

ABS National Accounts: September quarter 2021

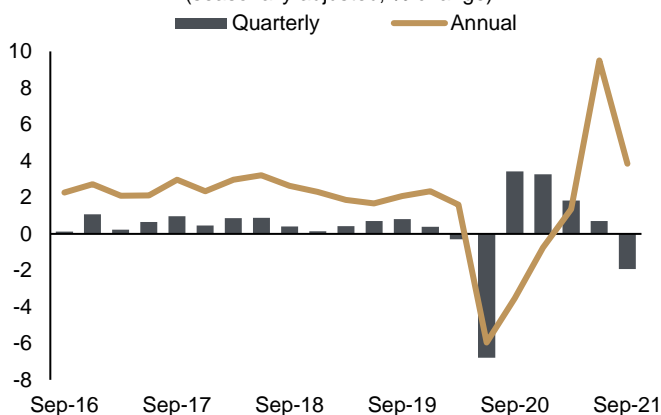
Source: ABS National Accounts, released 1 December 2021, 10:30 am AEST.

Today's National Accounts showed GDP contracted by 1.9% in September quarter 2021. Prolonged lockdowns in NSW, Victoria and ACT resulted in a substantial decline in household consumption. Growth in public final demand and a contribution from net exports partially offset the fall.

The **terms of trade** rose a further 0.4% in the September quarter, to be at its highest level in history.

Net exports contributed 1.0 percentage point to GDP growth in the quarter, reflecting both a 4.0% decrease in *imports* and a 1.2% rise in *exports*.

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



Gross domestic product (GDP) fell 1.9% seasonally adjusted (sa) in September quarter 2021 but was 3.9% higher than a year ago (Chart 1). The decline in the quarter was not as severe as market expectations (down 2.7%). The Australian economy is now only 0.1% larger than its pre-pandemic level in March 2020.

Household consumption fell 4.8% in the September quarter, but was 1.8% higher over the year. The decline in the quarter was driven by a 5.8% fall in services, due to the prolonged lockdowns in NSW, Victoria and ACT.

Real gross **household disposable income** rose 4.4% in the quarter, due to government support payments to households and unincorporated businesses, combined with increased dividend payments. The rise in income combined with the fall in spending resulted in the household saving ratio rising from 11.8% in June quarter 2021 to 19.8% in the September quarter.

Compensation of employees (COE) rose 0.5% in the quarter, in part reflecting the rise in the minimum superannuation guarantee from 9.5% to 10%. *Gross operating surplus (GOS)* rose 3.3% in the quarter, driven by mining (reflecting significant price increases for LNG and coal) and manufacturing (reflecting higher prices for beef and metals).

Business investment rose 0.8% in the quarter to be 2.0% higher than the pre-pandemic level. Investment in *non-dwelling construction* rose 3.9% in the quarter, more than offsetting a decline in *machinery and equipment* (down 2.9%).

Dwelling investment rose 0.1% in the quarter, to be 7.8% higher than the pre-pandemic level, with a rise in *alterations and additions* (up 2.5%) in the quarter largely offset by a fall in *new & used dwelling construction* (down 1.6%).

Public final demand rose 2.5% in the quarter, to be 10.4% higher than the pre-pandemic level, with both public consumption and investment well above their pre-pandemic level (up 10.5% and 10.2%, respectively).

Table 1: Components of GDP*

(seasonally adjusted, September quarter 2021)

Chain Volume Measure	% change		ppt. contribution	
	quarterly	annual	quarterly	annual
Household consumption	-4.8	1.8	-2.5	0.9
Private investment	0.8	12.9	0.1	2.2
Dwelling investment	0.1	11.4	0.0	0.6
Business investment	0.8	10.2	0.1	0.9
Machinery and equipment	-2.9	21.0	-0.1	0.7
Non-dwelling construction	3.9	2.7	0.2	0.1
Non-residential building	1.4	-0.4	0.0	0.0
Engineering construction	-1.0	6.1	0.0	0.2
Private Final Demand	-3.4	4.5	-2.4	3.1
Public Final Demand	2.5	6.9	0.7	1.9
General government consumption	3.6	5.8	0.8	1.3
Public investment	-1.7	11.7	-0.1	0.6
Changes in inventories			-1.3	-0.8
Gross national expenditure	-3.1	4.4	-3.1	4.3
Net exports			1.0	-0.4
Exports of goods & services	1.2	3.3	0.2	0.7
less Imports of goods & services	-4.0	5.8	0.8	-1.1
Statistical discrepancy			0.1	0.0
GDP	-1.9	3.9	-1.9	3.9
Current Prices				
Compensation of employees	0.5	4.7		
Gross operating surplus	3.3	1.9		
GDP	-0.6	11.2		
Deflators and Prices				
Terms of trade	0.4	23.1		
Household consumption deflator	0.3	1.8		
GDP deflator	1.3	7.1		

* The reference year for chain volume measure = 2019-20

Chart 2: Contributions to real GDP Growth

(seasonally adjusted, quarterly, %-pt contribution)

