

A Snapshot of the Australian Economy

Domestic Economy & Macroeconomic Overview

- ❖ Australia's real GDP growth picked up in FY 2014 to 3.1%, compared to 2.2% in FY 2013.¹
- ❖ In absolute terms, GDP stood at US\$1,435.8 billion in FY 2014.²
- ❖ Average inflation is 2.3% in FY 2014, compared to 2.2% in FY 2013.³
- ❖ Australia's services sector dominates the economy with a 56% share of total output. This is followed by mining (9%), construction (8%), manufacturing (7%) and retail trade (5%). However, Australia's economic success is largely based on abundance of agricultural and mineral resources.⁴
- ❖ The Australian economy is forecast to grow by 2½% in 2013-14 and 3% in 2014-15. Against the backdrop of a challenging global outlook, the Australian economy is expected to transition away from resource-investment led growth towards broader based growth.⁵

Trade and External Sector

- ❖ Australia's prosperity is deeply connected to developments in the global economy. Our trade with the world is equivalent to 42% of our GDP, foreign investment in Australia is at record highs of A\$2.5 trillion and Australia's investments around the world total A\$1.6 trillion.⁶
- ❖ In August 2014, the balance on goods and services was a deficit of A\$787 million, a decrease of A\$288 million (27%) on the deficit in July 2014.⁷
- ❖ In 2013, China remained Australia's top trading partner, with two-way trade valued at A\$150.9 billion, accounting for 23.3% of Australia's total trade. Japan (A\$70.8 billion) and the United States (A\$54.7 billion) accounted for 10.9% and 8.5% of Australia's total trade respectively.⁸

¹Australian Bureau of Statistics (ABS):

<http://www.abs.gov.au/ausstats/abs@.nsf/Latestproducts/5206.0Main%20Features2Jun%202014?opendocument&tabname=Summary&prodno=5206.0&issue=Jun%202014&num=&view=>

² Department of Foreign Affairs and Trade (DFAT): <http://www.dfat.gov.au/geo/fs/aust.pdf>

³ Department of Foreign Affairs and Trade (DFAT): <http://www.dfat.gov.au/geo/fs/aust.pdf>

⁴ Reserve Bank of Australia (RBA): <http://www.rba.gov.au/economy-snapshot/pdf/australian-economy-snapshot.pdf?accessed=2014-10-09-11-23-43>

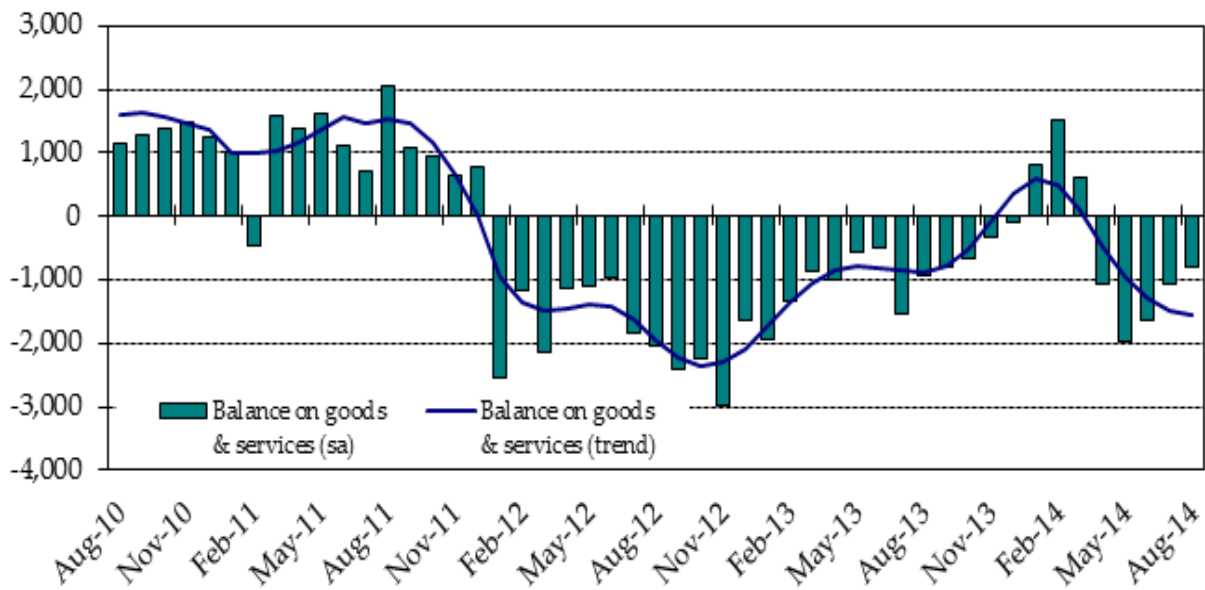
⁵ The Treasury: <http://www.treasury.gov.au/PublicationsAndMedia/Publications/2013/PEFO-2013/Report/Economic-Outlook>

⁶ DFAT: <http://www.dfat.gov.au/trade/economic-diplomacy/>

⁷ ABS: <http://www.abs.gov.au/ausstats/abs@.nsf/mf/5368.0>

⁸ DFAT: <http://www.dfat.gov.au/publications/stats-pubs/cot-cy-2013.pdf>

Trade Balance
(seasonally-adjusted & trend, \$ million)



Source: Department of Foreign Affairs and Trade (DFAT)
<http://www.dfat.gov.au/trade/balance/>

Top Goods Export Destinations, FY 2013

Rank	Country	% share
1	China	36.1
2	Japan	18.1
3	Republic of Korea	7.5

Top Goods Import Destinations, FY 2013

Rank	Country	% share
1	China	19.6
2	United States of America	11.1
3	Japan	7.8

Top Goods & Services Exports, FY 2013 (A\$ mn)

Rank	Commodity	Value	% share
1	Iron ores & concentrates	69,494	21.8
2	Coal	39,805	12.5
3	Education-related travel services	15,020	4.7

Top Goods & Services Imports, FY 2013 (A\$ mn)

Rank	Commodity	Value	% share
1	Personal travel (excl education) services	24,725	7.5
2	Crude petroleum	20,226	6.1
3	Passenger motor vehicles	18,292	5.6

Source: DFAT <https://www.dfat.gov.au/geo/fs/aust.pdf>

Australia: Macroeconomic Structure

Indicators	FY09	FY10	FY11	FY12	FY13
GDP (US\$bn) (current prices)	980.5	1,246	1,498.5	1,555.5	1,502.1
GDP PPP (Int'l \$bn) (a)	842.7	872.0	912.1	961.4	999.6
GDP per capita (US\$)	44,842	56,209	66,538	67,856	64,415
GDP per capita PPP (Int'l \$)(a)	38,539	39,329	40,502	41,943	43,073
Real GDP growth (% change yoy)	1.6	2.3	2.6	3.7	2.4
Current account balance (US\$m)	-46,169	-51,849	-38,893	-60,771	-52,135
Current account balance (% GDP)	-4.7	-4.2	-2.6	-3.9	-3.5
Goods & services exports (%GDP)	19.7	20.8	21.6	20.0	20.5
Inflation (% change yoy)	3.7	2.1	2.8	3.0	2.2
Exchange rate (A/US\$ ave)	0.7611	0.9042	1.0159	1.0632	1.0580
Trade in goods (b)					
Exports (A\$m)	231,615	201,805	247,022	265,109	249,088
Imports (A\$m)	224,858	210,800	225,381	257,516	255,391
Balance on trade (\$Am)	6,757	-8,995	21,641	7,593	-6,303
Trade in services (b)					
Exports (A\$m)	51,846	50,349	50,299	50,529	52,411
Imports (A\$m)	57,320	53,954	57,967	61,194	63,959
Balance on trade (A\$m)	-5,474	-3,605	-7,668	-10,665	-11,548
Trade and investment links, CY 13					
Australian investment abroad (A\$m)	1,632,201				
Foreign investment in Australia (A\$m)	2,461,998				

(a) PPP is purchasing parity power; (b) Total may not add due to rounding

Sources:

DFAT <http://www.dfat.gov.au/geo/fs/aust.pdf> (compiled by the Department of Foreign Affairs and Trade using latest data from the Australian Bureau of Statistics, IMF and various international sources); <http://www.dfat.gov.au/publications/stats-pubs/cot-fy-2012-13.pdf>
 Australian Taxation Office (ATO): <https://www.ato.gov.au/Tax-professionals/TP/Financial-year-ending-30-June-2013/>