

# ABS National Accounts: March quarter 2014

Source: ABS 5206.0, released 4 June 2014, 11:30 am AEST

Today's *National Accounts* show the drivers of the Australian economy continuing to rebalance, as resource sector projects transition from construction to production. While business investment fell for the third consecutive quarter, the trade sector was again the key driver of economic growth. Consumers continue to exercise caution in a subdued labour market. However, dwelling sector construction activity is finally responding to higher asset prices and low interest rates.

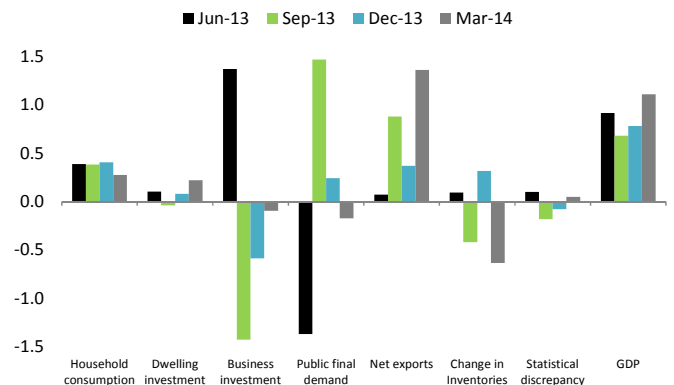
With exports up 4.8% and imports down 1.4%, net exports contributed 1.4 percentage point to GDP growth in the quarter. Export growth was driven by rises in other mineral fuels (18.2%) and metal ores and minerals (7.9%). Capital imports fell 8.4% in the quarter, to be 10.8% lower over the year to March 2014.

**Table 1: Components of GDP\***  
(seasonally adjusted, March quarter 2014)

Chain Volume Measure*	% Change		% point Contribution	
	quarterly	annual	quarterly	annual
Total consumption	0.5	2.5	0.3	1.8
Household consumption	0.5	2.8	0.3	1.5
General government consumption	0.3	1.9	0.1	0.3
Private dwellings	4.7	8.0	0.2	0.4
Business investment	-0.7	-5.4	-0.1	-0.8
Machinery and equipment	3.2	-9.0	0.1	-0.5
Non-dwelling construction	-2.7	-3.3	-0.2	-0.3
Non-residential building	2.1	2.0	0.1	0.1
Engineering construction	-5.5	-4.8	-0.4	-0.3
Private gross fixed capital	1.0	-0.4	0.2	-0.1
Public gross fixed capital	-5.0	-3.0	-0.2	-0.1
Changes in inventories			-0.6	-0.7
Gross national expenditure	-0.3	0.9	-0.3	0.9
Net exports			1.4	2.7
Exports of goods & services	4.8	10.4	1.1	2.3
less Imports of goods & services	-1.4	-2.2	0.3	0.4
Statistical discrepancy			0.0	-0.1
<b>GDP</b>	<b>1.1</b>	<b>3.5</b>	<b>1.1</b>	<b>3.5</b>
<b>Current Prices</b>				
Compensation of employees	0.7	3.2		
Gross operating surplus	1.2	7.7		
GDP	1.1	4.9		
<b>Deflators and Prices</b>				
Terms of trade	-1.2	-3.9		
Household consumption deflator	0.6	2.8		
GDP deflator	0.0	1.3		

\* Reference year for chain volume measure is 2011-12

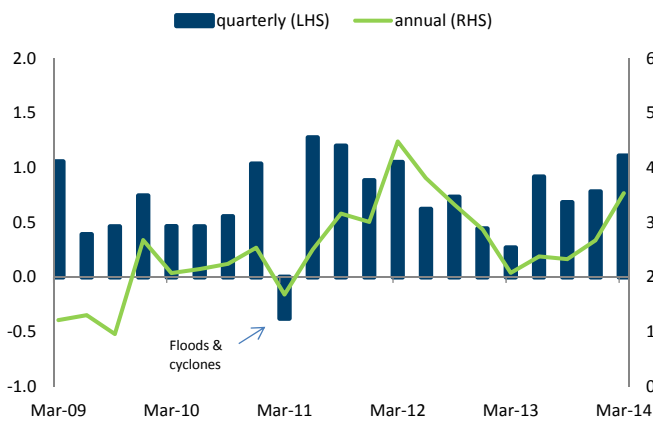
**Chart 2: Contributions to GDP Growth**  
(quarterly % point contribution, seasonally adjusted)



<http://creativecommons.org/licenses/by/3.0/au>  
© The State of Queensland  
(Queensland Treasury and Trade) 2014



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



Seasonally adjusted (sa) gross domestic product (GDP) rose 1.1% in March quarter 2014, strengthening from 0.8% growth in the previous quarter. This result was slightly above market expectations of a 1.0% rise, and saw annual growth also strengthen, to 3.5% (see Chart 1).

Household consumption growth eased to 0.5% in the March quarter, despite a 0.6% rise in real household disposable income. With growth in income outpacing growth in consumption, the household saving ratio rose 0.1 percentage point. At 9.7%, it remains elevated, reflecting ongoing consumer caution.

After falling a combined 13.1% in the two previous quarters, headline business investment fell 0.7% in the March quarter. While machinery and equipment rose 3.2%, non-dwelling construction fell 2.7%. Consistent with falling resources investment, engineering construction fell 5.5%.

Supported by low interest rates, dwelling investment rose 4.7% in the quarter, the largest quarterly increase since September 2009. This result was driven by a 6.4% rise in new and used construction activity.

Changes in inventories detracted 0.6 percentage point from GDP growth in the quarter, largely driven by a sharp run-down in manufacturing stocks.

The terms of trade fell 1.2% in the March quarter, to be 17.9% below its 2011 peak.

Macroeconomics Team  
Queensland Treasury and Trade  
[www.gqso.qld.gov.au](http://www.gqso.qld.gov.au)