

International Trade in Goods and Services – September 2011

ECONOMIC ALERT

8 November 2011

Trade surplus shrinks

Australia's trade surplus narrowed by \$0.4 billion to reach \$2.6 billion in September. The value of goods and services exports fell 2.5% in the month, reflecting a 2.8% decline in merchandise exports and a 1.3% contraction in services exports. Overall exports have contracted for five out of the first nine months of this year.

Manufacturing exports contracted 3.1% in September, driven by sharp decreases in the primary metal and metal product manufacturing and fabricated metal product manufacturing sub-sectors.

The value of goods and services imports decreased by 1.3% in September. Merchandise imports fell 1.4% while services imports declined 0.9%. Imported consumption goods contracted 2.8%. Meanwhile, imports of capital goods expanded by 6.4%, and imports of intermediate and other merchandise goods fell 4.9%.

Australia's export performance has been weak for the first three quarters of this year, reflecting the strength of the Australian dollar and, more recently, the renewed global economic slowdown as well. Heightened global economic uncertainty has dimmed consumer and business confidence in Australia, resulting in a softening of domestic demand. Consistent with this the trend growth in imported consumption goods has dipped after a brief rebound in July and the trend growth in imported intermediate goods has been declining since April (Chart 1).

Chart 1: Trends in imports

