

7 March 2023

Australia's trade account, January: Imports up on flood of transport equipment. Surplus still elevated. Surplus \$11.7bn, previous \$13.0bn (r). Exports +1.4%, Imports +4.6%.

Australia began the 2023 year posting another sizeable trade surplus - albeit down a little on last month.

The surplus printed \$11.7bn for January, down from an upwardly revised \$13.0bn for December (upgraded from \$12.2bn).

That January result was a little below expectations, market median \$12.25bn and Westpac \$12.5bn.

Imports provided the surprise - inflated by a flood of transport equipment as supply delays eased ahead of Lunar New Year.

Total imports increased by 4.6% in the month, a rise of \$2.1bn. Goods imports advanced by \$1.8bn, up 5.0%. Such a strong increase in imports is typically an indicator of robust domestic demand - but not in this instance.

Import strength in January was all about an easing of supply delays for transport equipment, which jumped by 29% in the month and accounted for \$1.7bn of the \$1.8bn rise in goods imports.

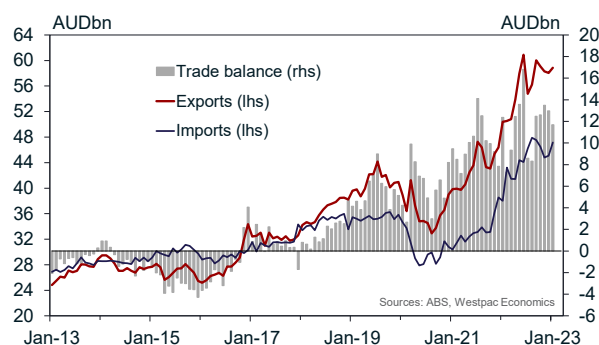
Indeed, goods imports ex transport have hit a soft spot, sliding lower since September, down by -6.8%, potentially another indicator that the domestic economy is slowing.

Service imports rose by 2.9% in the month, +\$0.25bn, including a 5.2% increase in tourism as more of us holiday abroad.

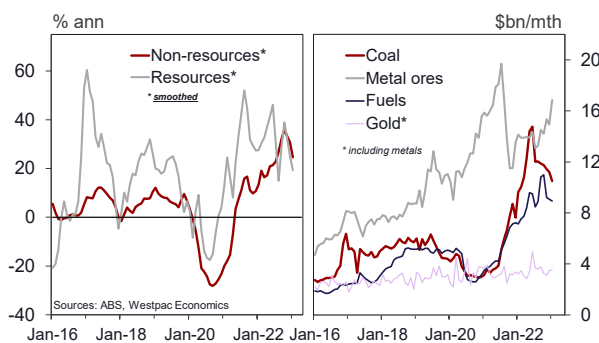
Export earnings rose by 1.4% in the month, an increase of \$0.8bn. While that appears to be a robust result, strength was very much concentrated in metal ores (+\$1.9bn), supported by a further lift in services, +3.1%, up \$0.24bn, as the rebound in tourism continues after the reopening of the national border. Metal ores were up on higher iron prices and a lift in volumes for other ores (centred on lithium). Coal exports were a source of weakness, down by \$0.7bn, with shipments hit by renewed disruptions.

Andrew Hanlan, Senior Economist

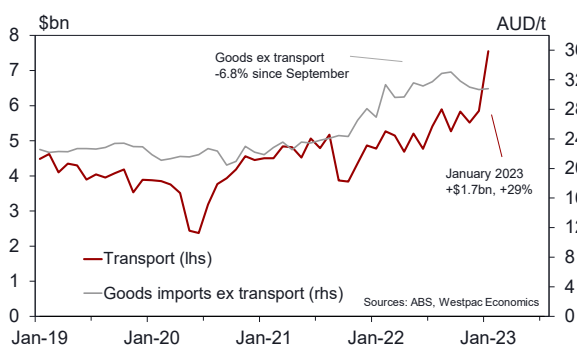
Trade surplus: elevated at \$11.7bn in January



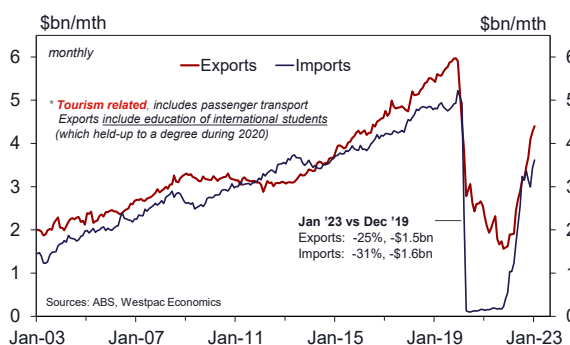
Export earnings



Goods imports



International tourism sharp rebound on reopening



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