

# *WHERE TO FROM HERE*

## *THE CURRENT STATE OF GLOBAL MARKETS*

*ASX INVESTOR DAY*

# DISCLAIMER

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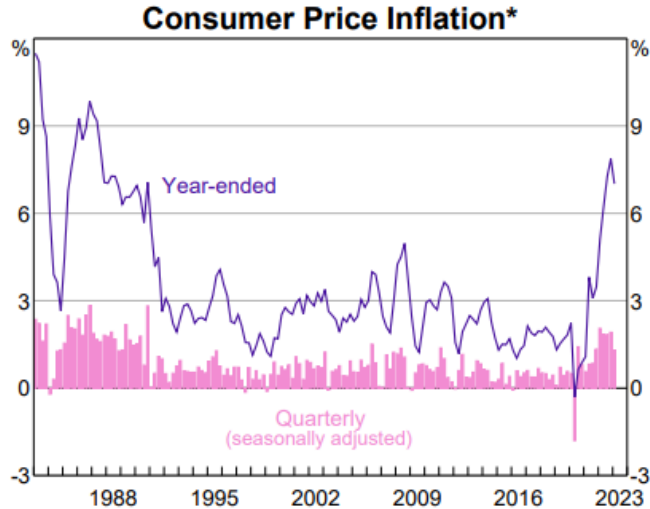
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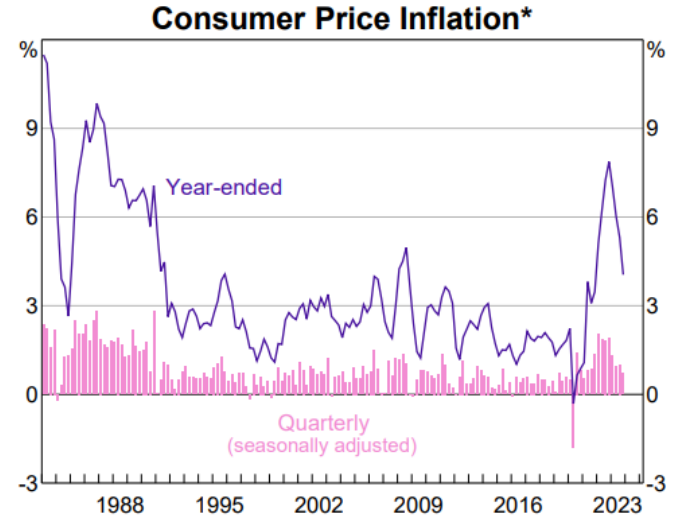
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# AUSTRALIA'S INFLATION CHALLENGE



\* Excludes interest charges prior to the September quarter 1998; adjusted for the tax changes of 1999–2000.

Sources: ABS; RBA

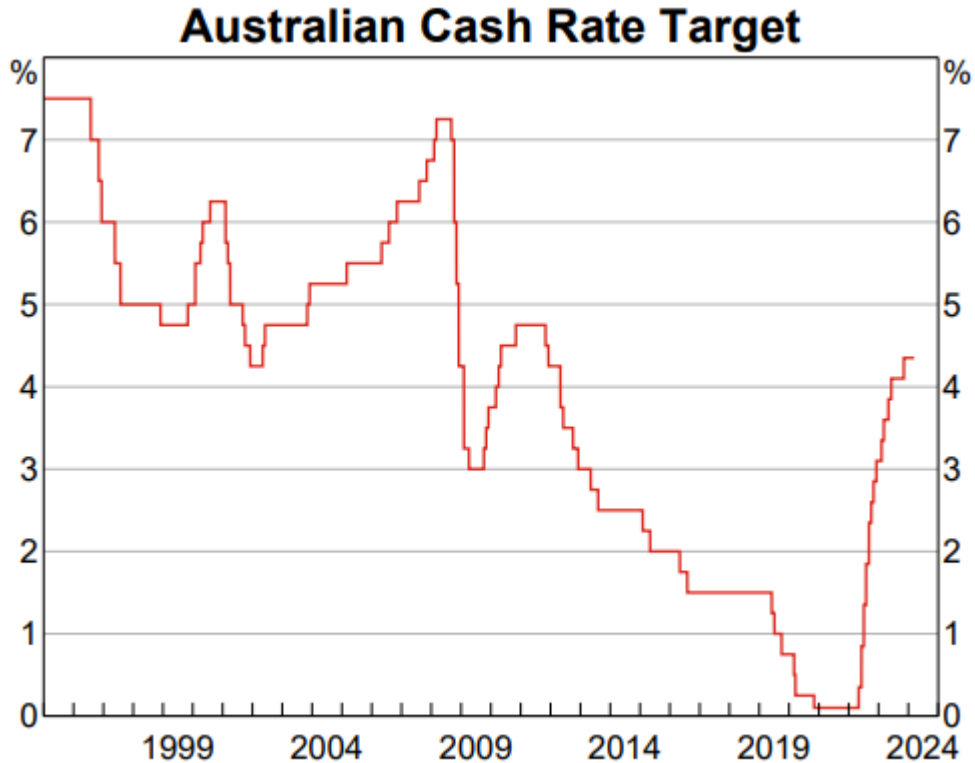


\* Excludes interest charges prior to the September quarter 1998; adjusted for the tax changes of 1999–2000.

Sources: ABS; RBA.

# RBA CASH RATE IN CONTEXT


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Source: RBA.

# IT'S STILL ALL ABOUT INFLATION

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 The Guardian

## Australia's inflation rate slows less than expected to 3.6%, dimming hopes of interest rate relief

Economists had tipped CPI growth for the March quarter of 0.8%, and an annual inflation rate of 3.5%

 The Australian

## Proof Taylor Swift-inspired boost over

 Australian Broadcasting Corporation

## Big four banks warn first rate cut won't come until November, as 'incredibly strong' migration makes the RBA's task ...

Surprisingly strong inflation, but exceptionally weak retail spending, has major bank economists predicting the Reserve Bank won't cut...

### ANALYSIS

#### The Reserve Bank doesn't raise interest rates lightly, but inflation has it worried — and worse is on the way

What's worrying the Reserve Bank is that inflation seems to have become completely detached from the bank's target band. And for homebuyers, that means there's no relief in sight, writes Peter Martin.

# AND EVEN MORE SO ABOUT RATES....

## Powell signals rates will stay higher for longer



The Federal Reserve has kept rates unchanged but chairman Jerome Powell said inflation was still too high despite “sufficiently restrictive” policy.

- ▶ CBA tips one rate cut this year as retail sales ease fears of a rise
- ▶ Bullock must warn that interest rates may rise again
- ▶ Market bets the RBA will raise rates by August
- ▶ Traders see zero chance of RBA rate relief
- ▶ How Boomers are busting hopes for rate cuts

AFR AFR

Markets push interest rate cuts beyond the next election

1 day ago



The Australian

Rate cut hopes fade but talk of hikes ‘excessive’

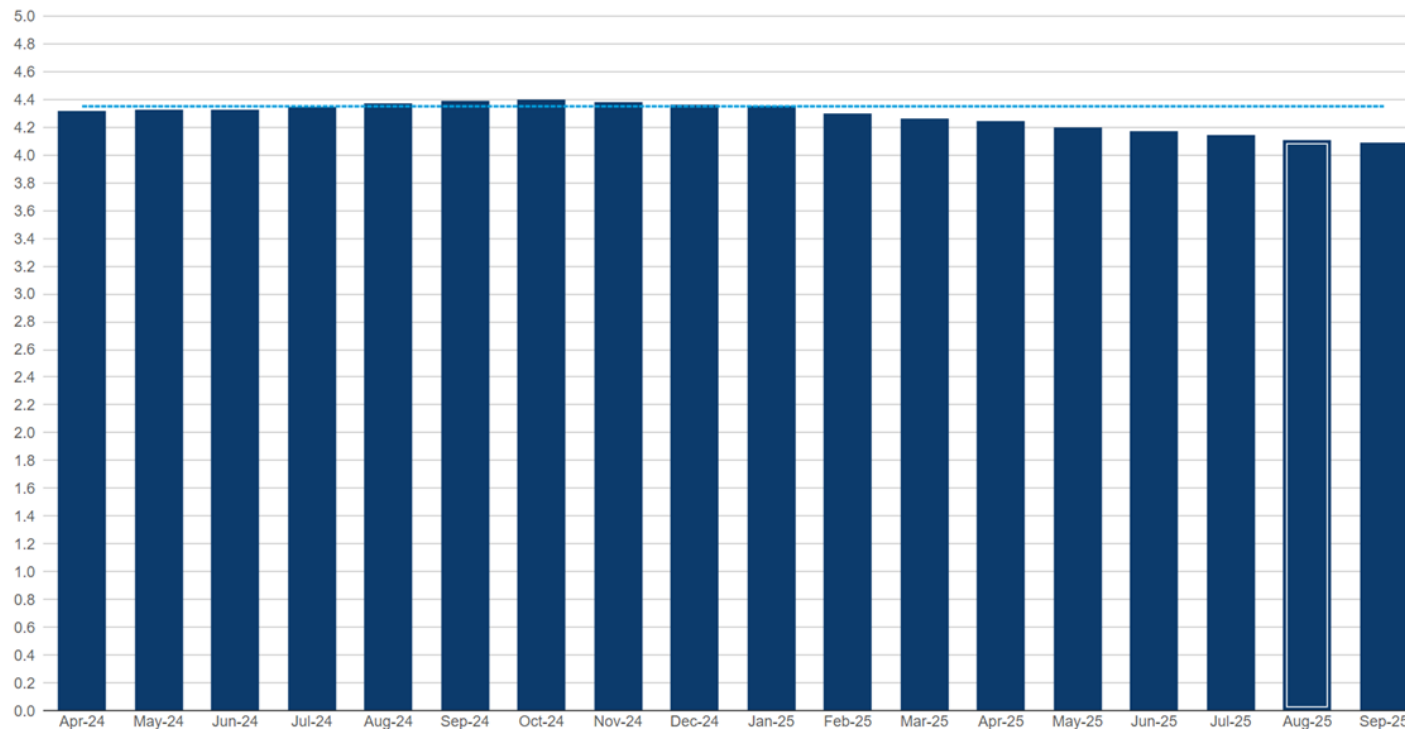
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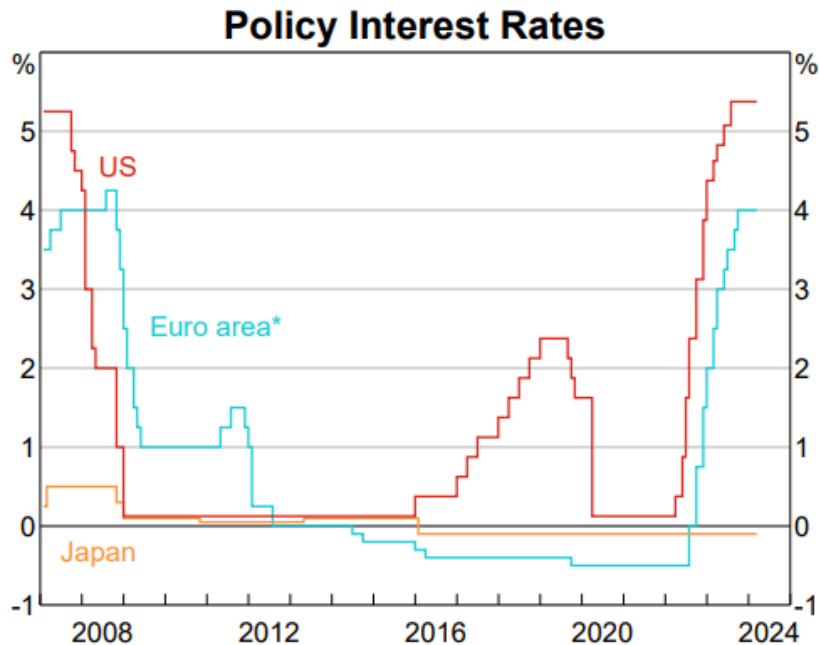
# WHERE ARE RATES HEADED?

## ASX 30 Day Interbank Cash Rate Futures Implied Yield Curve

As at market close on 30 April 2024

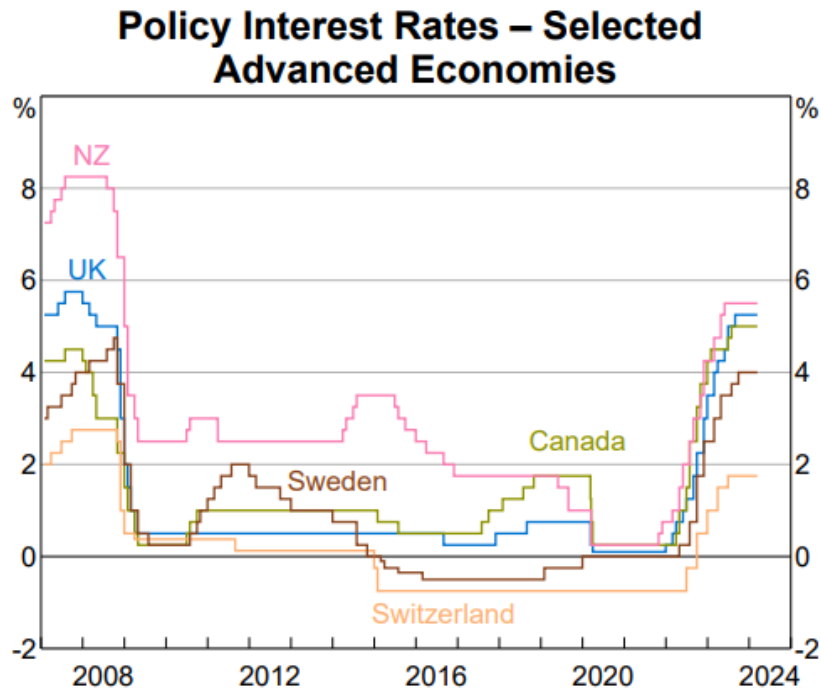


# WE'RE STILL A BIT BEHIND ON THIS



\* Main refinancing rate until the introduction of 3-year LTROs in December 2011; deposit facility rate thereafter.

Source: Central banks.

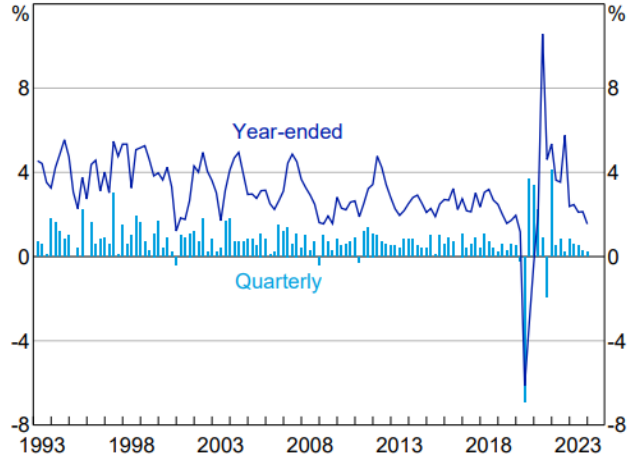


Source: Central banks.



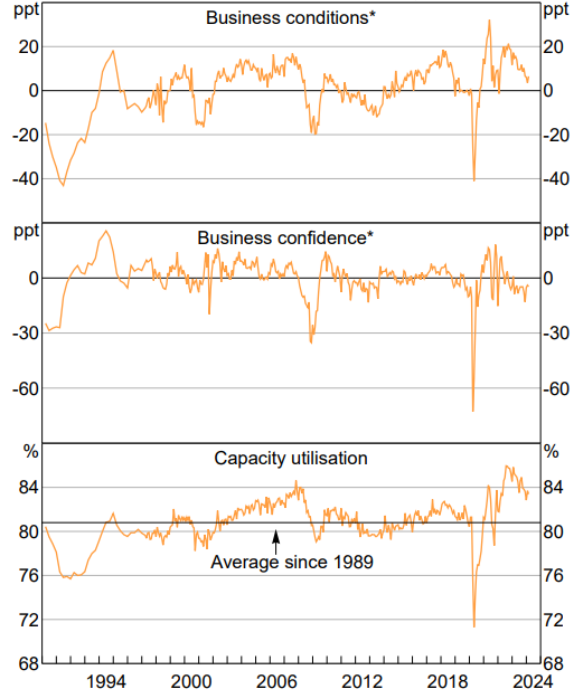
# WE'RE NOT IN A RECESSION – DESPITE THE HEADLINES

## GDP Growth



Source: ABS.

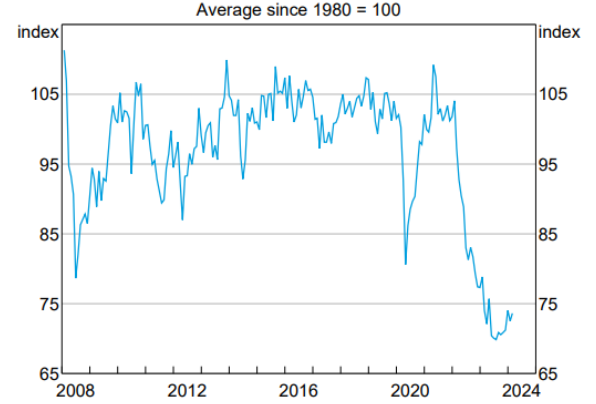
## NAB Business Survey



\* Net balance; deviation from average since 1989.

Sources: NAB; RBA.

## Consumer Sentiment\*



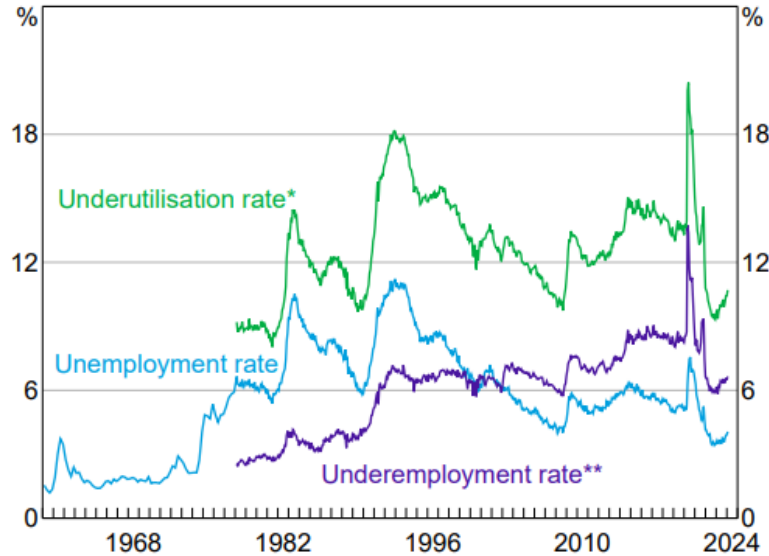
\* Average of the ANZ-Roy Morgan and Westpac-Melbourne Institute consumer sentiment measure of respondents' perceptions of their personal finances relative to the previous year; ANZ-Roy Morgan index rescaled to have the same average as the Westpac-Melbourne Institute index since 1996.

Sources: ANZ-Roy Morgan; RBA; Westpac and Melbourne Institute.

# UNEMPLOYMENT IS LOW AND WAGES ARE RISING – A BIT

## Labour Underutilisation Rates

Heads-based

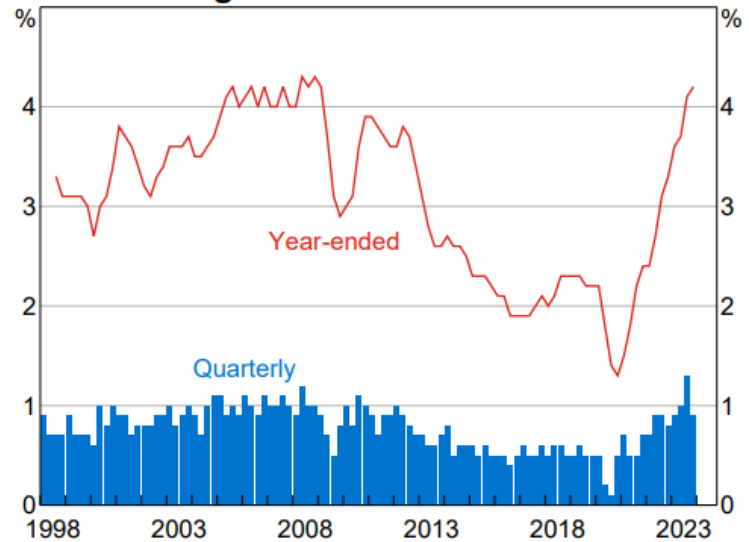


\* Sum of the unemployment and underemployment rates.

\*\* Employed people who want, and are available, to work more hours.

Source: ABS.

## Wage Price Index Growth\*



\* Total pay excluding bonuses.

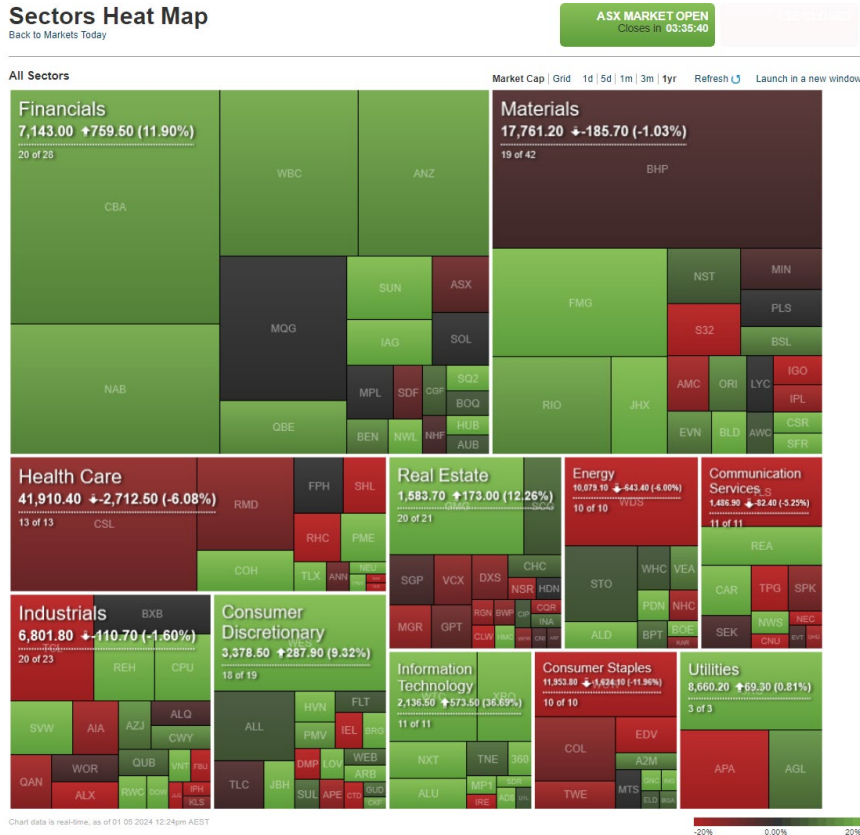
Source: ABS.

# EQUITIES HAVE BEEN DOING FINE



Source: nabtrade, Refinitiv. Price performance only; dividends excluded.

# SOME SECTORS ARE DOING BETTER THAN OTHERS



ASX200 over twelve months

# *THE US IS DOING REALLY WELL – OR IS IT?*

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# EXPECTATIONS VS REALITY

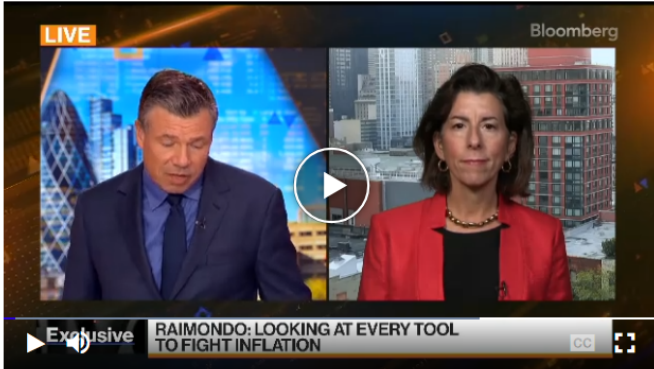
**Bloomberg**

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## Forecast for US Recession Within Year Hits 100% in Blow to Biden

- Bloomberg Economics sees near certainty downturn will start
- Tightening conditions, inflation, hawkish Fed weigh on outlook



Significant US Recession 'Not Inevitable,' Says Raimondo

By [Josh Wingrove](#)  
18 October 2022 at 01:02 GMT+11

Facebook Twitter LinkedIn Email RSS

# S&P500 OVER FIVE YEARS

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Source: nabtrade, Refinitiv. Price performance only; dividends excluded.

# US MEGACAPS ARE DRIVING THE MARKET - AGAIN

**Exhibit 22: Share of largest seven companies' market cap in S&P 500 is at an all-time high**



Source: Compustat, Goldman Sachs Global Investment Research

**Exhibit 23: The Magnificent 7 have led the index higher in 2023**



Source: FactSet, Goldman Sachs Global Investment Research



# *WHAT DO I DO NOW?*

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- Asset class diversification matters again
- Protect the downside
- Focus on quality

*FIND OUR PODCAST*

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nabtrade presents

# **YOUR WEALTH**

With Gemma Dale



nabtrade