

## **1.4 RISKS TO THE ECONOMIC OUTLOOK**

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The ACT economy faces global risks that may transpire through financial, trade, tourism and confidence channels. The global economic outlook appears to be more balanced compared to the time of the 2012-13 Budget Review given recent economic and financial market developments, accommodative monetary policies, the partial resolution of the fiscal situation in the United States and some success in policy measures in the euro area. Risks, however, remain to the downside. Many advanced economies continue to face challenges such as persistently high unemployment rates, fiscal consolidation, still tight credit conditions and fragile business and consumer confidence. As such, the global economic recovery is expected to remain slow, diverse across economic regions and fragile.

The performance of the domestic economy also poses risks to the Budget forecasts. The main risk is related to the extent of the down-turn in mining activity and the response of non-mining construction activity to fill the gap.

The most important risk to the ACT economic outlook lies with the fiscal tightening of the Commonwealth Government. The Territory's economic outlook also remains dependent on spending and hiring decisions following the outcome of the upcoming Federal election.

