

David De Garis

Well I guess what we are really interested in of course is the particular measures that are going to be announced on budget night and that will create a lot of the press headlines and the like, but also from my professional perspective very much, the impact of the budget on the financial markets - what are the markets, what will they make of the budget?

On that score, the budget is not the be all and end all to the economy that it once was 10-20 years ago although it was used actively of course during the global financial crisis and of course the Government is dealing with budget repair as an after effect of that.

So it's very much judged through the prism of whether the budget will add to or detract from growth in the economy and the implications, if any, of that for the Reserve Bank and monetary policy and hence the Aussie dollar.

We think this budget will be more supportive of the economy than the budget that was announced a year ago.

So to that extent, and I think it will be quite marginal, the budget should be adding a little bit of support for the economy and for confidence out there in the community.

I don't expect a big effect of budget night on the Australian dollar and who knows whether the Aussie dollar will be going up or down at the time but it's been some year since we've seen a big effect on the Australian dollar or interest rate markets.

I'd expect the main messages to be about small business tax cuts, support for families, support for child care and generally supportive of the economy and for confidence out there in the community.

So to that extent we expect it to be mildly expansionary for the economy and of course, the Government of course has an election coming up in a year to 18 months so the narrative is going to be very much from within that framework.