

The seasonally adjusted external trade surplus grew to A\$5.6B in September 2020, slightly more than the A\$3.7B expected by the market participants.

Key Numbers (A\$ Millions)

Seasonally Adjusted	Change	September	August
Trade Balance	3,012	5,630	2,618
Goods and Services Exports	1,265	33,737	32,472
Goods and Services Imports	-1,747	28,108	29,855

The wider trade surplus was due to a 3.9% rise in exports and a 5.8% fall in imports.

The rise in exports was driven primarily by a 71.7% rebound in the volatile non-monetary gold that followed a 61.8% plunge in the previous month. Exports of metal ores and minerals (mainly iron ore) also increased, albeit somewhat less than in August (1.6% versus 5.5%). These increases were partly offset by falls in rural goods, coal, coke and briquettes as well as manufactures.

Exports (A\$ Millions)

Seasonally Adjusted	Change	September	August
Rural Goods	-50	3,164	3,214
Metal Ores and Minerals (Incl. Iron Ore)	192	12,322	12,130
Coal, Coke and Briquettes	-25	3,100	3,125
Other Mineral Fuels (Oil and Gas)	42	2,740	2,698
Non-Monetary Gold	989	2,369	1,380
Manufactures	-24	2,829	2,853
Services	117	5,201	5,084

The fall in imports was broad-based. The largest percentage drop was recorded for the volatile non-monetary gold (-41.6%), followed by intermediate and other goods (-6.6%). Consumption and capital goods imports fell by over 3.0%.

Imports (A\$ Millions)

Seasonally Adjusted	Change	September	August
Consumption Goods	-358	8,889	9,247
Capital Goods	-199	5,889	6,088
Intermediate and Other Merchandise Goods	-629	8,945	9,574
Non-Monetary Gold	-504	707	1,211
Services	-59	3,677	3,736

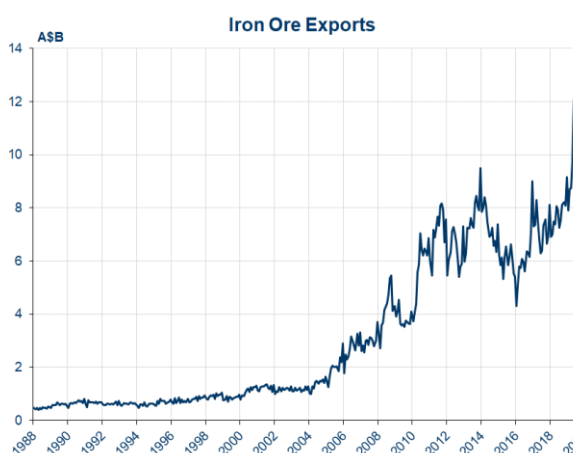
Amid the ongoing Australian border closure, services imports are still almost 60% below the pre-pandemic levels. Exports of services are 40% down YoY.

Western Australia has strengthened its position as the major driver of Australian exports.

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

	September	August
Western Australia	53.2	51.3
New South Wales	12.4	12.3
Victoria	6.7	7.3
Queensland	16.4	17.0
South Australia	3.1	3.6
Tasmania	1.0	1.0

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



Comment

External trade figures have been recently distorted by swings in demand for non-monetary gold. However, even if they are excluded, both export and import turnover would be subdued compared to pre-pandemic levels, reflecting travel restrictions, supply disruptions, low domestic and global demand and, most recently, new trade tensions. We expect this weakness to continue for some time.

5 NOVEMBER 2020

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