

Australian Business Economists



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Budget '08-'09

Dr Ken Henry
Secretary to the Treasury



Australian Government

The Treasury

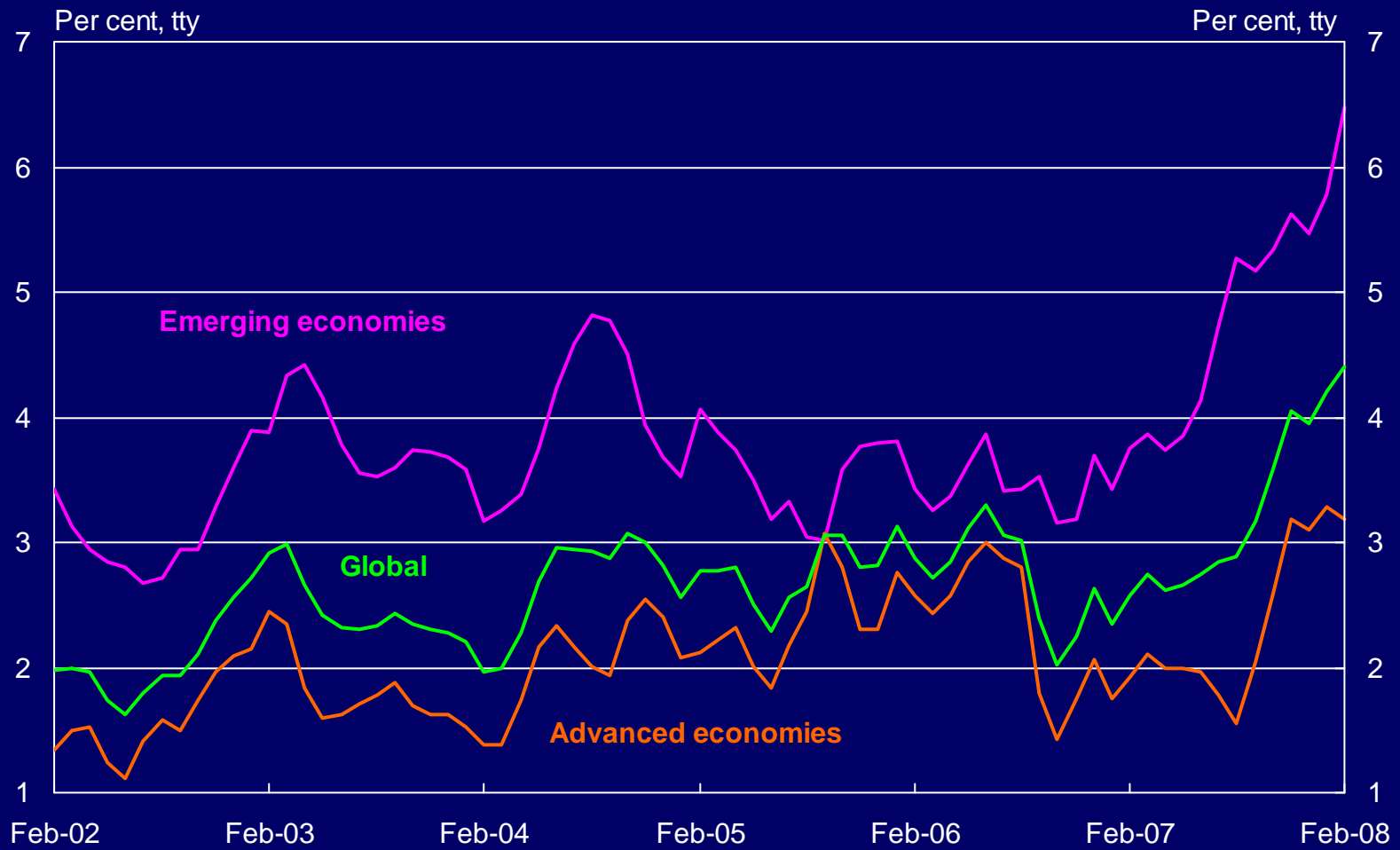
Revisiting the Policy Requirements of the Terms of Trade Boom

Presentation to
Australian Business Economists

Ken Henry

Tuesday, 20 May 2008

Global inflation



Source: IMF World Economic Outlook, April 2008.

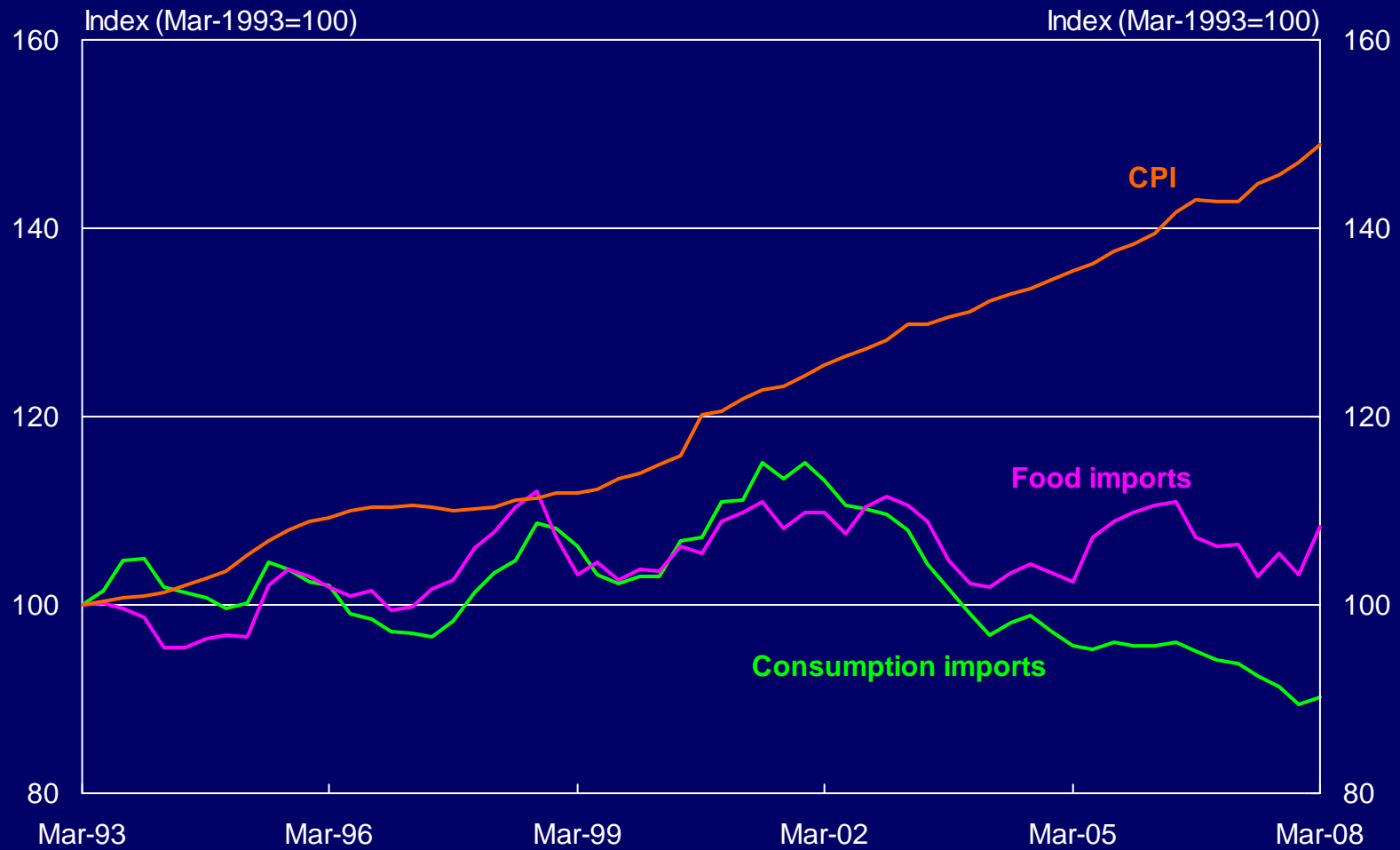
Commodity price inflation (in SDRs)



Source: Reserve Bank of Australia.

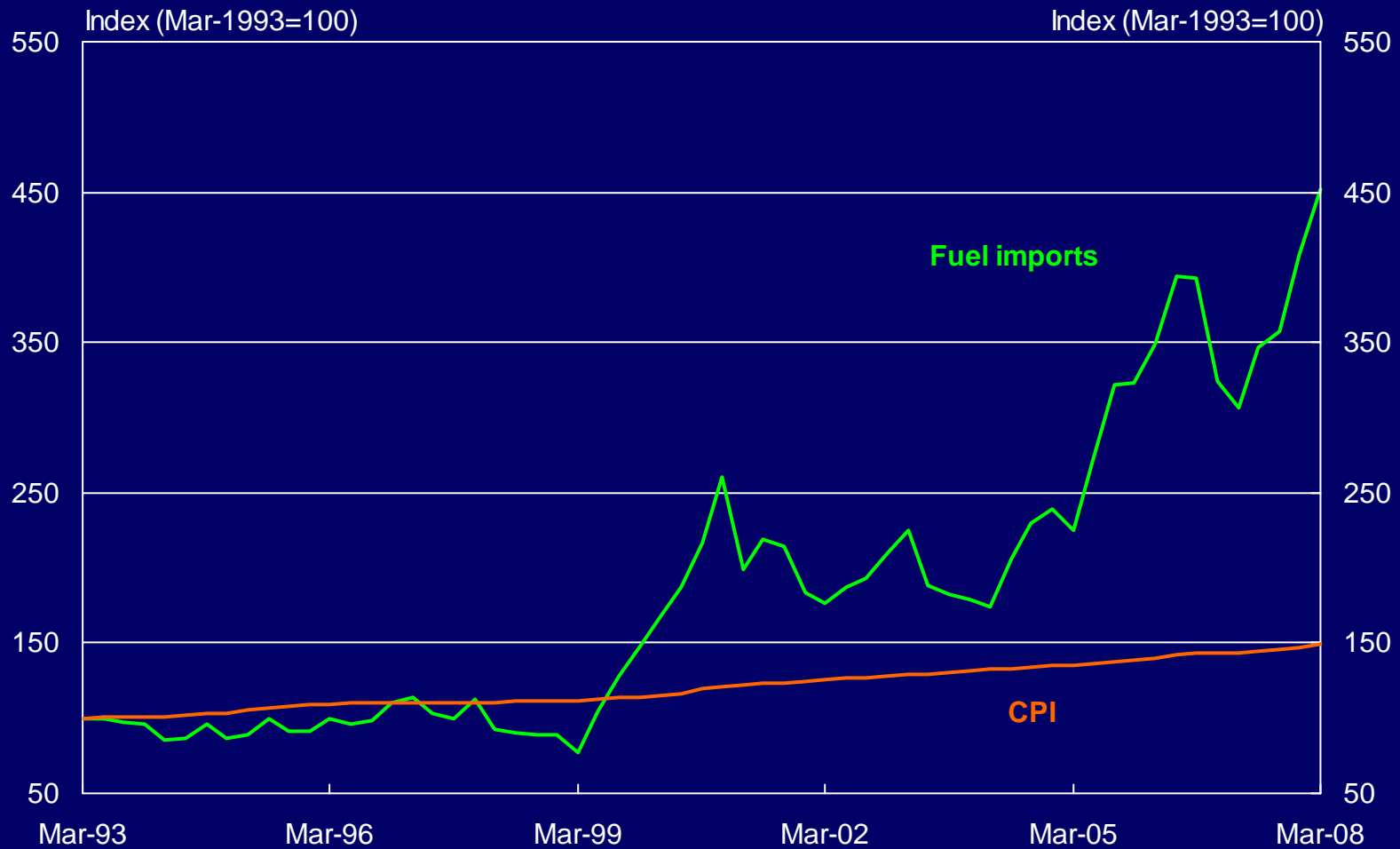
Prices of imports and the CPI

(in \$A terms)



Note: Import price data are implicit price deflators from the Balance of Payments. March quarter 2008 import price data are estimates based on the International Trade Price Indexes.
Source: ABS Catalogue Numbers 5302.0, 6401.0, 6457.0 and Treasury.

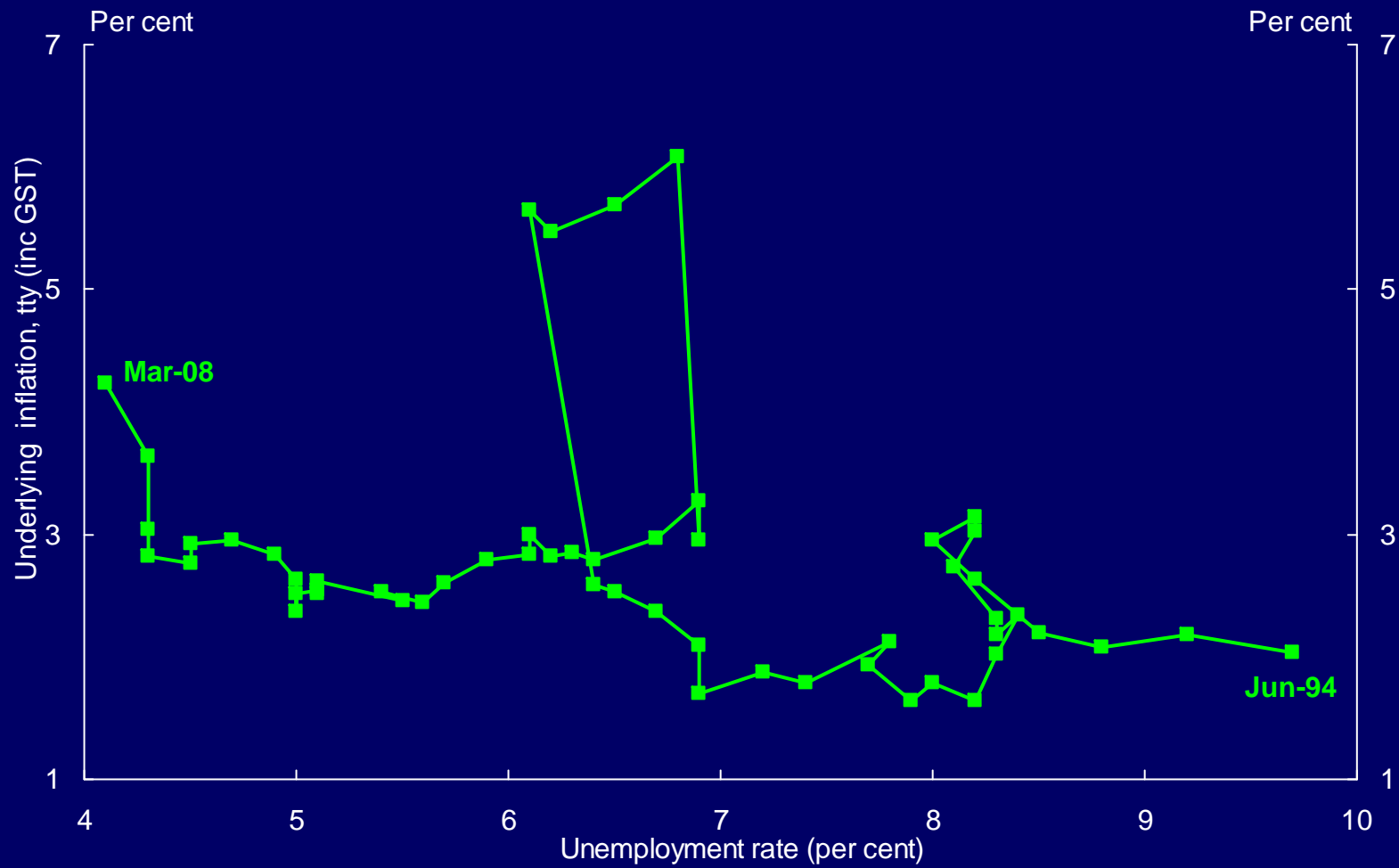
Prices of fuel imports and the CPI



Note: Import price data are implicit price deflators from the Balance of Payments. March quarter 2008 import price data are estimates based on the International Trade Price Indexes.

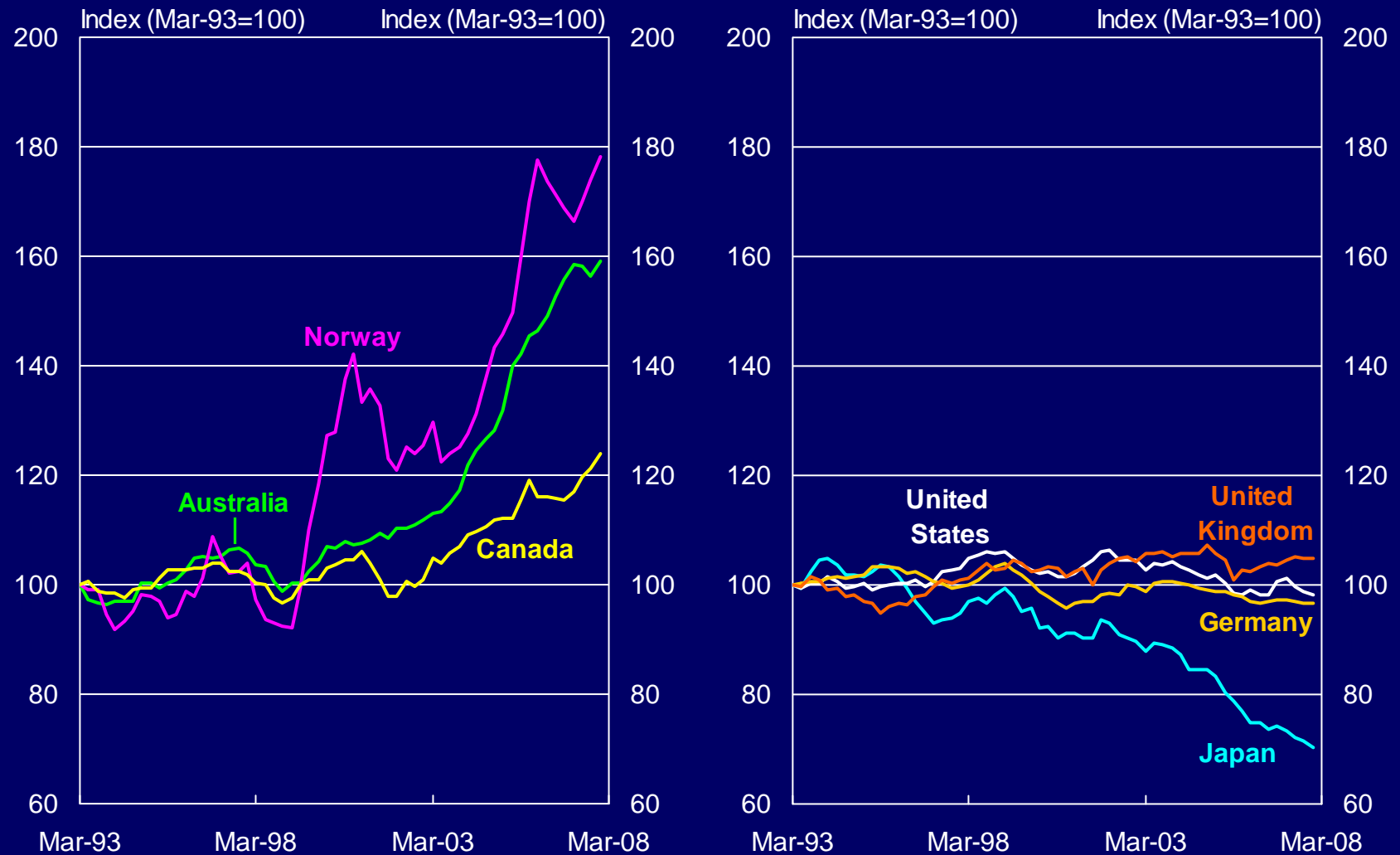
Source: ABS Catalogue Numbers 5302.0, 6401.0, 6457.0 and Treasury.

Phillips curve



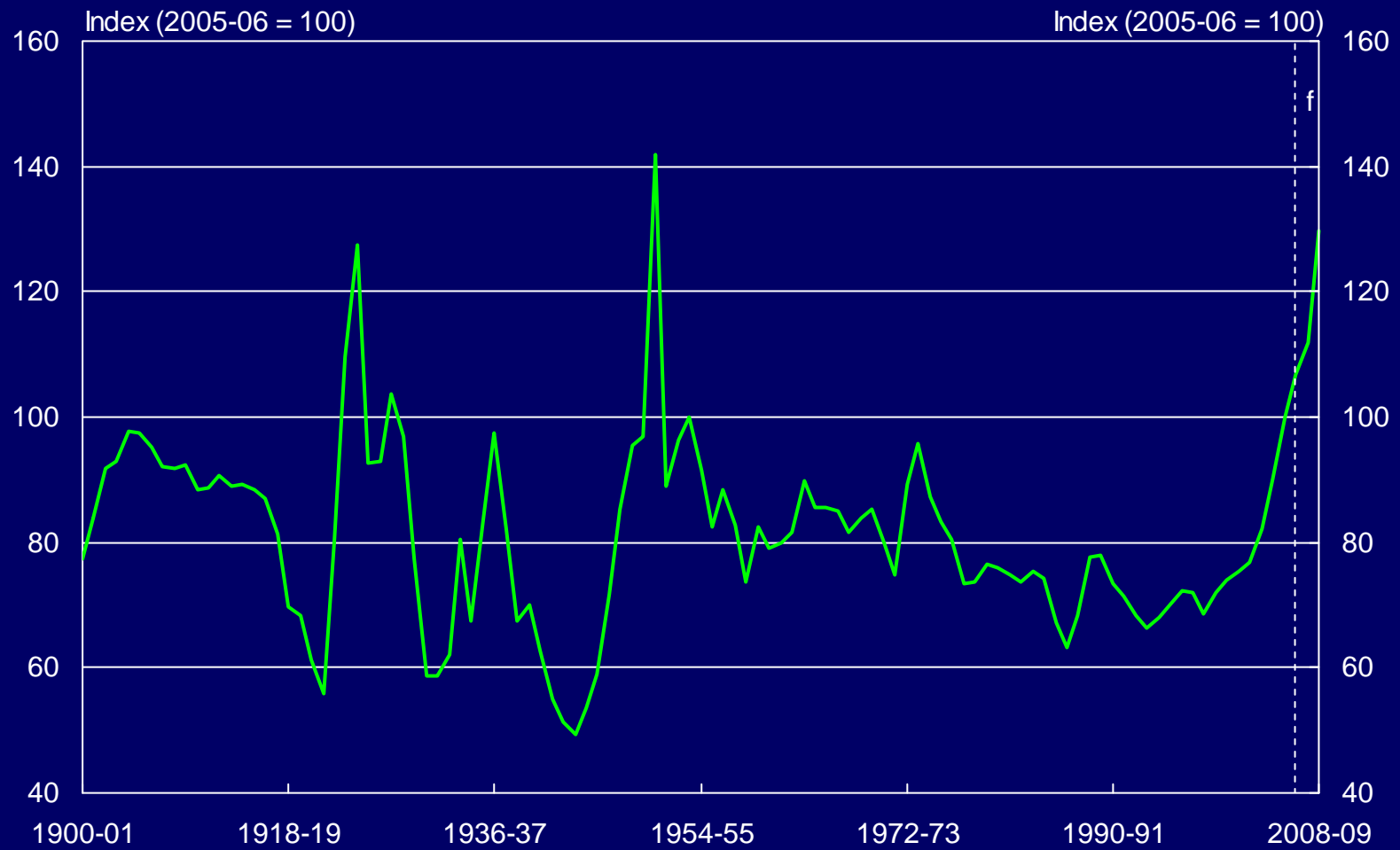
Source: ABS Catalogue Numbers 6202.0, 6401.0, Reserve Bank of Australia and Treasury.

Terms of trade: selected industrialised economies



Note: December quarter 2007 data are forecasts.
Source: OECD Economic Outlook No. 82.

Terms of trade



Source: ABS Catalogue Number 5302.0, Reserve Bank of Australia and Treasury.

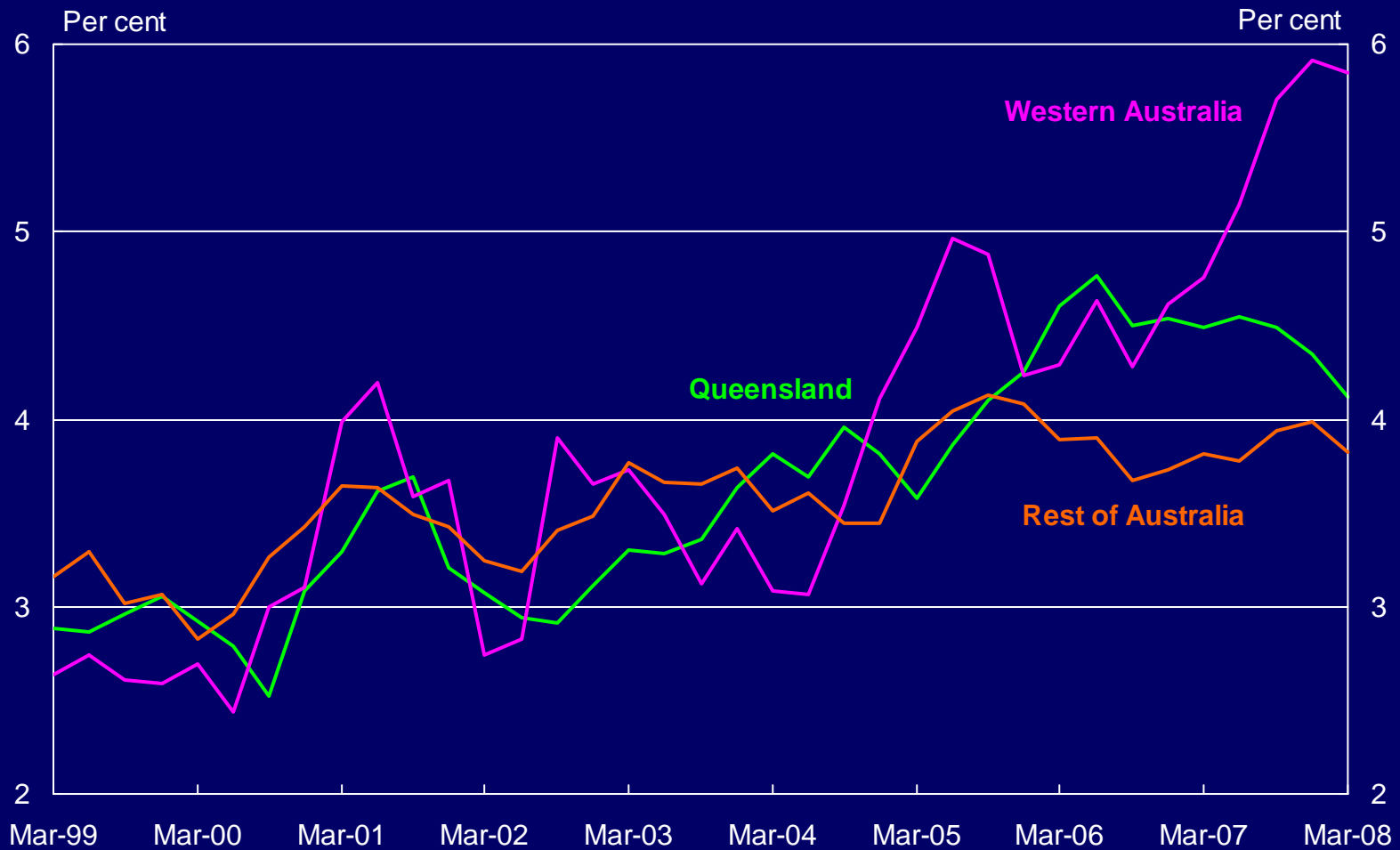
Commodity prices



Source: Reserve Bank of Australia.

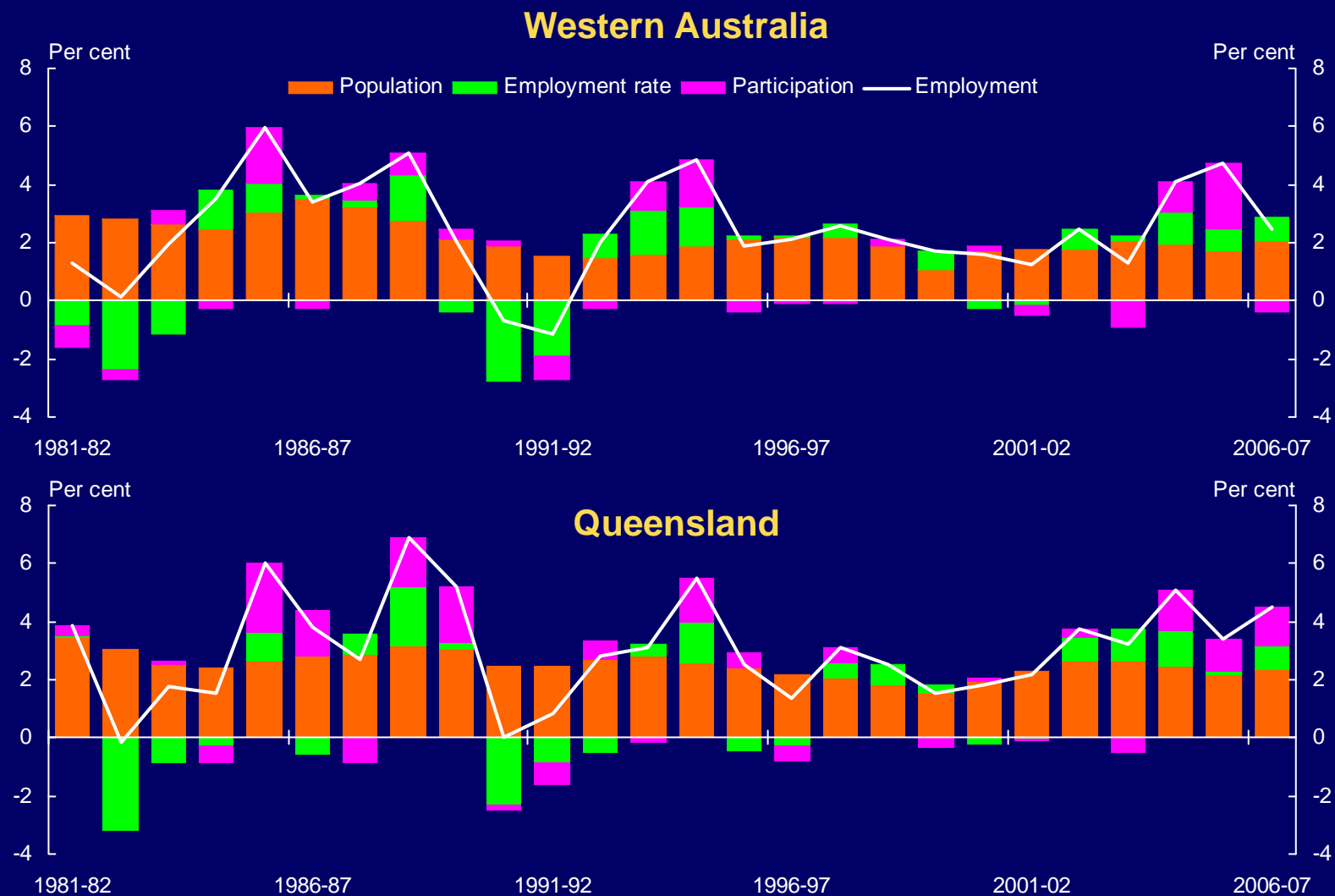
Growth in the Wage Price Index

(through the year)



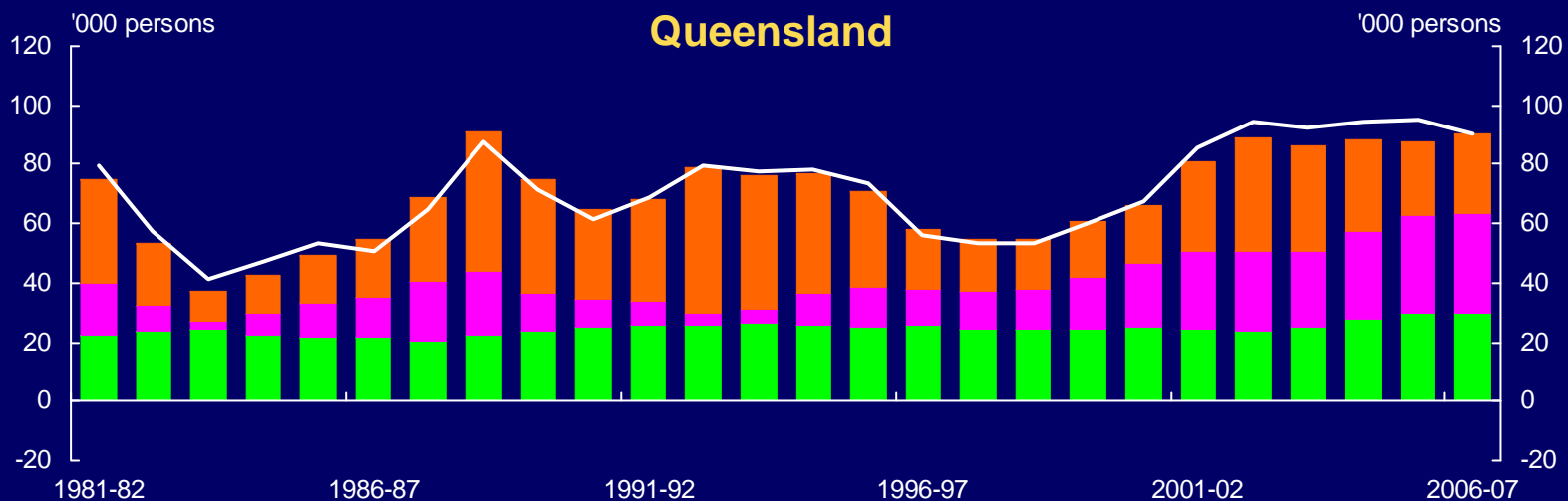
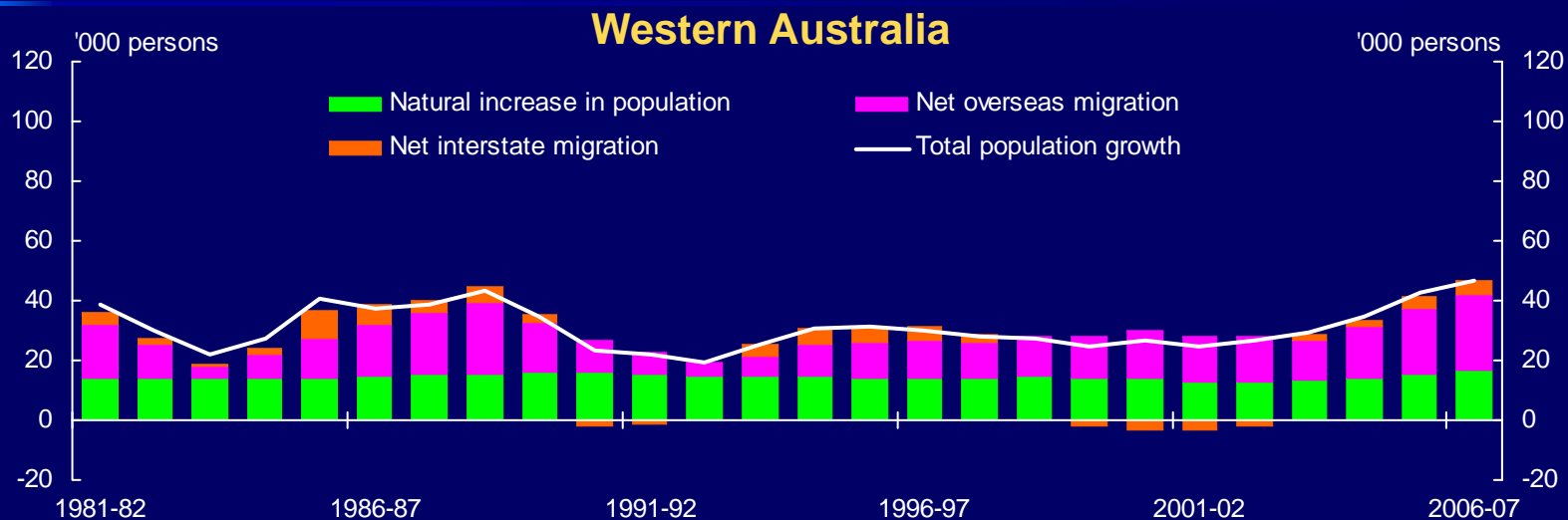
Source: ABS Catalogue Number 6345.0.

Sources of employment growth



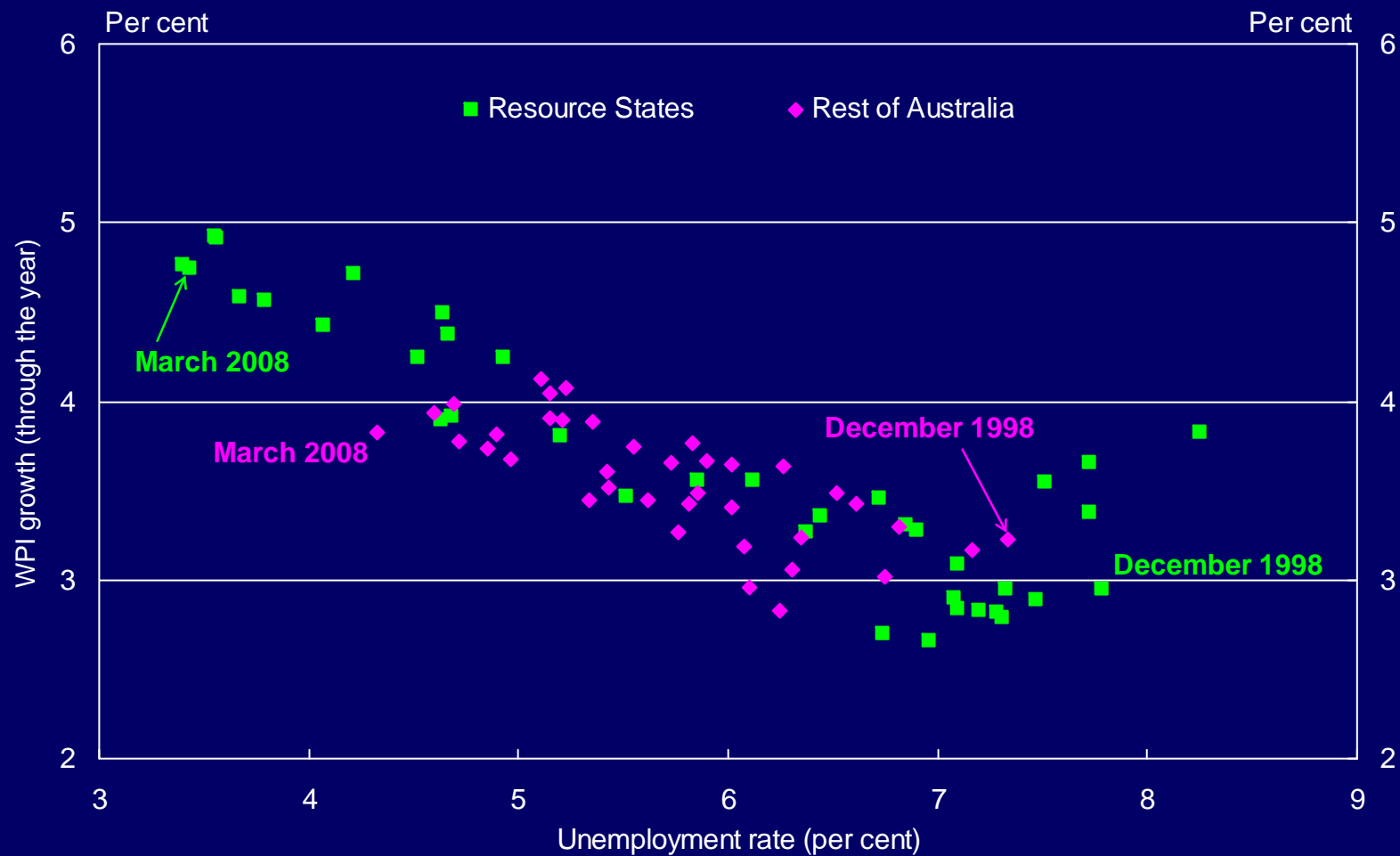
Source: ABS Catalogue Number 6202.0 and Treasury.

Sources of population growth



Note: These Net Overseas Migration estimates contain a break in time series. Estimates for September quarter 2006 onwards use an improved methodology and are not comparable with Net Overseas Migration estimates from earlier periods. Differences between total growth and the sum of natural increase and net migration between census years are due to intercensal discrepancy. Source: ABS Catalogue Number 3101.0.

Wage growth and unemployment rate



Source: ABS Catalogue Numbers 6202.0 and 6345.0.



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Mr John Pierce
Secretary, New South Wales Treasury
Commonwealth State Relations
Tuesday 17 June

Mr Glenn Stevens
Governor, Reserve Bank of Australia
A fundraiser for the Anika Foundation
Wednesday 16 July

Dr Adrian Blundell-Wignall
Deputy Director, Financial and Enterprise Affairs, OECD
The Credit Crunch
Tuesday 29 July

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