

ECONOMICS

2018 TRIAL EXAM PREP – STATISTICS

GLOBAL ECONOMY

Gross World Product	US \$87.5 thousand Billion.	IMF April 2018
Australia	GDP US \$1.5 thousand Billion. US \$52.19 thousand per capita.	IMF April 2018 + World Bank • 27 consecutive year of growth, no recession.
China	GDP US \$14.09 thousand Billion. US \$18.07 thousand per capita.	IMF April 2018
United States	GDP US \$20.41 thousand Billion. US \$62.15 thousand per capita.	IMF April 2018
Greece	GDP US \$226.7 Billion US \$29.06 thousand per capita. Net foreign debt 180% of GDP (2016).	IMF April 2018

Economic Growth

TARGET	3 - 4% World Economy 3.9% Advanced Economies 2.5% Emerging and Developing economies 4.9%	
CURRENT	3%	Currently meeting the target range.
1990 - 2000	3.0 to 3.7%	Post-recession growth driven by productivity in technology.
2000 - 2008	3.0 to 4.0%	Resources boom driven by investment and demand for coal/iron ore.
2008 – 2009	1.0%	GFC slowed down growth but no recession.

2010 – 2016	3.0+%	Renewed resource boom with uncertainty.
2017	2.5% - 3.0%	High demand for beef, LNG (expects \$30B exported to Asia) and tourism.

Economic Development

HDI	0.939 (Rank 2nd, 2016 UN)
GDP per capital PPP	USD \$48,000 (2016 IMF)
Average full-time income	\$78,000
Average part time income	\$64,000
Absolute poverty	Less than US \$1.25 per day
Relative poverty	Below 50% of median income
35 Developed economies	15% of world population and 50% of GWP
160+ Developing economies	85% of world population and 50% of GWP
Life Expectancy at Birth	82.5 (2016 World Bank)
School Enrolment Rate (% Gross)	101.34 (2016 World Bank)
Expected Years of Schooling	20.4 Years (2016 World Bank)

Trading Entities

Whitlam 1973	Unilateral tariff cut of 25%.
Car Industry	5% in 2010 compared to 58% in 1960s.
CERTA 1983	8.4% to 13% of Australian manufacturing goods being exported to New Zealand.
AUSFTA	3rd largest partner with US, 80% of products tariff free.
WTO 1986	Cut agricultural subsidies by 20% and tariffs by 36%.
EU	Contributes to 20% of world trade.
TPP	12 pacific countries which makes up 40% of GWP.

Unemployment

CURRENT	5.4%	June 2018 ABS
Participation rate	65.6%	June 2018 ABS Decline due to ageing population and less labour force.
Structural U/E	5 - 5.5%	NAIRU
1990 – 2000	11% fell to 8%	Recession however productivity increased.
2000 – 2008	8% to 4.25%	Resources boom.
2009 – 2010	4.25% to 5.8%	Expected to double to 8.5%.
2011 – 2012	4.9%	Renewed resources boom.
2013 – present	6.4%	Global uncertainty in 2014.
Labour force underutilisation rate	13.9%	May 2018 ABS.

Inflation

TARGET	2 - 3%	
CURRENT	CPI Inflation 2.2%	IMF 2018
1973		Oil crisis where USD\$3 per barrel rose to \$12 globally.
1990 – 2000	7-7.8%	Due to oil shock and GST introduced in 2000 led to jump to 6% CPI.
2000 – 2008	3%	Continued growth without excessive inflation as RBA increased supply.
2008 – 2009	1.5%	GFC caused inflation to fall.
2010 – 2012	3%	Renewing inflationary pressures
FORECAST	2.4%	Cost push inflation as 60% of costs come from production.

Environmental Sustainability

Gas emissions	<ul style="list-style-type: none"> • 2nd largest polluter with 90% energy from fossil fuels, 17 tonnes of CO₂ released per person. • In 2015 achieved 2% reduction on its 2000 greenhouse gas emissions when compared to 2013 and is slowly meeting its 2020 target of 5%.
Montreal Protocol 1987	<ul style="list-style-type: none"> • Reduce harmful emissions by banning CFCs to prevent ozone depletion.
Kyoto Protocol 1997	<ul style="list-style-type: none"> • Reduce greenhouse gas emissions, based on the premise that global warming exists. • Aims to reduce greenhouse gas by 5% below 1990s.
Paris Climate Conference 2015	<ul style="list-style-type: none"> • Target of below 1.5 - 2 degrees average temperature rise to help climate change. • Developed countries must contribute financial resources to assist developing nations.
Regulations	<ul style="list-style-type: none"> • Leaded petrol is illegal 2002.
	<ul style="list-style-type: none"> • Phasing out incandescent lamps.
Market based Policies	<ul style="list-style-type: none"> • 2012: carbon tax priced at \$23 per tonne on the top 500 emitters.
	<ul style="list-style-type: none"> • Spending \$10B towards renewable energy.
	<ul style="list-style-type: none"> • Target of 33,000 gigawatt hours of electricity produced from renewable power generators. • Recently adopted a Renewable Energy Target which aims at 35+% of Australian electricity being derived from renewable sources.
	<ul style="list-style-type: none"> • Emissions trading scheme.

Exchange Rates

CURRENT	1 AUD = 0.74 USD (August 2018)
TWI	65 (usually 11 less than USD)



2000 – 2008	Appreciated due to rising commodity prices and sustained portfolio investment.
2008	Sharp depreciation due to GFC (0.65)
2009 – 2010	Appreciation due to rise in global economic growth and higher commodity prices (0.9).
2010 – 2013	Stable, rose to 1.08 due to US quantitative easing of \$85B/month = \$3T total.
2014 – 2016	Depreciation due to slower growth in China and sovereign debt crisis.
BREXIT	Pound fell 15%, negative long run effects.

Structure of Industry

% of GDP	Current (RBA 2016)	Historically (1989)
Mining	7%	4%
Manufacturing	6%	15%
Agriculture	2%	4-5%
Services	80%+	75%

Trade and Capital Flows

Australia	22 nd in Global Competitiveness	
Exports	\$315B – 20% of GDP	50% mining
Imports	\$350B – 22% of GDP	55% goods
World Trade	\$19T – 30% of GWP in 2014	\$300B – 13% of GWP in 1970
Terms of Trade	Currently 80	Resource boom 60 to 118
Financial flows	Total Foreign assets \$2.1T	Grown from \$100B
	Total Foreign liabilities \$3.1T	Grown from \$250B
World FDI	\$3T in 2007	\$10B in 1970

Income flows	Income credit \$95B	
	Income debit \$140B	