

Welcome to QETA Newsletter 14 2017.

QETA 2017 CALENDAR OF EVENTS

Jul 21	QUT Student Day
Jul 24-28	QETA Student Economics Competition
Sep 11	QETA Student economics Competition Presentation of prizes (to be confirmed) – University of Queensland Art Gallery
Oct 1	Econopak Number 3 published
Oct 11	QETA Annual General Meeting – Cavendish Road SHS

QETA NEWS

1. STUDENT ECONOMICS COMPETITION

This week the QETA UQ Economics Student Economics Competition will be conducted. There is no limit on how many students can enter. Many schools have already entered their students. If you want to join them, please register your students at www.qeta.com.au urgently. Join the 2200 students who have already been entered in the Competition.

2. PROMOTING ECONOMICS

It's subject selection time again in many schools. To promote Economics to students, don't forget that QETA has an excellent PowerPoint Presentation available on the QETA website. We also have pens, brochures and posters for sale at <https://qeta40.wildapricot.org/admin/website/?pageId=1439185> All are in stock and so can be sent very quickly.

3. UNIVERSITY STUDENT DAYS

The Student economics days have been held at UQ and QUT. UQ was very successful with 500 students in attendance (fully booked out) and QUT had 175 students in attendance. All students were very well behaved. Many thanks to the various lecturers who presented to the students. Many teachers commented to us that the lectures were interesting and relevant to their students.

TEACHING RESOURCE

2017 ASX Schools Sharemarket Game (Game 2 begins on 20 July 2017)

While you teach your students about investing and the Sharemarket, they can put into practice what they are learning by playing the Sharemarket Game. Students receive a virtual \$50,000 they can invest over a 10 week period, in 200 companies listed on the ASX. The prices students buy and sell at are the same prices as they would get in the live market so this is as close to real life share trading as you can get.

As a result of playing the Game your students will:

- Develop their knowledge of the sharemarket.
- Learn how to research companies.
- Discover the importance of wise investment decisions.
- Gain a greater knowledge of economic and world events.
- Begin to learn more about investing which is beneficial for their future.

>> **Registrations open for Game 2 - 2017 : 20 July 2017**

>> **Game 2 dates: 17 August 2017 - 25 October 2017**

There are teacher lesson plans and resources available once you register for the Game. If you would like to access the resources prior to registrations opening, please request via school.smg@asx.com.au.

>> [Further information](#)

Students making virtual dollars could win real cash prizes

The Financial Basics Foundation has called on Australian teachers to register their classes for the chance to make a virtual fortune in its annual money management competition for students. Participants in the ESSI Money Challenge have the chance to win a \$4000 cash prize for their school. Individuals can also win \$1000 deposited into a Suncorp Kids Savings account.

Financial Basics Foundation CEO Katrina Birch said more than 34,000 students have participated in the ESSI Money Challenge since it began seven years ago.

"The competition allows students to enter a virtual world where they can safely put their money management skills to the test, competing against classmates and students around Australia," Ms Birch said.

"They experience what it's like to apply for jobs, earn a wage, invest in shares and even go bankrupt.

"It's a fun way to learn about money, which can help them navigate a world where cash is usually invisible."

The Financial Basics Foundation is a not-for-profit organisation that provides free financial literacy resources to high schools throughout Australia.

It was formed in 2002 and aims to equip young Australians with the knowledge, skills and confidence to make informed financial choices now and in the future.

Ms Birch said the importance of teaching young people how to earn, save, spend and invest money wisely should not be underestimated.

"In today's world of easy credit and fast paced consumerism, it's never been more important to show young people how to make smart financial decisions," she said.

FAST FACTS

Registrations are open: Monday 31 July to Friday 1 September (five weeks).

The ESSI Money Challenge is open: Monday 21 August to Friday 1 September (two weeks).

For more information and to register your class, visit: www.financialbasics.org.au

Tax, Super + You Competition for students in Years 7-10

Are you a high school student in Year 7 – 10? Are you creative genius who can create an innovative way to generate buzz about tax and super? You are?! Great – this competition sounds perfect for you!

You are invited to think outside the box and pitch your ideas on how you would tell your friends about the value of tax and super in the community. You can Write It, Make It or Film It. Don't worry you don't have to be a tax guru to take part! You will not only get an insight into the value of tax and super, but you could also have the chance to win a share of \$4,000 in prizes! Your creative idea could even be used in a national campaign.

Entries close on **Friday 3 November 2017.**

Suggested topics include:

- Taxes collected are used to help your local sports grounds, parks and recreation centres.
- Taxes are used to help the community meet the cost of healthcare.
- The more super you save now will allow you to live comfortably in retirement later.
- You can choose how actively you would like to be involved in your super account:
 - You can use a super fund or set up a self-managed super fund.
 - You can pay more into you super, access government contributions and other benefits.

>> [Further information](#)

PROFESSIONAL LEARNING

TED EVANS PUBLIC LECTURE

The Economic Society of Australia (Qld), in partnership with the University of Qld, Qld University of Technology and Griffith University, has established an annual Ted Evans Public Policy lecture to be delivered by prominent current or former public policy practitioners on important issues of public policy. We are delighted to advise that the inaugural lecture will be delivered on 14 September by Ted Evans, AC, former Secretary to the Treasury from 1993 to 2001 and Chair of Westpac from 2007 to 2011. Ted is one of Australia's greatest public servants. This named lecture is a recognition of his significant contributions to the development and implementation of effective economic policy from the 1980s to 2001, including floating of the Australian dollar, tax reform and broader micro-economic reform including reform of industry policy and later industrial relations reform.

He will speak on the critical importance of informed public debate to the development and implementation of effective public policy; and of the role of different contributors to that debate.

The public lecture will be held at UQ Customs House from 5.30 to 7.30pm, Thursday 14 September.

For further information and to book please visit - [Ted Evans Public Lecture](#)

There is no charge for the event but prior bookings are essential. Light refreshments will be served after the address.

We hope you can join us for this important address on effective public policy.

Flavio Menezes

President, Economic Society of Australia (Qld)

Professor of Economics, University of Qld

NEW REPORT - WHY CHOOSE TEACHING ?

The Queensland College of Teachers (QCT) has released a report offering empirical evidence of what Queensland teachers have to say in response to a key question: Why choose teaching?

Ensuring that Queensland has a sustainable teacher workforce to meet current and future demands is a significant strategic issue for all stakeholders across the education sector.

The report provides previously unavailable evidence about specific drivers of choice that can be used to inform targeted recruitment strategies and decision development. It also identifies the intrinsic motivators that influence a person's choice to become a teacher, who influences their decision and how this information can be used.

The report highlights that Queensland teachers have a high level of satisfaction with their choice of teaching as a career and do not view teaching as a fall back career. This is despite the challenging nature of the profession and the way it is sometimes presented in the media and by some influential parties. The report can be found at <http://qct.edu.au/about/research-reports>

If you have any questions or comments regarding the attached documents or this research project please don't hesitate to contact me by email: john.ryan@qct.edu.au

If you would like to request a hard copy of the report, please contact Leonne Jones by email: leonnejones@qct.edu.au

RESOURCES

1. FROM DFAT

New international trade facilitation arrangements

Australia has entered into several new international arrangements which will improve the nation's competitiveness and ability to trade globally. Mutual Recognition Arrangements have been signed with Korea's Customs Service, Canada's Border Services Agency and the Customs and Excise Department of Hong Kong. Australian Border Force Acting Commissioner Michael Outram sealed the new arrangements at the recent World Customs Organization council meeting in Brussels. The Minister for Immigration and Border Protection Peter Dutton said the arrangements are an important step forward in strengthening Australia's trade facilitation.\

[Media release](#)

APEC on target to meet sustainable energy commitments

Lead Shepherd of the APEC Energy Working Group, Dr Jyuung-Shiau Chern, said APEC member economies could achieve a 43 per cent reduction in energy intensity reduction by 2035. For renewable energy, they seek to double its contribution to the region's energy mix by 2030. "According to our initial

finding, we need a six per cent increase in investment compared to business as usual to make everything happen. We are working on new actions to fill in the gap.”

[Interview](#)

Empowering women traders

Removing barriers that prevent women from fully participating in trade is critical not only for the empowerment of women but also for economic growth and development in general, speakers at a high-level meeting on gender and trade said last week. The plenary was held as part of the WTO's Aid for Trade Global Review 2017.

[WTO media release](#)

2. FROM THE ABS

5609.0 **Housing Finance**, Australia, May 2017

<http://www.abs.gov.au/ausstats/abs@.nsf/mf/5609.0?OpenDocument>

5671.0 **Lending Finance**, Australia, May 2017

<http://www.abs.gov.au/ausstats/abs@.nsf/mf/5671.0?OpenDocument>

6202.0 **Labour Force**, Australia, Jun 2017

<http://www.abs.gov.au/ausstats/abs@.nsf/mf/6202.0?OpenDocument>

3. FROM THE IMF

[Russia: Five Reforms to Increase Productivity, Diversify Growth](#)

[Country Report No. 17/198 : Russian Federation : Selected Issues](#)

[The International Tax Dimension of Economic Growth in Asia](#)

[Working Paper No. 17/166 : Women Are Key for Future Growth : Evidence from Canada](#)

4. FROM WORLD BANK

[World Population Day 2017: What can we learn from Bangladesh?](#)

“While Bangladesh’s success in fertility decline has already been well-covered, it deserves repeating. That’s because it holds a lesson for both high fertility countries in Africa and for those who portend a future of doom for those countries.” [Read More »](#)

[World Bank Publications: Global value chains create new opportunities for developing countries, but some have benefited more than others. A new report explores how GVCs can be more inclusive, and how developing economies can maximize the benefits of globalized trade.](#)

5. FROM THE RBA

The Reserve Bank of Australia has released the **Minutes of the July 2017 Monetary Policy Meeting** of the Reserve Bank Board.

<https://www.rba.gov.au/monetary-policy/rba-board-minutes/2017/2017-07-04.html>

A speech delivered by **Michele Bullock, at the Economic and Social Outlook Conference**, in Melbourne, is available on the Reserve Bank website.

<https://www.rba.gov.au/speeches/2017/sp-ag-2017-07-21.html>

A speech delivered by **Guy Debelle, at the Committee for Economic Development of Australia (CEDA) Mid-Year Economic Update**, in Adelaide, is available on the Reserve Bank website.

<https://www.rba.gov.au/speeches/2017/sp-dg-2017-07-21.html>

6. FROM TUTOR2U

The World in Economic Transition

Here is a clear infographic showing the changing balance of world GDP between different groups of countries.

<http://tutor2u.cmail19.com/t/ViewEmail/j/6B1E4EE0B8A35B90/AEBE295C90B48A651A01488700E2614F>

China in Africa - A Changing Landscape

China's evolving economic and political influence in Africa is the subject of constant analysis and discussion.

<http://tutor2u.cmail20.com/t/ViewEmail/j/820A2879E171A6C8/AEBE295C90B48A651A01488700E2614F>

Changing Prices of Everyday Goods and Services

What has happened to the prices of everyday goods and services over the last 11 years?

<http://tutor2u.cmail20.com/t/ViewEmail/j/9AF02D4421D43FF6/AEBE295C90B48A651A01488700E2614F>

Economics of the Gig Economy

To mark the publication of the Taylor Report on Employment Practices in the Modern Economy, we are curating a set of study resources for students and teachers on the economics...

<http://tutor2u.cmail20.com/t/ViewEmail/j/18673B97F52C9B79/AEBE295C90B48A651A01488700E2614F>

Austerity fatigue sets in

Ed Conway from Sky asks "how do you solve a problem like austerity?"

<http://tutor2u.cmail19.com/t/ViewEmail/j/F48BA19D6581F045/AEBE295C90B48A651A01488700E2614F>

Tales from the New Silk Road

The One Belt One Road initiative is shaping up to be one of the defining trade and investment strategies of the age.

<http://tutor2u.cmail19.com/t/ViewEmail/j/F48BA19D6581F045/AEBE295C90B48A651A01488700E2614F>

Lessons from the China Shock

An interview here with Professor David Autor (MIT) on the economic and political consequences of China's rise for the United States.

<http://tutor2u.cmail19.com/t/ViewEmail/j/F48BA19D6581F045/AEBE295C90B48A651A01488700E2614F>

China's Forest City

A short video on the development of China's planned first forest city

<http://tutor2u.cmail19.com/t/ViewEmail/j/B172BD88867BED86/AEBE295C90B48A651A01488700E2614F>

Non-Tariff Barriers - China Toughens Dairy Regulations

Here is a good example of non-tariff barriers in action.

<http://tutor2u.cmail19.com/t/ViewEmail/j/397D23F68F352E36/AEBE295C90B48A651A01488700E2614F>

Investment Bonds - play the 'Strong Bonds' game

Revision quizzes

A resource in 3 sections: 1. An introduction to investment bonds and the terminology useful to A level Economics students 2. The 'Strong Bonds' game where players invest up to £10,000 on an investment...

7. FROM THE ECONOMIST

Creative destruction

The urge to save failing companies from ruin may help explain today's low productivity..

[READ MORE >](#)

8. FROM FEDERAL RESERVE OF ST. LOUIS

Inflation - The Economic Lowdown Video Series, Episode 9

Imagine it's 1964. A hamburger is 15 cents, a new Mustang is \$2,320, and gas to fill the tank is 27 cents a gallon. Prices have risen quite a lot since then. In the ninth episode of the Economic Lowdown Video Series, economic education specialist Scott Wolla explains what inflation is, what causes it, how it is measured, and the Federal Reserve's goal for the inflation rate.

[READ MORE](#)

Fiscal Policy - The Economic Lowdown Podcast Series, Episode 21

"Recession" is one of the scariest words in economics. The loss of jobs and income can have lasting impacts on people's lives. How does the economy get back on track when it's off course? In this episode of [The Economic Lowdown podcast series](#), you'll learn about how the government uses fiscal policy to influence the economy.

9. FROM AUSTRALIAN TREASURY

New APRA powers to address financial stability risks - non-ADI lender rules

The Government announced in the 2017-18 Budget that it would act to ensure that the Australian Prudential Regulation Authority (APRA) is able to respond flexibly to financial and housing market developments that pose a risk to financial stability, by providing APRA with new powers in respect of the provision of credit by entities that are not authorised deposit-taking institutions (non-ADI lenders), to complement APRA's existing powers in respect of ADIs.

[Read more](#)

Reducing barriers to new entrants to the banking sector - removing restrictions on the use of the term 'bank'

The Government announced in the 2017-18 Budget that it will act to reduce regulatory barriers to entry for new and innovative entrants to the banking system, by lifting the prohibition on the use of the word 'bank' by authorised deposit-taking institutions (ADIs) with less than \$50 million in capital.

[Read more](#)

10. FROM PRODUCTIVITY COMMISSION

The following publication has been released.

Rising Protectionism: challenges, threats and opportunities for Australia (Commission Research Paper)

[View Report](#)

The Commission's self-initiated research paper models a set of scenarios based on new US trade policies and seeks to identify their implications for Australia.

11. FROM AUSTRALIAN INDUSTRY GROUP

7 July 2017

Australian PCI®: Construction maintains healthy growth

[Find out more >](#)

7 July 2017

Debunking the 'casualisation' myth

[Find out more >](#)

19 July 2017

Economic Outlook 2017-18: What's in store for business?

[Watch now >](#)

19 July 2017

How is your State faring on entering the new financial year?

[Find out more >](#)

12. FROM KEYSTONE EDUCATION

DONALD TRUMP MAY IMPOSE QUOTAS, TARIFFS ON CHINESE STEEL DUMPING

[Link to article](#)

US President Donald Trump is considering using quotas and tariffs to deal with steel dumping.

AUSTRALIAN DOLLAR SURGES TO TWO-YEAR HIGH ON WEAK US ECONOMIC DATA

[Link to article](#)

The Australian dollar has appreciated to a 2-year high due to the release of weak US economic data.

13. FROM OXFAM

New Index measuring the commitment of governments to reducing inequality

In 2015, the leaders of 193 governments promised to reduce inequality as part of the Sustainable Development Goals (SDGs). Without reducing inequality, meeting the SDG to eliminate poverty will be impossible.

The Commitment to Reducing Inequality Index uses a new database of indicators covering 152 countries, which measures government action on social spending, tax and labour rights.

[Download the CRI Index](#)

14. FROM AIG

14 July 2017

AUSTRALIAN ECONOMIC DEVELOPMENTS

Australian business conditions lifted in the June NAB Business Survey to their highest level since January 2008. This improvement was also evident in Ai Group's latest Australian PMI®, Australian PSI ® and Australian PCI ®, released earlier this month, which all continued to expand in June. Taken together, these business survey results suggest that more positive conditions are spreading out across the economy and are benefitting a greater range of industries and sectors.

Business confidence also improved somewhat in June to hold above its long-run average. In contrast, consumer confidence remained tepid in July with pessimists continuing to outnumber optimists. This divergence in sentiment between consumers and businesses has been evident for some time. While business confidence has likely benefitted from solid housing market activity, rising investment in major infrastructure projects and a relatively low Australian dollar, households continue to be weighed down by limited income growth and high debt levels.

Although the residential property market appears to be cooling, this week's construction data indicated that a solid backlog of work is likely to support a continuation of healthy housing construction activity in the months ahead. In other positive news, the pipeline of non-residential (commercial) building work is showing further signs of improvement driven by rising approvals from late 2016.

New home starts fall in Q1 2017

ABS construction data released this week showed that the total value of building work done (residential and non-residential, but excluding engineering construction) decreased by 2.4% q/q in Q1 2017 to be 1.5% lower than a year earlier (seasonally adjusted).

In the residential sector, the value of work done fell by 4.4% in Q1 to be down by 2.7% over the year following annual growth of 6.7% in Q4 2016. Reflecting the downward trend in residential approvals since mid-2016, the number of dwelling commencements was also lower in Q1, dropping by a seasonally adjusted 11.4% to be 19.2% lower than their peak a year ago. Commencements of houses fell by 7.7% (-8.1% p.a.) in Q1 while commencements of other residential buildings or multi-units declined by 15.1% (-28.4% p.a.).

This is further confirmation that the housing construction cycle has passed a peak, although a still solid backlog of work should ensure that activity levels remain healthy in the near term.

In positive news for conditions in non-residential construction (commercial property) appear to be improving. The value of work done across the sector which includes offices, retail and industrial premises increased by 1.7% in Q1 following growth of 3.7% in the previous quarter. This reflects tentative evidence of firming investor sentiment and stronger business conditions more generally, with the trend value of non-residential approvals rising by a solid 14.8% over the year to May 2017.

Ai Group's Australian PCI® indicates that this lift in non-residential building continued into Q2 2017, with commercial construction activity in June 2017 recording its second highest rate of expansion in activity since August 2015. Australian PCI® respondents linked this upturn to a lift in project commencements and a noticeable pick-up in new orders in Q2.

ABS data on building work yet to be done provides further confirmation of this improving pipeline of construction work. In Q1, work yet to be done (that is, the estimated value of work that has moved through from planning to construction but has yet to be completed) increased by 4.5% (+6.2% p.a.) to be around \$22bn. Across building segments, the pipeline of work is especially solid in privately funded hotels and accommodation (+35.6% p.a.) with this segment benefitting from the lower Australian dollar and the boost to tourism. Despite declining in Q1 2017, work yet to be done on industrial buildings has risen solidly on an annual basis (+9.6% p.a.) due mainly to a strengthening warehouse construction pipeline (+22.8% p.a.). This is largely in response to increased transport infrastructure investment across the eastern states which is lifting demand for warehouse, storage and distribution centres along new transport corridors.

Other building categories with relatively strong construction pipelines include accommodation, entertainment and aged care facilities, while education building will be supported over the medium term by State Government spending initiatives. This is headed by the NSW Government's 2017-18 Budget allocation of \$4.2 billion over four years to fund capital projects for education. There are also significant State Government Budget investment commitments through to 2020-21 in Victoria (\$685 million for

education infrastructure for new and upgraded schools), Queensland (\$536.6 million for the construction and refurbishment of school educational facilities) and South Australia (\$409.3 million on education and early childhood facilities).

Housing finance rises in May, investors ease back

ABS data released this week show the total value of housing finance increased by 1.3% (seasonally adjusted) in May after three months of decline while annual growth lifted to 4.8% from 4.1% in the previous month.

The increase in housing lending commitments was due to a rise in the value of owner occupied loans which was up by 2.9% in May and 3.1% over the year. In contrast, investor home lending eased back from stronger levels to 7.8% p.a. growth in May. This was the slowest rate of increase in nine months and was down on the recent peak 26.6% p.a. in January 2017. This decline in investor lending comes in the wake of slower house price growth and the move by the Australian Prudential Regulation Authority (APRA) in late March to tighten lending for interest only loans.

For owner occupier lending, stronger growth was evident in May, at 3.3%, taking annual growth to 9.7%, the highest pace in nearly 3 ½ years. This builds on the recovery of recent months and points to continuing healthy levels of residential construction activity. There was also a pick-up (following falls in April), in owner-occupied lending for the purchase of established dwellings (+2.9% m/m, +1.9% p.a.) and for the purchase of new dwellings (+2.5% m/m, +11.1% p.a.).

The proportion of loans to First Home Buyers (FHB's) lifted to 14.0% in May 2017 from 13.8% in April 2017, the highest in almost two years. This reflected higher proportions of FHB's in NSW, Victoria, South Australia and Western Australia. Recent Budget announcements by the NSW and Victorian Governments to reduce stamp duty for first home buyers from 1 July is likely to further lift first home buyer activity in these states over the months ahead.

Across states, growth in the number of loans to owner occupiers in May was led by Tasmania (+4.3% m/m), Victoria (+1.7% m/m) and New South Wales (+1.3% m/m). South Australia (-2.6% m/m) and Queensland (-0.2%) were the only states to record falls, while the number of loans were stable in Western Australia.

Business conditions highest since GFC, confidence increases

The latest National Australia Bank (NAB) Monthly Business Survey increased by 4 points to +15 points in June (results over zero indicate 'net positive' conditions in this survey), lifting conditions to well above the long-run average of +5 points and to the highest levels since the GFC. This is in broad agreement with Ai Group's Australian PMI®, Australian PSI® and Australian PCI® released last week, with all performance indicators firmly positive for June.

According to NAB, the results indicate buoyant conditions across most of the economy, although conditions for miners have fallen back into negative territory, with lower commodity prices taking a toll. Within the NAB conditions index, trading conditions jumped 6 points to +21. Profitability also jumped, increasing 5 points to +15. Employment was unchanged (+7), while capacity utilisation eased back marginally to 81.9%. Capital expenditure appears to have remained relatively high compared to recent years. Across industries, wholesale, construction and manufacturing drove most of the improvement in business conditions during June.

The NAB business confidence index inched up 1 point to +8 in June and remained above the long-term average (+6). Business confidence was positive for all industries in June, although the magnitude varied, with levels of confidence highest in the construction sector and lowest in recreation & personal services.

Consumer confidence remains in the doldrums

The Westpac MI Index of Consumer Sentiment remained below 100 points in July, increasing 0.4% to 96.6, with pessimists continuing to outnumber optimists. This marked the eighth consecutive month that the index has been below the 100 points level that divides pessimists from optimists. Weakness in wages growth together with concerns around the longer-term outlook for the economy appear to be key factors behind current subdued trends in consumer sentiment.

The detailed consumer sentiment data for July reveals that households are more pessimistic about the outlook for their finances over the next 12 months suggesting that a marked lift in consumer spending

plans remains remote. Households were also more pessimistic about the longer-term outlook for the Australian economy. On the other hand, there was an improvement in how households assess conditions in the labour market.

Key consumer sentiment indexes for July include:

- "family finances compared to a year ago" improved slightly by 1.2% (82.3);
- "family finances over the next 12 months" fell by 4.2% (98.4);
- "economic conditions over the next 12 months increased by 1.8% (92.9);
- "economic conditions over the next five years" fell by 1.5% (87.3);
- "time to buy a major household item" increased by 4.2% (122.0);
- "time to buy a dwelling" increased by 3.1% (93.7) and;
- "unemployment expectations" fell by 3.1% (136.0), indicating more confidence about job security, although this only recouped an increase recorded in the previous month.

21 July 2017

AUSTRALIAN ECONOMIC DEVELOPMENTS

This week, the minutes of the Reserve Bank of Australia's (RBA) board meeting in July confirm Australia's economy is improving but remains somewhat patchy and vulnerable to shocks. Spare capacity is evident in the labour market and inflation (wages and prices) remains contained. New South Wales and Victoria are providing most of the growth at present. Most positively, employment growth is picking up (confirmed by ABS labour force estimates for June, see below), as is business investment. Higher government spending is also supporting growth, with large infrastructure projects under way in NSW and Victoria.

The ABS' labour force estimates for June show stronger growth in employment and especially full-time employment. The headline unemployment was steady at 5.6%. Under-employment remains high however, indicating some spare capacity in the labour market. The positive message in both the RBA minutes and Australian labour force data helped to push the Australian dollar higher this week (briefly reaching over 80 US cents), as did positive economic data from China (Australia's largest trading partner) and recent comments from the US Federal Reserve.

In its latest Business Outlook for the June quarter, Deloitte Access Economics agrees with the RBA that the Australian economy is growing reasonably well, despite a decline in dwelling investment from recent cyclical peaks. Deloitte expects the mining states of Queensland and Western Australia to recover over the next few years. Growth in Victoria and NSW will moderate. The latest Department of Industry, and Innovation Science' Resources & Energy Quarterly for the June quarter predicts significant LNG exports will benefit Queensland, but falling mining-related investment and commodity prices will reduce other energy and resources earnings in 2018-19. The booming global market for batteries may provide a new resources market for Australia.

In ABS data released this week on business use of IT, Australian businesses appear to be more engaged with online channels, with more being involved in social media, using IT for financial activities and for staff working from home, as well as using cloud based applications for their business.

Australian labour market looking stronger in June

Australia's headline unemployment rate was steady at 5.6% in June and employment growth accelerated to 2.0% p.a. (seasonally adjusted). Total hours worked also jumped higher (+3.3% p.a.), due to a stronger rise in full-time work instead of part-time work (35 hours or less per week).

In trend terms¹ the unemployment rate edged down to 5.6% in June (from 5.7% in May). Total employment increased by 30,000 in the month of June (+0.2% m/m) and 169,600 over the year to June (+1.9% p.a.). The employment to population ratio improved marginally to 61.3% of the adult population in June.

Full-time employment growth was stronger than part-time employment in June. Part time jobs shrank by 3,600 in June and annual growth slowed to 1.5% p.a.. Full-time employment accelerated to 2.1% p.a. and has grown in each of the last nine months. The proportion of the workforce employed part-time fell to 31.6% (down from a record high 32.0% in November 2016).

Across the states, annual employment growth to June was strongest in Tasmania (+3.8% p.a.), followed by Victoria (+3.3% p.a.) and the Northern Territory (+2.0% p.a.). Queensland (+1.8% p.a.) and Western Australia (+1.7% p.a.) posted relatively strong employment growth, compared to their performance in

recent years. Employment growth was more modest in South Australia (+1.1% p.a.), NSW (+1.0% p.a.) and the ACT (+1.0% p.a.). Unemployment remains highest in South Australia and lowest in the territories.

Modest economic outlook, according to Deloitte Access Economics In its quarterly Business Outlook for the March quarter, Deloitte Access Economics (DAE) notes that lower interest rates and robust growth in China have been supporting good growth in Australia, but this may change in coming years. The completion of large mining and resources projects and the slowing of dwelling construction from recent cyclical peaks could see slower growth from here. DAE does not expect inflation or wages to pick up until sometime in 2018 and even then, it expects the acceleration to be modest. Interests rates are expected to rise over the next few years, but not sharply. Positively, jobs growth is expected to stay solid, but probably at a slower pace than has been evident in 2017 so far.

DAE expects GDP growth to accelerate to 3.1% in 2017-18 (from just 1.7% p.a. to Q1 2017) but then slow to 2.4% by 2020-21. Declining dwelling construction (compared to recent peaks) will weigh on growth, but business investment and government investment should remain stronger. Household consumption is expected to grow moderately, in line with jobs and incomes growth. DAE warns that the current lack of bipartisanship in introducing meaningful policies is a risk for future economic growth. Falling commodity prices is also a risk to the economy and the Federal Government's budget.

At an industry level, mining and health care look set to maintain solid rates of growth. Finance and property services face slower growth than in previous years as the property cycle slows. Growth in other service sectors that have benefitted from the lower Australian dollar (such as education and recreation) may moderate. Manufacturing faces ongoing structural changes (including the exit of automotive assembly) that will slow its growth, in aggregate. DAE expects manufacturing output to contract further in 2017-18 but to post modest growth thereafter.

Across the states, the mining states of Queensland and Western Australia are recovering from the end of the mining boom, while NSW and Victoria are likely to slow from their recent housing-market related growth. Queensland is recovering from Cyclone Debbie and benefiting from increasing gas exports, while Western Australia is beginning to recover from recent contractionary conditions. Tasmania and South Australia have benefitted from the lower Australian dollar and interest rates but structural factors, such as slower population growth (and an older population) than other states, is keeping a lid on their potential growth.

Export earnings to moderate as commodity prices ease In its latest Energy Resources and Energy Quarterly for the June quarter, the Department of Industry, Innovation and Science expects Australia's total export earnings from commodities to fall due to falls in prices for iron ore and coal over the next two years. Declining coal and iron ore prices are expected to detract \$20.8 billion from export earnings. Resources investment will also decline further. This is despite increasing LNG exports, which are forecast to add \$14 billion to export earnings over the next two years. In real terms, export earnings are expected to shrink from 2018-19 onwards, reflecting lower commodity prices due to softer global demand (particularly from China).

The Department notes that in 2016-17, export volumes for iron ore and aluminium declined due to a combination of mine and refinery closures, plus temporary supply disruptions (including from Cyclone Debbie). Export earnings (in real terms) over the next five years (2016-17 to 2021-22) are expected to decline for major exports such as gold (-6.8% p.a. average), iron ore (-3.8% p.a. average), metallurgical coal (-8.4% p.a. average) and thermal coal (-3.6% p.a. average). However increases in real export earnings are expected for copper (+1.3% p.a. average), nickel (+6.8% p.a. average), zinc (+4.1% p.a. average), LNG (+12.2 p.a. average), oil (+5.5% p.a. average) and uranium (+4.2% p.a. average).

The Department identifies rapid global growth in demand for batteries as a new source of opportunity for Australia, driving demand for key resources exports such as lithium and cobalt. The Australian mining industry should be well positioned to benefit.

Business Use of IT in 2015-16

ABS data on business use of information technology for 2015-16 reveals that DSL remains the most common type of broadband connection, with 62% of businesses utilising this. Larger businesses had the highest use of Fibre to the Premises broadband (30%) and over half (53%) of businesses reported that mobile internet was of major importance to their business

In 2015-16, 29% of businesses implemented some form of Information and Communication Technology (ICT) management practice, with the most common option being contracting external IT consultants (12%). The most important factors for changing ICT use in 2015-16 were found to be spam (7.8%), lack of access to digital infrastructure (7.5%), followed by enhanced digital skills or capability (6.8%). Larger businesses (200 or more employees) were more focused on enhancing digital skills and capability, with 13.5% of large businesses naming this as a factor.

38% of businesses used social media, with the main use of social media being to develop the company image or market products (79%) and communicating with customers (70%). The most common online business activity was financial activities (online banking, accounting etc.), with 87% of businesses engaging in this activity online. 46% of businesses utilised IT for working from home.

Around a third of all businesses (31%) used cloud computing in 2015-16. Larger businesses appear to be making more use of cloud computing services, with 60% of large businesses using this service in 2015-16 (compared to 25% for businesses with 0-4 employees). Software (85%) followed by storage capacity (60%) were the most common uses for cloud computing.

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If you're anxious about organisational disruption read no further, we're entering a new era in the basic make up of companies.

Andrew Cornell | bluenotes Managing Editor

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Australians should be asking questions about how city life is being funnelled before it's too late.

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This moving and beautifully crafted piece of interactive data reportage describes the numbers around the loss of life during World War Two without losing a sense of humanity. Worth the investment of your time.

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In the Game of Fintech's, China is out in front – but consumers (and industry) are the real winners.

James Lloyd | EY FinTech Leader, Asia-Pacific

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Stolen identities are roaming the planet. The criminals won't go away but a lot more needs to be done to limit their access to the raw materials of fake identity creation.

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Australian agriculture risks falling behind its global competitors, dragged down by a digital divide.

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[The pocket serial tech killer \(CBInsights\)](#)

Smartphones sure have decimated ranks of industries. This chart spells out the damage they have done.

2. FROM CITIBANK

[Synchronised global growth no panacea for Australia](#)

As the world enters a synchronised growth phase Australia faces the dilemma of an economy stuck in first gear as low wage and inflation growth pour ash over economic stimulus. The result is interest rates trapped at historic lows, and no sector is stepping up to stoke the boiler room and get growth moving.

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The resumption of global growth does not translate to an upward curve for all commodities. The bulk commodities will continue to take their direction from China, while gold bulls are taking a winter nap as the outlook for the shiny metal heads south. Yes - it's a mixed outlook for commodities

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5. FROM NAB

13 Jul 2017

[The Forward View – Global: July 2017](#)

Global upturn remains in place despite the risks.

13 Jul 2017

[Gold in focus: July 2017](#)

Gold began 2017 strongly, up 8% in the first half – despite falling 2% in June. This weakness has continued into early July, with the strong US payrolls data exerting further weakness on gold. However, gold received some support following Fed Chair Janet Yellen's semi-annual testimony, which the markets interpreted as somewhat dovish.

14 Jul 2017

[NAB's World on Two Pages: July 2017](#)

by [NAB Group Economics](#)

Revisions to real GDP growth forecasts this month largely reflect a stronger than expected rebound in coal exports following disruptions from Cyclone Debbie in Q1. Further out, we have not fundamentally changed the tone of our outlook.

18 Jul 2017

[NAB Cashless Retail Sales Index: June 2017](#)

by [NAB Group Economics](#)

The NAB Cashless Retail Sales Index is a new product which provides timely proprietary data on a major part of retail spending in Australia.

20 Jul 2017

[NAB Quarterly Business Survey: June 2017](#)

by [NAB Group Economics](#)

The business sector continues to look upbeat, both with respect to current business activity – also evident in the NAB Monthly Business Survey – and importantly, the near-term outlook.

6. FROM ROSS GITTINS

SATURDAY, JULY 15, 2017

[Why global trade growth has slowed](#)

One thing you can be sure of is that international trade grows much faster than the world economy. It's the classic proof of growing globalisation, and it's been happening for ages. Except that it seems to have stopped. For two decades from the mid-1980s, world trade – measured as exports plus imports – grew at more than double the rate of growth in gross world product. Between 1986 and 2007, the volume of trade grew at an...

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7. FROM AMP ECONOMICS

21.07.17 [Weekly market & economic update By Dr Shane Oliver, Head of Investment Strategy & Chief Economist](#)

18 July 2017

2016-17 saw strong returns for diversified investors – here are five reasons why returns are likely to be solid in 2017-18

Key points - Despite a lengthy list of worries including Brexit, Trump and messy Australian growth, the past financial year saw strong returns for diversified investors as shares recovered from a rough time in 2015-16. - Key lessons for investors from the last financial year include: turn down the noise around financial markets, maintain a well-diversified portfolio; be cautious of the crowd; and cash continues to be a poor generator of returns. - Returns are likely to slow this financial year but remain solid. Global growth is good, this should underpin profit growth, there are minimal signs of broad-based economic excess that point to a peak in the global growth cycle, global m

[Full report](#)

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