



Weekly Economic Indicators:

Queensland and Australia

Week Ending 21/02/14

Summary

The Aussie dollar increased over the week, to close at just over US90c. It was a volatile week for the local currency, following a dip in its value after weaker than expected Chinese manufacturing data, its current level is more than US10c lower than just one year ago.

The local share market fell during the week, as it reacted to the news from the China Purchasing Managers' Index (which dropped to 48.3 indicating slower factory activity) signalling slower Chinese growth this year than has been experienced over previous years. However, the All Ords. closed the week in a stronger position, to be 5416.64 points by Friday's close of trade.

Gold prices have steadily increased so far in 2014, to close this week at US\$1323.25 per ounce in a continued upward trend for the yellow metal since the start of the year, having gained more than 9%. There are many theories as to the reason for the 2014 gold spot price increase, including the start of the US tapering marking the end of quantitative easing, as well as investors moving out of virtual currency (Bitcoins) in recent weeks.

The United States economy took a hit during the week, a result of terrible winter weather conditions as well as weaker than expected housing and building data, which both fell in January. While the US economy appeared to be on the rise after solid gains in 2013, the slower than anticipated start to this year has some commentators questioning the timing of the Federal Reserve taper.

In Australia, the Reserve Bank released the minutes of its February 2014 meeting, which confirmed the outlook for domestic growth and unemployment remained unchanged, with inflation remaining higher than originally forecast. New revisions have seen the expected inflation rate to mid-2014 increase to 3%, before a drop to 2.5% later in the year. The view is for interest rates to remain largely unchanged with *"little chance of a change in monetary policy at present"*.

There were no major economic releases from the Australian Bureau of Statistics this week.

Market Monitor

	Price (Last Week)
AUD\$/US\$	↑ \$0.9014
All Ord. Share Index	↑ 5416.64pts
Cattle Futures (EYCI)	↑ 298.80 Ac/kg
Sugar (ICE No.11 Futures)	↑ 16.45 USc/lb
Cotton (No. 2 Futures)	↓ 88.11 USc/lb
Iron Ore 62% Fe	↑ 125.00 US\$/t
Mogas95 [#]	↑ 120.70 US\$/bbl
Gold (week-end London PM Fix)	↑ 1323.25 US\$/oz

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

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Interest Rates^{*}

RBA Cash Rate

At its first meeting for 2014, held on 4 February, the Reserve Bank of Australia once more opted to leave the cash rate unchanged at 2.5% in line with almost all analysts' predictions. This marks the sixth consecutive month that interest rates have remained steady.

Key points from the statement released by the Governor, Glenn Stevens, include the prospects of a return to trend, or above, global growth in 2014 fuelled by further recovery in the United States and European economies; firmer consumer demand in the Australian economy as well as improvement in business conditions and confidence; solid expansion in the construction sector; and subdued near-term prospects for business investment as the domestic economy moves from resources.

In terms of its forecast ahead, the RBA believes that Australian economic growth will remain below trend and unemployment will increase, however with the Australian dollar remaining below US\$0.90 and inflation remaining within the 2-3 target range over the next few years, as is forecast, the RBA sees a "period of stability in interest rates."

The release of the *Statement on Monetary Policy* for February 2014 has revised up the growth and inflation forecasts at least for the short-term, reflecting the fall in the currency exchange as well as higher CPI and a softer outlook for wages growth. The RBA forecast of a period of interest rate stability was reiterated, with the statement also going so far as to predict "no change to the cash rate for one year."

Consumer Price Index[†]

The national headline CPI increased by 0.8% in the December quarter 2013, compared to a rise of 1.2% in the previous quarter, to be 2.7% higher over the twelve months from December 2012. The strongest increases in the latest quarter were for the *Recreation and culture* group, with 2.1% increase over the quarter. The next highest increases were in the *Food and non-alcoholic beverages* group (1.6%) and the *Alcohol and tobacco* group (1.6%). The *Transport* group (-1.1%) and the *Health* group (0.5%) experienced negative change for the December 2013 quarter.

The December quarter 2013 CPI for Brisbane increased by 0.8% to 104.6, bringing the year-on-year increase for December 2012 to December 2013 to 2.6%, matching Sydney and Hobart at 2.6% increase over the year. This placed Brisbane fourth for the annual percentage increase for an Australia capital city, behind Darwin (4.4%), Perth (2.9%) and Melbourne (2.7%). Brisbane, at 2.6%, was slightly lower than the weighted average of all eight capital cities at 2.7% for the twelve months from December 2012.

For December 2013 for Brisbane, the largest state-wide movement was in the *Recreation and culture* group (0.26%), in particular Domestic holiday travel and accommodation, increasing 7.5% in the quarter. The *Food and non-alcoholic beverages* group (0.23%) and the *Housing* group (1.8%) also contributed to the Brisbane CPI gain. The largest deduction from inflation in Brisbane for the December quarter 2013 was the *Health* group (-0.04%) and the *Clothing and footwear* group (0.03%).

* 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>

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Labour Force[‡]

National

A less than 0.1% increase pushed the trend national unemployment rate up from its previous monthly mark of 5.8% to 5.9% in January 2014, with the number of employed persons having decreased by approximately 1,500 across the month, while the number of unemployed conversely rose by approximately 5,200 persons. This latest recorded monthly rate was approximately 0.5 percentage points higher than the 5.4% unemployment rate recorded in January 2013.

This latest trend decrease in the number of employed persons, which contributed to a now 0.25% annual decrease in employed persons (-29,300 persons) from January 2013, was comprised of a 2.7% monthly reduction (-3,800 persons) in the number of full-time jobs, and a 0.2% (1,700 persons) increase in part-time employment. The trend participation rate remained unchanged at 70.9% in January 2014, down 0.8% (- 29,300) from the 71.7% participation rate recorded at this time one year ago (January 2013).

Queensland

Queensland's trend unemployment rate remained unchanged at 5.9% in January 2014, on par with the national result. This latest monthly mark was approximately 0.1% higher than the 5.8% unemployment rate recorded in January 2013.

The result came as the number of employed persons slipped by a further 0.1% (-2,700 persons) across the month and 0.8% (-18,900) over the year, while the number of unemployed persons simultaneously rose by 0.9% (1,300 persons).

The monthly decline in employment was comprised of a 0.2% reduction (-3,000) in the number of full-time employed persons and a less than 0.1% increase (300 persons) in the number of part-time employed. The trend participation rate slipped by 0.1% to 65.5% in January 2014, to be approximately 0.6% lower than the 66.1% trend rate recorded in January 2013.

Employment by Industry[§]

As of the November 2013 quarter, there were approximately 2,387,600 employed persons in Queensland – an increase of 1.8% across the quarter, and an increase of 1.34% on the 2,356,000 employed persons reported in November 2012. The five industries with the largest number of employed persons were Health Care and Social Assistance (291,063); Retail Trade (285,559); Construction (239,361); Manufacturing (198,627); and Education and Training (174,893). Those industries employing the smallest number of persons included Information, Media, and Telecommunications (25,008); Electricity, Gas, Water and Waste Services (33,098); and Arts and Recreation Services (42,033).

The biggest quarterly employment gains were recorded in the Manufacturing (11.4%); Arts and Recreation Services (8.8%); Rental, Hiring and Real Estate Services (8.6%); and Administrative and Support Services sectors (8.6%). In contrast, Information, Media, and Telecommunications; Professional, Scientific and Technical Services; and Public Administration and Safety, suffered the biggest employment losses over the three months from the previous, August 2013 quarter; declining by 26.9%, 10.0%, and 8.7% respectively.

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

[§] ABS Cat No. 6291.0.55.003
<http://abs.gov.au/AUSSTATS/abs@.nsf/allprimarymainfeatures/35006594EB1126B2CA257132000F9189?openDocument>

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In the year from November 2012, the largest industry-wide employment gains were in Arts and Recreation Services (14.6%); Manufacturing (13.0%), and Retail Trade (10.7%) . The State's largest industry-wide annual declines in employment were recorded in Financial and Insurance Services (-16.6%); Accommodation and Food Services (-11.6%); and Agriculture, Forestry and Fishing (-9.5%).

Employed Persons by Industry - Queensland: Original

'000	Part Time	Full Time	Total	% of Total Employment
Agriculture, Forestry and Fishing	12.3	47.0	59.4	2.49%
Mining	0.9	80.3	81.2	3.40%
Manufacturing	26.0	172.7	198.6	8.32%
Electricity, Gas, Water and Waste Services	3.1	30.0	33.1	1.39%
Construction	34.3	205.1	239.4	10.03%
Wholesale Trade	9.6	65.0	74.6	3.12%
Retail Trade	144.0	141.6	285.6	11.96%
Accommodation and Food Services	87.2	61.1	148.3	6.21%
Transport, Postal and Warehousing	28.2	111.3	139.4	5.84%
Information Media and Telecommunications	6.2	18.8	25.0	1.05%
Financial and Insurance Services	11.6	43.1	54.7	2.29%
Rental, Hiring and Real Estate Services	12.4	38.2	50.6	2.12%
Professional, Scientific and Technical Services	35.5	117.8	153.3	6.42%
Administrative and Support Services	34.7	49.7	84.5	3.54%
Public Administration and Safety	28.5	120.6	149.2	6.25%
Education and Training	71.1	103.8	174.9	7.33%
Health Care and Social Assistance	122.9	168.2	291.1	12.19%
Arts and Recreation Services	15.3	26.7	42.0	1.76%
Other Services	22.0	80.9	102.8	4.31%
Total	705.8	1681.8	2387.6	100.00%

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

International Trade **

In December 2013, the trend estimates for international trade in goods and services reported a surplus of \$184 million, a turnaround of \$250 million on the deficit of \$66 million in November 2013 (revised from earlier reporting). In trend terms, the estimate of goods and services exports increased \$290 million (1%) to \$28.006 billion while the trend estimate of imports of goods and services rose by \$41 million to \$27.822 billion.

In seasonally adjusted terms, the surplus of \$468 million in December 2013 saw a large increase of \$385 million (up 464%) on the surplus recorded in November 2013. This improved balance was made of a minor improvement in exports (up 4% for the month) and an even small increase in imports (up 2%) for December 2013.

International Tourist Visitors ++

National

The number of international visitors to Australia rose by 4.8% in the year to September 2013, to reach 5.813 million. These visitors spent an estimated \$19.168 billion during their time in the country, representing an increase in spending of \$796 million (4.3%). Holiday

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

++ Tourism and Events Queensland, *International Tourism Snapshot*.
http://www.tq.com.au/research/international-source-market-data/international-source-market-data_home.cfm

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travel was the key driver of the spending growth, rising by 10.2% across the year; while expenditure by those visiting friends and relatives (VFR) also rose by 3.2%, and international business expenditure, in contrast, declined marginally.

These spending movements reflected the respective contributions of the different visitor groups to growth in visitor numbers, with the number of holiday visitors having increased by 6.8% to 3.047 million, while VFR visitor numbers rose by 5.4% to 2.127 million; and business visitor numbers conversely fell by 1.5%, to 0.933 million.

Queensland

Queensland saw a healthy improvement in international visitor expenditure in the year to September 2013, with spending increasing by more than \$200 million (5.4%), to \$3.971 billion. The increase reflected both the solid upsurge in international visitation to Queensland, with visitor numbers rising by 4.8% to 2.064 million; and also some strong growth in in-State expenditure, particularly from visitors from China, the UK and the US.

As at the national level, holidaymakers played the central role in Queensland's visitor spending result, with the estimated \$2.1 billion in expenditure by holidaymakers highlighting the ongoing importance of the holiday market to the sunshine state. Holiday visitors also accounted for the largest proportion of growth in visitor numbers, recording an increase of 7.4% to 1.405 million visitors over the year to September. This compared to a 1.4% rise in VFR visitors (to 0.500 million) and a -9.5% fall in business visitors, to 0.188 million.

International Visitors and Expenditure

International Visitor Types and Stays

Queensland	Visitors	Annual change	Average stay	Annual change
Holiday	1,405,000	7.4%	14.2	1.4%
Visiting friends or relatives (VFR)	500,000	1.4%	19.5	13.4%
Business	188,000	(-9.5%)	8.3	(-3.50%)
TOTAL	2,064,000	4.8%	22.0	3.3%

Australia	Visitors	Annual change	Average stay	Annual change
Holiday	3,047,000	6.8%	23.0	2.2%
Visiting friends or relatives (VFR)	2,172,000	5.4%	23.5	1.3%
Business	933,000	(-1.5%)	12.6	0.0%
TOTAL	5,813,000	4.8%	36.3	(-0.3%)

International Visitor Expenditure

	Expenditure (\$ million)	Annual change	Share of expenditure	Spend per visitor
QLD	\$3,971.1 million	5.4%	20.7%	\$1,913.30
Australia	\$19,168.2 million	4.3%	100.0%	\$3,254.81

Source: International Visitor Survey, Tourism Research Australia. As reported by Tourism Queensland, International Tourism Snapshot, Year ending September 2013.

Domestic Tourism^{##}

National

Domestic tourism in Australia was up by 4.1% in the year to September 2013, with visitor numbers rising to 79.955 million on the back of growth across holiday travel (up 6.4% to 33.070 million visitors), VFR travel (up 2.3% to 26.426 million) and business travel (up 3.4% to 14.135 million). Interstate travel visitor numbers in particular rose by 6.8% to 24.752

^{##} Tourism and Events Queensland, *Domestic Tourism Snapshot*.

http://www.tq.com.au/research/summary-visitor-statistics/summary-visitor-statistics_home.cfm

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million visitors. However, while the intrastate visitor figure grew at the slower rate of 2.7%, the majority of tourism continues to occur within each traveller's home state (52.665 million intrastate visitors, or around 69.3%).

Overnight domestic visitor expenditure rose by 4.6% to \$51.703 billion over the 12-month period, representing an additional \$2.3billion in tourism spend for the nation. The increase came largely on the back of spending growth of 6.7% in holiday market to \$22.715 billion, and 5.1% in the VFR market to \$8.695 billion; offsetting -4.3% fall in the business spend, to \$7.866 billion.

Queensland

Growth in domestic overnight travel was more modest in Queensland than at the national level in the year to September 2013, increasing by 1.9% to 17.872 million visitors. Business visitors grew by 7.6% to 3.325 million, and holidaymaker numbers rose by 3.6% to 7.739 million. VFR visitors in contrast declined by -1.2% to 6.128 million; though this may have been offset by an 5.6% increase in VFR visitors' average length of stay. Most of the growth occurred in the interstate market, where visitor numbers increased by 6.1% to 5.541million; while the much larger intrastate market rose by a marginal 0.1% to 12.331million.

Despite Queensland's slightly less promising 1.9% visitor growth figure (compared to the recorded 4.1% national visitor growth); domestic overnight visitor expenditure in Queensland ultimately rose by a more substantial 6.1% (\$801million) to \$5.541 billion. This likely reflected the fact that the domestic holiday and business visitation sectors – the source of the State's visitation growth – typically produce higher spending yields.

Queensland's resulting domestic overnight visitor spending total constituted around 27.2% of the overall domestic expenditure share in Australia, compared with 29.1% for New South Wales, 19.4% for Victoria and 24.4% for the combined remaining states.

Domestic Visitors and Expenditure

Domestic Visitor Types and Stays

Queensland	Visitors	Annual change	Average stay	Annual change
Holiday	7,739,000	3.6%	4.6	(-4.2%)
Visiting friends or relatives (VFR)	6,128,000	(-1.2%)	3.8	5.6%
Business	3,325,000	7.6%	3.4	3.0%
TOTAL	17,872,000	1.9%	4.2	0.0%

Australia	Visitors	Annual change	Average stay	Annual change
Holiday	33,070,000	6.4%	4.1	0.0%
Visiting friends or relatives (VFR)	26,426,000	2.3%	3.4	0.0%
Business	14,135,000	3.4%	3.2	3.2%
TOTAL	75,955,000	4.1%	3.7	(-2.6%)

Domestic Visitor Expenditure

	Expenditure (\$ million)	Annual change	Share of expenditure	Spend per visitor
QLD	\$14.045.2 million	6.1%	27.2%	\$785.88
Australia	\$51,703.3 million	4.6%	100.0%	\$680.71

Source: National Visitor Survey, Tourism Research Australia. As reported by Tourism Queensland, Domestic Tourism Snapshot, Year ending September 2013.

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Private New Capital Expenditure^{§§}

National

For the September 2013 quarter, the Australian chain volume trend estimate of private new capital expenditure increased by 1.6% to \$40.271 billion. This came as expenditure on buildings and structures increased by 3.1% across the quarter (\$26.713 billion); with growth in expenditure on equipment, plant and machinery declining by 1.5% (at approximately \$13.520 billion). The total new capital expenditure change since September quarter 2012 was a fall of 1.8% in trend estimates terms.

Queensland

Between the June 2013 and September 2013 quarters, the Queensland chain volume trend estimate of private new capital expenditure increased by approximately 2.0% to \$11.917 billion. Expenditure on equipment, plant and machinery decreased by approximately 1.8% over the quarter, to \$3.330 billion; while spending on building and structures in Queensland rose by 3.5%, to \$8.589 billion. Over the year from September 2012, total new capital expenditure increased 9.0% in trend estimate terms.

Building Approvals^{***}

National

The national trend estimate for total dwelling approvals grew by 1.5% to 16,583 in the month of December 2013, having now risen every month for the past 2 years. For the three months to December, approvals were approximately 7.04% higher than estimates recorded in the previous three months. Over the year to December 2013, trend growth in dwelling approvals continued strongly with a 25% rise.

Queensland

In December 2013, the trend dwelling approvals in Queensland increased by 3.8% across the month, to 3,517 units. Approvals for the three months to December 2013 were up by approximately 1.5% on the previous three months approval total. In annual terms, the number of approved dwelling units grew by 43.1% in December 2013 (up from 2,457 approved units in December 2012).

Housing Finance⁺⁺⁺

National

The trend value of Australia's housing finance commitments (owner occupation) rose by \$163 million (1.0%) in December 2013, to total \$16.415 billion. Across the three months to December, the national trend estimates for housing finance commitments were approximately 4.1% (+\$1.926 billion) higher than commitments recorded in the previous three months. Over the year from December 2012, housing finance commitments (owner occupied) increased by approximately 18.5% (up \$2.565 billion) in trend terms.

^{§§} ABS Cat No. 5625.0
<http://www.abs.gov.au/AUSSTATS/abs@.nsf/ProductsbyCatalogue/C6EF1D79E13B24EACA257235007866B1?Opendocument>

^{***} 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>

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Queensland

Housing finance in Queensland grew at a slower rate than the national level in December 2013, with the value of commitments climbing by 0.6%, to \$2.838 billion (up from \$2.822 billion in November). In the past three months trend commitments were around 2.2% higher than the value of commitments recorded in the previous July-to-September three-monthly period.

In annual terms, the latest result means the annual trend growth in owner occupied housing finance now stands at around 15.0%, up by approximately \$371 million on the \$2.467 billion in trend commitments reported in December 2012.

Retail Trade⁺⁺⁺

National

In December 2013, national trend retail turnover increased 0.6%, to total \$22.57 billion, following 0.6% rises in the previous four months. For the year from December 2012, the trend estimate of retail turnover increased 4.6%.

The industries experiencing the highest increase in trend turnover includes *Cafes, restaurants and takeaway food services* (1.2%); *Clothing, footwear and personal accessory retailing* (0.7%); and *Food retailing* (0.6%).

Queensland

Queensland trend retail turnover growth increased 0.4% in December 2013, to total, \$4.7 billion, placing Queensland third behind New South Wales and Victoria (with 0.7% growth) and Western Australia (with 0.6%). December 2013 marks the fifth consecutive month of 0.4% growth in trend retail turnover, signalling continued upward growth albeit at a constant pace. For the year to December 2013, the trend increase in retail trade measured 4.1%.

The industry group with the largest contribution to retail turnover growth in Queensland for December 2013 was *Food retailing*, with 0.14%, followed by *Cafes, restaurants and takeaway food services* with 0.11%.

Economic Growth Outlook

National

Third quarter National Accounts data has revealed Australian Gross Domestic Product (GDP) increased by 0.6% from the June quarter to the September quarter 2013 in chain volume trend terms, to be 2.3% higher over the year from September 2012.^{\$\$\$} In terms of the respective gross value-added contributions of industry to the national income and 0.6% trend growth, the most significant percentage point contributions came from the *Other services* (2.1%), *Mining* (1.7% growth), *Agriculture, forestry and fishing* (1.6%), and *Arts and recreation services* (1.5%). The largest trend losses in gross value-added terms were recorded by the *Wholesale trade* (-0.8%), *Manufacturing* (-0.6%), and *Accommodation and food services* (-0.5%) industry groups.

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

^{\$\$\$} ABS Cat No. 5206.0
<http://www.abs.gov.au/AUSSTATS/abs@.nsf/allprimarymainfeatures/52AFA5FD696482CACA25768D0021E2C7?opendocument>

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The prices of Australia's imports rose at a faster rate than the country's export prices in trend terms in September, with the import price index up by 6.1% compared to a 4.2% quarterly increase in the export price index; leading to a decline in Australia's terms of trade in the order of 0.9% in trend terms across the quarter to 88.6. This implies a small reduction in the real purchasing power of domestic production, such that the volume of imports that can currently be purchased with 100 Australian exports has declined to 88.6 import units. The terms of trade are now down by 3.2% over the year from the September quarter 2012. In seasonally adjusted terms, the annual decline is a more significant 3.6% drop (-3.6%).

The December 2013 Deloitte Access Economics Business Outlook has revised down its GDP growth expectations for 2013-14 to 2.5% (from a previously forecast 2.6%), in anticipation of a below-trend result for the national economy. The growth rate is forecast to increase over the next four years.

In sectoral terms, stronger growth is expected to occur in areas that were previously well behind par, such as manufacturing, retail, tourism and utilities, based on the lower Australian dollar exchange against the greenback. According to Deloitte, wealth is increasing as a result of higher housing and share prices, as well as the more subdued increases to electricity prices.

The mining sector is expected to remain strong as the resources companies move further into the production phase and away from the investment phase, while the engineering construction sector is likely to continue its slide into 2014, as the 'construction cliff' unwinds.

GDP growth of 2.7% is forecast in 2014-15, increasing to 3.0% in 2015-16 and 3.2% by 2016-17; before an anticipated slowing to 3.0% growth in 2017-18. The anticipated expansion through to 2016-17 will be fuelled by both strong resource exports volumes and investment transition from the resource sector to the non-resource sectors. The forecasts present a slightly more subdued growth picture than was offered in the previous, September 2013 Deloitte Access Economics report; which in contrast pointed to anticipated stable growth of 2.5% through 2013-14 and 2.6% for 2014-15; rising 2.9% in 2015-16; 3.2% in 2016-17 and 3.0% growth in 2017-18.

Queensland

Queensland State Final Demand increased by 0.4% over the June 2013 quarter, to be 1.5% higher over the year from September 2012, in trend terms. **** The result matched recorded quarterly growth levels in New South Wales (0.4%) and the Northern Territory (0.4%), and eclipsed the slow-growing Western Australia, where demand rose by just 0.1%. However, the Australian Capital Territory was the best of the growth performers with its 0.6% September quarter increase in State Final Demand; and Victoria, South Australia and Tasmania also outperformed the sunshine state in growth terms with demand increases of 0.5%.

The latest *Australian National Accounts, State Accounts 2012-13* from the ABS reported that four states exceeded the national Gross domestic product (GDP) growth rate of 2.6% in 2012-13: the Northern Territory (5.6%), Western Australia (5.1%), Queensland (3.6%) and the Australian Capital Territory (2.7%), with Victoria (1.6%), New South Wales (1.8%), South Australia (1.3%) and Tasmania (-0.6%) below the national GDP rate.

The latest State Accounts (June 2013) show Queensland Gross State Product (GSP) increased by 1.3% to \$74.236 billion, in the June quarter 2013 (chain volume measures-CVM). +++++ Over the year to the June quarter 2013, Queensland's GSP increased by 4.3%, up

**** ABS Cat No. 5206.0

<http://www.abs.gov.au/AUSSTATS/abs@.nsf/Lookup/5206.0Main+Features1Sep%202013?OpenDocument>

++++ OESR, Queensland State Accounts, June Quarter 2013. <http://www.oesr.qld.gov.au/products/tables/qld-state-accounts-tables/qld-state-accounts-tables-201306.xls>

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\$3.044 billion, from June 2012's recorded \$71.192 billion GSP. This compares with Australia's June quarter increase of 0.5%, to be up 2.5% for the twelve months, in trend CVM terms.

The December 2013 Deloitte Access Economics Business Outlook reported forecast GSP growth of 3.6% for the 2013-14 financial year, up from its preliminary growth estimate of 3.4% reported in its previous, September 2013 report. The forecast is based on optimism around the falling value of the Australian dollar, which will benefit exporting sectors, continued low interest rates and stronger exports of natural gas through 2015 and 2016.

The State's outlook for the coming years shows a solid upward trajectory driven largely by natural gas projects and other resources in the short term, but with an anticipated shift in emphasis to the non-resource sectors over the coming decade; with tourism, agribusiness and international education all garnering a mention as potential future drivers of the State's growth.

With GSP anticipated to rise by 3.6% in 2013-14 and 3.6% in 2014-15, before hitting its strides with growth of 5.0% in 2015-16, before declining slightly to 4.6% in 2016-17 and 4.1% in 2017-18; Queensland is well placed to exceed the national trends in its economic growth outlook.

The December 2013 Business Outlook suggests that the key developments fuelling the State's steadily improving prospects include:

- Reduction in the impact of coal mine closures and stalled projects, as well as reduced effect of the State Government cutbacks;
- Queensland's solid population growth, which continues to track above the national average, and which should also contribute to a recovering state housing construction outlook, with low vacancy rates and growing demand set to prompt a sectoral turn-around;
- Strong retail sector growth for Queensland, again tracking above the national average although with a slightly reduced margin than previously;
- Positive growth for the engineering construction sector, particularly in coal and natural gas projects, as well as commercial and infrastructure projects;
- The impact of the lower Australian dollar on inbound tourism, with some encouraging travel and hotel occupancy rates for the Gold Coast and north Queensland already emerging;
- Large scale gas and LNG developments throughout Queensland; and
- A stronger employment position, with the State's job gains falling back in line with national trends and showing continuing momentum.

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