

Highlights (seasonally adjusted terms)

- In seasonally adjusted (sa) terms, gross domestic product (GDP) rose 1.2% in June quarter 2010, to be 3.3% higher over the year. These results were stronger than market expectations of a 0.9% rise in the quarter and a 2.9% rise annually.
- Household consumption rose 1.6% in the June quarter, to be 3.2% higher over the year. By component, solid growth in spending in areas such as purchase of motor vehicles (up 11.2%), transport services (up 5.7%), health services and recreation and culture (both up 3.3%) were somewhat offset by falls in spending on hotels, cafes and restaurants (down 1.3%), alcoholic beverages (down 1.1%) and education services (down 0.4%).
- Dwelling investment rose 5.0% in the June quarter, to be 11.3% higher over the year. A strong increase in new building (up 12.5%) was partly offset by a fall in alterations and additions activity (down 2.4%).
- Business investment fell a marginal 0.9% in the June quarter, with a 1.5% rise in non-dwelling construction more than offset by a 3.1% fall in machinery and equipment investment.
- After re-building in the previous three quarters, inventories were run down in June quarter 2010, detracting 0.7 percentage point from GDP growth in the quarter. However, inventory investment still contributed 0.5 percentage points to GDP growth over the year to June quarter 2010.

Table 1: Components of GDP*
(June quarter 2010)

Seasonally Adjusted	% Change		% point Contribution	
	quarterly	annual	quarterly	annual
Household consumption	1.6	3.2	0.9	1.8
Private dwelling investment	5.0	11.3	0.3	0.6
Business investment	-0.9	-2.6	-0.1	-0.4
Machinery and equipment	-3.1	-0.5	-0.2	0.0
Non-dwelling construction	1.5	-4.7	0.1	-0.3
Private gross fixed capital	0.8	1.9	0.2	0.4
Public gross fixed capital	0.0	38.4	0.0	2.0
Changes in inventories			-0.7	0.5
Gross national expenditure	0.6	5.8	0.6	5.9
Net exports			0.4	-2.5
Exports of goods & services	5.6	4.7	1.1	0.9
less Imports of goods & services	3.0	17.3	-0.7	-3.4
Statistical discrepancy			0.2	-0.2
GDP	1.2	3.3	1.2	3.3
Trend	% Change		% point Contribution	
	quarterly	annual	quarterly	annual
Household consumption	1.0	3.2	0.5	1.8
Private dwelling investment	0.7	5.6	0.0	0.3
Business investment	-0.8	-1.7	-0.1	-0.2
Machinery and equipment	-2.1	0.7	-0.1	0.0
Non-dwelling construction	0.6	-4.0	0.0	-0.3
Private gross fixed capital	-0.1	1.3	0.0	0.3
Public gross fixed capital	4.7	38.5	0.3	2.1
Changes in inventories			-0.1	0.8
Gross national expenditure	1.0	6.1	1.1	6.1
Net exports			0.0	-2.3
Exports of goods & services	2.1	4.0	0.4	0.8
less Imports of goods & services	1.9	15.9	-0.4	-3.1
Statistical discrepancy			0.1	-0.3
GDP	0.9	3.2	0.9	3.2

*Chain volume measure, 2007-08 reference year.

- Total public investment was largely unchanged in the June quarter. While the ongoing impact of federal infrastructure initiatives saw general government investment rise a further 0.7% in the June quarter, this was offset by a 1.4% fall in public corporation investment. However, at \$22.1 billion, the real value of public investment was 38.4% higher over the year and contributed 2.0 percentage points to the 3.3% annual GDP growth result.
- Net exports contributed 0.4 percentage point to GDP growth in June quarter 2010. Exports rose 5.6% in the quarter, more than offsetting a 3.0% rise in imports.

Highlights (trend terms)

- Revised data show that quarterly growth in trend GDP was 0.9% in June quarter 2010, unchanged from the March 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 the flat outcome recorded in December quarter 2008 (see Chart 1).
- GDP growth over the year strengthened 0.4 percentage point to 3.2% in June quarter 2010, the strongest annual growth since March quarter 2008, preceding the global financial crisis.
- In trend terms, gross national expenditure contributed 1.1 percentage points to GDP growth in the quarter, with the main contributions from household consumption (0.5 percentage point) and public investment (0.3 percentage point).
- In original financial year terms, GDP rose 2.3% in 2009-10, up from 1.2% in 2008-09 and in line with the latest Australian Government estimate of 2¼%, published in the July 2010 *Economic Statement*.

Chart 1: GDP Growth
(% change, trend)

