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# BALANCE OF PAYMENTS, AUSTRALIA, FEBRUARY 1984

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## MAIN FEATURES

***February 1984—***

**The current account deficit of $564 million was up $177 million on January 1984, reflecting a turnaround (from surplus to deficit) of $297 million in the trade account partially offset by a decline of $120 million in the net invisibles deficit.**

**The net apparent capital inflow was $295 million, up $69 million on January 1984.**

**Net official monetary movements recorded a deficit of $269 million, an increase of $108 million on the deficit for the previous month.**

**Note:**

**NEW FOREIGN EXCHANGE ARRANGEMENTS**

***Effective from 12 December 1983, the Government floated the Australian dollar and abolished a major part of existing exchange controls. One effect of these changes was to expand the scope for the non-official sector to hold foreign currency balances. Therefore the composition of transactions covered by net official monetary movements and net apparent capital inflow has changed.***

***Consequently net official monetary movements no longer serves as a comprehensive measure of the overall surplus or deficit in the balance of payments.***

***The changes in the composition of transactions covered by net official monetary movements and net apparent capital inflow should be borne in mind in comparing the December 1983 and subsequent months' estimates with estimates for earlier months.***

***The composition of current account items is generally unaffected by the changed foreign exchange arrangements.***

## ANALYSIS OF SELECTED MAJOR AGGREGATES

**February 1984—**

*Exports f.o.b.* were $1,894 million, down $203 million or 10 per cent on January 1984. Rural exports fell by 15 per cent while non-rural exports fell by 5 per cent. All rural commodity groups fell, apart from cereals which remained virtually unchanged. The largest fall was recorded in the exports of wool and sheepskins which were down by 45 per cent. Within non-rural, rises in exports of metal ores and minerals, up 20 per cent, machinery and transport equipment, up 45 per cent, and metals and metal manufactures, up 10 per cent, were more than offset by falls in all other broad non-rural commodity groups. Seasonally adjusted, exports fell 9 per cent.

*Imports f.o.b.* of $2,010 million were up $94 million or 5 per cent on January 1984. All broad commodity groups posted rises of between 10 per cent and 25 per cent except metals and metal manufactures, which was virtually unchanged and machinery and transport equipment, which fell 5 per cent.

*Government capital* recorded an outflow of $38 million and takes account of the final drawing of £UK 75 million ($A107 million) on a £UK100 million borrowing which was more than offset by the repayment of a SF250 million ($A121 million) borrowing.

**Eight months ended February 1984—**

The *current account deficit* of $3,850 million was down $324 million on the deficit for the period July 1983 to February 1984, reflecting a turnaround (from deficit to surplus) of $1,146 million in the *balance of trade* partially offset by an increase in the *net invisibles* deficit of $822 million.

*Export f.o.b.* were $15,491 million, up $1,797 million or 13 per cent on the corresponding period of the previous financial year. Rural exports rose by 4 per cent. All broad rural commodity groups recorded increases with the exception of meat and meat preparations which fell by 14 per cent. Non-rural exports rose 19 per cent, with all broad non-rural commodity groups recording increases. The largest contributors to the increase were metal ores and minerals, and coal.

*Imports f.o.b.* of $15,120 million were up $651 million or 4 per cent on the eight months ended February 1983. Significant falls were recorded in imports of fuels and metals and metals manufactures down by about 40 per cent and 20 per cent respectively. More than offsetting these falls were rises of between 20 per cent and 30 per cent in imports of all broad commodity groups except machinery and transport equipment, which rose only 5 per cent.

The *net invisibles deficit* of $4,221 million was $822 million or 24 per cent higher than for the eight months ending in February 1983. The increase of $1,365 million in invisible debits mainly reflects the cost of servicing the increased outstanding borrowings from abroad, and the estimated turnaround (from loss to profit) of $562 million in retained earnings of direct investment enterprises attributable to foreign direct investors. Partially offsetting this increase in debits was a rise of $543 million in invisible credits with the largest contribution coming from increased earnings on international reserves.

Net *government capital transactions* resulted in an inflow of $345 mllion, down $783 million on the same period last financial year. Contributing to the fall were a reduction in net government borrowings of $268 million and a turnaround (from an inflow to an outflow) of $516 million on account of other government transactions, largely arising from higher levels of prepayments associated with the purchase of large items of equipment.

The *net apparent capital inflow* of $6,549 million was up $848 million on the inflow for the corresponding period of the previous financial year.

*Net official monetary movements* recorded a surplus of $2,699 million which was $1,172 million higher than for the period July to February 1982-83.

## EXPLANATORY NOTES

**Introduction**

This issue contains, in Table 1, preliminary estimates of Australia's international balance of payments for the month of February 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 1979-80, 1980-81 and 1981-82 issues of 5303.0.

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 and government owned transport enterprises.

**Private capital and balancing item**

6. This aggregate covers private capital movements (i.e. 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 enterprise borrowings, the trade credit of marketing authorities 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 paragraph 8 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.

**Seasonal adjustment**

10. 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**

11. 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**

12. 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**

13. 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

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

**A. R. BAGNALL**
**Acting Australian Statistician**

## 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 |
| 1980-81 | 18,718 | -19,169 | -451 | 4,731 | -9,718 | -4,986 | -5,437 | -72 | 6,658 | 6,586 | 1,101 | 48 | 1,149 |
| 1981-82 | 19,089 | -22,379 | -3,290 | 5,024 | -10,576 | -5,552 | -8,842 | 505 | 9,691 | 10,196 | 1,364 | -10 | 1,354 |
| 1982-83 | 20,677 | -21,610 | -933 | 5,684 | -11,039 | -5,355 | -6,288 | 689 | 8,035 | 8,724 | 2,460 | -24 | 2,436 |
| *1982-83—* | | | | | | | | | | | | | |
| January | 1,770 | -1,535 | 235 | 477 | -994 | -517 | -282 | 260 | 382 | 642 | 384 | -23 | 360 |
| February | 1,491 | -1,611 | -120 | 457 | -832 | -375 | -495 | 26 | -589 | -563 | -1,081 | 23 | -1,058 |
| March | 1,676 | -1,845 | -169 | 568 | -948 | -380 | -549 | -110 | 880 | 771 | 215 | 7 | 222 |
| April | 1,513 | -1,548 | -35 | 432 | -944 | -512 | -547 | -7 | 1,541 | 1,533 | 995 | -9 | 986 |
| May | 1,966 | -1,801 | 165 | 487 | -981 | -494 | -329 | -244 | 466 | 222 | -120 | 13 | -107 |
| June | 1,828 | -1,947 | -119 | 481 | -1,051 | -570 | -689 | -79 | 575 | 497 | -215 | 23 | -192 |
| *1983-84—* | | | | | | | | | | | | | |
| July | 1,934 | -1,846 | 88 | 507 | -1,077 | -570 | -482 | -45 | 644 | 598 | 143 | -27 | 116 |
| August | 1,874 | -2,036 | -162 | 509 | -1,062 | -553 | -715 | 516 | 560 | 1,076 | 365 | -4 | 361 |
| September | 1,753 | -1,798 | -45 | 512 | -1,059 | -547 | -592 | -367 | 704 | 338 | -267 | 13 | -254 |
| October | 1,965 | -1,902 | 63 | 505 | -1,091 | -586 | -523 | 735 | 1,049 | 1,784 | 1,328 | -67 | 1,261 |
| November | 1,991 | -1,900 | 91 | 561 | -1,010 | -449 | -358 | -199 | 1,052 | 853 | 465 | 30 | 495 |
| December | 1,983 | -1,712 | 271 | 563 | -1,063 | -500 | -229 | -242 | 1,621 | 1,380 | 1,132 | 19 | 1,151 |
| January | 2,097 | -1,916 | 181 | 555 | -1,123 | -568 | -387 | -15 | 240 | 226 | -146 | -16 | -161 |
| February | 1,894 | -2,010 | -116 | 547 | -995 | -448 | -564 | -38 | 333 | 295 | -278 | 9 | -269 |
| *Eight months ended—* | | | | | | | | | | | | | |
| February 1983 | 13,694 | -14,469 | -775 | 3,716 | -7,115 | -3,399 | -4,174 | 1,128 | 4,574 | 5,701 | 1,585 | -58 | 1,527 |
| February 1984 | 15,491 | -15,120 | 371 | 4,259 | -8,480 | -4,221 | -3,850 | 345 | 6,203 | 6,549 | 2,741 | -42 | 2,699 |

(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) | | | |
|---|---|---|---|---|---|---|---|---|---|
| | *Exports f.o.b.* | *Imports f.o.b.* | *Securities* | *Other* | *Total* | *Trade credit of marketing authorities* | *Public non-monetary enterprise borrowings* | *Other* | *Total* |
| 1980-81 | .. | .. | -83 | 11 | -72 | 93 | 402 | 6,163 | 6,658 |
| 1981-82 | .. | .. | 558 | -53 | 505 | 83 | 1,164 | 8,444 | 9,691 |
| 1982-83 | .. | .. | 892 | -204 | 689 | 4 | 1,593 | 6,438 | 8,035 |
| *1982-83-* | | | | | | | | | |
| January | 1,795 | -1,637 | 91 | 168 | 260 | -1 | 106 | 277 | 382 |
| February | 1,601 | -1,681 | 35 | -9 | 26 | -40 | 122 | -671 | -589 |
| March | 1,673 | -1,701 | -24 | -85 | -110 | -42 | 102 | 820 | 880 |
| April | 1,588 | -1,711 | -5 | -3 | -7 | -9 | 77 | 1,472 | 1,541 |
| May | 1,799 | -1,740 | -254 | 10 | -244 | 16 | -29 | 479 | 466 |
| June | 1,716 | -1,882 | 55 | -134 | -79 | 13 | 14 | 548 | 575 |
| *1983-84-* | | | | | | | | | |
| July | 1,877 | -1,824 | 10 | -56 | -45 | 37 | 21 | 586 | 644 |
| August | 1,870 | -1,955 | 527 | -11 | 516 | 90 | 52 | 418 | 560 |
| September | 1,902 | -1,897 | -232 | -135 | -367 | 33 | 52 | 619 | 704 |
| October | 2,001 | -1,811 | 768 | -33 | 735 | 1 | 120 | 928 | 1,049 |
| November | 1,866 | -1,818 | -127 | -72 | -199 | 25 | 167 | 860 | 1,052 |
| December | 2,123 | -1,876 | -97 | -144 | -242 | -51 | 209 | 1,463 | 1,621 |
| January | 2,091 | -1,943 | 9 | -23 | -15 | -27 | 666 | -399 | 240 |
| February | 1,906 | -2,011 | -6 | -32 | -38 | (b) | 503 | (c)-170 | 333 |

(a) Includes private capital movements, non-official monetary sector transactions and the balancing item. (b) Not yet available; included in other private capital and balancing item. (c) Includes items 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)* |
|---|---|---|---|---|---|---|---|---|---|
| | *Changes included in the balance of payments* | *Changes due to effects of revaluations* | Reserve Bank series: *Changes in levels* | Reserve Bank series: *Levels at end of year/month* | *U.S.A. Dollar* | *U.K. Pound* | *Germany Fed. Rep. Mark* | *Japan Yen* | |
| 1980-81 | +1,101 | -1,072 | +29 | 5,709 | 1.1480 | 0.5895 | 2.747 | 259.51 | 92.9 |
| 1981-82 | +1,364 | -556 | +808 | 6,517 | 1.0223 | 0.5870 | 2.506 | 260.18 | 88.2 |
| 1982-83 | +2,460 | +1,771 | +4,231 | 10,748 | 0.8745 | 0.5730 | 2.228 | 209.38 | 77.7 |
| *1982-83—* | | | | | | | | | |
| January | +384 | +372 | +755 | 10,850 | 0.9718 | 0.6333 | 2.368 | 230.71 | 83.6 |
| February | -1,081 | +210 | -871 | 9,979 | 0.9606 | 0.6290 | 2.318 | 225.64 | 82.4 |
| March | +215 | +171 | +386 | 10,365 | 0.8629 | 0.5867 | 2.094 | 206.99 | 76.1 |
| April | +995 | +44 | +1,039 | 11,404 | 0.8680 | 0.5557 | 2.134 | 206.45 | 76.2 |
| May | -120 | -161 | -281 | 11,124 | 0.8820 | 0.5487 | 2.217 | 210.34 | 77.6 |
| June | -215 | -160 | -375 | 10,748 | 0.8745 | 0.5730 | 2.228 | 209.38 | 77.7 |
| *1983-84—* | | | | | | | | | |
| July | +143 | -23 | +120 | 10,868 | 0.8810 | 0.5777 | 2.328 | 212.45 | 78.8 |
| August | +365 | -64 | +301 | 11,169 | 0.8785 | 0.5870 | 2.368 | 216.71 | 79.6 |
| September | -267 | -230 | -497 | 10,672 | 0.8965 | 0.6001 | 2.365 | 212.43 | 80.4 |
| October | +1,328 | -379 | +949 | 11,621 | 0.9160 | 0.6133 | 2.408 | 214.05 | 81.7 |
| November | +465 | -76 | +389 | 12,009 | 0.9128 | 0.6226 | 2.466 | 213.73 | 82.0 |
| December | +1,132 | +209 | +1,341 | 13,350 | 0.9020 | 0.6205 | 2.451 | 209.22 | 81.1 |
| January | -146 | -408 | -554 | 12,796 | 0.9178 | 0.6526 | 2.584 | 215.48 | 83.5 |
| February | -278 | -145 | -423 | 12,373 | 0.9429 | 0.6326 | 2.457 | 220.07 | 84.2 |

(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.



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