Update 39: Australia - Reports Annual Deflation of 0.3% for the First Time in 22 Years Amid COVID-19 Pandemic

- Australia's annual inflation turned negative for the first time in 22 years in 2020 amid COVID-19 pandemic
- As of June 2020, country reported annual inflation of -0.3% year-on-year
- Since 1949, this was only the third time annual inflation turned negative
- It is the largest quarterly decline of 1.9% witnessed in 72 years, causing decrease in prices of goods and services
- The reason is attributed to government's adjusted spending amid the pandemic including provision of free child care, and decrease in car fuel prices and pre-school and primary education
- Economists expect a prolonged period of low inflation due to COVID-19 recession
- This may cause significant price-cut in retail businesses and hence impact pay rise of employees
- Supply Wisdom is continuously monitoring the situation and will alert you to any relevant developments

Targets Affected:

Australia

Guidance

Actions to consider:

- Consider implementing suggested actions related to 'Negative Impact on Economy' under the 'COVID-19: Actions to Consider' section below / next page

Source(s)

https://www.abc.net.au/radio/programs/pm/australia-enters-a-period-of-deflation/12504914

https://www.9news.com.au/national/coronavirus-australia-cpi-biggest-fall-in-72-years-what-does-deflation-mean/5f7a0e69-e28a-461d-a55f-ac3685fc02fd

https://www.theguardian.com/australia-news/2020/jul/29/australian-inflation-has-biggest-ever-quarterly-fall-dropping-19-partly-due-to-free-childcare

![Supply Wisdom logo]

Related Alerts

July 27, 2020 Medium

Update 38: Australia - Reports Highest Daily Death Toll Due to COVID-19 Infections

July 24, 2020 High

Update 37: South Australia - Tightens COVID-19 Restrictions Commencing July 28, 2020 to Curb the Spread of Infections

July 20, 2020 High

Update 35: New South Wales, Australia - Plans to Close Border with Victoria Starting July 21, 2020 Amid Increase in COVID-19 Cases

July 20, 2020 Low

Update 36: Australia - Extends Loan to Support Small Businesses Amid COVID-19 Pandemic

July 16, 2020 Medium

Update 34: Australia - Unemployment Rate Increases to 22-Year High in June 2020 Amid COVID-19 Pandemic

July 8, 2020 High

Update 33: Melbourne, Australia - Reimposes Lockdown for Six Weeks Amid Increase in COVID-19 Cases

July 6, 2020 High

Update 32: Australia - Closes Victoria-New South Wales Border Indefinitely Amid Increase in COVID-19 Cases

June 30, 2020 High

Update 31: Melbourne, Australia - Imposes Strict Lockdown for Four Weeks to Curb the Spread of COVID-19 Cases

June 29, 2020 `Medium`

Update 30: Australia - Reports Highest Daily Increase of 85 COVID-19 Cases Amid Second Wave, Totaling 7,800

June 25, 2020 `Immediate`

Update 29: Melbourne, Australia - Deploys Military to Contain Spread of COVID-19 Amid Concerns of Second Wave

June 21, 2020 `High`

Update 28: Victoria, Australia - Reinstates Restrictions Until July 12, 2020 After Spike in COVID-19 Cases

June 18, 2020 `Medium`

Update 27: Australia - Unemployment Rate Increases to 19-Year High in May 2020 Amid COVID-19 Pandemic

June 17, 2020 `Medium`

Update 26: Australia - Eases Certain State Border Restrictions; Border Closure for International Travelers Anticipated Until 2021

June 3, 2020 `High`

Update 25: Australia - GDP Contracts 0.3% in Q1 2020, Signaling a Possible Recession; Further Contraction Anticipated for Q2 2020

June 1, 2020 `High`

Update 24: Australia - Businesses Resume Operations as COVID-19 Cases Decline

May 20, 2020 `High`

Update 23: Australia - Plans to Ease Interstate Travel Restrictions Beginning June 1 as COVID-19 Cases Decline

May 14, 2020 `High`

Update 22: Australia - COVID-19 Pandemic Causes Five-Year High in Unemployment Rate

May 11, 2020

High

Update 21: Australia - Eases COVID-19 Restrictions as COVID-19 Cases Decline

May 8, 2020

High

Update 20: Australia - Prepares Three-Stage Plan for Easing COVID-19 Restrictions

May 5, 2020

High

Update 19: Australia - Plans to Restart All Businesses by July 2020 to Recover Economy Amid COVID-19 Pandemic

May 3, 2020

Immediate

Update 18: Australia - Raises Concerns of Fresh COVID-19 Outbreak After Relaxing Few Restrictions; Reports 6,738 Cases, Death Toll at 94

May 1, 2020

High

Update 17: Australia - Prepares to Ease COVID-19 Restrictions

April 24, 2020

Immediate

Update 16: Australia - Travel Restrictions to Remain in Place for Three Months to Contain COVID-19 Pandemic

April 22, 2020

Medium

Update 15: Australia - Expected to Lift COVID-19 Restrictions in Major States as Reserve Bank Warns of Biggest Economic Contraction

April 19, 2020

High

Update 14: Australia - International Monetary Fund Predicts GDP Growth Contraction by 6.7% in 2020

April 17, 2020

Immediate

Update 13: Australia - COVID-19 Restriction Extended by Four Weeks

April 14, 2020 `High`

Update 12: Australia - Forecasters Predict Unemployment Rate to Double to 10% in Q2 2020

April 2, 2020 `Immediate`

Update 11: Australia - Restrictions on Public Gatherings in Place Until June 29, 2020 - New South Wales

April 1, 2020 `Immediate`

Update 10: Australia - Rise in Confirmed COVID-19 Related Cases and Deaths

March 30, 2020 `Immediate`

Update 9: Australia - New Restrictions to Limit Public Gatherings and Enforce People to Stay at Home

March 27, 2020 `Immediate`

Update 8: Australia - Imposes Forced Quarantine of 14 Days for Returning Citizens to Curb Spreading of COVID-19

March 26, 2020 `Immediate`

Update 7: Australia - Businesses Report Widespread Impact from COVID-19 Pandemic; Further Disruption Anticipated

March 25, 2020 `Immediate`

Update 6: Australia - Announces New Shutdown Measures Amid COVID-19 Pandemic

March 22, 2020 `Immediate`

Update 5: Australia - Reports Highest Daily Increase in Infected Cases; Brings Total to Over 1,000

March 18, 2020 `Immediate`

Update 4: Australia - Declares 'Human Biosecurity Emergency' Amid Coronavirus Pandemic

March 16, 2020 Immediate

Update 3: Australia - Declares State of Emergency Amid Coronavirus Outbreak

March 5, 2020 Immediate

Update 2: Australia - Coronavirus Outbreak Disrupts Normal Life

Feb. 3, 2020 Low

Update 1: Australia - Travel Ban Amid Coronavirus Outbreak

Jan. 27, 2020 Low

Australia - Coronavirus Infection Cases - New South Wales

Jan. 22, 2020 Low

Australia - Health Alert in Place as Coronavirus Spreads

Impact level Definitions

Impact Level	Definitions
Immediate	**Certain** - Supply Wisdom recommends considering prompt action. Examples of Immediate level alert events may include bankruptcy filings, data breaches, unexpected curfews, strikes, power black-outs, major geo-political events etc.
High	**Highly likely to occur in the near term (within 3 months)** - Supply Wisdom recommends being in a state of readiness to take quick action. Examples of High level alert events may include withdrawal of rating by ratings agencies, hostile takeover, multiple cyber-attacks, new business policies causing significant hardship etc.
Medium	**Likely to occur in the mid-term (within 3 to 6 months)** - Supply Wisdom recommends reviewing current mitigation steps and being ready to take proactive actions if and when situation deteriorates further. Examples of Medium level alert events may include unplanned C-level exits, suppliers caught in bribery cases, economy slipping into recession.
Low	**Possible in the long-term (after 6 months)** - Supply Wisdom recommends taking proactive action if situation does not resolve. Examples of Low level alert events may include lawsuits filed against suppliers, client losses, air pollution alerts issued by country's local authorities, unexpected holidays announced for the location etc.
Informational	The event is pertinent information but does not have a risk element associated with it. Examples of Info level alert events may include launch of new solutions, partnerships signed, industry outlook, positive changes in government policies, announcements regarding launch of software parks/ free trade zones/special economic zones etc.