

The Australian seasonally adjusted trade surplus narrowed to A\$4.6B in July from A\$8.1B in June. This was lower than the A\$5.4B expected by market participants.

Key Numbers (A\$ Millions)

Seasonally Adjusted	Change	July	June
Trade Balance	-3,542	4,607	8,149
Goods and Services Exports	-1,604	34,496	36,100
Goods and Services Imports	1,939	29,890	27,951

The fall in trade balance was caused by both a 4.4% decline in exports and a 6.9% rise in imports.

Exports fell in all major categories but non-monetary gold. The decline in goods exports was led by oil and gas (-17.5%), followed by rural goods (-15.1%).

Iron ore exports fell but remained close to their all-time highs.

Exports (A\$ Millions)

Seasonally Adjusted	Change	July	June
Rural Goods	-539	3,019	3,558
Metal Ores and Minerals (Incl. Iron Ore)	-463	11,421	11,884
Coal, Coke and Briquettes	-316	2,985	3,301
Other Mineral Fuels (Oil and Gas)	-627	2,951	3,578
Non-Monetary Gold	1,252	3,615	2,363
Manufactures	-122	2,928	3,050
Services	-772	5,610	6,382

The rise in goods imports was also broad-based, reflecting a recovery in domestic demand and easing in supply chain disruptions. However, imports were still well below the pre-crisis levels.

The largest increase in imports was recorded for capital goods (18.1%). Consumption goods imports rose somewhat slower, by 7.4%, led by an improvement in demand for non-industrial transport equipment. The value of imports of fuels and lubricants remains well down on pre-pandemic levels.

Imports (A\$ Millions)

Seasonally Adjusted	Change	July	June
Consumption Goods	608	8,795	8,187
Capital Goods	999	6,525	5,526
Intermediate and Other Merchandise Goods	165	9,737	9,572
Non-Monetary Gold	300	1,106	806
Services	-133	3,726	3,859

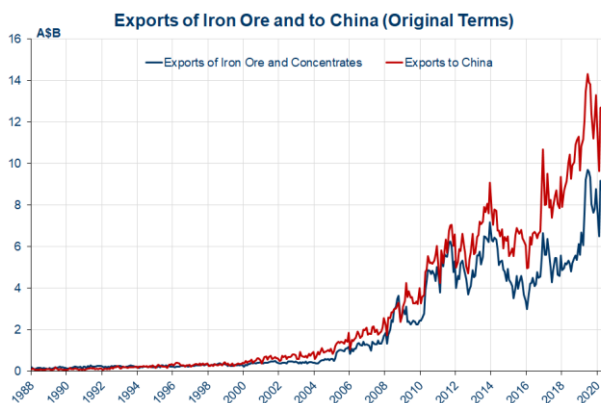
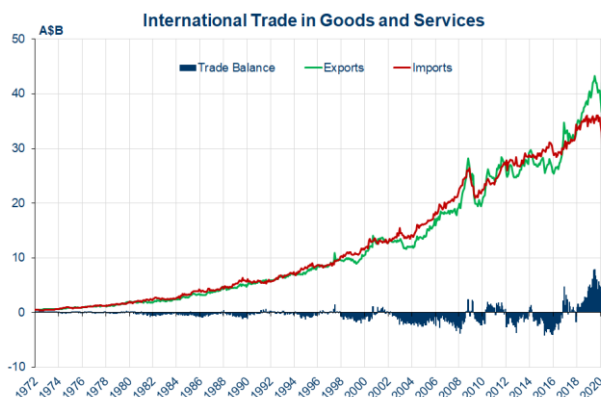
Trade in services remained at very depressed levels, as international travel is almost non-existent amid Australian border closure.

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

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

	July	June
Western Australia	53%	50%
New South Wales	12%	13%
Victoria	7%	8%
Queensland	17%	18%
South Australia	3%	4%
Tasmania	1%	1%

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



Comment

The Australian trade surplus has come back to pre-pandemic levels, following several months of being elevated by weak imports. In spite of the decline, the international trade balance remains solid, and iron ore exports are still very close to their all-time highs. The import side of the equation, however, is a reminder of the ongoing impact of the pandemic, with no international travel and persistent weakness in domestic demand.

3 SEPTEMBER 2020

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