

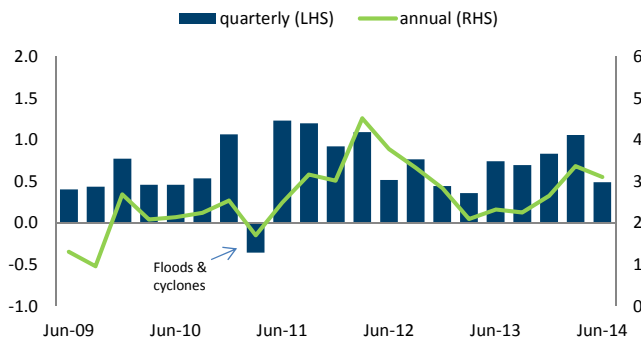
ABS National Accounts: June quarter 2014

Source: ABS 5206.0, released 3 September 2014, 11:30 am AEST

Today's National Accounts shows signs of the continued rebalancing in the drivers of the Australian economy. Resource sector project construction continues to unwind. Consumers continue to exercise caution in a subdued labour market. However, dwelling sector construction activity is responding to higher asset prices and low interest rates.

With exports down 0.8% and imports up 3.7%, net exports detracted 0.9 percentage point from GDP growth in the quarter, a reversal of recent trends. An 8.9% fall in rural goods exports was only partly offset by a 3.2% rise in metal ores and mineral exports. Import growth was driven by a 10.5% rise in capital imports.

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



Seasonally adjusted (sa) gross domestic product (GDP) rose 0.5% in June quarter 2014, following 1.1% growth in the previous quarter. This result was slightly above market expectations of a 0.4% rise, and saw annual growth moderate slightly, to 3.1% (see Chart 1). In financial year terms, GDP growth strengthened slightly, from 2.6% in 2012-13 to 2.8% in 2013-14, broadly in line with Australian Government and Reserve Bank forecasts.

Household consumption growth remained steady, at 0.5% in the June quarter, despite a 0.7% rise in real household disposable income. With growth in income outpacing growth in consumption, the household saving ratio rose 0.2 percentage point. At 9.4%, the ratio remains elevated, reflecting ongoing consumer caution.

After falling a combined 14.4% in the three previous quarters, business investment rose a marginal 0.4% in the June quarter. The quarterly rise was entirely driven by a 2.5% rise in non-dwelling construction, likely reflecting a transfer of assets from the public to the private sector. Machinery and equipment (-3.4%) and engineering construction (-1.0%) both fell in the quarter, consistent with falling resources investment.

Dwelling investment rose 2.3% in the June quarter, driven by a 5.7% rise in new construction activity. Supported by low interest rates and rising prices, dwelling investment has risen a combined 9.2% in the three quarters to June 2014.

Changes in inventories contributed 0.9 percentage point to GDP growth in the quarter, driven by rebuilding in manufacturing and mining stocks.

The terms of trade fell 4.1% in the June quarter, to be 21.6% below its 2011 peak.

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

Chain Volume Measure*	% Change		% point Contribution	
	quarterly	annual	quarterly	annual
Total consumption	0.5	2.2	0.3	1.6
Household consumption	0.5	2.5	0.3	1.3
General government consumption	0.3	1.4	0.0	0.2
Private dwellings	2.3	8.6	0.1	0.4
Business investment	0.4	-14.0	0.1	-2.2
Machinery and equipment	-3.4	-13.7	-0.2	-0.7
Non-dwelling construction	2.5	-14.2	0.2	-1.5
Non-residential building	1.4	4.3	0.0	0.1
Engineering construction	-1.0	-5.9	-0.1	-0.4
Private gross fixed capital	1.1	-6.1	0.3	-1.5
Public gross fixed capital	-3.9	38.7	-0.2	1.3
Changes in inventories			0.9	0.2
Gross national expenditure	1.4	1.6	1.3	1.5
Net exports			-0.9	1.4
Exports of goods & services	-0.8	5.4	-0.2	1.2
Imports of goods & services	3.7	-1.1	-0.7	0.2
Statistical discrepancy			0.1	0.1
GDP	0.5	3.1	0.5	3.1
Current Prices				
Compensation of employees	0.8	3.1		
Gross operating surplus	-1.9	3.4		
GDP	0.0	3.3		
Deflators and Prices				
Terms of trade	-4.1	-7.9		
Household consumption deflator	0.4	2.8		
GDP deflator	-0.5	0.2		

* Reference year for chain volume measure is 2011-12

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

