



Weekly Economic Indicators:

Queensland and Australia

24/09/12

Summary

The Australian share market showed solid gains this week, to be close to a three year high for the September quarter 2012. This follows monetary stimulus packages from both the United States (quantitative easing) and European central banks (purchase of Eurozone government bonds).

Global investor optimism rebounded as a result and economic growth is expected to continue, however risks regarding European debt, and particularly the potential for a Spanish bailout, are still top of mind with concern growing over the German response to any request for assistance from Madrid.

Only slight movements were recorded for agricultural commodities for the week, with cotton experiencing a small upward movement and cattle futures and sugar falling marginally over the period.

On a positive note, iron ore prices increased to above the US\$100 mark, showing strong gains of more than US\$20 per tonne on the lows at the start of the month. However, the Australian official commodities forecaster, the Bureau of Resources and Energy Economics has forecast long term declining iron ore prices.

Oil prices are expected to remain relatively high due to supply issues, although the Mogas price experienced downward movement over the week of nearly 7 per cent.

Gold prices increased US\$9 per oz to close at US\$1784.50 at the London market on Friday. Price increases have been bouyed by the quantitative easing efforts in the major economies.

Market Monitor*

	Price (Last Week)
AUD\$/US\$	↑ \$1.0399
All Ord. Share Index	↑ 4426.11 pts
Cattle Futures (EYCI)	↓ 360.30 Ac/kg
Sugar (ICE No.11 Futures)	↓ 19.40 USc/lb
Cotton (No. 2 Futures)	↑ 75.14 USc/lb
Iron Ore 62% Fe	↑ 109.10 \$US/t
Mogas95 [#]	↓ 121.50 US\$/bbl

* ABARES Market Monitor. http://www.daff.gov.au/abares/market_monitor/emarketmonitor.xls

The responsibility for the use of the contents of this report or its further distribution either in whole or part lies with the Member. This paper has been prepared to support the work of the Queensland Parliament and its members using information publicly available at the time of production. All care has been taken in the analysis and transmission of this data, but please refer to primary material, as noted, to confirm figures. The views expressed do not reflect an official position of the Queensland Parliamentary Library.

Tourism Accommodation¹

National

Total guest nights stayed in hotels, motels and serviced apartments (larger than 15 rooms) decreased by 2.3% in the March Quarter 2012, to number 23.52 million. The result follows increases of 9.7% and 1.4% respectively in the September and December quarters 2011, in line with the typical seasonal pattern of an upsurge in the second half of the year and softening numbers in the March and June quarters.

Despite the drop, the March quarter 2012 result is still approximately 4.0% higher than the 22.63 million guest nights recorded in March 2011. At 47.58 million, the combined total guest nights for the December 2011 and March 2012 quarters are also up by approximately 4.9% on the combined 45.38 million guest nights recorded in the June 2011 and September 2011 quarters.

Queensland

Guest nights in Queensland hotels, motels and serviced apartments (larger than 15 rooms) decreased by a significant 10.1% in March 2012, to 6.38 million. The decline followed a 2.4% drop in December 2011, after the September quarter 2011's bumper 19.1% rise in accommodation figures.

The combined guest nights for the last two quarters are, at 13.47 million, approximately 0.8% higher than the combined 13.36 million guest nights recorded in the June 2011 and September 2011 quarters. Accommodation figures for March 2012 are up 6.7% on the 5.98 million guest nights recorded at the same time a year earlier (in the March quarter 2011).

Balance of Payments²

National

Australia's balance of payments was a deficit in trend terms in July 2012 of \$400 million, a reduction of 21%, or \$106 million, on the deficit recorded in June 2012. While imports increased by around 0.4% or \$100 million across the month, to \$26.752 billion; exports increased by 1% in July, rising by \$206 million to \$26.352 billion in total. In seasonally adjusted terms, these changes resulted in an overall goods and services deficit of \$556 million – a significant (-145%) increase on the \$227 million deficit recorded in June 2012.

Labour Force³

National

Mogas 95 is the Singapore benchmark petrol price closely linked to Australian domestic fuel prices.

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>

The responsibility for the use of the contents of this report or its further distribution either in whole or part lies with the Member. This paper has been prepared to support the work of the Queensland Parliament and its members using information publicly available at the time of production. All care has been taken in the analysis and transmission of this data, but please refer to primary material, as noted, to confirm figures. The views expressed do not reflect an official position of the Queensland Parliamentary Library.

In the latest ABS Labour Force release, the trend estimate national unemployment rate remained steady at 5.2% in August 2012. The trend participation rate remained steady across the month, at 65.2%.

Queensland

Queensland's trend unemployment rate increased slightly in August 2012, to 5.8%, continuing an upward trend over the past three months. The trend participation rate also remained in step with recent results, holding steady at 66.5% for the third month in a row. The participation rate has now been in overall trend decline for the past eleven months.

Employment by Industry⁴

There were approximately 2,326,800 employed persons in Queensland as at August 2012. The five industries with the largest number of employed persons were health care and social assistance (287,300), retail trade (250,500), construction (224,200), education and training (185,800); and accommodation and food services (171,900), which displaced a declining manufacturing industry (at 164,300, down around 6,600 employees or 3.9% on May 2012 figures). Those industries employing the smallest number of persons included information, media and telecommunications (32,800), electricity, gas, water and waste services (45,100), arts and recreation services (41,700); and rental, hiring and real estate services (50,400).

The largest industry-wide declines were recorded in agriculture forestry and fishing; electricity, gas, water and waste services; and financial and insurance services, which respectively slipped by 23.4%, 21.6% and 16.2% on May 2012 figures (down by 19,700; 9,700 and 11,600 employed persons respectively). The biggest employment growth industries, conversely, were transport, postal and warehousing; public administration and safety and information, media and telecommunications.

Employed Persons by Industry - Queensland: Original

'000	Part Time	Full Time	Total	% of Total Employment
Agriculture, Forestry and Fishing	16.0	48.4	64.4	2.77
Mining	2.5	69.1	71.6	3.08
Manufacturing	17.6	146.7	164.3	7.06
Electricity, Gas, Water and Waste Services	3.0	32.3	35.3	1.52
Construction	27.8	196.4	224.2	9.63
Wholesale Trade	12.2	59.2	71.4	3.07
Retail Trade	109.6	140.9	250.5	10.77
Accommodation and Food Services	86.9	85.0	171.9	7.39
Transport, Postal and Warehousing	24.2	109.2	133.5	5.74
Information Media and Telecommunications	6.8	28.1	34.9	1.50
Financial and Insurance Services	13.2	46.9	60.0	2.58
Rental, Hiring and Real Estate Services	12.9	37.5	50.4	2.17
Professional, Scientific and Technical Services	35.1	121.9	157.0	6.75
Administrative and Support Services	32.8	44.1	76.8	3.30
Public Administration and Safety	21.2	138.3	159.5	6.85
Education and Training	75.8	110.0	185.8	7.98
Health Care and Social Assistance	112.6	174.9	287.4	12.35

⁴ ABS Cat No. 6291.0.55.003
<http://abs.gov.au/AUSSTATS/abs@.nsf/allprimarymainfeatures/35006594EB1126B2CA257132000F9189?open&document>

The responsibility for the use of the contents of this report or its further distribution either in whole or part lies with the Member. This paper has been prepared to support the work of the Queensland Parliament and its members using information publicly available at the time of production. All care has been taken in the analysis and transmission of this data, but please refer to primary material, as noted, to confirm figures. The views expressed do not reflect an official position of the Queensland Parliamentary Library.

Arts and Recreation Services	16.3	22.9	39.2	1.68
Other Services	26.8	61.9	88.7	3.81
Total	653.3	1673.5	2326.8	100.00

Source: ABS Cat No. 6291.0.55.003 Labour Force, Detailed (August 2012).

Interest Rates⁵

At the RBA meeting on 4 September 2012, the Board voted to leave the cash rate unchanged at 3.50% for the third consecutive month, retaining it at its lowest point since December 2009.

The RBA Board decision was based on softening global growth, with particular reference made to the Europe and the United States, and moderating rates of growth in China.

The domestic economy is feeling the influence of these global trends, with resultant sharp falls in the commodity prices of resources of primary importance to Australia (such as iron ore) over recent weeks. The nation's terms of trade also remain at historically high levels, although significantly lower than one year ago.

In Australia, inflation remains low, with the inflation rate near to 2 per cent over the year to June, and anticipated to remain within the target range over the next one to two years.

Consumer Price Index⁶

Between the March 2012 and June 2012 quarters the national CPI rose by 0.5%, to increase 1.2% over the year to June 2012. The June quarter 2012 CPI for Brisbane increased by 0.6%, bringing the year-to-date increase to 0.9%, to be the second lowest capital city rise recorded over the twelve months to the June quarter 2012.

Private Capital Expenditure⁷

National

Between the March 2012 and June 2012 quarters, the Australian chain volume trend estimate of private new capital increased by 3.6% to \$41.74 billion. The rise was secured on the back of a sizeable 5.8% increase in expenditure on buildings and structures across the quarter (to \$26.06 billion), which offset a 0.5% decline in expenditure on equipment, plant and machinery (to \$15.59 billion).

The latest increase takes the overall annual growth in total private new capital expenditure from June 2011 to June 2012 to 23.7%. Expenditure on equipment, plant and machinery contributed a modest 2.3% to this total; while expenditure on buildings and structures grew by a robust 40.81%.

Queensland

Between the March 2012 and June 2012 quarters, the Queensland chain volume trend estimate of private new capital expenditure increased by 4.6% to \$11.55 billion.

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>

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>

The responsibility for the use of the contents of this report or its further distribution either in whole or part lies with the Member. This paper has been prepared to support the work of the Queensland Parliament and its members using information publicly available at the time of production. All care has been taken in the analysis and transmission of this data, but please refer to primary material, as noted, to confirm figures. The views expressed do not reflect an official position of the Queensland Parliamentary Library.

In year-on-year terms, the State's total private new capital expenditure increased by approximately 35.4% on June 2011 figures. Expenditure on equipment, plant and machinery decreased by approximately 3.2% over the year, to \$3.34 billion. However, spending on building and structures Queensland rose by 6.18%, to \$8.19 billion.

Building Approvals⁸

National

The national trend estimate for total dwelling approvals increased by 0.8% in July 2012, to approximately 12,608 approved units. Across the three months to July 2012, approvals were up by around 5.0% on the previous three months. These recent results have ensured a relatively consistent year-on-year result, with July 2012 approvals sitting a slight 0.2% lower than the 12,631 approvals recorded in July 2011.

Queensland

The trend estimate for total dwelling units approved in Queensland rose by 2.9% in July 2012, to 2,398 units. The result marked the ninth straight monthly increase, with approvals up by 4.7% across the three months to July 2012, compared with the previous three months. In year-on-year terms, the July 2012 trend estimate for total dwelling units approved in Queensland was a significant 8.7% higher than June 2011's 2,206 approved units.

Housing Finance⁹

National

After six months of incremental declines, the trend value of housing finance commitments (owner occupation) in Australia increased by 0.1% in July 2012, to \$13.43 billion. Despite the rise, the trend value of commitments across the three months to July remained 0.3% lower than equivalent commitments across the previous three months. The latest trend estimate puts the value of the nation's dwelling finance commitments approximately 0.7% higher than the June 2011 estimate.

Queensland

Queensland's trend value of housing finance commitments for owner occupied dwellings decreased by 1.0% to \$2.36 billion in July 2012. The trend value of commitments (owner occupied) decreased marginally by 1.8% across the three months to July 2012, compared with the previous three months. For the year to July 2012, the trend value of the state's housing finance commitments increased by slightly over 3.0%.

Retail Trade¹⁰

National

The month of July 2012 saw Australian retail trade continue its pattern of slight improvements, with national turnover rising by 0.4% to total \$21.515 billion overall. For

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>

¹⁰ ABS Cat No. 8501.0
<http://www.abs.gov.au/AUSSTATS/abs@.nsf/productsbyCatalogue/3DDA13ECD094B1CCA257734002042F2?OpenDocument>

The responsibility for the use of the contents of this report or its further distribution either in whole or part lies with the Member. This paper has been prepared to support the work of the Queensland Parliament and its members using information publicly available at the time of production. All care has been taken in the analysis and transmission of this data, but please refer to primary material, as noted, to confirm figures. The views expressed do not reflect an official position of the Queensland Parliamentary Library.

the three months to July 2012, compared with the previous three months, retail turnover was 1.3% higher in trend terms. Across the year to July 2012, turnover increased by 4.0%.

Queensland

Retail trade increased by 0.3% in Queensland in July 2012, taking trend turnover to \$4.459 billion. For the three months to July 2012 compared with the previous three months, retail turnover was 1.7% higher in trend terms. In year-on-year terms, sales were up around 5.2% on the estimated \$4.241 billion turnover recorded in July 2011.

Economic Growth Outlook

National

The latest ABS National Accounts data for June quarter 2012 shows Australian Gross Domestic Product (GDP) increased by 0.8% in chain volume trend terms, to be 3.8% higher over the year.¹¹

Economic forecaster Access Economics, in its latest set of forecasts for the Australian economy (June 2012), projected GDP growth of 3.2% for 2011-12, dropping to 3.0% in 2012-13 and climbing to 3.4% in 2013-14. KPMG Econtech has forecast national growth of 3.7% for 2011-12 in its October 2011 forecasts, with the resource rich states experiencing strong external demand.

Queensland

Queensland State Final Demand increased 1.1% for the month of June 2012, to be 7.1% higher for the year from June 2011. This puts the State third behind the Northern Territory and Western Australia, which respectively recorded an 8% increase for the month to June 2012 and 28.3% increase for the year; and a 3% increase for the month to June 2012 and 13.4% increase for the year.

The latest Queensland State Accounts (September quarter 2011) show that Gross State Product (GSP) increased 0.8% in trend terms.¹² Growth in the Rest of Australia increased 0.7% for the September quarter 2011. Over the year to the September quarter 2011, Queensland GSP increased by 1.4%, while Gross Rest of Australia Product grew by 2.3% over the same period.

While several components have changed in the revised estimates for Queensland's economic performance in 2010-11, Queensland's average growth estimate is unchanged at 0.2%. In contrast, average Rest of Australia growth for the year was 2.4%.

The latest Deloitte Access Economics Business Outlook (June 2012) has forecast 4.8% growth in Queensland's GSP for 2011-12, with 4.3% growth forecast in 2012-13; increasing to a healthy 5.0% growth by 2013-14.

The Queensland economy has recovered strongly on the back of existing investment in engineering construction in the mining sector. However, the benefits delivered by the State's resources remain focussed in particular geographical areas (for example, the Bowen Basin) and are very much sector-specific; with other sectors of the economy, such as tourism and housing construction, displaying weakened positions.

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

¹² OESR, Queensland State Accounts, September Quarter 2011.
<http://www.oesr.qld.gov.au/products/briefs/qld-state-accounts/qld-state-accounts-201109.pdf>

The responsibility for the use of the contents of this report or its further distribution either in whole or part lies with the Member. This paper has been prepared to support the work of the Queensland Parliament and its members using information publicly available at the time of production. All care has been taken in the analysis and transmission of this data, but please refer to primary material, as noted, to confirm figures. The views expressed do not reflect an official position of the Queensland Parliamentary Library.

Despite the short-term economic growth, Deloitte have predicted a long term risk to the resource investment pipeline in the form of a potentially “earlier than expected” peak in the resources boom.

The prediction hinges on the development of coal seam gas mining in the State, which presents both a “huge economic opportunity as well as a political nightmare”. In addition, the rising cost of mining sector construction, falling commodity prices, and a perceived slowdown in Chinese growth point to a potential drying up of longer term resource sector investment.

In its October 2011 outlook report, KPMG Econtech increased its forecast growth for Queensland GSP in 2011-12 to 5.3%, in response to expected strong investment coupled with a rebound in coal, agricultural produce and other exports, following the earlier negative impact of the floods.

Karen Stokes
Research Librarian

QUEENSLAND PARLIAMENTARY SERVICE

Queensland Parliamentary Library & Research Service
Parliament House
Cnr George and Alice Streets Brisbane Qld 4000
Ph: 07 3406 7413 Fax: 07 3210 0172
mailto: karen.stokes@parliament.qld.gov.au
web: www.parliament.qld.gov.au

The responsibility for the use of the contents of this report or its further distribution either in whole or part lies with the Member. This paper has been prepared to support the work of the Queensland Parliament and its members using information publicly available at the time of production. All care has been taken in the analysis and transmission of this data, but please refer to primary material, as noted, to confirm figures. The views expressed do not reflect an official position of the Queensland Parliamentary Library.