

BALANCE OF PAYMENTS : QUARTERLY SUMMARY  
JUNE QUARTER 1971

Reference No. 8.2

NOTES ON THE STATISTICS

1. This statement contains estimates of Australia's balance of payments for the June quarter 1971 and the financial year 1970-71, together with revised estimates for previous quarters and financial years. More detailed estimates are published half-yearly in the mimeographed bulletin "Balance of Payments" (Reference No. 8.1).

2. Quarterly estimates are available only in summary form and are preliminary and subject to revision. The items most subject to revision are those for which the basic data are derived from annual surveys which inevitably involve substantial time lags before the results become available.

3. Any discrepancies between totals and sums of components in the accompanying table, or between aggregates quoted in the text and their components, are due to rounding.

JUNE QUARTER 1971

4. Preliminary estimates of the balance of payments for the three months ended June 1971 show a deficit on current account of \$150 million, a net apparent capital inflow of \$535 million and a favourable net monetary movement of \$385 million. Compared with the June quarter of 1970, in which there was a favourable net monetary movement of \$249 million, the quarter just ended showed a substantial improvement on both current and capital accounts, the current account deficit being \$61 million smaller and the net apparent capital inflow being \$76 million greater.

5. The improvement of \$61 million in the current account balance, from a deficit of \$211 million in the June quarter 1970 to a deficit of \$150 million in the June quarter 1971, was mainly due to a rise of \$70 million in the balance of trade surplus. Both exports and imports (on a balance of payments basis) showed notable increases in the June quarter 1971 compared with the corresponding quarter one year earlier and both reached record quarterly totals. The value of exports was \$1,158 million, \$139 million (13.6 per cent) higher than in the June quarter of 1970, while the value of imports was \$976 million, \$70 million (7.7 per cent) higher. The significant improvement in the value of exports in the June quarter 1971 compared with the June quarter 1970 was attributable to higher receipts for a wide range of major exports including meats, wheat and flour, iron ores and concentrates, coal and coke, petroleum and petroleum products and machinery and transport equipment; these increases were more than sufficient to offset a substantial fall in the value of exports of wool and sheepskins and smaller declines in respect of other ores and concentrates and iron and steel. Most principal categories of merchandise imports, in particular iron and steel and machinery, rose in value in the June quarter 1971 compared with the corresponding quarter of 1970; the main exceptions were imports of petroleum and petroleum products and other crude materials (inedible), both of which showed marked falls. As the increase in the value of exports was greater than the increase in the value of imports there was an improvement in the balance of trade from a surplus of \$113 million for the June quarter 1970 to a surplus of \$183 million for the June quarter 1971.

6. The net deficit in respect of current account invisible transactions deteriorated by \$8 million, from \$324 million for the June quarter 1970 to \$332 million for the quarter just ended. Both invisible credits and invisible debits showed increases in value in the June quarter 1971 in comparison with the corresponding quarter of the previous year. Total invisible credits rose by \$18 million (6.0 per cent) to \$315 million, largely on account of increased earnings in respect of transportation services and property income receivable from overseas; while total invisible debits rose by \$26 million (4.2 per cent) to \$647 million, the major factors contributing to this rise being transportation debits (in particular freight



and fares payable to overseas carriers) and investment income payable overseas.

7. The net apparent capital inflow of \$535 million during the June quarter 1971 was a record quarterly total and was \$76 million (16.5 per cent) higher than the net apparent inflow in the corresponding quarter of 1970. Because details of some of the major components of this net apparent capital inflow are not yet available for the quarter just ended comments on the capital movements can be made only in terms of broad aggregates. Identified capital movements during the June quarter 1971 accounted for a net capital outflow of \$59 million compared with a net outflow of \$31 million for the same group of items (government securities, other government capital, marketing authorities and monetary sector transactions not elsewhere included) during the corresponding quarter of 1970. Unidentified capital movements (private overseas investment in companies in Australia and Australian investment overseas) together with the balancing item, however, accounted for a net inflow of \$595 million in the June quarter 1971, an increase of \$104 million (21.2 per cent) over the net inflow of \$491 million for these same items during the June quarter 1970.

8. The net favourable monetary movement of \$385 million during the quarter ended June 1971 included a rise of \$426 million in official reserve assets and a fall of \$34 million in other foreign assets.

#### PRELIMINARY ESTIMATES 1970-71

9. With estimates for the June quarter now available preliminary balance of payments figures for the year 1970-71 may be compared with the estimates for 1969-70. This comparison shows a slight deterioration in the balance on current account in 1970-71 offset by a substantial improvement in the net apparent capital inflow and a large increase in favourable net monetary movements.

10. Both exports and imports reached record levels in 1970-71, although their rates of growth for the year were not as high as for 1969-70. Compared with 1969-70, exports rose by \$258 million (6.5 per cent) to \$4,221 million while imports rose by \$222 million (6.2 per cent) to \$3,775 million. As the increase in exports was greater than the increase in imports the balance of trade surplus improved by \$35 million to \$446 million between the two periods. This was the best result on trade account since 1963-64. The net deficit on invisible transactions reached \$1,223 million in 1970-71, \$66 million higher than the deficit in the previous year. Total invisible debits increased by \$145 million (6.4 per cent) to \$2,416 million more than offsetting an increase of \$79 million (7.1 per cent) in total invisible credits which reached \$1,193 in the year just ended. Since the improvement in the balance of trade surplus was more than offset by the deterioration in the net deficit on invisibles, the current account deficit in 1970-71 increased by \$31 million to \$777 million compared with 1969-70.

11. Net apparent capital inflow during 1970-71 reached a record \$1,380 million which was \$597 million (76.1 per cent) higher than the inflow during 1969-70. Identified capital movements (government securities, other government capital, marketing authorities and monetary sector transactions n.e.i.) for 1970-71 accounted for a net outflow of \$66 million which was \$128 million lower than the outflow of \$194 million for this same group of items in 1969-70. The main factor contributing to this smaller outflow was government capital transactions which resulted in a net outflow of \$67 million in 1970-71, \$110 million lower than the outflow of \$177 million in 1969-70. Full details of private capital movements for 1970-71 are not yet available but these, together with the balancing item, accounted for a net inflow of \$1,446 million, \$470 million or 48.0 per cent higher than the net inflow of \$976 million for the same group of items in 1969-70.

12. The net favourable monetary movement of \$602 million during 1970-71 included a rise of \$742 million in official reserve assets (which was due, in part, to the receipt in January 1971 of an allocation of \$64 million of Special Drawing Rights in the I.M.F.) and a fall of \$66 million in other foreign assets. At 30 June 1971 gold and net foreign assets of Australia's official and banking institutions totalled \$2,314 million comprising official reserve assets of \$2,280 million and other foreign assets of \$34 million.

COMMONWEALTH BUREAU OF CENSUS AND STATISTICS  
CANBERRA, A.C.T. 2600.

2 AUGUST 1971

J. P. O'NEILL  
ACTING COMMONWEALTH STATISTICIAN

NOTE. Inquiries concerning 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.