

Goods Trade Balance May 2025

Australia's seasonally adjusted goods trade surplus declined to a 4.5-year low of A\$2,238m in May, from the downwardly revised A\$4,859m (originally A\$5,413m) in the previous month. The market expectation was for a A\$5,000m surplus.

The May decline in the goods trade surplus was caused by both a 2.7% fall in exports and a 3.8% rise in imports.

Key Numbers (A\$ Millions)

Seasonally Adjusted	Change	May	April
Goods Trade Balance	-2,621	2,238	4,859
Goods Exports	-1,168	42,402	43,570
Goods Imports	1,453	40,164	38,711

The A\$1,168m fall in exports was concentrated in other mineral fuels (mainly oil and gas; -A\$891m or -11.5%), with LNG export volumes down by 6.4% in the month.

Rural goods shipments fell A\$226m (-3.5%) and non-monetary gold exports dropped A\$148m (-3.4%). While lower in May, the value of non-monetary gold exports remains significantly above historical averages at A\$4,221m.

These declines were partly offset by higher exports of metals (+A\$143m or 8.9%) and metal ores and minerals (mainly iron ore; +A\$119m or 0.9%). The rise in iron ore exports was driven by higher volumes, although unit values declined.

Goods Exports (A\$ Millions)

Seasonally Adjusted	Change	May	April
Rural Goods	-226	6,282	6,508
Metal Ores and Minerals (Incl. Iron Ore)	119	13,566	13,447
Coal, Coke and Briquettes	-96	4,610	4,706
Other Mineral Fuels (Oil and Gas)	-891	6,857	7,748
Metals (Ex Non-monetary Gold)	143	1,747	1,604
Non-monetary Gold	-148	4,221	4,369
Manufactures	0	4,176	4,176

The A\$1,453m rise in goods imports in May was broad-based, with the strongest increase recorded in capital goods (+A\$806m or 8.6%).

Consumption goods saw a A\$373m (3.0%) gain, mainly due to a surge in non-industrial transport equipment imports, while intermediate and other merchandise goods imports rose by A\$271m (1.8%).

Goods Imports (A\$ Millions)

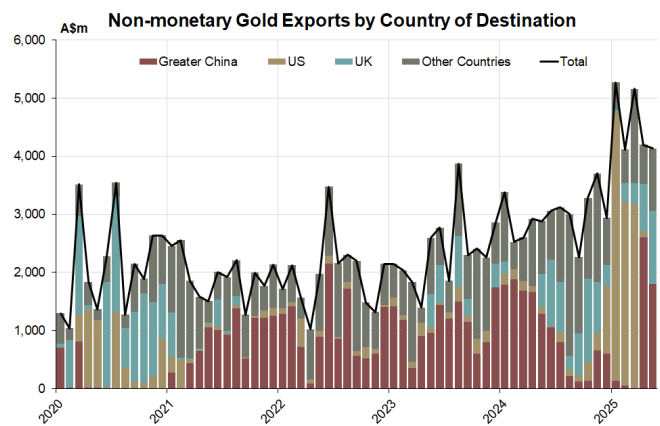
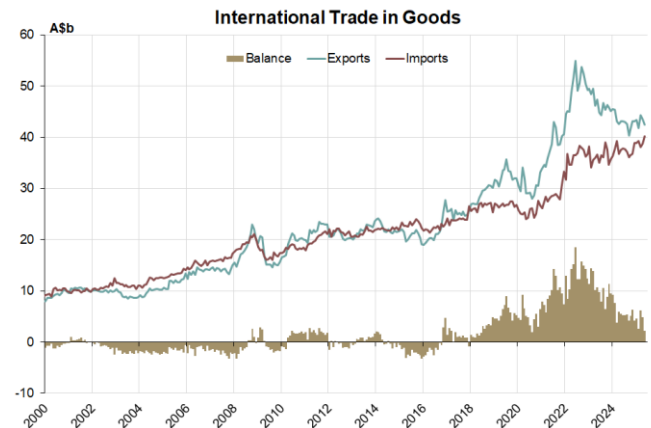
Seasonally Adjusted	Change	May	April
Consumption Goods	373	12,976	12,603
Capital Goods	806	10,205	9,399
Intermediate and Other Merchandise Goods	271	15,494	15,223
Non-monetary Gold	3	1,489	1,486

Western Australia remains the dominant state in terms of exports.

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

	May	April
Western Australia	43	47
New South Wales	18	16
Victoria	7	8
Queensland	20	18
South Australia	3	3
Tasmania	1	1

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



Comment

The May external trade report was the second after the announcement of 'reciprocal' tariffs and the subsequent frequent changes in US trade policies. However, given Australia's limited direct trade exposure to the US, the impact of the tariff war is largely absent from the Aussie trade data at this stage.

The above notwithstanding, the uncertainty surrounding US trade and other policies may be affecting non-monetary gold exports. Exports to the US surged in early 2025, to be well above levels that could be explained by rising prices. However, over the past two months, Greater China and the UK have replaced the US as the major destinations for Aussie gold.

At the same time, May saw solid gains in imports of industrial and non-industrial transport equipment as well as parts for transport equipment. However, these categories are quite volatile, and so it is too early to tell whether this is a spillover from a hike in US tariff rates for cars and car parts.

Baseline forecasts by the RBA and Bloomberg suggest that following some weakness in Q2, export growth should improve in the coming quarters, but will remain subdued. However, forecasting trade variables is extremely challenging in the currently unpredictable global environment and on-off trade policies of the US.

03 July 2025