30 October 2024

AUSTRALIAN NATIONAL ACCOUNTS BULLETIN

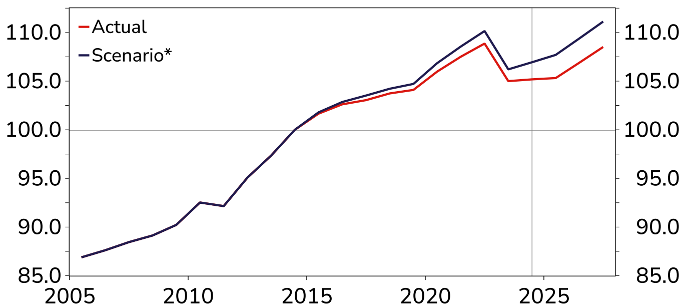
2023–24 Annual Australian national accounts

Key points

- The 2024 Annual National Accounts showed growth in economic activity and household spending was a little firmer than previously estimated, particularly in 2022-23. Household saving has also been higher due to a better picture on incomes, which suggests consumers have more financial firepower to boost spending should confidence improve.
- While this implies that consumers have not been quite as weak as previously indicated, the firmer picture from over a year ago has already been 'baked in' to inflation outcomes. And, with growth in 2023-24 largely unchanged, it also means the slowdown has been more abrupt.
- The data suggest that the impact of supply shocks has largely dissipated, pointing to easing future cost pressures. Productivity growth in the market sector (excluding mining), which is most closely linked to domestic inflationary pressures, increased 1.8% in 2023-24, the largest lift since 2012-13.
- The aggregate productivity picture continues to be temporarily skewed by the expansion in the non-market sectors. Soft productivity outcomes in this sector are unlikely to fully flow through to higher inflation. However, uncertainty over the extent of this pass through is likely to leave the RBA on the sidelines until early next year.

Labour productivity

Index: 2013-14=100



Source: ABS, Macrobond, Westpac Economics
*In the scenario the non-market share of hours worked remains constant at the pre pandemic decade average.

Past performance is not a reliable indicator of future performance. The forecasts given above are predictive in character. Whilst every effort has been taken to ensure that the assumptions on which the forecasts are based are reasonable, the forecasts may be affected by incorrect assumptions or by known or unknown risks and uncertainties. The results ultimately achieved may differ substantially from these forecasts.

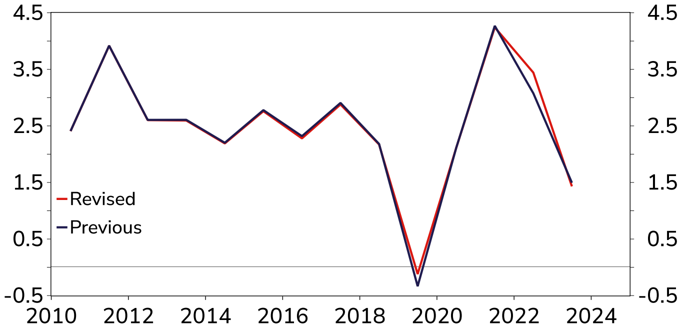
What weakness in the supply side?

Pat Bustamante
Senior Economist, Westpac Group
P: +61 468 571 786
E: pat.bustamante@westpac.com.au

The economy grew by 1.4% in year average terms over 2023-24, broadly in line with the initial estimate from the quarterly national accounts (+1.5%). Economic growth was revised higher (+0.3ppts) to 3.4% in 2022-23, while activity in 2019-20 is now estimated to have experienced a slight fall of 0.1% in year average terms, compared to the quarterly estimate which had shown a larger fall of 0.3%.

Real GDP

Year average % change

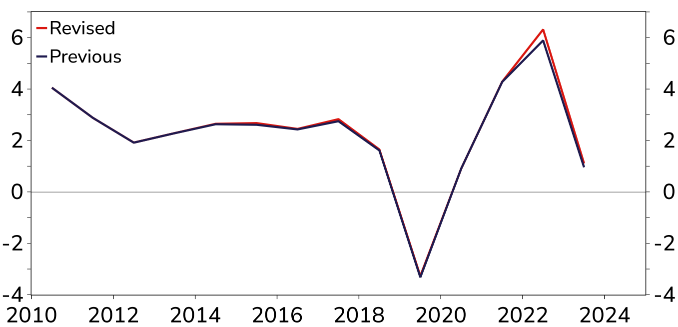


Source: ABS, Macrobond, Westpac Economics

The 2022-23 upgrade was predominantly driven by higher household consumption growth, which was revised +0.4ppts higher to 6.3% in year average terms. Part of this upgrade was driven by the better measurement of consumption of 'digital services' (such as streaming services), which also saw imports of these digital services revised higher.

Household consumption

Year average % change

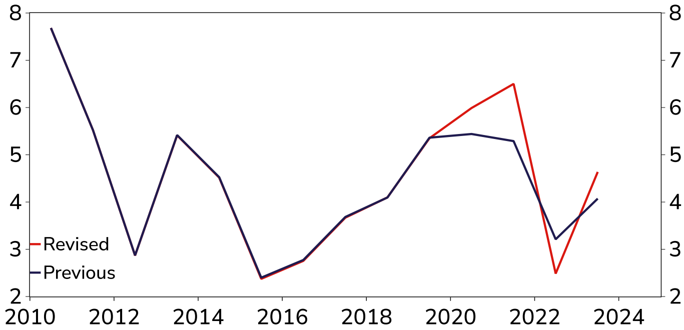


Source: ABS, Macrobond, Westpac Economics

Despite the stronger spending profile, household savings was revised higher on an even bigger upgrade to household income growth.

Household disposable income

Year average % change

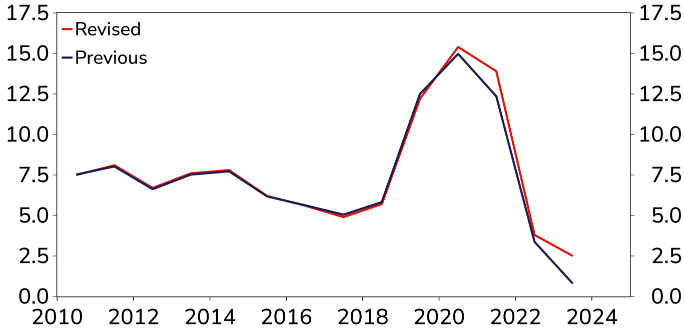


Source: ABS, Macrobond, Westpac Economics

The upward revision to the household savings rate in 2023-24 was significant – from around 0.9ppts in the quarterly accounts to 2.5ppts in the annual accounts – worth around $25bn in 2023-24. As noted above, this was driven by the higher starting point for incomes and a mark down in estimates of household depreciation. Given this revision, we estimate that "excess savings" accumulated during the pandemic was around $290bn in 2022 (also about $25bn higher) and has only run down to around $210bn by the end of 2023-24 – a rundown of around 27% compared to our previous estimate of 41%. This suggests that household have more financial firepower to boost spending should confidence improve going forward.

Household savings ratio

Year average



Source: ABS, Macrobond, Westpac Economics

Past performance is not a reliable indicator of future performance. The forecasts given above are predictive in character. Whilst every effort has been taken to ensure that the assumptions on which the forecasts are based are reasonable, the forecasts may be affected by incorrect assumptions or by known or unknown risks and uncertainties. The results ultimately achieved may differ substantially from these forecasts.

What about the supply side?

The Annual National Accounts ("Annuals") provides information on supply side metrics, such as investment by industry and the evolution of the capital stock, detail which is not available in the quarterly accounts.

This data shows that the supply side of the economy has largely normalised following the volatility induced by pandemic era policies, including the closure and reopening of international borders. The Annuals also confirm that the non-market and mining sectors continue to weigh on aggregate labour productivity outcomes. **As we have been saying, cost pressures in these sectors are less important for inflation outcomes – non-market output is highly subsidised, and a large share of mining output is exported**. Indeed supply-use tables published along with the Annuals show that the governments finance around 75% of all the goods and services produced by the non-market sector.

Across the economy, growth in the number of hours worked was revised lower (-0.6ppts) in 2023-24, which saw labour productivity improve (+0.5ppts) relative to the initial quarterly estimate. Given recent volatility in the numbers of hours worked, there was always a risk of significant revisions as we had previously outlined (see here).

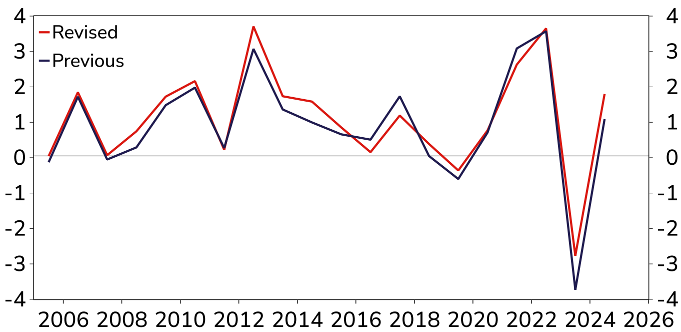
While the upgrade was positive, the sectoral breakdown provides reason to be even more optimistic about the outlook for inflationary pressures.

Productivity growth in the non-mining market sector strongest since 2012-13

Labour productivity in the non-mining market sector was revised higher (+0.7ppts) to 1.8% in year average terms over 2023-24. Outside of the pandemic, 2023-24 represented the strongest growth since 2012-13. Productivity is this sector is now a healthy 6.1% higher than pre-pandemic (or 2018-19) levels. There was also a significant upward revision to the 2022-23 outcome.

Productivity in the market sector (ex-mining)

Year average % change



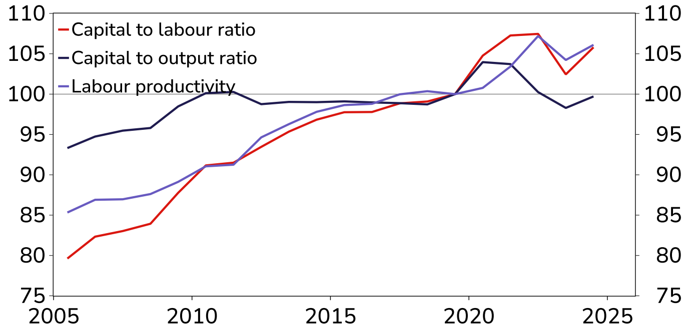
Source: ABS, Macrobond, Westpac Economics

This was no fluke. Key supply side metrics have reversed course, correcting recent falls as we had previously expected (see here). The extraordinary rebound and subsequent growth in hours worked following the end of lockdowns and the reopening of international borders meant that the capital stock (infrastructure, equipment, new buildings) did not keep up. This resulted in a decline in the amount of capital used by each worker, and a corresponding fall in measured productivity. It also led to compositional shifts in the labour market, which impacted measured productivity (see Luci's note here).

The Annuals showed that the capital stock has now largely caught up in the market sector (ex-mining), which has seen an impressive turnaround in productivity growth. In fact, the amount of capital used by each worker increased by 3.3% in 2023-24, to be around 5.8% higher than pre pandemic (or 2018-19) levels. This has seen the amount of capital (or machinery and equipment) used to produce each unit of good or service increase to around pre-pandemic levels.

Market sector (ex-mining) supply side metrics

Index: 2018-19=100



Source: ABS, Macrobond, Westpac Economics

Looking at industries within this sector, productivity growth in the construction industry, which historically tends to lag the rest of the market sector, has outperformed, increasing 4.1% over the 2023-24 financial year on the back of more investment. The capital to labour ratio increased by 7.5% in 2023-24 alone, with the capital to output ratio increasing by around 3.3% to reach a record high.

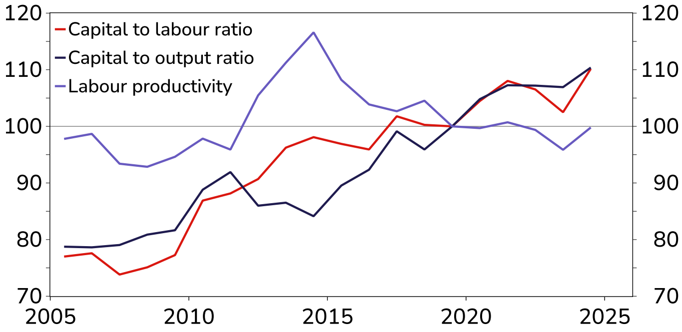
It appears the sector is responding to the lack of skilled labour by increasing investment in labour saving and productivity enhancing capital goods. It may also reflect a compositional shift away from residential construction toward more capital-intensive non-residential (infrastructure and new commercial building) construction.

Other industries that performed strongly include the transport, postal and warehousing, and the wholesale trade industries.

Past performance is not a reliable indicator of future performance. The forecasts given above are predictive in character. Whilst every effort has been taken to ensure that the assumptions on which the forecasts are based are reasonable, the forecasts may be affected by incorrect assumptions or by known or unknown risks and uncertainties. The results ultimately achieved may differ substantially from these forecasts.

Construction supply side metrics

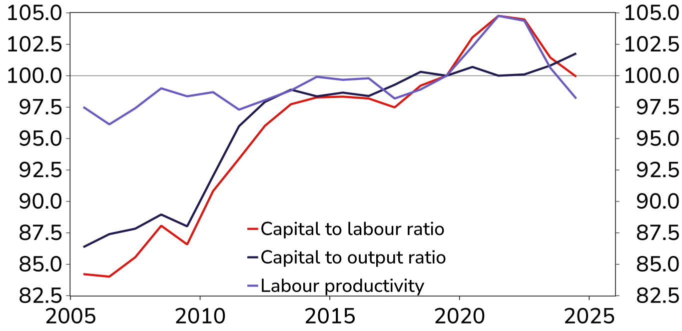
Index: 2018-19=100



Source: ABS, Macrobond, Westpac Economics

Non-market sector supply side metrics

Index: 2018-19=100



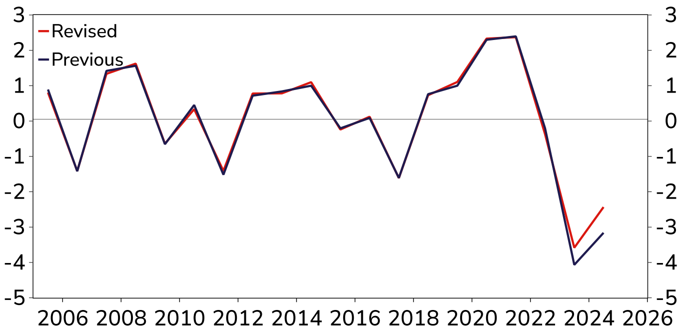
Source: ABS, Macrobond, Westpac Economics

The non-market story is more nuanced

The level of measured labour productivity in the non-market sector is lower due to measurement difficulties and errors, public regulations and intrinsic constraints (i.e. the mining sector may be able to double its output per hour worked by investing more, but this is much harder to achieve for healthcare workers). Measurement difficulties make it harder to "quality" adjust output in the care sector, with these issues not as significant in other sectors where quality is more readily measurable (i.e. the quality of commodity exports).

Productivity in the non-market sector

Year average % change



Source: ABS, Macrobond, Westpac Economics

The Annuals showed that productivity in the non-market sector has continued to decline, falling 2.4% in 2023-24 and by a massive 6.3% since 2020-21, further weighing on the aggregate productivity picture.

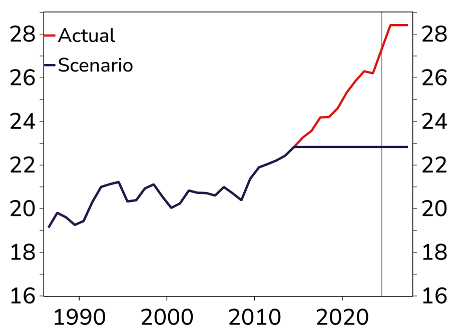
Even with the intrinsic constraints and measurement issues noted above, part of the recent weakness in measured productivity is likely to be because the sector has expanded at an unprecedented pace and capital has not kept up with the significant increase in labour. The capital to labour ratio declined 1.5% in 2023-24 and has fallen by 4.6% since 2020-21.

More broadly, as we continue to transition to a larger public sector, measured growth in labour productivity will be soft. But this should be temporary and come to an end when the surge in public spending plateaus. We estimate that the expansion in public demand, and the corresponding increase in the non-market share of hours worked, will reduce measured productivity growth by around 2.1ppts by the end of 2024-25, with around 0.6ppts in 2024-25 alone. However, as the expansion plateaus, the impact on trend productivity growth is likely to be negligible going forward.

To illustrate this impact, we modelled a scenario where the non-market share of hours worked remained constant at the pre pandemic decade average. The difference between the actual outcomes and this modelled scenario reflects "base effects" as more workers move into this sector with lower measured productivity.

Hours in the non-market sector

% share of total hours worked



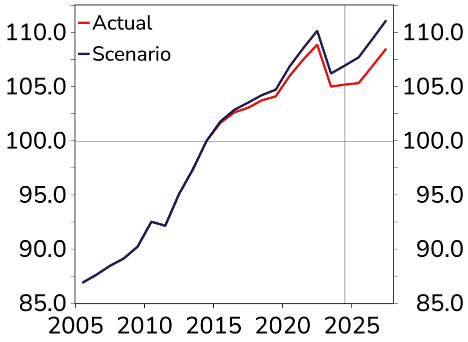
Source: ABS, Macrobond, Westpac Economics

As these base effects fade when the expansion in the public sector plateaus, the level of measured productivity will be lower, but the impact on the growth rate, which is what matters for inflationary pressures, will be negligible – we estimate this to be around 0.1ppts per annum.

Past performance is not a reliable indicator of future performance. The forecasts given above are predictive in character. Whilst every effort has been taken to ensure that the assumptions on which the forecasts are based are reasonable, the forecasts may be affected by incorrect assumptions or by known or unknown risks and uncertainties. The results ultimately achieved may differ substantially from these forecasts.

Labour productivity

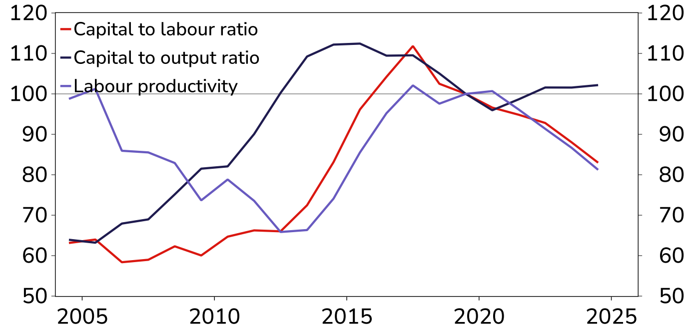
Index: 2013-14=100



Source: ABS, Macrobond, Westpac Economics

Mining sector supply side metrics

Index: 2018-19=100



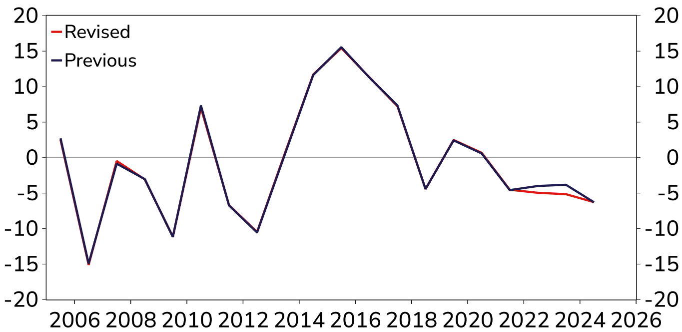
Source: ABS, Macrobond, Westpac Economics

The mining sector remains weak, cushioned by higher prices

Productivity growth in the mining sector was revised lower. Productivity in the mining sector has been declining for some time as investment has barely covered what is required to replace the wear and tear on capital equipment.

Productivity in the mining sector

Year average % change



Source: , Macrobond, Westpac Economics

This investment paralysis reflects lower expected demand for some commodities going forward as the world transitions to net zero emissions, and steel production in China has now passed its peak. Uncertainty related to energy transition related policies and the economic outlook, especially with respect to China, is also weighing in investment.

Higher commodity prices have seen the sector remain profitable without investing in capital goods to boost output and efficiency.

What are the policy implications?

One of the main takeaways from the Annual National Accounts seems to be that the supply side has largely healed, pointing to easing future cost pressures. While employment growth has been solid and the labour market remains tighter than average, this largely reflects the growing working age population and the unprecedented expansion in public demand.

As public demand transitions to a record share of the economy, measured productivity growth will be soft. There is no doubt about it. We estimate that by the end of 2024-25, measured productivity will be around 2.1ppts lower because of this expansion in public demand. But as our scenario showed this reflects "base effects" as a larger share of workers are engaged in the non-market sector. It does not reflect underlying problems with our supply side. The Annuals clearly show the adverse supply side impacts resulting from the pandemic have largely faded.

As this expansion plateaus, the impact on ongoing or trend productivity growth, which is what is important for ongoing inflationary pressures, will be small (we estimate it will be around 0.1ppts per year). And even more telling, around 75% of the output produced by the non-market sector is funded by governments, as such higher cost pressures in this sector are unlikely to fully pass through into inflation.

Should policy makers see the unprecedented expansion in public demand as a cyclical upswing as opposed to structural change, they could conclude that the aggregate supply curve has "shifted to the left". If anything, the Annuals showed that the supply curve "has shifted to the right", but it has been masked by the unprecedented expansion in public demand. Given the greater than usual uncertainty, the RBA's wait and see approach will likely keep the RBA Board on the sidelines to early next year.

Past performance is not a reliable indicator of future performance. The forecasts given above are predictive in character. Whilst every effort has been taken to ensure that the assumptions on which the forecasts are based are reasonable, the forecasts may be affected by incorrect assumptions or by known or unknown risks and uncertainties. The results ultimately achieved may differ substantially from these forecasts.

Authors

Westpac Economics / Australia

Sydney
Level 19, 275 Kent Street
Sydney NSW 2000
Australia

E: economics@westpac.com.au

Luci Ellis
Chief Economist Westpac Group
E: luci.ellis@westpac.com.au

Matthew Hassan
Head of Australian Macro-Forecasting
E: mhassan@westpac.com.au

Elliot Clarke
Head of International Economics
E: eclarke@westpac.com.au

Justin Smirk
Senior Economist
E: jsmirk@westpac.com.au

Pat Bustamante
Senior Economist
E: pat.bustamante@westpac.com.au

Mantas Vanagas
Senior Economist
E: mantas.vanagas@westpac.com.au

Ryan Wells
Economist
E: ryan.wells@westpac.com.au

Illiana Jain
Economist
E: illiana.jain@westpac.com.au

Jameson Coombs
Economist
E: jameson.coombs@westpac.com.au

Neha Sharma
Economist
E: neha.sharma1@westpac.com.au

Westpac Economics / New Zealand

Auckland
Takutai on the Square
Level 8, 16 Takutai Square
Auckland, New Zealand

E: economics@westpac.co.nz

Kelly Eckhold
Chief Economist NZ
E: kelly.eckhold@westpac.co.nz

Michael Gordon
Senior Economist
E: michael.gordon@westpac.co.nz

Darren Gibbs
Senior Economist
E: darren.gibbs@westpac.co.nz

Satish Ranchhod
Senior Economist
E: satish.ranchhod@westpac.co.nz

Paul Clark
Industry Economist
E: paul.clarke@westpac.co.nz

Westpac Economics / Fiji

Suva
1 Thomson Street
Suva, Fiji

Shamal Chand
Senior Economist
E: shamal.chand@westpac.com.au

IQ
westpaciq.com.au

©2024 Westpac Banking Corporation ABN 33 007 457 141 (including where acting under any of its Westpac, St George, Bank of Melbourne or BankSA brands, collectively, "Westpac"). References to the "Westpac Group" are to Westpac and its subsidiaries and includes the directors, employees and representatives of Westpac and its subsidiaries.

Things you should know

We respect your privacy: You can view our privacy statement at Westpac.com.au. Each time someone visits our site, data is captured so that we can accurately evaluate the quality of our content and make improvements for you. We may at times use technology to capture data about you to help us to better understand you and your needs, including potentially for the purposes of assessing your individual reading habits and interests to allow us to provide suggestions regarding other reading material which may be suitable for you.

This information, unless specifically indicated otherwise, is under copyright of the Westpac Group. None of the material, nor its contents, nor any copy of it, may be altered in any way, transmitted to, copied of distributed to any other party without the prior written permission of the Westpac Group.

Disclaimer

This information has been prepared by Westpac and is intended for information purposes only. It is not intended to reflect any recommendation or financial advice and investment decisions should not be based on it. This information does not constitute an offer, a solicitation of an offer, or an inducement to subscribe for, purchase or sell any financial instrument or to enter into a legally binding contract. To the extent that this information contains any general advice, it has been prepared without taking into account your objectives, financial situation or needs and before acting on it you should consider the appropriateness of the advice. Certain types of transactions, including those involving futures, options and high yield securities give rise to substantial risk and are not suitable for all investors. We recommend that you seek your own independent legal or financial advice before proceeding with any investment decision. This information may contain material provided by third parties. While such material is published with the necessary permission none of Westpac or its related entities accepts any responsibility for the accuracy or completeness of any such material. Although we have made every effort to ensure this information is free from error, none of Westpac or its related entities warrants the accuracy, adequacy or completeness of this information, or otherwise endorses it in any way. Except where contrary to law, Westpac Group intend by this notice to exclude liability for this information. This information is subject to change without notice and none of Westpac or its related entities is under any obligation to update this information or correct any inaccuracy which may become apparent at a later date. This information may contain or incorporate by reference forward-looking statements. The words "believe", "anticipate", "expect", "intend", "plan", "predict", "continue", "assume", "positioned", "may", "will", "should", "shall", "risk" and other similar expressions that are predictions of or indicate future events and future trends identify forward-looking statements. These forward-looking statements include all matters that are not historical facts. Past performance is not a reliable indicator of future performance, nor are forecasts of future performance. Whilst every effort has been taken to ensure that the assumptions on which any forecasts are based are reasonable, the forecasts may be affected by incorrect assumptions or by known or unknown risks and uncertainties. The ultimate outcomes may differ substantially from any forecasts.

Conflicts of Interest: In the normal course of offering banking products and services to its clients, the Westpac Group may act in several capacities (including issuer, market maker, underwriter, distributor, swap counterparty and calculation agent) simultaneously with respect to a financial instrument, giving rise to potential conflicts of interest which may impact the performance of a financial instrument. The Westpac Group may at any time transact or hold a position (including hedging and trading positions) for its own account or the account of a client in any financial instrument which may impact the performance of that financial instrument.

Author(s) disclaimer and declaration: The author(s) confirms that no part of his/her compensation was, is, or will be, directly or indirectly, related to any views or (if applicable) recommendations expressed in this material. The author(s) also confirms that this material accurately reflects his/her personal views about the financial products, companies or issuers (if applicable) and is based on sources reasonably believed to be reliable and accurate.

Further important information regarding sustainability-related content: This material may contain statements relating to environmental, social and governance (ESG) topics. These are subject to known and unknown risks, and there are significant uncertainties, limitations, risks and assumptions in the metrics, modelling, data, scenarios, reporting and analysis on which the statements rely. In particular, these areas are rapidly evolving and maturing, and there are variations in approaches and common standards and practice, as well as uncertainty around future related policy and legislation. Some material may include information derived from publicly available sources that have not been independently verified. No representation or warranty is made as to the accuracy, completeness or reliability of the information. There is a risk that the analysis, estimates, judgements, assumptions, views, models, scenarios or projections used may turn out to be incorrect. These risks may cause actual outcomes to differ materially from those expressed or implied. The ESG-related statements in this material do not constitute advice, nor are they guarantees or predictions of future performance, and Westpac gives no representation, warranty or assurance (including as to the quality, accuracy or completeness of the statements). You should seek your own independent advice.

Additional country disclosures:

Australia: Westpac holds an Australian Financial Services Licence (No. 233714). You can access Westpac's Financial Services Guide here or request a copy from your Westpac point of contact. To the extent that this information contains any general advice, it has been prepared without taking into account your objectives, financial situation or needs and before acting on it you should consider the appropriateness of the advice.

New Zealand: In New Zealand, products and services are provided by either Westpac (NZ division) or Westpac New Zealand Limited (company number 1763882), the New Zealand incorporated subsidiary of Westpac ("WNZL"). Any product or service made available by WNZL does not represent an offer from Westpac or any of its subsidiaries (other than WNZL). Neither Westpac nor its other subsidiaries guarantee or otherwise support the performance of WNZL in respect of any such product. WNZL is not an authorised deposit-taking institution for the purposes of Australian prudential standards. The current disclosure statements for the New Zealand branch of Westpac and WNZL can be obtained at the internet address www.westpac.co.nz.

Singapore: This material has been prepared and issued for distribution in Singapore to institutional investors, accredited investors and expert investors (as defined in the applicable Singapore laws and regulations) only. Recipients of this material in Singapore should contact Westpac Singapore Branch in respect of any matters arising from, or in connection with, this material. Westpac Singapore Branch holds a wholesale banking

Disclaimer continues overleaf ▶

licence and is subject to supervision by the Monetary Authority of Singapore.

U.S.: Westpac operates in the United States of America as a federally licensed branch, regulated by the Office of the Comptroller of the Currency. Westpac is also registered with the US Commodity Futures Trading Commission ("CFTC") as a Swap Dealer, but is neither registered as, or affiliated with, a Futures Commission Merchant registered with the US CFTC. The services and products referenced above are not insured by the Federal Deposit Insurance Corporation ("FDIC"). Westpac Capital Markets, LLC ('WCM'), a wholly-owned subsidiary of Westpac, is a broker-dealer registered under the U.S. Securities Exchange Act of 1934 ('the Exchange Act') and member of the Financial Industry Regulatory Authority ('FINRA'). This communication is provided for distribution to U.S. institutional investors in reliance on the exemption from registration provided by Rule 15a-6 under the Exchange Act and is not subject to all of the independence and disclosure standards applicable to debt research reports prepared for retail investors in the United States. WCM is the U.S. distributor of this communication and accepts responsibility for the contents of this communication. Transactions by U.S. customers of any securities referenced herein should be effected through WCM. All disclaimers set out with respect to Westpac apply equally to WCM. If you would like to speak to someone regarding any security mentioned herein, please contact WCM on +1 212 389 1269. Investing in any non-U.S. securities or related financial instruments mentioned in this communication may present certain risks. The securities of non-U.S. issuers may not be registered with, or be subject to the regulations of, the SEC in the United States. Information on such non-U.S. securities or related financial instruments may be limited. Non-U.S. companies may not be subject to audit and reporting standards and regulatory requirements comparable to those in effect in the United States. The value of any investment or income from any securities or related derivative instruments denominated in a currency other than U.S. dollars is subject to exchange rate fluctuations that may have a positive or adverse effect on the value of or income from such securities or related derivative instruments.
The author of this communication is employed by Westpac and is not registered or qualified as a research analyst, representative, or associated person of WCM or any other U.S. broker-dealer under the rules of FINRA, any other U.S. self-regulatory organisation, or the laws, rules or regulations of any State. Unless otherwise specifically stated, the views expressed herein are solely those of the author and may differ from the information, views or analysis expressed by Westpac and/or its affiliates.

UK and EU: The London branch of Westpac is authorised in the United Kingdom by the Prudential Regulation Authority (PRA) and is subject to regulation by the Financial Conduct Authority (FCA) and limited regulation by the PRA (Financial Services Register number: 124586). The London branch of Westpac is registered at Companies House as a branch established in the United Kingdom (Branch No. BR000106). Details about the extent of the regulation of Westpac's London branch by the PRA are available from us on request.

Westpac Europe GmbH ("WEG") is authorised in Germany by the Federal Financial Supervision Authority ('BaFin') and subject to its regulation. WEG's supervisory authorities are BaFin and the German Federal Bank ('Deutsche Bundesbank'). WEG is registered with the commercial register ('Handelsregister') of the local court of Frankfurt am Main under registration number HRB 118483. In accordance with APRA's Prudential Standard 222 'Association with Related Entities', Westpac does not stand behind WEG other than as provided for in certain legal agreements (a risk transfer, sub-participation and collateral agreement) between Westpac and WEG and obligations of WEG do not represent liabilities of Westpac.

This communication is not intended for distribution to, or use by any person or entity in any jurisdiction or country where such distribution or use would be contrary to local law or regulation. This communication is not being made to or distributed to, and must not be passed on to, the general public in the United Kingdom. Rather, this communication is being made only to and is directed at (a) those persons falling within the definition of Investment Professionals (set out in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order")); (b) those persons falling within the definition of high net worth companies, unincorporated associations etc. (set out in Article 49(2)of the Order; (c) other persons to whom it may lawfully be communicated in accordance with the Order or (d) any persons to whom it may otherwise lawfully be made (all such persons together being referred to as "relevant persons"). Any person who is not a relevant person should not act or rely on this communication or any of its contents. In the same way, the information contained in this communication is intended for "eligible counterparties" and "professional clients" as defined by the rules of the Financial Conduct Authority and is not intended for "retail clients". Westpac expressly prohibits you from passing on the information in this communication to any third party.

This communication contains general commentary, research, and market colour. The communication does not constitute investment advice. The material may contain an 'investment recommendation' and/or 'information recommending or suggesting an investment', both as defined in Regulation (EU) No 596/2014 (including as applicable in the United Kingdom) ("MAR"). In accordance with the relevant provisions of MAR, reasonable care has been taken to ensure that the material has been objectively presented and that interests or conflicts of interest of the sender concerning the financial instruments to which that information relates have been disclosed.

Investment recommendations must be read alongside the specific disclosure which accompanies them and the general disclosure which can be found here. Such disclosure fulfils certain additional information requirements of MAR and associated delegated legislation and by accepting this communication you acknowledge that you are aware of the existence of such additional disclosure and its contents.

To the extent this communication comprises an investment recommendation it is classified as non-independent research. It has not been prepared in accordance with legal requirements designed to promote the independence of investment research and therefore constitutes a marketing communication. Further, this communication is not subject to any prohibition on dealing ahead of the dissemination of investment research.

Past performance is not a reliable indicator of future performance. The forecasts given above are predictive in character. Whilst every effort has been taken to ensure that the assumptions on which the forecasts are based are reasonable, the forecasts may be affected by incorrect assumptions or by known or unknown risks and uncertainties. The results ultimately achieved may differ substantially from these forecasts.