



The economy, financial markets and your customers...

The ripple effect on Family Business

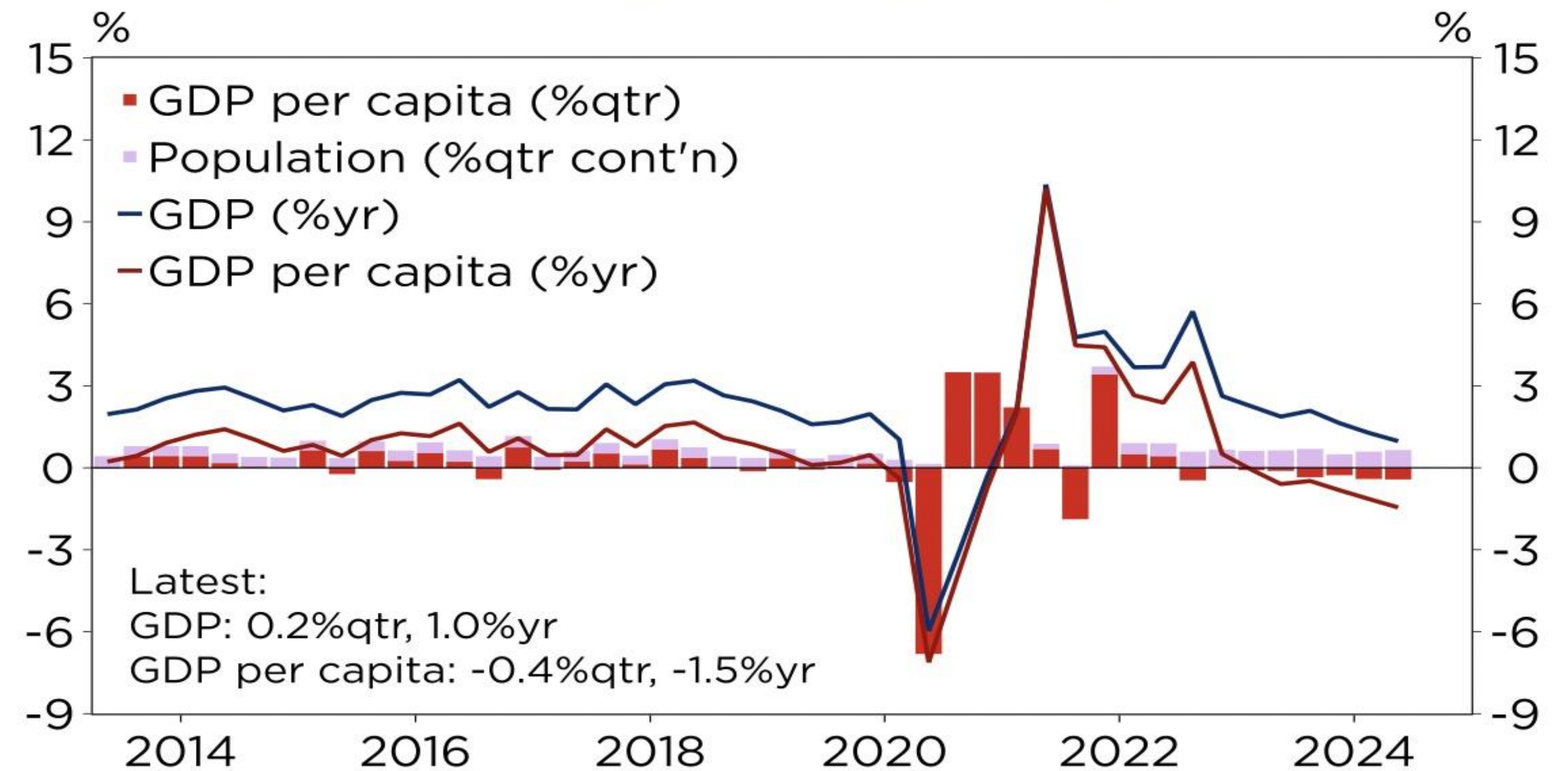
State of the economy... in a nutshell

- One of only 9 countries in the world with Triple-A credit rating
- Economy weak – US disruption a very real threat
- Inflation now within RBA 2-3% target range
- Interest rate cuts... But when and how many?
- Jobs growth has been incredibly strong
- Government rolling in cash - from you and me
- Record spending by federal government



**Thank goodness
for 500,000
new customers**

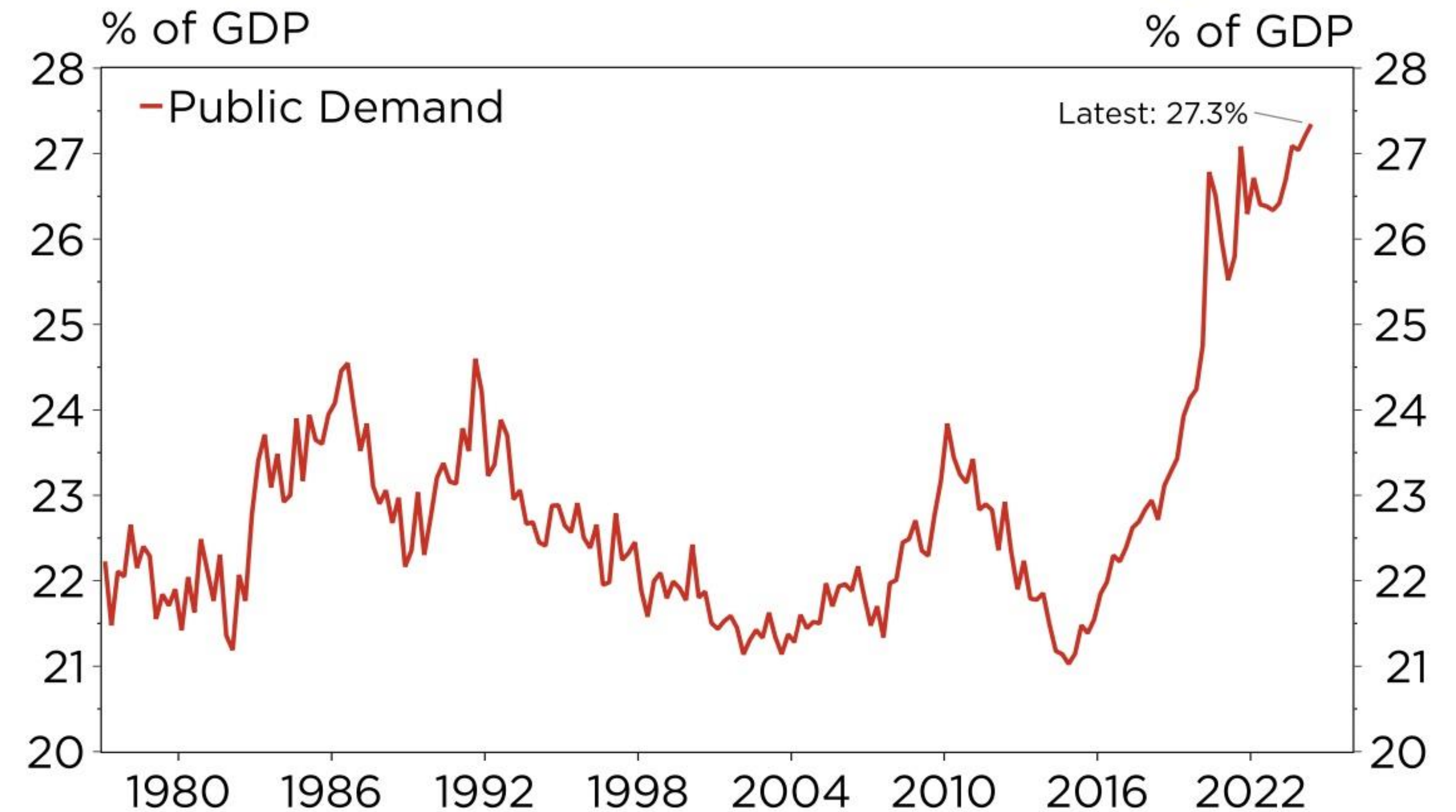
Australia: weak growth, per capita declines



Source: ABS, Macrobond, Westpac Economics

**Government
spending driving
economy... Not
private sector**

New public demand: fresh record high



Source: ABS, Macrobond, Westpac Economics

Australia Inflation and RBA Cash Rate

Official cash rate hold at 4.10% vs inflation

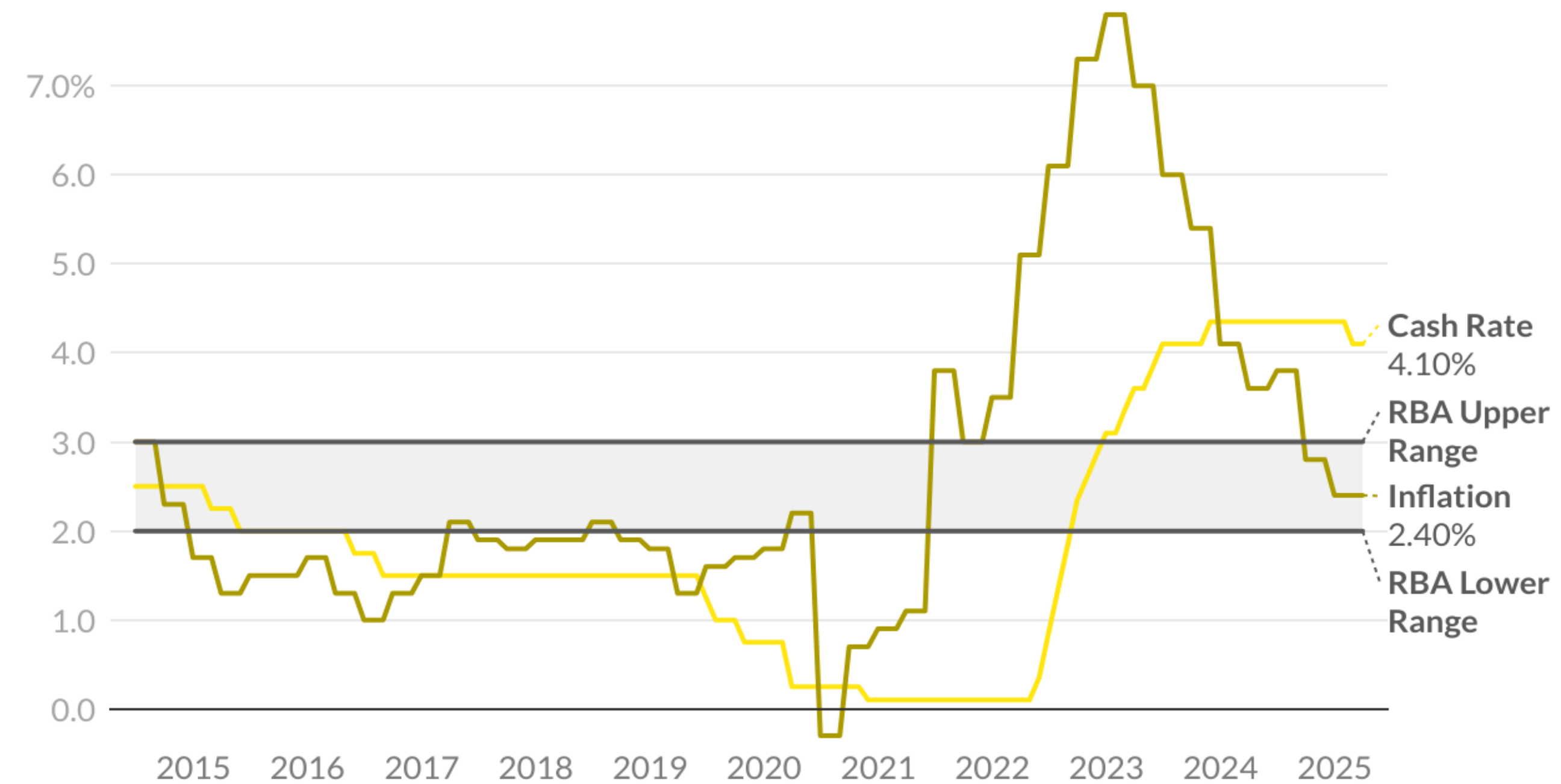
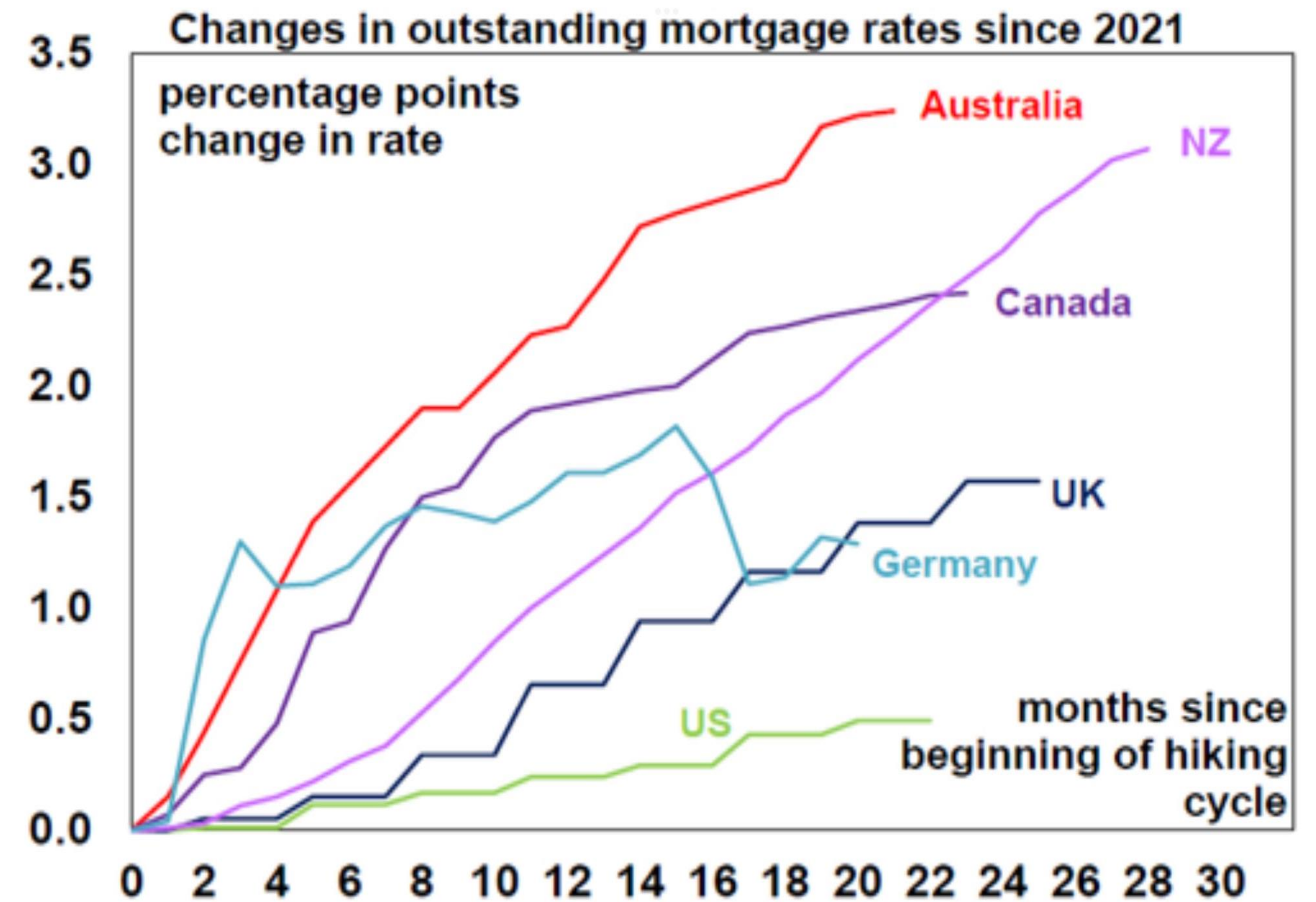


Chart: Ray White • Source: RBA, ABS



Using rates as the inflation buster

Your customers are hurting



Australia has one of the lowest proportions of fixed mortgages in the world

Country-level share of fixed rate mortgages

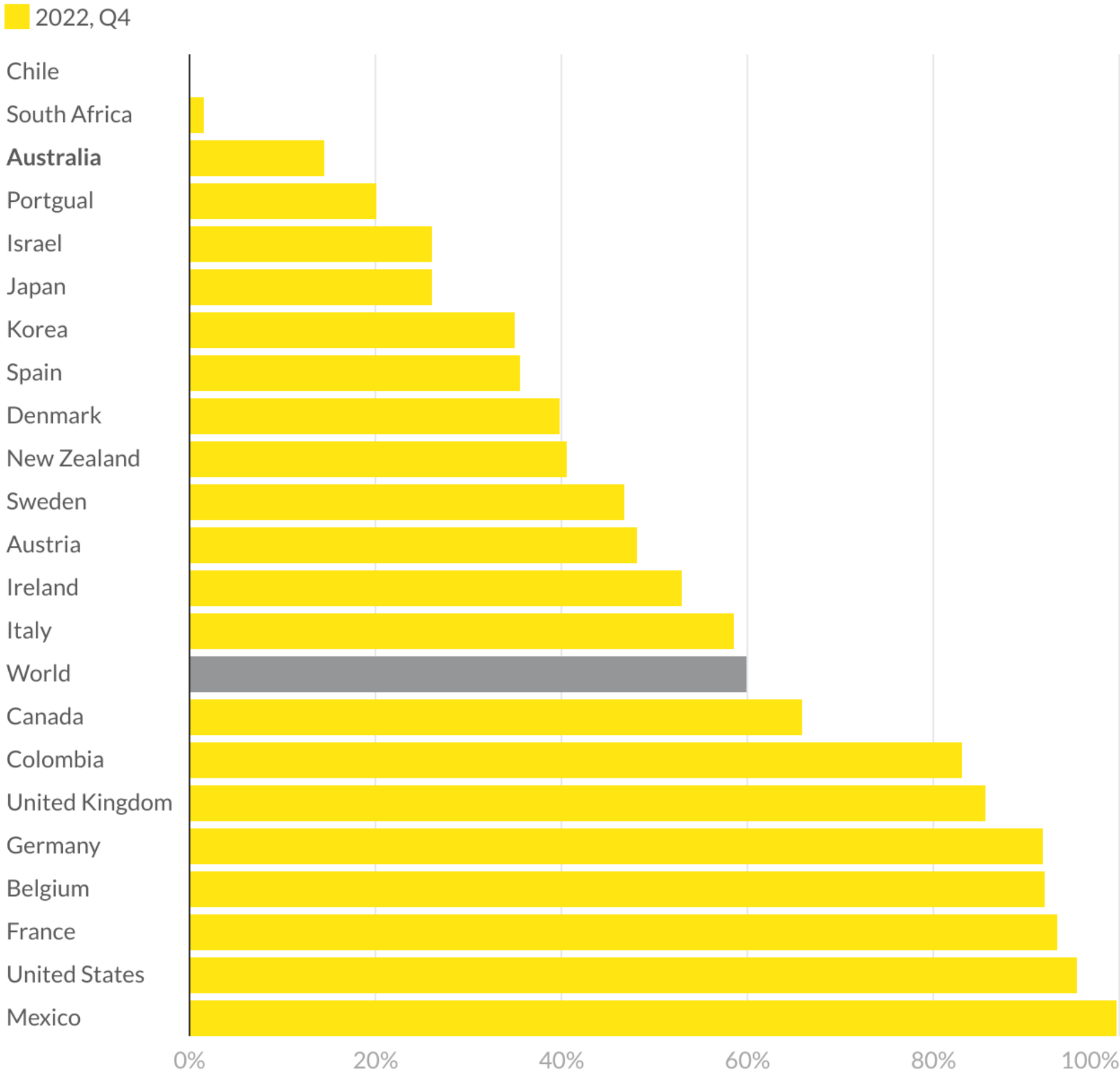
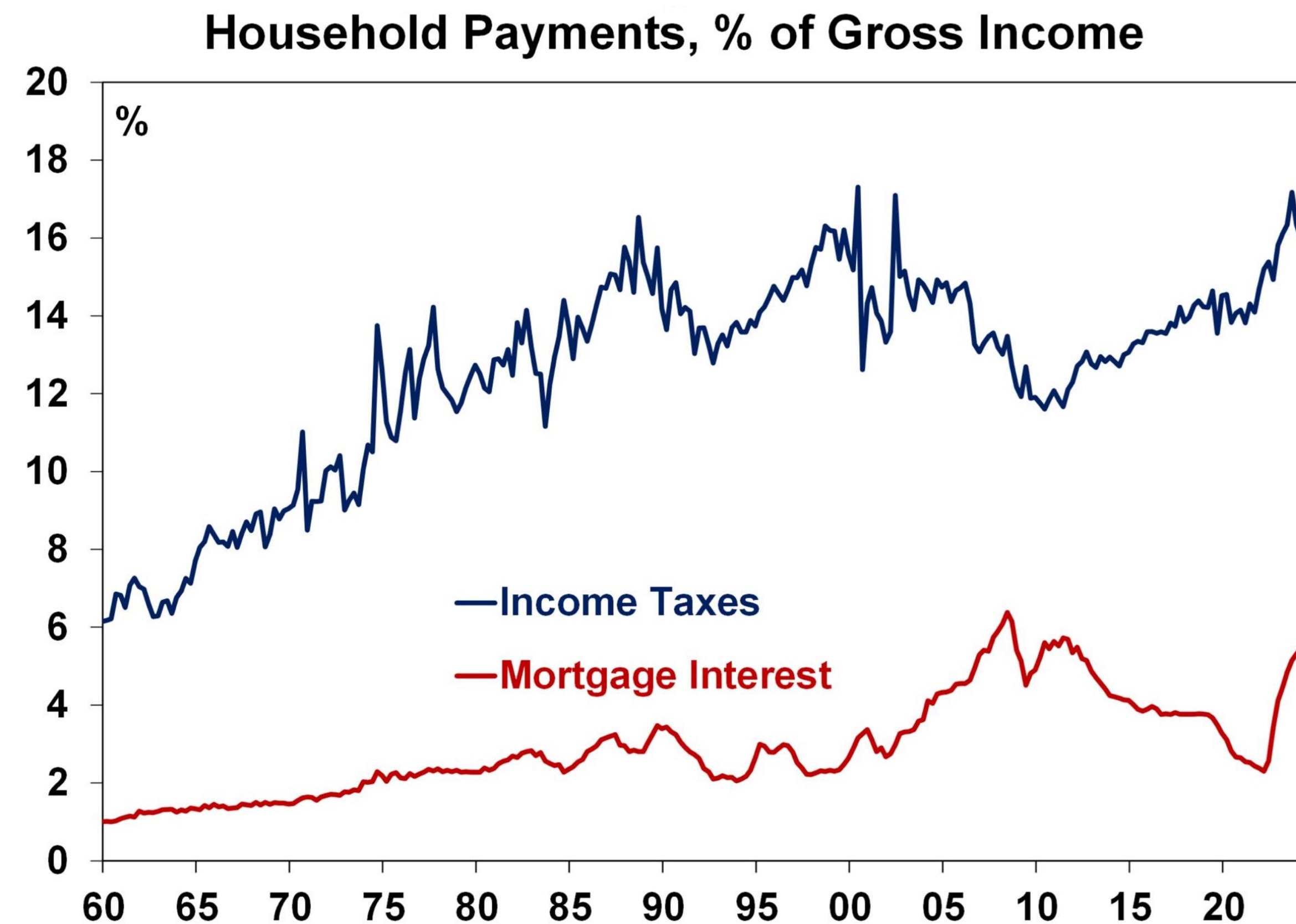


Chart: Ray White • Source: IMF

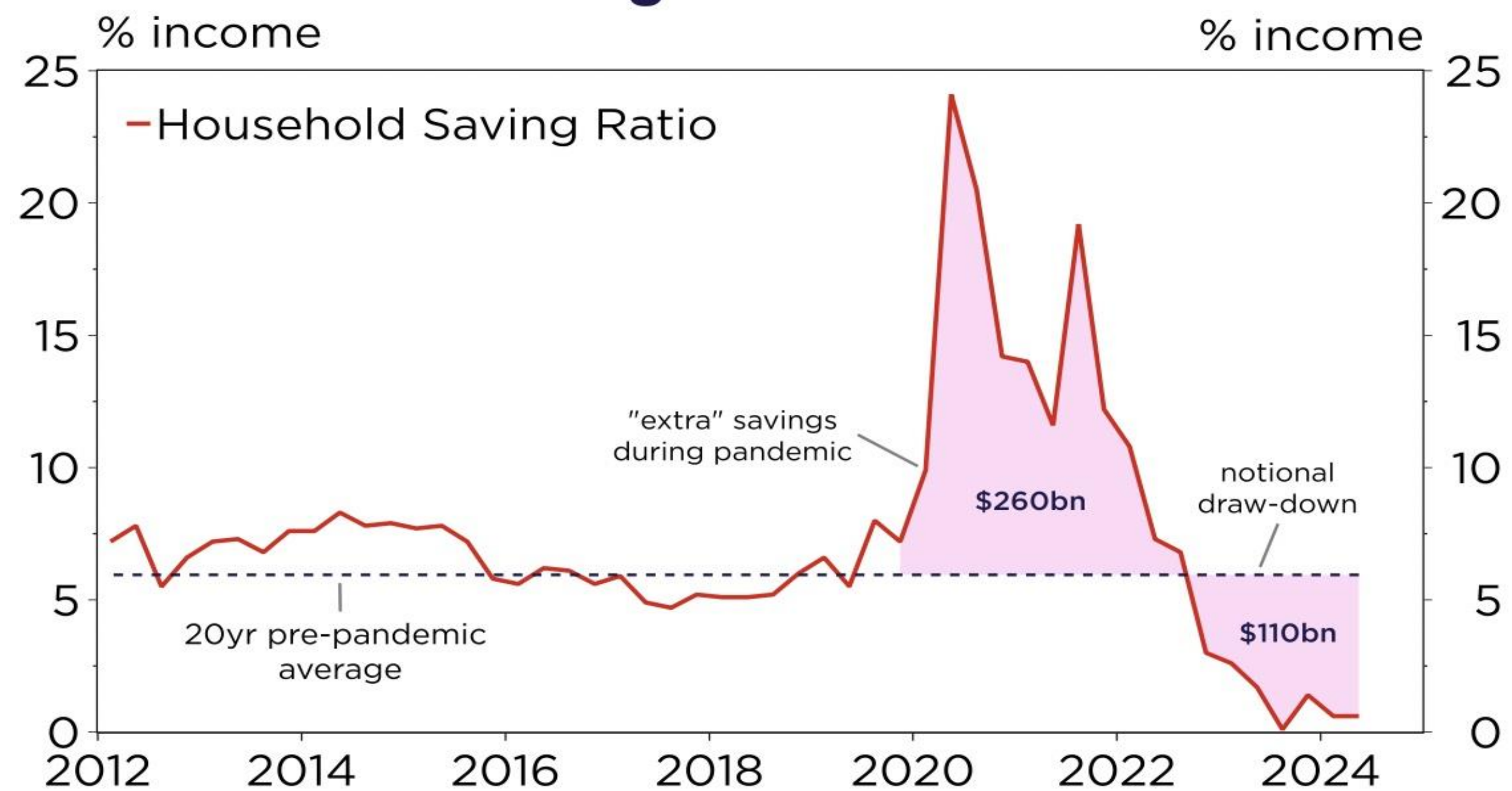


Why rate rises
hit hard and fast
in Australia

Household budgets drained by interest and tax



Household savings ratio



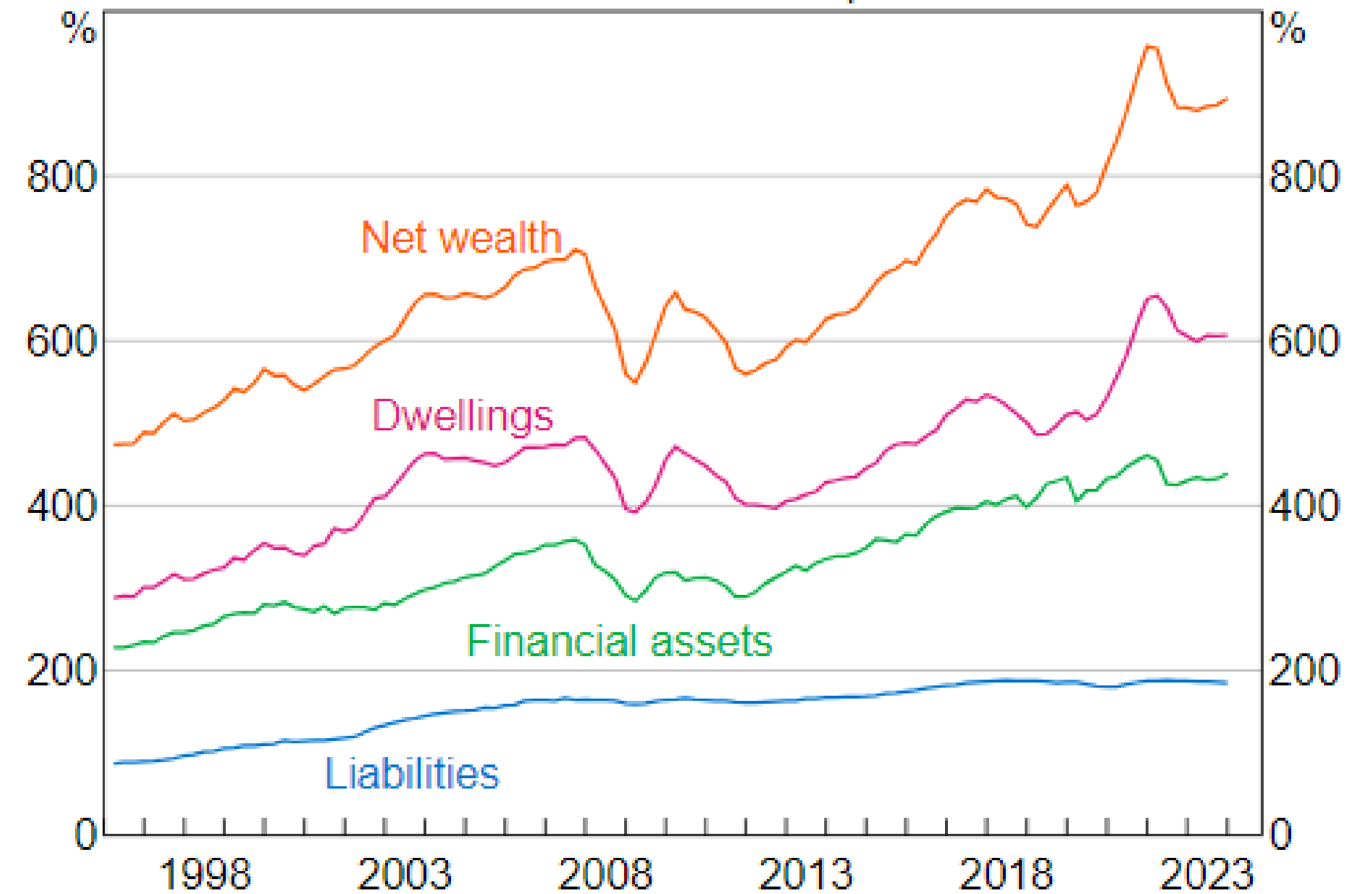
Source: ABS, Macrobond, Westpac Economics

Record savings are running out

**Aussies are
cash poor...
but asset rich**

Household Wealth and Liabilities*

Per cent of annual household disposable income



* Household disposable income is after tax, before the deduction of interest payments, and includes income of unincorporated enterprises.

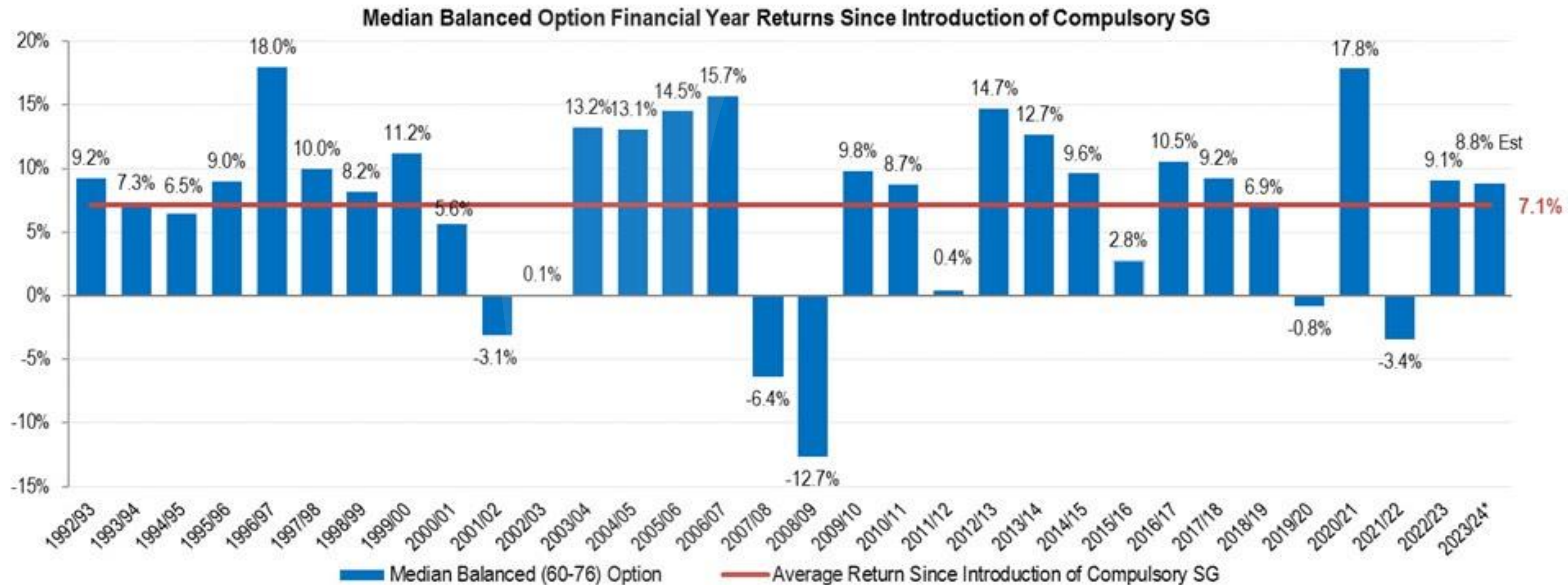
Sources: ABS; RBA.

Their biggest asset booming

Index results as at 30th April 2025

	Change in dwelling values				
	Month	Quarter	Annual	Total return	Median value
Sydney	0.2%	1.0%	0.9%	4.0%	\$1,194,709
Melbourne	0.2%	1.0%	-2.2%	1.5%	\$786,158
Brisbane	0.4%	1.0%	7.8%	11.8%	\$907,864
Adelaide	0.3%	0.9%	9.8%	13.7%	\$825,776
Perth	0.4%	0.7%	10.0%	14.7%	\$807,728
Hobart	0.9%	0.9%	0.5%	4.8%	\$664,462
Darwin	1.1%	3.4%	2.5%	9.1%	\$526,410
Canberra	0.4%	0.6%	-0.6%	3.4%	\$864,343
Combined capitals	0.2%	1.0%	2.6%	6.2%	\$905,763
Combined regional	0.6%	1.5%	5.3%	9.8%	\$673,373
National	0.3%	1.1%	3.2%	7.0%	\$825,349

And their 2nd biggest asset is performing well



So, financially, your customer:

- Is asset rich but cash poor... You can't eat your house or super
- Has a job and a steady income
- Has run down their savings pool
- Is adjusting their lifestyle or using credit
- Is fearful of their financial future
- Is looking for alternatives
- Is searching for trusted "advisers"



Polling from recent YouGov

- More than half of Australian families have reduced the amount or quality of food they're buying and one third said their children had been impacted by a lower variety and quality of food.
- Insurance stress is causing 71% of parents to worry about higher premiums due to more intense and frequent natural disasters driven by climate pollution.
- Two in three families have cut back on heating and cooling their homes.
- The vast majority (71%) of parents are worried about both the rising cost of living and climate change.

Customers are now digitally savvy

- Customers use social and digital research options more than ever – make sure you understand the digital space to sell better
- 1984 1000 internet connected devices; 1992 1million; 2008 10 billion; 2020 15 billion; 2030 29 billion
- Let customers help you decide the best products and services BUT actually listen to them
- Digital footprints allow you to “de-commoditise” insurance
- They want your expertise on the insurance products that suit them at the best value
- Your passion is infectious - if you know your customer, and your product, it is a win-win





Current and future trends

- Smartphones rule the world
- Video, video, video
- Data, data, data... the better your database, the better your connection with customers
- Your digital footprint is your showroom, so it has to be good
- Google reviews are powerful
- Be an early adopter of whatever comes next

The remainder of 2025

- Trump uncertainty... Inflationary? Currency? Trade wars?
- China looks bad... Property and debt crisis... Commodities under pressure
- Australian economy to stagger into a technical recession
- Interest rate cuts slower and not as deep as expected
- Labour market to weaken but stay solid
- Sydney and Melbourne property weak... Brisbane, Adelaide, Perth solid
- Australian shares suffer from commodities and China pressure
- US shares ride the tech, falling tax, protectionist Trump bubble
- Port Adelaide to finish in Top 8 and contend for AFL Premiership



Your customer in 2025

- Household budgets under even more pressure... Lifestyle costs slashed
- “Essential” costs will come under more scrutiny and questioned
- Weaker employment will take heat out of wage pressures
- Consumer psychology will deteriorate on rate cut disappointment
- Slowing property market and superannuation return uncertainty means their biggest assets under pressure
- A year of austerity



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