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BUSINESS ESSENTIALS®

JANUARY 2018 | EDITION 402

*the
extras*

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2018 ECONOMY AHEAD

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The BE Forecasts for The Australian Economy in 2018

<u>Forecast Item</u>	<u>Latest Data</u>	<u>NN/BE Fcsts</u>	<u>NRN Comment</u>
Real GDP growth Aus to Dec Qtr 2018	+2.8%	+2.95%	OK, but not enough for budget repair. All these reflect catch-up
Ditto China	+6.8%	+7.2%	Remains amazing
Ditto USA	+2.3%	+2.6%	Moderate
Ditto The World (IMF)	+3.7%	+3.8%	No recession anywhere
Real Household Consumption Growth Aus	+2.2%	+2.0%	
Car Registrations growth	+0.5%	+2.5%	Good forward indicator
House Building growth (private)	-0.4%	+3.6%	Good forward indicator
Probability of recession before Dec 2019	-	2%	Would need a disaster: no finance irregularities of 2006-8 evident.
Unemployment rate (% work force) at December 2018	5.5%	5.7%	
Dwelling real investment growth to Dec 2018	-2.3%	+1.5%	
Mining sector real investment growth	-9%	-1%	Biggest turn around
Non-mining business real investment growth (capex)	+9%	+7%	
Sydney house price growth	+7.7%	+5.5%	NN closest in both house prices
Melbourne house price growth	+11.0%	+8.5%	
Consumer Price Index growth – All groups capital cities average	+1.8%	+1.95%	Why does RBA want to come back to the 2-3% target? Health, computers, petrol different.
Growth in health care costs	+7.1%	+6.8%	Big item!
Wage-price index growth to Dec Qtr 2018	+2.0%	+2.2%	Huge budget deficit effect, so..
Underlying budget cash deficit	\$28bn	\$35bn	No relief here – even in the 'middle year' of the cycle
RBA cash rate at 30 June, 2018	1.5%	1.75%	Why not?
RBA cash rate at 31 Dec, 2018	1.5%	2.25%	
10-year Government bond rate at 31 Dec 2018	2.6%	3.2%	
\$US/\$Aus at 31 Dec 2018	75c US	78c US	
S&P/ASX200 share price index at 31 Dec 2018	5960	6400	2017 went up, flat and up
Iron ore spot price \$US/tonne 31 Dec 2018	\$68 US	\$82 US	
Change in terms of trade (export-import price ratio) year 2018	+9.7%	+3.5%	
Current account deficit over 2018 Aus \$B	\$29bn	\$33bn	

Green Means Forecast made for BE but not available in the Age/Scope forecasts

Yellow means covered specifically in the January 2018 audio presentation.



Accountants Who Help You See Further

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David Kent, Michael Jones and Neil Flavel lead a group of dedicated taxation professionals.



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Individual resident marginal tax rates for the year ended 30 June 2018

TAXABLE INCOME	TAX ON THIS INCOME
\$0 – \$18,200	Nil
\$18,201 – \$37,000	19c for each \$1 over \$18,200
\$37,001 – \$87,000	\$3,572 plus 32.5c for each \$1 over \$37,000
\$80,001 – \$180,000	\$19,822 plus 37c for each \$1 over \$87,000
Over \$180,000	\$54,232 plus 45c for each \$1 over \$180,000

The tax rates do not include the Medicare Levy of 2%. Your Medicare levy is reduced if your income is below a certain threshold and in some cases you may not have to pay the levy at all. The thresholds are higher for seniors. If your income is above the thresholds, you may still qualify for a reduction based on your family taxable income.

For more visit our website, www.cfmc.com.au

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