

HD Australia records its first trade deficit in five months

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Weaker export receipts and healthier imports in April resulted in Australia's first goods and services trade balance shortfall since November 2013. The seasonally adjusted goods and services trade deficit came in at AUD122 **million** (USD113.1 **million**) in April, a sharp reversal from March's surplus of AUD902 **million** and February's surplus of AUD1.73 **billion**. According to the Australian Bureau of Statistics imports rose 2% month on month (**m/m**) in April, with the bulk of the rise stemming from a 104% **m/m** increase in imports of capital goods not elsewhere specified (n.e.s) and a 14% **m/m** jump in telecommunications imports. Weaker growth of 3% and 2% **m/m** was recorded for consumption goods and services imports, respectively. Exports slipped 1% **m/m**, with the only category to record growth during the month being services (up AUD17 **million**). Weakness in receipts was largely concentrated in rural goods and non-monetary **gold** receipts as they fell 6% and 11% **m/m**, respectively.

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Receipts from top-export category non-rural goods fell AUD96 **million** as a 10% **m/m** rise in **coal** product exports was offset by weakness in other non-rural goods exports.

Significance: The April trade data was a significant break from trend for both export and import performance. The import story is likely to be a one-off issue caused by a major investment **purchase** for a **mining** or **energy** sector project based on the jump in the n.e.s category of capital goods imports. IHS otherwise expects imports to remain weak as the **mining** boom continues to unwind. The bigger question at hand is whether exports will continue to underperform. Weaker **iron ore** prices and limited expected growth in commodities prices will weigh on the outlook, but more significantly so will softer demand from **China**. IHS continues to expect the country to record a merchandise-trade surplus worth under 1% of GDP for 2014, but it may come in closer to 0.5% if **Chinese** demand for commodities weakens significantly further.

CO aubos : Australian Bureau of Statistics

NS e1118 : Trade Figures | gtrade : Tariffs/Trade Barriers | e512 : Physical Trade | e11 : Economic Performance/Indicators | e51 : Trade/External Payments | ecat : Economic News | gcat : Political/General News | gdip : International Relations | gpri : Politics/International Relations

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