

BALANCE OF PAYMENTS, AUSTRALIA, AUGUST 1996

MAIN FEATURES

Estimates of the main balance of payments aggregates for August 1996 and the two preceding months are shown below. These estimates are preliminary and subject to revision. Particular care should be taken in interpreting monthly movements, as indicated in the note on page 5 on *Reliability of Contemporary Trend Estimates* and in paragraph 4 of the *Explanatory Notes* on page 13. Certain items have been estimated using extrapolation techniques until source data become available.

	1996			Change on previous month(a)
	June	July	August	
	\$ million			%
	<i>Trend</i>			
Balance on current account	-1,493p	-1,404p	-1,312p	7
	<i>Seasonally adjusted</i>			
Balance on current account	-1,164	-1,209	-1,330	-10
Balance on merchandise trade	163	109	195	79
Net services	110	184	7	-96
Net income	-1,559	-1,744	-1,638	6
Net unrequited transfers	122	242	106	-56
	<i>Not seasonally adjusted</i>			
Balance on current account	-1,011	-1,845	-1,849	0
Balance on merchandise trade	718	-473	-232	51
Net services	-136	65	-142	..
Net income	-1,569	-1,708	-1,638	4
Net unrequited transfers	-24	271	163	-40

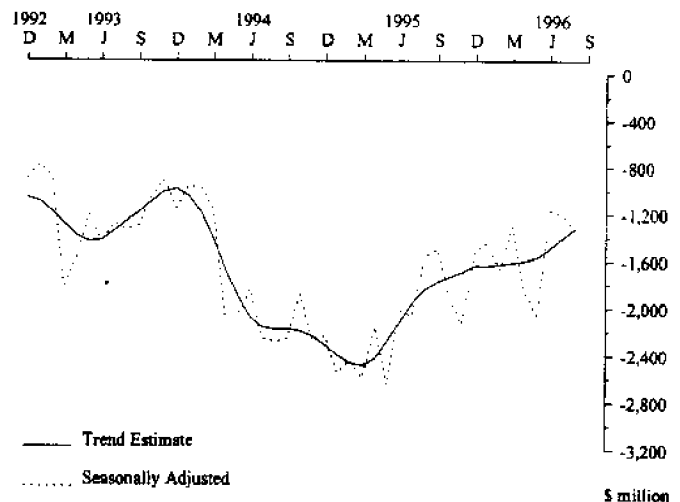
(a) For current account aggregates, a minus sign means an increase in a deficit or a decrease in a surplus; and an absence of sign means a decrease in a deficit or an increase in a surplus.

The provisional trend estimate for the August current account deficit was \$1,312 million, down \$92 million, or 7 per cent, on the provisional trend estimate for July. This trend estimate has been improving since March 1995.

The trend estimate of the balance on goods and services recorded a surplus of \$219 million, up \$76 million, or 53 per cent, on the provisional trend estimate for July. This is the third consecutive surplus in this balance. The merchandise trade balance continued to improve. Merchandise exports rose marginally, while merchandise imports fell 1 per cent.

In seasonally adjusted terms, the current account deficit for August increased \$121 million to \$1,330 million. The increase in the deficit was caused by a decrease of \$177 million in the net services surplus; and a decrease of \$136 million in the net unrequited transfers surplus. These movements were partly offset by an increase of \$86 million in the merchandise trade surplus (merchandise exports rose 2 per cent, while merchandise imports rose 1 per cent); and a decrease of \$106 million in the net income deficit.

GRAPH 1: BALANCE ON CURRENT ACCOUNT



ANALYSIS OF SELECTED MAJOR AGGREGATES

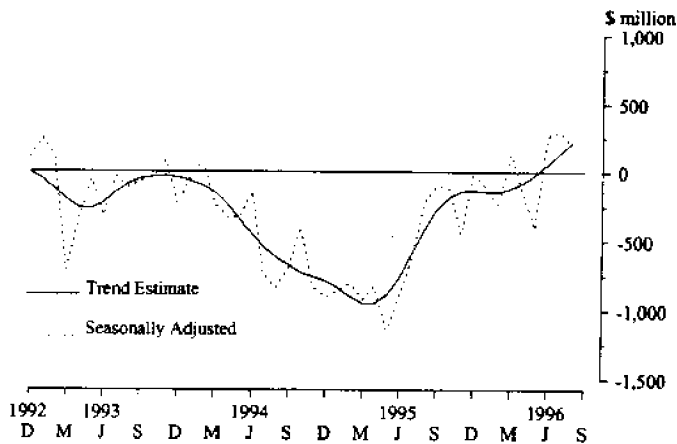
August 1996 compared with July 1996

Balance on goods and services

The **trend estimate** of the *balance on goods and services* recorded a surplus of \$219 million in August, an increase of \$76 million on the surplus recorded in July.

In **seasonally adjusted terms**, this balance recorded a surplus of \$202 million, a decrease of \$91 million on the surplus recorded in July.

GRAPH 2: BALANCE ON GOODS AND SERVICES

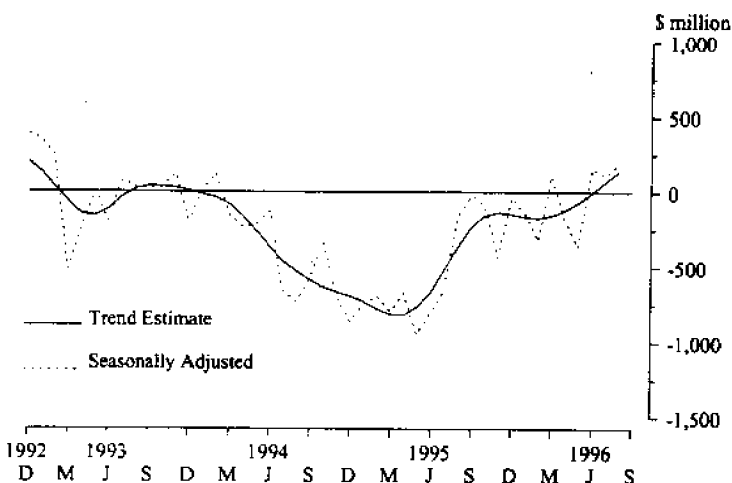


Balance on merchandise trade

The **trend estimate** of the *balance on merchandise trade* recorded a surplus of \$138 million, an increase of \$70 million on the surplus recorded in July. While the trend estimates for exports have declined or been steady over the past few months, imports has been falling at a greater rate, resulting in the improving trend for the balance on merchandise trade.

In **seasonally adjusted terms**, this balance recorded a surplus of \$195 million, an increase of \$86 million on the surplus recorded in July.

GRAPH 3: BALANCE ON MERCHANDISE TRADE

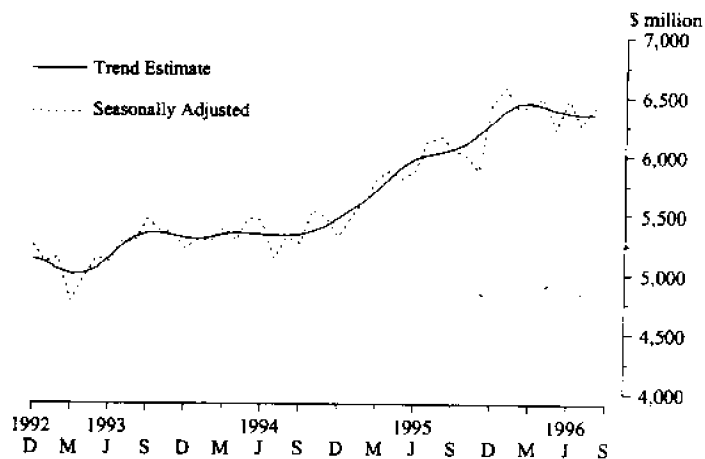


Merchandise exports

The **trend estimate** of *merchandise exports* rose \$1 million, to \$6,351 million.

In **seasonally adjusted terms**, *exports* rose \$156 million, or 2 per cent, to \$6,410 million. *Rural exports* rose \$149 million, or 8 per cent, to \$1,927 million. *Non-rural exports* rose \$7 million, to \$4,483 million.

GRAPH 4: MERCHANDISE - EXPORTS FOB



In **original terms**, *exports* fell \$146 million, or 2 per cent, to \$6,334 million.

Rural exports, in original terms, fell \$15 million, or 1 per cent, to \$1,809 million. Decreases were recorded in:

- wool, down \$35 million or 14 per cent (due mainly to decreased volumes of greasy wool exports); and
- meat, down \$14 million or 6 per cent.

The largest increase was recorded in sugar, up \$23 million or 9 per cent.

Non-rural exports, in original terms, fell \$131 million, or 3 per cent, to \$4,525 million. The largest decreases were recorded in:

- gold, down \$215 million or 34 per cent (due mainly to decreased volumes of exports);
- "other" mineral fuels, down \$87 million or 20 per cent; and
- transport equipment, down \$27 million or 13 per cent.

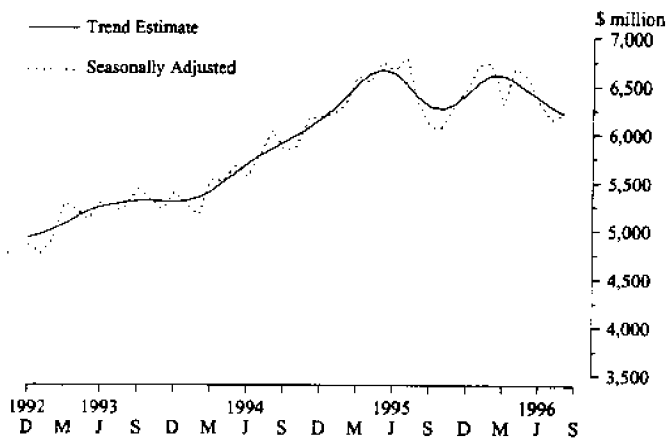
The largest increases were recorded in metal ores and minerals, up \$143 million or 21 per cent (due mainly to increased exports of alumina and uranium); "other" manufactures, up \$47 million or 6 per cent; and coal, coke and briquettes, up \$38 million or 6 per cent.

Merchandise imports

The trend estimate of *merchandise imports* fell \$69 million, or 1 per cent, to \$6,213 million.

In seasonally adjusted terms, *imports* rose \$70 million, or 1 per cent, to \$6,215 million. *Consumption goods* rose \$133 million, or 8 per cent, to \$1,813 million. *Capital goods* rose \$59 million, or 4 per cent, to \$1,445 million. *Intermediate and other goods* fell \$122 million, or 4 per cent, to \$2,957 million.

GRAPH 5: MERCHANDISE - IMPORTS FOB



In original terms, *imports* fell \$387 million, or 6 per cent, to \$6,566 million.

Imports of *consumption goods*, in original terms, fell \$27 million, or 1 per cent, to \$1,910 million. The largest decreases were recorded in:

- consumption goods nes, down \$31 million or 6 per cent;
- toys, books and leisure goods, down \$20 million or 8 per cent; and
- textiles, clothing and footwear, down \$18 million or 6 per cent.

These decreases were partly offset by an increase in non-industrial transport equipment, up \$62 million or 14 per cent (due mainly to increased imports of passenger motor cars).

Imports of *capital goods*, in original terms, fell \$13 million, or 1 per cent, to \$1,556 million. The largest decreases were recorded in:

- ADP equipment, down \$71 million or 21 per cent;
- telecommunications equipment, down \$32 million or 21 per cent; and
- capital goods nes, down \$26 million or 13 per cent.

These decreases were largely offset by an increase in civil aircraft, up \$109 million (which includes the import of a Qantas aircraft valued at \$96 million).

Imports of *intermediate and other goods*, in original terms, fell \$347 million, or 10 per cent, to \$3,100 million. Decreases were recorded in 10 of the 14 groups, with the largest being:

- fuels and lubricants, down \$114 million or 27 per cent;
- parts for transport equipment, down \$73 million or 15 per cent;
- organic and inorganic chemicals, down \$64 million or 24 per cent;
- processed industrial supplies nes, down \$30 million or 4 per cent;
- "other" parts for capital goods, down \$28 million or 5 per cent; and
- parts for ADP equipment, down \$27 million or 17 per cent.

The largest increase was recorded in food and beverages, up \$15 million or 29 per cent.

Net services

The seasonally adjusted *net services* surplus fell \$177 million, or 96 per cent, to \$7 million. Services credits fell \$160 million (8 per cent), while services debits rose \$17 million (1 per cent).

Net income

The seasonally adjusted *net income* deficit fell \$106 million, or 6 per cent, to \$1,638 million. Income credits fell \$16 million or 2 per cent, while income debits fell \$122 million or 5 per cent. It should be noted that, in accordance with established methodology, the monthly estimates of the non-official sector for July and August 1996 are based on extrapolations of quarterly results divided by three. These extrapolations will be replaced by preliminary results from the September quarter 1996 ABS Survey of International Investment when these results become available. Preliminary results should be available in time for incorporation in the October 1996 issue of this publication, scheduled for release on 29 November 1996.

Net unrequited transfers

The seasonally adjusted *net unrequited transfers* surplus fell \$136 million, or 56 per cent, to \$106 million. Unrequited transfers credits fell \$104 million, or 23 per cent, largely reflecting a decrease in migrants' transfers. Unrequited transfers debits rose \$32 million or 16 per cent.

Net capital transactions

In original terms, the *net capital transactions of the official sector* recorded a net inflow of \$638 million in August, a turnaround of \$6,282 million on the net outflow recorded in July.

The August estimate consisted of:

- a net outflow of \$1,640 million in general government transactions, an increase of \$768 million on the net outflow recorded in the previous month; and
- a net inflow of \$2,278 million in Reserve Bank transactions, a turnaround of \$7,050 million on the net inflow recorded in the previous month.

The increase in general government transactions was mainly the result of:

- a \$2,124 million turnaround in State government borrowing domiciled abroad, to a net outflow of \$638 million; and
- a \$19 million increase in the net outflow (net repayments) of Commonwealth government borrowing domiciled abroad.

These movements were partly offset by a \$1,405 million decrease in general government borrowing domiciled in Australia, to a net outflow of \$953 million.

Reserve Bank transactions in August reflected net sales of reserve assets of \$2,225 million, a turnaround of \$6,947 million on the net purchases recorded in the previous month. This turnaround mainly reflects a partial unwinding of the increase in reserve assets last month as part of domestic liquidity management arrangements.

Exchange rates

Using period average exchange rates, the \$A depreciated by 1.2 per cent on a trade weighted basis during August against the currencies of Australia's major trading partners. The \$A depreciated by 2.1 per cent against the Japanese yen and depreciated by 0.8 per cent against the \$US.

REVISIONS

Revisions since the last issue of this publication have reduced the current account deficits for 1993-94, 1994-95, 1995-96 and July 1996 by \$484 million, \$94 million, \$331 million and \$76 million respectively.

Revisions have been made to *other investment income credits* for the months of the June quarter 1994. ABS Survey of International Investment estimates of dividends receivable on Australian direct investment abroad have been increased by \$484m for that quarter, reflecting previously unidentified dividends accruing to Australian enterprises holding direct investment equity in enterprises abroad. This revision reduces the current account deficit for 1993-94 from \$16,654 million to \$16,170 million.

Investigations are currently underway into the survey measures of income receivable on Australian direct equity investment abroad and further revisions may be necessary to the estimates for 1993-94 and 1994-95.

The main factors contributing to the revisions for 1994-95 and subsequent periods are:

- incorporation of the latest available data on merchandise trade which has affected merchandise exports and imports by a net \$129 million in 1995-96 and \$38 million in July 1996; and
- incorporation of the latest available information from the Survey of International Trade in Services which has affected services credits and debits for 1994-95 by a net \$57 million and for 1995-96 by a net \$215 million; and "other" property income credits by a net \$22 million in 1995-96.

Expected release dates for forthcoming issues

Issue	Date
September 1996	30 October 1996
October 1996	29 November 1996
November 1996	6 January 1997

These dates can be confirmed a few days prior to release by telephoning Canberra (06) 252 6627.

RELIABILITY OF CONTEMPORARY TREND ESTIMATES

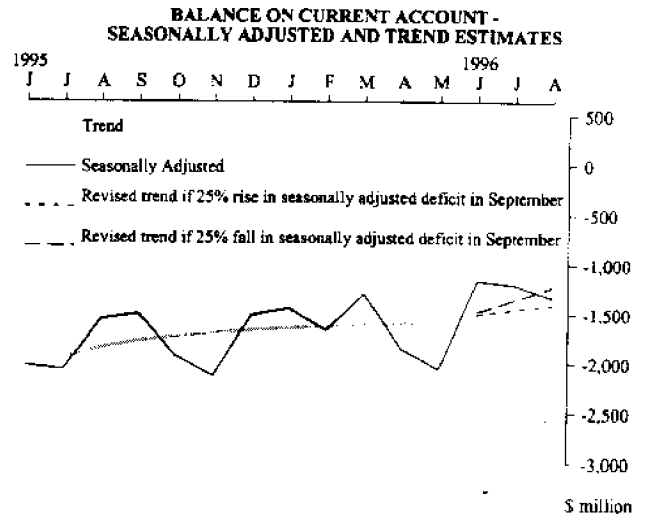
The table below presents trend estimates of the deficit on current account from June 1995 onwards, including provisional trend estimates for the latest three months (June, July and August 1996).

To illustrate the possible impact of future months' observations on the provisional trend estimates for the latest three months, the table also shows the revisions to these trend estimates that would result if the seasonally adjusted estimate of the current account balance next month (September 1996) is 25 per cent higher or lower than this month and if there are no revisions to the current or previous months' estimates. The 25 per cent range has been chosen because in the last decade the average monthly percentage movement, without regard to sign, of the seasonally adjusted current account deficit has been about 25 per cent.

If the seasonally adjusted deficit were to increase in September by 25 per cent, to \$1,663 million, the provisional trend movement for that month would be -0.5 per cent. The movements in the trend estimates for June, July and August which are provisionally -4.6 per cent, -6.0 per cent and -6.6 per cent respectively, would be revised to -3.5 per cent, -3.7 per cent and -2.8 per cent, respectively. On the other hand, a 25 per cent

decline in the seasonally adjusted deficit next month, to \$998 million, would produce a movement of -8.3 per cent in the trend estimate for September, with the movements in the trend estimates for June, July and August being revised to -6.1 per cent, -8.5 per cent and -9.3 per cent, respectively.

The graph below illustrates this potential degree of revision at the current end of the trend series.



DEFICIT ON CURRENT ACCOUNT — RELIABILITY OF TREND ESTIMATES

	Trend estimate		Revised trend estimate if September 1996 seasonally adjusted current account deficit -			
	\$m	% change on previous month	is up 25% on August 1996 (a)		is down 25% on August 1996 (a)	
			\$m	% change on previous month	\$m	% change on previous month
1994-95 —						
June	-2110	-7.5	-2110	-7.5	-2110	-7.5
1995-96 —						
July	-1955	-7.3	-1955	-7.3	-1955	-7.3
August	-1840	-5.9	-1840	-5.9	-1840	-5.9
September	-1773	-3.6	-1773	-3.6	-1773	-3.6
October	-1733	-2.3	-1733	-2.3	-1733	-2.3
November	-1692	-2.4	-1692	-2.4	-1692	-2.4
December	-1663	-1.7	-1663	-1.7	-1663	-1.7
January	-1640	-1.4	-1640	-1.4	-1640	-1.4
February	-1625	-0.9	-1625	-0.9	-1625	-0.9
March	-1610	-0.9	-1604	-1.3	-1617	-0.5
April	-1598	0.7	-1585	-1.2	-1608	-0.6
May	-1565	-2.1	-1559	-1.6	-1570	-2.4
June	-1493 p	-4.6	-1505	-3.5	-1475	-6.1
1996-97 —						
July	-1404 p	-6.0	-1449	-3.7	-1350	-8.5
August	-1312 p	-6.6	-1409	-2.8	-1224	-9.3
September			-1402	-0.5	-1122	-8.3

(a) Assumes no revisions to the seasonally adjusted estimates of the current account balance for the 15 months June 1995 to August 1996.

TABLE I. BALANCE OF PAYMENTS
(\$ million)

	Years		Months																
	1994		1995-96																
	1993-94	1994-95	1995-96	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	
Current transactions —																			
Goods and services —																			
Merchandise (a)																			
Exports fob	63,822	66,446	75,277	5,709	6,232	6,078	6,230	6,257	5,958	6,787	5,914	5,848	6,862	6,187	6,633	6,291	6,480	6,334	
Imports fob	64,411	-74,715	-77,100	6,221	-7,191	6,953	-6,115	6,701	-6,832	-5,941	-6,454	-6,262	6,100	-6,309	-6,669	5,573	-6,953	-6,566	
Balance on merchandise trade	-589	8,269	-1,823	-512	-959	-875	115	-444	874	846	-540	-414	762	122	-36	718	-473	-232	
Services —																			
Credits	18,539	20,056	22,517	1,588	1,896	1,655	1,578	1,815	1,838	1,938	2,169	2,343	1,994	1,855	1,661	1,775	2,132	1,793	
Debits	19,499	-21,433	-22,424	-1,923	-1,995	-1,855	-1,984	-1,887	-1,808	1,820	-1,956	-1,687	-1,836	-1,835	-1,850	-1,911	-2,067	-1,935	
Net services	-960	-1,377	93	-335	-99	-200	406	-72	30	118	213	656	158	20	-189	-136	65	-142	
Balance on goods and services	-1,549	9,646	-1,730	-847	-1,058	-1,075	-291	-516	844	964	327	242	920	-102	-225	582	-408	-374	
Income —																			
Credits	6,274	7,505	8,583	819	743	745	766	695	704	692	739	690	665	713	712	718	764	739	
Debits	-21,072	25,859	-28,029	-2,014	-2,228	-2,170	-2,260	-2,649	2,525	-2,286	-2,273	-2,286	-2,221	2,415	-2,429	-2,287	-2,472	-2,377	
Net income	-14,798	18,354	-19,446	-1,195	-1,485	-1,425	-1,494	-1,955	-1,820	-1,594	-1,534	-1,596	-1,555	-1,702	-1,718	-1,569	-1,708	-1,638	
Unrequited transfers —																			
Credits	2,802	3,246	3,976	276	364	327	282	309	303	327	417	437	298	326	264	322	474	348	
Debits	-2,624	-2,722	-2,767	-372	-252	-188	-197	-187	-234	-249	-261	-210	-214	-202	-227	-346	-203	-185	
Net unrequited transfers	178	524	1,209	-96	112	139	85	122	69	78	156	227	84	124	37	-24	271	163	
Balance on current account	-16,170	-27,476	-19,967	-2,138	-2,431	-2,361	-1,700	-2,349	-2,595	-552	-1,705	-1,127	-551	-1,680	-1,906	-1,011	-1,845	-1,849	
Net capital transactions —																			
Official —																			
General government	7,127	10,185	2,507	1,068	3,509	-2,585	-349	1,945	66	454	-2,962	1,432	1,697	3,167	1,306	1,162	872	-1,640	
Reserve Bank —																			
Reserve assets	-1,037	1,971	-817	956	-940	1,024	226	-49	-1,151	-98	592	554	256	67	-272	-1,026	-4,722	2,225	
Other	-49	23	-16	—	3	56	32	-13	9	5	-12	12	-32	19	-17	10	-50	53	
Total	-1,086	1,994	-833	956	-937	1,080	194	62	-1,142	-93	580	542	224	86	-289	-1,016	-4,772	2,278	
Total official	6,041	12,179	1,674	2,024	2,572	-1,505	-155	1,883	-1,076	361	-2,382	1,974	1,921	-3,081	1,017	146	-5,644	638	
Non-official plus balancing item	10,130	15,297	18,292	114	-141	3,866	1,855	466	3,671	191	4,087	-848	1,369	4,761	889	864	7,489	1,210	
Balance on capital account plus balancing item	16,170	27,476	19,967	2,138	2,431	2,361	1,700	2,349	2,595	552	1,705	1,127	551	1,680	1,906	1,011	1,845	1,849	

(a) Balance of payments basis.

TABLE 3. BALANCE OF PAYMENTS — CURRENT ACCOUNT — MERCHANDISE EXPORTS (BALANCE OF PAYMENTS BASIS)
(\$ million)

	Years												Months											
	1993-94				1994-95				1995-96				1994-95				1995-96				1996-97			
	1993-94	1994-95	1995-96	95	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.					
<i>Rural exports job (a) —</i>																								
Meat & meat preparations	4,043	3,654	3,291	296	328	265	293	305	308	319	208	244	318	241	244	218	225	211						
Cereal grains & cereal preparations	3,205	2,523	4,926	177	173	180	194	223	282	537	600	603	600	537	567	430	378	381						
Sugar, sugar preparations & honey	1,315	1,730	1,711	66	235	240	249	244	188	152	122	43	56	84	41	57	266	289						
Wool & sheepskins	3,369	4,216	3,608	284	316	223	287	327	309	368	265	277	345	298	278	315	259	224						
Other rural	6,513	6,922	7,750	693	682	652	619	601	578	660	593	553	630	676	763	743	696	704						
Total rural	18,445	19,045	21,286	1,516	1,734	1,560	1,642	1,700	1,665	2,036	1,788	1,720	1,949	1,836	1,893	1,763	1,824	1,809						
<i>Non-rural exports job (a) —</i>																								
Metal ores & minerals	7,671	7,968	9,094	752	785	768	664	725	738	819	724	654	874	698	761	884	694	837						
Coal, coke & briquettes	7,253	6,936	7,838	589	667	688	620	680	638	634	641	603	698	645	711	613	608	646						
Other mineral fuels	3,351	3,794	4,169	319	377	307	341	307	299	407	360	342	330	385	338	376	426	339						
Gold	5,521	4,907	5,695	327	440	382	574	582	437	391	580	449	387	500	533	440	640	425						
Other metals	5,396	6,097	6,799	524	565	689	607	598	516	584	518	514	584	528	570	526	515	516						
Machinery	5,293	6,035	7,128	614	632	556	618	576	644	703	440	524	715	521	606	593	619	610						
Transport equipment	2,087	2,047	2,489	215	207	206	205	214	157	256	135	162	328	172	248	199	211	184						
Other manufactures	6,966	7,907	8,736	700	697	767	780	704	724	767	587	702	795	699	780	734	734	781						
Other non-rural	1,839	1,710	2,043	153	128	155	179	171	140	190	141	178	202	203	193	163	209	187						
Total non-rural	45,377	47,401	53,991	4,193	4,498	4,518	4,588	4,557	4,293	4,751	4,126	4,128	4,913	4,351	4,740	4,528	4,656	4,525						
Total exports job	63,822	66,446	75,277	5,709	6,232	6,078	6,230	6,257	5,958	6,787	5,914	5,848	6,862	6,187	6,633	6,291	6,480	6,334						

(a) Definitions of the component series are given in ABS Catalogue No. 5302.0.

TABLE 4. BALANCE OF PAYMENTS — CURRENT ACCOUNT — MERCHANDISE IMPORTS (BALANCE OF PAYMENTS BASIS)
(\$ million)

	1994												1995-96												1996-97		
	Years						Months						Months						Months								
	1993-94	1994-95	1995-96	Q1	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.								
<i>Consumption goods fob (a) —</i>																											
Food and beverages, mainly for consumption	-2,430	-2,592	-2,759	-181	-245	-233	-230	-255	-263	-242	-252	-214	-203	-209	-220	-193	-263	255									
Household electrical items	-1,436	-1,744	-1,765	-129	-157	-167	-138	-179	-177	-139	-119	-129	-137	-148	-151	-124	170	-158									
Non-industrial transport equipment	-3,800	4,758	4,438	-413	-469	-426	-346	-422	-404	-375	277	-325	295	-368	-411	-320	-436	-498									
Textiles, clothing and footwear	2,320	-2,566	-2,729	-157	-266	-274	-220	-212	-229	-190	-262	-293	226	-207	-195	-155	-283	-265									
Toys, books and leisure goods	-2,496	2,545	-2,535	-192	-247	-251	-252	-260	-256	-185	-190	-191	170	-173	-192	-168	243	-223									
Consumption goods nes	-4,751	-5,213	-5,638	-375	-518	-524	-486	-529	-539	-450	-430	432	422	-449	-473	-386	542	-511									
Total consumption goods	-17,233	-19,418	-19,864	-1,447	-1,902	-1,875	-1,672	-1,857	-1,868	-1,581	-1,530	-1,584	-1,453	1,554	-1,642	-1,346	-1,937	1,910									
<i>Capital goods fob (a) —</i>																											
Machinery and industrial equipment	6,414	7,897	-8,319	-733	-718	-691	-615	-723	-726	-687	-738	-710	-651	-667	-717	-676	-699	-707									
ADP equipment	-2,629	-3,232	-3,592	-392	-338	-325	-253	-273	-282	-272	-263	-274	-283	-326	-361	-342	-332	-261									
Telecommunications equipment	1,182	-1,804	-1,997	-173	-164	-163	-207	-179	-199	-169	-170	141	-173	-150	-132	150	-153	-121									
Civil aircraft	-241	-529	-687	-48	-28	-81	-11	-31	-104	-28	44	-77	-31	-70	-116	-66	-9	-118									
Industrial transport equipment nes	-2,084	-2,714	-2,214	-179	-222	-198	-148	-197	-180	-165	-158	-193	-186	-198	-191	-178	-168	-167									
Capital goods nes	-2,293	-2,365	-2,365	-193	-234	-212	-183	-213	-213	-173	-189	-192	-185	-194	-206	-171	-208	-182									
Total capital goods fob	-14,843	-18,541	-19,174	-1,718	-1,704	-1,670	-1,417	-1,616	-1,704	-1,494	-1,562	-1,587	-1,509	-1,605	-1,723	-1,583	-1,569	-1,556									
<i>Intermediate and other goods (a) —</i>																											
Food and beverages, mainly for industry	-509	-774	-699	-61	-65	-65	-65	-55	-77	-44	77	-51	-46	51	-63	-40	-51	-66									
Primary industrial supplies nes	-701	-901	-879	-85	-73	-71	-66	-83	-76	-76	-64	-62	-106	75	-73	-54	-69	-66									
Fuels and lubricants	3,317	-3,566	-4,164	-286	-385	-283	-290	-264	-353	-314	-387	-376	-374	-425	-392	-321	-420	-306									
Parts for transport equipment	-4,183	-4,714	-4,600	-351	-447	-446	-338	-406	-340	-344	-397	-373	-362	-394	-419	-334	-490	-417									
Parts for ADP equipment	-1,681	-1,858	-1,858	-172	-159	-158	-155	-161	-161	-137	-160	-157	-162	-156	-155	-137	-160	-133									
Other parts for capital goods	-5,047	-5,975	-6,392	-520	-620	-584	-509	-563	-550	-471	-540	-526	-526	-490	-559	-454	-565	-537									
Organic and inorganic chemicals	-2,102	-2,431	-2,754	-234	-242	-249	-193	-225	-245	-193	-274	-215	-248	-243	-232	-195	-264	-200									
Paper and paperboard	-1,465	1,794	-1,868	-145	-189	-189	-172	-195	-173	-151	-162	-147	-115	-141	-131	-103	-152	-151									
Textile yarn and fabrics	1,869	-2,036	-1,922	-165	-189	-187	-154	-167	-172	137	-167	-151	-142	-141	-172	-143	-182	-157									
Iron and steel	1,039	-1,285	-1,408	-122	-117	-143	-129	-125	-125	-132	-121	-113	109	-100	-101	-93	103	-115									
Plastics	-1,375	-1,646	-1,684	-129	-170	-155	-146	-158	-149	-129	-150	131	-128	-124	-133	-111	-145	-135									
Non-monetary gold	978	-705	-702	-55	-55	-78	-56	-51	-74	48	-66	-64	54	-52	-52	52	45	-45									
Processed industrial supplies nes	-7,783	-8,680	-8,794	687	-824	-762	-728	-747	-751	-660	-755	710	-752	745	-772	-588	-778	-748									
Other goods	-286	-391	-338	-44	-50	-38	-25	-28	-14	30	-42	-15	-14	-13	-50	19	-23	-24									
Total intermediate and other goods	-32,335	-36,756	-38,062	-3,056	-3,585	-3,408	-3,026	3,228	-3,260	-2,866	3,362	3,091	-3,138	3,150	-3,304	-2,644	-3,447	-3,100									
Total imports fob	-64,411	-74,715	-77,100	-6,221	-7,191	-6,953	-6,115	-6,701	-6,832	-5,941	-6,454	-6,262	-6,100	-6,309	-6,669	-5,573	-6,953	-6,566									

(a) Definitions of the component series are given in the ABS Information Paper, *Change to Commodity Classification of Merchandise Imports in Balance of Payments Publications* (ABS Catalogue No. 5344.0).

TABLE 5. BALANCE OF PAYMENTS — CURRENT ACCOUNT — SERVICES, INCOME AND UNREQUITED TRANSFERS
(\$ million)

Services —	Years												Months											
	1994-						1995-96						1996-97											
	1993-94	1994-95	1995-96	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.						
Services —																								
Credits —																								
Shipment	1,487	1,533	1,641	140	142	143	143	143	143	143	145	132	133	133	127	128	129	134						
Other transportation	4,604	4,594	5,011	358	404	407	408	429	431	431	433	448	448	451	383	384	385	404						
Travel	7,502	8,879	10,378	636	923	674	594	798	807	807	906	1,129	1,301	948	874	667	757	1,118						
Other services	4,946	5,050	5,487	454	427	431	433	445	457	454	460	461	462	471	482	504	476	479						
Total services credits	18,539	20,056	22,517	1,588	1,896	1,655	1,578	1,815	1,838	1,938	2,169	2,343	1,994	1,855	1,661	1,775	2,132	1,793						
Debits —																								
Shipment	-3,854	-4,384	-4,429	-338	-386	-391	-352	-380	-417	-340	-358	-357	-380	-379	-387	-302	-400	-389						
Other transportation	-4,906	-5,376	-5,680	-500	-521	-482	-518	-474	-451	-454	-479	-414	-450	-450	-479	-508	-523	-491						
Travel	-5,157	-5,774	-6,434	-558	-592	-504	-620	-529	-457	-505	-617	-429	-505	-549	-513	-614	-632	-557						
Other services	-5,582	-5,899	-5,881	-527	-496	-478	-494	-504	-483	-521	-502	-502	-487	-501	-457	-471	-487	-512						
Total services debits	-19,499	-21,433	-22,474	-1,923	-1,995	-1,855	-1,984	-1,887	-1,808	-1,820	-1,956	-1,687	-1,836	-1,835	-1,850	-1,911	-2,067	-1,935						
Net services	-960	-1,377	93	-335	-99	-200	-406	-72	30	118	213	656	158	20	-189	-136	65	-142						
Income —																								
Credits —																								
Property income —																								
Investment income —																								
Reinvested earnings (a)	2,434	3,866	4,016	415	453	453	453	319	319	319	319	319	319	319	319	319	319	383						
Other	2,952	2,656	3,522	324	192	200	212	290	306	306	289	415	380	349	297	296	281	263						
Other property income	376	432	435	33	43	44	44	32	33	33	33	34	34	33	35	35	35	41						
Labour and other income	511	551	610	48	55	48	57	54	47	51	56	43	50	48	47	54	59	52						
Total income credits	6,274	7,505	8,583	819	743	745	766	695	704	692	739	690	665	713	712	718	764	739						
Debits —																								
Property income —																								
Investment income —																								
Official	-4,109	-3,968	-4,566	-203	-418	-355	-451	-507	-381	-381	137	-462	-474	-410	-358	-379	-233	-496						
Non-official —																								
Reinvested earnings (a)	-3,570	-6,256	6,187	-277	-570	-570	-570	-492	-492	-492	-492	-500	-500	-500	-500	-500	-567	-567						
Other	-11,350	13,486	-14,856	-1,352	-1,044	1,044	-1,044	-1,450	-1,450	-1,450	-1,450	-1,106	-1,106	-1,106	-1,352	-1,352	1,197	1,197						
Other property income	1,760	-1,760	-1,979	-139	-161	-161	-171	-170	-170	-171	-165	-166	-165	-163	163	162	-172	-172						
Labour and other income	-283	-389	-441	-43	-35	-40	-34	-30	-32	-36	-40	-40	-39	-41	-35	-39	-40	-43						
Total income debits	-21,072	-25,859	-28,029	-2,014	-2,228	-2,170	-2,260	-2,649	-2,525	-2,286	-2,286	-2,273	-2,286	-2,271	-2,415	-2,429	-2,287	-2,472						
Net income	-14,798	-18,354	-19,446	-1,195	-1,485	-1,425	-1,494	-1,955	-1,820	-1,594	-1,534	-1,596	-1,555	-1,702	-1,718	-1,569	-1,708	-1,638						
Unrequited transfers —																								
Credits —																								
Official	2,802	3,246	3,976	276	364	327	282	309	303	303	327	417	437	298	326	264	322	474						
Non-official	-1,583	-1,591	-1,572	-280	-152	91	-108	-101	-135	127	-146	112	111	-106	-135	-248	-98	-83						
Total	1,041	-1,131	-1,195	-92	100	-97	-89	-86	99	-122	-115	-98	-103	-96	-92	98	105	-102						
Debits —																								
Official	-2,624	-2,722	-2,767	-372	-332	-168	-197	-187	-234	-249	-261	-210	-214	-202	-227	-346	-203	-185						
Non-official	178	524	1,209	-96	112	139	85	122	69	78	156	227	84	124	37	-24	271	163						
Net unrequited transfers																								

(a) From July 1993, these series are collected on a quarterly basis and then divided by three. Prior to this they were collected annually and divided by twelve.

TABLE 6. BALANCE OF PAYMENTS — CAPITAL ACCOUNT AND BALANCING ITEM
(\$ million)

	Years		Months																
	1994		1995-96																
	1993-94	1994-95	1995-96	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	
Official —																			
<i>General government</i>																			
Borrowing —																			
Domiciled abroad																			
Commonwealth Government	40																		
Drawings																			
Repayments																			
Total	-1,129	-1,573	-1,153	-1	-197	-1	-1	-250	24	-136	-18	-1	-192	-1	-261	-70	-1	-20	
State government	4,848	7,554	-3,794	1,664	3,362	19	-803	1,098	-1,333	-584	1,389	-1,245	-1,157	-1,252	-394	-116	1,486	-638	
Total domiciled abroad	3,759	5,981	-4,946	1,663	3,166	18	-804	848	-1,358	720	-1,407	-1,247	-1,349	-1,253	-655	-185	1,484	658	
Domiciled in Australia	3,837	3,588	7,784	-612	377	-2,584	471	1,072	1,424	1,322	-1,616	2,784	3,102	-1,893	1,943	1,382	-2,358	-953	
Total borrowing	7,596	9,569	2,838	1,051	3,543	-2,566	-333	1,920	66	602	-3,023	1,537	1,753	-3,146	1,289	1,196	-874	-1,611	
Other	-470	617	-330	17	-34	-19	-16	23	—	-148	61	-105	-56	-21	17	-34	2	-29	
<i>Total general government</i>	7,127	10,185	2,507	1,068	3,509	-2,585	-349	1,945	66	454	-2,962	1,432	1,697	-3,167	1,306	1,162	-872	-1,640	
<i>Reserve Bank —</i>																			
Reserve assets —																			
Official reserve assets	-1,037	1,971	-817	956	-940	1,024	226	49	-1,151	-98	592	554	256	67	-272	-1,026	-4,722	2,225	
Allocation of SDRs																			
Other	49	23	-16	—	3	56	-32	-13	9	5	-12	-12	-32	19	-17	10	-50	53	
<i>Total Reserve Bank</i>	-1,086	1,994	833	956	-937	1,080	194	-62	-1,142	-93	580	542	224	86	-289	-1,016	-4,772	2,278	
<i>Total official</i>	6,041	12,179	1,674	2,024	2,572	-1,505	-155	1,883	-1,076	361	-2,382	1,974	1,921	-3,081	1,017	146	-5,644	638	
Non-official plus balancing item —																			
<i>Public sector</i>																			
Non equity securities																			
domiciled in Australia (a)	-1,060	-198	-125	68	82	32	-93	-31	4	-24	-60	-115	143	51	70	-120	36	-21	
Accounts receivable/prepayments																			
made	-1,217	1,161	99	-61	-4	8	38	-27	-78	-45	16	84	-48	199	-1	-27	-66	18	
<i>Other (including balancing</i>																			
<i>item) (b)</i>	12,409	14,333	18,318	243	219	3,906	1,910	524	3,745	259	4,131	-816	-1,465	4,511	820	1,011	7,519	1,213	
<i>Total non-official plus balancing</i>	10,130	15,297	18,292	114	-141	3,866	1,855	466	3,671	191	4,087	-948	-1,369	4,761	889	864	7,489	1,210	
<i>Balance on capital account plus</i>																			
<i>balancing item</i>	16,170	27,476	19,967	2,138	2,431	2,361	1,700	2,349	2,595	552	1,705	1,127	551	1,680	1,906	1,011	1,845	1,849	

(a) Excludes bank securities. (b) Includes public sector transactions n.e.c.

TABLE 7. OFFICIAL RESERVE ASSETS AND EXCHANGE RATES

	Years		Months													
	1994		1995-96													
	1994-94	1995-95	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	1996-97	
Official reserve assets (<i>\$ million</i>)—																
Levels at end of period	20,185	19,059	20,185	20,050	18,350	18,659	18,671	19,934	20,068	19,375	17,935	17,820	17,888	19,059	24,664	21,807
Changes in levels Of which—																
Changes due to effects of revaluations	-162	-476	-1,126	1,258	-1,700	309	12	1,263	134	-693	-825	-615	115	68	1,171	5,605
Changes included in the balance of payments (a)	-1,199	1,495	-1,943	-302	-676	535	-37	112	36	-101	-271	-359	-48	204	145	883
Exchange rates (b)— Units of foreign currency per \$A—	1,037	-1,971	817	-956	940	-1,024	-226	49	1,151	98	-592	-554	-67	272	1,026	4,722
End of period (c)—																
United States dollar	0.7291	0.7086	0.7890	0.7086	0.7389	0.7524	0.7566	0.7469	0.7450	0.7447	0.7635	0.7793	0.7854	0.7983	0.7890	0.7731
United Kingdom pound	0.4721	0.4452	0.5099	0.4452	0.4611	0.4861	0.4777	0.4800	0.4860	0.4814	0.4943	0.4982	0.5106	0.5207	0.5099	0.4964
German mark	1.159	0.981	1.200	0.981	1.023	1.109	1.070	1.066	1.071	1.108	1.121	1.149	1.197	1.225	1.200	1.138
Japanese yen	72.20	60.08	86.48	60.08	63.31	73.55	74.22	76.98	75.83	76.66	79.88	79.85	83.00	81.88	86.36	86.48
Special drawing right	0.5026	0.4539	0.5476	0.4539	0.4753	0.5070	0.5031	0.5020	0.5009	0.5121	0.5182	0.5345	0.5404	0.5519	0.5476	0.5290
Period average (d)—																
United States dollar	0.6919	0.7427	0.7593	0.7196	0.7268	0.7412	0.7542	0.7580	0.7459	0.7416	0.7555	0.7714	0.7868	0.7970	0.7915	0.7893
United Kingdom pound	0.4623	0.4705	0.4909	0.4511	0.4557	0.4725	0.4841	0.4800	0.4768	0.4815	0.4846	0.4916	0.5049	0.5192	0.5132	0.5081
German mark	1.171	1.120	1.109	1.008	1.010	1.103	1.073	1.056	1.068	1.083	1.107	1.139	1.184	1.222	1.189	1.161
Japanese yen	73.52	70.35	77.66	60.84	63.43	70.06	75.79	76.28	76.02	75.49	77.91	79.90	81.69	84.45	86.15	86.27
Special drawing right	0.4944	0.4972	0.5156	0.4601	0.4665	0.4897	0.5084	0.4988	0.4993	0.5047	0.5157	0.5563	0.5423	0.5516	0.5487	0.5368
Trade weighted index of value of the Australian dollar (May 1970 = 100) (b)—																
End of period (c)	53.0	48.4	58.1	48.4	51.0	53.9	53.8	54.3	53.8	53.9	54.7	55.5	56.8	57.1	58.1	56.5
Period average (d)	51.4	52.8	54.8	49.2	50.0	52.5	54.4	54.3	53.7	53.5	54.2	55.1	56.2	57.5	58.3	58.0

(a) The entries carry the opposite sign to corresponding entries in Tables 1 and 6. (b) These exchange rates and the trade-weighted index are derived using rates provided by the Reserve Bank of Australia in respect of each trading day. (c) These exchange rates and index numbers relate to the last trading day of the reference period. (d) These exchange rates and index numbers are derived by averaging figures for each trading day.

EXPLANATORY NOTES

Introduction

1. This publication contains preliminary estimates of Australia's balance of payments for August 1996, together with revised estimates for previous months. More comprehensive quarterly estimates are available in the June quarter 1996 issue of the quarterly balance of payments publication (5302.0) which was released on 27 August 1996.

2. 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 and trend estimates; and an analysis of the quality of the estimates.

Accuracy, reliability and volatility

3. Care should be exercised in the use and interpretation of estimates in this publication. The sources available for the production of timely and reliable monthly estimates are limited and the initial estimates are made available very quickly. Consequently, the latest estimates in this publication, to a greater extent than estimates in quarterly and annual balance of payments publications, are **preliminary and subject to revision** as more complete and accurate information becomes available. Certain items are estimated using extrapolation techniques until source data become available. Further, the more detailed estimates may be less accurate in relative terms than broader items and aggregates of which they form components. A detailed assessment of the quality of Australia's balance of payments statistics is provided in the information paper *Quality of Australian Balance of Payments Statistics, 1996* (5342.0) released on 20 February 1996.

4. **Particular care should be exercised in interpreting month-to-month movements** in original and seasonally adjusted series as short term movements cannot be assumed to indicate changes in trend. The monthly estimates are volatile, being subject to seasonal factors (except where adjusted in Table 2) and large irregular influences. The irregular influences may reflect both random economic events and difficulties of statistical recording. Seasonal adjustment does not aim to remove the irregular or non-seasonal influences which may be present in any particular month. This means that the month-to-month movements of the seasonally adjusted estimates may not be reliable indicators of trend behaviour. For example, irregular factors unrelated to the trend account for more than half the seasonally adjusted monthly movements with the following frequency:

Balance on current account: 9 in 10 months
 Merchandise exports fob: 8 in 10 months
 Merchandise imports fob: 9 in 10 months

5. **The impact of the irregular influences upon the seasonally adjusted series is reduced by smoothing**, as shown by the trend estimates in Table 2 and the graphs. The trend estimates are generally derived by applying a 13-term Henderson-weighted moving average to the seasonally adjusted series.

Seasonal adjustment

6. The factors used in seasonally adjusting the monthly balance of payments statistics during 1996 can be obtained, for \$75.00, by contacting Melissa Marino on Canberra (06) 252 6419.

7. The **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.

Available longer term series

8. Estimates for months prior to those shown in this publication are available and can be obtained by contacting Trevor Jolly on Canberra (06) 252 6820. There may be a charge for this information.

Related products and services

9. More detailed merchandise exports and merchandise imports data, including dissections by commodity and country of origin, are also available on an international merchandise trade basis for August 1996 and previous months. These data can be obtained by contacting information services on Canberra (06) 252 5400.

Symbols and other usages

fob	free on board
n.a.	not available
n.e.c.	not elsewhere classified
n.e.s.	not elsewhere specified
n.p.	not for publication
n.y.a.	not yet available
—	nil or rounded to zero
..	not applicable
p	provisional

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

W. McLennan
 Australian Statistician

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