

# ABS National Accounts: December quarter 2021

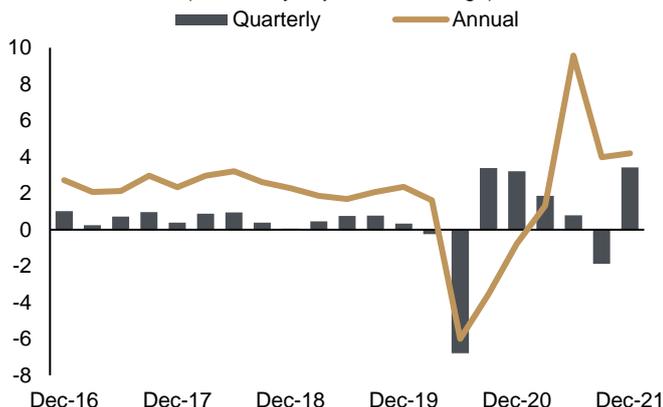
Source: ABS National Accounts, released 2 March 2022, 10:30 am AEST.

**Today's National Accounts** showed GDP rebounded by 3.4% in December quarter 2021, driven by a large improvement in household consumption as NSW, Victoria and the ACT came out of extended lockdowns. However, private investment, public final demand and exports all fell in the quarter.

The **terms of trade** fell 5.1% in the December quarter, the largest decline since June quarter 2009, driven by strong growth in import prices.

**Net exports** detracted 0.2 percentage point from GDP growth in the quarter, driven by a 1.5% decrease in *exports*, which more than offset a 0.9% decrease in *imports*.

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



**Gross domestic product (GDP)** rose 3.4% seasonally adjusted (sa) in December quarter 2021 to be 4.2% higher over the year (Chart 1). The rebound in the quarter follows a 1.9% fall in September quarter 2021, which was impacted by extended lockdowns in NSW, Victoria and the ACT due to the Delta variant outbreak. In December quarter 2021, the Australian economy was 3.7% larger than its pre-pandemic level in March quarter 2020.

**Household consumption** rose 6.3% in the December quarter, rebounding from a 4.8% decline in the September quarter and exceeding pre-pandemic levels for the first time. Non-essential spending rose 14.2% in the quarter, the largest increase on record, while growth in essential spending was more modest (up 1.9%).

Real gross **household disposable income** fell 1.2% in the quarter, due to a decline in government support payments following the end of lockdowns. The fall in income combined with the rise in spending resulted in the household saving ratio falling from 19.8% in the September quarter to 13.6% in the December quarter.

*Compensation of employees* rose 2.0% in the quarter, driven by a 4.3% increase in hours worked. *Gross operating surplus* rose 0.4% in the quarter, driven by manufacturing, professional services and financial corporations, partially offset by lower iron ore prices in mining.

**Business investment** fell 1.4% in the quarter but was 0.2% higher than the pre-pandemic level. Investment fell in both *non-dwelling construction* (down 1.2%) and *machinery and equipment* (down 1.5%) in the quarter.

**Dwelling investment** fell 2.2% in the quarter, as material and labour shortages impacted construction activity, but was 5.4% higher than the pre-pandemic level, with both *alterations and additions* (down 4.4%) and *new & used dwelling construction* (down 0.5%) declining in the quarter.

**Public final demand** fell 0.3% in the quarter but was 10.1% higher than the pre-pandemic level, with both public *consumption* and *investment* well above their pre-pandemic levels (up 10.7% and 7.8%, respectively).

**Table 1: Components of GDP\***

(seasonally adjusted, December quarter 2021)

Chain Volume Measure	% change		ppt. contribution	
	quarterly	annual	quarterly	annual
<b>Household consumption</b>	6.3	3.5	3.2	1.8
<b>Private investment</b>	-1.4	7.4	-0.3	1.3
<b>Dwelling investment</b>	-2.2	5.3	-0.1	0.3
<b>Business investment</b>	-1.4	5.7	-0.1	0.5
Machinery and equipment	-1.5	8.8	-0.1	0.3
Non-dwelling construction	-1.2	3.3	-0.1	0.2
Non-residential building	0.3	7.3	0.0	0.2
Engineering construction	-1.6	-1.0	0.0	0.0
<b>Private Final Demand</b>	4.2	4.4	3.0	3.1
<b>Public Final Demand</b>	-0.3	5.2	-0.1	1.4
General government consumption	0.1	5.1	0.0	1.1
Public investment	-2.0	5.4	-0.1	0.3
<b>Changes in inventories</b>			0.9	0.3
<b>Gross national expenditure</b>	3.8	5.0	3.7	4.8
<b>Net exports</b>			-0.2	-0.8
Exports of goods & services	-1.5	-2.6	-0.3	-0.6
less Imports of goods & services	-0.9	1.0	0.2	-0.2
<b>Statistical discrepancy</b>			-0.1	0.1
<b>GDP</b>	3.4	4.2	3.4	4.2
<b>Current Prices</b>				
Compensation of employees	2.0	5.3		
Gross operating surplus	0.4	7.1		
GDP	3.4	10.2		
<b>Deflators and Prices</b>				
Terms of trade	-5.1	10.3		
Household consumption deflator	0.7	2.3		
GDP deflator	0.0	5.7		

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

**Chart 2: Contributions to real GDP Growth**

(seasonally adjusted, quarterly, %-pt contribution)

