

Balance of Payments Q4 2024

Balance of Payments

Australia's seasonally adjusted current account balance fell by A\$1,338m to -A\$12,547m in Q4, from a revised -A\$13,885m (originally -A\$14,149m) in Q3. Market participants expected a balance of around -A\$12,000m.

The improvement in current account balance was driven by a higher trade surplus, which was partly offset by a deterioration in net primary income deficit.

Current Account Balance (A\$m, Seasonally Adjusted)

	Change	Q4 2024	Q3 2024
Current Account	1,338	-12,547	-13,885
Trade Balance	3,721	7,493	3,772
Net Primary Income Balance	-2,337	-19,793	-17,456

The rise in the trade surplus was driven by a rise in exports that was partly offset by higher imports.

Export growth was broad-based, with solid gains in all categories except for coal, coke and briquettes. Metal ores and minerals (mainly iron ore) was the only category that saw a decline in export volumes (-2.4%), but a 6.1% gain in prices.

Rural goods saw the strongest increase of all export categories (of A\$1,751m), with a significant increase in both volumes (+6.0%) and prices (+4.4%).

Services exports saw a solid increase of A\$1,437m to a new record high of A\$32,914m.

Key Exports (Seasonally Adjusted)

	Change (A\$m)	Volume (%)	Prices (%)
Rural Goods	1,751	6.0	4.4
Metal Ores and Minerals	1,427	-2.4	6.1
Coal, Coke and Briquettes	-998	0.6	-5.3
Other Mineral Fuels (Oil and Gas)	349	1.3	0.5
Non-Monetary Gold	1,633	8.2	9.7
Services	1,437	3.4	1.2

Among imports, consumption goods saw the largest increase, boosted by non-industrial transport equipment. Intermediate and other merchandise goods also saw solid gains, despite a 1.6% decline in fuels and lubricants.

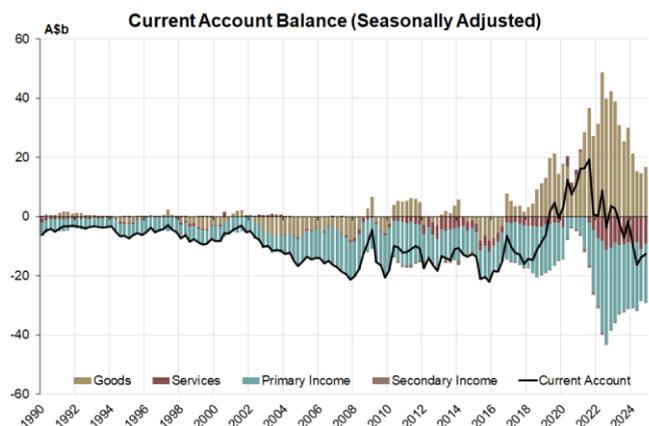
Capital goods imports declined in Q4, with ADP equipment being the only sub-category that saw an increase. Most of the decline came from categories such as civil aircraft and industrial transport equipment not elsewhere specified.

Services imports declined by A\$297m, reflecting less international travel by Australians.

Key Imports (Seasonally Adjusted)

	Change (A\$m)	Volume (%)	Prices (%)
Consumption Goods	1,002	1.9	0.9
Capital Goods	-281	-0.8	-0.3
Intermediate and Other Merch. Goods	615	1.5	-0.2
Non-Monetary Gold	347	3.0	10.3
Services	-297	-2.5	1.3

The relatively stronger rise in export prices compared to import prices was reflected in a 1.8% rise in the terms of trade, which however remain 15.5% off the 2022 peak.



The net primary income deficit widened by A\$2,337m to A\$19,793m, driven by higher interest payments to non-residents amid increased debt issuance by Australian entities, and – to a lesser extent – by higher dividends paid to overseas investors.

Net International Investment Position

The net international liability position narrowed to A\$653.2b from A\$714.8b in Q3, as a pickup in net foreign debt to A\$1,388.6b was offset by a rise in net foreign equity assets to A\$735.5b amid the weaker AUD.

Comment

Australia recorded its seventh consecutive current account deficit in Q4 2024. However, the negative external position appears to be stabilising around the pre-COVID levels.

Looking ahead, the external environment is looking increasingly uncertain, with the tariffs introduced by the Trump administration posing a downside risk to global trade and growth in our largest trading partner, China. Any negative impact would be partly offset by stimulus measures, which would be likely rolled out by the Chinese authorities in the event of a deeper slowdown.

The ABS estimate that net exports added 0.2ppts to real GDP growth in Q4.

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