

# ABS National Accounts: March quarter 2020

Source: ABS 5206.0, released 3 June 2020, 11:30 am AEST.

Today's *National Accounts* showed the Australian economy contracted in March quarter 2020, in line with market expectations. A substantial fall in household consumption due to COVID-19 and the continued fall in private investment more than offset solid growth in public final demand and a contribution from net exports, with imports falling more than exports.

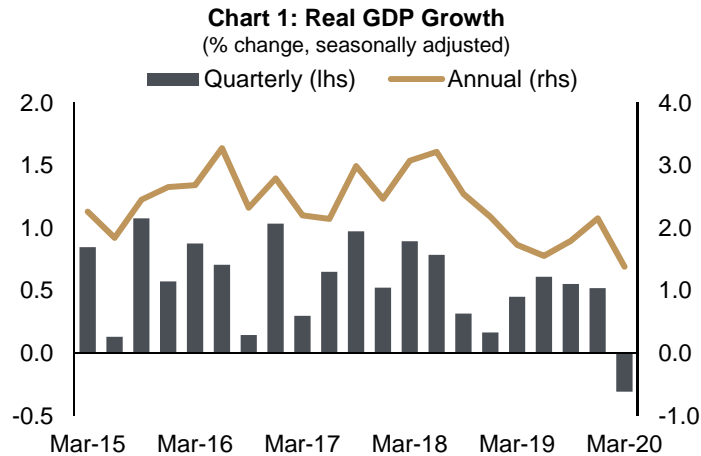
growth in *general government consumption* (up 1.8%), which more than offset a fall in *public investment* (down 0.7%).

**Changes in inventories** detracted from GDP growth in March quarter 2020, driven by *mining* inventories.

The **terms of trade** rose 2.9% in the March quarter but was 0.9% lower over the year.

**Net exports** contributed 0.5 percentage point to GDP growth in the March quarter, driven by a 6.2% fall in *imports*, which more than offset a 3.5% fall in *exports*.

Both imports and exports of services fell substantially in the quarter in response to travel bans implemented to combat the COVID-19 outbreak.



Seasonally adjusted (sa) **gross domestic product** (GDP) fell 0.3% in March quarter 2020, compared with a 0.5% rise in December quarter 2019. Annual growth moderated to 1.4% (Chart 1). Both the quarterly and annual results were in line with market expectations.

**Household consumption** fell by 1.1% in the March quarter, to be 0.2% lower over the year. This was the largest quarterly fall in household consumption since March quarter 1986. The decrease in the quarter was driven by falls in spending on *Hotels, cafes and restaurants, Transport services and Clothing and footwear*.

The ABS note there were impacts on household consumption expenditure from both the bushfires and COVID-19. Early in the March quarter, bushfires and associated smoke haze led to disruptions to domestic travel and reduced retail foot traffic.

This was followed by escalating concerns about the spread of COVID-19 that led to restrictions on overseas travel, bans on indoor and outdoor gatherings and domestic travel, increased work and leisure from home, and limits on business trading.

Real gross **household disposable income** rose 0.9% in the quarter, to be 1.9% higher over the year. As a result, the net household savings ratio rose 2.0 percentage points to 5.5% in the quarter.

**Business investment** fell 0.6% in the March quarter, to be 4.9% lower over the year. The fall in the quarter was driven by *non-mining investment* (down 1.7%), which more than offset growth in *mining investment* (up 3.6%).

**Dwelling investment** fell 1.7% in the March quarter, to be 9.7% lower over the year. The fall in the quarter was driven by a 2.9% decline in *new & used dwelling construction*, while *alterations & additions* rose 0.4%.

**Public final demand** rose 1.2% in the March quarter, to be 5.4% higher over the year. The increase in the quarter was driven by

**Table 1: Components of GDP\***  
(seasonally adjusted, March quarter 2020)

Chain Volume Measure	% change		ppt contribution	
	quarterly	annual	quarterly	annual
<b>Household consumption</b>	-1.1	-0.2	-0.6	-0.1
<b>Private investment</b>	-0.8	-3.6	-0.1	-0.7
<b>Dwelling investment</b>	-1.7	-9.7	-0.1	-0.6
<b>Business investment</b>	-0.6	-4.9	0.0	-0.5
Machinery and equipment	-1.6	-3.8	-0.1	-0.1
Non-dwelling construction	0.3	-5.7	0.0	-0.3
Non-residential	-2.3	-4.4	-0.1	-0.1
Engineering	1.7	-6.3	0.0	-0.2
<b>Private final demand</b>	-1.1	-1.1	-0.8	-0.8
<b>Public final demand</b>	1.2	5.4	0.3	1.3
General government consumption	1.8	6.2	0.3	1.2
Public investment	-0.7	2.1	0.0	0.1
<b>Change in inventories</b>			-0.2	-0.2
<b>Gross national expenditure</b>	-0.7	0.2	-0.7	0.2
<b>Net exports</b>			0.5	1.2
Exports of goods & services	-3.5	-2.0	-0.8	-0.5
Less imports of goods & services	-6.2	-7.7	1.3	1.6
<b>Statistical discrepancy</b>			-0.1	0.0
<b>GDP</b>	-0.3	1.4	-0.3	1.4
<b>Current Prices</b>				
Compensation of employees	0.5	4.2		
Gross operating surplus	0.9	3.2		
GDP	0.8	3.1		
<b>Deflators and Prices</b>				
Terms of trade	2.9	-0.9		
Household consumption deflator	0.5	1.9		
GDP deflator	1.1	1.7		

\* The reference year for chain volume measure = 2017-18

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

