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TREASURY EXECUTIVE MINUTE

Minute No.

19 November 2010

Treasurer

WEEKLY ECONOMIC WRAP-UP

Timing: At your convenience

Recommendation/Issue:

- That you note the attached briefing.

Noted

Signature:

...../...../2010

KEY POINTS

- Attached is a note summarising economic developments over the past week.
- The following area has been consulted in the preparation of this minute: International G20 Division.



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Weekly Economic Wrap-up

Week ending 19 November 2010
Contact: Oliver Richards (x3781)

Summary

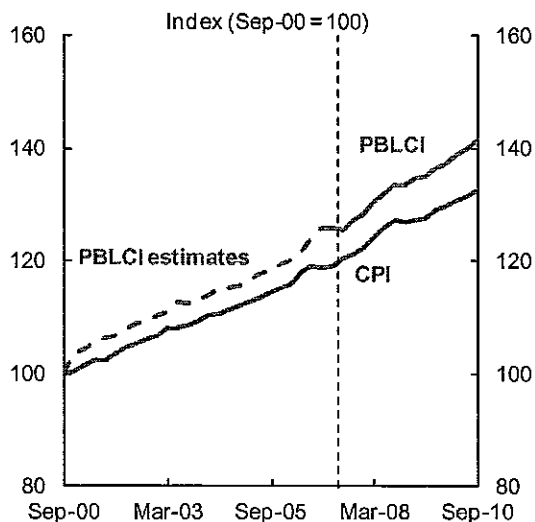
The big news this week was the sharp recovery in private sector wages growth in the September quarter. In other domestic economic news, car sales fell in October, skilled vacancies fell in November and ABS measures of pensioner costs of living rose in the September quarter.

[Section 22(1)(a)(ii) - material irrelevant to the request]

The PBLCI grew at 1.0 per cent in the September quarter 2010 to be 3.8 per cent higher through the year, compared with 2.8 per cent growth in the CPI. Historically, the PBLCI has only grown around ¼ of a percentage point faster than the CPI (Chart 4).

This reflects the fact that items such as food, pharmaceuticals, utilities, tobacco and financial and insurance services have relatively high weights in the PBLCI. By comparison, items such as house purchase prices, rents and private motoring have relatively high weights in the CPI.

Chart 4: PBLCI and CPI



Source: ABS cat. nos. 6401.0 and 6467.0.

[Section 22(1)(a)(ii) - material irrelevant to the request]

PBLCI outstrips the CPI

The Pensioner Beneficiary Living Cost Index (PBLCI) increased faster than the CPI in the September quarter. Fortunately for pensioners, pensions are indexed to whichever records the highest growth.



