

## Summary

In the June 2009 quarter, Australia's current account deficit (CAD) was \$13.3B, compared to a CAD of \$6.3B in the previous quarter. The June 2009 quarter CAD was greater than the market median expectation for a deficit of \$10.7B. This is expected to detract 0.2 of a percentage point from growth in the June 2009 quarter measure of Australia's Gross Domestic Product (GDP).

## Australia (Seasonally adjusted)

|                         | Value     | Annual % change |
|-------------------------|-----------|-----------------|
| Exports                 | \$61 463M | ↓ 8.3%          |
| Imports                 | \$63 130M | ↓ 9.7%          |
| Current Account Deficit | \$13 347M | ↓ 12.9%         |

## Balance of Payments

The balance of payments measures the economic transactions between Australia and the rest of the world, and includes: exports and imports of goods and services, income flows such as dividends and interest, financial flows such as investment in shares, and transfers such as foreign aid.

## Current Account

The current account is equal to the balance of payments excluding financial flows. In the June 2009 quarter, the CAD increased by 110.3% from the previous quarter to \$13.3B (in seasonally adjusted terms). This is expected to detract 0.2 of a percentage point from growth in the June 2009 quarter real measure of GDP. Compared to the June 2008 quarter, Australia's seasonally adjusted CAD decreased by 12.9% in the June 2009 quarter (Chart 1).

The yearly CAD is derived by summing the CAD for the previous four quarters. In 2008-09, the CAD was \$38.5B, a decrease of \$34.1B from 2007-08 (CAD of \$72.5B) (see Chart 2). The decrease in the CAD in the year is mainly due to a 136.8% improvement in net goods and a 10.3% improvement in net income. Net income is the difference between income flows from Australia to foreigners and from foreigners to Australians. It includes: dividends, interest receipts and labour income. Chart 2 shows net income has been the main driver of Australia's CAD since 2001.

## Net Goods

In annual terms, seasonally adjusted net goods improved by \$0.2B. Goods imports decreased by \$6.2B (11.2%) and goods exports increased by \$6.0B (11.3%).

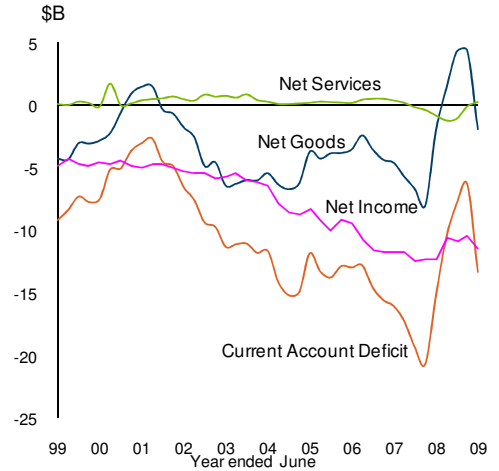
## Net Services

In annual terms, seasonally adjusted net services improved by \$1.1B. Historically, service imports and service exports have increased at similar rates and have balanced each other out, so net services has had very little impact on the CAD.

## Net Foreign Debt

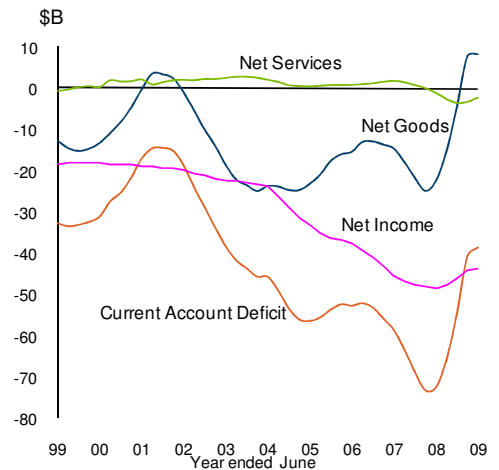
In annual terms, net foreign debt, which is defined as the difference between Australian direct investment overseas and foreign direct investment in Australia, increased by 2.7% to \$633B (see Chart 3).

**Chart 1: Balance on Current Account, quarterly (seasonally adjusted)**



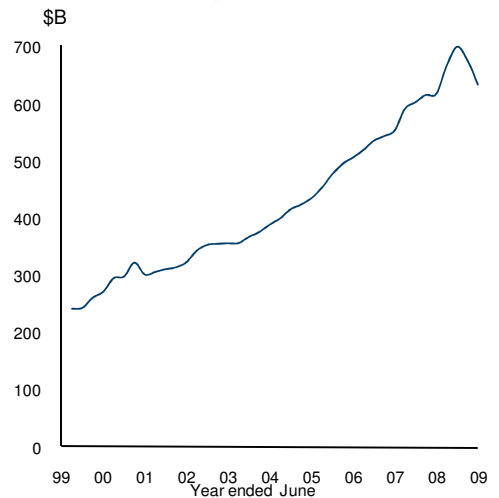
Source: ABS Cat. No. 5302.0

**Chart 2: Balance on Current Account (moving annual total)**



Source: ABS Cat. No. 5302.0

**Chart 3: Net Foreign Debt**



Source: ABS Cat. No. 5302.0

### Balance on Current Account (\$M), Seasonally Adjusted

|                                     | June 2009      |                           | change                 |                     |                           |
|-------------------------------------|----------------|---------------------------|------------------------|---------------------|---------------------------|
|                                     | quarter        | year to date <sup>1</sup> | quarterly <sup>2</sup> | annual <sup>3</sup> | year on year <sup>4</sup> |
| <b>Exports</b>                      |                |                           |                        |                     |                           |
| goods & services                    | 61 463         | 285 701                   | -14.9%                 | -8.3%               | 22.2%                     |
| goods                               | 47 602         | 231 728                   | -19.0%                 | -11.3%              | 26.8%                     |
| services                            | 13 862         | 53 973                    | 2.6%                   | 3.6%                | 5.8%                      |
| income                              | 9 055          | 40 224                    | -5.9%                  | -19.0%              | -4.3%                     |
| current transfer                    | 1 215          | 4 991                     | -0.7%                  | -6.8%               | -5.2%                     |
| <b>Imports</b>                      |                |                           |                        |                     |                           |
| goods & services                    | -63 130        | -279 896                  | -7.2%                  | -9.7%               | 8.7%                      |
| goods                               | -49 487        | -223 514                  | -9.0%                  | -11.2%              | 8.9%                      |
| services                            | -13 643        | -56 382                   | 0.0%                   | -4.2%               | 7.9%                      |
| income                              | -20 543        | -83 836                   | 2.5%                   | -12.5%              | -7.5%                     |
| current transfer                    | -1 406         | -5 631                    | -0.4%                  | 0.5%                | 0.4%                      |
| <b>Net</b>                          |                |                           |                        |                     |                           |
| goods & services                    | -1 667         | 5 805                     | -139.1%                | -43.1%              | -124.6%                   |
| goods                               | -1 885         | 8 214                     | -142.9%                | -8.9%               | -136.8%                   |
| services                            | 219            | -2 409                    | -265.9%                | -125.4%             | 98.3%                     |
| income                              | -11 489        | -43 612                   | 10.2%                  | -6.5%               | -10.3%                    |
| current transfer                    | - 192          | - 640                     | 2.1%                   | 100.0%              | 87.1%                     |
| <b>balance on current account</b>   | <b>-13 347</b> | <b>-38 447</b>            | <b>110.3%</b>          | <b>-12.9%</b>       | <b>-47.0%</b>             |
| <b>net foreign debt<sup>5</sup></b> | <b>633 174</b> |                           | <b>-6.3%</b>           | <b>2.7%</b>         | <b>10.2%</b>              |

<sup>1</sup> original data

<sup>2</sup> compares the latest quarter with the previous quarter

<sup>3</sup> compares the latest quarter with the same quarter last year

<sup>4</sup> compares the 4 quarters of original data up to and including the latest quarter with the previous 4 quarter period.

<sup>5</sup> net foreign debt position at the end of the period

Source: ABS Cat. No. 5302.0

Although all due care has been exercised in the preparation of this material, no responsibility is accepted for any errors or omission.