

Economic Analysis

Australia's external trade surplus fell to a seasonally adjusted A\$11,158m in April, from a downwardly revised A\$14,822m in March (originally A\$15,269m). The consensus market expectation was for a decline to A\$13,500m.

The drop in the surplus was caused by a fall in exports and a rise in imports.

Key Numbers (A\$ Millions)

Seasonally Adjusted	Change	April	March
Trade Balance	-3,664	11,158	14,822
Goods and Services Exports	-2,961	56,177	59,138
Goods and Services Imports	703	45,019	44,316

Exports dropped A\$2,961m (5.0%), with mixed results across categories.

The strongest drop of A\$1,746m (10.4%) was reported for metal ores and minerals (mainly iron ore), with declines for both values and volumes. Despite this, iron ore exports remained well above pre-COVID levels.

Coal, coke and briquettes saw a A\$742m (7.1%) decline, also due to lower values and volumes amid the northern spring. Rural goods fell A\$625m (9.3%), while the volatile non-monetary gold dropped A\$400m (19.7%).

These declines were offset by a A\$628m (7.8%) rise in services exports (with tourism related services up A\$660m) as well as slight gains in manufactures and other mineral fuels (mainly oil and gas).

Exports (A\$ Millions)

Seasonally Adjusted	Change	April	March
Rural Goods	-625	6,111	6,736
Metal Ores and Minerals (Incl. Iron Ore)	-1,746	15,084	16,830
Coal, Coke and Briquettes	-742	9,769	10,511
Other Mineral Fuels (Oil and Gas)	159	8,571	8,412
Non-Monetary Gold	-400	1,629	2,029
Manufactures	70	3,782	3,712
Services	628	8,718	8,090

Imports rose A\$703m or 1.6%, mainly thanks to a A\$605m (7.2%) increase in capital goods and A\$312m (3.7%) gain in services, also mainly driven by tourism.

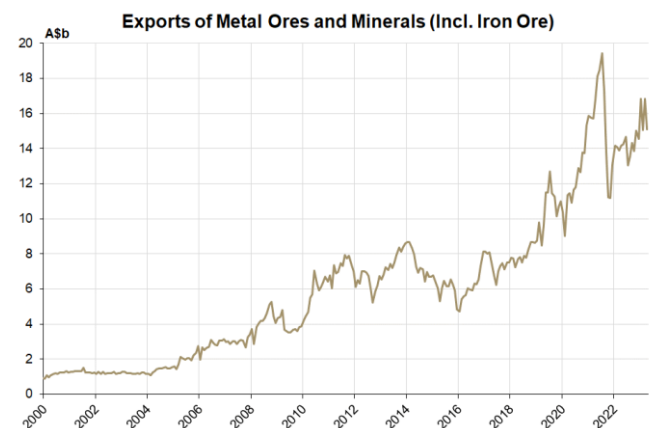
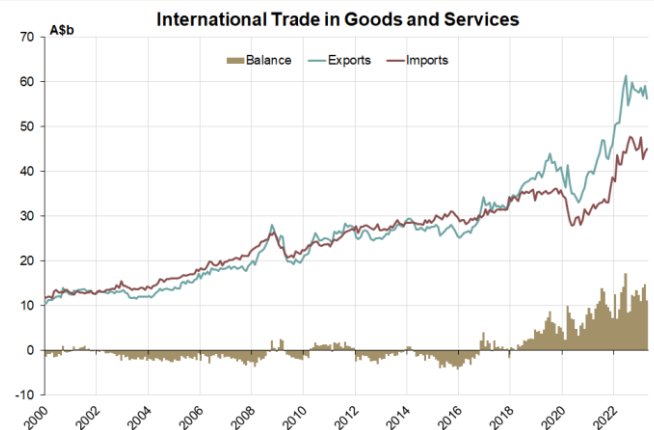
Consumption goods increased A\$83m (0.7%), which was significantly slower than the 14.7% increase recorded in the previous month. The rise in April was mainly thanks to a A\$139m (8.5%) gain in food and beverages. Imports of non-industrial transport equipment declined by A\$64m (2.0%) but remained elevated.

Imports of intermediate and other merchandise goods were virtually unchanged in April.

Imports (A\$ Millions)

Seasonally Adjusted	Change	April	March
Consumption Goods	83	11,630	11,547
Capital Goods	605	9,056	8,451
Intermediate and Other Merchandise Goods	-1	15,156	15,157
Non-Monetary Gold	-295	447	742
Services	312	8,731	8,419

Trade Balance April 2023



Western Australia continued to contribute around a half to total Australian merchandise goods exports.

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

	April	March
Western Australia	47	48
New South Wales	15	15
Victoria	6	6
Queensland	21	20
South Australia	4	3
Tasmania	1	1

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

Comment

Despite the decline, the Australian external trade surplus remained high in early 2023.

The strong external position is being driven by ongoing strong demand for Aussie commodities, thanks to which exports have been hovering at near-record highs.

Imports have come off their record highs, as growth in [Aussie domestic demand](#) is clearly slowing.

We continue to expect that the slowdown in global and domestic economies will see an easing in trade values in the coming months. However, the upside risks to exports have risen, with Chinese authorities expected to roll out a fresh support package for the property sector.

8 June 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.