Our economy is made up of some relatively stable sectors, but also some very volatile ones.

The first chart shows the breakdown of the nation's Gross National Turnover (GNT), comprised of Gross National Expenditure (GNE) plus exports. In short, this chart shows what we consume, and what others do via exports. This, of course, matches the supply side of GNT being GDP (all industries' production) plus imports. For F2018, the GNT totalled $2.2 trillion.
Consumption by households and governments dominated in F2018 (accounting for an estimated 62% of the total), and has not experienced negative growth in six decades, as shown below.

Our exports are also relatively free of negative growth, as shown below. The occasional dip into the negative is not enough to disturb the economy, let alone cause a recession. So, consumption and exports, accounting for an estimated 80% of our GNT, are stabilising sectors.
It is the third sector, investment (capital expenditure), which contributes to the volatile 20%, as we see in the next chart.

Capital expenditure growth
Four-quarter moving average to June 2018

Averages
4.1% p.a. (since 1968)
4.1% p.a. (since 1988)

Recessions occur when GFCE falls more than 9%

Capital expenditure determines whether our economy (GDP) is positive or negative, and it runs in long business cycles of an average of 8.5 years, for reasons we know not. That said, plunging capital expenditure happens only at the end of each long business cycle, and will only lead to a recession if that fall exceeds 9% in a given year. That hasn’t happened for 27 years, a record since the 1820s.
The most volatile sub-sectors of capital expenditure are dwellings and business investment, which respectively account for 30% and 50% of all capital expenditure. Their volatility is clearly shown in the two charts below.

**Dwellings: capital expenditure growth**
Excludes transfer costs, four-quarter moving average to June 2018

**Enterprises: capital expenditure growth**
Quarter on same quarter previous year, to June 2018

Recessions occur when business capital expenditure falls more than 15%
We know that governments and businesses have done things that can prevent or ameliorate collapses:

- In 2000-01, the Howard government introduced the $7,000 First Home Owner Grant, and doubled that in the following year, which reversed the steep decline in dwellings investment.
- The very recent trend to build-for-lease dwelling investment could soften the current downturn in dwelling construction.
- Interest rates can be kept suppressed to minimise insolvencies and stimulate investment.
- Accelerated depreciation bills can encourage more business investment.
- Generous subsidies of R&D and exports can be helpful.

Perhaps surprisingly, the profitability of corporations is much less volatile than investment, as we see below.

Gross profit: Australian corporations
Current prices growth, year on same quarter to previous year, to June 2018

So, there is a fair measure of resilience in the business world, despite the volatility of investment and the volatility of many other variables, not the least of which are exchange rates, industrial relations in sensitive industries, and dozens of other variables and troublesome issues.