



THE HON JOSH FRYDENBERG MP
Treasurer

MEDIA RELEASE

14 October 2021

FITCH UPGRADES AUSTRALIA'S OUTLOOK AND AFFIRMS AAA CREDIT RATING

In a clear expression of confidence in the Morrison Government's economic management, Fitch Ratings have affirmed Australia's AAA credit rating and upgraded its outlook to stable from negative.

Emerging from a once in a century pandemic and the greatest economic shock since the great depression, Australia remains one of only nine countries to maintain a AAA credit rating from all three major credit rating agencies.

Despite the economic recovery being "temporarily disrupted by recent lockdowns, Fitch Ratings *expect Australia's economic recovery to continue*" with the economy forecast to grow by 4.5 per cent in 2022 compared to a median of 3.6 per cent amongst other AAA rated countries.

This strong economic outlook is expected to see the labour market "snap back rapidly with the unemployment rate forecast to average 4.7 per cent in 2022" which would be the lowest annual rate since 2008.

Fitch Ratings also noted *"the pace of vaccination has accelerated in recent months, allowing a gradual easing in restrictions that will facilitate a strong rebound in consumption from pent-up demand, particularly as households have large accumulated savings to draw down, and targeted fiscal support has remained during the lockdowns."*

This fiscal support following the most recent delta outbreak has included \$11.1 billion in COVID-19 Disaster Payments to 2.25 million Australians and around \$5.2 billion in business support from the Commonwealth.

Fitch Ratings also expressed its confidence in the Government's budget management stating it has *"rising confidence in the path of fiscal consolidation and stabilisation of the public debt ratio over the medium-term and the underlying strength of the economic recovery."*

The Morrison Government's economic recovery plan is working, but the job is not done yet. We must stick to the National Plan agreed to at National Cabinet to open up safely and secure our economic recovery.

Ends