

Economic Analysis

Goods Trade Balance February 2024

The goods trade surplus declined a seasonally adjusted A\$2,778m to A\$7,280m (mkt exp.: A\$10,500m) in February, from a downwardly revised A\$10,058m in the previous month (originally A\$11,027m).

The increase was mainly driven by a 2.2% decline in exports and a 4.8% rise in imports.

Key Numbers (A\$ Millions)

Seasonally Adjusted	Change	February	January
Goods Trade Balance	-2,778	7,280	10,058
Goods Exports	-1,041	45,520	46,561
Goods Imports	1,736	38,239	36,503

The A\$1,041m decline in exports was driven by a A\$1,331m (8.4%) drop in metal ores and minerals (mainly iron ore), a A\$756m (21.9%) fall in non-monetary gold, which can be volatile, and a A\$267m (4.5%) decrease in rural goods.

These declines were partly offset by gains in fossil fuels, manufactures and metals excluding non-monetary gold.

Goods Exports (A\$ Millions)

Seasonally Adjusted	Change	February	January
Rural Goods	-267	5,656	5,923
Metal Ores and Minerals (Incl. Iron Ore)	-1,331	14,600	15,931
Coal, Coke and Briquettes	754	8,621	7,867
Other Mineral Fuels (Oil and Gas)	292	7,384	7,092
Metals (Ex Non-monetary Gold)	78	1,282	1,204
Non-monetary Gold	-756	2,693	3,449
Manufactures	114	3,876	3,762

The gain in imports was broad-based, with only capital goods seeing a slight decline.

The strongest increase was recorded for intermediate and other merchandise goods (A\$1,414m or 9.5%), with almost half of the gain coming from 'processed industrial supplies not elsewhere specified'. Fuels and lubricants saw a A\$213m (4.4%) increase.

There was also a solid A\$325m (2.8%) gain in consumption goods, with increases for all subcategories except for non-industrial transport equipment.

Goods Imports (A\$ Millions)

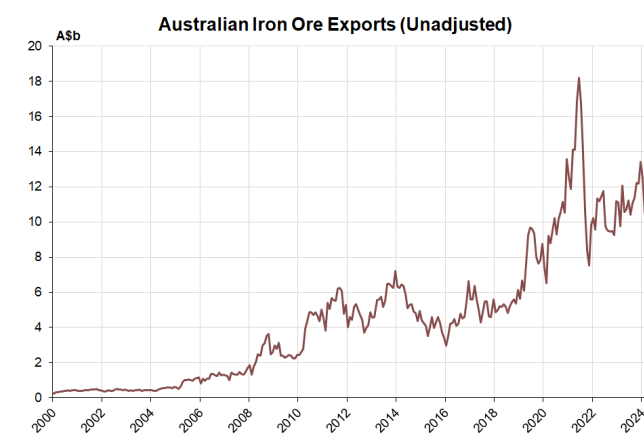
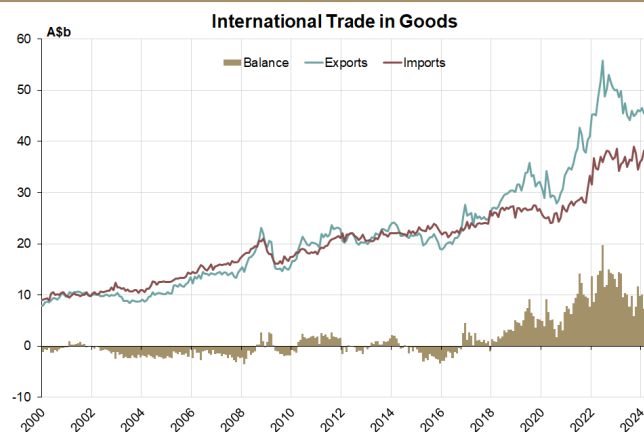
Seasonally Adjusted	Change	February	January
Consumption Goods	325	12,022	11,697
Capital Goods	-61	9,103	9,164
Intermediate and Other Merchandise Goods	1,414	16,241	14,827
Non-monetary Gold	59	873	814

Western Australia remains the dominant state in terms of exports.

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

	February	January
Western Australia	47	52
New South Wales	14	14
Victoria	7	5
Queensland	21	19
South Australia	4	3
Tasmania	1	1

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



Comment

February saw a surprisingly large decline in the trade surplus, driven by lower iron ore exports and big increases in some import categories.

According to the supplementary information, the fall in iron ore exports was due to declines in volumes and prices.

Looking through the February figures, the big picture for the Australian international trade remains unchanged, with exports off their highs but remaining elevated and imports moving sideways, the trade surplus remains solid.

The recent decline in iron ore prices and lacklustre performance of the Chinese economy pose a downside risk to exports going forward. However, global economic growth is expected to remain solid in 2024, which should provide some support for demand and the prices of Aussie export commodities.

5 APRIL 2024

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