

# ABS National Accounts: September quarter 2023

Source: ABS *National Accounts*, released 6 December 2023, 10:30 am AEST.

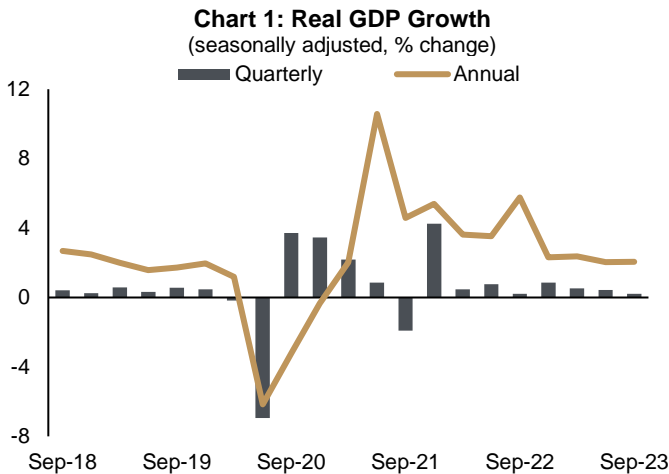
**GDP grew by 0.2% in September quarter 2023, below market expectations of 0.4%, to be 2.1% higher over the year. General government consumption and business investment drove growth in the quarter.**

**Public final demand** rose 1.0% in the quarter to be 4.4% higher over the year. Quarterly growth was driven by *general government consumption* (up 1.1%) as social benefits to households were expanded, including the *Energy Bill Relief Fund* rebates, and extra payments for childcare, aged care and pharmaceutical products.

**Change in inventories** contributed 0.4 percentage point to GDP in the quarter driven by a A\$2.4 billion rise in mining inventories.

**Net exports** detracted 0.6 percentage point from GDP growth in the quarter, reflecting a 2.1% rise in imports and a 0.7% fall in exports. Imports were driven by strong growth in *travel services* (up 19.5%) as overseas travel strengthened.

The **terms of trade** fell 2.6% in the quarter, driven by a fall in *export prices* (down 1.4%) as commodity prices continued to fall. This marked the fifth consecutive quarterly decline in export prices. Meanwhile, import prices rose on strong oil prices and a lower A\$.



**Gross domestic product (GDP)** rose 0.2% (seasonally adjusted, sa) in September quarter 2023 (Chart 1), below market expectations of 0.4%. Growth in the quarter was driven by *general government consumption* and *business investment*, along with a build-up in *inventories*. In per capita terms, GDP fell 0.5% in the quarter following a 0.1% decline last quarter. GDP was 2.1% higher over the year and 8.9% above its pre-COVID level.

**Household consumption** was unchanged in the quarter as government benefits and rebates reduced spending on electricity and childcare. *Electricity, gas, and other fuel* consumption fell 16.9% and was the largest detractor from growth in the quarter. Meanwhile, spending on *purchase of vehicles, transport services and rent and other dwelling services* rose in the quarter.

Real gross **household disposable income** fell 1.3% in the quarter as a 1.4% rise in the *household consumption deflator*, more than offset a marginal 0.1% rise in *nominal gross disposable income*. The household saving ratio fell to 1.1% in the quarter (the lowest since December quarter 2007), to be the eighth consecutive fall, driven by higher interest payable on dwellings, income tax payable (following the cessation of the *Low and Middle Income Tax Offset*) and increased nominal spending by households due to the rising cost of living.

*Compensation of employees* rose 2.6% in the quarter, consistent with a tight labour market, and increases to the superannuation guarantee rate and the minimum wage. *Gross operating surplus* fell 1.5% in the quarter, as lower commodity prices caused *mining profits* to fall 7.7%.

**Business investment** rose 1.5% in the quarter to be 7.6% higher over the year. Growth in the quarter was driven by engineering construction (up 2.3%), which more than offset declines in *non-dwelling buildings* (down 1.5%) and *machinery and equipment* (down 0.5%).

**Dwelling investment** rose 0.2% in the quarter but was 0.3% lower over the year. *Alterations & additions* (up 1.0%) drove growth in the quarter after seven consecutive declines. *New & used dwelling construction* fell 0.3% as high borrowing and construction costs impact project feasibility, while ongoing construction capacity constraints impact completion timelines.

**Table 1: Components of GDP**

(seasonally adjusted, September quarter 2023)

Chain Volume Measure	% change		ppt. contribution	
	qtr	annual	qtr	annual
<b>Household consumption</b>	0.0	0.4	0.0	0.2
<b>Private investment</b>	1.2	4.0	0.2	0.7
Dwelling investment	0.2	-0.3	0.0	0.0
Business investment	1.5	7.6	0.2	0.8
Machinery and equipment	-0.5	7.7	0.0	0.3
Non-dwelling construction	3.3	6.0	0.2	0.3
Non-residential building	-1.5	2.5	0.0	0.1
Engineering construction	2.3	9.3	0.1	0.2
<b>Private Final Demand</b>	0.3	1.3	0.2	0.9
<b>Public Final Demand</b>	1.0	4.4	0.3	1.2
General government consumption	1.1	2.6	0.2	0.6
Public investment	0.7	12.4	0.0	0.6
<b>Changes in inventories</b>			0.4	-1.1
<b>Gross national expenditure</b>	0.9	1.0	0.9	1.0
<b>Net exports</b>			-0.6	1.3
Exports of goods & services	-0.7	6.8	-0.2	1.8
less Imports of goods & services	2.1	2.2	-0.4	-0.5
<b>Statistical discrepancy</b>			-0.1	-0.2
<b>GDP</b>	0.2	2.1	0.2	2.1
<b>Current Prices</b>				
Compensation of employees	2.6	8.4		
Gross operating surplus	-1.5	0.2		
GDP	1.2	4.5		
<b>Deflators and Prices</b>				
Terms of trade	-2.6	-9.0		
Household consumption deflator	1.4	5.6		
GDP deflator	1.0	2.4		

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

(seasonally adjusted, quarterly, %-point contribution)

