

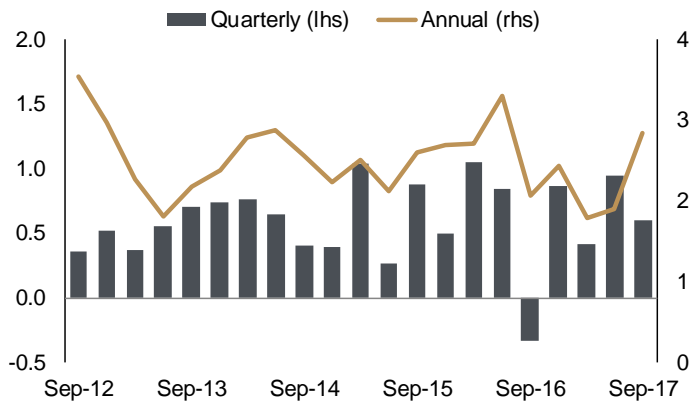
ABS National Accounts: September quarter 2017

Source: ABS 5206.0, released 6 December 2017, 10:30 am AEST.

Today's *National Accounts* shows growth in the Australian economy was solid in September quarter 2017. Growth in the quarter, which was close to market expectations, was driven by a strong contribution from business investment. Growth in household consumption was weak and public investment and dwelling investment both fell.

Over the year, net exports detracted 0.4 percentage point from overall economic growth. Solid growth in exports was more than offset by a rise in imports, particularly capital goods.

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



Seasonally adjusted (sa) **gross domestic product (GDP)** rose 0.6% in September quarter 2017, moderating from upwardly revised growth of 0.9% in the June quarter and slightly below market expectations of a 0.7% rise. Annual growth strengthened to 2.8% (Chart 1).

Household consumption grew 0.1% in the September quarter, to be 2.2% higher over the year. With growth in real household disposable income remaining weak, consumption continues to be accompanied by a low household saving ratio (3.2%), with the last two quarters being the lowest levels recorded since the GFC.

Business investment rose 11.0% in the September quarter, to be 8.4% higher over the year. The increase in the quarter was driven by non-dwelling construction (up 18.4%), which was impacted by the transfer in ownership of the \$2.3 billion Royal Adelaide Hospital in June quarter 2017. Engineering construction rose 6.3% in the September quarter and machinery and equipment grew 1.9%.

Dwelling investment fell 1.0% in the September quarter, to be 2.3% lower over the year. The decline in the quarter was driven by alterations and additions (down 4.8%) more than offsetting a rise in new and used dwelling construction (up 1.0%).

Public Final Demand fell 1.6% in the September quarter, driven by a fall in state and local general government capital spending.

Changes in inventories contributed 0.2 percentage point to GDP growth in the quarter, driven by a build-up in wholesale trade, retail trade and manufacturing stocks.

The **terms of trade** fell 0.4% in the September quarter, as the surge in commodity prices unwound marginally. However, the terms of trade remained 9.7% higher over the year.

With exports and imports growing equally, **net exports** made no contribution to GDP growth in the quarter.

Table 1: Components of GDP*
(seasonally adjusted, September quarter 2017)

Chain Volume Measure*	% change		ppt. contribution	
	quarterly	annual	quarterly	annual
Household consumption	0.1	2.2	0.1	1.3
Private investment	4.5	4.6	0.9	0.9
Dwelling investment	-1.0	-2.3	-0.1	-0.1
Business investment	11.0	8.4	1.0	0.8
Machinery and equipment	1.9	2.6	0.1	0.1
Non-dwelling construction	18.4	12.9	0.9	0.7
Non-residential building	0.1	11.0	0.0	0.3
Engineering construction	6.3	12.7	0.2	0.4
Private Final Demand	1.2	2.8	1.0	2.2
Public Final Demand	-1.6	4.3	-0.4	1.0
General government consumption	0.2	2.4	0.0	0.5
Public investment	-7.5	12.2	-0.4	0.6
Changes in inventories			0.2	-0.2
Gross national expenditure	0.7	3.0	0.8	3.0
Net exports			0.0	-0.4
Exports of goods & services	1.9	6.4	0.4	1.3
less Imports of goods & services	1.9	7.7	-0.4	-1.7
Statistical discrepancy			-0.1	0.2
GDP	0.6	2.8	0.6	2.8
Current Prices				
Compensation of employees	1.2	3.0		
Gross operating surplus	1.0	11.8		
GDP	0.6	5.9		
Deflators and Prices				
Terms of trade	-0.4	9.7		
Household consumption deflator	0.1	1.1		
GDP deflator	0.0	3.0		

*The reference year for chain volume measure = 2015-16

Chart 2: Contributions to GDP Growth
(% point contribution)

