



Weekly Economic Indicators:

Queensland and Australia

Week Ending 07/03/14

Summary

Although not wholly immune to the wave of unease about developments in Ukraine that rattled global markets during the week, the All Ords. ultimately shrugged off the early gloom to notch up an impressive series of gains, bucking international trends and soaring to a five-and-a-half year high.

Investors did fret over the brewing conflict between Russia and Ukraine early on, and the effects on the market were compounded as a number of high-profile companies traded ex-dividend – a situation which sees declared dividends credited to the seller or holder of the shares rather than the buyer (who must wait until the next period to be eligible for dividend payments), and accordingly depresses share prices.

However, by Tuesday the Aussie indexes had reclaimed most of the lost ground, with the latest interest rate decision and some promising building approval figures pushing worries about international tensions into the background. The RBA's widely-predicted decision to leave rates on hold at 2.5% continued what has been the longest run of rate stability since the cash rate peaked at 4.75% through 2010-11; and the consistently low rates may also have figured in the impressive 1.3% and 2.6% national and state growth in trend dwelling units approved in January 2014 – results which have fuelled hopes of an impending building boom.

Sentiments were further roused on Wednesday as new National Accounts data revealed Gross Domestic Product (GDP) returned to near trend growth levels in December 2013, rising by 0.7% across the quarter, and 2.7% in annual terms. The news saw the market climb to its highest level in five-and-a-half years before the day's close; and the subsequent release of some encouraging retail sales and trade data on Thursday served to help the market retain its lofty new position.

The January 2014 retail and trade figures revealed trend retail turnover rose by a solid 0.7% nationally and 0.6% in Queensland in the first month of the year; just as expanding exports contributed to a 65.2% increase in the trend trade surplus, to a more than two-year high of \$986 million. Sentiments were thus appropriately bullish leading into the final day of trade, and manifested in widespread sectoral gains, elevating the milestone mark higher once more before the close.

Market Monitor

	Price (Last Week)
AUD\$/US\$	↔ \$0.8980
All Ord. Share Index	↑ 5440.62 pts
Cattle Futures (EYCI)	↑ 314.80 Ac/kg
Sugar (ICE No.11 Futures)	↑ 18.02 USc/lb
Cotton (No. 2 Futures)	↓ 89.18 USc/lb
Iron Ore 62% Fe	↓ 117.00 US\$/t
Mogas95 [#]	↓ 120.41 US\$/bbl
Gold (week-end London PM Fix)	↑ 1335.25.50 US\$/oz

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

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RBA Cash Rate

At its latest meeting on 4 March 2014, the Board of the Reserve Bank of Australia opted to leave the cash rate unchanged at 2.5%. The result was in keeping with analysts' predictions, and marked the seventh consecutive month rates have been kept at this level.

Governor Glenn Steven's statement also affirmed that this position of neutrality is likely to continue for some time, with the Board deeming a period of rates stability 'the most prudent course'.

Key points from the decision statement include:

- Prospects of a pickup in the global economy remain reasonable, following 2013's year of below-trend growth. Japan in particular has recorded a significant economic acceleration of late, and the US, China and Euro area continue on their recent expansion/recovery trajectories.
- International financial conditions remain very accommodative, with long-term interest rates low and equity and credit markets generally well-placed to provide adequate funding in most markets.
- Domestic consumer demand is firming and business conditions and confidence improving, though as resources sector spending is set to decline, public spending and investment prospects in other sectors remain subdued.
- With labour demand remaining weak, unemployment has continued to edge higher and is expected to climb further before it peaks.
- Monetary policy remains accommodative and 'appropriately configured to foster sustainable growth in demand and inflation outcomes consistent with the target'.

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 recorded increases were for the *Recreation and culture* group (2.1%), *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%) both declined over the December 2013 quarter.

The Brisbane CPI rose by 0.8% to 104.6 in the December quarter 2013, bringing the year-on-year increase for December 2012 to December 2013 to 2.6%. 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%); and slightly behind the 2.7% weighted average of all eight capital cities across this period.

The largest CPI movements for Brisbane in the December 2013 quarter were recorded by the *Recreation and culture* group (0.26%), the *Food and non-alcoholic beverages* group (0.23%) and the *Housing* group (1.8%) also contributed to the Brisbane CPI gain. The largest detractors from inflation in Brisbane over the December 2013 quarter were 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 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 1.4% 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).

NEW

International Trade **

In January 2014, trend estimates for international trade in goods and services reported a surplus of \$986 million. This marked a 65.2% increase on the \$597 million trend surplus reported in December 2013, as trend goods and services exports increased by an estimated \$448 million (1.5%) to \$28.972 billion; while the trend estimate of imports of goods and services rose by a lesser \$59 million (0.2%), to \$27.986 billion.

In seasonally adjusted terms, there was an almost tripling of the December surplus in January 2014, with an increase of \$842 million (142.5%) to \$1.433 billion. This improved balance was down to a 3.7% increase in seasonally adjusted exports across the month, which exceeded the 0.8% rise in January's seasonally adjusted exports.

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%. International business expenditure in contrast declined marginally.

These spending movements generally corresponded with the recorded changes in visitor numbers for each group, 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.

In line with national trends, holidaymakers played the central role in Queensland's visitor spending result, with the estimated \$2.1 billion in expenditure by the group – more than half of all state expenditure – highlighting the ongoing importance of the holidaying market. This is likely to be further reinforced as the segment continues to account 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). While the majority of tourism continues to occur within each traveller's

^{##} 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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home state (52.665 million intrastate visitors, or around 69.3%), interstate travel visitor numbers grew by 6.8% to 24.752 million visitors, while the intrastate visitor figure rose at the slower rate of 2.7%,

Overnight domestic visitor expenditure rose by 4.6% to \$51.703 billion over the 12-month period, representing an additional \$2.3 billion 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 visitation 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 state's growth occurred in the interstate market, where visitor numbers increased by 6.1% to 5.541 million; compared to a marginal 0.1% rise in the much larger intrastate market, to 12.331 million.

Despite Queensland's recording a 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% (\$801 million) to \$5.541 billion. This likely reflected the fact that the domestic holiday and business visitation sectors – the primary sources 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

The Australian chain volume trend estimate of private new capital expenditure fell by 0.7% in the December 2013 quarter, to \$39.126 billion. This came amid a 4.6% decline in expenditure on *equipment, plant and machinery* (to \$12.506 billion), which exceeded the modest, 1.1% increase in expenditure on *buildings and structures* (to \$12.506 billion)

The aggregate annual terms, the overall change in private new capital expenditure was a 2.7% decrease over the year from December 2012 to December 2013.

Queensland

In contrast to the declining national trend, the Queensland chain volume trend estimate of private new capital expenditure rose by approximately 1.2% in December 2013, to \$12.222 billion. As at the national level, expenditure on *equipment, plant and machinery* declined across the month, falling by 2.4% to \$3.203 billion. However, expenditure on *buildings and structures* grew by a greater 2.6%, to \$9.020 billion. Over the year from December 2012, total new capital expenditure growth stood at 10.3% in trend estimate terms.

Building Approvals^{***}

National

The national trend estimate for total dwelling approvals grew by 1.3% to 17,104 in January 2014, and has now risen for 15 consecutive months. Over the year from January 2013, the trend growth in dwelling approvals was a solid 28.4%.

Queensland

The latest monthly rise in Queensland's trend estimate of approved dwelling units – an increase of 2.6% to 3,639 units – takes the sunshine state to a total of 24 months straight growth. In annual terms, the trend increase in approved units for the year to December 2013 was approximately 45.2% (up from 2,506 approved units in January 2013).

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. Over the year from December 2012, housing finance commitments (owner occupied) increased by approximately 18.5% (up \$2.565 billion) in trend terms.

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 annual terms, the latest result means the annual trend growth in

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

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

⁺⁺⁺ ABS Cat No. 5609.0
<http://www.abs.gov.au/AUSSTATS/abs@.nsf/ProductsbyCatalogue/05DBCE56402EC566CA25723D000F2999?O=penDocument>

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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.

NEW

Retail Trade⁺⁺⁺

National

In January 2014, national trend retail turnover increased by 0.7%, to total \$22.837 billion, following similar 0.7% monthly rises in both November and December 2013. Over the year from January 2013, the increase in trend retail turnover stood at 5.6%.

The industries experiencing the largest increase in turnover across the month included *Cafes, restaurants and takeaway food services* (1.4%); *Food retailing* (0.8%) and *Department stores* (0.7%).

Queensland

Queensland trend retail turnover growth increased 0.6% in January 2014, to total, \$4.750 billion, placing Queensland fourth in growth terms, behind Tasmania (1.3%), New South Wales (1.0%) and Victoria (with 0.8% growth). The latest result marked the third consecutive month of turnover growth at this rate (0.6%), signalling a relatively constant pace of expansion in sales expenditure for the state. Over the year to January 2014, the increase in trend retail growth stood at 4.7%.

The Queensland industry groups with the largest contributions to January's monthly retail turnover growth were *Cafes, restaurants and takeaway food services* (1.3%), *Department stores* (0.6%) and *Food retailing* (0.5%).

NEW

Economic Growth Outlook

National

Third quarter National Accounts data has revealed Australian Gross Domestic Product (GDP) increased by 0.7% from the September quarter to the December quarter 2013 in chain volume trend terms, to be 2.7% higher over the year from December 2012.^{\$\$\$} In terms of the respective gross value-added contributions of industry to the national income and the 0.7% trend growth, the most significant percentage point contributions came from the *Mining* (1.4%), *Rental, hiring and real estate services* (1.5%), and *Transport, postal and warehousing* and *Financial and insurance services* (both 1.3%). The largest trend declines in gross value-added terms were recorded by the *Accommodation and food services* (-0.8%), *Wholesale trade* (-0.8%), and *Professional, scientific and technical services* (-0.4%) industry groups.

Australia's terms of trade fell by 0.9% in trend terms in December 2013 (to 87.8), as the prices of Australia's imports fell at a faster rate than the country's exports. The import price index declined by 0.3% in trend terms, compared to a smaller, 0.1% decrease in the export index. The resulting terms of trade drop 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 units of Australian exports has declined to 87.8 import units (down from 88.7 in September 2013). In annual terms the latest decline means the terms of trade have

⁺⁺⁺ 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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now declined by 2.6% over the year from December 2012, and by a more moderate 1.2% in seasonally adjusted terms.

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

NEW

The Australian National Accounts, State Final Demand, chain volume measures (CVM) data for December 2013 revealed Queensland State Final Demand (SFD) increased by 0.1% over the quarter, to be 1.0% higher over the year from December 2012, in trend terms. **** This modest result placed Queensland just above bottom-ranked South Australia in trend growth terms (0.0%), compared to a much more impressive 3.7% trend growth recorded in the Northern Territory and 0.7% trend growth in Western Australia and Tasmania. New South Wales, the Australian Capital Territory and Victoria also outperformed the sunshine state with their respective SFD growth rates of 0.6%, 0.4% and 0.3%.

Queensland's slight improvement in SFD was driven by improved exports of goods and services (at 2.2% growth in trend terms), together with increases in both general government and household consumption expenditure (0.4% and 0.5% respectively).

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 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

**** ABS Cat No. 5206.0

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

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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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