

INFLUENCES ON TRADING BANK RESERVE ASSETS

INTRODUCTION

In the last few years the Reserve Bank has published an annual article setting out the major influences on trading bank reserve assets. The present article updates the tables published in the October 1983 *Bulletin* and makes brief comments on the main influences underlying the change in reserve assets in 1983/84.

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 change in trading bank reserve assets as is clear from the 'Unexplained Difference Between Estimate and Actual' column in tables 1 and 1A.

INFLUENCES ON TRADING BANK RESERVE ASSETS 1983/84

The reserve assets of the trading bank system fell by \$275 million over the 1983/84 March year, compared with an increase of \$1,441 million in the previous year, and a fall of \$137 million in the 1981/82 year. The two major factors accounting for this movement in reserve assets were a large estimated inflow of foreign exchange through the trading banks and other foreign exchange dealers, offset by a substantial net flow to the Government from the non-bank private sector, with sales of Government debt to the non-banks being more than sufficient to cover the internal deficit. In addition, the injection into reserve assets through the accounts of private sector account holders at the Reserve Bank was significantly smaller than in previous years.

From table 1A it can be seen that the fall in the level of reserve assets took place entirely within the June 1983 quarter, thereby reversing the rapid growth which occurred in the December 1982 and March 1983 quarters. The reserve assets of the banking system rose in each of the remaining three quarters of the 1983/84 year.

The main explanation for the timing of reserve asset movements is that despite the large estimated inflow of foreign exchange during the June quarter, the Government's debt sales campaign, particularly the first issue of Kiwi Savings Stock, led to a net Government withdrawal of reserve assets in the June quarter of \$661 million.

The relatively rapid growth in reserve assets over the last half of 1983/84 can be attributed respectively to the Government, which in the December quarter borrowed only \$80 million from the non-bank sector, and the external influence, which resulted in an injection of \$195 million in the March quarter. The compensatory deposits injection in the March quarter was more than

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.

offset by the Government net withdrawal of \$904 million.

A more detailed description of the factors underlying the various influences on reserve assets between 1982/83 and 1983/84 follows.

GOVERNMENT

The net Government withdrawal in 1983/84 amounted to \$565 million, compared with a net injection in 1982/83 of \$84 million. This occurred despite an increase in the deficit from \$1,853 million in 1982/83 to \$2,975 million in 1983/84.² The impact of a full year of the 1982 tax cuts together with the rising cost of servicing Government borrowing accounted for most of this increase in the overall deficit.

Although the Government's deficit on overseas transactions via the Reserve Bank (\$1,112 million), accounted for only 37 per cent of the overall deficit compared with 50 per cent in 1982/83, its overseas deficit was nevertheless 19 per cent higher than in 1982/83. The rising level of Government net overseas expenditure is largely related to the costs of servicing the official overseas debt.

The other major influence on the net Government contribution to reserve asset movements was Government borrowing from the non-bank private sector (after accounting for trading bank purchases of Government securities from the non-bank private sector). Over the year domestic non-bank borrowing totalled \$2,428 million — almost three times the level of 1982/83 — and more than covered the Government's internal deficit (by a margin of \$565 million, compared with a shortfall of \$84 million in 1982/83 and a surplus of \$2 million in 1981/82). This high level of debt sales largely reflects the success of the first Kiwi Stock issue in the June quarter of 1983, the \$1,472 million of debt sold to the non-bank sector being the largest ever recorded in a single quarter.

RESERVE BANK'S ROLE AS BANKER TO THE MARKETING AND STABILISATION ACCOUNTS

The net injection to the banking system in 1983/84 arising from the Reserve Bank acting as banker to the marketing boards and lending through the primary product stabilisation accounts was \$77 million. This injection is much less than that recorded in 1982/83 and lower than any of the annual injections reported over the period covered by tables 3 and 3A.

The main factor behind this smaller growth was a fall in lending by the Reserve Bank to the marketing and stabilisation accounts (\$171 million during 1983/84 compared with a rise of \$615 million during 1982/83, and a rise of \$116 million in 1981/82). Some growth was recorded in lending to meat industry stabilisation accounts (\$270 million). However, this was more than offset by a reduction in the advances to the supplementary minimum prices accounts and a reduction in lending to the dairy industry. The level of

² Adjusted for the treatment of the valuation of changes in the value of foreign currency holdings.

advances to the dairy industry from the Reserve Bank was restricted by the government to \$750 million, as from the 1983/84 season. This move, which reflected an attempt to limit the subsidy element which was previously incorporated in Reserve Bank advances to the dairy industry, should reduce the Reserve Bank injection to reserve assets in future years.

The second component of the overall Reserve Bank injection, net foreign exchange receipts of the Reserve Bank from the private sector (mainly dairy receipts from the UK), amounted to \$248 million, only slightly higher than the \$242 million recorded in 1982/83. However, late in the year the Dairy Board began to route its UK foreign exchange receipts through the private foreign exchange dealers. The change in the foreign exchange practices of the Dairy Board will not change the overall level of the injection into reserve assets implied by dairy produce export receipts — rather it will change its form. This highlights the fact that foreign exchange receipts of the Reserve Bank from the private sector can be thought of as part of the overall overseas influence on reserve assets. The treatment of this component as part of the Reserve Bank influence simply reflects the attempt to reconcile overseas exchange transaction figures to actual figures for trading bank net purchases of foreign exchange from the Reserve Bank.

PURCHASES OF FOREIGN EXCHANGE BY TRADING BANKS AND OTHER AUTHORISED DEALERS

The reconciliation problems associated with the overseas exchange transactions statistics and the purchases of foreign exchange by trading banks and authorised dealers are of such a magnitude that it is difficult to make much comment on the economic interpretation of the numbers. It is fairly clear that the current account deficit in 1983/84 was smaller than in 1982/83 and that the 1983/84 private capital inflow was smaller than the 1982/83 inflow. However, the statistics published in table 4 reveal a difference between the estimated and actual purchases of foreign exchange by foreign exchange dealers from the Reserve Bank of \$444 million, i.e. the actual outflow was \$444 million worse than is indicated by the overseas exchange transactions data, adjusted for the change in the net overseas assets of the private sector. A similarly large residual was found when the foreign exchange flows were reconciled with the change in overseas reserves.

Although a number of possible causes of the residual problem have been identified, the residual cannot yet be eliminated. However, in the 1983/84 year allowance has been made for one of the timing problems inherent in the published overseas exchange transactions data. The published figures incorporate late notified items at the time they are notified, rather than in revisions to the statistics of the earlier period when the transaction took place. The current account and the private capital account for 1983/84 have been recast to reflect as accurately as possible the timing of overseas exchange transaction flows. The revised figures are incorporated in columns 1 and 4, of tables 4 and 4A. One remaining problem is that there is as yet no data available on the net overseas assets of the newly authorised foreign exchange dealers who commenced operations from September 1983. The changes in these net overseas assets were probably not large relative to the size of the residual, but are nevertheless a factor in the overall explanation.

Overall then, the size of the foreign exchange residual casts some doubt on both the usefulness of the overseas exchange transaction data and on the reconciliation framework used for this analysis. However, given that the overall residual (table 1, column 9) is not large, there may well be offsetting residuals occurring in the other influences.

RESERVE BANK ADVANCES TO THE TRADING BANKS AND THE MONEY MARKET

The net withdrawal from the banking system in 1983/84 arising from Reserve Bank advances to the trading banks and money market was \$79 million, compared with an injection of \$300 million in 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.

There was a significantly smaller net injection through this influence during the March 1984 quarter relative to the previous March quarter as a result of a fall in the amount of compensatory deposits paid (\$850 million, compared with \$1,097 million in March 1983).

Difficulties associated with both estimating the actual tax flows during September and March, and the timing of these flows, are largely responsible for the variable nature of this influence. In March 1984 the level of Government expenditure was higher than usual and the processing of tax receipts was spread over a longer period which, because of the technical characteristics of the compensatory deposit scheme, reduced the amount of compensatory deposits placed with the banking system.

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 reserve assets whereas an increase represents a withdrawal from reserve assets.

In 1983/84 these deposits rose by \$73 million compared with a rise of \$80 million in 1982/83. The bulk of the increase was in primary sector related accounts — in particular those held by the dairy and wool industries, as well as the farm income equalisation account.

The net influence arising from the change in private sector deposits of the Reserve Bank should be read together with the net influences arising from the Reserve Bank's role as banker to the marketing and stabilisation accounts due to the complementary nature of the two. The combined influence in 1983/84 was an injection of \$4 million compared with an injection of \$777 million in 1982/83.

NOTES AND COIN

The public's holdings of notes and coin rose by \$2 million during 1983/84 compared with a \$58 million increase in 1982/83. This small increase was due largely to the much lower rates of inflation and growth in nominal incomes over the later period of the wage/price freeze. Continued growth in the use of credit cards may

also have had some influence. Nevertheless, because note and coin holdings rose this influence on reserve assets was negative, as in all years since 1969/70. The usual seasonal pattern prevailed again with currency holdings rising 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 Purchases (-ve) of Foreign Exchange From RB by T.B.'s and other dealers (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
1983/84	-565	77	298	-79	-73	-2	-344	-275	-69

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 Influence on Reserve Assets
(\$ million)

March Years	Government's Budgetary 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 Surplus (+) or Deficit (-) after non-bank 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
1983/84	-2,975	1,112	-1,863	2,428	565

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
1983/84	-171	248	77

TABLE 4
Reconciliation of Purchases of Foreign Exchange from the Reserve Bank by Authorised Foreign Exchange Dealers with Overseas Exchange Transaction Data
 (\$ million)

March Years	Current Account Balance (1)	Current Account Balance via Reserve Bank (2)	Current Account Balance via Authorised Foreign Exchange Dealers i.e. (1) - (2) (3)	Private Capital Flow via Authorised Foreign Exchange Dealers (4)	Increase (-ve) in Net Overseas Assets of Authorised Foreign Exchange Dealers (5)	Estimated Net Purchases by Authorised Foreign Exchange Dealers (6)	Actual Purchases by Authorised Foreign Exchange Dealers (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
1983/84	-1,032 ³	-839	-193	381 ³	110	-298	-146	444

1 Only includes net overseas assets of trading banks at present. The newly authorised dealers have been operating since September 1983. Their net overseas assets will be included once the data becomes available.

2 Equivalent to the overseas transactions deficit via Authorised Foreign Exchange Dealers, adjusted for the change in net overseas assets of the Authorised Foreign Exchange Dealers.

3 Adjusted.

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. by T.B.'s and other dealers (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)
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
1983(2)	- 661	- 20	604	-922	7	33	-959	-827	-132
1983(3)	128	-147	-289	147	3	13	-145	2	-147
1983(4)	872	232	-212	-154	-70	-136	532	358	174
1984(1)	- 904	12	195	850	-13	88	228	192	36

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 Influence on Reserve Assets
(\$ million)

<i>Quarters</i>	<i>Government's Budgetary 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 Surplus (+) or Deficit (-) after non-bank Borrowing i.e. (3) + (4) (5)</i>
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
1983(2)	- 1134	- 323	- 811	1472	661
1983(3)	- 866	- 246	- 620	492	- 128
1983(4)	- 1238	- 286	- 952	80	- 872
1984(1)	263	- 257	520	384	904

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>
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
1983(2)	- 90	70	- 20
1983(3)	- 219	72	- 147
1983(4)	151	81	232
1984(1)	- 13	25	12

TABLE 4A
Reconciliation of the Purchases of Foreign Exchange from the Reserve
Bank by Authorised Foreign Exchange Dealers with Overseas Exchange Transaction Data.
 (\$ million)

Quarters	Current Account Balance (1)	Current Account Balance via Reserve Bank (2)	Current Account Balance via Authorised Foreign Exchange Dealers i.e. (1)-(2) (3)	Private Capital Flow via Authorised Foreign Exchange Dealers (4)	Increase (-ve) in Net Overseas Assets of Authorised Foreign Exchange Dealers ²	Estimated Net Foreign Exchange Purchases by Authorised Foreign Exchange Dealers ² (5)	Actual Purchases by Authorised Foreign Exchange Dealers (6)	Residual (5)-(6)
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
1983(2)	78 ³	- 242	320	285 ³	- 1	- 604	- 520	84
1983(3)	- 390 ³	- 168	- 222	- 55 ³	- 12	289	338	49
1983(4)	- 595 ³	- 202	- 393	135 ³	46	212	426	214
1984(1)	- 125 ³	- 227	102	16 ³	77	- 195	- 98	97

1 Only includes net overseas assets of trading banks at present. The newly authorised dealers have been operating since September 1983. Their net overseas assets will be included once the data becomes available.

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

3 Adjusted.