

The seasonally adjusted external trade surplus unexpectedly narrowed to A\$2.6B in August, reaching the lowest level since October 2018. The market consensus was for a rise to A\$5.0B.

Key Numbers (A\$ Millions)

Seasonally Adjusted	Change	August	July
Trade Balance	-2,009	2,643	4,652
Goods and Services Exports	-1,431	32,638	34,069
Goods and Services Imports	579	29,996	29,417

The lower trade surplus in August was caused by a 4.2% decline in exports and, to a lesser extent, by a 2.0% rise in imports.

The fall in exports was primarily due to a 61.8% drop in non-monetary gold. Exports of fuel and services also declined, though at a slower pace than in July. Iron ore exports picked up and remained close to their all-time highs.

Exports (A\$ Millions)

Seasonally Adjusted	Change	August	July
Rural Goods	366	3,306	2,940
Metal Ores and Minerals (Incl. Iron Ore)	387	11,898	11,511
Coal, Coke and Briquettes	271	3,174	2,903
Other Mineral Fuels (Oil and Gas)	-169	2,729	2,898
Non-Monetary Gold	-2,234	1,380	3,614
Manufactures	12	2,896	2,884
Services	-140	5,207	5,347

The rise in imports was led by a 36.4% increase in non-industrial transport equipment (-8.9% YoY) and a 23.8% increase in imports of fuels and lubricants. Imports of capital goods declined, following a surge in July. There was a clear setback in imports of household electrical items and automatic data processing equipment.

Imports (A\$ Millions)

Seasonally Adjusted	Change	August	July
Consumption Goods	553	9,292	8,739
Capital Goods	-448	6,076	6,524
Intermediate and Other Merchandise Goods	323	9,719	9,396
Non-Monetary Gold	106	1,212	1,106
Services	44	3,696	3,652

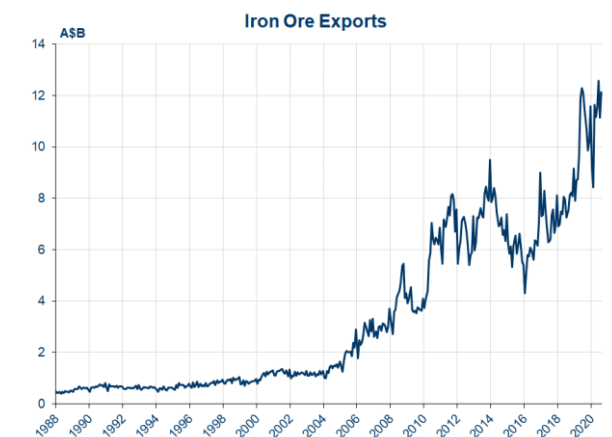
Amid the ongoing Australian border closure, services imports remained anaemic, 57.8% below their levels from a year ago.

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

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

	August	July
Western Australia	50.5	53.3
New South Wales	12.5	11.8
Victoria	7.5	6.6
Queensland	17.2	16.8
South Australia	3.7	2.6
Tasmania	1.0	0.9

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



Comment

The August external trade report confirmed a gradual recovery of consumer demand in Australia, as the economy re-opened outside of Victoria and supply chain disruptions eased. It also pointed to the ongoing weakness on the export side. Excluding the volatile non-monetary gold and depressed services, exports are 15.8% lower than a year ago and at the lowest levels since 2018, reflecting still subdued global demand and a rise in trade tensions.

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