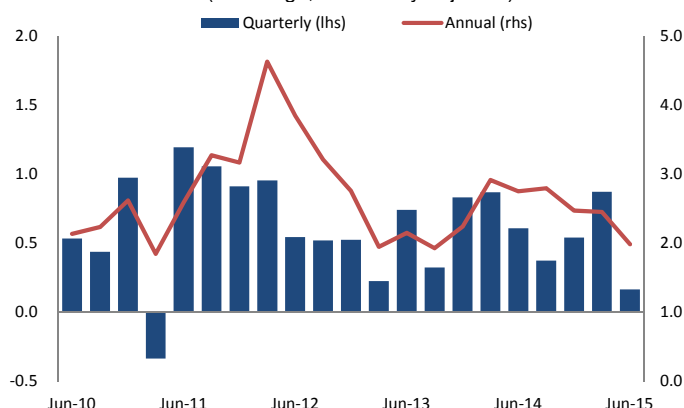


ABS National Accounts: June quarter 2015

Source: ABS 5206.0, released 2 September 2015, 11:30 am AEST.

Today's *National Accounts* shows that the Australian economy continues to rebalance, as resource-related projects transition to the production and export phase. While business investment and dwelling investment both detracted from economic growth in the quarter, dwelling investment contributed strongly to economic growth over the year.

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



Growth in seasonally adjusted (sa) gross domestic product (GDP) moderated to 0.2% in June quarter 2015, following 0.9% growth in the previous quarter. This result was weaker than market expectations and saw annual growth ease to 2.0% (see Chart 1). In financial year terms, GDP growth eased slightly, from 2.5% in 2013-14 to 2.4% in 2014-15, broadly in line with Australian Government and Reserve Bank forecasts.

Household consumption grew by 0.5% in the June quarter (down from 0.6% in the previous quarter). With growth in consumption being outpaced by a 1.0% rise in real household disposable income, the household saving ratio rose to 8.8%, the first quarterly increase since late 2013.

Business investment fell 0.2% in the quarter, driven by a 1.1% decrease in machinery and equipment investment and a 0.8% reduction in engineering construction. The extent of the decline in engineering construction slowed in the quarter due to work done on a couple of large projects. However, engineering construction recorded a 20.6% decline over the year, reflecting the ongoing wind-down in resource related investment.

Following strong growth in the previous two quarters, dwelling investment fell 1.1% in the June quarter. Despite the quarterly fall, dwelling investment grew 7.4% over the year. Strength in this sector has been in response to a sustained period of very low interest rates and increased interest from investors.

Changes in inventories detracted 0.2 percentage point from GDP growth in the quarter, driven by a run-down in retail and wholesale trade stocks.

The terms of trade fell 3.4% in the June quarter, to be 10.6% lower over the year and 30.2% below its 2011 peak.

Following strong growth in the previous quarter, net exports fell in the June quarter, detracting 0.6 percentage point from GDP growth. However, net exports contributed 1.1 percentage points to overall economic growth over the year. This strong result was driven by increased metal ore and mineral exports and decreased capital goods imports as a number of large resource projects transitioned from construction to production.

Table 1: Components of GDP*
(seasonally adjusted, June quarter 2015)

Chain Volume Measure*	% change		% point contribution	
	quarterly	annual	quarterly	annual
Total consumption	0.9	2.9	0.7	2.1
Household consumption	0.5	2.5	0.3	1.4
General government consumption	2.2	4.0	0.4	0.7
Private dwellings	-1.1	7.4	-0.1	0.4
Business investment	-0.2	-9.1	0.0	-1.2
Machinery and equipment	-1.1	1.1	0.0	0.0
Non-dwelling construction	0.4	-14.0	0.0	-1.2
Non-residential building	0.9	5.2	0.0	0.1
Engineering construction	-0.8	-20.6	0.0	-1.2
Private gross fixed capital	-0.4	-4.1	-0.1	-0.9
Public gross fixed capital	4.0	0.4	0.2	0.0
Changes in inventories			-0.2	-0.3
Gross national expenditure	0.6	0.9	0.6	0.9
Net exports			-0.6	1.1
Exports of goods & services	-3.3	4.5	-0.7	0.9
less Imports of goods & services	-0.7	-0.7	0.1	0.1
Statistical discrepancy			0.2	0.0
GDP	0.2	2.0	0.2	2.0
Current Prices				
Compensation of employees	0.9	2.2		
Gross operating surplus	-1.9	-1.2		
GDP	0.3	1.6		
Deflators and Prices				
Terms of trade	-3.4	-10.6		
Household consumption deflator	0.7	1.4		
GDP deflator	0.2	-0.3		

*The reference year for chain volume measure = 2012-13

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

