Scam toll surges 18pc

Con artists fleece unsuspecting of almost $500m

SAMANTHA BAILEY
SCAMS

THE amount of money lost by Australians to scammers increased dramatically last year, rising 18 per cent to almost $500 million.

Total losses reported to Scamwatch and other government agencies totalled more than $489 million, according to the Australian Competition and Consumer Commission's latest scam report.

That sum was $149 million higher than the amount lost in 2017. "These record losses are likely just the tip of the iceberg," ACCC deputy chair Delia Rickard said.

"We know that not everyone who suffers a loss to a scammer reports it to a government agency."

The average loss last year by victims who reported they had been scammed was almost $6000. Investment scams were the most financially devastating, costing Australians $86 million overall — up 34 per cent from the previous year.

The amount of money lost by victims of dating and romance scams in Australia increased from $42 million in 2017 to $60.5 million last year.

"These extraordinary losses show that scammers are causing significant financial and emotional harm to many Australians," Ms Rickard said. "Scammers are adapting old scams to new technology, seeking payment through unusual methods and automating scam calls to increase their reach to potential victims."

The ACCC's Scamwatch, the Australian Cybercrime Online Reporting Network and other federal and state-based government agencies such as the Australian Taxation Office received more than 378,000 scam reports last year.

The consumer watchdog noted thousands of households were hit late last year by automated phone calls impersonating tax officials who threatened arrest for unpaid taxes.

"Scammers increasingly ask for money via iTunes cards, Google Play cards and cryptocurrencies to avoid the anti-scam measures employed by banks and money-laundering detection systems," Ms Rickard said.

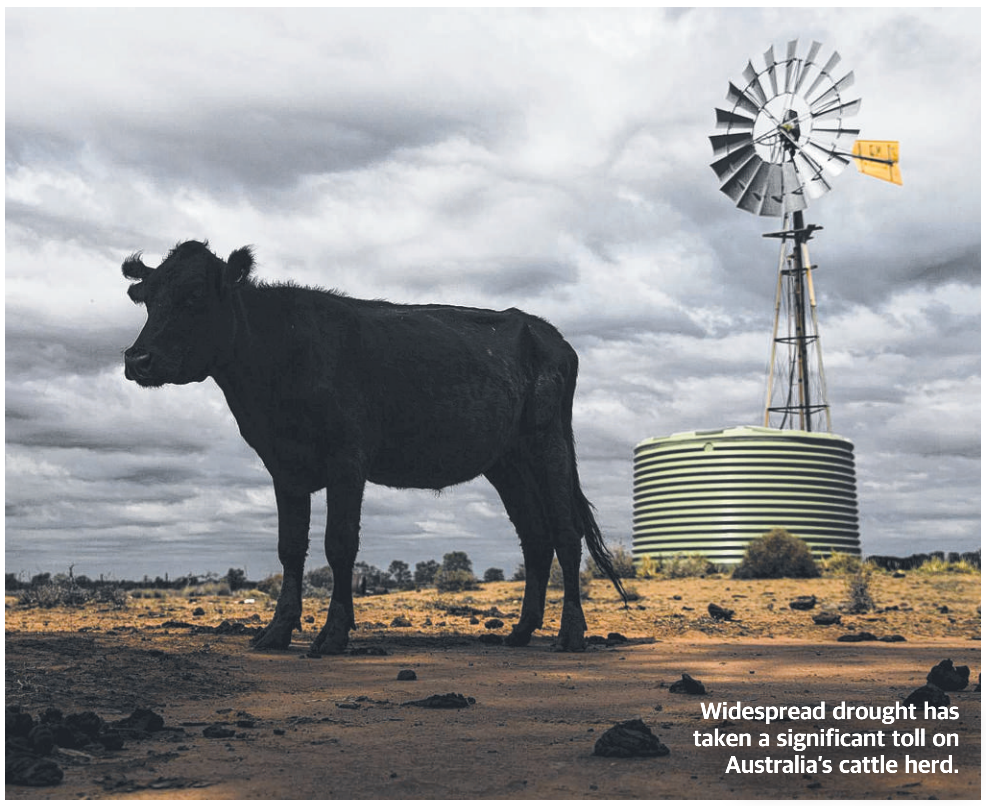
Many Australian businesses fell victim to email compromise scams, including the hacking of email systems or impersonating key personnel.

"They request changes to regular bank account details so that money is transferred to the scammer's account instead of where it should normally go," the ACCC said.

THE AUSTRALIAN

Cattle bonanza hinges on the skies

AGRICULTURE



Widespread drought has taken a significant toll on Australia's cattle herd.

FARMING analysts say a meaningful drop of rain could send cattle prices through the roof.

The size of the nation's weather-ravaged herd is at a 20-year low, so prices are likely to be hypersensitive to any uptick in seasonal conditions, they say.

The east-coast drought and flooding across northern Queensland has significantly reduced the Australian herd over the past couple of years.

But Rabobank's Australian 2019 Beef Cattle Seasonal Outlook report says beef producers — as well as feedlots and processors — could see a 20 per cent price lift if the regions receive decent rainfall.

However, if the season continue to be drier than normal, prices are expected to ease and remain below their levels last year.

Modelling predicts prices, as measured by the Eastern Young Cattle Indicator, of $4 to $4.50 a kilogram this year.

Rabobank analyst Angus Gidley-Baird said the cattle market was very sensitive to changes in demand at the moment.

"While the model suggests prices will head lower this year, any rain that allows producers to hold on to their cattle or come back into the market to buy cattle, will see prices head one way — and that way is up," Mr Gidley-Baird said.

"There is simply not enough cattle in the system and, coupled with strong export fundamentals, there is much upside for prices."

Mr Gidley-Baird forecast cattle slaughter numbers to shrink 5 per cent this year and yarding numbers to shrink another 2 per cent, assuming drier-than-average seasonal conditions. He said the drop in production had been compounded by flooding in Queensland that affected an area accounting for one million head of cattle — about 17 per cent of that state's herd.

Rabobank said Australia's key export markets were expected to continue to be strong despite an increase in competition from the US for sales into Korea and Japan.

MARKET WRAP

THE Australian share market had its worst day in three weeks yesterday as investors awaited economic clues from the US and China.

The benchmark ASX 200 index closed 26.1 points, or 0.4 per cent, lower at 6359.5 points, while the broader All Ordinaries slipped 23.6 points, or 0.3 per cent, to 6449.6

IG market analyst Kyle Rodda said industrial profit reports from China and a meeting of the US Federal Reserve were at the forefront of investor concerns.

Stocks in the domestic energy sector broadly dropped 0.7 per cent after US President Donald Trump at the weekend pressured members of the Organisation of the Petroleum Exporting Countries to raise crude production to ease petrol prices.

Woodside Petroleum dropped 0.9 per cent to $35.90, **Santos** 0.7 per cent to $7.27 and **Origin Energy** 0.4 per cent to $7.45.

The major banks were lower as all but the Commonwealth Bank prepare to release their first- half results over the next week.

ANZ was down 0.3 per cent to $27.33, **National Australia Bank** 0.9 per cent to $25.44, the **Commonwealth Bank** 0.5 per cent to $75.11, and **Westpac** 0.6 per cent to $27.58.

Coles climbed 0.3 per cent to $12.64 after the group reported a 2.1 per cent rise in third-quarter food and liquor sales. Unveiling the results, chief executive Steven Cain signalled the grocer would keep the heat on suppliers who wanted to lift prices.

Counting the cost of the fallout in Aussie housing

THE SHORT CUT

ROGER MONTGOMERY

THERE is little doubt the rate of slowing in the Australian economy has surprised many.

In the space of three months, expectations that the Reserve Bank would keep rates on hold through 2019 have deteriorated and the cash rate is now expected to be cut by a third, to 1 percentage point, by the end of the year.

The reason for the reduced optimism is obvious.

Spending over the past few years has been borrowed from the never-never.

By that I mean because household debt was already at record highs, the retail sales many companies enjoyed last year and the year before were due to consumers drawing down on savings.

As economist Herb Stein once observed, if something cannot go on forever, it must stop. And consumer spending has come to a crashing halt.

Not all subsectors in retail land have crashed but the slide may just be starting.

Take a look at sales of items related to housing.

Furniture and appliances, electronic and household goods were all growing by between 3.5 per cent and 4.5 per cent annually as recently as October. Today, however, they are in reverse.

Part of the reason is that the rate of property transactions is slumping. Recent evidence that our thesis on this matter is playing out was provided by one of our brokers, Morgans, which noted: "New residential listings ... appear to be at an all-time low for both Sydney (-20.9 per cent for the 28 days ended March 17 compared to the prior corresponding period) and Melbourne (-15.5 per cent).

"Based on the data we have been able to access, annual housing churn rates appear to be 2.7 per cent in NSW and 2.6 per cent for Victoria — lower than the depths plumbed in the GFC and the two preceding recessions."

All that means is there are fewer people buying property and therefore fewer people kitting those homes out with new furniture, bedding and appliances. Another reason for the sliding consumer activity is declining house prices.

When household and consumer debt is at record highs, when the asset against which the debt was borrowed declines meaningfully and when wages aren't growing, consumers have little choice but to rein in their spending.

The first items to fall significantly are cars and holidays.

The question for investors of course is whether this is the beginning or the end?

The answer to that may be hidden in data for the outlook for residential construction.

Building approvals peaked in Australia at 280,000 dwellings. Several months after approval is granted, construction commences.

Consequently, building activity is still at all-time highs. What has changed is building approvals have fallen to 170,000 dwellings and that represents a fall of almost 40 per cent.

Construction employs 9.6 per cent of Australia's workforce and 37 per cent of those workers, equivalent to 3.6 per cent of the Australian workforce, are directly engaged in residential construction.

If residential construction activity almost halves, as the dwelling approvals number suggests it is about to, then 1.75 per cent of the workforce is potentially at risk.

Our unemployment rate is at 4.9 per cent.

If roughly half of residential construction workers lost their jobs, unemployment would rise by a third.

Analysts are still holding potentially unrealistic expectations for retail earnings. What that means is not only will earnings decline for many companies, but earnings expectations and hence price-to-earnings ratios will need to contract.

For stock market investors without an eye on value, that is a double whammy.

Of course, if you have been reading this column for a while, you will know that we are holding relatively large amounts of cash.

It has held back our returns in the past couple of years, but we firmly believe forthcoming volatility will present plenty of long-term opportunities.

Roger Montgomery is chief investment officer with Montgomery Investment Management