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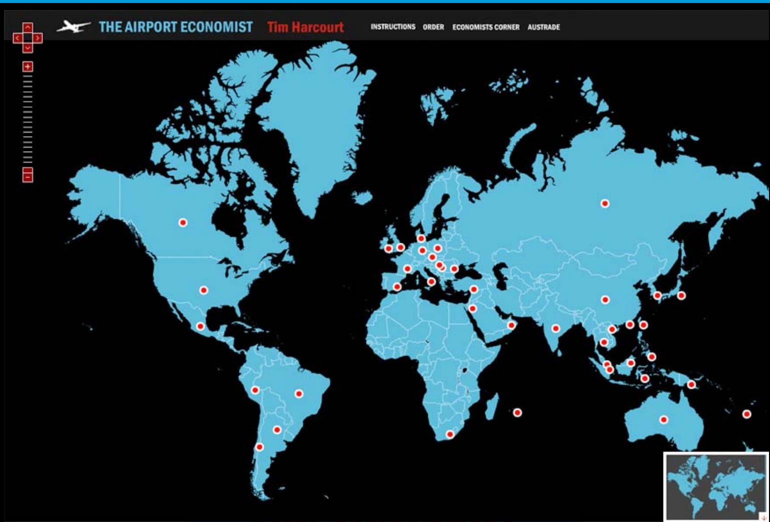
The rush that never ended…..exports, exchange rates and the Gregory effect

The Airport Economist

Tim Harcourt, Chief Economist, Australian Trade Commission

The last few years has been a dramatic time to observe the global economy…..



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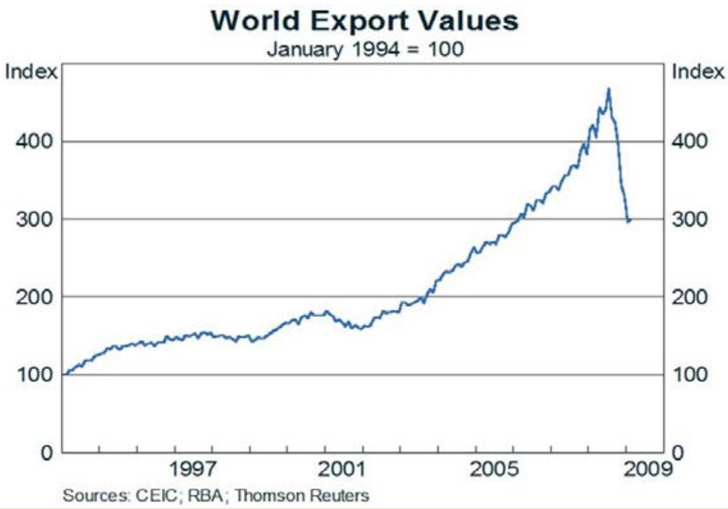
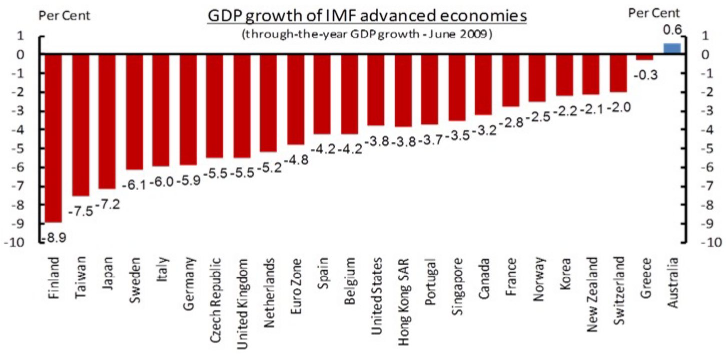
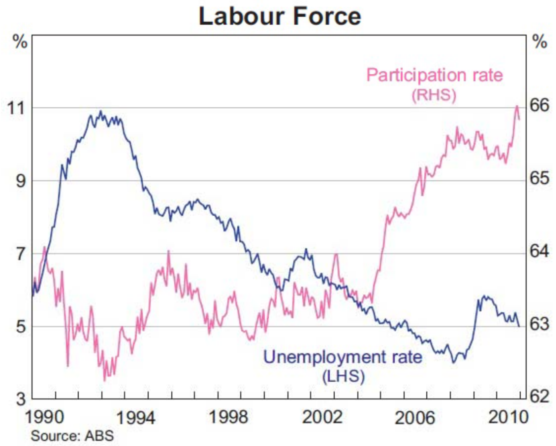
The world witnessed one of the most drastic collapses in trade in economic history



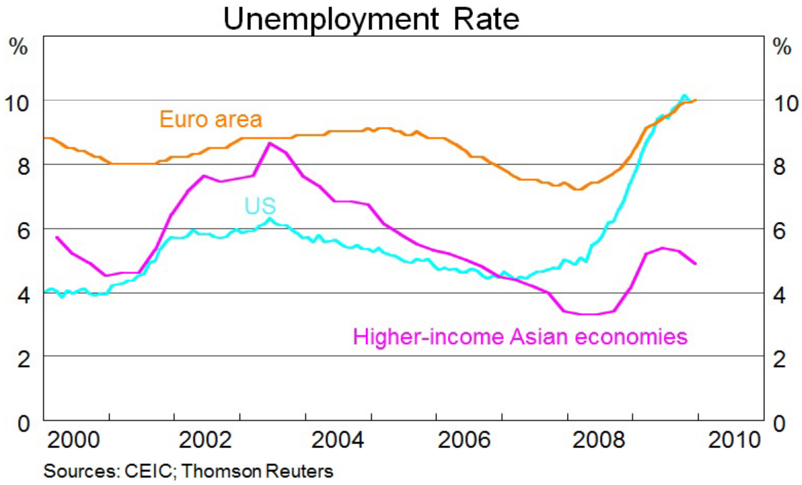
Australia's economic performance was a standout



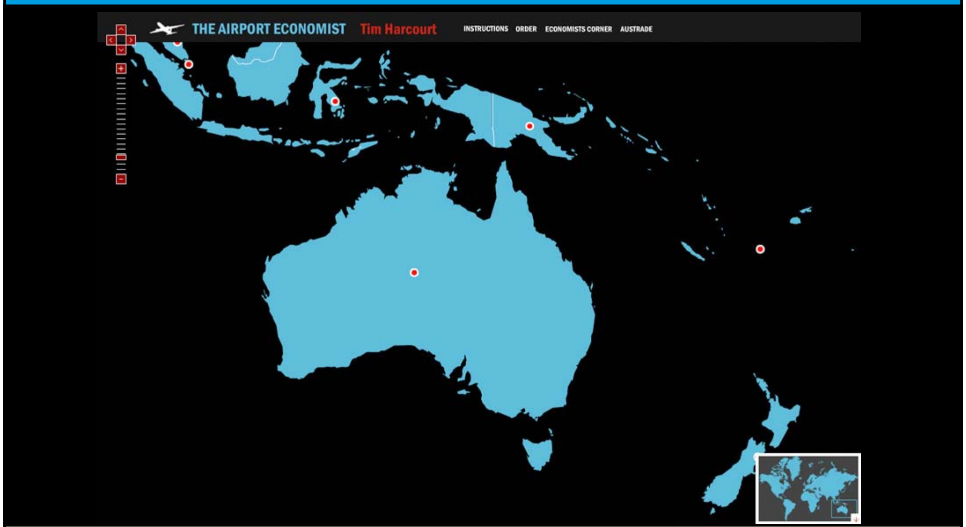
Australia’s labour market has a great story to tell….



By contrast, workers in the north atlantic economies have been hit very hard



Why did an advanced Australia fare so well?



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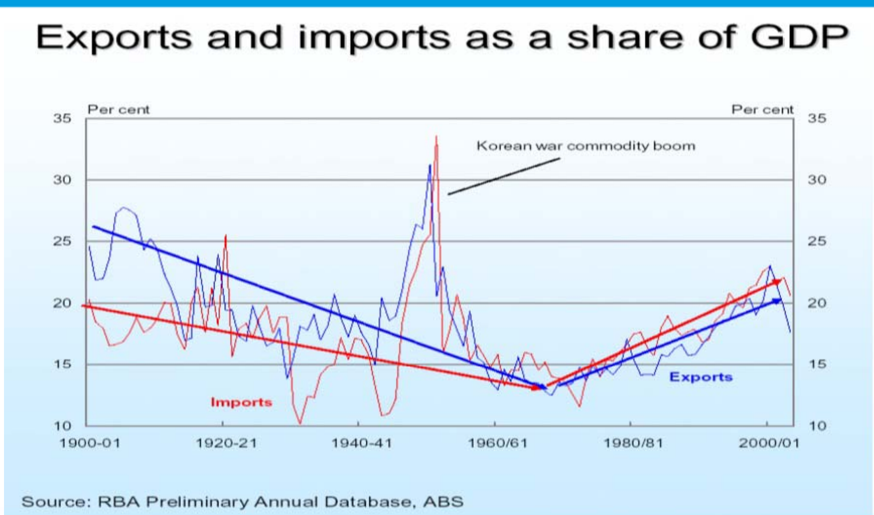
The great trade reforms of the past 25 years gave us a good base to withstand the GFC



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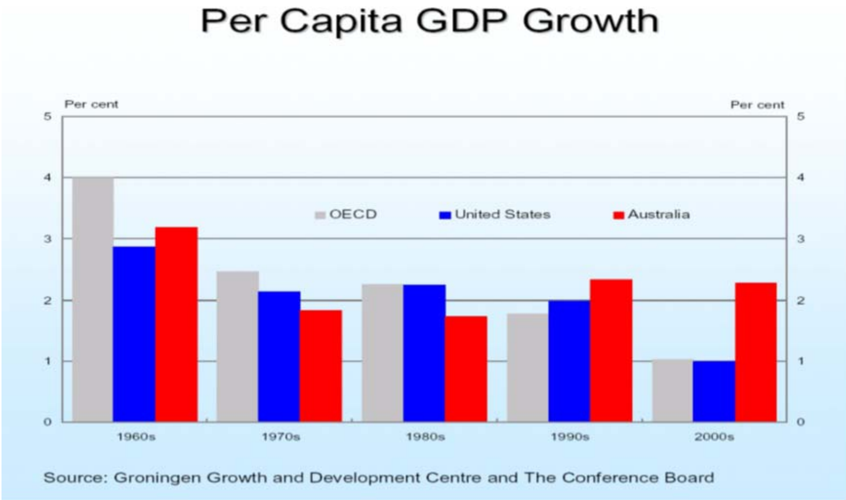
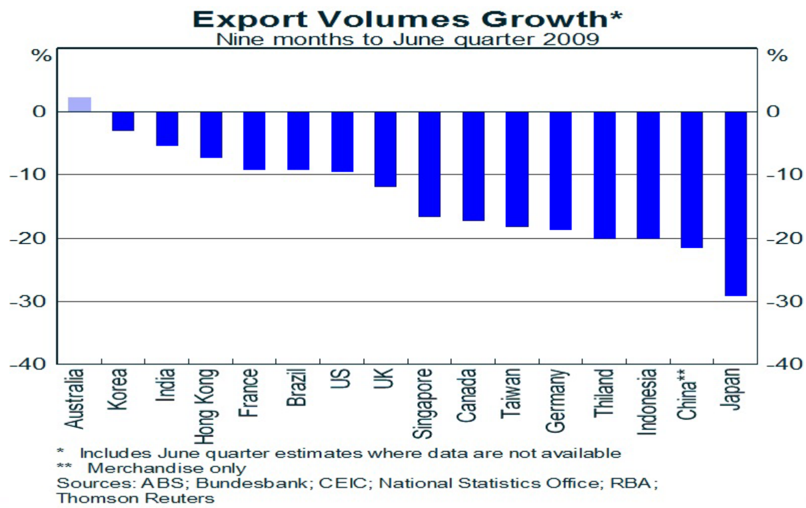
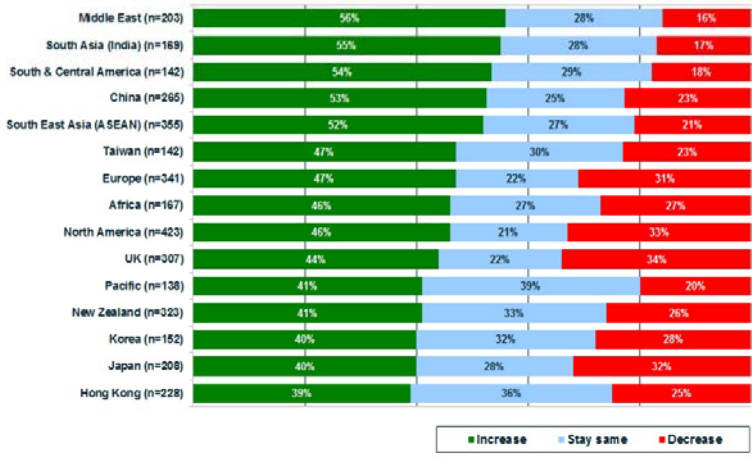
Trade has been associated with higher living standards



Given the GFC and the 'recession porn' faced, our exporters were the 'true believers'



They kept the faith – particularly in Asia and the emerging markets



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Australia's attitude towards Asia: 'Once were worriers' because of 'The Tyranny of Distance'

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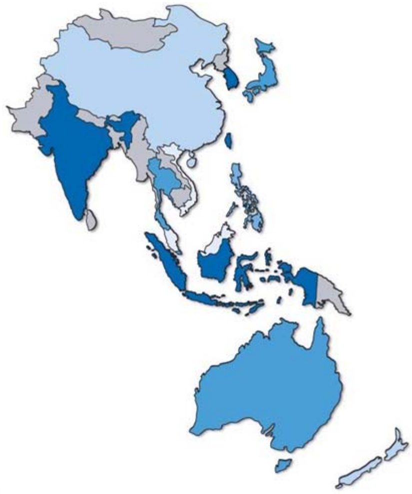
We are now in the right place at the right time: 'The Tyranny of Distance' has been replaced by 'The Power of Proximity'



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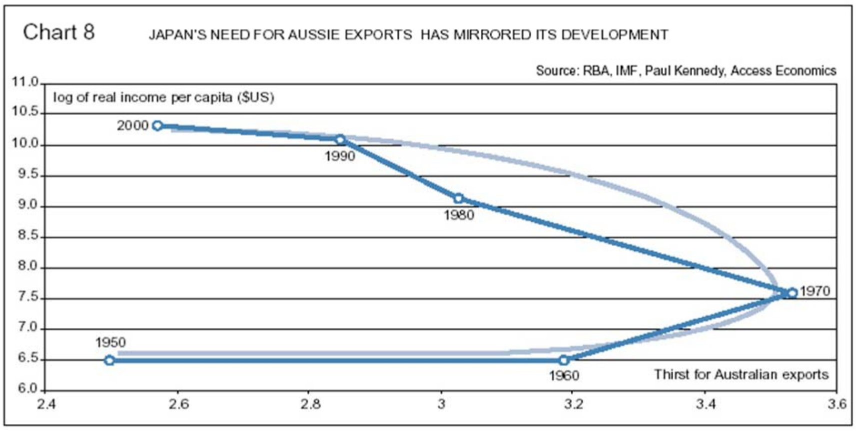
Japan's economic development has partially driven Australia's export growth in the past



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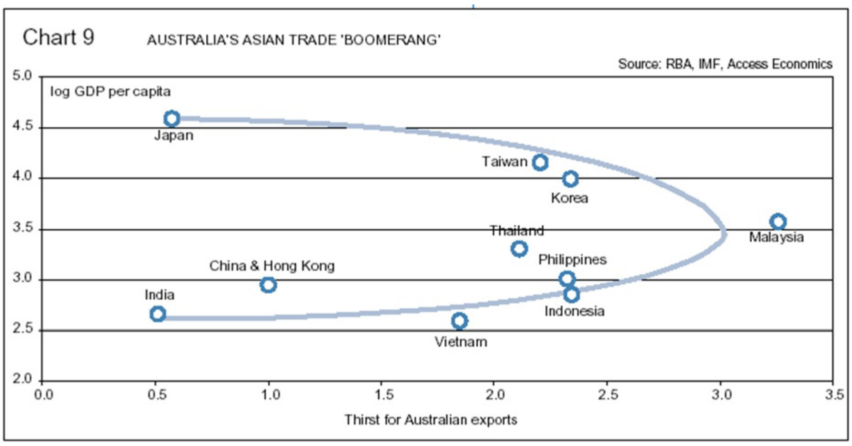
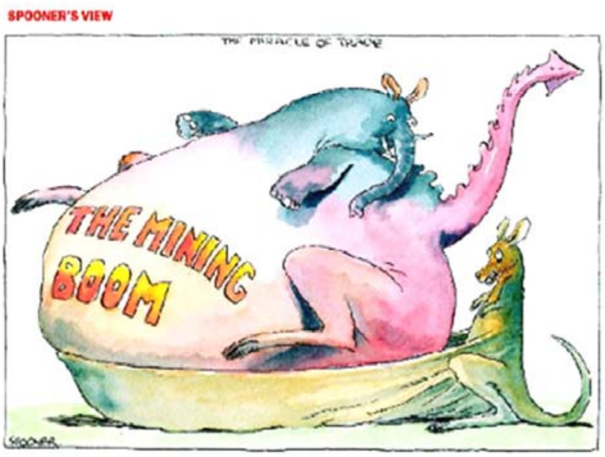
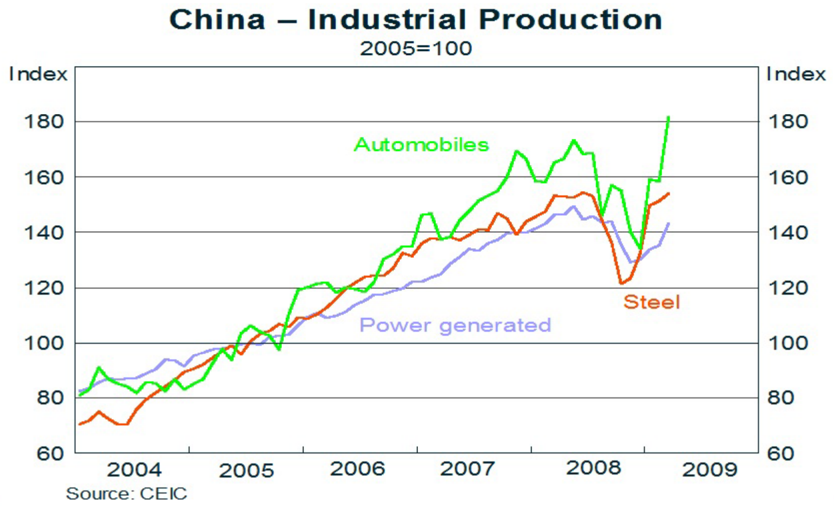
Now it will be China and India and the emerging markets who will drive much of our export growth in the 21st century





To stimulate of not to stimulate: some fiscal packages have been effective – ‘bamboo shoots’ as much as ‘green shoots’



With a little bit of help from my assigned translator

Sent airborne by Australia's first female Prime Minister

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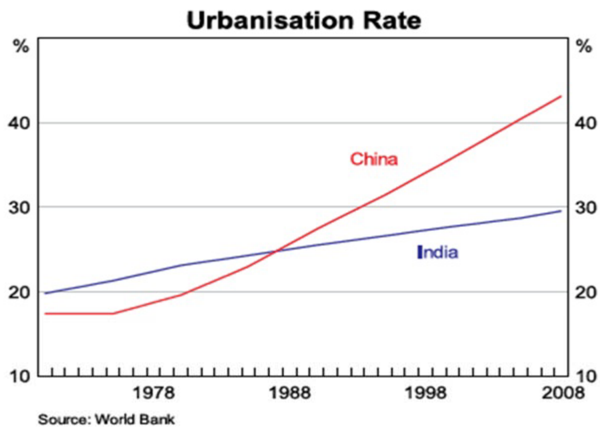
Urbanisation rates in China and India are playing a role



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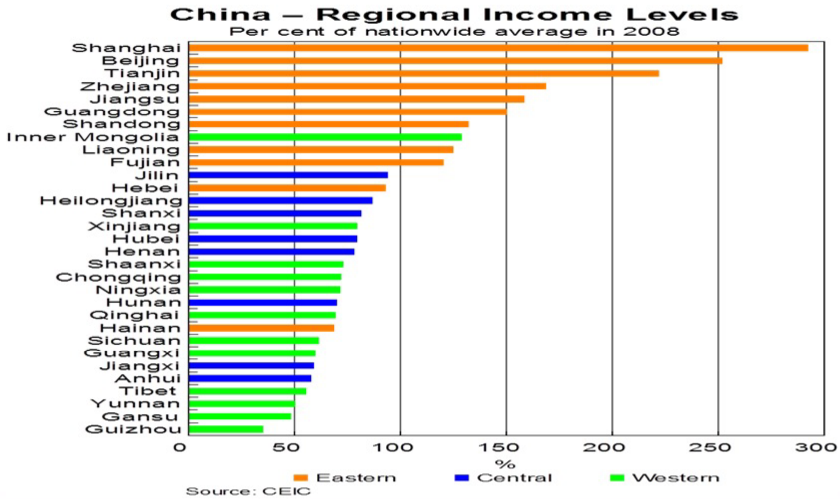
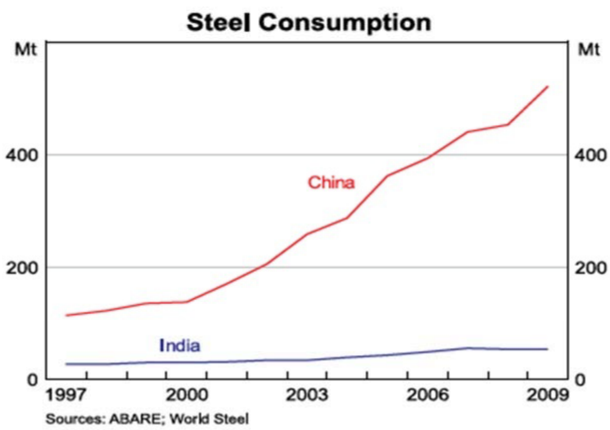
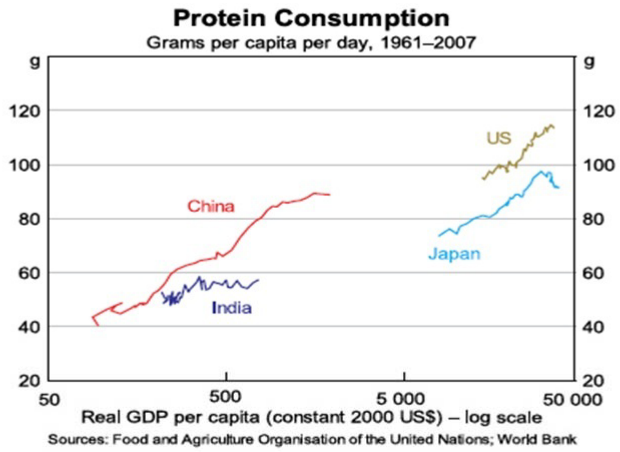
Looking west, there's room to grow income-wise



Shipping Steel: industrialisation is driving demand

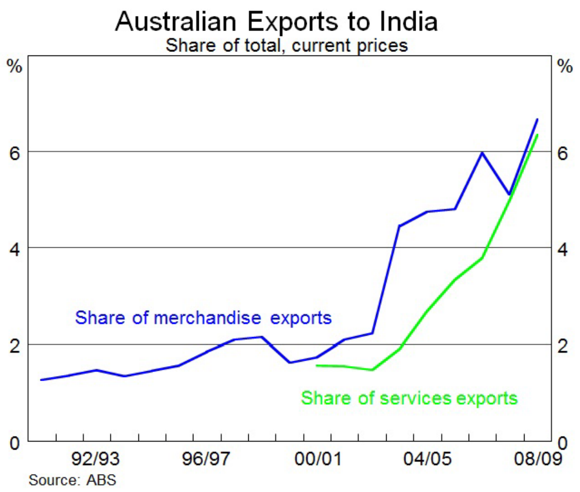


There's a long way to go in food consumption too



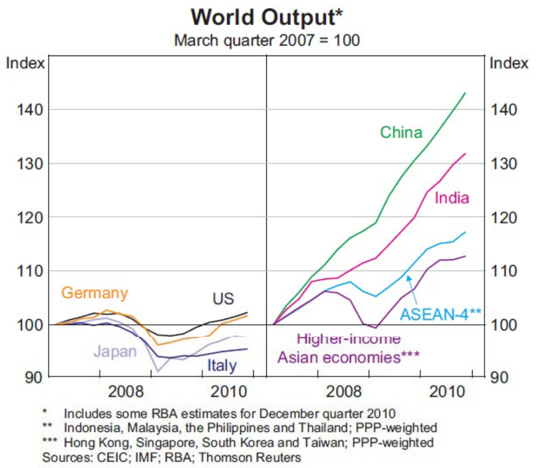
India has traditionally lagged China in the great export stakes

India has shot up like a 2020 game

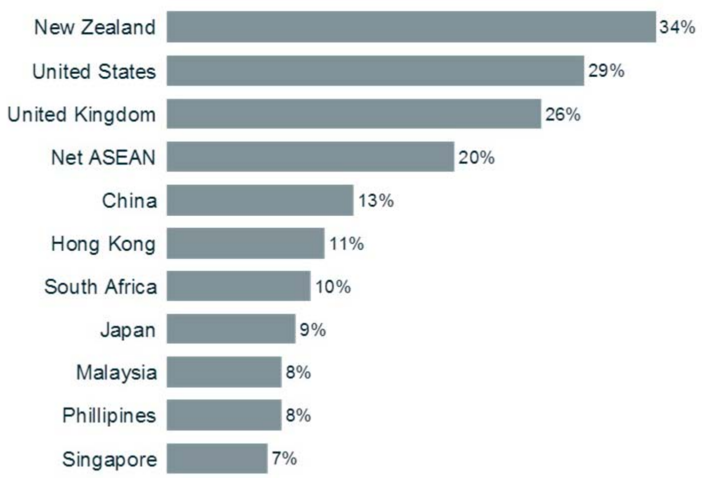


Gilly is going into bat for the 'Gong'

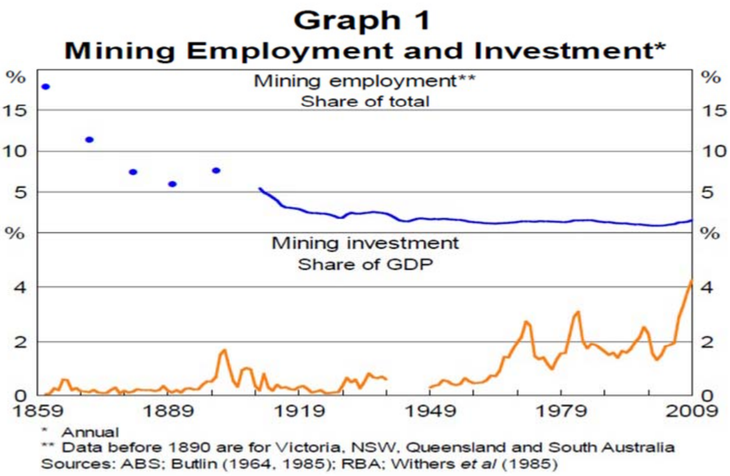
Chindia as well as ASEAN are doing their bit



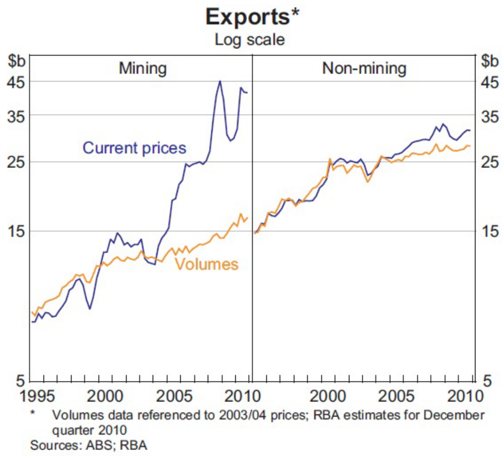
ASEAN is the chart buster in terms of exporting



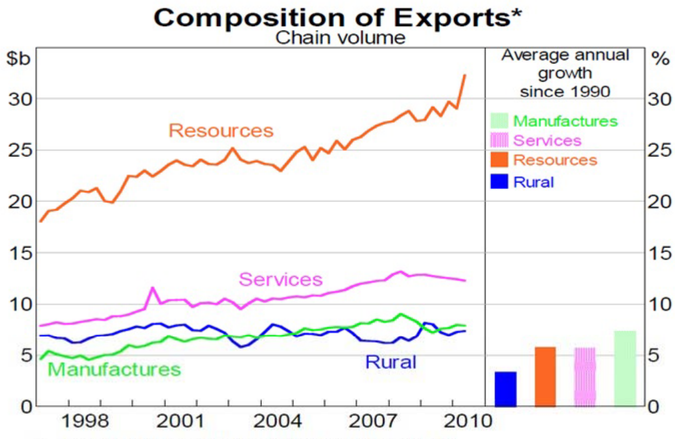
The rush that never ended?



Resources exports are being boosted by commodity price rises

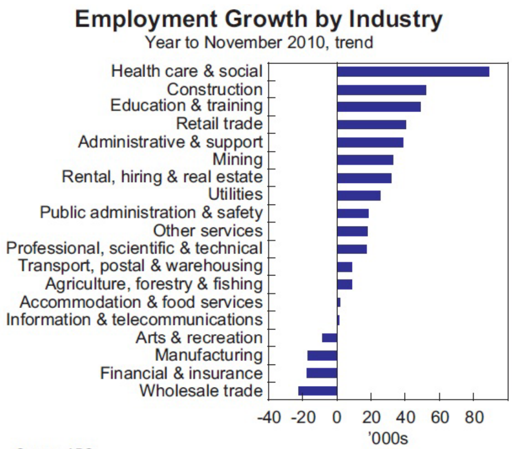


Non-resources sectors have a good story to tell in terms of export volumes



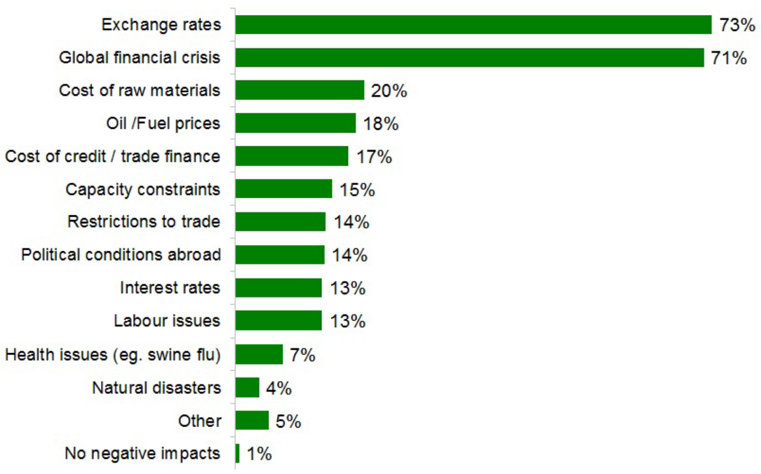
* Excludes RBA gold transactions and 'other goods'
Source: ABS

Employment growth is well spread across industry sectors

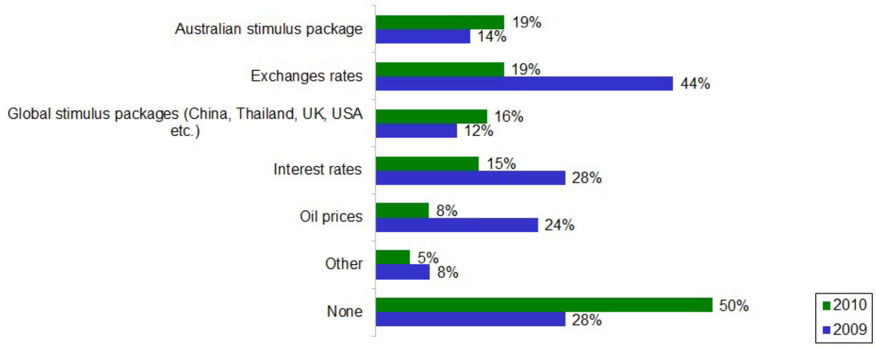


Source: ABS

Yes Virginia, the exchange rate matters



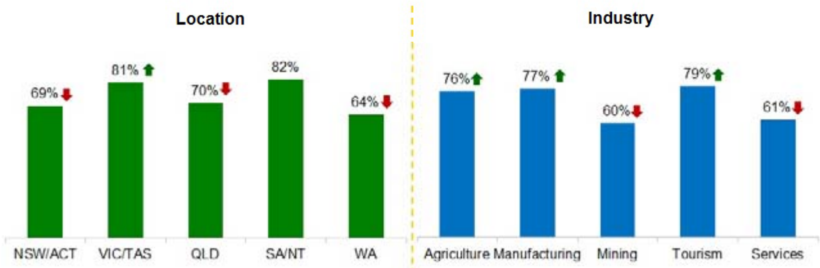
But the float did its job in the GFC…..like it did in the AFC



Recently, the southern states and tourism have been the most affected

Exchange rates

% negatively affected by exchange rates in the last 12 months



VIC/TAS exporters are significantly more likely than other states to have been affected by exchange rates.

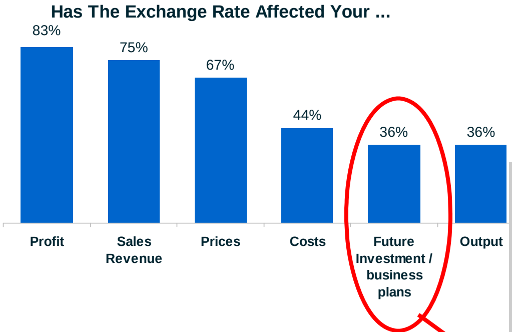
Exporters in the mining and services sectors are significantly less likely to have had their sales negatively affected by exchange rates compared to exporters in the other sectors.

⬆ Statistically significantly higher result ⬇ Statistically significantly lower result

The exchange rate mainly affects profit & revenue

Base=Respondents who have been negatively affected by exchange rates in the past 3 or 12 months

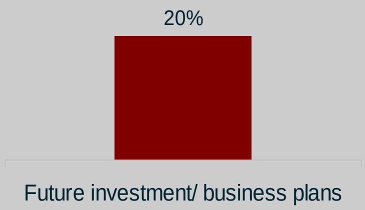
Has The Exchange Rate Affected Your ...



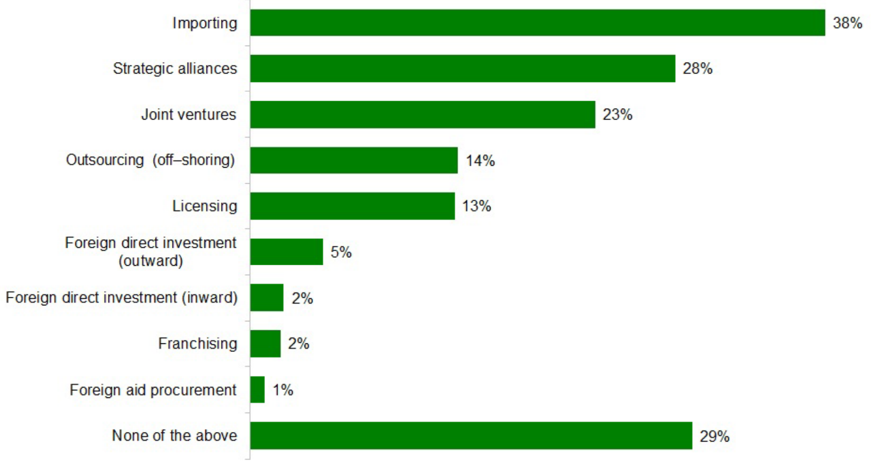
- 20% of all exporters have had to halt or alter their future investment plans due to unfavourable movements in the exchange rate.

Exchange rate has affected …

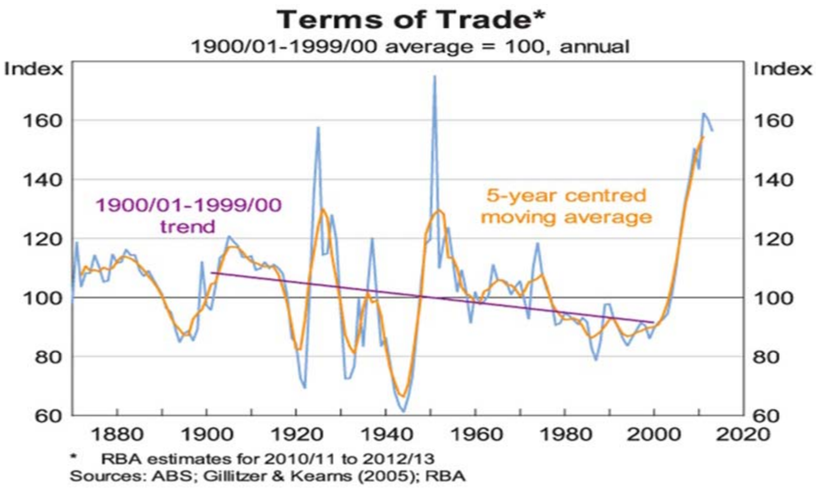
(Base = ALL exporters)



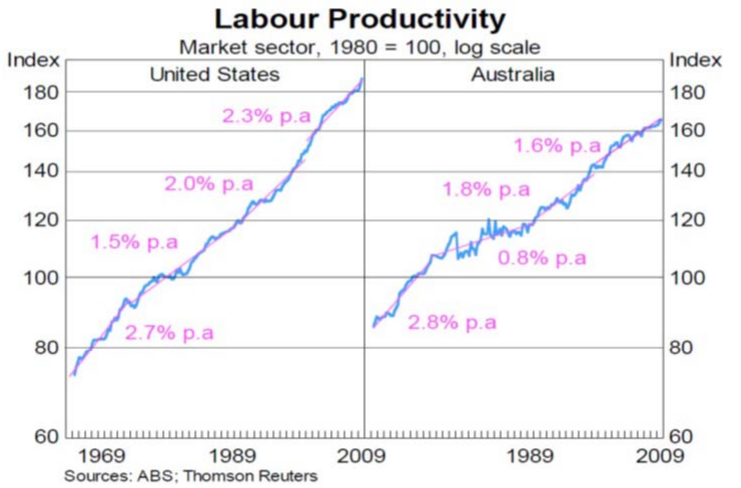
Almost 40 per cent of exporters import simultaneously



As good as it gets? The terms of trade are at an historic high



Taking a walk on the supply side: the role of capacity constraints



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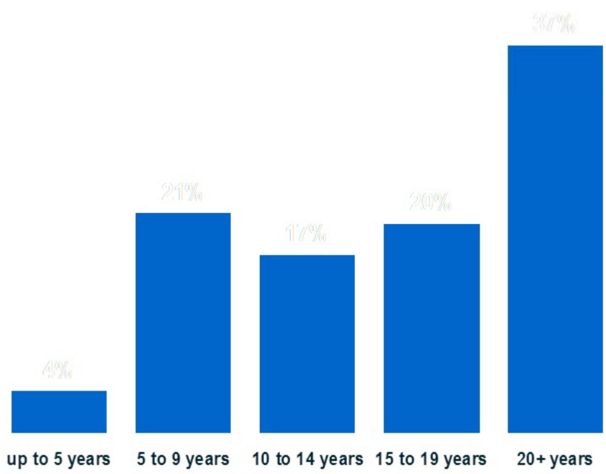
Many experienced exporters have survived crises before



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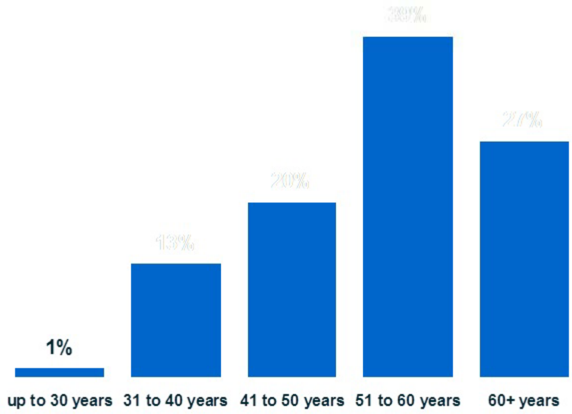
But the baby-boomers will be sea-changing, tree changing and…cool changing…



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