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MEDIA RELEASE

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IMF EXPECTS AUSTRALIA'S ECONOMIC GROWTH TO REBOUND

The International Monetary Fund (IMF) expects economic growth in Australia to rebound despite the global economy facing a downturn “far worse than during the 2009 global financial crisis” as a result of the impact of the coronavirus crisis.

The IMF is forecasting the global economy to fall by 3.0 per cent in 2020 which compares to a fall of 0.1 per cent in 2009 at the height of the global financial crisis.

Economic growth in Australia is projected by the IMF to fall by 6.7 per cent in 2020 as the world deals with the economic fallout from the coronavirus. However, the IMF is forecasting Australia to grow by 6.1 per cent in 2021, faster than the economies of the United States, Canada, Japan, France, Germany and the United Kingdom.

The Morrison Government has taken decisive action to protect Australians and the economy from the effects of the coronavirus, with Government support for the economy totalling \$320 billion or 16.4 per cent of GDP.

The \$130 billion JobKeeper payment will help keep more Australians in jobs as we tackle the significant economic impact from the coronavirus. In the absence of the JobKeeper payment, Treasury estimates the unemployment rate would be 5 percentage points higher and would peak at around 15 per cent in the September quarter.

The IMF also notes that the Reserve Bank of Australia (RBA) responded quickly to worsening risk sentiment by injecting \$90 billion into the financial system to support small and medium businesses to deal with the economic challenges that are being caused by the spread of the coronavirus.

Our disciplined economic and budget management saw Standard and Poor's last week reaffirm Australia's AAA's credit rating, noting that “while fiscal stimulus measures will soften the blow presented by the COVID-19 outbreak and weigh heavily on public finances in the immediate future, they won't structurally weaken Australia's fiscal position.”

Australia approaches this crisis from a position of economic strength. The Federal Budget returned to balance for the first time in 11 years and Australia's debt to GDP is about a quarter of what it is in the United States or United Kingdom, and about one seventh of what it is in Japan.

Our measures are temporary, targeted and proportionate to the challenge we face and will ensure Australia bounces back stronger on the other side, without undermining the structural integrity of the budget whilst maintaining our commitment to medium term fiscal sustainability.

Ends.