



Economic Indicators: Queensland and Australia

As at 13 March 2015

Market Summary

The Reserve Bank of Australia (RBA) kept the cash rate steady at 2.25% at the [March meeting](#), adopting a 'wait-and-see' approach to gauge the impact of the February rate cut. Currency and share markets had been pricing in a further cut so there was a rapid response to the decision announcement (see Figure 1). [Suspicious](#) activity on the local share market immediately prior to the 2:30pm announcement saw the Aussie dollar jump half a cent against the Greenback and has led to an [inquiry](#) into possible leaks from the RBA board. Similar patterns were seen in February immediately prior to the unexpected rate cut. As at 13 March the Australian dollar was buying US\$0.7644 and the All Ordinaries was sitting at 5,888.60pts after flirting briefly with the 6000pt barrier.

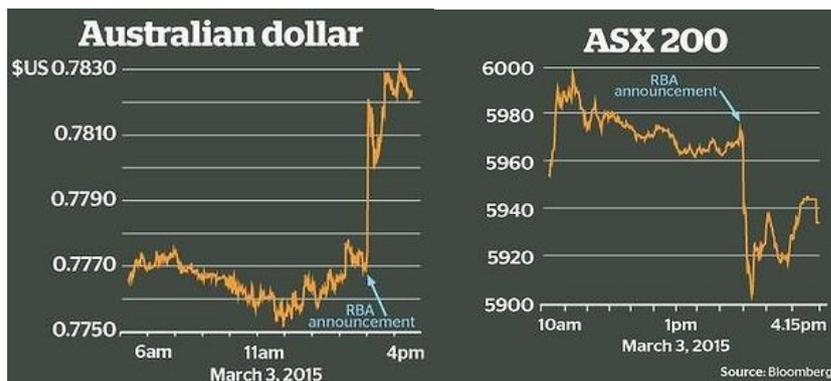


Figure 1 Market response to the March RBA decision

The RBA [Index of Commodity Prices](#) showed bulk commodity falls in [SDR](#) terms of 2.7% in February 2015 (on a monthly average basis) after a revised fall of 0.1% in January, and the index has fallen by 20.6% over the past year in SDR terms (See Figure 2).

Iron ore fell below 60 US \$/tonne and spot prices are near the post-GFC low in 2009. Oil prices recovered slightly based on concerns about supply but gold retreated from recent highs. The weakening of the Australian dollar against major currencies softens the impact of these price declines somewhat. The equivalent monthly and annual changes in Australian dollar terms are an increase of 0.2% in the month of February and a fall of 16.2% in the past year.

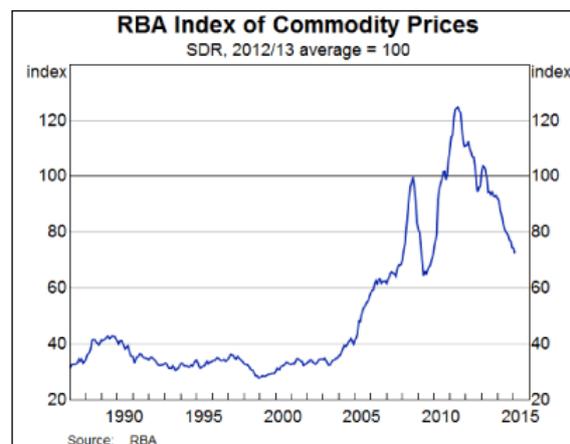


Figure 2 Index of commodity prices, March 2015

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Market Monitor

	Price (Week ending 6 March)
AUD\$/US\$	↓\$0.7644
All Ord. Share Index	↓ 5791.00pts
Cattle Futures (EYCI)	↓426.75 Ac/kg
Sugar (ICE No.11 Futures)	↓13.07 USc/lb
Cotton (No. 2 Futures)	↑61.94 USc/lb
Iron Ore 62% Fe	↓57.90 US\$/t
Mogas95[#]	↑74.70 US\$/bbl
Gold (week-end London PM Fix)	↓1152.00 US\$/oz

Economic Indicators Summary: Latest Results¹

RBA Cash Rate (3 March 2015)	↔ at 2.25% (Aust)	
Unemployment Rate (Jan 2015)	Qld ↓0.1% at 6.5%	Aust ↔ at 6.3%
Participation Rate (Jan 2015)	Qld ↔ at 65.3%	Aust ↔ at 64.7%
International Trade (Jan 2015)	Trade Balance ↑ 8.0% at -\$0.85 billion Exports ↑0.5% at \$27.05 billion Imports ↑ 0.2% at \$27.88 billion	
Building Approvals (Jan 2015)	Qld ↑ 2.6%	Aust ↑1.3%
Retail Trade (Jan 2015)	Qld ↑ 0.4%	Aust ↑ 0.2%
Housing Finance (value)² (Dec 2014)	Qld ↓0.6% at \$3.03 billion	Aust ↑ 0.8% % at \$17.74 billion
Private New Capital Expenditure (Dec qtr 2014)	Qld ↓ 5.6% at \$9.22 billion	Aust ↓ 0.8% at \$37.69 billion
Gross Domestic Product (GDP) Dec Quarter 2014	Aust ↔ at 0.5%	

[#] 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 3 March meeting, the RBA decided to keep the cash rate at the record low level of 2.25%, in order to see whether further support is needed for the softening economy. The stimulus of the rate cut does not appear to have had the desired effect on business or consumer confidence, with key indices falling in the month of March.

The [Westpac-Melbourne Institute Index of Consumer sentiment](#) fell 1.2% to 99.5 in March, and is now sitting at around the pre-budget levels of May 2014. The NAB Business Conditions Index remained at +2, but the [NAB Business Confidence](#) index fell 3 points to sit at zero, the lowest figures since the Federal election in 2013. [ANZ job ads](#) rose 0.2% for the month which was the ninth consecutive rise but the pace of growth has slowed over the last two months. Job ads are up 10.2% over the year to February.

Australian National Accounts: National Income, Expenditure and Product, December Quarter 2014³

GDP growth was 0.4% for the December Quarter, bringing total growth to 2.3% for the year to September. Terms of trade declined 1.9% in the December quarter and 9.1% for the year. Exports were up 0.9% for the quarter and 5.5% for the year to September 2014. Imports rose 0.5% for the quarter but were down 0.3% for the year.

The trend estimate of Mining Gross Value Added (GVA) was flat overall for the quarter but showed a high degree of variability within the sector, with gains in *Iron Ore* (1.7% increase) offsetting quarterly falls in the *Exploration and mining support services* (5.7% decrease in GVA) and *Oil and Gas* sectors (0.5% fall in GVA). *Information, media and telecommunications* GVA rose 1.9% for the quarter whilst *Arts and recreation services* GVA rose 1.8%. The largest falls in GVA in the December quarter were in *Professional, scientific and technical services* (1.8%) and *Agriculture, forestry and fishing* (1.3%).

[State final demand](#)⁴ declined 1.0% in trend terms in the December quarter, and has declined by 2.5% over the past year. Western Australia had the sharpest decline over the past year of 3.1%. The Northern Territory had the highest growth rate in the year to December 2014, with 5.3% growth. Victoria had the highest positive impact on GDP growth over the past quarter, growing by 0.3% in State final demand terms and contributing 0.1% to GDP growth.

International Trade in Goods and Services⁵ – January 2015, released 05/03/2015

The balance on goods and services improved by \$69 million (8%) to a deficit of \$0.847 billion in January 2015. Credits, or exports of goods and services, reported an increase in the month of \$136m (0.5%) to \$27.29 billion, while debits, or imports of goods and services, rose \$67m for the month (0.2%), at \$28.13 billion.

³ Australian Bureau of Statistics, [Australian National Accounts: National Income, Expenditure and Product, Dec 2014](#), cat no. 5206.0, ABS, 2015

⁴ 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.

⁵ Australian Bureau of Statistics, [International Trade in Goods and Services, Australia, Jan 2015](#), cat no. 5368.0, ABS, 2015

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Retail Trade – January 2015⁶

National

Retail trade in Australia rose 0.2% in January, consistent with rises in the four previous months. Over the year from January 2014, the national estimate of retail turnover increased 3.1%. In dollar terms at current prices, retail turnover at the national level increased from \$23.66 billion to \$23.70 billion for the month.

The top performing industries in retail turnover for the month (in current prices) were *Clothing, footwear and personal accessory retailing* (0.7%) and *Department stores* (0.5%). *Other retailing* declined by 0.2% in January.

Queensland

In Queensland, the monthly estimated retail turnover increased by 0.4% in January 2015, at \$4.85 billion, to be 1.3% higher for the twelve months from January 2014. *Cafes, restaurants and takeaway food services* (1.2%) and *Clothing, footwear and personal accessory retailing* (1.1%) showed the greatest increases for the month in Queensland. The *Other retailing* group decreased by 0.6% over the month of December.

Private New Capital Expenditure and Expected Expenditure, Australia, Dec 2014⁷

National

Private new capital expenditure was down 0.8% for the December quarter, at \$37.693 billion, and has fallen 3.9% in the year to December 2014. Expenditure on building and structures fell 1.5% for the quarter to \$25.011 billion, whilst expenditure on equipment, plant and machinery rose 0.9% to \$12.708 billion.

Queensland

Expenditure in Queensland on buildings and structures fell 8.0% in the December quarter to \$6.387 billion. Expenditure on equipment, plant and machinery fell 0.3% to \$2.831 billion. Total private new capital expenditure fell 5.6% in the December quarter to \$9.219 billion, to be down 20.9% for the year to December 2014.

Labour Force⁸ February 2015 – released on 12 March 2015

National

The trend national unemployment rate was steady at 6.3% in the month of February. There were 3,400 more unemployed persons relative to a month earlier. For the year from February 2014, the unemployment rate has increased 0.4% from 5.9%, an increase of 59,600 persons.

The number of employed persons nationally has increased 0.1% or 14,000 persons for the month of February to a national employed total of 11,654,000 employed persons.

⁶ Australian Bureau of Statistics, [Retail Trade, Australia, Jan 2015](#), cat no.8501.0, ABS, 2015

⁷ Australian Bureau of Statistics, [Private New Capital Expenditure and Expected Expenditure, Australia, Dec 2014](#), cat no 5625.0, ABS, 2015

⁸ Australian Bureau of Statistics, [Labour Force, Australia, Feb 2015](#), cat no.6202.0, ABS, 2015

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The national participation rate remained steady at 64.7% for the month of February, to be 0.1% higher than twelve months ago.

Queensland

In Queensland, the unemployment rate fell 0.1% in February 2015 to 6.5%. This represented 100 fewer people seeking and unable to find employment. In annual terms, the unemployment rate has increased 0.4% (11,600 persons) from the 6.1% recorded in February 2014.

The number of employed persons in the state rose by 3,400 persons (0.1%) in February to total 2,326,200 employed persons. The Queensland participation was steady at 65.3%, to be 0.6% lower than in February 2014.

Building Approvals January 2015⁹ – released on 3 March 2015

National

Total dwelling units approved increased by 1.3% in January to number 17,541. Over the year from January 2014, the total dwelling approvals have increased 5.0%.

The estimated value of new residential building approved rose 2.9% in January, to \$5.52 billion.

Queensland

In Queensland, the estimated total dwelling unit approvals rose by 2.6% over the month of January 2015, to 3,526. The state total dwellings approved has increased 8.0% since January 2014. The estimated value of new residential building approved rose 3.3% in January, to \$970.5 million.

Housing Finance, January 2015¹⁰ – released on 11 March 2015

National

The value of housing finance for total dwellings increased 0.8% nationally for the month of January 2015 to \$30.189 billion. The value of owner occupied housing commitments improved 0.8% to be valued at \$17.743 billion. Investment housing commitments increased 1.0% to be valued at \$12.446 billion.

Queensland

The value of housing finance commitments (owner occupied) for Queensland fell 0.6% at \$3.025 billion in January 2015. The largest falls were in the Northern Territory (4.5%) and South Australia (1.4%), whilst the largest increases were in Tasmania (0.8%) and New South Wales (0.7%).

⁹ Australian Bureau of Statistics, [Building Approvals, Australia, Jan 2015](#), cat no.8731.0, ABS, 2015

¹⁰ Australian Bureau of Statistics, [Housing Finance, Australia, January 2015](#), cat no. 5609.0, ABS, 2014

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Economic releases due out by 10 April 2015:

- Household and Family Projections, Australia, 2011 to 2036 – scheduled for release on 19 March 2015
- Labour Force, Australia, Detailed, Feb 2015 – scheduled for release on 19 March 2015
- Building Approvals, Australia, Feb 2015 – scheduled for release on 1 April 2015
- International Trade, Australia, Feb 2015 – scheduled for release on 2 April 2015
- RBA – cash rate decision announcement –due for release on 7 April 2015
- Retail Trade, Australia, Feb 2015 – scheduled for release on 7 April 2015
- Housing Finance, Australia, Feb 2015 – scheduled for release on 10 April 2015

NB. Owing to the annual seasonal reanalysis of Labour Force data due to be released in March 2015, the March issue of Labour Force, Australia (Cat no. 6202.0) will be released on 16 April not 9 April as previously announced by the ABS. The March issue will also include a review of the recent volatility in labour force statistics due to changes in the supplementary survey program.

Commentary on the outcomes of the seasonal reanalysis and review of labour force statistics will be included in the May summary of *Economic Indicators: Queensland and Australia*.

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Queensland Parliamentary Library & Research Service

Parliament House
Cnr George and Alice Streets Brisbane Qld 4000
Ph: 07 3406 7199 Fax: 07 3210 0172
mailto:
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