

News Release

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ANZ Stateometer: Housing sector slows economic momentum in key Australian states

Australia's economy lost some momentum in the June quarter with the four largest states, representing 90 percent of the country's GDP slipping below trend growth rates according to the latest ANZ Stateometer.

The quarterly report, measuring economic performance across Australia's states and territories, found every state except Tasmania experienced a drag from the housing sector.

Key findings:

- Activity in NSW fell below its long-term average for the first time since the beginning of 2017 – the housing market weighing down on the economy.
- Victoria slowed in the second quarter to about trend rate – the weakest point on the ANZ Stateometer in more than three years.
- Economic activity has been above trend for more than a year in South Australia due to strength in the labour market.
- The Tasmanian economy is outperforming the rest of Australia - the main differentiator being Hobart's strong housing market.
- Labour markets maintained above trend growth with increased momentum across all geographies except Tasmania and the Northern Territory.

ANZ senior Economist Cherelle Murphy said: "The weighty influence of the housing sector in Australia is largely to blame for the loss of momentum in the June quarter, with every state except Tasmania experiencing a drag due to the shift in sentiment. Across the board the labour story is positive, with above trend employment growth. We have seen momentum slip from the eight-year high recorded in the March quarter, but this was almost inevitable.

"Business and trade activity also grew in most states, and we expect this momentum to continue as investment spending indications remain good, interest rates are low and profit growth is solid," Ms Murphy said.

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