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HOUSE CRASH TO SMASH THE ECONOMY?

Content

- Four Pillars of the Australian Economy
 - Dwelling Construction
 - Household Consumption
 - Public Demand
 - Business Investment
- Implications for Investment

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David Llewellyn Smith
Tim Fuller
Damien Klassen

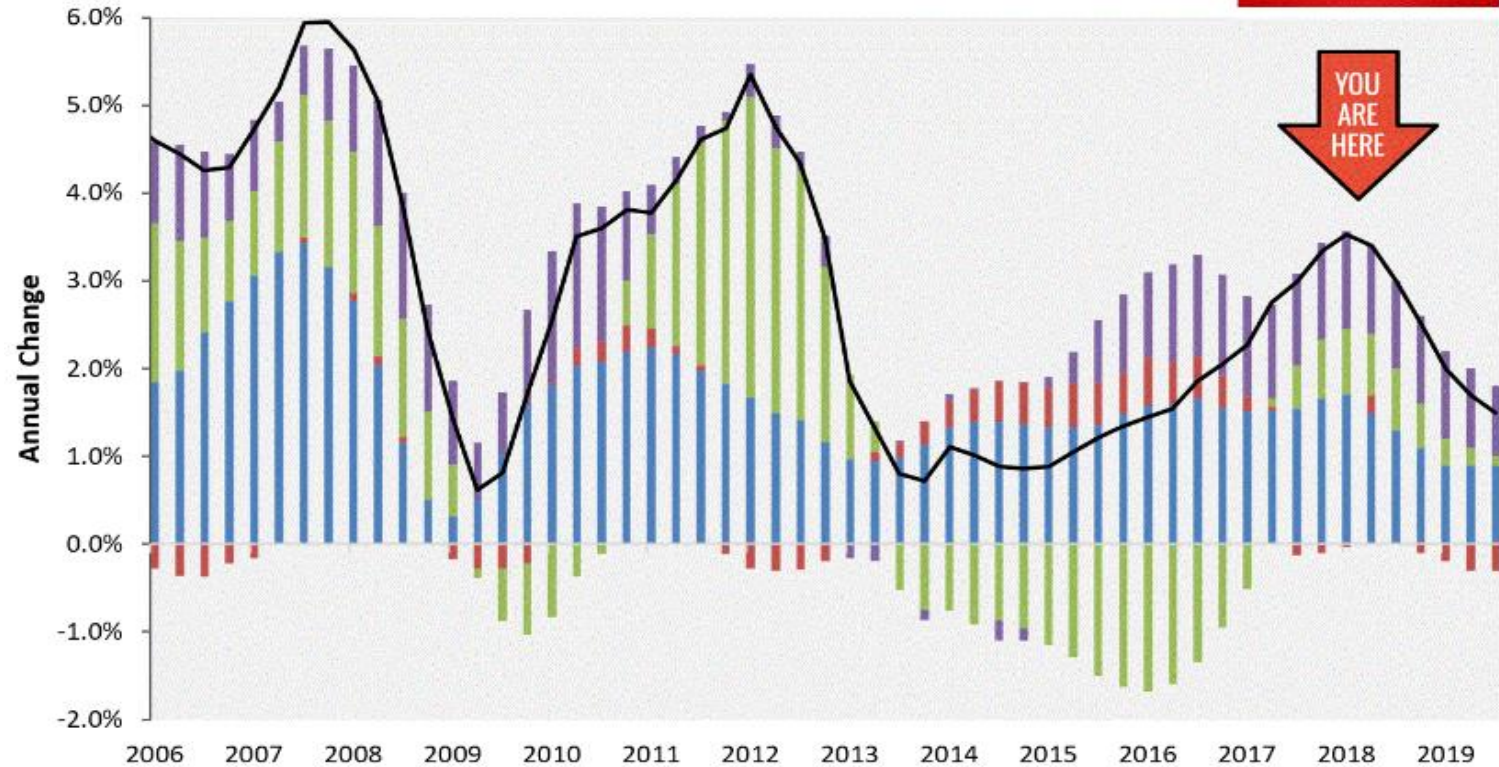


Real Final Demand

Australian Real Final Demand

Source: Australian Bureau of Statistics

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Household consumption

Dwelling construction

Business investment

Public demand

Domestic demand

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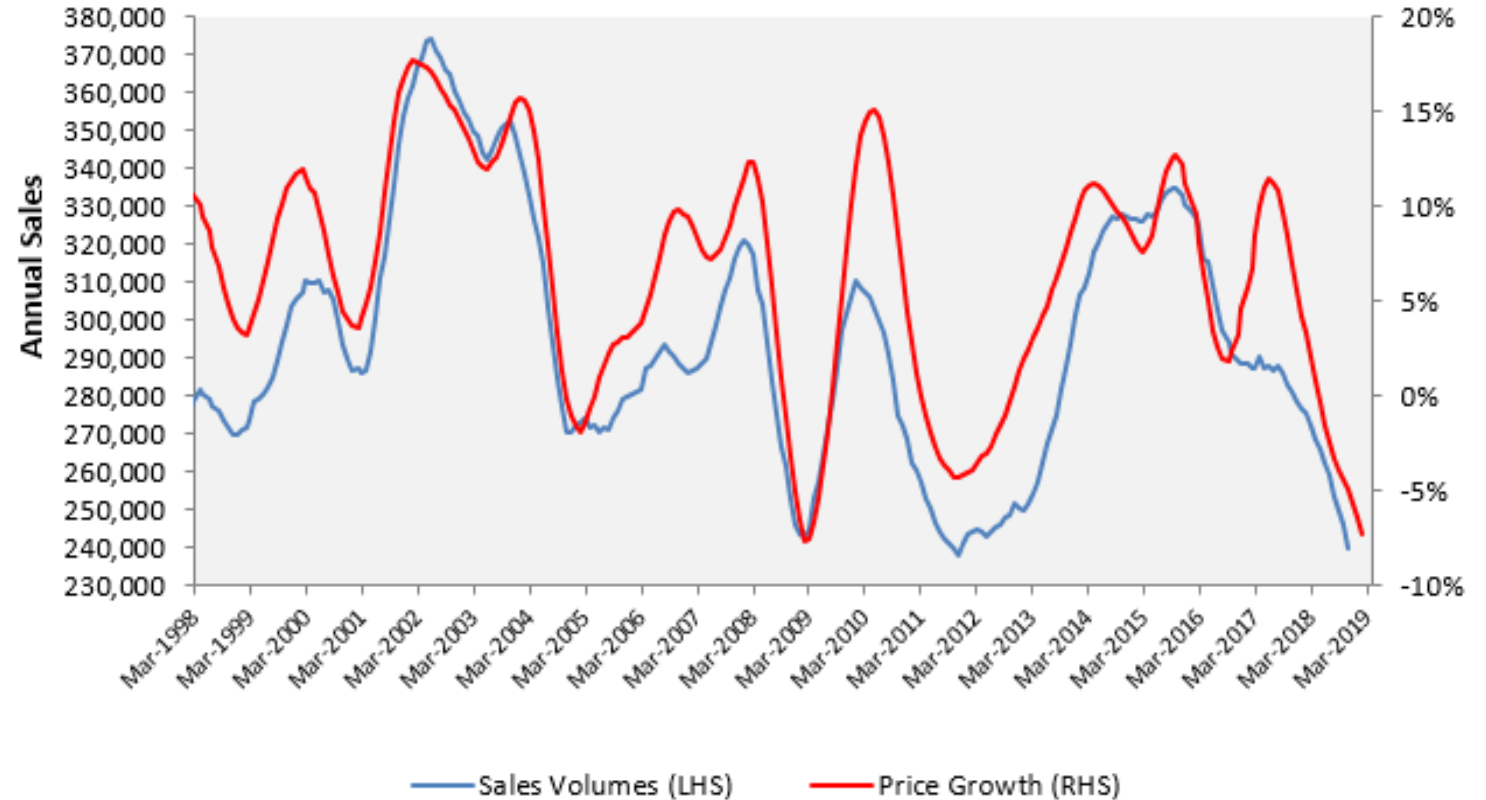


Dwelling Construction

5-City Sales Volumes vs Price Growth

Source: CoreLogic

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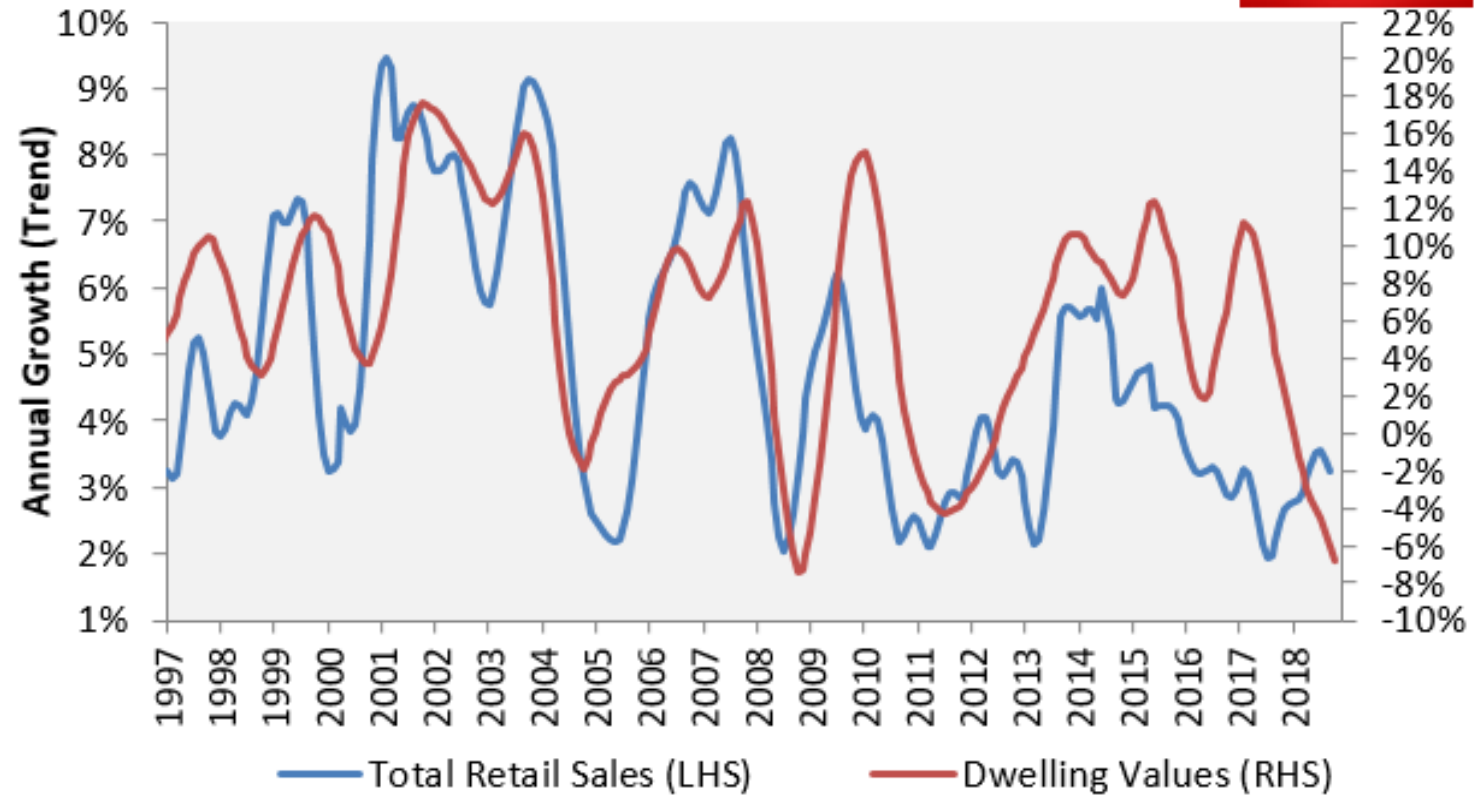


Dwelling Construction

Retail Sales vs Dwelling Prices

Sources: ABS; CoreLogic

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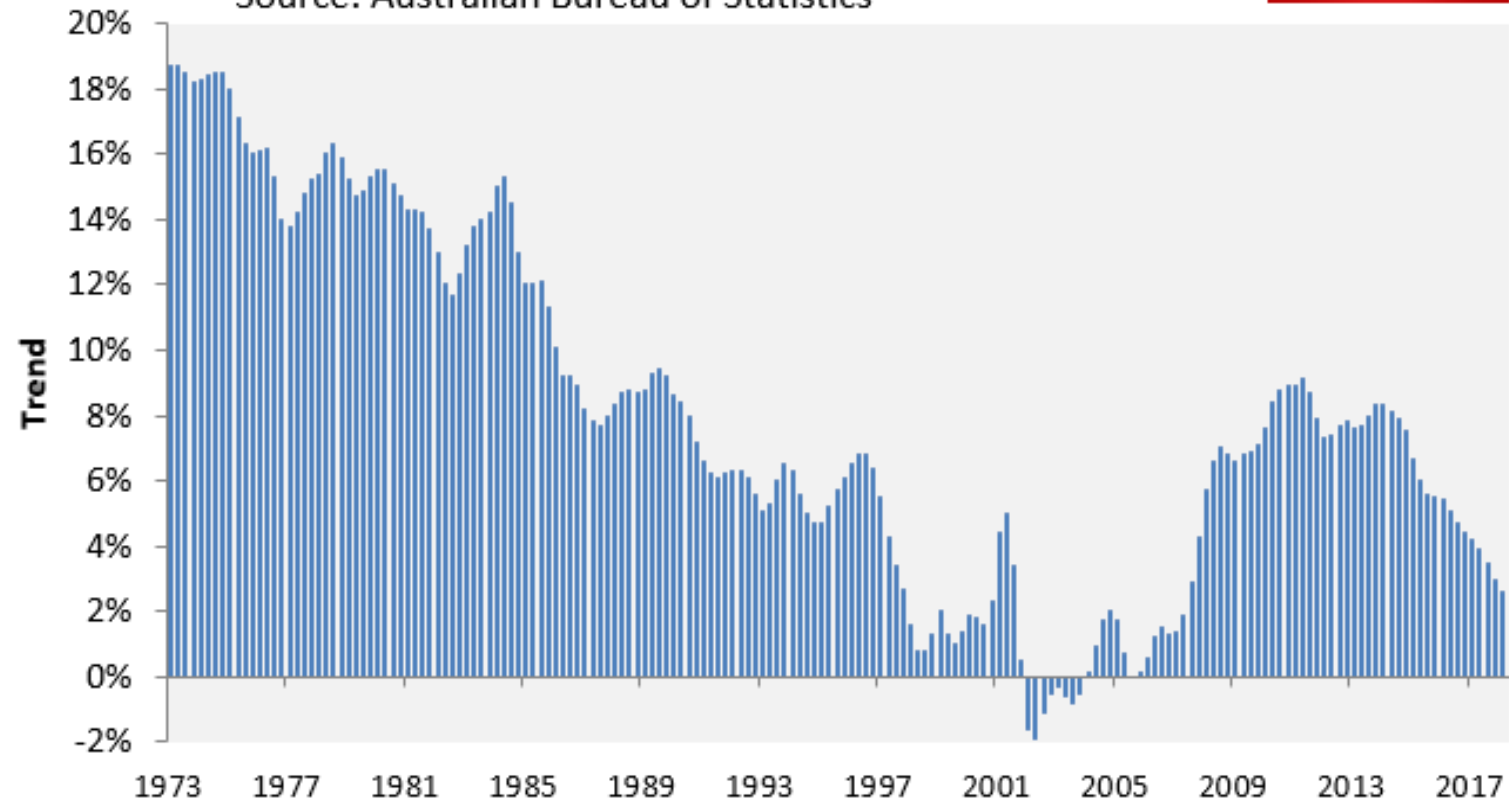


Household Consumption

Australian Household Savings Ratio

Source: Australian Bureau of Statistics

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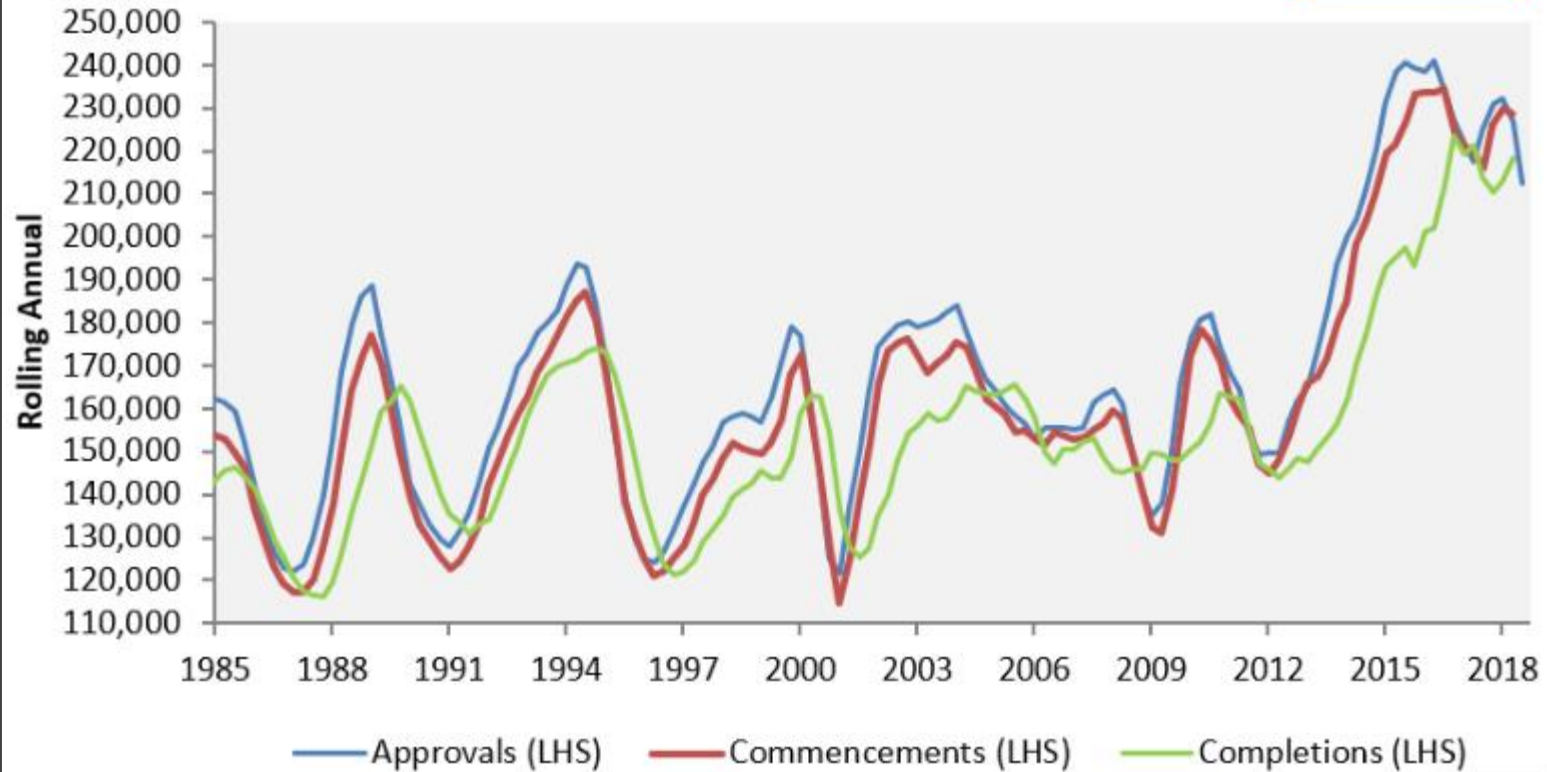


Household Consumption

Australian Dwelling Construction

Source: Australian Bureau of Statistics

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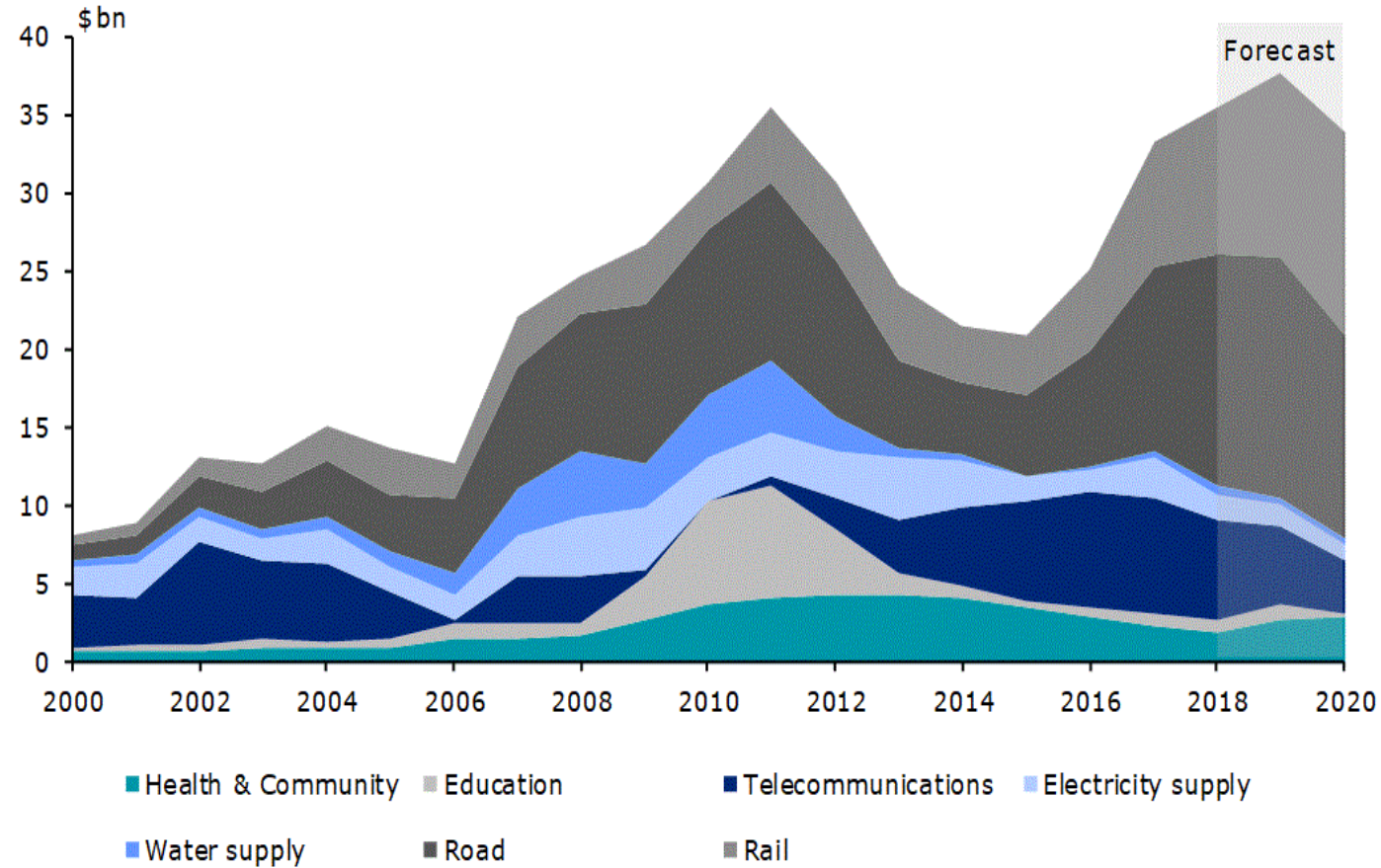


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Public Demand

Infrastructure investment by sector²

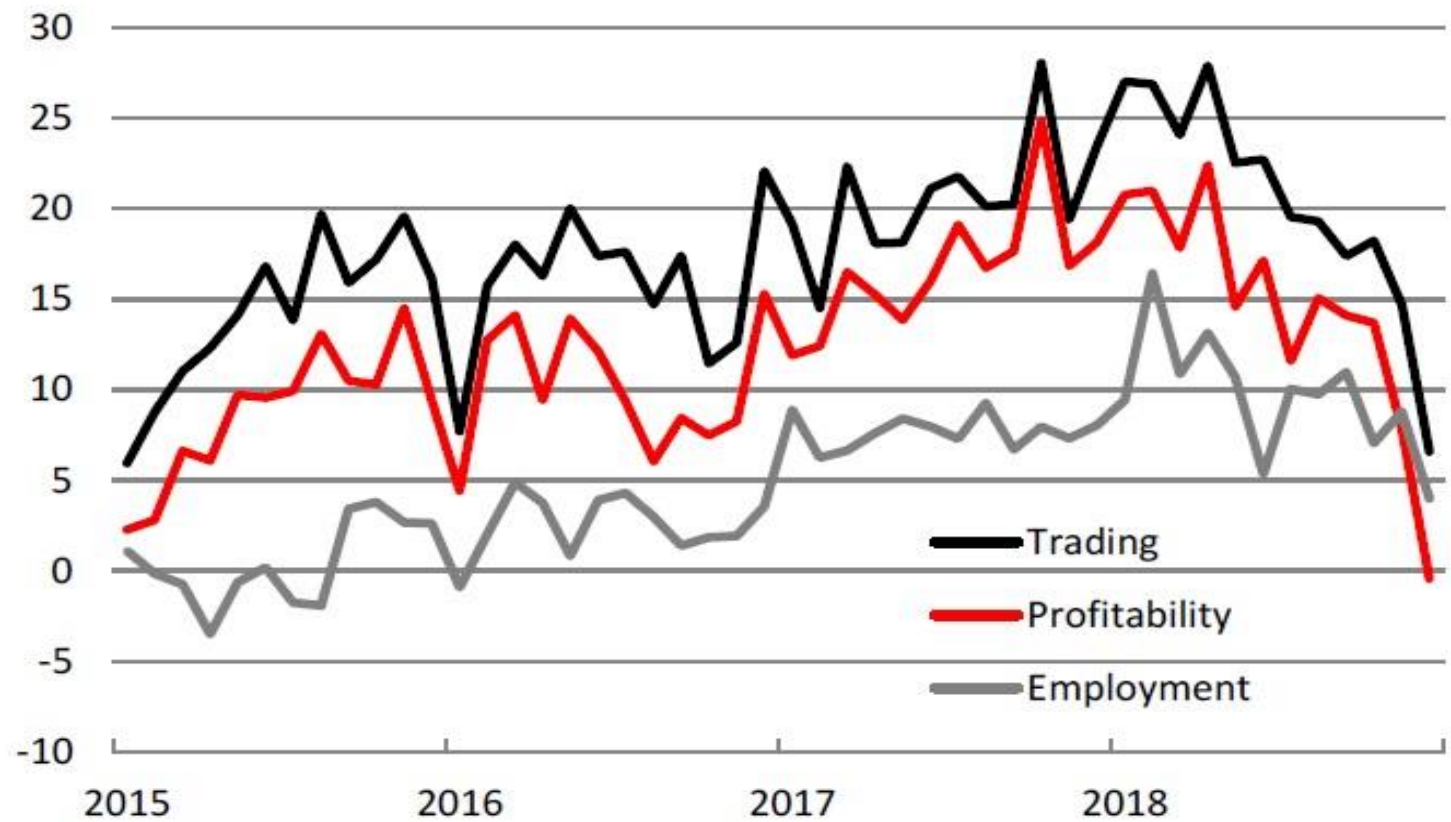


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Business Investment

CHART 3: BUSINESS CONDITIONS COMPONENTS (NET BAL.)



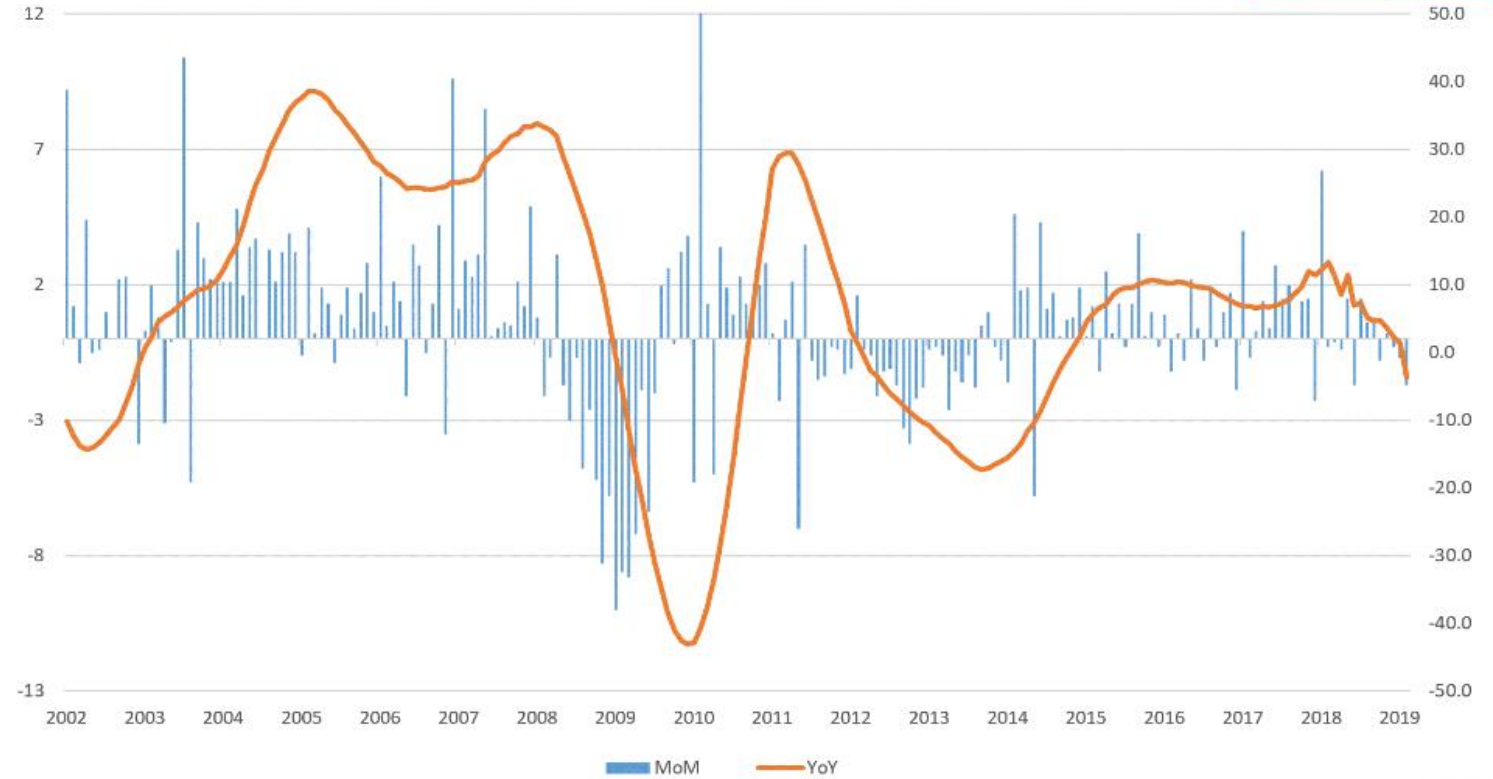
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Business Investment

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Investment Implications

- Need protection
- Australian stocks not looking good – expensive, low growth, greater risks
- Bonds a good chance to outperform again

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