**ECON7021 Individual Assignment Part 1**

**Pre-pandemic Macroeconomic Conditions of Australia**

**COVER SHEET**

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**Declaration:**

I, Amritesh Kumar Maurya, hereby declare that this report is my own work and all materials from other sources are fully and properly referenced.

I, Amritesh Kumar Maurya, hereby declare that I have completed Part A and B of [UQ Academic Integrity Modules (AIM)](https://edge.edx.org/auth/login/tpa-saml/?auth_entry=login&idp=uq-edge&next=%2Fcourses%2Fcourse-v1%3AUQx%2BAIM_Student%2B2019_S1%2Fabout).

**Word count** (excluding this cover sheet and Section 2 References): 382

1. **Pre-pandemic macroeconomic conditions of Australia**

Australia is a developed mixed economy, ranked 14th largest economy as of 2019 by International Monetary Fund. It has seen a strong period of growth since last recession in 1991 and didn’t had a recession in last 27 years as of 2019. Main reasons of it not hitting recession is its natural treasure trove of natural resources like iron ore, gas and coal.

Above diagram represents GDP and GDP per capita growth of Australia from 2015 to 2019. It is clealy visible that both the variables have been approximately same since there is not much of change in both growth rates from 2015 to 2019. Australian economies stability over the period even depicts higher economic growth.

Above diagram through World Bank report represents Inflation and Unemployment in Australia from 2015 to 2019. Inflation rate in Australia has changed from 1.51% in 2015 to 1.61% in 2019 which is below 2%. As per, Governer and Treasurer of Reserve bank of Australia, the inflation is ideal around 2-3% since it does not affects economics decisions in community. Whereas, unemployment rate declined from 6.05% in 2015 to 5.16% in 2019 of total labor force. This decline was result of Australia not facing recession since a long time along with inflation rate under control. Whereas, one of its causes is growing industries and FDI in Australia. FDI in Australia has growen at 8% per year from 2000 to 2020 as per report from Australian Trade and Investment Commission.

As per reports from World Bank’s world development indicators, BOP (Balance of payments) increased from -115 Bn (USD) in 2015 to 13 Bn (USD) in 2019 in which Current account balance of Australis grew from -56 Bn in 2015 to 8 Bn in 2019. On other hand, Capital account balance has fallen from -0.45 Bn in 2015 to -0.55 Bn in 2019 and Finance account grew up to 5.61 Bn in 2019. This growth in balance of payment from 2015 to 2019 shows that Australia’s total export is higher than its total imports which further implies that BOP surplus was used to fund domestic productions.

In my opinion, Australian economy had a good growth rate till 2019 as mentioned above and after wards got disrupted due to trade war with China, Covid-19 Virus wide spread and Australian Bushfire.

1. **References**
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3. Edmund Tand (2021), Economic Analysis, Australian Trade and Investment Commission, <https://www.austrade.gov.au/news/economic-analysis/who-invests-in-australia-analysing-2020-s-4-trillion-record-for-foreign-investment>
4. World Economy Outlook databases, International Monetary Fund (IMF), <https://www.imf.org/en/Publications/WEO/weo-database/2020/April>