Economy is well



The MWCCI Economic Outlook Breakfast was well attended, with the event moved into The Grand Ballroom. Pictures: Supplied

Matt Elliott

AUSTRALIA remains well placed to avoid a recession despite global uncertainty, according to economist David Robertson, who told a Mildura business audience that both the national economy and the Sunraysia region had reasons for cautious optimism.

Speaking at the Mildura-Wentworth Chamber of Commerce and Industry's (MWCCI) Economic Outlook breakfast this week, Mr Robertson, head of economic and market research for Bendigo and Adelaide Bank, said Australia was "relatively" well positioned compared with many advanced economies.

"A recession is unlikely," he said.

Mr Robertson said Australia was currently the world's second most prosperous economy behind Luxembourg and was expected to retain its AAA credit rating, helping shield the country from potential "debt jitters".

He acknowledged Australia's debt levels remained a concern, with gross debt sitting at 34 per cent and net debt at 19.9 per cent, but said these levels remained substantially lower than those of comparable economies, including the United Kingdom, Canada, the United States and several European nations.

Victoria's precarious debt position, however, was singled out as an area requiring attention.

MWCCI chief executive officer Peter Alexander drew laughter from attendees in The Grand Ballroom when he responded: "It sure doesn't feel like second place at the moment".

This was a sentiment shared at tables across a well-attended event.

Mr Robertson stressed that Australia's outlook remained conditional on international developments.

"We need to get the ships out of the strait," he said, referring to tensions involving Iran and the strategically important Strait of Hormuz.

Despite three Reserve Bank interest rate increases over the past year, Mr Robertson said there was no immediate cause for panic.

He forecast one further increase in the official cash rate, to 4.35 per cent, most likely in September, and said he hoped the peak would remain below a potential "tipping point" of five per cent, provided geopolitical tensions eased.

Mr Robertson said Australia's core inflation rate, currently sitting at 3.4 per cent, was also likely to consolidate. He added that conflicts in Iran and Ukraine had contributed to inflationary pressures but argued the Australian economy had demonstrated resilience during periods of global instability.

Mr Robertson pointed to previous geopolitical crises as evidence that economies and markets had repeatedly weathered periods of instability. He cited events including the Korean War, the Suez Crisis and the Iranian Revolution, arguing that while conflict often triggered inflation spikes and market volatility, recoveries had historically followed.

The United States remains "clearly the largest economy in the world," Mr Robertson said,



Peter Alexander, David Robertson and Jade Benham discussed the economic outlook for Australia, Victoria and Sunraysia.



Despite widespread concerns about the state of the economy, guest speaker David Robertson said Australia was well positioned to avoid a recession.

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Jade Benham and local business owner, Lior Maisner of Middleton Maisner Legal. Pictures: Supplied



During time for questions, one business owner questioned whether AI stocks may be overpriced. Mr Robertson said that the so-called "magnificent seven" companies "probably were" over-priced but encouraged investors to "buy the dip" as AI remains crucial to future productivity.



MWCCI chief executive officer Peter Alexander agreed, challenging local business owners to implement AI improvements as soon as possible.



The MWCCI Economic Outlook breakfast at The Grant Hotel in Mildura.



"I get it," she said. "Times are tough and when the government comes to a landowner with a cheque book, it is tempting to sell. However, it needs to stop. Victoria has paid its fair share and needs that water."



MWCCI chief executive officer Peter Alexander said the group had an AI-focused event planned for July, as well as a candidates forum leading into the November state election.

and was likely to continue in that position because of its leadership in artificial intelligence markets. However, he suggested the country was approaching the end of a period of economic "exceptionalism." At the same time, he highlighted the growing importance of China and other high-income East Asian economies as trading partners. As a result, Mr Robertson said the impact of US tariffs and reliance on imported oil had been less severe for Australia than many had expected.

Mr Robertson said unemployment remained one of the economy's strengths. National unemployment, currently at 4.5 per cent and expected to rise modestly in coming years, remained historically low. Sunraysia's unemployment rate of approximately 2 per cent provided additional grounds for optimism.

Instead, he pointed to productivity and consumer confidence as more pressing concerns, describing current conditions as a form of global "stagflation" driven by elevated energy costs and broader cost pressures. While household spending remained relatively resilient, he said confidence had weakened, with families cutting back on discretionary items such as clothing and travel.

Housing markets, despite ongoing concerns around capital gains tax and negative gearing, have remained steady. Mr Robertson said Mildura recorded Victoria's second-highest property value growth in 2025 at 16.2 per cent. He said national growth was expected to slow to around 3 per cent, with prices in Victoria and New South Wales likely to ease slightly, although he did not expect any falls significant enough to alarm investors.

Looking beyond the immediate challenges, Mr Robertson said artificial intelligence was likely to shape the next phase of economic growth. While he expected 2026 to remain difficult, he argued productivity gains from emerging technologies would help strengthen conditions over time.

Sharemarkets had already reflected that optimism, he said, with the "magnificent seven" technology companies - Nvidia, Alphabet, Apple, Microsoft, Amazon, Meta and Tesla - continuing to drive gains despite broader uncertainty.

Responding to an audience question about whether those stocks were overpriced, Mr Robertson said they "probably were", but encouraged investors to "buy the dip", arguing any downturns would likely prove temporary given AI's long-term significance.

Mr Alexander also urged local businesses to actively embrace artificial intelligence.

"What would your business do if given an additional 15 per cent budget?" he asked, suggesting productivity gains through AI could deliver that outcome.

Building on that theme, MWCCI's next event, AI Unlocked: From hype to hands on, will examine the role of artificial intelligence in business, work and decision-making. Local entrepreneur and Chasing the Insights podcast host Vince Warnock will serve as emcee.

Looking beyond the immediate challenges, Mr Robertson said artificial intelligence was set to become a key driver of future economic growth, with productivity gains from emerging technologies expected to gradually lift business activity and market performance over time.

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