

Australia's external goods trade surplus rose a seasonally adjusted A\$945m in October to A\$7,129m from a downwardly revised A\$6,184m in September (originally A\$6,786m). The market consensus was for a slightly stronger increase to A\$7,500m.

The rise in the surplus was due to a 1.9% decline in goods imports and, to a lesser extent, a 0.4% rise in goods exports.

**Key Numbers (A\$ Millions)**

| Seasonally Adjusted        | Change | October | September |
|----------------------------|--------|---------|-----------|
| Trade Balance              | 945    | 7,129   | 6,184     |
| Goods and Services Exports | 182    | 45,548  | 45,366    |
| Goods and Services Imports | -763   | 38,419  | 39,182    |

Goods credits rose A\$182m in the month, thanks to a A\$362m (2.3%) rise in metal ores and minerals (mostly iron ore) and a A\$253m (21.6%) jump in exports of metals (excluding non-monetary gold). The supplementary information suggests that the increase in the value of iron ore exports was due to both higher prices and volumes.

These increases offset declines in other categories, with fossil fuels seeing the strongest fall. Exports of coal, coke and briquettes dropped by A\$305k (4.0%), while other mineral fuel credits (oil and gas) fell A\$311k (4.6%).

**Exports (A\$ Millions)**

| Seasonally Adjusted                      | Change | October | September |
|--|--------|---------|-----------|
| Rural Goods                              | -113   | 6,101   | 6,214     |
| Metal Ores and Minerals (Incl. Iron Ore) | 362    | 16,270  | 15,908    |
| Coal, Coke and Briquettes                | -305   | 7,370   | 7,675     |
| Other Mineral Fuels (Oil and Gas)        | -311   | 6,425   | 6,736     |
| Metals (Ex Non-monetary Gold)            | 253    | 1,427   | 1,174     |
| Non-monetary Gold                        | 127    | 2,543   | 2,416     |
| Manufactures                             | -11    | 3,806   | 3,817     |

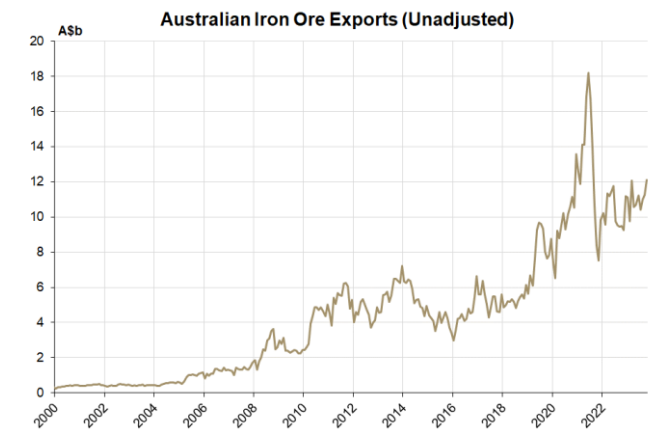
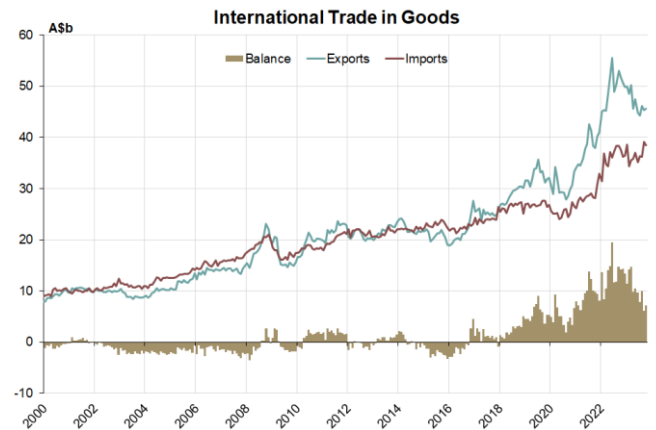
The A\$763m fall in goods debits was driven by a A\$1,153m (11.2%) slump in capital goods following a sharp increase in the previous month, as the September surge in industrial transport equipment imports was partly reversed.

There was also a small A\$56m (0.5%) decline in consumption goods imports, as a A\$261m (7.4%) increase in imports of passenger vehicles to a five-month high and slight uptick in food and beverages for consumption (A\$22m or 1.3%) was more than offset by declines for other categories.

Intermediate and other merchandise goods rose a modest A\$226m (1.4%), driven by a A\$581m (10%) surge in fuels and lubricants amid a rise in global oil prices.

**Imports (A\$ Millions)**

| Seasonally Adjusted                      | Change | October | September |
|--|--------|---------|-----------|
| Consumption Goods                        | -56    | 11,810  | 11,866    |
| Capital Goods                            | -1,153 | 9,135   | 10,288    |
| Intermediate and Other Merchandise Goods | 226    | 16,420  | 16,194    |
| Non-monetary Gold                        | 220    | 1,054   | 834       |



Western Australia again contributed just under half of all total Australian merchandise goods exports in October.

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

|                   | October | September |
|-------------------|---------|-----------|
| Western Australia | 48      | 47        |
| New South Wales   | 14      | 15        |
| Victoria          | 6       | 6         |
| Queensland        | 20      | 20        |
| South Australia   | 3       | 3         |
| Tasmania          | 1       | 1         |

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

**Comment**

The monthly international trade report is now confined to goods, with services to be reported on a quarterly basis in the balance of payments report.

The Aussie trade surplus remains healthy, even if it is well off the highs of 2022 and early 2023, and is being supported by ongoing strong demand for Aussie commodities, particularly iron ore.

The headline figure was distorted by a partial reversal of the surge in industrial transport equipment imports from the previous month. Looking beyond these volatiles, the weakness in consumer demand is increasingly dragging on imports, which adds to the high goods trade surplus.

7 DECEMBER 2023

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