

# Balance of Payments – September quarter 2010

ECONOMIC ALERT

30 November 2010

## KEY PONITS

The key points from the latest Balance of Payments release are as follows:

- Today's Balance of Payments release from the ABS provides the first estimates of the volume of Australian exports and imports during the September quarter (i.e. a measure that abstracts from price movements). This is important because it provides an accurate measure of the economic activity generated from international trade, and a sense of how this will effect real GDP growth in the September quarter (GDP data for the September quarter will be released tomorrow).
- The volume of exported goods fell by 2.8 per cent in the quarter, with exported services also falling by 0.6 per cent. The volume of imported goods fell by 1.3 per cent, while imported services rose by 2.2 per cent.
- This resulted in the balance of goods and services (i.e. exports minus imports) moving from a surplus of \$1,389m in the June quarter 2010 to a deficit of \$68m in the September quarter 2010. **As a result, Australia's international trade is expected to detract 0.4 percentage points from growth in the real GDP in the September quarter 2010.**
- Nonetheless, today's release is consistent with the *International Trade in Goods & Services* release in pointing to a trade surplus in current price terms in the September quarter, albeit not to the same scale as that seen in the June quarter.
- This partly reflects the strong rise in the terms of trade that has been seen over recent months, which has helped to boost the price of Australia's exports and incomes. In the September quarter, the Australia's terms of trade rose by a further 0.8 per cent, as the price of exported goods and services (1.2 per cent) grew faster than the price of imports (0.4 per cent).
- The fall in the trade surplus contributed to the current account deficit rising \$2,417m to \$7,830m in the quarter.