Australian GDP Performance

Available data from Organization for Economic Co-operation and Development (OECD) allows for a comparative analysis for how the Australian quarterly GDP performs over the years. Australia holds the current record worldwide as the economy with the longest economic growth among developed countries.

How GDP growth rate is calculated?

GDP is calculated first on a quarterly basis with the following formula:

Quarter-on-quarter GDP Growth Rate = (Current Qtr GDP – Previous Qtr GDP)/Previous Qtr GDP

The resulting growth rate for the quarter is then annualized using the following formula:

Growth Rate = [ (1 + Quarter-on-quarter GDP Growth Rate)4 – 1 ] \* 100

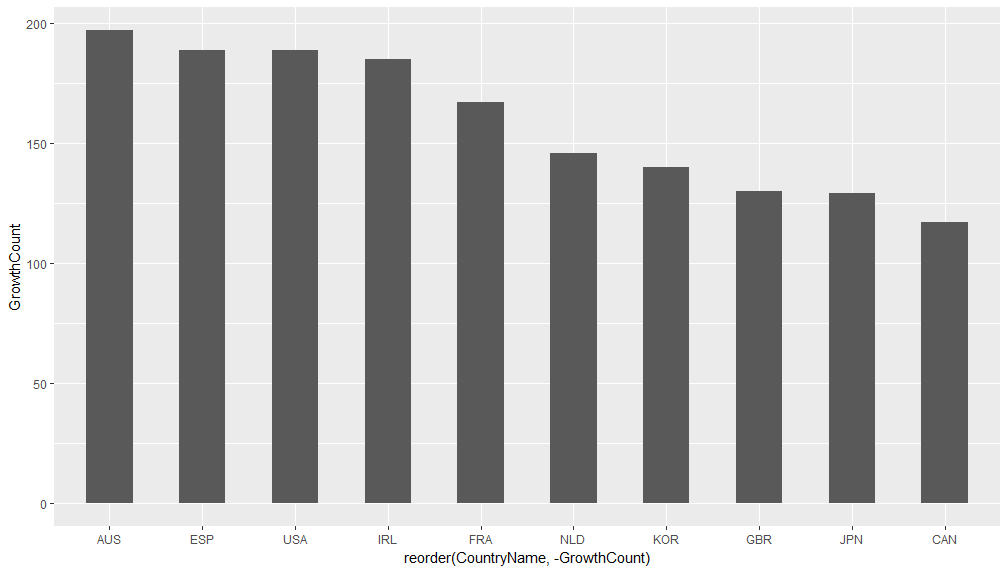
The resultant Growth Rate is rounded 1 decimal number. GDP Growth rate is a quick indicator whether on how the country’s economic performance compares with the previous quarter and with the same quarter the previous year.

There are several so-called approaches in calculating GDP. These are the Output Approach, Expenditure Approach, and the Income Approach. Output Approach is characterized by computing the GDP using the total value of goods and services produced by the country. The Expenditure Approach uses government spending, consumption, net exports and investments whilst Income Approach measures the GDP by the total income generated in producing goods and services.

Australian GDP Data Exploration

For our group, the Skeptics, we decided to use the Expenditure Approach as the GDP method by which we work on this paper. We sourced our data from OECD. Annual and quarterly GDP data from 1960 for all the 3 GDP approaches are available in OECD. For the purpose of comparing Australian GDP vs the top 10 OECD member economies, we used the GDP Expenditure Approach data from OECD. GDP data of Canada, Spain, UK, Ireland, Japan, South Korea, The Netherlands, France, and USA was chosen for comparison with Australia. Graph 1 shows the bar chart on the most number of consecutive periods or quarters the countries enjoyed uninterrupted GDP growth. It is worth mentioning that on this research, we are using the Expenditure Approach data, which may not show exactly the same figures or results as that of the other approaches in terms of GDP behaviors or performance measurement. Secondly, that continuous periods of growth are just one of the many economic performance indicators that economists or investors look into when looking at country’s overall economic behavior.

Graph 2 is the plot of economic growth of the 10 countries from 1960 to 2017.



Graph 1: Periods of uninterrupted growth of 10 countries (Data Source: OECD)



Graph 2: GDP growth of 10 countries from 1960 - 2017 (Data Source: OECD)