

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	0.3% (quarterly)	1.5% (annual)
Australia	0.7% (quarterly)	4.0% (annual)

- State final demand (SFD) in Queensland rose 0.3% in September quarter 2010 (see Chart 1). Nationally, domestic final demand rose by 0.7%, with all states recording growth in SFD in September quarter 2010 (see Table 2).
- Queensland's SFD rose 1.5% over the year to September quarter 2010. This was weaker than the national result (4.0%).
- In seasonally adjusted (sa) terms, Queensland's SFD fell 0.5% in September quarter 2010. National domestic final demand grew 0.6%.

Analysis (trend)

Household consumption rose 0.3% in September quarter 2010, to be 1.8% higher over the year. Growth in the quarter was mainly driven by increased expenditure on rent and other dwelling services, insurance and other financial services, and food. The largest detractors from household consumption growth were expenditure on recreation and culture, as well as purchases of vehicles. Going forward, higher interest rates are likely to weigh on consumption, although stable labour market conditions and solid wage growth should provide some support.

Private investment (total) grew by 1.0% in September quarter 2010, with a further fall in dwelling investment more than offset by further recovery in business investment.

Following rises in interest rates earlier in the year, *dwelling investment* fell by 2.1%, driven by falls in both alterations and additions (down 3.1%) and new dwelling investment (down 1.1%). However, total dwelling investment was 4.0% higher over the year to September quarter 2010.

Business investment rose 3.3% in the quarter, the second consecutive quarter of recovery, though was still 19.8% below its recent peak in September quarter 2008. Machinery and equipment investment rose 5.1%. Non-dwelling construction rose by 1.7%, driven by a 3.2% rise in new engineering construction.

Overseas exports of goods rose 1.0% in the September quarter, to be 9.9% higher over the year. Every state recorded growth in overseas exports of goods over the year, with Queensland recording the second strongest growth following South Australia (12.4%). Queensland's trend overseas goods exports were at a record high in September quarter 2010, which was also the seventh consecutive quarterly rise.

Overseas imports of goods fell by 0.2% in September quarter 2010, though were 11.9% higher over the year.

In real terms, *public final demand* fell 0.4% in September quarter 2010, though was 2.9% higher over the year. The fall in the quarter was driven by lower public gross fixed capital formation, specifically by state and local general government and public corporations.

Table 1: Components of Queensland's State Final Demand, September quarter 2010

	% Change		Contribution to SFD Growth	
	quarterly	annual	quarterly	annual
Chain Volume Measures (Trend)*				
Private Final Demand	0.5	1.0	0.4	0.8
Household Consumption	0.3	1.8	0.2	0.9
Private Investment	1.0	-0.6	0.2	-0.1
Dwelling Investment	-2.1	4.0	-0.1	0.3
New Dwellings	-1.1	-0.2	0.0	0.0
Alterations and Additions	-3.1	9.8	-0.1	0.3
Business Investment	3.3	-1.4	0.4	-0.2
Machinery and Equipment	5.1	-2.3	0.3	-0.2
New Engineering Construction	3.2	2.7	0.1	0.1
New Non-Residential Buildings	-0.3	-3.1	0.0	-0.1
Public Final Demand	-0.4	2.9	-0.1	0.7
General Govt. Final Consumption	1.1	3.2	0.2	0.5
National	4.5	5.8	0.2	0.3
State and Local	-0.1	2.8	0.0	0.3
General Govt. Investment	-1.9	16.4	-0.1	0.8
National	0.3	28.0	0.0	0.3
State and Local	-2.5	13.5	-0.1	0.5
Public Corporation Investment	-4.2	-18.9	-0.1	-0.6
National	-13.0	-41.7	0.0	-0.1
State and Local	-2.5	-16.6	-0.1	-0.5
State Final Demand (SFD)	0.3	1.5	0.3	1.5
Overseas Exports of Goods	1.0	9.9	n.a.	n.a.
Overseas Imports of Goods	-0.2	11.9	n.a.	n.a.

* Reference year for chain volume measure is 2008-09. 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

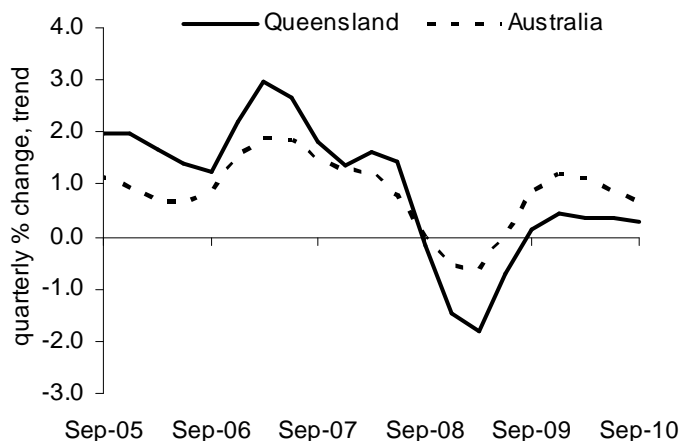


Table 2: Interstate SFD/DFD Growth Comparison, September quarter 2010, CVM

	Trend		Seasonally Adjusted	
	Quarterly % Change	Annual % Change	Quarterly % Change	Annual % Change
New South Wales	0.8	4.2	1.4	4.9
Victoria	0.6	4.6	-0.1	4.9
Queensland	0.3	1.5	-0.5	1.4
South Australia	0.2	2.9	-0.5	2.7
Western Australia	1.2	5.9	0.4	6.5
Tasmania	0.4	1.5	1.1	2.4
Australia	0.7	4.0	0.6	4.4

Explanatory Note: The Queensland State Accounts, produced by the Office of Economic and Statistical Research, 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.