

The Geraldton
Guardian

Business

1.0575

\$AUD/USD

0.7294

\$AUD/€EUR

1797.3Perth spot
price \$AUD

GOLD

85.37

\$AUD/barrel West Texas

OIL

\$270.30

Australian Milling Wheat

WHEAT

'Ignore doomsayers'

Pastures are greener — Pascoe

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FINANCE analyst Michael Pascoe has urged Mid West businesses to ignore the doomsayers over the state of the country's economy.

Mr Pascoe — who appears regularly on national news programs — said the Federal Opposition and east coast tabloid newspapers tended to focus on the negative.

But he said the headlines were far from the reality.

Gross Domestic Product was about 3.25 per cent, which was "very good indeed", while the unemployment rate was about 5 per cent, population growth was about 1.5 per cent, real disposable income had risen about 7 per cent and the Reserve Bank of Australia had not moved the cash rate in nine months.

Mr Pascoe said Australia's economy was tied to Asia, which had a mild slowdown during the Global Financial Crisis, compared to recessions in the US and Japan.

"We're not part of the US economy,"
"Of course there is a knock-on effect, but that gets smaller every day and it's filtered through Asia."

Mr Pascoe said economists believed Australia was poised to ride a China-led resources boom that would last longer than the wool boom.

"The US economic surge after World War II came from consumption, not exports," he said.

"What then can Asia achieve with 3.5 billion people?"

"Two thirds of the world's growth

is coming from developing nations and we're tapping that."

The tyranny of distance was now viewed as the advantage of adjacency.

"I'm hot to trot on China," he said.

In 1998 one car was sold in China for every 10 in the US — now there were more selling in China than in the US, while vehicle penetration was less than three per cent.

"The International Monetary Fund predicts that in 2016 China will overtake the US as a buying power," he said.

"The leadership in Beijing will not say 'stop growing'."

BHP predicted that China would build 24 billion square metres of floor space in 2015 — the equivalent of building Perth twice over — and 33 billion square metres in 2025.

"That's the equivalent of building all of Europe in 15 years," Mr Pascoe said.

"And they're going to do it all again in the next 15 years."

Mr Pascoe said that in Australia department stores were complaining about the impact of internet on sales, but ABS retail spending — trend figures, not seasonally-adjusted — showed continuing growth in that sector.

Other retail sectors showed an even stronger growth trend.

"David Jones and Myer are like big dinosaurs, pretending that the internet will just go away," he said.

"At the same time, they are trying to flog their stuff the same boring old way."

"They need to learn that everything these days is effectively tendered."



Growth: Finance expert Michael Pascoe says he's hot to trot on China.
Pic: Bill Hatto/The West Australian

Precious commodity information

MICHAEL Pascoe's gold, silver and bronze sources for information on the state of the economy.

GOLD: www.rba.gov.au

"It's my main source of info," he said.

"They have the best summary on the state of the world, but don't wait for me to pick it to bits and for others to put a political spin on it."

SILVER: Federal Treasury.

"Get online and check them out, but they only update it twice a year," he said.

BRONZE: The big four banks.
"All three more or less agree," he said.