

3 August 2023

## Australia's trade account, June: Surplus ticks higher on a pull-back in imports. Balance: +\$11.3bn, previous +\$10.5bn. Imports -3.9%. Exports -1.7%.

For June, Australia's trade surplus widened on a pull-back in imports. The surplus printed at \$11.3bn for June, up from \$10.5bn for May (which was revised lower from \$11.8bn).

We anticipated that both imports and export would decline - as proved to be the case. However, we envisaged the fall in exports would outpace that for imports - whereas the opposite occurred.

Imports fell by -3.9% in June, down -\$1.8bn, more than fully reversing a 3.5% (+\$1.6bn) gain the month prior.

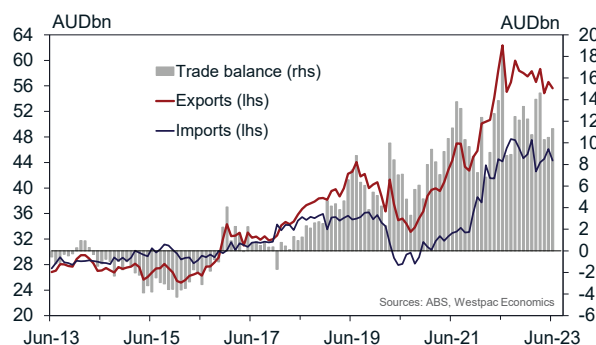
As foreshadowed, this import volatility was largely around autos - which rose \$0.9bn in May, then fell back \$1.3bn in June. Supply chain disruptions have eased, boosting auto supply in 2023 - albeit with ongoing month to month volatility. Core goods imports (excluding transport) were also weak in the month, down \$0.9bn - extending a trend evident since August, as domestic demand cools. Service imports rose 2.4%, including a 10% jump in tourism and a 3.2% fall ex tourism. With more of us travelling abroad, tourism imports rose 14% in the June quarter.

Export earnings fell by -1.7% in the month, down \$1.0bn. Manufactured goods exports, up strongly in May, reversed in June, down \$0.45bn. Rural and resource exports declined by \$1.0bn, led by coal and fuels on a combination of lower prices and volumes. However, gold exports defied gravity, holding at elevated levels, providing an upside surprise. Service exports rose, up 2.1%, including a further 2.9% rise in "tourism related".

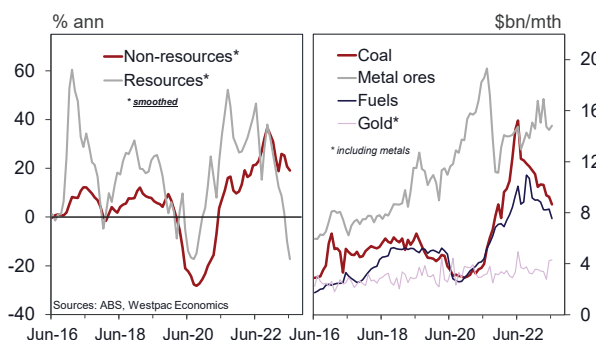
For the June quarter, the trade surplus narrowed to \$32.1bn, from \$39.4bn for March. This reflected a fall in the terms of trade, as key export commodity prices eased from highs. Against that, net exports are a positive for growth in the quarter. For the June quarter, export earnings declined by -3.7%, including goods -6% (a mix of lower prices and higher volumes) and services +10%. Imports rose by 0.6%, including goods -0.6% (implying soft volumes) and services +6%.

**Andrew Hanlan**, Senior Economist

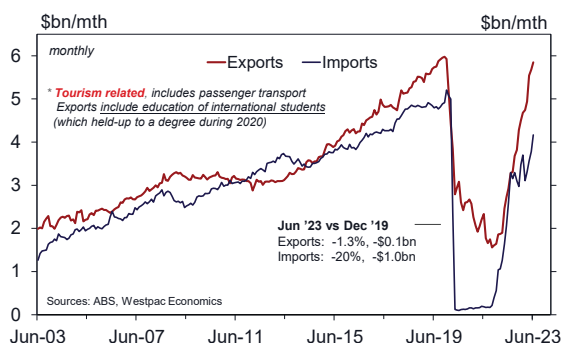
### Trade surplus: prints \$11.3bn for June



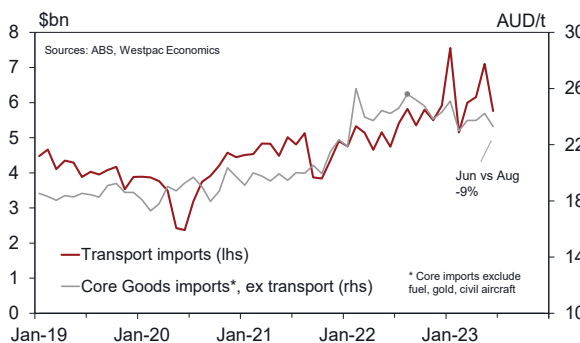
### Export earnings



### International tourism recovery on border reopening



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



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