



Weekly Economic Indicators:

Queensland and Australia

Week Ending 01/11/13

Summary

The key development of the week was the US Federal Reserve decision to leave its quantitative easing monetary policy unchanged, with asset purchasing continuing at approximately US\$85 billion per month, as the US waits on substantially better labour market data and certainty regarding the debt ceiling crisis outcome. The long-anticipated tapering is slated to begin in 2014, possibly as early as March, assuming there are no further fiscal stand-offs in the New Year.

The decision on quantitative easing by the US has prompted global investors to keep their money with safe haven currencies, such as the Aussie, which has remained within the US94-US97 cents range in recent weeks, higher than the Reserve Bank of Australia would like. As a result, many commentators give very little chance of a cut to interest rates at Tuesday's RBA Board meeting.

The latest Building Approvals data for September 2013 shows Australian trend dwelling approvals growing 2.5% for the month, to be on the rise for the past 21 months straight, and increasing 15.1% over the past year. The national data is being driven higher by New South Wales, which recorded close to 6.0% growth for the month. In Queensland, the trend estimate of total dwelling units increased 1.5% for September 2013, to be 14.2% higher over the previous twelve months.

In a further positive sign, the *Property Council/ANZ Property Industry Confidence Survey* for December 2013 has reported a 25-point increase in Queensland property industry confidence, up to 142 on the index, to match the score for New South Wales, and 10 points higher than the national average at 132 points.

With talk of a 'housing bubble' at such a high level that it has earned its own index, the CommSec devised *Australian Housing Bubble Index*, the latest RP Data-Rismark index showed housing prices have increased 1.3% in October to be 12.6% higher than one year ago. The report shows that in Brisbane house prices increased 1.4% in October (for a median price of \$429,000), compared to Sydney prices which increased 2.4% (for a median price of \$610,000).

Market Monitor

	Price (Last Week)
AUD\$/US\$	↓ \$0.9515
All Ord. Share Index	↑ 5,420.04 pts
Cattle Futures (EYCI)	↑ 292.82 Ac/kg
Sugar (ICE No.11 Futures)	↓ 18.45 USc/lb
Cotton (No. 2 Futures)	↓ 78.78 USc/lb
Iron Ore 62% Fe	↓ 133.00 US\$/t
Mogas95 [#]	↑ 114.40 US\$/bbl
Gold (week-end London PM Fix)	↓ 1306.75 US\$/oz

Tourist Accommodation*

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

The responsibility for the use of the contents of this report or its further distribution either in whole or part lies with the Member. This paper has been prepared to support the work of the Queensland Parliament and its members using information publicly available at the time of production. All care has been taken in the analysis and transmission of this data, but please refer to primary material, as noted, to confirm figures. The views expressed do not reflect an official position of the Queensland Parliamentary Library.

National

Total guest nights stayed in hotels, motels and serviced apartments (larger than 15 rooms) fell 8.5% for the June quarter 2013, to number 21.58 million. For the year from June 2012, total guest nights fell 0.5%, down from 21.67 million one year ago.

The combined total guest nights for these two most recent quarters was, at 45.2 million nights, approximately 6.5% lower than the combined 48.3 million guest nights recorded in the September and December 2012 quarters.

Queensland

Guest nights in Queensland hotels, motels and serviced apartments (larger than 15 rooms) decreased by 4.8% to 6.1 million in June 2013. The decline followed the normal seasonal bump in September and December 2012, however there was an overall 3.1% decrease in guest nights in 2012.

Combined guest nights for the two months of September and December 2012, at 14.4 million was approximately 13.5% higher than the combined 12.5 million guest nights recorded in the March and June 2013 quarters. In annual terms, the accommodation figures for June 2013 were approximately 1.2% higher than the 6.2 million guest nights recorded in the same quarter last year.

Note: This release of the June quarter 2013 data is the last of the quarterly data collection. On 1 July 2013, the data collection will move to an annual release, on a financial year basis.

International Trade[†]

After enjoying surplus trade months in April and May, Australia's trade balance slipped further into deficit in July 2013 (after a revised retreat into negative territory in June); with imports exceeding exports by approximately \$169 million in trend terms. Goods and services credits and debits (exports and imports respectively) both rose across the month; but the increase in imports was a slightly more substantial 0.8% (\$216 million), compared to equivalent export growth of 0.5% (\$134 million).

In seasonally adjusted terms the decline was significantly more marked, with the balance falling to minus \$764 million, as exports grew by a paltry \$54 million (0.2%), while imports surged by a massive \$1.062 billion (4.1%).

Labour Force[‡]

National

For the sixth month in a row, trend national unemployment rose very slightly in September 2013, though the marginal increase was not large enough to push the current trend unemployment rate above the 5.7% level it has now occupied for the past four months. The latest, result (with 706,400 unemployed, to a workforce of 11,646,800 employed) is the highest recorded unemployment rate since September 2009, and a significant 0.4% higher than the 5.3% trend rate recorded in September 2012 (647,000 unemployed to 11,530,600 employed). This followed a monthly decline in the number of people employed in Australia

* ABS Cat No. 8635.0
<http://www.abs.gov.au/AUSSTATS/abs@.nsf/ProductsbyCatalogue/7F1BCA4FD889E82CCA25775700164667?Opendocument>

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

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

The responsibility for the use of the contents of this report or its further distribution either in whole or part lies with the Member. This paper has been prepared to support the work of the Queensland Parliament and its members using information publicly available at the time of production. All care has been taken in the analysis and transmission of this data, but please refer to primary material, as noted, to confirm figures. The views expressed do not reflect an official position of the Queensland Parliamentary Library.

by around 200 in September (from 11,647,000 to 11,646,800); while the number of unemployed persons rose by around 300 persons (from 706,100 to 706,400), in trend terms.

At an aggregate level, these developments meant the Australian Labour Force was relatively steady across the month, with the approximate 100-person increase (0.0%) taking the overall pool of workers to 12,353,200. For the second consecutive month, the participation rate remained steady at 65.0% (revised) – 0.2% lower than September 2012's 65.2% trend participation rate.

Queensland

Queensland's trend unemployment decreased very marginally, but ultimately held at 6.0% for the fourth consecutive month in September 2013 (with 150,600 unemployed persons and 2,370,600 persons employed respectively). The result was a slight 0.1% lower than the trend unemployment rate recorded one year ago in September 2012.

The marginal decrease came as the State's total unemployed population fell by less than 100 persons in trend terms across the month (from 150,600); while the number of employed persons rose by around 4,400 (0.2%), from 2,366,200.

The Queensland Labour Force accordingly increased by around 4,400 persons (0.2%), to 2,521,300 persons; while the trend participation rate remained steady for the third consecutive month at 65.9% – 0.9% higher than the national September trend participation rate. Queensland's Labour Force participation level is now approximately 0.4% below the approximately 66.4% trend participation rate recorded a year earlier in September 2012; and well below the peak participation rate of 67.9% recorded in January/February 2009.

Employment by Industry[§]

As of the August 2013 quarter, there were approximately 2,344,600 employed persons in Queensland – a decline of around 0.5% across the quarter, but up by approximately 0.8% on the 2,326,800 employed persons reported in August 2012. The five industries with the largest number of employed persons were Health Care and Social Assistance (270,900); Retail Trade (265,400); Construction (240,800); Manufacturing (178,300); and Education and Training (171,400). Those industries employing the smallest number of persons included Electricity, Gas, Water and Waste Services (33,200); Information, Media, and Telecommunications (34,200) and Arts and Recreation Services (38,600).

The biggest quarterly employment gains were recorded in the Public Administration and Safety; Manufacturing; and Financial and Insurance Services sectors, which respectively increased their employment numbers by 13.7% (19,700 persons), 10.5% (17,000 persons) and 5.8% (3,200 persons). Administrative and Support Services; Agriculture, Forestry and Fishing; and Accommodation and Food Services, in contrast, suffered the biggest employment losses over the three months from the previous, May 2013 quarter; declining by 16.7% (-15,600 persons), 14.2% (-9,500 persons) and 12.2% (-21,200 persons) respectively.

In annual terms, over the year from August 2012, the largest industry-wide employment gains were recorded in 'Other' industries (up 12.3 % from 88,700 to 99,600); Professional and Scientific Services (up 8.6% from 157,000 to 170,400); and Manufacturing (up 8.5%, from 164,300 to 178,300). The State's largest industry-wide annual declines in employment were recorded in Accommodation and Food Services (-11.0% or 18,900 persons); Agriculture, Forestry and Fishing (-11.0% or 7,100 persons); and Wholesale Trade (-7.7% or 5,500 persons).

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

The responsibility for the use of the contents of this report or its further distribution either in whole or part lies with the Member. This paper has been prepared to support the work of the Queensland Parliament and its members using information publicly available at the time of production. All care has been taken in the analysis and transmission of this data, but please refer to primary material, as noted, to confirm figures. The views expressed do not reflect an official position of the Queensland Parliamentary Library.

Employed Persons by Industry - Queensland: Original

'000	Part Time	Full Time	Total	% of Total Employment
Agriculture, Forestry and Fishing	15.0	42.4	57.4	2.45%
Mining	2.1	75.5	77.6	3.31%
Manufacturing	25.4	152.9	178.3	7.60%
Electricity, Gas, Water and Waste Services	2.1	31.1	33.2	1.42%
Construction	30.3	210.4	240.8	10.27%
Wholesale Trade	14.1	62.8	77.0	3.28%
Retail Trade	122.6	142.8	265.4	11.32%
Accommodation and Food Services	94.6	58.5	153.0	6.53%
Transport, Postal and Warehousing	27.8	102.8	130.5	5.57%
Information Media and Telecommunications	6.7	27.5	34.2	1.46%
Financial and Insurance Services	10.8	47.8	58.5	2.50%
Rental, Hiring and Real Estate Services	12.4	34.1	46.6	1.99%
Professional, Scientific and Technical Services	32.3	138.2	170.4	7.27%
Administrative and Support Services	31.2	46.6	77.8	3.32%
Public Administration and Safety	27.4	136.1	163.4	6.97%
Education and Training	65.5	105.9	171.4	7.31%
Health Care and Social Assistance	115.4	155.5	270.9	11.55%
Arts and Recreation Services	16.5	22.2	38.6	1.65%
Other Services	22.6	77.0	99.6	4.25%
Total	674.7	1670.0	2344.6	100.00%

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

Interest Rates^{**}

RBA Cash Rate

At its 1 October 2013 meeting, the Reserve Bank of Australia decided to leave the cash rate unchanged for the second consecutive month, at 2.5%.

The Governor's statement confirmed expectations that the global economy would pick up in 2014.

While US monetary policy remains 'on hold', causing some levels of volatility in global financial markets, interest rates around the world remain at very low levels. Commodity prices have also decreased, though they remain historically high; and inflation is generally within the specified target range.

In Australia, the economy continues to grow slightly below trend, partly as a result of the transition away from peak mining investment. However, the easing in monetary policy that has been implemented since late 2011 is starting to take effect, supporting interest-sensitive spending and asset values in a positive manner.

The Board again determined that while it would continue to assess the outlook and adjust policy accordingly, the current setting remains appropriate.

Consumer Price Index⁺⁺

The national headline CPI increased by 1.2% in the September quarter 2013, to be 2.2% higher over the twelve months from September 2012. The strongest increases in the September quarter 2013 were for the Housing group, with the highest increases in *water and sewerage* (9.9%) and *property rates and charges* (7.9%), and the Transport group

^{**} 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>

The responsibility for the use of the contents of this report or its further distribution either in whole or part lies with the Member. This paper has been prepared to support the work of the Queensland Parliament and its members using information publicly available at the time of production. All care has been taken in the analysis and transmission of this data, but please refer to primary material, as noted, to confirm figures. The views expressed do not reflect an official position of the Queensland Parliamentary Library.

(2.4%), with the highest increases in *automotive fuel* (7.6%) and *international holiday travel and accommodation* (6.1%).

The September quarter 2013 CPI for Brisbane increased by 1.3% to 103.8, bringing the year-on-year increase for September 2012 to September 2013 to 2.2%. This placed Brisbane fourth for the annual percentage increase for an Australia capital city, behind Darwin (3.4%), Perth (2.6%) and Melbourne (2.4%). Brisbane equalled the weighted average of all eight capital cities at 2.2% for the twelve months from September 2012.

The largest state-wide movement in the *Housing group* was recorded in Brisbane (0.58%), driven by increases in the areas of *electricity and utilities* (increasing 18.9% and 12.1% respectively). The largest detraction from inflation in Brisbane for the September quarter 2013 was within the *Food and non-alcoholic beverages group*, in particular the *vegetables* category which decreased by 6.5% for the quarter.

Private Capital expenditure^{‡‡}

National

For the June 2013 quarter, the Australian chain volume trend estimate of private new capital expenditure declined by 0.7%, to \$39.176 billion. This came as expenditure on buildings and structures increased by 0.7% across the quarter (\$25.081 billion); with growth in expenditure on equipment, plant and machinery declining by 3.0% (at approximately \$14.098 billion). The total new capital expenditure change since June quarter 2012 was a fall of 4.1% in trend estimates terms.

Queensland

Between the March 2013 and June 2013 quarters, the Queensland chain volume trend estimate of private new capital expenditure increased by 3.75% to \$11.927 billion. Expenditure on equipment, plant and machinery decreased by approximately 1.2% over the quarter, to \$3.642 billion; while spending on building and structures in Queensland rose by 4.7%, to \$8.178 billion. Over the year from June 2012, total new capital expenditure increased 8.5% in trend estimate terms.

NEW

Building Approvals^{§§}

National

The national trend estimate for total dwelling approvals grew for the month of September, up 2.5%, to a total of 15,149 approved units. This is the 21st consecutive month of increases for total dwelling approvals. For the three months to September, there were around 6.9% more approvals than estimates recorded in the previous three months. For the year to September 2013, the trend growth in approvals stood at approximately 15.1%.

Queensland

The Queensland trend estimate for total dwelling approvals for the month of September 2013 increased 1.5%, to 2,732 approved units. Approvals for the three months to September 2013 were around 4.5% higher than estimates recorded in the previous three month period. In annual terms, growth in trend approvals stood at 14.2% higher for the twelve months from September 2012 (up from 2,393 approved units).

^{‡‡} 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>

The responsibility for the use of the contents of this report or its further distribution either in whole or part lies with the Member. This paper has been prepared to support the work of the Queensland Parliament and its members using information publicly available at the time of production. All care has been taken in the analysis and transmission of this data, but please refer to primary material, as noted, to confirm figures. The views expressed do not reflect an official position of the Queensland Parliamentary Library.

Housing Finance^{***}

National

The value of Australia's housing finance commitments (owner occupation) rose by 0.4% in trend terms in the month of August 2013, adding \$59.3 million, to total \$15.299 billion. Across the three months to August, the national trend estimates for housing finance commitments were approximately 3.2% higher than commitments recorded in the previous three months. Over the twelve months from August 2012, housing finance commitments (owner occupied) increased by 11.9% approximately, in trend terms.

Queensland

Housing finance in Queensland moved in line with national trends in August 2013, with the value of owner occupied commitments increasing by a similar 0.4% (\$10.4 million) across the month in trend terms, to \$2.716 billion. This latest result came as the trend commitments rose by around 4.1% (\$321.6 million) across the three months to August 2013, compared to the previous three months.

Over the year to August 2013, the trend value of the State's housing finance commitments was up by approximately 11.8% (increasing by \$286.4 million) on August 2012's reported \$2.429 billion.

Retail Trade⁺⁺⁺

National

In August 2013, trend retail turnover remained steady at 0.0% to \$21.8163.1 billion, following small increases in July and June (0.1% for both months), to be 1.7% higher for the twelve months from August 2012.

In trend terms, *Clothing, footwear and personal accessory retailing* was the highest performing sector, with an increase of 0.5% in August 2013. The *Cafes, restaurants and takeaway food services* industry group added 0.2% to its July turnover total, as did *Housing goods retailing*, while *Food retailing* increased just 0.1% for the month.

Department stores retailing and *Other retailing* fell 0.9% and 0.3% respectively for the month of August 2013.

Queensland

Queensland was relatively unchanged for the month of August 2013, with 0.0% growth recorded, to be valued at \$4.593.6 billion. The year-on-year data was more encouraging, with growth of 3.1% recorded for the twelve months from August 2012.

Queensland reflected the national trend in terms of the specific sectors, with *Cafes, restaurants and takeaway food services* increasing 0.03% and *Food retailing* falling 0.01% for the month.

Economic Growth Outlook

National

*** ABS Cat No. 5609.0
<http://www.abs.gov.au/AUSSTATS/abs@.nsf/ProductsbyCatalogue/05DBCE56402EC566CA25723D000F2999?OpenDocument>

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

The responsibility for the use of the contents of this report or its further distribution either in whole or part lies with the Member. This paper has been prepared to support the work of the Queensland Parliament and its members using information publicly available at the time of production. All care has been taken in the analysis and transmission of this data, but please refer to primary material, as noted, to confirm figures. The views expressed do not reflect an official position of the Queensland Parliamentary Library.

National Accounts data for the second quarter of 2013 revealed Australian Gross Domestic Product (GDP) increased by 0.5% from the March 2013 to June 2013 quarters in chain volume trend terms, to be 2.5% higher over the year.^{***} The terms of trade rose by 1.1% across the quarter; but remained down by 3.3% over the year from June 2012. In seasonally adjusted terms, the quarterly GDP growth stood at 0.6%; while the terms of trade rose by 0.1% across the three months to July 2013 (for year-on-year growth results of 2.6% and -4.9% respectively from the June 2012 quarter).

While *Agriculture, forestry and fishing* recorded the largest quarterly value-added change with growth of 2.4% across the June quarter; in terms of percentage point contributions to the recorded 0.5% trend GDP growth; the largest contributor was the *Financial and insurance services*, which received credit for 0.2% of the rise. Other major percentage point boosts apparently came from *Agriculture, forestry and fishing* (0.1%), *Mining* (0.1%); *Public administration and safety* (0.1%) and *Health care and social assistance* (0.1%) (with an approximate 0.1% margin of error).

Economic forecaster Deloitte Access Economics, in its September 2013 Business Outlook, has revised down its GDP growth expectations for 2013-14 to 2.5%, in anticipation of a below-trend result for the national economy, from 2012-13's recorded 2.9% rate of growth. The outlook, while mainly positive, has been revised down due to the perceived peak in mining construction investment having been reached and the downward fall impacting on economic growth over the forecast period. The key take-away is that Australia's growth remains below global trend levels.

GDP growth of 2.6% is forecast in 2014-15, (increasing to 2.9% in 2015-16 and increasing again to 3.2% by 2016-17, before falling in 2017-18 to 3.0%), fuelled by both strong resource exports volumes and investment transition from the resource sector to the non-resource sectors. This more subdued outlook contrasts to Deloitte Access Economics' previous, June 2013, forecasts of stable growth of 2.6% through 2013-14 and 2.7% for 2014-15, before a rise to 3.0% in 2015-16, 3.2% for 2016-17 and 3.1% growth for 2017-18.

Queensland

Queensland State Final Demand increased by 0.6% over the June 2013 quarters, to be 2.5% higher over the year from June 2012, in trend terms. Positive quarterly changes were also recorded in South Australia (0.6%), New South Wales (0.5%), the ACT (0.3%), Victoria (0.2%) and the Northern Territory (0.2%). Western Australia and Tasmania in contrast experienced a weakening of demand in the June 2013 quarter, down 1.4% and 0.5% respectively.

The latest State Accounts (March 2013) show Queensland Gross State Product (GSP) increased by 1.4%, to \$73.214 billion, in the March quarter 2013 (chain volume measures).^{§§§} Over the year to the March quarter 2013, Queensland's GSP increased by 3.6% (up \$2.568 billion, from March 2012's recorded \$70.646 billion GSP).

NEW

The latest Deloitte Access Economics Business Outlook (September 2013) has reported GSP growth of 2.7% for the 2012-13 financial year, ahead of the June 2013 forecast of 2.3%. For Queensland, the outlook for the coming years shows upward movement, driven by natural gas projects and other resources, although the importance of non-resource sectors, such as

^{***} ABS Cat No. 5206.0

<http://www.abs.gov.au/AUSSTATS/abs@.nsf/allprimarymainfeatures/52AFA5FD696482CACA25768D0021E2C7?opendocument>

^{§§§} OESR, Queensland State Accounts, March Quarter 2013. <http://www.oesr.qld.gov.au/subjects/economy/state-accounts/tables/qld-state-accounts-tables/index.php>

The responsibility for the use of the contents of this report or its further distribution either in whole or part lies with the Member. This paper has been prepared to support the work of the Queensland Parliament and its members using information publicly available at the time of production. All care has been taken in the analysis and transmission of this data, but please refer to primary material, as noted, to confirm figures. The views expressed do not reflect an official position of the Queensland Parliamentary Library.

tourism, agribusiness and international education, also garner a mention as potential growth drivers over coming decades.

With growth forecast to be 3.4% in 2013-14 and 3.5% in 2014-15, before hitting its strides in 2015-16 with 4.9% growth, 4.6% in 2016-17 and 4.2% in 2017-18, Queensland is well placed ahead of national trends in the economic growth outlook.

According to the September 2013 Business Outlook, the following key drivers that are fuelling the State's improved growth outlook include:

- The recovering state housing construction outlook, and the related population growth for the State, which continues to track above the national average
- Strong retail sector growth for Queensland, again tracking above the national average
- Slowing levels of State Government cutbacks as well as fewer closures in the coal sector
- 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 reported
- Large scale gas and LNG developments throughout Queensland, and
- A stronger employment position, with Queensland's job gains falling back in line with national trends and show continuing momentum.

Gas developments and 'clean coal' offer enormous growth prospects for the State in the next few years, according to Deloitte Access Economics, as the air quality of Asian cities continues to cause concerns for the emerging economies, in particular China and India; as these powerhouse economies search out cleaner and greener sources of fuel, Queensland's abundance of natural gas and high quality, low-as h thermal coal places the Sunshine State in a prime position to benefit.

Karen Stokes
Research Librarian

QUEENSLAND PARLIAMENTARY SERVICE

Queensland Parliamentary Library & Research Service
Parliament House
Cnr George and Alice Streets Brisbane Qld 4000
Ph: 07 3406 7413 Fax: 07 3210 0172
mailto: karen.stokes@parliament.qld.gov.au
web: www.parliament.qld.gov.au

The responsibility for the use of the contents of this report or its further distribution either in whole or part lies with the Member. This paper has been prepared to support the work of the Queensland Parliament and its members using information publicly available at the time of production. All care has been taken in the analysis and transmission of this data, but please refer to primary material, as noted, to confirm figures. The views expressed do not reflect an official position of the Queensland Parliamentary Library.