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CANBERRA

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BALANCE OF PAYMENTS, AUSTRALIA, OCTOBER 1987

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Users are warned that care should be exercised in the use and interpretation of estimates in this publication. In particular the estimates for later months are preliminary and subject to revision as more complete and accurate information becomes available. Particular care should be taken in interpreting month-to-month movements. To assist in analysing current developments, trend estimates are included.

Changes in this issue
Changes to the presentation and data content of some investment income and capital account items have been made in this publication. Details are provided on pages 3 and 4.

MAIN FEATURES

The preliminary estimates of the main balance of payments aggregates for October 1987, the three preceding months and year-to-date are:

	1987-88				July-Oct		
	July	Aug	Sept	Oct	1986-87	1987-88	Change
	$ million				$ million		%(a)
Balance on current account	-1406	-801	-1384	-1180	-5996	-4771	+20.4
Balance on merchandise trade	-456	120	-330	-78	-2024	-744	+63.2
Net services	-327	-245	-374	-241	-1381	-1187	+14.0
Net income	-786	-815	-808	-1006	-3002	-3415	-13.8
Net unrequited transfers	163	139	128	145	411	575	+39.9
Balance on capital account plus balancing item	1406	801	1384	1180	5996	4771	..
Official capital	337	614	-1018	612	2049	-683	..
Non-official capital plus balancing item	1069	1415	2402	568	3947	5454	..

a) For the current account, a minus sign means an increase in the deficit and a plus sign means a decrease in the deficit or an increase in the surplus

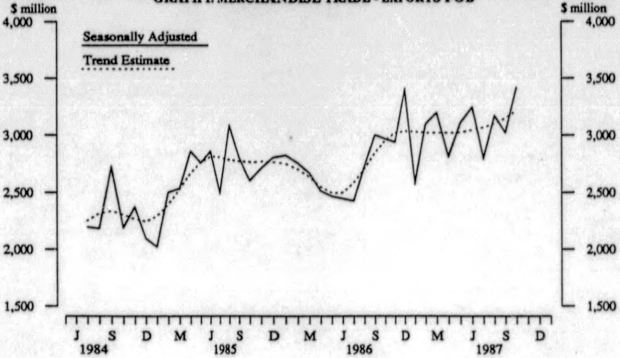
The balance on merchandise trade recorded a deficit of $78 million in October, a decrease of $252 million on the September deficit. Exports rose 11 per cent, chiefly due to rises in wool and petroleum exports, whilst imports increased by 2 per cent.

The net services deficit decreased by $133 million in October mainly reflecting seasonal influences on travel.

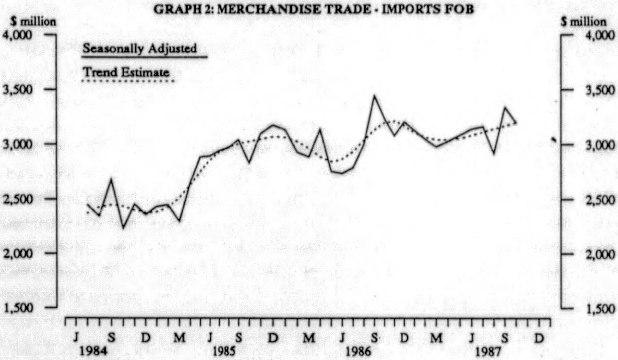
The net income deficit at $1,006 million was $198 million higher than the September deficit, mainly as a result of increased official interest payable abroad. The net unrequited transfers surplus rose by $17 million.

The trade weighted index of the value of the Australian dollar (base May 1970 = 100) averaged 55.3 for October, down 1.8 per cent on the index for the previous month but up 4.5 per cent on the October 1986 index. Compared with September on a period-average basis, the dollar fell 1.8 per cent against the $US.

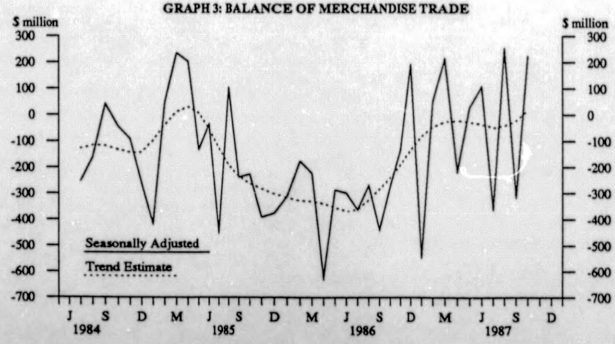
GRAPH 1: MERCHANDISE TRADE - EXPORTS FOB



GRAPH 2: MERCHANDISE TRADE - IMPORTS FOB



GRAPH 3: BALANCE OF MERCHANDISE TRADE



ANALYSIS OF SELECTED MAJOR AGGREGATES

October 1987 -

The **merchandise trade** deficit of $78 million was $252 million lower than the previous month. In seasonally adjusted terms the balance on merchandise trade was in surplus by $224 million, a turnaround of $540 million from the September deficit. The trend estimate for the balance moved to a small surplus in October, following a gradual reduction in the deficit after July 1987.

Exports f.o.b. rose $317 million or 11 per cent. Rural exports were up $113 million or 10 per cent. The major increase was in wool and sheepskins, up $148 million or 50 per cent, mainly due to the increased volume of greasy wool exported. Meat and meat preparations showed a small rise of $17 million or 9 per cent, while all other categories recorded falls of around $10 to $20 million. Non-rural exports increased by $204 million or 11 per cent. All non-rural categories rose with the major increases in "other" mineral fuels, up $68 million or 54 per cent, metal ores and minerals, up $41 million or 10 per cent, machinery and transport, up $38 million or 19 per cent, and metals and metal manufactures, up $37 million or 12 per cent. The table below shows gold exports on a monthly basis since August 1986 and on an annual basis for the last three financial years.

Value of Gold Exports(a)
(not seasonally adjusted)
$ million

Period	Gold Coin(b)	Other Gold(c)	Total
Years -			
1984-85	-	554	554
1985-86	1	786	787
1986-87	204	1348	1552
Months -			
1986-87			
August	1	101	102
September	-	90	90
October	-	88	88
November	-	143	143
December	2	107	109
January	5	124	129
February	10	181	191
March	5	98	103
April	2	114	116
May	85	96	181
June	94	134	228
1987-88			
July	59	115	174
August	-	168	168
September	-	132	132
October	-	157	157

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

In **seasonally adjusted** terms, exports f.o.b. rose $400 million or 13 per cent. The trend estimate for exports continued to show the increase evident since February 1987.

Imports f.o.b. rose $65 million or 2 per cent. The main increases were in machinery and transport equipment, up $49 million or 4 per cent, food beverages and tobacco up $19 million or 12 per cent and "other imports", up $31 million or 4 per cent. These increases were partly offset by falls of $21 million in metals and metal manufactures and $28 million in basic materials.

Exogenous imports fell by $20 million or 6 per cent. The October estimate of exogenous imports included two civil aircraft (imported by Ansett Airlines and Qantas) valued at $23 million while the September estimate included one civil aircraft valued at $12 million. **Endogenous imports** rose by $85 million or 3 per cent.

In **seasonally adjusted** terms, imports f.o.b. fell by $140 million or 4 per cent. The October trend estimate for imports continued the upward trend of previous months.

The **net services** deficit fell to $241 million, down $133 million or 36 per cent. Services credits rose $61 million or 10 per cent mainly due to a seasonal increase in foreign travellers' expenditure in Australia. Services debits fell $72 million or 7 per cent, due to a seasonal decrease in Australian travellers' expenditure abroad and a reduction in expenditure on port services etc abroad by Australian residents.

The **net income** deficit, at $1,006 million, rose by $198 million or 25 per cent, mainly due to increased interest payable abroad by the official sector.

Net unrequited transfers recorded a surplus of $145 million, up $17 million or 13 per cent, mainly due to a rise in interest withholding taxes receivable and migrant transfers.

The **capital transactions** of the **official sector** recorded a net inflow of $612 million, a turnaround of $1,630 million on the net outflow for September. The October estimate consisted of a net outflow of $715 million on general government transactions (up $293 million on the September outflow) and an inflow of $1,327 million on Reserve Bank transactions (a turnaround of $1,923 million on the September outflow). The change on account of general government transactions was mainly due to borrowing, which yielded a net outflow of $773 million, up $393 million on the net outflow for September. This reflected higher repayments by the Commonwealth Government of its borrowing domiciled abroad (up $267 million) and a lower net inflow on account of similar borrowing by State governments (down $179 million). The net inflow yielded by Reserve Bank transactions followed a net outflow in September and was mainly the result of transactions in official reserve assets, which recorded a credit (i.e. a net decrease in these assets) of $1,344 million after a debit of $606 million in the previous month.

CHANGES IN THIS ISSUE

Commencing with this issue, changes have been introduced in the presentation and data content of some investment income and capital account items, which were foreshadowed in the two previous issues of this publication. The main changes are:

. the reclassification of the transactions of State government central borrowing authorities. These have been included in the general government sector; previously they were in the non-official sector. This change has particularly affected Table 4.

. the provision in Table 4 of a new series showing data on transactions in non-official public sector securities domiciled in Australia. This series has replaced the former series on non-official public sector (excluding trading banks) borrowing.

. a changed treatment of 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 have been two main consequences of this. First, the direct investment income transactions of banks, which were previously classified for practical reasons to the portfolio and other category of investment income, have now been recorded together with all other direct investment income transactions. Second, the interest payable abroad by public sector trading banks, which was formerly classified for practical reasons under the private sector, has now been recorded with all other public sector interest. These changes are particularly evident in Table 6.

Within Table 4, borrowing domiciled in Australia refers to 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 fixed interest tradeable securities. These securities are all tradeable.Borrowing domiciled abroad refers to all other forms of borrowing by the Australian general government sector ie borrowing on foreign capital markets.

Within borrowing domiciled abroad, **drawings** refers to those transactions that increase borrowing liabilities; examples include the drawdown of a new borrowing and the issue of non-equity securities on foreign capital markets. **Repayments** refers to those transactions that reduce liabilities; examples include the repayment of loans and the redemption of non-equity securities.

REVISIONS

Investment income credits and debits and general government capital transactions have been revised to reflect the changes in data content described under "Changes in this issue" and to take account of more up-to-date data from the Surveys of Foreign Investment.

Merchandise exports and imports have been revised as a result of revisions to foreign trade data and to timing and coverage adjustments applied to foreign trade data.

These and other less significant revisions, reflecting the latest results from other surveys and data sources, have resulted in consequential revisions to estimates of various balances in the accounts.

The revisions have mainly affected estimates for 1986-87. A particular consequence has been the downward revision of the deficit on current account for that year by $358 million.

EXPLANATORY NOTES

Introduction

1. This publication contains preliminary estimates of Australia's balance of payments for October 1987, together with revised estimates for previous months. Table 1 provides summary statistics covering both the current and capital accounts. Supplementary information is contained in Tables 2 to 6.

2. More comprehensive quarterly estimates will be available in the September quarter 1987 issue of the quarterly balance of payments publication (5302.0) to be released later this month .The explanatory notes and tables to that publication should be examined for more information on balance of payments statistics.

Accuracy, reliability and volatility

3. Care should be exercised in the use and interpretation of estimates in this publication. The sources available for the production of timely and reliable monthly estimates are limited and the initial estimates are made available very quickly by world standards. Consequently, the latest estimates in this publication, to a greater extent than estimates in quarterly and annual balance of payments publications, **are preliminary and subject to revision** as more complete and accurate information becomes available. Further, the more detailed estimates may be less accurate in relative terms than broader items and aggregates of which they form components.

4. **Particular care should be exercised in interpreting month-to-month movements** in original and seasonally adjusted series as short term movements cannot be assumed to indicate changes in trend. The monthly estimates are volatile, being subject to seasonal factors (except where adjusted in Table 2) and large irregular influences (which are not removed by seasonal adjustment). The irregular influences may reflect both random economic events and difficulties of statistical recording. The impact of the irregular influences upon the seasonally adjusted series is reduced by smoothing, as shown in Table 2 and the graphs on page 2.

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-resi-

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 Table 5, in which 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, services (including, in practice, a few types of goods), income and unrequited transfers. Detailed estimates are provided in Tables 2 and 3. Definitions of component series (including exogenous and endogenous imports) are provided in publication 5302.0.

Capital account

7. 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. Detailed estimates are provided in Table 4, and broad series definitions are provided in publication 5302.0.

Residual items

8. Due to lack of monthly data, certain aggregates in Tables 1 and 4 are derived as **residuals** after having first calculated those aggregates for which monthly information can be obtained or estimated.

9. **Non-official capital plus balancing item** is derived by subtracting official capital from the balance on capital account plus balancing item (which exactly offsets the balance on current account). The **other** component of non-official capital plus balancing item is in turn derived by subtracting the sum of public sector borrowing and public sector accounts receivable/prepayments made from total non-official capital plus balancing item.

Seasonal adjustment

10. 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 to bear in mind the methods by which they have been derived and the limitations to which the methods used are subject.

11. In carrying out seasonal adjustment of **merchandise 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 mo nths in different years. As additional original data and information become available estimates of these adjustment factors are revised at subsequent re-analyses. Details of the methods used in the seasonal adjustment of **merchandise exports f.o.b.** and **imports f.o.b.** are available on request.

12. Seasonal adjustment is a means of removing the estimated effects of normal seasonal variation from the series so that the effects of other influences on the series may be more clearly recognised. Seasonal adjustment procedures do not aim to remove the irregular or "non-seasonal" influences which may be present in any particular month, such as the effect of the import of large items of transport or defence equipment or of industrial disputes. Irregular influences that are highly volatile can make it difficult to interpret the movement of the series even after adjustment for seasonal variation.

13. The seasonally adjusted series can, however, be smoothed to reduce the impact of the irregular component in the adjusted series. There are a number of ways of accomplishing this, depending on the intended uses of the smoothed series. If importance is attached to measuring the underlying change in the most recent periods, moving averages employing appropriate weighting patterns should be adopted; the choice of averaging technique will determine in part the degree of smoothness of the derived series. For example, a 23-term moving average will generally even out more of the short term fluctuation in a series (and therefore appear "smoother") than will a 13-term moving average. However, the longer the term of the moving average the longer the time series affected by revisions resulting from more recent data. In order to ensure that the underlying **trend-cycle** of a series is reflected in the smoothed series, the degree of smoothness alone cannot always be used as the sole criterion in determining which moving average is appropriate.

14. Trend estimates of **merchandise exports f.o.b.** and **imports f.o.b.** are shown in Table 2. These trend estimates are derived by applying a 13-term Henderson-weighted moving average to the seasonally adjusted series.

15. While this technique enables trend data for the latest period to be produced, it does result in revisions to the trend estimates for the most recent months as additional observations become available. There may also be revisions as a result of changes in the original data, and as a result of the re-estimation of the seasonal factors. Details of **trend-cycle** weighting patterns are available on request.

Official reserve assets, exchange rates and the trade weighted index

16. Table 5 shows changes in **official reserve** assets which are included in the balance of payments, together with changes in those assets which are the result of revaluations. The table also shows the **exchange rate** of the Australian dollar with four major currencies and the Special **Drawing Right** , and a **trade weighted index** of the value of the Australian dollar. Daily figures are provided by the Reserve Bank and end-of-period and period-average figures are shown. For a fuller explanation of their compilation see publication 5302.0.

Related publications

17. 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 five days. The Catalogue and Publications Advice are available from any ABS office.

Symbols and Other Usages

na	not available
nei	not elsewhere included
nya	not yet available
-	nil or rounded to zero
..	not applicable

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

Electronic Services

VIATEL. Key *656# for selected current economic, social and demographic statistics

AUSSTATS. Thousands of up-to-date time series are available on this ABS on-line service through CSIRONET.

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Further information is available on (062) 52 5404.

IAN CASTLES
Australian Statistician

TABLE 1. BALANCE OF PAYMENTS $MILLION

	YEARS			MONTHS														
				1986-87											1987-88			
	1984-85	1985-86	1986-87	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT
CURRENT TRANSACTIONS -																		
GOODS AND SERVICES -																		
MERCHANDISE (a) -																		
Exports fob	29212	32200	35424	2644	2977	2966	2883	3357	2692	2845	3073	2813	3170	3433	2992	3140	3001	3318
Imports fob	-30093	-35622	-37192	-3100	-3421	-3557	-2936	-3043	-2975	-2804	-3056	-2896	-3049	-3251	-3448	-3020	-3331	-3396
BALANCE ON MERCHANDISE TRADE	-881	-3422	-1768	-456	-444	-591	-53	314	-283	41	17	-83	121	182	-456	120	-330	-78
SERVICES -																		
Credits	4934	5875	7210	538	497	592	632	664	669	643	658	610	608	591	607	646	613	674
Debits	-8922	-9764	-10096	-885	-898	-877	-782	-847	-885	-751	-827	-802	-822	-864	-934	-891	-987	-915
NET SERVICES	-3988	-3889	-2886	-347	-401	-285	-150	-183	-216	-108	-169	-192	-214	-273	-327	-245	-374	-241
BALANCE ON GOODS AND SERVICES	-4869	-7311	-4654	-803	-845	-876	-203	131	-499	-67	-152	-275	-93	-91	-783	-125	-704	-319
INCOME																		
Credits	1848	2206	2328	214	181	150	147	212	188	204	174	189	245	249	228	267	233	194
Debits	-8416	-10266	-12252	-833	-845	-1097	-897	-957	-1092	-1086	-1050	-1147	-1194	-1107	-1014	-1082	-1041	-1200
NET INCOME	-6568	-8060	-9924	-619	-664	-947	-750	-745	-904	-882	-876	-958	-949	-858	-786	-815	-808	-1006
UNREQUITED TRANSFERS																		
Credits	2016	2532	3041	233	218	263	250	263	285	253	255	265	254	271	271	266	251	271
Debits	-1654	-1700	-1693	-98	-97	-176	-100	-120	-224	-125	-119	-189	-122	-160	-108	-127	-123	-126
NET UNREQUITED TRANSFERS	362	832	1348	135	121	87	150	143	61	128	136	76	132	111	163	139	128	145
BALANCE ON CURRENT ACCOUNT	-11075	-14539	-13230	-1287	-1388	-1736	-803	-471	-1342	-821	-892	-1157	-910	-838	-1406	-801	-1384	-1180
NET CAPITAL TRANSACTIONS -																		
OFFICIAL -																		
General Government	3743	5426	5761	-46	385	549	1325	-221	732	231	1093	1254	676	360	744	240	-422	-715
Reserve Bank -																		
Reserve assets	1521	2138	-3394	916	269	-1045	-2240	-785	2342	853	-1629	-2505	-14	-1161	-401	-849	-606	1344
Other	-10	-16	18	-19	-3	-	-	8	-10	8	2	3	3	11	-6	-5	10	-17
Total	1511	2122	-3376	897	266	-1045	-2240	-777	2332	861	-1627	-2502	-11	-1150	-407	-854	-596	1327
TOTAL OFFICIAL	5254	7548	2385	851	651	-496	-915	-998	3064	1092	-534	-1248	665	-790	337	-614	-1018	612
NON-OFFICIAL PLUS BALANCING ITEM	5821	6991	10845	436	737	2232	1718	1469	-1722	-271	1426	2405	245	1628	1069	1415	2402	568
BALANCE ON CAPITAL ACCOUNT PLUS BALANCING ITEM	11075	14539	13230	1287	1388	1736	803	471	1342	821	892	1157	910	838	1406	801	1384	1180

(a) Balance of payments basis

TABLE 2. BALANCE OF PAYMENTS - CURRENT ACCOUNT - MERCHANDISE TRADE (BALANCE OF PAYMENTS BASIS) $MILLION

	YEARS			MONTHS														
				1986-87											1987-88			
	1984-85	1985-86	1986-87	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT
EXPORTS FOB(a) -																		
Rural exports fob -																		
Meat & meat preparations	1371	1699	2244	188	189	200	185	204	164	152	196	176	199	223	209	205	195	212
Cereals & cereal preparations	3855	3880	2783	194	216	220	214	284	207	235	207	249	235	243	208	198	222	211
Sugar, sugar preps. & honey	615	646	708	76	85	65	39	61	29	24	104	45	49	78	46	82	65	44
Wool & sheepskins	2573	3061	3889	237	200	254	295	394	386	362	358	347	436	386	305	306	294	442
Other (dairy produce, fruit etc)	2426	2958	3507	269	311	292	281	318	270	244	292	291	299	353	345	313	313	293
Total rural	10840	12244	13131	964	1001	1031	1014	1261	1056	1017	1157	1108	1218	1283	1113	1104	1089	1202
Non-rural exports fob -																		
Metal ores & minerals	4722	5005	4956	415	528	506	457	473	303	344	393	329	388	456	387	446	432	473
Mineral fuels -																		
Coal, coke & briquettes	4665	5240	5456	413	499	484	395	561	419	438	416	421	420	514	344	383	413	424
Other	2360	2299	1515	90	112	120	204	101	109	147	159	136	179	119	123	157	127	195
Metals & metal manufactures	2512	2717	3141	269	299	230	233	275	242	258	277	236	290	296	290	358	299	336
Machinery & transport equipment	1654	1614	2629	173	184	245	186	339	163	245	277	227	220	227	288	218	204	242
Other	2459	3081	4596	320	354	350	394	347	400	396	394	356	455	538	447	474	437	446
Total non-rural	18372	19956	22293	1680	1976	1935	1869	2096	1636	1828	1916	1705	1952	2150	1879	2036	1912	2116
TOTAL EXPORTS FOB -																		
ORIGINAL	29212	32200	35424	2644	2977	2966	2883	3357	2692	2845	3073	2813	3170	3433	2992	3140	3001	3318
SEASONALLY ADJUSTED (b)	..	..	..	2735	3004	2967	2945	3405	2582	3101	3198	2815	3113	3247	2800	3174	3023	3423
TREND ESTIMATE (c)	..	..	..	2714	2849	2959	3023	3038	3030	3021	3023	3026	3033	3049	3068	3104	3153	3218
IMPORTS FOB (a) -																		
Food, beverages & tobacco	-1476	-1705	-1936	-151	-157	-207	-136	-170	-179	-174	-182	-155	-146	-136	-154	-169	-158	-177
Fuels	-2321	-1909	-1750	-155	-165	-166	-106	-205	-128	-118	-175	-111	-136	-181	-161	-79	-172	-182
Basic materials	-1052	-1109	-1178	-88	-94	-106	-89	-79	-85	-103	-97	-115	-115	-111	-121	-109	-127	-99
Chemicals (including plastics)	-2567	-3003	-3466	-239	-317	-313	-268	-273	-262	-288	-295	-308	-303	-327	-329	-324	-331	-337
Textiles, fabrics etc	-1452	-1669	-1830	-152	-158	-168	-138	-153	-135	-134	-155	-142	-161	-170	-184	-159	-170	-169
Metals & metal manufactures	-1462	-1695	-1845	-162	-184	-172	-143	-136	-130	-127	-167	-142	-154	-177	-208	-172	-190	-169
Machinery & transport equipment	-12820	-16188	-15897	-1368	-1458	-1546	-1368	-1252	-1294	-1069	-1233	-1246	-1297	-1399	-1401	-1200	-1317	-1366
Other	-6943	-8344	-9290	-785	-888	-879	-688	-775	-762	-791	-752	-677	-737	-750	-890	-808	-866	-879
TOTAL IMPORTS FOB -																		
ORIGINAL	-30093	-35622	-37192	-3100	-3421	-3557	-2936	-3043	-2975	-2804	-3056	-2896	-3049	-3251	-3448	-3020	-3331	-3396
Of which:																		
Exogenous (d)	-4237	-4539	-4458	-374	-482	-437	-441	-448	-312	-296	-296	-295	-441	-370	-287	-248	-340	-320
Endogenous (e)	-25856	-31083	-32734	-2726	-2939	-3120	-2495	-2595	-2663	-2508	-2760	-2601	-2608	-2881	-3161	-2772	-2991	-3076
SEASONALLY ADJUSTED (b)	..	..	..	-3003	-3445	-3238	-3080	-3211	-3127	-3051	-2984	-3030	-3086	-3141	-3163	-2921	-3339	-3199
TREND ESTIMATE (c)	..	..	..	-3038	-3134	-3200	-3213	-3171	-3110	-3067	-3048	-3049	-3061	-3086	-3116	-3145	-3174	-3198
BALANCE ON MERCHANDISE TRADE-																		
ORIGINAL	-881	-3422	-1768	-456	-444	-591	-53	314	-283	41	17	-83	121	182	-456	120	-330	-78
SEASONALLY ADJUSTED (b)	..	..	..	-268	-441	-271	-135	194	-545	50	214	-215	27	106	-363	253	-316	224
TREND ESTIMATE (c)	..	..	..	-324	-285	-241	-190	-133	-80	-46	-25	-23	-28	-37	-48	-41	-21	20

(a) For composition of component series, see paragraph 8 of the Explanatory Notes to the quarterly ABS publication 5302.0. (b) Seasonally adjusted exports fob and imports fob for November 1987 are expected to be obtained by dividing the original estimates by 1.00887 and 0.98303 respectively. Refer to paragraph 11 of the Explanatory Notes to 5301.0 (c) For a description of the estimation process, refer to paragraphs 13 to 15 of the Explanatory Notes. (d) Transactions in selected goods which are lumpy by nature, subject to government arrangements or significantly affected by factors other than the general level of economic activity in Australia e.g. fuels; defence equipment; and ships, aircraft and other large items of equipment acquired by selected public and private enterprises. (e) Goods other than those regarded as exogenous.

TABLE 3. BALANCE OF PAYMENTS - CURRENT ACCOUNT - SERVICES, INCOME AND UNREQUITED TRANSFERS $MILLION

	YEARS			MONTHS														
				1986-87											1987-88			
	1984-85	1985-86	1986-87	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT
SERVICES -																		
CREDITS -																		
Shipment	395	379	439	36	37	36	37	38	36	37	37	36	37	38	35	37	37	39
Other transportation	2092	2480	2849	222	200	236	240	255	270	249	266	234	234	233	237	250	247	258
Travel	1359	1801	2524	169	147	204	239	255	250	243	242	220	213	187	218	242	214	256
Other services	1088	1215	1398	111	113	116	116	116	113	114	113	120	124	133	117	117	115	121
TOTAL SERVICES CREDITS	4934	5875	7210	538	497	592	632	664	669	643	658	610	608	591	607	646	613	674
DEBITS -																		
Shipment	-2539	-2827	-2847	-249	-266	-274	-217	-239	-230	-213	-232	-213	-224	-237	-246	-229	-250	-253
Other transportation	-2093	-2232	-2089	-184	-185	-178	-165	-174	-181	-162	-169	-163	-170	-175	-193	-188	-235	-200
Travel	-2618	-2730	-2928	-283	-278	-244	-222	-242	-278	-185	-223	-235	-236	-246	-303	-283	-311	-270
Other services	-1672	-1975	-2232	-169	-169	-181	-178	-192	-196	-191	-203	-191	-192	-206	-192	-191	-192	-192
TOTAL SERVICES DEBITS	-8922	-9764	-10096	-885	-898	-877	-782	-847	-885	-751	-827	-802	-822	-864	-934	-891	-987	-915
NET SERVICES	-3988	-3889	-2886	-347	-401	-285	-150	-183	-216	-108	-169	-192	-214	-273	-327	-245	-374	-241
INCOME -																		
CREDITS -																		
Property income -																		
Investment income -																		
Reinvested earnings (a)	315	640	720	60	60	60	60	60	60	60	60	60	60	60	76	77	77	76
Other (b)	1194	1244	1207	120	87	56	53	113	92	119	82	96	150	155	114	153	119	77
Other property income	130	109	167	12	12	15	16	19	15	9	13	15	15	15	14	14	14	19
Labour and other income	209	213	234	22	22	19	18	20	21	16	19	18	20	19	24	23	23	22
TOTAL INCOME CREDITS	1848	2206	2328	214	181	150	147	212	188	204	174	189	245	249	228	267	233	194
DEBITS -																		
Property income -																		
Investment income -																		
Official	-963	-1611	-2414	-137	-145	-316	-125	-179	-227	-226	-184	-208	-255	-171	-169	-230	-190	-364
Non-official -																		
Reinvested earnings (a)	-594	-888	-1000	-84	-83	-83	-84	-83	-83	-84	-83	-83	-84	-83	-67	-67	-67	-67
Other	-6005	-6942	-7917	-564	-565	-614	-615	-614	-694	-694	-695	-767	-766	-766	-710	-714	-715	-678
Other property income	-689	-629	-668	-30	-34	-64	-49	-57	-64	-59	-64	-68	-68	-67	-46	-46	-46	-66
Labour and other income	-165	-196	-253	-18	-18	-20	-24	-24	-24	-23	-24	-21	-21	-20	-22	-25	-23	-25
TOTAL INCOME DEBITS	-8416	-10266	-12252	-833	-845	-1097	-897	-957	-1092	-1086	-1050	-1147	-1194	-1107	-1014	-1082	-1041	-1200
NET INCOME	-6568	-8060	-9924	-619	-664	-947	-750	-745	-904	-882	-876	-958	-949	-858	-786	-815	-808	-1006
UNREQUITED TRANSFERS -																		
CREDITS	2016	2532	3041	233	218	263	250	263	285	253	255	265	254	271	271	266	251	271
DEBITS -																		
Official	-950	-980	-947	-37	-36	-112	-35	-56	-163	-63	-57	-126	-60	-98	-46	-63	-58	-59
Non-official (c)	-704	-720	-746	-61	-61	-64	-65	-64	-61	-62	-62	-63	-62	-62	-62	-64	-65	-67
TOTAL	-1654	-1700	-1693	-98	-97	-176	-100	-120	-224	-125	-119	-189	-122	-160	-108	-127	-123	-126
NET UNREQUITED TRANSFERS	362	832	1348	135	121	87	150	143	61	128	136	76	132	111	163	139	128	145

(a) From July 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 publication 5302.0. (b) Up to and including June 1985, this income is recorded after deducting withholding tax on both interest and dividends. From July 1985, withholding tax is not deducted. (c) From July 1985 includes withholding tax.

TABLE 4. BALANCE OF PAYMENTS - CAPITAL ACCOUNT AND BALANCING ITEM $MILLION

	YEARS			MONTHS														
				1986-87											1987-88			
	1984-85	1985-86	1986-87	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT
NET CAPITAL TRANSACTIONS -																		
GENERAL GOVERNMENT -																		
Borrowing -																		
Domiciled abroad -																		
Commonwealth Government -																		
Drawings	1807	2876	3084	-	442	630	931	267	-	-	814	-	-	-	-	-	-	-
Repayments	-880	-1605	-2359	-55	-359	-257	-7	-244	-56	-375	-206	-	-213	-42	-187	-230	-6	-273
Total	928	1271	725	-55	83	373	924	23	-56	-375	608	-	-213	-42	-187	-230	-6	-273
State government	1216	1461	2524	32	52	85	247	-24	365	240	136	573	253	436	185	239	242	63
Total domiciled abroad	2144	2732	3249	-23	135	458	1171	-1	309	-135	744	573	40	394	-2	9	236	-210
Domiciled in Australia	1987	2877	3096	-67	304	78	105	23	410	296	455	672	612	421	711	242	-616	-563
Total borrowing	4131	5609	6345	-90	439	536	1276	22	719	161	1199	1245	652	815	709	251	-380	-773
Other	-388	-183	-584	44	-54	13	49	-243	13	70	-106	9	24	-455	35	-11	-42	58
TOTAL GENERAL GOVERNMENT	3743	5426	5761	-46	385	549	1325	-221	732	231	1093	1254	676	360	744	240	-422	-715
RESERVE BANK -																		
Reserve assets -																		
Official reserve assets	1521	2138	-3394	916	269	-1045	-2240	-785	2342	853	-1629	-2505	-14	-1161	-401	-849	-606	1344
Allocation of SDRs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-10	-16	18	-19	-3	-	-	8	-10	8	2	3	3	11	-6	-5	10	-17
TOTAL RESERVE BANK	1511	2122	-3376	897	266	-1045	-2240	-777	2332	861	-1627	-2502	-11	-1150	-407	-854	-596	1327
NON-OFFICIAL PLUS BALANCING ITEM-																		
Public sector -																		
Non equity securities domiciled in Australia	435	385	84	-23	57	-120	-22	80	-7	47	35	24	37	88	147	-73	67	1
Accounts receivable/prepayments made	-634	-60	-6	-75	-28	-47	76	17	23	-23	-28	32	65	-4	-25	-56	82	11
Other (including balancing item) (a)	6020	6666	10767	534	708	2399	1664	1372	-1738	-295	1419	2349	143	1544	947	1544	2253	556
TOTAL NON-OFFICIAL PLUS BALANCING ITEM	5821	6991	10845	436	737	2232	1718	1469	-1722	-271	1426	2405	245	1628	1069	1415	2402	568
BALANCE ON CAPITAL ACCOUNT PLUS BALANCING ITEM	11075	14539	13230	1287	1388	1736	803	471	1342	821	892	1157	910	838	1406	801	1384	1180

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

TABLE 5. OFFICIAL RESERVE ASSETS AND EXCHANGE RATES

	YEARS			MONTHS														
				1986-87											1987-88			
	1984-85	1985-86	1986-87	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT
OFFICIAL RESERVE ASSETS ($ MILLION) -																		
Levels at end of year/month	13517(b)	13024	17594	12686	12615	13316	15146	15561	13846	12604	13866	16868	16787	17594	18512	19316	19557	19858
Changes in levels	(c)	-493	4570	-753	-71	701	1830	415	-1715	-1242	1262	3002	-81	807	918	804	241	301
Of which -																		
Changes due to effects of revaluations	(c)	1645	1176	163	198	-344	-410	-370	627	-389	-367	497	-95	-354	517	-45	-364	1644
Changes included in the balance of payments (a)	-1521	-2138	3394	-916	-269	1045	2240	785	-2342	-853	1629	2505	14	1161	401	849	606	-1344
EXCHANGE RATES -																		
UNITS OF FOREIGN CURRENCY PER $A -																		
END OF YEAR/MONTH (d) -																		
United States dollar	0.6655	0.6772	0.7203	0.6085	0.6274	0.6420	0.6488	0.6648	0.6608	0.6748	0.7053	0.7048	0.7137	0.7203	0.6978	0.7124	0.7194	0.6757
United Kingdom pound	0.5136	0.4414	0.4494	0.4120	0.4360	0.4565	0.4531	0.4525	0.4308	0.4363	0.4379	0.4234	0.4399	0.4494	0.4375	0.4366	0.4420	0.3939
West German mark	2.030	1.485	1.319	1.251	1.267	1.318	1.285	1.295	1.180	1.231	1.269	1.260	1.303	1.319	1.294	1.293	1.324	1.172
Japanese yen	165.68	110.96	105.79	94.99	96.34	103.80	105.27	106.37	100.61	103.28	102.85	98.41	103.07	105.79	104.24	101.30	105.54	93.80
Special drawing right	0.6668	0.5781	0.5634	0.5032	0.5182	0.5339	0.5375	0.5448	0.5174	0.5338	0.5486	0.5421	0.5534	0.5634	0.5515	0.5530	0.5626	0.5101
PERIOD AVERAGE (e) -																		
United States dollar	0.7754	0.6999	0.6636	0.6122	0.6210	0.6382	0.6446	0.6596	0.6602	0.6663	0.6870	0.7110	0.7141	0.7176	0.7085	0.7074	0.7269	0.7140
United Kingdom pound	0.6360	0.4866	0.4352	0.4119	0.4221	0.4468	0.4524	0.4590	0.4387	0.4367	0.4317	0.4363	0.4280	0.4408	0.4399	0.4426	0.4419	0.4305
West German mark	2.381	1.753	1.280	1.264	1.268	1.278	1.306	1.314	1.228	1.217	1.260	1.287	1.276	1.306	1.309	1.313	1.317	1.288
Japanese yen	193.12	140.48	101.37	94.30	96.10	99.60	105.00	107.10	102.10	102.30	104.10	101.60	100.20	103.74	106.44	104.38	104.05	102.47
Special drawing right	0.7821	0.6387	0.5345	0.5066	0.5130	0.5267	0.5379	0.5463	0.5277	0.5279	0.5412	0.5505	0.5474	0.5576	0.5579	0.5578	0.5626	0.5521
TRADE-WEIGHTED INDEX OF VALUE OF THE AUSTRALIAN DOLLAR (MAY 1970 = 100)																		
End of year/month (d)	65.0	56.3	56.6	50.3	51.9	54.0	54.3	55.0	52.8	54.1	55.4	54.5	55.8	56.6	55.3	55.2	56.2	51.7
Period average (e)	75.5	62.3	53.8	50.4	51.4	52.9	54.2	55.2	53.5	53.6	54.9	55.5	55.2	56.1	56.1	55.8	56.3	55.3

(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.

TABLE 6. INVESTMENT INCOME

$ MILLION

	YEAR			QUARTERS ENDED-					
				1985-86		1986-87			
	1984-85	1985-86	1986-87	MAR	JUN	SEP	DEC	MAR	JUN
INVESTMENT INCOME CREDITS									
Official -									
General government	24	37	22	10	7	7	5	5	5
Reserve Bank (a)	831	598	531	134	144	141	115	115	160
Total official	855	635	553	144	151	148	120	120	165
Non-official -									
Direct investment income(b)-									
Reinvested earnings	315	640	720	160	160	180	180	180	180
Distributed earnings -									
Remitted profits	36	70	33	3	3	16	2	8	7
Dividends (c)	129	335	427	113	55	46	60	64	257
Interest (c)	-22	-108	-250	-33	-50	-41	-48	-36	-125
Total	143	297	210	83	8	21	14	36	139
Total direct investment income	458	937	930	243	168	201	194	216	319
Portfolio and other investment income (b) (c) -									
Dividends	36	60	158	12	21	25	51	52	30
Interest	160	252	286	78	70	97	37	85	67
Total	196	312	444	90	91	122	88	137	97
Total non-official	654	1249	1374	333	259	323	282	353	416
Total investment income credits	1509	1884	1927	477	410	471	402	473	581
INVESTMENT INCOME DEBITS									
Official -									
General government -									
Interest on borrowing domiciled abroad	-661	-1009	-1463	-246	-211	-365	-419	-356	-323
Interest on borrowing domiciled in Australia	-270	-579	-929	-183	-203	-158	-190	-275	-306
Total	-931	-1588	-2392	-429	-414	-523	-609	-631	-629
Reserve Bank (d)	-32	-23	-22	-6	-5	-	-11	-6	-5
Total official	-963	-1611	-2414	-435	-419	-523	-620	-637	-634
Non-official -									
Direct investment income (e) -									
Reinvested earnings	-594	-888	-1000	-222	-222	-250	-250	-250	-250
Distributed earnings -									
Remitted profits	-440	-185	-142	-31	-26	-32	-69	-30	-11
Dividends	-645	-751	-656	-124	-113	-230	-220	-95	-111
Interest	-516	-644	-687	-150	-154	-161	-171	-193	-162
Total	-1601	-1580	-1485	-305	-293	-423	-460	-318	-284
Total direct investment income	-2195	-2468	-2485	-527	-515	-673	-710	-568	-534
Portfolio and other investment income (b) -									
Dividends	-532	-541	-1000	-178	-217	-93	-150	-306	-451
Interest -									
Public sector	-1229	-1673	-1872	-573	-422	-425	-418	-539	-490
Private sector	-2643	-3148	-3560	-797	-907	-751	-815	-920	-1074
Total	-3872	-4821	-5432	-1370	-1329	-1176	-1233	-1459	-1564
Total portfolio and other investment income	-4404	-5362	-6432	-1548	-1546	-1269	-1383	-1765	-2015
Total non-official	-6599	-7830	-8917	-2075	-2061	-1942	-2093	-2333	-2549
Total investment income debits	-7562	-9441	-11331	-2510	-2480	-2465	-2713	-2970	-3183

(a) Also includes interest / remuneration received from the IMF on behalf of the Commonwealth Government.(b) From September quarter 1985,the entries are not strictly comparable with entries for previous periods because of the change in definition of direct investment. See Appendix B to the December quarter 1985 issue of Balance of Payments, Australia (Catalogue number 5302.0).(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) Also includes interest/ charges paid to the IMF on behalf of the Commonwealth Government. (e) See footnote (b).