

Australian Business Economists

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Annual Forecasting Conference Economic forecasts: Survey of ABE Executive Committee

Economy expected to continue its record long growth phase over the coming two years with rates on hold and the Aussie dollar stable

Rob Henderson, Chairman, Australian Business Economists, commented:

"We are pleased to release the annual survey of financial and macroeconomic forecasts made by members of the Executive Committee of the Australian Business Economists (some members were unable to contribute due to their positions in the public sector).

These forecasters are acknowledged as amongst the most successful in the country.

"Key results from the survey are that Australia's economy is expected to continue to grow at a moderate pace over the coming year, but with some rebalancing of the key drivers of the expansion. The Committee expects stronger contributions to growth from household consumption, international trade and a mild upturn in housing construction, but a slowing in business investment, albeit from extremely strong growth in 2005-06.

"Good news for households with mortgages comes from the survey, with the majority expecting the RBA to leave interest rates unchanged ahead which should see variable housing loan rates remain where they are over the coming year.

"The Australian dollar is expected to drift sideways around current levels in the range US¢74-76 over the coming couple of years. The stock market is forecast by the Committee to trend moderately higher to around 5.500 for the ASX 200 by 2008.

The survey and analysis was conducted by Warren Hogan, Treasurer, Australian Business Economists. Details are in the attached report.

Members of the ABE Executive Committee in 2006:

Rob Henderson, nabCapital; Stephen Halmarick, Citigroup; Warren Hogan, ANZ;
Scott Haslem, UBS; Besa Deda, Commonwealth Bank; Alex Erskine, Erskinomics Consulting ;
Bill Evans, Westpac ; Tom Ford, Resimac Limited; Richard Gibbs, Macquarie Bank;
Tim Harcourt, Australian Trade Commission; Stephen Koukoulas, TD Securities;
David Plank, Deutsche Bank; Tony Richards, Reserve Bank of Australia;
Geoff Weir, Goldman Sachs JBWere.

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Australian Business Economists (ABE) aims to encourage greater understanding of economic issues by fostering debate in the financial markets, business and commercial sector and across the community in general.

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