

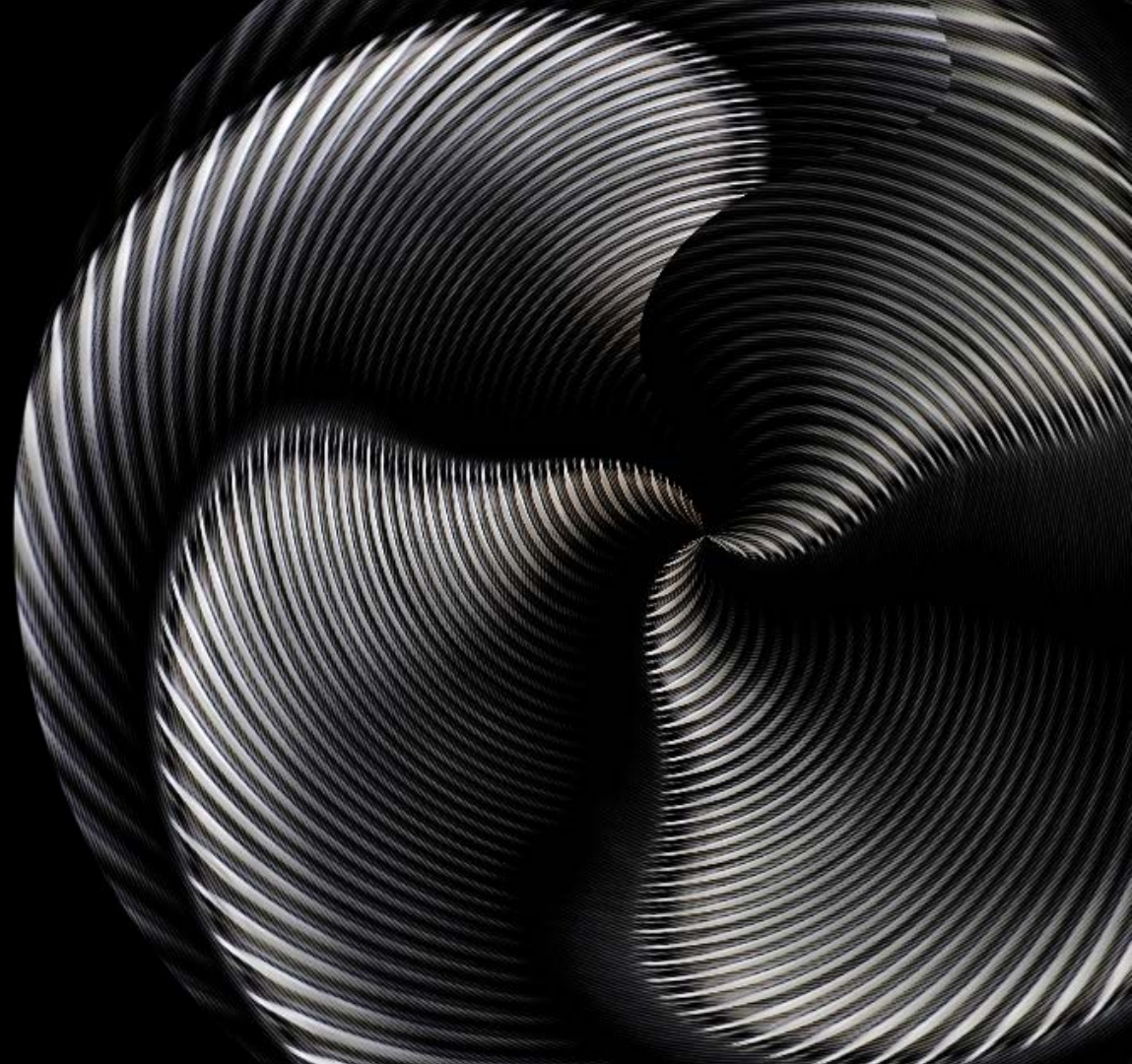
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**ABARES
Outlook
Conference**

The big picture

Chris Richardson

7 March 2017



Australia's 2007 will be better than you think

The headlines may be exciting, but politics and economics are two different things.

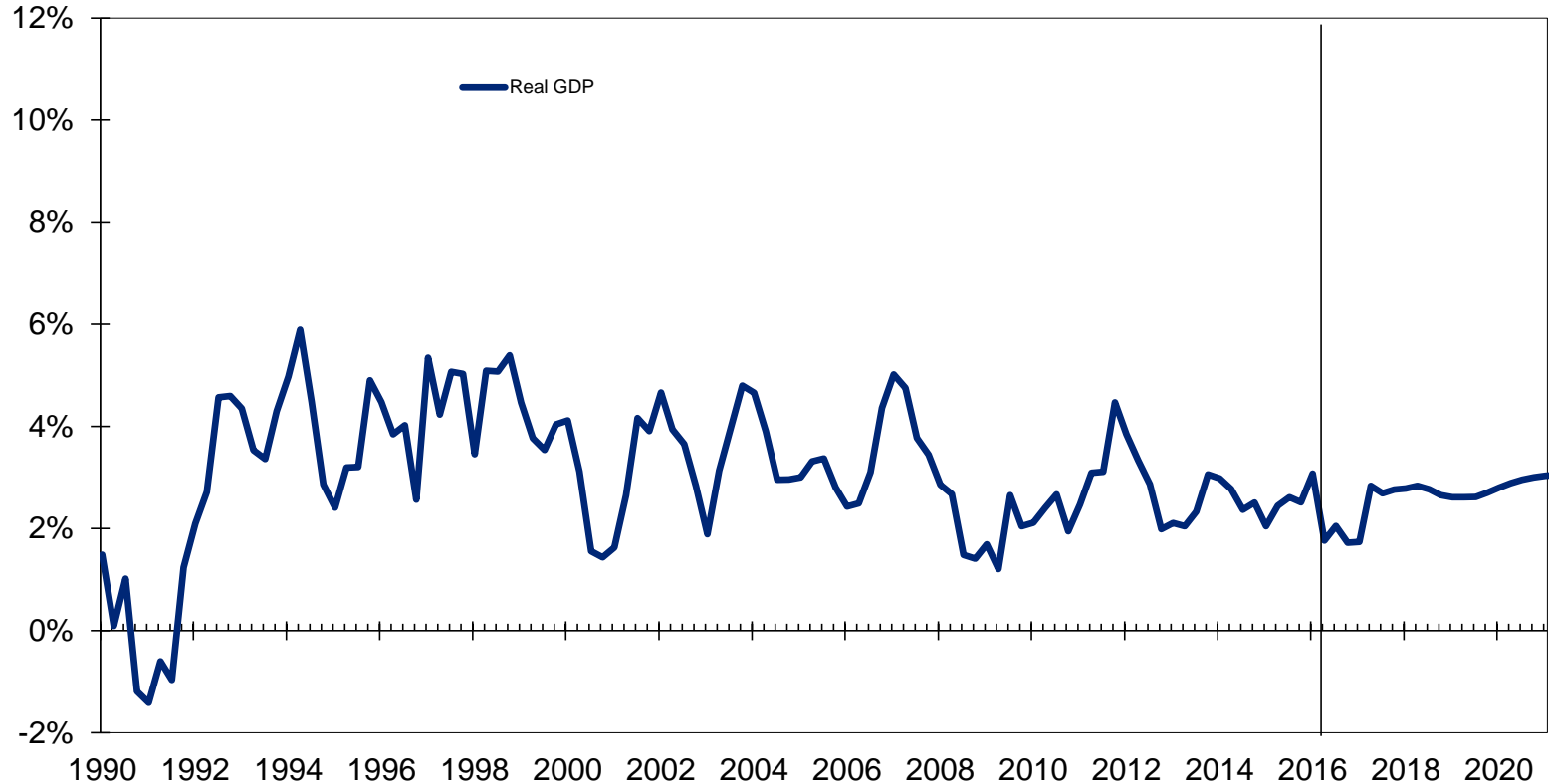
The dominant driver of Australia's 2017 is unlikely to be the 3Ts of Trump, trade and tariffs. Rather, China's stimulus is the key.

That will boost national income, and provide a tailwind for farm product prices on world markets.

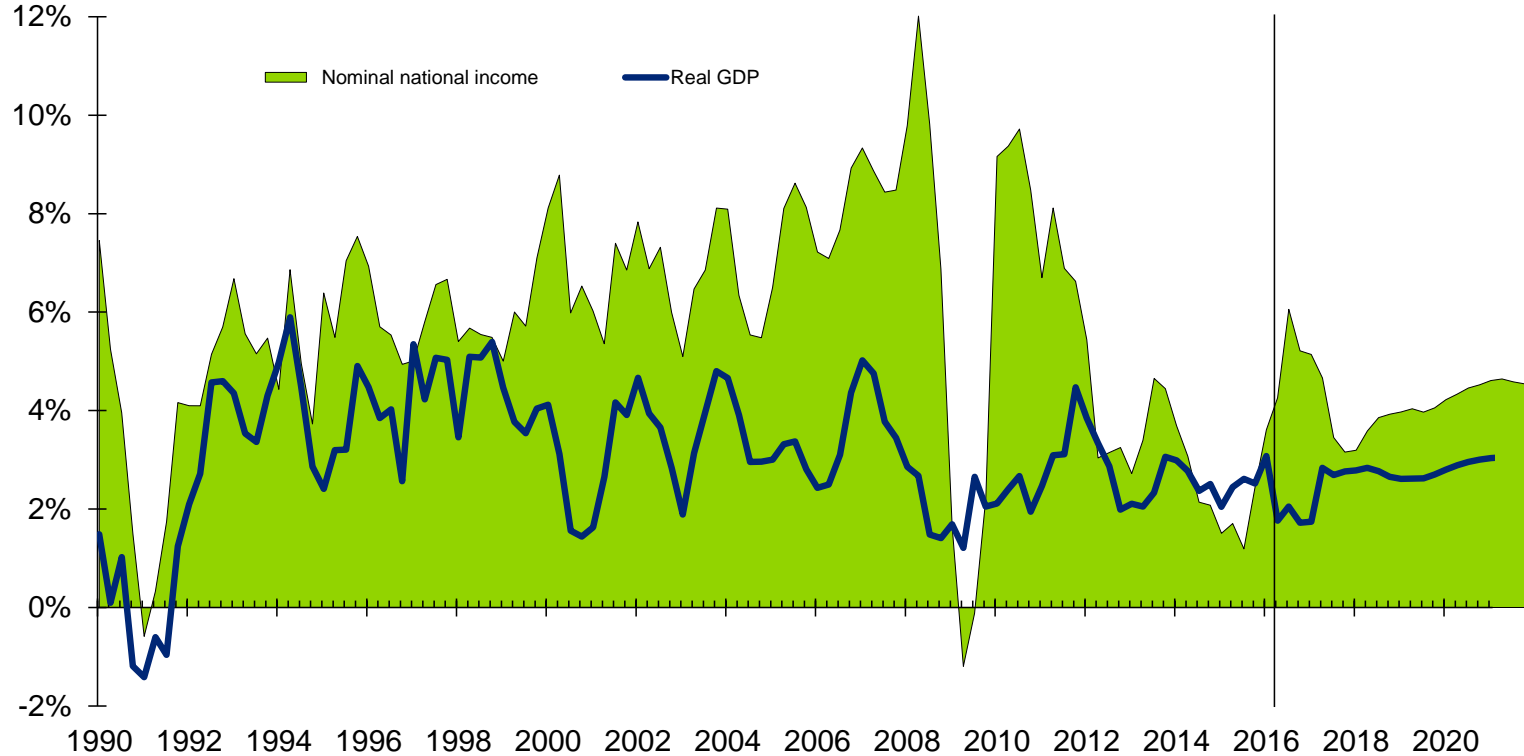
But it will also keep the \$A elevated, and put a floor under interest rates.

And beyond 2017? Don't forget that China's stimulus will ultimately prove temporary, and that interest rates will eventually rise.

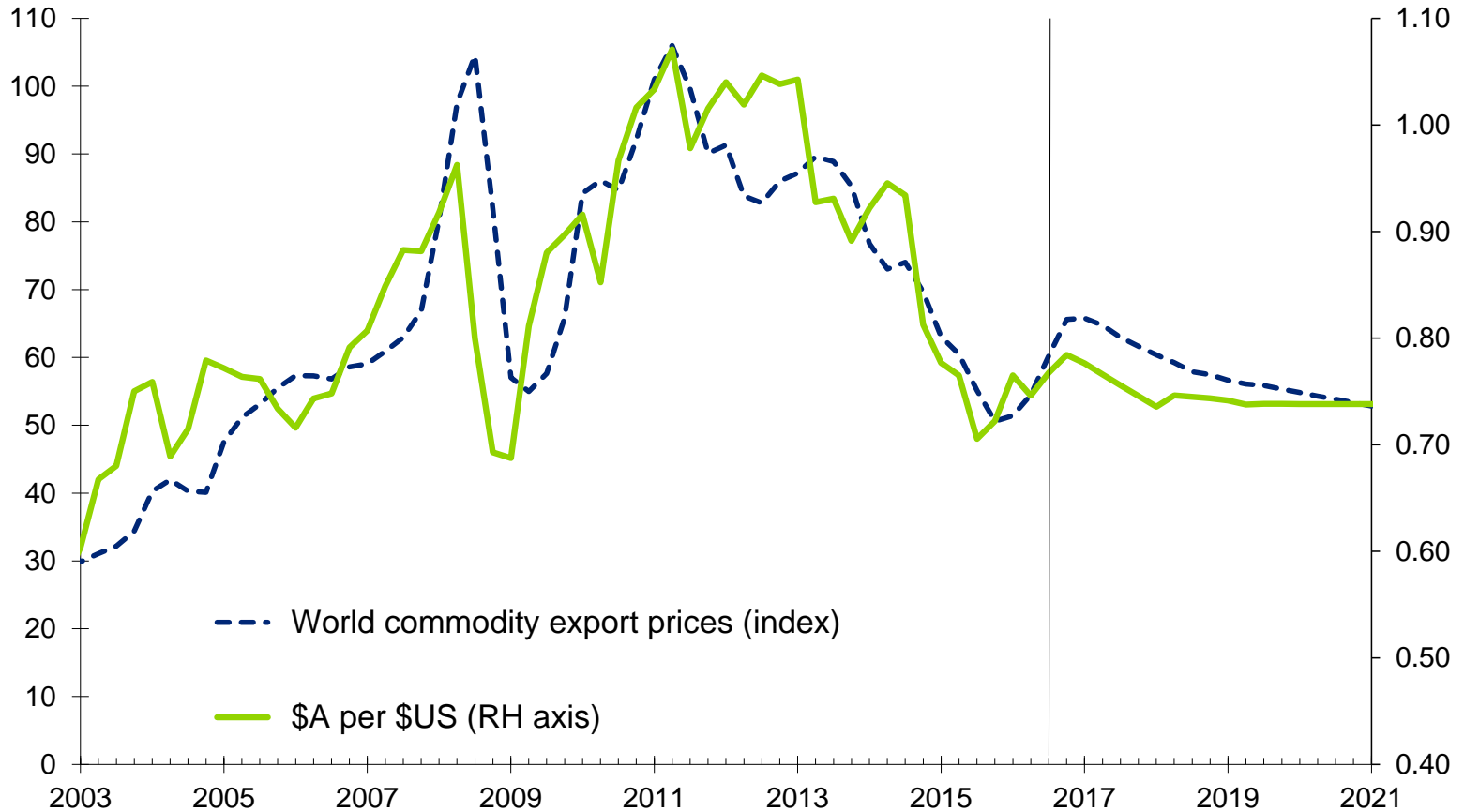
Forget everything that any economist has ever told you ...



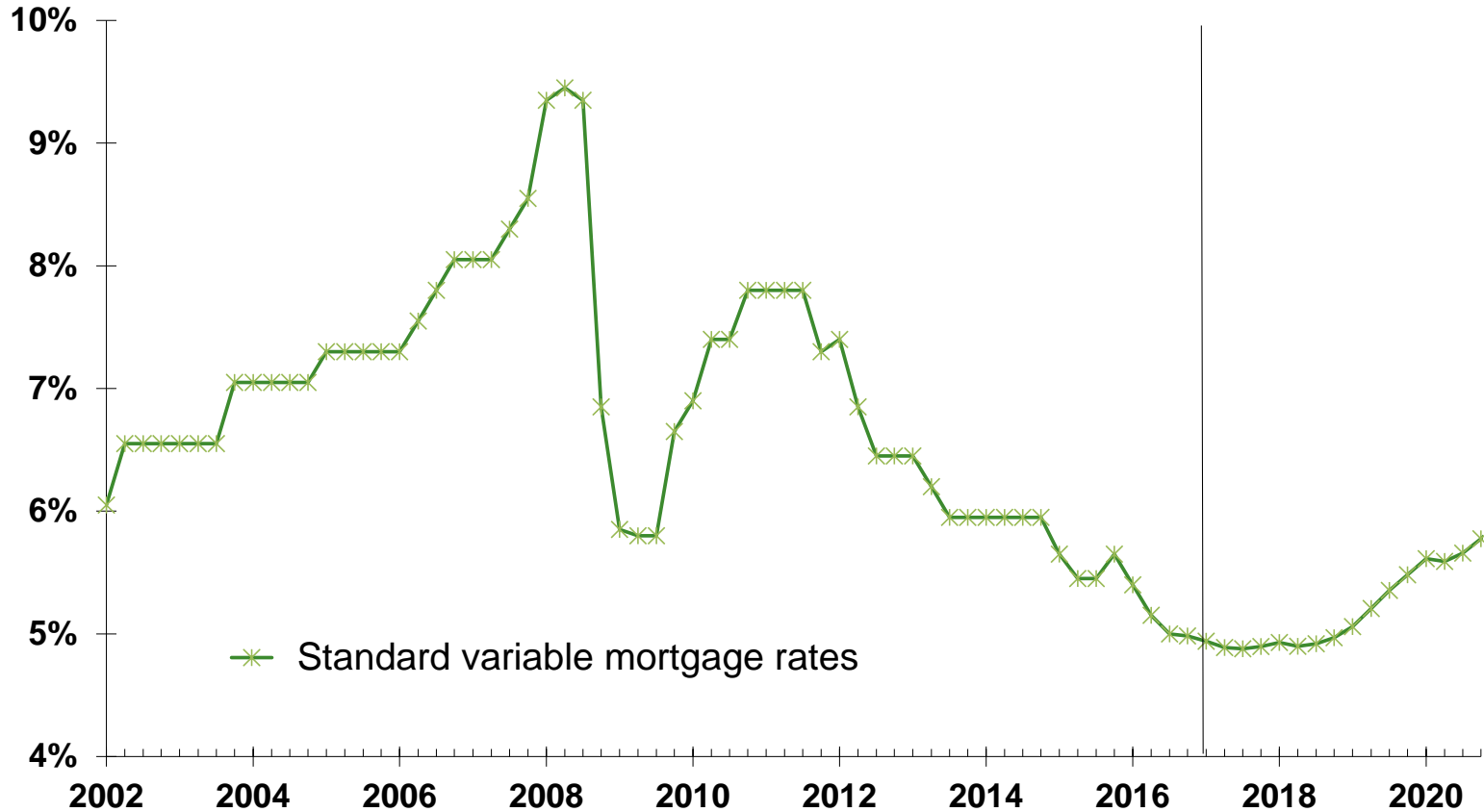
Commodity-driven recovery in revenue for Australia Pty Ltd



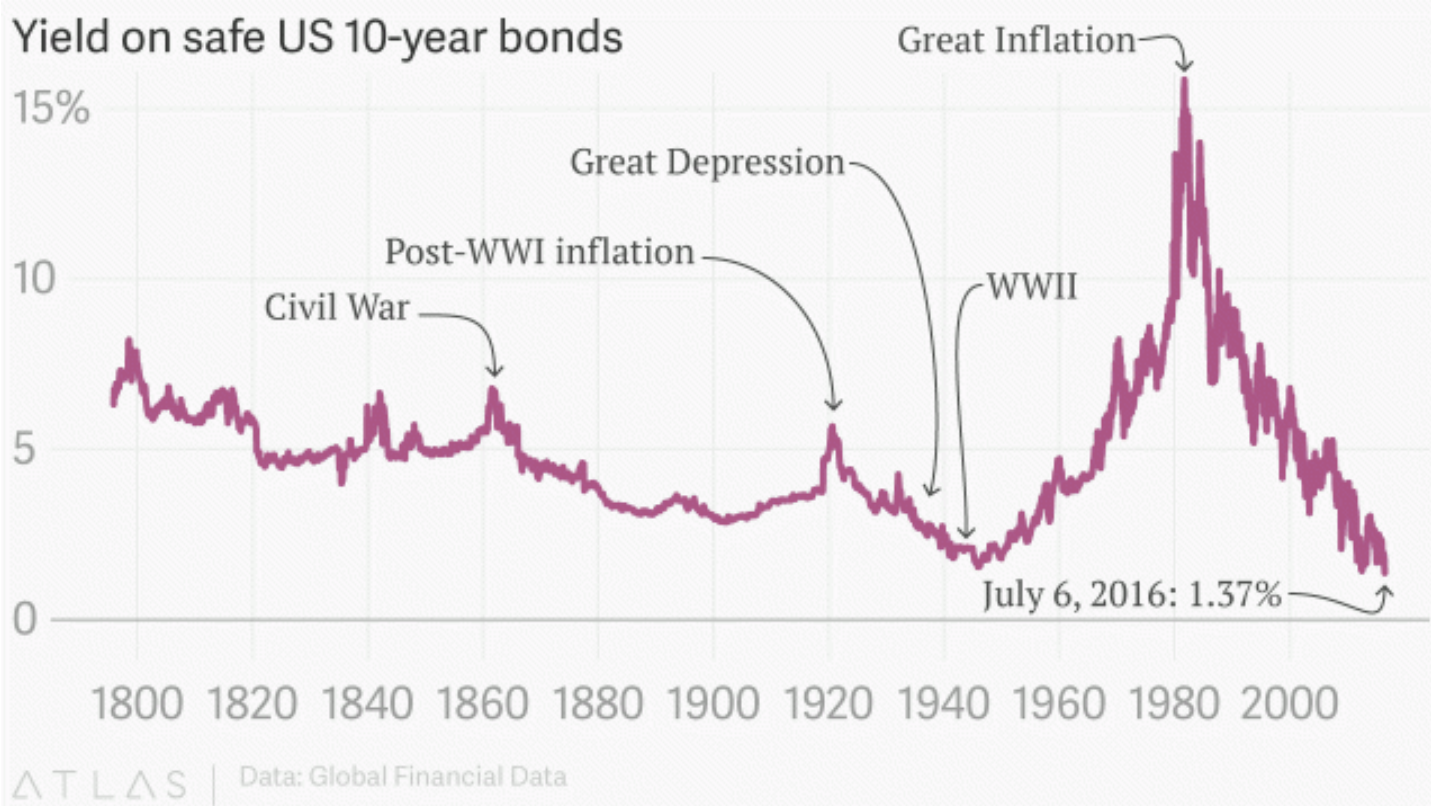
The \$A amid the currency wars



Interest rates – the next move is likely to be up

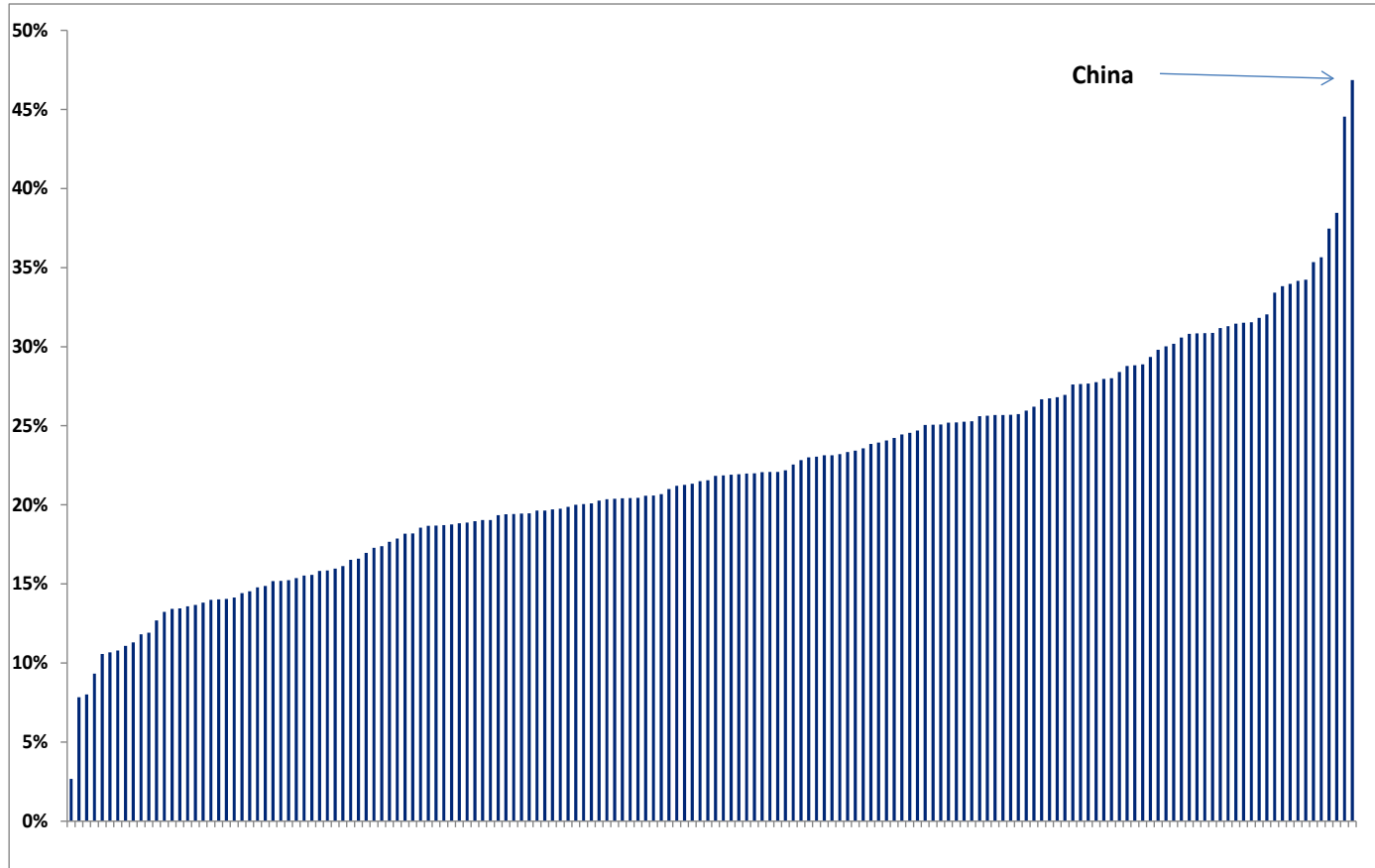


A long way 'home'



China is only part way through a tricky transition

Investment spending as a share of 170 different economies





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