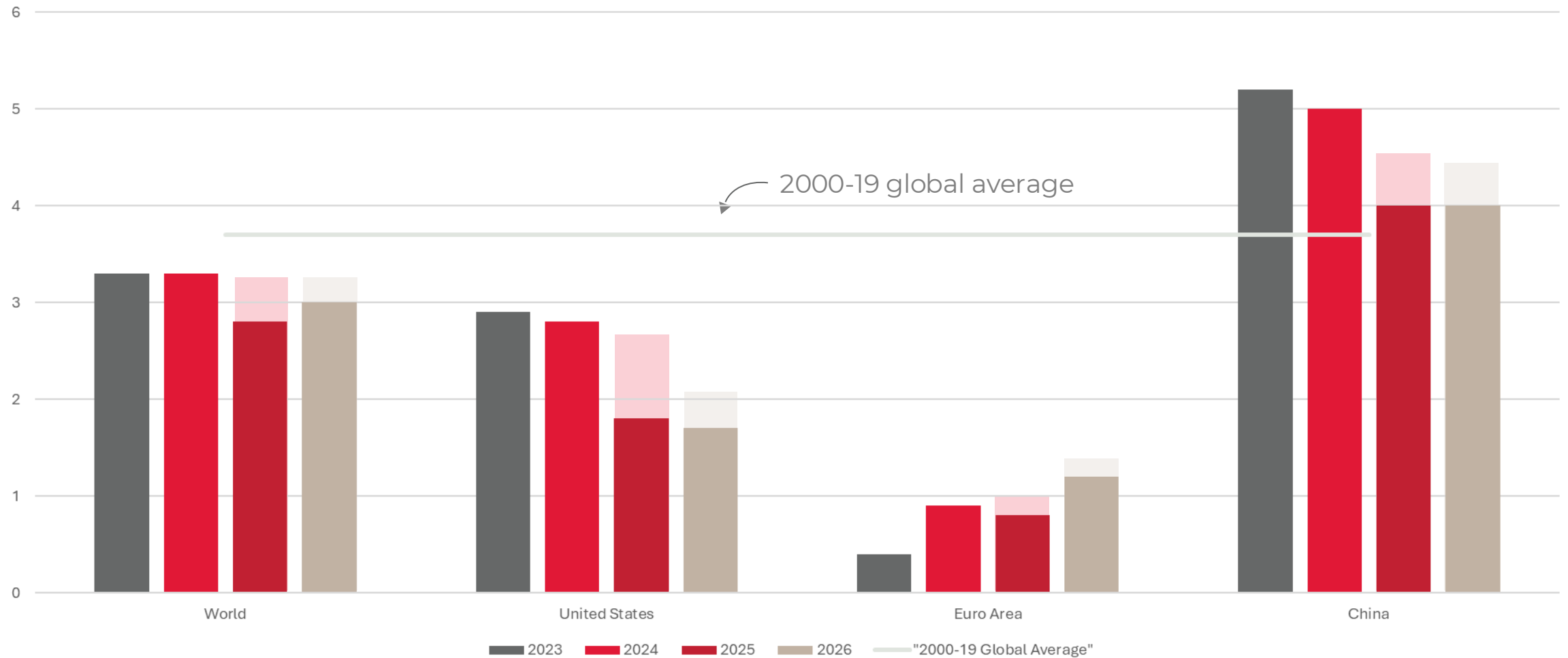


# Economic Outlook

Cassandra Winzar  
CEDA Chief Economist  
July 2025



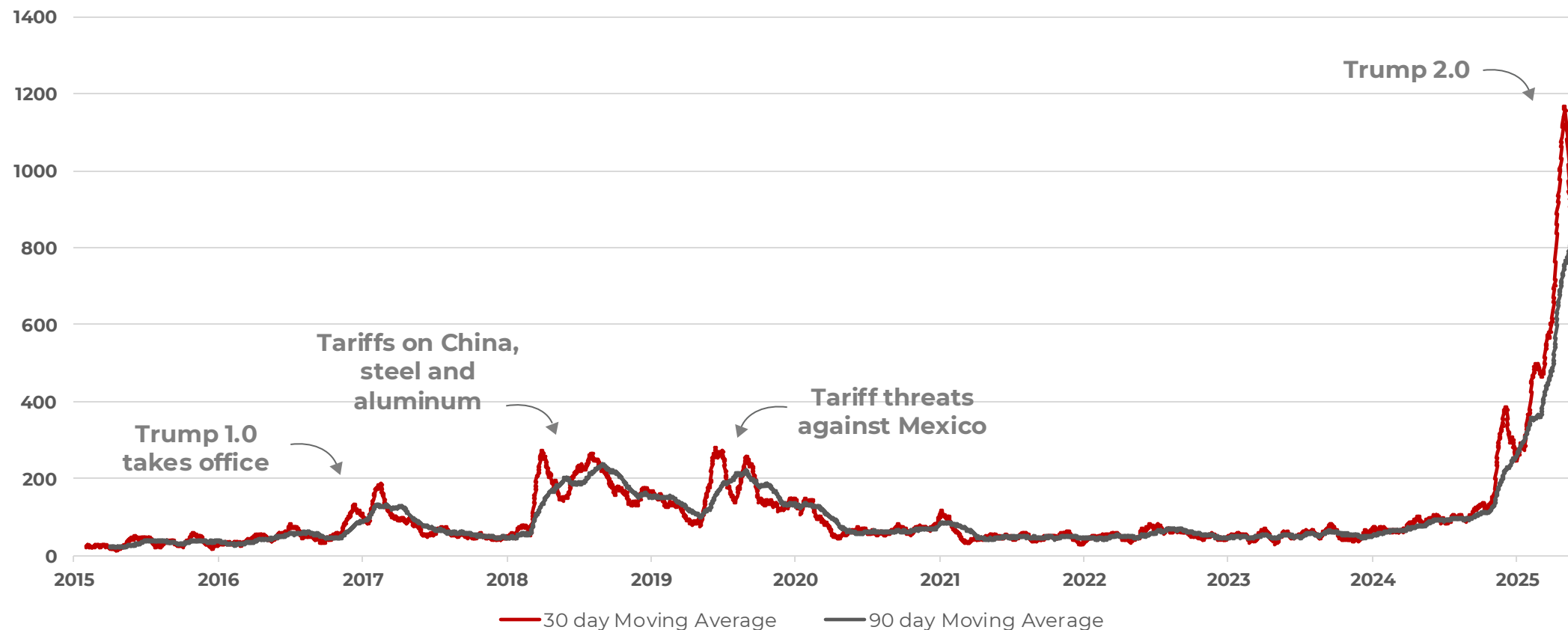
# Growth is **weakening** and projected to remain below its historical average



Source: IMF, January and April 2025

# Protectionist trade measures are causing **significant uncertainty**

## Trade Policy Uncertainty Index



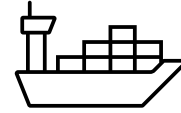
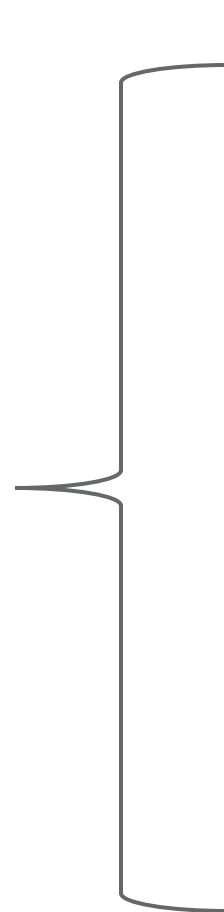
Note: Uncertainty measures are news-based indices that quantify media attention to news related to an issue, in which a value of 100 corresponds to 1 percent of news articles that reference the issue.

Source: Caldara et al, 2025

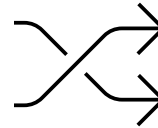
# What does it all mean for **Australia**?

**-0.2** pts

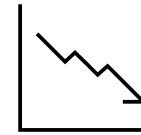
RBA estimate of impact to  
Aus GDP in 2025



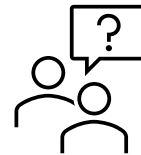
Disruption of **supply chains**



**Redistribution** of goods



**Declining growth** among  
major trade partners



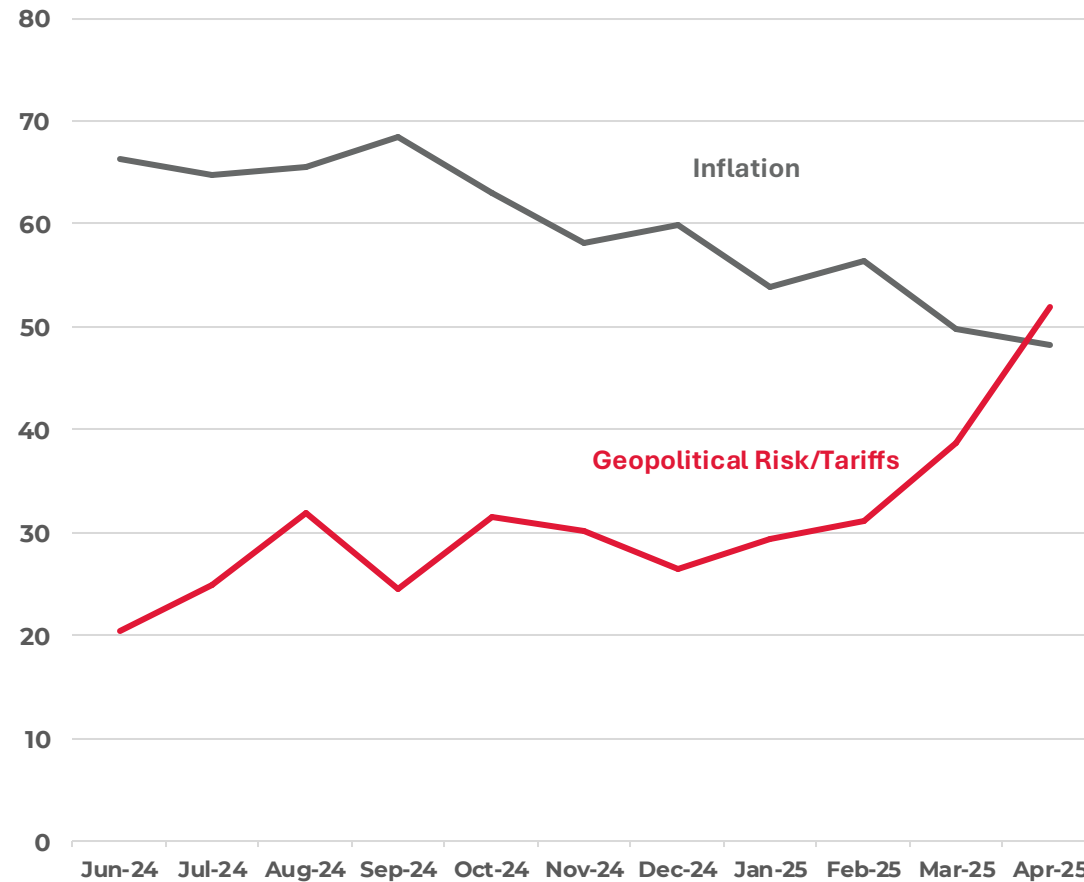
Impact of **uncertainty** on  
investment



Currency **depreciation**

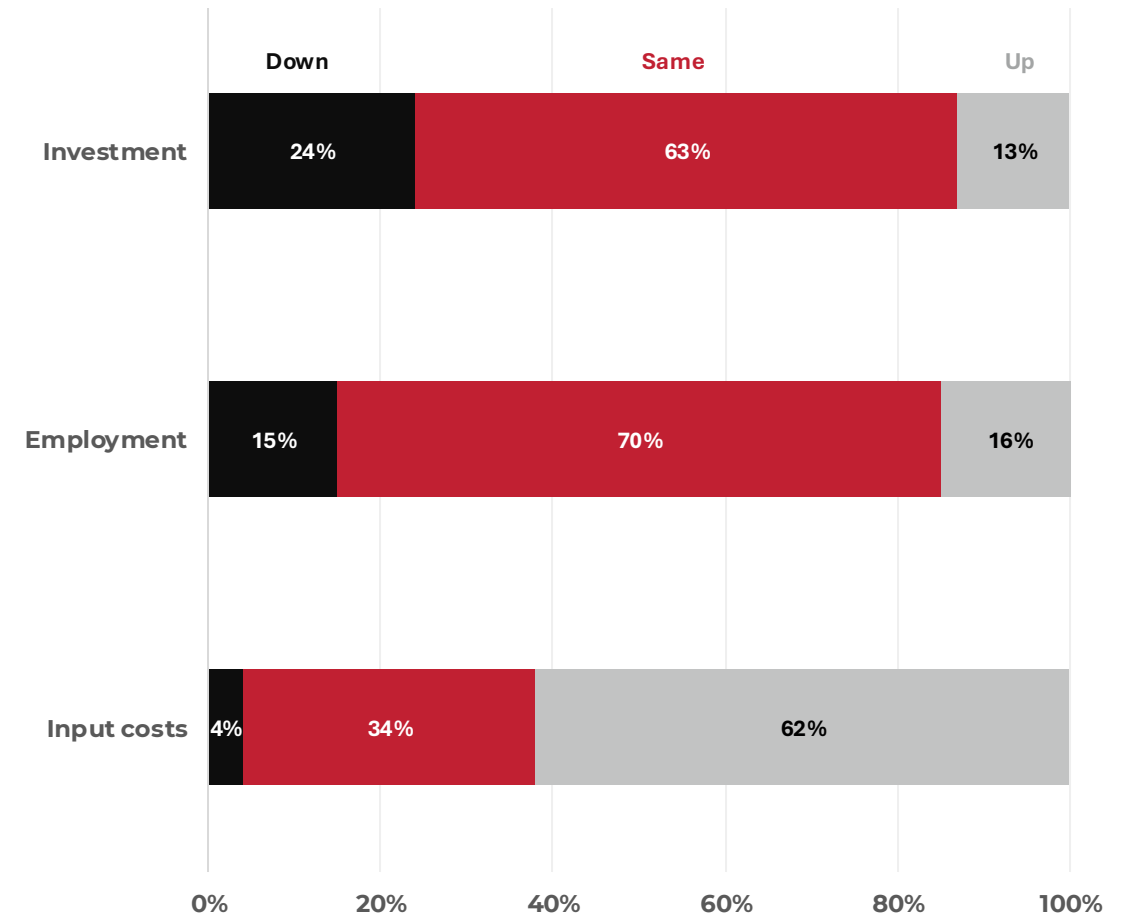
# What does it all mean for **Australia**?

Main sources of uncertainty over the next 12 months (%)



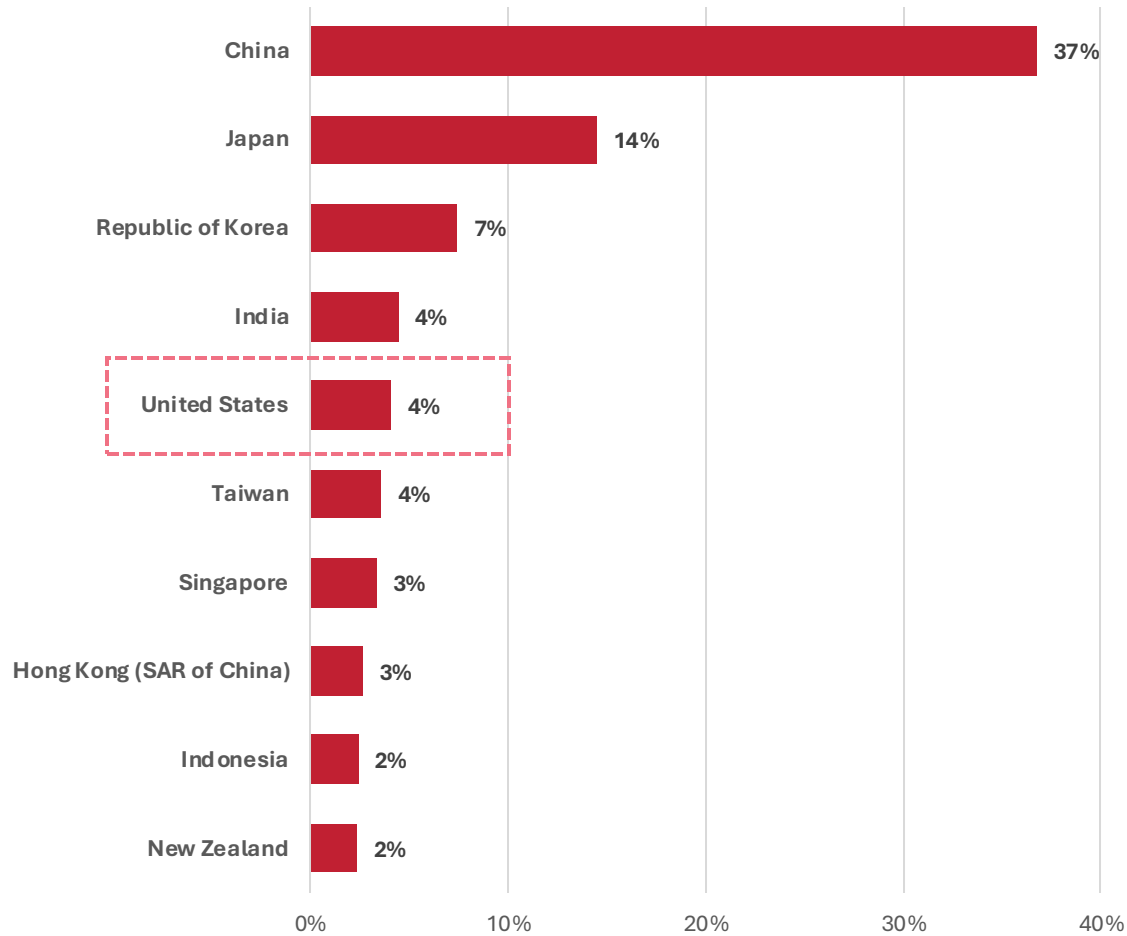
Source: Macquarie University, 2025

Business operation expectations

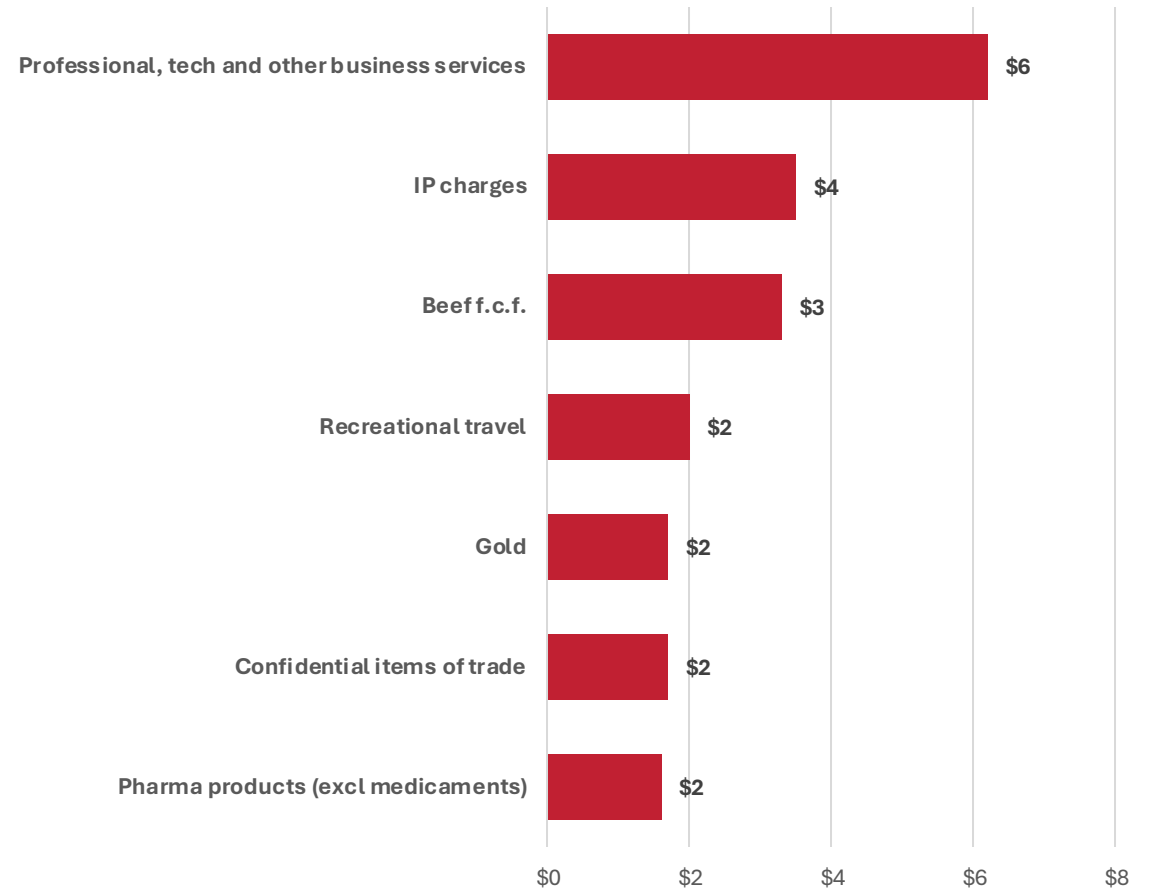


# What does it all mean for **Australia**?

Top ten destinations for **Australian** exports, 2023-24



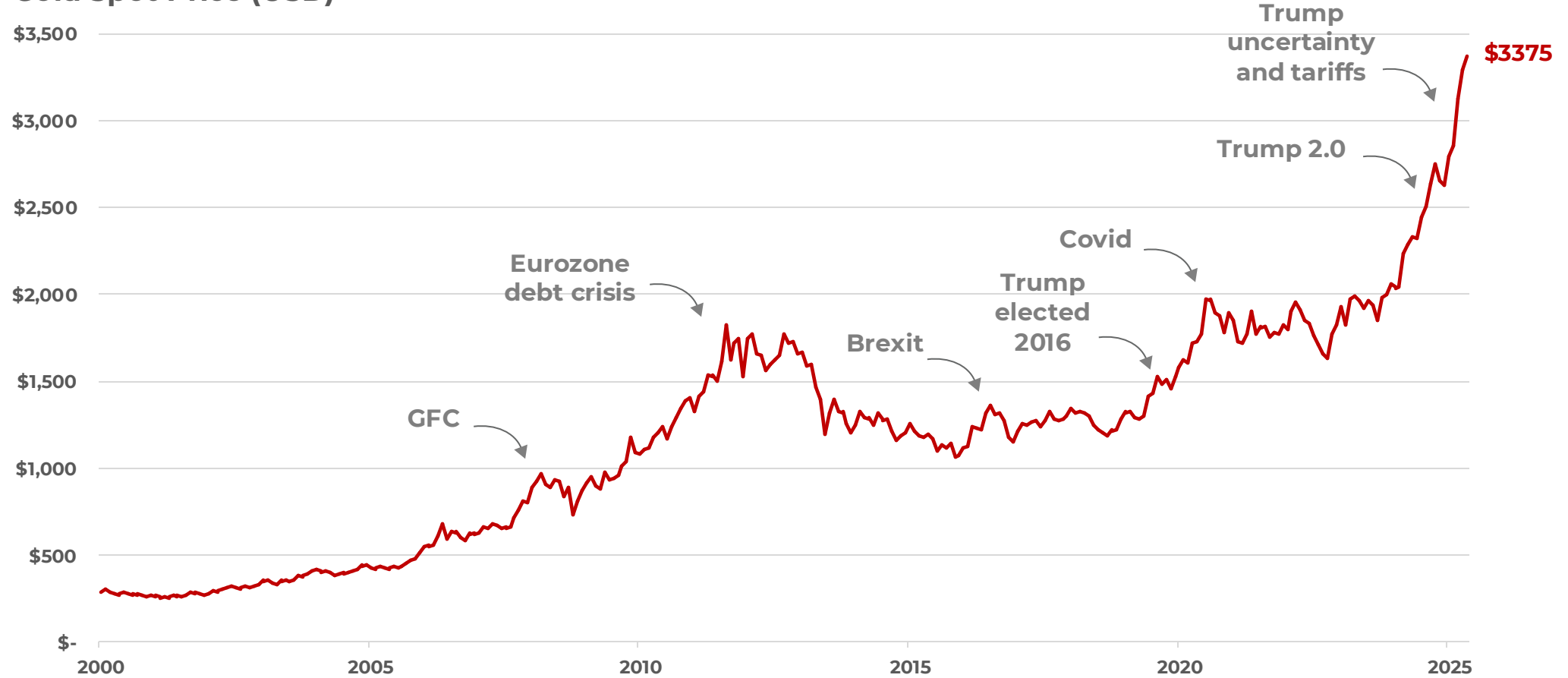
Australian exports to the **United States**,  
A\$b



Source: DFAT, 2025

# Gold is generally a **safe haven** for investors in bad times

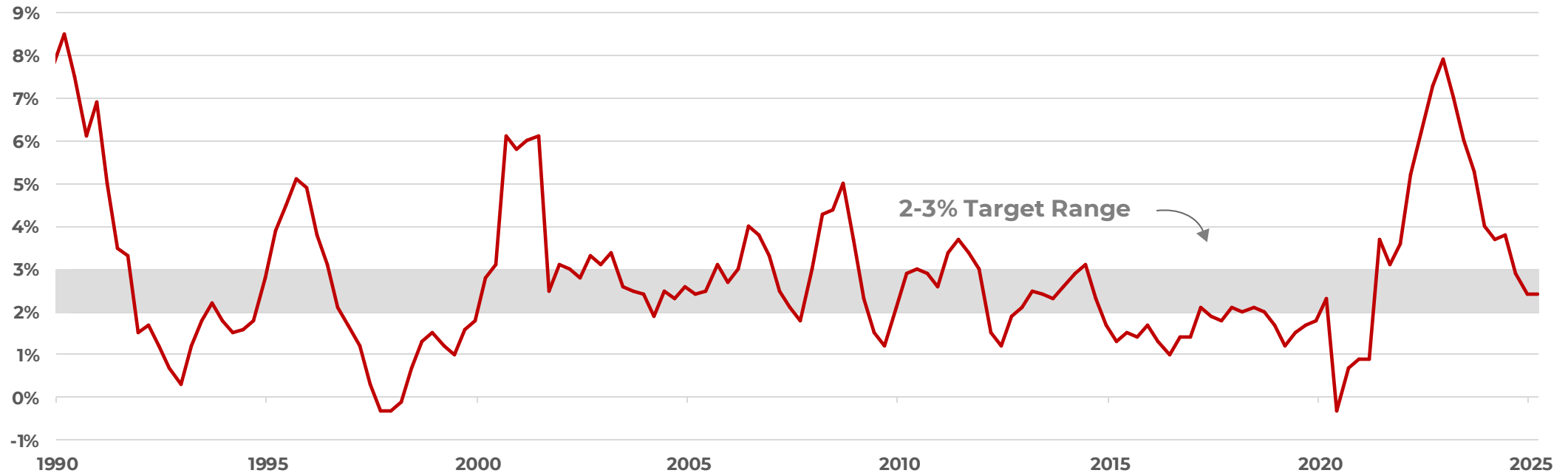
## Gold Spot Price (USD)



Source: Macrotrends 10/06/25

# Inflation is looking to be **under control**

Headline CPI, Year Ended Percentage Change

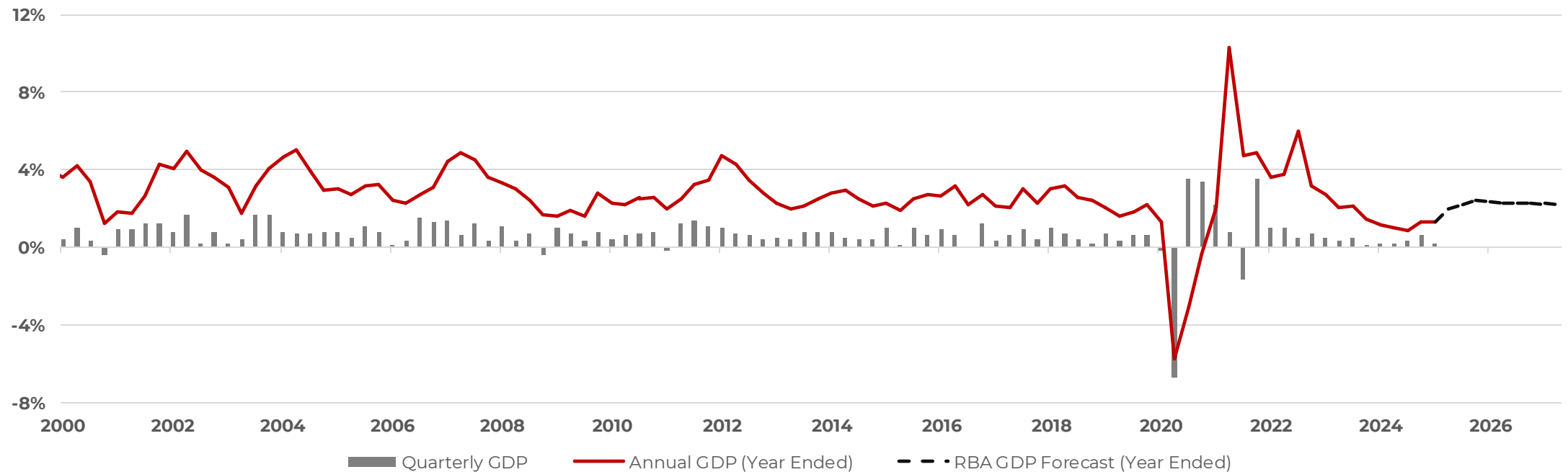


Source: ABS, RBA 2025



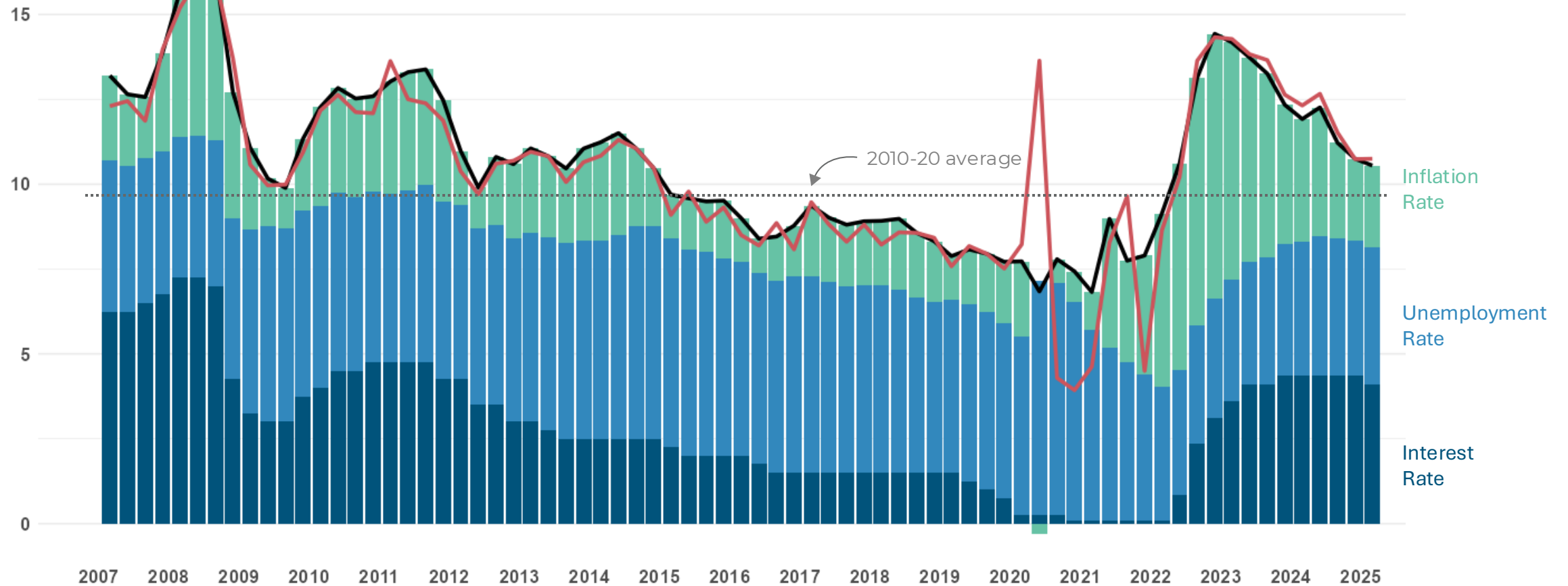
# Interest rates have weighed on activity, but we've **avoided recession**

Australian GDP Growth Rates (Chain Volume, Seasonally Adjusted)



Source: ABS, 2025

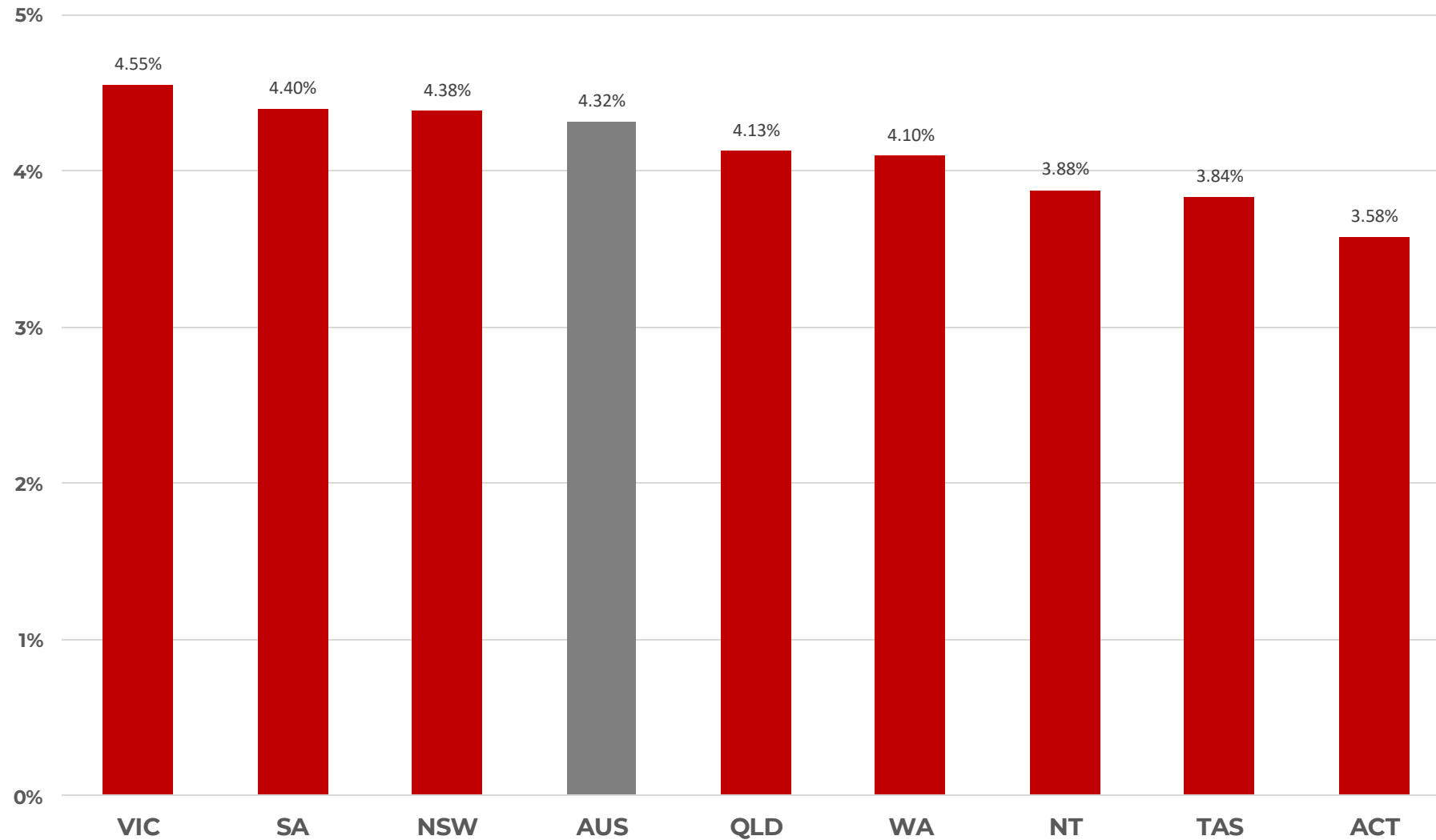
# Australia's economic '**misery**' has subsided but is still above its decade average



Source: ABS, CEDA

# Unemployment has risen **somewhat**

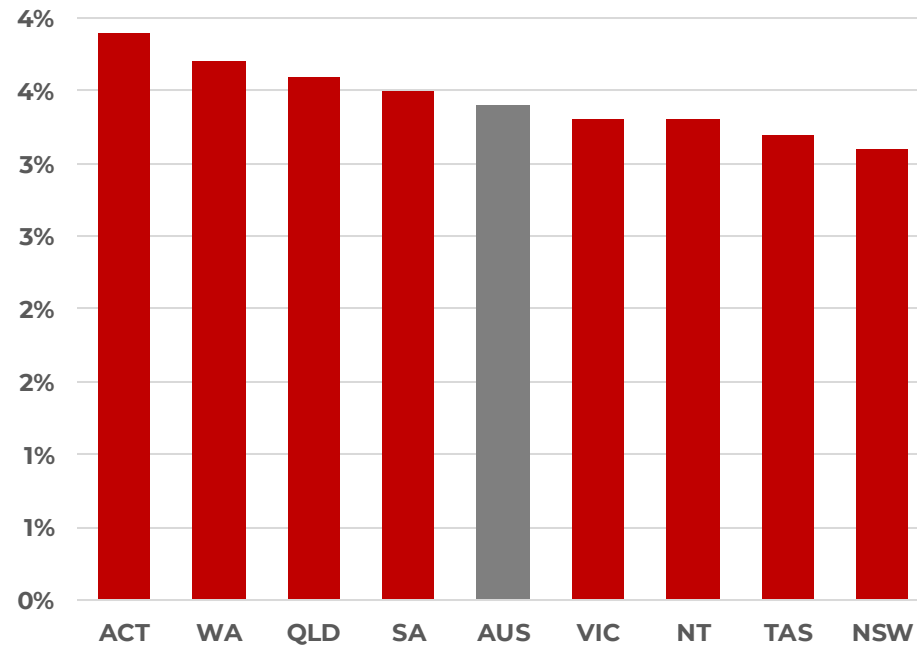
## Unemployment Rate by State (Seasonally Adjusted)



Source: ABS

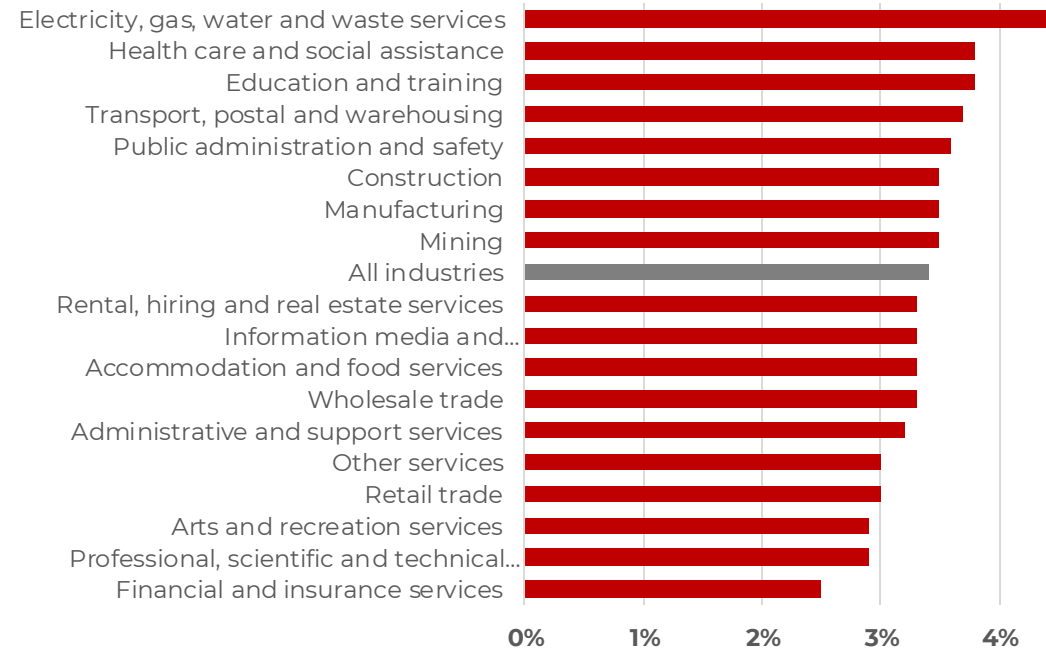
# Wages are **starting to rise**

WPI by State, Year Ended March 2025

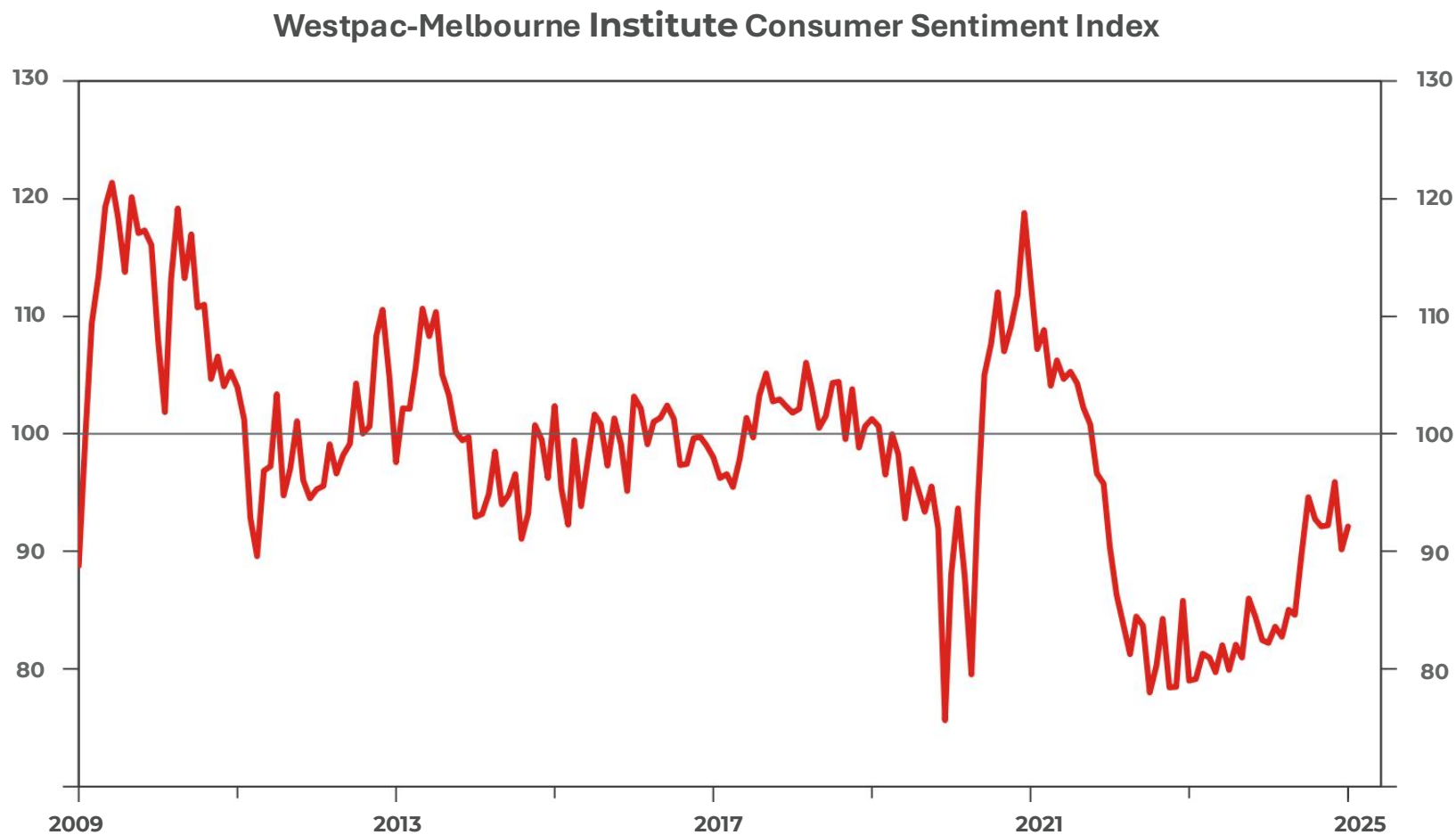


Source: ABS 2025

WPI by Industry, Year Ended March 2025



# Despite headwinds, **consumer sentiment has rebounded from pandemic lows**



Source: Westpac, Melbourne Institute, 2025

# Business Investment **remains weak**

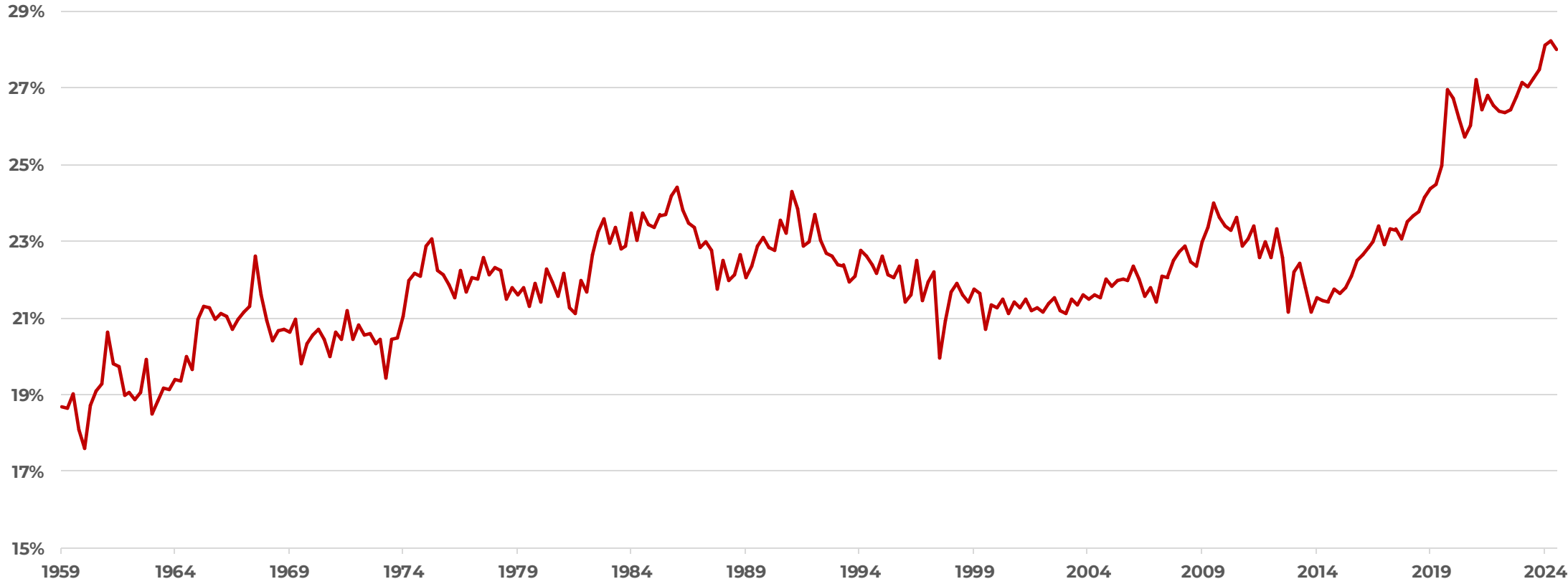
Private Business Investment, Share of Nominal GDP



Source: ABS, 2025

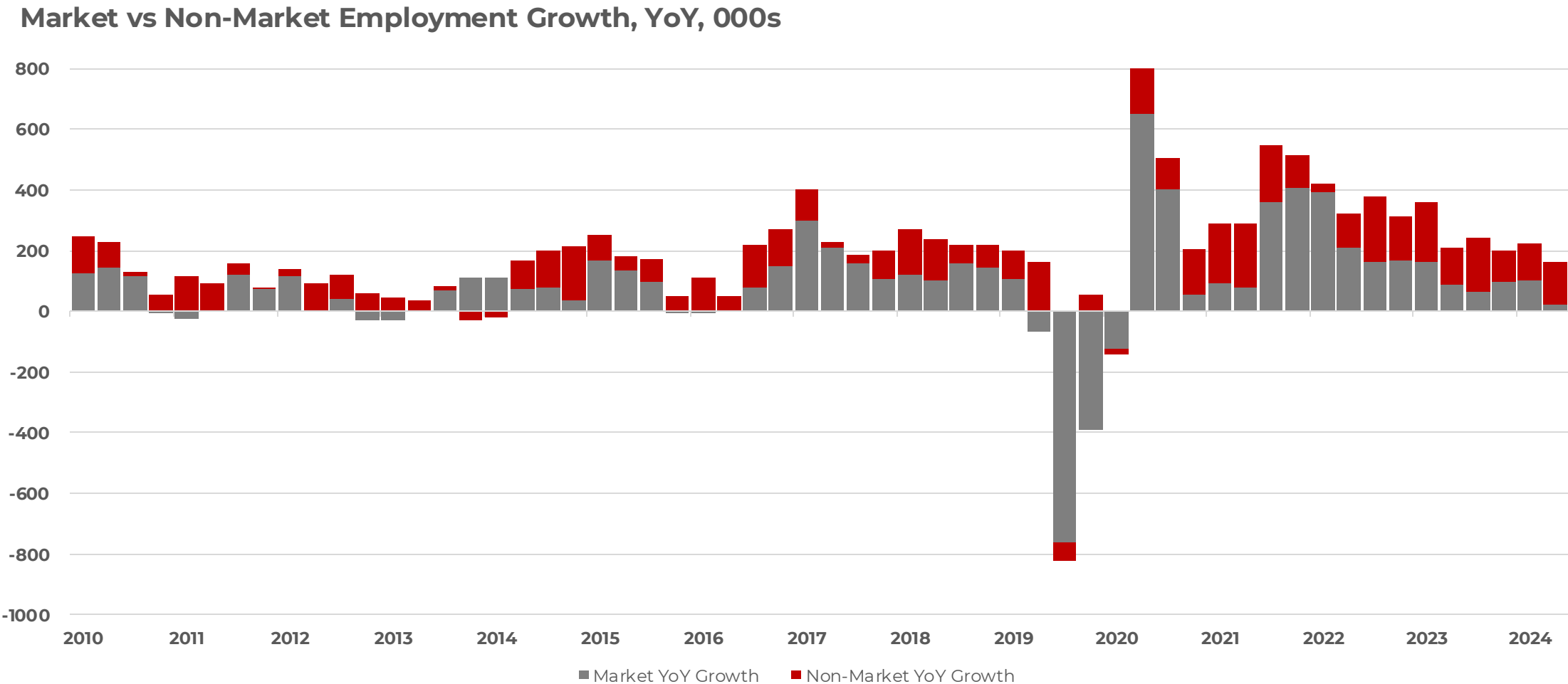
# The public sector has played a key role in **sustaining economic activity**

Public Demand as % of GDP



Source: ABS, 2025

# The public sector has played a key role in **sustaining economic activity**



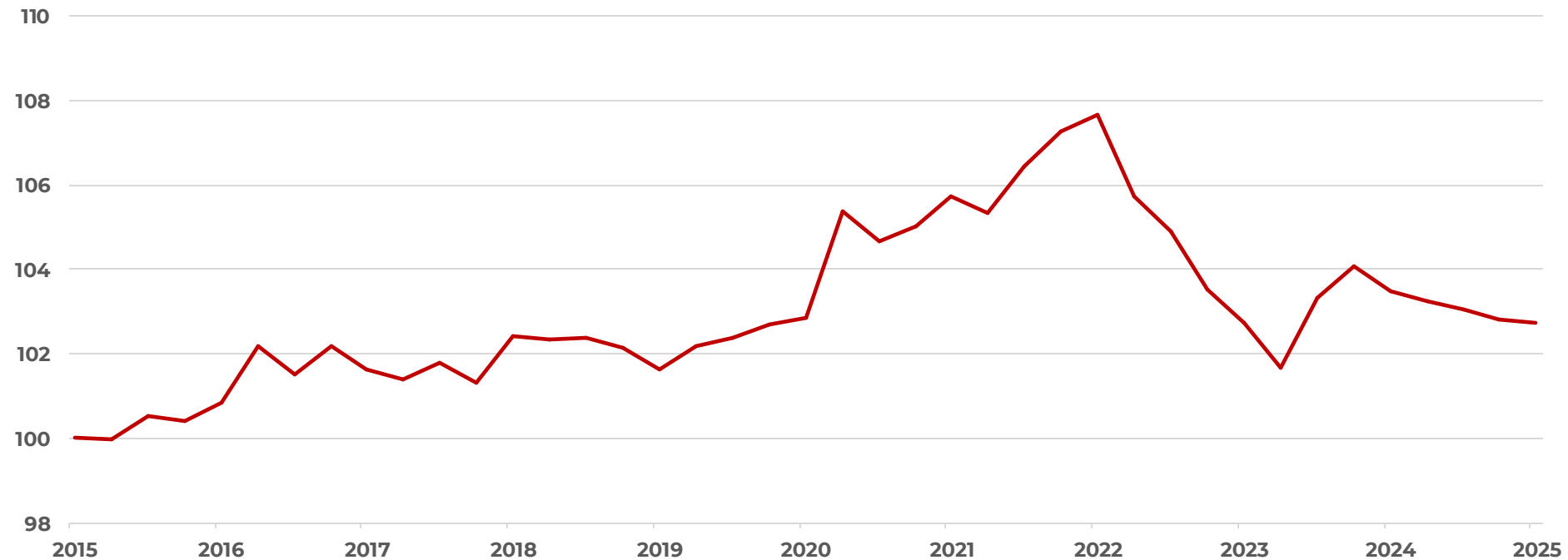
Source: ABS, 2025



# Productivity **remains a concern**

## Labour Productivity

GDP per hour worked, Levels, 2015 = 100



Source: ABS

# We are struggling **to deliver** on housing

## Dwelling units completed per construction worker

Residential dwelling completions and Australian Labour force surveys

— Labour Force Australia 1966-1984 — Labour Force Australia 1978-1995 — Labour Account (Current series)

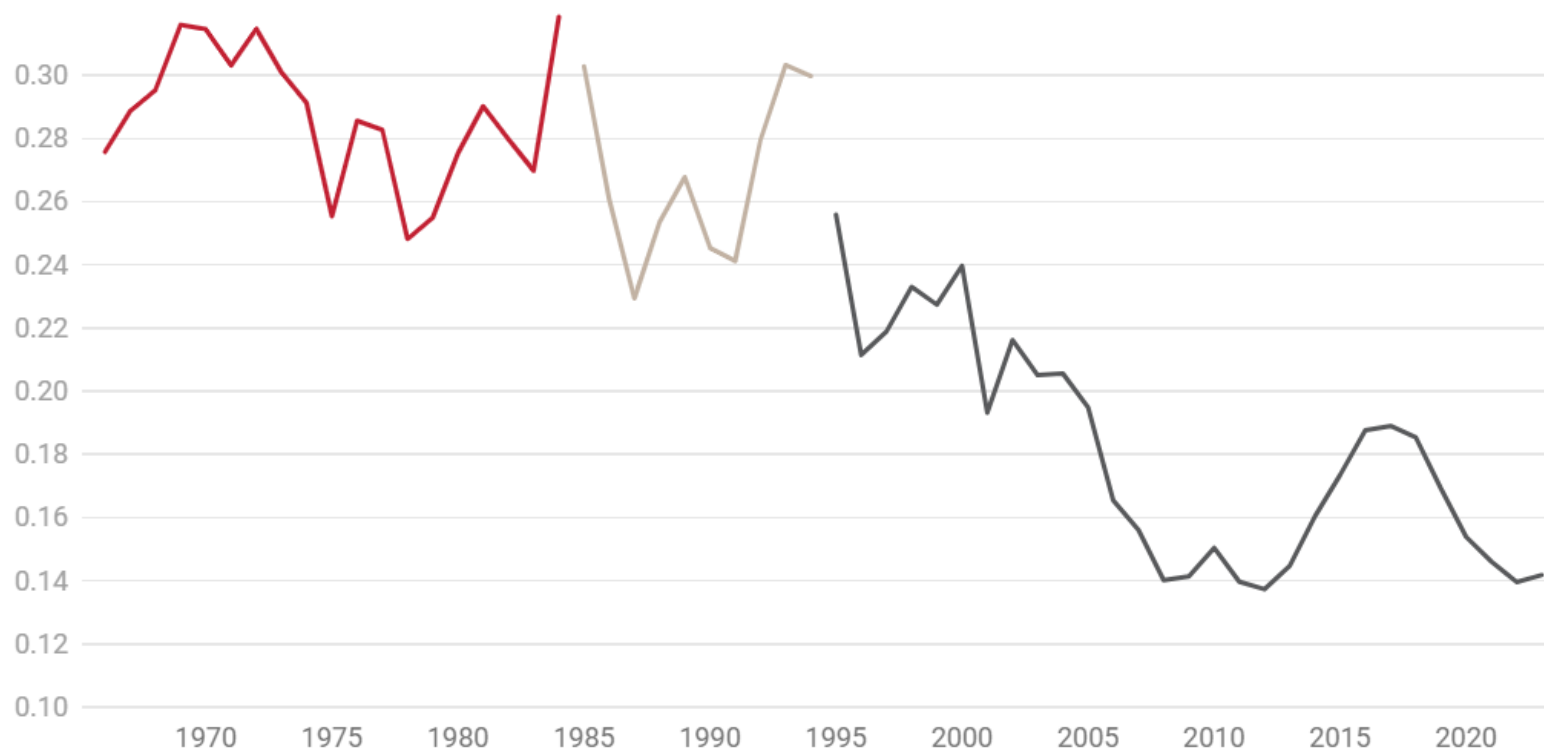
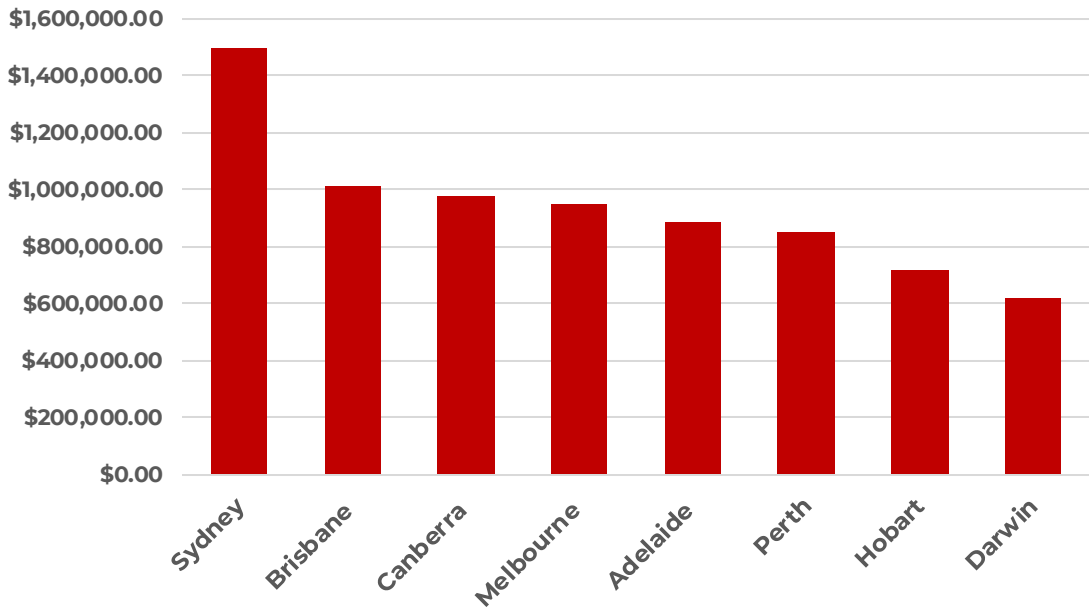


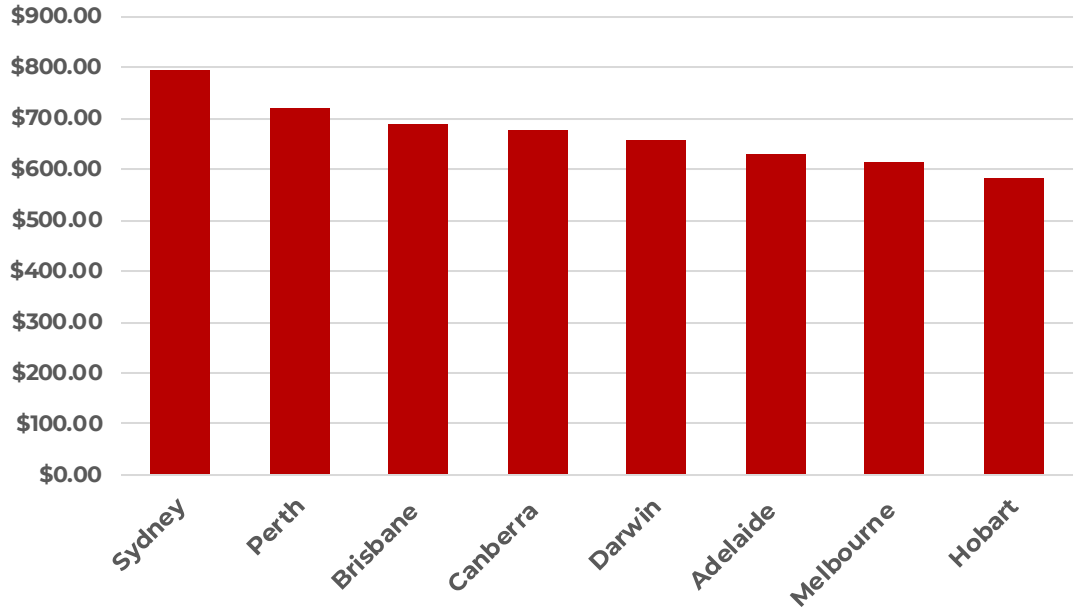
Chart: CEDA Analysis of ABS data • Source: [Labour Force Australia 1966-1984](#), [Labour Force Australia 1978-1995](#), [Labour Account \(Current series\)](#) • [Get the data](#) • Created with [Datawrapper](#)

# House prices and rents **remain high**

Median House Price



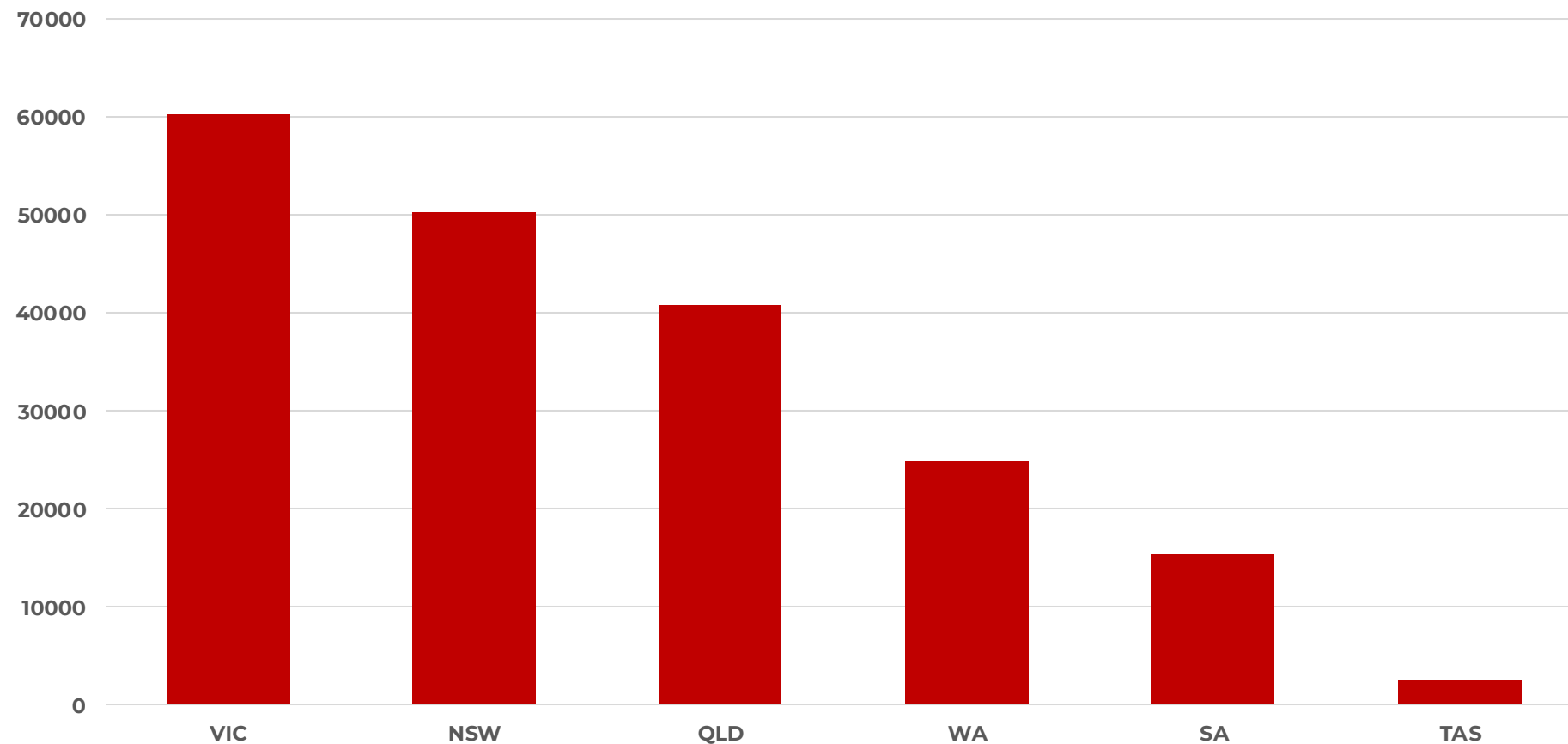
Median Weekly Rent (All Dwellings)



Source: Cotality

# Building activity remains **soft**

Dwelling Approvals (year ended May 2025)



Source: ABS

# Australian continue to choose to **work-from-home**

## More than one-third of employed Australians still regularly work from home

Work from home status (%)

■ 2016 ■ 2023 ■ 2024

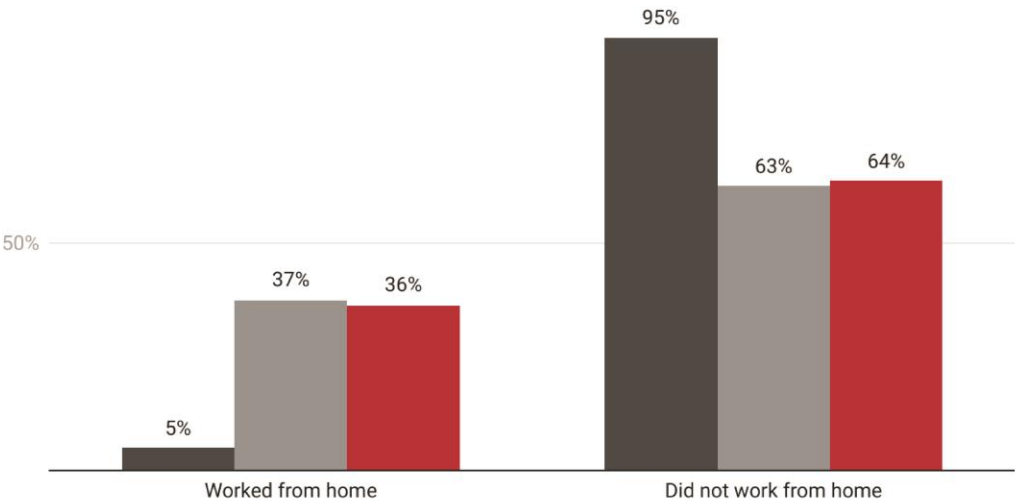


Chart: CEDA Analysis • Source: Australian Bureau of Statistics (August 2024), Australian Bureau of Statistics (2016), • Created with Datawrapper

>ceda

## Average annual wages (\$)



Source: HILDA survey • Created with Datawrapper

5.8% Lower

>ceda

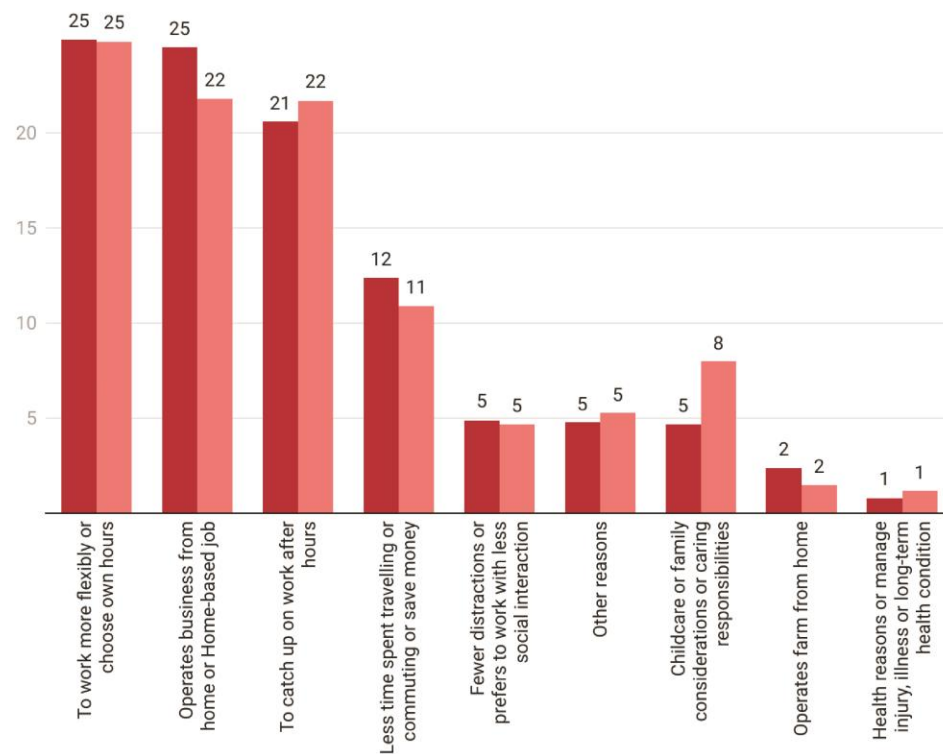
>ceda

# Work-from-home allows less commute and **more hours worked**

## Flexibility is still the main reason for WFH

Main reason worked from home, August 2024 (%)

■ Males ■ Females



Source: Australian Bureau of Statistics • Created with Datawrapper



**19.7%**  
increase in  
hours worked

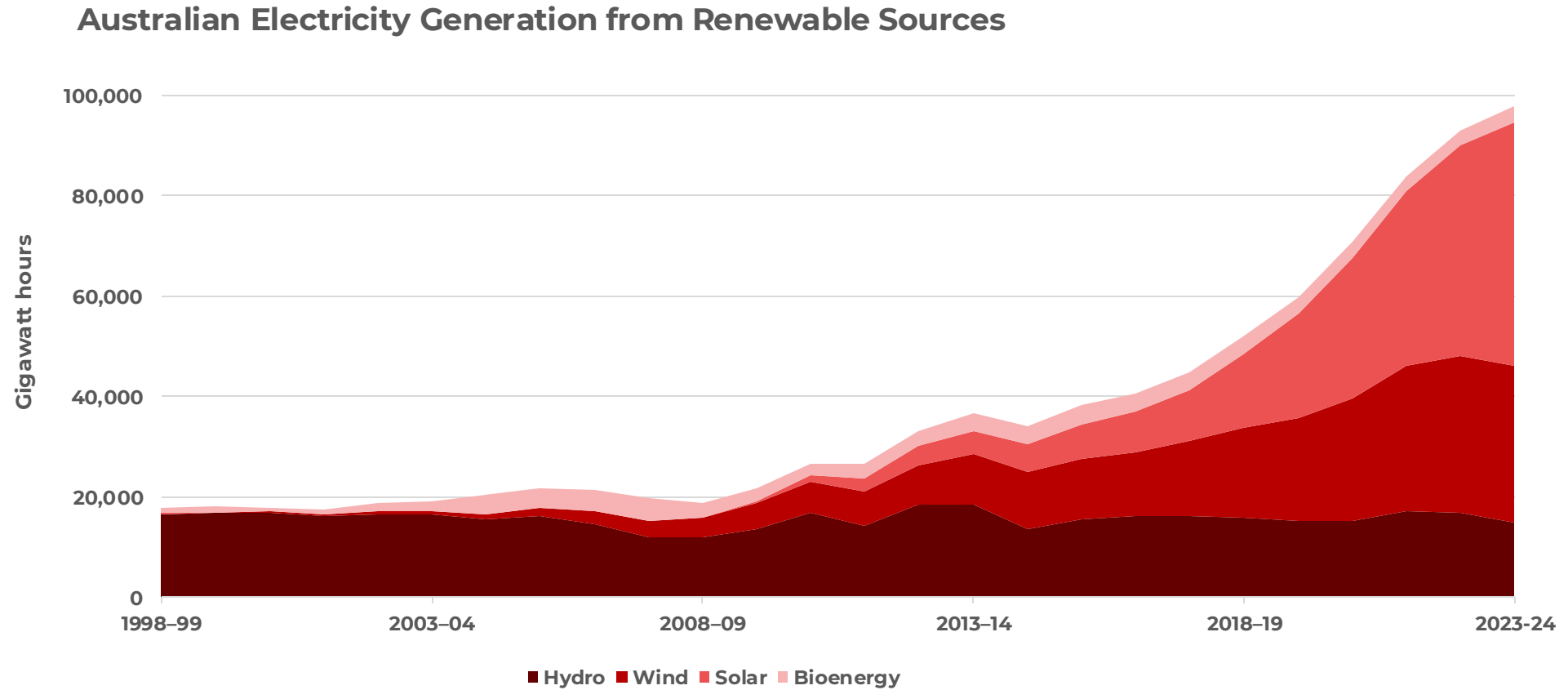
**15.7%**  
decrease in  
travel time



**4.4%**  
increase in  
participation



# Rooftop solar driving the energy transition



Source: Australian Government: Department of Climate Change, Energy, the Environment and Water

OVERARCHING PURPOSE

# PROSPERITY, FOR ALL AUSTRALIANS

## STRONG ECONOMY



PRODUCTIVITY  
INVESTMENT +  
INNOVATION



KNOWLEDGE  
SKILLS +  
WORKFORCE



ENERGY  
TRANSITION +  
CLIMATE  
ADAPTATION

## STRONG SOCIAL COMPACT



WELLBEING  
SECURITY +  
PARTICIPATION



DISADVANTAGE +  
OPPORTUNITY

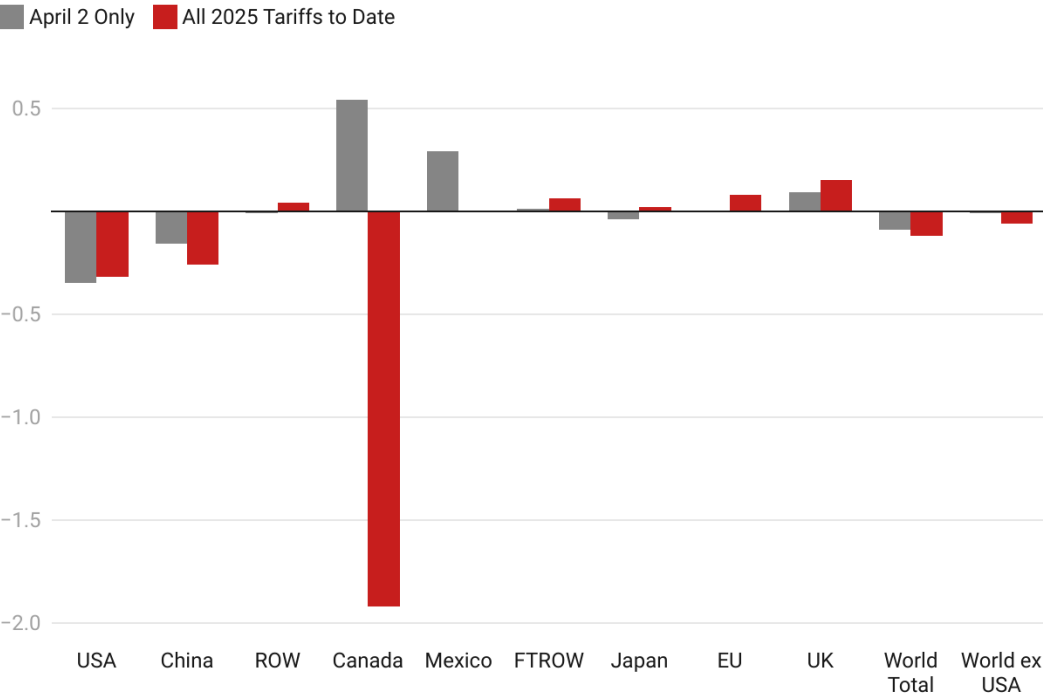


INCLUSION +  
EQUITY



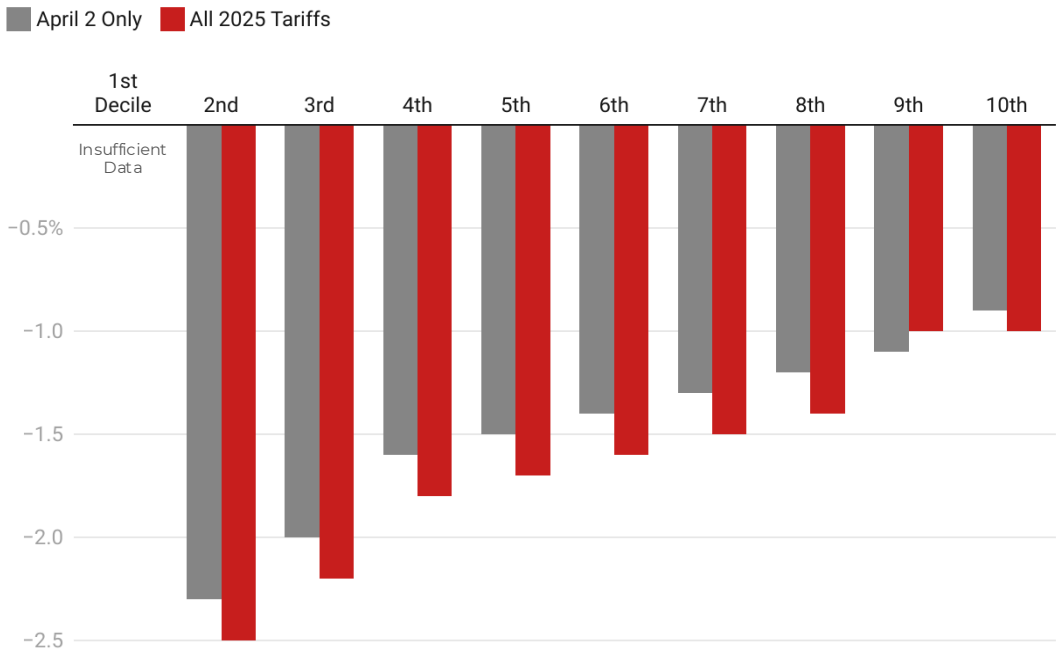
# The US will be among the **most impacted**

## Global GDP impacts of US Tariffs



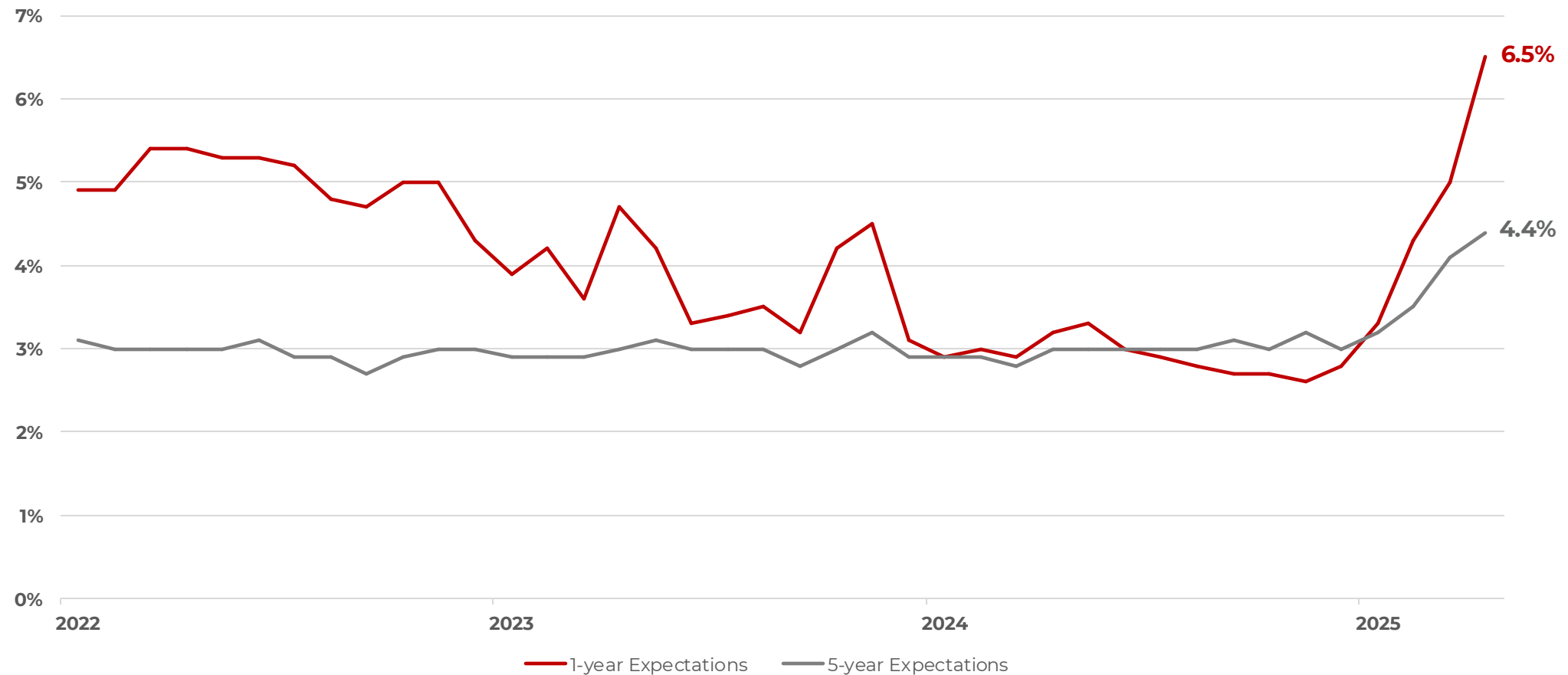
Source: Yale University Budget Lab, 10/06/25

## Impacts of Tariffs on US Household Income



# Uncertainty is already feeding through to US **inflation expectations**

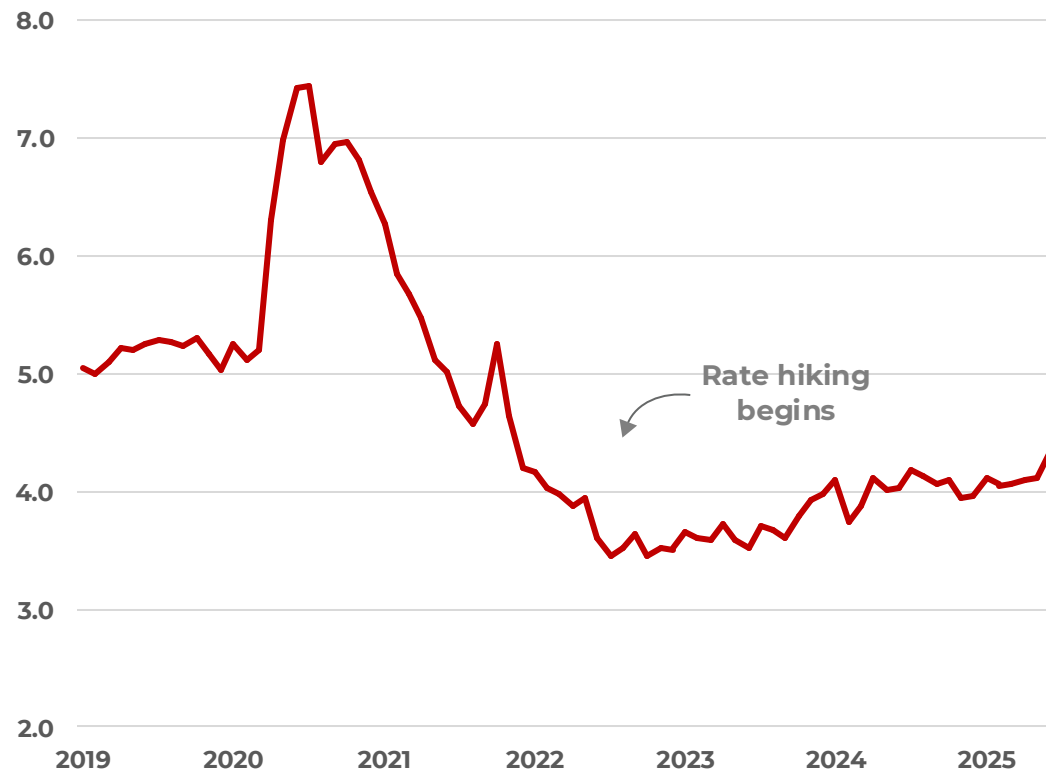
Median US Household Inflation Expectations



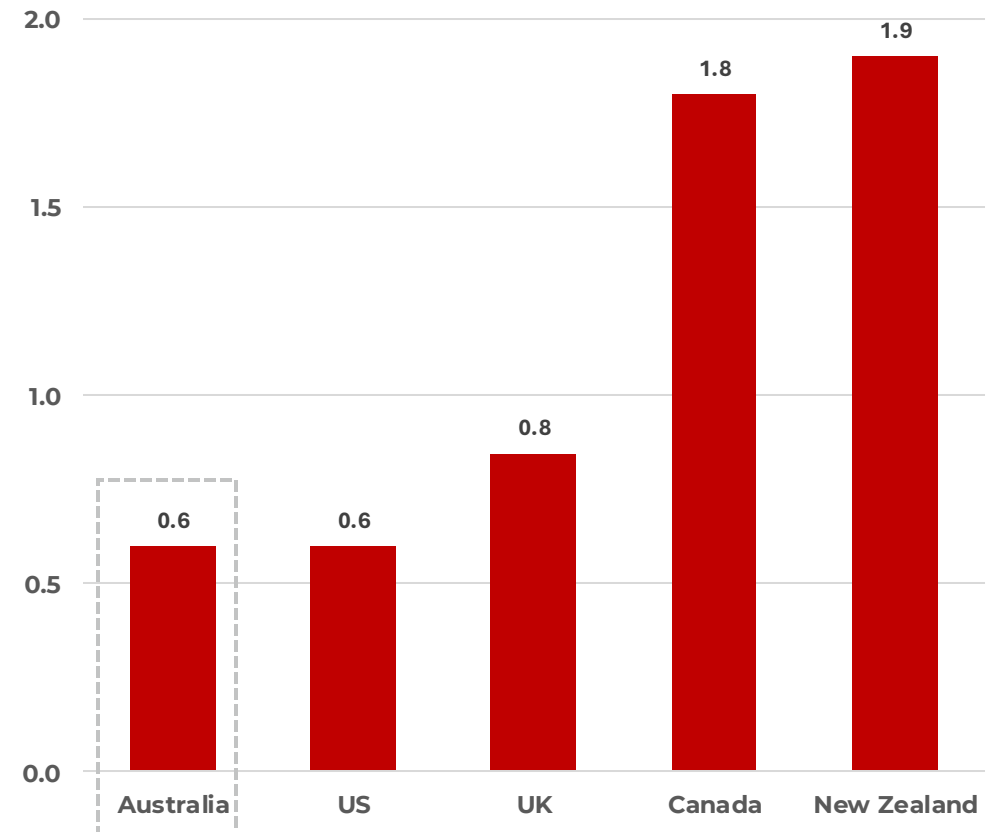
Source: University of Michigan, 2025

# Higher rates and slowing growth **have not led to broad increases in unemployment** in Australia

Seasonally adjusted unemployment rate, per cent



Increases in unemployment rate since post-pandemic lows, percentage points

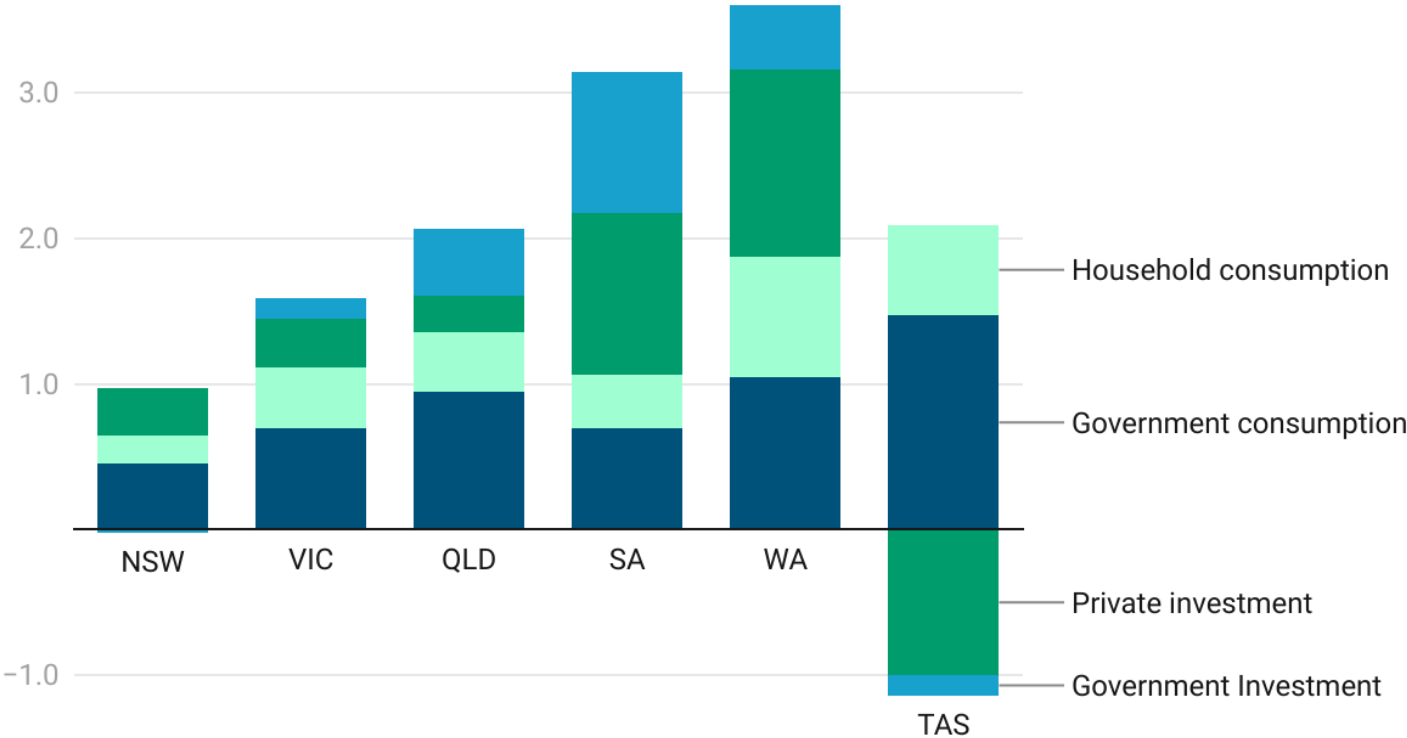


Source: ABS, Federal Reserve Bank of St Louis, Office for National Statistics, Statistics Canada

# Government spending is driving economic growth

## Gross State Demand

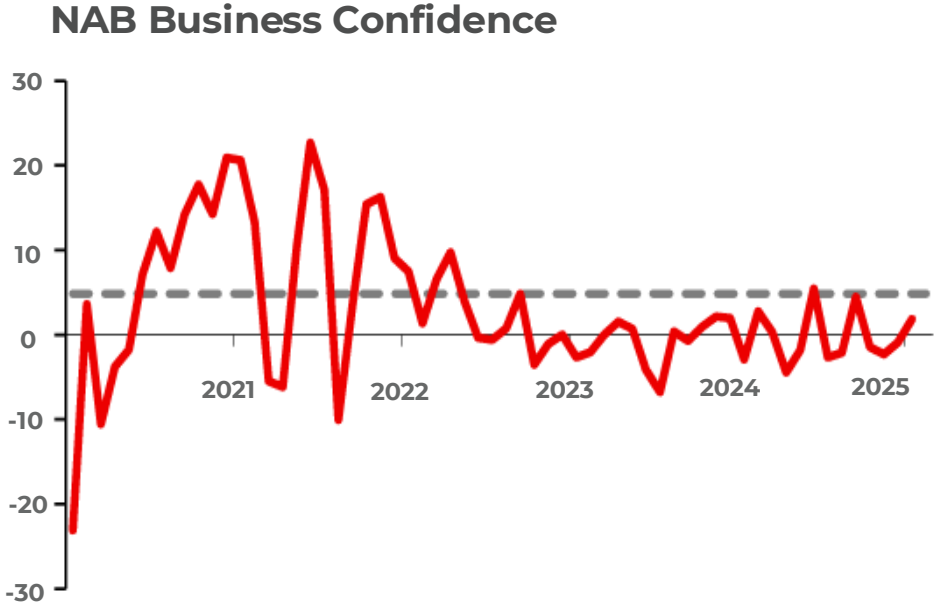
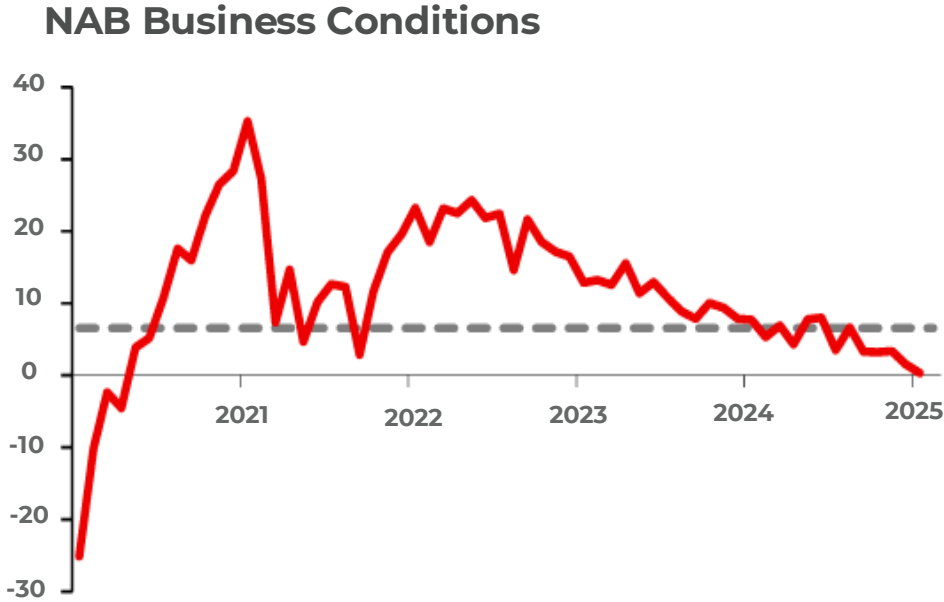
Per cent growth in the 12 months to first quarter 2025



Components measure their percentage point contribution to gross state demand growth

Source: ABS National Accounts • Created with Datawrapper

# Business Sentiment



Source: National Australia Bank, 2025