

Australia's seasonally adjusted goods trade surplus jumped to a six-month high of A\$11,437m in November, following an upwardly revised A\$7,660m in October (originally A\$7,129m). The market expectation was for a A\$7,300m surplus.

The increase was mainly driven by a 7.9% fall in imports, with a 1.7% increase in exports also contributing.

Key Numbers (A\$ Millions)

Seasonally Adjusted	Change	November	October
Trade Balance	3,777	11,437	7,660
Goods Exports	789	46,314	45,525
Goods Imports	-2,988	34,877	37,865

Goods credits rose A\$789m, with coal and iron ore the biggest contributors. The supplementary information suggests the rise in coal exports was mainly driven by increased shipments of coking coal, while the increase in iron ore export values was driven by higher prices.

Exports (A\$ Millions)

Seasonally Adjusted	Change	November	October
Rural Goods	15	5,921	5,906
Metal Ores and Minerals (Incl. Iron Ore)	499	16,769	16,270
Coal, Coke and Briquettes	522	8,180	7,658
Other Mineral Fuels (Oil and Gas)	53	6,526	6,473
Metals (Ex-Non-Monetary Gold)	-131	1,247	1,378
Non-Monetary Gold	-112	2,431	2,543
Manufactures	100	3,839	3,739

The fall in goods debits was driven by a A\$1,635m (14%) fall in imports of consumption goods, led by a A\$988m (26.0%) drop in passenger vehicle imports.

The fall in capital goods imports was led by the machinery and industrial equipment, and the civil aircraft and confidentialised items categories. These falls were partly offset by increased imports of industrial transport equipment.

The decline in intermediate and other merchandise goods was driven by lower fuel imports at least partly due to lower prices.

Imports (A\$ Millions)

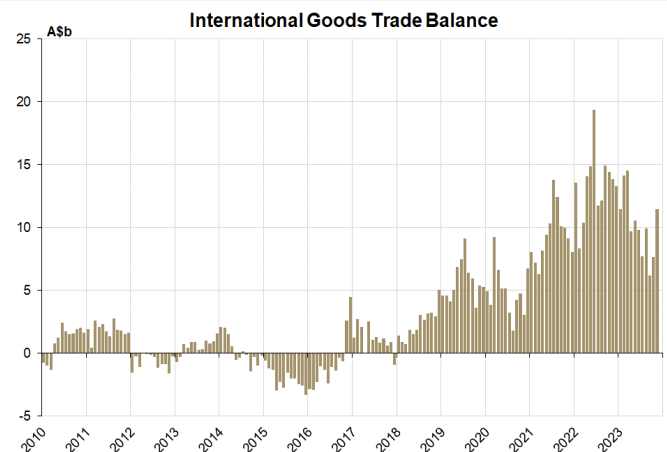
Seasonally Adjusted	Change	November	October
Consumption Goods	-1,635	10,073	11,708
Capital Goods	-253	8,792	9,045
Intermediate and Other Merchandise Goods	-617	15,441	16,058
Non-Monetary Gold	-483	571	1,054

Western Australia remains the dominant state in terms of exports.

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

	November	October
Western Australia	47	48
New South Wales	15	14
Victoria	6	6
Queensland	21	20
South Australia	2	3
Tasmania	1	1

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



Comment

The wider Aussie trade surplus in November was a mix of good and bad news.

The increase in goods exports, particularly iron ore, shows that while off the highs of 2022 and early 2023, the demand for Aussie commodities remained solid in late 2023. However, uncertainty over the outlook for the Chinese economy suggests export values could fall further in 2024.

Goods imports have declined sharply over the past two months after hitting a record high in September, with import values slipping to a nine-month low in November.

Most of the drop in imports was driven by a big fall in the value of passenger vehicle imports, which remain historically very high, and lower fuel imports. However, the declines were broad-based.

Imports of consumption goods were particularly soft and suggest domestic demand growth slowed further in Q4 as the household sector struggles with high inflation, mortgage interest rates and rents.

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