The Australian economy: Performance and outlook

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4TH ASIA–PACIFIC PENSIONS FORUM

Sharing, informing and influencing in the region
Australia in perspective
Size and growth

Australia in regional perspective: Size of GDP in 2015e

US$ trillions

Source: IMF World Economic Outlook, April 2015

Heading for a quarter of a century of continuous GDP growth

Per cent change over previous period, financial year basis

Demonstrated economic resilience

**ECONOMIC RESILIENCE – REAL GDP GROWTH**
1992–2014

Note: Colour circles represent the number of years in recession.
Source: International Monetary Fund, World Economic Outlook Database, October 2014; Austrade
AAA sovereign creditworthiness

General government net debt in advanced economies, 2015F and 2020F

Per cent of GDP

Source: IMF Fiscal Monitor, April 2015. * adjusted to take into account 2008 SNA adoption
Favourable demographics

Population growth (latest year available)*
Per cent change on previous year

Age dependency ratio (latest year available)*
Per cent change on previous year


Source: OECD. * 2013 for most economies. (65+) to (20-64)
Competitive strengths

AUSTRALIA'S GLOBALLY SIGNIFICANT INDUSTRIES

FOREIGN STUDENTS IN TERTIARY EDUCATION (7.1% of the world's total, 2012) – FOURTH LARGEST IN THE WORLD
Source: UNESCO Institute for Statistics

MERCHANDISE EXPORT – AGRICULTURAL PRODUCTS (US$37.8 billion, 2013) – TOP 10 IN THE WORLD AGRICULTURAL PRODUCT CATEGORIES
Source: World Trade Organization Statistics Database

INTERNATIONAL TOURISM EXPENDITURE (US$28.4 billion, 2013) – EIGHTH LARGEST IN THE WORLD
Source: UNWTO Tourism Highlights 2014 Edition

AUSTRALIA'S INVESTMENT FUND ASSETS (US$1.6 trillion, June 2014) – THIRD LARGEST IN THE WORLD

MERCHANDISE EXPORT – FUELS AND MINING (US$151.8 billion, 2013) – TOP 4 IN THE WORLD
Source: World Trade Organization Statistics Database
And financial depth

GLOBAL SIGNIFICANCE OF AUSTRALIA'S INVESTMENT FUND ASSETS POOL
Investment fund assets, US$ billion, June quarter, 2014

Australia’s Total Funds under Management: A$2.4 Trillion

Note: Circles are not to scale. Data between countries is not strictly comparable.
1. Refers to home domiciled funds, except Hong Kong and New Zealand, which include home and foreign-domiciled funds. Funds of funds are not included, except for France, Germany, Italy and Luxembourg. In this statistical release, ‘investment fund’ refers to a publicly offered, open-end fund investing in transferable securities and money market funds. It is equivalent to ‘mutual fund’ in the US and ‘UCITS’ (Undertakings for the Collective Investment of Transferable Securities) in the European Fund and Asset Management Association’s statistics on the European investment fund industry.
2. Australia’s investment funds in the Investment Company Institute survey only include consolidated assets of collective investment institutions.
Australia in transition
Riding the resources boom

Australia’s terms of trade

Index 2012/13 = 100, seasonally adjusted

Source: ABS

Australia: Gross private fixed capital formation

Source: ABS
Consequences for competitiveness

Selected economies: Change in REER

* Trade-weighted exchange rate adjusted for movements in relative consumer prices
Source: Downes, Hanslow and Tulip (2014)

Source: BIS and Austrade
For the composition of exports

Composition of Australian exports, 2004

Per cent of total

Composition of Australian exports, 2014

Per cent of total

Source: DFAT Composition of Trade Australia 2004

Source: DFAT Summary of Australia’s Trade, March 2015
And for the direction of exports

Direction of Australian goods exports, 2004

Per cent of total

- China: 20
- Japan: 9
- ASEAN: 19
- Other East Asia: 14
- New Zealand: 12
- EU: 11
- United States: 7
- Rest of World: 8

Direction of Australian goods exports, 2014

Per cent of total

- China: 34
- Japan: 13
- ASEAN: 11
- Other East Asia: 11
- New Zealand: 18
- EU: 5
- United States: 4
- Rest of World: 3


Comparative concentration

Export concentration index 2000-2013

Index ranges from 0 to 1, with 1 being most concentrated

Source: UNCTAD
The world changes

The passing of the Iron Age?

Iron ore price, US$ / t

Source: IMF monthly data, except for latest estimate from news reports

World real GDP growth 2000-2016F

Per cent change over previous year

Source: IMF World Economic Outlook April 2015
Post-boom growing pains

Australia: Real GDP growth

Per cent change on previous period (sa)

- Quarterly
- Annual

Source: ABS

Australia: Real GDP and GDI growth

Per cent change on previous year

Source: ABS
Adjustment is underway

Australia: the RBA cash rate

Per cent per annum

Source: RBA

Australia: Wage price index

Per cent change from previous year

Source: ABS. Series is for all industries, public and private. Excludes bonuses.

Sharing, informing and influencing in the region
The consumption story

**Australia: Household consumption**

*Per cent of GDP*

Source: RBA

**Australia: Household savings ratio**

*Per cent of net disposable income*

Source: RBA
The investment story

**Australia: Business investment**

Per cent of GDP

- Dec-2000: 13%
- Dec-2002: 14%
- Dec-2004: 15%
- Dec-2006: 16%
- Dec-2008: 17%
- Dec-2010: 18%
- Dec-2012: 19%
- Dec-2014: 18%

Source: RBA

**Australia: Dwelling investment**

Per cent of GDP

- Dec-2000: 4.5%
- Dec-2002: 5.0%
- Dec-2004: 5.5%
- Dec-2006: 6.0%
- Dec-2008: 6.5%
- Dec-2010: 7.0%
- Dec-2012: 6.5%
- Dec-2014: 6.0%

Source: RBA
Competitiveness realigns

Australia: Real effective exchange rate

*BIS Broad Index, 2010 = 100, Jan 2002 to March 2015*

Source: BIS.

Selected economies: Change in REER

*Per cent change in real exchange rate, Jan 2013 – Mar 2015*

Source: BIS and Austrade.
### Exports of selected resources

**Rolling annual total, A$ billions**

- Iron ore
- Coal
- Natural gas

**Source:** ABS.

### Selected non-resource exports

**Rolling annual total, A$ billions**

- Total food and beverage
- Tourism related services

**Source:** ABS.
External adjustment (2)

Exports of selected resources

Rolling annual total, A$ billions

- Iron ore
- Coal
- Natural gas

Source: ABS.

Selected non-resource exports

Rolling annual total, A$ billions

- Total food and beverage
- Tourism related services

Source: ABS.
Australia in the longer run
A positive growth outlook

Real GDP growth, actual and forecast

Per cent change on previous year

Source: IMF World Economic Outlook database, April 2015

Investment ratio, actual and forecast

Per cent of GDP

Source: IMF World Economic Outlook database, April 2015
Healthy population growth

Australia: Population projections to 2050

Source: ABS 3222.0
High level of human capital

Wealth and human capital

GDP per capita, US dollars, log scale

Robust, quality institutions

Integrated with Asia’s growth engines

AUSTRALIA: A PARTNER FOR GROWTH IN ASIA
Ten of Australia's top 12 goods and services export markets were in the Asian region in 2013–14

Note: Country ceiling for Europe and North America only reflect the UK and the USA.
Sources: Australian Bureau of Statistics (ABS) trade data on DFAT STARS database, ABS Cat. No. 5368.0.55.003 and ABS unpublished data (released 20 November 2014); Austrade
With resources to fuel and feed the region
And services for its rising consumers
The Australian economy: Performance and outlook

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