

# ABS State Details, September quarter 2020

Source: ABS *Australian National Accounts*, released 2 December 2020, 10.30 am AEST.

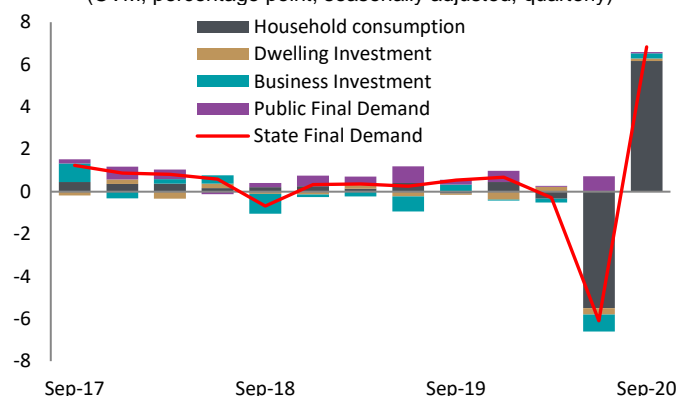
**Note: ABS Australian National Accounts only provides data for state final demand and its components. State level estimates of overseas trade in goods and services on a consistent basis to the national accounts are released as part of ABS *Balance of Payments and International Investment Position* and these are discussed below. For a complete picture of State economic growth, ABS *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) rose 6.8% in September quarter 2020 to be 0.7% higher annually (Table 1) and 0.3% higher than the pre-pandemic level recorded in March quarter 2020. This was the second largest quarterly rise in Queensland's SFD since the inception of the series, behind only the 6.9% increase recorded in December quarter 2003.

Further, Queensland recorded the equal strongest quarterly rise of the states and is the only state to record positive growth both since March quarter 2020 (pre-COVID) and annually (Table 2).

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



All major components of SFD grew in the September quarter.

Household consumption was the strongest contributor to the quarterly increase in SFD, rising a record 11.6%, to be up 0.8% annually. The easing of COVID-19 containment measures throughout the quarter saw several spending categories rebound strongly, with the most notable rises in *recreation and culture* (up 23.8%), *hotels, cafes and restaurants* (up 65.7%), *clothing & footwear* (up 32.5%) and *health* (up 30.5%).

Dwelling investment rose 2.4% in September quarter 2020, driven by a 7.3% increase in *alterations & additions*. This increase was partially offset by a further decline in *new and used dwellings* investment (down 2.0%). *New and used dwellings* investment is now down 38.3% since the height of the apartment construction boom in December quarter 2016.

Recent improvement in building approvals data suggests the sustained decline in *new dwellings* construction since the end of the apartment construction boom may end in coming quarters.

Business investment rose 2.6% in September quarter 2020 but was 8.7% lower over the year. By component, a sharp rebound in *machinery and equipment* (up 7.3%) more than offset declines

in *engineering construction* (down 6.6%) and *non-residential construction* (down 1.4%).

While Queensland's success in controlling the virus has resulted in recent improvement in business confidence, the lag between changes in confidence and investment spending suggests business investment will remain subdued in the near-term, before recovering.

Public final demand rose 0.2% in the quarter, to be 5.2% higher annually. The quarterly increase in *public corporation investment* (up 14.9%) more than offset declines in *general government consumption* (down 0.3%) and *investment* (down 1.4%).

**Table 1: Queensland's state final demand by component**  
(September 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>9.6</b>	<b>-0.9</b>	<b>6.8</b>	<b>-0.7</b>
Household Consumption	11.6	0.8	6.2	0.4
Private Investment	3.5	-6.1	0.6	-1.1
Dwelling Investment	2.4	-6.3	0.1	-0.3
New Dwellings	-2.0	-16.0	-0.1	-0.5
Alterations and Additions	7.3	6.2	0.2	0.1
Business Investment	2.6	-8.7	0.2	-0.8
Machinery and Equipment	7.3	-12.7	0.3	-0.6
Engineering Construction	-6.6	-5.3	-0.2	-0.2
Non-Residential Building	-1.4	-5.6	-0.0	-0.1
<b>Public Final Demand</b>	<b>0.2</b>	<b>5.2</b>	<b>0.1</b>	<b>1.4</b>
General Govt. Final Consumption	-0.3	6.8	-0.1	1.4
National	5.8	10.2	0.6	0.9
State and Local	-4.5	4.5	-0.6	0.5
General Govt. Investment	-1.4	-1.2	-0.1	-0.1
National	8.0	-4.8	0.1	0.0
State and Local	-3.5	-0.3	-0.1	0.0
Public Corporation Investment	14.9	0.6	0.2	0.0
National	-0.3	-19.4	0.0	-0.1
State and Local	21.6	10.3	0.2	0.1
<b>State Final Demand (SFD)</b>	<b>6.8</b>	<b>0.7</b>	<b>6.8</b>	<b>0.7</b>

(a) Reference year for chain volume measure is 2018-19. 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**  
(September quarter 2020, % change, CVM, seasonally adjusted)

	NSW	Vic	Qld	SA	WA	Tas	Aust
Quarterly	6.8	-1.0	6.8	6.7	4.9	5.5	4.5
Since March-20	-2.6	-9.5	0.3	0.0	-1.8	-2.9	-3.4
Annual	-3.3	-9.8	0.7	-0.8	-0.7	-3.2	-3.5

ABS *Balance of Payments* data (released 1 December), provided a snapshot of international trade in goods and services. Queensland's *overseas exports of goods and services* fell 3.7% in September quarter 2020, to be 19.0% lower annually. Meanwhile, *overseas imports of goods and services* to Queensland rose 19.6% but were 15.8% lower over the year. Falling exports and rising imports suggest the overseas trade sector detracted from Queensland's economic growth in the quarter.