

ABS National Accounts: September quarter 2020

Source: ABS National Accounts, released 2 December 2020, 10:30 am AEST.

Today's National Accounts showed the Australian economy partially rebounded in September quarter 2020. This was the largest quarterly rise in GDP since March quarter 1976, driven by a surge in household consumption and continued growth in national government consumption.

driven by *national non-defence general government consumption* (up 6.1%).

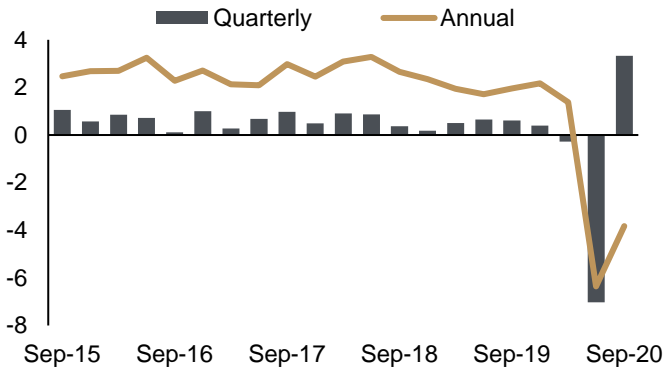
Changes in inventories contributed to GDP growth in the September quarter, driven by *retail trade* and *manufacturing inventories*.

The **terms of trade** rose 0.7% in the September quarter but was 2.5% lower over the year.

Net exports detracted 1.9 percentage points from GDP growth in the September quarter, reflecting a 6.5% increase in *imports* and a 3.2% fall in *exports*.

The fall in exports was driven by declines in *mineral ores*, *other mineral fuels* and *travel services*. The rise in imports was driven by *non-industrial transport equipment*, *fuels & lubricants* and *textiles*.

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



Seasonally adjusted (sa) **gross domestic product (GDP)** rose 3.3% in September quarter 2020, but remains 3.8% lower than a year ago (Chart 1). This rebound followed a record decline of 7.0% in the June quarter. Both the quarterly and annual results were better than market expectations (2.6% rise in the quarter, but 4.4% lower over the year).

In financial year terms, GDP was reaffirmed to have fallen 0.2% in 2019-20, the first financial year fall since 1990-91.

Household consumption rose by an unprecedented 7.9% in the September quarter, but was 6.5% lower over the year. This represented a partial recovery from the largest quarterly decline on record in the June quarter (down 12.5%).

The quarterly rise reflects increased spending with easing of COVID-19 restrictions. Both household spending on goods (up 5.2%) and services (up 9.8%) rebounded in the quarter, following large falls in the June quarter (down 3.4% and 17.9% respectively).

Real gross **household disposable income** rose 3.3% in the quarter. Compensation of employees rose 2.3% in the quarter, in line with improved labour market activity. Private non-financial gross operating surplus increased 3.8%, driven by a rise in *accommodation & food services*; *transport, postal & warehousing*; and, *manufacturing*, reflecting a rebound in business activity with the easing of COVID-19 restrictions. Despite the net household savings ratio falling 3.2 percentage points to 18.9% in the quarter, it remains at a level not seen since 1975.

Business investment fell 4.4% in the September quarter, to be 11.0% lower annually. *Mining investment* (down 8.5%), *non-mining investment* (down 6.1%) and *machinery and equipment* (down 3.7%) all declined in the quarter.

Dwelling investment rose 0.6% in the September quarter, but was 7.6% lower over the year. The fall in *new & used dwelling construction* (down 2.1%) was more than offset by increased *renovation activity* (up 5.1%) in the quarter.

Public final demand rose 1.2% in the September quarter, to be 6.1% higher over the year. The quarterly increase was primarily

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

Chain Volume Measure	% change		ppt contribution	
	quarterly	annual	quarterly	annual
Household consumption	7.9	-6.5	4.0	-3.5
Private investment	-0.2	-7.7	0.0	-1.4
Dwelling investment	0.6	-7.6	0.0	-0.4
Business investment	-4.4	-11.0	-0.4	-1.0
Machinery and equipment	-3.7	-13.0	-0.1	-0.5
Non-dwelling construction	-4.8	-9.6	-0.3	-0.5
Non-residential	-6.1	-11.8	-0.2	-0.3
Engineering	-8.5	-6.8	-0.2	-0.2
Private final demand	5.8	-6.8	4.0	-4.9
Public final demand	1.2	6.1	0.3	1.5
General government consumption	1.4	7.8	0.3	1.5
Public investment	0.3	-0.2	0.0	0.0
Change in inventories			0.8	0.2
Gross national expenditure	5.4	-3.3	5.1	-3.2
Net exports			-1.9	-0.7
Exports of goods & services	-3.2	-14.9	-0.7	-3.6
Less imports of goods & services	6.5	-13.9	-1.2	2.9
Statistical discrepancy			0.1	0.1
GDP	3.3	-3.8	3.3	-3.8
Current Prices				
Compensation of employees	2.3	1.5		
Gross operating surplus	2.5	11.3		
GDP	3.7	-3.9		
Deflators and Prices				
Terms of trade	0.7	-2.5		
Household consumption deflator	0.1	0.5		
GDP deflator	0.4	0.0		

* The reference year for chain volume measure = 2018-19

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

