



Activity

Analysing Australia's Economic Performance



This Activity is designed to help you understand some of the ways to analyse trends in the performance of the economy, using data and charts – just as economists do. You can learn more about charts in the Reading and Interpreting Charts resources.

You will be researching the performance of the Australian economy by reading and interpreting charts on the following key economic indicators:

- Economic Growth (GDP Growth)
- Unemployment Rate
- Inflation
- Cash Rate Target

Part 1 – Current economic conditions

Using the RBA's Snapshot Comparison

To access the data and charts, go to the RBA's Snapshot Comparison, found at: <https://www.rba.gov.au/education/resources/digital-interactives/snapshot-comparison/>

Select these two different periods of time:

- January 2019
- A recent month

(Hint: if the data for that month are available, a 'View' button will appear. If it doesn't, try an earlier month.)

Make sure 'Cash Rate Target', 'GDP Growth', 'Inflation' and 'Unemployment Rate' are ticked in the 'Refine by Subject' menu.

Click 'View' to see the data for the two chosen dates. Then click on the drop-down arrow for each indicator to reveal a chart of the data.

Record the most recent values for each of the indicators:

Indicator	Current value	Date of observation
GDP Growth		
Unemployment Rate		
Inflation		
Cash Rate Target		

Part 2 – Describing recent trends

This section will help you describe recent trends in key economic indicators in Australia. (Trend refers to the overall direction of the data over the time period.) These will reflect the onset of COVID-19, and the path of economic recovery that has followed. Look at the charts for each indicator and answer the following questions.

Tips for describing trends

Upward trend	Downward trend	Stable trend
Increased Trended upward Grew Jumped Picked up Rose Climbed Recovered	Decreased Declined Dropped Weakened Slowed Fell Dampened	Remained: - constant - steady - stable - unchanged
Degree of change - Sharply, rapidly, quickly, steeply - Considerably, significantly, substantially - Steadily, gradually, moderately - Slightly, slowly		

Your analysis

a) What is happening in each of the charts for the period since January 2019?
(Hint: was there an upward, downward, or stable trend? Are there any interruptions to this trend? What was the degree of the change – rapid, steady, significant?)

GDP Growth

Unemployment Rate



Inflation

Cash Rate

b) What are some possible reasons for these trends?

GDP Growth

(Hint: think about the effect that COVID-19 had on households' and businesses' spending on goods and services.)

Unemployment Rate

(Hint: think about the effect that COVID-19 had on people's jobs.)

Inflation

(Hint: think about the effect that changes in households' spending on goods and services, and the number of people in jobs, may have had on prices of goods and services.)

Cash Rate Target

(Hint: think about what the RBA considers in the economic conditions when it decides how to set monetary policy, including the cash rate target.)

Part 3 – Assessing current performance against longer-term average

This section will help you compare current economic conditions with average performance over a longer period of time.

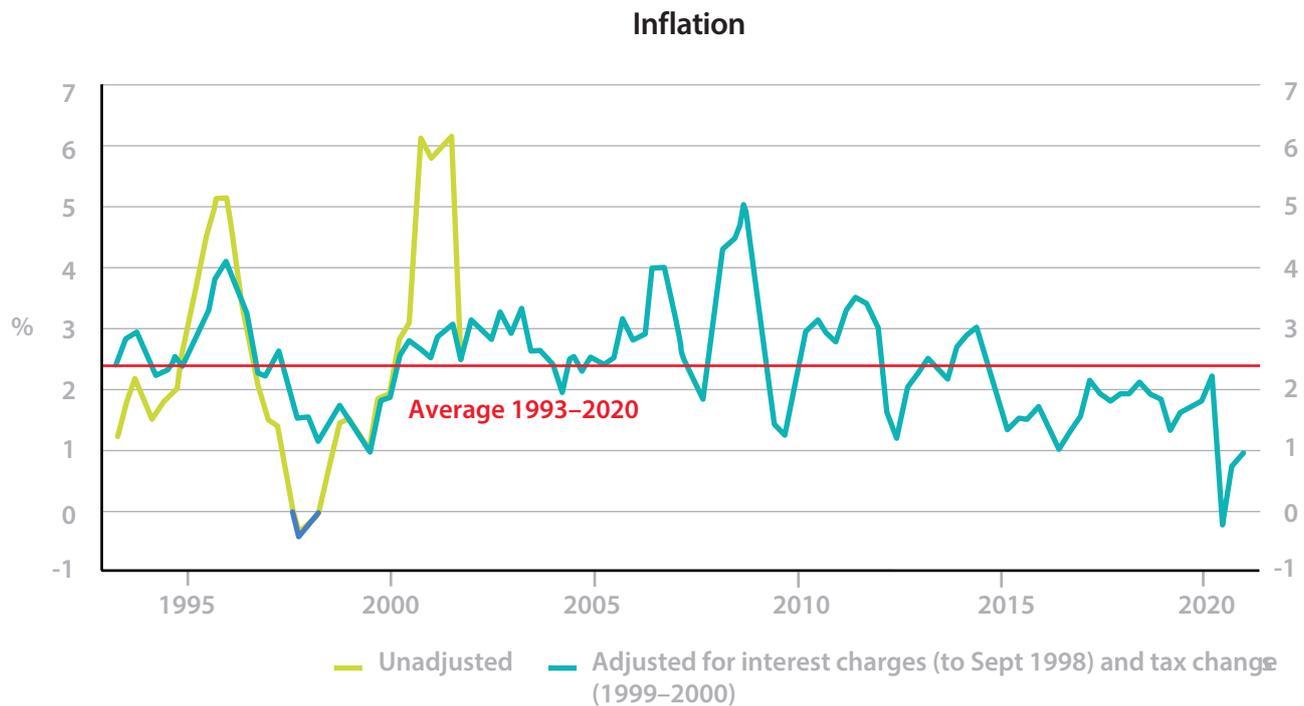
Again, use the Snapshot Comparison. This time, select a longer time period:

- January 1993
- The recent month you selected before

This will produce graphs for each indicator covering more than two decades and help you to answer the following questions. Economists at the RBA often examine trends in the economy since the introduction of inflation targeting (around 1993) when making decisions about monetary policy.

Your analysis

a) For each graph, use a ruler to estimate the average level of the economic indicator over the time period. Write down your estimate of the average level of each indicator. (*Hint: there should be about half of the data above the line and half below the line.*) In the example below, average inflation is around 2.4 % for the period shown:



Record the most recent values and average for each of the indicators:

Indicator	Current value <i>(Hint: copy your answers from Part 1.)</i>	Average Value
GDP Growth		
Unemployment Rate		
Inflation		2.4%
Cash Rate Target		

Your analysis

b) How does the most recent level of each economic indicator (collected in Part 1) compare with your estimate of its average level? (*Hint: is it higher, about the same, or lower?*)

GDP Growth

Unemployment Rate

Inflation

Cash Rate Target
