

2 June 2022

Australia's trade account, April: Service exports up 9.6%, largest increase since 1986*. Surplus, \$10.5bn. Prev. \$9.7bn. Exports +1.0% Imports -0.7%.

Australia's trade balance for April printed at \$10.5bn. This exceeded expectations modestly, Westpac f/c \$9.5bn and market median \$9.0bn.

There were two main sources of surprise. First, a slight upward revision to the March outcome, +0.4bn to \$9.7bn. Second, imports edged a little lower, -0.7% (-\$0.3bn), rather than edging a little higher as we anticipated, a forecast +0.5%, +\$0.2bn.

Export earnings were largely as expected – at least in terms of the headline result. Exports rose modestly, up 1.0%, +\$0.5, broadly meeting our expectation for a rise of \$0.4bn.

The export detail did provide some interesting results. Notably, export services posted a 9.6% increase, up \$0.5bn. With the national border now open – Australia says welcome back to international students and holiday makers. The April result is the largest monthly increase in service exports since October 1986 (* excluding the Sydney Olympics). **Notably, tourism related service exports leapt 27% in April!!**

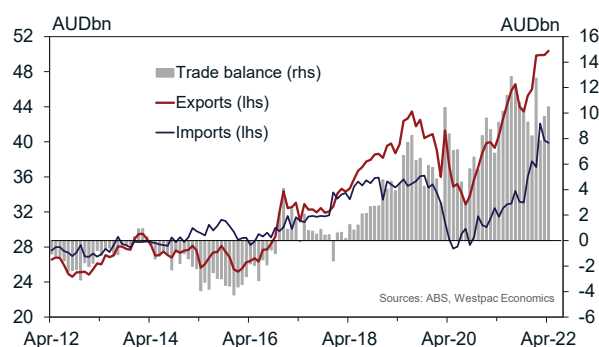
Service exports in total are now 12.9% higher since the end of 2021. However, that is off a low base and the recovery still has a long way to run, with total service exports some 39% below the level at the end of 2019, prior to the pandemic.

In other export detail, gold fell sharply, down -29%, -\$0.5bn. This is most likely on weaker demand from China as it pursues a covid zero policy. Rural goods rebounded, after a pull-back in March, up \$0.2bn. A similar story for manufactured goods, up \$0.15bn. Resources ex gold edged 0.5% higher, led by fuels.

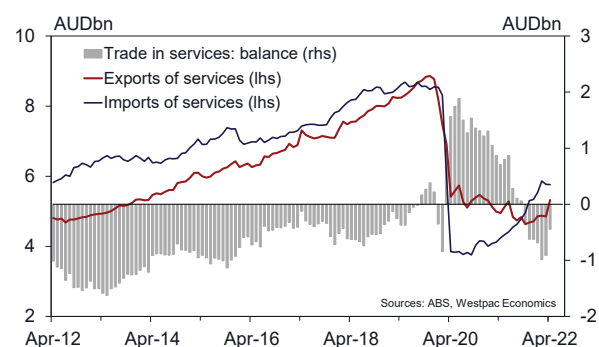
Strength in fuels was also evident on the import side, up \$0.7bn, possibly a mixture of higher volumes and prices. Imports ex fuels were on the softer side, coming off a high base, down by -2.8%, -\$1.0bn.

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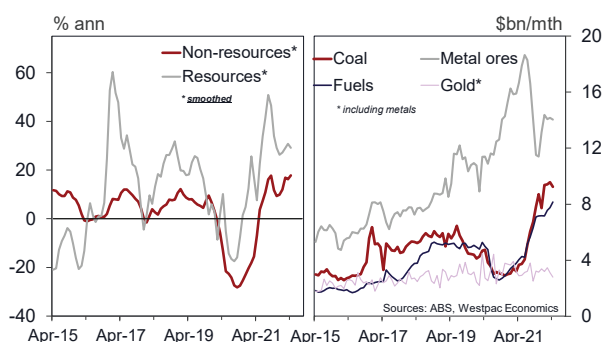
Trade surplus: widens to \$10.5bn in April



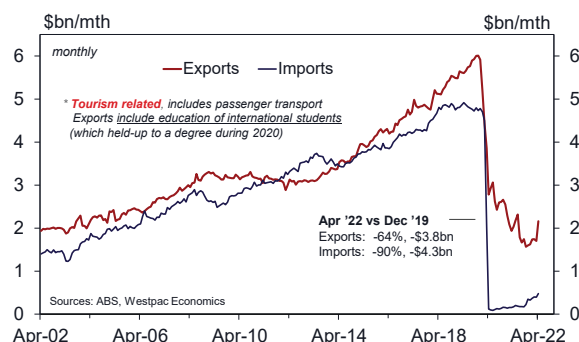
Service exports jump 9.6% in April, open border



Export earnings



Tourism related service exports leapt 27% in April !!



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