Balance of Payments Q2 2026

Balance of Payments

Australia's seasonally adjusted current account deficit widened by A$1.8b to a record A$27.2b in Q2, following a revised deficit of A$25.4b in Q1 (originally A$27.2b). The Q2 deficit was narrower than market expectations for a A$30.0b shortfall.

The deterioration was driven by a further decline in the trade balance, with the goods and services deficit widening to A$5.1b from A$2.9b, while the net primary income deficit narrowed by A$83m to A$21.9b.

Current Account Balance (A$m, Seasonally Adjusted)

	Change	Q2 2026	Q1 2026
Current Account	-1,772	-27,220	-25,448
Trade Balance	-2,193	-5,104	-2,911
Net Primary Income Balance	83	-21,863	-21,946

The decline in the trade balance reflected a strong rise in goods imports, which more than offset higher exports.

Coal, coke and briquettes were the major contributors to the increase in goods exports, rising by A$4.0b in the quarter, followed by metal ores and minerals (mainly iron ore), and other mineral fuels (oil and gas).

Non-monetary gold exports slipped from a record high as prices and volumes eased.

Services exports fell in Q2, reflecting a decline in international tourism.

Key Exports (Seasonally Adjusted)

	Change (A$m)	Volume (%)	Prices (%)
Rural Goods	-101	-3.1	2.7
Metal Ores and Minerals	1,774	0.6	3.9
Coal, Coke and Briquettes	4,011	11.8	12.3
Other Mineral Fuels (Oil and Gas)	1,181	-2.4	9.7
Non-Monetary Gold	-2,681	-4.1	-8.8
Services	-413	-10.3	-8.4

The rise in trade debits was led by imports of fuels and lubricants, which jumped by 42.4% in the quarter. This was mainly driven by a 34.7% increase in prices, while volumes rose by 5.7%, supported by Australian Government efforts to secure supplies in response to anticipated global shortages.

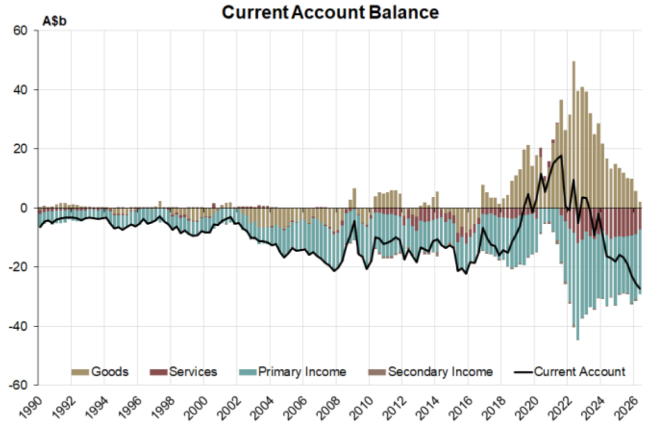
Consumer goods imports also rose, driven by a sharp increase in non-industrial transport equipment, mainly passenger vehicles, which increased by 38.1% in the quarter.

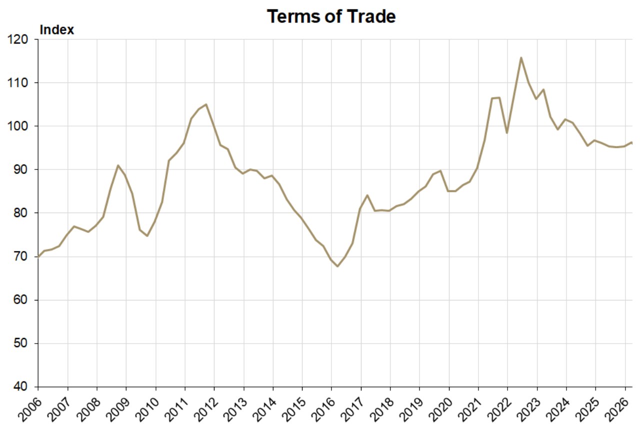
The fall in capital goods imports was driven by a pullback in ADP equipment, which fell from the record high recorded in Q1. This was partly offset by a sharp increase in imports in the civil aircraft and confidentialised items category.

Services imports fell, driven by a slump in international travel.

Key Imports (Seasonally Adjusted)

	Change (A$m)	Volume (%)	Prices (%)
Consumption Goods	2,562	7.4	-0.3
Capital Goods	-195	-0.6	0.0
Intermediate and Other Merch. Goods	7,705	1.4	13.3
Non-Monetary Gold	-1,261	-7.6	-9.1
Services	-1,887	-3.9	-4.2





Net Primary Income

The net primary income deficit was broadly unchanged at A$21.9b, as higher income from Australian foreign investment slightly exceeded increased payments to foreign investors.

The terms of trade fell 1.6% in Q2, mainly due to the sharp rise in the price of fuel imports.

Net International Investment Position

The net international liability position narrowed by A$122.8b to A$638.9b in Q2 2026. This reflected a A$186.1b increase in Australia's net foreign equity asset position, which more than offset a A$63.3b increase in the net debt liability position.

Comment

Australia's external position deteriorated further in Q2, as higher fuel import prices widened the goods and services deficit. Stronger exports of coal, LNG and iron ore provided a partial offset, but were not enough to prevent a further deterioration in the current account.

Passenger vehicle imports reached a record high in the quarter, partly driven by a spike in electric and plug-in hybrid vehicle imports.

The ABS estimates that net exports contributed 0.1ppts to real GDP growth in Q2, after subtracting 0.7ppts from growth in Q1.

01 September 2026