
CAPEX cuts - Australian mining CAPEX falls by 1.2% in Q1

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Mining Journal reported that Australia's mining industry capital spending fell 1.2% in the Q1 of 2009 as companies trimmed development plans in response to deteriorating demand for raw materials as the world slid into recession.

The nation's official statistics bureau said that capital spending in the sector fell to AUD 8.5 billion in the March quarter. The fall was far less than an overall drop of 8.9% in capital spending in Australia in the March quarter from the December quarter.

The statistics bureau also gave a new estimate for total mining capital expenditure for the 12 months to June 30th 2009 of AUD 35.92 billion, down from the last published quarterly estimate of AUD 38.2 billion. The new estimate for total mining capital expenditure for the 12 months to June 30th 2010, of AUD 32.10 billion was 6.1% lower than the previous estimate.

Mr Andrew Hanlan a senior economist at Westpac Banking Corporation said that while some near term resilience in mining investment could be expected, given a record pipeline of infrastructure work, there was likely to be a correction in calendar year 2010 and into 2011.

Mr Savanth Sebastian an economist with CommSec however said that "No doubt with China expected to ramp up growth in coming years the mining sector will continue to see strong investment."

(Sourced from Mining Journal)

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