



Economic Outlook

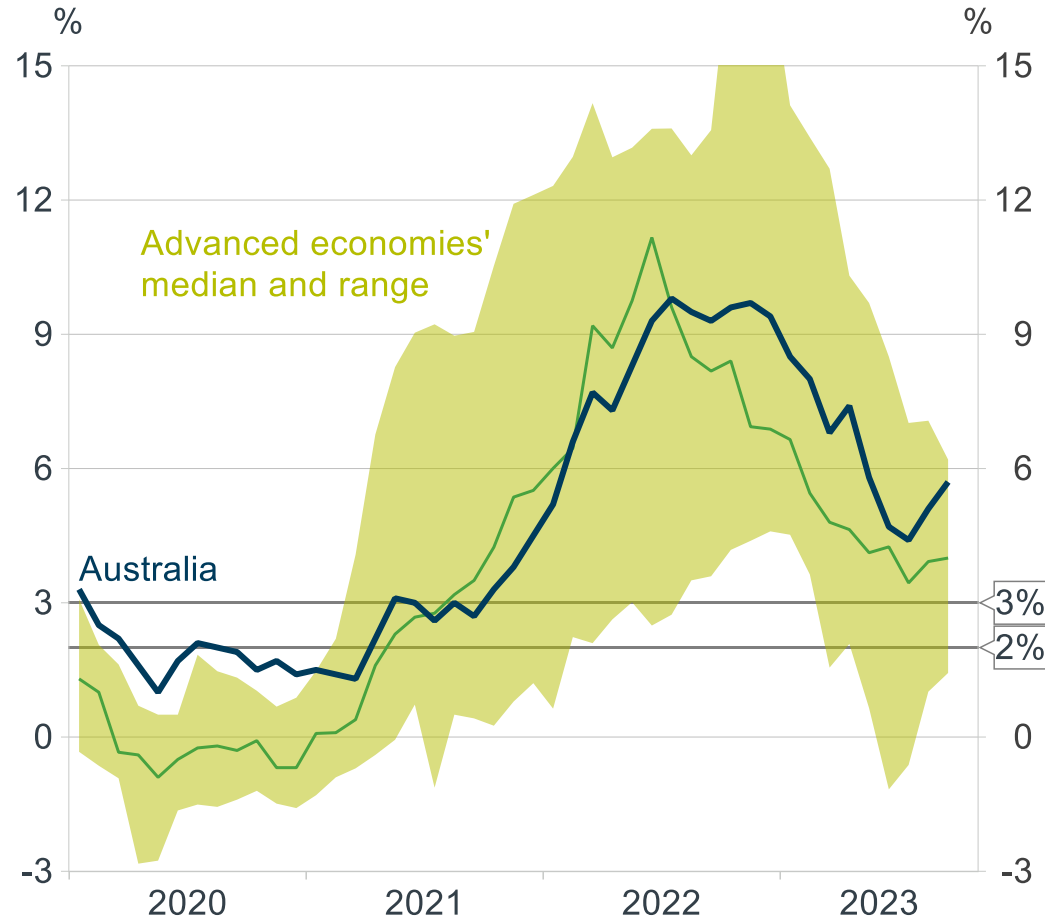
HTW SEQ Property Overview

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NOVEMBER 2023

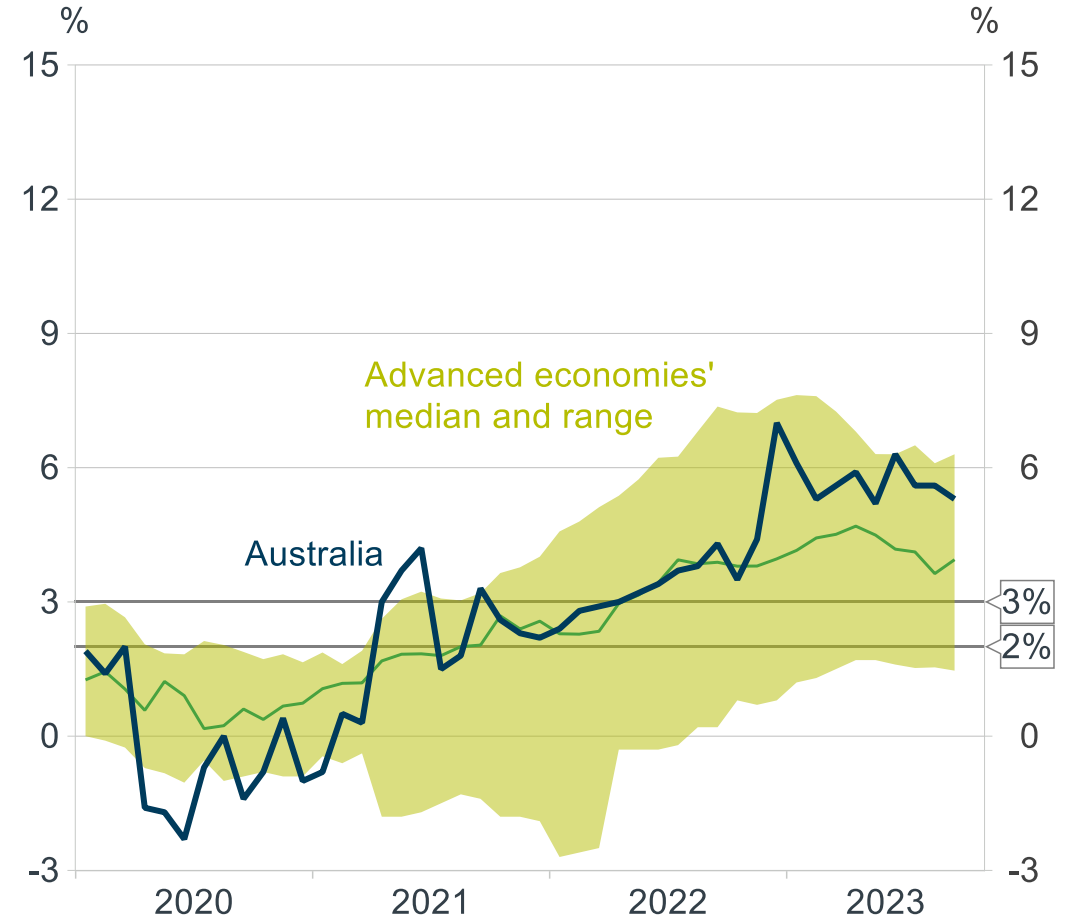
High inflation remains a problem in Australia and globally...

Goods Inflation



Sources: Challenger, Macrobond, ABS

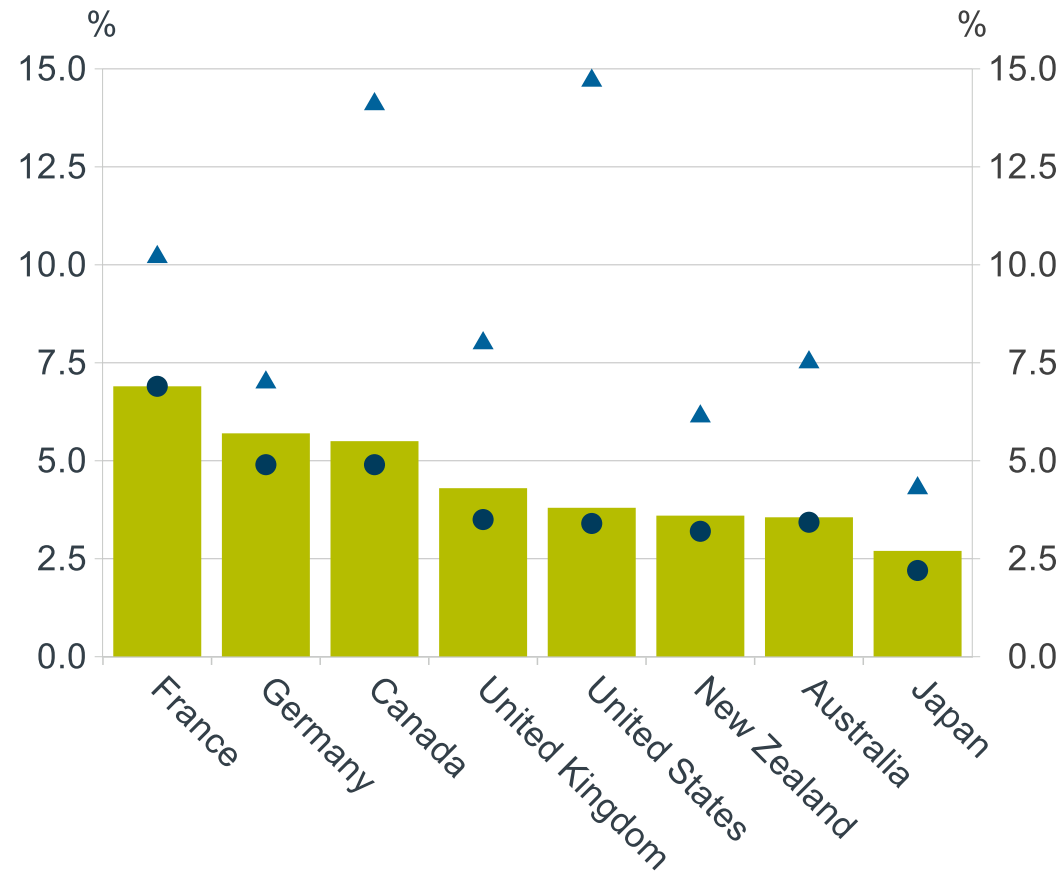
Services Inflation



Sources: Challenger, Macrobond, ABS

Tight labour markets mean high inflation may be persistent...

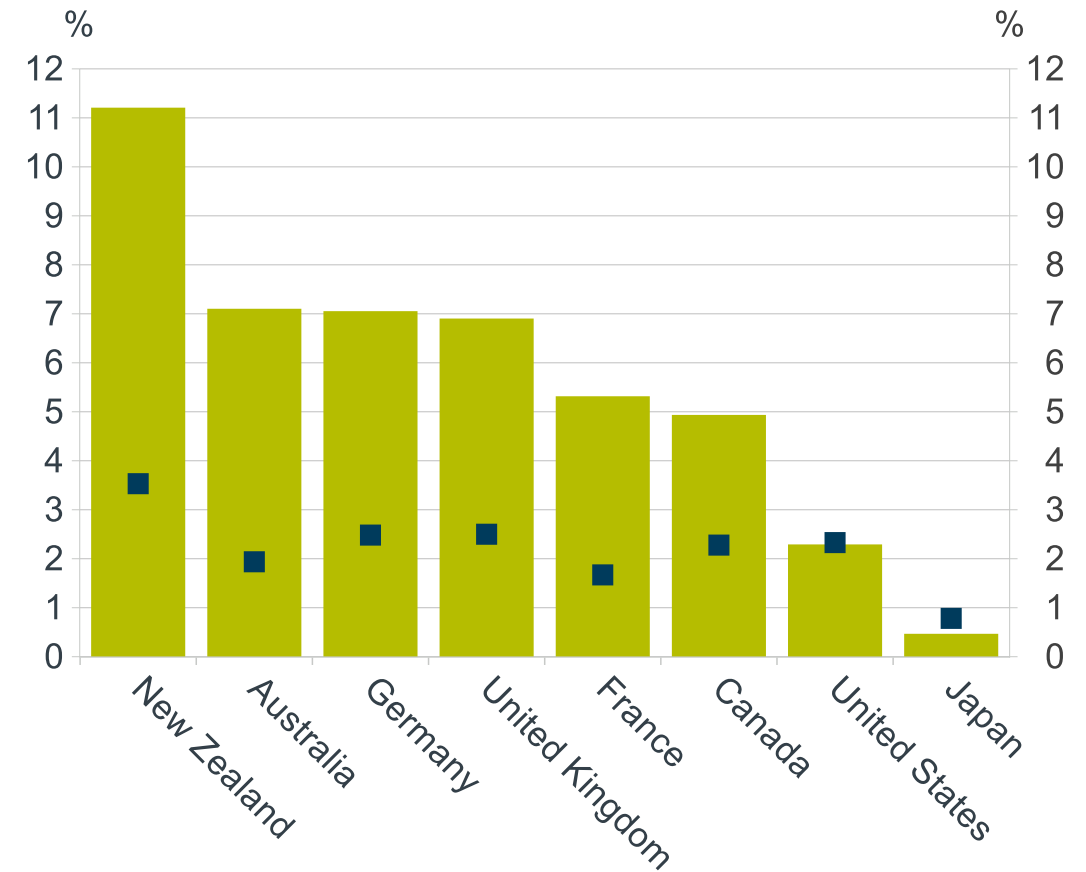
Unemployment Rates



▲ Pandemic highs ● Decade low ■ Latest

Sources: Challenger, Macrobond, national sources

Unit Labour Costs Growth

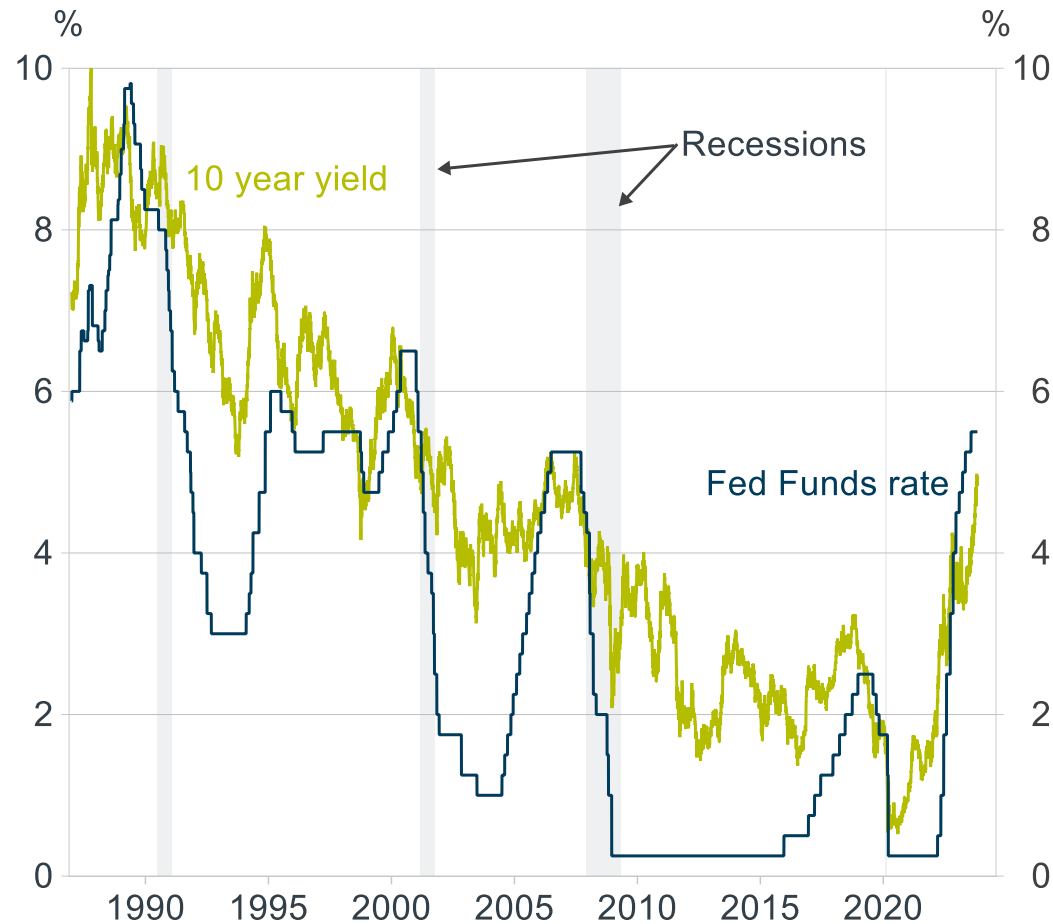


■ Decade average ■ Latest

Sources: Challenger, Macrobond, OECD

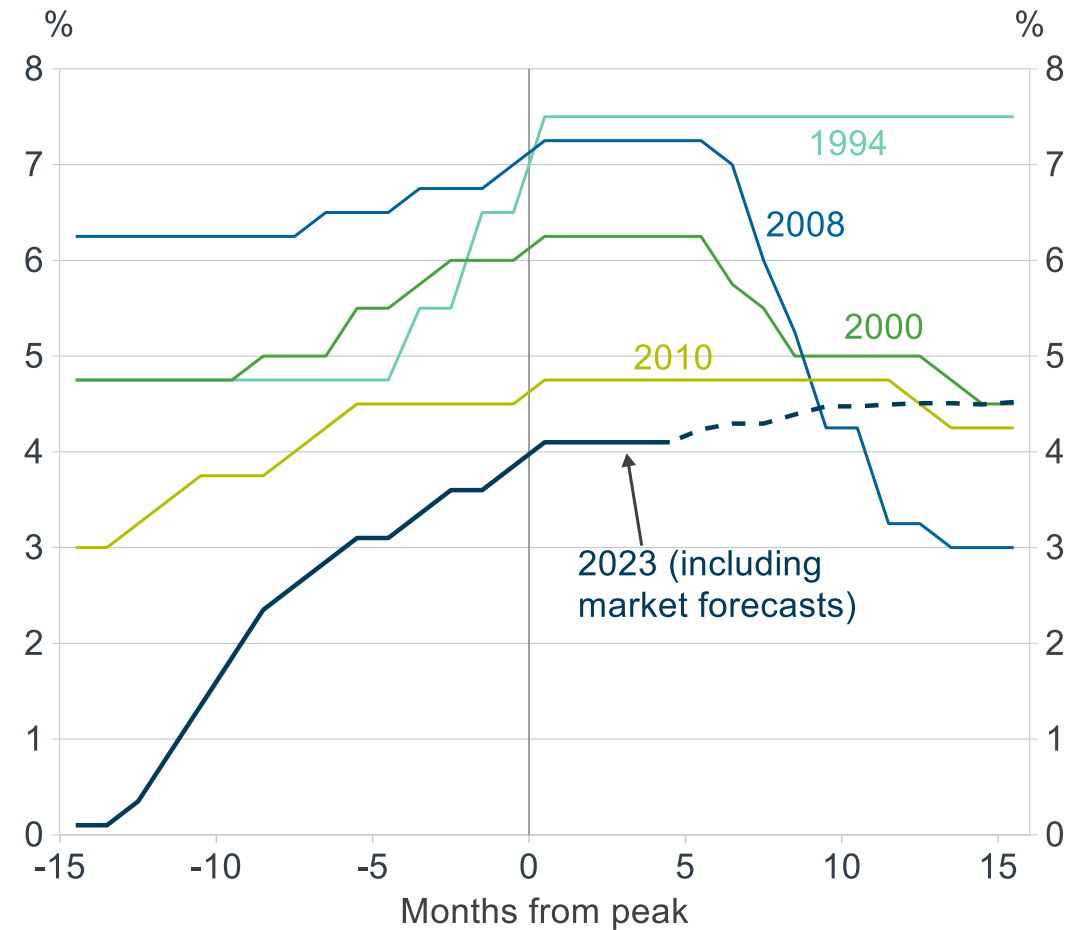
The solution is tight financial conditions...

United States Interest Rates



Sources: Challenger, Macrobond, Fed, NBER

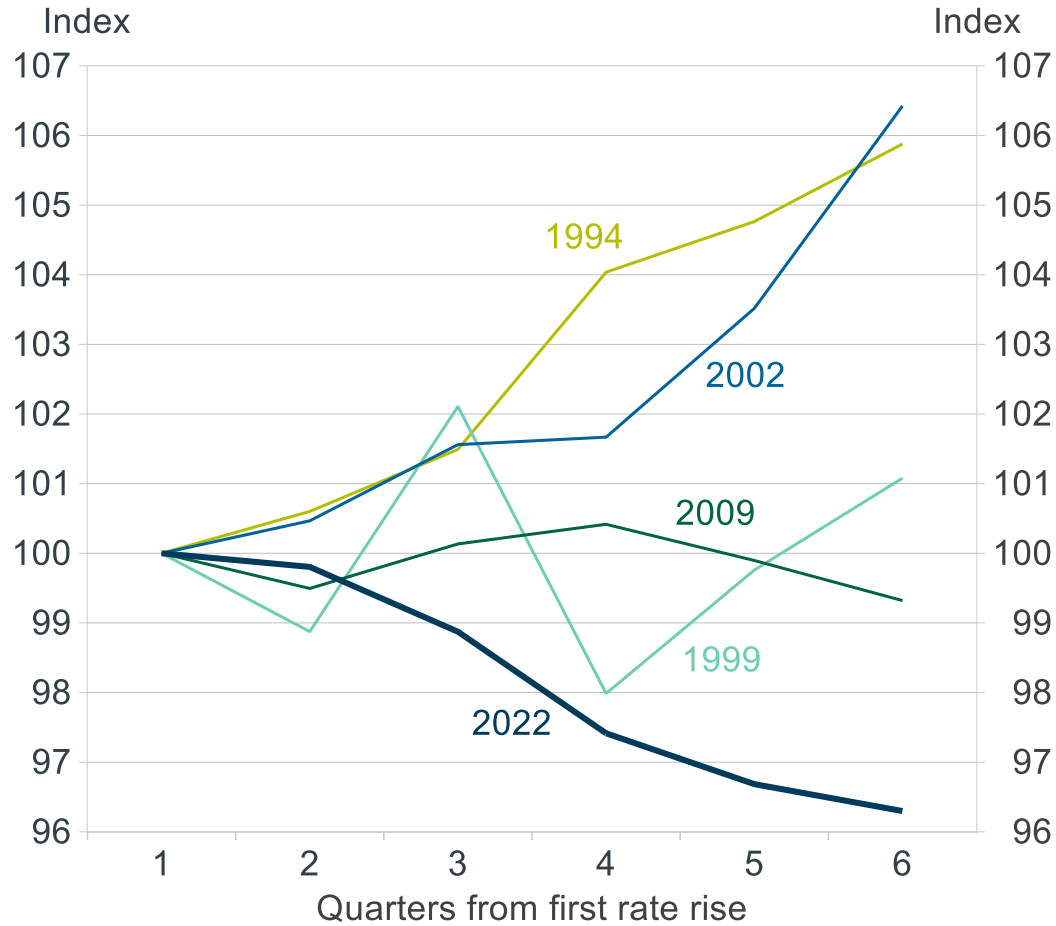
Australian Cash Rate Peaks and Plateaus



Sources: Challenger, Macrobond, Bloomberg, RBA

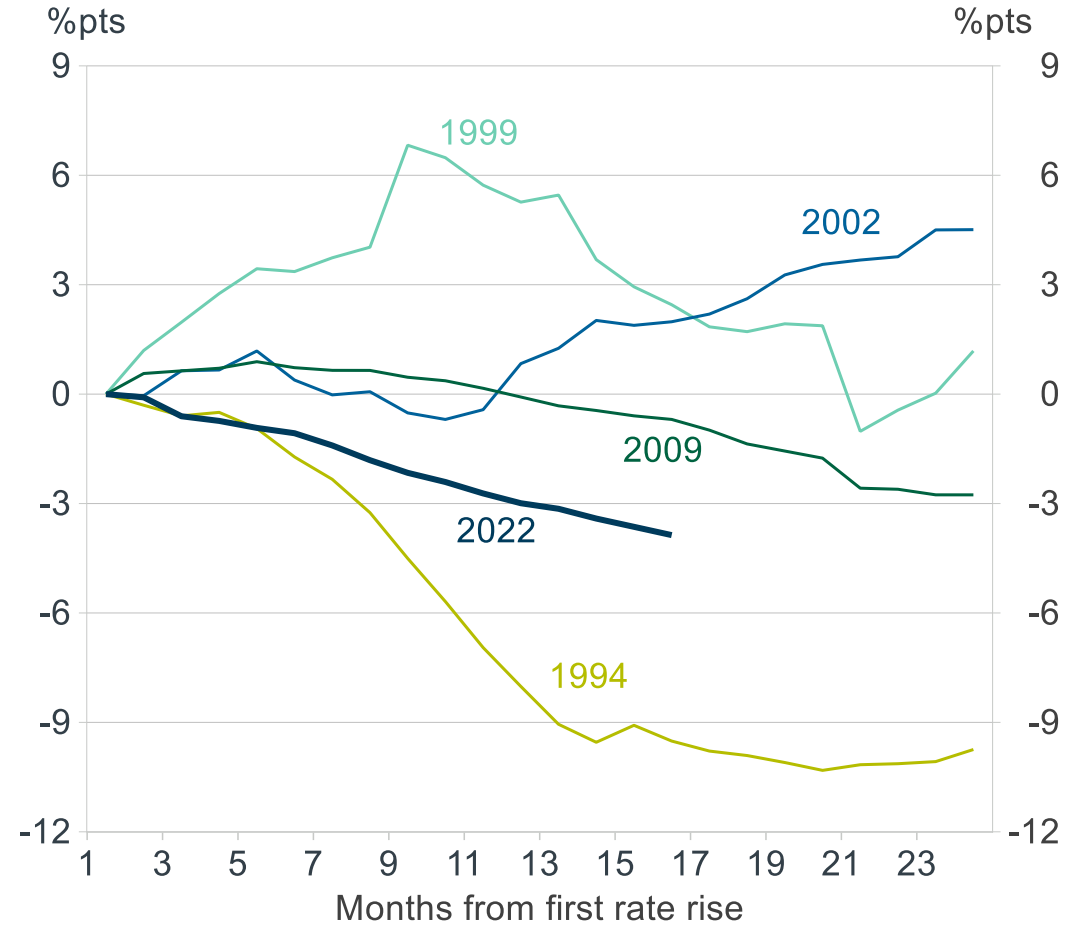
Higher interest rates are slowing economic activity...

Retail Trade per capita



Sources: Challenger, Macrobond, ABS

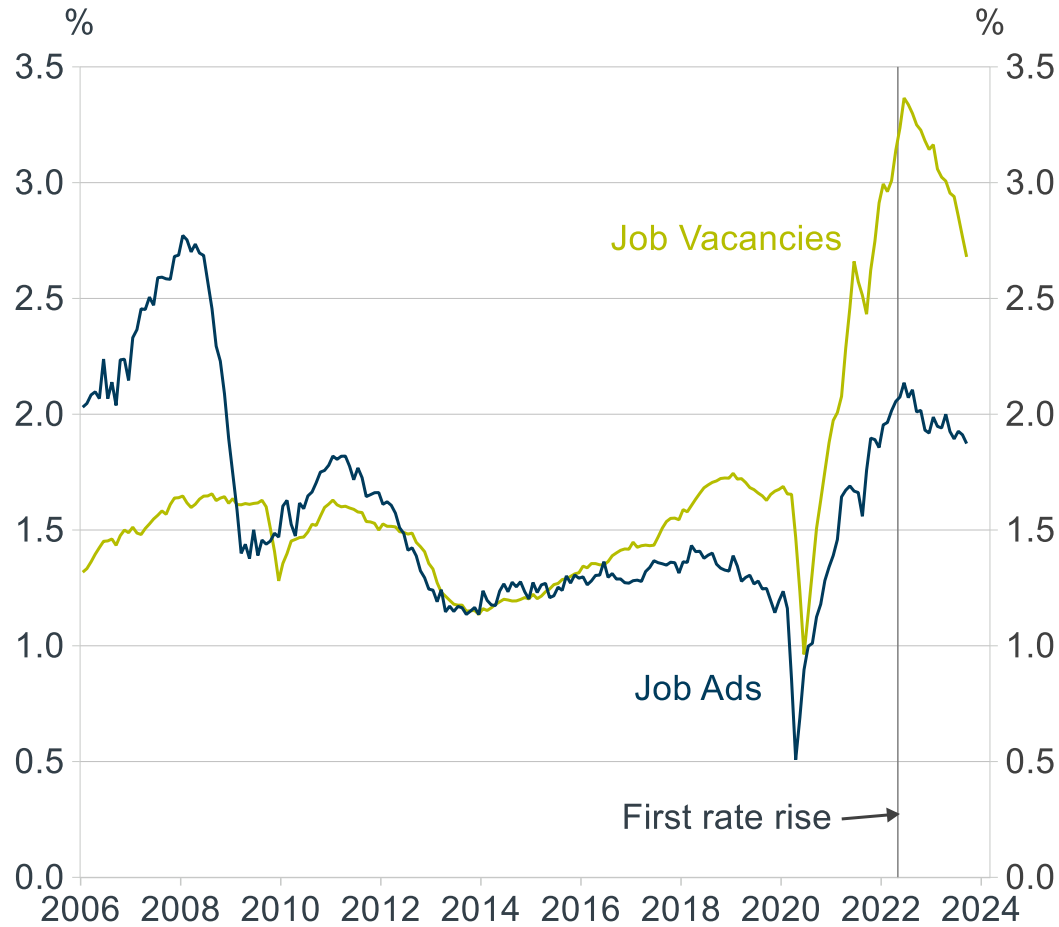
Change in Housing Credit Annual Growth



Sources: Challenger, Macrobond, RBA

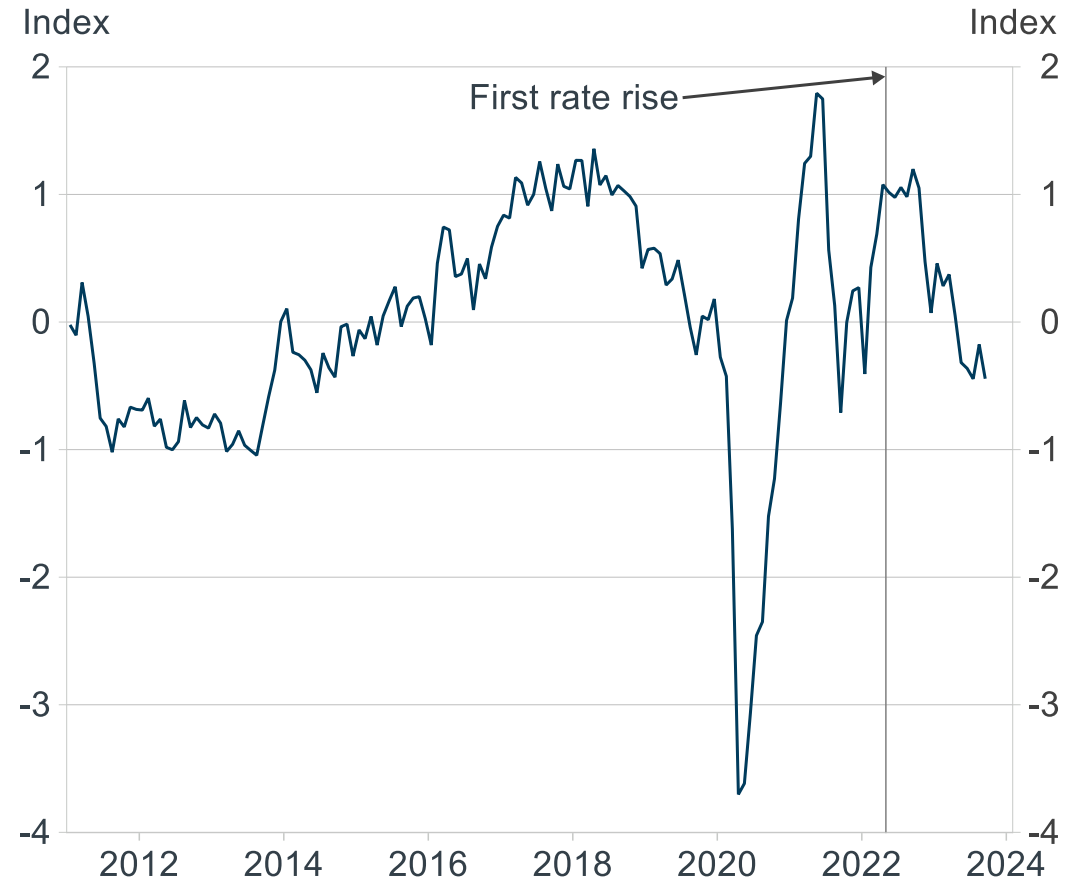
Higher interest rates are slowing economic activity...

Job Vacancies and Ads as a share of Labour Force



Sources: Challenger, Macrobond, ABS, JSA

Business Surveys of Current Conditions

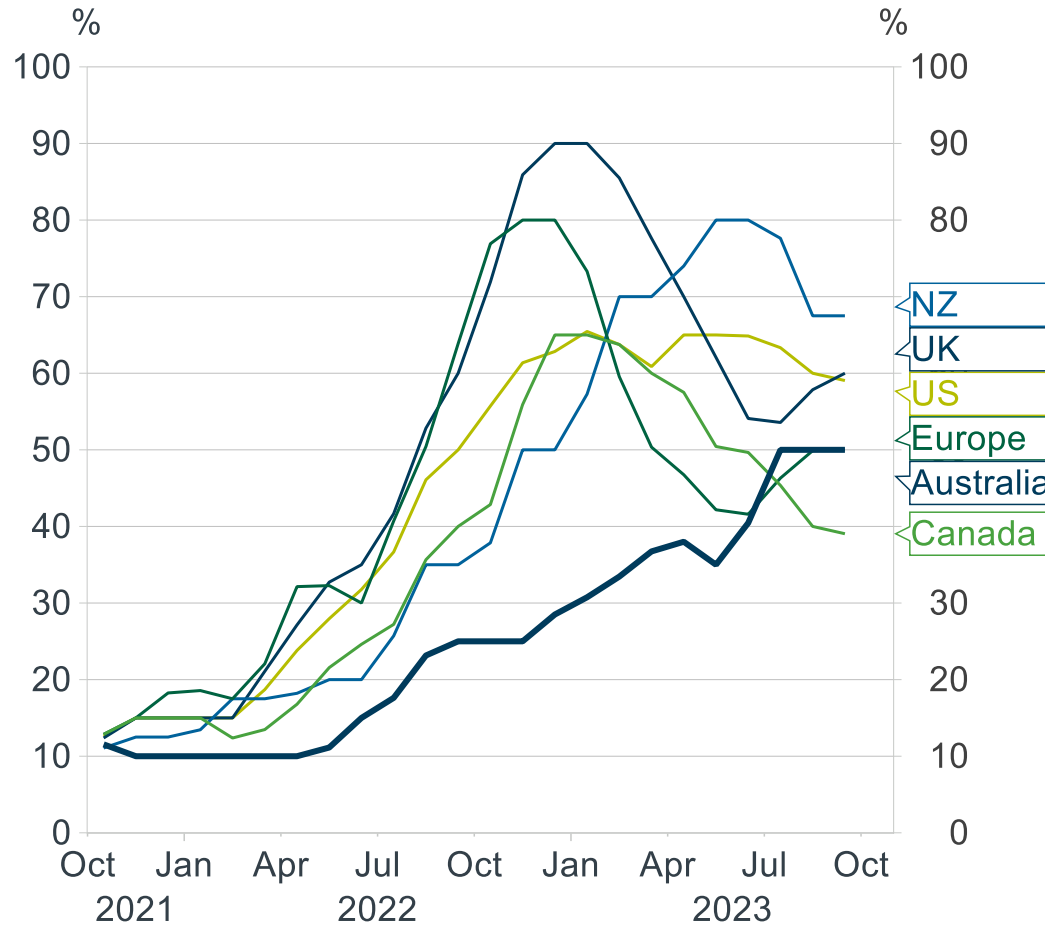


Note: Average of ACCI and NAB current conditions and Roy Morgan conditions relative to one year ago

Sources: Challenger, Macrobond, ACCI, NAB, Roy Morgan

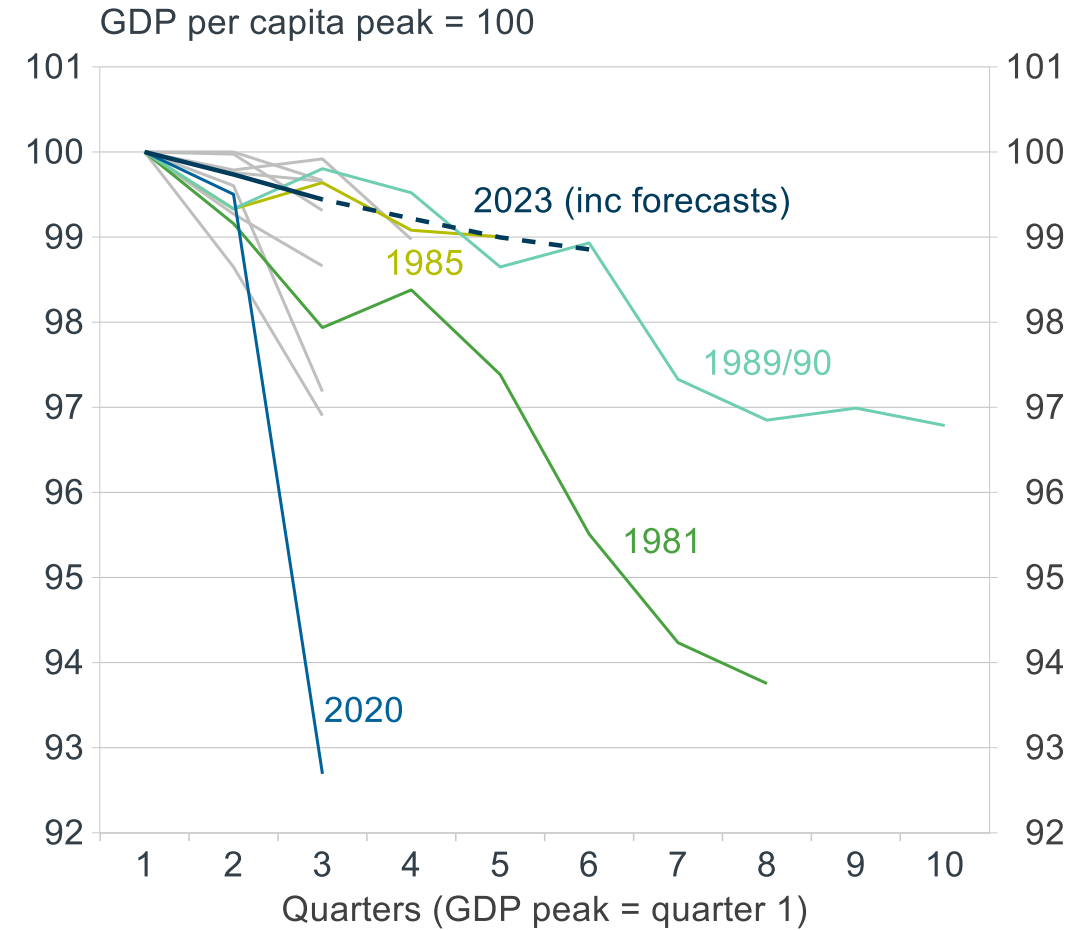
But the risk is a recession (Australia is already there)...

Probability of Recession in Following Year



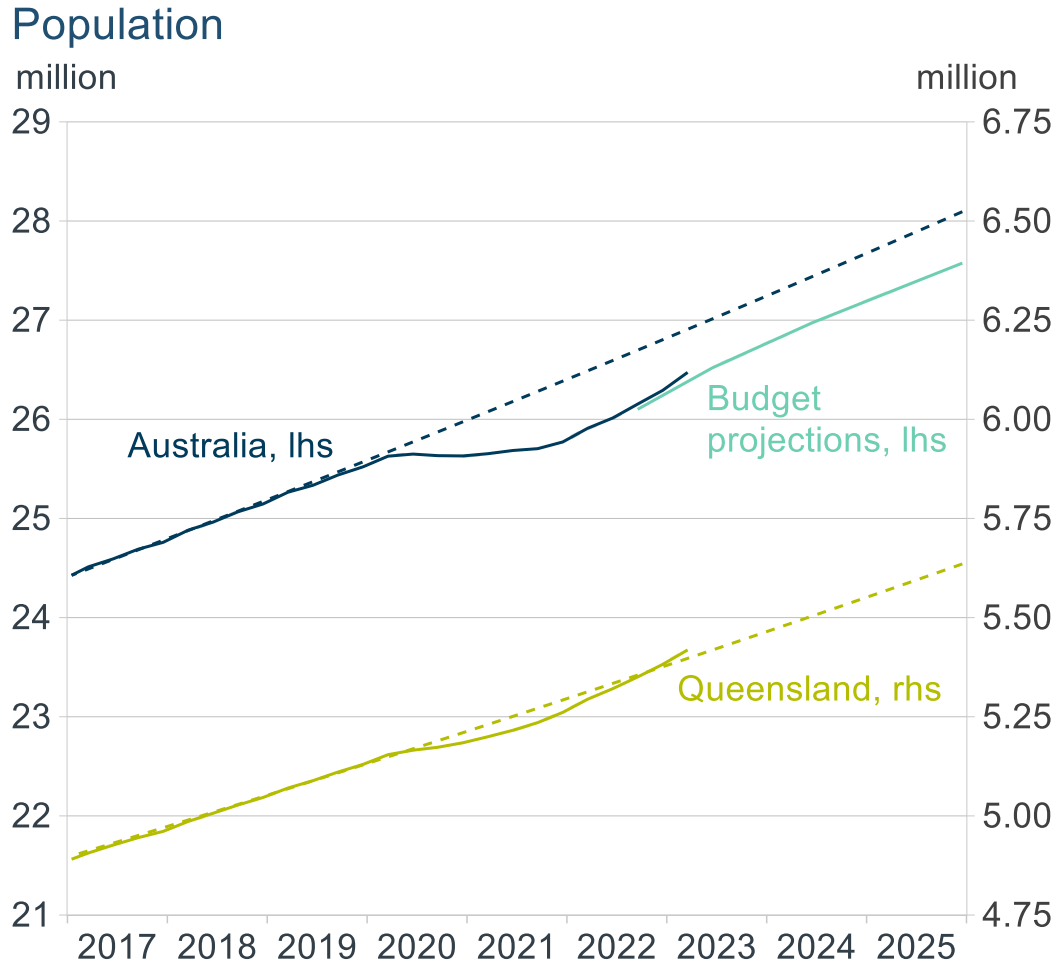
Sources: Challenger, Macrobond, Bloomberg surveys of economists

Australian GDP per Capita in Recessions

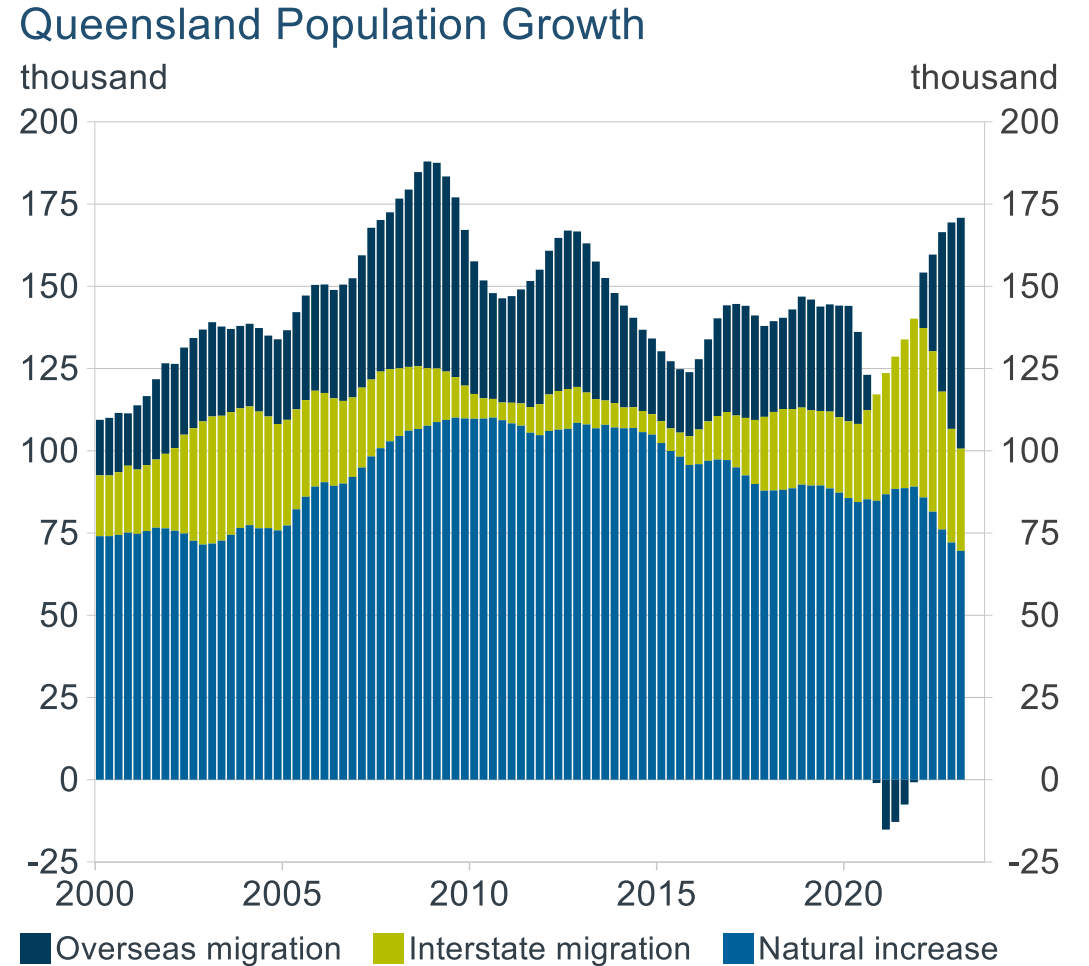


Sources: Challenger, Macrobond, ABS, Bloomberg

COVID stalled population growth but not in Queensland...



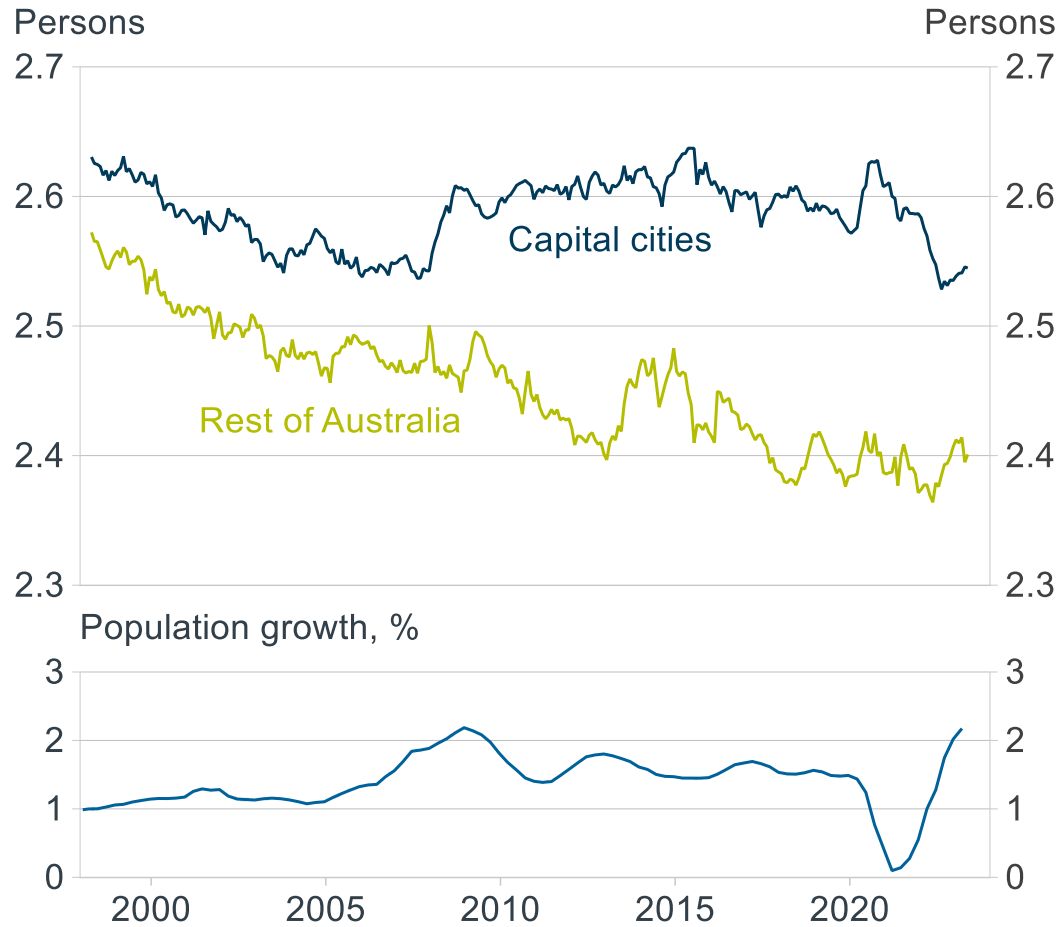
Note: exponential trends 2010-2019
Sources: Challenger, Macrobond, ABS



Note: rolling annual total
Sources: Challenger, Macrobond, ABS

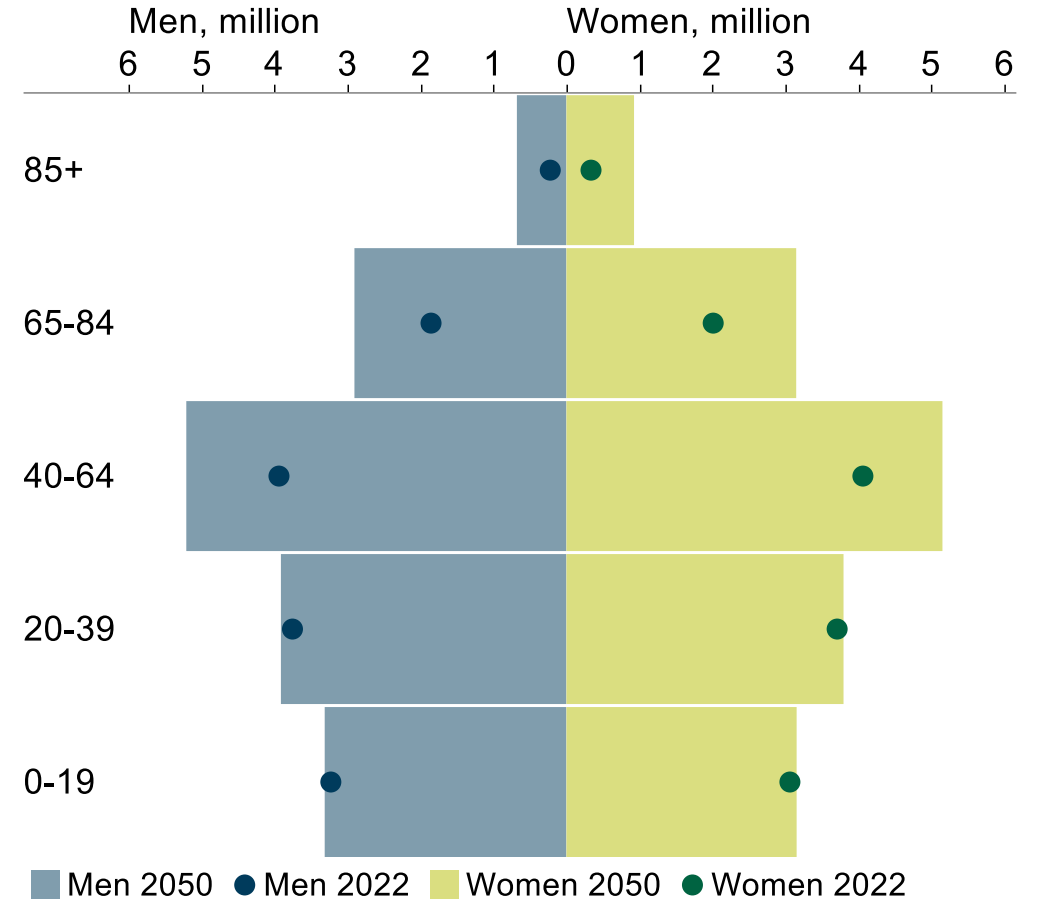
And population change has economic implications

Average Household Size



Sources: Challenger, Macrobond, ABS, RBA

Australia's Population Age Structure



Sources: Challenger, Macrobond, UNDESA



Dr Jonathan Kearns

Chief Economist

- Jonathan Kearns is Chief Economist and Head of Regulatory Affairs at Challenger, where he also sits on the investment committee.
- He worked for 28 years at the Reserve Bank of Australia, occupying a wide range of senior roles, including Department Head for Domestic Markets Department, Financial Stability Department, Economic Analysis Department and Economic Research Department. He also led the Bank's work on climate change across four departments.
- Jonathan also worked at the Bank of International Settlements in Basel. He has published research in the fields of international finance and macroeconomics. He has a Ph.D. from Massachusetts Institute of Technology and Bachelor of Economics (Honours) from the Australian National University.

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