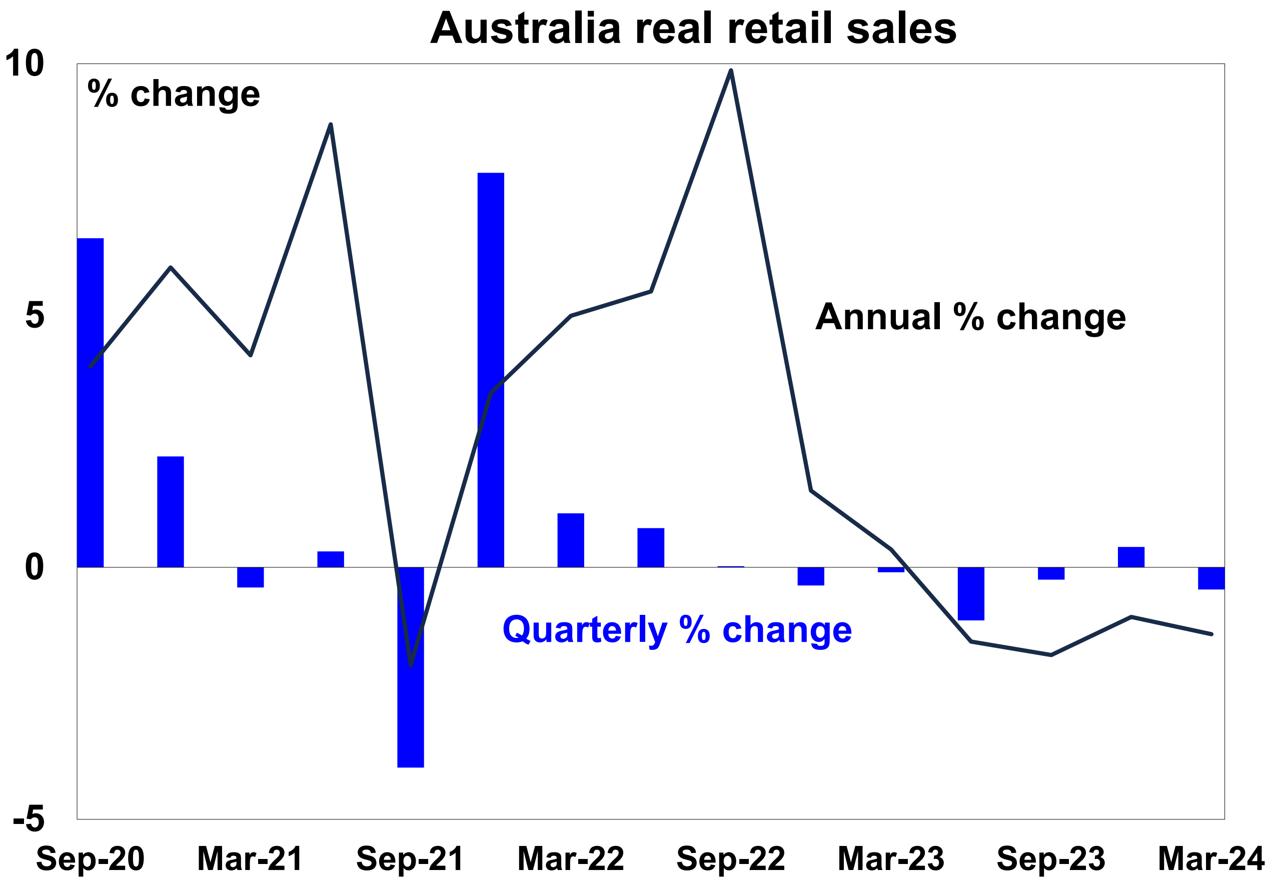
Why does inflation feel worse this time?

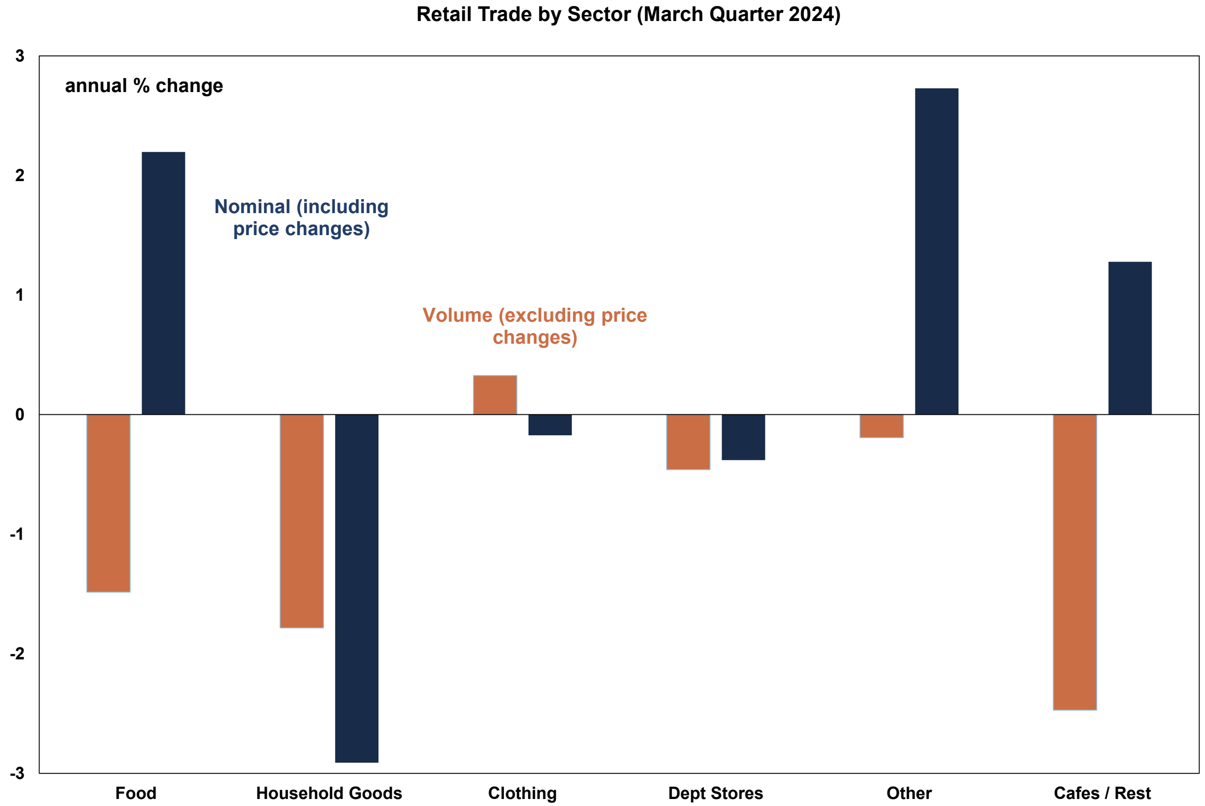




Source: ABS, Macrobond, AMP

Rate hikes are working!





Source: ABS, AMP

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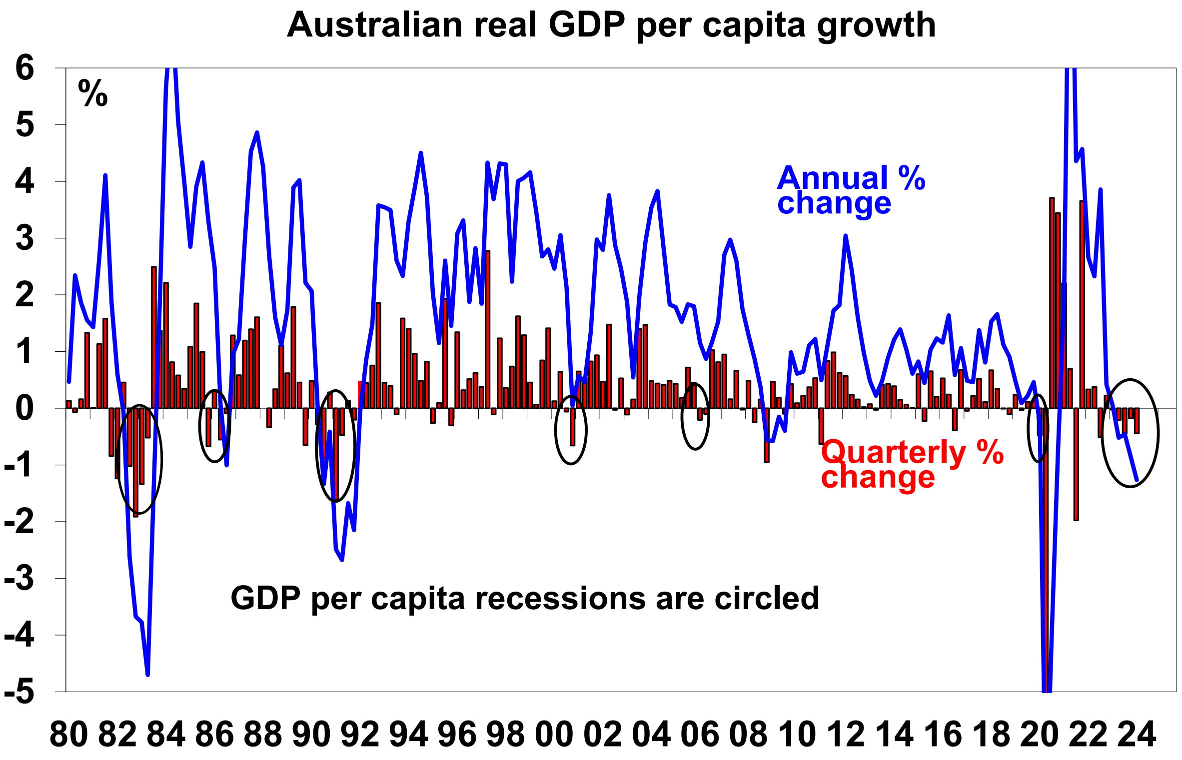
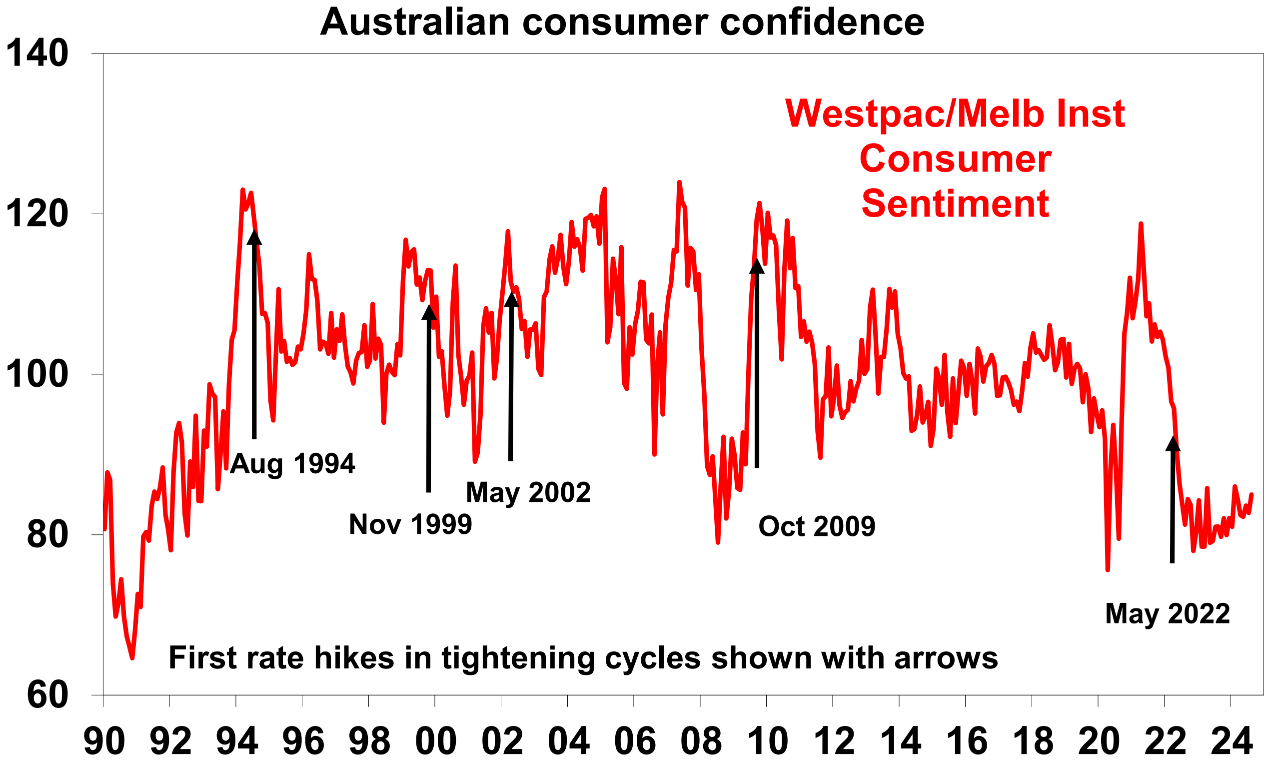
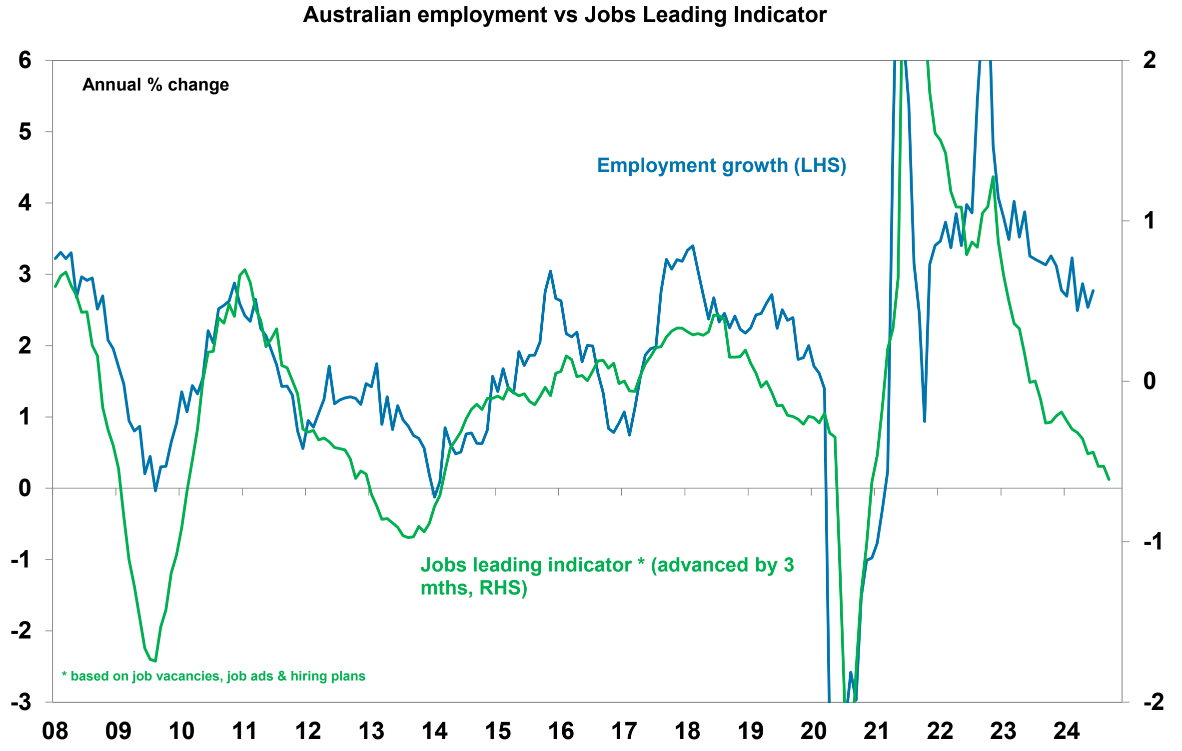




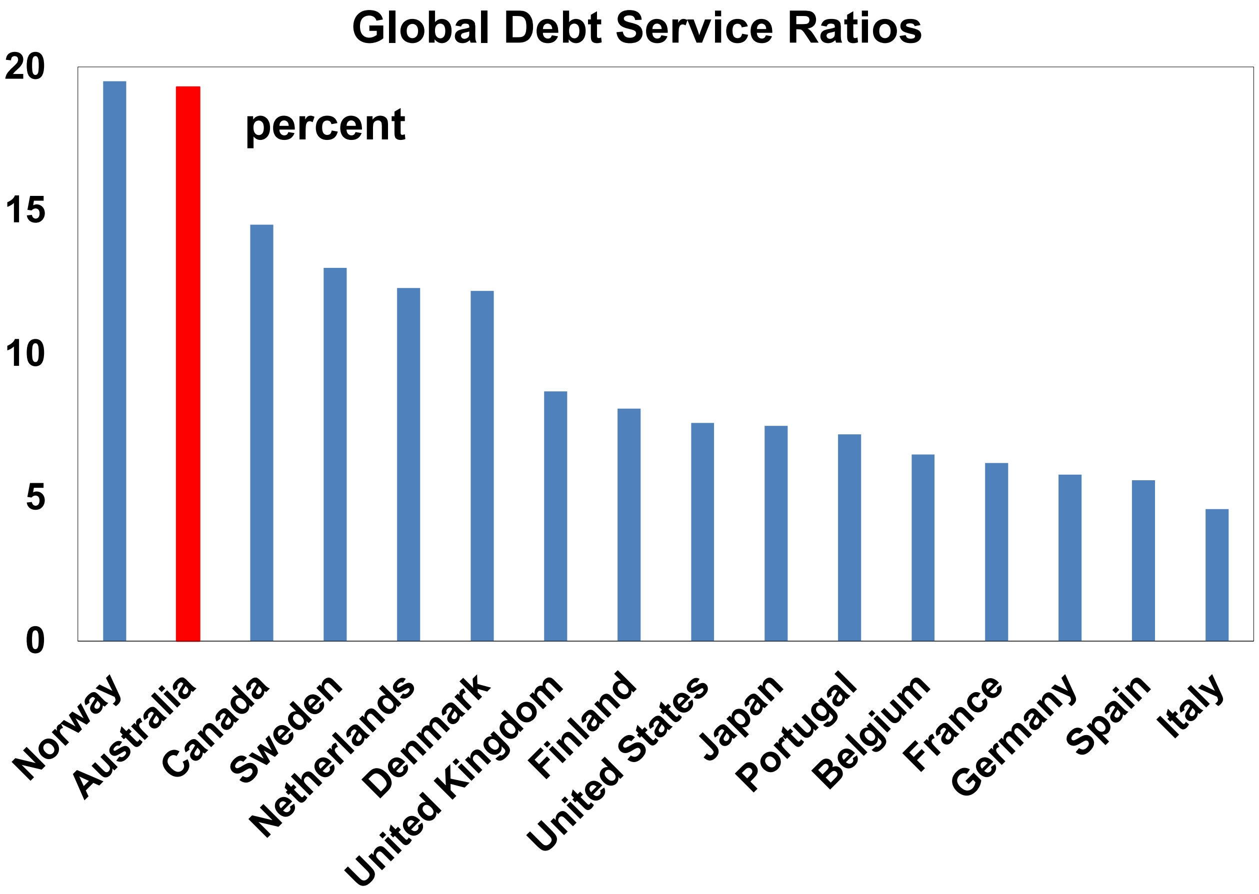
Source: ABS, AMP

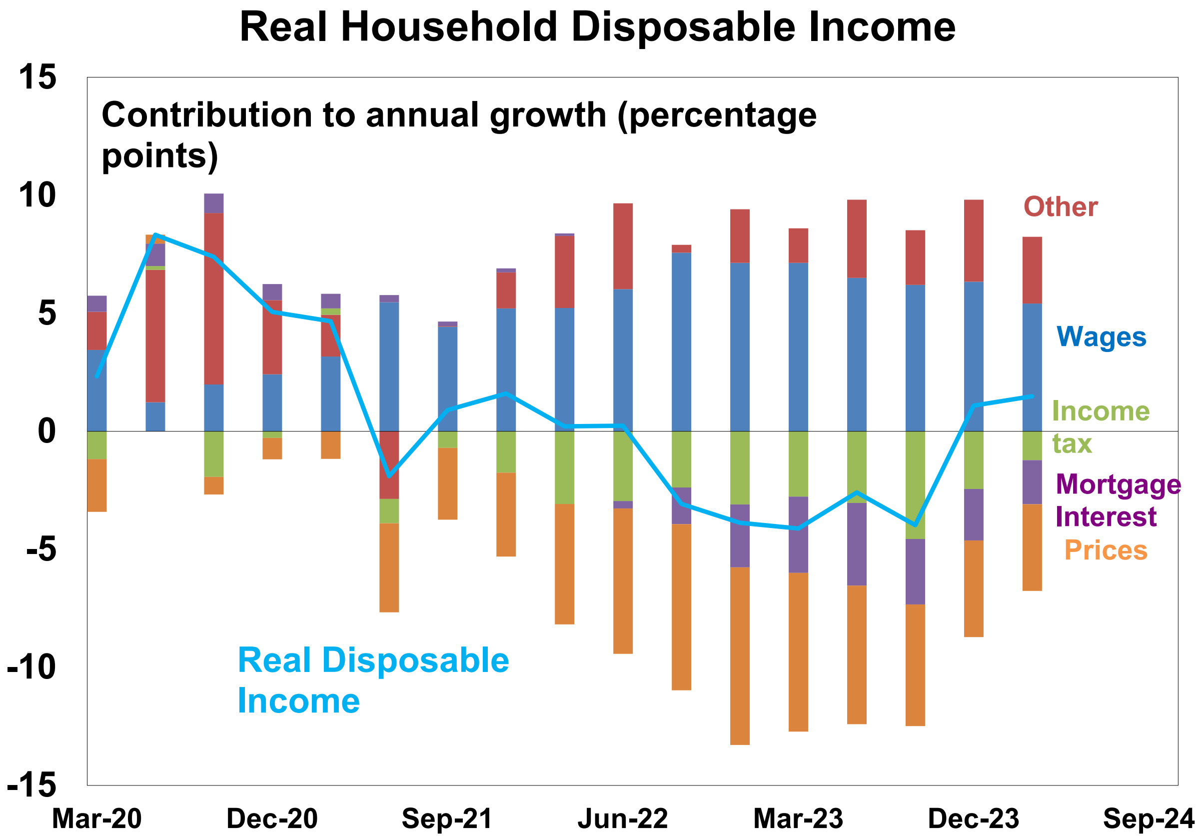
The labour market is slowing



Source: ABS, AMP

The RBA is likely at the top

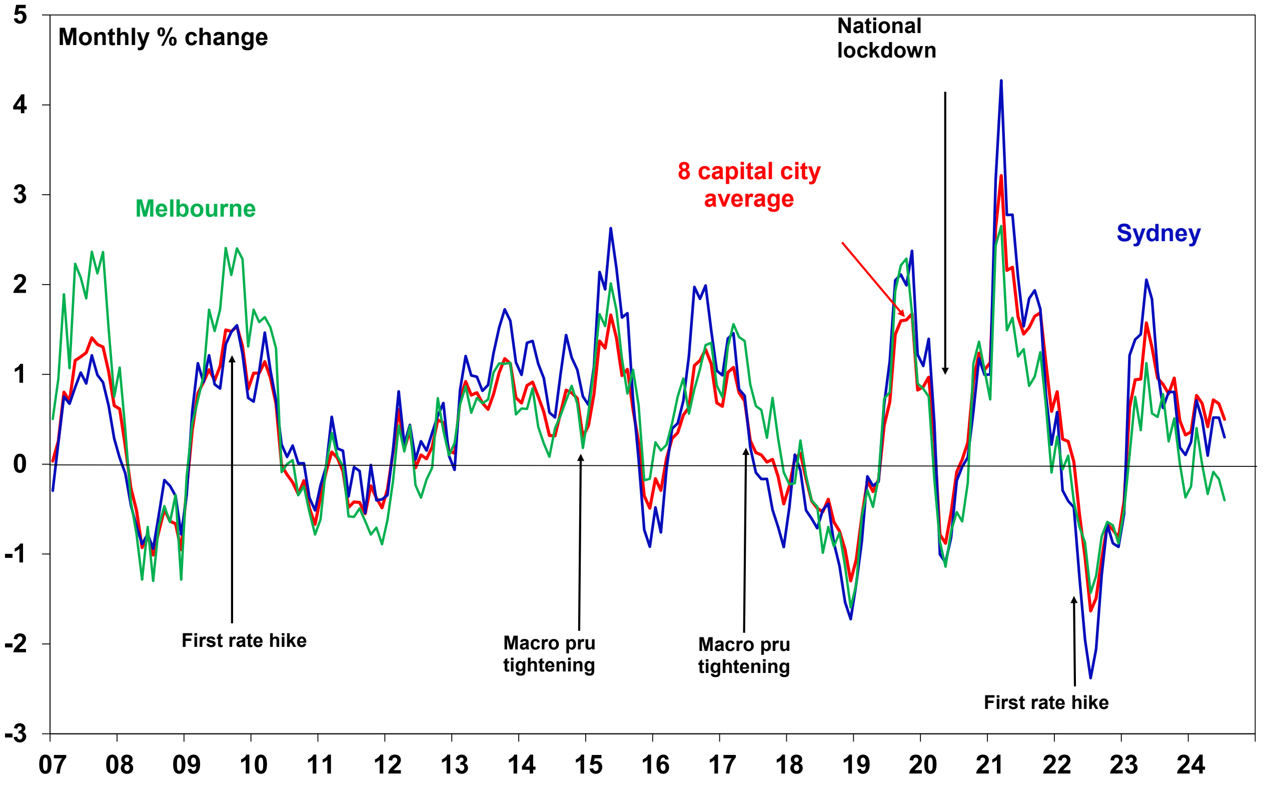




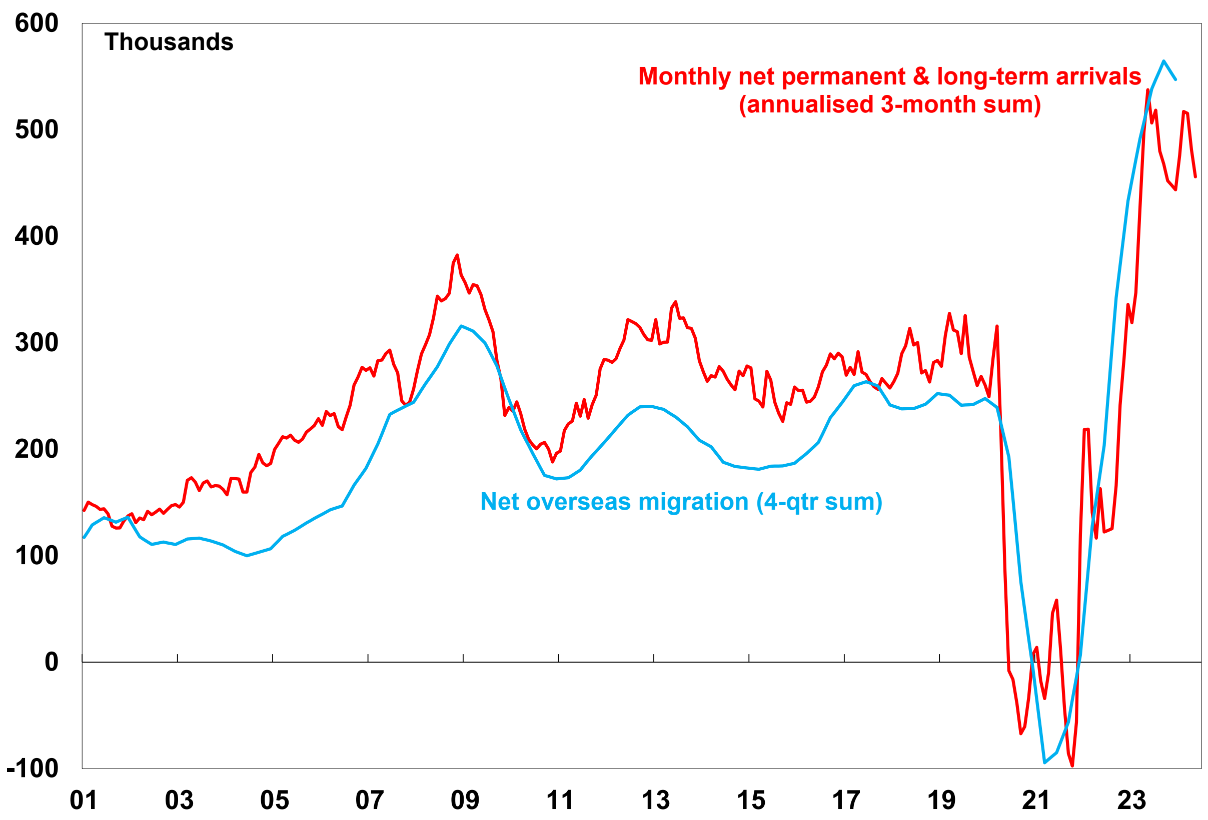
Source: ABS, BIS, RBA, AMP

Australian home price continued to hit new record highs supported by low supply

Average capital city home prices



Surging Australian net immigration



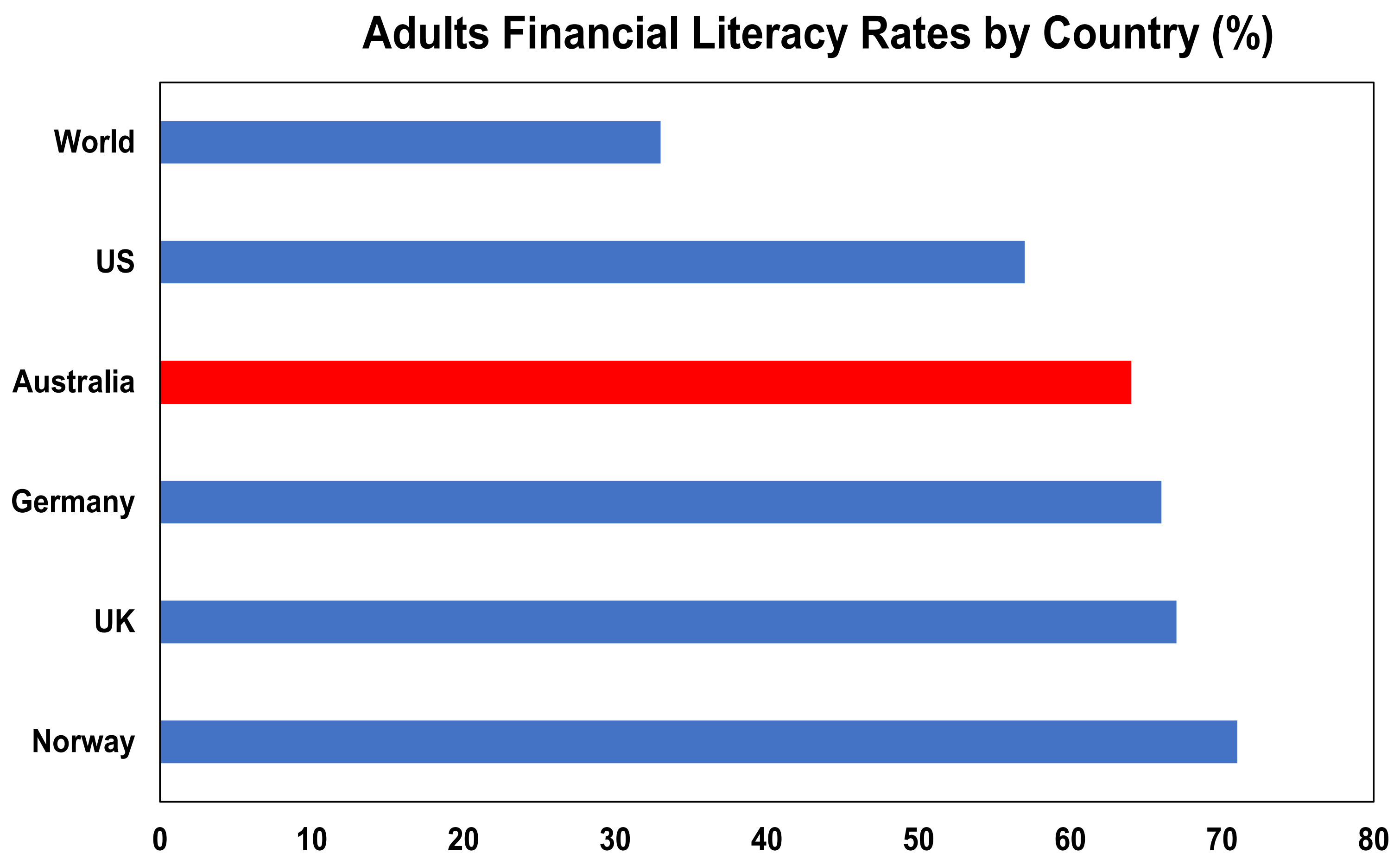
Projected medium term returns, %pa, pre fees and taxes

	Current Yield #	+ Hedge Points	+Growth	=Return
US Equities	1.29	-0.96	4.52	4.85
Asia ex Japan Equities	2.25	-0.05	7.10	9.31
Emerging Equities	2.56	-1.13	7.03	8.46
World Equities, local currencies	1.73	0.28	4.68	6.69
Australian Equities	3.8/4.9*	0.00	3.54	7.3/8.4*
New Zealand Equities	3.71	-0.93	3.95	6.73
Unlisted Commercial Property	4.55	0.00	2.50	7.05
Australian REITS	3.92	0.00	2.50	6.42
Global REITS	4.19	-0.23	2.47	6.43
Unlisted Infrastructure	4.24	-0.27	3.00	6.97
Global Listed Infrastructure	3.61	-0.23	4.18	7.56
Australian Gov't Bonds	4.51	0.00	0.00	4.51
Australian Corporate Debt	5.26	0.00	0.00	5.26
Australian Cash	3.00	0.00	0.00	3.00
Diversified Growth Mix				6.46

Current dividend yield for shares, distribution/net rental yields for property and 5 year bond yield for bonds.
* With franking credits added in
+ Does not include franking credit which could add 0.45% to the return

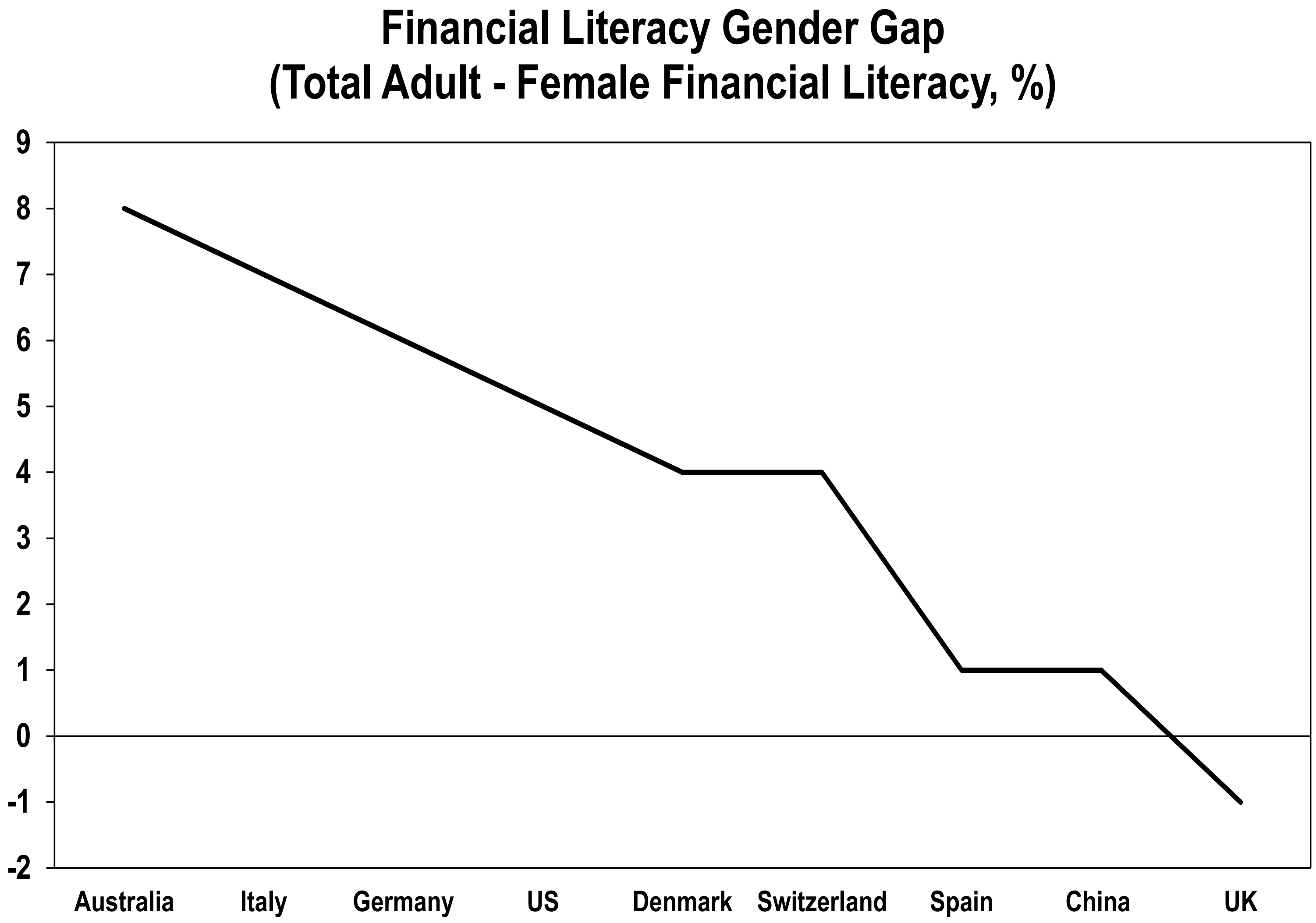
Source: AMP

Financial Literacy – we have a problem



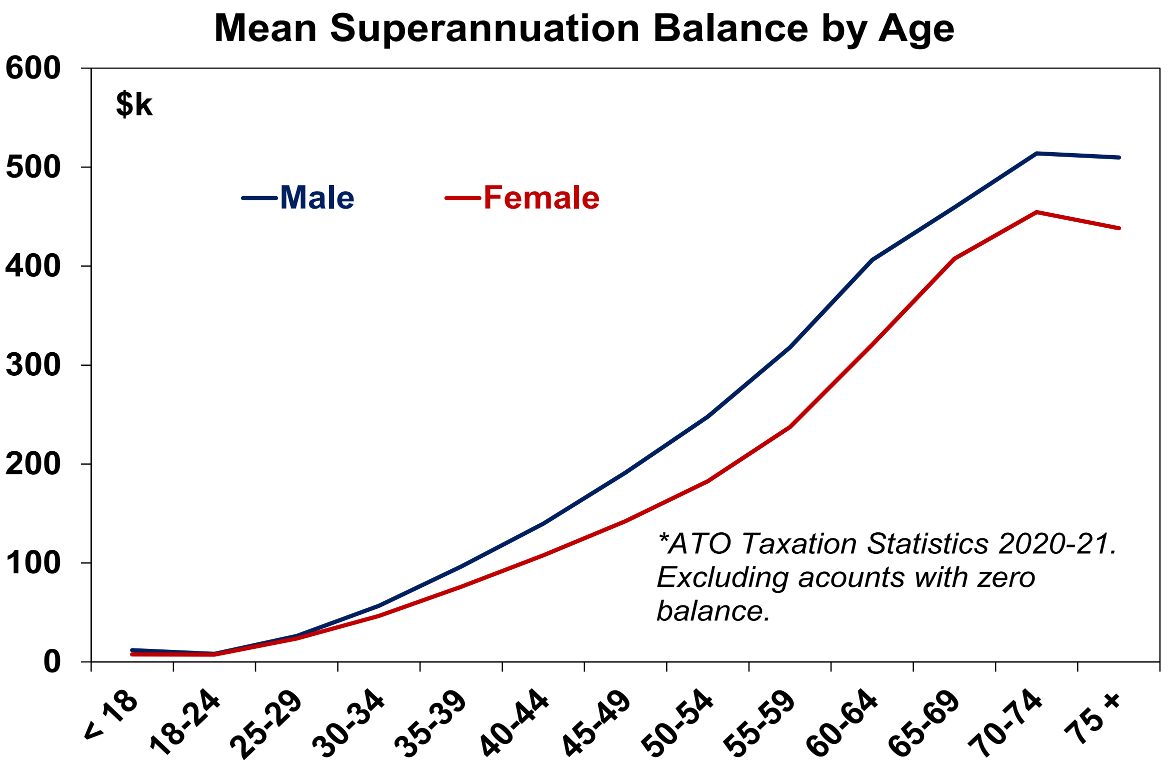
Source: S&P, AMP

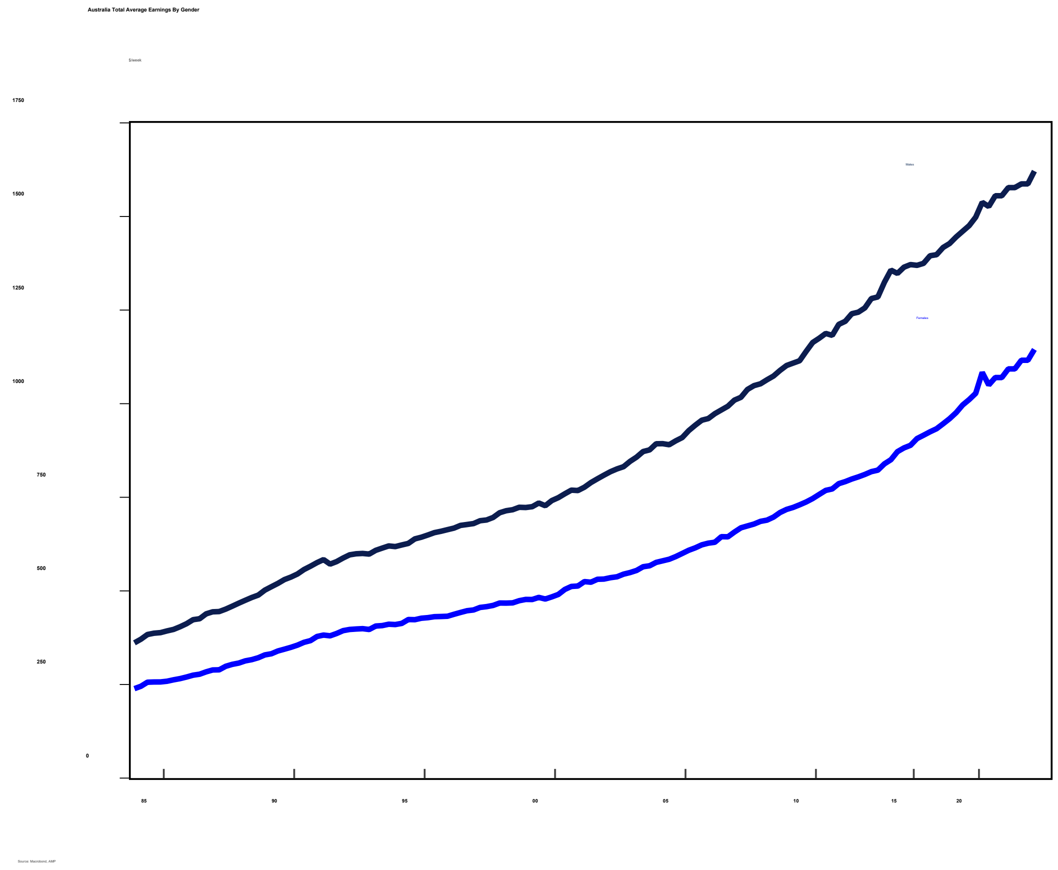
There is a gender gap in financial literacy



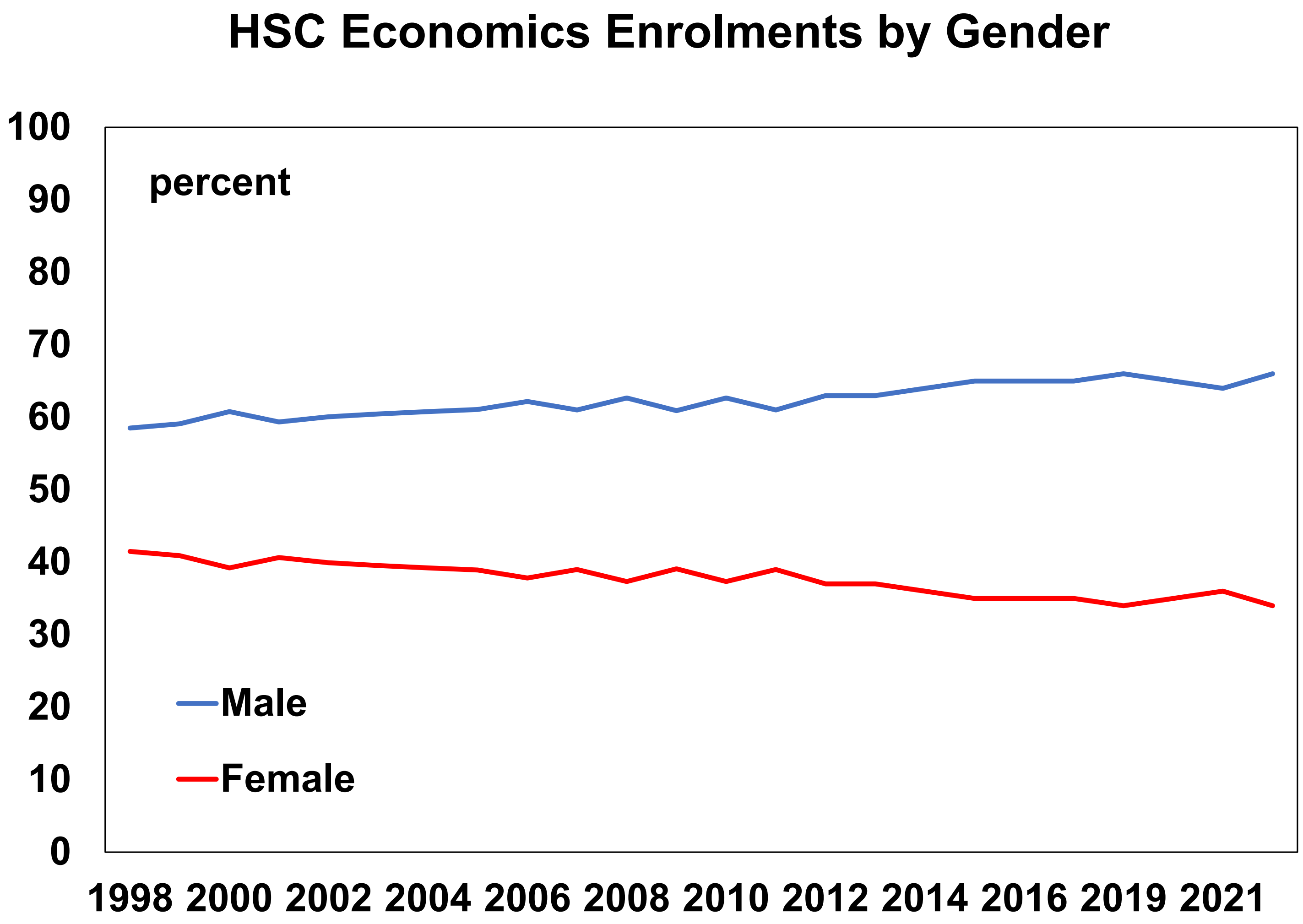
Source: S&P, AMP

How lower financial literacy impacts superannuation and earnings





Economics & Students



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