

Highlights

- Growth in gross domestic product (GDP) accelerated in September quarter 2003, rising 0.7% (trend) following 0.6% growth in the previous quarter. Quarterly GDP growth peaked in September quarter 2001 and moderated gradually until March quarter 2003.
- In contrast, annual growth in GDP (trend) remained relatively unchanged in the September quarter at 2.5%. Annual GDP growth has eased considerably in the past 18 months after peaking at 4.4% in March quarter 2002.
- Seasonally adjusted GDP increased 1.2% in September quarter 2003, slightly below consensus expectations of 1.4%. In contrast, the annual growth in GDP of 2.6% was 0.2% point above market consensus.

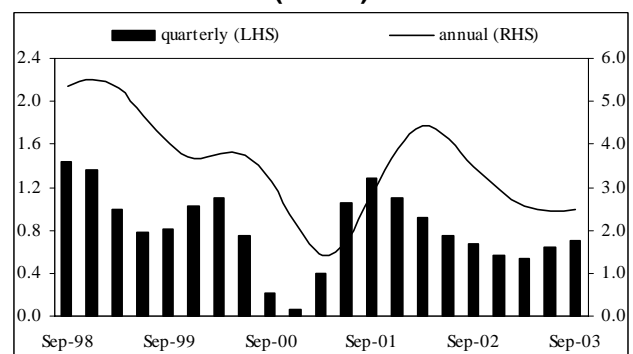
Analysis (trend terms)

- Economic growth in Australia strengthened slightly in September quarter 2003. While net exports continued to detract from overall growth, growth in domestic demand in the September quarter proved to be stronger than expected.
- Household consumption increased 1.3% over the quarter. Consumption growth peaked in March quarter 2002 and then eased consistently until March quarter 2003, before re-accelerating over the past two quarters.
- Growth in dwelling investment continued to ease in September quarter 2003, rising 0.1%, following similar growth in the June quarter. Strong activity in alterations and additions has been supporting dwelling investment in recent quarters.
- Business investment rose 1.4% in the September quarter. While machinery and equipment investment rose 2.6%, other buildings and structures investment fell 1.1% over the quarter.
- Public final demand (government spending) fell 0.2% over the quarter, following 0.2% growth in the June quarter.
- Investment in inventories contributed 0.4% point to overall GDP growth.
- While net exports detracted 0.8% point from overall growth in September quarter 2003, the extent of detraction has eased slightly from the 1.0% point detraction recorded in the previous quarter.

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

Chain volume measure	% Change	
	Quarterly	Annual
Seasonally adjusted	1.2	2.6
Trend	0.7	2.5

**Chart 1
GDP Growth
(Trend)**



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

Chain Volume Measure*	% Change		% Contribution	
	quarterly	annual	quarterly	annual
Total consumption	1.1	3.9	0.9	3.0
Household consumption	1.3	4.2	0.8	2.5
General govt consumption	0.5	2.9	0.1	0.5
Private dwellings	0.1	3.4	0.0	0.2
Business Investment	1.4	11.7	0.2	1.3
Machinery and equipment	2.6	12.5	0.2	0.9
Buildings and structures	-1.1	9.9	0.0	0.3
Livestock	18.9	15.7	0.0	0.0
Intangible fixed assets	0.0	4.6	0.0	0.1
Ownership transfer costs	0.5	1.9	0.0	0.0
Private gross fixed capital	1.2	7.9	0.3	1.6
Public gross fixed capital	-3.3	0.5	-0.1	0.0
Changes in inventories			0.4	1.6
Private non-farm stocks			n.a.	n.a.
Farm and public authority			n.a.	n.a.
Gross national expenditure	1.3	6.1	1.4	6.2
Exports of goods & services	-1.3	-4.6	-0.3	-1.0
less Imports of goods & services	2.1	10.9	-0.5	-2.5
Statistical discrepancy			0.2	-0.1
GDP	0.7	2.5	0.7	2.5
Current Prices				
Compensation of employees	1.4	6.3		
Gross Operating surplus	1.5	5.1		
GDP	1.5	5.7		
Terms of Trade	n.p.	4.5		
Private consumption deflator	n.p.	1.6		
GDP deflator	n.p.	2.6		

*Reference year for chain volume measure is 2001-02

Charts 2-7

Components of Trend GDP

Chart 2
Private Consumption (% change)

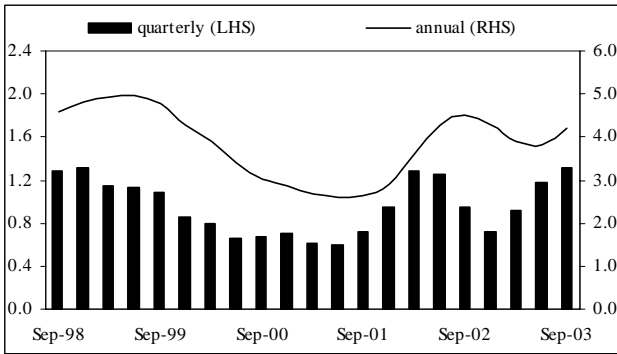


Chart 5
Public Final Demand (% change)

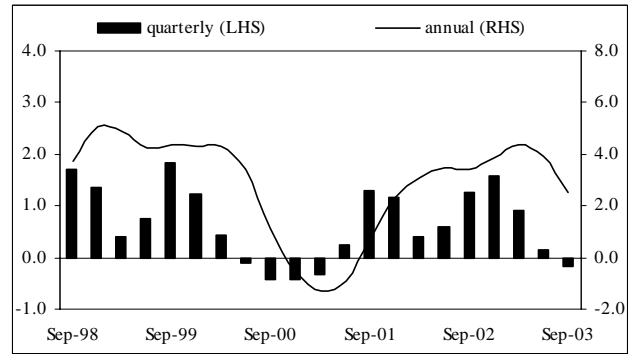


Chart 3
Dwelling Investment (% change)

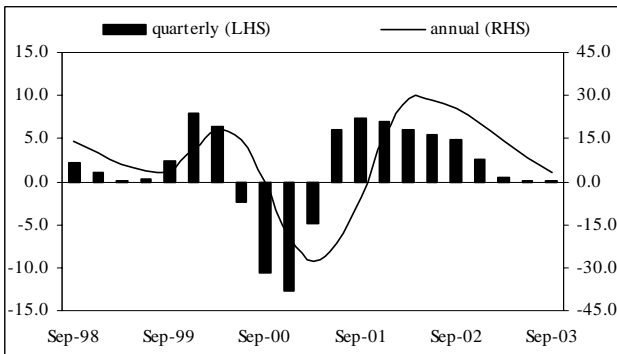


Chart 6
Stocks (% point contribution to growth)

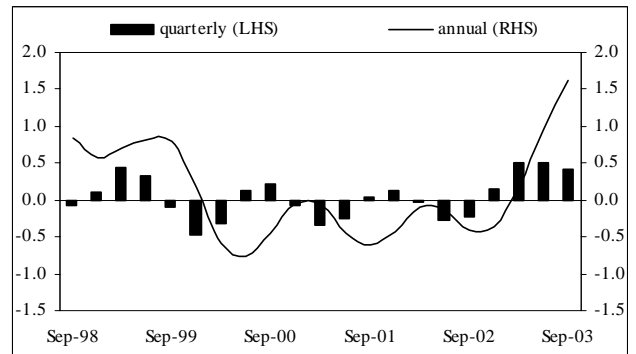


Chart 4
Business Investment (% change)

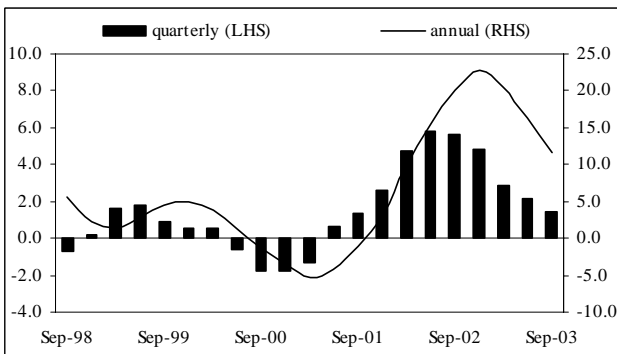


Chart 7
Net Exports (% point contribution to growth)

