

ABS National Accounts: September quarter 2014

Source: ABS 5206.0, released 3 December 2014, 10:30 am AEST

Today's *National Accounts* shows that the drivers of the Australian economy are continuing to rebalance, as resource sector projects transition from construction to production. While business investment fell, the trade sector was the key driver of economic growth. Despite higher asset prices, consumers continue to exercise caution in a subdued labour market.

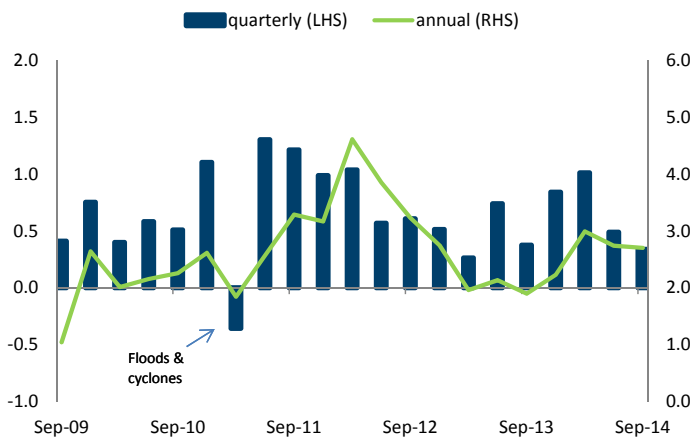
With exports up 2.8% and imports down 0.9%, net exports contributed 0.8 percentage point to GDP growth in the quarter. The strong trade sector contribution was driven by rises in metal ores and minerals (up 5.6%) and coal (up 5.4%) exports, while a 2.7% decline in capital imports was only partially offset by a 0.8% rise in the importation of consumption goods.

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

Chain Volume Measure*	% Change		% point Contribution	
	quarterly	annual	quarterly	annual
Total consumption	0.6	2.3	0.4	1.7
Household consumption	0.5	2.5	0.3	1.4
General government consumption	0.8	1.7	0.1	0.3
Private dwellings	-0.9	6.8	0.0	0.3
Business investment	-2.3	-6.7	-0.3	-0.9
Machinery and equipment	7.0	-0.4	0.3	0.0
Non-dwelling construction	-6.7	-9.8	-0.6	-0.9
Non-residential building	0.9	6.7	0.0	0.2
Engineering construction	-5.8	-16.3	-0.3	-1.1
Private gross fixed capital	-2.4	-2.6	-0.5	-0.6
Public gross fixed capital	-4.5	-3.6	-0.2	-0.2
Changes in inventories			-0.1	0.4
Gross national expenditure	-0.4	1.3	-0.4	1.3
Net exports			0.8	1.6
Exports of goods & services	2.8	7.1	0.6	1.4
less Imports of goods & services	-0.9	-0.8	0.2	0.2
Statistical discrepancy			0.0	-0.2
GDP	0.3	2.7	0.3	2.7
Current Prices				
Compensation of employees	0.8	3.2		
Gross operating surplus	0.0	3.0		
GDP	-0.1	2.7		
Deflators and Prices				
Terms of trade	-3.5	-9.0		
Household consumption deflator	0.0	2.0		
GDP deflator	-0.4	0.0		

* Reference year for chain volume measure is 2012-13

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



Seasonally adjusted (sa) gross domestic product (GDP) rose 0.3% in September quarter 2014, following 0.5% growth in the previous quarter. This result was below market expectations of a 0.7% rise, and saw annual growth ease slightly to 2.7% (see Chart 1).

Household consumption growth eased to 0.5% in the September quarter, driven by a 0.4% rise in real household disposable income. With growth in consumption outpacing growth in income, the household saving ratio fell slightly. However, at 9.3%, the ratio remains elevated, reflecting ongoing consumer caution.

Business investment fell 2.3% in the September quarter, driven by a 6.7% reduction in non-dwelling construction, which was only partially offset by a 7.0% rise in machinery and equipment investment. Engineering construction fell 5.8% in the quarter, consistent with falling resources investment.

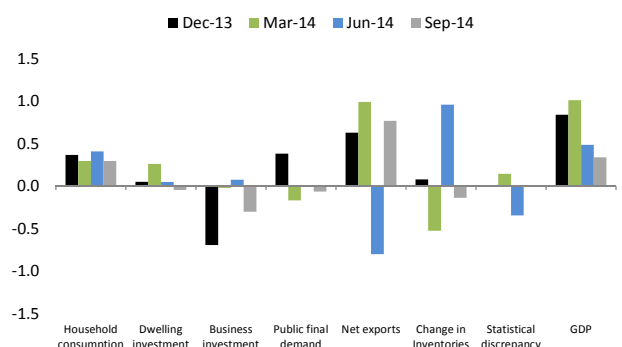
Dwelling investment fell 0.9% in the September quarter. Notwithstanding this, dwelling investment was 6.8% higher over the year, supported by sustained low interest rates and rising dwelling prices.

Changes in inventories detracted 0.1 percentage point from GDP growth in the quarter, with a run down in manufacturing and mining stocks only partially offset by a rebuilding of wholesale and retail trade stocks.

The terms of trade fell 3.5% in the September quarter, to be 24.5% below its 2011 peak.

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



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And a plan for the future.