



Economic Indicators: Queensland and Australia

As at 12 June 2015

Market Summary

The Reserve Bank of Australia (RBA) kept the cash rate steady at 2.0% at the June meeting. Recent [comments](#) by the RBA Governor highlight the delicate balance the bank is currently negotiating between stimulating the non-mining sectors of the economy and not adding further fuel to rampant house prices in Sydney and Melbourne. As at 12 June, the All Ordinaries was sitting at 5,520.10pts and the Australian dollar was buying US\$0.7732.

The RBA [Index of Commodity Prices](#) showed bulk commodity falls in [SDR](#) terms of 1.6% in May 2015 (on a monthly average basis) after a revised fall of 3.5% in April, and the index has fallen by 19.5% over the past year in SDR terms (See Figure 1). This equates to 13.9% when expressed in Australian dollars, with the fall in the exchange rate softening this decline somewhat.

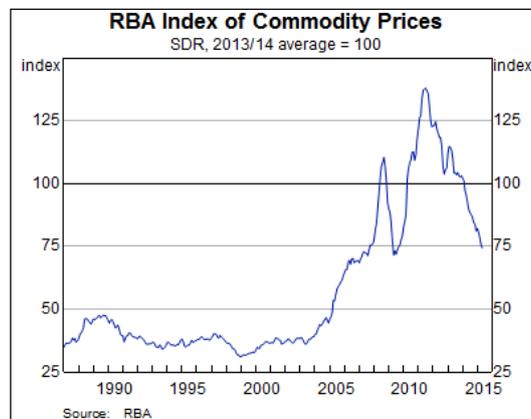


Figure 1 Index of commodity prices, May 2015

Whilst still strongly down from peak prices, commodities were mostly higher as the US dollar weakened slightly. Agricultural commodities had a mixed period, with cattle futures remaining at record highs while cotton and sugar both fell slightly.

Iron ore spot prices continued their steady recovery, reaching 4 ½ month highs during the second week of June. Oil prices continued to recover, although Saudi Arabia hinted that they were considering increasing supply above already record levels, as they seek to maintain the squeeze on US shale producers. Base metals are being held back by concerns about low growth in China, whilst gold continued to track sideways.

Market Monitor

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	Price (Week ending 12 June)
AUD\$/US\$	↓ \$0.7732
All Ord. Share Index	↓ 5,520.10
Cattle Futures (EYCI)	↑ 478.56 Ac/kg
Sugar (ICE No.11 Futures)	↓ 11.92 USc/lb
Cotton (No. 2 Futures)	↓ 65.08 USc/lb
Iron Ore 62% Fe	↑ 65.40 US\$/t
Mogas95[#]	↑ 85.77 US\$/bbl
Gold (week-end London PM Fix)	↓ 1182.80 US\$/oz

Economic Indicators Summary: Latest Results¹		
RBA Cash Rate (2 June 2015)	↔ at 2.00% (Aust)	
Unemployment Rate (May 2015)	Qld ↔ at 6.5%	Aust ↓0.1 at 6.0%
Participation Rate (May 2015)	Qld ↔ at 65.4%	Aust ↔ at 64.8%
Gross Domestic Product (March Quarter 2015)	↑ Aust at 0.6%	
International Trade (Apr 2015)	Trade Balance ↓ 18% at -\$1.88 billion Exports ↓ 0.1% at \$26.73 billion Imports ↔0.0% at \$28.61 billion	
Building Approvals (Apr 2015)	Qld ↓0.8%	Aust ↓0.4%
Retail Trade (Apr 2015)	Qld ↑ 0.4%	Aust ↑ 0.3%
Housing Finance (value)² (Apr 2015)	Qld ↑1.2% at \$3.22billion	Aust ↑ 1.3% % at \$18.92 billion

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

¹ Unless otherwise indicated, the data referred to in this document is trend data. The Australian Bureau of Statistics defines trend data as a seasonally adjusted series that has been further adjusted to remove irregular effects and 'smooth' out the series to show the overall 'trend' of the data over time.

² Owner occupied.

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NEW RELEASES THIS MONTH

General economic data

At its 2 June meeting, the RBA kept the cash rate at the record low level of 2.00%, following continued weakness in consumer spending and low inflation figures.

Proxy data for the state of the economy showed improvement. The [Westpac-Melbourne Institute Index of Consumer sentiment](#) rose by 6.4% in May to 102.4, its highest level since January 2014, following the RBA's 0.25% cut in its cash rate on 5 May and the release of the Federal Budget on 12 May. The [index then fell by 6.9% in June to 95.3](#), the lowest level since the start of the year. This followed further falls in the share market, ongoing uncertainty in Europe, a slowing down in the labour market and increased nervousness about the outlook for house prices.

In May 2015, the [NAB Business conditions and Business confidence indices](#) both increased to +7 from +4 and +3 in April 2015 respectively. This was the most positive measure of business conditions since October 2014 and the highest level of confidence since August 2014.

[ANZ job ads](#) rose 0.4% for the month of May in trend terms, and have now risen every month since November 2013. Job ads are up 9.5% over the year to May, with slow growth in internet job ads and a fall in newspaper job ads in May.

Labour Force³, Australia, May 2015 – released on 11 June 2015

National

The trend national unemployment rate was 0.1% lower at 6.0% in the month of May. There were 3 400 fewer unemployed persons relative to a month earlier. The figure of 6.0% is the same as a year earlier, representing an increase in the number of unemployed of 22 400 persons.

The number of employed persons nationally has increased 0.1% or 15 700 persons for the month of May to a national employed total of 11,747,200 employed persons.

The national participation rate remained steady at 64.8% for the month of May, to be 0.1% higher than twelve months ago.

Queensland

In Queensland, the unemployment rate was steady in May 2015 at a downwardly revised 6.5%. (April figures were previously reported as 6.6%). This represented 600 more people seeking and unable to find employment. In annual terms, the unemployment rate has increased 0.2% (5 000 persons) from the 6.3% recorded in May 2014.

The number of employed persons in the state rose by 3,700 persons (0.2%) in May to total 2,341,800 employed persons. The Queensland participation was steady at 65.4%, to be 0.9% lower than in May 2014.

³ Australian Bureau of Statistics, [Labour Force, Australia, May 2015](#), cat no.6202.0, ABS, 2015

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Australian National Accounts: National Income, Expenditure and Product, March qtr 2015, released on 3 June 2015⁴

Trend quarterly GDP growth was 0.6% for the March quarter 2015 to be 2.2% for the year. Expenditure on new and used dwellings increased by 4.1% in the quarter. New engineering construction fell by 7.3%, while mineral and petroleum expenditure fell by 3.0%. The terms of trade fell by 1.9% for the quarter and by 12.3% for the 12 months from March 2014. The Export Chain price index decreased 1.1% during the quarter and fell 9.9% through the year. The Import Chain price index increased 0.5% in the March quarter and decreased 0.9% through the year.

Queensland State Final Demand, March Quarter 2015, released on 3 June 2015⁵

Queensland's State Final Demand⁶ fell by 2.0% for the 12 months to March 2015. For the March quarter 2015, its State Final Product fell by 0.7%. The only other state to fare worse was Western Australia with a contraction of 0.9%, as shown in the table below.

State	New South Wales	Victoria	Queensland	South Australia	Western Australia	Australian Capital Territory	Northern Territory
Change in state final demand	0.4	0.8	-0.7	0.3	-0.9	0.3	1.4

Source: Compiled by the Queensland Parliamentary Library with figures from the Australian Bureau of Statistics.

Private New Capital Expenditure and Expected Expenditure, Australia, March qtr 2015, released on 28 May 2015⁷

National

Private new capital expenditure was down 2.3% for the March quarter, at \$36.399 billion, and has fallen 5.7% in the year to March 2015. Expenditure on building and structures fell 3.7% for the quarter to \$23.553 billion, whilst expenditure on equipment, plant and machinery rose 0.7% to \$12.902 billion.

Queensland

Expenditure in Queensland on buildings and structures fell 14.4% in the March quarter to \$5.164 billion. Expenditure on equipment, plant and machinery fell 1.5% to \$2.802 billion. Total private new capital expenditure fell 10.3% in the March quarter to \$7.964 billion, to be down 28.4% for the year to March 2015.

⁴ Australian Bureau of Statistics, [Australian National Accounts: National Income, Expenditure and Product, Mar 2015](#), cat no. 5206.0, ABS, 2015

⁵ Australian Bureau of Statistics, [Australian National Accounts: National Income, Expenditure and Product, Mar 2015](#), cat no. 5206.0, ABS, 2015

⁶ The aggregate obtained by summing government final consumption expenditure, household final consumption expenditure, private gross fixed capital formation and the gross fixed capital formation of public corporations and general government. It is conceptually equivalent to the Australia level aggregate domestic final demand.

⁷ Australian Bureau of Statistics, [Private New Capital Expenditure and Expected Expenditure, Australia, Mar 2015](#), cat no 5625.0, ABS, 2015

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Retail Trade – April 2015, released on 4 June 2015⁸

National

Retail trade in Australia rose 0.3% in April, consistent with rises in the five previous months. Over the year from April 2014, the national estimate of retail turnover increased 4.4%, or \$1.0 billion. In dollar terms at current prices, retail turnover at the national level increased from \$24.064 billion to \$24.133 billion for the month.

The top performing industries in retail turnover for the month (in current prices) were *Clothing, footwear and personal accessory retailing* (1.0%), *Cafes restaurants and takeaway food services* (0.4%), and *Other retailing* (0.3%).

Queensland

In Queensland, the monthly estimated retail turnover increased by 0.4% in April 2015, at \$4.963 billion, to be \$168.0 million, or 3.5%, higher for the twelve months from April 2014. This was the fifth highest increase of the states and territories, with South Australia leading the way at 5.7%.

The *Other retailing* group increased by 1.5% over the month of April, while *Clothing retailing* increased by 1.3% and *Furniture, floor coverings, houseware and textile goods retailing* increased by 1.1%. The greatest declines were in *Takeaway food services* (-0.8%) and *Other recreational goods retailing* (-0.6%).

International Trade in Goods and Services⁹, Australia, Apr 2015, released 4 June 2015

The balance on goods and services declined by \$292 million (18%) to a deficit of \$1.883 billion in April 2015. Credits, or exports of goods and services, reported a fall in the month of \$232 million (1.0%) to \$27.48 billion, while debits, or imports of goods and services, rose \$60 million for the month (0.0%), at \$28.71 billion.

Building Approvals, April 2015¹⁰ – released on 1 June 2015

National

Total dwelling units approved fell 0.4% in April to number 19,045. Over the year from April 2014, the total dwelling approvals have increased 16.5%. The estimated value of new residential building approved fell 0.4% in April, to \$5.176 billion.

Queensland

In Queensland, the estimated total dwelling unit approvals fell by 0.8% over the month of April 2015, to 3,631. The state total dwellings approved has increased 21.0% since April 2014. The estimated value of new residential building approved rose 1.8% in April, to \$1.098 billion.

⁸ Australian Bureau of Statistics, [Retail Trade, Australia, Apr 2015](#), cat no.8501.0, ABS, 2015

⁹ Australian Bureau of Statistics, [International Trade in Goods and Services, Australia, Apr 2015](#), cat no. 5368.0, ABS, 2015

¹⁰ Australian Bureau of Statistics, [Building Approvals, Australia, Apr 2015](#), cat no.8731.0, ABS, 2015

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Housing Finance, April 2015¹¹ – released on 9 June 2015

National

The value of housing finance for total dwellings increased 1.4% nationally for the month of April 2015 to \$32.109 billion. The value of owner occupied housing commitments improved 1.3% to be valued at \$18.924 billion. Investment housing commitments increased 1.4% to be valued at \$13.186 billion.

Queensland

The value of housing finance commitments (owner occupied) for Queensland increased 1.2% at \$3.222 billion in April 2015. The Northern Territory (-1.0%) was the only state to record a fall in value of commitments, whilst the largest increases were in New South Wales (1.8%) and Victoria (1.3%).

Economic releases due out by 10 July 2015:

- Building Approvals, Australia, May 2015 – scheduled for release on 1 July 2015
- RBA – cash rate decision announcement – due for release on 7 July 2015
- International Trade, Australia, May 2015 – scheduled for release on 2 July 2015
- Retail Trade, Australia, May 2015 – scheduled for release on 3 July 2015
- Housing Finance, Australia, May 2015 – scheduled for release on 10 July 2015
- Labour Force, Australia, June 2015 – scheduled for release on 9 July 2015

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¹¹ Australian Bureau of Statistics, [Housing Finance, Australia, Mar 2015](#), cat no. 5609.0, ABS, 2014

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