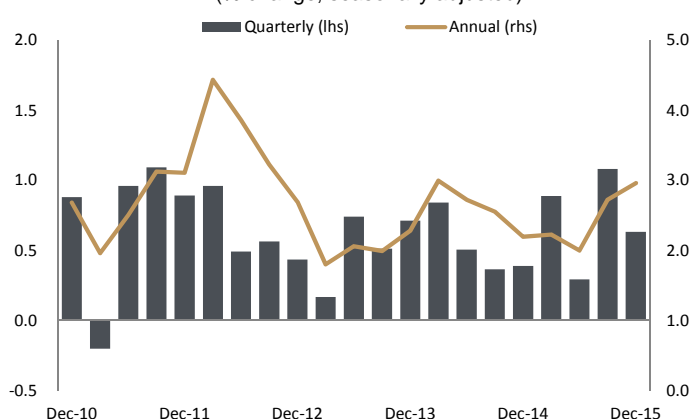


# ABS National Accounts: December quarter 2015

Source: ABS 5206.0, released 2 March 2016, 10:30 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 continued to fall, household consumption was the key driver of economic growth in the December quarter. The trade sector did not contribute to growth, following a strong result in the previous quarter.

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



Seasonally adjusted (sa) **gross domestic product (GDP)** rose 0.6% in December quarter 2015, following 1.1% growth in the previous quarter. This result was stronger than market expectations and saw annual growth strengthen to 3.0% (see Chart 1).

**Household consumption** grew by 0.8% in the December quarter (down slightly from 0.9% in the previous quarter). With real household disposable income falling 0.3%, the household saving ratio fell to 7.6% in the quarter, the lowest ratio since 2008.

**Business investment** declined 3.9% in the quarter. The fall was driven by a 7.0% reduction in non-dwelling construction, partly offset by a 1.6% increase in machinery and equipment investment. Reflecting the ongoing wind-down in resource related investment, engineering construction fell 12.3% in the quarter, to be 26.8% lower over the year.

**Dwelling investment** rose 2.2% in the December quarter, following a 1.9% increase in the previous quarter. This result saw dwelling investment rise 9.8% over the year, supported by a sustained period of very low interest rates and increased interest from investors.

**Changes in inventories** contributed 0.2 percentage point to GDP growth in the quarter, driven by a turnaround in farm stocks and further build up in retail inventories.

With commodity prices continuing to fall, the **terms of trade** declined 3.2% in the December quarter, to be 12.0% lower over the year and 34.1% below its 2011 peak.

Following a strong result in the previous quarter, **net exports** were flat in the December quarter and did not contribute to growth, with both imports and exports of goods and services increasing 0.6%.

Over the year, net exports contributed 1.0 percentage point to overall economic growth. This was driven by increased exports of 'other mineral fuels', with Queensland LNG projects commencing exports during the year.

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

| Chain Volume Measure*              | % change    |              | % point contribution |             |
|------------------------------------|-------------|--------------|----------------------|-------------|
|                                    | quarterly   | annual       | quarterly            | annual      |
| <b>Total consumption</b>           | <b>0.7</b>  | <b>3.1</b>   | <b>0.5</b>           | <b>2.3</b>  |
| Household consumption              | 0.8         | 2.9          | 0.4                  | 1.6         |
| General government consumption     | 0.7         | 3.6          | 0.1                  | 0.6         |
| <b>Private dwellings</b>           | <b>2.2</b>  | <b>9.8</b>   | <b>0.1</b>           | <b>0.5</b>  |
| <b>Business investment</b>         | <b>-3.9</b> | <b>-13.0</b> | <b>-0.4</b>          | <b>-1.7</b> |
| Machinery and equipment            | 1.6         | -11.0        | 0.1                  | -0.5        |
| Non-dwelling construction          | -7.0        | -14.2        | -0.5                 | -1.1        |
| Non-residential building           | 3.8         | 6.0          | 0.1                  | 0.2         |
| Engineering construction           | -12.3       | -26.8        | -0.6                 | -1.5        |
| <b>Private gross fixed capital</b> | <b>-1.9</b> | <b>-5.5</b>  | <b>-0.4</b>          | <b>-1.2</b> |
| <b>Public gross fixed capital</b>  | <b>6.0</b>  | <b>-0.3</b>  | <b>0.2</b>           | <b>0.0</b>  |
| <b>Changes in inventories</b>      |             |              | <b>0.2</b>           | <b>0.4</b>  |
| <b>Gross national expenditure</b>  | <b>0.5</b>  | <b>1.5</b>   | <b>0.5</b>           | <b>1.5</b>  |
| <b>Net exports</b>                 |             |              | <b>0.0</b>           | <b>1.0</b>  |
| Exports of goods & services        | 0.6         | 5.7          | 0.1                  | 1.2         |
| less Imports of goods & services   | 0.6         | 1.2          | -0.1                 | -0.2        |
| <b>Statistical discrepancy</b>     |             |              | <b>0.1</b>           | <b>0.5</b>  |
| <b>GDP</b>                         | <b>0.6</b>  | <b>3.0</b>   | <b>0.6</b>           | <b>3.0</b>  |
| <b>Current Prices</b>              |             |              |                      |             |
| Compensation of employees          | 0.4         | 2.9          |                      |             |
| Gross operating surplus            | 1.1         | 1.0          |                      |             |
| GDP                                | 0.4         | 2.4          |                      |             |
| <b>Deflators and Prices</b>        |             |              |                      |             |
| Terms of trade                     | -3.2        | -12.0        |                      |             |
| Household consumption deflator     | 0.4         | 1.7          |                      |             |
| GDP deflator                       | -0.3        | -0.6         |                      |             |

\*The reference year for chain volume measure = 2013-14

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

