

## **Australian economy expected to pick up pace in 2013**

SYDNEY, Nov. 21 (Xinhua) -- Australia's economic growth is expected to pick up the pace in 2013, driven by a surge in mining investment, according to a survey released on Wednesday by the Westpac Banking Corporation and Melbourne Institute.

The annualized growth rate of the Westpac-Melbourne Institute Leading Index, which indicates the likely pace of economic activity three to nine months into the future, was 4.1 percent in September, above its long term trend of 2.8 percent.

However, Westpac's Coincident Index, which measures current economic activity, was 2.6 percent, below its long-term trend of 3.0 percent.

Westpac chief economist Bill Evans said the Leading Index had now been above its long-term trend for two months.

"Westpac is a little less optimistic than the Index at this stage with our expectation that growth in the second half of 2012 will be around 2.5 percent, slightly below trend although we do expect a better outcome in 2013 of 3.5 percent growth," Evans said in a statement.

"Next year the economy will still be benefiting from a surge in mining investment although our expectation is that the spending peak will be around year end or early in 2014."

But Evans said the outlook was less rosy and there was scope for the Reserve Bank of Australia (RBA) to cut rates further to support the non mining sectors through 2013.

"The issue around growth will emerge through 2014 when mining investment is expected to be a drag on growth," he said.

"Without further rate cuts growth is likely to struggle to exceed 2.5 percent in 2014."