

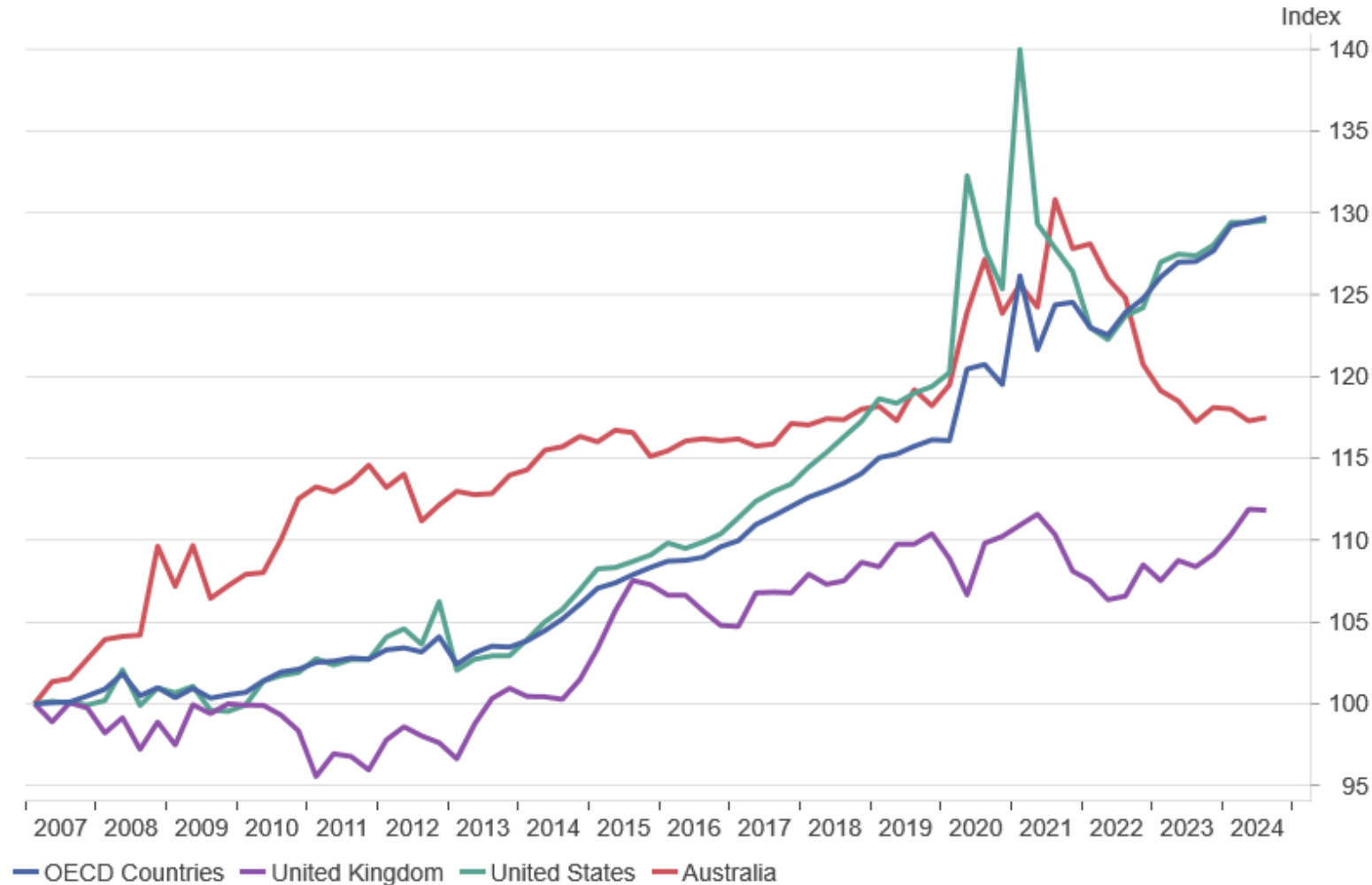
An aerial photograph of the Sydney Opera House, a world-famous performing arts center, situated on the edge of the Sydney Harbour. The building's iconic white, shell-like roof is prominent. In the background, the dense Sydney city skyline is visible, featuring numerous skyscrapers and modern buildings. The water of the harbour is a deep blue-green, and a small white boat is seen moving across the water in the foreground, leaving a white wake. The sky is a clear blue with some light, wispy clouds.

**Pre-election Briefing
for AusIMM, 16-Apr-25
Gene Tunny,
Director, Adept Economics**



Living Standards remain the Big Issue

Real Gross Disposable Income per Capita of Households, Index, OECD Household
Dashboard estimates

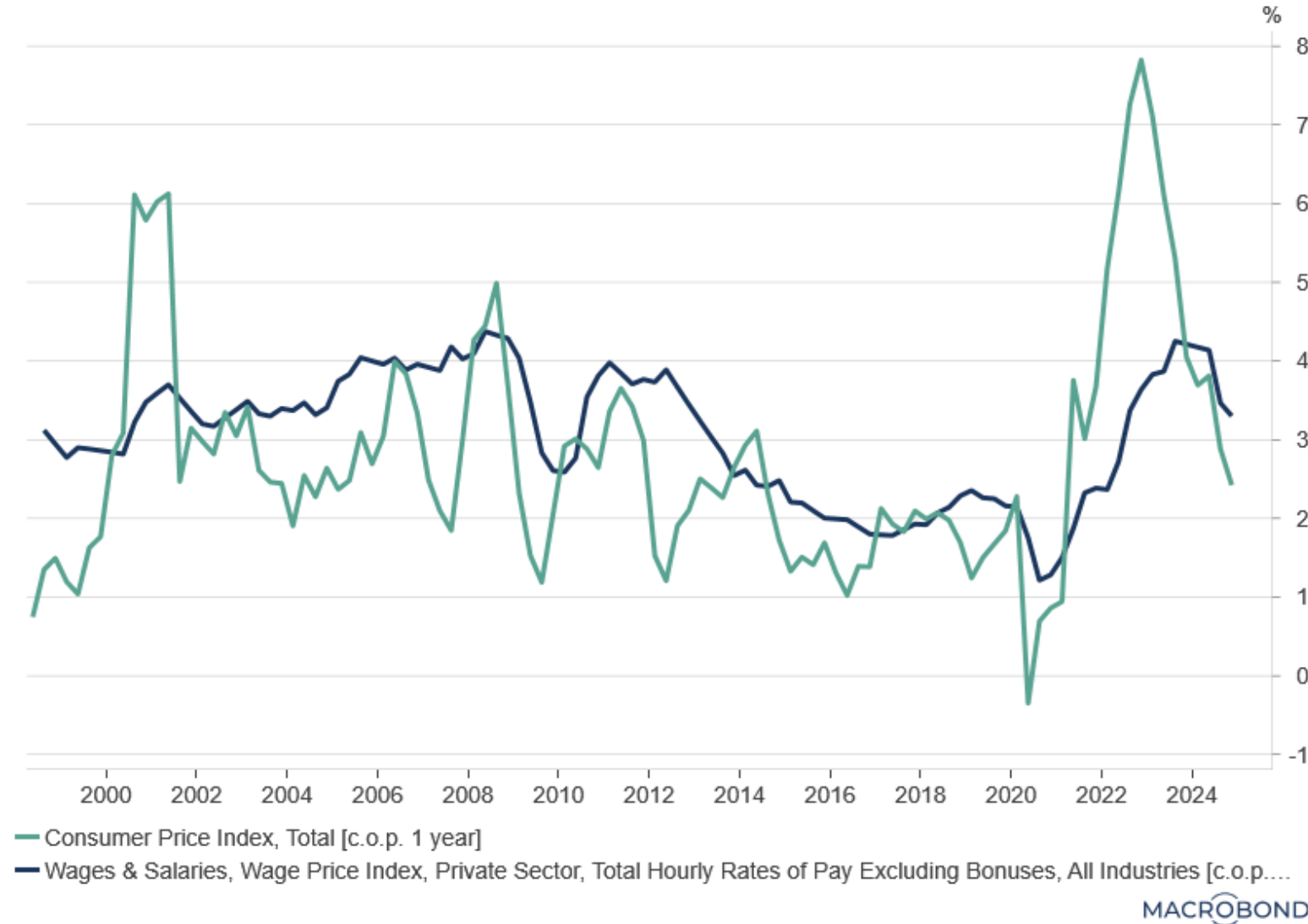


Largest fall in living standards among OECD countries in recent years.

Even though inflation getting back to 2-3% target, prices are higher than before.

Wages could not keep up with prices, eroding living standards

Wage Price Index growth vs CPI inflation, through-the-year % changes, Australia

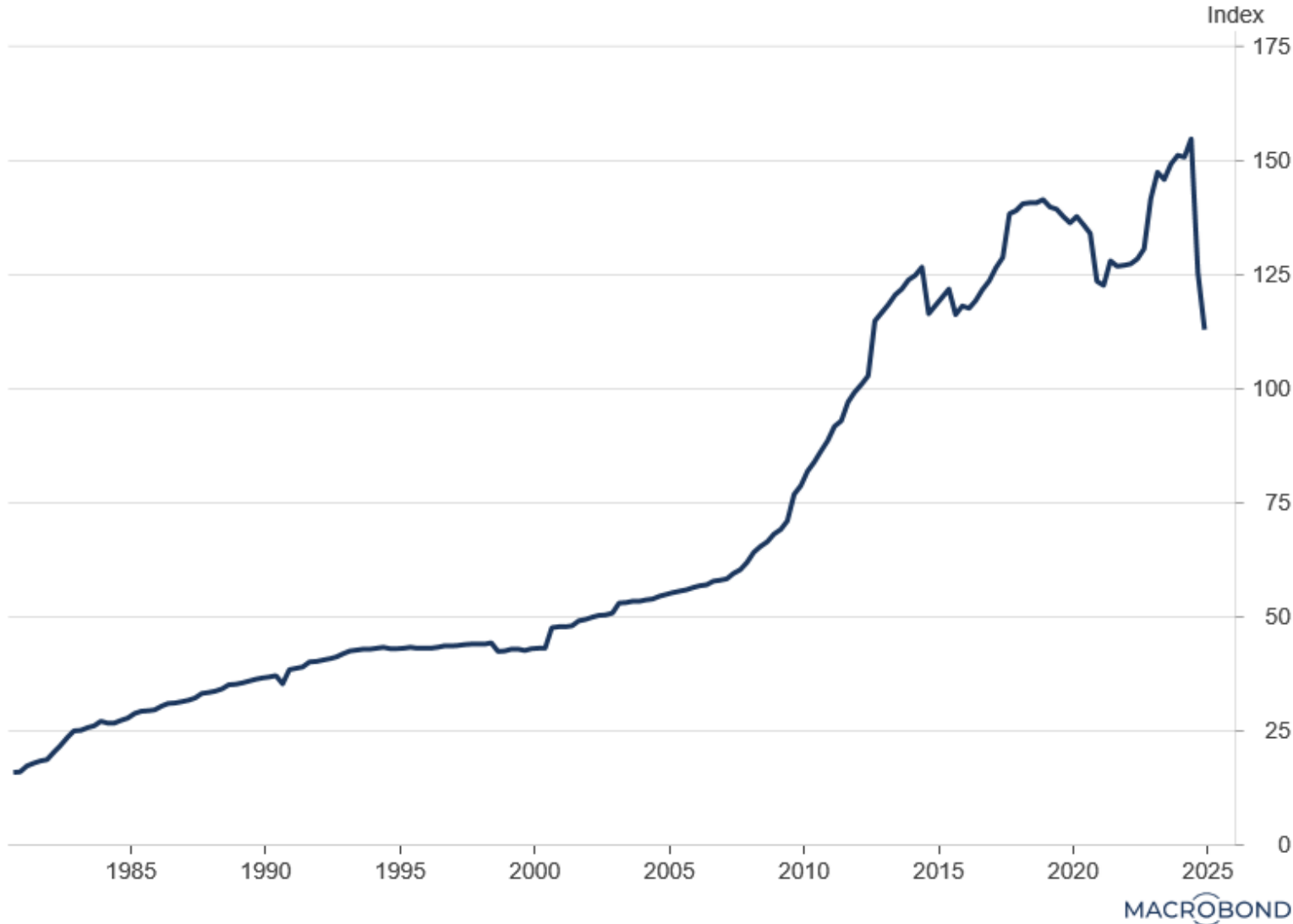


Australians experienced declining wages in real terms from mid-2021 to mid-2023.

But inflation appears under control now, so further interest rate cuts expected.

Electricity prices have only come down due to subsidies

Australia, Consumer Price Index, Housing, Utilities, Electricity, SA, Index

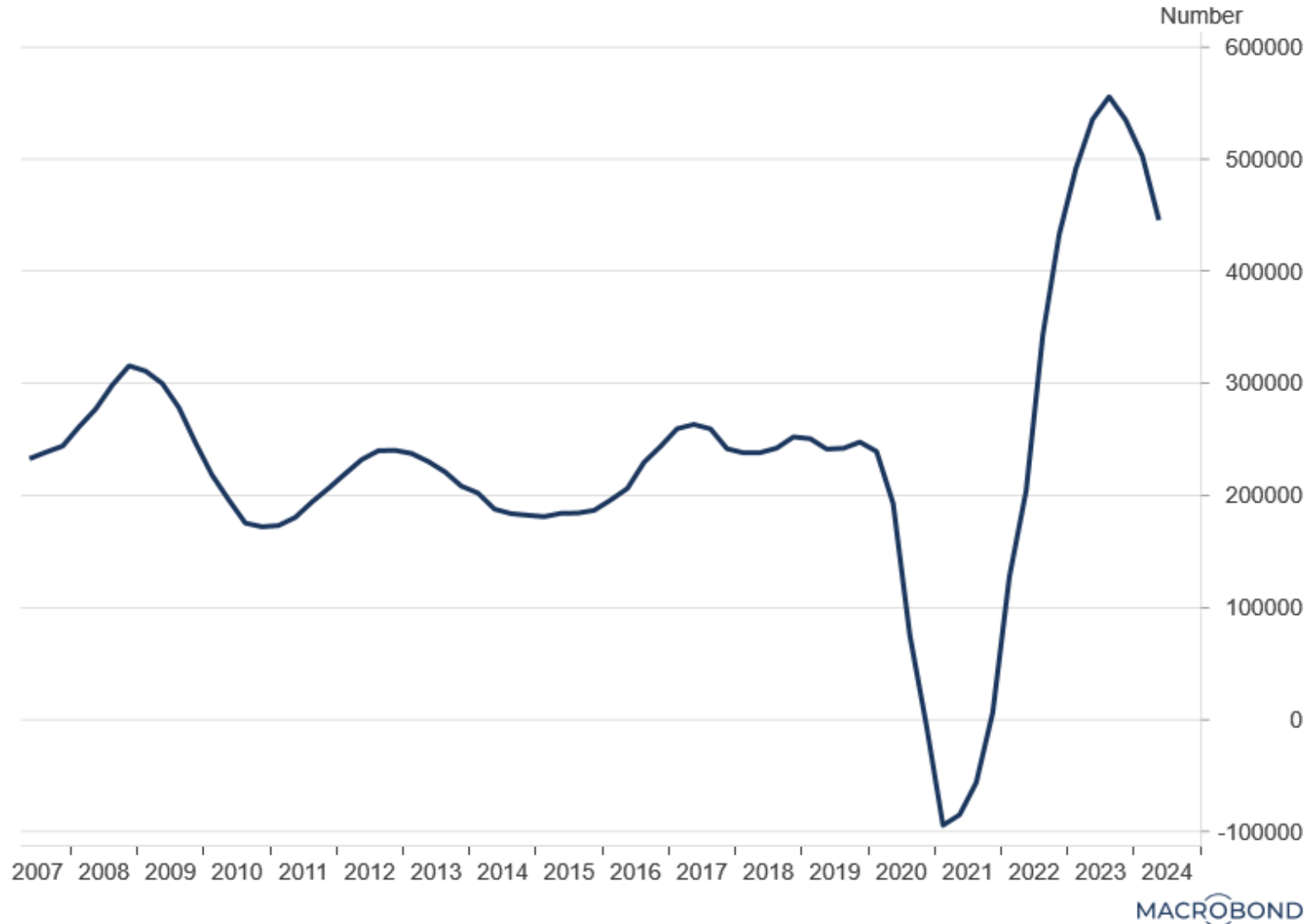


Greater renewables investment isn't bringing down electricity prices, which have increase substantially since the late 2000s.

Rebates are disguising the true cost of electricity.

Very high immigration rate part of the story

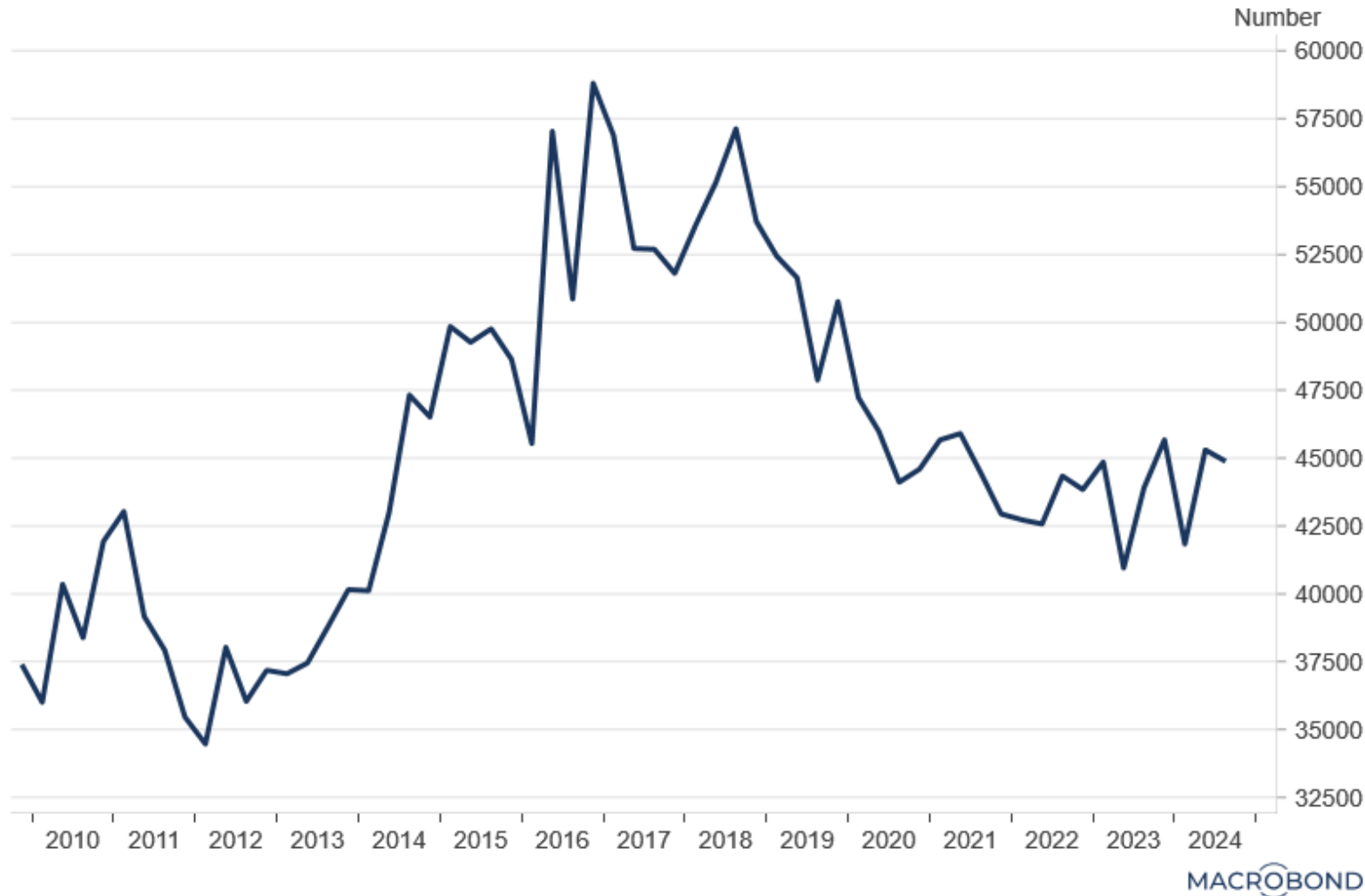
Australia, Net Migration, Arrivals, 4-quarter moving sum



Immigration can be beneficial in filling skilled vacancies, but it has occurred too fast to be readily absorbed by our economy and society. It has contributed to higher housing costs and the rise in homelessness.

Supply-side is the big challenge in housing market

Australia, Construction Status, All Forms of Ownership, Residential & Non-residential, Dwellings, Total, SA, Australian Bureau of Statistics, Completed, Overall

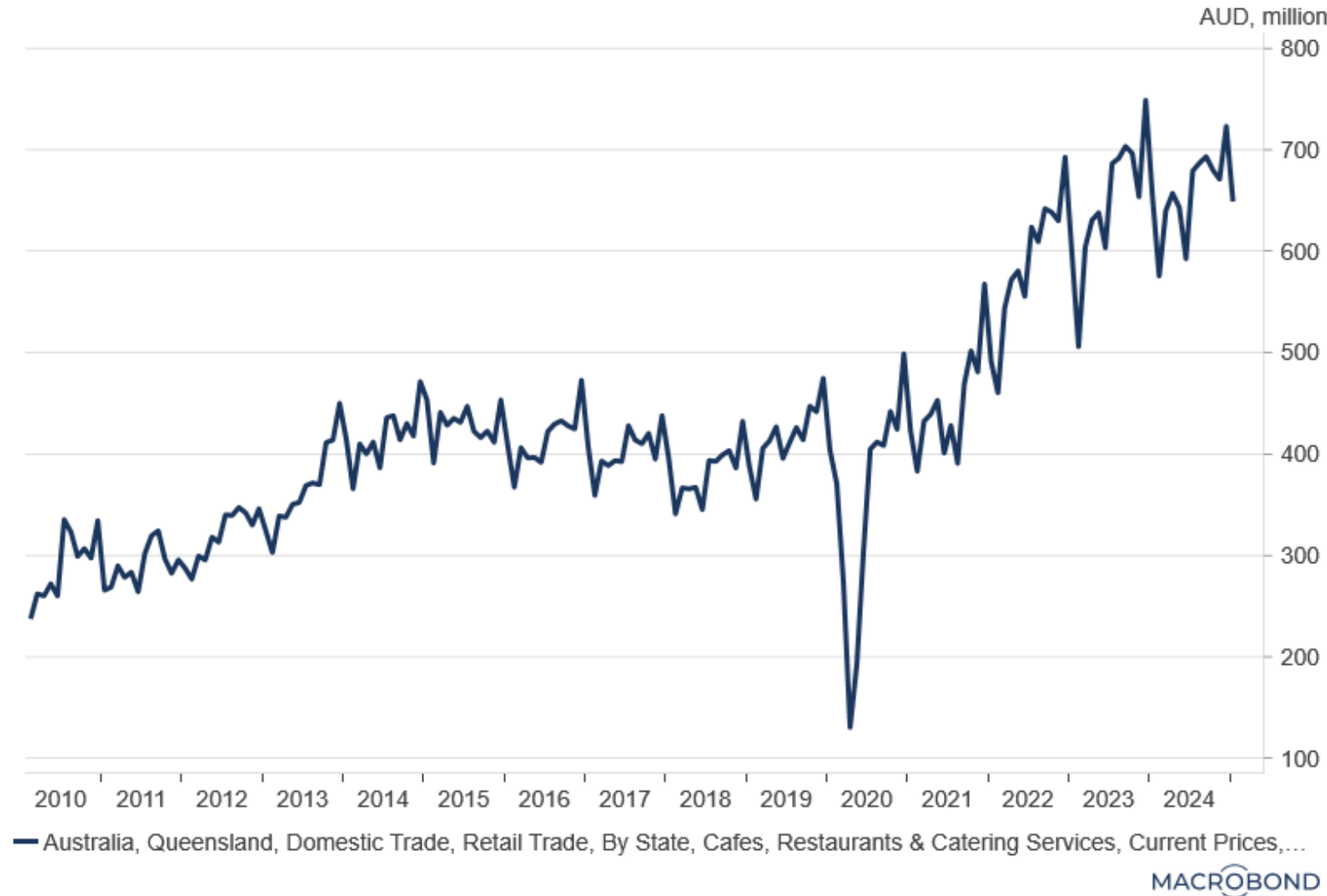


Election policies from both sides boost demand, but do little to address problem on supply-side.

We're not building enough houses to hit the National Housing Target.

Coalition Business Lunch Tax Write-off a big deal

Queensland Retail Trade: Cafes, Restaurants & Catering Services, Current Prices, ABS estimates

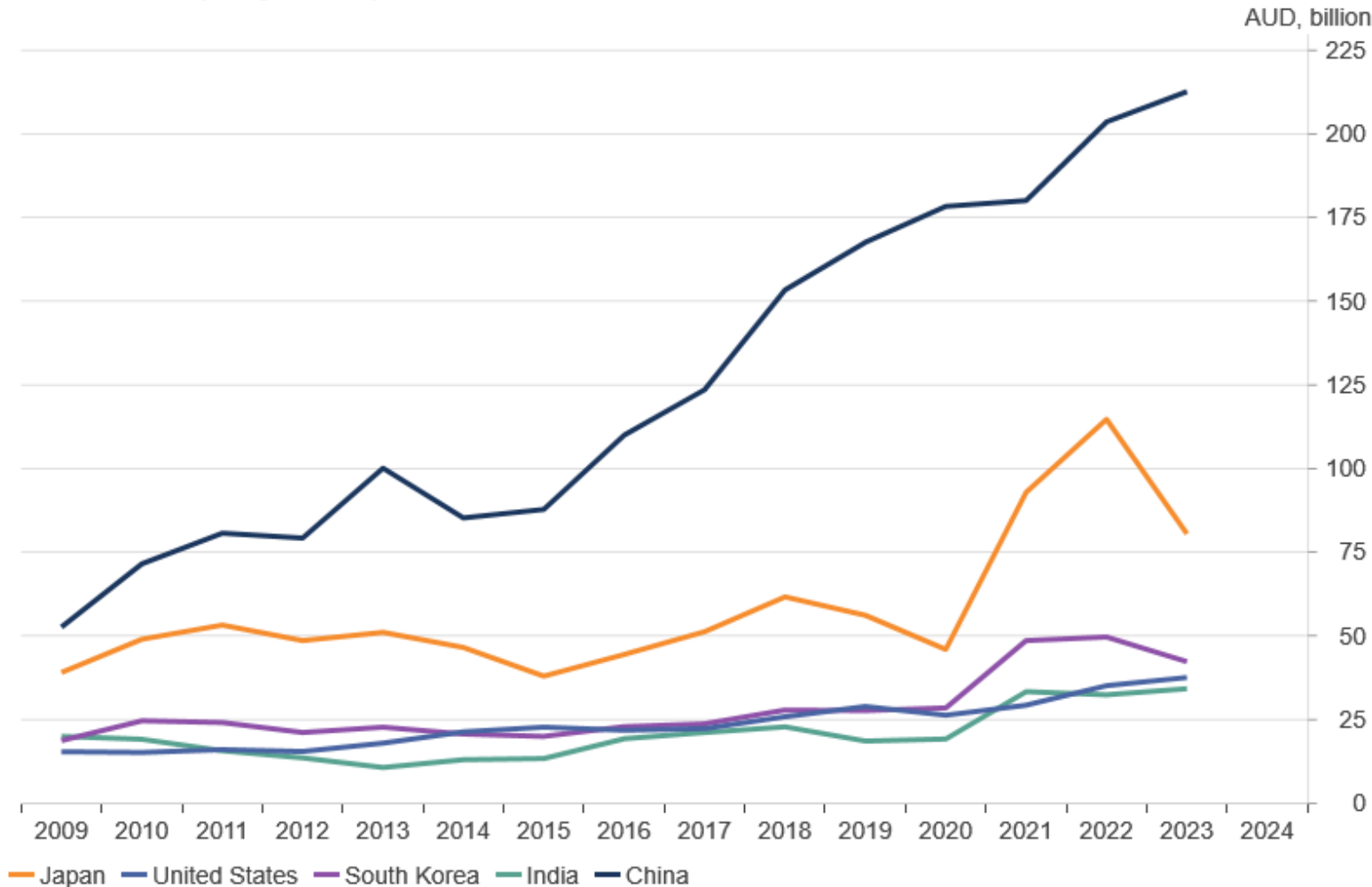


This will be good for hospitality-gearred regions like Cairns, although it is poor public policy and will be abused.

Across Australia, parts of the hospitality sector have struggled given real disposable income reductions.

But the economy could suffer from a global trade war

Australia, Foreign Trade, Goods & Services, Export, By Country, Current Prices, Fiscal Year (July-June) Basis, AUD

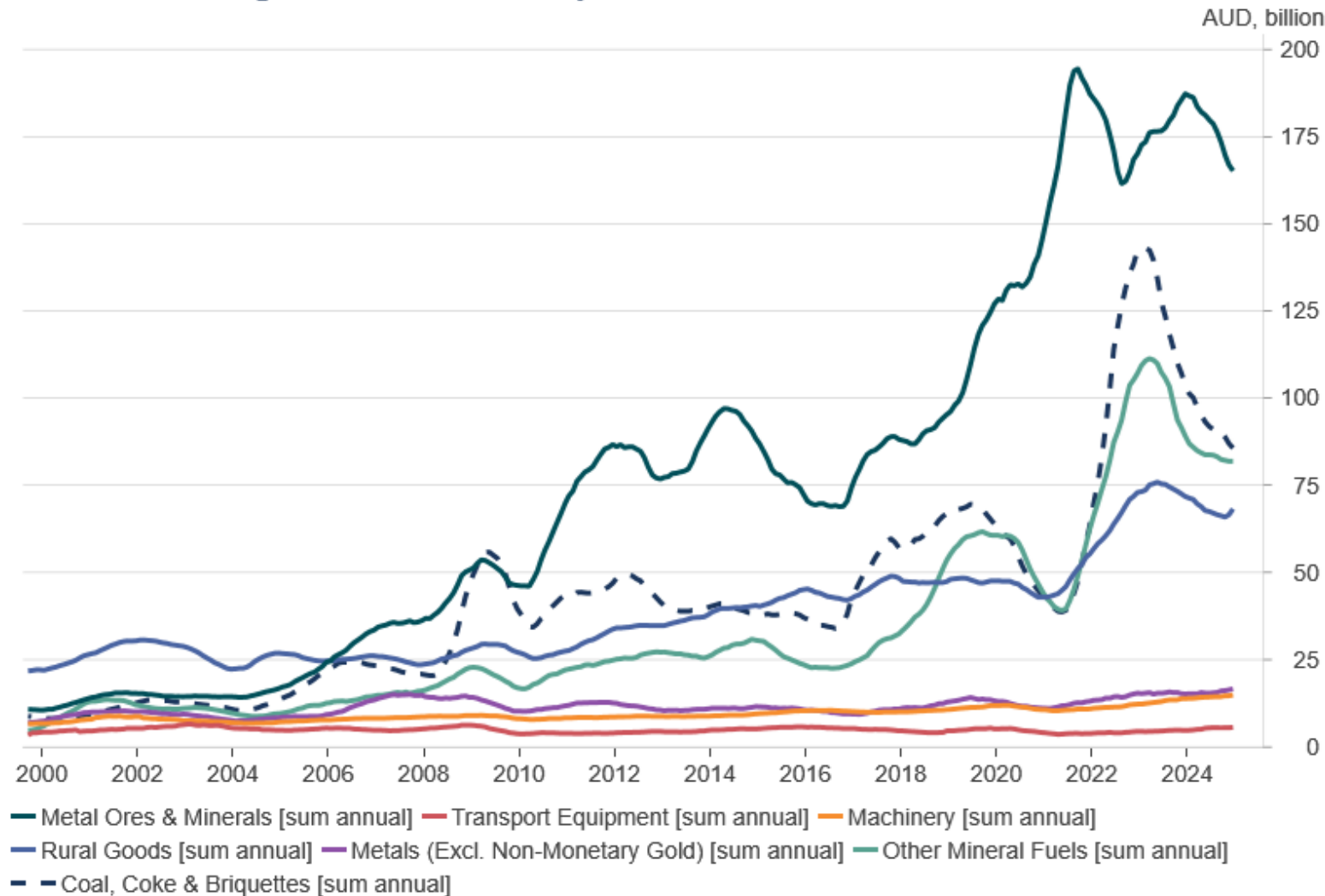


Australian economy depends significantly on China for export markets. China's demand for our commodities will fall in global trade war.

US itself significant, and hence steel and aluminium tariffs will hurt, but big impact will come via China.

The big Aussie exports are Iron Ore, Coal, Gas & Ag. products

Australia, Foreign Trade, Goods, Export, Total, Current Prices, AUD



Australia once rode on the sheep's back, but now iron ore, coal and gas are more significant.

Our fortunes depend significantly on construction & manufacturing in East Asia.

Tariffs have been a costly mistake for the US

Equity Indices, Close

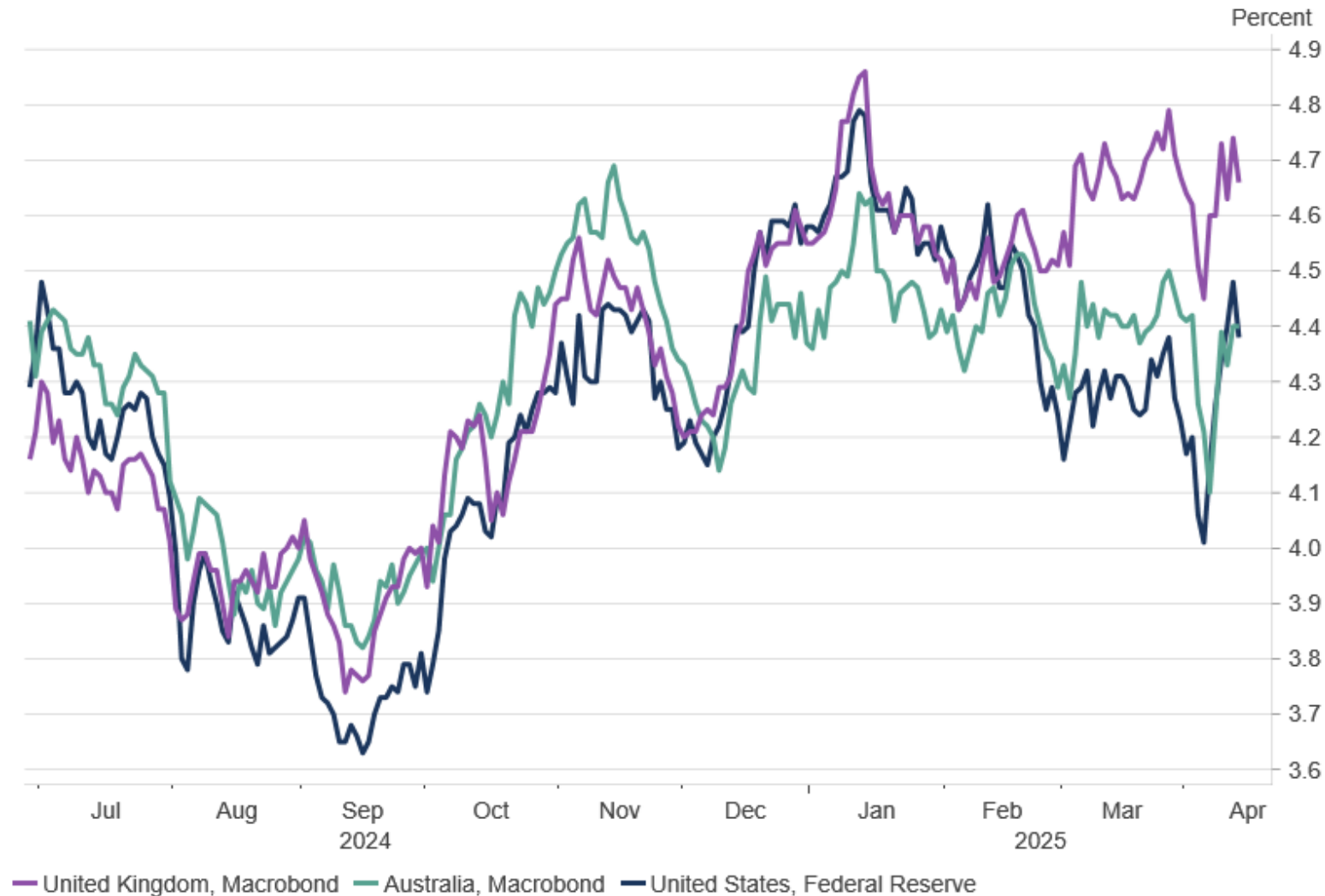


Markets have been shocked at the excessive and unjustifiable tariffs.

There are reports this is having a chilling effect on investment & hiring decisions in the US.

The bond market is the one to watch

Government Benchmarks, 10 Year, Yield



It was sharply rising borrowing rates that forced Trump to enact the recent 90-day pause.

Governments need to beware the 'bond vigilantes'.