

ABS State Details: June quarter 2012

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Queensland's seasonally adjusted (sa) state final demand (SFD) increased 3.6% in June quarter 2012 (see Table 1), following a contraction of 0.5% in March quarter 2012. The June quarter result was the largest rise in Queensland's SFD since September quarter 2011 (see Chart 1).

Growth in June quarter SFD was driven largely by a surge in business investment, after it fell in the previous quarter, reflecting the lumpy nature of investment in some large mining projects. Household consumption also contributed to SFD growth, while dwelling investment showed further improvement.

Table 1: Queensland's state final demand
(June quarter 2012, sa)

Chain Volume Measures (sa)*	% Change		Contribution to SFD	
	quarterly	annual	quarterly	annual
Private Final Demand	3.5	9.7	2.7	7.5
Household Consumption	0.9	5.7	0.5	3.0
Private Investment	8.9	18.2	2.3	4.5
Dwelling Investment	4.5	7.7	0.2	0.4
New Dwellings	10.7	14.5	0.3	0.4
Alterations and Additions	-1.7	1.0	0.0	0.0
Business Investment	12.3	23.5	2.1	3.9
Machinery and Equipment	8.9	1.6	0.6	0.1
New Engineering Construction	21.5	58.5	1.9	4.2
New Non-Residential Buildings	-17.3	-12.0	-0.4	-0.3
Public Final Demand	4.0	5.4	0.9	1.2
General Govt. Final Consumption	2.0	4.1	0.3	0.7
National	2.3	5.5	0.1	0.3
State and Local	1.9	3.4	0.2	0.4
General Govt. Investment	1.7	8.1	0.1	0.4
National	2.6	4.3	0.0	0.0
State and Local	1.5	9.4	0.1	0.3
Public Corporation Investment	29.0	10.1	0.5	0.2
National	9.2	53.7	0.0	0.1
State and Local	31.8	6.4	0.5	0.1
State Final Demand (SFD)	3.6	8.7	3.6	8.7
Overseas Exports of Goods	-3.8	8.2	n.a.	n.a.
Overseas Imports of Goods	1.6	18.4	n.a.	n.a.

* Reference year for chain volume measure is 2009-10. Chain volume measures are not strictly additive. As such, there may be discrepancies associated with calculations based on the sum of components.

Household consumption returned to a more normal rate of growth in the June quarter, at 0.9%, after rising an extraordinary 2.3% in March quarter 2012. Growth was mainly driven by strong growth in vehicle purchases (up 20.1%), and to a lesser degree, furnishings and household equipment (up 3.1%). This result was likely to be supported by an aggregate 125 basis point fall in the cash rate since late 2011 and Federal Government's carbon tax payments. However, weighing on this growth in the quarter was ongoing weak employment outcomes and lacklustre consumer sentiment.

After increasing 3.4% in the March quarter, dwelling investment rose 4.5% in June quarter 2012, with a 10.7% rise in new dwelling construction more than offsetting a fall in alterations and additions (down 1.7%). Dwelling investment is now showing tentative signs of stabilising, with the resources boom having a positive impact on construction activity in mining regions. While subdued employment growth and consumer sentiment will weigh on short-term prospects, lower interest rates and improved affordability are supportive of a dwelling investment recovery once the labour market improves.

Business investment rose 12.3% in June quarter 2012, more than recovering from a fall in the previous quarter.

The large scale of some investment projects currently under construction across the State has raised the volatility of this series. New engineering construction recorded strong growth in the quarter (up 21.5%), while machinery and equipment investment also increased (up 8.9%), both likely reflecting the ramp-up in activity related to Queensland's burgeoning LNG sector, as well as investment in mining related transport infrastructure and equipment.

However, non-residential building construction (10% of total business investment, which includes shops, offices, etc.) fell 17.3% in the quarter, to be 12.0% lower over the year. Investment in this component remains subdued due to an extended period of weakness in the retail sector and labour market, tight credit conditions and relatively elevated office vacancy rates in some regions of the State.

Overseas exports of goods fell 3.8% in June quarter 2012, the sharpest decline since the flood-induced decline of 21.3% in March quarter 2011. This fall was led by the weakness in coal exports, with an escalation in the Euro debt crisis in the quarter hampering overseas demand. Heightened industrial action across BMA's coalmines also likely weighed on coal exports in the quarter, while the strong A\$ continued to undermine manufacturing sector competitiveness and other A\$ denominated exports.

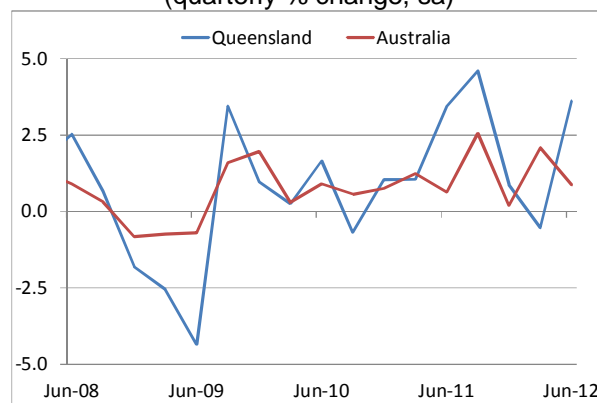
Overseas imports of goods rose 1.6% in June quarter 2012, reflecting imported capital related to business investment.

At 3.6%, Queensland's SFD recorded the strongest quarterly sa growth among the mainland states in June quarter 2012 (see Table 2). Queensland's SFD increased 8.7% over the year, with a 23.5% annual rise in business investment the largest contributor.

Table 2: Interstate SFD/DFD growth comparison
(June quarter 2012, CVM)

	Trend		Seasonally adjusted	
	Quarterly % change	Annual % change	Quarterly % change	Annual % change
NSW	0.8	3.0	1.5	3.4
Vic	0.7	2.3	-0.3	1.7
Qld	1.1	7.1	3.6	8.7
SA	1.1	2.7	0.5	1.8
WA	3.0	13.4	2.1	15.9
Tas	-1.1	-3.0	-0.8	-2.2
AU	1.1	5.3	0.9	5.8

Chart 1: Real State/Domestic Final Demand
(quarterly % change, sa)



Note: The ABS Australian National Accounts: National Income, Expenditure and Product report only state final demand and international trade in goods. The ABS Australian National Accounts: State Accounts (5220.0) provide Gross State Product data on an annual basis.