The Cairns Economy

IN A CHANGED WORLD

WS (Bill) Cummings
The International Economy

- FINANCIAL CONFIDENCE
- THE STOCK EXCHANGE
- THE REAL ECONOMY
Financial Confidence
The Stock Exchange

**Early**
Financial institutions and financially exposed companies

**More Recently**
Resources stocks
# Changes in ‘real’ GDP USA

<table>
<thead>
<tr>
<th>Category</th>
<th>Jun QTR</th>
<th>Sep QTR</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Personal Consumption</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Durables</td>
<td>-2.8%</td>
<td>-14.1%</td>
</tr>
<tr>
<td>Non - Durables</td>
<td>+3.9%</td>
<td>-6.4%</td>
</tr>
<tr>
<td>Services</td>
<td>+0.7%</td>
<td>+0.6%</td>
</tr>
<tr>
<td><strong>Private Investment</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non - Residential</td>
<td>+2.5%</td>
<td>-1.0%</td>
</tr>
<tr>
<td>Residential</td>
<td>-13.3%</td>
<td>-19.1%</td>
</tr>
<tr>
<td><strong>Net Exports</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Exports</td>
<td>+12.3%</td>
<td>+5.9%</td>
</tr>
<tr>
<td>Imports</td>
<td>-7.3%</td>
<td>-1.9%</td>
</tr>
<tr>
<td><strong>Government</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Federal</td>
<td>+6.6%</td>
<td>+13.8%</td>
</tr>
<tr>
<td>State/Local</td>
<td>+2.5%</td>
<td>+1.4%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>+2.8%</td>
<td>-0.3%</td>
</tr>
</tbody>
</table>
Governments Moving

Stabilising Financial Confidence

Pump Priming
Good Thing!
Governments Acting Together

Bad Thing!
Consumer Confidence Falling
Commodity Prices Falling

60 Day GFMS Base Metal Index
184.93 (Change calculated from the start of the chart)

www.kitco.com
Australia

- Financial Institutions Stronger
- Room To Pump Prime
- Stock Exchange → Big Hit
- Vulnerability → High Household Debt
Australia

- Government Lender of Last Resort
- Pump Priming
- Interest Rates Down
- Consumer Spending Falling
- Australian Dollar Down
Local Economy

- Outside Earnings
  - Natural Attribute Based
  - Other
- Service Industries Structure
Local Economy

- Competitiveness Boost
- Tourism (Worries about travel levels)
- Fisheries Reprieve
- Primary Industries
- Mining (Commodity Prices Down)
- Marine/Aviation Services
Local Economy

- Consumer Durable Spending Down
- Borrowing Conditions Tighter
- Housing Market
  - Government Action
  - Lower Interest Rates
- Other Consumer Spending
  - Pensioners / Families
Local Economy

- Govt Infrastructure Spending
- On Top Of Catch-up Occurring
  - Hospital
  - University
  - Lotus Glen
Overall

- Slide in Financial Confidence Stabilising
- Not All Bad
- Businesses Adapt To Changed Circumstances
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