

Goods Trade Balance September 2024

Australia's seasonally adjusted goods trade surplus dropped to a six-month low of A\$4,609m in September, from the downwardly revised A\$5,284m (originally A\$5,644m). The market expectation was for a more moderate decline to A\$5,274m.

The narrowing in the goods trade surplus was driven by a 4.3% decline in exports, partly offset by a 3.1% fall in imports.

Key Numbers (A\$ Millions)

Seasonally Adjusted	Change	September	August
Goods Trade Balance	-675	4,609	5,284
Goods Exports	-1,818	40,827	42,645
Goods Imports	-1,142	36,219	37,361

The fall in goods credits resulted from sharp declines in exports of fossil fuels, the volatile non-monetary gold and, to a lesser extent, lower value of metal ores and minerals exports (mainly iron ore).

The supplementary information provided by the ABS suggests that iron ore exports continued to climb in volume terms in September.

The above was partly offset by higher exports of rural goods, manufactures and metals other than non-monetary gold. The rise in rural goods exports was driven by meat and 'other rural'.

Goods Exports (A\$ Millions)

Seasonally Adjusted	Change	September	August
Rural Goods	290	5,658	5,368
Metal Ores and Minerals (Incl. Iron Ore)	-371	13,115	13,486
Coal, Coke and Briquettes	-715	6,964	7,679
Other Mineral Fuels (Oil and Gas)	-735	5,650	6,385
Metals (Ex Non-monetary Gold)	88	1,502	1,414
Non-monetary Gold	-657	2,438	3,095
Manufactures	109	4,099	3,990

The fall in goods debits was driven by intermediate and other merchandise goods as well as capital goods.

The largest contribution to the decline in intermediate and other merchandise goods debits came from fuels and lubricants amid a decline in global oil prices.

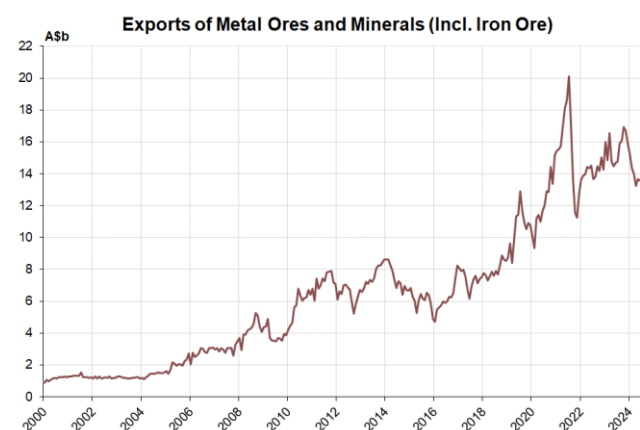
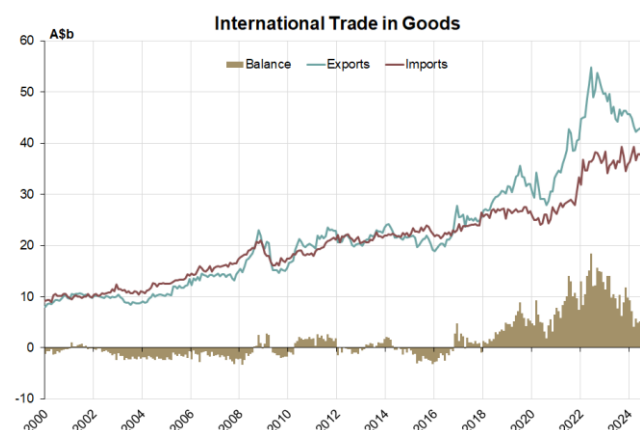
The decline in capital goods exports was broad-based, with telecommunications equipment being the only category that registered a gain.

There were slight increases in imports of consumption goods and the volatile non-monetary gold.

Most subcategories of consumption goods saw slight gains in imports in September, with the strongest increase in non-industrial transport equipment. However, there was a slight decline in imports of textiles, clothing and footwear, while imports of toys, books and leisure goods were flat.

Goods Imports (A\$ Millions)

Seasonally Adjusted	Change	September	August
Consumption Goods	95	11,699	11,604
Capital Goods	-583	8,709	9,292
Intermediate and Other Merchandise Goods	-717	14,921	15,638
Non-monetary Gold	62	889	827



Western Australia remains the dominant state in terms of exports.

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

	September	August
Western Australia	43	43
New South Wales	16	17
Victoria	7	7
Queensland	23	22
South Australia	3	3
Tasmania	1	1

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

Comment

The September trade report saw a continuation of the trends observed over the past year, with further normalisation in exports and stagnating imports. These trends are expected to continue in the coming months.

However, the results of the US elections – Donald Trump's victory and the Republican Party's control over both chambers of US Congress – imply a dramatic rise in the risk of the implementation of supersized tariffs in 2025 targeting China, Australia's major trading partner.

In addition, even without the impacts of tariffs, the Chinese economic outlook remains uncertain, with risks tilted to the downside. This implies significant downside risks to Australian exports; however, this may be offset to some extent by the Chinese Government's efforts to support demand in the domestic economy.

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