

8 June 2023

## Australia's trade account, April: Surplus moderates on lower exports, but remains elevated. Balance: +\$11.2bn, previous +\$14.8bn. Exports -5.0%, imports +1.6%

In April, Australia's trade surplus moderated, pulling back from the second largest on record, to still be at an elevated level.

The surplus narrowed by a hefty \$3.7bn to be at \$11.2bn, down from \$14.8bn for March (downgraded from \$15.3bn). The April outcome broadly met our expectations, a forecast \$11.8bn, but was well below the market median of \$13.7bn (range of \$11.8bn to \$15.5bn).

Export earnings took a sizeable hit in the month, declining by 5.0%, a fall of \$3.0bn. That move was a little less than we anticipated, a forecast -\$3.7bn.

This large fall in exports reflected the combined impact of weaker commodity prices (-4.2%) and lower volumes. Iron ore shipments were hit by cyclone disruptions, while coal shipments were lower due to maintenance disruptions.

Together, rural and resource export earnings fell by \$3.6bn in the month, down 7.8% - to be at their lowest level since March 2022. The main movers were metal ores (dominated by iron ore), -\$1.7bn; coal, -\$0.7bn; rural goods, -\$0.6bn; and gold, -\$0.4bn. Service exports were a positive, up by \$0.6bn.

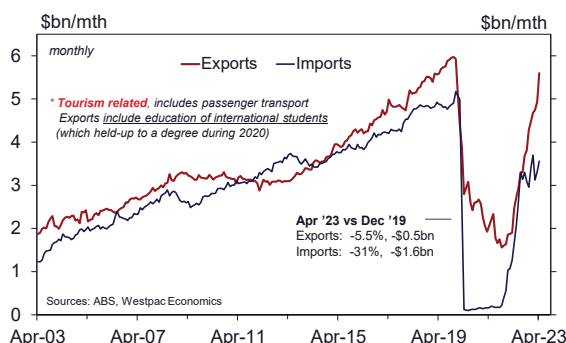
Commodity prices fell by a further and sizeable 6.8% in May, pointing to a likely additional move lower in export earnings.

The import bill rose in April, increasing by 1.6%, plus \$0.7bn, which was more resilient than we anticipated (a forecast -\$0.2bn). Capital goods, +7.2%, and services, +3.7%, led the way.

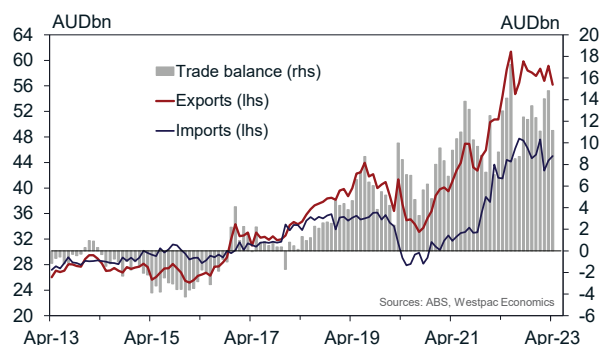
The international tourism recovery, on the reopening of the national border, continued in April. Tourism imports rose a further 7.3% in April, a holiday month, as more of us travelled abroad. Tourism related exports (which includes international students) jumped 13.4% in the month. On that result, the recovery in tourism related exports is all but complete, they climbed to be at \$5.6bn in April, only \$0.3bn below the level at the end of 2019, prior to the pandemic.

**Andrew Hanlan**, Senior Economist

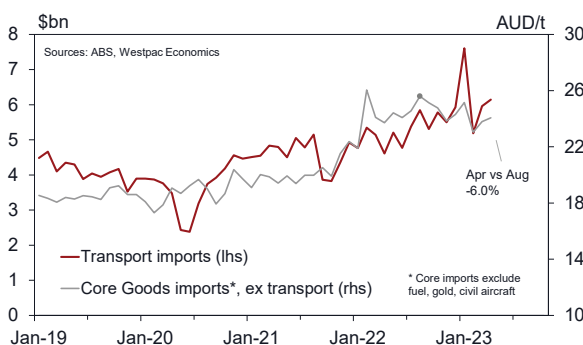
### International tourism recovery on border reopening



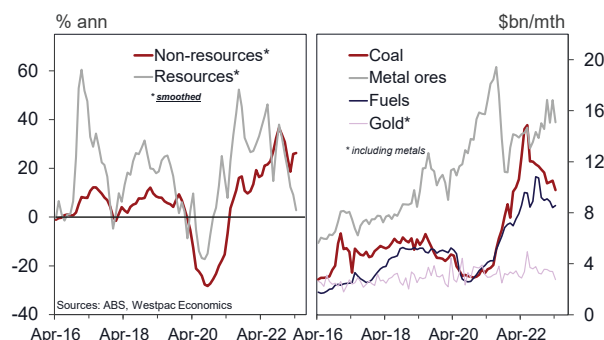
### Trade surplus: moderates to still elevated \$11.2bn



### (Value of) Core goods imports trend softening



### Export earnings



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