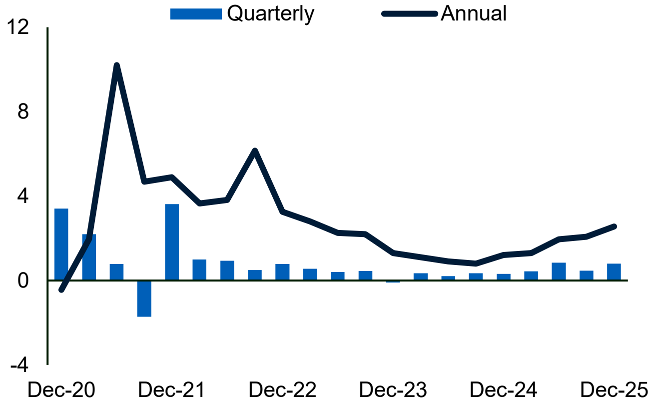
ABS National Accounts: December quarter 2025

Source: ABS *Australian National Accounts* released 4 March 2026, 10:30 am AEST.

GDP grew by 0.8% in December quarter 2025, above market expectations of 0.6%, to be 2.6% higher over the year. Change in inventories was the largest contributor to growth in the quarter, reflecting a rebuild in inventory stocks through production and imports. Both private and public demand contributed solidly to growth in the quarter, while overseas trade detracted from growth as the rise in imports outpaced exports.

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



Expenditure

Gross domestic product (GDP) rose 0.8% (seasonally adjusted) in December quarter 2025 to be 2.6% higher over the year (**Chart 1**). Change in inventories was the largest contributor to growth in the quarter (0.4 ppt), reflecting a rebuild in inventory stocks through production and imports. Both private and public demand contributed solidly to growth (both 0.3 ppt) in the quarter, while overseas trade detracted from growth as the rise in imports outpaced exports. GDP per capita rose 0.4% in the quarter but remains 0.5% below its revised peak in December quarter 2022.

Household consumption grew 0.3% in the quarter to be up 2.4% over the year. *Discretionary* spending led the rise, growing 0.4% with increased spending across tourism and retail related categories. *Essential* consumption grew 0.2%, driven by *health* (up 1.3%) with the ongoing impact of the flu season which extended into the December quarter. *Electricity, gas and other fuels* (down 9.5%) fell due to the increase in electricity rebates, which is included in government expenditure, and a reduction in underlying usage.

Business investment rose 0.2% in the quarter to be 3.9% higher over the year. *Non-dwelling construction* (up 1.3%) was the largest contributor, driven by major data centre investments across Victoria and New South Wales. *Machinery & equipment* investment fell 2.0%, following the strong contribution from data centres in the September quarter, but remains elevated.

Dwelling investment rose 0.6% in the quarter to be 5.5% higher over the year. *New & used dwellings* drove growth in the quarter (up 1.1% to be 6.0% higher over the year), reflecting increased work done on apartments along the eastern states. *Alterations & additions* fell 0.3% in the quarter but were 4.6% higher over the year.

Table 1: Expenditure components of GDP
(seasonally adjusted, December quarter 2025)

Chain Volume Measures	% change		ppt. contribution	
	qtr	annual	qtr	annual
Household consumption	**0.3**	**2.4**	**0.1**	**1.2**
Private investment	**0.7**	**5.0**	**0.1**	**0.9**
Dwelling investment	**0.6**	**5.5**	**0.0**	**0.3**
Business investment	**0.2**	**3.9**	**0.0**	**0.5**
Machinery and equipment	-2.0	4.0	-0.1	0.2
Non-dwelling construction	1.3	2.6	0.1	0.1
Non-residential construction	2.0	8.9	0.0	0.2
Engineering construction	0.5	-1.8	0.0	-0.1
Private final demand	**0.4**	**3.1**	**0.3**	**2.2**
Public final demand	**0.9**	**2.4**	**0.3**	**0.7**
Public consumption	0.9	3.3	0.2	0.7
Public investment	0.9	-0.9	0.1	-0.1
Domestic Final Demand	**0.5**	**2.9**	**0.5**	**2.9**
Changes in inventories			0.4	0.1
Gross national expenditure	**0.9**	**3.0**	**0.9**	**3.0**
Net exports			**-0.1**	**-0.3**
Exports	1.4	5.2	0.3	1.3
less Imports	1.8	6.7	-0.4	-1.5
Statistical discrepancy			**0.0**	**-0.2**
GDP	**0.8**	**2.6**	**0.8**	**2.6**
GDP per capita	**0.4**	**0.9**		
Current Prices				
Compensation of employees	1.4	6.4		
Gross operating surplus	1.9	4.7		
GDP	1.8	6.0		
Deflators and Prices				
Terms of trade	1.8	-1.1		
Household consumption deflator	0.8	3.1		
GDP deflator	1.0	3.3		

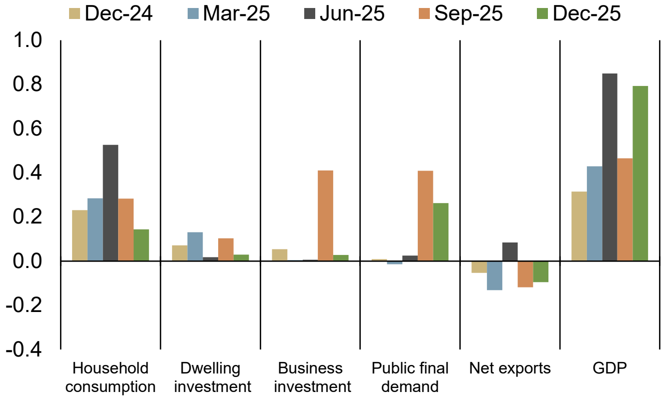
Public final demand grew 0.9% in the quarter to be 2.4% higher over the year. *Public consumption* rose 0.9% in the quarter, to be 3.3% higher over the year, driven by *state & local government expenditure* on employee and non-employee expenses across health, education and police. Increased electricity rebates across NSW, WA and the ACT also contributed to growth. *Public investment* rose 0.9% in the quarter but was 0.9% lower over the year. *State & local government investment* drove growth, with increased expenditure on transport and health infrastructure projects.

Change in inventories contributed 0.4%-point to growth in the quarter. Mining inventories saw a moderate buildup with increased production and replenishment of coal inventories. Retailers saw a smaller draw down compared to the September quarter with increased imports of retail goods to service extended Black Friday and Boxing Day sales.

Net exports detracted 0.1 percentage point from GDP growth in the quarter, reflecting a 1.8% rise in *imports*, which more than offset a 1.4% rise in *exports*. *Goods exports* rose 1.4%, as iron ore demand from China remained resilient despite subdued steel production. *Services exports* rose 1.1%, due to strength in *other personal travel services* which coincided with major sporting and music events. *Goods imports* rose 2.7% in the quarter, due to higher imports of lithium-ion accumulators with ongoing demand for small scale batteries, coinciding with the 'Cheaper Home Batteries' program that came into effect during September quarter 2025. *Services imports* fell 0.4%, with reduced travel services influenced by higher prices in international airfares across destinations.

The **terms of trade** rose 0.4%, as growth in *export prices* (up 1.8%) outpaced growth in *import prices* (up 1.4%). Growth in export prices was driven by strong *agricultural* prices, which was partly offset by a decline in *mineral fuels*.

Chart 2: Contributions to real GDP growth
(seasonally adjusted, quarterly, %-point contribution)

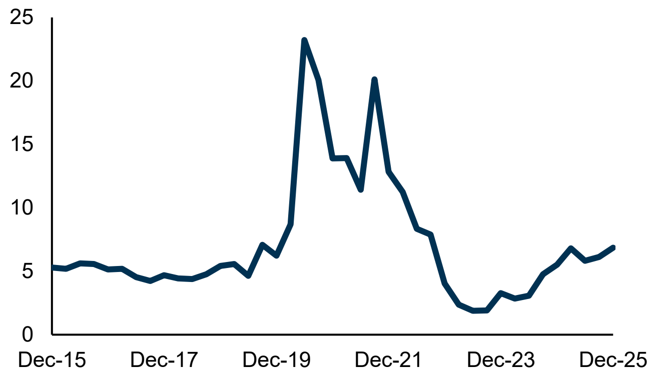


Income

Real **gross household disposable income** grew 1.0% in the quarter to be 3.7% higher over the year, reflecting a 6.9% increase in *nominal gross disposable income* over the year, which outpaced a 3.1% increase in the *household consumption deflator*.

The *household saving ratio* rose from 6.1% in the September quarter to 6.9% in the December quarter. Households built up substantial savings buffers during the COVID-19 pandemic, which they started to draw down in 2023 as the cost of living rose sharply. However, the household saving ratio has now recovered to be largely in line with pre-COVID rates (**Chart 3**).

Chart 3: Household savings ratio
(seasonally adjusted, quarterly, net savings as % of income)



Compensation of employees (COE) rose 1.4% in the quarter to be 6.4% higher over the year, consistent with tight labour market conditions. Higher headcount, hours worked, and wages all contributed to growth in COE.

Gross operating surplus (GOS, a measure of profits) rose 1.9% to be 4.7% higher over the year. *Mining* GOS was the largest contributor with increased prices and sales volumes, particularly for iron ore and gold. Non-mining industries such as *transport, postal & warehousing*, *professional, scientific & technical services,* and *wholesale trade* further contributed to the rise.

Production

By industry, *mining* (up 2.6%) was the largest contributor to national GDP growth in the quarter, followed by *professional, scientific & technical services* (up 1.9%), *finance & insurance* (up 1.3%), and *agriculture, forestry & fishing* (up 2.5%, **Chart 4**).

On mining, the ABS noted the rise in production reflected strong production across *coal* (up 4.8%), *iron ore* (4.0%), and *oil & gas extraction* (up 0.2%) due to increased LNG production, following planned maintenance and weather disruptions in the previous quarter.

On agriculture, forestry & fishing, the ABS stated agricultural production (up 3.1%) was driven by strong grain and livestock production from favourable growing conditions and ongoing demand for Australian meat, partly offset by a 0.3% decline in *forestry and fishing*.

Services industries rose, driven by *professional, scientific & technical services* with rising demand for engineering design and IT consultancy. *Financial & insurance services* continued to rise with ongoing strength in mortgage brokering and fund management services in line with heightened property market and share market activity.

Construction activity fell 0.5% in the quarter, driven by a 1.1% fall in *construction services* and a 0.1% decline in *heavy and civil engineering construction*, driven by public infrastructure projects. This was partly offset by a 0.6% rise in *building construction* due to growth in residential and non-residential construction.

Chart 4: Contributions to real GDP growth, by industry
(seasonally adjusted, quarterly, %-point contribution)