

Fundamental Forex Strategies: Trading the Aussie with Australia Trade Balance

The Australia Trade Balance is a crucial economic indicator released monthly in Canberra by the Australian Bureau of Statistics (ABS). The trade balance figure is simply the difference between the amount of export and imports of Australian goods and services for the reported month with Australia and other foreign trade partners. A trade surplus is created when the value of net exports exceeds the value of net imports; and vice versa.

Australia Main Exports Commodities

Coal

Gold

Wheat

Meat

Machinery

Australia Main Exports Partners

Japan 19.6%

China 12.3%

S. Korea 7.5%

US 6.2%

India 5.5%

Australia Main Imports Commodities

Machinery

Computes

Telecommunication equipment

Crude oil

Transportation equipment

Australia Main Imports Partners

China 14.4%

US 14.1%

Japan 9.6%

Singapore 6%

Germany 5.1%

Impact on the Australian Dollar

The Australian trade balance has a direct impact on the fluctuation of the Australian dollar (Aussie). Forex traders should closely follow the monthly change in the trade deficit. A widening/expanding deficit works to weaken the Aussie; and vice versa.

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