

## Economic Analysis

### Balance of Payments

Australia's seasonally adjusted current account surplus surged A\$10,524m to A\$11,800m in Q4 2023, from the upwardly revised A\$1,276m surplus in Q3 2023 (initially a A\$158m deficit). The market consensus was for a rise to A\$5,000m.

The surge in the current account surplus was due to both an A\$8,191m rise in the trade surplus and a A\$1,902m narrowing in the primary income deficit.

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

	Change	Q4 2023	Q3 2023
Current Account	10,524	11,800	1,276
Trade Balance	8,191	32,363	24,172
Net Primary Income Balance	1,902	-20,171	-22,073

The wider trade surplus was driven by higher exports and lower imports.

Goods exports rose by A\$4,170m (3.1%), supported by a A\$4,491m surge in metal ores and minerals (mainly iron ore) and a A\$1,211m lift in coal, coke and briquettes. These increases were driven by prices and volumes.

Exports of services rose by another A\$387m (1.3%), supported by rises in travel and transport credit.

Key Exports (Seasonally Adjusted)

	Change (A\$m)	Volume (%)	Prices (%)
Rural Goods	-523	-2.3	-0.6
Metal Ores and Minerals	4,491	0.5	9.4
Coal, Coke and Briquettes	1,211	3.9	1.3
Other Mineral Fuels (Oil and Gas)	-288	-2.3	0.8
Non-Monetary Gold	-521	-8.8	2.9
Services	387	0.5	0.8

The A\$1,967m (1.8%) drop in goods imports was driven by consumption and capital goods, partly offset by a gain in intermediate and other merchandise goods.

The A\$1,176m (3.4%) plunge in consumption goods debits was broad-based, with all subcategories seeing a decline. The plunge was driven by volumes (-5.4%), while prices rose by 2.1%, the fastest pace in a year.

Capital goods exports fell by A\$969m (3.5%), with declines both in volumes (-3.4%) and prices (-0.1%).

Intermediate and other merchandise goods was the only category to see an increase (+A\$426m or 0.9%), albeit only in nominal terms. Volumes for this category ebbed by 0.1%, which were more than offset by a 3.1% rise in prices.

Services imports saw a broad-based fall of A\$1,668m (5.5%).

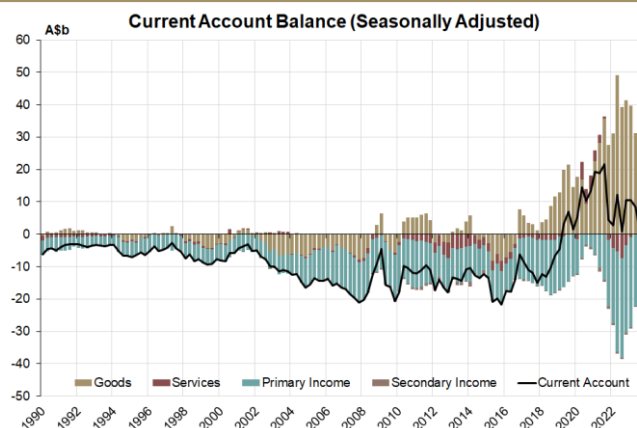
Key Imports (Seasonally Adjusted)

	Change (A\$m)	Volume (%)	Prices (%)
Consumption Goods	-1,176	-5.4	2.1
Capital Goods	-969	-3.4	-0.1
Intermediate and Other Merch. Goods	426	-0.1	1.0
Non-Monetary Gold	-248	-12.6	3.1
Services	-1,668	-5.3	-1.3

#### Disclaimer

Any opinions, judgments, conclusions, forecasts, predictions or estimations contained in this advice are made in reliance on information provided to Western Australian Treasury Corporation which Western Australian Treasury Corporation believes to be reliable. Western Australian Treasury Corporation, however, cannot guarantee the accuracy of that information. Thus, any recommendations are made in good faith but are provided only to assist you with any decisions which you make. These recommendations are not intended to be a substitute for professional advice on a particular matter. Before accepting or rejecting those recommendations you must discuss your particular needs and circumstances with Western Australian Treasury Corporation.

## Balance of Payments Q4 2023



The net primary income deficit narrowed by A\$1,902m to A\$20,171m, a level unseen in over two years. This narrowing was driven by reduced dividend payments from public mining companies.

The rise in prices of metal ores and minerals as well as coal translated into a 2.2% increase in the terms of trade.

### Net International Investment Position

The net international liability position increased to A\$836.6b from A\$811.2b in Q3. Net foreign debt picked up slightly, to A\$1,206.3b from A\$1,167.5b.

### Comment

Aussie current account surplus bounced back in Q4, supported by a rise in prices for commodities and higher export volumes for selected commodities, including iron ore. Lower imports and a narrower primary income deficit also helped the current account surplus higher.

Following the upward revision for Q3, Australia has recorded current account surpluses for 19 straight quarters since Q2 2019. However, they are not as supersized as the early days of COVID-19.

The ABS estimates that net exports added 0.6ppts to real GDP growth in Q4.

5 MARCH 2024