



Economic Indicators: Queensland and Australia

As at 11 August 2016

This report presents some key headline economic indicators for Queensland and Australia. Key items to note for the previous month were:

- The Reserve Bank of Australia (RBA) voted at its 2 August meeting to lower the cash rate by 25 basis points to 1.5%.
- The trend unemployment rate increased by 0.1% to 6.5% for Queensland and remained at 5.7% for Australia over the month of June 2016.
- The All Ordinaries Index has recovered its post-Brexit fall, reaching 52 week highs in the past fortnight. Most commodity prices have also risen over this period.
- Queensland Retail Trade for June 2016 remained largely unchanged (0.0%) in trend terms, to be valued at \$4.986 billion. Australia recorded an increase of 0.2% to \$25.052 billion.

Figure 1. All Ordinaries Index, 10 June to 7 August



Source: ASX, [Charting](#), (accessed on 9 August 2016)

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International Trade, June 2016¹ (released 2 August 2016)

The deficit balance on goods and services increased in June 2016 by \$14 million (1.0%) to \$2359 million. Exports fell to \$26 045 million, a \$149 million (1.0%) decrease for the month. Imports rose \$134 million (0.0%) to \$28 403 million for the month.

The value of Queensland exports increased \$1 073 million (2.3%) over the year to June 2016, to be \$47 561 million in nominal values, subject to revision. China continued to be Queensland's largest export destination, with \$11 100 million in exports, despite a fall of \$132 million (1.2%) over the past 12 months.

Australia's value of exports decreased by \$13 004 million (5.1%) over the year from June 2015 to be valued at \$242 799 million.

The following table shows the key commodity price movements for the week ending 5 August 2016.

Table 1 Commodity indicators (monthly falls indicated in red, rises in green) for week ending 5 August 2016

	Unit	Price (week ending 5 August)
US\$/AUD\$	US\$/A\$	0.7601
All Ord. Share Index		5,598.53
Cattle Futures (EYCI)	Ac/kg	687.06
Sugar (ICE No.11 Futures)	USc/lb	19.39
Cotton (No. 2 Futures)	USc/lb	75.39
Iron Ore 62% Fe	\$US/t	58.90
Mogas95#	\$US/bbl	51.38
Gold (week-end London PM Fix)	\$US/ounce	1340.40

¹ Australian Bureau of Statistics, [International Trade in Goods and Services, Australia, Jun 2016](#), cat no 5368.0, ABS, 2016.

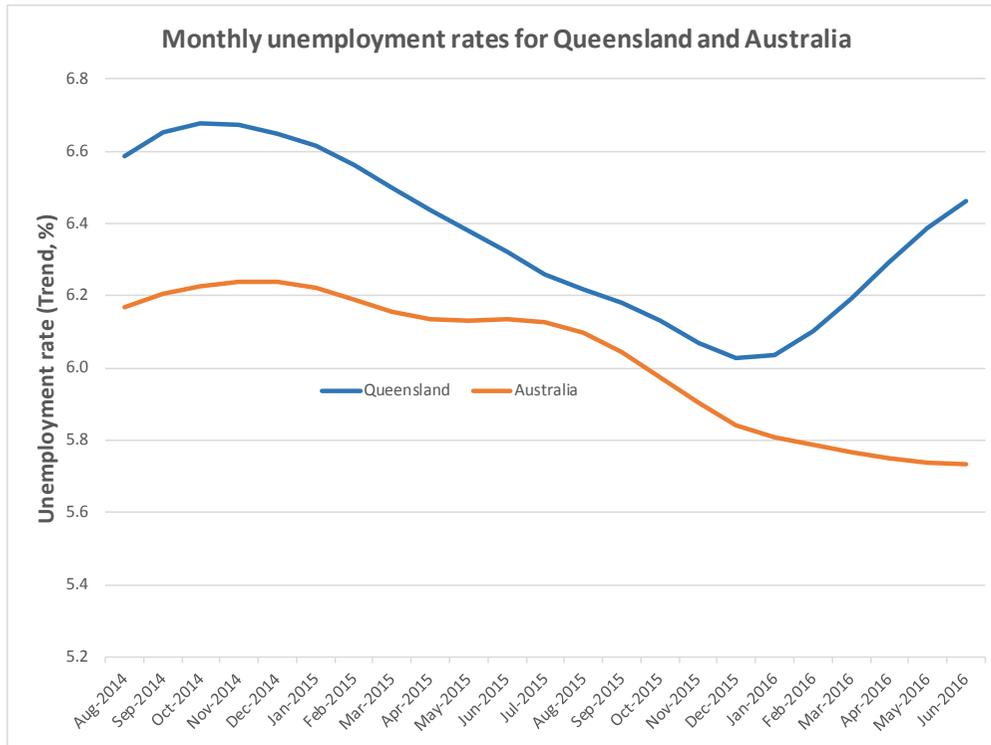
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Business and consumer confidence

Source	Issue/Release date	Change	Reasons for change (as noted in publication)
Westpac-Melbourne Institute Index of Consumer sentiment	August 2016/ 10 July 2016	Up 2% from 99.1 to 101.0 index points.	Consumer sentiment rose in response to the RBA decision to cut interest rates, though the reaction was 'muted' in comparison to the response to the previous rate cut in May. Most consumers do not expect further interest rate cuts, which could have suppressed any rise in optimism. The latest rate cut was also viewed as signifying a weak economy, particularly amongst respondents who wholly own their properties.
ANZ-Roy Morgan Consumer Confidence	Week ending 7 August/ 9 August 2016	Consumer confidence fell 3.3 points to 114.7, below the four-week average (115.8)	Confidence fell despite the RBA decision to cut interest rates on 2 August. Consumers were pessimistic about the near-term economic outlook. Consumer views on their own finances also fell.
ANZ job ads	July 2016/ 8 August 2016	Job ads rose 0.3% in July, the first decline since April. Annual job ad growth has slowed to 6.5% (from 7.4% last month).	Jobs ads declined more quickly in the first half of July, following the Brexit decision and uncertainty regarding the election outcome on 2 July. The number of job ads picked up over the course of July.
NAB Monthly Business Survey	July 2016/ 9 August 2016	The business confidence index fell by 1 point in July (to +4). This is slightly below the long run average (+6). Business conditions fell by 3 points (+8), though this is still above the long run average (+5).	Although the business confidence and conditions indices declined, both results were viewed as positive. Survey results have been relatively consistent over several months, indicating the successful reorientation of the Australian economy away from resources and towards services. Short and medium-term forecasts are strong, though long-term concerns are becoming increasingly evident. A forecast decline in resource exports and dwelling construction from early 2018 might require additional action from the RBA.

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Labour Force, June 2016 (released 14 July 2016)²



Source: Prepared by Parliamentary Library from [ABS data](#), released 14 July 2016

[Click here](#) for electorate level unemployment data for the March quarter 2016

Queensland trend unemployment rose to 6.5%, up 0.1 from the previous month. Employment fell 4900 to 2 349 300 persons. Unemployment rose 1700 to 162 300 persons. The participation rate fell 0.1% to 64.9% from a downwardly revised 65.0% in May.

Australian trend unemployment was steady for the third consecutive month at 5.7%. Monthly unemployment fell by 200, to 725 900. Employment rose by 8300 to 11 933 400. The national participation rate remained unchanged from the previous month at 64.8%.

Unemployment rate (%)

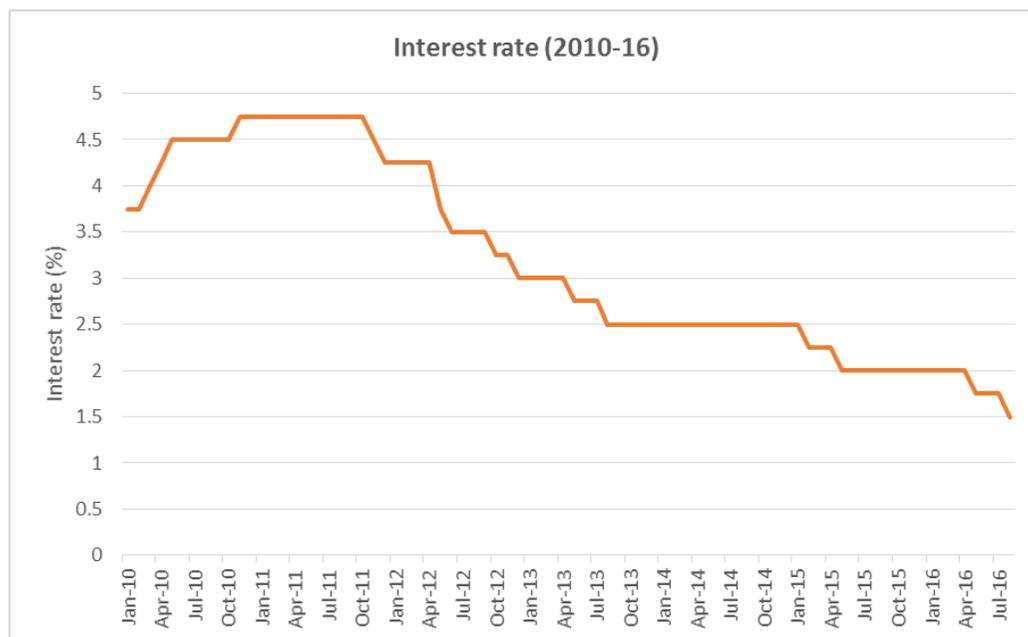
NSW	5.2%
VIC	5.7%
SA	6.9%
QLD	6.4%
WA	5.6%
TAS	6.5%
NT	3.7%
ACT	3.6%
Australia	5.7%

* The number of employed and unemployed divided by the total working age population

² Australian Bureau of Statistics, [Labour Force, Australia, Jun 2016](#), cat no 6202.0, ABS, 2016.

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RBA interest rate decisions³



Source: Compiled by Parliamentary Library using [RBA data](#)

The recent decision by the RBA to cut interest rates marks the continuation of a downward trend since 2011 (see Figure).

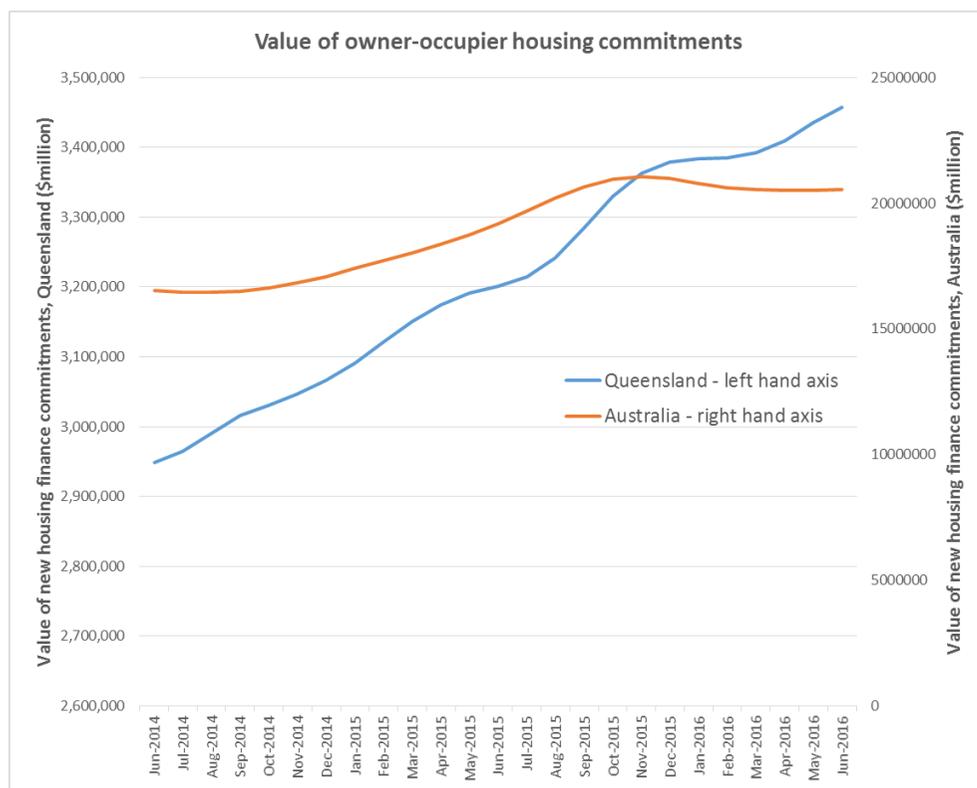
Following the GFC, [interest rates in Australia](#) peaked at 4.75% between November 2010 and October 2011. A series of cuts followed before the rate stabilised at 2.5% in August 2013. The Reserve Bank Board held rates at that level for over a year.

Interest rates were cut by 0.5% in 2015 and have been cut by a further 0.5% in 2016. However, Australia's interest rates remain higher than in many other OECD nations. This suggests that the RBA has left room for further rate cuts over the next few months should these become necessary.

³ Reserve Bank of Australia, [Cash Rate](#), (accessed on 11 August 2016).

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Housing Finance, June 2016⁴ (released 10 August 2016)



Source: Prepared by Parliamentary Library from ABS data

In Queensland, the value of owner occupied housing commitments rose 0.6% to \$3457 million in June 2016.

The change in the value of owner occupied housing commitments across the states and territories is shown below.

NSW	-0.4%
VIC	-0.2%
QLD	0.6%
SA	1.4%
WA	-1.3%
TAS	1.8%
NT	0.9%
ACT	2.3%
Australia	0.2%

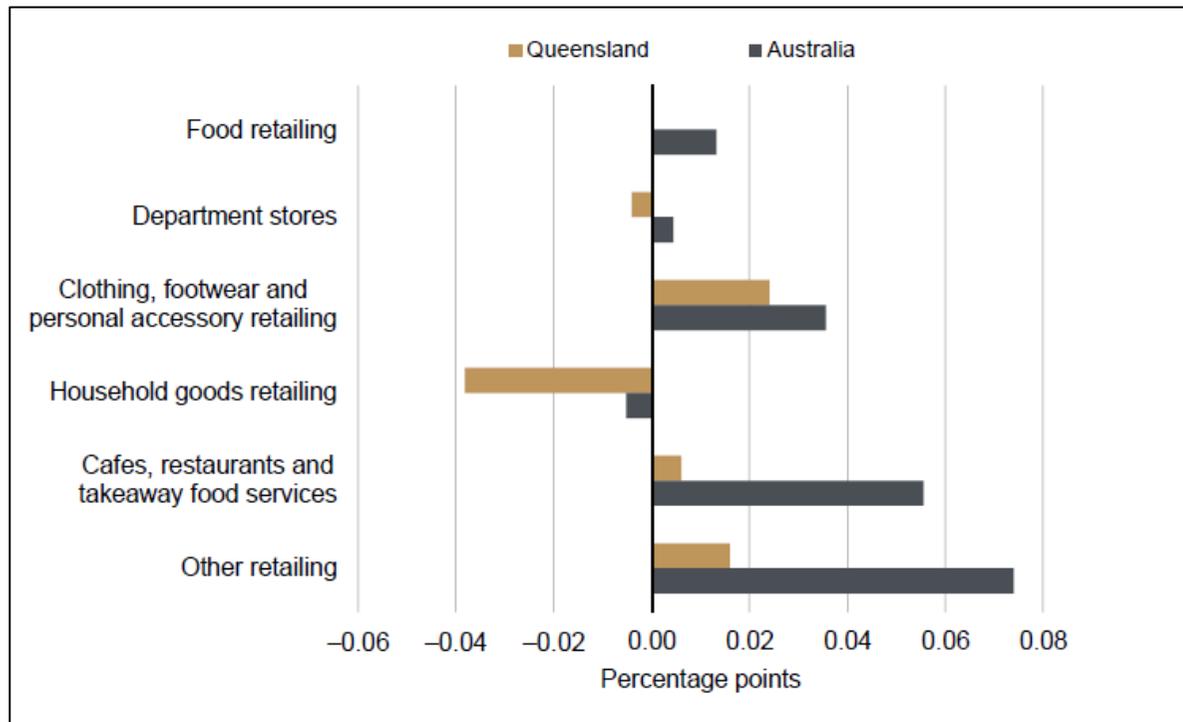
In Australia, the total value of owner occupied housing commitments rose 0.2% to 20 554 million in June 2016. The total value of investment housing commitments (fixed loans) rose 0.8% to \$11 488 million.

The number of owner occupied housing commitments rose 0.2% at 57 247.

⁴ Australian Bureau of Statistics, [Housing Finance, Australia, Jun 2016](#), cat no 5609.0, ABS, 2016.

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Retail Trade, June 2016⁵ (released 4 August 2016)



Source: Queensland Government Statistician's Office

Monthly estimated retail turnover in **Queensland** was unchanged, to be valued at an estimated \$4986 million in June 2016. This was \$44.9 million (0.9%) higher than in June 2015. **Retail trade in Australia** rose 0.2% in June, to \$25 052 million. For the year from June 2015, the national estimate of retail turnover increased 3.1%, or \$760.3 million.

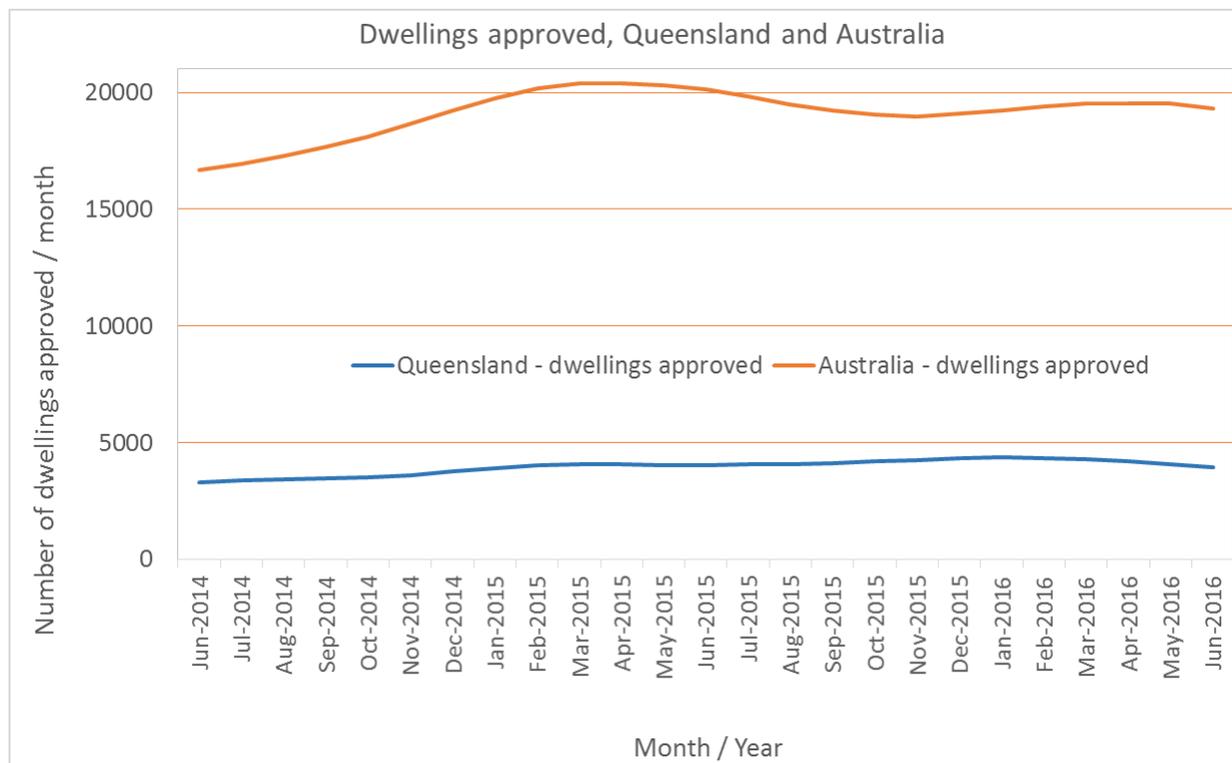
Other retailing and *Clothing, footwear and personal accessory retailing* had the greatest contribution to monthly growth nationally and in Queensland (see Figure). The table below compares monthly trend retail growth:

NSW	0.3%
VIC	0.2%
QLD	0.0%
SA	0.3%
WA	0.1%
TAS	0.3%
NT	-0.4%
ACT	-0.2%
Australia	0.2%

⁵ Australian Bureau of Statistics, [Retail Trade, Australia, Jun 2016](#), cat no 8501.0, ABS, 2016.

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Building approvals, June 2016⁶ (released 2 August 2016)



Source: Prepared by Parliamentary Library from ABS data

In Queensland, dwelling unit approvals fell to 3949 (3.2%), to be down 2.4% for the year, while the estimated value of residential buildings approved in June fell to \$1170.6 million (2.6%).

In Australia, dwelling unit approvals fell 0.9%, to 19 337, to be down 3.9% since June 2015. The estimated value of residential buildings rose by 0.1% to \$6202.5 million.

⁶ Australian Bureau of Statistics, [Building Approvals, Australia, Jun 2016](#), cat no 8731.0, ABS, 2016.

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