Economic outlook

2025

ANZ Research

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18 September 2025

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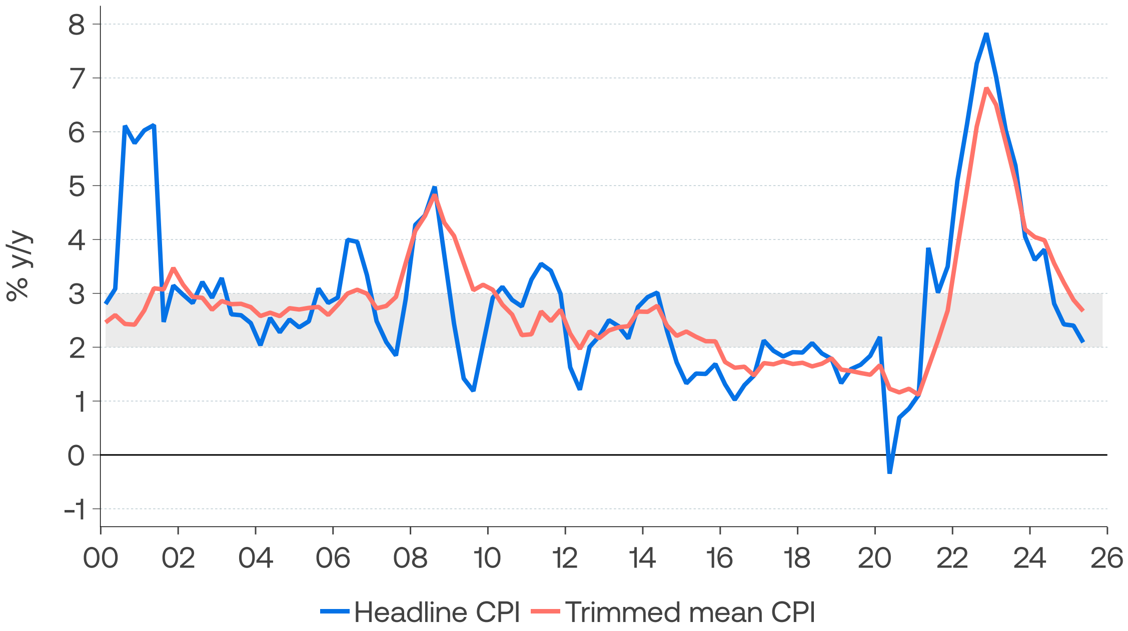
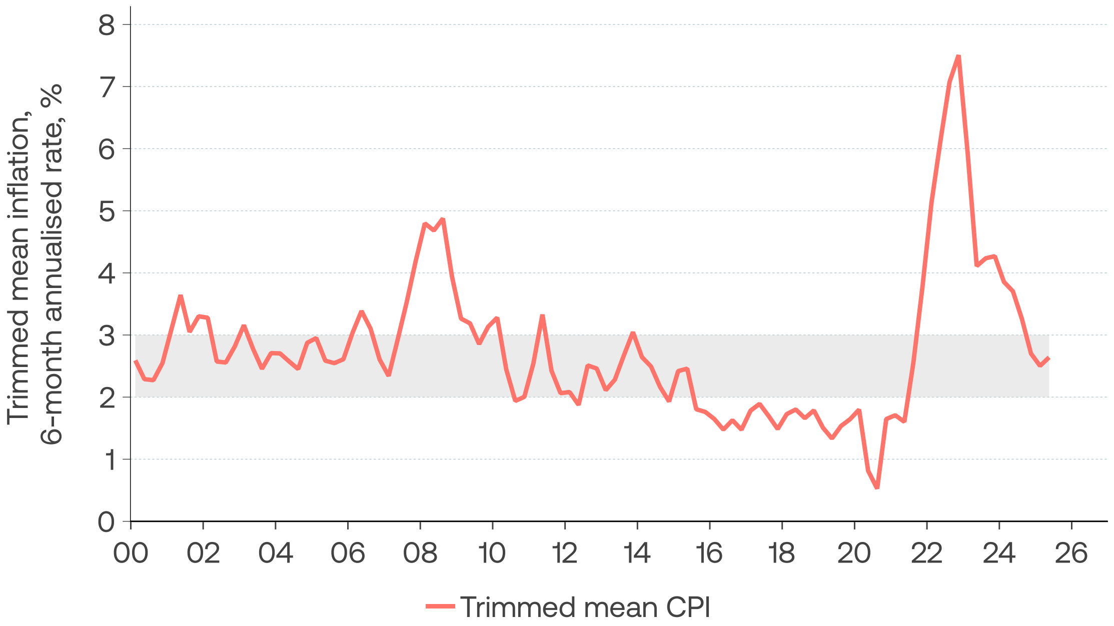
Underlying inflation is back in the target band

Headline and trimmed mean inflation, % y/y



Source: ABS, Macrobond, ANZ Research

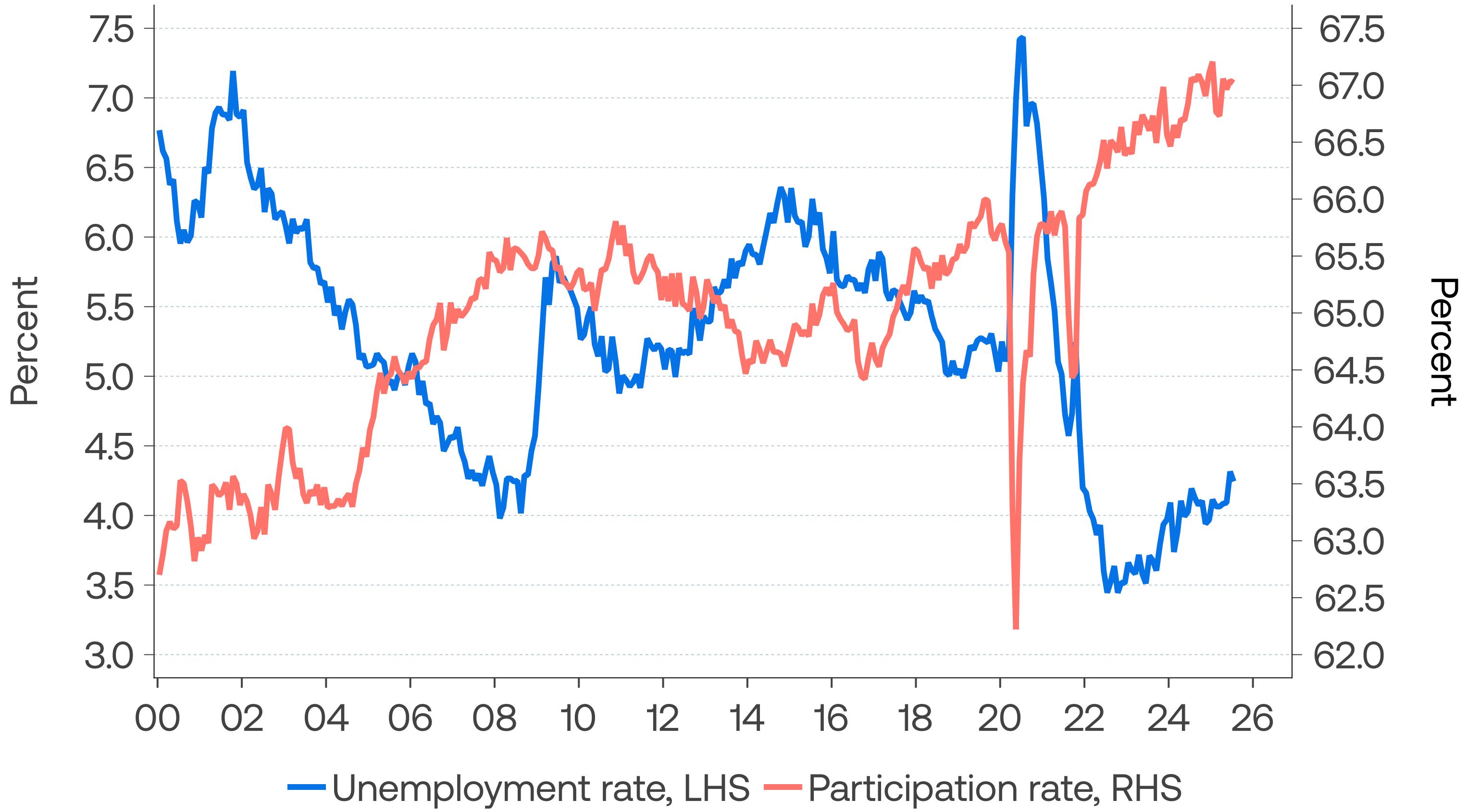
Trimmed mean inflation ‘pulse’



Source: ABS, RBA, Macrobond, ANZ Research

Australia's labour market remains resilient

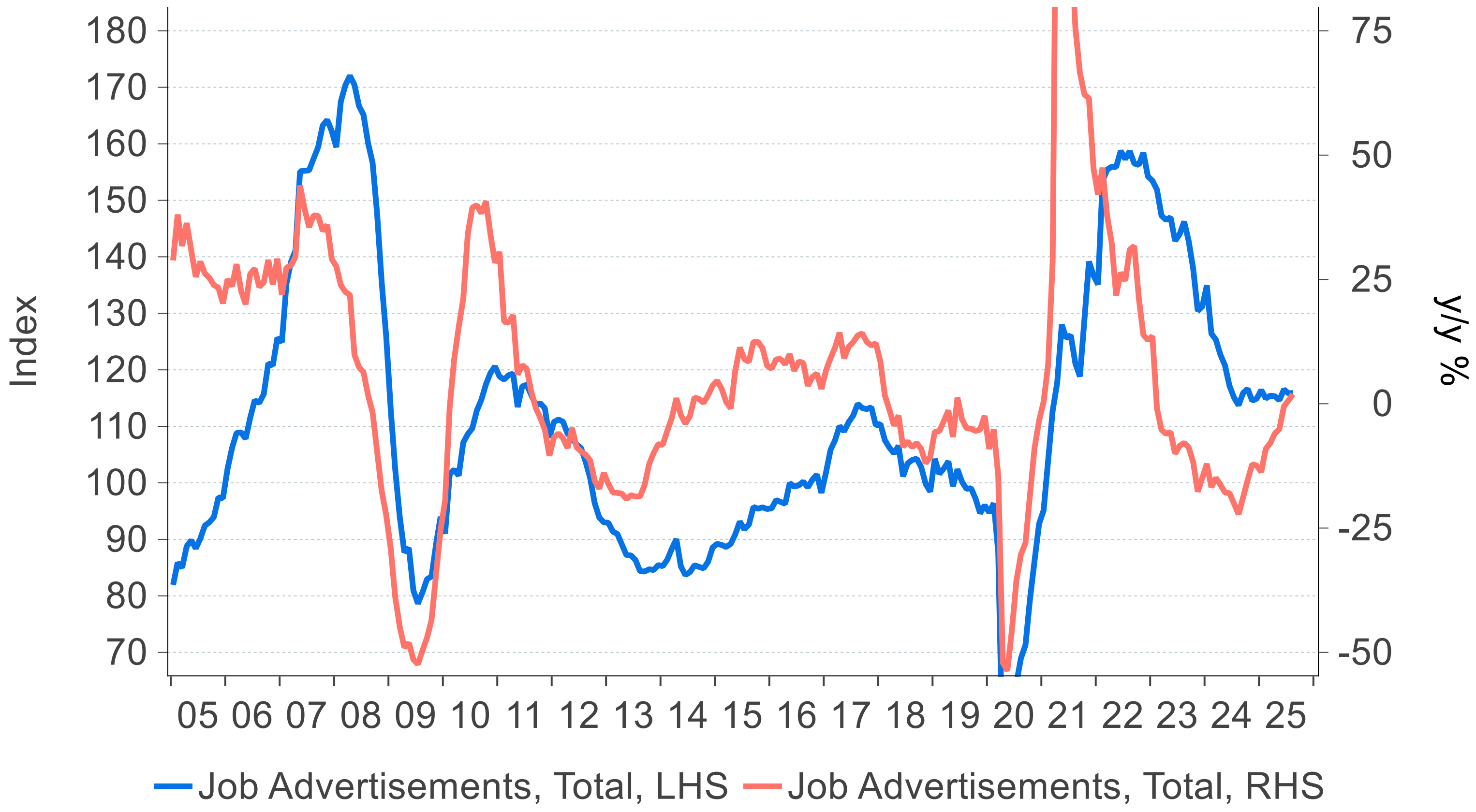
Unemployment and the participation rate



Source: ABS, Macrobond, ANZ Research

Leading indicators of the labour market are stable

ANZ-Indeed Australian Job Advertisements



Source: ANZ-Indeed, Macrobond, ANZ Research

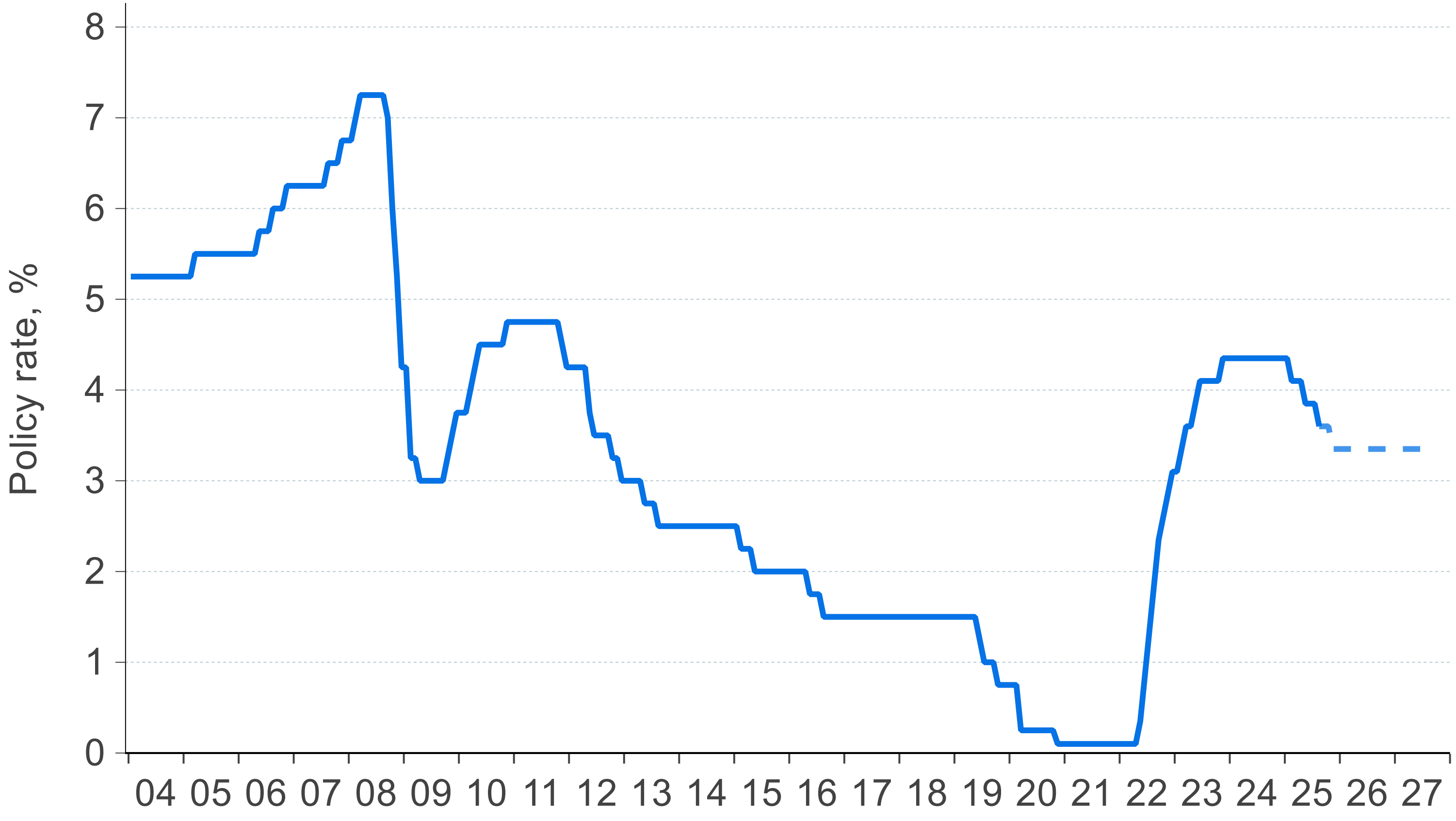
Labour market tightness will limit wages growth from slowing

Wages growth, including ANZ Research forecasts

Source: ABS, Macrobond, ANZ Research

ANZ Research expects one more 25bp rate cut in November

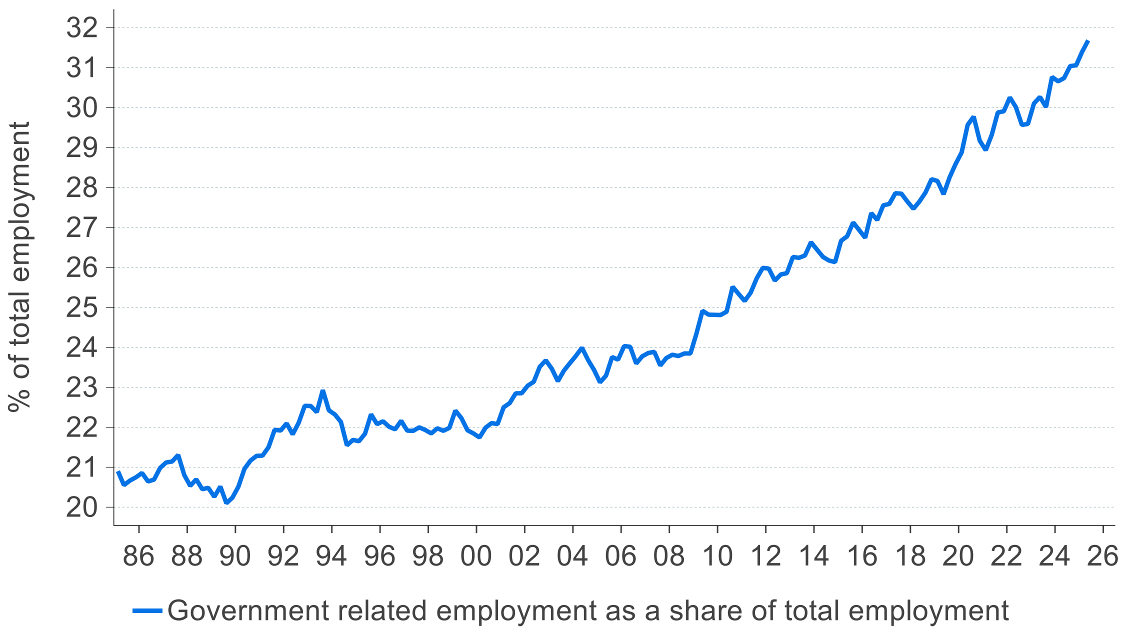
ANZ Research cash rate forecasts



Source: RBA, Macrobond, ANZ Research

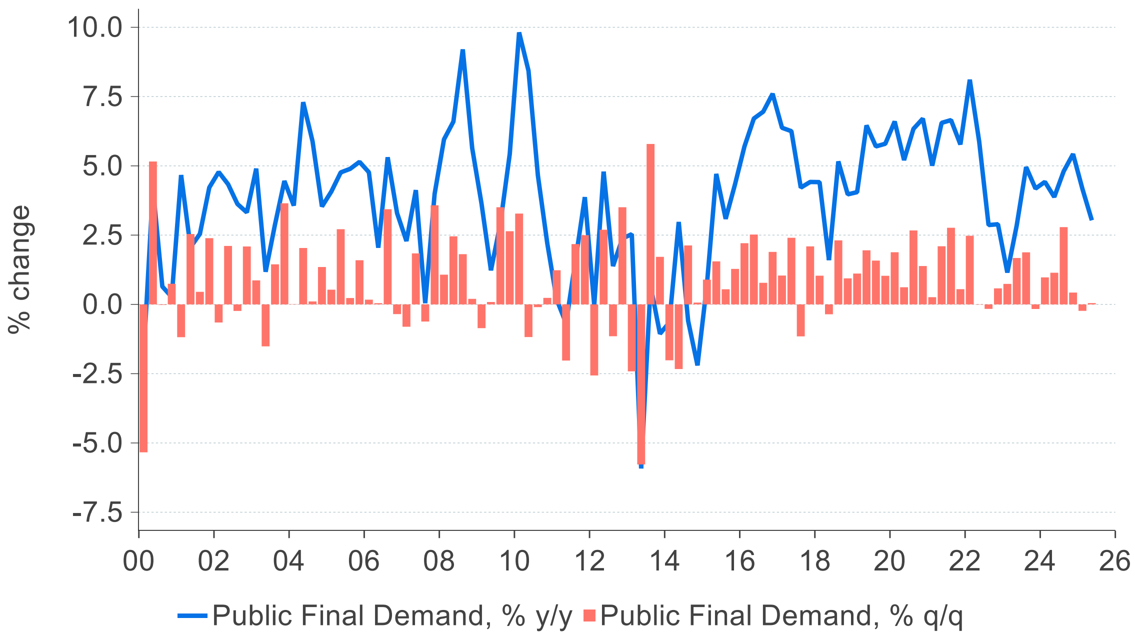
Much of the economy is non-cyclical

Share of employment in non-market sectors



Source: ABS, Macrobond, ANZ Research

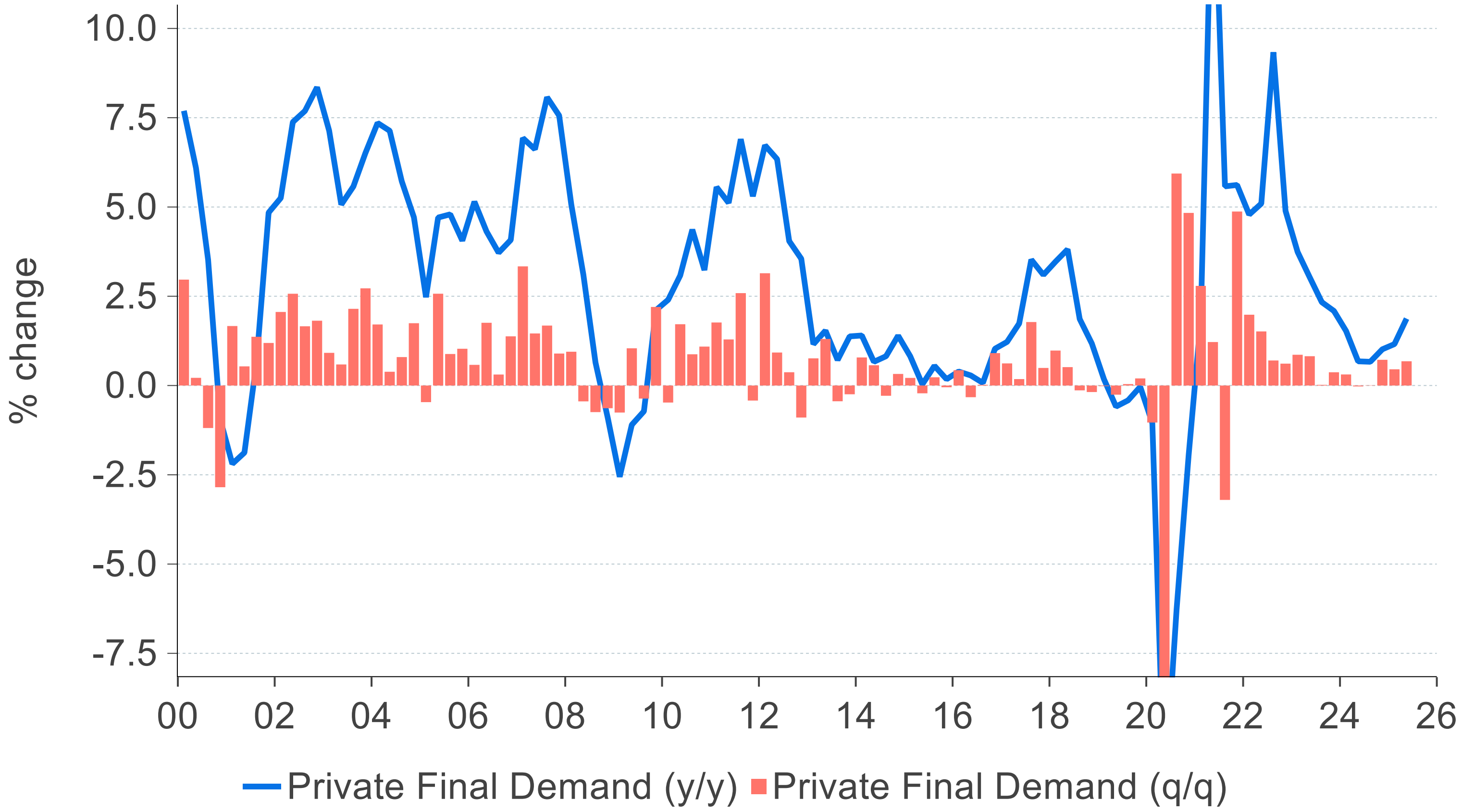
Public final demand



Source: ABS, Macrobond, ANZ Research

The private sector recovery is underway

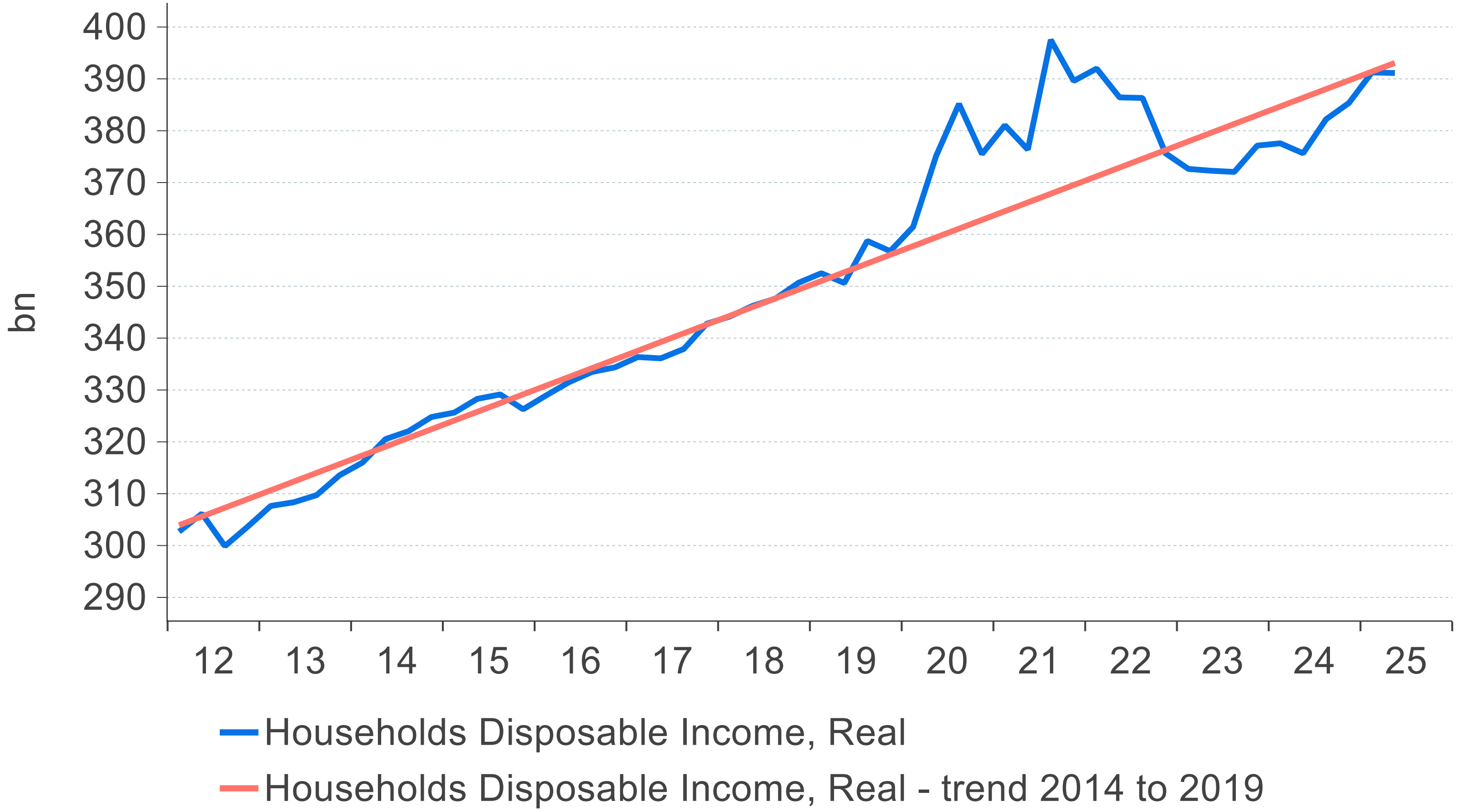
Private final demand



Source: ABS, Macrobond, ANZ Research

Real household disposable incomes have risen

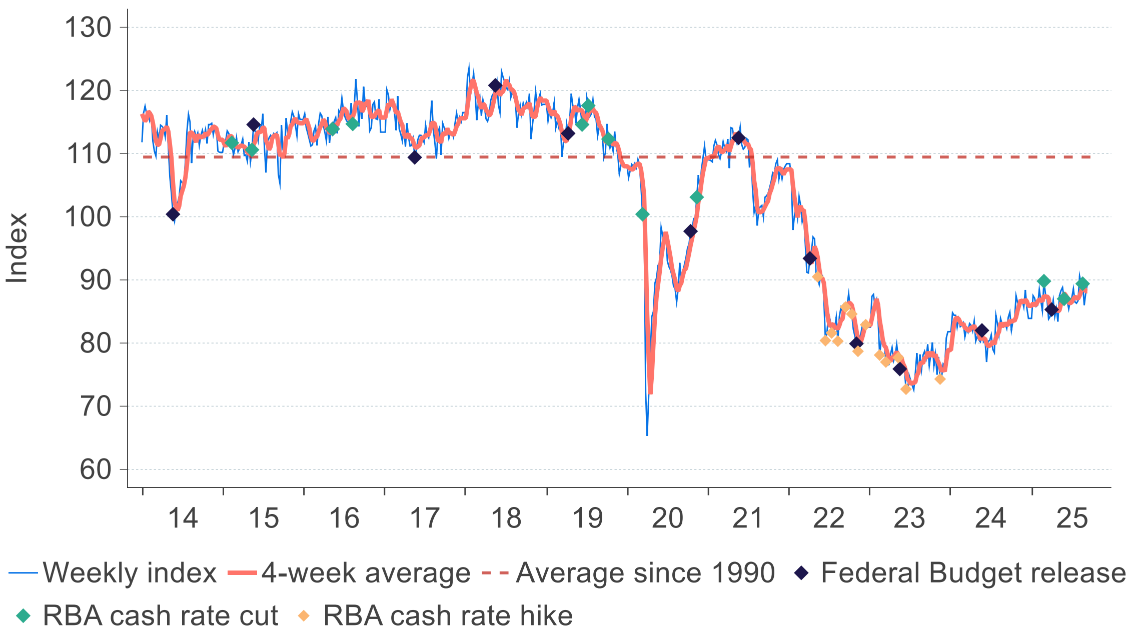
Real household disposable incomes vs pre-COVID trend



Source: ABS, Macrobond, ANZ Research

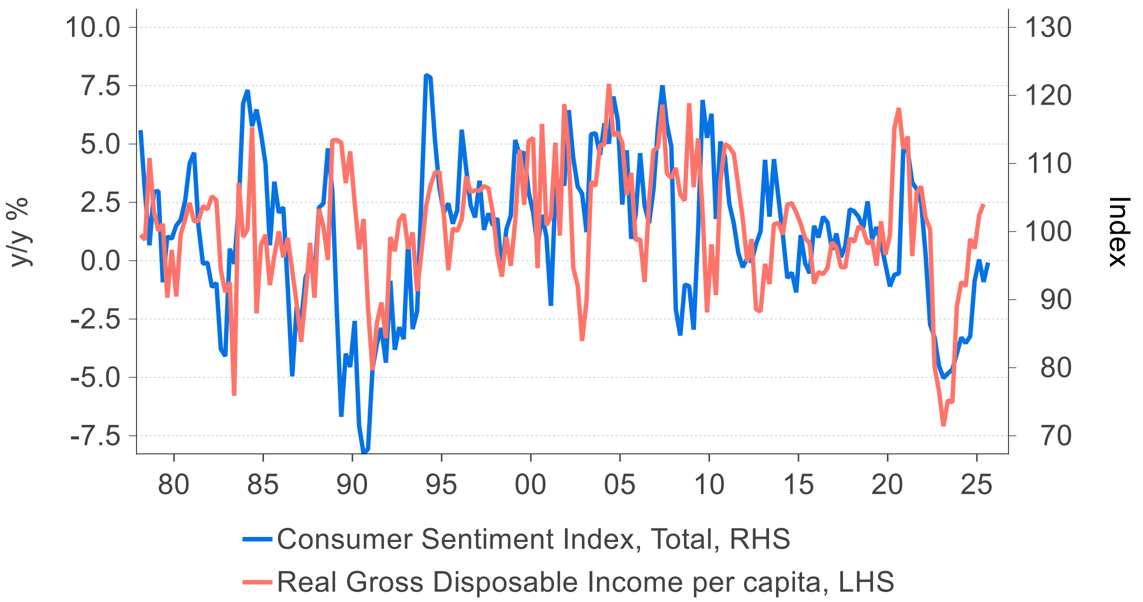
Consumer confidence has risen from its lows

ANZ-Roy Morgan Australian Consumer Confidence



Source: ANZ-Roy Morgan, Macrobond, ANZ Research

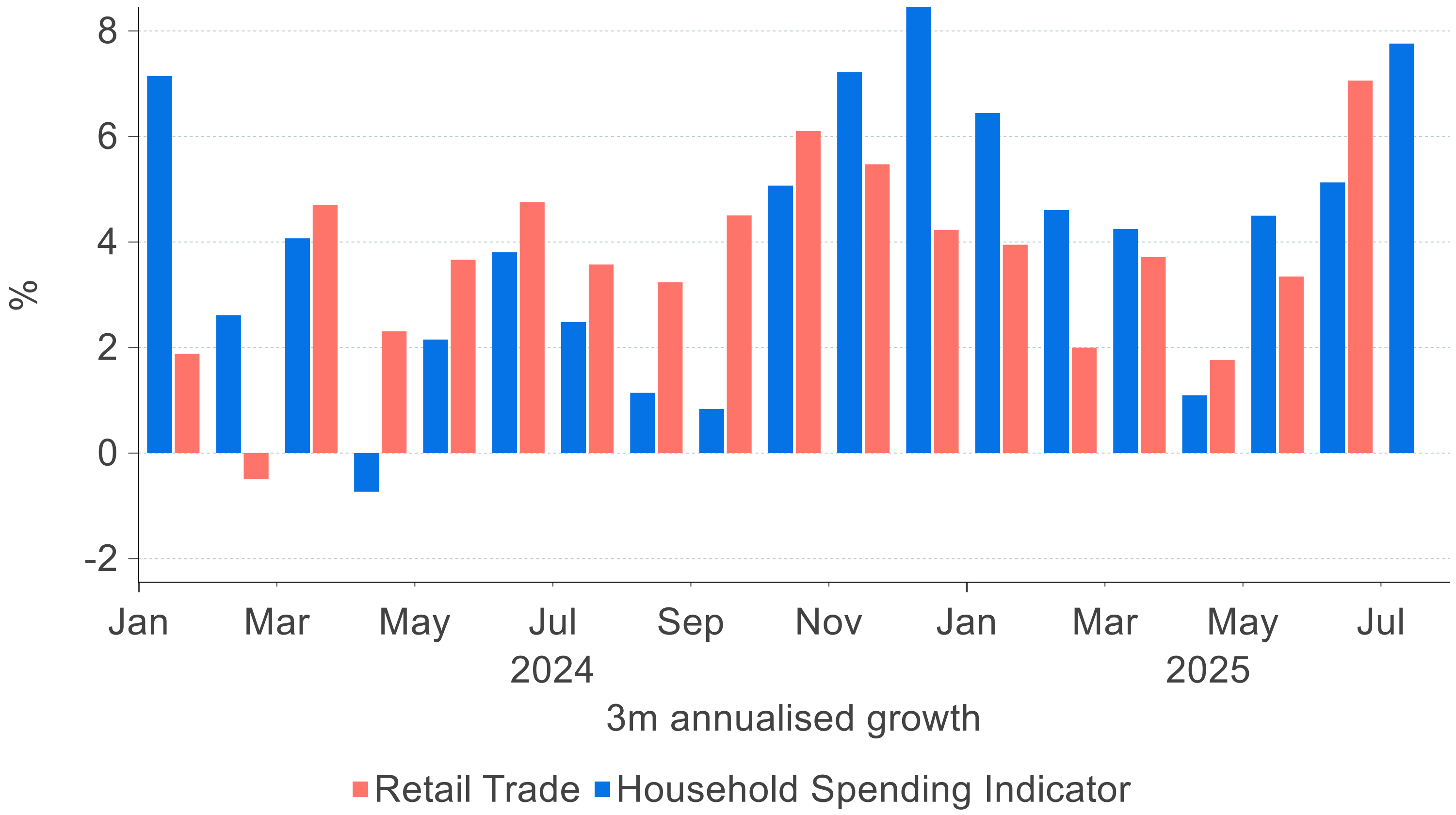
Household disposable incomes and confidence



Source: ABS, Melbourne Institute of Applied Economic & Social Research, Macrobond, ANZ Research

Consumer spending is off to a solid start in Q3

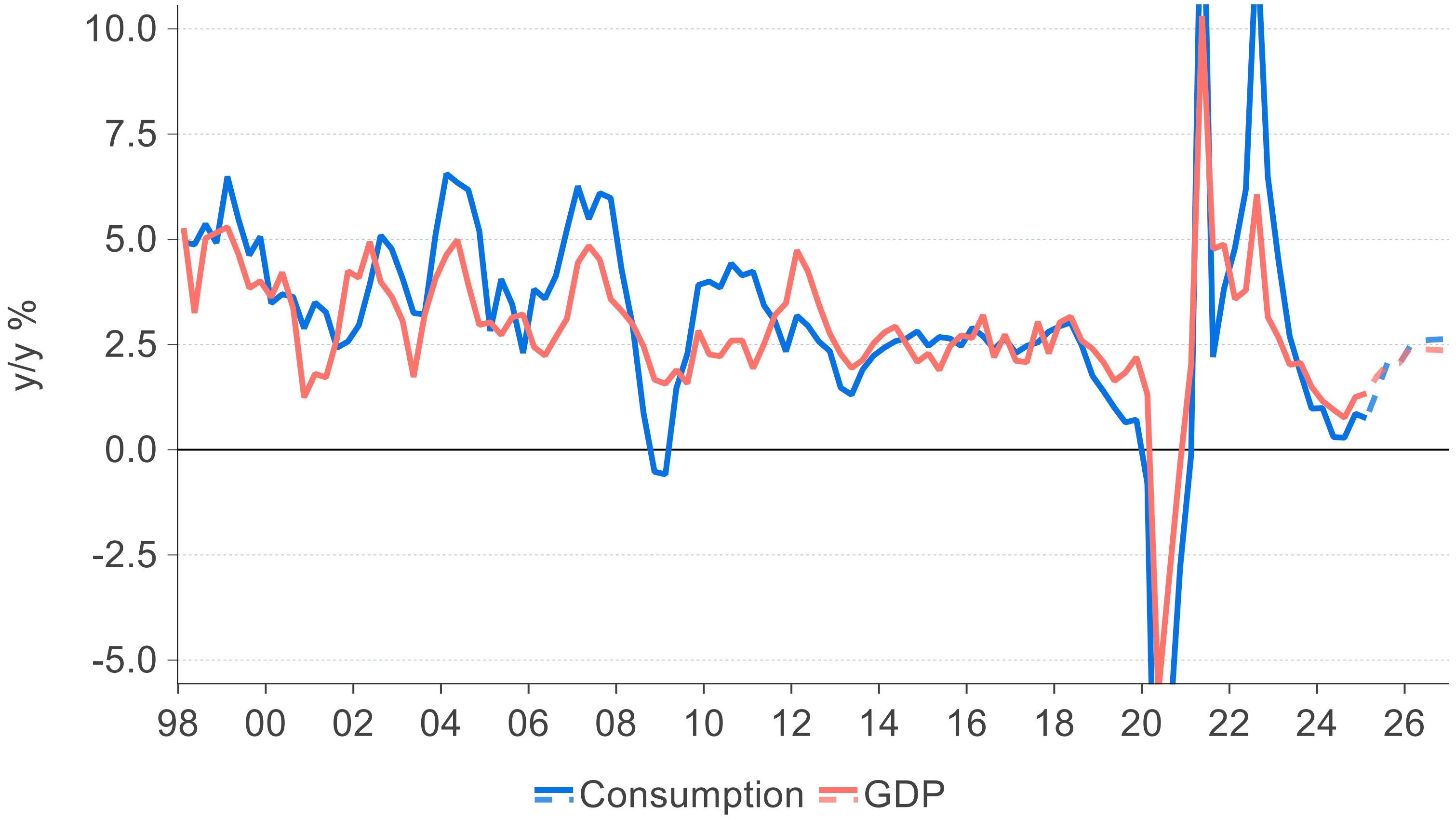
Monthly household spending indicator and retail sales



Source: ABS, Macrobond, ANZ Research

We expect household consumption and GDP growth to lift

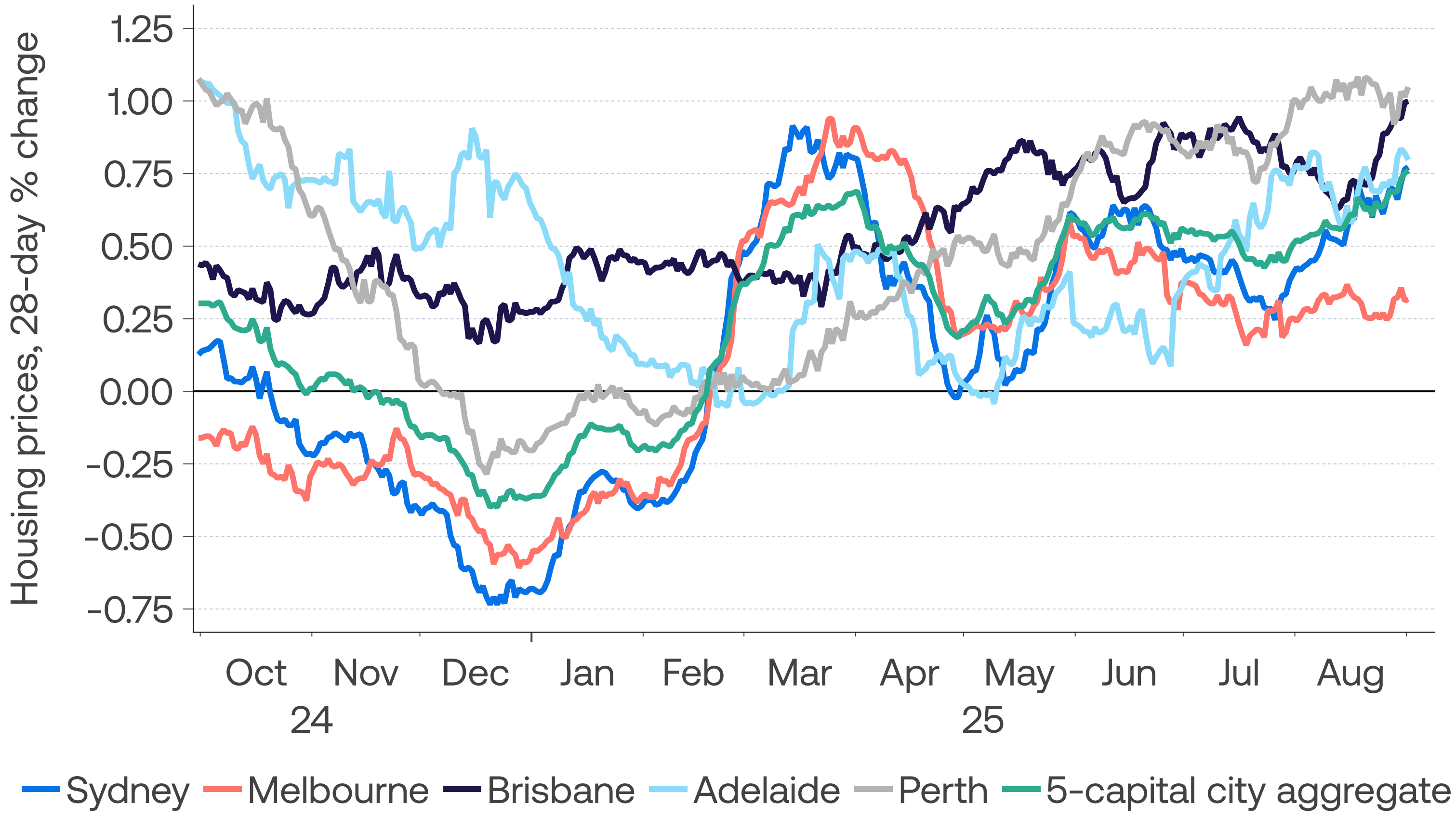
Household consumption and GDP, including ANZ Research forecasts



Source: ABS, Macrobond, ANZ Research

Momentum continues to build in the housing market

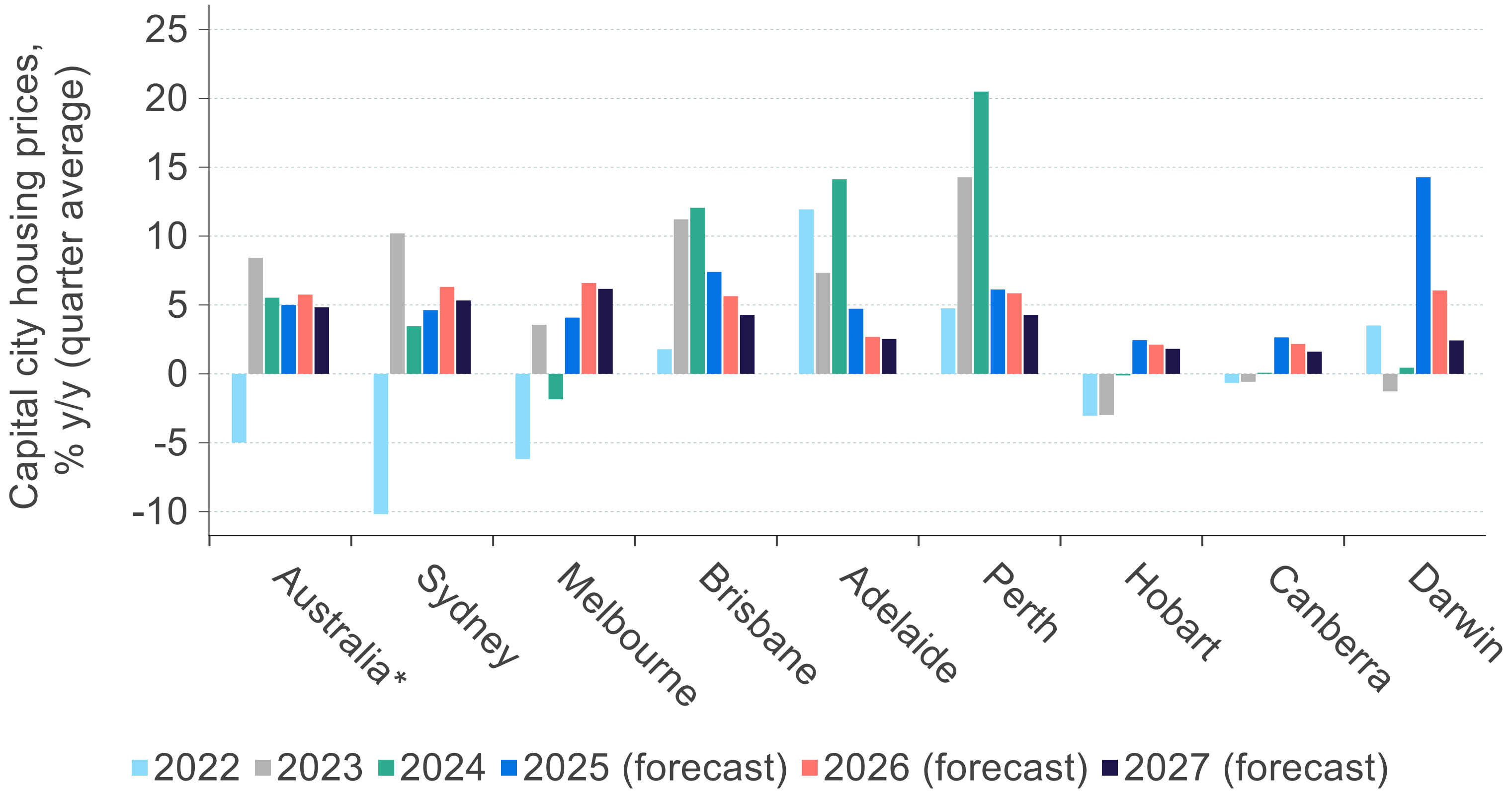
28 day % change in housing prices



Source: CoreLogic, Macrobond, ANZ Research

We expect capital city housing prices to rise 5.0% in 2025

ANZ Research capital city housing price forecasts^



Source: Cotality (historical), ANZ Research (forecasts)
* Australian capital cities

^Previous forecasts were reported on a quarter end basis, however we now report our forecasts on a quarter average basis (ie % y/y for 2025 forecast is based on Q4 2025 vs Q4 2024 rather than Dec 2025 vs Dec 2024).

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