COMMONWEALTH BUREAU OF CENSUS AND STATISTICS

CANBERRA, AUSTRALIA

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BALANCE OF PAYMENTS : QUARTERLY SUMMARY

DECEMBER QUARTER 1968

This statement contains estimates of Australia's balance of payments for the December quarter 1968 in comparison with revised estimates for previous quarters. It incorporates revised estimates for 1967-68 of property income payable overseas and of overseas investment in Australian companies based on the Annual Survey of Overseas Investment. Preliminary results of this survey are shortly to be published in more detail in "Overseas Investment, 1967-68: Preliminary Bulletin" (Ref. No. 5.21). Quarterly estimates are preliminary, subject to revision and are available only in summary form. More detailed estimates are published half-yearly in the mimeographed bulletin "Balance of Payments" (Ref. No. 8.1), the last issue of which also contained explanatory notes on the composition of the various items.

During the December quarter 1968 there was a current account deficit of 199 million, a net apparent capital inflow of \$285 million and favourable net official monetary movements of \$86 million. By comparison with the December quarter of the previous year this represented a reduction of \$30 million in the current account deficit, a reduction of \$14 million in the net apparent capital inflow and an improvement of \$16 million in net official monetary movements.

There were substantial increases in both exports and imports during the quarter. The value of exports (on a balance of payments basis) was \$831 million, \$72 million more than during the corresponding quarter last year. A comparison of the value of exports of some of the major commodities during the two quarters shows a reduction in exports of wheat, meats, dairy produce and fruits more than offset by increased exports of sugar, wool, ores and concentrates, metal manufactures and machinery and transport equipment. The value of imports (balance of payments basis) during the quarter was \$790 million, the increase of \$61 million over the December quarter of 1967 being largely in higher imports of producers' materials and munitions and war stores. The surplus on the balance of trade during the December quarter 1968 was \$41 million, \$11 million more than during the December quarter 1967.

The improvement in the balance of trade was accompanied by an improvement in invisibles transactions where the net deficit of \$240 million was \$19 million less than the net deficit for the same period last year. Invisible credits increased by \$28 million, with transportation (up \$8 million) and property income (up \$7 million) showing the largest increases. Invisible debits increased in total by only \$9 million during the same period as higher payments for transportation (up \$8 million) and government (up \$5 million) were partly offset by lower payments in respect of other items.

The \$30 million reduction in the current account deficit was accompanied by a reduction of \$14 million in the net apparent capital inflow; even so this totalled \$285 million during the December quarter 1968, continuing the extremely high quarterly rate of capital inflow which has characterised the balance of payments throughout 1967-68 and the September quarter of this year. Details of the composition of this net inflow are not yet available and in the accompanying table private overseas investment in Australian companies and Australian private investment overseas are combined with the balancing item. Some comparisons with the December quarter 1967 are, however, possible.

Overseas investment in Australian government securities (including net drawings on special defence loans) resulted in a net inflow of \$1 million during the

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Transfer 6 b (b) 1964 1965 1966 1967 1968 Dec. March June Sept. D	968-69p pt. Dec. 41 831 338 790 97 41
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1964 1965 1966 1967 1968 Dec. March June Sept. Dec. March June Sep	741 831 838 790 -97 41
Exports f.o.b. (b) 2,730 2,574 2,626 2,926 2,942 659 636 695 692 704 740 790 712 759 693 778 7	938 790 -97 41
Through \$ 0 b 2 237 2 739 2 822 2 837 3 160 726 657 638 700 666 734 737 782 729 833 816 8	938 790 -97 41
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Balance of trade 493 -165 -196 89 -218 -67 -21 57 -8 38 6 53 -70 30 -140 -38	
Invisible credits -	
Gold production 29 27 25 24 22 6 6 7 7 6 5 6 5 5 7	6 6
Transportation 254 279 295 312 353 74 74 73 73 72 84 83 84 88 90 91	92 96
Travel 43 54 58 70 87 14 16 15 16 17 19 18 18 21 25 23	22 23
Government 63 59 77 82 71 17 22 20 20 20 21 21 16 14 21 20	16 18
Miscellaneous 43 55 56 55 69 17 13 12 14 16 16 16 21 16	16 18
Property income 94 119 114 122 128 25 30 30 34 27 35 26 31 26 34 37 36 38 45 35	33 33
Transfers . 104 117 121 174 174 70 70 72 77 72 77	40 42
Invisible debits -	
	169
TRAVEL 22 100 100 100 100 100 100 100 100 100	34 26
Government 44 53 68 85 101 15 20 20 17 20 20 28 20 24 29 28	23 29
Miscellaneous 66 86 97 98 97 24 20 24 25 23 24 26 23 26 25 23	22 25
Property income -	
Investment income	28 141
Other 40 46 50 55 64 11 13 12 14 14 15 12 13 16 18 17	16 17
Transfers -	70 46
Government 87 107 127 151 158 32 28 40 32 38 42 39 43 44 34 37	37 46 21 23
Other 02 00 14 12 50 19 11 15 51 19 11 15 51 15 15 15 15 15 15 15 15 15 15	
Balance on current account -48 -776 -888 -657 -1,139 -236 -176 -139 -170 -147 -173 -167 -280 -229 -338 -292 -1	20 -199
CAPITAL INFLOW (a) -	
Overseas investment in Australia -	
Government securities -	
Domiciled overseas 22 -20 -25 24 134 21 -34 -11 -69 20 28 45 8 64 11 51	85 1
Domiciled in Australia -3 -5 -1 -2 -1 -1 -1 -1 -1 -1 -1 -1	<u></u>
Total government securities 19 -25 -26 22 134 20 -34 -11 -69 19 27 45 12 64 7 51	85 1
Companies -	
Undistributed income 132 119 117 98 220 30 29 29 25 24 24 25 55 55 55	43 *
Other direct (c) 283 412 344 183 241 69 67 141 23 43 47 70 43 51 21 126	33 *
Portfolio investment and	.
institutional loans (c) 30 43 208 175 375 49 48 70 46 28 30 71 64 70 114 127	61 *
	37 *
TOTAL O BEAS INVESTMENT IN MASS (O) TOT STO STO STO STO STO STO STO STO STO	222 *
Australian investment overseas (c) -9 -10 -20 -17 -20	
Other Rovertment capital movements	-43
Marketing authorities	13 13
Non-official monetary transactions 5 17 10 14 42 5 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2	5 8
380 Identified to 100 () 50 () 60 ()64 (e)263
Datalicing Team	
Net apparent capital inition 499 400 549 597 1,217 209 191	261 285
OFFICIAL MONETARY MOVEMENTS (a) -	
Change in net I.M.F. position 22 40 26 71 9 9 19 7 -3 8 12 54	2 -23
Change in intelligational leadings 441 210	-56 113
Other	<u>-5 -4</u>
NOT DITITION MONOCOLLY MOVEMENTS	-59 86

(a) For current account balances minus sign (-) denotes deficit; for capital inflow minus sign (-) denotes outflow; for official monetary movements minus sign (-) denotes decrease in international reserves or net I.M.F. position or an increase in net liabilities of the Reserve Bank to foreign central banks. (b) Recorded trade figures adjusted in respect of coverage and valuation for balance of payments purposes. (c) Particulars of the Survey of Overseas Investment are not yet available for periods marked (*) and for these periods the items are included with the balancing item. (d) Excludes items marked (*). (e) Includes items marked (*). (f) Excludes a reduction of \$113 million in the Australian dollar equivalent during November due to the devaluation of the pound Sterling and a number of other currencies held as part of Australia's international reserves. p - Preliminary.

quarter just ended. This was considerably less than the net inflow of \$64 million during the corresponding quarter last year for a number of reasons: new loan raisings and drawings were some \$25 million less; redemptions, repayments, etc., of loans were about \$20 million greater; and there was a turnabout from a net inflow to a small net outflow in respect of defence loans. As far as other government capital transactions were concerned, there was a net balance (inflows equalling outflows) during the December quarter 1968. This, again, was a substantially different result from the net inflow of \$47 million during the December quarter 1967. To a large extent the capital flows shown in this item reflect differences between payments (outflows) and deliveries (inflows) in respect of defence equipment and civil aircraft ordered overseas. The balancing of inflows with outflows during the quarter just ended contrasted with the December quarter 1967 when deliveries (inflows), including the destroyer "Brisbane" (\$37 million), were considerably in excess of payments.

Transactions by marketing authorities resulted in a net inflow of \$13 million during the December quarter 1968, a turnabout of \$20 million by comparison with the corresponding quarter of 1967. This change was largely the result of a falling-off in exports of wheat on credit so that repayments for previously shipped wheat considerably exceeded the value of new credit shipments made during the quarter. Non-official monetary transactions resulted in a net inflow (net increase in liabilities to non-residents) of \$8 million during the December quarter 1968 compared with the net infloof \$12 million in the December quarter 1967.

With only \$22 million of the net apparent inflow during the December quarter 1968 so far identified, the remaining \$263 million which made up the net apparent capital inflow of \$285 million is shown as the balancing item. For the December quarter, therefore, this item includes not only net errors and omissions but also unidentified inflows and outflows of private investment. This total of \$263 million was \$80 million greater than the combined total for the corresponding items during the same period of last year and almost made good the sharp fall in the net inflow from the other items in the capital account.

Net official monetary movements during the December quarter 1968 were a favourable \$86 million. At the end of December 1968 official holdings of gold and foreign exchange (international reserves) were \$1,150 million and Australia's reserve position in the I.M.F. was \$228 million.

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NOTE. Inquiries regarding these statistics may be made in Canberra by telephoning 63 9111, extension 2192 or, in each State capital, by telephoning the office of the Bureau of Census and Statistics.