

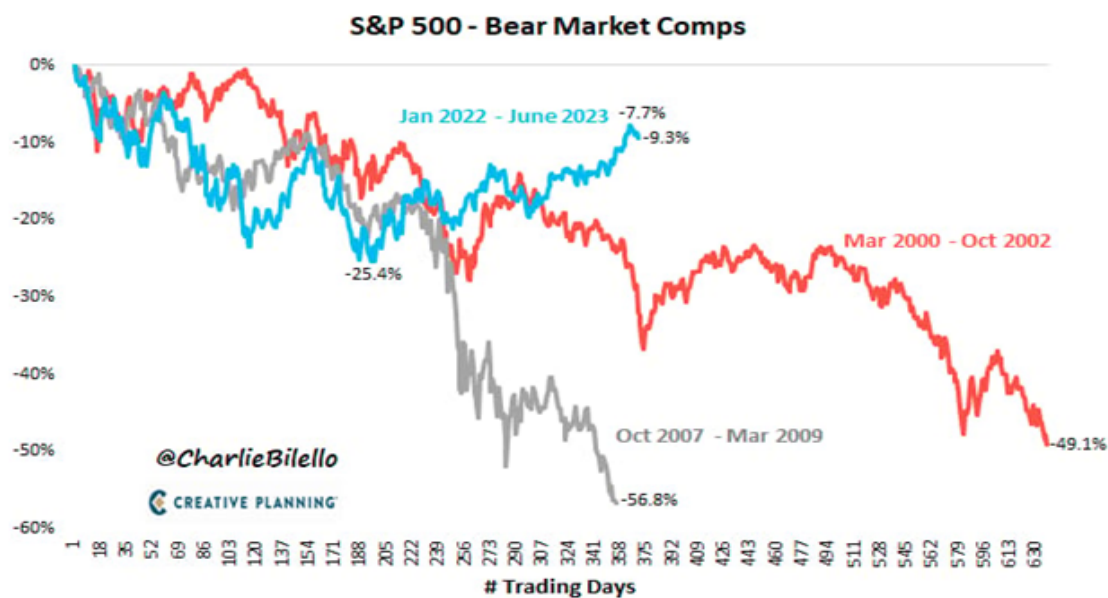
## World Wrap

There is some debate are we in a Bear market or a new Bull Market?

### 1) Every Bull/Bear Market Is Different

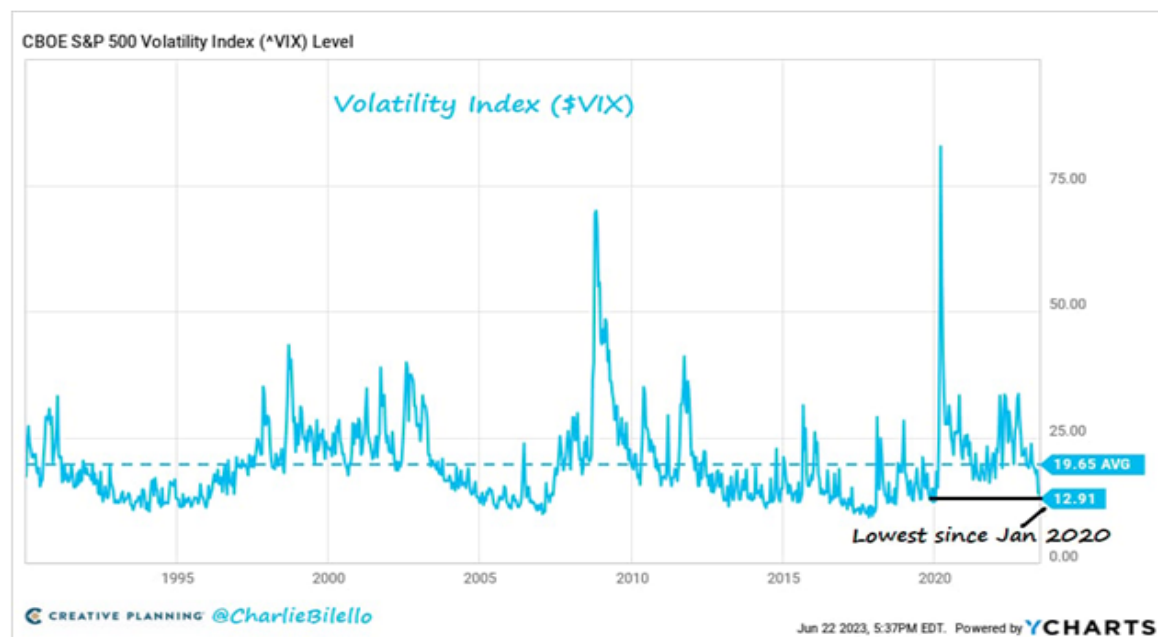
Throughout 2022 there were many comparisons to the 2000-02 and 2007-09 bear markets, with the implication being that there was still more downside ahead.

While that was certainly one possibility, it wasn't the only possibility, and what we've seen over the last eight months is a path very much unlike those other two bears.



Volatility is at lows not seen since 2020

The low level of volatility is said to be further confirmation of this fact, with the Volatility Index (\$VIX) closing below 13 this week (lowest since January 2020). By comparison, the 2000-02 and 2007-09 bear markets never saw a \$VIX below 16.



Americans are not selling or moving.

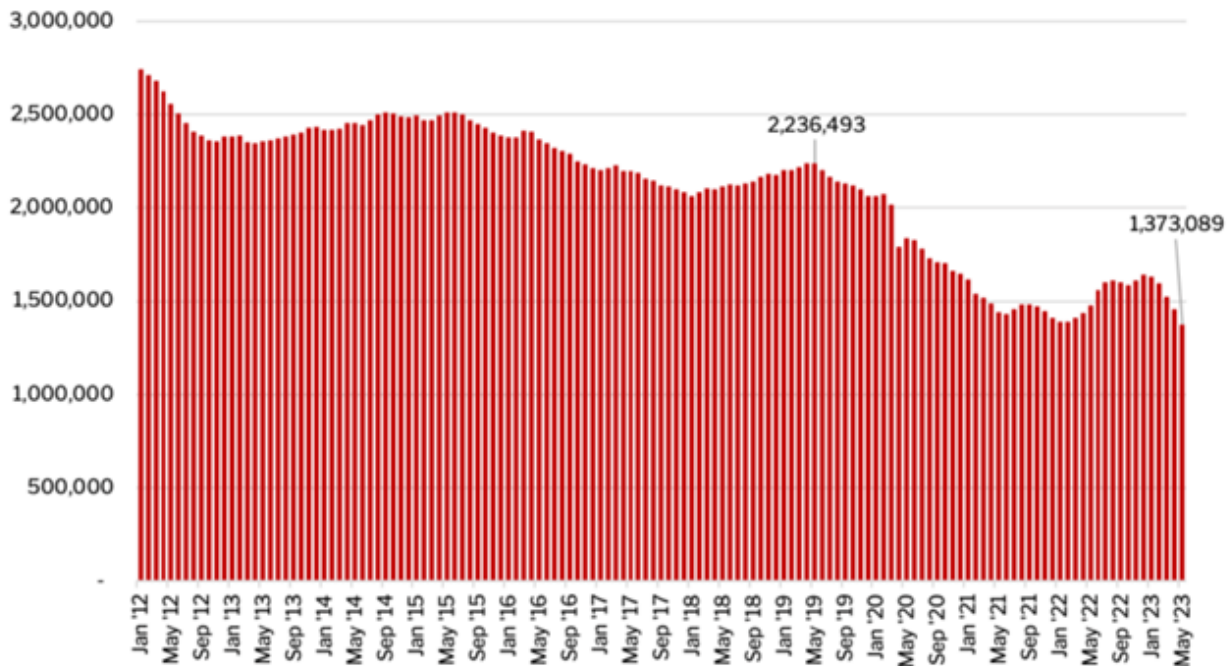
They are staying put with their current low rate home loan.

## 2) The Housing Shortage Continues

The number of homes in the US for sale fell to 1.37 million in May, the lowest level on record with Redfin data going back to 2012.

### Number of Homes for Sale Drops to Lowest Level on Record in May

Active listings of U.S. homes for sale



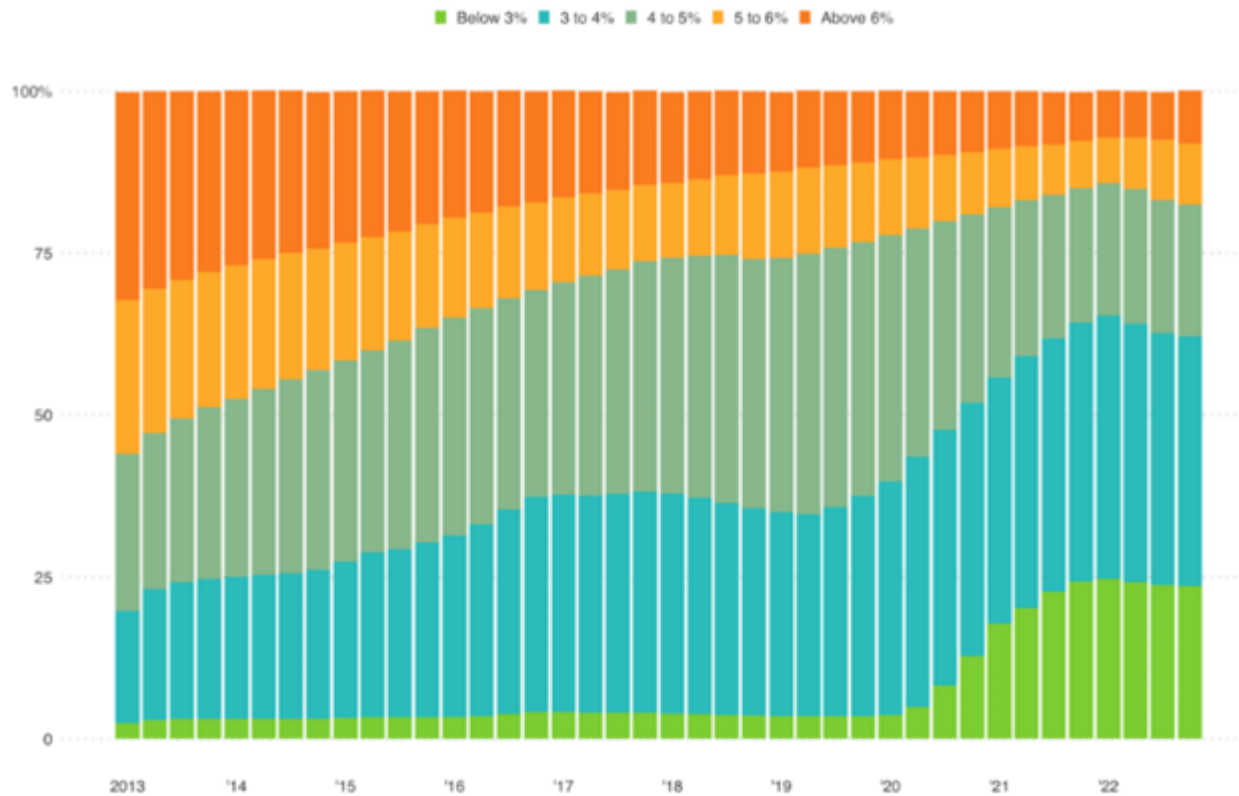
Source: MLS data, county records

**REDFIN**

62% of US mortgage holders have a rate below 4% and 92% have a rate below 6%. With current mortgage rates at close to 7%, many existing homeowners are staying put, which is the primary reason for the housing shortage.

## More Than 9 in 10 Mortgage Holders Have a Rate Below 6%

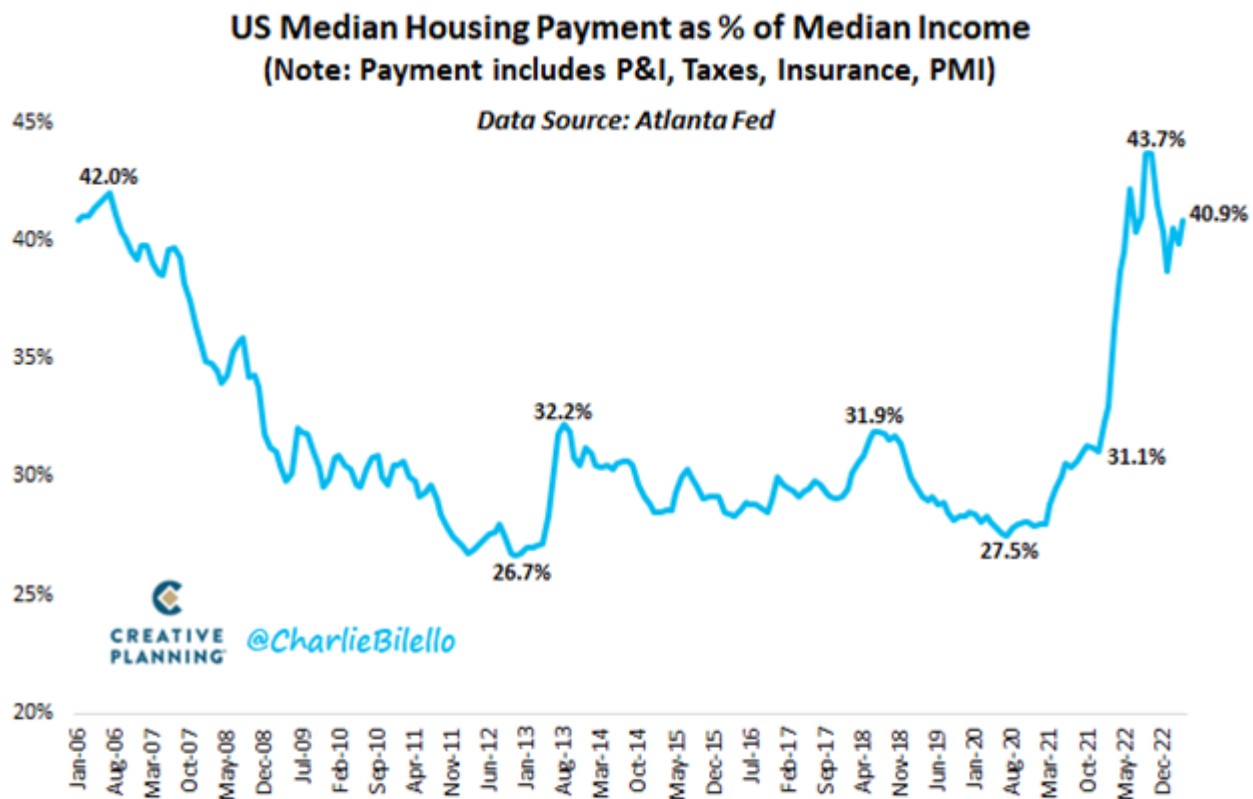
Share of mortgage loans outstanding by mortgage rate



Source: FHFA, National Mortgage Database (NMDB)

And as inventories have declined, so has activity. US Existing Home Sales fell 20% over the last year, the 21st consecutive YoY decline. That's the longest down streak since 2007-2009.

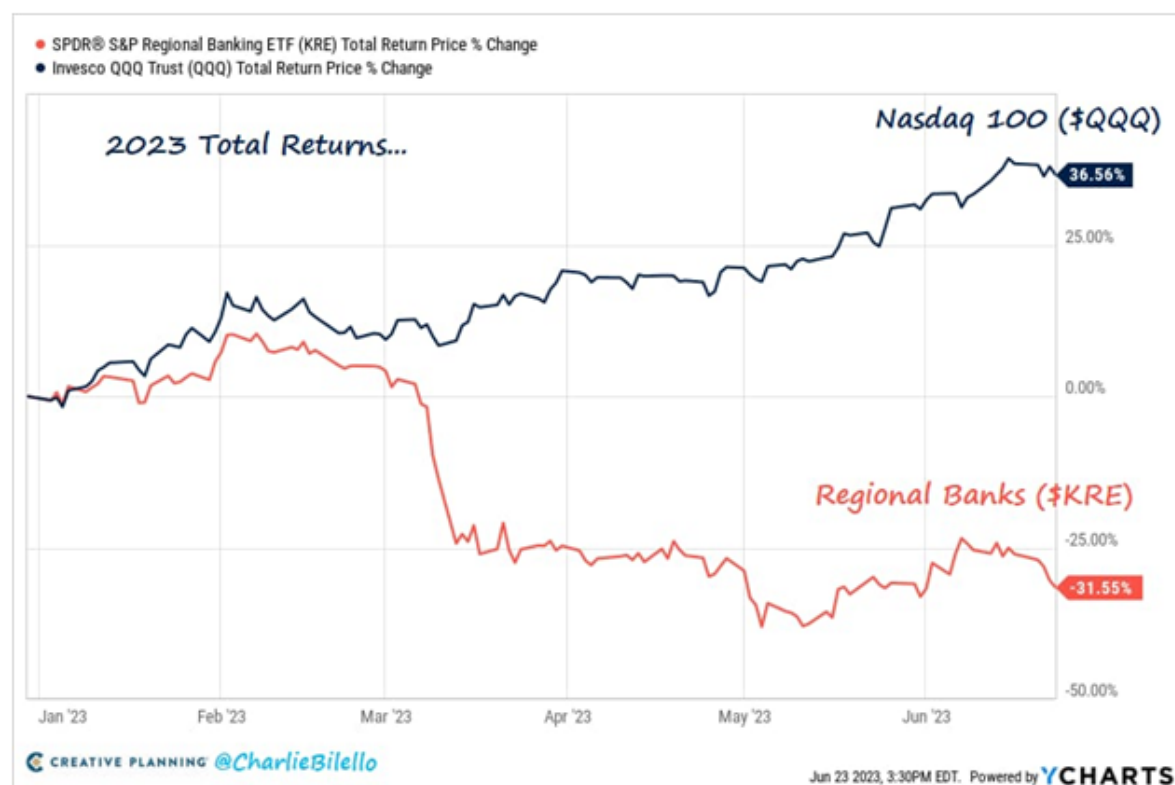
In America either Home prices need to decrease, mortgage rates decrease or incomes rise. May be a combination of these is what plays out



This suggests that something will have to give in order for homes to become more affordable: either prices falling, mortgage rates coming back down, or incomes rising. Until that happens, the housing market will likely remain in a standstill.

Which begs the question: does the economy still need 1.5 million realtors, a number that exceeds the current number of homes for sale? The answer is mostly likely “no,” and with more than 60,000 former realtors leaving the profession over the last 6 months, that resizing has already begun.

And regional banks (\$KRE ETF), with considerable loan exposure to the office market, remain down over 30% on year.



There is no appetite to invest in regional banks. The Nasdaq is grinding away higher in 2023.

## The USA Truflation is heading in the right direction

### 5) A Long Way to Go?

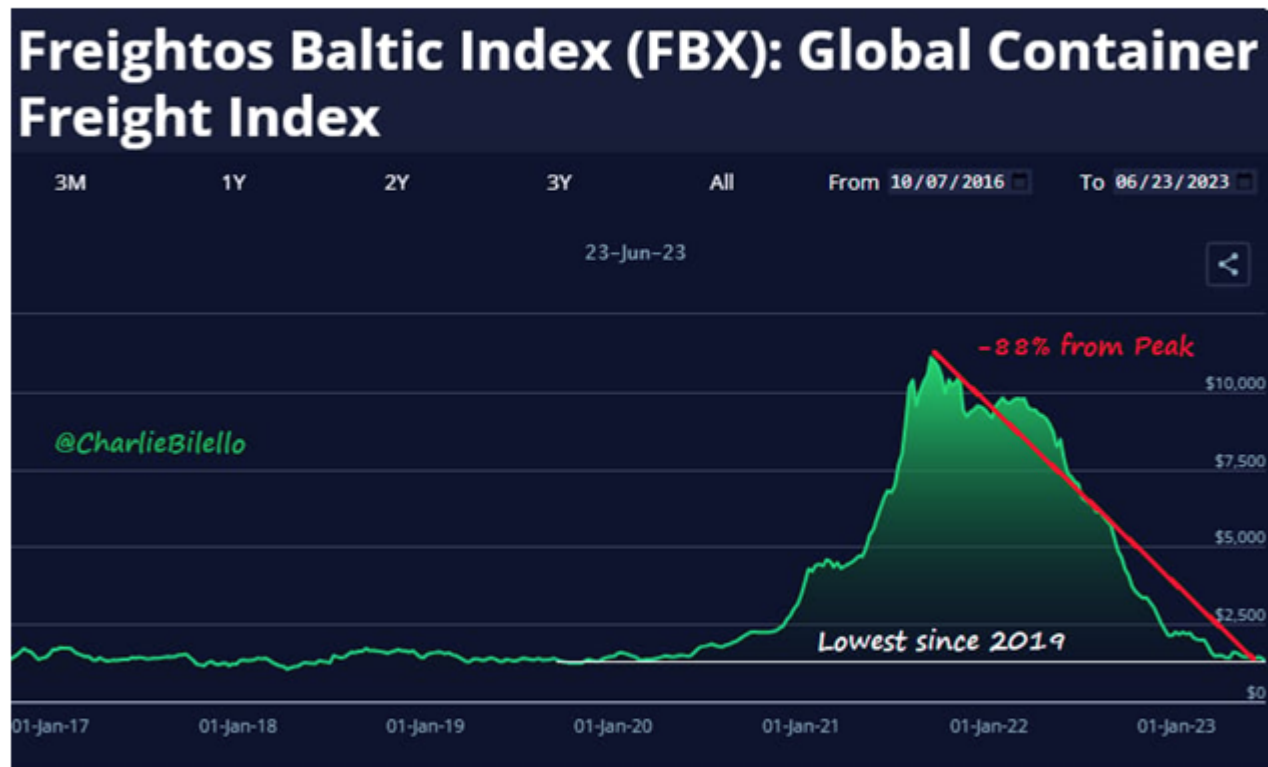
Jerome Powell made headlines this week by saying “inflation pressures continue to run high, and the process of **getting inflation back down to 2% has a long way to go.**” He also hinted at the potential for more rate hikes in saying “**it may make sense to move rates higher** but do so at a more moderate pace.”

The market continues to price in a July rate hike (74% probability), but with real-time inflation metrics continuing to trend lower (Truflation now at 2.4%), the Fed should have a lot of leeway to pause again if they so choose.



We are seeing both Shipping & Supply chain Pressure ease

We also have continued evidence of an improving supply chain, with Global Container Freight Rates (cost of 40' Containers) at their lowest levels since 2019, down 88% from their peak.



Over a period of 18 months, the NY Fed's Supply Chain Pressure Index has moved from its worst level ever (December 2021) to its best level ever (May 2023).

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### Global Supply Chain Pressure Index (GSCPI)



Sources: Bureau of Labor Statistics; Harper Petersen Holding GmbH; Baltic Exchange; IHS Markit; Institute for Supply Management; Haver Analytics; Refinitiv; authors' calculations.

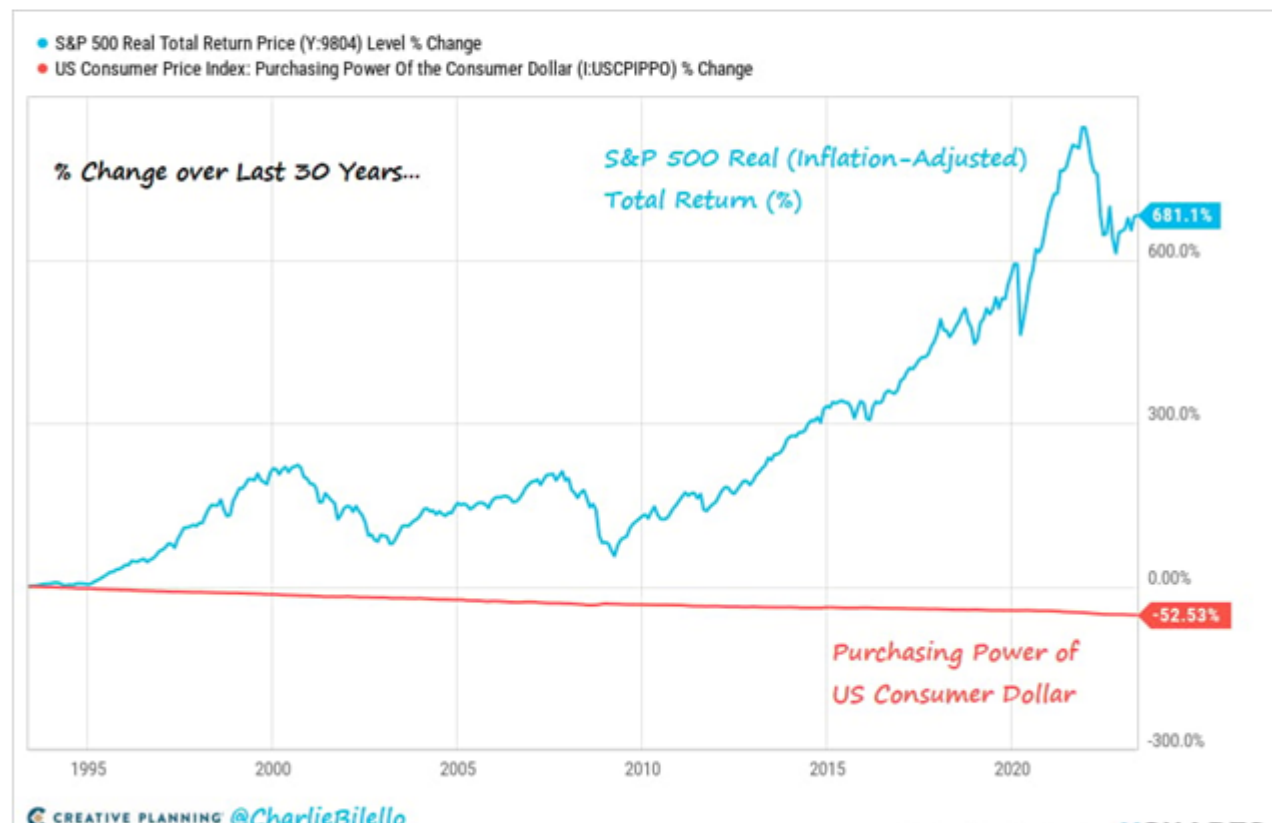
Notes: GSCPI readings for the most recent months can be revised as realized data become available, replacing the imputed values generated through principal component analysis. Further, for some series, mainly the BLS airfreight cost indices, each new release comes with revisions to up to twelve months of previous data. Thus, revisions can have an impact up to a year back in time.



This is a great graph to show why some growth assets are needed over time. If you just rely on term deposits your buying power will be eroded over time.

## 10) Purchasing Power Cut In Half

Over the last 30 years, the purchasing power of the US consumer dollar has been cut in half due to inflation. At the same time, the S&P 500 has gained 681 (7% per year) **after** adjusting for inflation. Why you need to invest, in one chart.



## Market Snapshot:

Ticker	Last Price	%Chg	%MTD	%QTD	% YTD
<b>Asia Indices</b>					
CSI 300 INDEX	3,864	-1.5	1.7	-4.6	-0.2
HSTECH	3,879	-2.1	7.0	-9.9	-6.0
MSCI CHINA	61	-1.5	3.5	-10.7	-6.0
MSCI INDIA	2,088	-0.8	1.0	8.7	0.9
KOSPI INDEX	2,572	0.1	-0.2	3.8	15.0
TAIWAN TAIEX INDEX	17,202	0.1	3.8	8.4	21.7
S&P/ASX 200 INDEX	7,083	-0.2	-0.1	-1.3	0.6
NIKKEI 225	32,474	-0.9	5.1	15.8	24.5
<b>US/ROW</b>					
NASDAQ COMPOSITE	13,493	-1.0	4.3	10.4	28.9
S&P 500 INDEX	4,348	-0.8	4.0	5.8	13.3
RUSSELL 2000 INDEX	1,822	-1.4	4.1	1.1	3.4
DAX INDEX	15,830	-1.0	1.1	1.3	13.7
MSCI EM	992	-0.9	3.5	0.2	3.7
CBOE VIX FUTURE	16	-0.0	-22.0	-32.4	
<b>FX/ Commodities</b>					
Japanese Yen Spot	143.30	0.3	2.8	7.9	-8.5
Euro Spot	1.09	0.1	2.0	0.6	1.9
Australian Dollar Spot	0.67	0.0	2.7	-0.1	-2.0
Gold Spot \$/Oz	1,925.67	0.2	-1.9	-2.2	5.6
DOLLAR INDEX SPOT	102.74	-0.2	-1.5	0.2	-0.7
Crude Oil	69.77	0.9	2.2	-7.5	-13.1
China Renminbi Spot	7.18	0.0	1.0	4.5	-3.9

Source: Bloomberg, June 26, 2023.

The figures shown relate to past performance. Past performance is not a reliable indicator of current or future results. Index returns are for illustrative purposes only. Index performance returns do not reflect any management fees, transaction costs or expenses. Indexes are unmanaged and one cannot invest directly in an index.

Australia

48%

QLD clearance rate\*

Updated Mon 26 Jun 4:30 PM AEST

Based on 194 auction results available

SOLD

69

Sold at auction

24

Sold prior to auction

1

Sold after auction

NOT SOLD

16

Withdrawn

84

Passed in

293 auctions scheduled

Non-auction sales

1,009

Private sales

Auction Results & Recent Sales

Australian auction results, clearance rates and recent sales for the week ending Sun 25 Jun 2023

67%

Clearance rate\*

Mon 26 Jun 4:30 PM AEST

Auction results available695

Private sales1,011

VIC auction results

65%

Clearance rate\*

Mon 26 Jun 4:30 PM AEST

Auction results available819

Private sales1,428

NSW auction results

48%

Clearance rate\*

Mon 26 Jun 4:30 PM AEST

Auction results available194

Private sales1,009

QLD auction results

67%

Clearance rate\*

Mon 26 Jun 4:30 PM AEST

Auction results available70

Private sales325

SA auction results

50%

Clearance rate\*

Mon 26 Jun 4:30 PM AEST

Auction results available2

Private sales669

67%

Clearance rate\*

Mon 26 Jun 4:30 PM AEST

Auction results available3

Private sales27

68%

Clearance rate\*

Mon 26 Jun 4:30 PM AEST

Auction results available75

Private sales82

--%

Clearance rate\*

No data yet

Auction results available0

Private sales136

## Welcome to the Australian Bureau of Statistics

Population

**26,268,359**

31 December 2022

Consumer price index

**7.0%**

Annual change Mar 2023  
quarter

Gross domestic product

**0.2%**

Quarterly change Mar 2023

Average weekly earnings

**\$1,807.70**

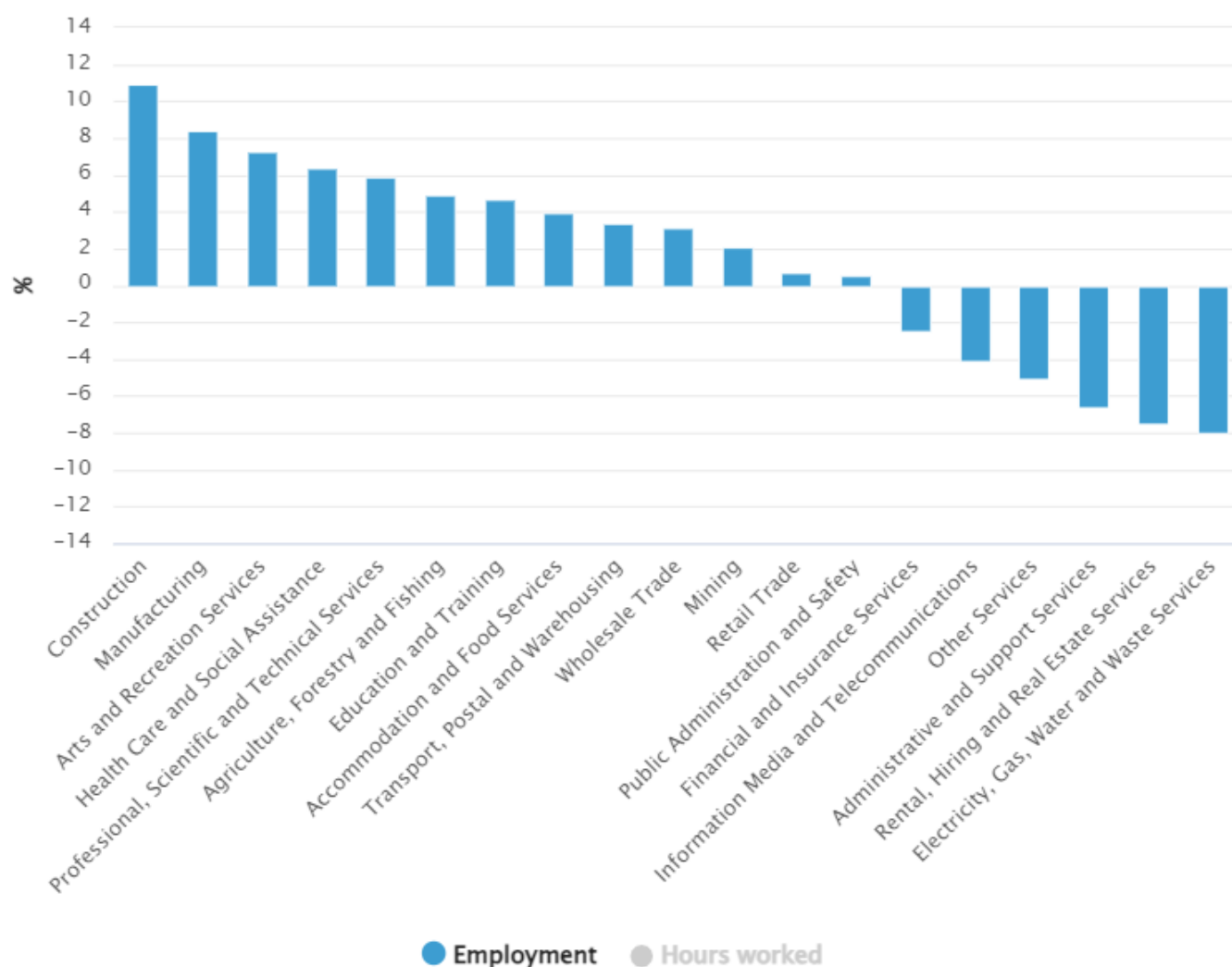
November 2022

Unemployment rate

**3.6%**

May 2023

Chart 3: Change in employed people and hours worked, by Industry, May 2022 to May 2023, Original



Source: Labour Force, Australia, Detailed Table 11

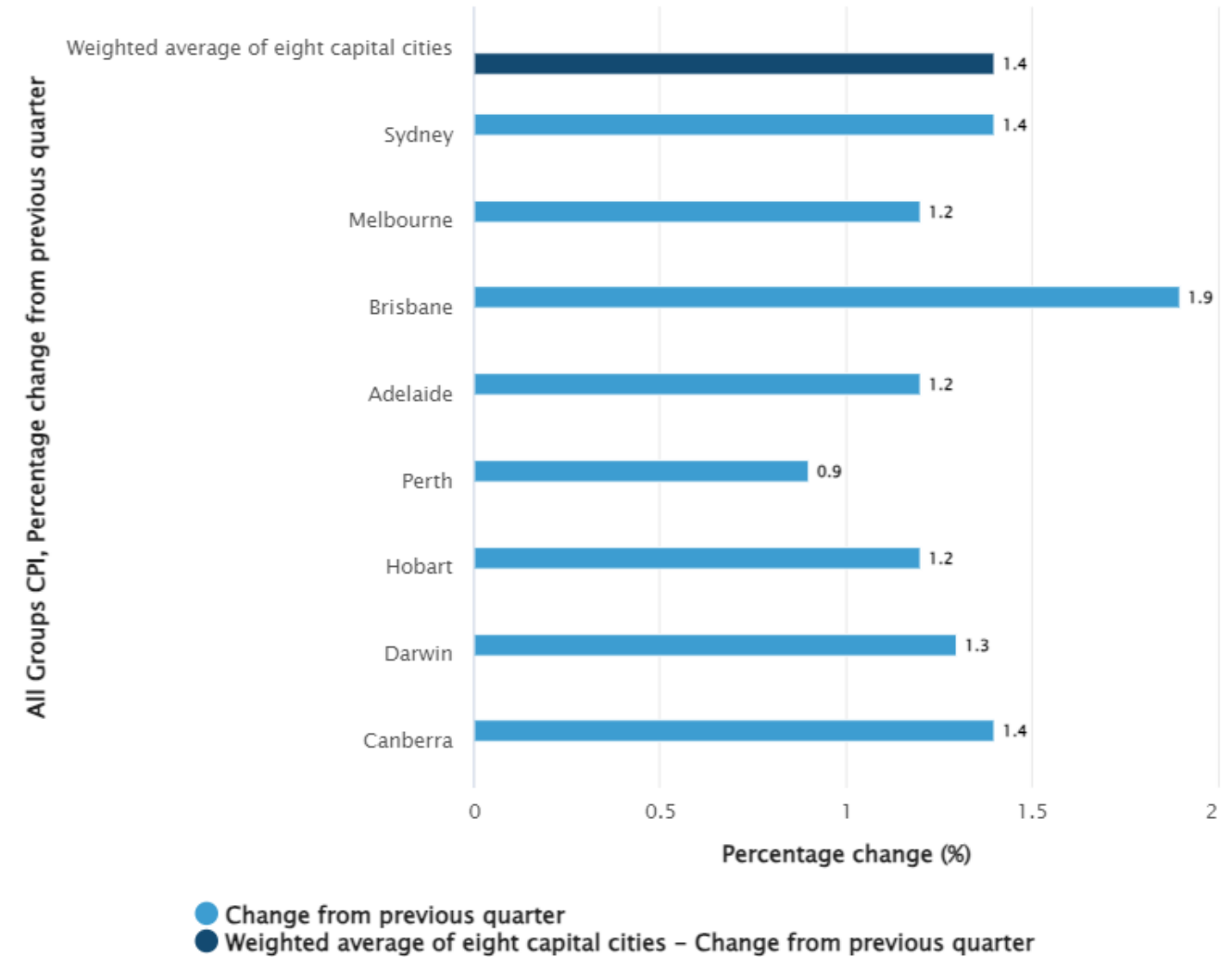
# Capital cities comparison

## All groups CPI

Graph Table

Download

All groups CPI, quarterly movement (%)



# Unemployment

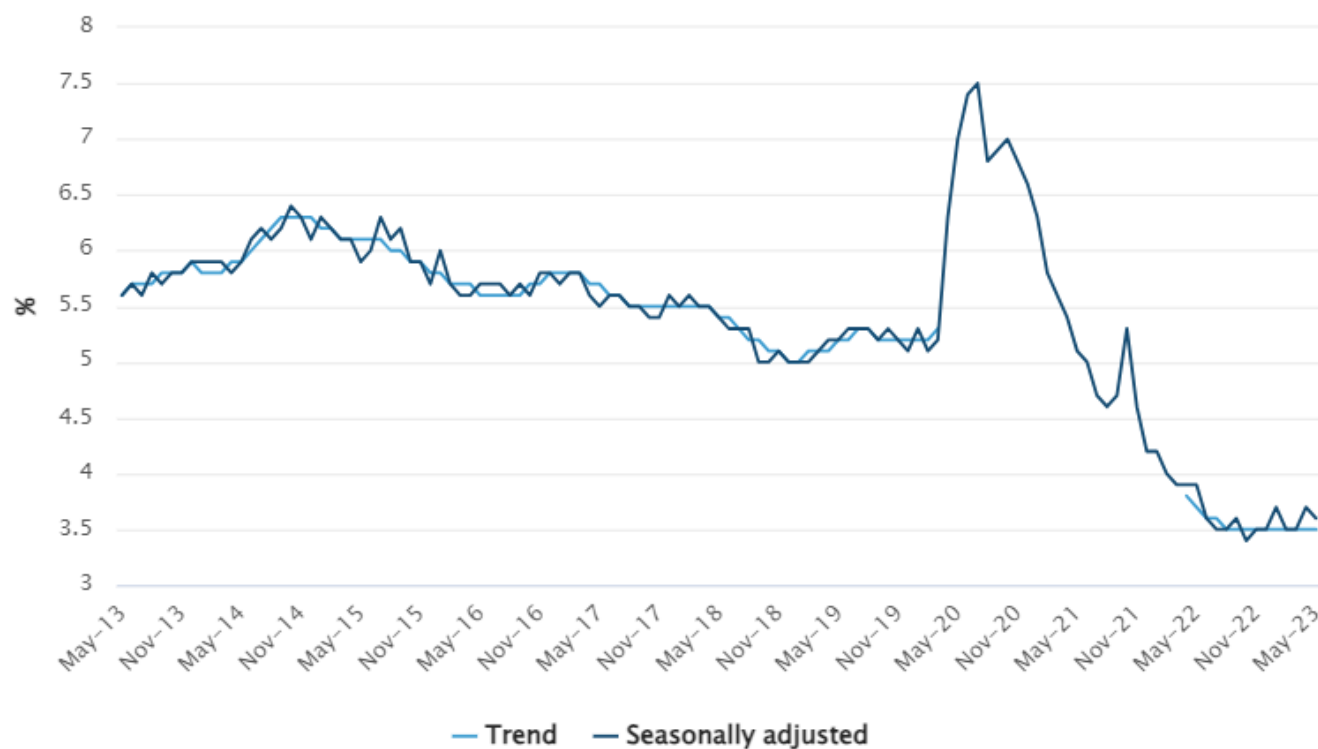
In trend terms, in May 2023:

- unemployment rate remained at 3.5%.
- unemployed people decreased by 1,100 to 512,800.
- youth unemployment rate remained at 7.8%.

Graph Table

Download

## Unemployment rate



Large month-to-month changes occurred during the COVID-19 pandemic, resulting in multiple trend breaks. The ABS recommends caution when using trend estimates published in spreadsheets in this release for this period. Information on trend breaks can be found in [Labour Force, Australia methodology, May 2023](#).

ALL ORDINARIES (^AORD)  
ASX - ASX Delayed price. Currency in AUD

Add to watchlist

Quote lookup

7,264.10 -21.50 (-0.30%)  
At close: 04:17PM AEST

Start Trading >>  
Plus500 CFD Service. Your capital is at risk

Summary Chart Historical data Options Components



## Housing on the Gold Coast.

This is an extract from the Gold Coast Bulletin on Monday 26<sup>th</sup> June 2023.

The new dwellings in 2022 increase by 1,222.

BUT

The population grew by more than 14,000 or around 6,000 households.

That has driven demand for both purchasers and renters.

9:32



serious issue, having risen 44 per cent since March 2020.

“There is an undersupply of housing on the Gold Coast and when taking existing vacancy of 1300 into consideration, the Gold Coast was short around 3500 dwellings in 2022,” he said.

“The pandemic created the perfect storm for tight supply conditions across the board, with strong economic conditions but shortages of both labour and materials.

“Increased demand pressure is driving rents and benefiting investors in the medium term, however it’s evident that the

0 Comments



9:32



Leading national real estate firm CBRE’s new Gold Coast Housing Dilemma report delves into [the struggles facing the property industry across the next five years](#), particularly with development not keeping pace with population growth.

The [number of dwellings on the Gold Coast](#) increased by 1222 in 2022, while the population grew by more than 14,000 people, or around 6000 households.

And the report warns pressure will continue to grow for both renters and buyers.