

EMBARGOED UNTIL 11.30 A.M. 31 MAY 1989

**BALANCE OF PAYMENTS
AUSTRALIA
MARCH QUARTER 1989**

**IAN CASTLES
Australian Statistician**

© Commonwealth of Australia 1989

PHONE INQUIRIES	<ul style="list-style-type: none"> • about these statistics and the availability of related unpublished statistics — contact Mr Daniel Aherne on Canberra (062) 52 6689 or Mr Joseph Dalglish on Canberra (062) 52 5540. • about constant price estimates and implicit price deflators— contact Mr Stephen Waugh on Canberra (062) 52 6711. • about other statistics and ABS services - contact Information Services on Canberra (062) 52 6627, 52 5402, 52 6007 or any ABS State office.
MAIL INQUIRIES	<ul style="list-style-type: none"> • write to Information Services, ABS, P.O. Box 10, Belconnen, A.C.T. 2616 or any ABS State office.
ELECTRONIC SERVICES	<ul style="list-style-type: none"> • on VIATEL - key *656# • on AUSSTATS — phone (062) 52 6017 • on TELESTATS—phone (062) 52 5404

CONTENTS

<i>Table</i>		<i>Page</i>
..	Main features	1
..	Graphs of principal balance of payments aggregates	2
..	Notes on the estimates	6
..	Special articles - time series decomposition of balance of payments statistics - imports of computer equipment	8 10
 Summary tables		
1	Balance of payments	11
2	Balance of payments - current account	12
3	Balance of payments - current account - seasonally adjusted	13
4	Balance of payments - capital account	14
 Current account tables		
5	Balance of payments - exports and imports of goods and services at current and average 1984-85 prices - original and seasonally adjusted	15
6	Balance of payments - exports and imports of goods and services - implicit price deflators and terms of trade	16
7	Merchandise (balance of payment basis)	17
8	Merchandise (balance of payments basis) - at average 1984-85 prices	18
9	Merchandise (balance of payments basis) - seasonally adjusted	19
10	Merchandise (balance of payments basis) - at average 1984-85 prices - seasonally adjusted	20
11	Merchandise - foreign trade statistics adjusted for balance of payments purposes	21
12	Balance of payments - current account - services	22
13	Balance of payments - current account - income credits	23
14	Balance of payments - current account - income debits	24
15	Balance of payments - current account - unrequited transfers	25
 Capital account tables		
16	Balance of payments - capital account - net capital transactions of general government	26
17	Balance of payments - capital account - net capital transactions of the Reserve Bank	27
18	Balance of payments - capital account - net capital transactions of the non-official sector	28
19	Net borrowing transactions of the non-official sector	29
 Supplementary table		
20	Official reserve assets and exchange rates.	30
..	Explanatory notes	31
..	List of occasional articles in recent balance of payments and foreign investment publications	34

MAIN FEATURES

Estimates of the main balance of payments aggregates for the March quarter 1989 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

	1988-89					
	Not seasonally adjusted			Seasonally adjusted		
	Dec qtr	Mar qtr	Per cent change (a)	Dec qtr	Mar qtr	Per cent change (a)
MAIN AGGREGATES (\$ million)						
Balance on current account	-4383	-4485	-2	-4324	-4913	-14
Balance on goods and services	-1890	-1809	+4	-1814	-2348	-29
Balance on merchandise trade	-1194	-1199	-	-958	-1457	-52
Net services	-696	-610	+12	-856	-891	-4
Net income	-3095	-3291	-6	-3031	-3200	-6
Net unrequited transfers	602	615	+2	521	635	+22
Balance on capital account	2711	5418	..	..	..	..
Official	1887	1172	..	..	..	..
Non-official	824	4246	..	..	..	..
EXCHANGE RATES - UNITS OF FOREIGN CURRENCY PER \$A (b)						
United States dollar	.8392	.8475	+1.0	..	..	..
Special drawing right	.6246	.6439	+3.1	..	..	..
TRADE-WEIGHTED INDEX OF THE VALUE OF THE \$A (MAY 1970=100) (b)						
	62.0	63.4	+2.3	..	..	..

(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.

March quarter 1989 compared with December quarter 1988 -

- **Goods and services (seasonally adjusted).** The deficit on goods and services widened by \$534 million. The merchandise trade deficit increased by \$499 million with a one per cent increase in exports being outweighed by a 5 per cent increase in imports. The growth in merchandise imports reflected higher volumes of both exogenous and endogenous imports (and higher volumes for each of the consumption, capital and other goods components of endogenous imports) which more than offset the decline in import prices over the quarter. The services deficit rose by \$35 million. For further details, see "Notes on the estimates" on page 6.

- **Income and unrequited transfers (seasonally adjusted).** The income deficit grew by \$169 million. Both income

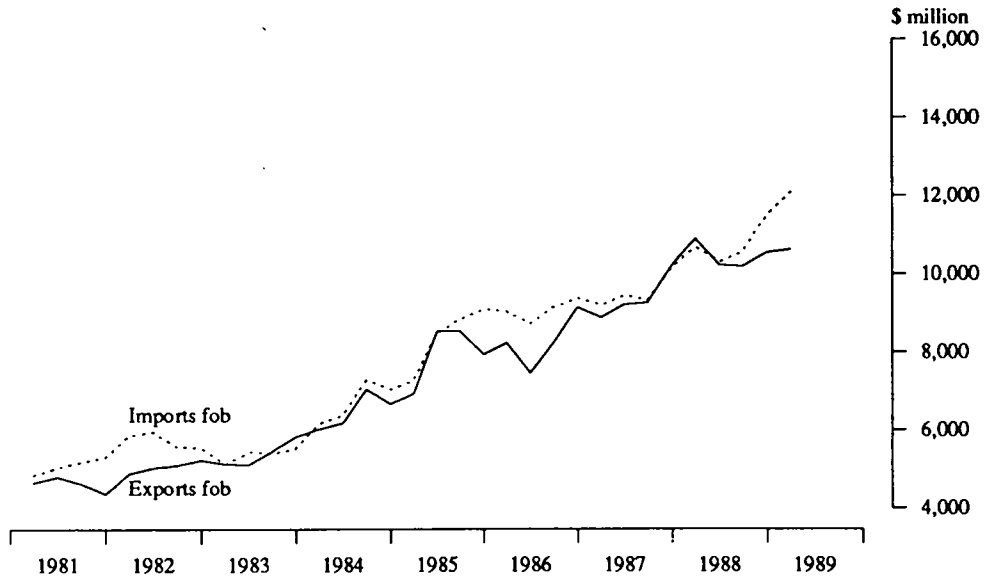
debits and credits rose significantly but the absolute increase in debits was larger. The unrequited transfers surplus rose \$114 million.

- **Official capital (not seasonally adjusted).** The fall in the net inflow mainly reflected transactions in general government borrowing domiciled in Australia; in the previous quarter there was a net inflow of this borrowing of \$3103 million while in the current quarter it fell to \$197 million. This was partly offset by a turnaround from a net outflow to a net inflow in general government borrowing domiciled abroad and in Reserve Bank transactions.

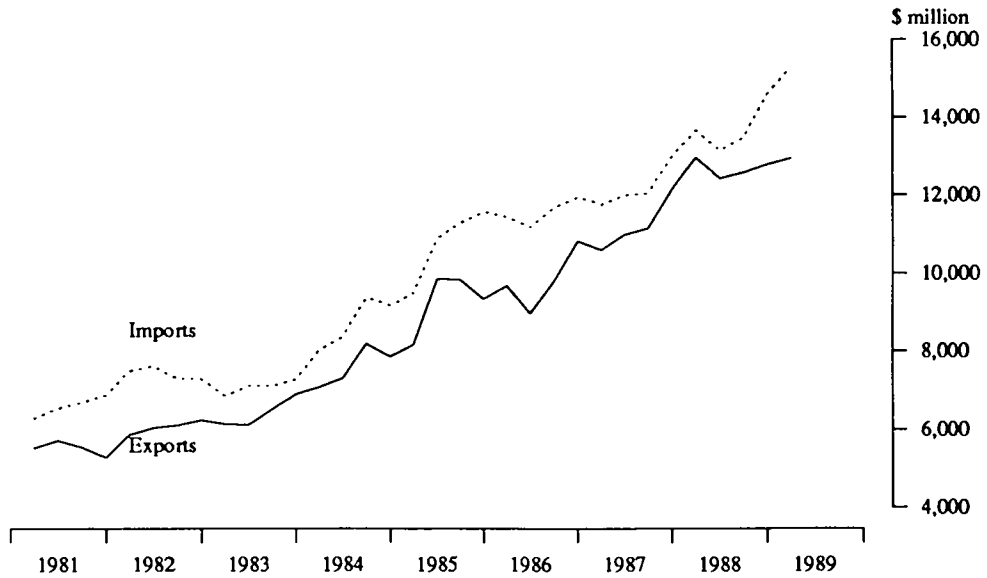
- **Non-official capital (not seasonally adjusted).** The rise in the net inflow was predominantly due to higher foreign investment in Australia, which, in turn, reflected a sharp increase in borrowing domiciled abroad.

GRAPHS OF PRINCIPAL BALANCE OF PAYMENTS AGGREGATES

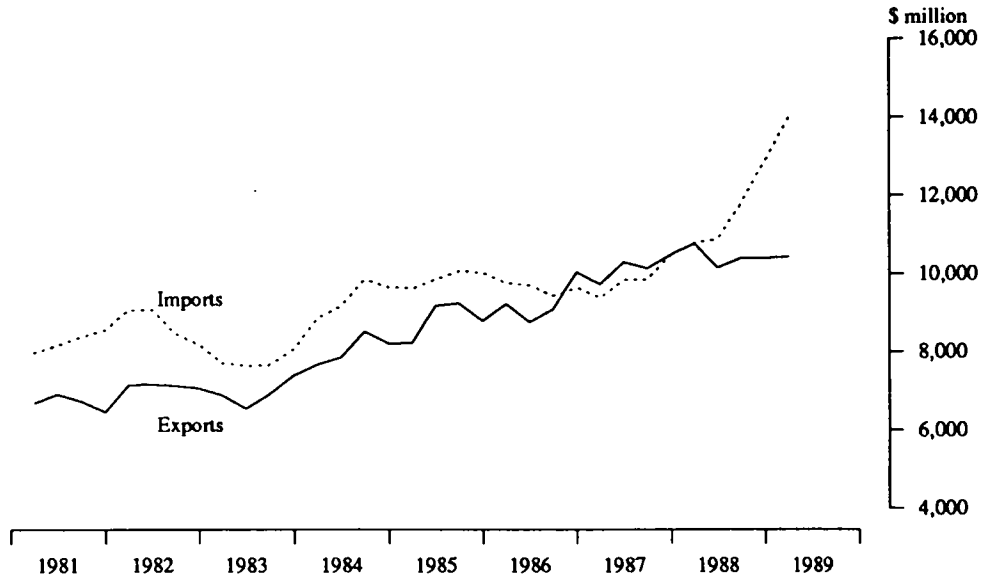
**Graph 1. Merchandise -
seasonally adjusted**



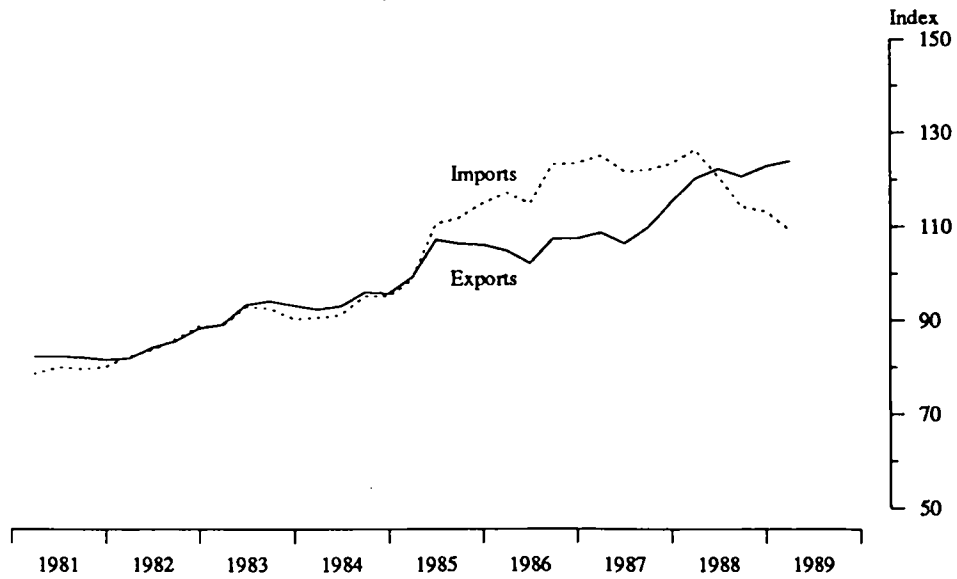
**Graph 2. Goods and services at current prices -
seasonally adjusted**



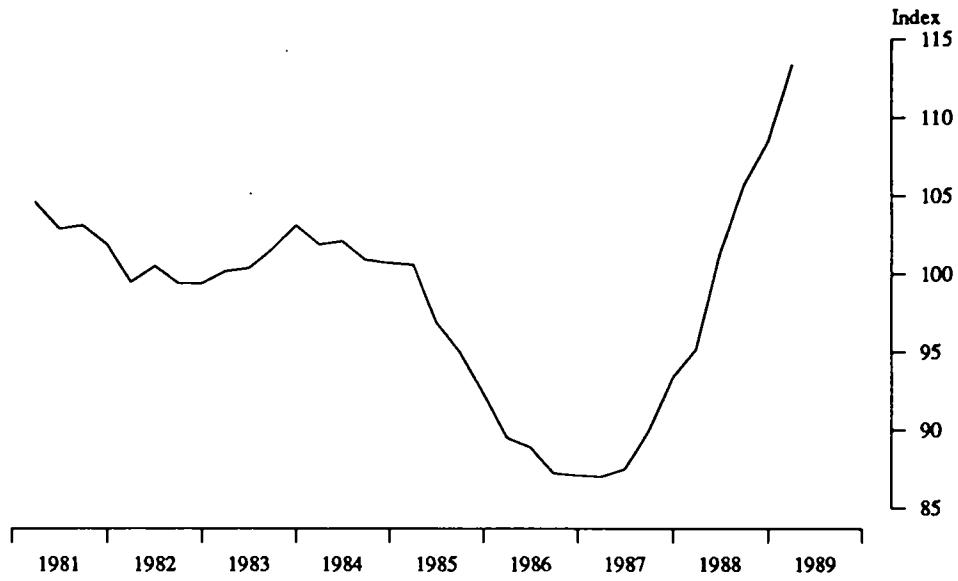
Graph 3. Goods and services at average 1984-85 prices - seasonally adjusted



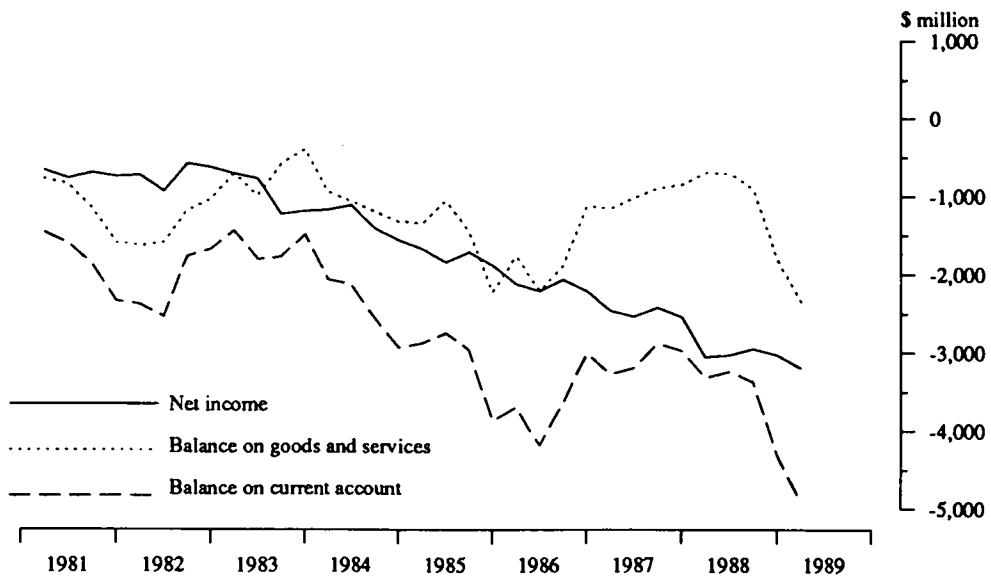
Graph 4. Implicit price deflators for goods and services - based on seasonally adjusted data (1984-85=100)



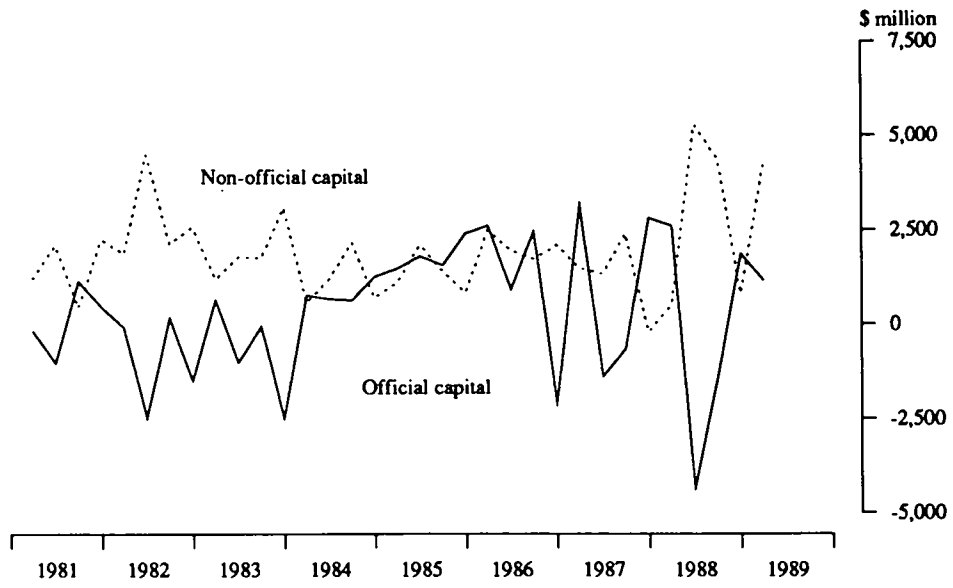
**Graph 5. Terms of trade for goods and services
- based on seasonally adjusted data (1984-85=100)**



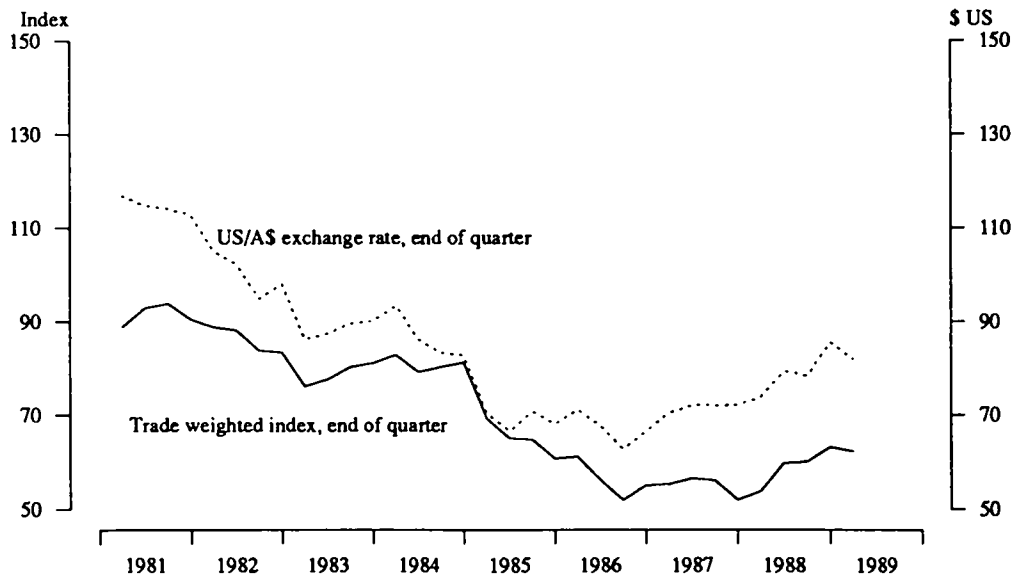
**Graph 6. Current account major aggregates
- seasonally adjusted**



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 and terms of trade measures.

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

	1986-87	1987-88			1988-89			
	Jun	Sep	Dec	Mar	Jun	Sep	Dec	Mar
AT CURRENT PRICES, SEASONALLY ADJUSTED								
Exports of goods and services	+3.7	+1.4	+9.0	+6.7	-4.1	+1.1	+1.7	+1.3
Merchandise exports	+3.7	+0.5	+10.1	+6.7	-6.1	-0.3	+3.5	+0.9
Services credits	+3.8	+6.0	+3.5	+6.6	+6.5	+7.6	-5.9	+3.2
Imports of goods and services	+2.2	+0.3	+7.9	+5.1	-3.8	+2.5	+8.4	+4.8
Merchandise imports	+2.7	-1.2	+8.7	+5.2	-3.5	+2.4	+9.0	+5.1
Services debits	+0.5	+5.8	+5.0	+4.7	-4.9	+2.8	+6.3	+3.4
AT CONSTANT (AVERAGE 1984-85) PRICES, SEASONALLY ADJUSTED								
Exports of goods and services	+5.9	-1.6	+3.6	+2.5	-5.7	+2.5	-0.1	+0.4
Merchandise exports	+6.4	-2.6	+3.8	+2.1	-7.5	+1.2	+1.1	-0.3
Services credits	+2.8	+4.4	+2.5	+4.7	+4.4	+8.6	-5.6	+3.7
Imports of goods and services	+5.1	-0.1	+6.7	+2.7	+0.9	+8.3	+9.2	+8.7
Merchandise imports	+5.6	-1.7	+8.6	+2.8	+1.5	+7.6	+10.0	+9.7
Services debits	+3.4	+6.0	+0.2	+2.6	-1.3	+10.7	+6.2	+4.7
IMPLICIT PRICE DEFLATORS (a)								
Exports of goods and services	-2.1	+3.1	+5.1	+4.2	+1.7	-1.3	+1.8	+0.9
Merchandise exports	-2.5	+3.2	+6.0	+4.5	+1.5	-1.6	+2.4	+1.2
Services credits	+0.9	+1.6	+1.0	+1.8	+2.1	-0.9	-0.4	-0.5
Imports of goods and services	-2.7	+0.3	+1.1	+2.3	-4.6	-5.3	-0.8	-3.5
Merchandise imports	-2.7	+0.5	+0.1	+2.4	-4.9	-4.9	-1.0	-4.1
Services debits	-2.8	-0.2	+4.9	+2.0	-3.5	-7.1	+0.1	-1.2
TERMS OF TRADE (a)								
Goods and services	+0.6	+2.7	+3.9	+1.9	+6.5	+4.2	+2.6	+4.5
Merchandise trade	+0.2	+2.7	+5.9	+2.0	+6.7	+3.5	+3.4	+5.5
Services	+3.9	+1.8	-3.7	-0.2	+5.8	+6.7	-0.5	+0.6

(a) Derived from index numbers on base 1984-85 = 100. The index numbers are derived from seasonally adjusted current and constant price estimates.

March quarter 1989 compared with December quarter 1988, seasonally adjusted ("Volume" refers to values at average 1984-85 prices and "price" refers to implicit price deflators) -

Exports of merchandise at current prices rose \$93 million. Rural exports fell \$388 as a result of an 8 per cent fall in volume and a 2 per cent fall in price. Non-rural exports rose \$481 million due to a 3 per cent rise in volume and a 4 per cent rise in price.

Services credits at current prices rose \$72 million as a result of a 4 per cent rise in volume and less than 1 per cent fall in price.

The *implicit price deflator* for total exports of goods and services rose 0.9 per cent. On a fixed weight basis the overall IPD rose 1.9 per cent, while compositional shifts implied a fall of 1.0 per cent.

Imports of merchandise at current prices rose \$592 million. Exogenous imports fell \$156 million due to a 20 per

cent fall in the IPD outweighing an 8 per cent rise in volume. In the absence of compositional effects, the exogenous imports IPD would have fallen 1 per cent. Endogenous imports rose \$748 million due to a 10 per cent rise in volume and a 2 per cent fall in price. The volume increases in the components of endogenous imports were: consumption goods, 11 per cent; capital goods, 10 per cent; and other goods, 9 per cent.

Services debits rose by \$107 million as a result of a 5 per cent increase in volume and a 1 per cent fall in price.

The *implicit price deflator* for total imports of goods and services fell 3.5 per cent. On a fixed weight basis the overall IPD fell 2.6 per cent, while compositional shifts implied a fall of 0.9 per cent.

Australia's *terms of trade* rose by 4.5 per cent, the eighth successive quarterly increase. 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)

<i>Period</i>	<i>Fuels (a)</i>	<i>Civil Aircraft (b)</i>	<i>Other (c)</i>	<i>Total</i>	<i>Per cent of total merchandise imports</i>
1985-86	1909	561	2069	4539	12.7
1986-87	1751	1058	1650	4459	12.0
1987-88	2036	189	1604	3829	9.5
1986-87 -					
December qtr	476	472	377	1325	13.9
March qtr	423	61	422	906	10.3
June qtr	428	282	396	1106	12.0
1987-88 -					
September qtr	412	90	437	939	9.6
December qtr	613	36	416	1065	10.3
March qtr	494	63	401	958	9.4
June qtr	517	-	350	867	8.6
1988-89 -					
September qtr	411	82	298	791	7.2
December qtr	294	471	372	1137	9.6
March qtr	561	149	283	993	8.6

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

REVISIONS

Estimates in this issue are consistent with those published in the monthly balance of payments bulletin (5301.0) released on 16 May 1989 and consequently take account of revisions which were described in that issue.

In addition, revisions have been made to more detailed series that are not available monthly and which were published in the previous quarterly issue.

For those net capital transactions series not available monthly, the changes reflect the inclusion of more up-to-date information from the Survey of Foreign Investment.

TIME SERIES DECOMPOSITION OF BALANCE OF PAYMENTS STATISTICS *

Concepts

Data contained in balance of payments publications are generally presented in the form of time series. A particular observation in a time series is the net result of four notional influences, each interacting with the others and having its own distinguishing character. The four factors are:

- systematic between month (or seasonal) influences
- systematic within month (or trading day) influences
- residual/irregular factors
- trend.

The following discussion and accompanying charts illustrate these concepts with reference to the monthly merchandise imports f.o.b. series.

Chart 1 shows, over the last eleven years, the behaviour of the original monthly data. There is considerable month-to-month variability, which is the result of the four factors mentioned above. Each of these factors is described below and is graphically illustrated in Charts 2, 3, 6 and 7.

Chart 2 shows the systematic between month influences composed, in this case, of the seasonal pattern that repeats each year. As can be seen from Chart 2 these influences are gradually changing from year to year. The magnitude of these variations is frequently less than those for the residual/irregular variation presented below in Chart 6.

The systematic within month (or trading-day) influence, shown in Chart 3, is brought about by the number of high or low activity days varying for a particular calendar month over the years. Trading day influences may affect the same calendar month differently in subsequent years. The relative magnitude of the non-leap year Februaries can be seen from the February troughs, which are the deepest troughs shown in Chart 3. Note also the generally smaller magnitude of these variations when compared with the residual/irregular influences.

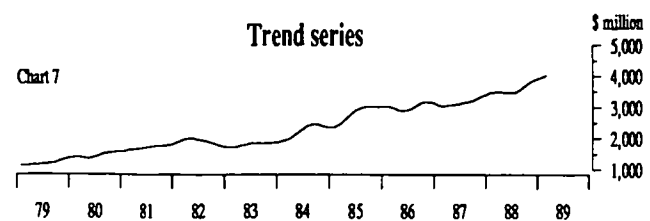
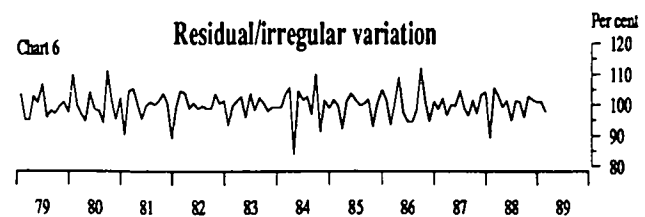
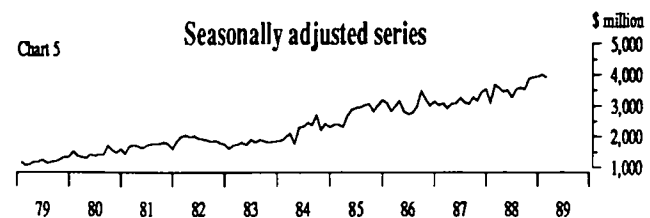
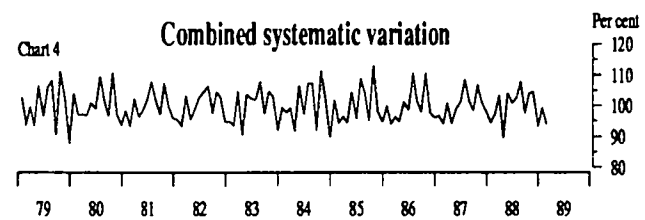
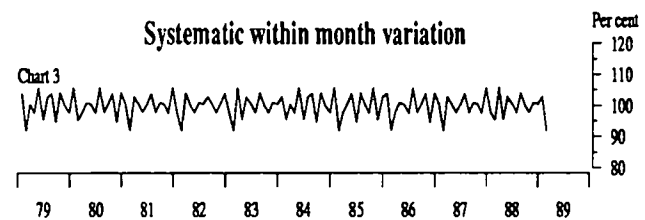
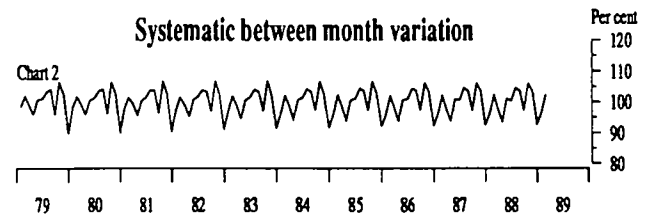
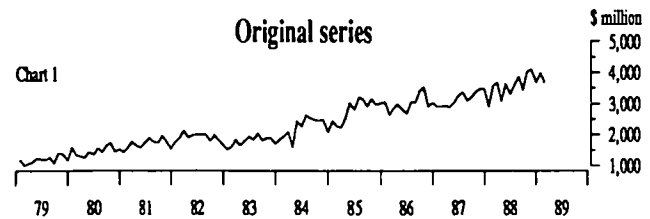
The combined variation is the net of the systematic between month and within month influences. It can be seen from Chart 4 that this variation does not have the same pattern each year. Year apart comparisons of monthly or quarterly results, therefore, do not adequately discount or remove these effects. It is this net systematic effect which is removed from the original series to produce the seasonally adjusted series.

Chart 5 shows that, in seasonally adjusted form, merchandise imports' month-to-month variability has declined compared with the original series. The series does remain quite variable, however, due to the residual/irregular influences and to a lesser degree the changes in the trend.

Residual/irregular influences in the merchandise imports series can be seen in Chart 6. These represent those effects which may be present in any particular month, such as the effect of the import of large items of transport or defence equipment or of industrial disputes. They are larger at times than even the combined systematic influences.

To obtain an estimate of trend, the residual/irregular influences in the seasonally adjusted series have to be significantly dampened. The ABS does this when it produces smoothed seasonally adjusted (trend) series as in Chart 7. The trend shows the underlying direction of the merchandise imports series in any month. Because of the volatility in both the original and the seasonally adjusted series, neither of these is a good proxy for the merchandise import trend series. In using the trend series, it should be borne in mind that the last couple of observations in the trend series are provisional and that the extent of revision is influenced by the degree of volatility in the original series.

Merchandise imports fob



* Update of article previously published in the December quarter 1988 issue of this publication.

Decomposition of monthly movements

Using *trend*, *seasonally adjusted* and *original* series, with *between* and *within month* factors, analysts may decompose the monthly movements of the *original* series into each component's contribution. How this decomposition is performed is illustrated in the accompanying decomposition table for merchandise imports f.o.b.

The percentage monthly movements of original merchandise imports f.o.b. are given in Column 1. These movements are largely accounted for by the movements appearing in Columns 3 to 6, which respectively represent movements due to the *systematic within month* and *between*

month influences, *trend*, and *residual/irregular* influences. Column 6 is derived by computing the movement in the ratio of the *seasonally adjusted* series to the *trend* series. Columns 5 and 7 are the movements of the *trend* and *seasonally adjusted* series respectively. Column 2 is the summation of Columns 3 to 6 and, in relation to Column 1, provides a clear indication of the approximate nature of this decomposition of monthly movements. In general, the approximation becomes less accurate whenever two or more of the component movements are large relative to the movements in the original series. Examples of this can be seen for March 1985 when the *within month* and

MERCHANDISE IMPORTS F.O.B. - DECOMPOSITION OF PERCENTAGE MONTHLY MOVEMENTS (a)

	Original Series (Col. 1)	Sum of Cols. 3 to 6 (Col. 2)	Systematic Within Month Variation (Col. 3)	Systematic Between Month Variation (Col. 4)	Trend Series (Col. 5)	Residual/Irregular Variation (Col. 6)	Seasonally Adjusted Series (Col. 7)
1985							
May	19.2	18.0	3.3	7.0	5.0	2.7	7.9
June	-6.9	-6.6	-8.9	0.5	4.0	-2.3	1.6
July	14.5	14.1	10.1	3.3	2.4	-1.7	0.7
August	-2.4	-2.3	-3.5	-0.8	1.3	0.7	2.0
September	-7.1	-7.1	-2.9	-6.1	0.5	1.4	1.9
October	8.9	9.6	8.4	9.6	0.1	-8.5	-8.4
November	-6.1	-5.5	-9.6	-3.6	0.2	7.6	7.8
December	1.1	2.1	7.6	-10.4	0.3	4.6	4.9
1986							
January	2.0	2.1	1.0	4.4	0.0	-3.2	-3.2
February	-13.8	-13.6	-11.4	6.3	-0.6	-8.0	-8.5
March	8.1	8.3	6.4	-3.8	-1.6	7.3	5.6
April	4.9	5.3	3.0	-4.4	-2.0	8.7	6.5
May	-5.5	-4.8	-0.3	7.1	-1.0	-10.6	-11.5
June	-4.9	-4.9	-2.9	0.4	0.7	-3.1	-2.4
July	14.6	14.1	8.4	3.4	2.2	0.0	2.2
August	-1.8	-1.4	-7.5	-0.8	2.7	4.1	6.9
September	12.3	12.7	2.7	-6.1	2.5	13.6	16.4
October	4.0	4.8	3.3	9.2	1.6	-9.2	-7.8
November	-17.5	-18.5	-8.9	-2.9	0.0	-6.7	-6.7
December	3.7	4.9	10.1	-10.5	-1.5	6.9	5.3
1987							
January	-3.8	-3.7	-3.5	4.2	-1.8	-2.6	-4.3
February	-0.3	0.3	-8.5	6.2	-1.0	3.6	2.6
March	1.2	2.1	11.8	-4.3	0.1	-5.5	-5.4
April	-2.0	-1.8	-2.2	-4.2	0.8	3.8	4.6
May	5.2	5.4	-2.6	7.7	0.8	-0.4	0.4
June	8.3	8.1	2.7	-0.2	0.7	4.9	5.6
July	2.6	2.9	3.3	3.9	1.1	-5.4	-4.3
August	-7.8	-7.9	-5.7	-0.9	1.2	-2.5	-1.4
September	3.2	3.5	3.0	-6.0	1.3	5.2	6.6
October	5.4	5.8	-0.3	8.9	1.5	-4.3	-2.9
November	2.4	2.7	-2.9	-2.5	1.9	6.2	8.2
December	0.1	1.0	8.4	-10.5	2.0	1.1	3.1
1988							
January	-16.1	-16.1	-7.5	4.1	1.6	-14.3	-12.9
February	23.1	22.5	-2.7	6.1	0.8	18.3	19.2
March	3.1	3.8	11.0	-4.7	0.2	-2.8	-2.6
April	-16.5	-17.4	-9.6	-4.1	-0.3	-3.4	-3.7
May	18.0	17.2	7.6	8.1	-0.5	2.0	1.5
June	-9.1	-9.3	-2.2	-0.7	0.0	-6.4	-6.4
July	9.4	9.3	-2.6	4.3	0.8	6.9	7.8
August	7.1	7.1	6.4	-1.0	2.0	-0.4	1.6
September	-11.4	-11.6	-3.8	-6.1	3.2	-4.9	-1.9
October	17.4	16.7	-2.3	9.0	2.8	7.2	10.2
November	1.5	1.6	3.0	-2.4	2.1	-1.2	1.0
December	-10.0	-10.0	-0.3	-10.4	1.5	-0.8	0.7
1989							
January	7.7	7.6	2.3	3.9	1.2	0.2	1.4
February	-7.0	-6.4	-10.5	6.0	1.3	-3.2	-1.9

(a) The percentage movements in the *original* series (Column 1) are approximated by summing the percentage movements of the *systematic within month* variation, *between month* variation and the *seasonally adjusted* series (Columns 3, 4, and 7). The percentage movements in the *seasonally adjusted* series (Column 7) are approximated by summing the *trend* and *residual/irregular* variation (Columns 5 and 6).

residual/irregular components are both large, and in December 1985, December 1986 and December 1987 when the *within month* and *between month* components are both large.

From Columns 3 and 4 in the decomposition table, it can be seen quite clearly how much the *between month* and *within month influences* vary from year to year and from month to month. For instance, the *between month* percentage movements for January compared with December from 1986 to 1989 have been +4.4, +4.2, +4.1 and +3.9, which shows a gradual change over time. The *within month* percentage movements for August compared with July from 1985 to 1988 have been -3.5, -7.5, -5.7 and +6.4, reflecting the changing incidence of high and low activity days for the same calendar months in consecutive years. Also, large *within month* variations from month to month can be seen from March to May 1988, when the percentage movements were +11.0, -9.6 and +7.6.

It is evident, by comparing Columns 5,6 and 7, that the *residual/irregular* influence is quite often the prime mover of the *seasonally adjusted* series. For example, compare the January and February 1988 movements of the *residual/irregular* (-14.3 and 18.3 respectively) with those of the *trend* (1.6 and 0.8 respectively). Also, the *residual/irregular* influence is quite often the prime mover of the *original* series. For example, compare the January and February 1988 movements of the *residual/irregular* (-14.3 and 18.3 respectively) with those of the *trend, between* and *within month* influences combined (-1.8 and 4.2 respectively). The decomposition table illustrates that monthly movements of the *original* and *seasonally adjusted* series (columns 1 and 7 respectively) are not good approximations of the *trend's* behaviour (Column 5).

Availability of data for decomposing balance of payments series

Original series for merchandise exports f.o.b. and merchandise imports f.o.b. are published in Table 1 of the monthly balance of payments bulletin (5301.0). The percentage movement between consecutive months in the imports series is used to derive Column 1 of the decomposition table.

Table 3 of 5301.0 contains seasonally adjusted and trend estimates of merchandise exports f.o.b. and merchandise imports f.o.b. The percentage movement between trend estimates for consecutive months in the imports series is used to derive Column 5, while Column 7 is derived from the percentage movement between seasonally adjusted figures for consecutive months.

The *residual/irregular* variation (Column 6) can be derived by computing percentage movements in the ratio of seasonally adjusted to trend estimates.

The combined effects of the systematic between month and within month variations (Columns 3 and 4) can be approximated by subtracting the percentage movement in the seasonally adjusted series (Column 7) from the percentage movement in the original series (Column 1).

Data on the combined systematic variation as well as the within month (Column 3) and between month (Column 4) variations for any seasonally adjusted current account series are available on request from Mr Joseph Dalglish on Canberra (062) 52 5540. Further information on the topic of time series decomposition is available from Mr John Zarb on (062) 52 6103.

Seasonally adjusted current-price estimates are also available for the whole of the current account on a quarterly basis in this publication (Table 3), while seasonally adjusted constant-prices estimates are available for imports and exports of goods and services (Table 5). Trend estimates are not published on a quarterly basis.

IMPORTS OF COMPUTER EQUIPMENT

A feature article entitled "Imports of Computer Equipment" was published on 25 May in the March quarter 1989 issue of *Quarterly Estimates of National Income and Expenditure, Australia* (5204.0).

This article was prepared in response to the attention which has focused in recent months on the rapid increase in computer imports; and to various conclusions which have been drawn - not always correctly - about the growth in computer-related imports and the impact on the current account deficit.

It points out that a distinction should be made between current and constant price estimates before assessing the impact of computer imports on the deficit. It analyses dif-

ferences in recent years between the current and constant price estimates. It also discusses briefly the price index used to revalue computer equipment.

It suggests a method for calculating the contribution of the "computer deficit" to the current account deficit in recent years. It concludes that the increase in the "computer deficit" has made a relatively small but consistent contribution to the increase in the current account deficit over the period September quarter 1985 to March quarter 1989 compared with the contribution made by the remaining current account components. On the basis of this method, on average, just over 7 per cent of the increase is attributable to this source.

TABLE 1. BALANCE OF PAYMENTS
(\$ million)

	Year			Quarters ended									
	1985-86	1986-87	1987-88	1986-87			1987-88			1988-89			
				Dec.	Mar.	June	Sept.	Dec.	Mar.	June	Sept.	Dec.	Mar.
Current transactions -													
<i>Goods and services -</i>													
<i>Merchandise (a) -</i>													
Exports fob	32208	35423	40530	9206	8616	9412	9128	10305	10646	10451	10051	10662	10374
Imports fob	-35676	-37159	-40386	-9537	-8803	-9247	-9734	-10361	-10222	-10069	-10973	-11856	-11573
<i>Balance on merchandise trade</i>	<i>-3468</i>	<i>-1736</i>	<i>144</i>	<i>-331</i>	<i>-187</i>	<i>165</i>	<i>-606</i>	<i>-56</i>	<i>424</i>	<i>382</i>	<i>-922</i>	<i>-1194</i>	<i>-1199</i>
<i>Services -</i>													
Credits	5742	6776	8151	1785	1820	1698	1774	2072	2220	2085	2219	2389	2474
Debits	-9843	-10245	-11397	-2563	-2464	-2544	-2874	-2834	-2881	-2808	-3082	-3085	-3084
<i>Net services</i>	<i>-4101</i>	<i>-3469</i>	<i>-3246</i>	<i>-778</i>	<i>-644</i>	<i>-846</i>	<i>-1100</i>	<i>-762</i>	<i>-661</i>	<i>-723</i>	<i>-863</i>	<i>-696</i>	<i>-610</i>
<i>Balance on goods and services</i>	<i>-7569</i>	<i>-5205</i>	<i>-3102</i>	<i>-1109</i>	<i>-831</i>	<i>-681</i>	<i>-1706</i>	<i>-818</i>	<i>-237</i>	<i>-341</i>	<i>-1785</i>	<i>-1890</i>	<i>-1809</i>
<i>Income -</i>													
Credits	2301	3016	3600	657	743	906	910	946	868	876	1027	1015	1172
Debits	-10358	-12285	-14584	-2932	-3308	-3395	-3178	-3579	-3929	-3898	-3738	-4110	-4463
<i>Net income</i>	<i>-8057</i>	<i>-9269</i>	<i>-10984</i>	<i>-2275</i>	<i>-2565</i>	<i>-2489</i>	<i>-2268</i>	<i>-2633</i>	<i>-3061</i>	<i>-3022</i>	<i>-2711</i>	<i>-3095</i>	<i>-3291</i>
<i>Unrequited transfers -</i>													
Credits	2517	3017	3545	770	794	780	812	881	902	950	930	1030	1121
Debits	-1700	-1708	-1786	-396	-468	-485	-362	-409	-495	-520	-415	-428	-506
<i>Net unrequited transfers</i>	<i>817</i>	<i>1309</i>	<i>1759</i>	<i>374</i>	<i>326</i>	<i>295</i>	<i>450</i>	<i>472</i>	<i>407</i>	<i>430</i>	<i>515</i>	<i>602</i>	<i>615</i>
Balance on current account	-14809	-13165	-12327	-3010	-3070	-2875	-3524	-2979	-2891	-2933	-3981	-4383	-4485
Net capital transactions -													
<i>Official -</i>													
<i>General government -</i>													
Foreign investment in Australia	5639	6134	4015	2227	1619	2662	1062	-758	3845	-134	-184	2137	951
Australian investment abroad	-213	-573	415	-254	4	-384	167	23	-141	366	-386	96	-11
<i>Total</i>	<i>5426</i>	<i>5561</i>	<i>4430</i>	<i>1973</i>	<i>1623</i>	<i>2278</i>	<i>1229</i>	<i>-735</i>	<i>3704</i>	<i>232</i>	<i>-570</i>	<i>2233</i>	<i>940</i>
<i>Reserve bank -</i>													
Foreign investment in Australia	-16	18	-8	8	—	17	-1	-11	1	3	-36	64	-18
Australian investment abroad	2140	-3394	-3924	-4070	1566	-3680	-1856	3580	-1077	-4571	-758	-410	250
<i>Total</i>	<i>2124</i>	<i>-3376</i>	<i>-3932</i>	<i>-4062</i>	<i>1566</i>	<i>-3663</i>	<i>-1857</i>	<i>3569</i>	<i>-1076</i>	<i>-4568</i>	<i>-794</i>	<i>-346</i>	<i>232</i>
<i>Total official</i>	<i>7550</i>	<i>2185</i>	<i>498</i>	<i>-2089</i>	<i>3189</i>	<i>-1385</i>	<i>-628</i>	<i>2834</i>	<i>2628</i>	<i>-4336</i>	<i>-1364</i>	<i>1887</i>	<i>1172</i>
<i>Non-official -</i>													
Foreign investment in Australia	13521	15125	18958	4496	3857	2767	5589	4466	1708	7195	6393	2412	6206
Australian investment abroad	-6789	-8408	-10885	-2368	-2365	-1421	-3170	-4663	-1176	-1876	-2008	-1588	-1960
<i>Total non-official</i>	<i>6732</i>	<i>6717</i>	<i>8073</i>	<i>2128</i>	<i>1492</i>	<i>1346</i>	<i>2419</i>	<i>-197</i>	<i>532</i>	<i>5319</i>	<i>4385</i>	<i>824</i>	<i>4246</i>
Balance on capital account	14282	8902	8571	39	4681	-39	1791	2637	3160	983	3021	2711	5418
<i>Balancing item</i>	<i>527</i>	<i>4263</i>	<i>3756</i>	<i>2971</i>	<i>-1611</i>	<i>2914</i>	<i>1733</i>	<i>342</i>	<i>-269</i>	<i>1950</i>	<i>960</i>	<i>1672</i>	<i>-933</i>

(a) Balance of payments basis.

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

	Year			Quarters ended									
	1985-86	1986-87	1987-88	1986-87			1987-88			1988-89			
				Dec.	Mar.	June	Sept.	Dec.	Mar.	June	Sept.	Dec.	Mar.
Current transactions -													
<i>Goods and services -</i>													
<i>Merchandise (a) -</i>													
Exports fob	32208	35423	40530	9206	8616	9412	9128	10305	10646	10451	10051	10662	10374
Imports fob	-35676	-37159	-40386	-9537	-8803	-9247	-9734	-10361	-10222	-10069	-10973	-11856	-11573
<i>Balance on merchandise trade</i>	<i>-3468</i>	<i>-1736</i>	<i>144</i>	<i>-331</i>	<i>-187</i>	<i>165</i>	<i>-606</i>	<i>-56</i>	<i>424</i>	<i>382</i>	<i>-922</i>	<i>-1194</i>	<i>-1199</i>
<i>Services -</i>													
<i>Credits -</i>													
Shipment	381	462	537	114	114	127	132	138	137	130	121	131	138
Other transportation	2480	2765	3142	735	743	655	707	794	853	788	792	845	892
Travel	1702	2218	2966	614	646	540	587	779	835	765	908	1003	1016
Other services	1179	1331	1506	322	317	376	348	361	395	402	398	410	428
<i>Total services credits</i>	<i>5742</i>	<i>6776</i>	<i>8151</i>	<i>1785</i>	<i>1820</i>	<i>1698</i>	<i>1774</i>	<i>2072</i>	<i>2220</i>	<i>2085</i>	<i>2219</i>	<i>2389</i>	<i>2474</i>
<i>Debits -</i>													
Shipment	-2827	-2756	-2856	-728	-633	-632	-691	-755	-723	-687	-737	-761	-786
Other transportation	-2197	-2114	-2510	-518	-496	-549	-619	-610	-649	-632	-680	-691	-664
Travel	-2818	-3206	-3610	-767	-760	-804	-1009	-886	-847	-868	-1058	-1016	-998
Other services	-2001	-2169	-2421	-550	-575	-559	-555	-583	-662	-621	-607	-617	-636
<i>Total services debits</i>	<i>-9843</i>	<i>-10245</i>	<i>-11397</i>	<i>-2563</i>	<i>-2464</i>	<i>-2544</i>	<i>-2874</i>	<i>-2834</i>	<i>-2881</i>	<i>-2808</i>	<i>-3082</i>	<i>-3085</i>	<i>-3084</i>
<i>Net services</i>	<i>-4101</i>	<i>-3469</i>	<i>-3246</i>	<i>-778</i>	<i>-644</i>	<i>-846</i>	<i>-1100</i>	<i>-762</i>	<i>-661</i>	<i>-723</i>	<i>-863</i>	<i>-696</i>	<i>-610</i>
<i>Balance on goods and services</i>	<i>-7569</i>	<i>-5205</i>	<i>-3102</i>	<i>-1109</i>	<i>-831</i>	<i>-681</i>	<i>-1706</i>	<i>-818</i>	<i>-237</i>	<i>-341</i>	<i>-1785</i>	<i>-1890</i>	<i>-1809</i>
<i>Income -</i>													
<i>Credits -</i>													
Property income -													
Reinvested earnings	681	1176	1806	294	294	294	451	452	451	452	549	549	549
Other	1445	1662	1579	323	403	564	400	442	365	372	416	406	563
Labour and other income	175	178	215	40	46	48	59	52	52	52	62	60	60
<i>Total income credits</i>	<i>2301</i>	<i>3016</i>	<i>3600</i>	<i>657</i>	<i>743</i>	<i>906</i>	<i>910</i>	<i>946</i>	<i>868</i>	<i>876</i>	<i>1027</i>	<i>1015</i>	<i>1172</i>
<i>Debits -</i>													
Property income -													
Reinvested earnings	-936	-1244	-2428	-311	-311	-311	-607	-607	-607	-607	-651	-651	-651
Other	-9246	-10844	-11892	-2573	-2938	-3033	-2515	-2904	-3249	-3224	-3011	-3378	-3731
Labour and other income	-176	-197	-264	-48	-59	-51	-56	-68	-73	-67	-76	-81	-81
<i>Total income debits</i>	<i>-10358</i>	<i>-12285</i>	<i>-14584</i>	<i>-2932</i>	<i>-3308</i>	<i>-3395</i>	<i>-3178</i>	<i>-3579</i>	<i>-3929</i>	<i>-3898</i>	<i>-3738</i>	<i>-4110</i>	<i>-4463</i>
<i>Net income</i>	<i>-8057</i>	<i>-9269</i>	<i>-10984</i>	<i>-2275</i>	<i>-2565</i>	<i>-2489</i>	<i>-2268</i>	<i>-2633</i>	<i>-3061</i>	<i>-3022</i>	<i>-2711</i>	<i>-3095</i>	<i>-3291</i>
<i>Unrequited transfers -</i>													
Credits	2517	3017	3545	770	794	780	812	881	902	950	930	1030	1121
Debits	-1700	-1708	-1786	-396	-468	-485	-362	-409	-495	-520	-415	-428	-506
<i>Net unrequited transfers</i>	<i>817</i>	<i>1309</i>	<i>1759</i>	<i>374</i>	<i>326</i>	<i>295</i>	<i>450</i>	<i>472</i>	<i>407</i>	<i>430</i>	<i>515</i>	<i>602</i>	<i>615</i>
Balance on current account	-14809	-13165	-12327	-3010	-3070	-2875	-3524	-2979	-2891	-2933	-3981	-4383	-4485

(a) Balance of payments basis.

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

	Quarters ended-									
	1986-87			1987-88			1988-89			
	Dec.	Mar.	June	Sept.	Dec.	Mar.	June	Sept.	Dec.	Mar.
Current transactions -										
<i>Goods and services -</i>										
<i>Merchandise (a) -</i>										
Exports fob	9144	8886	9216	9264	10197	10881	10215	10181	10541	10634
Imports fob	-9370	-9199	-9446	-9331	-10145	-10675	-10304	-10553	-11499	-12091
<i>Balance on merchandise trade</i>	<i>-226</i>	<i>-313</i>	<i>-230</i>	<i>-67</i>	<i>52</i>	<i>206</i>	<i>-89</i>	<i>-372</i>	<i>-958</i>	<i>-1457</i>
<i>Services -</i>										
<i>Credits -</i>										
Shipment	114	114	127	132	138	137	130	121	131	138
Other transportation	701	706	692	744	754	802	841	843	803	842
Travel	553	586	607	654	703	756	862	1010	905	919
Other services	325	314	359	362	363	392	390	418	411	423
<i>Total services credits</i>	<i>1693</i>	<i>1720</i>	<i>1785</i>	<i>1892</i>	<i>1958</i>	<i>2087</i>	<i>2223</i>	<i>2392</i>	<i>2250</i>	<i>2322</i>
<i>Debits -</i>										
Shipment	-707	-667	-653	-659	-727	-762	-712	-704	-730	-829
Other transportation	-531	-518	-542	-590	-622	-674	-626	-651	-704	-695
Travel	-784	-812	-834	-899	-905	-905	-903	-940	-1039	-1067
Other services	-567	-561	-541	-570	-600	-647	-601	-627	-633	-622
<i>Total services debits</i>	<i>-2589</i>	<i>-2558</i>	<i>-2570</i>	<i>-2718</i>	<i>-2854</i>	<i>-2988</i>	<i>-2842</i>	<i>-2922</i>	<i>-3106</i>	<i>-3213</i>
<i>Net services</i>	<i>-896</i>	<i>-838</i>	<i>-785</i>	<i>-826</i>	<i>-896</i>	<i>-901</i>	<i>-619</i>	<i>-530</i>	<i>-856</i>	<i>-891</i>
<i>Balance on goods and services</i>	<i>-1122</i>	<i>-1151</i>	<i>-1015</i>	<i>-893</i>	<i>-844</i>	<i>-695</i>	<i>-708</i>	<i>-902</i>	<i>-1814</i>	<i>-2348</i>
<i>Income -</i>										
<i>Credits -</i>										
Property income -										
Reinvested earnings	294	294	294	451	452	451	452	549	549	549
Other	326	441	420	412	448	370	354	425	407	582
Labour and other income	41	48	50	54	53	54	54	56	62	63
<i>Total income credits</i>	<i>661</i>	<i>783</i>	<i>764</i>	<i>917</i>	<i>953</i>	<i>875</i>	<i>860</i>	<i>1030</i>	<i>1018</i>	<i>1194</i>
<i>Debits -</i>										
Property income -										
Reinvested earnings	-311	-311	-311	-607	-607	-607	-607	-651	-651	-651
Other	-2510	-2880	-2931	-2670	-2819	-3251	-3209	-3242	-3321	-3670
Labour and other income	-46	-54	-55	-61	-65	-67	-72	-83	-77	-73
<i>Total income debits</i>	<i>-2867</i>	<i>-3245</i>	<i>-3297</i>	<i>-3338</i>	<i>-3491</i>	<i>-3925</i>	<i>-3888</i>	<i>-3976</i>	<i>-4049</i>	<i>-4394</i>
<i>Net income</i>	<i>-2206</i>	<i>-2462</i>	<i>-2533</i>	<i>-2421</i>	<i>-2538</i>	<i>-3050</i>	<i>-3028</i>	<i>-2946</i>	<i>-3031</i>	<i>-3200</i>
<i>Unrequited transfers -</i>										
Credits	752	791	778	846	854	899	947	966	996	1115
Debits	-428	-443	-418	-415	-444	-468	-447	-484	-475	-480
<i>Net unrequited transfers</i>	<i>324</i>	<i>348</i>	<i>360</i>	<i>431</i>	<i>410</i>	<i>431</i>	<i>500</i>	<i>482</i>	<i>521</i>	<i>635</i>
Balance on current account	-3004	-3265	-3188	-2883	-2972	-3314	-3236	-3366	-4324	-4913

(a) Balance of payments basis.

TABLE 4. BALANCE OF PAYMENTS - CAPITAL ACCOUNT
(\$ million)

	Year			Quarters ended									
	1985-86	1986-87	1987-88	1986-87			1987-88			1988-89			
				Dec.	Mar.	June	Sept.	Dec.	Mar.	June	Sept.	Dec.	Mar.
Net capital transactions -													
<i>Official -</i>													
<i>General government -</i>													
<i>Foreign investment in Australia -</i>													
Borrowing	5609	6146	4087	2154	1647	2700	1064	-743	3872	-106	-172	2156	975
Other	30	-12	-72	73	-28	-38	-2	-15	-27	-28	-12	-19	-24
Total	5639	6134	4015	2227	1619	2662	1062	-758	3845	-134	-184	2137	951
<i>Australian investment abroad</i>	-213	-573	415	-254	4	-384	167	23	-141	366	-386	96	-11
<i>Total general government</i>	5426	5561	4430	1973	1623	2278	1229	-735	3704	232	-570	2233	940
<i>Reserve Bank -</i>													
<i>Foreign investment in Australia</i>	-16	18	-8	8	—	17	-1	-11	1	3	-36	64	-18
<i>Australian investment abroad -</i>													
Reserve assets	2140	-3394	-3924	-4070	1566	-3680	-1856	3580	-1077	-4571	-758	-410	250
Other	—	—	—	—	—	—	—	—	—	—	—	—	—
Total	2140	-3394	-3924	-4070	1566	-3680	-1856	3580	-1077	-4571	-758	-410	250
<i>Total Reserve Bank</i>	2124	-3376	-3932	-4062	1566	-3663	-1857	3569	-1076	-4568	-794	-346	232
<i>Total official</i>	7550	2185	498	-2089	3189	-1385	-628	2834	2628	-4336	-1364	1887	1172
<i>Non official -</i>													
<i>Foreign investment in Australia -</i>													
Direct investment -													
Reinvestment of earnings	936	1244	2428	311	311	311	607	607	607	607	651	651	651
Other	2370	2818	2779	2359	-109	815	1030	235	-99	1613	2267	447	144
Portfolio & other investment	10215	11063	13751	1826	3655	1641	3952	3624	1200	4975	3475	1314	5411
<i>Total foreign investment in Australia</i>	13521	15125	18958	4496	3857	2767	5589	4466	1708	7195	6393	2412	6206
<i>Australian investment abroad -</i>													
Direct investment -													
Reinvestment of earnings	-681	-1176	-1806	-294	-294	-294	-451	-452	-451	-452	-549	-549	-549
Other	-2079	-3068	-8038	-1539	-264	-243	-1502	-3536	-1550	-1450	-787	-1692	192
Portfolio & other investment	-4029	-4164	-1041	-535	-1807	-884	-1217	-675	825	26	-672	653	-1603
<i>Total Australian investment abroad</i>	-6789	-8408	-10885	-2368	-2365	-1421	-3170	-4663	-1176	-1876	-2008	-1588	-1960
<i>Total non-official</i>	6732	6717	8073	2128	1492	1346	2419	-197	532	5319	4385	824	4246
Balance on capital account	14282	8902	8571	39	4681	-39	1791	2637	3160	983	3021	2711	5418

TABLE 5. BALANCE OF PAYMENTS - EXPORTS AND IMPORTS OF GOODS AND SERVICES AT CURRENT AND AVERAGE 1984-85 PRICES - ORIGINAL AND SEASONALLY ADJUSTED
(\$ million)

	Year			Quarters ended									
	1985-86	1986-87	1987-88	1986-87			1987-88			1988-89			
				Dec.	Mar.	June	Sept.	Dec.	Mar.	June	Sept.	Dec.	Mar.
At current prices													
Merchandise exports fob	32208	35423	40530	9206	8616	9412	9128	10305	10646	10451	10051	10662	10374
Services, credits	5742	6776	8151	1785	1820	1698	1774	2072	2220	2085	2219	2389	2474
<i>Total exports of goods and services</i>	<i>37950</i>	<i>42199</i>	<i>48681</i>	<i>10991</i>	<i>10436</i>	<i>11110</i>	<i>10902</i>	<i>12377</i>	<i>12866</i>	<i>12536</i>	<i>12270</i>	<i>13051</i>	<i>12848</i>
Merchandise imports fob	-35676	-37159	-40386	-9537	-8803	-9247	-9734	-10361	-10222	-10069	-10973	-11856	-11573
Services, debits	-9843	-10245	-11397	-2563	-2464	-2544	-2874	-2834	-2881	-2808	-3082	-3085	-3084
<i>Total imports of goods and services</i>	<i>-45519</i>	<i>-47404</i>	<i>-51783</i>	<i>-12100</i>	<i>-11267</i>	<i>-11791</i>	<i>-12608</i>	<i>-13195</i>	<i>-13103</i>	<i>-12877</i>	<i>-14055</i>	<i>-14941</i>	<i>-14657</i>
At average 1984-85 prices													
Merchandise exports fob	30905	33479	35006	8710	8103	8988	8490	9060	8871	8584	8500	8785	8333
Services, credits	5200	5694	6474	1494	1503	1413	1446	1659	1736	1633	1741	1864	1933
<i>Total exports of goods and services</i>	<i>36105</i>	<i>39173</i>	<i>41480</i>	<i>10204</i>	<i>9606</i>	<i>10401</i>	<i>9936</i>	<i>10719</i>	<i>10607</i>	<i>10217</i>	<i>10241</i>	<i>10649</i>	<i>10266</i>
Merchandise imports fob	-31141	-30132	-32980	-7697	-7040	-7600	-7942	-8428	-8158	-8452	-9645	-10518	-10752
Services, debits	-8489	-8229	-9059	-2048	-1979	-2111	-2349	-2216	-2226	-2268	-2633	-2640	-2699
<i>Total imports of goods and services</i>	<i>-39630</i>	<i>-38361</i>	<i>-42039</i>	<i>-9745</i>	<i>-9019</i>	<i>-9711</i>	<i>-10291</i>	<i>-10644</i>	<i>-10384</i>	<i>-10720</i>	<i>-12278</i>	<i>-13158</i>	<i>-13451</i>
At current prices - seasonally adjusted													
Merchandise exports fob	..	..	..	9144	8886	9216	9264	10197	10881	10215	10181	10541	10634
Services, credits	..	..	..	1693	1720	1785	1892	1958	2087	2223	2392	2250	2322
<i>Total exports of goods and services</i>	<i>..</i>	<i>..</i>	<i>..</i>	<i>10837</i>	<i>10606</i>	<i>11001</i>	<i>11156</i>	<i>12155</i>	<i>12968</i>	<i>12438</i>	<i>12573</i>	<i>12791</i>	<i>12956</i>
Merchandise imports fob	..	..	..	-9370	-9199	-9446	-9331	-10145	-10675	-10304	-10553	-11499	-12091
Services, debits	..	..	..	-2589	-2558	-2570	-2718	-2854	-2988	-2842	-2922	-3106	-3213
<i>Total imports of goods and services</i>	<i>..</i>	<i>..</i>	<i>..</i>	<i>-11959</i>	<i>-11757</i>	<i>-12016</i>	<i>-12049</i>	<i>-12999</i>	<i>-13663</i>	<i>-13146</i>	<i>-13475</i>	<i>-14605</i>	<i>-15304</i>
At average 1984-85 prices - seasonally adjusted													
Merchandise exports fob	..	..	..	8638	8310	8845	8619	8946	9133	8451	8553	8647	8618
Services, credits	..	..	..	1422	1431	1471	1536	1574	1648	1720	1868	1764	1830
<i>Total exports of goods and services</i>	<i>..</i>	<i>..</i>	<i>..</i>	<i>10060</i>	<i>9741</i>	<i>10316</i>	<i>10155</i>	<i>10520</i>	<i>10781</i>	<i>10171</i>	<i>10421</i>	<i>10411</i>	<i>10448</i>
Merchandise imports fob	..	..	..	-7585	-7343	-7751	-7618	-8273	-8503	-8631	-9289	-10217	-11207
Services, debits	..	..	..	-2081	-2044	-2113	-2240	-2244	-2303	-2272	-2515	-2671	-2797
<i>Total imports of goods and services</i>	<i>..</i>	<i>..</i>	<i>..</i>	<i>-9666</i>	<i>-9387</i>	<i>-9864</i>	<i>-9858</i>	<i>-10517</i>	<i>-10806</i>	<i>-10903</i>	<i>-11804</i>	<i>-12888</i>	<i>-14004</i>

TABLE 6. BALANCE OF PAYMENTS - EXPORTS AND IMPORTS OF GOODS AND SERVICES - IMPLICIT PRICE DEFLATORS AND TERMS OF TRADE (1984-85 =100) (a)

	Year			Quarters ended									
	1985-86	1986-87	1987-88	1986-87			1987-88			1988-89			
				Dec.	Mar.	June	Sept.	Dec.	Mar.	June	Sept.	Dec.	Mar.
Implicit price deflators													
<i>Merchandise exports</i>													
Rural exports fob	102.5	105.4	128.3	104.7	106.4	106.1	110.6	122.9	136.4	140.8	138.7	144.3	141.6
Non-rural exports fob	105.3	106.1	109.3	106.6	107.2	103.0	105.6	109.1	110.6	112.1	110.4	110.9	115.4
<i>Total exports fob</i>	<i>104.2</i>	<i>105.8</i>	<i>115.8</i>	<i>105.9</i>	<i>106.9</i>	<i>104.2</i>	<i>107.5</i>	<i>114.0</i>	<i>119.1</i>	<i>120.9</i>	<i>119.0</i>	<i>121.9</i>	<i>123.4</i>
<i>Services, credits</i>	<i>110.4</i>	<i>119.0</i>	<i>125.9</i>	<i>119.1</i>	<i>120.2</i>	<i>121.3</i>	<i>123.2</i>	<i>124.4</i>	<i>126.6</i>	<i>129.2</i>	<i>128.1</i>	<i>127.6</i>	<i>126.9</i>
<i>Total exports of goods and services</i>	<i>105.1</i>	<i>107.7</i>	<i>117.4</i>	<i>107.7</i>	<i>108.9</i>	<i>106.6</i>	<i>109.9</i>	<i>115.5</i>	<i>120.3</i>	<i>122.3</i>	<i>120.7</i>	<i>122.9</i>	<i>124.0</i>
<i>Merchandise imports fob (b)</i>													
Exogenous imports fob	102.7	88.9	84.4	90.8	90.8	93.9	91.5	85.8	84.5	76.2	70.5	77.9	62.1
Endogenous imports fob	116.5	130.2	128.5	131.4	130.7	126.9	127.3	129.3	131.8	125.9	119.5	118.4	115.5
<i>Total imports fob</i>	<i>114.6</i>	<i>123.3</i>	<i>122.5</i>	<i>123.5</i>	<i>125.3</i>	<i>121.9</i>	<i>122.5</i>	<i>122.6</i>	<i>125.5</i>	<i>119.4</i>	<i>113.6</i>	<i>112.5</i>	<i>107.9</i>
<i>Services, debits (b)</i>	<i>116.0</i>	<i>124.6</i>	<i>125.9</i>	<i>124.4</i>	<i>125.1</i>	<i>121.6</i>	<i>121.3</i>	<i>127.2</i>	<i>129.7</i>	<i>125.1</i>	<i>116.2</i>	<i>116.3</i>	<i>114.9</i>
<i>Total imports of goods and services</i>	<i>114.9</i>	<i>123.6</i>	<i>123.2</i>	<i>123.7</i>	<i>125.2</i>	<i>121.8</i>	<i>122.2</i>	<i>123.6</i>	<i>126.4</i>	<i>120.6</i>	<i>114.2</i>	<i>113.3</i>	<i>109.3</i>
Terms of trade													
Merchandise trade (c)	90.9	85.8	94.5	85.7	85.3	85.5	87.8	93.0	94.9	101.3	104.8	108.4	114.4
Services (d)	95.2	95.5	100.0	95.7	96.1	99.8	101.6	97.8	97.6	103.3	110.2	109.7	110.4
Goods and services (e)	91.5	87.1	95.3	87.1	87.0	87.5	89.9	93.4	95.2	101.4	105.7	108.5	113.4

(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 12.(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.

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

	Year			Quarters ended									
	1985-86	1986-87	1987-88	1986-87			1987-88			1988-89			
				Dec.	Mar.	June	Sept.	Dec.	Mar.	June	Sept.	Dec.	Mar.
Exports fob (a) -													
<i>Rural exports fob -</i>													
Meat & meat preparations	1699	2244	2555	589	512	598	610	656	621	668	534	601	478
Cereal grains & cereal preparations	3880	2778	2202	718	649	724	625	549	623	405	453	501	718
Sugar, sugar preparations & honey	646	708	698	165	157	172	189	161	152	196	305	205	155
Wool and sheepskins	3061	3888	5811	943	1106	1168	906	1547	1904	1454	1039	1780	1720
Other rural	2968	3521	3976	896	809	946	976	937	1014	1049	1017	1025	878
<i>Total rural</i>	<i>12254</i>	<i>13139</i>	<i>15242</i>	<i>3311</i>	<i>3233</i>	<i>3608</i>	<i>3306</i>	<i>3850</i>	<i>4314</i>	<i>3772</i>	<i>3348</i>	<i>4112</i>	<i>3949</i>
<i>Non-rural exports fob -</i>													
Metal ores & minerals	5003	4956	5455	1435	1041	1173	1270	1439	1305	1441	1427	1504	1636
<i>Mineral fuels -</i>													
Coal, coke and briquettes	5240	5456	4839	1440	1273	1355	1140	1314	1269	1116	1126	1212	1097
Other mineral fuels	2299	1515	1779	425	415	434	411	522	456	390	374	261	243
<i>Metals -</i>													
Gold	787	1552	2563	340	423	525	474	578	737	774	761	612	745
Other metals	2527	2899	3749	677	728	752	880	966	918	985	1126	1161	1071
Machinery	1139	1595	1835	432	381	425	436	475	416	508	475	483	406
Transport equipment	474	1034	957	338	304	249	272	191	231	263	209	180	231
Manufactures nec	1859	2363	2941	594	543	671	682	726	703	830	861	834	713
Other non-rural	626	914	1170	214	275	220	257	244	297	372	344	303	283
<i>Total non-rural</i>	<i>19954</i>	<i>22284</i>	<i>25288</i>	<i>5895</i>	<i>5383</i>	<i>5804</i>	<i>5822</i>	<i>6455</i>	<i>6332</i>	<i>6679</i>	<i>6703</i>	<i>6550</i>	<i>6425</i>
Total exports fob	32208	35423	40530	9206	8616	9412	9128	10305	10646	10451	10051	10662	10374
Imports fob (a) -													
Food, beverages & tobacco	-1705	-1936	-2013	-513	-535	-437	-481	-516	-552	-464	-494	-581	-584
Fuels	-1909	-1751	-2036	-476	-423	-428	-412	-613	-494	-517	-411	-294	-561
Chemicals (including plastics)	-3003	-3466	-4280	-854	-845	-938	-991	-1021	-1145	-1123	-1223	-1198	-1217
Textiles, fabrics etc	-1669	-1830	-1931	-459	-424	-473	-512	-496	-448	-475	-522	-493	-472
Metals & metal manufactures	-1695	-1845	-2205	-451	-424	-473	-565	-548	-540	-552	-602	-617	-657
Machinery	-10827	-11360	-12230	-2903	-2695	-2826	-2947	-3192	-3024	-3067	-3237	-3453	-3318
Transport equipment	-5415	-4502	-4152	-1265	-868	-1166	-914	-1033	-1075	-1130	-1303	-2006	-1715
Manufactures nec	-6892	-7700	-8563	-1964	-1875	-1802	-2106	-2200	-2228	-2029	-2431	-2482	-2398
Other imports	-2561	-2769	-2976	-652	-714	-704	-806	-742	-716	-712	-750	-732	-651
Total imports fob	-35676	-37159	-40386	-9537	-8803	-9247	-9734	-10361	-10222	-10069	-10973	-11856	-11573
<i>Of which-</i>													
<i>Exogenous</i>	<i>-4539</i>	<i>-4459</i>	<i>-3829</i>	<i>-1325</i>	<i>-906</i>	<i>-1106</i>	<i>-939</i>	<i>-1065</i>	<i>-958</i>	<i>-867</i>	<i>-791</i>	<i>-1137</i>	<i>-993</i>
<i>Endogenous -</i>													
Consumption goods	-8123	-8296	-9348	-2187	-2041	-1833	-2236	-2444	-2478	-2190	-2658	-3004	-2903
Capital goods	-8146	-8031	-8578	-2047	-1900	-1990	-1965	-2265	-2066	-2282	-2429	-2665	-2623
Other goods	-14868	-16373	-18631	-3978	-3956	-4318	-4594	-4587	-4720	-4730	-5095	-5050	-5054
<i>Total endogenous</i>	<i>-31137</i>	<i>-32700</i>	<i>-36557</i>	<i>-8212</i>	<i>-7897</i>	<i>-8141</i>	<i>-8795</i>	<i>-9296</i>	<i>-9264</i>	<i>-9202</i>	<i>-10182</i>	<i>-10719</i>	<i>-10580</i>
Balance on merchandise trade	-3468	-1736	144	-331	-187	165	-606	-56	424	382	-922	-1194	-1199

(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									
	1985-86	1986-87	1987-88	1986-87			1987-88			1988-89			
				Dec.	Mar.	June	Sept.	Dec.	Mar.	June	Sept.	Dec.	Mar.
Exports fob (a) -													
<i>Rural exports fob -</i>													
Meat & meat preparations	1639	1930	2131	492	438	510	518	536	517	560	440	482	407
Cereal grains & cereal preparations	3957	3462	2771	861	865	1002	871	726	708	466	502	495	664
Sugar, sugar preparations & honey	640	653	642	152	140	169	177	169	121	175	246	164	114
Wool and sheepskins	2823	3253	3205	824	917	900	635	922	975	673	499	838	826
Other rural	2891	3170	3136	812	707	810	807	731	796	802	803	838	717
<i>Total rural</i>	<i>11950</i>	<i>12468</i>	<i>11885</i>	<i>3141</i>	<i>3067</i>	<i>3391</i>	<i>3008</i>	<i>3084</i>	<i>3117</i>	<i>2676</i>	<i>2490</i>	<i>2817</i>	<i>2728</i>
<i>Non-rural exports fob -</i>													
Metal ores & minerals	4819	4733	5136	1354	1004	1194	1256	1388	1226	1266	1282	1333	1301
<i>Mineral fuels -</i>													
Coal, coke and briquettes	4886	5232	5532	1335	1214	1457	1279	1479	1453	1321	1290	1400	1276
Other mineral fuels	2275	2347	2557	729	585	597	560	723	658	616	678	562	427
<i>Metals -</i>													
Gold	664	1032	1561	211	283	346	301	345	441	474	536	458	590
Other metals	2475	2543	2689	584	643	655	681	697	637	674	706	725	665
Machinery	1058	1425	1639	379	349	390	399	423	379	438	423	456	374
Transport equipment	466	934	878	298	273	228	245	163	219	251	206	175	227
Manufactures nec	1718	1954	2168	488	442	534	534	551	503	580	609	610	542
Other non-rural	594	811	961	191	243	196	227	207	238	288	280	249	203
<i>Total non-rural</i>	<i>18955</i>	<i>21011</i>	<i>23121</i>	<i>5569</i>	<i>5036</i>	<i>5597</i>	<i>5482</i>	<i>5976</i>	<i>5754</i>	<i>5908</i>	<i>6010</i>	<i>5968</i>	<i>5605</i>
Total exports fob	30905	33479	35006	8710	8103	8988	8490	9060	8871	8584	8500	8785	8333
Imports fob (a) -													
Food, beverages & tobacco	-1488	-1532	-1641	-400	-416	-360	-398	-415	-442	-386	-433	-503	-534
Fuels	-2070	-2753	-2957	-752	-595	-576	-560	-844	-727	-826	-761	-612	-1162
Chemicals (including plastics)	-2608	-2769	-3257	-673	-677	-766	-796	-787	-840	-834	-940	-913	-949
Textiles, fabrics etc	-1444	-1426	-1476	-357	-331	-374	-399	-369	-333	-375	-429	-414	-406
Metals & metal manufactures	-1455	-1424	-1631	-340	-327	-375	-437	-405	-387	-402	-439	-453	-495
Machinery	-9530	-9134	-10610	-2314	-2170	-2375	-2476	-2727	-2576	-2831	-3241	-3533	-3433
Transport equipment	-4404	-3167	-2800	-899	-570	-853	-634	-710	-703	-753	-932	-1586	-1329
Manufactures nec	-5891	-5754	-6327	-1452	-1403	-1360	-1596	-1606	-1625	-1500	-1864	-1907	-1900
Other imports	-2251	-2173	-2281	-510	-551	-561	-646	-565	-525	-545	-606	-597	-544
Total imports fob	-31141	-30132	-32980	-7697	-7040	-7600	-7942	-8428	-8158	-8452	-9645	-10518	-10752
<i>Of which-</i>													
<i>Exogenous</i>	<i>-4418</i>	<i>-5015</i>	<i>-4538</i>	<i>-1451</i>	<i>-998</i>	<i>-1180</i>	<i>-1029</i>	<i>-1236</i>	<i>-1134</i>	<i>-1139</i>	<i>-1125</i>	<i>-1453</i>	<i>-1599</i>
<i>Endogenous -</i>													
Consumption goods	-6899	-6220	-7038	-1623	-1526	-1395	-1724	-1830	-1827	-1657	-2105	-2373	-2389
Capital goods	-7053	-6270	-7160	-1587	-1483	-1617	-1607	-1867	-1690	-1996	-2294	-2581	-2564
Other goods	-12771	-12627	-14244	-3036	-3033	-3408	-3582	-3495	-3507	-3660	-4121	-4111	-4200
<i>Total endogenous</i>	<i>-26723</i>	<i>-25117</i>	<i>-28442</i>	<i>-6246</i>	<i>-6042</i>	<i>-6420</i>	<i>-6913</i>	<i>-7192</i>	<i>-7024</i>	<i>-7313</i>	<i>-8520</i>	<i>-9065</i>	<i>-9153</i>
Balance on merchandise trade	-236	3347	2026	1013	1063	1388	548	632	713	132	-1145	-1733	-2419

(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-									
	1986-87			1987-88			1988-89			
	Dec.	Mar.	June	Sept.	Dec.	Mar.	June	Sept.	Dec.	Mar.
Exports fob (a) -										
<i>Rural exports fob -</i>										
Meat & meat preparations	583	581	575	574	646	701	643	506	589	538
Cereal grains & cereal preparations	823	525	720	706	627	505	404	510	572	582
Sugar, sugar preparations & honey	173	208	161	154	170	197	185	249	218	199
Wool and sheepskins	920	938	1122	1214	1490	1615	1403	1398	1701	1459
Other rural	911	884	911	919	952	1104	1013	959	1040	954
<i>Total rural</i>	<i>3410</i>	<i>3136</i>	<i>3489</i>	<i>3567</i>	<i>3885</i>	<i>4122</i>	<i>3648</i>	<i>3622</i>	<i>4120</i>	<i>3732</i>
<i>Non-rural exports fob -</i>										
Metal ores & minerals	1355	1197	1153	1208	1355	1499	1415	1362	1414	1877
<i>Mineral fuels -</i>										
Coal, coke and briquettes	1402	1286	1353	1168	1267	1282	1120	1155	1163	1109
Other mineral fuels	390	406	461	440	473	444	416	405	233	236
<i>Metals -</i>										
Gold	386	445	452	473	655	769	667	766	689	774
Other metals	685	758	757	832	975	957	994	1063	1172	1117
Machinery	408	432	418	420	447	473	497	460	452	462
Transport equipment	302	342	251	273	173	253	264	213	163	250
Manufactures nec	575	604	653	655	705	779	808	827	812	788
Other non-rural	231	280	229	228	262	303	386	308	323	289
<i>Total non-rural</i>	<i>5734</i>	<i>5750</i>	<i>5727</i>	<i>5697</i>	<i>6312</i>	<i>6759</i>	<i>6567</i>	<i>6559</i>	<i>6421</i>	<i>6902</i>
Total exports fob	9144	8886	9216	9264	10197	10881	10215	10181	10541	10634
Imports fob (a) -										
Food, beverages & tobacco	-499	-510	-460	-497	-499	-525	-490	-511	-561	-555
Fuels	-490	-420	-425	-405	-634	-492	-510	-405	-304	-559
Chemicals (including plastics)	-879	-869	-921	-956	-1049	-1177	-1104	-1181	-1229	-1250
Textiles, fabrics etc	-451	-467	-476	-473	-488	-494	-477	-483	-484	-521
Metals & metal manufactures	-451	-450	-479	-531	-544	-574	-561	-564	-612	-700
Machinery	-2820	-2852	-2870	-2845	-3080	-3201	-3120	-3131	-3320	-3514
Transport equipment	-1193	-924	-1180	-917	-956	-1142	-1148	-1320	-1837	-1819
Manufactures nec	-1931	-1931	-1944	-1951	-2149	-2294	-2192	-2256	-2417	-2468
Other imports	-656	-776	-691	-756	-746	-776	-702	-702	-735	-705
Total imports fob	-9370	-9199	-9446	-9331	-10145	-10675	-10304	-10553	-11499	-12091
<i>Of which-</i>										
<i>Exogenous</i>	<i>-1339</i>	<i>-903</i>	<i>-1103</i>	<i>-932</i>	<i>-1086</i>	<i>-956</i>	<i>-860</i>	<i>-785</i>	<i>-1147</i>	<i>-991</i>
<i>Endogenous -</i>										
Consumption goods	-2057	-2120	-2019	-2103	-2293	-2571	-2415	-2500	-2819	-3010
Capital goods	-2010	-2030	-1961	-1926	-2193	-2207	-2258	-2390	-2564	-2801
Other goods	-3964	-4146	-4363	-4370	-4573	-4941	-4771	-4878	-4969	-5289
<i>Total endogenous</i>	<i>-8031</i>	<i>-8296</i>	<i>-8343</i>	<i>-8399</i>	<i>-9059</i>	<i>-9719</i>	<i>-9444</i>	<i>-9768</i>	<i>-10352</i>	<i>-11100</i>
Balance on merchandise trade	-226	-313	-230	-67	52	206	-89	-372	-958	-1457

(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-									
	1986-87			1987-88			1988-89			
	Dec.	Mar.	June	Sept.	Dec.	Mar.	June	Sept.	Dec.	Mar.
Exports fob (a) -										
<i>Rural exports fob -</i>										
Meat & meat preparations	487	497	490	487	528	584	539	417	472	458
Cereal grains & cereal preparations	987	700	996	983	830	574	465	565	565	539
Sugar, sugar preparations & honey	154	198	157	144	172	169	163	201	167	158
Wool and sheepskins	804	778	864	851	888	827	649	672	801	701
Other rural	825	773	780	760	743	867	775	757	850	779
<i>Total rural</i>	<i>3257</i>	<i>2946</i>	<i>3287</i>	<i>3225</i>	<i>3161</i>	<i>3021</i>	<i>2591</i>	<i>2612</i>	<i>2855</i>	<i>2635</i>
<i>Non-rural exports fob -</i>										
Metal ores & minerals	1279	1155	1174	1195	1307	1408	1244	1223	1253	1493
Mineral fuels -										
Coal, coke and briquettes	1300	1227	1455	1311	1426	1468	1326	1324	1344	1290
Other mineral fuels	669	572	634	599	656	641	657	733	503	415
Metals -										
Gold	240	297	298	301	391	460	408	539	515	613
Other metals	591	670	660	644	703	664	680	667	732	694
Machinery	358	396	384	384	398	431	429	410	427	426
Transport equipment	266	307	230	246	147	240	252	210	159	246
Manufactures nec	472	492	519	513	535	557	565	585	594	599
Other non-rural	206	248	204	201	222	243	299	250	265	207
<i>Total non-rural</i>	<i>5381</i>	<i>5364</i>	<i>5558</i>	<i>5394</i>	<i>5785</i>	<i>6112</i>	<i>5860</i>	<i>5941</i>	<i>5792</i>	<i>5983</i>
Total exports fob	8638	8310	8845	8619	8946	9133	8451	8553	8647	8618
Imports fob (a) -										
Food, beverages & tobacco	-389	-397	-379	-411	-401	-421	-408	-448	-486	-508
Fuels	-775	-591	-571	-550	-873	-724	-816	-749	-632	-1159
Chemicals (including plastics)	-693	-696	-752	-768	-809	-863	-820	-908	-937	-975
Textiles, fabrics etc	-351	-365	-377	-369	-363	-367	-377	-397	-407	-448
Metals & metal manufactures	-340	-347	-379	-410	-402	-412	-408	-411	-449	-527
Machinery	-2248	-2296	-2412	-2390	-2631	-2727	-2880	-3135	-3397	-3635
Transport equipment	-848	-607	-863	-636	-657	-747	-765	-944	-1452	-1410
Manufactures nec	-1428	-1445	-1467	-1478	-1569	-1673	-1620	-1730	-1857	-1956
Other imports	-513	-599	-551	-606	-568	-569	-537	-567	-600	-589
Total imports fob	-7585	-7343	-7751	-7618	-8273	-8503	-8631	-9289	-10217	-11207
<i>Of which-</i>										
<i>Exogenous</i>	<i>-1474</i>	<i>-994</i>	<i>-1175</i>	<i>-1019</i>	<i>-1265</i>	<i>-1131</i>	<i>-1129</i>	<i>-1113</i>	<i>-1473</i>	<i>-1596</i>
<i>Endogenous -</i>										
Consumption goods	-1526	-1585	-1536	-1621	-1717	-1896	-1827	-1980	-2227	-2477
Capital goods	-1558	-1585	-1593	-1575	-1808	-1805	-1975	-2257	-2483	-2738
Other goods	-3027	-3179	-3447	-3403	-3483	-3671	-3700	-3939	-4034	-4396
<i>Total endogenous</i>	<i>-6111</i>	<i>-6349</i>	<i>-6576</i>	<i>-6599</i>	<i>-7008</i>	<i>-7372</i>	<i>-7502</i>	<i>-8176</i>	<i>-8744</i>	<i>-9611</i>
Balance on merchandise trade	1053	967	1094	1001	673	630	-180	-736	-1570	-2589

(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- FOREIGN TRADE STATISTICS ADJUSTED FOR BALANCE OF PAYMENTS PURPOSES
(\$ million)

	Year			Quarters ended									
	1985-86	1986-87	1987-88	1986-87			1987-88			1988-89			
				Dec.	Mar.	June	Sept.	Dec.	Mar.	June	Sept.	Dec.	Mar.
Exports -													
Foreign trade statistics	32793	35805	41067	9281	8746	9444	9226	10531	10776	10534	10155	10789	10421
Adjustments -													
Coverage	-486	-379	-523	-138	-163	16	-174	-163	-122	-64	-111	-112	-85
Timing	-99	-3	-14	63	33	-48	76	-63	-8	-19	7	-15	38
Merchandise exports (balance of payments basis)	32208	35423	40530	9206	8616	9412	9128	10305	10646	10451	10051	10662	10374
Imports -													
Foreign trade statistics	34691	36988	40595	9174	9142	9073	9839	10415	10264	10077	10728	11371	12107
Adjustments -													
Coverage	797	114	-134	50	-70	102	-51	-72	-6	-5	-3	-6	12
Timing	160	56	-51	350	-291	67	-48	27	-30	—	250	496	-546
Valuation	28	1	-24	-37	22	5	-6	-9	-6	-3	-2	-5	—
Merchandise imports (balance of payments basis) (a)	35676	37159	40386	9537	8803	9247	9734	10361	10222	10069	10973	11856	11573

(a) These entries carry the opposite sign to corresponding entries in Tables 1,2,3,5,7,8,9 and 10.

TABLE 12. BALANCE OF PAYMENTS - CURRENT ACCOUNT - SERVICES
(\$ million)

	Year			Quarters ended									
	1985-86	1986-87	1987-88	1986-87			1987-88			1988-89			
				Dec.	Mar.	June	Sept.	Dec.	Mar.	June	Sept.	Dec.	Mar.
Credits -													
<i>Shipment -</i>													
Freight on exports	373	454	528	112	112	125	130	136	134	128	118	129	135
Insurance on exports	8	8	9	2	2	2	2	2	3	2	3	2	3
<i>Total</i>	<i>381</i>	<i>462</i>	<i>537</i>	<i>114</i>	<i>114</i>	<i>127</i>	<i>132</i>	<i>138</i>	<i>137</i>	<i>130</i>	<i>121</i>	<i>131</i>	<i>138</i>
<i>Other transportation -</i>													
Passenger services	846	1197	1511	330	359	269	291	394	455	371	387	413	446
Port services etc	1634	1568	1631	405	384	386	416	400	398	417	405	432	446
<i>Total</i>	<i>2480</i>	<i>2765</i>	<i>3142</i>	<i>735</i>	<i>743</i>	<i>655</i>	<i>707</i>	<i>794</i>	<i>853</i>	<i>788</i>	<i>792</i>	<i>845</i>	<i>892</i>
<i>Travel</i>	<i>1702</i>	<i>2218</i>	<i>2966</i>	<i>614</i>	<i>646</i>	<i>540</i>	<i>587</i>	<i>779</i>	<i>835</i>	<i>765</i>	<i>908</i>	<i>1003</i>	<i>1016</i>
<i>Other services -</i>													
Official	176	181	200	51	42	54	40	40	67	53	40	45	51
Non-official -													
Expenditure of foreign govts	86	76	86	18	18	19	20	22	20	24	23	23	20
Expenditure of foreign govt employees	56	66	73	16	17	17	18	18	18	19	19	19	20
Expenditure of resident entity employees	112	135	199	32	43	37	40	52	56	51	60	67	68
Insurance services nec	7	9	10	2	2	3	2	3	2	3	3	3	3
Miscellaneous services	742	864	938	203	195	246	228	226	232	252	253	253	266
<i>Total</i>	<i>1003</i>	<i>1150</i>	<i>1306</i>	<i>271</i>	<i>275</i>	<i>322</i>	<i>308</i>	<i>321</i>	<i>328</i>	<i>349</i>	<i>358</i>	<i>365</i>	<i>377</i>
<i>Total other services</i>	<i>1179</i>	<i>1331</i>	<i>1506</i>	<i>322</i>	<i>317</i>	<i>376</i>	<i>348</i>	<i>361</i>	<i>395</i>	<i>402</i>	<i>398</i>	<i>410</i>	<i>428</i>
Total services credits	5742	6776	8151	1785	1820	1698	1774	2072	2220	2085	2219	2389	2474
Debits -													
<i>Shipment -</i>													
Freight on imports	-2803	-2732	-2832	-722	-627	-626	-685	-749	-717	-681	-731	-755	-780
Insurance on imports	-24	-24	-24	-6	-6	-6	-6	-6	-6	-6	-6	-6	-6
<i>Total</i>	<i>-2827</i>	<i>-2756</i>	<i>-2856</i>	<i>-728</i>	<i>-633</i>	<i>-632</i>	<i>-691</i>	<i>-755</i>	<i>-723</i>	<i>-687</i>	<i>-737</i>	<i>-761</i>	<i>-786</i>
<i>Other transportation -</i>													
Passenger services	-1291	-1328	-1547	-318	-296	-358	-392	-371	-391	-393	-446	-430	-407
Port services etc	-906	-786	-963	-200	-200	-191	-227	-239	-258	-239	-234	-261	-257
<i>Total</i>	<i>-2197</i>	<i>-2114</i>	<i>-2510</i>	<i>-518</i>	<i>-496</i>	<i>-549</i>	<i>-619</i>	<i>-610</i>	<i>-649</i>	<i>-632</i>	<i>-680</i>	<i>-691</i>	<i>-664</i>
<i>Travel</i>	<i>-2818</i>	<i>-3206</i>	<i>-3610</i>	<i>-767</i>	<i>-760</i>	<i>-804</i>	<i>-1009</i>	<i>-886</i>	<i>-847</i>	<i>-868</i>	<i>-1058</i>	<i>-1016</i>	<i>-998</i>
<i>Other services -</i>													
Official -													
Defence services	-81	-88	-86	-21	-23	-29	-15	-18	-24	-29	-21	-13	-23
Financial services	-50	-43	-4	-22	-10	-1	-1	-1	-1	-1	-1	-1	-1
Miscellaneous services	-185	-210	-221	-55	-48	-63	-41	-44	-65	-71	-51	-45	-55
<i>Total</i>	<i>-316</i>	<i>-341</i>	<i>-311</i>	<i>-98</i>	<i>-81</i>	<i>-93</i>	<i>-57</i>	<i>-63</i>	<i>-90</i>	<i>-101</i>	<i>-73</i>	<i>-59</i>	<i>-79</i>
Non-official -													
Expenditure of Aust govt employees	-113	-117	-113	-30	-28	-28	-28	-27	-29	-29	-27	-24	-25
Expenditure of non-resident entity employees	-133	-133	-167	-29	-34	-37	-47	-40	-40	-40	-50	-48	-47
Insurance services nec	-312	-283	-288	-71	-71	-71	-72	-72	-72	-72	-75	-75	-75
Miscellaneous services	-1127	-1295	-1542	-322	-361	-330	-351	-381	-431	-379	-382	-411	-410
<i>Total</i>	<i>-1685</i>	<i>-1828</i>	<i>-2110</i>	<i>-452</i>	<i>-494</i>	<i>-466</i>	<i>-498</i>	<i>-520</i>	<i>-572</i>	<i>-520</i>	<i>-534</i>	<i>-558</i>	<i>-557</i>
<i>Total other services</i>	<i>-2001</i>	<i>-2169</i>	<i>-2421</i>	<i>-550</i>	<i>-575</i>	<i>-559</i>	<i>-555</i>	<i>-583</i>	<i>-662</i>	<i>-621</i>	<i>-607</i>	<i>-617</i>	<i>-636</i>
Total services debits	-9843	-10245	-11397	-2563	-2464	-2544	-2874	-2834	-2881	-2808	-3082	-3085	-3084
Net services	-4101	-3469	-3246	-778	-644	-846	-1100	-762	-661	-723	-863	-696	-610

TABLE 13. BALANCE OF PAYMENTS - CURRENT ACCOUNT - INCOME CREDITS
(\$ million)

	Year			Quarters ended									
	1985-86	1986-87	1987-88	1986-87			1987-88			1988-89			
				Dec.	Mar.	June	Sept.	Dec.	Mar.	June	Sept.	Dec.	Mar.
Property income -													
<i>Investment income -</i>													
<i>Official -</i>													
General government	37	43	47	8	12	12	11	13	12	11	5	17	25
Reserve Bank (a)	598	531	706	115	115	160	187	203	140	176	222	204	285
<i>Total official</i>	635	574	753	123	127	172	198	216	152	187	227	221	310
<i>Non-official -</i>													
<i>Direct investment income -</i>													
Reinvested earnings	681	1176	1806	294	294	294	451	452	451	452	549	549	549
<i>Distributed earnings -</i>													
Remitted profits	70	30	69	3	7	6	6	44	7	12	2	39	11
Dividends	335	448	103	18	75	316	49	15	4	35	40	7	48
Interest	-67	-111	-106	-21	3	-79	-34	-40	-17	-15	-35	-45	-42
Total	338	367	66	—	85	243	21	19	-6	32	7	1	17
<i>Total direct investment income</i>	1019	1543	1872	294	379	537	472	471	445	484	556	550	566
<i>Portfolio and other investment income -</i>													
Dividends	60	162	128	52	53	32	33	37	24	34	44	44	27
Interest	252	349	452	69	77	89	95	127	149	81	93	90	159
Total	312	511	580	121	130	121	128	164	173	115	137	134	186
<i>Total non-official</i>	1331	2054	2452	415	509	658	600	635	618	599	693	684	752
<i>Total investment income</i>	1966	2628	3205	538	636	830	798	851	770	786	920	905	1062
<i>Other property income</i>	160	210	180	79	61	28	53	43	46	38	45	50	50
Total property income	2126	2838	3385	617	697	858	851	894	816	824	965	955	1112
Labour and other income -													
<i>Labour income -</i>													
Earnings in Australia	42	45	48	11	12	11	12	12	12	12	12	12	13
Earnings abroad	133	133	167	29	34	37	47	40	40	40	50	48	47
Total	175	178	215	40	46	48	59	52	52	52	62	60	60
<i>Insurance income</i>	—	—	—	—	—	—	—	—	—	—	—	—	—
Total labour and other income	175	178	215	40	46	48	59	52	52	52	62	60	60
Total income credits	2301	3016	3600	657	743	906	910	946	868	876	1027	1015	1172

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

TABLE 14. BALANCE OF PAYMENTS - CURRENT ACCOUNT - INCOME DEBITS
(\$ million)

	Year			Quarters ended									
	1985-86	1986-87	1987-88	1986-87			1987-88			1988-89			
				Dec.	Mar.	June	Sept.	Dec.	Mar.	June	Sept.	Dec.	Mar.
Property income -													
<i>Investment income -</i>													
<i>Official -</i>													
General government -													
Interest on borrowing domiciled abroad	-1009	-1463	-1761	-419	-356	-323	-341	-563	-473	-384	-260	-483	-388
Interest on borrowing domiciled in Australia	-580	-1141	-1577	-234	-338	-375	-278	-307	-513	-479	-288	-464	-501
Total	-1589	-2604	-3338	-653	-694	-698	-619	-870	-986	-863	-548	-947	-889
Reserve Bank (a)	-23	-22	-22	-11	-6	-5	-5	-6	-6	-5	-5	-6	—
<i>Total official</i>	-1612	-2626	-3360	-664	-700	-703	-624	-876	-992	-868	-553	-953	-889
<i>Non-official -</i>													
<i>Direct investment income -</i>													
Reinvested earnings	-936	-1244	-2428	-311	-311	-311	-607	-607	-607	-607	-651	-651	-651
Distributed earnings -													
Remitted profits	-185	-190	-158	-82	-43	-19	-33	-33	-40	-52	-74	-125	-51
Dividends	-766	-538	-928	-147	-106	-108	-243	-217	-271	-197	-343	-185	-255
Interest	-644	-636	-584	-166	-171	-144	-179	-140	-111	-154	-191	-295	-180
Total	-1595	-1364	-1670	-395	-320	-271	-455	-390	-422	-403	-608	-605	-486
<i>Total direct investment income</i>	-2531	-2608	-4098	-706	-631	-582	-1062	-997	-1029	-1010	-1259	-1256	-1137
<i>Portfolio and other investment income -</i>													
Dividends	-524	-998	-843	-125	-346	-453	-110	-171	-263	-299	-172	-206	-534
Interest -													
Public sector	-1691	-1671	-1713	-385	-472	-431	-413	-353	-479	-468	-458	-351	-483
Private sector	-3131	-3440	-3511	-811	-881	-1015	-717	-932	-892	-970	-1014	-1056	-1116
Total	-4822	-5111	-5224	-1196	-1353	-1446	-1130	-1285	-1371	-1438	-1472	-1407	-1599
<i>Total portfolio and other investment income</i>	-5346	-6109	-6067	-1321	-1699	-1899	-1240	-1456	-1634	-1737	-1644	-1613	-2133
<i>Total non-official</i>	-7877	-8717	-10165	-2027	-2330	-2481	-2302	-2453	-2663	-2747	-2903	-2869	-3270
<i>Total investment income</i>	-9489	-11343	-13525	-2691	-3030	-3184	-2926	-3329	-3655	-3615	-3456	-3822	-4159
<i>Other property income -</i>													
Cinema and TV film royalties	-171	-180	-190	-35	-42	-34	-50	-25	-49	-66	-56	-32	-55
Other	-522	-565	-605	-158	-177	-126	-146	-157	-152	-150	-150	-175	-168
Total	-693	-745	-795	-193	-219	-160	-196	-182	-201	-216	-206	-207	-223
Total property income	-10182	-12088	-14320	-2884	-3249	-3344	-3122	-3511	-3856	-3831	-3662	-4029	-4382
Labour and other income -													
<i>Official</i>	-52	-62	-65	-16	-16	-14	-16	-16	-17	-16	-16	-14	-13
<i>Non-official -</i>													
Labour income	-112	-135	-199	-32	-43	-37	-40	-52	-56	-51	-60	-67	-68
Insurance income	-12	—	—	—	—	—	—	—	—	—	—	—	—
Total non-official	-124	-135	-199	-32	-43	-37	-40	-52	-56	-51	-60	-67	-68
Total labour and other income	-176	-197	-264	-48	-59	-51	-56	-68	-73	-67	-76	-81	-81
Total income debits	-10358	-12285	-14584	-2932	-3308	-3395	-3178	-3579	-3929	-3898	-3738	-4110	-4463

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

TABLE 15. BALANCE OF PAYMENTS - CURRENT ACCOUNT - UNREQUITTED TRANSFERS
(\$ million)

	Year			Quarters ended									
	1985-86	1986-87	1987-88	1986-87			1987-88			1988-89			
				Dec.	Mar.	June	Sept.	Dec.	Mar.	June	Sept.	Dec.	Mar.
Credits -													
Official	697	786	819	199	219	182	207	181	194	237	209	199	238
Non-official -													
Migrants' transfers	1348	1657	2074	423	438	439	460	533	539	542	553	643	694
Foreign government pensions	27	30	34	6	9	9	8	8	9	9	8	8	9
Miscellaneous transfers	445	544	618	142	128	150	137	159	160	162	160	180	180
Total	1820	2231	2726	571	575	598	605	700	708	713	721	831	883
Total unrequited transfers credits	2517	3017	3545	770	794	780	812	881	902	950	930	1030	1121
Debits -													
Official -													
Foreign aid -													
Papua New Guinea aid	-337	-348	-323	-90	-90	-83	-74	-81	-84	-84	-99	-59	-87
Other foreign aid	-463	-412	-476	-70	-113	-172	-57	-80	-151	-188	-72	-106	-141
Total	-800	-760	-799	-160	-203	-255	-131	-161	-235	-272	-171	-165	-228
Pensions	-124	-134	-139	-31	-36	-37	-33	-33	-36	-37	-36	-36	-37
Miscellaneous transfers	-56	-68	-65	-12	-44	-6	-7	-13	-33	-12	-6	-14	-29
Total official	-980	-962	-1003	-203	-283	-298	-171	-207	-304	-321	-213	-215	-294
Non-official -													
Migrants' transfers	-296	-306	-319	-81	-75	-76	-77	-84	-77	-81	-82	-86	-88
Withholding taxes	-16	-22	-28	-5	-6	-6	-7	-7	-7	-7	-8	-8	-8
Miscellaneous transfers	-408	-418	-436	-107	-104	-105	-107	-111	-107	-111	-112	-119	-116
Total non-official	-720	-746	-783	-193	-185	-187	-191	-202	-191	-199	-202	-213	-212
Total unrequited transfers debits	-1700	-1708	-1786	-396	-468	-485	-362	-409	-495	-520	-415	-428	-506
Net unrequited transfers	817	1309	1759	374	326	295	450	472	407	430	515	602	615

TABLE 16. BALANCE OF PAYMENTS - CAPITAL ACCOUNT - NET CAPITAL TRANSACTIONS OF GENERAL GOVERNMENT

	(\$ million)											
	Year			Quarters ended								
	1985-86	1986-87	1987-88	1986-87			1987-88			1988-89		
			Dec.	Mar.	June	Sept.	Dec.	Mar.	June	Sept.	Dec.	Mar.
Foreign investment in Australia -												
<i>Borrowing -</i>												
Domiciled abroad -												
Commonwealth Government -												
Drawings	2876	3084	—	1828	814	—	—	—	—	—	—	—
Repayments	-1605	-2359	-1622	-508	-637	-255	-422	-290	-145	-765	-997	-1117
Total	1271	725	-1622	1320	177	-255	-422	-290	-145	-765	-997	-1117
State government -												
Drawings	2098	2964	4822	463	842	1370	1295	388	1734	1405	2069	1718
Repayments	-637	-442	-2743	-154	-103	-108	-244	-514	-1057	-928	-1298	-1548
Total	1461	2522	2079	309	739	1262	1051	-126	677	477	771	170
Total domiciled abroad	2732	3247	457	1629	916	1007	629	-416	532	-288	-226	-947
Domiciled in Australia -												
Purchases by non - residents	7363	12236	25976	1971	2789	5827	5817	5143	8508	6508	6033	7990
Sales by non - residents	-4486	-9337	-22346	-1446	-2058	-4134	-5382	-5470	-5168	-6326	-5979	-4887
Total domiciled in Australia	2877	2899	3630	525	731	1693	435	-327	3340	182	54	3103
<i>Total borrowing</i>	5609	6146	4087	2154	1647	2700	1064	-743	3872	-106	-172	2156
<i>Other</i>	30	-12	-72	73	-28	-38	-2	-15	-27	-28	-12	-19
Total foreign investment in Australia	5639	6134	4015	2227	1619	2662	1062	-758	3845	-134	-184	2137
Australian investment abroad -												
Lending	-32	-166	-279	28	-103	-65	14	-47	-103	-143	-353	114
Accounts receivable/prepayments made	-45	-313	120	-196	107	-311	154	74	-34	-74	-27	-18
Other	-136	-94	574	-86	—	-8	-1	-4	-4	583	-6	—
Total Australian investment abroad	-213	-573	415	-254	4	-384	167	23	-141	366	-386	96
Total general government	5426	5561	4430	1973	1623	2278	1229	-735	3704	232	-570	2233

TABLE 17. BALANCE OF PAYMENTS - CAPITAL ACCOUNT - NET CAPITAL TRANSACTIONS OF THE RESERVE BANK
(\$ million)

	Year			Quarters ended									
	1985-86	1986-87	1987-88	1986-87			1987-88			1988-89			
				Dec.	Mar.	June	Sept.	Dec.	Mar.	June	Sept.	Dec.	Mar.
Foreign Investment in Australia -													
Use of IMF credit	—	—	—	—	—	—	—	—	—	—	—	—	—
Other	-16	18	-8	8	—	17	-1	-11	1	3	-36	64	-18
Total foreign investment in Australia	-16	18	-8	8	—	17	-1	-11	1	3	-36	64	-18
Australian investment abroad -													
<i>Reserve assets -</i>													
<i>Official reserve assets -</i>													
Monetary gold	—	—	—	—	—	—	—	—	—	—	—	—	—
SDRs	-53	-4	20	—	5	-9	4	6	5	5	5	6	—
Reserve position in IMF	-4	—	—	—	—	—	—	—	—	—	—	-26	14
Foreign exchange	2197	-3390	-3944	-4070	1561	-3671	-1860	3574	-1082	-4576	-763	-390	236
<i>Total</i>	<i>2140</i>	<i>-3394</i>	<i>-3924</i>	<i>-4070</i>	<i>1566</i>	<i>-3680</i>	<i>-1856</i>	<i>3580</i>	<i>-1077</i>	<i>-4571</i>	<i>-758</i>	<i>-410</i>	<i>250</i>
Allocation of SDRs	—	—	—	—	—	—	—	—	—	—	—	—	—
<i>Total reserve assets</i>	<i>2140</i>	<i>-3394</i>	<i>-3924</i>	<i>-4070</i>	<i>1566</i>	<i>-3680</i>	<i>-1856</i>	<i>3580</i>	<i>-1077</i>	<i>-4571</i>	<i>-758</i>	<i>-410</i>	<i>250</i>
<i>Other</i>	—	—	—	—	—	—	—	—	—	—	—	—	—
Total Australian investment abroad	2140	-3394	-3924	-4070	1566	-3680	-1856	3580	-1077	-4571	-758	-410	250
Total Reserve Bank	2124	-3376	-3932	-4062	1566	-3663	-1857	3569	-1076	-4568	-794	-346	232

TABLE 18. BALANCE OF PAYMENTS - CAPITAL ACCOUNT - NET CAPITAL TRANSACTIONS OF THE NON-OFFICIAL SECTOR
(\$ million)

	Year			Quarters ended									
	1985-86	1986-87	1987-88	1986-87			1987-88			1988-89			
				Dec.	Mar.	June	Sept.	Dec.	Mar.	June	Sept.	Dec.	Mar.
Foreign investment in Australia -													
<i>Direct investment -</i>													
Reinvestment of earnings	936	1244	2428	311	311	311	607	607	607	607	651	651	651
Corporate equities	2143	1745	628	1356	-407	700	-109	30	536	171	1201	218	805
Net equity in branches	-575	83	567	49	394	-23	503	-57	-40	161	-132	-212	265
Borrowing (a)	497	1281	1523	1047	231	-100	467	87	-192	1161	1115	602	-973
Other	305	-291	61	-93	-327	238	169	175	-403	120	83	-161	47
<i>Total direct investment</i>	3306	4062	5207	2670	202	1126	1637	842	508	2220	2918	1098	795
<i>Portfolio and other investment -</i>													
Corporate equities	-122	4046	2417	851	972	1653	2079	314	242	-218	-209	147	23
Borrowing (a)-													
Public sector	2095	279	3796	70	70	69	487	-122	1768	1663	1355	577	1984
Private sector	8273	6544	7485	1009	2402	599	1744	3168	-717	3290	2084	326	3343
Total	10368	6823	11281	1117	2836	-269	2231	3046	1051	4953	3439	903	5327
Accounts payable/prepayments received -													
Public sector	-48	-152	-627	-14	-6	-121	-613	15	-20	-9	50	8	-17
Private sector	17	346	680	-128	-147	378	255	249	-73	249	195	256	78
Total	-31	194	53	-142	-153	257	-358	264	-93	240	245	264	61
<i>Total portfolio and other investment</i>	10215	11063	13751	1826	3655	1641	3952	3624	1200	4975	3475	1314	5411
Total foreign investment in Australia	13521	15125	18958	4496	3857	2767	5589	4466	1708	7195	6393	2412	6206
Australian investment abroad -													
<i>Direct investment -</i>													
Reinvestment of earnings	-681	-1176	-1806	-294	-294	-294	-451	-452	-451	-452	-549	-549	-549
Corporate equities	-2153	-3014	-7541	-1278	-541	-923	-835	-3523	-1667	-1516	-493	-2142	-43
Net equity in branches	-281	-376	-168	-89	-26	-120	-36	-89	-6	-37	94	15	27
Lending (a)	330	444	-283	-167	313	875	-632	46	186	117	-375	332	281
Other	25	-122	-46	-5	-10	-75	1	30	-63	-14	-13	103	-73
<i>Total direct investment</i>	-2760	-4244	-9844	-1833	-558	-537	-1953	-3988	-2001	-1902	-1336	-2241	-357
<i>Portfolio and other investment -</i>													
Corporate equities	-2624	-3233	1153	-528	-840	-1336	-513	1763	-327	230	-508	205	-1249
Lending -													
Banks (a)	-318	-1343	-227	-276	-782	231	-251	270	-74	-172	381	-207	-2845
Non-bank enterprises	-987	684	-1377	289	-102	252	-409	-2178	1142	68	-236	653	2786
Total	-1305	-659	-1604	13	-884	483	-660	-1908	1068	-104	145	446	-59
Accounts receivable/prepayments made -													
Public sector	-60	-10	-29	46	-29	90	—	-78	116	-67	-160	54	-204
Private sector	-40	-262	-561	-66	-54	-121	-44	-452	-32	-33	-149	-52	-91
Total	-100	-272	-590	-20	-83	-31	-44	-530	84	-100	-309	2	-295
<i>Total portfolio and other investment</i>	-4029	-4164	-1041	-535	-1807	-884	-1217	-675	825	26	-672	653	-1603
Total Australian investment abroad	-6789	-8408	-10885	-2368	-2365	-1421	-3170	-4663	-1176	-1876	-2008	-1588	-1960
Total non-official	6732	6717	8073	2128	1492	1346	2419	-197	532	5319	4385	824	4246

(a) A series break occurs for banks at 30 June 1986. See Appendix C, Part III of Foreign Investment, Australia, 1985-86 (5305.0) for details.

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

(\$ million)

	Year			Quarters ended									
	1985-86	1986-87	1987-88	1986-87			1987-88			1988-89			
				Dec.	Mar.	June	Sept.	Dec.	Mar.	June	Sept.	Dec.	Mar.
Direct investment borrowing -													
<i>Domiciled abroad -</i>													
Drawings	38747	43170	33420	18413	6421	2957	10929	7643	4286	10562	14579	15200	5558
Repayments	-38250	-42394	-31584	-17484	-6157	-3468	-10073	-7582	-4563	-9366	-13428	-14587	-6555
<i>Total</i>	497	776	1836	929	264	-511	856	61	-277	1196	1151	613	-997
<i>Domiciled in Australia</i>	—	505	-313	118	-33	411	-389	26	85	-35	-36	-11	24
Total direct investment borrowing	497	1281	1523	1047	231	-100	467	87	-192	1161	1115	602	-973
Other borrowing -													
<i>Domiciled abroad -</i>													
<i>Banks (a)-</i>													
Drawings	18090	23137	26562	4653	5733	5997	4999	6212	6134	9217	11354	7741	10604
Repayments	-14292	-18878	-23843	-4348	-5245	-5733	-4172	-5756	-7369	-6546	-10137	-6340	-7794
<i>Total</i>	3798	4259	2719	305	488	264	827	456	-1235	2671	1217	1401	2810
<i>Non-bank enterprises -</i>													
Drawings	53239	72777	74843	17901	20560	18431	18474	19399	17194	19776	26987	25735	26424
Repayments	-48011	-69601	-68380	-17403	-17958	-19260	-17489	-16732	-15601	-18558	-24851	-25711	-24309
<i>Total</i>	5228	3176	6463	498	2602	-829	985	2667	1593	1218	2136	24	2115
<i>Total domiciled abroad</i>	9026	7435	9182	803	3090	-565	1812	3123	358	3889	3353	1425	4925
<i>Domiciled in Australia -</i>													
<i>Banks (a)-</i>													
Securities	600	-304	126	-67	-188	145	15	-11	116	6	-236	-159	420
Deposits	-24	-54	1431	312	171	36	338	-17	78	1032	-438	82	390
<i>Total</i>	576	-358	1557	245	-17	181	353	-28	194	1038	-674	-77	810
<i>Non-bank enterprises</i>	766	-254	542	69	-237	115	66	-49	499	26	760	-445	-408
<i>Total domiciled in Australia</i>	1342	-612	2099	314	-254	296	419	-77	693	1064	86	-522	402
<i>of which -</i>													
Public sector securities (b)	392	-376	1006	-82	-233	180	122	-91	924	51	720	-452	-395
Total other borrowing	10368	6823	11281	1117	2836	-269	2231	3046	1051	4953	3439	903	5327
Total borrowing (c)	10865	8104	12804	2164	3067	-369	2698	3133	859	6114	4554	1505	4354

(a) A series break occurs for banks at 30 June 1986. See Appendix C, Part III of Foreign Investment, Australia, 1985-86 (5305.0) for details. (b) Excludes bank securities. (c) Corresponds to the sum of direct investment borrowing and total portfolio and other investment borrowing in Table 18.

TABLE 20. OFFICIAL RESERVE ASSETS AND EXCHANGE RATES

	Year			Quarters ended									
	1985-86	1986-87	1987-88	1986-87			1987-88			1988-89			
				Dec.	Mar.	June	Sept.	Dec.	Mar.	June	Sept.	Dec.	Mar.
Official reserve assets (\$ million) -													
<i>Levels at end of year/month</i>	13024	17594	20182	15561	13866	17594	19557	17430	17331	20182	20628	19772	19509
<i>Changes in levels</i>	-493	4570	2588	2946	-1695	3728	1963	-2127	-99	2851	446	-856	-263
<i>Of which -</i>													
Changes due to effects of revaluations	1647	1176	-1336	-1124	-129	48	107	1453	-1176	-1720	-312	-1266	-13
Changes included in the balance of payments (a)	-2140	3394	3924	4070	-1566	3680	1856	-3580	1077	4571	758	410	-250
Exchange rates -													
<i>Units of foreign currency per \$A -</i>													
<i>End of year/quarter (b) -</i>													
United States dollar	0.6772	0.7203	0.7940	0.6648	0.7053	0.7203	0.7194	0.7225	0.7388	0.7940	0.7829	0.8555	0.8194
United Kingdom pound	0.4414	0.4494	0.4612	0.4525	0.4379	0.4494	0.4420	0.3857	0.3934	0.4612	0.4647	0.4764	0.4855
West German mark	1.485	1.319	1.441	1.295	1.269	1.319	1.324	1.143	1.225	1.441	1.472	1.528	1.550
Japanese yen	110.96	105.79	105.17	106.37	102.85	105.79	105.54	88.22	92.04	105.17	105.28	107.71	108.64
Special drawing right	0.5781	0.5634	0.6059	0.5448	0.5486	0.5634	0.5626	0.5137	0.5350	0.6059	0.6067	0.6382	0.6332
<i>Period average (c) -</i>													
United States dollar	0.6999	0.6636	0.7290	0.6475	0.6712	0.7142	0.7143	0.7038	0.7196	0.7783	0.7994	0.8392	0.8475
United Kingdom pound	0.4866	0.4352	0.4167	0.4527	0.4357	0.4350	0.4415	0.4020	0.4004	0.4230	0.4713	0.4688	0.4844
West German mark	1.753	1.280	1.262	1.299	1.235	1.290	1.313	1.201	1.205	1.329	1.491	1.488	1.567
Japanese yen	140.48	101.37	97.58	103.93	102.83	101.83	104.96	95.53	92.05	97.83	106.90	105.04	108.76
Special drawing right	0.6387	0.5345	0.5448	0.5369	0.5323	0.5518	0.5594	0.5256	0.5255	0.5688	0.6163	0.6246	0.6439
Trade-weighted index of value of the Australian dollar (May 1970 = 100)													
End of year/quarter (b)	56.3	56.6	59.8	55.0	55.4	56.6	56.2	52.0	53.8	59.8	60.0	63.2	62.2
Period average (c)	62.3	53.8	54.8	54.1	54.0	55.6	56.1	53.0	53.0	57.0	60.9	62.0	63.4

(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

1. This publication provides detailed estimates of Australia's balance of payments for the March quarter 1989 together with revised estimates for previous quarters and financial years. The estimates are consistent with those published on 16 May in *Balance of Payments, Australia, April 1989* (5301.0). They are also consistent with *Foreign Investment, Australia, Preliminary, March Quarter 1989* (5307.0). Longer term estimates, from September quarter 1959, consistent with those shown in this issue, will shortly be available in the publication *Balance of Payments, Australia - Historical Series on Microfiche, March Quarter 1989* (5337.0).

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 20, 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. Summary 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: Summary of Concepts, Sources and Methods* (5351.0) which was published on 9 September 1988. The publication also provides item definitions and explanations of seasonal adjustment, constant price estimates, implicit price deflators and the terms of trade.

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
Other mineral fuels	33 to 35

*SITC rev 3
Section or Division**Exports (cont.)*

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 September quarter 1989 are available on request. To obtain the seasonal factors, users should contact Mr Dan Aherne on (062) 52 6689.

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) provides additional information on freight and other transportation transactions.

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 (062) 52 6711. 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 obtained 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 Table 12 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, Historical Series on Microfiche (5337.0) - issued quarterly.

Balance of Payments, Australia 1986-87 (5303.0)

Balance of Payments, Australia - Regional Series on Microfiche 1986-87 (5338.0).

International Transportation Services, Australia (5350.0) - issued quarterly.

Balance of Payments, Australia: Summary of Concepts, Sources and Methods (5351.0) - published 9 September 1988.

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 1987-88 (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

VIATEL. 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 CSIRONET. For further information phone the AUSSTATS Help Desk on (062) 52 6017.

TELESTATS. This service provides foreign trade statistics tailored to users' requirements.

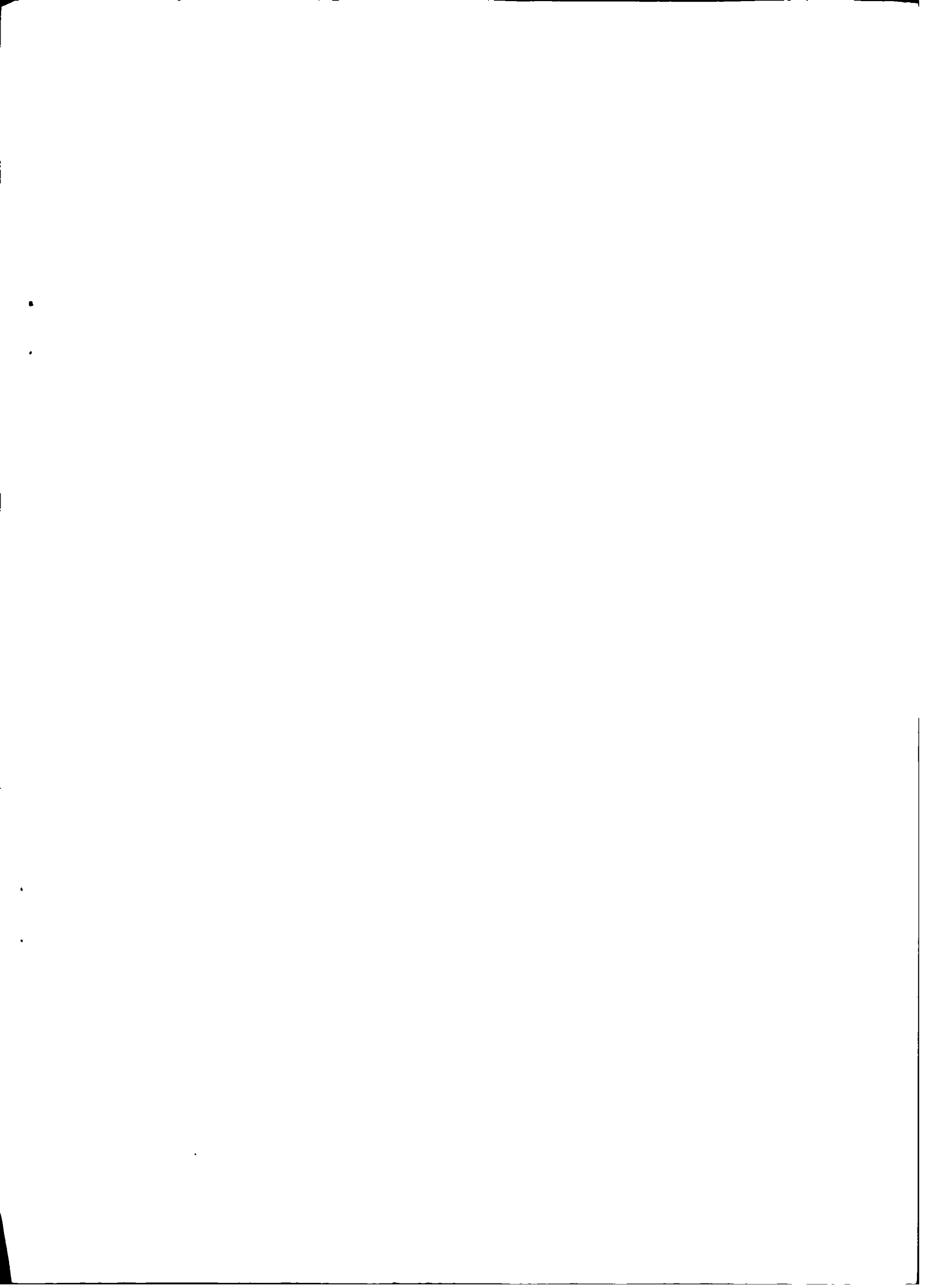
Further information is available on (062) 52 5404.

Floppy disk service

Selected ABS statistics are available on floppy disk. Further information is available on (062) 52 6684.

**LIST OF OCCASIONAL 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	Dec qtr 1988	9
Reliability of quarterly balance of payments estimates	5302.0	Dec qtr 1988	12-15
International comparisons of balance of payment statistics	5302.0	Sept qtr 1988	10-11
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
Latest survey results: International consultancy services, Australia	5302.0	March qtr 1988	9-10
Foreign ownership of Australian real estate - treatment in foreign investment statistics	5306.0	March qtr 1988	5-6
New publication: International transportation services, Australia	5302.0	Dec qtr 1987	9
Survey of international travel enterprises - results for 1986/87	5302.0	Dec qtr 1987	10
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



Printed by R.D. RUBIE, Commonwealth Government Printer, Canberra
© Commonwealth of Australia 1989

Recommended retail price: \$15.00



2053020003894

ISSN 0819-114X