

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

REVIEW OF THE FOUR MAJOR BANKS

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ANZ51QON: CHAIR: Thank you very much, Mr Elliot. You, as a bank, do regular economic assessments of the state of the economy and where you see it going, and you've just made some reflections on that. Could you give us an outline about what you see as happening in the economy over the next 12 months?

Mr Elliott: Sure. I would just preface it by saying that this is clearly a very difficult time to make any predictions about the future, because there's the great unknown of how the progress is made on the bigger issue of public health. We understand that that's a very difficult thing to predict. And it is because of the federal government's and state governments' willingness to be responsive and act with speed that it is very difficult to understand what future policies may be. But having said all of that, our current assessment is that, while there's still much concern about the future state of the economy over the next 12 months, it is looking less bad than it did in March when we reported our half-year results. At that time, prior to really understanding the extent and the scale of government support, we were looking at an outlook where unemployment, we thought, might hit 13 per cent, for example. Yet, today, we're a little bit more optimistic. It's still bad. We think that unemployment will reach high single digits. So it is very difficult to say—

CHAIR: High single digits at this point in 12 months, or high single digit at the end of this calendar year?

Mr Elliott: In the next 12 months—in the second quarter of next year is roughly where we think the peak is.

CHAIR: Where do you expect it to be at the end of the calendar year?

Mr Elliott: I'd have to come back on what our team prediction is. I don't have that off the top of my head by month. But it's less bad. It's continuing to move around, as you can rightly imagine.

Answer: ANZ economists currently see the unemployment rate rising to 9% in the fourth quarter of 2020 before peaking a little higher in the first quarter of 2021.