

Thursday, 21 April 1994

The week in statistics ...

- Sales and profits expected to grow but jobs, investment still flat 2
- Australian input-output tables 3
- Builders' cost rises restrained 4
- Established house prices show modest movements 4
- Another small decrease in prices of manufactured goods 5
- Export prices down again 6
- Finance in brief ... 6
- Expected releases over the fortnight to 3 May 7
- Selected releases: 13 to 19 April 7
- The latest ...
— key national/State indicators 8



statistics

Sales and profits expected to grow but jobs, investment still flat

Findings from the third quarterly survey of Australian business expectations taken in February indicate that sales and profits will continue to increase steadily into the medium term, accompanied by low inflationary pressures. However, there is not yet evidence of significant medium term growth in capital investment or in employment.

Short-term outlook — June quarter 1994

Sales of goods and services are expected to bounce back after the usual seasonal fall which was anticipated for the March quarter. With sales growth of 1.9 per cent, profits are expected to rise 4.4 per cent over the March quarter but selling prices are showing an expected rise of only 0.5 per cent, significantly less than the 1.3 per cent expected increase in operating expenses.

With an expected decrease of 0.2 per cent, the employment outlook in the short term remains flat. An expected increase of 4.2 per cent in capital expenditure has little significance, the June quarter generally being a seasonal peak in this series.

On an industry basis, June quarter growth is expected to be strongest in construction (up 3.4%), finance and insurance (up 2.7%) and manufacturing (up 2.6%). Transport, storage and communication has by far the weakest short-term outlook with no change expected over the March quarter.

Medium-term outlook — March quarter 1995

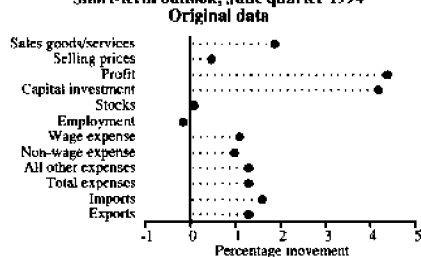
Medium-term expectations for growth in both sales and profits are stronger than those reported for the December quarter 1994. Sales for the March quarter 1995 are expected to be up 3.9 per cent on the March quarter 1994. Profits are expected to be up 20.4 per cent.

However, this growth is not expected to be accompanied by strong inflationary pressure as selling prices are expected to rise by only 1.3 per cent, closely shadowing operating expenses where growth of 1.7 per cent is anticipated.

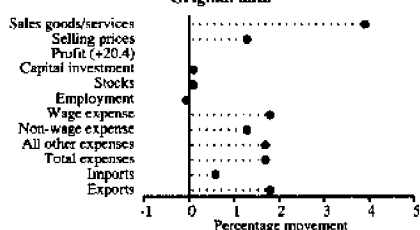
Employment and capital expenditure are both expected to show little change in the medium term.

In terms of sales of goods and services, transport, storage and communication is expecting the strongest medium-term growth (up 8.3%), with most other industries close to the overall average. Mining is by far the weakest in terms of capital investment expectations (down 16.2%), and electricity, gas and water is expecting the lowest change in profits (up 2.3%) and the biggest fall in employment (down 5.0%).

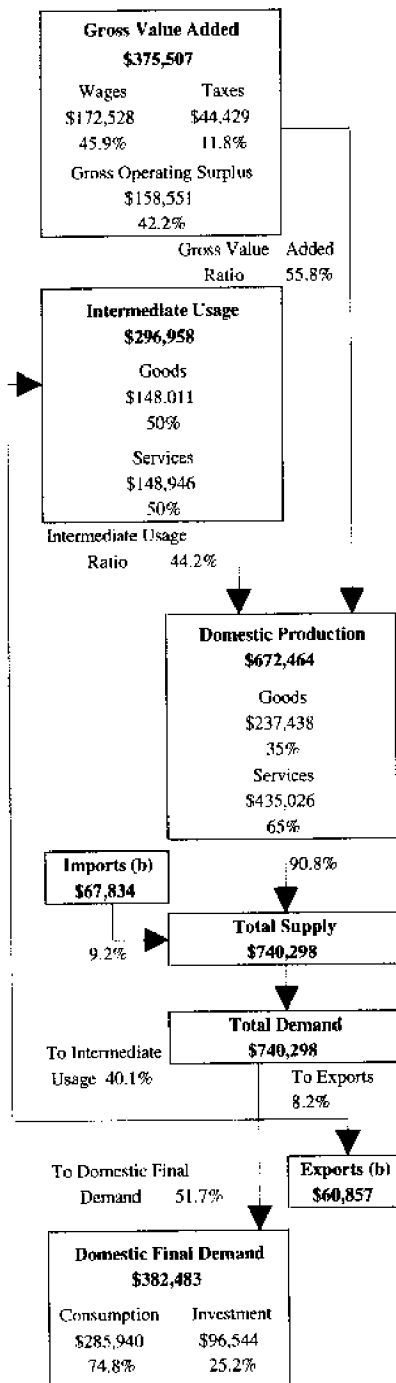
BUSINESS PERFORMANCE INDICATORS
Short-term outlook, June quarter 1994



BUSINESS PERFORMANCE INDICATORS
Medium-term outlook, March quarter 1995



**The Australian Economy
Flow of Goods and Services (a)
(\$ Million)**



(a) : Flows are based on 1989-90 Input-Output tables.
 (b) : Includes re-exports.

Australian input-output tables

The latest issue of this valuable analytical tool was released on 29 March and relates to the 1989-90 financial year. Two related publications, *Commodity Details 1989-90* (5215.0) and *Input-Output Multipliers 1989-90* (5237.0) were released this month.

Input-output tables show the structure of a country's entire production system for a particular period, usually one year. They show which goods and services are produced by each industry and how they are used (for example, some goods, such as cars, are sold mainly to final consumers while others, such as steel, are used as inputs by other industries in producing more goods and services).

Relationship to national income, expenditure and product accounts.

Input-output tables can be directly related to one of the national income, expenditure and product accounts: the domestic production account. The income side of the domestic production account shows the amount of income generated in the economy accruing to labour (in the form of wages, salaries and supplements) and to capital (as profits or, in national accounting terms, 'gross operating surplus'). The expenditure side of the account shows the value of goods and services entering into the various categories of final demand.

The input-output tables provide a much more detailed disaggregation of the domestic production account. The latter only supplies details of the end results of economic activity, whereas the input-output tables provide a means of tracing flows of goods and services step by step through the production process. The extra detail provided by the input-output tables is essential for many analyses.

Uses of input-output tables. The chart at left uses data from Table 11 of the input-output tables to show in graphical form the flows of goods and services within the economy. Input-output data can be used to assess the overall effects on the economy of proposed initiatives such as changes in the mix of direct and indirect taxes or the introduction of new incentives for businesses to invest.

Input-output multipliers can be used to provide quick answers about the likely impacts of an increase in demand for the output of an industry, the likely impact of new projects and the likely results of import replacement strategies, not only on the industry itself, but on all the other industries in the economy.

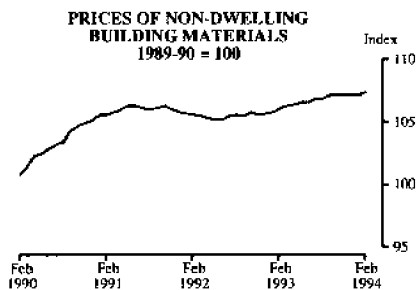
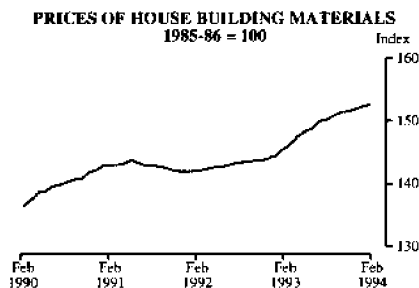
For more complex or longer term analyses, it is often more appropriate to construct special models based on input-output data. In recent years, input-output models have been developed, both by government departments and by consultants in the private sector, to examine the effects of changes in taxation policy.

The Australian input-output tables have been used as a starting point for input-output tables for the States and Territories and sometimes for smaller regions of Australia. Input-output analysis for detailed geographic areas has been used in assessing the effects of economic changes on industries such as the sugar industry.

Builders' cost rises restrained

Prices of materials used in the construction of houses and in other building each increased by 0.2 per cent between January and February 1994.

From February 1993 to February 1994, prices of materials used in house building increased by 4.9 per cent while prices of materials used in other forms of building increased by 1.2 per cent.



PRICES OF BUILDING MATERIALS, FEBRUARY 1994
Percentage change

City	House building		Other than house building	
	From previous month	From corresponding month of previous year	From previous month	From corresponding month of previous year
Sydney	0.3	4.9	0.3	0.5
Melbourne	0.1	5.7	-0.1	1.9
Brisbane	0.4	3.1	0.3	0.8
Adelaide	0.5	10.9	0.6	2.7
Perth	-0.1	1.7	—	1.1
Hobart	-0.2	2.4	-0.2	1.7
Weighted average of six State capitals	0.2	4.9	0.2	1.2
Canberra	0.5	5.9	-0.1	0.9

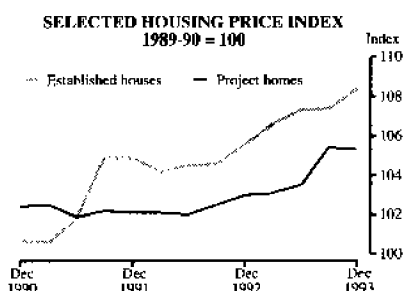
For further information, order the publications *Price Index of Materials Used in House Building, Six State Capital Cities and Canberra (6408.0)* and *Price Index of Materials Used in Building Other Than House Building, Six State Capital Cities and Canberra (6407.0)*, or contact Robert Adams on (06) 252 6198.

Established house prices show modest movements

The price index of established houses in Australia rose 0.9 per cent between the September and December quarters 1993. A fall in Adelaide (-0.6%) and Sydney (-0.3%), partially offset rises in other capital cities ranging from 1.1 per cent in Brisbane to 5.2 per cent in Darwin.

In the year to December quarter 1993, the index rose 2.7 per cent, with positive annual movements in all cities ranging from 1.3 per cent in Adelaide to 19.5 per cent in Darwin.

Project home prices for Australia decreased 0.1 per cent between the September and December quarters 1993. Movements ranged from — 0.5 per cent in Brisbane to 3.3 per cent in Darwin.



HOUSING PRICES, DECEMBER QUARTER 1993

Percentage change

City	Established houses		Project homes	
	From previous quarter	From corresponding quarter of previous year	From previous quarter	From corresponding quarter of previous year
Sydney	-0.3	2.4	-0.3	1.4
Melbourne	2.1	1.9	-0.1	3.3
Brisbane	1.1	3.0	-0.5	0.8
Adelaide	-0.6	1.3	1.2	5.5
Perth	2.7	5.4	0.7	2.7
Hobart	1.4	4.7	0.1	3.5
Darwin	5.2	19.5	3.3	5.2
Canberra	1.4	1.7	-0.4	1.1
Weighted average of eight capital cities	0.9	2.7	-0.1	2.2

For further information, order the publication *House Price Indexes: Eight Capital Cities (6416.0)*, or contact Cheryl Porter on (06) 252 5754.

Another small decrease in prices of manufactured goods

The Price Index of Articles Produced by Manufacturing Industry decreased by 0.2 per cent in February 1994.

The fall in the index was due mainly to lower prices for refined petroleum products, reflecting continuing low world oil prices, and for exported beef, due to changes in exchange rates and weaker demand in some export markets.

These decreases were partially offset by small increases for about one-third of the items in the index.

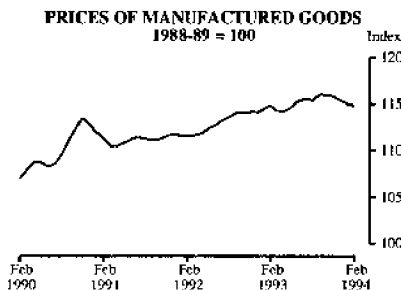
The Manufacturing Division index showed no change between February 1993 and February 1994.

PRICES OF MANUFACTURED GOODS, FEBRUARY 1994

Percentage change

Manufacturing sector	From previous month	From corresponding month of previous year
Transport equipment	0.1	2.4
Food, beverages and tobacco	-0.5	2.0
Clothing and footwear	0.3	0.8
Fabricated metal products	-0.2	-0.3
Other industrial machinery and equipment	-0.1	-0.3
Chemicals and chemical products	0.0	-1.0
Basic metal products	-0.5	-1.5
Petroleum products	-3.3	-20.0
Total manufacturing	-0.2	0.0

For further information, order the publication *Price Indexes of Articles Produced by Manufacturing Industry, Australia (6412.0)*, or contact Peter Cordy on (06) 252 5541.



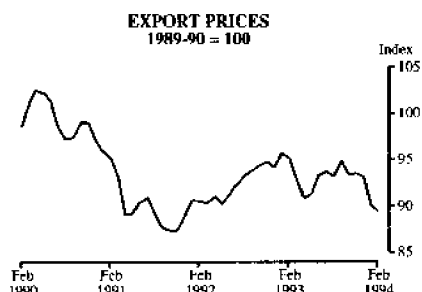
Export prices down again

The Export Price Index fell by 1.7 per cent in February 1994.

The fall in the index was mainly a result of the increase in value of the Australian dollar against the major trading currencies, which resulted in lower prices (in Australian dollar terms) for a wide range of exports. In addition, lower world prices led to price falls for wheat and gold.

These price falls were partly offset by price rises for a number of items.

Between February 1993 and February 1994 the Export Price Index decreased by 6.1 per cent.



EXPORT PRICES, FEBRUARY 1994
Percentage change

Commodity group	From previous month	From corresponding month of previous year
Gold, diamonds and coin	-4.1	9.0
Prepared foodstuffs	-0.6	5.1
Motor vehicles, aircraft and vessels	-0.8	2.5
Machinery and appliances	0.0	-1.9
Live animals and animal products	-2.1	-2.3
Base metals	1.6	-7.8
Wool and cotton fibres	-1.4	-6.8
Products of chemicals and allied industries	-2.4	-6.9
Mineral products	-1.7	-12.2
Vegetable products	-4.3	-13.4
<i>All exports</i>	-1.7	-6.1

For further information, order the publication *Export Price Index, Australia (6405.0)*, or contact Peter Cordy on (06) 252 5441.

Finance in brief ...

□ Personal finance

The provisional trend estimate for personal finance commitments for February 1994 was \$2 412.6 million, an increase of \$78.3 million (3.4%) on January 1994 and an increase of \$748.2 million (45.0%) on February 1993.

Seasonally adjusted, personal finance commitments for February 1994 was \$2 328.6 million, a decrease of \$309.9 million (11.8%) on January 1994 but an increase of \$697.1 million (42.7%) on February 1993.

□ Commercial finance

The provisional trend estimate for commercial finance commitments for February 1994 was \$7 577.1 million, a decrease of \$182.6 million (2.4%) on January 1994 but an increase of \$1,071.3 million (16.5%) on February 1993.

Seasonally adjusted, commercial finance commitments for February 1994 was \$7 453.7 million, an increase of \$757.0 million (11.3%) on January 1994 and an increase of \$1 245.6 million (18.4%) on February 1993.

Inquiries

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Statistics Weekly
21 April 1994

Lease finance

The provisional trend estimate for lease finance commitments for February 1994 was \$464.8 million, an increase of \$3.9 million (0.9%) on January 1994 and an increase of \$76.8 million (19.8%) on February 1993.

Seasonally adjusted, lease finance commitments for February 1994 was \$492.9 million, an increase of \$36.9 million (8.1%) on January 1994 and an increase of \$101.6 million (26.0%) on February 1993.

These series are available on subscription to a special data service. For further information, contact Christopher Hentingway on (06) 252 7121.

Order from the following:

Expected releases over the fortnight to 3 May

- 20 Registrations of New Motor Vehicles, Australia, March 1994, Preliminary (9301.0; \$12.00)
- 21 Housing Finance for Owner Occupation, Australia, February 1994 (5609.0; \$11.00)
Price Indexes of Materials Used in Manufacturing Industries, Australia, February 1994 (6411.0; \$11.00)
Import Price Index, Australia, February 1994 (6414.0; \$8.50)
- 27 Consumer Price Index, March Quarter 1994 (6401.0; \$12.00)
Manufacturing Production, Australia, March 1994, Preliminary (8301.0; \$11.00)
- 28 Average Weekly Earnings, Australia, February 1994, Preliminary (6301.0; \$11.00)

Selected releases: 13 to 19 April

General

Publications Issued in March 1994 (1102.0; \$1.00)
Economic Indicators, Qld, April 1994 (1307.3; \$6.50)

Census of Population and Housing

1991 Census — Social Atlas — Gold Coast Region (2839.3; \$45.00)

Demography

Estimated Resident Population of Statistical Local Areas, NSW, 30 June 1993, Preliminary (3210.1; \$25.00)
Estimated Resident Population in Statistical Local Areas, WA, 30 June 1992, Preliminary (3204.5; \$20.00)

National accounts, Finance and Foreign trade

Australian National Accounts: Input-Output Tables — Input-Output Multipliers, 1989–90 (5237.0; \$30.00)

Information Paper: Change to Commodity Classification of Merchandise Imports in Balance of Payments Publications, 1994 (5344.0; \$10.00)
— *new issue*

Government Finance Statistics, Aust., 1992–93 (5512.0; \$30.00)

Labour statistics and Prices

Award Rates of Pay Indexes, Aust., February 1994 (6312.0; \$13.00)
The Labour Force, Qld, February Qtr 1994 (6201.3; \$16.50)

Agriculture

Summary of Crops, Aust., 1992–93 (7330.0; \$27.50)

Manufacturing, Mining, Energy, Service industries, Building and construction

Engineering Construction Activity, Aust., December Qtr 1993 (8762.0; \$11.00)
Dwelling Unit Commencements Reported by Approving Authorities, NSW, January 1994 (8741.1; \$11.00)
Building Approvals, Qld, February 1994 (8731.3; \$11.00)
Dwelling Unit Commencements, WA, January 1994 (8741)

Key national indicators	Period	Units	Latest figure available		Percentage change (a) on	
			Original	Seasonally adjusted	Previous period	Corresponding period last year
National accounts						
Gross domestic product (GDP(A)) at 1989-90 prices	December qtr 93	\$m	105 897	98 581	1.7	4.0
International accounts						
Balance on current account (b)	February 94	\$m	- 884	- 1 256	- 3	- 42
Balance on merchandise trade (b)	"	"	195	273	80	- 14
Balance on goods and services (b)	"	"	- 406	- 113	—	- 7
Merchandise exports	"	"	4 811	5 256	- 1	3
Merchandise imports	"	"	- 4 616	- 4 983	- 4	4
Net foreign debt	December qtr 93	\$m	171 980	n.a.	- 1.3	5.2
Net foreign liabilities	"	"	244 540	n.a.	3.7	16.9
Consumption and investment						
Retail turnover at current prices	January 94	\$m	8 015	8 463	1.5	4.9
New capital expenditure at current prices	December qtr 93	"	7 277	6 759	4.0	- 2.0
New motor vehicle registrations (d)	February 94	no.	45 946	50 487	3.5	15.2
Production						
Manufacturers' sales at 1989-90 prices	December qtr 93	\$m	38 567	36 863	3.1	9.4
Dwelling unit approvals	February 94	no.	13 884	15 047	- 6.9	3.6
Building approvals	"	\$m	2 136	2 401	19.1	13.3
Building work done at 1989-90 prices	December qtr 93	"	6 643	6 303	—	2.7
Prices						
Consumer price index	December qtr 93	1989-90 = 100.0	110.0	n.a.	0.2	1.9
Articles produced by manufacturing industry	February 94	1988-89 = 100.0	114.8	n.a.	- 0.2	0.0
Materials used in manufacturing industries (e)	December 93	1984-85 = 100.0	124.0	n.a.	- 1.6	- 2.4
Labour force and demography						
Employed persons	February 94	'000	7 752.1	7 819.7	0.2	2.9
Participation rate †	"	%	63.1	62.9	0.0	0.6
Unemployment rate †	"	"	11.5	10.5	- 0.1	- 0.6
Job vacancies	November qtr 93	'000	38.2	38.9	5.1	31.0
Average weekly overtime per employee	"	hours	1.30	1.22	1.7	8.0
Estimated resident population	September qtr 93	million	17.7	n.a.	0.3	1.0
Short-term overseas visitor arrivals	December 93	'000	345	253	- 2.5	12.5
Incomes						
Company profits before income tax	December qtr 93	\$m	6 618	5 255	2.5	33.5
Av. weekly earnings, full-time adults; ordinary time	November 93	\$	604.20	603.40	- 0.3	3.0
Financial markets						
Interest rates (c) (monthly average)						
90-day bank bills †	February 94	% per annum	4.80	n.a.	0.0	- 1.00
10-year Treasury bonds †	February 94	"	7.05	n.a.	0.7	- 0.95
Exchange rate — \$US (c)	February 94	per \$A	0.7161	n.a.	3	5

(a) Based on seasonally adjusted figures where available. (b) For percentage changes, a minus sign indicates an increase in the deficit; no sign means a decrease in the deficit or an increase in the surplus. (c) Source: Reserve Bank of Australia. (d) Later figures expected to be released Wednesday, 20 April 1994. (e) Later figures expected to be released Thursday, 21 April 1994.

NOTES: † = change is shown in terms of percentage points. n.a. = not available.

Key State indicators	Period	Percentage change from same period previous year								
		NSW	Vic.	Qld	SA	WA	Tas.	NT	ACT	Aust.
New capital expenditure*	September qtr 93	- 8.1	25.5	- 4.0	27.3	16.9	7.5	n.a.	n.a.	6.9
Retail turnover (trend estimate)	January 94	4.5	3.3	5.2	7.1	10.5	3.8	n.a.	7.4	5.0
New motor vehicle registrations†	February 94	14.0	15.6	14.2	20.1	15.9	23.0	19.2	12.3	15.2
Number of dwelling unit approvals*	February 94	- 9.7	16.0	15.3	- 21.5	28.0	59.5	41.2	- 24.2	3.6
Value of total building work done	December qtr 93	- 1.3	- 0.4	9.1	- 6.1	23.8	14.2	42.9	- 2.7	3.9
Employed persons*	February 94	3.2	1.4	4.2	- 0.4	5.8	3.6	- 1.9	2.3	2.9
Capital city consumer price index	December qtr 93	1.3	2.4	1.9	1.9	2.3	3.3	2.3	2.1	1.9
Av. weekly earnings (full-time adult ordinary time)	November 93	2.5	2.2	5.0	2.5	3.3	4.2	0.5	3.7	3.0
Population	September qtr 93	0.9	0.3	2.8	0.5	1.3	0.4	0.9	1.6	1.0
Room nights in licensed hotels and motels, etc.	September qtr 93	6.3	0.1	9.1	2.4	9.0	5.4	18.4	12.0	6.7

* Seasonally adjusted except for NT and ACT. † Seasonally adjusted.

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