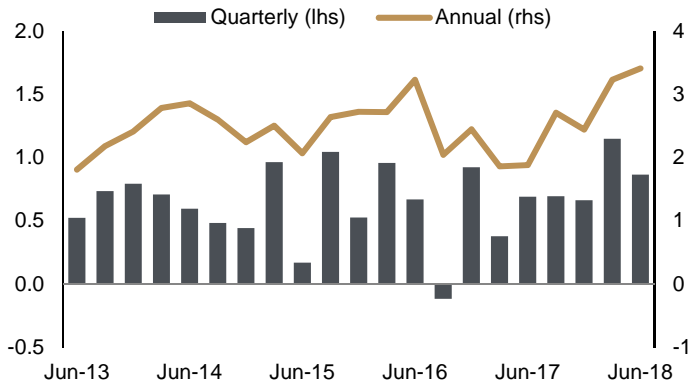


# ABS National Accounts: June quarter 2018

Source: ABS 5206.0, released 5 September 2018, 11:30 am AEST.

**Today's National Accounts showed growth in the Australian economy remained solid in June quarter 2018. Growth in the quarter was above market expectations and was led by stronger household and general government consumption.**

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



Seasonally adjusted (sa) **gross domestic product (GDP)** rose 0.9% in June quarter 2018, moderating slightly from upwardly revised growth of 1.1% in March quarter 2018. Annual growth strengthened to a solid 3.4% in June quarter 2018 (**Chart 1**), above market expectations of a 2.8% rise.

**Household consumption** grew 0.7% in the June quarter, to be 3.0% higher over the year. With growth in real household disposable income remaining weak, the household savings ratio fell again in June quarter (to 1.0%) and is at its lowest rate in over a decade. Growth in household spending in the quarter *reflected strong spending across a number of components including: food, rent, recreation and culture and insurance services.*

**Business investment** fell 1.4% in the June quarter, following a rise in the March quarter, but was 11.5% higher over the year. The fall in the quarter was driven by *machinery and equipment* (down 1.6%), the volatile *net purchase of second hand assets* and, to a lesser extent, *engineering construction* (down 0.8%). Meanwhile, investment in *non-residential buildings* rose 1.0% in the quarter.

**Dwelling investment** rose 1.7% in the June quarter, to be 3.8% higher over the year. The rise in the quarter was driven by a further increase in *new and used dwelling construction* (up 3.6%), which more than offset a 2.1% decline in *alterations and additions.*

**Public final demand** rose 0.8% in the June quarter, driven by an increase in general government consumption. Meanwhile, public investment was flat in the quarter, with a rise in general government investment offset by a fall in public corporation investment.

**Changes in inventories** made no contribution to GDP growth in June quarter 2018, with a large drop-off in *wholesale trade inventories* offsetting pick-ups in *retail trade* and *mining inventories.*

The **terms of trade** fell 1.3% in the June quarter, but was 2.1% higher over the year. The terms of trade remain elevated despite a partial unwinding of the commodity price surge in 2016-17.

With exports rising at a faster pace than imports in the quarter, **net exports** contributed 0.1 percentage point to GDP growth. However, over the year, net exports detracted 0.7 percentage point from overall economic growth. Annual growth in exports has been driven by solid gains in *metal ores and minerals* (iron ore) and *other mineral fuels* (LNG). However, this was more than offset by a broad-based rise across import items.

**Table 1: Components of GDP\***  
(seasonally adjusted, June quarter 2018)

Chain Volume Measure	% change		ppt. contribution	
	quarterly	annual	quarterly	annual
<b>Household consumption</b>	0.7	3.0	0.4	1.7
<b>Private investment</b>	0.0	6.7	0.0	1.3
<b>Dwelling investment</b>	1.7	3.8	0.1	0.2
<b>Business investment</b>	-1.4	11.5	-0.1	1.1
Machinery and equipment	-1.6	6.7	-0.1	0.3
Non-dwelling construction	-1.2	15.4	-0.1	0.8
Non-residential building	1.0	5.9	0.0	0.2
Engineering construction	-0.8	0.9	0.0	0.0
<b>Private Final Demand</b>	0.5	3.9	0.4	3.0
<b>Public Final Demand</b>	0.8	2.1	0.2	0.5
General government consumption	1.0	5.1	0.2	1.0
Public investment	0.0	-8.1	0.0	-0.5
<b>Changes in inventories</b>			0.0	0.5
<b>Gross national expenditure</b>	0.5	4.0	0.6	4.1
<b>Net exports</b>			0.1	-0.7
Exports of goods & services	1.1	3.7	0.2	0.7
less Imports of goods & services	0.4	6.2	-0.1	-1.4
<b>Statistical discrepancy</b>			0.2	0.0
<b>GDP</b>	0.9	3.4	0.9	3.4
<b>Current Prices</b>				
Compensation of employees	0.7	4.8		
Gross operating surplus	0.8	7.2		
GDP	1.0	5.5		
<b>Deflators and Prices</b>				
Terms of trade	-1.3	2.1		
Household consumption deflator	0.2	1.5		
GDP deflator	0.2	2.0		

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

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

