

Talking about trade: AI and education impacts

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The Global View

With no resolution to the US-Iran conflict in sight, energy prices remain high and volatile. Higher oil prices have pushed goods inflation higher, however, there has been little to no second-round effects. Central banks are maintaining tightening bias, however, it does not look like the energy price shock is going to bring significantly higher interest rates. Growth momentum eased after a good start to the year, but GDP in major economies continued rising in Q2 at a decent pace.

Australian Trade

Current account continues to deteriorate, driven by falling goods trade surplus. We expect that this trend will continue going forward. Use of AI is increasing services imports, either directly as Computer & Information services, or as intellectual property licencing, distributed by domestic companies. Imports growth in these categories has been very strong for a while, and that trend is set to continue. Falling student numbers suggest a drag from education exports, which is a major services exports category accounting for around 40% of the total services outflow.

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