

The *Australian National Accounts* (ABS 5206.0) reports state final demand and its components together with overseas trade in goods. This provides only a partial measure of economic activity.

Summary

Real Final Demand (Trend):

Queensland	-1.4% (quarterly)	-0.6% (annual)
Australia	-0.3% (quarterly)	+1.0% (annual)

- State final demand (SFD) in Queensland fell by 1.4% in March quarter 2009 (see Chart 1). Nationally, domestic final demand also fell, by 0.3% in the March quarter.
- In annual terms, Queensland's SFD fell 0.6% in the March quarter. This was much weaker than the national annual result of 1.0% growth. Queensland's economic performance in the quarter was the weakest of all states (see Table 2).
- In seasonally adjusted terms, Queensland's SFD fell 3.1% in the March quarter. This exceeded the previous largest fall of 2.3% recorded in June quarter 1990.

Analysis (trend)

Household consumption fell 0.2% in the March quarter, the third consecutive decline, to return to a level similar to that of March quarter 2008. A decline in discretionary expenditure on motor vehicles, hotels cafés and restaurants, furnishings and household equipment as well as cigarettes and tobacco detracted 0.2 percentage point from SFD growth in the quarter. This was partially offset by growth in traditional contributors to consumption, such as rent and other dwelling services and food. Going forward, consumption should receive some support from the significant monetary and fiscal stimulus in place.

Private investment (total) fell in the March quarter, by 4.5%. *Dwelling investment* declined by 9.0%, driven by a 9.6% fall in new dwelling construction and a 7.5% fall in alterations and additions investment. Total dwelling investment was 15.1% lower in annual terms.

Business investment fell 3.1% in the quarter, the second consecutive quarterly decline. Machinery and equipment investment fell 4.4% and non-dwelling construction fell by 1.4%. Annual growth in both machinery and equipment investment and non-dwelling construction moderated significantly in the quarter (to 2.8% and 13.1% respectively). Trend data show that business investment peaked in September quarter 2008, and is likely to remain weak going forward.

Overseas exports of goods fell 2.6% in the March quarter, to be 1.7% lower over the year. In line with the fall in household consumption and machinery and equipment investment, *overseas imports of goods* fell by 11.0% in the quarter, to be 15.9% lower in annual terms.

In trend terms, Queensland's economy was supported in the quarter by growth in *new engineering construction* (up 1.2%), *State and Local Government Consumption* (up 0.6%), *State and Local Government Investment* (up 3.7%) and *National Public Corporation Investment* (up 5.6%). However, these increases were not sufficient to offset the decline in all other components of SFD.

Explanatory Note:

The Queensland State Accounts produced by the Office of the Government Statistician provide a comprehensive quarterly estimate of Queensland gross state product by incorporating additional data on interstate trade in goods and services including tourism transactions. The Queensland results from the ABS Australian National Accounts: National Income, Expenditure and Product report only state final demand and international trade in goods.

Table 1: Components of Queensland's State Final Demand, March Quarter 2009

Chain Volume Measures (Trend)*	% Change		Contribution to SFD Growth	
	quarterly	annual	quarterly	annual
Private Final Demand	-1.7	-0.6	-1.3	-0.5
Household Consumption	-0.2	0.0	-0.1	0.0
Private Investment	-4.5	-1.6	-1.2	-0.4
Dwelling Investment	-9.0	-15.1	-0.6	-1.2
New Dwellings	-9.6	-17.7	-0.4	-0.8
Alterations and Additions	-7.5	-11.1	-0.2	-0.4
Business Investment	-3.1	7.3	-0.5	1.2
Machinery and Equipment	-4.4	2.8	-0.4	0.3
New Engineering Construction	1.2	23.9	0.0	0.8
New Non-Residential Buildings	-4.7	-3.8	-0.2	-0.2
Public Final Demand	-0.4	-0.8	-0.1	-0.2
General Govt. Final Consumption	0.1	3.5	0.0	0.5
National	-0.8	1.4	0.0	0.1
State and Local	0.6	4.5	0.1	0.5
General Govt. Investment	2.9	-6.0	0.1	-0.2
National	-3.3	-17.5	0.0	-0.1
State and Local	3.7	-4.5	0.1	-0.2
Public Corporation Investment	-5.2	-12.2	-0.2	-0.4
National	5.6	16.3	0.0	0.0
State and Local	-4.8	-12.3	-0.2	-0.4
State Final Demand (SFD)	-1.4	-0.6	-1.4	-0.6
Overseas Exports of Goods	-2.6	-1.7	n.a.	n.a.
Overseas Imports of Goods	-11.0	-15.9	n.a.	n.a.

* Reference year for chain volume measure is 2006-07. Chain volume measures are not strictly additive. As such, there may be discrepancies associated with calculations based on the sum of components.

Chart 1: Real State/Domestic Final Demand

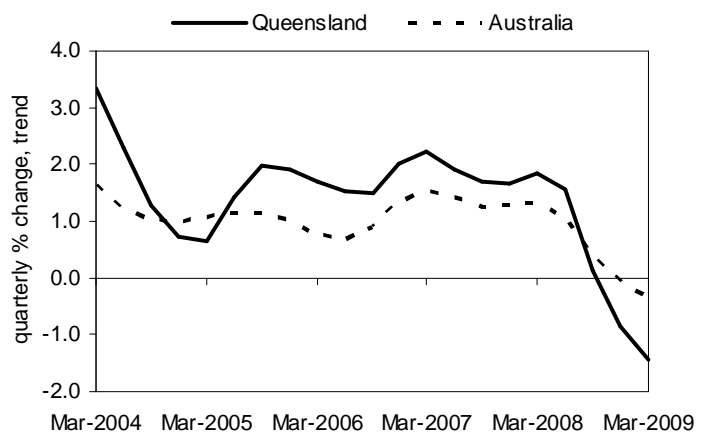


Table 2: Interstate SFD Growth Comparison, March Quarter 2009

Chain Volume Measures (Trend)	Quarterly % Change	Annual % Change
New South Wales	-0.1	0.8
Victoria	-0.3	0.5
Queensland	-1.4	-0.6
South Australia	0.6	4.2
Western Australia	-0.4	3.6
Tasmania	-0.5	3.1
Australia	-0.3	1.0