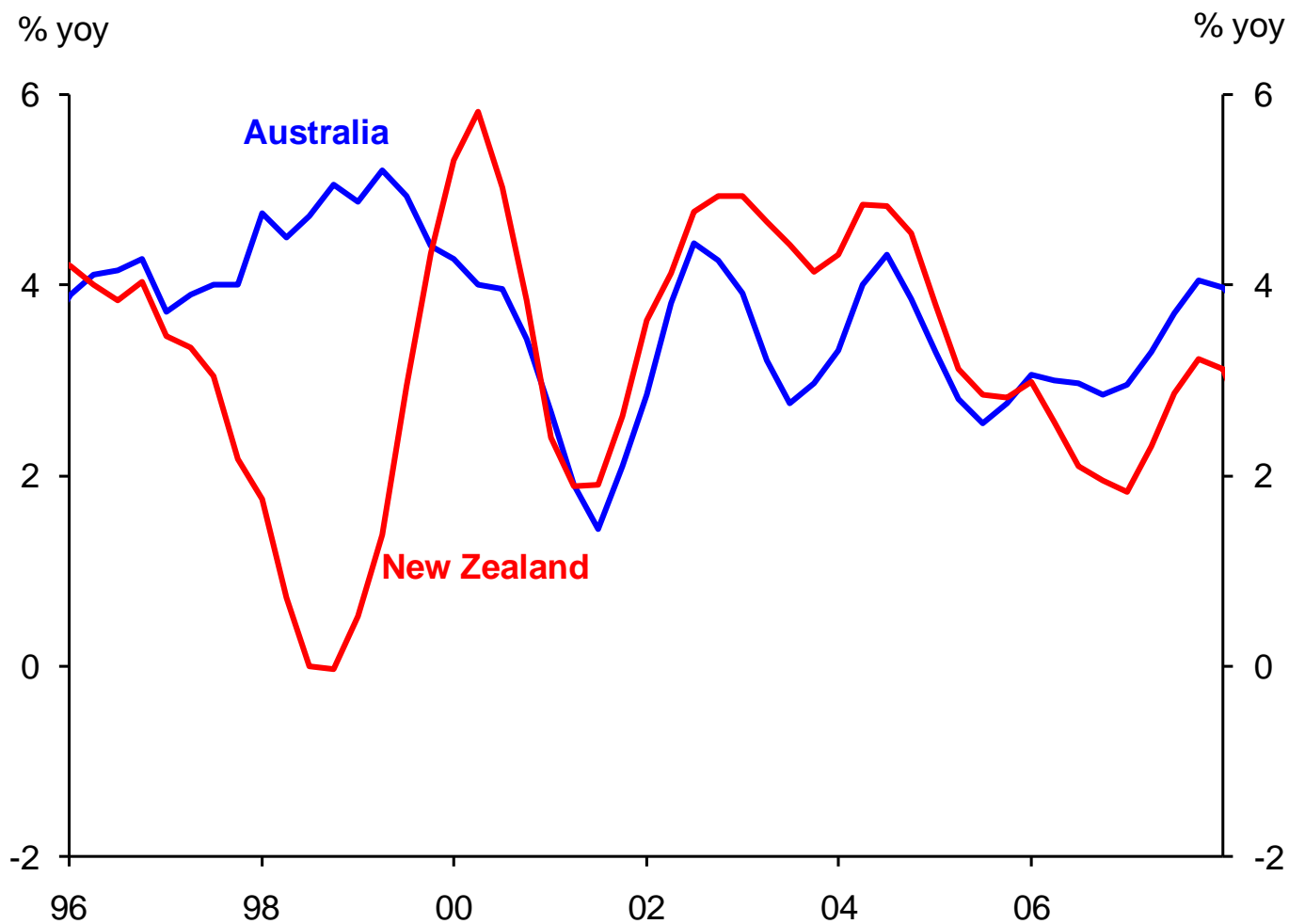


Both Countries Grew Strongly over the Decade

Australia stronger, but not by much

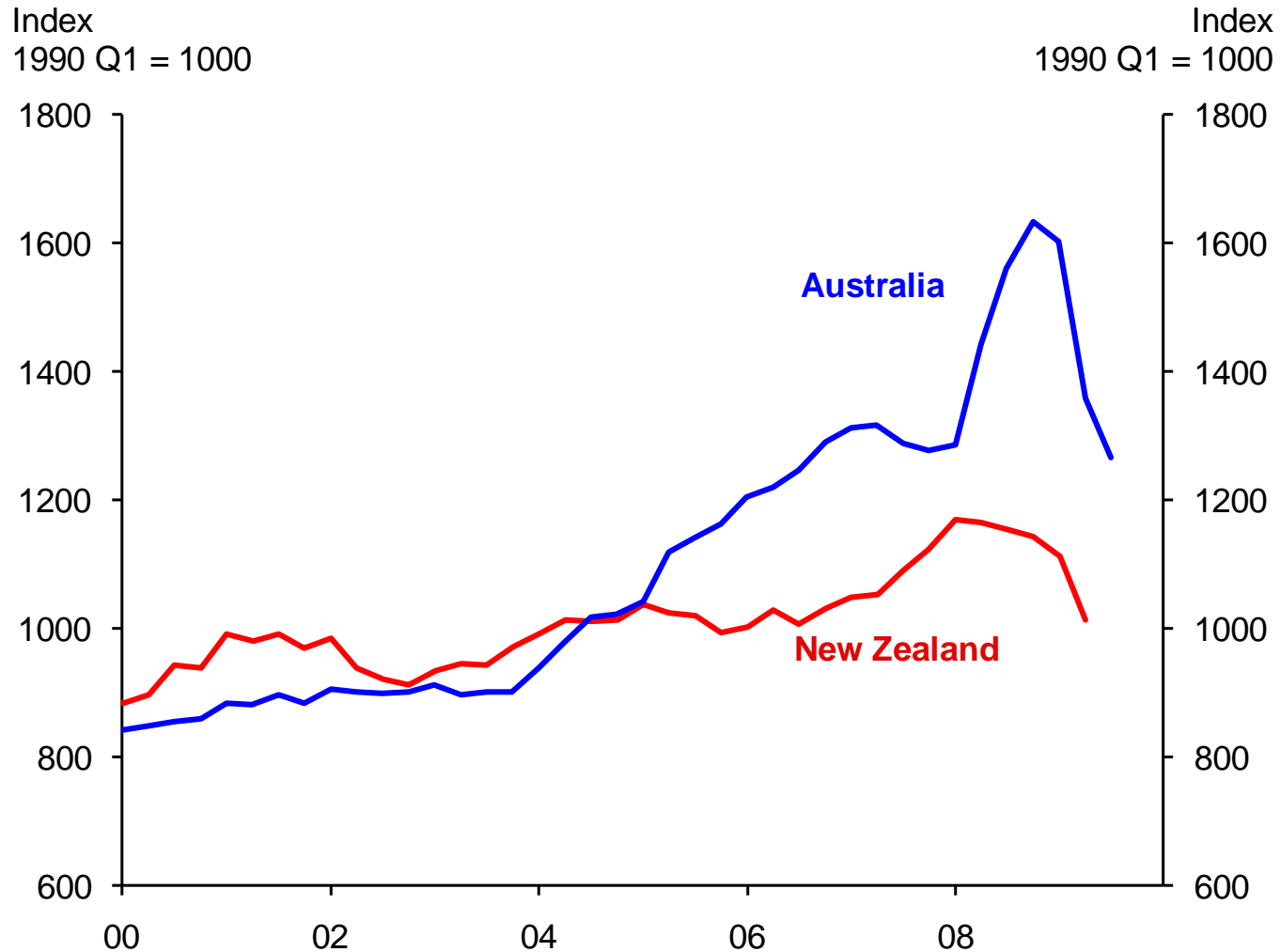
GDP growth



But Australia Experienced Much Stronger Terms of Trade

which fell in the crisis, but by less

Terms of trade



Both Countries' Financial Systems Weathered the Crisis Well

with similar institutions and policies

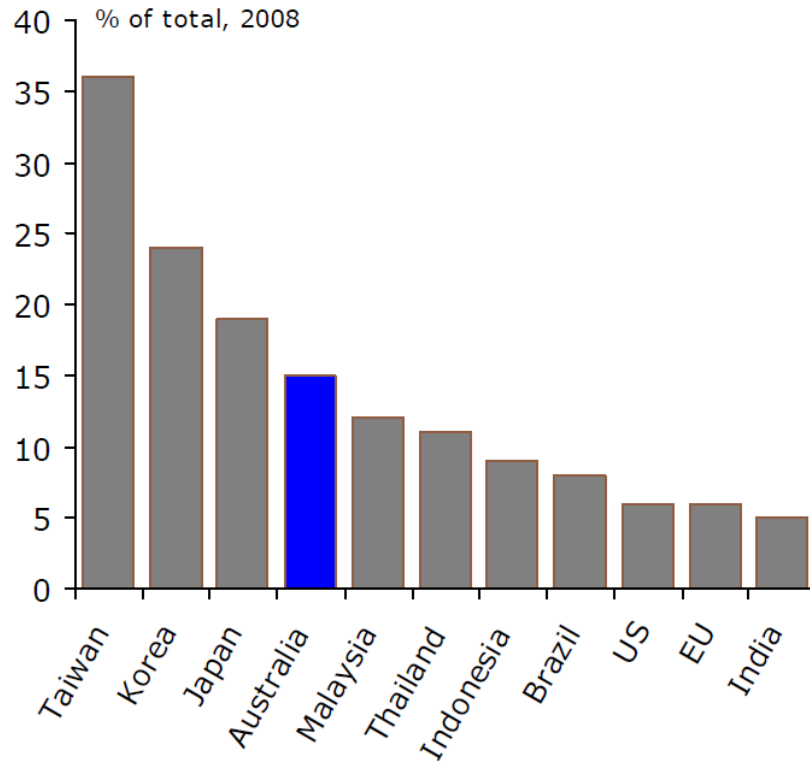
Credit default swap spreads



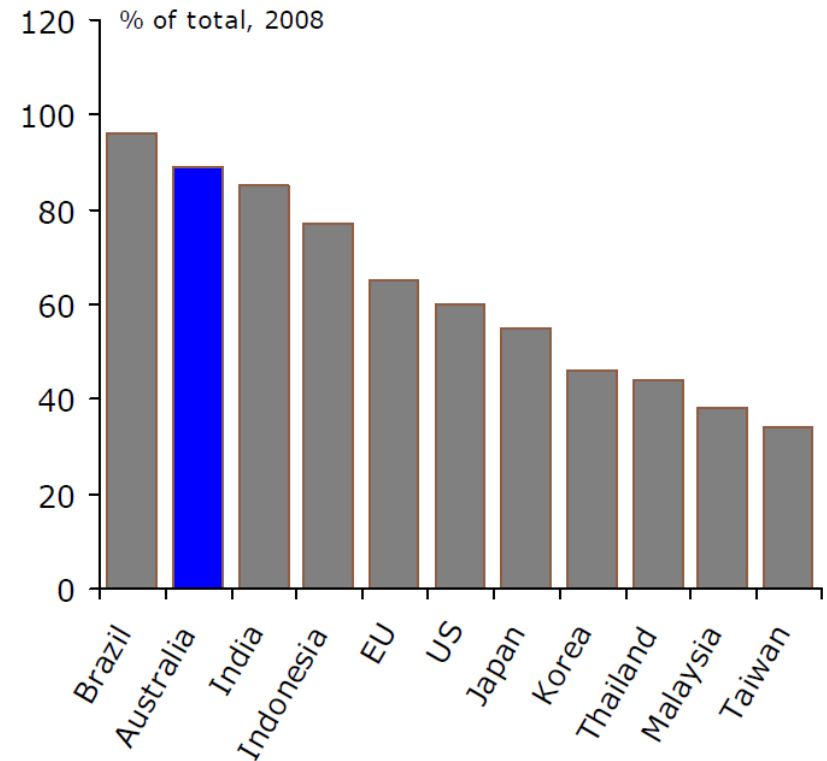
Strong Chinese Growth Assists Australia

more than most countries

Exports to China
(% of total)



Exports share for
China's 'domestic' use

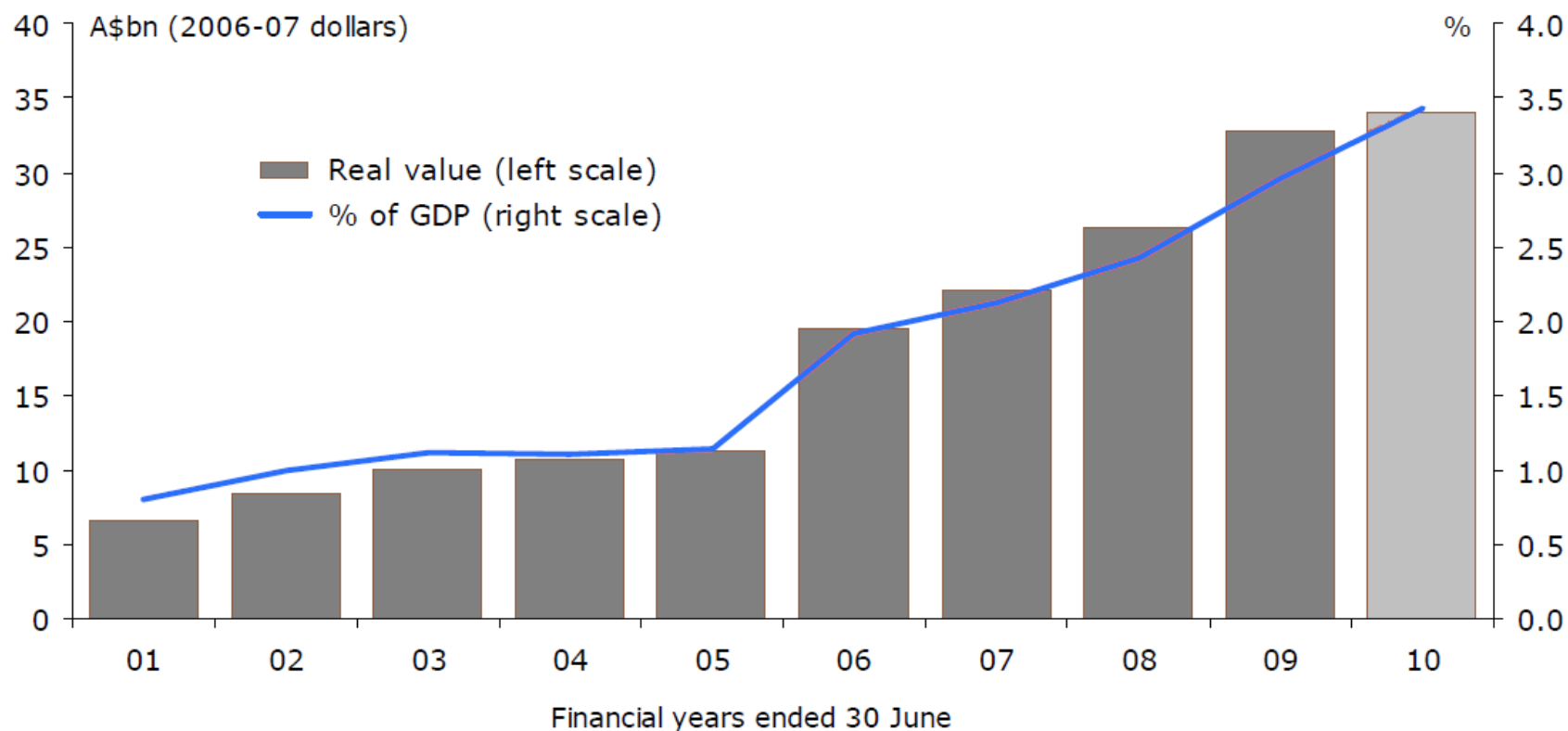


Source: Grattan Institute

Australia Is Investing Heavily In Minerals

encouraged by new finds, strong prices & bottlenecks

Capital investment by the Australian mining industry

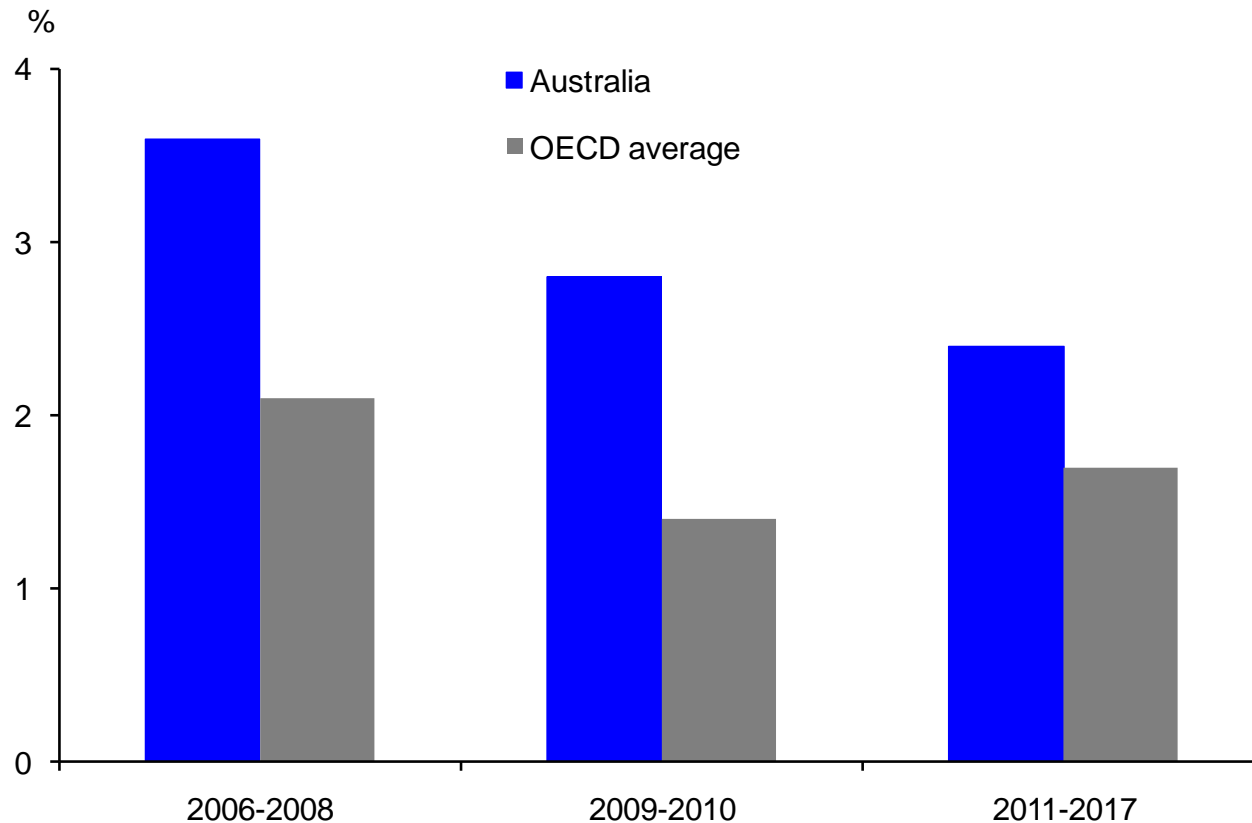


Source: Grattan Institute

Australian Future Growth Potential Looks Very Strong

*due to investment, population growth, terms of trade,
& stimulative policies*

Estimates of potential output growth

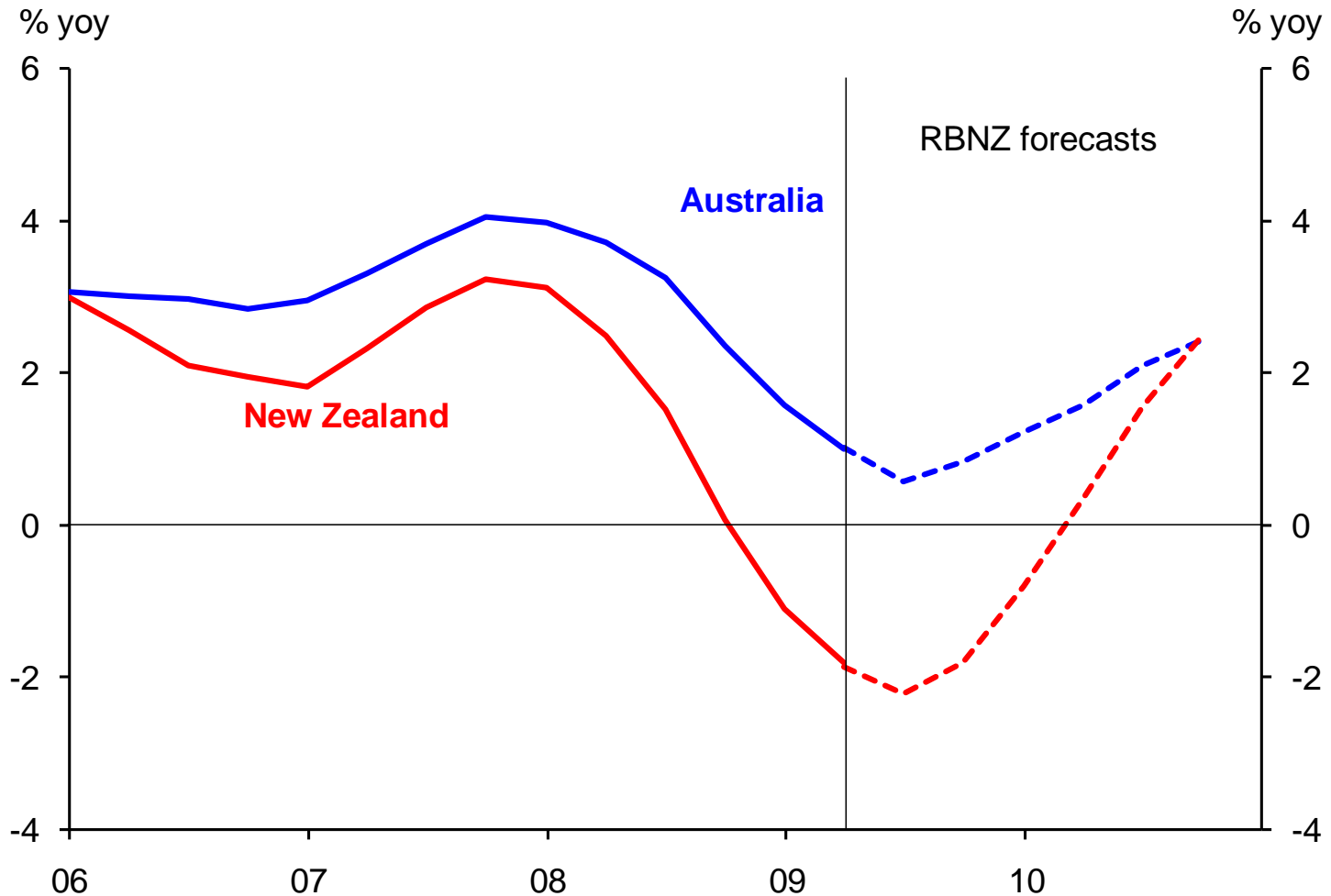


Source: OECD

NZ also Stimulated the Economy

but growth went negative & pick-up slower

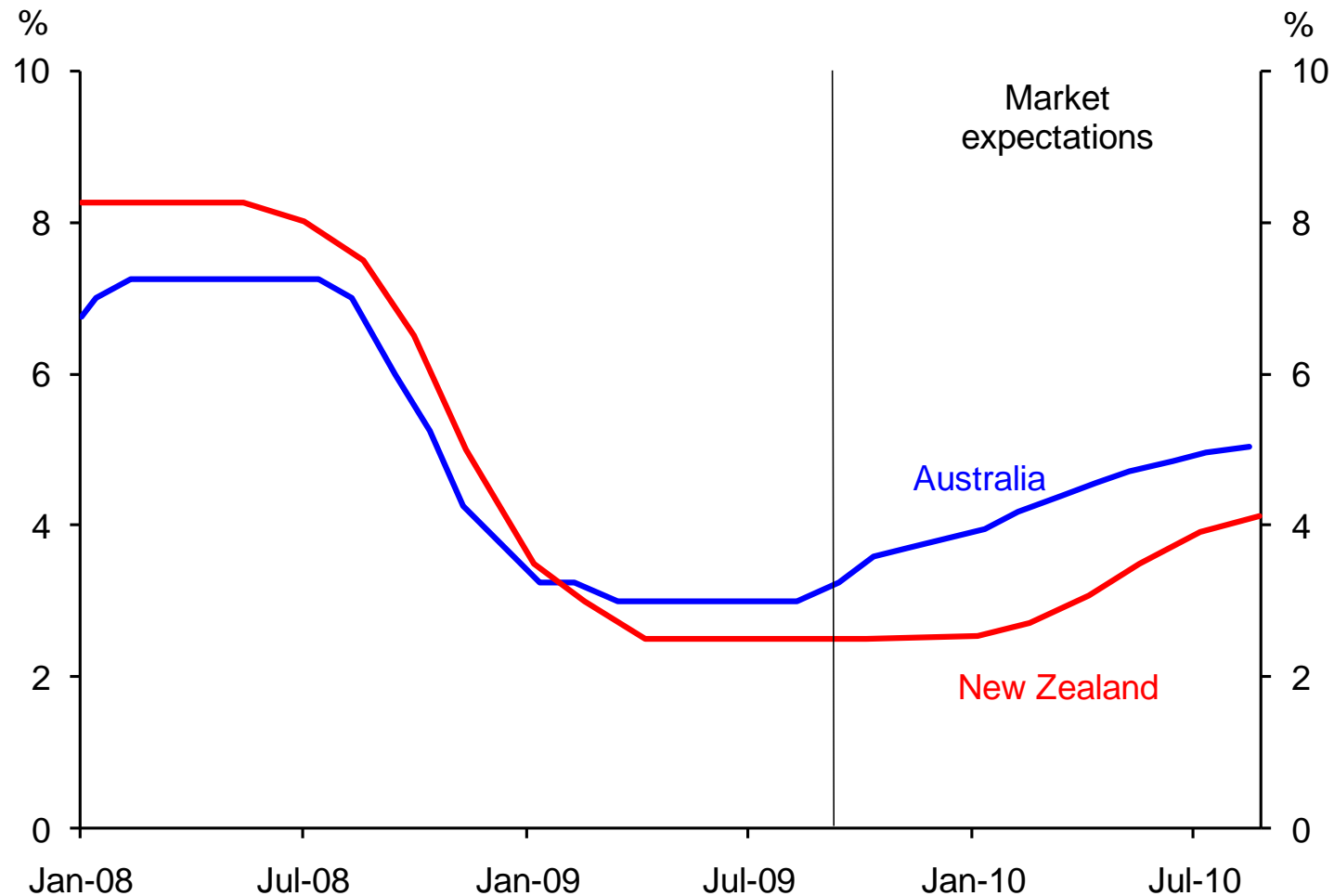
GDP growth



But Financial Markets View the Countries Similarly

despite different growth & inflation forecasts

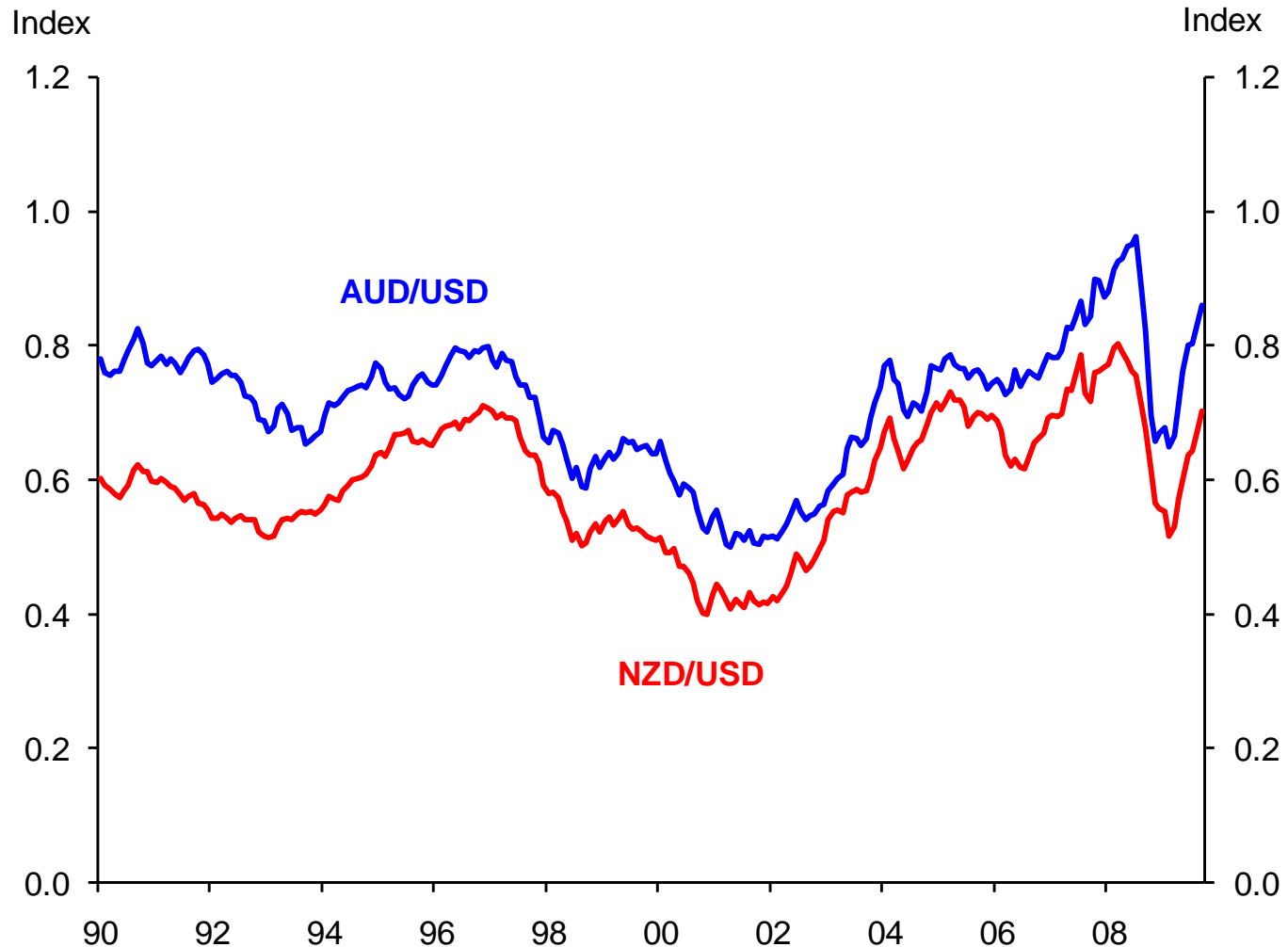
Official cash rates



And this is Particularly so in FX Markets

where the cross-rate is very stable

Exchange rates



Despite NZ Economy being more Vulnerable

manufacturers & services have a bigger share of exports

Non-commodity exports

