



**Highlights** (seasonally adjusted terms)

- In seasonally adjusted (sa) terms, gross domestic product (GDP) rose 0.6% in June quarter 2009, to be 0.6% higher over the year, well above market expectations of a 0.2% rise in both quarterly and annual terms.
- Most components of domestic economic activity rose modestly in the quarter, with the exception of dwelling investment and non-dwelling construction. The trade sector also detracted slightly from growth after making substantial contributions to GDP in the previous two quarters.
- In original, year-average terms, GDP rose a modest 1.0% in 2008-09, the weakest financial year growth since 1991-92. However, this result is well above the Commonwealth Government's Budget forecast of 0%, and compares favourably with many major industrialised economies, which have experienced substantial recessions over the past year.

**Analysis of GDP Components** (trend terms)

**Note from the ABS included in today's publication:** *The trend series in this publication should be interpreted with caution as the underlying behaviour of a number of series may have been impacted by global economic conditions and the Federal Government's Economic Security Package announced in December 2008 and further fiscal stimulus measures implemented during the quarter.*

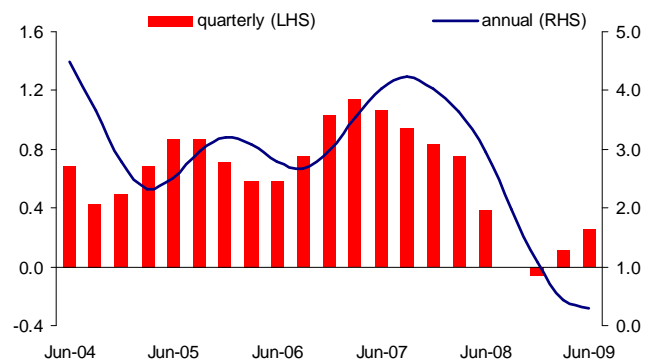
- Revised data show that quarterly growth in trend GDP has strengthened modestly in recent quarters, to 0.3% in June quarter 2009. However this is still well below the recent peak of 1.1% recorded in March quarter 2007 (see Chart 1). Annual GDP growth eased 0.1 percentage point to 0.3% in the June quarter, the weakest since the early 1990s.
- Growth in household consumption strengthened 0.1 percentage point to 0.6% in the June quarter, to be 1.4% higher over the year. The considerable boost to household incomes from sharply lower interest rates and stimulus payments has had a positive effect.
- Business investment fell 2.1% in the June quarter, to be 3.1% lower over the year. However, it should be noted that in sa terms, investment in machinery and equipment rebounded 5.6% in the June quarter, from a 10.1% fall in the previous quarter, reflecting a modest improvement in business conditions and confidence, as well as Government investment incentives, which were expanded in the May 12 Commonwealth Budget. Investment in non-dwelling construction fell 2.1% in the quarter, but was 0.2% higher over the year, reflecting the large value of construction work still to be completed.

- Trend dwelling investment fell 4.4% in the June quarter, the third consecutive quarterly decline, to be 9.8% lower than a year earlier.
- In trend terms, exports rose 1.0% in the quarter, while imports fell 4.2%. As a consequence, net exports contributed 1.1 percentage points to overall economic growth in the quarter, the fourth consecutive quarterly contribution.

**Table 1: GDP Growth**  
(June Quarter 2009)

| Chain volume measures | % Change  |        |
|-----------------------|-----------|--------|
|                       | Quarterly | Annual |
| Seasonally adjusted   | 0.6       | 0.6    |
| Trend                 | 0.3       | 0.3    |

**Chart 1: GDP Growth**  
(% change, trend)



**Table 2: Components of GDP**  
(June Quarter 2009, trend)

| Chain Volume Measure*            | % Change   |            | % point Contribution |            |
|----------------------------------|------------|------------|----------------------|------------|
|                                  | quarterly  | annual     | quarterly            | annual     |
| Total consumption                | 0.5        | 1.6        | 0.4                  | 1.2        |
| Household consumption            | 0.6        | 1.4        | 0.3                  | 0.8        |
| General gov't consumption        | 0.4        | 2.3        | 0.1                  | 0.4        |
| Private dwellings                | -4.4       | -9.8       | -0.3                 | -0.6       |
| Business investment              | -2.1       | -3.1       | -0.3                 | -0.5       |
| Machinery and equipment          | -2.2       | -5.8       | -0.2                 | -0.5       |
| Non-dwelling construction        | -2.1       | 0.2        | -0.2                 | 0.0        |
| Livestock                        | -0.6       | 10.9       | 0.0                  | 0.0        |
| Intangible fixed assets          | 2.4        | 9.8        | 0.0                  | 0.2        |
| Ownership transfer costs         | 6.8        | 0.6        | 0.1                  | 0.0        |
| Private gross fixed capital      | -1.9       | -3.7       | -0.5                 | -0.9       |
| Public gross fixed capital       | -1.7       | -0.6       | -0.1                 | 0.0        |
| Changes in inventories           |            |            | -0.2                 | -1.6       |
| Private non-farm stocks          |            |            | -0.4                 | -1.8       |
| Farm                             |            |            | 0.1                  | 0.0        |
| Public authorities               |            |            | 0.1                  | 0.1        |
| Gross national expenditure       | -0.3       | -1.3       | -0.3                 | -1.4       |
| Net exports                      |            |            | 1.1                  | 4.0        |
| Exports of goods & services      | 1.0        | 1.0        | 0.2                  | 0.2        |
| less Imports of goods & services | -4.2       | -15.1      | 0.9                  | 3.8        |
| Statistical discrepancy          |            |            | -0.6                 | -2.4       |
| <b>GDP</b>                       | <b>0.3</b> | <b>0.3</b> | <b>0.3</b>           | <b>0.3</b> |
| <b>Current Prices</b>            |            |            |                      |            |
| Compensation of employees        | -0.6       | 1.9        |                      |            |
| Gross operating surplus          | -1.9       | -1.6       |                      |            |
| GDP                              | -1.0       | 1.1        |                      |            |
| <b>Deflators and Prices</b>      |            |            |                      |            |
| Terms of trade                   | -6.9       | -13.4      |                      |            |
| Household consumption deflator   | 0.6        | 3.3        |                      |            |
| GDP deflator                     | -1.3       | 0.8        |                      |            |

\*Reference year for chain volume measure is 2006-07