

The Australian trade surplus narrowed to a seasonally adjusted \$8.8B in April 2020, from a record high of A\$10.4B in March, exceeding the market expectations for a A\$7.5B surplus. The decline was driven by an 11% fall in export values exceeding a 10% drop in imports.

Key Numbers A\$ Millions (Seasonally Adjusted)

Seasonally Adjusted	Change	April	March
Trade Balance	-\$1,646	\$8,800	\$10,446
Goods and Services Exports	-\$4,756	\$37,505	\$42,261
Goods and Services Imports	-\$3,111	\$28,705	\$31,816

The A\$4.8B fall in exports was broad-based but was led by a 47% drop in exports of non-monetary gold and a 9% fall in exports of metal ores and minerals (iron ore), however, these falls represented a partial reversal of huge increases in March. Services exports posted another large fall, slumping 13%, driven mainly by the ongoing decline in tourism.

Exports A\$ Millions (Seasonally Adjusted)

	Change	April	March
Rural Goods	\$39	\$4,179	\$4,140
Metal Ores and Minerals (Iron Ore)	-\$1,003	\$10,484	\$11,487
Coal, Coke & Briquettes	-\$198	\$4,629	\$4,827
Other Mineral Fuels (Oil and Gas)	-\$216	\$5,249	\$5,465
Non-Monetary Gold	-\$1,694	\$1,880	\$3,574
Manufactures	-\$621	\$3,053	\$3,674
Services	-\$924	\$6,066	\$6,990

Imports fell A\$3.1B, with a 98% fall in tourism the biggest contributor, as overseas travel virtually disappeared. There was a huge 31% drop in the value of imports of fuels and lubricants due to lower demand and prices. However, in the main, the value of goods imports was a little higher across most categories.

Imports A\$ Millions (Seasonally Adjusted)

	Change	April	March
Consumption Goods	\$329	\$8,609	\$8,280
Capital Goods	\$243	\$5,847	\$5,604
Intermediate and other merchandise goods	-\$507	\$9,881	\$10,388
Non-Monetary Gold	-\$402	\$615	\$1,017
Services	-\$2,773	\$3,753	\$6,526

Western Australia maintained its position as the dominant exporter among the states, with its share of merchandise goods exports remaining at 49%.

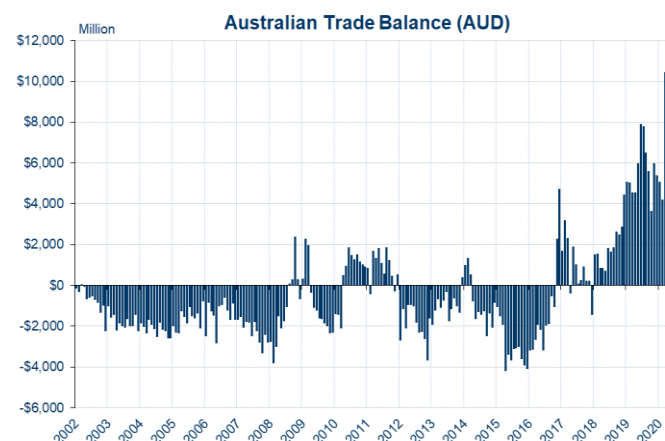
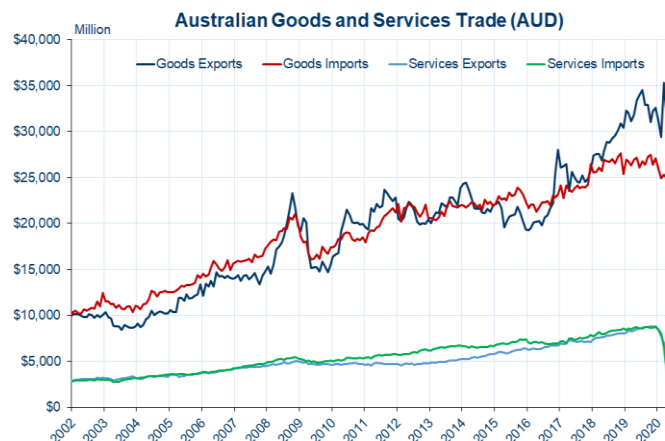
State Share Merchandise Goods Exports Excluding Re-Exports (Original)

	April	March
Western Australia	49%	49%
New South Wales	12%	13%
Victoria	8%	8%
Queensland	20%	19%
South Australia	3%	3%
Tasmania	1%	1%

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

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Comment

The trade data shows the impact of COVID-19 on the economy, particularly on the tourism sector, with those regions relying on international visitors seeing huge declines in income. With Australia's international borders to remain closed for some time, tourism operators are going to be heavily reliant on domestic travel.

As for the trade in goods, while imports of consumption and capital goods picked up in April, a jump in deliveries from China suggests this is largely a result of the ongoing recovery there rather than any resilience in domestic demand. On the positive side, demand for iron ore from China remains solid despite the pullback in April.

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