

7 September 2023

Australia's trade account, July Surplus falls to \$8.0bn, a 17 month low. Balance: +\$8.0bn, previous +\$10.3bn. Exports -2.0%. Imports +2.5%.

For July, Australia's trade surplus declined to \$8.0bn, the lowest level in 17 months - since February 2022. From the start of 2021, the surplus has dipped below \$8bn on only three occasions.

The July outcome represented a \$2.2bn narrowing in the surplus from the June result, which was revised lower by \$1bn to \$10.3bn.

That narrowing of the surplus by \$2.2bn met our expectations - albeit off a lower base.

Export earnings declined by -2.0%, down -\$1.1bn - a fall which was a little less than we anticipated (a forecast -2.9%, -\$1.6bn).

The import bill rose by 2.5%, up \$1.1bn - a somewhat larger increase than we had expected (a forecast +1.3%, +\$0.6bn).

The key dynamic driving the moderation of the trade surplus is the receding of commodity prices from the record highs of mid-2022, down another 2.9% in July. That has commodity prices back around the levels at the end of 2021 but still around one third higher than during 2019, ahead of the pandemic.

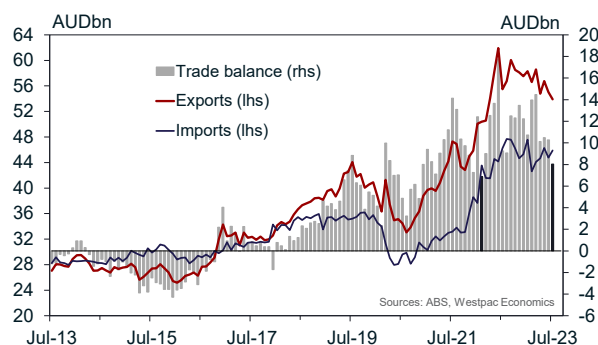
In July, resource exports fell by -4.6%, lower by -\$1.6bn. This included a correction in gold, falling back to more typical levels, down \$0.95bn. Coal, fuels and metal ores all weakened in the month, down by a combined -\$0.6bn.

Service exports moderated in July, down -1.0%. This included "tourism related" declining by -1.7%, to be 1.6% above the June quarter average. The big upward step in "tourism related" exports was in April, up 14.3%, as international students returned.

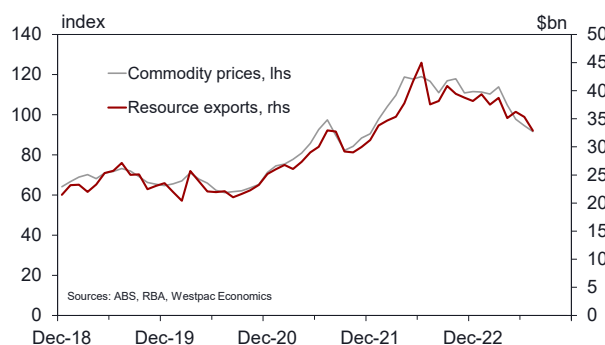
The import bill rose in July, up +2.5%, coming off a softer June month, -3.3%. Goods rose \$1.0bn, higher on a rebound in transport items, +\$0.95bn (where supply has improved, but is still choppy month to month). Services rose 1.3%, including a 3.0% increase in tourism, as more of us holiday abroad.

Andrew Hanlan, Senior Economist

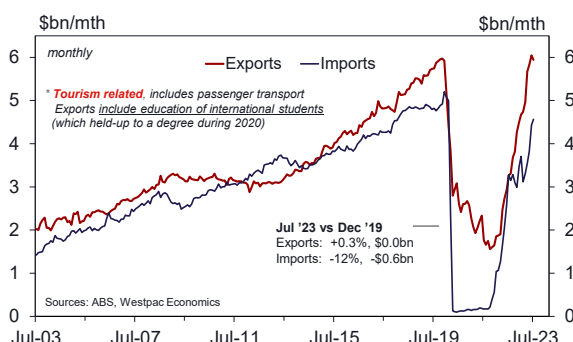
Trade surplus: slips to \$8.0bn, a 17 month low



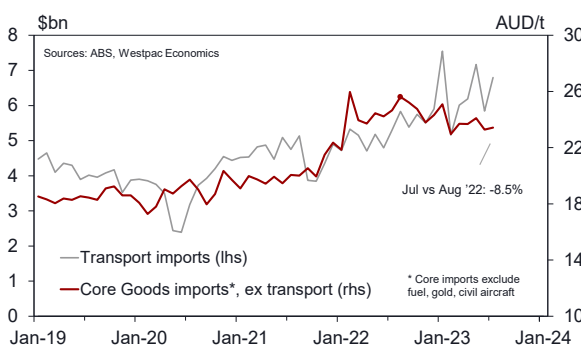
Resource exports and commodity prices



International tourism recovery on border reopening



(Value of) Core goods imports trend softening



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