

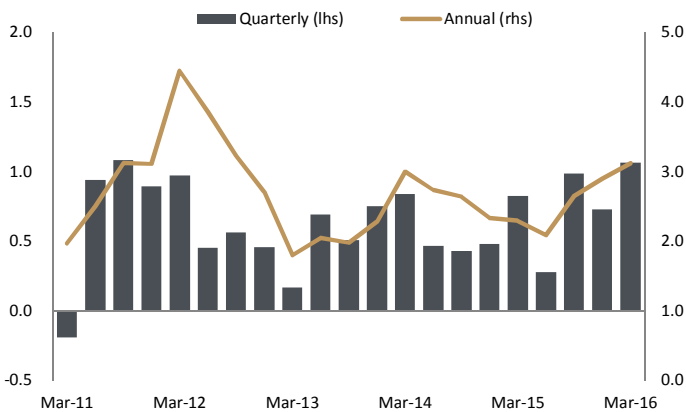
ABS National Accounts: March quarter 2016

Source: ABS 5206.0, released 1 June 2016, 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 continued to fall, the trade sector was the key driver of economic growth in the March quarter.

Over the year, net exports contributed 1.9 percentage points to overall economic growth. This was driven by increased exports of metal ore and minerals and 'other mineral fuels' (which includes LNG) and decreased capital goods imports as a number of large resources projects transitioned from construction to production.

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



Seasonally adjusted (sa) **gross domestic product (GDP)** rose 1.1% in March quarter 2016, following 0.7% growth in the previous quarter. This result was stronger than market expectations and saw annual growth strengthen to 3.1% (see Chart 1).

Household consumption grew by 0.7% in the March quarter (down slightly from 0.8% in the previous quarter). With growth in consumption being outpaced by a 1.3% rise in real household disposable income, the household saving ratio rose to 8.1% in the quarter.

Business investment fell 5.4% in the quarter to be 15.2% lower over the year. The quarterly fall was driven by a 7.7% decline in non-dwelling construction, with both non-residential building and engineering construction recording a strong decline. Machinery and equipment investment also fell 1.9% in the quarter.

Dwelling investment rose 1.4% in the March quarter, following a 2.8% increase in the previous quarter. This result saw dwelling investment rise 7.0% over the year, supported by a sustained period of very low interest rates and increased interest from investors.

Changes in inventories made a minimal contribution to GDP growth in the quarter, driven by a build-up in wholesale inventories.

With commodity prices continuing to fall, the **terms of trade** declined 1.9% in the March quarter, to be 11.5% lower over the year and 35.7% below its 2011 peak.

Net exports have shown considerable volatility over the past year. After minimal growth in the previous quarter, net exports rose strongly in the March quarter, contributing 1.1 percentage points to GDP growth.

Table 1: Components of GDP*
(seasonally adjusted, March quarter 2016)

Chain Volume Measure*	% change		% point contribution	
	quarterly	annual	quarterly	annual
Total consumption	0.7	3.2	0.5	2.3
Household consumption	0.7	3.0	0.4	1.7
General government consumption	0.9	3.7	0.2	0.7
Private dwellings	1.4	7.0	0.1	0.4
Business investment	-5.4	-15.2	-0.6	-1.8
Machinery and equipment	-1.9	-7.7	-0.1	-0.3
Non-dwelling construction	-7.7	-19.6	-0.5	-1.5
Non-residential building	-6.9	-7.6	-0.2	-0.2
Engineering construction	-6.4	-26.7	-0.2	-1.3
Private gross fixed capital	-2.2	-7.0	-0.4	-1.5
Public gross fixed capital	0.7	0.4	0.0	0.0
Changes in inventories			0.0	0.1
Gross national expenditure	0.2	1.0	0.2	1.0
Net exports			1.1	1.9
Exports of goods & services	4.4	6.6	1.0	1.5
less Imports of goods & services	-0.8	-2.0	0.2	0.4
Statistical discrepancy			-0.2	0.2
GDP	1.1	3.1	1.1	3.1
Current Prices				
Compensation of employees	0.8	3.6		
Gross operating surplus	-0.9	-0.6		
GDP	0.5	2.1		
Deflators and Prices				
Terms of trade	-1.9	-11.5		
Household consumption deflator	-0.1	1.2		
GDP deflator	-0.6	-1.0		

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

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

