CONUS

Business Consultancy Services

# The CONUS Quarterly

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ABORIGINAL CARBON FOUNDATION

We offset our carbon via ACCUs generated by Indigenous projects in Australia

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## Editor's Note

Inflation is proving stickier than the Reserve Bank would have liked and as a result expectations of further rate cuts has shifted to thought of the next move in rates being up. It may be too early to be thinking in those terms, but the next few months of CPI data should clear things up one way or the other.

Growth was somewhat below expectations in Q3, although this was at least partially offset by upward revisions to previous quarters. The annual pace of growth remains lack-lustre but broadly in line with both RBA and Treasury expectations.

Our Economics Blog is freely available and will keep you up-to-date with all the latest news as it relates to the FNQ economy. Comments on the blog are often the catalyst to further analysis and discussion, so if there are subjects that you would like to see covered in more depth in The CONUS Quarterly, please let me know either by email or via the comments section of the blog.

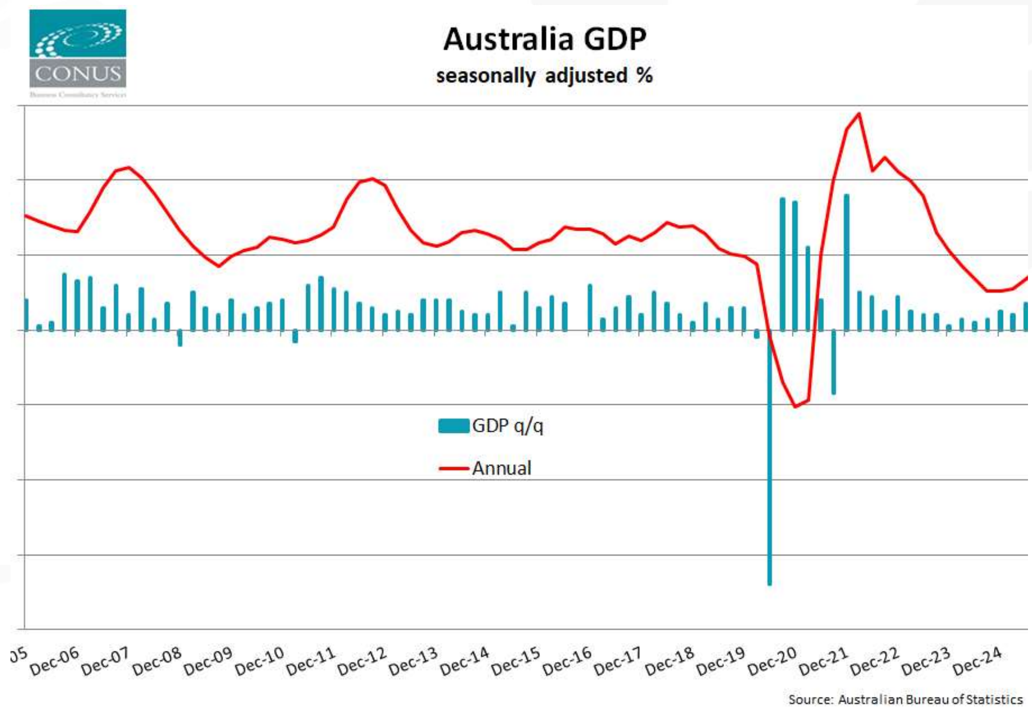
*Pete*

# 3rd Quarter GDP

**The third quarter GDP data released earlier today showed a somewhat weaker than expected result with a 0.4% q/q increase.** However, upward revisions to previous quarters (Q2 revised up to 0.7% from 0.6%) saw the year-on-year result come in close to expectations at 2.1% (the market had penciled in 2.2%).

The growth was largely driven by private CAPEX spending which added 0.6 ppts to growth in the quarter. We saw modest growth in household and government consumption (adding 0.3 and 0.2 ppts respectively) while net Inventories subtracted 0.5 ppts from growth.

Per capita GDP was flat in Q3 and is now up just 0.4% for the year (although this is now the second consecutive quarters where this measure has been positive after a series of 8 consecutive quarters where it went backwards).

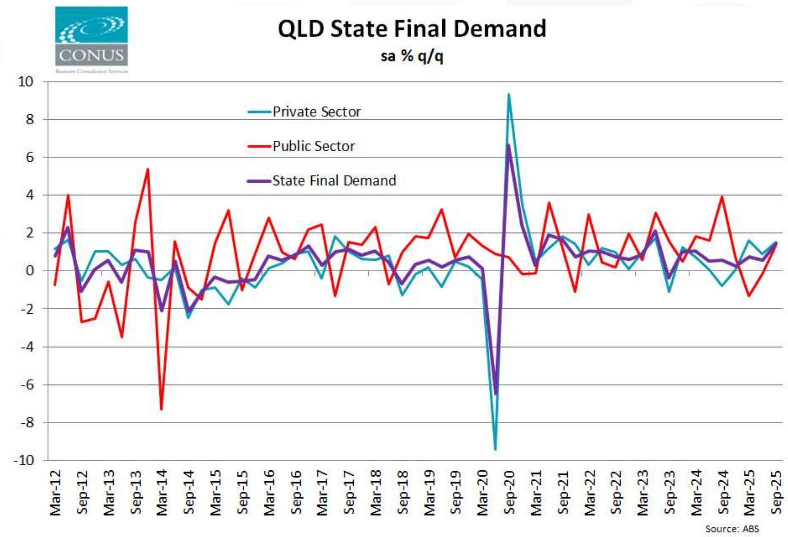


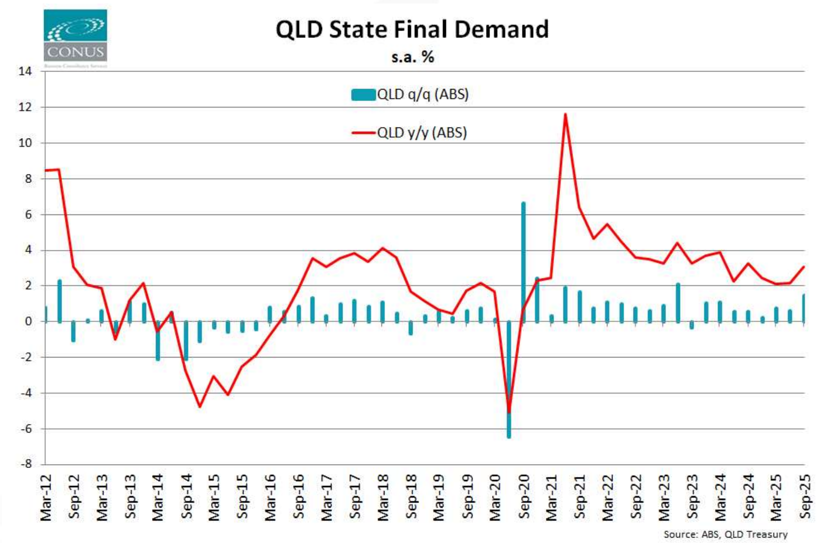

While these numbers will cause plenty of negative headlines it is worth noting that growth remains broadly in line with the pace anticipated by both RBA and Treasury and that this most recent set of figures will provide some solace to the Treasurer in the form of the solid up-tick in private sector investment; many have been bemoaning for some time the weakness in this sector and an apparent reliance on the public sector side of the economy for any growth.

# 3rd Quarter GDP

**The ABS Q3 data has Queensland State Final Demand showing an increase of 1.5% q/q (after a downward revision to Q2 from 0.7% to 0.6%) and is up 3.1% on the year (after an increase of 2.2% for the year to Q2). This compares to Domestic Final Demand in Australia which increased 1.2% q/q, and was up 2.6% y/y.**

In Queensland we saw a sharp uptick in private sector CAPEX (+5.0% q/q) which brings the increase over the year to 5.5%. Household consumption, on the other hand, was up a disappointing 0.3% q/q although this remains up 3.7% y/y. Public sector CAPEX also saw a healthy increase (+4.5% q/q). Both private and public sectors grew at similar rates for the quarter.

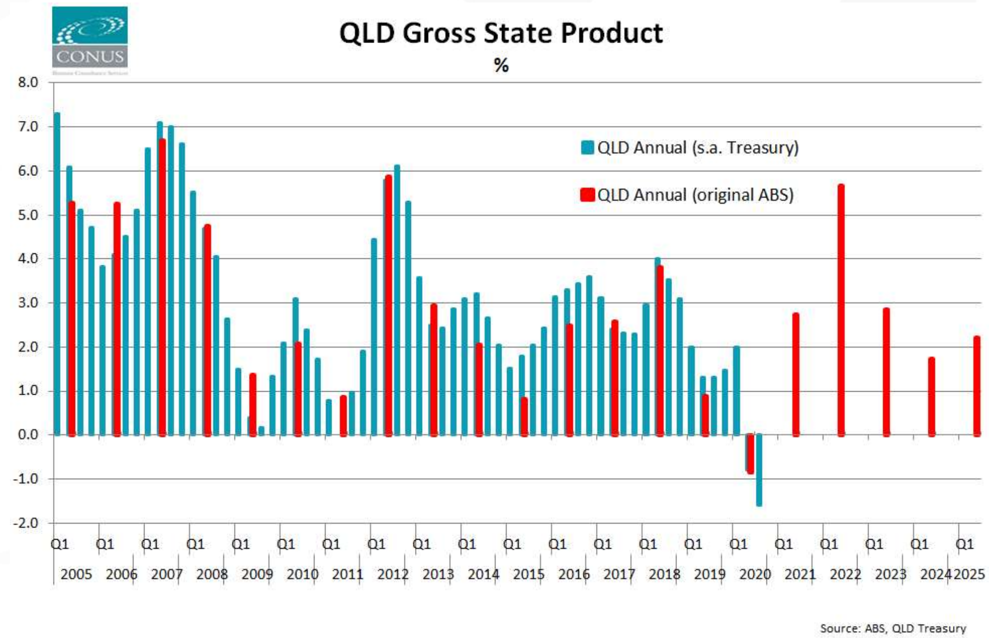


# Annual QLD GSP

**The ABS estimate of Gross State Product for the 2024/25 year was released in November. The 2024/25 data shows that Queensland's economy grew 2.2% for the year (after 2023/24 grew by 1.7%), compared to national GDP growth of 1.3%. Queensland's better performance can be linked to stronger population growth, a strong resources sector and a solid contribution from the Public Sector. If we consider the period from 2018/19 to 2024/25 then we see national GDP growth of 13.0% while Queensland GSP has grown by a higher 15.1%.**

While the ABS produce Gross State Product data only on an annual basis, we have previously had to rely on the quarterly estimates from QLD Treasury for the intermediate periods.



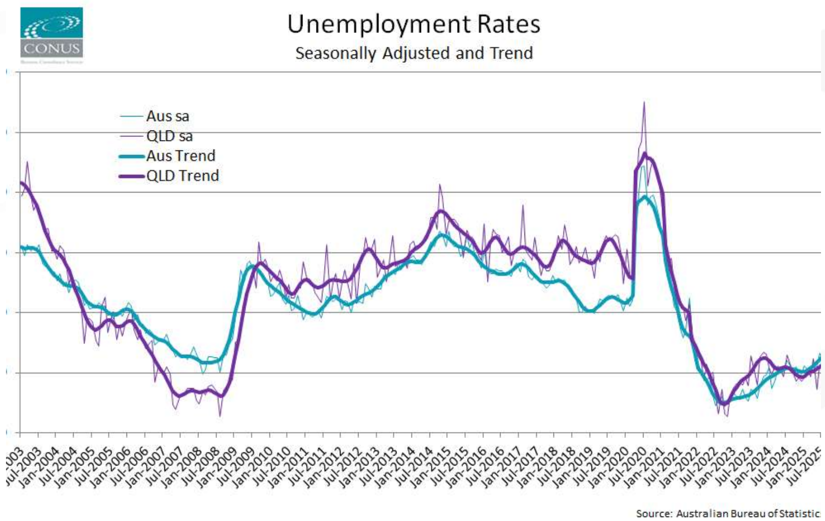

Unfortunately, the Queensland Treasury have made the decision to suspend their provision of quarterly State Accounts due to "Ongoing volatility in seasonal factors .." and as a result we have no quarterly data for GSP beyond the Sept 2020 figures. If Treasury restart this data series, we will be updating our analysis. In the meantime, we will have to make do with annual ABS data.

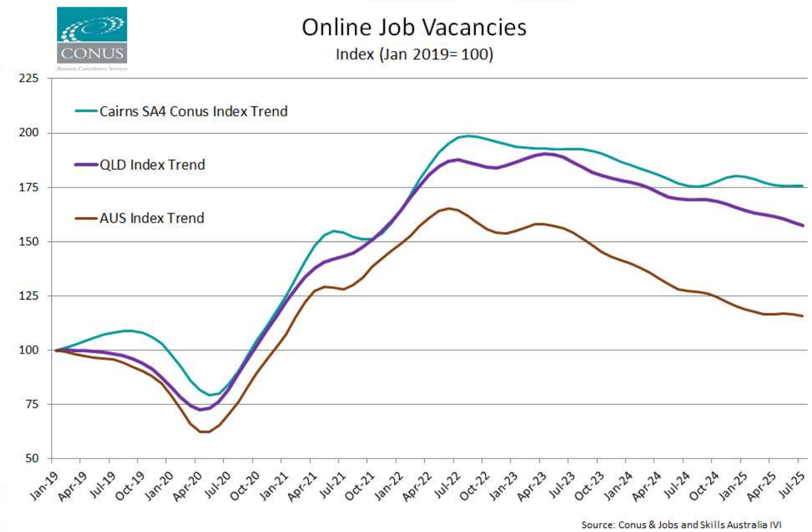
# FNQ Economy Roundup

## Employment

As has been widely expected, the national labour market is showing some signs of easing, albeit slowly. While employment continues to grow (+1.5% pa) it is also true that the Trend rate of unemployment has edged higher and sat at 4.4% in October.

**In Queensland things are a little stronger**. Employment is growing faster (+1.7% pa) and the Trend **unemployment rate is just 4.2%**. Online job vacancies have been declining across the country, but the decline has been slower in Queensland. Hours worked per capita also remains higher in Queensland than the national average.



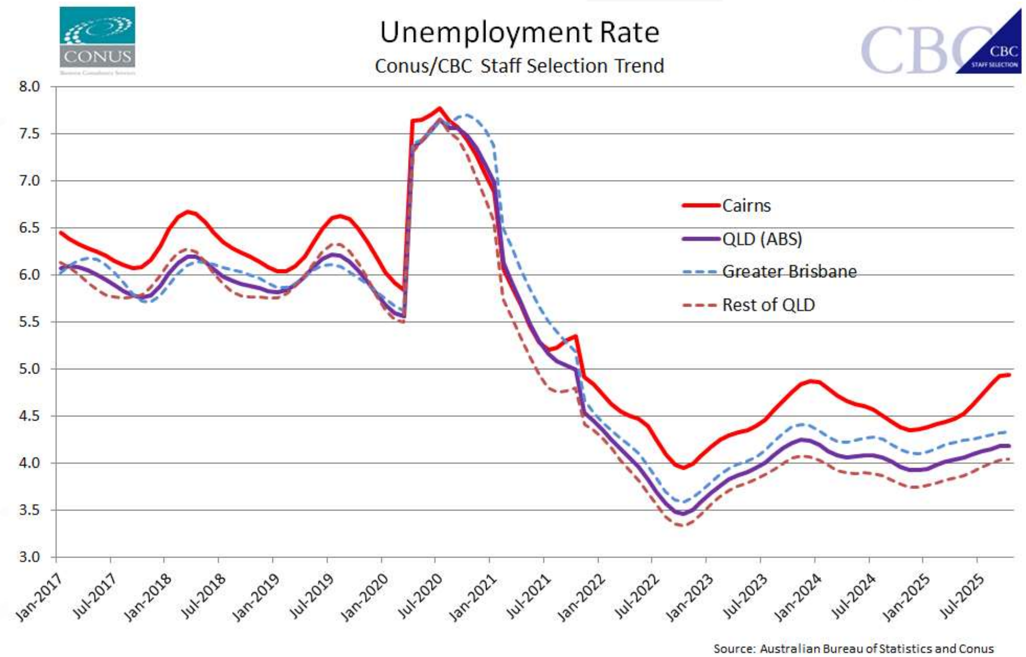



# FNQ Economy Roundup

## Employment…cont

We have been able to utilise the new and improved ABS regional labour force data for more than a year, and it has now been extended back to Jan 2012.

The ABS are now producing modelled estimates of labour force statistics for regions which, as well as the previously available Labour Force Survey data, are using 'administrative' data such as ATO Single-Touch Payrolls numbers and DSS data on JobSeekers and Youth Allowance. This means that the extreme volatility, which has up to now been a feature of the original LFS data at the regional level, has become largely a thing of the past and by using this new modelled data our own Conus/CBC Staff Selection Trend analysis is providing us with a more accurate, and consistent, view of our regional labour market.



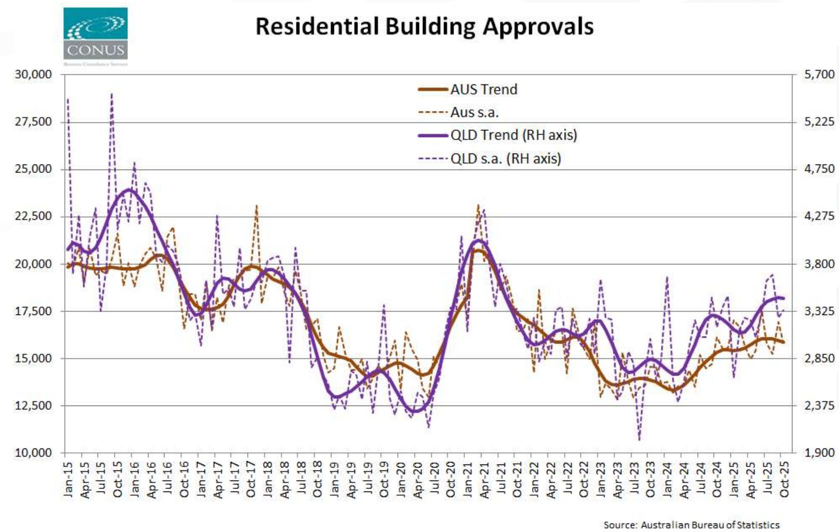

In Cairns, as we are seeing across the nation, the labour market is showing signs of easing. Employment growth has fallen to 0.7% pa and the Trend unemployment rate has moved up to 4.9%. This is its highest level since Dec 2023 but remains below what we might have called 'full employment' before COVID.

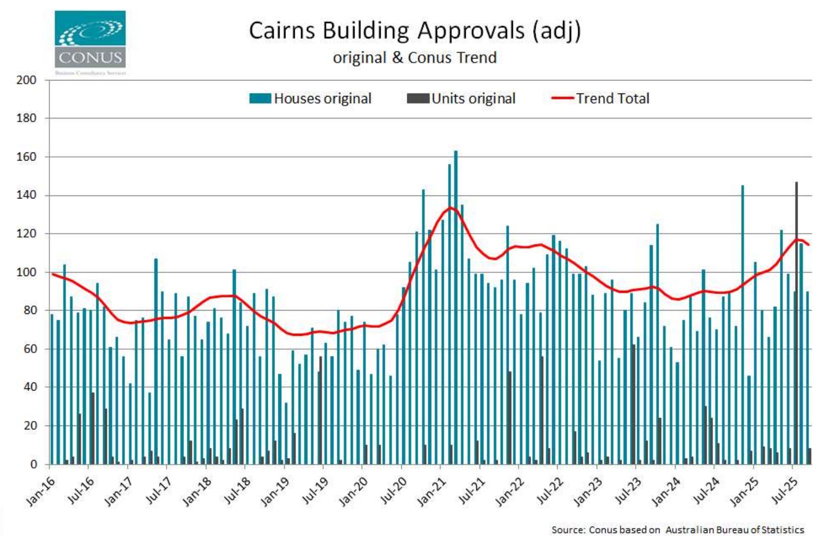
# FNQ Economy Roundup

## Building Approvals

At both the State and National level we are seeing Trend building approvals slowly improving. Nationally Trend approvals are +3.4% y/y (almost exclusively on the back of strong unit approvals growth) while in Queensland growth is a slightly more impressive 5.5% y/y, here too being exclusively driven by very strong unit approvals while house approvals decline.

In Cairns Trend building approvals data has been somewhat distorted by the addition of 468 affordable housing units being approved in July. This very welcome development is good news for accommodation availability in Cairns (or at least it will be once they are completed) but has forced us to adjust our Trend analysis so that we can more clearly see the over-arching trend in approvals. The chart on the right reflects that adjusted series. Even with this adjustment, our Trend series now sits just below 120 pr month which is a significant improvement over the year. However, the ongoing accommodation shortage will require this increase to go further, and be sustained for a significant period of time, if we are to see a genuine improvement in the availability of accommodation across the region.



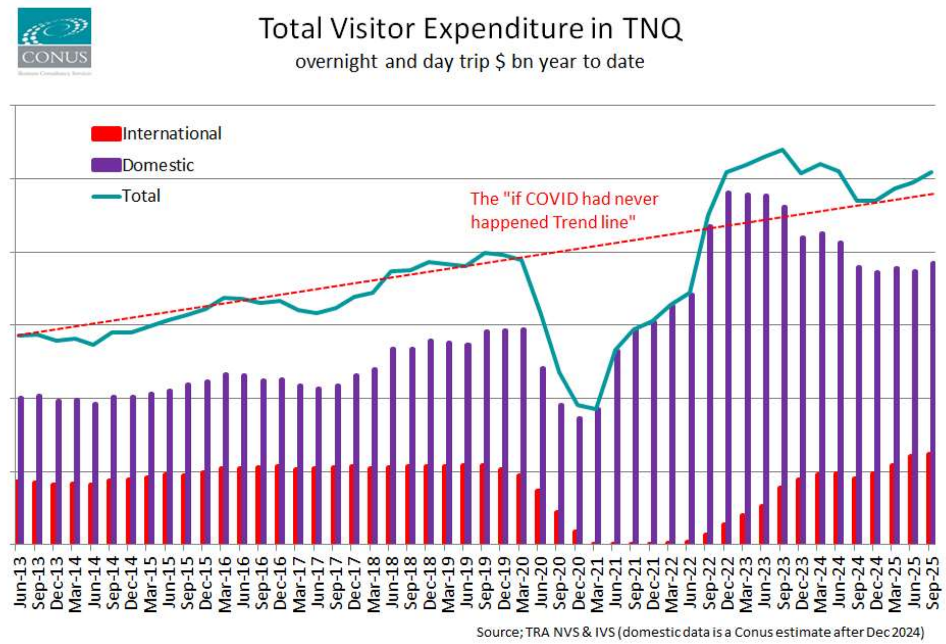



# FNQ Economy Roundup

## Tourism

Tourism data for 2025 has been rather compromised by the switch in methodologies utilised by TRA for domestic tourism data. As a result, we are having to rely on modelling (which uses data such as occupancy rates, Airport passenger numbers, and overnight visitation figures) to estimate the results for TNQ for the March, June and September quarters this year. Once we have a full year of the new domestic data (this will be in March 2026) we will be able to judge how accurate these estimates have been.

In the meantime, our estimates suggest that for the year to September 2025 domestic tourism expenditure will have increased slightly to $3.85 billion (from $3.74 billion in the previous quarter). September quarter tourism data for the international sector will be released in the middle of December and our estimate is that international expenditure has also increased slightly to $1.24 billion (from $1.21 billion).




We expect to see data will confirm that the Chinese market continues to show steady improvements (although it will remain well below it's 2019 highs), and other traditional markets such as the US, UK, Japan and Europe approaching, if not exceeding those pre-COVID levels.

# FNQ Economy Roundup

## Tourism…cont

Passenger numbers through the Cairns Airport showed a sharp seasonal spike in July (as we would expect) and, as the chart makes clear, this July high was very close to the kind of levels seen in the pre-COVID years and significantly higher than in recent years. The seasonally adjusted Trend series is also showing a gradual improvement having been falling for a few months since early in the year.

The addition of new or expanded services, both domestically and internationally, has been helping passenger numbers improve but there are still capacity constraints that need to be overcome by the airlines before we can see this data set exceed pre-COVID levels.