

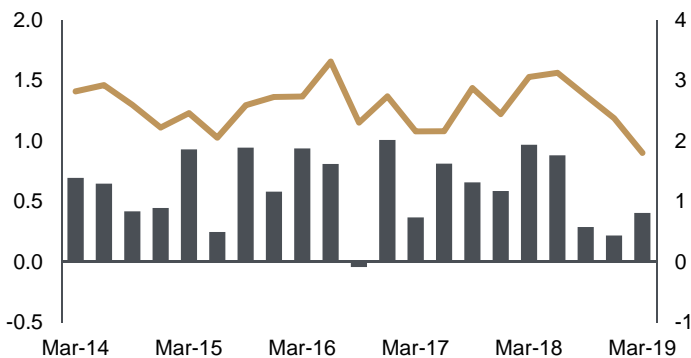
# ABS National Accounts: March quarter 2019

Source: ABS 5206.0, released 5 June 2019, 11:30 am AEST.

**Today's National Accounts** showed growth in the Australian economy slowed over the year to March quarter 2019, in line with market expectations. Subdued growth in household consumption and detractions by business and dwelling investment were offset by strong growth in public final demand and a solid contribution by net exports.

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

Quarterly (lhs) Annual (rhs)



Seasonally adjusted (sa) **gross domestic product (GDP)** rose 0.4% in March quarter 2019, up from 0.2% in December quarter 2018. However, annual growth weakened to 1.8% over the year to March quarter 2019 (Chart 1), in line with market expectations and roughly in line with the Reserve Bank of Australia's (RBA) May 2019 *Statement on Monetary Policy*, which forecast economic growth to slow to 1.7% over the year to June quarter 2019.

**Household consumption** grew 0.3% in the March quarter, to be 1.8% higher over the year. With growth in real gross household disposable income remaining weak (up 0.8% over the year), the net household savings ratio remained low in the March quarter (at 2.8%) and close to its lowest level since before the GFC. There were falls in the *recreation & culture, hotels, cafes & restaurants and clothing & footwear* components, which are all discretionary categories of household consumption.

**Business investment** rose 1.4% in the March quarter, but was 2.3% lower over the year. The fall over the year was driven by *engineering construction* (down 9.3%), more than offsetting subdued growth in *machinery and equipment investment* (up 1.0%) and *non-residential building* (up 0.6%).

**Dwelling investment** fell 2.5% in the March quarter, to be 3.1% lower over the year. The fall in the quarter was the result of a decline in both *alterations & additions* (down 3.8%) and *new & used dwelling construction* (down 1.8%).

**Public final demand** rose 0.7% in the March quarter, to be 5.4% higher over the year and was the largest contributor to GDP growth over the year. The increase over the year was primarily driven by growth in *general government consumption* (up 5.1%), particularly *national consumption*.

**Changes in inventories** detracted from GDP growth in March quarter 2019, driven by a run-down in inventories in *public authorities*.

The **terms of trade** rose 3.1% in the March quarter, to be 6.1% higher over the year. The terms of trade remain elevated despite a partial unwinding of the 2016-17 commodity price surge.

**Net exports** contributed 0.2 percentage point to GDP growth in the March quarter. This result was due to a 1.0% rise in exports and a 0.1% fall in imports. Over the year, growth in exports (up 1.7%) and a slight fall in imports (down 0.5%) contributed 0.5 percentage point to GDP growth. The rise in exports in the quarter was driven by increases in rural goods and services.

**Table 1: Components of GDP\***  
(seasonally adjusted, March quarter 2019)

Chain Volume Measure	% change		ppt contribution	
	quarterly	annual	quarterly	annual
<b>Household consumption</b>	0.3	1.8	0.1	1.0
<b>Private investment</b>	-1.0	-3.6	-0.2	-0.7
<b>Dwelling investment</b>	-2.5	-3.1	-0.1	-0.2
<b>Business investment</b>	1.4	-2.3	0.1	-0.2
Machinery and equipment	0.5	1.0	0.0	0.0
Non-dwelling construction	2.1	-4.7	0.1	-0.3
Non-residential	4.5	0.6	0.1	0.0
Engineering	-1.5	-9.3	0.0	-0.3
<b>Private final demand</b>	-0.1	0.4	0.0	0.3
<b>Public final demand</b>	0.7	5.4	0.2	1.3
General government consumption	0.8	5.1	0.2	1.0
Public investment	0.4	6.8	0.0	0.3
<b>Change in inventories</b>			-0.1	0.0
<b>Gross national expenditure</b>	0.0	1.6	0.0	1.6
<b>Net exports</b>			0.2	0.5
Exports of goods & services	1.0	1.7	0.2	0.4
Less imports of goods & services	-0.1	-0.5	0.0	0.1
<b>Statistical discrepancy</b>			0.2	-0.3
<b>GDP</b>	<b>0.4</b>	<b>1.8</b>	<b>0.4</b>	<b>1.8</b>
<b>Current Prices</b>				
Compensation of employees	1.2	4.3		
Gross operating surplus	2.5	7.5		
GDP	1.4	4.9		
<b>Deflators and Prices</b>				
Terms of trade	3.1	6.1		
Household consumption deflator	0.4	1.5		
GDP deflator	1.0	3.0		

\* The reference year for chain volume measure = 2016-17

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

