

Media Release



Friday 25 September 2020

Melbourne Institute reports show Australian economy is now in a recession

In 2020, the Melbourne Institute will be releasing a monthly nowcast of Australian GDP and a monthly index used to date the business cycle.

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 September 2020 edition of the **Melbourne Institute Nowcast of Australian GDP & Dating the Business Cycle** report was released at 11am (AEST), Friday 25 September 2020.

- GDP growth is projected to be 1.3 per cent in the June quarter, giving a year-ended growth rate of -5.5 per cent. The nowcast reflects the on-going effects of COVID-19 on economic activity and is consistent with a gradual rebound from the record fall in Q2.
- Continued improvement in hours worked and better than expected non-food retail sales and dwelling approvals data were the primary contributors to this month's GDP growth nowcast for the September quarter. However, the rate of unemployment remains high and the Consumer Sentiment Index, despite its strong rebound in September, is still in negative territory.
- Based on our dating of the business cycle, we date the peak to trough period as being from March 2020 to May 2020. We note, however, that substantial data revisions might lengthen the peak to trough period.

For this month's report, Dr Sam Tsiaplias from the Melbourne Institute said: "following the massive contraction observed in Q2, we expect recently observed improvements in economic data to be at least partially reflected in third quarter GDP growth. As such, we predict GDP to grow by 1.3 per cent in the September quarter but note that larger than normal volatility in economic data imply significant uncertainty about economic growth going forward. Although the estimates imply an unusually short recession, we anticipate the period to recovery will be gradual and persist well into next year. "

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

The report for October 2020 will be released at 11am (AEDT), Friday 30 October 2020.

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