

ABS State Details, March quarter 2021

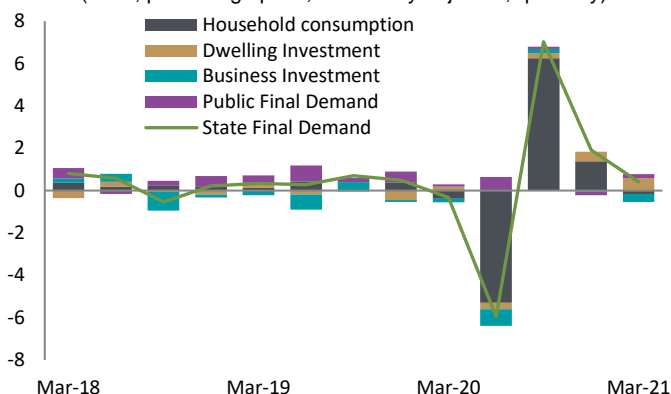
Source: ABS *Australian National Accounts*, released 2 June 2021, 11.30 am AEST.

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 0.4% in March quarter 2021 to be 3.0% higher annually (Table 1). Queensland recorded the second strongest annual growth of the states behind only Western Australia (up 3.8%, Table 2).

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



Household consumption fell 0.3% in the March quarter, however this result follows consecutive strong increases of 11.7% and 2.5% in the last two quarters of 2020. Annually, the component was up 3.3%, driven by the successful containment of the virus and government support measures allowing for a strong recovery in the Queensland labour market.

By consumption component, *food* (down 1.8%), *clothing and footwear* (down 3.3%), *purchase of vehicles* (down 3.5%) and *electricity, gas and other fuel* (down 4.8%) were the largest detractors from quarterly growth. However, it should be noted the *clothing and footwear* and *purchase of vehicles* components were still up strongly in annual growth terms. Spending on *hotels, cafes and restaurants* continued to recover following the easing of restrictions, up 5.5% in the March quarter.

Dwelling investment rose 10.8% in the March quarter (contributing 0.6%-point to headline SFD growth, the largest of the components), primarily driven by a further 13.6% increase in *alterations and additions*. *Alterations and additions* investment is now 22.5% higher over the year and clearly at its highest level on record. *New dwellings* also rose strongly in the quarter, up 8.1% to be 14.6% higher over the year.

Low interest rates, generous government incentives and confidence in the housing market and wider economic recovery have spurred the elevated amount of activity in the dwelling sector. Further, recent building approvals data suggest the increase in construction activity will continue in coming quarters.

Business investment fell 4.4% in March quarter 2021 to be 11.1% lower over the year. While Queensland's success in controlling the virus has resulted in recent improvement in business conditions and confidence, the lag between changes in confidence and investment spending, in addition to the heightened level of uncertainty around the global economic recovery (despite recent positive signs and improving commodity prices), suggests business investment is likely to remain subdued in the near-term, before recovering.

Public final demand in Queensland rose 0.7% in the quarter to be 2.8% higher annually. *State and local general government investment* (up 7.2%, to be 15.3% higher over the year) was the main contributor to growth in the quarter. However, *public corporation investment* fell 6.4% in the quarter to be 15.1% lower over the year.

Table 1: Queensland's state final demand by component
(March quarter 2021, CVM, seasonally adjusted)

Chain Volume Measures ^(a)	% Change		Contribution to SFD Growth	
	quarterly	annual	quarterly	annual
Private Final Demand	0.3	3.1	0.2	2.2
Household Consumption	-0.3	3.3	-0.2	1.8
Private Investment	2.3	2.5	0.4	0.4
Dwelling Investment	10.8	18.4	0.6	0.9
New Dwellings	8.1	14.6	0.2	0.4
Alterations and Additions	13.6	22.5	0.4	0.6
Business Investment	-4.4	-11.1	-0.4	-1.0
Machinery and Equipment	2.4	-8.8	0.1	-0.4
Engineering Construction	-5.2	-12.4	-0.1	-0.4
Non-Residential Building	-14.5	-14.1	-0.3	-0.3
Public Final Demand	0.7	2.8	0.2	0.8
General Govt. Final Consumption	0.0	2.2	0.0	0.5
National	0.3	6.2	0.0	0.6
State and Local	-0.3	-0.8	0.0	-0.1
General Govt. Investment	6.3	12.3	0.3	0.5
National	2.5	-0.1	0.0	0.0
State and Local	7.2	15.3	0.3	0.5
Public Corporation Investment	-6.4	-15.1	-0.1	-0.2
National	-9.5	-24.2	0.0	-0.1
State and Local	-5.4	-11.4	-0.1	-0.1
State Final Demand (SFD)	0.4	3.0	0.4	3.0

(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
(March quarter 2021, % change, CVM, seasonally adjusted)

	NSW	Vic	Qld	SA	WA	Tas	Aust
Quarterly	1.5	2.3	0.4	1.4	3.0	1.6	1.6
Annual	1.9	-0.3	3.0	2.6	3.8	2.9	1.9

ABS *Balance of Payments* data (released 1 June), provided a snapshot of international trade in goods and services on a consistent basis to the national accounts methodology. Queensland's *overseas exports of goods and services* fell 5.8% in March quarter 2021 to be 15.3% lower annually.

Meanwhile, *overseas imports of goods and services* to Queensland rose a further 4.6% but were 0.3% lower over the year. These results suggest Queensland's net overseas trade would have detracted from GSP growth in the March quarter.