

# Agenda

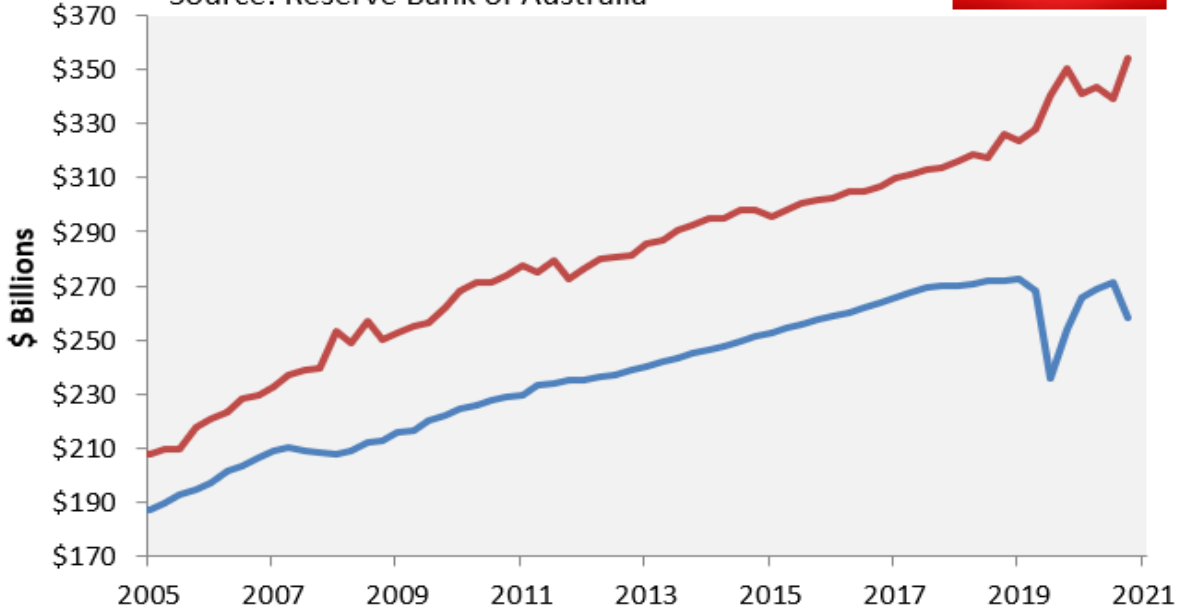
---

- The Australian economy set to boom in 2022.
- But another lost decade looms once stimulus has run out.
- 2010s was the worst decade for Australian living standards on record.
- 2020s is shaping up to be a repeat.

# 2022 shaping-up as strong year for Australia's economy

## Household Income vs Expenditure

Source: Reserve Bank of Australia



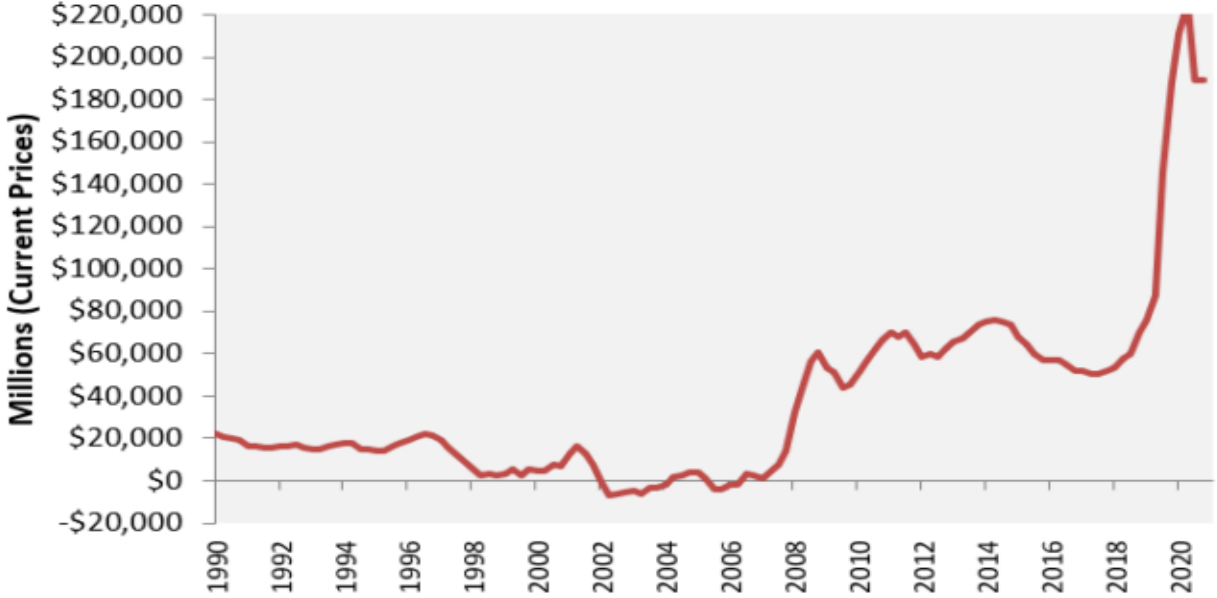
— Household Disposable Income — Household Consumption

[www.macrobusiness.com.au](http://www.macrobusiness.com.au)



## Annual Household Net Savings

Source: Australian Bureau of Statistics

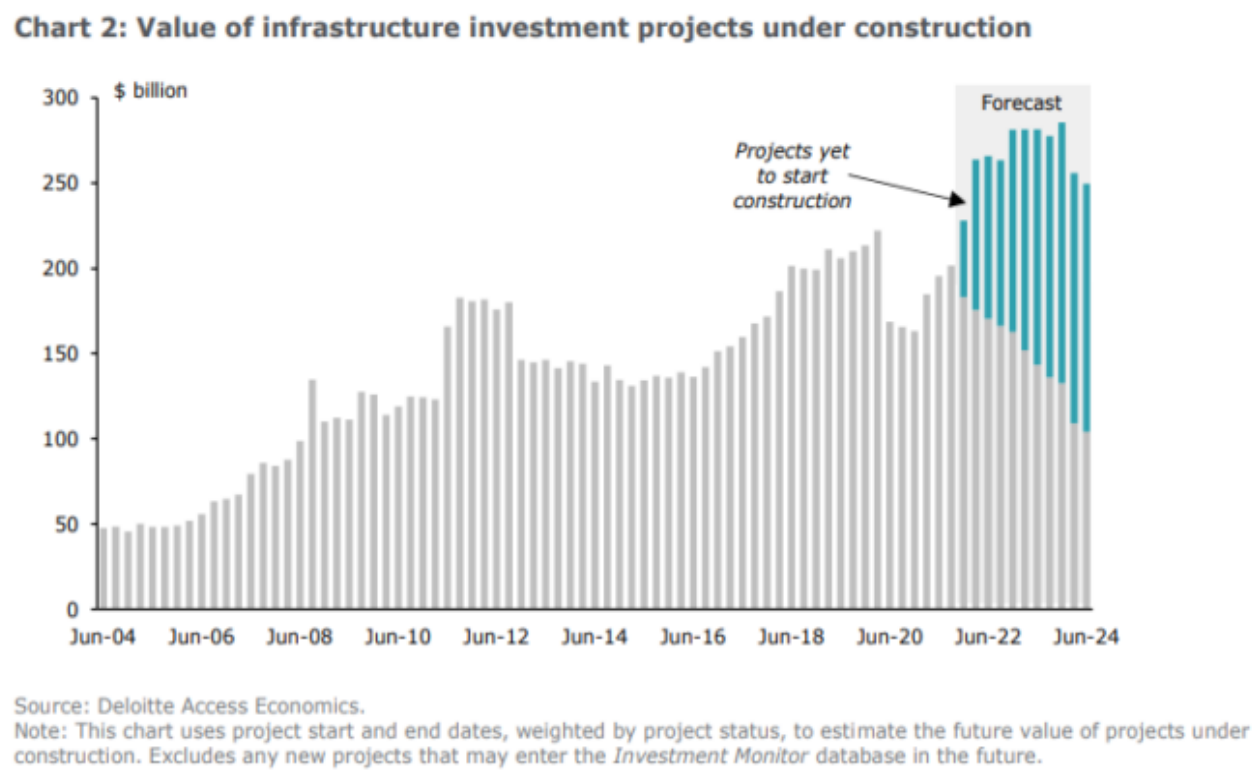
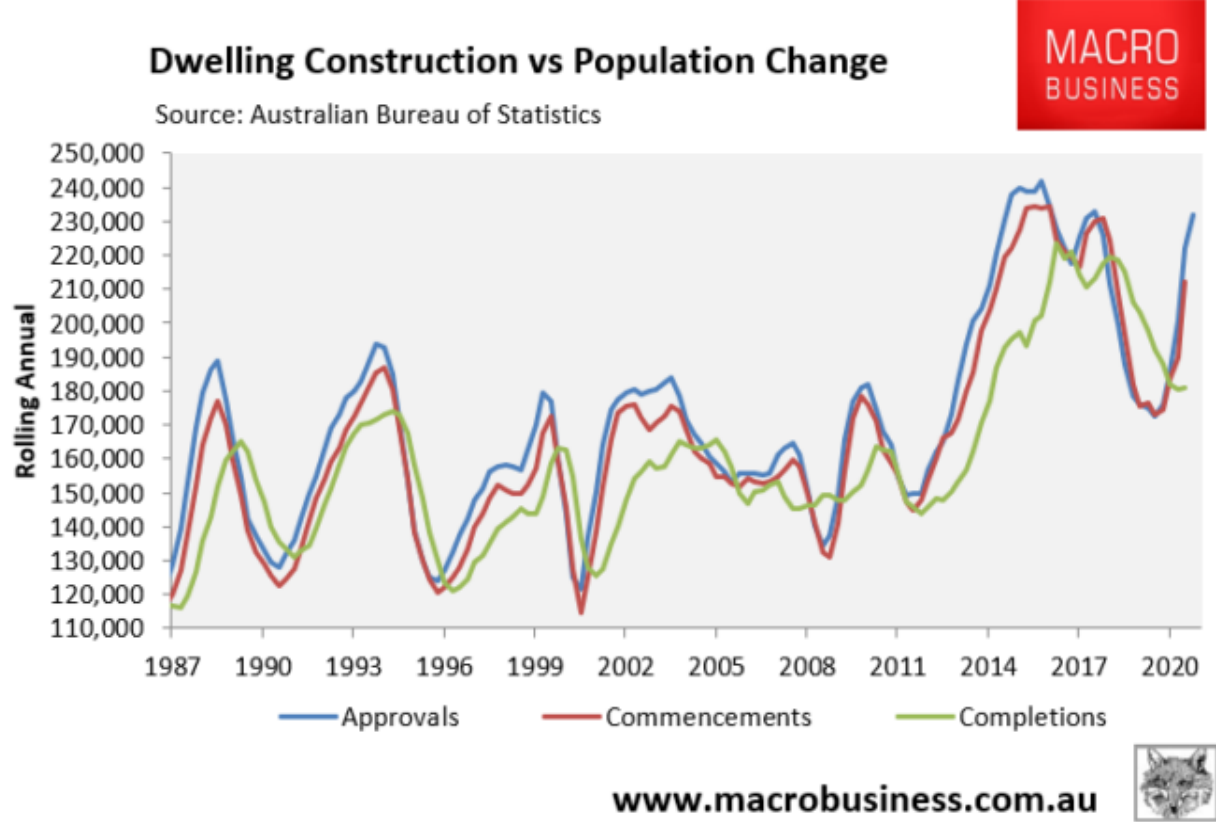


[www.macrobusiness.com.au](http://www.macrobusiness.com.au)



- Household income has boomed on stimulus while expenditure was suppressed by lockdowns
- Aussie households have accumulated \$327 billion of savings since the pandemic began - a massive increase from the \$119 billion saved in the six quarters prior.
- Australia should experience a huge lift in household consumption spending over coming quarters, which will power economic growth.

# 2022 shaping-up as strong year for Australia's economy



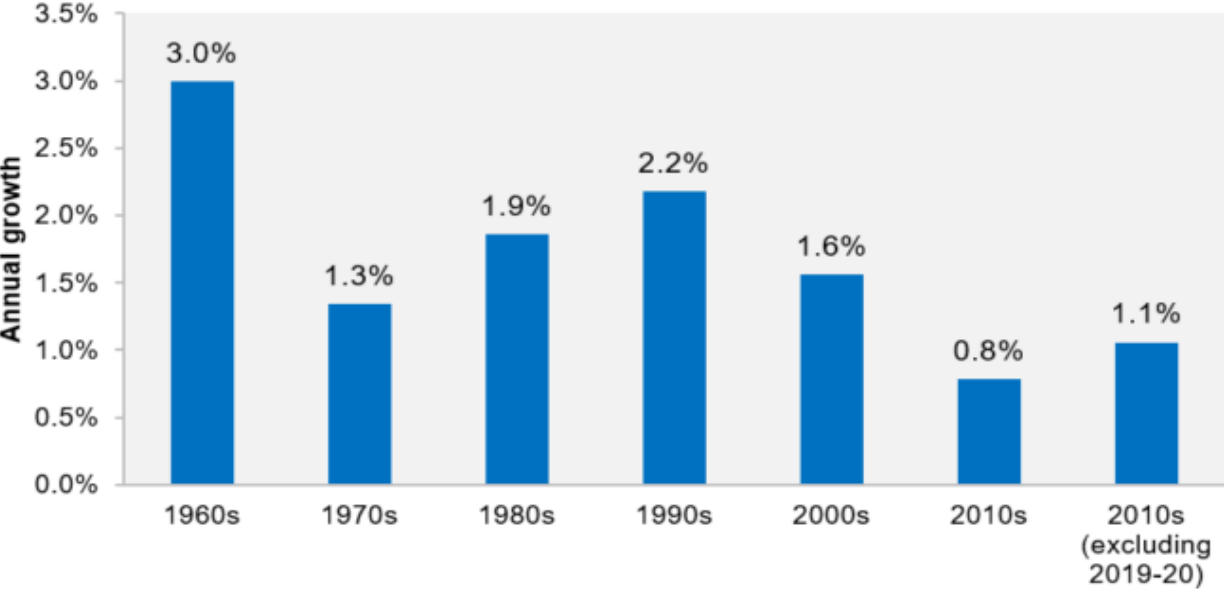
- Dwelling construction and housing construction will also remain strong in 2022.

# 2010s a 'lost decade' for Aussie living standards

## Australian Per Capita GDP Growth



Source: Productivity Commission



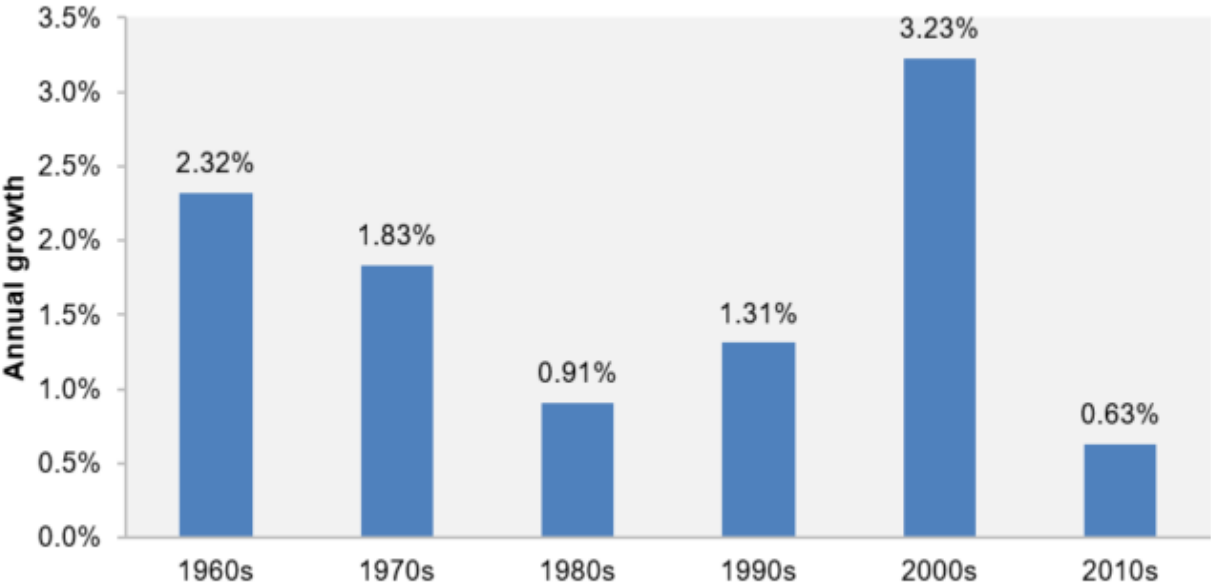
[www.macrobusiness.com.au](http://www.macrobusiness.com.au)



## Australian Per Capita HDI Growth



Source: Australian Bureau of Statistics



[www.macrobusiness.com.au](http://www.macrobusiness.com.au)

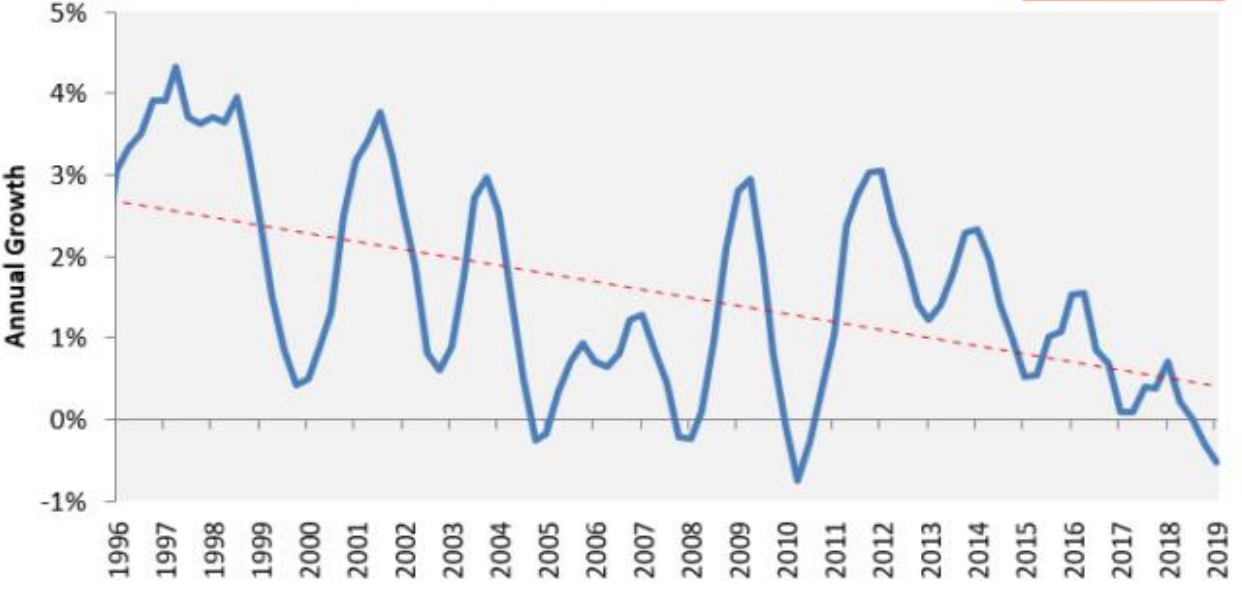


- While the short-term outlook is good, the longer-term outlook is problematic.
- 2010s was the worst decade for per capita GDP and income growth in at least 60 years.
- Australia's rapid population growth (immigration) 'papered over the cracks' by keeping aggregate GDP growth chugging along while per capita outcomes deteriorated.

# 2020s looks like another 'lost decade'

## Labour Productivity (GDP per hour worked)

Source: Australian Bureau of Statistics



[www.macrobusiness.com.au](http://www.macrobusiness.com.au)



## Employment-to-Population Ratio

Source: Australian Bureau of Statistics



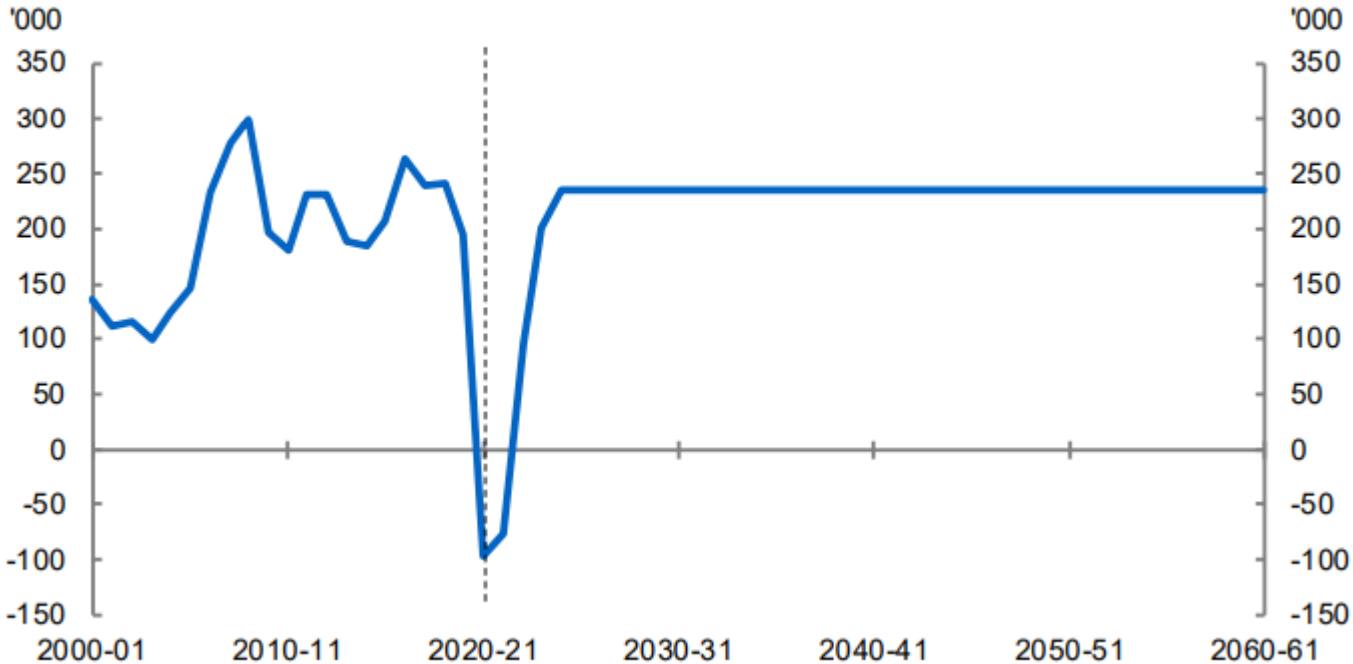
[www.macrobusiness.com.au](http://www.macrobusiness.com.au)



- Australia's economy grows over the long-term via the 'three Ps': Productivity, Participation and Population growth.
- Australia's productivity growth is poor and labour force participation is running at a record high with limited upside.
- This leaves rapid population growth (immigration) as Australia's sole longer-term growth driver.

# 'Big Australia' immigration rebooted

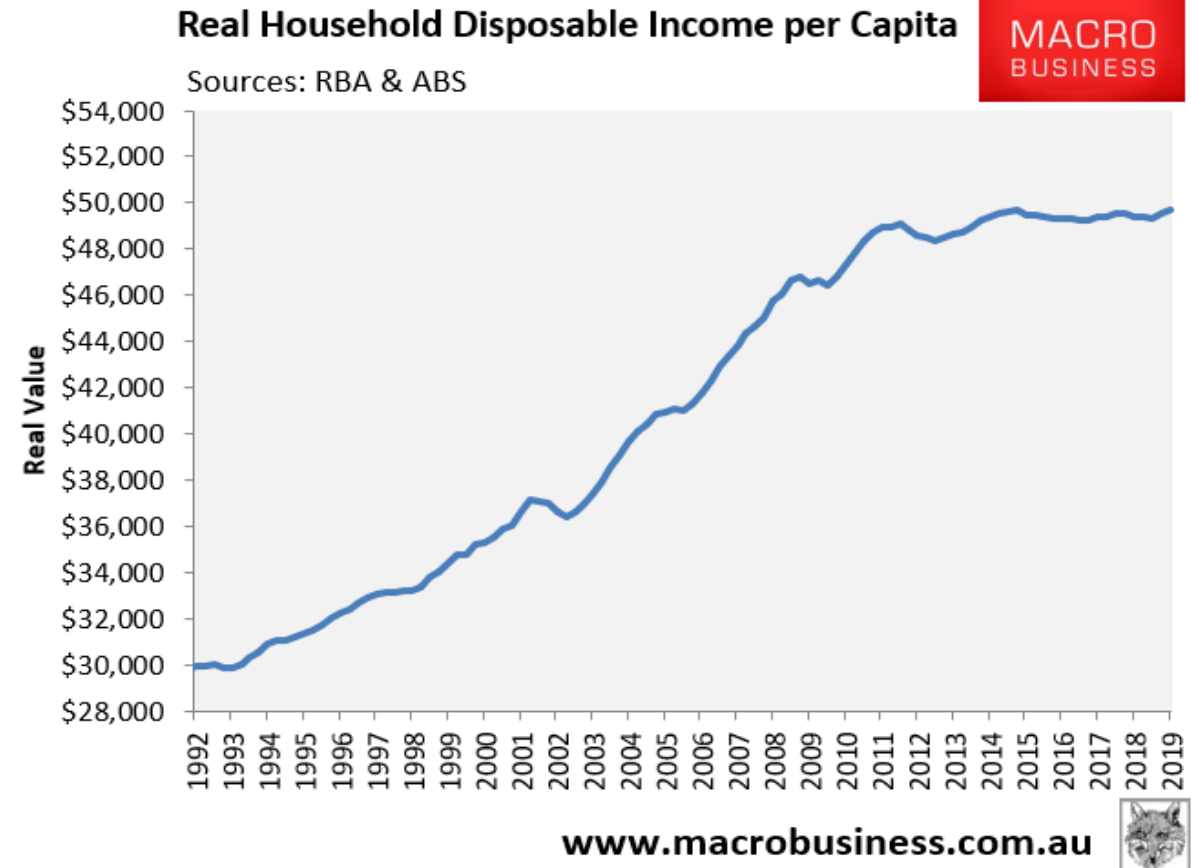
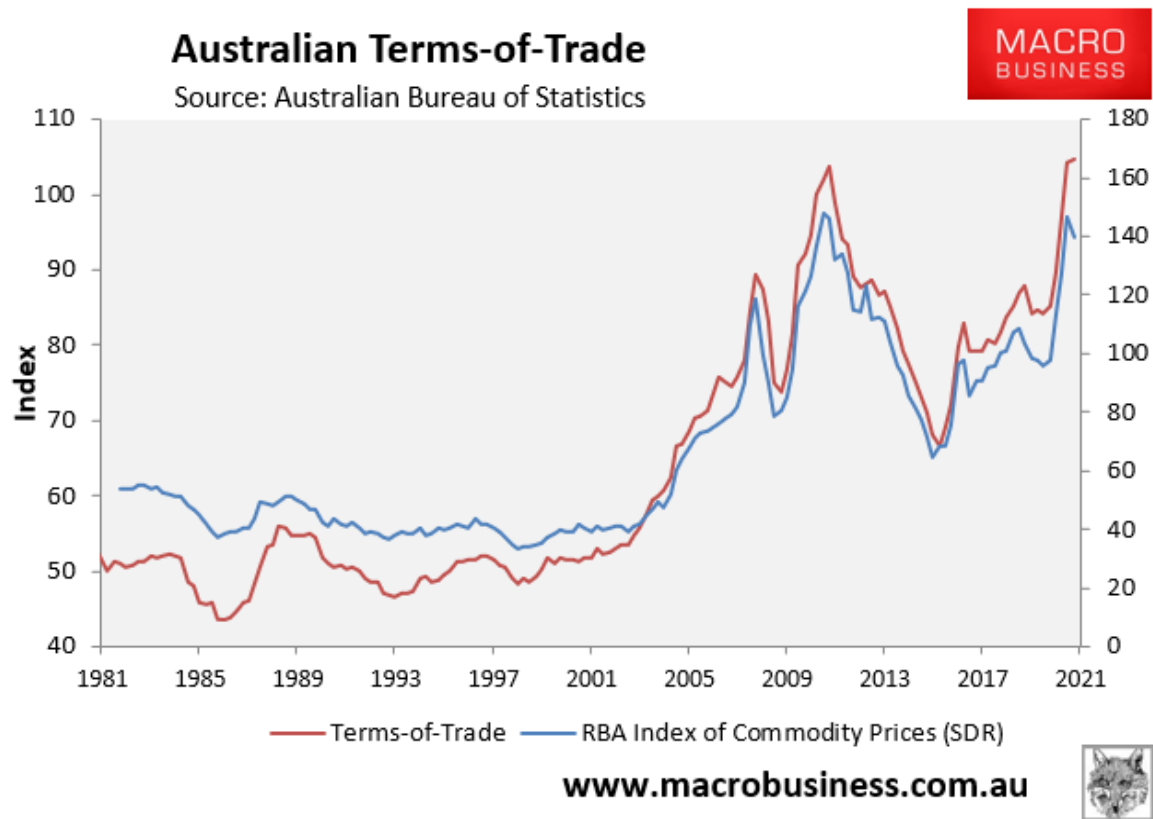
Chart 2.4 Net overseas migration



Source: ABS National, state and territory population, September 2020, and Treasury.

- Morrison Government has announced a quick rebound in immigration to pre-COVID levels.
- Targeting at least 200,000 migrant workers arriving in Australia by July 2022.
- Decision effectively brought forward the Intergenerational Report's projection of 235,000 annual net overseas migration by 2025.
- Will mean the aggregate economy will grow while per capita living standards again stagnate.

# Decade's growth will again be front-loaded



- We see parallels to last decade.
- 2010s growth was front-loaded, with most growth occurring in the first two years (2011 and 2012).
- Australia finds itself in a similar predicament. The terms-of-trade (ToT) has again peaked and once stimulus washes through next year, the per capita economy will again stagnate from 2023.

**Viewer question of the week:**

---

**Do you believe there will be another lost decade?**

**Drop your answers in the comments**



# More from Nucleus Wealth:

---

**Content:**  
[Nucleuswealth.com/content](https://nucleuswealth.com/content)

**Have a guest or topic suggestion for the show?  
Leave a comment on YouTube**


**Find us on all major (and minor) podcast platforms:**




## **Social media:**

 [Facebook.com/nucleuswealth](https://Facebook.com/nucleuswealth)

 [Linkedin.com/company/nucleuswealth](https://Linkedin.com/company/nucleuswealth)

 [Instagram.com/nucleus\\_wealth](https://Instagram.com/nucleus_wealth)

 [Twitter.com/nucleuswealth](https://Twitter.com/nucleuswealth)