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Forecasting



Growth or Stagnation: The Key Questions for Australia in 2025

Key themes

- Staring down global turbulence

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- Domestic outlook is getting better

Key themes

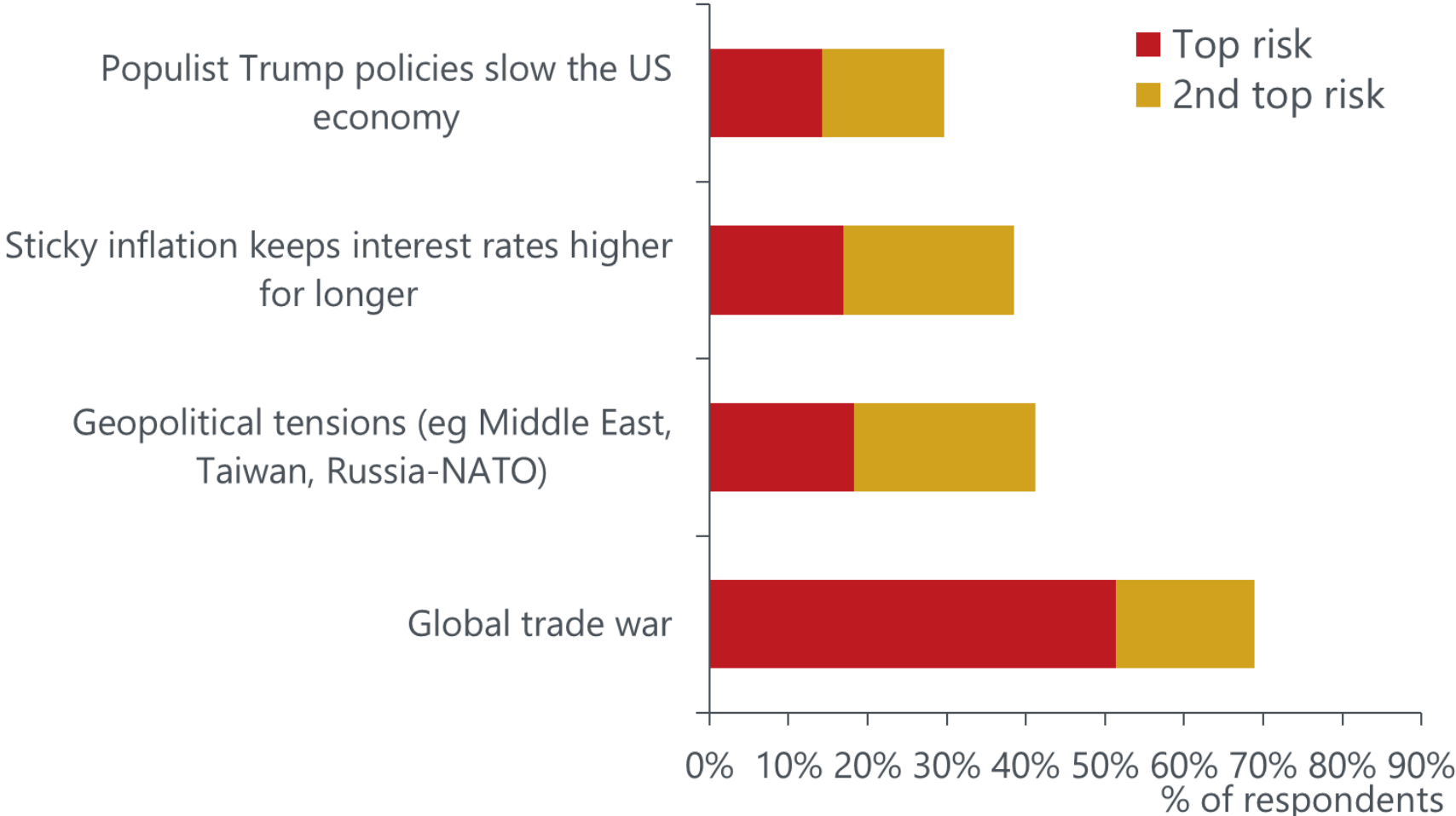
- Staring down global turbulence
- Domestic outlook is getting better
- Limited support to come from policy⁴ changes

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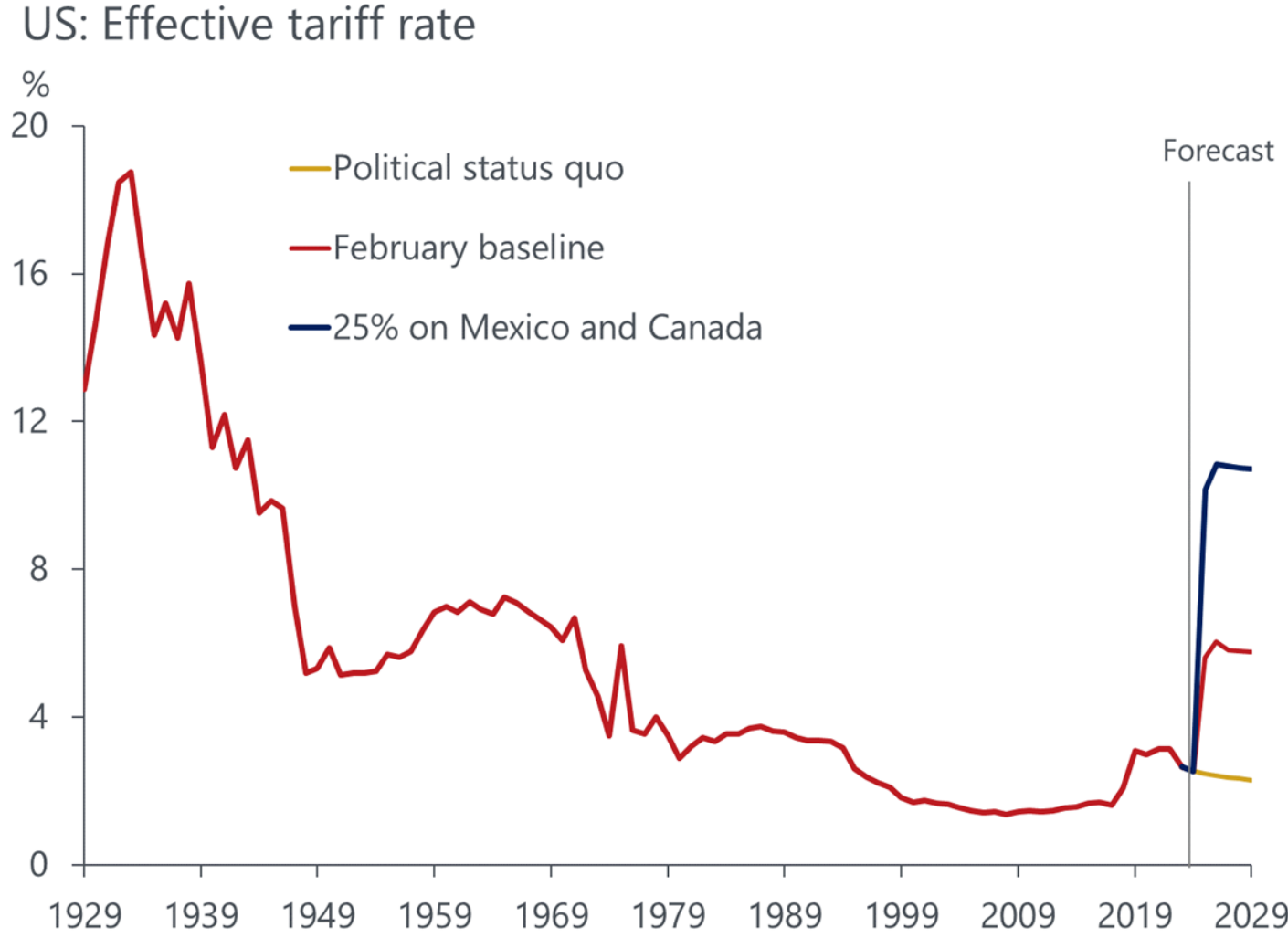
Trade tensions are front of mind

Global Risk Survey: near-term downside risks



Source : Oxford Economics

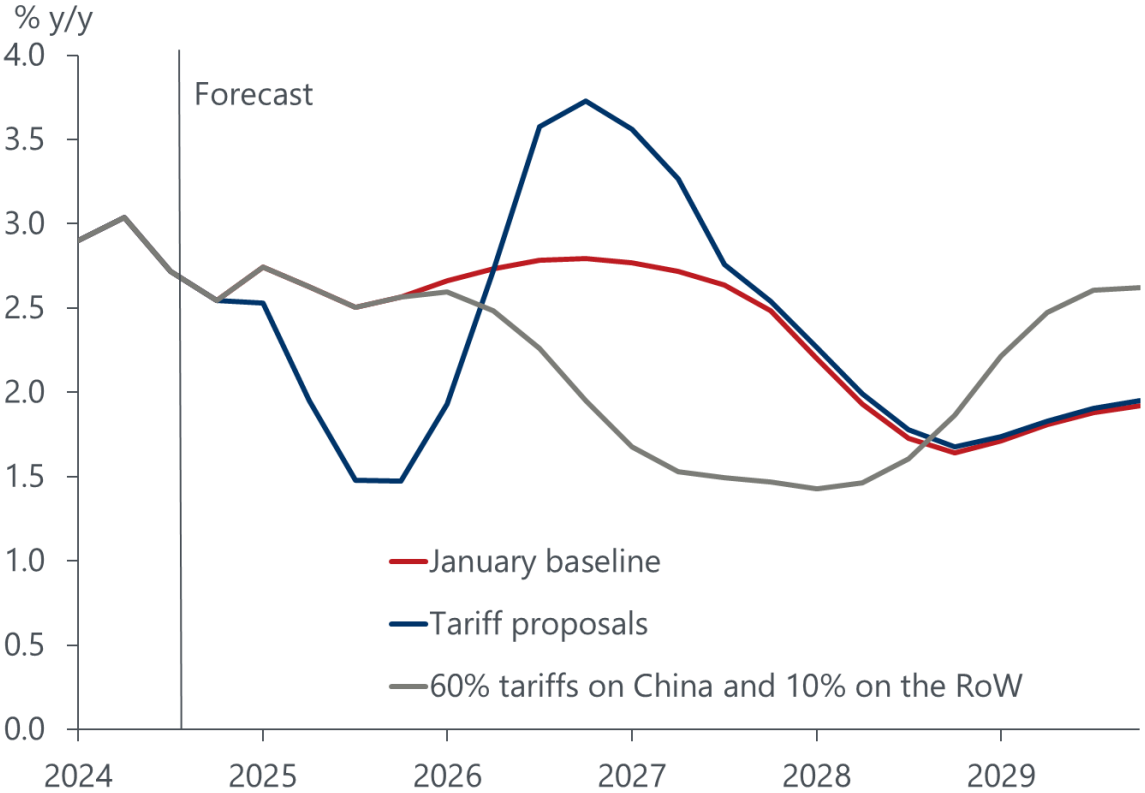
These tariff proposals are very different



Source: Oxford Economics/Haver Analytics

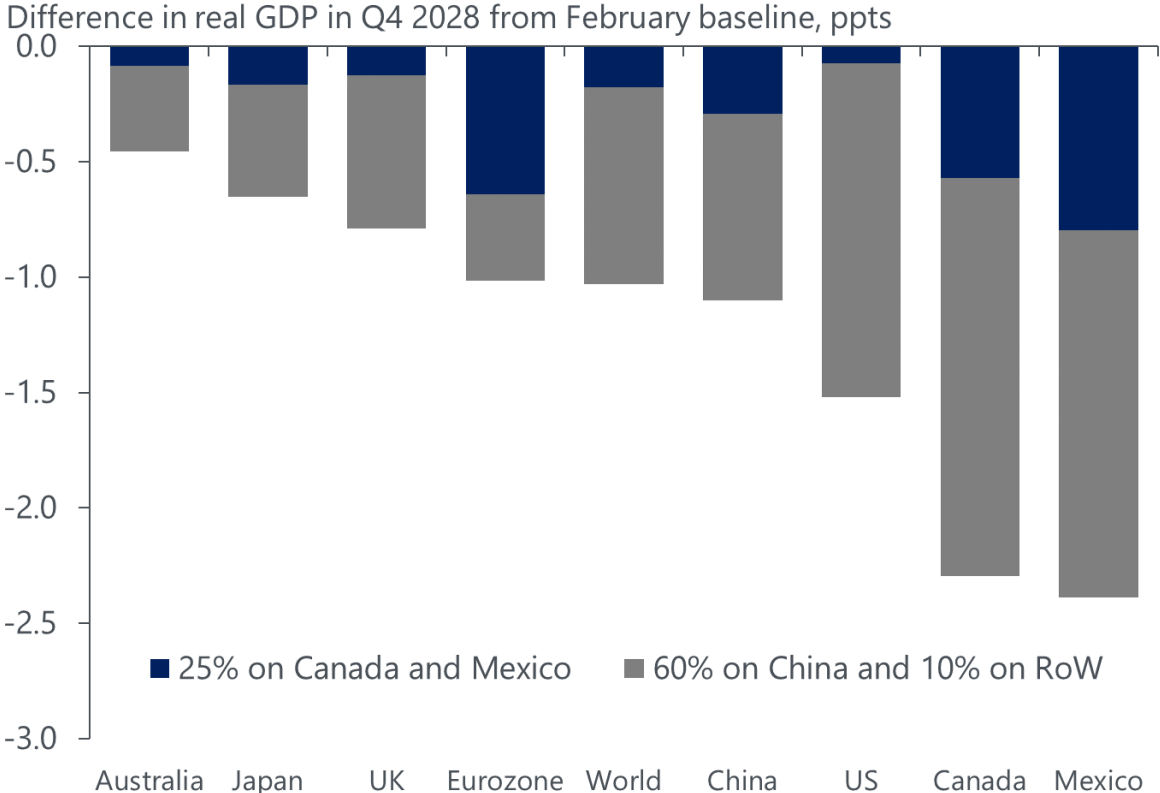
The speed as well as the scale of tariff hikes are important

US: real GDP scenarios



Source: Oxford Economics/Haver Analytics

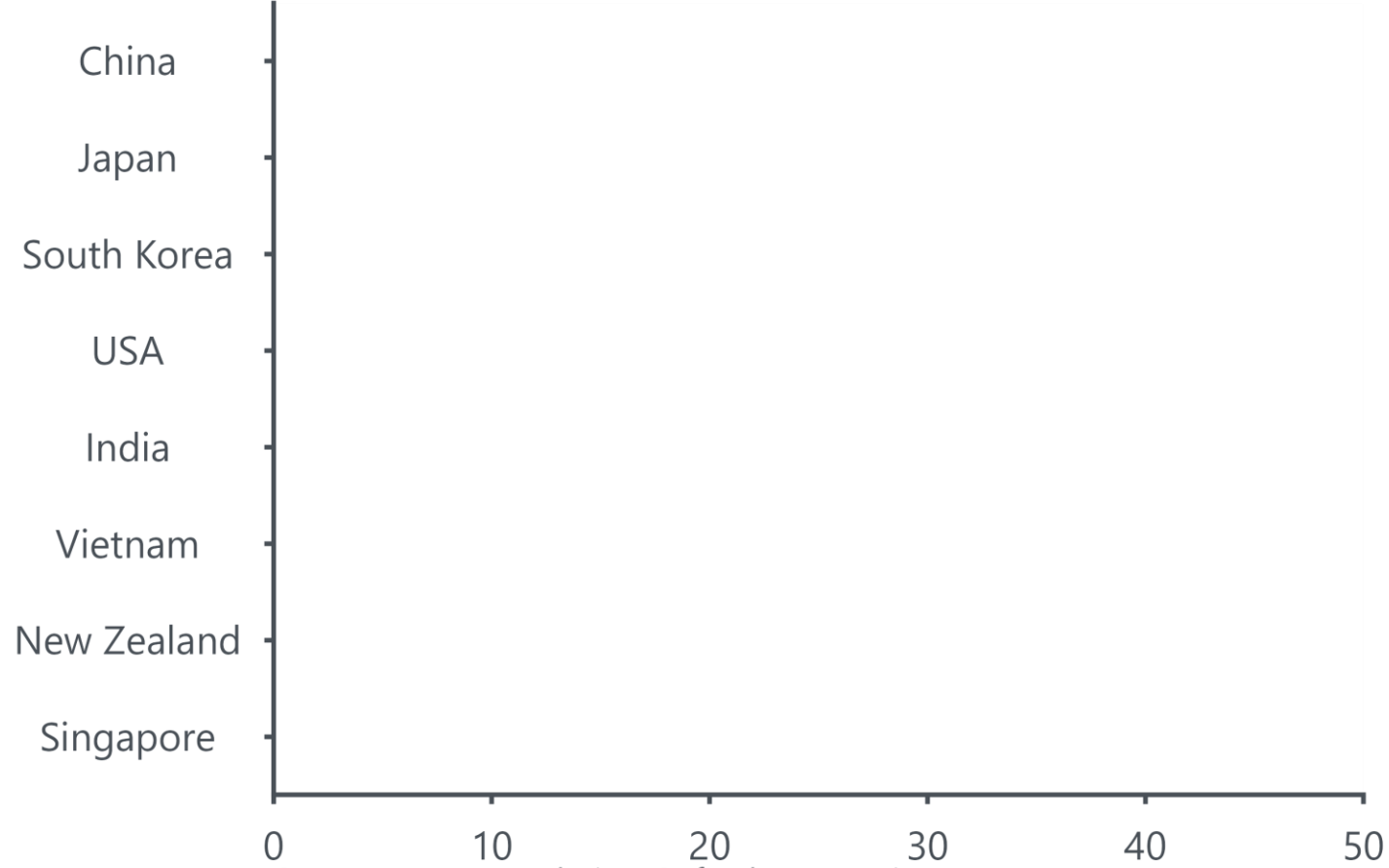
Global: cumulative impacts of trade war scenarios



Source: Oxford Economics/Haver Analytics

US is Australia's 4th largest export destination...

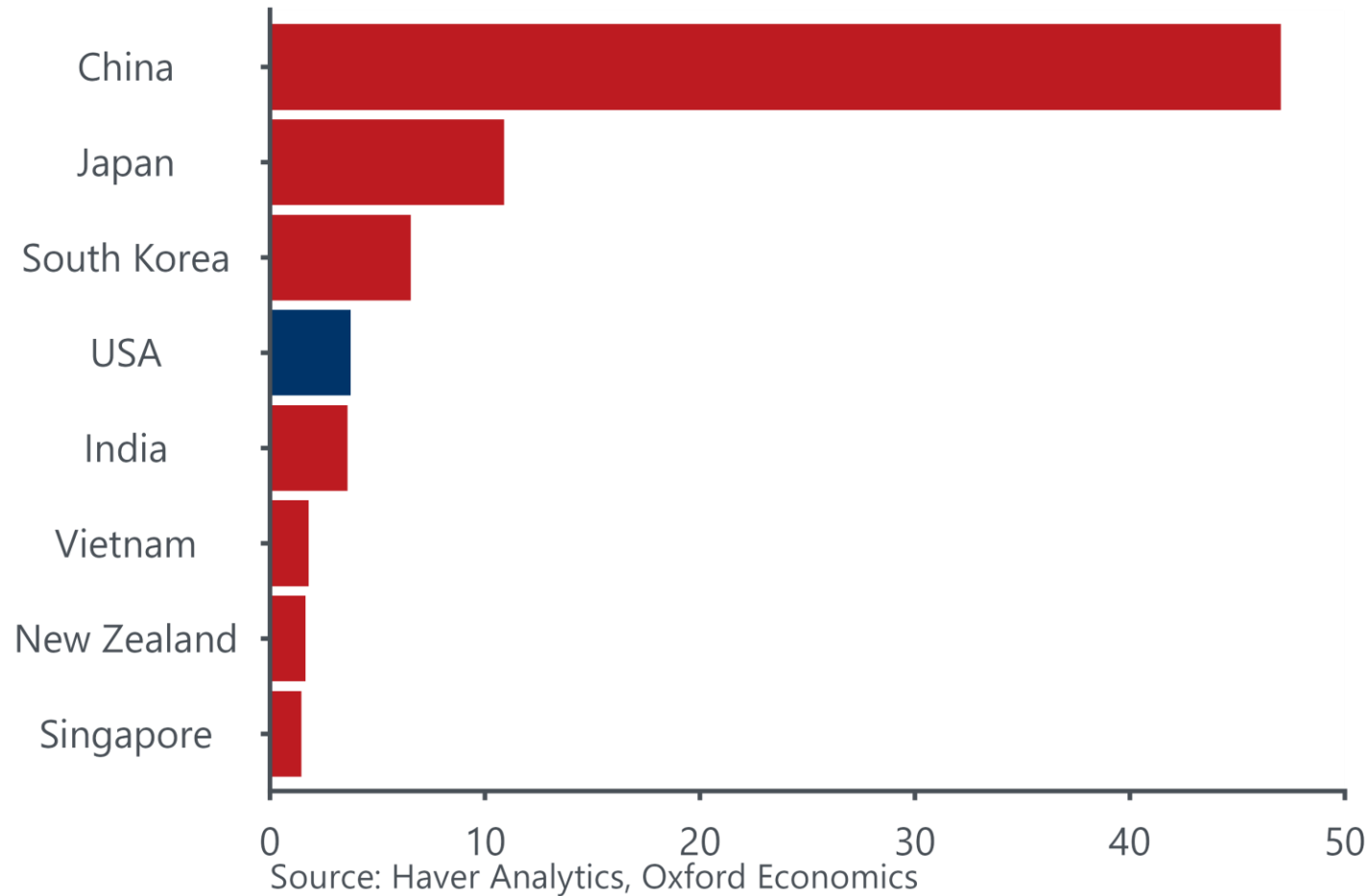
Australian goods exports by destination
%, 2022



Source: Haver Analytics, Oxford Economics

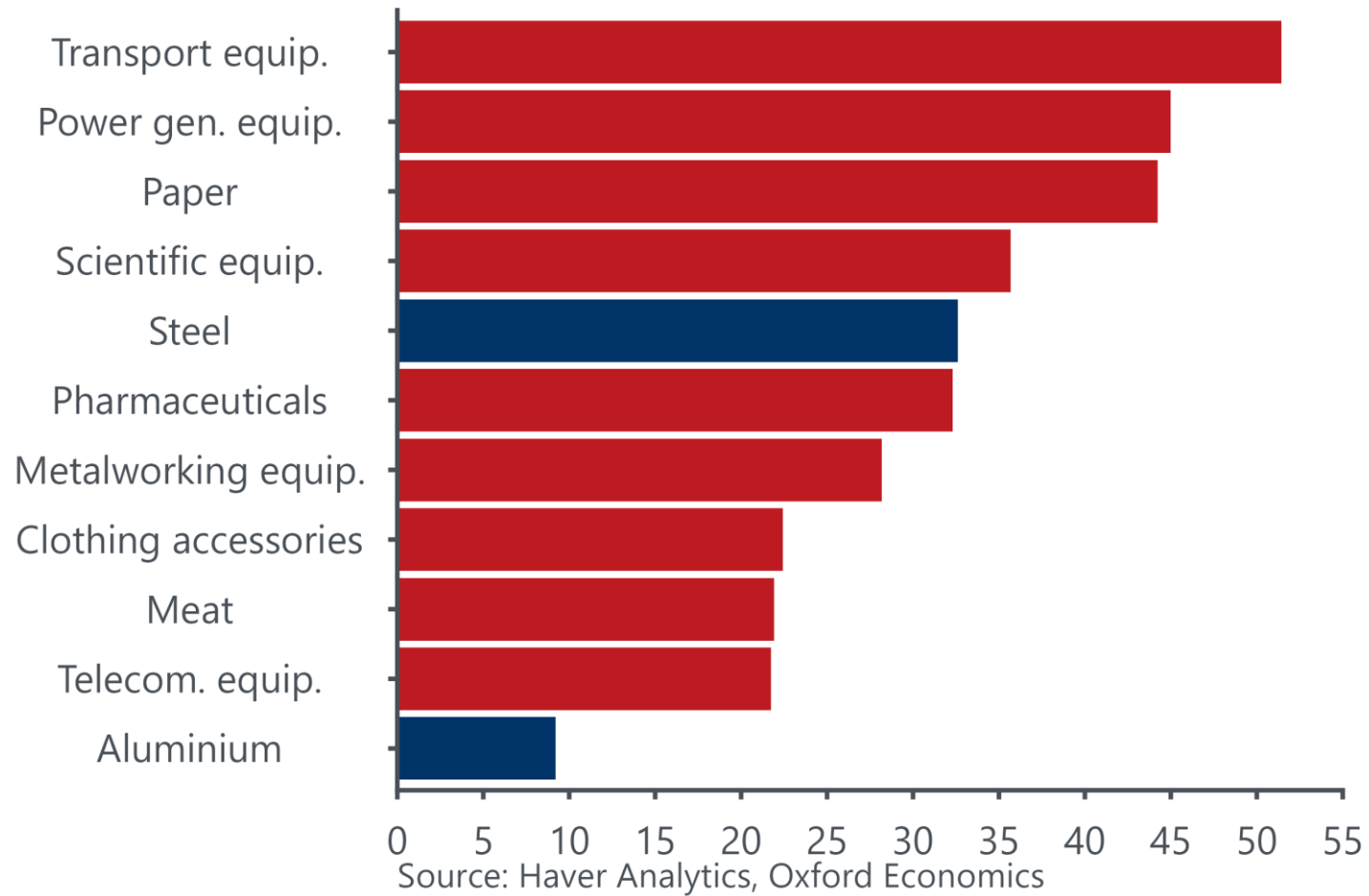
...but takes a small share of exports

Australian goods exports by destination
%, 2022



But it's still an important destination for some goods

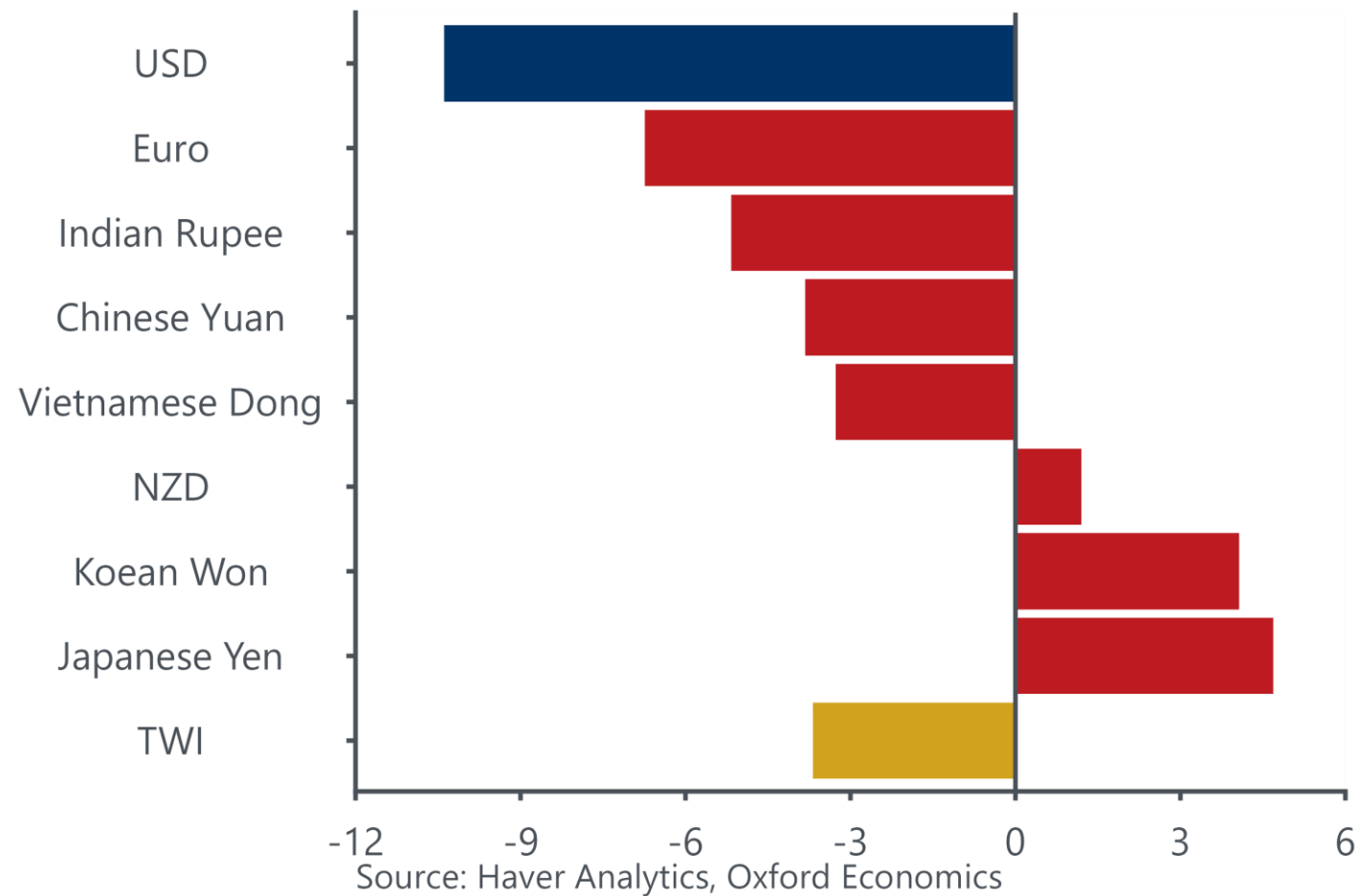
US share of Australian exports by good
%, 2022



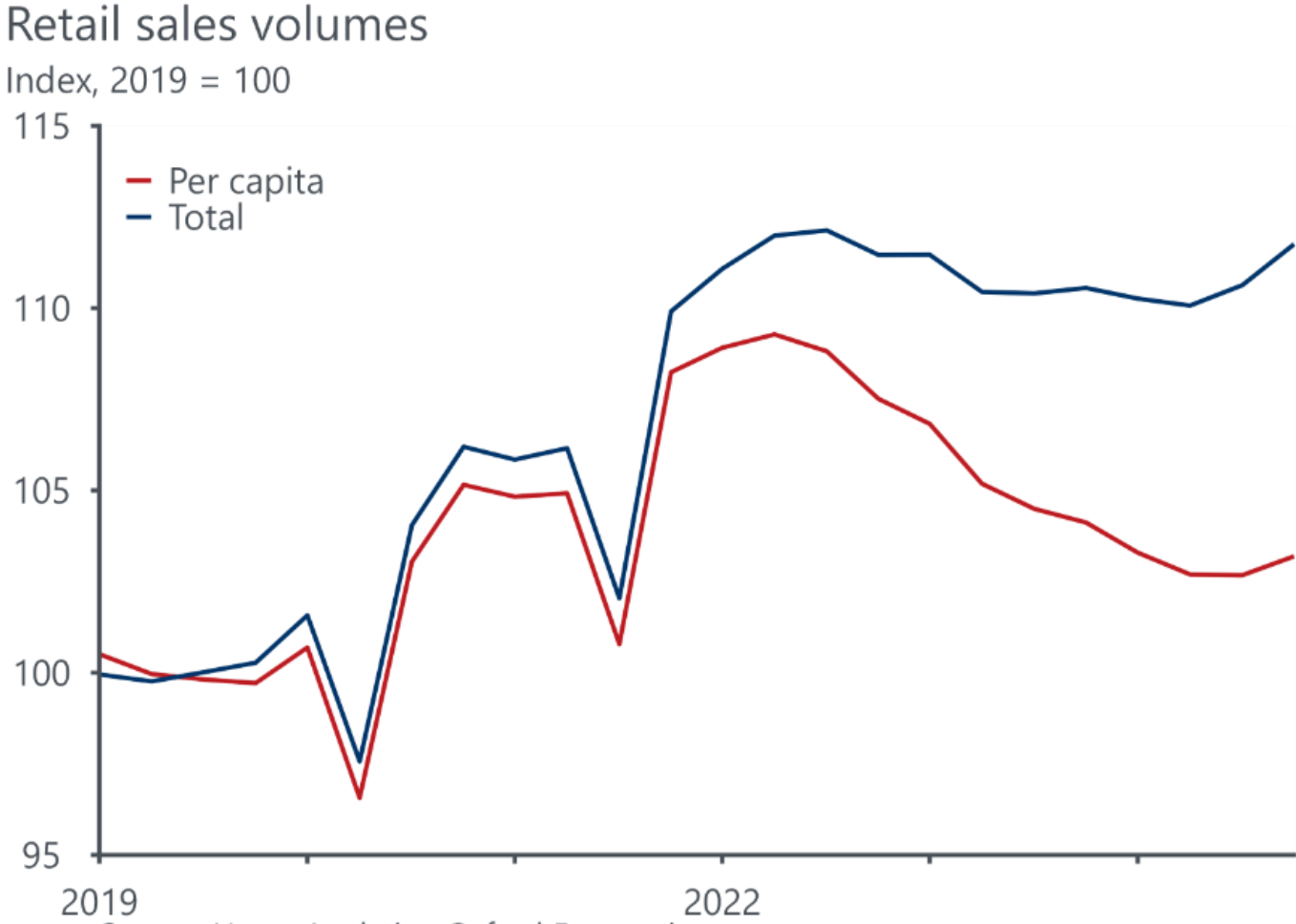
AUD under pressure against the USD, but TWI is stronger

Australian dollar

% change since Feb 2023

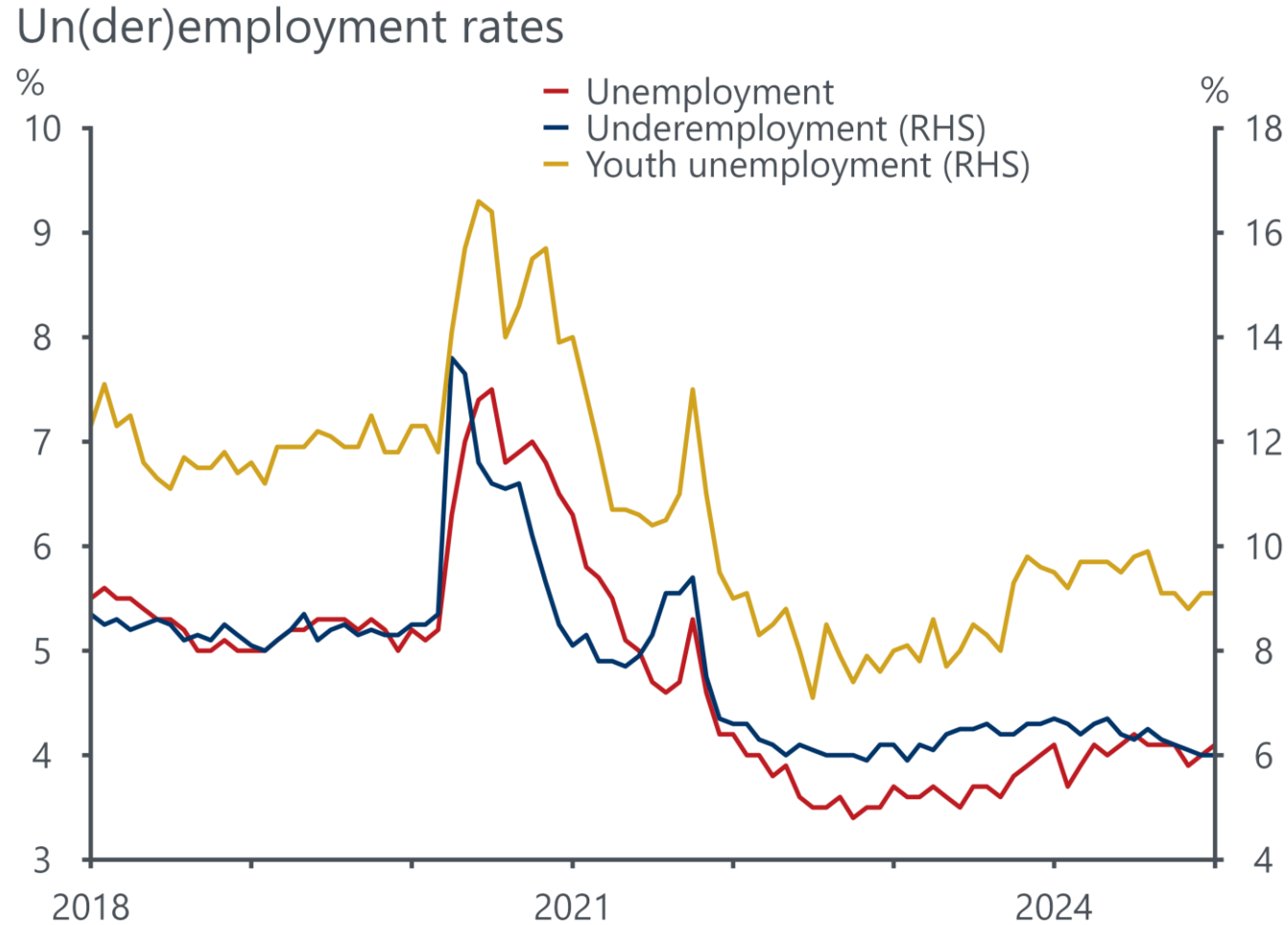


Momentum in consumer spending is improving



Source: Haver Analytics, Oxford Economics

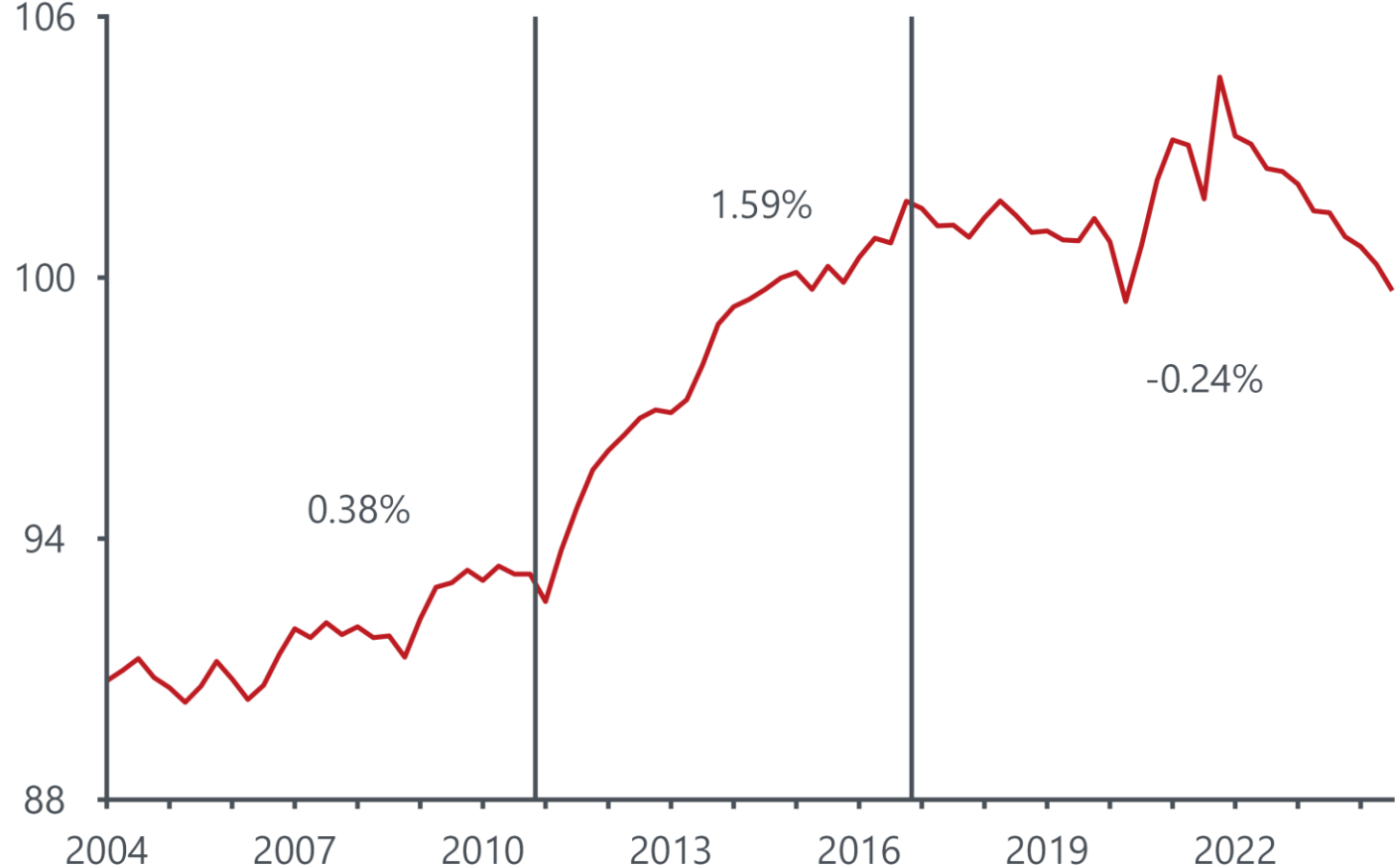
No material signs of easing in the labour market



Productivity is on an alarming trend

Labour Productivity

Index, 2015=100*



*Figures are compound annual growth rates

An election year – a good time to tackle productivity challenges

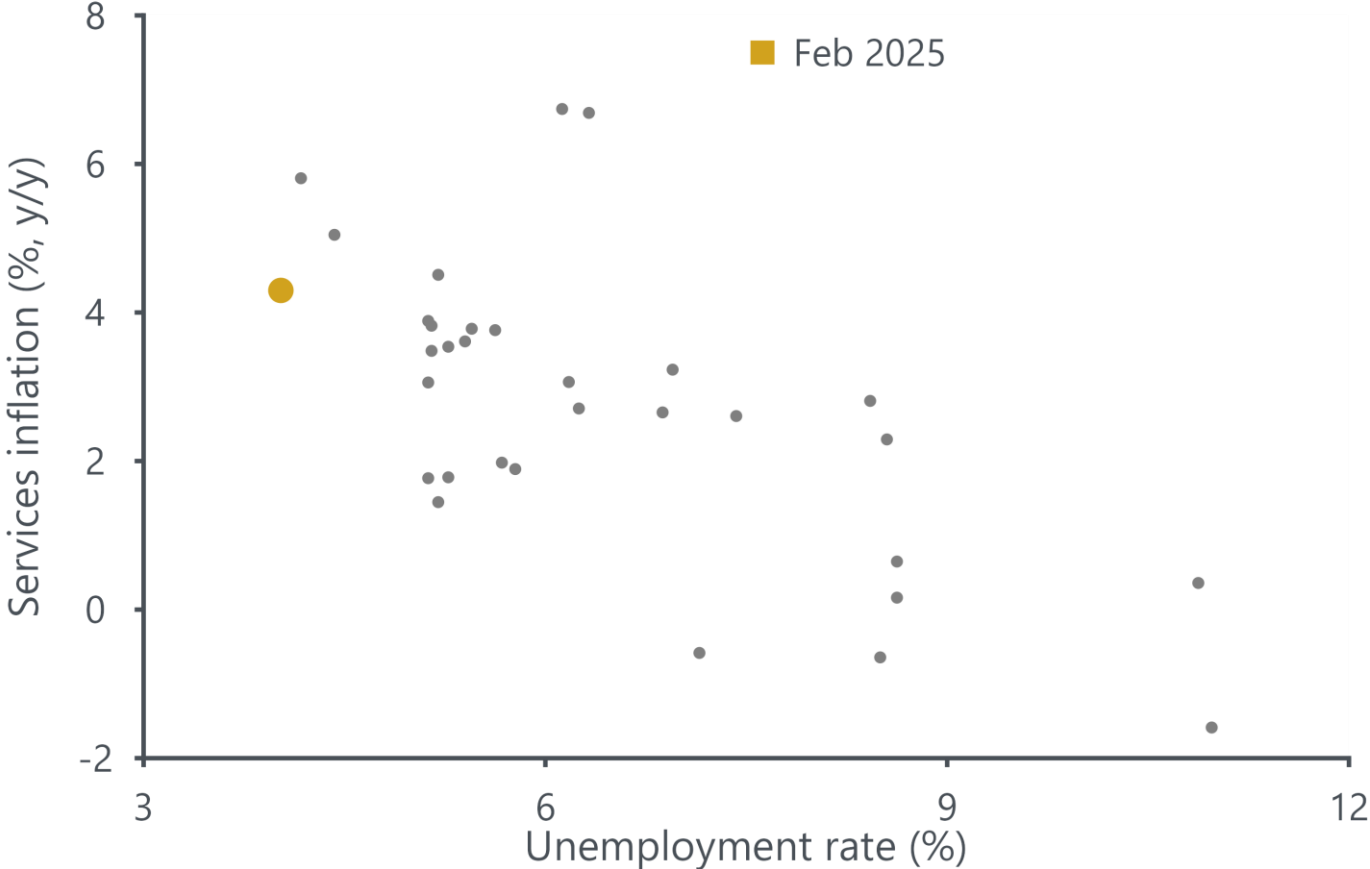
Policy proposals

Labor

Coalition

February was a strange rate cut

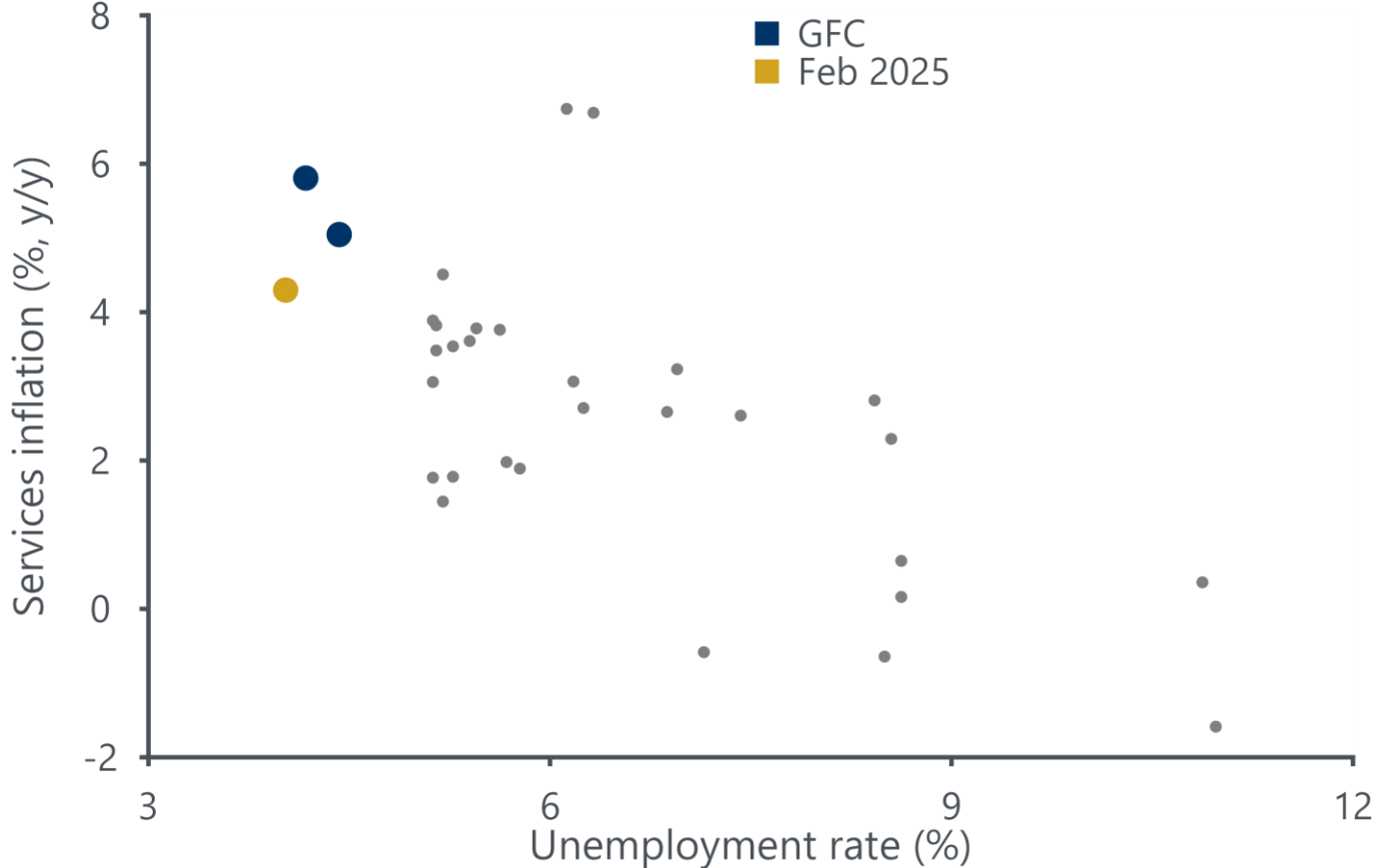
Unemployment & services inflation, when rates are cut



Source: Haver Analytics, Oxford Economics

February was a strange rate cut

Unemployment & services inflation, when rates are cut



Source: Haver Analytics, Oxford Economics

February was a strange rate cut

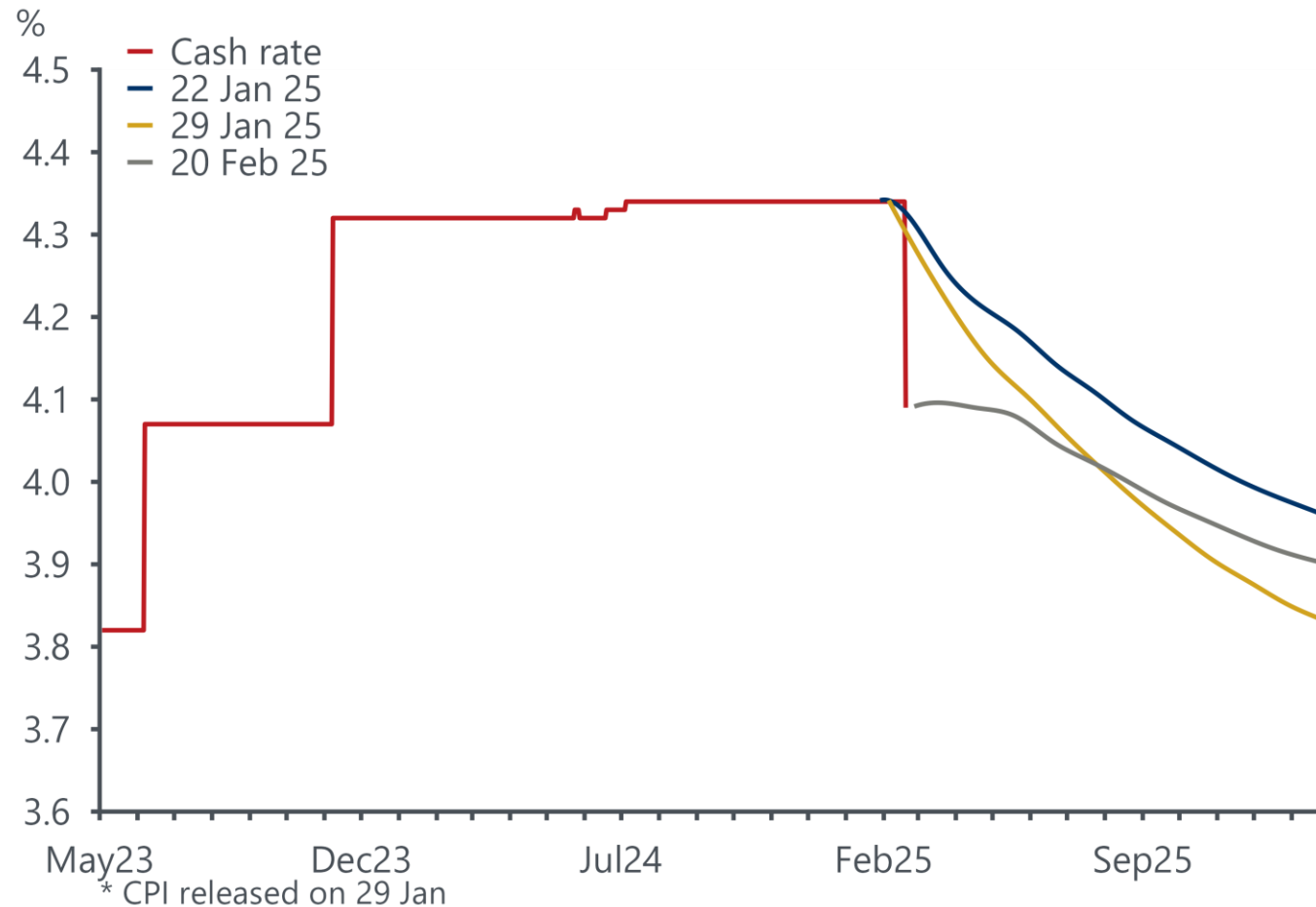
Unemployment & services inflation, when rates are cut



Source: Haver Analytics, Oxford Economics

Have markets got the RBA's message?

Cash rate expectations - OIS curve



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Thank You



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