



Queensland
Government

OFFICE OF ECONOMIC AND STATISTICAL RESEARCH

MACROECONOMICS TEAM

NATIONAL ACCOUNTS: MARCH QTR 2006

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Highlights

- Gross domestic product (GDP) rose 0.6% (trend) in March quarter 2006, similar to the rate of growth in the previous quarter.
- In annual terms, GDP growth weakened slightly to 2.8% in March quarter 2006, 0.1% point lower than that in December quarter 2005.
- In seasonally adjusted (sa) terms, GDP rose 0.9% in the March quarter, to be 3.1% higher than a year ago. The quarterly growth in the March quarter was at par with the market expectation while the annual growth in the quarter was 0.2% point above the market expectation. The RBA announced this morning to leave the official cash rate unchanged following the Board meeting yesterday.
- The terms of trade rose by a further 1.2% in the March quarter, to be 11.9% higher over the year. The terms of trade have recorded double-digit annual growth since June quarter 2005.

Analysis (trend terms)

- Household consumption and business investment were the main drivers of overall economic growth in March quarter 2006.
- Household consumption rose 0.7% over the quarter, similar to that in the previous five quarters. As a result, annual growth in private consumption remained at 2.8%, also similar to that in December quarter 2005.
- Business investment continued to expand, but at a slower rate than previous quarters. Business investment grew by 2.9% in the March quarter, following 4.9% growth in the previous quarter. Both machinery and equipment investment (up 3.9%) as well as other buildings and structures (up 1.3%) contributed to the rise.
- In contrast, dwelling investment continued to decline in the March quarter, falling 2.9% over the quarter, to be 4.5% lower than a year ago. Both new and used dwelling construction as well as renovation activity recorded a decline over the quarter.
- Net exports detracted from overall growth for the 19th consecutive quarter in March quarter 2006, detracting 0.3% point from overall growth over the quarter. The rate of deduction from net exports has maintained between 0.2-0.4% point since March quarter 2005.
- Exports rose 0.3% in the March quarter, following 0.2% growth in the previous quarter. On the other hand, imports growth moderated slightly, from 1.8%

in December quarter 2005 to 1.5% in March quarter 2006.

Table 1
GDP Growth – March Quarter 2006

Chain volume measures	% Change	
	Quarterly	Annual
Seasonally adjusted	0.9	3.1
Trend	0.6	2.8

Chart 1
GDP Growth (Trend)

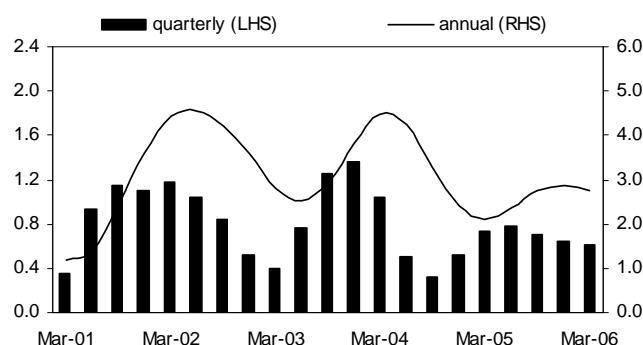


Table 2
Components of GDP
(March Quarter 2006, Trend)

Chain Volume Measure*	% Change		% Contribution	
	quarterly	annual	quarterly	annual
Total consumption	0.7	2.6	0.5	2.1
Household consumption	0.7	2.8	0.4	1.7
General govt consumption	0.4	2.0	0.1	0.4
Private dwellings	-2.9	-4.5	-0.2	-0.3
Business Investment	2.9	19.9	0.4	2.5
Machinery and equipment	3.9	22.2	0.4	1.7
Buildings and structures	1.3	16.1	0.1	0.8
Livestock	0.0	0.6	0.0	0.0
Intangible fixed assets	1.0	5.2	0.0	0.1
Ownership transfer costs	1.6	2.0	0.0	0.0
Private gross fixed capital	1.4	10.7	0.3	2.4
Public gross fixed capital	2.4	4.6	0.1	0.2
Changes in inventories			0.0	-0.1
Private non-farm stocks			0.0	-0.1
Farm			0.0	-0.1
Public authorities			0.0	0.1
Gross national expenditure	0.9	4.3	1.0	4.5
Net Exports			-0.3	-1.2
Exports of goods & services	0.3	1.2	0.0	0.2
less Imports of goods & services	1.5	6.4	0.3	1.4
Statistical discrepancy			0.0	-0.5
GDP	0.6	2.8	0.6	2.8
Current Prices				
Compensation of employees	1.5	7.1		
Gross Operating surplus	1.4	9.4		
GDP	1.3	7.1		
Deflators and Prices				
Terms of Trade	1.2	11.9		
Household consumption deflator	0.6	2.4		
GDP deflator	0.7	4.2		

*Reference year for chain volume measure is 2003-04