

INFLUENCES ON TRADING BANK RESERVE ASSETS

INTRODUCTION

In the last few years, the Reserve Bank has published regularly an article setting out the major influences on trading bank reserve assets. The present article updates the tables published in the September *Bulletin* last year and makes brief comments on the main influences underlying the change in reserve assets in 1982/83.

The methodology used to construct the tables has been described in previous *Bulletin* articles.¹ This methodology is based on identification of the net financial flows between the major sectors of the economy. It should be noted, however, that this does not provide a full reconciliation of the changes in trading bank reserve assets, as is evidenced by the 'Unexplained Difference Between Estimate and Actual' column in tables 1 and 1A. In particular, quarterly movements in this residual became quite large during 1982/83, although the size of the residual for the year to March (-\$110 million) was in line with previous years. A large part of the quarterly movement in the residual may have resulted from timing discrepancies in the statistics. Work is currently being undertaken within the Bank to provide a more complete picture of the influences on reserve assets and the results of this work will be reported in a further *Bulletin* article at a later stage.

INFLUENCES ON TRADING BANK RESERVE ASSETS 1982/83

The reserve assets of the trading bank system more than doubled over the 1982/83 March year, increasing by \$1441 million to \$2612 million. This compares with net declines of \$137 million and \$28 million during 1981/82 and 1980/81 respectively. There were two primary reasons for this strong growth in reserves. Firstly there was a large increase in the net injection to the banking system arising both from the Reserve Bank acting as banker to the marketing boards and by way of lending through the primary product stabilization accounts, including supplementary minimum price support. Secondly there was a marked change in the overseas accounts — whereas the banks in most recent years have purchased substantial amounts of foreign exchange from the Reserve Bank, they were net sellers in 1982/83. These two large positive influences were not offset by movements in the other major influences.

From table 1A, it can be seen that this sharp reversal of the previously declining level of reserve assets did not begin until the December 1982 quarter. Reserve assets of the banking system actually fell by a total of \$283 million during the June and September quarters of 1982/83. This reflected the widening current external account deficit and also the impact of substantial sales of inflation bonds during these two quarters which partially offset the Government's internal deficit.

1 Readers are referred to an article entitled *The Formation of Trading Bank Reserve Assets* which appeared in the July 1977 *Bulletin* (and which was subsequently republished in *Monetary Policy and the New Zealand Financial System* edited by R.S. Deane and P.W.E. Nicholl), and to articles which appeared in the *Bulletins* of October 1979, September 1981 and September 1982. For those who wish to read further on the compilation and significance of the data, additional references are listed at the conclusion of the October 1979 *Bulletin* article.

From October on, however, liquidity conditions began to ease, with a number of influences all operating in the same direction to generate a rapid build-up in reserve assets. The fiscal stance was much easier as a result of the impact of the October tax cut and a slowing in sales of public debt instruments to the non-M3 private sector. The private capital inflow, which had been growing in the early part of the year, accelerated rapidly — the net inflow during 1982/83 was \$1,284 million, of which \$919 million occurred during the second half of the year. In addition Reserve Bank lending increased and there was a large injection of compensatory deposits into the banking system in the last quarter.

A more detailed description of the factors underlying the various influences on reserve assets between 1981/82 and 1982/83 follows.

Government

The net Government injection in 1982/83 amounted to \$84 million. This was substantially less than the budget deficit before capital transactions of \$1,853 million² for two main reasons. Firstly, the Government's deficit on overseas transactions via the Reserve Bank was, at \$934 million, some 30 per cent higher than in 1981/82, and accounted for 50 per cent of the overall budget deficit, compared with 41 per cent in 1981/82. As such transactions do not affect the reserve assets of the trading bank system, this substantially reduced the expansionary effect of the Government's deficit before borrowing on the reserve base. Secondly, Government borrowing from the non-bank private sector (which takes into account trading bank purchases of Government securities from the non-bank private sector) over the 1982/83 year amounted to \$835 million. This was, however, down 21 per cent on the domestic borrowing from non-banks in 1981/82 of \$1055 million, which more than covered the Government's internal deficit and resulted in an internal cash surplus after borrowing of \$2 million in that year.

Reserve Bank's Role as Banker to the Marketing and Stabilization Accounts

The net injection to the banking system in 1982/83 arising from the Reserve Bank acting as banker to the marketing boards (in particular the Dairy Board) and lending through the primary product stabilization accounts was \$857 million. This is double the injection recorded in 1981/82, and much higher than injections recorded earlier in the period reviewed in tables 3 and 3A.

The main factor behind this large increase was lending by the Reserve Bank to the marketing and stabilization accounts (including temporary financing by the Reserve Bank of supplementary minimum prices) which grew by some \$615 million during 1982/83 compared with a rise of \$116 million in 1981/82. This growth was mainly due to increases in advances to the dairy industry, in the overdrafts of the supplementary

2 The discrepancy between this figure and the published deficit before borrowing is due to the effects of the recent devaluation of the New Zealand dollar (8 March 1983) on the value of overseas assets and the treatment of that value in the public accounts.

minimum prices accounts and of the meat and wool income stabilisation accounts. The second component of this injection, net foreign exchange receipts of the Reserve Bank from the private sector (mainly dairy receipts from the UK), amounted to \$242 million, though this was down on the \$312 million recorded in 1981/82. (It should be noted that this latter component can be thought of as part of the overall overseas influence. The treatment of this component as part of the Reserve Bank influence reflects the attempt to reconcile overseas exchange transaction figures to actual figures for trading bank net purchases of foreign exchange from the Reserve Bank.)

Trading Bank Purchases of Foreign Exchange

The overseas exchange transactions current account balance showed a marked deterioration during 1982/83, the deficit of \$1643 million being \$502 million higher than in 1981/82. The amount of the deficit attributable to Government and private flows via the Reserve Bank increased by \$231 million compared with 1981/82; hence the current account deficit via the trading banks, at \$986 million, was \$271 million higher than in the previous year. The loss of domestic reserve assets reflected in this figure was more than offset by a large private capital inflow via the trading banks of \$1185 million, compared with an inflow of \$146 million in 1981/82.

Adjusting for the decrease in trading bank net overseas assets over the year yields the estimate of trading bank sales (i.e. negative purchases) of foreign exchange to the Reserve Bank over the 1982/83 year of \$228 million, \$230 million less than actual sales. This was the first time since 1973/74 that this influence resulted in a net injection to the monetary base. The corresponding estimate for the 1981/82 year was net purchases of \$490 million, \$7 million more than actual purchases.

The residual on trading bank purchases of foreign exchange in tables 4 and 4A (\$230 million) is significantly larger than in previous years. Given that the overall residual is not large, this tends to suggest that offsetting residuals occurred in the other influences.

Reserve Bank Advances to the Trading Banks and the Money Market

The net injection to the banking system in 1982/83 arising from Reserve Bank advances to the trading banks and money market was \$300 million, up by \$186 million on the previous year.

Under the compensatory deposits scheme, the Reserve Bank places deposits with the trading banks in March and September of each year, in order to offset the large negative influence on reserve assets arising from the provisional and terminal tax payments in those months. These deposits are repaid after the tax flow ceases, over a period of about two and a half months.

These arrangements thus have a positive influence on reserve assets in the March and September quarters, and a negative influence in the June and December quarters. Occasional trading bank borrowing from the Reserve Bank for reserve asset purposes may alter the usual pattern (as happened in December 1978).

There was a significantly larger net injection through this influence during the March 1983 quarter as a result of a large increase in the level of compensatory deposits paid (\$1097 million, compared with \$714 million in March 1982 and \$588 million in March 1981). This increase arose partly from a greater proportion of tax payments having been processed during the days that the scheme operated this year compared with last, and partly from an overall increase in tax receipts in March 1983. In turn, this increase in compensatory deposits in March was subsequently reflected in an increased withdrawal of funds from the trading bank system, as repayment occurred during the June 1983 quarter.

Private Sector Deposits at the Reserve Bank

This influence arises mainly from changes in deposits in the various marketing accounts at the Reserve Bank. A decline in the total of these deposits represents an injection into the monetary base, whereas an increase represents a withdrawal from the monetary base.

In 1981/82 the total of these deposits fell only slightly by \$1 million, with the meat income and wool income stabilization account balances declining and moving into overdraft (and thereafter being included in the net influence arising from the Reserve Bank's role as banker to the marketing and stabilization accounts), but being largely offset by increases in the dairy account balances. In 1982/83 the total of private sector deposits at the Reserve Bank actually increased by \$80 million, with the largest increases being recorded in the dairy account balances and in the farm income equalization account.

Clearly, the net influence arising from the change in private sector deposits of the Reserve Bank should be read together with the net influence arising from the Reserve Bank's role as banker to the marketing and stabilization accounts due to the complementary nature of the two.

Notes and Coin:

The public's holdings of notes and coin rose by \$60 million during 1982/83 (compared with a \$40 million increase in 1981/82), despite the slowdown in rates of inflation and of growth in nominal incomes during the wage-price freeze. Accordingly, as with all years since 1969/70, this influence on the reserve assets of the banking system was negative. The usual seasonal pattern prevailed with currency holdings being built up most strongly in the December quarter (reflecting the public's Christmas cash requirements), with these higher levels of holdings being partially run down again in the following quarter.

TABLE 1
Influences on Trading Bank Reserve Assets
(\$ million)

March Years	From Government ¹ (See Table 2) (1)	From Transactions Arising from R.B.'s role as Banker to the Marketing and Stabilisation Accounts (See Table 3) (2)	From T.B. Purchases (-ve) of Foreign Exchange From R.B. (See Table 4) (3)	From R.B. Advances to T.B.s and Money Market (4)	From Private Sector Deposits ² at the R.B. (5)	From Change in Public's Holdings of Notes and Coin (6)	Estimates of the Change in T.B. Reserve Assets (Cols. 1-6) (7)	Actual Movement in T.B. Reserve Assets (8)	Unexplained Difference Between Estimate and Actual (Cols. 7-8) (9)
1969/70	-118	165	-2	-26	-	-25	-5	-6	-
1970/71	-103	145	-48	53	-1	-4	44	15	29
1971/72	-86	197	77	-88	1	-31	70	75	-8
1972/73	-158	244	275	7	-21	-9	337	347	-11
1973/74	-215	151	-54	-2	-86	-39	-246	-66	-180
1974/75	225	253	-763	79	55	-61	-212	-131	-81
1975/76	594	228	-633	-65	6	-31	100	126	-26
1976/77	-42	341	-426	-15	-31	-25	-196	-62	-134
1977/78	25	301	-208	484 ³	13	-26	578	653	-75
1978/79	181	387	-371	-100	15	-51	61	121	-60
1979/80	-168	382	-103	206	-86	-36	195	125	70
1980/81	224	289	-332	-79	46	-44	104	-28	132
1981/82	-2	428	-490	114	1	-60	-9	-137	128
1982/83	84	857	228	300	-80	-58	1,331	1,441	-110

1 This is the Government's domestic cash deficit (+) after borrowing from the private non-bank sector.

2 Excluding trading bank deposits.

3 Compensatory deposits first introduced in March 1978.

R.B. — Reserve Bank T.B.s — Trading Banks.

TABLE 2
Derivation of Government's Internal Cash Surplus
(\$ million)

March Years	Government's Budgetary Cash Surplus (+) or Deficit (-) before Financing Transactions (1)	Government's Deficit (-) on Current Overseas Exchange Transactions Via Reserve Bank (2)	Government's Internal Deficit (-) before Financing Transactions i.e. (1)-(2) (3)	Net Internal Borrowing from the Non-Bank Private Sector by Government (4)	Government's Internal Cash Surplus (+) or Deficit (-) after Borrowing i.e. (3)+(4) (5)
1969/70	-75	-85	10	108	118
1970/71	-82	-91	9	94	103
1971/72	-71	-97	26	59	85
1972/73	-189	-97	-92	250	158
1973/74	-125	-100	-25	240	215
1974/75	-421	-170	-250	25	-225
1975/76	-1,053	-265	-789	195	-594
1976/77	-497	-298	-199	241	42
1977/78	-697	-337	-360	335	-25
1978/79	-1,449	-472	-977	796	-181
1979/80	-1,024	-603	-421	589	168
1980/81	-1,532	-590	-943	719	-224
1981/82	-1,773	-720	-1,053	1,055	2
1982/83	-1,853	-934	-919	835	-84

TABLE 3
The Influence Arising from the Reserve Bank's Role as Banker
 (\$ million)

March Years	Change in Reserve Bank Advances Outstanding to the Marketing and Stabilisation Accounts	Net Foreign Exchange Receipts of the Reserve Bank from the Private Sector	Estimate of the Injections from the Reserve Bank arising from Net Payments to Marketing and Stabilisation Accounts and from Foreign Exchange Receipts of the Reserve Bank from the Private Sector
1969/70	4	161	165
1970/71	- 11	156	145
1971/72	- 3	200	197
1972/73	75	169	244
1973/74	17	134	151
1974/75	137	116	253
1975/76	- 4	232	228
1976/77	51	290	341
1977/78	31	270	301
1978/79	93	294	387
1979/80	83	299	382
1980/81	18	270	287
1981/82	116	312	428
1982/83	615	242	857

TABLE 4
Reconciliation of Trading Bank Purchases of Foreign Exchange
From Reserve Bank with Balance of Payments Data
 (\$ million)

March Years	Current Account Balance (1)	Current Account Balance not via Trading Banks ¹ (2)	Current Account Balance via Trading Banks i.e. (1)-(2) (3)	Private Capital Flow via Trading Banks (4)	Increase (-ve) in Net Overseas Assets of Trading Banks (5)	Estimated Net Trading Bank Foreign Exchange Purchases ² (5)	Actual Purchases by Trading Banks (6)	Residual (5)-(6)
1969/70	79	82	- 3	7	- 6	2	17	- 14
1970/71	- 39	70	- 109	48	3	48	72	- 15
1971/72	95	110	- 15	71	22	- 77	- 99	22
1972/73	287	89	198	109	- 33	- 275	- 331	56
1973/74	- 30	75	- 105	-	51	54	- 20	72
1974/75	- 993	- 24	- 968	217	- 13	763	705	58
1975/76	- 815	- 107	- 707	112	- 37	633	562	70
1976/77	- 591	- 99	- 492	99	- 32	426	345	82
1977/78	- 510	- 169	- 341	157	- 24	208	223	- 16
1978/79	- 426	- 219	- 207	- 100	- 65	371	441	- 69
1979/80	- 483	- 315	- 168	99	- 33	103	219	- 116
1980/81	- 716	- 342	- 374	111	- 70	333	423	- 90
1981/82	- 1,141	- 426	- 715	146	79	490	483	7
1982/83	- 1,643	- 657	- 986	1,185	29	- 228	- 458	230

1 Mainly via the Reserve Bank, a limited amount via Thomas Cook Pty Ltd.

2 Equivalent to the overseas transactions deficit via trading banks, adjusted for the change in net overseas assets of the trading banks.

Table 1A
Influences on Trading Bank Reserve Assets
(\$ million)

Quarters	From Government ¹ (See Table 2A) (1)	From Transactions Arising from R.B.'s role as Banker to the Marketing and Stabilisation Accounts (See Table 3A) (2)	From T.B. Purchases (-ve) of Foreign Exchange From R.B. (See Table 4A) (3)	From R.B. Advances to T.B.s and Money Market (4)	From Private Sector Deposits ² at the R.B. (5)	From Change in Public's Holdings of Notes and Coin (6)	Estimates of the Change in T.B. Reserve Assets (Cols. 1-6) (7)	Actual Movement in T.B. Reserve Assets (8)	Unexplained Difference Between Estimate and Actual (Cols. 7-8) (9)
1970(2)	12	20	16	- 14	—	14	48	48	—
1970(3)	29	—	- 26	18	1	- 7	24	15	9
1970(4)	128	63	- 39	- 12	- 2	- 33	105	75	30
1971(1)	- 271	63	- 8	60	—	23	- 133	- 123	- 10
1971(2)	15	19	55	- 88	—	- 3	- 2	28	- 30
1971(3)	19	14	19	1	1	- 4	50	49	1
1971(4)	125	83	- 44	- 4	—	- 33	127	163	- 36
1972(1)	- 245	80	47	2	—	9	- 107	- 164	57
1972(2)	92	61	84	—	- 2	10	245	204	41
1972(3)	- 68	20	40	—	—	- 6	- 14	74	- 88
1972(4)	166	99	40	—	- 16	- 42	247	266	- 19
1973(1)	- 349	64	111	7	- 3	29	- 141	- 196	55
1973(2)	- 43	6	128	- 4	- 22	- 14	51	200	- 149
1973(3)	179	7	- 26	3	- 57	- 17	89	- 18	107
1973(4)	37	96	- 118	- 12	- 6	- 53	- 56	97	- 153
1974(1)	- 388	42	- 38	11	- 2	45	- 330	- 345	15
1974(2)	127	7	- 167	- 5	4	- 13	- 47	- 46	- 1
1974(3)	70	32	- 229	22	24	- 6	- 87	- 109	22
1974(4)	327	105	- 250	- 14	27	- 67	128	202	- 74
1975(1)	- 299	109	- 117	76	—	25	- 206	- 178	- 28
1975(2)	351	47	- 201	- 90	4	10	121	82	39
1975(3)	128	- 60	- 180	9	6	- 4	- 101	- 3	- 98
1975(4)	449	114	- 229	—	1	- 46	289	252	37
1976(1)	- 334	127	- 23	15	- 4	10	- 209	- 205	- 4
1976(2)	401	70	- 97	- 20	- 11	8	351	231	120
1976(3)	- 153	- 9	- 187	7	- 12	- 9	- 363	- 148	- 215
1976(4)	184	178	- 171	- 7	10	- 75	119	191	- 72
1977(1)	- 473	103	29	5	- 18	51	- 303	- 336	33
1977(2)	185	- 28	25	- 4	- 12	- 7	159	166	- 7
1977(3)	125	- 21	- 101	5	- 4	- 4	—	- 76	76
1977(4)	571	221	- 230	—	11	- 83	490	347	143
1978(1)	- 855	128	98	483 ³	17	58	- 71	216	- 287
1978(2)	466	94	2	- 487	13	- 3	85	- 109	194
1978(3)	181	- 47	- 167	112	6	- 11	74	108	- 34
1978(4)	220	249	- 307	81	5	- 119	129	261	- 132
1979(1)	- 686	90	101	195	- 9	82	- 227	- 139	- 88
1979(2)	254	50	- 44	- 385	- 33	- 1	- 159	- 303	144
1979(3)	327	- 28	- 138	145	- 13	- 6	289	250	37
1979(4)	296	244	- 69	- 148	- 18	- 128	177	189	- 12
1980(1)	- 1045	116	148	594	- 22	99	- 110	- 11	- 99
1980(2)	495	159	- 100	- 595	32	3	- 6	- 64	58
1980(3)	137	- 93	- 77	135	6	- 7	101	- 17	118
1980(4)	634	172	- 177	- 131	6	- 82	422	247	175
1981(1)	- 1042	51	22	512	2	42	- 413	- 194	- 219
1981(2)	525	143	- 64	- 516	21	- 10	99	16	83
1981(3)	166	- 184	- 218	178	7	- 10	- 61	- 58	- 3
1981(4)	415	345	- 316	- 174	3	- 127	146	75	71
1982(1)	- 1108	124	108	626	- 30	87	- 193	- 170	- 23
1982(2)	355	278	- 279	- 628	13	- 25	- 286	- 79	- 207
1982(3)	131	- 144	- 181	239	11	29	85	- 204	289
1982(4)	711	412	7	- 237	- 89	- 125	679	1073	- 394
1983(1)	- 1113	311	681	926	- 15	63	853	651	202

1 This is the Government's domestic cash deficit (+) after borrowing from the private non-bank sector.

2 Excluding trading bank deposits.

3 Compensatory deposits first introduced in March 1978.

R.B.—Reserve Bank. T.B.s.—Trading Banks.

TABLE 2A
Derivation of Government's Internal Cash Surplus
 (\$ million)

<i>Quarters</i>	<i>Government's Budgetary Cash Surplus (+) or Deficit (-) before Financing Transactions (1)</i>	<i>Government's Deficit (-) on Current Overseas Exchange Transactions Via Reserve Bank (2)</i>	<i>Government's Internal Deficit (-) before Financing Transactions i.e. (1)-(2) (3)</i>	<i>Net Internal Borrowing from the Non-Bank Private Sector by Government (4)</i>	<i>Government's Internal Cash Surplus (+) or Deficit (-) after Borrowing i.e. (3)+(4) (5)</i>
1970(2)	- 90	- 21	- 69	57	- 12
1970(3)	- 88	- 24	- 64	35	- 29
1970(4)	- 170	- 24	- 146	18	- 128
1971(1)	266	- 22	288	- 17	271
1971(2)	- 66	- 25	- 41	26	- 15
1971(3)	- 69	- 23	- 46	27	- 19
1971(4)	- 175	- 23	- 152	27	- 125
1972(1)	239	- 26	265	- 20	245
1972(2)	- 137	- 23	- 114	22	- 92
1972(3)	- 81	- 24	- 57	125	68
1972(4)	- 244	- 22	- 222	56	- 166
1973(1)	273	- 28	301	48	349
1973(2)	- 131	- 27	- 104	147	43
1973(3)	- 127	- 19	- 108	- 71	- 179
1973(4)	- 206	- 23	- 183	146	- 37
1974(1)	339	- 31	370	18	388
1974(2)	- 168	- 32	- 136	9	- 127
1974(3)	- 115	- 27	- 88	18	- 70
1974(4)	- 351	- 48	- 303	- 24	- 327
1975(1)	213	- 63	276	23	299
1975(2)	- 471	- 62	- 409	58	- 351
1975(3)	- 251	- 61	- 190	62	- 128
1975(4)	- 569	- 66	- 503	54	- 449
1976(1)	238	- 75	313	21	334
1976(2)	- 375	- 65	- 310	- 91	- 401
1976(3)	- 165	- 84	- 81	234	153
1976(4)	- 322	- 69	- 253	69	- 184
1977(1)	365	- 80	445	28	473
1977(2)	- 337	- 74	- 263	78	- 185
1977(3)	- 156	- 95	- 61	- 64	- 125
1977(4)	- 619	- 90	- 529	- 42	- 571
1978(1)	415	- 78	493	362	855
1978(2)	- 474	- 109	- 365	- 101	- 466
1978(3)	- 457	- 119	- 338	157	- 181
1978(4)	- 837	- 105	- 732	512	- 220
1979(1)	319	- 139	458	228	686
1979(2)	- 573	- 137	- 436	182	- 254
1979(3)	- 479	- 141	- 338	11	- 327
1979(4)	- 580	- 142	- 438	142	- 296
1980(1)	608	- 183	791	254	1045
1980(2)	- 797	- 141	- 657	162	- 495
1980(3)	- 402	- 158	- 244	107	- 137
1980(4)	- 875	- 133	- 742	108	- 634
1981(1)	542	- 158	700	342	1042
1981(2)	- 811	- 155	- 656	131	- 525
1981(3)	- 483	- 189	- 294	128	- 166
1981(4)	- 825	- 179	- 646	231	- 415
1982(1)	346	- 197	543	565	1108
1982(2)	- 811	- 232	- 579	224	- 355
1982(3)	- 457	- 213	- 244	113	- 131
1982(4)	- 1179	- 279	- 900	189	- 711
1983(1)	594	- 210	804	309	1113

TABLE 3A
The Influence Arising from the Reserve Bank's Role as Banker
(\$ million)

<i>Quarters</i>	<i>Change in Reserve Bank Advances Outstanding to the Marketing and Stabilisation Accounts</i>	<i>Net Foreign Exchange Receipts of the Reserve Bank from the Private Sector</i>	<i>Estimate of the Injections from the Reserve Bank arising from Net Payments to Marketing and Stabilisation Accounts and from Foreign Exchange Receipts of the Reserve Bank from the Private Sector</i>
1970(2)	- 16	36	20
1970(3)	- 46	46	—
1970(4)	26	37	63
1971(1)	25	38	63
1971(2)	- 30	49	19
1971(3)	- 36	50	14
1971(4)	30	53	83
1972(1)	33	47	80
1972(2)	9	52	61
1972(3)	- 29	49	20
1972(4)	60	39	99
1973(1)	35	29	64
1973(2)	- 32	38	6
1973(3)	- 33	40	7
1973(4)	61	35	96
1974(1)	21	21	42
1974(2)	- 22	28	7
1974(3)	—	32	32
1974(4)	76	29	105
1975(1)	82	27	109
1975(2)	- 23	70	47
1975(3)	- 73	13	- 60
1975(4)	63	51	114
1976(1)	30	97	127
1976(2)	27	44	70
1976(3)	- 87	79	- 9
1976(4)	64	114	178
1977(1)	47	56	103
1977(2)	- 33	5	- 28
1977(3)	- 98	77	- 21
1977(4)	133	88	221
1978(1)	28	100	128
1978(2)	- 8	102	94
1978(3)	- 97	50	- 47
1978(4)	154	95	249
1979(1)	44	46	90
1979(2)	- 14	64	50
1979(3)	- 82	54	- 28
1979(4)	168	76	244
1980(1)	11	105	116
1980(2)	79	79	159
1980(3)	- 155	62	- 93
1980(4)	114	58	172
1981(1)	- 20	71	51
1981(2)	28	115	143
1981(3)	- 259	75	- 184
1981(4)	255	90	345
1982(1)	92	32	124
1982(2)	175	103	278
1982(3)	- 197	53	- 144
1982(4)	373	39	412
1983(1)	264	47	311

TABLE 4A
Reconciliation of Trading Bank Purchases of Foreign Exchange
From Reserve Bank with Balance of Payments Data
(\$ million)

Quarters	Current Account Balance (1)	Current Account Balance not via Trading Banks ¹ (2)	Current Account Balance via Trading Banks i.e. (1)-(2) (3)	Private Capital Flow via Trading Banks (4)	Increase (-ve) in Net Overseas Assets of Trading Banks (5)	Estimated Net Trading Bank Foreign Exchange Purchases ² (5)	Actual Purchases by Trading Banks (6)	Residual (5)-(6)
1970(2)	27	16	11	3	2	- 16	2	- 18
1970(3)	- 17	24	- 41	4	11	26	38	- 12
1970(4)	- 55	13	- 68	14	15	39	44	- 5
1971(1)	7	17	- 10	27	- 25	8	- 12	20
1971(2)	51	25	26	17	12	- 55	- 60	5
1971(3)	9	29	- 20	17	22	- 19	- 15	- 4
1971(4)	- 25	32	- 57	16	- 3	44	24	20
1972(1)	60	24	36	21	- 10	- 47	- 48	1
1972(2)	87	33	54	27	3	- 84	- 90	6
1972(3)	49	27	22	27	- 9	- 40	- 22	- 18
1972(4)	13	22	- 9	35	14	- 40	- 57	17
1973(1)	138	7	131	20	- 40	-111	-162	51
1973(2)	126	16	110	13	5	-128	-122	- 6
1973(3)	- 31	32	- 63	3	34	26	33	- 7
1973(4)	- 81	22	-103	- 17	2	118	91	27
1974(1)	- 44	4	- 48	-	10	38	- 20	58
1974(2)	-178	3	-181	13	1	167	180	- 13
1974(3)	-281	14	-295	61	5	229	247	- 18
1974(4)	-312	- 14	-298	67	- 19	250	216	34
1975(1)	-221	- 28	-193	75	1	117	62	55
1975(2)	-252	- 32	-220	24	- 5	201	196	5
1975(3)	-241	- 39	-202	27	- 5	180	141	39
1975(4)	-271	- 16	-255	44	- 18	229	224	5
1976(1)	- 50	- 18	- 32	18	- 9	23	2	21
1976(2)	-142	- 42	-100	30	- 27	97	70	27
1976(3)	-253	- 39	-214	12	15	187	148	39
1976(4)	-178	1	-179	10	- 2	171	164	7
1977(1)	- 18	- 19	1	48	- 19	- 29	- 38	9
1977(2)	- 82	- 74	- 8	50	- 17	- 25	6	- 31
1977(3)	-214	- 53	-161	29	31	101	120	- 19
1977(4)	-289	- 57	-232	29	- 27	230	202	28
1978(1)	76	15	61	49	- 12	- 98	-104	6
1978(2)	- 62	- 47	- 15	24	- 8	- 2	9	- 11
1978(3)	-230	- 67	-163	- 4	-	167	147	20
1978(4)	-177	- 11	-166	-111	- 30	307	347	- 40
1979(1)	42	- 94	-136	- 9	- 26	-101	- 63	- 38
1979(2)	- 89	- 79	- 10	- 23	- 11	44	58	- 14
1979(3)	-275	- 94	-181	23	20	138	123	- 15
1979(4)	-216	- 68	-148	94	- 15	69	150	- 81
1980(1)	97	- 74	171	5	- 28	-148	-112	- 36
1980(2)	-139	- 71	- 68	27	- 59	100	47	53
1980(3)	-221	-108	-113	21	15	77	216	-139
1980(4)	-287	- 76	-211	33	1	177	217	- 40
1981(1)	- 69	- 87	18	31	- 27	- 22	- 57	35
1981(2)	-148	- 41	-107	25	18	64	79	- 15
1981(3)	-340	-125	-215	- 50	47	218	249	- 31
1981(4)	-397	- 98	-299	34	- 51	316	271	45
1982(1)	-256	-162	- 94	137	65	-108	-116	8
1982(2)	-494	-115	-379	238	-138	279	181	- 98
1982(3)	-600	-156	-444	119	144	181	286	-105
1982(4)	-494	-234	-260	301	- 34	- 7	- 77	70
1983(1)	- 55	-152	97	527	57	-681	-848	167

1 Mainly via the Reserve Bank, a limited amount via Thomas Cook Pty Ltd.

2 Equivalent to the overseas exchange transactions deficit via trading banks, adjusted for the change in net overseas assets of the trading banks.