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BALANCE OF PAYMENTS, AUSTRALIA, MARCH QUARTER 1980

INQUIRIES

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MAIN FEATURES

March quarter 1980 -

An overall surplus, as measured by net official monetary movements, of \$291 million.

Exports of \$4,802 million, \$122 million lower than in the previous quarter.

Record imports of \$4,213 million, \$249 million higher than the previous quarter.

A trade surplus of \$590 million, \$370 million lower than in the previous quarter.

Net invisibles - invisible debits exceeded invisible credits by \$972 million.

A deficit on current account of \$383 million.

A net apparent capital inflow of \$674 million.

TRENDS IN MAJOR AGGREGATES

Current account

The current account deficit of \$383 million for the March quarter compared with a deficit of \$692 million in the March quarter 1979.

Seasonally adjusted, the current account deficit was \$278 million, an increase of \$73 million on the deficit for the previous quarter.

The balance of trade surplus of \$590 million for the March quarter was \$300 million higher than the \$290 million surplus in the March quarter 1979.

Seasonally adjusted, the trade surplus was \$795 million, a decrease of \$21 million on the surplus of \$816 million in the December quarter 1979.

Exports (on a balance of payments basis) were \$4,802 million in the March quarter, 2 per cent down on the December quarter and 32 per cent higher than in the March quarter 1979. Export commodity statistics for the whole quarter are not yet available, but a

comparison of the first two months of the quarter with the corresponding months of 1979 showed marked increases in the value of exports of cereal grains and cereal preparations (up \$378 million or 166 per cent) and sugar, sugar preparations and honey (up \$79 million or 297 per cent).

Seasonally adjusted exports were \$4,957 million, an increase of \$171 million, or 4 per cent on the December quarter.

Imports (on a balance of payments basis) were \$4,213 million in the March quarter, up 6 per cent on the December quarter and 26 per cent higher than in the March quarter 1979. Import commodity statistics for the March quarter compared with the corresponding quarter of 1979 show increases in the value of imports of petroleum (up \$263 million or 81 per cent), and chemicals (up \$132 million or 44 per cent).

Seasonally adjusted imports at \$4,162 million were up \$192 million from the level of the previous quarter.

The deficit of \$972 million for net invisibles in the March quarter was \$7 million more than for the December quarter. Seasonally adjusted net invisibles at \$1,073 million was \$52 million up on the December quarter.

Capital account

The net apparent capital inflow of \$674 million in the March quarter was a turnaround of \$916 million from the outflow of \$242 million in the previous quarter.

Interim estimates of foreign investment in Australian enterprises indicate a net inflow of \$761 million in the March quarter, an increase of \$223 million on the net inflow in the previous quarter and \$280 million higher than in the March quarter 1979.

The trade credit n.e.i. estimate for the March quarter shows a net outflow of \$232 million compared with a net outflow of \$281 million in the December quarter.

There was a net inflow of \$111 million on government capital transactions during the quarter including the receipt of proceeds of two Deutschmark borrowings.

Overall results

- *Net official monetary movements* during the March quarter 1980 showed a surplus of \$291 million, compared with a deficit of \$246 million in the December quarter 1979 and a deficit of \$3 million in the March quarter 1979.
- *Official reserve assets* increased by \$318 million during the March quarter as a result of changes included in the balance of payments (i.e. after excluding changes due to the effects of revaluations).
- In January 1980 Australia's liability to the I.M.F. was reduced as a result of a part repayment (equivalent to \$74 million) of the July 1976 Compensatory Financing Facility drawing. As the reduction in liability was offset by a corresponding reduction in official reserve assets, the aggregate net official monetary movements reflects no change as a result of this transaction.

Also in January Australia was allocated Special Drawing Rights in the I.M.F. equivalent to \$98 million. While the allocation is included in changes in Australia's official reserve assets, it has been offset, as on previous occasions, by a counterpart entry in the net official monetary movements item. Consequently the net official monetary movements item reflects no change as a result of the allocation.

Level of reserves

- At 31 March 1980, Australia's *official reserve assets*, valued at market rates of exchange and with gold holdings at market related value, stood at \$5,627 million.

TABLE A. OFFICIAL RESERVE ASSETS AND EXCHANGE RATES

YEARS/ QUARTERS	OFFICIAL RESERVE ASSETS \$ MILLION					EXCHANGE RATES (END OF YEAR/QUARTER) UNITS OF FOREIGN CURRENCY PER \$A				TRADE WEIGHTED INDEX (END OF QUARTER) OF VALUE OF AUSTRALIAN DOLLAR, MAY 1978 = 100	
	CHANGES INCLUDED IN THE BALANCE OF PAYMENTS	CHANGES DUE TO EFFECTS OF REVALUATIONS	RESERVE BANK SERIES			U.S.A. DOLLAR	U.K. POUND	W.GERM. MARK	JAPAN YEN		
			CHANGES IN LEVELS	LEVELS AT END OF YEAR/ QUARTER							
1975-76	-1053	646	-407	3086		1.2356	0.6927	3.182	366.44	185.3	
1976-77	-198	416	226	3312		1.1188	0.6458	2.616	300.84	92.5	
1977-78	-474	387	-87	3225		1.1475	0.6151	2.379	234.63	86.2	
1978-79	-167	827	660	3885		1.1211	0.5154	2.868	242.44	83.1	
1977-78 DECEMBER	-43	182	59	2879		1.1414	0.5965	2.395	273.85	89.4	
MARCH	187	196	383	3262		1.1431	0.6127	2.314	253.65	87.5	
JUNE	-34	-3	-37	3225		1.1475	0.6151	2.379	234.63	86.2	
1978-79 SEPTEMBER	-285	254	49	3274		1.1566	0.5853	2.234	218.31	83.6	
DECEMBER	-113	39	-74	3200		1.1585	0.5656	2.899	222.83	82.7	
MARCH	189	291	480	3688		1.1182	0.5423	2.887	233.62	82.3	
JUNE	42	243	285	3885		1.1211	0.5154	2.868	242.44	83.1	
1979-80 SEPTEMBER	-550	523	-26	3858		1.1298	0.5189	1.961	252.12	83.5	
DECEMBER	-126	882	756	4614		1.1875	0.4988	1.988	265.31	83.3	
MARCH	318	695	1813	5627		1.8831	0.4975	2.891	278.88	84.4	

TABLE B. TRADE STATISTICS : ADJUSTMENTS FOR BALANCE OF PAYMENTS PURPOSES
(\$ MILLION)

YEARS/ QUARTERS	EXPORTS				IMPORTS			
	ADJUSTMENTS		BALANCE		ADJUSTMENTS		BALANCE	
	TRADE BASIS	COVERAGE	TIMING	PAYMENTS BASIS	TRADE BASIS	COVERAGE	TIMING	PAYMENTS BASIS
1975-76	9640	-235	54	9459	8248	-26	-2	7924
1976-77	11652	-133	-156	11363	10412	62	28	10345
1977-78	12270	-288	-45	12016	11167	109	36	11165
1978-79	14243	-232	81	14092	13752	-69	-1	13493
1977-78 DECEMBER	3085	-47	101	3138	2629	45	-14	2628
MARCH	2925	-42	-79	2884	2804	45	27	2849
JUNE	3181	-46	-63	3075	2905	-15	19	2868
1978-79 SEPTEMBER	3052	-56	71	3067	3184	16	-18	3138
DECEMBER	3433	-40	-43	3350	3434	1	-9	3388
MARCH	3609	-45	70	3634	3407	-27	17	3344
JUNE	4149	-91	-17	4040	3726	-68	9	3621
1979-80 SEPTEMBER	4080	-67	139	4152	3654	-37	1	3575
DECEMBER	4876	-54	102	4924	4813	7	-3	3964
MARCH	5086	-185	-98	4802	4396	-124	-1	4213

EXPLANATORY NOTES

Introduction

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

2. Included are corresponding seasonally adjusted estimates of the current account. Notes on the statistics and their seasonal adjustment are provided below. Unless otherwise stated, figures reported in the commentary and tables refer to the original estimates.
3. Estimates for the more recent periods are preliminary and subject to revision. The items which can be most affected by revisions are those for which benchmark data are derived from annual surveys where long time lags in collection and processing are inevitable.

Australian currency values

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

Adjustments to exports and imports

5. The figures for *exports* and *imports* in the main tables represent the recorded trade figures adjusted in respect of coverage, timing and valuation for balance of payments purposes. Table B on page 3 sets out the values for these adjustments. Reference should be made to the annual publication *Balance of Payments* (5303.0) for a description of the adjustments. The line drawn between 1975-76 and 1976-77 in the imports, trade basis column of Table B indicates that the figures from 1976-77 are not comparable with previous years because of the change in the basis of valuation, which occurred on 1 July 1976 when Australia adopted the internationally recognised Brussels Definition of Value (BDV) on a free-on-board basis. For further details, see ABS publication *Imports* (5406.0).

Net official monetary movements

6. The aggregate *net official monetary movements* is usually taken as a measure of the overall surplus or deficit in the balance of payments. In order not to obscure the underlying performance of the balance of payments this item excludes changes that do not arise from international economic transactions. The main exclusions made for this reason are the allocation of Special Drawing Rights (SDR) by the International Monetary Fund (included in official reserve assets but excluded from net official monetary movements by means of the offset item shown in the table) and changes in the Australian dollar value of official reserve assets due to revaluations.

7. The measurement of official reserve assets is based on market valuations. Changes in the value of these assets occur not only as a result of economic

transactions and certain other changes (such as the allocation of SDR) but also as a result of fluctuations in the market value of certain assets and in the market rates of exchange used to convert them into Australian dollars. Table A on page 3 sets out separately the changes in official reserve assets which result from transactions and certain other changes, which are recorded in the balance of payments, and revaluation changes, which are excluded from the balance of payments.

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

Seasonal adjustment

9. Most of the current account series in this publication are affected to some extent by seasonal influences and it is useful to recognise and take account of this element of variation.

10. While some degree of seasonality is evident in some capital account items over certain periods, the overall seasonal element is small compared with the large cyclical and irregular movements which have characterised capital flows in recent years. For these reasons, capital account items are, as in most countries, not being seasonally adjusted.

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

12. Particular care should be taken in interpreting quarter to quarter movements in the adjusted figures, especially for those items showing substantial irregular movement. It should be recognised that levels of overseas transactions can be directly affected by changes in foreign exchange rates which, while they are working through the system, lead to movements that do not appear so directly or with such frequency in other statistical series.

13. Seasonally adjusted statistics shown in Table 3 of this publication have been revised to take account of the quarterly observations for 1979 and a re-analysis of the quarterly observations for earlier years. Details of the seasonal adjustment methods used, together with selected measures of variability for these series, are given in *Seasonally Adjusted Indicators* (1308.0).

14. In order to maintain an accounting identity, the balance items (balance of trade, net invisibles and

balance on current account) are derived by differencing independently adjusted series and could contain irregular fluctuations somewhat larger than those appearing in the individual series being differenced.

15. Historical series (from September quarter 1959 onwards) for the seasonally adjusted current account at the level of detail shown in this publication are available on request.

Related publications

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

Balance of Payments, monthly (5301.0)

Balance of Payments, annual (5303.0)

Imports by Commodity Divisions (Preliminary), monthly (5405.0)

Exports by Commodity Divisions (Preliminary), monthly (5402.0)

Foreign Investment 1976-77 (5305.0)

Foreign Investment in Enterprises in Australia, quarterly (5306.0).

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

Symbols and other usages

- n.y.a. not yet available
- nil or less than half the final digit shown
- .. not applicable
- break in continuity of series (where drawn across a column between two consecutive figures)

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

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

R. J. CAMERON
Australian Statistician

TABLE 1

BALANCE OF PAYMENTS - CURRENT ACCOUNT

\$ MILLION

	QUARTERS ENDED-											
	YEAR											
					1977-78				1978-79			
	1975-76	1976-77	1977-78	1978-79	DEC.	MAR.	JUNE	SEPT.	DEC.	MAR.	JUNE	SEPT.
VISIBLE TRADE-												
EXPORTS F.O.B.	9459	11363	12016	14092	3138	2804	3075	3067	3350	3634	4040	4152
IMPORTS F.O.B.	-7924	-10345	-11165	-13493	-2623	-2849	-2868	-3134	-3388	-3344	-3623	-3575
BALANCE OF TRADE	1535	1018	851	599	515	-45	208	-70	-38	290	417	577
INVISIBLE CREDITS-												
GOLD PRODUCTION	23	**	**	**	**	**	**	**	**	**	**	**
TRANSPORTATION	1049	1247	1326	1560	348	337	327	356	412	389	402	429
TRAVEL	233	278	345	425	107	94	60	96	127	112	89	117
GOVERNMENT	77	88	93	98	24	22	26	23	23	26	25	28
MISCELLANEOUS	126	94	154	244	31	38	60	51	68	66	49	54
PROPERTY INCOME	332	357	358	402	96	81	98	94	101	93	114	101
TRANSFERS	360	276	402	412	95	117	104	106	95	102	109	124
TOTAL INVISIBLE CREDITS	2199	2339	2678	3140	701	690	684	736	826	788	749	853
INVISIBLE DEBITS -												
TRANSPORTATION -												
FREIGHT ON IMPORTS	-802	-1034	-1076	-1245	-269	-249	-287	-300	-311	-312	-323	-356
OTHER TRANSPORTATION	-810	-961	-1053	-1254	-248	-251	-292	-312	-303	-303	-336	-353
TRAVEL	-509	-510	-551	-644	-104	-112	-190	-167	-132	-166	-179	-150
GOVERNMENT	-175	-189	-223	-219	-52	-56	-61	-43	-54	-53	-49	-61
MISCELLANEOUS	-253	-255	-399	-383	-89	-112	-106	-93	-89	-123	-74	-81
PROPERTY INCOME -												
INVESTMENT INCOME -												
UNDISTRIBUTED	-611	-672	-656	-791	-163	-163	-163	-198	-198	-198	-198	-225
OTHER	-871	-1047	-1206	-1367	-291	-258	-334	-286	-344	-333	-379	-384
ROYALTIES AND COPYRIGHTS	-75	-57	-81	-95	-16	-18	-25	-18	-23	-27	-25	-18
TRANSFERS -												
GOVERNMENT	-388	-414	-452	-517	-54	-118	-134	-113	-105	-138	-161	-111
PRIVATE	-313	-296	-367	-393	-87	-91	-93	-105	-86	-112	-95	-81
TOTAL INVISIBLE DEBITS	-4806	-5430	-6257	-6930	-1372	-1427	-1691	-1635	-1644	-1770	-1841	-1810
NET INVISIBLES	-2607	-3091	-3379	-3790	-672	-736	-1007	-899	-818	-982	-1092	-957
BALANCE ON CURRENT ACCOUNT	-1072	-2073	-2523	-3192	-153	-781	-799	-959	-896	-692	-634	-380

TABLE 2

BALANCE OF PAYMENTS - CAPITAL ACCOUNT

	£ MILLION													
	YEAR				QUARTERS ENDED-									
					1977-78			1978-79			1979-80			
	1975-76	1976-77	1977-78	1978-79	DEC.	MAR.	JUNE	SEPT.	DEC.	MAR.	JUNE	SEPT.	DEC.	MAR.
CAPITAL INFLOW (NET) -														
GOVERNMENT CAPITAL MOVEMENTS -														
GOVERNMENT SECURITIES	47	375	1645	1356	366	476	314	425	468	362	101	-53	179	141
OTHER GOVT CAPITAL MOVEMENTS	-140	-127	-81	-1	-24	57	-61	78	4	-30	-54	-77	-22	-29
TOTAL GOVERNMENT CAPITAL MOVEMENTS	-93	249	1564	1355	341	533	253	504	472	332	47	-130	158	111
PRIVATE CAPITAL MOVEMENTS -														
FOREIGN INVESTMENT IN AUSTRALIAN ENTERPRISES -														
UNDISTRIBUTED INCOME	611	672	650	791	163	163	163	198	198	198	198	225	225	225
OTHER DIRECT INVESTMENT	-31	426	381	574	84	64	275	130	228	108	108	45	173	172
PORTFOLIO INVESTMENT AND INSTITUTIONAL LOANS	206	452	285	602	128	66	92	62	17	175	348	278	140	364
TOTAL ENTERPRISES	785	1544	1316	1967	375	293	530	390	443	481	651	539	538	761
AUSTRALIAN INVESTMENT ABROAD	-179	-252	-186	-192	-56	-43	-45	-40	-68	-47	-44	-151	-102	(A)
TRADE CREDIT N.E.I. -														
MARKETING AUTHORITIES	120	111	-208	34	-84	79	-39	-41	107	35	-64	-153	-181	-139
OTHER	-20	133	-76	-24	-82	-5	-15	53	-78	-56	57	-57	-100	-93
TOTAL PRIVATE CAPITAL MOVEMENTS	766	1536	846	1785	153	324	431	362	412	413	594	178	155	N.Y.A.
NON-OFFICIAL MONETARY SECTOR TRANSACTIONS	-37	36	-3	60	-21	-6	-23	65	-53	-10	59	43	-45	(A)
NET IDENTIFIED CAPITAL INFLOW	576	1621	2407	3200	473	850	661	930	831	735	704	91	268	640
BALANCING ITEM	-523	-238	-421	-133	-392	233	103	-166	-32	-46	111	-259	-510	(B) 34
NET APPARENT CAPITAL INFLOW	53	1582	1987	3068	31	1083	764	764	799	689	815	-168	-242	674
OFFICIAL MONETARY MOVEMENTS -														
CHANGES IN OFFICIAL RESERVE ASSETS	-1053	-190	-474	-167	-43	147	-34	-205	-113	109	42	-550	-126	318
ALLOCATION OF SDR	33	-301	-68	-94	-	-	-	-	-	-94	-	-	-	-98
OTHER TRANSACTIONS	33	-301	-68	137	-30	116	-2	-	15	-14	139	2	-120	71
NET OFFICIAL MONETARY MOVEMENTS	-1019	-491	-542	-124	-73	362	-36	-205	-97	-3	181	-548	-246	291

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

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

	QUARTERS ENDED -									
	1977-78			1978-79			1979-80			
	DEC.	MAR.	JUNE	SEPT.	DEC.	MAR.	JUNE	SEPT.	DEC.	MAR.
VISIBLE TRADE-										
EXPORTS F.O.B.	3665	2893	3033	3095	3263	3750	3989	4192	4786	4957
IMPORTS F.O.B.	-2838	-2823	-2915	-3108	-3409	-3307	-3680	-3553	-5070	-4162
BALANCE OF TRADE	427	70	119	-113	-147	443	309	639	816	795
INVISIBLE CREDITS-										
GOLD PRODUCTION	**	**	**	**	**	**	**	**	**	**
TRANSPORTATION	340	333	336	360	401	384	416	434	483	421
TRAVEL	86	99	88	105	103	135	115	127	123	134
GOVERNMENT	24	22	25	24	24	25	25	29	30	29
MISCELLANEOUS	30	39	96	64	63	66	50	56	55	61
PROPERTY INCOME	95	83	96	94	101	94	112	101	104	113
TRANSFERS	94	120	103	105	94	135	108	122	132	135
TOTAL INVISIBLE CREDITS	670	685	709	751	786	779	826	869	932	963
INVISIBLE DEBITS -										
TRANSPORTATION -										
FREIGHT ON IMPORTS	-266	-255	-290	-295	-306	-319	-326	-352	-417	-441
OTHER TRANSPORTATION	-255	-258	-284	-302	-311	-312	-330	-341	-365	-399
TRAVEL	-121	-136	-151	-159	-157	-201	-142	-142	-126	-178
GOVERNMENT	-54	-58	-52	-49	-57	-55	-58	-58	-63	-66
MISCELLANEOUS	-95	-99	-115	-94	-97	-108	-84	-81	-89	-80
PROPERTY INCOME -										
INVESTMENT INCOME -										
UNDISTRIBUTED	-163	-163	-163	-198	-198	-198	-198	-225	-225	-225
OTHER	-265	-285	-317	-293	-352	-362	-357	-393	-394	-385
ROYALTIES AND COPYRIGHTS	-17	-18	-24	-18	-25	-26	-24	-18	-25	-25
TRANSFERS -										
GOVERNMENT	-61	-118	-122	-122	-112	-136	-139	-122	-158	-142
PRIVATE	-86	-96	-98	-101	-86	-117	-95	-78	-91	-85
TOTAL INVISIBLE DEBITS	-1382	-1483	-1615	-1630	-1694	-1853	-1752	-1809	-1953	-2026
NET INVISIBLES	-712	-798	-906	-879	-907	-1074	-926	-940	-1021	-1073
BALANCE ON CURRENT ACCOUNT	-285	-728	-787	-892	-1044	-631	-616	-302	-205	-278

TABLE 4 BALANCE OF PAYMENTS - CURRENT ACCOUNT - SEASONALLY ADJUSTED

PERCENTAGE CHANGE FROM PRECEDING QUARTER

	1977-78			1978-79			1979-80			
	DEC.	MAR.	JUNE	SEPT.	DEC.	MAR.	JUNE	SEPT.	DEC.	MAR.
EXPORTS F.O.B.	1.6	-5.6	4.9	2.0	5.4	14.9	6.4	5.1	14.2	3.6
INVISIBLE CREDITS	9.1	2.3	3.5	5.9	4.7	-3.9	6.1	5.2	7.2	2.1
IMPORTS F.O.B.	-5.0	7.0	3.2	6.6	9.4	-2.8	11.3	-3.4	11.7	4.8
INVISIBLE DEBITS	-13.0	7.3	8.9	0.9	3.9	9.4	-5.5	3.3	7.9	3.7