

Highlights

- Gross domestic product (GDP) rose 0.3% (trend) in June quarter 2003, following growth of 0.4% in the previous quarter. Quarterly GDP growth has moderated gradually since September quarter 2001.
- Annual growth in GDP (trend) has also moderated steadily over the past year, easing to 1.9% in the June quarter, after peaking at 4.3% in March quarter 2002.
- Measured in seasonally adjusted terms, GDP growth of 0.1% in the June quarter was slightly above consensus expectations of 0.0%. In contrast, annual growth in GDP of 2.0% was 0.1% point below market consensus.

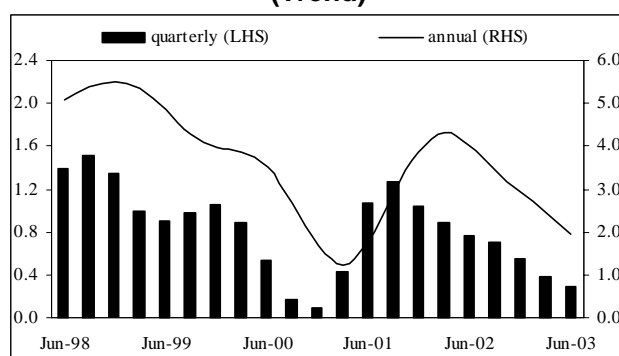
Analysis (trend terms)

- National Accounts data indicate that economic growth in Australia continued to moderate in June quarter 2003. A large detraction from net exports offset contributions to growth from consumption and business investment.
- Growth in household consumption strengthened slightly in June quarter 2003, to be 1.0% over the quarter. Consumption growth peaked in March quarter 2002 and then eased consistently until December quarter 2002, before recovering somewhat in the first half of 2003.
- Dwelling investment declined in June quarter 2003, falling 1.1% over the quarter, following 0.1% growth in the March quarter. Nevertheless, strong activity in alternations and additions is expected to support dwelling investment in the second half of 2003.
- Business investment continued to grow in the June quarter, increasing 2.4% over the quarter. Both components of business investment recorded growth, with machinery and equipment investment rising 2.5% and other buildings and structures investment rising 2.4%.
- Growth in public final demand (government spending) continued to ease in June quarter 2003, rising 0.6% over the quarter following 1.0% growth recorded in the March quarter.
- Investment in inventories contributed 0.4% point to overall GDP growth.
- Net exports detracted 0.9% point from overall growth in June quarter 2003, reflecting the drought in Australia, weak overseas demand for exports and continued strong growth in imports.

**Table 1
GDP Growth – June Quarter 2003**

Chain volume measure	% Change	
	Quarterly	Annual
Seasonally adjusted	0.1	2.0
Trend	0.3	1.9

**Chart 1
GDP Growth
(Trend)**



**Table 2
Components of GDP
(June Quarter 2003, Trend)**

Chain Volume Measure*	% Change		% Contribution	
	quarterly	annual	quarterly	annual
Total consumption	0.8	3.4	0.6	2.6
Household consumption	1.0	3.5	0.6	2.1
General govt consumption	0.4	3.1	0.1	0.5
Private dwellings	-1.1	6.9	-0.1	0.4
Business Investment	2.4	16.0	0.3	1.6
Machinery and equipment	2.5	12.4	0.2	0.8
Buildings and structures	2.4	23.1	0.1	0.8
Livestock	4.8	-38.6	0.0	-0.1
Intangible fixed assets	1.0	9.2	0.0	0.1
Ownership transfer costs	-0.5	2.0	0.0	0.0
Private gross fixed capital	1.2	10.6	0.3	2.0
Public gross fixed capital	1.5	7.7	0.1	0.3
Changes in inventories			0.4	0.8
Private non-farm stocks			0.3	0.7
Farm and public authority			0.0	0.1
Gross national expenditure	1.4	5.8	1.4	5.8
Exports of goods & services	-1.5	-2.5	-0.3	-0.5
less Imports of goods & services	2.5	12.1	-0.6	-2.7
Statistical discrepancy			-0.1	-0.5
GDP	0.3	1.9	0.3	1.9
Current Prices				
Compensation of employees	1.5	6.5		
Gross Operating surplus	0.5	5.4		
GDP	1.0	5.0		
Terms of Trade	0.5	2.4		
Private consumption deflator	0.4	2.3		
GDP deflator	0.7	3.0		

*Reference year for chain volume measure is 2001-02

Charts 2-7

Components of Trend GDP

Chart 2
Private Consumption (% change)

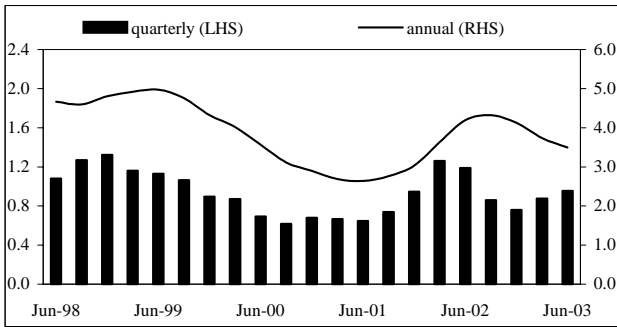


Chart 5
Public Final Demand (% change)

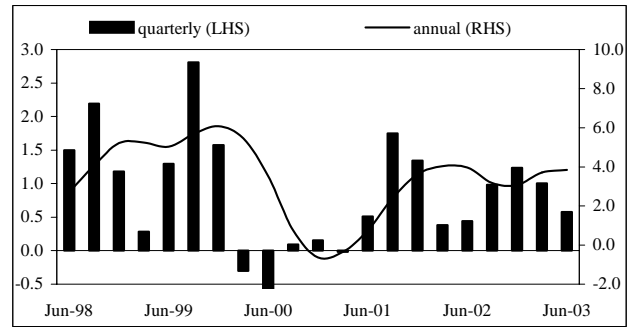


Chart 3
Dwelling Investment (% change)

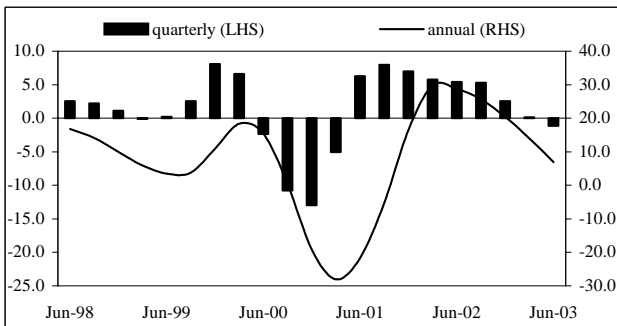


Chart 6
Stocks (% point contribution to growth)

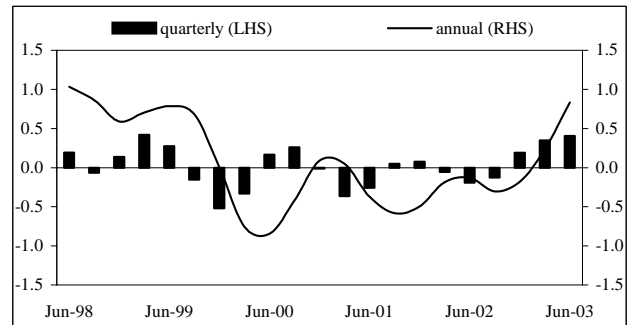


Chart 4
Business Investment (% change)

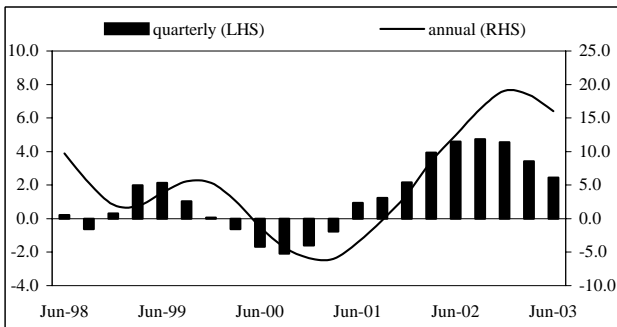


Chart 7
Net Exports (% point contribution to growth)

