

11 January 2023

Australia, international trade in goods, November

Surplus rebounds on weaker imports.

Balance: +\$11.4bn, previous +\$7.7bn. Exports +1.7%. Imports -7.9%

In November, Australia's international trade in goods surplus rebounded on weaker imports. The surplus printed \$11.4bn, representing a \$3.8bn improvement on October, with the surplus for that month marked higher from \$7.1bn to \$7.7bn.

The November outcome was well above market expectations, with the consensus forecast settling at \$7.3bn (ranging from \$6.5bn to \$10.1bn).

As noted above, the key driver was a sizeable decline in the import bill, down -\$3.0bn (-7.9%), extending last month's decline of -\$1.1bn (-2.9%). We had anticipated some level of softness in the month, recognising last month's bounce in some volatile items may have given way to weakness in November, in addition to the appreciation of the AUD over the month of November.

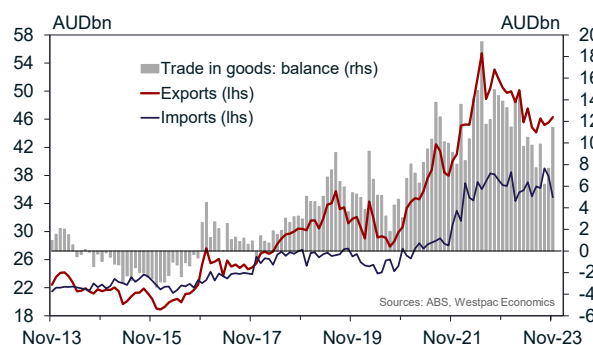
In the event, volatile items did print a weaker batch of results, most notably in fuel (-\$0.6bn) and gold (-\$0.5bn), in addition to transport (-\$0.7bn). That said, core imports (ex. transport) were also particularly soft, declining -\$1.1b (-4.3%) in November. That weakness was broadly-based across consumer goods (ex. transport), down -\$0.6bn (-8.2%), which is now at its lowest level in nine months. This extends the theme of a broadly soft underlying trend since the second half of last year, associated with ongoing patchiness in domestic demand.

Meanwhile, export earnings were closer to expectations, lifting \$0.8bn (+1.7%). This was entirely a result of a solid rise in resource exports, up +\$0.8bn (+2.4%), with non-resources holding broadly flat in the month. Within the resources profile, a rebound in coal exports (+\$0.5bn, +6.8%) and extended strength in metal ores (+\$0.5bn, +3.1%) were the key contributors in the month. The lift in commodity prices did provide some support, up 1.4%, but that was to a lesser extent than has been seen in recent months – since commodity prices moved off its peak, and have begun to rise again.

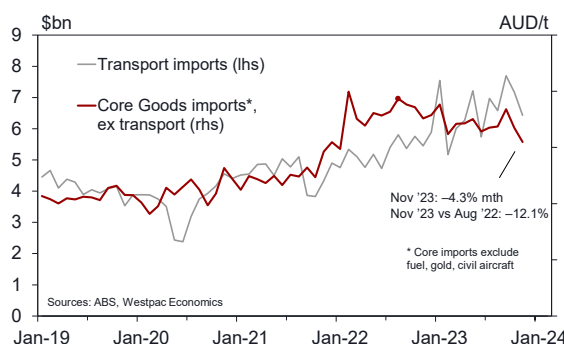
Note, from September 2023, the ABS monthly trade release is confined to goods. Data on services is available on a quarterly basis in the Balance of Payments. Trends in services can and do differ materially from that for goods.

Ryan Wells, Economist

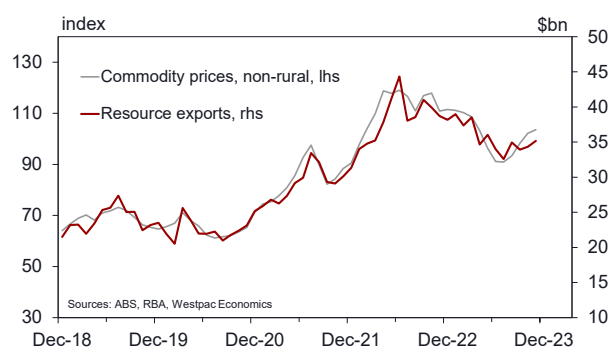
Trade in goods: surplus rebounds to \$11.4bn



Core goods imports: soft underlying trend



Resource exports and commodity prices



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