

ABS National Accounts: September quarter 2022

Source: ABS National Accounts, released 7 December 2022, 10:30 am AEST.

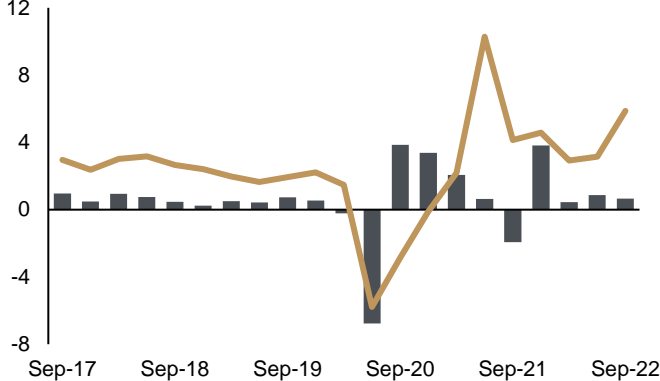
Today's **National Accounts** showed GDP grew by 0.6% in September quarter 2022, driven by solid growth in household consumption and business investment. However, net exports and public final demand detracted from growth in the quarter.

(down 2.9%) *general government investment*. *General government consumption* rose marginally in the quarter (up 0.1%).

The **terms of trade** fell 6.6% in the quarter, with export prices falling and import prices rising. Weaker demand for iron ore and coal prices falling from record highs drove the fall in export prices.

Net exports detracted 0.2 percentage point from GDP growth in the quarter, with growth in *exports* (up 2.7%) more than offset by a rise in *imports* (up 3.9%).

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



Gross domestic product (GDP) rose 0.6% seasonally adjusted (sa) in September quarter 2022, broadly in line with market expectations of 0.7%, to be 5.9% higher over the year (**Chart 1**). Growth over the year was amplified by the weak September quarter 2021, which was impacted by Delta lockdowns in NSW, Victoria and the ACT. GDP is now up 6.8% on its pre-COVID level in March quarter 2020.

Household consumption rose 1.1% in the quarter, driven by spending on *Hotels, cafes & restaurants*, *Transport services* and *Purchases of vehicles*, as COVID-19 travel related restrictions and supply chain constraints eased.

Real gross **household disposable income** fell 0.4% in the quarter, due to a 2.0% rise in the household consumption deflator. In nominal terms, gross disposable household income rose 1.6% in the quarter. The household saving ratio fell from 8.3% in June quarter 2022 to 6.9% in the September quarter, the lowest level since December quarter 2019 prior to the pandemic.

Compensation of employees rose 3.2% in the quarter, consistent with strong labour market conditions. *Gross operating surplus* fell 2.3% in the quarter, driven by *mining* (due to large falls in prices for coal and metal ores) and *manufacturing* (due to weaker sales and higher energy input costs).

Business investment rose 2.5% in the quarter, to be 4.1% higher over the year. The increase in the quarter was driven by *non-dwelling construction* (up 8.6%), which more than offset a fall in *machinery & equipment investment* (down 2.7%)

Dwelling investment rose 1.0% in the quarter, following three consecutive declines, but was 3.9% lower over the year. *New & used dwelling construction* (up 3.4%) increased in the quarter for the first time since June quarter 2021 as supply chain and labour constraints started to ease, while *alterations & additions* (down 2.2%) continued to decline.

Public final demand fell 0.6% in the quarter but was 3.1% higher over the year. *Public investment* fell 3.4% in the quarter due to declines in both *national* (down 11.8%) and *state & local*

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

| Chain Volume Measure | % change | | | ppt. contribution | | |
|-----------------------------------|-----------|--------|---------|-------------------|--------|---------|
| | quarterly | annual | pre-COV | quarterly | annual | pre-COV |
| Household consumption | 1.1 | 11.8 | 7.4 | 0.6 | 5.8 | 3.8 |
| Private investment | 0.8 | -0.3 | 9.4 | 0.1 | -0.1 | 1.6 |
| Dwelling investment | 1.0 | -3.9 | 4.3 | 0.1 | -0.2 | 0.2 |
| Business investment | 2.5 | 4.1 | 10.7 | 0.3 | 0.5 | 1.1 |
| Machinery and equipment | -2.7 | 4.4 | 20.3 | -0.1 | 0.2 | 0.7 |
| Non-dwelling construction | 8.6 | 5.2 | 3.3 | 0.4 | 0.3 | 0.2 |
| Non-residential building | 3.8 | 4.1 | -4.6 | 0.1 | 0.1 | -0.1 |
| Engineering construction | 4.8 | 5.5 | 8.2 | 0.1 | 0.1 | 0.2 |
| Private Final Demand | 1.0 | 8.5 | 7.9 | 0.7 | 5.7 | 5.4 |
| Public Final Demand | -0.6 | 3.1 | 13.4 | -0.2 | 0.9 | 3.5 |
| General government consumption | 0.1 | 3.3 | 14.4 | 0.0 | 0.8 | 3.1 |
| Public investment | -3.4 | 1.9 | 9.1 | -0.2 | 0.1 | 0.4 |
| Changes in inventories | | | | 0.2 | 1.0 | 0.6 |
| Gross national expenditure | 0.8 | 8.0 | 10.1 | 0.8 | 7.7 | 9.6 |
| Net exports | | | | -0.2 | -1.9 | -3.2 |
| Exports of goods & services | 2.7 | 6.8 | -2.2 | 0.6 | 1.5 | -0.5 |
| less Imports of goods & services | 3.9 | 19.1 | 14.5 | -0.8 | -3.4 | -2.7 |
| Statistical discrepancy | | | | 0.1 | 0.1 | 0.3 |
| GDP | 0.6 | 5.9 | 6.8 | 0.6 | 5.9 | 6.8 |
| Current Prices | | | | | | |
| Compensation of employees | 3.2 | 10.0 | 15.9 | | | |
| Gross operating surplus | -2.3 | 13.0 | 30.5 | | | |
| GDP | 0.8 | 13.1 | 22.0 | | | |
| Deflators and Prices | | | | | | |
| Terms of trade | -6.6 | -0.4 | 22.9 | | | |
| Household consumption deflator | 2.0 | 6.0 | 7.7 | | | |
| GDP deflator | 0.2 | 6.8 | 14.3 | | | |

* The reference year for chain volume measure = 2020-21

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

