

ABS National Accounts: March quarter 2026

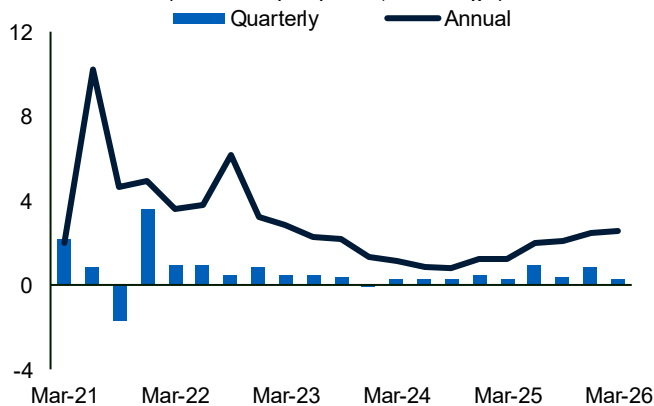
Source: ABS *Australian National Accounts* released 3 June 2026, 11:30 am AEST.

GDP grew by 0.3% in March quarter 2026, below market expectations of 0.5%, to be 2.5% higher over the year.

Business investment in machinery and equipment for data centres drove growth in the quarter. However, with the majority of capital assets being imported, this was partially offset by strong growth in imports.

Disruptions to mining production and exports from weather impacts further detracted from growth in the quarter.

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



Expenditure

Gross domestic product (GDP) rose 0.3% (seasonally adjusted) in March quarter 2026 to be 2.5% higher over the year (**Chart 1**). Private final demand (up 1.4%) drove growth in the quarter, while public final demand was flat. Overseas trade detracted from growth in the quarter, reflecting exports falling and imports rising. GDP per capita fell 0.1% in the quarter to be 0.6% below its revised peak in December quarter 2022.

Household consumption grew 0.5% in the quarter to be up 2.5% over the year. *Essential* spending led the rise, growing 0.8%, driven by electricity, gas and other fuels (up 11.7%). Cessation of the energy rebates resulted in higher out-of-pocket spend to households, despite lower underlying demand. *Discretionary* spending grew marginally (up 0.1%) in the face of higher interest rates and increased fuel costs.

Business investment rose 6.0% in the quarter to be 10.5% higher over the year. *Machinery & equipment* investment rose 16.3% in the quarter, with increased business investment in data centres mostly across New South Wales and Victoria. *Non-dwelling construction* fell marginally, with a decline in *engineering construction* (down 2.5%) more than offsetting a rise in *non-residential building* construction (up 2.7%).

Dwelling investment rose 0.7% in the quarter to be 3.5% higher over the year. *Alterations & additions* drove growth in the quarter (up 3.2%) to be 3.5% higher over the year). *New & used dwellings* fell 0.8% in the quarter due to a fall in private houses, while “other” residential dwellings rose with new commencements on large apartment projects. *New & used dwellings* were still 3.5% higher over the year.

Table 1: Expenditure components of GDP
(seasonally adjusted, March quarter 2026)

Chain Volume Measure	% change		ppt. contribution	
	quarterly	annual	quarterly	annual
Household consumption	0.5	2.5	0.3	1.3
Private investment	3.6	8.1	0.7	1.5
Dwelling investment	0.7	3.5	0.0	0.2
Business investment	6.0	10.5	0.7	1.2
Machinery and equipment	16.3	23.9	0.7	1.0
Non-dwelling construction	-0.1	1.5	0.0	0.1
Non-residential building	2.7	10.5	0.1	0.2
Engineering construction	-2.5	-5.6	-0.1	-0.2
Private Final Demand	1.4	4.0	0.9	2.8
Public Final Demand	0.0	2.5	0.0	0.7
General government consumption	-0.2	2.8	0.0	0.6
Public investment	0.9	1.1	0.1	0.1
Changes in inventories			0.0	0.0
Gross national expenditure	0.9	3.5	0.9	3.5
Net exports			-0.8	-0.9
Exports of goods & services	-1.1	3.7	-0.3	0.9
less Imports of goods & services	2.1	7.8	-0.5	-1.8
Statistical discrepancy			0.1	0.0
GDP	0.3	2.5	0.3	2.5
GDP per capita	-0.1	1.0		
Current Prices				
Compensation of employees	1.2	5.9		
Gross operating surplus	0.0	4.2		
GDP	0.6	5.3		
Deflators and Prices				
Terms of trade	1.1	0.2		
Household consumption deflator	0.6	3.0		
GDP deflator	0.3	2.7		

Public final demand was flat in the quarter but was 2.5% higher over the year. *Public consumption* fell 0.2% in the quarter but was 2.8% higher over the year, driven by reduced social benefits to households from state and local general government with the ending of energy bill relief.

Public investment rose 0.9% in the quarter to be 1.1% higher over the year. *Defence* investment rose 6.8%, reflecting increased imports of defence weapons platforms, while *State & local government* investment rose 1.1%.

Change in inventories made no contribution to growth in the quarter. *Mining* inventories were built up as adverse weather conditions impacted logistics and delayed transportation of coal to ports, as well as exports of iron ore. Offsetting this was a run down in inventories across *non-mining, manufacturing, retail trade* and *food and fuel* retailers.

Net exports detracted 0.8 percentage point from GDP growth in the quarter, reflecting a 2.1% rise in *imports* and a 1.1% fall in *exports*.

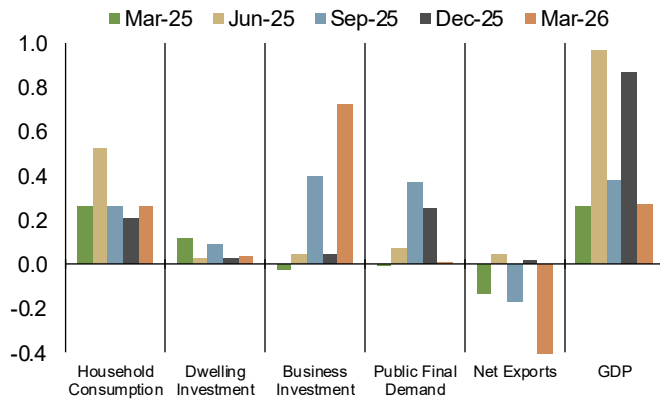
Goods imports rose 1.4%, driven by imports of capital goods with record imports of automatic data processing equipment. Intermediate goods imports were stable, as many scheduled shipments of fuel and fertiliser were already in transit prior to the closure of the Strait of Hormuz. Imports of consumption goods fell, driven by lower demand for motor vehicles.

Imports of services rose (up 3.8%) across all categories, as the strong appreciation of the Australian dollar allowed for higher import volumes for transport, travel and other professional services.

Goods exports fell 1.1%, due to lower iron ore and coal exports as adverse weather negatively impacted port operations. Exports of services fell (down 2.1%), with weakness in education and other personal travel in line with lower than usual student numbers, lower student spend, and weakness in overseas arrivals

The terms of trade rose 1.1%, driven by lower import prices (down 1.2%) reflecting the strong appreciation of the Australian dollar, partly offset by higher prices for intermediate goods arising from the conflict in the Middle East and closure of the Strait of Hormuz. Export prices fell marginally (down 0.1%).

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

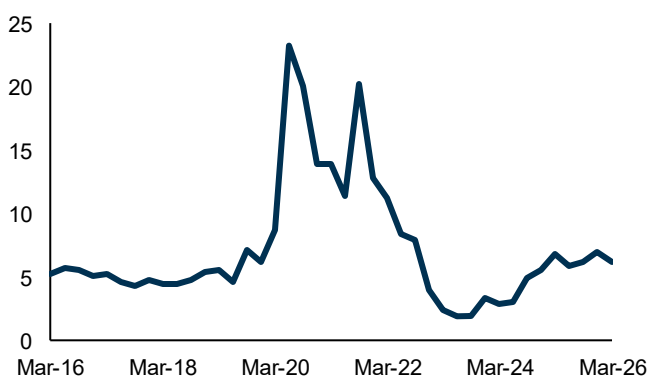


Income

Real gross household disposable income fell 0.2% in the quarter but was 1.9% higher over the year, reflecting a 5.0% increase in nominal gross disposable income over the year, which outpaced a 3.0% increase in the household consumption deflator.

The household saving ratio fell from 7.0% in the December quarter to 6.2% in the March 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 1.2% in the quarter to be 5.9% higher over the year, consistent with tight labour market conditions. The quarterly result was driven by private sector COE (up 1.5%), while public COE was unchanged. Higher headcount and increased activity contributed to growth in COE.

Gross operating surplus (GOS, a measure of profits) was flat in the quarter but was 4.2% higher over the year. Mining GOS weighed on the quarterly result with weak sales and prices for metal ores due to low global demand and oversupply. Non-mining industries such as construction, information, media and telecommunications, and wholesale trade rose in the month.

Production

By industry, professional, scientific & technical services (up 1.6%) was the largest contributor to national GDP growth in the quarter, followed by manufacturing (up 1.2%), and construction (up 0.9%, Chart 4). Meanwhile, mining (down 1.5%) was the largest detractor, followed by transport, postal and warehousing (down 1.3%)

Professional, scientific & technical services activity was, in part, due to rises in engineering design and engineering consulting services. Activity in other service industries also rose, with information media and telecommunications (up 1.4%) driven by data centre activity, and financial and insurance services (up 0.6%) driven by strength in dwelling and business loan balances.

Manufacturing activity was driven by a 4.6% rise machinery and equipment and a 2.9% rise in petroleum, coal, chemical and rubber products, due to fertiliser production and petroleum refining.

On mining, the ABS noted the fall in production was driven by an 8.1% fall in coal mining as Cyclone Koji disrupted thermal and coking coal production. Other mining fell 3.2% driven by copper and bauxite production, in line with broad-based weather impacts. Iron ore mining was the only sub-sector to rise (up 2.4%).

On transport, postal and warehousing, the ABS stated transport, postal and storage services (down 2.3%) was driven by falls in port services in line with lower mining export activity. Also, a 2.6% fall in rail, pipeline and other transport was due to inclement weather impacting rail transport.

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

