

Economic Analysis

Goods Trade Balance January 2024

Australia's seasonally adjusted goods trade surplus rose to A\$11,027m in January, from the downwardly revised A\$10,743m in December (originally A\$10,959m). This was roughly in line with market expectations of an increase to A\$11,500m.

The A\$284m increase in the goods trade surplus was driven by a A\$757m (1.6%) rise in exports, partly offset by a A\$471m (1.3%) gain in imports.

Key Numbers (A\$ Millions)

Seasonally Adjusted	Change	January	December
Trade Balance	284	11,027	10,743
Goods and Services Exports	757	47,511	46,754
Goods and Services Imports	471	36,483	36,012

Apart from the volatile non-monetary gold, the largest contributors to the rise in goods credits were rural goods (+A\$430m or 7.6%) as well as metal ores and minerals (mainly iron ore; +A\$163m or 1.0%). Detailed supplementary information provided by the ABS suggests that a rise in iron ore exports was driven by higher prices, while volumes fell.

Exports of metals and fossil fuels declined slightly in January.

Exports (A\$ Millions)

Seasonally Adjusted	Change	January	December
Rural Goods	430	6,108	5,678
Metal Ores and Minerals (Incl. Iron Ore)	163	16,553	16,390
Coal, Coke and Briquettes	-59	7,847	7,906
Other Mineral Fuels (Oil and Gas)	-62	7,136	7,198
Metals (Ex Non-monetary Gold)	-90	1,263	1,353
Non-monetary Gold	532	3,452	2,920
Manufactures	85	3,809	3,724

The rise in goods debits was driven by consumption and capital goods, which saw solid increases of A\$574m (5.2%) and A\$507m (5.9%), respectively. Intermediate and other merchandise goods saw a decline of A\$796m (5.1%).

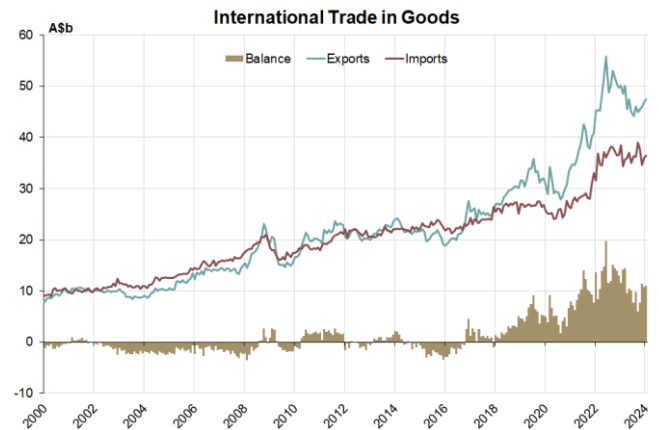
The rise in consumption goods imports was driven by non-industrial transport equipment (+17.2%), but there were also slight increases in household electrical goods (+4.4%) as well as textiles, clothing and footwear (2.1%).

For capital goods imports, there were strong increases in telecommunications equipment (+30.3%), 'industrial transport equipment not elsewhere specified' (13.1%) and automatic data processing equipment (12.8%).

The decline in intermediate and other merchandise goods was driven by a drop in parts for transport equipment (-27.6%) as well as fuels and lubricants (-5.6%).

Imports (A\$ Millions)

Seasonally Adjusted	Change	January	December
Consumption Goods	574	11,693	11,119
Capital Goods	507	9,104	8,597
Intermediate and Other Merchandise Goods	-796	14,873	15,669
Non-monetary Gold	187	814	627



Western Australia remains the dominant state in terms of exports.

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

	January	December
Western Australia	51	49
New South Wales	15	15
Victoria	6	6
Queensland	19	20
South Australia	3	4
Tasmania	1	1

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

Comment

The January external trade report showed that demand for Aussie commodities remained strong in early 2024, while imports were supported by the high demand for cars.

Imports have been broadly flat since early 2022, reflecting subdued domestic demand amid cost-of-living pressures. This situation is expected to continue for the rest of this year.

While exports are off the record highs of early 2022, they remain elevated by historical standards. However, the ongoing sluggishness in Chinese economic activity and a lack of large-scale stimulus measures pose a downside risk to export demand going forward.

7 MARCH 2024

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.