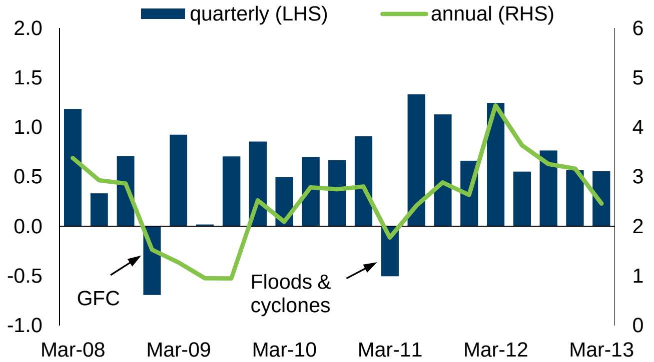
ABS National Accounts: March quarter 2013

Source: ABS 5206.0, released 5 June 2013, 11:30 am AEST

Today's *National Accounts* show the drivers of national economic growth rebalancing. Although the resources investment boom is likely to reach its peak earlier than previously anticipated, it is starting to drive solid exports growth. In the household sector, while low interest rates are supporting growth in income and consumption, their impact on the dwelling sector recovery has been muted so far.

Chart 1: GDP Growth

(% change, seasonally adjusted)



Seasonally adjusted (sa) gross domestic product (GDP) rose 0.6% in March quarter 2013, following similar growth in the three previous quarters (see Chart 1). This result was below market expectations of a 0.8% rise and saw annual growth slow to 2.5%.

Household consumption growth strengthened slightly to 0.6% in the March quarter, underpinned by a 0.8% rise in real household disposable income. With income growth outstripping spending growth, the household saving ratio rose 0.2 percentage point to 10.6% in the quarter, underlining ongoing consumer caution.

Headline business investment rose 1.6% in the March quarter, recovering some of the 7.3% fall recorded in the previous quarter. However, recent data include a large asset transfer from the private to the public sector in the December quarter. Abstracting from this, underlying investment fell in the quarter, following little, if any, growth in the December quarter. Engineering construction fell 5.7% in the March quarter, suggesting major resource sector spending may have peaked. Underlining the subdued business environment outside of resources, machinery and equipment investment fell 6.9%, the fifth fall in the past six quarters.

After rising modestly in the second half of 2012, dwelling investment was flat in the March quarter, with a 3.4% fall in alterations and additions activity offsetting a 2.2% rise in new and used construction.

With exports rising 1.1% and imports falling 3.5%, net exports contributed 1.0 percentage point to GDP growth in the quarter. The strong trade sector contribution was driven by rises in coal (up 6.7%) and metal ores and minerals (up 1.7%) exports. A 12.3% fall in capital imports was consistent with lower machinery and equipment investment.

Public investment fell 15.3% in the March quarter, which largely reflects the above-mentioned asset transfer last quarter.

Changes in inventories detracted 0.4 percentage point from GDP growth in the quarter, largely driven by a sharp run-down in wholesale trade inventories, as well as a further reduction in mining stocks.

After falling 16.9% over the previous five quarters, the terms of trade recovered 2.6% in the March quarter, supported by a rebound in bulk commodity prices, particularly for iron ore.

Table 1: Components of GDP*

(Seasonally adjusted, March quarter 2013)

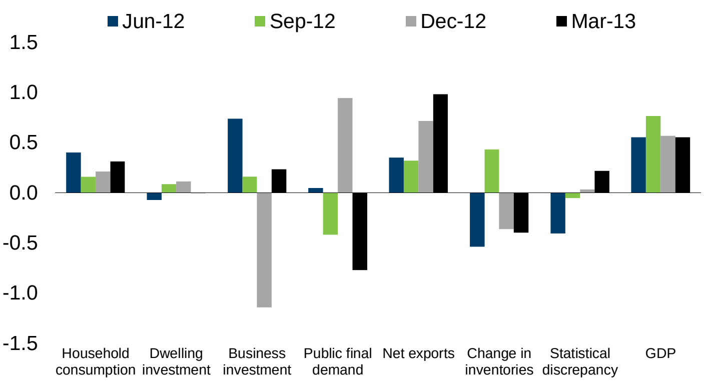
Chain Volume Measure*	% Change		% point Contribution	
	quarterly	annual	quarterly	annual
Total consumption	0.6	1.7	0.4	1.2
Household consumption	0.6	2.0	0.3	1.1
General gov't consumption	0.5	0.5	0.1	0.1
Private dwellings	0.0	2.7	0.0	0.1
Business investment	1.6	-0.1	0.2	0.0
Machinery and equipment	-6.9	-7.8	-0.4	-0.5
Non-dwelling construction#	7.6	5.3	0.6	0.5
Non-residential building	-1.1	8.8	0.0	0.2
Engineering construction	-5.7	5.9	-0.4	0.4
Private gross fixed capital	0.9	1.0	0.2	0.2
Public gross fixed capital	-15.3	-5.8	-0.9	-0.3
Changes in inventories			-0.4	-0.9
Gross national expenditure	-0.6	0.3	-0.6	0.3
Net exports			1.0	2.4
Exports of goods & services	1.1	8.1	0.3	1.7
less Imports of goods & services	-3.5	-3.2	0.7	0.7
Statistical discrepancy			0.2	-0.2
GDP	**0.6**	**2.5**	**0.6**	**2.5**
Current Prices				
Compensation of employees	0.2	2.7		
Gross operating surplus	3.1	1.0		
GDP	1.3	3.0		
Deflators and Prices				
Terms of trade	2.6	-6.2		
Household consumption deflator	0.4	2.8		
GDP deflator	0.8	0.6		

*Reference year for chain volume measure is 2010-11

 # The increase in total non-dwelling construction in March quarter 2013 was due to a large asset transfer from the private to the public sector in December quarter 2012, leading to a large detraction by sales of second hand assets in the December quarter.

Chart 2: Contributions to GDP Growth

(quarterly % point contribution, seasonally adjusted)



Macroeconomics Team
Queensland Treasury and Trade
www.oesr.qld.gov.au