

Overview

CommSec State of the States is a quarterly publication that assesses the overall economic performance of each jurisdiction based on eight key indicators.

Economic performance is measured in terms of each jurisdiction's change relative to their respective 10 year average (or 'normal') level for each economic indicator, rather than comparing economic performance across jurisdictions. The Territory's 10 year average includes record levels of construction and investment activity, which may affect the assessment of some indicators.

Overall Performance

The Territory remained the seventh best performing economy this quarter in terms of overall economic performance, above Western Australia.

The Territory remained in first position for economic growth and ranked second for construction work done.

The Territory was ranked last for retail spending, business (equipment) investment, population growth, housing finance commitments and dwelling commencements.

Economic Growth

Gross state product (GSP) is the preferred measure of a state's economic growth. However, GSP data is not available on a quarterly basis and therefore state final demand (SFD) plus trade statistics in nominal terms are used. This measure may not always produce an accurate or comparable measure of overall economic performance compared to GSP.

The Territory was ranked first in terms of economic growth, with current output 28.9 per cent above the decade average level (Chart 1). In other jurisdictions, the difference in growth compared to the decade average level ranged from 7.9 per cent in Western Australia to 26.4 per cent in Victoria.

Retail Trade

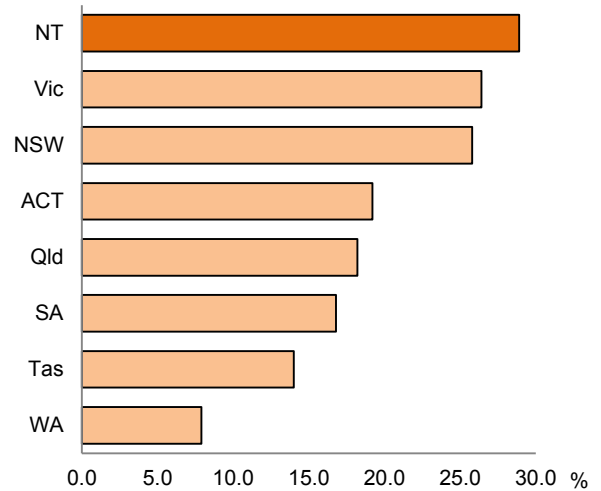
Performance is measured using inflation-adjusted retail trade in trend terms, with December quarter 2017 data the latest available.

The Territory was ranked last for retail spending growth in the December quarter 2017, 4.3 per cent above the decade average (Chart 2). New South Wales was ranked first at 17.7 per cent, continuing to be supported by housing activity, lower unemployment and higher home prices.

Unemployment

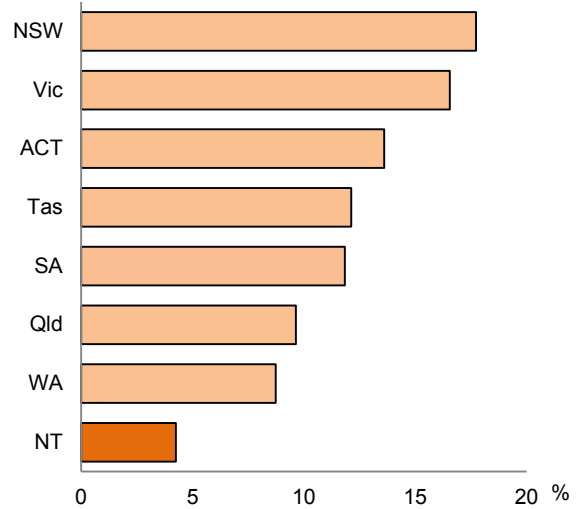
The trend unemployment in the Territory is at 3.9 per cent, and is 1.5 per cent above the Territory's decade average (Chart 3). New South Wales was ranked first, followed by Tasmania and Victoria, all having unemployment rates below their decade averages.

Chart 1: Trend SFD + Trade Growth Compared to Decade Average¹



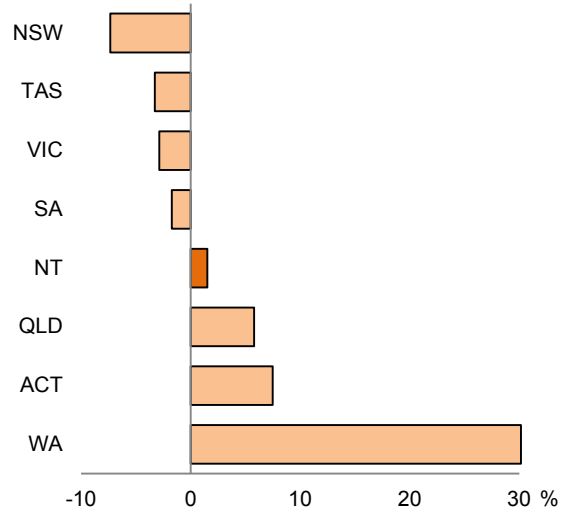
¹ Nominal terms
Source: CommSec

Chart 2: Trend Retail Trade Turnover Compared to Decade Average



Source: ABS and CommSec

Chart 3: Trend Unemployment Rate Compared to Decade Average



Source: ABS and CommSec

Population Growth

To rank each jurisdiction's population growth, CommSec compares each state and territory's current annual rate of population growth with the average annual growth over the past decade.

In the September quarter 2017, the Territory was ranked lowest in terms of annual population growth (Chart 4), up 0.03 per cent. This was 97.9 per cent lower than the Territory's decade average level.

Victoria was ranked first this quarter, with its annual population growth of 2.4 per cent, being 15.3 per cent higher than decade average levels.

Construction Work

CommSec measures the total amount of residential, commercial and engineering work completed in trend terms during the December quarter 2017, compared with the decade average.

The Territory ranked second place for construction work done with the level of construction work in the December quarter 2017 over 23.0 per cent above the decade average level (Chart 5), mainly due to activity associated with major gas projects. Western Australia was the weakest jurisdiction, with construction work done almost 37.6 per cent lower than the decade average level.

Equipment Investment

The Territory was ranked last in equipment investment, with December quarter 2017 equipment investment levels 22.5 per cent lower than the decade average, with the near completion of investment in major gas projects.

New South Wales (up 6.6 per cent) and Tasmania (up 5.5 per cent) were the only jurisdiction with equipment investment above decade averages.

Dwelling Commencements

CommSec measures the trend number of dwelling commencements in comparison with the decade average level of commencements.

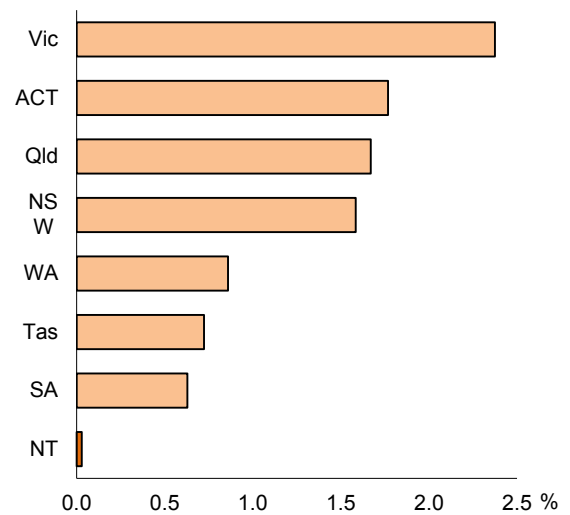
The Territory was ranked last in terms of dwelling commencements in the December quarter 2017. Dwelling commencements in the Territory were 37.4 per cent below the decade average level (Chart 6). New South Wales remains in first place, with dwelling commencements 47.0 per cent above decade average levels.

Housing Finance Commitments

The measure used by CommSec for the housing finance rankings is the trend number of housing finance commitments for owner occupation, compared to the decade average for each jurisdiction.

Trend housing finance commitments in the Territory in February 2018 were 21.3 per cent below the decade average, the weakest of the jurisdictions. In other jurisdictions, CommSec rankings range from Western Australia (down 20.6 per cent) to the Australian Capital Territory (up 28.0 per cent).

Chart 4: Annual Population Growth



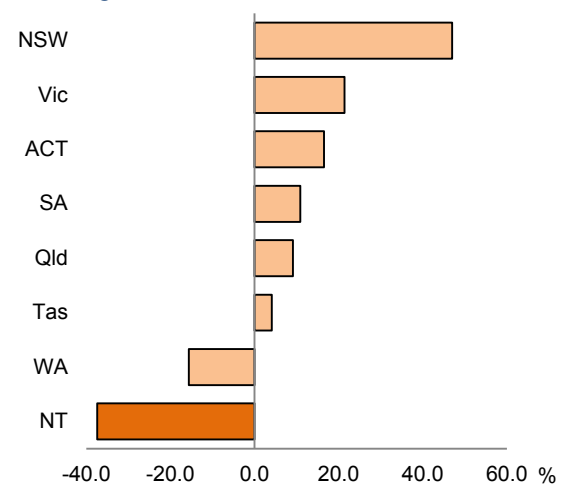
Source: ABS and CommSec

Chart 5: Trend Total Construction Work Done Compared to Decade Average



Source: ABS and CommSec

Chart 6: Number of Trend Dwelling Commencements Compared to Decade Average



Source: ABS and CommSec