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Market Movements

5th June 2026

GDP

Data Centres Drive Q1, Economy Slows to 0.3%

- Australia's economy expanded just 0.3%qtr in Q1 2026 and 2.5% in year-ended terms, the softest quarterly pace since Q2 2024 and a material step down from the 0.8%qtr recorded in Q4 2025. The outcome matched Westpac's forecast and sat slightly below the 0.4%qtr consensus, consistent with earlier signs the cyclical upturn had already come to an end.

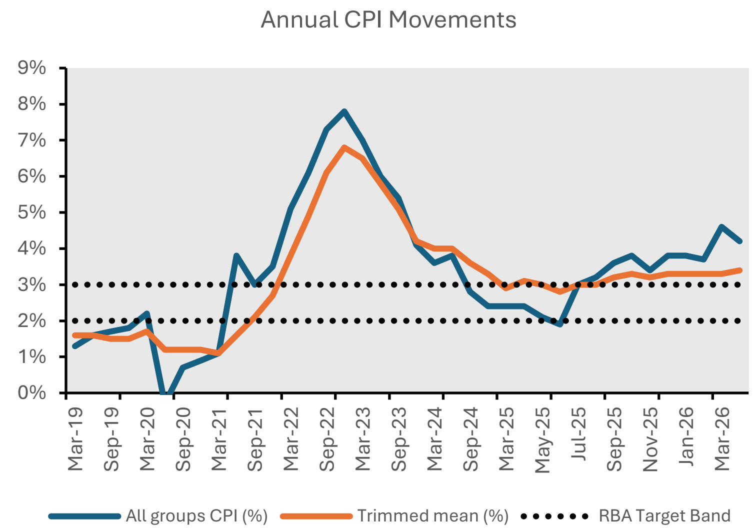
- Investment in data centres was the story of the quarter. New business investment accelerated 5.7%qtr and 10.6%yr, the strongest since Q3 2011, while machinery and equipment surged 14.7%qtr, the fastest since 2002. We estimate data-centre investment by the IT industry contributed around 0.5ppt to Q1 GDP and 0.8ppt in year-ended terms, after accounting for high import intensity and spillovers.

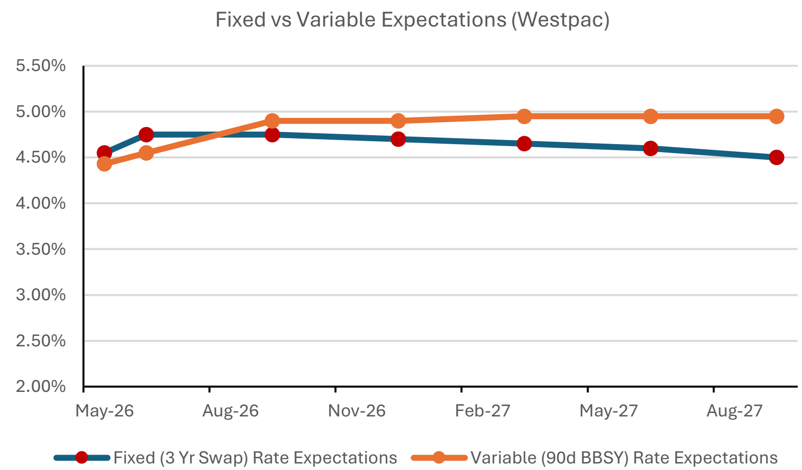
- Outside data centres, activity was weak. New engineering construction fell 2.5%qtr and private business investment likely went backwards in year-ended terms. Household consumption picked up slightly to 0.5%qtr, though much of this reflected electricity rebate changes, with underlying spending running at its slowest pace since mid-2024 and minimal impact yet from higher fuel prices.

- New public demand stalled, holding flat as the Energy Bill Relief Fund ended on 31 December, while net exports and inventories detracted around 0.8ppt from growth as data-centre imports surged.

- On the supply side, productivity fell 0.6%qtr, but softer wages meant the economy's labour cost base eased to 3.2%yr from 3.3%, back near pre-pandemic rates. The RBA may view softer growth as a necessary evil to rebalance demand and supply, but a sharper-than-expected slowdown worsens the trade-offs for inflation control.

Source: Westpac Economics, Australian Bureau of Statistics (Q1 2026 National Accounts)





Source: Westpac Weekly 25th May

Consumer Confidence

Confidence Largely Unchanged

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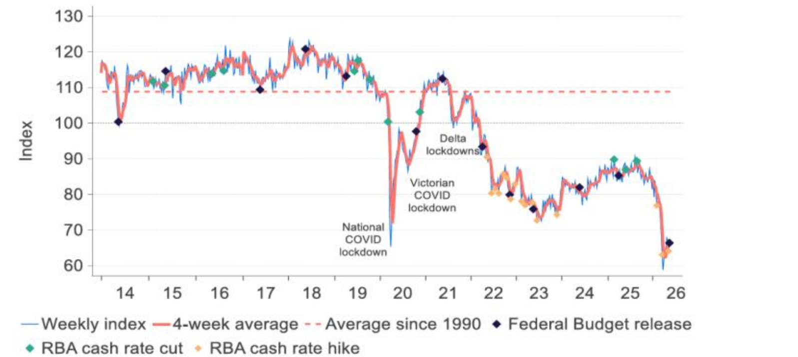
Consumer Confidence

“ANZ-Roy Morgan Australian Consumer Confidence was broadly unchanged last week, falling just 0.3pts to 66.1pts. Confidence remains around historical lows since the series began in 1973. While confidence in financial conditions eased, confidence in economic conditions improved slightly, which may have been driven by news of the prospect of a US Iran deal. Weekly inflation expectations ticked up ahead of April CPI data this week.” Sophia Angala – ANZ Economics

ANZ-Roy Morgan Australian Consumer Confidence fell just 0.3pts to 66.1pts last week



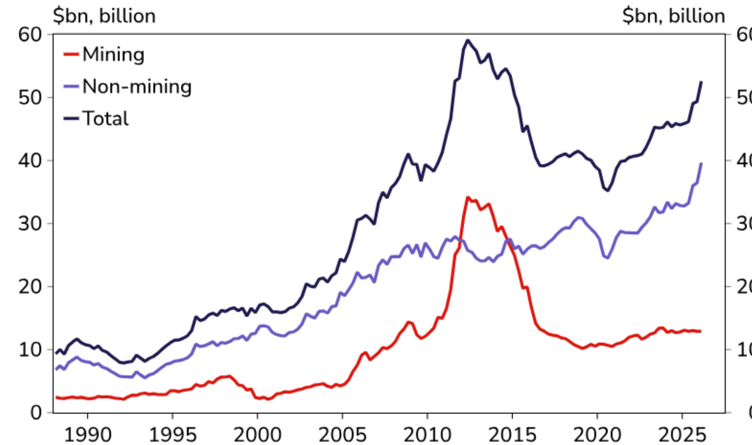
Source: ANZ-Roy Morgan, Macrobond, ANZ Research

Annual Wage Review: FWC Lifts Minimum Wage 4.75%

- The Fair Work Commission's 2026 Annual Wage Review handed down a 4.75% increase in the minimum wage and all modern award rates, effective 1 July 2026. This is larger than the 3.50% lift in 2025 and 3.75% in 2024, but smaller than the 5.75% awarded in 2023.
- The decision directly affects around 21.1% of the workforce paid at the applicable minimum or award rate, with the largest impact on award-reliant industries such as health care, retail, accommodation and food, and administration. Their share of the national wage bill is lower, at around 11.2%.
- We had pencilled in 4.25%, so the outcome was only slightly above expectation. Back-of-the-envelope estimates suggest a direct impact of just +0.1ppt to the Q3 2026 WPI forecast, so it does not substantially add to the inflationary impulse.
- The indirect risk is harder to gauge. If the decision acts as a benchmark and EBA outcomes rise by 0.5ppt, that could add 0.2ppt to Q3 WPI growth. A gradually easing labour market and slowing economy should temper this risk, but the RBA will remain cognisant of it.

Capital Expenditure

By industry



Source: ABS, Macrobond, Westpac Economics

Foreign Exchange

AUD Below 0.715 as Risk Sentiment Sours

- The Australian dollar held below US$0.715, staying near a two-week low as renewed hostilities in the Middle East dampened risk sentiment, while upbeat domestic trade data offered some support. The currency has struggled to find a clear direction as competing forces pull against each other.
- Australia's trade position swung back into surplus of AUD 1.79 billion in April, from a deficit of AUD 1.02 billion in March, driven by a rebound in iron ore and coal exports. Import growth nonetheless remained robust, underlining still-resilient demand for capital goods.
- Earlier this week, softer Q1 GDP readings reinforced signs that the Reserve Bank's three rate hikes this year are cooling demand and helping contain price pressures. The data added to the view that the tightening cycle is now biting, tempering expectations for further near-term moves.
- However, fresh attacks in the Middle East and near the crucial Strait of Hormuz have kept energy prices elevated, fuelling renewed inflation concerns. This external shock complicates the outlook, leaving the RBA to weigh cooling demand against an imported price impulse.
- Investors now await further clues on the path, with RBA Governor Michele Bullock set to appear before lawmakers later today and Deputy Governor Andrew Hauser scheduled to speak on Friday. Their commentary will be parsed for any shift in tone on inflation and growth.
- Markets have ruled out another rate hike this month but remain evenly split on the prospect of a move in August, leaving the Aussie sensitive to incoming data and global risk developments.

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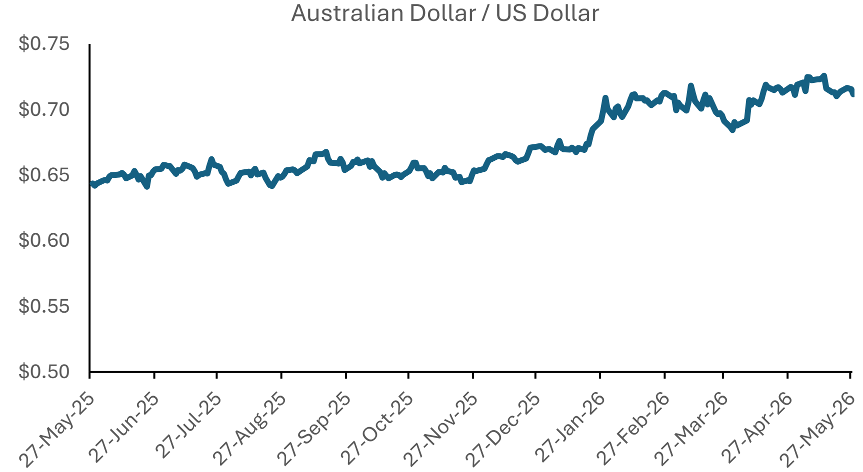

The week ahead

Monday June 01 2026			Previous	Forecast
10:00 AM	AU	S&P Global Manufacturing PMI Final MAY	51.3	50.2
12:00 PM	AU	TD-MI Inflation Gauge MoM MAY	0.6%	0.6%
12:30 PM	AU	ANZ-Indeed Job Ads MoM MAY	-0.8%	-0.4%
12:30 PM	AU	Housing Credit MoM APR	0.6%	0.5%
Tuesday June 02 2026			**Previous**	**Forecast**
11:00 AM	AU	RBA Harper Speech		
12:30 PM	AU	Building Permits MoM Prel APR	-10.5%	-2.3%
12:30 PM	AU	Company Gross Profits QoQ Q1	5.8%	-0.9%
Wednesday June 03 2026			**Previous**	**Forecast**
12:30 PM	AU	GDP Growth Rate QoQ Q1	0.8%	0.5%
12:30 PM	AU	GDP Growth Rate YoY Q1	2.6%	2.5%
Thursday June 04 2026			**Previous**	**Forecast**
12:30 PM	AU	Balance of Trade APR	A$-1.841B	A$-3.0B


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Lending Expertise.
People Focused.

Why Mannix?

Lending expertise. People focused.

At **Mannix Capital**, we understand that success in banking is built on relationships. With over 13 years of industry experience, we've developed deep connections with key lenders, giving our clients access to competitive rates and exclusive lending solutions.

We take the time to understand you

We believe that the best lending outcomes are achieved by understanding our clients deeply, which is why we take the time to get to know your business.

We utilise our market relationships

Our strong network allows us to:

- Negotiate better terms by leveraging trusted relationships.
- Secure fast approvals through our direct access to decision-makers.

We draw on our expertise, particularly on complex deals

We go beyond standard solutions to structure and negotiate lending that truly fits your business needs, including:

- Offering the right level of security for the lending.
- Negotiation of financial and non-financial covenants.
- Achieving optimal lending amounts and costs.

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Over 60 Lenders

ANZ · Commonwealth Bank · nab · MACQUARIE · st.george · ING · La Trobe financial · SUNCORP · Liberty

Supporting You

Navigating Commercial Lending

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Where we support you

Commercial Retail

- Lending up to ~$3m
- Instant approval loans
- Fast approval loans
- Lease Doc Lending
- No financial covenants
- Standard corporate structures
- Typically fully secured
- Some unsecured lending options

Commercial Wholesale

- Lending up to ~$10m
- Financial and non-financial covenants may be included
- Fully secured and partially secured lending
- Industry specialisations
- Scope for complex transactions and structures

Emerging Corporate

- Lending up to ~$100m
- Financial and non-financial covenants
- Fully secured and partially secured lending
- Unsecured lending
- Industry specialisations
- Multibank arrangements and complex security arrangements

Get in touch

Let's grab a coffee

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Ready to Get Started?

Let's chat! Whether you need guidance on your first home loan or a complex commercial transaction, we've got you covered. Feel free to reach out—we'd love to discuss how we can help you achieve your financial goals.

Contact Us

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MORTGAGE AND FINANCE ASSOCIATION OF AUSTRALIA mfaa MEMBER

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