

GDP vs GDP per capita

Strong GDP drives positive GDP per capita

4th September 2025

GDP per capita second positive quarter in twelve months

We update our review of GDP and GDP per capita following Wednesday's ABS release of the September national accounts.

GDP grew by 0.6% in the June quarter, tied for the highest growth rate recorded since December 2022. This growth dragged GDP per capita up, reaching +0.2% for the quarter. This is the second positive GDP per capita result in the last three quarters, but only the third since Jun-22 (see Figure 2).

Immigration: continuing the GDP free kick, but for how long?

A major flaw in the GDP measure that especially affects Australia is the free kick provided by population growth, which, in Australia's case, means immigration.

Looking back 50 years to 1973 (when the per-capita series begins), population growth has contributed nearly 50% of the GDP growth, with GDP growing at a 2.9% compound annual rate, compared to GDP per capita, which has averaged 1.5%. Looking over the last 25 years, however, immigration has accounted for a much larger proportion of growth, with GDP averaging 2.7% per year compared to GDP per capita of just 1.2% per year.

GDP per capita has had double the negative quarters

Table 1 shows a similar pattern regarding the number of negative quarters and recessions (defined as two consecutive quarters or negative growth). Since September 1973, GDP per capita has registered 58 negative quarters and 19 consecutive negative quarters. Meanwhile, GDP recorded only 26 negative quarters and just eight consecutive negative quarters.

In the last 25 years, the performance gap has widened, with GDP recording only six negative quarters compared to 28 for GDP per capita. However, the starkest contrast is the one set of consecutive negative GDP quarters (COVID, March and June 2020) compared to 9 consecutive negative GDP per capita quarters.

Please refer to the disclaimers at the end of this report.

ASX All Ordinaries

ASX:XAO

Sector	All
Num. constituents	491
Date	4-Sep-25
Value	NA
52 week range	7,524 / 9,284
Market cap	\$3,010b
Yield	2.9%

ASX Small Ordinaries

ASX:XSO

Sector	All
Num. constituents	195
Date	4-Sep-25
Value	NA
52 week range	2,751 / 3,632
Market cap	\$304b
Yield	2.2%

3-year Price Chart



Analysts

Andrew Wilkinson awilkinson@vennbrown.com

Table 1: Population growth has delivered almost half the total GDP growth

Since 1973	GDP	GDP per capita
CAGR	2.9%	1.5%
Negative quarters	26	58
Two consecutive negative quarters	8	19
Since Jun-00		
CAGR	2.7%	1.2%
Negative quarters	6	28
Two consecutive negative quarters	1	9

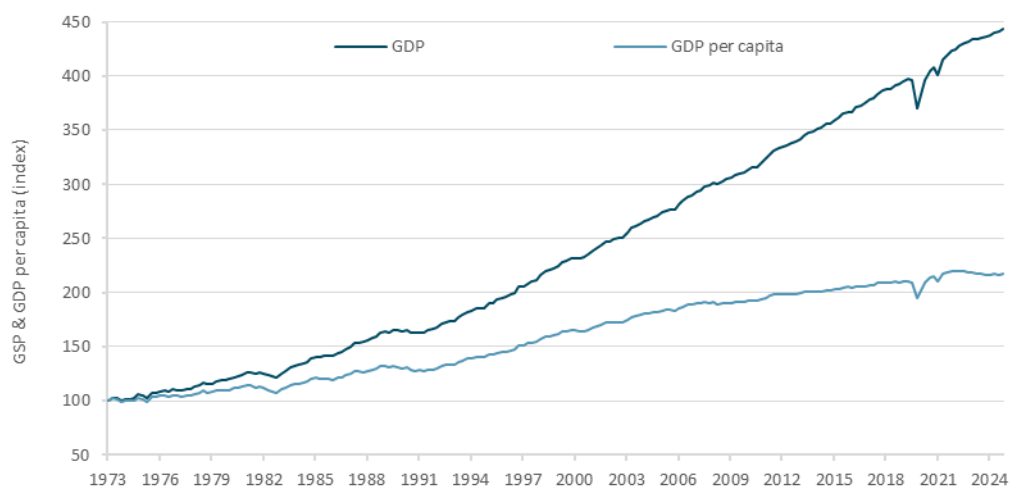
Source: ABS, Venn Brown

Immigration is the magic lever to which governments (of all colours) have become addicted to boost GDP (and housing prices). If GDP appears to be slowing, simply allow a few hundred thousand more people into the country and watch the GDP grow.

While there was some speculation that the growing discontent with the ongoing housing crisis and cost of living pressures might lead to the end or at least the easing of this policy, the government’s recent announcement of a migration target of 185,000 (in line with 2024-25 target) put an end to that.

No politician wants to be the one who ushers in a GDP-measured recession or, worse still, a meaningful decline in house prices. As such, we do not expect to see a major change in immigration in the near term.

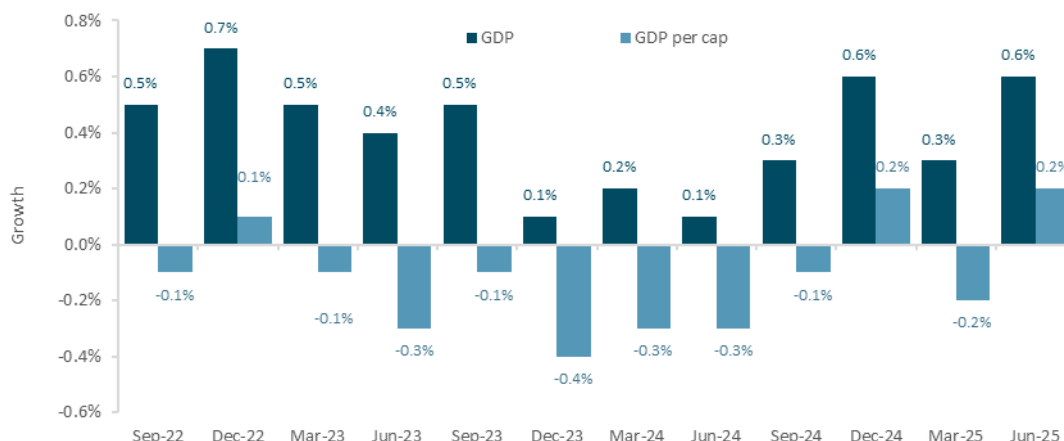
Figure 1: Population growth is responsible for almost half the total GDP growth



Source: ABS, Venn Brown

While all the talk focuses on the cost of living and inflationary pressures, it’s worth noting that, despite the government’s proud reporting of unbroken economic growth, GDP per capita has been negative for nine of the last twelve quarters (see Figure 2).

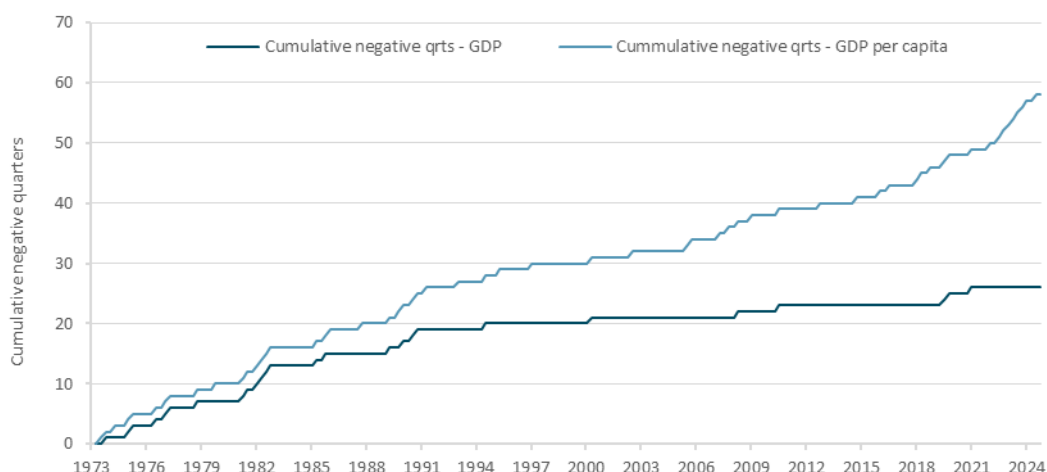
Figure 2: GDP per capita has been negative for just eight of the last nine quarters



Source: ABS, Venn Brown

Figure 3 below shows the cumulative number of negative quarters for GDP and GDP per capita, highlighting the separation between the two measures as immigration increased in the early 1990s and gained real momentum over the last three years.

Figure 3: GDP per capita has been negative for just eight of the last nine quarters



Source: ABS, Venn Brown

The 1990/91 recession was shorter but far more intense

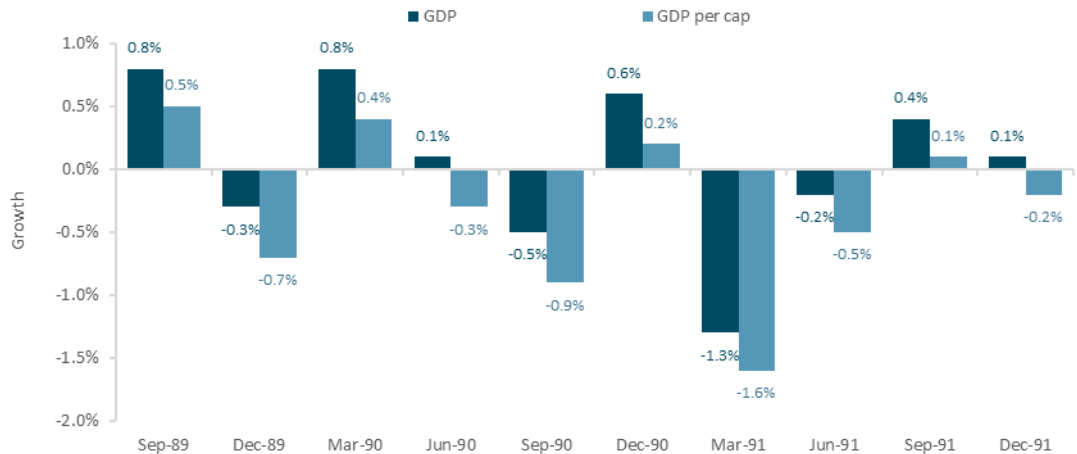
An interesting reference for the current period is the 1990/91 recession (see Figure 4), during which per capita GDP was negative for six of nine quarters, compared to GDP, which was negative for four of the nine.

That’s not to say we’re even close to a similar economic downturn. Back in 1990/91, there were three key differences to our current environment, the most important of which is unemployment:

- 1) Unemployment:** Seasonally adjusted unemployment peaked at 11.2% in December 1992, compared to today’s persistent, near-record low of 4.2% in July (albeit up from 3.5% in October – December 2022). See Figure 5;

- 2) **Negative GDP:** Actual GDP was negative for three quarters, bottoming with a -1.3% contraction in March 1991; and
- 3) **Magnitude:** At the bottom, the magnitude of the negative GDP per capita was double to triple the current levels.

Figure 4: 1990/91 recession had six out of nine negative quarters of per capita GDP

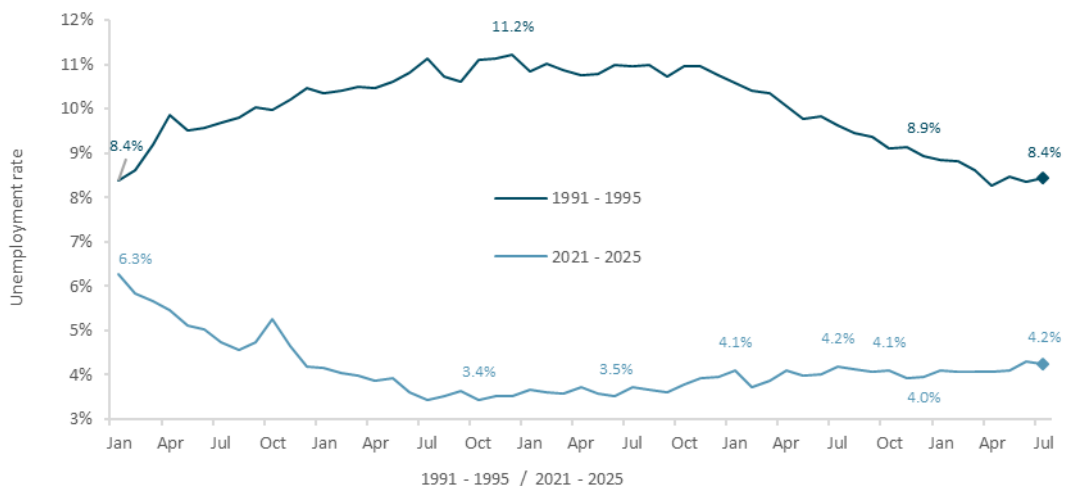


Source: ABS, Venn Brown

Unemployment remains the key factor to watch

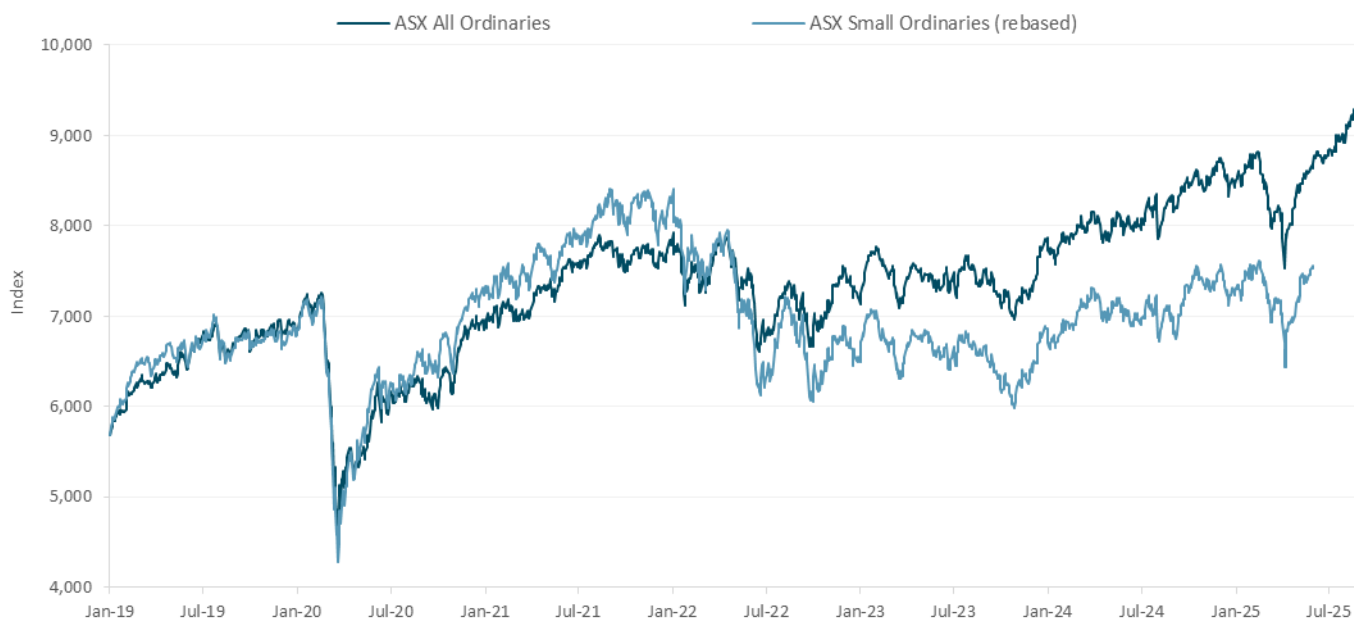
While seasonally adjusted unemployment is up 0.7 percentage points from its low of 3.5% in December 2022, it remains near record lows and less than half the rate that resulted from the 1991/1992 recession. Unemployment and credit defaults remain the key indicators to watch as GDP continues to slow, interest rates remain moderate, and inflation continues to add to the cost-of-living pressure.

Figure 5: Unemployment in 1991 – 1994 was very different to current rates



Source: ABS, Venn Brown

Index performance



Source: S&P Global

Disclaimers

Disclaimer

Venn Brown Pty Ltd (“Venn Brown” ABN 24 665 561 900, AFS Representative No. 001305730) is a Corporate Authorised Representative of True Oak Investments Ltd (ABN 81 002558 956, AFSL 238184). The information, opinions and commentary provided by Venn Brown (“Content”) is prepared by Venn Brown. Any person receiving the Content represents, warrants and confirms that it accepts the qualifications, limitations and disclaimers set out in this Disclaimer.

All Content is only available for distribution within Australia.

All Content is intended to reflect a summary of the matters described with respect to a particular company that is covered by the Content (Investment) at a specific point in time. The Content is general only and is not intended to constitute an opinion or recommendation with respect to the Investment. Anyone viewing the Content must obtain and rely upon their own independent advice and inquiries.

Past performance is not a reliable indicator of future performance. Any reference to past performance is intended to be for general illustrative purposes only.

The Content does not purport to be complete, accurate or contain all of the information that a person may reasonably require to make an informed assessment with respect to a particular Investment. The Content may contain forward looking statements in relation to future matters which are subject to known and unknown risks, uncertainties and other important factors that could cause the actual results, performance or achievements of the Investment to be materially different from those expressed or implied by the Content.

The Content has been prepared based on information available to Venn Brown at the date the Content is published. All information is believed to be reliable. However, none of Venn Brown or its related entities (as defined in the Corporations Act 2001 (Cth)) nor any of their respective directors, officers, employees, advisers or representatives (together “Beneficiaries”) make any express or implied representation or warranty as to the fairness, accuracy, completeness or correctness of the information in the Content (including, but not to, the accuracy, likelihood of achievement or reasonableness of any forecast milestones, returns, yields, future income or other statements in relation to future matters). Nothing contained in the Content can be relied upon as a promise or representation by any Beneficiary.

The Content does not constitute an invitation, recommendation or offer by any Beneficiary in relation to the Investment. The Content is not a prospectus, product disclosure statement or other disclosure document (as each of those terms are defined in the Corporations Act 2001 (Cth)) and does not contain all of the information that would be contained in a prospectus or other disclosure document prepared under the Corporations Act 2001 (Cth).

To the maximum extent permitted by law, the Beneficiaries will have no liability for any loss or liability of any kind: (i) arising in respect of information contained or not contained in the Content; or (ii) arising from a person relying on any information or statement contained herein.

General Advice Warning

The Content may contain general advice, which is prepared without taking your personal objectives, financial situation or needs into account. Before acting on any general advice, you should consider the appropriateness of it having regard to your personal objectives, financial situation and needs. You should obtain and read any prospectus, product disclosure statement or other disclosure document (as each of those terms are defined in the Corporations Act 2001 (Cth)) before making any decision to acquire a financial product referred to in the Content. We suggest you seek independent professional advice if in doubt. Please refer to our Financial Services Guide (available at www.vennbrown.com/disclaimer) for contact information and information about remuneration and associations with product issuers.

Investing in small and medium-cap companies carries inherent risks, with companies being affected by events that may be unforeseeable and out of management’s control. As an investor, you are solely responsible for your investment decisions.

Financial products are complex and involve a risk of loss, may rise and fall, and are subject to a range of market and economic factors. It is recommended that you seek professional advice to ensure that trading or investing in such products is suitable for your specific circumstances and that you obtain, read and understand any applicable prospectus, product disclosure statement or other disclosure document (as each of those terms are defined in the Corporations Act 2001 (Cth)).

Disclosure

Venn Brown has been engaged and compensated by the company featured in this report for ongoing research coverage. Venn Brown receives fees from the company mentioned in the document for research services and other financial services or advice we may provide to that company. The company has facilitated communication with senior management and provided information on the company and industry. As part of our due diligence, we have independently and critically reviewed the assistance and information provided by the company to form the opinions expressed in the report. Diligent care has been taken by the analyst to maintain an honest and fair objectivity in authoring this report and making any recommendations.

Our representatives or associates may, from time to time, hold interests, transact or hold directorships in, or perform paid services for companies mentioned herein. Venn Brown and its associates, officers, directors, and employees may hold securities in the companies mentioned herein and may trade in those securities as principal, potentially contrary to recommendations mentioned in this document. The analyst has received assistance from the company in preparing the Content.