

Mid-West Regional Economic Presentation

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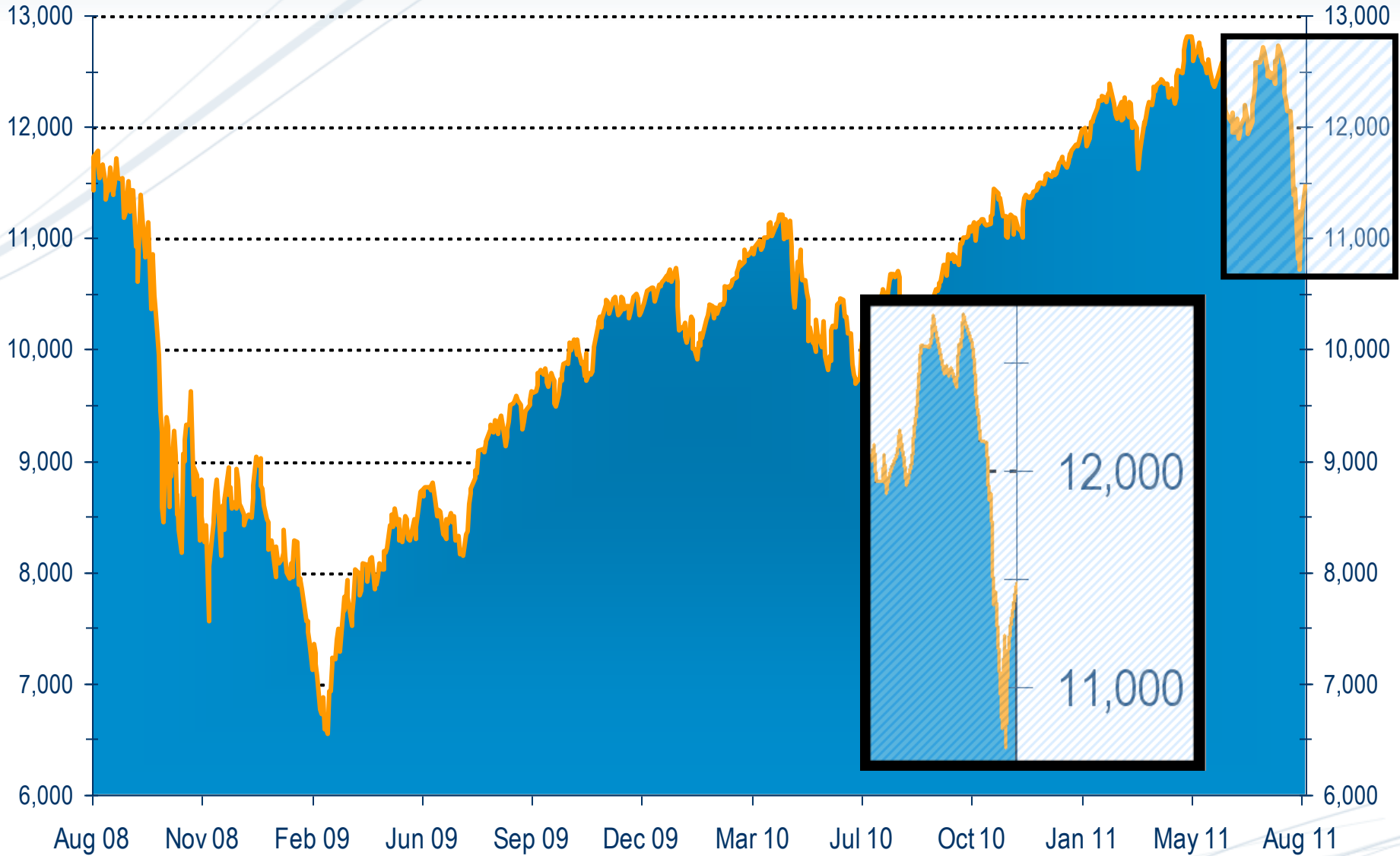




GFC II vs Resources Boom II?

United States Sharemarket

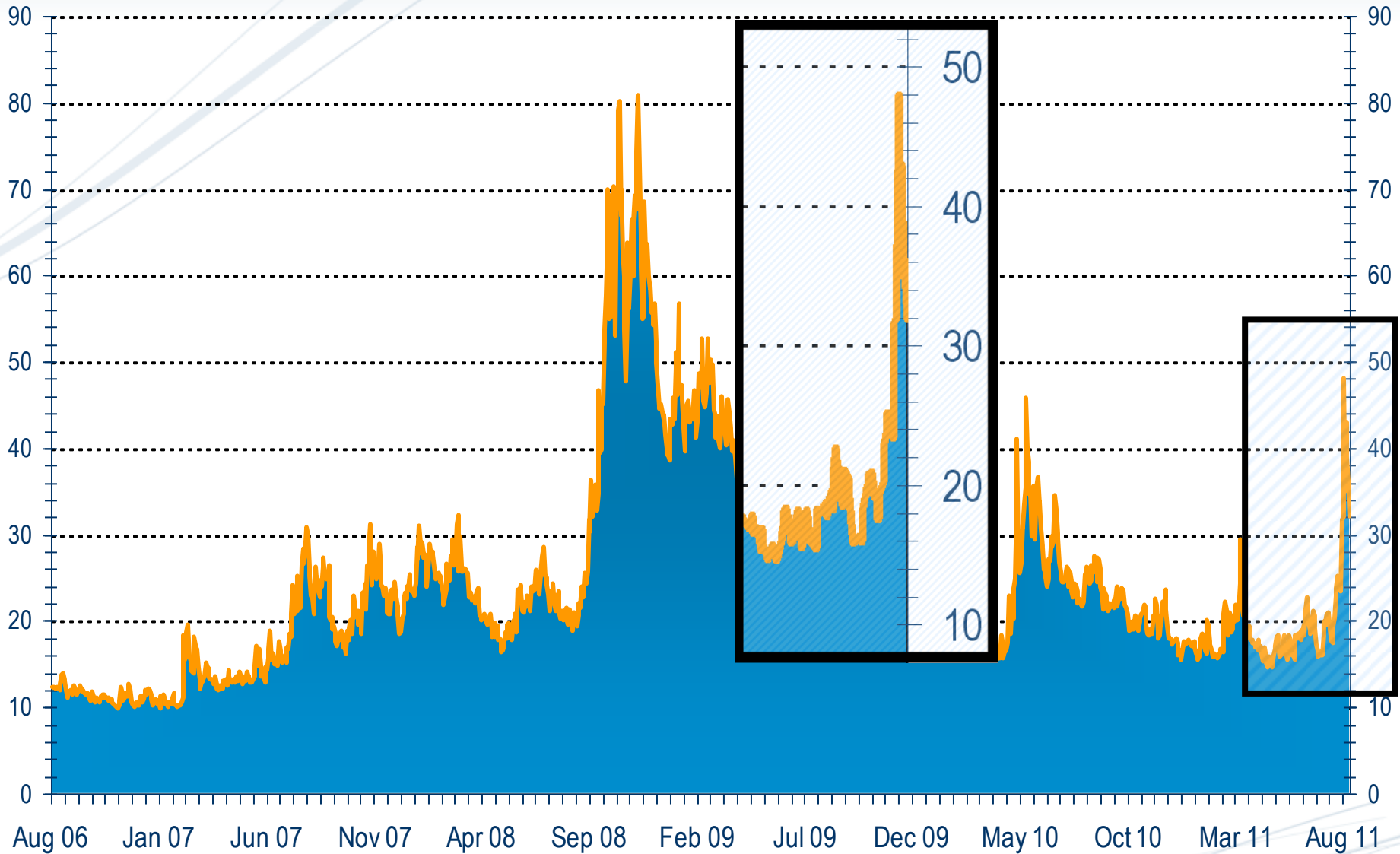
Dow Jones All Industrials



Source: Yahoo! Finance

CBOE Volatility Index

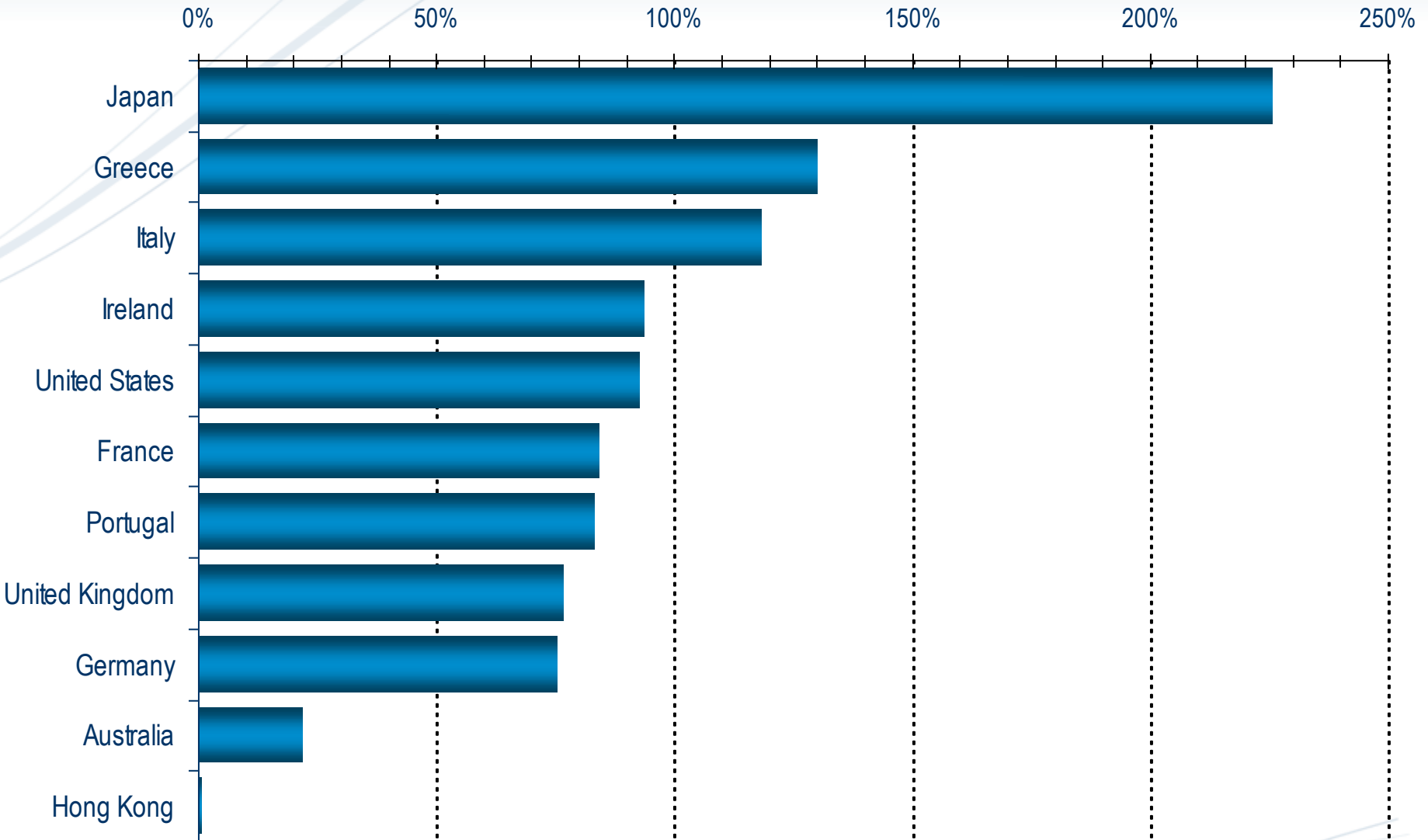
"Fear Gauge", Higher number indicates higher volatility, Closing Value



Source: CBOE

Government Debt to GDP Ratio

Selected Nations, Percentage of Nominal GDP, 2010

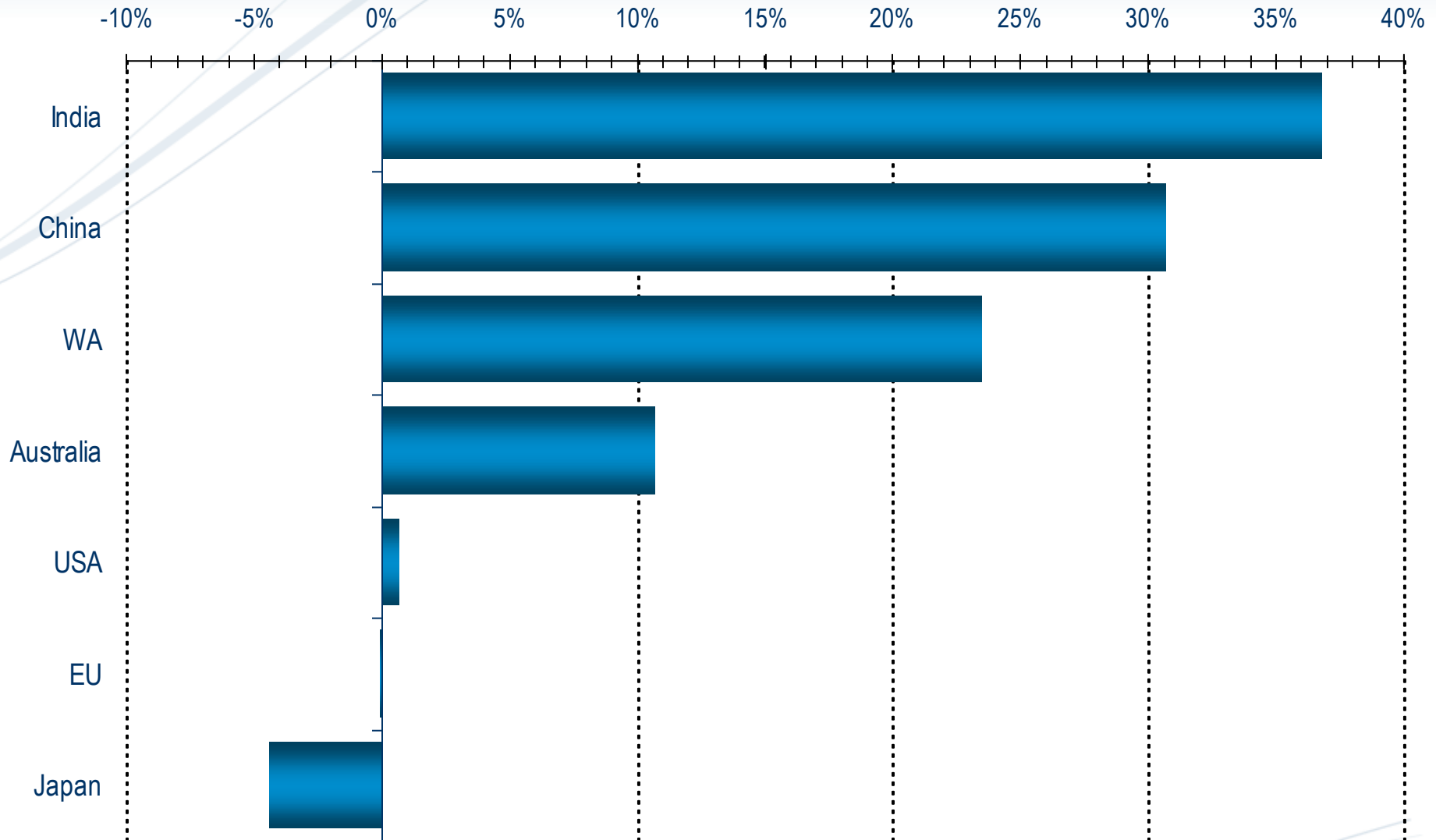


Source: International Monetary Fund

Economic Growth Since GFC



Selected Economies, Growth in Real Economy from Jun-07 to Mar-11



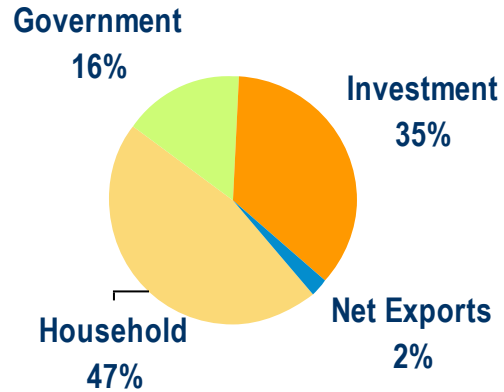
Source: ABS, CEIC, DoC, ECB, ESRI, MOSPI

Composition of Chinese Economy

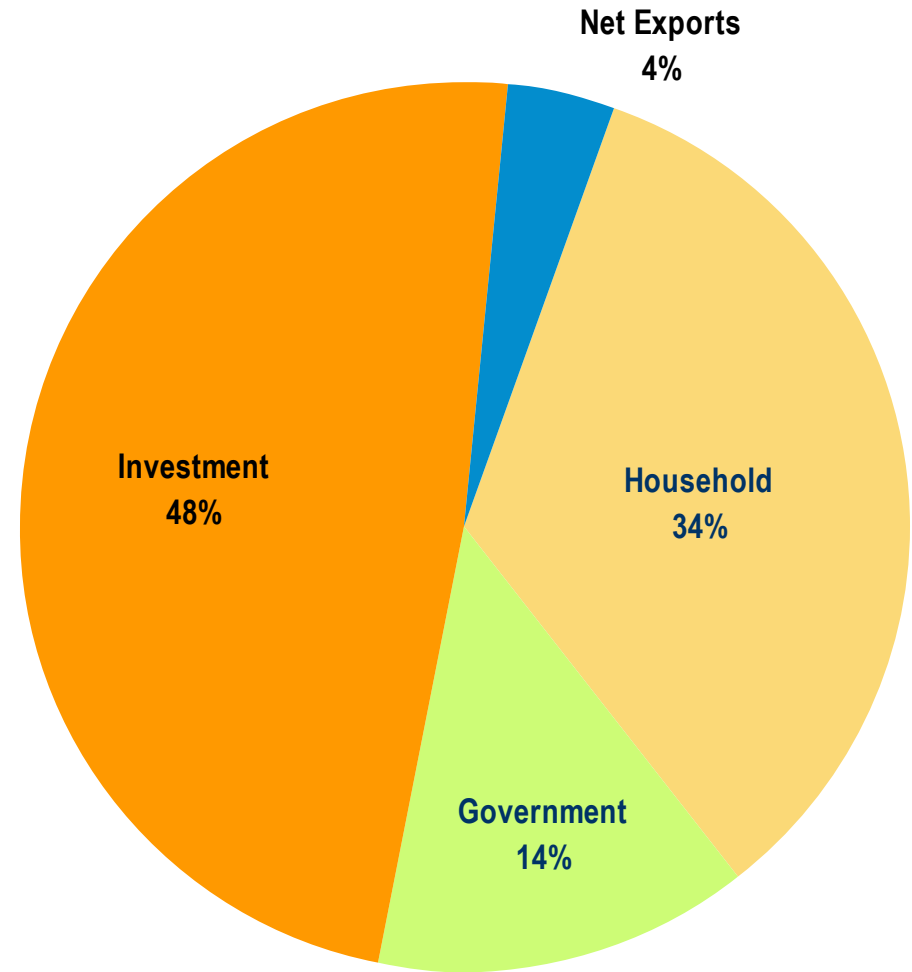
2000 vs 2010, By Expenditure, Percentage of Total



2000; 9.8 tn

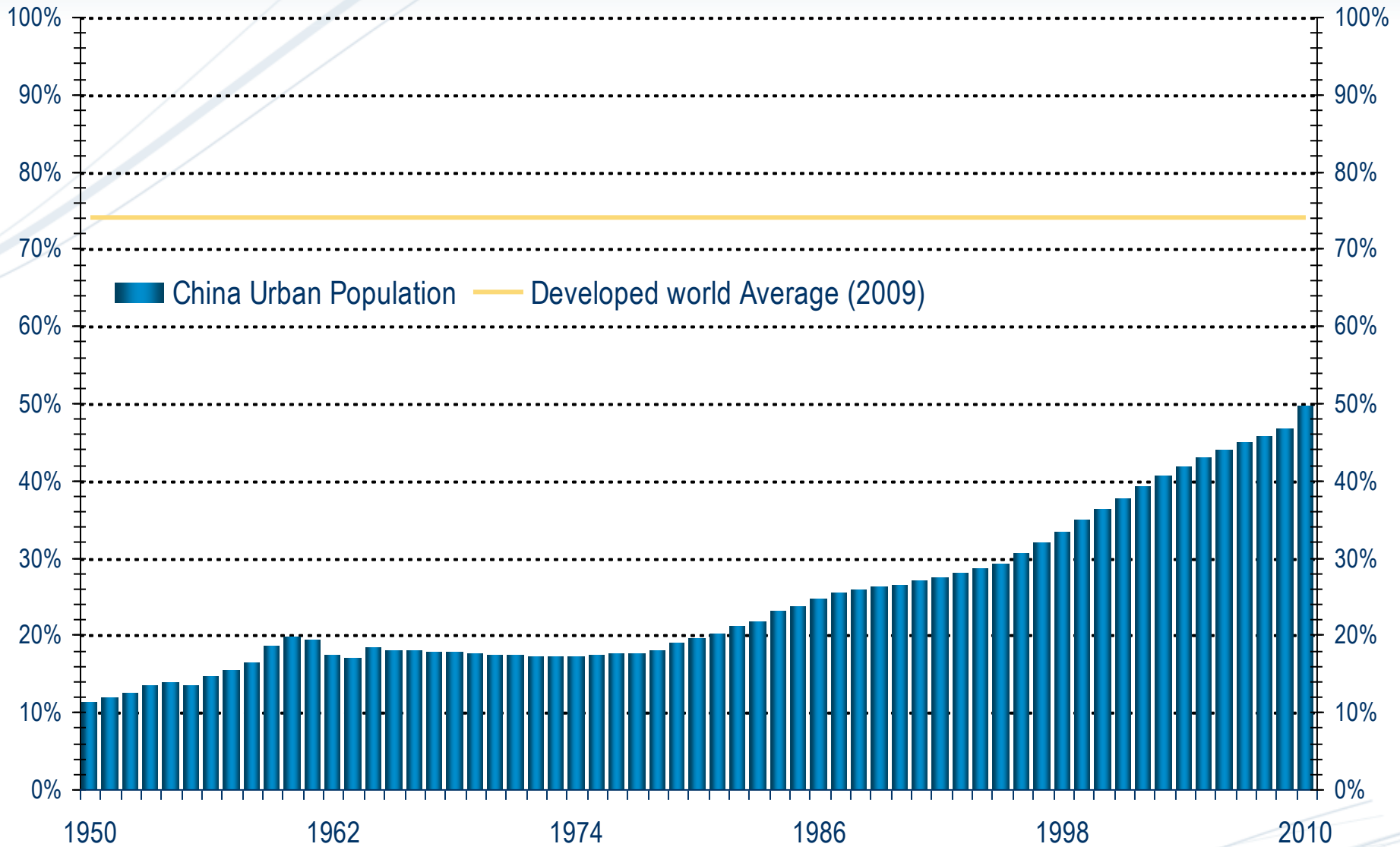


2010; 39.5 tn



China Urbanisation

Percentage of Population in Urban Area, Annual Percentage



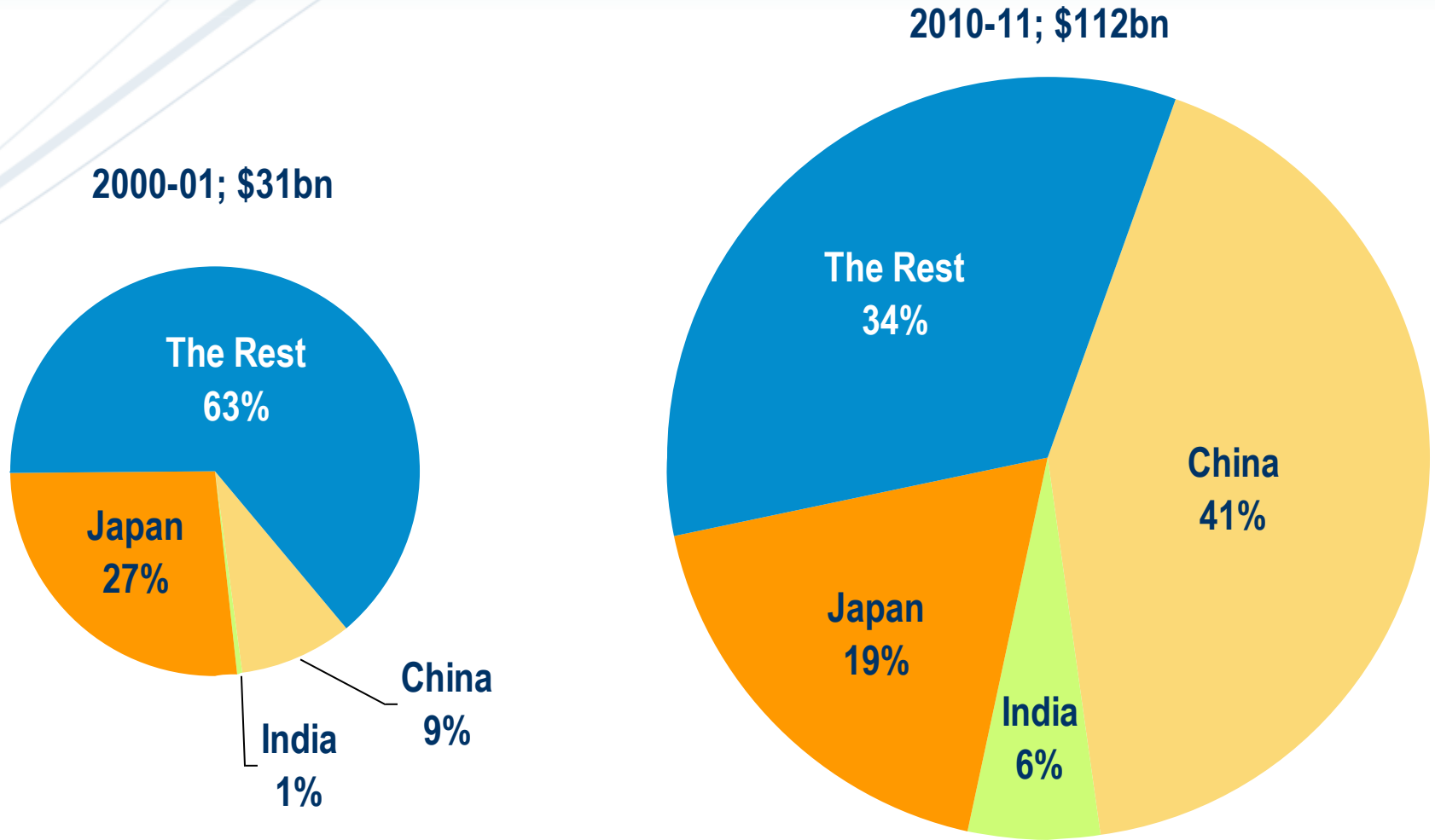
Source: CEIC, UN



WA State of Play

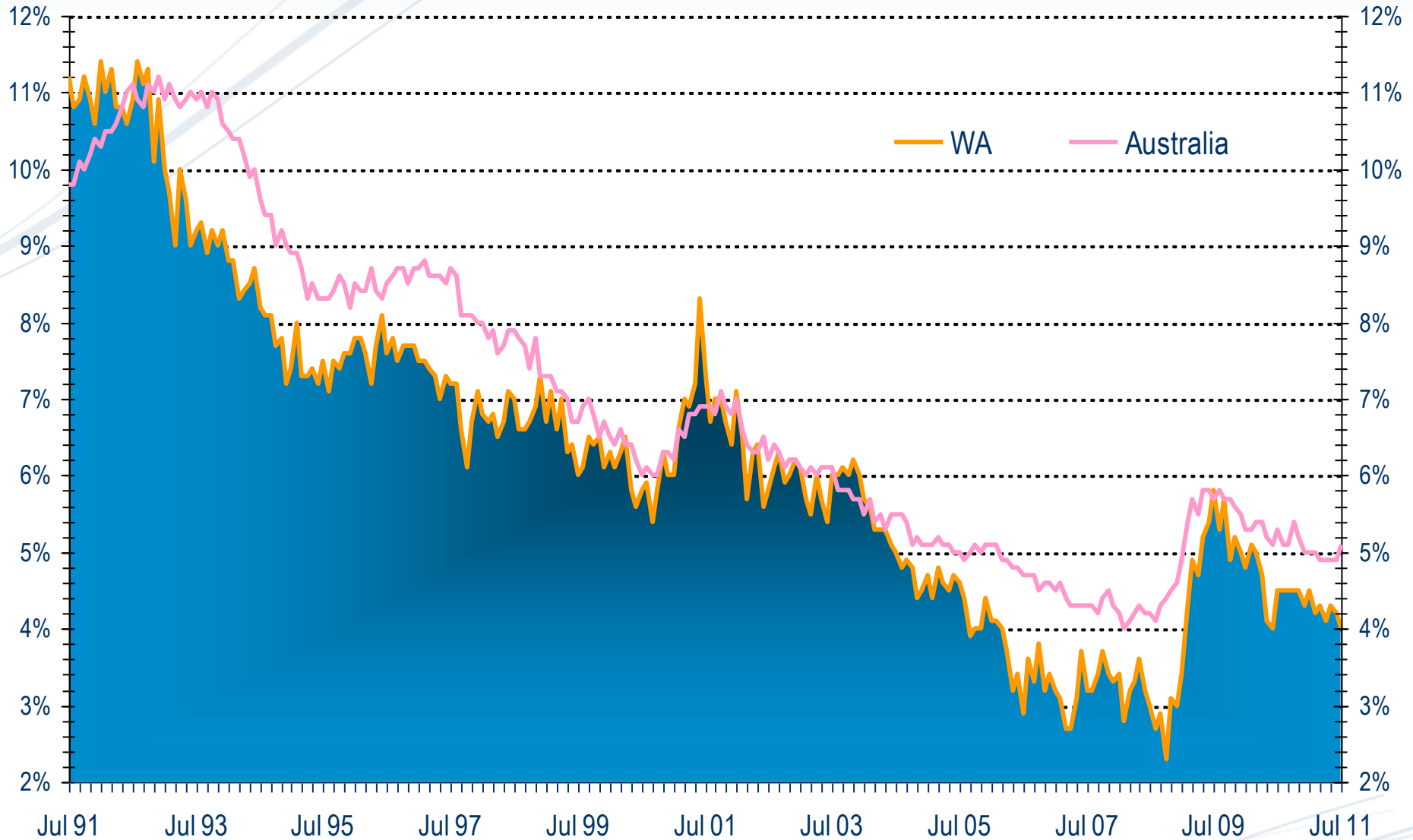
WA Merchandise Exports

Share of Total Exports to Selected Groups, 2000-01 vs 2010-11



Unemployment Rate

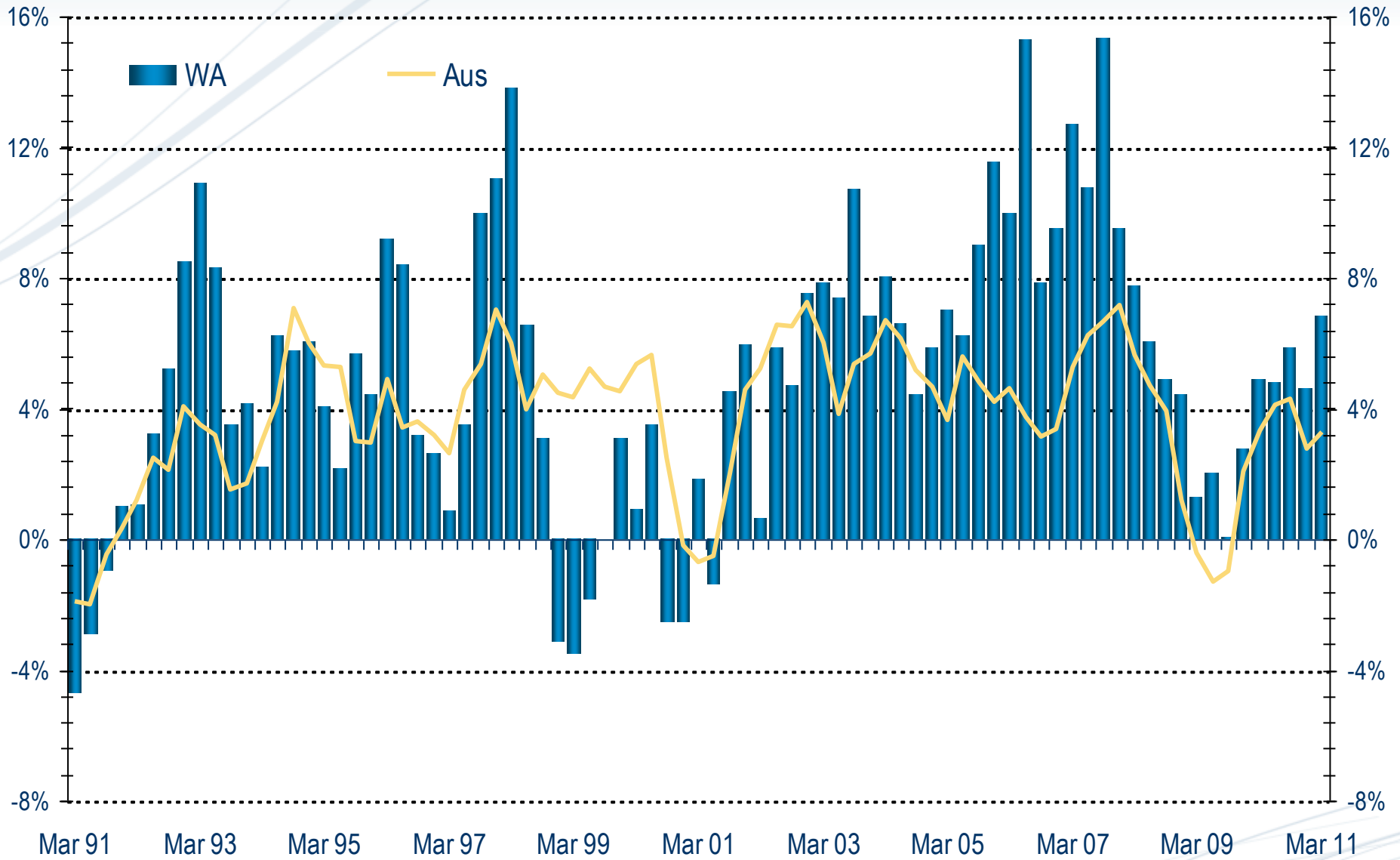
Seasonally Adjusted



Source: ABS Cat. 6202.0

Domestic Final Demand

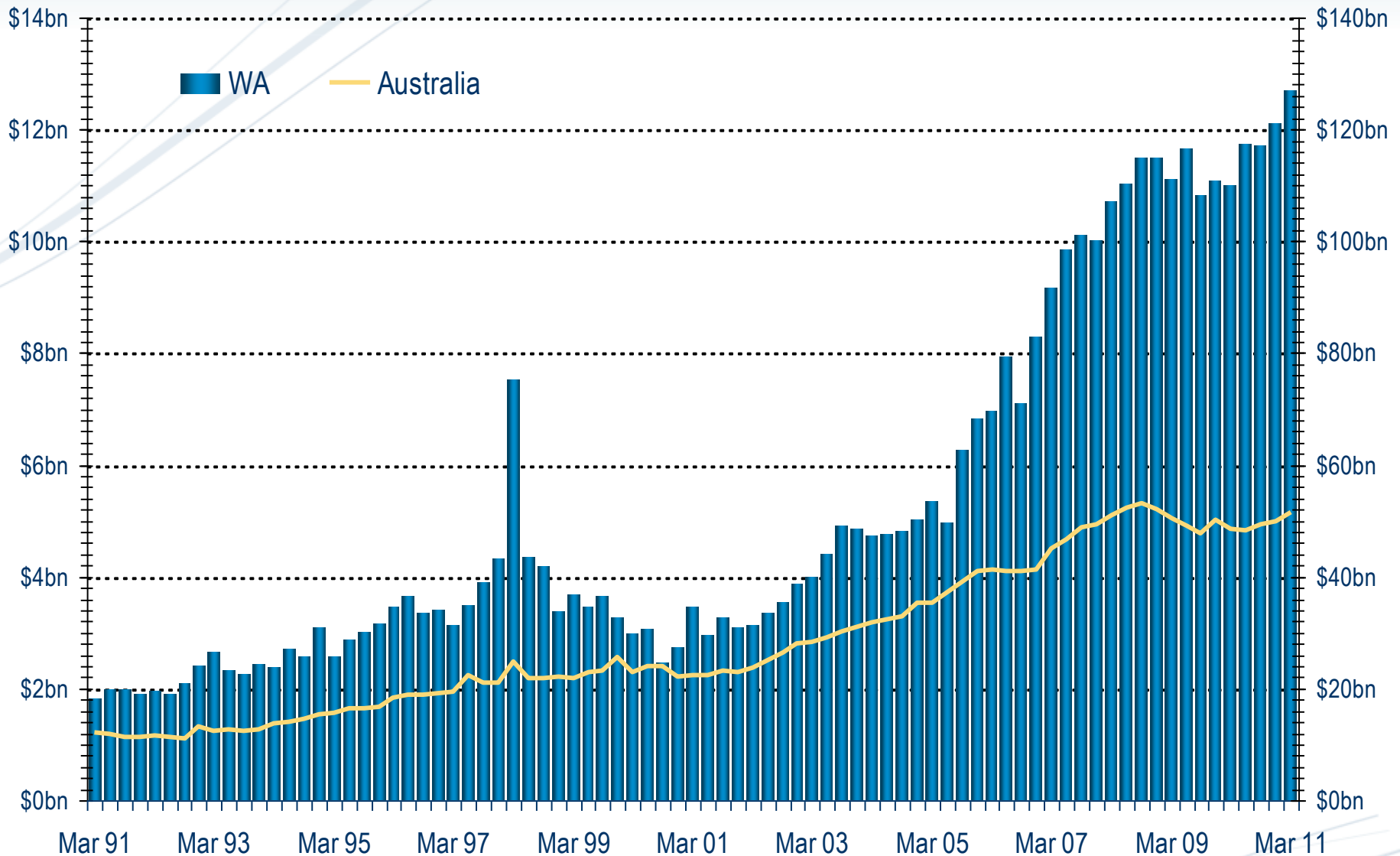
Annual % Change



Source: ABS Cat. 5206.0

Real Business Investment

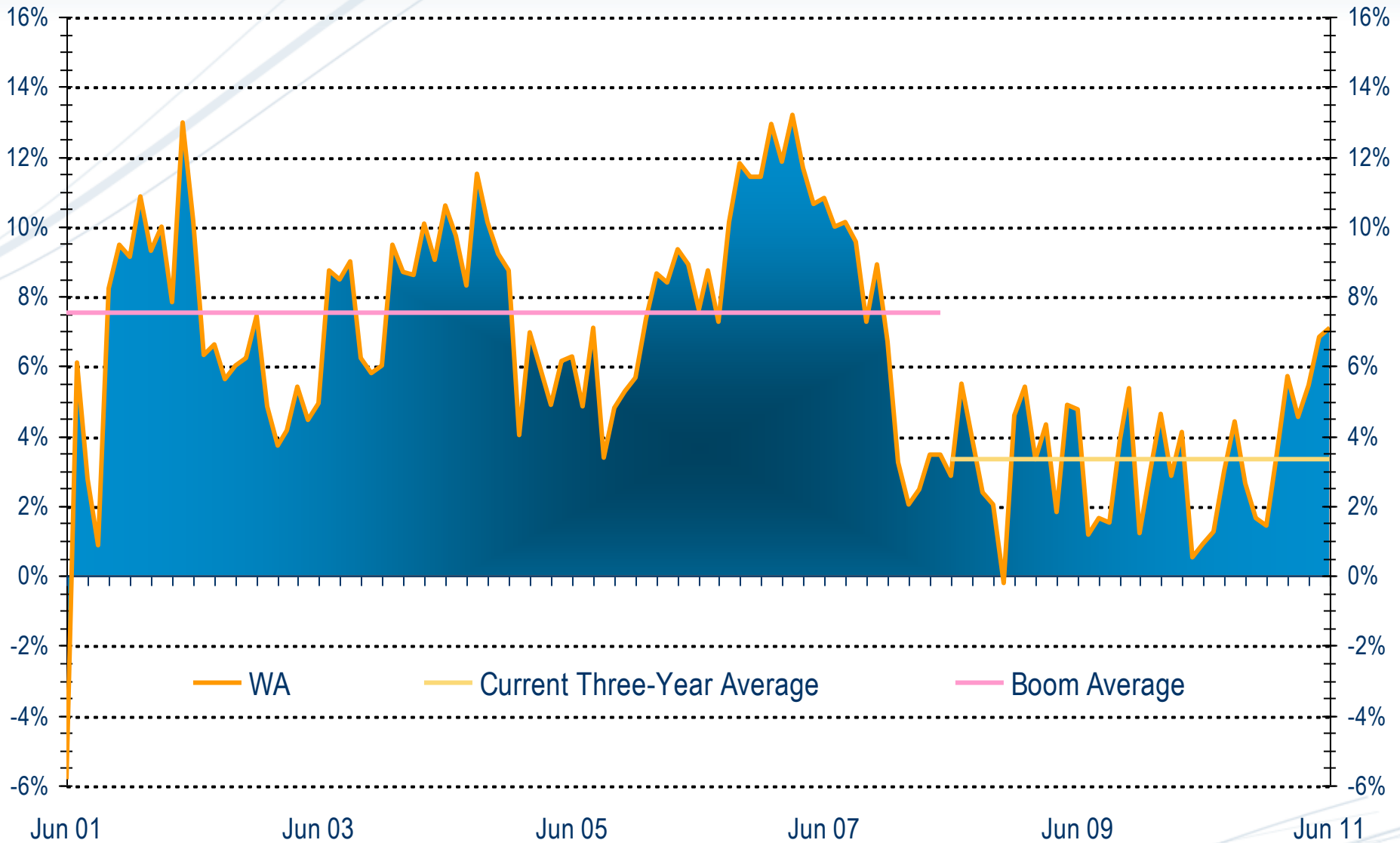
Western Australia & Australia, Billions



Source: ABS Cat. 5206.0

Retail Turnover, WA

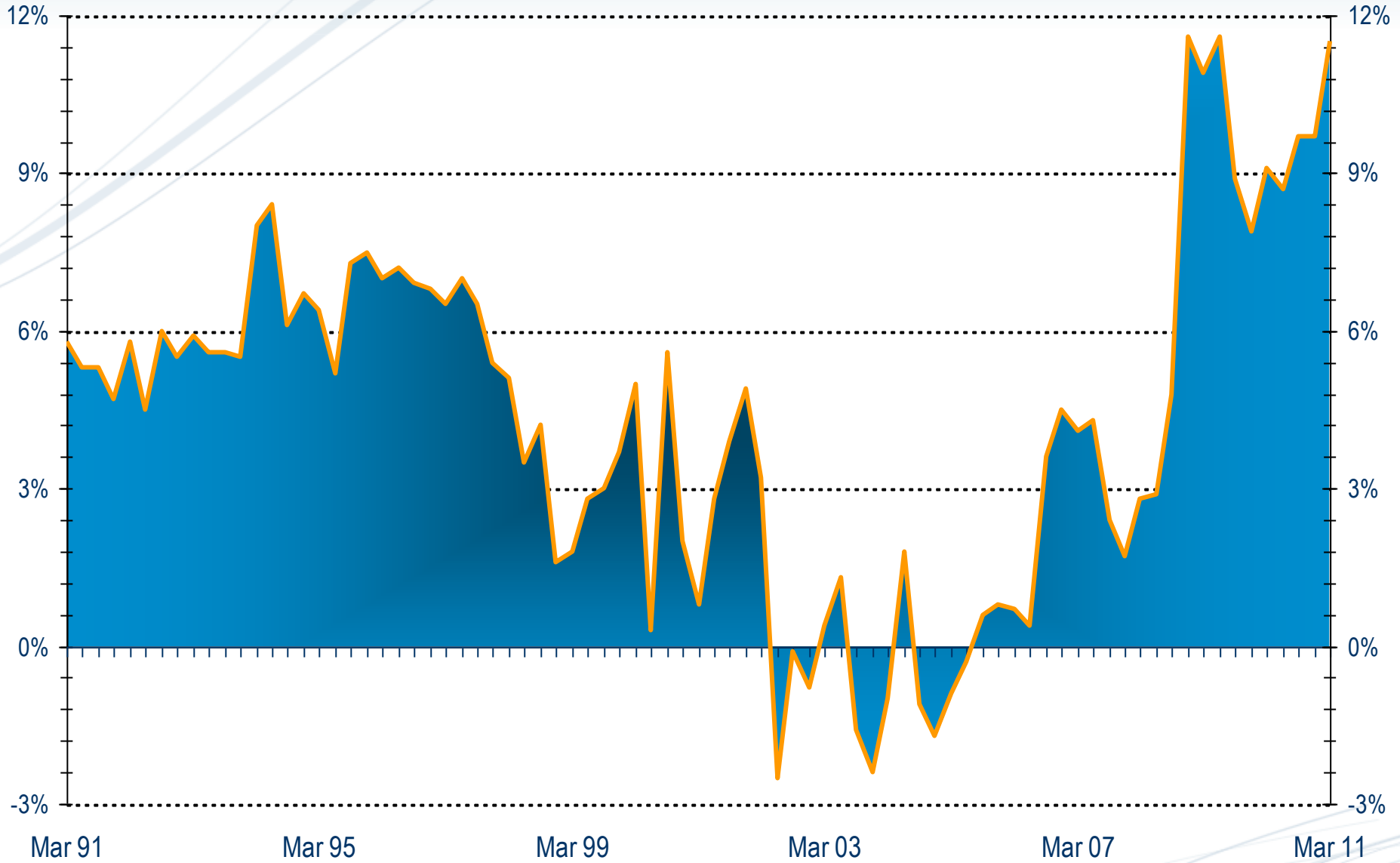
Annual % Change, Current Prices & Period Averages



Source: ABS Cat. 8501.0

Household Savings Ratio

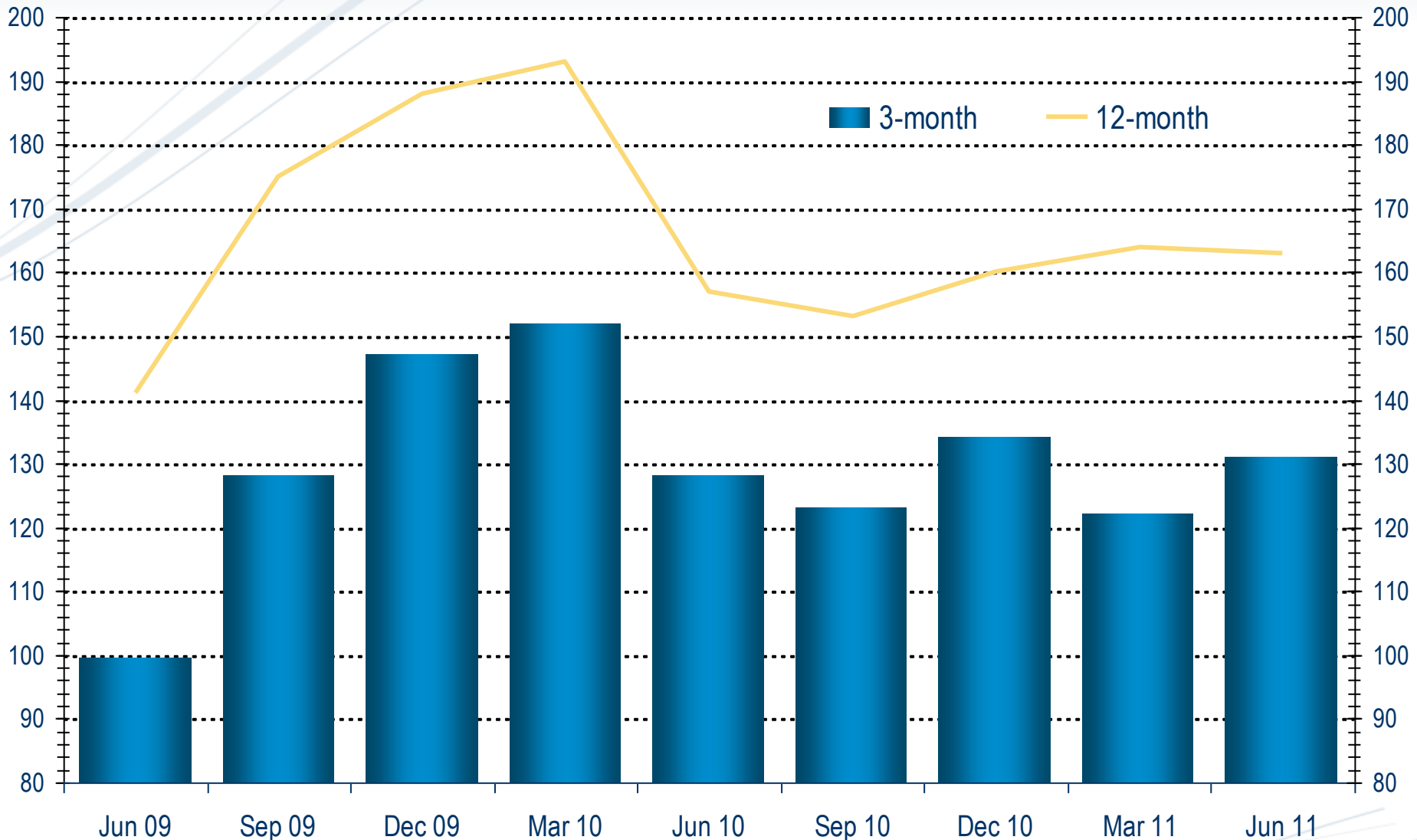
Percentage of Disposable Income Saved by Households



Source: ABS Cat. 5206.0

CBS - CCI Consumer Confidence Survey, Economic Conditions

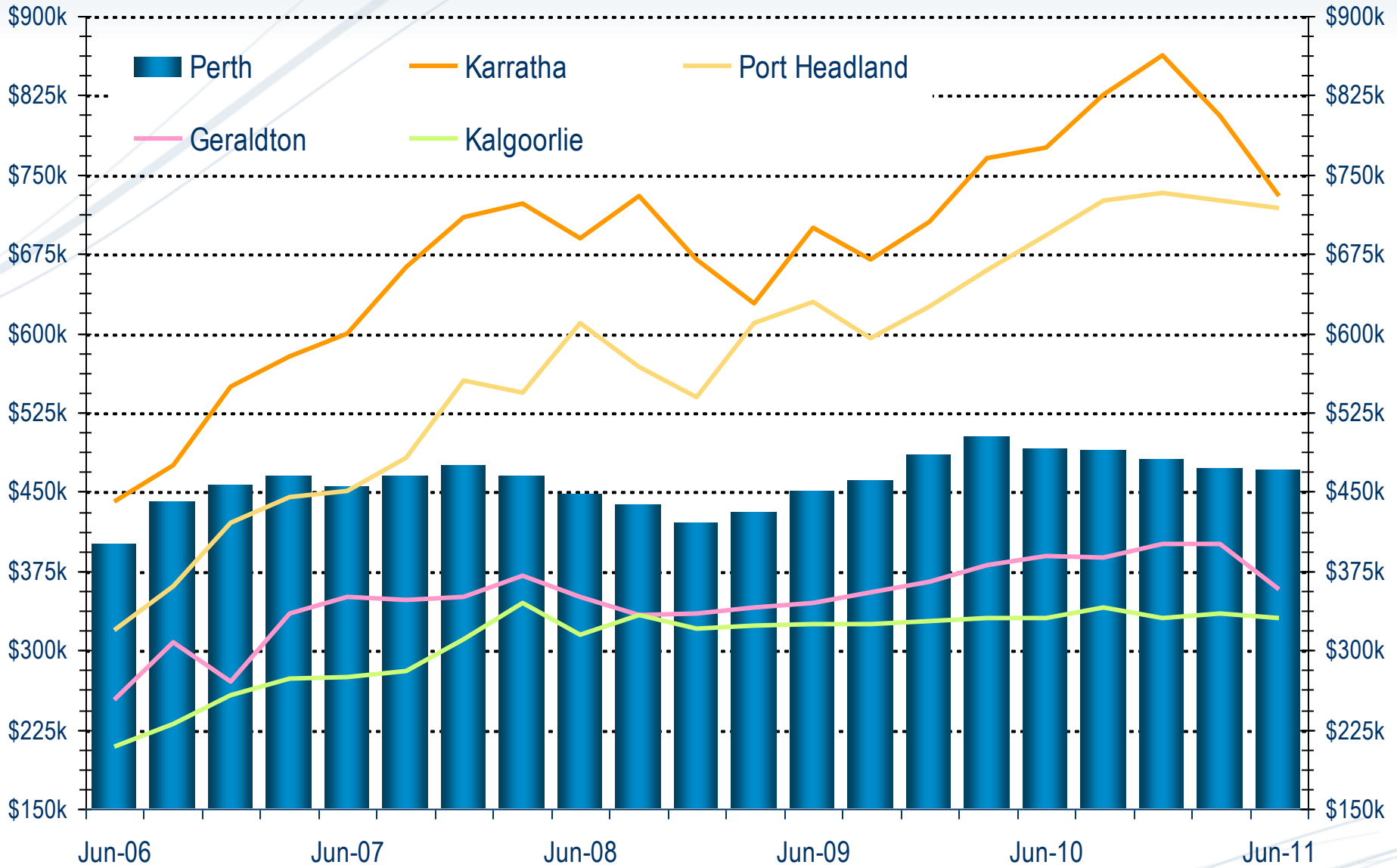
3 Month and 12 Month Expectations, Index, 100 = "Neutral"



Source: CBS-CCI Survey of Consumer Confidence

Median House Prices

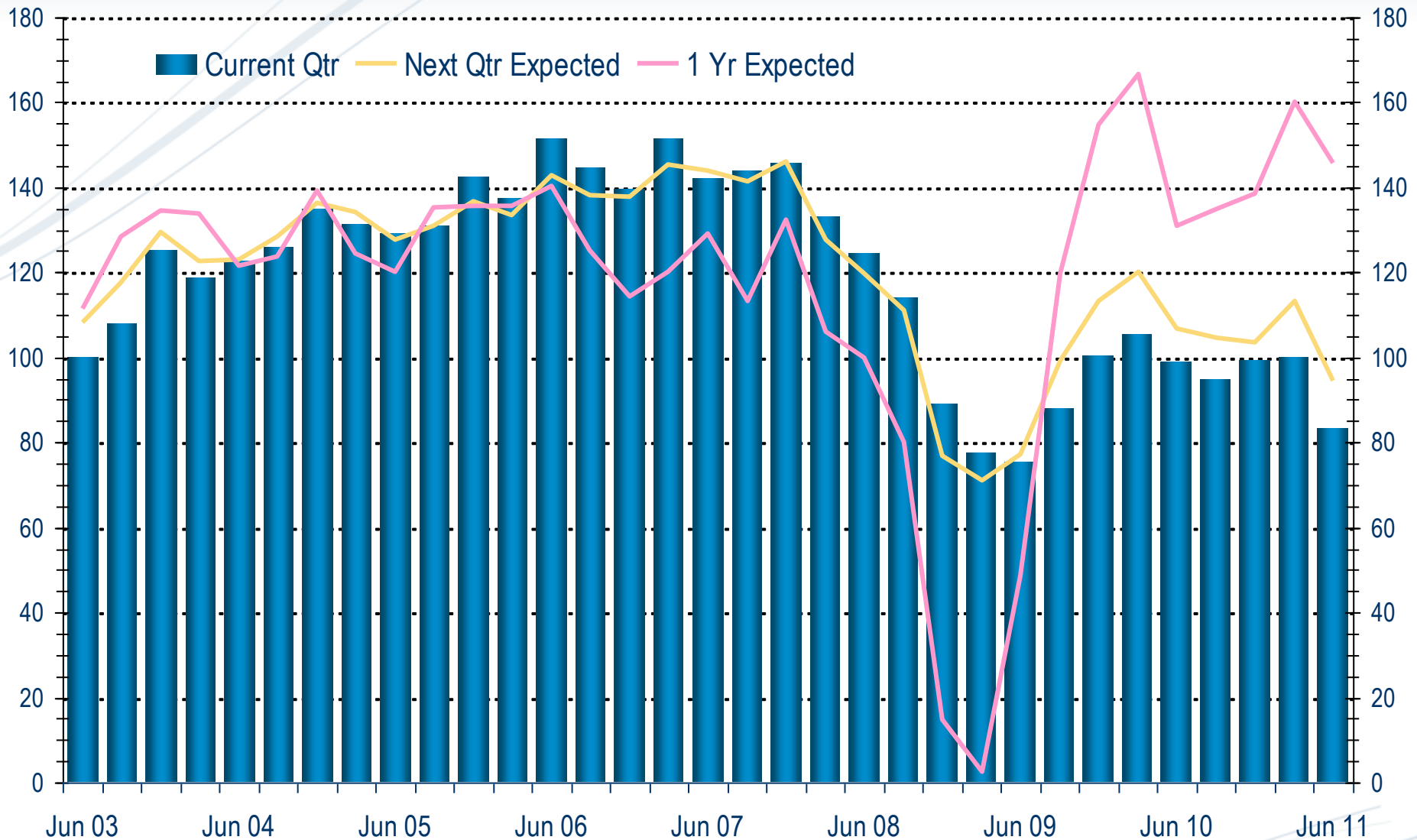
Selected Regional Centres, WA



Source: REIWA

CBA - CCI Business Expectations, Economic Conditions

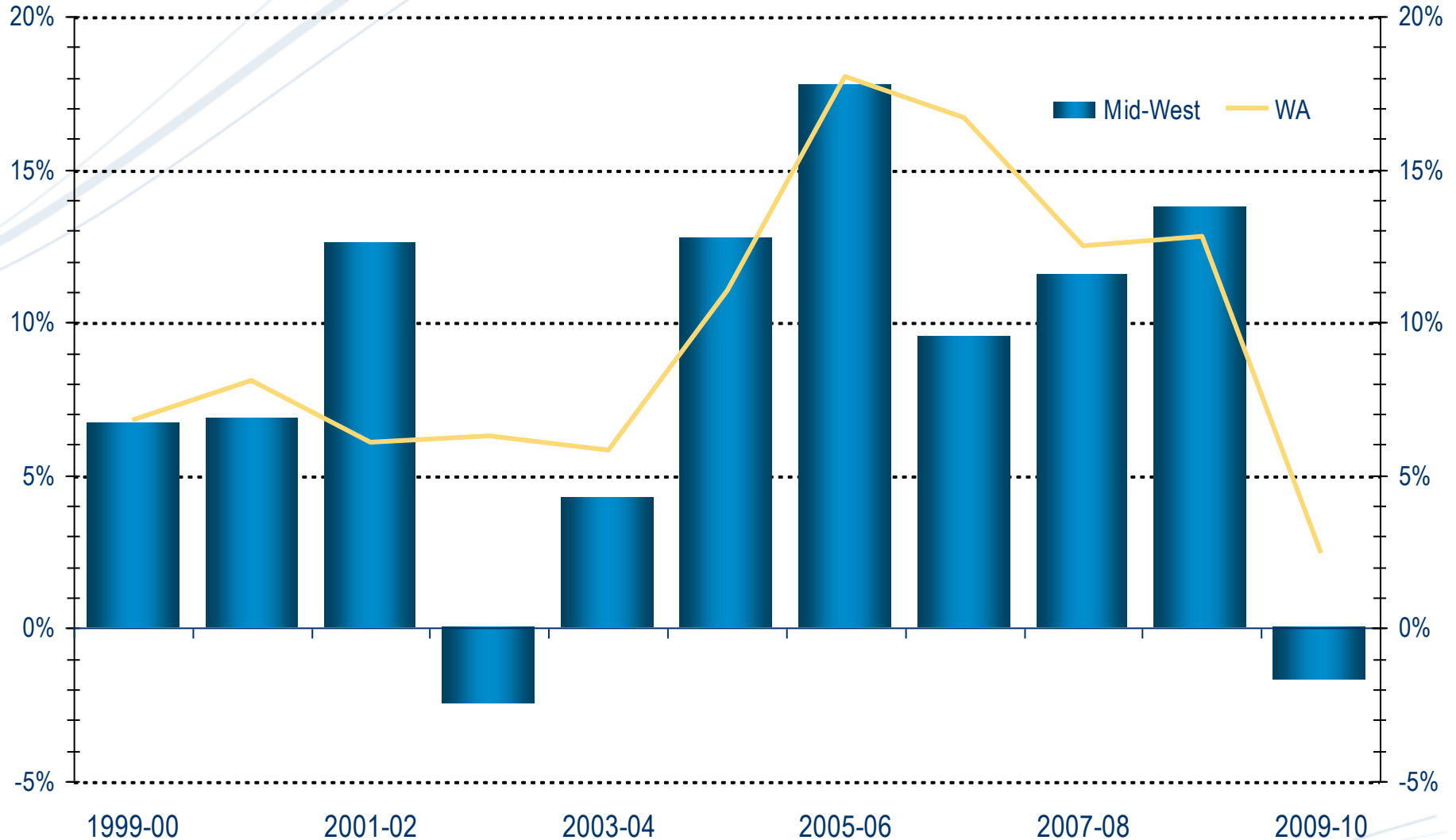
3 Month and 12 Month Expectations, Index, 100 = 'Neutral'



Source: CBA-CCI Survey of Business Expectations

Economic Growth in Mid-West vs WA

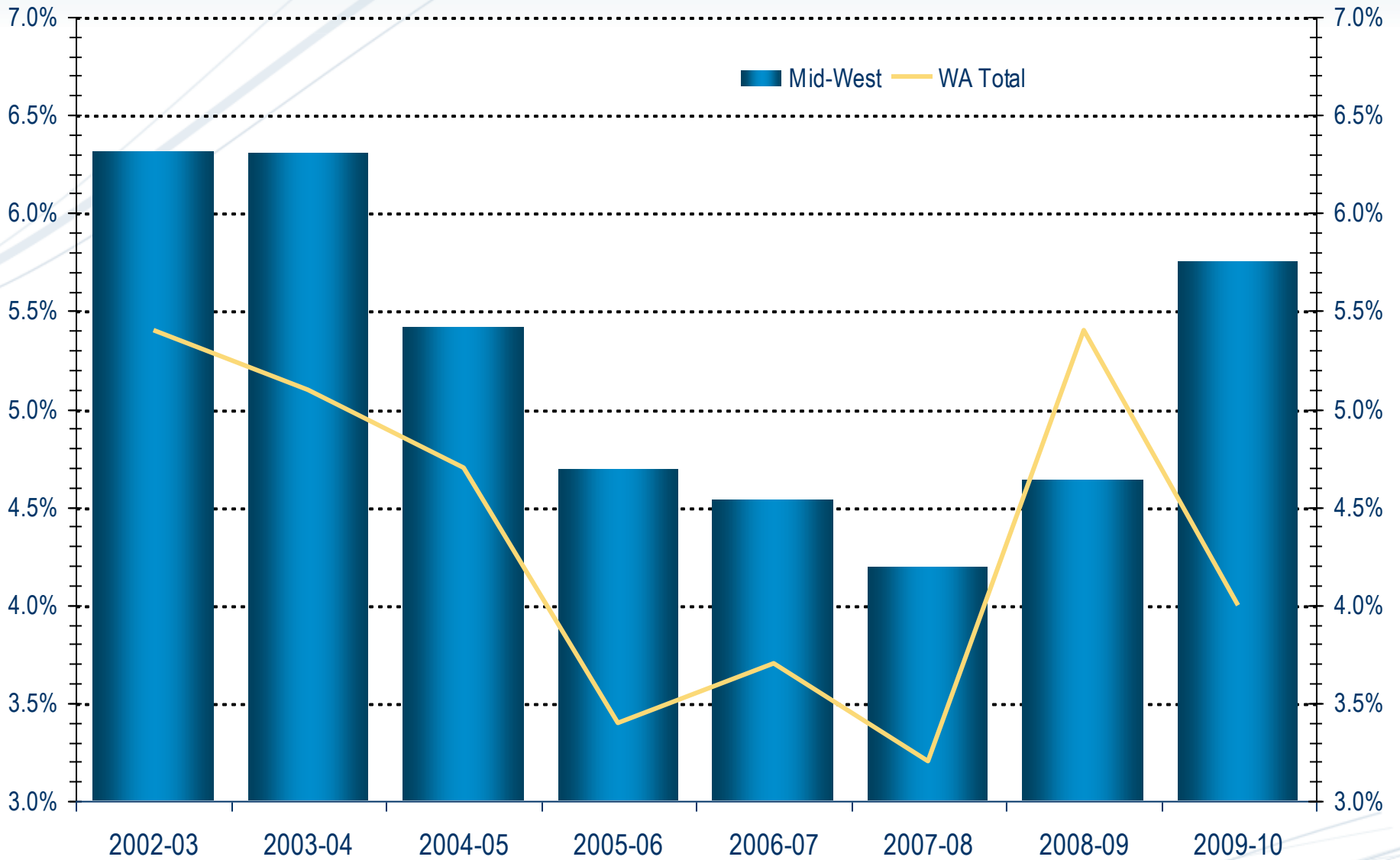
Annual Percentage Change



Source: ABS and Department of Regional Development and Lands

Mid-West vs WA Unemployment Rate

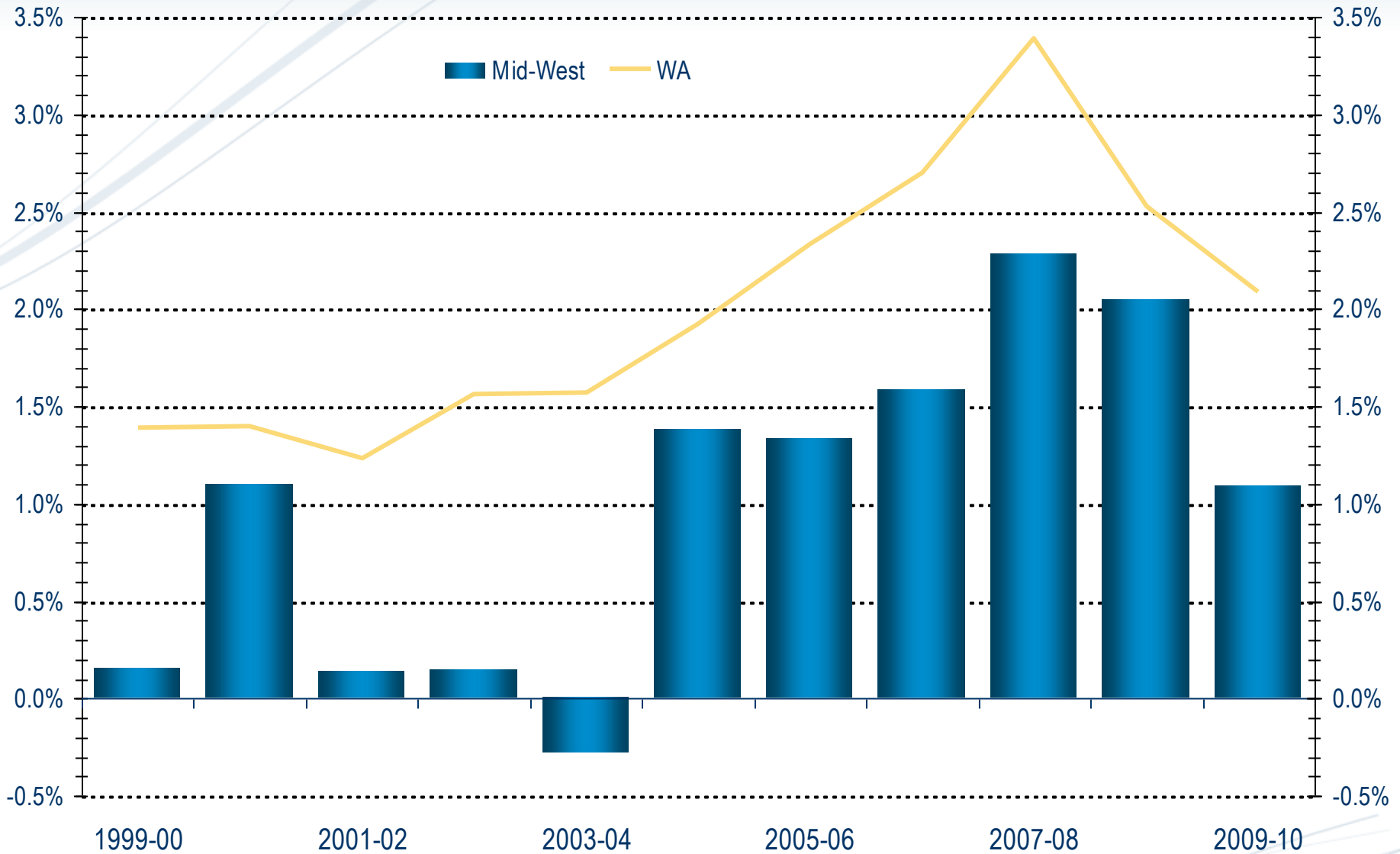
Financial Year Average



Source: ABS Cat. 3218.0

Estimated Resident Population

Mid-West and WA Annual Percentage Change



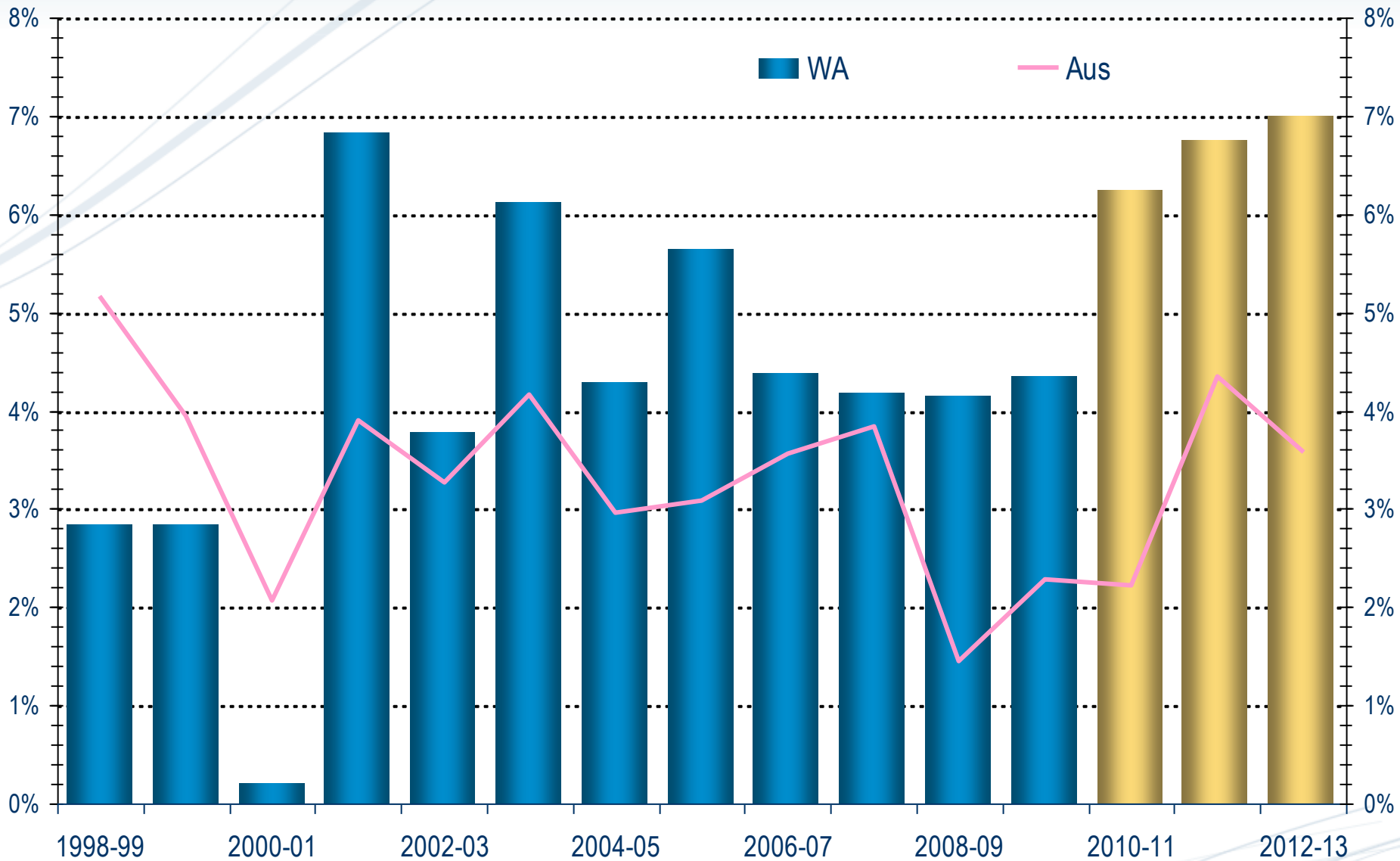
Source: ABS



The Outlook

Real Economic Growth, Actual & Forecast

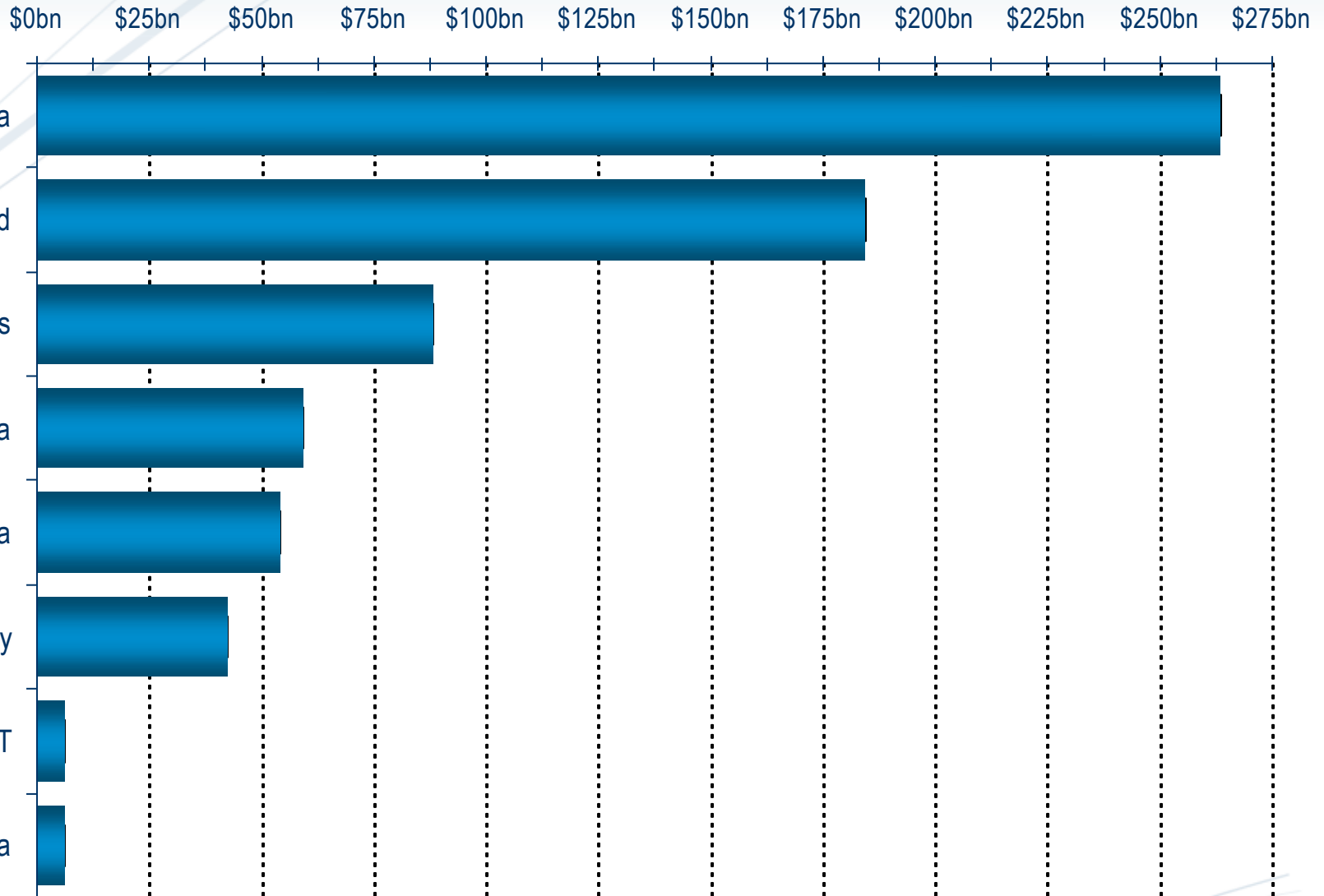
Annual % Change



Source: ABS Cat. 5220.0, CCI

Current Investment Projects

By State, June 2011



Source: Access Economics

Investment Projects by Industry

For Western Australia, June 2011



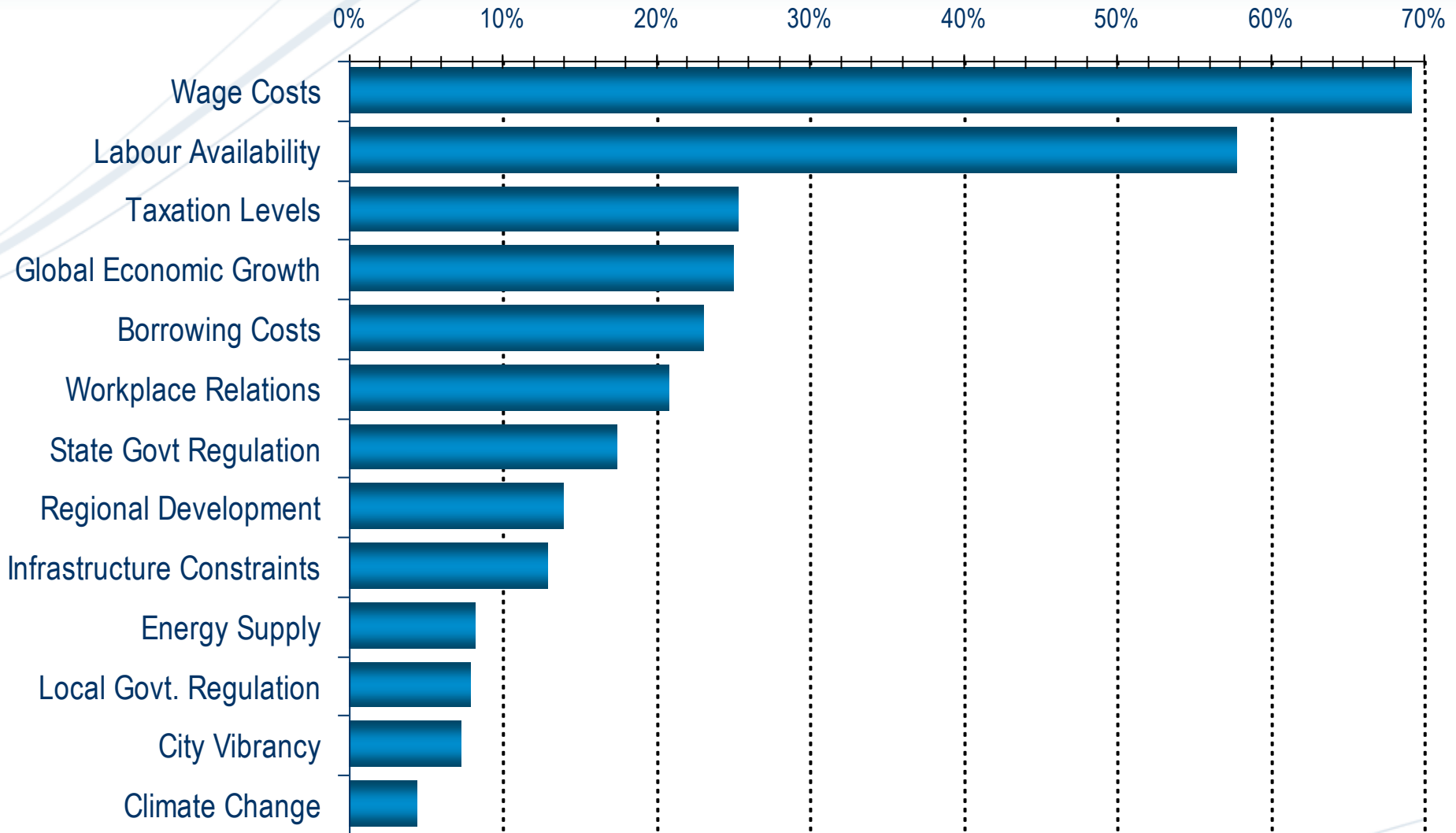
Source: Access Economics



Issues & Challenges

Top Priorities for WA Businesses in 2011

Percentage of Respondants Ranking the Issue in Top Three

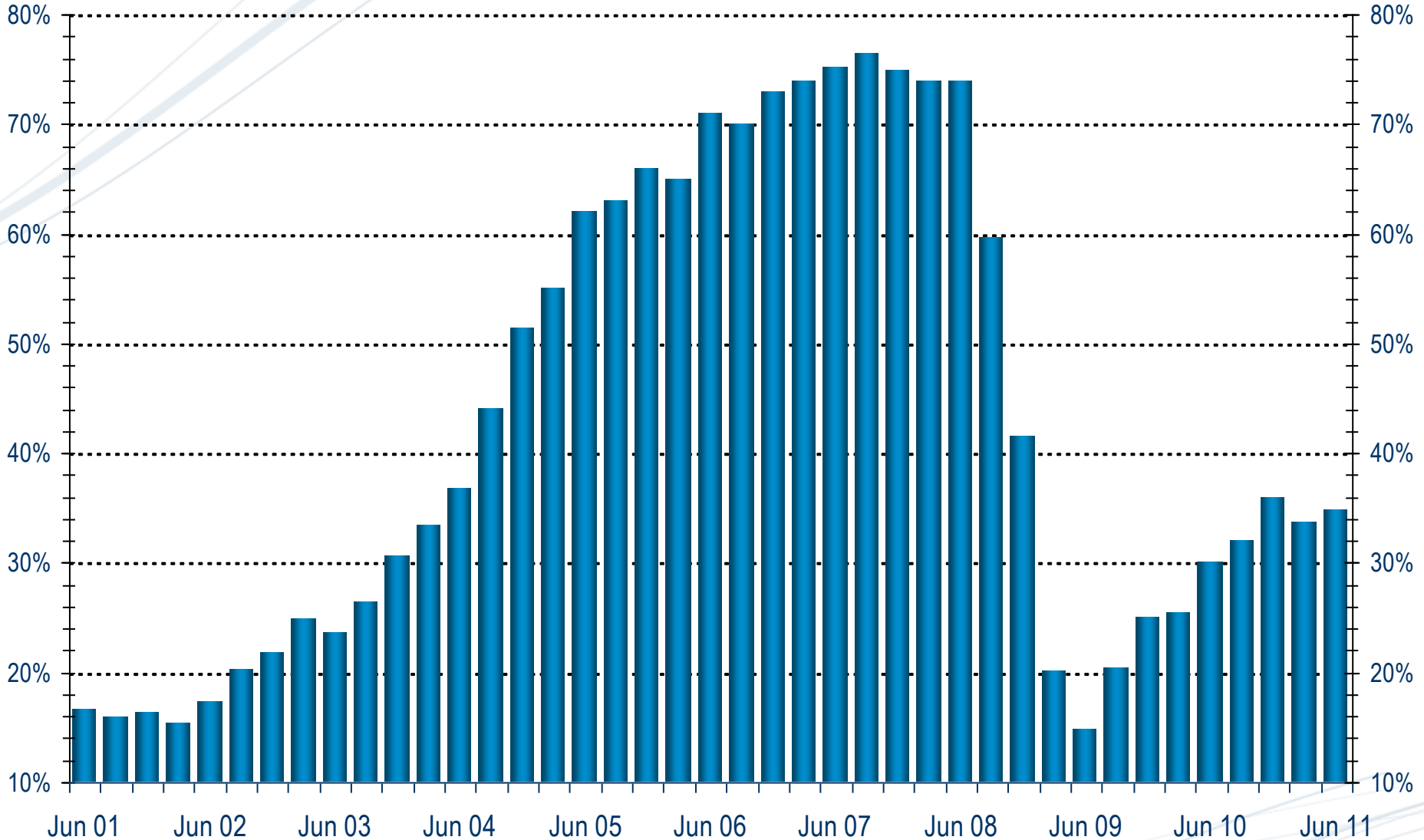


Source: CBA-CCI Survey of Business Expectations



CBA - CCI Survey of Business Expectations, Labour Availability

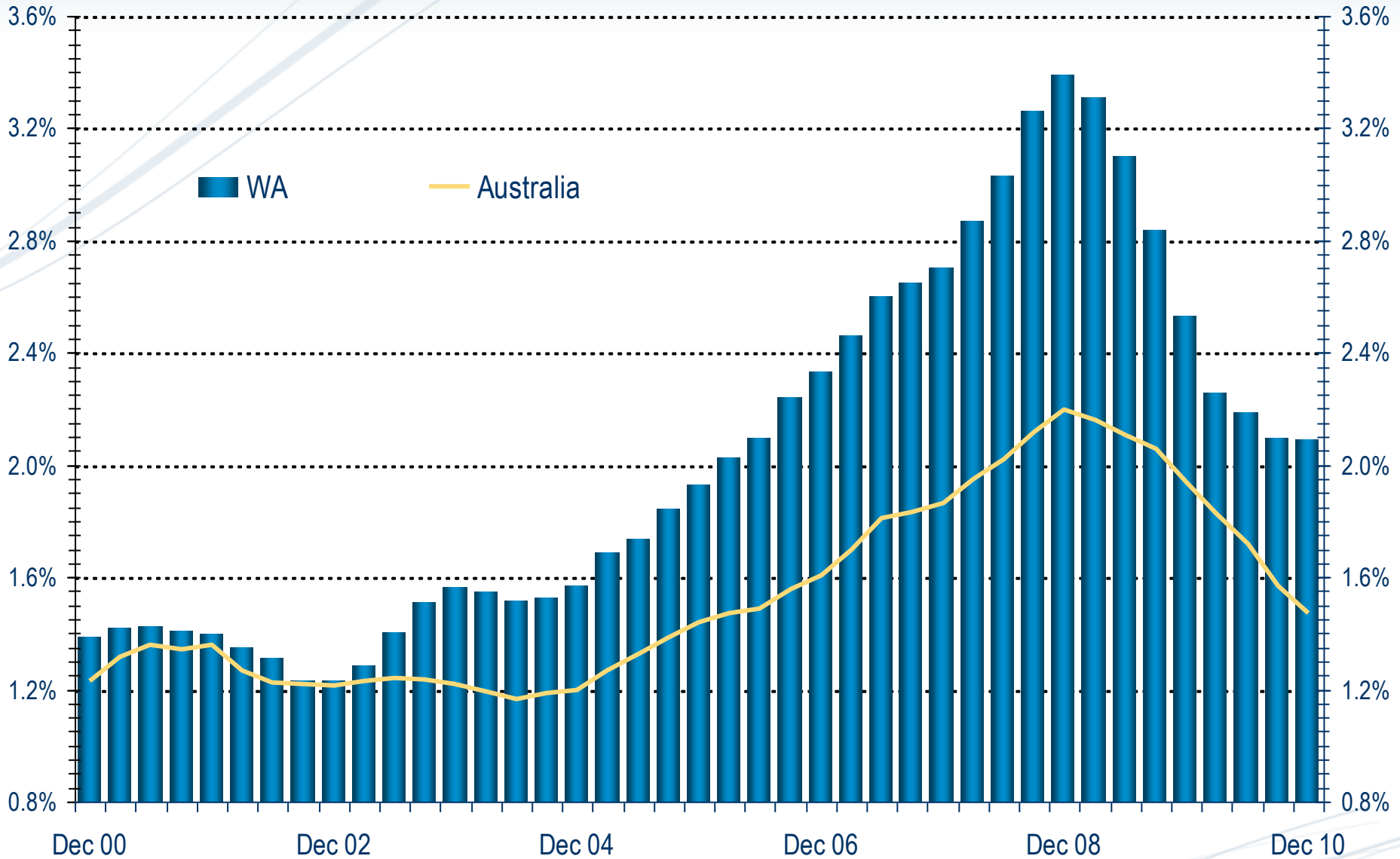
Percentage of Respondants Indicating Labour is 'Scarce'



Source: CBA-CCI Survey of Business Expectations

Estimated Resident Population

WA & Australia, Annual Percentage Change

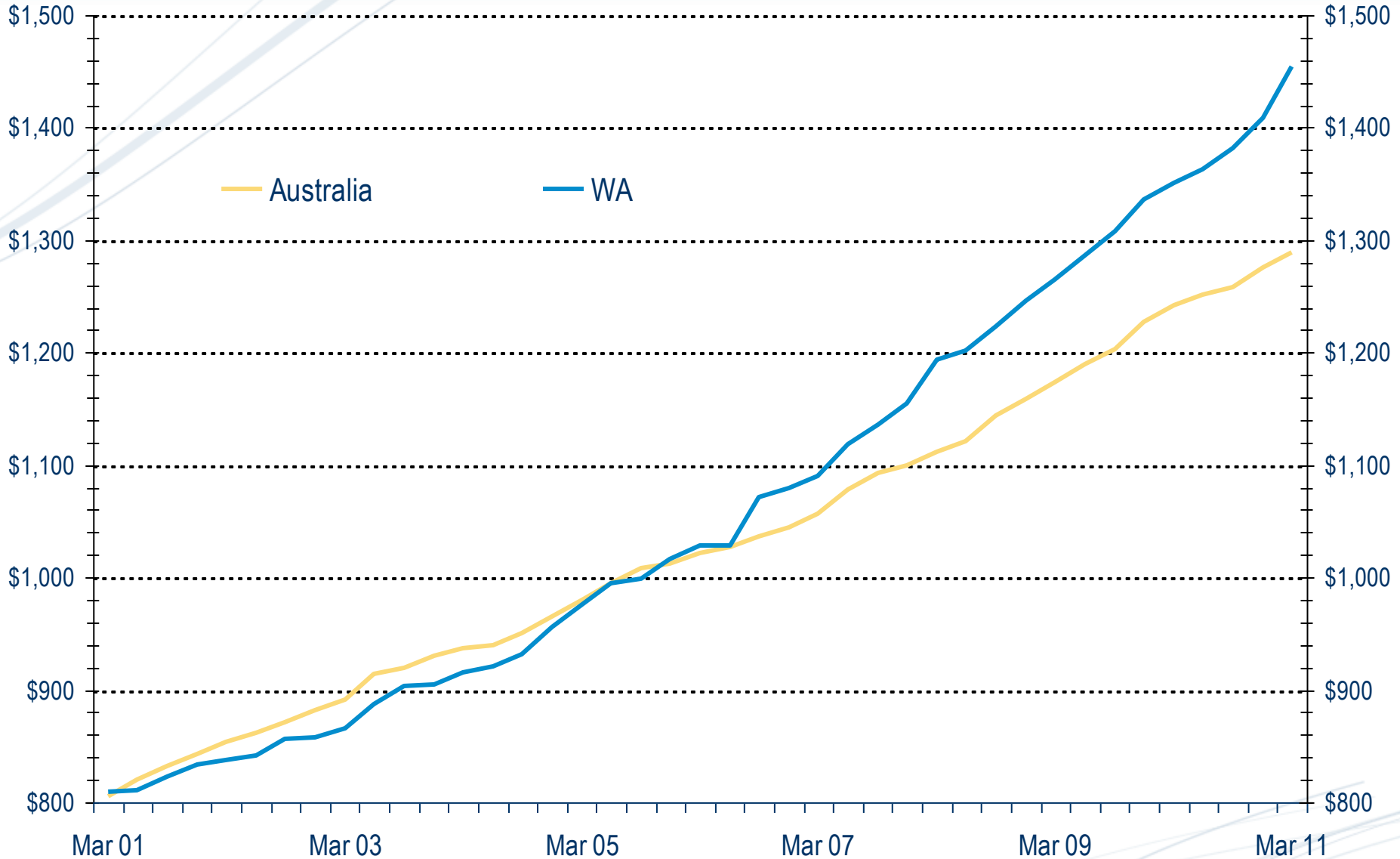


Source: ABS Cat. 3101.0



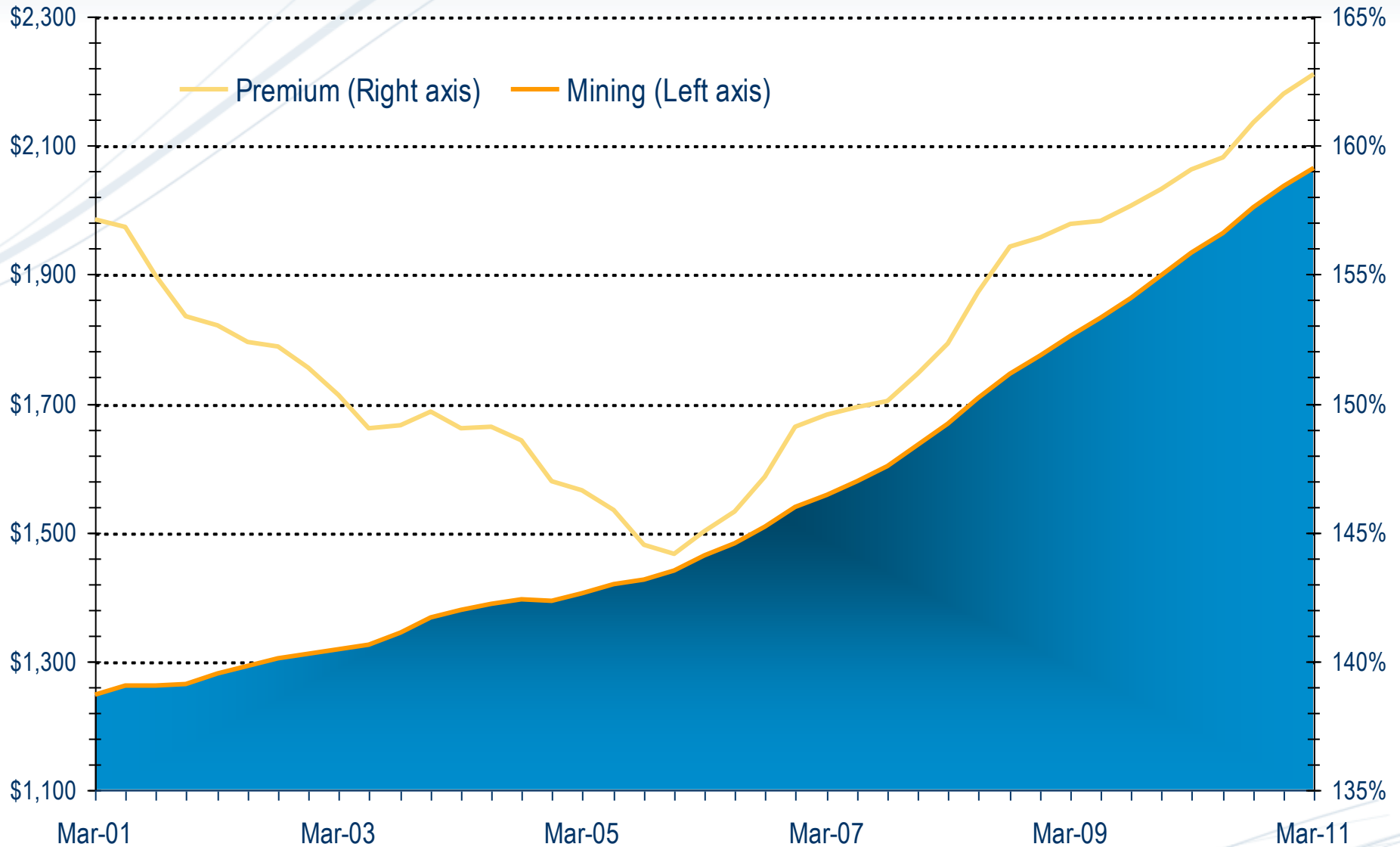
Average Weekly Earnings

WA and Australia, Dollars per Week, Ordinary Time Earnings



Average Weekly Earnings - Mining Sector

Full-time Adults, Mining & Premium Over All Economy AWE

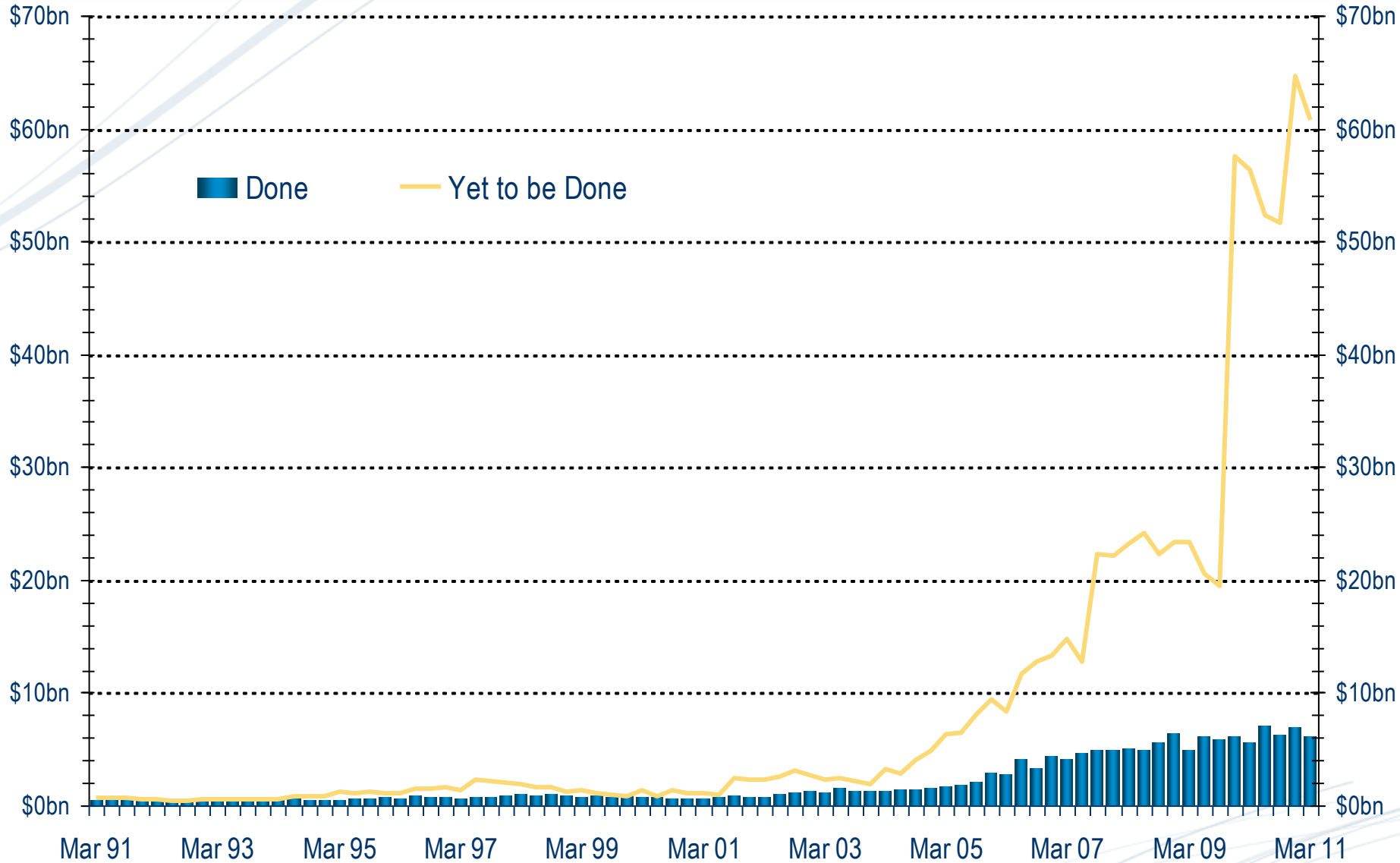


Source: ABS Cat. 6302.0



Engineering Construction

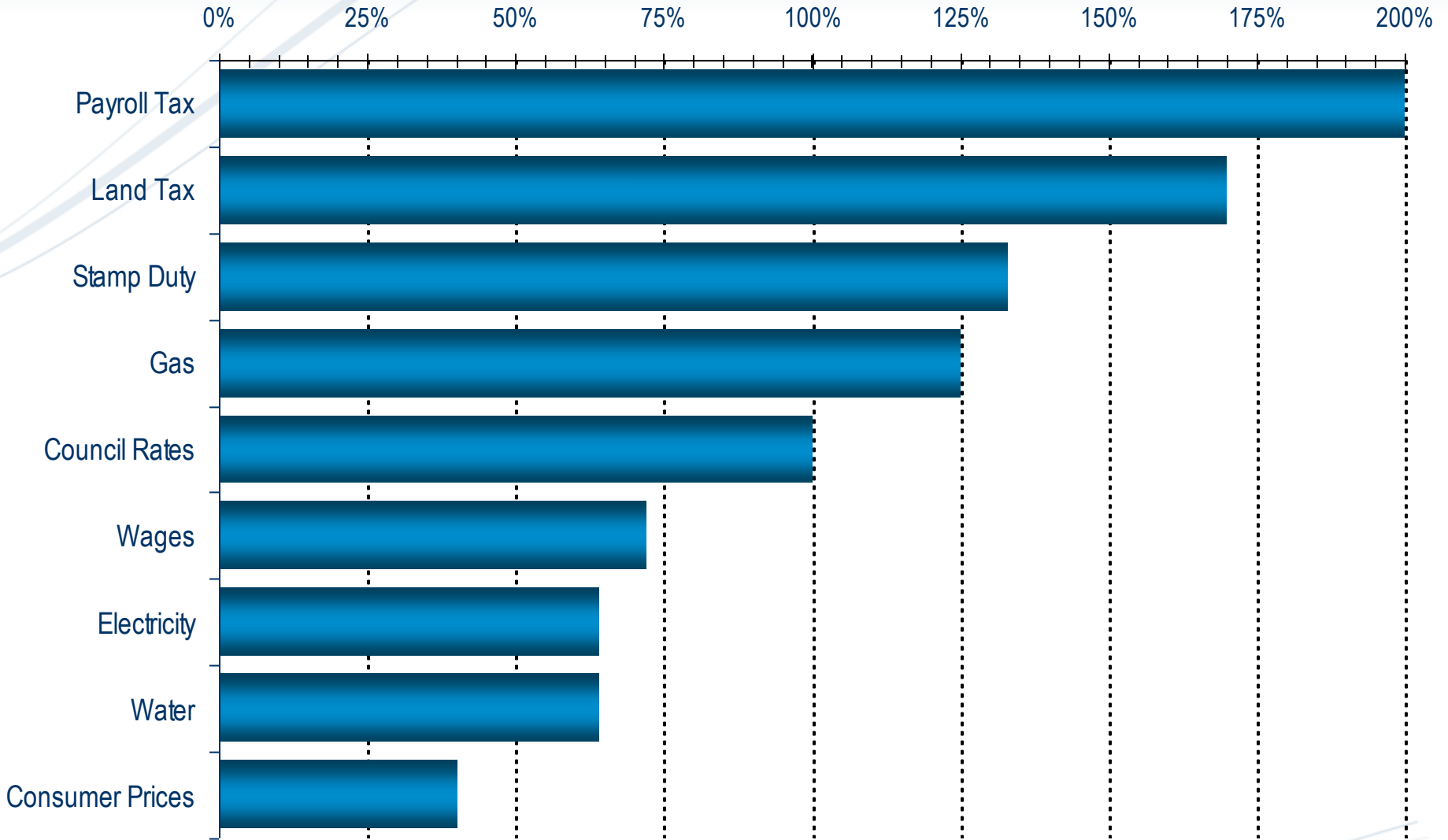
Western Australia, Work Done & Yet to be Done, \$ Billions



Source: ABS Cat. 8762.0

The Cost of Doing Business in WA

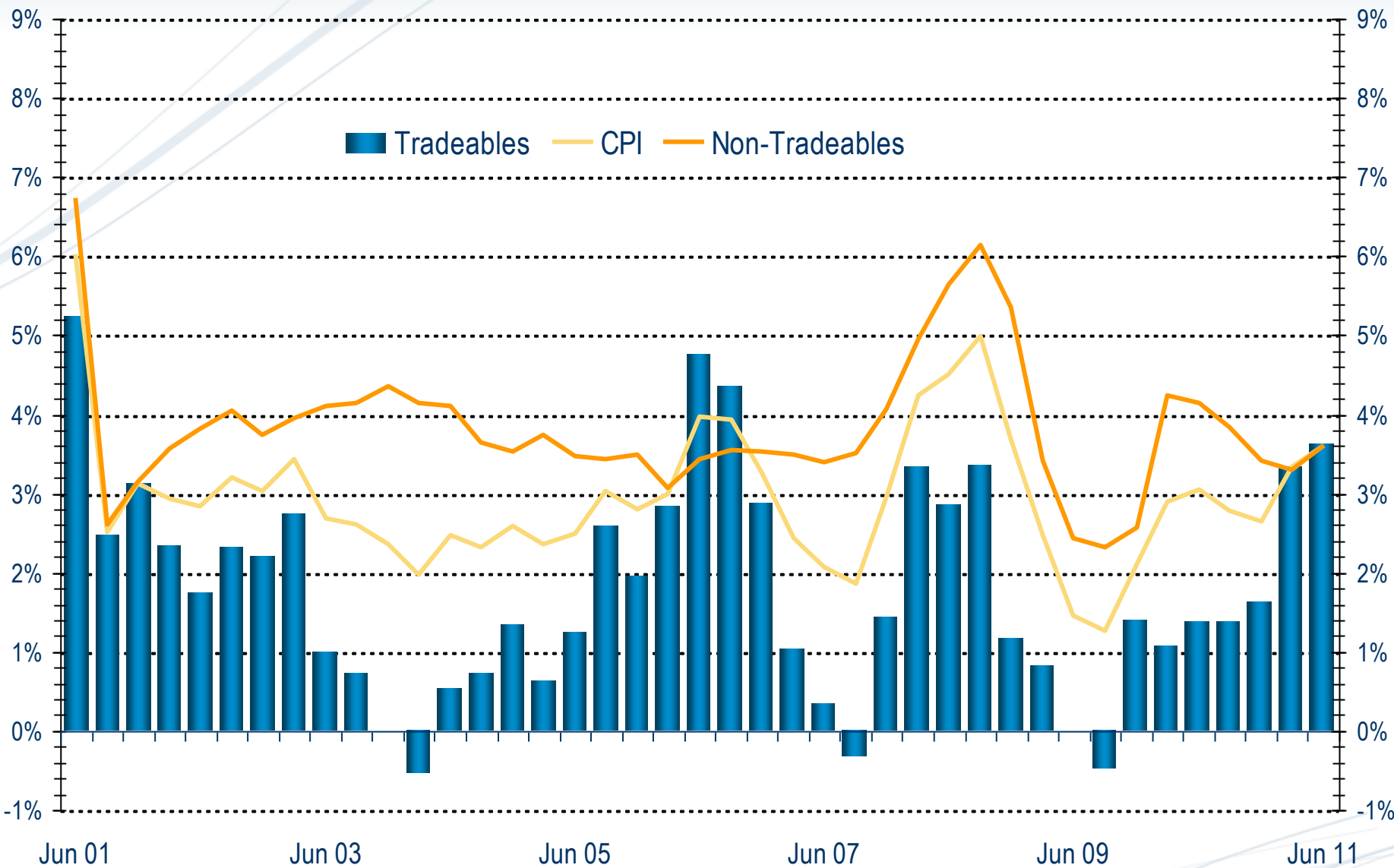
Percentage Increase in Items Since 1999-00



Source: ABS

Consumer Prices

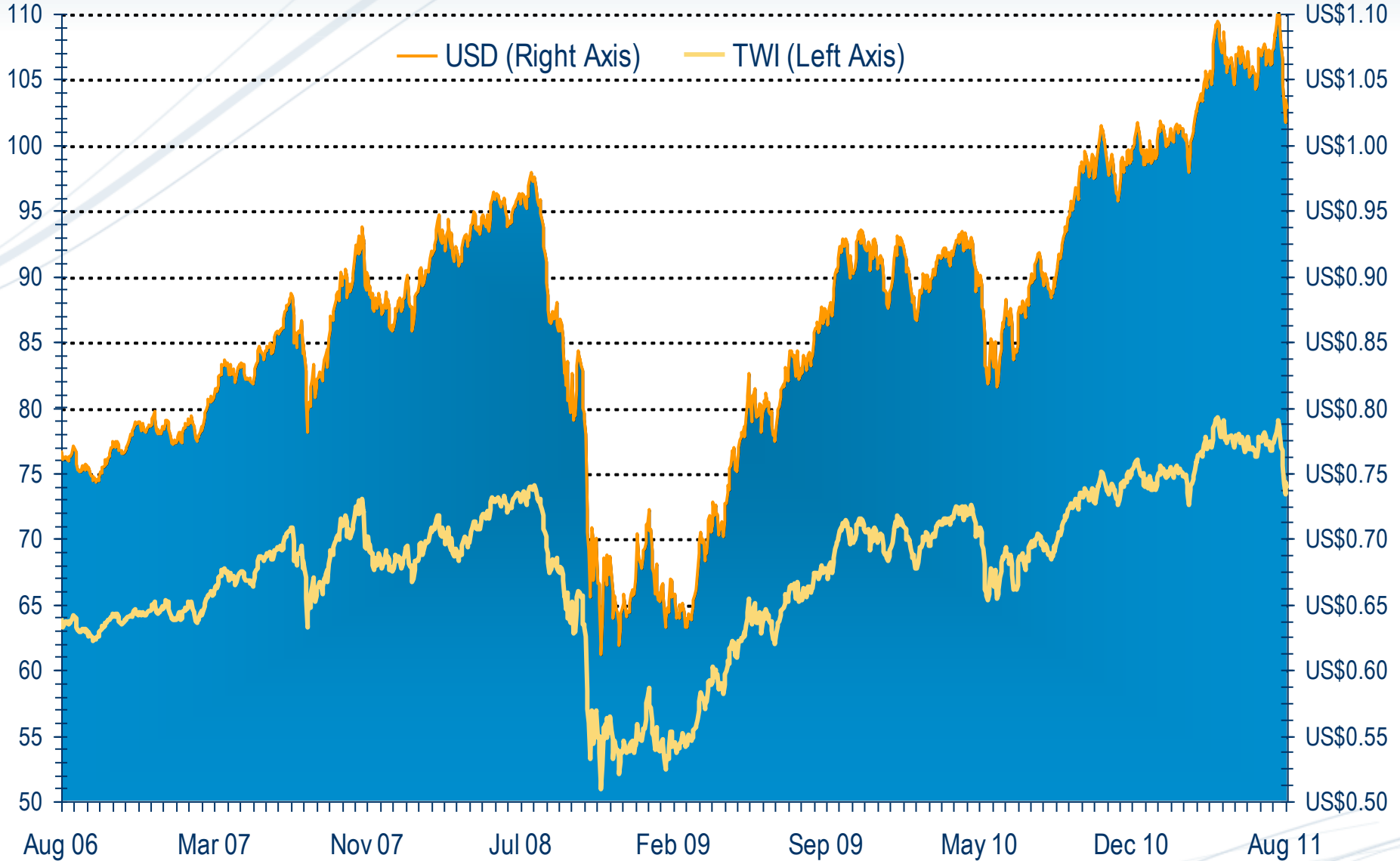
Australia, Tradeables vs Non-Tradeables, Annual Percentage Change



Source: ABS Cat. 6401.0

Australian Dollar Exchange Rate

USD and Trade Weighted Terms

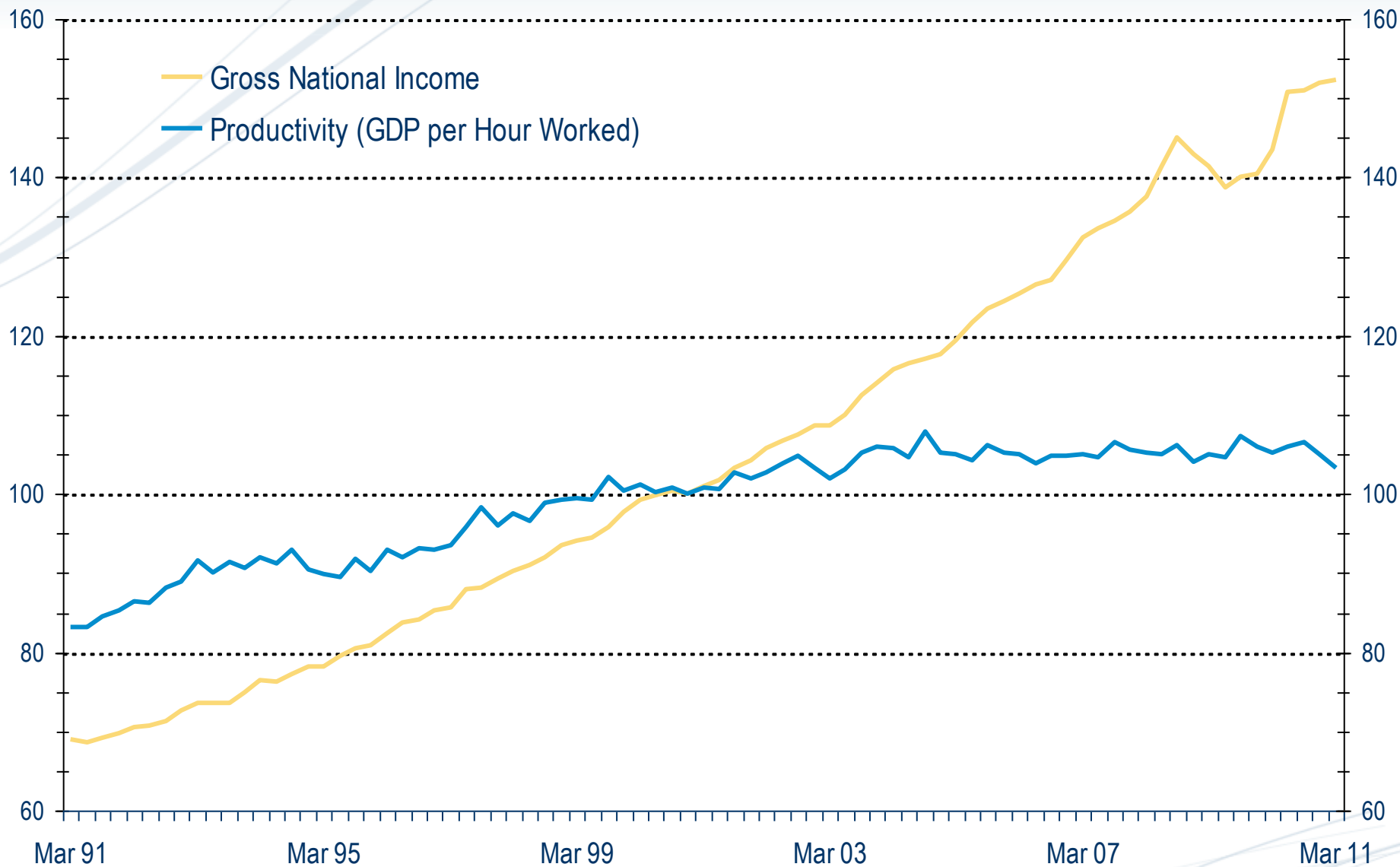


Source: Reserve Bank of Australia

Productivity & Gross National Income



Index, December 2000 = 100



Source: ABS Cat. 5206.0

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Genesys Wealth Advisers – CCI
Leading Index of WA Economic Activity

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The Genesys Wealth Advisers – CCI Leading Index of WA Economic Activity fell for the third consecutive month during June 2010, following a period of sustained growth in the index. The index fell by 1.2 per cent during the month, however is still 11.8 per cent higher than a year earlier.

The decline in the index was driven by a deterioration in business confidence, which reached its lowest level in eleven months. Meanwhile, the local share market also detracted from growth in the index amid uncertainty surrounding the proposed Resource Super Profits Tax and concerns about the recovery in the global economy. Chinese industrial production continues to be a key contributor to the index. Industrial production in China grew by 13.7 per cent over the year to June 2010, although this has moderated from previous months.

Genesys Wealth Advisers – CCI Leading Index of WA Economic Activity

Available at www.cciwa.com/economic

A MONTHLY PUBLICATION OF CCI
SPONSORED BY GENESYS WEALTH ADVISERS LIMITED
CONTACT MICHAEL SMITH AT GENESYS ON (08) 9327 7000
ACTUARY RESPONSIBILITY: JUNE 2010/2011 APRIL 2009/2010

FOR FURTHER DETAILS ON THE SURVEY CONTACT
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EMAIL: tina.wilson@genesys.com.au

COMMONWEALTH BANK – CCI SURVEY OF WA
business expectations
SEPTEMBER QUARTER 2010

Businesses remain cautious despite longer-term optimism

Commonwealth Bank

Business confidence in the WA economy has softened in the short term, however firms remain confident that conditions will improve in the year ahead according to the latest Commonwealth Bank – CCI Survey of Business Expectations.

One year expectations for the WA economy remain at historically high levels, despite the sharp fall in June. Some 47 per cent of respondents expect a stronger performance in the local economy over the year ahead, up from 46 per cent in the previous quarter.

Despite the positive expectations for the WA economy over the medium term, only 21 per cent of respondents expect conditions to improve in the next quarter, down from 24 per cent in June.

The fall in sentiment is likely to reflect rising business costs, which remain at a steady high level.

Employment costs continue to weigh upon firms, with almost half of respondents reporting that wage costs had increased during the quarter and 39 per cent experiencing a rise in the next quarter.

The cost of materials and equipment was also a concern for WA businesses, with more than half of respondents reporting an increase in the September quarter of 2010.

The higher cost of doing business are increasingly being passed onto consumers, with a quarter of respondents reporting that prices in September. This trend looks set to continue going forward, with close to a third of those surveyed expecting to charge higher prices in December.

Despite many businesses raising their prices, profitability was further eroded during the September quarter, following the large hit during the December quarter.

WA economic conditions

Key Points

- Business confidence remained firm during the September quarter although respondents are cautious about the near term outlook.
- A rising 47 per cent of respondents expect the WA economy to improve over the next 12 months.
- Higher business costs have resulted in operating conditions worsening.
- Labour availability has deteriorated, with one third of businesses likely to reduce headcount.
- Future Growth, Expansion and Hiring.

Survey Sample

Number of respondents	61
Employment	43,200
Respondents by size:	
Small	44%
Medium	41%
Large	15%
Respondents by sector:	
Services	32%
Manufacturing	23%
Construction	22%
Distribution	23%

The inquiry verified and not independently verified by business opinion in Western Australia.

A quarterly publication of CCI
SPONSORED BY COMMONWEALTH BANK

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Curtin Business School – CCI Survey of
Consumer Confidence
SEPTEMBER QUARTER 2010

Despite short-term uncertainty, consumers confident about the year ahead.

WA consumers have remained optimistic about the short term prospects for the WA economy, with a further 71 per cent that it is a good time to enter the property market.

The September quarter survey, which is the only survey of its kind in the state, compared the views of more than 400 adults, located across both metropolitan and regional areas. The results show that just 21 per cent of WA workers expect their WA economy to improve over the next three months, down from 30 per cent in June.

The drop in consumer confidence was largest among young adults income earners and young people. The proportion of middle income earners who did not expect their WA economy to improve in three months rose from 50 per cent in June to 52 per cent in September, while young people went from 40 per cent to 37 per cent. By contrast, the proportion of those aged 50 and over who expect to see their WA economy improve over the next three months was unchanged for the past three months.

The softening of consumer confidence in the short term has also been reflected in cautious surveys of consumer sentiment.

The September edition of the Westpac-ANZ Consumer Confidence Index (CCI) found that the Australian consumer's expectations for the September quarter fell back to single digits after a surge in July. Meanwhile, the weekly Roy Morgan Consumer Confidence Index has been relatively unchanged for the past three months.

WA economic conditions

3 Months out of 12 Month Expectations

WA consumers believe that now is a good time to invest in the property market, with a further 71 per cent that it is a good time to enter the property market. Meanwhile, the impact of the economic downturn continues to be felt in the state's labour market. Although the September quarter of WA businesses believe that their ability to find jobs has improved, the quarter's survey revealed that a large proportion of WA workers are being under-utilised. Some 22 per cent of Western Australians that are currently in the labour force do not work as many hours as they would like, with younger Western Australians more likely to work fewer hours (27 per cent). This is a key CCI focus area. Research is currently being undertaken to better understand the different conditions facing the target of the research.

The September edition of the Westpac-ANZ Consumer Confidence Index (CCI) found that the Australian consumer's expectations for the September quarter fell back to single digits after a surge in July. Meanwhile, the weekly Roy Morgan Consumer Confidence Index has been relatively unchanged for the past three months.

WA economic conditions

3 Months out of 12 Month Expectations

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