

Turnbull will 'articulate Australia's economic challenges'

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AMP Capital chief economist Shane Oliver is confident that new Prime Minister Malcolm Turnbull will address Australia's economic challenges.

Following a party room vote on Monday night, Malcolm Turnbull is now Australia's Prime Minister after winning the Liberal Party leadership by 54 to 44 votes.

While Mr Oliver believes the new PM does nothing to change Australia's current economic reality flowing from the end of the resources boom and the resulting soft economic growth, he does think the change in leadership has the potential to help Australia.

"Firstly, Malcolm Turnbull is a more popular leader in Australia including amongst Labor and swinging voters. As a result we are likely to see a short-term boost in economic confidence," Mr Oliver said.

"Secondly, he is likely to focus more on articulating the challenges Australia faces, proposing reforms to address them and then reaching out to independents and political opponents in Parliament to offer compromises to help ensure that they are passed into law.

"This is likely to include getting the budget back under control, reforming Australia's tax system and reducing bureaucracy. The commitment to free market economic policies, including free trade deals, is likely to remain."

A better articulation of Australia's economic challenges and reforms designed to address them is exactly what is needed now and has been lacking over the last few years, Mr Oliver said.

"While the Australian dollar has risen slightly in response to the change in PM, ASX 200 futures took their lead over night from what happened on Wall Street and fell slightly," he said.

"In the short term Australian shares and the Australian dollar will continue to be buffeted by developments around the Fed and China but a reinvigorated reform agenda and less accidents out of Canberra will help."