

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Additional Estimates

13 – 14 February 2013

Question: AET 85

Topic: Modelling for an Oil Price Shock

Written: Received from Committee – 22 February 2013

Senator SINODINOS asked:

85. Specifically, has Treasury conducted any economic modelling on potential impacts that a rise in global oil prices resulting from rising geo-political tensions would have on the Australian economy?

If so:

- a. What assumptions has Treasury made with respect to the oil price shock?
- b. What is the impact on the Australian economy in terms of a percentage change to nominal and real GDP, unemployment and inflation resulting from an oil price shock?

Answer:

While Treasury normally considers the latest information on oil prices as part of its forecasting process, we have not undertaken economic modelling of the impacts of a rise in global oil prices due to rising geo-political tensions.