BULLETIN

6 October 2022

Australia's trade account, August: Trade surplus slips to $8.3bn, down from $9.0bn in July. Import surge continues, advancing a further 4.5% in August.

Australia's trade surplus printed $8.3bn for August, some $0.64bn lower than the upwardly revised July figure of $9.0bn.

That result was lower than expected, Westpac forecast $10.1bn and market median $10.0bn.

Imports provided the main surprise, with another strong showing. They rose by a further 4.5%, +$2.1bn, building upon a 4.8% increase in July. Consumer goods, +$0.8bn, fuel imports, +$0.7bn, and services, +$0.3bn drove the strong August result.

The uptrend in imports continues, in response to rising domestic demand - in part a reopening effect. Since the October low of 2021, associated with the delta lockdowns, imports have surged, up by 46%, +$15.3bn, in the space of 10 months. Indeed, imports have outpaced exports over the period, with export earnings rising by a still impressive 30%, +$13.2bn.

Import strength is relatively broadly based in the period since the delta reopening, see chart opposite. Services are a standout, up 83%, with overseas travel taking off on the reopening of the national border. The fuel bill has blown-out, up by 97% over the period, on spiralling global energy costs.

Exports advanced in August, posting a rise of 2.6%, +$1.4bn, eclipsing our forecast for a gain of 1.7%. Non-resources led the way, up $0.9bn, centred on rural goods and manufactures, which rose by a combined $0.77bn. Resources increased by $0.5bn in the month, led by coal (on higher volumes, recovering from flooding disruptions in July) and by fuels.

For the September quarter to date, the monthly trade surplus is averaging $8.6bn, a sharp pull-back from the record high $14.6bn average for the June quarter – a result inflated by a spike in global commodity prices, in part due to the war in Ukraine.

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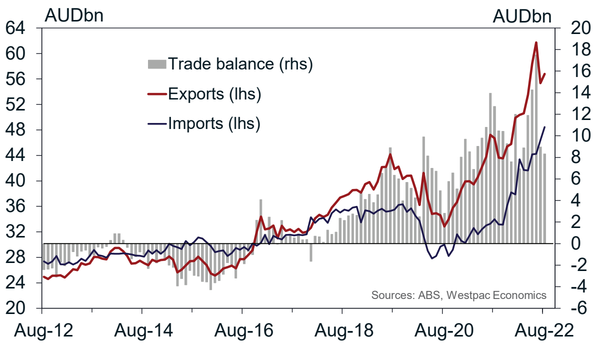
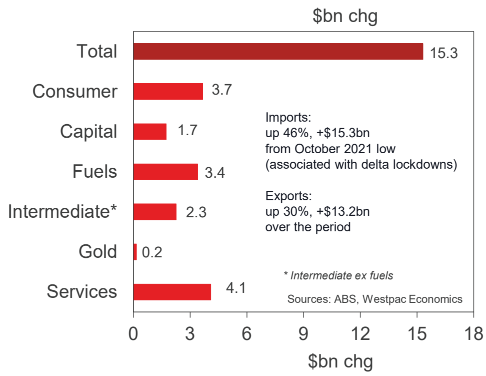
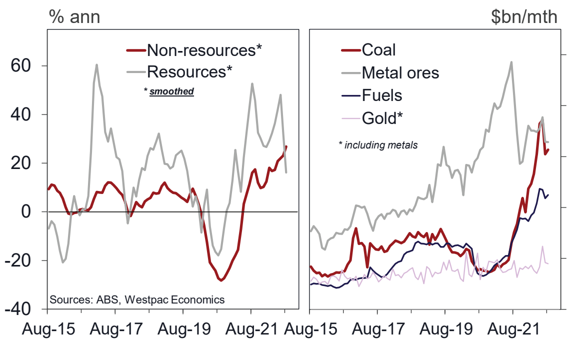
Trade surplus: slips to $8.3bn in August



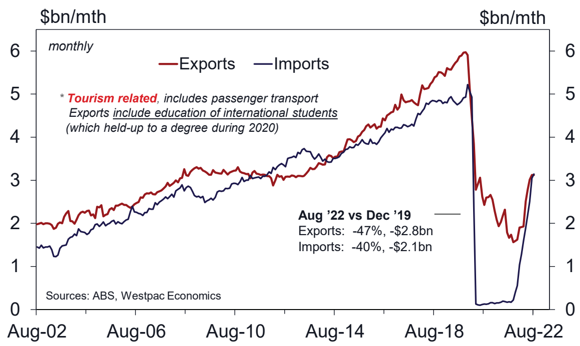
Imports: October 2021 to August 2022



Export earnings



International tourism sharp rebound on reopening



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