

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



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 inflow of \$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.