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**BALANCE OF PAYMENTS  
AUSTRALIA  
JUNE QUARTER 1987**

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## FORTHCOMING CHANGES TO BALANCE OF PAYMENTS PUBLICATIONS

*Changes to the presentation and data content of some investment income and capital account items will be made in the next issue of this publication. The changes will affect the tables showing supplementary data on income (Tables 13-14) and capital transactions (Tables 4, 16-19). Details are provided on page 17 and in Appendix A.*

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## MAIN FEATURES

Estimates of the main balance of payments aggregates for the June quarter 1987, the preceding quarter and the latest financial years 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**

	1986-87								
	1985-86	1986-87	Per cent change (a)	Not seasonally adjusted			Seasonally adjusted		
				Mar qtr	Jun qtr	Per cent change (a)	Mar qtr	Jun qtr	Per cent change (a)
<b>MAIN AGGREGATES (\$ million)</b>									
Balance on current account	-14500	-13563	+6	-3213	-3063	+5	-3460	-3400	+2
Balance on goods and services	-7311	-4825	+34	-773	-486	+37	-963	-713	+26
Balance on merchandise trade	-3422	-1916	+44	-262	182	..	-273	-134	+51
Net services	-3889	-2909	+25	-511	-668	-31	-690	-579	+16
Net income	-8021	-10086	-26	-2765	-2896	-5	-2843	-3061	-8
Net unrequited transfers	832	1348	+62	325	319	-2	346	374	+8
Balance on capital account	13950	12714	-9	5587	769	-86	..	..	..
Official	5300	76	..	2970	-2461	..	..	..	..
Non-official	8650	12638	..	2617	3230	..	..	..	..
<b>EXCHANGE RATES - UNITS OF FOREIGN CURRENCY PER \$A (b)</b>									
United States dollar	.6999	.6636	-5	.6712	.7142	+6	..	..	..
Special drawing right	.6387	.5345	-16	.5323	.5518	+4	..	..	..
<b>TRADE-WEIGHTED INDEX OF THE VALUE OF THE \$A (MAY 1970=100) (b)</b>									
	62.3	53.8	-14	54.0	55.6	+3	..	..	..

(a) For the current account, a minus sign means an increase in the deficit or a decrease in the surplus and a plus sign means a decrease in the deficit or an increase in the surplus.  
(b) Period averages.

### June quarter 1987 compared with March quarter 1987-

- . **Goods and services** (seasonally adjusted). The deficit on goods and services fell by \$250 million due to a small rise in exports and a small fall in imports. Both the merchandise trade and services deficits narrowed.
- . **Income and unrequited transfers** (seasonally adjusted). The increase of \$218 million in the income deficit almost offset the improvement in the goods and services deficit. The major contributor to the increase was investment income payable abroad. The unrequited transfers surplus increased by \$28 million.
- . **Official capital** (not seasonally adjusted). The change from a net inflow to a net outflow substantially reflected transactions in Australia's official reserve assets.
- . **Non-official capital** (not seasonally adjusted). The increased net inflow resulted from a reduced net outflow of Australian investment abroad (mainly due to net repayments of lending in the quarter) which more than offset a reduced net inflow of foreign investment in Australia (mainly due to lower borrowing).

### Year 1986-87 compared with year 1985-86 -

- . **Goods and services**. The deficit on goods and services fell \$2,486 million due to a 12 per cent increase in exports outweighing a 5 per cent increase in imports. Export

volumes rose by 8 per cent and import volumes fell by 5 per cent.

- . **Merchandise**. The merchandise trade deficit narrowed by \$1,506 million, as a result of exports (up 10 per cent) rising more than imports (up 6 per cent). In volume terms, exports increased by 7 per cent and imports decreased by 8 per cent.

- . **Services**. The net services deficit fell by \$980 million. This resulted from strong growth in services credits (up 23 per cent), due to passenger services and travel, combined with lower growth in services debits (up 4 per cent). Credit volumes were up 23 per cent; debit volumes were down 4 per cent.

- . **Income and unrequited transfers**. The income deficit rose \$2,065 million largely due to increased interest payable abroad. The unrequited transfers surplus rose \$516 million as a result of increased receipts from migrants' transfers and withholding taxes.

- . **Official capital**. The reduced net inflow reflected transactions in official reserve assets.

- . **Non official capital**. The higher net inflow resulted from an increase in foreign investment in Australia which more than offset an increase in Australian investment abroad. The net inflow of foreign investment in Australia was up by about one third, mainly due to an increased net inflow of both direct investment and investment in corporate equities in unrelated enterprises. The increased net

outflow of Australian investment abroad reflected a much higher net outflow of direct investment which was partly offset by a drop in lending to unrelated enterprises.

. **Balancing Item.** The balancing item (net errors and omissions) was \$849 million in 1986-87, which compares with a corresponding figure of \$550 million in 1985-86. While both annual figures are relatively small, the balanc-

ing item does exhibit significant quarterly fluctuations in both years. As transactions in a double-entry accounting system are reflected in pairs of equal credit and debit entries, these fluctuations may result from differences in the time of recording of such offsetting entries. These differences may in turn arise from the greater volatility of exchange rates in recent years.

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

	1985-86				1986-87			
	Sep	Dec	Mar	Jun	Sep	Dec	Mar	Jun
<b>AT CURRENT PRICES, SEASONALLY ADJUSTED</b>								
Exports of goods and services	-0.9	-2.6	+3.9	-9.1	+8.6	+13.2	-0.5	+0.8
Merchandise exports	-0.9	-4.3	+3.6	-11.3	+9.8	+13.7	-1.5	+0.5
Services credits	-1.0	+8.3	+5.5	+2.8	+3.3	+10.8	+5.0	+2.3
Imports of goods and services	+3.2	+3.8	-0.9	-4.2	+4.4	+5.9	-2.3	-1.4
Merchandise imports	+3.8	+4.6	-0.6	-5.1	+4.7	+6.6	-2.8	-1.0
Services debits -	+1.2	+1.0	-2.1	-0.6	+3.4	+3.4	-0.2	2.6
<b>AT CONSTANT (AVERAGE 1979-80) PRICES, SEASONALLY ADJUSTED</b>								
Exports of goods and services	+0.5	-2.9	+4.9	-5.8	+1.4	+13.6	-1.8	+1.4
Merchandise exports	+1.2	-4.1	+5.1	-6.9	+1.9	+14.2	-2.5	+1.4
Services credits	-4.0	+5.4	+3.3	+1.3	-1.8	+9.9	+3.0	+1.5
Imports of goods and services	+1.8	+0.4	-3.8	-1.8	-3.0	+4.2	-3.0	-0.5
Merchandise imports	+2.2	+1.6	-4.1	-2.7	-2.6	+4.1	-3.1	-0.7
Services debits	+0.8	-3.8	-2.8	+1.3	-4.4	+4.3	-2.6	+0.1
<b>IMPLICIT PRICE DEFLATORS (a)</b>								
Exports of goods and services	-1.5	+0.4	-0.9	-3.6	+7.1	-0.3	+1.3	-0.6
Merchandise exports	-2.1	-0.3	-1.4	-4.7	+7.7	-0.4	+1.0	-0.8
Services credits	+3.0	+2.8	+2.2	+1.4	+5.1	+0.8	+1.9	+0.8
Imports of goods and services	+1.3	+3.4	+3.1	-2.5	+7.6	+1.6	+0.8	-0.9
Merchandise imports	+1.6	+2.9	+3.7	-2.6	+7.5	+2.3	+0.4	-0.4
Services debits	+0.3	+5.0	+0.8	-1.9	+8.1	-0.9	+2.5	-2.8
<b>TERMS OF TRADE (a)</b>								
Goods and services	-2.7	-2.9	-3.9	-1.2	-0.5	-1.9	+0.5	+0.4
Merchandise trade	-3.7	-3.0	-5.0	-2.2	+0.2	-2.7	+0.6	-0.5
Services	+2.7	-2.1	+1.5	+3.3	-2.8	+1.8	-0.6	+3.6

(a) Derived from seasonally adjusted index numbers on base 1979-80 = 100.

**June quarter 1987 compared with March quarter 1987, seasonally adjusted** ("Volume" refers to values at average 1979-80 prices, "price" refers to implicit price deflators) -

*Exports of merchandise* at current prices rose very slightly. Rural exports rose \$307 million while non-rural exports fell \$262 million. The main changes in commodity groups were:

. Wool and sheepskins, up \$196 million, due to a 13 per cent increase in volume and 8 per cent increase in price.

. Cereals and cereal preparations, up \$179 million, due to a 38 per cent increase in volume and 3 per cent decrease in price.

. Machinery and transport equipment, down \$170 million, due to an 18 per cent decrease in volume and 2 per cent decrease in price.

. Metal ores and minerals, down \$93 million, due to 4 per cent decreases in both volume and price.

*Services credits* at current prices rose \$43 million due to small increases in both volume and price.

The *implicit price deflator* for total exports of goods and services fell 0.6 per cent. On a fixed weight basis the overall IPD would have risen by 0.2 percentage points, while compositional shifts between the components imply a fall of 0.8 percentage points.

*Imports of merchandise* at current prices fell \$94 million. Exogenous imports rose \$205 million, due to a 13 per cent increase in volume and 10 per cent increase in price. Endogenous imports fell \$299 million or 4 per cent reflecting the following changes:

- . consumption goods fell \$220 million, due to an 8 per cent decrease in volume and 2 per cent decrease in price.
- . capital goods fell \$202 million, also due to an 8 per cent decrease in volume and 2 per cent decrease in price.
- . other goods rose \$123 million, due to a 3 per cent increase in volume and almost no change in price.

*Services debits* at current prices fell \$68 million due almost entirely to a 3 per cent decrease in price.

The *implicit price deflator* for total imports of goods and services fell 0.9 per cent. On a fixed weight basis, the overall IPD would have fallen by 1.0 percentage points, while changes in the relative composition of imports explain the other 0.1 percentage point.

Australia's *terms of trade* increased by 0.4 per cent, the second successive quarterly increase following an extended period (since December quarter 1983) of decline. It should be noted, however, 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.

### Revisions

Estimates in this issue are consistent with those published in the monthly balance of payments bulletin (S301.0) on 18 August 1987 and consequently take account of revisions which were described in that issue.

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

For net capital transactions, revisions to earlier quarters reflect the inclusion of more up-to-date data from the Surveys of Foreign Investment. In addition, due to a change in the method of measuring foreign portfolio investment in Australian enterprises (see below), the estimates for corporate equities have been revised for the September and December quarters 1986 and the March quarter 1987.

## CHANGE IN THE METHODOLOGY FOR MEASURING FOREIGN PORTFOLIO INVESTMENT IN CORPORATE EQUITIES

The annual Survey of Foreign Investment approaches companies and nominees in order to obtain details of shares (corporate equities) in Australian enterprises held by foreign residents. Information from this source is used to measure capital transactions associated with foreign portfolio investment in corporate equities. In order to obtain a quarterly dissection of these annual statistics, as well as to estimate this class of investment for more recent quarters until results of the annual survey are available, the quarterly Survey of Foreign Investment approaches share brokers for details of sales and purchases of shares by foreign residents.

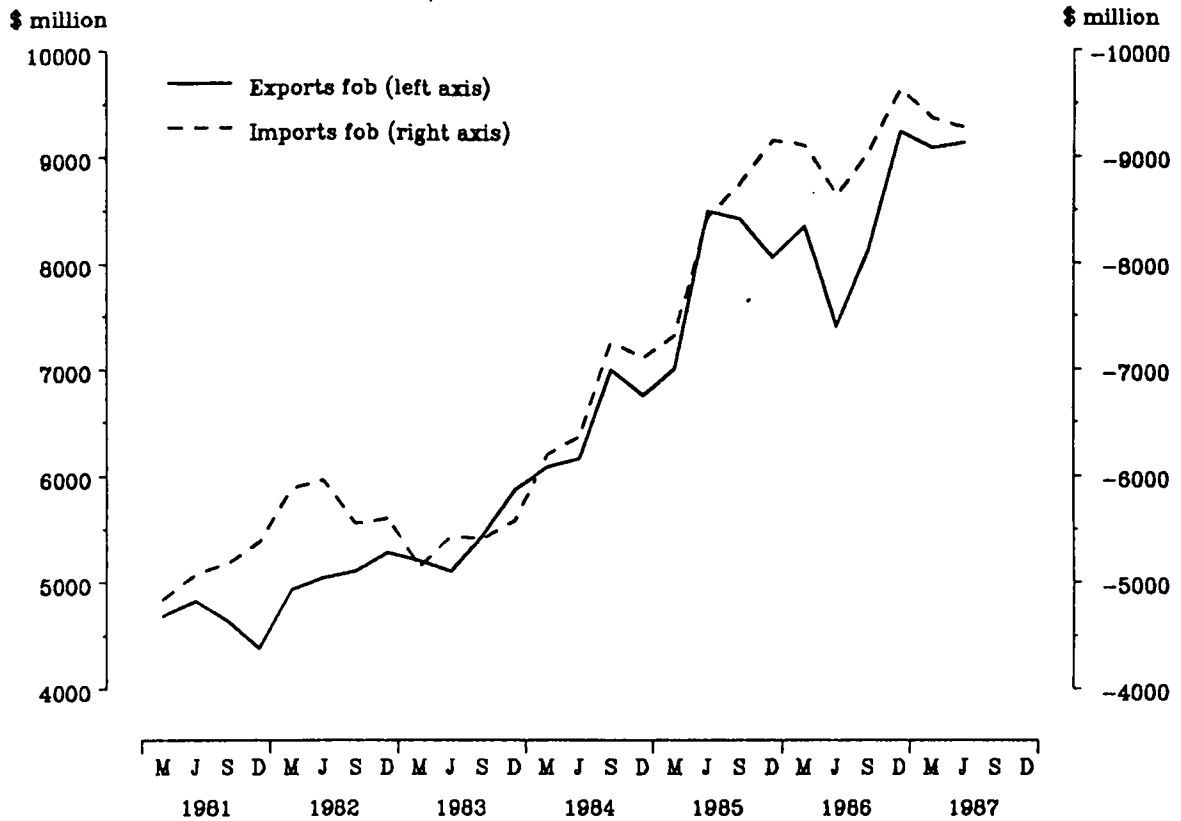
However, the data collected from brokers in the quarterly Survey of Foreign Investment does not include "off-market" transactions, that is new issues and placements of shares not made through brokers. With the increasing foreign take up of shares via "off-market" transactions, estimates of this activity have been compiled from data avail-

able from other sources, notably the Survey of New Capital Raisings. This latter survey collects, among other things, new issues and placements of shares taken up by non-residents.

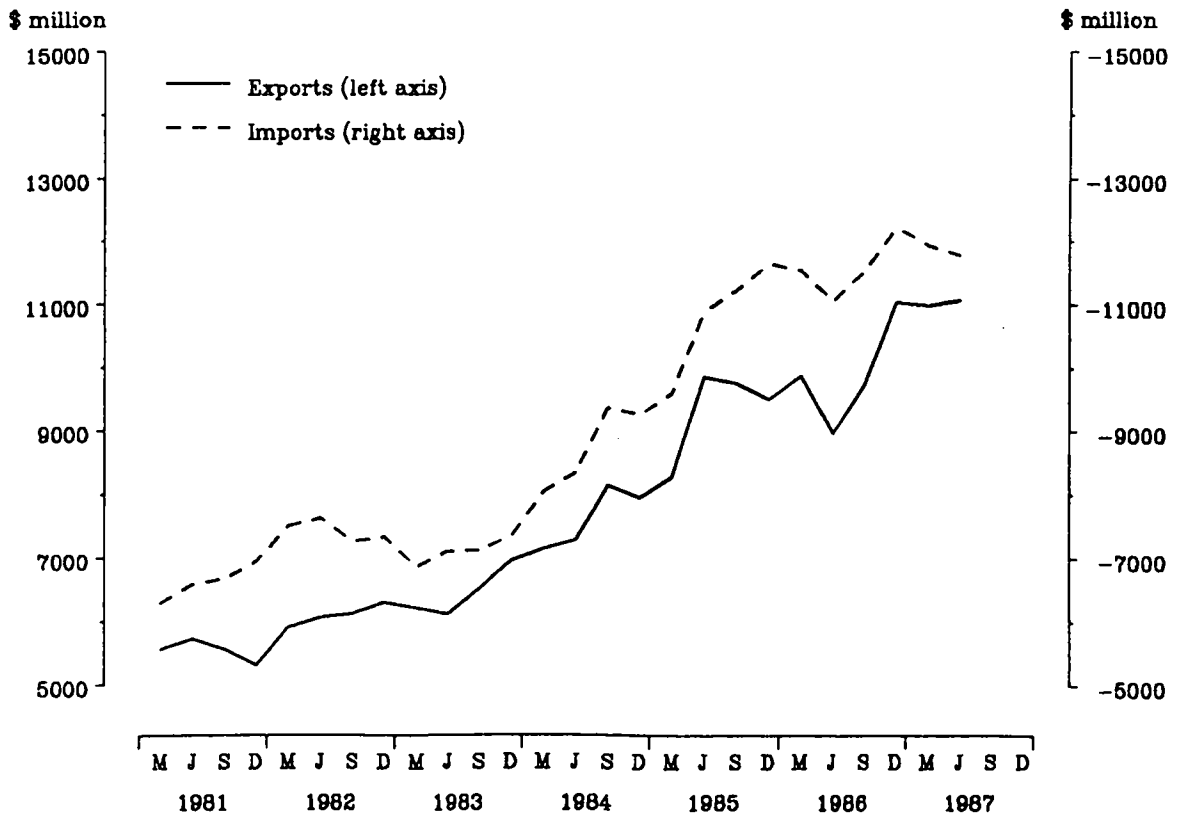
Commencing from this issue of this quarterly publication, the capital transactions series for foreign portfolio investment in corporate equities incorporates these estimates of "off-market" transactions for those periods for which annual Survey of Foreign Investment data are not yet available. Consequently the series now takes account of "off-market" transactions in more recent quarters as well as in past periods. As a result of introducing this change, figures for capital transactions in respect of foreign portfolio investment in corporate equities have been revised for the September quarter 1986, December quarter 1986 and March quarter 1987 by \$115 million, \$240 million and \$100 million, respectively.

# GRAPHS OF PRINCIPAL BALANCE OF PAYMENTS AGGREGATES

GRAPH 1 - MERCHANDISE TRADE - SEASONALLY ADJUSTED

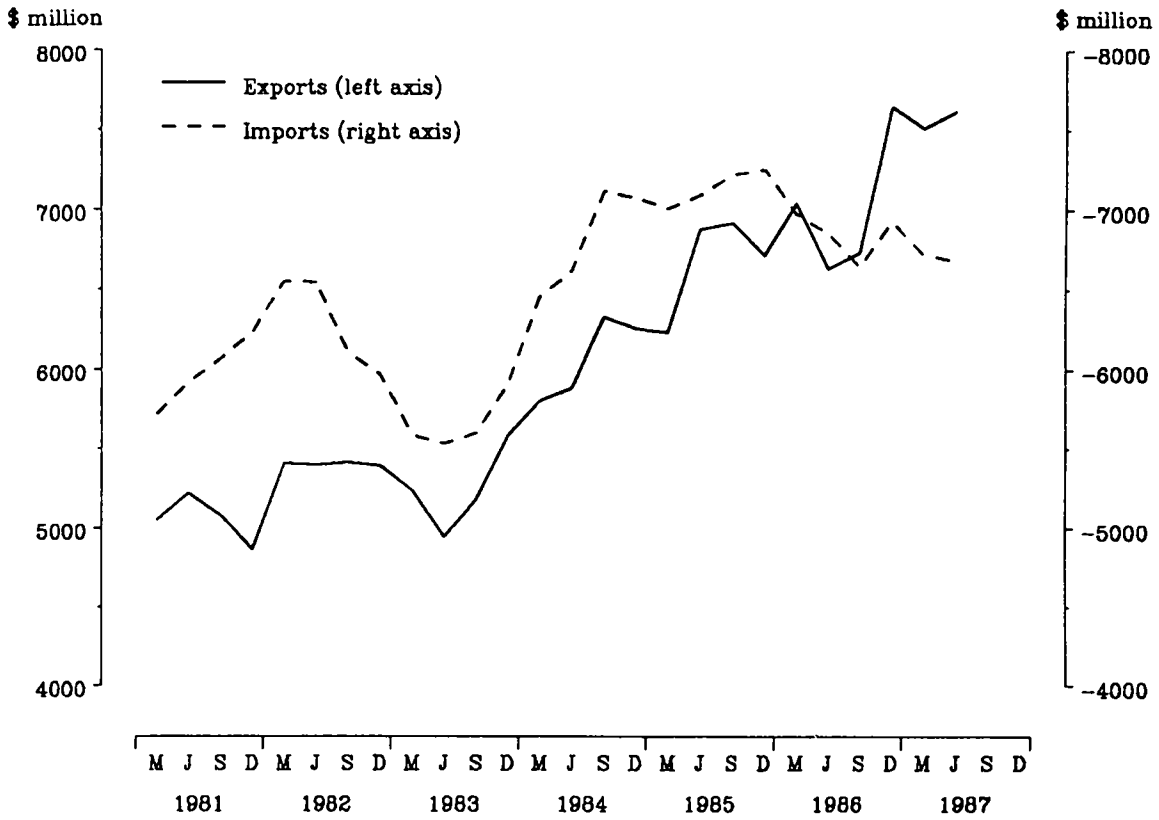


GRAPH 2 - GOODS AND SERVICES AT CURRENT PRICES - SEASONALLY ADJUSTED

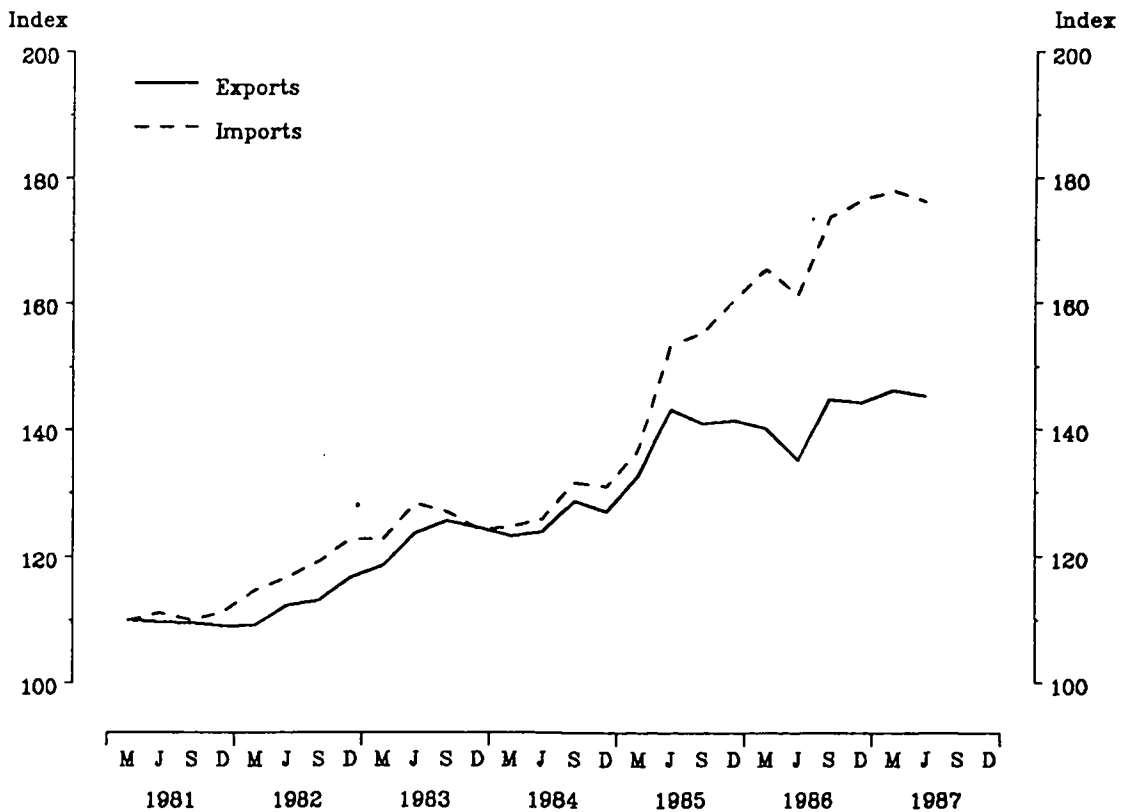




GRAPH 3 - GOODS AND SERVICES AT AVERAGE 1979-80 PRICES - SEASONALLY ADJUSTED



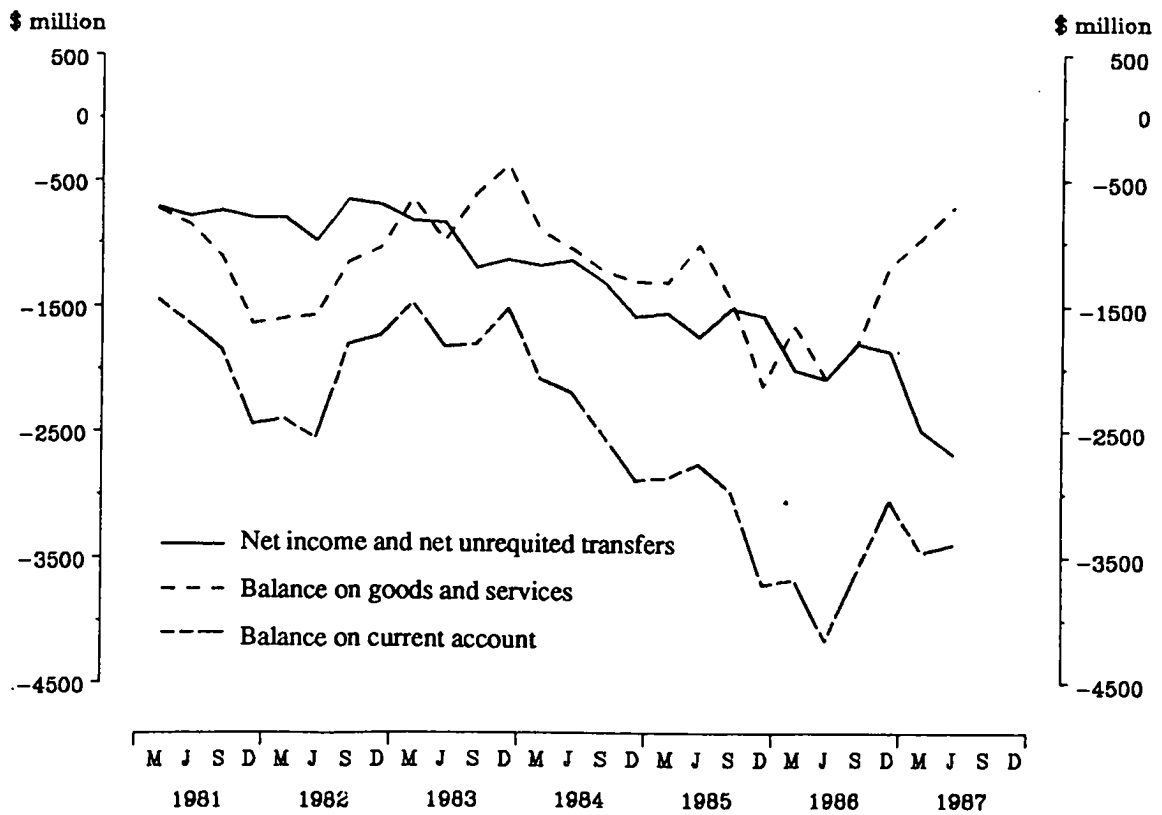
GRAPH 4 - IMPLICIT PRICE DEFATORS FOR GOODS AND SERVICES - BASED ON SEASONALLY ADJUSTED DATA (1979-80=100)



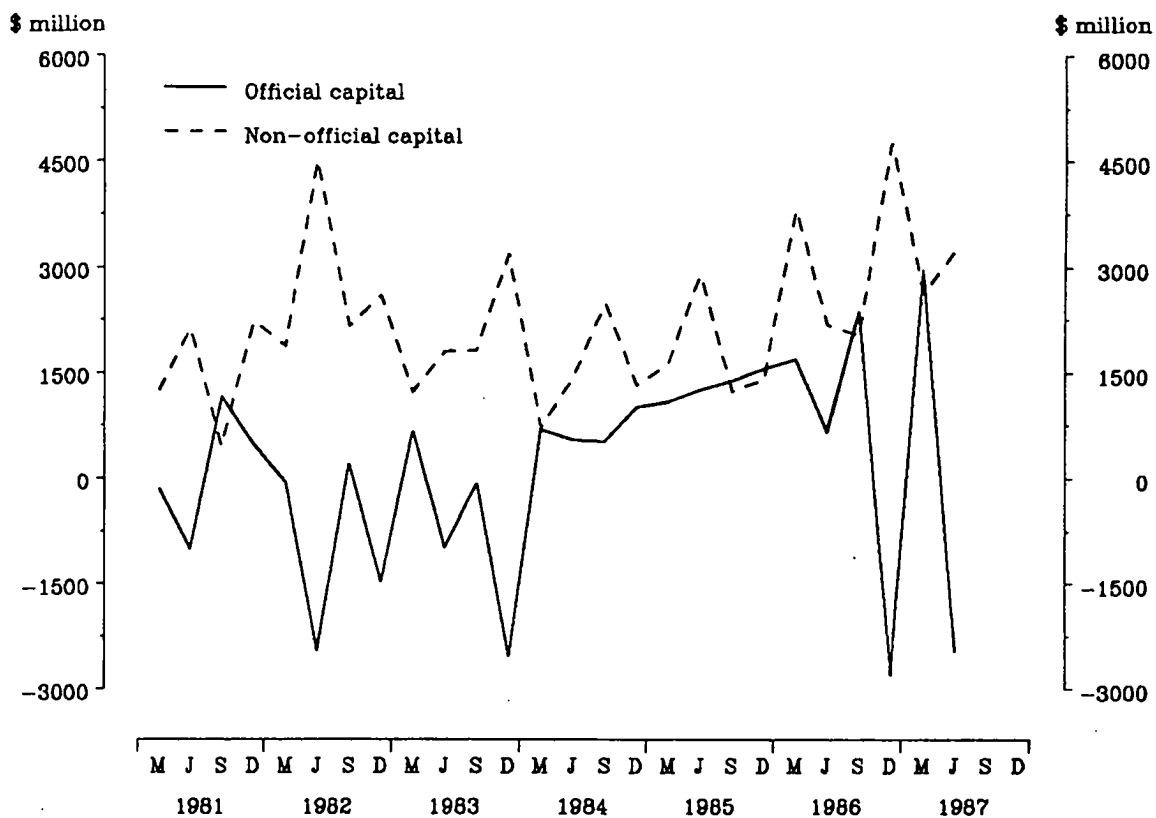
GRAPH 5 - TERMS OF TRADE FOR GOODS AND SERVICES -  
BASED ON SEASONALLY ADJUSTED DATA (1979-80=100)



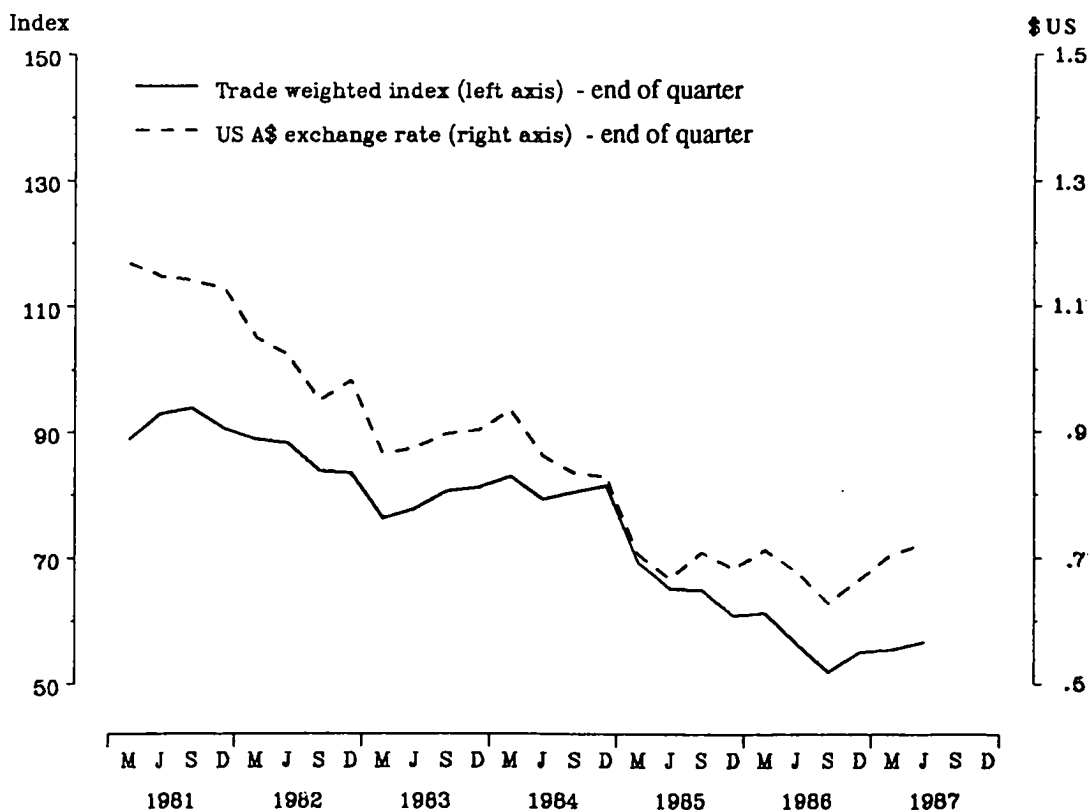
GRAPH 6 - CURRENT ACCOUNT MAJOR AGGREGATES - SEASONALLY ADJUSTED



GRAPH 7 - NET CAPITAL TRANSACTIONS



GRAPH 8 - TRADE WEIGHTED INDEX (MAY 1970=100) AND US/A\$ EXCHANGE RATE



## NOTES ON THE ESTIMATES

## GOLD EXPORTS

Exports of gold (other than ores, concentrates and monetary gold) are included in the "other non-rural" exports category. In recent years gold exports have been increasing more rapidly than the rest of the "other non-rural" category. An indication of the recent growth in the value of gold exports is provided in the following table.

VALUE OF GOLD EXPORTS (NOT SEASONALLY ADJUSTED) (a) (\$ MILLION)

Period	Gold Coin(b)	Other Gold(c)	Total	Per cent of "other non-rural" exports
1984-85	-	554	554	22.5
1985-86	1	786	787	25.5
1986-87	200	1352	1552	34.0
1984-85				
March qtr	-	157	157	27.2
June qtr	-	139	139	21.4
1985-86				
September qtr	-	255	255	29.5
December qtr	-	132	132	18.8
March qtr	1	142	143	21.7
June qtr	-	257	258	30.1
1986-87				
September qtr	1	263	264	27.3
December qtr	3	338	341	31.2
March qtr	16	408	424	36.2
June qtr	181	343	524	39.2

(a) Excluding ores, concentrates and monetary gold. (b) AECC item 991.00.01 (c) AECC group 971.

## EXOGENOUS IMPORTS

For purposes of analysing movements in merchandise imports, the categories exogenous and endogenous imports are shown in various tables in this publication. These categories are defined in paragraph 12 of the Explanatory Notes. 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)

Period	Fuels (a)	Civil Aircraft (b)	Other (c)	Total	Per cent of total merchandise imports
1984-85	2321	356	1560	4237	14.1
1985-86	1909	561	2069	4539	12.7
1986-87	1748	1046	1704	4498	12.1
1984-85 -					
March qtr	516	100	298	914	13.1
June qtr	622	102	469	1193	14.2
1985-86 -					
September qtr	621	205	531	1357	14.6
December qtr	488	71	628	1187	13.0
March qtr	490	285	392	1167	13.6
June qtr	310	-	518	828	9.7
1986-87 -					
September qtr	424	243	467	1134	11.8
December qtr	473	472	405	1350	14.0
March qtr	422	61	432	915	10.3
June qtr	429	270	400	1099	12.0

(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, ships by selected public sector enterprises and certain other government goods.

## EXCHANGE RATES AND THE TRADE-WEIGHTED INDEX

Supplementary series on the exchange rate of the Australian dollar with four major currencies and the trade-weighted index of the value of the Australian dollar have been presented in balance of payments publications for many years. The series traditionally shown were provided by the Reserve Bank and related to the *last trading day of the quarter*. With the floating of the Australian dollar in December 1983, these measures became of greater significance as they represented more immediate indicators of balance of payments performance than previously.

In this issue, the range of exchange rate measures has been expanded. First, the exchange rate of the Australian dollar with the *Special Drawing Right* (SDR) has been included. Second, *period-averages* of the exchange rates and the trade-weighted index have been added. The new series will also be introduced in future issues of monthly and annual balance of payments publications (catalogue numbers 5301.0 and 5303.0 respectively).

The value of the SDR is calculated by the International Monetary Fund (IMF) on the basis of a weighted basket of five currencies - U.S. dollar, West German mark, French franc, Japanese yen and pound sterling. The IMF publishes the value of the SDR each day in terms of US dollars; the

latest available rate is crossed with the Reserve Bank's 4pm \$A/\$US rate.

The period-average rates and index numbers are derived by the ABS from daily rates published by the Reserve Bank. The following averaging process is applied: monthly averages are simple averages (arithmetic means) of daily (trading day) measures; quarterly and annual averages are simple averages of monthly measures.

The extra exchange rate information has been included for two main reasons. First, users have expressed interest in the additional information in view of the greater exchange rate flexibility in recent years. Both end-of-period and period-average measures are presented, for example, in the IMF publication *International Financial Statistics*. Second, for some analytical purposes it is useful to convert aggregates expressed in Australian currency into another currency (say the US dollar) or into a weighted average of other currencies (say the SDR).

The following table compares movements, over the last 11 financial years and 10 quarters, in the period-average exchange rates of the US dollar and the SDR against the \$A. It also shows corresponding movements in the trade-weighted index (TWI) on a period-average basis.

PERIOD-AVERAGE EXCHANGE RATES AND TWI

Period	\$US		SDR		TWI	
	Rate per \$A	Per cent change(a)	Rate per \$A	Per cent change(a)	Index of the value of \$A (May 1970 = 100)	Per cent change(a)
1975-76	1.2609	..	1.0770	..	na	na
1976-77	1.1518	-8.7	0.9967	-7.5	na	na
1977-78	1.1281	-2.1	0.9406	-5.6	89.3	na
1978-79	1.1363	0.7	0.8864	-5.8	83.2	-6.8
1979-80	1.1145	-1.9	0.8565	-3.4	83.8	0.7
1980-81	1.1611	4.2	0.9232	7.8	87.6	4.5
1981-82	1.1049	-4.8	0.9716	5.2	91.0	3.9
1982-83	0.9384	-15.1	0.8663	-10.8	81.8	-10.1
1983-84	0.9064	-3.4	0.8629	-0.4	82.3	0.6
1984-85	0.7754	-14.5	0.7821	-9.4	75.5	-8.3
1985-86	0.6999	-9.7	0.6387	-18.3	62.3	-17.5
1986-87	0.6636	-5.2	0.5345	-16.3	53.8	-13.6
1984-85						
March qtr	0.7513	-11.2	0.7769	-8.7	75.4	-7.8
June qtr	0.6667	-11.3	0.6718	-13.5	65.6	-13.0
1985-86						
September qtr	0.6979	4.7	0.6794	1.1	66.3	1.1
December qtr	0.6874	-1.5	0.6376	-6.2	61.9	-6.6
March qtr	0.7014	2.0	0.6235	-2.2	60.9	-1.6
June qtr	0.7130	1.7	0.6141	-1.5	60.0	-1.5
1986-87						
September qtr	0.6217	-12.8	0.5170	-15.8	51.4	-14.3
December qtr	0.6475	4.1	0.5369	3.8	54.1	5.3
March qtr	0.6712	3.7	0.5323	-0.9	54.0	-0.2
June qtr	0.7142	6.4	0.5518	3.7	55.6	3.0

(a) Per cent change from previous financial year or quarter

## CONVERSION OF BALANCE OF PAYMENTS AGGREGATES EXPRESSED IN DOMESTIC CURRENCY INTO FOREIGN CURRENCY EQUIVALENTS

It is almost worldwide practice for national balance of payments statisticians to compile and present statistics in terms of their domestic currencies. One important reason for using this unit of account is that balance of payments statistics form part of the overall system of national accounts; most statistics in the national accounts are collected and presented in domestic currencies. Another reason is that it is useful to be able to trace balance of payments developments through to the domestic economy and vice versa.

There are, however, a number of analytical purposes for which it is useful to convert the statistics into a currency unit which differs from the domestic currency. National balance of payments publications therefore often provide exchange rate measures, as is the case in Australia, so that users can make conversions if they need to do so.

One reason for expressing country balance of payments aggregates in a foreign currency equivalent is to enable comparisons to be made with the statistics of other countries<sup>1</sup>. These comparisons are usually expressed in US dollars (for example, in the IMF publication *International Financial Statistics* and the OECD publication *Main Economic Indicators*) or in SDRs (for example, in the IMF publication *Balance of Payments Statistics*). Australia's current account balance is compared with corresponding balances of other countries in the next section of these notes.

Another reason for showing the statistics in a foreign currency has received some attention in recent Australian literature<sup>2</sup>. In this case the objective is to eliminate the so-called "valuation effect" which appears, following a currency appreciation or depreciation, in balance of payments aggregates expressed in domestic currency. For example, following a depreciation in the domestic currency against a foreign currency, a current account deficit expressed in domestic currency will widen *purely because* it is expressed in that domestic currency; that is, in terms of the foreign currency it will be unchanged. The literature suggests that this "valuation effect" is separate from any subsequent "J curve effects" and points out that no increase in foreign exchange is required to finance this increased deficit.

If users decide that, for their purposes, it is analytically useful to convert Australia's balance of payments statistics into foreign currency equivalents, they are faced with a

<sup>1</sup> *There is another kind of international comparison in which each country's balance of payments aggregates expressed in domestic currency are expressed as proportion of its gross domestic product (or gross national product). Such comparisons are in domestic currency terms.*

<sup>2</sup> *J.O.N. Perkins, Australia's external indebtedness and economic policy, ACCI/Westpac Discussion Papers No 1 1986, and H.W. Arndt and G. Dorrance, "The J-curve" in The Australian Economic Review, 1st quarter 1987.*

number of practical problems. These include: which foreign currency to use; which type of exchange rate average to use; which aggregates to convert; and where to obtain the exchange rate data.

The choice of a foreign currency may not be straightforward because the value of the Australian dollar has not moved evenly against other currencies. It is possible to convert into a single foreign currency or into a weighted average of other currencies. While the US dollar and the SDR are frequently chosen for comparative studies involving a number of countries, neither is entirely satisfactory if the purpose is to eliminate the valuation effect referred to earlier.

A case can be made that period-average exchange rates are more appropriate than end-period exchange rates for converting the flow data recorded in balance of payments accounts. However, to the extent that exchange rates and balance of payments transactions fluctuate unevenly through a period, period-average exchange rates (which are simple averages of daily rates) may still not be entirely appropriate for conversion.

It should also be borne in mind that, in compiling balance of payments statistics in the domestic currency, amounts originally reported in various foreign currencies have already been converted. In principle, this conversion should be at the market rate of exchange prevailing at the time of the transaction. In practice the actual rate used may vary according to the source of data and record-keeping practices. To the extent that the actual rate used diverges from what is required in principle, the reconversion of the resultant aggregates back to foreign currencies using period-average rates may be subject to some error.

A balance of payments statement consists of many aggregates (eg balance on merchandise trade, balance on current account, balance on capital account) and components of these aggregates. A choice has to be made about which series to convert. It has sometimes been suggested<sup>3</sup> that, for the analysis of the "valuation effect", only the foreign-currency-denominated components of net income and unrequited transfers should be converted; however, these amounts cannot be precisely determined.

The inclusion of the additional exchange rate and SDR measures in this and future monthly, quarterly and annual balance of payments publications should assist users in making whatever conversions are most suitable for their purposes. The following tables compare, for the last 11 years and 10 quarters, movements in Australia's current account and goods and services balances when expressed in Australian dollars and when converted to US dollars and SDRs using period-average exchange rates.

The tables show that the improvement in both the current account and goods and services deficits in 1986-87 was stronger when expressed in terms of either \$US or SDRs while the widening of these deficits in each of the preceding two years was much less.

<sup>3</sup> *H.W. Arndt and G. Dorrance, op cit, page 16.*

**AUSTRALIA'S BALANCE ON CURRENT ACCOUNT WHEN EXPRESSED  
IN AUSTRALIAN DOLLARS, UNITED STATES DOLLARS AND SDRs (NOT SEASONALLY ADJUSTED) (a) (b)**

YEARS	\$A		US\$		SDRs	
	Millions	Per cent change	Millions	Per cent change	Millions	Per cent change
1975-76	-1453	..	-1832	..	-1565	..
1976-77	-2510	-72.7	-2891	-57.8	-2502	-59.9
1977-78	-3043	-21.2	-3433	-18.7	-2862	-14.4
1978-79	-3715	-22.1	-4222	-23.0	-3294	-15.1
1979-80	-2082	44.0	-2320	45.0	-1783	45.9
1980-81	-5606	-169.3	-6509	-180.6	-5175	-190.2
1981-82	-9135	-63.0	-10093	-55.1	-8876	-71.5
1982-83	-6824	25.3	-6404	36.6	-5912	33.4
1983-84	-7335	-7.5	-6648	-3.8	-6329	-7.1
1984-85	-11077	-51.0	-8589	-29.2	-8633	-36.4
1985-86	-14500	-30.9	-10149	-18.2	-9261	-7.3
1986-87	-13563	6.5	-9000	11.3	-7249	21.7
1984-85						
March qtr	-2558	14.5	-1922	24.1	-1987	21.9
June qtr	-2562	-0.2	-1708	11.1	-1721	13.4
1985-86						
September qtr	-3542	-38.3	-2472	-44.7	-2406	-39.8
December qtr	-3803	-7.4	-2614	-5.7	-2425	-0.8
March qtr	-3236	14.9	-2270	13.2	-2018	16.8
June qtr	-3919	-21.1	-2794	-23.1	-2407	-19.3
1986-87						
September qtr	-4186	-6.8	-2602	6.9	-2164	10.1
December qtr	-3101	25.9	-2008	22.8	-1665	23.1
March qtr	-3213	-3.6	-2157	-7.4	-1710	-2.7
June qtr	-3063	4.7	-2188	-1.4	-1690	1.2

(a) For percentage changes in balance of payments data, a minus sign means an increase in the deficit and no sign means a decrease in the deficit. (b) Balance of payments data (not seasonally adjusted) are converted into foreign currency (\$US and SDRs) at quarterly and annual average exchange rates.

**AUSTRALIA'S BALANCE ON GOODS AND SERVICES WHEN EXPRESSED  
IN AUSTRALIAN DOLLARS, UNITED STATES DOLLARS AND SDRs (NOT SEASONALLY ADJUSTED) (a) (b)**

YEARS	\$A		US\$		SDRs	
	Millions	Per cent change	Millions	Per cent change	Millions	Per cent change
1975-76	271	..	342	..	292	..
1976-77	-597	..	-688	..	-595	..
1977-78	-1005	-68.3	-1134	-64.8	-945	-58.8
1978-79	-1212	-20.6	-1377	-21.4	-1074	-13.7
1979-80	756	..	843	..	647	..
1980-81	-2705	..	-3141	..	-2497	..
1981-82	-5791	-114.1	-6398	-103.7	-5627	-125.4
1982-83	-3833	33.8	-3597	43.8	-3321	41.0
1983-84	-2754	28.2	-2496	30.6	-2376	28.5
1984-85	-4869	-76.8	-3775	-51.2	-3808	-60.3
1985-86	-7311	-50.2	-5117	-35.5	-4669	-22.6
1986-87	-4825	34.0	-3202	37.4	-2579	44.8
1984-85						
March qtr	-1034	20.4	-777	29.3	-803	27.3
June qtr	-806	22.1	-537	30.9	-542	32.5
1985-86						
September qtr	-2121	-163.2	-1480	-175.6	-1441	-165.9
December qtr	-2103	0.8	-1446	2.3	-1341	6.9
March qtr	-1229	41.6	-862	40.4	-766	42.9
June qtr	-1858	-51.2	-1325	-53.7	-1141	-49.0
1986-87						
September qtr	-2487	-33.9	-1546	-16.7	-1286	-12.7
December qtr	-1079	56.6	-696	55.0	-579	55.0
March qtr	-773	28.4	-519	25.4	-411	29.0
June qtr	-486	37.1	-347	33.1	-268	34.8

(a) For percentage changes in balance of payments data, a minus sign means an increase in the deficit and no sign means a decrease in the deficit. (b) Balance of payments data (not seasonally adjusted) are converted into foreign currency (\$US and SDRs) at quarterly and annual average exchange rates.

## INTERNATIONAL COMPARISONS OF BALANCE OF PAYMENTS STATISTICS

There are two frequently-used methods of comparing balance of payments statistics of different countries.

The first method is the one described in the previous section of these notes: the relevant aggregates for each country are converted from domestic currency into a chosen foreign currency (often the US dollar) or a chosen weighted average of foreign currencies (often the SDR).

The other method is to express each country's aggregates as a proportion of its gross domestic product (GDP) or gross national product (GNP). This is a comparison in domestic currency terms; movements over time in the ratios will include the "valuation effect" described in the previous section.

Care should always be exercised in the use and interpretation of international statistical comparisons. One important qualification is that, despite the fact that countries tend to follow international recommendations for the compilation of the statistics, differences still occur between countries in concepts, coverage, data sources and collection methods. A significant coverage difference occurs in comparisons of current account balances because some countries (including Australia, New Zealand, the United Kingdom and the United States) follow the international recommendation that reinvested earnings<sup>1</sup> should be included in the statistics, while most countries do not. At particular times, net

reinvested earnings<sup>2</sup> can be a significant proportion of a country's current account balance. To allow for this compilation difference, the comparisons in the two accompanying tables are shown, whenever the relevant data are available, inclusive and exclusive of reinvested earnings.

### Current account balances in US dollars for selected countries

Australia's current account balances for the last 12 years and 10 quarters, converted to US dollars at period-average exchange rates, is compared with corresponding balances for a selection of countries in the table below.

### Current account balances as a percentage of GDP for selected countries

In 1986-87, Australia's deficit on current account was 5.1 per cent of GDP. This compares with average annual ratios of 4.8 per cent over the period 1980-81 to 1985-86 and 2.6 per cent over the period 1975-76 to 1979-80. Australia's ratio since 1975-76 is compared with the corresponding ratios for a selection of countries in the table over the page.

<sup>1</sup>The 1977 edition of the IMF's *Balance of Payments Manual* recommends that reinvested earnings be treated as part of direct investment income. These earnings measure the undistributed income of direct investment enterprises attributable to their foreign direct investors.

<sup>2</sup>Reinvested earnings credits less reinvested earnings debits.

## INTERNATIONAL COMPARISON OF CURRENT ACCOUNT BALANCES (NOT SEASONALLY ADJUSTED)

(\$US BILLION)

	Including Reinvested Earnings				Excluding Reinvested Earnings				
	Australia	United States	United Kingdom	New Zealand	Australia	United States	United Kingdom	Japan	Canada
1975-76	-1.8	13.3	-2.1	-1.0	-1.1	4.7	-0.6	1.4	-4.6
1976-77	-2.9	-5.6	-2.8	-0.9	-2.2	-13.0	-1.6	5.8	-3.9
1977-78	-3.4	-19.2	1.5	-0.7	-2.8	-25.5	2.2	11.8	-6.6
1978-79	-4.2	-5.0	0.1	-0.7	-3.5	-17.2	1.1	6.1	-4.7
1979-80	-2.3	-4.6	-0.8	-0.8	-1.4	-14.4	0.4	-17.2	-1.9
1980-81	-6.5	7.2	17.6	-0.8	-5.7	16.4	20.5	-1.0	-2.8
1981-82	-10.1	2.8	5.4	-1.5	-9.7	12.8	7.1	7.1	-3.1
1982-83	-6.4	-26.0	6.5	-1.1	-7.1	-24.6	7.6	12.8	4.7
1983-84	-6.6	-78.9	3.3	-1.3	-6.4	-88.8	4.5	27.9	0.5
1984-85	-8.6	-113.8	2.2	-1.3	-8.4	-120.3	4.6	40.3	5.4
1985-86	-10.1	-130.3	4.5	-1.7	-9.9	-157.3	4.9	62.6	-10.4
1986-87	-9.0	nya	nya	nya	-9.0	nya	nya	nya	nya
1984-85									
March qtr	-1.9	-23.5	-0.7	-0.1	-1.9	-23.8	-1.1	6.7	-0.7
June qtr	-1.7	-30.4	1.3	-0.2	-1.7	-36.3	1.2	13.2	0.7
1985-86									
September qtr	-2.5	-32.3	2.0	-0.5	-2.4	-38.8	2.0	11.9	-0.7
December qtr	-2.6	-31.5	2.4	-0.4	-2.6	-38.4	3.1	15.5	-0.1
March qtr	-2.3	-31.0	0.4	-0.6	-2.2	-37.6	0.2	12.1	-6.2
June qtr	-2.8	-35.5	-0.2	-0.2	-2.7	-42.5	-0.4	23.1	-3.4
1986-87									
September qtr	-2.6	-39.2	-1.5	-0.4	-2.6	-45.2	-0.8	24.4	-1.7
December qtr	-2.0	-34.9	nya	-0.3	-2.0	-38.1	nya	25.6	nya
March qtr	-2.2	nya	nya	-0.2	-2.2	nya	nya	20.6	nya
June qtr	-2.2	nya	nya	nya	-2.2	nya	nya	nya	nya

(-) minus sign means a deficit on current account. Sources: National statistical bulletins.



INTERNATIONAL COMPARISON OF CURRENT ACCOUNT BALANCES AS A PERCENTAGE OF GROSS DOMESTIC PRODUCT  
(NOT SEASONALLY ADJUSTED)

	<i>Including Reinvested Earnings</i>				<i>Excluding Reinvested Earnings</i>				
	<i>Australia</i>	<i>United States</i> (a)	<i>United Kingdom</i>	<i>New Zealand</i> (b)	<i>Australia</i>	<i>United States</i> (a)	<i>United Kingdom</i>	<i>Japan</i> (c)	<i>Canada</i>
1975-76	-1.9	0.7	-0.9	-8.4	-1.2	0.3	-0.2	0.2	-2.6
1976-77	-2.9	-0.3	-1.2	-6.2	-2.2	-0.6	-0.7	0.8	-1.9
1977-78	-3.2	-0.8	0.5	-4.4	-2.6	-1.1	0.8	1.5	-2.7
1978-79	-3.5	-0.2	-	-4.2	-2.9	-0.7	0.3	0.7	-1.6
1979-80	-1.7	-0.2	-0.2	-4.1	-1.1	-0.5	0.1	-1.9	-0.6
1980-81	-4.0	0.2	3.2	-4.2	-3.6	0.5	3.7	-0.1	-0.8
1981-82	-5.8	0.1	1.1	-7.1	-5.7	0.4	1.5	0.7	-0.7
1982-83	-4.0	-0.8	1.4	-5.4	-4.5	-0.7	1.6	1.2	1.0
1983-84	-3.8	-2.2	0.7	-5.9	-3.7	-2.5	1.0	2.4	0.1
1984-85	-5.2	-2.9	0.5	-7.2	-5.1	-3.1	1.1	3.4	0.9
1985-86	-6.0	-3.2	0.9	-6.8	-5.9	-3.8	0.9	3.8	-1.5
1986-87	-5.1	nya	nya	nya	-5.1	nya	nya	nya	nya
1984-85									
March qtr	-5.0	-2.4	-0.7	na	-4.8	-2.4	-1.1	2.4	-0.4
June qtr	-4.8	-3.1	1.2	na	-4.6	-3.7	1.2	4.3	0.5
1985-86									
September qtr	-6.1	-3.2	1.6	na	-5.9	-3.8	1.7	3.7	-0.4
December qtr	-5.9	-3.1	1.8	na	-5.8	-3.8	2.3	3.5	-0.1
March qtr	-5.6	-3.0	0.3	na	-5.5	-3.6	0.2	2.9	-3.7
June qtr	-6.6	-3.4	-0.2	na	-6.5	-4.1	-0.3	4.9	-2.0
1986-87									
September qtr	-6.7	-3.7	-1.1	na	-6.7	-4.3	-0.6	4.7	-0.9
December qtr	-4.4	-3.3	nya	na	-4.4	-3.6	nya	4.4	nya
March qtr	-5.0	nya	nya	na	-5.1	nya	nya	nya	nya
June qtr	-4.6	nya	nya	na	-4.6	nya	nya	nya	nya

(-) minus sign means a deficit on current account. (a) As a percentage of gross national product. Quarterly ratios are based on seasonally adjusted data. (b) As a percentage of gross domestic product for years ended March. (c) As a percentage of gross national product. Sources: National statistical bulletins.

## THE PUZZLE OF A GLOBAL BALANCE OF PAYMENTS DISCREPANCY

*We reproduce below, with kind permission of the International Monetary Fund (IMF), an article from the IMF Survey of 9 March 1987. The article describes an exercise undertaken over the last two years by an IMF working party to which the ABS made several submissions. The ABS will also be contributing to further initiatives sponsored by the IMF for the purpose of implementing the recommendations of the working party*

### Introduction

As shown in the accompanying table, the sum of external current accounts worldwide, which in principle should be zero, began to show a large negative discrepancy - or excess of recorded debits - in the late 1970s, peaking at \$103 billion in 1982. The global discrepancy, although smaller than in 1982, continues to be large and can undermine the credibility of experts' analyses of global economic developments. It can also cast doubt on the formulation of appropriate corrective policies. If, indeed, current account deficits are systematically overstated worldwide, the result may be unduly restrictive policies adopted at the global level. Moreover, in present circumstances, protectionist pressures may be engendered by mistaken perceptions of countries' balance of payments situations.

Concerns such as these led the IMF, back in 1984, to organize a working party to identify the sources of the growing negative discrepancy on global current account statistics - with the current account defined as each country's record of its transactions with other countries in goods, services, investment income, and official and private unrequited transfers or gifts.

### Origins and Objectives of the Working Party

Alarmed by the large and growing negative statistical discrepancy on the global current account, the Executive Directors of the IMF in 1984 called for the establishment of a working party to look into the matter. The Working Party on the Statistical Discrepancy in World Balance of Payments Accounts was organized in early 1985, under the chairmanship of Pierre Esteve, Inspecteur général des finances of the French Ministry of Finance. The Working Party was assisted by a small Washington-based technical staff and supported by contributions from the staffs of the IMF (Research Department and Bureau of Statistics) and the Organization for Economic Cooperation and Development (OECD). Assistance was also provided by the Statistical Office of the European Community and by the Bank for International Settlements.

The primary objectives of the Working Party were to investigate the main sources of discrepancy in global balance of payments statistics, consider ways to amend statistical practices, and formulate recommendations. Guided by these objectives, the group focused principally on investment income accounts and the role of offshore centres and financial innovation. It also explored other significant areas of discrepancy in the shipping and unrequited transfer accounts.

The group found that corresponding to the discrepancy on current account is the development, since 1976, of a large cumulative credit balance (a positive discrepancy) on the

capital account, together with a smaller net overall credit in the sum of countries' errors and omissions. These indicate, according to the group's report, a wide pattern of related statistical problems, including the sources of error addressed in the Working Party's report.

The Working Party's report was presented to the IMF's Executive Board in early February. Publication of the report by the IMF is planned.

### Findings on the Current Account Discrepancy

The Working Party found that the income, transportation, and official unrequited transfer sectors were responsible for most of the global current account discrepancy and for its growth since 1979. The group's final report offers a wide array of technical suggestions for addressing current distortions in each of these areas and for improving the consistency of global balance of payments data on current account.

The report concludes that the discrepancy has not been so concentrated in any one country or group of countries as to invalidate the analyses contained in the IMF's *World Economic Outlook*. Nevertheless, it warns that improving global current account data will be a difficult task, especially in an environment of rapid technical change, enlarged capital flows, and budgetary constraints.

### Main Sources of Discrepancy

The Working Party found that the global current account discrepancy - reflecting an understatement of credits or an overstatement of debits - has decreased somewhat since its 1982 peak. Nevertheless, it remains high and has continued to fluctuate considerably.

By far the largest and most persistently rising discrepancy appears in the investment income accounts. The shipping and official unrequited transfer discrepancies are substantial but have not grown since the 1970s, the Working Party report notes.

### Investment Income

The largest discrepancy within the income accounts shows up for income flows related to portfolio investment (interest on positions held with or by banks, as well as returns on cross-border holdings of securities, trade credits, and other assets). The Working Party found a strong tendency for capital inflows to be more adequately recorded than corresponding outflows, with the result that countries receiving capital were able to identify and record income payments while countries whose residents placed funds abroad had an incomplete record of receipts.

### Shipping and Transportation

The Working Party, on the basis of an exploratory analysis, attributes the discrepancy in shipping mainly to the failure of several economies with large maritime interests - such as Greece, Hong Kong, and Eastern Europe - to report freight earnings or expenditures of their fleets and, possibly, to overestimates of freight expenditures by a number of countries. A smaller discrepancy in "other transportation account" partly reflects a lack of data on port expenditures of the "missing" fleet, which is probably more than offset by some countries' underestimates of receipts from the port expenditures of foreign ships.

### Unrequited Transfers

The Working Party also carried out a preliminary examination of the large negative discrepancy in official transfers, which is offset partly by a positive discrepancy in private transfers. On the official side, much of the discrepancy results from a lack of data on the operations of international institutions, especially of the European Community. On the private account, part of the problem stems from countries' uncertainty over whether to treat workers' remittances as unrequited transfers or as payments for factor services. Further study of bilateral data should help reduce these transfer discrepancies.

### Offshore Centres and Financial Innovation

The Working Party found that the newer offshore centres complicate the tracing of funds, thus complicating the measurement of capital flows and related income streams. As for financial innovation, the report states that certain innovative financial instruments and practices have shifted the locus of accounting from banks' balance sheets - which are readily accessible - to nonbank balance sheets. Non-bank balance sheets are difficult to cover statistically and the debtor often does not know whether the creditor is a resident or nonresident, a distinction that is vital for balance of payments accounting.

### Geographic Allocation of Discrepancy

A principal objective of the Working Party was to determine whether the global discrepancies were associated disproportionately with particular countries or areas. In general, the group found that the bulk of "missing" income credits could be assigned to industrial countries, with lesser amounts assigned to most other country groups. These adjustments constitute only a moderate revision of the broad picture of the experience of the major country groupings, according to the report. If these adjustments were made, industrial countries would have considerably larger net investment incomes; the Middle Eastern oil exporters would also show larger net incomes; and other developing countries would still be shown as large net payers, though on a somewhat reduced scale.

Allocation of the discrepancy in shipping accounts is only tentatively suggested by the Working Party. On balance, the bulk of the missing net credits appears to be attributable to ship operators associated with Greece, Hong Kong, and Eastern Europe, as well as to a more general understatement of receipts from ships' expenditures in port. In the case of the excess debits on official unrequited trans-

fers, about one third are traced to the lack of reporting by international institutions.

### Recommendations

The following are among the specific recommendations of the Working Party:

- . With respect to direct investment income, the Working Party suggests that the discrepancies could be reduced substantially if the detailed geographic data compiled by the major creditor countries were used, and if national compilers were to share information directly or through the IMF. To ameliorate the discrepancy on reinvested earnings, the report recommends that countries solicit better data from parent companies and their affiliates. And to address the discrepancy on the portfolio income account, the Working Party suggests that many countries could improve their results by using the data on banks' cross-border assets and liabilities, as published by the IMF, as well as any available data on stocks of other cross-border assets and liabilities.

- . To address the discrepancies in global shipping accounts, the Working Party recommends collaboration between the IMF and major maritime countries and with industry sources that produce some of the basic operating information.

- . Discrepancies on unrequited transfers can be reduced, the report states, through a combination of corrections to reported data, inclusion of accounts for international organizations, and the tracing of some categories of bilateral transfers.

Among the more general recommendations of the Working Party are the following:

- . National compilers should begin to use flexible statistical estimation where data collection is not feasible.

- . Balance of payments accounts should be prepared in close coordination by all national agencies, including central banks, that can contribute relevant data or analytical support.

- . The IMF's *Balance of Payments Manual* (1977 edition), which the report terms the "cornerstone of established accounting principles in this field", should be updated.

- . The OECD and the IMF should coordinate work on official unrequited transfers, with the aim of reducing inconsistencies and discrepancies.

- . The IMF's Research Department, in collaboration with the OECD, should evaluate the results and explore ways of applying them to revised statistical summations and analyses of international transactions.

### Directions for the Future

The report's expectation that a large global current account discrepancy will persist is based mainly on the likelihood of continuing difficulties in tracking the expanding capital flows consistently across national borders, in an environment of enhanced financial market integration. The report suggests that deterioration can be avoided if national statistical agencies adopt the methodological adjustments

specified by the Working Party for the various accounts, with modifications for individual circumstances.

The report asks that the IMF give high priority to improving data at the global level. It calls for the IMF's Bureau of Statistics to develop a "plan of action" to implement its recommendations. The Working Party recommends enlisting the support of experienced national compilers, through either general meetings of experts or more limited consultations with specialists in such fields as shipping or financial innovation. Lasting improvements can only be accomplished, the report stresses, with close cooperation and

collaboration between the IMF and national compilers, and with the support of senior-level policymakers.

The Working Party maintains that national compilers can improve their data or estimates by making relatively straightforward adjustments, by using data prepared outside their own national statistical systems and by supplying a modicum of additional resources where necessary.

**Selected Balances of World  
Current Account Transactions (a)  
(billion US dollars)**

	1979	1980	1981	1982	1983	1984	1985
Trade balance	20.4	31.1	25.6	-0.9	3.0	9.7	7.8
Service and income balance	-25.9	-46.8	-75.7	-88.5	-73.4	-85.1	-60.6
Shipment	-27.7	-31.9	-35.3	-34.5	-33.2	-33.3	-27.4
Other transportation	-1.0	-2.9	-5.3	-3.8	-2.8	-2.3	0.2
Travel	-1.5	-0.5	0.8	1.6	4.1	4.7	5.3
Reinvested earnings on direct investment	14.1	13.0	11.0	2.0	8.4	10.0	21.0
Other direct investment income	1.5	-9.9	-13.1	-9.0	-11.6	-14.9	-12.5
Other investment income	-7.7	-7.9	-18.6	-31.1	-28.8	-38.9	-46.6
Other official transactions	-8.7	-11.6	-15.2	-12.2	-14.0	-12.1	-4.5
Other private transactions	5.1	4.9	0.1	-1.5	4.6	1.6	4.0
Private unrequited transfers	5.8	6.5	5.1	3.6	6.3	6.6	2.7
Current account (excluding official unrequited transfers)	0.3	-9.2	-45.0	-85.8	-64.1	-68.8	-50.1
Official unrequited transfers	-15.2	-19.6	-17.6	-17.5	-15.3	-16.9	-15.5
Current account (including official unrequited transfers)	-14.9	-28.8	-62.6	-103.3	-79.4	-85.7	-65.6
Memorandum item: Service and income balance as a percent of service and income payments	4.5	6.4	9.0	10.5	9.4	10.5	7.5

(a) Does not include estimates of certain current transactions of the USSR and other non-member countries of Eastern Europe as reported in the *World Economic Outlook*. International organizations do not supply comparable data.

Data: IMF, *Balance of Payments Statistics* yearbook, Part 2, 1986

## FORTHCOMING CHANGES TO BALANCE OF PAYMENTS PUBLICATIONS

Significant changes to the data content and presentation of foreign investment statistics will be introduced from the 1985-86 issue of the annual publication *Foreign Investment, Australia* (catalogue no. 5305.0), due for release in September 1987. These changes will be carried through to all subsequent annual and quarterly foreign investment publications.

Consequential changes to the data content and presentation of some investment income and capital account items in the balance of payments will be introduced in the 1985-86 issue of the annual publication *Balance of Payments, Australia* (catalogue no. 5303.0), due for release in October 1987. These changes will be carried through to the October 1987 issue of the monthly balance of payments publication (5301.0) and the September 1987 issue of this quarterly publication, both due for release in November 1987.

These changes are expected to enhance the analytic value of balance of payments and foreign investment statistics. The main changes to quarterly and annual balance of payments statistics will be:

- the reclassification of the transactions of State government central borrowing authorities. These will be included in the general government sector; currently they are in the non-official sector.
- a changed treatment of capital and investment income transactions of trading banks. New survey sources now make it possible to classify trading bank transactions in the same way as all other transactions. There will be two main consequences of this. First, the direct investment borrowing and interest transactions of banks, which are currently classified for practical reasons to the portfolio and other category of investment and investment income respectively, will now be recorded together with all other direct investment and direct investment income transactions. Second, the interest payable abroad of public sector trading banks, which is currently classified for practical reasons under the private sector, will now be recorded with all other public sector interest.
- the introduction of a new category covering bank borrowing and lending. This will relate to trading banks, savings banks and development banks; it will replace the existing trading banks category.

the publication of improved statistics on borrowing. First, a complete public sector/private sector split of borrowing will be provided; currently this is only available for enterprises other than banks. Second, a dissection into borrowing domiciled in Australia and borrowing domiciled abroad will be introduced. Borrowing domiciled in Australia will be further classified, as appropriate, into purchases of securities, sales of securities and deposits. Borrowing domiciled abroad will be further classified into drawings and repayments. The existing foreign currency/Australian currency dissection will be discontinued; however, this breakdown will continue to be available in the quarterly foreign investment publication 5306.0. Third, within the general government sector, borrowing domiciled abroad will be dissected into Commonwealth and State government transactions.

In quarterly and annual balance of payments publications, these changes will especially affect the existing supplementary capital account tables (Tables 16, 18 and 19). Table 16, which shows the net capital transactions of general government, will be expanded to include extra detail on the borrowing of State government central borrowing authorities. The existing Tables 18 and 19 will be combined into a single new Table 18, showing both foreign investment in Australia and Australian investment abroad of the non-official sector. A new Table 19, showing supplementary series on borrowing during the quarter by the non-official sector from non-residents will be added. Table outlines are provided in Appendix A to this publication.

Because less detail is provided in the monthly balance of payments publication (5301.0), the main changes evident in that publication will be the reclassification of the borrowing of State central borrowing authorities from the non-official sector to the general government sector. Also a new series, providing data on transactions in non-official public sector securities domiciled in Australia will replace the existing series on non-official public sector (excluding trading banks) borrowing. These changes will mainly affect the existing Table 4. A table outline of the replacement Table 4 is provided in Appendix B to this publication.

The new series will be compiled and made available for past periods.

## EXPLANATORY NOTES

**Introduction**

1. This publication contains detailed estimates of Australia's balance of payments for June quarter 1987. The estimates are consistent with those published last month in *Balance of Payments, Australia, July 1987* (5301.0) and in *Foreign Investment, Australia (Preliminary)* June quarter 1987 (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* (5337.0) June quarter 1987.

2. Information about the classification and presentation of these estimates, and brief item descriptions, are provided in the Information Paper *Changes in the Presentation of Australian Balance of Payments Statistics* (5340.0) issued on 23 December 1985.

3. This publication contains four main tables and 16 supplementary tables. The main tables (Tables 1 to 4) provide summary statistics; they show the main aggregates and the more important components of the aggregates. The supplementary 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).

**Scope of the balance of payments**

4. The Australian *balance of payments* is a statistical statement designed to provide a systematic record of Australia's economic transactions with the rest of the world. The statement is divided into a current account and a capital account. Table 1 presents summary statistics covering both accounts.

**Recording of transactions**

5. Transactions are recorded in the balance of payments as either *debits* or *credits*. The following transactions are regarded as debits and identified by a minus sign: the acquisition of goods and services from non-residents, income payable to non-residents, unrequited transfers provided to non-residents, increases in foreign financial assets and decreases in foreign liabilities. Credits have no arithmetic sign and consist of these transactions: the provision of goods and services to non-residents, income receivable from non-residents, unrequited transfers received from non-residents, decreases in foreign financial assets and increases in foreign liabilities. These sign conventions apply in all tables except Tables 6, 11 and 20. In Table 6, the implicit price deflator for imports of goods and services is shown with no sign, while in Table 11, imports are shown with no sign. In Table 20, decreases in Australia's official reserve assets are shown with a minus sign and increases in these assets are shown with no arithmetic sign.

**Current account**

6. The *current account* records transactions between Australian residents and non-residents in merchandise, other goods and services, income and unrequited transfers. Table 2 summarises the estimates of current account trans-

actions, while Table 3 provides corresponding seasonally adjusted estimates.

**Merchandise (balance of payments basis)**

7. *Merchandise* covers movable goods (with a few exceptions) which change ownership from residents to non-residents (exports) and from non-residents to residents (imports). The series are derived from foreign trade statistics which are adjusted for coverage, timing and (imports only) valuation to put them on a balance of payments basis. Table 11 provides details of the adjustments.

**Commodity breakdowns of merchandise**

8. Commodity breakdowns of merchandise exports and imports are provided in Tables 7 (at current prices), 8 (at average 1979-80 prices), 9 (at current prices, seasonally adjusted) and 10 (at average 1979-80 prices, seasonally adjusted). The groupings shown consist of the following Australian Export Commodity Classification (AECC) and Australian Import Commodity Classification (AICC) divisions and/or sections:

	<i>Section or Division of AECC</i>
<i>Exports</i>	
Rural -	
Meat and meat preparations	01
Cereal grains and cereal preparations	04
Sugar, sugar preparations and honey	06
Wool and sheepskins	Parts of 21, 26 and 65
Other rural	00, 02, 03, 05, 07 to 09, 21 (part), 22 to 25, 26(part), 29, 4
Non-rural -	
Metal ores and minerals	27, 28
Mineral fuels -	
Coal, coke and briquettes	32
Other	33, 34
Metals and metal manufactures	67 to 69
Machinery and transport equipment	7
Other non-rural	1, 5, 61 to 64, 65(part), 66, 8, 9
<i>Imports</i>	
	<i>Section or Division of AICC</i>
Food, beverages and tobacco	0, 1
Fuels	3
Basic materials	2, 4
Chemicals (incl plastics)	5
Textiles, fabrics, etc	65
Metals and metal manufactures	67 to 69
Machinery and transport equipment	7
Other imports	61 to 64, 66, 8, 9

9. In the preparation of this publication confidential 7-digit items of the AECC or AICC are included with items classified to section 9. The lists of items for which these adjustments have been made appear in footnotes to the main tables of *Exports by Commodity Divisions, Australia*

(5402.0) and *Imports by Commodity Divisions, Australia* (5405.0).

#### Rural and non-rural exports

10. In defining "rural" exports largely in terms of *divisions* (2-digit level) of the AECC, many individual *items* (7-digit level) are classified differently from what might have been the case with a more detailed system. For example, canned fruit salad (AECC 058.99.47) is included in "rural", while cotton yarn (651.30.05) is not - both items might equally well have been classified to "rural" (on the basis of their origin), or to "non-rural" (due to the high proportion of value added during subsequent processing).

11. The terms "rural" and "non-rural" are therefore used in a broad sense and the limitations mentioned above should be borne in mind when the estimates are used for analytic purposes.

#### Exogenous and endogenous imports

12. *Exogenous imports* comprise a group of imported goods which it has been found useful to identify separately in economic analysis because the transactions in these goods are lumpy, subject to government arrangements or significantly affected by factors other than the general level of economic activity in Australia. Exogenous imports include fuels; ships, aircraft and certain other large items of equipment acquired by selected public and private sector trading enterprises; defence goods and certain other government goods. *Endogenous imports* comprise imports of all goods other than those regarded as exogenous.

13. Endogenous imports in Table 7 (at current prices), Table 8 (at average 1979-80 prices), Table 9 (at current prices, seasonally adjusted) and Table 10 (at average 1979-80 prices, seasonally adjusted) are classified into three *classes* - *consumption goods, capital goods and other goods* - according to the United Nations' classification by broad economic categories (BEC). *Other goods* covers the BEC class *intermediate goods* and the residual BEC category *goods not elsewhere specified*. The *classes* consist of the following BEC categories (excluding goods defined as exogenous):

#### Consumption goods

Food and beverages, primary, mainly for household consumption (112)

Food and beverages, processed, mainly for household consumption (122)

Passenger motor vehicles (51)

Transport equipment, non-industrial (522)

Consumer goods, not elsewhere specified (6)

#### Capital goods

Capital goods (except transport equipment) (41)

Transport equipment, industrial (521)

#### Other goods

Food and beverages, primary, mainly for industry (111)

Food and beverages, processed, mainly for industry (121)

Industrial supplies not elsewhere specified (2)

Parts and accessories of capital goods (except transport equipment) (42)

Parts and accessories of transport equipment (53)

Goods not elsewhere specified (7)

14. The BEC attempts to classify merchandise trade statistics for purposes of general economic analysis according to the main *end-use* of the commodities traded. It does not achieve complete alignment with the particular end-use to which articles are put in specific circumstances; for example some passenger motor cars, which are conventionally classified as consumption goods, and some parts and accessories of capital goods, which are conventionally classified as other goods, are in fact acquired as capital equipment.

#### Services

15. *Services* covers services rendered by Australian residents to non-residents (credits) and by non-residents to residents (debits), together with transactions in a few types of goods (eg goods purchased by travellers). Detailed estimates are shown in Table 12.

#### Income and unrequited transfers

16. *Income* covers income earned by Australian residents from non-residents (credits) or by non-residents from residents (debits). It includes investment income (eg dividends and interest), other property income (eg royalties) and labour income (eg wages and salaries). Tables 13 and 14 give detailed estimates.

17. *Unrequited transfers* covers the offsetting entries required by the double-entry system of accounting when resources (goods, services and financial assets) are provided, without something of economic value being received in return, by non-residents to Australian residents (offsetting credits required) and by residents to non-residents (offsetting debits required). It includes foreign aid, migrants' transfers, gifts, donations, pensions and taxes. Detailed estimates are provided in Table 15.

#### Capital account

18. The *capital account* records transactions in Australia's foreign financial assets and liabilities, including the creation and extinction of claims on or by the rest of the world and a few specified other changes. Summary estimates for the capital account appear in Table 4.

#### Resident institutional sectors

19. Capital transactions, and some current transactions, are grouped into two broad institutional sectors called *official* and *non-official*, with the former split into *general government* and *Reserve Bank of Australia*. The general government sector comprises the transactions of the Commonwealth, the States, local government authorities and statutory bodies, but it excludes the transactions of public business enterprises. Details of general government and Reserve Bank capital transactions are given in Tables 16 and 17 respectively. The non-official sector covers transactions of all other resident entities including private and government owned banks, private and public business enterprises, and households. Estimates of the capital transactions of the non-official sector are detailed in Tables 18 and 19.

### Foreign investment in Australia and Australian investment abroad

20. Broadly, *foreign investment in Australia* covers transactions which increase or decrease the liabilities of residents to non-residents and *Australian investment abroad* covers transactions which increase or decrease Australia's foreign financial assets.

### Official reserve assets

21. Changes in official reserve assets, after allowing for valuation effects, are recorded in the Reserve Bank sector of the capital account and are detailed in Table 17. In accordance with the standard accounting conventions adopted for balance of payments recording outlined in paragraph 5, a decrease in these assets is recorded as a reduction in Australian investment abroad (ie a credit shown with no sign) and an increase in these assets is recorded as an increase in Australian investment abroad (ie a debit shown with a minus sign).

22. Table 20 shows levels of *official reserve assets*. Changes in the levels at the end of each period are dissected into those which are included in the balance of payments (ie those resulting from transactions and a few specified other changes), and those which are due to the effects of revaluations. In this table, decreases in official reserve assets are shown with a minus sign and increases are shown with no sign.

### Balances

23. This publication presents a number of *balances*, eg balance on goods and services, balance on capital account. A balance is derived as the net sum of the credit and debit entries selected for inclusion.

### Nature of constant price estimates

24. Estimates of exports and imports of goods and services at current and constant (average 1979-80) prices, both original and seasonally adjusted, are presented in Table 5. Commodity details of merchandise exports and imports at constant (average 1979-80) prices, original and seasonally adjusted, are presented in Tables 8 and 10, respectively.

25. A value at constant prices may be thought of as being derived by expressing the current price value of each component transaction as the product of a price and a quantity, and by substituting for each actual current price the corresponding price in the chosen base year. Aggregates at constant prices for each period are then obtained by summing constant price values for individual transactions. In effect, quantities of the individual commodities involved in the transactions are combined using their prices in the base year as weights.

26. In practice, however, there are many transactions recorded in statistics of foreign trade for which it is not possible to apply such an approach. In such cases it is necessary to make assumptions and approximations (eg revaluing by means of the price index which is considered to be most closely related to the commodity involved). The published constant price estimates should be viewed in this light.

27. A fuller discussion of the methods used in estimating constant price values and the major approximations and assumptions, made in compiling constant price estimates appears in Chapter 4 of *Australian National Accounts: Concepts, Sources and Methods*, (5216.0).

### Implicit price deflators and terms of trade

28. Implicit price deflators (IPDs) for exports and imports of goods and services and index numbers of the terms of trade are presented in Table 6.

29. An IPD is obtained by dividing a current price value by its corresponding constant price value. Thus IPDs are derived measures (hence the term implicit) and are not normally the direct measures of price change by which current price estimates are converted to estimates at constant prices. They take into account not only the changes in the prices of exports and imports but also the effects of the changes in composition of exports and imports on total recorded price movements.

30. A more detailed discussion of the nature of IPDs is presented in Appendix B of the publication *Australian National Accounts: Concepts, Sources and Methods* (5216.0).

31. There are several ways of measuring the terms of trade. A common means of doing so is by calculating an index of the form:

$$\frac{\text{Price index of exports}}{\text{Price index of imports}} \times 100$$

In this publication, the price indexes used in calculating the terms of trade index are the IPDs for exports and imports.

### Seasonal adjustment

32. 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. Therefore *seasonally adjusted estimates* are presented in Tables 3,5,9 and 10. In addition, the implicit price deflator and terms of trade data presented in Table 6 are based on seasonally adjusted data.

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

34. For those items showing substantial irregular movement, particular care should be taken in interpreting quarter-to-quarter movements in the adjusted figures, as the short term movements cannot be assumed to indicate changes in *trend*.

35. In order to maintain an accounting identity, the seasonally adjusted balances (balance on merchandise trade, balance on goods and services and balance on current account) are derived by differencing independently adjusted series.

36. The factors to be used in compiling seasonally adjusted estimates for certain series (principally components



of merchandise trade and investment income) up to and including September quarter 1987 are available on request. To obtain the seasonal factors, users should contact Mr Daniel Aherne on (062) 52 6689.

#### Exchange rates and the trade weighted index

37. Table 20 shows the exchange rates of the Australian dollar with four major currencies and the Special Drawing Right (SDR) and a trade-weighted index of the value of the Australian dollar. The series are all shown on an end-of-period and period-average basis.

38. The exchange rates shown are derived using rates provided by the Reserve Bank of Australia. The rate for the US dollar is a representative mid-point determined by the Reserve Bank on the basis of market quotations at 4pm Eastern Australian time. Rates for the other currencies are calculated by crossing the rate for the US dollar with the mid-points of closing buying and selling rates largely in Asian markets. The rates shown are indications of market value only and could differ from those quoted by Australian banks.

39. The value of the SDR is calculated by the International Monetary Fund (IMF) on the basis of a weighted basket of five currencies - the US dollar, West German mark, French franc, Japanese yen and pound sterling. The IMF publishes the value of the SDR each day in terms of US dollars; the latest available rate is crossed with the 4pm \$A/\$US rate.

40. The trade-weighted index (TWI) is also provided by the Reserve Bank and is an index of the average value of the Australian dollar vis-a-vis currencies of Australia's trading partners. The index is as calculated at 4pm on the basis of the representative rate for the US dollar and rates for other currencies, mainly from Asian markets.

41. The exchange rates and the TWI are provided by the Reserve Bank for each trading day. The end-of-period rates relate to the last trading day of the reference period. The period averages are compiled by the ABS by averaging the trading day figures.

#### Accuracy and reliability of estimates

42. 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.

43. 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.

#### Comparability with capital expenditure statistics

44. 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 (see paragraphs 12 to 14 above), 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.

45. 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

46. Detailed quarterly export and import series at constant (average 1979-80) 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 AECC and AICC. 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.

47. Detailed quarterly statistics relating to transportation can be obtained from Mr. Dudley Scoullar on Canberra (062) 52 6057.

#### Related publications

48. 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 1984-85* (5303.0)

*Balance of Payments, Australia - Regional Series on Microfiche 1984-85* (5338.0)

*Changes in the Presentation of Australian Balance of Payments Statistics* (5340.0) - published 23 December 1985

*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 1985-86 (Preliminary) (5305.0)*

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

*Foreign Investment, Australia (5306.0) - issued quarterly*

49. 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.

#### 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.

#### Symbols and other usages

na not available

nya not yet available

nei not elsewhere included

- nil or rounded to zero

.. not applicable.

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

**W.McLENNAN**  
Acting Australian Statistician

TABLE 1. BALANCE OF PAYMENTS

	SMILLION												
	YEAR			QUARTERS ENDED-									
	1984-85	1985-86	1986-87	1984-85		1985-86			1986-87				
			MAR	JUN	SEP	DEC	MAR	JUN	SEP	DEC	MAR	JUN	
<b>CURRENT TRANSACTIONS -</b>													
<b>GOODS AND SERVICES -</b>													
<b>MERCHANDISE (a) -</b>													
Exports fob	29212	32200	35377	6821	8688	8482	7963	8138	7617	8230	9185	8588	9374
Imports fob	-30093	-35622	-37293	-6963	-8376	-9298	-9150	-8611	-8563	-9618	-9633	-8850	-9192
<b>BALANCE ON MERCHANDISE TRADE</b>	<b>-881</b>	<b>-3422</b>	<b>-1916</b>	<b>-142</b>	<b>312</b>	<b>-816</b>	<b>-1187</b>	<b>-473</b>	<b>-946</b>	<b>-1388</b>	<b>-448</b>	<b>-262</b>	<b>182</b>
<b>SERVICES -</b>													
Credits	4934	5875	7233	1292	1310	1275	1508	1583	1509	1534	1887	1968	1844
Debits	-8922	-9764	-10142	-2184	-2428	-2580	-2424	-2339	-2421	-2633	-2518	-2479	-2512
<b>NET SERVICES</b>	<b>-3988</b>	<b>-3889</b>	<b>-2909</b>	<b>-892</b>	<b>-1118</b>	<b>-1305</b>	<b>-916</b>	<b>-756</b>	<b>-912</b>	<b>-1099</b>	<b>-631</b>	<b>-511</b>	<b>-668</b>
<b>BALANCE ON GOODS AND SERVICES</b>	<b>-4869</b>	<b>-7311</b>	<b>-4825</b>	<b>-1034</b>	<b>-806</b>	<b>-2121</b>	<b>-2103</b>	<b>-1229</b>	<b>-1858</b>	<b>-2487</b>	<b>-1079</b>	<b>-773</b>	<b>-486</b>
<b>INCOME -</b>													
Credits	1901	2336	2509	447	505	592	594	632	518	614	584	635	676
Debits	-8471	-10357	-12595	-2115	-2365	-2233	-2588	-2795	-2741	-2637	-2986	-3400	-3572
<b>NET INCOME</b>	<b>-6570</b>	<b>-8021</b>	<b>-10086</b>	<b>-1668</b>	<b>-1860</b>	<b>-1641</b>	<b>-1994</b>	<b>-2163</b>	<b>-2223</b>	<b>-2023</b>	<b>-2402</b>	<b>-2765</b>	<b>-2896</b>
<b>UNREQUITED TRANSFERS -</b>													
Credits	2016	2532	3041	556	587	563	663	629	677	682	776	793	790
Debits	-1654	-1700	-1693	-412	-483	-343	-369	-473	-515	-358	-396	-468	-471
<b>NET UNREQUITED TRANSFERS</b>	<b>362</b>	<b>832</b>	<b>1348</b>	<b>144</b>	<b>104</b>	<b>220</b>	<b>294</b>	<b>156</b>	<b>162</b>	<b>324</b>	<b>380</b>	<b>325</b>	<b>319</b>
<b>BALANCE ON CURRENT ACCOUNT</b>	<b>-11077</b>	<b>-14500</b>	<b>-13563</b>	<b>-2558</b>	<b>-2562</b>	<b>-3542</b>	<b>-3803</b>	<b>-3236</b>	<b>-3919</b>	<b>-4186</b>	<b>-3101</b>	<b>-3213</b>	<b>-3063</b>
<b>NET CAPITAL TRANSACTIONS -</b>													
<b>OFFICIAL -</b>													
<b>GENERAL GOVERNMENT -</b>													
Foreign investment in Australia	2628	3368	3868	447	785	554	494	2243	77	-512	1599	1310	1471
Australian investment abroad	-270	-192	-416	-167	-122	63	-30	-48	-177	102	-343	94	-269
<b>Total</b>	<b>2358</b>	<b>3176</b>	<b>3452</b>	<b>280</b>	<b>663</b>	<b>617</b>	<b>465</b>	<b>2195</b>	<b>-100</b>	<b>-410</b>	<b>1256</b>	<b>1404</b>	<b>1202</b>
<b>RESERVE BANK -</b>													
Foreign investment in Australia	-10	-16	18	-11	-4	-16	4	-20	16	-7	8	-	17
Australian investment abroad	1520	2140	-3394	814	595	786	1092	-479	741	2790	-4070	1566	-3680
<b>Total</b>	<b>1510</b>	<b>2124</b>	<b>-3376</b>	<b>803</b>	<b>591</b>	<b>770</b>	<b>1096</b>	<b>-499</b>	<b>757</b>	<b>2783</b>	<b>-4062</b>	<b>1566</b>	<b>-3663</b>
<b>TOTAL OFFICIAL</b>	<b>3868</b>	<b>5300</b>	<b>76</b>	<b>1083</b>	<b>1254</b>	<b>1387</b>	<b>1561</b>	<b>1696</b>	<b>657</b>	<b>2373</b>	<b>-2806</b>	<b>2970</b>	<b>-2461</b>
<b>NON-OFFICIAL -</b>													
Foreign investment in Australia	13273	16500	21613	3812	3194	2610	4494	5553	3843	4963	7379	5382	3889
Australian investment abroad	-4948	-7850	-8975	-2179	-304	-1378	-3088	-1729	-1655	-2931	-2620	-2765	-659
<b>TOTAL NON-OFFICIAL</b>	<b>8326</b>	<b>8650</b>	<b>12638</b>	<b>1633</b>	<b>2890</b>	<b>1232</b>	<b>1406</b>	<b>3824</b>	<b>2188</b>	<b>2032</b>	<b>4759</b>	<b>2617</b>	<b>3230</b>
<b>BALANCE ON CAPITAL ACCOUNT</b>	<b>12193</b>	<b>13950</b>	<b>12714</b>	<b>2716</b>	<b>4144</b>	<b>2619</b>	<b>2967</b>	<b>5520</b>	<b>2845</b>	<b>4405</b>	<b>1953</b>	<b>5587</b>	<b>769</b>
<b>BALANCING ITEM</b>	<b>-1116</b>	<b>550</b>	<b>849</b>	<b>-158</b>	<b>-1582</b>	<b>923</b>	<b>836</b>	<b>-2284</b>	<b>1074</b>	<b>-219</b>	<b>1148</b>	<b>-2374</b>	<b>2294</b>

(a) Balance of payments basis

TABLE 2. BALANCE OF PAYMENTS - CURRENT ACCOUNT

	YEAR			QUARTERS ENDED-									
	1984-85	1985-86	1986-87	1984-85		1985-86		1986-87					
				MAR	JUN	SEP	DEC	MAR	JUN	SEP	DEC	MAR	JUN
<b>CURRENT TRANSACTIONS -</b>													
<b>GOODS AND SERVICES -</b>													
<b>MERCHANDISE (a) -</b>													
Exports fob	29212	32200	35377	6821	8688	8482	7963	8138	7617	8230	9185	8588	9374
Imports fob	-30093	-35622	-37293	-6963	-8376	-9298	-9150	-8611	-8563	-9618	-9633	-8850	-9192
<b>BALANCE ON MERCHANDISE TRADE</b>	<b>-881</b>	<b>-3422</b>	<b>-1916</b>	<b>-142</b>	<b>312</b>	<b>-816</b>	<b>-1187</b>	<b>-473</b>	<b>-946</b>	<b>-1388</b>	<b>-448</b>	<b>-262</b>	<b>182</b>
<b>SERVICES -</b>													
<b>Credits -</b>													
Shipment	395	379	427	99	110	97	94	96	92	104	103	110	110
Other transportation	2092	2480	2879	529	553	563	640	664	613	626	740	785	728
Travel	1359	1801	2528	393	338	332	491	522	456	471	698	735	624
Other services	1088	1215	1399	271	309	283	283	301	348	333	346	338	382
<b>Total services credits</b>	<b>4934</b>	<b>5875</b>	<b>7233</b>	<b>1292</b>	<b>1310</b>	<b>1275</b>	<b>1508</b>	<b>1583</b>	<b>1509</b>	<b>1534</b>	<b>1887</b>	<b>1968</b>	<b>1844</b>
<b>Debits-</b>													
Shipment	-2539	-2827	-2847	-593	-697	-753	-727	-668	-679	-768	-730	-675	-674
Other transportation	-2093	-2232	-2106	-526	-586	-615	-562	-520	-535	-547	-530	-513	-516
Travel	-2618	-2730	-2957	-628	-676	-752	-654	-641	-683	-816	-707	-701	-733
Other services	-1672	-1975	-2232	-437	-469	-460	-481	-510	-524	-502	-551	-590	-589
<b>Total services debits</b>	<b>-8922</b>	<b>-9764</b>	<b>-10142</b>	<b>-2184</b>	<b>-2428</b>	<b>-2580</b>	<b>-2424</b>	<b>-2339</b>	<b>-2421</b>	<b>-2633</b>	<b>-2518</b>	<b>-2479</b>	<b>-2512</b>
<b>NET SERVICES</b>	<b>-3988</b>	<b>-3889</b>	<b>-2909</b>	<b>-892</b>	<b>-1118</b>	<b>-1305</b>	<b>-916</b>	<b>-756</b>	<b>-912</b>	<b>-1099</b>	<b>-631</b>	<b>-511</b>	<b>-668</b>
<b>BALANCE ON GOODS AND SERVICES</b>	<b>-4869</b>	<b>-7311</b>	<b>-4825</b>	<b>-1034</b>	<b>-806</b>	<b>-2121</b>	<b>-2103</b>	<b>-1229</b>	<b>-1858</b>	<b>-2487</b>	<b>-1079</b>	<b>-773</b>	<b>-486</b>
<b>INCOME -</b>													
<b>Credits -</b>													
<b>Property income -</b>													
Reinvested earnings (b)	315	640	720	79	79	160	160	160	160	180	180	180	180
Other (c)	1377	1483	1555	318	371	376	383	420	304	370	347	399	439
Labour and other income	209	213	234	50	55	56	51	52	54	64	57	56	57
<b>Total income credits</b>	<b>1901</b>	<b>2336</b>	<b>2509</b>	<b>447</b>	<b>505</b>	<b>592</b>	<b>594</b>	<b>632</b>	<b>518</b>	<b>614</b>	<b>584</b>	<b>635</b>	<b>676</b>
<b>Debits -</b>													
<b>Property income -</b>													
Reinvested earnings (b)	-594	-888	-650	-148	-149	-222	-222	-222	-222	-163	-162	-163	-162
Other	-7712	-9273	-11692	-1922	-2174	-1970	-2314	-2519	-2470	-2422	-2756	-3166	-3348
Labour and other income	-165	-196	-253	-45	-42	-41	-52	-54	-49	-52	-68	-71	-62
<b>Total income debits</b>	<b>-8471</b>	<b>-10357</b>	<b>-12595</b>	<b>-2115</b>	<b>-2365</b>	<b>-2233</b>	<b>-2588</b>	<b>-2795</b>	<b>-2741</b>	<b>-2637</b>	<b>-2986</b>	<b>-3400</b>	<b>-3572</b>
<b>NET INCOME</b>	<b>-6570</b>	<b>-8021</b>	<b>-10086</b>	<b>-1668</b>	<b>-1860</b>	<b>-1641</b>	<b>-1994</b>	<b>-2163</b>	<b>-2223</b>	<b>-2023</b>	<b>-2402</b>	<b>-2765</b>	<b>-2896</b>
<b>UNREQUITTED TRANSFERS -</b>													
<b>Credits</b>	2016	2532	3041	556	587	563	663	629	677	682	776	793	790
<b>Debits (d)</b>	-1654	-1700	-1693	-412	-483	-343	-369	-473	-515	-358	-396	-468	-471
<b>NET UNREQUITTED TRANSFERS</b>	<b>362</b>	<b>832</b>	<b>1348</b>	<b>144</b>	<b>104</b>	<b>220</b>	<b>294</b>	<b>156</b>	<b>162</b>	<b>324</b>	<b>380</b>	<b>325</b>	<b>319</b>
<b>BALANCE ON CURRENT ACCOUNT</b>	<b>-11077</b>	<b>-14500</b>	<b>-13563</b>	<b>-2558</b>	<b>-2562</b>	<b>-3542</b>	<b>-3803</b>	<b>-3236</b>	<b>-3919</b>	<b>-4186</b>	<b>-3101</b>	<b>-3213</b>	<b>-3063</b>

(a) Balance of payments basis. (b) From September quarter 1985, the entries are not strictly comparable with entries for previous periods because of the change in the definition of direct investment. See Appendix B to the December quarter 1985 issue of this publication. (c) Up to and including June quarter 1985, this income is recorded after deducting withholding tax on both interest and dividends. From September quarter 1985 withholding tax is not deducted. (d) From September quarter 1985, includes withholding tax.

TABLE 3. BALANCE OF PAYMENTS - CURRENT ACCOUNT - SEASONALLY ADJUSTED

\$MILLION

	QUARTERS ENDED-									
	1984-85		1985-86				1986-87			
	MAR	JUN	SEP	DEC	MAR	JUN	SEP	DEC	MAR	JUN
<b>CURRENT TRANSACTIONS -</b>										
<b>GOODS AND SERVICES -</b>										
<b>MERCHANDISE (a) -</b>										
Exports fob	7010	8496	8418	8052	8343	7399	8121	9234	9093	9138
Imports fob	-7322	-8440	-8760	-9159	-9107	-8638	-9042	-9636	-9366	-9272
<b>BALANCE ON MERCHANDISE TRADE</b>	<b>-312</b>	<b>56</b>	<b>-342</b>	<b>-1107</b>	<b>-764</b>	<b>-1239</b>	<b>-921</b>	<b>-402</b>	<b>-273</b>	<b>-134</b>
<b>SERVICES -</b>										
<b>Credits -</b>										
Shipment	99	110	97	94	96	92	104	103	110	110
Other transportation	521	572	573	617	650	639	645	706	762	763
Travel	360	372	367	449	478	500	522	637	673	684
Other services	271	293	296	284	300	335	346	346	336	367
<b>Total services credits</b>	<b>1251</b>	<b>1347</b>	<b>1333</b>	<b>1444</b>	<b>1524</b>	<b>1566</b>	<b>1617</b>	<b>1792</b>	<b>1881</b>	<b>1924</b>
<b>Debits -</b>										
Shipment	-625	-707	-705	-728	-706	-689	-716	-732	-715	-684
Other transportation	-547	-576	-582	-581	-547	-524	-511	-550	-541	-507
Travel	-660	-688	-688	-671	-676	-694	-746	-726	-740	-744
Other services	-425	-452	-476	-496	-496	-504	-519	-569	-575	-568
<b>Total services debits</b>	<b>-2257</b>	<b>-2423</b>	<b>-2451</b>	<b>-2476</b>	<b>-2425</b>	<b>-2411</b>	<b>-2492</b>	<b>-2577</b>	<b>-2571</b>	<b>-2503</b>
<b>NET SERVICES</b>	<b>-1006</b>	<b>-1076</b>	<b>-1118</b>	<b>-1032</b>	<b>-901</b>	<b>-845</b>	<b>-875</b>	<b>-785</b>	<b>-690</b>	<b>-579</b>
<b>BALANCE ON GOODS AND SERVICES</b>	<b>-1318</b>	<b>-1020</b>	<b>-1460</b>	<b>-2139</b>	<b>-1665</b>	<b>-2084</b>	<b>-1796</b>	<b>-1187</b>	<b>-963</b>	<b>-713</b>
<b>INCOME -</b>										
<b>Credits -</b>										
Property income -										
Reinvested earnings (b)	79	79	160	160	160	160	180	180	180	180
Other (c)	326	347	404	385	491	279	399	346	449	398
Labour and other income	52	55	53	52	54	54	60	58	59	58
<b>Total income credits</b>	<b>457</b>	<b>481</b>	<b>617</b>	<b>597</b>	<b>705</b>	<b>493</b>	<b>639</b>	<b>584</b>	<b>688</b>	<b>636</b>
<b>Debits -</b>										
Property income -										
Reinvested earnings (b)	-148	-149	-222	-222	-222	-222	-163	-162	-163	-162
Other	-1986	-2207	-2083	-2139	-2617	-2542	-2539	-2540	-3302	-3470
Labour and other income	-42	-43	-46	-49	-50	-51	-58	-64	-66	-65
<b>Total income debits</b>	<b>-2176</b>	<b>-2399</b>	<b>-2351</b>	<b>-2410</b>	<b>-2889</b>	<b>-2815</b>	<b>-2760</b>	<b>-2766</b>	<b>-3531</b>	<b>-3697</b>
<b>NET INCOME</b>	<b>-1719</b>	<b>-1918</b>	<b>-1734</b>	<b>-1813</b>	<b>-2184</b>	<b>-2322</b>	<b>-2121</b>	<b>-2182</b>	<b>-2843</b>	<b>-3061</b>
<b>UNREQUITTED TRANSFERS -</b>										
Credits	565	584	585	634	642	670	707	743	811	784
Debits (d)	-407	-416	-375	-402	-470	-431	-389	-428	-465	-410
<b>NET UNREQUITTED TRANSFERS</b>	<b>158</b>	<b>168</b>	<b>210</b>	<b>232</b>	<b>172</b>	<b>239</b>	<b>318</b>	<b>315</b>	<b>346</b>	<b>374</b>
<b>BALANCE ON CURRENT ACCOUNT</b>	<b>-2879</b>	<b>-2770</b>	<b>-2984</b>	<b>-3720</b>	<b>-3677</b>	<b>-4167</b>	<b>-3599</b>	<b>-3054</b>	<b>-3460</b>	<b>-3400</b>

(a) Balance of payments basis (b) See footnote (b) to Table 2. (c) See footnote (c) to Table 2. (d) See footnote (d) to Table 2.

TABLE 4. BALANCE OF PAYMENTS - CAPITAL ACCOUNT

	SMILLION												
	YEAR			QUARTERS ENDED-									
	1984-85	1985-86	1986-87	1984-85		1985-86			1986-87				
			MAR	JUN	SEP	DEC	MAR	JUN	SEP	DEC	MAR	JUN	
<b>NET CAPITAL TRANSACTIONS -</b>													
<b>OFFICIAL -</b>													
<b>GENERAL GOVERNMENT -</b>													
<b>Foreign Investment in Australia</b>													
Borrowing	2675	3338	3880	417	817	578	459	2255	46	-493	1526	1338	1509
Other	-46	30	-12	30	-32	-24	35	-12	31	-19	73	-28	-38
<b>Total</b>	<b>2628</b>	<b>3368</b>	<b>3868</b>	<b>447</b>	<b>785</b>	<b>554</b>	<b>494</b>	<b>2243</b>	<b>77</b>	<b>-512</b>	<b>1599</b>	<b>1310</b>	<b>1471</b>
<b>Australian investment abroad</b>	<b>-270</b>	<b>-192</b>	<b>-416</b>	<b>-167</b>	<b>-122</b>	<b>63</b>	<b>-30</b>	<b>-48</b>	<b>-177</b>	<b>102</b>	<b>-343</b>	<b>94</b>	<b>-269</b>
<b>TOTAL</b>	<b>2358</b>	<b>3176</b>	<b>3452</b>	<b>280</b>	<b>663</b>	<b>617</b>	<b>465</b>	<b>2195</b>	<b>-100</b>	<b>-410</b>	<b>1256</b>	<b>1404</b>	<b>1202</b>
<b>RESERVE BANK -</b>													
<b>Foreign Investment in Australia</b>													
Australian investment abroad -	-10	-16	18	-11	-4	-16	4	-20	16	-7	8	-	17
Reserve assets	1520	2140	-3394	814	595	786	1092	-479	741	2790	-4070	1566	-3680
Other	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>1520</b>	<b>2140</b>	<b>-3394</b>	<b>814</b>	<b>595</b>	<b>786</b>	<b>1092</b>	<b>-479</b>	<b>741</b>	<b>2790</b>	<b>-4070</b>	<b>1566</b>	<b>-3680</b>
<b>TOTAL</b>	<b>1510</b>	<b>2124</b>	<b>-3376</b>	<b>803</b>	<b>591</b>	<b>770</b>	<b>1096</b>	<b>-499</b>	<b>757</b>	<b>2783</b>	<b>-4062</b>	<b>1566</b>	<b>-3663</b>
<b>TOTAL OFFICIAL</b>	<b>3868</b>	<b>5300</b>	<b>76</b>	<b>1083</b>	<b>1254</b>	<b>1387</b>	<b>1561</b>	<b>1696</b>	<b>657</b>	<b>2373</b>	<b>-2806</b>	<b>2970</b>	<b>-2461</b>
<b>NON-OFFICIAL -</b>													
<b>Foreign Investment in Australia-</b>													
<b>Direct investment (a) -</b>													
Reinvestment of earnings	610	936	650	152	153	234	234	234	234	163	162	163	162
Other (b)	2001	883	3362	170	1132	10	398	-273	748	31	1218	797	1316
Portfolio & other investment(a)(c)	10662	14681	17601	3490	1909	2366	3862	5592	2861	4769	5999	4422	2411
<b>Total foreign investment in Australia</b>	<b>13273</b>	<b>16500</b>	<b>21613</b>	<b>3812</b>	<b>3194</b>	<b>2610</b>	<b>4494</b>	<b>5553</b>	<b>3843</b>	<b>4963</b>	<b>7379</b>	<b>5382</b>	<b>3889</b>
<b>Australian investment abroad -</b>													
<b>Direct investment (a) -</b>													
Reinvestment of earnings	-315	-616	-720	-79	-79	-154	-154	-154	-154	-180	-180	-180	-180
Other (b)	-2062	-1512	-3216	-446	-675	-86	-1120	-196	-110	-898	-858	-557	-903
Portfolio & other investment(a)(c)	-2571	-5722	-5039	-1654	450	-1138	-1814	-1379	-1391	-1853	-1582	-2028	424
<b>Total Australian investment abroad</b>	<b>-4948</b>	<b>-7850</b>	<b>-8975</b>	<b>-2179</b>	<b>-304</b>	<b>-1378</b>	<b>-3088</b>	<b>-1729</b>	<b>-1655</b>	<b>-2931</b>	<b>-2620</b>	<b>-2765</b>	<b>-659</b>
<b>TOTAL NON-OFFICIAL</b>	<b>8326</b>	<b>8650</b>	<b>12638</b>	<b>1633</b>	<b>2890</b>	<b>1232</b>	<b>1406</b>	<b>3824</b>	<b>2188</b>	<b>2032</b>	<b>4759</b>	<b>2617</b>	<b>3230</b>
<b>BALANCE ON CAPITAL ACCOUNT</b>	<b>12193</b>	<b>13950</b>	<b>12714</b>	<b>2716</b>	<b>4144</b>	<b>2619</b>	<b>2967</b>	<b>5520</b>	<b>2845</b>	<b>4405</b>	<b>1953</b>	<b>5587</b>	<b>769</b>

(a) From September quarter 1985, the entries are not strictly comparable with entries for previous periods because of the change in the definition of direct investment and, for portfolio and other investment, changes in the coverage of foreign currency borrowing and lending by trading banks. See Appendix B to the December quarter 1985 issue of this publication. (b) Direct investment borrowing and lending by trading banks is included in portfolio and other investment. (c) Includes direct investment borrowing and lending by trading banks.

TABLE 5. BALANCE OF PAYMENTS - EXPORTS AND IMPORTS OF GOODS AND SERVICES AT CURRENT AND AVERAGE 1979-80 PRICES - ORIGINAL AND SEASONALLY ADJUSTED  
\$MILLION

	YEAR			QUARTERS ENDED-									
	1984-85	1985-86	1986-87	1984-85		1985-86		1986-87					
				MAR	JUN	SEP	DEC	MAR	JUN	SEP	DEC	MAR	JUN
AT CURRENT PRICES													
Merchandise exports fob	29212	32200	35377	6821	8688	8482	7963	8138	7617	8230	9185	8588	9374
Services, credits	4934	5875	7233	1292	1310	1275	1508	1583	1509	1534	1887	1968	1844
<b>TOTAL EXPORTS OF GOODS AND SERVICES</b>	<b>34146</b>	<b>38075</b>	<b>42610</b>	<b>8113</b>	<b>9998</b>	<b>9757</b>	<b>9471</b>	<b>9721</b>	<b>9126</b>	<b>9764</b>	<b>11072</b>	<b>10556</b>	<b>11218</b>
Merchandise imports fob	-30093	-35622	-37293	-6963	-8376	-9298	-9150	-8611	-8563	-9618	-9633	-8850	-9192
Services, debits	-8922	-9764	-10142	-2184	-2428	-2580	-2424	-2339	-2421	-2633	-2518	-2479	-2512
<b>TOTAL IMPORTS OF GOODS AND SERVICES</b>	<b>-39015</b>	<b>-45386</b>	<b>-47435</b>	<b>-9147</b>	<b>-10804</b>	<b>-11878</b>	<b>-11574</b>	<b>-10950</b>	<b>-10984</b>	<b>-12251</b>	<b>-12151</b>	<b>-11329</b>	<b>-11704</b>
AT AVERAGE 1979-80 PRICES													
Merchandise exports fob	22191	23594	25211	5187	6123	6112	5700	5938	5844	5873	6521	6120	6697
Services, credits	3459	3717	4153	903	889	846	959	977	935	908	1088	1108	1049
<b>TOTAL EXPORTS OF GOODS AND SERVICES</b>	<b>25650</b>	<b>27311</b>	<b>29364</b>	<b>6090</b>	<b>7012</b>	<b>6958</b>	<b>6659</b>	<b>6915</b>	<b>6779</b>	<b>6781</b>	<b>7609</b>	<b>7228</b>	<b>7746</b>
Merchandise imports fob	-21713	-22081	-20989	-5101	-5447	-5949	-5688	-5169	-5275	-5507	-5377	-4953	-5152
Services, debits	-6573	-6227	-5974	-1606	-1607	-1682	-1530	-1475	-1540	-1527	-1502	-1449	-1496
<b>TOTAL IMPORTS OF GOODS AND SERVICES</b>	<b>-28286</b>	<b>-28308</b>	<b>-26963</b>	<b>-6707</b>	<b>-7054</b>	<b>-7631</b>	<b>-7218</b>	<b>-6644</b>	<b>-6815</b>	<b>-7034</b>	<b>-6879</b>	<b>-6402</b>	<b>-6648</b>
AT CURRENT PRICES - SEASONALLY ADJUSTED													
Merchandise exports fob	..	..	..	7010	8496	8418	8052	8343	7399	8121	9234	9093	9138
Services, credits	..	..	..	1251	1347	1333	1444	1524	1566	1617	1792	1881	1924
<b>TOTAL EXPORTS OF GOODS AND SERVICES</b>	<b>..</b>	<b>..</b>	<b>..</b>	<b>8261</b>	<b>9843</b>	<b>9751</b>	<b>9496</b>	<b>9867</b>	<b>8965</b>	<b>9738</b>	<b>11026</b>	<b>10974</b>	<b>11062</b>
Merchandise imports fob	..	..	..	-7322	-8440	-8760	-9159	-9107	-8638	-9042	-9636	-9366	-9272
Services, debits	..	..	..	-2257	-2423	-2451	-2476	-2425	-2411	-2492	-2577	-2571	-2503
<b>TOTAL IMPORTS OF GOODS AND SERVICES</b>	<b>..</b>	<b>..</b>	<b>..</b>	<b>-9579</b>	<b>-10863</b>	<b>-11211</b>	<b>-11635</b>	<b>-11532</b>	<b>-11049</b>	<b>-11534</b>	<b>-12213</b>	<b>-11937</b>	<b>-11775</b>
AT AVERAGE 1979-80 PRICES - SEASONALLY ADJUSTED													
Merchandise exports fob	..	..	..	5353	5972	6045	5796	6093	5674	5784	6605	6440	6529
Services, credits	..	..	..	882	910	874	921	951	963	946	1040	1071	1087
<b>TOTAL EXPORTS OF GOODS AND SERVICES</b>	<b>..</b>	<b>..</b>	<b>..</b>	<b>6235</b>	<b>6882</b>	<b>6919</b>	<b>6717</b>	<b>7044</b>	<b>6637</b>	<b>6730</b>	<b>7645</b>	<b>7511</b>	<b>7616</b>
Merchandise imports fob	..	..	..	-5369	-5486	-5604	-5696	-5464	-5319	-5182	-5397	-5228	-5194
Services, debits	..	..	..	-1641	-1606	-1619	-1557	-1514	-1534	-1466	-1529	-1489	-1491
<b>TOTAL IMPORTS OF GOODS AND SERVICES</b>	<b>..</b>	<b>..</b>	<b>..</b>	<b>-7010</b>	<b>-7092</b>	<b>-7223</b>	<b>-7253</b>	<b>-6978</b>	<b>-6853</b>	<b>-6648</b>	<b>-6926</b>	<b>-6717</b>	<b>-6685</b>

**TABLE 6. BALANCE OF PAYMENTS - EXPORTS AND IMPORTS OF GOODS AND SERVICES - IMPLICIT PRICE DEFLATORS AND TERMS OF TRADE (1979-80 = 100) (a)**

	YEAR			QUARTERS ENDED-									
	1984-85	1985-86	1986-87	1984-85		1985-86		1986-87					
				MAR	JUN	SEP	DEC	MAR	JUN	SEP	DEC	MAR	JUN
<b>IMPLICIT PRICE DEFLATORS</b>													
<b>Merchandise exports</b>													
Rural exports fob	123.0	126.1	131.8	123.1	131.8	127.4	126.5	126.9	123.7	129.6	130.3	131.9	135.3
Non-rural exports fob	137.3	143.7	145.9	135.7	149.5	147.3	147.6	143.9	135.3	148.3	146.2	146.7	143.0
Total exports fob	131.6	136.5	140.3	131.0	142.3	139.3	138.9	136.9	130.4	140.4	139.8	141.2	140.0
Services, credits	142.6	158.1	174.2	141.8	148.0	152.5	156.8	160.3	162.6	170.9	172.3	175.6	177.0
<b>TOTAL EXPORTS OF GOODS &amp; SERVICES</b>	133.1	139.4	145.1	132.5	143.0	140.9	141.4	140.1	135.1	144.7	144.2	146.1	145.2
<b>Merchandise imports fob (b)</b>													
Exogenous imports fob	169.2	181.2	154.0	170.5	191.0	192.3	193.0	188.9	145.8	137.9	157.5	155.4	168.4
Endogenous imports fob	134.6	158.8	181.5	132.7	149.0	151.2	156.8	163.9	164.4	181.2	182.6	182.1	180.0
Total imports fob	138.6	161.3	177.7	136.4	153.8	156.3	160.8	166.7	162.4	174.5	178.5	179.2	178.5
Services, debits	135.7	156.8	169.8	137.5	150.9	151.4	159.0	160.2	157.2	170.0	168.5	172.7	167.9
<b>TOTAL IMPORTS OF GOODS &amp; SERVICES</b>	137.9	160.3	175.9	136.6	153.2	155.2	160.4	165.3	161.2	173.5	176.3	177.7	176.1
<b>TERMS OF TRADE</b>													
Merchandise trade (c)	94.9	84.6	79.0	96.0	92.5	89.1	86.4	82.1	80.3	80.5	78.3	78.8	78.4
Services (d)	105.1	100.8	102.6	103.1	98.1	100.7	98.6	100.1	103.4	100.5	102.3	101.7	105.4
Goods and services (e)	96.5	87.0	82.5	97.0	93.3	90.8	88.2	84.8	83.8	83.4	81.8	82.2	82.5

(a) Quarterly figures are derived from seasonally adjusted data. (b) These entries carry the opposite sign to related import entries in Tables 1,2,3,5,7,8,9 and 10. See paragraph 5 of the Explanatory Notes. (c) Derived by dividing the 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 TRADE (BALANCE OF PAYMENTS BASIS)

\$MILLION

	YEAR			QUARTERS ENDED-									
	1984-85	1985-86	1986-87	1984-85		1985-86				1986-87			
				MAR	JUN	SEP	DEC	MAR	JUN	SEP	DEC	MAR	JUN
<b>EXPORTS FOB (a) -</b>													
<b>RURAL EXPORTS FOB -</b>													
Meat and meat preparations	1371	1699	2246	280	414	460	399	380	460	547	589	512	598
Cereals and cereal preparations	3855	3880	2759	1045	1091	889	766	1276	949	717	694	646	702
Sugar, sugar preps. and honey	615	646	708	111	157	164	159	122	201	214	165	157	172
Wool and sheepskins	2573	3061	3889	717	952	634	780	914	733	672	943	1106	1168
Other (dairy produce, fruit etc.)	2426	2958	3523	519	722	785	734	703	736	873	896	808	946
<b>TOTAL RURAL</b>	<b>10840</b>	<b>12244</b>	<b>13125</b>	<b>2672</b>	<b>3336</b>	<b>2932</b>	<b>2838</b>	<b>3395</b>	<b>3079</b>	<b>3023</b>	<b>3287</b>	<b>3229</b>	<b>3586</b>
<b>NON-RURAL EXPORTS FOB -</b>													
Metal ores and minerals	4722	5005	4949	1029	1399	1413	1226	1122	1244	1306	1435	1038	1170
Mineral fuels -													
Coal, coke and briquettes	4665	5240	5454	1093	1352	1323	1356	1332	1229	1388	1437	1273	1356
Other	2360	2299	1511	579	776	756	755	613	175	241	425	415	430
Metals and metal manufactures	2512	2717	3145	539	759	786	655	672	604	805	738	782	820
Machinery and transport equipment	1654	1614	2627	331	416	409	431	345	429	501	771	681	674
Other	2459	3081	4566	578	650	863	702	659	857	966	1092	1170	1338
<b>TOTAL NON-RURAL</b>	<b>18372</b>	<b>19956</b>	<b>22252</b>	<b>4149</b>	<b>5352</b>	<b>5550</b>	<b>5125</b>	<b>4743</b>	<b>4538</b>	<b>5207</b>	<b>5898</b>	<b>5359</b>	<b>5788</b>
<b>TOTAL EXPORTS FOB</b>	<b>29212</b>	<b>32200</b>	<b>35377</b>	<b>6821</b>	<b>8688</b>	<b>8482</b>	<b>7963</b>	<b>8138</b>	<b>7617</b>	<b>8230</b>	<b>9185</b>	<b>8588</b>	<b>9374</b>
<b>IMPORTS FOB (a) -</b>													
Food, beverages and tobacco	-1476	-1705	-1938	-386	-389	-402	-412	-427	-464	-451	-516	-535	-436
Fuels	-2321	-1909	-1748	-516	-622	-621	-488	-490	-310	-424	-473	-422	-429
Basic materials	-1052	-1109	-1176	-243	-279	-282	-276	-263	-288	-278	-273	-284	-341
Chemicals (including plastics)	-2567	-3003	-3470	-593	-740	-763	-721	-739	-780	-829	-857	-845	-939
Textiles, fabrics etc	-1452	-1669	-1832	-316	-388	-431	-428	-380	-430	-474	-460	-424	-474
Metals and metal manufactures	-1462	-1695	-1848	-335	-397	-422	-429	-409	-435	-497	-455	-423	-473
Machinery and transport equipment	-12820	-16188	-15988	-2904	-3681	-4215	-4243	-3907	-3823	-4187	-4248	-3612	-3941
Other	-6943	-8344	-9293	-1670	-1880	-2162	-2153	-1996	-2033	-2478	-2351	-2305	-2159
<b>TOTAL IMPORTS FOB</b>	<b>-30093</b>	<b>-35622</b>	<b>-37293</b>	<b>-6963</b>	<b>-8376</b>	<b>-9298</b>	<b>-9150</b>	<b>-8611</b>	<b>-8563</b>	<b>-9618</b>	<b>-9633</b>	<b>-8850</b>	<b>-9192</b>
<b>Of which:</b>													
Exogenous (b)	-4237	-4539	-4498	-914	-1193	-1357	-1187	-1167	-828	-1134	-1350	-915	-1099
Endogenous (b)													
Consumption goods	-6918	-8123	-8311	-1640	-1787	-2173	-2169	-1872	-1909	-2238	-2205	-2034	-1834
Capital goods	-6567	-8092	-8075	-1525	-1922	-2026	-2120	-1977	-1969	-2124	-2079	-1933	-1939
Other goods	-12371	-14868	-16409	-2884	-3474	-3742	-3674	-3595	-3857	-4122	-3999	-3968	-4320
<b>Total</b>	<b>-25856</b>	<b>-31083</b>	<b>-32795</b>	<b>-6049</b>	<b>-7183</b>	<b>-7941</b>	<b>-7963</b>	<b>-7444</b>	<b>-7735</b>	<b>-8484</b>	<b>-8283</b>	<b>-7935</b>	<b>-8093</b>
<b>BALANCE ON MERCHANDISE TRADE</b>	<b>-881</b>	<b>-3422</b>	<b>-1916</b>	<b>-142</b>	<b>312</b>	<b>-816</b>	<b>-1187</b>	<b>-473</b>	<b>-946</b>	<b>-1388</b>	<b>-448</b>	<b>-262</b>	<b>182</b>

(a) For composition of component series, see paragraph 8 of the Explanatory Notes. (b) For definitions, see paragraphs 12, 13 and 14 of the Explanatory Notes.

TABLE 8. MERCHANDISE TRADE (BALANCE OF PAYMENTS BASIS) AT AVERAGE 1979-80 PRICES

\$MILLION

	YEAR			QUARTERS ENDED-									
	1984-85	1985-86	1986-87	1984-85		1985-86		1986-87					
				MAR	JUN	SEP	DEC	MAR	JUN	SEP	DEC	MAR	JUN
<b>EXPORTS FOB (a) -</b>													
<b>RURAL EXPORTS FOB -</b>													
Meat and meat preparations	1220	1457	1727	253	345	388	334	322	413	447	436	391	453
Cereals and cereal preparations	3028	3108	2669	818	791	668	615	1027	798	595	651	676	747
Sugar, sugar preps. and honey	815	854	834	142	210	240	216	156	242	234	201	185	214
Wool and sheepskins	1964	2161	2407	535	685	468	541	632	520	454	610	677	666
Other (dairy produce, fruit etc.)	1784	2129	2318	387	505	570	533	506	520	627	601	517	573
<b>TOTAL RURAL</b>	<b>8811</b>	<b>9709</b>	<b>9955</b>	<b>2135</b>	<b>2536</b>	<b>2334</b>	<b>2239</b>	<b>2643</b>	<b>2493</b>	<b>2357</b>	<b>2499</b>	<b>2446</b>	<b>2653</b>
<b>NON-RURAL EXPORTS FOB -</b>													
Metal ores and minerals	3244	3297	3273	730	868	902	784	741	870	801	968	692	812
Mineral fuels -													
Coal, coke and briquettes	3073	3214	3426	711	821	806	822	803	783	800	873	792	961
Other	1538	1509	1525	366	454	449	456	404	200	292	470	380	383
Metals and metal manufactures	2354	2484	2500	512	658	704	589	627	564	646	582	637	635
Machinery and transport equipment	1015	922	1342	200	239	236	253	195	238	265	386	344	347
Other	2156	2459	3190	533	547	681	557	525	696	712	743	829	906
<b>TOTAL NON-RURAL</b>	<b>13380</b>	<b>13885</b>	<b>15256</b>	<b>3052</b>	<b>3587</b>	<b>3778</b>	<b>3461</b>	<b>3295</b>	<b>3351</b>	<b>3516</b>	<b>4022</b>	<b>3674</b>	<b>4044</b>
<b>TOTAL EXPORTS FOB</b>	<b>22191</b>	<b>23594</b>	<b>25211</b>	<b>5187</b>	<b>6123</b>	<b>6112</b>	<b>5700</b>	<b>5938</b>	<b>5844</b>	<b>5873</b>	<b>6521</b>	<b>6120</b>	<b>6697</b>
<b>IMPORTS FOB (a) -</b>													
Food, beverages and tobacco	-1132	-1145	-1177	-293	-277	-281	-290	-281	-293	-275	-308	-320	-274
Fuels	-1409	-1260	-1715	-320	-336	-356	-287	-290	-327	-533	-466	-374	-342
Basic materials	-864	-818	-801	-206	-213	-210	-205	-191	-212	-197	-189	-185	-230
Chemicals (including plastics)	-1929	-1973	-2060	-458	-501	-517	-480	-471	-505	-490	-513	-501	-556
Textiles, fabrics etc	-1142	-1129	-1091	-251	-271	-303	-292	-250	-284	-277	-272	-255	-287
Metals and metal manufactures	-1097	-1087	-1067	-254	-267	-276	-277	-259	-275	-286	-260	-246	-275
Machinery and transport equipment	-9040	-9486	-8016	-2076	-2333	-2601	-2505	-2219	-2161	-2092	-2100	-1816	-2008
Other	-5100	-5183	-5062	-1243	-1249	-1405	-1352	-1208	-1218	-1357	-1269	-1256	-1180
<b>TOTAL IMPORTS FOB</b>	<b>-21713</b>	<b>-22081</b>	<b>-20989</b>	<b>-5101</b>	<b>-5447</b>	<b>-5949</b>	<b>-5688</b>	<b>-5169</b>	<b>-5275</b>	<b>-5507</b>	<b>-5377</b>	<b>-4953</b>	<b>-5152</b>
<b>Of which:</b>													
Exogenous (b)	-2504	-2505	-2921	-536	-625	-707	-613	-619	-566	-833	-846	-591	-651
Endogenous (b)													
Consumption goods	-5386	-5286	-4782	-1293	-1259	-1477	-1423	-1196	-1190	-1278	-1269	-1163	-1072
Capital goods	-4662	-4844	-4114	-1099	-1236	-1282	-1285	-1143	-1134	-1086	-1042	-984	-1002
Other goods	-9161	-9446	-9172	-2173	-2327	-2483	-2367	-2211	-2385	-2310	-2220	-2215	-2427
<b>Total</b>	<b>-19209</b>	<b>-19576</b>	<b>-18068</b>	<b>-4565</b>	<b>-4822</b>	<b>-5242</b>	<b>-5075</b>	<b>-4550</b>	<b>-4709</b>	<b>-4674</b>	<b>-4531</b>	<b>-4362</b>	<b>-4501</b>
<b>BALANCE ON MERCHANDISE TRADE</b>	<b>478</b>	<b>1513</b>	<b>4222</b>	<b>86</b>	<b>676</b>	<b>163</b>	<b>12</b>	<b>769</b>	<b>569</b>	<b>366</b>	<b>1144</b>	<b>1167</b>	<b>1545</b>

(a) See footnote (a) to Table 7. (b) See footnote (b) to Table 7.

TABLE 9. MERCHANDISE TRADE (BALANCE OF PAYMENTS BASIS) - SEASONALLY ADJUSTED

\$MILLION

	QUARTERS ENDED-									
	1984-85		1985-86				1986-87			
	MAR	JUN	SEP	DEC	MAR	JUN	SEP	DEC	MAR	JUN
<b>EXPORTS FOB (a) -</b>										
<b>RURAL EXPORTS FOB -</b>										
Meat and meat preparations	326	400	413	401	445	445	489	594	601	579
Cereals and cereal preparations	822	1057	1035	917	1000	923	833	834	505	684
Sugar, sugar preps. and honey	156	144	133	165	172	183	175	171	219	158
Wool and sheepskins	603	918	811	786	769	707	857	953	931	1127
Other (dairy produce, fruit etc.)	582	691	724	748	786	710	802	915	901	916
<b>TOTAL RURAL</b>	<b>2489</b>	<b>3210</b>	<b>3116</b>	<b>3017</b>	<b>3172</b>	<b>2968</b>	<b>3156</b>	<b>3467</b>	<b>3157</b>	<b>3464</b>
<b>NON-RURAL EXPORTS FOB -</b>										
Metal ores and minerals	1204	1356	1318	1176	1316	1201	1222	1377	1220	1127
Mineral fuels -										
Coal, coke and briquettes	1106	1312	1319	1383	1344	1201	1384	1456	1282	1330
Other	575	832	744	720	614	187	236	407	417	460
Metals and metal manufactures	577	745	733	671	724	590	752	755	846	798
Machinery and transport equipment	407	419	384	380	428	432	471	677	848	678
Other	652	622	804	705	745	820	900	1095	1323	1281
<b>TOTAL NON-RURAL</b>	<b>4521</b>	<b>5286</b>	<b>5302</b>	<b>5035</b>	<b>5171</b>	<b>4431</b>	<b>4965</b>	<b>5767</b>	<b>5936</b>	<b>5674</b>
<b>TOTAL EXPORTS FOB</b>	<b>7010</b>	<b>8496</b>	<b>8418</b>	<b>8052</b>	<b>8343</b>	<b>7399</b>	<b>8121</b>	<b>9234</b>	<b>9093</b>	<b>9138</b>
<b>IMPORTS FOB (a) -</b>										
Food, beverages and tobacco	-383	-393	-408	-405	-424	-467	-460	-506	-531	-439
Fuels	-502	-632	-595	-517	-477	-316	-403	-504	-410	-438
Basic materials	-264	-267	-263	-286	-286	-276	-260	-282	-308	-327
Chemicals (including plastics)	-627	-709	-729	-746	-784	-747	-792	-887	-898	-898
Textiles, fabrics etc	-350	-390	-396	-422	-422	-432	-435	-454	-472	-476
Metals and metal manufactures	-351	-391	-398	-440	-430	-429	-470	-465	-445	-466
Machinery and transport equipment	-3104	-3673	-3982	-4208	-4198	-3822	-3947	-4206	-3891	-3944
Other	-1741	-1985	-1989	-2135	-2086	-2149	-2275	-2332	-2411	-2284
<b>TOTAL IMPORTS FOB</b>	<b>-7322</b>	<b>-8440</b>	<b>-8760</b>	<b>-9159</b>	<b>-9107</b>	<b>-8638</b>	<b>-9042</b>	<b>-9636</b>	<b>-9366</b>	<b>-9272</b>
<b>Of which:</b>										
Exogenous (b)	-900	-1203	-1331	-1216	-1154	-834	-1113	-1381	-903	-1108
Endogenous (b)										
Consumption goods	-1764	-1926	-2013	-2039	-2018	-2056	-2072	-2072	-2195	-1975
Capital goods	-1656	-1874	-1862	-2189	-2149	-1926	-1952	-2140	-2102	-1900
Other goods	-3002	-3437	-3554	-3715	-3786	-3822	-3905	-4043	-4166	-4289
<b>Total</b>	<b>-6422</b>	<b>-7237</b>	<b>-7429</b>	<b>-7943</b>	<b>-7953</b>	<b>-7804</b>	<b>-7929</b>	<b>-8255</b>	<b>-8463</b>	<b>-8164</b>
<b>BALANCE ON MERCHANDISE TRADE</b>	<b>-312</b>	<b>56</b>	<b>-342</b>	<b>-1107</b>	<b>-764</b>	<b>-1239</b>	<b>-921</b>	<b>-402</b>	<b>-273</b>	<b>-134</b>

(a) See footnote (a) to Table 7. (b) See footnote (b) to Table 7.

**TABLE 10. MERCHANDISE TRADE (BALANCE OF PAYMENTS BASIS) - AT AVERAGE 1979-80 PRICES - SEASONALLY ADJUSTED** **\$MILLION**

	QUARTERS ENDED-									
	1984-85		1985-86				1986-87			
	MAR	JUN	SEP	DEC	MAR	JUN	SEP	DEC	MAR	JUN
<b>EXPORTS FOB (a) -</b>										
<b>RURAL EXPORTS FOB -</b>										
Meat and meat preparations	295	334	348	336	377	400	399	439	459	438
Cereals and cereal preparations	643	766	778	736	805	776	691	782	529	728
Sugar, sugar preps. and honey	200	192	195	224	220	220	191	209	258	196
Wool and sheepskins	450	661	598	545	532	502	579	617	570	643
Other (dairy produce, fruit etc.)	434	483	526	544	565	501	576	614	577	555
<b>TOTAL RURAL</b>	<b>2022</b>	<b>2436</b>	<b>2445</b>	<b>2385</b>	<b>2499</b>	<b>2399</b>	<b>2436</b>	<b>2661</b>	<b>2393</b>	<b>2560</b>
<b>NON-RURAL EXPORTS FOB -</b>										
Metal ores and minerals	854	842	841	752	869	840	749	929	813	782
Mineral fuels -										
Coal, coke and briquettes	719	797	804	839	810	765	798	885	798	943
Other	363	487	442	435	404	214	286	450	382	410
Metals and metal manufactures	548	646	656	603	676	551	603	596	689	618
Machinery and transport equipment	246	241	222	223	242	239	249	339	428	349
Other	601	523	635	559	593	666	663	745	937	867
<b>TOTAL NON-RURAL</b>	<b>3331</b>	<b>3536</b>	<b>3600</b>	<b>3411</b>	<b>3594</b>	<b>3275</b>	<b>3348</b>	<b>3944</b>	<b>4047</b>	<b>3969</b>
<b>TOTAL EXPORTS FOB</b>	<b>5353</b>	<b>5972</b>	<b>6045</b>	<b>5796</b>	<b>6093</b>	<b>5674</b>	<b>5784</b>	<b>6605</b>	<b>6440</b>	<b>6529</b>
<b>IMPORTS FOB (a) -</b>										
Food, beverages and tobacco	-291	-280	-285	-285	-279	-295	-280	-302	-318	-276
Fuels	-312	-341	-341	-304	-282	-333	-507	-497	-364	-349
Basic materials	-224	-204	-196	-212	-207	-203	-185	-195	-201	-220
Chemicals (including plastics)	-484	-480	-494	-497	-500	-484	-468	-531	-532	-532
Textiles, fabrics etc	-278	-272	-278	-288	-278	-285	-254	-268	-284	-288
Metals and metal manufactures	-266	-263	-260	-284	-272	-271	-270	-266	-259	-271
Machinery and transport equipment	-2219	-2328	-2457	-2485	-2384	-2161	-1972	-2079	-1956	-2010
Other	-1295	-1318	-1293	-1341	-1262	-1287	-1246	-1259	-1314	-1248
<b>TOTAL IMPORTS FOB</b>	<b>-5369</b>	<b>-5486</b>	<b>-5604</b>	<b>-5696</b>	<b>-5464</b>	<b>-5319</b>	<b>-5182</b>	<b>-5397</b>	<b>-5228</b>	<b>-5194</b>
<b>Of which:</b>										
Exogenous (b)	-528	-630	-692	-630	-611	-572	-807	-877	-581	-658
Endogenous (b)										
Consumption goods	-1391	-1357	-1368	-1338	-1289	-1282	-1183	-1193	-1255	-1154
Capital goods	-1194	-1205	-1178	-1327	-1242	-1109	-998	-1073	-1070	-982
Other goods	-2256	-2294	-2366	-2401	-2322	-2356	-2194	-2254	-2322	-2400
<b>Total</b>	<b>-4841</b>	<b>-4856</b>	<b>-4912</b>	<b>-5066</b>	<b>-4853</b>	<b>-4747</b>	<b>-4375</b>	<b>-4520</b>	<b>-4647</b>	<b>-4536</b>
<b>BALANCE ON MERCHANDISE TRADE</b>	<b>-16</b>	<b>486</b>	<b>441</b>	<b>100</b>	<b>629</b>	<b>355</b>	<b>602</b>	<b>1208</b>	<b>1212</b>	<b>1335</b>

(a) See footnote (a) to Table 7. (b) See footnote (b) to Table 7.

TABLE 11. MERCHANDISE TRADE - FOREIGN TRADE STATISTICS ADJUSTED FOR BALANCE OF PAYMENTS PURPOSES \$MILLION

	YEAR			QUARTERS ENDED-									
	1984-85	1985-86	1986-87	1984-85		1985-86		1986-87		SEP	DEC	MAR	JUN
				MAR	JUN	SEP	DEC	MAR	JUN				
<b>EXPORTS -</b>													
Foreign trade statistics	29708	32785	35725	6859	8856	8637	8057	8339	7752	8349	9254	8721	9401
Adjustments -													
Coverage	-343	-486	-369	-106	-120	-128	-128	-133	-97	-90	-132	-166	19
Timing	-153	-99	21	68	-48	-27	34	-68	-38	-29	63	33	-46
Merchandise exports (balance of payments basis)	29212	32200	35377	6821	8688	8482	7963	8138	7617	8230	9185	8588	9374
<b>IMPORTS -</b>													
Foreign trade statistics	29050	34695	37030	7396	7984	9099	8652	8500	8444	9595	9175	9187	9073
Adjustments -													
Coverage	397	797	126	117	147	302	158	306	31	32	49	-53	98
Timing	615	106	94	-554	244	-104	333	-204	81	-22	400	-293	9
Valuation	31	24	43	4	1	1	7	9	7	13	9	9	12
Merchandise imports (balance of payments basis) (a)	30093	35622	37293	6963	8376	9298	9150	8611	8563	9618	9633	8850	9192

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



TABLE 13. BALANCE OF PAYMENTS - CURRENT ACCOUNT - INCOME CREDITS

\$MILLION

	YEAR			QUARTERS ENDED-									
	1984-85	1985-86	1986-87	1984-85		1985-86		1986-87					
				MAR	JUN	SEP	DEC	MAR	JUN	SEP	DEC	MAR	JUN
<b>PROPERTY INCOME -</b>													
Investment income -													
Official -													
General government	24	20	22	6	6	6	3	7	4	7	5	5	5
Reserve Bank (a)	831	598	531	205	206	162	158	134	144	141	115	115	160
<b>Total official</b>	<b>855</b>	<b>618</b>	<b>553</b>	<b>211</b>	<b>212</b>	<b>168</b>	<b>161</b>	<b>141</b>	<b>148</b>	<b>148</b>	<b>120</b>	<b>120</b>	<b>165</b>
Non-official -													
Direct investment income(b)-													
Reinvested earnings	315	640	720	79	79	160	160	160	160	180	180	180	180
Distributed earnings -													
Remitted profits	36	73	23	3	7	61	4	4	4	7	9	2	5
Dividends (c)	129	336	249	15	55	52	80	152	52	50	57	65	77
Interest (c)	14	-69	25	3	6	-10	-1	-10	-48	27	-9	14	-7
<b>Total</b>	<b>179</b>	<b>340</b>	<b>297</b>	<b>21</b>	<b>68</b>	<b>103</b>	<b>83</b>	<b>146</b>	<b>8</b>	<b>84</b>	<b>57</b>	<b>81</b>	<b>75</b>
<b>Total direct investment income</b>	<b>494</b>	<b>980</b>	<b>1017</b>	<b>100</b>	<b>147</b>	<b>263</b>	<b>243</b>	<b>306</b>	<b>168</b>	<b>264</b>	<b>237</b>	<b>261</b>	<b>255</b>
Portfolio and other investment income (b) (c) -													
Dividends	36	59	185	8	10	16	13	9	21	25	52	53	55
Interest	177	357	353	47	46	69	93	105	90	78	68	108	99
<b>Total</b>	<b>213</b>	<b>416</b>	<b>538</b>	<b>55</b>	<b>56</b>	<b>85</b>	<b>106</b>	<b>114</b>	<b>111</b>	<b>103</b>	<b>120</b>	<b>161</b>	<b>154</b>
<b>Total non-official</b>	<b>707</b>	<b>1396</b>	<b>1555</b>	<b>155</b>	<b>203</b>	<b>348</b>	<b>349</b>	<b>420</b>	<b>279</b>	<b>367</b>	<b>357</b>	<b>422</b>	<b>409</b>
<b>Total investment income</b>	<b>1562</b>	<b>2014</b>	<b>2108</b>	<b>366</b>	<b>415</b>	<b>516</b>	<b>510</b>	<b>561</b>	<b>427</b>	<b>515</b>	<b>477</b>	<b>542</b>	<b>574</b>
<b>Other property income</b>	<b>130</b>	<b>109</b>	<b>167</b>	<b>31</b>	<b>35</b>	<b>20</b>	<b>33</b>	<b>19</b>	<b>37</b>	<b>35</b>	<b>50</b>	<b>37</b>	<b>45</b>
<b>TOTAL PROPERTY INCOME</b>	<b>1692</b>	<b>2123</b>	<b>2275</b>	<b>397</b>	<b>450</b>	<b>536</b>	<b>543</b>	<b>580</b>	<b>464</b>	<b>550</b>	<b>527</b>	<b>579</b>	<b>619</b>
<b>LABOUR AND OTHER INCOME -</b>													
Labour income -													
Earnings in Australia	38	42	43	9	11	10	10	11	11	11	11	11	10
Earnings abroad	171	171	191	41	44	46	41	41	43	53	46	45	47
<b>Total</b>	<b>209</b>	<b>213</b>	<b>234</b>	<b>50</b>	<b>55</b>	<b>56</b>	<b>51</b>	<b>52</b>	<b>54</b>	<b>64</b>	<b>57</b>	<b>56</b>	<b>57</b>
Insurance income	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>TOTAL LABOUR AND OTHER INCOME</b>	<b>209</b>	<b>213</b>	<b>234</b>	<b>50</b>	<b>55</b>	<b>56</b>	<b>51</b>	<b>52</b>	<b>54</b>	<b>64</b>	<b>57</b>	<b>56</b>	<b>57</b>
<b>TOTAL INCOME CREDITS</b>	<b>1901</b>	<b>2336</b>	<b>2509</b>	<b>447</b>	<b>505</b>	<b>592</b>	<b>594</b>	<b>632</b>	<b>518</b>	<b>614</b>	<b>584</b>	<b>635</b>	<b>676</b>

(a) Also includes interest/remuneration received from the IMF on behalf of the Commonwealth Government.(b) See footnote (b) to Table 2.(c) See footnote (c) to Table 2.

TABLE 14. BALANCE OF PAYMENTS - CURRENT ACCOUNT - INCOME DEBITS

SMILLION

	YEAR			QUARTERS ENDED-									
	1984-85	1985-86	1986-87	1984-85		1985-86			1986-87				
				MAR	JUN	SEP	DEC	MAR	JUN	SEP	DEC	MAR	JUN
<b>PROPERTY INCOME -</b>													
<b>Investment income -</b>													
Official -													
General government -													
Interest on foreign currency borrowing	-657	-927	-1274	-180	-106	-214	-303	-232	-178	-320	-396	-328	-230
Interest on Australian currency borrowing	-270	-579	-929	-67	-68	-88	-105	-183	-203	-158	-190	-275	-306
Total	-927	-1506	-2203	-247	-174	-302	-408	-415	-381	-478	-586	-603	-536
Reserve Bank (a)	-32	-23	-22	-6	-8	-6	-6	-6	-5	-	-11	-6	-5
Total official	-959	-1529	-2225	-253	-182	-308	-414	-421	-386	-478	-597	-609	-541
Non-official -													
Direct investment income (b) -													
Reinvested earnings	-594	-888	-650	-148	-149	-222	-222	-222	-222	-163	-162	-163	-162
Distributed earnings -													
Remitted profits	-440	-174	-451	-82	-197	-25	-92	-31	-26	-56	-83	-243	-69
Dividends	-645	-751	-736	-109	-188	-289	-224	-124	-114	-238	-230	-94	-174
Interest (c)	-505	-619	-635	-123	-146	-139	-190	-142	-148	-156	-146	-171	-162
Total	-1590	-1544	-1822	-314	-531	-453	-506	-297	-288	-450	-459	-508	-405
Total direct investment income	-2184	-2432	-2472	-462	-680	-675	-728	-519	-510	-613	-621	-671	-567
Portfolio and other investment income (b) -													
Dividends	-532	-541	-1000	-90	-154	-43	-103	-178	-217	-93	-150	-306	-451
Interest -													
Public sector (d)	-1168	-1642	-1836	-282	-337	-348	-322	-553	-419	-433	-401	-456	-546
Private sector (e)	-2774	-3388	-4141	-802	-810	-703	-836	-882	-967	-860	-979	-1100	-1202
Total	-3942	-5030	-5977	-1084	-1147	-1051	-1158	-1435	-1386	-1293	-1380	-1556	-1748
Total portfolio and other investment income	-4474	-5571	-6977	-1174	-1301	-1094	-1261	-1613	-1603	-1386	-1530	-1862	-2199
Total non-official	-6658	-8003	-9449	-1636	-1981	-1769	-1989	-2132	-2113	-1999	-2151	-2533	-2766
<b>Total investment income</b>	<b>-7617</b>	<b>-9532</b>	<b>-11674</b>	<b>-1889</b>	<b>-2163</b>	<b>-2077</b>	<b>-2403</b>	<b>-2553</b>	<b>-2499</b>	<b>-2477</b>	<b>-2748</b>	<b>-3142</b>	<b>-3307</b>
<b>Other property income -</b>													
Cinema and TV film royalties	-240	-250	-270	-60	-60	-42	-69	-75	-64	-46	-75	-81	-68
Other	-449	-379	-398	-121	-100	-73	-64	-113	-129	-62	-95	-106	-135
<b>Total</b>	<b>-689</b>	<b>-629</b>	<b>-668</b>	<b>-181</b>	<b>-160</b>	<b>-115</b>	<b>-133</b>	<b>-188</b>	<b>-193</b>	<b>-108</b>	<b>-170</b>	<b>-187</b>	<b>-203</b>
<b>TOTAL PROPERTY INCOME</b>	<b>-8306</b>	<b>-10161</b>	<b>-12342</b>	<b>-2070</b>	<b>-2323</b>	<b>-2192</b>	<b>-2536</b>	<b>-2741</b>	<b>-2692</b>	<b>-2585</b>	<b>-2918</b>	<b>-3329</b>	<b>-3510</b>
<b>LABOUR AND OTHER INCOME -</b>													
Official	-44	-50	-61	-10	-14	-13	-13	-12	-12	-15	-15	-16	-15
Non-official													
Labour income	-121	-146	-192	-35	-28	-28	-39	-42	-37	-37	-53	-55	-47
Insurance income	-	-	-	-	-	-	-	-	-	-	-	-	-
Total non-official	-121	-146	-192	-35	-28	-28	-39	-42	-37	-37	-53	-55	-47
<b>TOTAL LABOUR AND OTHER INCOME</b>	<b>-165</b>	<b>-196</b>	<b>-253</b>	<b>-45</b>	<b>-42</b>	<b>-41</b>	<b>-52</b>	<b>-54</b>	<b>-49</b>	<b>-52</b>	<b>-68</b>	<b>-71</b>	<b>-62</b>
<b>TOTAL INCOME DEBITS</b>	<b>-8471</b>	<b>-10357</b>	<b>-12595</b>	<b>-2115</b>	<b>-2365</b>	<b>-2233</b>	<b>-2588</b>	<b>-2795</b>	<b>-2741</b>	<b>-2637</b>	<b>-2986</b>	<b>-3400</b>	<b>-3572</b>

(a) Also includes interest /charges paid to the IMF on behalf of the Commonwealth Government. (b) See footnote (b) to Table 2. (c) Interest payable on direct investment borrowing by trading banks is included in portfolio and other investment. (d) Excluding interest payable by public sector trading banks and interest payable by the public sector on trade credit on imports. (e) Including all interest payable by trading banks and all interest payable on trade credit on imports. See footnotes (c) and (d).



TABLE 15. BALANCE OF PAYMENTS - CURRENT ACCOUNT - UNREQUITED TRANSFERS

\$MILLION

	YEAR			QUARTERS ENDED-									
	1984-85	1985-86	1986-87	1984-85		1985-86		1986-87					
				MAR	JUN	SEP	DEC	MAR	JUN	SEP	DEC	MAR	JUN
<b>CREDITS -</b>													
Official	598	712	814	184	165	162	168	181	201	195	205	221	193
Non-official -													
Migrants' transfers	1052	1348	1657	278	318	298	367	331	352	357	423	438	439
Foreign government pensions	19	27	26	5	5	5	6	8	8	6	6	6	8
Miscellaneous transfers	347	445	544	89	99	98	122	109	116	124	142	128	150
<b>Total</b>	<b>1418</b>	<b>1820</b>	<b>2227</b>	<b>372</b>	<b>422</b>	<b>401</b>	<b>495</b>	<b>448</b>	<b>476</b>	<b>487</b>	<b>571</b>	<b>572</b>	<b>597</b>
<b>TOTAL UNREQUITED TRANSFERS CREDITS</b>	<b>2016</b>	<b>2532</b>	<b>3041</b>	<b>556</b>	<b>587</b>	<b>563</b>	<b>663</b>	<b>629</b>	<b>677</b>	<b>682</b>	<b>776</b>	<b>793</b>	<b>790</b>
<b>DEBITS -</b>													
Official -													
Foreign aid -													
Papua New Guinea aid	-330	-337	-348	-85	-81	-80	-85	-87	-85	-85	-90	-90	-83
Other foreign aid	-462	-463	-395	-116	-179	-63	-69	-113	-218	-56	-70	-113	-156
<b>Total</b>	<b>-792</b>	<b>-800</b>	<b>-743</b>	<b>-201</b>	<b>-260</b>	<b>-143</b>	<b>-154</b>	<b>-200</b>	<b>-303</b>	<b>-141</b>	<b>-160</b>	<b>-203</b>	<b>-239</b>
Pensions	-95	-124	-136	-26	-26	-26	-27	-35	-36	-30	-31	-36	-39
Miscellaneous transfers	-63	-56	-68	-10	-27	-8	-8	-34	-6	-6	-12	-44	-6
<b>Total official</b>	<b>-950</b>	<b>-980</b>	<b>-947</b>	<b>-237</b>	<b>-313</b>	<b>-177</b>	<b>-189</b>	<b>-269</b>	<b>-345</b>	<b>-177</b>	<b>-203</b>	<b>-283</b>	<b>-284</b>
Non-official (a) -													
Migrants' transfers	-296	-296	-306	-79	-72	-68	-74	-84	-70	-74	-81	-75	-76
Withholding taxes	na	-16	-22	na	na	-4	-4	-4	-4	-5	-5	-6	-6
Miscellaneous transfers	-408	-408	-418	-96	-98	-94	-102	-116	-96	-102	-107	-104	-105
<b>Total non-official</b>	<b>-704</b>	<b>-720</b>	<b>-746</b>	<b>-175</b>	<b>-170</b>	<b>-166</b>	<b>-180</b>	<b>-204</b>	<b>-170</b>	<b>-181</b>	<b>-193</b>	<b>-185</b>	<b>-187</b>
<b>TOTAL UNREQUITED TRANSFERS DEBITS</b>	<b>-1654</b>	<b>-1700</b>	<b>-1693</b>	<b>-412</b>	<b>-483</b>	<b>-343</b>	<b>-369</b>	<b>-473</b>	<b>-515</b>	<b>-358</b>	<b>-396</b>	<b>-468</b>	<b>-471</b>
<b>NET UNREQUITED TRANSFERS</b>	<b>362</b>	<b>832</b>	<b>1348</b>	<b>144</b>	<b>104</b>	<b>220</b>	<b>294</b>	<b>156</b>	<b>162</b>	<b>324</b>	<b>380</b>	<b>325</b>	<b>319</b>

(a) See footnote (d) to Table 2.

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

	YEAR			QUARTERS ENDED-									
	1984-85	1985-86	1986-87	1984-85		1985-86		1986-87					
				MAR	JUN	SEP	DEC	MAR	JUN	SEP	DEC	MAR	JUN
<b>FOREIGN INVESTMENT IN AUSTRALIA -</b>													
<b>Borrowing -</b>													
Foreign currency -													
Drawings	1807	2876	3084	259	440	59	896	1519	402	442	1828	814	-
Repayments	-880	-1605	-2359	-255	-156	-156	-642	-440	-367	-959	-508	-637	-255
Total	928	1271	725	4	284	-97	254	1079	35	-517	1320	177	-255
Australian currency -													
Drawings	3118	6310	12021	836	999	1382	912	2590	1426	1664	1580	3154	5623
Repayments	-1371	-4243	-8866	-423	-466	-707	-707	-1414	-1415	-1640	-1374	-1993	-3859
Total	1747	2067	3155	413	533	675	205	1176	11	24	206	1161	1764
<b>Total borrowing</b>	<b>2675</b>	<b>3338</b>	<b>3880</b>	<b>417</b>	<b>817</b>	<b>578</b>	<b>459</b>	<b>2255</b>	<b>46</b>	<b>-493</b>	<b>1526</b>	<b>1338</b>	<b>1509</b>
Other	-46	30	-12	30	-32	-24	35	-12	31	-19	73	-28	-38
<b>TOTAL FOREIGN INVESTMENT IN AUSTRALIA</b>	<b>2628</b>	<b>3368</b>	<b>3868</b>	<b>447</b>	<b>785</b>	<b>554</b>	<b>494</b>	<b>2243</b>	<b>77</b>	<b>-512</b>	<b>1599</b>	<b>1310</b>	<b>1471</b>
<b>AUSTRALIAN INVESTMENT ABROAD -</b>													
Lending	-2	-11	15	3	-3	1	-	4	-16	15	2	-4	2
Accounts receivable/prepayments made	-213	-45	-337	-117	-119	62	43	-49	-101	87	-259	98	-263
Other	-55	-136	-94	-53	-	-	-73	-3	-60	-	-86	-	-8
<b>TOTAL AUSTRALIAN INVESTMENT ABROAD</b>	<b>-270</b>	<b>-192</b>	<b>-416</b>	<b>-167</b>	<b>-122</b>	<b>63</b>	<b>-30</b>	<b>-48</b>	<b>-177</b>	<b>102</b>	<b>-343</b>	<b>94</b>	<b>-269</b>
<b>TOTAL GENERAL GOVERNMENT</b>	<b>2358</b>	<b>3176</b>	<b>3452</b>	<b>280</b>	<b>663</b>	<b>617</b>	<b>465</b>	<b>2195</b>	<b>-100</b>	<b>-410</b>	<b>1256</b>	<b>1404</b>	<b>1202</b>

**TABLE 17. BALANCE OF PAYMENTS - CAPITAL ACCOUNT - NET CAPITAL TRANSACTIONS OF THE RESERVE BANK \$MILLION**

	YEAR			QUARTERS ENDED-									
	1984-85	1985-86	1986-87	1984-85		1985-86		1986-87		SEP	DEC	MAR	JUN
				MAR	JUN	SEP	DEC	MAR	JUN				
<b>FOREIGN INVESTMENT IN AUSTRALIA -</b>													
Use of IMF credit	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-10	-16	18	-11	-4	-16	4	-20	16	-7	8	-	17
<b>TOTAL FOREIGN INVESTMENT IN AUSTRALIA</b>	<b>-10</b>	<b>-16</b>	<b>18</b>	<b>-11</b>	<b>-4</b>	<b>-16</b>	<b>4</b>	<b>-20</b>	<b>16</b>	<b>-7</b>	<b>8</b>	<b>-</b>	<b>17</b>
<b>AUSTRALIAN INVESTMENT ABROAD-</b>													
<b>RESERVE ASSETS -</b>													
<b>Official reserve assets -</b>													
Monetary gold	-	-	-	-	-	-	-	-	-	-	-	-	-
SDRs	-124	-53	-4	-13	-23	-46	-17	5	5	-	-	5	-9
Reserve position in IMF	-57	-4	-	-	2	-6	2	-	-	-	-	-	-
Foreign exchange	1701	2197	-3390	827	616	838	1107	-484	736	2790	-4070	1561	-3671
<b>Total</b>	<b>1520</b>	<b>2140</b>	<b>-3394</b>	<b>814</b>	<b>595</b>	<b>786</b>	<b>1092</b>	<b>-479</b>	<b>741</b>	<b>2790</b>	<b>-4070</b>	<b>1566</b>	<b>-3680</b>
Allocation of SDRs	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>TOTAL RESERVE ASSETS</b>	<b>1520</b>	<b>2140</b>	<b>-3394</b>	<b>814</b>	<b>595</b>	<b>786</b>	<b>1092</b>	<b>-479</b>	<b>741</b>	<b>2790</b>	<b>-4070</b>	<b>1566</b>	<b>-3680</b>
<b>OTHER</b>													
	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>TOTAL AUSTRALIAN INVESTMENT ABROAD</b>	<b>1520</b>	<b>2140</b>	<b>-3394</b>	<b>814</b>	<b>595</b>	<b>786</b>	<b>1092</b>	<b>-479</b>	<b>741</b>	<b>2790</b>	<b>-4070</b>	<b>1566</b>	<b>-3680</b>
<b>TOTAL RESERVE BANK</b>	<b>1510</b>	<b>2124</b>	<b>-3376</b>	<b>803</b>	<b>591</b>	<b>770</b>	<b>1096</b>	<b>-499</b>	<b>757</b>	<b>2783</b>	<b>-4062</b>	<b>1566</b>	<b>-3663</b>

TABLE 18. BALANCE OF PAYMENTS - CAPITAL ACCOUNT - NET CAPITAL TRANSACTIONS OF THE NON-OFFICIAL SECTOR:  
FOREIGN INVESTMENT IN AUSTRALIA \$MILLION

	YEAR			QUARTERS ENDED-									
	1984-85	1985-86	1986-87	1984-85		1985-86			1986-87				
				MAR	JUN	SEP	DEC	MAR	JUN	SEP	DEC	MAR	JUN
<b>DIRECT INVESTMENT (a) -</b>													
Reinvestment of earnings	610	936	650	152	153	234	234	234	234	163	162	163	162
Corporate equities	353	1934	1784	-34	286	318	556	428	632	249	1086	81	368
Net equity in branches	68	-490	710	-29	17	-12	123	-699	98	-334	90	753	201
<b>Borrowing (b) -</b>													
Drawings	29531	39714	50578	7384	7383	13285	7884	10153	8392	13715	17292	10300	9271
Repayments	-28383	-40530	-49722	-7299	-6784	-13605	-8305	-10154	-8466	-13531	-17156	-10205	-8830
<b>Total</b>	<b>1148</b>	<b>-816</b>	<b>856</b>	<b>85</b>	<b>599</b>	<b>-320</b>	<b>-421</b>	<b>-1</b>	<b>-74</b>	<b>184</b>	<b>136</b>	<b>95</b>	<b>441</b>
Other	432	255	12	148	230	24	140	-1	92	-68	-94	-132	306
<b>TOTAL DIRECT INVESTMENT</b>	<b>2611</b>	<b>1819</b>	<b>4012</b>	<b>322</b>	<b>1285</b>	<b>244</b>	<b>632</b>	<b>-39</b>	<b>982</b>	<b>194</b>	<b>1380</b>	<b>960</b>	<b>1478</b>
<b>PORTFOLIO AND OTHER INVESTMENT(a)-</b>													
Corporate equities	464	307	2800	413	665	3	49	138	117	406	598	670	1126
<b>Borrowing -</b>													
Trading banks (c) -													
Foreign currency (d)	1690	4752	6879	453	418	153	1058	1593	1948	2725	2882	1014	258
Australian currency	748	1344	1087	-107	159	331	184	573	256	164	1117	-386	192
<b>Total</b>	<b>2438</b>	<b>6096</b>	<b>7966</b>	<b>346</b>	<b>577</b>	<b>484</b>	<b>1242</b>	<b>2166</b>	<b>2204</b>	<b>2889</b>	<b>3999</b>	<b>628</b>	<b>450</b>
Enterprises n.e.c. -													
Public sector -													
Foreign currency	3119	948	2085	1283	246	-322	545	1080	-355	396	948	789	-48
Australian currency	674	1212	495	308	-32	290	179	603	140	-154	-29	212	466
<b>Total</b>	<b>3793</b>	<b>2160</b>	<b>2580</b>	<b>1591</b>	<b>214</b>	<b>-32</b>	<b>724</b>	<b>1683</b>	<b>-215</b>	<b>242</b>	<b>919</b>	<b>1001</b>	<b>418</b>
Of which -													
Drawings	12427	13430	13934	3308	2991	3178	3304	4030	2918	3093	3042	4119	3680
Repayments	-8634	-11270	-11354	-1716	-2776	-3210	-2580	-2347	-3133	-2851	-2123	-3118	-3262
<b>Private sector -</b>													
Drawings	22861	43850	62913	5715	5716	8494	10580	12661	12115	13802	16012	17539	15560
Repayments	-19127	-37701	-58561	-4604	-5316	-6585	-8830	-11072	-11214	-12842	-15449	-15130	-15140
<b>Total</b>	<b>3734</b>	<b>6149</b>	<b>4352</b>	<b>1111</b>	<b>400</b>	<b>1909</b>	<b>1750</b>	<b>1589</b>	<b>901</b>	<b>960</b>	<b>563</b>	<b>2409</b>	<b>420</b>
<b>Total enterprises n.e.c.</b>	<b>7527</b>	<b>8309</b>	<b>6932</b>	<b>2702</b>	<b>614</b>	<b>1877</b>	<b>2474</b>	<b>3272</b>	<b>686</b>	<b>1202</b>	<b>1482</b>	<b>3410</b>	<b>838</b>
<b>Total borrowing</b>	<b>9965</b>	<b>14405</b>	<b>14898</b>	<b>3048</b>	<b>1191</b>	<b>2361</b>	<b>3716</b>	<b>5438</b>	<b>2890</b>	<b>4091</b>	<b>5481</b>	<b>4038</b>	<b>1288</b>
<b>Accounts payable/prepayments received -</b>													
Public sector	57	-48	-109	18	12	-12	-16	-10	-10	-8	-11	12	-102
Private sector	176	17	12	11	41	14	113	26	-136	280	-69	-298	99
<b>Total</b>	<b>233</b>	<b>-31</b>	<b>-97</b>	<b>29</b>	<b>53</b>	<b>2</b>	<b>97</b>	<b>16</b>	<b>-146</b>	<b>272</b>	<b>-80</b>	<b>-286</b>	<b>-3</b>
<b>TOTAL PORTFOLIO AND OTHER INVESTMENT</b>	<b>10662</b>	<b>14681</b>	<b>17601</b>	<b>3490</b>	<b>1909</b>	<b>2366</b>	<b>3862</b>	<b>5592</b>	<b>2861</b>	<b>4769</b>	<b>5999</b>	<b>4422</b>	<b>2411</b>
<b>TOTAL FOREIGN INVESTMENT IN AUSTRALIA</b>	<b>13273</b>	<b>16500</b>	<b>21613</b>	<b>3812</b>	<b>3194</b>	<b>2610</b>	<b>4494</b>	<b>5553</b>	<b>3843</b>	<b>4963</b>	<b>7379</b>	<b>5382</b>	<b>3889</b>

(a) From September quarter 1985, the entries are not strictly comparable with entries for previous periods because of the change in the definition of direct investment. See Appendix B to the December quarter 1985 issue of this publication. (b) Direct investment borrowing by trading banks is included in portfolio and other investment. (c) Includes direct investment borrowing - see footnote (b). (d) Up to and including June quarter 1985, covers foreign currency borrowing for on-lending only. From September quarter 1985, covers all foreign currency borrowing. See Appendix B to the December quarter 1985 issue of this publication.

TABLE 19. BALANCE OF PAYMENTS - CAPITAL ACCOUNT - NET CAPITAL TRANSACTIONS OF THE NON-OFFICIAL SECTOR:  
AUSTRALIAN INVESTMENT ABROAD \$MILLION

	YEAR			QUARTERS ENDED-									
	1984-85	1985-86	1986-87	1984-85		1985-86		1986-87					
				MAR	JUN	SEP	DEC	MAR	JUN	SEP	DEC	MAR	JUN
<b>DIRECT INVESTMENT (a) -</b>													
Reinvestment of earnings	-315	-616	-720	-79	-79	-154	-154	-154	-154	-180	-180	-180	-180
Corporate equities	-1841	-1968	-2135	-397	-498	69	-942	-375	-720	-450	-887	-157	-641
Net equity in branches	-111	-299	-192	13	-107	-42	-40	-23	-194	-143	30	-19	-60
Lending (b)	-104	753	-820	-58	-72	-97	-95	185	760	-287	2	-375	-160
Other	-6	2	-69	-4	2	-16	-43	17	44	-18	-3	-6	-42
<b>TOTAL DIRECT INVESTMENT</b>	<b>-2377</b>	<b>-2128</b>	<b>-3936</b>	<b>-525</b>	<b>-754</b>	<b>-240</b>	<b>-1274</b>	<b>-350</b>	<b>-264</b>	<b>-1078</b>	<b>-1038</b>	<b>-737</b>	<b>-1083</b>
<b>PORTFOLIO AND OTHER INVESTMENT(a)-</b>													
Corporate equities	-697	-2534	-2787	-341	19	-293	-670	-924	-647	-522	-466	-815	-984
Lending -													
Trading banks (c) -													
Foreign currency (d)	120	-1801	-2869	-485	527	-528	-129	-545	-599	-1323	-1358	-1155	967
Australian currency	-22	-160	-6	-12	-30	-65	-45	-13	-37	-48	-33	42	33
Total	98	-1961	-2875	-497	497	-593	-174	-558	-636	-1371	-1391	-1113	1000
Enterprises n.e.c.	-893	-1127	542	-517	191	-215	-707	169	-374	178	296	-91	159
<b>Total lending</b>	<b>-795</b>	<b>-3088</b>	<b>-2333</b>	<b>-1014</b>	<b>688</b>	<b>-808</b>	<b>-881</b>	<b>-389</b>	<b>-1010</b>	<b>-1193</b>	<b>-1095</b>	<b>-1204</b>	<b>1159</b>
Accounts receivable/prepayments made -													
Public sector	-634	-60	12	-193	-124	-24	-39	-73	76	-117	45	-28	112
Private sector	-445	-40	69	-106	-133	-13	-224	7	190	-21	-66	19	137
<b>Total</b>	<b>-1079</b>	<b>-100</b>	<b>81</b>	<b>-299</b>	<b>-257</b>	<b>-37</b>	<b>-263</b>	<b>-66</b>	<b>266</b>	<b>-138</b>	<b>-21</b>	<b>-9</b>	<b>249</b>
<b>TOTAL PORTFOLIO AND OTHER INVESTMENT</b>	<b>-2571</b>	<b>-5722</b>	<b>-5039</b>	<b>-1654</b>	<b>450</b>	<b>-1138</b>	<b>-1814</b>	<b>-1379</b>	<b>-1391</b>	<b>-1853</b>	<b>-1582</b>	<b>-2028</b>	<b>424</b>
<b>TOTAL AUSTRALIAN INVESTMENT ABROAD</b>	<b>-4948</b>	<b>-7850</b>	<b>-8975</b>	<b>-2179</b>	<b>-304</b>	<b>-1378</b>	<b>-3088</b>	<b>-1729</b>	<b>-1655</b>	<b>-2931</b>	<b>-2620</b>	<b>-2765</b>	<b>-659</b>

(a) See footnote (a) to Table 18. (b) Direct investment lending by trading banks is included in portfolio and other investment. (c) Includes direct investment lending. From September quarter 1985, covers all foreign currency lending. See Appendix B to the December quarter 1985 issue of this publication for details. (d) Up to and including June quarter 1985, selected borrowing is netted off against lending. From September quarter 1985, covers all foreign currency lending. See Appendix B to the December quarter 1985 issue of this publication.

**TABLE 20. OFFICIAL RESERVE ASSETS AND EXCHANGE RATES**

	YEAR			QUARTERS ENDED-									
	1984-85	1985-86	1986-87	1984-85		1985-86		1986-87					
				MAR	JUN	SEP	DEC	MAR	JUN	SEP	DEC	MAR	JUN
<b>OFFICIAL RESERVE ASSETS</b>													
<b>(\$ MILLION) -</b>													
Levels at end of year/month	13517(b)	13024	17594	13129	13517	12505	12216	12811	13024	12615	15561	13866	17594
Changes in levels	(c)	-493	4570	1071	388	-1012	-289	595	213	-409	2946	-1695	3728
Of which -													
Changes due to effects of revaluations	(c)	1647	1176	1885	983	-226	803	116	954	2381	-1124	-129	48
Changes included in the balance of payments (a)	-1520	-2140	3394	-814	-595	-786	-1092	479	-741	-2790	4070	-1566	3680
<b>EXCHANGE RATES -</b>													
<b>UNITS OF FOREIGN CURRENCY</b>													
<b>PER \$A -</b>													
<b>END OF YEAR/QUARTER (d) -</b>													
United States dollar	0.6655	0.6772	0.7203	0.7051	0.6655	0.7077	0.6809	0.7119	0.6772	0.6274	0.6648	0.7053	0.7203
United Kingdom pound	0.5136	0.4414	0.4494	0.5641	0.5136	0.5042	0.4732	0.4823	0.4414	0.4360	0.4525	0.4379	0.4494
West German mark	2.030	1.485	1.319	2.172	2.030	1.891	1.672	1.659	1.485	1.267	1.295	1.269	1.319
Japanese yen	165.68	110.96	105.79	176.94	165.68	152.97	136.49	128.09	110.96	96.34	106.37	102.85	105.79
Special drawing right	0.6668	0.5781	0.5634	0.7141	0.6668	0.6686	0.6214	0.6284	0.5781	0.5182	0.5448	0.5486	0.5634
<b>PERIOD AVERAGE (e) -</b>													
United States dollar	0.7754	0.6999	0.6636	0.7513	0.6667	0.6979	0.6874	0.7014	0.7130	0.6217	0.6475	0.6712	0.7142
United Kingdom pound	0.6360	0.4866	0.4352	0.6725	0.5302	0.5076	0.4789	0.4871	0.4727	0.4175	0.4527	0.4357	0.4350
West German mark	2.381	1.753	1.280	2.442	2.056	1.988	1.777	1.646	1.602	1.298	1.299	1.235	1.290
Japanese yen	193.12	140.48	101.37	193.33	167.10	166.53	142.43	131.73	121.27	96.99	103.93	102.83	101.83
Special drawing right	0.7821	0.6387	0.5345	0.7769	0.6718	0.6794	0.6376	0.6235	0.6141	0.5170	0.5369	0.5323	0.5518
<b>TRADE-WEIGHTED INDEX OF</b>													
<b>VALUE OF THE AUSTRALIAN</b>													
<b>DOLLAR (MAY 1970 = 100)</b>													
End of year/quarter (d)	65.0	56.3	56.6	69.2	65.0	64.8	60.7	61.1	56.3	51.9	55.0	55.4	56.6
Period average (e)	75.5	62.3	53.8	75.4	65.6	66.3	61.9	60.9	60.0	51.4	54.1	54.0	55.6

(a) The entries carry the opposite sign to corresponding entries in Tables 1 and 4. See paragraph 5 of the Explanatory Notes. (b) From September 1984, figures for official reserve assets are not fully comparable with earlier data due to changes in the Reserve Bank's accounting procedures. (c) Not available. See footnote (b). (d) These exchange rates and index numbers relate to the last trading day of the reference period. (e) These exchange rates and index numbers are derived by averaging figures for each trading day.

## APPENDIX A

FORTHCOMING CHANGES TO QUARTERLY AND ANNUAL BALANCE OF PAYMENTS STATISTICS :  
TABLE OUTLINES

This appendix provides outlines of the three new or replacement tables to be included in future quarterly and annual balance of payments publications (5302.0 and 5303.0). For further details, see page 17.

The three tables are as follows:

## TABLE NO.

16	Balance of payments - capital account - net capital transactions of general government.
18	Balance of payments - capital account - net capital transactions of the non-official sector.
19	Net borrowing transactions of the non-official sector.

Within these tables the following new or revised definitions will apply:

**Borrowing domiciled in Australia** will be defined as including both:

. Non-equity securities issued on Australian capital markets which, while generally targeted for Australian residents, are taken up by foreign residents. These securities are generally held through nominee enterprises and include all government and semi-government fixed interest tradeable securities, as well as certificates of deposit issued by banks, debentures, promissory notes and other issues by private enterprises. These securities are all tradeable.

. Non-tradeable deposits held by foreign residents with banks in Australia.

**Borrowing domiciled abroad** will refer to all other forms of borrowing by Australian residents ie borrowing on foreign capital markets. It will include equity securities (including Australian dollar Eurobond issues), mortgages and certificates of deposit issued abroad as well as non-securitized borrowing from foreign residents.

Within borrowing domiciled in Australia, **purchases** will refer to both on-market purchases of by foreign residents

and the take-up by foreign residents of new issues. Likewise, **sales** will include both on-market sales by foreign residents and redemptions of issues held by foreign residents. Transactions in deposit accounts will be measured on a net basis. This is because it is neither practical nor of significant analytical interest to show these transactions dissected into increases and decreases in accounts.

Within borrowing domiciled abroad, **drawings** will refer to those transactions that increase borrowing liabilities; examples include the drawdown of a new borrowing, the issue of non-equity securities on foreign capital markets and the receipt of finance under finance lease arrangements. **Repayments** will refer to those transactions that reduce liabilities; and examples include the repayment of loans, the redemption of non-equity securities and finance lease payments (excluding the imputed interest component which is treated as an income item). Where a borrowing is "rolled-over", both the repayment of the old borrowing and the drawing of a new borrowing will be recorded unless the rollover is an option within the original loan contract. If the rollover is an option, no drawings or repayments will be recorded.

**TABLE 16: BALANCE OF PAYMENTS - CAPITAL ACCOUNT - NET CAPITAL TRANSACTIONS OF GENERAL GOVERNMENT** **\$MILLION**

	YEARS	QUARTERS ENDED
<b>FOREIGN INVESTMENT IN AUSTRALIA -</b>		
<b>BORROWING -</b>		
Domiciled abroad -		
Commonwealth Government -		
Drawings		
Repayments		
Total		
State government -		
Drawings		
Repayments		
Total		
Total domiciled abroad		
Domiciled in Australia -		
Purchases by non-residents		
Sales by non-residents		
Total domiciled in Australia		
<b>TOTAL BORROWING</b>		
<b>OTHER</b>		
<b>TOTAL FOREIGN INVESTMENT IN AUSTRALIA</b>		
<b>AUSTRALIAN INVESTMENT ABROAD</b>		
Lending		
Accounts receivable/prepayments made		
Other		
<b>TOTAL AUSTRALIAN INVESTMENT ABROAD</b>		
<b>TOTAL GENERAL GOVERNMENT</b>		



**TABLE 18: BALANCE OF PAYMENTS - CAPITAL ACCOUNT - NET CAPITAL TRANSACTIONS OF THE NON-OFFICIAL SECTOR**

**\$MILLION**

	YEARS	QUARTERS ENDED
<b>FOREIGN INVESTMENT IN AUSTRALIA -</b>		
<b>DIRECT INVESTMENT -</b>		
Reinvestment of earnings		
Corporate equities		
Net equity in branches		
Borrowing		
Other		
<b>TOTAL DIRECT INVESTMENT</b>		
<b>PORTFOLIO AND OTHER INVESTMENT -</b>		
Corporate equities		
Borrowing -		
Public sector		
Private sector		
<b>Total</b>		
Accounts payable/prepayments received -		
Public sector		
Private sector		
<b>Total</b>		
<b>TOTAL PORTFOLIO AND OTHER INVESTMENT</b>		
<b>TOTAL FOREIGN INVESTMENT IN AUSTRALIA</b>		
<b>AUSTRALIAN INVESTMENT ABROAD -</b>		
<b>DIRECT INVESTMENT -</b>		
Reinvestment of earnings		
Corporate equities		
Net equity in branches		
Lending		
Other		
<b>TOTAL DIRECT INVESTMENT</b>		
<b>PORTFOLIO AND OTHER INVESTMENT -</b>		
Corporate equities		
Lending -		
Banks		
Non-bank enterprises		
<b>Total</b>		
Accounts receivable/prepayments made -		
Public sector		
Private sector		
<b>Total</b>		
<b>TOTAL PORTFOLIO AND OTHER INVESTMENT</b>		
<b>TOTAL AUSTRALIAN INVESTMENT ABROAD</b>		
<b>TOTAL NON-OFFICIAL</b>		

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

\$MILLION

	YEARS	QUARTERS ENDED
<b>DIRECT INVESTMENT BORROWING -</b>		
Drawings		
Repayments		
Total		
<b>OTHER BORROWING -</b>		
Domiciled abroad -		
Banks -		
Drawings		
Repayments		
Total		
Non-bank enterprises -		
Drawing		
Repayments		
Total		
Total domiciled abroad		
Domiciled in Australia -		
Banks -		
Securities		
Deposits		
Total		
Non-bank enterprises		
Total domiciled in Australia		
of which -		
Public sector securities		
<b>TOTAL OTHER BORROWING</b>		
<b>TOTAL BORROWING (a)</b>		

(a) Corresponds to the sum of direct investment borrowing and total portfolio and other investment borrowing in Table 18.

## APPENDIX B

## FORTHCOMING CHANGES TO MONTHLY BALANCE OF PAYMENTS STATISTICS : TABLE OUTLINE

This appendix provides an outline of the replacement Table 4 to be included in the monthly balance of payments publication (5301.0) commencing from the October 1987 issue. For further details, see page 17.

**TABLE 4: BALANCE OF PAYMENTS - CAPITAL ACCOUNT AND BALANCING ITEM** **\$MILLION**

	YEARS	MONTHS ENDED
<b>NET CAPITAL TRANSACTIONS -</b>		
<b>GENERAL GOVERNMENT -</b>		
<b>BORROWING -</b>		
Domiciled abroad -		
Commonwealth Government -		
Drawings		
Repayments		
Total		
State Government		
Total domiciled abroad		
Domiciled in Australia		
<b>TOTAL BORROWING</b>		
<b>OTHER</b>		
<b>TOTAL GENERAL GOVERNMENT</b>		
<b>RESERVE BANK -</b>		
Reserve assets -		
Official reserve assets		
Allocation of SDRs		
Other		
<b>TOTAL RESERVE BANK</b>		
<b>NON-OFFICIAL PLUS BALANCING ITEM -</b>		
Public sector -		
Non-equity securities domiciled in Australia		
Accounts receivable/prepayments made		
Other (including balancing item) (a)		
<b>TOTAL NON-OFFICIAL PLUS BALANCING ITEM</b>		
<b>BALANCE ON CAPITAL ACCOUNT PLUS BALANCING ITEM</b>		

(a) Includes public sector capital transactions n.e.i.