

Goods Trade Balance August 2024

Australia's seasonally adjusted goods trade surplus was little changed in August, at A\$5,644m from the downwardly revised A\$5,636m in July (originally A\$6,009m). The market expectation was for a A\$5,500m surplus.

The steady goods trade surplus resulted from roughly the same pace of decline in exports (-A\$66m or -0.2%) and imports (-A\$75m or -0.2%).

Key Numbers (A\$ Millions)

Seasonally Adjusted	Change	August	July
Goods Trade Balance	8	5,644	5,636
Goods Exports	-66	43,227	43,293
Goods Imports	-75	37,582	37,657

The slight decline in goods exports resulted from a solid A\$521m (7.3%) bounce in coal, coke briquettes being more than fully offset by declines in other categories.

Exports of metal ores and minerals saw only a limited decline of A\$72m (0.5%), driven by lower prices, while export quantities appear to have picked up.

Goods Exports (A\$ Millions)

Seasonally Adjusted	Change	August	July
Rural Goods	-219	5,469	5,688
Metal Ores and Minerals (Incl. Iron Ore)	-72	13,620	13,692
Coal, Coke and Briquettes	521	7,639	7,118
Other Mineral Fuels (Oil and Gas)	-120	6,728	6,848
Metals (Ex Non-monetary Gold)	-20	1,408	1,428
Non-monetary Gold	-109	3,097	3,206
Manufactures	-4	4,018	4,022

The fall in goods debits was limited to consumption goods (-A\$505m or -4.2%). The fall in consumption goods imports was broad-based across the subcategories, with the strongest decline for non-industrial transport equipment.

Imports of capital goods rose by A\$147m or 1.6%, while intermediate and other merchandise goods saw a A\$285m (1.8%) gain. In both cases, the results were mixed across the subcategories.

Goods Imports (A\$ Millions)

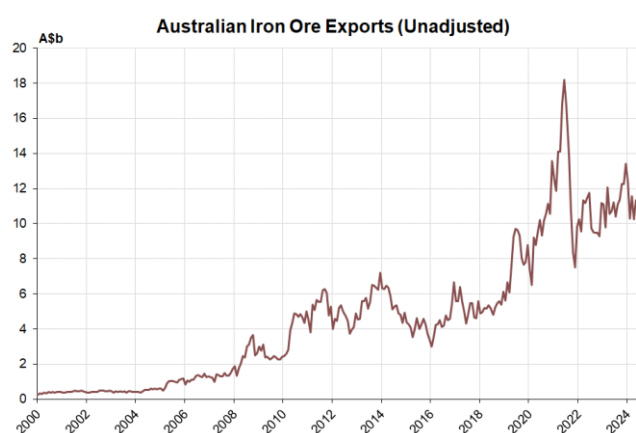
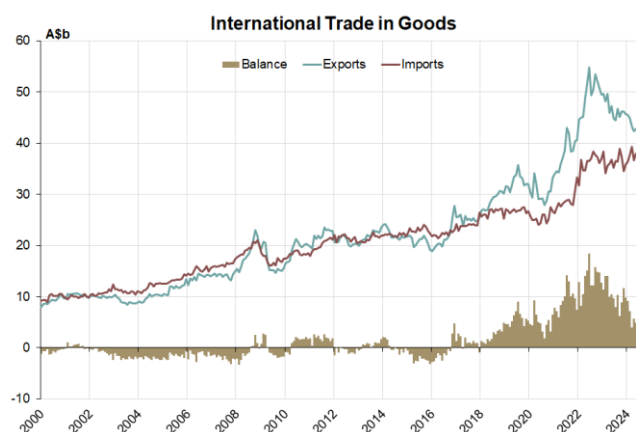
Seasonally Adjusted	Change	August	July
Consumption Goods	-505	11,553	12,058
Capital Goods	147	9,368	9,221
Intermediate and Other Merchandise Goods	285	15,834	15,549
Non-monetary Gold	-2	827	829

Western Australia remains the dominant state in terms of exports.

State Share Merchandise Goods Exports Excluding Re-Exports (Original, %)

	August	July
Western Australia	43	43
New South Wales	17	16
Victoria	7	8
Queensland	23	22
South Australia	3	4
Tasmania	1	1

*May not add to 100% due to exclusion of re-exports.



Comment

The August external trade report again brought no groundbreaking news, with the surplus, as well as overall exports and imports little changed for the month.

Australia's trade surplus remains healthy despite declining from the heights of the 2021 to 2023 period. Export values are normalising after the increase in demand related to the post-COVID rebound in the global economy and the spike in commodity prices after Russia's invasion of Ukraine.

Iron ore exports are also somewhat lower than during the heights of COVID-19, reflecting the fall in prices from very high levels, but remain high by historical standards. The recent concerns over the outlook for Chinese steel demand have not been reflected in Chinese iron ore import volumes which remain healthy.

At the same time, subdued domestic demand growth amid monetary tightening and cost-of-living pressures have seen imports track sideways after jumping sharply in 2022.

In the most recent projection, the RBA forecasts a recovery of exports and temporary acceleration in imports growth towards the end of the year.

03 October 2024