

Economic Analysis

Australia's external trade surplus surged to a seasonally adjusted A\$13,870m in February, from a downwardly revised A\$11,266m in the previous month (originally A\$11,688m). The consensus market expectation was for a decline to A\$10,750m surplus.

The rise in the surplus was caused by imports falling more than exports.

Key Numbers (A\$ Millions)

Seasonally Adjusted	Change	February	January
Trade Balance	2,604	13,870	11,266
Goods and Services Exports	-1,700	57,043	58,743
Goods and Services Imports	-4,304	43,173	47,477

Exports fell A\$1,700m (2.9%), with goods seeing a A\$1,736m (3.4%) drop and services edging up A\$36m (0.5%).

The fall in exports was driven by a A\$1,588m (9.5%) drop in metal ores and minerals (mainly iron ore), amid lower export volumes. Other mineral fuels also saw a significant decline (-A\$277m or 3.0%), while coal, coke and briquettes were little changed.

Exports of rural goods and manufactures increased in February.

Exports (A\$ Millions)

Seasonally Adjusted	Change	February	January
Rural Goods	200	6,145	5,945
Metal Ores and Minerals (Incl. Iron Ore)	-1,588	15,132	16,720
Coal, Coke and Briquettes	5	10,417	10,412
Other Mineral Fuels (Oil and Gas)	-277	8,917	9,194
Non-Monetary Gold	-229	2,161	2,390
Manufactures	45	3,705	3,660
Services	36	7,936	7,900

Imports dropped A\$4,304m or 9.1%, with a A\$3,811m (9.9%) decline in goods and -A\$493m (5.4%) drop in services imports.

All the major categories, but the volatile non-monetary gold, contributed to a drop in imports in February. The largest contribution came from consumption goods (-A\$2,413m or -19.3%), driven mainly by a 35.1% plunge in non-industrial transport equipment from a record high in January.

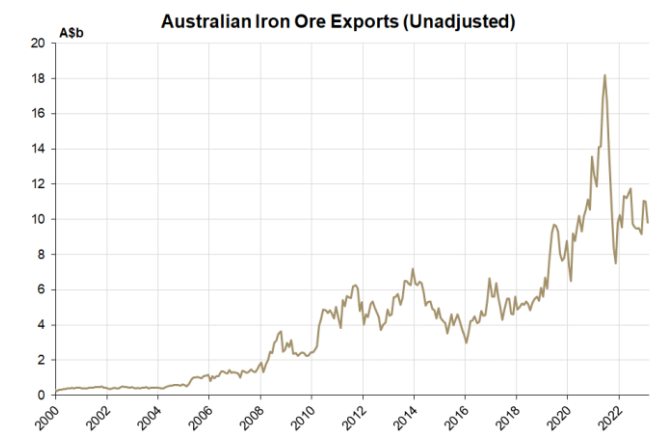
Capital goods imports fell A\$1,425m or 14.6%, dragged down by a plunge in industrial transport equipment (-38.6%) and telecommunications equipment (-27.3%).

Intermediate and other merchandise goods saw a A\$162m or 1.0% decline, with results mixed across the subcategories.

Imports (A\$ Millions)

Seasonally Adjusted	Change	February	January
Consumption Goods	-2,413	10,109	12,522
Capital Goods	-1,425	8,364	9,789
Intermediate and Other Merchandise Goods	-162	15,337	15,499
Non-Monetary Gold	189	785	596
Services	-493	8,578	9,071

Trade Balance February 2023



Western Australian merchandise exports again contributed around half of the Australian total.

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

	February	January
Western Australia	47	52
New South Wales	18	16
Victoria	6	5
Queensland	19	19
South Australia	4	3
Tasmania	1	1

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

Comment

Australia continues to boast a very healthy trade surplus in early 2023.

The February surplus increase was driven by a drop in imports, amid a setback from the strong domestic demand for vehicles in the previous month. However, the level remained at historically high levels, confirming that overall domestic demand remains strong.

Despite the slight decline, exports also remain historically high.

Looking ahead, expected slowdowns in the global and domestic economies will see an easing in trade values.

7 February 2023

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.