

5 April 2024

Australia, international trade in goods, February Surplus dips to \$7.3bn on import spike and lower exports. Balance: +\$7.3bn, previous +\$10.1bn. Imports 4.8% Exports -2.2%

For February, Australia's international trade in goods position weakened materially. The surplus dipped to \$7.3bn from \$10.1bn (revised lower from \$11.0bn). That is the 2nd smallest surplus since March 21, behind a \$5.9bn result last September.

This represented a material downside surprise to market expectations, a median forecast of \$10.5bn, and was also below the Westpac forecast of \$9.7bn.

Export earnings declined by 2.2% in the month, down by \$1.0bn, meeting our expectations (a forecast fall of 2.1%).

Imports provided the surprise, jumping by some 4.8% in the month, up \$1.7bn. This included a spike in core goods imports, ex transport equipment (ie excluding fuel, gold and civil aircraft), up by a sharp 8%, an increase of \$1.9bn.

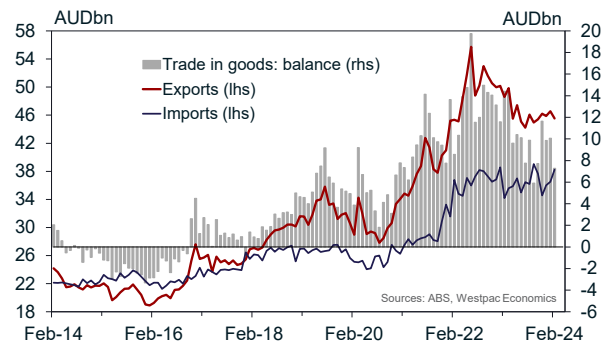
That \$1.9bn spike in core imports ex transport was centred on intermediate items, +\$1.1bn, as well as consumption goods, +\$0.6bn. Outside of this February outlier, the picture has been one of underlying softness in the value of core good imports, reflecting weak domestic demand.

As to export earnings, the 2.2% (-\$1.04bn) decline in the month was centred on resources, which fell by -2.7%, -\$0.96bn. Rural goods moderated, down \$0.3bn, while manufactured and other goods provided a partial offset, up \$0.2bn.

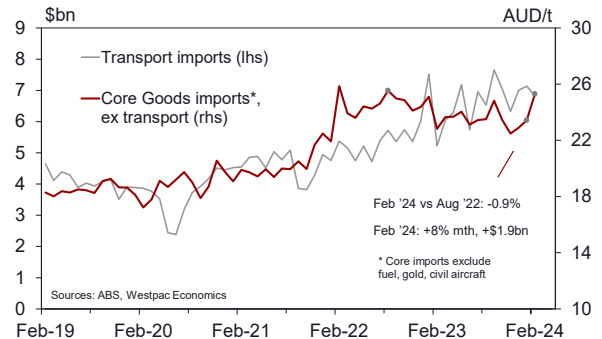
The soft outcome for resource exports was largely a result of lower shipments, extending the trend of underlying weakness. Iron ore exports were disrupted by cyclone Lincoln (driving the \$1.3bn fall in total metal ores) and gold reversed, down \$0.8bn, pulling back from Lunar New Year related strength in January. Coal and LNG, +\$0.8bn and +\$0.3bn, provided partial offsets, likely associated with increased shipments.

Andrew Hanlan, Senior Economist

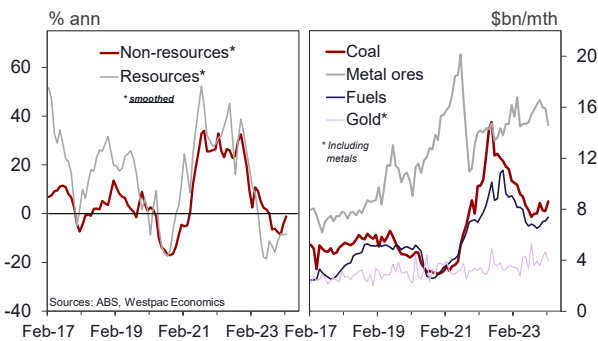
Trade in goods: surplus dips to \$7.3bn



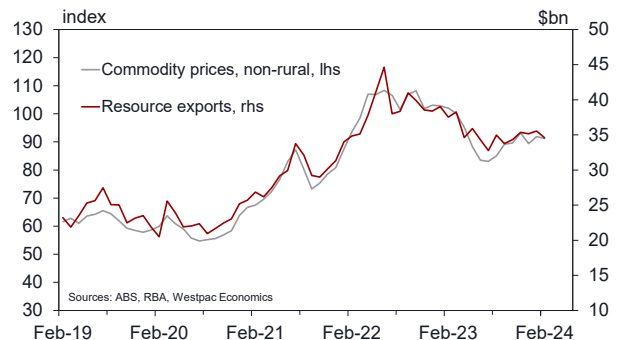
Core goods imports*: 8% spike in February



Export earnings



Resource exports and commodity prices



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