

COMMONWEALTH BUREAU OF CENSUS AND STATISTICS

CANBERRA, AUSTRALIA

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BALANCE OF PAYMENTS : QUARTERLY SUMMARY

MARCH QUARTER 1969

This statement contains estimates of Australia's balance of payments for the March quarter 1969 in comparison with revised estimates for previous quarters. 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).

By comparison with the March quarter of the previous year, estimates of the balance of payments for the March quarter 1969 show an overall improvement. There was a reduction of \$166 million in the current account deficit and, although the net apparent capital inflow was reduced by \$75 million, the favourable net official monetary movements of \$128 million during the quarter were \$91 million above those for the corresponding quarter a year earlier.

In the current account the improvement was a reflection of the better balance of trade which, from a deficit of \$141 million in March quarter 1968, became a surplus of \$44 million in the March quarter 1969. This turnabout of \$185 million included a \$105 million (15 per cent) increase in the value of exports (on a balance of payments basis) and a fall of \$80 million (10 per cent) in the value of imports (balance of payments basis). The \$105 million increase in the value of exports during the March quarter 1969 reflected higher values for most major items, including wool and sheep skins, metalliferous ores and scrap, manufactured goods and cereals. The \$80 million fall in the value of imports reflected a \$43 million (5 per cent) fall in the value of recorded imports plus the net effect of adjustments made to the recorded imports figures for balance of payments purposes. These adjustments, which affect coverage, valuation and timing, amounted to net deductions of \$52 million in the quarter just ended compared with \$15 million in the March quarter 1968. It should also be noted, in this context, that imports during the March quarter 1969 are thought to have been affected by industrial disputes in ports on the East Coast of the U.S.A. and Canada. The net deficit on current invisible transactions rose by \$19 million to \$222 million in the March quarter 1969: total credits, at \$248 million, were \$5 million (2 per cent) higher than in the previous March quarter; while debits were up \$24 million (5 per cent) to a total of \$470 million. On the credit side, transportation credits - earnings of Australian carriers and expenditure in Australia by overseas carriers - rose by \$7 million, earnings on property income, including interest on international reserves, rose by \$6 million and travel credits rose by \$3 million; offsetting these were falls in the value of transfers received - notably in respect of immigrants' funds - of \$7 million and in government credits (down \$3 million). On the debit side, the most notable increase was the rise of \$18 million in estimated property income payable overseas, while miscellaneous debits rose by \$5 million and transportation debits rose by \$3 million - although freight payable overseas was lower because of reduced imports; these increases were accompanied by small reductions in the value of travel debits and in both official and private transfers.

The deficit on current account of \$178 million - the lowest since the June quarter of 1967 - was accompanied during the March quarter 1969 by a net apparent capital inflow of \$306 million. Although this was some \$75 million below the net apparent capital inflow of \$381 million during the record March quarter of 1968, it was still close to the average quarterly rate of \$315 million since the December quarter of 1967. As information in respect of private investment during the March quarter 1969 is not yet available, close comparison of the composition of the capital inflow with that of the previous March quarter is not possible. Government capital transactions, however, resulted in a net inflow of \$65 million in the March quarter just ended,

BALANCE OF PAYMENTS - MARCH QUARTER 1966 TO MARCH QUARTER 1969 AND YEARS 1963-64 TO 1967-68

\$ million

	Year ended June -					Quarters ended -											
						1965-66		1966-67		1967-68		1968-69p					
	1964	1965	1966	1967	1968	March	June	Sept.	Dec.	March	June	Sept.	Dec.	March	June	Sept.	Dec.
CURRENT ACCOUNT (a) -																	
Exports f.o.b. (b)	2,730	2,574	2,626	2,926	2,941	636	695	692	704	740	790	715	759	693	774	742	829
Imports f.o.b. (b)	2,237	2,739	2,822	2,837	3,159	657	638	700	666	734	737	770	741	834	814	840	804
Balance of trade	493	-165	-196	89	-218	-21	57	-8	38	6	53	-55	18	-141	-40	-98	25
Invisible credits -																	
Gold production	29	27	25	24	22	6	7	7	6	5	6	5	5	5	7	5	4
Transportation	254	279	295	312	360	75	73	73	72	84	83	86	90	91	93	94	99
Travel	43	54	58	70	88	16	14	16	17	19	18	18	21	26	23	25	27
Government	63	59	77	83	75	22	20	20	20	21	22	18	14	21	22	17	17
Miscellaneous	43	55	56	55	69	13	12	13	12	14	16	16	16	21	16	16	18
Property income	94	119	113	122	127	30	29	34	27	35	26	30	26	34	37	37	29
Transfers	104	115	122	134	154	30	33	34	32	31	37	36	38	45	35	42	42
Invisible debits -																	
Transportation	417	488	520	548	634	125	135	128	139	139	142	149	163	168	154	172	169
Travel	102	114	122	133	140	30	42	29	25	33	46	33	27	34	46	35	27
Government	44	53	62	80	95	16	18	16	19	18	27	19	22	27	27	22	21
Miscellaneous	66	86	97	98	97	21	24	25	23	24	26	23	26	25	23	23	26
Property income -																	
Investment income	353	359	384	398	533	91	95	98	93	94	113	113	147	119	154	146	160
Other	40	46	50	56	64	13	12	14	14	16	12	13	16	18	17	16	17
Transfers -																	
Government	87	107	127	151	157	28	41	32	38	42	39	42	44	34	37	37	46
Other	62	66	74	79	84	20	18	17	19	21	22	22	21	21	20	21	23
Balance on current account	-48	-776	-886	-654	-1,127	-173	-140	-170	-146	-172	-166	-260	-238	-344	-285	-334	-228
CAPITAL INFLOW (a) -																	
Overseas investment in Australia -																	
Government securities -																	
Domiciled overseas	22	-20	-25	24	134	-34	-11	-69	20	28	45	8	64	11	51	85	1
Domiciled in Australia	-3	-5	-1	-2	15	..	..	..	-1	-1	..	7	2	2	4	..	-2
Total government securities	19	-25	-26	22	149	-34	-11	-69	19	27	45	15	66	13	55	85	-1
Companies -																	
Undistributed income	132	119	121	105	224	31	30	26	27	26	26	56	56	56	56	62	63
Other direct	287	414	354	213	250	69	145	27	50	55	81	44	53	22	131	29	59
Portfolio investment and institutional loans	27	43	207	175	383	48	69	46	30	30	69	65	72	116	130	69	74
Total companies (c)	446	576	682	493	857	147	244	99	107	111	176	165	181	194	317	160	196
Total overseas investment in Aust. (c)	465	551	656	515	1,006	114	233	30	126	138	221	180	247	207	372	245	195
Australian investment overseas (c)	-10	-17	-33	-24	-26	-9	-5	-1	-5	-9	-9	-9	-7	-6	-4	-8	-13
Other government capital movements	-64	-23	40	-52	-60	6	-28	-2	-32	15	-33	-55	47	-10	-42	-42	-1
Marketing authorities	30	-61	34	-74	33	34	14	18	-5	-46	-41	31	-7	14	-5	13	13
Non-official monetary transactions	5	17	10	13	46	2	5	4	4	3	2	6	12	5	23	-4	5
Net identified capital inflow	426	467	707	378	999	147	219	49	88	101	140	153	292	210	344	204	199
Balancing item	69	13	240	156	206	41	51	61	20	18	57	49	16	171	-30	71	109
Net apparent capital inflow	495	480	947	534	1,205	188	270	110	108	119	197	202	308	381	314	275	308
OFFICIAL MONETARY MOVEMENTS (a) -																	
Change in net I.M.F. position	..	22	40	26	71	..	9	..	..	19	7	-3	8	12	54	2	-23
Change in international reserves	447	-313	21	-177	(f)7	15	121	-89	-38	-73	23	-55	(f)62	25	-25	-56	107
Other	..	..	..	31	..	..	..	29	..	1	1	..	..	..	..	-5	-4
Net official monetary movements	447	-296	61	-120	78	15	130	-60	-38	-53	31	-58	70	37	29	-59	80

(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 the March quarter 1969 and for this period the items marked (*) 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 1967 due to the devaluation of the pound Sterling and a number of other currencies held as part of Australia's international reserves. p - Preliminary.

compared with a net inflow of only \$3 million in the March quarter a year earlier; this was a reflection of substantial loan-raising during the March quarter 1969, including drawings on special defence loans in the U.S.A. and the floating of a \$67 million (D.M. 300 million) public loan in the Federal Republic of Germany. Transactions of marketing authorities during the March quarter 1969 resulted in a net inflow of \$8 million, \$6 million less than during the previous March quarter; and non-official monetary transactions resulted in a net inflow of \$6 million, \$1 million more than during the March quarter 1968. Private investment in Australian companies, Australian investment overseas and the balancing item together accounted for a net inflow of \$227 million during the March quarter 1969. The comparable net inflow during the March quarter 1968 was \$132 million greater, at \$359 million, including a large balancing item of \$171 million. Although, as has already been noted, details for the March quarter 1969 are not yet available, some broad conclusions can be drawn on the basis of certain preliminary indicators. These are, that while overseas investment in the form of portfolio investment and institutional loans may fall short of the \$116 million recorded in the March quarter 1968, direct investment (including undistributed income) during the quarter just ended should exceed the \$78 million for the corresponding quarter of 1968 so that the total value of overseas investment in Australian companies in the two quarters will not differ substantially. This means that the greater part of the \$132 million fall in net private investment and the balancing item during the March quarter 1969 will be accounted for by a fall in the balancing item which was \$171 million in the March quarter 1968.

During the March quarter 1969 the favourable net official monetary movements of \$128 million included a fall of \$18 million in Australia's reserve position with the I.M.F. and an increase in international reserves of \$146 million. During the corresponding quarter of 1968, favourable net official monetary movements were \$37 million. At the end of March 1969, official holdings of gold and foreign exchange were \$1,290 million and Australia's reserve position in the I.M.F. was \$210 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.