

ABS State Details: September quarter 2012

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Queensland's seasonally adjusted (sa) state final demand (SFD) fell 1.6% in the quarter (see Table 1), after rising by 3.4% in the June quarter (see Chart 1). SFD rose by 2.7% through the year, its lowest annual rate since March quarter 2010.

The decline in SFD in the September quarter was driven by broad based falls in dwelling investment and public final demand. While business investment also fell a modest 1.3%, this followed a strong gain of 9.9% in the previous quarter. Meanwhile, household consumption growth slowed from the fast pace seen earlier in the year.

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

Chain Volume Measures (sa)*	% Change		Contribution to SFD	
	quarterly	annual	quarterly	annual
Private Final Demand	-0.7	3.3	-0.5	2.6
Household Consumption	0.7	4.2	0.4	2.1
Private Investment	-3.4	1.6	-0.9	0.4
Dwelling Investment	-15.5	-11.2	-0.8	-0.5
New Dwellings	-19.1	-5.5	-0.5	-0.1
Alterations and Additions	-11.6	-16.5	-0.3	-0.4
Business Investment	-1.3	5.2	-0.2	0.9
Machinery and Equipment	5.7	-11.4	0.4	-0.9
New Engineering Construction	-5.7	23.5	-0.6	1.9
New Non-Residential Buildings	3.3	-3.2	0.1	-0.1
Public Final Demand	-4.5	0.5	-1.0	0.1
General Govt. Final Consumption	-1.8	3.0	-0.3	0.5
National	0.0	8.8	0.0	0.4
State and Local	-2.7	0.4	-0.3	0.0
General Govt. Investment	-12.0	-9.4	-0.6	-0.5
National	-39.2	-33.2	-0.4	-0.3
State and Local	-4.0	-3.0	-0.1	-0.1
Public Corporation Investment	-8.1	5.6	-0.2	0.1
National	14.5	43.8	0.0	0.1
State and Local	-10.5	1.7	-0.2	0.0
State Final Demand (SFD)	-1.6	2.7	-1.6	2.7
Overseas Exports of Goods	-3.5	-1.6	n.a.	n.a.
Overseas Imports of Goods	-0.5	9.7	n.a.	n.a.

* Reference year for chain volume measure is 2010-11. Chain volume measures are not strictly additive. As such, there may be discrepancies associated with calculations based on the sum of components.

Household consumption growth slowed further in the September quarter, to 0.7%, after Federal Government carbon compensation payments supported a stronger rise of 1.0% in June quarter 2012. While an aggregate 125 basis point fall in the cash rate over the year to September 2012 likely supported household disposable incomes, weak labour market outcomes and lacklustre consumer sentiment likely weighed on growth. Lower household spending on food (down 0.8%), transport services (down 3.1%) and clothing and footwear (down 1.9%) detracted from growth in the quarter.

Dwelling investment fell 15.5% in September quarter 2012. However, this follows an accumulated 9.9% rise over the previous two quarters. The fall was driven by lower new dwelling construction and alterations and additions, down 19.1% and 11.6% respectively. Although the resource investment boom is generally having a positive impact on construction activity across the State's mining regions, growth in investment across the rest of Queensland was constrained by lower employment and subdued consumer sentiment. Lower interest rates and improved affordability are supportive of a dwelling investment recovery, once the labour market improves.

Business investment fell a modest 1.3% in September quarter 2012, but was 5.2% higher over the year. The large scale of LNG and coal investment projects currently under

construction across the State has raised the volatility of this series, which is still forecast to contribute solidly to economic growth in 2012-13. New engineering construction fell 5.7% in the quarter, while machinery and equipment investment increased (up 5.7%).

Non-residential building construction (currently 11.5% of total business investment, which includes shops, offices, etc.) increased 3.3% in the quarter, but was 3.2% lower over the year and at a subdued level relative to its pre-GFC peak. This reflects an extended period of weakness in the retail sector and labour market, and relatively elevated office vacancy rates in some regions of the State.

Overseas exports of goods fell 3.5% in September quarter 2012, after declining 4.3% in the June quarter. Recent weakness has reflected lower coal and base metals exports, owing largely to softer offshore demand. Economic growth has weakened in recent quarters across many of Queensland's major trading partners, including in Asia where manufacturing production and exports have fallen in some economies in response to soft demand from customers in Europe and the US. Meanwhile, the strong A\$ continued to undermine manufacturing sector competitiveness and other A\$ denominated exports.

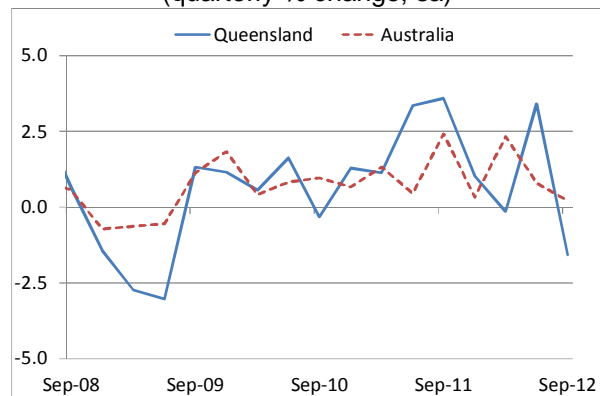
Overseas imports of goods fell 0.5% in September quarter 2012, but rose 9.7% through the year.

At -1.6%, Queensland's SFD quarterly outcome was the second weakest among the mainland states (see Table 2). At 2.7%, annual growth in Queensland's SFD was the third strongest of any state, following Western Australia and New South Wales.

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

	Trend		Seasonally adjusted	
	Quarterly % change	Annual % change	Quarterly % change	Annual % change
	NSW	0.6	3.1	0.1
Vic	0.1	1.9	-0.2	1.6
Qld	0.7	4.4	-1.6	2.7
SA	-0.3	2.8	-3.2	1.8
WA	3.3	13.9	2.3	9.6
Tas	-1.5	-4.7	-2.0	-5.7
AU	0.9	4.7	0.2	3.7

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.