



Media Release

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NSW and Victoria mitigate resources downturn

-But ANZ report shows economic growth in five Australian states remains below average-

Report highlights:

- The economic performances of New South Wales (NSW) and Victoria continue to improve, with NSW extending its lead.
- Growth rates in other states remain below trend.
- The mining states have stalled for now, while South Australia (SA) has fallen further behind.
- Tasmania is at risk of losing momentum, while the Australian Capital Territory (ACT) was the biggest improver.

ANZ's Stateometer, a new economic measure of Australia's states and territories, rates NSW and Victoria as the country's top economic performers over the past year.

Strong residential investment, improving business and labour market conditions and pockets of strength in commercial property, have lifted economic activity in NSW and Victoria as Australian resource investment continues to decline.

The report also showed economic growth in five Australian states was below trend in the year to June, while Tasmania is close to its trend rate.

One of the report's authors and ANZ Co-Head of Australian Economics Cherelle Murphy said: "Economic activity in NSW and Victoria gained momentum over the past year and recorded growth rates above their long-run averages. Given the improvement in activity for NSW and Victoria, which together account for more than half of Australia's GDP, we expect an ongoing, although slow economic recovery for Australia."

Tasmania and Queensland share similar characteristics to the stronger states including solid housing and private consumption and are also benefiting from the depreciating Australian dollar. "We expect their below-trend lower momentum position on the ANZ Stateometer will change as these drivers lead to recovery rather than further deterioration."

Western Australia (WA) and SA are experiencing downward momentum caused by WA's ongoing mining consolidation and SA's weakening industrial sector.

Economic activity increased in the Northern Territory due to recent improvements in its labour market. However it is expected to remain well below its growth trend rate due to a likely ongoing decline in overall business investment.

The ACT increased its momentum significantly but its performance has been well below its trend rate since Commonwealth budget tightening began around 2011.

Despite momentum improvements across most states, ANZ expects limited GDP growth in the June quarter due to the below trend economic performances of Queensland, WA, SA, NT and the ACT.

“With strong inter-linkages between NSW and Victoria and the rest of the country, the weight of the resources downturn does present a downside risks to these economies,” Ms Murphy said. “The backdrop of falling commodity prices and unsettled financial markets are also downside risks we are keeping a close eye on.”

A copy of the report is available at [ANZ Live](#).

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