

Balance of Payments Q1 2026

Balance of Payments

Australia's seasonally adjusted current account deficit widened by A\$4.1b to a record A\$27.1b in Q1. Market expectations were for a more measured deterioration to a deficit of A\$23.4b.

The Q4 2025 deficit also turned out to be wider than originally estimated (A\$23.0m instead of A\$21.1b).

The deterioration in the current account balance was driven by a A\$3.5b plunge in the trade balance, which turned into a deficit of A\$2.4b. This was the first deficit since late 2017. A slight widening in net primary income deficit also contributed to the deterioration in the current account position.

Current Account Balance (A\$m, Seasonally Adjusted)

	Change	Q1 2026	Q4 2025
Current Account	-4,080	-27,123	-23,043
Trade Balance	-3,506	-2,441	1,065
Net Primary Income Balance	-389	-23,656	-23,267

The drop in the trade balance reflected both a fall in exports and a rise in imports.

The major contributor to the decline in the value of exports was metal ores and minerals (mainly iron ore), reflecting primarily lower price levels, though export volumes also fell for this category. The second strongest decline was recorded for coal, coke and briquettes (despite higher prices), followed by rural goods.

These declines were partly offset by a surge in the volatile non-monetary gold, as well as an uptick in other mineral fuels (mainly LNG).

Services exports fell in Q1, reflecting mainly a decline in international travel.

Key Exports (Seasonally Adjusted)

	Change (A\$m)	Volume (%)	Prices (%)
Rural Goods	-594	-0.6	-2.4
Metal Ores and Minerals	-3,690	-1.3	-7.3
Coal, Coke and Briquettes	-889	-6.8	1.4
Other Mineral Fuels (Oil and Gas)	89	3.0	-2.5
Non-Monetary Gold	4,093	11.6	10.8
Services	-489	-2.1	0.8

The rise in imports was registered for all categories of goods except for consumption goods, which saw a broad-based decline.

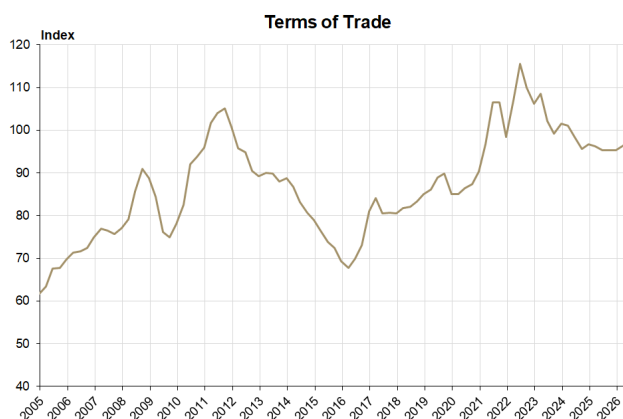
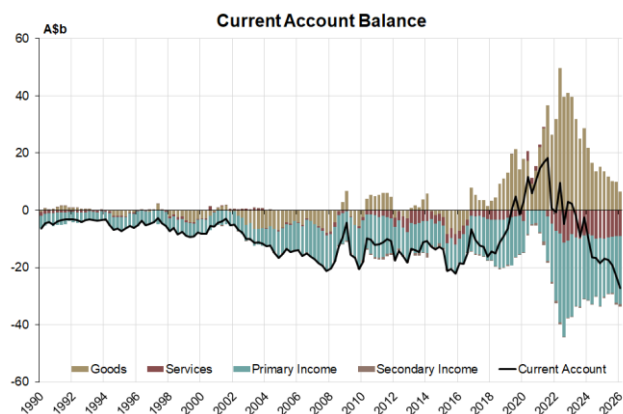
The strongest gain was in intermediate and other merchandise goods, caused almost exclusively by a 12.5% surge in fuels and lubricants.

Capital goods also saw a solid increase in Q1, with automatic data processing equipment being the single driver.

Similarly to exports, services imports declined in Q1 due to lower international travel.

Key Imports (Seasonally Adjusted)

	Change (A\$m)	Volume (%)	Prices (%)
Consumption Goods	-1,500	-0.8	-3.1
Capital Goods	945	6.3	-3.0
Intermediate and Other Merch. Goods	1,494	0.1	3.0
Non-Monetary Gold	903	2.0	10.7
Services	-411	3.8	-4.5



The net primary income deficit widened by A\$389m to A\$23.7b in Q1, which was among the ten worst outcomes on record.

The terms of trade picked up by 1.2% in Q1, as a rise in prices of some exported commodities and services offset an increase in prices of imported fuel.

Net International Investment Position

The net international liability position widened from A\$645.3b in Q4 2025 to A\$707.6b, which is the highest level in over two years. This came as a decline in net foreign debt was offset by changes in net equity position amid volatility in international markets.

Comment

The Australian external position continued to deteriorate in Q1, weighed down by the impacts of the war in the Middle East.

The positive export impacts of the war in the Middle East, particularly the cessation of gas production by Qatar, have failed to materialise at this point. However, the rise in global fuel prices resulting from the war has definitely driven the value of imports higher.

The trade outlook depends on the duration and scope of the conflict in the Middle East.

The ABS estimates that net exports detracted 0.8ppts from real GDP growth in Q1.

02 June 2026