



## Economic Indicators: Queensland and Australia

As at 14 September 2015

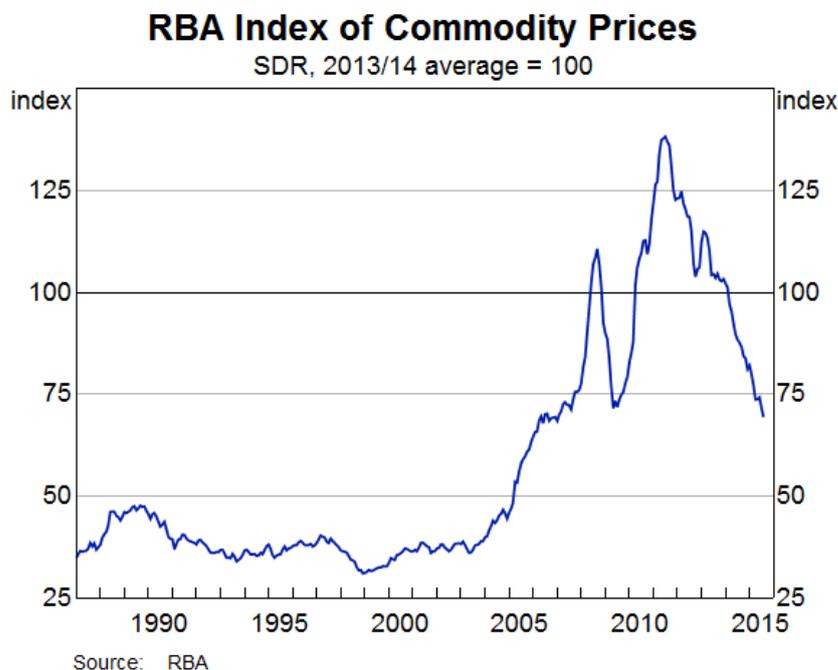
### Market Summary

The Reserve Bank of Australia (RBA) board voted to keep the cash rate steady at 2.0% at the September meeting, following a softening of economic conditions in key trading partners. The statement by the RBA Governor indicated that Australia is experiencing falling terms of trade and a falling dollar as the market adjusts to declining prices for key commodities.

The Australian dollar dipped below US\$0.70 briefly during the week, before closing out at US\$0.7002. The Australian All Ordinaries closed the week down at 5,126.94.

The continued fall in iron ore and oil prices over August were the key driver in the decline recorded for the RBA [Index of Commodity Prices](#). Preliminary data for August shows that the Index of Commodity Prices fell 3.1 per cent (on a monthly average basis), after falling a revised 3.6 per cent in July, to be 20.9 per cent lower over the year in [SDR](#) terms, or 7.4 per cent lower in Australian dollar terms.

The following chart shows the historical Index of Commodity Prices.



**Figure 1: Index of commodity prices, August 2015**

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## Market Monitor

	Price (Week ending 11 Sept)
<a href="#">AUD\$/US\$</a>	↓ \$0.7002
<a href="#">All Ord. Share Index</a>	↓ 5,126.94
<a href="#">Cattle Futures (EYCI)</a>	↑ 581.06 Ac/kg
<a href="#">Sugar (ICE No.11 Futures)</a>	↑ 11.37 USc/lb
<a href="#">Cotton (No. 2 Futures)</a>	↓ 63.08 USc/lb
<a href="#">Iron Ore 62% Fe</a>	↑ 58.50 US\$/t
<a href="#">Mogas95<sup>#</sup></a>	↓ 65.79 US\$/bbl
<a href="#">Gold (week-end London PM Fix)</a>	↓ 1,106.35 US\$/oz

Economic Indicators Summary: Latest Results <sup>1</sup>		
<a href="#">RBA Cash Rate</a> (1 September 2015)	↔ at 2.00%	
<a href="#">Unemployment Rate</a> (July 2015)	Qld ↔ at 6.4%	Aust ↔ at 6.2%
<a href="#">Participation Rate</a> (July 2015)	Qld ↔ at 65.4%	Aust ↑ at 65.0%
<a href="#">Gross Domestic Product</a> (June Quarter 2015) State Final Demand (June Quarter 2015)	Qld ↓ 0.4%	Aust ↑ at 0.5%
<a href="#">International Trade</a> (July 2015)	Trade Balance ↓ 2% at -\$2.999 billion Exports ↔ 0.0% at \$26.081 billion Imports ↔ 0.0% at \$29.080 billion	
<a href="#">Building Approvals</a> (July 2015)	Qld ↓ 0.8%	Aust ↓ 0.7%
<a href="#">Retail Trade</a> (July 2015)	Qld ↔ 0.0%	Aust ↑ 0.2%
<a href="#">Housing Finance (value)<sup>2</sup></a> (July 2015)	Qld ↑ 0.2% at \$3.195 billion	Aust ↑ 0.8% at \$18.861 billion

<sup>#</sup> Mogas 95 is the Singapore benchmark petrol price closely linked to Australian domestic fuel prices.

<sup>1</sup> Unless otherwise indicated, the data referred to in this document is trend data. The Australian Bureau of Statistics (ABS) 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.

<sup>2</sup> Owner occupied.

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## NEW RELEASES THIS MONTH

### General economic data

At its 1 September meeting, the RBA kept the cash rate at the record low level of 2.00%, due to a slowdown in Chinese market conditions as well as falling terms of trade. The Australian dollar dipped below US\$0.70 for the first time since 2009.

The [Westpac-Melbourne Institute](#) Index of Consumer sentiment released on 9 September indicated a fall of 5.6% in September, from 95.5 points in August to 93.9 points. When the index is below 100, more consumers are pessimistic than optimistic about the economy, and it has been below 100 for the past twelve months, averaging 96 points.

The fall in consumer sentiment was a reflection of fluctuations in both domestic and global markets as well as an economic slowdown in key trading partner countries. The news on the falls in the value of the Australian dollar also rated as a significant factor in the downturn.

For August 2015, the [NAB Monthly Business Survey](#) recorded an improvement in non-mining investment, despite the downturn in financial markets in Australia and overseas. Confidence fell from +4 to +1 over the month, however did not reach negative territory which was viewed favourably in a month which saw volatile market reactions. The business conditions index improved 5 points to +11 points in August, to be the highest since late 2009. A chief concern is the employment index, which remains at subdued levels.

On a positive note, [ANZ job ads](#) rose 0.4% in August in trend terms, and have risen every month since November 2013, to be 9.2 % over the year. Newspaper ads continued to fall, however, recording falls of 0.7% for August 2015 and 19.7% in year-on-year trend data.

### Labour Force, Australia, August 2015 – released 10 September 2015<sup>3</sup>

#### National

The trend national unemployment rate remained steady at 6.2%, with unemployment increasing by 6,500 persons compared with July. The number of unemployed increased to 778,400 in August 2015.

Employment rose by 0.1%, or 15,300 persons, for August to 11,765,400. The participation rate increased slightly to 65.0%, to be 0.1% higher than one month ago and 0.4% higher than one year ago.

#### Queensland

The trend unemployment rate was steady at 6.4% in August 2015, from an upwardly revised July estimate and 0.2% lower than the 6.6% recorded one year ago in August 2014.

Employment rose by 3,200 (0.2%) in August to 2,345,100, while the participation rate remained at 65.4%, below the 65.8% recorded twelve months ago.

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<sup>3</sup> Australian Bureau of Statistics, [Labour Force, Australia, August 2015](#), cat no 6202.0, ABS, 2015.

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### International Trade in Goods and Services, Australia, July 2015, released 3 September 2015<sup>4</sup>

The balance on goods and services deficit increased over the month from June by \$45 million (2.0%) to total \$2.999 billion in July 2015. Exports remained steady at \$26.081 billion, an increase of \$17 million (0.0%) for the month, with imports also remaining steady, increasing by \$62 million (0.0%) to \$29.080 billion from June.

### Australian National Accounts: National Income, Expenditure and Product, Jun 2015 , released 2 September 2015.<sup>5</sup>

Australia recorded a 0.5% increase in Gross Domestic Product (GDP), chain volume measure, in June quarter 2015, for a nominal GDP growth rate of 2.4% in 2014-15. This was the weakest growth in nominal GDP since 1961-62.

Queensland [State Final Demand](#) fell 0.4% in the June quarter to be 2.4% lower for the year, the largest quarterly fall of all the states. Western Australia was the only state to fare worse over the past year, falling 0.1% over the quarter and declining 2.6% for the year. Victoria had the highest growth over the past quarter at 1.4% and also over the past year, rising 3.9%.

Change in state final demand	New South Wales	Victoria	Queensland	South Australia	Western Australia	Tasmania	Australia
June Quarter (%)	0.8	1.4	-0.4	0.3	-0.1	0.3	<b>0.6</b>
Annual (%)	2.6	3.9	-2.4	1.7	-2.6	0.5	<b>1.2</b>

Source: Australian Bureau of Statistics

### Retail Trade – July 2015, released 3 September 2015<sup>6</sup>

#### National

Retail trade in Australia rose 0.2% in July, to \$24.329 billion (estimated turnover at current prices). This follows rises of 0.3% in June and May. For the year from July 2014, the national estimate of retail turnover increased 4.4%, or \$1.035 billion, from the \$23.293 billion recorded one year ago.

The top performing industries in retail turnover for the month (in current prices) were *Household goods retailing* (0.07%) and *Food retailing* (0.07%).

<sup>4</sup> Australian Bureau of Statistics, [International Trade in Goods and Services, Australia, July 2015](#), cat no 5368.0, ABS, 2015.

<sup>5</sup> Australian Bureau of Statistics, [Australian National Accounts: National Income, Expenditure and Product, Jun 2015](#), cat no 5206.0, ABS, 2015

<sup>6</sup> Australian Bureau of Statistics, [Retail Trade, Australia, July 2015](#), cat no 8501.0, ABS, 2015.

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## Queensland

Monthly estimated retail turnover was unchanged in July 2015, at \$4.949 billion. This is \$168.5 million, or 3.5%, higher than July 2014. While retail turnover remained relatively unchanged in Queensland and Tasmania from one month ago, the other states experienced increased retail turnover: New South Wales (0.4%), Victoria (0.2%), Western Australia (0.1%), the Australian Capital Territory (0.5%), South Australia (0.1%) and the Northern Territory (0.3%).

*Clothing, footwear and personal accessory retailing* (0.02%) recorded the largest contribution to Queensland retail turnover in July, followed by *Food retailing* (0.01%).

## Building Approvals, July 2015 – released 1 September 2015<sup>7</sup>

### National

Total dwelling units approved fell 0.7% in July to 18,814. Over the year from July 2014, total dwelling approvals increased by 13.8%. The estimated value of new residential building approved fell 0.4% in July, to \$5.792 billion for the month.

### Queensland

Estimated total dwelling unit approvals fell by 0.8% in July, to 3,652. Total dwellings approved has increased 12.0% since July 2014. The estimated value of residential buildings approved in July 2015 decreased 2.2% in July, to \$1.019 billion.

## Housing Finance, July 2015 – released 9 September 2015<sup>8</sup>

### National

The value of housing finance for total dwellings increased 0.5% nationally for July to \$32.576 billion. The value of owner occupied housing commitments rose 0.8% to \$18.861 billion. Investment housing commitments increased 0.1% to \$13.715 billion for the month of July 2015.

The number of owner occupied housing commitments fell by 0.2% in July 2015 for the nation, to 52,696.

### Queensland

The value of housing finance commitments (owner occupied) for Queensland increased 0.2% at \$3.195 billion in July 2015.

The number of owner occupied housing commitments increased by 0.1% in July 2015 for the state, for the third consecutive month, to 10,256 in July 2015. This compares with new South Wales, which recorded a 0.4% increase in the number of owner occupied housing commitments in July 2015 and South Australia, which recorded a 0.1% increase. All other States and Territories recorded falls in the number of owner occupied housing commitments.

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<sup>7</sup> Australian Bureau of Statistics, [Building Approvals, Australia, July 2015](#), cat no 8731.0, ABS, 2015.

<sup>8</sup> Australian Bureau of Statistics, [Housing Finance, Australia, July 2015](#), cat no 5609.0, ABS, 2015.

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## Economic releases due by 15 October 2015:

- Building Approvals, Australia, August 2015 – due for release on 30 September 2015
- Retail Trade, Australia, August 2015 – due for release on 2 October 2015
- RBA – cash rate decision announcement – due for release on 6 October 2015
- International Trade, Australia, August 2015 – due for release on 6 October 2015
- Housing Finance, Australia, August 2015 – due for release on 9 October 2015
- Labour Force, Australia, September 2015 – due for release on 15 October 2015

## Research and Information Service

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