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BALANCE OF PAYMENTS, AUSTRALIA, NOVEMBER 1984

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MAIN FEATURES

November 1984

With exports increasing 11 per cent over October 1984 and imports showing little change, the trade deficit fell $257 million to $51 million in November. However, it should be noted that some import transactions are not included in the November statistics due to industrial action at the Australian Customs Service; these transactions will be included in December statistics. In seasonally adjusted terms, the trade deficit fell by $107 million to $65 million.

The deficit on current account, of $807 million, was down $318 million from the record level of the previous month reflecting the lower trade deficit and a fall of $61 million in the net invisibles deficit.

Net apparent capital inflow at $1,030 million was up $144 million on October 1984.

Official reserve assets increased by $213 million as a result of transactions and took account of the proceeds of government borrowings overseas.

The trade weighted index of the value of the Australian dollar (base May 1970 = 100) stood at 83.5, up 1.8 per cent on the end of both October 1984 and November 1983. Through November 1984, the dollar rose against the $US (1.3 per cent), the £UK (2.6 per cent), West German Mark (3.1 per cent) and the Japanese Yen (1.8 per cent).

Five months ended November 1984

The current account deficit of $4,323 million was up $1,413 million on the five months ended November 1983, with the trade deficit and the net invisibles deficit contributing roughly equally to the rise.

Net apparent capital inflow reached $4,347 million, down $544 million on the inflow for the corresponding period the previous year.

Official reserve assets increased $111 million on account of transactions, compared with an increase of $2,033 million for the same period the previous year.

ANALYSIS OF SELECTED AGGREGATES

November 1984

Exports f.o.b. at $2,416 million were up $239 million or 11 per cent on October 1984. Both rural and non-rural exports contributed to the rise, up 14 per cent and 9 per cent respectively. Within rural, falls in exports of meat (down 15 per cent) and sugar (down about 20 per cent) were outweighed by increases in exports of cereals, wool and other rural products, up about 15 per cent, 40 per cent and 20 per cent respectively. The increase in non-rural exports reflects strong growth in coal exports which increased in value by about 45 per cent. The only commodity group to record a significant fall was metals and metal manufactures, down about 15 per cent.

Seasonally adjusted, exports f.o.b. rose 14 per cent.

Imports f.o.b. at $2,467 million, were little changed on the previous month. The only broad commodity group to record a significant change was basic materials, down about 20 per cent. All other broad commodity groups recorded changes, either up or down, of less than 10 per cent.

Seasonally adjusted, imports f.o.b. rose 8 per cent.

Government capital movements yielded a net inflow of $345 million, $270 million higher than the inflow for the preceding month, taking into account Deutsche Mark 600 million ($A236 million) and Netherlands Guilder 400 million ($A139 million) borrowings, repayments of foreign currency borrowings of $166 million and a net inflow of $120 million from the net investment by non-residents in Australian dollar securities issued by the Commonwealth Government.

Five months ended November 1984

Exports f.o.b. were $11,531 million up $2,085 million or 22 per cent on the five months ended November 1983. Cereal exports (up $920 million or 157 per cent) continued to reflect both the 1983-84 record wheat harvest and a stronger barley and sorghum export performance, and largely accounted for the 28 per cent rise in rural export values. Non-rural exports rose 19 per cent with all broad commodity groups contributing to the rise except for the metals and metal manufactures group which was virtually unchanged. Coal, up about 45 per cent, and other mineral fuels, up about 35 per cent, recorded the strongest rises in non-rural exports.

Imports f.o.b. at $12,316 million were up $2,795 million or 29 per cent on the five months ended November 1983. All broad commodity groups rose, the increases ranging from about 20 per cent to 40 per cent. Nearly half the increase is attributable to the higher values recorded for imports of machinery and transport equipment.

The **net invisibles** deficit of $3,538 million was $703 million or 25 per cent higher than the deficit in the same period last financial year. Invisible credits and debits rose 19 per cent and 22 per cent respectively, with the transportation, travel and property income items contributing most to both rises.

Net **government capital** transactions recorded an inflow of $1,011 million, up $258 million on the inflow for the period July to November 1983. While the inflow on account of transactions in government securities rose $36 million, other government transactions turned around (from outflow to inflow) by $222 million, due mainly to the reduction in Australia's financial assets abroad resulting from the delivery of a naval frigate and other major items of defence equipment.

EXPLANATORY NOTES

Introduction

This issue contains, in Table 1, preliminary estimates of Australia's international balance of payments for the month of November 1984 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 and September 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 John Lazanis 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.

R.J. CAMERON
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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	-22379	-3296	5030	-10547	-5517	-8813	463	9705	10167	1364	-10	1354
1982-83	20656	-21610	-954	5876	-11107	-5231	-6185	813	7808	8621	2460	-24	2436
1983-84	23720	-23497	223	6586	-13520	-6934	-6711	424	8137	8561	1855	-5	1850
1983-84-													
SEPTEMBER	1752	-1813	-61	514	-1089	-575	-636	-341	723	382	-267	13	-254
OCTOBER	1957	-1902	55	521	-1171	-650	-595	736	1122	1858	1328	-65	1263
NOVEMBER	1947	-1905	42	583	-1051	-468	-426	-126	1047	921	465	30	495
DECEMBER	1959	-1713	246	579	-1123	-544	-298	-240	1690	1449	1132	20	1151
JANUARY	2075	-1870	205	553	-1189	-636	-431	15	253	268	-146	-17	-163
FEBRUARY	1868	-1962	-94	541	-1057	-516	-610	-22	359	337	-278	5	-274
MARCH	1979	-2098	-119	602	-1123	-521	-640	-48	354	306	-328	-6	-334
APRIL	1991	-1614	377	571	-1115	-544	-167	99	-14	85	-64	-18	-82
MAY	2051	-2445	-394	571	-1204	-633	-1027	-28	970	942	-137	52	-85
JUNE	2351	-2274	77	519	-1224	-705	-628	-105	388	283	-357	13	-345
1984-85-													
JULY	2328	-2644	-316	602	-1331	-729	-1045	429	685	1114	113	-45	69
AUGUST	2226	-2552	-326	631	-1246	-615	-941	315	869	1183	237	6	242
SEPTEMBER	2384	-2168	216	636	-1257	-621	-405	-153	287	134	-282	11	-271
OCTOBER	2177	-2485	-308	637	-1454	-817	-1125	75	811	886	-170	-69	-239
NOVEMBER	2416	-2467	-51	650	-1406	-756	-807	345	685	1030	213	10	223
FIVE MONTHS ENDED -													
NOV. 1983	9446	-9521	-75	2650	-5485	-2835	-2910	753	4137	4891	2033	-53	1981
NOV. 1984	11531	-12316	-785	3156	-6694	-3538	-4323	1011	3336	4347	111	-87	24

(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	8406	9705
1982-83	..	..	967	-154	813	27	1651	6129	7808
1983-84	..	..	1006	-582	424	-175	2197	6115	8137
1983-84-									
SEPTEMBER	1885	-1898	-230	-111	-341	36	52	635	723
OCTOBER	1955	-1818	765	-29	736	22	126	974	1122
NOVEMBER	1883	-1847	-130	4	-126	-58	180	925	1047
DECEMBER	2068	-1885	-100	-140	-240	-34	184	1540	1690
JANUARY	2033	-1895	21	-6	15	-41	633	-339	253
FEBRUARY	1949	-1974	1	-23	-22	-21	429	-50	359
MARCH	2046	-2051	61	-109	-48	-64	247	171	354
APRIL	2070	-1769	90	10	99	-43	102	-74	-14
MAY	1821	-2290	-38	10	-28	-87	196	861	970
JUNE	2343	-2301	31	-135	-105	-22	-28	438	388
1984-85-									
JULY	2174	-2508	236	193	429	-74	29	730	685
AUGUST	2197	-2378	285	30	315	-8	79	798	869
SEPTEMBER	2681	-2380	30	-182	-153	-111	94	304	287
OCTOBER	2067	-2239	100	-25	75	-41	191	661	811
NOVEMBER	2358	-2423	329	16	345	-36	482	239	685

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

TABLE 3. OFFICIAL RESERVE ASSETS AND EXCHANGE RATES

	OFFICIAL RESERVE ASSETS (A) ($ 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(B)
			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-									
SEPTEMBER	-267	-230	-497	10672	0.8965	0.6001	2.365	212.43	80.4
OCTOBER	1328	-379	949	11621	0.9160	0.6133	2.408	214.05	81.7
NOVEMBER	465	-76	389	12009	0.9128	0.6226	2.466	213.73	82.0
DECEMBER	1132	209	1341	13350	0.9020	0.6205	2.451	209.22	81.1
JANUARY	-146	-408	-554	12796	0.9178	0.6526	2.584	215.48	83.5
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	(C)	(C)	12431	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

(A) 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. (B) 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. (C) NOT AVAILABLE; SEE FOOTNOTE (A).