

International Trade in Goods and Services – August 2011

ECONOMIC ALERT

4 October 2011

Trade surplus widens

Australia's trade surplus widened by \$1.3 billion to reach \$3.1 billion in August. The value of goods and services exports rose 8.0% in July, marking a significant rebound after two consecutive quarters of contraction. Merchandise exports expanded 9.6%, while services exports contracted mildly.

Manufacturing exports increased 10.5% in August, driven by increases in the beverage and tobacco manufacturing; wood product manufacturing; petroleum and coal product; non-metallic mineral product manufacturing; primary metal and metal product manufacturing; and fabricated metal product manufacturing sub-sectors.

The value of goods and services imports increased by 3.3% in August, up from the 0.1% rise recorded in July. Merchandise imports rose 3.4% while services imports expanded 3.2%. The growth in imported consumption goods eased to 3.1% from 3.6%. Meanwhile, imports of capital goods contracted by 2.5% after two consecutive months of robust growth, and imports of intermediate and other merchandise goods rebounded by a strong 7.0%.

The import of capital goods appears to be slowing after having risen strongly in the first half of this year, indicating that Australian businesses may have already imported sufficient machinery and equipment when the Australian dollar was strengthening. The growth in imported intermediate goods has begun to ease off, but it nevertheless remains robust. Meanwhile, imported consumption goods are showing tentative signs of a pick-up, suggesting that domestic demand may be gaining strength.

Chart: Trends in imports

