



**HAS THE RBA GONE
TOO FAR?**

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Agenda:

RBA Argument

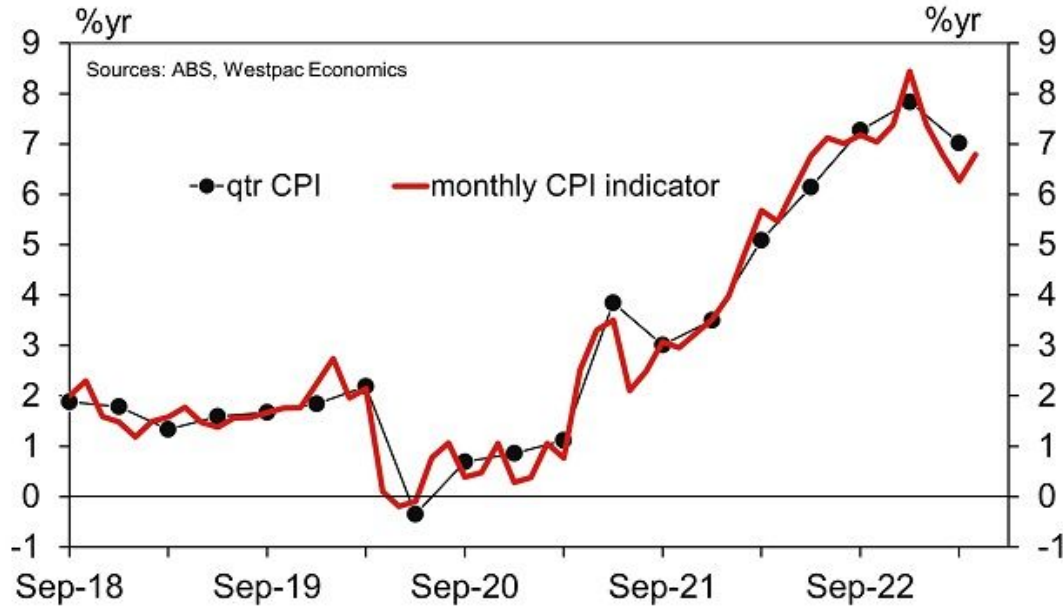
- Inflation
- Wages
- Productivity
- Profits

Leading Indicators

- LEI
- Jobs
- Retail Sales
- Earnings

Inflation:

CPI Monthly Indicator vs. qtr CPI



Rents, holiday travel

Inflation: Energy

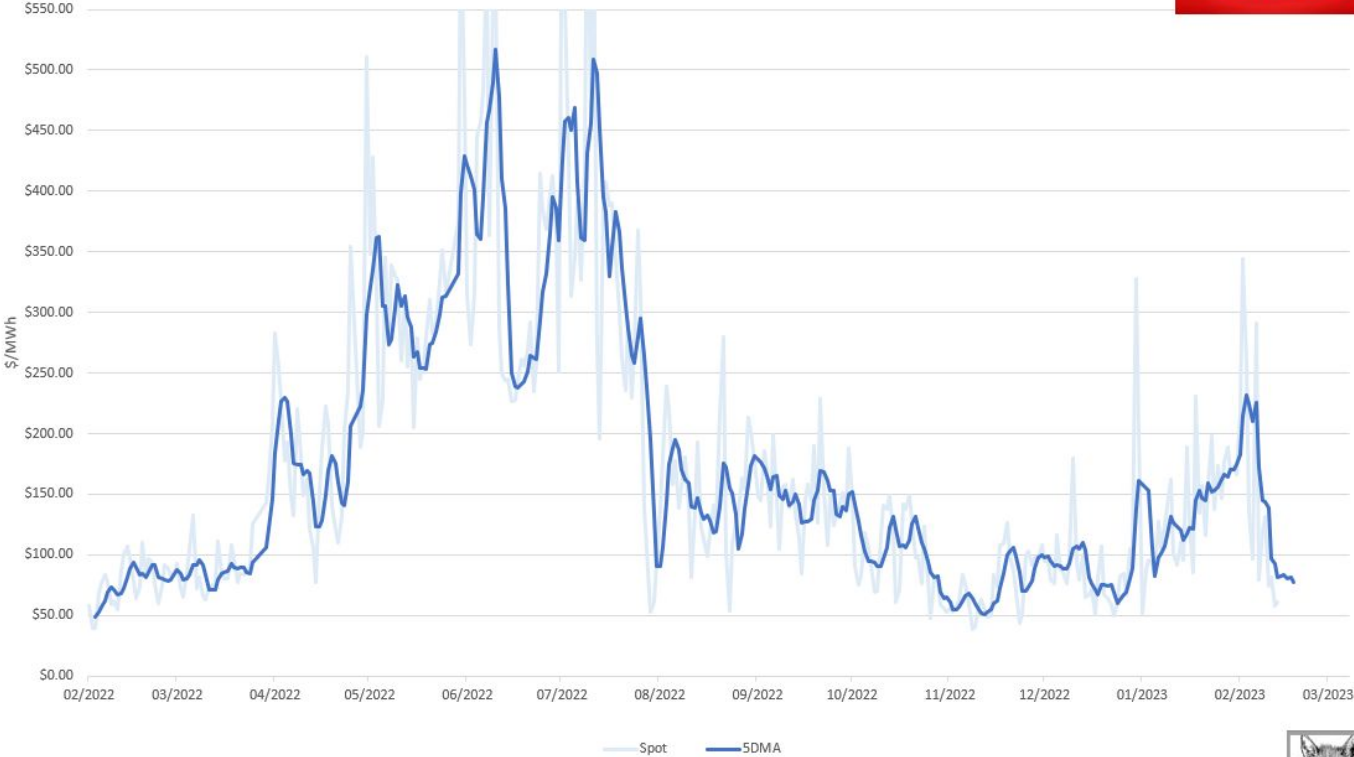


FIRM BENCHMARK PRICE



Inflation: Energy

NEM volume-weighted average price

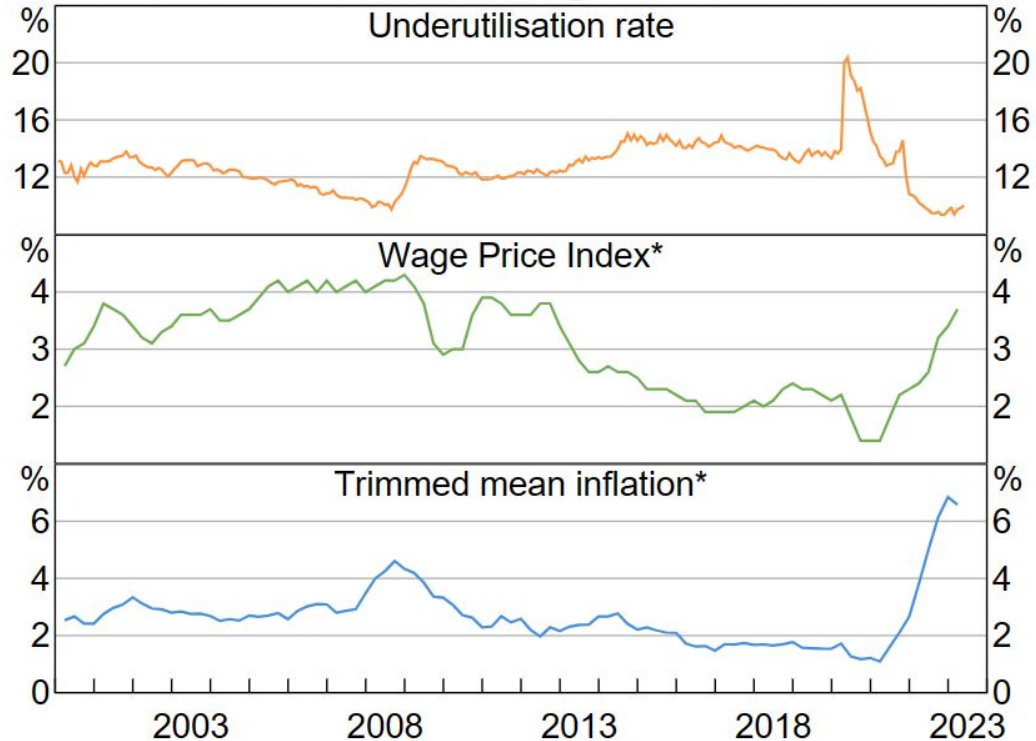


Wages:

“Members observed that some firms were indexing their prices, either implicitly or directly, to past inflation”, the Minutes read.

“These developments created an increased risk that high inflation would be persistent, which would make it more difficult to keep the economy on the narrow path”.

Underutilisation, Wages and Inflation



* Year-ended.

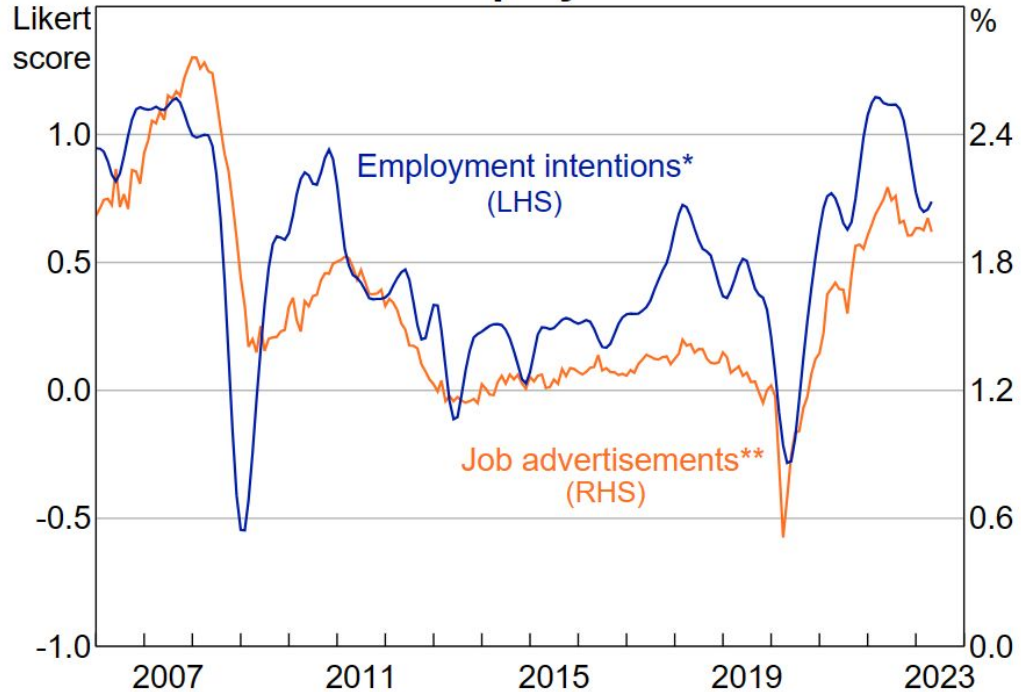
Sources: ABS; RBA.

Wages:

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Job Ads and Employment Intentions



* Over the year ahead; smoothed using a 13-month Henderson trend.

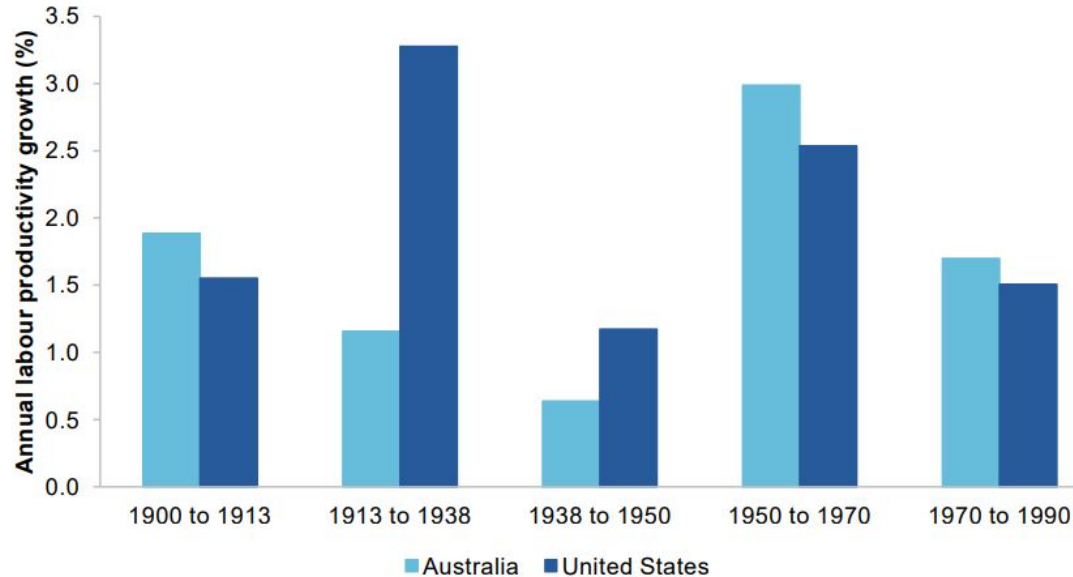
** As a share of the labour force.

Sources: ABS; Jobs and Skills Australia; RBA.

Wages:

Figure 14 **The postwar period's golden age did see a significant rise in Australian productivity growth**

Australian and United States average annual labour productivity^a growth in select periods from 1900 to 1990

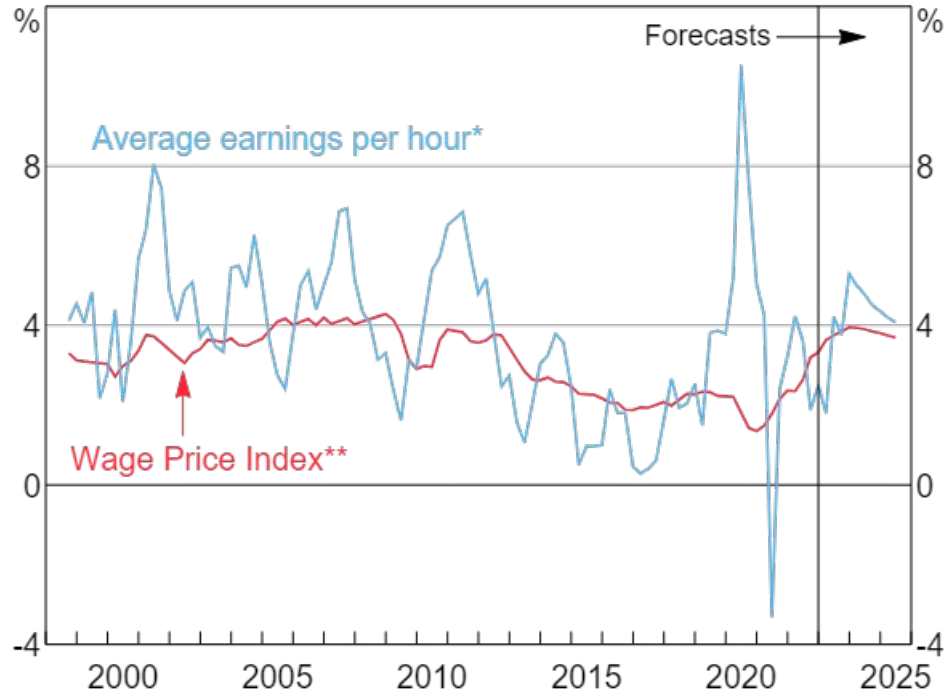


^a Labour productivity uses an estimate of total hours derived from using the average hours per male full-time worker (for pre-1950 in Huberman and Minns, multiplied by employment estimates from other sources. This implicitly assumes that the difference in the male full-time work weeks between Australia and the United States are indicative of the differences for the broader labour force.

Wages:

Wages and Earnings Growth

Year-ended



* Non-farm; includes social contributions.

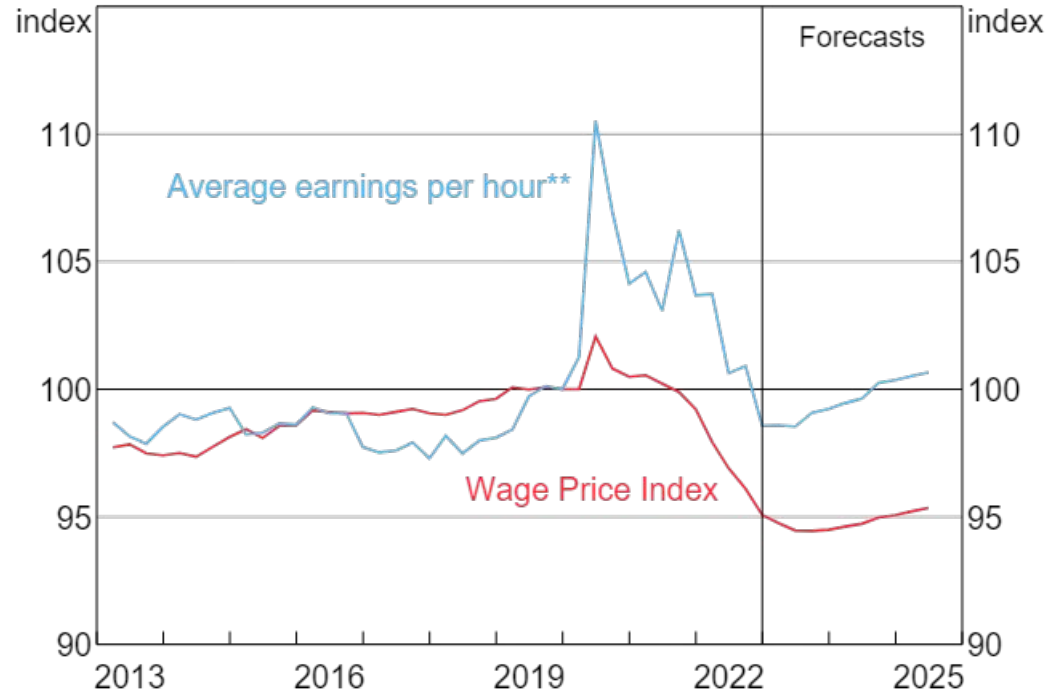
** Excluding bonuses and commissions.

Sources: ABS; RBA

Wages:

Real Labour Income*

December 2019 = 100



* Deflated using the headline Consumer Price Index.

** Non-farm.

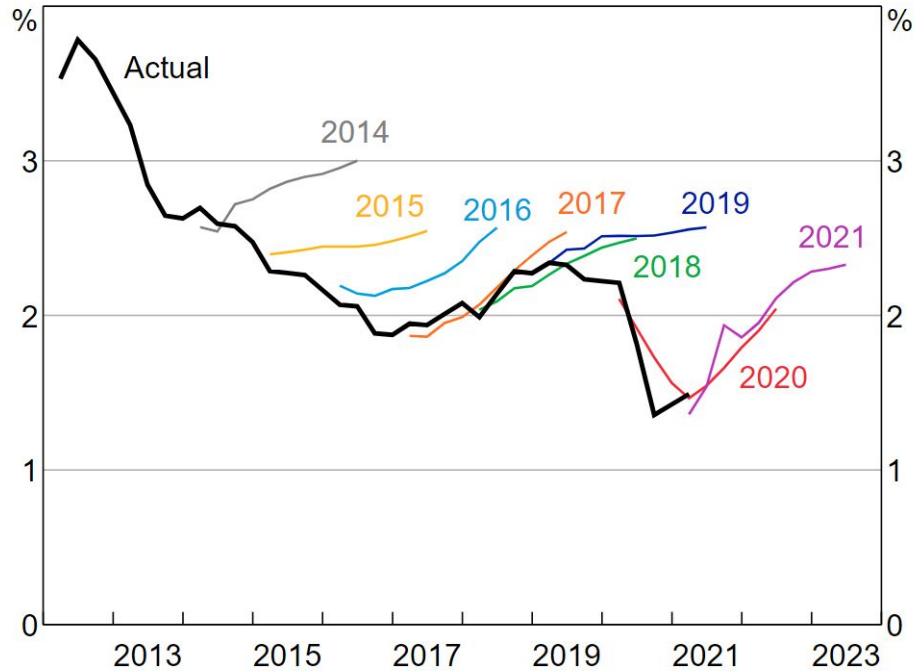
Sources: ABS; RBA

Population:

Graph 3

Wage Price Index Forecasts*

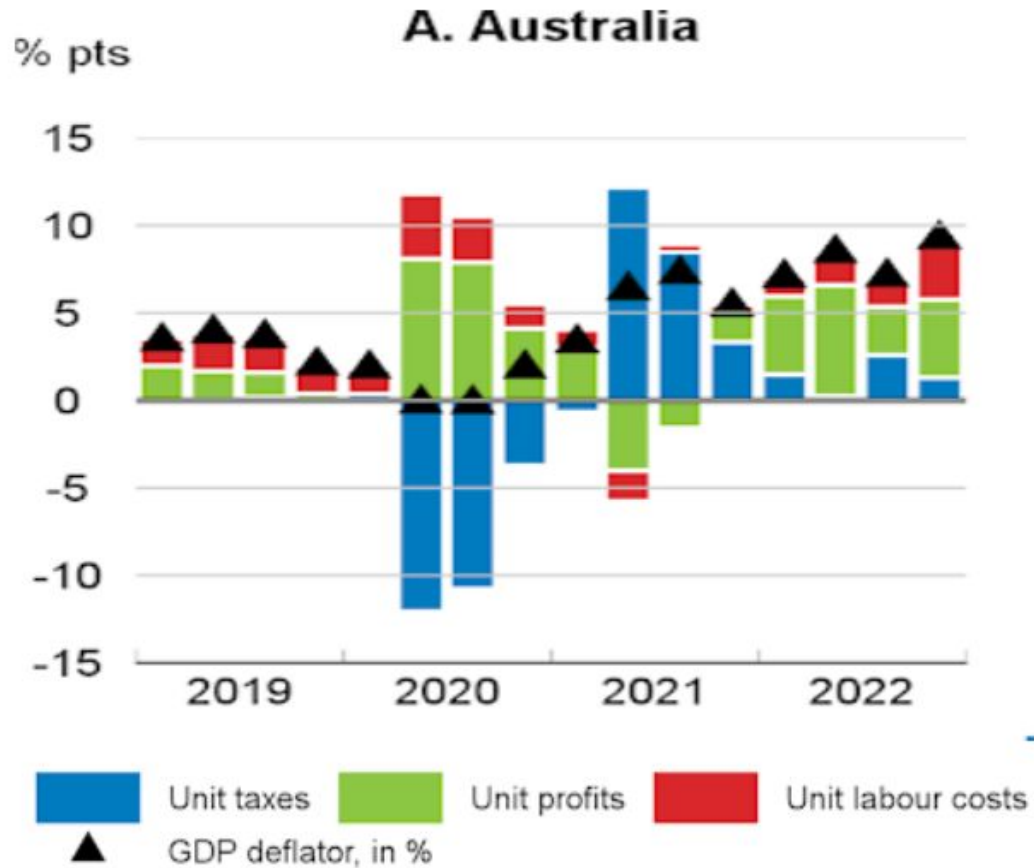
Year-ended



* May SMP forecasts

Sources: ABS; RBA

Wages:



Wages:

Real average compensation per hour worked is back at 2012 levels



Declined using GDP deflator, March 2023 dollars

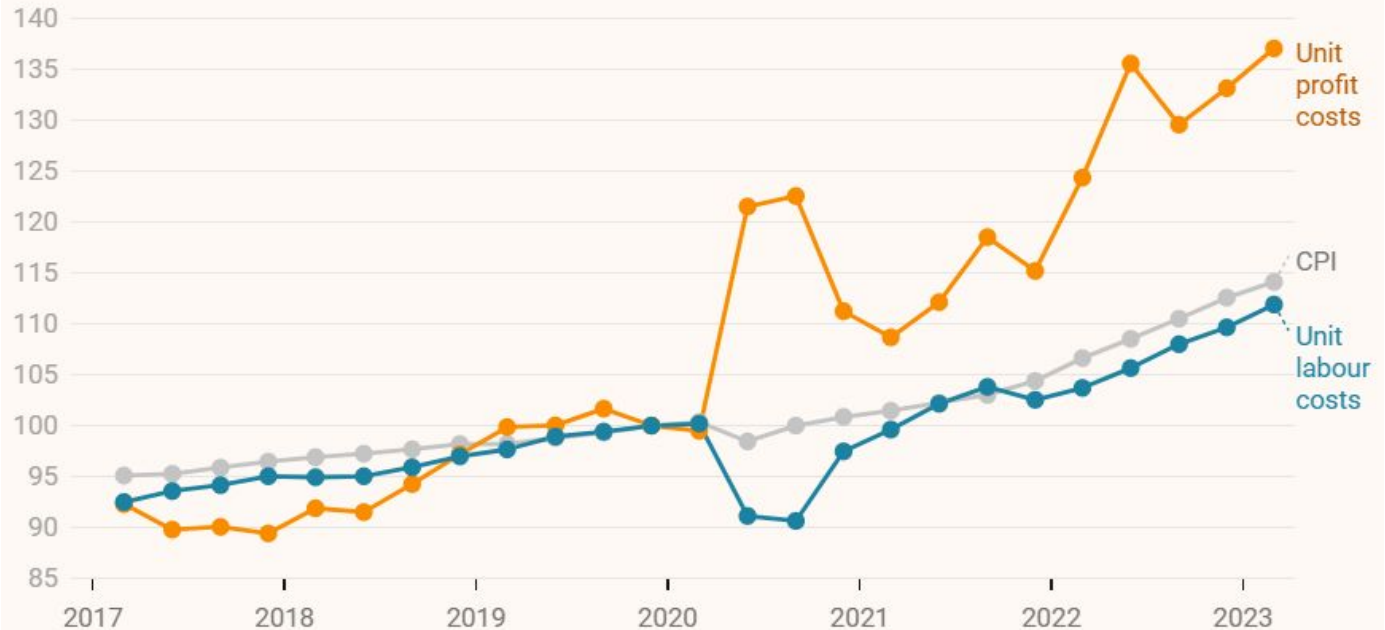
Chart: Greg Jericho • Source: ABS 5201.0 • [Get the data](#) • Created with [Datawrapper](#)

Profits:

“Members observed that some firms were indexing their prices, either implicitly or directly, to past inflation”, the Minutes read.

“These developments created an increased risk that high inflation would be persistent, which would make it more difficult to keep the economy on the narrow path”.

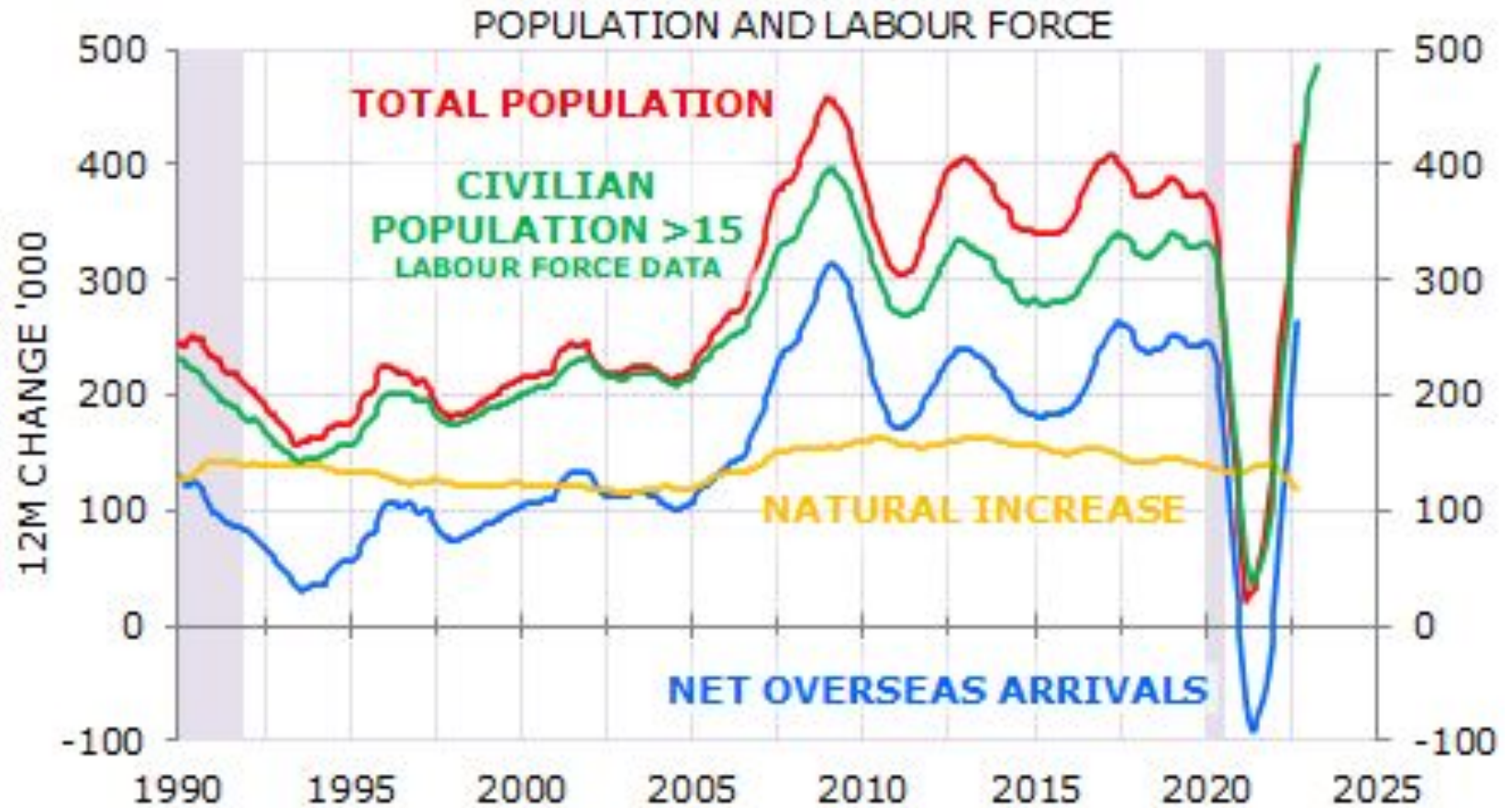
The cost of profits has been outpacing inflation since the pandemic



Index of unit labour costs and profits costs, Dec 2019 = 100

Chart: Greg Jericho • Source: ABS 5206.0, 64010.0 • [Get the data](#) • Created with [Datawrapper](#)

Population:



Choose themes to screen from your portfolio away from (i.e. remove stocks)

Climate Change

War

Human Rights

Health

Vices

Animal Rights

Religion

Asset Class

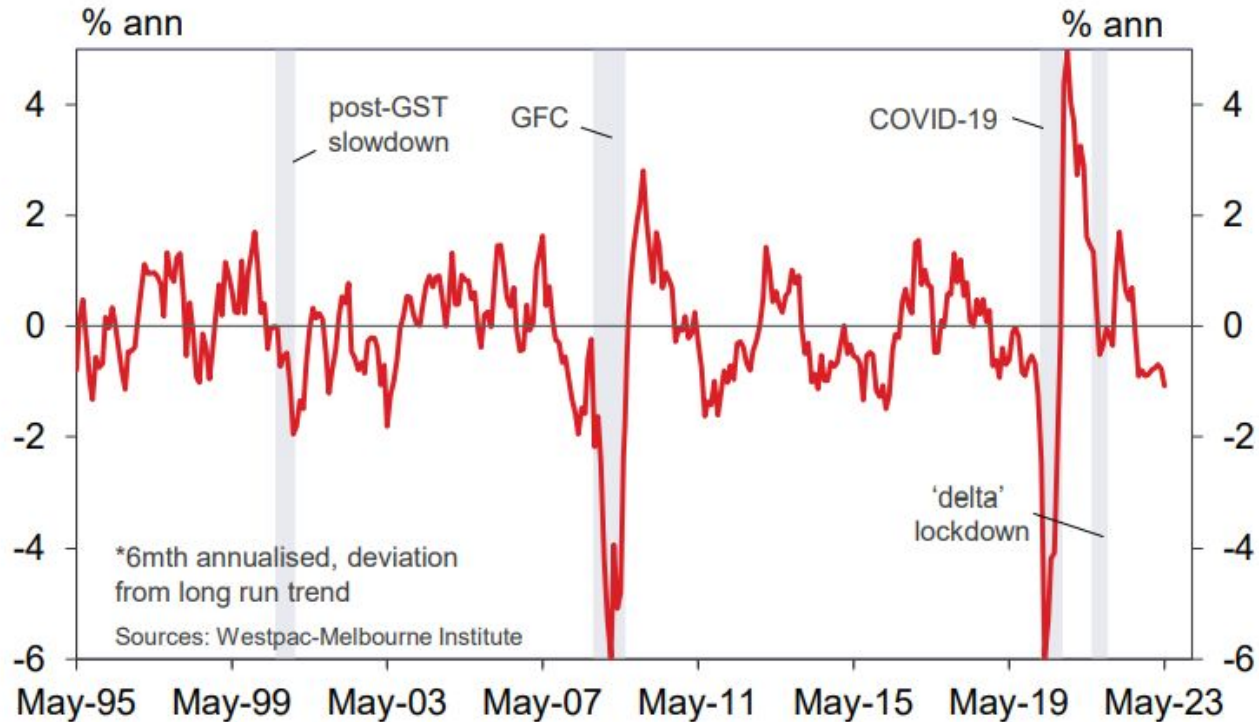
Thematic

Climate Change

- No Fossil Fuels (Worst Offenders) ⌵
- No Fossil Fuels (Any) ⌵
- No Coal Seam Gas or Fracking ⌵
- No Nuclear Power ⌵
- No Old Growth Forest Logging ⌵

Leading Indicators:

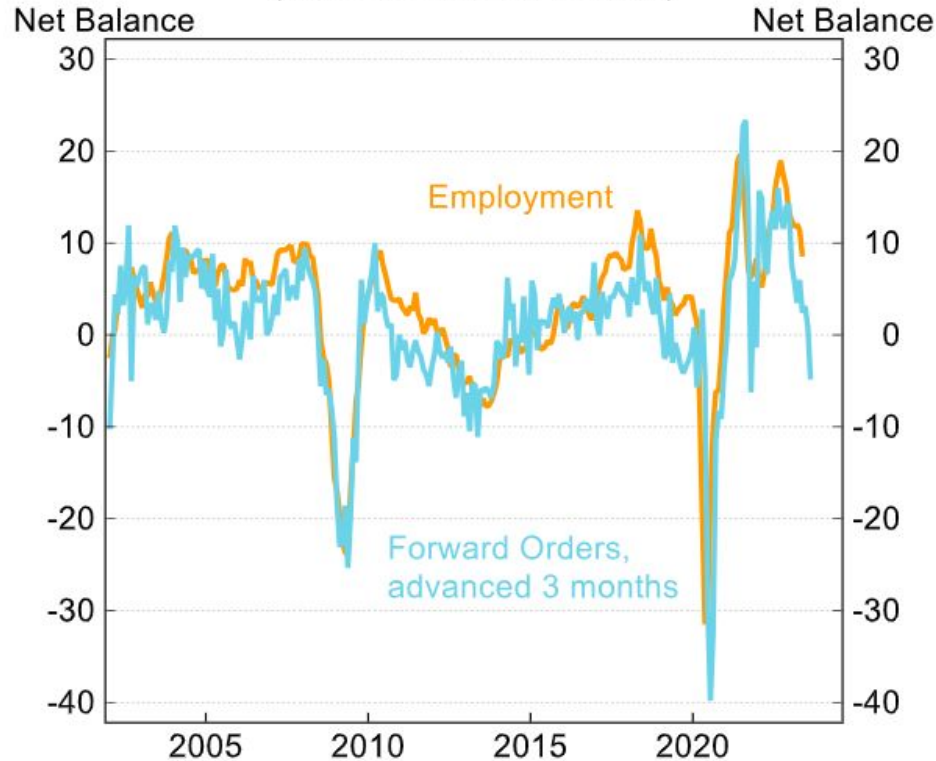
Westpac-MI Leading Index



Leading Indicators:

BUSINESS CONDITIONS

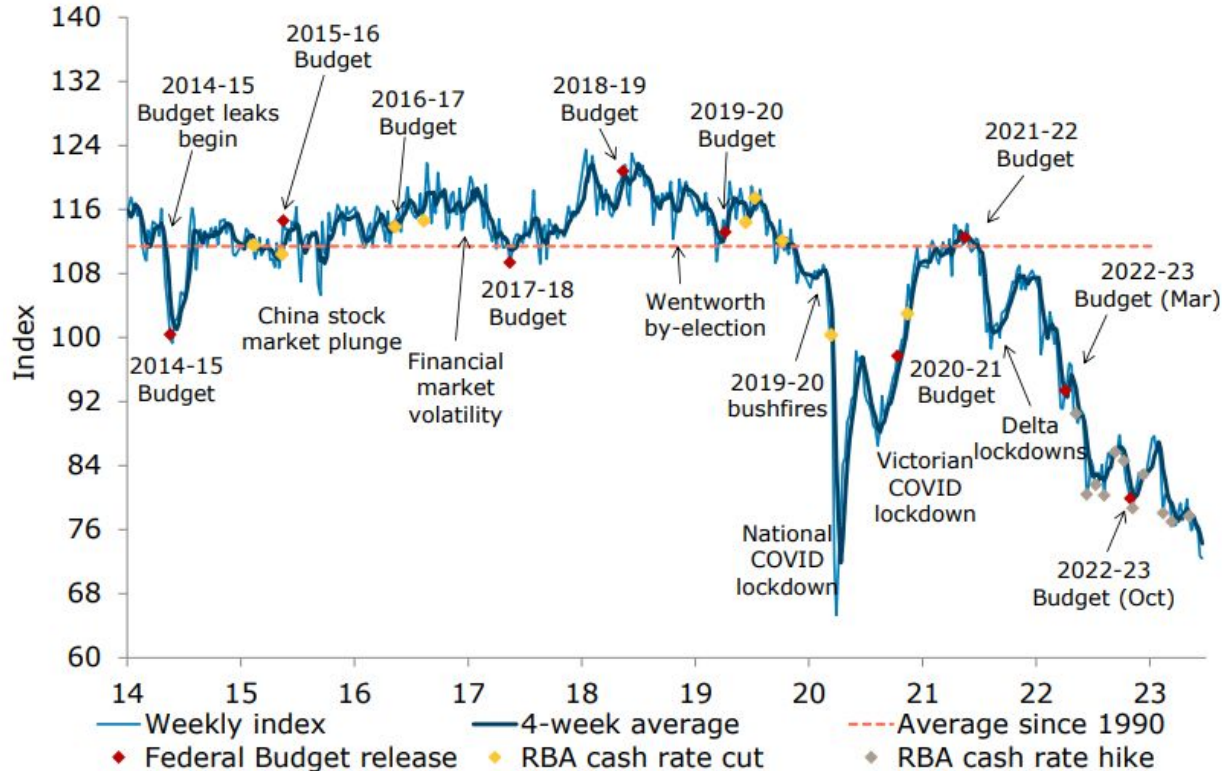
(three month smoothed)



Source: CBA, Macrobond

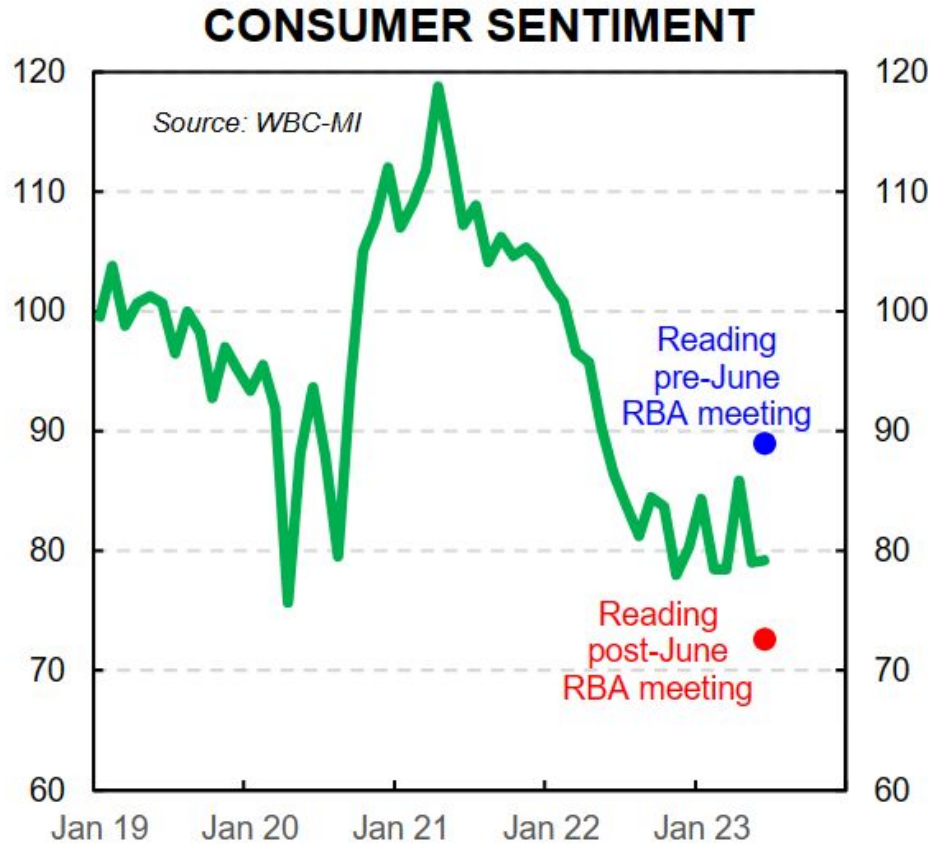
Leading Indicators:

Consumer confidence down 0.3pts



Source: ANZ-Roy Morgan, ANZ Research

Leading Indicators:



Leading Indicators:

Exhibit 5: Fixed rate maturities accelerate noticeably in 2Q23

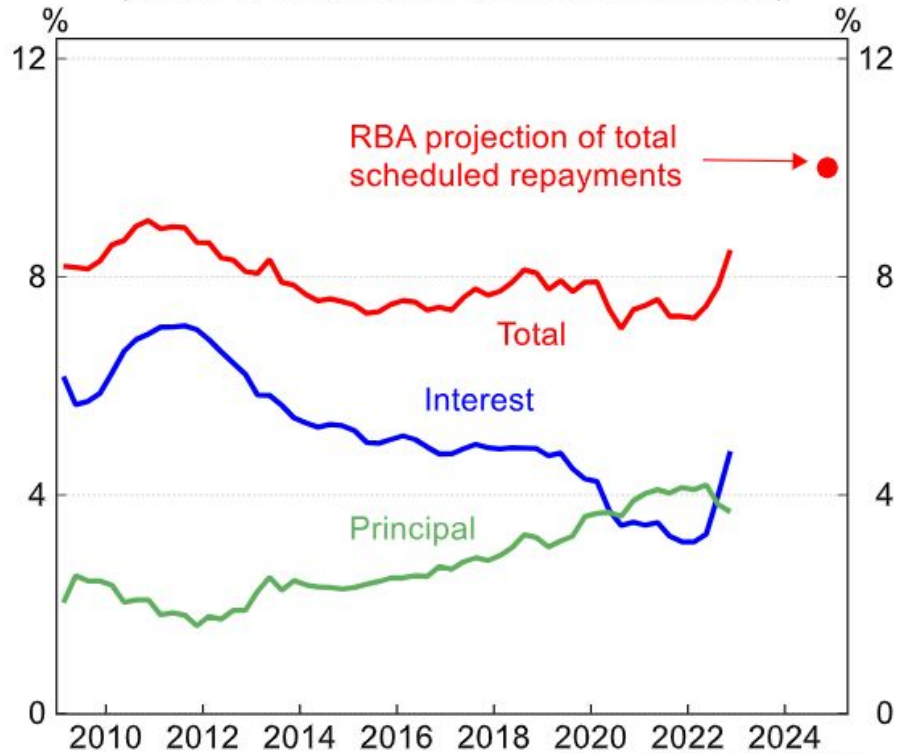


Source: RBA, Morgan Stanley Research

Leading Indicators:

HOUSING DEBT-SERVICING COSTS

(share of household disposable income)



Source: RBA, CBA, Macrobond

Retailers Warning:

- Retail turnover down 0.6% in March quarter (note population 1.6%)
- DJs profit warning, down 10%, regional much worse
- Best & Less -13% since May
- Premier Investments (retail fashion), Dominos (pizza), Retail Food Group (fast food), Zip (BNPL), Baby Bunting, Kidstuff, Adairs (furniture)

Personalise Your Portfolio

Screens

You can exclude the below to customise your portfolio

Climate Change	War	Human Rights	Health	Vices
Animal Rights	Religion	Asset Class	Thematic	

- No Fossil Fuels (Worst Offenders) ?
- No Fossil Fuels (Any) ?
- No Coal Seam Gas or Fracking ?
- No Nuclear Power ?
- No Old Growth Forest Logging ?

Tilts

You can add the below to customise your portfolio

Investment Style Factors	Climate Change	Technology	
Consumption	Commodities	Military	GICS Sectors

- Quality Stocks ?
- Value Stocks ?
- Growth Stocks ?
- Defensives ?



Personalise your portfolio now >



Build Your Portfolio

Need help with this page? Video Tutorial

Account Selection

Investment Choice

Risk Profile

Build Your Portfolio

Ethical Overlay

Review

Applicants

Bank Details

Compliance

Final Review

Portfolio Tilts



Quality Stocks

Value Stocks

Growth Stocks

Oil & Gas Stocks

Gold Stocks

Agribusiness

Large Technology Stocks

Cloud Computing Stocks

Robotics/AI

Video Gaming

Cybersecurity

Clean Energy

Defensives

Battery Supply Chain

Nuclear Power

Defense Contractors

Travel

Luxury Goods

Logistics

Global Communication Services

Global Consumer Discretionary

Global Consumer Staples

Global Energy

Global Financials

Global Health Care

Global Industrials

Global Information Technology

Viewer question of the week:

Has something broken, or is it just anecdotal?

Drop your answers in the comments

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