

Economic Analysis

Australia's seasonally adjusted goods trade surplus drop by A\$1,567m to A\$5,024m in March, from the downwardly revised level of A\$6,591m (originally A\$7,280m). Market expectations were for virtually no change in the trade surplus (A\$7,300m).

The trade surplus remains solid, albeit at the lowest level since November 2020. The drop in the surplus was almost exclusively due to a rise in imports, with hardly any change in exports.

Key Numbers (A\$ Millions)

Seasonally Adjusted	Change	March	February
Goods Trade Balance	-1,567	5,024	6,591
Goods Exports	51	44,911	44,860
Goods Imports	1,618	39,887	38,269

Goods credits rose by a marginal A\$51m (0.1%), as increases for most categories were almost entirely offset by a 7.5% drop in coal, coke and briquettes, as well as a slight 0.6% decline in metal ores and minerals. The decline in iron ore credits was driven by lower prices, while export volumes increased further.

Goods Exports (A\$ Millions)

Seasonally Adjusted	Change	March	February
Rural Goods	154	5,695	5,541
Metal Ores and Minerals (Incl. Iron Ore)	-84	14,306	14,390
Coal, Coke and Briquettes	-632	7,748	8,380
Other Mineral Fuels (Oil and Gas)	421	7,837	7,416
Metals (Ex Non-monetary Gold)	110	1,362	1,252
Non-monetary Gold	34	2,727	2,693
Manufactures	106	3,916	3,810

The rise in imports was broad-based, with the volatile non-monetary gold the only commodity to see a decline.

The strongest increase was registered for capital goods (8.0%), with gains in all subcategories but telecommunications equipment.

Imports of consumption goods, as well as intermediate and other merchandise goods, both rose by 4.1%.

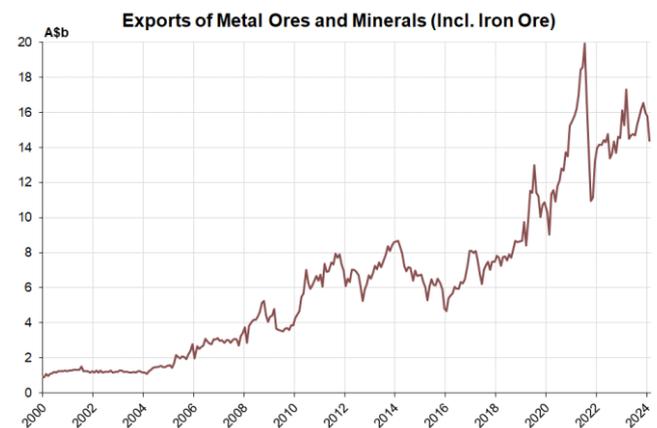
The rise in consumption goods imports was driven by food and beverages, textiles, clothing and footwear as well as 'consumption goods not elsewhere specified'.

The gains in intermediate and other merchandise goods were concentrated in 'processed industrial goods not elsewhere specified' as well as fuels and lubricants amid a rise in global oil prices in the recent months.

Goods Imports (A\$ Millions)

Seasonally Adjusted	Change	March	February
Consumption Goods	486	12,465	11,979
Capital Goods	729	9,794	9,065
Intermediate and Other Merchandise Goods	666	17,018	16,352
Non-monetary Gold	-263	610	873

Goods Trade Balance March 2024



Western Australia remains the dominant state in terms of exports.

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

	March	February
Western Australia	47	47
New South Wales	15	14
Victoria	7	7
Queensland	20	22
South Australia	4	3
Tasmania	1	1

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

Comment

The most surprising element of the March goods trade report was the solid and broad-based rise in imports, including discretionary consumption goods, which contrasts with ongoing weakness in consumer demand coming from other data, most recently [retail trade](#). However, it is too early to state if this is the first sign of a turnaround in consumer demand forecast for mid-2024.

Exports remain stable at an elevated level, as demand for Australian commodities remains high. This situation should continue, as global growth remains resilient, while China is trying to stimulate its economy through infrastructure investment.

2 MAY 2024

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