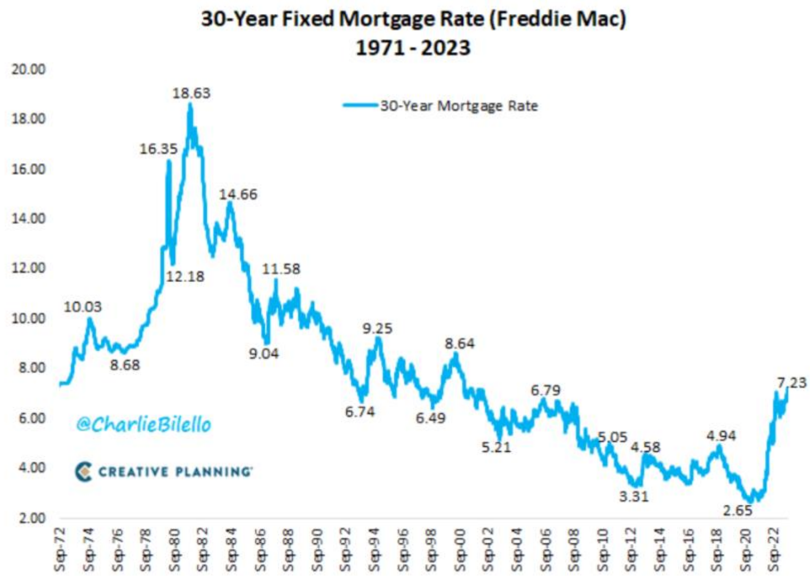
Economic Slides for September 2023 Show

1) Declining Purchasing Power

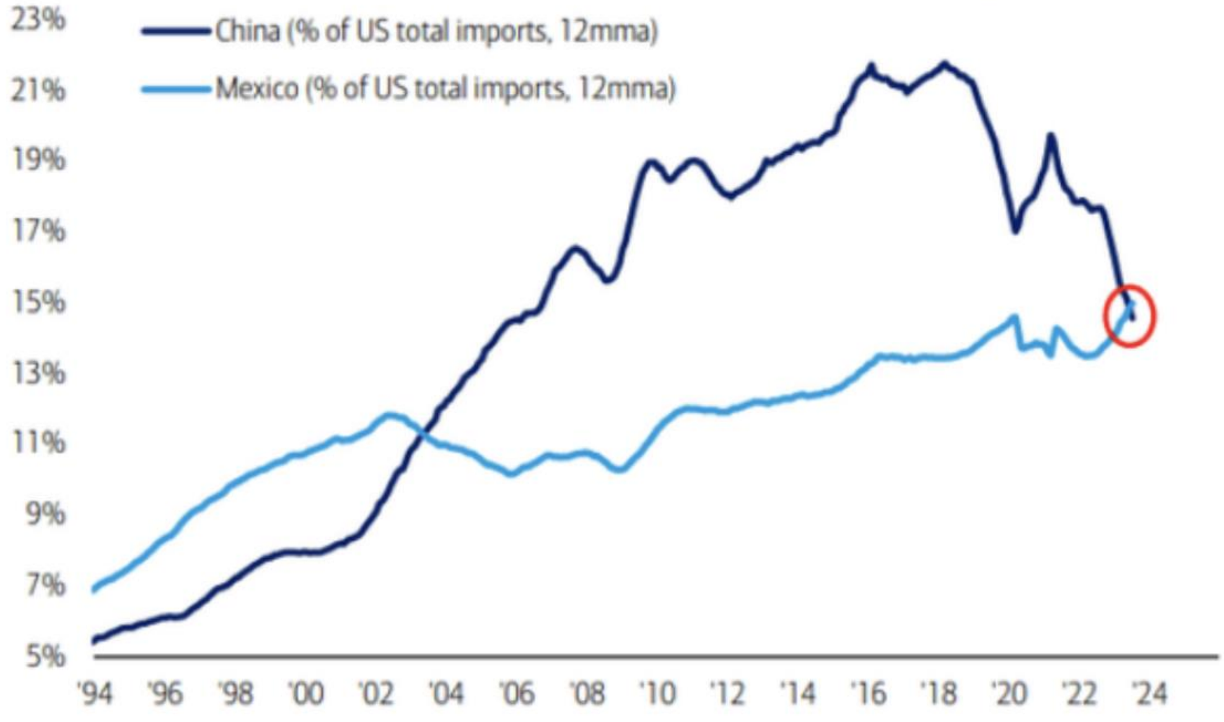
The 30-Year Mortgage Rate in the US has moved up to 7.23%, its highest level since 2001.



Assuming a $3,000 monthly budget, a 2.65% mortgage rate in January 2021 could have bought you a home worth $641k. The same $3,000 budget today with a 7.23% mortgage rate could buy you a home worth $434k.

Chart 4: US importing more from Mexico than China for first time since 2003

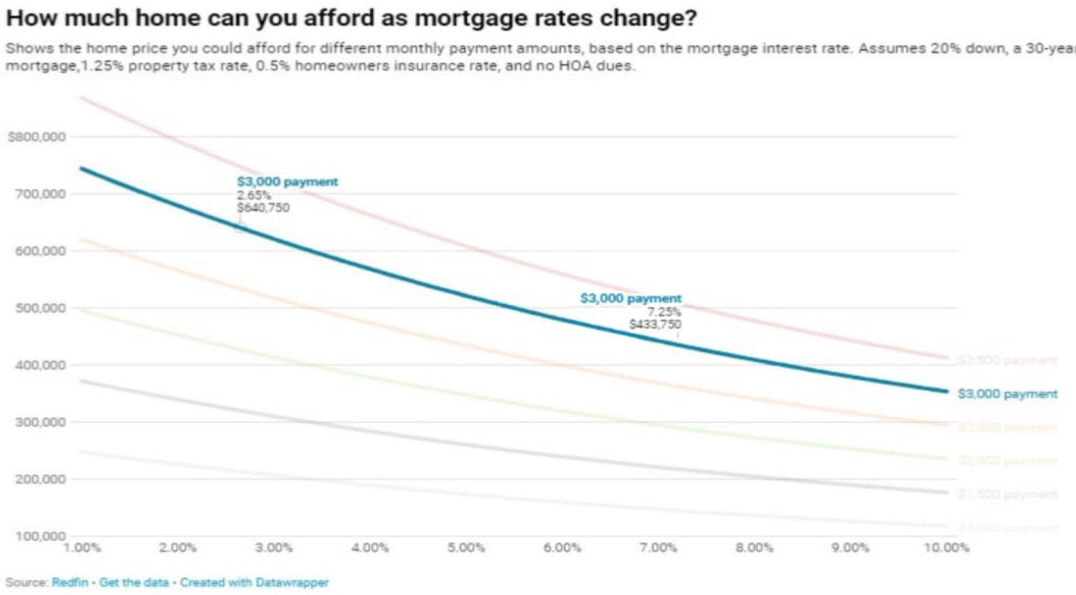
China and Mexico as % of US imports (12-month moving average)



Source: BofA Global Investment Strategy, Bloomberg

BofA GLOBAL RESEARCH

That’s a $207k (32%) decline in purchasing power.

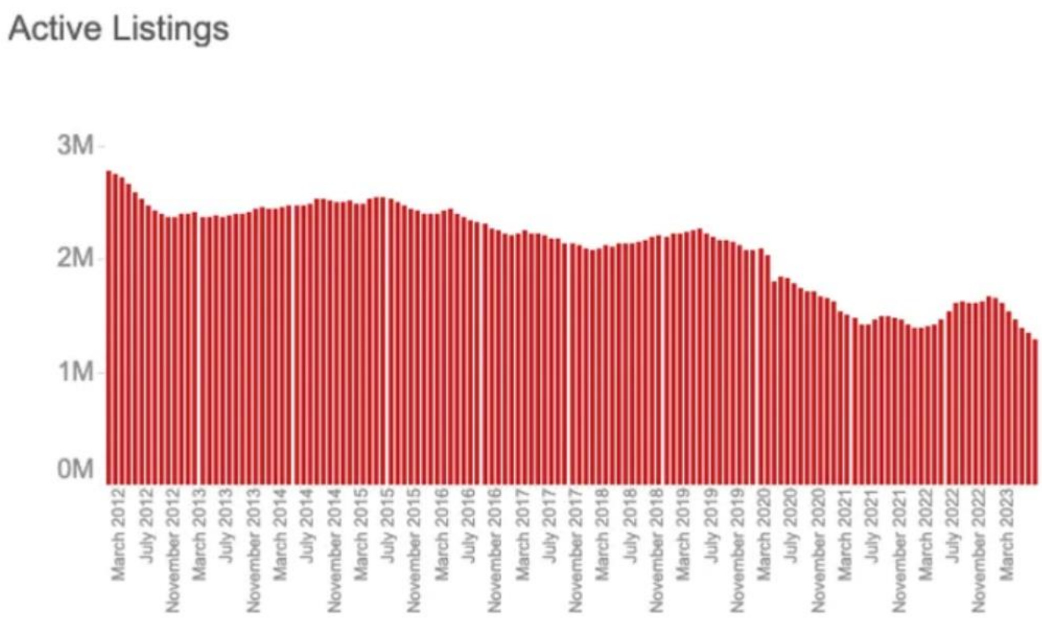


Surging mortgage rates are crushing affordability, and in turn crushing demand. Mortgage purchase applications in the US have fallen to their lowest levels since 1995.

2) A Dearth of Supply

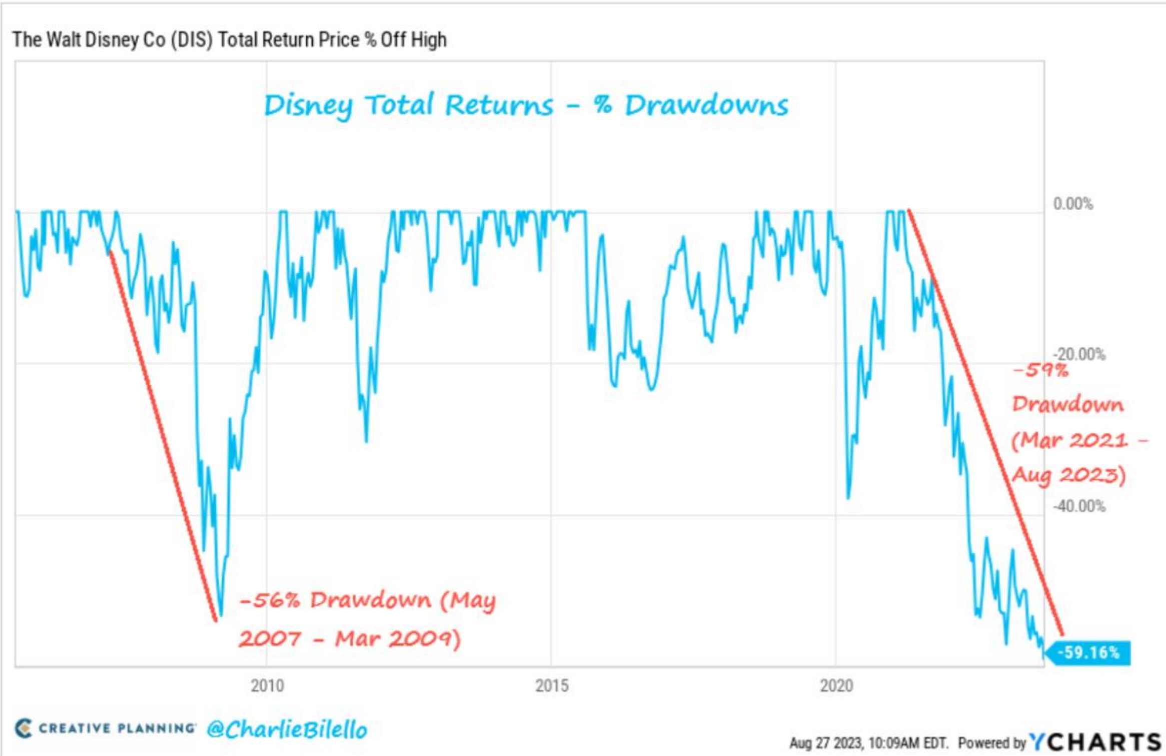
While the demand for housing is in freefall, so too is supply.

Active listings of homes for sale in the US fell 19.5% over the last year to the lowest level on record (Redfin data going back to 2012).



3) Disney in the Doldrums

The drawdown in Disney shares hit 59% last week, which is larger than its max drawdown from 2007-09 (-56%).

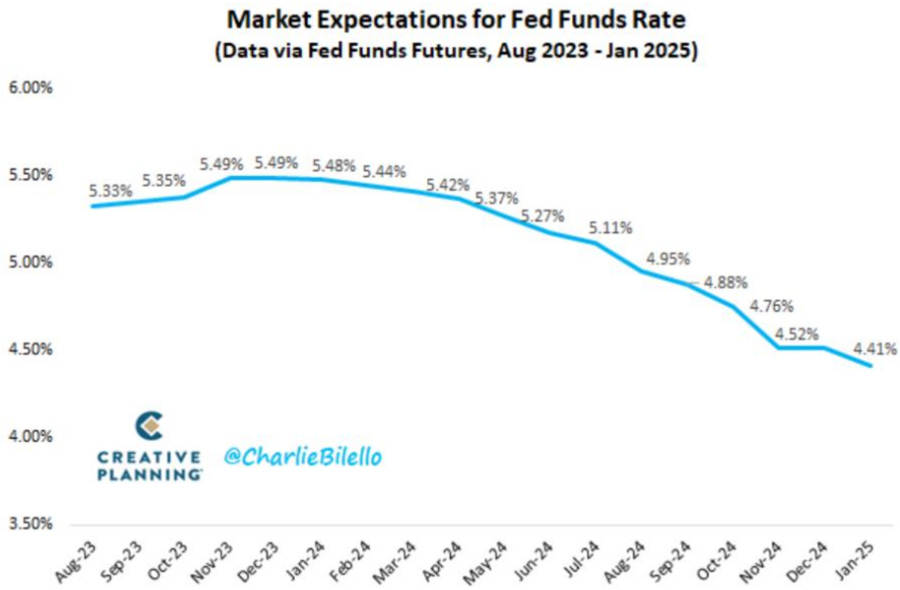


A major factor: declining profitability. While Disney's revenues have nearly tripled since 2004 (from $30 billion to $88 billion), its net income is essentially unchanged (at $2.25 billion), with net profit margin falling from 7.4% down to 2.6%.

Jerome Powell had this to say at the Fed's annual Jackson Hole symposium:

"Although **inflation** has moved down from its peak—a welcome development—it **remains too high**. **We are prepared to raise rates further if appropriate**, and intend to hold policy at a restrictive level until we are confident that inflation is moving sustainably down toward our objective."

The market is now pricing in an increased probability of another rate hike (to 5.50-5.75%) at the November FOMC meeting, and an overall higher for longer stance.



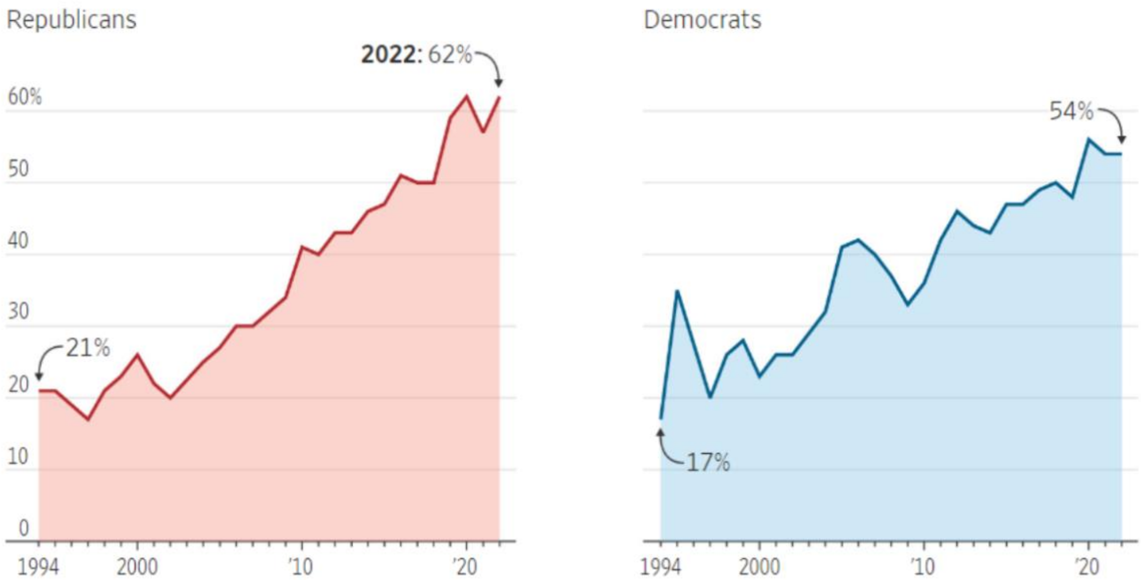
Office occupancy in 10 major U.S. cities remains below 50% of pre-covid levels.

Weekly average office occupancy in 10 U.S. cities*

*Reflects swipes of Kastle access controls in major cities where the company has a significant client base.
Source: Kastle Systems

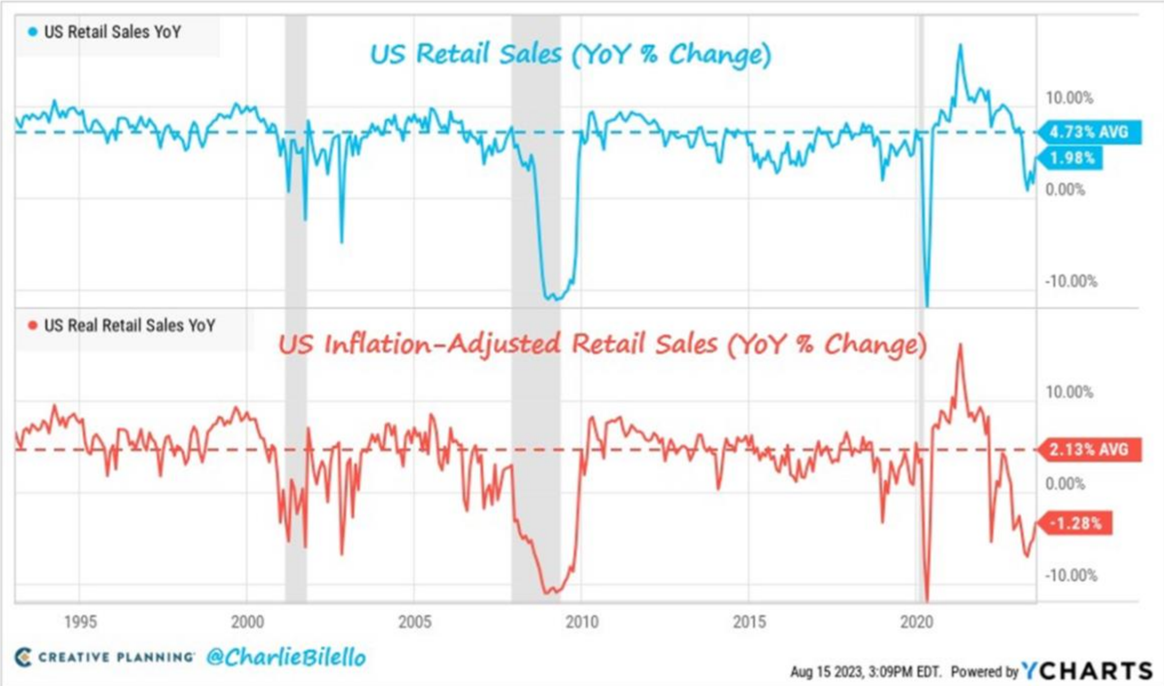
d) Increased polarization in America: 62% of Republicans and 54% of Democrats now view the other party "very unfavorably," about 3x higher than levels in 1994.

Share of those in each party who view the other party very unfavorably

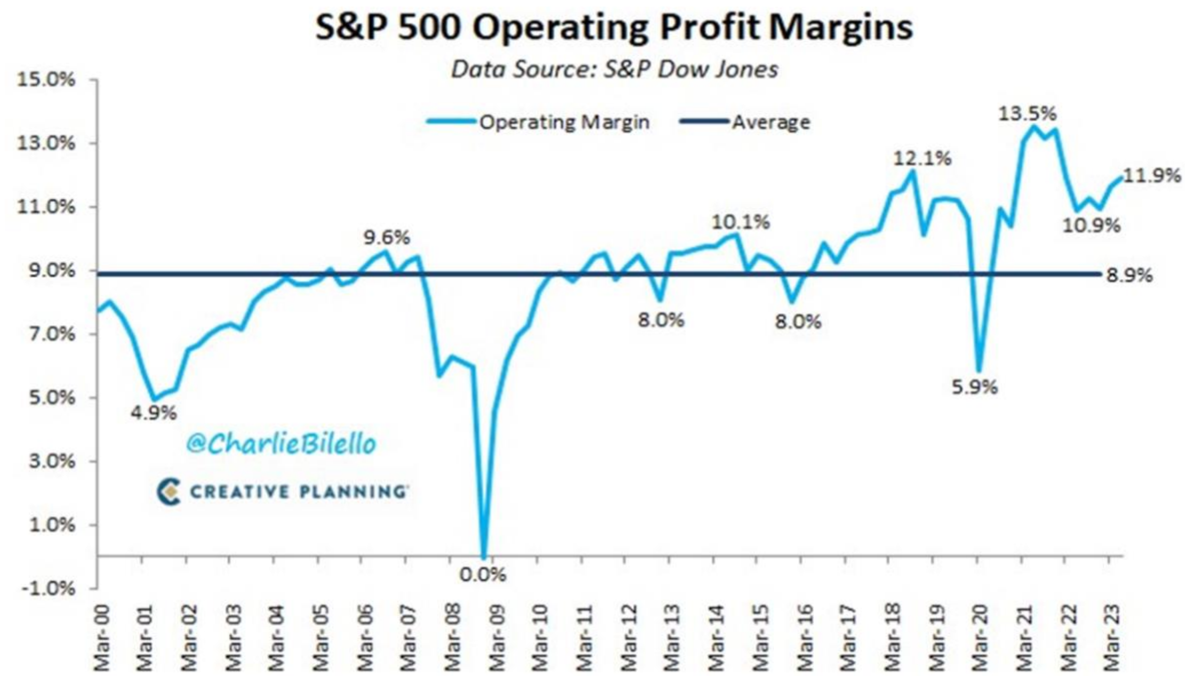


Note: Doesn't include independents/others who lean toward each party
Source: Pew Research Center phone and panel surveys, most recently of 6,174 adults conducted June 27–July 4, 2022; margin of error: +/- 1.8 pct. pts.

b) Retail Sales, which after adjusting for inflation have fallen for 9 straight months.



S&P 500 profit margins expanded to 11.9% in Q2, the highest since Q1 2022 and well above the historical average of 8.9% since 2000.



Australia

rba.gov.au/statistics/tables/

RESERVE BANK OF AUSTRALIA

GDP figures come in above expectations

06 September 2023 • By Jon Bragg • 1 minute read   SHARE

The Australian Bureau of Statistics has released the June quarter national accounts.

Australia's GDP grew by 0.4 per cent in the June quarter, according to the latest national accounts released by the Australian Bureau of Statistics (ABS) on Wednesday, slightly above economist forecasts of 0.3 per cent growth for the quarter.

On an annual basis, GDP growth slowed to 2.1 per cent in the 12 months to June, above forecasts of 1.8 per cent and compared to the upwardly revised growth figure of 2.4 per cent for the 12 months to March. Growth in the March quarter was also revised up to 0.4 per cent.

"This was the seventh straight rise in quarterly GDP, and annual growth remained above trend, reflecting the absence of significant COVID-19 disruptions, such as lock downs, in 2022-23," said ABS head of national accounts Katherine Keenan.

"Capital investment and exports of services were the main drivers of GDP growth this quarter."

Statement by Philip Lowe, Governor: Monetary Policy Decision

Number	**2023-23**
Date	**5 September 2023**

At its meeting today, the Board decided to leave the cash rate target unchanged at 4.10 per cent and the interest rate paid on Exchange Settlement balances unchanged at 4.00 per cent.

Interest rates have been increased by 4 percentage points since May last year. The higher interest rates are working to establish a more sustainable balance between supply and demand in the economy and will continue to do so. In light of this and the uncertainty surrounding the economic outlook, the Board again decided to hold interest rates steady this month. This will provide further time to assess the impact of the increase in interest rates to date and the economic outlook.

Inflation in Australia has passed its peak and the monthly CPI indicator for July showed a further decline. But inflation is still too high and will remain so for some time yet. While goods price inflation has eased, the prices of many services are rising briskly. Rent inflation is also elevated. The central forecast is for CPI inflation to continue to decline and to be back within the 2–3 per cent target range in late 2025.

The Australian economy is experiencing a period of below-trend growth and this is expected to continue for a while. High inflation is weighing on people's real incomes and household consumption growth is weak, as is dwelling investment. Notwithstanding this, conditions in the labour market remain tight, although they have eased a little. Given that the economy and employment are forecast to grow below trend, the unemployment rate is expected to rise gradually to around 4½ per cent late next year. Wages growth has picked up over the past year but is still consistent with the inflation target, provided that productivity growth picks up.

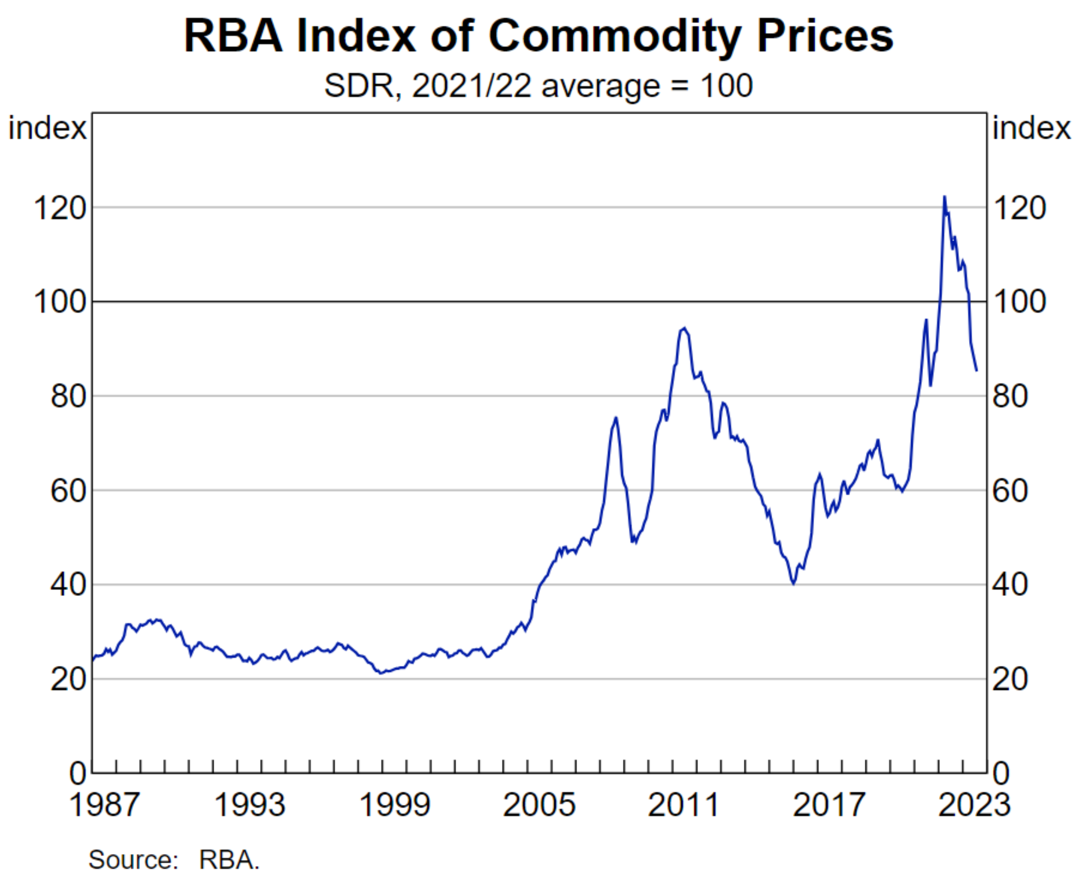
Returning inflation to target within a reasonable timeframe remains the Board's priority. High inflation makes life difficult for everyone and damages the functioning of the economy. It erodes the value of savings, hurts household budgets, makes it harder for businesses to plan and invest, and worsens income inequality. And if high inflation were to become entrenched in people's expectations, it would be very costly to reduce later, involving even higher interest rates and a larger rise in unemployment. To date, medium-term inflation expectations have been consistent with the inflation target and it is important that this remains the case.

Over the past year, the index has decreased by 23.2 per cent in SDR terms, led by lower thermal coal and liquified natural gas prices. The index has decreased by 16.5 per cent in Australian dollar terms.

Consistent with previous releases, preliminary estimates for iron ore, coking coal, thermal coal and LNG export prices are being used for the most recent months, based on market information. Using spot prices for the bulk commodities index, the index increased by 0.5 per cent in August in SDR terms, to be 22.2 per cent lower over the past year.

For further details regarding the construction of the index, please refer to 'Changes to the RBA Index of Commodity Prices: 2013' in the March 2013 issue of the *Bulletin* and 'Weights for the Index of Commodity Prices' (April 2023).

Details are in the attached table and graph.



Graphs

Graph of the AUD/USD exchange rate

Help Export

Sources: WM/Reuters

The cash rate target graph and table below display interactive information. You can show data according to the sample periods and the direction of change in the cash rate target by selecting from the display options.

Graph of the Cash Rate Target

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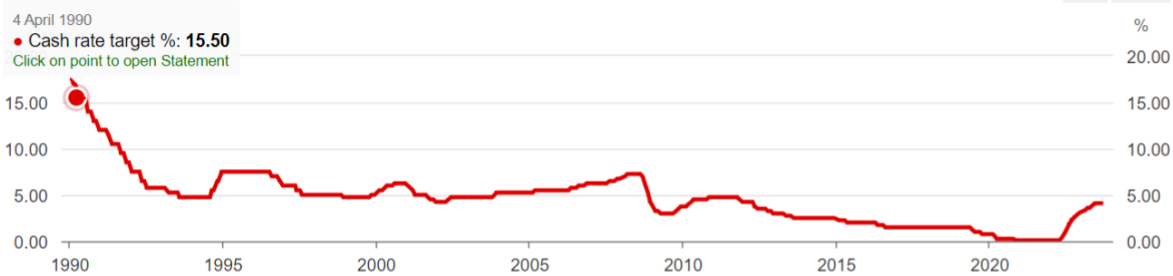

Source: RBA

Lenders' Interest Rates

On This Page

Lenders' interest rates are published 25 business days after the end of each month.

Housing Rates

Owner-occupier Variable Housing Rates

Outstanding and new loans; in % per annum

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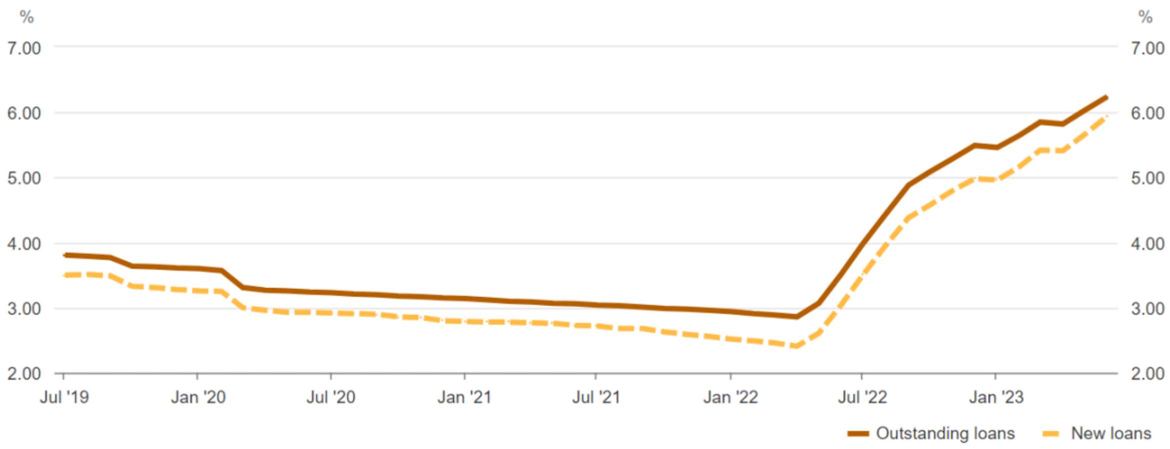

Sources: APRA; RBA

Business Rates

Outstanding Business Rates

Small, medium and large business; in % per annum

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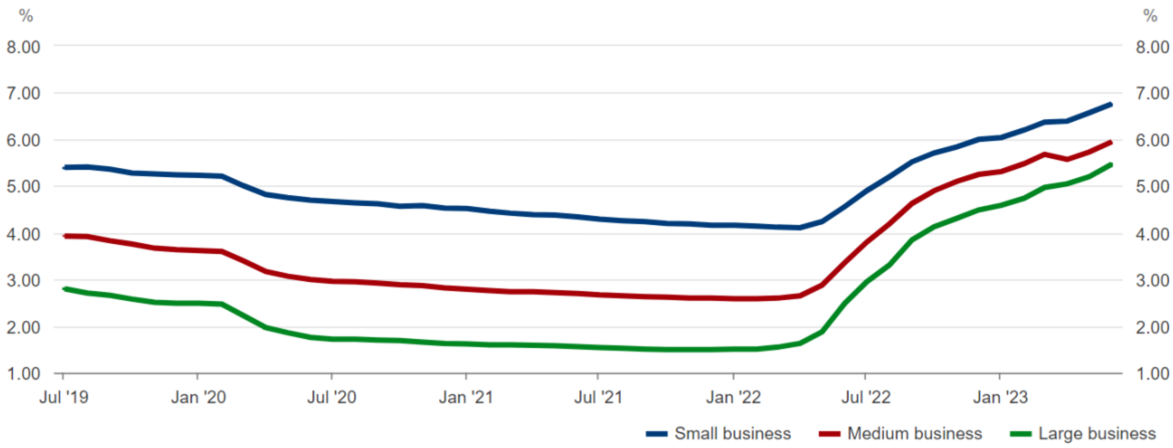


Sources: APRA; RBA

Welcome to the

Australian Bureau of Statistics

Population	Consumer price index	Gross domestic product	Average weekly earnings	Unemployment rate
26,268,359	6.0%	0.4%	$1,838.10	3.7%
31 December 2022	Annual change June 2023 quarter	Quarterly change Jun 2023	May 2023	July 2023

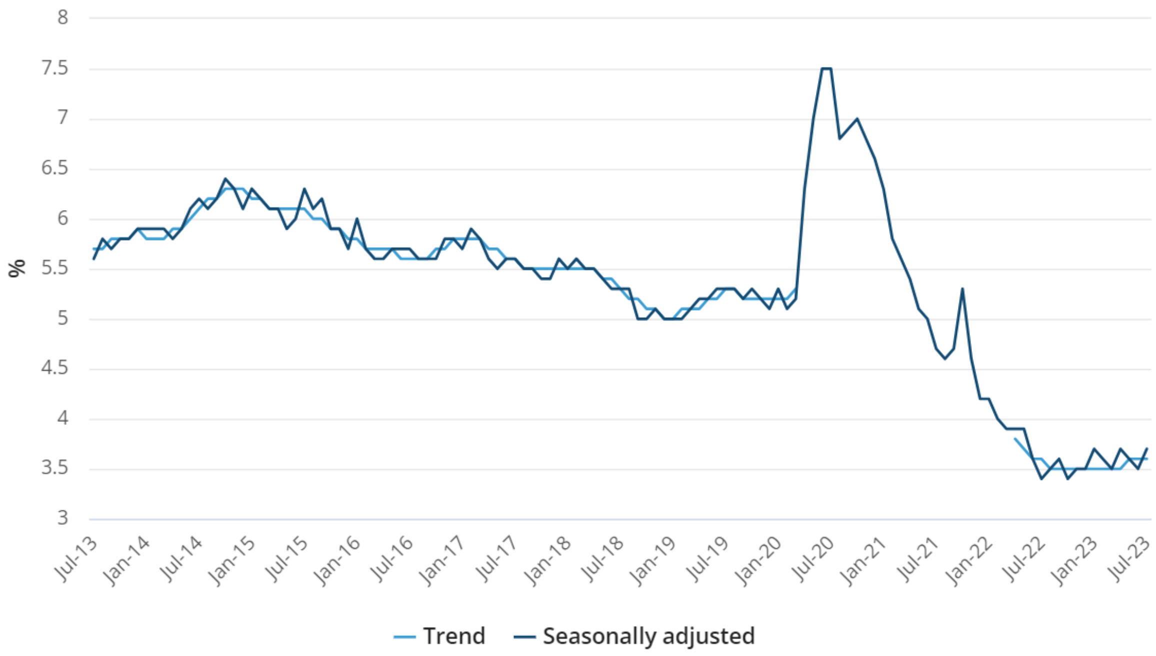
Unemployment

In trend terms, in July 2023:

- unemployment rate remained at 3.6%.
- unemployed people increased by 5,400 to 528,800.
- youth unemployment rate increased to 8.3%.

Graph Table Download

Unemployment rate



Large month-to-month changes occurred during the COVID-19 pandemic, resulting in multiple trend breaks. The ABS recommends caution when using trend estimates published in spreadsheets in this release for this period. Information on trend breaks can be

Main features

Graph Table

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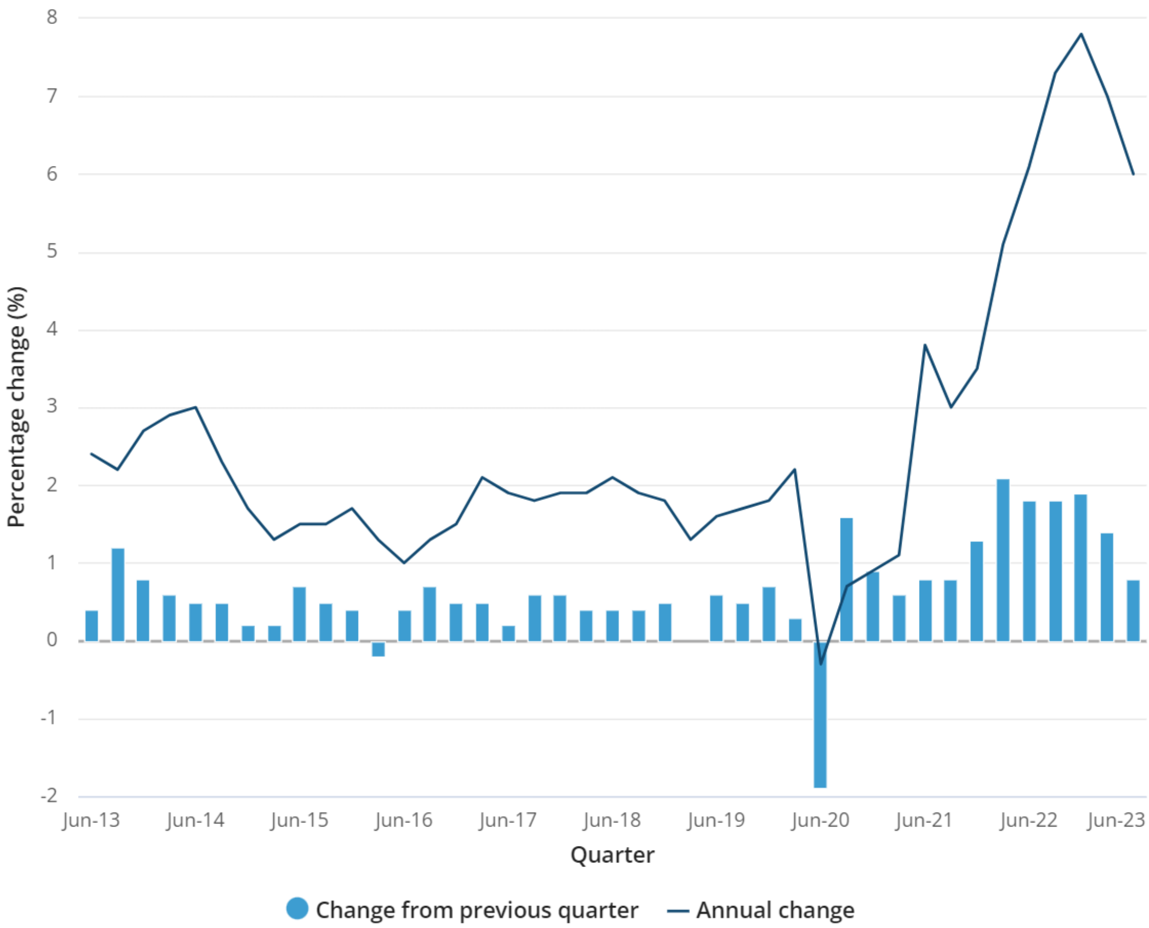
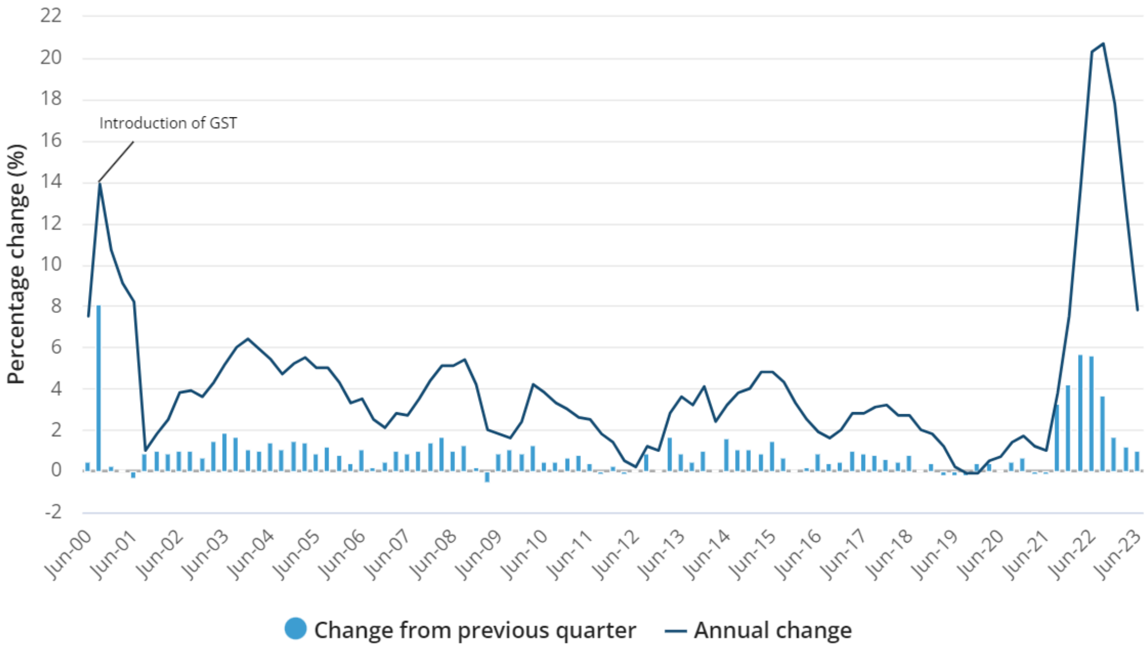
All groups CPI, Australia, quarterly and annual movement (%)



New dwelling purchase by owner occupiers, Australia, quarterly and annual movement (%)

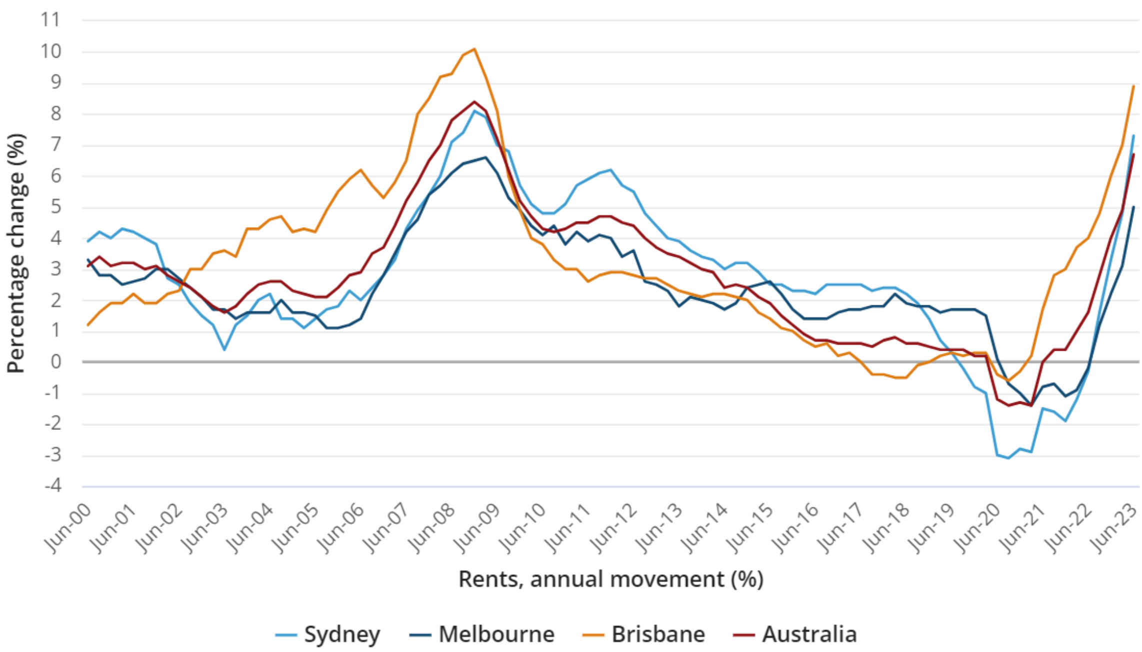


Rental price increases highest since 2009

Rental prices rose 6.7 per cent annually. This is the largest annual rise since 2009, reflecting low vacancy rates amid a tight rental market across the country.

Graph Table Download

Rents, annual movement (%)

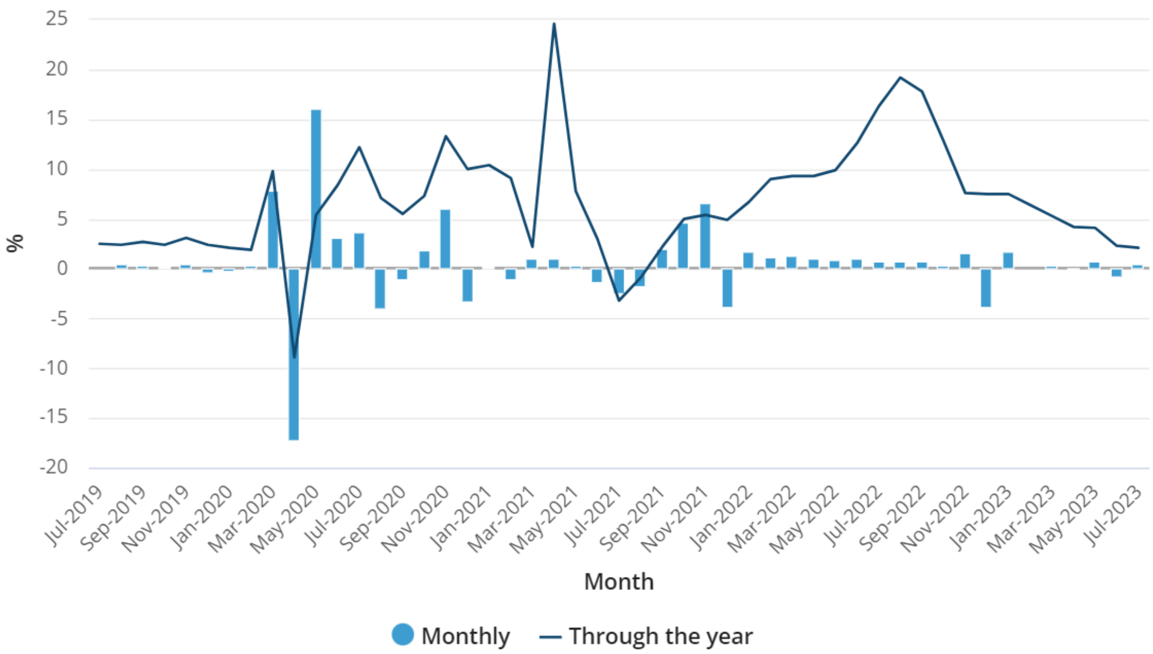


Total retail turnover

Graph Table

Download

Monthly turnover, current prices - seasonally adjusted estimate



Australian new car sales: Winners and losers s

The car market records the best first half of a calendar year since 2018, including record EV share and some new names atop the sales charts.

Mike Co
Senior C

The Australian new vehicle market has rebounded over the first half of 2023, showing 8.2 per cent growth over the same period in 2022. It's the strongest H1 result since 2018.

Some of the interesting developments, as the tables below will show, include:

- Number-one brand Toyota down 24 per cent in volume due to poor supply, causing its market share to tumble to 15.9 share points – well below its 20 share point benchmark.
- Toyota HiLux and Ford Ranger remain the top two models, with the Isuzu D-Max in fourth. Number three vehicle YTD is the Tesla Model Y.
- Western Australia and Queensland are the two fastest-growing regions on a percentage basis.
- More than 43,000 electric vehicles sold, for a record 7.4 per cent market share. It was just 1.8 per cent at this point last year!
- EVs outsold hybrids (38,313), largely due to Toyota's lack of supply on RAV4, Camry and others.
- Chinese cars up 93.1 per cent to 95,852 units, led by the Tesla Model Y and Model 3, plus domestic brands MG, GWM, LDV and BYD.

carexpert.com.au/car-news/australian-new-car-sales-winners-and-losers-so-far-in-2023

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List of sales by brand over H1 of 2023:

BRAND	YTD SALES	CHANGE OVER H1 2022
Toyota	92,235	Down 24%
Mazda	50,424	Up 1%
Kia	39,160	Down 0.7%
Ford	38,182	Up 33.7%
Hyundai	37,707	Down 1.2%
Mitsubishi	30,849	Down 26.1%
MG	26,692	Up 8.9%
Tesla	25,577	Up 449.7%
Subaru	22,502	Up 32.4%
Volkswagen	20,970	Up 60.6%
Isuzu Ute	20,357	Up 8.3%
GWM	17,548	Up 105.1%
Nissan	17,278	Up 13.3%
Mercedes-Benz Cars	12,671	Down 12.3%
BMW	12,502	Up 5.1%
LDV	11,250	Up 56.8%
Audi	9336	Up 48%
Suzuki	8814	Down 21.6%

How many steps should you do a day for a fun fact:

Showing results for how ***many*** steps should a 65 year old do a day
Search instead for how manny steps should a 65 year old do a day

This means that adults ages 59 and younger can benefit the most from 8,000 to 10,000 steps per day, and adults ages 60 and older have the most benefits from taking 6,000 to 8,000 steps per day. These findings are based on longevity so for other health benefits, walking more can still be beneficial. 12 Jan 2023