

Looking firstly into the American markets:

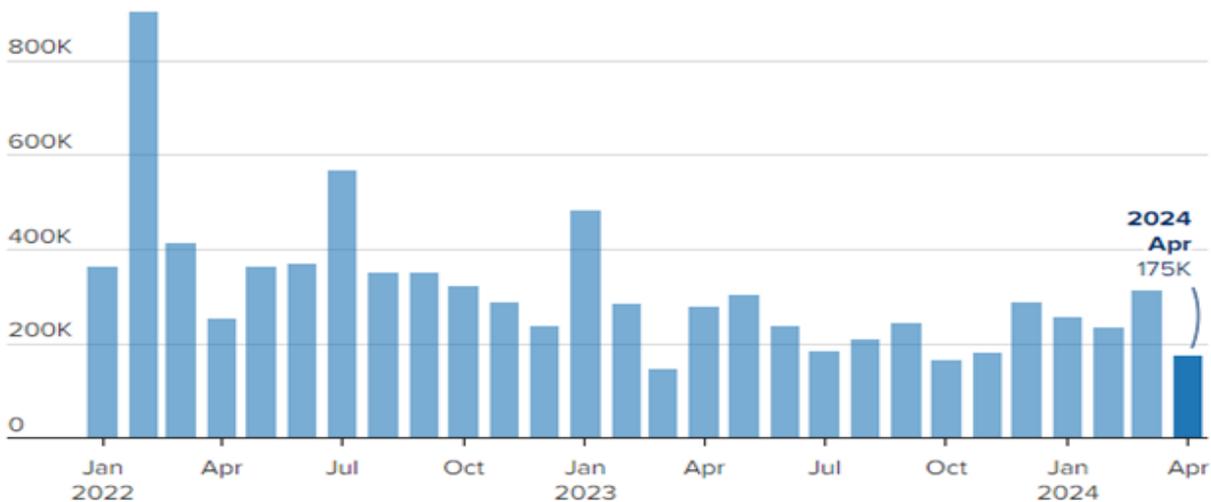
Labor Market is cooling

There are a number of signs currently pointing to a cooling of the labor market...

- Exhibit A: 175,000 US jobs were added in April, well below the consensus estimate of 243k jobs.

Monthly job creation in the U.S.

January 2022 through April 2024

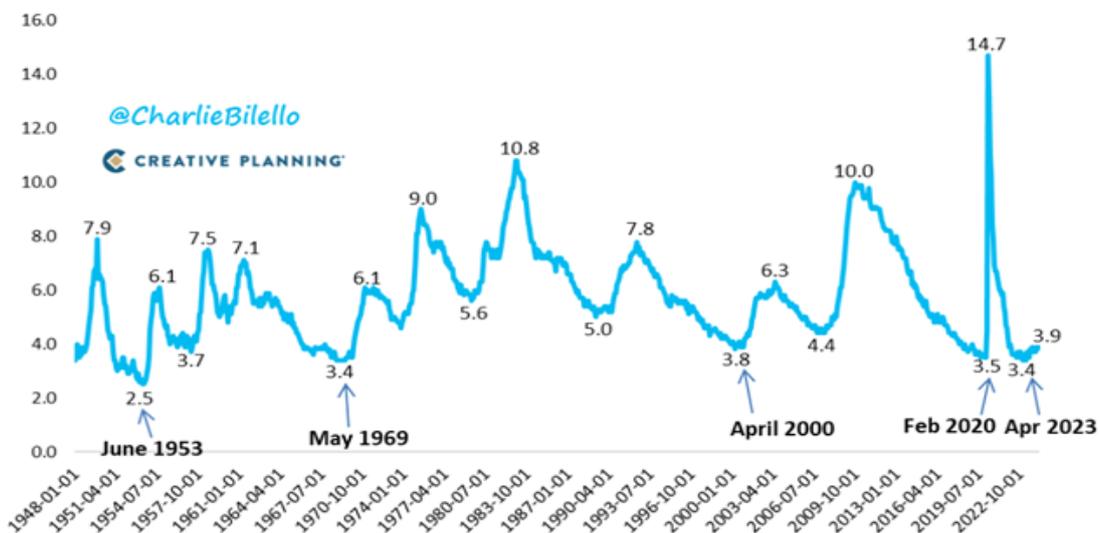


Source: U.S. Bureau of Labor Statistics via FRED
Data as of May 3, 2024



- Exhibit C: The US Unemployment Rate moved up to 3.9% in April from 3.8% in March, the highest level since January 2022.

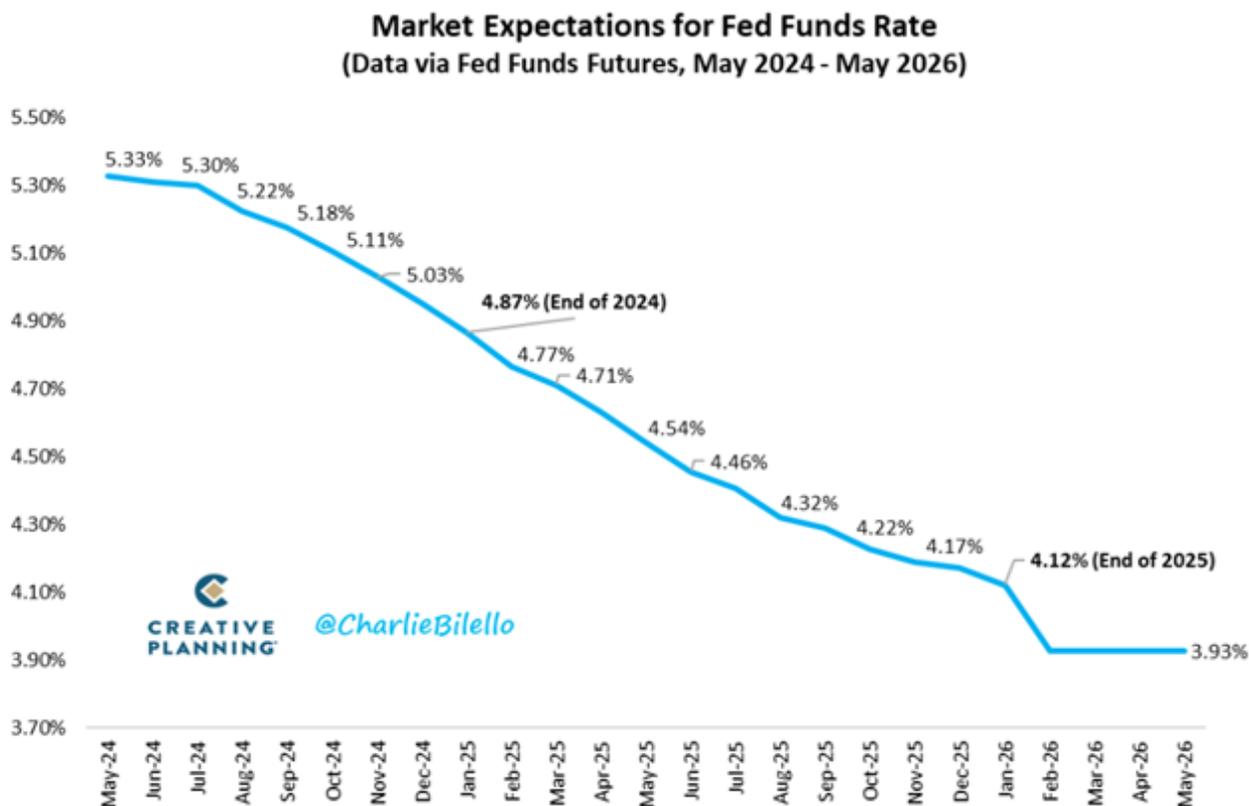
U.S. Unemployment Rate (%)



- Exhibit D: US Job Openings moved down to 8.49 million, the fewest since February 2021. At 2.1%, the percentage of workers quitting their jobs (quits rate) is at the lowest level since August 2020.

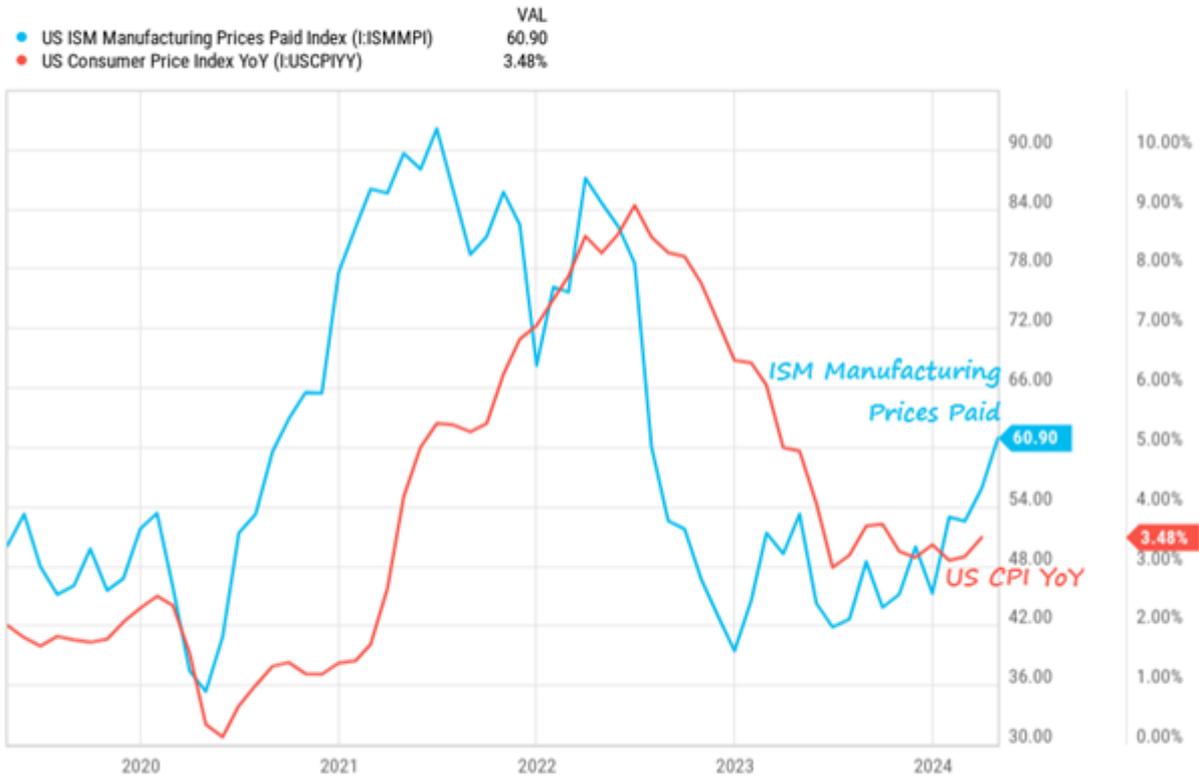
The expectation around interest rate cuts has changed a lot since the start of the year. The consensus now is that there will be two cuts and we will see if that even pans out.

We saw a meaningful shift in Fed Funds Rate expectations after the jobs report, with market participants now pricing in two rate cuts in 2024 (September and December) and two more in the first half of 2025 (March and June).



There are signs inflation is not going away. If this turns out to be a lead indicator then rate cuts are a long way off.

- The Prices Paid component of ISM Manufacturing has moved up to its highest level since June 2022, potentially signaling higher inflation for longer. This was a leading indicator of the inflationary spike in 2021-22.



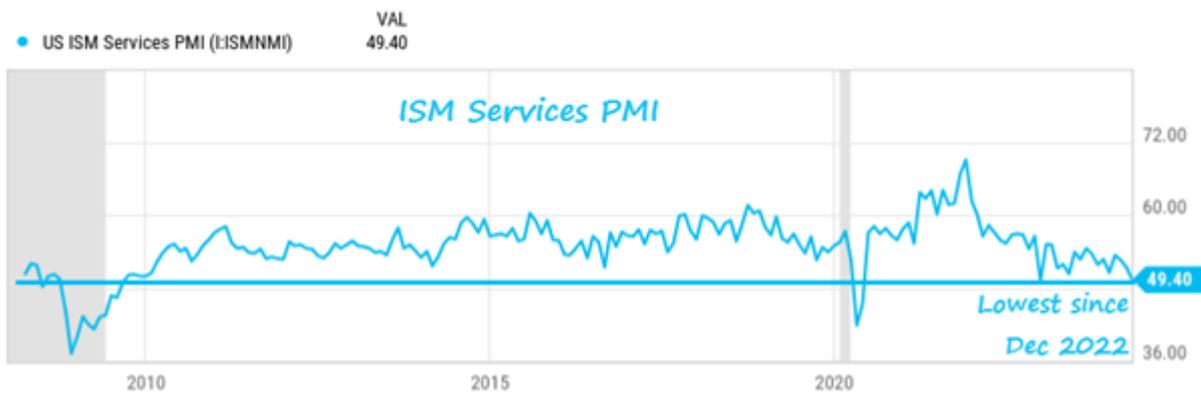
History has shown when the Institute for Supply Management index (ISM) manufacturing index is below 50 it has not ended well for markets or the economy.

The ISM Manufacturing PMI has been below 50 for 17 out of the last 18 months.

The ISM Services PMI moved below 50 in April for the first time since December 2022.

Since 2008, the only periods when both PMIs have been below 50 at the same time:

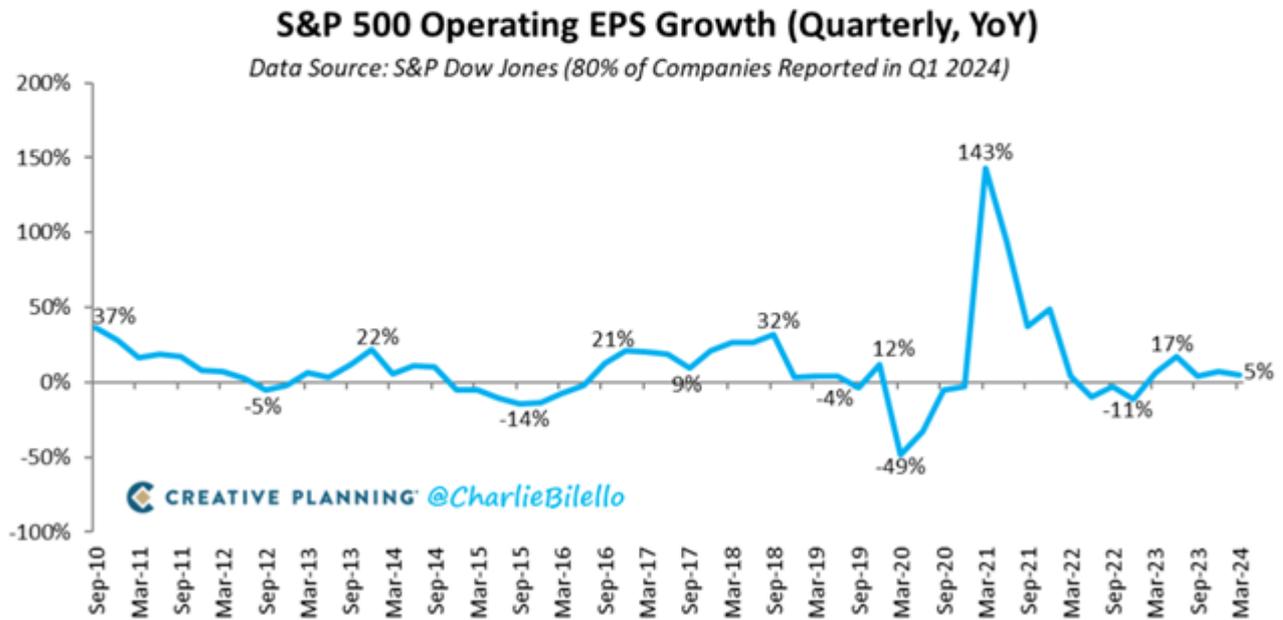
- July 2008 – July 2009 (Recession)
- April – May 2020 (Recession)
- December 2022
- Today



As long as earnings remain then the higher multiples can hold these levels.

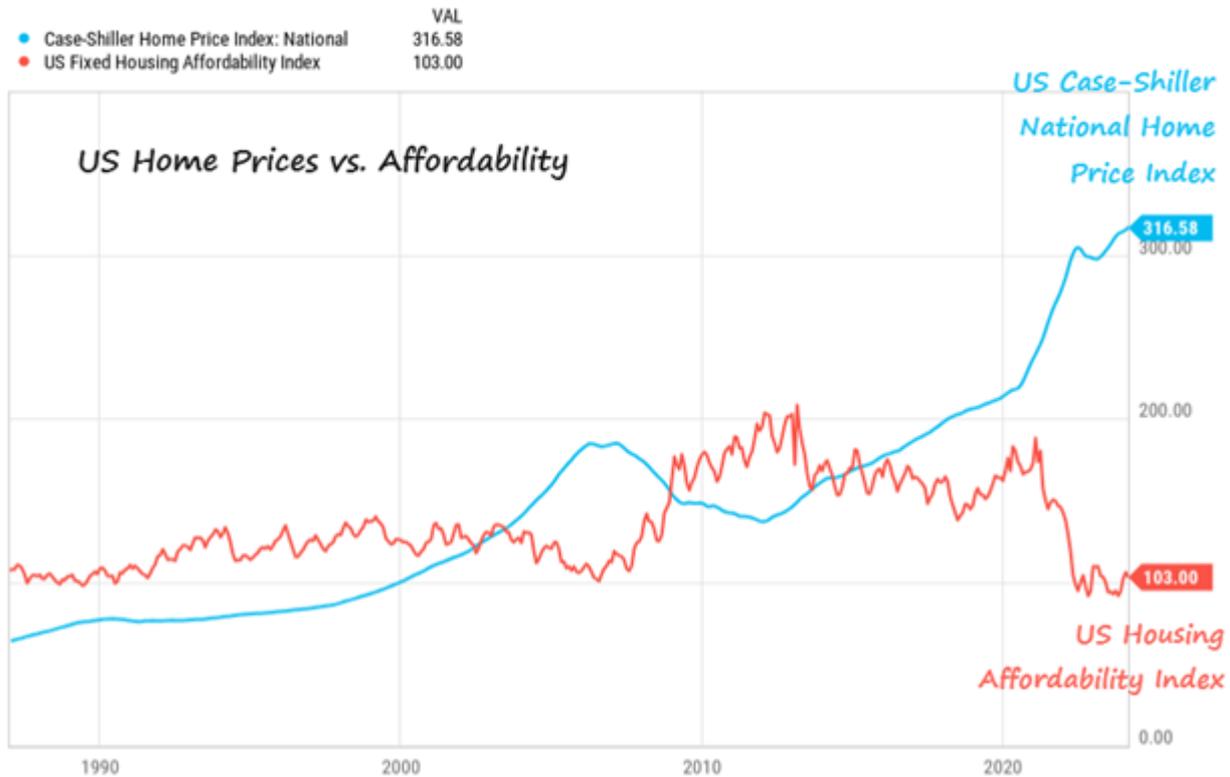
8) Higher Earnings + Much Higher Stock Prices = Higher Multiples

With 80% of companies reported, S&P 500 1st quarter operating earnings are up 5% over the past year, the 5th consecutive quarter of positive YoY growth.



Homes in America are at their most unaffordable in history.

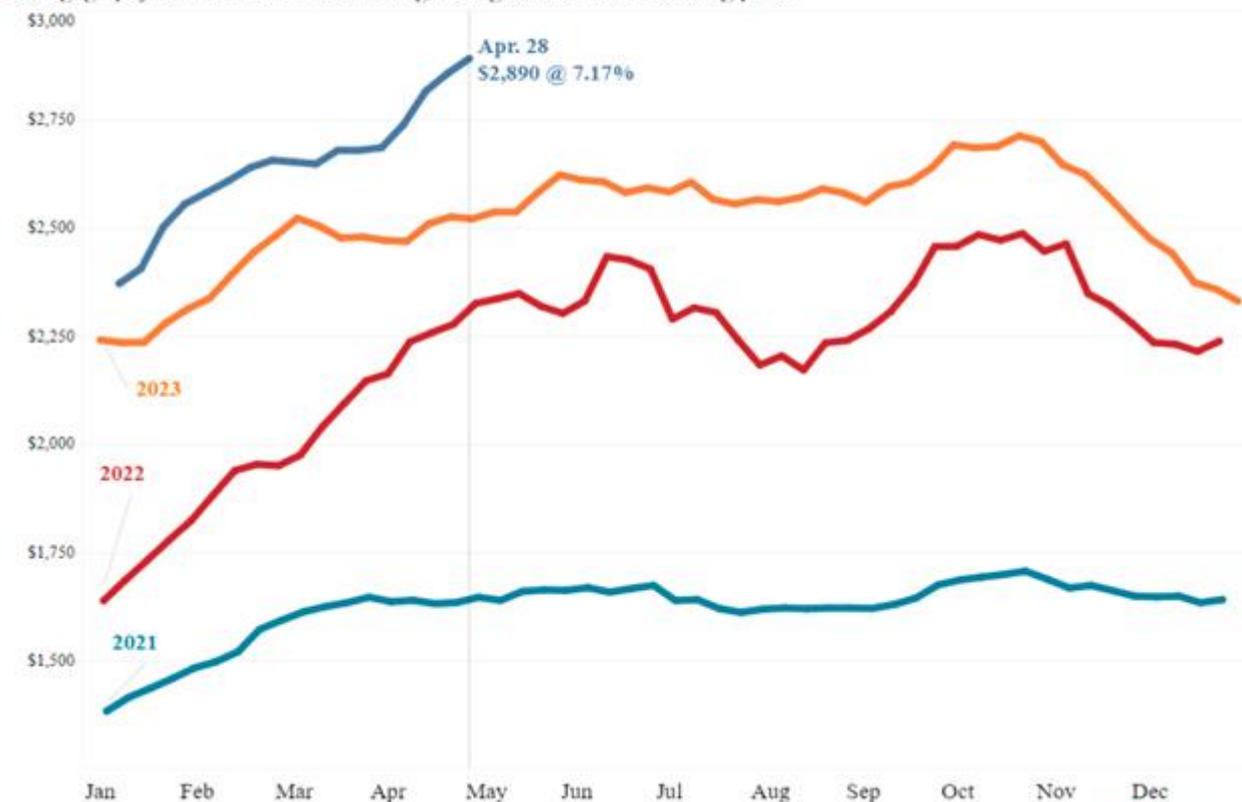
On a national basis, home prices have risen 6% over the last year and have hit a record high 8 months in a row.



The repayments are what will slow the economy down. The median repayment in the US has risen from \$1,480 to \$2,890 in just 4 years

The mortgage payment needed to buy the median priced home for sale in the US has increased 95% over the last 4 years (from \$1,480 to record \$2,890), the consequence of skyrocketing prices and mortgage rates. Buying a home has never been more unaffordable than it is today.

Homebuyer Housing Payments +14.7% Year Over Year Mortgage payment on the 4-week rolling average of the median asking price



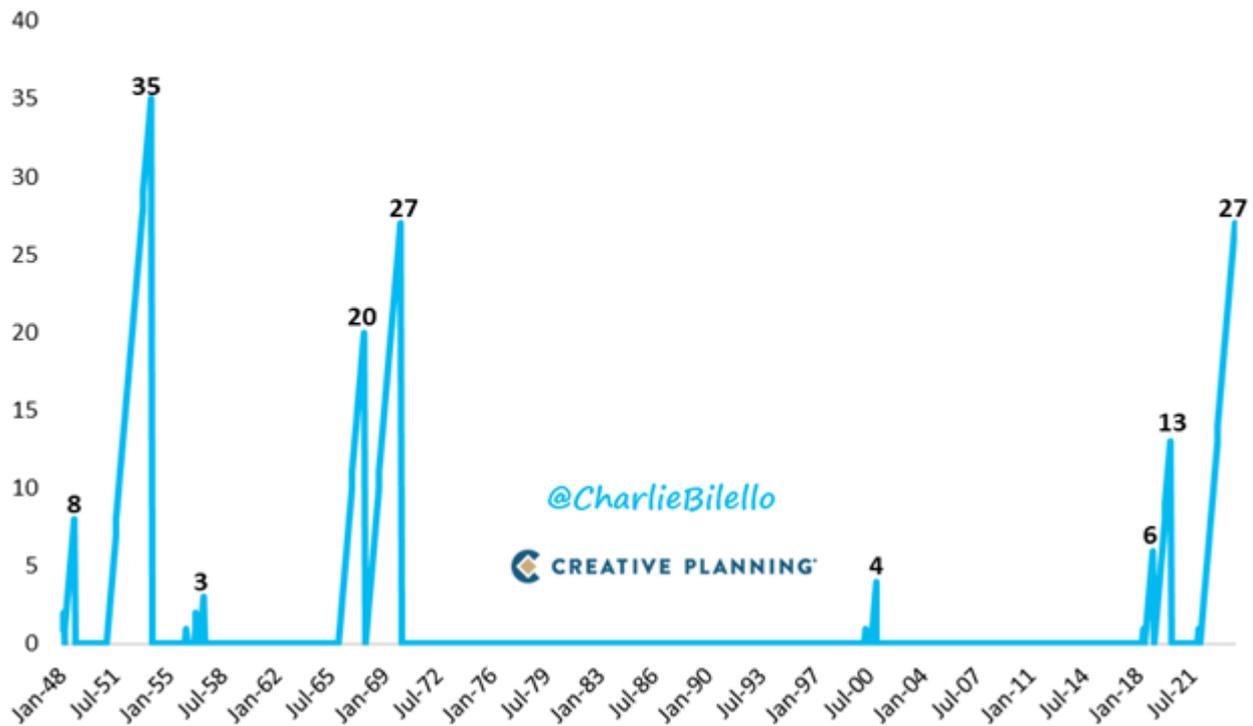
Source: Redfin analysis of MLS data, Freddie Mac Primary Mortgage Market Survey



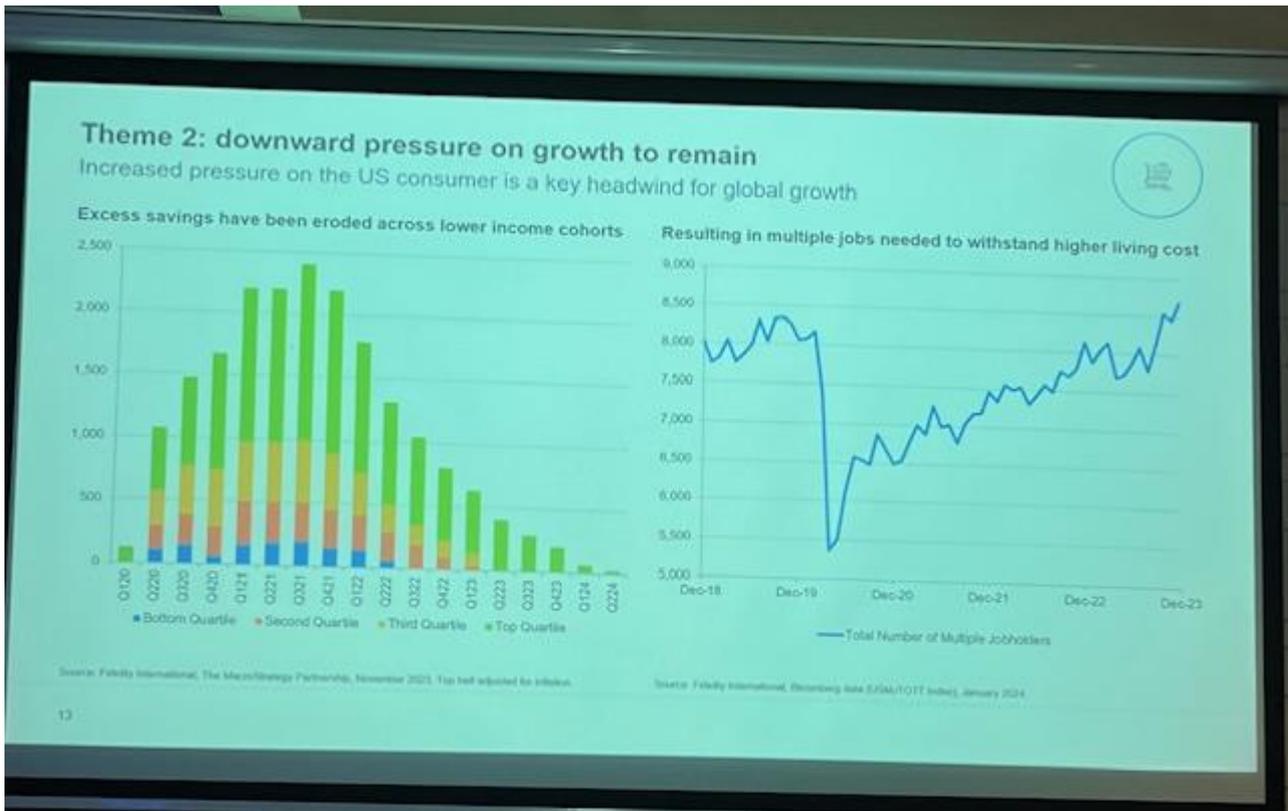
The unemployment rate has been low for a long time and we're seeing the longest low streak since the late 60's.

d) The US Unemployment Rate has now been below 4% for 27 straight months, the longest streak since 1967-70.

**US Unemployment Rate: Consecutive Months Below 4%
(1948 - 2024)**



There is now signs that excess savings has been eroded and this could be the catalyst to slow spending as there is simply so excess capacity left.





Welcome to the Australian Bureau of Statistics

Population 26,821,557 30 September 2023	Consumer price index 3.6% Annual change Mar 2024 quarter	Gross domestic product 0.2% Quarterly change, Dec 2023	Average weekly earnings \$1,888.80 November 2023	Unemployment rate 3.8% March 2024
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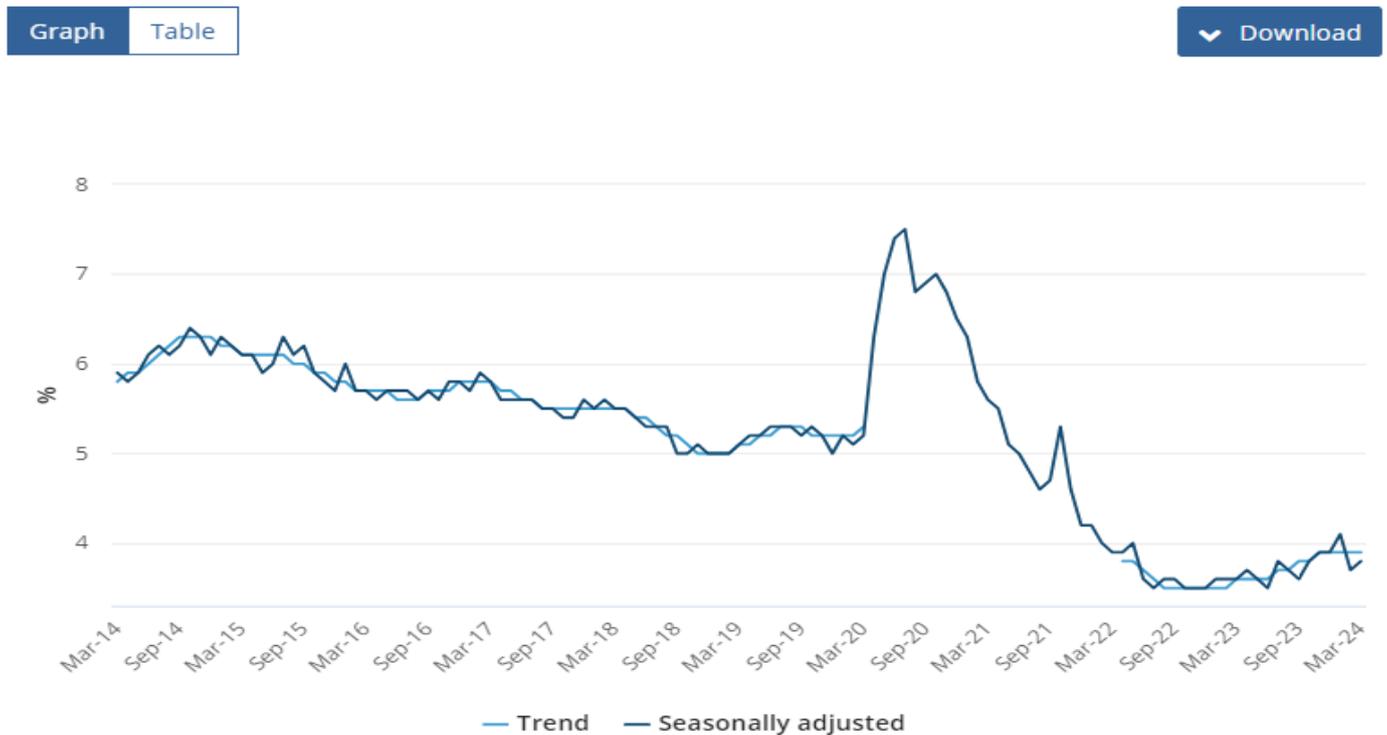
The only area that has a lot of capacity is youth unemployment. These figures mean that they would need to get out and try and get a job...

Unemployment

In trend terms, in March 2024:

- unemployment rate remained at 3.9%.
- unemployed people decreased by 2,100 to 573,000.
- youth unemployment rate remained at 9.5%.

Unemployment rate



CPI still has a way to go to get back into the desired level band.

Overview

Annual CPI inflation continues to ease in the March quarter

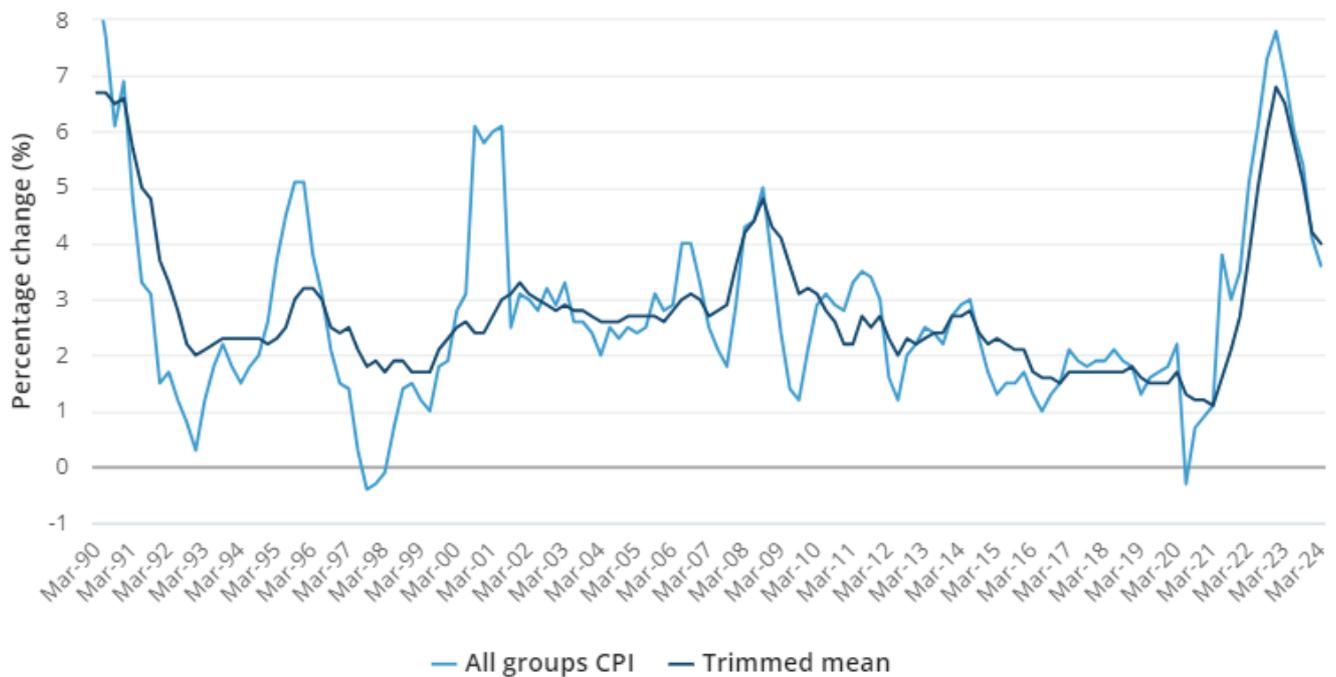
Annual CPI inflation was 3.6 per cent in the March 2024 quarter, lower than the 4.1 per cent annual rise in the previous quarter. This marks the fifth consecutive quarter of lower annual inflation since the peak of 7.8 per cent in the December 2022 quarter. Trimmed mean annual inflation of 4.0 per cent was also lower in the March quarter compared to the previous quarter of 4.2 per cent and the peak in December 2022 of 6.8 per cent.

All groups CPI and Trimmed mean, Australia, annual movement (%)

Graph

Table

Download



Issues to stop this:

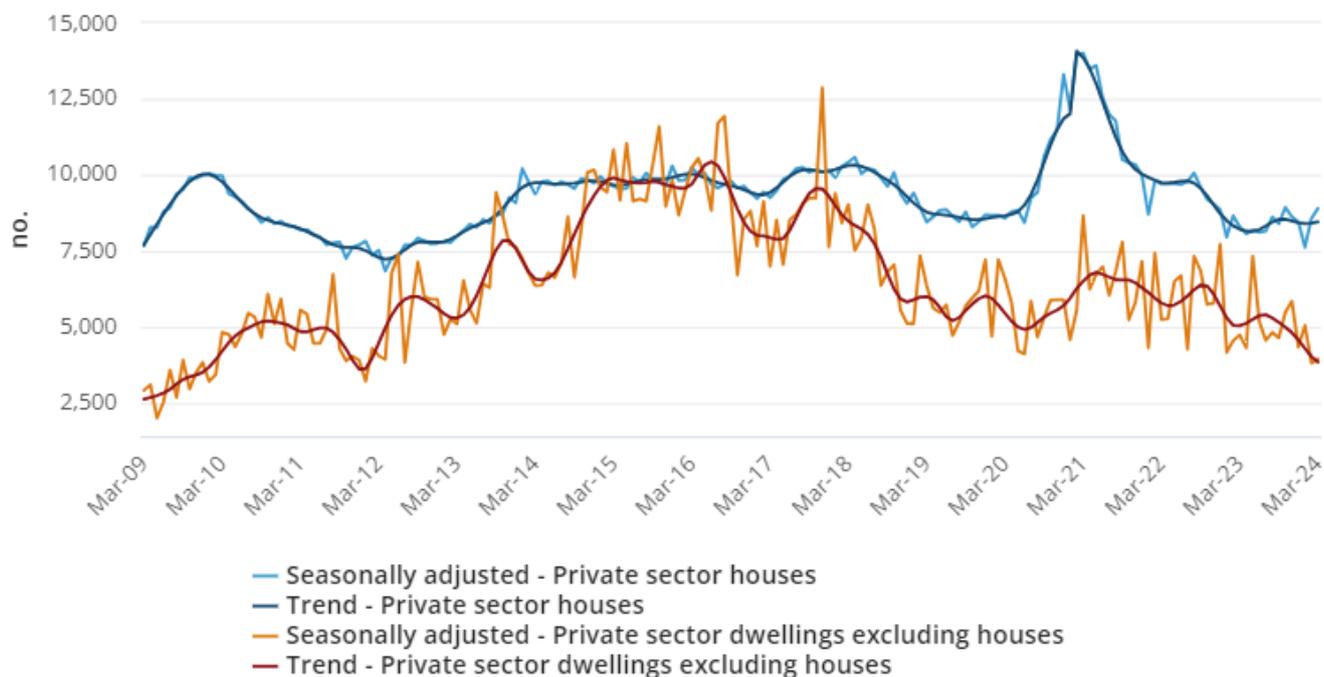
- State government spending on infrastructure and projects is too high;
- Federal government spending on infrastructure and projects is too high;
- The jobs are not being completed on time or on budget – We all pay more ultimately;
- Tax cuts will start in July 2024;
- Wage increase help the cost of living that feeds spending that causes more inflation;

Housing approvals are on the decline. We are seeing building companies that are having trouble getting staff as they are losing staff to the government jobs. Supplies seem to be steady but now the workers have moved onto other projects.

Dwellings approved, by building type (a)

Graph Table

Download

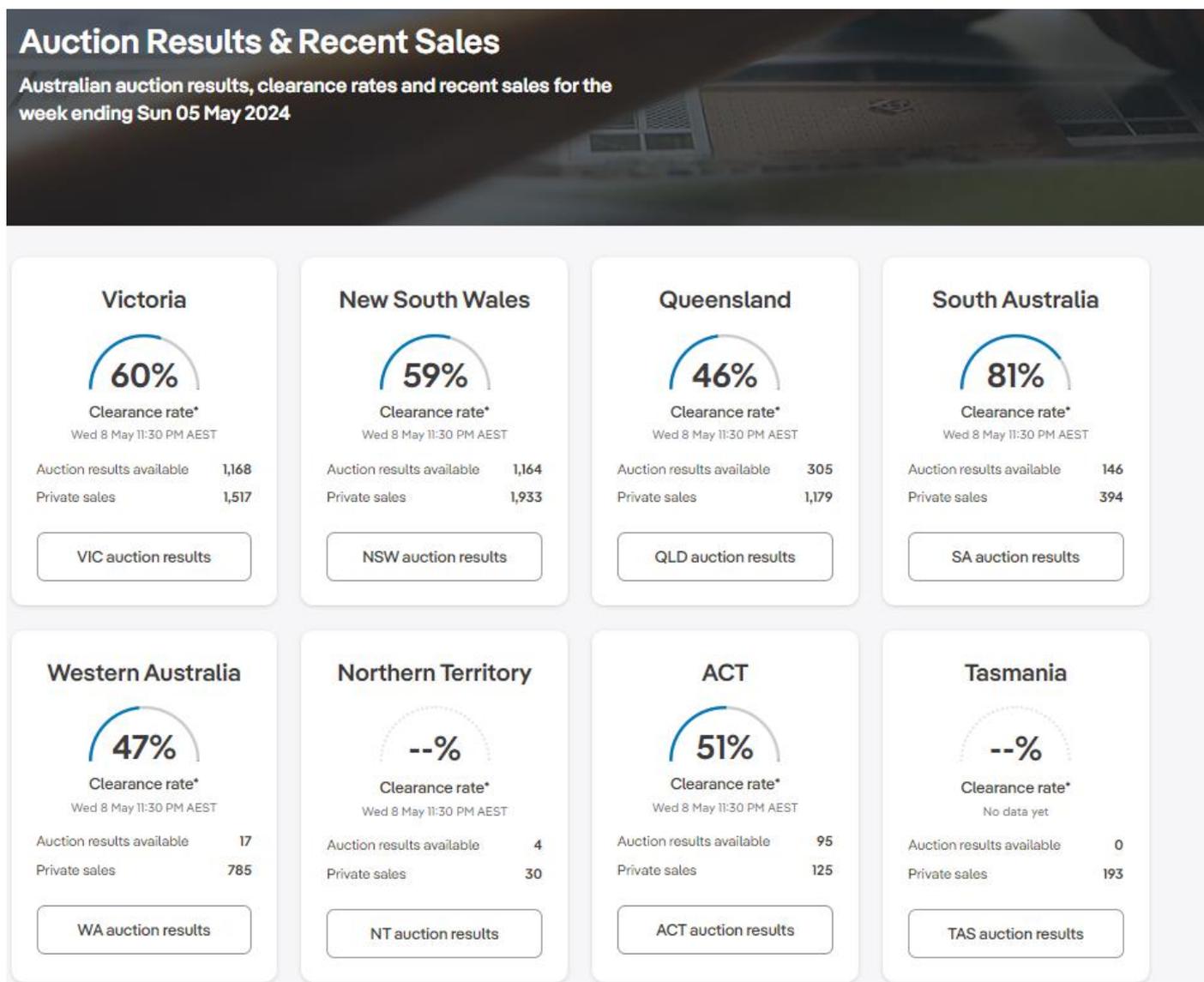


a. Trend break added to 'Private sector houses' trend series for February 2021

The seasonally adjusted estimate for private sector house approvals rose 3.8%, following a 12.4% increase in February. Private sector dwellings excluding houses approved rose 3.6%, following a 24.7% February fall.

The trend estimate for private sector house approvals rose 0.6%, following a 0.1% February rise. Private sector dwellings excluding houses fell 4.5%, following a 6.2% February decrease.

If relation to property auctions, South Australia appears to be the standout whereas Queensland seems to be slowing.



CoreLogic Auction Results

Welcome to the CoreLogic Weekly Auction Result Summary. Stay abreast of the very latest property market conditions with the most comprehensive auction clearance rates available. Every week we endeavour to capture the results of every known auction and make them available by Sunday morning, with progressive updates as the full set of auction results are collected.

Week ending 5 May 2024

CITY	TOTAL AUCTIONS	CORELOGIC AUCTION RESULTS	SOLD PRIOR TO AUCTION	SOLD AT AUCTION	SOLD AFTER AUCTION	PASSED IN	WITHDRAWN	CLEARANCE RATE	CLEARED AUCTIONS	UNCLEARED AUCTIONS
Sydney	755	754	233	266	22	161	72	69.1%	521	233
Melbourne	1057	1051	186	457	28	316	64	63.8%	671	380
Brisbane	165	165	26	71	4	58	6	61.2%	101	64
Perth	10	9	2	3	NA	3	1	55.6%	5	4
Canberra	81	77	14	23	NA	37	3	48.1%	37	40
Adelaide	133	133	16	85	9	20	3	82.7%	110	23
Tasmania	1	1	NA	NA	NA	1	NA	0%	NA	1
Combined Capitals*	2202	2190	477	905	63	596	149	65.9%	1445	745

23:01 pm CDT 08/05/2024

Technicals

WTI Crude (June Contract)
79.46 +0.58%



1D | 1WK | 1M | 1YR | Max

Copy

Share

1 Australian Dollar equals



0.66 United States Dollar

1D 5D 1M 1Y 5Y Max

9 May, 4:00 am UTC · Disclaimer

1 Australian Dollar

0.66 United States Dollar



More about AUD/USD →

Feedback

Global shipping costs are improving but they are still elevated.

Transportation & Logistics > Water Transport

PREMIUM

Global container freight rate index from the 12th January 2023 to the 18th April 2024 (in U.S. dollars per 40-foot container)

