

BALANCE OF PAYMENTS : JUNE QUARTER 1979

INQUIRIES

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MAIN FEATURES

June quarter 1979

- . An overall surplus, as measured by net official monetary movements, of \$174 million.
- . Record exports of \$4,030 million, \$396 million higher than in the previous quarter and \$934 million above the estimate for the June quarter 1978.
- . Record imports of \$3,605 million, \$261 million up on the previous quarter and \$737 million higher than in the June quarter 1978.
- . A trade surplus of \$425 million, representing the highest trade surplus since December quarter 1977.
- . Net invisibles — payments exceeded receipts by \$1,127 million.
- . A deficit on the current account of \$702 million.
- . A net apparent capital inflow of \$876 million.

Year 1978-79

- . An overall deficit, as measured by net official monetary movements of \$131 million, \$411 million lower than the deficit in 1977-78.
- . Record exports of \$14,057 million, \$2,015 million or 17 per cent higher than in 1977-78.
- . Record imports of \$13,476 million, \$2,311 million or 21 per cent higher than in 1977-78.
- . A trade surplus of \$581 million, \$296 million less than the previous year.
- . A deficit of \$3,738 million in respect of current invisibles transactions, \$347 million up on the deficit in 1977-78.
- . A record current account deficit of \$3,156 million, \$641 million up on the deficit for 1977-78.
- . A record net apparent capital inflow of \$3,025 million, of which \$1,331 million was due to government capital movements.

TRENDS IN MAJOR AGGREGATES

Current Account

- . The *current account* deficit of \$702 million for the June quarter compared with a deficit of \$781 million in the June quarter 1978.
- . *Seasonally adjusted*, the *current account* deficit was \$710 million, an increase of \$217 million on the deficit for the previous quarter.
- . The *current account* deficit for the year 1978-79 was, at \$3,156 million, \$641 million greater than in 1977-78.
- . The *balance of trade* surplus of \$425 million for the June quarter was \$197 million higher than in the June quarter 1978.
- . *Seasonally adjusted*, the *trade surplus* was \$309 million, a decrease of \$202 million on the surplus of \$511 million in the March quarter 1979.
- . The *balance of trade* surplus of \$581 million in 1978-79 was \$296 million lower than in 1977-78.
- . *Exports* (on a balance of payments basis) were a record \$4,030 million in the June quarter, 11 per cent up on the March quarter and 30 per cent higher than in the June quarter 1978. *Seasonally adjusted exports* were \$3,964 million, an increase of \$151 million, or 4 per cent on the March quarter.
- . For 1978-79 as a whole, there was a \$2,015 million increase in the value of *exports*. In value terms the most significant increases were in exports of meat and meat preparations, textile fibres, non-ferrous metals and metalliferous ores and scrap.
- . *Imports* (on a balance of payments basis) were a record \$3,605 million in the June quarter, 8 per cent up on the March quarter and 26 per cent higher than in the June quarter 1978. *Seasonally adjusted imports* at \$3,656 million were up \$353 million from the level of the previous quarter.
- . The \$2,311 million (21 per cent) rise in the value of *imports* in 1978-79 from \$11,165 million to \$13,476 million was mainly due to increases recorded in

imports of machinery and transport equipment and textile yarn fabric and made up articles.

- The record deficit of \$1,127 million for *net invisibles* in the June quarter was \$213 million more than for the March quarter. *Seasonally adjusted net invisibles* at \$1,019 million was only \$16 million up on the March quarter. The deficit of \$3,738 million for the year was \$347 million higher than in 1977-78.

Capital Account

- The *net apparent capital inflow* of \$876m in the June quarter was an increase of \$254 million on the previous quarter. For 1978-79 as a whole, *net apparent capital inflow* was a record \$3,025 million.
- Interim estimates of *overseas investment in Australian enterprises* indicate a net inflow of \$562 million in the June quarter, an increase of \$76 million on the net inflow in the previous quarter and \$48 million higher than the June quarter 1978. For the full year the interim estimate of \$1,814 million is \$538 million higher than for 1977-78.
- The *trade credit n.e.i.* estimate for the June quarter shows a net outflow of \$9 million compared with a net outflow of \$23 million in the March quarter. For the full year there was a net inflow of \$4 million compared with a net outflow of \$284 million in 1977-78.

- Net Government capital movements* were zero for the June quarter compared to a net inflow of \$340 million in the previous quarter. For the whole year, the net inflow of \$1,331 million was \$187 million less than the net inflow in 1977-78.

Overall results

- Net official monetary movements* during the June quarter 1979 showed a surplus of \$174 million, compared with a deficit of \$36 million in the June quarter 1978. This surplus included a reduction of \$134 million in Australia's foreign liabilities (mainly reflecting part repayment of the borrowing from the Banking International Settlements).
- The overall result for the year 1978-79 as measured by *net official monetary movements* was a deficit of \$131 million. The decrease of \$167 million in official reserve assets was comprised of a reduction of \$261 million on account of balance of payments transactions and an increase of \$94 million in holdings of Special Drawing Rights due to the special allocation made by the IMF in January 1979. Other transactions and the offset to the allocation of Special Drawing Rights accounted for a net inflow of \$35 million. The overall deficit of \$131 million was the sixth successive annual deficit, \$411 million down on the 1977-78 deficit and significantly below the \$1,020 million deficit in 1975-76.

Level of reserves

- At 30 June 1979, Australia's *official reserve assets*, valued at market rates of exchange and with gold holdings at market related value, stood at \$3,885 million.

Table A. Official Reserve Assets and Exchange Rates

Quarters	Official Reserve Assets \$ million				Exchange Rates (end of quarter) Units of foreign currency per \$A				Trade-weighted index (end of quarter) of value of Australian dollar, May 1970 = 100	
	Changes included in the balance of payments	Changes due to effects of revaluations	Reserve Bank Series		U.S.A. Dollar	U.K. Pound	W. Germ. Mark	Japan Yen		
			Changes in levels	Levels at end of quarter						
1976-77	March	+127	+54	+181	3,731	1.1031	0.6411	2.638	306.32	92.5
	June	-352	-67	-419	3,312	1.1108	0.6458	2.616	300.84	92.5
1977-78	September	-584	+92	-492	2,820	1.1076	0.6348	2.572	293.63	91.5
	December	-43	+102	+59	2,879	1.1414	0.5965	2.395	273.85	89.4
	March	+187	+196	+383	3,262	1.1431	0.6127	2.314	253.65	87.5
	June	-34	-3	-37	3,225	1.1475	0.6151	2.379	234.63	86.2
1978-79	September	-205	+254	+49	3,274	1.1566	0.5853	2.234	218.31	83.6
	December	-113	+39	-74	3,200	1.1505	0.5656	2.099	222.83	82.7
	March	+109	+291	+400	3,600	1.1182	0.5423	2.087	233.62	82.3
	June	+42	+243	+285	3,885	1.1211	0.5154	2.068	242.44	83.1

Table B. Trade statistics : adjustments for balance of payments purposes
(\$ million)

Years/ quarters	Exports				Imports					
	Trade basis	Adjustments		Balance of Payments basis	Trade basis	Adjustments			Balance of Payments basis	
		Coverage	Timing			Coverage	Timing	Valuation		
1975-76	9,640	-252	19	9,408	8,241	-27	-2	-288	7,924	
1976-77	11,646	-133	-115	11,399	10,411	62	20	-148	10,345	
1977-78	12,270	-208	-19	12,042	11,167	109	36	-147	11,165	
1978-79	14,203	-218	73	14,057	13,757	-92	-2	-188	13,476	
1976-77	March	2,855	-32	-24	2,799	2,777	45	11	-44	2,789
	June	3,032	-22	-70	2,939	2,803	-22	11	-35	2,757
1977-78	September	3,079	-74	10	3,015	2,828	35	4	-38	2,829
	December	3,085	-47	97	3,135	2,629	45	-14	-40	2,620
	March	2,925	-42	-87	2,796	2,804	45	27	-27	2,849
	June	3,181	-46	-39	3,096	2,905	-14	19	-41	2,868
1978-79	September	3,039	-56	36	3,019	3,184	16	-18	-45	3,138
	December	3,428	-40	-13	3,375	3,436	-1	-10	-39	3,389
	March	3,598	-45	81	3,634	3,407	-27	17	-54	3,344
	June	4,138	-77	-31	4,030	3,731	-82	8	-53	3,605

EXPLANATORY NOTES

Introduction

This publication contains preliminary estimates of Australia's international balance of payments for the June quarter 1979, together with revised estimates for previous quarters and financial years. More detailed estimates are published annually in the publication *Balance of Payments* (5303.0).

2. Included are corresponding seasonally adjusted estimates of the current account. Notes on the statistics and their seasonal adjustment are provided below. Unless otherwise stated, figures reported in the commentary and tables refer to the original estimates.

3. Estimates for the more recent periods are preliminary and subject to revision. The items which can be most affected by revisions are those for which benchmark data are derived from annual surveys where long time lags in collection and processing are inevitable.

Australian currency values

4. The Australian currency equivalents shown in these statistics for transactions originally denominated in foreign currencies were derived by converting into Australian dollars at market rates of exchange.

Adjustments to exports and imports

5. The figures for *exports* and *imports* in the main tables represent the recorded trade figures adjusted in respect of coverage, timing and valuation for balance of payments purposes. Table B on page 3 sets out the values for these adjustments. Reference should be made to the annual publication *Balance of Payments* (5303.0) for a description of the adjustments. The line drawn between 1975-76 and 1976-77 in the imports, trade basis column of table B indicates that the figures from 1976-77 are not comparable with previous years because of the change in the basis of valuation, which occurred on 1 July 1976 when Australia adopted the internationally recognised Brussels Definition of Value (BDV) on a free-on-board basis. For further details, see ABS publication *Imports* (5406.0).

Net official monetary movements

6. The aggregate *net official monetary movements* is usually taken as a measure of the overall surplus or deficit in the balance of payments. In order not to obscure the underlying performance of the balance of payments this item excludes changes that do not arise from international economic transactions. The main exclusions made for this reason are: the allocation of Special Drawing Rights (SDR) by the International Monetary Fund (included in official reserve assets but excluded from net official monetary movements by means of the offset item shown in the table); and changes in the Australian dollar value of official reserve assets due to revaluations.

7. The measurement of official reserve assets is based on market valuations. Changes in the value of these assets occur not only as a result of economic

transactions and certain other changes (such as the allocation of SDR) but also as a result of fluctuations in the market value of certain assets and in the market rates of exchange used to convert them into Australian dollars. Table A on page 3 sets out separately the changes in official reserve assets which result from transactions and certain other changes, which are recorded in the balance of payments, and revaluation changes, which are excluded from the balance of payments. The major change that occurred in the Australian dollar value of official reserve assets in the December quarter 1976 was due to a devaluation of the Australian dollar on 28 November 1976.

8. Table A also shows the exchange rate of the Australian dollar with four major currencies and a trade-weighted index of value of the Australian dollar provided by the Reserve Bank. The trade-weighted index is the average value of the Australian dollar vis a vis currencies of Australia's major trading partners.

Seasonal adjustment

9. Most of the current account series in this bulletin are affected to some extent by seasonal influences and it is useful to recognise and take account of this element of variation.

10. While some degree of seasonality is evident in some capital account items over certain periods, the overall seasonal element is small compared with the large cyclical and irregular movements which have characterised capital flows in recent years. For these reasons, capital account items are, as in most countries, not being seasonally adjusted.

11. Seasonal adjustment may be carried out by various methods and the results may vary slightly according to the procedure adopted. Accordingly, seasonally adjusted statistics are in fact only estimates and should not be regarded as in any way definitive. In interpreting particular seasonally adjusted statistics it is important, therefore, to bear in mind the methods by which they have been derived and the limitations to which the methods used are subject.

12. Particular care should be taken in interpreting quarter to quarter movements in the adjusted figures, especially for those items showing substantial irregular movement. It should be recognised that levels of overseas transactions can be directly affected by changes in foreign exchange rates which, while they are working through the system, lead to movements that do not appear so directly or with such frequency in other statistical series.

13. Details of the seasonal adjustment methods used, together with selected measures of variability for these series, are given in *Seasonally Adjusted Indicators* (1308.0).

14. In order to maintain an accounting identity, the balance items (balance of trade, net invisibles and balance on current account) are derived by differencing independently adjusted series and could contain irregular fluctuations somewhat larger than those appearing in the individual series being differenced.

15. Historical series (from September quarter 1959 onwards) for the seasonally adjusted current account at the level of detail shown in this publication are available on request.

Related publications

16. Other ABS publications which may be of interest include :

Balance of Payments, monthly bulletin (5301.0)

Balance of Payments, annual bulletin (5303.0)

Imports by Commodity Divisions (Preliminary), monthly (5405.0)

Exports by Commodity Divisions (Preliminary), monthly (5402.0)

Foreign Investment 1976-77 (5305.0)

Foreign Investment in Enterprises in Australia, quarterly (5306.0).

17. All publications produced by ABS are listed in *Catalogue of Publications* (1101.0) which is available free of charge from any ABS office.

Symbols and other usages

- n.y.a. not yet available
- nil or less than half the final digit shown
- .. not applicable
- break in continuity of series (where drawn across a column between two consecutive figures)

18. In the following tables, minus sign (—) denotes : a debit for items in the current account; an outflow for components of capital inflow (net); and, for components of monetary movements, a decrease in assets, an increase in liabilities, or the receipt of an allocation of Special Drawing Rights in the I.M.F.

19. Discrepancies may occur between totals and sums of components in the tables, due to rounding.

R. J. CAMERON
Australian Statistician

TABLE 1. BALANCE OF PAYMENTS - CURRENT ACCOUNT
(\$ million)

	Quarters Ended -													
	Year				1976-77		1977-78				1978-79			
	1975-76	1976-77	1977-78	1978-79	Mar.	June	Sept.	Dec.	Mar.	June	Sept.	Dec.	Mar.	June
Visible trade -														
Exports f.o.b.	9,408	11,399	12,042	14,057	2,799	2,939	3,015	3,135	2,796	3,096	3,019	3,370	3,634	4,030
Imports f.o.b.	-7,924	-10,345	-11,165	-13,476	-2,789	-2,757	-2,829	-2,620	-2,849	-2,868	-3,138	-3,389	-3,344	-3,605
<i>Balance of trade</i>	<i>1,484</i>	<i>1,054</i>	<i>877</i>	<i>581</i>	<i>10</i>	<i>183</i>	<i>186</i>	<i>515</i>	<i>-52</i>	<i>228</i>	<i>-119</i>	<i>-14</i>	<i>290</i>	<i>425</i>
Invisible credits -														
Gold production	23	..	..	..	..	..	..	..	..	..	..	..	..	..
Transportation	1,041	1,238	1,316	1,545	316	316	312	345	335	325	354	408	392	391
Travel	233	278	325	370	80	60	68	104	88	65	78	114	103	75
Government	77	88	93	99	23	24	21	24	22	26	23	23	26	27
Miscellaneous	126	94	154	251	24	20	25	31	38	60	61	68	61	61
Property income	332	357	354	402	87	95	83	94	81	96	93	102	92	115
Transfers	359	276	402	391	67	72	86	95	117	104	106	95	98	93
<i>Total invisible credits</i>	<i>2,190</i>	<i>2,331</i>	<i>2,644</i>	<i>3,058</i>	<i>596</i>	<i>587</i>	<i>595</i>	<i>692</i>	<i>682</i>	<i>675</i>	<i>716</i>	<i>809</i>	<i>772</i>	<i>761</i>
Invisible debits -														
Transportation -														
Freight on imports	-802	-1,034	-1,076	-1,255	-275	-272	-272	-269	-249	-287	-300	-311	-312	-332
Other transportation	-804	-964	-1,059	-1,258	-233	-263	-264	-248	-255	-293	-316	-304	-316	-322
Travel	-509	-510	-551	-655	-103	-165	-144	-104	-112	-190	-167	-132	-138	-219
Government	-175	-189	-223	-213	-48	-61	-53	-52	-56	-61	-43	-54	-53	-63
Miscellaneous	-253	-255	-399	-399	-64	-65	-92	-89	-112	-106	-93	-89	-114	-102
Property income -														
Investment income -														
Undistributed	-611	-660	-637	-680	-165	-165	-159	-159	-159	-159	-170	-170	-170	-170
Other	-871	-1,043	-1,192	-1,355	-227	-288	-319	-287	-255	-330	-265	-359	-332	-399
Royalties and copyrights	-75	-57	-81	-90	-13	-16	-22	-16	-18	-25	-18	-23	-24	-24
Transfers -														
Government	-388	-414	-452	-518	-107	-116	-146	-54	-118	-134	-113	-105	-139	-162
Private	-313	-290	-367	-374	-65	-77	-91	-87	-91	-98	-105	-86	-88	-96
<i>Total invisible debits</i>	<i>-4,800</i>	<i>-5,417</i>	<i>-6,035</i>	<i>-6,796</i>	<i>-1,300</i>	<i>-1,487</i>	<i>-1,562</i>	<i>-1,365</i>	<i>-1,424</i>	<i>-1,684</i>	<i>-1,590</i>	<i>-1,632</i>	<i>-1,686</i>	<i>-1,888</i>
<i>Net invisibles</i>	<i>-2,610</i>	<i>-3,086</i>	<i>-3,391</i>	<i>-3,738</i>	<i>-704</i>	<i>-900</i>	<i>-967</i>	<i>-673</i>	<i>-743</i>	<i>-1,009</i>	<i>-874</i>	<i>-822</i>	<i>-914</i>	<i>-1,127</i>
<i>Balance on current account</i>	<i>-1,126</i>	<i>-2,032</i>	<i>-2,515</i>	<i>-3,156</i>	<i>-694</i>	<i>-717</i>	<i>-781</i>	<i>-158</i>	<i>-795</i>	<i>-781</i>	<i>-993</i>	<i>-837</i>	<i>-625</i>	<i>-702</i>

TABLE 2. BALANCE OF PAYMENTS – CAPITAL ACCOUNT
(\$ million)

	Quarters Ended –													
	Year				1976-77		1977-78				1978-79			
	1975-76	1976-77	1977-78	1978-79	Mar.	June	Sept.	Dec.	Mar.	June	Sept.	Dec.	Mar.	June
Capital inflow (net) –														
Government capital movements –														
Government securities	47	374	1,647	1,369	-3	-4	490	366	476	315	429	471	365	105
Other government capital movements	-176	-222	-129	-38	-25	-116	-59	-20	40	-90	92	-2	-24	-104
Total government capital movements	-128	152	1,518	1,331	-28	-120	432	346	516	224	520	470	340	-
Private capital movements –														
Foreign investment in Australian enterprises –														
Undistributed income	611	660	637	680	165	165	159	159	159	159	170	170	170	170
Other direct investment	-31	414	371	473	192	147	-41	82	62	268	122	210	121	20
Portfolio investment and institutional loans	206	488	268	661	207	129	-1	120	62	87	79	15	195	372
Total enterprises	785	1,562	1,276	1,814	563	440	118	361	283	514	371	395	486	562
Australian investment abroad	-179	-230	-177	-192	-59	-52	-41	-53	-41	-43	-46	-86	-60	(a)
Trade credit n.e.i. –														
Marketing authorities	120	111	-208	34	71	-5	-164	-84	79	-39	-41	107	35	-68
Other	-10	132	-76	-30	13	30	26	-82	-5	-15	53	-83	-58	59
Total private capital movements	716	1,575	815	1,626	588	413	-61	143	316	417	337	334	403	n.y.a.
Non-official monetary sector transactions	-25	24	-17	-8	-11	34	47	-18	-21	-25	62	-52	-18	(a)
Net identified capital inflow	563	1,751	2,316	2,949	550	327	418	471	811	616	920	751	725	553
Balancing item	-457	-209	-344	76	281	39	-373	-386	286	129	-132	-12	-103	(b)323
Net apparent capital inflow	106	1,542	1,973	3,025	830	367	45	85	1,097	745	788	739	622	876
Official monetary movements –														
Changes in official reserve assets	-1,053	-190	-474	-167	127	-352	-584	-43	187	-34	-205	-113	109	42
Allocation of SDR	-	-	-	-94	-	-	-	-	-	-	-	-	-94	-
Other transactions	32	-301	-68	129	9	2	-152	-30	116	-2	-	15	-18	132
Net official monetary movements	-1,020	-491	-542	-131	136	-350	-736	-73	302	-36	-205	-97	-3	174

(a) Not yet available. Included in the balancing item. (b) Includes items footnoted (a).

TABLE 3. BALANCE OF PAYMENTS - CURRENT ACCOUNT - SEASONALLY ADJUSTED
(\$ million)

	Quarters Ended -									
	1976-77		1977-78				1978-79			
	Mar.	June	Sept.	Dec.	Mar.	June	Sept.	Dec.	Mar.	June
Visible trade -										
Exports f.o.b.	2,926	2,896	3,052	3,009	2,931	3,047	3,055	3,237	3,813	3,964
Imports f.o.b.	-2,774	-2,803	-2,754	-2,674	-2,820	-2,911	-3,063	-3,465	-3,303	-3,656
Balance of trade	153	93	298	335	111	136	-8	-228	511	309
Invisible credits -										
Gold production	..	..	..	..	..	..	..	..	..	..
Transportation	311	321	317	340	329	330	361	402	384	399
Travel	74	77	77	83	82	83	89	91	95	96
Government	23	23	22	24	22	25	24	23	26	26
Miscellaneous	25	20	25	31	41	57	63	66	66	57
Property income	89	94	83	93	83	95	93	101	94	114
Transfers	71	71	86	94	121	102	106	93	101	91
Total invisible credits	593	605	610	663	677	692	735	775	766	783
Invisible debits -										
Transportation -										
Freight on imports	-280	-276	-262	-271	-253	-292	-288	-314	-317	-337
Other transportation	-234	-255	-262	-255	-259	-282	-312	-313	-323	-312
Travel	-126	-129	-137	-121	-138	-149	-159	-153	-169	-171
Government	-50	-52	-60	-54	-59	-53	-48	-56	-56	-53
Miscellaneous	-62	-66	-87	-95	-106	-110	-89	-98	-108	-107
Property income -										
Investment income -										
Undistributed	-165	-165	-159	-159	-159	-159	-170	-170	-170	-170
Other	-244	-268	-379	-254	-279	-305	-302	-319	-362	-367
Royalties and copyrights	-13	-16	-22	-18	-18	-23	-18	-25	-24	-22
Transfers -										
Government	-114	-110	-143	-57	-126	-141	-104	-101	-147	-167
Private	-69	-76	-87	-87	-97	-97	-100	-86	-93	-95
Total invisible debits	-1,358	-1,413	-1,597	-1,369	-1,492	-1,611	-1,590	-1,637	-1,770	-1,802
Net invisibles	-765	-808	-988	-707	-815	-919	-855	-862	-1,003	-1,019
Balance on current account	-612	-715	-690	-372	-704	-783	-863	-1,090	-493	-710

TABLE 4. BALANCE OF PAYMENTS - CURRENT ACCOUNT - SEASONALLY ADJUSTED
PERCENTAGE CHANGE FROM PRECEDING QUARTER

	Quarters Ended -									
	1976-77		1977-78				1978-79			
	Mar.	June	Sept.	Dec.	Mar.	June	Sept.	Dec.	Mar.	June
Exports f.o.b.	8.6	-1.0	5.4	-1.4	-2.6	4.0	0.3	5.9	17.8	4.0
Invisible credits	0.9	2.0	0.8	8.6	2.2	2.2	6.2	5.4	-1.1	2.2
Imports f.o.b.	13.2	1.1	-1.8	-2.9	5.5	3.2	5.2	13.1	-4.7	10.7
Invisible debits	3.9	4.0	13.1	-14.3	8.9	8.0	-1.3	3.0	8.1	1.8