AUSTRALIAN BUREAU OF STATISTICS

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BALANCE OF PAYMENTS, AUSTRALIA, APRIL 1985

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MAIN FEATURES

April 1985 -

The trade account recorded a surplus of $182 million, the largest surplus in twelve months and a turnaround of $215 million on the small deficit recorded in March 1985. The strong rise in export values, up 23 per cent, was only partly offset by the 14 per cent rise in imports. For certain selected major export commodities (eg wheat, iron ore, coking coal) there was evidence that higher average unit values during the month contributed to the rise in export values. About half the increase in imports was attributable to higher imports of certain large items of transport equipment.

Seasonally adjusted, the trade account was in surplus by $95 million, little changed on the previous month.

The net invisibles deficit increased by $114 million to $862 million. Both invisible credits and invisible debits increased strongly: credits rose by $76 million (11 per cent) and debits rose by $190 million (13 per cent). Both increases reflected seasonal influences, the effects of the devaluation of the Australian dollar and the impact of the increased level of trade on the transportation item.

The deficit on current account fell by $101 million to $680 million.

Net apparent capital inflow, at $207 million, was down $212 million on the previous month.

Official reserve assets fell $440 million on account of transactions, compared with the fall of $374 million in the previous month. However, after taking into account the effects of revaluations, the level of official reserve assets rose by $858 million.

The trade weighted index of the value of the Australian dollar (base May 1970 = 100) stood at 64.2, down 7.2 per cent on the end of March 1985 and 22.3 per cent on the end of April 1984. Through April 1985, the dollar fell against the $US (7.5 per cent), the £UK (7.3 per cent), the West German Mark (7.6 per cent) and the Japanese Yen (7.3 per cent).

Ten months ended April 1985 -

The trade deficit was $1,422 million compared with a surplus of $517 million for the ten months ended April 1984.

The turnaround in the balance of trade combined with an increase of $1,493 million in the net invisibles deficit resulted in a current account deficit of $8,988 million, up $3,432 million on the deficit recorded in the corresponding period of the previous financial year.

Net apparent capital inflow was estimated at $7,517 million, a decrease of $319 million on the same period the previous financial year.

Official reserve assets fell by $1,366 million on account of transactions, in contrast with the rise of $2,350 million in the ten month period ended April 1984, which mainly occurred under the prefloat exchange rate regime.

ANALYSIS OF SELECTED MAJOR AGGREGATES

April 1985 -

Exports f.o.b. at $2,747 million were up $522 million or 23 per cent on March 1985. Both rural and non-rural exports rose, up 21 per cent and 25 per cent respectively. The commodity group contributing most significantly to the rise in rural exports was wool and sheepskins which rose about 90 per cent on the previous month. Meat and sugar exports showed little change, while other rural exports (except cereals) rose by about 40 per cent overall. Partly offsetting these rises was a fall of about 10 per cent recorded in cereals. Within non-rural, rises were recorded in all commodity groups with the most substantial rises being recorded in mineral fuels other than coal (up about 70 per cent), metals and metal manufactures (up about 65 per cent) and metal ores and minerals (up around 25 per cent). All other broad non-rural categories rose by between 5 per cent and 25 per cent.

Seasonally adjusted exports f.o.b. rose by 21 per cent.

Imports f.o.b. were $2,565 million, up $307 million or 14 per cent on March 1985. All broad commodity groups recorded increases except fuels, which fell by about 5 per cent. The most significant increase was in machinery and transport equipment which rose by around 30 per cent. About half of this rise was attributable to a few large items of transport equipment. All remaining commodity groups rose by 11 per cent or less.

Seasonally adjusted imports f.o.b. rose 22 per cent.

The **net invisibles** deficit rose $114 million or 15 per cent with invisible credits and invisible debits increasing 11 percent and 13 per cent respectively. Within credits, rises were recorded in: transportation, up 18 per cent reflecting higher activity associated with increased trade and higher prices expressed in Australian dollars; property income, up 20 per cent due mainly to seasonal influences and higher Australian dollar returns on Australia's foreign assets; and private transfers, up 10 per cent, with the lower value of the Australian dollar augmenting the Australian dollar proceeds of migrant and other funds brought into the country. The items contributing most to the increase in invisible debits were: property income, up 16 per cent due to higher profits remitted to non-resident investors and increased interest payments abroad (the latter partly due to the devaluation of the Australian dollar); transportation, up 11 per cent reflecting increased freight payments on higher imports, a seasonal movement in airfares and the effects of the Australian dollar's decline on payments abroad; and government transfers, up 74 per cent mainly reflecting aid payments abroad which are usually concentrated in the first month of each quarter.

Government capital movements yielded a net inflow of $18 million following a net outflow of $166 million in March 1985. The turnaround of $184 million was the result of a reversal of flows, for both transactions in government securities (from an inflow of $45 million to an outflow of $47 million) and other government transactions (from an outflow of $211 million to an inflow of $65 million). The net outflow of $47 million on account of government securities was composed of foreign currency loan repayments, including the early redemption of a Swiss Franc 100 million ($A 57 million) loan, partly offset by net purchases of Australian dollar securities by non-residents. Sharply reduced prepayments for major items of defence equipment were mainly responsible for the change in other government transactions.

Ten months ended April 1985 -

Exports f.o.b. were $22,896 million, up $3,598 million or 19 per cent on the ten months ended April 1984. Cereal exports which increased by 50 per cent were largely responsible for the 20 per cent increase in rural exports. Exports of wool increased by about 20 per cent. Exports of meat fell by about 10 per cent while sugar exports fell marginally. Other rural exports rose by about 10 per cent. Non-rural exports increased by about 10 per cent, with all broad commodity groups contributing to the rise. An increase of about 35 per cent in coal exports accounted for nearly half this increase. Exports of metals and metal manufactures increased by around 5 per cent as did exports of metal ores and minerals. All other commodity groups rose by about 20 to 30 per cent.

Imports f.o.b, at $24,318 million, were up $5,537 million or 29 per cent on the corresponding period of the previous financial year. Increases of at least 10 per cent occurred in all broad commodity groups with machinery and transport equipment (up 40 per cent) accounting for over half the overall increase.

The **net invisibles** deficit of $7,566 million was $1,493 million or 25 per cent higher than the deficit in the corresponding period of the previous financial year. Invisible credits and invisible debits rose 19 per cent and 22 per cent respectively. The transportation, travel and property income items contributed most to the rise in both credits and debits. Property income credits, which accounted for the largest increase in invisible credits, rose by 32 per cent, reflecting higher interest earned on Australia's international reserves and higher income earned on Australia's direct investment abroad. Property income debits, accounting for about half the increase in invisible debits, rose 26 per cent, largely reflecting higher interest payable on foreign borrowings.

EXPLANATORY NOTES

Introduction

This issue contains, in Table 1, preliminary estimates of Australia's international balance of payments for the month of April 1985 together with revised estimates for previous months and financial years. Supplementary information is contained in Tables 2 and 3. The estimates should be examined in conjunction with the series contained in the quarterly and annual balance of payments publications (5302.0 and 5303.0, respectively). Reference should be made to the publication **Balance of Payments, Australia: Concepts, Sources and Methods** (5331.0) released on 19 March 1981 for information about balance of payments concepts and definitions. Changes to concepts, sources and methods since that publication are described in the 1982-83 issue of 5303.0 and in the December quarter 1983, March quarter 1984, September quarter 1984 and December quarter 1984 issues of 5302.0.

2. Care should be exercised in interpreting monthly movements in the balance of payments, especially those of the most recent months. The sources available for the production of timely and reliable monthly estimates are limited. Consequently, estimates in this publication, to a greater degree than estimates in the quarterly and annual balance of payments publications, are subject to revision as more complete and more accurate information becomes available.

Visible trade

3. The figures for exports free-on-board (f.o.b.) and imports f.o.b. in Table 1 represent recorded trade figures adjusted in respect of coverage, timing and valuation for balance of payments purposes. The balance of trade is exports f.o.b. less imports f.o.b. Seasonally adjusted estimates for exports f.o.b. and imports f.o.b. are shown in Table 2.

Invisibles

4. Invisibles includes transactions in services (transportation, travel, government and miscellaneous); property income; and unrequited transfers (such as foreign aid, gifts, donations and migrants' funds). Net invisibles is invisible credits less invisible debits.

Government capital

5. In Table 2, government securities includes net government borrowings from non-residents while other government capital mainly includes transactions in Australia's assets with, and liabilities to, international development financing institutions and trade credit transactions associated with the purchase abroad of major items of equipment by the defence services.

Private capital and balancing item

6. This aggregate covers private capital movements (ie foreign investment in enterprises in Australia, Australian investment abroad, trade credit n.e.i.), non-official monetary sector transactions and the balancing item (i.e. net errors and omissions). Within this aggregate, separate details are shown in Table 2 for public non-monetary enterprises (borrowings and trade credit separately) and other (which includes the balancing item).

Net official monetary movements

7. The aggregate net official monetary movements, the main component of which is changes in official reserve assets, excludes changes that do not arise from international economic transactions.

Official reserve assets and exchange rates

8. Table 3 shows changes in official reserve assets which are included in the balance of payments, together with the adjustments made to the original Reserve Bank statistics to exclude changes in the Australian dollar value of reserve assets that are the result of revaluations. The table also shows the exchange rate of the Australian dollar with four major currencies and a trade weighted index of the value of the Australian dollar. These measures are provided by the Reserve Bank of Australia and relate to the last trading day of the month. For a fuller explanation of their compilation see paragraphs 8 to 10 of the Explanatory notes of the latest quarterly balance of payments publication (5302.0).

Residual items

9. Due to lack of monthly data certain aggregates in Tables 1 and 2 are derived as residuals after having first calculated those aggregates for which monthly information can be obtained or estimated. The aggregates which are derived as residuals are net apparent capital inflow, which is calculated by subtracting the balance on current account from net official monetary movements, and private capital and balancing item, which is derived by subtracting government capital from net apparent capital inflow.

Foreign exchange arrangements

10 Effective from 12 December 1983 the Government floated the Australian dollar. An appendix to the March 1984 issue of this publication explains in detail how the interpretation of balance of payments statistics has been affected by the change.

Seasonal adjustment

11. In carrying out seasonal adjustment of exports f.o.b. and imports f.o.b. account is taken not only of seasonal factors, but also of 'trading-day' effects (arising from the varying numbers of Sundays, Mondays, etc. in the month) which may affect figures for

different months in different years. Details of the methods used in the seasonal adjustment of these series are given in **Seasonally Adjusted Indicators, Australia** (1308.0). The statistics are also subject to large irregular influences which are not removed by seasonal adjustment and may be affected by changes in the composition of exports and imports. For these reasons, particular care should be exercised in interpreting individual month-to-month movements.

Presentation

12. In Tables 1 and 2, a minus sign (-) denotes: a debit for aggregates in the current account; an outflow for components of capital inflow (net); and for monetary movements, a decrease in assets or an increase in liabilities.

Available longer-term and more detailed monthly series

13. Estimates for months prior to that shown in this publication and in more detail are available and can be obtained by contacting Mr Alan Puckeridge on Canberra (062) 52 5507.

Related publications

14. Current publications produced by the ABS are listed in the **Catalogue of Publications, Australia** (1101.0). The ABS also issues, on Tuesdays and Fridays, a **Publications Advice** (1105.0) which lists publications to be released in the next few days. The Catalogue and Publications Advice are available from any ABS office.

Symbols and other usages

.. not applicable

\- nil or rounded to zero

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

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TABLE 1. BALANCE OF PAYMENTS
($ MILLION)

	CURRENT ACCOUNT							CAPITAL INFLOW (NET)			OFFICIAL MONETARY MOVEMENTS		
	VISIBLE TRADE			INVISIBLES									
	EXPORTS F.O.B.	IMPORTS F.O.B.	BALANCE OF TRADE	INVISIBLE CREDITS	INVISIBLE DEBITS	NET INVISIBLES	BALANCE ON CURRENT ACCOUNT	GOVERNMENT CAPITAL	PRIVATE CAPITAL AND BALANCING ITEM (A)	NET APPARENT CAPITAL INFLOW	CHANGES IN OFFICIAL RESERVE ASSETS	OTHER CHANGES	NET OFFICIAL MONETARY MOVEMENTS
1981-82	19083	-22376	-3293	5044	-10557	-5513	-8807	463	9698	10161	1364	-10	1354
1982-83	20656	-21705	-1049	5907	-11114	-5207	-6256	813	7879	8692	2460	-24	2436
1983-84	23669	-23497	172	6585	-14048	-7463	-7291	606	8535	9141	1855	-5	1850
1983-84-													
FEBRUARY	1874	-1963	-89	542	-1098	-556	-645	-16	388	372	-278	5	-274
MARCH	1966	-2098	-132	561	-1156	-595	-727	-29	422	393	-328	-6	-334
APRIL	1970	-1614	356	595	-1181	-586	-230	124	24	148	-64	-18	-82
MAY	2033	-2443	-410	590	-1254	-664	-1074	-28	1017	989	-137	52	-85
JUNE	2338	-2273	65	554	-1280	-726	-661	-95	411	316	-357	13	-345
1984-85-													
JULY	2296	-2644	-348	580	-1327	-747	-1095	429	735	1164	113	-44	69
AUGUST	2223	-2553	-330	610	-1242	-632	-962	308	899	1206	237	8	244
SEPTEMBER	2383	-2494	-111	590	-1279	-689	-800	-166	697	531	-282	13	-269
OCTOBER	2185	-2476	-291	624	-1509	-885	-1176	131	805	936	-170	-70	-240
NOVEMBER	2445	-2482	-37	645	-1383	-738	-775	428	569	997	213	9	222
DECEMBER	1973	-2094	-121	657	-1398	-741	-862	51	629	680	-223	41	-182
JANUARY	2118	-2474	-356	687	-1574	-887	-1243	141	956	1097	-111	-36	-146
FEBRUARY	2301	-2278	23	672	-1309	-637	-614	180	99	279	-329	-6	-335
MARCH	2225	-2258	-33	664	-1412	-748	-781	-166	585	419	-374	13	-362
APRIL	2747	-2565	182	740	-1602	-862	-680	18	189	207	-440	-33	-473
TEN MONTHS ENDED -													
APR. 1984	19298	-18781	517	5441	-11514	-6073	-5556	729	7107	7836	2350	-70	2280
APR. 1985	22896	-24318	-1422	6469	-14035	-7566	-8988	1354	6163	7517	-1366	-105	-1471

(A) INCLUDES PRIVATE CAPITAL MOVEMENTS, NON-OFFICIAL MONETARY SECTOR TRANSACTIONS AND THE BALANCING ITEM.

TABLE 2. VISIBLE TRADE, SEASONALLY ADJUSTED; GOVERNMENT CAPITAL; AND PRIVATE CAPITAL AND BALANCING ITEM
($ MILLION)

	SEASONALLY ADJUSTED VISIBLE TRADE		GOVERNMENT CAPITAL			PRIVATE CAPITAL AND BALANCING ITEM (A)			
						PUBLIC NON-MONETARY ENTERPRISES			
	EXPORTS F.O.B.	IMPORTS F.O.B.	SECURITIES	OTHER	TOTAL	TRADE CREDIT	BORROWINGS	OTHER	TOTAL
1981-82	..	..	541	-78	463	135	1164	8400	9698
1982-83	..	..	967	-154	813	27	1694	6157	7879
1983-84	..	..	1184	-578	606	-205	2289	6451	8535
1983-84-									
FEBRUARY	1956	-1975	7	-23	-16	-21	450	-42	388
MARCH	2033	-2051	80	-109	-29	-74	277	219	422
APRIL	2048	-1769	115	10	124	-46	102	-33	24
MAY	1805	-2289	-38	10	-28	-100	197	920	1017
JUNE	2330	-2300	41	-135	-95	-26	-28	465	411
1984-85-									
JULY	2144	-2508	236	193	429	-75	75	735	735
AUGUST	2194	-2379	278	30	308	-9	90	818	899
SEPTEMBER	2680	-2738	17	-182	-166	-113	86	724	697
OCTOBER	2075	-2231	153	-22	131	-55	159	701	805
NOVEMBER	2386	-2438	374	54	428	-47	503	113	569
DECEMBER	2115	-2377	146	-94	51	-51	707	-28	629
JANUARY	1997	-2424	133	8	141	20	343	593	956
FEBRUARY	2560	-2385	117	63	180	-112	728	-517	99
MARCH	2344	-2248	45	-211	-166	-71	107	549	585
APRIL	2841	-2746	-47	65	18	(B)	-23	212 (C)	189

(A) INCLUDES PRIVATE CAPITAL MOVEMENTS, NON-OFFICIAL MONETARY SECTOR TRANSACTIONS AND THE BALANCING ITEM.

(B) NOT YET AVAILABLE, INCLUDED IN ITEM MARKED (C). (C) INCLUDES ITEM MARKED (B).

TABLE 3. OFFICIAL RESERVE ASSETS AND EXCHANGE RATES

	OFFICIAL RESERVE ASSETS ($ MILLION)				EXCHANGE RATES (END OF YEAR/MONTH) UNITS OF FOREIGN CURRENCY PER $A				TRADE-WEIGHTED INDEX (END OF YEAR/MONTH) OF VALUE OF AUSTRALIAN DOLLAR, MAY 1970=100(A)
			RESERVE BANK SERIES						
	CHANGES INCLUDED IN THE BALANCE OF PAYMENTS	CHANGES DUE TO EFFECTS OF REVALUATIONS	CHANGES IN LEVELS	LEVELS AT END OF YEAR/MONTH	U.S.A. DOLLAR	U.K. POUND	GERMANY FED. REP. MARK	JAPAN YEN	
1981-82	1364	-556	808	6517	1.0223	0.5870	2.506	260.18	88.2
1982-83	2460	1771	4231	10748	0.8745	0.5730	2.227	209.38	77.7
1983-84	1855	-186	1669	12417	0.8613	0.6378	2.399	204.60	79.2
1983-84-									
FEBRUARY	-278	-145	-424	12373	0.9429	0.6326	2.457	220.07	84.2
MARCH	-328	196	-132	12241	0.9350	0.6461	2.426	210.22	82.9
APRIL	-64	39	-24	12217	0.9201	0.6568	2.496	208.74	82.6
MAY	-137	218	80	12297	0.8992	0.6503	2.461	208.25	81.6
JUNE	-357	477	120	12417	0.8613	0.6378	2.399	204.60	79.2
1984-85-									
JULY	113	102	215	12632	0.8300	0.6360	2.402	203.68	78.7
AUGUST	237	-251	-14	12618	0.8488	0.6472	2.452	205.07	80.1
SEPTEMBER	-282	(B)	(B)	12431(C)	0.8330	0.6696	2.526	204.67	80.3
OCTOBER	-170	-238	-408	12024	0.8487	0.6984	2.573	208.17	82.0
NOVEMBER	213	-171	42	12066	0.8596	0.7163	2.654	212.02	83.5
DECEMBER	-223	215	-8	12058	0.8278	0.7130	2.606	207.24	81.3
JANUARY	-111	-30	-141	11918	0.8150	0.7218	2.585	207.61	80.8
FEBRUARY	-329	1526	1197	13115	0.7138	0.6563	2.377	185.25	72.3
MARCH	-374	390	16	13130	0.7051	0.5641	2.172	176.94	69.2
APRIL	-440	1298	858	13988	0.6523	0.5229	2.006	163.94	64.2

(A) THE TRADE-WEIGHTED INDEX IS CALCULATED BY THE RESERVE BANK AND IS AN INDEX OF THE AVERAGE VALUE OF THE AUSTRALIAN DOLLAR VIS A VIS CURRENCIES OF AUSTRALIA'S MAJOR TRADING PARTNERS. (B) NOT AVAILABLE; SEE FOOTNOTE (C). (C) 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.