

Economic Analysis

Trade Balance June 2022

The seasonally adjusted external trade surplus widened to a new record high of A\$17,670m in June, from the downwardly revised A\$15,016m in May (previously A\$15,970m). The market consensus was for a decline to A\$14,100m.

The widening of the trade surplus was driven by another strong rise in exports (+5.1%), partly offset by a 0.7% uptick in imports.

Key Numbers (A\$ Millions)

Seasonally Adjusted	Change	June	May
Trade Balance	2,654	17,670	15,016
Goods and Services Exports	2,978	61,527	58,549
Goods and Services Imports	324	43,857	43,533

The strongest contribution to the increase in exports came from a A\$1,414m surge in the volatile non-monetary gold, followed by metal ores and minerals (mainly iron ore) which rose by A\$807m or 5.5%.

There was also a strong broad-based increase in rural exports, which added A\$664m (+11.8%). The largest gain was a 21.1% increase reported for cereal grains and preparations amid disruptions in global markets.

Exports of fossil fuels, which had been rising strongly in the previous months, declined somewhat in June but remained elevated by historical standards.

Exports of services rose by another 3.3% in June but were still 32.5% below pre-pandemic levels.

Seasonally Adjusted	Change	June	May
Rural Goods	664	6,297	5,633
Metal Ores and Minerals (Incl. Iron Ore)	807	15,497	14,690
Coal, Coke and Briquettes	-86	14,353	14,439
Other Mineral Fuels (Oil and Gas)	-210	9,326	9,536
Non-Monetary Gold	1,414	3,629	2,215
Manufactures	-24	3,453	3,477
Services	190	5,915	5,725

Imports were mixed in June. The decline in debits for consumption and capital goods was more than offset by gains for services, as well as intermediate and other merchandise goods.

Services imports rose by 5.1%, the most since February, and are now just 6.1% below pre-pandemic levels. The increase was supported mainly by the further recovery of overseas travel amongst Australian residents.

Among intermediate and other merchandise goods, the strongest contribution to growth in imports came obviously from fuel and lubricants.

The fall in imports of consumption and capital goods was broad-based, with weakness evident particularly for transport equipment.

Imports (A\$ Millions)

Seasonally Adjusted	Change	June	May
Consumption Goods	-434	10,558	10,992
Capital Goods	-165	7,742	7,907
Intermediate and Other Merchandise Goods	387	16,799	16,412
Non-Monetary Gold	148	731	583
Services	389	8,028	7,639



Western Australia remained, by far the state with the largest share of Aussie exports.

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

	June	May
Western Australia	47	43
New South Wales	18	17
Victoria	6	6
Queensland	20	24
South Australia	4	3
Tasmania	1	1

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

Comment

The surge of the trade surplus to a new record high came to a large extent from the volatile non-monetary gold. However, the details of the trade report were also strong, with a surge in iron ore and rural commodity exports and fossil fuel exports near their record highs.

The recent weeks have seen quite a significant decline in prices for iron ore and wheat, but coal and gas prices rose again. Given this, trade surplus should remain elevated going forward, even if it declines slightly.

Trade in services continues to recover after the easing of travel restrictions earlier this year. The recovery is particularly evident for the debit side (Australians spending abroad), while credits are still depressed.

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