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**BALANCE OF PAYMENTS
AUSTRALIA
SEPTEMBER QUARTER 1990**

**IAN CASTLES
Australian Statistician**

AUSTRALIAN BUREAU OF STATISTICS

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MAIN FEATURES

Estimates of the main balance of payments aggregates for the September quarter 1990 and the preceding quarter are shown in the following table together with related data on exchange rates and the trade weighted index.

MAIN AGGREGATES, EXCHANGE RATES AND THE TRADE-WEIGHTED INDEX

	1990					
	Not seasonally adjusted			Seasonally adjusted		
	Jun qtr	Sep qtr	Per cent change (a)	Jun qtr	Sep qtr	Per cent change (a)
MAIN AGGREGATES (\$ million)						
Balance on current account	- 3,501	- 4,853	- 39	- 3,766	- 4,466	- 19
Balance on goods and services	- 179	- 2,032	- 1,135	- 360	- 1,490	- 414
Balance on merchandise trade	890	- 678	..	462	- 462	..
Net services	- 1,069	- 1,354	- 27	- 822	- 1,028	- 25
Net income	- 3,951	- 3,493	+12	- 4,082	- 3,551	+13
Net unrequited transfers	629	672	+7	676	575	- 15
Balance on capital account	370	5,467	..	..	..	..
Official	- 2,274	1,430	..	..	..	..
Non-official	2,644	4,037	..	..	..	..
EXCHANGE RATES - UNITS OF FOREIGN CURRENCY PER \$A (b)						
United States dollar	.7681	.8088	+5.3	..	..	..
Special drawing right	.5858	.5905	+0.8	..	..	..
TRADE-WEIGHTED INDEX OF THE VALUE OF THE \$A (MAY 1970=100) (b)						
	60.5	61.4	+1.5	..	..	..

(a) For the current account, a minus sign means an increase in the deficit or a decrease in the surplus and a plus sign means a decrease in the deficit or an increase in the surplus. (b) Period averages.

September quarter 1990 compared with June quarter 1990 —

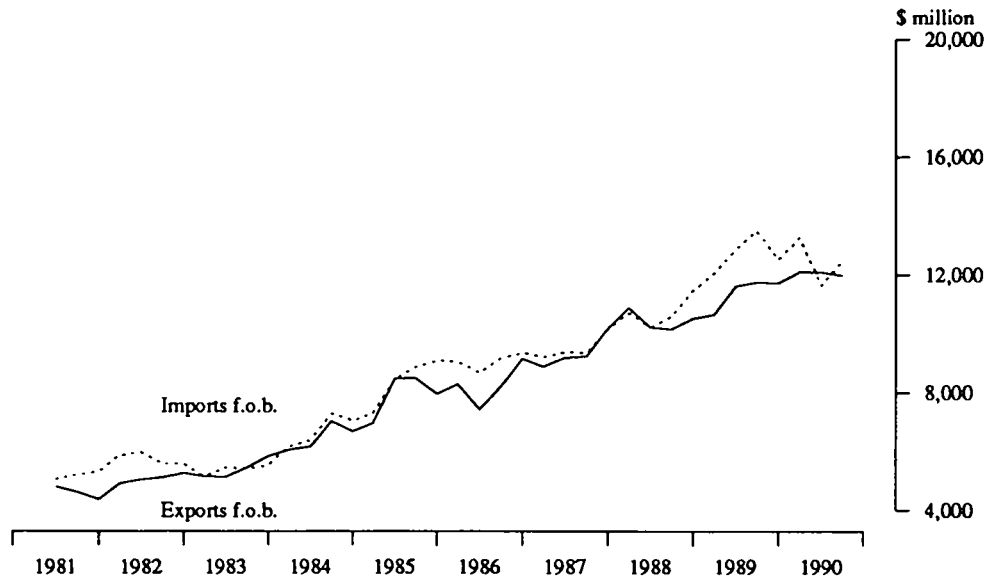
- **Balance on current account** (seasonally adjusted). The current account deficit widened by \$700 million, due mainly to a turnaround in the balance on merchandise trade from a surplus of \$462 million in the June quarter to a deficit of \$462 million in the September quarter.
- **Merchandise exports and imports** (seasonally adjusted). Merchandise exports fell 1 per cent, while merchandise imports rose 7 per cent. The fall in merchandise exports was mainly due to falls in the prices and volumes of cereals and wool. Increases were recorded in all groupings of merchandise imports except chemicals and machinery, with the largest increase occurring in transport equipment. Both exogenous and endogenous imports contributed to the increase in import values. For further details, see *Notes on the Estimates*.
- **Services** (seasonally adjusted). The net services deficit increased by \$206 million, mainly due to increased other services debits and a fall in travel credits.
- **Income** (seasonally adjusted). The net income deficit fell by \$531 million. Income credits rose by \$232 million mainly due to an increase in dividends. Income debits fell

\$299 million mainly due to a decrease in investment income.

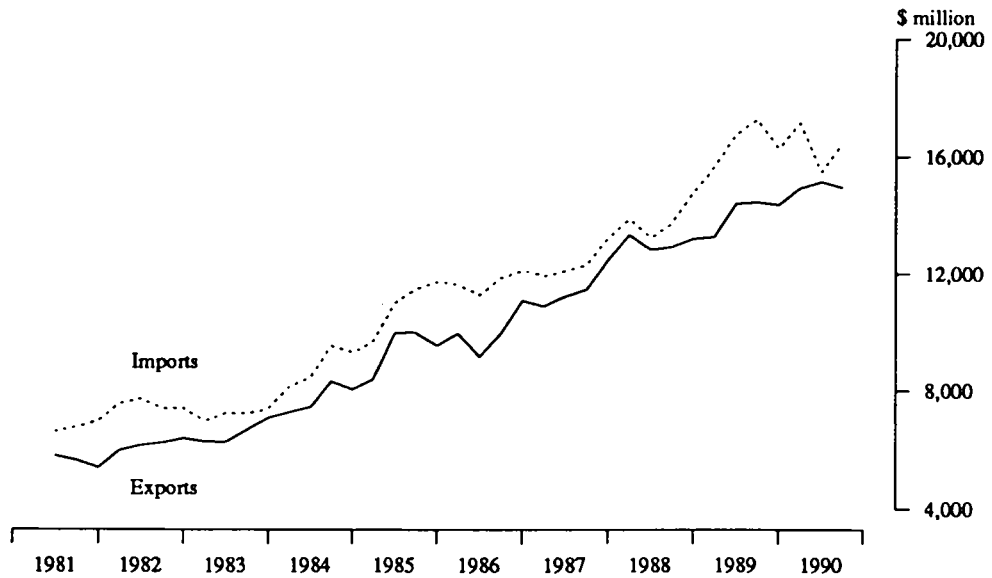
- **Unrequited transfers** (seasonally adjusted). The unrequited transfers surplus fell \$101 million.
- **Official capital** (not seasonally adjusted). The sharp turnaround of \$3,704 million to an inflow of \$1,430 million, mainly reflected a turnaround of \$1,796 million, to an inflow of \$1,385 million, in general government borrowing from abroad and a fall of \$1,808 million in the outflow recorded for transactions in official reserve assets.
- **Non-official capital** (not seasonally adjusted). The rise of \$1,393 million in the net inflow was the result of an increase of \$2,057 million in the inflow from foreign investment in Australia partly offset by a fall of \$664 million in the inflow from Australian disinvestment abroad. This was the second successive quarter in which there was a net withdrawal of capital from abroad by Australian investors. The change in foreign investment in Australia mainly reflected the increased inflow from direct investment (up \$1,080 million) and the turnaround of \$977 million to an inflow in portfolio and other investment. The lower inflow recorded due to the withdrawal of Australian investment abroad was the outcome of falls of \$69 million and \$595 million in the inflows recorded for direct investment and portfolio and other investment respectively.

GRAPHS OF PRINCIPAL BALANCE OF PAYMENTS AGGREGATES

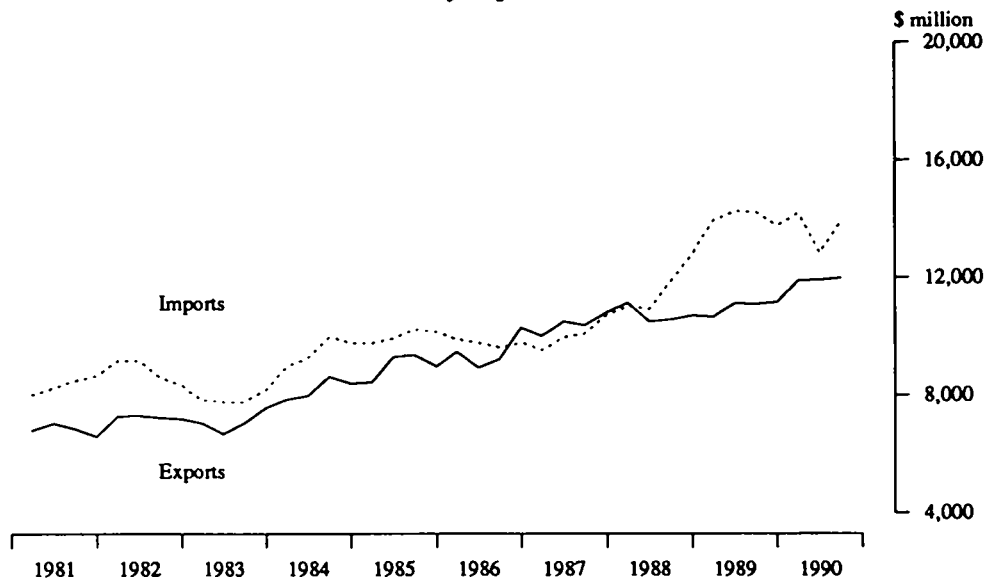
**Graph 1. Merchandise -
seasonally adjusted**



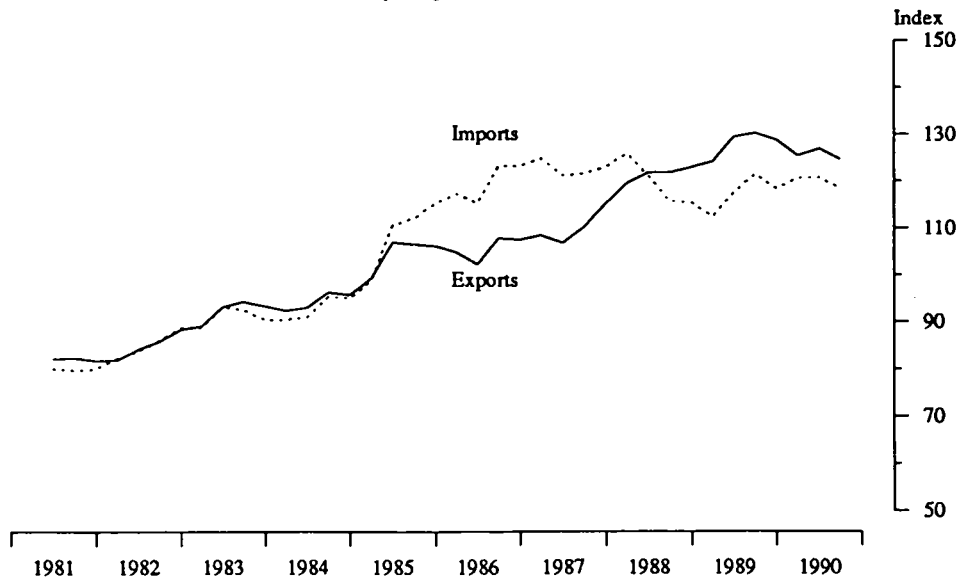
**Graph 2. Goods and services at current prices -
seasonally adjusted**



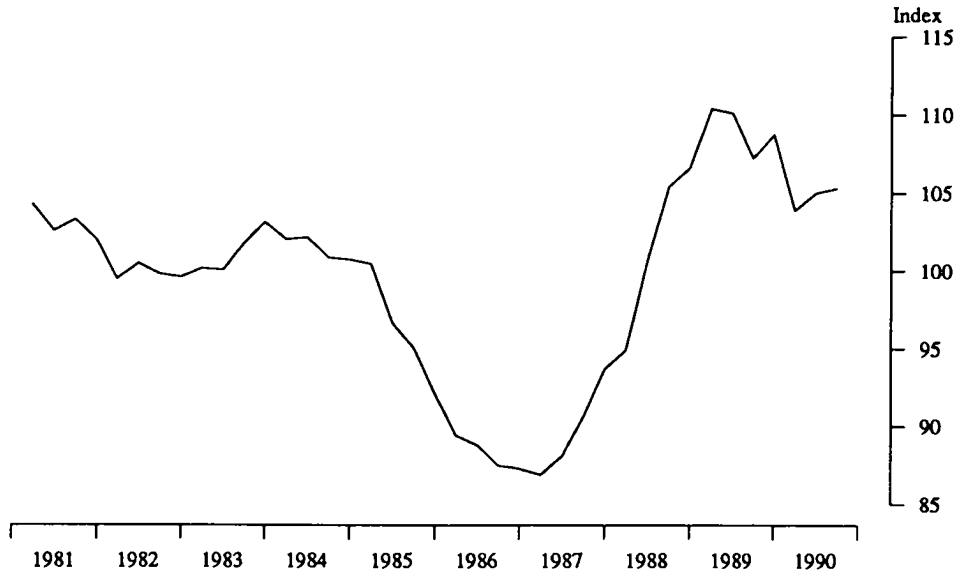
**Graph 3. Goods and services at average 1984-85 prices -
seasonally adjusted**



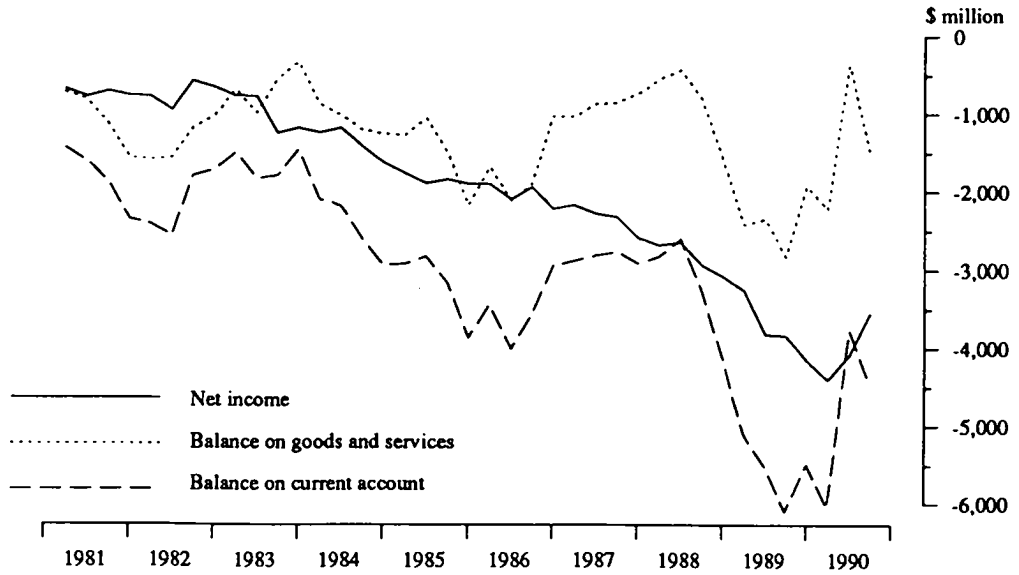
**Graph 4. Implicit price deflators for goods and services -
based on seasonally adjusted data (1984-85=100)**



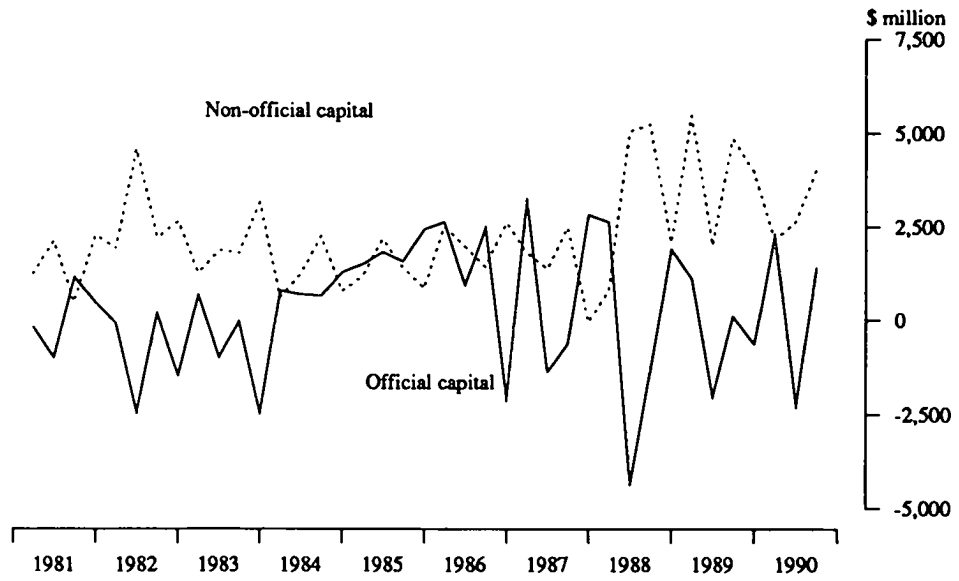
**Graph 5. Terms of trade for goods and services
- based on seasonally adjusted data (1984-85=100)**



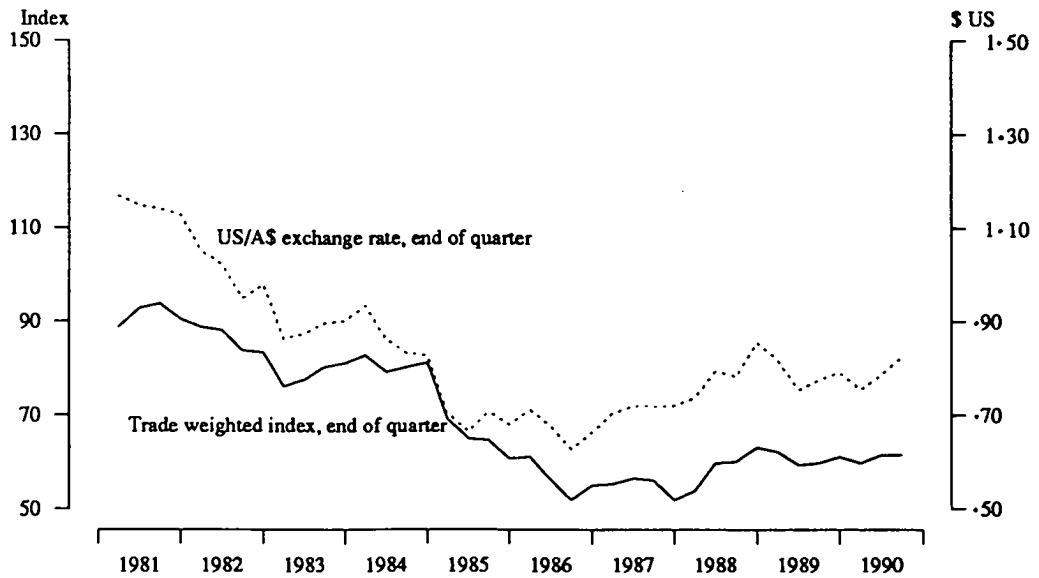
**Graph 6. Current account major aggregates
- seasonally adjusted**



Graph 7. Net capital transactions



Graph 8. Trade weighted index (May 1970=100) and US/A\$ exchange rate



NOTES ON THE ESTIMATES

Goods and services

The following table shows, for the last eight quarters, the changes in exports and imports of goods and services, seasonally adjusted, at current and constant prices, and corresponding implicit price deflators, fixed-weighted price indexes, and terms of trade measures.

PERCENTAGE CHANGES IN EXPORTS AND IMPORTS OF GOODS AND SERVICES AND TERMS OF TRADE

	1988-89			1989-90			1990-91	
	Dec.	Mar.	Jun.	Sep.	Dec.	Mar.	Jun.	Sep.
AT CURRENT PRICES, SEASONALLY ADJUSTED								
Exports of goods and services-	2.1	0.5	8.7	0.3	-0.5	3.9	1.4	-1.3
Merchandise exports	3.7	1.3	9.1	1.1	-0.2	3.4	-0.2	-0.8
Services credits	-3.6	-2.7	7.2	-2.8	-2.0	6.0	8.2	-2.9
Imports of goods and services	7.7	6.1	6.9	3.1	-5.7	5.3	-9.7	6.1
Merchandise imports	8.3	5.1	6.8	5.0	-7.3	6.1	-12.4	7.1
Services debits	5.4	9.6	7.3	-3.0	0.1	2.6	-0.1	3.0
AT CONSTANT (AVERAGE 1984-85) PRICES, SEASONALLY ADJUSTED								
Exports of goods and services	1.2	-0.4	4.2	-0.3	0.6	6.6	0.3	0.6
Merchandise exports	2.6	—	4.1	0.7	1.9	7.0	-0.6	1.2
Services credits	-4.2	-2.2	4.6	-4.4	-5.2	5.0	4.7	-2.6
Imports of goods and services	7.8	8.9	2.3	-0.2	-3.3	3.2	-9.7	8.4
Merchandise imports	8.8	8.6	2.6	0.5	-4.0	4.4	-11.7	9.5
Services debits	4.6	10.1	1.3	-2.6	-0.5	-0.9	-2.0	4.5
IMPLICIT PRICE DEFLATORS (a)								
Exports of goods and services	0.9	0.9	4.3	0.6	-1.2	-2.6	1.1	-1.8
Merchandise exports	1.0	1.2	4.8	0.4	-2.1	-3.3	0.4	-2.0
Services credits	0.6	-0.5	2.4	1.6	3.4	0.9	3.5	-0.4
Imports of goods and services	-0.2	-2.6	4.5	3.3	-2.5	1.9	—	-2.1
Merchandise imports	-0.4	-3.1	4.1	4.5	-3.4	1.5	-0.8	-2.2
Services debits	0.8	-0.4	5.8	-0.4	0.6	3.6	1.8	-1.4
TERMS OF TRADE (b)								
Goods and services	1.1	3.6	-0.3	-2.6	1.4	-4.4	1.1	0.3
Merchandise trade	1.4	4.5	0.7	-3.9	1.3	-4.8	1.2	0.2
Services	-0.2	-0.1	-3.2	2.0	2.7	-2.6	1.6	1.0
FIXED-WEIGHTED INDEXES (c)								
Exports of goods and services	-0.1	2.7	4.8	0.9	-0.8	-0.1	1.3	-2.9
Merchandise exports	-0.3	3.0	5.7	0.8	-1.7	-0.4	1.1	-3.6
Services credits	1.2	1.3	-0.1	2.0	3.3	1.6	2.3	0.3
Imports of goods and services	—	-2.0	4.8	2.7	-1.2	1.5	0.6	-1.4
Merchandise imports	-0.2	-2.1	4.5	3.2	-1.8	0.9	0.5	-2.1
Services debits	0.8	-1.7	5.6	1.4	0.8	3.1	1.3	0.8

(a) The implicit price deflators are derived by dividing seasonally adjusted current price estimates by the corresponding seasonally adjusted constant price estimates (base year 1984-85=100). (b) The terms of trade are derived by dividing the implicit price deflators for exports (of merchandise and services) by the implicit price deflators for imports (of merchandise and services). (c) The fixed-weighted indexes are derived by combining individual component prices (base year 1984-85=100) with a weighting to reflect the relative importance of the components in the base year. For further details see "Changes in this issue" on page 8 of the March quarter 1990 issue of this publication.

September quarter 1990 compared with June quarter 1990, seasonally adjusted ("*Volume*" refers to values at average 1984-85 prices and "*price*" refers to implicit price deflators) —

Exports of merchandise at current prices fell by \$102 million. Rural exports fell by \$113 million, or 3 per cent. Rural exports volumes rose 3 per cent while prices fell 6 per cent. Exports of meat and sugar rose on account of increased volumes, while cereals and wool fell 25 per cent and 14 per cent respectively due to decreases in prices and volumes. Non-rural exports were virtually unchanged with the small increase in volumes being largely offset by a similar fall in prices. The largest increases occurred in 'other mineral fuels', up \$132 million, due mainly to an increase in the volume of crude oil exports; and 'other non-rural', up \$100 million. The largest fall was recorded for coal exports, down \$179 million, due mainly to a fall in volume.

Services credits at current prices fell \$89 million, or 3 per cent, reflecting a 3 per cent fall in volume.

The *implicit price deflator* for total exports of goods and services fell 1.8 per cent. On a fixed-weight basis the overall IPD fell 2.9 per cent, while compositional shifts implied an increase of 1.1 per cent.

Imports of merchandise at current prices rose by \$822 million, due to increases in volume for all categories. Exogenous imports rose \$377 million, or 37 per cent, due mainly to increased imports of civil aircraft. Endogenous imports rose \$445 million, or 4 per cent, due largely to an increase in imports of transport equipment. The overall volume of endogenous imports rose 6 per cent, while prices fell 2 per cent. The volume movements in the components of endogenous imports were consumption goods, up 7 per cent; capital goods, up 4 per cent; and other goods, up 8 per cent.

Services debits at current prices rose by \$117 million, or 3 per cent, as a result of a 4 per cent increase in volume partly offset by a 1 per cent decrease in price.

The *implicit price deflator* for imports of goods and services fell 2.1 per cent. On a fixed-weight basis the IPD fell 1.4 per cent, while compositional shifts accounted for a fall of 0.7 per cent.

Australia's *terms of trade* rose 0.3 per cent reflecting the larger decrease in the imports IPD.

It should be noted that at the time of compilation of the statistics in this publication the available information on the prices of internationally traded goods for the latest quarter is preliminary in nature and therefore subject to revision.

Exogenous imports

For purposes of analysing movements in merchandise imports, the categories exogenous and endogenous imports are shown in various tables in this publication. Statistics on the main components of exogenous imports at current

prices are shown in the following table so that the impact of identified and sizeable lumpy transactions upon total merchandise imports and other key aggregates can be more readily assessed.

EXOGENOUS MERCHANDISE IMPORTS (NOT SEASONALLY ADJUSTED)
(\$ million)

Period	Fuels (a)	Civil Aircraft (b)	Other (c)	Total	Per cent of total merchandise imports
1987-88	2,036	189	1,604	3,829	9.5
1988-89	2,014	837	1,335	4,186	8.9
1989-90	2,520	1,247	1,003	4,770	9.4
1987-88 —					
June qtr	517	—	350	867	8.6
1988-89 —					
September qtr	411	82	306	799	7.3
December qtr	295	471	373	1,139	9.6
March qtr	561	149	284	994	8.6
June qtr	747	135	372	1,254	9.9
1989-90 —					
September qtr	632	489	257	1,378	9.9
December qtr	697	173	248	1,118	8.6
March qtr	601	373	240	1,214	9.6
June qtr	590	212	258	1,060	9.3
1990-91 —					
September qtr	543	563	276	1,382	10.8

(a) SITC Section 3. (b) Acquisition of aircraft by selected major airline companies. (c) Acquisition of associated aircraft equipment (e.g. spare engines etc), defence equipment and ships by selected public sector enterprises and certain other government goods.

Revisions

The current price (not seasonally adjusted) estimates in this publication for the current account are consistent with those published in the September month issue of 5301.0, with the exception of the net income deficit for the September quarter 1990, which has been reduced by \$372 million following the incorporation of preliminary data

from the September quarter 1990 Survey of Foreign Investment.

Estimates of net capital transactions have been revised to take account of more recent data from the Survey of Foreign Investment and other sources.

TRENDS IN AUSTRALIAN TRAVELLERS' EXPENDITURE ABROAD

Introduction

This article looks at trends in recent years in Australian travellers' expenditure abroad, as measured by the ABS Survey of International Travel Enterprises (SITE). It also examines the components of this expenditure and describes the relationship between SITE results and the balance of payments concept of travel debits. It then looks at the different concept of international tourist expenditure and provides broad indicators of this expenditure for Australia.

Relationship between SITE results and travel debits

The ABS has conducted the SITE on an annual basis since 1985-86. As noted in earlier articles in this publication, the survey's purpose is to provide data for estimating the bulk of travel debits (that is Australian travellers' expenditure abroad) in the current account of the balance of payments. Travel debits include expenditure abroad by Australian travellers not only on services; such as accommodation, but also on any goods purchased while abroad.

The SITE approaches banks and other financial institutions providing travel finance services such as credit cards, foreign currency, and travellers' cheques for use

abroad. It also approaches travel agents wholesaling pre-paid package tours abroad.

Two adjustments to the SITE results are made in estimating travel debits. The first adjustment is a deduction to take account of repurchases of travellers' cheques and foreign currency notes from returned Australian travellers. The second adjustment is to exclude expenditure of a non-travel nature, such as funds taken abroad by Australian emigrants (who are not regarded as travellers in the balance of payments context); foreign currency acquired in Australia for speculative purposes; and Australian students' expenditure abroad (which is estimated separately and then added back to form part of total travel debits). The second adjustment is based on the relationship between a benchmark figure of expenditure abroad by Australian travellers, derived in respect of 1982-83 from an ABS household survey called the SSS6, and the SITE estimates for that year.

Analysis of SITE results

Trends in the components of gross expenditure abroad by Australian travellers since 1985-86 are shown in the table below and in the graph on the next page. The table also shows how travel debits estimates are derived from the SITE results.

GROSS EXPENDITURE ABROAD BY AUSTRALIAN TRAVELLERS - COMPONENTS AND ADJUSTMENTS TO DERIVE TRAVEL DEBITS

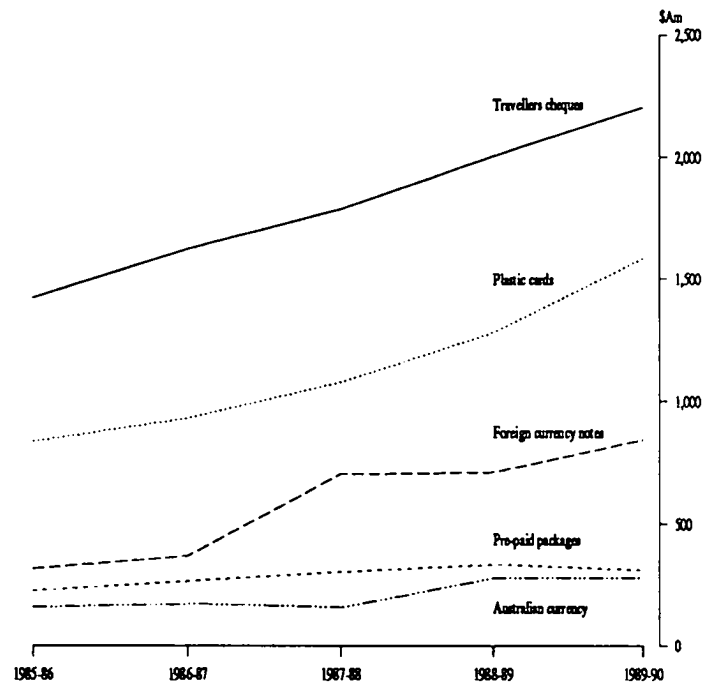
Components of expenditure	1985-86		1986-87		1987-88		1988-89		1989-90	
	\$m	% of gross expenditure	\$m	% of gross expenditure	\$m	% of gross expenditure	\$m	% of gross expenditure	\$m	% of gross expenditure
International pre-paid packages (a)	227	8	265	8	305	8	334	7	310	6
Expenditure abroad using plastic cards	834	28	930	28	1,080	27	1,282	28	1,584	30
Sales of traveller' cheques in Australia for use abroad	1,423	48	1,624	48	1,791	44	2,006	44	2,204	42
Australian dollar notes repatriated from abroad	160	5	171	5	157	4	279	6	281	5
Sales in Australia of foreign currency notes	318	11	370	11	705	18	711	15	842	16
Gross expenditure abroad by Australian travellers (b)	2,962	100	3,360	100	4,038	100	4,612	100	5,221	100
less repurchases of travellers' cheques and foreign currency by Australian institutions (c)	95	..	126	..	163	..	123	..	92	..
Expenditure abroad by Australian travellers	2,867	..	3,234	..	3,875	..	4,489	..	5,129	..
less SSS6 benchmark adjustment (d)	216	..	243	..	292	..	338	..	387	..
Total other travel debits (e)	2,651	..	2,991	..	3,583	..	4,151	..	4,742	..
plus students' expenditure debits (e)	109	..	117	..	129	..	191	..	231	..
Total travel debits (e)	2,760	..	3,108	..	3,712	..	4,342	..	4,973	..

(a) Tours marketed in Australia by travel agents, excluding international airfares. (b) As derived from the Survey of International Travel Enterprises. (c) Based on the Survey of Non-Trade Foreign Receipts and Payments. (d) An adjustment, based on a 1982-83 ABS household survey (the SSS6) providing benchmark data on expenditure abroad by Australian travellers, to exclude expenditure of a non-travel nature as well as students' expenditure. (e) Balance of payments basis.

Although travellers' cheques continue to be the most significant component of gross expenditure, their share of that expenditure has declined from 48 per cent in 1985-86 to 42 per cent in 1989-90. The share of expenditure abroad using plastic cards was stable for the first four years at around 28 per cent, but has increased in the latest year to 30 per cent. Sales of foreign currency notes to travellers has grown from 11 per cent in 1985-86 to 16 per cent in 1989-90, after peaking at 18 per cent in 1987-88. It is notable that plastic card expenditure has grown much more rapidly (up 90 per cent) over the whole period than has travellers' cheque sales (up 55 per cent), even though the latter remains the predominant method of expenditure by residents travelling abroad.

The annual percentage growth of each of the components of gross Australian travellers' expenditure abroad over the period 1985-86 to 1989-90 is set out in the table below. It shows that, apart from the decline in pre-paid package expenditure in 1989-90 and the reduction in repatriated Australian currency in 1987-88, all components of expenditure have grown each year, albeit at different rates. The decline in repatriated \$A in 1987-88 occurred at the same time as a dramatic growth in the sales of foreign currency notes in Australia. However, there was virtually no growth in foreign currency sales the following year, while there was a large upswing in \$A repatriations.

GROSS AUSTRALIAN TRAVELLERS' EXPENDITURE ABROAD
BY COMPONENT OF EXPENDITURE



COMPONENTS OF GROSS EXPENDITURE ABROAD BY AUSTRALIAN TRAVELLERS -
PERCENTAGE CHANGE ON PREVIOUS YEAR

Component of expenditure	1986-87	1987-88	1988-89	1989-90
	— per cent —			
International pre-paid packages	17	15	10	- 7
Expenditure abroad using plastic cards	12	16	19	24
Sales of travellers' cheques in Australia for use abroad	14	10	12	10
Australian dollar notes repatriated from abroad	7	- 8	78	1
Sales in Australia of foreign currency notes	16	91	1	18
Gross expenditure	13	20	14	13

Concept of "international tourist expenditure"

Commentators often refer to "Australian tourist expenditure abroad" (as well as "foreign tourist expenditure in Australia") in the context of balance of payments statistics. The concepts of tourist expenditure differs from the balance of payments concept of travel in that the latter includes a narrower range of transactions but relates to a broader range of travellers than the former. For example, travel debits as outlined above do not include the cost of international fares required to actually travel from Australia to foreign destinations (nor, for travel credits,

the cost of fares to travel to Australia from abroad); however, they do include the expenditure of business travellers, students and other travellers not classed as tourists.

In order to measure what is commonly called Australian tourist expenditure abroad, the cost of fares paid in Australia to non-resident airlines and non-resident shipping operators has to be added to travel debits estimates. These fares are recorded in balance of payments statistics in the series passenger services debits, a component of "other transportation" debits. Correspondingly, to measure

foreign tourist expenditure in Australia the amount of fares received abroad by resident airlines operating on international routes (ie. passenger services credits) has to be added to travel credits estimates.

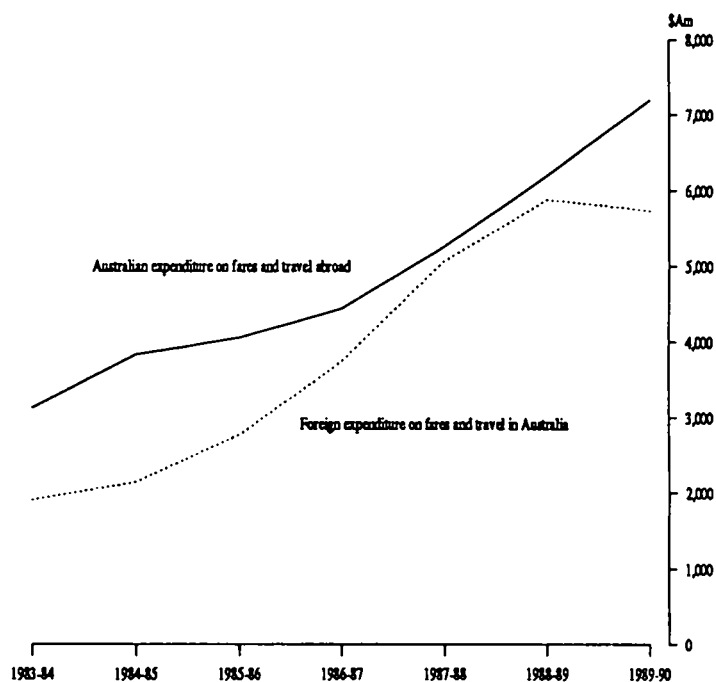
The current level of detail available from balance of payments statistics does not enable expenditure that could be described as purely for tourism to be separated from other passenger fare and travel expenditure. Therefore the sum of passenger fares and travel services can only be used to provide a broad indicator of "international tourist expenditure".

Trends in international fares and travel expenditure

Australian expenditure abroad on fares and travel totalled \$7,196 million in 1989-90, compared with \$5,735 million for foreign expenditure on fares and travel in Australia in the same year. The gap, or difference between the two aggregates (which has been in the rest of the world's favour since the start of the series in the mid-1940's), peaked at \$1,689 million in 1984-85 and then fell markedly in subsequent years, narrowing to \$183 million in 1987-88. It then rose to \$1,461 million in 1989-90.

The measures described above take no account of a range of factors that impinge on the *net* value of international "tourism" to Australia; for example, no adjustments are made for the expenses incurred in Australia by foreign airlines flying residents abroad (part of *port services credits*) nor the reverse, that is, resident airlines costs incurred abroad in bringing foreign travellers to Australia. As a consequence and given the data limitations already mentioned, the fares and travel gap only partly reflects the net cost to Australia of international tourism.

INTERNATIONAL FARES AND TRAVEL EXPENDITURE



MEASUREMENT OF AUSTRALIA'S TERMS OF TRADE

INTRODUCTION

The terms of trade is an analytical measure of changes in an economy's purchasing power over time. Movements in the terms of trade are considered important for assessing changes in the purchasing power of exports over imports, analysing real income, and evaluating the level of consumption that can be sustained in the domestic economy. Although a temporary adverse movement in the terms of trade can be financed from foreign financial assets, if a given volume of imports of goods and services is assumed, a long term adverse movement in the terms of trade means a greater share of income from domestic production is diverted abroad and less real income is received by residents.

There are several ways of measuring the terms of trade. A common method, known as the net-barter or commodity terms of trade, is to calculate an index of the form:

$$T = \frac{P_x}{P_m}$$

where P_x = price index of exports
 P_m = price index of imports.

In this, and other ABS publications, this method is used. The price indexes used in the calculation are *implicit price deflators* (IPDs) for seasonally adjusted exports and imports of goods and services. However, other price indexes, such as fixed-weighted indexes (FWIs) could be used.

This article reviews the two types of price indexes and evaluates three terms of trade measures constructed from them using the method above. Other methods of measuring the terms of trade and the use of terms of trade measures in economic analysis are then briefly examined.

PRICE INDEXES

Implicit Price Deflators (IPDs)

An IPD is an index obtained by dividing the current price value of a basket of goods and services by the corresponding constant price value and so takes the form of a current-weighted price index. As such, IPDs are derived measures (hence their name) and are not normally the direct measures of price change by which current price estimates are converted to constant price estimates. An IPD compares the price of the same basket of goods and services between only the base period and any other period. A change in an IPD between any two periods, neither of which is the base period, represents a combination of actual price changes and changes in the composition of the basket of goods and services from which the deflator is being derived.

Seasonal and/or irregular effects on the underlying series from which IPDs are derived limit the usefulness of analysis of IPDs over short periods of time.

The impact of seasonal influences on IPDs can be reduced by using seasonally adjusted series in the derivation of IPDs. Such IPDs are known as seasonally adjusted IPDs and are considered a more reliable indicator of the impact of price changes than those calculated from unadjusted data.

However, seasonally adjusted IPDs are still subject to the effects of irregular compositional and price changes. There are two possible ways of reducing the impact of irregular compositional and price changes from IPDs. The first is to smooth, using an appropriate smoothing technique, the underlying series from which IPDs are derived. The second is to smooth the IPDs themselves. In practice, both methods are likely to produce similar results. The smoothing procedures, however, need to be such that they do not reduce the impact of lasting compositional and price changes.

Fixed-Weighted Indexes (FWIs)

FWIs measure price changes in a fixed basket of goods and services. They are formed by combining the prices of individual components using weights that reflect their relative importance in a chosen base period.

Changes in FWIs over time reflect price changes only and are not subject to the impact of changes to the composition of the underlying components. Consequently, the weights used in FWIs need to be revised from time to time so as to adequately represent current patterns.

The usefulness of FWIs significantly removed in time from their base period may be diminished if substantial compositional change has occurred since the base period. Likewise, significant compositional change may occur within the period being analysed. In both of these cases it may be inappropriate to ignore the impact of the compositional change.

THREE TERMS OF TRADE MEASURES

Terms of trade statistics are provided in this publication for merchandise trade; services; and total goods and services. They are derived using seasonally adjusted IPDs, which are also provided in this publication.

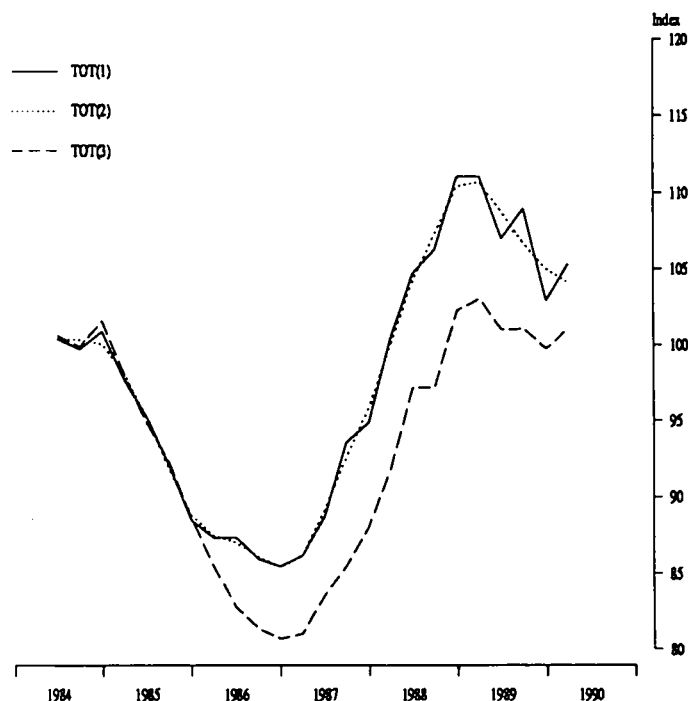
This measure of the terms of trade is denoted below as TOT(1). For the purposes of this article, an alternate terms of trade measure has been calculated by smoothing the seasonally adjusted IPDs, using a 5 term Henderson moving average. It is denoted as TOT(2). Price indexes which use fixed weights are published for merchandise imports and exports on a balance of payments basis, services debits and credits, as well as imports and exports of total goods and services. Consequently, this article also

discusses a terms of trade measure derived using these FWIs, referred to as TOT(3).

Evaluation

Graph 1 shows the terms of trade for merchandise trade since 1984-85 using the three different terms of trade measures discussed above. Graph 2 (on the following page) shows, for each of the measures, the terms of trade for services and Graph 3 shows the terms of trade for

GRAPH 1. TERMS OF TRADE FOR MERCHANDISE - 1984-85-100



merchandise trade and services combined. In all graphs, all three terms of trade measures have a base year of 1984-85.

Merchandise Trade

As Graph 1 shows, for merchandise trade, all three measures track each other closely up until March quarter 1986. The period from September quarter 1984 to March quarter 1986 was a period of generally declining terms of trade.

However, between the March quarter 1986 and the March quarter 1987 TOT(3) deteriorated much more significantly than either TOT(1) or TOT(2). This divergence was due to a number of factors. One influential factor related to imports of computer equipment.

Throughout 1986 import prices were generally increasing as a result of the then depreciating Australian dollar. On the other hand, export prices remained relatively flat.

As FWIs measure only price change, the FWI-based terms of trade measure (TOT3) continued to deteriorate due to the increase in its denominator.

However, the deterioration in TOT1 and TOT2 was nowhere near as significant. This is because, in 1986, there was a significant increase in the share of imports attributable to computer equipment. Unlike the prices of most other imports, computer equipment prices declined from 1984-85 and so the computer price index was at a much lower level than most other import price indexes. The greater weight given to computer equipment in combination with the relatively low value of its price index significantly dampened the growth in the merchandise imports IPD. Hence the divergence between the FWI-based and IPD-based terms of trade measures.

Between March quarter 1987 and March quarter 1989 the movements in the terms of trade using each of the measures were broadly consistent. This was a period of improvement in Australia's terms of trade. Export prices were rising, mainly as the result of strong rural commodity prices, whereas import prices were generally falling, mainly due to the stronger Australian dollar.

From March quarter 1989 to June quarter 1990 TOT(1) and TOT(2) show significant deterioration while TOT(3) is much flatter. Also, TOT(1) exhibits greater volatility than either TOT(2) or TOT(3).

Compositional change was again the factor behind the different behaviour in the FWI-based and IPD-based terms of trade measures in 1989-90. Two compositional effects are worth noting, both relating to exports. First, the share of exports of wool fell significantly over the period. As wool price indexes were relatively high, the reduction in the volume of wool exports had a downward influence on the IPD for merchandise exports as a whole. This was reinforced by an increased share of exports of "other mineral fuels" which had relatively low price indexes. As import prices were, for the most part, fairly stable, the declining merchandise exports IPD caused TOT(1) and TOT(2) to fall.

On the other hand, the exports FWI was not affected by either of these compositional effects. The increase in wool prices and the decrease in "other mineral fuels" prices tended to offset each other and, as prices for other exports were relatively stable during the period, the FWI terms of trade measure was much flatter.

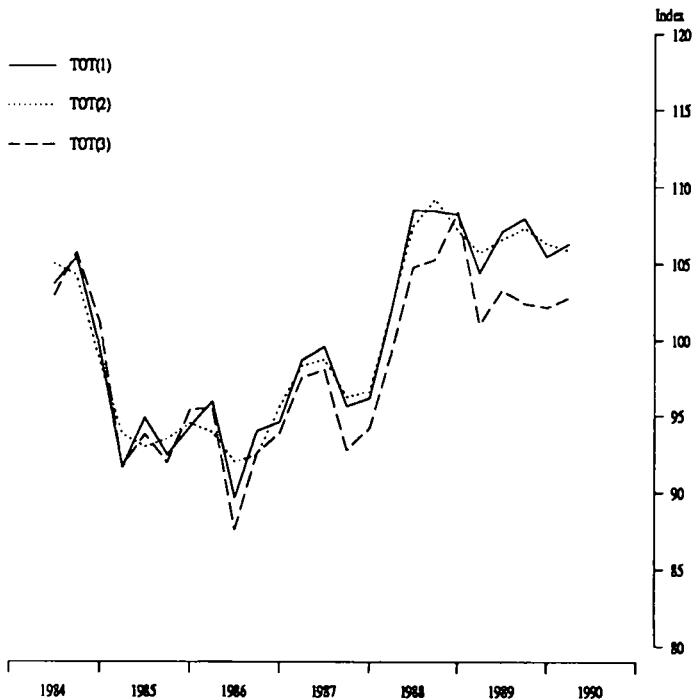
Also of interest is the "saw-tooth" movement in TOT(1) that is absent in both TOT(2) and TOT(3). This indicates significant transitory compositional changes, the impact of which has been removed from TOT(2) by the smoothing process. If, on the other hand, significant irregular price movements had occurred then TOT(3) would also have exhibited similar "saw-tooth" behaviour to TOT(1), with TOT(2) alone being "smoother".

Services Trade

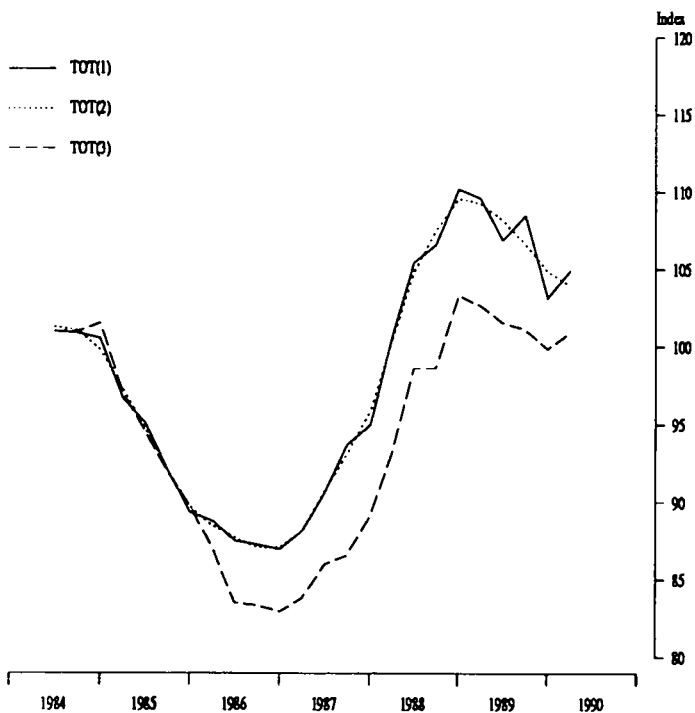
Graph 2 shows, that when compared to merchandise, there is far less divergence in the three terms of trade measures for services over the last six years. This indicates that compositional change and/or the divergence in relative prices were far less significant in services than in merchandise.

Both TOT(1) and TOT(3) show pronounced 'saw teeth' for particular quarters, indicating the presence of significant irregular price movements. (The volatile price movements were mostly in respect of services debits.) TOT(2) exhibits less volatility as these irregular movements have been "smoothed" from the series.

GRAPH 2. TERMS OF TRADE FOR SERVICES - 1984-85=100



GRAPH 3. TERMS OF TRADE FOR GOODS AND SERVICES - 1984-85=100



Graph 3, the composite graph, is very similar to Graph 1, reflecting the general dominance of merchandise

transactions over services transactions in Australia's balance of payments over the last six years.

Terms of trade measures published by other statistical agencies.

A number of national statistical agencies publish both IPDs and FWIs for imports and exports. However, not all choose to explicitly present a terms of trade measure based on these indexes.

Statistics Canada publishes IPDs (1986=100) for Canada's imports and exports and a terms of trade series derived from these indexes.

Both the Statistics Bureau of Japan and the Central Statistical Office of the United Kingdom publish terms of trade series derived from FWIs (1985=100) of imports and exports. These agencies also publish IPDs (1985=100) for imports and exports.

New Zealand's Department of Statistics publishes import and export price indexes (1982=100) which are geometric means of IPDs and FWIs. Its terms of trade series is derived from similarly constructed indexes. However, the import and export price indexes used in its construction have a base year of 1957.

Conclusions

The choice between the IPD-based and FWI-based terms of trade measures depends in part on the purpose for which the index is to be used. However, when using the terms of trade to analyse the effect of price changes on goods and services trade or real national income, those measures based on IPDs are preferable to those based on FWIs.

Terms of trade measures derived from IPDs reflect the impact of changes in both the price and composition of imports and exports. As such, they reflect both developments on the demand side, resulting from income and substitution effects, and on the supply side, resulting from such factors as technological change, changes in productivity and the discovery or exhaustion of natural resources.

While terms of trade measures derived from IPDs have the desirable property of reflecting compositional change, this quality has some short-comings. Compositional changes can be of a transitory, rather than permanent, nature and as such they may not reflect underlying trends. As discussed, these seasonal and/or irregular compositional changes can be dampened using seasonal adjustment and smoothing techniques.

Terms of trade measures derived from FWIs do not capture any compositional effects. As a result, such terms of trade measures could provide a misleading view of external issues which impact on an economy, given the real impact that compositional change, in particular lasting compositional change, has on the terms of trade.

This deficiency becomes potentially more significant if the base period for FWIs used in an analysis is

significantly removed from the period over which the terms of trade analysis is being undertaken. Problems will also arise if significant compositional change has occurred within the period being analysed.

The problems associated with calculating terms of trade measures from FWIs that have base years far removed from the period of analysis can be overcome by regularly revising base years. However, rebasing does not overcome the problem of significant short-term compositional change being missed if it occurs within the period for which terms of trade analysis is being undertaken.

As previously mentioned, the ABS uses seasonally adjusted IPDs in the derivation of the terms of trade statistics shown in its regular publications. This approach overcomes the impact of seasonal compositional change. Smoothed series are not used as there is little apparent user demand for such data. There is also a danger with the smoothed series that the impact of permanent change could be dampened. This is most likely to occur for observations in respect of recent periods (which are generally the periods attracting the greatest interest), as the future observations needed to establish trends have to be derived by extrapolation.

OTHER MEASURES OF THE TERMS OF TRADE

While the net barter terms of trade are the most widely used measure of the terms of trade, other measures are available. Two of these are discussed below.

The *gross barter terms of trade* (G) shows the relative change in volumes of exports to imports. They can be expressed as:

$$G = \frac{Q_x}{Q_m}$$

where Q_x = volume index of exports, and
 Q_m = volume index of imports.

Volume indexes can be derived from constant price series. In this publication, constant price series are shown for exports and imports of both goods and services as well as for merchandise and services separately.

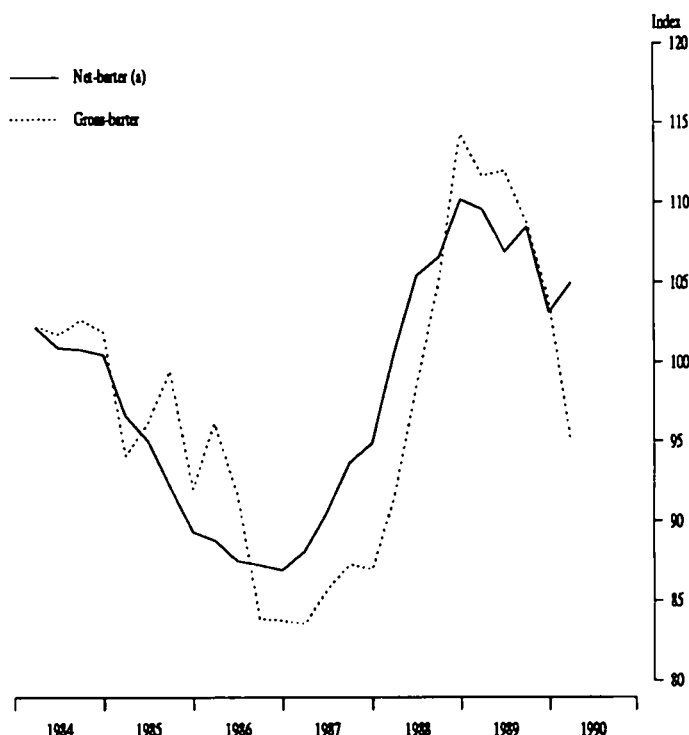
Graph 4 shows the performance of the gross barter measure of the terms of trade compared to the net barter measure, over the past six years.

The ABS also publishes an export price index (EPI) and an import price index (IPI). A terms of trade measure (A) of the following form can be constructed using these indexes:

$$A = \frac{EPI}{IPI}$$

The EPI and IPI are fixed weighted indexes. However, they differ from the FWIs shown in this publication in a number of respects. First, the EPI and IPI only cover goods, whereas the FWIs cover both goods and services.

GRAPH 4. TERMS OF TRADE FOR GOODS AND SERVICES
1984-85-100



(a) Calculated using seasonally adjusted IPDs

Second, the base years of the indexes differ: the EPI has a base period covering the three years 1974-75 to 1976-77; the IPI is based on the pattern of import values between 1978-79 and 1980-81; and the FWIs are based on 1984-85 weights. Third, the methods used in the construction of the indexes differ. Last, the EPI and IPI relate to the value of goods on a recorded trade basis whereas the FWIs are on a balance of payments basis. Each of these differences diminishes the usefulness of a terms of trade measure based on the EPI and IPI.

ECONOMIC ANALYSIS USING THE TERMS OF TRADE

Exchange rate and the terms of trade

The relationship between the terms of trade and the exchange rate is two-way. First, changes in the terms of trade have an impact on the exchange rate. For example, say Australia's terms of trade improve due to increased world demand for our exports. Exporters will earn more foreign currency which they will want to convert to Australian dollars, which in turn will cause the domestic currency to appreciate. If the exchange rate were affected only by the terms of trade then any change in the world demand for our commodities would impact on the exchange rate.

However, foreign capital movements also influence the exchange rate. An appreciating domestic currency may attract foreign capital, because of the potential to increase the return from investment, and consequently to a further appreciation of the domestic currency: on the other hand,

foreign capital outflows could lead to a depreciation in the exchange rate, again independently of any change in the terms of trade.

Changes in the exchange rate may also have an impact on the terms of trade. If Australia has the capacity to influence world export prices then an appreciation of the Australian dollar might not be fully reflected in a fall in export prices in \$A terms if exporters seek to maintain the \$A values of exports by increasing their foreign currency prices. Likewise, the full impact of a depreciation of the Australian dollar might not be evident in export prices if exporters take the opportunity to increase market shares by reducing foreign currency prices while still maintaining \$A values.

If the above holds (Australia has substantial shares of world markets in certain commodities such as wool, iron ore and coal which indicates a capacity to influence prices), and if the full impact of changes in the exchange rate flow quickly through to import prices, then changes in the exchange rate will affect the terms of trade.

On the other hand, for markets where Australia cannot influence prices and where contracts are denominated in foreign currencies, changes in the exchange rate should have no effect on the terms of trade for those markets.

The impact of changes in the terms of trade on the economy

For certain types of economic analysis the *income terms of trade* may be considered a useful measure. It reflects both price and volume changes in exports and can be expressed as:

$$I = \frac{P_x \cdot Q_x}{P_m}$$

That is,

$$I = T \cdot Q_x$$

where T = net barter terms of trade.

The income terms of trade reflect the absolute capacity to import, given the volume and relative price of exports. An increase in the terms of trade using this measure indicates that the capacity of the economy to import has increased. However, this measure says nothing about an economy's propensity to import. If the propensity to import increases at the same time as the income terms of trade increase, any benefits to the economy associated with the latter increase will be diminished by the former.

Another measure used in assessing the impact of changes in the terms of trade on the economy is the *terms of trade effect*. This shows how real domestic production differs from real income due to changes in the terms of trade. It provides an assessment of an economy's capacity to import.

Analysis is by the partial-equilibrium method whereby the terms of trade effect quantifies the impact on income of

movements in the terms of trade, with all other things being held constant.

The ABS calculates the terms of trade effect (T_1) by adjusting the volume of exports by the terms of trade and then subtracting export volumes. That is,

$$T_1 = T \cdot Q_x - Q_x$$

$$= I - Q_x$$

where T_1 is the terms of trade effect

This adjustment is added to gross domestic product at constant prices (GDP) to yield gross domestic product adjusted for the terms of trade, that is, gross domestic income (GDI).

$$GDI = GDP + T_1$$

The result is shown in *Australian National Accounts: National Income and Expenditure* (5206.0).

In practice, other things cannot be taken as constant, because the expenditure of a country is closely tied up with the terms of trade, and so are the volumes of trade. To assume that only the terms of trade change, and nothing else, does not fully explain the effect of the terms of trade on the balance of payments or on the level of national income.

It is clear that a favourable movement in the terms of trade will increase income. Only if all of the increased income is saved will there be no increase in consumption. In this case, the full terms of trade effect would be reflected as an improvement in the balance on current account and as additional resources available for domestic investment. To the extent that an increase in the terms of trade increases consumption, including consumption of imports, the favourable impact on the balance on current account and on resources available for domestic investment will be diminished.

On the other hand, increased consumption as the result of an improvement in the terms of trade may have further multiplier effects on national income.

FURTHER INFORMATION

For further information on IPDs and FWIs see *Balance of Payments, Australia, Concepts, Sources and Methods* (5331.0).

For further information on seasonal adjustment see *Time Series Decomposition - An Overview* (1317.0).

For further information on "smoothing" see *A Guide to Smoothing Time Series - Estimates of "Trend"* (1316.0).

For further information on the differences between the EPI and IPI and the FWIs shown in this publication see *Australian National Accounts: Concepts, Sources and Methods* (5216.0).

TABLE 1. BALANCE OF PAYMENTS — SUMMARY
(\$ million)

	Year			Quarters ended									
	1987-88	1988-89	1989-90	1987-88	1988-89			1989-90			1990-91		
				June	Sept.	Dec.	Mar.	June	Sept.	Dec.	Mar.	June	Sept.
Current transactions —													
<i>Goods and services —</i>													
<i>Merchandise (a) —</i>													
Exports fob	40,541	43,061	47,671	10,462	10,056	10,669	10,424	11,912	11,727	11,885	11,704	12,355	12,120
Imports fob	-40,386	-47,032	-50,991	-10,069	-10,964	-11,860	-11,511	-12,697	-13,897	-12,943	-12,686	-11,465	-12,798
Balance on merchandise trade	155	-3,971	-3,320	393	-908	-1,191	-1,087	-785	-2,170	-1,058	-982	890	-678
<i>Services —</i>													
Credits	9,517	10,729	11,068	2,384	2,572	2,765	2,830	2,562	2,534	2,704	3,090	2,740	2,766
Debits	-12,213	-13,830	-15,175	-3,004	-3,250	-3,249	-3,502	-3,829	-3,921	-3,704	-3,741	-3,809	-4,120
Net services	-2,696	-3,101	-4,107	-620	-678	-484	-672	-1,267	-1,387	-1,000	-651	-1,069	-1,354
Balance on goods and services	-2,541	-7,072	-7,427	-227	-1,586	-1,675	-1,759	-2,052	-3,557	-2,058	-1,633	-179	-2,032
<i>Income —</i>													
Credits	3,934	4,240	5,783	976	997	978	1,121	1,144	1,393	1,414	1,383	1,593	1,738
Debits	-14,138	-17,313	-21,939	-3,541	-3,866	-4,050	-4,524	-4,873	-5,043	-5,512	-5,840	-5,544	-5,231
Net income	-10,204	-13,073	-16,156	-2,565	-2,869	-3,072	-3,403	-3,729	-3,650	-4,098	-4,457	-3,951	-3,493
<i>Unrequited transfers —</i>													
Credits	3,545	4,210	4,602	950	930	1,030	1,095	1,155	1,096	1,111	1,191	1,204	1,157
Debits	-1,881	-2,012	-2,172	-526	-412	-472	-559	-569	-450	-485	-662	-575	-485
Net unrequited transfers	1,664	2,198	2,430	424	518	558	536	586	646	626	529	629	672
Balance on current account	-11,081	-17,947	-21,153	-2,368	-3,937	-4,189	-4,626	-5,195	-6,561	-5,530	-5,561	-3,501	-4,853
Net capital transactions —													
<i>Official —</i>													
<i>General government —</i>													
Foreign investment in Australia	4,016	859	1,702	-134	-172	2,151	967	-2,087	727	410	1,021	-456	1,321
Australian investment abroad	415	-359	-86	366	-386	96	-80	11	61	-607	430	30	206
Total	4,431	500	1,616	232	-558	2,247	887	-2,076	788	-197	1,451	-426	1,527
<i>Reserve bank —</i>													
Foreign investment in Australia	-8	—	24	3	-36	64	-18	-10	—	-6	-4	34	-23
Australian investment abroad	-3,924	-873	-2,156	-4,571	-758	-410	250	45	-672	-424	822	-1,882	-74
Total	-3,932	-873	-2,132	-4,568	-794	-346	232	35	-672	-430	818	-1,848	-97
Total official	499	-373	-516	-4,336	-1,352	1,901	1,119	-2,041	116	-627	2,269	-2,274	1,430
<i>Non-official —</i>													
Foreign investment in Australia	21,041	25,654	19,436	7,889	7,477	3,901	8,558	5,718	6,577	5,112	6,736	1,011	3,068
Australian investment abroad	-12,716	-10,826	-5,825	-2,826	-2,224	-1,814	-3,084	-3,704	-1,728	-1,157	-4,573	1,633	969
Total non-official	8,325	14,828	13,611	5,063	5,253	2,087	5,474	2,014	4,849	3,955	2,163	2,644	4,037
Balance on capital account	8,824	14,455	13,095	727	3,901	3,988	6,593	-27	4,965	3,328	4,432	370	5,467
Balancing item	2,257	3,492	8,058	1,641	36	201	-1,967	5,222	1,596	2,202	1,129	3,131	-614

(a) Balance of payments basis.

TABLE 2. CURRENT ACCOUNT — SUMMARY
(\$ million)

	Year			Quarters ended									
	1987-88	1988-89	1989-90	1987-88 June	Sept.	1988-89 Dec.	Mar.	June	Sept.	1989-90 Dec.	Mar.	June	1990-91 Sept.
Current transactions —													
<i>Goods and services —</i>													
<i>Merchandise (a) —</i>													
Exports fob	40,541	43,061	47,671	10,462	10,056	10,669	10,424	11,912	11,727	11,885	11,704	12,355	12,120
Imports fob	-40,386	-47,032	-50,991	-10,069	-10,964	-11,860	-11,511	-12,697	-13,897	-12,943	-12,686	-11,465	-12,798
<i>Balance on merchandise trade</i>	155	-3,971	-3,320	393	-908	-1,191	-1,087	-785	-2,170	-1,058	-982	890	-678
<i>Services —</i>													
<i>Credits —</i>													
Shipment	537	554	557	130	130	134	143	147	144	132	137	144	129
Other transportation	3,142	3,209	3,415	788	794	839	805	771	798	825	931	861	871
Travel	3,565	4,345	4,231	880	1,059	1,209	1,203	874	873	1,047	1,325	986	992
Other services	2,273	2,621	2,865	586	589	583	679	770	719	700	697	749	774
<i>Total services credits</i>	9,517	10,729	11,068	2,384	2,572	2,765	2,830	2,562	2,534	2,704	3,090	2,740	2,766
<i>Debits —</i>													
Shipment	-2,856	-3,176	-3,269	-687	-736	-760	-808	-872	-871	-848	-795	-755	-792
Other transportation	-2,510	-2,912	-3,413	-632	-661	-711	-736	-804	-839	-866	-819	-889	-955
Travel	-3,712	-4,342	-4,973	-891	-1,038	-938	-1,045	-1,321	-1,366	-1,119	-1,237	-1,251	-1,363
Other services	-3,135	-3,400	-3,520	-794	-815	-840	-913	-832	-845	-871	-890	-914	-1,010
<i>Total services debits</i>	-12,213	-13,830	-15,175	-3,004	-3,250	-3,249	-3,502	-3,829	-3,921	-3,704	-3,741	-3,809	-4,120
<i>Net services</i>	-2,696	-3,101	-4,107	-620	-678	-484	-672	-1,267	-1,387	-1,000	-651	-1,069	-1,354
<i>Balance on goods and services</i>	-2,541	-7,072	-7,427	-227	-1,586	-1,675	-1,759	-2,052	-3,557	-2,058	-1,633	-179	-2,032
<i>Income —</i>													
<i>Credits —</i>													
<i>Property income —</i>													
Reinvested earnings	2,162	2,123	2,700	541	531	530	531	531	675	675	675	675	675
Other	1,596	1,927	2,721	392	418	402	542	565	663	686	657	715	857
Labour and other income	176	190	362	43	48	46	48	48	55	53	51	203	206
<i>Total income credits</i>	3,934	4,240	5,783	976	997	978	1,121	1,144	1,393	1,414	1,383	1,593	1,738
<i>Debits —</i>													
<i>Property income —</i>													
Reinvested earnings	-2,417	-2,225	-2,688	-605	-556	-556	-556	-557	-672	-672	-672	-672	-700
Other	-11,511	-14,809	-18,907	-2,884	-3,252	-3,435	-3,881	-4,241	-4,290	-4,751	-5,075	-4,791	-4,446
Labour and other income	-210	-279	-344	-52	-58	-59	-87	-75	-81	-89	-93	-81	-85
<i>Total income debits</i>	-14,138	-17,313	-21,939	-3,541	-3,866	-4,050	-4,524	-4,873	-5,043	-5,512	-5,840	-5,544	-5,231
<i>Net income</i>	-10,204	-13,073	-16,156	-2,565	-2,869	-3,072	-3,403	-3,729	-3,650	-4,098	-4,457	-3,951	-3,493
<i>Unrequited transfers —</i>													
<i>Credits</i>	3,545	4,210	4,602	950	930	1,030	1,095	1,155	1,096	1,111	1,191	1,204	1,157
<i>Debits</i>	-1,881	-2,012	-2,172	-526	-412	-472	-559	-569	-450	-485	-662	-575	-485
<i>Net unrequited transfers</i>	1,664	2,198	2,430	424	518	558	536	586	646	626	529	629	672
Balance on current account	-11,081	-17,947	-21,153	-2,368	-3,937	-4,189	-4,626	-5,195	-6,561	-5,530	-5,561	-3,501	-4,853

(a) Balance of payments basis.

TABLE 3. CURRENT ACCOUNT — SUMMARY — SEASONALLY ADJUSTED
(\$ million)

	Quarters ended-									
	1987-88	1988-89			1989-90			1990-91		
	June	Sept.	Dec.	Mar.	June	Sept.	Dec.	Mar.	June	Sept.
Current transactions —										
<i>Goods and services —</i>										
<i>Merchandise (a) —</i>										
Exports fob	10,243	10,164	10,539	10,676	11,644	11,767	11,742	12,142	12,118	12,016
Imports fob	-10,229	-10,599	-11,483	-12,073	-12,896	-13,538	-12,549	-13,309	-11,656	-12,478
<i>Balance on merchandise trade</i>	14	-435	-944	-1,397	-1,252	-1,771	-807	-1,167	462	-462
<i>Services —</i>										
<i>Credits —</i>										
Shipment	130	130	134	143	147	144	132	137	144	129
Other transportation	836	835	805	763	814	833	796	884	909	912
Travel	1,053	1,204	1,112	986	1,067	990	984	1,062	1,239	1,116
Other services	560	585	603	690	739	722	723	709	730	776
<i>Total services credits</i>	2,579	2,754	2,654	2,582	2,767	2,689	2,635	2,792	3,022	2,933
<i>Debits —</i>										
Shipment	-703	-712	-740	-838	-894	-844	-825	-823	-775	-768
Other transportation	-628	-638	-718	-763	-798	-806	-873	-848	-883	-916
Travel	-907	-931	-974	-1,109	-1,347	-1,228	-1,162	-1,312	-1,279	-1,225
Other services	-781	-838	-854	-890	-822	-868	-891	-866	-907	-1,052
<i>Total services debits</i>	-3,019	-3,119	-3,286	-3,600	-3,861	-3,746	-3,751	-3,849	-3,844	-3,961
<i>Net services</i>	-440	-365	-632	-1,018	-1,094	-1,057	-1,116	-1,057	-822	-1,028
<i>Balance on goods and services</i>	-426	-800	-1,576	-2,415	-2,346	-2,828	-1,923	-2,224	-360	-1,490
<i>Income —</i>										
<i>Credits —</i>										
<i>Property income —</i>										
Reinvested earnings	541	531	530	531	531	675	675	675	675	675
Other	373	434	402	548	554	682	711	668	684	920
Labour and other income	45	44	46	51	50	50	53	54	205	201
<i>Total income credits</i>	959	1,009	978	1,130	1,135	1,407	1,439	1,397	1,564	1,796
<i>Debits —</i>										
<i>Property income —</i>										
Reinvested earnings	-605	-556	-556	-556	-557	-672	-672	-672	-672	-700
Other	-2,940	-3,323	-3,446	-3,751	-4,309	-4,488	-4,837	-5,041	-4,884	-4,559
Labour and other income	-57	-60	-55	-82	-83	-84	-83	-88	-90	-88
<i>Total income debits</i>	-3,602	-3,939	-4,057	-4,389	-4,949	-5,244	-5,592	-5,801	-5,646	-5,347
<i>Net income</i>	-2,643	-2,930	-3,079	-3,259	-3,814	-3,837	-4,153	-4,404	-4,082	-3,551
<i>Unrequited transfers —</i>										
Credits	943	963	1,007	1,085	1,154	1,133	1,087	1,178	1,201	1,194
Debits	-477	-497	-484	-513	-513	-571	-496	-599	-525	-619
<i>Net unrequited transfers</i>	466	466	523	572	641	562	591	579	676	575
Balance on current account	-2,603	-3,264	-4,132	-5,102	-5,519	-6,103	-5,485	-6,049	-3,766	-4,466

(a) Balance of payments basis.

TABLE 4. CAPITAL ACCOUNT — SUMMARY
(\$ million)

	Year			Quarters ended									
	1987-88	1988-89	1989-90	1987-88			1988-89			1989-90			1990-91
				June	Sept.	Dec.	Mar.	June	Sept.	Dec.	Mar.	June	Sept.
Net capital transactions —													
<i>Official —</i>													
<i>General government —</i>													
<i>Foreign investment in Australia —</i>													
Borrowing	4,087	1,047	1,776	-106	-160	2,170	991	-1,954	727	412	1,048	-411	1,385
Other	-71	-188	-74	-28	-12	-19	-24	-133	—	-2	-27	-45	-64
Total	4,016	859	1,702	-134	-172	2,151	967	-2,087	727	410	1,021	-456	1,321
<i>Australian investment abroad</i>	415	-359	-86	366	-386	96	-80	11	61	-607	430	30	206
<i>Total general government</i>	4,431	500	1,616	232	-558	2,247	887	-2,076	788	-197	1,451	-426	1,527
<i>Reserve Bank —</i>													
<i>Foreign investment in Australia</i>	-8	—	24	3	-36	64	-18	-10	—	-6	-4	34	-23
<i>Australian investment abroad —</i>													
Reserve assets	-3,924	-873	-2,156	-4,571	-758	-410	250	45	-672	-424	822	-1,882	-74
Other	—	—	—	—	—	—	—	—	—	—	—	—	—
Total	-3,924	-873	-2,156	-4,571	-758	-410	250	45	-672	-424	822	-1,882	-74
<i>Total Reserve Bank</i>	-3,932	-873	-2,132	-4,568	-794	-346	232	35	-672	-430	818	-1,848	-97
<i>Total official</i>	499	-373	-516	-4,336	-1,352	1,901	1,119	-2,041	116	-627	2,269	-2,274	1,430
<i>Non official —</i>													
<i>Foreign investment in Australia —</i>													
Direct investment —													
Reinvestment of earnings	2,417	2,225	2,688	604	557	556	556	556	672	672	672	672	700
Other	4,582	8,358	4,790	2,027	2,870	1,652	1,637	2,199	1,501	1,414	1,328	547	1,599
Portfolio & other investment	14,042	15,071	11,958	5,258	4,050	1,693	6,365	2,963	4,404	3,026	4,736	-208	769
Total foreign investment in Australia	21,041	25,654	19,436	7,889	7,477	3,901	8,558	5,718	6,577	5,112	6,736	1,011	3,068
<i>Australian investment abroad —</i>													
Direct investment —													
Reinvestment of earnings	-2,162	-2,123	-2,700	-541	-531	-530	-531	-531	-675	-675	-675	-675	-675
Other	-8,612	-4,428	-1,815	-1,699	-844	-1,335	-938	-1,311	-1,164	967	-2,667	1,049	980
Portfolio & other investment	-1,942	-4,275	-1,310	-586	-849	51	-1,615	-1,862	111	-1,449	-1,231	1,259	664
Total Australian investment abroad	-12,716	-10,826	-5,825	-2,826	-2,224	-1,814	-3,084	-3,704	-1,728	-1,157	-4,573	1,633	969
<i>Total non-official</i>	8,325	14,828	13,611	5,063	5,253	2,087	5,474	2,014	4,849	3,955	2,163	2,644	4,037
Balance on capital account	8,824	14,455	13,095	727	3,901	3,988	6,593	-27	4,965	3,328	4,432	370	5,467

TABLE 5. EXPORTS AND IMPORTS OF GOODS AND SERVICES — AT CURRENT AND AVERAGE 1984-85 PRICES, ORIGINAL AND SEASONALLY ADJUSTED

	(\$million)												
	Year			Quarters ended									
	1987-88	1988-89	1989-90	1987-88			1988-89			1989-90			1990-91
			June	Sept.	Dec.	Mar.	June	Sept.	Dec.	Mar.	June	Sept.	
At current prices													
Merchandise exports fob	40,541	43,061	47,671	10,462	10,056	10,669	10,424	11,912	11,727	11,885	11,704	12,355	12,120
Services, credits	9,517	10,729	11,068	2,384	2,572	2,765	2,830	2,562	2,534	2,704	3,090	2,740	2,766
<i>Total exports of goods and services</i>	<i>50,058</i>	<i>53,790</i>	<i>58,739</i>	<i>12,846</i>	<i>12,628</i>	<i>13,434</i>	<i>13,254</i>	<i>14,474</i>	<i>14,261</i>	<i>14,589</i>	<i>14,794</i>	<i>15,095</i>	<i>14,886</i>
Merchandise imports fob	-40,386	-47,032	-50,991	-10,069	-10,964	-11,860	-11,511	-12,697	-13,897	-12,943	-12,686	-11,465	-12,798
Services, debits	-12,213	-13,830	-15,175	-3,004	-3,250	-3,249	-3,502	-3,829	-3,921	-3,704	-3,741	-3,809	-4,120
<i>Total imports of goods and services</i>	<i>-52,599</i>	<i>-60,862</i>	<i>-66,166</i>	<i>-13,073</i>	<i>-14,214</i>	<i>-15,109</i>	<i>-15,013</i>	<i>-16,526</i>	<i>-17,818</i>	<i>-16,647</i>	<i>-16,427</i>	<i>-15,274</i>	<i>-16,918</i>
At average 1984-85 prices													
Merchandise exports fob	35,100	34,767	37,980	8,642	8,427	8,781	8,372	9,187	9,074	9,392	9,532	9,982	9,982
Services, credits	7,623	8,337	8,009	1,880	2,026	2,142	2,189	1,980	1,916	1,962	2,197	1,934	1,944
<i>Total exports of goods and services</i>	<i>42,723</i>	<i>43,104</i>	<i>45,989</i>	<i>10,522</i>	<i>10,453</i>	<i>10,923</i>	<i>10,561</i>	<i>11,167</i>	<i>10,990</i>	<i>11,354</i>	<i>11,729</i>	<i>11,916</i>	<i>11,926</i>
Merchandise imports fob	-33,142	-41,267	-43,078	-8,426	-9,496	-10,328	-10,407	-11,036	-11,481	-11,077	-10,732	-9,788	-11,109
Services, debits	-9,618	-11,539	-11,870	-2,400	-2,743	-2,732	-2,976	-3,088	-3,126	-2,950	-2,889	-2,905	-3,132
<i>Total imports of goods and services</i>	<i>-42,760</i>	<i>-52,806</i>	<i>-54,948</i>	<i>-10,826</i>	<i>-12,239</i>	<i>-13,060</i>	<i>-13,383</i>	<i>-14,124</i>	<i>-14,607</i>	<i>-14,027</i>	<i>-13,621</i>	<i>-12,693</i>	<i>-14,241</i>
At current prices seasonally adjusted													
Merchandise exports fob	..	..	..	10,243	10,164	10,539	10,676	11,644	11,767	11,742	12,142	12,118	12,016
Services, credits	..	..	..	2,579	2,754	2,654	2,582	2,767	2,689	2,635	2,792	3,022	2,933
<i>Total exports of goods and services</i>	..	..	..	<i>12,822</i>	<i>12,918</i>	<i>13,193</i>	<i>13,258</i>	<i>14,411</i>	<i>14,456</i>	<i>14,377</i>	<i>14,934</i>	<i>15,140</i>	<i>14,949</i>
Merchandise imports fob	..	..	..	-10,229	-10,599	-11,483	-12,073	-12,896	-13,538	-12,549	-13,309	-11,656	-12,478
Services, debits	..	..	..	-3,019	-3,119	-3,286	-3,600	-3,861	-3,746	-3,751	-3,849	-3,844	-3,961
<i>Total imports of goods and services</i>	..	..	..	<i>-13,248</i>	<i>-13,718</i>	<i>-14,769</i>	<i>-15,673</i>	<i>-16,757</i>	<i>-17,284</i>	<i>-16,300</i>	<i>-17,158</i>	<i>-15,500</i>	<i>-16,439</i>
At average 1984-85 prices — seasonally adjusted													
Merchandise exports fob	..	..	..	8,502	8,430	8,652	8,656	9,014	9,075	9,244	9,890	9,827	9,947
Services, credits	..	..	..	2,010	2,156	2,066	2,021	2,114	2,022	1,916	2,011	2,105	2,051
<i>Total exports of goods and services</i>	..	..	..	<i>10,512</i>	<i>10,586</i>	<i>10,718</i>	<i>10,677</i>	<i>11,128</i>	<i>11,097</i>	<i>11,160</i>	<i>11,901</i>	<i>11,932</i>	<i>11,998</i>
Merchandise imports fob	..	..	..	-8,533	-9,208	-10,016	-10,877	-11,164	-11,215	-10,767	-11,238	-9,918	-10,861
Services, debits	..	..	..	-2,397	-2,649	-2,770	-3,049	-3,089	-3,008	-2,993	-2,966	-2,908	-3,038
<i>Total imports of goods and services</i>	..	..	..	<i>-10,930</i>	<i>-11,857</i>	<i>-12,786</i>	<i>-13,926</i>	<i>-14,253</i>	<i>-14,223</i>	<i>-13,760</i>	<i>-14,204</i>	<i>-12,826</i>	<i>-13,899</i>

TABLE 6. EXPORTS AND IMPORTS OF GOODS AND SERVICES — IMPLICIT PRICE DEFLATORS, FIXED-WEIGHTED INDEXES AND TERMS OF TRADE

	Year			Quarters ended									
	1987-88	1988-89	1989-90	1987-88		1988-89			1989-90			1990-91	
				June	Sept.	Dec.	Mar.	June	Sept.	Dec.	Mar.	June	Sept.
Implicit price deflators													
<i>Merchandise exports</i>													
Rural exports fob	128.6	142.1	139.1	141.9	140.6	144.1	140.3	142.3	143.6	140.5	138.3	135.6	127.5
Non-rural exports fob	108.8	115.2	120.0	111.2	111.8	110.9	115.6	122.7	123.2	121.6	116.7	118.8	118.3
<i>Total exports fob</i>	<i>115.5</i>	<i>123.9</i>	<i>125.5</i>	<i>120.5</i>	<i>120.6</i>	<i>121.8</i>	<i>123.3</i>	<i>129.2</i>	<i>129.7</i>	<i>127.0</i>	<i>122.8</i>	<i>123.3</i>	<i>120.8</i>
<i>Services, credits</i>	<i>124.8</i>	<i>128.7</i>	<i>138.2</i>	<i>128.3</i>	<i>127.7</i>	<i>128.5</i>	<i>127.8</i>	<i>130.9</i>	<i>133.0</i>	<i>137.5</i>	<i>138.8</i>	<i>143.6</i>	<i>143.0</i>
<i>Total exports of goods and services</i>	<i>117.2</i>	<i>124.8</i>	<i>127.7</i>	<i>122.0</i>	<i>122.0</i>	<i>123.1</i>	<i>124.2</i>	<i>129.5</i>	<i>130.3</i>	<i>128.8</i>	<i>125.5</i>	<i>126.9</i>	<i>124.6</i>
<i>Merchandise imports fob (b)</i>													
Exogenous imports fob	83.3	72.9	85.5	75.8	71.7	78.2	64.6	76.8	86.9	79.2	90.4	85.3	87.9
Endogenous imports fob	128.1	120.6	123.3	126.5	121.1	120.9	118.6	121.9	126.4	122.3	122.2	122.0	119.5
<i>Total imports fob</i>	<i>121.9</i>	<i>114.0</i>	<i>118.4</i>	<i>119.9</i>	<i>115.1</i>	<i>114.6</i>	<i>111.0</i>	<i>115.5</i>	<i>120.7</i>	<i>116.6</i>	<i>118.4</i>	<i>117.5</i>	<i>114.9</i>
<i>Services, debits (b)</i>	<i>127.0</i>	<i>119.9</i>	<i>127.8</i>	<i>125.9</i>	<i>117.7</i>	<i>118.6</i>	<i>118.1</i>	<i>125.0</i>	<i>124.5</i>	<i>125.3</i>	<i>129.8</i>	<i>132.2</i>	<i>130.4</i>
<i>Total imports of goods and services</i>	<i>123.0</i>	<i>115.3</i>	<i>120.4</i>	<i>121.2</i>	<i>115.7</i>	<i>115.5</i>	<i>112.5</i>	<i>117.6</i>	<i>121.5</i>	<i>118.5</i>	<i>120.8</i>	<i>120.8</i>	<i>118.3</i>
Terms of trade													
Merchandise trade (c)	94.7	108.7	106.0	100.5	104.8	106.3	111.1	111.9	107.5	108.9	103.7	104.9	105.1
Services (d)	98.3	107.3	108.1	101.9	108.5	108.3	108.2	104.7	106.8	109.7	106.9	108.6	109.7
Goods and services (e)	95.3	108.2	106.1	100.7	105.4	106.6	110.4	110.1	107.2	108.7	103.9	105.0	105.3
Fixed-weighted indexes (f)													
<i>Merchandise exports fob</i>	112.2	122.0	128.7	117.8	119.0	118.6	122.1	129.1	130.1	127.9	127.4	128.8	124.2
<i>Services, credits</i>	123.4	126.7	134.2	125.6	124.7	126.2	127.9	127.8	130.4	134.7	136.8	140.0	140.4
<i>Total exports of goods and services</i>	<i>114.0</i>	<i>122.7</i>	<i>129.6</i>	<i>119.0</i>	<i>119.9</i>	<i>119.8</i>	<i>123.0</i>	<i>128.9</i>	<i>130.1</i>	<i>129.0</i>	<i>128.9</i>	<i>130.6</i>	<i>126.8</i>
<i>Merchandise imports fob (b)</i>	128.6	122.1	127.8	128.2	122.2	121.9	119.3	124.7	128.7	126.4	127.6	128.2	125.5
<i>Services, debits (b)</i>	128.6	120.9	130.8	126.7	119.0	119.9	117.9	124.5	126.3	127.3	131.2	132.9	134.0
<i>Total imports of goods and services (b)</i>	<i>128.6</i>	<i>121.8</i>	<i>128.5</i>	<i>127.8</i>	<i>121.4</i>	<i>121.4</i>	<i>119.0</i>	<i>124.7</i>	<i>128.1</i>	<i>126.6</i>	<i>128.5</i>	<i>129.3</i>	<i>127.5</i>

(a) Quarterly figures are derived from seasonally adjusted data. (b) These entries carry the opposite sign to related entries in Tables 1,2,3,5,7,8,9,10 and 13. (c) Derived by dividing the implicit price deflator (IPD) for merchandise exports fob by the IPD for merchandise imports fob. (d) Derived by dividing the IPD for services, credits by the IPD for services, debits. (e) Derived by dividing the IPD for total exports of goods and services by the IPD for total imports of goods and services. (f) The fixed-weighted indexes are derived by combining individual component prices (base year 1984-85 = 100) with a weighting to reflect the relative importance of the components in the base year.

TABLE 7. MERCHANDISE (BALANCE OF PAYMENTS BASIS)
(\$ million)

	Year			Quarters ended									
	1987-88	1988-89	1989-90	1987-88		1988-89			1989-90			1990-91	
				June	Sept.	Dec.	Mar.	June	Sept.	Dec.	Mar.	June	Sept.
Exports fob (a) —													
<i>Rural exports fob —</i>													
Meat & meat preparations	2,555	2,249	2,908	668	534	601	481	633	698	776	710	724	770
Cereal grains & cereal preparations	2,202	2,738	3,179	405	453	501	719	1,065	704	592	1,029	854	533
Sugar, sugar preparations & honey	698	891	1,038	196	305	205	155	226	408	272	190	168	397
Wool and sheepskins	5,811	5,975	3,827	1,454	1,039	1,780	1,717	1,439	944	1,074	937	872	541
Other rural	3,976	3,979	4,266	1,049	1,017	1,024	889	1,049	1,170	997	1,004	1,095	1,158
Total rural	15,242	15,832	15,218	3,772	3,348	4,111	3,961	4,412	3,924	3,711	3,870	3,713	3,399
<i>Non-rural exports fob —</i>													
Metal ores & minerals	5,455	6,582	7,556	1,441	1,433	1,513	1,635	2,001	1,846	1,832	1,785	2,093	2,066
<i>Mineral fuels —</i>													
Coal, coke and briquettes	4,850	4,737	5,907	1,127	1,126	1,212	1,100	1,299	1,413	1,435	1,436	1,623	1,475
Other mineral fuels	1,779	1,258	2,078	390	374	261	271	352	371	432	641	634	742
<i>Metals —</i>													
Gold	2,563	2,731	3,115	774	761	612	745	613	636	828	835	816	781
Other metals	3,749	4,675	4,666	985	1,125	1,160	1,074	1,316	1,204	1,189	1,100	1,173	1,133
Machinery	1,835	1,870	2,443	508	475	482	405	508	580	658	550	655	709
Transport equipment	957	886	1,113	263	209	180	231	266	291	281	245	296	266
Manufactures nec	2,941	3,277	4,018	830	860	834	714	869	984	1,148	877	1,009	1,018
Other non-rural	1,170	1,213	1,557	372	345	304	288	276	478	371	365	343	531
Total non-rural	25,299	27,229	32,453	6,690	6,708	6,558	6,463	7,500	7,803	8,174	7,834	8,642	8,721
Total exports fob	40,541	43,061	47,671	10,462	10,056	10,669	10,424	11,912	11,727	11,885	11,704	12,355	12,120
Imports fob (a) —													
Food, beverages & tobacco	-2,013	-2,200	-2,285	-464	-494	-572	-584	-550	-584	-581	-588	-532	-579
Fuels	-2,036	-2,014	-2,520	-517	-411	-295	-561	-747	-632	-697	-601	-590	-543
Chemicals (including plastics)	-4,280	-4,973	-5,203	-1,123	-1,223	-1,198	-1,211	-1,341	-1,334	-1,248	-1,327	-1,294	-1,259
Textiles, fabrics etc	-1,931	-2,002	-1,946	-475	-522	-493	-473	-514	-554	-489	-461	-442	-493
Metals & metal manufactures	-2,205	-2,625	-2,764	-552	-602	-609	-657	-757	-770	-784	-634	-576	-631
Machinery	-12,230	-13,793	-15,522	-3,067	-3,237	-3,453	-3,304	-3,799	-4,065	-4,014	-3,895	-3,548	-3,625
Transport equipment	-4,152	-6,849	-7,759	-1,130	-1,303	-2,025	-1,669	-1,852	-2,484	-1,812	-1,921	-1,542	-2,243
Manufactures nec	-8,563	-9,766	-10,308	-2,029	-2,431	-2,482	-2,399	-2,454	-2,785	-2,639	-2,592	-2,292	-2,690
Other imports	-2,976	-2,810	-2,684	-712	-741	-733	-653	-683	-689	-679	-667	-649	-735
Total Imports fob	-40,386	-47,032	-50,991	-10,069	-10,964	-11,860	-11,511	-12,697	-13,897	-12,943	-12,686	-11,465	-12,798
<i>Of which —</i>													
<i>Exogenous</i>	-3,829	-4,186	-4,770	-867	-799	-1,139	-994	-1,254	-1,378	-1,118	-1,214	-1,060	-1,382
<i>Endogenous —</i>													
Consumption goods	-9,348	-11,432	-12,125	-2,190	-2,658	-2,995	-2,903	-2,876	-3,377	-3,185	-2,935	-2,628	-3,243
Capital goods	-8,578	-10,583	-11,743	-2,282	-2,430	-2,708	-2,562	-2,883	-3,316	-2,974	-2,845	-2,608	-2,768
Other goods	-18,631	-20,831	-22,353	-4,730	-5,077	-5,018	-5,052	-5,684	-5,826	-5,666	-5,692	-5,169	-5,405
Total endogenous	-36,557	-42,846	-46,221	-9,202	-10,165	-10,721	-10,517	-11,443	-12,519	-11,825	-11,472	-10,405	-11,416
Balance on merchandise trade	155	-3,971	-3,320	393	-908	-1,191	-1,087	-785	-2,170	-1,058	-982	890	-678

(a) From March quarter 1988 entries for categories of exports fob and imports fob are not strictly comparable with entries for earlier periods. See note on 'Changes in this issue' on page 8 of the September quarter 1988 issue of this publication.

TABLE 8. MERCHANDISE (BALANCE OF PAYMENTS BASIS) — AT AVERAGE 1984-85 PRICES
(\$ million)

	Year			Quarters ended									
	1987-88	1988-89	1989-90	1987-88	1988-89			1989-90			1990-91		
				June	Sept.	Dec.	Mar.	June	Sept.	Dec.	Mar.	June	Sept.
Exports fob (a) —													
<i>Rural exports fob —</i>													
Meat & meat preparations	2,130	1,866	2,238	561	444	489	420	513	528	584	549	577	620
Cereal grains & cereal preparations	2,752	2,543	2,630	451	492	499	662	890	578	484	848	720	538
Sugar, sugar preparations & honey	641	675	670	174	238	162	122	153	262	185	125	98	250
Wool and sheepskins	3,204	2,916	2,207	670	493	845	838	740	525	630	533	519	358
Other rural	3,126	3,140	3,194	804	806	825	707	802	893	754	724	823	904
Total rural	11,853	11,140	10,939	2,660	2,473	2,820	2,749	3,098	2,786	2,637	2,779	2,737	2,670
<i>Non-rural exports fob —</i>													
Metal ores & minerals	5,219	5,311	5,271	1,329	1,270	1,368	1,262	1,411	1,313	1,303	1,283	1,372	1,382
<i>Mineral fuels —</i>													
Coal, coke and briquettes	5,543	5,319	5,673	1,333	1,282	1,394	1,280	1,363	1,362	1,393	1,391	1,527	1,397
Other mineral fuels	2,542	2,250	3,217	608	664	552	489	545	599	677	1,025	916	1,074
<i>Metals —</i>													
Gold	1,561	2,060	2,560	474	536	461	592	471	495	655	679	731	671
Other metals	2,662	2,856	3,171	651	689	717	664	786	726	797	791	857	831
Machinery	1,648	1,664	2,220	436	417	436	365	446	511	604	494	611	642
Transport equipment	878	838	1,015	252	204	175	218	241	263	258	217	277	251
Manufactures nec	2,187	2,391	2,825	591	614	611	536	630	696	803	609	717	714
Other non-rural	1,007	938	1,089	308	278	247	217	196	323	265	264	237	350
Total non-rural	23,247	23,627	27,041	5,982	5,954	5,961	5,623	6,089	6,288	6,755	6,753	7,245	7,312
Total exports fob	35,100	34,767	37,980	8,642	8,427	8,781	8,372	9,187	9,074	9,392	9,532	9,982	9,982
Imports fob (a) —													
Food, beverages & tobacco	-1,633	-1,943	-2,008	-382	-433	-501	-528	-481	-498	-516	-524	-470	-514
Fuels	-2,936	-3,621	-3,543	-821	-734	-591	-1,107	-1,189	-904	-1,015	-797	-827	-800
Chemicals (including plastics)	-3,282	-3,780	-3,987	-843	-928	-902	-928	-1,022	-989	-971	-1,033	-994	-1,017
Textiles, fabrics etc	-1,453	-1,572	-1,452	-355	-407	-386	-380	-399	-413	-369	-343	-327	-374
Metals & metal manufactures	-1,603	-1,813	-1,830	-385	-425	-422	-461	-505	-498	-523	-425	-384	-429
Machinery	-10,837	-13,828	-15,285	-2,853	-3,197	-3,480	-3,371	-3,780	-3,863	-3,966	-3,844	-3,612	-3,786
Transport equipment	-2,807	-5,105	-5,582	-758	-940	-1,594	-1,249	-1,322	-1,808	-1,304	-1,394	-1,076	-1,679
Manufactures nec	-6,310	-7,416	-7,385	-1,489	-1,855	-1,881	-1,865	-1,815	-2,001	-1,908	-1,863	-1,613	-1,943
Other imports	-2,281	-2,189	-2,006	-540	-577	-571	-518	-523	-507	-505	-509	-485	-567
Total imports fob	-33,142	-41,267	-43,078	-8,426	-9,496	-10,328	-10,407	-11,036	-11,481	-11,077	-10,732	-9,788	-11,109
<i>Of which—</i>													
<i>Exogenous</i>	-4,599	-5,741	-5,582	-1,150	-1,110	-1,449	-1,538	-1,644	-1,580	-1,408	-1,344	-1,250	-1,566
<i>Endogenous —</i>													
Consumption goods	-6,990	-8,929	-9,162	-1,640	-2,087	-2,304	-2,304	-2,234	-2,522	-2,416	-2,252	-1,972	-2,459
Capital goods	-7,293	-10,045	-11,000	-2,006	-2,267	-2,582	-2,485	-2,711	-2,971	-2,831	-2,678	-2,520	-2,723
Other goods	-14,260	-16,552	-17,334	-3,630	-4,032	-3,993	-4,080	-4,447	-4,408	-4,422	-4,458	-4,046	-4,361
Total endogenous	-28,543	-35,526	-37,496	-7,276	-8,386	-8,879	-8,869	-9,392	-9,901	-9,669	-9,388	-8,538	-9,543
Balance on merchandise trade	1,958	-6,500	-5,098	216	-1,069	-1,547	-2,035	-1,849	-2,407	-1,685	-1,200	194	-1,127

(a) From March Quarter 1988 entries for categories of exports fob and imports fob are not strictly comparable with entries for earlier periods. See note on 'Changes in this issue' on page 8 of the September quarter 1988 issue of this publication.

TABLE 9. MERCHANDISE (BALANCE OF PAYMENTS BASIS) — SEASONALLY ADJUSTED
(\$ million)

	Quarters ended-									
	1987-88	1988-89				1989-90				1990-91
	June	Sept.	Dec.	Mar.	June	Sept.	Dec.	Mar.	June	Sept.
Exports fob (a) —										
<i>Rural exports fob —</i>										
Meat & meat preparations	641	512	585	540	607	673	752	797	695	744
Cereal grains & cereal preparations	378	505	571	626	988	786	672	899	790	595
Sugar, sugar preparations & honey	190	238	215	209	222	316	287	255	166	306
Wool and sheepskins	1,421	1,399	1,685	1,456	1,406	1,279	1,011	795	852	735
Other rural	1,020	947	1,042	969	1,023	1,090	1,013	1,093	1,069	1,079
Total rural	3,650	3,601	4,098	3,800	4,246	4,144	3,735	3,839	3,572	3,459
<i>Non-rural exports fob —</i>										
Metal ores & minerals	1,387	1,383	1,470	1,822	1,925	1,788	1,778	1,984	2,012	2,005
Mineral fuels —										
Coal, coke and briquettes	1,143	1,126	1,166	1,128	1,321	1,412	1,377	1,473	1,653	1,474
Other mineral fuels	404	399	236	274	365	395	391	648	657	789
Metals —										
Gold	710	777	667	727	570	650	898	811	763	798
Other metals	970	1,072	1,163	1,144	1,298	1,147	1,190	1,171	1,158	1,080
Machinery	497	462	450	461	496	566	614	626	638	693
Transport equipment	264	216	172	230	271	297	275	241	303	269
Manufactures nec	813	825	801	796	853	945	1,101	976	991	978
Other non-rural	405	303	316	294	299	423	383	373	371	471
Total non-rural	6,593	6,563	6,441	6,876	7,398	7,623	8,007	8,303	8,546	8,557
Total exports fob	10,243	10,164	10,539	10,676	11,644	11,767	11,742	12,142	12,118	12,016
Imports fob (a) —										
Food, beverages & tobacco	-495	-509	-553	-550	-590	-601	-561	-552	-573	-595
Fuels	-493	-419	-306	-559	-706	-651	-717	-601	-555	-563
Chemicals (including plastics)	-1,088	-1,183	-1,230	-1,260	-1,300	-1,292	-1,279	-1,380	-1,255	-1,220
Textiles, fabrics etc	-477	-482	-489	-517	-516	-512	-486	-504	-443	-456
Metals & metal manufactures	-556	-565	-612	-694	-764	-722	-788	-669	-582	-591
Machinery	-3,106	-3,143	-3,331	-3,489	-3,849	-3,954	-3,866	-4,111	-3,595	-3,529
Transport equipment	-1,143	-1,325	-1,822	-1,816	-1,873	-2,544	-1,620	-2,091	-1,560	-2,305
Manufactures nec	-2,168	-2,274	-2,411	-2,482	-2,622	-2,612	-2,557	-2,680	-2,449	-2,526
Other imports	-703	-699	-729	-706	-676	-650	-675	-721	-644	-693
Total imports fob	-10,229	-10,599	-11,483	-12,073	-12,896	-13,538	-12,549	-13,309	-11,656	-12,478
<i>Of which—</i>										
<i>Exogenous</i>	-843	-807	-1,150	-992	-1,213	-1,397	-1,138	-1,214	-1,025	-1,402
<i>Endogenous —</i>										
Consumption goods	-2,422	-2,520	-2,827	-2,950	-3,189	-3,204	-3,005	-2,975	-2,918	-3,078
Capital goods	-2,293	-2,359	-2,623	-2,710	-2,909	-3,219	-2,876	-3,006	-2,637	-2,686
Other goods	-4,671	-4,913	-4,883	-5,421	-5,585	-5,718	-5,530	-6,114	-5,076	-5,312
Total endogenous	-9,386	-9,792	-10,333	-11,081	-11,683	-12,141	-11,411	-12,095	-10,631	-11,076
Balance on merchandise trade	14	-435	-944	-1,397	-1,252	-1,771	-807	-1,167	462	-462

(a) From March Quarter 1988 entries for categories of exports fob and imports fob are not strictly comparable with entries for earlier periods. See note on 'Changes in this issue' on page 8 of the September quarter 1988 issue of this publication.

TABLE 10. MERCHANDISE (BALANCE OF PAYMENTS BASIS) — AT AVERAGE 1984-85 PRICES, SEASONALLY ADJUSTED
(\$ million)

	Quarters ended-										
	1987-88		1988-89				1989-90			1990-91	
	June	Sept.	Dec.	Mar.	June	Sept.	Dec.	Mar.	June	Sept.	
Exports fob (a) —											
<i>Rural exports fob —</i>											
Meat & meat preparations	538	426	476	472	492	509	566	616	554	599	
Cereal grains & cereal preparations	421	548	569	576	826	645	550	741	666	601	
Sugar, sugar preparations & honey	167	187	167	169	149	204	191	173	96	194	
Wool and sheepskins	664	649	791	720	734	695	585	458	515	476	
Other rural	782	751	840	771	782	832	766	788	803	843	
<i>Total rural</i>	<i>2,572</i>	<i>2,561</i>	<i>2,843</i>	<i>2,708</i>	<i>2,983</i>	<i>2,885</i>	<i>2,658</i>	<i>2,776</i>	<i>2,634</i>	<i>2,713</i>	
<i>Non-rural exports fob —</i>											
Metal ores & minerals	1,279	1,226	1,329	1,407	1,357	1,272	1,265	1,426	1,319	1,341	
Mineral fuels —											
Coal, coke and briquettes	1,352	1,282	1,341	1,312	1,386	1,361	1,337	1,427	1,555	1,396	
Other mineral fuels	629	708	499	494	565	638	614	1,036	950	1,142	
Metals —											
Gold	435	547	502	578	438	506	711	659	684	686	
Other metals	641	656	719	707	775	692	798	842	846	792	
Machinery	427	405	407	415	435	499	564	562	595	627	
Transport equipment	253	211	168	217	245	268	253	214	284	254	
Manufactures nec	579	589	587	597	618	668	770	678	704	686	
Other non-rural	335	245	257	221	212	286	274	270	256	310	
<i>Total non-rural</i>	<i>5,930</i>	<i>5,869</i>	<i>5,809</i>	<i>5,948</i>	<i>6,031</i>	<i>6,190</i>	<i>6,586</i>	<i>7,114</i>	<i>7,193</i>	<i>7,234</i>	
Total exports fob	8,502	8,430	8,652	8,656	9,014	9,075	9,244	9,890	9,827	9,947	
Imports fob (a) —											
Food, beverages & tobacco	-408	-446	-485	-497	-516	-512	-499	-492	-506	-528	
Fuels	-783	-749	-612	-1,104	-1,124	-932	-1,044	-796	-779	-829	
Chemicals (including plastics)	-817	-898	-926	-965	-991	-958	-995	-1,074	-964	-986	
Textiles, fabrics etc	-357	-376	-383	-416	-400	-382	-366	-375	-328	-346	
Metals & metal manufactures	-388	-399	-424	-487	-509	-467	-526	-449	-388	-402	
Machinery	-2,889	-3,104	-3,357	-3,560	-3,829	-3,758	-3,820	-4,057	-3,660	-3,686	
Transport equipment	-767	-956	-1,434	-1,359	-1,337	-1,852	-1,166	-1,518	-1,088	-1,725	
Manufactures nec	-1,591	-1,735	-1,827	-1,929	-1,940	-1,876	-1,849	-1,927	-1,724	-1,824	
Other imports	-533	-545	-568	-560	-518	-478	-502	-550	-481	-535	
Total imports fob	-8,533	-9,208	-10,016	-10,877	-11,164	-11,215	-10,767	-11,238	-9,918	-10,861	
<i>Of which —</i>											
<i>Exogenous</i>	<i>-1,112</i>	<i>-1,125</i>	<i>-1,470</i>	<i>-1,535</i>	<i>-1,579</i>	<i>-1,608</i>	<i>-1,437</i>	<i>-1,343</i>	<i>-1,202</i>	<i>-1,595</i>	
<i>Endogenous —</i>											
Consumption goods	-1,814	-1,979	-2,174	-2,341	-2,477	-2,393	-2,280	-2,283	-2,190	-2,334	
Capital goods	-2,016	-2,201	-2,501	-2,629	-2,735	-2,884	-2,737	-2,830	-2,548	-2,643	
Other goods	-3,591	-3,903	-3,871	-4,372	-4,373	-4,330	-4,313	-4,782	-3,978	-4,289	
<i>Total endogenous</i>	<i>-7,421</i>	<i>-8,083</i>	<i>-8,546</i>	<i>-9,342</i>	<i>-9,585</i>	<i>-9,607</i>	<i>-9,330</i>	<i>-9,895</i>	<i>-8,716</i>	<i>-9,266</i>	
Balance on merchandise trade	-31	-778	-1,364	-2,221	-2,150	-2,140	-1,523	-1,348	-91	-914	

(a) From March Quarter 1988 entries for categories of exports fob and imports fob are not strictly comparable with entries for earlier periods. See note on 'Changes in this issue' on page 8 of the September quarter 1988 issue of this publication.

TABLE 11. MERCHANDISE — COMPARISON WITH FOREIGN TRADE STATISTICS
(\$ million)

	Year			Quarters ended									
	1987-88	1988-89	1989-90	1987-88 June	Sept.	1988-89 Dec.	Mar.	June	Sept.	1989-90 Dec.	Mar.	June	1990-91 Sept.
Exports —													
Foreign trade statistics(a)	41,078	43,517	49,090	10,545	10,167	10,798	10,499	12,053	11,987	12,351	12,019	12,733	12,331
Adjustments —													
Coverage(b)	-523	-424	-582	-64	-111	-114	-85	-114	-176	-143	-142	-121	-116
Timing	-14	-32	-837	-19	—	-15	10	-27	-84	-323	-173	-257	-95
Merchandise exports (balance of payments basis)	40,541	43,061	47,671	10,462	10,056	10,669	10,424	11,912	11,727	11,885	11,704	12,355	12,120
Imports —													
Foreign trade statistics(a)	40,597	47,039	51,332	10,078	10,718	11,355	12,110	12,856	13,442	13,319	12,704	11,867	12,322
Adjustments —													
Coverage(b)	-134	-82	-14	-5	-3	-5	-86	12	-35	3	15	3	17
Timing	-51	72	-338	—	250	514	-519	-173	489	-391	-35	-401	466
Valuation	-26	3	11	-4	-1	-4	6	2	1	12	2	-4	-7
Merchandise imports (balance of payments basis) (c)	40,386	47,032	50,991	10,069	10,964	11,860	11,511	12,697	13,897	12,943	12,686	11,465	12,798

(a) From 1 July 1987, gold coin and other coin that are legal tender are included in exports/imports of merchandise trade (b) Prior to 1 July 1987 a coverage adjustment is made to include exports/imports of gold coin and other coin that are legal tender (c) These entries carry the opposite sign to corresponding entries in Tables 1,2,3,5,7,8,9 and 10.

TABLE 12. SERVICES CREDITS
(\$million)

	Year			Quarters ended									
	1987-88	1988-89	1989-90	1987-88	1988-89			1989-90			1990-91		
				June	Sept.	Dec.	Mar.	June	Sept.	Dec.	Mar.	June	Sept.
<i>Shipments—</i>													
Freight on exports	528	543	545	128	127	132	140	144	141	129	134	141	126
Insurance on exports	9	11	12	2	3	2	3	3	3	3	3	3	3
<i>Total</i>	<i>537</i>	<i>554</i>	<i>557</i>	<i>130</i>	<i>130</i>	<i>134</i>	<i>143</i>	<i>147</i>	<i>144</i>	<i>132</i>	<i>137</i>	<i>144</i>	<i>129</i>
<i>Other transportation—</i>													
Passenger services	1,511	1,531	1,504	371	387	414	398	332	342	355	442	365	391
Port services etc	1,631	1,678	1,911	417	407	425	407	439	456	470	489	496	480
<i>Total</i>	<i>3,142</i>	<i>3,209</i>	<i>3,415</i>	<i>788</i>	<i>794</i>	<i>839</i>	<i>805</i>	<i>771</i>	<i>798</i>	<i>825</i>	<i>931</i>	<i>861</i>	<i>871</i>
<i>Travel</i>													
Students' expenditure	457	661	843	75	128	122	310	101	119	161	402	161	124
Other	3,108	3,684	3,388	805	931	1,087	893	773	754	886	923	825	868
<i>Total</i>	<i>3,565</i>	<i>4,345</i>	<i>4,231</i>	<i>880</i>	<i>1,059</i>	<i>1,209</i>	<i>1,203</i>	<i>874</i>	<i>873</i>	<i>1,047</i>	<i>1,325</i>	<i>986</i>	<i>992</i>
<i>Other services—</i>													
Official	200	249	255	53	50	44	64	91	49	64	70	72	81
<i>Non-official—</i>													
Expenditure of foreign govts	84	87	97	22	22	23	19	23	30	23	22	22	21
Expenditure of foreign govt employees	73	76	73	19	19	19	19	19	19	18	18	18	18
Expenditure of resident entity employees	144	221	278	35	42	45	74	60	64	73	76	65	68
Financial services	208	192	216	40	36	35	46	75	69	48	42	57	52
Insurance services nec	29	22	24	8	5	5	6	6	6	6	6	6	6
Miscellaneous services	1,535	1,774	1,922	409	415	412	451	496	482	468	463	509	528
<i>Total</i>	<i>2,073</i>	<i>2,372</i>	<i>2,610</i>	<i>533</i>	<i>539</i>	<i>539</i>	<i>615</i>	<i>679</i>	<i>670</i>	<i>636</i>	<i>627</i>	<i>677</i>	<i>693</i>
<i>Total other services</i>	<i>2,273</i>	<i>2,621</i>	<i>2,865</i>	<i>586</i>	<i>589</i>	<i>583</i>	<i>679</i>	<i>770</i>	<i>719</i>	<i>700</i>	<i>697</i>	<i>749</i>	<i>774</i>
Total services credits	9,517	10,729	11,068	2,384	2,572	2,765	2,830	2,562	2,534	2,704	3,090	2,740	2,766

TABLE 13. SERVICES DEBITS
(\$ million)

	Year			Quarters ended									
	1987-88	1988-89	1989-90	1987-88		1988-89			1989-90			1990-91	
				June	Sept.	Dec.	Mar.	June	Sept.	Dec.	Mar.	June	Sept.
<i>Shipment —</i>													
Freight on imports	-2,832	-3,152	-3,245	-681	-730	-754	-802	-866	-865	-842	-789	-749	-786
Insurance on imports	-24	-24	-24	-6	-6	-6	-6	-6	-6	-6	-6	-6	-6
<i>Total</i>	-2,856	-3,176	-3,269	-687	-736	-760	-808	-872	-871	-848	-795	-755	-792
<i>Other transportation —</i>													
Passenger services	-1,547	-1,849	-2,223	-393	-446	-440	-440	-523	-585	-550	-500	-588	-673
Port services etc	-963	-1,063	-1,190	-239	-215	-271	-296	-281	-254	-316	-319	-301	-282
<i>Total</i>	-2,510	-2,912	-3,413	-632	-661	-711	-736	-804	-839	-866	-819	-889	-955
<i>Travel</i>													
Students' expenditure	-129	-191	-231	-24	-56	-39	-55	-41	-61	-47	-72	-51	-60
Other	-3,583	-4,151	-4,742	-867	-982	-899	-990	-1,280	-1,305	-1,072	-1,165	-1,200	-1,303
<i>Total</i>	-3,712	-4,342	-4,973	-891	-1,038	-938	-1,045	-1,321	-1,366	-1,119	-1,237	-1,251	-1,363
<i>Other services —</i>													
<i>Official —</i>													
Defence services	-86	-83	-93	-29	-21	-13	-23	-26	-23	-23	-23	-24	-24
Financial services	-4	-3	-5	-1	-1	-1	-1	—	-1	-1	-1	-2	—
Miscellaneous services	-221	-221	-259	-71	-51	-45	-55	-70	-55	-82	-59	-63	-169
<i>Total</i>	-311	-307	-357	-101	-73	-59	-79	-96	-79	-106	-83	-89	-193
<i>Non-official —</i>													
Expenditure of Aust govt employees	-113	-102	-115	-29	-27	-24	-25	-26	-29	-29	-29	-28	-30
Expenditure of non-resident entity employees	-121	-132	-152	-29	-34	-32	-33	-33	-40	-38	-36	-38	-41
Financial services	-148	-302	-193	-28	-64	-65	-112	-61	-53	-43	-45	-52	-50
Insurance services nec	-288	-357	-360	-72	-89	-89	-89	-90	-90	-90	-90	-90	-93
Miscellaneous services	-2,154	-2,200	-2,343	-535	-528	-571	-575	-526	-554	-565	-607	-617	-603
<i>Total</i>	-2,824	-3,093	-3,163	-693	-742	-781	-834	-736	-766	-765	-807	-825	-817
<i>Total other services</i>	-3,135	-3,400	-3,520	-794	-815	-840	-913	-832	-845	-871	-890	-914	-1,010
Total services debits	-12,213	-13,830	-15,175	-3,004	-3,250	-3,249	-3,502	-3,829	-3,921	-3,704	-3,741	-3,809	-4,120

TABLE 14. INCOME CREDITS
(\$ million)

	Year			Quarters ended									
	1987-88	1988-89	1989-90	1987-88		1988-89			1989-90			1990-91	
				June	Sept.	Dec.	Mar.	June	Sept.	Dec.	Mar.	June	Sept.
Property income —													
<i>Investment income —</i>													
<i>Official —</i>													
General government	47	74	118	11	5	17	23	29	18	38	32	30	30
Reserve Bank (a)	706	998	1,260	176	222	204	285	287	307	315	297	341	364
<i>Total official</i>	<i>753</i>	<i>1,072</i>	<i>1,378</i>	<i>187</i>	<i>227</i>	<i>221</i>	<i>308</i>	<i>316</i>	<i>325</i>	<i>353</i>	<i>329</i>	<i>371</i>	<i>394</i>
<i>Non-official —</i>													
<i>Direct investment income —</i>													
Reinvested earnings	2,162	2,123	2,700	541	531	530	531	531	675	675	675	675	675
Distributed earnings —													
Remitted profits	79	63	38	14	6	43	4	10	11	7	8	12	11
Dividends	102	60	126	35	31	4	2	23	35	27	6	58	134
Interest	-111	-85	95	—	-19	-38	-25	-3	47	26	21	1	23
Total	70	38	259	49	18	9	-19	30	93	60	35	71	168
<i>Total direct investment income</i>	<i>2,232</i>	<i>2,161</i>	<i>2,959</i>	<i>590</i>	<i>549</i>	<i>539</i>	<i>512</i>	<i>561</i>	<i>768</i>	<i>735</i>	<i>710</i>	<i>746</i>	<i>843</i>
<i>Portfolio and other investment income —</i>													
Dividends	127	221	312	34	39	36	75	71	54	84	93	81	71
Interest	452	421	596	81	95	92	134	100	147	145	156	148	176
Total	579	642	908	115	134	128	209	171	201	229	249	229	247
<i>Total non-official</i>	<i>2,811</i>	<i>2,803</i>	<i>3,867</i>	<i>705</i>	<i>683</i>	<i>667</i>	<i>721</i>	<i>732</i>	<i>969</i>	<i>964</i>	<i>959</i>	<i>975</i>	<i>1,090</i>
<i>Total investment income</i>	<i>3,564</i>	<i>3,875</i>	<i>5,245</i>	<i>892</i>	<i>910</i>	<i>888</i>	<i>1,029</i>	<i>1,048</i>	<i>1,294</i>	<i>1,317</i>	<i>1,288</i>	<i>1,346</i>	<i>1,484</i>
<i>Other property income</i>	<i>194</i>	<i>175</i>	<i>176</i>	<i>41</i>	<i>39</i>	<i>44</i>	<i>44</i>	<i>48</i>	<i>44</i>	<i>44</i>	<i>44</i>	<i>44</i>	<i>48</i>
Total property income	3,758	4,050	5,421	933	949	932	1,073	1,096	1,338	1,361	1,332	1,390	1,532
Labour and other income —													
<i>Labour income —</i>													
Earnings in Australia	54	58	60	14	14	14	15	15	15	15	15	15	15
Earnings abroad	122	132	152	29	34	32	33	33	40	38	36	38	41
Total	176	190	212	43	48	46	48	48	55	53	51	53	56
<i>Insurance income</i>	—	—	150	—	—	—	—	—	—	—	—	150	150
Total labour and other income	176	190	362	43	48	46	48	48	55	53	51	203	206
Total income credits	3,934	4,240	5,783	976	997	978	1,121	1,144	1,393	1,414	1,383	1,593	1,738

(a) Also includes interest/remuneration received from the IMF on behalf of the Commonwealth Government.

TABLE 15. INCOME DEBITS
(\$ million)

	Year			Quarters ended										
	1987-88	1988-89	1989-90	1987-88			1988-89			1989-90			1990-91	
				June	Sept.	Dec.	Mar.	June	Sept.	Dec.	Mar.	June	Sept.	
Property income —														
<i>Investment income —</i>														
<i>Official —</i>														
General government —														
Interest on borrowing domiciled abroad	-1,761	-1,545	-1,858	-384	-274	-483	-386	-402	-393	-557	-420	-488	-358	
Interest on borrowing domiciled in Australia	-1,117	-1,486	-1,873	-251	-316	-338	-466	-366	-448	-485	-491	-449	-562	
Total	-2,878	-3,031	-3,731	-635	-590	-821	-852	-768	-841	-1,042	-911	-937	-920	
Reserve Bank (a)	-22	-18	-34	-5	-5	-6	—	-7	-8	-8	-9	-9	-10	
<i>Total official</i>	-2,900	-3,049	-3,765	-640	-595	-827	-852	-775	-849	-1,050	-920	-946	-930	
<i>Non-official —</i>														
<i>Direct investment income —</i>														
Reinvested earnings	-2,417	-2,225	-2,688	-605	-556	-556	-556	-557	-672	-672	-672	-672	-700	
Distributed earnings —														
Remitted profits	-233	-556	-576	-68	-141	-192	-127	-96	-99	-140	-238	-99	-100	
Dividends	-933	-1,394	-2,017	-209	-392	-139	-308	-555	-247	-450	-761	-559	-399	
Interest	-616	-1,062	-1,340	-156	-217	-328	-246	-271	-271	-415	-292	-362	-255	
Total	-1,782	-3,012	-3,933	-433	-750	-659	-681	-922	-617	-1,005	-1,291	-1,020	-754	
<i>Total direct investment income</i>	-4,199	-5,237	-6,621	-1,038	-1,306	-1,215	-1,237	-1,479	-1,289	-1,677	-1,963	-1,692	-1,454	
<i>Portfolio and other investment income —</i>														
Dividends	-602	-1,096	-1,181	-172	-137	-228	-318	-413	-241	-365	-231	-344	-186	
Interest —														
Public sector	-1,586	-1,892	-2,739	-385	-457	-333	-562	-540	-733	-573	-756	-677	-763	
Private sector	-3,509	-4,675	-6,121	-969	-1,062	-1,122	-1,177	-1,314	-1,558	-1,466	-1,585	-1,512	-1,500	
Total	-5,095	-6,567	-8,860	-1,354	-1,519	-1,455	-1,739	-1,854	-2,291	-2,039	-2,341	-2,189	-2,263	
<i>Total portfolio and other investment income</i>	-5,697	-7,663	-10,041	-1,526	-1,656	-1,683	-2,057	-2,267	-2,532	-2,404	-2,572	-2,533	-2,449	
<i>Total non-official</i>	-9,896	-12,900	-16,662	-2,564	-2,962	-2,898	-3,294	-3,746	-3,821	-4,081	-4,535	-4,225	-3,903	
<i>Total investment income</i>	-12,796	-15,949	-20,427	-3,204	-3,557	-3,725	-4,146	-4,521	-4,670	-5,131	-5,455	-5,171	-4,833	
<i>Other property income —</i>														
Cinema and TV film royalties	-374	-403	-433	-97	-98	-86	-118	-101	-109	-108	-108	-108	-116	
Other	-758	-682	-735	-188	-153	-180	-173	-176	-183	-184	-184	-184	-197	
Total	-1,132	-1,085	-1,168	-285	-251	-266	-291	-277	-292	-292	-292	-292	-313	
<i>Total property income</i>	-13,928	-17,034	-21,595	-3,489	-3,808	-3,991	-4,437	-4,798	-4,962	-5,423	-5,747	-5,463	-5,146	
Labour and other income —														
<i>Official</i>	-65	-58	-66	-16	-16	-14	-13	-15	-17	-16	-17	-16	-17	
<i>Non-official —</i>														
Labour income	-145	-221	-278	-36	-42	-45	-74	-60	-64	-73	-76	-65	-68	
Insurance income	—	—	—	—	—	—	—	—	—	—	—	—	—	
<i>Total non-official</i>	-145	-221	-278	-36	-42	-45	-74	-60	-64	-73	-76	-65	-68	
<i>Total labour and other income</i>	-210	-279	-344	-52	-58	-59	-87	-75	-81	-89	-93	-81	-85	
Total income debits	-14,138	-17,313	-21,939	-3,541	-3,866	-4,050	-4,524	-4,873	-5,043	-5,512	-5,840	-5,544	-5,231	

(a) Also includes interest /charges paid to the IMF on behalf of the Commonwealth Government.

TABLE 16. UNREQUITED TRANSFERS
(\$ million)

	Year			Quarters ended										
	1987-88	1988-89	1989-90	1987-88		1988-89			1989-90			1990-91		
				June	Sept.	Sept.	Dec.	Mar.	June	Sept.	Dec.	Mar.	June	Sept.
Credits —														
<i>Official</i>	819	897	1,108	237	209	199	238	251	262	228	328	290	282	
<i>Non-official —</i>														
Migrants' transfers	2,074	2,580	2,747	542	553	643	673	711	649	698	674	726	677	
Foreign government pensions	34	24	27	9	8	8	4	4	5	5	9	8	6	
Miscellaneous transfers	618	709	720	162	160	180	180	189	180	180	180	180	192	
<i>Total</i>	2,726	3,313	3,494	713	721	831	857	904	834	883	863	914	875	
Total unrequited transfers credits	3,545	4,210	4,602	950	930	1,030	1,095	1,155	1,096	1,111	1,191	1,204	1,157	
Debits —														
<i>Official —</i>														
Foreign aid —														
Papua New Guinea aid	-323	-328	-361	-84	-99	-59	-87	-83	-81	-82	-94	-104	-87	
Other foreign aid	-561	-620	-694	-192	-73	-147	-182	-218	-108	-134	-253	-199	-120	
Total	-884	-948	-1,055	-276	-172	-206	-269	-301	-189	-216	-347	-303	-207	
Pensions	-139	-148	-156	-37	-37	-37	-37	-37	-39	-39	-39	-39	-39	
Miscellaneous transfers	-75	-61	-67	-14	-8	-17	-31	-5	-9	-6	-40	-12	-9	
<i>Total official</i>	-1,098	-1,157	-1,278	-327	-217	-260	-337	-343	-237	-261	-426	-354	-255	
<i>Non-official —</i>														
Migrants' transfers	-319	-349	-408	-81	-77	-86	-101	-85	-90	-102	-114	-102	-96	
Withholding taxes	-28	-40	-30	-7	-6	-7	-5	-22	-9	-8	-8	-5	-9	
Miscellaneous transfers	-436	-466	-456	-111	-112	-119	-116	-119	-114	-114	-114	-114	-125	
<i>Total non-official</i>	-783	-855	-894	-199	-195	-212	-222	-226	-213	-224	-236	-221	-230	
Total unrequited transfers debits	-1,881	-2,012	-2,172	-526	-412	-472	-559	-569	-450	-485	-662	-575	-485	
Net unrequited transfers	1,664	2,198	2,430	424	518	558	536	586	646	626	529	629	672	

TABLE 17. NET CAPITAL TRANSACTIONS OF GENERAL GOVERNMENT
(\$ million)

	Year			Quarters ended									
	1987-88	1988-89	1989-90	1987-88 June	1988-89 Sept.	1988-89 Dec.	1988-89 Mar.	1988-89 June	1988-89 Sept.	1988-89 Dec.	1988-89 Mar.	1988-89 June	1988-89 Sept.
Foreign Investment in Australia —													
<i>Borrowing —</i>													
Domiciled abroad —													
Commonwealth Government —													
Drawings	—	—	—	—	—	—	—	—	—	—	—	—	—
Repayments	-1,622	-3,175	-2,660	-765	-997	-1,117	-521	-540	-1,253	-670	-736	-1	-1,039
Total	-1,622	-3,175	-2,660	-765	-997	-1,117	-521	-540	-1,253	-670	-736	-1	-1,039
State government —													
Drawings	4,822	9,236	13,199	1,405	2,069	1,718	2,564	2,885	2,713	2,514	3,464	4,508	4,993
Repayments	-2,743	-6,477	-10,794	-928	-1,299	-1,548	-1,265	-2,365	-1,552	-1,953	-3,145	-4,144	-3,580
Total	2,079	2,759	2,405	477	770	170	1,299	520	1,161	561	319	364	1,413
Total domiciled abroad	457	-416	-255	-288	-227	-947	778	-20	-92	-109	-417	363	374
Domiciled in Australia —													
Purchases by non — residents	25,976	23,055	17,943	6,508	6,046	8,004	5,662	3,343	5,073	4,046	6,214	2,610	5,092
Sales by non — residents	-22,346	-21,592	-15,912	-6,326	-5,979	-4,887	-5,449	-5,277	-4,254	-3,525	-4,749	-3,384	-4,081
Total domiciled in Australia	3,630	1,463	2,031	182	67	3,117	213	-1,934	819	521	1,465	-774	1,011
<i>Total borrowing</i>	4,087	1,047	1,776	-106	-160	2,170	991	-1,954	727	412	1,048	-411	1,385
<i>Other</i>	-71	-188	-74	-28	-12	-19	-24	-133	—	-2	-27	-45	-64
Total foreign investment in Australia	4,016	859	1,702	-134	-172	2,151	967	-2,087	727	410	1,021	-456	1,321
Australian investment abroad —													
Lending	-279	-249	43	-143	-353	114	-74	64	78	-475	434	6	64
Accounts receivable/prepayments made	120	-104	-29	-74	-27	-18	-6	-53	-17	-81	-50	119	69
Other	574	-6	-100	583	-6	—	—	—	—	-51	46	-95	73
Total Australian investment abroad	415	-359	-86	366	-386	96	-80	11	61	-607	430	30	206
Total general government	4,431	500	1,616	232	-558	2,247	887	-2,076	788	-197	1,451	-426	1,527

TABLE 18. NET CAPITAL TRANSACTIONS OF THE RESERVE BANK

(\$ million)

	Year			Quarters ended									
	1987-88	1988-89	1989-90	1987-88		1988-89			1989-90			1990-91	
				June	Sept.	Dec.	Mar.	June	Sept.	Dec.	Mar.	June	Sept.
Foreign investment in Australia —													
Use of IMF credit	—	—	—	—	—	—	—	—	—	—	—	—	—
Other	-8	—	24	3	-36	64	-18	-10	—	-6	-4	34	-23
Total foreign investment in Australia	-8	—	24	3	-36	64	-18	-10	—	-6	-4	34	-23
Australian investment abroad —													
<i>Reserve assets —</i>													
<i>Official reserve assets —</i>													
Monetary gold	—	—	—	—	—	—	—	—	—	—	—	—	—
SDRs	20	18	29	5	5	6	—	7	8	8	6	7	10
Reserve position in IMF	—	-96	9	—	—	-26	14	-84	9	—	—	—	—
Foreign exchange	-3,944	-795	-2,194	-4,576	-763	-390	236	122	-689	-432	816	-1,889	-84
<i>Total</i>	<i>-3,924</i>	<i>-873</i>	<i>-2,156</i>	<i>-4,571</i>	<i>-758</i>	<i>-410</i>	<i>250</i>	<i>45</i>	<i>-672</i>	<i>-424</i>	<i>822</i>	<i>-1,882</i>	<i>-74</i>
Allocation of SDRs	—	—	—	—	—	—	—	—	—	—	—	—	—
<i>Total reserve assets</i>	<i>-3,924</i>	<i>-873</i>	<i>-2,156</i>	<i>-4,571</i>	<i>-758</i>	<i>-410</i>	<i>250</i>	<i>45</i>	<i>-672</i>	<i>-424</i>	<i>822</i>	<i>-1,882</i>	<i>-74</i>
<i>Other</i>	—	—	—	—	—	—	—	—	—	—	—	—	—
Total Australian investment abroad	-3,924	-873	-2,156	-4,571	-758	-410	250	45	-672	-424	822	-1,882	-74
Total Reserve Bank	-3,932	-873	-2,132	-4,568	-794	-346	232	35	-672	-430	818	-1,848	-97

TABLE 19. NET CAPITAL TRANSACTIONS OF THE NON-OFFICIAL SECTOR

(\$ million)

	Year			Quarters ended									
	1987-88	1988-89	1989-90	1987-88		1988-89			1989-90			1990-91	
				June	Sept.	Dec.	Mar.	June	Sept.	Dec.	Mar.	June	Sept.
Foreign investment in Australia —													
<i>Direct investment —</i>													
Reinvestment of earnings	2,417	2,225	2,688	604	557	556	556	556	672	672	672	672	700
Corporate equities	1,024	3,539	2,421	260	1,238	577	1,126	598	130	664	615	1,012	468
Net equity in branches	1,440	2,307	725	371	514	290	637	866	82	241	233	169	321
Borrowing	2,059	2,425	1,872	1,292	1,087	913	-294	719	988	521	956	-593	797
Other	59	87	-228	104	31	-128	168	16	301	-12	-476	-41	13
<i>Total direct investment</i>	<i>6,999</i>	<i>10,583</i>	<i>7,478</i>	<i>2,631</i>	<i>3,427</i>	<i>2,208</i>	<i>2,193</i>	<i>2,755</i>	<i>2,173</i>	<i>2,086</i>	<i>2,000</i>	<i>1,219</i>	<i>2,299</i>
<i>Portfolio and other investment —</i>													
Corporate equities	2,162	1,443	866	-195	-3	353	229	864	60	53	741	12	318
Borrowing —													
Public sector	3,790	4,703	4,937	1,658	1,115	625	2,228	735	910	810	1,728	1,489	-1,163
Private sector	8,056	8,626	6,465	3,575	2,755	573	4,054	1,244	3,424	2,067	2,772	-1,798	1,604
Total	11,846	13,329	11,402	5,233	3,870	1,198	6,282	1,979	4,334	2,877	4,500	-309	441
Accounts payable/prepayments received —													
Public sector	-627	-20	-5	-9	5	-6	-15	-4	-1	4	-13	5	-14
Private sector	661	319	-305	229	178	148	-131	124	11	92	-492	84	24
Total	34	299	-310	220	183	142	-146	120	10	96	-505	89	10
<i>Total portfolio and other investment</i>	<i>14,042</i>	<i>15,071</i>	<i>11,958</i>	<i>5,258</i>	<i>4,050</i>	<i>1,693</i>	<i>6,365</i>	<i>2,963</i>	<i>4,404</i>	<i>3,026</i>	<i>4,736</i>	<i>-208</i>	<i>769</i>
Total foreign investment in Australia	21,041	25,654	19,436	7,889	7,477	3,901	8,558	5,718	6,577	5,112	6,736	1,011	3,068
Australian investment abroad —													
<i>Direct investment —</i>													
Reinvestment of earnings	-2,162	-2,123	-2,700	-541	-531	-530	-531	-531	-675	-675	-675	-675	-675
Corporate equities	-7,629	-3,247	-3,157	-1,537	-511	-1,862	-358	-516	-946	-781	-1,933	503	804
Net equity in branches	-143	-261	40	38	81	-185	-77	-80	-38	60	42	-24	-37
Lending	-760	-893	984	-147	-412	615	-375	-721	-83	1,678	-1,075	464	137
Other	-80	-27	318	-53	-2	97	-128	6	-97	10	299	106	76
<i>Total direct investment</i>	<i>-10,774</i>	<i>-6,551</i>	<i>-4,515</i>	<i>-2,240</i>	<i>-1,375</i>	<i>-1,865</i>	<i>-1,469</i>	<i>-1,842</i>	<i>-1,839</i>	<i>292</i>	<i>-3,342</i>	<i>374</i>	<i>305</i>
<i>Portfolio and other investment —</i>													
Corporate equities	445	-2,930	1,424	-267	-700	-47	-1,305	-878	630	-1,164	1,885	73	507
Lending —													
Banks	-227	-732	-298	-172	412	-506	107	-745	379	220	-1,161	264	-185
Non-bank enterprises	-1,569	231	-1,983	-47	-290	632	-148	37	-799	-466	-1,552	834	229
Total	-1,796	-501	-2,281	-219	122	126	-41	-708	-420	-246	-2,713	1,098	44
Accounts receivable/prepayments made —													
Public sector	-29	-588	-266	-67	-161	62	-207	-282	23	-113	-237	61	98
Private sector	-562	-256	-187	-33	-110	-90	-62	6	-122	74	-166	27	15
Total	-591	-844	-453	-100	-271	-28	-269	-276	-99	-39	-403	88	113
<i>Total portfolio and other investment</i>	<i>-1,942</i>	<i>-4,275</i>	<i>-1,310</i>	<i>-586</i>	<i>-849</i>	<i>51</i>	<i>-1,615</i>	<i>-1,862</i>	<i>111</i>	<i>-1,449</i>	<i>-1,231</i>	<i>1,259</i>	<i>664</i>
Total Australian investment abroad	-12,716	-10,826	-5,825	-2,826	-2,224	-1,814	-3,084	-3,704	-1,728	-1,157	-4,573	1,633	969
Total non-official	8,325	14,828	13,611	5,063	5,253	2,087	5,474	2,014	4,849	3,955	2,163	2,644	4,037

TABLE 20. NET BORROWING TRANSACTIONS OF THE NON-OFFICIAL SECTOR
(\$ million)

	Year			Quarters ended									
	1987-88	1988-89	1989-90	1987-88		1988-89			1989-90			1990-91	
				June	Sept.	Dec.	Mar.	June	Sept.	Dec.	Mar.	June	Sept.
Direct investment borrowing —													
<i>Domiciled abroad —</i>													
Drawings	33,943	36,619	14,184	10,684	15,381	9,298	4,796	7,144	367	6,196	4,138	3,483	3,986
Repayments	-31,570	-34,147	-12,449	-9,357	-14,259	-8,374	-5,114	-6,400	385	-5,931	-3,020	-3,883	-2,999
<i>Total</i>	<i>2,373</i>	<i>2,472</i>	<i>1,735</i>	<i>1,327</i>	<i>1,122</i>	<i>924</i>	<i>-318</i>	<i>744</i>	<i>752</i>	<i>265</i>	<i>1,118</i>	<i>-400</i>	<i>987</i>
<i>Domiciled in Australia</i>	<i>-314</i>	<i>-47</i>	<i>137</i>	<i>-35</i>	<i>-35</i>	<i>-11</i>	<i>24</i>	<i>-25</i>	<i>236</i>	<i>256</i>	<i>-162</i>	<i>-193</i>	<i>-190</i>
Total direct investment borrowing	2,059	2,425	1,872	1,292	1,087	913	-294	719	988	521	956	-593	797
Other borrowing —													
<i>Domiciled abroad —</i>													
<i>Banks —</i>													
Drawings	28,848	44,367	70,531	10,200	11,814	7,781	11,505	13,267	13,200	14,249	28,438	14,644	13,655
Repayments	-25,979	-37,157	-66,144	-7,366	-10,593	-6,896	-8,183	-11,485	-11,691	-12,667	-26,229	-15,557	-12,174
<i>Total</i>	<i>2,869</i>	<i>7,210</i>	<i>4,387</i>	<i>2,834</i>	<i>1,221</i>	<i>885</i>	<i>3,322</i>	<i>1,782</i>	<i>1,509</i>	<i>1,582</i>	<i>2,209</i>	<i>-913</i>	<i>1,481</i>
<i>Non-bank enterprises —</i>													
Drawings	75,377	112,706	124,082	20,032	27,496	27,096	26,855	31,259	26,398	28,305	35,781	33,598	20,773
Repayments	-68,204	-106,990	-119,574	-18,664	-24,817	-26,228	-24,268	-31,677	-24,514	-28,188	-32,607	-34,265	-21,346
<i>Total</i>	<i>7,173</i>	<i>5,716</i>	<i>4,508</i>	<i>1,368</i>	<i>2,679</i>	<i>868</i>	<i>2,587</i>	<i>-418</i>	<i>1,884</i>	<i>117</i>	<i>3,174</i>	<i>-667</i>	<i>-573</i>
<i>Total domiciled abroad</i>	<i>10,042</i>	<i>12,926</i>	<i>8,895</i>	<i>4,202</i>	<i>3,900</i>	<i>1,753</i>	<i>5,909</i>	<i>1,364</i>	<i>3,393</i>	<i>1,699</i>	<i>5,383</i>	<i>-1,580</i>	<i>908</i>
<i>Domiciled in Australia —</i>													
<i>Banks —</i>													
Securities	126	15	761	6	121	-153	-15	62	69	346	49	297	-13
Deposits	1,117	310	851	997	-519	83	399	347	880	731	-1,372	612	539
<i>Total</i>	<i>1,243</i>	<i>325</i>	<i>1,612</i>	<i>1,003</i>	<i>-398</i>	<i>-70</i>	<i>384</i>	<i>409</i>	<i>949</i>	<i>1,077</i>	<i>-1,323</i>	<i>909</i>	<i>526</i>
<i>Non-bank enterprises</i>	<i>561</i>	<i>78</i>	<i>895</i>	<i>28</i>	<i>368</i>	<i>-485</i>	<i>-11</i>	<i>206</i>	<i>-8</i>	<i>101</i>	<i>440</i>	<i>362</i>	<i>-993</i>
<i>Total domiciled in Australia</i>	<i>1,804</i>	<i>403</i>	<i>2,507</i>	<i>1,031</i>	<i>-30</i>	<i>-555</i>	<i>373</i>	<i>615</i>	<i>941</i>	<i>1,178</i>	<i>-883</i>	<i>1,271</i>	<i>-467</i>
<i>of which —</i>													
Public sector securities (a)	1,006	-352	296	51	602	-557	-508	111	-138	-151	352	233	-879
Total other borrowing	11,846	13,329	11,402	5,233	3,870	1,198	6,282	1,979	4,334	2,877	4,500	-309	441
Total borrowing (b)	13,905	15,754	13,274	6,525	4,957	2,111	5,988	2,698	5,322	3,398	5,456	-902	1,238

(a) Excludes bank securities. (b) Corresponds to the sum of direct investment borrowing and total portfolio and other investment borrowing in Table 19.

TABLE 21. OFFICIAL RESERVE ASSETS AND EXCHANGE RATES

	Year			Quarters ended									
	1987-88	1988-89	1989-90	1987-88	1988-89			1989-90			1990-91		
				June	Sept.	Dec.	Mar.	June	Sept.	Dec.	Mar.	June	Sept.
Official reserve assets (\$ million) —													
<i>Levels at end of year/month</i>	20,182	20,410	21,871	20,182	20,628	19,772	19,509	20,410	20,774	21,487	21,065	21,871	22,281
<i>Changes in levels</i>	2,588	228	1,462	2,851	446	-856	-263	901	364	713	-422	806	410
<i>Of which —</i>													
Changes due to effects of revaluations	-1,336	-645	-694	-1,720	-312	-1,266	-13	946	-308	289	400	-1,076	336
Changes included in the balance of payments (a)	3,924	873	2,156	4,571	758	410	-250	-45	672	424	-822	1,882	74
Exchange rates —													
<i>Units of foreign currency per \$A —</i>													
<i>End of year/quarter (b) —</i>													
United States dollar	0.7940	0.7553	0.7890	0.7940	0.7829	0.8555	0.8194	0.7553	0.7764	0.7927	0.7542	0.7890	0.8265
United Kingdom pound	0.4612	0.4882	0.4536	0.4612	0.4647	0.4764	0.4855	0.4882	0.4788	0.4927	0.4584	0.4536	0.4412
West German mark	1.441	1.480	1.318	1.441	1.472	1.528	1.550	1.480	1.453	1.339	1.278	1.318	1.293
Japanese yen	105.17	108.79	120.41	105.17	105.28	107.71	108.64	108.79	108.23	113.61	118.79	120.41	114.05
Special drawing right	0.6059	0.6051	0.5967	0.6059	0.6067	0.6382	0.6332	0.6051	0.6109	0.5990	0.5803	0.5967	0.5939
<i>Period average (c) —</i>													
United States dollar	0.7290	0.8160	0.7697	0.7783	0.7994	0.8392	0.8475	0.7777	0.7638	0.7811	0.7659	0.7681	0.8088
United Kingdom pound	0.4167	0.4755	0.4733	0.4230	0.4713	0.4688	0.4844	0.4776	0.4786	0.4927	0.4626	0.4592	0.4342
West German mark	1.262	1.512	1.367	1.329	1.491	1.488	1.567	1.501	1.469	1.416	1.296	1.288	1.288
Japanese yen	97.58	106.95	113.27	97.83	106.90	105.04	108.76	107.09	108.71	111.77	113.27	119.33	117.35
Special drawing right	0.5448	0.6244	0.5958	0.5688	0.6163	0.6246	0.6439	0.6126	0.6065	0.6089	0.5821	0.5858	0.5905
Trade-weighted index of value of the Australian dollar (May 1970 = 100) —													
End of year/quarter (b)	59.8	59.4	61.6	59.8	60.0	63.2	62.2	59.4	59.8	61.1	59.8	61.6	61.6
Period average (c)	54.8	61.6	60.0	57.0	60.9	62.0	63.4	60.0	59.5	60.5	59.5	60.5	61.4

(a) The entries carry the opposite sign to corresponding entries in Tables 1 and 4. (b) These exchange rates and index numbers relate to the last trading day of the reference period. (c) These exchange rates and index numbers are derived by averaging figures for each trading day.

EXPLANATORY NOTES

Introduction

This publication provides detailed estimates of Australia's balance of payments for the September quarter 1990 together with revised estimates for previous quarters and financial years. Longer term estimates, from September quarter 1959, consistent with those shown in this issue, will shortly be made available on request for a charge.

2. Tables 1 to 4 in this publication provide summary statistics; they show the main aggregates and the more important components of the aggregates. The remaining tables, Tables 5 to 21, provide additional breakdowns, related series (e.g. exchange rates and the trade-weighted index) and reconciliations of selected balance of payments series with other series (i.e. with foreign trade statistics and levels of official reserve assets).

Concepts, sources and methods

3. Descriptions of the underlying concepts and structure of the balance of payments and the sources and methods used in compiling the estimates are presented in *Balance of Payments, Australia: Concepts, Sources and Methods* (5331.0). The publication also provides item definitions; explanations of seasonal adjustment, constant price estimates, implicit price deflators and the terms of trade; and an analysis of the quality of the estimates.

Commodity breakdowns of merchandise

4. Commodity breakdowns of merchandise exports and imports are provided in Table 7 (at current prices), 8 (at average 1984-85 prices), 9 (at current prices, seasonally adjusted) and 10 (at average 1984-85 prices, seasonally adjusted). The groupings shown are based on the third revision of the United Nations Standard International Trade Classification (SITC rev 3) as follows:

<i>Exports</i>	<i>SITC rev 3 Section or Division</i>
Rural -	
Meat & meat preparations	01
Cereal grains and cereal preparations	04
Sugar, sugar preparations & honey	06
Wool and sheepskins	21(part),26(part)
Other rural	00,02,03,05,07 to 09, 12,21(part),22 to 25, 26(part),29,4
Non-rural -	
Metal ores & minerals	27,28
Mineral fuels -	
Coal, coke and briquettes	32

Exports (cont.)

	<i>SITC rev 3 Section or Division</i>
Other mineral fuels	33 to 35
Metals -	
Gold	97
Other metals	67,68
Machinery	71 to 77
Transport equipment	78,79
Manufactures nec	5,61 to 66,69,8
Other non-rural	11,91 to 96

Imports

Food, beverages & tobacco	0,1
Fuels	3
Chemicals (incl. plastics)	5
Textiles, fabrics etc	65
Metals and metal manufactures	67 to 69
Machinery	71 to 77
Transport equipment	78,79
Manufactures nec	61 to 64,66,8
Other imports	2,4,9

Seasonal adjustment

5. Most of the current account series in this publication are affected to some extent by seasonal influences and it is useful to recognise and take account of this element of variation. However, seasonally adjusted statistics in this publication should not be regarded as in any way definitive as results from seasonal adjustment vary according to the method used.

6. The factors used in compiling seasonally adjusted estimates for certain series (principally components of merchandise trade and investment income) up to and including December quarter 1990 can be obtained, for a charge, from Mr Trevor Jolly on Canberra (06) 252 6820.

Accuracy and reliability of estimates

7. Because the transactions recorded in the balance of payments are of many different kinds, compilation of balance of payments estimates entails the use of a very wide range of statistical data of varying degrees of accuracy and timeliness.

8. Therefore care should be exercised in the use and interpretation of estimates in this publication. The latest estimates are *preliminary and subject to revision* as more accurate data come to hand. Also, the more detailed estimates may be less accurate in relative terms than broader items and aggregates of which they form components.

Investment income and capital transactions

9. Additional information about capital account and investment income transactions is available in the quarterly publications *Foreign Investment, Australia* (5306.0) and *Foreign Investment, Australia, Preliminary* (5307.0) and

in the annual publication *Foreign Investment, Australia* (5305.0). Statistics in foreign investment publications are consistent with those in balance of payments publications. Foreign investment publications also provide comprehensive statistics on the level of foreign investment in Australia, the level of Australian investment abroad and Australia's external debt.

Transportation transactions

10. The quarterly publication *International Transportation Services, Australia* (5350.0) has been discontinued. However, the additional information it contained on freight and other transportation transactions is now available on request for a charge from Mr. John Rattur on (06) 252 5733.

Comparability with capital expenditure statistics

11. Tables 7 and 9 in this publication contain current price estimates of *imports of endogenous capital goods*. Shorter-term movements in this series can differ quite significantly from the corresponding movements in the *new private capital expenditure on equipment, plant and machinery* series published in *Private New Capital Expenditure, Australia* (5625.0 and 5626.0). The main reasons for the differences are:

- The imports series includes all goods defined as endogenous capital goods, whereas the capital expenditure series relates only to goods classified as equipment, plant and machinery that are acquired by private enterprises in selected industries.
- The capital expenditure series includes all plant, machinery and equipment, irrespective of whether it has been imported or manufactured in Australia.
- Imports are valued f.o.b. at the point of export whereas estimates of capital expenditure are measured at domestic market prices, including international transport margins, government duties and domestic trade and transport margins.

12. Accordingly, while movements in imports of endogenous capital goods can provide a broad indication of movements in the *import component* of new private capital expenditure on equipment, plant and machinery, they do not necessarily provide an accurate indication of movements in total new private capital expenditure on these goods.

Series available on request

13. Detailed quarterly export and import series at constant (average 1984-85) prices can be obtained by contacting Mr Stephen Waugh on Canberra (06) 252 6716. These series are based on foreign trade statistics (ie they are not adjusted to a balance of payments basis) and relate to selected divisions and sections of the SITC rev 3. Quarterly tables showing components of services can also be ob-

tained from Mr Waugh. These tables provide original and seasonally adjusted current and constant price estimates, corresponding to the series shown (in original current price terms) in Tables 12 and 13 of this publication. Both sets of estimates are working estimates only and may not always be completely consistent with published estimates.

Related publications

14. Other ABS publications which may be of interest include:

Balance of Payments Australia (5301.0) - issued monthly

Balance of Payments, Australia (5303.0) - issued annually

Balance of Payments, Australia: Concepts, Sources and Methods (5331.0)

Information paper - Seasonally Adjustment of Australia's Monthly Balance of Payments Statistics (5359.0).

Exports, Australia: Monthly Summary Tables (5432.0) - issued monthly

Imports, Australia: Monthly Summary Tables (5433.0) - issued monthly

Export Price Index, Australia (6405.0) - issued monthly

Import Price Index, Australia (6414.0) - issued quarterly

Foreign Investment, Australia 1988-89 (5305.0)

Foreign Investment, Australia (Preliminary) (5307.0) - issued quarterly

Foreign Investment, Australia (5306.0) - issued quarterly

15. Current publications produced by the ABS are listed in the *Catalogue of Publications, Australia* (1101.0). The ABS also issues, on Tuesdays and Fridays, a *Publications Advice* (1105.0) which lists publications to be released in the next few days. The Catalogue and Publications Advice are available from any ABS office.

Symbols and other usages

f.o.b.	free on board
n.a.	not available
n.y.a.	not yet available
n.e.c.	not elsewhere classified
n.e.i.	not elsewhere included
—	nil or rounded to zero
..	not applicable.

16. Where figures have been rounded, discrepancies may occur between the sums of component items and totals.

Electronic services

DISCOVERY. Key *656# for selected current economic, social and demographic statistics.

AUSSTATS. Thousands of up-to-date time series are available on this ABS on-line service through PAXUS COMNET. For further information phone the AUSSTATS Help Desk on (06) 252 6017.

TELESTATS. This service provides:

- foreign trade statistics tailored to users' requirements. Further information is available on (06) 252 5404.
- text and tables for main economic indicator publications. Further information is available on (06) 252 5405.

Floppy disk service

Selected ABS statistics are available on floppy disk. Further information is available on (06) 252 6684.

**SPECIAL ARTICLES IN RECENT BALANCE OF PAYMENTS AND
FOREIGN INVESTMENT PUBLICATIONS**

<i>Article</i>	<i>Publication (ABS Catalogue no)</i>	<i>Issue</i>	<i>Page reference</i>
Balancing item	5302.0	June qtr 1990	10-11
Balance of payments ratios	5302.0	June qtr 1990	11-16
International comparisons of balance of payments statistics	5302.0	June qtr 1990	17-18
Impact of trading days on merchandise trade estimates	5301.0	June 1990	5-7
Fixed-weighted price indexes	5302.0	Mar qtr 1990	8
Treatment of insurance services in the balance of payments	5302.0	Dec qtr 1989	8-11
New publication: international trade in services statistics	5302.0	Sept qtr 1989	9-10
Quarterly survey of international travel enterprises	5302.0	Sept qtr 1989	10-11
Measurement of foreign investment in Australian real estate in foreign investment statistics	5306.0	Sept qtr 1989	8-10
Survey of international travel enterprises - results for 1987-88	5302.0	June qtr 1989	13
Survey of international trade in services	5302.0	June qtr 1989	14
Time series decomposition of balance of payments statistics	5302.0	Mar qtr 1989	8
Reliability of quarterly balance of payments estimates	5302.0	Dec qtr 1988	12-15
Reliability of monthly balance of payments estimates	5301.0	Sept 1988	4-5
Foreign debt ratios	5306.0	June qtr 1988	6-7
Changed methodology for measuring foreign borrowing domiciled in Australia	5307.0	June qtr 1988	2-3
Foreign ownership of Australian real estate - treatment in foreign investment statistics	5306.0	March qtr 1988	5-6
The balance of payments as a record of transactions, not payments	5302.0	Sept qtr 1987	9-10
Exchange rates and the trade weighted index	5302.0	June qtr 1987	9
Conversion of balance of payments aggregates expressed in domestic currency into foreign currency equivalents	5302.0	June qtr 1987	10-11
The puzzle of a global balance of payments discrepancy	5302.0	June qtr 1987	14-16
Changed methodology for measuring foreign portfolio investment in Australian corporate equities	5307.0	June qtr 1987	2-3
Relationship between balance of payments and foreign investment statistics	5305.0	1985-86	88-89
Foreign investment activity of banks	5305.0	1985-86	91-95
Direct investment	5305.0	1985-86	95-98
Foreign borrowing domiciled in Australia and domiciled abroad	5305.0	1985-86	98-99
Statistical bridging issues associated with the introduction of the new framework for foreign investment statistics	5305.0	1985-86	99-100

Copies of the above articles, at \$5 each, may be obtained from Mr Trevor Jolly, Balance of Payments Section (Phone (06) 252 6820). Facsimilies will be charged for at current Australia Post rates.

