

> **Publication** Business Day > **Source** www.businessday.com.au > **Date** 3 June 2009

Australia dodges recession

Australia has dodged a recession, with data released today showing the economy expanded in the first three months of the year.

Gross domestic product for the March quarter grew 0.4 per cent, the Australian Bureau of Statistics said, following a revised 0.6 per cent decline in the final three months of last year. Two straight quarters of a shrinking economy are the textbook definition of a recession.

Analysts had expected the Australian economy to have shrunk 0.2 per cent in the first quarter, leading to back-to-back quarterly falls. The last time Australia experienced a technical recession was in 1991.

Excluding the farm sector, the economy grew by 0.5 per cent in the first quarter.

The March quarter's growth was helped by stronger-than-expected exports recorded in trade numbers yesterday, triggering a sharp narrowing of Australia's current account deficit to \$4.6 billion from \$6.5 billion in the fourth quarter of 2008.

Since the acceleration of the global financial crisis late last year, the Reserve Bank has cut 425 basis points from the official interest rate, chopping about \$1000 off monthly mortgage repayments as it moved to ease the financial outlooks of Australians and encourage more borrowing.

At the same time, the Federal Government has announced three rounds of stimulus plans aimed at keeping Australians shopping, buying homes and expanding their businesses.

On a year-on-year basis, the economy grew 0.4 per cent in the January-March quarter, showing the relative strength of Australia compared to the US, where the economy weakened by 2.5 per cent in the year to March.

The Eurozone dropped 4.6 per cent year-on-year, while Japan withered by 9.7 per cent over the same period. Analysts surveyed by Bloomberg predicted a 0.4 per cent year-on-year decline in Australia.

This article has been published from a source external to LM and is provided for information purposes only. Whilst the information contained in this article is believed to be accurate and reliable, LM does not guarantee or warrant the accuracy, reliability, completeness, currency or usefulness of the information and is not responsible for or liable in respect of any loss, damage, cost or expense suffered as a result of reliance on that information by any person.