

Goods Trade Balance February 2025

Australia's goods trade surplus dropped to A\$3.0b in February, from the downwardly revised A\$5.2b in the previous month. The market consensus was that the surplus was broadly unchanged at A\$5.4b in February.

The drop in goods trade surplus was mainly due to a 3.6% decline in exports and, to a lesser extent, a 1.6% gain in imports.

Key Numbers (A\$ Millions)

Seasonally Adjusted	Change	February	January
Goods Trade Balance	-2,188	2,968	5,156
Goods Exports	-1,578	42,313	43,891
Goods Imports	611	39,345	38,734

Most of the fall in goods credits was due to a 21.4% plunge in non-monetary gold, which saw an unusual spike in exports to the US in January. Despite easing in February, non-monetary gold exports remain 70 times higher than their historical average up to November 2024.

Iron ore and coal exports saw solid declines, of 2.9% and 6.7%, respectively. The detailed information suggests that these declines were driven by lower volumes of exports to Asian countries other than China.

These declines were partly offset by a 4.4% gain in exports, driven by meat, with around one-third of this increase being channelled to the US.

Goods Exports (A\$ Millions)

Seasonally Adjusted	Change	February	January
Rural Goods	290	6,951	6,661
Metal Ores and Minerals (Incl. Iron Ore)	-389	12,940	13,329
Coal, Coke and Briquettes	-375	5,218	5,593
Other Mineral Fuels (Oil and Gas)	38	6,366	6,328
Metals (Ex Non-monetary Gold)	-13	1,508	1,521
Non-monetary Gold	-1,146	4,214	5,360
Manufactures	150	4,118	3,968

The rise in imports was broad-based, with half of the decline attributed to capital goods, amid a surge in the volatile aircraft and 'other capital goods'.

Consumption goods saw a 1.2% gain in February, as a drop in the choppy vehicle imports partly offset increases for other subcategories.

Goods Imports (A\$ Millions)

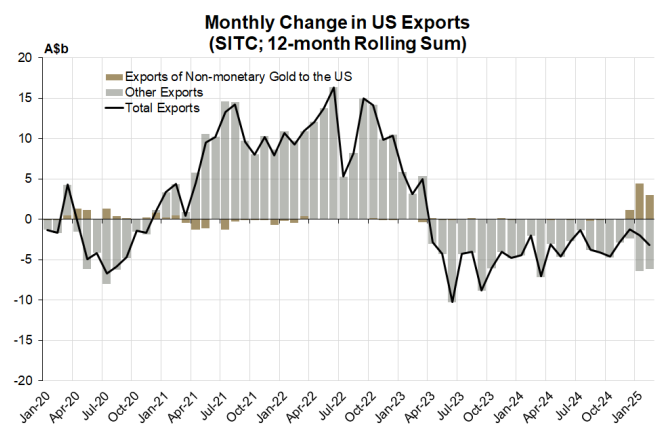
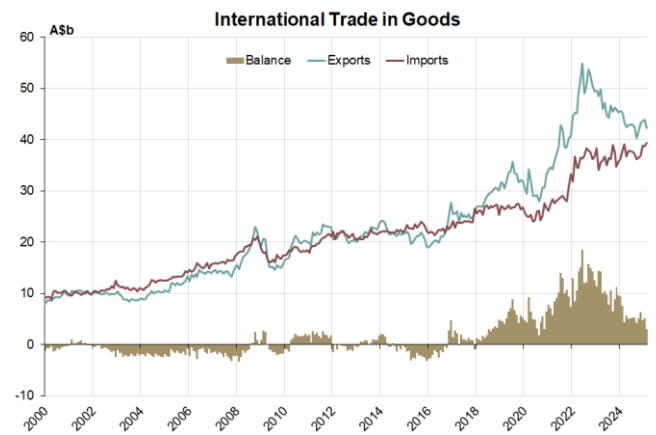
Seasonally Adjusted	Change	February	January
Consumption Goods	144	12,232	12,088
Capital Goods	313	9,051	8,738
Intermediate and Other Merchandise Goods	2	16,896	16,894
Non-monetary Gold	152	1,166	1,014

Western Australia remains the dominant state in terms of exports.

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

	February	January
Western Australia	45	49
New South Wales	18	15
Victoria	8	6
Queensland	19	19
South Australia	3	3
Tasmania	1	1

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



Comment

Despite a marginal share of the US in Australian exports, the impacts of the upcoming tariffs could be traced in external trade report in February.

Exports of non-monetary gold to the US remain elevated at A\$3.2b, reflecting increased demand due to high global uncertainty. US meat importers also appeared to proceed with their orders ahead of the tariffs.

The largest set of tariff measures was announced by US President this morning. The US is imposing a 'baseline' 10% universal rate on all countries, including Australia, and additional punitive tariffs on around 60 countries. Australia's major trading partners will be affected by the punitive tariffs, with a 34% import tax imposed on China, 25% duty set for South Korea and 24% rate implemented on imports to the US from Japan.

The commercial bank reports published today appear to agree that Australia will be one of the least affected countries, with marginal direct exposure and subject to the lowest baseline tariff rate only. However, there is a risk of further tariffs and spillovers from Australia's major trading partners, which were more hit by the new measures. The risks will increase further if those countries decide to impose countermeasures and the situation escalates into a full-scale global trade war.

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