

The Australian trade surplus widened to a seasonally adjusted A\$8.2B in June from a downwardly revised A\$7.3B in May (originally \$8.0B). The market expectation had been for a surplus of A\$8.8B. The wider surplus was driven by an A\$1.2B increase in goods and services exports more than offsetting a A\$0.4B increase in imports.

**Key Numbers A\$ Millions (Seasonally Adjusted)**

Seasonally Adjusted	Change	June	May
Trade Balance	\$861	\$8,202	\$7,341
Goods and Services Exports	\$1,219	\$36,186	\$34,967
Goods and Services Imports	\$358	\$27,984	\$27,626

Metal ores and minerals and non-monetary gold were the major drivers behind the 3% rise in exports, while coal, oil and gas were the biggest drags. Services exports picked up a little due to seasonal adjustment. However, with next to no international tourism, it remained around the lowest level in four years.

**Exports A\$ Millions (Seasonally Adjusted)**

	Change	June	May
Rural Goods	\$125	\$3,626	\$3,501
Metal Ores and Minerals (Iron Ore)	\$941	\$11,818	\$10,877
Coal, Coke & Briquettes	-\$456	\$3,360	\$3,816
Other Mineral Fuels (Oil and Gas)	-\$788	\$3,562	\$4,350
Non-Monetary Gold	\$687	\$2,363	\$1,676
Manufactures	\$351	\$3,065	\$2,714
Services	\$260	\$6,390	\$6,130

Goods imports increased 1%, mainly due to a 7% rise in consumption goods after a near 14% drop in May. Imports of fuels and lubricants were up 28%.

**Imports A\$ Millions (Seasonally Adjusted)**

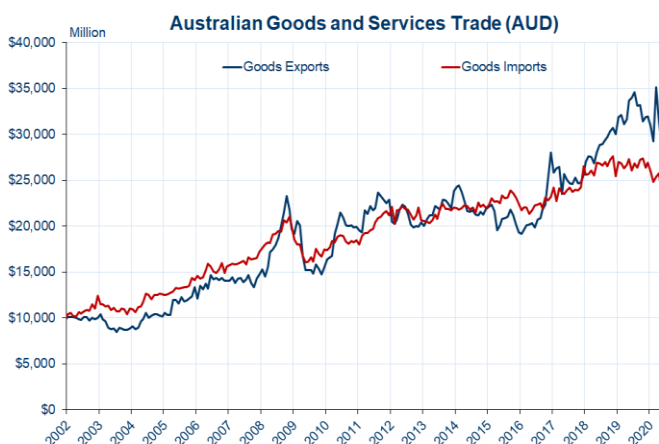
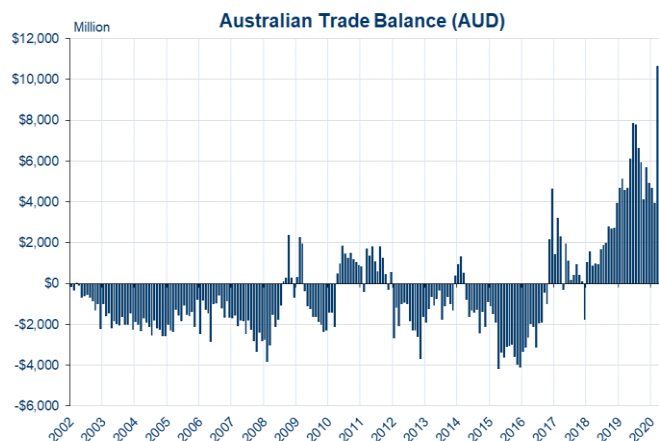
	Change	June	May
Consumption Goods	\$549	\$8,217	\$7,668
Capital Goods	-\$125	\$5,487	\$5,612
Intermediate and other merchandise goods	\$429	\$9,595	\$9,166
Non-Monetary Gold	-\$534	\$806	\$1,340
Services	\$40	\$3,879	\$3,839

Western Australia was again responsible for around half of the value of Australian exports in June.

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

	June	May
Western Australia	50%	49%
New South Wales	13%	12%
Victoria	8%	7%
Queensland	18%	21%
South Australia	4%	4%
Tasmania	1%	1%

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



**Comment**

The trade data highlights the positive impact of the COVID-19 pandemic on Australia's trade balance. Strong demand for iron ore in particular has seen the value of Aussie goods exports hold up reasonably well, with the value of shipments of metal ores and minerals rising to A\$11.8B in the month, the highest since July 2019. Pilbara Ports Authority data showed a record 68.2 million tonnes of throughput in the month of June, while annual throughput of 717.2 million tonnes for 2019-20 was also a record. Well over 90% of this tonnage was iron ore.

The import side of the equation highlights the depressed state of the domestic economy. While imports picked up in June, this was due to a rebound in consumption goods following a slump in May and a pick-up in imports of fuels and lubricants from a 15-year low.

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