

Global & Australian Forecasts August 2011



Global forecasts revised down, in face of slowing momentum and fear – especially in developed markets. Domestic economy very patchy and continues to lose momentum. Forecasts edged down given current softness in discretionary spending and high AUD. Growth set to accelerate into 2012.

- The synchronised slowdown in global growth has worsened and we have revised our growth forecasts down by ¼pt in 2011 and ½pt in 2012. There are big disparities between regions in terms of their economic outlook. The emerging market economies are slowing but their growth is still quite rapid and it is this that provides much of the ballast for global growth through the next few years. The upturn in the big developed economies has been disappointing, with output still below its early 2008 level. Growth in the developed world likely to be lackluster at best (around 2%) in forecasting period and that will leave unemployment little changed or even worse. Clearly risks rise if financial instability remains high – albeit much depends even then on China's response. Rates in developed economies to remain low for longer (especially in the USA and UK).
- Australian forecasts have been revised down a touch (especially in the near term) given heightened global uncertainty and signs that local momentum continues to slow – as per the July NAB survey – together with continued delays in the recovery of Australia's coal exports. Near-term softness also has base impacts on 2012 forecasts. But Australia's high terms of trade, resumption of full coal production (by late 2011), strong mining investment and Queensland rebuilding are expected to boost GDP growth. Delayed US rate adjustment to keep the AUD on a more elevated path. NAB forecasts are significantly weaker than RBA's view – we see year-ended growth of 2.6% this year (RBA 3¼%) and around 3-3¼% in the out years (RBA 3¼%). Calendar forecasts are given below – and are down around ¼pt in both 2011 and 2012.
- Core inflation (ex carbon pricing) still to move up to around (or above) 3%. The next move in the cash rate is still up (25bp around year end) – but only when growth momentum and labour market tightness is more apparent (with final 25bp rise in mid 2012).

Key global GDP forecasts (calendar years)

| Country/region | IMF weight | 2008 | 2009 | 2010 | 2011 | 2012 |
|----------------|------------|-----------------|------|------|-------------|------------|
| | | <i>% change</i> | | | | |
| United States | 21 | -0.3 | -3.5 | 3.0 | 1.8 | 2.6 |
| Euro-zone | 15 | 0.2 | -4.1 | 1.7 | 2.0 | 1.4 |
| Japan | 6 | -1.2 | -6.3 | 4.0 | -0.8 | 3.3 |
| China | 13 | 9.6 | 9.2 | 10.3 | 9.3 | 8.2 |
| Other Asia | 4 | 3.2 | 0.2 | 7.8 | 5.0 | 4.2 |
| Global total | 100 | 3.0 | -0.8 | 5.1 | 4.0 | 3.8 |
| Australia | 2 | 2.6 | 1.3 | 2.7 | 1.5 | 4.2 |

Key Australian forecasts (calendar years)

| GDP components | 2010 | 2011 | 2012 | Other indicators | 2010 | 2011 | 2012 |
|-------------------|-----------------|------------|------------|------------------|-----------------------|------------|------------|
| | <i>% change</i> | | | | <i>% through-year</i> | | |
| Priv. consumption | 2.8 | 2.6 | 2.6 | Underlying CPI | 2.2 | 3.2 | 2.7 |
| Domestic demand | 2.1 | 3.4 | 4.0 | | <i>% end of year</i> | | |
| GDP | 2.7 | 1.5 | 4.2 | Unemploy. rate | 5.0 | 4.6 | 4.7 |

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Global outlook

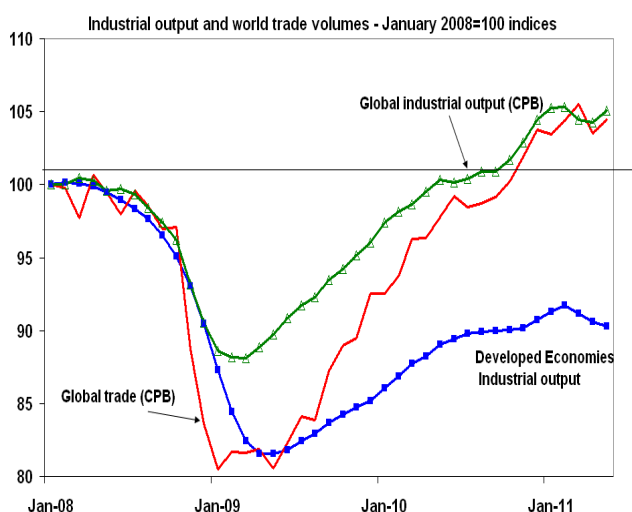
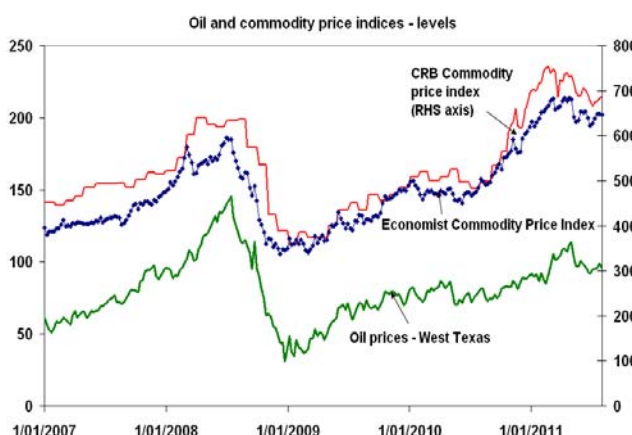
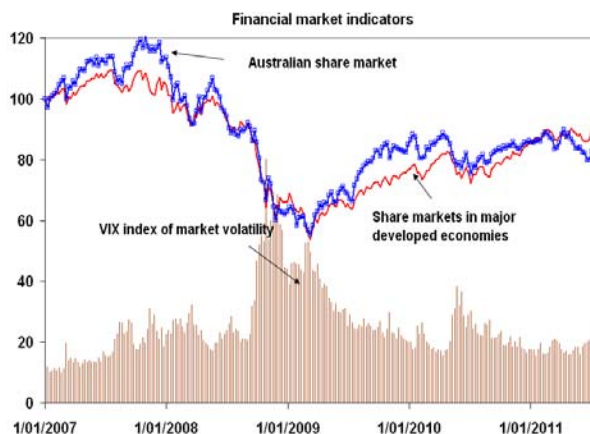
Global financial markets have fallen heavily in the last few weeks as the evidence accumulates that the pace of economic growth is slowing. A softening in global growth from 2010's exceptional 5% rate was predicted but the slowdown is looking sharper than previously expected. While equity markets are down and bond markets have been driven by another flight to quality, measures of market volatility remain well below what was seen in the financial crisis.

Commodity markets are down by around 5% to 10% from their April peaks but prices remain very high by historical standards – suggesting that, although global growth is clearly slowing, commodity demand is not slipping badly.

Monthly data on industrial output and trade flows provide some of the most up to date “hard data” on the pulse of global economic activity. The CPB measures of world trade and industrial output suggest that the formerly strong upturn in activity began to run out of steam around the start of the year.

Such a softening in growth is consistent with the disruption to global supply chains caused by the disasters in Japan, the pressure of higher oil prices on spending power in the developed economies,

ongoing de-leveraging in household sectors, actual or prospective shifts toward tighter economic policies in both emerging and developed economies, poor policy responses to debt challenges in the US and Euro-zone and a general erosion of confidence.

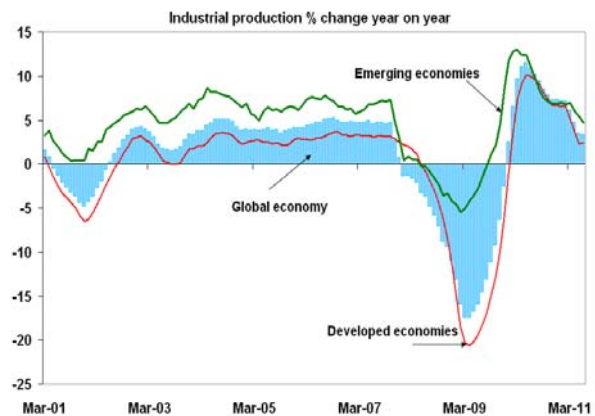
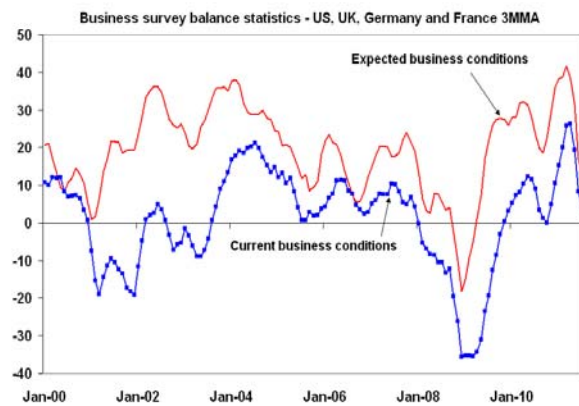
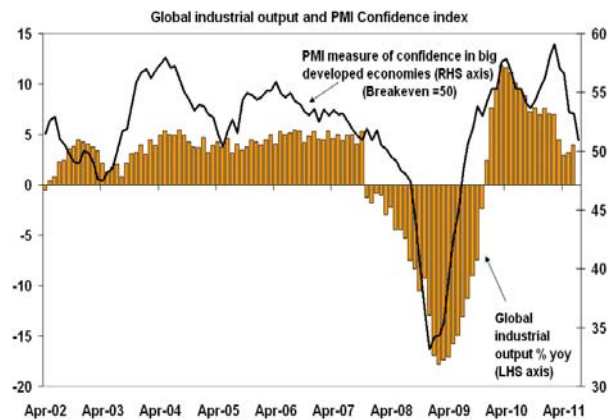


Movements in the monthly business surveys generally line up with the changes in hard data like industrial output. The surveys also provide information on how firms see their trading environment changing in the near future. Global industrial growth has slipped from around 7½% yoy in late 2010 to under 3½% yoy in June. Abstracting from the impact of the disasters in Japan, global industrial growth would still have slowed but probably to around 4½% yoy. Our index of purchasing manager surveys in the big developed economies shows that activity growth has continued to slow into July with readings that are consistent with subdued industrial growth.

It is possible to use another set of long-running national business surveys to assess what firms think is likely to happen to their trading environment and activity in the big developed economies. These surveys confirm the slowing evident in the purchasing manager surveys and they also illustrate how firms expect further slowing through the next few months.

The slowing is not just confined to the industrial world with surveys and industrial output data showing that the pace of growth has slipped in the emerging market economies as well. Growth in this group of countries has eased from around 7% yoy in late 2010 and early 2011 to below 5% yoy in June. However, part of the slowing

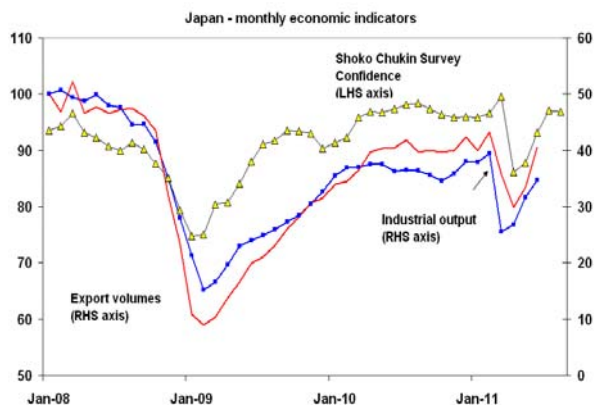
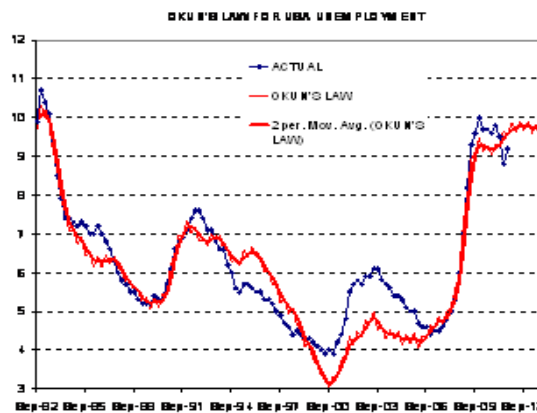
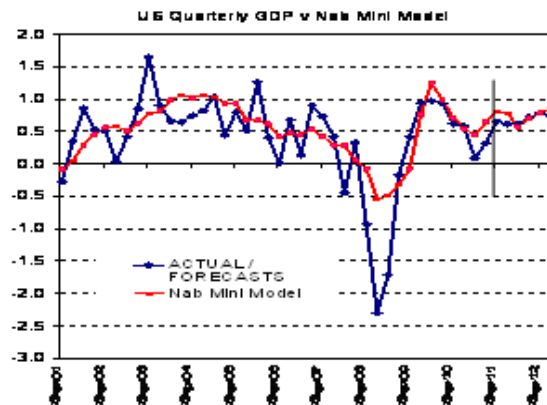
reflected supply disruptions through East Asia as a result of the Japanese tsunami. However, that is not the whole story. While it may help to explain the sharp downturn in industrial growth seen across the Asian Tiger economies, there has also been an industrial slowdown in places like Latin America and India that are much less integrated into Japan-centred industrial supply systems. Instead, there are other factors (like higher energy prices, tightening in economic policy and currency appreciation) that should be acknowledged.



The latest bout of weakness in global equity markets is largely due to the weakness of the US economy in the first half of the year. Big downward revisions saw March quarter growth cut to an annualised rate of only 0.4% and the initial estimate for the second quarter is 1.3%. This weakness is largely explained by disappointing outcomes for consumer spending, particularly for durable goods (a volatile series). This picture of much slower US growth than originally published or expected aligns much better with the weak labour market data where job creation has been modest and the unemployment rate has stayed high.

The crucial judgment now is whether the US economy continues slowing into a “double-dip” recession or whether it can avert stalling and maintain at least lackluster growth. Our assessment is that recession can be averted and growth could accelerate modestly in the latter half of the year. Lower petrol prices, slightly better credit conditions and the weaker USD mean that there is no inevitability that the US has to experience falls in output. Nevertheless, our growth forecasts of only 1¾% in 2011 and 2½% in 2012 are not enough to put a dent in the jobless rate which stays near 10%. As a result, inflationary pressures should stay low and the Fed can delay rate rises until late 2012.

Economic activity in Japan has been greatly affected by the tsunami and nuclear event. However, output is gradually getting back to normal with industrial output and exports having recovered most of their losses by June. The Shoko Chukin business survey shows conditions in August were practically back at pre-disaster levels. GDP in 2011 is still likely to fall because of the tsunami but a rebound in growth of 3¼% is expected for 2012 as reconstruction builds up momentum.

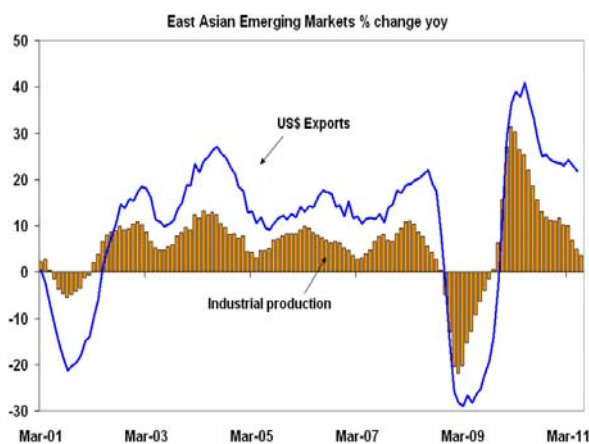
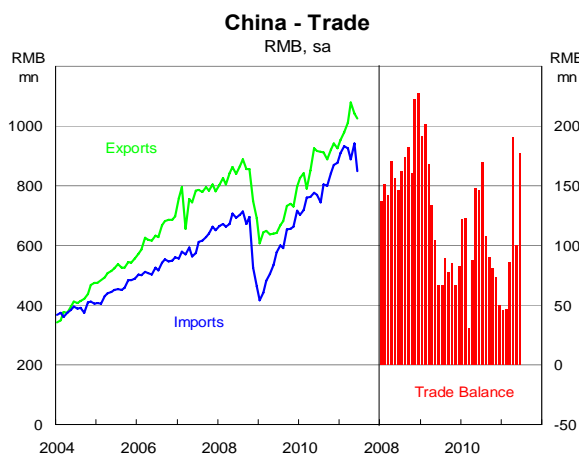


While the US economy has slowed more than expected, the Chinese economy has continued growing at a solid pace of 2¼% in the June quarter, to be up by 9½% yoy. There are a few signs of gradual slowing in growth with some of the business surveys showing a moderation in the pace of industrial growth, a slight dip in fixed investment spending growth and a downward trend in retail sales volume growth.

However, such an easing in growth would be welcomed by the Chinese authorities who have been trying to slow the economy through increases in interest rates and bank reserve ratios. Our expectation is that Chinese growth will slow through the next 18 months with 2012 showing an expansion of 8¼%, just above the rate that the authorities generally target as being consistent with creating enough jobs to keep the urban unemployment rate constant.

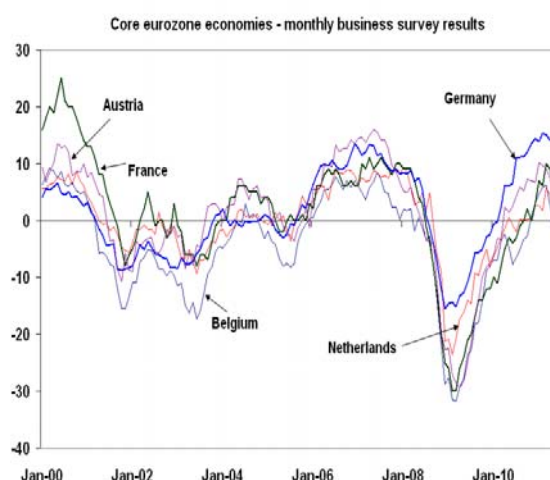
The deceleration in growth is far more evident in the other emerging market economies of East Asia where the pace of expansion has already slipped from 9½% yoy in early 2010 to 5¼% yoy in early 2011 and we are expecting it to continue slipping through the remainder of the year. Some of this slowing reflects an inevitable correction from the very rapid upturn seen after the 2008/09 recession. Tightening in economic policy across East Asia, with

interest rates being nudged gradually higher and currencies appreciating to choke off inflationary pressures, has also contributed to the easing in the pace of growth. As the authorities in some regional economies are concerned by the risk of overheating in their economies, they are unlikely to want to support activity in the short run by easing their economic settings.



The pace of growth in the Euro-zone seems likely to slow as well, with a spate of recent indicators showing a topping out of conditions in the core economies, while conditions remain very soft in the peripheral economies. Export-oriented industry in Germany has driven a large part of the core Euro-zone's growth, with rising German export orders spilling over into increased business for component suppliers in neighbouring economies. The July IFO survey showed a dip in export demand for German industry, which could well be flowing into the entire core Euro-zone region. The German economic upturn has also been expected to broaden out to include more

emphasis from domestic demand and there has been a modest pick-up in retail sales. However, retail trade across the Euro-zone is still generally soft with volumes in May and June running below year-earlier levels. We are forecasting only a mild recovery in activity in the Euro-zone, with GDP rising by 2% this year and around 1½% in the following two years – not enough to lower high unemployment rates in the area.



The following table provides more detail on our global growth forecasts.

GLOBAL ECONOMIC FORECASTS

| IMF | ANNUAL GROWTH TOTALS | | | | | | | | | |
|-------------------------|----------------------|------------|------------|------------|-------------|------------|------------|------------|------------|--|
| | WEIGHTS | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | |
| GDP US | 0.2 | 2.7 | 1.9 | -0.3 | -3.5 | 3.0 | 1.8 | 2.6 | 3.0 | |
| GDP JAPAN | 0.058 | 2.0 | 2.3 | -1.2 | -6.3 | 4.0 | -0.8 | 3.3 | 1.9 | |
| EURO GDP | 0.146 | 3.2 | 2.8 | 0.2 | -4.1 | 1.7 | 2.0 | 1.4 | 1.5 | |
| UK GDP | 0.029 | 2.9 | 2.7 | 0.0 | -4.9 | 1.3 | 1.3 | 1.8 | 2.3 | |
| Asian Tigers | 0.049 | 5.7 | 6.0 | 3.2 | 0.2 | 7.8 | 4.8 | 4.3 | 4.0 | |
| latin american 4 | 0.086 | 5.3 | 5.6 | 4.2 | -2.1 | 7.1 | 5.0 | 4.4 | 4.2 | |
| china | 0.133 | 12.7 | 14.2 | 9.6 | 9.2 | 10.3 | 9.3 | 8.2 | 8.0 | |
| canada | 0.018 | 2.9 | 2.5 | 0.4 | -2.5 | 3.2 | 2.8 | 2.4 | 2.8 | |
| India | 0.054 | 9.9 | 9.7 | 7.5 | 7.0 | 9.0 | 7.3 | 6.6 | 6.0 | |
| Africa | 0.024 | 6.1 | 6.3 | 5.5 | 2.8 | 5.1 | 5.0 | 4.5 | 3.8 | |
| CIS | 0.043 | 8.2 | 8.6 | 5.5 | -6.4 | 4.6 | 4.8 | 4.2 | 4.0 | |
| E Europe | 0.035 | 6.7 | 5.7 | 3.0 | -3.6 | 4.5 | 5.0 | 3.2 | 3.0 | |
| Middle East | 0.05 | 5.7 | 5.9 | 5.1 | 1.8 | 3.8 | 4.2 | 3.2 | 3.0 | |
| Other advanced | 0.075 | 4.5 | 4.7 | 1.7 | -1.2 | 5.8 | 3.5 | 3.2 | 3.0 | |
| GLOBAL TOTAL | 1 | 5.6 | 5.6 | 3.0 | -0.8 | 5.1 | 4.0 | 3.8 | 3.7 | |

Global outlook

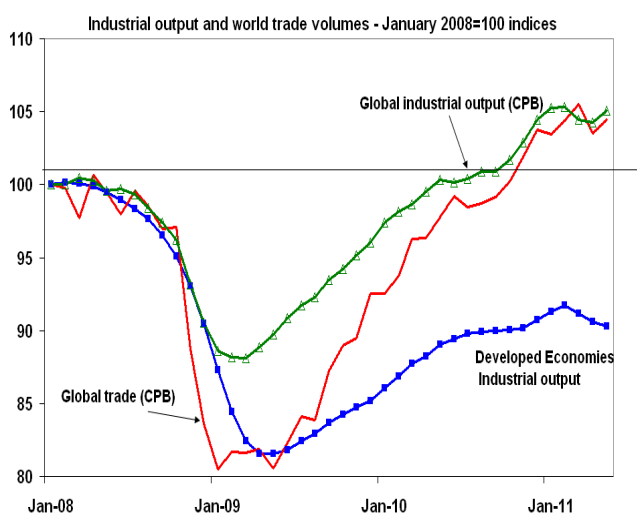
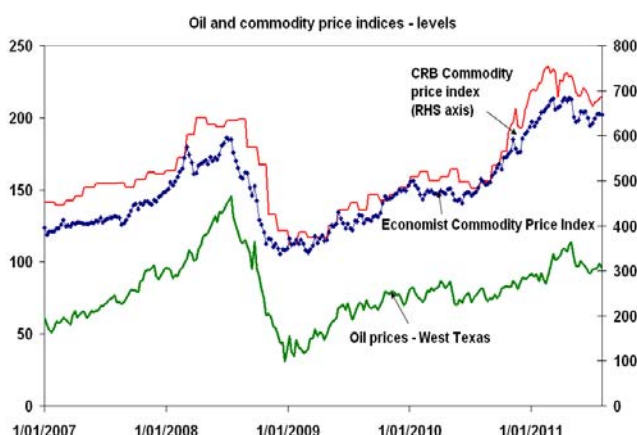
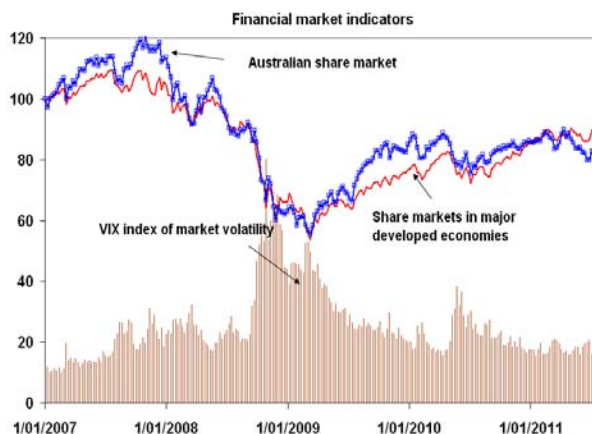
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the July forward orders outcome is continued into the September quarter, the implied demand growth would slow further to around 2¾%. NAB business conditions indicate that 6-monthly annualised GDP growth may be around 3¼% in the June quarter, and if July business conditions continue into the September quarter, it would imply softer GDP growth of around 2½%. However, including likely coal mine impacts (we do not expect full production to be restored until end 2011) our expectations would be for slightly negative growth in the six months to June 2011 (-0.3%) increasing to an annualised 6-monthly rise of around 5% in the September quarter.

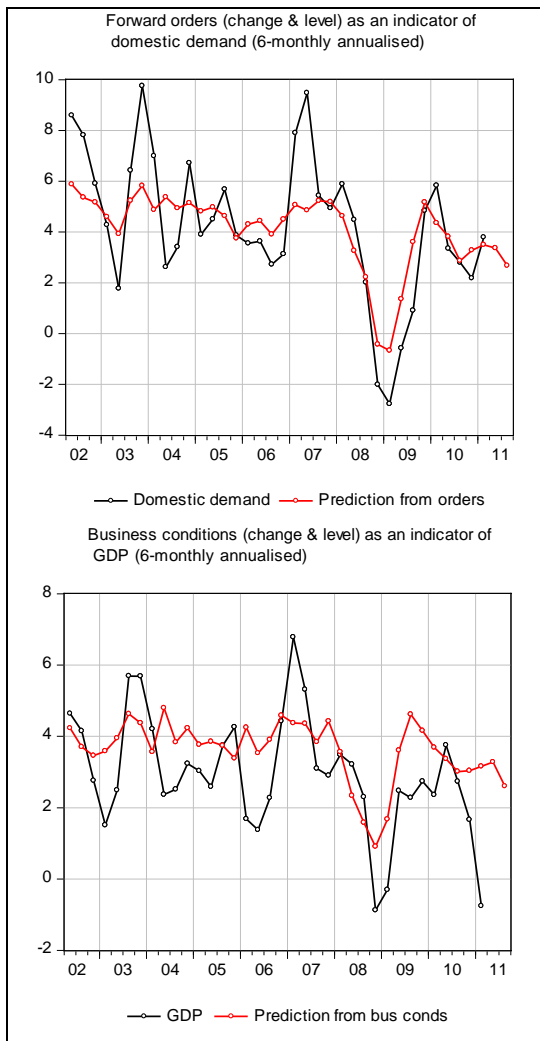
Our outlook has been adjusted from last month to include the ongoing softness in the domestic economy as well as recent global uncertainty associated with US and European debt issues. GDP growth in 2011 is expected to be 1.5%, rising to 4.2% in 2012, reflecting a robust recovery in late-2011. The income boost from the terms of trade, the expected strong growth in resources sector investment and the Queensland reconstruction task are expected to support this recovery.

In financial year terms, our GDP growth forecasts are:

- 3.5% in 2011/12 (was 3.9%) and
- 3.4% in 2012/13 (was 3.5%).

Headline inflation is expected to begin to ease in the December quarter as fruit and vegetable prices ease in response to an improving supply situation and by mid-2012 the annual headline rate could be as low as 1.6%. While Treasury predict that the carbon tax will cause a one off increase of 0.7% in overall consumer prices (sufficient to raise the annual headline rate to a peak of 3.5% by end-2013) the initial impact will be ignored for monetary policy purposes.

While the RBA decided not to raise rates at its August meeting, there was some indication that the Board had considered the option of tightening. The Board noted that its decision to not increase the cash rate had been influenced by current uncertainty in global markets, as well as fragility in the domestic economy and wide sector variations in conditions. It also noted that its decisions to raise interest rates in 2010 are having the desired effect in financial markets, with

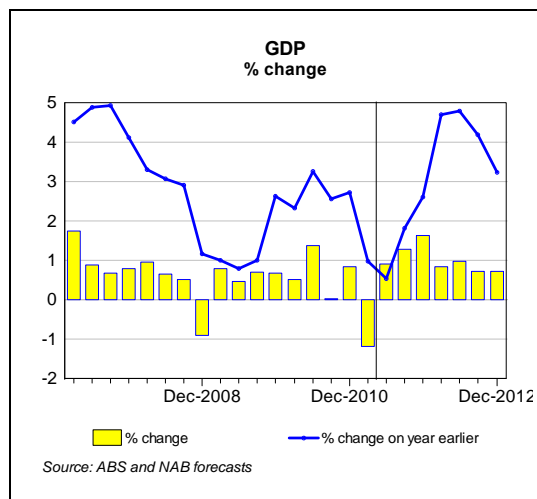


Sources: ABS; NAB modelling

subdued credit growth, the high AUD and falling asset prices indicating tighter than normal conditions. The outcome came despite the Board remaining concerned about the medium-term outlook for inflation. The Board again emphasised that domestic activity may not perform as strongly as initially expected through the remainder of 2011. However, the RBA's central scenario continues to involve (at least) trend growth over the next couple of years and the expectation of higher growth in Australian incomes.

Fundamentally we agree with the RBA's view – albeit we are slightly more bearish both globally and locally (we expected growth through 2011 to be around 2.6% while the RBA expects 3¼%). Our forecasts are also somewhat more subdued than the RBA into 2012 and 2013 – RBA has 3¾% in year-ended terms in both years whereas NAB has 3.2% and 3.0% respectively.

At the same time we see core inflation rising to around 3¼% by late 2011. As such, we still expect the next rate rise to be in December. This would allow sufficient time for the strength of activity to be realised and unemployment to fall significantly (to around 4.6% in our forecasts). We expect an additional rate rise will be necessary in May 2012, as the mining industry continues to strengthen and capacity constraints tighten, taking the cash rate to 5¼%. The RBA will also be keen to avoid the possibility that the introduction of the carbon tax does not lead to both heightened wage demands and inflationary expectations.



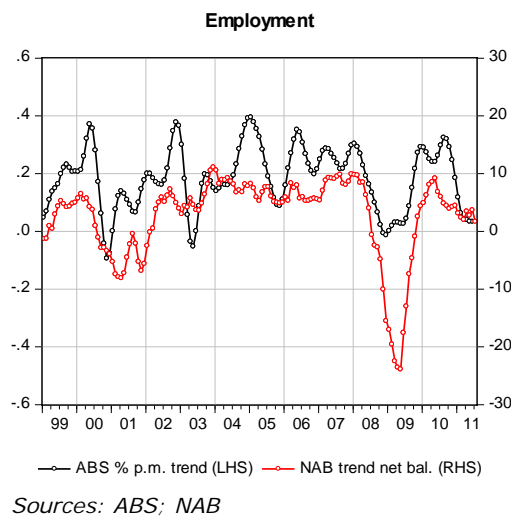
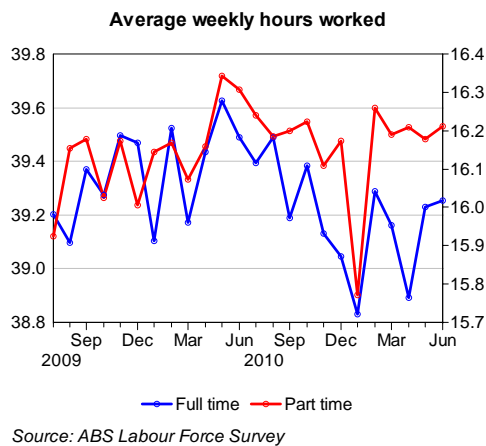
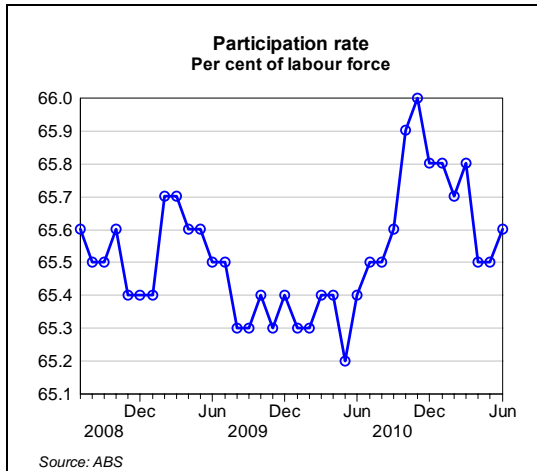
As a result, our forecasts suggest cash rates on the tight side of neutral when compared with a Taylor's rule (see Inflation and Interest Rates section below).

Labour market conditions

Employment indicators remain fairly soft at present. The NAB employment index deteriorated sharply in July, to report a negative reading for the first time since mid-2009. This weak outcome may reflect a labour market response to persistently weak conditions in a number of underperforming industries, particularly in manufacturing (the employment index in manufacturing in the July NAB survey was -24 points) and the retail / wholesale sectors. Skilled job vacancies also edged down marginally.

While employment growth will continue to slow in annual terms, the expected increased strength in activity should see further modest growth in employment during the second half of 2011. Moderate upward pressure on the participation rate is also expected, implying that the unemployment rate will fall to around 4.6% by end-2012 (previously we expected 4.4%), before rising gradually

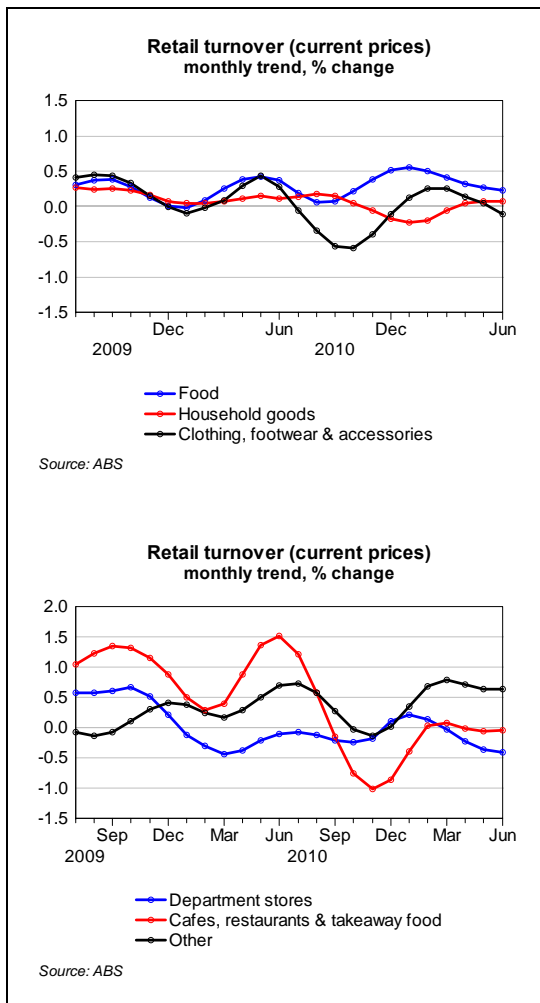
to a little over 5% in the medium term (in the face of tighter policy).



Consumer demand and housing

Retail trade data provided more evidence that retailing was one of the softest parts of the economy through the middle of the year. June retail trade data (at current prices) fell by 0.1%, following a modest fall of 0.6% in the previous month. In trend terms, retail trade eased to 0.1% in June, after gaining some momentum over recent months.

The NAB monthly business survey points to a pick up in retail activity in July, after it deteriorated significantly in June. Overall, retail conditions remained very weak – with the increased trading driven very much by a return to aggressive discounting (retail prices fell by 0.7% at a quarterly rate in July NAB survey).

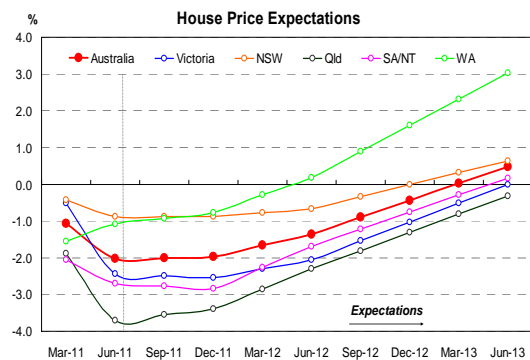


Although saving rates are high and consumers appear cautious, consumption is expected to grow modestly in response to rising household incomes during the remainder of 2011.

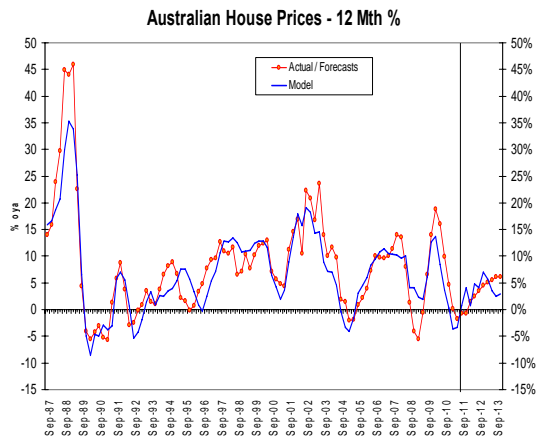
The Australian housing market continues to soften. According to RP Data-Rismark, capital city dwelling values fell 0.9% in the June quarter. Among the major capitals, the declines ranged from a fall of 1.6% in Melbourne to a fall of 0.2% in Sydney. ABS data also reported a fall in established house prices in the June quarter, with the weighted average of the capital cities falling by 0.1%, to be 1.9% lower over the year.

The most recent NAB residential property survey indicated that house prices are

expected to fall by 1.4% over the next year. House price falls are expected to be broad based across all states, with the exception of WA (up 0.2%); the largest house price declines are expected in Queensland (down 2.3%) and Victoria (down 2.1%). The outlook for rents over the next year remains much stronger (up 3.1%), although expectations have softened. Expectations of further falls in house prices out to 2013 clearly are not helping consumer sentiment or business confidence (to invest).



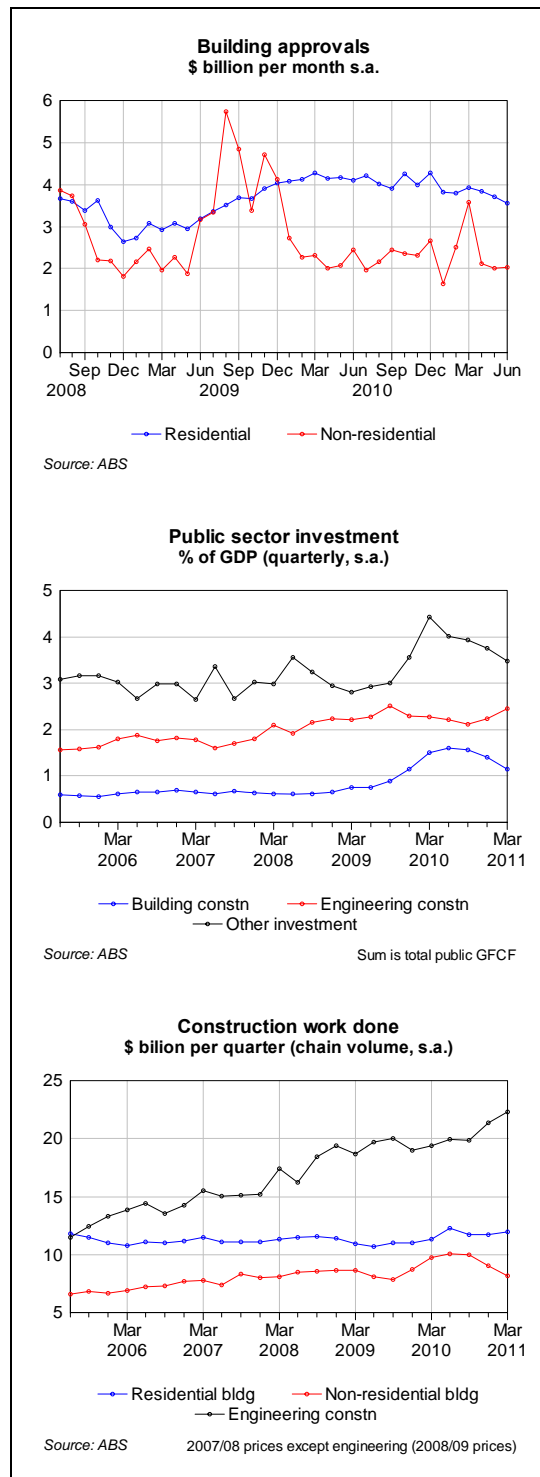
We think these expectations are overly pessimistic. A structural shortage of dwellings remains nationally, although the recent decline in rates of overseas migration can be expected to prevent the situation worsening significantly. Nevertheless, this is likely to maintain a floor under dwelling prices in the longer term. Our modelling of house prices suggests that while further moderate declines are likely in 2011 some moderate increase should occur in 2012.



Private and public investment

The total value of building approvals fell by 3.5% in June, following a 7.9% fall in May. The fall was driven by broad-based declines in both non-residential and residential approvals in the month. The weakness in approvals in the month is likely to reflect the negative impact of relatively high interest rates (as well as the expectation for further rate rises), tight credit conditions and supply-side obstacles. By state, dwelling units approved fell sharply in Queensland and South Australia, while approvals were a little higher in Victoria and NSW, after falling sharply in May.

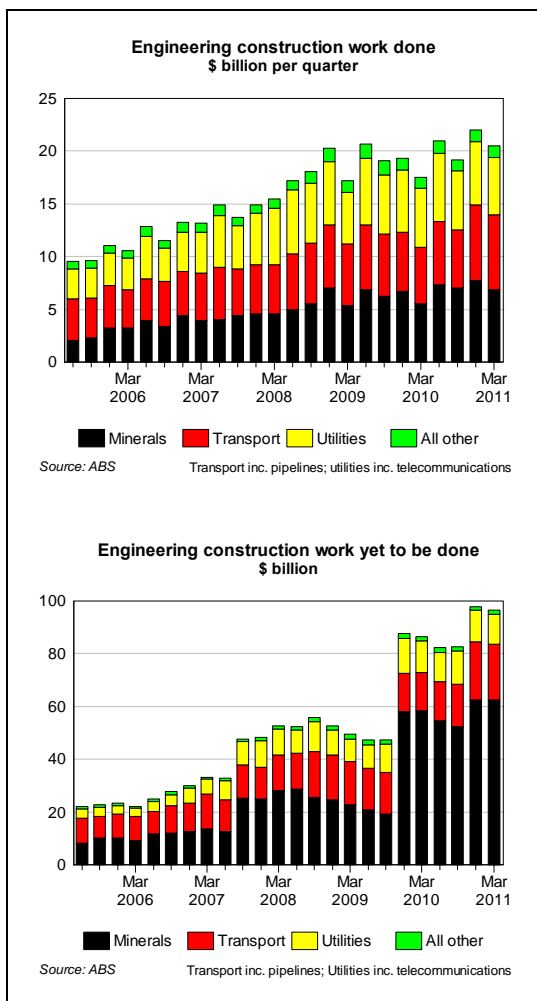
The value of public-sector building approvals was unchanged in the month. Overall, public-sector approvals remain at a relatively low level, which is consistent with the unwinding of Government spending initiatives.



Using average 5-year realisation ratios, mining capex is expected to rise by over 40% in 2010-11 and then to more than double from this high base in 2011-12. These projections imply that mining capex would have increased by almost ten-fold since 2004-05. Even using the 5-year minimum realisation ratio, mining

capex is projected to more than double over the next two years.

Most of the strength in capex reflects the huge LNG, iron ore and other resource projects under way or committed in Western Australia. There will also be a need for engineering construction work in the rebuilding task in flood-affected areas of Queensland and other affected regions.



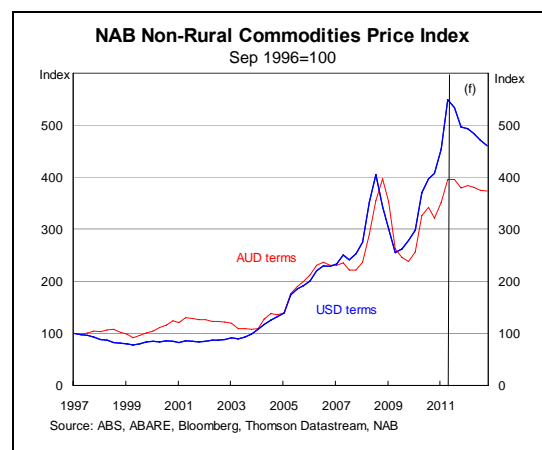
Net exports

Movements in non-rural commodity prices have been mixed over the past few months, with indicators of global economic growth signalling a soft-patch in the recovery. Despite recent softness, we do not expect a near-term recession in the large developed or emerging

economies. Looking forward, stronger growth in private sector demand and strengthened demand from emerging economies are expected to support higher commodity prices.

Movements in currency markets have had little impact on commodity prices over the past few months, with the US Dollar Index (a trade weighted index of six foreign currencies against the US currency) broadly stable since April.

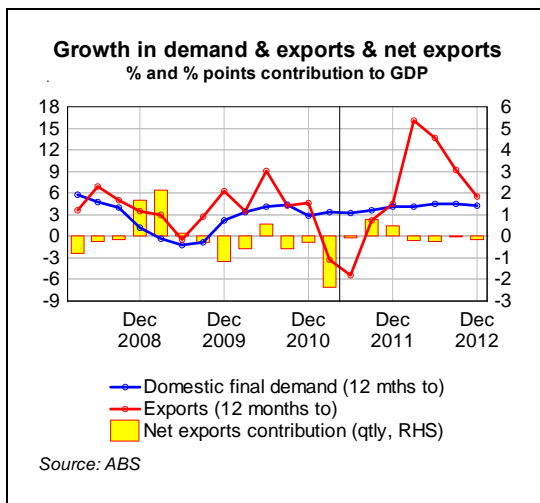
The NAB Non-rural Commodity Price Index is forecast to remain high through the remainder of 2011, although some moderation in bulk commodity prices is foreshadowed as supply constraints ease.



Prices of most rural commodities have pulled back in recent months amid concerns surrounding the global economy and a risk-off attitude that continues to pervade commodity markets. On fundamentals, high prices have elicited a massive production response globally while demand for some commodities has pulled back sharply. Overall, prices are likely to remain elevated over the medium term relative to historical standards. While production is responding, stock rebuilding will be a lengthy process given recent tightness in

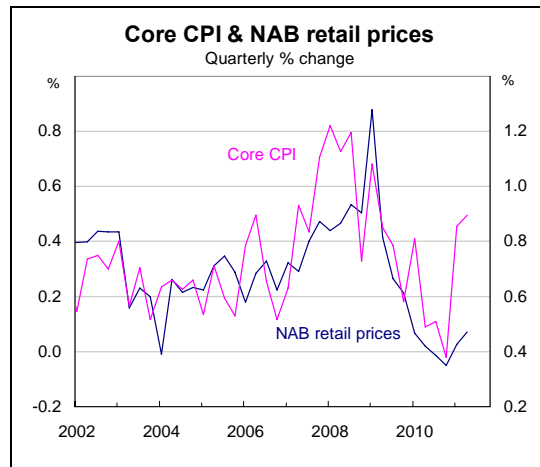
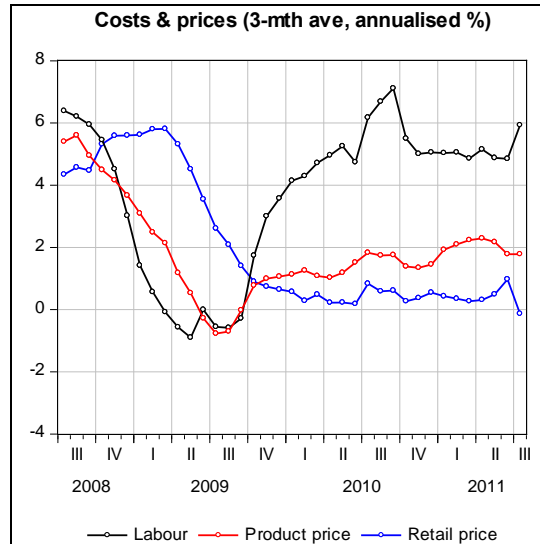
the agricultural commodity complex. Domestically, Australia's agriculture sector remains strong. The production outlook for the upcoming season looks positive, with excellent subsoil moisture profiles, strong dam storage levels and ample fodder and feed availability.

In volume terms, net exports are expected to contribute to growth in GDP in the second half of 2011 as coal export volumes recover.



Costs and prices

Producer price inflation in the latest NAB business survey was broadly unchanged in July, after easing over recent months. Meanwhile, there are renewed signs of aggressive discounting by retailers, with retail prices falling sharply in the month. However, retailers appear to be passing on discounts only as far as their costs are reduced, in effect keeping margins relatively unchanged.



Inflation and interest rates

Inflation

Core inflation rose by a higher than expected 0.9% in the June quarter, following a 0.9% rise in the March quarter. Over H1, core inflation has accelerated by an annualised 3½%, providing further reasoning for the need for policy rate tightening by the end of this year.

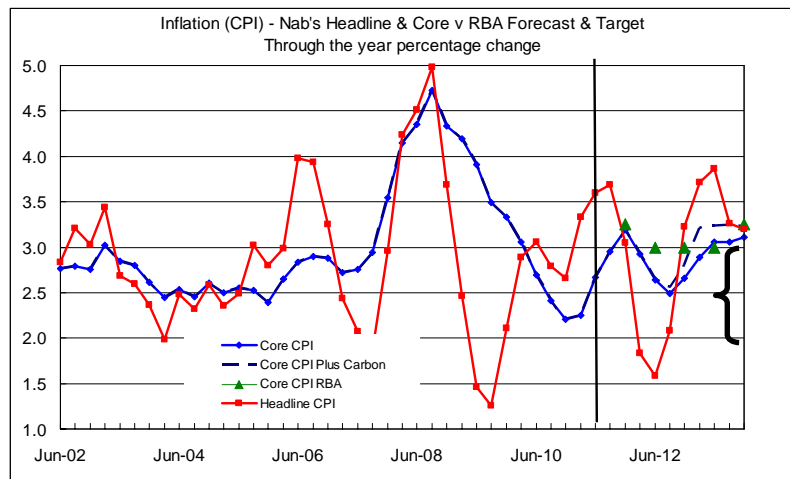
Headline inflation was 0.9% in the quarter (3.6% through the year). The headline was increased by clothing & footwear (at odds to the weakness in retail trade data), health and finance & insurance services. A 0.8% rise in producer prices in the June quarter (excluding exports), also provided evidence of emerging inflationary pressure, although imported price goods eased in the quarter reflecting the rising AUD.

While the stronger than expected inflation outcome

has heightened the chance of an earlier rate rise by the RBA, parts of the non-resource sector remain very subdued at present, with sector variations in conditions widening. As such, higher interest rates would only worsen conditions in already weak industries.

Given expected policy settings (see below), we expect core inflation to continue either at around or a little below this quarterly rate over the remainder of the forecast horizon (end-2013). This would see the annual rate rise from 2.7% in June quarter to 3.1% by the end of 2011, drifting back into the upper end of the target range over 2012. These estimates exclude the impact of the proposed carbon tax. As shown in the chart below, carbon pricing will see core inflation rise to 3.3% by late 2013 - albeit we expect the RBA to look through this.

Headline inflation is expected to begin to ease in the December quarter as fruit and vegetable prices ease in response to an improving supply situation, and by mid-2012 the annual headline rate could be as low as 1.6%.



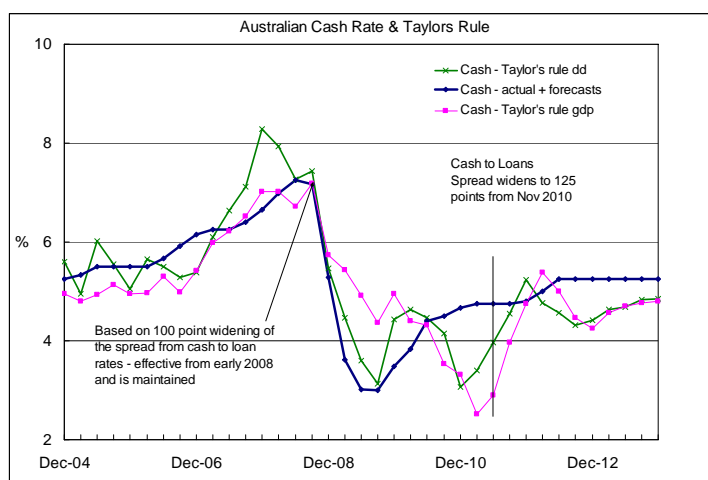
Interest rates

The RBA left the cash rate unchanged at 4.75% at its August meeting. Despite keeping rates on hold for the eighth consecutive meeting, the RBA indicated that if the cash rate were to move over coming months, the shift will be up. In coming to its decision, the Reserve Bank indicated that real GDP growth through 2011 is likely to be softer than it had previously forecast, implying around trend growth (or above) over the remainder of the forecast horizon. In its statement, the Board noted that a full recovery in flood-affected production is unlikely to occur until early 2012, while the persistent cautiousness of households is likely to keep near-term domestic demand subdued. While the RBA acknowledged that year-ended CPI inflation has been high, reflecting extreme weather events earlier in the year, it expects CPI inflation to ease going forward.

While the Board appears to have a bias towards policy tightening, it did not consider it appropriate to tighten this month given the current state of the domestic and global economies. The Board noted that its decisions to raise interest rates in 2010 are having the desired effect in financial markets, with subdued credit growth, the high AUD and falling asset prices indicating tighter than normal conditions. In our judgement, December remains the most likely option for a rate rise, as stronger GDP growth should be more established by then (we expect GDP growth of 1.3% and 1.6% in Q3 and Q4 2011), meaning that by late 2011, the unemployment rate should be significantly lower (4.6% by year end). This will no doubt fuel concerns about cost and wage pressures.

We have pencilled in a further (final) rise in May 2012, bringing our end point target cash rate to 5.25%. That would be consistent with ongoing strength in the economy in a period of relatively high inflation. The RBA will also be keen to avoid any deterioration in inflationary expectations or increased wage claims associated with cost of living pressures.

A Taylor's rule perspective would also see rates rising by mid 2012 – with the RBA continuing to lean into the wind.



Australian Economic and Financial Forecasts

| | Fiscal Year | | Calendar Year | | |
|---|-------------|------------|---------------|------------|------------|
| | 2011-12 F | 2012-13 F | 2011 - F | 2012- F | 2013-F |
| Private Consumption | 2.3 | 2.8 | 2.6 | 2.6 | 2.8 |
| Dwelling Investment | 11.9 | 6.7 | 7.4 | 12.2 | 2.2 |
| Underlying Business Fixed Investment | 12.5 | 14.4 | 9.9 | 14.6 | 13.4 |
| Underlying Public Final Demand | 1.6 | -0.2 | 2.4 | 0.1 | 0.3 |
| Domestic Demand | 4.0 | 4.0 | 3.5 | 4.3 | 3.7 |
| Stocks (a) | 0.0 | 0.0 | 0.0 | 0.0 | -0.1 |
| GNE | 4.0 | 3.9 | 3.5 | 4.2 | 3.6 |
| Exports | 8.9 | 6.2 | -0.6 | 10.9 | 5.0 |
| Imports | 10.1 | 7.7 | 9.6 | 9.1 | 7.0 |
| GDP | 3.5 | 3.4 | 1.5 | 4.2 | 3.0 |
| – Non-Farm GDP | 3.6 | 3.5 | 1.4 | 4.2 | 3.1 |
| – Farm GDP | -2.2 | -1.0 | 3.0 | 2.9 | -2.4 |
| Federal Budget Deficit: (\$b) | 25 | 16 | 35 | 20 | NA |
| Current Account Deficit (– \$b) | 25 | 53 | 28 | 40 | 58 |
| (– %) of GDP | 1.7 | 3.3 | 1.9 | 2.6 | 3.5 |
| Employment | 1.7 | 1.8 | 2.1 | 1.8 | 1.6 |
| Terms of Trade | 3.4 | -6.6 | 14.0 | -5.1 | -2.9 |
| Average Earnings (Nat. Accts. basis) | 5.3 | 4.8 | 5.3 | 4.9 | 4.6 |
| End of Period | | | | | |
| Total CPI | 1.6 | 3.9 | 3.0 | 3.2 | 3.2 |
| Core CPI (exc. carbon) | 2.6 | 3.1 | 3.2 | 2.7 | 3.1 |
| – Core CPI (inc. carbon) | 2.6 | 3.2 | 3.2 | 2.8 | 3.2 |
| Unemployment Rate | 4.6 | 5.1 | 4.6 | 4.7 | 5.2 |
| RBA Cash Rate | 5.25 | 5.25 | 5.0 | 5.25 | 5.25 |
| 10 Year Govt. Bonds | 5.6 | 5.6 | 5.5 | 5.6 | 5.6 |
| \$A/US cents : | 1.04 | 0.98 | 1.07 | 1.01 | 0.96 |
| \$A - Trade Weighted Index | 74.1 | 70.2 | 76.3 | 72.0 | 69.6 |

(a) contribution to GDP growth

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