



Highlights

- Gross domestic product (GDP) rose 0.8% (trend) in March quarter 2004, following 1.0% growth in each of the previous two quarters.
- In annual terms, GDP growth (trend) strengthened to 3.7% in the March quarter, compared with annual growth of 3.3% in the December quarter.
- However, seasonally adjusted GDP increased 0.2% in the March quarter, which was below consensus expectations of 0.5%. Annual GDP growth of 3.2% was also 0.4% point below market consensus.

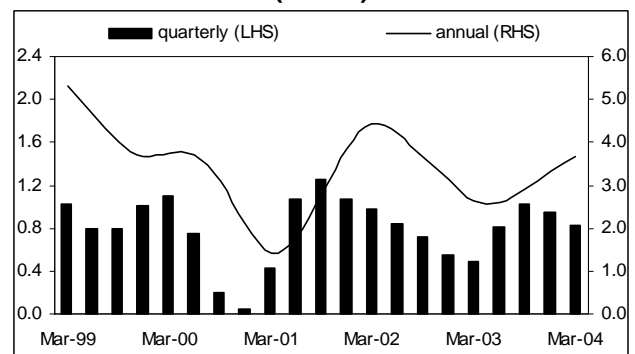
Analysis (trend terms)

- Quarterly economic growth in Australia eased slightly to 0.8% in March quarter 2004, following 1.0% growth in the December quarter. Domestic demand, underpinned by private consumption, continued to drive overall growth in the March quarter, while net exports continued to detract from growth.
- Private consumption increased 1.6% over the quarter, following very high growth of 1.7% in the December quarter. As a result, annual growth in private consumption reached its highest rate (6.2%) since December quarter 1973.
- Revised trend data indicate that growth in dwelling investment remained unchanged at 2.3% in the March quarter. Growth in new and used dwellings strengthened in the March quarter, while growth in alterations and additions activity eased during the quarter.
- Business investment rose by 1.0% in the March quarter, with growth in business investment easing in each quarter since June quarter 2003. Growth in other building and structures (3.1%) drove overall business investment in the March quarter, while the level of machinery and equipment remained largely unchanged in trend terms during the quarter.
- Public final demand (government spending) rose 0.4% in the quarter, following growth of 0.6% in the previous quarter.
- Net exports detracted 0.7% point from overall growth for the second quarter in a row in the March quarter, representing the eleventh consecutive quarterly detraction.
- Growth in exports strengthened 0.5% point to 2.2% in the March quarter. However, imports also strengthened 0.1% point to 4.4% during the quarter, representing the highest quarterly growth in imports since September quarter 1994.

**Table 1
GDP Growth – March Quarter 2004**

Chain volume measures	% Change	
	Quarterly	Annual
Seasonally adjusted	0.2	3.2
Trend	0.8	3.7

**Chart 1
GDP Growth
(Trend)**



**Table 2
Components of GDP
(March Quarter 2004, Trend)**

Chain Volume Measure*	% Change		% Contribution	
	quarterly	annual	quarterly	annual
Total consumption	1.3	5.3	1.1	4.2
Household consumption	1.6	6.2	1.0	3.8
General govt consumption	0.4	2.1	0.1	0.4
Private dwellings	2.3	7.0	0.1	0.4
Business Investment	1.0	8.9	0.1	1.0
Machinery and equipment	0.0	8.3	0.0	0.6
Buildings and structures	3.1	10.3	0.1	0.4
Livestock	5.4	74.8	0.0	0.1
Intangible fixed assets	0.6	2.6	0.0	0.0
Ownership transfer costs	-2.0	-0.2	0.0	0.0
Private gross fixed capital	1.2	7.8	0.3	1.7
Public gross fixed capital	0.6	1.4	0.0	0.1
Changes in inventories			0.0	0.3
Private non-farm stocks			0.0	0.3
Farm			0.0	-0.1
Public authorities			0.0	0.1
Gross national expenditure	1.2	6.0	1.3	6.2
Net Exports			-0.7	-3.2
Exports of goods & services	2.2	2.4	0.4	0.5
less Imports of goods & services	4.4	15.2	-1.1	-3.6
Statistical discrepancy			0.3	0.7
GDP	0.8	3.7	0.8	3.7
Current Prices				
Compensation of employees	1.4	5.4		
Gross Operating surplus	1.3	7.6		
GDP	2.0	7.8		
Deflators and Prices				
Terms of Trade	2.8	9.5		
Household consumption deflator	0.3	1.0		
GDP deflator	1.2	4.0		

*Reference year for chain volume measure is 2001-02

Charts 2-9

Components of Trend GDP

Chart 2
Private Consumption (% change)

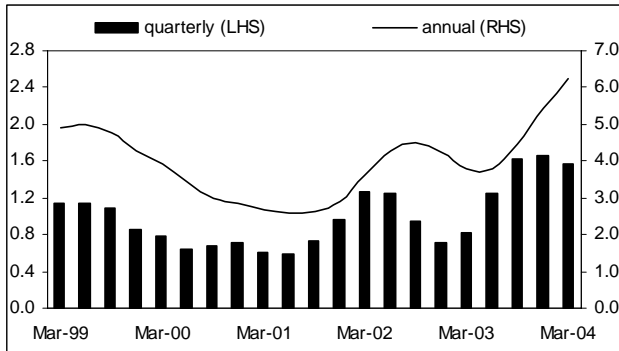


Chart 6
Stocks (% point contribution to growth)

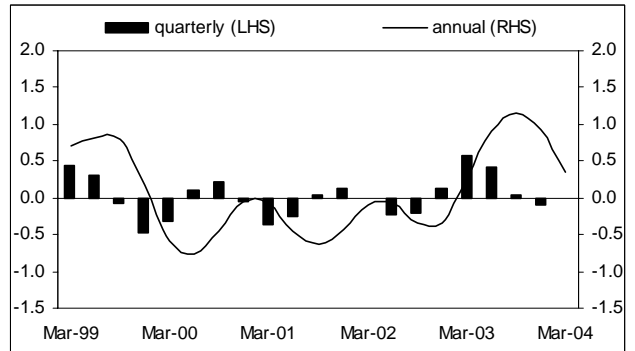


Chart 3
Dwelling Investment (% change)

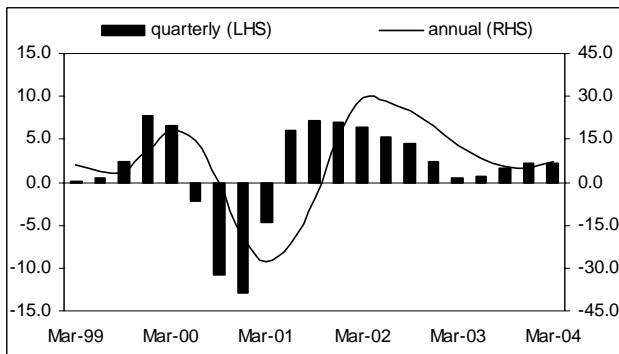


Chart 7
Exports (% change)

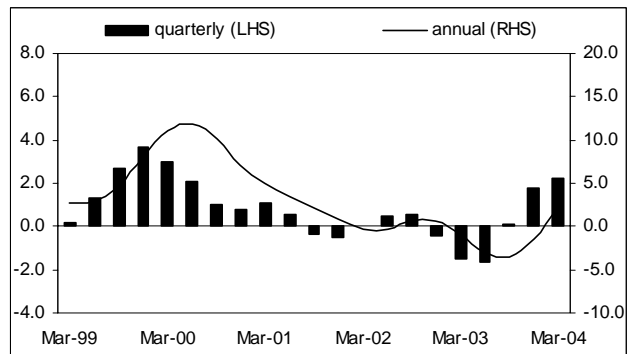


Chart 4
Business Investment (% change)

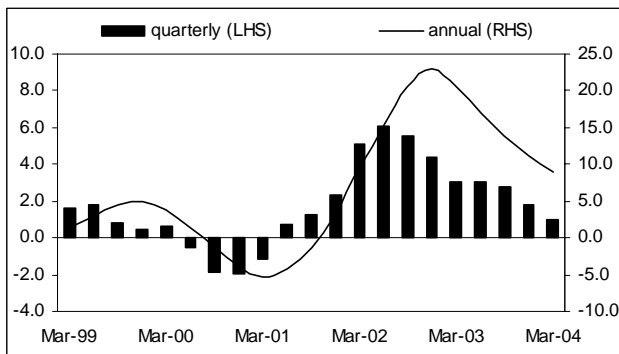


Chart 8
Imports (% change)

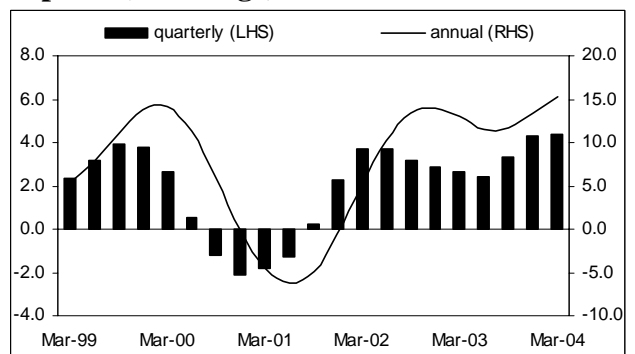


Chart 5
Public Final Demand (% change)

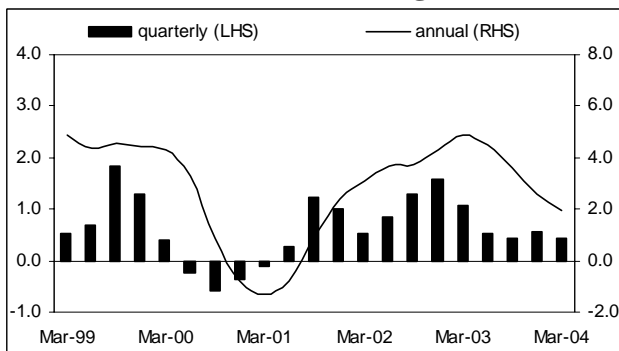


Chart 9
Net Exports (% point contribution to growth)

