



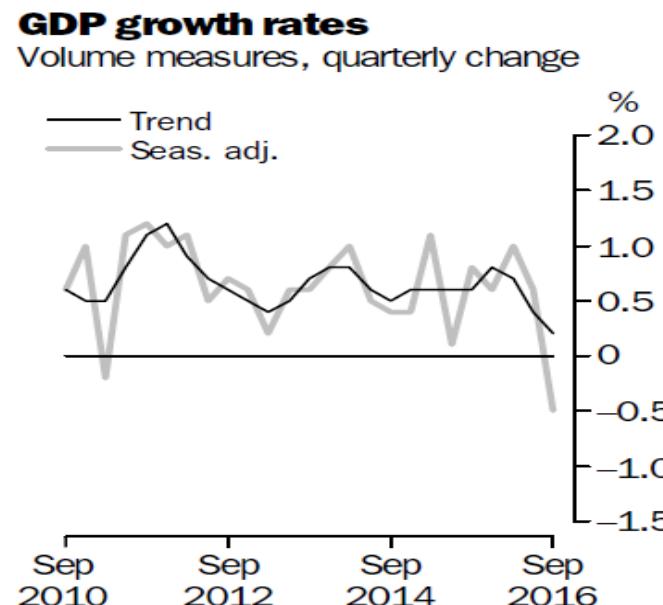
Economic Indicators: Queensland and Australia

As at 16 December 2016

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

- The Australian economy decreased -0.5% in the September quarter 2016 (seasonally adjusted, chain volume terms), the first quarter of negative growth since March quarter 2011. Trend growth (the preferred measure), was 0.2% for the quarter.
- The Queensland [Mid-year Fiscal and Economic Review](#) released on 12 December forecasts an operating surplus of more than \$2 billion in 2016-17, up from the \$867 million surplus forecast at the time of the 2016-17 Budget in June. The increase is a result of increased coal royalties and GST revenue.
- At its last meeting for the year, the Reserve Bank of Australia (RBA) voted to leave the cash rate unchanged at the record low level of 1.5%.
- The oil producing countries (OPEC) voted to reduce production output by 1.2 million barrels per day, effective from January 2017, pushing up the price of crude oil within hours of the announcement.

Figure 1.



Australian Bureau of Statistics, [Australian National Accounts: National Income, Expenditure and Product, Sep 2016](#), cat no 5206.0, ABS, 2016.

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International Trade, October 2016¹ (released 8 December 2016)

The deficit balance on goods and services was 9% lower in October 2016, down \$154 million to \$1 565 million on the previous month. Exports increased by \$228 million (1.0%) to \$27 399 million. Imports remained steady, up \$74 million (0.0%) to \$28 964 million for the month.

The value of Queensland exports decreased \$972.5 million (-2.0%) over the twelve months to October 2016, to be \$47.7 billion in nominal values, subject to revision.

Australia's value of exports decreased by \$11.3 billion (-4.4%) over the year from October 2015 to be valued at \$242.3 billion, in nominal values.

The following table shows the key commodity price movements for the week ending 9 December 2016.

Table 1 Commodity indicators (monthly falls indicated in red, rises in green) for week ending 9 December 2016

	Unit	Price (week ending 9 December)
US\$/AUD\$	US\$/A\$	0.7460
All Ord. Share Index		5538.84
Cattle Futures (EYCI)	Ac/kg	640.56
Sugar (ICE No.11 Futures)	USc/lb	19.35
Cotton (No. 2 Futures)	USc/lb	71.74
Iron Ore 62% Fe	\$US/t	81.78
Mogas95#	\$US/bbl	63.75
Gold (week-end London PM Fix)	\$US/ounce	1163.60

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

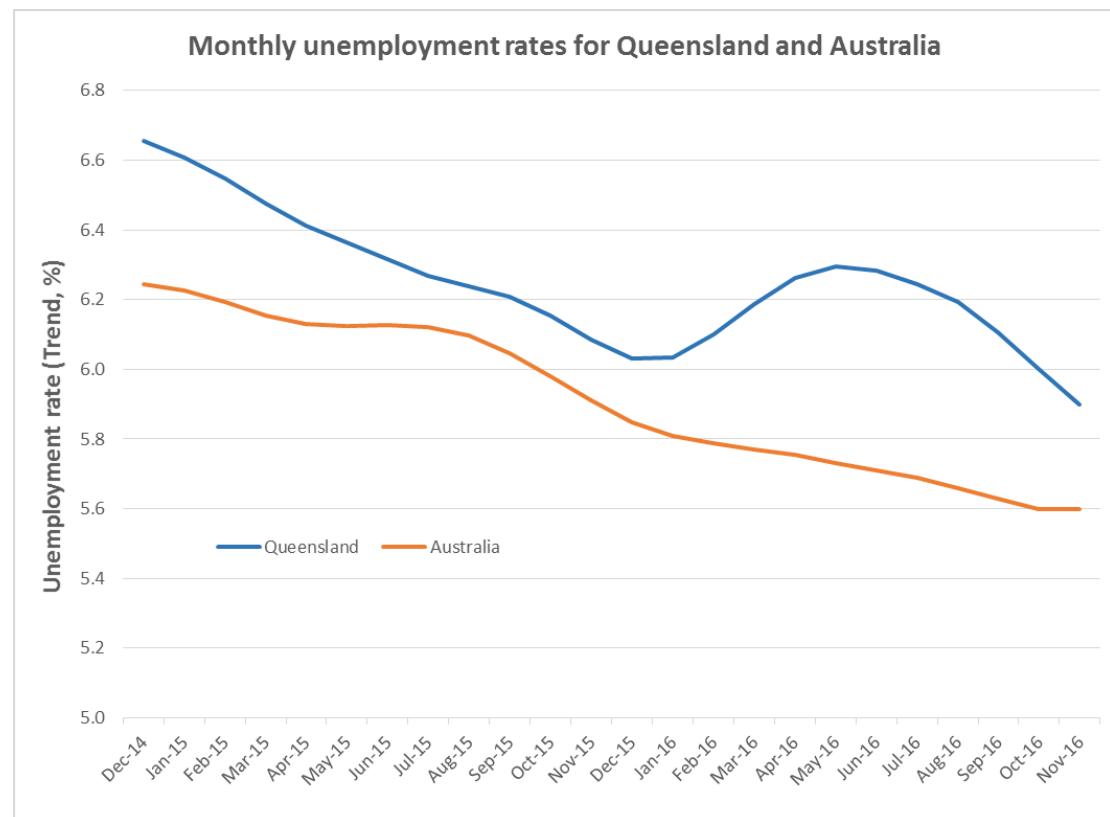
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Business and consumer confidence

Source	Issue/Release date	Change	Reasons for change (as noted in publication)
Westpac Melbourne Institute Index of Consumer Sentiment	December 2016/ 14 December 2016	Consumer sentiment fell -3.9% in December 2016, from 101.3 in November to 97.3 in December.	The fall in consumer sentiment has been attributed to concerns about the economy, interest rates and the labour market. Now at its lowest level since before the May Federal Budget, the decline in consumer sentiment has occurred despite a 9% increase in the Australian share market.
ANZ-Roy Morgan Consumer Confidence	Week ending 10 December/11 December 2016	Consumer confidence rating for the week decreased 5.2 points (-4.4%) to 113.4, to be lower than the four-week average (115.7).	Negative views on 'economic conditions over the next 12 months' was a key driver of the downward trend in consumer confidence. Households' views towards their finances compared to one year ago fell -0.7% and views towards future finances slipped -2.1%.
ANZ job ads	November 2016/ 5 December 2016	Job advertisements rose 0.5% in November, slightly lower than the 0.7% recorded in October.	The rise in job adverts has continued over four months of growth, reflecting conditions such as low interest rates and positive business conditions, which support an ongoing fall in unemployment.
NAB Monthly Business Survey	November 2016/ 13 December 2016	Business conditions fell -2 points, to +5 index points. Business confidence, however remained buoyant, increasing +1 point to +5 index points in November.	Business conditions results for November fell to the long-run average level of +5 for the first time since April 2015. The business confidence level for November recorded slightly lower than the long-run average result of +6. The underlying concern was moderation in the non-mining economy, as well as the fall in the quarter three national accounts.

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Labour Force, November 2016 (released 15 December 2016)²



Source: Prepared by Parliamentary Library from [ABS data](#)

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

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Queensland trend unemployment fell -0.1% to 5.9% in November 2016, down from 6.0% in October 2016. Employment fell 800 to 2 340 500 persons. The number of unemployed persons declined by 1 500 to 147 800 persons. The participation rate* fell -0.1% to 63.9%, and has declined by 1.9% in the year.

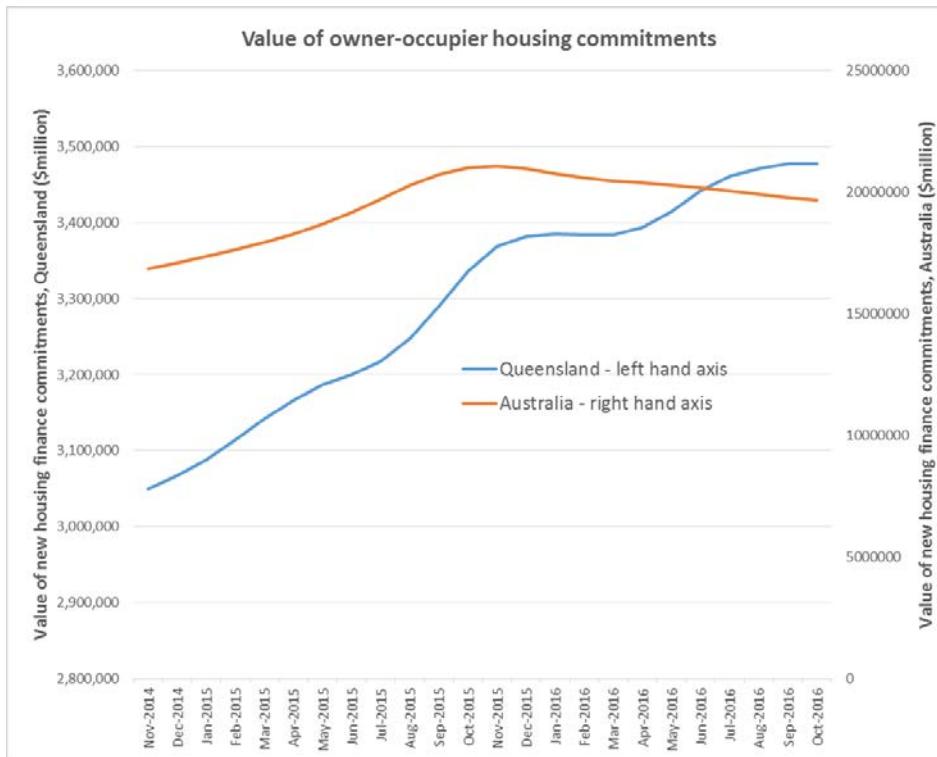
The Australian trend unemployment rate remained steady at 5.6% in November 2016. Monthly unemployment decreased by 600 persons (-4.2%) to 714 000. Employment increased 3 100 (0.7%) to 11 949 300 persons. The national participation rate remained steady at 64.5%, to be 0.6% lower than in November 2015.

Unemployment rate (%)

NSW	4.9%
VIC	5.8%
QLD	5.9%
SA	6.7%
WA	6.7%
TAS	6.5%
NT	3.7%
ACT	3.7%
Australia	5.6%

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

Housing Finance, October 2016³ (released 9 December 2016)



Source: Prepared by Parliamentary Library from ABS data

In Queensland, the value of owner occupied housing commitments remained steady (0.0%) at \$3 478 million in October 2016.

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

NSW	-0.9%
VIC	-0.4%
QLD	0.0%
SA	-0.8%
WA	-0.3%
TAS	0.4%
NT	-2.1%
ACT	-2.0%
Australia	-0.5%

In Australia, the total value of owner occupied housing commitments fell -0.5% to \$19 680 million in October 2016. The total value of investment housing commitments (fixed loans) rose 1.5% to \$12 485 million.

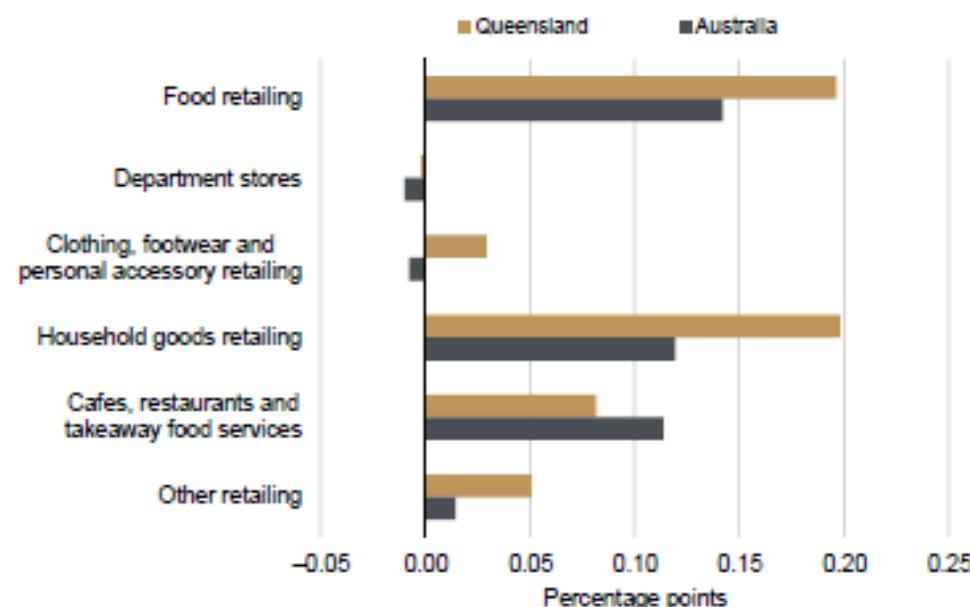
The number of owner occupied housing commitments decreased -0.9% to 53 540 for 2016.

³ Australian Bureau of Statistics, [Housing Finance, Australia, Oct 2016](#), cat no 5609.0, ABS, 2016.

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Retail Trade, October 2016⁴ (released 2 December 2016)

Figure 3 Monthly retail turnover contribution to growth by industry group, October 2016



Source: Queensland Government Statistician's Office

Monthly estimated retail turnover in Queensland increased 0.7%, to be valued at an estimated \$5 186.9 million in October 2016. This was \$204 million (4.1%) higher than in October 2015.

Retail trade in Australia rose 0.4% in October to \$25 543.3 million. The national estimate of retail turnover increased 3.3%, or \$810.6 million for the twelve months from October 2015.

Household goods retailing had the greatest contribution to monthly growth in Queensland (see Figure), followed by *Food retailing*.

Nationally, *Household goods retailing* and *Food retailing* contributed the most to retail growth.

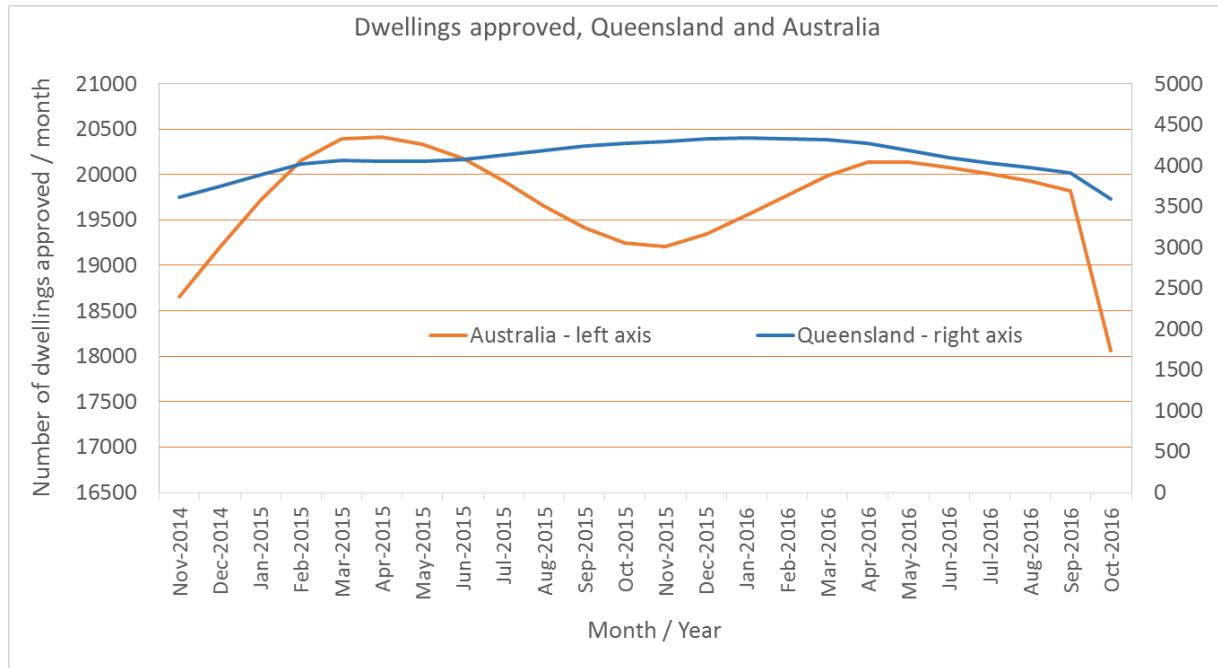
The table below compares monthly trend retail growth:

NSW	0.3%
VIC	0.4%
QLD	0.7%
SA	0.2%
WA	0.1%
TAS	0.2%
NT	0.2%
ACT	0.6%
Australia	0.4%

⁴ Australian Bureau of Statistics, [Retail Trade, Australia, Oct 2016](#), cat no 8501.0, ABS, 2016.

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Building Approvals, October 2016⁵ (released 30 November 2016)



Source: Prepared by Parliamentary Library from ABS data

⁵ Australian Bureau of Statistics, [Building Approvals, Australia, Oct 2016](#), cat no 8731.0, ABS, 2016.

In Queensland, dwelling unit approvals fell to 3 591 (-3.6%) for the month of October 2016, to be down -16.4% for the year, while the estimated value of residential buildings approved in October 2016 fell 3.3% to be valued at \$1 053.4 million.

In Australia, monthly dwelling unit approvals fell -3.3%, to 18 064, to be -7.2% lower than September 2015. The estimated value of national residential buildings fell -3.2% to \$5 834.6 million.

Australian National Accounts and State Final Demand, September quarter 2016⁶ (released 7 December 2016)

Australian Gross Domestic Product (GDP), chain volume measures, grew 0.2% in trend terms in the September quarter 2016, to be 2.2% higher over the past year.

Exports of goods and services contributed 1.2% to GDP in seasonally adjusted terms, for the September 2016 quarter to be 7.3% higher over the twelve months from September quarter 2015.

Household final consumption increased 0.4% (seasonally adjusted), driven by *Hotels, cafes and restaurants* (2.2%) and *Financial services* (1.3%). *Total non-dwelling construction* (-1.7%) and *Business investment* (-1.4%) contributed the greatest drag on productivity growth, seasonally adjusted.

Queensland State Final Demand (SFD) rose 0.4% in the September quarter 2016, following an upwardly revised 0.4% increase in the previous quarter. SFD recorded an increase of 1.2% over the twelve-month period to September 2016.

Detailed analysis of the components of Queensland SFD shows that *Household consumption* drove the September quarter 2016 result, with an increase of 0.6% on the previous quarter and 1.2% on the previous twelve months.

New engineering construction was 1.9% higher in the September quarter, but was -19.3% lower over the year.

Dwelling Investment grew 1.6% in the September quarter, to be 9.3% higher over the year from September 2015, driven by strong growth in medium-to-high density dwellings.⁷

Comparison of interstate SFD growth for the September quarter 2016 and annually:

	Quarterly change in SFD (%)	Annual change in SFD (%)
NSW	0.9%	5.0%
VIC	0.4%	2.5%
QLD	0.4%	1.2%
SA	0.4%	1.6%
WA	-2.8%	-8.7%
TAS	0.3%	1.4%
Aus	0.2%	1.5%

Source: Queensland Government Statistician's Office, [State Details](#), September quarter 2016, released 7 December 2016.

⁶ Australian Bureau of Statistics, [Australian National Accounts: National Income, Expenditure and Product, Sep 2016](#), cat no 5206.0, ABS, 2016.

⁷ Queensland Government Statistician's Office, [State Details](#), September quarter 2016, released 7 December 2016.

Please contact us if you would like further information on any economic issues.

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