ABS National Accounts: December quarter 2013

Source: ABS 5206.0, released 5 March 2014, 10:30 am AEST

Today's *National Accounts* show that, with resource sector projects transitioning from construction to production, the trade sector was the key driver of national economic growth in 2013. Outside of the mining sector, business investment remains subdued. Despite higher asset prices, consumers remain cautious in a softer labour market, while low interest rates, which have driven a recent surge in approvals, are yet to translate into substantially stronger construction activity in the dwelling sector.

Chart 1: Real GDP Growth
(% change, seasonally adjusted)

Seasonally adjusted (sa) gross domestic product (GDP) rose 0.8% in December quarter 2013, strengthening from 0.6% growth in the previous quarter. This result was slightly above market expectations of a 0.7% rise, and saw annual growth also strengthen, to 2.8% (see Chart 1).

Household consumption growth strengthened to 0.8% in the December quarter, despite a 0.2% fall in real household disposable income. With spending rising and income falling, the household saving ratio fell 0.9 percentage point, but at 9.7% in the quarter, remained elevated.

Headline business investment fell a further 4.3% in the December quarter. In line with the subdued business environment outside of the resources sector, non-residential construction and machinery and equipment investment both fell, as did engineering investment, consistent with observations that the resources investment boom has passed its peak.

Despite low interest rates, dwelling investment only rose 1.0% in the quarter, driven by a 2.6% rise in alterations and additions.

Changes in inventories added 0.2 percentage point to GDP growth in the quarter, with a build-up in wholesale trade and manufacturing stocks.

The terms of trade rose 0.7% in the December quarter, but remained 1.2% lower over 2013 and 17.1% below its 2011 peak.

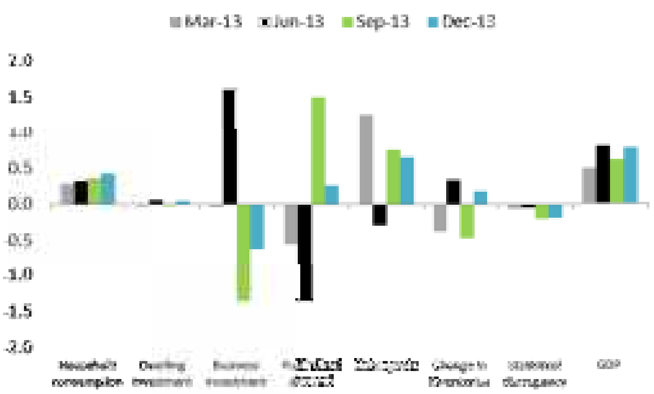
With exports up 2.4% and imports down 0.6%, net exports contributed 0.6 percentage point to GDP growth in the quarter. Export growth was driven by rises in coal, coke and briquettes (12.5%) and metal ores and minerals (1.6%), partially offset by declines in other mineral fuels (8.7%) and other non-rural goods (6.9%). Consistent with falling resources investment, capital imports fell 1.9% in the quarter, to be 12.4% lower over 2013.

Table 1: Components of GDP*
(Seasonally adjusted, December quarter 2013)

Chain Volume Measure*	% Change		% point Contribution	
	quarterly	annual	quarterly	annual
Total consumption	0.7	2.6	0.5	1.9
Household consumption	0.8	2.6	0.4	1.4
General government consumption	0.3	2.7	0.1	0.5
Private dwellings	1.0	1.4	0.0	0.1
Business investment	-4.3	-2.9	-0.6	-0.4
Machinery and equipment	-8.8	-18.3	-0.4	-1.0
Non-dwelling construction	-1.9	7.4	-0.2	0.6
Non-residential building	-2.3	-2.6	-0.1	-0.1
Engineering construction	-1.5	-4.9	-0.1	-0.3
Private gross fixed capital	-2.3	-0.4	-0.5	-0.1
Public gross fixed capital	4.3	-10.6	0.2	-0.6
Changes in inventories			0.2	-0.3
Gross national expenditure	0.3	0.9	0.3	0.9
Net exports			0.6	2.4
Exports of goods & services	2.4	6.5	0.5	1.4
less Imports of goods & services	-0.6	-4.6	0.1	1.0
Statistical discrepancy			-0.2	-0.5
GDP	**0.8**	**2.8**	**0.8**	**2.8**
Current Prices				
Compensation of employees	1.0	2.8		
Gross operating surplus	3.1	8.0		
GDP	1.6	4.8		
Deflators and Prices				
Terms of trade	0.7	-1.2		
Household consumption deflator	0.8	2.7		
GDP deflator	0.8	1.9		

* Reference year for chain volume measure is 2011-12

Chart 2: Contributions to GDP Growth
(quarterly % point contribution, seasonally adjusted)



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