

## Economic Analysis

## Trade Balance August 2021

The seasonally adjusted external trade surplus widened to a record high of A\$15.1b in August, eclipsing the previous high of A\$12.7b set in July (originally A\$12.1b). The consensus market expectation was for a decline in the trade surplus to A\$10.1b.

The wider surplus was driven by a 4.1% rise in exports to a new record high while imports fell 1.5%.

### Key Numbers (A\$ Millions)

Seasonally Adjusted	Change	August	July
Trade Balance	2,427	15,077	12,650
Goods and Services Exports	1,923	48,524	46,601
Goods and Services Imports	-506	33,446	33,952

A rise in exports was recorded for all goods categories, with the exception of metal ores and minerals (mainly iron ore).

Around 40% of the increase in goods exports came from other minerals fuels (mainly LNG), while coal, coke and briquettes (mainly hard coking coal and thermal coal) contributed around 30%. The rise in exports of these energy commodities was driven by strong demand from Asia which pushed volumes and prices higher.

Rural goods exports also saw a significant increase, led by cereal grains and preparations amid supply and production constraints in other key players in the global wheat market.

The value of iron ore exports remain high by historical standards, despite the decline due to lower prices.

### Exports (A\$ Millions)

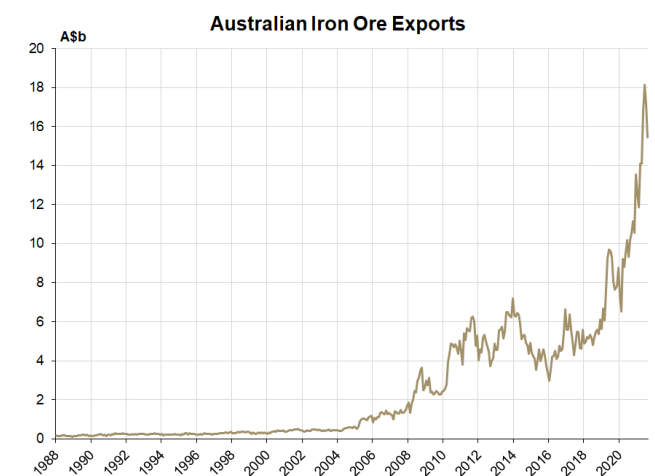
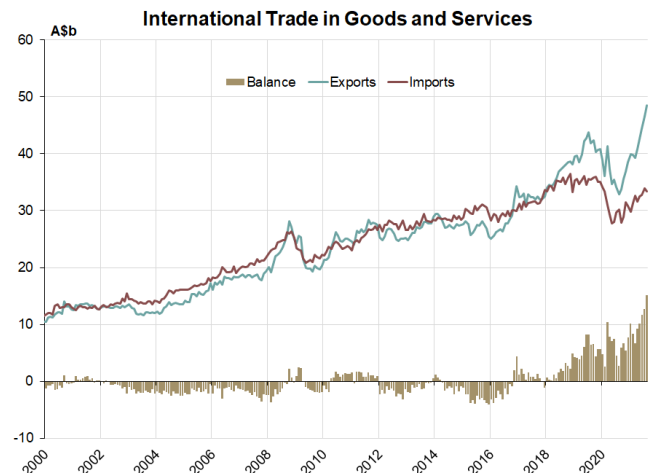
Seasonally Adjusted	Change	August	July
Rural Goods	551	5,422	4,871
Metal Ores and Minerals (Incl. Iron Ore)	-736	18,502	19,238
Coal, Coke and Briquettes	608	5,393	4,785
Other Mineral Fuels (Oil and Gas)	806	5,927	5,121
Non-Monetary Gold	350	2,434	2,084
Manufactures	82	3,195	3,113
Services	-127	4,774	4,901

The fall in imports was driven by intermediate and other merchandise goods and capital goods, which followed significant increases in the previous month.

Consumption goods imports rose to a five-month high, after falling in the previous two months. Over half the increase was due to a sharp rise in imports of passenger vehicles, which hit a record high in the month.

### Imports (A\$ Millions)

Seasonally Adjusted	Change	August	July
Consumption Goods	406	9,798	9,392
Capital Goods	-283	6,759	7,042
Intermediate and Other Merchandise Goods	-833	11,909	12,742
Non-Monetary Gold	154	591	437
Services	51	4,389	4,338



Western Australia was again responsible for over 50% of total Australian exports.

### State Share Merchandise Goods Exports Excluding Re-Exports (Original, %)

	August	July
Western Australia	53.4	55.4
New South Wales	12.5	12.6
Victoria	6.2	6.2
Queensland	16.6	15.4
South Australia	2.7	2.5
Tasmania	1.0	0.9

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

### Comment

The trade balance recorded its third consecutive record high in August. LNG and coal were the major drivers of export growth in the month, however, iron ore remains by far the most important export item.

With Australian borders still closed, the trade in services remains very subdued. However, the announcement of the easing of international travel restrictions starting from November, suggests the trade in services should start to revive, which may cause some volatility in the services trade numbers towards the end of the year.

5 OCTOBER 2021

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