

Economic Analysis

The seasonally adjusted external trade surplus narrowed to A\$7,457m in February, which is significantly lower than envisaged by the market (A\$11,700m). Despite the February drop, the trade surplus was still high by historical standards.

The drop was driven by a 12.1% surge in imports, which was much bigger than the 0.2% uptick in exports.

Key Numbers (A\$ Millions)

Seasonally Adjusted	Change	February	January
Trade Balance	-4,329	7,457	11,786
Goods and Services Exports	120	48,769	48,649
Goods and Services Imports	4,449	41,312	36,863

The uptick in exports was supported by the volatile non-monetary gold, rural goods and fossil fuels. Metal ores and minerals (mainly iron ore) saw a 2.7% decline, following solid increases in the previous two months.

Exports (A\$ Millions)

Seasonally Adjusted	Change	February	January
Rural Goods	183	5,828	5,645
Metal Ores and Minerals (Incl. Iron Ore)	-328	14,028	14,356
Coal, Coke and Briquettes	167	8,725	8,558
Other Mineral Fuels (Oil and Gas)	60	6,844	6,784
Non-Monetary Gold	359	2,328	1,969
Manufactures	-258	3,448	3,706
Services	-45	4,794	4,839

The surge in imports to a new record high was broad-based. However, particularly strong gains were recorded for consumption goods as well as intermediate and other merchandise goods.

The 16.9% jump in intermediate and other merchandise goods was led by a sharp rise in imports of processed industrial supplies not elsewhere specified.

The other major factor driving the surge in intermediate goods imports was fuels and lubricants, amid strong increases in oil prices.

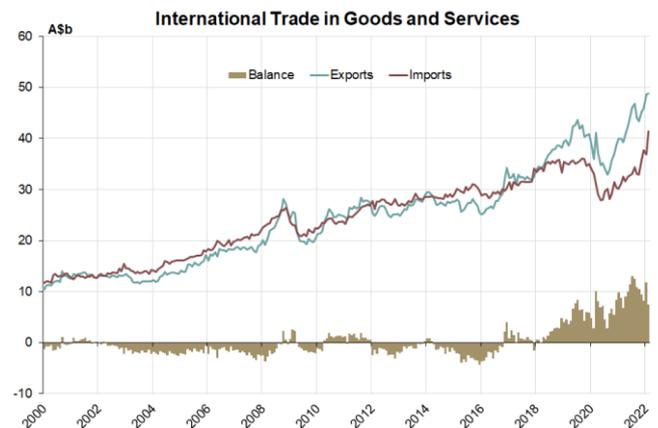
The rise in imports of consumption goods was broad-based, reflecting strong consumer spending. Household electrical items, non-industrial transport equipment (mainly passenger vehicles) along with textiles, clothing and footwear saw the largest increases in percentage terms.

Imports (A\$ Millions)

Seasonally Adjusted	Change	February	January
Consumption Goods	1,631	11,498	9,867
Capital Goods	140	7,398	7,258
Intermediate and Other Merchandise Goods	2,302	15,938	13,636
Non-Monetary Gold	68	582	514
Services	306	5,895	5,589

Imports of services also picked up, led by freight, but remained depressed by historical standards.

Trade Balance February 2022



Western Australia remained the state with the largest share in Aussie exports.

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

	February	January
Western Australia	46	48
New South Wales	16	15
Victoria	7	6
Queensland	21	19
South Australia	3	3
Tasmania	1	1

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

Comment

February saw a renewed narrowing in trade surplus, mainly due to ongoing strong domestic demand as well as a surge in oil prices. Exports rose only marginally but still established a new record high.

The value of exports of fossil fuels, as well as rural goods saw solid gains, amid the rise in prices following the Russian invasion of Ukraine.

Trade in services remains subdued but it will likely continue to pick up gradually as travel restrictions have been eased.

7 April 2022

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