Household Stress And Scenario Update

January 13th 2022

Digital Finance Analytics

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- About Our Models
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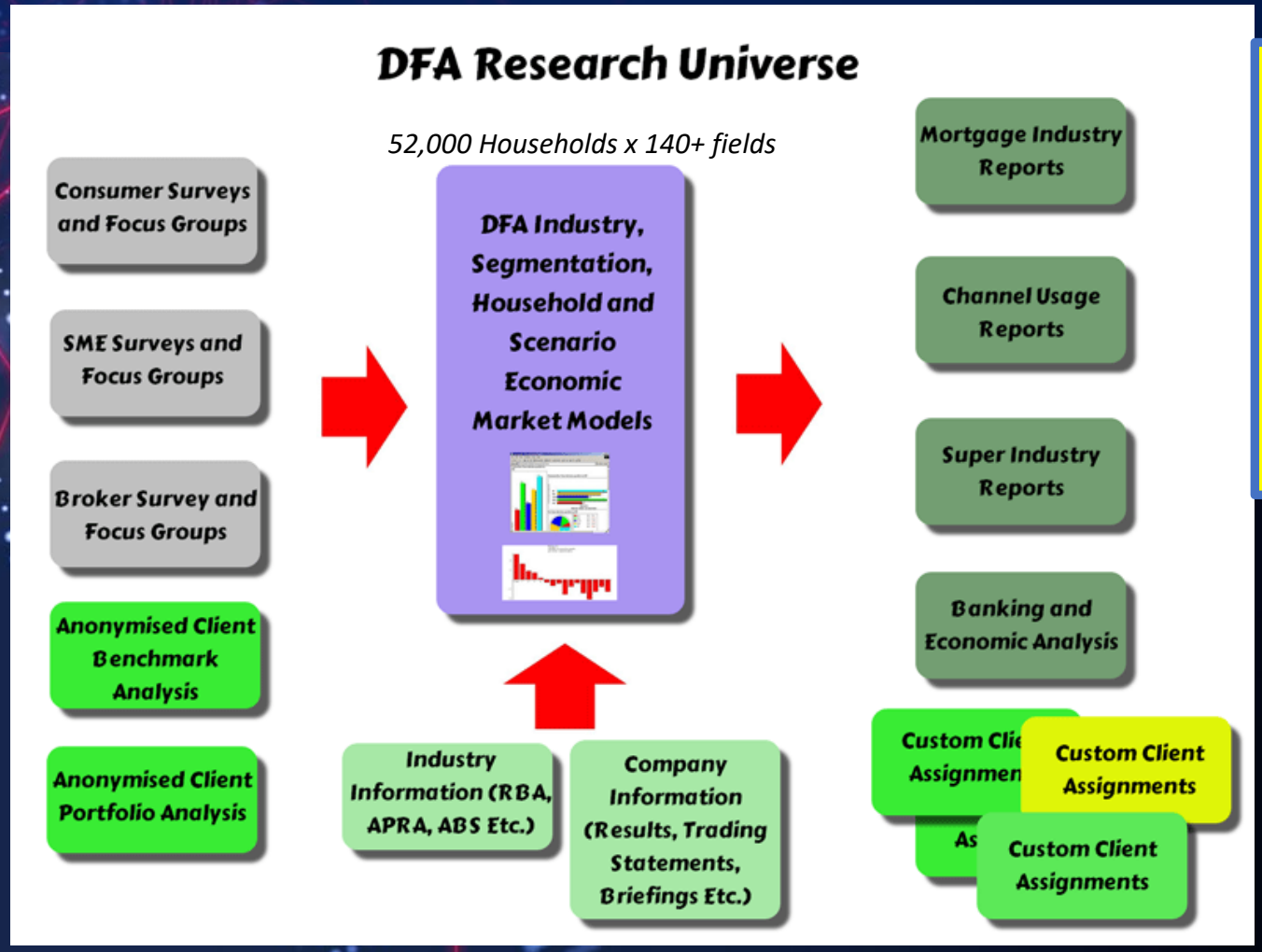
The Digital Finance Analytics Core Market Model



- We run rolling weekly household phone surveys as part of an omnibus.
- We get data back each Tuesday and incorporate findings into our core market model.

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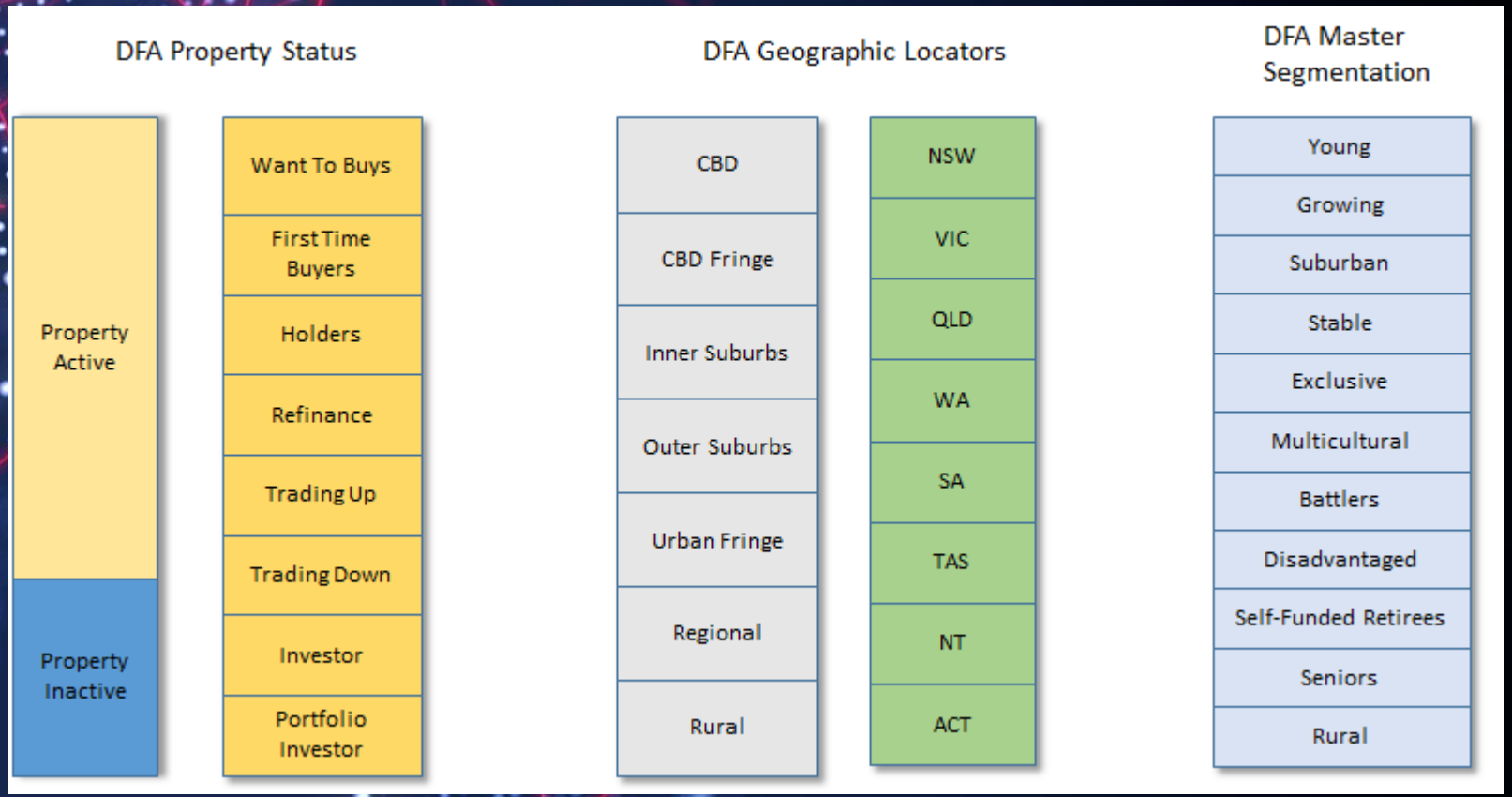
We Overlay The DFA Household Segmentation



- We can slice and dice the data across multiple dimensions.

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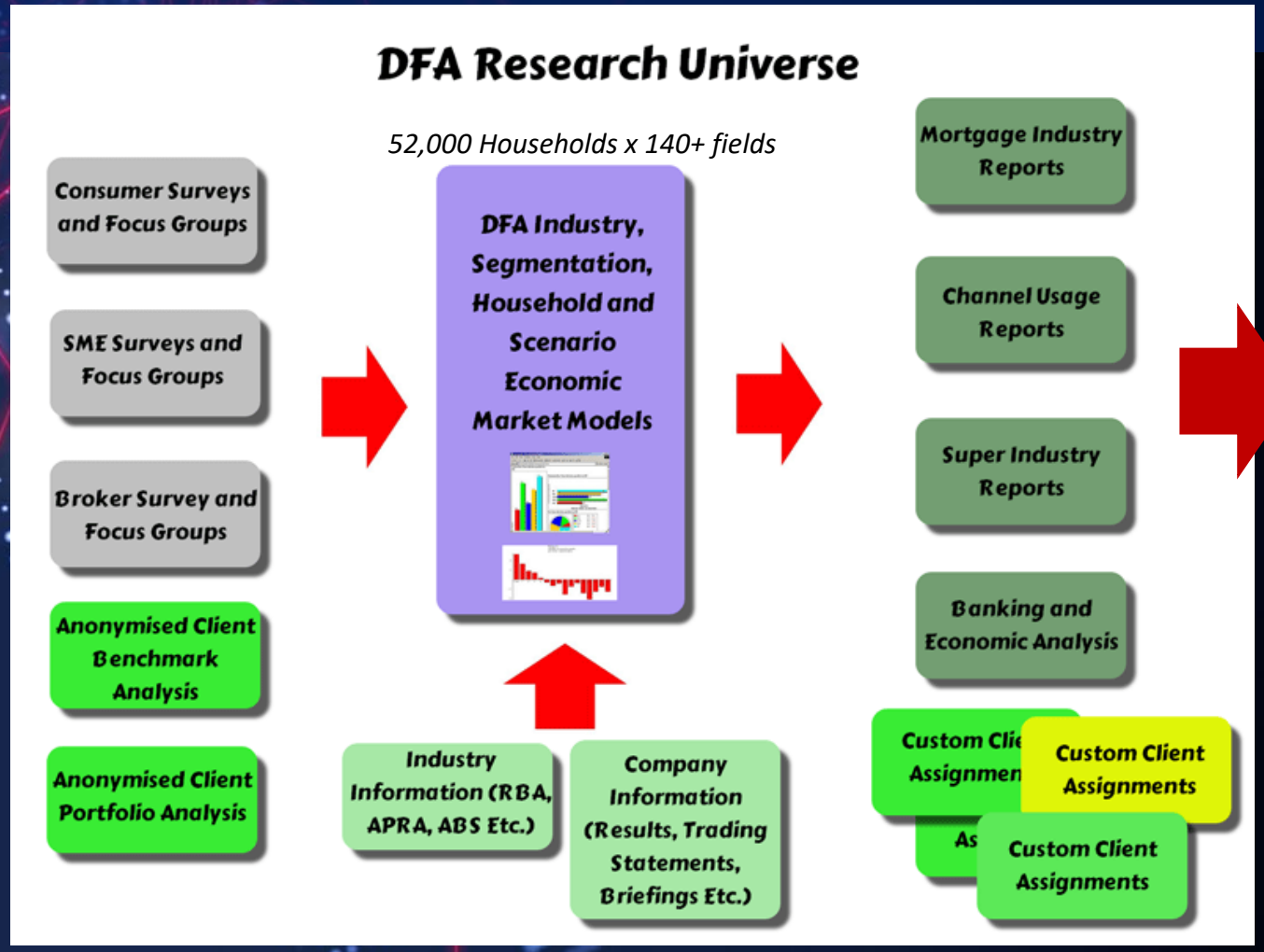
The Digital Finance Analytics Core Market Model



Summary Outcomes (24-36 Months Later, Baselined June 2020)

Scenario	RBA Rate	Unemployment Rate	Mortgage Stress	Bank Losses (BP)	Home Prices	Unnatural Acts	% Probability (]= Last Time
RBA Baseline	0.25%	7.0%	38%	12.5	+5 to -5%	Easing Credit /QE/Fiscal	2.5% (5%)
Best Case	0.1%	7.5%	40%	18	-5 to -15%	Fiscal/QE/NR	20% (20%)
Longer Term Crunch	0.1%	8.75%	42%	25	- 15 to 30%	QE/One Bank Bail Out	47.5% (45%)
2nd Wave Disruption	0.25% - Zero	9.5%-11%	40% 45%	45	- 30 to 45%	Bail In/Bail Out/QE ++	25% (25%)
Uncontrolled Pandemic	Zero and Below	16%+	65%	65+	Up to 80%	QE+ Bank Failures	5% (5%)

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The Core Market Models Powers Our Home Price Scenarios

- Mortgage Stress
- Price Trajectory (History)
- Buying/ Selling Intentions
- Migration
- Economic (CPI, Wages, Employment

Core Market Model

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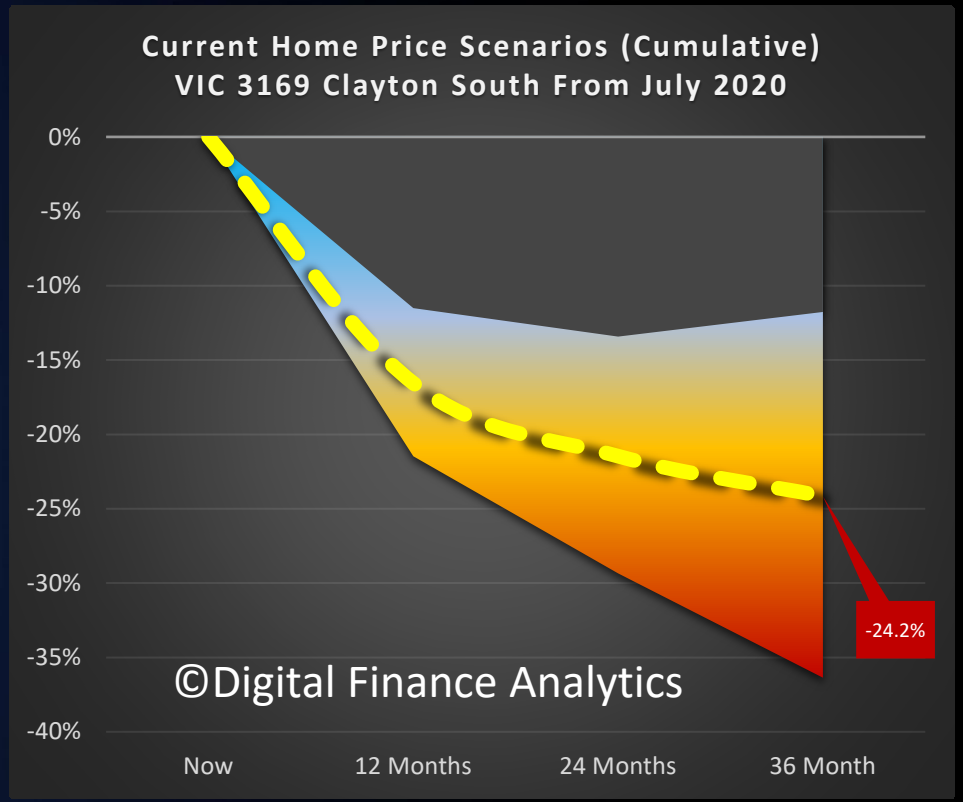
Calculated at post code level and rolled up to region, state and all Australia



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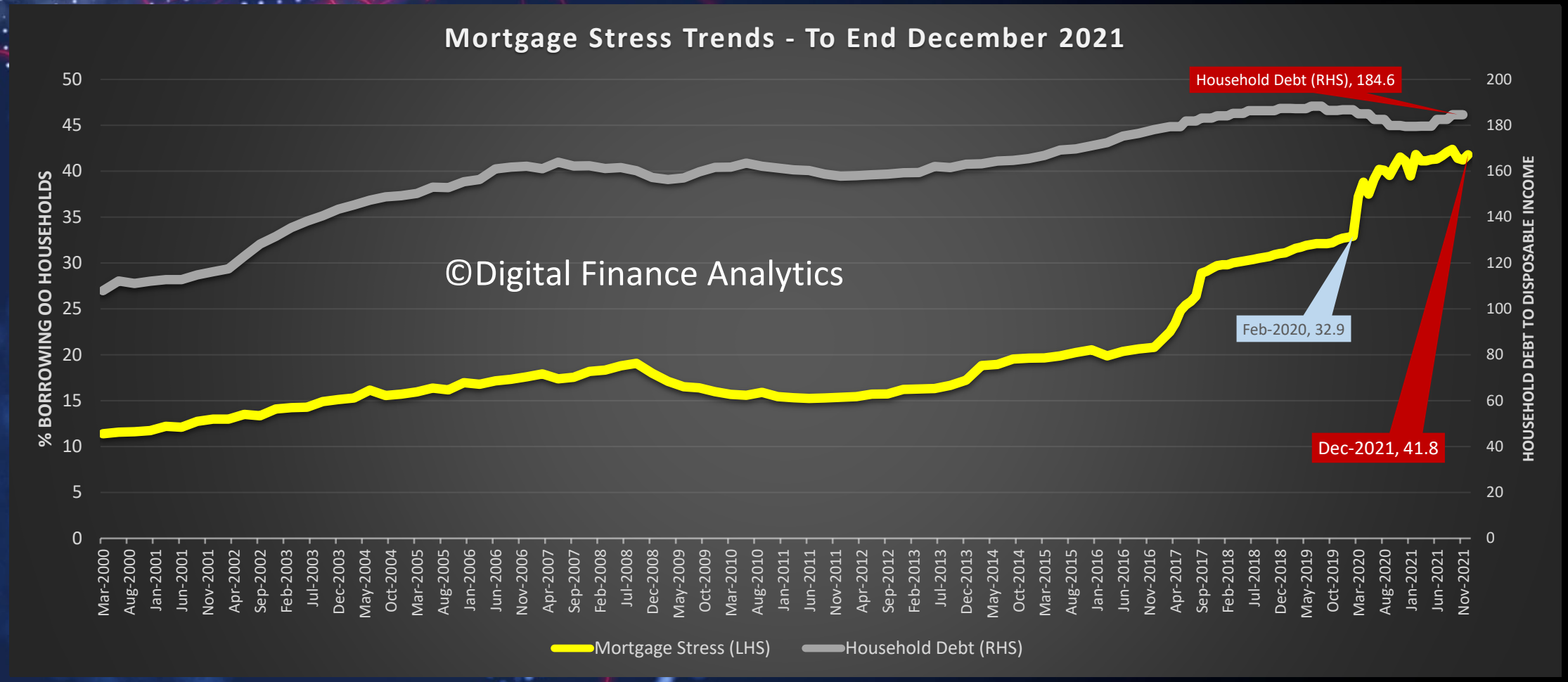
Mortgage Stress Higher In December 2021



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Dec 2021

State	Households	Mortgage Stress	Rental Stress	Stressed Investors	Financial Stress	Avg. % Mortgage Stress	Avg. % Rental Stress	Avg. % Investors Stressed	Avg. % Financial Stress
ACT	162,695	23,496	34,326	18,366	76,188	34.18%	45.92%	35.09%	47.52%
NSW	2,965,335	419,569	755,541	290,356	1,465,458	39.70%	52.33%	33.52%	46.07%
NT	65,369	8,766	5,279	1,807	15,852	41.12%	16.84%	9.76%	23.21%
QLD	1,927,741	261,692	396,216	145,652	803,524	36.33%	40.12%	24.83%	38.60%
SA	717,164	124,119	104,287	41,081	269,487	41.94%	27.83%	18.99%	33.78%
TAS	224,652	39,483	40,896	13,277	93,656	50.60%	37.45%	21.56%	38.58%
VIC	2,468,478	439,432	499,487	189,409	1,128,328	46.22%	39.87%	23.05%	41.12%
WA	1,024,834	200,527	174,013	77,069	451,609	41.72%	31.25%	21.79%	37.19%
Grand Total	9,556,268	1,517,084	2,010,045	777,017	4,304,102	41.79%	40.53%	25.43%	40.47%

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Segment	Households	Mortgage Stress	Rental Stress	Stressed Investors	Financial Stress	Avg. % Mortgage Stress	Avg. % Rental Stress	Avg. % Investors Stressed	Avg. % Financial Stress
Battling Urban	406,955	113,579	83,475	15,309	212,363	71.30%	43.97%	18.50%	50.45%
Disadvantaged Fringe	1,662,120	411,314	317,142	69,768	798,217	66.96%	40.03%	20.03%	45.92%
Exclusive Professionals	723,787	77,288	144,086	110,713	332,087	31.70%	42.29%	46.21%	45.21%
Mature Stable Families	1,196,783	166,988	270,868	110,144	548,000	32.59%	51.84%	30.41%	42.78%
Multicultural Establishment	534,455	68,679	153,785	40,650	263,114	32.82%	54.04%	32.72%	46.64%
Rural Family	883,608	95,176	102,185	27,575	224,936	29.13%	21.65%	12.21%	23.01%
Stressed Seniors	394,186	31,198	86,538	38,884	156,620	20.03%	44.99%	30.73%	33.32%
Suburban Mainstream	1,664,308	232,568	328,769	134,798	696,135	32.66%	40.48%	24.89%	37.00%
Wealthy Seniors	805,465	45,020	191,101	75,872	311,964	16.87%	43.70%	28.51%	33.87%
Young Affluent	614,923	34,533	190,895	100,335	325,763	19.26%	52.86%	50.31%	50.40%
Young Growing Families	669,678	240,741	141,201	52,969	434,903	76.24%	45.17%	25.82%	58.96%
Grand Total	9,556,268	1,517,084	2,010,045	777,017	4,304,102	41.79%	40.53%	25.43%	40.47%

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Post Code	State	Location	Long location	Households	Mortgage Stress	% Mortgage Stress
6065	WA	Tapping	Ashby, Darch, Gnangara, Hocking, Jandabup, Landsdale, Lexia, Madeley, Mariginiup, Melaleuca, Pearsall, Pinjar, Sinagra, Tapping, Wangara, Wanneroo	22,414	10,532	69.10%
2170	NSW	Chipping Norton	Casula, Chipping Norton, Hammondville, Liverpool, Liverpool South, Lurnea, Moorebank, Mount Pritchard, Prestons, Warwick Farm	35,996	10,379	70.27%
4350	QLD	Toowoomba	Athol, Centenary Heights, Cranley, Darling Heights, Drayton, East Toowoomba, Finnie, Glenvale, Harlaxton, Harristown, Kearneys Spring, Middle Ridge, Mount Kynoch, Mount Lofty, Mount Rascal, Newtown, North Toowoomba, Northlands, Prince Henry Heights, Rangeville, Redwood, Rockville, South Toowoomba, Southtown, Toowoomba, Toowoomba East, Toowoomba South, Toowoomba West, Top Camp, Wellcamp, Westbrook, Wilsonton, Wilsonton Heights, Wyalla Plaza	47,136	9,801	63.20%
3805	VIC	Narre Warren South	Fountain Gate, Narre Warren, Narre Warren South	18,464	9,595	79.36%
3806	VIC	Berwick	Berwick, Harkaway	17,282	8,565	87.39%
3156	VIC	Ferntree Gully	Ferntree Gully, Lysterfield, Lysterfield South, Mountain Gate, Upper Ferntree Gully	14,374	7,963	100.00%
3350	VIC	Ballarat East	Alfredton, Ballarat, Ballarat North, Ballarat West, Black Hill, Brown Hill, Canadian, Eureka, Golden Point, Lake Wendouree, Mount Clear, Mount Helen, Mount Pleasant, Nerrina, Redan, Sovereign Hill	26,787	7,849	81.72%
6107	WA	Beckenham	Beckenham, Cannington, Kenwick, Queens Park, Wattle Grove, Wilson	17,264	7,649	100.00%
3029	VIC	Tarneit	Hoppers Crossing, Tarneit, Truganina	30,708	7,370	40.32%
3037	VIC	Sydenham (Vic.)	Delahey, Hillside, Sydenham	16,434	7,086	68.42%
3810	VIC	Pakenham	Pakenham, Pakenham Upper	17,997	6,719	69.16%
3030	VIC	Derrimut	Derrimut, Point Cook, Werribee	36,245	6,617	34.23%
6030	WA	Merriwa (WA)	Clarkson, Merriwa, Mindarie, Quinns Rocks, Ridgewood, Tamala Park	15,377	6,418	73.11%
2567	NSW	Mount Annan	Currans Hill, Harrington Park, Mount Annan, Narellan, Narellan Vale	13,338	6,007	70.00%

Post Code	State	Location	Long location	Households	Rental Stress	% Rental Stress
4350	QLD	Toowoomba	Athol, Centenary Heights, Cranley, Darling Heights, Drayton, East Toowoomba, Finnie, Glenvale, Harlaxton, Harristown, Kearneys Spring, Middle Ridge, Mount Kynoch, Mount Lofty, Mount Rascal, Newtown, North Toowoomba, Northlands, Prince Henry Heights, Rangeville, Redwood, Rockville, South Toowoomba, Southtown, Toowoomba, Toowoomba East, Toowoomba South, Toowoomba West, Top Camp, Wellcamp, Westbrook, Wilsonton, Wilsonton Heights, Wyalla Plaza	47,136	10,263	44.03%
2170	NSW	Chipping Norton	Casula, Chipping Norton, Hammondville, Liverpool, Liverpool South, Lurnea, Moorebank, Mount Pritchard, Prestons, Warwick Farm	35,996	9,821	59.04%
2560	NSW	Leumeah	Airds, Ambarvale, Appin, Bradbury, Blair Athol, Bradbury, Campbelltown, Englorie Park, Gilead, Glen Alpine, Kentlyn, Leumeah, Rosemeadow, Ruse, St Helens Park, Wedderburn, Woodbine	27,717	9,382	76.78%
2770	NSW	Bidwill (NSW)	Bidwill, Blackett, Dharruk, Emerton, Hebersham, Lethbridge Park, Minchinbury, Mount Druitt, Shalvey, Tregear, Whalan, Willmot	20,744	9,091	76.93%
2540	NSW	Mondayong	Bamarang, Basin View, Berrara, Bolong, Brundee, Burrier, Callala Bay, Callala Beach, Cambewarra, Cudmirrah, Culburra Beach, Currarong, Erowal Bay, Falls Creek, Greenwell Point, Hmas Albatross, Hmas Creswell, Huskisson, Hyams Beach, Jervis Bay, Meroo Meadow, Myola, Numbaa, Old Erowal Bay, Orient Point, Pyree, Sanctuary Point, St Georges Basin, Sussex Inlet, Swanhaven, Tapitallee, Terara, Tomerong, Vincentia, Wandandian, Woollamia, Worrigee, Wrights Beach, Yalwal	25,479	9,082	69.56%
2250	NSW	West Gosford	Calga, Gosford, East Gosford, North Gosford, West Gosford, Erina, Kariong, Kulnura, Lisarow, Lower Mangrove, Mangrove Mountain, Matcham, Mount White, Narara, Niagara Park, Peats Ridge, Point Clare, Somersby, Springfield, Tascott, Wendoree Park, Wyoming	28,144	8,949	77.50%
2145	NSW	Greystanes	Constitution Hill, Girraween, Greystanes, Mays Hill, Pemulwuy, Pendle Hill, Wentworthville, South Wentworthville, Westmead	27,856	8,790	66.67%
2026	NSW	Bondi Beach	Bondi	16,266	8,242	75.40%
4217	QLD	Benowa	Benowa, Bundall, Chevron Island, Isle Of Capri, Main Beach, Surfers Paradise	23,627	8,140	52.91%
2148	NSW	Blacktown	Arndell Park, Blacktown, Kings Park, Marayong, Prospect	22,056	7,904	78.50%
2500	NSW	Wollongong	Coniston, Gwynneville, Mangerton, Keiraville, Mount Keira, Mount Saint Thomas, North Wollongong, Spring Hill, West Wollongong, Wollongong	18,766	7,540	67.71%
2010	NSW	Surry Hills	Surry Hills, Darlinghurst	16,106	7,433	62.40%
4211	QLD	Pacific Pines	Advancetown, Beechmont, Carrara, Clagiraba, Gaven, Gilston, Highland Park, Mount Nathan, Natural Bridge, Nerang, Numinbah Valley, Pacific Pines	23,345	7,328	75.27%
2567	NSW	Mount Annan	Currans Hill, Harrington Park, Mount Annan, Narellan, Narellan Vale	12,338	6,007	70.00%

Post Code	State	Location	Long location	Households	Stressed Investors	% Investors Stressed
4217	QLD	Benowa	Benowa, Bundall, Chevron Island, Isle Of Capri, Main Beach, Surfers Paradise	23,627	4,049	55.17%
2010	NSW	Surry Hills	Surry Hills, Darlinghurst	16,106	3,932	73.39%
6210	WA	Meadow Springs	Coodanup, Dudley Park, Erskine, Falcon, Greenfields, Halls Head, Madora Bay, Mandurah, Meadow Springs, San Remo, Silver Sands, Wannanup	35,104	3,638	31.80%
2145	NSW	Greystanes	Constitution Hill, Girraween, Greystanes, Mays Hill, Pemulwuy, Pendle Hill, Wentworthville, South Wentworthville, Westmead	27,856	3,492	44.44%
3000	VIC	Melbourne	Melbourne	22,911	3,451	70.40%
3141	VIC	South Yarra	South Yarra	15,808	3,328	72.61%
4655	QLD	Craignish	Booral, Bunya Creek, Dundowran Beach, Eli Waters, Great Sandy Strait, Happy Valley, Hervey Bay, Kawungan, Nikenbah, Pialba, Point Vernon, Scarness, Sunshine Acres, Susan River, Torquay, Urangan, Urraween, Walliebum, Walligan, Wondunna	28,362	3,235	38.66%
3182	VIC	St Kilda (Vic.)	St Kilda, St Kilda South, St Kilda West	14,802	3,152	61.09%
2099	NSW	Dee Why	Cromer, Dee Why, Narraweena, North Curl Curl	16,649	3,113	57.82%
2067	NSW	Chatswood	Chatswood, Chatswood West	11,058	3,110	59.38%
4670	QLD	Millbank (Qld)	Abbotsford, Alloway, Ashfield, Avenell Heights, Avoca, Avondale, Bargara, Branyan, Bundaberg, Bundaberg Central, Bundaberg East, Bundaberg North, Bundaberg South, Bundaberg West, Burnett Heads, Calavos, Coral Cove, Electra, Elliott, Elliott Heads, Givelda, Kalkie, Kensington, Kepnock, Kinkuna, Meadowvale, Millbank, Moore Park Beach, Moorland, Mullett Creek, Norville, Qunaba, Rubyanna, Sharon, South Bingera, South Kolan, Svensson Heights, Thabeban, Walkervale, Watalgan, Welcome Creek, Windermere	36,854	3,102	24.79%
2066	NSW	Lane Cove	Lane Cove, Lane Cove North, Lane Cove West, Linley Point, Longueville, Northwood, Riverview	13,466	3,068	62.50%
4573	QLD	Yaroomba	Coolum Beach, Marcus Beach, Mount Coolum, Peregian Beach, Peregian Springs, Yaroomba	12,242	3,061	57.70%

Post Code	State	Location	Long location	Households	Financial Stress	% Financial Stress
4350	QLD	Toowoomba	Athol, Centenary Heights, Cranley, Darling Heights, Drayton, East Toowoomba, Finnie, Glenvale, Harlaxton, Harristown, Kearneys Spring, Middle Ridge, Mount Kynoch, Mount Lofty, Mount Rascal, Newtown, North Toowoomba, Northlands, Prince Henry Heights, Rangeville, Redwood, Rockville, South Toowoomba, Southtown, Toowoomba, Toowoomba East, Toowoomba South, Toowoomba West, Top Camp, Wellcamp, Westbrook, Wilsonton, Wilsonton Heights, Wyalla Plaza	47,136	23,013	48.82%
2170	NSW	Chipping Norton	Casula, Chipping Norton, Hammondville, Liverpool, Liverpool South, Lurnea, Moorebank, Mount Pritchard, Prestons, Warwick Farm	35,996	22,010	61.15%
3000	VIC	Melbourne	Melbourne	22,911	18,034	78.71%
2770	NSW	Bidwill (NSW)	Bidwill, Blackett, Dharruk, Emerton, Hebersham, Lethbridge Park, Minchinbury, Mount Druitt, Shalvey, Tregear, Whalan, Willmot	20,744	16,942	81.67%
3030	VIC	Derrimut	Derrimut, Point Cook, Werribee	36,245	15,650	43.18%
3029	VIC	Tarneit	Hoppers Crossing, Tarneit, Truganina	30,708	15,624	50.88%
2145	NSW	Greystanes	Constitution Hill, Girraween, Greystanes, Mays Hill, Pemulwuy, Pendle Hill, Wentworthville, South Wentworthville, Westmead	27,856	14,992	53.82%
4300	QLD	Bellbird Park	Augustine Heights, Bellbird Park, Brookwater, Camira, Carole Park, Gailes, Goodna, Springfield, Springfield Lakes	19,471	14,502	74.48%
3805	VIC	Narre Warren South	Fountain Gate, Narre Warren, Narre Warren South	18,464	14,051	76.10%
3350	VIC	Ballarat East	Alfredton, Ballarat, Ballarat North, Ballarat West, Black Hill, Brown Hill, Canadian, Eureka, Golden Point, Lake Wendouree, Mount Clear, Mount Helen, Mount Pleasant, Nerrina, Redan, Sovereign Hill	26,787	13,933	52.01%
2340	NSW	South Tamworth	Bowling Alley Point, Calala, Carroll, Dungowan, Gowrie, Kingswood, Nemingha, Nundle, Oxley Vale, Somerton, South Tamworth, Tamworth, West Tamworth, Westdale, Woolomin	21,199	13,896	65.55%
2148	NSW	Blacktown	Arndell Park, Blacktown, Kings Park, Marayong, Prospect	22,056	13,774	62.45%
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4305	QLD	Basin Pocket	Basin Pocket, Brassall, Bremer, Churchill, Coalfalls, East Ipswich, Eastern Heights, Flinders View, Ipswich, Leichhardt, Limestone Ridges, Moores Pocket, Newtown, North Ipswich, North Tivoli, One Mile, Raceview,	25,541	13,194	51.66%

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Party	% of Total Households	% of Total Renting	% of Total Number Pty Investors	% of Total Mortgage Stress	% of Total Rental Stress	% of Total Stressed Investors	% of Total Financial Stress
ALP	48.4%	48.4%	47.3%	53.7%	50.0%	46.0%	50.6%
CA	0.7%	0.6%	0.6%	0.9%	0.6%	0.5%	0.7%
GRN	1.3%	2.2%	1.4%	0.5%	2.7%	2.6%	1.9%
IND	1.8%	2.0%	1.6%	2.3%	2.1%	2.0%	2.1%
KAP	0.6%	0.6%	0.5%	0.4%	0.4%	0.4%	0.4%
LIB	29.8%	27.9%	31.8%	28.7%	27.6%	33.7%	29.1%
LNP	10.8%	11.6%	10.8%	8.1%	9.9%	9.6%	9.2%
NAT	6.6%	6.6%	5.8%	5.5%	6.7%	5.2%	6.0%

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Stress Mapping ….

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Our Scenarios

- Scenarios are a way of exploring different futures, and to consider the consequences, not as a forecast, but to facilitate understanding and debate.
- None of these scenarios may turn out to be right…. Things change.
- We use a framework driven from our core market model and we are going to look at the five potential outcomes, updated with the latest data and results.
- The scenarios running forward from today.

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Scenario	RBA Rate	Unemployment Rate	Mortgage Stress	Bank Losses (BP)	Home Prices	Unnatural Acts	% Probability ()= Last Time
RBA Baseline	1.5%	4.75%	34%	9.5	+5% to -15%	Rate Rises End QE	10% (10%)
Best Case	1.0%	4.8%	38%	16	+10% to -20%	Normal	50% (50%)
Longer Term Crunch	0.0%	6.0%	40%	25	- 10% to - 30%	QE+++/Fiscal /NR	25% (30%)
Multi Wave Disruption	Zero and below	9.5%-11%	40%-45%	45	- 30% to - 45%	Bail In/Bail Out/QE ++	10% (5%)
Uncontrolled Pandemic	Zero and Below	16%+	65%	65+	Down to - 80%	QE+ Bank Failures	5% (5%)

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