



Highlights

- Gross domestic product (GDP) rose 0.6% (trend) in June quarter 2004, following 0.9% growth in the March quarter.
- In annual terms, GDP growth (trend) weakened slightly to 3.7% in June quarter 2004, compared with annual growth of 3.9% in the March quarter.
- In seasonally adjusted terms, GDP rose 0.6% in the June quarter, below the market consensus of 0.9%. However, revisions to historical data caused the annual rate of growth to rise to 4.1%, above market expectations of 3.8%.

Analysis (trend terms)

- Quarterly economic growth in Australia moderated to 0.6% in June quarter 2004, following 0.9% growth in the March quarter. Domestic demand, underpinned by private consumption, continued to drive overall growth in June quarter 2004, while net exports continued to detract from growth.
- Private consumption rose 1.3% over the quarter, following similar strong growth of 1.4% in the March quarter. As a result, annual growth in private consumption remained at 6.1%, the highest annual rate of growth since December quarter 1973.
- Growth in dwelling investment moderated to 1.9% in June quarter 2004, after growth of 2.9% in the previous quarter. Growth in new and used dwellings eased to 2.4% in the June quarter, down from very strong growth of 3.4% in the March quarter. Growth in alterations and additions investment also moderated in the June quarter, easing to 1.2% from 2.2% in the March quarter.
- Business investment rose by 1.5% in the June quarter, with growth in business investment gradually easing from a recent peak of 6.1% in June quarter 2002. Solid growth in buildings and structures (2.2%) continued to drive overall business investment in the June quarter, while growth in machinery and equipment remained steady at 1.1% during the quarter.
- Net exports detracted 0.6% point from overall growth in the June quarter, representing the twelfth consecutive quarterly detraction.
- Growth in exports weakened 0.8% point to 1.6% in June quarter 2004, while import growth also moderated 0.8% point to 3.6%. However, strong growth in imports over the year has resulted in annual import growth of 16.2%, substantially outpacing annual export growth of 5.8%.

Table 1
GDP Growth – June Quarter 2004

Chain volume measures	% Change	
	Quarterly	Annual
Seasonally adjusted	0.6	4.1
Trend	0.6	3.7

Chart 1
GDP Growth
(Trend)

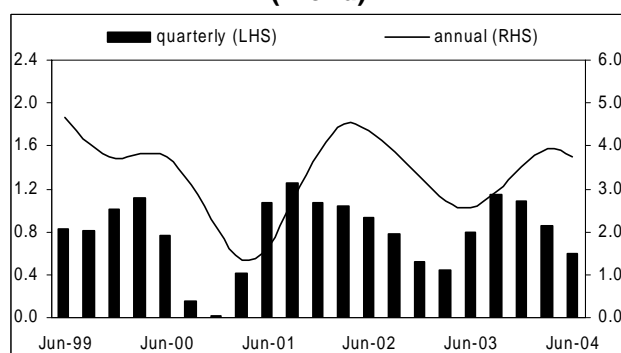


Table 2
Components of GDP
(June Quarter 2004, Trend)

Chain Volume Measure*	% Change		% Contribution	
	quarterly	annual	quarterly	annual
Total consumption	1.2	5.5	1.0	4.3
Household consumption	1.3	6.1	0.8	3.7
General govt consumption	0.8	3.2	0.2	0.6
Private dwellings	1.9	10.0	0.1	0.6
Business Investment	1.5	7.3	0.2	0.8
Machinery and equipment	1.1	5.8	0.1	0.4
Buildings and structures	2.2	10.3	0.1	0.4
Livestock	-1.7	32.4	0.0	0.1
Intangible fixed assets	3.4	7.3	0.1	0.1
Ownership transfer costs	-6.6	-10.8	-0.1	-0.2
Private gross fixed capital	1.1	7.2	0.2	1.5
Public gross fixed capital	1.5	6.8	0.1	0.3
Changes in inventories			-0.2	-0.4
Private non-farm stocks			-0.1	-0.1
Farm			-0.1	-0.2
Public authorities			0.0	0.0
Gross national expenditure	1.0	5.5	1.0	5.7
Net Exports			-0.6	-2.5
Exports of goods & services	1.6	5.8	0.3	1.1
Imports of goods & services	3.6	16.2	-0.9	-3.7
Statistical discrepancy			0.2	0.6
GDP	0.6	3.7	0.6	3.7
Current Prices				
Compensation of employees	1.6	5.8		
Gross Operating surplus	2.6	9.6		
GDP	1.7	7.8		
Deflators and Prices				
Terms of Trade	2.6	10.7		
Household consumption deflator	0.4	1.2		
GDP deflator	1.1	3.9		

*Reference year for chain volume measure is 2002-03

Charts 2-9

Components of Trend GDP

Chart 2
Private Consumption (% change)

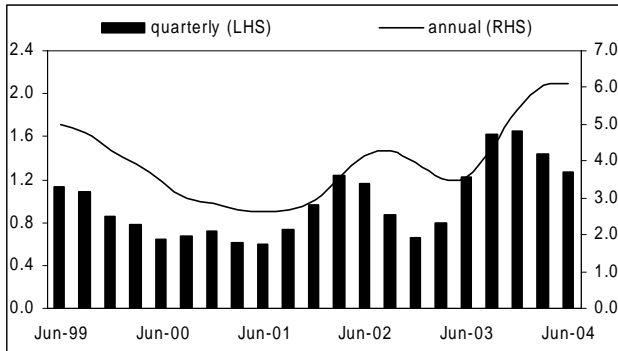


Chart 6
Stocks (% point contribution to growth)

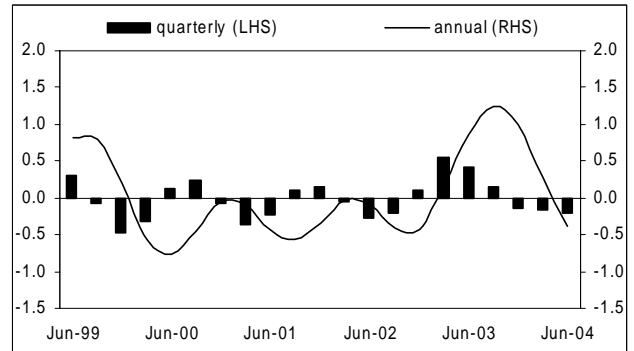


Chart 3
Dwelling Investment (% change)

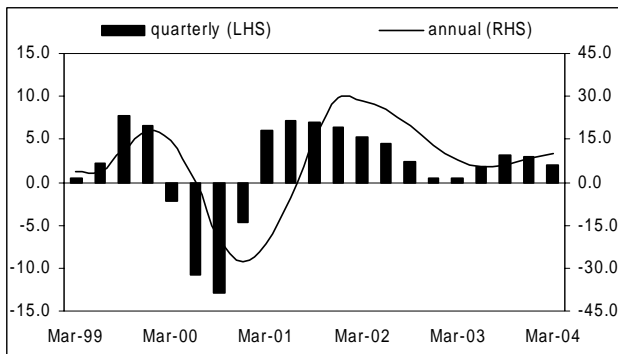


Chart 7
Exports (% change)

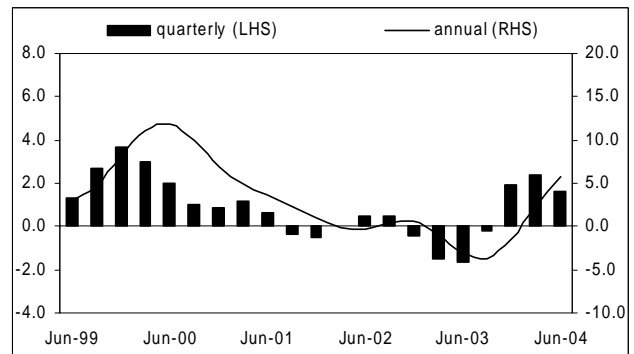


Chart 4
Business Investment (% change)

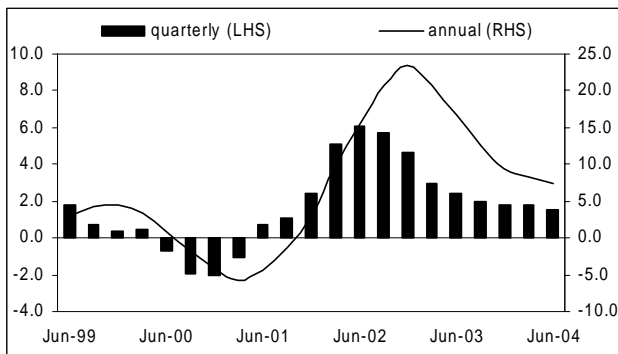


Chart 8
Imports (% change)

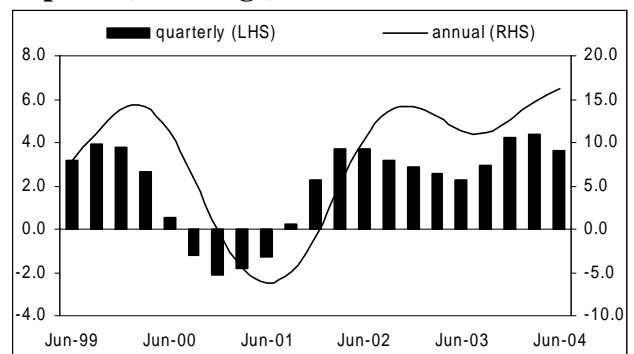


Chart 5
Public Final Demand (% change)

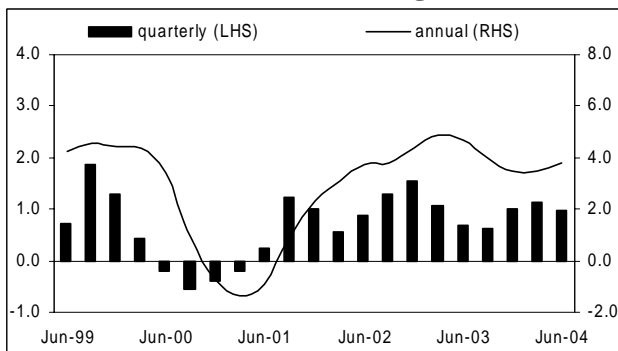


Chart 9
Net Exports (% point contribution to growth)

