

Private New CAPEX – June Quarter 2011

ECONOMIC ALERT

1 September 2011

CAPEX by asset type

- The volume of private new capital expenditure (CAPEX) rose by a seasonally adjusted 4.9% in the June quarter 2011, down from the 7.7% increase recorded in the March quarter. The annual rate of change rose to 23.3% in the June quarter from 15.6% in the March quarter.
- The slowdown in the growth in private new CAPEX in the June quarter was due to the slowing of investments in building and structures, as well as in equipment, plant and machinery.
- Investment in building and structures (volumes) increased 7.3% in the March quarter, following a 10.1% expansion in the previous quarter, to be 32.0% higher over the year.
- Similarly, growth in investment in equipment, plant and machinery slowed to 2.2% in the June quarter, down from the 5.1% expansion in the previous quarter. In the year to the June quarter 2011, investment in equipment, plant and machinery increased 14.4%.

CAPEX by industry

- The seasonally adjusted volume of private CAPEX in manufacturing increased 3.7% in the June quarter, following a 0.7% increase in the March quarter. The volume of manufacturing investment in the June quarter was 4.4% higher than a year ago.
- Elsewhere, capital investment in the mining industry expanded by a seasonally adjusted 14.4% in volume terms in the June quarter, following a 12.0% increase in the preceding quarter. Over the year to the June quarter, the volume of mining investment rose 47.1%.
- Investment in “other selected industries” decreased 1.7% in the June quarter, substantially lower than the 6.1% increase in the March quarter.

CAPEX expectations

- The third estimate for total private CAPEX in 2011-12 was released. This estimate is for investment of \$148,756 million. Using the outcome of \$119,747 million for investment in 2010-11 and a ten-year average realisation ratio of 1.09 for investment in 2011-12 implies strong growth in the value of total private CAPEX of 35.9% in 2011-12, only a slight downgrade from the 40% implied by the survey 3 months ago.

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

