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## BALANCE OF PAYMENTS : SEPTEMBER QUARTER 1978

### INQUIRIES

*If you want to know more about these statistics ring Mr Geoff Robertson on Canberra 525519 or our State office, or write to Information Services, ABS, P.O. Box 10, Belconnen, A.C.T. 2616*

*For copies of this publication contact Information Services, Canberra 526627 or State offices.*

### MAIN FEATURES

#### September quarter 1978

- . An overall deficit, as measured by net official monetary movements of \$209 million.
- . Exports of \$3,046 million, \$60 million lower than in the previous quarter.
- . Record imports of \$3,088 million, \$206 million up on the previous quarter.
- . A trade deficit of \$42 million, representing a turnaround of \$267 million from the \$225 million surplus of the previous quarter.
- . Net invisibles – payments exceeded receipts by \$941 million.
- . A deficit on current account of \$983 million.
- . A net apparent capital inflow of \$774 million of which \$452 million was due to government capital transactions.

*Exports* (on a balance of payments basis) were \$3,046 million in the September quarter, 2 per cent down on the previous quarter and only 1 per cent higher than exports in the September quarter 1977. Export commodity statistics for the whole quarter are not yet available, but a comparison of the first two months of the quarter with the corresponding months of 1977 show increases in the value of exports of meat, wool and iron and steel while the value of cereal, sugar, metalliferous ores and coal exports fell.

*Seasonally adjusted exports* at \$3,036 million, were 1 per cent down on the June quarter.

*Imports* (on a balance of payments basis) were \$3,088 million, 7 per cent higher than the previous quarter and 9 per cent above the September quarter 1977. Most major categories of imports showed some rise in value compared with the September quarter 1977, the most significant increases being in the value of imports of road vehicles (up \$53 million or 19 per cent), power generating machinery (up \$27 million or 34 per cent), general industrial machinery (up \$25 million or 20 per cent), metal working machinery (up \$19 million or 100 per cent) and office machines (up \$17 million or 19 per cent).

*Seasonally adjusted imports* at \$2,964 million, were 1 per cent up on the June quarter.

. The \$941 million deficit on *net invisibles* was \$19 million less than in the September quarter 1977.

. The *seasonally adjusted net invisibles* deficit of \$948 million was \$36 million up on the previous quarter.

### TRENDS IN MAJOR AGGREGATES

#### Current Account

- . The *current account* deficit of \$983 million for the September quarter compared with a deficit of \$775 million in the September quarter 1977.
- . *Seasonally adjusted*, the *current account* deficit was \$876 million, \$97 million higher than the deficit for the June quarter.
- . The *balance of trade* deficit of \$42 million for the September quarter was a turnaround of \$227 million on the surplus of \$185 million in the September quarter 1977.
- . *Seasonally adjusted*, the *trade balance* was a surplus of \$72 million, a fall of \$61 million on the \$133 million surplus for the June quarter.

#### Capital Account

- . The *net apparent capital inflow* of \$774 million in the September quarter is a rise of \$62 million on the previous quarter.
- . There was a large net inflow of \$452 million on *government capital transactions* during the quarter, mainly reflecting the receipt of proceeds from a Swiss Franc loan in July, a Dutch Guilder loan in August and two Deutsche Mark loans in September.

- Interim estimates of foreign investment in Australian enterprises indicate a net inflow of \$418 million in the September quarter, \$184 million lower than the inflow in the June quarter but \$273 million higher than in September quarter 1977.
- Complete information on *trade credit n.e.i.* transactions is not yet available for the September quarter. However, for marketing authorities, there was a net outflow of \$43 million, reflecting the excess of exports over receipts.

#### Overall results

- Net official monetary movements* during the September quarter 1978 showed a deficit of \$209

million compared with deficits of \$36 million in the June quarter and \$736 million in the September quarter 1977.

- Official reserve assets* decreased by \$205 million during the September quarter as a result of balance of payments transactions (i.e. after excluding changes due to the effects of revaluations).

#### Level of reserves

- At 30 September 1978, Australia's *official reserve assets*, valued at market rates of exchange and with gold holdings at market related value, stood at \$3,274 million.

#### Official Reserve Assets and Exchange Rates

Quarter ended	Official Reserve Assets \$ million				Exchange Rates (end of quarter) Units of foreign currency for \$A				Trade-weighted index of value of Australian dollar, May 1970 = 100
	Changes included in the balance of payments	Changes due to effects of revaluations	Reserve Bank Series		U.S.A. Dollar	U.K. Pound	W.Germ. Mark	Japan Yen	
			Changes in levels	Levels at end of quarter					
1976 30 June	-7	+522	+515	3,086	1.2356	0.6927	3.182	366.44	105.3
30 September	+42	-57	-15	3,071	1.2373	0.7409	3.036	354.96	105.3
31 December	-7	+486	+479	3,550	1.0864	0.6385	2.555	317.34	92.2
1977 31 March	+127	+54	+181	3,731	1.1031	0.6411	2.638	306.32	92.5
30 June	-352	-67	-419	3,312	1.1108	0.6458	2.616	300.84	92.5
30 September	-584	+92	-492	2,820	1.1076	0.6348	2.572	293.63	91.5
31 December	-43	+102	+59	2,879	1.1414	0.5965	2.395	273.85	89.4
1978 31 March	+187	+196	+383	3,262	1.1431	0.6127	2.314	253.65	87.5
30 June	-34	-3	-37	3,225	1.1475	0.6151	2.379	234.63	86.2
30 September	-205	+254	+49	3,274	1.1566	0.5853	2.234	218.31	83.6

## EXPLANATORY NOTES

## Introduction

1. This bulletin contains preliminary estimates of Australia's international balance of payments for the September quarter 1978, together with revised estimates for previous quarters and financial years. More detailed estimates are published annually in the bulletin *Balance of Payments* (5303.0).

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

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

## Australian currency values

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

## Adjustments to exports and imports

5. The figures for *exports* and *imports* in the main tables represent the recorded trade figures adjusted in respect of coverage, timing and valuation for balance of payments purposes. The table below sets out the values for these adjustments. Reference should be made to the annual bulletin *Balance of Payments* (5303.0) for a description of the adjustments.

## Net official monetary movements

6. The ~~aggregate~~ net official monetary movements is usually taken as a measure of the overall surplus or

deficit in the balance of payments. In order not to obscure the underlying performance of the balance of payments this item excludes changes that do not arise from international economic transactions. The main exclusions made for this reason are : the allocation of Special Drawing Rights (SDR) by the International Monetary Fund (included in official reserve assets but excluded from net official monetary movements by means of the offset item shown in the table); compensation received under the Sterling Agreement amounting to \$24 million in January 1973 and \$26 million in May 1974; and changes in the Australian dollar value of official reserve assets due to revaluations.

7. The measurement of official reserve assets is based on market valuations so that changes in the value of the assets occur both as a result of economic transactions and as a result of fluctuations in the market value of certain assets and in the market rates of exchange used to convert them into Australian dollars. The table on page 2 sets out separately the changes in official reserve assets which result from transactions and are recorded in the balance of payments and revaluation changes, which are excluded from the balance of payments. The major change that occurred in the Australian dollar value of official reserve assets in the June quarter 1976 was due mainly to the revaluation of gold holdings to a market value basis (for further details see paragraphs 7 to 9 of the explanatory notes in previous publications). A further major change in the December quarter 1976 was due to a devaluation of the Australian dollar on 28 November 1976.

8. The table on page 2 also shows the exchange rate of the Australian dollar with four major currencies and a trade-weighted index of value of the Australian dollar published by the Reserve Bank. The trade-weighted index is the average value of the Australian dollar vis a vis currencies of Australia's major trading partners.

Trade statistics : adjustments for balance of payments purposes  
(\$ million)

Years/ quarters	Exports				Imports				
	Trade basis	Adjustments		Balance of Payments basis	Trade basis	Adjustments			Balance of Payments basis
		Coverage	Timing			Coverage	Timing	Valuation	
1974-75	8,726	-256	20	8,490	8,080	-76	-8	-344	7,652
1975-76	9,640	-252	19	9,408	8,240	-26	-2	-288	7,924
1976-77	11,646	-133	-115	11,400	10,411	62	20	-148	10,345
1977-78	12,244	-188	-15	12,042	11,167	111	45	-147	11,176
1975-76 June	2,683	-32	-18	2,634	2,181	22	-1	-78	2,124
1976-77 September	2,983	-55	-71	2,857	2,415	19	-2	-39	2,393
December	2,778	-23	50	2,804	2,417	21	-1	-30	2,407
March	2,855	-32	-24	2,799	2,778	44	11	-44	2,789
June	3,032	-22	-69	2,939	2,801	-22	11	-33	2,757
1977-78 September	3,079	74	9	3,015	2,828	35	4	-38	2,829
December	3,073	-47	103	3,129	2,629	45	-15	-40	2,619
March	2,917	-42	-83	2,792	2,804	45	25	-27	2,847
June	3,175	-25	-43	3,106	2,906	-14	32	-42	2,882
1978-79 September	3,053	-39	32	3,046	3,122	16	-4	-46	3,088

### Seasonal adjustment

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

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

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

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

13. In the case of the statistics published in this bulletin, annual re-analysis, taking into account 1977 data, has recently been completed. An outline of the methods used, together with selected measures of variability for the series, are available on request.

14. In order to maintain an accounting identity, the balance items (balance of trade, net invisibles and balance on current account) are derived by differencing

independently adjusted series and could contain irregular fluctuations somewhat larger than those appearing in the individual series being differenced.

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

### Presentation

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

17. Discrepancies may occur between totals and sums of components in the tables, due to rounding.

### Related publications

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

*Balance of Payments*, monthly bulletin (5301.0)

*Balance of Payments*, annual bulletin (5303.0)

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

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

*Foreign Investment 1976-77* (5304.0)

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

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

### Symbols and other usages

n.a. not available.

**R. J. CAMERON**  
Australian Statistician

**BALANCE OF PAYMENTS : SEPTEMBER QUARTER 1978**

**TABLES**

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

(\$ million)

	Quarters Ended –													
	Year				1975-76		1976-77			1977-78				1978-79
	1974-75	1975-76	1976-77	1977-78	June	Sept.	Dec.	Mar.	June	Sept.	Dec.	Mar.	June	Sept.
Visible trade –														
Exports f.o.b.	8,490	9,408	11,399	12,042	2,634	2,857	2,804	2,799	2,939	3,015	3,129	2,792	3,106	3,046
Imports f.o.b.	-7,652	-7,924	-10,345	-11,176	-2,124	-2,393	-2,407	-2,789	-2,757	-2,829	-2,619	-2,847	-2,882	-3,088
Balance of trade	838	1,484	1,054	866	510	464	397	10	183	185	510	-54	225	-42
Invisible credits –														
Gold production	56	23	..	..	..	..	..	..	..	..	..	..	..	..
Transportation	951	1,041	1,238	1,319	274	294	312	315	316	312	337	336	334	370
Travel	212	233	278	325	47	54	84	80	60	68	104	88	65	79
Government	75	77	88	90	18	20	21	23	24	21	24	22	24	25
Miscellaneous	153	126	94	134	31	21	29	24	20	25	31	38	40	30
Property income	431	343	378	362	83	82	104	88	104	85	96	83	97	93
Transfers	429	359	276	411	84	62	75	67	72	86	95	119	111	99
Total invisible credits	2,307	2,201	2,351	2,640	537	534	623	597	597	597	686	687	671	694
Invisible debits –														
Transportation –														
Freight on imports	-784	-802	-1,034	-1,083	-207	-243	-244	-275	-272	-272	-266	-254	-291	-328
Other transportation	-712	-801	-947	-1,041	-226	-234	-228	-230	-256	-259	-243	-247	-293	-273
Travel	-428	-509	-510	-531	-164	-134	-109	-103	-165	-144	-104	-110	-173	-147
Government	-147	-175	-189	-223	-60	-34	-46	-48	-61	-53	-52	-56	-61	-50
Miscellaneous	-294	-253	-255	-365	-48	-73	-54	-64	-65	-82	-80	-102	-101	-103
Property income –														
Investment income –														
Undistributed	-241	-605	-659	-720	-151	-165	-165	-165	-165	-180	-180	-180	-180	-200
Other	-783	-872	-1,011	-1,111	-249	-237	-274	-221	-280	-308	-269	-239	-295	-304
Royalties and copyrights	-75	-75	-57	-75	-17	-13	-14	-13	-16	-22	-16	-18	-19	-17
Transfers –														
Government	-361	-388	-414	-452	-88	-98	-93	-107	-116	-146	-54	-118	-134	-110
Private	-266	-313	-290	-364	-80	-77	-71	-65	-77	-91	-87	-91	-95	-103
Total invisible debits	-4,090	-4,793	-5,366	-5,964	-1,291	-1,307	-1,297	-1,290	-1,471	-1,557	-1,350	-1,414	-1,643	-1,635
Net invisibles	-1,784	-2,592	-3,015	-3,324	-754	-773	-674	-693	-875	-960	-664	-727	-972	-941
Balance on current account	-946	-1,108	-1,961	-2,458	-244	-310	-277	-683	-692	-775	-154	-782	-748	-983

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

	Year				Quarters Ended –									
					1975-76	1976-77				1977-78				1978-79
	1974-75	1975-76	1976-77	1977-78	June	Sept.	Dec.	Mar.	June	Sept.	Dec.	Mar.	June	Sept.
Capital inflow (net) –														
Government capital movements –														
Government securities	21	46	371	1,627	163	234	145	–4	–5	482	357	467	321	424
Other government capital movements	–45	–176	–222	–129	–62	–67	–14	–25	–116	–59	–20	40	–90	28
Total government capital movements	–24	–129	148	1,498	101	167	131	–29	–121	423	338	507	231	452
Private capital movements –														
Foreign investment in Australian enterprises –														
Undistributed income	241	605	659	720	151	165	165	165	165	180	180	180	180	200
Other direct investment	403	–41	396	415	86	–43	113	185	141	–42	81	55	321	150
Portfolio investment and institutional loans	237	198	496	286	49	–44	199	209	132	8	121	57	101	68
Total enterprises	881	762	1,551	1,421	286	77	477	559	438	145	382	292	602	418
Australian investment abroad	–94	–174	–207	–253	–66	–39	–57	–51	–60	–59	–60	–62	–72	(a)
Trade credit n.e.i. –														
Marketing authorities	–60	120	111	–209	15	11	34	71	–5	–164	–85	78	–39	–43
Other	–9	–16	129	–47	–54	31	63	10	26	25	–72	..	–1	(a)
Total private capital movements	718	692	1,584	911	181	81	516	589	399	–52	165	308	490	n.a.
Non-official monetary sector transactions	51	–25	24	4	61	–79	79	–11	34	47	–18	–21	–5	(a)
Net identified capital inflow	745	538	1,756	2,412	343	169	726	549	312	418	485	794	716	827
Balancing item	–264	–451	–286	–496	–94	–127	–458	270	30	–379	–403	290	–4	(b)–53
Net apparent capital inflow	481	87	1,471	1,916	249	42	268	819	342	39	81	1,084	712	774
Official monetary movements –														
Changes in official reserve assets	–460	–1,053	–190	–474	–7	42	–7	127	–352	–584	–43	187	–34	–205
Allocation of SDR	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Other transactions	–4	32	–301	–68	12	–310	–1	9	2	–152	–30	116	–2	–4
Net official monetary movements	–464	–1,020	–491	–542	5	–268	–9	136	–350	–736	–73	302	–36	–209

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

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

	Quarters Ended –									
	1975-76		1976-77			1977-78				1978-79
	June	Sept.	Dec.	Mar.	June	Sept.	Dec.	Mar.	June	Sept.
Visible trade –										
Exports f.o.b.	2,618	2,854	2,746	2,887	2,913	3,008	3,074	2,884	3,074	3,036
Imports f.o.b.	-2,176	-2,290	-2,410	-2,847	-2,817	-2,713	-2,623	-2,903	-2,942	-2,964
Balance of trade	442	564	336	41	96	294	451	-20	133	72
Invisible credits –										
Gold production	..	..	..	..	..	..	..	..	..	..
Transportation	275	299	310	312	317	318	334	333	335	376
Travel	60	60	67	75	77	75	83	83	84	87
Government	18	20	21	23	24	21	23	22	24	25
Miscellaneous	32	21	27	25	21	24	29	41	42	30
Property income	83	81	103	90	104	85	95	84	98	92
Transfers	83	61	72	71	71	85	93	123	110	98
Total invisible credits	551	542	600	596	614	608	658	686	691	706
Invisible debits –										
Transportation –										
Freight on imports	-210	-234	-243	-281	-277	-261	-266	-260	-297	-314
Other transportation	-225	-236	-233	-223	-255	-260	-249	-241	-291	-274
Travel	-129	-128	-125	-125	-130	-138	-119	-134	-137	-140
Government	-51	-38	-47	-51	-52	-59	-53	-59	-53	-56
Miscellaneous	-49	-68	-58	-63	-66	-77	-87	-99	-103	-96
Property income –										
Investment income –										
Undistributed	-151	-165	-165	-165	-165	-180	-180	-180	-180	-200
Other	-238	-264	-251	-225	-267	-367	-242	-244	-281	-361
Royalties and copyrights	-18	-13	-17	-12	-16	-21	-19	-16	-19	-16
Transfers –										
Government	-89	-93	-91	-117	-118	-134	-57	-128	-151	-97
Private	-78	-75	-71	-71	-74	-88	-87	-99	-91	-100
Total invisible debits	-1,239	-1,314	-1,300	-1,332	-1,421	-1,584	-1,359	-1,460	-1,603	-1,654
Net invisibles	-688	-772	-701	-736	-807	-976	-701	-774	-912	-948
Balance on current account	-246	-207	-364	-695	-711	-682	-250	-794	-779	-876

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

	1975-76		1976-77			1977-78				1978-79
	June	Sept.	Dec.	Mar.	June	Sept.	Dec.	Mar.	June	Sept.
Exports f.o.b.	9.4	9.0	-3.8	5.1	0.9	3.2	2.2	-6.2	6.6	-1.2
Invisible credits	7.0	-1.6	10.7	-0.7	3.1	-1.0	8.3	4.3	0.7	2.2
Imports f.o.b.	4.4	5.3	5.2	18.1	-1.0	-3.7	-3.3	10.7	1.3	0.8
Invisible debits	5.3	6.1	-1.0	2.4	6.7	11.4	-14.2	7.4	9.8	3.2