

Economic Analysis

The seasonally adjusted external trade surplus narrowed to A\$9.4b in November (mkt exp A\$10.5b), from a downwardly revised A\$10.8b in the previous month (originally A\$11.2b).

The decline was driven by a 6.3% rise in imports of goods and services, which more than offset a 1.6% rise in exports.

Key Numbers A\$ Millions

Seasonally Adjusted	Change	November	October
Trade Balance	-1,358	9,423	10,781
Goods and Services Exports	691	43,859	43,168
Goods and Services Imports	2,049	34,436	32,387

Goods exports rose A\$582m, led by a A\$660m increase in rural goods shipments to a record A\$5.7b, while manufactured goods exports also picked up.

Mineral exports slipped, with coal seeing the biggest decline after hitting a record high in October. Falling prices drove another fall in the value of iron ore exports.

Seasonally Adjusted	Change	November	October
Rural Goods	660	5,743	5,083
Metal Ores and Minerals (Mainly Iron Ore)	-173	11,275	11,448
Coal, Coke & Briquettes	-362	7,255	7,617
Other Mineral Fuels (Oil and Gas)	-53	6,877	6,930
Non-Monetary Gold	-325	1,972	2,297
Manufactures	253	3,133	2,880
Services	108	4,815	4,707

There was a broad-based increase in imports, with intermediate and other merchandise goods leading the way due to a sharp increase in demand for industrial supplies.

The rise in capital goods imports was led by civil aircraft and industrial transport equipment. While the demand for consumption goods was broad-based.

Imports of services hit the highest level since March 2020.

Imports A\$ Millions

Seasonally Adjusted	Change	November	October
Consumption Goods	284	8,672	8,827
Capital Goods	448	6,641	7,216
Intermediate and other merchandise goods	895	12,083	11,846
Non-Monetary Gold	112	362	399
Services	309	4,630	4,696

Western Australia continues to be the nation's major exporter, shipping goods to the value of A\$51b over the three months to November.

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

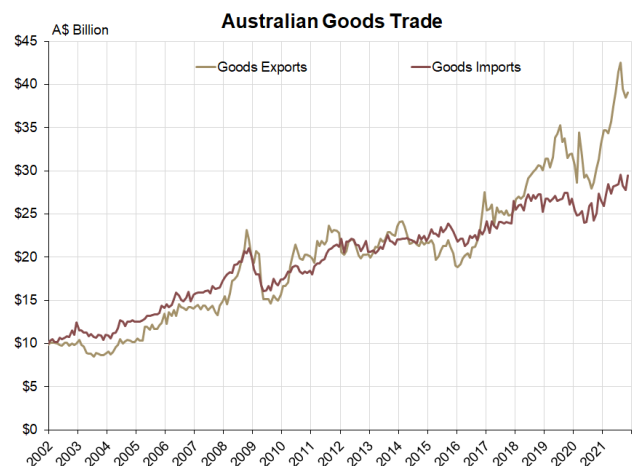
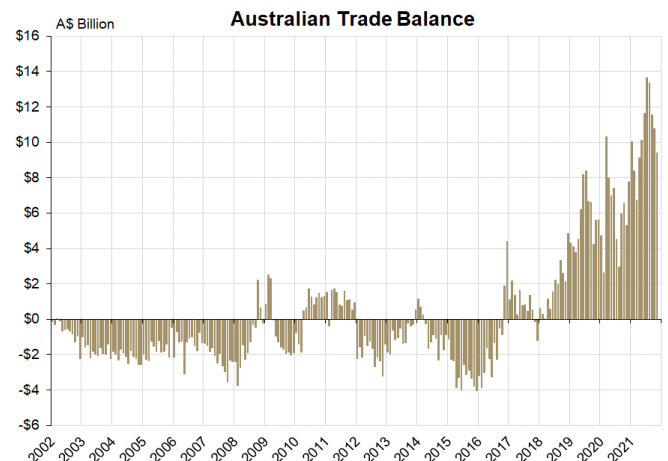
	December	November
Western Australia	42	43
New South Wales	16	16
Victoria	7	6
Queensland	22	24
South Australia	3	2
Tasmania	1	1

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

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Trade Balance November 2021



Comment

The Aussie trade balance slipped for the fourth month in a row after hitting a record high in July. However, the surplus remains healthy. Exports continue to run very high in historical terms, despite the easing in iron ore prices from what were clearly unsustainable levels.

On the debit side, there was plenty of positive news, with the rise in imports suggesting a solid rise in consumer and business demand.

We expect there will be a further narrowing of the trade surplus over time. This will be due to lower commodity prices and a gradual pick-up in services imports, as the relaxation of international border restrictions sees Australians once again head overseas for holidays. However, the spread of the Omicron variant of SARS-CoV-2 is likely to push back the timeframe for that adjustment.

11 January 2021