

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	0.6% (quarterly)	2.0% (annual)
Australia	0.5% (quarterly)	3.2% (annual)

#### Real Final Demand (seasonally adjusted):

Queensland	0.8% (quarterly)	1.5% (annual)
Australia	0.3% (quarterly)	2.7% (annual)

- Trend state final demand (SFD) in Queensland rose 0.6% in December quarter 2010 (see Chart 1). Nationally, domestic final demand rose by 0.5%, with all states recording growth in SFD in the quarter (see Table 2).
- Queensland's SFD rose 2.0% over the year to December quarter 2010. This was weaker than the national result (3.2%).
- In seasonally adjusted (sa) terms, Queensland's SFD rose 0.8% in December quarter 2010, while national domestic final demand grew 0.3%.

### Analysis (trend unless otherwise specified)

*Household consumption* rose 0.5% in December quarter 2010. Growth in the quarter was mainly driven by increased expenditure on food, rent and other dwelling services, as well as hotels, cafes and restaurants. The largest detractors from household consumption growth were net expenditure interstate and expenditure on purchases of vehicles. Going forward, higher interest rates are likely to weigh on consumption, although solid wage growth should provide some support. Expenditure associated with the replacement and rebuilding of items damaged or destroyed by recent natural disasters will likely also boost consumption in the near term.

*Private investment (total)* grew by 1.2% in December 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 2010, *dwelling investment* fell by 2.2%, driven by falls in both alterations and additions (down 0.9%) and new dwelling investment (down 3.1%). It is likely also that the fall in dwelling investment partly reflected heavy rainfall delaying work done in the quarter. Given much of the repairs that will be undertaken following recent natural disasters will not be categorised as dwelling investment, this sector is likely to remain weak in the short term.

*Business investment* rose 3.5% in the quarter, the third consecutive quarter of recovery. Machinery and equipment investment rose 5.1%. Non-dwelling construction rose by 2.0%, driven mainly by a 3.0% rise in new engineering construction.

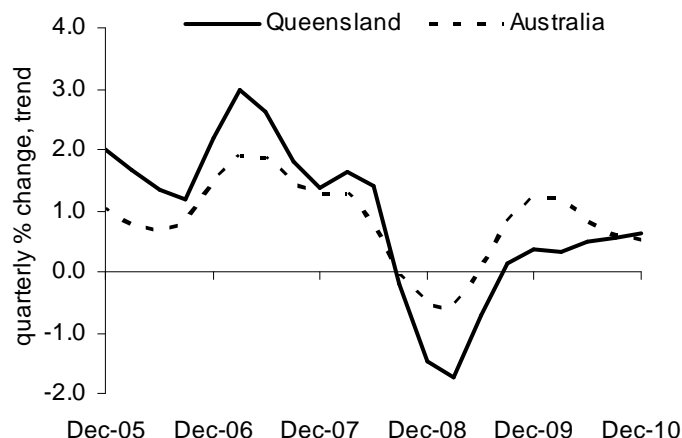
*Overseas exports of goods* fell 3.6% in the December quarter. The fall was more pronounced in sa terms, which fell 7.1%. This fall partly reflected adverse weather conditions hindering exports in the quarter. Further, adverse weather conditions impacting coal production and transportation during March quarter 2011, along with the fact that coal stocks were heavily run down in the previous quarter, means that exports are likely to further weaken in the near term.

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

	% Change		Contribution to SFD Growth	
	quarterly	annual	quarterly	annual
<b>Chain Volume Measures (trend)*</b>				
<b>Private Final Demand</b>	0.7	2.3	0.5	1.7
Household Consumption	0.5	1.8	0.2	0.9
Private Investment	1.2	3.3	0.3	0.8
Dwelling Investment	-2.2	-3.2	-0.1	-0.2
New Dwellings	-3.1	-4.6	-0.1	-0.2
Alterations and Additions	-0.9	-1.2	0.0	0.0
Business Investment	3.5	10.0	0.5	1.3
Machinery and Equipment	5.1	12.4	0.3	0.8
New Engineering Construction	3.0	11.7	0.1	0.5
New Non-Residential Buildings	0.4	3.8	0.0	0.1
<b>Public Final Demand</b>	0.4	1.1	0.1	0.3
General Govt. Final Consumption	1.4	4.7	0.2	0.8
National	4.3	12.6	0.2	0.6
State and Local	0.0	2.0	0.0	0.2
General Govt. Investment	-0.7	3.1	0.0	0.2
National	-2.9	6.9	0.0	0.1
State and Local	-0.1	2.2	0.0	0.1
Public Corporation Investment	-1.7	-20.0	0.0	-0.6
National	5.9	-29.4	0.0	0.0
State and Local	-0.7	-18.5	0.0	-0.5
<b>State Final Demand (SFD)</b>	0.6	2.0	0.6	2.0
<b>Overseas Exports of Goods</b>	-3.6	0.5	n.a.	n.a.
<b>Overseas Imports of Goods</b>	0.1	5.2	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, December quarter 2010, CVM**

	Trend		Seasonally Adjusted	
	Quarterly % Change	Annual % Change	Quarterly % Change	Annual % Change
New South Wales	0.7	3.3	0.0	2.2
Victoria	0.4	3.5	0.2	2.9
Queensland	0.6	2.0	0.8	1.5
South Australia	0.7	2.7	1.9	2.9
Western Australia	0.1	3.6	-0.4	3.1
Tasmania	1.1	3.2	1.6	3.4
<b>Australia</b>	<b>0.5</b>	<b>3.2</b>	<b>0.3</b>	<b>2.7</b>

**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.