

# Media Release



**Tuesday 22 December 2020**

*The Melbourne Institute Nowcast of Australian GDP and the Monthly Index used to date the business cycle use monthly information regarding labour market conditions, housing and business lending, retail sales, housing approvals, consumer expectations, trade conditions and commodity prices in order to gauge current economic conditions. We note that the Nowcast and the dating methodology are currently in the experimental stage.*

The December 2020 edition of the **Melbourne Institute Nowcast of Australian GDP & Dating the Business Cycle** report was released at 11am (AEDT), Tuesday 22 December 2020.

- GDP growth is projected to be 1.4 per cent in the December quarter, giving a year-ended growth rate of -2.9 per cent. The expected rebound from the record fall in Q2 reflects the easing of restrictions on households and business activities, although we note the on-going uncertainty of COVID-19 on economic activity.
- Continued improvement in hours worked and housing activity, combined with improved consumer sentiment have contributed positively to this month's GDP growth nowcast for the Q4.
- However, the number of unemployed remains elevated, retail sales growth continues to moderate and business credit conditions remain weak, all posing risks for growth in Q4 and during 2021.

For this month's report, Dr Sam Tsiaplias from the Melbourne Institute said: "following the partial rebound observed in Q3, we predict GDP to grow by 1.4 per cent in the December quarter. This is the first nowcast for the December quarter, and reflects continued improvement in hours worked and housing activity, coupled with higher levels of consumer sentiment. Nevertheless, there are significant downside risks going forward associated with continued weakness in business investment and an elevated unemployment rate."

Click [here](#) to download the full report.

The report for January 2021 will be released at 11am (AEDT), Thursday 28 January 2021.

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