Contents

Executive summary

Global landscape

Australia overview

Forecast

Contacts
Executive summary

There is a sense that the global and domestic economies are seeing a light at the end of the tunnel regarding the current period of price instability and low growth. Inflation is now largely under control in most countries, albeit still higher than most central banks want it to be; and the current discussion on interest rates is when and how fast they will start to come down.

The domestic economy slowed to a snail’s pace in the September quarter 2023 and is expected to have experienced zero growth in the final quarter of last year. Higher interest rates and low consumer confidence finally had a significant impact on economic activity, with measures of real household disposable income, consumption and savings showing a noticeable pullback compared with the start of the year.

The expectation amongst most economists is that the domestic economy will continue to experience tough conditions for the first half of 2024, with some improvement appearing in the second half of the year as policy rates start to loosen. This cautious optimism, combined with a few other positive indicators (such as a recovery in house prices over the past six months), may start now to seep through into an improvement in consumer sentiment, and a lift from its historic lows, recognising it is still a long way from a neutral or positive setting.

Businesses remain cautious, however, of the immediate economic outlook with hiring and investment intentions weakening as the year closed out. Measures of business confidence, economic conditions and capacity utilisation all deteriorated as 2023 progressed, with the outlook for 2024 also looking weaker.

Government spending remains a strength within the economy, albeit a double-edged sword in terms of budget surplus and higher taxation receipts. Higher income tax receipts from bracket creep (and more PAYG employees) is improving the budget outlook but at the same time contributing to the fall in real household disposable income at a time when cost-of-living pressures are pervasive across the country. A slowing of public sector spending has been called for by domestic and international economic advisers to help reduce inflationary pressures and improve budget management in the near term.

The RBA will be starting 2024 with a more helpful outlook than it did at the start of last year. The November monthly CPI results showed headline CPI running at 4.3% annually, down from 4.8% in October and 7.4% in November 2022. Of the 27 categories measured in the November CPI, 4 recorded deflation, 12 recorded disinflation and 11 still recorded growing prices.

The futures market (as at 15 January 2024) is pricing in two 25 bp cuts in the cash rate during 2024, the first in August and the second in December, with a further 25 bp reduction by May 2025, taking the cash rate back down to 3.6% by the middle of next year. For this to happen, inflation must firstly return to be close to (or within) the 2%–3% target band. KPMG’s forecasts suggest this is possible, with headline CPI expected to be slightly over the upper end of the target band by the end of this year.

The slowing economy is already influencing the domestic labour market, with job vacancies falling and new employment slowing, compared with where both were at the start of 2023. The combination of higher migration and strong labour market participation is pushing the unemployment rate steadily upwards, with KPMG forecasts suggesting it will reach 4.5% by the middle of this year. Slowing employment demand and increased labour supply will also result in a moderation of wages growth as the year progresses, recognising real wage growth is likely to surface during 2024 as inflation recedes.

Uncertainty surrounding the near-term performance of the Chinese economy is likely to be a drag on the contribution of net exports on GDP growth. Iron ore prices, while still substantially higher than forecasts contained within the Commonwealth Budget, have been continuing to fall on the expectation of declining demand for steel products in China.

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Headline inflation has peaked across most advanced economies, but persistent core inflation has continued to cause headaches for monetary policymakers.

Headline inflation falling
Headline inflation has now peaked across most advanced economies, with annual CPI inflation peaking at 9.1% in the United States in June 2022, 11.1% in the United Kingdom and 10.6% in the eurozone in October 2022.

Since mid to late 2022, headline inflation has dropped steadily in most advanced economies, mainly driven by falling energy and food prices and the easing of supply chain disruptions. The rapid monetary policy tightening cycle has also been playing a role in disinflation by taking some heat off the demand side.

Annual core inflation has also declined, although services inflation has fallen only gradually, making it the main concern of monetary policymakers. Upside risks for global inflation have also been raised due to the Israel–Hamas war and ongoing El Nino weather event.

Chart 1 – Annual inflation in advanced economies

Global headline inflation is expected to fall from the peak of 11.6% recorded in the middle of 2022 to about 4% at the end of this year and to around 3.7% by the end of next year as a result of easing supply chain disruptions and slower economic activity.

Chart 2 – Policy rates in advanced economies

Below-trend economic growth
The impact of monetary tightening and conflict factors means the world economy is unlikely to return to pre-pandemic economic growth trends in the near term. Policy rates are expected to remain higher for longer in advanced economies as policymakers will wait for evidence of a sustained decline in underlying inflation before they consider slashing rates. On the other hand, monetary stances will vary across emerging market economies.

Fiscal policies are also anticipated to be tightened in advanced economies as higher interest rates have made the costs of servicing debt expensive.

The expectation amongst international institutions, like the IMF, OECD and World Bank is that the world economy will continue to experience mediocre aggregate growth for the remainder of this year and slow further in 2024.

We expect global growth to be around 3% in 2023, then dropping slightly to be in the high-2% range in 2024, with possibilities of recessions in some countries.

The United States is expected to see growth rates this year similar to those recorded last year before easing to mid-1% in 2024. The Federal Reserve indicated its tightening cycle was finished and cutting rates was in sight with inflation falling towards their target and a possibility of a recession. China is forecast to perform below targeted levels of growth for both 2023 and 2024, but notably higher than growth in 2022. The European Union is forecast to have grown in 2023 at less than a quarter of the 2022 rate, largely due to a forecast contraction in Germany.

The surge in inflation was milder in major emerging market economies, except Russia and Türkiye. Inflation has generally continued to be on a downward trend since mid to late 2022 in these economies. In some major emerging market economies, including Brazil, South Korea, Mexico and South Africa, policy interest rates began to be raised sooner than in advanced economies. This may have helped deter their national currencies from substantially depreciating further against the US dollar in 2022 and reduce the effects of global factors on domestic inflation.
Labour market stickiness

Despite weak economic growth, labour markets have remained surprisingly robust, with most advanced economies still experiencing very low unemployment rates relative to pre-pandemic levels, although job vacancy levels look to be cooling.

This stickiness in employment is likely to be reflecting a combination of factors. These include concerns about finding staff again if companies let them go and the economy rebounds sooner than expected; a belief that economic conditions will not decline materially; and expectations among businesses that price levels may return to normal patterns faster than economic forecasters are suggesting.

Labour markets are expected to remain resilient in 2024, although unemployment rates are likely to edge up amid slower economic growth.

Chart 3 – IHS Markit Purchasing Managers’ Index™ (PMI™), World

Manufacturing downturn continued

The IHS Markit Composite Purchasing Manager Index (PMI) shows in December global economic growth was boosted slightly, driven by an improvement in new work inflows and a small uplift in business confidence. Services continued to fare better on average, while manufacturing remained in the contractionary territory, with the downturn mostly experienced by intermediate goods producers.

Countries covered by the IHS Markit PMI survey that recorded positive output growth included Japan, the United States, China, the United Kingdom and Russia. Those seeing contractions entailed the eurozone, Canada and Australia.

Input costs and output prices advanced further in December, with the pace of increases generally higher in the service sector than in manufacturing.

Employment stayed in the expansionary territory, yet growth of job creation was weakening. This highlighted that the softening trends in intakes of new business started to affect the labour market.

Higher borrowing costs, and expectations that interest rates will remain higher for longer, are also having an impact on house values with some markets, including Germany and Canada seeing a reversal of the price gains achieved during Covid. China has also experienced falling property prices although these trends are more reflective of consumer concerns regarding the financial stability of developers.

World trade forecasts revised down by half

The world trade volume index increased by 0.4% over the month in October 2023, with trade momentum up marginally by 0.1%, reversing the negative trend seen in the preceding months.

The World Trade Organisation (WTO) has revised down its forecasts for world trade in 2023 from 1.7% to 0.8%, although the outlook for 2024 remains robust at 3.3%. The slowdown in trade has been broad-based across a wide range of countries and goods – suggesting the deterioration is reflecting the impacts of the global tightening in monetary policy, high inflation, US dollar appreciation, and geopolitical tensions rather than country specific factors.

There has been a noticeable change in trade patterns, including a smaller proportion of intermediate goods being traded, and fewer intermediate goods being sourced from Asia. A continued rise in geopolitical tensions and a drive towards reshoring production for essential goods are key reasons for this trade fragmentation.

Global trade will be stifled further should more countries follow the United States and adopt industrial policies like those contained within the Inflation Reduction Act that incentivise businesses, especially manufacturing businesses, to reshore operations that have previously been offshored.

Chart 4 – World trade

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The September quarter GDP figure of 0.2% growth – down from 0.4% in the June quarter – was weaker than expected and confirms the impact of the interest rate rises over the past year in slowing the economy. Annually, the quarterly figure represented a fall in the rate of growth to 2.1% – and only large-scale migration is keeping it positive, although per capita consumption is in decline.

The September quarter national accounts also revealed compensation of employees (COE) rose by 2.6%, the largest quarterly rise in a year, although this was in line with employment growth. Labour productivity picked up only marginally, with GDP per hour worked increasing by 0.9% q/q as hours worked dropped by 0.6% q/q. Through the year, labour productivity was still 2.1% lower, yet this gap has at least fallen since the trough of -5.3% in the March quarter 2023. The adjustment in hours worked is likely to have a positive impact on labour productivity in the near term.

Household final consumption expenditure flatlined (0% q/q) with rises observed in purchase of vehicles (+13%), transport services (+3.9%), rent and other dwelling services (+0.4%), and furnishings and household equipment (+1.6%). The largest fall in household consumption was in electricity, gas, and other fuels (-16.9%) as government benefits and rebates lowered household spending on these essential services.

Government final consumption expenditure rose 1.1% in the September quarter after the introduction of a number of social benefits such as the Energy Bill Relief Fund rebates, extra payment for childcare or aged care. Public gross fixed capital formation increased significantly, by 0.7% and made up the bulk of growth in total gross fixed capital formation, which grew by 1.1% as Commonwealth, state and territory corporations scaled up investment in transport, communication and utilities projects.

Exports of goods and services fell by 0.7% driven by falls in exports of coal (-6.8%), mineral ores (-3.4%), other mineral fuels (-6.3%), and cereals (-8.2%), which were offset by rises in exports of other rural goods (+24%), non-monetary gold (+12.2%), travel services (+4.4%), and meat (+10.2%). Exports of travel services continued its recovery with the September quarter seeing stronger tourism activity as Australia hosted the FIFA Women’s World Cup.

Goods and services imports increased by 2.1% q/q, driven by rises in imports of travel services (+19.5%), industrial transport equipment (+16.5%), transportation services (+10.1%), and non-industrial transport equipment (+4.6%). Imports of travel services rose strongly as more Australians travelled overseas during the summer in the Northern Hemisphere.

Gross operating surplus (GOS) declined by 1.5%. The weakness was driven by the private non-financial corporations sector (-4.5%) as profits for the Mining industry declined. The falls were partly offset by Dwellings GOS owned by persons (+3.5%), as house prices recover, and Financial corporations (+2.1%), as banks’ margins increased with fixed rate mortgages rolled on to higher variable rates.

Taxes on production and imports increased by 5.4% due to a rise in taxes on international trade, GST and payroll taxes. The rise in taxes on international trade was due to increased import volumes of tobacco and a rise in tobacco excise tax. Subsidies on production fell 16.4% driven by a decrease in research and development tax incentive, and state housing and flood-related subsidies.
Production

The September quarter of 2023 saw contractions of Gross Value Added (GVA) over the quarter in 6 out of 19 industries, with the largest being in Agriculture, forestry and fishing (-3.5%), although over the year, production in this industry expanded by the most (+16.2%) due to exceptional climate conditions up to the first half of 2023.

Some others recording the largest q/q reduction included:

- Electricity, gas, water and waste services (-2.6%) with falls across the service sectors. Warmer than usual winter conditions lowered demand for electricity.
- Administrative and support services (-1.7%) owing to reduced labour hire and recruitment activity.
- Wholesale trade (-0.9%), with the main drivers of the fall being basic materials, and machinery and equipment wholesaling.

In contrast, the top three with the largest q/q growth were:

- Information, media and telecom (+2.6%), driven by a rise in the ‘other information and media services’ sector.
- Arts and recreation services (+2%) due to a rise in ‘sports and recreation activities’ and ‘creative and performing arts’.
- Health care and social assistance (+1.8%) driven by public health.

The NAB monthly business survey showed that business confidence in November edged down further and remained pessimistic, with business conditions also weakening.

Forward orders eased slightly, led by declines in construction and recreation and personal services. However, capacity utilisation remained elevated, albeit edging lower, feeding into input cost and output price pressures.

Chart 6 – Industry Gross Value Added, Q2 2023

The survey also revealed price pressures remained heightened, with price and cost growth accelerating during the month. Growth in both labour and purchase costs accelerated from 2% and 1.9% to 2.2% and 2.5% respectively in quarterly terms. Final output price growth also went up slightly from 1% to 1.2%.

For the last quarter of 2023 and going into 2024, industries more dependent on household discretionary spending such as Retail Trade, Accommodation & Food Services, Arts & Recreational Services, are expected to experience subdued growth as households tighten their belts.

Business conditions have been on a downward trend for Retail Trade and Wholesale Trade over recent months as shown in NAB monthly business surveys.

Construction activity is anticipated to remain soft in the near term due to high labour costs, caused by ongoing shortages for skilled tradespeople coupled with strong industry demand, as well as financing costs caused by high interest rates.

The Australian Bureau of Agricultural and Resource Economics and Sciences (ABARES) forecast agricultural production to fall by 17% in 2023–24 as a result of drier climate conditions reducing crop yields. In addition, as global prices for most commodities moderate, domestic prices received by producers are also forecast to decline.

Forecasts for exports in Mining by the Department of Industry, Science and Resources in Q2 2023 were broadly consistent with those in the previous quarter. Resources and energy export values are forecast to decline from $467 billion in 2022–23 to $400 billion in 2023–24 as weaker demand and fewer supply disruptions will lower prices, while volumes are expected to see significant growth across most commodities towards 2024–25 due to the acceleration of global energy transition.

Chart 7 – Business sentiment indicators
Household consumption

Household final consumption expenditure in Q3 2023 flatlined (0% q/q) with rises observed in purchase of vehicles (+13%), transport services (+3.9%), rent and other dwelling services (+0.4%), and furnishings and household equipment (+1.6%).

The largest fall in household consumption was in electricity, gas, and other fuels (-16.9%) as government benefits and rebates lowered household spending on these essential services. Other reductions included other goods and services (-2.8%), recreation and culture (-1.1%), and cigarettes and tobacco (-3.9%).

Over the year, household consumption increased marginally by 0.4%, with the strongest growth recorded by purchase of vehicles (+18%) amid strong demand and improved supply, as well as transport services (+14.8%) that are returning to pre-Covid levels.

Nonetheless, consumption growth was largely driven by the strong increase in population as per capita consumption went backwards.

Purchases of vehicles has remained solid going into Q4, although some segments showed signs of losing momentum. The seasonally adjusted total new motor vehicle sales in Q4 was 324,156, up by 0.3% from Q3, with growth supported by sales of commercial vehicles. New sales of passenger and sports utility vehicles in seasonally adjusted terms dropped by 1.6% and 6.4% respectively.

The household saving ratio declined to 1.1%, the lowest level since 2007 due to high costs of living, increased interest paid on home loans, and the removal of the Low and Middle Income Tax Offset leading to a higher income tax bill for many households. Growth in household gross income (+1.8%), from higher labour income (+2.5%) and interest received on deposits (+8.4%), partly cushioned the fall.

Chart 8 – Passenger vehicles and SUV sales

Source: Federal Chamber of Automotive Industries, Haver, KPMG

Higher frequency data shows the nominal calendar-adjusted monthly household spending index increased by 2.7% through the year to October 2023, driven by a rise in non-discretionary expenditure (+7%), while discretionary expenditure fell by 2%.

Consumer sentiment remained at its long-run pessimistic levels in December, although lifting slightly as concerns about further rate hikes eased. The RBA’s decision to hold its cash rate in December provided certain comfort for consumers’ outlook on family finances, especially those with mortgages.

Chart 9 – Household final consumption expenditure, Q3 2023

Source: ABS, KPMG

Chart 10 – Consumer sentiment index

Source: Westpac, Haver, KPMG

Looking ahead, headwinds to household consumption is expected to persist in 2024 with high interest rates and the increased risk of persistent inflation, while households draw down their saving buffers. The strength of population growth and labour market conditions will provide support for consumption in the near term but are expected to ease into 2024.
Investment

Real investment increased by 1.1% q/q in Q3 2023, driven by increases in both private investment and government investment.

Private investment advanced by 1.2% over the quarter as mining infrastructure projects led to an acceleration of new engineering construction, with investment in non-dwelling construction increased by 3.3%.

Looking ahead, further gains in dwelling prices are likely to soften with easing in upside risks. Advertised stock levels are expected to rise, while migration growth is peaking. Downside risks include weak consumer confidence, increased risks that interest rates could stay higher for longer, and deteriorating housing affordability.

Property investment is expected to remain subdued in 2024 as signalled, although the lacklustre number of dwelling approvals has showed some signs of picking up in recent months, driven by an increase in approvals for private sector dwellings excluding houses. In addition, while capacity constraints continue to ease, builders’ profit margins remain low.

Into 2025, anticipated lower interest rates, government initiatives to boost supply, and improved conditions for builders, are expected to drive a rebound in dwelling investment.

Chart 12 – Investment growth, Q3 2023

Chart 13 – Daily home value index

Chart 14 – Dwelling units approved and started

Source: ABS, KPMG

Dwelling investment rose marginally by 0.2% due to increased renovation activity from alterations and additions, offsetting falls in other residential dwelling construction. Ownership transfer costs expanded 2% due to stronger property market activity.

The property market continued to recover, yet the pace of growth in November was diverse across regions. Home values in Melbourne, Hobart and Darwin went down, while growth in Sydney slowed down sharply. In contrast, home values in Perth, Brisbane and Adelaide posted large gains due to low levels of advertised supply amid high purchasing activity.
The September 2023 quarter survey of private capital expenditure shows robust actual investment in the first quarter of FY24 and strong forward momentum for the remainder of the financial year. Estimate 4 in current prices for FY24 ($42.8 billion in actual spend) was 17.1% higher than FY23 Estimate 4. Expected expenditure for the remainder of FY24 was also 8.2% higher compared to the expected amount the previous financial year.

Private new capital expenditure rose 0.6% in the September quarter 2023, with the main driver being the mining industry (+5.6%), which offset a fall in new capital expenditure by non-mining industries (-1.3%).

The mining industry increased its spending on iron ore projects and battery-related mineral developments, leading to a rise in building and structures investments. The construction industry contributed most to the increase in new equipment and machinery expenditure as supply chain disruptions continued to resolve.

Nonetheless, headwinds to business investment continue to gather strength, with weakening consumer demand for goods and services. Growth of lending to the business sector has also slowed. We expect business investment will grow at a slower rate in the last quarter of 2023 and in 2024.

Public investment grew by 0.7% over the quarter in Q3 2023, predominantly driven by large expansion work done on major public corporation projects.

Investment made by Commonwealth and state public corporations combined increased by 8.9%. Non-defence investment made by the Federal Government expanded by 8.1%. In contrast, defence investment dropped by 8.9%, and investment by state and local governments declined by 2.3%.

Infrastructure Partnerships Australia Pipeline Forecast shows quarterly spending on major infrastructure projects will peak at just under $20 billion in Q4 2024 and then stay elevated at between $18 billion and $20 billion per quarter until the end of 2025.

The Australian Government has released the list of 50 infrastructure projects, totalling around $7 billion in Commonwealth funding, to be slashed from its $120 billion infrastructure pipeline. This decision followed an independent review that found the $120 billion pipeline was facing $33 billion in cost blowouts and delays. Along with issues relating to capacity constraints faced by the construction industry, growth of public investment in 2024 is therefore likely to ease significantly.
Net exports

Net trade subtracted 0.6 percentage points from real GDP growth in Q3 2023, following a 0.8 percentage point contribution to real GDP in Q2 2023, with a 2.1% q/q increase in imports and a 0.7% q/q fall in exports.

Chart 15 – Imports and exports of goods and services (SA, $ million)

Exports of goods and services fell by 0.7% q/q, driven by a fall in exports of goods but partly offset by a rise in exports of services. Goods exports fell by 1.2% as the global demand for Australian commodities weakened. Exports of services increased by 1.9%. Education travel continues to grow as the numbers of international students reaches record levels. Personal travel also contributed as fans attended the 2023 FIFA Women’s World Cup.

Goods and services imports increased by a much larger amount – by 2.1% q/q and driven by an 8.4% q/q increase in travel services and a 16.5% q/q increase in industrial transport equipment.

Chart 16 – Terms of trade (index)

The terms of trade dropped by 2.6% as exports prices fell 1.4% and import prices rose 1.2%. Export prices for coal and liquefied natural gas fell due to elevated inventory levels in export destinations. Strong oil prices and the weaker Australian dollar led to rises in import prices.

The Australian dollar climbed to its highest levels over the three months period. The RBA increased its cash rate for the first time since June, which led to a smaller difference between the world and the Australian interest rates. The recent surge in iron ore prices due to strong demand from China has also helped support the Australian dollar.

External demand assumptions

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Labour market

The seasonally adjusted unemployment rate continued to climb to 3.9% in November from 3.8% (revised from 3.7% from last month’s release) in September. The balance between labour demand and supply has continued to improve as more immigrants arrived in Australia.

Looking over the past 3 months, the average employment growth was around 37,000 people per month and aligned with the average employment growth figures in the past 12 months.

Chart 18 – Labour market condition

The participation rate increased by 0.2 ppt to 67.2% in November as more people are joining the workforce, primarily driven by a 0.4 ppt increase in participation for men, from 71.3% to 71.7%.

The WPI increased sharply in the September quarter 2023, rising by 4% y/y and was the highest since the March quarter 2009.

Annual wages growth in the private sector increased to 4.2% from 3.9% in the previous quarter. Higher growth in the private sector was driven by several factors such as the Fair Work Commission’s annual wage review decision, the application of the Aged Care Work Value case, labour market pressure and CPI rises being factored into wage and salary review decisions.

Public sector annual wages growth increased to 3.5% from 3.1% in the previous quarter. The increase in public sector wages was driven by the removal of state wage caps and the new enterprise agreements coming into effect.

Overall, the strong wages growth was widely anticipated as it captured the earlier Fair Work Commission decision on award wages, the ongoing tightness in the labour market and recent adjustments to public sector wage policies. Wages growth is not expected to increase much further and remains consistent with the inflation target.

Chart 20 – Wages growth (y/y)

The strength of the labour market is expected to gradually weaken until the end of the year. Leading labour market indicators, such as SEEK’s jobs ad index, indicate a decrease in labour demand pressure, with job ad volumes declined 4.3% in November m/m. The decline was occurring in all industries, except for Insurance and Superannuation.

Furthermore, the increase in migration would continue to help address some of the tightness in the labour market. As a result, we expect the unemployment rate to gradually rise from its current low levels to reach the natural rate of unemployment by mid-2024.
Government

Public demand contributed 0.3 ppt to the quarterly change in GDP in the September quarter. The contribution was primarily driven by government consumption expenditure. Government consumption expenditure grew 1.1% as a result of State and Federal Government social benefit schemes to households, including the Energy Relief Fund and Child Care Subsidy. Public gross fixed capital formation increased significantly, by 0.7%, and made up the bulk of growth in total gross fixed capital formation, which grew by 1.1% as Commonwealth, state and territory corporations scaled up investment in transport, communication and utilities projects.

Chart 21 – Taxation revenue sources (NSA, $ million)

Source: ABS, Haver, KPMG

Chart 22 – Taxation expenditures distribution (NSA, $ million)

Source: ABS, Haver, KPMG

In October 2023, the Australian Government general government sector operating statement shows a deficit of $1.4 billion. This mainly happens as a result of State and Federal Government social benefit schemes to households.

Relative to three months ago, there was a fall in company profitability, particularly in the mining and resources sectors as the global demand for Australian commodities weakened. Individual taxes grow as the labour market remains to be tight. The better-than-expected retail conditions also help improve GST revenue.

Nevertheless, the mid-year economic and fiscal outlook (MYEFO) shows a tax receipt uplift, predominantly driven by personal taxes being $9 billion higher than the forecast for this financial year, and company tax receipts being $9.2 billion higher. That means for this financial year it would revise the $13.9 billion deficit forecast in the May budget to a tiny deficit of $1.1 billion.

The yield curve remains inverted in the medium term. The 10-year bond yield has decreased by about 25 bp since September to 3.96% as inflation has slowed down considerably around the advanced economies, and future rate cuts are in sight.

Chart 23 – Yields on Commonwealth Government bonds (Bid yield, %)

Source: Tullett Prebon, Haver, KPMG
## Forecast

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### Australia

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<td>Current account balance*</td>
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<td>AUD/USD*</td>
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<td>Unemployment rate*</td>
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<td>Dwelling price</td>
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</tbody>
</table>

*Source: KPMG Global, NIESR, NZIER

1 GDP growth calculated as (GDP q1-q4 t / GDP q1-q4 t -1) 2 Estimated unemployment rate at end of year. 3 Estimated average inflation though the year.

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