

# Weekly Economic Update



OPTIMAL  
ECONOMICS

12 June 2026

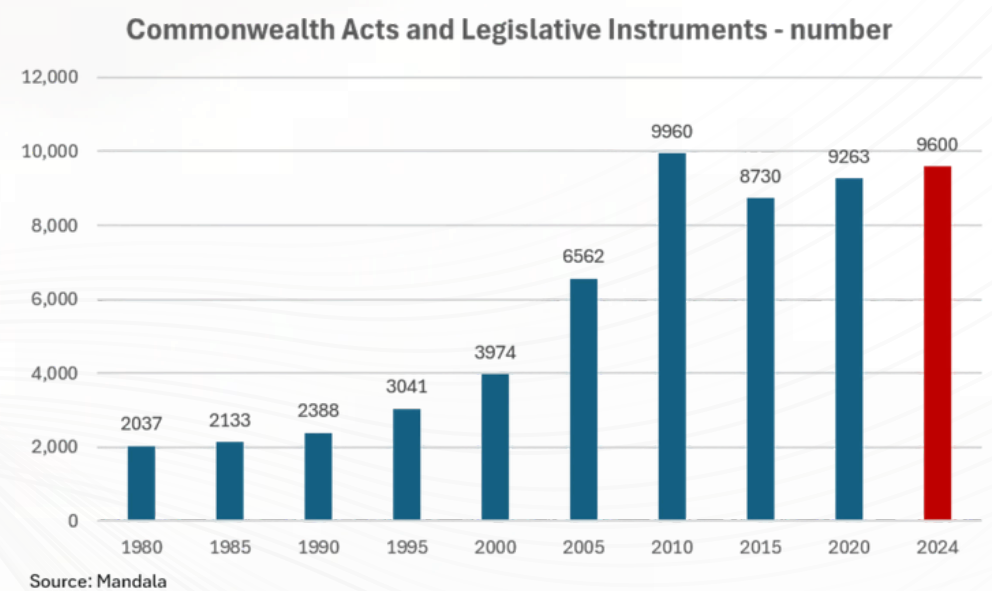
This week, there was little local data released after last week's flood of new economic information, which included the sobering March quarter National Accounts. The respective monthly business and consumer confidence reports featured early in the week as discussions about last month's contentious Budget continued to rage.

The confidence results were mixed. Business confidence according to NAB improved in the May survey, although the headline net balance remains deeply negative. Confidence rose a significant ten points to a net balance of -14, but this still leaves business "deeply pessimistic", according to NAB. The survey was collected in the last week of May, so took full account of the budget's tax increases on investment.

Consumer confidence, however, dipped in the June Westpac Melbourne Institute survey. There's an uncomfortable echo here - consumers also are "deeply pessimistic", according to Westpac. Three main factors drove the decline in confidence, two of which are new. Cost of living pressures remain front of mind for households but, in addition, the incentive-sapping budget and lower house price expectations unsettled many respondents.

On the ongoing budget saga, it looks like the government will carve out charitable donations from the tax increase on trusts. Among the many unintended consequences of the flat 30% tax imposed on discretionary trusts was fear that charities could lose donations, their lifeblood. This seems obvious in hindsight but, honestly, should have been foreseen. Stay tuned for other changes.

Separately, Productivity Commission chairman Danielle Wood released a paper describing the "thicket" of rules and regulations choking business (see link). Evidence of the extent of the problem is clear in the chart below, which shows the more than doubling in Commonwealth Acts and legislative instruments since 2000. For corporate boards, rules, green-tape and compliance are swamping innovation and creativity.



Overseas, last Friday night's US jobs report showed twice as many net jobs added last month (172,000) than economists had expected. Analysts put the upside surprise down to temporary hiring associated the imminent FIFA World Cup, but didn't we already know the tournament was coming? Anyway, the upside surprise puts more pressure on the US Fed to join our own Reserve Bank in lifting interest rates sometime soon.

Finally, in financial markets, crude oil prices rose after the resumption of hostilities in the Middle East but then retreated after the US said (again) that an agreement was close. But it seems even oil traders are losing interest in what President Trump says about the war. The Aussie dollar has lost ground since the budget, a month ago today, as has the local equity market. Investors hate uncertainty.



Stephen Walters  
**Chief Economist,  
Optimal Economics**

**Call us:**

+61 499 976 196

**Email:**

[stephenwalters@optimaleconomics.com.au](mailto:stephenwalters@optimaleconomics.com.au)

**Website:**

<https://optimaleconomics.com.au/>

---