

## Economic Analysis

## Goods Trade Balance December 2023

Australia's seasonally adjusted goods trade surplus declined to A\$10,959m in December, from the upwardly revised A\$11,764m (originally A\$11,437m). The market consensus was for a decline to A\$10,500m.

The decline in the surplus was due to a 4.8% (A\$1,652m) rise in imports, partly offset by a 1.8% (A\$847m) uptick in exports.

Key Numbers (A\$ Millions)

Seasonally Adjusted	Change	December	November
Trade Balance	-805	10,959	11,764
Goods and Services Exports	847	47,125	46,278
Goods and Services Imports	1,652	36,165	34,513

Apart from the volatile non-monetary gold, the strongest contribution in exports came from other mineral fuels (oil and gas; +A\$448m or +6.7%), followed by metals other than non-monetary gold (+A\$178m or +15.3%).

These increases were largely offset by a A\$355m (4.2%) fall in coal, coke and briquettes as well as a A\$133m (0.8%) decline in metal ores and minerals (mainly iron ore). Despite the decline, the value of exports of metal ores and minerals remains elevated, while export volumes climbed in December.

Exports (A\$ Millions)

Seasonally Adjusted	Change	December	November
Rural Goods	29	5,722	5,693
Metal Ores and Minerals (Incl. Iron Ore)	-133	16,488	16,621
Coal, Coke and Briquettes	-355	8,154	8,509
Other Mineral Fuels (Oil and Gas)	448	7,169	6,721
Metals (Ex Non-monetary Gold)	178	1,345	1,167
Non-monetary Gold	491	2,920	2,429
Manufactures	-71	3,716	3,787

Consumption goods debits rose 9.8% (+A\$995m), with half of the increase coming from non-industrial transport equipment. Textiles, clothing and footwear contributed around a quarter of the rise in consumption goods imports.

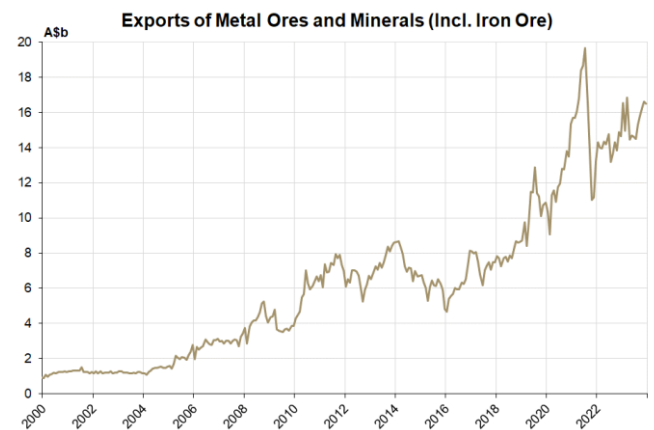
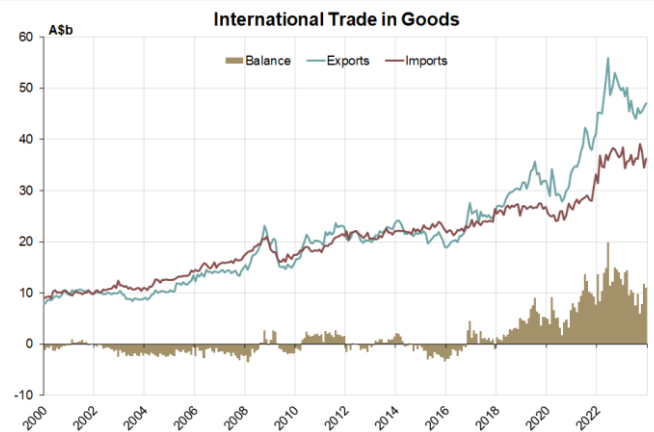
Intermediate and other merchandise goods saw a 4.5% (A\$683m) increase in imports, amid a strong gain in parts for transport equipment, as well as a further increase in fuels and lubricants.

The volatile non-monetary gold imports rose by 9.8% (A\$56m) in December.

These increases were partly offset by a 1.0% (A\$83m) decline in capital goods imports, dragged down by a drop in industrial transport equipment.

Imports (A\$ Millions)

Seasonally Adjusted	Change	December	November
Consumption Goods	995	11,098	10,103
Capital Goods	-83	8,619	8,702
Intermediate and Other Merchandise Goods	683	15,821	15,138
Non-monetary Gold	56	627	571



Western Australia remains the dominant state in terms of exports.

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

	December	November
Western Australia	49	48
New South Wales	15	15
Victoria	6	6
Queensland	20	21
South Australia	4	2
Tasmania	1	1

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

### Comment

The December goods trade report pointed to ongoing solid demand for Aussie commodities on the one hand and surprisingly strong imports on the other.

That said, uncertainty over the outlook for the Chinese economy suggests export values could decline in 2024.

Over the past two years, imports remained well above pre-covid levels, partly supported by high fuel prices and strong demand for passenger vehicles, and this situation continued in December. However, trend growth in imports has been flat since the second half of 2022, as high inflation, mortgage interest rates and rents continue to be a drag on consumption demand.

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