



**AUSTRALIAN CONSTRUCTION INSIGHTS**  
Research powered by HIA Economics

# Construction Brief

27 March 2017

## The Trump gets trumped ...

### The rest of the world is not our main focus ...

... in the fortnightly *Construction Brief*, but every now and then we'll have to have a thump at 'The Trump'!

### Before that, let's focus on home ground.

*Update:* Last week the first HIA *Renovations Roundup* for 2017 was released. This is the most comprehensive quarterly update regarding renovations activity available in Australia. For further information go to: <https://hia.com.au/BusinessInfo/economicInfo/EcoPublications.aspx>

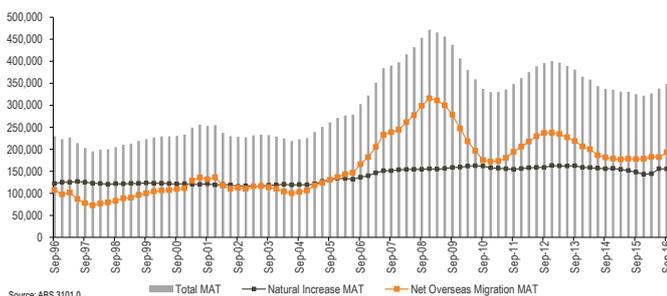
*Insight:* We are quite upbeat about the prospects for renovations activity out to the end of this decade. The *Renovations RoundUp* includes forecasts over a three year financial year outlook. We expect that renovations activity will be around six per cent higher at the end of this decade – reaching a value of over \$35.5 billion.

Note that, as with the rest of Australia's housing industry, there are large geographical differences between states and territories in terms of renovation conditions. With regard to the latest, unique HIA Renovations Activity Survey, the three top renovation jobs are: repairs and maintenance; kitchens; and bathrooms.

### Top of the charts: OMG – population growth accelerating?

*Update:* Much to the likely chagrin of the (recently more vocal) anti-immigration set, Australia's population cycle appears to have turned up (only just) again. Our media release regarding the latest ABS population update can be found at: <https://hia.com.au/IndustryPolicy.aspx>

Australia's Population Growth by Component - Moving Annual Total



*Insight:* The right kind of population growth is actually good for Australia in terms of the housing industry, the broader construction industry, the wider economy, and future generations of Australians. We will shortly be releasing research on population and migration – we'll

keep you informed. Population could develop as something of a 'sleeper' policy issue in 2017/18. Debates around the rate and composition of Australia's population growth always have the potential to unsettle both residential and non-residential development and investment.

Speaking of non-residential investment, the autumn edition of the ACI *Construction Monitor* report will be released on the 11<sup>th</sup> of April 2017. Pre-order your copy from: <http://aciresearch.com.au/en/Publications.aspx>

While staying on the topic of population, the ABS releases its regional population data for 2015/16 on Thursday 30<sup>th</sup> March. While a very lagging set of data on the one hand, it does allow us to update our detailed and forward looking research on the prospects for new housing and alterations and additions activity at a local area level. Information regarding the annual HIA Population Hotspots report can be found at: [https://hia.com.au/~media/HIA%20Website/Files/IndustryBusiness/Economic/publications/Extract\\_PopResHotspots16.ashx](https://hia.com.au/~media/HIA%20Website/Files/IndustryBusiness/Economic/publications/Extract_PopResHotspots16.ashx)

### The Trump got trumped last week

*Update:* At the end of last week the Trump Administration failed to get their health care bill (essentially the 'repeal' of the 'Obama-care' health sector 'reforms') through. President Trump ended up pulling the bill. In our view the fact that the bill was thwarted by Trump's own Republican Party doesn't auger well for future policies related to tax cuts and fiscal stimulus.

*Insight:* It's not the end of the world, but US Presidents of any stripe effectively only have two years (two and a half year's max) of their four year term to punch through their legislative agenda. There is still plenty of time, but Trump appears to have failed at the first hurdle.

What does this mean for us? Firstly, it probably means that the upward force to global interest rates generated by increasing US interest rates won't happen as quickly as we first thought. That key 2.75 per cent threshold for the US 10 year Treasury yield we have mentioned before will take longer to reach. Secondly, the Aussie dollar may remain stuck on that familiar USD mid-1970's soundtrack for longer (the Aussie ended last week near \$US76.20 cents). Thirdly, any 'kick' that Australia receive as a major commodity exporter from US fiscal stimulus will be delayed. Given an economic slowdown in China in 2017, this development could slip under the radar and be underestimated in 2017/18.

## The fortnight ahead – key releases

## Thursday 30 March

HIA New Home Sales Report, February 2017, 11am  
 ABS Migration - Australia, 2015/16, 11:30am  
 ABS Regional Population Growth, 2015/16, 11:30am

## Monday 3 April

CoreLogic Home Value Index, March 2017, 9.30am

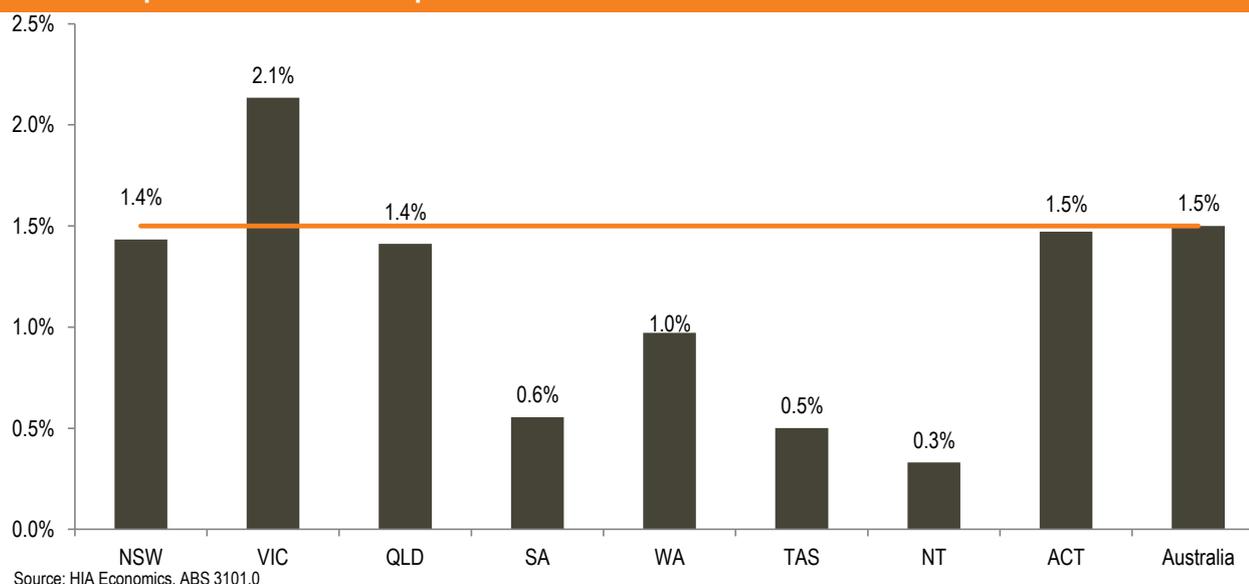
## Tuesday 4 April

HIA Kitchens and Bathrooms Report, 2017/18, 11.00am  
 RBA Board Interest Rate Meeting decision, April 2017, 2:30pm

## Friday 7 April

AiG-HIA Performance of Construction Index (PCI), March 2017, 9:30am

## Annual Population Growth to Sep Qtr 2016



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