



Highlights (seasonally adjusted terms)

- In seasonally adjusted (sa) terms, gross domestic product (GDP) rose 0.9% in December quarter 2009, to be 2.7% higher over the year. These results were in line with market expectations of a 0.9% rise in the quarter and a 2.4% rise annually, with the stronger annual growth a result of upward revisions to estimates in earlier periods, largely to household consumption and inventory investment.
- Household consumption rose 0.7% in the December quarter, to be 2.8% higher over the year. Growth in the March and June quarters of 2009 were revised up from growth of 0.3% and 0.7% respectively in the September quarter 2009 publication, to 0.5% and 0.9%.
- Reflecting a period of low interest rates, as well as considerable public sector policy stimulus, dwelling investment rose 1.1% in the December quarter, to be 0.6% higher over the year.
- Business investment rose 5.8% in the December quarter, with a marginal 0.3% rise in non-dwelling construction complimenting a 10.9% rise in machinery and equipment investment. This strong result in machinery and equipment likely reflects the impact of the Commonwealth Government's investment tax incentives, which appear to have brought forward investment spending before the incentives were scaled back on 1 January 2010.

- Inventories were re-built for the second consecutive quarter, contributing 0.1 percentage point to GDP growth in the December quarter, following a solid 0.6 percentage point contribution in the September quarter.
- Reflecting the impact of state and federal infrastructure initiatives, public investment rose 10.2% in the December quarter, to be 16.8% higher over the year. Public capital investment contributed 0.9 percentage point to the 2.7% annual GDP growth result.
- Net exports detracted 1.3 percentage points from GDP growth for the second successive quarter in December quarter 2009. While exports rose 1.7%, this was more than offset by strong imports growth of 7.7%, reflecting solid household consumption growth and the surge in machinery and equipment investment, much of which is imported.

Highlights (trend terms)

- Revised data show that quarterly growth in trend GDP was 0.6% in December quarter 2009 easing marginally from 0.7% in the September quarter. While this result is still well below the recent peak of 1.5% recorded in March quarter 2007, it is a substantial improvement from no growth recorded in December quarter 2008 (see Chart 1).
- Annual GDP growth strengthened 0.6 percentage point to 2.0% in the December quarter, the strongest annual growth since September quarter 2008, preceding the global financial crisis.
- In trend terms, gross national expenditure contributed 1.7 percentage points to GDP growth in the quarter, with contributions from most domestic sectors, including household consumption (0.4 percentage point), public investment (0.3 percentage point) and dwelling investment (0.2 percentage point). However, this was partly offset by a 1.2 percentage points detraction by the trade sector.

Table 1: Components of GDP*
(December quarter 2009)

Seasonally Adjusted	% Change		% point Contribution	
	quarterly	annual	quarterly	annual
Household consumption	0.7	2.8	0.4	1.6
Private dwelling investment	1.1	0.6	0.1	0.0
Business investment	5.8	-1.9	0.8	-0.3
Machinery and equipment	10.9	3.5	0.8	0.3
Non-dwelling construction	0.3	-7.6	0.0	-0.6
Private gross fixed capital	3.5	0.7	0.8	0.2
Public gross fixed capital	10.2	16.8	0.6	0.9
Changes in inventories			0.1	1.2
Gross national expenditure	2.1	4.5	2.2	4.6
Net exports			-1.3	-0.5
Exports of goods & services	1.7	3.1	0.3	0.6
less Imports of goods & services	7.7	5.1	-1.6	-1.1
Statistical discrepancy			0.0	-1.4
GDP	0.9	2.7	0.9	2.7
Trend	% Change		% point Contribution	
	quarterly	annual	quarterly	annual
Household consumption	0.7	2.8	0.4	1.6
Private dwelling investment	2.8	0.1	0.2	0.0
Business investment	0.7	-3.8	0.1	-0.6
Machinery and equipment	3.2	-1.1	0.2	-0.1
Non-dwelling construction	-1.9	-6.8	-0.1	-0.5
Private gross fixed capital	1.3	-0.6	0.3	-0.2
Public gross fixed capital	5.5	12.7	0.3	0.7
Changes in inventories			0.3	0.7
Gross national expenditure	1.7	3.5	1.7	3.6
Net exports			-1.2	-0.5
Exports of goods & services	-0.3	0.7	-0.1	0.1
less Imports of goods & services	5.3	2.8	-1.1	-0.6
Statistical discrepancy			0.0	-1.1
GDP	0.6	2.0	0.6	2.0

*Chain volume measure, 2007-08 reference year.

Chart 1: GDP Growth
(% change, trend)

