OTHER KEY AUSTRALIAN ECONOMIC INDICATORS

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Inflation

- Annual growth in 'headline' inflation accelerated to 2.1% in the December quarter 2009, up from 1.3% in the previous quarter.
- In quarterly terms, the headline Consumer Price Index (CPI) rose by 0.5% in the December quarter 2009, compared with a 1.0% increase in the previous quarter.
- The most significant price increases were for fruit (+15.9%); domestic holiday travel & accommodation (+6.6%); house purchases (+1.0%); rents (+1.0%); and beer (+2.1%).
- The most significant offsetting price falls in the quarter were for automotive fuel (-2.8%); audio, visual & computing equipment (-7.1%); and pharmaceuticals (-5.3%).
- For policy purposes, the RBA focuses on two measures of underlying inflation, the 'trimmed mean' and the 'weighted median'. In annual terms, these measures grew by 3.2% and 3.6% respectively, averaging around 3.4% (a slight moderation from the 3.5% recorded in the September Quarter 2009).
- The capital cities' annual inflation rates were: Sydney 2.2%; Melbourne 1.8%; Brisbane 2.5%; Adelaide 2.0%; Perth 2.1%; Hobart 2.6%; Darwin 3.0%; and Canberra 2.3%.

Labour Price Index (LPI)

- The Labour Price Index (LPI) for the December quarter 2009 showed that annual growth in seasonally adjusted hourly rates of pay (excluding bonuses) eased to 2.9%, down from 3.6% in the preceding quarter, marking the slowest rate of growth in almost nine years.
- Growth in the aggregate LPI in the December quarter was 0.6% (seasonally adjusted), the weakest quarterly increase in the survey's 12-year history.
- Annual wages growth in the private sector eased from 3.1% to 2.5%, a series low and significantly slower than the 4.1% aggregate increase in the public sector (itself a moderation from the 4.6% recorded in the September quarter).
- By sector, in original terms, the highest annual wage adjustments were in transport, postal & warehousing (4.0%); electricity, gas, water & services (3.9%); education & training (3.9%); and health care & social assistance (3.9%).
- The sectors with the lowest growth were accommodation & food services (1.9%); administrative & support services (1.9%); manufacturing (2.0%); information media & telecommunications (2.0%); and other services (2.0%).
- Manufacturing hourly rates of pay grew by 2.0% in the year to the December quarter 2009, down from 2.5% in the previous quarter. This represents the softest rate of manufacturing wages growth in the timeseries' 12-year history (0.5 percentage points below the previous low).
- Construction hourly rates of pay rose by 3.4% in the December quarter.

OTHER KEY AUSTRALIAN ECONOMIC INDICATORS

Labour Force

- National employment rose by 52,700 to 10,966,300 in January (seasonally adjusted).
- The rise in total employment was underpinned by a solid increase in part-time employment, by 36,900 to 3,314,200, and a fifth monthly rise in full-time employment, by 15,900 to 7,652,200.
- Annual employment growth lifted significantly in January, rising from 1.1% in December to 1.7%.
- Growth in annual part-time employment rose sharply from 4.8% in December to 7.7%. The rate of contraction in annual full-time employment increased from 0.5% in December to 0.7% in January, suggesting that employers remain cautious about expanding the full-time workforce.
- Despite an increase in the number of people employed in January, aggregate monthly hours worked fell, dropping by 1.0%.
- The unemployment rate fell by 0.2 percentage points, from 5.5% in December to 5.3%. The labour force participation rate remained steady at 65.3%.
- Seasonally adjusted, total employment rose in Victoria (+24,200); South Australia (+17,000); New South Wales (+ 7,800); Western Australia (+1,500); and Tasmania (+700). Employment fell in Queensland (-2,500).
- Unemployment rates ranged from 5.6% in New South Wales; 5.5% in Queensland; 5.3% in Victoria; 5.2% in Tasmania; 5.0% in Western Australia; and 4.4% in South Australia.

Building Approvals

- The seasonally adjusted number of dwelling units approved fell by 7.0% to 14,045 in January. This followed four consecutive months of expansion, where growth averaged around 5%.
- While the annual rate of growth in dwelling approvals dipped from 54.8% in December to 47.6% in January, it still represented a yearly rate of increase not seen since early 2002.
- A strong 29.1% decrease in other dwelling approvals drove the fall in total dwelling approvals in January. The number of private sector house approvals lifted by a seasonally adjusted 0.3% in the month.
- The trend number of total dwelling approvals expanded for a twelfth successive month, although growth eased from 2.7% in December to 1.9% (an 11-month low).
- The seasonally adjusted estimate for the value of total building approved fell by 24.6% in January, following a 4.7% decline in December. The seasonally adjusted estimate for the value of new residential building dropped 4.4%, while the value of alterations and additions approved was 16.8% lower.
- The seasonally adjusted estimate for the value of non-residential building plunged 41.9% - building approvals in this sector are notoriously volatile, reflecting the relative ‘lumpiness’ of non-residential building.