

ABS State Details, March quarter 2019

Source: ABS 5206.0, released 5 June 2019, 11.30 am AEST.

Note: ABS 5206.0 provides only state final demand and its components. State level estimates of overseas trade in goods and services on a consistent basis to the national accounts are released as part of ABS 5302.0 and these are discussed below. For a complete picture of State economic growth, ABS 5220.0 State Accounts provides annual Gross State Product data.

Queensland's trend state final demand (SFD) rose 0.4% in March quarter 2019, to be 1.3% higher over the year (Table 1). Private sector investment continued to soften in the quarter, however, this has been offset by continued growth in household consumption and public final demand (Figure 1).

Figure 1: Contribution to quarterly SFD growth, Queensland

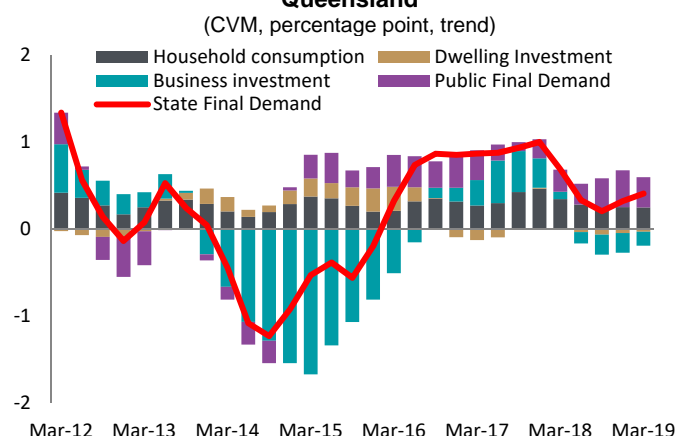


Table 1: Queensland's state final demand (March quarter 2019, trend)

Chain Volume Measures ^(a)	% Change		Contribution to SFD Growth	
	quarterly	annual	quarterly	annual
Private Final Demand	0.0	-0.2	0.0	-0.2
Household Consumption	0.4	1.8	0.2	1.0
Private Investment	-1.3	-5.8	-0.2	-1.2
Dwelling Investment	-0.6	-3.2	0.0	-0.2
New Dwellings	-3.7	-13.4	-0.1	-0.5
Alterations and Additions	3.2	13.9	0.1	0.3
Business Investment	-1.5	-6.7	-0.2	-0.8
Machinery and Equipment	2.0	8.3	0.1	0.4
Engineering Construction	-3.8	-11.2	-0.1	-0.5
Non-Residential Building	-3.7	-22.1	-0.1	-0.6
Public Final Demand	1.4	5.6	0.3	1.4
General Govt. Final Consumption	0.9	3.8	0.2	0.8
National	2.2	10.6	0.2	0.8
State and Local	0.0	-0.5	0.0	-0.1
General Govt. Investment	4.5	16.4	0.2	0.6
National	-2.1	2.2	0.0	0.0
State and Local	6.8	21.6	0.2	0.5
Public Corporation Investment	1.2	4.9	0.0	0.1
National	0.5	-4.1	0.0	0.0
State and Local	1.7	10.0	0.0	0.1
State Final Demand (SFD)	0.4	1.3	0.4	1.3

(a) Reference year for chain volume measure is 2016-17. Chain volume measures are not strictly additive. As such, there may be discrepancies associated with calculations based on the sum of components.

A 0.4% (trend) increase in household consumption contributed to

the modest growth in SFD in the March quarter. By component, *rent and other dwelling services* (up 0.6%), *health* (up 1.1%) and *hotels, cafes and restaurants* (up 1.1%) were the main contributors. Expenditure on the *operation of vehicles* (down 0.7%) and *electricity, gas and other fuel* (down 1.5%) were the main detractors. Over the year, consumption rose by a modest 1.8%, constrained by modest employment growth, subdued real wages growth and a moderating housing market.

Dwelling investment fell 0.6% in March quarter 2019, driven by a fall in the construction of *new dwellings* (down 3.7%) which more than offset a further strong rise in *alterations & additions* (up 3.2%). Total dwelling investment was 3.2% lower over the year. Apartment construction has declined from record levels, amplified by concerns about an over-supply and tighter lending standards, while house construction in Queensland has also moderated recently. *New dwellings* investment in Queensland is now 23.1% lower than the recent peak in September quarter 2016. In contrast, *alterations and additions* activity has risen 22.2% over the same period. Similar to trends in business investment, with uncertainties around the national housing market increasing in recent years, households appear to be preferring to invest in their current dwellings rather than purchasing or building a new dwelling.

Business investment fell 1.5% in March quarter 2019, to be 6.7% lower over the year. After rebounding strongly for almost two years, business investment in Queensland has moderated over the past four quarters. *Non-residential building* recorded its fifth consecutive quarterly decline (down 3.7%), having trended higher since mid-2016. Meanwhile, *engineering construction* fell 3.8% in the quarter, to be 11.2% lower over the year. Recent heightened global risks (including trade tensions and the slowdown in industrial production) have discouraged investment in substantial new resource projects in Queensland. *Machinery and equipment* rose 2.0% in the quarter, to be 8.3% higher over the year.

Driven by a rise in *general government consumption* in the quarter (up 0.9%), *public final demand* rose 1.4% in March quarter 2019, to be 5.6% higher over the year.

Table 2: Interstate SFD/DFD growth comparison (March quarter 2019, CVM)

	Trend		Seasonally adjusted	
	Quarterly % change	Annual % change	Quarterly % change	Annual % change
New South Wales	0.3	2.3	0.4	2.1
Victoria	0.5	3.5	0.2	3.0
Queensland	0.4	1.3	0.5	1.4
South Australia	0.2	1.7	-0.2	1.8
Western Australia	-0.3	-1.5	-0.3	-1.4
Tasmania	1.0	5.2	0.7	5.0
Australia	0.3	1.8	0.1	1.6

ABS 5302.0 (released on 4 June), provided a snapshot of international trade in goods and services on a consistent basis to the national accounts methodology. Based on these data, Queensland's *overseas exports of goods and services* (trend) fell 1.0% in March quarter 2019, but were 1.3% higher over the year. Meanwhile, *overseas imports of goods and services* to Queensland fell 1.8% in the quarter, to be 4.8% lower over the year.