

# Balance of Payments – June quarter 2011

**ECONOMIC ALERT**

6 September 2011

## KEY POINTS

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 June quarter 2011 (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 June quarter (GDP data for the June quarter will be released tomorrow).
- The volume of exported goods increased by 3.0 per cent in the quarter, with exported services rising slightly by 0.3 per cent. The volume of imported goods increased by 3.4 per cent, while imported services rose by 7.6 per cent (Table 1).
- This resulted in the balance of goods and services (i.e. exports minus imports) moving from a deficit of \$8,581m in the March quarter 2011 to a deficit of \$10,224m in the June quarter 2011. **As a result, Australia's international trade is expected to subtract 0.5 percentage points from real GDP growth in the June quarter 2011.**
- Nonetheless, today's release points to a growing trade surplus in current price terms, which should help to support growth in domestic income; the trade surplus in current price terms rose by \$2,852m to \$5,599m in the June quarter 2011.
- The difference between Australia's balance of trade in the June quarter 2011 measured in volume terms (a deficit of \$8,581m) and current price terms (a surplus of \$5,599m) partly reflects the strong rise in the terms of trade (the ratio of Australia's export and import prices). In the June quarter, Australia's terms of trade rose by a further 5.4 per cent, largely reflecting strong growth in the price of Australia's exported goods and services.

**Table 1: Growth in International Trade**

Chain volume measures

	Growth during the June quarter 2011	Growth over the year to the June quarter 2011
Imports	4.3	10.5
Goods	3.4	7.9
Services	7.6	20.7
Exports	2.6	-3.7
Goods	3.0	-3.3
Services	0.3	-5.6