



**AUSTRALIA IS AN
A PER-CAPITAL RECESSION.
DOES IT MATTER?**

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Direct Indexing Conference

The next generation of passive investing

Melbourne | Monday 18 March
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National Accounts Summary

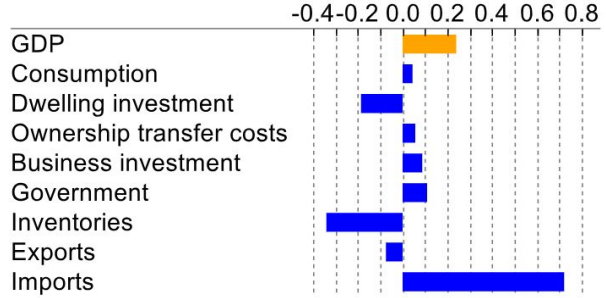
Table 1: Q4 2023 Expenditure outcomes

	qtr % ch	qtr contr	ann % ch
GDP	0.2		1.5
<i>Of which:</i>			
Consumer spending	0.1	0.04	0.1
Dwelling investment	-3.8	-0.19	-3.1
Business investment	0.7	0.09	8.2
Public demand	0.4	0.11	4.8
Inventories		-0.34	
GNE	-0.2	-0.23	1.3
Imports	-3.4	0.72	3.5
Exports	-0.3	-0.07	4.2

Source: ABS, CBA

CONTRIBUTIONS TO QUARTERLY GDP GROWTH

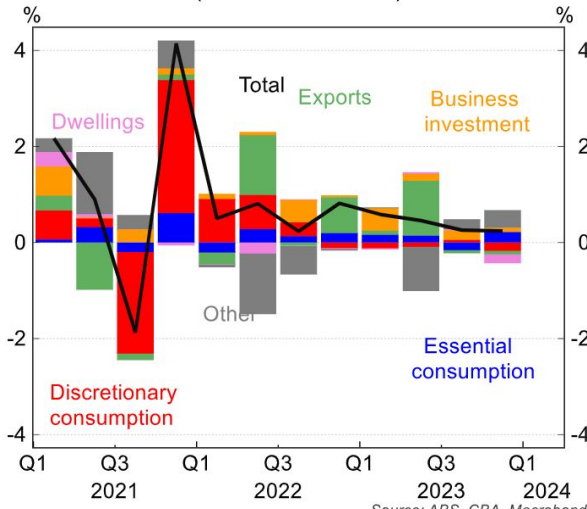
(2023 Q4)



Source: ABS, CBA, Macrobond

QUARTERLY GDP GROWTH

(with contributions)



Source: ABS, CBA, Macrobond

- Growth in Q4 driven by external sector. Big fall in imports (-3.4%) contributed to a large 0.7% contribution to GDP growth.
- Household sector incredibly weak, contributing just 0.1% to growth (more below).

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

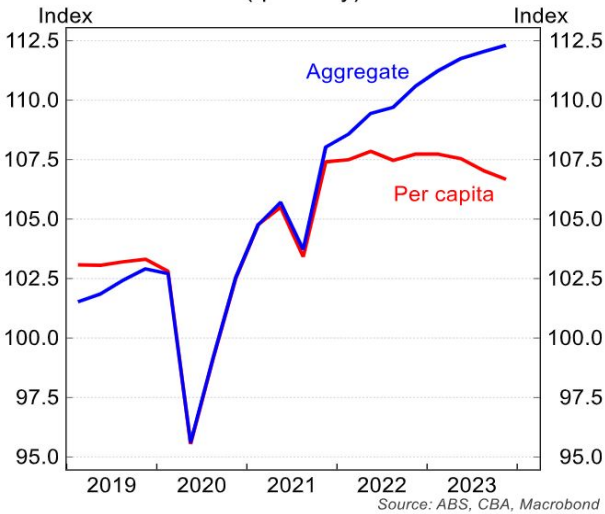
Climate Change

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

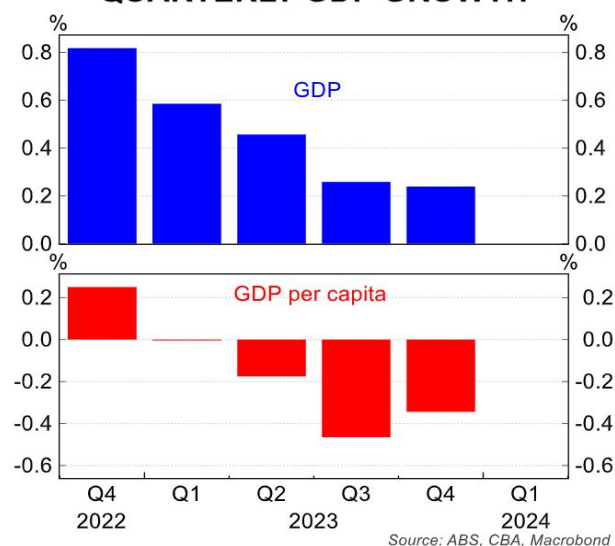
Per capita recession

GDP

(quarterly)

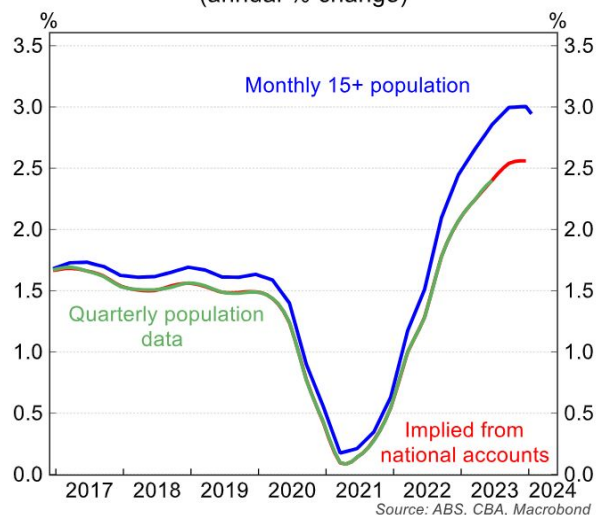


QUARTERLY GDP GROWTH



POPULATION GROWTH

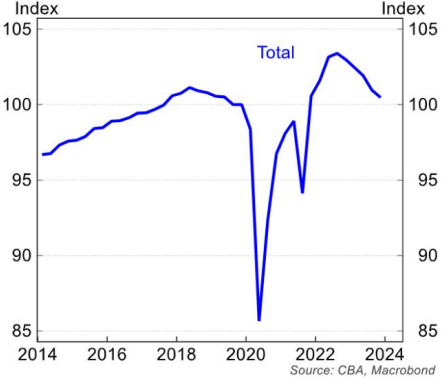
(annual % change)



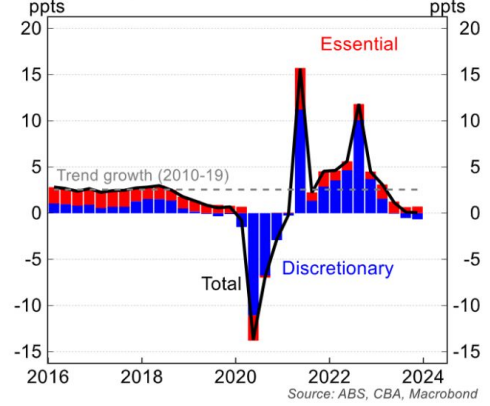
- Strong population growth (2.6% YoY) masking economy's weakness.
- Per capita GDP fell by 1.0% in 2023.

Aussie households smashed

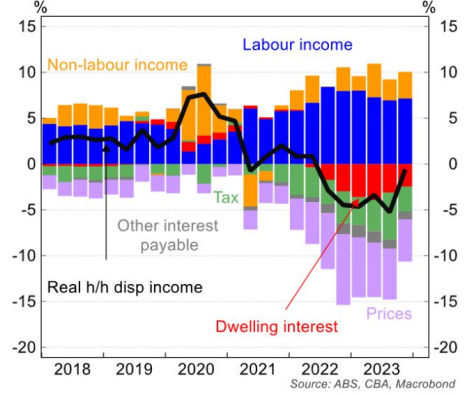
PER-CAPITA CONSUMPTION
(real, index, Q4 2019 = 100)



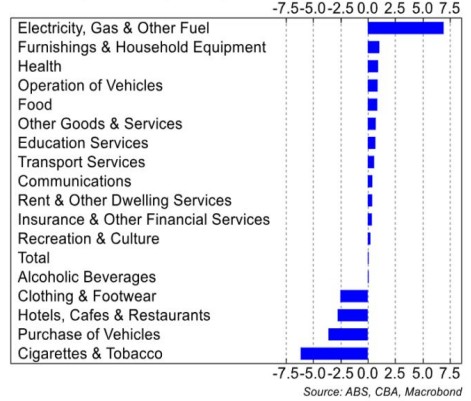
H/HOLD CONSUMPTION GROWTH
(real, annual contribution)



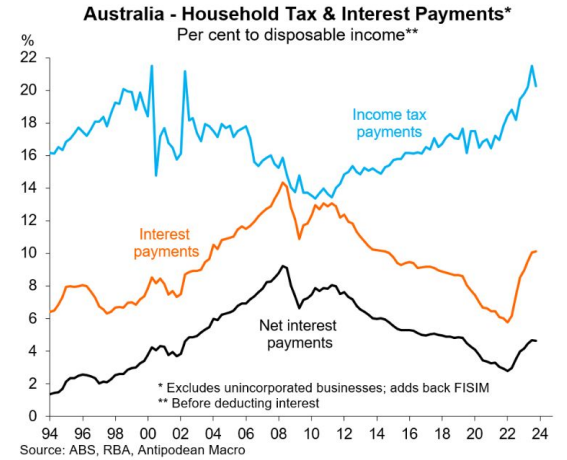
REAL H/HOLD DISPOSABLE INCOME
(contributions to annual % change)



CONSUMER SPENDING
(2023 Q4, quarterly % change, volumes)



- Per capital household spending down 2.5% in 2023.
- Driven by fall in discretionary spending
- But household income bounced back in Q4, supported by lower tax payments and lower net interest payments.



Implications for RBA

0.2% GDP growth was slightly below RBA projections.

But RBA could be concerned by the weakness in consumer spending, which is far weaker than they anticipated.

- In November 2023, RBA forecast household consumption to be 1.1%/yr in Q4 23. That number was revised down to 0.4%/yr in February 2024.
- Wednesday's data indicates the outcome was just 0.1%/yr.

The upshot is that the RBA will be surprised at the lack of growth in household consumption, which boosts the case for rate cuts.

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 >

Viewer question of the week:

Will the lucky country “get lucky” one more time?

Drop your answers in the comments

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