

Philip Lowe: Recent economic developments

Speech by Mr Philip Lowe, Governor of the Reserve Bank of Australia, at the Australian Financial Review's (AFR) Business Summit, Sydney, 9 March 2022.

* * *

Thank you for the invitation to participate in this year's AFR Business Summit. It is very good to be with you again.

I would like to cover four issues today:

1. The resilience of the Australian economy and some of the major uncertainties, including the invasion of Ukraine by Russia.
2. The journey towards full employment in Australia.
3. The recent inflation data.
4. The implications of these developments for monetary policy in Australia.

The resilience of the Australian economy

Last week we received further evidence of the resilience of the Australian economy. In the December quarter, GDP increased by 3.4 per cent, which was one of the biggest quarterly increases on record. Over the final months of the year, there was a very strong bounce-back in household consumption following the mid-year Delta lockdowns. Over 2021 as a whole, the economy grew by 4.2 per cent, taking the level of GDP to 3½ per cent above its pre-COVID-19 level (Graph 1). This is a very good outcome by global standards, which is something we should not forget.