

BALANCE OF PAYMENTS, AUSTRALIA, SEPTEMBER QUARTER 1979

INQUIRIES

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MAIN FEATURES

September quarter 1979

- . An overall deficit, as measured by net official monetary movements, of \$550 million.
- . Record exports of \$4,170 million, \$143 million higher than in the previous quarter.
- . Imports of \$3,570 million, \$36 million less than the previous quarter.
- . A trade surplus of \$600 million, \$179 million higher than in the previous quarter.
- . Net invisibles — payments exceeded receipts by \$1,066 million.
- . A deficit on current account of \$466 million.
- . A net apparent capital outflow of \$84 million.

TRENDS IN MAJOR AGGREGATES

Current account

- . The *current account* deficit of \$466 million for the September quarter compared with a deficit of \$970 million in the September quarter 1978.
- . *Seasonally adjusted*, the *current account* deficit was \$335 million, a decrease of \$287 million on the deficit for the previous quarter.
- . The *balance of trade* surplus of \$600 million for the September quarter was \$700 million higher than in the September quarter 1978.
- . *Seasonally adjusted*, the *trade surplus* was \$730 million, an increase of \$426 million on the surplus of \$304 million in the June quarter 1979.
- . *Exports* (on a balance of payments basis) were a record \$4,170 million in the September quarter, 4 per cent up on the June quarter and 37 per cent higher than in the September quarter 1978. Export commodity statistics for the whole quarter are not yet available, but a comparison of the first two months of the quarter with the corresponding months of 1978

showed marked increases in the value of exports of cereal grains and cereal preparations (up \$152 million or 101 per cent), sugar, sugar preparations and honey (up \$36 million or 40 per cent) and manufactures of non ferrous metals (up \$70 million or 64 per cent).

Seasonally adjusted exports were \$4,221 million, an increase of \$259 million, or 7 per cent on the June quarter.

Imports (on a balance of payments basis) were \$3,570 million in the September quarter, a drop of 1 per cent on the June quarter and 14 per cent higher than in the September quarter 1978. Import commodity statistics for the September quarter compared with the corresponding quarter of 1978 show increases in the value of imports of petroleum (up \$206 million or 76 per cent), organic chemicals (up \$36 million or 52 per cent), and textile yarn, fabrics, and made up articles (up \$27 million or 14 per cent). A decrease in the value of imports of other transport equipment (down \$96 million or 60 per cent) was also recorded.

Seasonally adjusted imports at \$3,490 million were down \$167 million from the level of the previous quarter.

The deficit of \$1,066 million for *net invisibles* in the September quarter was \$19 million more than for the June quarter. *Seasonally adjusted net invisibles* at \$1,065 million was \$139 million up on the June quarter.

Capital account

- . The *net apparent capital outflow* of \$84 million in the September quarter represented a turn around of \$891 million on the previous quarter.
- . Interim estimates of *foreign investment in Australian enterprises* indicate a net inflow of \$603 million in the September quarter, a decrease of \$31 million on the net inflow in the previous quarter and \$235 million higher than in the September quarter 1978.
- . The *trade credit n.e.i.* estimate for the September quarter shows a net outflow of \$200 million compared with a net outflow of \$11 million in the June quarter.
- . There was a net outflow of \$128 million on *government capital transactions* during the quarter.

Overall results

- . *Net official monetary movements* during the September quarter 1979 showed a deficit of \$550 million, compared with a surplus of \$181 million in June quarter 1979 and a deficit of \$205 million in the September quarter 1978.
- . *Official reserve assets* decreased by \$550 million during the September quarter as a result of balance of

payments transactions (i.e. after excluding changes due to the effects of revaluations).

Level of reserves

- . At 30 September 1979, Australia's *official reserve assets*, valued at market rates of exchange and with gold holdings at market related value, stood at \$3,858 million.

TABLE A. OFFICIAL RESERVE ASSETS AND EXCHANGE RATES

Quarters	Official Reserve Assets \$ million				Exchange Rates (end of quarter) Units of foreign currency per \$A				Trade-weighted index (end of quarter) of value of Australian dollar, May 1970 = 100
	Changes included in the balance of payments	Changes due to effects of revaluations	Reserve Bank Series		U.S.A. Dollar	U.K. Pound	W. Germ. Mark	Japan Yen	
			Changes in levels	Levels at end of quarter					
1976-77 June	-352	-67	-419	3,312	1.1108	0.6458	2.616	300.84	92.5
1977-78 September	-584	+92	-492	2,820	1.1076	0.6348	2.572	293.63	91.5
December	-43	+102	+59	2,879	1.1414	0.5965	2.395	273.85	89.4
March	+187	+196	+383	3,262	1.1431	0.6127	2.314	253.65	87.5
June	-34	-3	-37	3,225	1.1475	0.6151	2.379	234.63	86.2
1978-79 September	-205	+254	+49	3,274	1.1566	0.5853	2.234	218.31	83.6
December	-113	+39	-74	3,200	1.1505	0.5656	2.099	222.83	82.7
March	+109	+291	+400	3,600	1.1182	0.5423	2.087	233.12	82.3
June	+42	+243	+285	3,885	1.1211	0.5154	2.068	242.44	83.1
1979-80 September	-550	+523	-26	3,858	1.1267	0.5116	2.020	250.10	83.5

TABLE B. TRADE STATISTICS : ADJUSTMENTS FOR BALANCE OF PAYMENTS PURPOSES
(\$ million)

Years/ quarters	Exports				Imports				
	Trade basis	Adjustments		Balance of payments basis	Trade basis	Adjustments			Balance of payments basis
		Coverage	Timing			Coverage	Timing	Valuation	
1975-76	9,640	-252	19	9,408	8,241	-27	-2	-288	7,924
1976-77	11,652	-133	-115	11,404	10,411	62	20	-148	10,345
1977-78	12,270	-208	-19	12,042	11,167	109	36	-147	11,165
1978-79	14,247	-232	87	14,103	13,752	-86	-1	-189	13,476
1976-77 June	3,035	-22	-70	2,943	2,803	-22	11	-35	2,757
1977-78 September	3,079	-74	10	3,015	2,828	35	4	-38	2,829
December	3,085	-47	97	3,135	2,629	45	-14	-40	2,620
March	2,925	-42	-87	2,796	2,804	45	27	-27	2,849
June	3,181	-46	-39	3,096	2,905	-14	19	-41	2,868
1978-79 September	3,052	-56	41	3,038	3,184	16	-18	-45	3,138
December	3,433	-40	-12	3,381	3,434	1	-9	-38	3,388
March	3,618	-45	84	3,657	3,408	-27	17	-54	3,344
June	4,144	-91	-27	4,027	3,726	-77	9	-52	3,606
1979-80 September	4,083	-58	146	4,170	3,654	-41	1	-43	3,570

EXPLANATORY NOTES

Introduction

This publication contains preliminary estimates of Australia's international balance of payments for the September quarter 1979, together with revised estimates for previous quarters and financial years. More detailed estimates are published annually in the publication *Balance of Payments* (5303.0).

2. Included are corresponding seasonally adjusted estimates of the current account. Notes on the statistics and their seasonal adjustment are provided below. Unless otherwise stated, figures reported in the commentary and tables refer to the original estimates.

3. Estimates for the more recent periods are preliminary and subject to revision. The items which can be most affected by revisions are those for which benchmark data are derived from annual surveys where long time lags in collection and processing are inevitable.

Australian currency values

4. The Australian currency equivalents shown in these statistics for transactions originally denominated in foreign currencies were derived by converting into Australian dollars at market rates of exchange.

Adjustments to exports and imports

5. The figures for *exports* and *imports* in the main tables represent the recorded trade figures adjusted in respect of coverage, timing and valuation for balance of payments purposes. Table B on page 3 sets out the values for these adjustments. Reference should be made to the annual publication *Balance of Payments* (5303.0) for a description of the adjustments. The line drawn between 1975-76 and 1976-77 in the imports, trade basis column of table B indicates that the figures from 1976-77 are not comparable with previous years because of the change in the basis of valuation, which occurred on 1 July 1976 when Australia adopted the internationally recognised Brussels Definition of Value (BDV) on a free-on-board basis. For further details, see ABS publication *Imports* (5406.0).

6. Commencing with this issue, the figures for exports have been adjusted to take account of timing differences that occur between the purchase of wheat by non-residents and its recording in trade statistics based on customs entries. Revisions have been made from the September quarter 1978 to incorporate this adjustment.

Net official monetary movements

7. The aggregate *net official monetary movements* is usually taken as a measure of the overall surplus or deficit in the balance of payments. In order not to obscure the underlying performance of the balance of payments this item excludes changes that do not arise from international economic transactions. The main exclusions made for this reason are the allocation of Special Drawing Rights (SDR) by the International Monetary Fund (included in official reserve assets but

excluded from net official monetary movements by means of the offset item shown in the table) and changes in the Australian dollar value of official reserve assets due to revaluations.

8. The measurement of official reserve assets is based on market valuations. Changes in the value of these assets occur not only as a result of economic transactions and certain other changes (such as the allocation of SDR) but also as a result of fluctuations in the market value of certain assets and in the market rates of exchange used to convert them into Australian dollars. Table A on page 3 sets out separately the changes in official reserve assets which result from transactions and certain other changes, which are recorded in the balance of payments, and revaluation changes, which are excluded from the balance of payments. The major change that occurred in the Australian dollar value of official reserve assets in the December quarter 1976 was due to a devaluation of the Australian dollar on 28 November 1976.

9. Table A also shows the exchange rate of the Australian dollar with four major currencies and a trade-weighted index of value of the Australian dollar provided by the Reserve Bank. The trade-weighted index is the average value of the Australian dollar vis a vis currencies of Australia's major trading partners.

Seasonal adjustment

10. Most of the current account series in this bulletin are affected to some extent by seasonal influences and it is useful to recognise and take account of this element of variation.

11. While some degree of seasonality is evident in some capital account items over certain periods, the overall seasonal element is small compared with the large cyclical and irregular movements which have characterised capital flows in recent years. For these reasons, capital account items are, as in most countries, not being seasonally adjusted.

12. Seasonal adjustment may be carried out by various methods and the results may vary slightly according to the procedure adopted. Accordingly, seasonally adjusted statistics are in fact only estimates and should not be regarded as in any way definitive. In interpreting particular seasonally adjusted statistics it is important, therefore, to bear in mind the methods by which they have been derived and the limitations to which the methods used are subject.

13. Particular care should be taken in interpreting quarter to quarter movements in the adjusted figures, especially for those items showing substantial irregular movement. It should be recognised that levels of overseas transactions can be directly affected by changes in foreign exchange rates which, while they are working through the system, lead to movements that do not appear so directly or with such frequency in other statistical series.

14. Details of the seasonal adjustment methods used, together with selected measures of variability for these series, are given in *Seasonally Adjusted Indicators* (1308.0).

15. In order to maintain an accounting identity, the balance items (balance of trade, net invisibles and balance on current account) are derived by differencing independently adjusted series and could contain irregular fluctuations somewhat larger than those appearing in the individual series being differenced.

16. Historical series (from September quarter 1959 onwards) for the seasonally adjusted current account at the level of detail shown in this publication are available on request.

Related publications

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

Balance of Payments, monthly (5301.0)

Balance of Payments, annual (5303.0)

Imports by Commodity Divisions (Preliminary), monthly (5405.0)

Exports by Commodity Divisions (Preliminary), monthly (5402.0)

Foreign Investment 1976-77 (5305.0)

Foreign Investment in Enterprises in Australia, quarterly (5306.0).

18. All current publications produced by ABS are listed in *Catalogue of Publications* (1101.0) which is available free of charge from any ABS office.

Symbols and other usages

- nil or less than half the final digit shown
- .. not applicable
- break in continuity of series (where drawn across a column between two consecutive figures)

19. In the following tables, the minus sign (-) denotes a debit for items in the current account; an outflow for components of capital inflow (net) and, for components of monetary movements, a decrease in assets, an increase in liabilities, or the receipt of an allocation of Special Drawing Rights in the I.M.F.

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

R. J. CAMERON
Australian Statistician

TABLE 1. BALANCE OF PAYMENTS – CURRENT ACCOUNT
(\$ million)

	Quarter Ended																	
	Year				1976-77				1977-78				1978-79				1979-80	
	1975-76	1976-77	1977-78	1978-79	June	Sept.	Dec.	Mar.	June	Sept.	Dec.	Mar.	June	Sept.				
Visible trade –																		
Exports f.o.b.	9,408	11,404	12,042	14,103	2,943	3,015	3,135	2,796	3,096	3,038	3,381	3,657	4,027	4,170				
Imports f.o.b.	-7,924	-10,345	-11,165	-13,476	-2,757	-2,829	-2,620	-2,849	-2,868	-3,138	-3,388	-3,344	-3,606	-3,570				
<i>Balance of trade</i>	<i>1,484</i>	<i>1,059</i>	<i>877</i>	<i>627</i>	<i>187</i>	<i>186</i>	<i>515</i>	<i>-52</i>	<i>228</i>	<i>-100</i>	<i>-7</i>	<i>313</i>	<i>421</i>	<i>600</i>				
Invisible credits –																		
Gold production	23	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Transportation	1,041	1,238	1,316	1,542	316	312	345	335	325	354	408	392	387	425				
Travel	233	278	325	385	60	68	104	88	65	84	119	105	77	90				
Government	77	88	93	98	24	21	24	22	26	23	23	26	25	27				
Miscellaneous	126	94	154	244	20	25	31	38	60	61	68	66	49	63				
Property income	332	357	354	400	95	83	94	81	96	93	102	92	114	102				
Transfers	359	276	402	411	72	86	95	117	104	106	95	102	108	99				
<i>Total invisible credits</i>	<i>2,190</i>	<i>2,331</i>	<i>2,644</i>	<i>3,079</i>	<i>587</i>	<i>595</i>	<i>692</i>	<i>682</i>	<i>675</i>	<i>722</i>	<i>814</i>	<i>782</i>	<i>761</i>	<i>806</i>				
Invisible debits –																		
Transportation –																		
Freight on imports	-802	-1,034	-1,076	-1,254	-272	-272	-269	-249	-287	-300	-311	-312	-332	-358				
Other transportation	-804	-964	-1,059	-1,270	-263	-264	-248	-255	-293	-315	-303	-316	-336	-386				
Travel	-509	-510	-551	-643	-165	-144	-104	-112	-190	-167	-132	-166	-178	-185				
Government	-175	-189	-223	-219	-61	-53	-52	-56	-61	-43	-54	-53	-68	-49				
Miscellaneous	-253	-255	-399	-382	-65	-92	-89	-112	-106	-93	-89	-123	-77	-110				
Property income –																		
Investment income –																		
Undistributed	-611	-660	-637	-680	-165	-159	-159	-159	-159	-170	-170	-170	-170	-200				
Other	-871	-1,043	-1,192	-1,338	-288	-319	-287	-255	-330	-268	-365	-338	-367	-359				
Royalties and copyrights	-75	-57	-81	-92	-16	-22	-16	-18	-25	-18	-23	-27	-24	-18				
Transfers –																		
Government	-388	-414	-452	-517	-116	-146	-54	-118	-134	-113	-105	-138	-161	-111				
Private	-313	-290	-367	-397	-77	-91	-87	-91	-98	-105	-86	-112	-94	-97				
<i>Total invisible debits</i>	<i>-4,800</i>	<i>-5,417</i>	<i>-6,035</i>	<i>-6,793</i>	<i>-1,487</i>	<i>-1,562</i>	<i>-1,365</i>	<i>-1,424</i>	<i>-1,684</i>	<i>-1,592</i>	<i>-1,638</i>	<i>-1,756</i>	<i>-1,807</i>	<i>-1,872</i>				
<i>Net invisibles</i>	<i>-2,610</i>	<i>-3,086</i>	<i>-3,391</i>	<i>-3,714</i>	<i>-900</i>	<i>-967</i>	<i>-673</i>	<i>-743</i>	<i>-1,009</i>	<i>-870</i>	<i>-823</i>	<i>-974</i>	<i>-1,047</i>	<i>-1,066</i>				
Balance on current account	-1,126	-2,027	-2,515	-3,087	-713	-781	-158	-795	-781	-970	-830	-661	-626	-466				

TABLE 2. BALANCE OF PAYMENTS - CAPITAL ACCOUNT
(\$ million)

	Quarters Ended -																	
	Year				1976-77				1977-78				1978-79				1979-80	
	1975-76	1976-77	1977-78	1978-79	June	Sept.	Dec.	Mar.	June	Sept.	Dec.	Mar.	June	Sept.				
Capital inflow (net) -																		
Government capital movements -																		
Government securities	47	374	1,647	1,369	-4	490	366	476	315	429	471	365	105	-52				
Other government capital movements	-176	-222	-129	-19	-116	-59	-20	40	-90	93	-1	-43	-68	-76				
Total government capital movements	-128	152	1,518	1,350	-120	432	346	516	224	521	470	322	37	-128				
Private capital movements -																		
Foreign investment in Australian enterprises -																		
Undistributed income	611	660	637	680	165	159	159	159	159	170	170	170	170	200				
Other direct investment	-31	414	371	556	147	-41	82	62	268	127	214	122	93	70				
Portfolio investment and institutional loans	206	488	268	652	129	-1	120	62	87	71	12	198	371	333				
Total enterprises	785	1,562	1,276	1,888	440	118	361	283	514	368	396	490	634	603				
Australian investment abroad	-179	-230	-175	-230	-52	-41	-53	-40	-41	-41	-78	-56	-55	(a)				
Trade credit n.e.i. -																		
Marketing authorities	120	111	-208	34	-5	-164	-84	79	-39	-41	107	35	-68	-138				
Other	-10	132	-76	-23	30	26	-82	-5	-15	53	-77	-56	57	-62				
Total private capital movements	716	1,575	818	1,669	413	-61	143	317	418	339	348	413	569	404				
Non-official monetary sector transactions	-25	30	-6	-28	34	47	-18	-10	-25	62	-52	-18	36	(a)				
Net identified capital inflow	563	1,757	2,330	3,047	327	418	471	823	618	922	766	717	642	276				
Balancing item	-457	-220	-357	-84	36	-373	-386	274	128	-157	-33	-59	165	(b)-360				
Net apparent capital inflow	106	1,536	1,973	2,963	363	45	85	1,097	745	765	733	658	807	-84				
Official monetary movements -																		
Changes in official reserve assets	-1,053	-190	-474	-167	-352	-584	-43	187	-34	-205	-113	109	42	-550				
Allocation of SDR	-	-	-	-94	-	-	-	-	-	-	-	-94	-	-				
Other transactions	32	-301	-68	137	2	-152	-30	116	-2	-	15	-18	139	-				
Net official monetary movements	-1,020	-491	-542	-124	-350	-736	-73	302	-36	-205	-97	-3	181	-550				

(a) Not yet available. Included in the balancing item. (b) Includes items footnoted (a).

TABLE 3. BALANCE OF PAYMENTS – CURRENT ACCOUNT – SEASONALLY ADJUSTED
(\$ million)

	Quarter Ended –									
	1976-77		1977-78			1978-79				1979-80
	June	Sept.	Dec.	Mar.	June	Sept.	Dec.	Mar.	June	Sept.
Visible trade –										
Exports f.o.b.	2,900	3,052	3,009	2,931	3,047	3,074	3,243	3,838	3,962	4,221
Imports f.o.b.	-2,803	-2,754	-2,674	-2,820	-2,911	-3,063	-3,464	-3,302	-3,657	-3,490
Balance of trade	97	298	335	111	136	11	-221	536	304	730
Invisible credits –										
Gold production	..	..	..	..	..	..	..	..	..	..
Transportation	321	317	340	329	330	361	402	384	395	433
Travel	77	77	83	82	83	96	95	97	98	102
Government	23	22	24	22	25	24	23	26	24	28
Miscellaneous	20	25	31	41	57	63	66	71	47	65
Property income	94	83	93	83	95	93	101	93	113	102
Transfers	71	86	94	121	102	106	93	106	106	99
Total invisible credits	605	610	663	677	692	742	779	777	784	829
Invisible debits –										
Transportation –										
Freight on imports	-276	-262	-271	-253	-292	-288	-314	-317	-337	-344
Other transportation	-255	-262	-255	-259	-282	-311	-313	-323	-325	-380
Travel	-129	-137	-121	-138	-149	-159	-153	-205	-139	-176
Government	-52	-60	-54	-59	-53	-48	-56	-56	-58	-56
Miscellaneous	-66	-87	-95	-106	-110	-89	-98	-116	-80	-105
Property income –										
Investment income –										
Undistributed	-165	-159	-159	-159	-159	-170	-170	-170	-170	-200
Other	-268	-379	-254	-279	-305	-305	-324	-370	-337	-409
Royalties and copyrights	-16	-22	-18	-18	-23	-18	-25	-27	-23	-18
Transfers –										
Government	-111	-143	-58	-121	-128	-118	-106	-141	-148	-115
Private	-76	-87	-87	-97	-97	-100	-86	-119	-94	-92
Total invisible debits	-1,414	-1,597	-1,371	-1,487	-1,598	-1,606	-1,646	-1,842	-1,710	-1,894
Net invisibles	-809	-987	-708	-810	-906	-864	-867	-1,065	-926	-1,065
Balance on current account	-712	-689	-373	-699	-770	-853	-1,088	-530	-622	-335

TABLE 4. BALANCE OF PAYMENTS – CURRENT ACCOUNT – SEASONALLY ADJUSTED
PERCENTAGE CHANGE FROM PRECEDING QUARTER

	Quarter Ended –									
	1976-77		1977-78			1978-79				1979-80
	June	Sept.	Dec.	Mar.	June	Sept.	Dec.	Mar.	June	Sept.
Exports f.o.b.	-1.0	5.2	-1.4	-2.6	4.0	0.9	5.5	18.3	3.2	6.5
Invisible credits	2.0	0.8	8.6	2.2	2.2	7.2	5.0	-0.3	1.0	5.7
Imports f.o.b.	1.1	-1.8	-2.9	5.5	3.2	5.2	13.1	-4.7	10.8	-4.6
Invisible debits	4.3	13.0	-14.2	8.5	7.5	0.5	2.5	11.9	-7.1	10.7