



# *State of the market*

Economic update and government stimulus overview

Hosted by Adrian Clerici | Partner

May 2020



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# JobKeeper

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## *Some of the current critical issues ...*



ATO and  
Senate  
questions



Payroll  
payments  
and cycles



Timing issues  
for enrolment,  
nominations  
and projections



One in all  
in for  
employees



Employment  
entities



Potential  
winding  
back of the  
scheme

# State and territory tax relief

Learn  
more 



## Payroll tax



## Stamp duty



## Gaming levy / liquor licensing fees



## Land tax



## Fire services / emergency services levy



## Tax administration

**Waiver** for eligible employers

**Refunds** of payroll tax already paid

**Deferral** for the first 3 months  
of 2020-21

**25% discount** of 2020  
land tax on a property

**Deferral** of land tax

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Making business *personal*



May 2020

# A health crisis first, an economic crisis second

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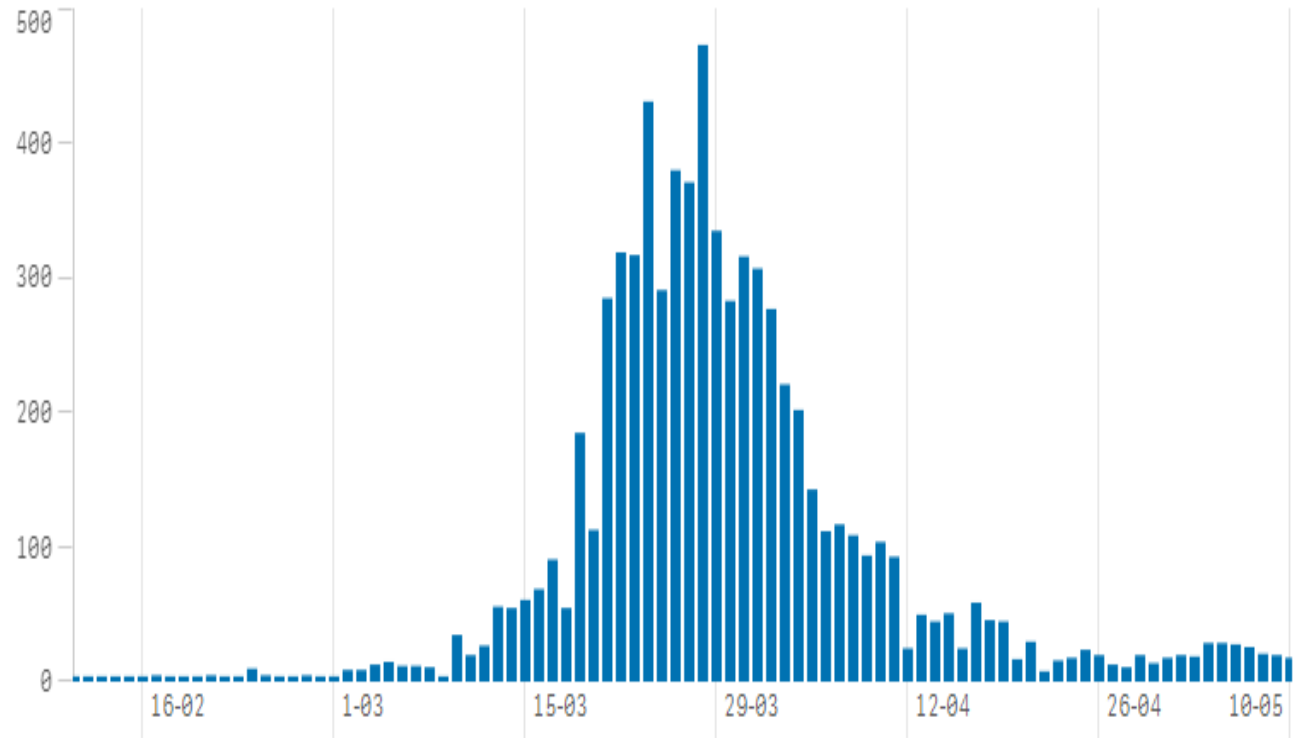
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# Australia's physical distancing measures are working

## New daily COVID-19 cases in Australia



Source: Departments of Health, States and Territories

We are not expecting rates to go up anytime soon

### Market expectations for the RBA cash rate

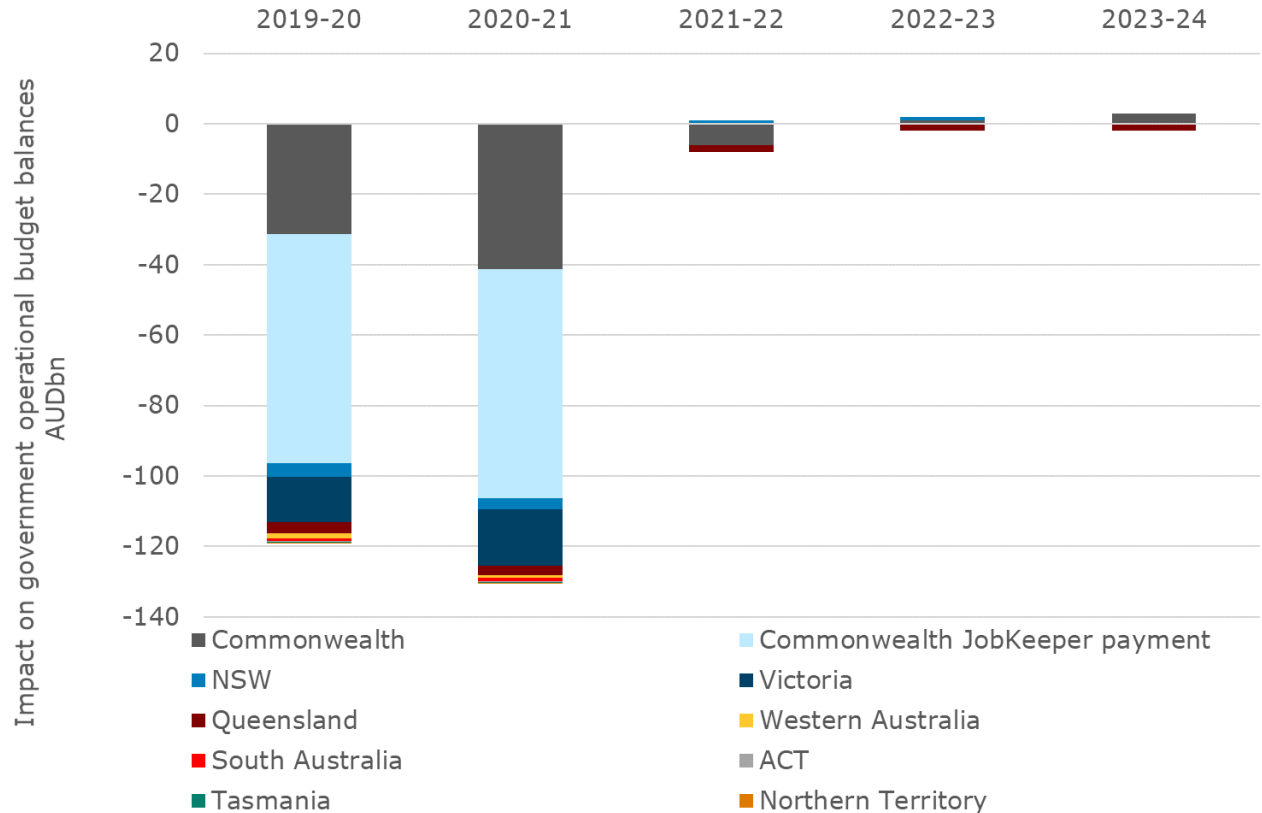


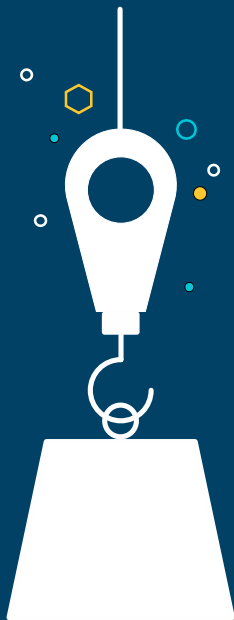
Source: Bloomberg, ANZ Research



Commonwealth and state governments have now spent AUD119bn in 2019-20, AUD130bn in 2020-21

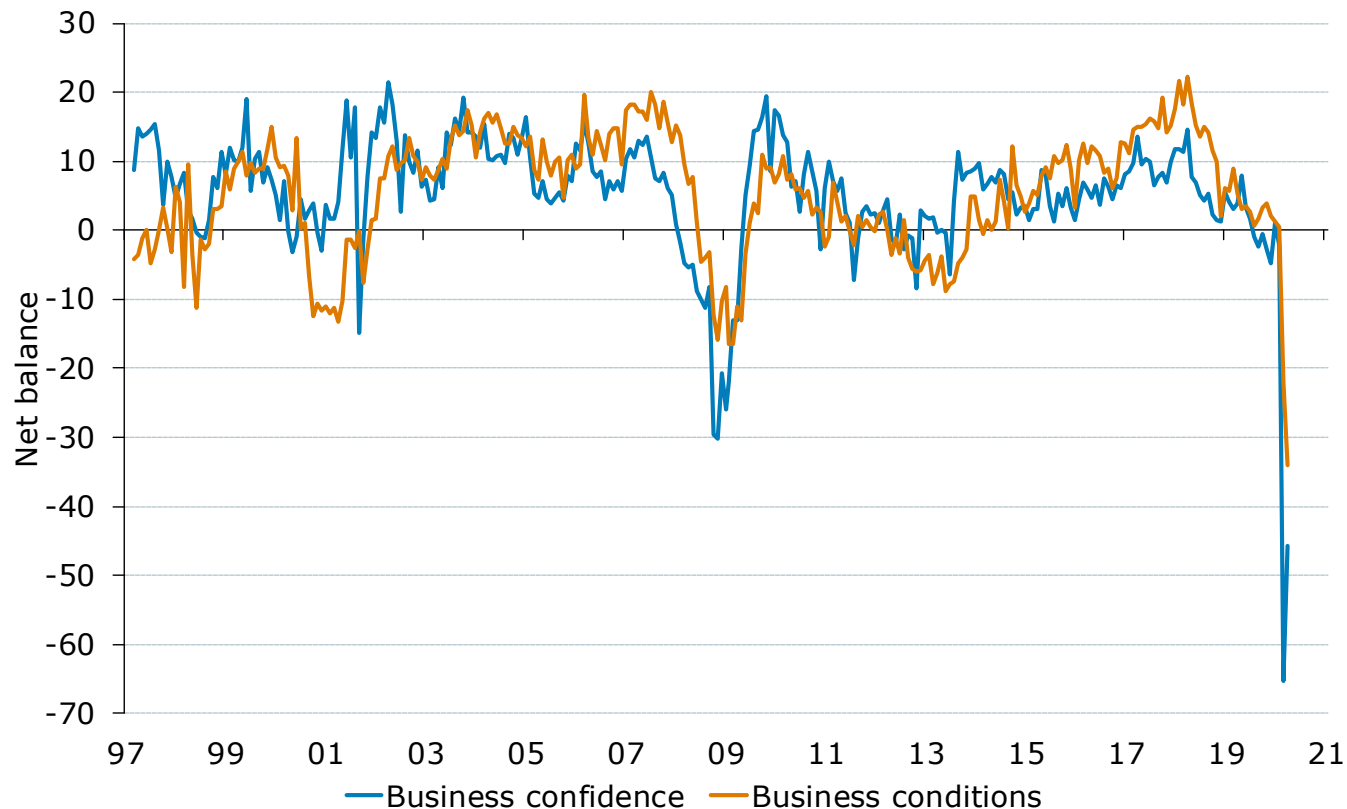
### Cost to Governments of COVID-19 related measures





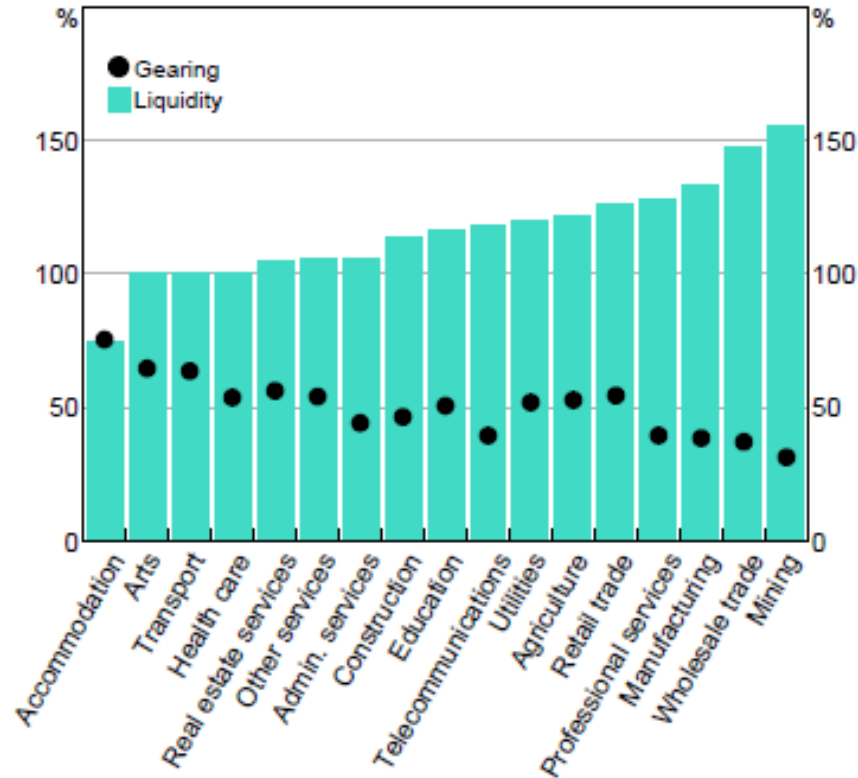
Business confidence has fallen to a record low and conditions are weakest since the 1990s recession

### Businesses confidence and conditions



Some of the industries hardest hit by the crisis are those with the weakest balance sheets

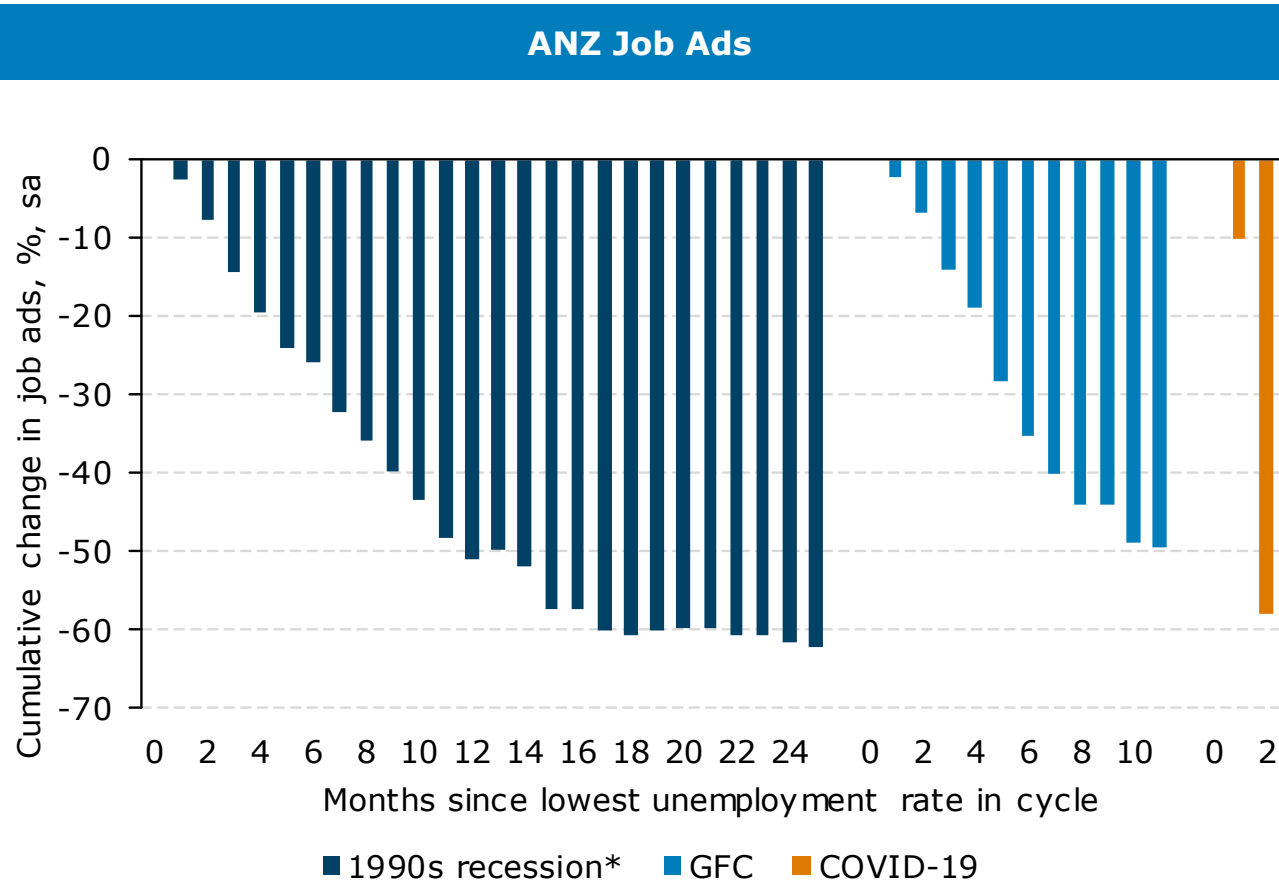
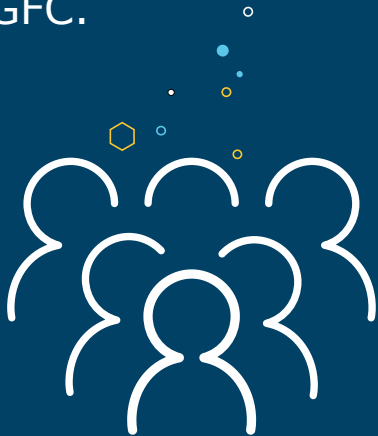
### Businesses' liquidity and gearing ratios



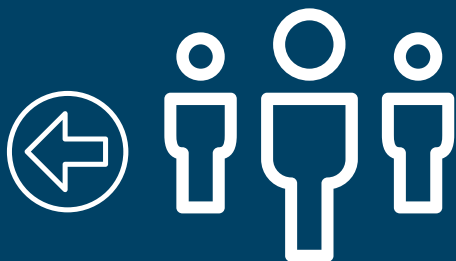
\* Liquidity is calculated as the ratio of current assets to current liabilities, gearing is calculated as the ratio of debt to total assets (excludes firms with no debt)

## ANZ Job Ads have fallen 58% in two months

This reflects the short, sharp impact of COVID-19 on the labour market compared with the 1990s recession and GFC.



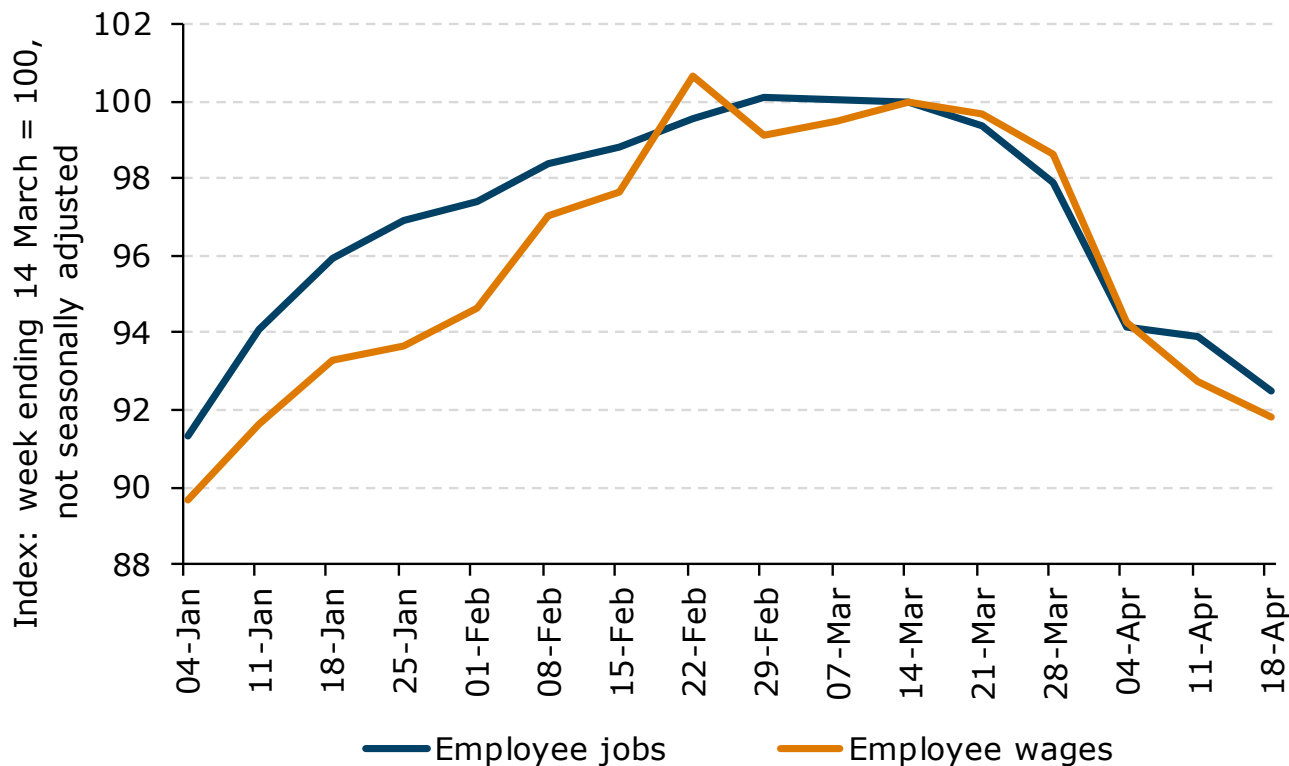
\*newspaper job ads only



Hospitality and arts and recreation have recorded the largest drops in jobs and wages.

# Hundreds of thousands of jobs have already been lost

## Changes in jobs and wages paid



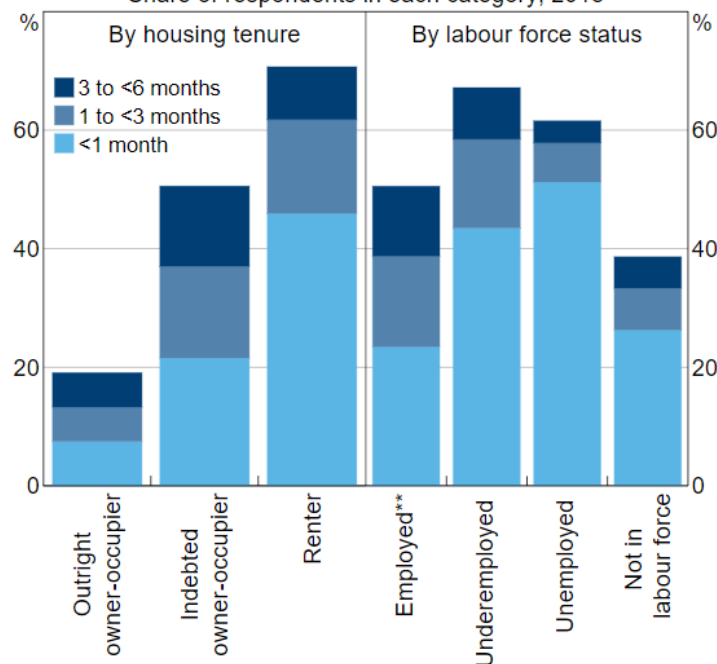


# Some households entered shutdowns without much of a buffer

## Underemployed and renters most at risk of defaults / late payments

### Household Liquidity Buffers\*

Share of respondents in each category, 2018



\* Buffers measured as a ratio of liquid assets to monthly living expenses. Liquid assets include bank accounts, cash investments, equity investments, and housing loan prepayments; monthly expenses include minimum repayments on owner-occupier debt, rental payments, and living expenses

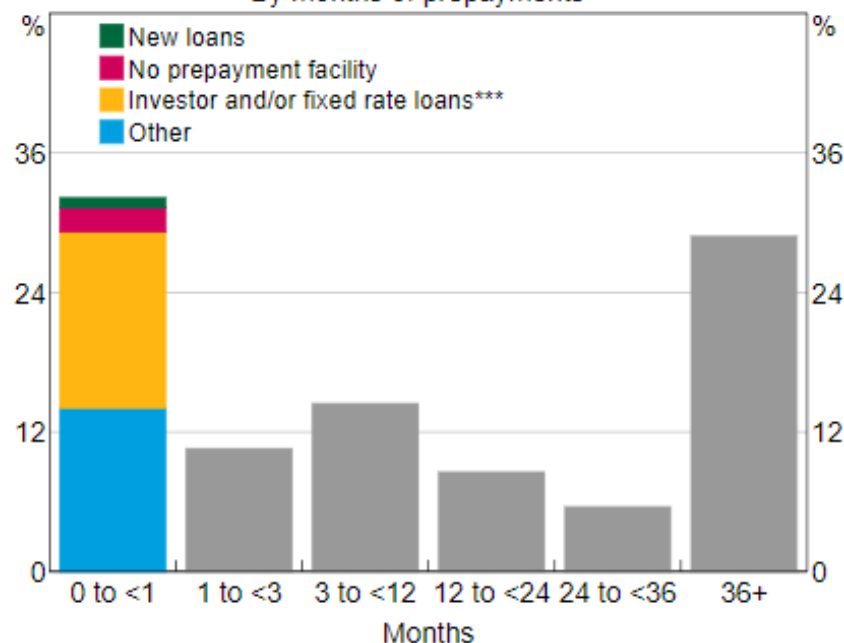
\*\* Does not include underemployed

Sources: HILDA Release 18.0; RBA

## A third of households are not ahead on their mortgage

### Household Mortgage Prepayments\*

By months of prepayments\*\*



\* Available redraw plus offset account balances

\*\* Share of loan groups as at February 2020; calculated with principal and interest repayments

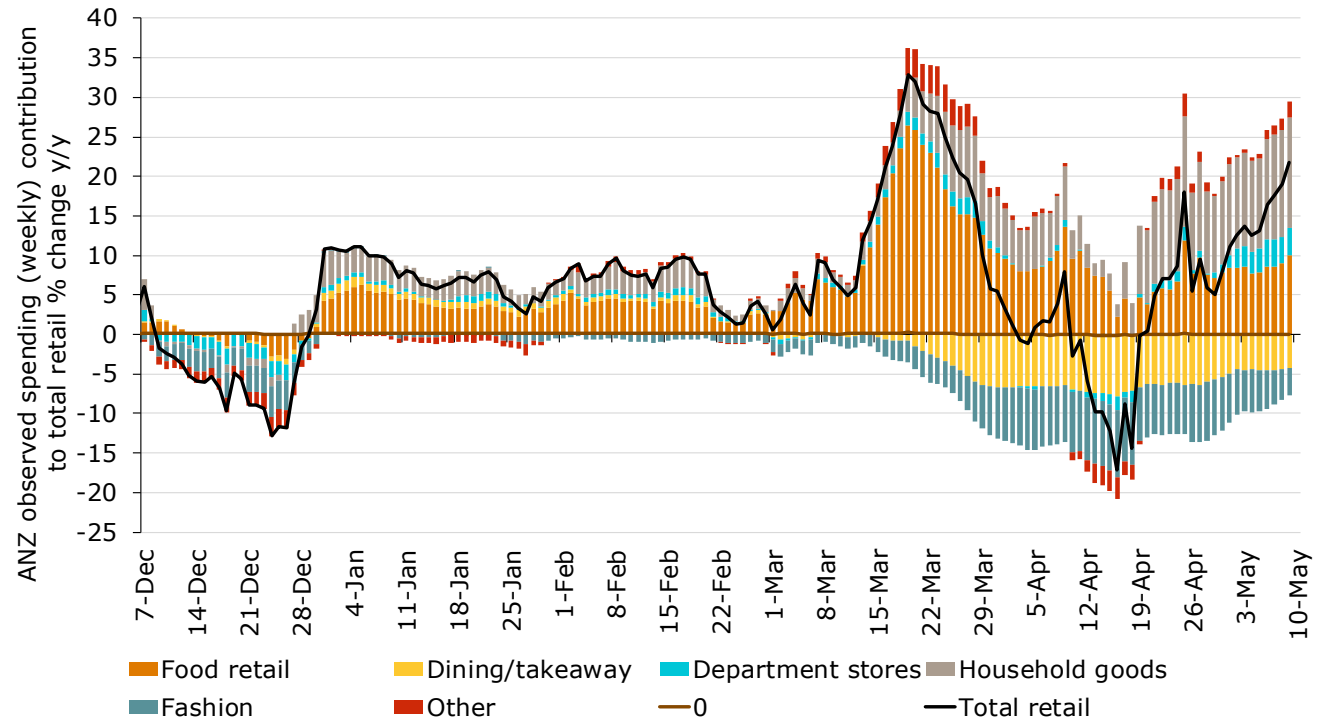
\*\*\* These loans have features which discourage prepayments

Sources: RBA; Securitisation System

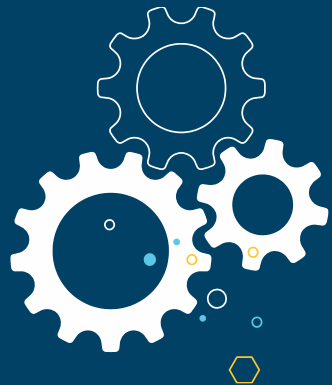
# Our spending spikes as lockdown eases, but it won't last

Our spending in May has been very strong, but the longer term trend of retail will reflect weaker incomes and less financial stability

## ANZ spending

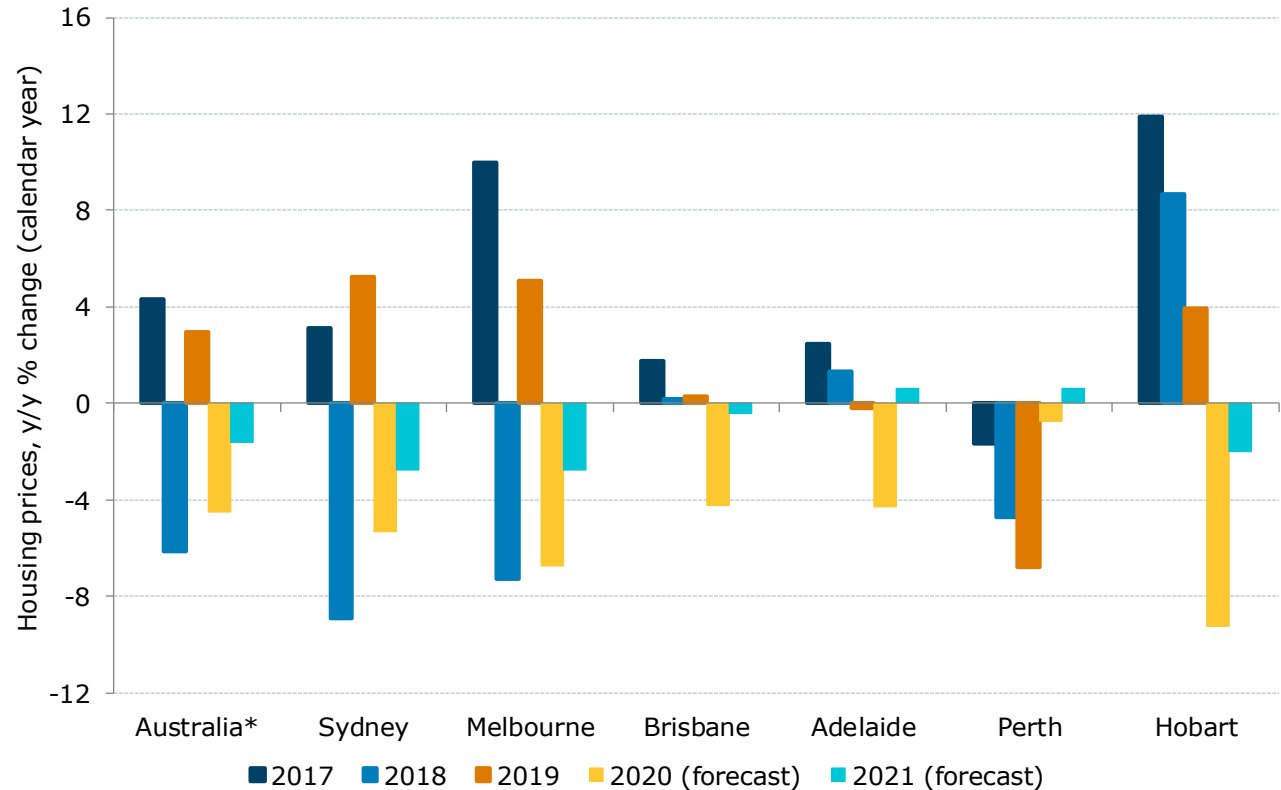


Cuts to household income, sharply rising uncertainty for households, reduced population growth, and weaker investor demand will depress the housing market over the next year or so.



## Housing prices to fall

Housing price forecasts, by capital city

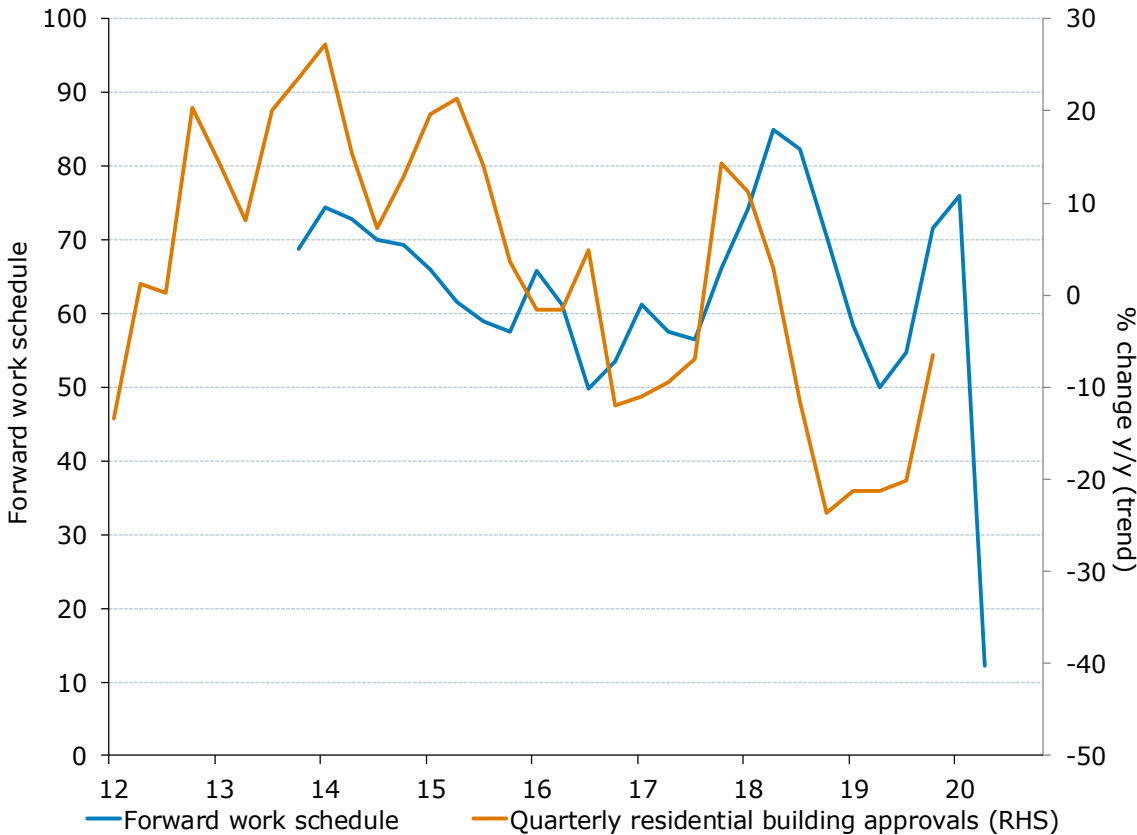


\* Capital city weighted average

Expectations for future work have collapsed in the property sector.

# The ANZ-PCA survey points to a major downturn in residential building over the coming year

Forward work schedule vs residential approvals





## Appendix

All ANZ card data have been de-identified, de-sensitised and aggregated before being analysed.

ANZ spending data were not scaled up to represent total spending, and only include spending by ANZ cardholders and transactions for merchants that use ANZ point-of-sale terminals.

The market share of ANZ cardholders and ANZ point of sales terminals differs between categories and over time. The changes in spending between December and February are still a good proxy of consumer spending, as changes within these months are not likely to be very affected by market share.

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[28 January 2020]

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