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AUSTRALIAN BUREAU OF STATISTICS

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BALANCE OF PAYMENTS, AUSTRALIA, AUGUST 1988

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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.*

MAIN FEATURES

The preliminary estimates of the main balance of payments aggregates for August 1988 and the three preceding months are:

	1987-88		1988-89	
	May	Jun	Jul	Aug
	$ million			
Balance on current account	-1337	-921	-1533	-1391
Balance on merchandise trade	-199	164	-568	-495
Net services	-207	-285	-311	-266
Net income	-1035	-950	-836	-806
Net unrequited transfers	104	150	182	176
Balance on capital account plus balancing item	1337	921	1533	1391
Official capital	-2052	-1941	-348	-405
Non-official capital plus balancing item	3389	2862	1881	1796

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

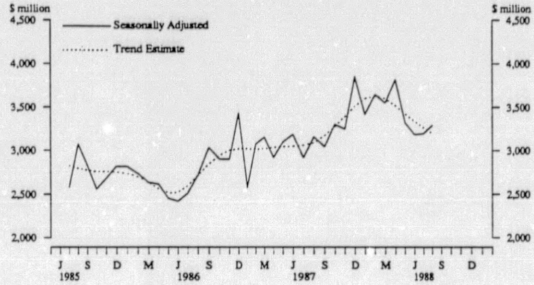
The balance on merchandise trade recorded a deficit of $495 million in August, a decrease of $73 million from the revised July 1988 deficit. A 10 per cent increase in exports was partially offset by a 6 per cent increase in imports. In seasonally adjusted terms, the deficit fell by $30 million to $314 million in August.

The net services deficit fell $45 million in August, reflecting seasonal increases in Australia's earnings from passenger services and foreign travellers expenditure in Australia partly offset by increased freight payable on merchandise imports.

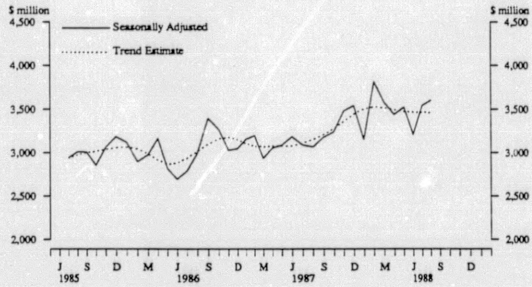
The net income deficit fell $30 million, with an increase in investment income receivable from abroad outweighing an increase in official interest payable abroad. The net unrequited transfers surplus fell $6 million.

The trade weighted index of the value of the Australian dollar (base May 1970 = 100) averaged 61.5 for August, up 1.7 per cent on the index for the previous month and 10.2 per cent on the August 1987 index. Compared with July on a period-average basis, the dollar rose 0.9 per cent against the $US.

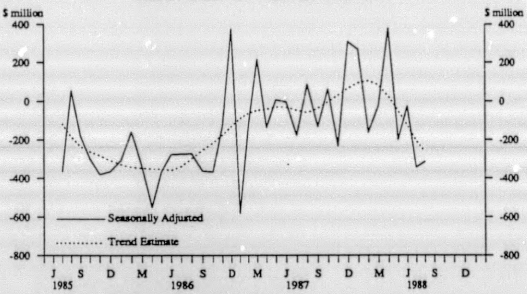
GRAPH 1: MERCHANDISE - EXPORTS FOB



GRAPH 2: MERCHANDISE - IMPORTS FOB



GRAPH 3: BALANCE ON MERCHANDISE TRADE



ANALYSIS OF SELECTED MAJOR AGGREGATES

August 1988 -
The **merchandise trade** deficit fell $73 million to $495 million. In seasonally adjusted terms the merchandise trade deficit fell by $30 million to $314 million. The trend estimate for this balance continued to exhibit the deterioration evident since March 1988.

Exports f.o.b. rose by $310 million or 10 per cent. Rural exports rose by $28 million or 3 per cent. Rises in cereals, sugar (both due to increased volumes) and "other rural exports" were largely offset by falls in meat and wool. Non-rural exports rose by $282 million or 14 per cent. All commodity groups rose except for "other mineral fuels". The largest rises were in coal, coke and briquettes, up $154 million or 54 per cent from the low July figure, and metal ores and minerals, up $102 million or 24 per cent.

The table below shows gold exports on a monthly basis since June 1987 and on an annual basis for the last 3 financial years.

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

Period	$ million
Years -	
1985-86	787
1986-87	1552
1987-88	2543
Months -	
1986-87	
June	228
1987-88	
July	174
August	168
September	132
October	157
November	197
December	224
January	208
February	309
March	220
April	266
May	238
June	250
1988-89	
July	244
August	214

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

In **seasonally adjusted** terms exports rose by $94 million or 3 per cent. The **trend estimate** for exports continued the decline evident since March 1988.

Imports f.o.b. rose by $237 million or 6 per cent with increases in all commodity groups. The main rises were in "other imports", up $86 million or 10 per cent; and machinery and transport equipment, up $77 million or 5 per cent.

The table below shows a breakdown of machinery and transport equipment imports on a monthly basis since June 1987 and on an annual basis for the last 3 financial years.

Imports of Machinery and Transport Equipment
(not seasonally adjusted)
$ million

Period	Civil aircraft (a)	Road vehicles(b)	Other	Total
Years -				
1985-86	561	3751	11930	16242
1986-87	1046	2720	12096	15862
1987-88	189	3140	13064	16393
Months -				
1986-87				
June	63	241	1145	1449
1987-88				
July	-	230	1121	1351
August	78	205	955	1238
September	12	204	1056	1272
October	12	223	1132	1367
November	12	256	1152	1420
December	12	269	1156	1437
January	25	258	909	1192
February	25	304	1092	1421
March	13	309	1175	1497
April	-	263	1054	1317
May	-	288	1203	1491
June	-	331	1059	1390
1988-89				
July	-	348	1162	1510
August	99	364	1124	1587

(a)Acquisition of aircraft by selected major airline companies. (b) AICC Division 78.

Exogenous imports rose $103 million or 44 per cent due mainly to the import of two civil aircraft (imported by QANTAS and Ansett Airlines) valued at $99 million in August, while there were no civil aircraft imports in July. **Endogenous imports** rose by $134 million or 4 per cent.

In **seasonally adjusted** terms imports rose $64 million or 2 per cent. The **trend estimate** for imports continued the decline evident since March 1988 in all but one month.

An industrial dispute at the Australian Customs Service affected the processing of import documents during August. This has been taken into account in deriving the imports estimate for August. The estimate is considered to be a reasonable measure of import activity during the month.

The **net services** deficit was $266 million, down $45 million or 14 per cent on July 1988. Services credits rose by $58 million or 8 per cent reflecting seasonal influences on transportation and travel services.Services debits were up $13 million or 1 per cent, chiefly due to a rise in freight services associated with increased imports.

The **net income** deficit at $806 million was down $30 million or 4 per cent. Income receivable from abroad rose $76 million, while income payable abroad rose $46 million, mainly due to higher interest payable abroad by the official sector.

Net unrequited transfers recorded a surplus of $176 million which was down $6 million, reflecting a fall in withholding taxes receivable.

The **capital transactions** of the official sector recorded a net outflow of $405 million, up $57 million on the outflow for July. The August estimate consisted of a net outflow of $254 million on account of general government transactions, a turnaround of $442 million on the July inflow; and an outflow of $151 million due to Reserve Bank transactions, down $385 million on the outflow for July. The change on account of general government transactions was mainly due to borrowing from non-residents which recorded a net decrease in liabilities in August after a net increase in the preceding month. The decrease in the net outflow from Reserve Bank transactions was mainly due to transactions in official reserve assets, which recorded a debit (i.e. a net increase in those assets) of $163 million after a debit of $539 million in July.

REVISIONS

Estimates of investment income credits from July 1987 and investment income debits from April 1988 have been revised in this issue to incorporate the latest data available from the Surveys of Foreign Investment. As a result the previously published net income and current account deficits for the 1987/88 financial year have both been revised downwards by $205 million.

Merchandise exports for July 1988 have been revised upwards by $92 million reflecting the incorporation of the latest available data on recorded exports for that period. The major contribution to this was the upward revision of $77 million to gold exports caused by late lodgement of exporters' returns with the Australian Customs Service.

As a consequence of the merchandise export revision, and other less significant revisions to previously published July estimates, the current account deficit for July 1988 has been revised downwards by $134 million.

EXPLANATORY NOTES

Introduction

1. This publication contains preliminary estimates of Australia's balance of payments for August 1988, 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 are available in the June quarter 1988 issue of the quarterly balance of payments publication (5302.0) released on 23 August 1988.

3. Summary descriptions of the underlying concepts and structure of the balance of payments and the sources and methods used in compiling the estimates are presented in *Balance of Payments, Australia: Summary of Concepts, Sources and Methods* (5351.0) which was published on 9 September 1988.

Accuracy, reliability and volatility

4. 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.

5. **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

6. 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-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

7. 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

8. 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

9. 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.

10. **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 non-equity securities domiciled in Australia and public sector accounts receivable/prepayments made from total non-official capital plus balancing item.

Seasonal adjustment

11. Seasonally adjusted **merchandise exports f.o.b.** and **imports f.o.b.** have been obtained or are expected to be obtained during 1988 by dividing the unadjusted estimate for each month by the factors given in the following table:

Months-	Exports f.o.b.	Imports f.o.b.
1987-88		
January	1.02255	0.93154
February	0.97916	0.94405
March	0.99794	1.03650
April	0.93114	0.90041
May	1.04004	1.03760
June	1.09514	1.03549
1988-89		
July	0.96709	1.03350
August	1.03376	1.08097
September	0.98405	1.00993
October	0.98534	1.01847
November	1.02945	1.03411
December	0.94917	0.93667

12. 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.

13. 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 months 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.

14. 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.

15. 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.

16. 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.

17. 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

18. 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.

Investment income

19. Table 6, provides detailed quarterly estimates of investment income. The latest data from the quarterly Surveys of Foreign Investment are incorporated in this table. The monthly estimates of investment income, credits and debits, shown in Table 3 are based on the data in Table 6 and some extra monthly data on official transactions, bank transactions and transactions in securities domiciled in Australia.

Available longer term series

20. Estimates for months prior to those shown in this publication are available and can be obtained by contacting Mr Dan Aherne on Canberra (062) 52 6689. There may be a charge for this information.

Schedule of expected release dates

21. This publication is usually released about twelve working days after the end of the reference month. A schedule of its expected release dates for the remainder of 1988 is provided below:

Issue	Release date
September 1988	Wednesday, 19 October 1988
October 1988	Wednesday, 16 November 1988
November 1988	Friday, 16 December 1988

Any variations which might occur will be notified in the ABS *Publications Advice* (1105.0) which is issued on Tuesdays and Thursdays and on VIATEL. The dates can be confirmed a few days prior to release by telephoning Canberra (062) 52 6778.

Related publications

22. 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

23. 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.

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Floppy disk service

Selected ABS statistics are available on floppy disk. Further information is available on (062) 52 6684.

IAN CASTLES
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TABLE 1. BALANCE OF PAYMENTS

$MILLION

	YEARS			MONTHS														
				1986-87	1987-88												1988-89	
	1985-86	1986-87	1987-88	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG
CURRENT TRANSACTIONS -																		
GOODS AND SERVICES -																		
MERCHANDISE (a) -																		
Exports fob	32208	35423	40554	3427	2991	3140	2999	3270	3323	3713	3497	3574	3547	3556	3455	3489	3092	3402
Imports fob	-35676	-37159	-40410	-3301	-3388	-3119	-3224	-3396	-3480	-3485	-2935	-3599	-3708	-3097	-3654	-3325	-3660	-3897
BALANCE ON MERCHANDISE TRADE	-3468	-1736	144	126	-397	21	-225	-126	-157	228	562	-25	-161	459	-199	164	-568	-495
SERVICES -																		
Credits	5740	6776	8183	562	574	613	584	631	703	736	751	757	742	703	723	666	727	785
Debits	-9841	-10332	-11311	-896	-959	-922	-1002	-1002	-882	-934	-981	-881	-959	-908	-930	-951	-1038	-1051
NET SERVICES	-4101	-3556	-3128	-334	-385	-309	-418	-371	-179	-198	-230	-124	-217	-205	-207	-285	-311	-266
BALANCE ON GOODS AND SERVICES	-7569	-5292	-2984	-208	-782	-288	-643	-497	-336	30	332	-149	-378	254	-406	-121	-879	-761
INCOME																		
Credits	2301	2936	3251	311	249	295	264	227	368	247	256	273	257	263	287	265	249	325
Debits	-10356	-12210	-13738	-1083	-959	-1014	-973	-1208	-1049	-1087	-1206	-1219	-1247	-1239	-1322	-1215	-1085	-1131
NET INCOME	-8055	-9274	-10487	-772	-710	-719	-709	-981	-681	-840	-950	-946	-990	-976	-1035	-950	-836	-806
UNREQUITED TRANSFERS																		
Credits	2517	3017	3546	266	279	275	258	293	295	293	305	299	299	322	315	313	315	307
Debits	-1700	-1691	-1777	-160	-112	-115	-131	-131	-129	-146	-177	-185	-131	-146	-211	-163	-133	-131
NET UNREQUITED TRANSFERS	817	1326	1769	106	167	160	127	162	166	147	128	114	168	176	104	150	182	176
BALANCE ON CURRENT ACCOUNT	-14807	-13240	-11702	-874	-1325	-847	-1225	-1316	-851	-663	-490	-981	-1200	-546	-1337	-921	-1533	-1391
NET CAPITAL TRANSACTIONS -																		
OFFICIAL -																		
General Government	5426	5561	2744	357	1072	448	-153	-555	116	-289	2071	79	36	809	127	-1017	188	-254
Reserve Bank -																		
Reserve assets	2138	-3394	-3924	-1161	-401	-849	-606	1344	1850	386	68	-279	-866	-1464	-2183	-924	-539	-163
Other	-16	18	-8	11	-6	-5	10	-17	-2	8	-3	-4	8	-1	4	-	3	12
Total	2122	-3376	-3932	-1150	-407	-854	-596	1327	1848	394	65	-283	-858	-1465	-2179	-924	-536	-151
TOTAL OFFICIAL	7548	2185	-1188	-793	665	-406	-749	772	1964	105	2136	-204	-822	-656	-2052	-1941	-348	-405
NON-OFFICIAL PLUS BALANCING ITEM	7259	11055	12890	1667	660	1253	1974	544	-1113	558	-1646	1185	2022	1202	3389	2862	1881	1796
BALANCE ON CAPITAL ACCOUNT PLUS BALANCING ITEM	14807	13240	11702	874	1325	847	1225	1316	851	663	490	981	1200	546	1337	921	1533	1391

(a) Balance of payments basis

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

	YEARS			MONTHS														
				1986-87	1987-88												1988-89	
	1985-86	1986-87	1987-88	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG
EXPORTS FOB (a) -																		
Rural exports fob -																		
Meat & meat preparations	1699	2244	2550	223	210	205	195	213	207	236	188	186	244	225	231	210	193	162
Cereals & cereal preparations	3880	2778	2222	240	208	198	220	192	172	187	223	239	169	116	144	154	141	183
Sugar, sugar preps. & honey	646	708	703	78	46	82	65	45	65	52	41	44	68	73	64	58	66	107
Wool & sheepskins	3061	3888	5811	385	305	307	294	438	460	649	655	595	655	544	475	434	353	317
Other (dairy produce, fruit etc)	2956	3513	3938	352	345	312	312	289	304	336	340	312	349	334	343	362	327	339
Total rural	12242	13131	15224	1278	1114	1104	1086	1177	1208	1460	1447	1376	1485	1292	1257	1218	1080	1108
Non-rural exports fob -																		
Metal ores & minerals	5003	4956	5437	456	389	447	432	478	517	435	446	477	378	488	409	541	426	528
Mineral fuels -																		
Coal, coke & briquettes	5240	5456	4847	514	344	383	413	433	431	464	425	413	430	378	323	410	286	440
Other	2299	1515	1799	119	123	157	130	193	155	184	131	191	134	165	140	96	110	65
Metals & metal manufactures	2718	3142	4011	296	290	359	299	328	307	400	342	321	310	348	351	356	352	402
Machinery & transport equipment	1613	2629	2816	227	287	217	204	242	217	207	216	194	238	252	291	251	232	237
Other	3093	4594	6420	537	444	473	435	419	488	563	490	602	572	633	684	617	606	622
Total non-rural	19966	22292	25330	2149	1877	2036	1913	2093	2115	2253	2050	2198	2062	2264	2198	2271	2012	2294
TOTAL EXPORTS FOB -																		
ORIGINAL	32208	35423	40554	3427	2991	3140	2999	3270	3323	3713	3497	3574	3547	3556	3455	3489	3092	3402
SEASONALLY ADJUSTED (b)	..	..	..	3185	2918	3156	3046	3304	3247	3852	3420	3650	3554	3819	3322	3186	3197	3291
TREND ESTIMATE (c)	..	..	..	3053	3064	3094	3172	3274	3392	3513	3603	3633	3600	3520	3426	3338	3266	3194
IMPORTS FOB (a) -																		
Food, beverages & tobacco	-1705	-1936	-2013	-136	-154	-175	-152	-177	-184	-154	-150	-212	-191	-144	-166	-154	-169	-177
Fuels	-1909	-1751	-2032	-181	-161	-82	-169	-182	-146	-285	-95	-209	-186	-136	-226	-155	-123	-136
Basic materials	-1109	-1177	-1431	-111	-121	-113	-122	-99	-107	-104	-109	-130	-140	-119	-126	-141	-157	-176
Chemicals (including plastics)	-3003	-3466	-4280	-327	-335	-335	-320	-337	-365	-319	-333	-383	-430	-340	-402	-381	-424	-430
Textiles, fabrics etc	-1669	-1830	-1930	-170	-184	-163	-165	-169	-169	-158	-129	-157	-161	-147	-176	-152	-171	-188
Metals & metal manufactures	-1695	-1845	-2204	-177	-202	-178	-184	-169	-172	-206	-154	-184	-202	-160	-219	-174	-216	-227
Machinery & transport equipment	-16242	-15862	-16393	-1449	-1351	-1238	-1272	-1367	-1420	-1437	-1192	-1421	-1497	-1317	-1491	-1390	-1510	-1587
Other	-8344	-9292	-10127	-750	-880	-835	-840	-896	-917	-822	-773	-903	-901	-734	-848	-778	-890	-976
TOTAL IMPORTS FOB -																		
ORIGINAL	-35676	-37159	-40410	-3301	-3388	-3119	-3224	-3396	-3480	-3485	-2935	-3599	-3708	-3097	-3654	-3325	-3660	-3897
Of which:																		
Exogenous (d)	-4539	-4459	-3837	-370	-307	-281	-352	-335	-325	-405	-262	-361	-332	-243	-359	-275	-234	-337
Endogenous (e)	-31137	-32700	-36573	-2931	-3081	-2838	-2872	-3061	-3155	-3080	-2673	-3238	-3376	-2854	-3295	-3050	-3426	-3560
SEASONALLY ADJUSTED (b)	..	..	..	-3188	-3094	-3068	-3178	-3240	-3480	-3542	-3151	-3812	-3577	-3440	-3522	-3211	-3541	-3605
TREND ESTIMATE (c)	..	..	..	-3081	-3110	-3153	-3207	-3276	-3360	-3445	-3507	-3528	-3517	-3494	-3474	-3464	-3470	-3457
BALANCE ON MERCHANDISE TRADE-																		
ORIGINAL	-3468	-1736	144	126	-397	21	-225	-126	-157	228	562	-25	-161	459	-199	164	-568	-495
SEASONALLY ADJUSTED (b)	..	..	..	-3	-176	88	-132	64	-233	310	269	-162	-23	379	-200	-25	-344	-314
TREND ESTIMATE (c)	..	..	..	-28	-46	-59	-35	-2	32	68	96	105	83	26	-48	-126	-204	-263

(a) From 1 January 1988 the entries for categories of exports fob and imports fob are not strictly comparable with entries for earlier periods. (b) For forward seasonal factors see paragraph 11 of the Explanatory Notes. (c) For a description of the estimation process, refer to paragraphs 14 to 16 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												1988-89	
	1985-86	1986-87	1987-88	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG
SERVICES -																		
CREDITS -																		
Shipment	379	457	535	42	41	43	44	43	45	46	45	46	47	44	45	46	44	48
Other transportation	2480	2765	3169	223	227	244	236	241	268	285	292	290	290	274	273	249	261	287
Travel	1702	2218	2959	163	191	210	186	234	265	280	283	274	278	258	261	239	292	316
Other services	1179	1336	1520	134	115	116	118	113	125	125	131	147	127	127	144	132	130	134
TOTAL SERVICES CREDITS	5740	6776	8183	562	574	613	584	631	703	736	751	757	742	703	723	666	727	785
DEBITS -																		
Shipment	-2827	-2847	-2862	-237	-238	-224	-230	-264	-246	-246	-203	-248	-268	-217	-244	-234	-243	-265
Other transportation	-2197	-2114	-2451	-189	-195	-191	-232	-207	-186	-206	-227	-191	-201	-199	-204	-212	-228	-221
Travel	-2818	-3206	-3572	-276	-341	-319	-349	-337	-260	-289	-344	-230	-273	-285	-263	-282	-361	-357
Other services	-1999	-2165	-2426	-194	-185	-188	-191	-194	-190	-193	-207	-212	-217	-207	-219	-223	-206	-208
TOTAL SERVICES DEBITS	-9841	-10332	-11311	-896	-959	-922	-1002	-1002	-882	-934	-981	-881	-959	-908	-930	-951	-1038	-1051
NET SERVICES	-4101	-3556	-3128	-334	-385	-309	-418	-371	-179	-198	-230	-124	-217	-205	-207	-285	-311	-266
INCOME -																		
CREDITS -																		
Property income -																		
Investment income -																		
Reinvested earnings	681	1186	1440	99	120	120	120	120	120	120	120	120	120	120	120	120	106	106
Other	1285	1362	1420	187	98	137	102	69	223	96	104	124	101	114	137	115	106	181
Other property income	160	210	180	9	11	19	22	19	9	15	12	14	19	12	14	14	16	17
Labour and other income	175	178	211	16	20	19	20	19	16	16	20	15	17	17	16	16	21	21
TOTAL INCOME CREDITS	2301	2936	3251	311	249	295	264	227	368	247	256	273	257	263	287	265	249	325
DEBITS -																		
Property income -																		
Investment income -																		
Official	-1612	-2436	-3131	-175	-169	-230	-191	-372	-216	-250	-297	-281	-311	-264	-319	-231	-201	-243
Non-official -																		
Reinvested earnings	-936	-1206	-1400	-100	-116	-117	-117	-116	-117	-117	-116	-117	-117	-116	-117	-117	-123	-123
Other	-6941	-7627	-8151	-741	-586	-585	-585	-637	-636	-636	-722	-721	-721	-774	-774	-774	-665	-666
Other property income	-693	-745	-795	-50	-70	-62	-62	-64	-55	-59	-47	-76	-74	-64	-89	-73	-71	-71
Labour and other income	-174	-196	-261	-17	-18	-20	-18	-19	-25	-25	-24	-24	-24	-21	-23	-20	-25	-28
TOTAL INCOME DEBITS	-10356	-12210	-13738	-1083	-959	-1014	-973	-1208	-1049	-1087	-1206	-1219	-1247	-1239	-1322	-1215	-1085	-1131
NET INCOME	-8055	-9274	-10487	-772	-710	-719	-709	-981	-681	-840	-950	-946	-990	-976	-1035	-950	-836	-806
UNREQUITED TRANSFERS - CREDITS	2517	3017	3546	266	279	275	258	293	295	293	305	299	299	322	315	313	315	307
DEBITS -																		
Official	-980	-945	-994	-98	-50	-51	-66	-64	-62	-78	-115	-121	-66	-80	-145	-96	-67	-63
Non-official	-720	-746	-783	-62	-62	-64	-65	-67	-67	-68	-62	-64	-65	-66	-66	-67	-66	-68
TOTAL	-1700	-1691	-1777	-160	-112	-115	-131	-131	-129	-146	-177	-185	-131	-146	-211	-163	-133	-131
NET UNREQUITED TRANSFERS	817	1326	1769	106	167	160	127	162	166	147	128	114	168	176	104	150	182	176

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

	YEARS			MONTHS														
				1986-87	1987-88												1988-89	
	1985-86	1986-87	1987-88	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG
NET CAPITAL TRANSACTIONS -																		
GENERAL GOVERNMENT -																		
Borrowing -																		
Domiciled abroad -																		
Commonwealth Government -																		
Drawings	2876	3084	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Repayments	-1605	-2359	-1622	-42	-187	-230	-5	-273	-17	-	-6	-45	-94	-67	-499	-199	-419	-319
Total	1271	725	-1622	-42	-187	-230	-5	-273	-17	-	-6	-45	-94	-67	-499	-199	-419	-319
State government	1461	2522	1883	436	328	347	393	13	-151	11	377	-67	282	305	103	-58	379	117
Total domiciled abroad	2732	3247	261	394	141	117	388	-260	-168	11	371	-112	188	238	-396	-257	-40	-202
Domiciled in Australia (a)	2877	2899	2139	418	827	268	-540	-353	199	-165	1709	150	48	626	-16	-614	231	-104
Total borrowing	5609	6146	2400	812	968	385	-152	-613	31	-154	2080	38	236	864	-412	-871	191	-306
Other	-183	-585	344	-455	104	63	-1	58	85	-135	-9	41	-200	-55	539	-146	-3	52
TOTAL GENERAL GOVERNMENT	5426	5561	2744	357	1072	448	-153	-555	116	-289	2071	79	36	809	127	-1017	188	-254
RESERVE BANK -																		
Reserve assets -																		
Official reserve assets	2138	-3394	-3924	-1161	-401	-849	-606	1344	1850	386	68	-279	-866	-1464	-2183	-924	-539	-163
Allocation of SDRs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-16	18	-8	11	-6	-5	10	-17	-2	8	-3	-4	8	-1	4	-	3	12
TOTAL RESERVE BANK	2122	-3376	-3932	-1150	-407	-854	-596	1327	1848	394	65	-283	-858	-1465	-2179	-924	-536	-151
NON-OFFICIAL PLUS BALANCING ITEM-																		
Public sector -																		
Non equity securities domiciled in Australia (b)	387	-402	2377	106	159	-20	73	25	10	12	694	518	716	66	150	-26	-52	96
Accounts receivable/prepayments made	-60	-10	-70	-4	-25	-56	81	13	-39	-61	-37	-40	162	15	-15	-68	-43	32
Other (including balancing item) (c)	6932	11467	10583	1565	526	1329	1820	506	-1084	607	-2303	707	1144	1121	3254	2956	1976	1668
TOTAL NON-OFFICIAL PLUS BALANCING ITEM	7259	11055	12890	1667	660	1253	1974	544	-1113	558	-1646	1185	2022	1202	3389	2862	1881	1796
BALANCE ON CAPITAL ACCOUNT PLUS BALANCING ITEM	14807	13240	11702	874	1325	847	1225	1316	851	663	490	981	1200	546	1337	921	1533	1391

(a) For 1987-88 some general government borrowing domiciled in Australia is included in the non-official sector in the item public sector non-equity securities domiciled in Australia.(b) For 1987-88 , includes some general government borrowing. See footnote (a) above.(c) Includes public sector capital transactions n.e.i.

TABLE 5. OFFICIAL RESERVE ASSETS AND EXCHANGE RATES

	YEARS			MONTHS														
	1985-86	1986-87	1987-88	1986-87	1987-88												1988-89	
				JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG
OFFICIAL RESERVE ASSETS ($ MILLION) -																		
Levels at end of year/month	13024	17594	20182	17594	18512	19316	19557	19858	17607	17430	17169	16869	17331	18564	19457	20182	20226	20176
Changes in levels	-493	4570	2588	807	918	804	241	301	-2251	-177	-261	-300	462	1233	893	725	44	-50
Of which -																		
Changes due to effects of revaluations	1645	1176	-1336	-354	517	-45	-365	1645	-401	209	-193	-579	-404	-231	-1290	-199	-495	-213
Changes included in the balance of payments (a)	-2138	3394	3924	1161	401	849	606	-1344	-1850	-386	-68	279	866	1464	2183	924	539	163
EXCHANGE RATES -																		
UNITS OF FOREIGN CURRENCY PER $A -																		
END OF YEAR/MONTH (b) -																		
United States dollar	0.6772	0.7203	0.7940	0.7203	0.6978	0.7124	0.7194	0.6757	0.7052	0.7225	0.7138	0.7198	0.7388	0.7585	0.8051	0.7940	0.8045	0.8069
United Kingdom pound	0.4414	0.4494	0.4612	0.4494	0.4375	0.4366	0.4420	0.3939	0.3869	0.3857	0.4009	0.4056	0.3934	0.4045	0.4357	0.4612	0.4661	0.4777
West German mark	1.485	1.319	1.441	1.319	1.294	1.293	1.324	1.172	1.159	1.143	1.189	1.213	1.225	1.266	1.387	1.441	1.503	1.509
Japanese yen	110.96	105.79	105.17	105.79	104.24	101.30	105.54	93.80	93.52	88.22	90.76	92.24	92.04	94.46	100.56	105.17	106.82	108.83
Special drawing right	0.5781	0.5634	0.6059	0.5634	0.5515	0.5530	0.5626	0.5101	0.5206	0.5137	0.5209	0.5290	0.5350	0.5489	0.5871	0.6059	0.6157	0.6241
PERIOD AVERAGE (c) -																		
United States dollar	0.6999	0.6636	0.7290	0.7176	0.7085	0.7074	0.7269	0.7140	0.6867	0.7108	0.7124	0.7141	0.7324	0.7478	0.7788	0.8083	0.7993	0.8061
United Kingdom pound	0.4866	0.4352	0.4167	0.4408	0.4399	0.4426	0.4419	0.4305	0.3868	0.3886	0.3941	0.4065	0.4005	0.3984	0.4166	0.4539	0.4686	0.4746
West German mark	1.753	1.280	1.262	1.306	1.309	1.313	1.317	1.288	1.155	1.161	1.173	1.212	1.229	1.250	1.319	1.419	1.472	1.521
Japanese yen	140.48	101.37	97.59	103.74	106.44	104.38	104.05	102.47	92.88	91.23	90.67	92.29	93.19	93.43	97.17	102.90	106.37	107.71
Special drawing right	0.6387	0.5345	0.5448	0.5576	0.5579	0.5578	0.5626	0.5521	0.5100	0.5147	0.5153	0.5266	0.5345	0.5412	0.5656	0.5996	0.6121	0.6237
TRADE-WEIGHTED INDEX OF VALUE OF THE AUSTRALIAN DOLLAR (MAY 1970 = 100)																		
End of year/month (b)	56.3	56.6	59.8	56.6	55.3	55.2	56.2	51.7	52.3	52.0	52.5	53.1	53.8	55.2	58.9	59.8	61.0	61.8
Period average (c)	62.3	53.8	54.8	56.1	56.1	55.8	56.3	55.3	51.6	52.2	52.3	52.9	53.8	54.5	56.8	59.7	60.5	61.5

(a) The entries carry the opposite sign to corresponding entries in Tables 1 and 4. See paragraph 6 of the Explanatory Notes.(b) These exchange rates and index numbers relate to the last trading day of the reference period. (c) These exchange rates and index numbers are derived by averaging figures for each trading day.

TABLE 6. INVESTMENT INCOME — $ MILLION

	YEARS			QUARTERS ENDED-					
				1986-87		1987-88			
	1984-85	1985-86	1986-87	MAR	JUN	SEP	DEC	MAR	JUN
INVESTMENT INCOME CREDITS									
Official -									
General government	24	37	43	12	12	11	13	12	11
Reserve Bank (a)	831	598	531	115	160	188	203	140	176
Total official	855	635	574	127	172	199	216	152	187
Non-official -									
Direct investment income(b)-									
Reinvested earnings	315	681	1186	297	297	360	360	360	360
Distributed earnings -									
Remitted profits	36	70	36	9	7	6	46	8	13
Dividends (c)	129	335	448	74	316	39	14	21	61
Interest (c)	-6	-67	-135	-5	-89	-34	-46	-22	-10
Total	159	338	349	78	234	11	14	7	64
Total direct investment income	474	1019	1535	375	531	371	374	367	424
Portfolio and other investment income (b) (c) -									
Dividends	36	60	162	53	32	32	35	23	33
Interest	160	252	277	85	61	95	123	147	82
Total	196	312	439	138	93	127	158	170	115
Total non-official	670	1331	1974	513	624	498	532	537	539
Total investment income credits	1525	1966	2548	640	796	697	748	689	726
INVESTMENT INCOME DEBITS									
Official -									
General government -									
Interest on borrowing domiciled abroad	-661	-1009	-1463	-356	-323	-341	-563	-473	-384
Interest on borrowing domiciled in Australia	-270	-580	-951	-274	-319	-244	-269	-410	-425
Total	-931	-1589	-2414	-630	-642	-585	-832	-883	-809
Reserve Bank (d)	-33	-23	-22	-6	-5	-5	-6	-6	-5
Total official	-964	-1612	-2436	-636	-647	-590	-838	-889	-814
Non-official -									
Direct investment income (e) -									
Reinvested earnings	-594	-936	-1206	-302	-302	-350	-350	-350	-350
Distributed earnings -									
Remitted profits	-440	-185	-190	-43	-19	-26	-45	-38	-34
Dividends	-645	-766	-538	-106	-108	-243	-191	-222	-129
Interest	-516	-644	-633	-170	-142	-166	-144	-137	-149
Total	-1601	-1595	-1361	-319	-269	-435	-380	-397	-312
Total direct investment income	-2195	-2531	-2567	-621	-571	-785	-730	-747	-662
Portfolio and other investment income (b) -									
Dividends	-532	-524	-998	-346	-453	-131	-194	-291	-425
Interest -									
Public sector	-1229	-1673	-1826	-528	-481	-419	-374	-537	-562
Private sector	-2643	-3149	-3442	-866	-1020	-771	-961	-939	-1023
Total	-3872	-4822	-5268	-1394	-1501	-1190	-1335	-1476	-1585
Total portfolio and other investment income	-4404	-5346	-6266	-1740	-1954	-1321	-1529	-1767	-2010
Total non-official	-6599	-7877	-8833	-2361	-2525	-2106	-2259	-2514	-2672
Total investment income debits	-7563	-9489	-11269	-2997	-3172	-2696	-3097	-3403	-3486

(a) Also includes interest / remuneration received from the IMF on behalf of the Commonwealth Government. (b) From 1985-86,the entries are not strictly comparable with entries for previous periods because of the change in definition of direct investment. See Appendix C, Part V1, Table V1.1 of Foreign Investment, Australia, 1985-86 (5305.0) for details.(c) Up to and including 1984-85, this income is recorded after deducting withholding tax on both interest and dividends. From 1985-86 withholding tax is not deducted.(d) Also includes interest / charges paid to the IMF on behalf of the Commonwealth Government.(e) See footnote (b).

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