

# International Trade in Goods and Services – July 2011

**ECONOMIC ALERT**

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## Trade surplus widens slightly

Australia's trade surplus widened slightly by \$9.0 million to reach \$1.8 billion in July. The value of goods and services exports fell 0.9% in July, marking a further contraction in exports after the 0.3% decrease in June. This indicates that Australian exporters continue to struggle with the strong Australian dollar. Merchandise exports contracted 0.7%, a significant worsening compared to the 0.4% decline recorded in June. A similar trend was observed for services exports, which contracted 1.4%.

Manufacturing exports increased 11.6% in July, driven by increases in the mineral product manufacturing; primary metal and metal product manufacturing; and printing sub-sectors. Most of the other sub-sectors, however, experienced moderate to slow growth, suggesting that most manufacturers are still inhibited by the strong Australian dollar.

The value of goods and services imports decreased by 0.9% in July, down from the 2.1% rise recorded in June. This primarily reflected the steep 3.4% decline of imported services. Merchandise imports fell by 0.3%. Imports of consumption goods increased 3.2%. Meanwhile, imports of capital goods increased by 3.0% and imports of intermediate and other merchandise goods fell 5.5%, respectively.

The imports of capital and intermediate goods have been rising strongly for most of the recent months, suggesting that businesses could be switching to more on imported materials as the Australian dollar strengthened. Meanwhile, imported consumption goods have been trending mostly sideways, consistent with soft domestic demand thus far.

## Chart: Trends in imports

