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BALANCE OF PAYMENTS, AUSTRALIA, DECEMBER 1984

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MAIN FEATURES

December 1984

The balance of trade recorded a surplus of $138 million, a turnaround of $169 million from the deficit of $31 million in November 1984.

The deficit on current account was $517 million, down $270 million on the previous month, reflecting the turnaround in the trade account combined with a fall of $101 million in the net invisibles deficit.

Net apparent capital inflow, at $341 million, was $669 million down on November 1984.

Official reserve assets fell $223 million as a result of transactions after a rise of $213 million the previous month.

The trade weighted index of the value of the Australian dollar (base May 1970 = 100) stood at 81.3, down 2.6 per cent on the end of November 1984 but up 0.2 per cent on the end of December 1983. Through December 1984, the dollar fell against the $US (3.7 per cent), £UK (0.5 per cent), West German Mark (1.8 per cent) and the Japanese Yen (2.3 per cent).

Six months ended December 1984

The trade deficit was $627 million compared with a $171 million surplus for the half year ended December 1983.

The current account deficit of $4,820 million was $1,392 million higher than in the corresponding period in 1983, with the turnaround in the trade account being augmented by an increase of $594 million in the net invisibles deficit.

Net apparent capital inflow was estimated at $4,667 million, down $1,893 million on the first half of 1983-84.

Official reserve assets fell $112 million as a result of transactions in contrast with the substantial increase of $3,165 million for the same period the previous financial year.

ANALYSIS OF SELECTED MAJOR AGGREGATES

December 1984

Exports f.o.b. at $1,926 million were down $510 million or 21 per cent on November 1984. Rural and non-rural exports both fell, down 30 per cent and 16 per cent respectively. Within rural, exports of both cereals and sugar fell by between 50 per cent and 60 per cent while the remainder of rural exports fell about 15 per cent. Within non-rural exports the strongest falls were in coal, down about 35 per cent, and metal ores and minerals, down about 30 per cent.

Seasonally adjusted, exports f.o.b. fell 13 per cent.

Imports f.o.b. were $1,788 million, down $679 million or 28 per cent on November 1984. All broad import commodity groups recorded falls, the most significant being in petroleum which was down about 65 per cent.

Seasonally adjusted, imports f.o.b. fell 16 per cent.

Government capital movements resulted in a net inflow of $8 million following an inflow of $345 million in November 1984. A net inflow of $105 million from transactions in government securities, mainly comprising the net investment by non-residents in Australian dollar securities issued by the Commonwealth Government, was nearly offset by the net outflow on other government transactions, which was

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

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.

largely accounted for by prepayments made for major items of defence equipment.

Six months ended December 1984

Exports f.o.b. were $13,477 million, up $2,072 million or 18 per cent on the six months ended December 1983. An increase of about 110 per cent in cereal exports was the major reason for the 20 per cent rise in rural exports. Meat and sugar exports fell by about 20 per cent and 15 per cent respectively while wool exports displayed little change and other rural exports rose by about 15 per cent. All broad non-rural commodity groups (apart from metal ores and minerals which showed no change) contributed to the 17 per cent rise in non-rural exports, the most significant being coal, which was up about 40 per cent and accounted for almost half the increase.

Imports f.o.b. at $14,104 million were up $2,870 million or 26 per cent on the corresponding period last financial year. All broad commodity groups rose, with almost half the increase attributable to machinery and transport equipment, up about 30 per cent.

The **net invisibles** deficit of $4,193 million was $594 million or 17 per cent higher than the deficit in the six months ended December 1983. Invisible credits and debits rose 18 per cent and 17 per cent respectively, with the transportation, travel and property income items contributing most to both rises.

REVISIONS

The estimates for 1983-84 for property income debits (included in invisible debits), foreign investment in government securities domiciled in Australia (included in government capital) and foreign borrowings by public non-monetary enterprises in Australia have been revised in this issue. The revised figures are based on preliminary results for 1983-84 from the annual Survey of Foreign Investment which were recently published. In consequence, estimates for net invisibles, the balance on current account, net apparent capital inflow and private capital and balancing item for 1983-84 have also been revised.

EXPLANATORY NOTES

Introduction

This issue contains, in Table 1, preliminary estimates of Australia's international balance of payments for the month of December 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).

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
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
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	-13952	-7366	-7143	602	8391	8993	1855	-5	1850
1983-84-													
OCTOBER	1957	-1902	55	521	-1206	-685	-630	789	1104	1893	1328	-65	1263
NOVEMBER	1947	-1905	42	583	-1087	-504	-462	-120	1077	957	465	30	495
DECEMBER	1959	-1713	246	579	-1160	-581	-335	-225	1712	1486	1132	20	1151
JANUARY	2075	-1870	205	553	-1222	-669	-464	25	276	301	-146	-17	-163
FEBRUARY	1868	-1962	-94	541	-1091	-550	-644	-16	387	371	-278	5	-274
MARCH	1979	-2098	-119	602	-1152	-550	-669	-29	364	335	-328	-6	-334
APRIL	1991	-1614	377	571	-1153	-582	-205	124	-1	123	-64	-18	-82
MAY	2051	-2445	-394	571	-1242	-671	-1065	-28	1008	980	-137	52	-85
JUNE	2351	-2274	77	519	-1264	-745	-668	-95	418	323	-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	2436	-2467	-31	650	-1406	-756	-787	345	665	1010	213	10	223
DECEMBER	1926	-1788	138	660	-1315	-655	-517	8	332	341	-223	46	-176
SIX MONTHS ENDED -													
DEC. 1983	11405	-11234	171	3229	-6828	-3599	-3428	621	5939	6560	3165	-33	3132
DEC. 1984	13477	-14104	-627	3816	-8009	-4193	-4820	1019	3648	4667	-112	-41	-153

(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	..	..	1184	-582	602	-175	2289	6277	8391
1983-84-									
OCTOBER	1955	-1818	818	-29	789	22	131	951	1104
NOVEMBER	1883	-1847	-124	4	-120	-58	187	948	1077
DECEMBER	2068	-1885	-85	-140	-225	-34	192	1554	1712
JANUARY	2033	-1895	31	-6	25	-41	665	-348	276
FEBRUARY	1949	-1974	7	-23	-16	-21	451	-44	387
MARCH	2046	-2051	80	-109	-29	-64	259	169	364
APRIL	2070	-1769	115	10	124	-43	102	-61	-1
MAY	1821	-2290	-38	10	-28	-87	197	898	1008
JUNE	2343	-2301	41	-135	-95	-22	-28	468	418
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	-43	191	663	811
NOVEMBER	2377	-2423	329	16	345	-36	482	219	665
DECEMBER	2065	-2030	105	-96	8	(B)	707	-375(C)	332

(A) INCLUDES PRIVATE CAPITAL MOVEMENTS, NON-OFFICIAL MONETARY SECTOR TRANSACTIONS AND THE BALANCING ITEM.
(B) NOT YET AVAILABLE, INCLUDED IN ITEM MARKED (C). (C) INCLUDES ITEM MARKED (B).

TABLE 3. OFFICIAL RESERVE ASSETS AND EXCHANGE RATES

	OFFICIAL RESERVE ASSETS ($ MILLION)				EXCHANGE RATES (END OF YEAR/MONTH) UNITS OF FOREIGN CURRENCY PER $A				TRADE-WEIGHTED INDEX (END OF YEAR/MONTH) OF VALUE OF AUSTRALIAN DOLLAR, MAY 1970=100(A)
			RESERVE BANK SERIES						
	CHANGES INCLUDED IN THE BALANCE OF PAYMENTS	CHANGES DUE TO EFFECTS OF REVALUATIONS	CHANGES IN LEVELS	LEVELS AT END OF YEAR/MONTH	U.S.A. DOLLAR	U.K. POUND	GERMANY FED. REP. MARK	JAPAN YEN	
1981-82	1364	-556	808	6517	1.0223	0.5870	2.506	260.18	88.2
1982-83	2460	1771	4231	10748	0.8745	0.5730	2.227	209.38	77.7
1983-84	1855	-186	1669	12417	0.8613	0.6378	2.399	204.60	79.2
1983-84-									
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	(B)	(B)	12431(C)	0.8330	0.6696	2.526	204.67	80.3
OCTOBER	-170	-238	-408	12024	0.8487	0.6984	2.573	208.17	82.0
NOVEMBER	213	-171	42	12066	0.8596	0.7163	2.654	212.02	83.5
DECEMBER	-223	215	-8	12058	0.8278	0.7130	2.606	207.24	81.3

(A) THE TRADE-WEIGHTED INDEX IS CALCULATED BY THE RESERVE BANK AND IS AN INDEX OF THE AVERAGE VALUE OF THE AUSTRALIAN DOLLAR VIS A VIS CURRENCIES OF AUSTRALIA'S MAJOR TRADING PARTNERS. (B) NOT AVAILABLE, SEE FOOTNOTE (C).
(C) FROM SEPTEMBER 1984, FIGURES FOR OFFICIAL RESERVE ASSETS ARE NOT FULLY COMPARABLE WITH EARLIER DATA DUE TO CHANGES IN THE RESERVE BANK'S ACCOUNTING PROCEDURES.