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BALANCE OF PAYMENTS, AUSTRALIA, SEPTEMBER QUARTER 1980

INQUIRIES

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MAIN FEATURES

September quarter 1980—

An overall deficit, as measured by net official monetary movements, of \$463 million.

Exports of \$4,598 million, \$250 million lower than in the previous quarter and \$504 million higher than in the September quarter 1979.

Imports of \$4,579 million, \$528 million higher than in the previous quarter and \$997 million higher than in the September quarter 1979.

A trade surplus of \$19 million, \$778 million lower than in the previous quarter and \$493 million lower than in the September quarter 1979.

Net invisibles—invisible debits exceeded invisible credits by \$1,108 million.

A deficit on current account of \$1,090 million.

A net apparent capital inflow of \$626 million.

TRENDS IN MAJOR AGGREGATES

Current account

- The *current account* deficit of \$1,090 million for the September quarter compared with a deficit of \$424 million in the September quarter 1979.
- *Seasonally adjusted*, the *current account* deficit was \$1,025 million, an increase of \$691 million on the deficit for the previous quarter.
- The *balance of trade* surplus of \$19 million for the September quarter was \$493 million lower than the \$512 million surplus in the September quarter 1979.

- *Seasonally adjusted*, the *trade surplus* was \$85 million, a decrease of \$591 million on the surplus for the previous quarter.
- *Exports* (on a balance of payments basis) were \$4,598 million in the September quarter, 12 per cent higher than in the September quarter 1979. Export commodity statistics for the whole quarter are not yet available, but a comparison of the first two months with the corresponding months of 1979 showed marked increases in the value of exports of sugar, sugar preparations and honey (up \$129 million or 112 per cent), iron ore and concentrates (up \$113 million or 95 per cent) and wheat (up \$78 million or 36 per cent).
- *Seasonally adjusted exports* were \$4,643 million, a decrease of \$145 million, or 3 per cent on the June quarter.
- *Imports* (on a balance of payments basis) were \$4,579 million in the September quarter, 28 per cent higher than in the September quarter 1979. Import commodity statistics for the September quarter compared with the corresponding quarter of 1979 show increases in the value of imports of petroleum (up \$222 million or 47 per cent), specialised industrial machinery (up \$124 million or 68 per cent) and machinery and transport equipment (up \$361 million or 29 per cent).
- *Seasonally adjusted imports* at \$4,558 million were up \$446 million from the level of the previous quarter.
- The deficit of \$1,108 million for *net invisibles* in the September quarter was \$172 million more than for the September quarter 1979. *Seasonally adjusted net invisibles* at \$1,110 million were \$100 million up on the June quarter.

Capital account

- The *net apparent capital inflow* of \$626 million in the September quarter was up \$72 million on the inflow of \$554 million in the previous quarter.
- Interim estimates of *foreign investment in Australian enterprises* indicate a net inflow of \$999 million in the September quarter, an increase of \$102 million on the net inflow in the previous quarter and \$368 million higher than in the September quarter 1979.
- The *trade credit n.e.i.* estimate for the September quarter shows a net inflow of \$97 million compared with a net outflow of \$84 million in the June quarter.
- There was a net outflow of \$74 million on *government capital transactions* during the quarter. During September the Commonwealth Government borrowed Deutsche Mark 200 million (\$A95 million) to refinance an earlier Deutsche Mark 200 million borrowing. The aggregate for government capital movements remains unchanged as a result of this transaction.
- *Official reserve assets* decreased by \$394 million during the September quarter as a result of changes included in the balance of payments (i.e. after excluding changes due to the effects of revaluations).
- In July 1980, Australia's liability to the Bank for International Settlements (BIS) was reduced by the repayment of a \$US50 million (\$A43 million) maturing placement with the Reserve Bank. In September 1980 there was a placement with the Reserve Bank of an amount of \$US100 million (\$A86 million) by the BIS. The repayment of the placement in July and the new placement in September respectively decreased and increased both official reserve assets and Australia's liabilities to the BIS by equal and offsetting amounts. As both the changes in official reserve assets and liabilities to the BIS are recorded in net official monetary movements, the net official monetary movements aggregate is unchanged as a result of these transactions.

Overall results

- *Net official monetary movements* during the September quarter 1980 showed a deficit of \$463 million. This compares with a surplus of \$201 million in the June quarter 1980 and a deficit of \$548 million in the September quarter 1979.

Level of reserves

- At 30 September 1980 Australia's *official reserve assets*, valued at market rates of exchange and with gold holdings at market related value, stood at \$5,718 million.

EXPLANATORY NOTES

Introduction

This publication contains preliminary estimates of Australia's international balance of payments for the September quarter 1980, together with revised estimates for previous quarters and financial years. More detailed estimates are published annually in *Balance of Payments, Australia* (5303.0).

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

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

Australian currency values

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

Adjustments to exports and imports

5. The figures for *exports* and *imports* in the main tables represent the recorded trade figures adjusted in respect of coverage, timing and valuation for balance of payments purposes. Table 6 on page 8 sets out the values for these adjustments. Reference should be made to the annual publication *Balance of Payments Australia* (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 (SDRs) by the International Monetary Fund (included in changes in official reserve assets but excluded from net official monetary movements by means of the offset item shown in the table) and changes in the Australian dollar value of official reserve assets due to revaluations.

7. The measurement of official reserve assets is based on market valuations. Changes in the value of these assets occur not only as a result of economic transactions and certain other changes (such as the allocation of SDRs) but also as a result of fluctuations in the market value of certain assets and in the market rates of exchange used to convert them into Australian dollars. Table 5 on page 8 sets out separately the changes in official reserve assets which result from transactions and certain other changes, which are recorded in the balance of payments, and revaluation changes, which are excluded from the balance of payments.

8. Table 5 also shows the exchange rate of the Australian dollar with four major currencies and a trade-weighted index of value of the Australian dollar provided by the Reserve Bank. The trade-weighted index is the average value of the Australian dollar *vis a vis* currencies of Australia's major trading partners.

Seasonal adjustments

9. 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.

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

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 publication are available on request.

Related publications

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

Balance of Payments, Australia (5301.0)—issued monthly

Balance of Payments, Australia, 1977-78 (5303.0)

Imports by Commodity Divisions, Australia (Preliminary) (5405.0)—issued monthly

Exports by Commodity Divisions, Australia (Preliminary) (5402.0)—issued monthly

Foreign Investment, Australia, 1978-79 (5305.0)

Foreign Investment in Enterprises in Australia (5306.0)—issued quarterly.

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

Symbols and other usages

n.y.a. not yet available

— nil or rounded to zero.

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

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

R. J. CAMERON
Australian Statistician

TABLE 1

BALANCE OF PAYMENTS - CURRENT ACCOUNT

\$ MILLION

	YEAR				QUARTERS ENDED-									
	1976-77	1977-78	1978-79	1979-80	1977-78		1978-79		1979-80		1979-80		1980-81	
					JUNE	SEPT	DEC.	MAR.	JUNE	SEPT	DEC.	MAR.	JUNE	SEPT
VISIBLE TRADE-														
EXPORTS FOB	11447	12026	14075	18634	3116	3062	3355	3578	4100	4094	4886	4806	4848	4598
IMPORTS FOB	-10345	-11165	-13493	-15829	-2868	-3138	-3388	-3344	-3623	-3582	-3961	-4235	-4051	-4579
BALANCE OF TRADE	1102	861	582	2805	249	-96	-33	234	477	512	925	571	797	19
INVISIBLE CREDITS-														
TRANSPORTATION	1247	1326	1559	1932	327	356	412	389	402	429	511	500	492	509
TRAVEL	278	345	425	526	68	96	127	112	89	129	144	146	108	139
GOVERNMENT	88	93	98	120	26	23	23	26	25	28	29	30	33	29
MISCELLANEOUS	94	154	244	221	68	51	68	66	49	58	61	57	45	56
PROPERTY INCOME	359	366	449	504	100	104	114	102	129	110	121	120	153	123
TRANSFERS	276	402	412	588	104	106	95	102	109	126	135	163	164	165
TOTAL INVISIBLE CREDITS	2341	2685	3186	3892	686	746	839	797	804	879	1001	1016	997	1021
INVISIBLE DEBITS -														
TRANSPORTATION -														
FREIGHT ON IMPORTS	-1034	-1076	-1245	-1582	-287	-300	-311	-312	-323	-353	-419	-426	-384	-484
OTHER TRANSPORTATION	-961	-1053	-1253	-1508	-292	-313	-304	-301	-336	-353	-354	-368	-413	-422
TRAVEL	-510	-551	-644	-581	-190	-167	-132	-166	-179	-152	-118	-128	-102	-164
GOVERNMENT	-189	-223	-219	-264	-61	-43	-54	-53	-69	-51	-60	-75	-78	-68
MISCELLANEOUS	-255	-399	-383	-359	-106	-93	-89	-123	-78	-81	-84	-97	-97	-103
PROPERTY INCOME -														
INVESTMENT INCOME -														
UNDISTRIBUTED	-670	-649	-803	-900	-162	-201	-201	-201	-201	-225	-225	-225	-225	-250
OTHER	-1048	-1206	-1426	-1706	-334	-293	-388	-351	-393	-389	-460	-379	-480	-389
ROYALTIES AND COPYRIGHTS	-57	-81	-93	-93	-25	-18	-23	-27	-25	-18	-24	-24	-26	-27
TRANSFERS -														
GOVERNMENT	-414	-452	-517	-566	-134	-113	-105	-138	-161	-111	-140	-145	-170	-129
PRIVATE	-290	-367	-398	-347	-95	-105	-86	-112	-95	-82	-93	-79	-93	-95
TOTAL INVISIBLE DEBITS	-5429	-6056	-6980	-7906	-1690	-1646	-1692	-1784	-1856	-1815	-1977	-1966	-2147	-2129
NET INVISIBLES	-3088	-3370	-3794	-4014	-1004	-899	-853	-987	-1054	-936	-977	-950	-1151	-1108
BALANCE ON CURRENT ACCOUNT	-1986	-2510	-3212	-1209	-756	-995	-886	-753	-578	-424	-52	-379	-354	-1090

TABLE 2

BALANCE OF PAYMENTS - CAPITAL ACCOUNT

\$ MILLION

	YEAR				QUARTERS ENDED-									
	1976-77	1977-78	1978-79	1979-80	1977-78		1978-79				1979-80			
					JUNE	SEPT	DEC.	MAR.	JUNE	SEPT	DEC.	MAR.	JUNE	SEPT
CAPITAL INFLOW (NET) -														
GOVERNMENT CAPITAL MOVEMENTS -														
SECURITIES	375	1645	1356	207	314	425	468	362	101	-53	179	141	-61	-24
OTHER	-127	-81	-3	-246	-61	76	3	-30	-54	-74	-9	-37	-129	-50
TOTAL GOVERNMENT	249	1564	1354	-41	253	503	472	332	47	-127	171	104	-189	-74
PRIVATE CAPITAL MOVEMENTS -														
FOREIGN INVESTMENT IN														
AUSTRALIAN ENTERPRISES -														
UNDISTRIBUTED INCOME	670	649	803	900	162	201	201	201	201	225	225	225	225	250
OTHER DIRECT INVESTMENT	411	380	569	558	274	128	226	114	121	136	204	134	84	244
PORTFOLIO INVESTMENT AND														
INSTITUTIONAL LOANS	459	285	601	1273	32	51	15	177	348	270	124	291	588	505
TOTAL ENTERPRISES	1540	1314	1992	2731	529	389	442	492	670	631	553	650	897	999
AUSTRALIAN INVESTMENT ABROAD	-252	-265	-208	-467	-48	-45	-64	-51	-48	-158	-106	-85	-118	(A)
TRADE CREDIT NET -														
MARKETING AUTHORITIES	111	-208	34	-379	-39	-41	107	35	-68	-153	-181	-94	50	-62
OTHER	131	-76	-14	-402	-15	53	-74	-56	64	-66	-100	-102	-134	160
TOTAL PRIVATE	1529	825	1905	1464	426	356	411	420	618	254	166	369	695	NYA
NON-OFFICIAL MONETARY SECTOR														
TRANSACTIONS	36	-3	60	124	-23	65	-53	-10	59	34	-62	-19	172	(A)
NET IDENTIFIED														
CAPITAL INFLOW	1814	2387	3218	1567	650	923	829	742	724	161	275	454	678	1022
BALANCING ITEM	-318	-419	-130	-654	64	-133	-40	8	35	-285	-459	218	-123(B)	-396
NET APPARENT														
CAPITAL INFLOW	1496	1967	3088	908	720	790	789	750	759	-124	-195	672	554	626
OFFICIAL MONETARY MOVEMENTS -														
CHANGES IN OFFICIAL														
RESERVE ASSETS	-190	-474	-167	-348	-34	-235	-113	109	42	-550	-126	318	11	-394
ALLOCATION OF SDR	-	-	-94	-96	-	-	-	-94	-	-	-	-98	-	-
OTHER TRANSACTIONS	-301	-68	137	145	-2	-	15	-18	139	2	-120	73	190	-69
NET OFFICIAL														
MONETARY MOVEMENTS	-491	-542	-124	-301	-30	-205	-97	-3	181	-548	-246	293	201	-463

(A) NOT YET AVAILABLE, INCLUDED IN THE BALANCING ITEM, (B) INCLUDES ITEMS FOOTNOTED (A).

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TABLE 3 BALANCE OF PAYMENTS - CURRENT ACCOUNT - SEASONALLY ADJUSTED
\$ MILLION

	QUARTERS ENDED -									
	1977-78		1978-79		1979-80				1980-81	
	JUNE	SEPT	DEC.	MAR.	JUNE	SEPT	DEC.	MAR.	JUNE	SEPT
VISIBLE TRADE -										
EXPORTS FOB	3074	3069	3268	3692	4048	4133	4749	4961	4788	4643
IMPORTS FOB	-2915	-3108	-3400	-3307	-3680	-3559	-3967	-4184	-4112	-4558
BALANCE OF TRADE	159	-39	-132	385	368	573	782	777	676	85
INVISIBLE CREDITS -										
TRANSPORTATION	336	360	401	384	416	434	496	494	510	515
TRAVEL	88	105	103	105	115	140	117	136	140	151
GOVERNMENT	25	24	24	25	25	23	30	29	33	30
MISCELLANEOUS	61	64	63	66	50	59	59	57	47	58
PROPERTY INCOME	98	104	114	104	126	111	121	122	150	123
TRANSFERS	103	105	94	105	108	124	135	166	164	162
TOTAL INVISIBLE CREDITS	711	761	799	789	841	897	956	1003	1043	1039
INVISIBLE DEBITS -										
TRANSPORTATION -										
FREIGHT ON IMPORTS	-290	-295	-306	-319	-325	-349	-410	-435	-387	-480
OTHER TRANSPORTATION	-284	-302	-311	-310	-336	-340	-365	-400	-408	-408
TRAVEL	-151	-159	-152	-201	-142	-145	-137	-155	-145	-156
GOVERNMENT	-52	-49	-57	-55	-58	-58	-63	-77	-66	-77
MISCELLANEOUS	-115	-94	-97	-108	-84	-81	-90	-86	-107	-103
PROPERTY INCOME -										
INVESTMENT INCOME -										
UNDISTRIBUTED	-162	-201	-201	-201	-201	-225	-225	-225	-225	-250
OTHER	-317	-301	-357	-396	-371	-399	-423	-423	-452	-412
ROYALTIES AND COPYRIGHTS	-24	-18	-25	-26	-24	-18	-25	-24	-26	-27
TRANSFERS -										
GOVERNMENT	-122	-122	-112	-136	-139	-122	-157	-142	-145	-146
PRIVATE	-98	-101	-86	-117	-95	-79	-92	-83	-94	-91
TOTAL INVISIBLE DEBITS	-1615	-1641	-1702	-1668	-1761	-1816	-1986	-2049	-2053	-2149
NET INVISIBLES	-903	-880	-903	-1080	-927	-920	-1030	-1046	-1010	-1110
BALANCE ON CURRENT ACCOUNT	-744	-919	-1035	-695	-559	-346	-248	-269	-334	-1025

TABLE 4. BALANCE OF PAYMENTS - CURRENT ACCOUNT - SEASONALLY ADJUSTED

	PERCENTAGE CHANGE FROM PRECEDING QUARTER									
	1977-78		1978-79		1979-80				1980-81	
	JUNE	SEPT	DEC.	MAR.	JUNE	SEPT	DEC.	MAR.	JUNE	SEPT
EXPORTS FOB	5.0	-0.2	6.5	13.0	9.6	2.1	14.9	4.5	-3.5	-3.0
INVISIBLE CREDITS	3.5	7.0	5.0	-1.3	6.6	6.7	6.7	4.9	3.9	-0.4
IMPORTS FOB	3.2	6.6	9.4	-2.8	11.3	-3.3	11.5	5.5	-1.7	10.8
INVISIBLE DEBITS	8.9	1.7	3.7	9.8	-5.4	2.7	9.4	3.2	0.2	4.7

TABLE 5. OFFICIAL RESERVE ASSETS AND EXCHANGE RATES

OFFICIAL RESERVE ASSETS \$ MILLION									TRADE WEIGHTED INDEX (END OF QUARTER) OF VALUE OF AUSTRALIAN DOLLAR, MAY 1970 = 100
YEARS/ QUARTERS	CHANGES INCLUDED IN THE BALANCE OF PAYMENTS	CHANGES DUE TO EFFECTS OF REVALUATIONS	RESERVE BANK SERIES		EXCHANGE RATES (END OF YEAR/QUARTER) UNITS OF FOREIGN CURRENCY PER \$A				
			CHANGES IN LEVELS	LEVELS AT END OF YEAR/ QUARTER	U.S.A. DOLLAR	U.K. POUND	W.GERMAN MARK	JAPAN YEN	
1976-77	-190	416	226	3312	1.1108	0.6458	2.616	300.84	92.5
1977-78	-474	387	-87	3225	1.1475	0.6151	2.379	234.63	86.2
1978-79	-167	827	660	3885	1.1211	0.5154	2.068	242.44	83.1
1979-80	-349	2145	1796	5681	1.1576	0.4914	2.033	251.26	85.0
1977-78 JUNE	-34	-4	-37	3225	1.1475	0.6151	2.379	234.63	86.2
1978-79 SEPTEMBER	-205	254	49	3274	1.1566	0.5853	2.234	218.31	83.6
DECEMBER	-113	38	-74	3200	1.1505	0.5656	2.099	222.83	82.7
MARCH	109	291	400	3600	1.1182	0.5423	2.087	233.62	82.3
JUNE	42	243	285	3855	1.1211	0.5154	2.068	242.44	83.1
1979-80 SEPTEMBER	-550	523	-26	3858	1.1238	0.5109	1.961	252.12	83.5
DECEMBER	-126	882	756	4614	1.1075	0.4940	1.900	265.31	83.3
MARCH	318	695	1013	5627	1.0831	0.4975	2.091	270.08	84.4
JUNE	11	43	54	5681	1.1576	0.4914	2.033	251.26	85.0
1980-81 SEPTEMBER	-394	432	37	5718	1.1690	0.4897	2.121	248.54	85.8

TABLE 6. OVERSEAS TRADE STATISTICS : ADJUSTMENTS FOR BALANCE OF PAYMENTS PURPOSES
(£ MILLION)

EXPORTS					IMPORTS				
YEARS/ QUARTERS	TRADE BASIS	ADJUSTMENTS		BALANCE OF PAYMENTS BASIS	TRADE BASIS	ADJUSTMENTS			BALANCE OF PAYMENTS BASIS
		COVERAGE	TIMING			COVERAGE	TIMING	VALUATION	
1976-77	11652	-133	-72	11447	10412	79	3	-143	10345
1977-78	12270	-206	-35	12026	11167	126	19	-147	11165
1978-79	14243	-232	64	14075	13752	-69	-1	-189	13493
1979-80	18897	-366	103	18634	16216	-148	-29	-210	15329
1977-78 JUNE	3181	-46	-19	3116	2905	2	2	-41	2968
1978-79 SEPTEMBER	3052	-56	46	3042	3184	16	-18	-45	3138
DECEMBER	3433	-40	-39	3355	3434	1	-9	-39	3388
MARCH	3609	-45	14	3578	3407	-27	17	-54	3344
JUNE	4149	-91	42	4100	3726	-60	9	-52	3623
1979-80 SEPTEMBER	4078	-67	83	4094	3654	-37	8	-43	3582
DECEMBER	4378	-54	63	4835	4013	4	-3	-54	3961
MARCH	4931	-135	-49	4805	4405	-85	-26	-59	4235
JUNE	4351	-109	6	4848	4144	-30	-9	-54	4051
1980-81 SEPTEMBER	4579	-72	90	4598	4611	12	4	-49	4579