Queensland Government

QUEENSLAND TREASURY
MACROECONOMICS TEAM
NATIONAL ACCOUNTS: DECEMBER QUARTER 2011

Source: ABS 5206.0, released 7 March 2012, 10.30am (AEST).

- **National economic growth eased for the third consecutive quarter in December quarter 2011, reflecting declines in business and dwelling investment and softer household consumption growth. Despite easing, growth in household consumption was a main contributor to GDP growth in the quarter, along with the trade sector and a rebound in inventories (see Table 1 and Chart 1). Reflecting the greater impact from a fall in the terms of trade on the income measure of GDP, the statistical discrepancy also detracted from the expenditure measure of GDP growth.**
- Seasonally adjusted (sa) gross domestic product (GDP) rose 0.4% in December quarter 2011, easing from 1.4% and 0.8% growth recorded in the June and September quarters respectively (see Chart 1). This outcome was below market expectations of 0.8% quarterly growth, and saw annual growth edge slightly lower to 2.3%. Following the release of the *National Accounts* data, the A$ fell 0.4 cents to US$1.053, while the ASX 200 was largely unchanged, as at 11.30 Queensland time.
- Household consumption rose 0.5% in the December quarter, easing from 1.1% growth in the September quarter. Global financial volatility and falling household wealth, combined with no growth in real disposable household income constrained consumers in the December quarter. As a result, the household savings ratio fell in the quarter.
- This softer consumer sector was also reflected in a strong build-up in wholesale and retail trade inventories. Total inventory investment contributed 0.3 percentage point to quarterly GDP growth.
- Dwelling investment fell 3.9% in the quarter, to be 1.8% lower over the year. A slowing in population growth and slightly restrictive lending rates limited owner-occupied housing demand over 2011, while renewed global financial volatility and falling house prices subdued investor interest later in the year.
- After surging 29.5% in the year to September quarter 2011, business investment fell 1.2% in the December quarter, largely reflecting a partial wind back of the 30.6% spike recorded in Western Australia in the previous quarter. Looking ahead, the normal volatility of investment data is likely to be accentuated by the “lumpy” nature of spending on LNG projects currently ramping-up across the country. However growth is expected to remain strong, with recent ABS data implying around 30% nominal growth in surveyed capital expenditure nationally in both 2011-12 and 2012-13.
- Net exports contributed 0.3 percentage point to GDP growth in the quarter. A further recovery in exports of metal ores and minerals (up 6.1%), coal (up 5.3%) and rural goods (up 4.7%) led a 2.2% rise in total exports, more than offsetting the 0.7% rise in imports, driven by higher capital equipment.
- After rising a combined 42% in the two years to September quarter 2011 - to its highest level in over 50 years - the terms of trade (sa) fell 4.7% in the December quarter, in line with lower iron ore, contract coal and base metal prices in the quarter.

Chart 1: GDP Growth

(% change, seasonally adjusted)

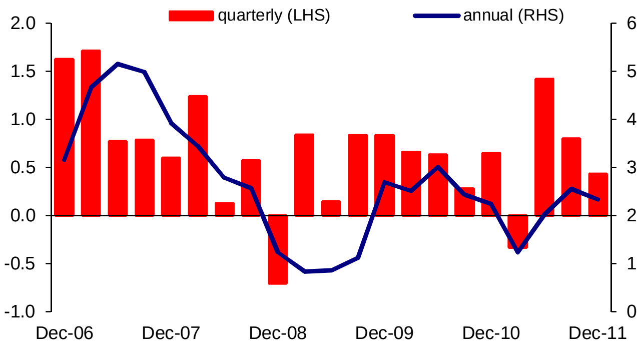


Table 1: Components of GDP*

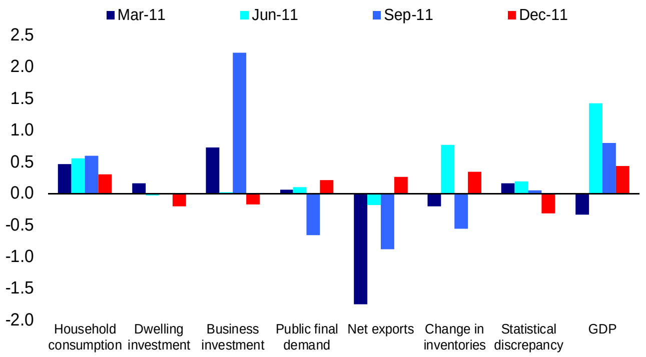
(December quarter 2011)

Seasonally Adjusted	% Change		% point Contribution	
	quarterly	annual	quarterly	annual
Household consumption	0.5	3.5	0.3	1.9
Private gross fixed capital	-1.5	13.4	-0.4	2.9
Private dwelling investment	-3.9	-1.8	-0.2	-0.1
Business investment	-1.2	22.9	-0.2	2.8
Machinery and equipment	-2.0	12.3	-0.1	0.8
Non-dwelling construction	-0.5	33.9	0.0	2.0
Public gross fixed capital	0.5	-9.3	0.0	-0.6
Changes in inventories			0.3	0.3
Gross national expenditure	0.5	4.8	0.5	4.8
Net exports			0.3	-2.6
Exports of goods & services	2.2	0.8	0.4	0.2
less Imports of goods & services	0.7	12.8	-0.2	-2.7
Statistical discrepancy			-0.3	0.1
Seasonally Adjusted GDP	**0.4**	**2.3**	**0.4**	**2.3**
Trend GDP	**0.8**	**2.8**	**0.8**	**2.8**

*Chain volume measure, 2009-10 reference year.

Chart 2: Contributions to GDP Growth

(quarterly % point contribution, seasonally adjusted)



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