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Research and Information Service

Weekly Economic Indicators: Queensland and Australia

26/09/11

Summary

New data since the last week is displayed in red.

Markets were down sharply following a volatile trading week. The Australian dollar was down against the US$, as was gold. Commodities all also lost substantial ground. Sugar, Tapis crude oil and cotton are trading well below the previous week, whilst cattle futures have remained steady.

Market Monitor

	Price (Last Week) Ave.
AUD$/US$	↓ $0.9759
All Ord. Share Index	↓ 3978.50 pts
Cattle Futures (EYCI)	↔ 402.00 Ac/kg
Sugar (ICE No.11 Futures)	↓ 24.84 Usc/lb
Cotton (No. 2 Futures)	↓ 102.00 USc/lb
Tapis Crude Oil (week-end Spot)	↓ 116.99 US$/bbl
Gold (week-end London PM Fix)	↓ 1689.00 US$/oz.*

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Tourism Accommodation[1]

National

Total guest nights stayed in hotels, motels and serviced apartments (larger than 15 rooms) decreased by 6.0% in the March quarter 2011, to number 22.60 million. This is slightly down on the 22.85 million guest nights recorded in the March quarter 2010. Total national guest nights for 2010 equalled 92.06 million, compared to 90.44 million in 2009.

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Guest nights in Queensland hotels, motels and serviced apartments (larger than 15 rooms) decreased 16.0% in the March quarter 2011, totalling 5.9 million. This is broadly in line with March results in 2010. Total 2010 Queensland guest nights equalled 26.74 million, compared to 26.81 million in 2009.

Balance of Payments[2]

National

Trend estimates of Australia's balance of payments increased by 6% between June and July 2011 to a $1.846 billion surplus. Exports increased from $26.175 billion in June to $26.457 billion in July 2011 in trend estimates terms. Imports increased from $24.441 billion in June 2011 to $24.611 billion in July 2011.

Labour Force[3]

National

In the latest ABS Labour Force release, the national unemployment rate increased by 0.1% to 5.1%, in trend terms, in August 2011. The trend participation rate remained steady at 65.6%.

Queensland

Queensland's trend unemployment rate increased by 0.2% to 5.8% in August 2011. The August trend participation rate increased slightly at 67.5%.

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[1] ABS Cat No. 8635.0
http://www.abs.gov.au/AUSSTATS/abs@.nsf/ProductsbyCatalogue/7F1BCA4FD889E82CCA25775700164667?OpenDocument

[2] ABS Cat No. 5368.0
http://www.abs.gov.au/AUSSTATS/abs@.nsf/allprimarymainfeatures/A5FB33BD2E3CC68FCA257496001547A1?opendocument

[3] ABS Cat No. 6202.0
http://www.abs.gov.au/AUSSTATS/abs@.nsf/ProductsbyCatalogue/F756C48F25016833CA25753E00135FD9?OpenDocument

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Employment by Industry[4]

There were 2,323,200 employed persons in Queensland as at Aug 2011. The five industries with the most number of employed persons were health care and social assistance (263,400), retail trade (250,100), construction (231,300), manufacturing (190,300) and Education and Training (176,000). Those industries employing the least number of persons included information, media and telecommunications (30,700), electricity, gas, water and waste services (37,200), arts and recreation services (43,700) and financial and insurance services (62,100).

Employed Persons by Industry - Queensland**:** Original

'000	Full Time	Part Time	Total	% of Total Employment
Agriculture, Forestry and Fishing	62.4	15.7	78.2	3.36
Mining	64.5	2.3	66.8	2.88
Manufacturing	167.2	23.1	190.3	8.19
Electricity, Gas, Water and Waste Services	33.9	3.4	37.2	1.60
Construction	198.1	33.2	231.3	9.96
Wholesale Trade	63.3	11.8	75.1	3.23
Retail Trade	140.4	109.8	250.1	10.77
Accommodation and Food Services	73.9	92.6	166.5	7.17
Transport, Postal and Warehousing	102.6	25.8	128.4	5.53
Information Media and Telecommunications	25.7	5.0	30.7	1.32
Financial and Insurance Services	49.7	12.5	62.1	2.67
Rental, Hiring and Real Estate Services	36.7	15.9	52.7	2.27
Professional, Scientific and Technical Services	118.6	35.8	154.4	6.65
Administrative and Support Services	44.2	31.3	75.5	3.25
Public Administration and Safety	133.9	23.3	157.1	6.76
Education and Training	107.2	68.8	176.0	7.58
Health Care and Social Assistance	155.1	108.2	263.4	11.34
Arts and Recreation Services	22.2	21.4	43.7	1.88
Other Services	61.4	22.3	83.7	3.60
Total	**1660.9**	**662.3**	**2323.2**	**100.00**

Source: ABS Cat No. 6291.0.55.003 Labour Force, Detailed (Aug 2011).

Interest Rates[5]

RBA Cash Rate

At the RBA meeting on 6 September 2011, the Reserve Bank board voted to leave the cash rate unchanged at 4.75%, for the tenth consecutive month.

Conditions in global financial markets have been very unsettled over recent weeks, as participants have confronted uncertainty about both

[4] ABS Cat No. 6291.0.55.003 http://abs.gov.au/AUSSTATS/abs@.nsf/allprimarymainfeatures/35006594EB1126B2CA257132000F9189?opendocument

[5] Reserve Bank of Australia: Cash Rate Target http://www.rba.gov.au/statistics/cash-rate.html and Housing Loan Indicator Lending Rates http://www.rba.gov.au/statistics/tables/xls/f05hist.xls?accessed=0706-15:44:13

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the resolution of sovereign debt problems and the prospects for economic growth in Europe and the United States. As a result, the outlook for the global economy is less clear than it was earlier in the year. Some temporary impediments that had contributed to a slowing in growth in some countries over recent months, such as the supply-chain disruptions from the Japanese earthquake and the dampening effects of rising commodity prices, are lessening. But the uncertainty and financial volatility is reducing confidence and may result in more cautious behaviour by firms and households in major countries. A number of forecasters have scaled back their global growth estimates over the past couple of months.

RBA Standard Variable Housing Loan Indicator Rate

The Reserve Bank's calculation of the average standard variable interest rate for home loans remains at 7.80% for the tenth month, as of the end of August 2011.

Consumer Price Index[6]

Between the March quarter 2011 and June quarter 2011 the national CPI increased 0.9%, resulting in a 3.6% annual rise. The June 2011 CPI for Brisbane increased 1.0%, bringing the June 2010 to June 2011 annual change to 3.8%.

Private Capital expenditure[7]

National

Between the March and June 2011 quarters, the Australian chain volume trend estimate of private new capital increased by 4.84% to $33.61 billion. Expenditure on equipment, plant and machinery increased by 4%, while expenditure on buildings and structures increased by 5.17%.

Total private new capital expenditure increased by 19.53% between June 2010 and June 2011. Over the twelve months, expenditure on equipment, plant and machinery increased by 13.7%, while expenditure on buildings and structures increased 24.7%.

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Between the March and June 2011 quarters, the Queensland chain volume trend estimate of private new capital expenditure increased by 12.13% to $8.37 billion.

A year-on-year comparison of the June quarters 2010 to 2011 shows Queensland's total private new capital expenditure increased by 42.23%. Over the same period, expenditure on equipment, plant and machinery

[6] ABS Cat No. 6401.0 http://www.abs.gov.au/ausstats/abs@.nsf/mf/6401.0

[7] ABS Cat No. 5625.0 http://www.abs.gov.au/AUSSTATS/abs@.nsf/ProductsbyCatalogue/C6EF1D79E13B24EACA257235007866B1?OpenDocument

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increased by 14.4% and expenditure on buildings and structures increased a strong 69.4%.

Building Approvals[8]

National

The national trend estimate for total dwelling approvals decreased 1.1% in July 2011 to 12,251 and has fallen for nine months. For the three months to July 2011 compared with the previous three months, the trend estimate of dwelling approvals fell 4.9%. Over the twelve months to July 2011, there has been a trend decline of 12.1%.

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The trend estimate for total dwelling units approved in Queensland in July 2011 was 2141 dwelling units, a decrease of 0.4%. This is the eighth consecutive month of decline. For the three months to July 2011 compared with the previous three months, the trend estimate of dwelling approvals fell 2.7%. In annual terms, the trend declined by 11.49% for the twelve months to July 2011.

Housing Finance[9]

National

The trend value of housing finance commitments (owner occupation) in Australia increased by 1.53% in the month of July 2011 to $14.3 billion. For the three months to July 2011 compared with the previous three months, the trend value of commitments increased by 2.92%. Over the year to July 2011, there was an increase in the trend estimate for the total value of dwelling finance commitments of 5.8%.

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In July 2011, the trend value of housing finance commitments for owner occupied dwellings stood at $2.4 billion, having shown an increase of 2.5% from a month earlier. For the three months to July 2011 compared with the previous three months, the trend value of commitments increased by 4.0%. For the year to July 2011, the State recorded a decline of 4.1% in the trend value of housing finance commitments.

[8] ABS Cat No. 8731.0
http://www.abs.gov.au/AUSSTATS/abs@.nsf/productsbyCatalogue/0545FFC6A101264DCA25719F007F6F1F?OpenDocument

[9] ABS Cat No. 5609.0
http://www.abs.gov.au/AUSSTATS/abs@.nsf/ProductsbyCatalogue/05DBCE56402EC566CA25723D000F2999?OpenDocument

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Retail Trade[10]

National

Australia's trend retail turnover increased by 0.11% in July 2011 to $20.64 billion. For the three months to July 2011 compared with the previous three months, retail turnover was 0.5% higher in trend terms. Over the year to July 2011, the trend increase in retail turnover was 1.5%

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The trend estimate of Queensland's retail turnover increased by 0.31% in July 2011 to total $4.25 billion, the eighth consecutive monthly increase. For the three months to July 2011, compared with the previous three months, retail turnover was 1.2% higher in trend terms. Compared to a year earlier, growth in retail spending in Queensland was 3.0% higher.

Economic Growth Outlook

National

The latest ABS National Accounts data shows Australian Gross Domestic Product increased by 0.2% in chain volume trend terms in the June quarter 2011, to be 1.1% higher over the year.[11]

Economic forecaster Access Economics, in its latest set of forecasts for the Australian economy (June 2011), recorded Gross Domestic Product (GDP) for 2010-11 at 1.9%, while GDP growth is projected to reach 3.5% for 2011-12 and 2012-13. KPMG Econtech has recently downgraded its forecast national growth to 3.0% for 2010-11 in its March 2011 forecasts, due to the economic disruptions caused by recent natural disasters.

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The Queensland State Accounts for March quarter 2011 showed that Gross State Product (GSP) fell 1.4% in trend terms.[12] In contrast, growth in the Rest of Australia increased 0.1% in March quarter 2011. Over the year to March quarter 2011, GSP fell 2.1% while gross Rest of Australia product grew by 2.0% over the same period.

Access Economics (June 2011) recorded 0.1% growth in Queensland's GSP for 2010-11. GSP is forecast to increase to a healthy 5.6% in 2011-12. After suffering the continuing effects of the financial crises and the

[10] ABS Cat No. 8501.0
http://www.abs.gov.au/AUSSTATS/abs@.nsf/productsbyCatalogue/3DDA13ECDC094B1CCA257734002042F2?OpenDocument

[11] ABS Cat No. 5206.0
http://www.abs.gov.au/AUSSTATS/abs@.nsf/allprimarymainfeatures/52AFA5FD696482CACA25768D0021E2C7?opendocument

[12] OESR, Queensland State Accounts, March Quarter 2011.
http://www.oesr.qld.gov.au/products/publications/qld-state-accounts/qld-state-accounts-201103.pdf

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destructive force of natural disasters, the Queensland economy underperformed most states throughout 2010-11. Noting that the effects of natural disasters have mostly abated, with city and mining infrastructure substantially repaired, Queensland is set to grow vigorously throughout 2011-12. In March 2011, KPMG Econtech has revised down its forecast growth for Queensland GSP in 2010-11 to 3.9%, due to the damage caused by January's floods and Cyclone Yasi to the state's agricultural and mining sectors.

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