



Economic Indicators: Queensland and Australia

As at 27 November 2015

Market Summary

The Reserve Bank of Australia (RBA) board voted to keep the cash rate at 2.0% at the December meeting, noting that the available information suggested moderate expansion in the economy had continued despite a large decline in capital spending in the mining sector.

The RBA noted that while economic growth had been below longer-term averages for some time, business surveys suggested an improvement in conditions in non-mining sectors over the past year, accompanied by stronger employment growth and a steady unemployment rate.

The RBA suggested the economy was likely to operate with spare capacity for some time and that inflation was forecast to be within target for the next one to two years.

The Australian dollar reached as high as US\$0.7280 during the week, before closing out at US\$0.7221. The Australian All Ordinaries closed the week up at 5 271.96 pts.

Declines in iron ore, gold prices and the base metals subindex contributed to the fall in the RBA [Index of Commodity Prices](#) of 3.9% in November¹, after falling a revised 0.6% in October, to be 22.0% lower over the year in [SDR](#) terms, or 11.1% lower in Australian dollar terms.

Figure 1 shows the historical Index of Commodity Prices.

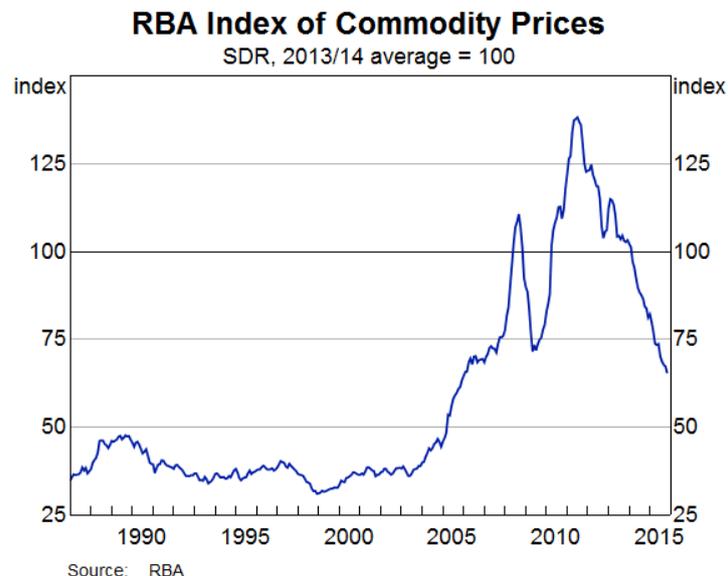


Figure 1: Index of commodity prices, November 2015

¹ Based on preliminary data for November; the fall is on a monthly average basis.

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Market Monitor

	Price (Week ending 27 Nov)
AUD\$/US\$	↓ \$0.7221
All Ord. Share Index	↓ 5,271.96
Cattle Futures (EYCI)	↑ 590.75 Ac/kg
Sugar (ICE No.11 Futures)	↑ 15.01 USc/lb
Cotton (No. 2 Futures)	↓ 61.73 USc/lb
Iron Ore 62% Fe	↓ 43.60 US\$/t
Mogas95[#]	↓ 59.39 US\$/bbl
Gold (week-end London PM Fix)	↓ 1,057.40 US\$/oz

Economic Indicators Summary: Latest Results ²		
RBA Cash Rate (December 2015)	↔ at 2.00%	
Gross Domestic Product and State Final Demand (September 2015)	Qld ↓ -0.7%	Aust ↑ 0.6%
Unemployment Rate (October 2015)	Qld ↔ at 6.3%	Aust ↔ at 6.1%
Participation Rate (October 2015)	Qld ↑ at 65.6%	Aust ↔ at 65.0%
International Trade (October 2015)	Trade Balance ↑ 4.0% at -\$2.684 billion Exports ↑ 1.0% at \$27.043 billion Imports ↔ 0.0% at \$29.727 billion	
Private New Capital Expenditure and Expected Expenditure (September 2015)	Qld ↓ -11.1%	Aust ↓ 6.5%
Building Approvals (October 2015)	Qld ↓ 0.6%	Aust ↑ 3.9%
Retail Trade (September 2015)	Qld ↓ 0.1%	Aust ↑ 0.3%
Housing Finance (value)³ (September 2015)	Qld ↓ 0.3% at \$3.255 billion	Aust ↑ 2.0% at \$20.575 billion

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

² 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.

³ Owner occupied.

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NEW RELEASES THIS MONTH

Business and consumer confidence

Source	Change	Reasons for change (as noted in publication)
Westpac-Melbourne Institute Index of Consumer sentiment	Up 3.9% to 101.7 – highest since January 2014 and only the third month of the last 21 where optimists outnumbered pessimists In Westpac’s words, ‘a cracking result’ When asked ‘Do you expect to spend more; less; or about the same on Christmas gifts compared to last year’, the mix of responses was the most positive since Westpac began asking this question in 2009	While respondents’ views of their own finances were down, this effect was more than offset by their expectations for the overall economy Westpac noted that views on personal finances were ‘presumably linked to the interest rate increases’, while expectations for the economy were ‘most likely boosted by confidence in the new leadership.’
NAB Monthly Business Survey	Business conditions were unchanged at an above average +9 points Business confidence fell, but stayed positive at +2, undoing much of the gains following the change of Prime Minister	Employment conditions improved. Trading conditions improved modestly and profitability eased, but both remained high. Service sectors continued to report better conditions than others Only the finance, property, business, manufacturing and mining sectors improved (although mining stayed negative). The survey still points to a recovery in non-mining sectors, especially in sectors well-positioned to benefit from lower interest rates and the AUS\$
Roy Morgan Research’s Business Confidence	Confidence increased by 6.5 points in October to 119.3, the highest level since November 2014	Continued boost in confidence following the change of Prime Minister
ANZ-Roy Morgan Consumer Confidence	Confidence fell for the third successive week, by 1.5% to 112.8 for the week ending 29 November.	Declines in consumers’ views towards their finances and confidence in the economic outlook
ANZ job ads	Up 1.0% in October in trend terms. Job ads are up 10.9% over the year	-

Labour Force, Australia, October 2015 – released 12 November 2015⁴

National

The trend national unemployment rate remained at 6.1%. Unemployment fell by 3 100 persons compared with September, to 764 900.

Employment rose in October by 0.2%, or 18 800 persons, to 11 815 400 persons. The participation rate was 65.0%, unchanged from September, and 0.4% higher than a year ago.

Queensland

The trend unemployment rate was steady at 6.3% in October 2015, and 0.4% lower than the 6.7% recorded in October 2014.

⁴ Australian Bureau of Statistics, [Labour Force, Australia, October 2015](#), cat no 6202.0, ABS, 2015.

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Employment rose by 4,300 (0.2%) in October to 2,359,800, while the participation rate rose 0.1% to 65.6% for the month, 0.2% above the 65.4% recorded a year ago.

International Trade in Goods and Services, Australia, October 2015, released 3 December 2015⁵

The deficit balance on goods and services reduced in October by \$106 million (4.0%) to \$2.684 billion. Exports increased to \$27.043 billion, a \$123 million (1.0%) increase for the month, with imports relatively steady, increasing by \$74 million (0.0%) to \$29.900 billion.

Australian National Accounts: National Income, Expenditure and Product, Sep 2015 , released 2 December 2015⁶

Australia recorded a 0.6% increase in Gross Domestic Product (GDP), chain volume measure, in the September quarter 2015, giving a GDP growth rate of 2.3% for the four quarters to September 2015.

Queensland's [State Final Demand](#) fell 0.7% in the September quarter to be 2.8% lower for the year, the largest quarterly fall of all the states. Western Australia was the only other state to experience declines over the past year, falling 0.6% over the quarter and declining 2.4% for the year. Victoria had the highest growth over the past quarter at 0.7% and also over the past year, rising 3.9%.

Change in state final demand	NSW	VIC	Qld	SA	WA	Tas	Australia
Sep qtr (%)	0.6%	0.7%	-0.7%	0.2%	-0.6	0.5%	0.1%
Annual (%)	2.7%	3.9%	-2.8%	1.6%	-2.4%	1.6%	0.9%

Source: Australian Bureau of Statistics

Private new capital expenditure and expected expenditure, Australia, June qtr 2015, released on 26 November 2015⁷

National

Private new capital expenditure was down 6.5% for the September quarter, at \$31.949 billion and has fallen 17.8% in the year to September 2015. Expenditure on building and structures fell 7.0% for the quarter to \$20.217 billion, and expenditure on equipment, plant and machinery fell 4.7% to \$11.837 billion.

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

⁶ Australian Bureau of Statistics, [Australian National Accounts: National Income, Expenditure and Product, Sep 2015](#), cat no 5206.0, ABS, 2015

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

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Queensland

Expenditure in Queensland on buildings and structures fell 16.1% in the September quarter to \$3.643 billion. Expenditure on equipment, plant and machinery fell 3.0% to \$2.627 billion. Total private new capital expenditure fell 11.1% in the September quarter to \$6.272 billion, to be down 48.7% for the year to September 2015.

Retail Trade – September 2015, released 4 November 2015⁸

National

Retail trade in Australia rose 0.3% in September, to \$24.478 billion⁹, following rises of 0.3% in August and July. For the year from September 2014, the national estimate of retail turnover increased 3.7%, or \$863.5 million, from \$23.615 billion.

The top performing retail industries for September¹⁰ were *Other retailing* (0.6%), and *Cafes, restaurants, and takeaway food services* (0.4%).

Queensland

Monthly estimated retail turnover fell to \$4.931 billion in September (-0.1%), \$123.8 million (2.6%) higher than September 2014. *Pharmaceutical, cosmetic and toiletry goods retailing* (1.3%), and *Footwear and other personal accessory retailing* (0.5%) saw the biggest increases in retail turnover in September 2015. Eight of the 18 industries considered saw falls in spending, with the largest fall in *Newspaper and book retailing* (-1.5%).

The table below compares Queensland's retail growth in September with other states and territories.

NSW	Vic	WA	Tas	ACT	Qld	SA	NT
0.3%	0.5%	0.3%	0.3%	0.0%	-0.1%	0.1%	0.1%

Building Approvals, October 2015 – released 1 December 2015¹¹

National

Total dwelling units approved fell 0.6% in October to 18 466 and have fallen for seven months. From October 2014, total dwelling approvals increased by 5.1%. The estimated value of new residential building approved fell 0.4%, to \$5.759 billion for September 2015, and has fallen for six months.

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

⁹ Estimated turnover at current prices.

¹⁰ In current prices.

¹¹ Australian Bureau of Statistics, [Building Approvals, Australia, October 2015](#), cat no 8731.0, ABS, 2015.

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Queensland

Estimated total dwelling unit approvals fell 0.2% to 3 697 and has fallen for seven months. Total dwellings approved has increased 10.1% since October 2014. The estimated value of residential buildings approved in October 2015 increased 0.2%, to \$1 071.1 billion.

Housing Finance, September 2015 – released 10 November 2015¹²

National

The value of housing finance for total dwellings increased 0.5% nationally for September to \$33.524 billion. The value of owner occupied housing commitments rose 2.0% to \$20.575 billion. Investment housing commitments fell 1.9% to \$12.948 billion for September 2015.

The number of owner occupied housing commitments rose by 0.7% in September 2015, to 55,053.

Queensland

The value of housing finance commitments (owner occupied) for Queensland increased 0.3% to \$3.255 billion in September 2015.

The change in the number of owner occupied housing commitments across the states and territories in the month of September is in the table below.

NSW	SA	Vic	Tas	Qld	WA	ACT	NT
2.1	0.8	0.8	-0.7	-0.4	-0.7	0.1	-1.3

Economic releases due by 7 January 2016:

- Building Approvals, Australia, November 2015 – due for release on 7 January 2016
- RBA – cash rate decision announcement – due for release on 2 February 2016
- International Trade, Australia, November 2015 – due for release on 7 January 2016
- Retail Trade, Australia, October 2015 – due for release on 4 December 2015
- Housing Finance, Australia, October 2015 – due for release on 9 December 2015
- Labour Force, Australia, November 2015 – due for release on 10 December 2015

¹² Australian Bureau of Statistics, [Housing Finance, Australia, September 2015](#), cat no 5609.0, ABS, 2015.

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