

4 August 2022

Australia's trade account: Trade surplus climbs to a record \$17.7bn in June led by export surge. Surplus, \$17.7bn. Prev. \$15.0bn. Exports 5.1% Imports 0.7%.

Another month, another record high for Australia's trade surplus - which climbed to \$17.7bn in June led by an export surge.

The June outcome exceeded expectations, Westpac \$14.6bn and market median \$14.0bn. Note that the May figures was revised lower, to \$15.0bn from \$16.0bn, - still a new record high ahead of the June result.

Export earnings surged during the June quarter, reflecting a combination of higher prices and a welcome lift in volumes, off a relatively subdued base. Exports grew by 5.4% in April, then rose 8.9% in May, followed by a 5.1% lift in June. We had anticipated that exports would consolidate in June.

The volatile gold segment led the way for exports, up by 64% to \$3.6bn in June, a rise of \$1.4bn. Services posted a 3.3% increase, up \$0.2bn, broadly as anticipated, on the reopening of the national border. Metal ores also advanced, up by \$0.8bn, on higher iron ore shipments. Coal was broadly unchanged, despite lower global prices in the month.

On the import side, the gain of 0.7% fell short of our expectations, a forecast 3.2%. Weakness was centred on a pull-back in civil aircraft, as well as softness in car imports which continue to be disrupted by supply chain issues.

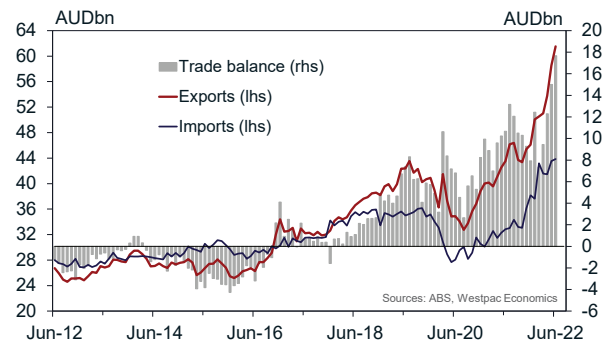
Excluding these two items, there was underlying strength in imports, up by 2%, likely a mix of higher prices and rising volumes, to meet expanding domestic demand.

Import services rose by a strong 5% in the month - as the reopening of the national border permits residents to undertake overseas travel.

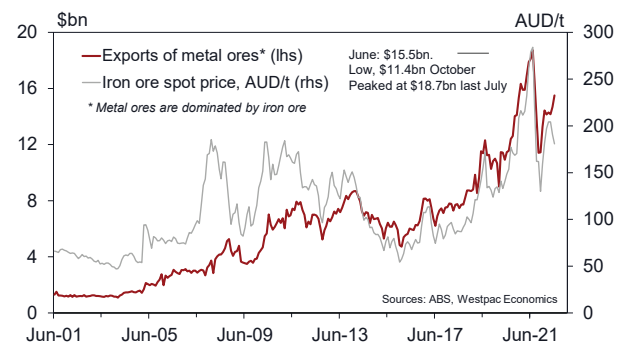
A return of international tourism to and from Australia is underway, although - for now - flows are still well below pre-covid levels.

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Trade surplus: record high at \$17.7bn in June



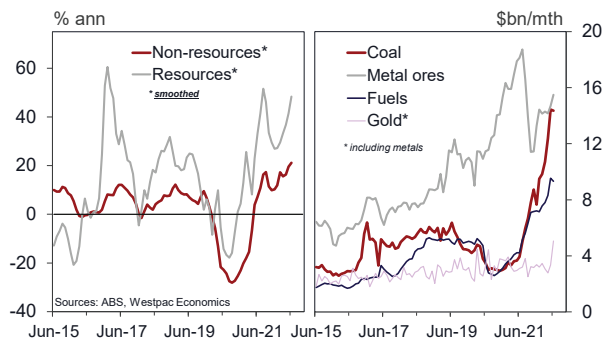
Metal ore export earnings



International tourism returning as border reopens



Export earnings



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