

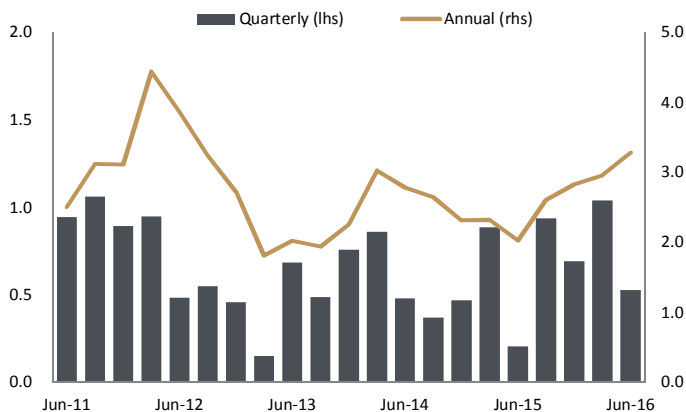
ABS National Accounts: June quarter 2016

Source: ABS 5206.0, released 7 September 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 over the year.

Over the year, net exports contributed 2.2 percentage points to overall economic growth. This was driven by increased exports of metal ore and minerals, 'other mineral fuels' (which includes LNG) and coal, coke and briquettes.

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



Seasonally adjusted (sa) **gross domestic product (GDP)** rose 0.5% in June quarter 2016, following 1.0% growth in the previous quarter. While this result was marginally weaker than market expectations, it saw annual growth strengthen to 3.3% (see Chart 1). In financial year terms, GDP growth strengthened, from 2.3% in 2014-15 to 2.9% in 2015-16, broadly in line with the Reserve Bank forecast.

Household consumption grew by 0.4% in the June quarter (down from 0.8% in the previous quarter). With real household disposable income growing 0.5%, the household saving ratio was unchanged at 8.0% in the quarter.

Business investment continued to fall, recording a 6.9% decline in the June quarter. The fall was driven by a 12.4% decline in non-dwelling construction, partly offset by a 1.4% increase in machinery and equipment investment. Reflecting the ongoing wind-down in resource related investment, engineering construction fell 7.4% in the quarter.

Dwelling investment rose 1.6% in the June quarter, following a 2.1% increase in the previous quarter. This result saw dwelling investment rise 8.3% over the year, supported by a sustained period of very low interest rates and increased interest from investors.

Changes in inventories contributed 0.3 percentage point to GDP growth in the quarter, driven by a turnaround in non-farm stocks and further build up in wholesale inventories.

The **terms of trade** recorded the first quarterly rise since December 2013, increasing 2.3% in the June quarter, but were 5.4% lower over the year.

Net exports have shown considerable volatility over the past year. Following strong results in two of the previous three quarters, net exports detracted 0.2 percentage point from GDP growth in the June quarter (see Chart 2).

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

Chain Volume Measure*	% change		% point contribution	
	quarterly	annual	quarterly	annual
Total consumption	0.8	3.2	0.6	2.4
Household consumption	0.4	2.9	0.2	1.6
General government consumption	1.9	4.4	0.3	0.8
Private dwellings	1.6	8.3	0.1	0.4
Business investment	-6.9	-17.6	-0.7	-2.1
Machinery and equipment	1.4	-2.5	0.1	-0.1
Non-dwelling construction	-12.4	-26.3	-0.8	-2.0
Non-residential building	-1.1	-4.4	0.0	-0.1
Engineering construction	-7.4	-27.4	-0.3	-1.3
Private gross fixed capital	-3.4	-8.3	-0.7	-1.8
Public gross fixed capital	15.5	13.9	0.7	0.6
Changes in inventories			0.3	0.2
Gross national expenditure	0.9	1.5	0.8	1.5
Net exports			-0.2	2.2
Exports of goods & services	1.3	9.6	0.3	2.1
less Imports of goods & services	2.7	-0.5	-0.5	0.1
Statistical discrepancy			-0.1	-0.4
GDP	0.5	3.3	0.5	3.3
Current Prices				
Compensation of employees	0.5	3.1		
Gross operating surplus	2.0	2.2		
GDP	1.3	3.4		
Deflators and Prices				
Terms of trade	2.3	-5.4		
Household consumption deflator	0.4	0.9		
GDP deflator	0.8	0.2		

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

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

