

7 March 2024

Australia, international trade in goods, January Surplus remains elevated.

Balance: +\$11.0bn, previous +\$10.7bn. Exports 1.6% Imports +1.3%

For January, Australia's international trade in goods surplus remained elevated, broadly moving sideways to print at \$11.0bn.

That outcome was a little below expectations (market median \$11.5bn and Westpac \$12.0bn), in part because of a slight downgrade to the December reading, to \$10.7bn from \$11.0bn.

Imports advanced a little, up 1.3% (+\$0.5bn), rather than being flat, as we anticipated.

The gains in imports were lumpy, rather than being broadly based. Upside was led by rebounds in consumer auto imports, \$0.55bn, telecommunication equipment, \$0.35bn, and industrial transport, +\$0.2bn, as well as gold, \$0.2bn. Offsetting this were, fuels, -\$0.3bn, and parts for industrial transport parts, -\$0.6bn.

The backdrop is that goods import volumes moved sharply lower in the December quarter, down -2.8%, on soft demand.

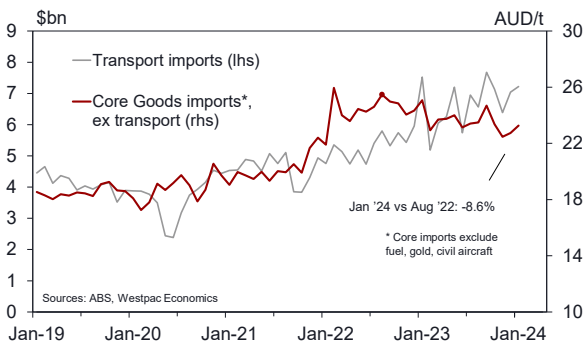
Total export earnings rose by 1.6% in January, up \$0.8bn, broadly in line with our expectations. However, the detail was underwhelming.

Resource exports, ex gold, were flat in the month, despite a 2.5% rise in global commodity prices - implying a decline in volumes. Volatile gold exports jumped 18%, up \$0.5bn, and rural goods rebounded, up \$0.4bn, after a softer December quarter.

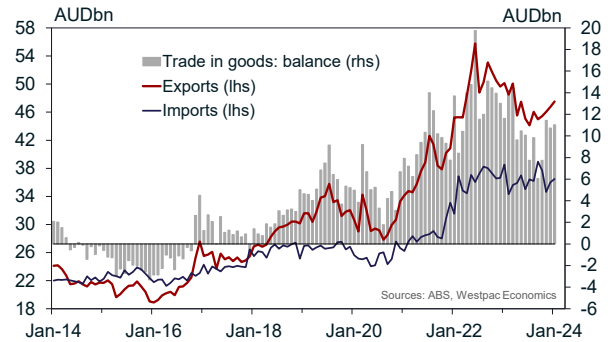
The backdrop is that goods export volumes continue to struggle to make headway, declining in the December quarter 2023, down by -0.4%qtr, -0.1%yr. Goods export volumes remain below pre-covid levels, lower by some -1.6%, held back by resources which are down by 5.2% over the period (notwithstanding inching 0.4% higher in the December quarter).

Andrew Hanlan, Senior Economist

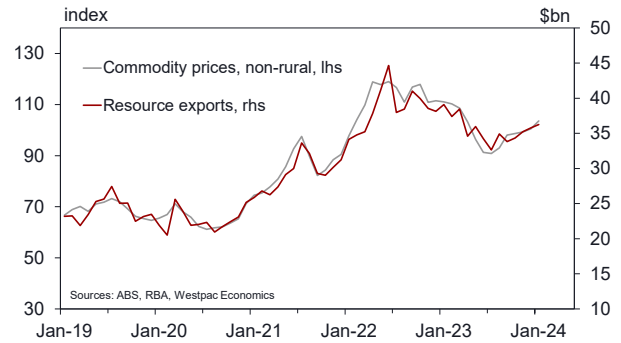
Core goods imports: soft underlying trend



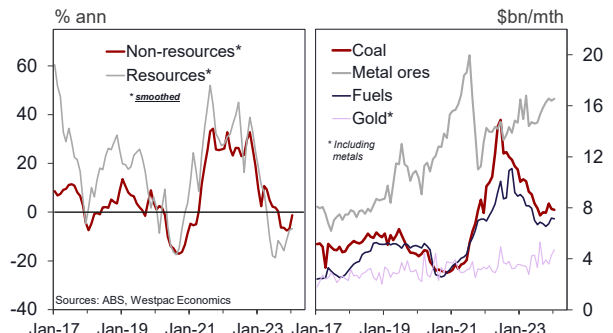
Trade in goods: surplus sideways at \$11.0bn



Resource exports and commodity prices



Export earnings



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