

EMBARGOED UNTIL 11.30 A.M. 10 MARCH 1989

**BALANCE OF PAYMENTS
AUSTRALIA
DECEMBER QUARTER 1988**

IAN CASTLES
Australian Statistician

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 • about these statistics and the availability of related unpublished statistics — contact Mr Daniel Aherne on Canberra (062) 52 6689 or Mr Joseph Dalgleish on Canberra (062) 52 5540. • about constant price estimates and implicit price deflators— contact Mr Paul Nelson on Canberra (062) 52 6725. • 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
..	Changes in this issue	8
..	Special articles - balancing item	9
	- time series decomposition of balance of payments statistics	10
	- reliability of quarterly balance of payments estimates	12
..	List of occasional articles in recent balance of payments and foreign investment publications	16
..	Explanatory notes	17
	Summary tables	
1	Balance of payments	20
2	Balance of payments - current account	21
3	Balance of payments - current account - seasonally adjusted	22
4	Balance of payments - capital account	23
	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	24
6	Balance of payments - exports and imports of goods and services - implicit price deflators and terms of trade	25
7	Merchandise (balance of payment basis)	26
8	Merchandise (balance of payments basis) - at average 1984-85 prices	27
9	Merchandise (balance of payments basis) - seasonally adjusted	28
10	Merchandise (balance of payments basis) - at average 1984-85 prices - seasonally adjusted	29
11	Merchandise - foreign trade statistics adjusted for balance of payments purposes	30
12	Balance of payments - current account - services	31
13	Balance of payments - current account - income credits	32
14	Balance of payments - current account - income debits	33
15	Balance of payments - current account - unrequited transfers	34
	Capital account tables	
16	Balance of payments - capital account - net capital transactions of general government	35
17	Balance of payments - capital account - net capital transactions of the Reserve Bank	36
18	Balance of payments - capital account - net capital transactions of the non-official sector	37
19	Net borrowing transactions of the non-official sector	38
	Supplementary table	
20	Official reserve assets and exchange rates.	39

MAIN FEATURES

Estimates of the main balance of payments aggregates for the December quarter 1988 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					
	Not seasonally adjusted			Seasonally adjusted		
	Sep qtr	Dec qtr	Per cent change (a)	Sep qtr	Dec qtr	Per cent change (a)
MAIN AGGREGATES (\$ million)						
Balance on current account	-3964	-4142	-4	-3347	-4078	-22
Balance on goods and services	-1788	-1768	+1	-905	-1700	-88
Balance on merchandise trade	-923	-1160	-26	-373	-927	-149
Net services	-865	-608	+30	-532	-773	-45
Net income	-2691	-2976	-11	-2924	-2899	+1
Net unrequited transfers	515	602	+17	482	521	+8
Balance on capital account	2423	2142	-12	..	..	..
Official	-1364	1987	..	..	..	..
Non-official	3787	155	..	..	..	..
EXCHANGE RATES - UNITS OF FOREIGN CURRENCY PER \$A (b)						
United States dollar	.7994	.8392	+5.0	..	..	..
Special drawing right	.6163	.6246	+1.3	..	..	..
TRADE-WEIGHTED INDEX OF THE VALUE OF THE \$A (MAY 1970=100) (b)						
	60.9	62.0	+1.8	..	..	..

(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.

December quarter 1988 compared with September quarter 1988 -

• **Goods and services** (seasonally adjusted). The deficit on goods and services increased by \$795 million. The merchandise trade deficit increased by \$554 million with increases in exports being outweighed by increased imports. The growth in merchandise imports mainly reflected higher volumes of both consumption goods and capital goods entering Australia which more than offset the slight decline in import prices over the quarter. The services deficit rose by \$241 million. For further details, see "Notes on the estimates" on page 6.

• **Income and unrequited transfers** (seasonally adjusted). The income deficit narrowed by \$25 million. Income credits rose marginally while income debits remained vir-

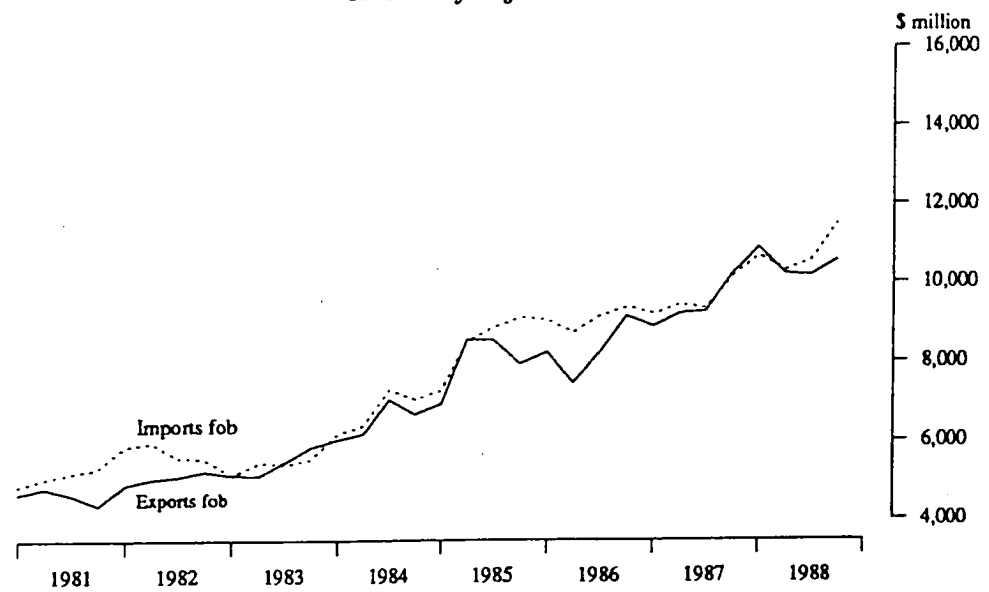
tually unchanged. The unrequited transfers surplus rose by \$39 million.

• **Official capital** (not seasonally adjusted). The turnaround to a net inflow was predominantly due to transactions in general government borrowing domiciled in Australia. High interest rates and the general appreciation of the Australian dollar made investment in government securities attractive to foreign residents during the quarter.

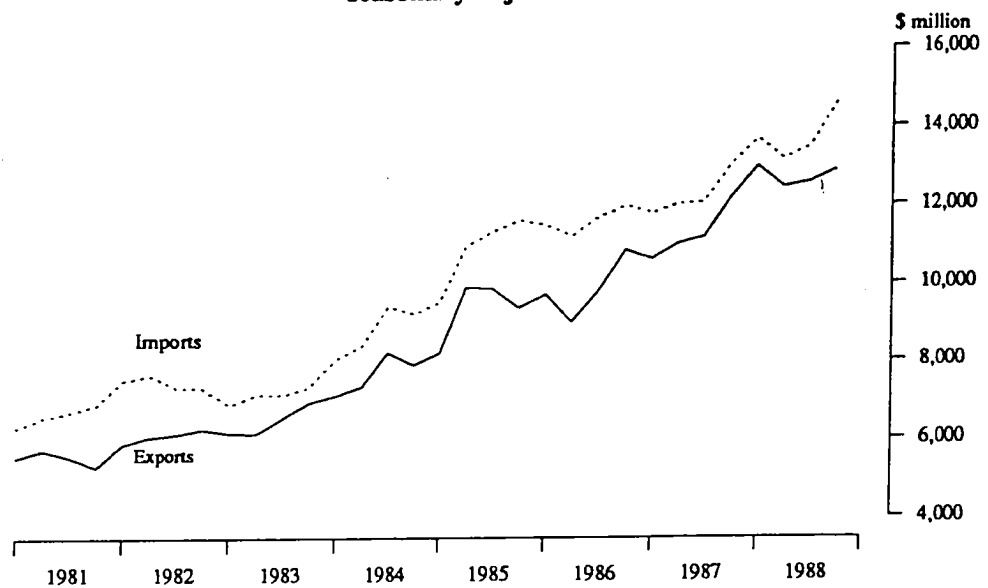
• **Non-official capital** (not seasonally adjusted). The fall in the net inflow was mostly due to lower foreign investment in Australia, which, in turn, mainly resulted from reduced borrowing from non-residents especially borrowing domiciled abroad.

GRAPHS OF PRINCIPAL BALANCE OF PAYMENTS AGGREGATES

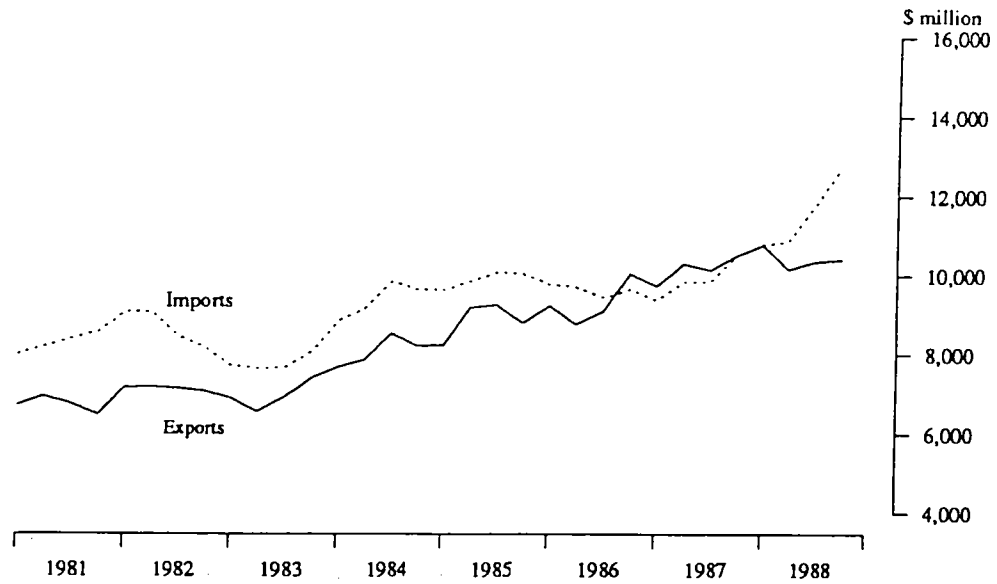
Graph 1. Merchandise -
seasonally adjusted



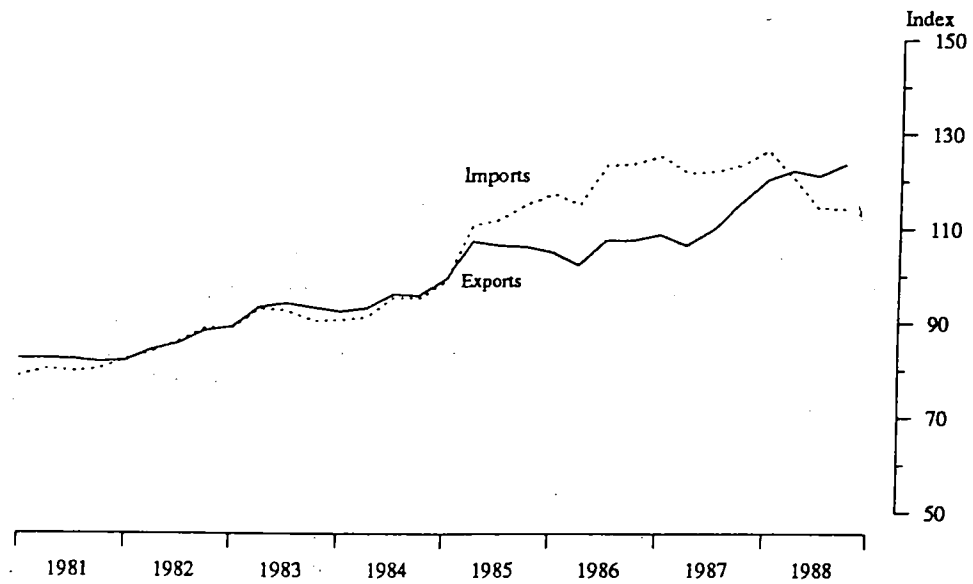
Graph 2. Goods and services at current prices -
seasonally adjusted



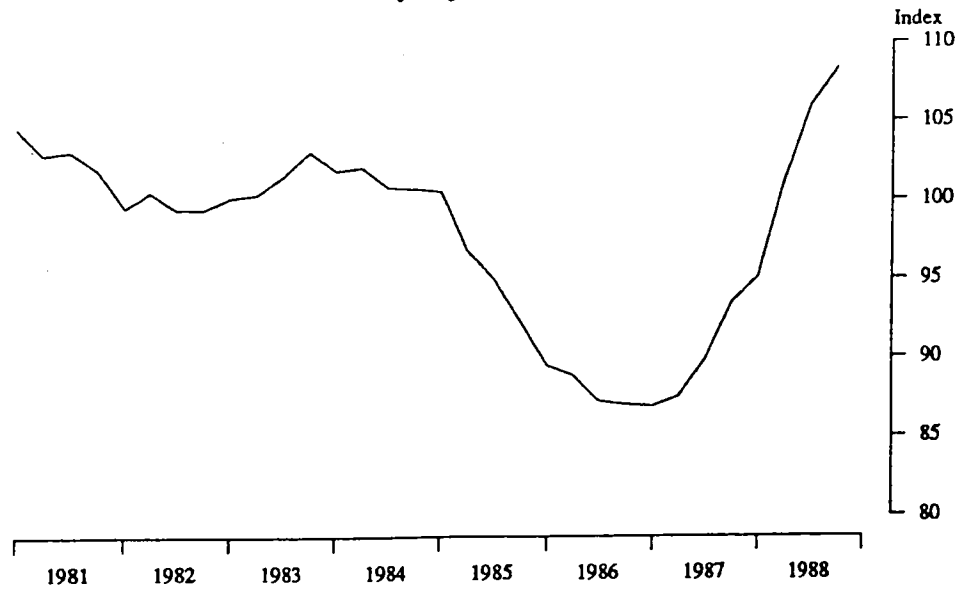
Graph 3. Goods and services at average 1984-85 prices -
seasonally adjusted



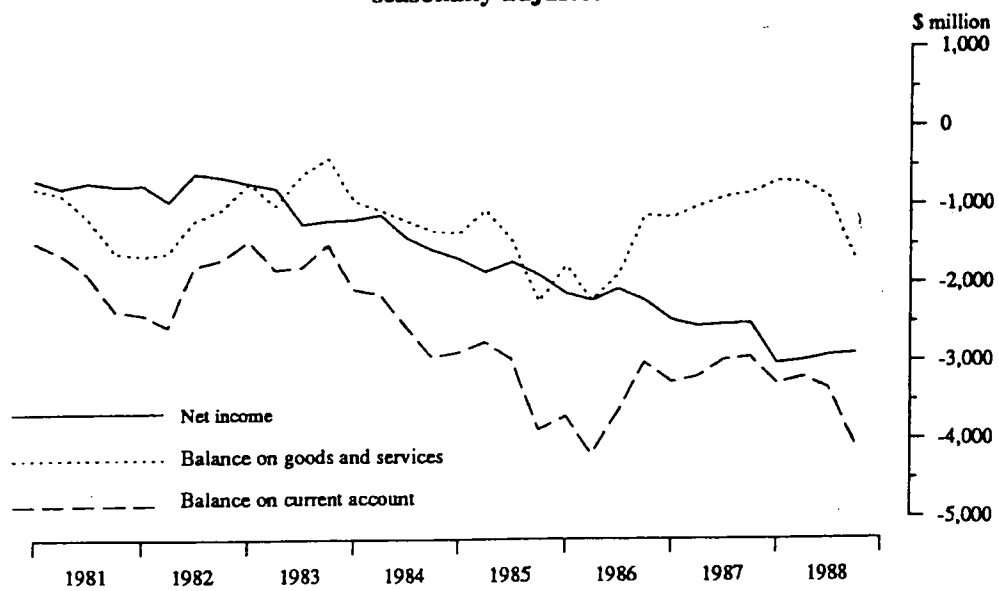
Graph 4. Implicit price deflators for goods and services -
based on seasonally adjusted data (1984-85=100)



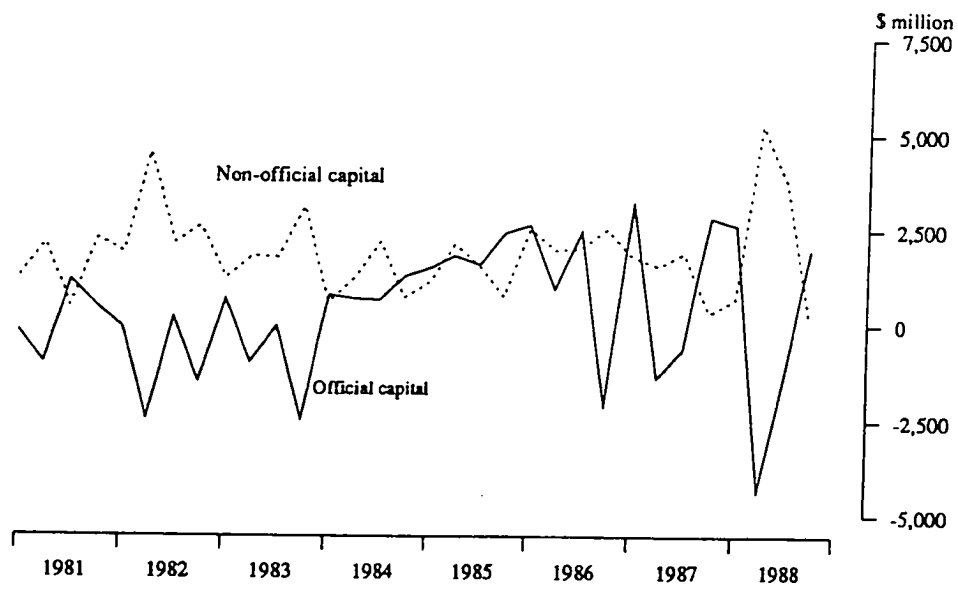
Graph 5. Terms of trade for goods and services
 - based on seasonally adjusted data (1984-85=100)



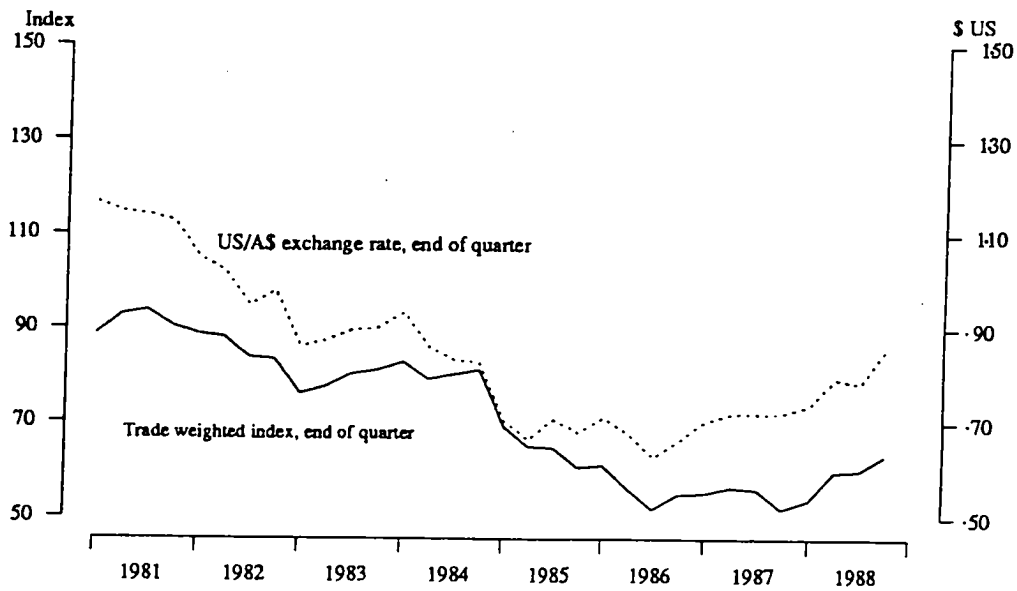
Graph 6. Current account major aggregates
 - seasonally adjusted



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	
	Mar	Jun	Sep	Dec	Mar	Jun	Sep	Dec
AT CURRENT PRICES, SEASONALLY ADJUSTED								
Exports of goods and services	-2.1	+3.7	+1.4	+9.0	+6.7	-4.1	+1.1	+2.4
Merchandise exports	-2.8	+3.7	+0.5	+10.1	+6.7	-6.1	-0.4	+3.7
Services credits	+1.6	+3.8	+6.0	+3.5	+6.6	+6.5	+7.7	-3.2
Imports of goods and services	-1.7	+2.2	+0.3	+7.9	+5.1	-3.8	+2.5	+8.1
Merchandise imports	-1.8	+2.7	-1.2	+8.7	+5.2	-3.5	+2.4	+8.8
Services debits	-1.2	+0.5	+5.8	+5.0	+4.7	-4.9	+2.9	+5.6
AT CONSTANT (AVERAGE 1984-85) PRICES, SEASONALLY ADJUSTED								
Exports of goods and services	-3.2	+5.9	-1.6	+3.6	+2.5	-5.6	+1.9	+0.5
Merchandise exports	-3.8	+6.4	-2.5	+3.8	+2.1	-7.4	+0.4	+1.3
Services credits	+0.6	+2.8	+4.4	+2.5	+4.7	+4.2	+9.4	-3.2
Imports of goods and services	-2.9	+5.1	-	+6.7	+2.6	+0.9	+8.2	+8.3
Merchandise imports	-3.2	+5.6	-1.7	+8.7	+2.6	+1.5	+7.5	+9.5
Services debits	-1.7	+3.4	+6.1	+0.2	+2.6	-1.4	+10.8	+4.2
IMPLICIT PRICE DEFLATORS (a)								
Exports of goods and services	+1.1	-2.1	+3.1	+5.1	+4.2	+1.6	-0.8	+2.0
Merchandise exports	+0.9	-2.5	+3.2	+6.0	+4.6	+1.3	-0.7	+2.4
Services credits	+0.9	+0.9	+1.6	+1.0	+1.8	+2.2	-1.6	-
Imports of goods and services	+1.2	-2.8	+0.3	+1.1	+2.4	-4.6	-5.2	-0.3
Merchandise imports	+1.5	-2.7	+0.4	+0.1	+2.5	-4.9	-4.8	-0.5
Services debits	+0.6	-2.9	-0.2	+4.8	+2.0	-3.5	-7.2	+1.4
TERMS OF TRADE (a)								
Goods and services	-0.1	+0.7	+2.7	+4.0	+1.7	+6.4	+4.6	+2.3
Merchandise trade	-0.5	+0.2	+2.7	+6.0	+1.9	+6.5	+4.3	+2.9
Services	+0.3	+4.0	+1.8	-3.6	-0.3	+5.9	+6.0	-1.4

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

December quarter 1988 compared with September 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 \$378 million. Rural exports rose \$500 million due to a 10 per cent rise in volume and a 3 per cent rise in price. Non-rural exports fell \$122 million due to a 3 per cent fall in volume and a 1 per cent increase in price.

Services credits at current prices fell \$77 million due to a 3 per cent fall in volume, with no price movement.

The *implicit price deflator* for total exports of goods and services rose 2.0 per cent. On a fixed weight basis the overall IPD rose 0.8 per cent, while compositional shifts imply a rise of 1.2 per cent.

Imports of merchandise at current prices rose by \$932 million. Exogenous imports rose \$337 million due to a 30 per cent increase in volume and a 10 per cent increase in

price. Endogenous imports rose \$595 million due to a 7 per cent increase in volume and a 1 per cent fall in price. The volume increases in the components of endogenous imports were: consumption goods, 12 per cent; capital goods, 10 per cent; and other goods, 2 per cent.

Services debits rose by \$164 million due to a 4 per cent increase in volume and a 1 per cent increase in price.

The *implicit price deflator* for total imports of goods and services fell 0.3 per cent. On a fixed weight basis the overall IPD fell 0.1 per cent while compositional shifts imply a fall of 0.2 per cent.

Australia's *terms of trade* rose by 2.3 per cent, the seventh 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	1046	1662	4459	12.0
1987-88	2036	189	1604	3829	9.5
1986-87 -					
September qtr	424	243	455	1122	11.7
December qtr	476	472	377	1325	13.9
March qtr	423	61	422	906	10.3
June qtr	428	270	408	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	305	798	7.3
December qtr	295	471	353	1119	9.5

(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 mainly consistent with those published in the monthly balance of payments bulletin (5301.0) released on 16 February 1989 and consequently take account of revisions which were described in that issue. However, due to the subsequent availability of more up-to-date information from the Survey of Foreign Investment, general government lending abroad has been revised upwards by \$116 million.

This issue also incorporates revisions to all seasonally adjusted current account series shown in previous issues of this quarterly bulletin, following a seasonal reanalysis.

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.

CHANGES IN THIS ISSUE

Changed scope and data source, portfolio and other investment, accounts payable/prepayments received and accounts receivable/prepayments made.

From September quarter 1988, the scope of the non-official sector portfolio and other investment items *accounts payable/prepayments received* (foreign investment in Australia) and *accounts receivable/prepayments made* (Australian investment abroad) has been widened to include all accounts outstanding between Australian residents and unrelated foreign residents. Previously, these items only included accounts outstanding in respect of merchandise trade. The significant new inclusions have been mainly accounts outstanding for interest in arrears. Information in respect of these additional accounts is obtained from the Survey of Foreign Investment.

Also, from September quarter 1988, the data source for the merchandise trade component of *accounts payable/prepayments received* and *accounts receivable/prepayments made* has changed. For periods prior to September quarter 1988, the source for this component was the Survey of International Trade Credit, which was a sample survey conducted from lists of importers and exporters. From September quarter 1988, this survey has been discontinued and information on accounts outstanding in respect of merchandise trade is now collected from the Survey of Foreign Investment. This should ensure that the *accounts payable/prepayments received* and *accounts receivable/prepayments made* items are compiled on a consistent basis to other foreign investment items.

For more information on the impact of the changed scope and data source, see "Changes in this issue" on page 6 of *Foreign Investment, Australia, September Quarter 1988* (5306.0).

Introduction of sampling in foreign investment collections

Foreign investment statistics are compiled from a number of sources, including the Survey of Foreign Investment. This survey has both quarterly and annual components with the coverage of quarterly collections more limited than corresponding annual collections. Quarterly estimates are revised as results from the annual collections become available.

Prior to 1987-88, the annual collection approached all statistical units with known foreign investment activity, where this activity had not already been covered by a quarterly collection. For the 1987-88 annual collection, however, a sample of units was approached. This sample was chosen using stratified random sampling techniques from the population of organisations known to have foreign investment activity.

The move to a sample collection has introduced sampling variability into foreign investment estimates from 1987-88. For more details on the implications that sampling variability has had on the accuracy of the 1987-88 estimates, reference should be made to *Foreign Investment, Australia, September Quarter 1988* (5306.0), pages 7 and 8.

BALANCING ITEM

Recent results

In the December quarter 1988, there was a positive *balancing item* of \$2000 million; this follows positive figures of \$1541 million and \$1957 million in the September and June quarters respectively. In 1987-88, the balancing item was at a record annual (positive) level of \$3642 million, following another high positive figure of \$3107 million in 1986-87 and relatively-low figures of less than \$500 million in each of the two previous years. At this stage, the balancing item figures for recent periods are still based on preliminary data and it is reasonable to expect the larger figures to be revised downwards over time.

The nature of the item

The size of the balancing item provides one measure of the accuracy of the balance of payments accounts. These accounts measure Australia's transactions with non-residents using a *double-entry accounting system*. Transactions in such a system are reflected in pairs of equal credit and debit entries; for example, an import of goods which is simultaneously paid for in cash requires an entry under imports in the current account and an offsetting change in foreign currency assets in the capital account. The adoption of this system means that, in principle, the net sum of all credit and debit entries should be equal to zero. In practice, due to the variety of data sources of differing quality and the myriad of complex international transactions, some transactions are not measured accurately (errors) and some may not be recorded at all (omissions). The balancing item measures the net effect of these errors and omissions.

Persistently large figures for the balancing item may be taken as an indication of serious errors and omissions in the accounts. However, a small balancing item does not necessarily mean that only small errors and omissions have occurred, since the errors and omissions may be offsetting. A balancing item with a positive sign may indicate under-recording of capital inflows or current account receivables (credits) and/or overstating of capital outflows or current account payables (debits). Similarly, a balancing item with a negative sign may indicate under-recording of capital outflows or current account payables (debits) and/or overstating of capital inflows or current account receivables (credits).

The relatively-large size of the balancing item in recent years and quarters suggests that extra care needs to be exercised in interpreting the accounts.

A history of the item

According to the International Monetary Fund's *Balance of Payments Manual*, an empirical rule of thumb for determining when a balancing item is large enough to create a problem is whether it exceeds five per cent of the gross sum of merchandise exports and imports.

In terms of this *rule of thumb*, Australia's balancing item for 1987-88 was 4.5 per cent; this compared with 4.3 per cent in 1986-87, 0.7 per cent in 1985-86 and 0.5 per cent

in 1984-85. For the eight years from 1980-81 to 1987-88, the average annual percentage was 2.4 per cent.

Leaving aside the two high figures for 1986-87 and 1987-88, the size of the balancing item has been, on average, diminishing over time. For the 14-year period from 1945-46 to 1958-59, the average annual percentage was 3.1 per cent. For the 16-year period from 1959-60 to 1974-75, the average was 1.8 per cent. For the 11-year period from 1975-76 to 1985-86, the average was 1.3 per cent.

International comparisons

In terms of the *rule of thumb*, Australia's balancing item compares quite well with the corresponding items of other countries. For the eight calendar years from 1980 to 1987 the average annual percentages (as published in the IMF's *Balance of Payments Statistics Yearbook 1988*) for a selection of other countries were: Japan 1.1, United Kingdom 2.2, Canada 2.3, United States 4.2 and New Zealand 6.4. For Australia the comparable figure was 2.6.

An explanation for the large item in recent periods

While many factors contribute to Australia's balancing item, it is notable that the sharp increase in the size of the item in recent years coincides with evidence that foreign investment transactions in Australian real estate have become much more significant.

Details of the present treatment of foreign ownership of Australian real estate in foreign investment statistics (and consequently in the balance of payments) were provided in *Foreign Investment, Australia, March quarter 1988* (5306.0) (pages 5 and 6) published on 29 July last year. This article pointed out that, due to the difficulties of identifying transactions in real estate from existing coverage sources, foreign acquisitions and sales of real estate are generally only reflected in foreign investment statistics (and the balance of payments) where such investments are held through incorporated enterprises or branches already operating in Australia. Investment in real estate held directly by non-residents with no other operations in Australia is, in most instances, not measured.

As a result of changes in the foreign investment policy approvals mechanism in September 1987 (described in the above mentioned issue of 5306.0), the difficulties of identifying foreign acquisitions of real estate were reduced. Although the problems of measurement are still substantial, ABS investigations have indicated that foreign investment transactions in Australian real estate have increased significantly from 1986-87. It seems likely that these transactions account for a substantial part of the increase in the balancing item in recent periods.

The ABS is currently investigating methods of improving the coverage of foreign investment transactions in Australian real estate using data obtained as a by-product of the foreign investment policy approvals mechanism and data collected from solicitors and other private sector sources. These investigations may eventually lead to downward revisions to the larger balancing item figures.

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.

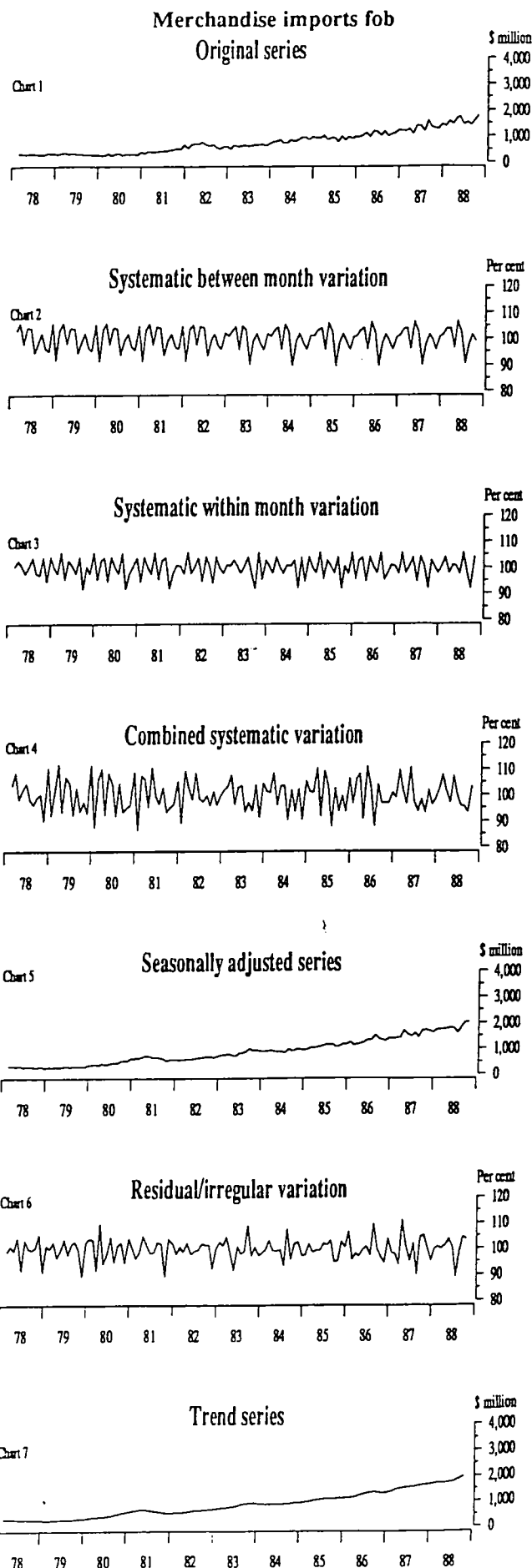
The systematic within month (or trading-day) influence, shown in Chart 3, is brought about by the number of high or low activity days varying for a particular calendar month over the years. Trading day influences may affect the same calendar month differently in subsequent years. The relative magnitude 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.



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 move-

ments 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

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							
January	16.6	15.9	8.1	4.8	0.2	2.8	3.0
February	-7.2	-6.2	-13.0	6.4	2.3	-2.0	0.3
March	-1.1	-0.5	6.4	-3.6	4.2	-7.5	-3.6
April	13.0	12.9	2.7	-4.7	5.3	9.6	15.4
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	-11.7	-3.8	-6.1	3.0	-4.8	-2.0
October	17.6	16.9	-2.3	9.0	2.9	7.2	10.4
November	0.8	0.9	3.0	-2.4	2.6	-2.3	0.3

(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).

can be seen for March 1985 when the *within month* and *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 1985 to 1988 have been +4.8, +4.4, +4.2, and +4.1, 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 Dalgleish 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.

RELIABILITY OF QUARTERLY BALANCE OF PAYMENTS ESTIMATES

In principle, balance of payments statistics should be compiled by summing the foreign accounts, whether actual or notional, of every economic unit (ie every government body, business, household etc) in Australia. In practice, this is not feasible. The estimates are therefore derived by combining data from a wide variety of sources of varying degrees of accuracy, frequency, detail and timeliness. These sources range from administrative records to surveys of selected businesses.

While estimates of balance of payments components should be as accurate and up-to-date as possible, these objectives must be seen against a background of a number of practical constraints. The data sources used may often suffer from one or more deficiencies for estimation purposes: time lags in collection and processing; inappropriate or insufficient coverage; incorrect valuation or timing etc. Efforts are continually being made by the ABS to overcome or minimise such problems and, from time to time, better data sources and methods of estimation are introduced which improve the accuracy or reliability of the estimates.

of component items. However, in assessing possible improvements the ABS has to take account of the other purposes that the source data serve, the cost and timeliness of modified or additional collections and the burden placed on survey respondents. In these circumstances it is inevitable that available source data will always fall short of the ideal requirements for balance of payments purposes. It should also be noted that the introduction of improved data sources or methodology may in itself contribute to revisions to previously published figures at the time the change is implemented.

The first-published quarterly balance of payments estimates for Australia are, as is the case in other countries, preliminary and subject to revision. Their production involves a trade-off between timeliness and accuracy. They are released as soon as there are sufficient source data at a reasonable level of detail to make publication in some detail possible. The timing of their release is scheduled so that it can include original and seasonally-adjusted estimates for the reference quarter on goods and services at constant prices and preliminary data for the reference quarter from the Survey of Foreign Investment.

In many cases, the first-published quarterly estimates are based on preliminary survey results and, in some cases where survey data are not yet available, on extrapolations of previous quarters' results. The quarterly estimates are revised as more complete and accurate information becomes available. Most of this extra information comes from quarterly and annual surveys. The sources and methods used in compiling the estimates for each component item and the time lags associated with each data source are detailed in *Balance of Payments, Australia: Summary of Concepts, Sources and Methods* (Catalogue No. 5351.0).

The initial quarterly estimates published in previous issues of this publication have proved to be reasonable indicators of the revised results shown in the present issue. This is illustrated in charts 1,2 and 3 on pages 14 and 15 which, for the 11-quarter period from March 1986 to September 1988, compare the first-published current account estimates for each quarter with the currently published estimates. For the deficit on current account the average quarterly revision regardless of sign (mean absolute dispersion) has been about 7 per cent (or \$225 million). For current account credits, the average quarterly revision has been less than 1 per cent and for current account debits it has been between 1 and 2 per cent.

Revisions to the deficit on current account have resulted, on average, in an upward revision to the first estimate of the deficit. The average upwards revision (mean bias) to the deficit, when positive and negative revisions for individual quarters are netted, is about 5 per cent (or \$131 million). For the 11-quarter period, the latest current account deficit estimate is higher than the initial estimate for 8 quarters, and lower than the initial estimate for 3 quarters. On average, the upwardly-revised figures are

about 9 per cent higher than the initial estimates, while the downwardly-revised figures are about 5 per cent lower.

The major contributors, in terms of dollar values, to the revised current account estimates were the revisions to the deficits on net services and net income. This is evident from the table on page 14. The average quarterly upward revision (mean bias) of \$131 million to the current account deficit reflected average quarterly revisions of:

- \$90 million upwards to the net services deficit;
- \$61 million upwards to the net income deficit;
- \$23 million downwards to the average merchandise trade deficit; and
- \$4 million downwards to the net unrequited transfers surplus.

For income, revisions are mainly due to more up-to-date data becoming progressively available on a quarterly and annual basis from the Survey of Foreign Investment. Until these data become available, the first estimates for many income transactions of the non-official sector are extrapolations of previous quarters' results. For services, the major revisions arise in the transportation and travel components for which estimates are largely made on the basis of surveys which do not provide timely data. Work is proceeding to obtain more frequent and timely survey data for these components.

In general, the Australian figures compare favourably in terms of timeliness, accuracy and reliability with those of other countries. It is not uncommon to find large revisions to initial balance of payments estimates in official statistical reports of other countries. In making comparisons with other countries, however, allowance has to be made for differences in revisions policies between countries. The general policy adopted by the ABS on revisions is to include more up-to-date information from surveys and other sources as they become available. This approach results in frequent revisions to the main balance of payments aggregates, although the revisions are not usually large. In contrast, some other countries withhold revisions arising from new data and only release them in published estimates at much longer intervals. This approach results in less frequent revisions to the main balance of payments aggregates but it also diminishes the accuracy of the current information.

Estimates in the main quarterly balance of payments publication (5302.0) are less timely but more comprehensive than the published monthly estimates. The quarterly statistics are also more reliable than the first-published monthly estimates and provide a more accurate assessment of the current state of the balance of payments about two months after the end of each quarter. While care is needed in their use and interpretation, they provide timely detail on developments in the external accounts and are useful to both the private and public sectors for informed decision making, research and discussion.

ANALYSIS OF REVISIONS BETWEEN FIRST PUBLISHED AND LATEST ESTIMATES
- MARCH QUARTER 1986 TO SEPTEMBER QUARTER 1988(a)

	Mean bias (b)		Mean absolute dispersion	
	Value \$m	per cent	Value \$m	per cent
Balance on current account	-131	-4.8	225	6.9
Total current account credits	+32	+0.3	119	0.9
Total current account debits	-163	-1.0	241	1.5
Balance on merchandise trade	+23	+5.7	52	12.7
Exports f.o.b.	-6	-0.1	39	0.4
Imports f.o.b.	+29	+0.3	49	0.5
Net services	-90	-15.3	118	18.3
Services credits	-57	-3.0	66	3.6
Services debits	-33	-1.2	52	2.0
Net income	-61	-3.2	187	7.9
Income credits	+96	+14.1	112	16.4
Income debits	-157	-5.4	222	7.3
Net unrequited transfers	-4	-2.7	20	6.9
Unrequited transfers credits	-1	-0.2	19	2.4
Unrequited transfers debits	-3	-0.7	8	19.1

(a) Based on original estimates, i.e. not seasonally adjusted. (b) A minus sign means an increase in a deficit or a decrease in a surplus.

Technical note: Two forms of average revision are shown in this table. The first is the *mean bias* which is a measure of the extent to which, on average, the latest estimate is lower, or higher, than the initial estimate. It is calculated as the average of the differences between the latest estimates and the initial estimates. Positive and negative revisions are netted. This measure is useful because it shows the average *direction* (bias) of revisions and because component averages derived from value data can be summed to higher-level averages. The second is the *mean absolute dispersion* which is a measure of the "spread" of the latest estimates about the corresponding initial estimates. It is calculated as the average of the absolute differences (i.e. without regard to sign) between the latest and the initial estimates. It is useful because it shows the average *magnitude* of revisions. Both measures have been calculated directly from value data and from percentage revisions.

**Chart 1: Current account deficit -
initial estimate compared with latest estimate**

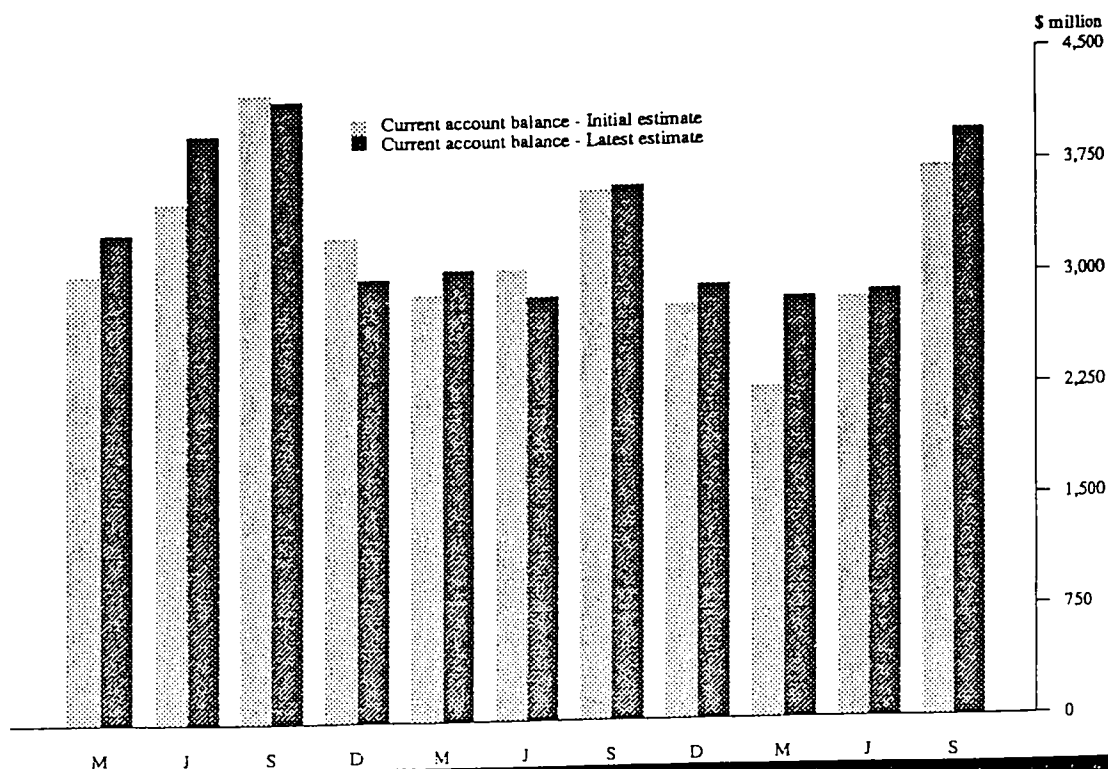


Chart 2: Total current account credits -
initial estimate compared with latest estimate

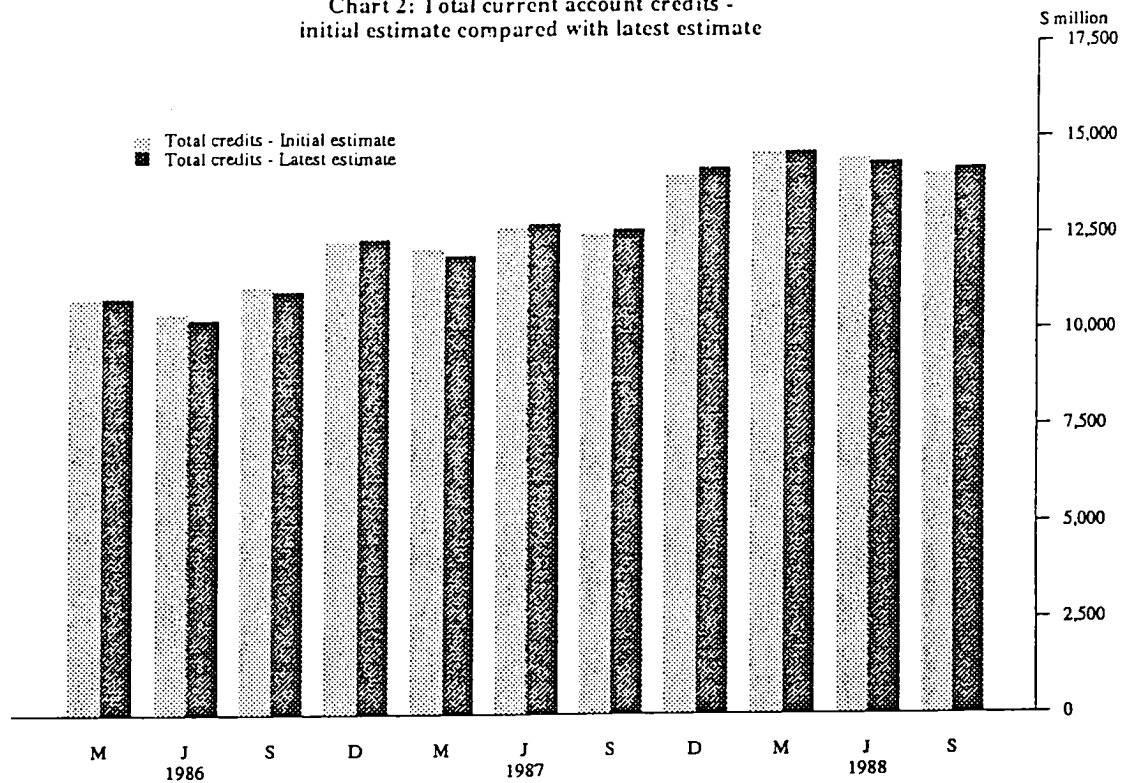
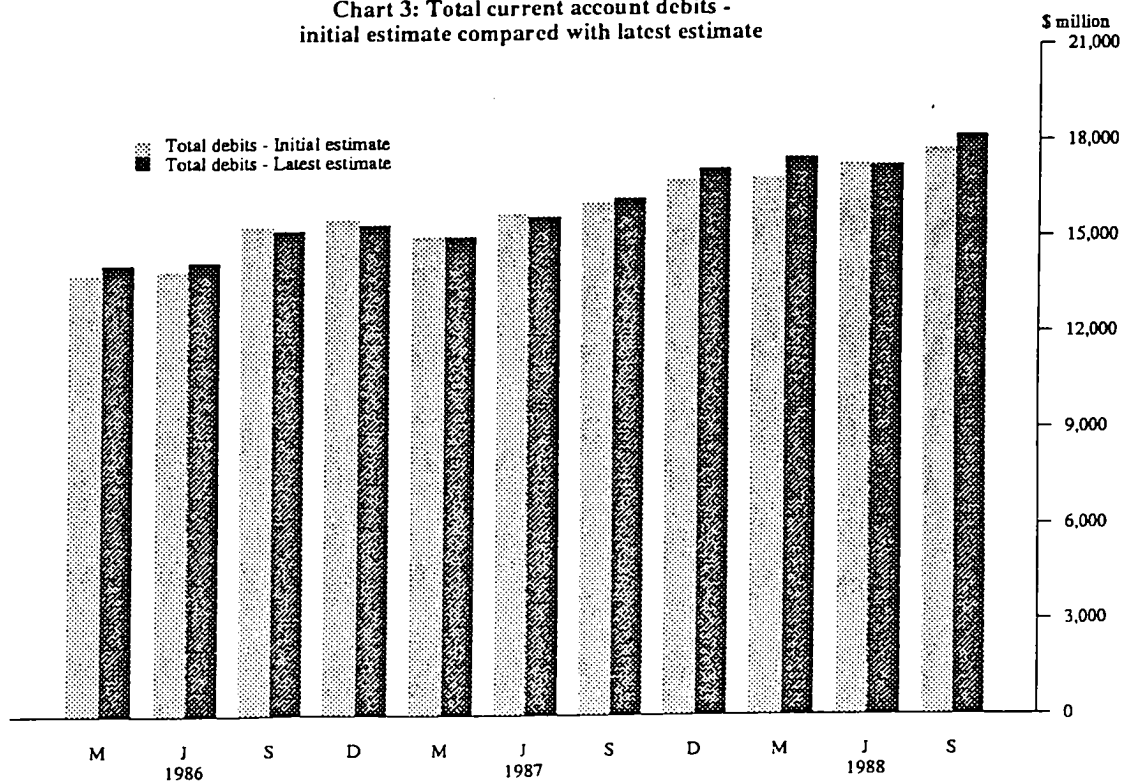


Chart 3: Total current account debits -
initial estimate compared with latest estimate



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>
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	"	"	9
Survey of international travel enterprises - results for 1986/87	"	"	10
The balance of payments as a record of transactions, not payments	"	Sept qtr 1987	9-10
Exchange rates and the trade weighted index	"	June qtr 1987	9
Conversion of balance of payments aggregates expressed in domestic currency into foreign currency equivalents	"	"	10-11
The puzzle of a global balance of payments discrepancy	"	"	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	"	"	91-95
Direct investment	"	"	95-98
Foreign borrowing domiciled in Australia and domiciled abroad	"	"	98-99
Statistical bridging issues associated with the introduction of the new framework for foreign investment statistics	"	"	99-100

EXPLANATORY NOTES

Introduction

1. This publication provides detailed estimates of Australia's balance of payments for the December quarter 1988 together with revised estimates for previous quarters and financial years. The estimates are mostly consistent with those published on 16 February in *Balance of Payments, Australia, January 1989* (5301.0) and on 2 March in *Foreign Investment, Australia, Preliminary, December Quarter 1988* (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, December Quarter 1988* (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:

Exports	SITC rev 3 Section or Division
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 seasonally adjusted statistics shown in this issue have been revised following a reanalysis which takes into account additional data that have become available since the last seasonal reanalysis.

7. 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

8. 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.

9. 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

10. 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

11. The quarterly publication *International Transportation Services, Australia* (5350.0) provides additional information on freight and other transportation transactions.

Comparability with capital expenditure statistics

12. 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.

13. 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

14. Detailed quarterly export and import series at constant (average 1984-85) prices can be obtained by contacting Mr Paul Nelson on Canberra (062) 52 6725. 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 Nelson. 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

15. 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 1986-87 (5305.0)

Foreign Investment, Australia (Preliminary) (5307.0) - issued quarterly

Foreign Investment, Australia (5306.0) - issued quarterly

16. 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

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.

17. 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.

TABLE 1. BALANCE OF PAYMENTS
(\$ million)

	(\$ million)												
	Year			Quarters ended									
	1985-86	1986-87	1987-88	1986-87				1987-88				1988-89	
				Sept.	Dec.	Mar.	June	Sept.	Dec.	Mar.	June	Sept.	Dec.
Current transactions -													
Goods and services -													
Merchandise (a) -													
Exports fob	32208	35423	40537	8189	9206	8616	9412	9131	10307	10648	10451	10047	10676
Imports fob	-35676	-37159	-40386	-9572	-9537	-8803	-9247	-9734	-10361	-10222	-10069	-10970	-11836
Balance on merchandise trade	-3468	-1736	151	-1383	-331	-187	165	-603	-54	426	382	-923	-1160
Services -													
Credits	5742	6776	8150	1473	1785	1820	1698	1774	2072	2220	2084	2223	2460
Debits	-9843	-10245	-11397	-2674	-2563	-2464	-2544	-2874	-2834	-2881	-2808	-3088	-3068
Net services	-4101	-3469	-3247	-1201	-778	-644	-846	-1100	-762	-661	-724	-865	-608
Balance on goods and services	-7569	-5205	-3096	-2584	-1109	-831	-681	-1703	-816	-235	-342	-1788	-1768
Income -													
Credits	2301	3007	3663	711	654	745	897	924	961	883	895	1024	1036
Debits	-10358	-12274	-14644	-2647	-2929	-3305	-3393	-3289	-3564	-3913	-3878	-3715	-4012
Net income	-8057	-9267	-10981	-1936	-2275	-2560	-2496	-2365	-2603	-3030	-2983	-2691	-2976
Unrequited transfers -													
Credits	2517	3017	3545	673	770	794	780	812	881	902	950	930	1030
Debits	-1700	-1708	-1786	-359	-396	-468	-485	-362	-409	-495	-520	-415	-428
Net unrequited transfers	817	1309	1759	314	374	326	295	450	472	407	430	515	602
Balance on current account	-14809	-13163	-12318	-4206	-3010	-3065	-2882	-3618	-2947	-2858	-2895	-3964	-4142
Net capital transactions -													
Official -													
General government -													
Foreign investment in Australia	5639	6134	4016	-374	2227	1619	2662	1063	-758	3845	-134	-184	2137
Australian investment abroad	-213	-573	415	61	-254	4	-384	166	23	-141	367	-386	170
Total	5426	5561	4431	-313	1973	1623	2278	1229	-735	3704	233	-570	2307
Reserve bank -													
Foreign investment in Australia	-16	18	-8	-7	8	-	17	-1	-11	1	3	-36	64
Australian investment abroad	2140	-3394	-3924	2790	-4070	1566	-3680	-1856	3580	-1077	-4571	-758	-384
Total	2124	-3376	-3932	2783	-4062	1566	-3663	-1857	3569	-1076	-4568	-794	-320
Total official	7550	2185	499	2470	-2089	3189	-1385	-628	2834	2628	-4335	-1364	1987
Non-official -													
Foreign investment in Australia	13559	15662	18578	4147	4606	4056	2853	5101	4407	1868	7202	5255	1346
Australian investment abroad	-6798	-7791	-10401	-2134	-2076	-2272	-1309	-3193	-4080	-1199	-1929	-1468	-1191
Total non-official	6761	7871	8177	2013	2530	1784	1544	1908	327	669	5273	3787	155
Balance on capital account	14311	10056	8676	4483	441	4973	159	1280	3161	3297	938	2423	2142
Balancing item	498	3107	3642	-277	2569	-1908	2723	2338	-214	-439	1957	1541	2000

(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	
				Sept.	Dec.	Mar.	June	Sept.	Dec.	Mar.	June	Sept.	Dec.
Current transactions -													
Goods and services -													
Merchandise (a) -													
Exports fob	32208	35423	40537	8189	9206	8616	9412	9131	10307	10648	10451	10047	10676
Imports fob	-35676	-37159	-40386	-9572	-9537	-8803	-9247	-9734	-10361	-10222	-10069	-10970	-11836
Balance on merchandise trade	-3468	-1736	151	-1383	-331	-187	165	-603	-54	426	382	-923	-1160
Services -													
Credits -													
Shipment	381	462	536	107	114	114	127	132	138	137	129	129	136
Other transportation	2480	2765	3142	632	735	743	655	707	794	853	788	807	869
Travel	1702	2218	2966	418	614	646	540	587	779	835	765	889	1047
Other services	1179	1331	1506	316	322	317	376	348	361	395	402	398	408
Total services credits	5742	6776	8150	1473	1785	1820	1698	1774	2072	2220	2084	2223	2460
Debits -													
Shipment	-2827	-2756	-2856	-763	-728	-633	-632	-691	-755	-723	-687	-747	-778
Other transportation	-2197	-2114	-2510	-551	-518	-496	-549	-619	-610	-649	-632	-663	-686
Travel	-2818	-3206	-3610	-875	-767	-760	-804	-1009	-886	-847	-868	-1058	-980
Other services	-2001	-2169	-2421	-485	-550	-575	-559	-555	-583	-662	-621	-620	-624
Total services debits	-9843	-10245	-11397	-2674	-2563	-2464	-2544	-2874	-2834	-2881	-2808	-3088	-3068
Net services	-4101	-3469	-3247	-1201	-778	-644	-846	-1100	-762	-661	-724	-865	-608
Balance on goods and services	-7569	-5205	-3096	-2584	-1109	-831	-681	-1703	-816	-235	-342	-1788	-1768
Income -													
Credits -													
Property income -													
Reinvested earnings	681	1176	1892	294	294	294	294	473	473	473	473	549	549
Other	1445	1653	1556	373	320	405	555	392	436	358	370	413	429
Labour and other income	175	178	215	44	40	46	48	59	52	52	52	62	58
Total income credits	2301	3007	3663	711	654	745	897	924	961	883	895	1024	1036
Debits -													
Property income -													
Reinvested earnings	-936	-1244	-2368	-311	-311	-311	-311	-592	-592	-592	-592	-651	-651
Other	-9246	-10833	-12012	-2297	-2570	-2935	-3031	-2641	-2904	-3248	-3219	-2988	-3276
Labour and other income	-176	-197	-264	-39	-48	-59	-51	-56	-68	-73	-67	-76	-85
Total income debits	-10358	-12274	-14644	-2647	-2929	-3305	-3393	-3289	-3564	-3913	-3878	-3715	-4012
Net income	-8057	-9267	-10981	-1936	-2275	-2560	-2496	-2365	-2603	-3030	-2983	-2691	-2976
Unrequited transfers -													
Credits	2517	3017	3545	673	770	794	780	812	881	902	950	930	1030
Debits	-1700	-1708	-1786	-359	-396	-468	-485	-362	-409	-495	-520	-415	-428
Net unrequited transfers	817	1309	1759	314	374	326	295	450	472	407	430	515	602
Balance on current account	-14809	-13163	-12318	-4206	-3010	-3065	-2882	-3618	-2947	-2858	-2895	-3964	-4142

(a) Balance of payments basis.

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

	1986-87				Quarters ended-				1988-89	
					1987-88					
	Sept.	Dec.	Mar.	June	Sept.	Dec.	Mar.	June	Sept.	Dec.
Current transactions -										
Goods and services -										
Merchandise (a) -										
Exports fob	8237	9144	8886	9216	9266	10200	10884	10215	10177	10555
Imports fob	-9146	-9370	-9199	-9446	-9331	-10145	-10675	-10304	-10550	-11482
Balance on merchandise trade	-909	-226	-313	-230	-65	55	209	-89	-373	-927
Services -										
Credits -										
Shipment	107	114	114	127	132	138	137	129	129	136
Other transportation	660	701	706	692	744	754	802	841	857	825
Travel	466	553	586	607	654	703	756	862	988	945
Other services	329	325	314	359	362	363	392	390	418	409
Total services credits	1562	1693	1720	1785	1892	1958	2087	2222	2392	2315
Debits -										
Shipment	-725	-707	-667	-653	-659	-727	-762	-712	-714	-746
Other transportation	-524	-531	-518	-542	-590	-622	-674	-626	-631	-699
Travel	-784	-784	-812	-834	-899	-905	-905	-903	-940	-1002
Other services	-501	-567	-561	-541	-570	-600	-647	-601	-639	-641
Total services debits	-2534	-2589	-2558	-2570	-2718	-2854	-2988	-2842	-2924	-3088
Net services	-972	-896	-838	-785	-826	-896	-901	-620	-532	-773
Balance on goods and services	-1881	-1122	-1151	-1015	-891	-841	-692	-709	-905	-1700
Income -										
Credits -										
Property income -										
Reinvested earnings	294	294	294	294	473	473	473	473	549	549
Other	386	323	443	411	404	440	363	352	422	442
Labour and other income	40	41	48	50	54	53	54	54	56	60
Total income credits	720	658	785	755	931	966	890	879	1027	1051
Debits -										
Property income -										
Reinvested earnings	-311	-311	-311	-311	-592	-592	-592	-592	-651	-651
Other	-2429	-2507	-2876	-2929	-2791	-2819	-3250	-3204	-3217	-3218
Labour and other income	-41	-46	-54	-55	-61	-65	-67	-72	-83	-81
Total income debits	-2781	-2864	-3241	-3295	-3444	-3476	-3909	-3868	-3951	-3950
Net income	-2061	-2206	-2456	-2540	-2513	-2510	-3019	-2989	-2924	-2899
Unrequited transfers -										
Credits	702	752	791	778	846	854	899	947	966	996
Debits	-406	-428	-443	-418	-415	-444	-468	-447	-484	-475
Net unrequited transfers	296	324	348	360	431	410	431	500	482	521
Balance on current account	-3646	-3004	-3259	-3195	-2973	-2941	-3280	-3198	-3347	-4078

(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	
				SEP	DEC	MAR	JUN	SEP	DEC	MAR	JUN	SEP	DEC
Net capital transactions -													
Official -													
General government -													
Foreign investment in Australia -													
Borrowing													
Other	5609	6146	4088	-355	2154	1647	2700	1065	-743	3872	-106	-172	2156
Total	30	-12	-72	-19	73	-28	-38	-2	-15	-27	-28	-12	-19
Australian investment abroad	5639	6134	4016	-374	2227	1619	2662	1063	-758	3845	-134	-184	2137
	-213	-573	415	61	-254	4	-384	166	23	-141	367	-386	170
Total general government	5426	5561	4431	-313	1973	1623	2278	1229	-735	3704	233	-570	2307
Reserve Bank -													
Foreign investment in Australia	-16	18	-8	-7	8	-	17	-1	-11	1	3	-36	64
Australian investment abroad -													
Reserve assets	2140	-3394	-3924	2790	-4070	1566	-3680	-1856	3580	-1077	-4571	-758	-384
Other	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	2140	-3394	-3924	2790	-4070	1566	-3680	-1856	3580	-1077	-4571	-758	-384
Total Reserve Bank	2124	-3376	-3932	2783	-4062	1566	-3663	-1857	3569	-1076	-4568	-794	-320
Total official	7550	2185	499	2470	-2089	3189	-1385	-628	2834	2628	-4335	-1364	1987
Non official -													
Foreign investment in Australia -													
Direct investment -													
Reinvestment of earnings	936	1244	2368	311	311	311	311	592	592	592	592	651	651
Other	2407	3354	2365	-104	2468	90	900	429	225	76	1635	1482	474
Portfolio & other investment	10216	11064	13845	3940	1827	3655	1642	4080	3590	1200	4975	3122	221
Total foreign investment in Australia	13559	15662	18578	4147	4606	4056	2853	5101	4407	1868	7202	5255	1346
Australian investment abroad -													
Direct investment -													
Reinvestment of earnings	-681	-1176	-1892	-294	-294	-294	-294	-473	-473	-473	-473	-549	-549
Other	-2088	-2499	-7466	-910	-1255	-183	-151	-1501	-2932	-1549	-1484	-391	-1163
Portfolio & other investment	-4029	-4116	-1043	-930	-527	-1795	-864	-1219	-675	823	28	-528	521
Total Australian investment abroad	-6798	-7791	-10401	-2134	-2076	-2272	-1309	-3193	-4080	-1199	-1929	-1468	-1191
Total non-official	6761	7871	8177	2013	2530	1784	1544	1908	327	669	5273	3787	155
Balance on capital account	14311	10056	8676	4483	441	4973	159	1280	3161	3297	938	2423	2142

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

	(\$ million)												
	Year			Quarters ended									
	1985-86	1986-87	1987-88	1986-87				1987-88				1988-89	
				Sept.	Dec.	Mar.	June	Sept.	Dec.	Mar.	June	Sept.	Dec.
At current prices													
Merchandise exports fob	32208	35423	40537	8189	9206	8616	9412	9131	10307	10648	10451	10047	10676
Services, credits	5742	6776	8150	1473	1785	1820	1698	1774	2072	2220	2084	2223	2460
Total exports of goods and services	37950	42199	48687	9662	10991	10436	11110	10905	12379	12868	12535	12270	13136
Merchandise imports fob	-35676	-37159	-40386	-9572	-9537	-8803	-9247	-9734	-10361	-10222	-10069	-10970	-11836
Services, debits	-9843	-10245	-11397	-2674	-2563	-2464	-2544	-2874	-2834	-2881	-2808	-3088	-3068
Total imports of goods and services	-45519	-47404	-51783	-12246	-12100	-11267	-11791	-12608	-13195	-13103	-12877	-14058	-14904
At average 1984-85 prices													
Merchandise exports fob	30905	33479	35015	7678	8710	8103	8988	8490	9062	8872	8591	8428	8729
Services, credits	5200	5694	6471	1284	1494	1503	1413	1446	1659	1736	1630	1754	1923
Total exports of goods and services	36105	39173	41486	8962	10204	9606	10401	9936	10721	10608	10221	10182	10652
Merchandise imports fob	-31141	-30132	-32979	-7795	-7697	-7040	-7600	-7946	-8437	-8153	-8443	-9623	-10442
Services, debits	-8488	-8221	-9053	-2090	-2045	-1977	-2109	-2348	-2215	-2225	-2265	-2632	-2586
Total imports of goods and services	-39629	-38353	-42032	-9885	-9742	-9017	-9709	-10294	-10652	-10378	-10708	-12255	-13028
At current prices - seasonally adjusted													
Merchandise exports fob	..	..	..	8237	9144	8886	9216	9266	10200	10884	10215	10177	10555
Services, credits	..	..	..	1562	1693	1720	1785	1892	1958	2087	2222	2392	2315
Total exports of goods and services	..	..	..	9799	10837	10606	11001	11158	12158	12971	12437	12569	12870
Merchandise imports fob	..	..	..	-9146	-9370	-9199	-9446	-9331	-10145	-10675	-10304	-10550	-11482
Services, debits	..	..	..	-2534	-2589	-2558	-2570	-2718	-2854	-2988	-2842	-2924	-3088
Total imports of goods and services	..	..	..	-11680	-11959	-11757	-12016	-12049	-12999	-13663	-13146	-13474	-14570
At average 1984-85 prices - seasonally adjusted													
Merchandise exports fob	..	..	..	7746	8638	8310	8845	8620	8948	9134	8458	8488	8597
Services, credits	..	..	..	1356	1422	1431	1471	1536	1574	1648	1717	1879	1818
Total exports of goods and services	..	..	..	9102	10060	9741	10316	10156	10522	10782	10175	10367	10415
Merchandise imports fob	..	..	..	-7463	-7585	-7343	-7751	-7622	-8282	-8497	-8622	-9268	-10145
Services, debits	..	..	..	-1996	-2078	-2042	-2111	-2239	-2243	-2302	-2269	-2514	-2619
Total imports of goods and services	..	..	..	-9459	-9663	-9385	-9862	-9861	-10525	-10799	-10891	-11782	-12764

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	
				Sept.	Dec.	Mar.	June	Sept.	Dec.	Mar.	June	Sept.	Dec.
Implicit price deflators													
Merchandise exports													
Rural exports fob	102.5	105.4	128.3	104.0	104.7	106.4	106.1	110.7	122.9	136.5	140.8	138.5	143.2
Non-rural exports fob	105.3	106.1	109.3	107.8	106.6	107.2	103.0	105.6	109.1	110.6	111.9	111.6	112.5
Total exports fob	104.2	105.8	115.8	106.3	105.9	106.9	104.2	107.5	114.0	119.2	120.8	119.9	122.8
Services, credits	110.4	119.0	125.9	115.2	119.1	120.2	121.3	123.2	124.4	126.6	129.4	127.3	127.3
Total exports of goods and services	105.1	107.7	117.4	107.7	107.7	108.9	106.6	109.9	115.5	120.3	122.2	121.2	123.6
Merchandise imports fob (b)													
Exogenous imports fob	102.7	88.9	84.4	81.2	90.8	90.8	93.9	91.5	85.8	84.5	76.2	70.9	77.8
Endogenous imports fob	116.5	130.2	128.5	131.9	131.4	130.7	126.9	127.2	129.1	131.9	126.0	119.7	119.1
Total imports fob	114.6	123.3	122.5	122.6	123.5	125.3	121.9	122.4	122.5	125.6	119.5	113.8	113.2
Services, debits (b)	116.0	124.6	125.9	127.0	124.6	125.3	121.7	121.4	127.2	129.8	125.3	116.3	117.9
Total imports of goods and services	114.9	123.6	123.2	123.5	123.8	125.3	121.8	122.2	123.5	126.5	120.7	114.4	114.1
Terms of trade													
Merchandise trade (c)													
Services (d)	90.9	85.8	94.5	86.7	85.7	85.3	85.5	87.8	93.1	94.9	101.1	105.4	108.5
Goods and services (e)	95.2	95.5	100.0	90.7	95.6	95.9	99.7	101.5	97.8	97.5	103.3	109.5	108.0
	91.5	87.1	95.3	87.2	87.0	86.9	87.5	89.9	93.5	95.1	101.2	105.9	108.3

(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	
				Sept.	Dec.	Mar.	June	Sept.	Dec.	Mar.	June	Sept.	Dec.
Exports fob (a) -													
Rural exports fob -													
Meat & meat preparations	1699	2244	2555	545	589	512	598	610	656	621	668	534	601
Cereal grains & cereal preparations	3880	2778	2202	687	718	649	724	625	549	623	405	452	500
Sugar, sugar preparations & honey	646	708	706	214	165	157	172	192	163	154	197	305	205
Wool and sheepskins	3061	3888	5811	671	943	1106	1168	906	1547	1904	1454	1039	1780
Other rural	2968	3521	3976	870	896	809	946	976	937	1014	1049	1012	1022
Total rural	12254	13139	15250	2987	3311	3233	3608	3309	3852	4316	3773	3342	4108
Non-rural exports fob -													
Metal ores & minerals	5003	4956	5455	1307	1435	1041	1173	1270	1439	1305	1441	1429	1505
Mineral fuels -													
Coal, coke and briquettes	5240	5456	4839	1388	1440	1273	1355	1140	1314	1269	1116	1125	1224
Other mineral fuels	2299	1515	1779	241	425	415	434	411	522	456	390	375	261
Metals -													
Gold	787	1552	2562	264	340	423	525	474	578	737	773	761	612
Other metals	2527	2899	3749	742	677	728	752	880	966	918	985	1126	1164
Machinery	1139	1595	1835	357	432	381	425	436	475	416	508	476	483
Transport equipment	474	1034	957	143	338	304	249	272	191	231	263	209	180
Manufactures nec	1859	2363	2941	555	594	543	671	682	726	703	830	861	833
Other non-rural	626	914	1170	205	214	275	220	257	244	297	372	343	306
Total non-rural	19954	22284	25287	5202	5895	5383	5804	5822	6455	6332	6678	6705	6568
Total exports fob	32208	35423	40537	8189	9206	8616	9412	9131	10307	10648	10451	10047	10676
Imports fob (a) -													
Food, beverages & tobacco	-1705	-1936	-2013	-451	-513	-535	-437	-481	-516	-552	-464	-494	-581
Fuels	-1909	-1751	-2036	-424	-476	-423	-428	-412	-613	-494	-517	-411	-295
Chemicals (including plastics)	-3003	-3466	-4280	-829	-854	-845	-938	-991	-1021	-1145	-1123	-1222	-1198
Textiles, fabrics etc	-1669	-1830	-1931	-474	-459	-424	-473	-512	-496	-448	-475	-522	-493
Metals & metal manufactures	-1695	-1845	-2205	-497	-451	-424	-473	-565	-548	-540	-552	-602	-617
Machinery	-10827	-11360	-12230	-2936	-2903	-2695	-2826	-2947	-3192	-3024	-3067	-3236	-3466
Transport equipment	-5415	-4502	-4152	-1203	-1265	-868	-1166	-914	-1033	-1075	-1130	-1303	-1971
Manufactures nec	-6892	-7700	-8563	-2059	-1964	-1875	-1802	-2106	-2200	-2228	-2029	-2431	-2482
Other imports	-2561	-2769	-2976	-699	-652	-714	-704	-806	-742	-716	-712	-749	-733
Total imports fob	-35676	-37159	-40386	-9572	-9537	-8803	-9247	-9734	-10361	-10222	-10069	-10970	-11836
Of which -													
Exogenous	-4539	-4459	-3829	-1122	-1325	-906	-1106	-939	-1065	-958	-867	-798	-1119
Endogenous -													
Consumption goods	-8123	-8296	-9348	-2235	-2187	-2041	-1833	-2236	-2444	-2478	-2190	-2657	-3004
Capital goods	-8146	-8031	-8578	-2094	-2047	-1900	-1990	-1965	-2265	-2066	-2282	-2428	-2679
Other goods	-14868	-16373	-18631	-4121	-3978	-3956	-4318	-4594	-4587	-4720	-4730	-5087	-5034
Total endogenous	-31137	-32700	-36557	-8450	-8212	-7897	-8141	-8795	-9296	-9264	-9202	-10172	-10717
Balance on merchandise trade	-3468	-1736	151	-1383	-331	-187	165	-603	-54	426	382	-923	-1160

(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	
				Sept.	Dec.	Mar.	June	Sept.	Dec.	Mar.	June	Sept.	Dec.
Exports fob (a) -													
<i>Rural exports fob -</i>													
Meat & meat preparations	1639	1930	2131	490	492	438	510	518	536	517	560	440	483
Cereal grains & cereal preparations	3957	3462	2771	734	861	865	1002	871	726	708	466	501	507
Sugar, sugar preparations & honey	640	653	647	192	152	140	169	177	171	122	177	238	164
Wool and sheepskins	2823	3253	3205	612	824	917	900	635	922	975	673	499	837
Other rural	2891	3170	3136	841	812	707	810	807	731	796	802	808	844
Total rural	11950	12468	11890	2869	3141	3067	3391	3008	3086	3118	2678	2486	2835
<i>Non-rural exports fob -</i>													
Metal ores & minerals	4819	4733	5136	1181	1354	1004	1194	1256	1388	1226	1266	1223	1258
Mineral fuels -													
Coal, coke and briquettes	4886	5232	5532	1226	1335	1214	1457	1279	1479	1453	1321	1291	1414
Other mineral fuels	2275	2347	2557	436	729	585	597	560	723	658	616	677	560
Metals -													
Gold	664	1032	1560	192	211	283	346	301	345	441	473	536	456
Other metals	2475	2543	2689	661	584	643	655	681	697	637	674	705	727
Machinery	1058	1425	1639	307	379	349	390	399	423	379	438	425	459
Transport equipment	466	934	884	135	298	273	228	245	163	219	257	206	175
Manufactures nec	1718	1954	2168	490	488	442	534	534	551	503	580	616	605
Other non-rural	594	811	960	181	191	243	196	227	207	238	288	263	240
Total non-rural	18955	21011	23125	4809	5569	5036	5597	5482	5976	5754	5913	5942	5894
Total exports fob	30905	33479	35015	7678	8710	8103	8988	8490	9062	8872	8591	8428	8729
Imports fob (a) -													
Food, beverages & tobacco	-1488	-1532	-1641	-356	-400	-416	-360	-398	-415	-442	-386	-433	-501
Fuels	-2070	-2753	-2957	-830	-752	-595	-576	-560	-844	-727	-826	-760	-614
Chemicals (including plastics)	-2608	-2769	-3257	-653	-673	-677	-766	-796	-787	-840	-834	-938	-912
Textiles, fabrics etc	-1444	-1426	-1476	-364	-357	-331	-374	-399	-369	-333	-375	-429	-403
Metals & metal manufactures	-1455	-1424	-1631	-382	-340	-327	-375	-437	-405	-387	-402	-441	-444
Machinery	-9530	-9134	-10619	-2275	-2314	-2170	-2375	-2480	-2736	-2575	-2828	-3229	-3532
Transport equipment	-4404	-3167	-2797	-845	-899	-570	-853	-634	-710	-702	-751	-933	-1540
Manufactures nec	-5891	-5754	-6324	-1539	-1452	-1403	-1360	-1596	-1606	-1624	-1498	-1860	-1906
Other imports	-2251	-2173	-2277	-551	-510	-551	-561	-646	-565	-523	-543	-600	-590
Total imports fob	-31141	-30132	-32979	-7795	-7697	-7040	-7600	-7946	-8437	-8153	-8443	-9623	-10442
<i>Of which -</i>													
Exogenous	-4418	-5015	-4538	-1386	-1451	-998	-1180	-1029	-1236	-1134	-1139	-1129	-1431
Endogenous -													
Consumption goods	-6899	-6220	-7035	-1676	-1623	-1526	-1395	-1724	-1832	-1825	-1654	-2103	-2365
Capital goods	-7053	-6270	-7164	-1583	-1587	-1483	-1617	-1610	-1872	-1689	-1993	-2285	-2580
Other goods	-12771	-12627	-14242	-3150	-3036	-3033	-3408	-3583	-3497	-3505	-3657	-4106	-4066
Total endogenous	-26723	-25117	-28441	-6409	-6246	-6042	-6420	-6917	-7201	-7019	-7304	-8494	-9011
Balance on merchandise trade	-236	3347	2036	-117	1013	1063	1388	544	625	719	148	-1195	-1713

(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					
	Sept.	Dec.	Mar.	June	Sept.	Dec.	Mar.	June	Sept.	Dec.
Exports fob (a) -										
<i>Rural exports fob -</i>										
Meat & meat preparations	507	583	581	575	574	646	701	643	506	589
Cereal grains & cereal preparations	778	823	525	720	706	627	505	404	509	571
Sugar, sugar preparations & honey	174	173	208	161	156	173	200	186	249	218
Wool and sheepskins	887	920	938	1122	1214	1490	1615	1403	1398	1701
Other rural	821	911	884	911	919	952	1104	1013	954	1037
Total rural	3167	3410	3136	3489	3569	3888	4125	3649	3616	4116
<i>Non-rural exports fob -</i>										
Metal ores & minerals	1237	1355	1197	1153	1208	1355	1499	1415	1364	1415
Mineral fuels -										
Coal, coke and briquettes	1419	1402	1286	1353	1168	1267	1282	1120	1154	1175
Other mineral fuels	253	390	406	461	440	473	444	416	406	233
Metals -										
Gold	264	386	445	452	473	655	769	666	766	689
Other metals	701	685	758	757	832	975	957	994	1063	1175
Machinery	341	408	432	418	420	447	473	497	461	452
Transport equipment	141	302	342	251	273	173	253	264	213	163
Manufactures nec	533	575	604	653	655	705	779	808	827	811
Other non-rural	181	231	280	229	228	262	303	386	307	326
Total non-rural	5070	5734	5750	5727	5697	6312	6759	6566	6561	6439
Total exports fob	8237	9144	8886	9216	9266	10200	10884	10215	10177	10555
Imports fob (a) -										
Food, beverages & tobacco	-464	-499	-510	-460	-497	-499	-525	-490	-511	-561
Fuels	-419	-490	-420	-425	-405	-634	-492	-510	-405	-305
Chemicals (including plastics)	-799	-879	-869	-921	-956	-1049	-1177	-1104	-1180	-1229
Textiles, fabrics etc	-438	-451	-467	-476	-473	-488	-494	-477	-483	-484
Metals & metal manufactures	-467	-451	-450	-479	-531	-544	-574	-561	-564	-612
Machinery	-2820	-2820	-2852	-2870	-2845	-3080	-3201	-3120	-3130	-3333
Transport equipment	-1186	-1193	-924	-1180	-917	-956	-1142	-1148	-1320	-1805
Manufactures nec	-1897	-1931	-1931	-1944	-1951	-2149	-2294	-2192	-2256	-2417
Other imports	-656	-656	-776	-691	-756	-746	-776	-702	-701	-736
Total imports fob	-9146	-9370	-9199	-9446	-9331	-10145	-10675	-10304	-10550	-11482
<i>Of which-</i>										
<i>Exogenous</i>	<i>-1117</i>	<i>-1339</i>	<i>-903</i>	<i>-1103</i>	<i>-932</i>	<i>-1086</i>	<i>-956</i>	<i>-860</i>	<i>-792</i>	<i>-1129</i>
<i>Endogenous -</i>										
Consumption goods	-2098	-2057	-2120	-2019	-2103	-2293	-2571	-2415	-2500	-2819
Capital goods	-2030	-2010	-2030	-1961	-1926	-2193	-2207	-2258	-2389	-2577
Other goods	-3901	-3964	-4146	-4363	-4370	-4573	-4941	-4771	-4869	-4957
Total endogenous	-8029	-8031	-8296	-8343	-8399	-9059	-9719	-9444	-9758	-10353
Balance on merchandise trade	-909	-226	-313	-230	-65	55	209	-89	-373	-927

(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	
	Sept.	Dec.	Mar.	June	Sept.	Dec.	Mar.	June	Sept.	Dec.
Exports fob (a) -										
<i>Rural exports fob -</i>										
Meat & meat preparations	456	487	497	490	487	528	584	539	417	473
Cereal grains & cereal preparations	831	987	700	996	983	830	574	465	564	579
Sugar, sugar preparations & honey	156	154	198	157	144	174	170	164	195	167
Wool and sheepskins	809	804	778	864	851	888	827	649	672	800
Other rural	793	825	773	780	760	743	867	775	762	856
Total rural	3045	3257	2946	3287	3225	3163	3022	2592	2610	2875
<i>Non-rural exports fob -</i>										
Metal ores & minerals	1118	1279	1155	1174	1195	1307	1408	1244	1167	1183
Mineral fuels -										
Coal, coke and briquettes	1253	1300	1227	1455	1311	1426	1468	1326	1325	1357
Other mineral fuels	458	669	572	634	599	656	641	657	732	501
Metals -										
Gold	192	240	297	298	301	391	460	408	539	513
Other metals	625	591	670	660	644	703	664	680	666	734
Machinery	293	358	396	384	384	398	431	429	412	430
Transport equipment	133	266	307	230	246	147	240	258	210	159
Manufactures nec	470	472	492	519	513	535	557	565	592	589
Other non-rural	159	206	248	204	202	222	243	299	235	256
Total non-rural	4701	5381	5364	5558	5395	5785	6112	5866	5878	5722
Total exports fob	7746	8638	8310	8845	8620	8948	9134	8458	8488	8597
Imports fob (a) -										
Food, beverages & tobacco	-366	-389	-397	-379	-411	-401	-421	-408	-448	-484
Fuels	-820	-775	-591	-571	-550	-873	-724	-816	-748	-634
Chemicals (including plastics)	-629	-693	-696	-752	-768	-809	-863	-820	-906	-936
Textiles, fabrics etc	-336	-351	-365	-377	-369	-363	-367	-377	-397	-396
Metals & metal manufactures	-359	-340	-347	-379	-410	-402	-412	-408	-413	-440
Machinery	-2185	-2248	-2296	-2412	-2394	-2640	-2726	-2877	-3123	-3396
Transport equipment	-833	-848	-607	-863	-636	-657	-745	-763	-945	-1410
Manufactures nec	-1418	-1428	-1445	-1467	-1478	-1569	-1672	-1618	-1726	-1856
Other imports	-517	-513	-599	-551	-606	-568	-567	-535	-562	-593
Total imports fob	-7463	-7585	-7343	-7751	-7622	-8282	-8497	-8622	-9268	-10145
<i>Of which-</i>										
<i>Exogenous</i>	<i>-1376</i>	<i>-1474</i>	<i>-994</i>	<i>-1175</i>	<i>-1019</i>	<i>-1265</i>	<i>-1131</i>	<i>-1129</i>	<i>-1117</i>	<i>-1451</i>
<i>Endogenous -</i>										
Consumption goods	-1573	-1526	-1585	-1536	-1621	-1719	-1893	-1824	-1978	-2219
Capital goods	-1535	-1558	-1585	-1593	-1578	-1813	-1804	-1972	-2248	-2482
Other goods	-2979	-3027	-3179	-3447	-3404	-3485	-3669	-3697	-3925	-3993
Total endogenous	-6087	-6111	-6349	-6576	-6603	-7017	-7366	-7493	-8151	-8694
Balance on merchandise trade	283	1053	967	1094	998	666	637	-164	-780	-1548

(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	
				Sept.	Dec.	Mar.	June	Sept.	Dec.	Mar.	June	Sept.	Dec.
Exports -													
Foreign trade statistics	32793	35805	40949	8334	9281	8746	9444	9167	10510	10755	10517	10093	10725
Adjustments -													
Coverage	-486	-379	-449	-94	-138	-163	16	-115	-142	-101	-91	-42	-20
Timing	-99	-3	37	-51	63	33	-48	79	-61	-6	25	-4	-29
Merchandise exports (balance of payments basis)	32208	35423	40537	8189	9206	8616	9412	9131	10307	10648	10451	10047	10676
Imports -													
Foreign trade statistics	34691	36988	40592	9599	9174	9142	9073	9838	10415	10264	10075	10723	11343
Adjustments -													
Coverage	797	114	-133	32	50	-70	102	-51	-72	-6	-4	1	19
Timing	160	56	-51	-70	350	-291	67	-48	27	-30	-	250	480
Valuation	28	1	-22	11	-37	22	5	-5	-9	-6	-2	-4	-6
Merchandise imports (balance of payments basis) (a)	35676	37159	40386	9572	9537	8803	9247	9734	10361	10222	10069	10970	11836

(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	
				Sept.	Dec.	Mar.	June	Sept.	Dec.	Mar.	June	Sept.	Dec.
CREDITS -													
Shipment -													
Freight on exports	373	454	527	105	112	112	125	130	136	134	127	126	134
Insurance on exports	8	8	9	2	2	2	2	2	2	3	2	3	2
Total	381	462	536	107	114	114	127	132	138	137	129	129	136
Other transportation -													
Passenger services	846	1197	1511	239	330	359	269	291	394	455	371	387	428
Port services etc	1634	1568	1631	393	405	384	386	416	400	398	417	420	441
Total	2480	2765	3142	632	735	743	655	707	794	853	788	807	869
Travel	1702	2218	2966	418	614	646	540	587	779	835	765	889	1047
Other services -													
Official	176	181	200	34	51	42	54	40	40	67	53	40	45
Non-official -													
Expenditure of foreign govts	86	76	86	21	18	18	19	20	22	20	24	23	23
Expenditure of foreign govt employees	56	66	73	16	16	17	17	18	18	18	19	19	19
Expenditure of resident entity employees	112	135	199	23	32	43	37	40	52	56	51	60	71
Insurance services nec	7	9	10	2	2	2	3	2	3	2	3	3	3
Miscellaneous services	742	864	938	220	203	195	246	228	226	232	252	253	247
Total	1003	1150	1306	282	271	275	322	308	321	328	349	358	363
Total other services	1179	1331	1506	316	322	317	376	348	361	395	402	398	408
TOTAL SERVICES CREDITS	5742	6776	8150	1473	1785	1820	1698	1774	2072	2220	2084	2223	2460
DEBITS -													
Shipment -													
Freight on imports	-2803	-2732	-2832	-757	-722	-627	-626	-685	-749	-717	-681	-741	-772
Insurance on imports	-24	-24	-24	-6	-6	-6	-6	-6	-6	-6	-6	-6	-6
Total	-2827	-2756	-2856	-763	-728	-633	-632	-691	-755	-723	-687	-747	-778
Other transportation -													
Passenger services	-1291	-1328	-1547	-356	-318	-296	-358	-392	-371	-391	-393	-441	-429
Port services etc	-906	-786	-963	-195	-200	-200	-191	-227	-239	-258	-239	-222	-257
Total	-2197	-2114	-2510	-551	-518	-496	-549	-619	-610	-649	-632	-663	-686
Travel	-2818	-3206	-3610	-875	-767	-760	-804	-1009	-886	-847	-868	-1058	-980
Other services -													
Official -													
Defence services	-81	-88	-86	-15	-21	-23	-29	-15	-18	-24	-29	-18	-20
Financial services	-50	-43	-4	-10	-22	-10	-1	-1	-1	-1	-1	-1	-1
Miscellaneous services	-185	-210	-221	-44	-55	-48	-63	-41	-44	-65	-71	-51	-45
Total	-316	-341	-311	-69	-98	-81	-93	-57	-63	-90	-101	-70	-66
Non-official -													
Expenditure of Aust govt employees	-113	-117	-113	-31	-30	-28	-28	-28	-27	-29	-29	-32	-29
Expenditure of non-resident entity employees	-133	-133	-167	-33	-29	-34	-37	-47	-40	-40	-40	-50	-46
Insurance services nec	-312	-283	-288	-70	-71	-71	-71	-72	-72	-72	-72	-75	-75
Miscellaneous services	-1127	-1295	-1542	-282	-322	-361	-330	-351	-381	-431	-379	-393	-408
Total	-1685	-1828	-2110	-416	-452	-494	-466	-498	-520	-572	-520	-550	-558
Total other services	-2001	-2169	-2421	-485	-550	-575	-559	-555	-583	-662	-621	-620	-624
TOTAL SERVICES DEBITS	-9843	-10245	-11397	-2674	-2563	-2464	-2544	-2874	-2834	-2881	-2808	-3088	-3068
Net services	-4101	-3469	-3247	-1201	-778	-644	-846	-1100	-762	-661	-724	-865	-608

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	
				Sept.	Dec.	Mar.	June	Sept.	Dec.	Mar.	June	Sept.	Dec.
Property income -													
Investment income -													
Official -													
General government	37	43	47	11	8	12	12	11	13	12	11	5	17
Reserve Bank (a)	598	531	706	141	115	115	160	187	203	140	176	222	204
Total official	635	574	753	152	123	127	172	198	216	152	187	227	221
Non-official -													
Direct investment income -													
Reinvested earnings	681	1176	1892	294	294	294	294	473	473	473	473	549	549
Distributed earnings -													
Remitted profits	70	36	68	17	3	9	7	6	45	6	11	3	18
Dividends	335	448	99	39	18	75	316	49	12	3	35	40	21
Interest	-67	-126	-110	-16	-24	3	-89	-33	-45	-15	-17	-32	-36
Total	338	358	57	40	-3	87	234	22	12	-6	29	11	3
Total direct investment income	1019	1534	1949	334	291	381	528	495	485	467	502	560	552
Portfolio and other investment income -													
Dividends	60	162	128	25	52	53	32	33	37	23	35	36	33
Interest	252	349	438	114	69	77	89	86	128	143	81	94	122
Total	312	511	566	139	121	130	121	119	165	166	116	130	155
Total non-official	1331	2045	2515	473	412	511	649	614	650	633	618	690	707
Total investment income	1966	2619	3268	625	535	638	821	812	866	785	805	917	928
Other property income	160	210	180	42	79	61	28	53	43	46	38	45	50
Total property income	2126	2829	3448	667	614	699	849	865	909	831	843	962	978
Labour and other income -													
Labour income -													
Earnings in Australia	42	45	48	11	11	12	11	12	12	12	12	12	12
Earnings abroad	133	133	167	33	29	34	37	47	40	40	40	50	46
Total	175	178	215	44	40	46	48	59	52	52	52	62	58
Insurance income	-	-	-	-	-	-	-	-	-	-	-	-	-
Total labour and other income	175	178	215	44	40	46	48	59	52	52	52	62	58
Total income credits	2301	3007	3663	711	654	745	897	924	961	883	895	1024	1036

(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	
				Sept.	Dec.	Mar.	June	Sept.	Dec.	Mar.	June	Sept.	Dec.
Property income -													
Investment income -													
Official -													
General government -													
Interest on borrowing domiciled abroad	-1009	-1463	-1761	-365	-419	-356	-323	-341	-563	-473	-384	-260	-483
Interest on borrowing domiciled in Australia	-580	-951	-1432	-161	-197	-274	-319	-357	-268	-427	-380	-288	-464
Total	-1589	-2414	-3193	-526	-616	-630	-642	-698	-831	-900	-764	-548	-947
Reserve Bank (a)	-23	-22	-22	-	-11	-6	-5	-5	-6	-6	-5	-5	-6
Total official	-1612	-2436	-3215	-526	-627	-636	-647	-703	-837	-906	-769	-553	-953
Non-official -													
Direct investment income -													
Reinvested earnings	-936	-1244	-2368	-311	-311	-311	-311	-592	-592	-592	-592	-651	-651
Distributed earnings -													
Remitted profits	-185	-190	-158	-46	-82	-43	-19	-32	-33	-40	-53	-74	-78
Dividends	-766	-538	-948	-177	-147	-106	-108	-263	-217	-270	-198	-349	-285
Interest	-644	-625	-576	-152	-163	-168	-142	-176	-141	-112	-147	-175	-138
Total	-1595	-1353	-1682	-375	-392	-317	-269	-471	-391	-422	-398	-598	-501
Total direct investment income	-2531	-2597	-4050	-686	-703	-628	-580	-1063	-983	-1014	-990	-1249	-1152
Portfolio and other investment income -													
Dividends	-524	-998	-844	-74	-125	-346	-453	-110	-171	-263	-300	-172	-206
Interest -													
Public sector	-1673	-1835	-1966	-412	-415	-527	-481	-444	-391	-565	-566	-458	-344
Private sector	-3149	-3466	-3510	-737	-818	-890	-1021	-717	-932	-891	-970	-1001	-1065
Total	-4822	-5301	-5476	-1149	-1233	-1417	-1502	-1161	-1323	-1456	-1536	-1459	-1409
Total portfolio and other investment income	-5346	-6299	-6320	-1223	-1358	-1763	-1955	-1271	-1494	-1719	-1836	-1631	-1615
Total non-official	-7877	-8896	-10370	-1909	-2061	-2391	-2535	-2334	-2477	-2733	-2826	-2880	-2767
Total investment income	-9489	-11332	-13585	-2435	-2688	-3027	-3182	-3037	-3314	-3639	-3595	-3433	-3720
Other property income -													
Cinema and TV film royalties	-171	-180	-190	-69	-35	-42	-34	-50	-25	-49	-66	-56	-32
Other	-522	-565	-605	-104	-158	-177	-126	-146	-157	-152	-150	-150	-175
Total	-693	-745	-795	-173	-193	-219	-160	-196	-182	-201	-216	-206	-207
Total property income	-10182	-12077	-14380	-2608	-2881	-3246	-3342	-3233	-3496	-3840	-3811	-3639	-3927
Labour and other income -													
Official	-52	-62	-65	-16	-16	-16	-14	-16	-16	-17	-16	-16	-14
Non-official -													
Labour income	-112	-135	-199	-23	-32	-43	-37	-40	-52	-56	-51	-60	-71
Insurance income	-12	-	-	-	-	-	-	-	-	-	-	-	-
Total non-official	-124	-135	-199	-23	-32	-43	-37	-40	-52	-56	-51	-60	-71
Total labour and other income	-176	-197	-264	-39	-48	-59	-51	-56	-68	-73	-67	-76	-85
Total income debits	-10358	-12274	-14644	-2647	-2929	-3305	-3393	-3289	-3564	-3913	-3878	-3715	-4012

(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	
				Sept.	Dec.	Mar.	June	Sept.	Dec.	Mar.	June	Sept.	Dec.
Credits -													
Official	697	786	819	186	199	219	182	207	181	194	237	209	199
Non-official -													
Migrants' transfers	1348	1657	2074	357	423	438	439	460	533	539	542	553	643
Foreign government pensions	27	30	34	6	6	9	9	8	8	9	9	8	8
Miscellaneous transfers	445	544	618	124	142	128	150	137	159	160	162	160	180
Total	1820	2231	2726	487	571	575	598	605	700	708	713	721	831
Total unrequited transfers credits	2517	3017	3545	673	770	794	780	812	881	902	950	930	1030
Debits -													
Official -													
Foreign aid -													
Papua New Guinea aid	-337	-348	-323	-85	-90	-90	-83	-74	-81	-84	-84	-99	-59
Other foreign aid	-463	-412	-476	-57	-70	-113	-172	-57	-80	-151	-188	-72	-106
Total	-800	-760	-799	-142	-160	-203	-255	-131	-161	-235	-272	-171	-165
Pensions	-124	-134	-139	-30	-31	-36	-37	-33	-33	-36	-37	-36	-36
Miscellaneous transfers	-56	-68	-65	-6	-12	-44	-6	-7	-13	-33	-12	-6	-14
Total official	-980	-962	-1003	-178	-203	-283	-298	-171	-207	-304	-321	-213	-215
Non-official -													
Migrants' transfers	-296	-306	-319	-74	-81	-75	-76	-77	-84	-77	-81	-82	-86
Withholding taxes	-16	-22	-28	-5	-5	-6	-6	-7	-7	-7	-7	-8	-8
Miscellaneous transfers	-408	-418	-436	-102	-107	-104	-105	-107	-111	-107	-111	-112	-119
Total non-official	-720	-746	-783	-181	-193	-185	-187	-191	-202	-191	-199	-202	-213
Total unrequited transfers debits	-1700	-1708	-1786	-359	-396	-468	-485	-362	-409	-495	-520	-415	-428
Net unrequited transfers	817	1309	1759	314	374	326	295	450	472	407	430	515	602

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	
				Sept.	Dec.	Mar.	June	Sept.	Dec.	Mar.	June	Sept.	Dec.
Foreign Investment in Australia -													
Borrowing -													
Domiciled abroad -													
Commonwealth Government -													
Drawings	2876	3084	-	442	1828	814	-	-	-	-	-	-	-
Repayments	-1605	-2359	-1622	-959	-508	-637	-255	-422	-290	-145	-765	-997	-1117
Total	1271	725	-1622	-517	1320	177	-255	-422	-290	-145	-765	-997	-1117
State government -													
Drawings	2098	2964	4822	289	463	842	1370	1295	388	1734	1405	2069	1718
Repayments	-637	-442	-2743	-77	-154	-103	-108	-244	-514	-1057	-928	-1298	-1548
Total	1461	2522	2079	212	309	739	1262	1051	-126	677	477	771	170
Total domiciled abroad	2732	3247	457	-305	1629	916	1007	629	-416	532	-288	-226	-947
Domiciled in Australia -													
Purchases by non - residents	7363	12236	25977	1649	1971	2789	5827	5818	5143	8508	6508	6033	7990
Sales by non - residents	-4486	-9337	-22346	-1699	-1446	-2058	-4134	-5382	-5470	-5168	-6326	-5979	-4887
Total domiciled in Australia	2877	2899	3631	-50	525	731	1693	436	-327	3340	182	54	3103
Total borrowing	5609	6146	4088	-355	2154	1647	2700	1065	-743	3872	-106	-172	2156
Other	30	-12	-72	-19	73	-28	-38	-2	-15	-27	-28	-12	-19
Total foreign investment in Australia	5639	6134	4016	-374	2227	1619	2662	1063	-758	3845	-134	-184	2137
Australian investment abroad -													
Lending	-32	-166	-279	-26	28	-103	-65	13	-47	-103	-142	-353	114
Accounts receivable/prepayments made	-45	-313	120	87	-196	107	-311	154	74	-34	-74	-27	56
Other	-136	-94	574	-	-86	-	-8	-1	-4	-4	583	-6	-
Total Australian investment abroad	-213	-573	415	61	-254	4	-384	166	23	-141	367	-386	170
Total general government	5426	5561	4431	-313	1973	1623	2278	1229	-735	3704	233	-570	2307

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			
				Sept.	Dec.	Mar.	June	Sept.	Dec.	Mar.	June
Foreign Investment in Australia -											
Use of IMF credit	-	-	-	-	-	-	-	-	-	-	-
Other	-16	18	-8	-7	8	-	17	-1	-11	1	3
Total foreign investment in Australia	-16	18	-8	-7	8	-	17	-1	-11	1	3
Australian investment abroad -											
Reserve assets -											
Official reserve assets -											
Monetary gold	-	-	-	-	-	-	-	-	-	-	-
SDRs	-53	-4	20	-	-	5	-9	4	6	5	5
Reserve position in IMF	-4	-	-	-	-	-	-	-	-	-	-
Foreign exchange	2197	-3390	-3944	2790	-4070	1561	-3671	-1860	3574	-1082	-4576
Total	2140	-3394	-3924	2790	-4070	1566	-3680	-1856	3580	-1077	-4571
Allocation of SDRs	-	-	-	-	-	-	-	-	-	-	-
Total reserve assets	2140	-3394	-3924	2790	-4070	1566	-3680	-1856	3580	-1077	-4571
Other	-	-	-	-	-	-	-	-	-	-	-
Total Australian investment abroad	2140	-3394	-3924	2790	-4070	1566	-3680	-1856	3580	-1077	-4571
Total Reserve Bank	2124	-3376	-3932	2783	-4062	1566	-3663	-1857	3569	-1076	-4568

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	
				Sept.	Dec.	Mar.	June	Sept.	Dec.	Mar.	June	Sept.	Dec.
Foreign Investment In Australia -													
<i>Direct investment -</i>													
Reinvestment of earnings	936	1244	2368	311	311	311	311	592	592	592	592	651	651
Corporate equities	2143	1734	802	93	1353	-410	698	-109	30	710	171	614	128
Net equity in branches	-315	95	-21	-334	52	397	-20	-97	-57	-40	173	-146	-157
Borrowing (a)	275	1873	1522	260	1171	445	-3	468	86	-193	1161	1087	687
Other	304	-348	62	-123	-108	-342	225	167	166	-401	130	-73	-184
<i>Total direct investment</i>	<i>3343</i>	<i>4598</i>	<i>4733</i>	<i>207</i>	<i>2779</i>	<i>401</i>	<i>1211</i>	<i>1021</i>	<i>817</i>	<i>668</i>	<i>2227</i>	<i>2133</i>	<i>1125</i>
<i>Portfolio and other investment -</i>													
Corporate equities	-121	4046	2417	570	851	972	1653	2079	314	242	-218	-209	143
Borrowing (a)-													
Public sector	1928	1	3799	534	39	364	-936	487	-119	1768	1663	1211	567
Private sector	8440	6856	7486	2612	1087	2480	677	1743	3168	-716	3291	1977	-564
Total	10368	6857	11285	3146	1126	2844	-259	2230	3049	1052	4954	3188	3
Accounts payable/prepayments received -													
Public sector	-48	-141	-501	-8	-11	-3	-119	-487	15	-20	-9	50	8
Private sector	17	302	644	232	-139	-158	367	258	212	-74	248	93	67
Total	-31	161	143	224	-150	-161	248	-229	227	-94	239	143	75
<i>Total portfolio and other investment</i>	<i>10216</i>	<i>11064</i>	<i>13845</i>	<i>3940</i>	<i>1827</i>	<i>3655</i>	<i>1642</i>	<i>4080</i>	<i>3590</i>	<i>1200</i>	<i>4975</i>	<i>3122</i>	<i>221</i>
Total foreign investment in Australia	13559	15662	18578	4147	4606	4056	2853	5101	4407	1868	7202	5255	1346
Australian investment abroad -													
<i>Direct investment -</i>													
Reinvestment of earnings	-681	-1176	-1892	-294	-294	-294	-294	-473	-473	-473	-473	-549	-549
Corporate equities	-2103	-2375	-6937	-214	-1007	-426	-728	-835	-2919	-1667	-1516	-413	-1804
Net equity in branches	-281	-398	-169	-149	-94	-27	-128	-37	-89	-6	-37	96	31
Lending (a)	270	396	-283	-515	-149	280	780	-632	46	186	117	-90	493
Other	26	-122	-77	-32	-5	-10	-75	3	30	-62	-48	16	117
<i>Total direct investment</i>	<i>-2769</i>	<i>-3675</i>	<i>-9358</i>	<i>-1204</i>	<i>-1549</i>	<i>-477</i>	<i>-445</i>	<i>-1974</i>	<i>-3405</i>	<i>-2022</i>	<i>-1957</i>	<i>-940</i>	<i>-1712</i>
<i>Portfolio and other investment -</i>													
Corporate equities	-2624	-3185	1153	-521	-520	-828	-1316	-514	1763	-327	231	-561	213
Lending -													
Banks (a)	-318	-1343	-227	-516	-276	-782	231	-251	270	-74	-172	413	-200
Non-bank enterprises	-987	684	-1376	245	289	-102	252	-409	-2178	1142	69	-231	550
Total	-1305	-659	-1603	-271	13	-884	483	-660	-1908	1068	-103	182	350
Accounts receivable/prepayments made -													
Public sector	-60	-10	-29	-117	46	-29	90	-	-78	116	-67	-64	85
Private sector	-40	-262	-564	-21	-66	-54	-121	-45	-452	-34	-33	-85	-127
Total	-100	-272	-593	-138	-20	-83	-31	-45	-530	82	-100	-149	-42
<i>Total portfolio and other investment</i>	<i>-4029</i>	<i>-4116</i>	<i>-1043</i>	<i>-930</i>	<i>-527</i>	<i>-1795</i>	<i>-864</i>	<i>-1219</i>	<i>-675</i>	<i>823</i>	<i>28</i>	<i>-528</i>	<i>521</i>
Total Australian investment abroad	-6798	-7791	-10401	-2134	-2076	-2272	-1309	-3193	-4080	-1199	-1929	-1468	-1191
Total non-official	6761	7871	8177	2013	2530	1784	1544	1908	327	669	5273	3787	155

(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	
				Sept.	Dec.	Mar.	June	Sept.	Dec.	Mar.	June	Sept.	Dec.
Direct investment borrowing -													
Domiciled abroad -													
Drawings	38472	44351	33420	15568	18677	6625	3481	10929	7643	4286	10562	14340	15122
Repayments	-38197	-42486	-31584	-15308	-17507	-6180	-3491	-10073	-7582	-4563	-9366	-13218	-14423
Total	275	1865	1836	260	1170	445	-10	856	61	-277	1196	1122	699
Domiciled in Australia	-	8	-314	-	1	-	7	-388	25	84	-35	-35	-12
Total direct investment borrowing	275	1873	1522	260	1171	445	-3	468	86	-193	1161	1087	687
Other borrowing -													
Domiciled abroad -													
Banks (a) -													
Drawings	18090	23189	26561	6767	4666	5746	6010	4998	6212	6134	9217	11354	6373
Repayments	-14292	-18897	-23843	-3557	-4353	-5250	-5737	-4172	-5756	-7369	-6546	-10137	-6340
Total	3798	4292	2718	3210	313	496	273	826	456	-1235	2671	1217	33
Non-bank enterprises -													
Drawings	53239	72847	74845	15903	17919	20578	18447	18476	19399	17194	19776	23948	26119
Repayments	-48011	-69635	-68380	-14989	-17412	-17967	-19267	-17489	-16732	-15601	-18558	-22015	-25197
Total	5228	3212	6465	914	507	2611	-820	987	2667	1593	1218	1933	922
Total domiciled abroad	9026	7504	9183	4124	820	3107	-547	1813	3123	358	3889	3150	955
Domiciled in Australia -													
Banks (a) -													
Securities	600	-303	126	-194	-67	-188	146	15	-11	116	6	-236	-159
Deposits	-24	-64	1430	-576	310	168	34	337	-18	79	1032	-485	-401
Total	576	-367	1556	-770	243	-20	180	352	-29	195	1038	-721	-560
Non-bank enterprises	766	-280	546	-208	63	-243	108	65	-45	499	27	759	-392
Total domiciled in Australia	1342	-647	2102	-978	306	-263	288	417	-74	694	1065	38	-952
of which -													
Public sector securities (b)	387	-402	975	-258	-88	-249	193	122	-121	924	50	720	-452
Total other borrowing	10368	6857	11285	3146	1126	2844	-259	2230	3049	1052	4954	3188	3
Total borrowing (c)	10643	8730	12807	3406	2297	3289	-262	2698	3135	859	6115	4275	690

(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	
				Sept.	Dec.	Mar.	June	Sept.	Dec.	Mar.	June	Sept.	Dec.
Official reserve assets (\$ million) -													
Levels at end of year/month	13024	17594	20182	12615	15561	13866	17594	19557	17430	17331	20182	20628	19772
Changes in levels	-493	4570	2588	-409	2946	-1695	3728	1963	-2127	-99	2851	446	-856
Of which -													
Changes due to effects of revaluations	1647	1176	-1336	2381	-1124	-129	48	107	1453	-1176	-1720	-312	-1240
Changes included in the balance of payments (a)	-2140	3394	3924	-2790	4070	-1566	3680	1856	-3580	1077	4571	758	384
Exchange rates -													
Units of foreign currency per \$A -													
End of year/quarter (b) -													
United States dollar	0.6772	0.7203	0.7940	0.6274	0.6648	0.7053	0.7203	0.7194	0.7225	0.7388	0.7940	0.7829	0.8555
United Kingdom pound	0.4414	0.4494	0.4612	0.4360	0.4525	0.4379	0.4494	0.4420	0.3857	0.3934	0.4612	0.4647	0.4764
West German mark	1.485	1.319	1.441	1.267	1.295	1.269	1.319	1.324	1.143	1.225	1.441	1.472	1.528
Japanese yen	110.96	105.79	105.17	96.34	106.37	102.85	105.79	105.54	88.22	92.04	105.17	105.28	107.71
Special drawing right	0.5781	0.5634	0.6059	0.5182	0.5448	0.5486	0.5634	0.5626	0.5137	0.5350	0.6059	0.6067	0.6382
Period average (c) -													
United States dollar	0.6999	0.6636	0.7290	0.6217	0.6475	0.6712	0.7142	0.7143	0.7038	0.7196	0.7783	0.7994	0.8392
United Kingdom pound	0.4866	0.4352	0.4167	0.4175	0.4527	0.4357	0.4350	0.4415	0.4020	0.4004	0.4230	0.4713	0.4688
West German mark	1.753	1.280	1.262	1.298	1.299	1.235	1.290	1.313	1.201	1.205	1.329	1.491	1.488
Japanese yen	140.48	101.37	97.58	96.99	103.93	102.83	101.83	104.96	95.53	92.05	97.83	106.90	105.04
Special drawing right	0.6387	0.5345	0.5448	0.5170	0.5369	0.5323	0.5518	0.5594	0.5256	0.5255	0.5688	0.6163	0.6246
Trade-weighted index of value of the Australian dollar (May 1970 = 100)													
End of year/quarter (b)	56.3	56.6	59.8	51.9	55.0	55.4	56.6	56.2	52.0	53.8	59.8	60.0	63.2
Period average (c)	62.3	53.8	54.8	51.4	54.1	54.0	55.6	56.1	53.0	53.0	57.0	60.9	62.0

(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.

Printed by R.D. RUBIE, Commonwealth Government Printer, Canberra
(c) Commonwealth of Australia 1989

Recommended retail price: \$15.00



2053020012889

ISSN 0819-114X