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Market Movements

15th May 2026

Federal Budget

Smaller Deficits, Housing Tax Reform

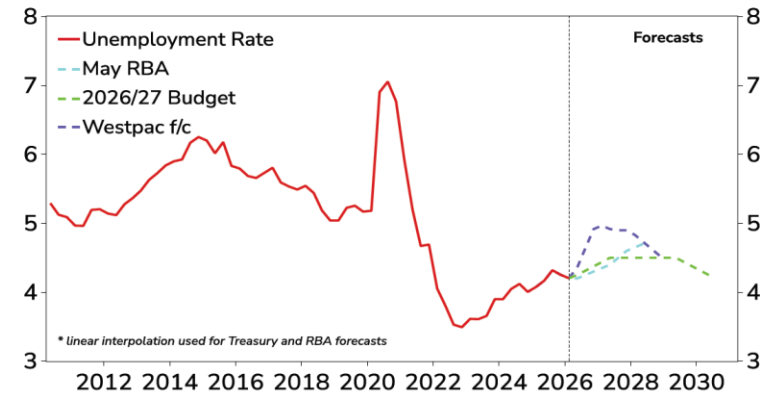


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- The Treasurer handed down the 2026–27 Budget on Tuesday, projecting an underlying cash deficit of \$28.3bn in FY2026 (1.0% of GDP), an \$8.5bn improvement on MYEFO. Commodity windfalls and stronger nominal demand have lifted near-term revenues by \$41.1bn over five years.
- The deficit is forecast to widen to \$34.4bn in FY2029 before narrowing to \$25.3bn in FY2030. Gross debt now peaks at 35.8% of GDP in FY2029, below the MYEFO trajectory; net debt rises to 21.9% of GDP in FY2029.
- The headline reform is a long-flagged shake-up of property tax: changes to negative gearing, the CGT discount and trust taxation, alongside a minimum tax on discretionary trusts. Treasury estimates the package will deliver 75,000 additional first-home buyers and 30,000 extra dwellings over a decade.
- NDIS savings build slowly but reach 0.7% of GDP by FY2037, one of the largest savings packages since the mid-1990s. The combined tax and NDIS measures lift the bottom line by around 1.0% of GDP by FY2037 (1.3% including debt interest impacts).
- Key spending: \$18.1bn in hospital funding (NHRA), \$11.9bn on fuel and fertiliser security, \$53bn defence package over a decade, \$6.4bn permanent \$250 Working Australians Tax Offset from 2027.
- Treasury's growth outlook is more optimistic than Westpac's: real GDP at 1.75% in FY2027 versus 1.1%, with unemployment peaking at 4.5% versus 4.9%. Inflation control is squarely left to the RBA.

Unemployment Rate

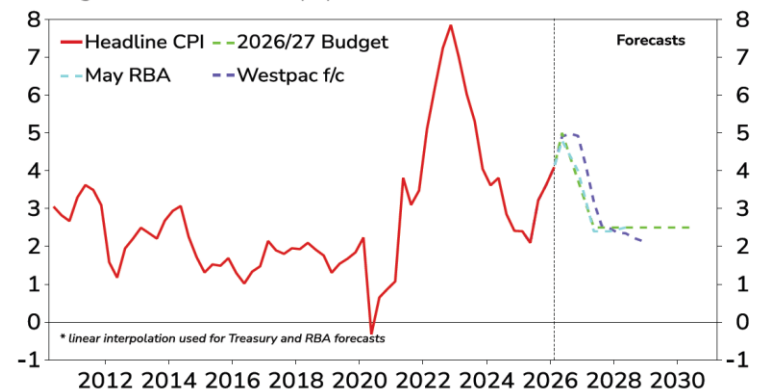
Quarter-Average (%)



Source: ABS, Treasury, RBA, Macrobond, Westpac Economics

Headline CPI

Through-the-Year Growth (%)



Source: ABS, Treasury, RBA, Macrobond, Westpac Economics

Consumer Confidence

Confidence Falls 3.1pts



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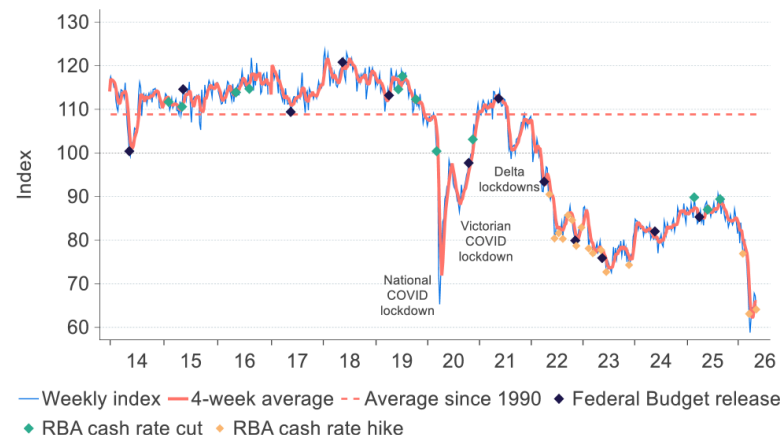
Consumer Confidence

"ANZ-Roy Morgan Australian Consumer Confidence fell 3.1pts last week, as the RBA increased the cash rate to 4.35%. At 64.1pts, confidence is at its fourth-lowest level since the series began in 1973. All subindices declined, led by a sharp fall in household confidence in personal finances. Weekly inflation expectations fell to their lowest level since early March, likely reflecting the fall in petrol prices in recent weeks. While household spending data for March suggests higher fuel prices in the month had not yet dampened consumer spending, consumer confidence at a record low points to softer consumer demand ahead. ANZ Research expects activity data are likely to be sufficiently soft to keep the RBA cash rate on an extended hold at 4.35% over the near term." Sophia Angala – ANZ Economics

Wages: Steady Growth Keeps Labour Costs Sticky

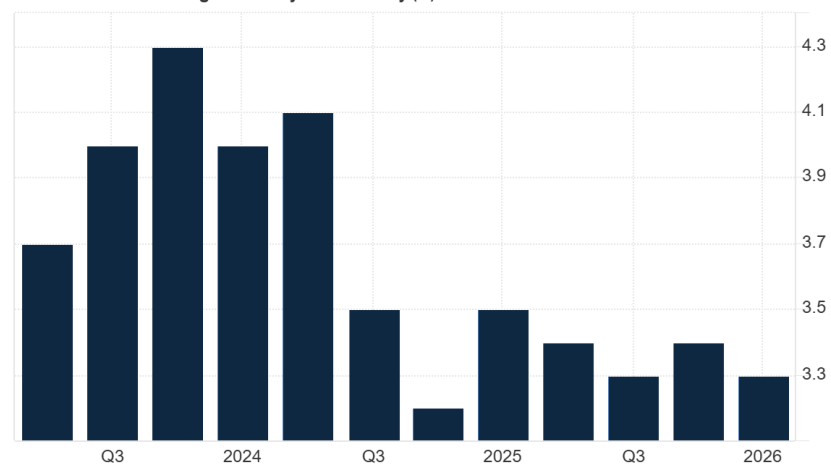
- The ABS Wage Price Index rose 0.9% in the March quarter, in line with market expectations and matching the December outcome. Annual wage growth eased modestly to 3.2% from 3.4%, but remains well above pre-pandemic norms and consistent with persistent labour cost pressures.
- Private sector wages lifted 0.9%qtr while public sector pay rose at a similar pace, with enterprise agreement renewals continuing to anchor growth around the 3¼% mark. The data offers little relief on the inflation front and reinforces the RBA's caution around second-round effects from higher energy costs.
- With real wages still negative on a year-ended basis, household purchasing power remains under pressure even as nominal pay growth holds firm, a key dynamic underpinning the soft consumer demand outlook flagged in this week's confidence data.

ANZ-Roy Morgan Australian Consumer Confidence fell 3.1pts last week



Source: ANZ-Roy Morgan, Macrobond, ANZ Research

Australia Annual Change in Hourly Rates of Pay (%)



Source: tradingeconomics.com | Australian Bureau of Statistics

Foreign Exchange

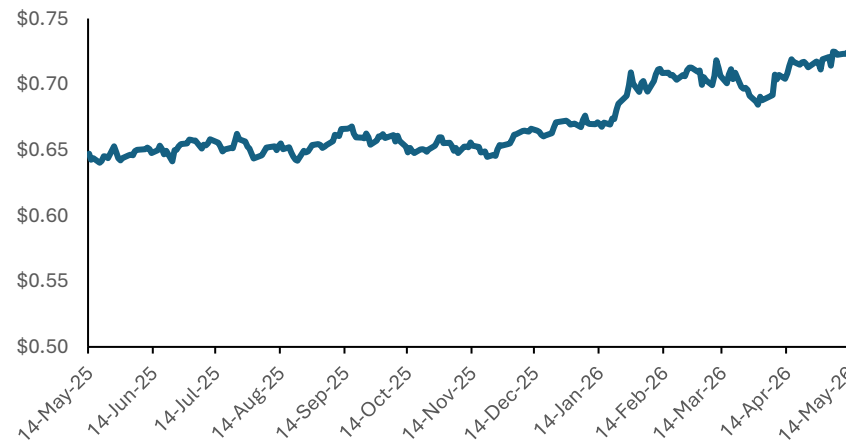
AUD Eases but Holds Near Four-Year Peak



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- AUD/USD pulled back to around the 0.72 mark this week but continues to trade close to multi-year highs. The pair has been caught between two opposing forces: the federal budget release and ongoing inflation risk from the Middle East stand-off, both of which support an extended RBA tightening path.
- Tuesday's budget delivered tighter projected deficits and a meaningful overhaul of housing tax settings, but stopped well short of taking on the inflation challenge directly. That heavy lifting remains the RBA's responsibility, a positioning that markets quickly read as supportive of higher rates for longer.
- The market is pricing a roughly 1-in-5 probability of a back-to-back hike at the June meeting, but conviction on an August move to 4.60% has firmed materially, markets currently place the odds above 80%, locking in a structural rate advantage over the USD.
- Q1 wage data printed largely in line: headline growth held the line at 0.9%qtr while annual growth eased a touch. The number was soft enough not to surprise hawkishly but firm enough to keep the inflation thread alive/neutral for AUD on the day.
- The energy backdrop remains a tail risk in both directions. US–Iran diplomacy has stalled, the Strait of Hormuz is still operating well below capacity amid naval friction, and crude prices remain elevated keeping a structural inflation premium embedded in front-end Aussie rates and, by extension, in the AUD.

Australian Dollar / US Dollar



The week ahead

Tuesday May 19 2026			Previous	Forecast
11:30 AM	AU	Westpac Consumer Confidence Change MAY	-12.5%	-1.1%
11:30 AM	AU	Westpac Consumer Confidence Index MAY	80.1	79.2
12:30 PM	AU	RBA Meeting Minutes		
Wednesday May 20 2026			Previous	Forecast
12:00 PM	AU	Westpac Leading Index MoM APR	-0.1%	-0.3%
Thursday May 21 2026			Previous	Forecast
10:00 AM	AU	S&P Global Manufacturing PMI Flash MAY	51.3	50.6
10:00 AM	AU	S&P Global Services PMI Flash MAY	50.7	49.9
10:00 AM	AU	S&P Global Composite PMI Flash MAY	50.40	50
12:30 PM	AU	Employment Change APR	17.9K	10.0K
12:30 PM	AU	Full Time Employment Chg APR	52.5K	40.0K
12:30 PM	AU	Unemployment Rate APR	4.3%	4.3%
12:30 PM	AU	Part Time Employment Chg APR	-34.6K	-30.0K
12:30 PM	AU	Participation Rate APR	66.8%	66.8%



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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



Supporting You

Navigating Commercial Lending

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



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.

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