

Deficit on goods and services balance widens

The seasonally adjusted volume of goods exports rose 3.6% in the September quarter 2011, while the volume of services exports declined 4.9% over the same period. On the other hand, the seasonally adjusted volume of goods imports increased 5.7% and the volume of services imports fell slightly by 0.9% in the quarter.

As a result, the balance on goods and services in seasonally adjusted chain volume terms in the September quarter was a deficit of \$13,270 million, a rise of \$1,930 million from the June quarter deficit of \$11,340 million. The September quarter result is the highest deficit on record. This is expected to detract 0.6 percentage points from growth in the September quarter volume measure of gross domestic product.

The volume of manufactures exports expanded by a mere 0.5% in the September quarter, down from the 2.8% increase recorded in the June quarter, reflecting weaker global demand amid heightened uncertainty over the economic outlook in the United States and Eurozone economy.

The demand for Australian resources exports does not appear to have been dented by the slowdown in major developed economies. The volume of resources exports increased 4%, up from 2.1% in the June quarter, largely supported by robust economic growth in emerging Asian economies.

Australia's seasonally adjusted terms of trade on net goods and services rose 2.7%. In trend terms, the terms of trade for net goods and services rose 3%. The September quarter terms of trade, in both trend and seasonally adjusted terms, were the highest on record.

Chart: Export Performance

