

ABS National Accounts: June quarter 2023

Source: ABS *National Accounts*, released 6 September 2023, 11:30 am AEST.

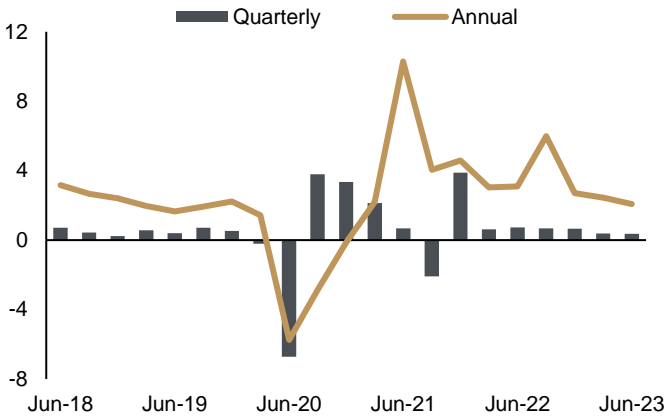
GDP grew by 0.4% in June quarter 2023, slightly above market expectations of 0.3%, to be 2.1% higher over the year. Net exports and public investment drove growth in the quarter. In year-average terms, GDP grew by 3.4% in 2022-23.

Public final demand rose 1.8% in the quarter to be 2.8% higher over the year, driven by *public investment* (up 8.2% in the quarter).

Net exports contributed 0.8 percentage point to GDP growth in the quarter, driven by a 4.3% rise in exports. As the number of international students and tourists continued to recover, *services exports* rose solidly.

The **terms of trade** fell 7.9% in the quarter, driven by a fall in *export prices* (down 8.2%) as prices for energy related commodities, including coal, fell. This was the largest quarterly fall in export prices since June quarter 2009.

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



Gross domestic product (GDP) rose 0.4% (seasonally adjusted, sa) in June quarter 2023 (Chart 1), slightly above market expectations of 0.3%. Growth in the quarter was driven by *net exports* and *public investment*. GDP was 2.1% higher over the year and is now 8.3% above its pre-COVID level.

Household consumption rose 0.1% in the quarter, driven by spending on *purchase of vehicles, rent and other dwelling services*, and *transport services*. Spending on *recreation and culture* fell 2.5% and was the largest detractor from growth in the quarter. The ABS noted, '*spending on essential goods and services were the main contributors to the rise in household spending, while many discretionary categories detracted. The exception was spending on vehicles which rose 5.8 per cent as supply bottlenecks eased during the quarter.*'

Real gross **household disposable income** fell 0.1% in the quarter, as a 1.2% rise in the *household consumption deflator*, more than offset a 1.1% rise in *nominal gross disposable income*. The household saving ratio fell to 3.2% in the quarter (the lowest since June quarter 2008), driven by higher interest payable on dwellings, income tax payable and increased spending by households due to the rising cost of living pressures.

Compensation of employees rose 1.6% in the quarter, consistent with a tight labour market. *Gross operating surplus* fell 4.5% in the quarter, as a decline in commodity prices caused *mining profits* to fall 11.2%.

Business investment rose 0.6% in the quarter to be 8.2% higher over the year. Growth in the quarter was driven by *machinery and equipment investment* (up 4.2%), which more than offset a decline in *non-dwelling construction* (down 2.9%).

Dwelling investment fell 0.2% in the quarter, to be 1.1% lower over the year. *Alterations & additions* (down 2.4%) declined for the seventh consecutive quarter from record levels of activity in 2021 which was supported by *HomeBuilder* and similar incentives during the pandemic. *New & used dwelling construction* rose 1.2%, with increased construction of *attached dwellings* more than offsetting a decline in house construction, as ongoing labour constraints further extended average completion times.

Table 1: Components of GDP
(seasonally adjusted, June quarter 2023)

Chain Volume Measures	% change			% point contribution		
	qtr	annual	Mar-20	qtr	annual	Mar-20
Household consumption	0.1	1.5	7.9	0.1	0.8	4.1
Private investment	0.6	3.4	11.7	0.1	0.6	2.0
Dwelling investment	-0.2	-1.1	1.7	0.0	-0.1	0.1
Business investment	0.6	8.2	16.5	0.1	0.9	1.7
Machinery and equipment	4.2	6.5	30.5	0.2	0.3	1.1
Non-dwelling construction	-2.9	11.1	5.6	-0.1	0.5	0.3
Non-residential construction	1.2	8.6	-0.5	0.0	0.2	0.0
Engineering construction	-0.4	12.6	16.0	0.0	0.3	0.4
Private final demand	0.3	2.0	8.8	0.2	1.4	6.1
Public final demand	1.8	2.8	16.9	0.5	0.8	4.4
General government consumption	0.4	1.4	15.6	0.1	0.3	3.3
Public investment	8.2	8.8	22.6	0.4	0.5	1.1
Changes in inventories				-1.1	-0.9	-0.5
Gross national expenditure	-0.4	1.2	10.6	-0.4	1.2	10.0
Net exports				0.8	1.3	-1.7
Exports of goods & services	4.3	9.8	4.6	1.0	2.1	1.1
less Imports of goods & services	0.7	4.4	15.3	-0.1	-0.9	-2.8
Statistical discrepancy				-0.1	-0.4	-0.1
GDP	0.4	2.1	8.3	0.4	2.1	8.3
Current Prices						
Compensation of employees	1.6	9.6	23.2			
Gross operating surplus	-4.5	-1.4	32.7			
GDP	-1.2	3.6	26.1			
Deflators and Prices						
Terms of trade	-7.9	-12.7	16.7			
Household consumption deflator	1.2	6.1	12.1			
GDP deflator	-1.5	1.5	16.5			

In year-average terms, GDP grew 3.4% in 2022-23, slightly above the Commonwealth Budget forecast of 3¼% in May and above the RBA's estimate of 3% in its August *Statement on Monetary Policy*.

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

