

A Global Perspective

Where to from here?

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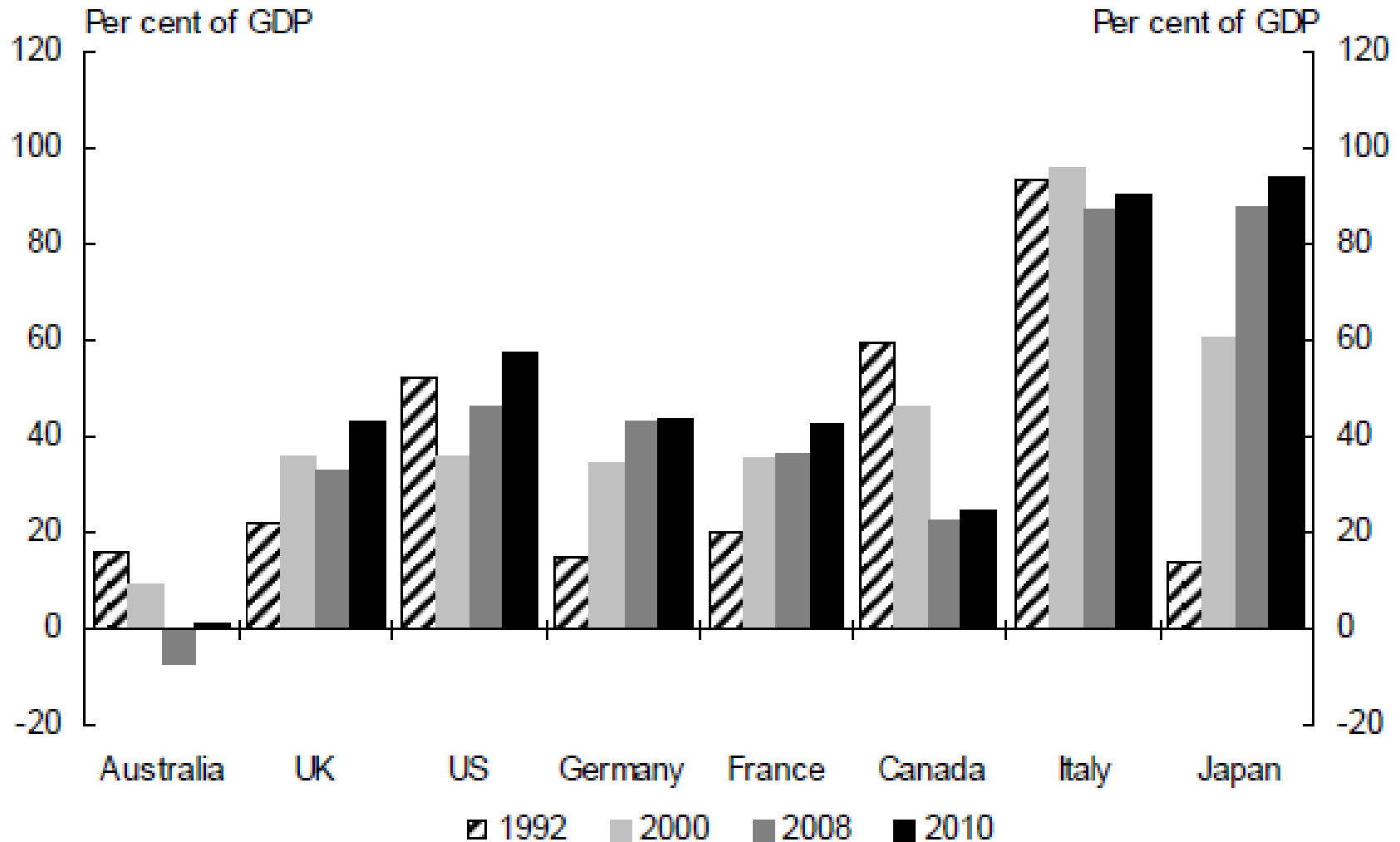
Key messages out of today

- Global economic growth has returned
- But its very varied by regions
- A new round of economic uncertainty
- Sovereign risk is the new concern
- Volatility in global economy has resulted in a change in economic policy.

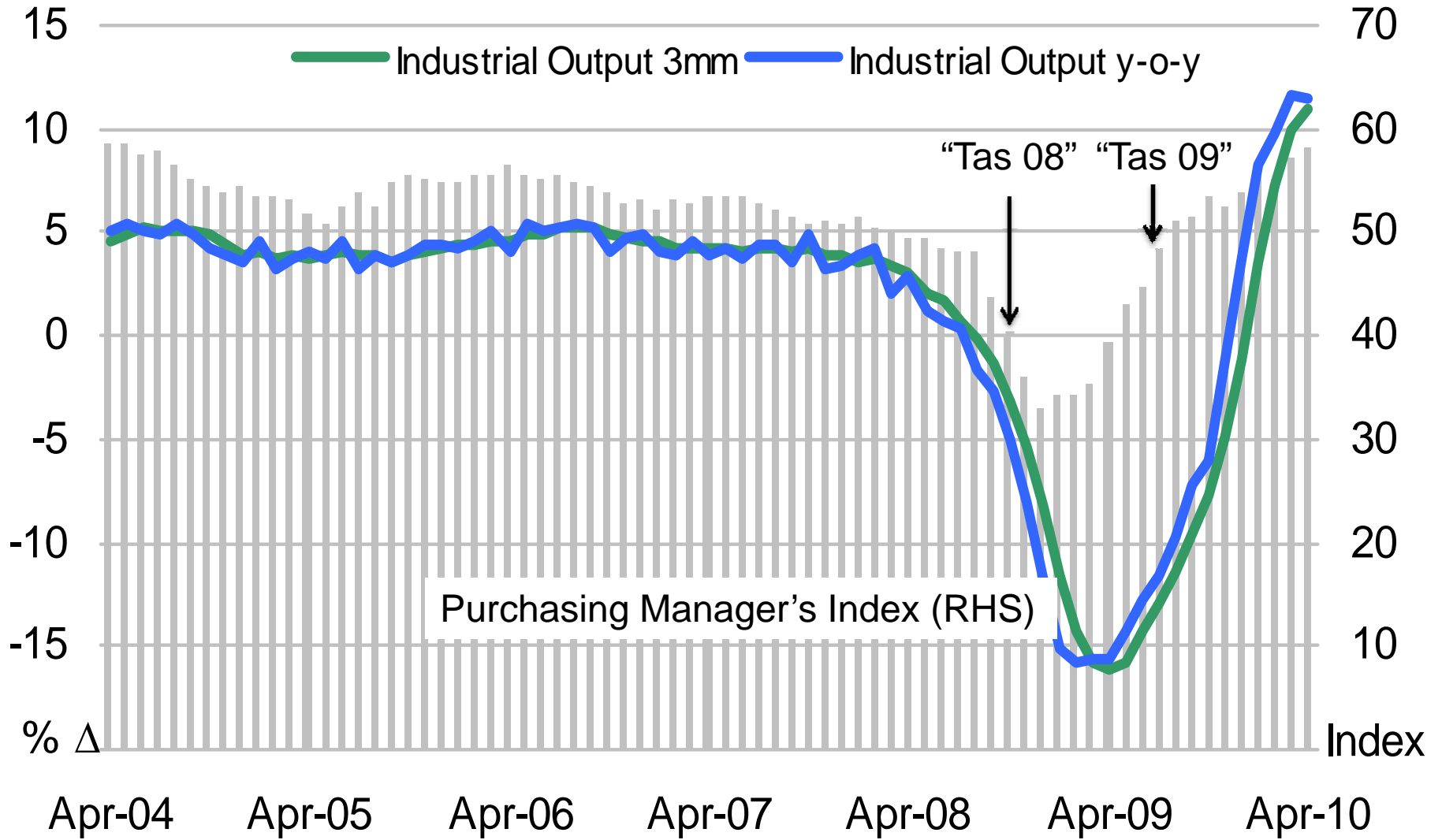
Where are we at?

- Global growth has returned
- China & Other Asia strong
- USA also surprising
- Europe still very disappointing
- New focus is sovereign risk

Net Debt – Aus vs The Rest



Global PMI's and Industrial Output

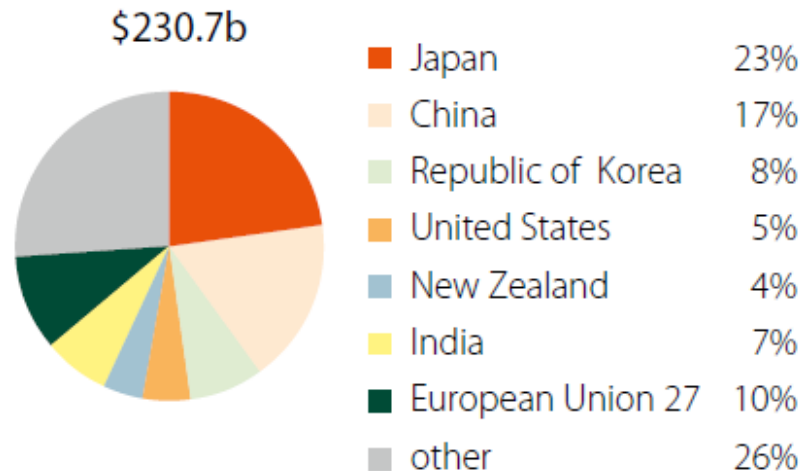


World Economic Growth

	Annual GDP Growth Totals				
	2008	2009	2010 (f)	2011 (f)	2012 (f)
China	9.6	8.7	10.5	9.1	8.0
India	7.3	5.7	8.0	7.5	7.3
Non Jap Asia	2.0	-1.0	5.4	5.2	4.5
Middle East	5.1	2.4	4.5	4.8	4.8
Africa	5.5	2.1	4.7	5.9	5.3
Japan	-1.2	-5.2	3.1	2.5	2.5
Latin America	4.3	-2.0	3.6	4.0	4.0
Canada	0.4	-2.6	2.7	3.0	3.0
US	0.5	-2.4	3.3	3.0	3.2
E Europe	3.0	-3.7	3.0	3.7	3.7
UK	0.6	-4.9	1.2	2.1	2.5
EU	0.6	-4.1	0.7	1.3	1.5
Global Total	3.0	-0.8	4.2	4.1	4.0

What impact has this had on OZ

- Slowly growth in demand for exports
- Significant volatility in the AUD
- Delayed further increases in interest rates
- Limited growth in demand for exports



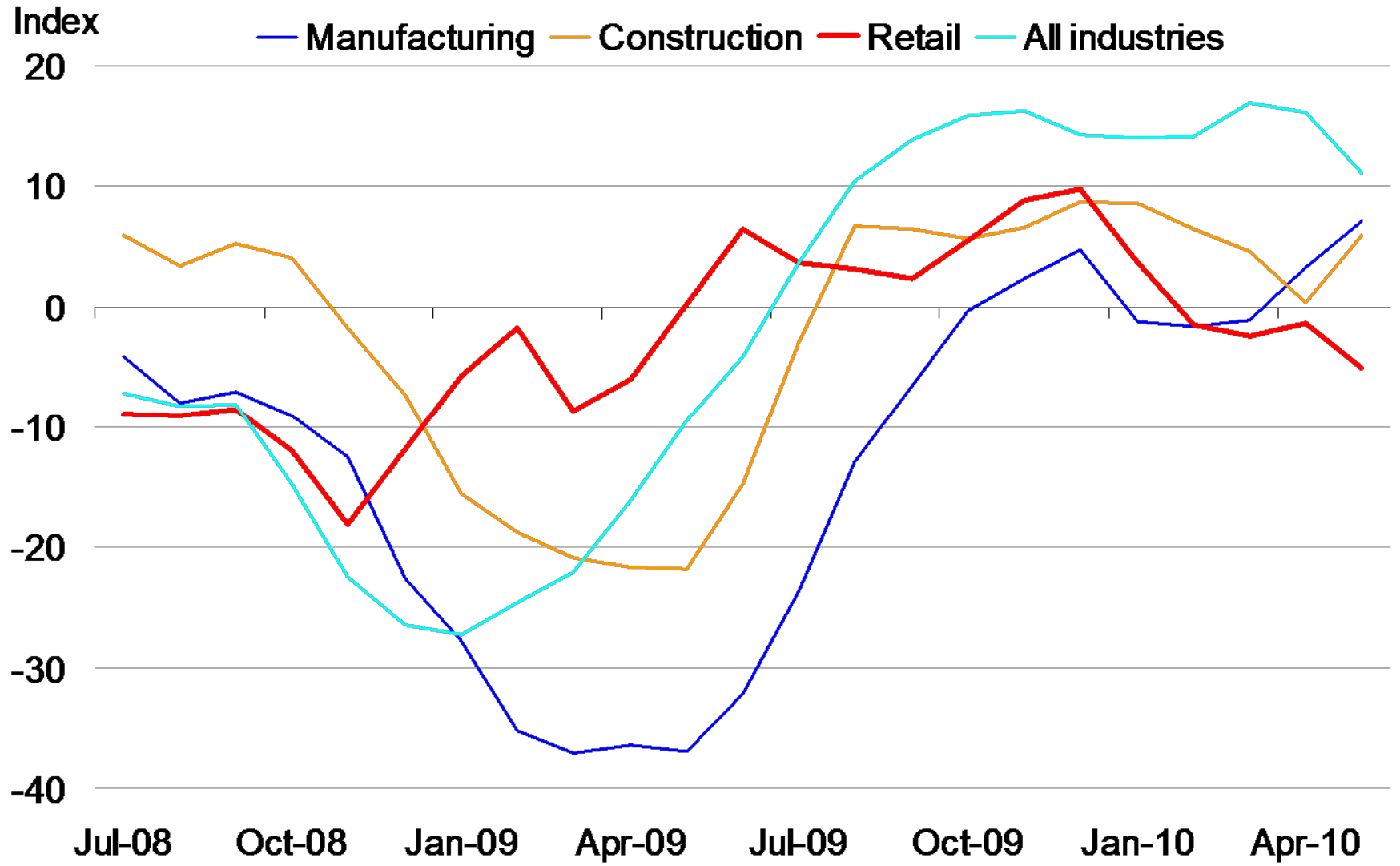
Australian Economy Summary

- Economic growth forecasts have been wound back
- Households: unemployment has reached its peak, spending remains cautious
- Interest rates: 5% by Dec 2010, 6% by Dec 2010
- Exchange rate: US90c by Dec 2010

Recent trends in business conditions



Recent trends in relatively cyclical industries



Source: NAB Economics

Key take home messages

- Commodity prices already up sharply
- Strengthening domestic income & investment
- Demand already running solidly but exports still soft
- Expect upward pressure on interest rates
- Exchange rate to appreciate

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