

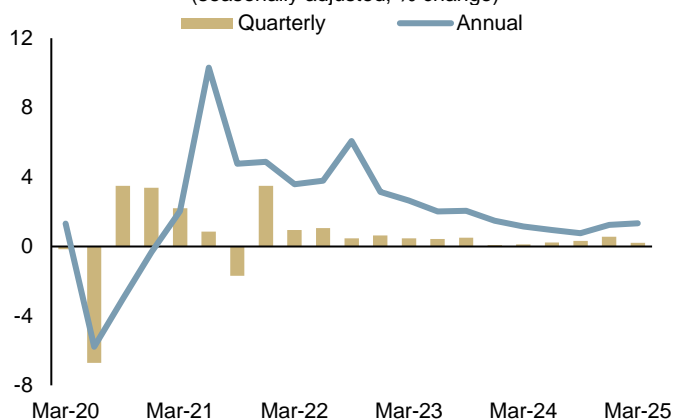
ABS National Accounts: March quarter 2025

Source: ABS *National Accounts*, released 4 June 2025, 11:30 am AEST.

GDP grew by 0.2% in March quarter 2025, below market expectations of 0.4%, to be 1.3% higher over the year. Household consumption and dwelling investment drove growth in the quarter.

Chart 1: Real GDP Growth

(seasonally adjusted, % change)



Expenditure

Gross domestic product (GDP) rose 0.2% (seasonally adjusted) in March quarter 2025 to be 1.3% higher over the year (**Chart 1**). *Household consumption* and *dwelling investment* drove growth in the quarter, while declines in exports and public investment detracted from growth in the quarter. GDP per capita fell 0.2% in the quarter, reversing its marginal increase in December quarter 2024 to be 1.7% below its peak in June quarter 2022.

Household consumption grew 0.4% in the quarter following a 0.7% rise in the previous quarter to be 0.7% higher over the year. *Essential* spending grew by 0.4% in the quarter led by a strong rise in *electricity, gas, & other fuel* (up 10.2%) due to increased demand for electricity amidst warmer than average summer conditions, as well as reduced electricity bill relief payments to households. *Discretionary* spending rose 0.3%, in part due to increases in *purchases of vehicles and recreation & culture*.

Business investment rose marginally (up 0.1%) in the quarter to be 0.8% higher over the year. Led by mining and electricity projects, the rise in *non-dwelling construction* (up 1.3%) in the quarter was largely offset by a fall in *machinery & equipment* investment (down 1.7%).

Dwelling investment rose 2.6% in the quarter to be 5.6% higher over the year. Both *new & used dwellings* (up 2.3%) and *alterations & additions* (2.9%) rose in the quarter, in line with recent increases in approvals.

Public final demand fell 0.4% in the quarter but was 3.8% higher over the year. Public investment fell 2.0% in the quarter with several major projects across energy, road, rail, health and education approaching completion or experiencing delays. Public consumption was flat after nine consecutive quarters of growth, with reduced electricity rebate payments to households across most jurisdictions.

Change in inventories contributed 0.1%-point to growth in the quarter, driven by buildups in *mining* (due to reduced export demand and severe weather delaying shipments) and *manufacturing* (increased production of gold, steel and alumina).

Net exports detracted 0.1 percentage point from GDP growth in the quarter, reflecting a 0.8% fall in *exports* and a 0.4% fall in *imports*. *Services exports* fell 3.0% due to a lower-than-average increase in international student numbers and reduced spending per student, while goods exports fell marginally (down 0.3%).

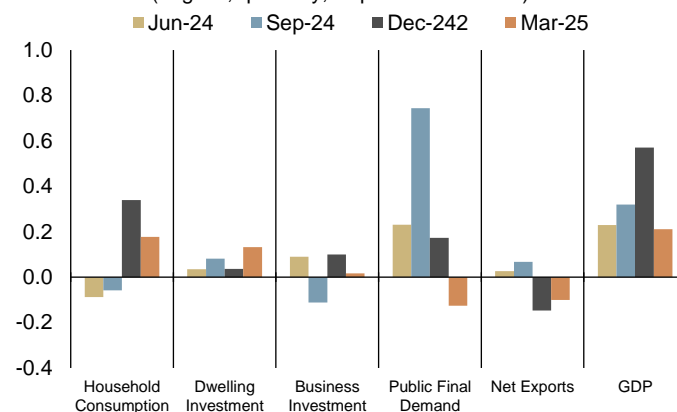
The **terms of trade** rose 0.1%, reflecting a 2.7% rise in *export* prices and a 2.6% rise in *import* prices (due to the lower A\$). The rise in *export* prices was led by higher iron ore prices in line with continued Chinese demand and weather-related supply disruptions, which was largely offset by lower coal prices.

Table 1: Components of GDP
(seasonally adjusted, March quarter 2025)

Chain Volume Measure	% change		ppt. contribution	
	quarterly	annual	quarterly	annual
Household consumption	0.4	0.7	0.2	0.4
Private investment	0.7	2.3	0.1	0.4
Dwelling investment	2.6	5.6	0.1	0.3
Business investment	0.1	0.8	0.0	0.1
Machinery and equipment	-1.7	-3.7	-0.1	-0.2
Non-dwelling construction	1.3	1.4	0.1	0.1
Non-residential building	2.1	-1.6	0.0	0.0
Engineering construction	1.5	5.8	0.0	0.2
Private Final Demand	0.4	1.2	0.3	0.8
Public Final Demand	-0.4	3.8	-0.1	1.0
General government consumption	0.0	3.4	0.0	0.8
Public investment	-2.0	5.1	-0.1	0.3
Changes in inventories			0.1	-0.3
Gross national expenditure	0.3	1.6	0.3	1.5
Net exports			-0.1	-0.2
Exports of goods & services	-0.8	-0.2	-0.2	-0.1
less Imports of goods & services	-0.4	0.4	0.1	-0.1
Statistical discrepancy			0.0	0.0
GDP	0.2	1.3	0.2	1.3
GDP per capita	-0.2	-0.4		
Current Prices				
Compensation of employees	1.5	6.5		
Gross operating surplus	1.1	0.0		
GDP	1.4	3.7		
Deflators and Prices				
Terms of trade	0.1	-4.1		
Household consumption deflator	0.7	3.3		
GDP deflator	1.2	2.4		

Chart 2: Contributions to real GDP Growth

(original, quarterly, %-point contribution)



Economic Strategy

Income

Real **gross household disposable income** grew 1.7% in the quarter to be 3.5% higher over the year, reflecting a 6.9% increase in nominal gross disposable income over the year which outpaced a 3.3% increase in the household consumption deflator. The *household saving ratio* rose to 5.2% in the quarter, continuing to trend higher from the recent low of 1.5% in September quarter 2023. The *household saving ratio* remains below its pre-COVID level of 6.7% in December quarter 2019.

Compensation of employees (COE) rose 1.5% in the quarter to be 6.5% higher over the year, consistent with continued strength in the labour market.

Gross operating surplus (GOS), a measure of profits) rose 1.1% but was unchanged over the year. Private non-financial corporations GOS rose 0.6%, driven by higher sales and lower operating costs in non-mining industries (namely *manufacturing*, *construction* and *communications*), which more than offset a decline in *mining* profits due to lower prices across coal and LNG. Financial corporations rose 1.9% as loan and deposit balances continued to grow throughout the March quarter and bank margins widened.

Production

By industry, *agriculture, forestry & fishing* (up 4.3%) was the largest contributor to national GDP growth in the quarter, followed by *administration & support* (up 1.9%), *financial & insurance services* (up 0.8%), *education* (up 1.3%), *other services* (up 3.6%) and *construction* (up 0.8%).

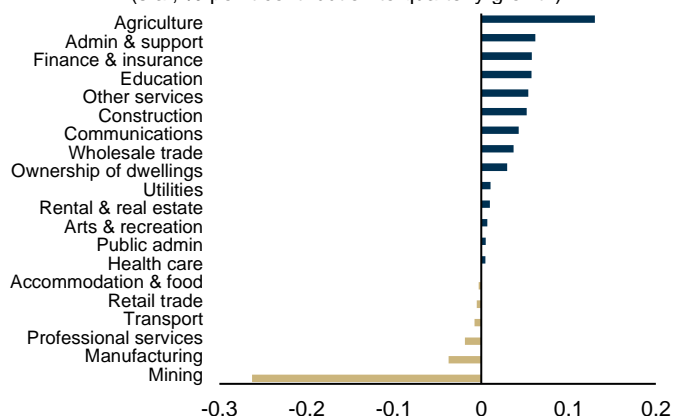
In contrast, *mining* was the primary detractor from GDP growth in the quarter (down 2.0%), while *manufacturing* (down 0.7%), and *professional services* (down 0.3%) also recorded modest declines (**Chart 3**).

On *agriculture*, the ABS noted growth was driven by 'ongoing strength in livestock production to meet export demand, particularly from the United States.' *Communications* 'rose from strength seen in broadcasting, advertising and other digital services,' while *administration & support services* 'rose with increased activity across tourism, travel and recruitment agencies.'

On *mining*, the ABS noted 'production declined with falls across all major commodities including coal, iron ore, and oil and gas as adverse weather conditions from cyclones in Queensland and Western Australia led to lower than usual production.'

Chart 3: Contribution to GDP growth by industry

(s.a., %-point contribution to quarterly growth)



Mining remained Australia's largest industry in the March quarter (accounting for 10.2% of nominal gross value added), followed by *health care* (8.9%), *professional services* (7.7%), *finance & insurance* (7.7%) and *construction* (7.6%).