

### Highlights (seasonally adjusted terms)

- In seasonally adjusted (sa) terms, gross domestic product (GDP) rose 0.2% in September quarter 2010, to be 2.7% higher over the year. These results were weaker than market expectations of a 0.5% rise in the quarter and a 3.5% rise annually.
- The modest 0.2% GDP growth in the September quarter was the weakest quarterly result since the 1.0% decline recorded at the height of the global financial crisis in December quarter 2008 and reflects a substantial slowing in growth from the 1.1% recorded in the previous quarter. This easing reflected a slowing in household consumption growth, as well as a turnaround in both dwelling investment and the contribution by the trade sector.
- Household consumption rose 0.6% in the September quarter, to be 3.2% higher over the year. By component, solid growth in spending in hotels, cafes and restaurants and insurance and financial services (both up 1.6%), recreation and culture (up 1.5%) and rent and other dwelling services (up 0.7%) were somewhat offset by falls in spending on purchase of motor vehicles (down 3.1%) and cigarettes and tobacco (down 2.8%).
- Following three consecutive rises in interest rates earlier in the year, dwelling investment fell 1.8% in the September quarter. Falls in both new building (down 1.3%) and alterations and additions activity (down 2.5%) contributed to the lower result.

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

Seasonally Adjusted	% Change		% point Contribution	
	quarterly	annual	quarterly	annual
Household consumption	0.6	3.2	0.3	1.7
Private dwelling investment	-1.8	3.4	-0.1	0.2
Business investment	2.7	3.9	0.3	0.5
Machinery and equipment	-0.9	-1.5	-0.1	-0.1
Non-dwelling construction	6.1	9.3	0.4	0.6
Private gross fixed capital	0.6	2.6	0.1	0.6
Public gross fixed capital	1.9	23.2	0.1	1.3
Changes in inventories			-0.2	-0.1
Gross national expenditure	0.4	4.3	0.4	4.2
Net exports			-0.4	-1.8
Exports of goods & services	-2.4	4.2	-0.6	1.0
less Imports of goods & services	-0.5	12.9	0.1	-2.7
Statistical discrepancy			0.2	0.2
<b>GDP</b>	<b>0.2</b>	<b>2.7</b>	<b>0.2</b>	<b>2.7</b>
Trend	% Change		% point Contribution	
	quarterly	annual	quarterly	annual
Household consumption	0.9	3.0	0.5	1.6
Private dwelling investment	0.9	5.9	0.0	0.3
Business investment	-0.4	-0.9	-0.1	-0.1
Machinery and equipment	-4.4	-7.3	-0.3	-0.5
Non-dwelling construction	3.3	5.7	0.2	0.4
Private gross fixed capital	-0.2	0.8	0.0	0.2
Public gross fixed capital	0.3	24.2	0.0	1.3
Changes in inventories			-0.2	0.0
Gross national expenditure	0.4	3.9	0.4	3.8
Net exports			-0.1	-1.6
Exports of goods & services	0.9	5.4	0.2	1.2
less Imports of goods & services	1.4	13.4	-0.3	-2.9
Statistical discrepancy			0.3	0.6
<b>GDP</b>	<b>0.6</b>	<b>2.8</b>	<b>0.6</b>	<b>2.8</b>

\*Chain volume measure, 2008-09 reference year.

- Business investment rose 2.7% in the September quarter, with a 6.1% rise in non-dwelling construction more than offsetting a marginal 0.9% fall in machinery and equipment investment.
- Total public investment rose 1.9% in the September quarter. The ongoing impact of federal infrastructure initiatives saw general government investment rise a further 1.6% in the September quarter, complimented by a 2.7% rise in public corporation investment.
- After contributing 0.5 percentage point in June quarter 2010, net exports detracted 0.4 percentage point from GDP growth in September quarter 2010. A 2.4% fall in exports was more than offset by a 0.5% fall in imports in the September quarter.
- In seasonally adjusted terms, the terms of trade rose a further 0.8% in September quarter 2010, to be 24.1% higher over the year and at their highest level in the 51-year history of the ABS *National Accounts*.

### Highlights (trend terms)

- Revised data show that quarterly growth in trend GDP was 0.6% in September quarter 2010, easing marginally from 0.7% growth in the June quarter. While trend GDP growth has recovered since the flat outcome recorded in December quarter 2008, it remains well below the recent peak of 1.4% in March quarter 2007 (see Chart 1).
- Annual trend GDP growth was unchanged at 2.8% in September quarter 2010, after strengthening over the past year, as the economy recovered from the effects of the global economic slowdown.
- In trend terms, gross national expenditure contributed 0.4 percentage point to GDP growth in the quarter, with the main contributions from household consumption (0.5 percentage point) and non-dwelling construction investment (0.2 percentage point).

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

