

Australian economic indicators

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The Australian economy has grown by less than one percent, considering that GDP growth in 2003 was 3.1 percent and 3.9 in 2007. The 2007 growth was the highest in the period, whereas the lowest growth rate of 2.7 was experienced in 2007.

Relationship between Variables

Real GDP growth is countercyclical with inflation. As it can be seen on the graph, GDP was rising when inflation rate was declining and vice versa. This is inline with economic understanding that lower rates of inflation are good for economic growth.

ABS and policy makers should therefore embark on policies that suppressed inflation in favor of economic growth. Unemployment rate has been falling throughout the period and are now at historic lows. This decrease is most likely caused by the steadily rising economic growth and the well contained inflation.

How ABS Measures Inflation and Unemployment

Inflation is measured by collecting market (prices) data for different goods, services and financial instruments. The data is collected on a daily basis and compounded monthly, quarterly, and on annual basis. The three kinds of inflation measured by ABS include:

Consumer Price Inflation: This index is used to measure changes in market prices for goods and services used by consumers. These includes thing like food, clothing, housing, transportation, communication, financial services, and education among others.

Producer Price Index: This is used to track market prices for goods and services used in industrial production processes. Production inputs are measured in three levels: preliminary intermediate and final stage (ABS 2008).

Labor Price Index: The measure is meant to track hourly wage rates and bonus that employers have to remunerate employees.

ABS measures unemployment by collecting data on several aspects of Australian labor force. The bank regularly collects data on the number of new hires and the number of those who lose their positions. This data is collected from all regions and industries. At the end, it becomes possible to understand unemployment rates and trends between regions, industries and age groups among other comparisons.