

Economic Analysis

Australia's external trade surplus narrowed to a seasonally adjusted A\$12,237m in December, from an upwardly revised A\$13,475m in November (originally A\$13,201m). The consensus market expectation was for a A\$12,450m surplus.

The narrower surplus was driven by a A\$793m drop in the value of goods and services exports while imports rose A\$445m.

Key Numbers (A\$ Millions)

Seasonally Adjusted	Change	November	December
Trade Balance	-1,238	13,475	12,237
Goods and Services Exports	-793	58,634	57,841
Goods and Services Imports	445	45,159	45,604

Goods credits fell A\$766m, with broad-based declines across categories.

The biggest contributors to the fall in goods exports were a A\$534m fall in the value of other mineral fuel shipments (oil and gas) and a A\$448m drop in metal ores and minerals (mainly iron ore).

The major offset was a A\$608m rise in exports of non-monetary gold.

Services credits slipped for the third month in a row after hitting a record high in September.

Exports (A\$ Millions)

Seasonally Adjusted	Change	November	December
Rural Goods	-250	6,697	6,447
Metal Ores and Minerals (Incl. Iron Ore)	-448	15,153	14,705
Coal, Coke and Briquettes	-203	11,525	11,322
Other Mineral Fuels (Oil and Gas)	-534	9,577	9,043
Non-Monetary Gold	608	1,669	2,277
Manufactures	-124	3,761	3,637
Services	-27	7,303	7,276

On the other side of the ledger goods debits rose A\$64m.

Capital goods imports jumped A\$953m after hitting a 10-month low in November.

Imports of consumption goods rose A\$162m, with passenger goods imports by far the major contributor.

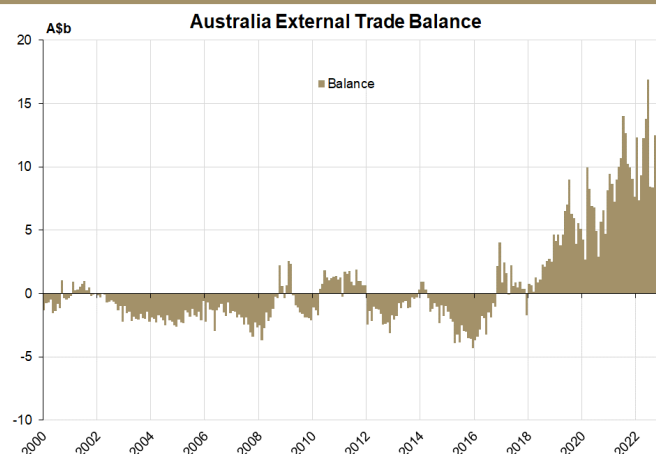
The increases were partly offset by a A\$987m fall in imports of intermediate and other merchandise goods, of which fuels and lubricant imports fell A\$628m.

Services debits rose A\$381m as a A\$597m rise in outbound tourism spending was offset by a A\$252m drop in spending on freight services.

Imports (A\$ Millions)

Seasonally Adjusted	Change	November	December
Consumption Goods	162	11,167	11,329
Capital Goods	953	7,840	8,793
Intermediate and Other Merchandise Goods	-987	17,032	16,045
Non-Monetary Gold	-64	551	487
Services	381	8,569	8,950

Trade Balance December 2022



Western Australian merchandise exports rose A\$1,248m to A\$23,823m (unadjusted), with the state's export share remaining steady at 45% of the national total.

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

	November	December
Western Australia	45	45
New South Wales	18	18
Victoria	6	5
Queensland	24	20
South Australia	2	3
Tasmania	1	1

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

Comment

Australia continued to boast a very healthy trade surplus at the end of 2022, which is likely to remain strong at least in the early part of 2023.

The strong surplus has been driven by robust demand for commodities that has seen a sharp rise in export values over the course of the past couple of years. This has more than offset by the run up in imports that has been driven by strong growth in the domestic economy.

Moving forward, the expected slowing in the global and domestic economies is likely to see an easing in trade values as we move through 2023.

7 February 2023

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