Where Do Australians Invest?

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Abstract

The rapid increase in international capital flows is one of the most significant developments in the global economy in recent decades. International portfolio diversification brings potential benefits to investors by offering investors the opportunity to insulate their portfolios from domestic risks associated with a down turn in local asset prices. The Australian investment environment has been progressively liberalised beginning with the removal of foreign exchange controls in 1987, and the movement to a floating exchange rate regime, other milestones included opening up the banking sector to foreign competition. Until recently, data on the level and geographical pattern of international portfolio investment has been inadequate. In recognition of this fact the International Monetary Fund (IMF) commenced in the mid nineties a pioneering comprehensive survey of the geographic structure of the foreign portfolios (equity and long-term bonds). The first publication covered the 1997 position of foreign portfolios held by the residents of twenty-nine countries, including Australia (IMF 2000), data from a follow up survey relating to 2001 international portfolio holdings was made available in 2003. In this paper we analyse the Australian data reported in the surveys by providing an analysis of the geography of international portfolio investment (equity and long-term securities). We find that countries most open to trade and hence most vulnerable to external shocks tend to diversify more by holding a higher percentage of their portfolios in foreign assets, compared to other countries. Australia appears to be quite outward looking in its investment behaviour, suggesting that Australian investors recognise the advantages of international diversification. However, a cross country analysis of the pattern of international portfolio investment indicates that the Australian portfolio investment position is not proportional to the overall economic or financial market size of the destination countries global standing, but instead matches Australian trade patterns surprisingly closely, here the US is over represented in the case of Australia's international portfolio investment position. Does this reflect a preference for investing in countries made familiar by trade and other relations? If so, this portfolio may imply sub-optimal strategies by Australian investors?

Introduction

The rapid increase in international capital flows is one of the most significant developments in the global economy in recent decades. International portfolio diversification brings potential benefits to investors by offering domestic investors the opportunity to insulate their portfolios from domestic risks associated with a down turn in local asset prices. The Australian investment environment has been

progressively liberalised beginning with the removal of foreign exchange controls in 1987, and the movement to a floating exchange rate regime, other milestones included opening up the banking sector to foreign competition.

The liberalisation of world capital markets during the 1980s opened up new possibilities for raising and investing in international capital markets. Banks and securities firms expanded their operations into overseas markets buying and selling securities in foreign markets. Pension funds, insurance companies and investment trusts diversified heavily into foreign securities as restrictions on investment activities were removed in many countries. The portfolio equity and Foreign Direct Investment (FDI) categories have grown in importance relative to international debt in stocks. This project examines the features of the increase in international capital flows for Australia. The aim is to demonstrate that international financial integration offers similar advantages to international portfolio diversification. The project begins by describing the broad trends in international financial integration for SE Asian emerging market economies countries including Australia. Here the objective is to explain the cross country and time-series variations in the size of international balance sheets. In addition the rates of return on foreign assets and liabilities relative to market returns will be estimated. The project studies the dynamics of international financial integration using data on the level and composition of foreign assets and liabilities.

Significance of the Study

The data employed in the study comes from the international investment position statistics and the International Monetary Funds IMF Coordinated Portfolio Investment Survey (CPIS). Previously the Balance of Payments data employed in economic modelling only relates to flows of assets not about valuation changes. CPIS data has already revealed some very interesting findings, for example the rate of return on foreign assets held by Americans has been significantly greater than the rate of return on US assets held by foreigners. One implication of this is that the current account position of the US is not as serious an economic problem as one is led to believe by focusing on trade data alone. By contrast there is no similar analysis available employing CPIS data for Australia, this project aims to fill the gap by providing a comparative analysis using panel data available from the CPIS 1997 and 2001 surveys for Australia's portfolio investment positions abroad.

In terms of empirical work on international financial integration some authors have looked at related work. For example, Bekaert and Harvey (2000) have examined the integration of emerging market stock exchanges into the global market, employing an asset price model. Henry (2000), Levine et al. (2000), Edison et al (2002), Edison and Warnock (2002) and O'Donell (2002) have looked at the impact of international financial integration on various indicators. Obstfeld and Taylor (2002) provide wide-ranging historical overview. For Europe, Adam et al (2002) explore a wide range of measures of international financial integration and Hummels et al (2001) and Lane (2003), (2004) study the growth in world asset trade. Noticeably absent from these studies is Australia's position in the international financial integration studies.

International Financial integration will use data on countries portfolio of external assets and liabilities the so-called International Investment Position (IIP). This data summarize total holdings by domestic residents of financial claims on the rest of the world, and non-residents claims on domestic economy. The empirical strategy is to identify s set of country characteristics that may influence the benefits to and costs of international trade in financial assets. Most obvious we consider the impact of controls on cross-border capital movements. Second we investigate the connection between trade in goods and services and trade in financial assets. Goods trade matters for several reasons. First, most goods trade directly affects corresponding financial transactions. Second there is a close connection (see Obstfeld and Rogoff 2000) between gains to international financial diversification and the extent of goods trade. Third goods trade and financial positions are jointly determined in some situations as is the case with FDI. Third openness in goods markets may increase the willingness to conduct cross border financial transactions. Other factors investigated by the project include the size of the domestic financial sector and the degree to which it facilitates international trade, for example domestic agents will be inclined to invest on foreign markets if the domestic financial sector is underdeveloped. The quality of domestic financial regulation may also be important; foreign investors will stay away from markets that do not protect their interests. Tax policy may also influence the level of international cross-holdings. Firm assets may be shifted to countries with low corporate income tax rates.

Until recently, data on the level and geographical pattern of international portfolio investment has been inadequate. In recognition of this fact the International Monetary Fund (IMF) commenced in the mid nineties a

pioneering comprehensive survey of the geographic structure of the foreign portfolios (equity and long-term bonds). The first publication covered the end-1997 foreign portfolios held by the residents of twenty-nine countries, including Australia (IMF 2000). In this paper we analyse the Australian data reported in the survey.

Compared to other countries Australia is quite outward looking in its investment behaviour, suggesting that Australian investors recognise the advantages of international diversification. However we find that the geographical pattern of Australian portfolio investment is not proportional to overall economic or financial market size of the destination countries, but instead matches Australian trade patterns surprisingly closely, the US especially well represented in the case of Australia's portfolio. Does this reflect a preference for investing in countries made familiar by trade and other relations? If so would it imply sub-optimal strategies by Australian investors?

Data Analysis

Table 1 and 2 below shows the overall external holdings of foreign equity, long-term and short-term debt for Australia and a number of industrial countries. The countries are ranked in descending order in terms of foreign portfolio holdings, when measured as a proportion to Gross National Income (GNI). According to Table 1 Australia's external holdings of equity and debt was approximately 10.6 per cent of GNI in 1997, in contrast Table 2 shows that by 2001 the percentage of national income invested abroad had almost doubled to 20.59 per cent of GNI. However, it is noteworthy that Australia's international investment position as a percentage of national income is one of the lowest amongst the major OECD countries listed below. In fact Australia's external investment position on the international ladder relative to other countries in the table had not changed by 2001. Australia's increased international investment position over 1997-2001 is almost entirely attributed to increased equity investment doubling from 8.7 percent of GNI to 16.6 percent of GNI over five years. This Increase in international portfolio investment shares was also experienced by other open economies such as Singapore, New Zealand, Sweden, Netherlands and France. Interestingly two of the world's largest economies the USA and the UK showed substantially smaller increases in their international investment position with the UK increasing from 76.6 % to 87.5 % while the USA increased its position from 21.14% to 22.75% of GNI over the 1997-2001 timeframe. Overall there appears to be a catching up of smaller open economies relative to the larger economies in terms of investing in overseas equity markets.

Turning to the geographical spread of Australia's international portfolio investment position the CPIS survey shows that Australia's holdings are primarily concentrated in a handful of countries. Table 3 and 4 below lists the major destination countries for Australia's portfolio investment in 1997 compared to 2001. In 1997 over half (approximately 58%) of Australia's total investment is in the United States and the United Kingdom, by 2001 the figure had climbed to 66%. By contrast Australia's trade share (exports plus imports as a percentage of Australia's total world trade) with the USA and UK combined was approximately 19.75 in 1997 while by 2001 this trade share with the USA and UK showed a similar combined total. Reflecting subdued investment conditions in Japan Australia's total equity investment position declined substantially from 10.7% percent of total investment in 1997 to 5.8 % in 2001. By comparison Australia' trade share with Japan remained constant over 1997 – 2001 at approximately 16 per cent.

Table 1.
Aggregate External Portfolio - Industrial Countries 1997

	Equity		Long Term Debt		Short Term Debt		Total	
	US$m	% GNI	US$m	% GNI	US$m	% GNI	US$m	% GNI
United Kingdom	461553	36.4	483354	38.1	27080.0	1.82	971987.0	76.68
Netherlands	127314	30.1	115425	27.3	---	---	242739	57.43
Sweden	52367	2.23	16451	0.7	2739.0	1.15	71557.0	28.93
Singapore	16199	15.6	4527	4.3	2061.0	2.36	22787.0	21.89
Italy	75233	6.35	172239	14.5	10391.0	0.92	257863.0	21.77
United States	1197446	14.5	542898	6.6	---	---	1740344	21.14
Canada	105920	17.3	17491	2.9	4859.0	0.71	128270.0	20.99
Germany	235648	10.1	255333	10.9	---	---	490981	20.95
France	99604	6.6	205938	13.7	---	---	305542	20.31
Japan	158771	3.2	712161	14.4	31324.0	0.69	902256.0	18.27
Australia	**32870**	**8.70**	**7449**	**2.0**	**1217.0**	**0.32**	**41536.0**	**10.60**
New Zealand	5002	8.0	1448	2.0	---	---	6450	10.36
Spain	22308	3.7	24771	4.1	---	---	47079	7.77
Korea	976	0.19	8101	1.5	4428.0	0.99	13505.0	2.58
Hong Kong	(c)	(c)	(c)	(c)	(c)	(c)	(c)	(c)
Switzerland	---	---	---	---	---	---	---	---

Note: Data are for end 1997. Source: International Monetary Fund (2000a). For Germany data is from International Monetary Fund (2000b). GNI data from World Bank (1997)

--- Data unavailable

(c) Data not disclosed due to reasons of confidentiality

Table 2
Aggregate External Portfolio - Industrial Countries 2001

	Equity		Long Term Debt		Short Term Debt		Total	
	US$m	% GNI	US$m	% GNI	US$m	% GNI	US$m	% GNI
Swithzerland	247409	93.0	227602	85.56	15494	5.82	490505	184.39
Netherlands	235023	61.0	244746	63.56	5900	1.53	485669	126.12
Singapore	30020	34.4	42943	49.27	33584	38.53	106547	122.25
Hongkong	94615	54.57	85877	49.53	25108	14.48	205600	118.58
United Kingdom	558379	37.5	667303	44.79	78362	5.26	1304044	87.53
Sweden	103989	43.71	38981	16.39	1526	0.64	144496	60.74
France	201752	14.5	462133	33.16	46445	3.33	710330	50.97
Italy	239472	21.29	307580	27.35	4970	0.44	552022	49.09
Germany	381184	19.7	401582	20.72	8850	0.46	791616	40.85
Canada	200674	29.4	17663	2.59	5132	0.75	223469	32.79
Spain	58698	10.0	103395	17.56	11050	1.88	173143	29.40
Japan	227351	5.0	1004878	22.02	57525	1.26	1289754	28.26
New Zealand	7618	14.8	4733	9.18	71	0.14	12422	24.10
United States	1612669	16.3	500541	5.06	135309	1.37	2248519	22.75
Australia	**64160**	**16.65**	**14396**	**3.73**	**796**	**0.21**	**79352**	**20.59**
Korea	1300	0.29	5284	1.18	1451	0.32	8035	1.79

Source : CPIS data for 2001
GNI data from World Bank (2001)

The equity component of the portfolio investment position overseas is approximately in similar proportions as the total investment picture as shown in Tables 3 and 4, however, debt is more concentrated in the US (50%) while and the UK is the source of approximately 10 % of Australia's debt. What factors explains why these few countries should be the destination for such a substantial proportion of Australia's overseas investment? Firstly, two of these countries (US and Japan) are Australia's most significant trading partners with 15% and 16.5% of total trade conducted with each respectively; these figures alone provide some useful information about economic prospects in these economies. These countries are the largest economies in the world with the major share of the world's share and bond markets. What factors explains why these few countries should be the destination for such a substantial proportion of Australia's investment patterns?

Table 3 Australia's Foreign Investment: Major Destination Countries 1997

% Share in	Australia's total investment	Australia's equity investment	Australia's debt* claims	Australia's trade	World's domestic share and bond markets	World GNI
United States	44.31	43.47	49.31	15.06	47.1	27.72
United Kingdom	14.15	15.45	9.95	4.69	8.2	4.27
Japan	9.49	10.69	5.40	16.58	6.8	16.63
Netherlands	1.84	2.22	0.46	0.87	1.29	1.42
France	3.63	4.11	2.08	1.70	4.4	5.07
Germany	5.08	4.04	10.44	3.53	7.9	7.89
Swithzerland	2.69	3.40	(c)	0.80	1.49	1.05
Hongkong	2.17	2.43	1.40	5.17	1.07	0.55
Italy	2.40	2.49	2.36	2.40	1.3	3.99
Canada	1.35	1.21	2.16	1.43	0.84	2.06
Spain	0.95	0.92	1.22	0.54	1.8	2.04
NewZealand	1.18	0.26	2.15	5.77	0.02	0.21
Korea	0.42	0.21	1.44	5.59	0.41	1.76
Singapore	0.46	0.58	(c)	3.75	0.18	0.35
Sweden	1.38	1.37	1.62	1.04	0.37	0.83

Note: Data are for year 1997. Investment shares calculated from IMF survey data. Trade share calculated from IMF's Direction of Trade Statistics. GNI share is from World Bank 2001 data.

* Long Term Securities.

(c) Data not disclosed due to reasons of confidentiality.

Table 4 Australia's Foreign Investment: Major Destination Countries 2001

Countries	Australia's total investment	Australia's equity investment	Australia's debt* claims	Australia's trade	World financial markets	World GNI
United States	56.01	58.26	48.28	14.13	53.61	31.29
United Kingdom	9.98	9.05	14.30	4.78	8.59	4.72
Japan	5.82	5.79	5.81	16.03	4.76	14.44
Netherlands	4.59	5.53	0.67	1.10	1.49**	1.22
France	3.66	3.99	2.37	1.61	4.9**	4.41
Germany	3.07	2.60	5.38	3.50	3.93	6.13
Swithzerland	1.56	1.87	0.29	0.67	1.66	0.84
Hongkong	2.75	2.17	5.49	7.50	0.61	0.55
Italy	1.26	1.10	2.05	2.37	5.9	3.56
Canada	1.12	0.96	1.51	1.47	1.19	2.16
Spain	0.80	0.81	0.78	0.65	2.3	1.86
NewZealand	1.03	0.09	3.67	4.87	0.02	0.16
Korea	0.54	0.63	0.15	5.81	1.01	1.42
Singapore	0.98	0.68	2.36	3.86	0.18[t]	0.28
Sweden	0.52	0.54	0.44	0.75	0.78	0.75

Note: Data are for year 2001. Investment shares calculated from IMF survey data. Trade share calculated from IMF's Direction of Trade Statistics. GNI share is from World Bank 2001 data.

* Long Term Securities.

** Data for Netherlands and France have been estimated due to non availability of data.

[t] Total stock and bond value has been taken for Singapore due to non availability of domestic stock and bond value.

In Table 5 we investigate the determinants of the geographical allocation of Australia's portfolio investment in a more systematic fashion. The table reports multivariate regressions of Australia's destination country portfolio shares on the share of Australia's trade with each country, financial market share and share in world GNI. Column 1 shows the results when only trade share is included in the regression, here 47 per cent of the cross-country variations in the share of Australia's investment portfolio can be explained by trade patterns alone while the coefficient value of 1.56 implies that portfolio shares rise approximately 1.5 with trade shares. The t-statistic is barely significant at 1.8.

In equation (2), we consider the share of the destination country in terms of their share of the world financial markets (capitalised value) as an explanatory factor; this variable helps explain almost the entire (0.97%) geographic pattern of Australia' foreign portfolio investment. In fact the direction of Australia's external financial investment position is explained by the relative size of the destination country's capital markets relative to the world. As discussed above only a handful of countries account for bulk of Australia's international investment holdings. Equation (3) combines the trade share and the world financial markets share variables; together these two variables explain 97 per cent of the portfolio structure. Adding GNP shares as in equation (4) to the previous set of explanatory variables adds no further explanatory power to our results.

Table 6 repeats the above exercise for 2001, the results show no appreciable difference over those for 1997 apart for the fact that the more recent evidence suggests that trade share is less important in explaining the direction of Australia's external investment flows, increasingly Australian's invested more in the larger developed capital markets and less in the emerging markets.

Table 5 *Regression Analysis for 1997*

Explanatory variable: Destination country's share investment:	*Equation (1)*		*Equation (2)*		*Equation (3)*		*Equation (4)*	
	Coeff	*t-stat*	*Coeff*	*t-stat*	*Coeff*	*t-stat*	*Coeff*	*t-stat*
Australia's trade share	1.5673	1.803			0.18159	4.1381	0.3365	2.161
World financial markets (domestic share & bond)			0.93291	60.872	0.88386	42.019	0.97954	10.41
World GNI							-0.24	-1.094
R^2	0.4716		0.9699		0.9735		0.9755	

Note. Dependent variable is portfolio share of each country. White-corrected t-statistics in parenthesis. R^2 is percentage of total variation explained by the independent variables. Constant included but not reported.

Table 6 *Regression Analysis for 2001*

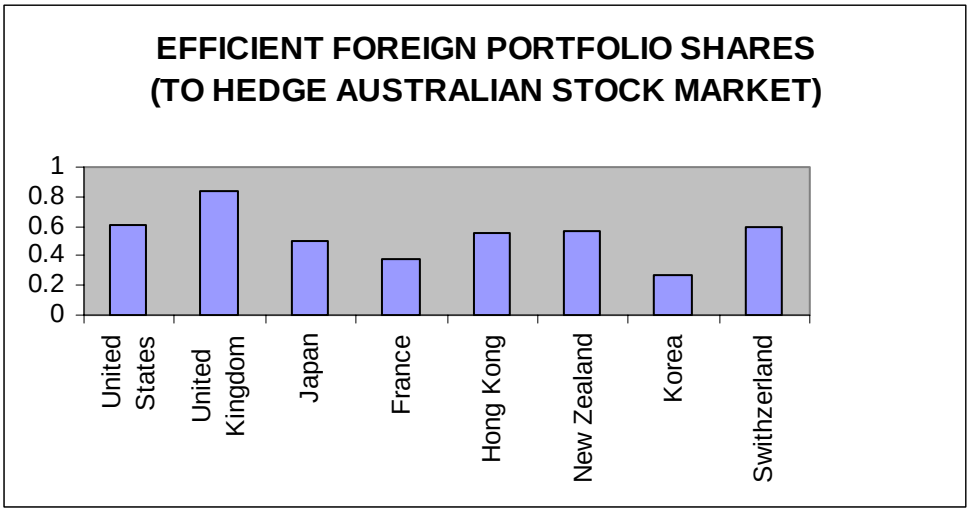
Explanatory variable: Destination country's share in:	*Equation (1)*		*Equation (2)*		*Equation (3)*		*Equation (3)*	
	Coeff	*t-stat*	*Coeff*	*t-stat*	*Coeff*	*t-stat*	*Coeff*	*t-stat*
Australia's trade	1.7829	1.426			0.1568	1.222	0.33145	3.282
World financial markets (domestic share & bond)			1.0374	87.06	1.0056	22.10	1.1358	37.83
World GNI							-0.2930	-3.802
R^2	0.3647		0.9829		0.9848		0.9864	

Note. Dependent variable is portfolio share of each country. White-corrected t-statistics in parenthesis. R^2 is percentage of total variation explained by the independent variables. Constant included but not reported.

Is there a Deviation from the 'Efficient' Portfolio?

Australian's do not appear to disproportionately choose to invest in countries with which Australia trades the most. Although there is a positive relationship between portfolio shares and size of financial markets clearly evident in the data (Table 5 & 6 Column 2), this is a rather typical association which is expected. Is this geographical pattern of investment desirable? For 1997 Equation 1 in Tables 5 and 6 confirms that the major destinations for Australia's investment in shares and bonds are also its major trading partners, however this coincidence between trading and investment destinations is not strong given the rather low degree of statistically significance between these two variables. Ideally according to the efficient market hypothesis the nature of international exposure is at a minimum when trading destinations and investment destinations are inversely correlated. The nature of the exposure can be simply put in the event of a downturn in Australia's trading partners economic performance and subsequent decline in export demand can be compensated by a corresponding upturn in the performance of asset returns in the financial portfolio. Diversification comprising of a financial portfolio and a trade sector implies that Australia's exposure to external shocks affecting either the financial or trading sectors is reduced. The alternative scenario rather than providing diversification, the composition of the overseas portfolio may actually be increasing Australia's exposure to external shocks. Since if the composition of the overseas portfolio To further investigate the aggregate investment position we need to consider the composition of the financial portfolio in particular does its composition correspond with that of Australia's trade patterns.

Figure 1



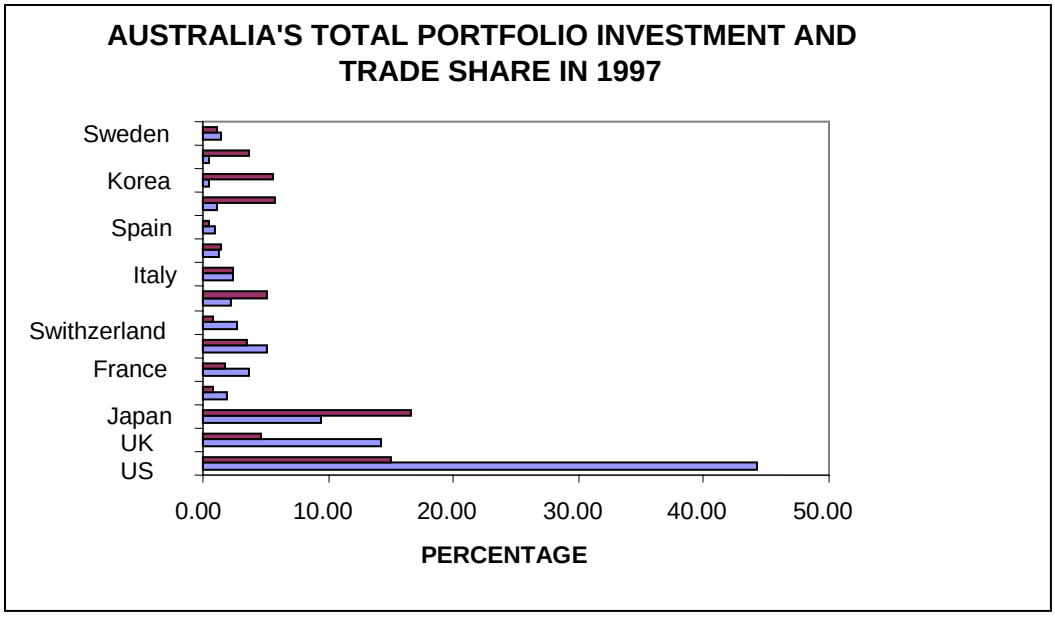
Note: Data are from FIBV database for the years 1995 to 2003.
Total return = sum of stock index performance and gross dividend yield. For stock exchanges with stock return indexes, total return = stock indexes performance.

To explore this question we calculated historical returns correlations of stock market indices for Australia's major equity investment over 1995 to 2003 as provided in the above Figure 1. The stock return correlations reveal significant positive correlations between Australia's Stock Market Returns (AOI) and that of the UK (0.6) and the USA. (0.8) stock markets. Regarding international diversification although we have not provided the Markowitz mean variance efficiency frontier

familiar in conventional portfolio theory there appears to be a strong bias for Australia to invest in equity markets which are highly positively correlated with that of domestic market. In fact Table 7 reveals that Australia invested approximately 58 percent of its total overseas investment portfolio in the combined markets of the US and UK in 1997 this actually increased to 66 percent of total investment by 2001. From the point of view of achieving an efficient market portfolio for Australia's international investment in equity markets it appears that we have over invested in both the US and UK markets. So a hedging motivation driven by aggregate national rate of return correlations cannot explain the observed geographic pattern of the Australia's portfolio and in particular the heavy emphasis on the USA and UK, what alternative explanation could there be? The explanation why Australia invests disproportionately in the US and UK markets may be explained by Australia's trade share with these two markets. Table 7 and 8 indicates that Australia's trading partners are highly correlated with its destination of portfolio investments, for example the USA and the UK account for 20 percent and 18 percent of Australia's share in total trade for 1997 and 2001 respectively. What explains why the countries chosen for portfolio investment are those with which we trade?

Table 7: Australia's total investment and trade share (1997)

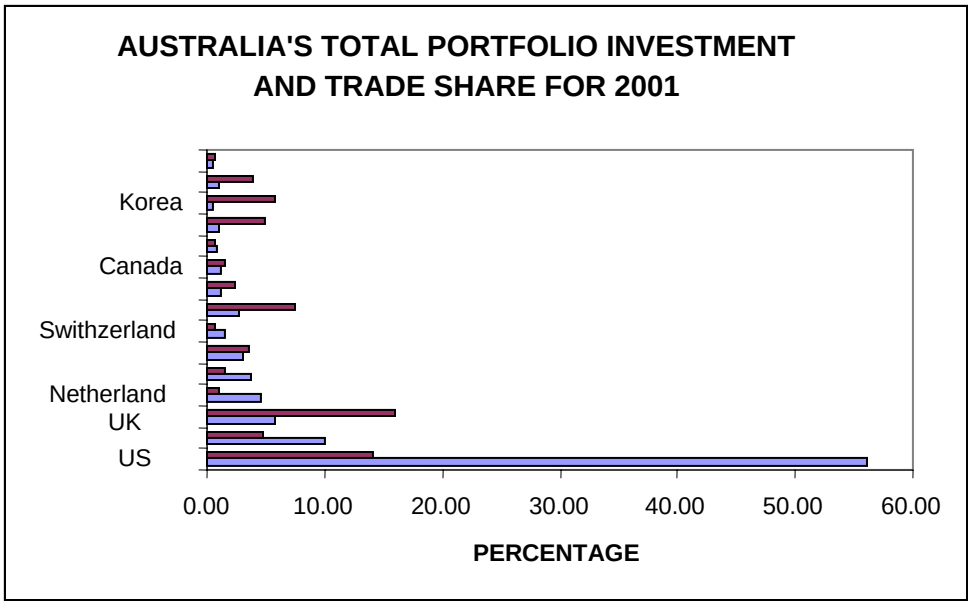
% Share in	Australia's total investment	Australia's trade
United States	44.31	15.06
United Kingdom	14.15	4.69
Japan	9.49	16.58
Netherlands	1.84	0.87
France	3.63	1.70
Germany	5.08	3.53
Swithzerland	2.69	0.80
Hongkong	2.17	5.17
Italy	2.40	2.40
Canada	1.35	1.43
Spain	0.95	0.54
NewZealand	1.18	5.77
Korea	0.42	5.59
Singapore	0.46	3.75
Sweden	1.38	1.04



Note: Data are for the year 1997. Investment shares calculated from IMF survey data. Trade share calculated from IMF's Direction of Trade Statistics.

Table 8: Australia's total investment and trade share (2001)

% Share in	Australia's total investment	Australia's trade
United States	56.01	14.13
United Kingdom	9.98	4.78
Japan	5.82	16.03
Netherlands	4.59	1.10
France	3.66	1.61
Germany	3.07	3.50
Swithzerland	1.56	0.67
Hongkong	2.75	7.50
Italy	1.26	2.37
Canada	1.12	1.47
Spain	0.80	0.65
NewZealand	1.03	4.87
Korea	0.54	5.81
Singapore	0.98	3.86
Sweden	0.52	0.75



Note: Data are for the year 1997. Investment shares calculated from IMF survey data. Trade share calculated from IMF's Direction of Trade Statistics.

Explaining the Trade Bias

One possible explanation relates to the costs of information acquisition. In contrast to textbook assumptions that perfect information is freely available, learning about international investment opportunities is a costly activity in the real world. Perhaps Australia's disproportionate investment in countries with which we are familiar through trading and other links (culture) can be attributable to lower costs of acquiring information about investment opportunities in those countries. However this should not be overemphasised when it comes to explaining the bias in portfolio investment. The costs of holding a geographically 'neutral' world portfolio can be greatly reduced through the use of global index funds marketed by international financial intermediaries.

The bias towards investing disproportionately in claims on or trading partners may be interpreted as an extension of the home bias puzzle that has been observed by many researchers. As pointed out by French and Porteba (1991) and others, the home bias puzzle is the phenomenon that the disproportionate bulk of investment portfolios consist of domestic equities and bonds, despite the observable to international diversification.

Concluding Remarks

International portfolio diversification brings potential benefits to investors by offering domestic investors the opportunity to insulate their portfolios from domestic risks associated with a down turn in local asset prices. In 1993, the IMF Committee on Balance of Payments decided to promote an idea for an internationally coordinated benchmark survey of long term portfolio investment holdings to facilitate cross country comparisons, permit data exchanges, and encourage standardization and best practice. The coordinated portfolio investment survey was conducted as of the end of December 1997. 29 countries[1] took part in the survey. These countries accounted for

[1] The countries were Argentina, Australia, Austria, Belgium, Bermuda, Canada, Chile, Denmark, Finland, France, Iceland, Indonesia, Ireland, Israel, Italy, Japan, Korea, Malaysia, the Netherlands, New Zealand,

approximately 80 percent of the estimated international holdings of equities and long-term securities. The lessons of international financial crises of 1997 and 1998 increased the importance of the 1997 CPIS

In this paper we analyse the Australian data reported in the surveys by providing an analysis of the geography of international portfolio investment (equity and long-term bonds). We find that countries most open to trade and hence most vulnerable to external shocks tend to diversify more by holding a higher percentage of their portfolios in foreign assets, compared to other countries. Australia appears to be quite outward looking in its investment behaviour, suggesting that Australian investors recognise the advantages of international diversification. However, a cross country analysis of the pattern of international portfolio investment indicates that the Australian portfolio investment position is not proportional to the overall economic or financial market size of the destination countries global standing, but instead matches Australian trade patterns surprisingly closely; here the US is over represented in the case of Australia's international portfolio investment position.

Norway, Portugal, Singapore, Spain, Sweden, Thailand, the United Kingdom, the United States, and Venezuela.

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