

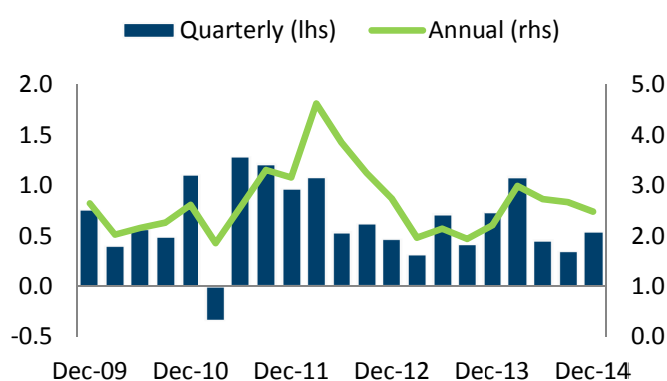
# ABS National Accounts, December quarter 2014

Source: ABS 5206.0, released 4 March 2015, 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 and dwelling investment were the key drivers of economic growth. Despite a subdued labour market, household consumption growth was solid.

With exports up 1.0% and imports down 2.5%, net exports contributed 0.7 percentage point to GDP growth in the quarter. The strong trade sector contribution was driven by rises in exports of metal ores and minerals (up 3.9%) and other mineral fuels (up 7.7%). Meanwhile the decline in imports was driven by a 39.2% fall in the importation of civil aircraft and confidentialised items and a 3.6% decline in fuel and lubricants imports.

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



Seasonally adjusted (sa) gross domestic product (GDP) rose 0.5% in December quarter 2014, following 0.4% growth in the previous quarter. This result was in line market expectations, and saw annual growth ease slightly to 2.5% (see Chart 1).

Household consumption growth strengthened to 0.9% in the December quarter, with a 0.6% rise in real household disposable income. With growth in consumption outpacing growth in income, the household saving ratio fell slightly, to 9.0%.

Business investment fell 0.8% in the quarter, driven by a 0.8% reduction in both non-dwelling construction and machinery and equipment investment. Engineering construction fell 1.1% in the quarter, consistent with falling resources investment.

Dwelling investment rose 2.5% in the December quarter, following a 1.2% fall in the previous quarter. This result saw dwelling investment rising 8.1% over the year, supported by sustained low interest rates and rising dwelling prices.

Changes in inventories detracted 0.6 percentage point from GDP growth in the quarter, with a further run down in manufacturing and mining stocks only partially offset by a rebuilding of farm stocks.

The terms of trade fell 1.7% in the quarter, to be 25.8% below its 2011 peak.

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

Chain Volume Measure*	% Change		% point contribution	
	quarterly	annual	quarterly	annual
<b>Total Consumption</b>	<b>0.8</b>	<b>2.6</b>	<b>0.6</b>	<b>1.9</b>
Household consumption	0.9	2.8	0.5	1.5
General government consumption	0.4	2.0	0.1	0.4
<b>Private dwellings</b>	<b>2.5</b>	<b>8.1</b>	<b>0.1</b>	<b>0.4</b>
<b>Business investment</b>	<b>-0.8</b>	<b>-4.7</b>	<b>-0.1</b>	<b>-0.6</b>
Machinery and equipment	-0.8	4.8	0.0	0.2
Non-dwelling construction	-0.8	-9.1	-0.1	-0.8
Non-residential building	-0.9	3.0	0.0	0.1
Engineering construction	-1.1	-16.7	-0.1	-1.1
<b>Private gross fixed capital</b>	<b>0.5</b>	<b>-0.6</b>	<b>0.1</b>	<b>-0.1</b>
<b>Public gross fixed capital</b>	<b>-0.9</b>	<b>-11.9</b>	<b>0.0</b>	<b>-0.6</b>
<b>Changes in inventories</b>			<b>-0.6</b>	<b>-0.1</b>
<b>Gross national expenditure</b>	<b>0.0</b>	<b>1.0</b>	<b>0.0</b>	<b>1.0</b>
<b>Net exports</b>			<b>0.7</b>	<b>2.0</b>
Exports of goods & services	1.0	7.2	0.2	1.5
less imports of goods & services	-2.5	-2.6	0.5	0.5
<b>Statistical discrepancy</b>			<b>-0.2</b>	<b>-0.5</b>
<b>GDP</b>	<b>0.5</b>	<b>2.5</b>	<b>0.5</b>	<b>2.5</b>
<b>Current Prices</b>				
Compensation of employees	0.2	2.3		
Gross operating surplus	1.1	0.6		
GDP	0.6	1.7		
<b>Deflators and Prices</b>				
Terms of trade	-1.7	-10.8		
Household consumption deflator	0.4	1.6		
GDP deflator	0.0	-0.8		

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

