

ABS National Accounts: June quarter 2022

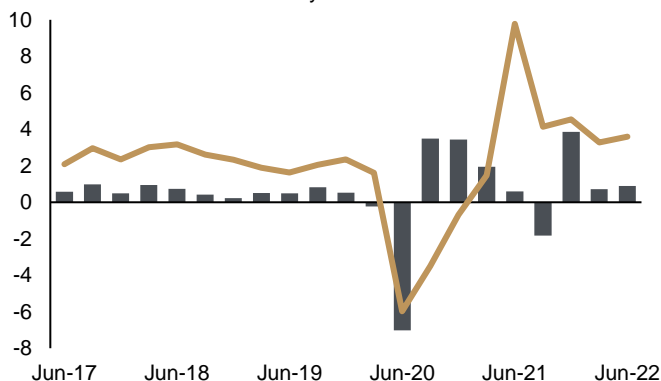
Source: ABS National Accounts, released 7 September 2022, 11:30 am AEST.

Today's *National Accounts* showed GDP grew by 0.9% in June quarter 2022, driven by solid growth in household consumption and a rebound in exports. However, private investment detracted from growth in the quarter.

The terms of trade rose 4.6% in the quarter. Continued strength in export prices reflected ongoing demand for Australia's mining and agricultural commodities amidst global supply constraints and the impact of trade sanctions on Russia.

Net exports contributed 1.0 percentage point to GDP growth in the quarter, with growth in exports (up 5.5%) more than offsetting a rise in imports (up 0.7%).

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



Gross domestic product (GDP) rose 0.9% seasonally adjusted (sa) in June quarter 2022 to be 3.6% higher over the year (Chart 1). The economy grew for a third consecutive quarter following a fall in September quarter 2021, which was impacted by Delta variant extended lockdowns in NSW, Victoria and the ACT. GDP is now up 5.7% on its pre-COVID level in March quarter 2020.

Household consumption rose 2.2% in the quarter, driven by spending on travel related categories such as *hotels, cafes & restaurants, transport services* and *recreation & culture*, as COVID restrictions further eased and international borders remained open.

Real gross household disposable income fell 0.5% in the quarter, due to a 1.5% rise in the household consumption deflator. In nominal terms, gross disposable household income rose 1.0% in the quarter. The household saving ratio fell from 11.1% in March quarter 2022 to 8.7% in the June quarter, below the pre-pandemic level of 9.7% for the first time since the pandemic began.

Compensation of employees rose 2.4% in the quarter, consistent with strong labour market conditions. Gross operating surplus rose 7.9% in the quarter, driven by *mining* (due to large price increases for coal and LNG) and *manufacturing* (due to increases in margins on livestock and petroleum products and fertiliser).

Business investment fell 0.8% in the quarter but was 1.7% higher over the year. The decline in the quarter was driven by *engineering construction* (down 3.4%), while *machinery & equipment investment* rose 4.0%.

Dwelling investment fell 2.9% in the quarter, marking its third consecutive fall, with both *new & used dwelling construction* (down 3.8%) and *alterations & additions* (down 1.6%) lower. Wet weather across much of the east coast and continued material and labour shortages hampered construction activity in the quarter.

Public final demand rose 0.5% in the quarter to be 5.7% higher over the year. Public investment rose strongly in the quarter (up 5.9%) due to strong growth in *state & local general government investment* (up 6.2%). General government consumption fell 0.8% in the quarter, both *state & local* and *national* spending lower.

Table 1: Components of GDP*
(seasonally adjusted, June quarter 2022)

Chain Volume Measure	% change			ppt. contribution		
	quarterly	annual	pre-COV	quarterly	annual	pre-COV
Household consumption	2.2	6.0	7.1	1.1	3.1	3.8
Private investment	-1.5	-0.7	6.2	-0.3	-0.1	1.1
Dwelling investment	-2.9	-4.6	3.2	-0.2	-0.2	0.2
Business investment	-0.8	1.7	4.3	-0.1	0.2	0.5
Machinery and equipment	4.0	5.4	17.7	0.2	0.2	0.6
Non-dwelling construction	-5.0	-2.0	-7.8	-0.2	-0.1	-0.4
Non-residential building	-0.3	3.6	-7.1	0.0	0.1	-0.2
Engineering construction	-3.4	-6.6	-2.8	-0.1	-0.2	-0.1
Private Final Demand	1.2	4.2	6.9	0.9	3.0	4.9
Public Final Demand	0.5	5.7	14.0	0.1	1.6	3.6
General government consumption	-0.8	6.3	13.7	-0.2	1.4	2.8
Public investment	5.9	3.5	15.2	0.3	0.2	0.8
Changes in inventories				-1.2	-0.3	0.5
Gross national expenditure	-0.2	4.4	9.2	-0.2	4.3	8.9
Net exports				1.0	-0.9	-3.4
Exports of goods & services	5.5	4.9	-4.7	1.1	1.0	-1.1
less Imports of goods & services	0.7	10.0	11.7	-0.1	-1.9	-2.3
Statistical discrepancy				0.1	0.2	0.2
GDP	0.9	3.6	5.7	0.9	3.6	5.7
Current Prices						
Compensation of employees	2.4	7.0	11.4			
Gross operating surplus	7.9	19.6	33.2			
GDP	4.3	12.1	20.5			
Deflators and Prices						
Terms of trade	4.6	7.5	32.0			
Household consumption deflator	1.5	4.1	5.3			
GDP deflator	3.3	8.3	14.0			

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

In financial year terms, GDP rose by 3.9% in 2021-22 (Chart 2), in line with the latest forecasts by the RBA (3¾%, published in August) and Australian Treasury (3¾% in the July *Economic Statement*).

Chart 2: Contributions to real GDP Growth
(original, financial year, %-point contribution)

