



# THE SMASHED AUSSIE ECONOMY

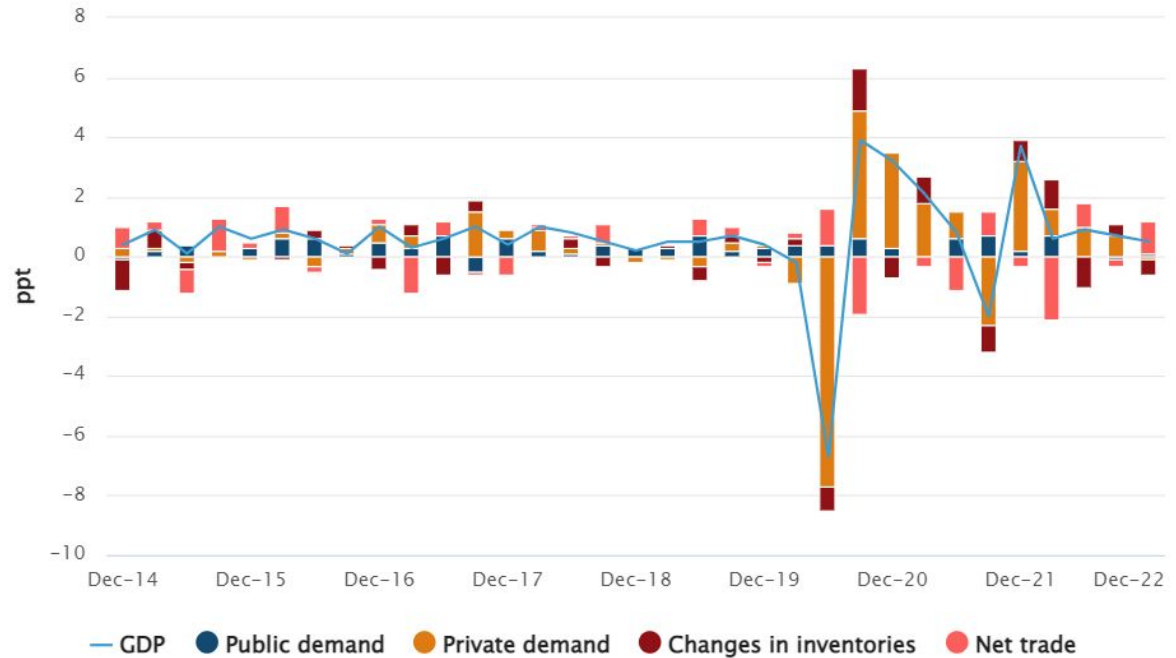
# Agenda

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- GDP fading fast
- Consumer income and wealth squeeze
- China won't save us
- Fiscal and monetary impulses negative
- The outlook for 2023 and asset markets

# GDP fading fast

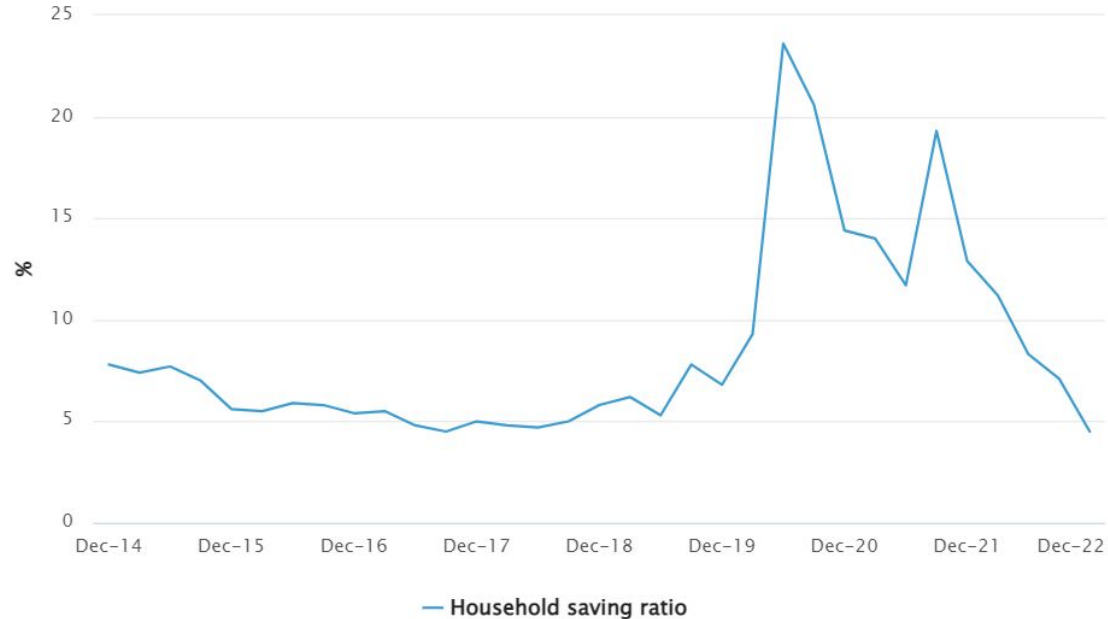
- Domestic final demand flat and falling in per capita terms
- All growth from net exports
- High terms of trade!



# Consumer income and wealth squeeze

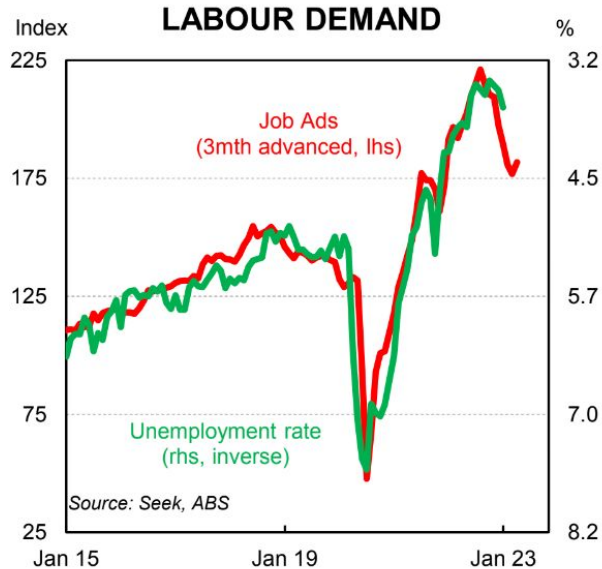
- Savings rate crashed below equilibrium
- -2.2% in real disposable income
- House prices down 9% nationally or nearly \$1tr

Household saving ratio, seasonally adjusted



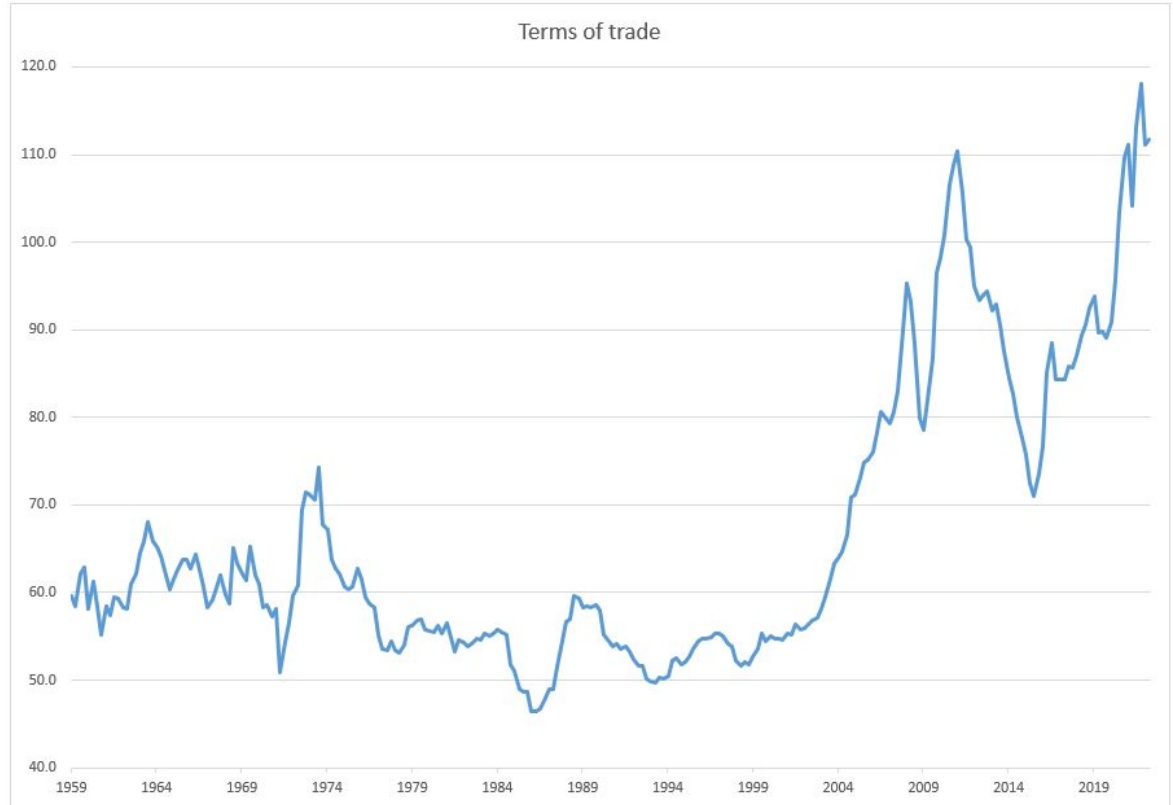
# Wages going nowhere

- QTRly wage growth peaked
- Mass immigration supply bomb
- Jobless rate rising



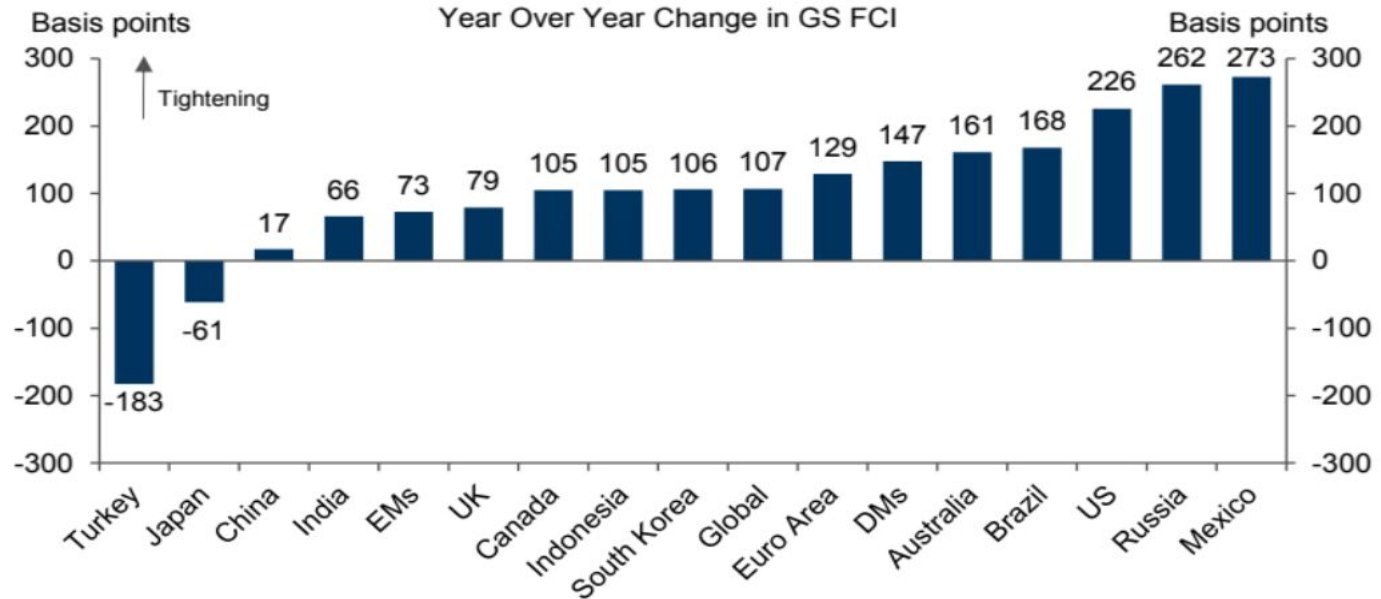
# China won't save us

- Near record national income
- But huge primary income and trade deficit thanks to gas cartel
- Tot to fall with iron ore, coals and LNG



# Fiscal and monetary impulses negative

Exhibit 13: Year-Over-Year Change in FCI Across Countries



Source: Goldman Sachs Global Investment Research

# The outlook for 2023

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- RBA already too tight with more to come
- Per capita recession is here, will be worse with more
- More house price falls ahead on RBA and fixed rate cliff
- Endogenous shock: Profits squashed by weak demand and falling margins
- RBA to cut earlier and deeper than other DM
- Weak AUD, bonds boom
- Another lost decade: immigration and China ex-growth



## Viewer question of the week:

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**Are markets delusional on Australia or is Nucleus?**

**Drop your answers in the comments**

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