

ABS National Accounts: September quarter 2023

Source: ABS *National Accounts*, released 6 December 2023, 10:30 am AEST.

GDP grew by 0.2% in September quarter 2023, below market expectations of 0.4%, to be 2.1% higher over the year. General government consumption and business investment drove growth in the quarter.

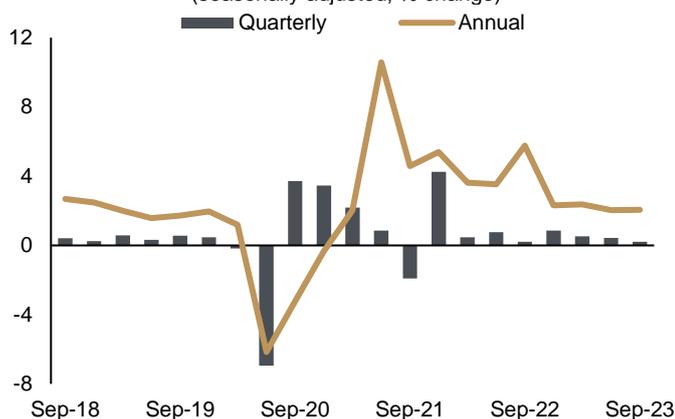
Public final demand rose 1.0% in the quarter to be 4.4% higher over the year. Quarterly growth was driven by *general government consumption* (up 1.1%) as social benefits to households were expanded, including the *Energy Bill Relief Fund* rebates, and extra payments for childcare, aged care and pharmaceutical products.

Change in inventories contributed 0.4 percentage point to GDP in the quarter driven by a A\$2.4 billion rise in mining inventories.

Net exports detracted 0.6 percentage point from GDP growth in the quarter, reflecting a 2.1% rise in imports and a 0.7% fall in exports. Imports were driven by strong growth in *travel services* (up 19.5%) as overseas travel strengthened.

The **terms of trade** fell 2.6% in the quarter, driven by a fall in *export prices* (down 1.4%) as commodity prices continued to fall. This marked the fifth consecutive quarterly decline in export prices. Meanwhile, import prices rose on strong oil prices and a lower A\$.

Chart 1: Real GDP Growth
(seasonally adjusted, % change)



Gross domestic product (GDP) rose 0.2% (seasonally adjusted, sa) in September quarter 2023 (Chart 1), below market expectations of 0.4%. Growth in the quarter was driven by *general government consumption* and *business investment*, along with a build-up in *inventories*. In per capita terms, GDP fell 0.5% in the quarter following a 0.1% decline last quarter. GDP was 2.1% higher over the year and 8.9% above its pre-COVID level.

Household consumption was unchanged in the quarter as government benefits and rebates reduced spending on electricity and childcare. *Electricity, gas, and other fuel* consumption fell 16.9% and was the largest detractor from growth in the quarter. Meanwhile, spending on *purchase of vehicles, transport services and rent and other dwelling services* rose in the quarter.

Real gross **household disposable income** fell 1.3% in the quarter as a 1.4% rise in the *household consumption deflator*, more than offset a marginal 0.1% rise in *nominal gross disposable income*. The household saving ratio fell to 1.1% in the quarter (the lowest since December quarter 2007), to be the eighth consecutive fall, driven by higher interest payable on dwellings, income tax payable (following the cessation of the *Low and Middle Income Tax Offset*) and increased nominal spending by households due to the rising cost of living.

Compensation of employees rose 2.6% in the quarter, consistent with a tight labour market, and increases to the superannuation guarantee rate and the minimum wage. *Gross operating surplus* fell 1.5% in the quarter, as lower commodity prices caused *mining profits* to fall 7.7%.

Business investment rose 1.5% in the quarter to be 7.6% higher over the year. Growth in the quarter was driven by engineering construction (up 2.3%), which more than offset declines in *non-dwelling buildings* (down 1.5%) and *machinery and equipment* (down 0.5%).

Dwelling investment rose 0.2% in the quarter but was 0.3% lower over the year. *Alterations & additions* (up 1.0%) drove growth in the quarter after seven consecutive declines. *New & used dwelling construction* fell 0.3% as high borrowing and construction costs impact project feasibility, while ongoing construction capacity constraints impact completion timelines.

Table 1: Components of GDP

(seasonally adjusted, September quarter 2023)

Chain Volume Measure	% change		ppt. contribution	
	qtr	annual	qtr	annual
Household consumption	0.0	0.4	0.0	0.2
Private investment	1.2	4.0	0.2	0.7
Dwelling investment	0.2	-0.3	0.0	0.0
Business investment	1.5	7.6	0.2	0.8
Machinery and equipment	-0.5	7.7	0.0	0.3
Non-dwelling construction	3.3	6.0	0.2	0.3
Non-residential building	-1.5	2.5	0.0	0.1
Engineering construction	2.3	9.3	0.1	0.2
Private Final Demand	0.3	1.3	0.2	0.9
Public Final Demand	1.0	4.4	0.3	1.2
General government consumption	1.1	2.6	0.2	0.6
Public investment	0.7	12.4	0.0	0.6
Changes in inventories			0.4	-1.1
Gross national expenditure	0.9	1.0	0.9	1.0
Net exports			-0.6	1.3
Exports of goods & services	-0.7	6.8	-0.2	1.8
less Imports of goods & services	2.1	2.2	-0.4	-0.5
Statistical discrepancy			-0.1	-0.2
GDP	0.2	2.1	0.2	2.1
Current Prices				
Compensation of employees	2.6	8.4		
Gross operating surplus	-1.5	0.2		
GDP	1.2	4.5		
Deflators and Prices				
Terms of trade	-2.6	-9.0		
Household consumption deflator	1.4	5.6		
GDP deflator	1.0	2.4		

Chart 2: Contributions to real GDP Growth

(seasonally adjusted, quarterly, %-point contribution)

