

# Private New CAPEX – September Quarter 2010

**ECONOMIC ALERT**

**25 NOVEMBER 2010**

## CAPEX by asset type

- The volume of private new capital expenditure (CAPEX) rose by a seasonally adjusted 6.2% in the September quarter 2010, following a fall of 3.2% in the June quarter. The annual rate of change improved from a fall of 3.2% in the June quarter to a rise of 8.6% in the September quarter.
- Much of the improvement in private new CAPEX in the September quarter was due to investment in buildings and structures. Investment in building and structures (volumes) increased by 13.4% in the September quarter, following a 1.2% decline in the previous quarter, to be 21.4% higher over the year.
- On the other hand, investment in equipment, plant & machinery contracted in the September quarter, down 1.1%, following a 5.2% fall in the previous quarter. In the year to the September quarter 2010, investment in equipment, plant and machinery fell 3.0%.

## CAPEX by industry

- Private new CAPEX was strongest in the mining industry. The seasonally adjusted volume of capital investment in mining increased sharply by 15.6% in the September quarter, following a 6.4% rise in the June quarter. The volume of mining investment in the September quarter was 31.4% higher than a year ago.
- Elsewhere, capital investment in the manufacturing industry declined by a seasonally adjusted 6.3% in volume terms in the September quarter, following a strong 16.5% growth in the preceding quarter.
- Investment in “other selected industries” increased 2.6% in the September quarter, reversing the 12.0% decline in the June quarter.

## CAPEX expectations

- The fourth estimate for total private CAPEX in 2010-11 was released. This estimate is for investment of \$123,941 million. Using the outcome of \$106,333 million for investment in 2009-10 and a ten-year average realisation ratio of 1.04 for investment in 2010-11 implies strong growth in the value of total private CAPEX of 21.0% in 2010-11, down from the 28% rise implied by the third estimate.

## Chart: Annual growth in actual capital expenditure (chain volume measure)

