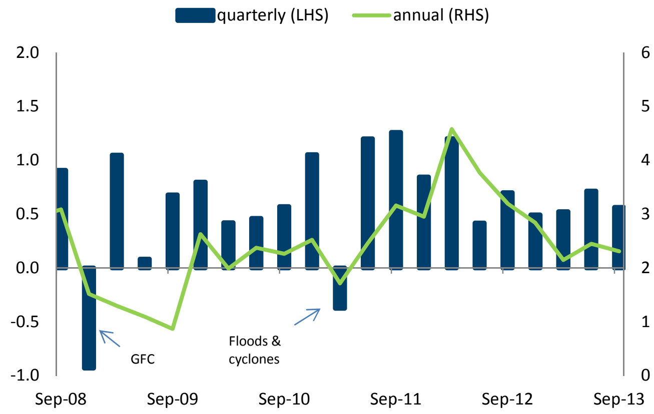
ABS National Accounts: September quarter 2013

Source: ABS 5206.0, released 4 December 2013, 10:30 am AEST

Today's *National Accounts* show the drivers of national economic growth in transition. With the resources investment boom likely to be reaching its peak, business conditions and investment outside this sector remain subdued. Despite strong growth in asset prices, consumption growth has been moderated by weak employment and wages growth. Low interest rates are yet to promote a recovery in the dwelling sector.

Chart 1: Real GDP Growth

(% change, seasonally adjusted)



Seasonally adjusted (sa) gross domestic product (GDP) rose 0.6% in September quarter 2013, weakening from 0.7% growth in the previous quarter (see Chart 1). This result was less than market expectations of 0.8%, and saw annual growth also weaken to 2.3%.

Household consumption growth eased to 0.4% in the September quarter, underpinned by a 1.3% rise in real household disposable income. With income growth outstripping spending growth, the household saving ratio rose 0.9 percentage point to 11.1% in the quarter, underlining ongoing consumer caution.

Headline business investment fell 9.2% in September quarter 2013, although this included the effect of the unwinding of a large asset transfer from the public to the private sector in the previous quarter. While non-dwelling construction fell by 12.6%, both non-residential building and engineering construction rose slightly, with the large detraction coming from the change in net purchases of second-hand assets.

Public investment rose 39.6% in the September quarter, boosted by the unwinding of the asset transfer.

Changes in inventories detracted 0.5 percentage points from GDP growth in the quarter, largely driven by a sharp run down in wholesale trade inventories, as well as a reduction in manufacturing stocks.

With exports up 0.3% and imports down 3.3%, net exports contributed 0.7 percentage points to GDP growth in the quarter. Export growth was driven by rises in other mineral fuels (up 8.2%) and metal ores and minerals (up 2.1%), partially offset by declines in cereal grains (down 12.1%) and other rural goods (down 7.2%). Capital imports fell by 6.5% in the quarter, following an 11.6% increase in the June quarter.

Reflecting falls in key commodity prices during the quarter, the terms of trade fell a further 3.3% in September quarter, to be 17.7% below its 2011 peak. As a result, nominal GDP only grew by 0.6% in the quarter.

Table 1: Components of GDP*

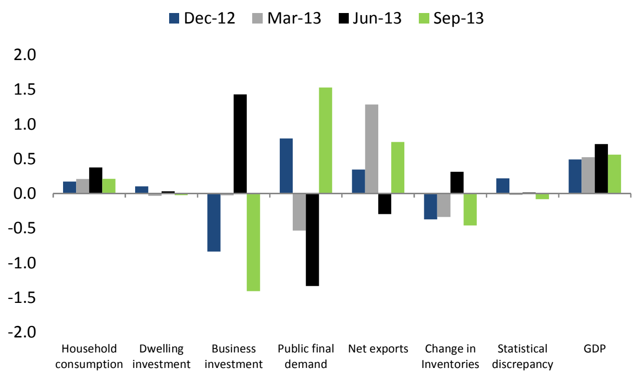
(Seasonally adjusted, September quarter 2013)

Chain Volume Measure*	% Change		% point Contribution	
	quarterly	annual	quarterly	annual
Total consumption	0.6	1.8	0.4	1.3
Household consumption	0.4	1.8	0.2	1.0
General government consumption	1.1	1.7	0.2	0.3
Private dwellings	-0.5	1.7	0.0	0.1
Business investment	-9.2	-5.7	-1.4	-0.8
Machinery and equipment	-2.4	-11.9	-0.1	-0.7
Non-dwelling construction	-12.6	-1.8	-1.3	-0.2
Non-residential building	1.5	5.5	0.0	0.1
Engineering construction	2.8	-1.5	0.2	-0.1
Private gross fixed capital	-5.7	-2.1	-1.4	-0.5
Public gross fixed capital	39.6	3.6	1.3	0.2
Changes in inventories			-0.5	-0.9
Gross national expenditure	-0.1	0.1	-0.1	0.1
Net exports			0.7	2.1
Exports of goods & services	0.3	6.1	0.1	1.3
less Imports of goods & services	-3.3	-3.7	0.7	0.8
Statistical discrepancy			-0.1	0.1
GDP	**0.6**	**2.3**	**0.6**	**2.3**
Current Prices				
Compensation of employees	0.6	3.3		
Gross operating surplus	0.9	4.2		
GDP	0.6	3.6		
Deflators and Prices				
Terms of trade	-3.3	-3.5		
Household consumption deflator	0.7	2.5		
GDP deflator	0.0	1.3		

* Reference year for chain volume measure is 2011-12

Chart 2: Contributions to GDP Growth

(quarterly % point contribution, seasonally adjusted)



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