

Mining boom to protect North's economy

Strong local outlook



EXCLUSIVE
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THE mining boom may provide a subtle buffer for North Queensland's economy as the world continues to slip into economic turmoil.

But National Australia Bank Senior Markets Economist Spiros Papadopoulos, who will today brief local businesses at a combined Townsville Chamber of Commerce and NAB function in Townsville, said while mining may remain solid, other crucial industries would slip leading to a softened economy.

He expects the Aussie dollar would continue to lose ground but, on the upside

for home owners, interest rates are likely to remain on hold or potentially decrease.

"Obviously we're running in a global environment - what's happened in the US and Europe and the outlook for the future is crucial for Queensland and Australia," Mr Papadopoulos said.

"The mining part of the economy is very solid and is holding up quite well.

"It's very much a two-speed or multi-speed economy with the rest of the economy, from retail to housing and manufacturing, still very weak.

"There are positive and negatives. Mining is a big positive in relation to spill-over into the region to help support the economy, but the very high Aussie dollar has impacted on tourism, while the housing market is

pretty flat and has been for

two or three years."

Mr Papadopoulos said interest rates would not increase while mining remained the only performing sector in our economy.

"The Reserve Bank is likely to keep rates on hold for the time being given how weak the rest of the economy is... in the short term if the global situation deteriorates even further we might get some emergency rate cuts happening."

Mr Papadopoulos said while the Aussie dollar may slide further, he believes it would bounce back to around the 105c mark once markets stabilise, but this could potentially take months.

"Although it is all doom and gloom at the present time... the medium to long term outlook for Australia is still good."



NAB's Spiros Papadopoulos will brief local businesses today