

# ABS State Details, June quarter 2020

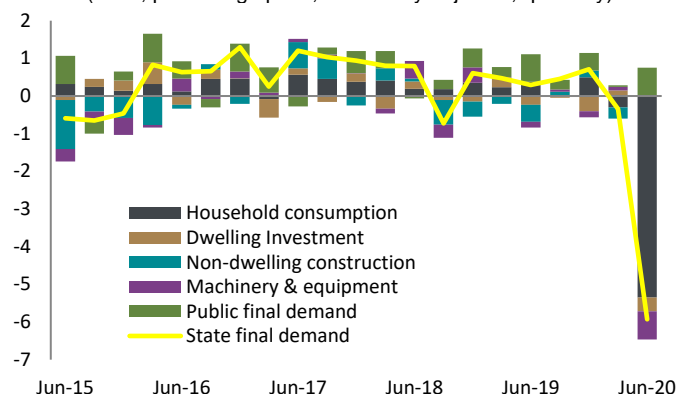
Source: ABS 5206.0, released 2 September 2020, 11.30 am AEST.

**Note: ABS 5206.0 only provides data for state final demand and its components. State level estimates of overseas trade in goods and services on a consistent basis to the national accounts are released as part of ABS 5302.0 and these are discussed below. For a complete picture of State economic growth, ABS 5220.0 State Accounts provides annual Gross State Product data.**

**The ABS has suspended trend data due to COVID-19. Trend data will be reinstated by the ABS when more certainty emerges in the underlying trends in the economy. As a result, all numbers presented in this brief are in seasonally adjusted terms.**

Queensland's state final demand (SFD) fell 5.9% in June quarter 2020, to be 5.2% lower annually (Table 1). This was the largest quarterly decline in Queensland's SFD since the inception of the series, eclipsing the previous record decline of 2.3% in June quarter 1990.

**Figure 1: Contribution to SFD growth, Queensland**  
(CVM, percentage point, seasonally adjusted, quarterly)



Household consumption fell a record 9.6% in June quarter 2020, to be 9.3% lower annually. COVID-19 containment regulations resulted in several spending categories recording sharp declines in the quarter, with the most notable declines in the *hotels, cafes and restaurants* (down 51.7%), *transport services* (down 90.6%) and *health* (down 16.0%) categories. In contrast, working from home arrangements saw increased spending on *furnishings and household equipment* (up 11.9%).

Despite the historic quarterly decline, more timely data has shown a pick-up in consumer spending in Queensland toward the back end of the June quarter and early into the September quarter. For example, ABS data showed nominal retail spending to be 11.1% higher over the year to June, after rebounding strongly through May and June following the record decline in April at the peak of virus restrictions in Queensland.

Dwelling investment fell 7.1% in June quarter 2020, driven by steep declines in both *new dwellings* (down 7.6%) and *alterations & additions* (6.5%). *New dwellings* investment is now down 39.4% since the height of the apartment construction boom in December quarter 2016.

Recent building approvals data, in addition to slower population growth, income losses and increased uncertainty resulting from virus containment measures suggest dwelling investment activity is likely to be subdued for some time.

Business investment fell 8.0% in June quarter 2020, to be 8.2% lower over the year. By component, a sharp decline in *machinery and equipment* (down 17.6%) more than offset increases in *engineering construction* (up 1.9%) and *non-residential construction* (up 0.9%).

Business investment growth was subdued before the COVID-19 pandemic, driven by ongoing uncertainties in both the global and domestic economies. These trends have since been exacerbated by the pandemic, further discouraging firms from committing to major new investment decisions.

Public final demand rose 2.8% in the quarter, to be 5.8% high over the year. A strong quarterly increase in *General government consumption* (up 4.6%) more than offset a 1.0% decline in *general government investment* and a 12.7% decline in *public corporation investment*.

**Table 1: Queensland's state final demand by component**  
(June quarter 2020, CVM, seasonally adjusted)

Chain Volume Measures <sup>(a)</sup>	% Change		Contribution to SFD Growth	
	quarterly	annual	quarterly	annual
<b>Private Final Demand</b>	<b>-9.1</b>	<b>-9.0</b>	<b>-6.7</b>	<b>-6.7</b>
Household Consumption	-9.6	-9.3	-5.4	-5.2
Private Investment	-7.6	-8.3	-1.3	-1.5
Dwelling Investment	-7.1	-11.9	-0.4	-0.6
New Dwellings	-7.6	-19.0	-0.2	-0.6
Alterations and Additions	-6.5	-2.7	-0.2	-0.1
Business Investment	-8.0	-8.2	-0.7	-0.8
Machinery and Equipment	-17.6	-17.6	-0.8	-0.8
Engineering Construction	1.9	2.4	0.1	0.1
Non-Residential Construction	0.9	3.5	0.0	0.1
<b>Public Final Demand</b>	<b>2.8</b>	<b>5.8</b>	<b>0.7</b>	<b>1.5</b>
General Govt. Final Consumption	4.6	7.2	1.0	1.5
National	0.5	8.6	0.0	0.7
State and Local	7.5	6.3	0.9	0.8
General Govt. Investment	-1.0	1.1	0.0	0.0
National	-7.6	-14.3	-0.1	-0.1
State and Local	0.6	5.3	0.0	0.2
Public Corporation Investment	-12.7	-1.6	-0.2	0.0
National	-10.6	-24.4	0.0	-0.1
State and Local	-13.6	10.7	-0.1	0.1
<b>State Final Demand (SFD)</b>	<b>-5.9</b>	<b>-5.2</b>	<b>-5.9</b>	<b>-5.2</b>

(a) Reference year for chain volume measure is 2017-18. Chain volume measures are not strictly additive. As such, there may be discrepancies associated with calculations based on the sum of components.

**Table 2: Interstate SFD/DFD growth comparison**  
(June quarter 2020, % change, CVM, seasonally adjusted)

	NSW	Vic.	Qld.	SA	WA	Tas.	Aust.
Quarterly	-8.6	-8.5	<b>-5.9</b>	-5.8	-6.0	-7.4	<b>-7.4</b>
Annual	-9.1	-8.3	<b>-5.2</b>	-6.7	-4.0	-6.8	<b>-7.0</b>

ABS 5302.0 (released 1 September), provided a snapshot of international trade in goods and services. Queensland's *overseas exports of goods and services* (s.a.) fell 4.5% in June quarter 2020, to be 14.1% lower annually. Also, *overseas imports of goods and services* to Queensland fell 22.3%, to be 29.0% lower over the year.

With falling exports offset by a strong decline in imports, the overseas trade sector likely made a positive contribution to the State's overall economic growth in the June quarter.