

## Economic Analysis

Australia's external trade surplus narrowed to a seasonally adjusted A\$11,688m in January, from an upwardly revised A\$12,985m in December (originally A\$12,237m). The consensus market expectation was for a A\$12,350m surplus.

The narrower surplus was caused by imports rising more than exports.

### Key Numbers (A\$ Millions)

Seasonally Adjusted	Change	January	December
Trade Balance	-1,297	11,688	12,985
Goods and Services Exports	784	58,847	58,063
Goods and Services Imports	2,082	47,160	45,078

Exports rose by A\$784m (1.4%), with goods seeing a A\$549m (1.1%) increase and services rising by A\$235m (3.1%).

The rise in goods exports was mainly due to a A\$1,906m (12.8%) surge in metal ores and minerals (mainly iron ore), supported by higher global prices. There were also increases in manufactures and non-monetary gold.

These increases were partly offset by lower exports of fossil fuels and rural goods. The fall in fossil fuel exports (both coal and gas) was caused both by lower demand and prices. The decline in rural goods was due to the lower value of cereal exports and the "other rural" category.

### Exports (A\$ Millions)

Seasonally Adjusted	Change	January	December
Rural Goods	-184	6,102	6,286
Metal Ores and Minerals (Incl. Iron Ore)	1,906	16,846	14,940
Coal, Coke and Briquettes	-695	10,499	11,194
Other Mineral Fuels (Oil and Gas)	-136	8,940	9,076
Non-Monetary Gold	114	2,391	2,277
Manufactures	85	3,714	3,629
Services	235	7,833	7,598

Imports rose A\$2,082m (4.6%), with goods rising by A\$1,831m (5.0%) and services adding A\$250m (2.9%).

The largest contribution to the rise in goods exports came from consumption goods (+A\$1,327m or +4.8%), driven mainly by a 30.9% rise in imports of non-industrial transport equipment. Household electrical items was the only major category to see a decline.

Capital goods imports rose \$893m, with over-50% increases in the imports of industrial transport and telecommunications equipment.

Offsetting these increases, intermediate and other merchandise goods fell A\$499m fall, mainly due to further fall in fuels and lubricants (-A\$388m or -7.4%)

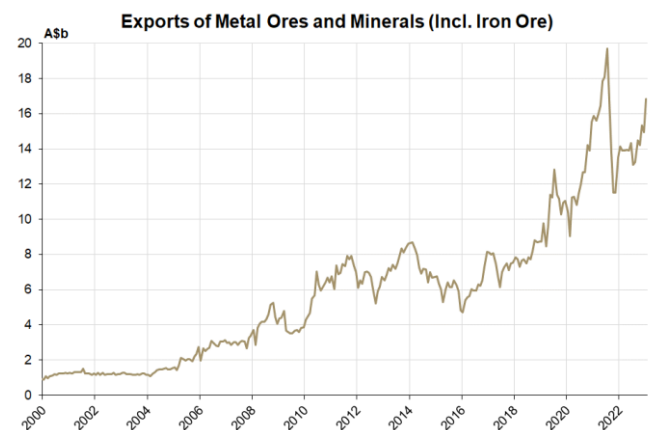
### Imports (A\$ Millions)

Seasonally Adjusted	Change	January	December
Consumption Goods	1,327	12,668	11,341
Capital Goods	893	9,803	8,910
Intermediate and Other Merchandise Goods	-499	15,288	15,787
Non-Monetary Gold	109	596	487
Services	250	8,804	8,554

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## Trade Balance January 2023



Western Australian merchandise exports rose another A\$930m to an unadjusted A\$24,640m, which is just 1.8% off the record high from June 2022. The state continues to contribute around half of the Australian merchandise goods exports.

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

	January	December
Western Australia	52	45
New South Wales	15	18
Victoria	5	5
Queensland	19	20
South Australia	3	3
Tasmania	1	1

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

### Comment

Australia continued to boast a very healthy trade surplus in early 2023, supported by robust demand for commodities that has seen a surge in export values over the past couple of years. This has more than offset the recovery in imports driven by strong domestic growth.

Looking ahead, expected slowdowns in the global and domestic economies will see an easing in trade values. Recovery from the zero-COVID policy in China will, to some extent, likely provide less support to exports than expected, with target 2023 growth set at just 5%.

7 February 2023