

### Highlights (seasonally adjusted terms)

- In seasonally adjusted (sa) terms, gross domestic product (GDP) rose 0.5% in March quarter 2010, to be 2.7% higher over the year. These results were largely in line with market expectations of a 0.6% rise in the quarter and a 2.6% rise annually.
- Household consumption rose 0.6% in the March quarter, to be 3.1% higher over the year. By component, results were mixed, with solid growth in spending in areas such as financial services (up 2.2%), recreation and culture (up 1.6%), education (up 1.5%) and rent (up 0.7%) somewhat offset by falls in spending on the operation of vehicles, electricity, gas and fuel (both down 1.1%) and food (down 0.4%).
- Following the ending of a prior period of low interest rates, as well as considerable public sector policy stimulus, dwelling investment fell 1.0% in the March quarter, but was 1.7% higher over the year.
- Business investment fell 4.2% in the March quarter, with a 2.5% decline in non-dwelling construction combining with a 5.7% fall in machinery and equipment investment. This weak result in machinery and equipment likely reflects the impact of the Federal Government's investment tax incentives, which appear to have brought forward investment spending to the previous quarter before the incentives were scaled back on 1 January 2010.

- Inventories were re-built for the third consecutive quarter, contributing 0.2 percentage point to GDP growth in the March quarter and 1.3 percentage points to growth over the year.
- Reflecting the impact of state and federal infrastructure initiatives, public investment rose 11.6% in the March quarter. At \$21.6 billion, the real value of public investment was 39.5% higher over the year and contributed 2.0 percentage points to the 2.7% annual GDP growth result.
- Net exports detracted 0.5 percentage point from GDP growth in March quarter 2010, with exports falling 0.5% and imports rising 1.8%.

### Highlights (trend terms)

- Revised data show that quarterly growth in trend GDP was 0.6% in March quarter 2010, easing marginally from 0.7% in the December 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 a marginal decline recorded in December quarter 2008 (see Chart 1).
- GDP growth over the year strengthened 0.5 percentage point to 2.7% in March quarter 2010, the strongest annual growth since June quarter 2008, preceding the global financial crisis.
- In trend terms, gross national expenditure contributed 1.5 percentage points to GDP growth in the quarter, with contributions from most domestic sectors, including household consumption (0.3 percentage point), public investment (0.5 percentage point) and dwelling investment (0.1 percentage point). However, this was partly offset by a 1.0 percentage point deduction by the trade sector.

**Table 1: Components of GDP\***  
(March quarter 2010)

Seasonally Adjusted	% Change		% point Contribution	
	quarterly	annual	quarterly	annual
Household consumption	0.6	3.1	0.3	1.7
Private dwelling investment	-1.0	1.7	-0.1	0.1
Business investment	-4.2	-3.8	-0.6	-0.5
Machinery and equipment	-5.7	0.2	-0.4	0.0
Non-dwelling construction	-2.5	-8.0	-0.2	-0.6
Private gross fixed capital	-2.4	-0.4	-0.6	-0.1
Public gross fixed capital	11.6	39.5	0.7	2.0
Changes in inventories			0.2	1.3
Gross national expenditure	0.8	5.7	0.8	5.8
Net exports			-0.5	-2.7
Exports of goods & services	-0.5	1.8	-0.1	0.4
less Imports of goods & services	1.8	15.7	-0.4	-3.1
Statistical discrepancy			0.2	-0.4
<b>GDP</b>	<b>0.5</b>	<b>2.7</b>	<b>0.5</b>	<b>2.7</b>
Trend	% Change		% point Contribution	
	quarterly	annual	quarterly	annual
Household consumption	0.6	2.8	0.3	1.6
Private dwelling investment	1.8	4.5	0.1	0.2
Business investment	-0.5	-3.5	-0.1	-0.5
Machinery and equipment	0.9	2.1	0.1	0.2
Non-dwelling construction	-2.1	-9.3	-0.1	-0.7
Private gross fixed capital	0.3	0.3	0.1	0.1
Public gross fixed capital	7.1	32.0	0.5	1.7
Changes in inventories			0.2	1.2
Gross national expenditure	1.4	5.6	1.5	5.7
Net exports			-1.0	-2.5
Exports of goods & services	0.2	2.1	0.0	0.4
less Imports of goods & services	4.7	14.4	-1.0	-2.9
Statistical discrepancy			0.1	-0.5
<b>GDP</b>	<b>0.6</b>	<b>2.7</b>	<b>0.6</b>	<b>2.7</b>

\*Chain volume measure, 2007-08 reference year.

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

