

Queensland: Hot or not? 2020 update

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Adept Economics

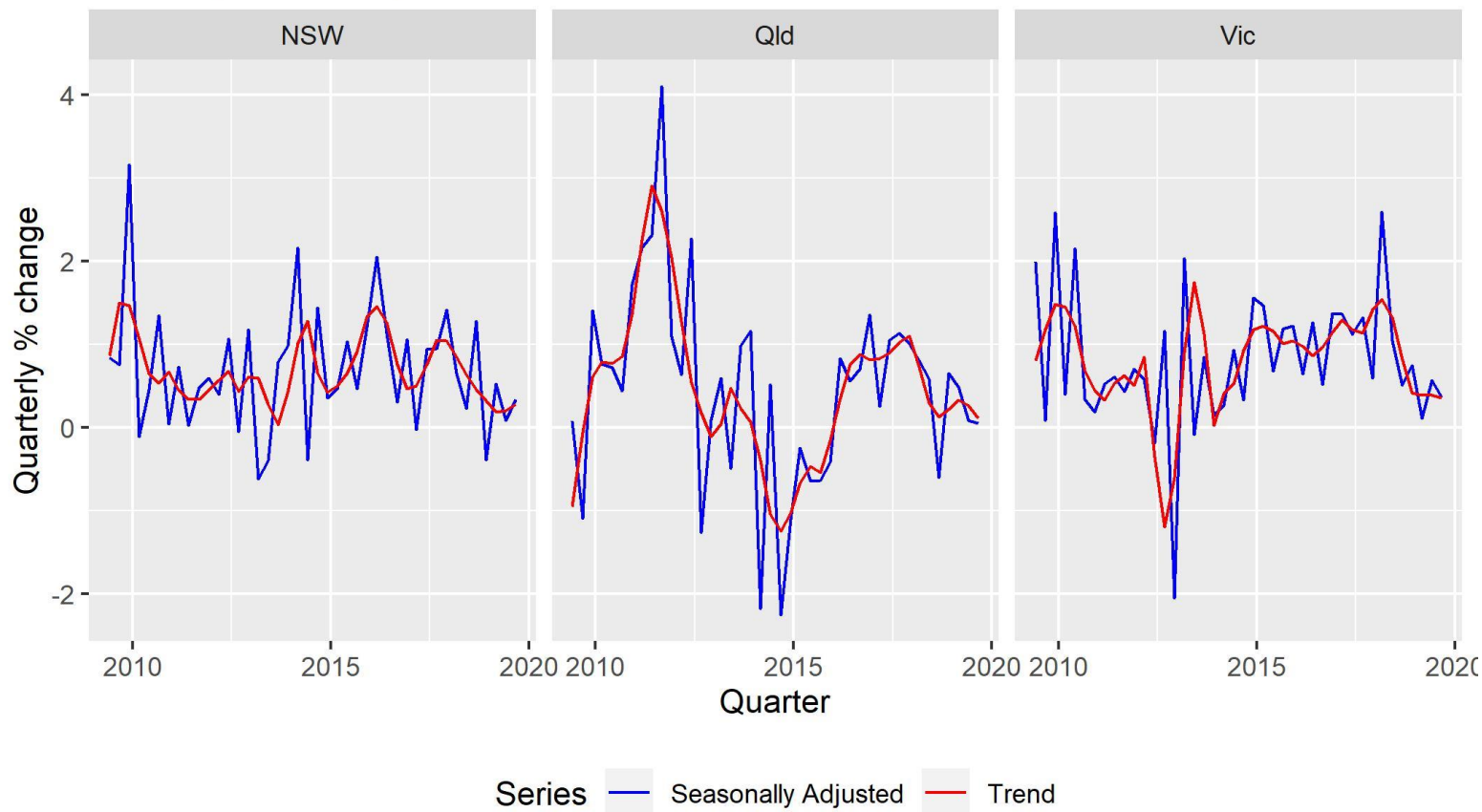
18 February 2020



Currently hot or not?

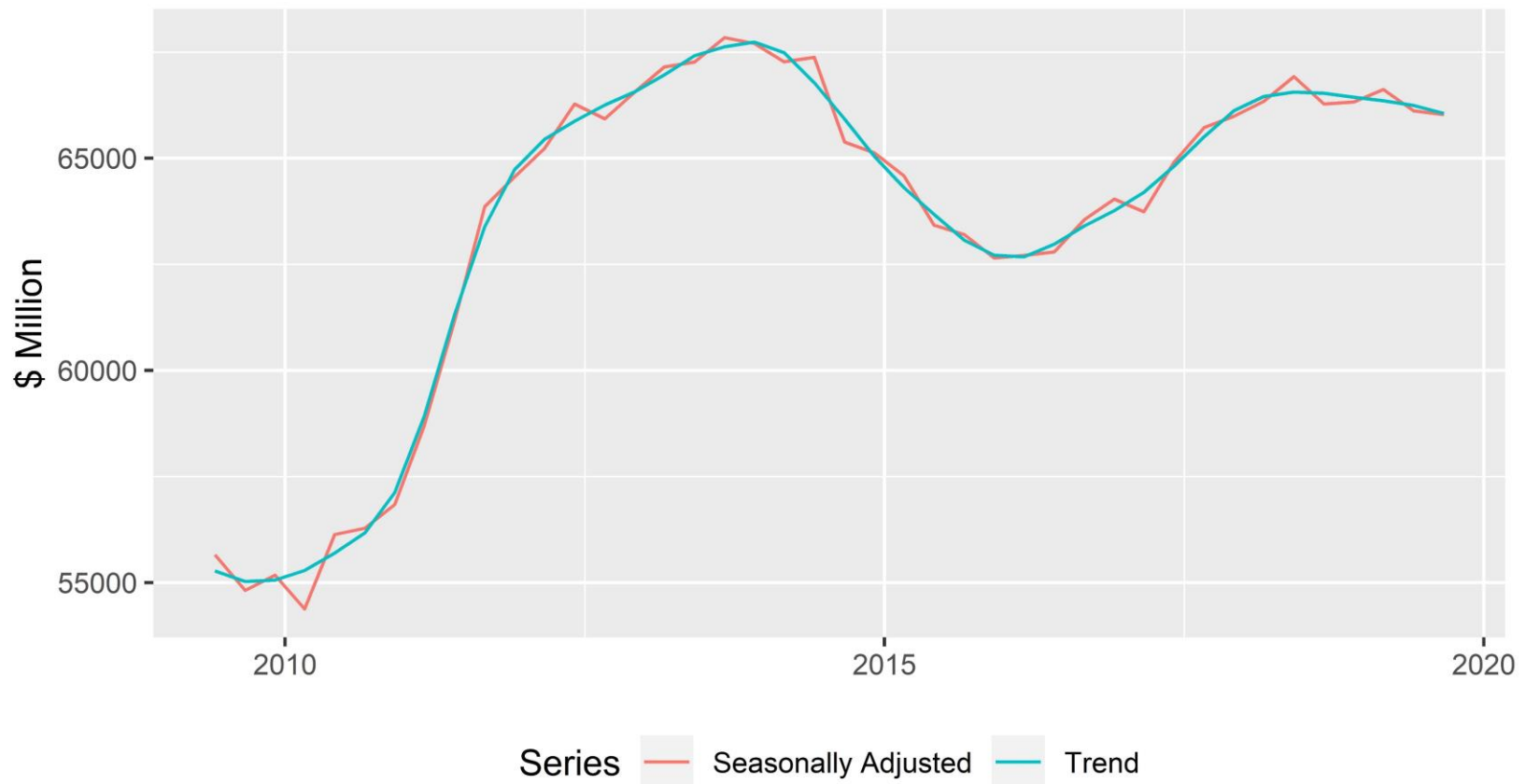
As expected, economy has been slowing down

State Final Demand, quarterly growth, ABS chain volume estimates, Sep-09 to Sep-19



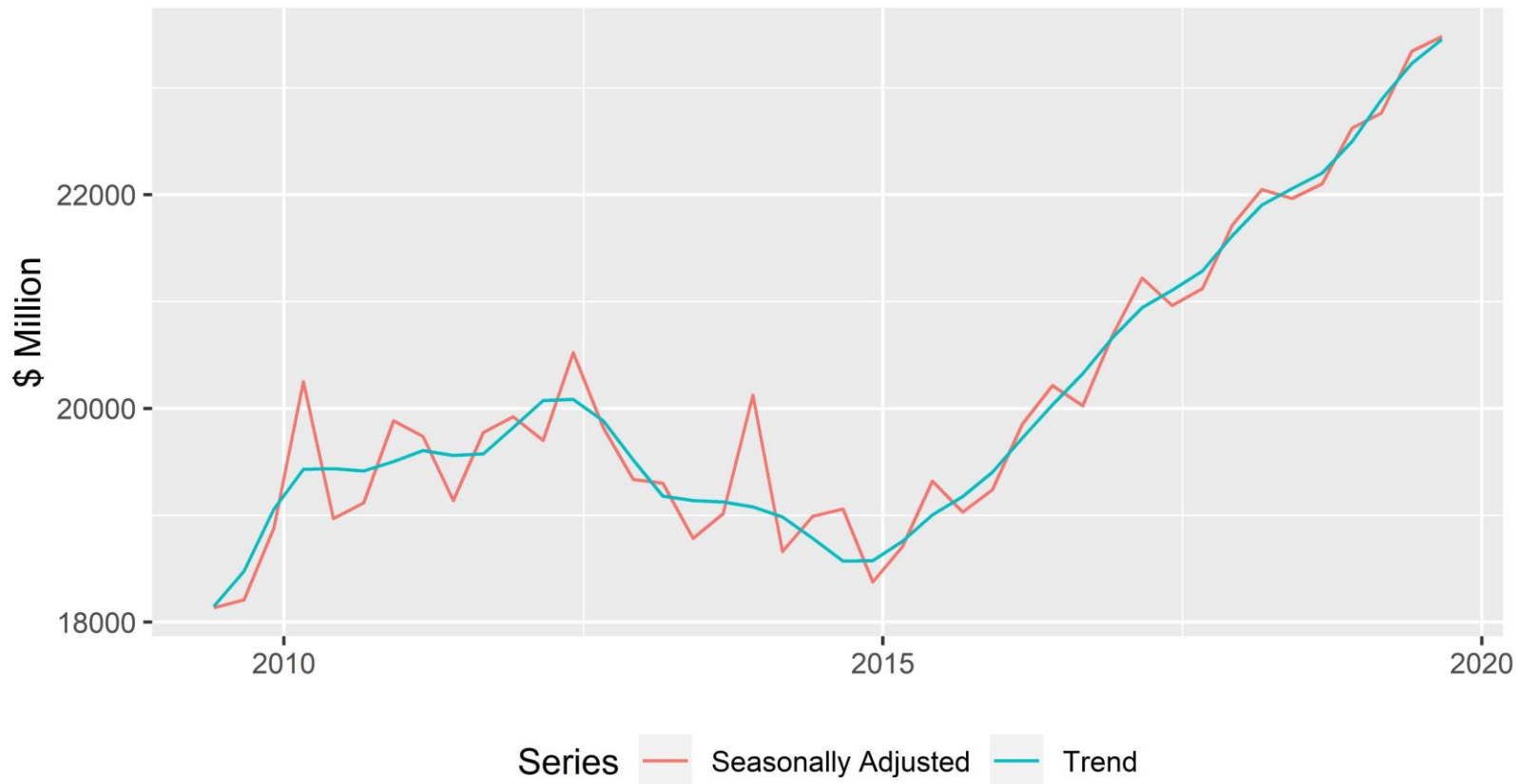
Queensland private sector flat...

Private Final Demand, Qld, ABS quarterly chain volume estimates



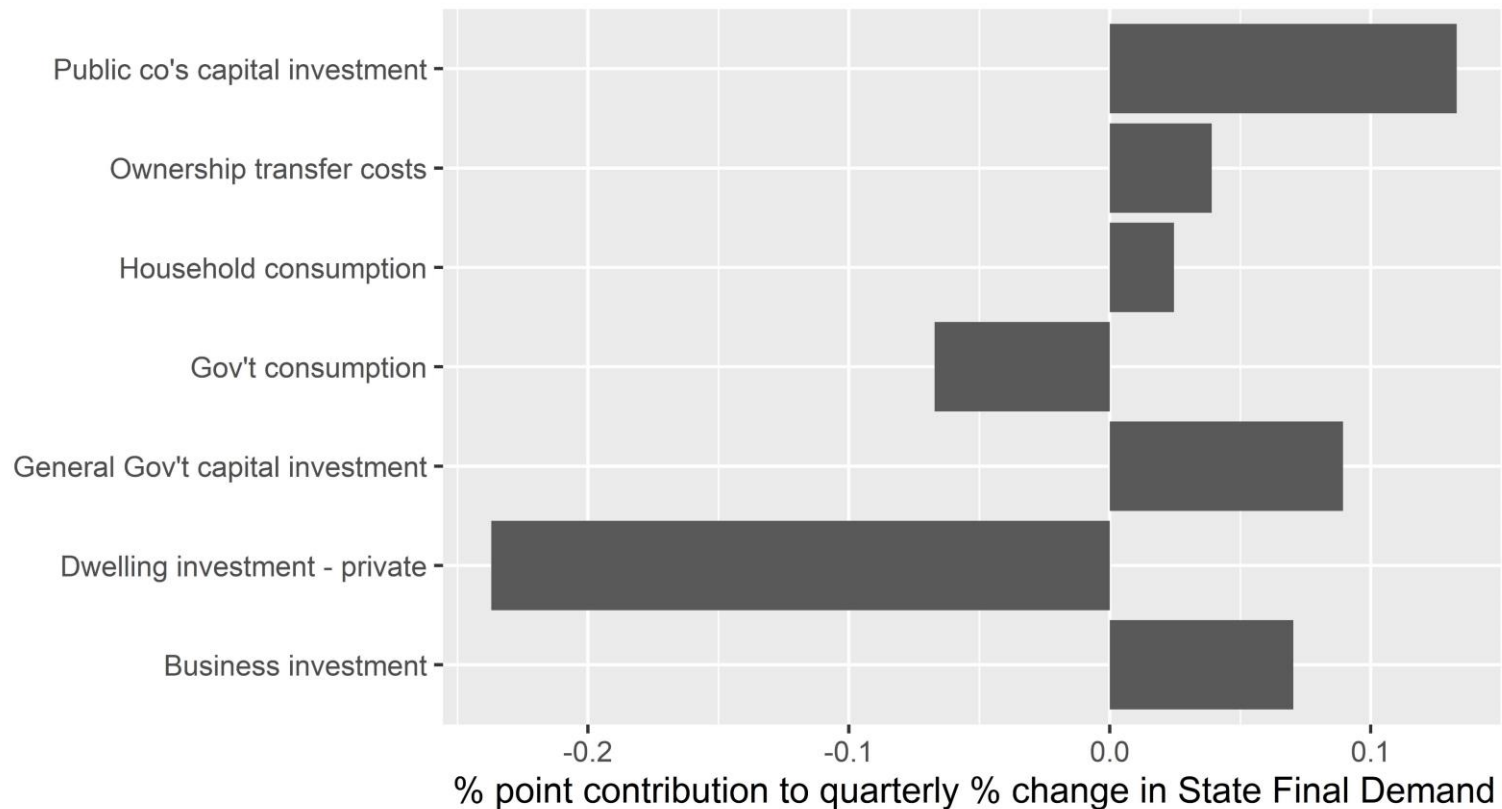
...while public sector growing nicely

Public Final Demand, Qld, ABS quarterly chain volume estimates

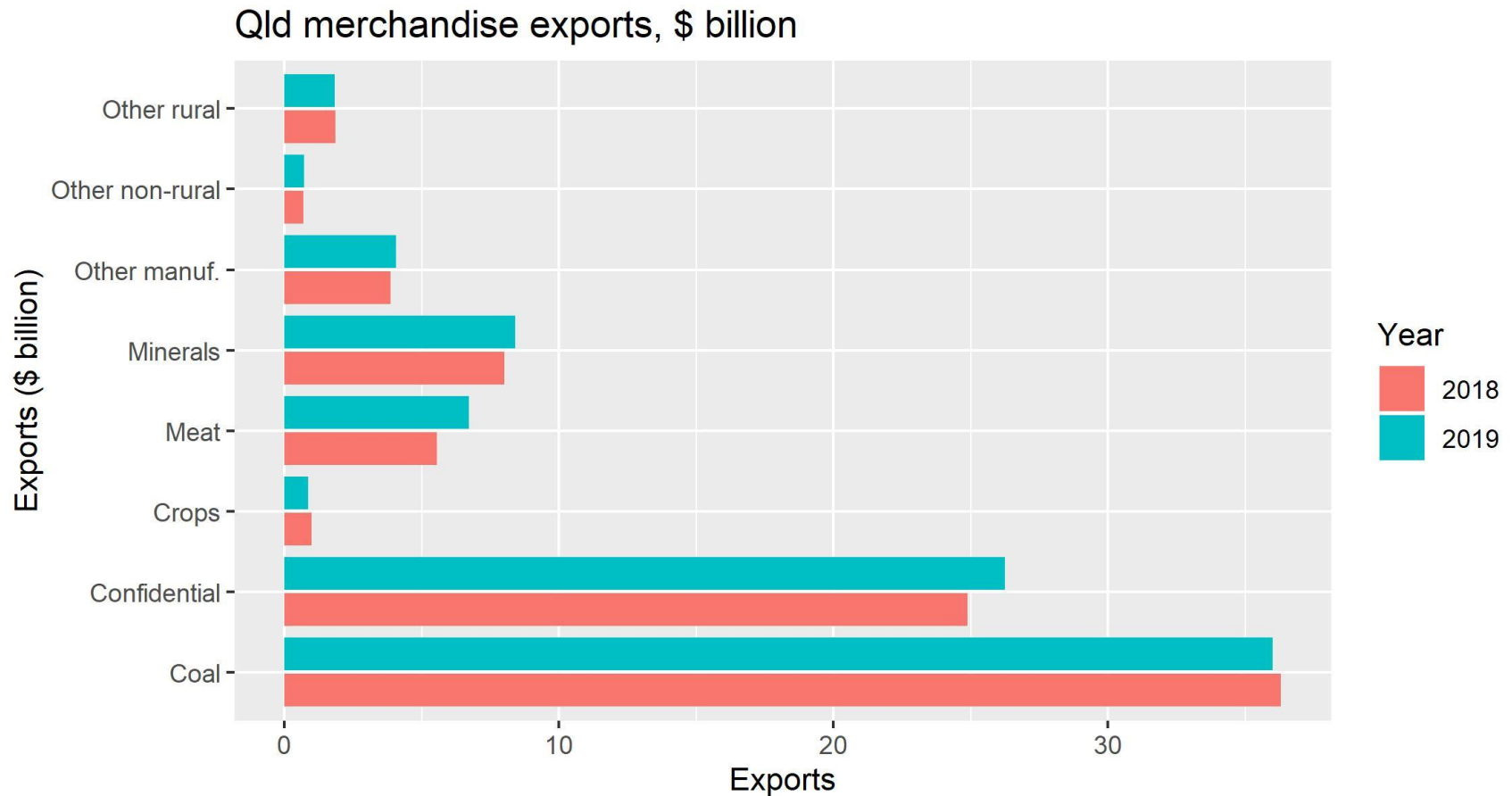


Big part of the problem in Qld has been declining dwelling investment

Decomposition of quarterly % change in SFD,
Qld, ABS seas. adj. estimates, Sep-19

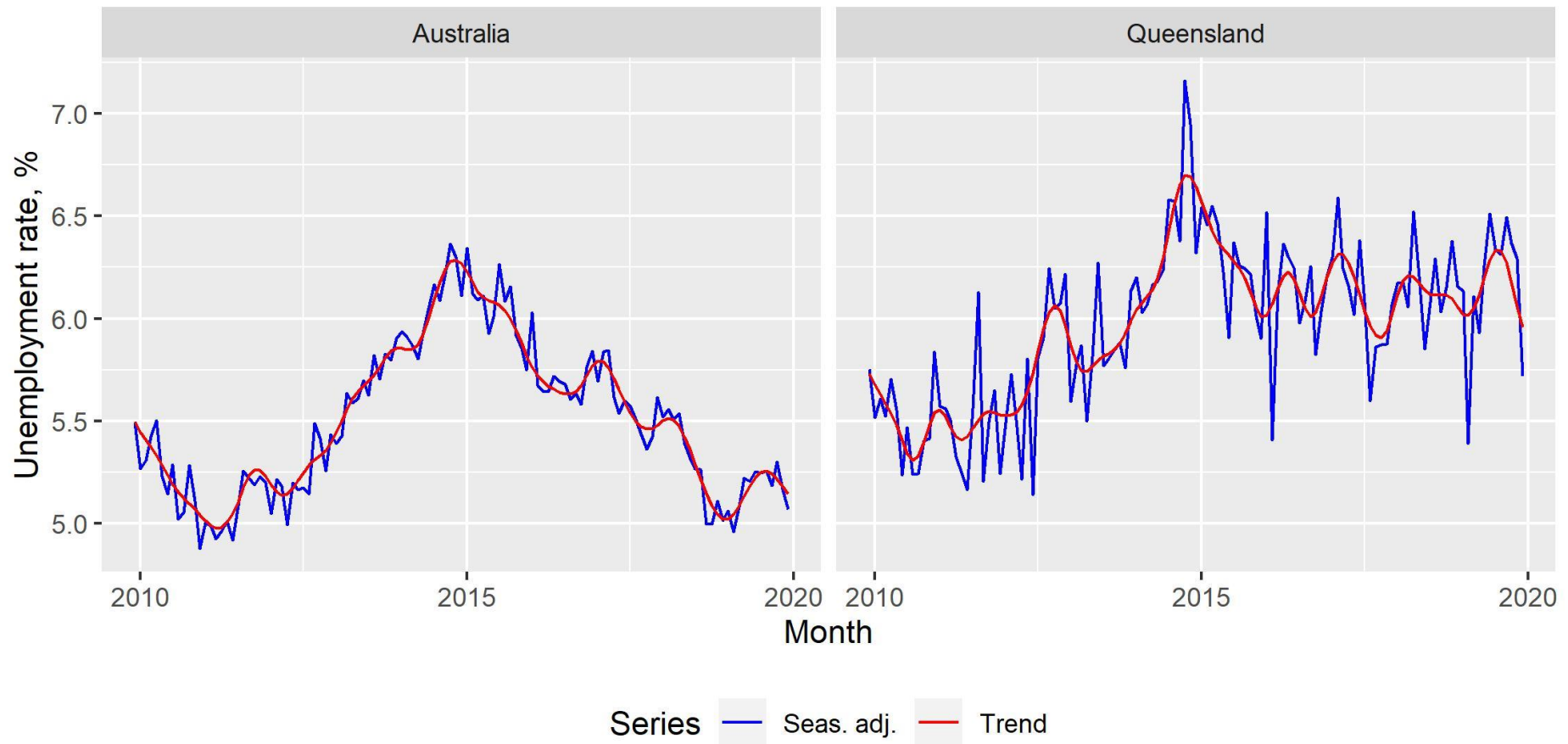


Meat and LNG exports grew substantially over 2019 while value of coal exports fell slightly



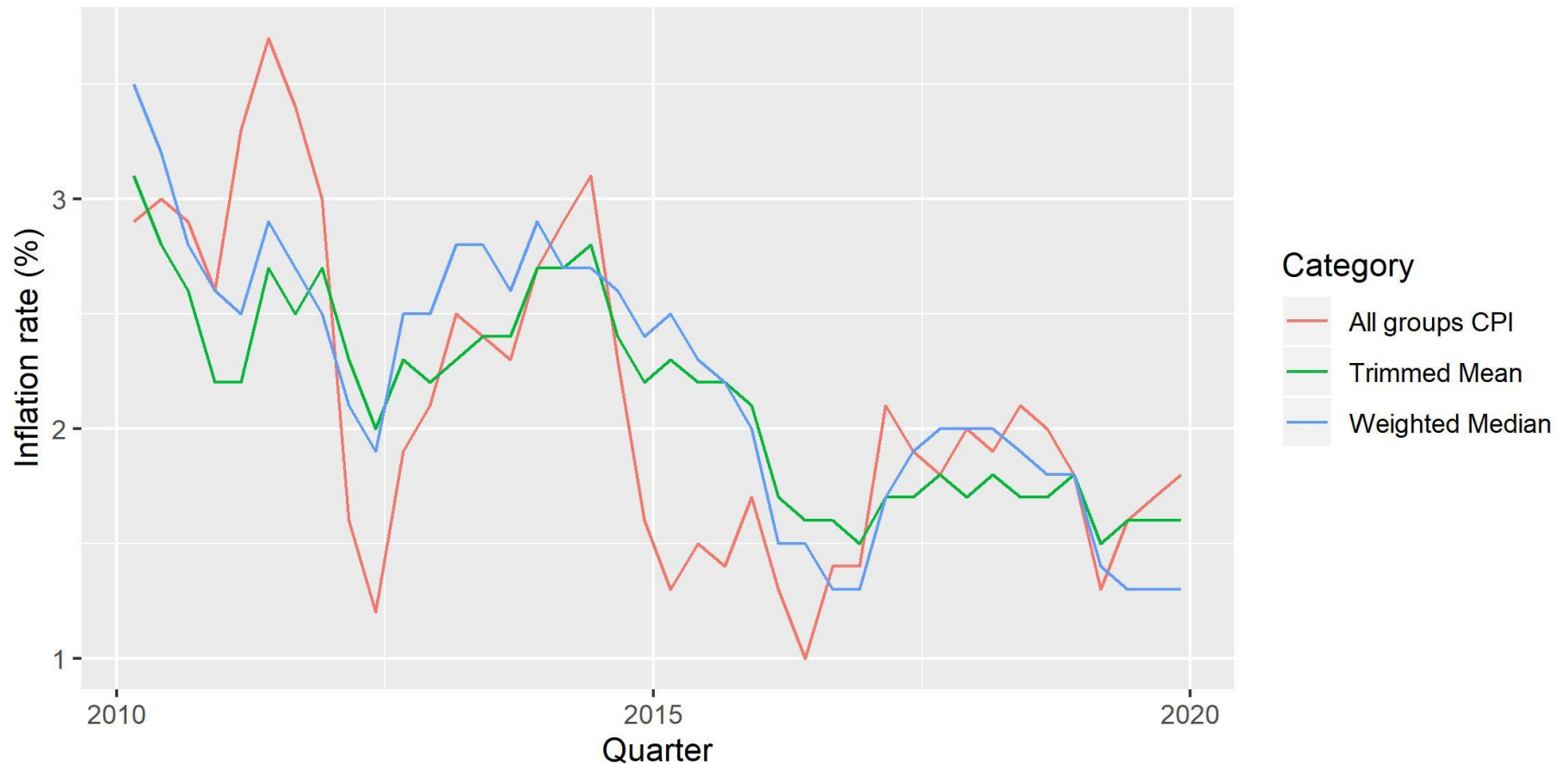
December labour force data from ABS much better than expected

Unemployment rates, ABS estimates



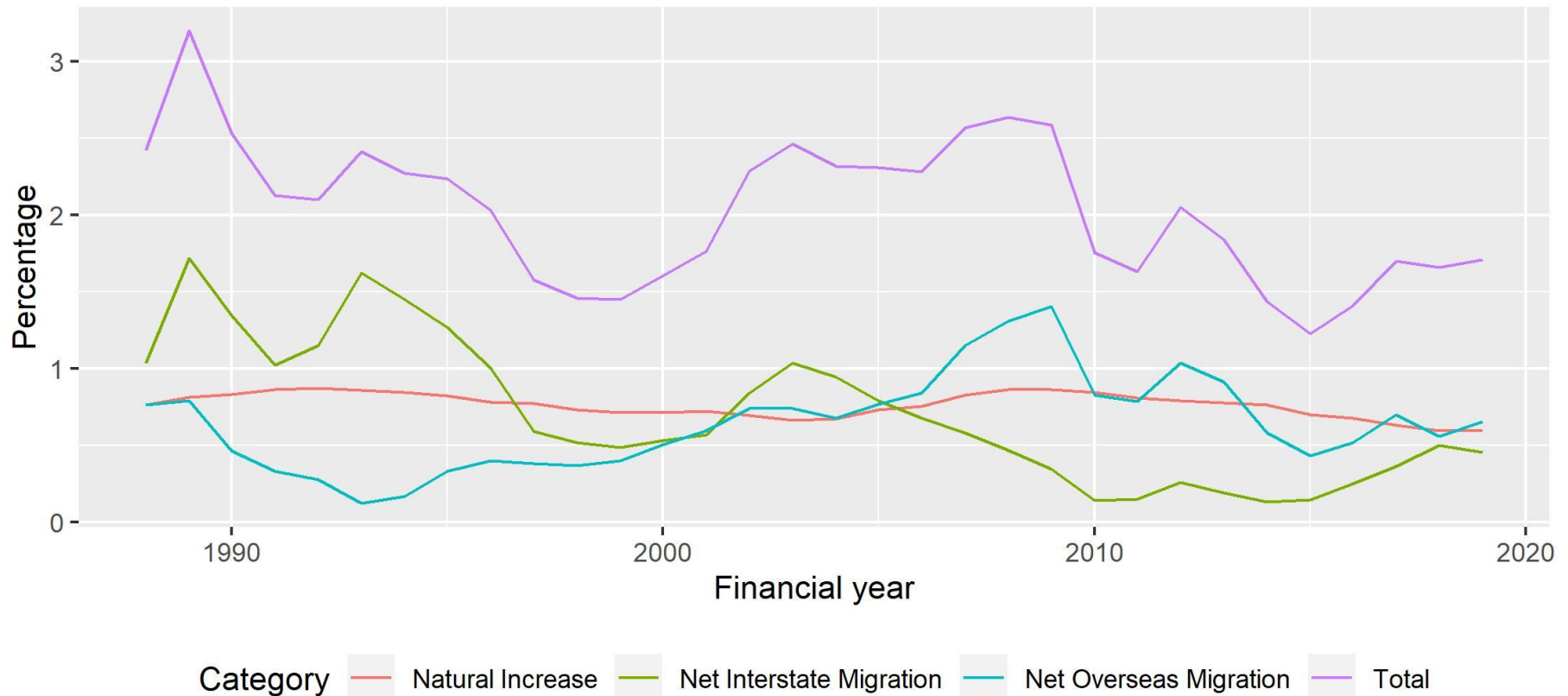
Inflation remains below RBA's 2-3% target band

CPI inflation through-the-year (%), ABS seas. adj. estimates



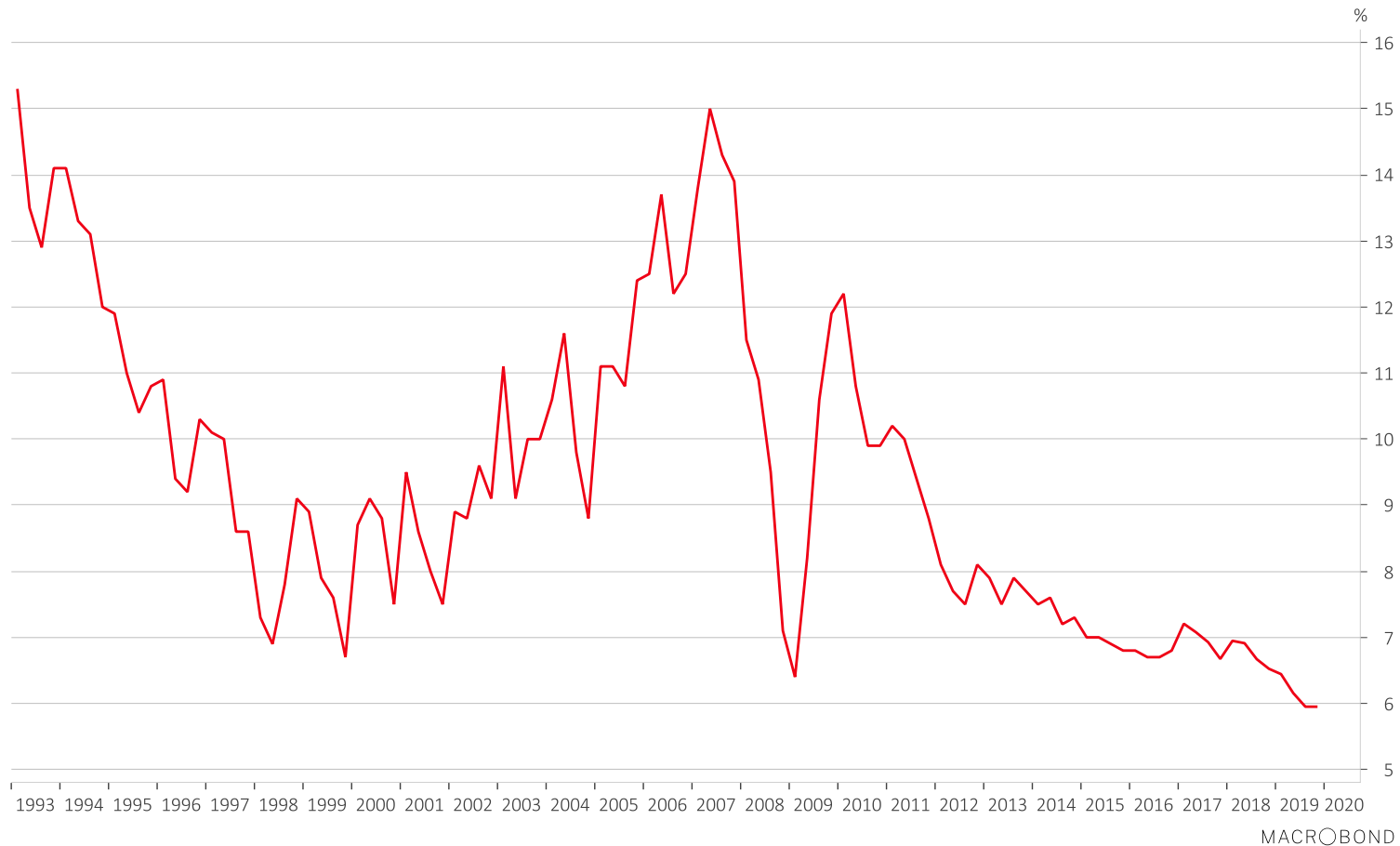
Don't get too excited about net interstate migration

Components of population change as % of Qld population, ABS estimates, 1987-88 to 2018-19



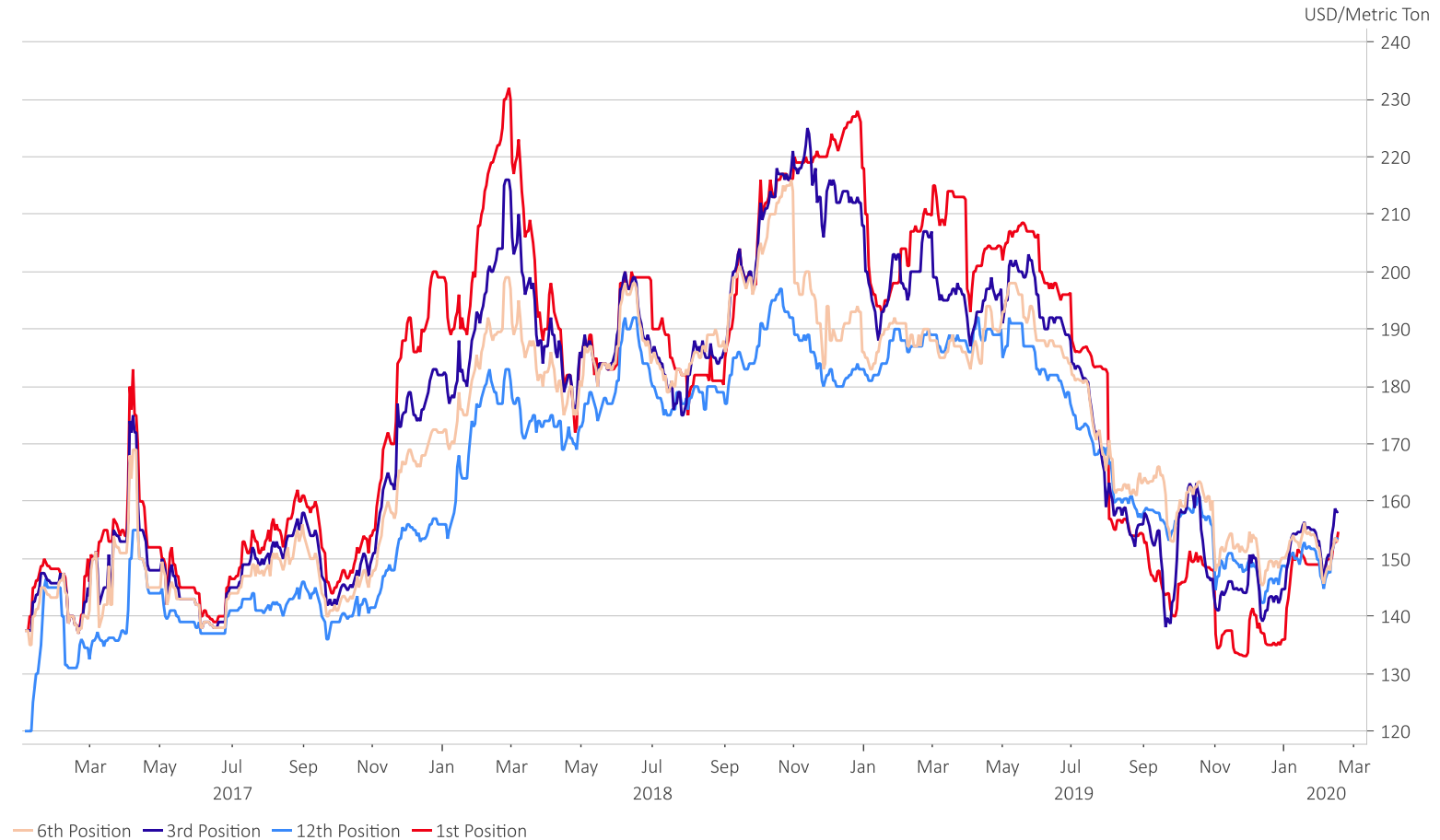
Coronavirus expected to deliver big hit to Chinese economy which had already been slowing

China, Gross Domestic Product, National, Total (at Constant Price, 2015), Constant Prices, CNY [c.o.p. 1 year]



Coking coal prices haven't slumped due to Coronavirus

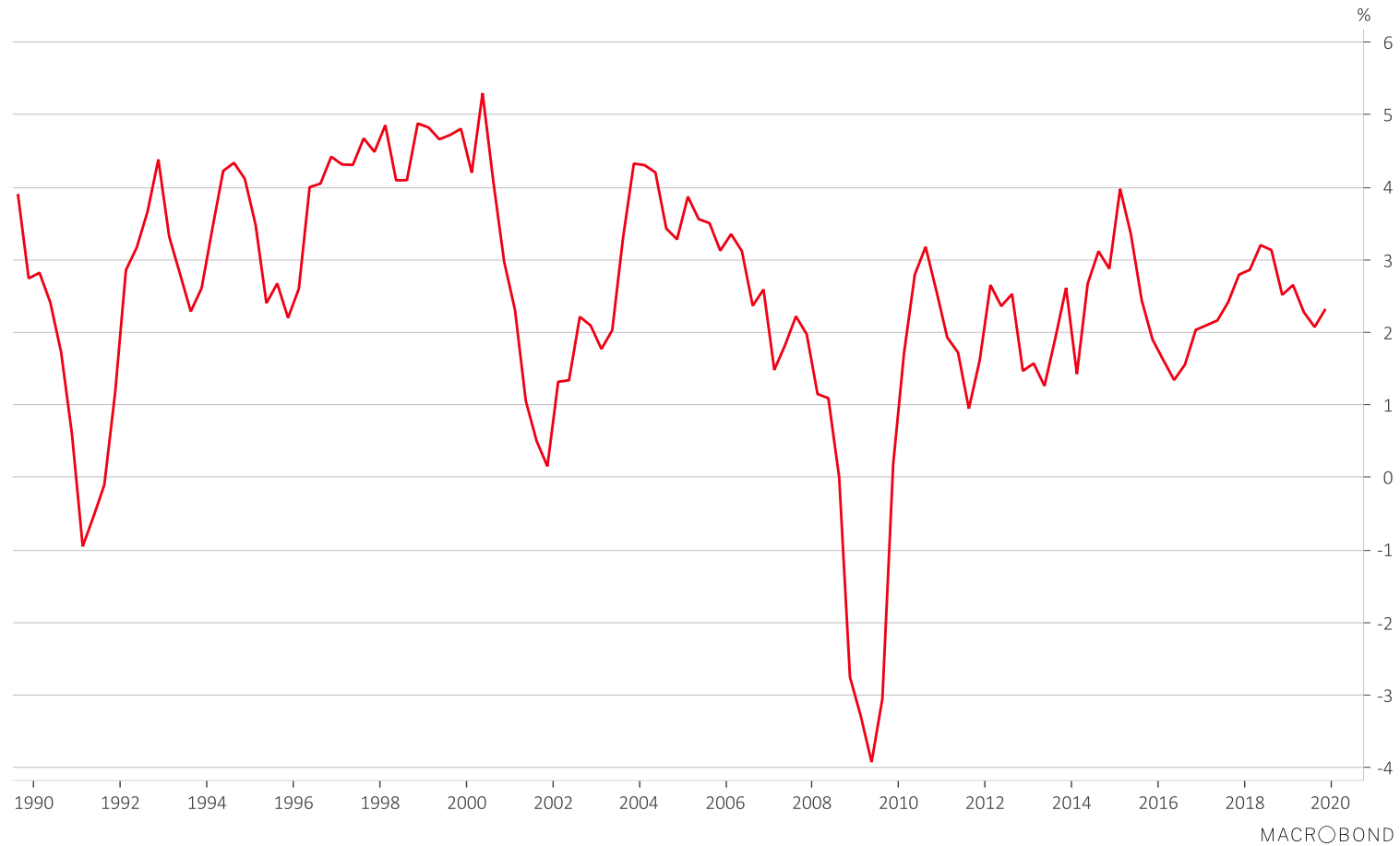
Coal, Future, SGX TSI Australia Premium Coking Coal, Close, USD



MACROBOND

US economy has remained resilient, partly due to Trump tax cuts & massive federal budget deficits

United States, Gross Domestic Product, Total, Constant Prices, SA, Chained, AR, USD [c.o.p. 1 year]



Earnings reports have been described as “pretty good” and investors don’t seem too worried about Coronavirus

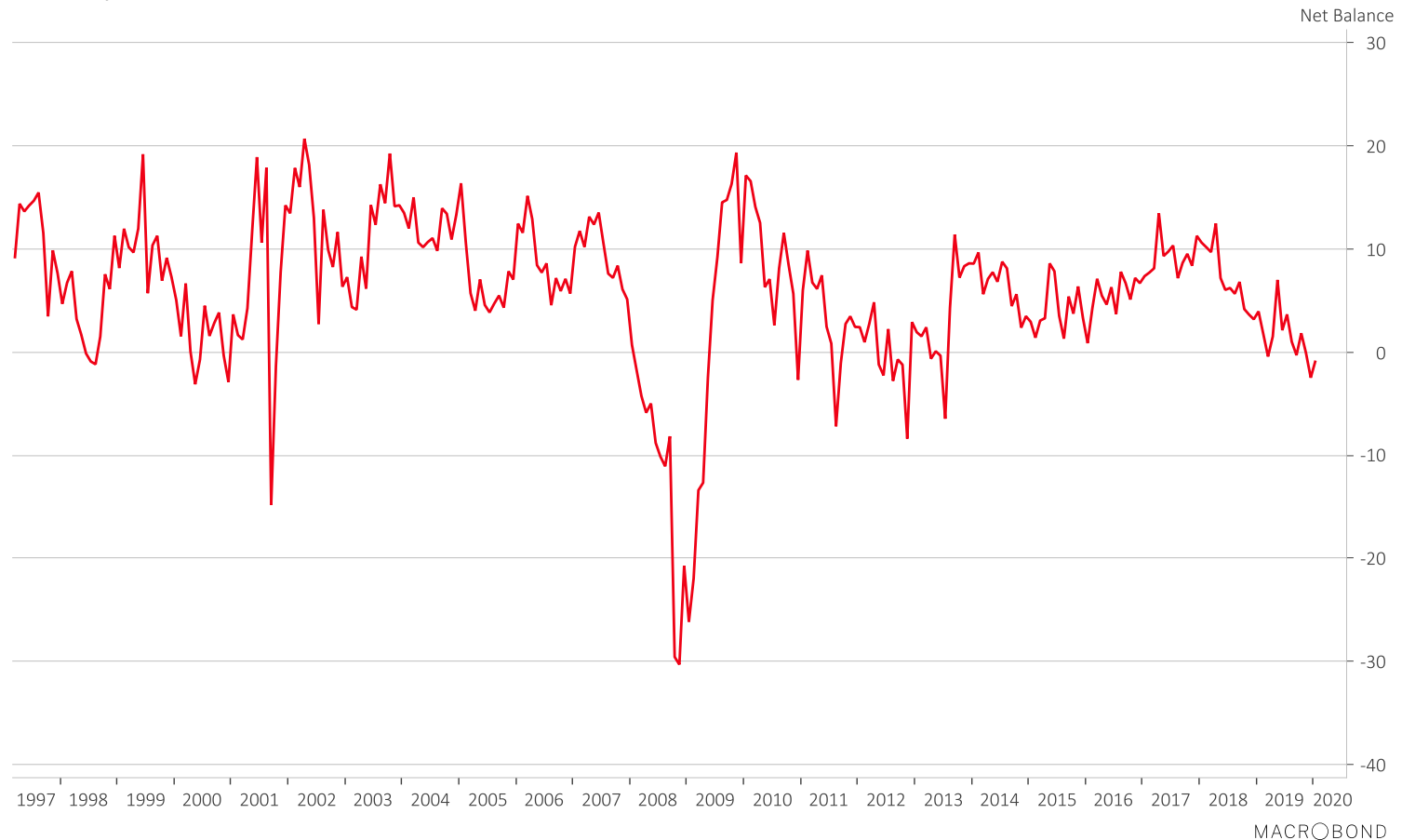
Australia, Equity Indices, S&P/ASX, 200, Index, Price Return, Close, AUD



Leading indicators: Hot or not in 2020?

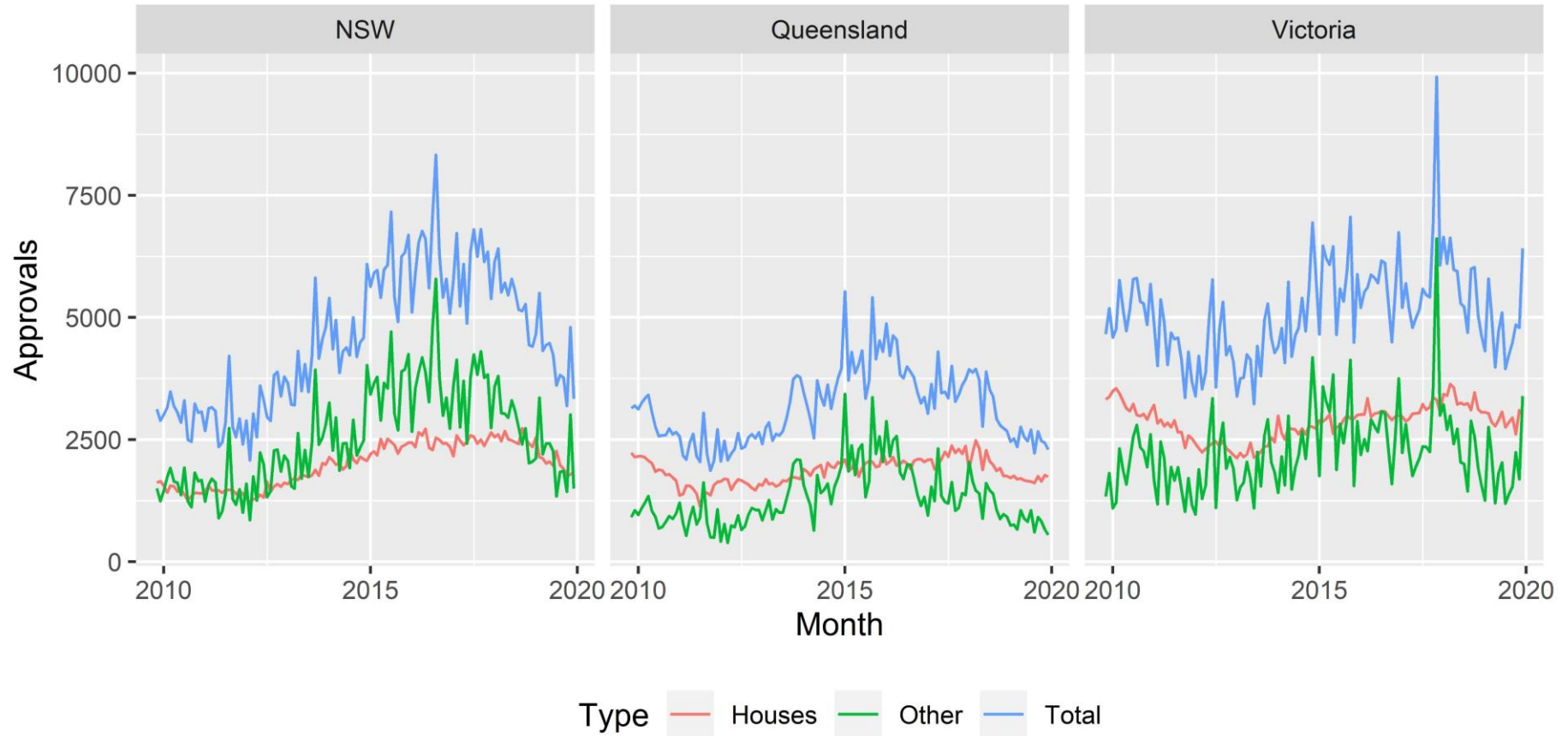
Business confidence has declined nationally, and is much worse in Qld than in southern states

Australia, Business Surveys, National Australia Bank, Australian Business Survey, Business Confidence, Total, SA



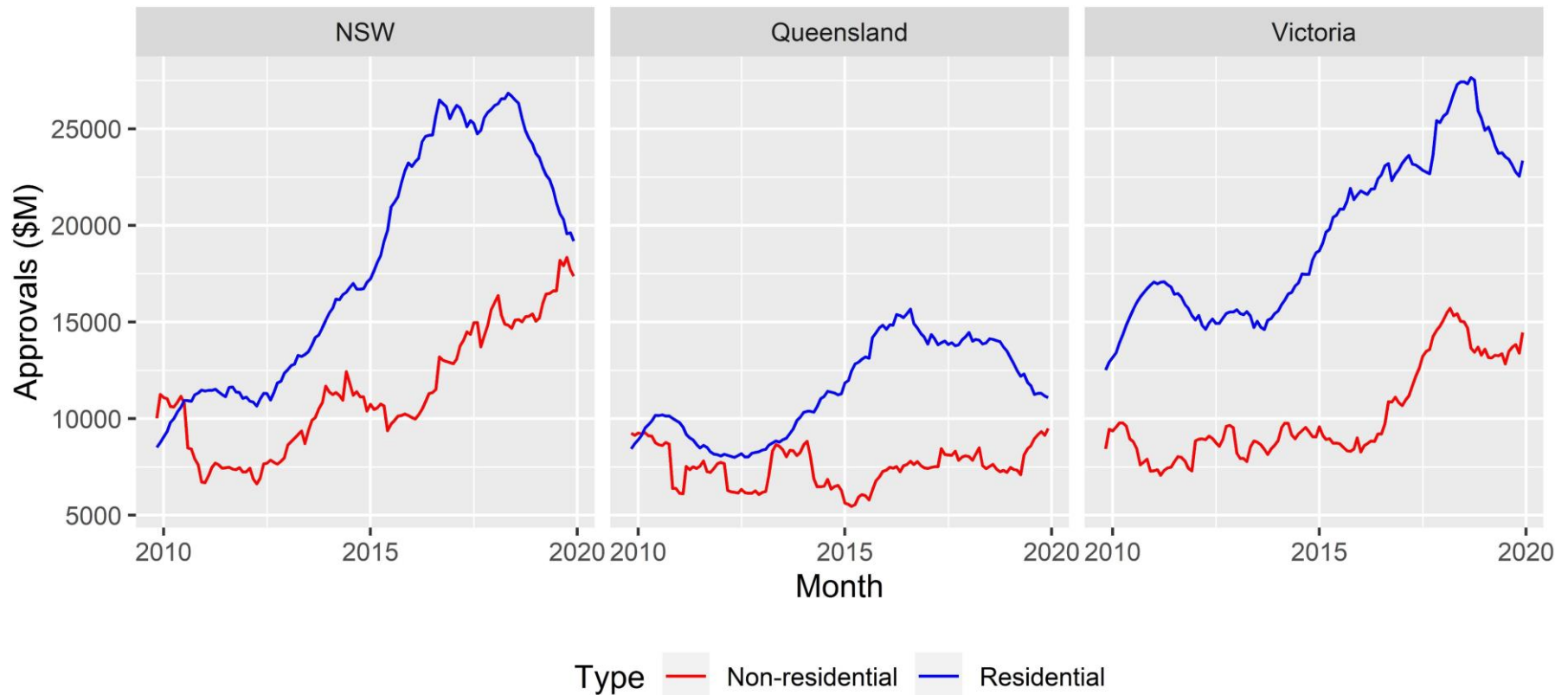
Residential building approvals have been trending down

Residential building approvals, ABS seas. adj. estimates



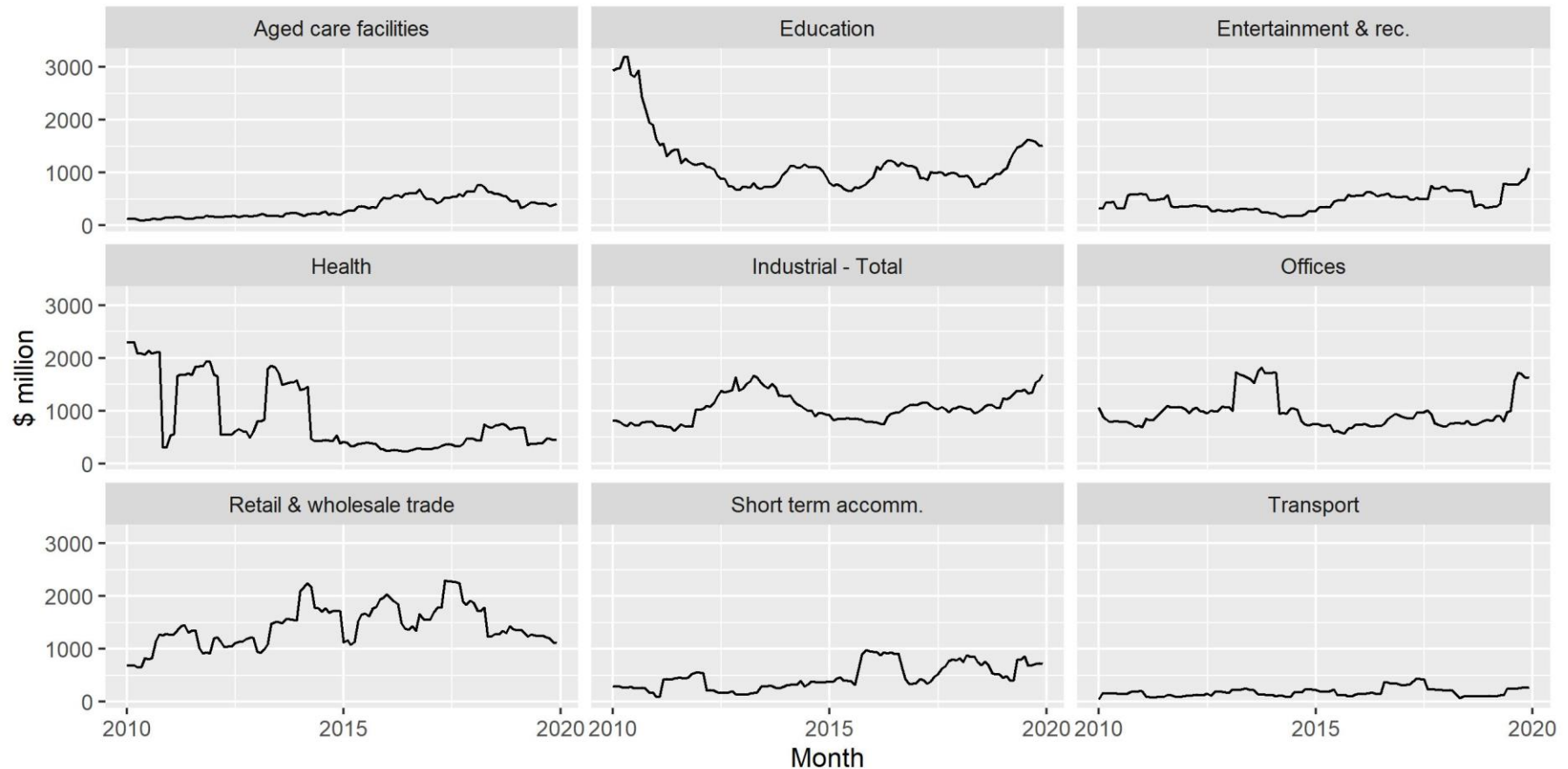
Non-residential approvals have picked up a lot in Qld - \$9.5 billion in 2019 vs \$7.2 billion in 2018

Value of building approvals, 12-month rolling sums of original ABS estimates



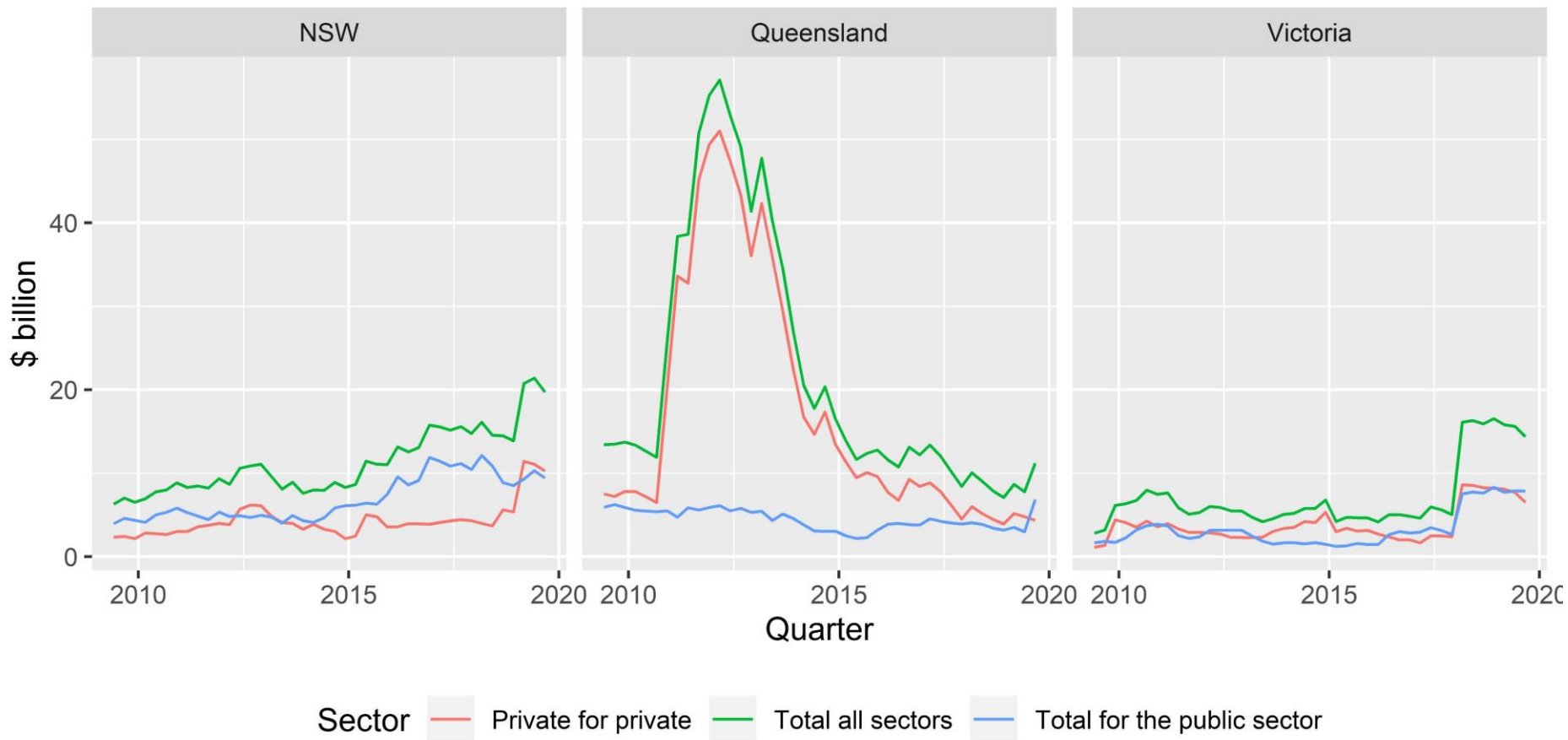
Non-residential approvals have picked up in offices, education, and industrial

Non-residential building approvals, Queensland, Jan-10 to Dec-19,
12-month rolling sums of ABS original estimates



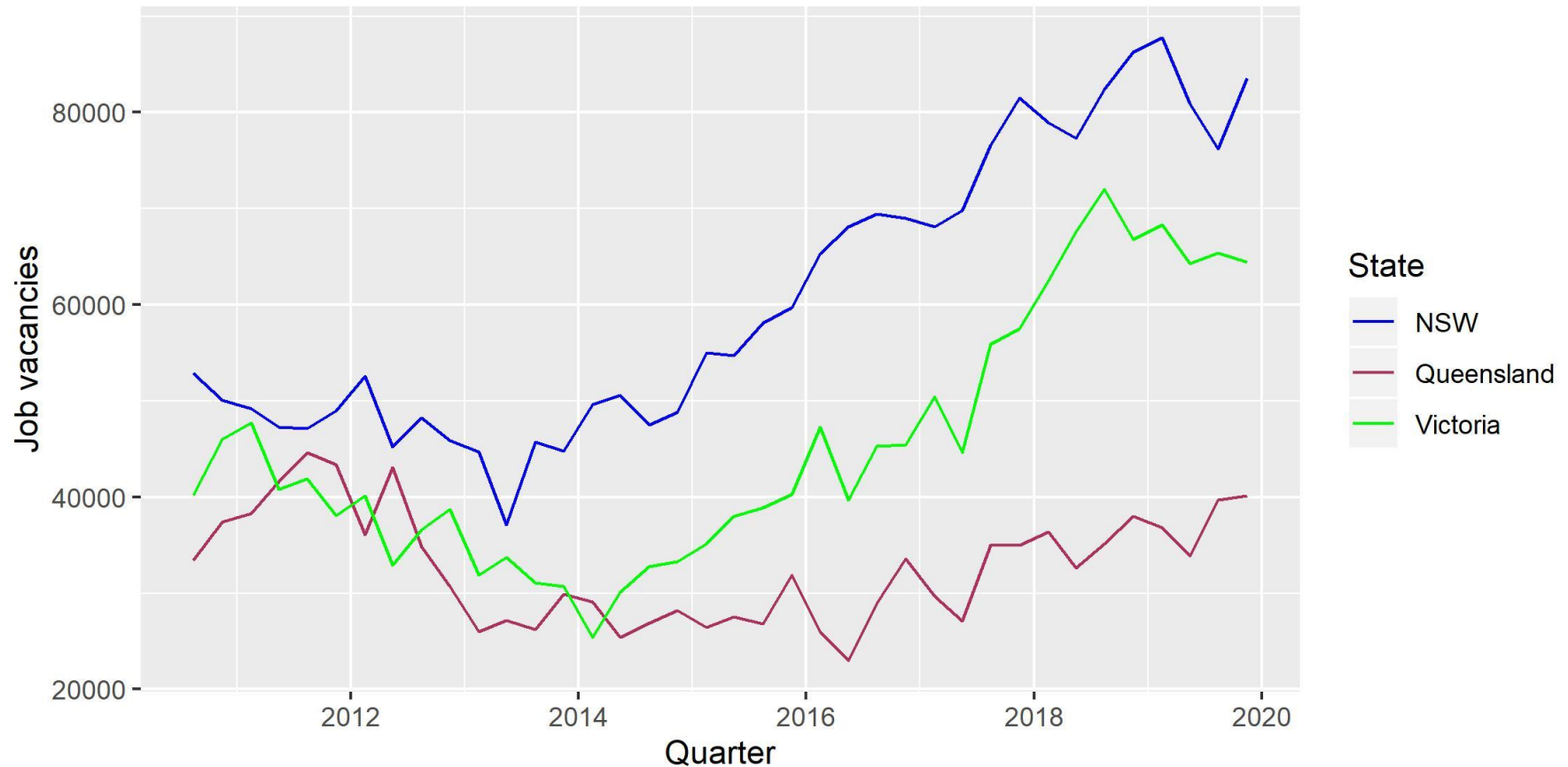
Infrastructure pipeline not gushing, but big pick up in work for public sector (e.g. CRR)

Engineering construction work yet to be done, ABS estimates



Job vacancy data more concerning in southern states than in Qld

Job vacancies, ABS Original data



ANZ job ads also show decline in vacancies over 2019

Australia, Job Vacancy Statistics, ANZ, Average Weekly Job Advertisements, Total, SA



Conclusions

- Qld **not** hot
- Impact of coronavirus/COVID-19 is still a big unknown downside risk (check out [my CCIQ interview](#)) as are bushfires nationwide
- Expect Qld Treasury to revise down already revised down growth estimate of 2.5%
- State gov't will do its best to stimulate regional economies in this election year (get your feasibility studies prepared)

Thank you. Any questions?

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