Regional Australia set to weather economic storm

Regional Australia is reasonably well placed to deal with the global economic downturn, according to the latest ANZ Regional and Rural Quarterly released today.

The report predicts output from the agricultural sector will rise in 2009, after a general improvement in conditions following two consecutive years of drought.

ANZ General Manager Regional Commercial and Agribusiness, Mark Hand said: “Recent figures for Australia’s economy highlighted strong growth in the agricultural sector as some regions recover from improved seasonal conditions.

“While we expect Australia to have a significant slowdown this year and unemployment to rise, the diversity of regional economies will help these areas cope with the downturn better than the last recession in the early 1990s.

“We expect tourism and construction to lead the way in regional Australia, to ensure employment levels are maintained in our regional areas during this challenging time,” Mr Hand said.

Key findings in the report include:

- Regional economies impacted by recent natural disasters including bushfires and floods may take up to 12 months to fully recover.
- The performance of Japan, which is currently experiencing a decline in economic activity, will have a major impact on some regional economies in 2009, as it is a key consumer of Australian agricultural exports.
- The rural sector is currently being insulated by the falling Australian dollar and lower input costs.
- The agricultural sector is expected to be one of the few industries in Australia where the jobs market will improve in 2009.
- There is a growing pipeline of non residential construction work in regional areas.
- Residential construction in regional Australia is expected to show signs of improvement, as first home owners are attracted back into the market.

The report highlights region-by-region trends across Australia for agriculture, population growth, employment, building approvals and the value of rural land holdings.

The ANZ Regional and Rural Quarterly is available at ANZ Economics.

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