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BALANCE OF PAYMENTS, AUSTRALIA, AUGUST 1984

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MAIN FEATURES

August 1984

The trade deficit widened $113 million in August 1984 to $380 million.

The current account deficit remained virtually unchanged at $962 million with the fall in the net invisibles deficit in the month almost offsetting the larger trade deficit.

The net apparent capital inflow was estimated at $1,207 million, up $179 million on July 1984. Net official monetary movements, which took account of proceeds of government borrowings overseas, recorded a surplus of $245 million.

The trade weighted index of the value of the Australian dollar (base May 1970 = 100) stood at 80.1, up 1.8 per cent on the end of July 1984 and 0.6 per cent on the end of August 1983. Through August 1984, the dollar rose against the $US (2.3 per cent), £UK (1.8 per cent), the West German Mark (2.1 per cent) and the Japanese Yen (0.7 per cent).

Two months ended August 1984

The trade deficit was $647 million, up $536 million on the deficit for the same period in 1983.

The current account deficit of $1,922 million was $677 million higher than in the two months ended August 1983.

The net apparent capital inflow at $2,235 million was $513 million higher than for the same period the previous year. The surplus of $313 million on net official monetary movements was down $164 million.

ANALYSIS OF SELECTED MAJOR AGGREGATES

August 1984

Exports f.o.b. at $2,172 million were down $146 million or 6 per cent from the level of July 1984. Rural and non-rural exports both fell, down 3 per cent and 8 per cent respectively. Within rural, rises of about 30 per cent in meat and 20 per cent in sugar were more than offset by falls in the remaining groups, the most significant being in cereals, down about 15 per cent. Within non-rural, an increase in coal (about 20 per cent) partially offset the falls in mineral fuels other than coal (down about 35 per cent), metals and metal manufactures (also down about 35 per cent) and machinery and transport equipment (down about 25 per cent). The remaining non-rural broad commodity groups recorded little change on July.

Seasonally adjusted, exports f.o.b. fell 1 per cent.

Imports f.o.b. were $2,552 million, down $33 million or 1 per cent on July 1984. Imports of machinery and transport equipment fell by $272 million, largely reflecting the delivery in the previous month of a naval frigate valued at $280 million. "Basic materials" was the only other broad import commodity group to record a fall (down 10 per cent). The most significant rise was recorded in petroleum imports which, at $332 million, were nearly double their July level.

Seasonally adjusted, imports f.o.b. fell 3 per cent.

Government capital movements yielded a net inflow of $291 million, down $82 million on the inflow for July 1984. Transactions in **government securities** accounted for a net inflow of $287 million, which mainly comprised the final drawing of Yen 50 billion ($A244 million) of a Yen 100 billion borrowing, the proceeds of a Yen 50 billion ($A244 million) bond issue and partially offsetting loan repayments of $231 million.

Two months ended August 1984

Exports f.o.b. were $4,490 million, up $700 million or 18 per cent on the corresponding period last financial year. Rural exports rose 32 per cent with the strongest increase being recorded in cereals. Cereal exports, at $580 million, were nearly triple their July-August 1983 value. Non-rural exports rose 12 per cent. All broad non-rural export commodity groups recorded rises except metal ores and minerals, down about 20 per cent, and metals and metal manufactures, down about 15 per cent. The strongest rise was in mineral fuels, up about 55 per cent.

Imports f.o.b. were $5,137 million, up $1,236 million or 32 per cent on the two months ended August 1983. Increases occurred in all broad commodity groups, the largest increase being in machinery and transport equipment (up about 40 per cent, with about half this rise due to the import of the naval frigate in July 1984) and the smallest in food, beverages and tobacco (up 10 per cent).

The **net invisibles** deficit of $1,275 million was $141 million or 12 per cent higher than for the same two months last financial year. Invisible credits and debits rose 16 per cent and 14 per cent respectively. For both credits and debits the property income items showed the largest rises, up $73 million or 34 per cent for credits and $170 million or 21 per cent for debits.

Net **government capital** transactions resulted in an inflow of $664 million, up $180 million on the corresponding two months of the previous financial year. While the inflow on account of transactions in government securities fell $15 million, other government capital transactions turned around (from an outflow to an inflow) by $195 million taking into account the reduction of Australian financial assets abroad associated with the delivery of the naval frigate.

EXPLANATORY NOTES

Introduction

This issue contains, in Table 1, preliminary estimates of Australia's international balance of payments for the month of August 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 and in the December quarter 1983, March quarter 1984 and June quarter 1984 issues of 5302.0.

2. Care should be exercised in interpreting monthly movements in the balance of payments, especially those of the most recent months. The sources available for the production of timely and reliable monthly estimates are limited. Consequently, estimates in this publication, to a greater degree than estimates in the quarterly and annual balance of payments publications, are subject to revision as more complete and more accurate information becomes available.

Visible trade

3. The figures for exports free-on-board (f.o.b.) and imports f.o.b. in Table 1 represent recorded trade figures adjusted in respect of coverage, timing and valuation for balance of payments purposes. The balance of trade is exports f.o.b. less imports f.o.b. Seasonally adjusted estimates for exports f.o.b. and imports f.o.b. are shown in Table 2.

Invisibles

4. Invisibles includes transactions in services (transportation, travel, government and miscellaneous); property income; and unrequited transfers (such as foreign aid, gifts, donations and migrants' funds). Net invisibles is invisible credits less invisible debits.

Government capital

5. In Table 2, government securities includes net government borrowings from non-residents while other government capital mainly includes transactions in Australia's assets with, and liabilities to, international development financing institutions and trade credit transactions associated with the purchase abroad of major items of equipment by the defence services.

Private capital and balancing item

6. This aggregate covers private capital movements (ie foreign investment in enterprises in Australia, Australian investment abroad, trade credit n.e.i.), non-official monetary sector transactions and the balancing item (i.e. net errors and omissions). Within this aggregate, separate details are shown in Table 2 for public non-monetary enterprises (borrowings and trade credit separately) and other (which includes the balancing item).

Net official monetary movements

7. The aggregate net official monetary movements, the main component of which is changes in official reserve assets, excludes changes that do not arise from international economic transactions.

Official reserve assets and exchange rates

8. Table 3 shows changes in official reserve assets which are included in the balance of payments, together with the adjustments made to the original Reserve Bank statistics to exclude changes in the Australian dollar value of reserve assets that are the result of revaluations. The table also shows the exchange rate of the Australian dollar with four major currencies and a trade weighted index of the value of the Australian dollar. These measures are provided by the Reserve Bank of Australia and relate to the last trading day of the month. For a fuller explanation of their compilation see paragraphs 8 to 10 of the Explanatory notes of the latest quarterly balance of payments publication (5302.0).

Residual items

9. Due to lack of monthly data certain aggregates in Tables 1 and 2 are derived as residuals after having first calculated those aggregates for which monthly information can be obtained or estimated. The aggregates which are derived as residuals are net apparent capital inflow, which is calculated by subtracting the balance on current account from net official monetary movements, and private capital and balancing item, which is derived by subtracting government capital from net apparent capital inflow.

Foreign exchange arrangements

10 Effective from 12 December 1983 the Government floated the Australian dollar. An appendix to the March 1984 issue of this publication explains in detail how the interpretation of balance of payments statistics has been affected by the change.

Seasonal adjustment

11. In carrying out seasonal adjustment of exports f.o.b. and imports f.o.b. account is taken not only of seasonal factors, but also of 'trading-day' effects (arising from the varying numbers of Sundays, Mondays, etc. in the month) which may affect figures for different months in different years. Details of the methods used in the seasonal adjustment of these series are given in **Seasonally Adjusted Indicators, Australia** (1308.0). The statistics are also subject to large irregular influences which are not removed by seasonal adjustment and may be affected by changes in the composition of exports and imports. For these reasons, particular care should be exercised in interpreting individual month-to-month movements.

Presentation

12. In Tables 1 and 2, a minus sign (-) denotes: a debit for aggregates in the current account; an outflow for components of capital inflow (net); and for monetary movements, a decrease in assets or an increase in liabilities.

Available longer-term and more detailed monthly series

13. Estimates for months prior to that shown in this publication and in more detail are available and can be obtained by contacting Mr John Lazanis on Canberra (062) 52 5507.

Related publications

14. Current publications produced by the ABS are listed in the **Catalogue of Publications, Australia** (1101.0). The ABS also issues, on Tuesdays and Fridays, a **Publications Advice** (1105.0) which lists publications to be released in the next few days. The Catalogue and Publications Advice are available from any ABS office.

Symbols and other usages

.. not applicable

\- nil or rounded to zero

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

R.J. CAMERON
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TABLE 1. BALANCE OF PAYMENTS
($ MILLION)

	CURRENT ACCOUNT							CAPITAL INFLOW (NET)			OFFICIAL MONETARY MOVEMENTS		
	VISIBLE TRADE			INVISIBLES			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
	EXPORTS F.O.B.	IMPORTS F.O.B.	BALANCE OF TRADE	INVISIBLE CREDITS	INVISIBLE DEBITS	NET INVISIBLES							
1981-82	19083	-22379	-3296	5030	-10549	-5519	-8815	511	9658	10169	1364	-10	1354
1982-83	20656	-21610	-954	5873	-11107	-5234	-6188	796	7828	8624	2460	-24	2436
1983-84	23725	-23494	231	6594	-13522	-6928	-6697	416	8131	8547	1855	-5	1850
1982-83-													
JUNE	1811	-1947	-136	496	-1055	-559	-695	-122	624	503	-215	23	-192
1983-84-													
JULY	1914	-1853	61	516	-1088	-572	-511	-36	664	627	143	-27	116
AUGUST	1876	-2048	-172	518	-1080	-562	-734	520	575	1095	365	-4	361
SEPTEMBER	1752	-1813	-61	514	-1087	-573	-634	-341	721	380	-267	13	-254
OCTOBER	1957	-1902	55	516	-1140	-624	-569	736	1096	1832	1328	-65	1263
NOVEMBER	1947	-1905	42	578	-1021	-443	-401	-126	1022	896	465	30	495
DECEMBER	1959	-1713	246	571	-1094	-523	-277	-240	1669	1428	1132	20	1151
JANUARY	2075	-1870	205	565	-1190	-625	-420	15	242	257	-146	-17	-163
FEBRUARY	1867	-1962	-95	547	-1057	-510	-605	-22	354	332	-278	5	-274
MARCH	1979	-2098	-119	603	-1132	-529	-648	-48	362	314	-328	-6	-334
APRIL	1993	-1613	380	577	-1150	-573	-193	95	14	109	-64	-20	-84
MAY	2053	-2444	-391	570	-1232	-662	-1053	-28	995	967	-137	51	-86
JUNE	2353	-2273	80	519	-1251	-732	-652	-109	419	310	-357	15	-342
1984-85-													
JULY	2318	-2585	-267	586	-1279	-693	-960	373	655	1028	113	-45	68
AUGUST	2172	-2552	-380	615	-1197	-582	-962	291	916	1207	237	9	245
TWO MONTHS ENDED-													
AUG. 1983	3790	-3901	-111	1034	-2168	-1134	-1245	484	1238	1722	508	-31	477
AUG. 1984	4490	-5137	-647	1201	-2476	-1275	-1922	664	1571	2235	350	-36	313

(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	-30	511	135	1164	8359	9658
1982-83	..	..	967	-171	796	27	1651	6149	7828
1983-84	..	..	998	-582	416	-161	2151	6141	8131
1982-83-									
JUNE	1722	-1871	60	-182	-122	72	16	537	624
1983-84-									
JULY	1818	-1831	10	-47	-36	49	21	594	664
AUGUST	1865	-1921	527	-7	520	86	54	435	575
SEPTEMBER	1885	-1898	-230	-111	-341	35	52	634	721
OCTOBER	1955	-1818	765	-29	736	22	91	983	1096
NOVEMBER	1883	-1847	-130	4	-126	-57	185	894	1022
DECEMBER	2068	-1885	-100	-140	-240	-21	214	1475	1669
JANUARY	2033	-1895	21	-6	15	-34	657	-381	242
FEBRUARY	1948	-1974	1	-23	-22	-15	406	-38	354
MARCH	2046	-2051	61	-109	-48	-70	247	185	362
APRIL	2072	-1768	86	10	95	-42	98	-42	14
MAY	1823	-2289	-38	10	-28	-87	151	932	995
JUNE	2345	-2300	27	-135	-109	-26	-25	470	419
1984-85-									
JULY	2165	-2452	236	138	373	-81	21	715	655
AUGUST	2144	-2378	287	4	291	(B)	75	841(C)	916

(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
1982-83-									
JUNE	-215	-160	-375	10748	0.8745	0.5730	2.227	209.38	77.7
1983-84-									
JULY	143	-23	120	10868	0.8810	0.5777	2.328	212.45	78.8
AUGUST	365	-64	301	11169	0.8785	0.5870	2.368	216.71	79.6
SEPTEMBER	-267	-230	-497	10672	0.8965	0.6001	2.365	212.43	80.4
OCTOBER	1328	-379	949	11621	0.9160	0.6133	2.408	214.05	81.7
NOVEMBER	465	-76	389	12009	0.9128	0.6226	2.466	213.73	82.0
DECEMBER	1132	209	1341	13350	0.9020	0.6205	2.451	209.22	81.1
JANUARY	-146	-408	-554	12796	0.9178	0.6526	2.584	215.48	83.5
FEBRUARY	-278	-145	-424	12373	0.9429	0.6326	2.457	220.07	84.2
MARCH	-328	196	-132	12241	0.9350	0.6461	2.426	210.22	82.9
APRIL	-64	39	-24	12217	0.9201	0.6568	2.496	208.74	82.6
MAY	-137	218	80	12297	0.8992	0.6503	2.461	208.25	81.6
JUNE	-357	477	120	12417	0.8613	0.6378	2.399	204.60	79.2
1984-85-									
JULY	113	102	215	12632	0.8300	0.6360	2.402	203.68	78.7
AUGUST	237	-251	-14	12618	0.8488	0.6472	2.452	205.07	80.1

(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.