

June 2022

# Joondalup and its economic future

Aaron Morey – CCIWA Chief Economist, Executive Director of Membership, Campaigns & Strategy

 @AaronMorey

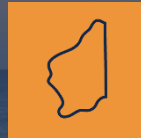
 *economics.chief*



# Overview



The broader economic landscape



Local economic conditions



What comes next

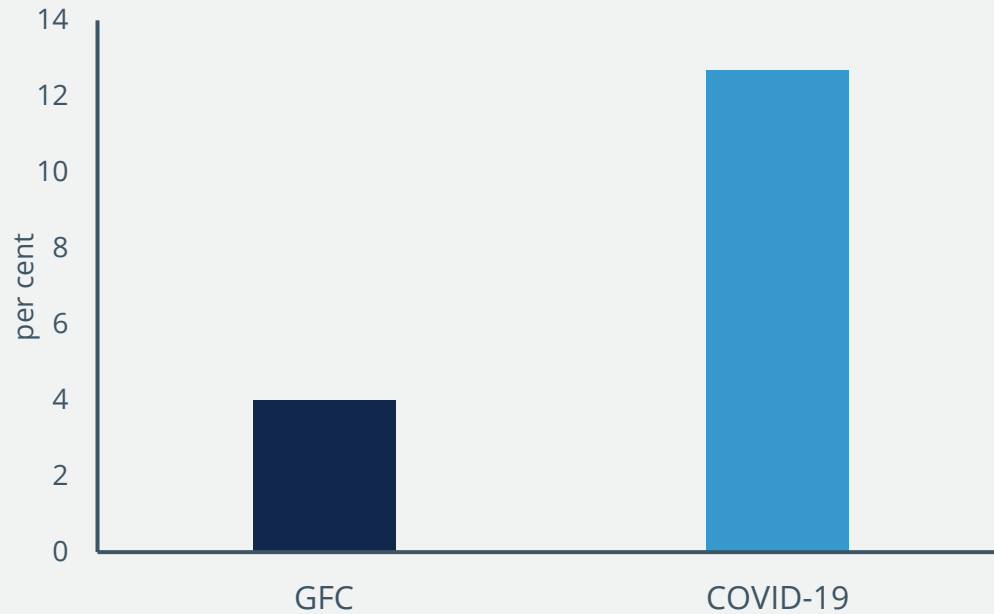


# The broader economic landscape

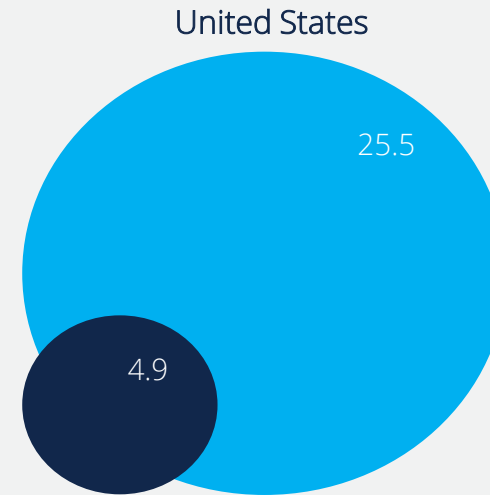
A photograph of a wooden boardwalk leading to a beach at dusk. The boardwalk is made of weathered wooden planks and is flanked by low wooden posts connected by a thin rope. The boardwalk leads towards a sandy beach and the ocean. The sky is a deep blue with some light clouds. The overall scene is calm and serene.

# Strong and coordinated action

## G20 Fiscal Stimulus % of GDP

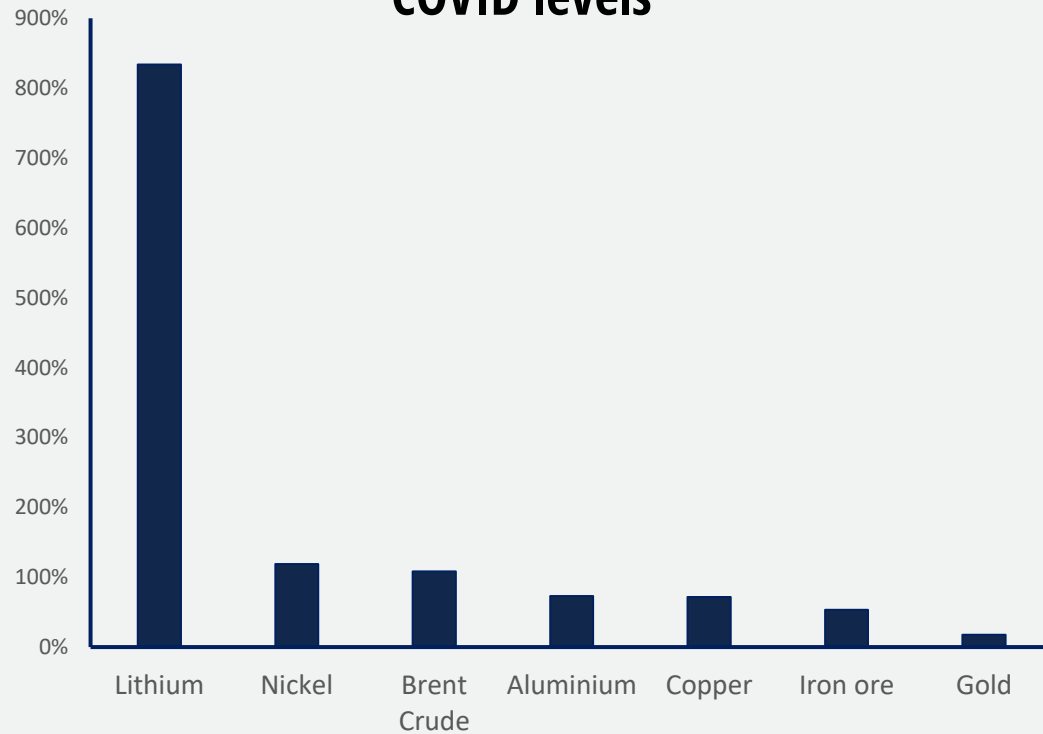


Stimulus as a % of GDP:  
● 2008 Financial Crisis  
● Covid-19 Crisis

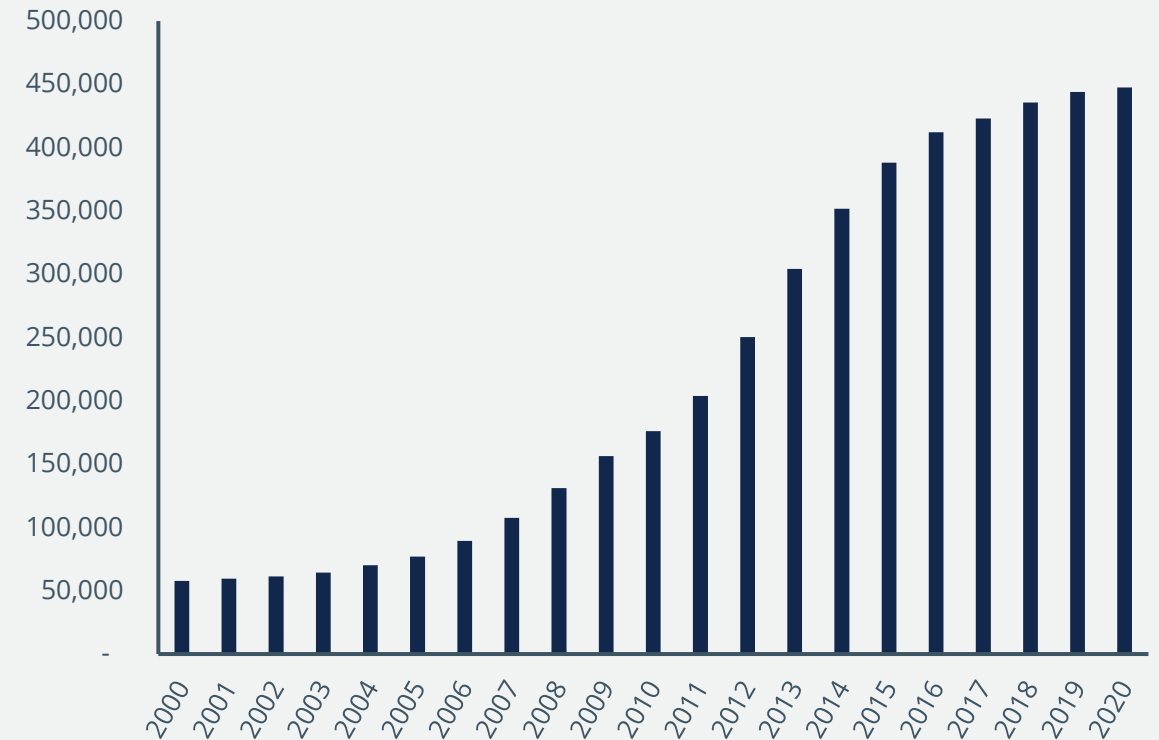


# Mining fundamentals

## Change in commodity prices from pre-COVID levels

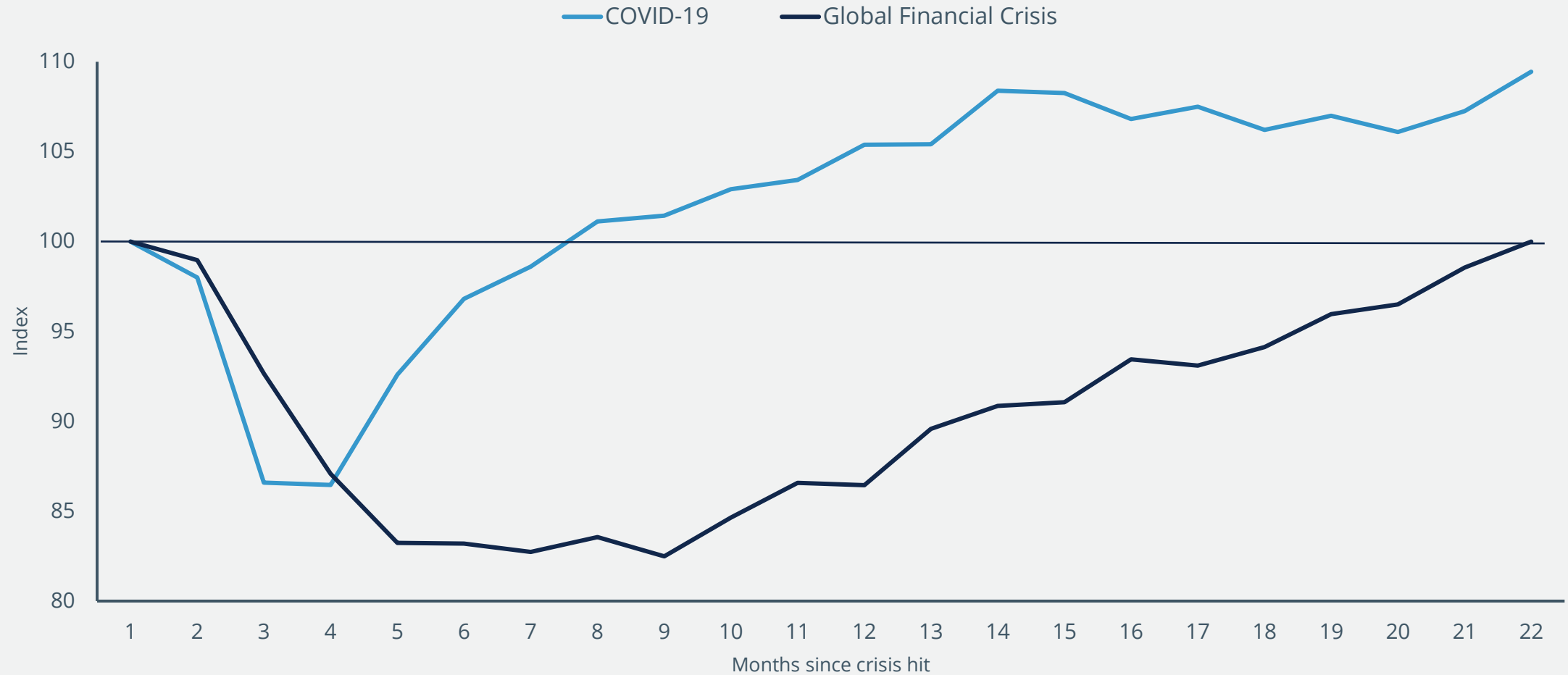


## WA's Mining Capital Stock



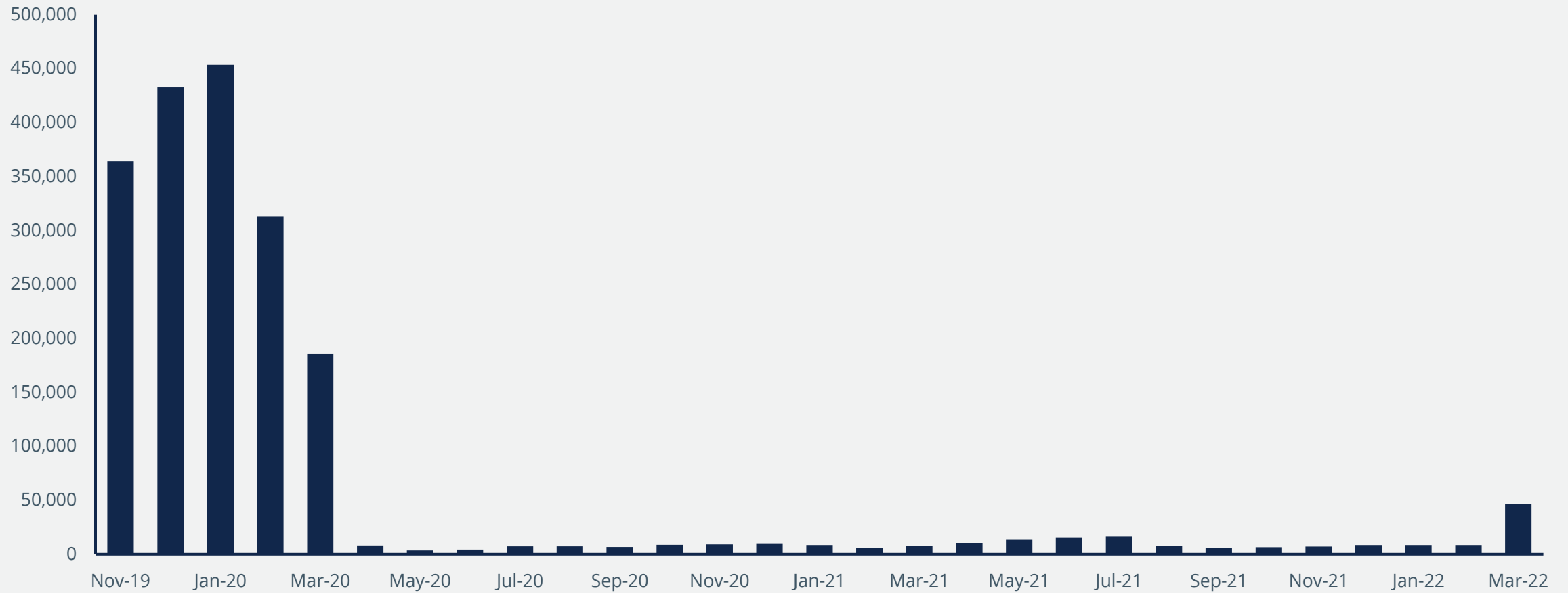
# Global trade up

## Global Trade



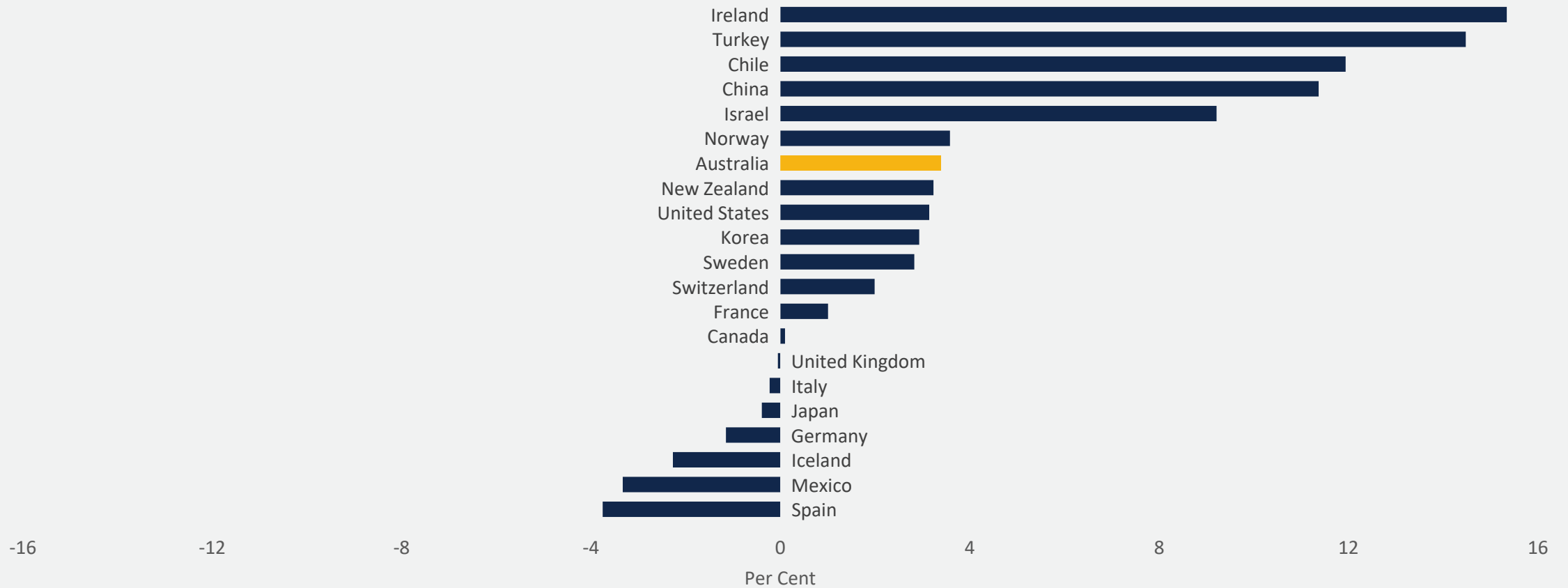
# Lack of passenger flights

## Australian International Flight Traffic - Inbound



# International scorecard

## World Real GDP Growth Since Q4 2019

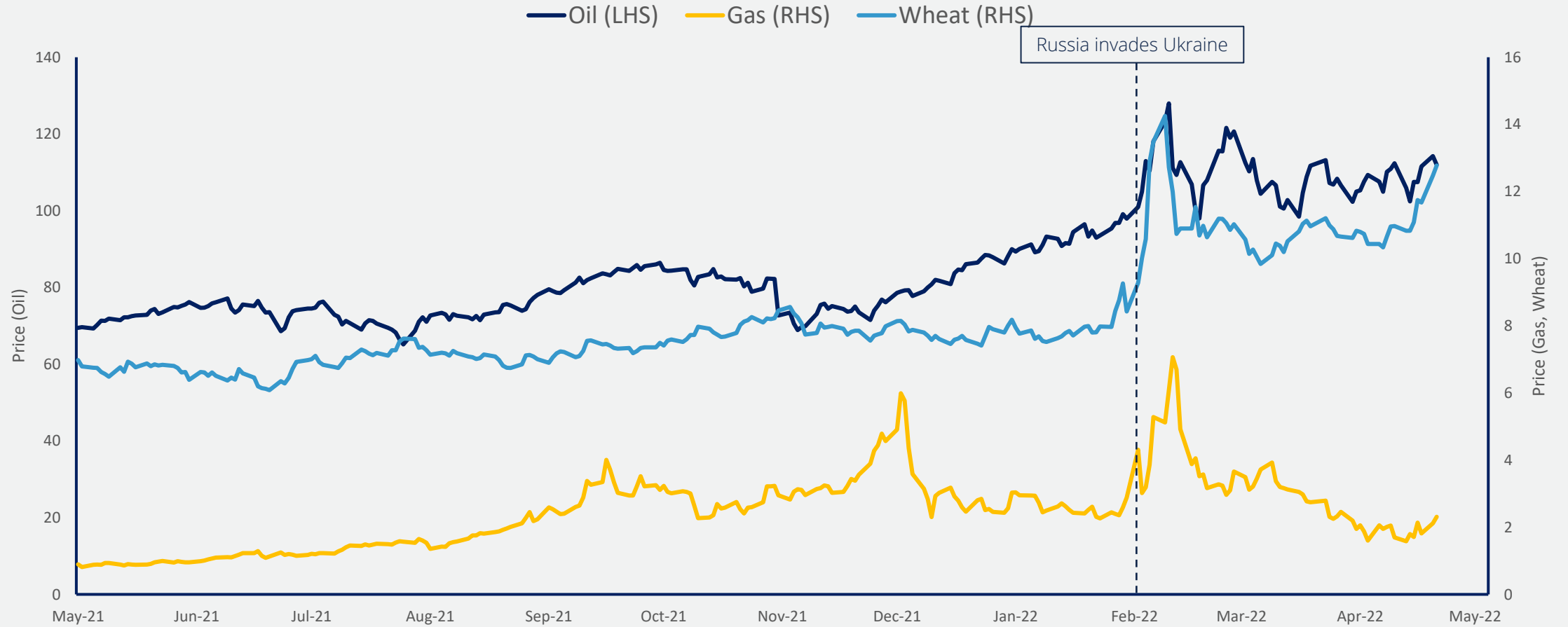


Source: CCIWA, OECD, Refinitiv



# From Russia with Love

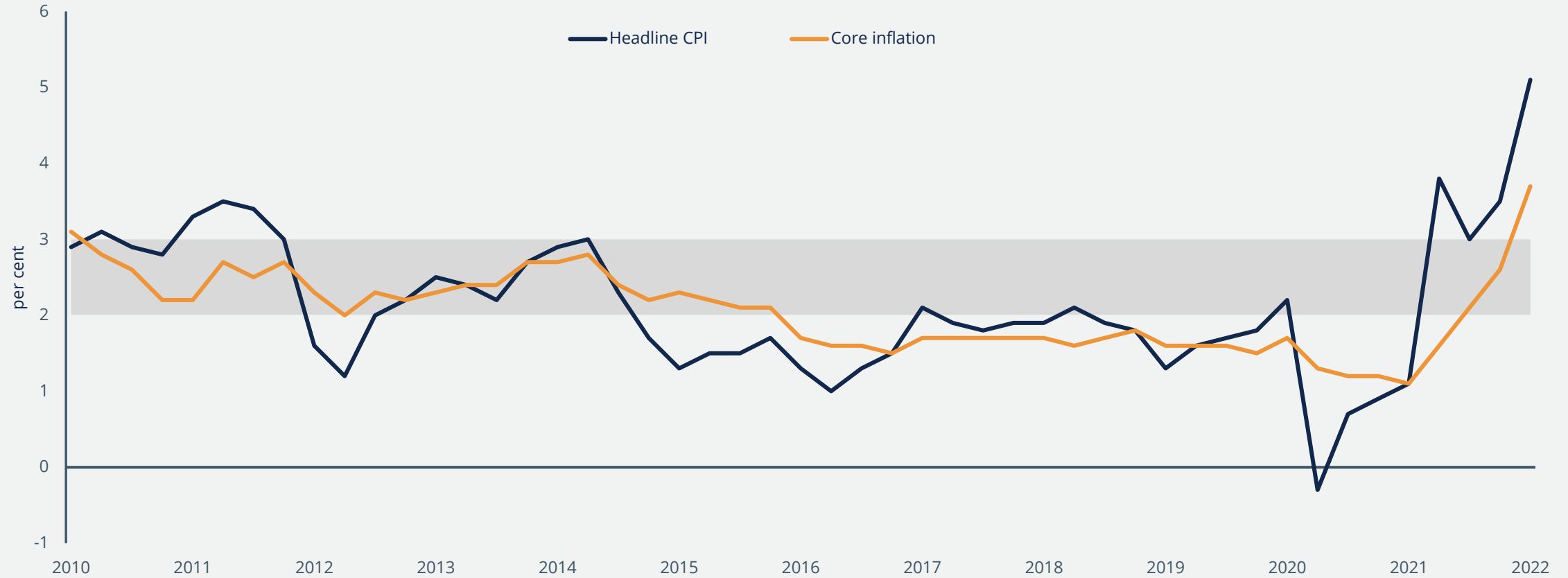
## Commodity Prices



Source: CCIWA, Refinitiv

# Inflation

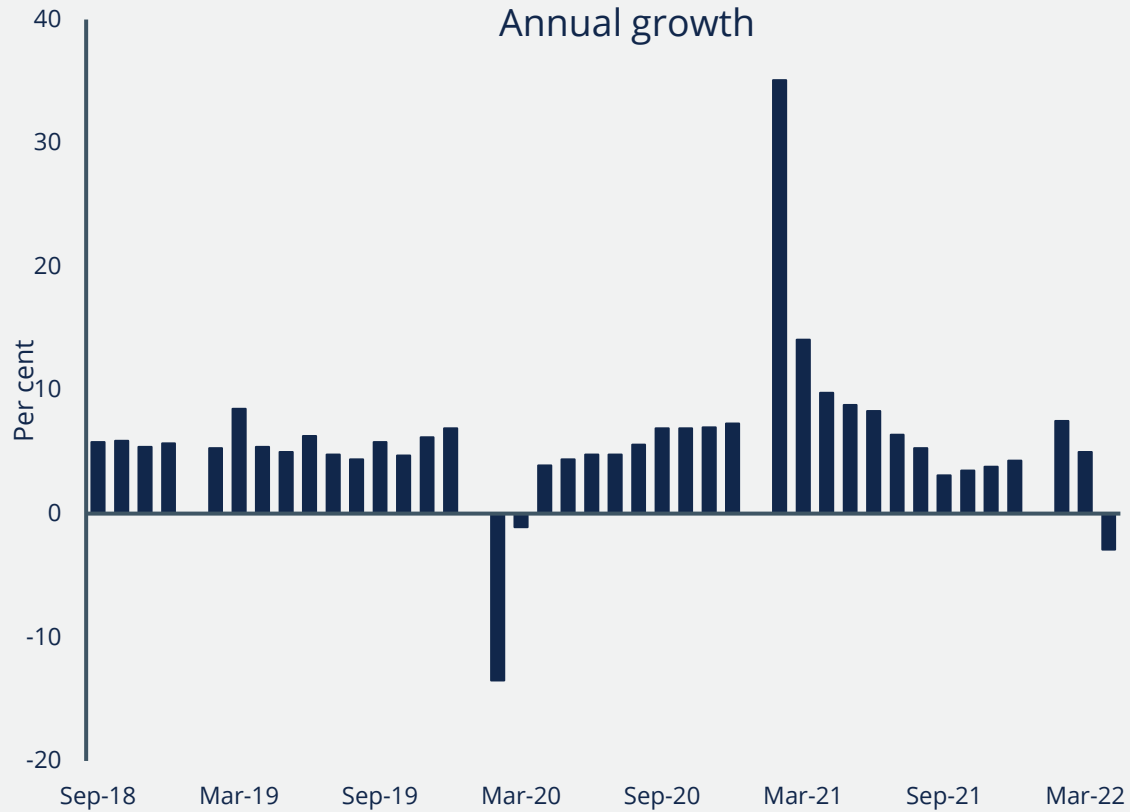
## Australia CPI - Annual Change



# China Slowing

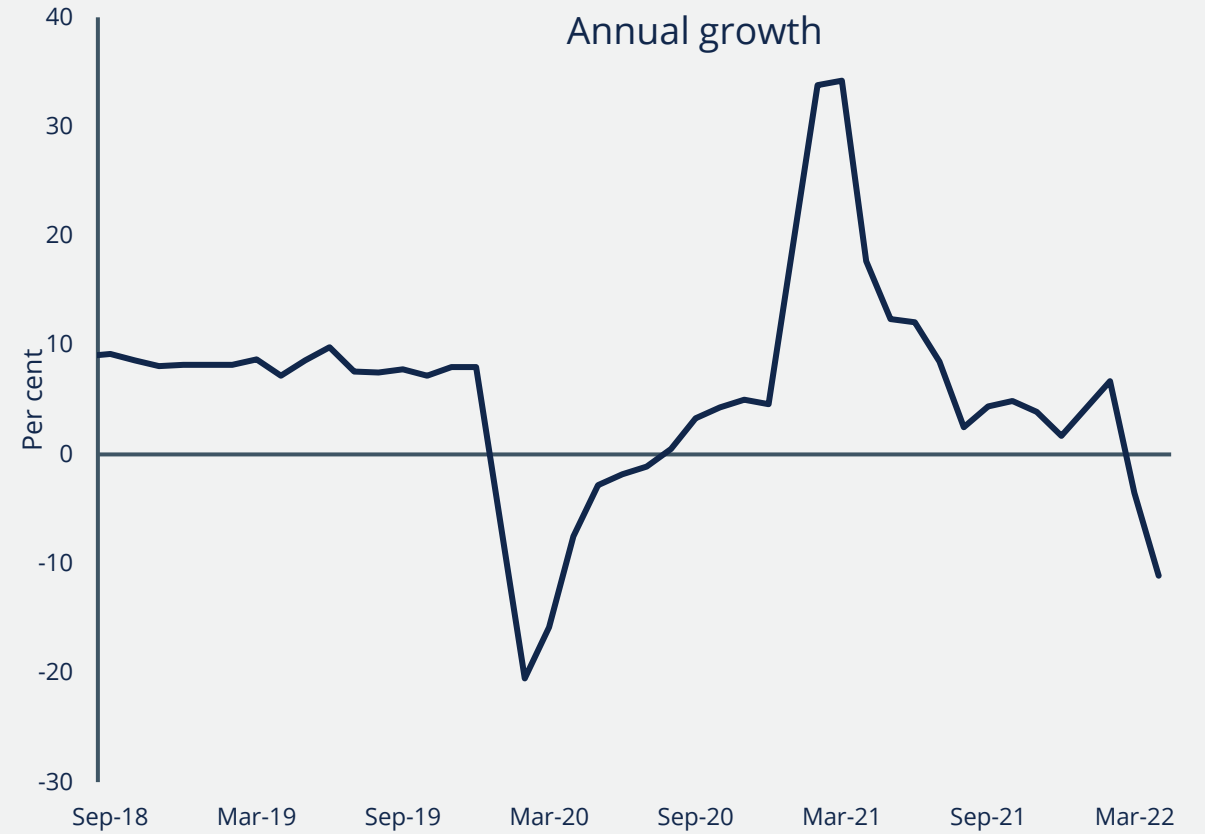
## China Industrial Production

Annual growth



## China Retail Sales

Annual growth



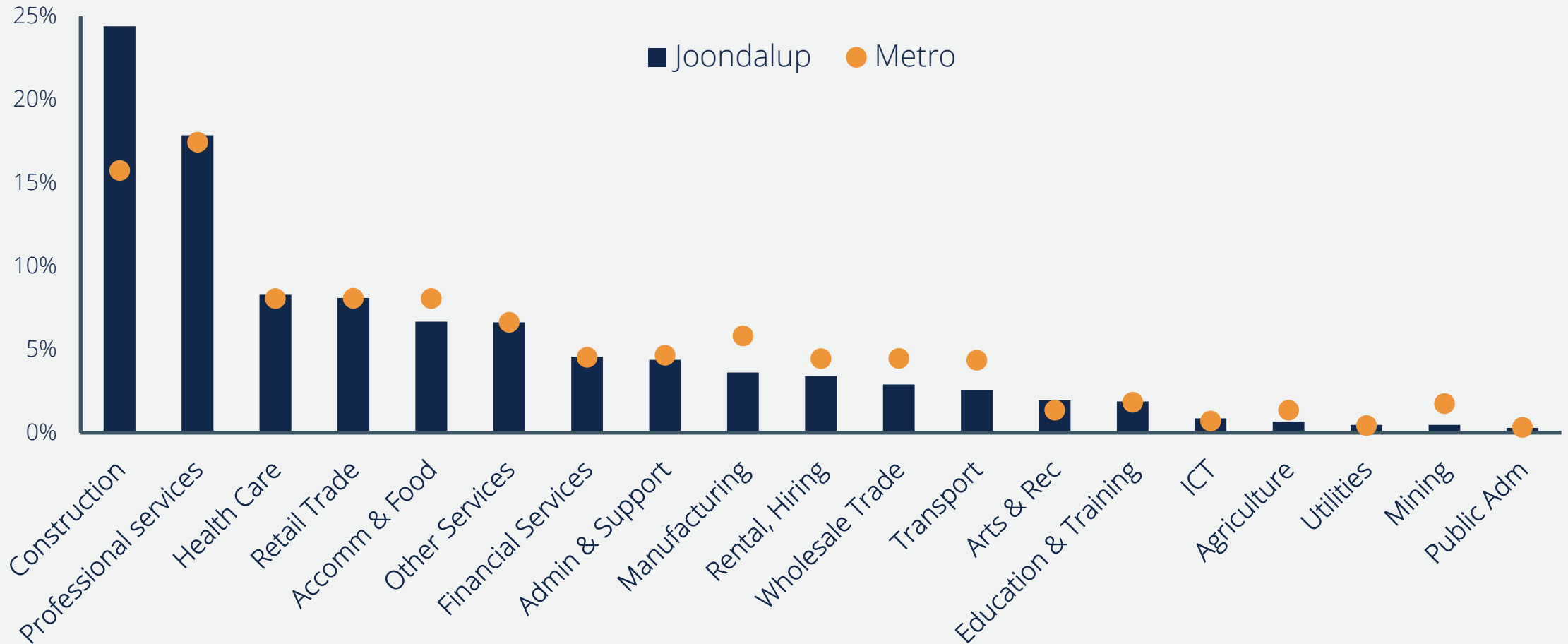
# Local economic conditions

A photograph of a wooden boardwalk leading to a beach at dusk. The boardwalk is made of weathered wooden planks and is flanked by low wooden posts connected by a thin rope. The boardwalk leads towards a sandy beach and the ocean. The sky is a deep blue with some light clouds. The overall scene is calm and serene.



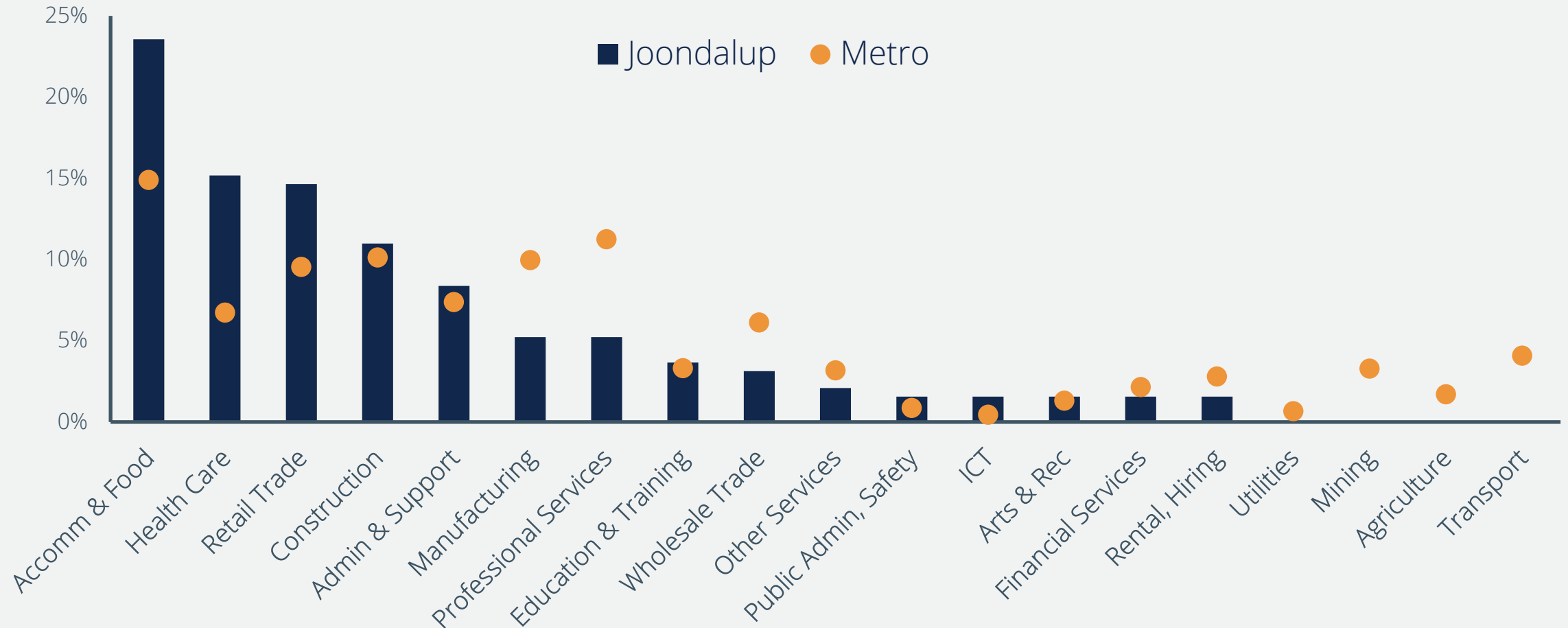
# Business breakdown

## Proportion of businesses by industry (employing)



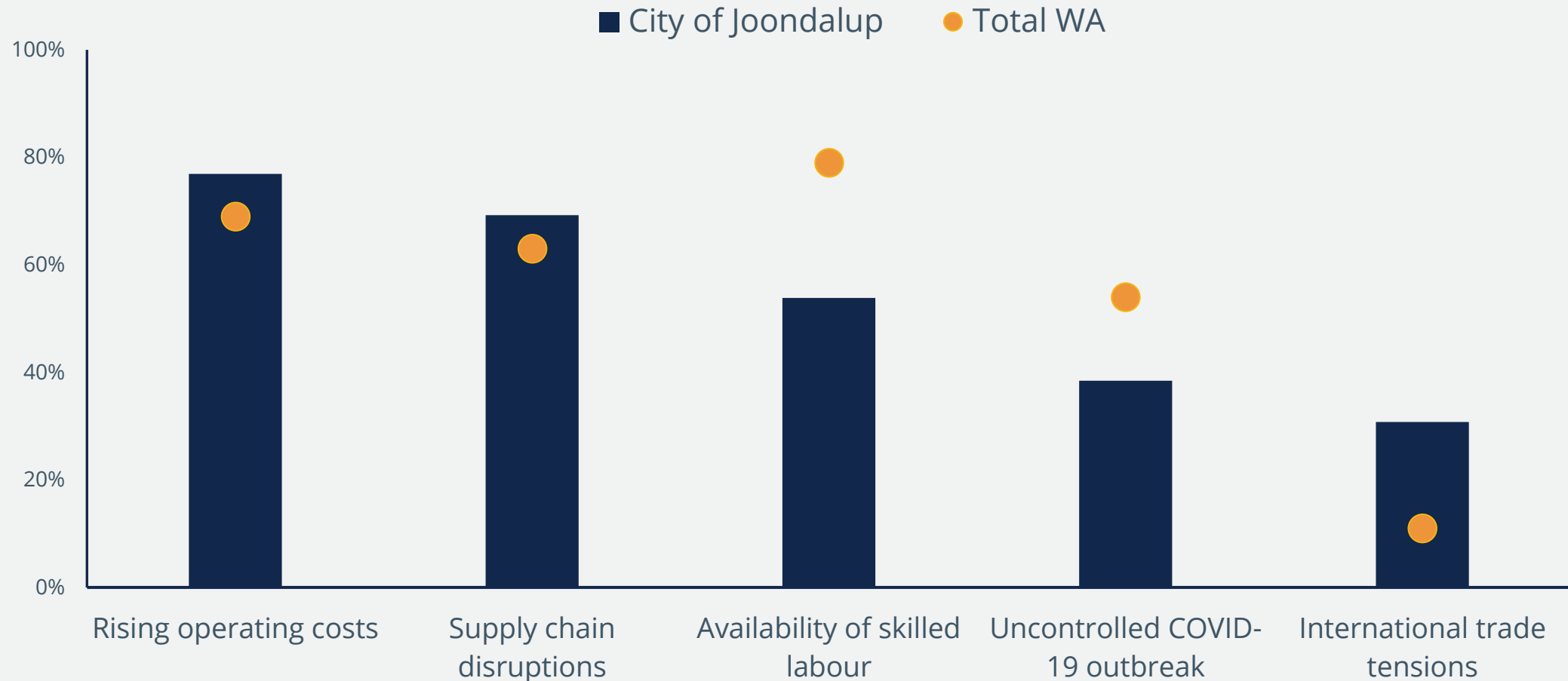
# Business breakdown

Proportion of businesses by industry (above 20 employees)

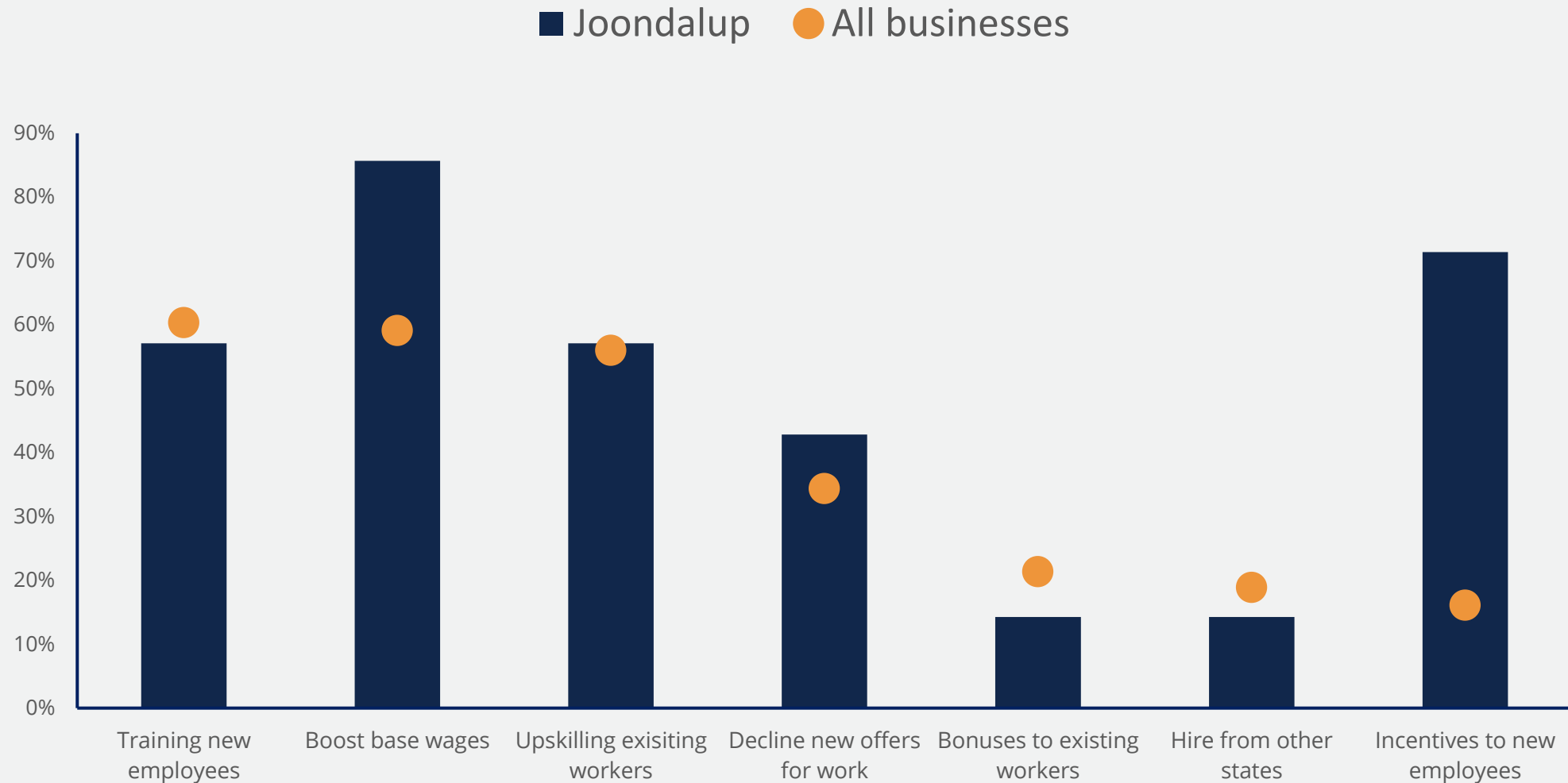


# Barriers to growth

## Top 5 barriers to business - next 12 months



# How businesses are responding to skill shortages

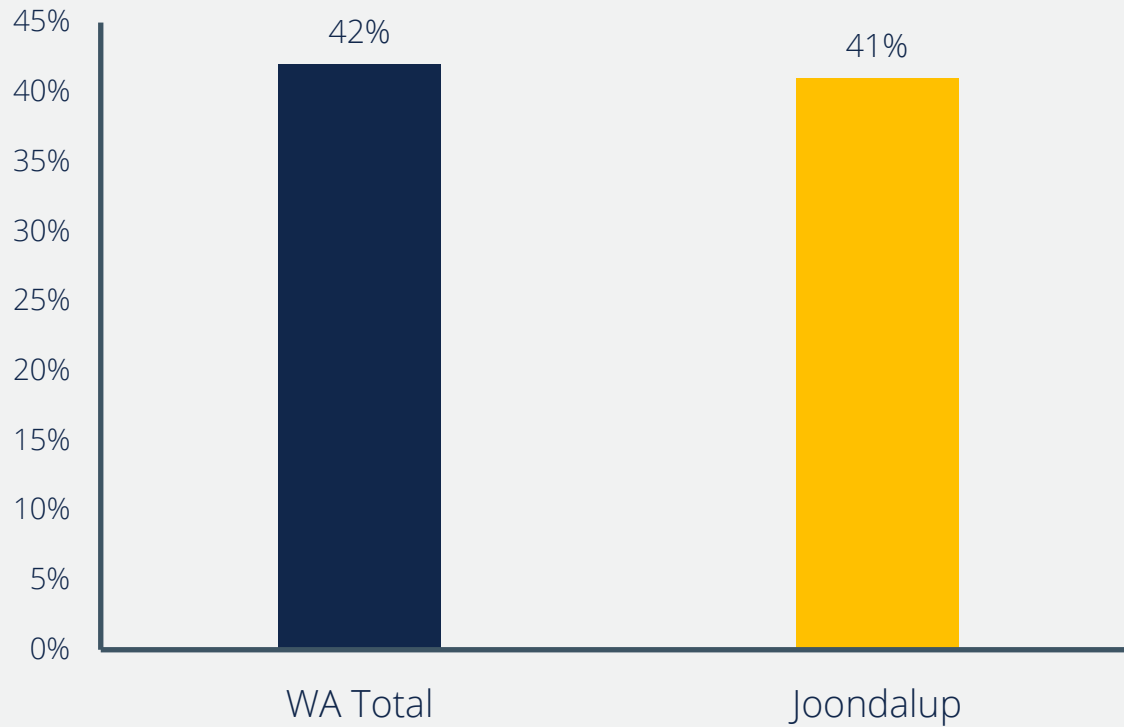




# Local businesses are confident

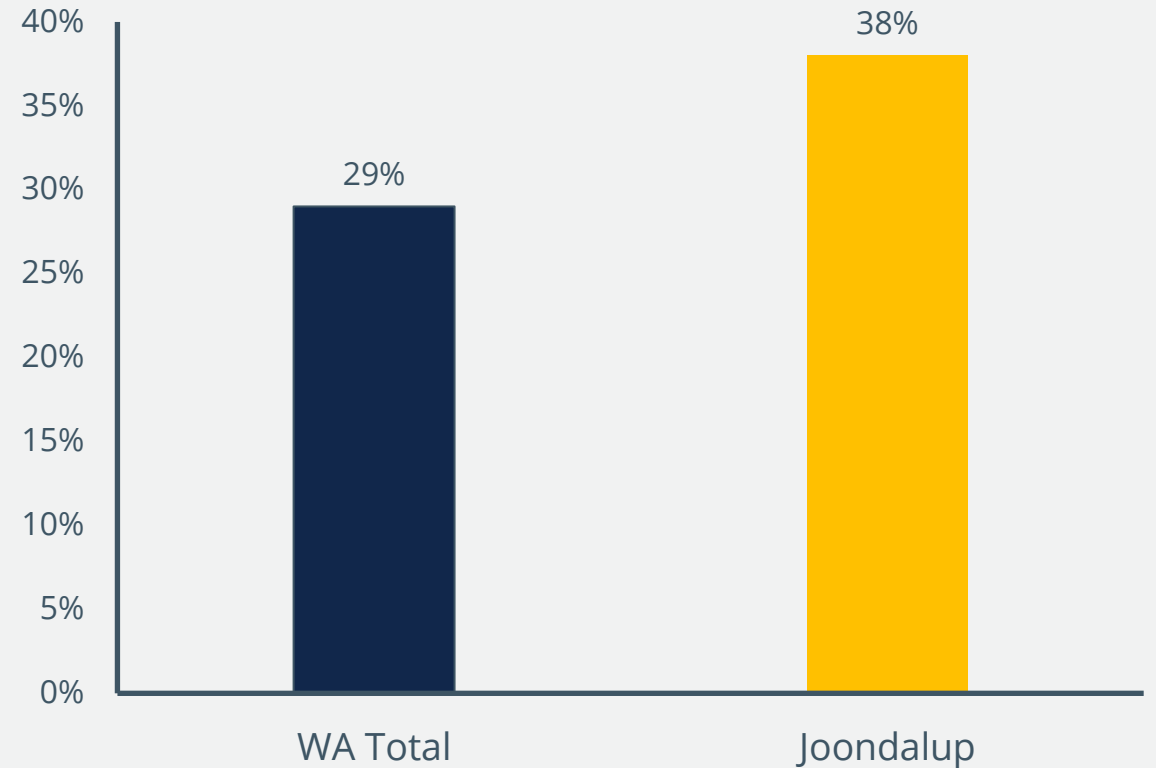
## Consumer Confidence - next 12 months

Proportion expecting 'stronger' conditions



## Business Confidence - next 12 months

Proportion expecting 'stronger' conditions



A photograph of a wooden boardwalk leading to a beach at dusk. The boardwalk is made of weathered wooden planks and is flanked by low wooden posts connected by a thin rope. The boardwalk leads from the foreground, through a field of low-lying green and grey vegetation, towards a sandy beach and the ocean. The sky is a deep, dark blue with some light, wispy clouds. The overall mood is serene and contemplative.

**What comes next**



# The good bets



## Debt burdens higher

### Government debt

*Up from 70% GDP in 2007, to 124% in 2020*

### Corporate and household debt

*Less of a concern due to saving buffers*

### Risk for policy

*Will governments take the lazy route and raise taxes?*



## Population ageing

### Total consumer spending

*Mildly disinflationary*

### Competitive edge

*Ageing countries to lose labour cost advantage*

### Age-related services

*Medical tourism; training; telemedicine, in-market*



## Trend acceleration

### ESG

*Social / environmental / health values*

### Metaverse tech

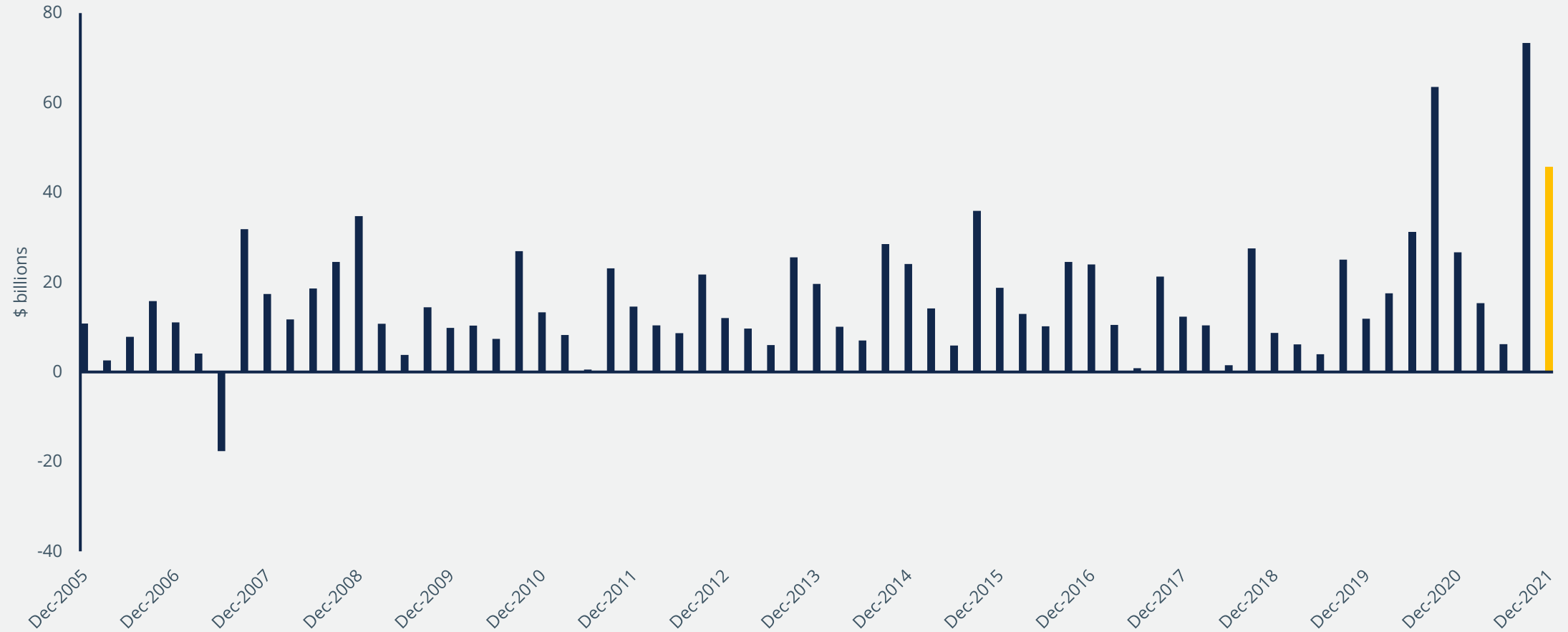
*Virtual and augmented reality technologies*

### Flexible work

*Office layouts to evolve. Living preferences*

# Households well placed

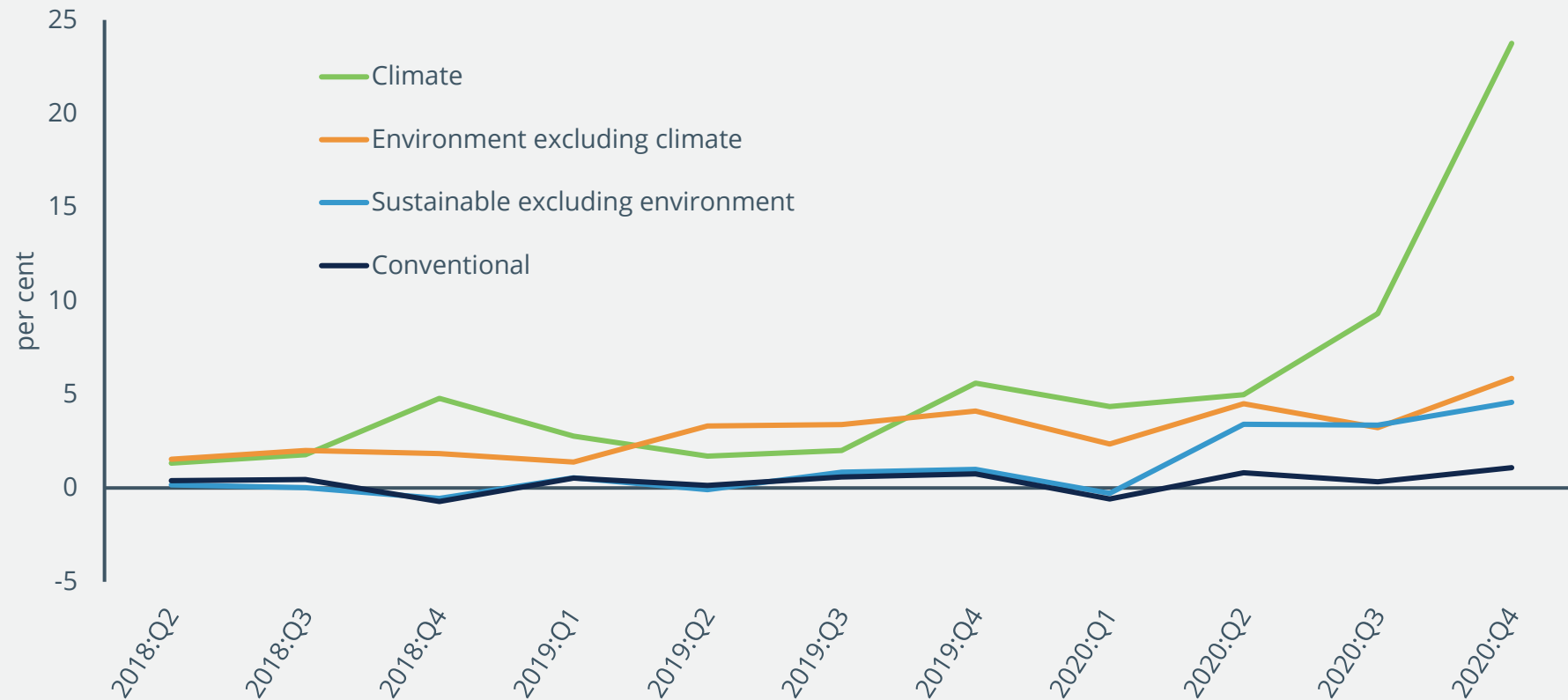
## Change in household deposits





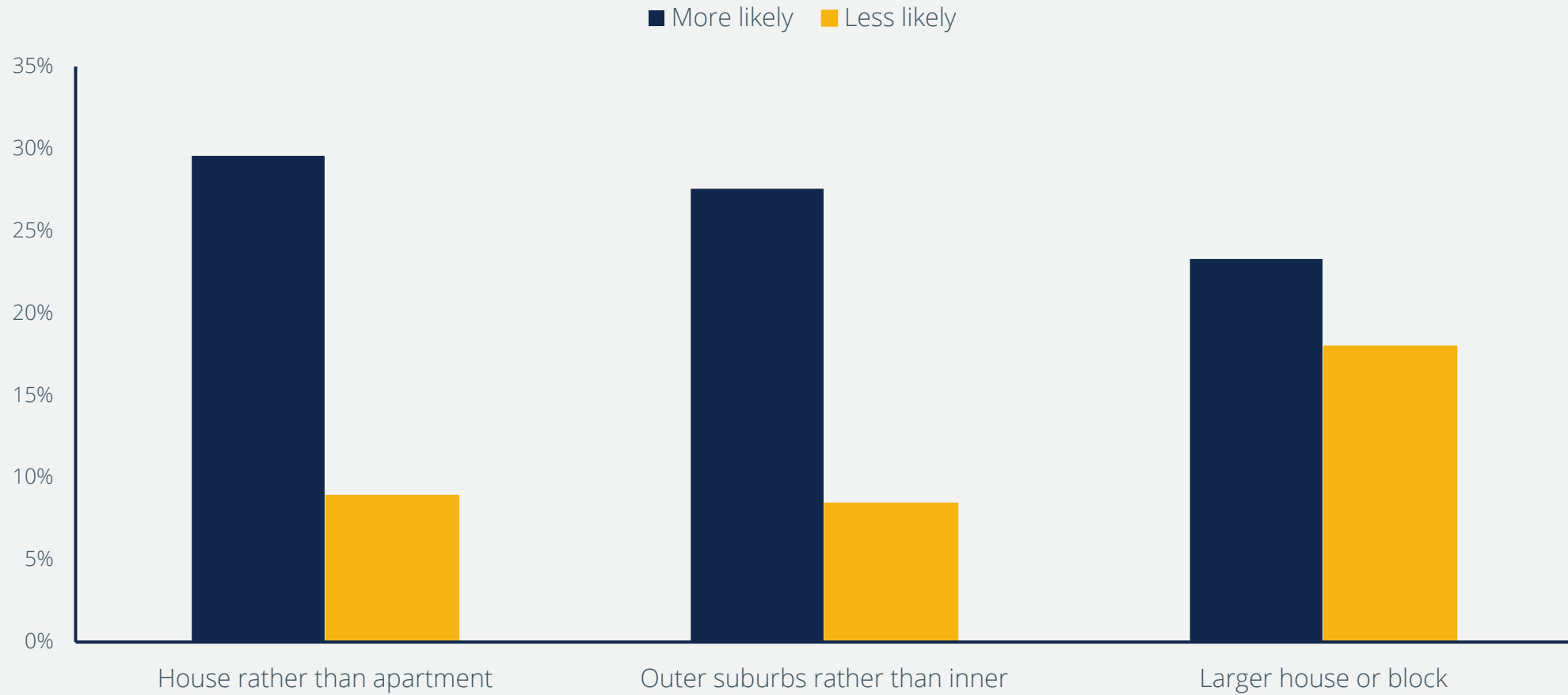
# Green investment on the rise

## Net flows into funds, growth rate, by fund label



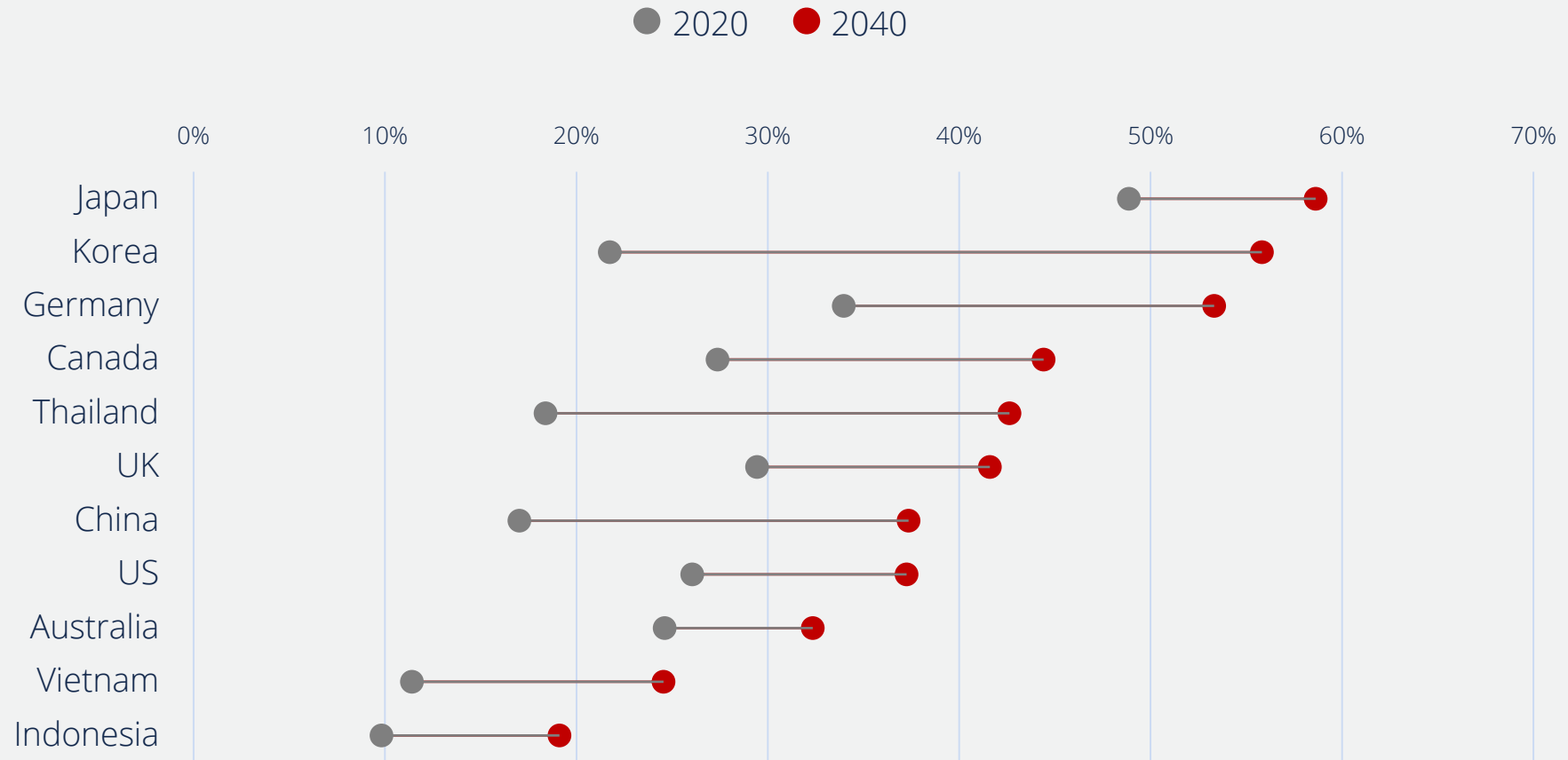
# Shifting living preferences

## Living arrangement preferences compared to pre-pandemic



# Driving Miss Daisy

## Old age dependency ratios



# The critical uncertainties



## Macro environment

### Global growth

*Stimulus to fade; ESG the great hope*

### Inflation and interest rates

*Lower neutral rate*

### A more expensive world

*Labour, protectionism, supply chains*



## Local housing

### Short term dynamics

*Inevitable slowdown*

### Longer trends

*Demand and supply*

### Forward outlook

*Looking robust*



## Supply chains

### Sources of disruption

*Sovereignty, protectionism, geopolitical tensions*

### Onshoring

*Sovereignty of supply chains*

### Shift to 'just in case'

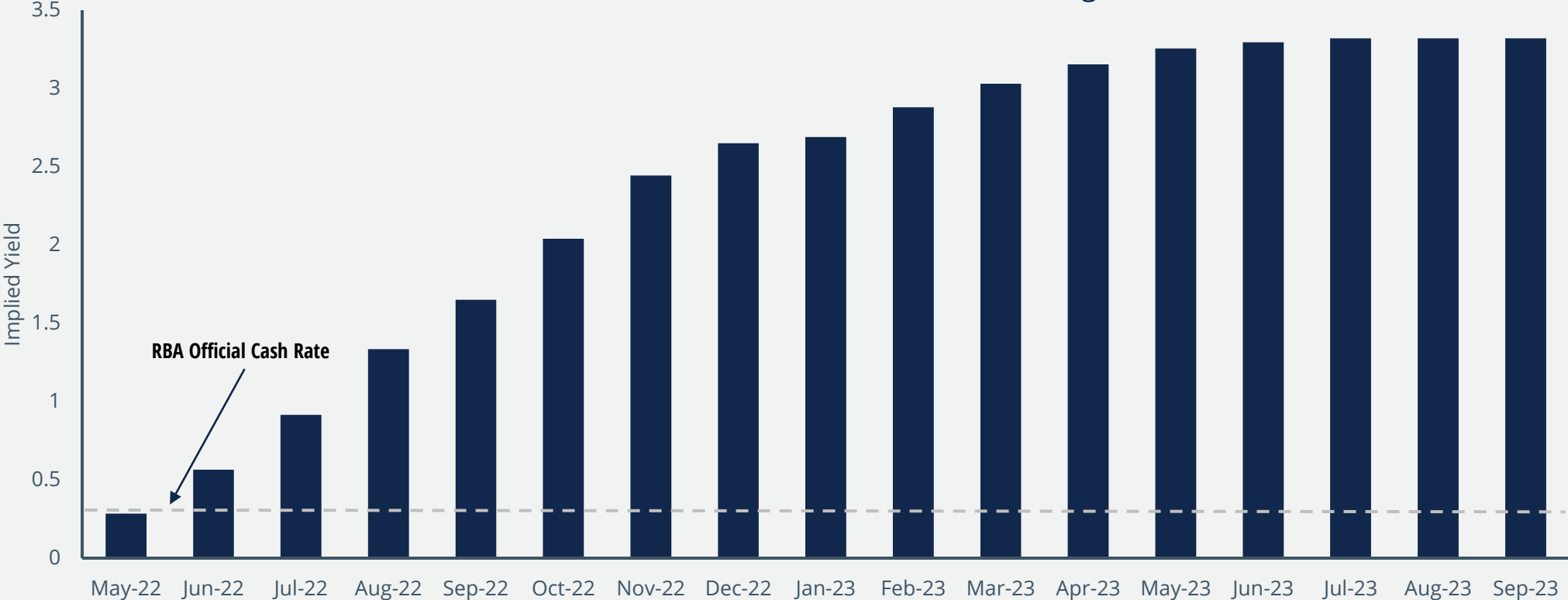
*Risk mitigation vs returns*



# Interest rates

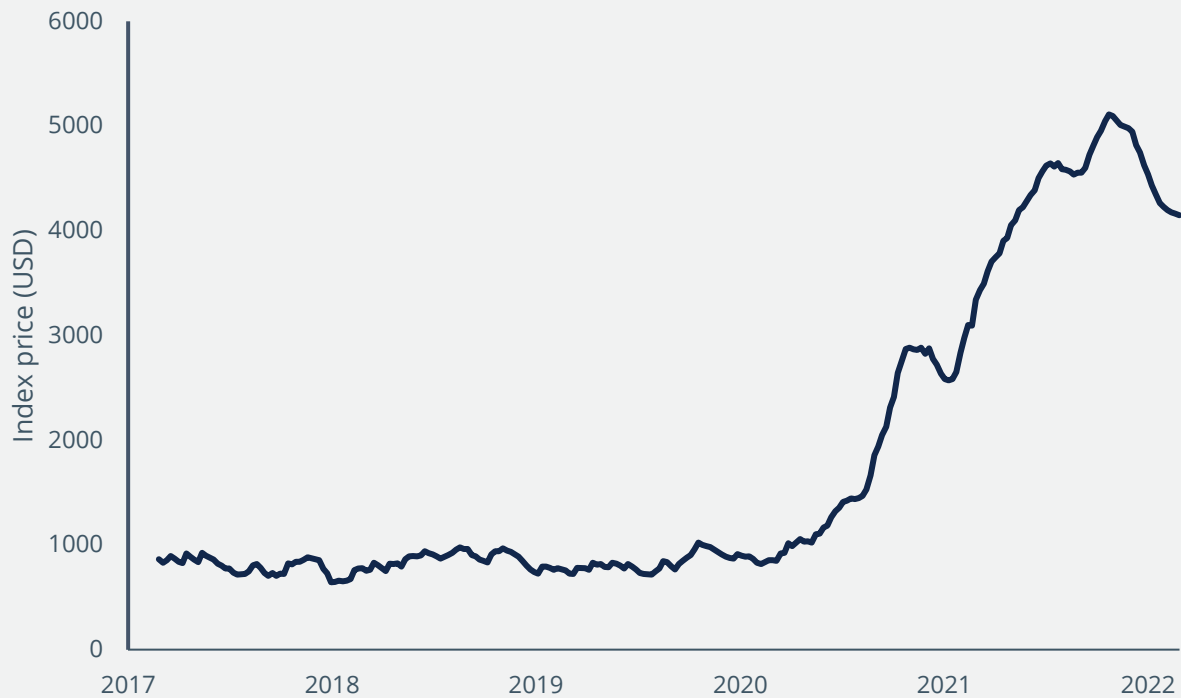
## 30 Day Interbank Futures Implied Yield Curve

(Where investors think interest rates will go)



# Rising Freight Costs

## Shanghai Containerized Freight Index



Source: CCIWA, Refinitiv

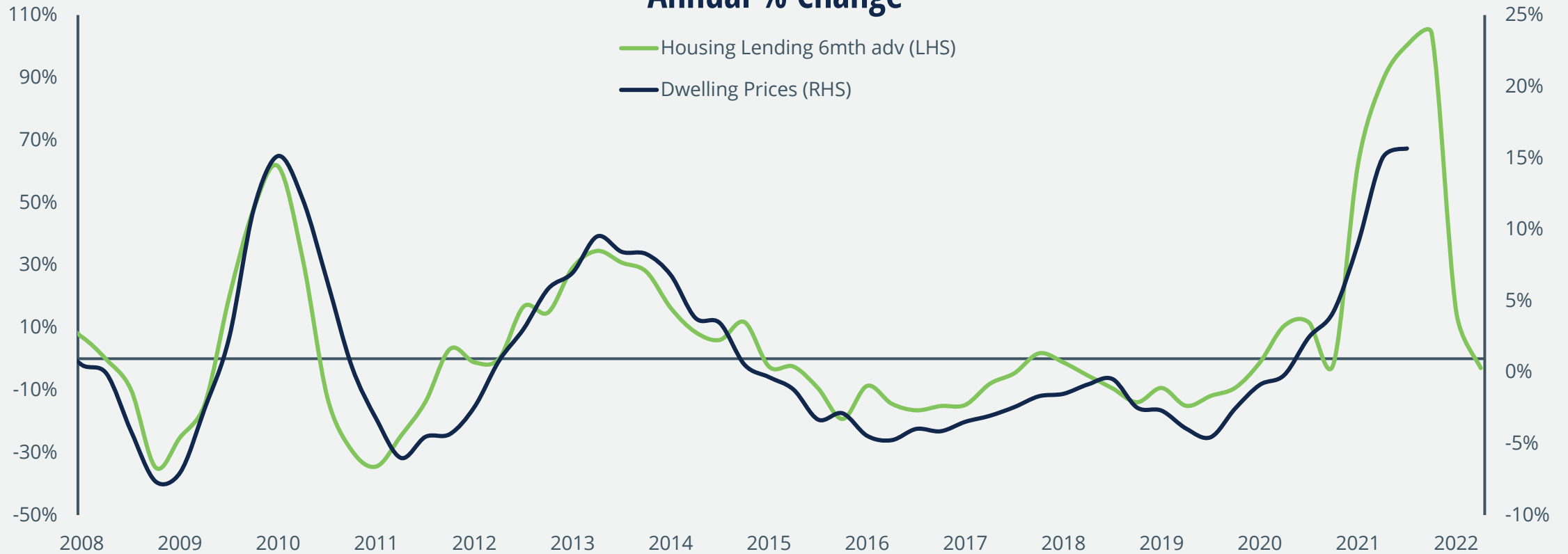
## Baltic Dry Index



Source: CCIWA, Refinitiv

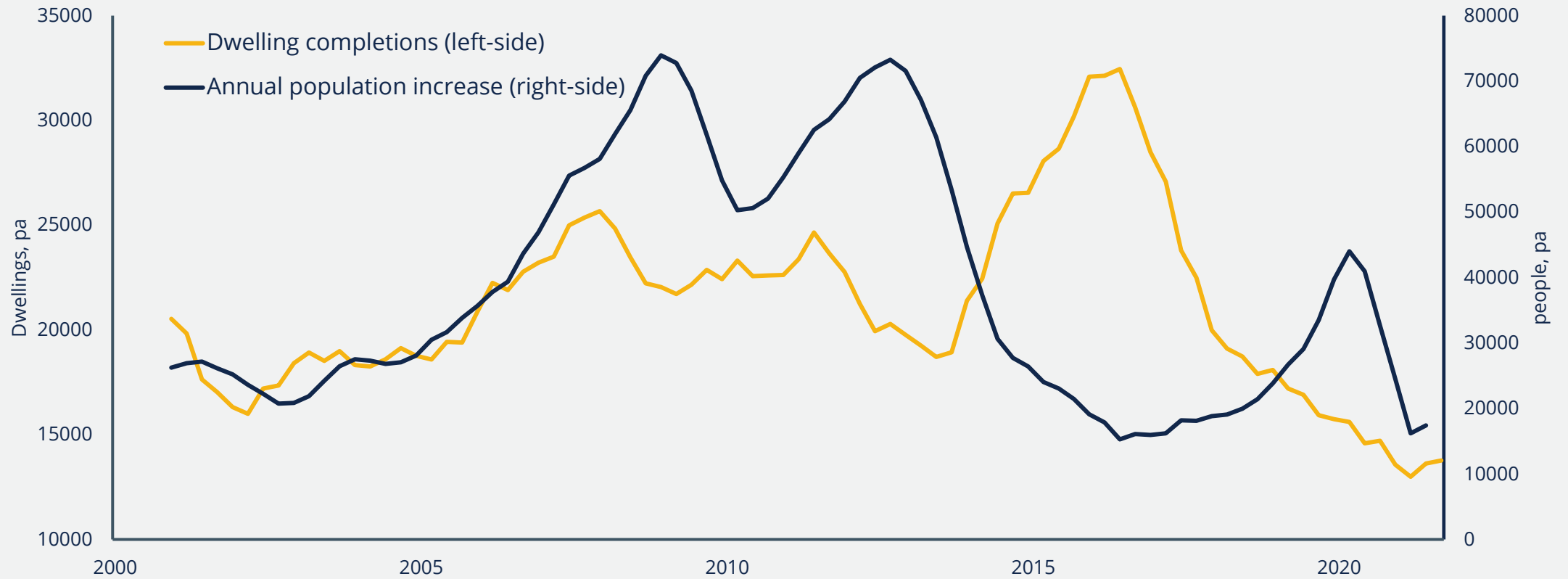
# The short term picture

## WA Housing Lending and Prices Annual % Change



# The fundamentals

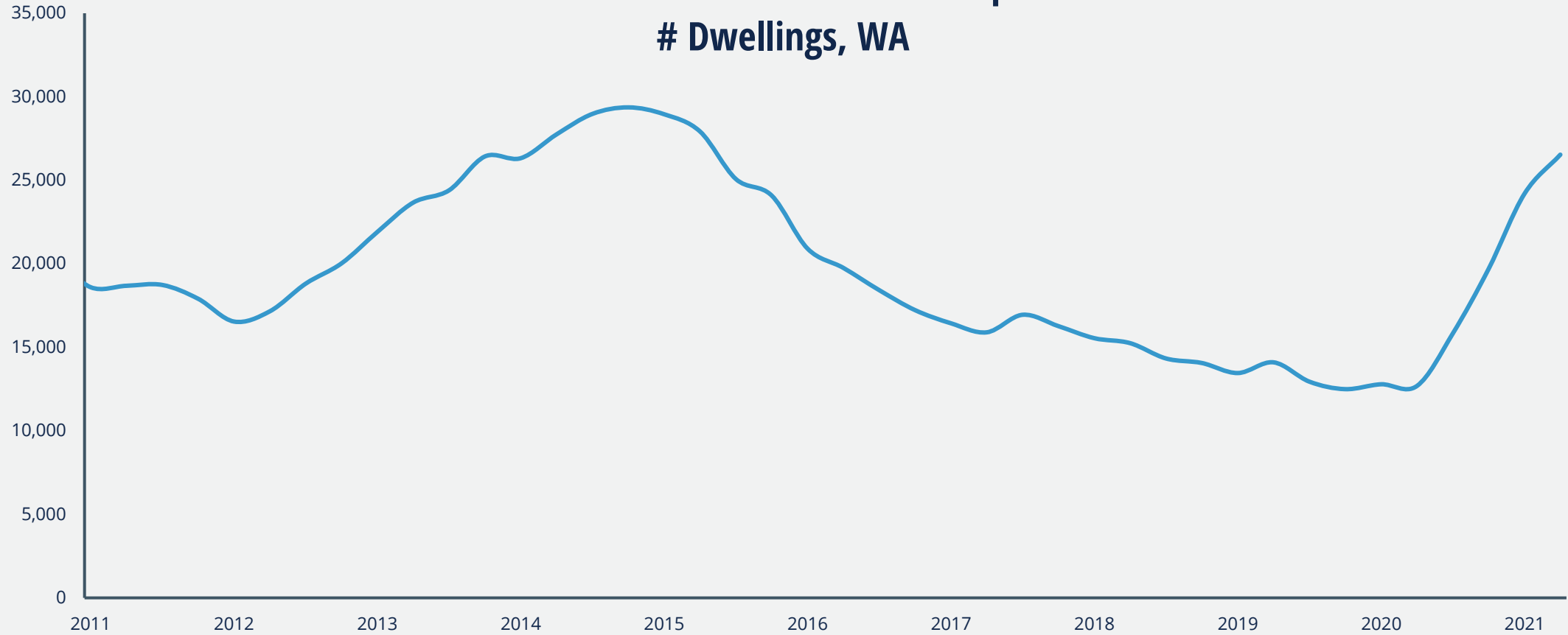
## Home construction and population growth in WA





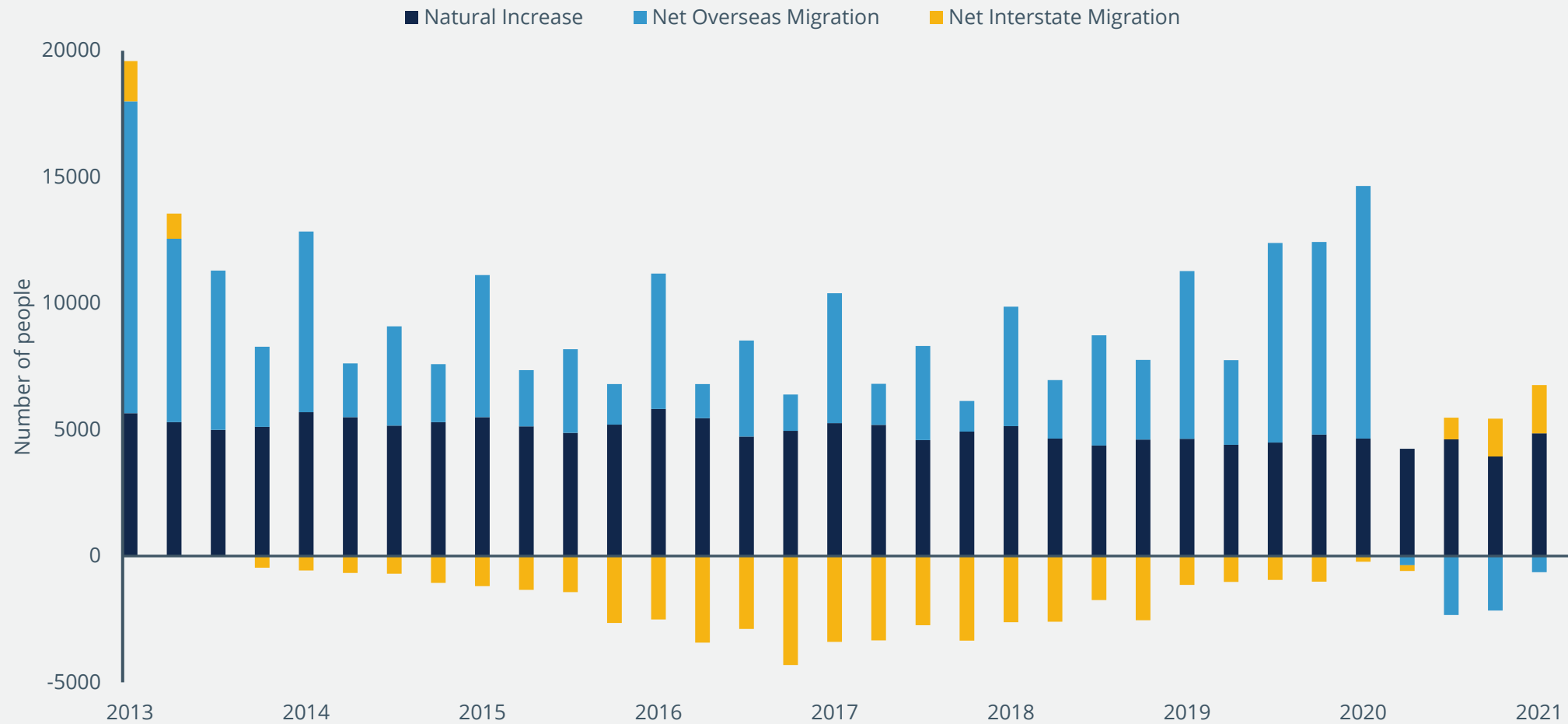
# Plenty of construction in the pipeline

## Residential Construction in the Pipeline # Dwellings, WA



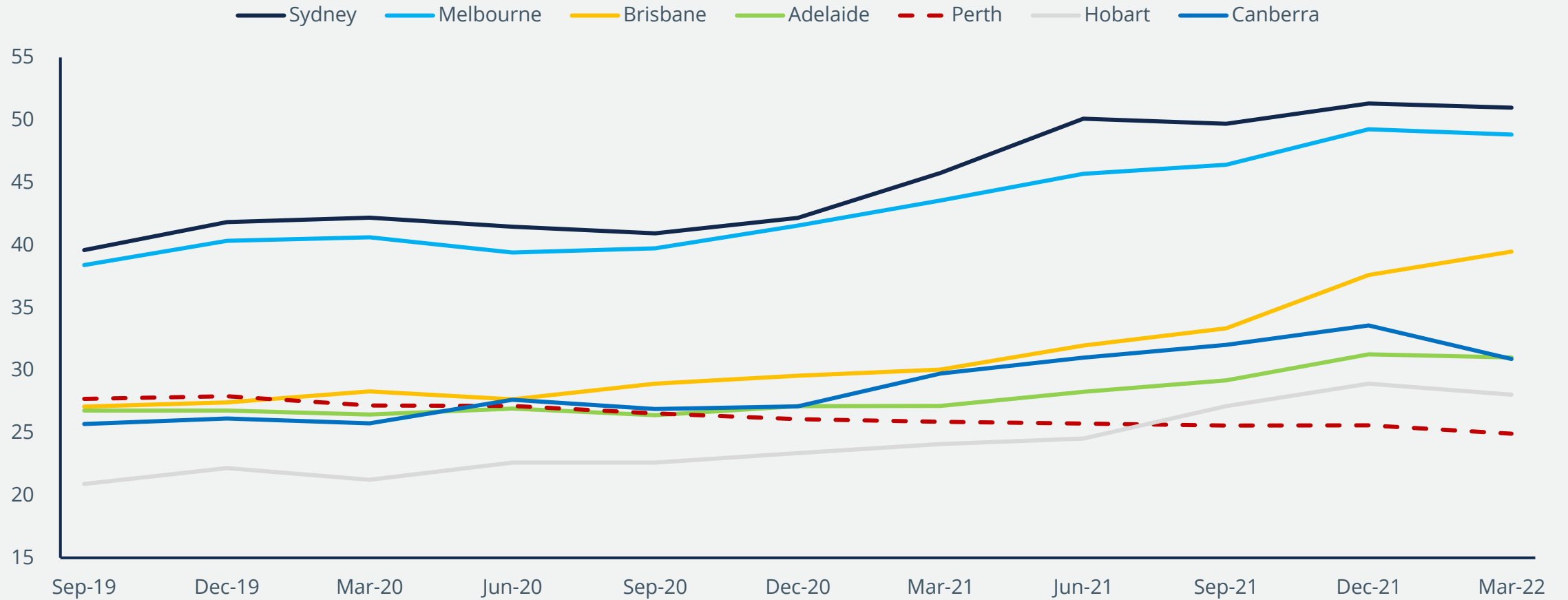
# Population picture

## Quarterly Population Growth - WA



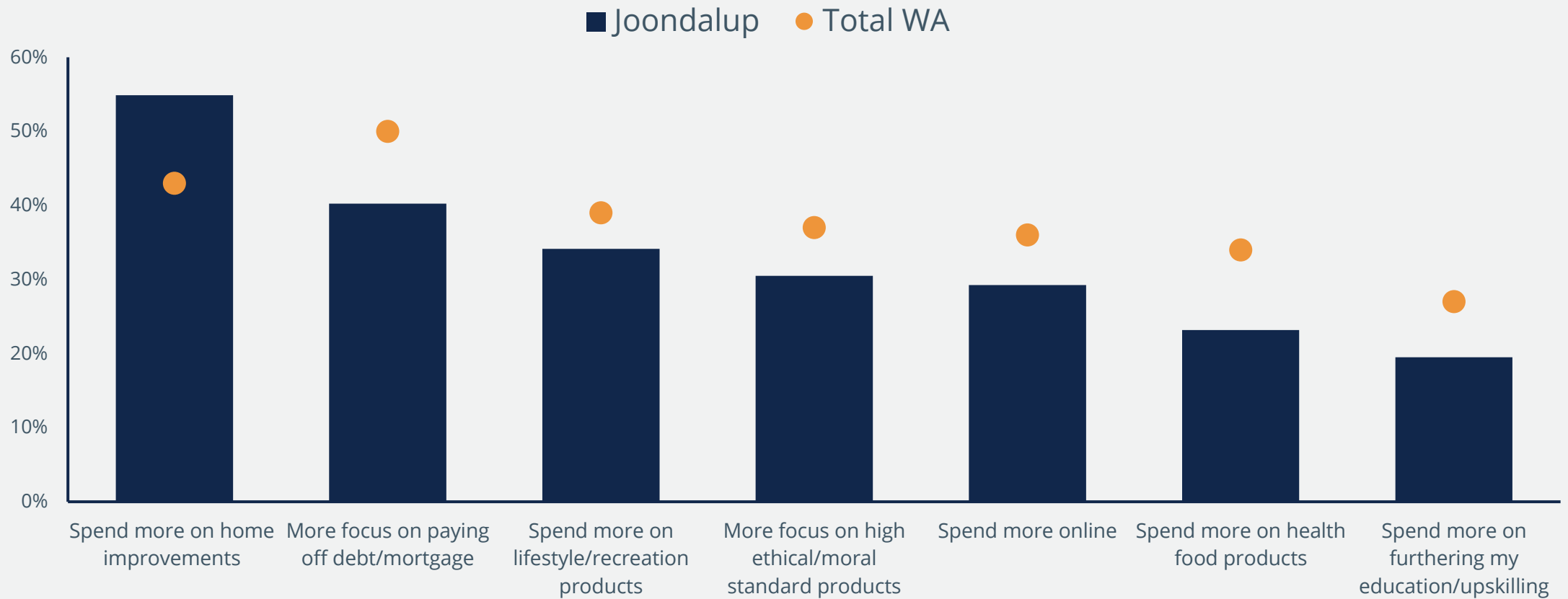
# Bubble Boy

## House price-rent ratios



# Household spending intentions

## Spending intentions Proportion indicating 'yes'





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