

2 May 2024

Australia, international trade in goods, March Surplus narrows to 3+ year low of \$5.0bn as imports jump. Balance: +\$5.0bn, previous +\$6.6bn. Imports 4.2% Exports 0.1%

In March, Australia's international trade in goods position weakened further, following material declines in the goods surplus since November 2023. The surplus narrowed to a more than three year low of \$5.0bn in the month, from \$6.6bn in February (revised lower from an initial \$7.3bn reading). This extends steady declines in recent months from November's \$11.5bn surplus.

The outcome was below Westpac's \$7.4bn expectation and the market's median expectation of \$7.3bn. Indeed, the outcome was just below the bottom of the range (\$5.1bn to \$9.5bn).

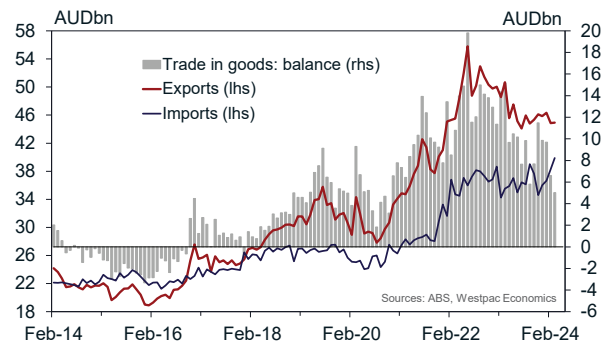
The narrowing of the surplus was driven by a 4.2% gain in imports, which followed a 4.4% rise last month. The expectation was that some of the spike from February was temporary and would be unwound in March. However, strength continued across all major categories. Imports of capital goods (+8.0%), intermediate goods (+4.1%), and consumption goods (+4.1%) were all higher in the month.

Export earnings rose 0.1% in the month, following a 3.2% decline in February. Rural goods were 2.8% higher, partly offsetting a 6.2% drop in the prior month. Non-rural goods slipped 0.4%, extending the 0.9% decline in February and having now contracted for four consecutive months.

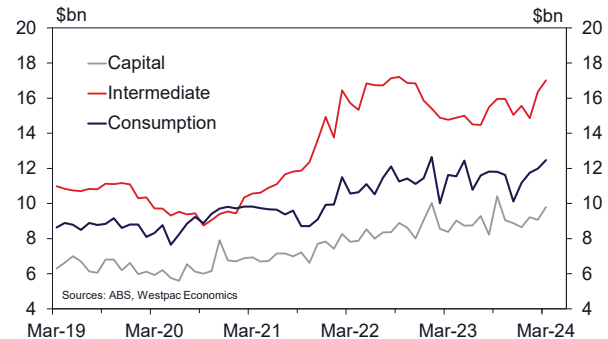
A more than 5% drop in commodity prices impacted export earnings. Coal, coke & briquettes drove the fall, down a substantial 7.5% in March. This was the largest monthly fall since June 2023. Metal ores & minerals (i.e. iron ore) were down 0.6%. Shipments of iron ore rebounded in March following the impacts of Cyclone Lincoln in February implying that higher volumes were more than offset by weak prices. Other mineral fuels (i.e. LNG) bucked the trend and were up 5.7%. Separately, machinery (8.7%) and transport equipment (8.4%) rose in March.

Jarek Kowcza, Senior Economist

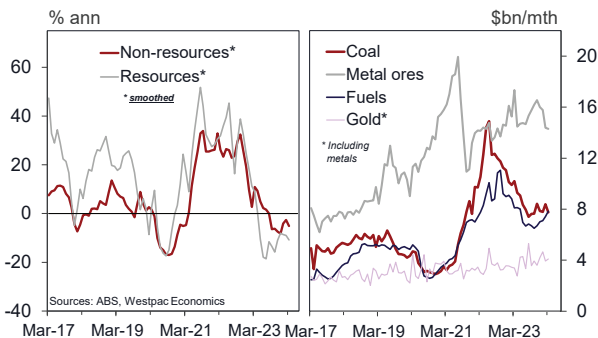
Trade in goods: surplus narrows to \$5.0bn



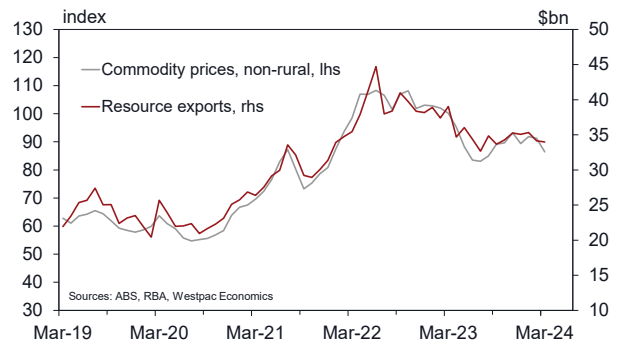
Goods imports



Export earnings



Resource exports and commodity prices



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