



Weekly Economic Indicators: Queensland and Australia

11/06/13

Summary

It was a pretty grim week economically speaking at both the national and State levels, with new economic data depicting a nation struggling to transition in the wake of the inevitable slowing of its main growth vehicle; and with mining-reliant Queensland receiving another austere budget and a revised timetable for fiscal rebalancing, as declining revenues were cited for their encumbering influence on the Government's planned path back to surplus.

Amid subdued retail sales, falling job advertisement figures, and further confirmation of the unfolding national slowdown through the release of official March 2013 quarter GDP results; the domestic market closed out its second consecutive week of losses with a final, sharp descent to a near five-month low. This left the previously well-performing index only marginally above the 4800-point mark at which it started the year, making its mid-may flirtations with 5200 points seem a thing of distant memory.

As investors and economists registered this latest negative turn, few were surprised when the Reserve Bank of Australia opted to leave the cash rate unchanged at 2.75% on Wednesday; signalling its intent to wait for further signs of the effects of earlier cuts before pursuing any possible 'further easing'.

The volatile Aussie dollar slipped slightly in the wake of the decision, before taking a more substantial tumble to finish down another 0.5% approximately. Gold prices also slipped very slightly at the close to finish down \$US8.50; while spot iron ore prices held steady and Singapore petrol prices ticked upwards by just over \$US4.00 (US\$4.05).

Following on from last week's underwhelming 0.6% March 2013 national GDP growth result (and concordant 2.6% annual growth figure); together with details of another monthly trade surplus in April 2013, and less-impressive retail and jobs figures; today's data releases expanded the informational picture with new insights into business confidence and housing finance.

The latest NAB Business Survey revealed business conditions remained subdued (albeit marginally higher), with unchanged 'mediocre confidence levels' in May 2013. Housing finance commitments rose by a below-expectations 1.2% at the national level in April 2013, and by 0.6% in Queensland; taking the annual growth rates to 8.4% and 3.6% respectively.

Market Monitor

	Price (Last Week)
AUD\$/US\$	↓ \$0.9586
All Ord. Share Index	↓ 4,817.35 pts
Cattle Futures (EYCI)	↑ 302.63 Ac/kg
Sugar (ICE No.11 Futures)	↓ 16.42 USc/lb
Cotton (No. 2 Futures)	↓ 84.89 USc/lb
Iron Ore 62% Fe	↔ 117.00 US\$/t
Mogas95 [#]	↑ 118.60. US\$/bbl
Gold (week-end London PM Fix)	↑ 1,386.00 US\$/oz

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

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.

Tourist Accommodation*

National

Total guest nights stayed in hotels, motels and serviced apartments (larger than 15 rooms) rose by 1.6% in the December quarter 2012, to number 24.36 million. The result followed a typical mid-year pickup and increase of 10.6% in September, after a recorded 7.9% decline in June 2012 – in line with the national seasonal pattern of a softening and upsurge respectively in the first and last halves of the year.

The combined total guest nights for these two most recent quarters was, at 48.33 million nights, approximately 6.9% higher than the combined 45.19 million guest nights recorded in the March and June 2012 quarters. In addition, the December quarter result was approximately 1.2% higher than December 2012's 24.06 million guest nights.

Queensland

Guest nights in Queensland hotels, motels and serviced apartments (larger than 15 rooms) decreased by 1.1% to 7.20 million in December 2012, as industry activity began to settle lower following the peak September quarter. The decline followed a seasonal bump of an impressive 17.8% in September 2012, and a 3.1% decrease in guest nights in 2012.

Combined guest nights for the September 2012 and December quarters were, at 14.49 million, approximately 15.3% higher than the combined 12.56 million guest nights recorded in the March 2012 and June 2012 quarters. In annual terms, the accommodation figures for December 2012 were approximately 1.5% higher than the 7.09 million guest nights recorded in the same quarter last year.

Balance of Payments[†]

Australia's balance of payments was a surplus of \$445 million in April 2013 – a solid \$273 million consolidation of the turning-point, \$172 million March surplus; which marked the first such positive trade balance recorded since December 2011. The result came amid a trend increase in goods and services exports of \$111 million, to \$25.648 billion; while imports conversely fell by \$141 million to \$25.204.

Seasonally adjusted results also reported a surplus across the month; though in contrast to the strengthened trend result, the positive margin shrunk to a wafer-thin \$28 million, as export value was weakened by lower commodity prices and a softening in resources and other key non-rural exports.

Labour Force[‡]

National

The trend estimate unemployment rate remained flat in April 2013, again holding steady at 5.5% for the third consecutive month. This is despite an increase of 50,100 in the number of people employed; to 11,663,200. The latest result marks an annual increase of 0.4 points on the 5.1% trend unemployment recorded in April 2012. The

* ABS Cat No. 8635.0
<http://www.abs.gov.au/AUSSTATS/abs@.nsf/ProductsbyCatalogue/7F1BCA4FD889E82CCA25775700164667?OpenDocument>

† ABS Cat No. 5368.0
<http://www.abs.gov.au/AUSSTATS/abs@.nsf/allprimarymainfeatures/A5FB33BD2E3CC68FCA257496001547A1?OpenDocument>

‡ 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.

trend participation rate moved only marginally for the month, up 0.1% to 65.3%, putting trend participation at exactly the same level recorded 12 months previously.

Queensland

Queensland's trend unemployment remained at 5.7% in April 2013, despite only a small drop in the actual number of unemployed persons (down 900 persons). The trend participation rate remained steady at 65.9% in April 2013, leaving participation levels approximately 0.8 percentage points (approximately 900 persons) below the 66.7% trend participation rate recorded in April 2012.

Employment by Industry[§]

As of the February 2013 quarter, there were approximately 2,335,100 employed persons in Queensland. The five industries with the largest number of employed persons were Health Care and Social Assistance (289,700), Construction (251,700), Retail Trade (243,400), Education and Training (174,300) and Manufacturing (161,200). Those industries employing the smallest number of persons included Arts and Recreation Services (30,400), Information, Media, Electricity, Gas, Water and Waste Services (25,900) and Telecommunications (25,200).

Over the year from February 2012, the largest industry-wide employment gains were recorded in the Other Services category (9.1%), the Professional, Scientific and Technical Services Industry (5.2%) and the Health Care and Social Assistance industry (3.6%). The largest declines in industry-wide employment for the State were recorded in Manufacturing (-7.1%) and Retail Trade (-1.2%).

Employed Persons by Industry - Queensland: Original

	'000	Part Time	Full Time	Total	% of Total Employment
Agriculture, Forestry and Fishing		17.7	49.2	66.9	2.86
Mining		1.0	73.4	74.5	3.20
Manufacturing		18.4	142.7	161.2	6.90
Electricity, Gas, Water and Waste Services		1.7	24.2	25.9	1.11
Construction		36.1	215.6	251.7	10.78
Wholesale Trade		13.4	66.5	79.9	3.42
Retail Trade		107.2	136.2	243.4	10.42
Accommodation and Food Services		89.6	65.8	155.4	6.65
Transport, Postal and Warehousing		28.4	117.2	145.6	6.24
Information Media and Telecommunications		5.8	19.5	25.2	1.08
Financial and Insurance Services		11.9	52.4	64.3	2.76
Rental, Hiring and Real Estate Services		7.9	39.6	47.5	2.04
Professional, Scientific and Technical Services		37.1	121.4	158.4	6.78
Administrative and Support Services		30.4	50.1	80.5	3.45
Public Administration and Safety		19.1	136.3	155.3	6.65
Education and Training		65.0	109.2	174.3	7.46
Health Care and Social Assistance		124.6	165.1	289.7	12.4
Arts and Recreation Services		11.4	19.0	30.4	1.3
Other Services		30.5	74.6	105.1	4.50
Total		657.2	1677.9	2335.1	100.00

Source: ABS Cat No. 6291.0.55.003 Labour Force, Detailed (Feb 2013).

[§] 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.

Interest Rates^{**}

RBA Cash Rate

At its meeting on 4 June 2013, the RBA Board voted to leave the official cash rate unchanged at 2.75%.

The global growth outlook remains largely consistent with previous assessments of a below-average year and prospects of a pick-up in 2014. Despite a recent decline, the Board noted that commodity prices remain at high levels historically-speaking. Inflation has also generally moderated in recent months, and monetary policy has been eased further in a number of countries.

Australian growth is expected to continue at below-trend levels in the near term, as consistent with recent published data; and inflation was also pegged as largely in-step with the medium-target and likely to remain so in the coming year to two years.

The Bank determined that its easing in monetary policy over the past 18 months was determined to have 'supported interest-sensitive areas of spending'. Showing that a clear easing bias remains, it also acknowledged some scope for additional future easing if 'required to support demand'.

However for the time being it appears the Board is now firmly in assessment mode, having reverted to its default, 'wait and see' position once again.

Consumer Price Index⁺⁺

Between the December 2012 and March 2013 quarters the national CPI increased by 0.4%, contributing to an overall annual increase of 2.5% over the year to March 2013.

The March quarter 2013 CPI for Brisbane increased by 0.1% to 102.0, bringing the year-on-year increase for March 2012 to March 2013 to 2.1%. This represented the second-smallest quarterly price increase for an Australia capital city (equal with Canberra) and ensured Brisbane retained its third-lowest CPI position.

Private Capital expenditure⁺⁺

National

For the March 2013 quarter, the Australian chain volume trend estimate of private new capital expenditure declined by 2.7%, to \$39.083 billion. This came as expenditure on buildings and structures declined by 3.0% across the quarter (\$24.424 billion); with growth in expenditure on equipment, plant and machinery also declining by 1.9% (at approximately \$14.702 billion).

Queensland

Between the December 2012 and March 2013 quarters, the Queensland chain volume trend estimate of private new capital expenditure decreased by 1.8% to \$11.252 billion. Expenditure on equipment, plant and machinery decreased by approximately 2.5% over the year, to \$3.565 billion; while spending on building and structures in Queensland rose by 1.85%, to \$7.65 billion.

^{**} Reserve Bank of Australia: Cash Rate Target <http://www.rba.gov.au/statistics/cash-rate/> and Housing Loan Indicator Lending Rates <http://www.rba.gov.au/statistics/tables/xls/f05hist.xls?accessed=0706-15:44:13>

⁺⁺ ABS Cat No. 6401.0 <http://www.abs.gov.au/ausstats/abs@.nsf/mf/6401.0>

⁺⁺ 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.

Building Approvals^{§§}

National

The national trend estimate for total dwelling approvals increased by 0.4% to approximately 13,182 approved units in April 2013. Approvals for the three months to April 2013 are around 0.5% lower than estimates recorded in the previous three months. In year on year terms, the trend monthly approvals are approximately 6.3% higher than dwelling approvals recorded in April 2012.

Queensland

In Queensland the trend estimate for total dwelling units approved rose by 0.5% in April 2013 to 2,531 units, having now risen for fifteen consecutive months.

At a combined 7,551 units, approvals across the three months to April were around 3% higher than the dwelling units in the previous three months. Annual growth in dwelling approvals now stands at approximately 11.6% for the year from April 2012 to April 2013 in trend terms.

Housing Finance^{***}

National

The trend value of Australia's housing finance commitments (owner occupation) rose by 1.2% in April 2013, adding around \$170 million, to total \$14.530 billion. Across the three months to April 2013, the national trend estimates for housing finance commitments were approximately 3.3% higher than equivalent commitments in the previous three months. Growth in finance commitments over the twelve months from April 2012 to April 2013 stood at approximately 8.4%.

Queensland

Queensland's trend value of housing finance commitments for owner occupied dwellings increased by 0.6% in April 2013, to \$2.514 billion – the tenth consecutive monthly rise recorded in the State. This latest result positions trend commitments across the three months to April 2013 approximately 1.1% (around \$81 million) higher than in across the previous three months. Over the year to April 2013, the trend value of Queensland's housing finance commitments is now up by around 3.6%.

Retail Trade⁺⁺⁺

National

The estimated trend value of Australian retail turnover rose by 0.4% in April 2013, the fourth consecutive rise of 0.4%, to total \$21.931 billion for the month. Overall turnover was up by 1.15% or \$751.8 million in the three months to April 2013, compared with the previous three months. The *Food retailing* sector displayed the largest turnover contribution, with 0.23%, followed by *Cafes, restaurants and takeaway food services* (0.7%), *Household goods retailing* (0.6%) and *Other retailing* (0.5%). Across the year to April 2013, Australian retail turnover increased by 3.2% in trend terms.

^{§§} ABS Cat No. 8731.0
<http://www.abs.gov.au/AUSSTATS/abs@.nsf/ProductsbyCatalogue/0545FFC6A101264DCA25719F007F6F1F?OpenDocument>

^{***} ABS Cat No. 5609.0
<http://www.abs.gov.au/AUSSTATS/abs@.nsf/ProductsbyCatalogue/05DBCE56402EC566CA25723D000F2999?OpenDocument>

⁺⁺⁺ ABS Cat No. 8501.0
<http://www.abs.gov.au/AUSSTATS/abs@.nsf/productsbyCatalogue/3DDA13ECDC094B1CCA257734002042F2?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.

Queensland

Queensland retail trade increased by 0.4% in April 2013, in line with national levels of retail trade, to be \$4.604 billion. The increase reflected higher spending across most industry groups, with the two largest recorded contributions to trend growth the *Cafes, restaurants and takeaway food services* industry group, which contributed 0.23% in trend terms, *Household goods retailing* sector which contributed 0.13% and *Food retailing* (0.4%). Over the three months to March 2013 compared with the previous three months, trend retail turnover was up by 1.7%. In year-on-year terms, the State added around 4.6%, or \$204.2 million, to the \$4.399 billion in trend value retail turnover recorded in April 2012.

Economic Growth Outlook

National

The National Accounts data for the first quarter of 2013 shows Australian Gross Domestic Product (GDP) increased by 0.6% from the December 2012 to the March 2013 quarters in chain volume trend terms, to be 2.6% higher over the year.^{***} The terms of trade fell by 1.1% across the quarter to be 9.4% lower for the year from March 2012. In seasonally adjusted terms, however, this latest result marked a positive bump of 2.7% in terms of trade in March 2013 (for a year-on-year adjusted decline of 6.2%).

In its latest set of forecasts for the Australian economy (March 2013), economic forecaster Deloitte Access Economics revised down its forecast GDP growth expectations for 2012-13 from 3.0% to 2.8%, with GDP growth expected to hold at this level throughout 2014-15; before inching back up to 3.1% in 2015-16. KPMG Econtech has forecast national growth of 3.7% for 2011-12 in its October 2011 forecasts, with the resource rich states in particular expected to experience strong external demand.

Queensland

Queensland State Final Demand increased by 0.2% from the September to December quarters 2012, to be 2.5% higher over the year from December 2011, in trend terms. In comparison, Western Australia recorded a monthly change of 1.4% (to be 11.1% higher over the year) and NSW recorded a 0.4% increase for the month (to be 2.7% higher over the year). Victoria (-0.7%), South Australia (-1.1%), Tasmania (-1.1%) and the ACT (-0.6%) all recorded negative State Final Demand for the December 2012 quarter.

Queensland Gross State Product (GSP) increased by 0.8% in trend terms (chain volume measures) in September 2012 to be \$71.913 billion.^{§§§} Over the year to the September quarter 2012, Queensland GSP increased by 4.6% (from \$68.584 billion to \$71.913 billion).

Queensland's average growth rate for 2011-12 was 3.8%; compared to the Rest of Australia rate of 3.4%. According to the [Queensland Economic Review](#) (September 2012), State growth of 4% can be expected in 2012-13, after allowing for a softer outlook for the United States and other key global economies in emerging Asia.

*** ABS Cat No. 5206.0

<http://www.abs.gov.au/AUSSTATS/abs@.nsf/allprimarymainfeatures/52AFA5FD696482CACA25768D0021E2C7?opendocument>

§§§ OESR, Queensland State Accounts, September Quarter 2012.

<http://www.oesr.qld.gov.au/subjects/economy/state-accounts/tables/qld-state-accounts-tables/index.php>

The most recent Deloitte Access Economics Business Outlook (March 2013) pointed to a slightly less optimistic GSP growth result for the 2012-13 financial year, with growth revised down from a forecast 4.0% to 2.3%; and moderated forecasts of 4.4%, 4.5% and 4.4% respectively slated for 2013-14, 2014-15 and 2015-16.

The Deloitte report noted that the State has slipped in its position as a contender for the title of 'Australia's fastest growing State' of late, with the summative impact of a smaller resources spend; more State Government cutbacks; and a drop in coal prices, wiping something akin to 'three-quarters of the pace off the peak in spending growth seen in late 2011'.

In light of these negatives, the job market has also somewhat disappointed and the resource construction boom has remained largely concentrated in the mining regions, with housing and commercial construction activity also generally lacklustre outside of the sector and its key locations.

However, it is expected that the 'concentrated pain' from State Budget cutbacks is already peaking and soon to pass; and population growth and a recent fall in vacancy rates suggest a sustained upswing in construction levels may also soon be helping provide fuel for the national recovery.

Further, while coal and other resource developments have seen a number of cost 'blowouts' and planning stage 'casualties', there are also a number of new developments entering the planning pipeline.

The State's massive LNG projects in particular will continue to lead the engineering and construction charge, and should keep investment dollars flowing fast up until their scheduled completion in 2016.

Lucy Manderson
Research Officer

Research and Information Service

QUEENSLAND PARLIAMENTARY SERVICE

Queensland Parliamentary Library & Research Service
Parliament House
Cnr George and Alice Streets Brisbane Qld 4000
Ph: 07 3406 7502 Fax: 07 3210 0172
mailto: Lucy.Manderson@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.