

BALANCE OF PAYMENTS : QUARTERLY SUMMARY
MARCH QUARTER 1971

Reference No. 8.2

NOTES ON THE STATISTICS

1. This statement contains estimates of Australia's balance of payments for the March quarter 1971 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.

MARCH QUARTER 1971

4. Preliminary estimates of the balance of payments for the three months ended March 1971 show a deficit on current account of \$198 million, a net apparent capital inflow of \$459 million and a favourable net monetary movement of \$261 million. Compared with the March quarter of 1970, in which there was a favourable net monetary movement of \$17 million, the quarter just ended showed a deterioration of \$63 million in the current account balance which was more than offset by an improvement of \$307 million in the net apparent capital inflow.
5. The increase of \$63 million in the current account deficit, from \$135 million in the March quarter 1970 to \$198 million in the March quarter 1971, was mainly due to a deterioration of \$59 million in the balance of trade. The value of exports (on a balance of payments basis) during the quarter ended March 1971 was \$998 million, \$15 million (1.5 per cent) lower than during the March quarter of the previous year. This decrease was mainly attributable to a substantial fall in the value of exports of wool and sheepskins and smaller falls in respect of several other major exports including beef and veal, iron and steel and the non-ferrous metals copper, lead, zinc and their alloys; these decreases were more than sufficient to offset higher receipts for certain other major exports, notably wheat and flour and iron ore and concentrates. The value of imports (on a balance of payments basis) rose by \$43 million (5.0 per cent) to \$899 million for the March quarter 1971 compared with the March quarter 1970. Most principal categories of merchandise imports rose in value, in particular non-electric machinery and chemicals; the main exceptions were imports of petroleum and petroleum products and imports of transport equipment, other than road motor vehicles, both of which fell sharply. With the value of exports decreasing and the value of imports increasing, the balance of trade deteriorated from a surplus of \$158 million for the March quarter 1970 to a surplus of \$99 million for the March quarter 1971.
6. The net deficit in respect of current account invisible transactions also deteriorated, increasing by \$4 million from \$293 million for the March quarter 1970 to \$297 million for the March quarter 1971. Total invisible credits fell by \$9 million (3.1 per cent) to \$279 million, largely on account of decreased earnings in respect of miscellaneous services. At the same time, total invisible debits decreased by \$5 million (0.9 per cent) to \$576 million in the March quarter 1971 compared to the March quarter 1970, the major factor contributing to this fall being a decrease in property income payable overseas which more than offset an increase in transportation debits (freight and fares payable to overseas carriers).

(cont. p.4)

BALANCE OF PAYMENTS - MARCH QUARTER 1968 TO MARCH QUARTER 1971 AND YEARS 1965-66 TO 1969-70

\$ million

	Year ended June -					Quarters ended -												
						1967-68		1968-69				1969-70				1970-71		
	1966	1967	1968	1969	1970	March	June	Sept.	Dec.	March	June	Sept.	Dec.	March	June	Sept.	Dec.	March
CURRENT ACCOUNT (a) -																		
Exports f.o.b. (b) ..	2,626	2,926	2,942	3,217	3,964	693	774	743	826	793	856	964	968	1,013	1,019	1,039	1,033	990
Imports f.o.b. (b) ..	2,322	2,337	3,159	3,203	3,554	834	814	844	804	740	815	896	897	856	906	962	936	899
Balance of trade ..	-196	59	-218	14	410	-141	-40	-101	22	52	41	69	71	158	113	76	96	99
Invisible credits -																		
Gold production ..	25	24	22	20	18	5	7	6	6	4	5	4	4	5	5	4	4	3
Transportation ..	295	320	362	392	445	91	94	95	98	98	101	107	111	115	113	119	121	121
Travel ..	53	70	88	108	123	26	23	25	26	28	29	27	33	33	30	31	41	37
Government ..	78	83	76	80	84	22	22	18	19	22	21	21	20	20	24	19	19	17
Miscellaneous ..	56	55	69	75	108	21	16	16	18	21	20	21	22	35	30	28	25	20
Property income ..	113	123	129	150	152	34	38	36	29	43	42	31	41	35	45	43	38	41
Transfers ..	122	136	156	165	182	45	35	42	43	39	42	45	45	47	46	44	48	40
Total invisible credits ..	746	810	1,022	939	1,111	245	234	237	238	254	260	255	275	283	293	289	236	279
Invisible debits -																		
Transportation ..	520	545	636	683	740	173	155	169	166	177	171	171	184	187	197	192	204	201
Travel ..	122	133	140	150	175	34	46	35	27	35	53	41	32	42	60	42	33	32
Government ..	62	81	95	111	124	27	27	23	25	30	32	29	29	26	36	28	32	33
Miscellaneous ..	97	98	98	104	144	75	23	23	26	31	24	31	38	40	35	37	35	42
Property income -																		
Investment income ..	382	409	536	552	722	120	156	153	170	150	180	165	180	202	175	169	217	184
Other ..	50	56	64	63	63	18	17	17	17	13	16	18	19	16	14	20	19	14
Transfers -																		
Government ..	127	151	154	159	180	33	37	36	46	32	46	41	55	39	46	49	54	42
Private ..	74	79	84	30	112	21	20	21	23	21	24	27	29	26	30	30	30	27
Total invisible debits ..	1,434	1,550	1,837	2,012	2,265	451	480	476	500	490	546	524	565	561	592	566	583	576
Balance on current account ..	-688	-631	-1,123	-1,009	-745	-347	-285	-340	-240	-183	-245	-200	-219	-133	-189	-201	-237	-186
CAPITAL INFLOW (a) -																		
Overseas investment in Australia -																		
Government securities -																		
Domiciled overseas ..	-25	24	134	138	-121	11	51	85	1	72	-21	-68	-11	-8	-35	-30	-42	29
Domiciled in Australia ..	-1	-2	14	..	4	2	4	-1	1	1	-1	4	..	..	1	4	..	..
Total government securities ..	-26	22	148	138	-117	13	55	84	2	73	-22	-64	-11	-8	-34	-27	-42	28
Companies -																		
Undistributed income ..	125	115	227	284	235	57	57	71	71	71	71	71	71	71	71	79	79	*
Other direct investment ..	357	219	305	317	421	26	160	46	86	47	138	39	68	112	202	83	34	*
Portfolio investment and institutional loans ..	207	176	416	402	273	128	144	98	107	143	54	24	88	96	66	35	64	*
Total companies (c) ..	689	509	948	1,003	929	1	361	215	264	261	263	134	227	280	339	197	227	*
Total overseas investment in Australia (c) ..	662	531	1,086	1,140	862	224	416	299	266	334	241	70	216	272	305	170	185	*
Australian investment overseas (c) ..	-23	-30	-39	-53	-151	-3	-5	-10	-20	-5	-18	-34	-44	-18	-54	-25	-25	*
Other government capital movements ..	40	-52	-60	-67	-60	-10	-42	-40	3	-20	-10	-25	4	-26	-12	8	-2	-20
Marketing authorities ..	34	-74	33	23	-47	14	-5	8	15	15	-11	1	-22	-9	-16	2	-11	-15
Monetary sector transactions n.e.i. ..	5	6	42	-6	30	2	20	-3	5	-3	-4	11	-11	..	31	-6	-2	3
Net identified capital inflow ..	714	381	1,072	1,043	635	222	384	255	269	321	193	22	142	218	253	150	143	(d), (e)
Balancing item ..	228	147	130	115	145	151	-52	44	30	-9	49	-6	33	-66	184	-19	117	(c), (d)
Net apparent capital inflow ..	941	528	1,202	1,157	780	372	324	299	299	312	247	16	175	152	437	131	262	459
MONETARY MOVEMENTS (a)																		
Changes in official reserve assets ..	44	-152	(f)73	143	(g)113	25	34	-1	12	133	-2	-184	-110	(g)106	306	-34	7	(g)343
Allocation of Special Drawing Rights ..	..	..	..	..	-75	..	..	..	..	..	..	..	..	-75	..	..	..	-64
Changes in other foreign assets ..	10	-12	(f)8	26	6	..	8	-36	53	-4	12	-1	72	-14	-51	-34	22	-21
Other monetary movements ..	-2	26	-3	-20	-12	..	-2	-5	-7	..	-9	..	-7	..	-6	-2	-4	2
Net monetary movements ..	57	-124	79	148	57	25	40	-41	59	129	1	-184	-44	17	249	-70	25	261

(a) For current account balances minus sign (-) denotes deficit; for capital inflow minus sign (-) denotes outflow; for monetary movements minus sign (-) denotes a decrease in assets or an increase in liabilities or the receipt of an allocation of Special Drawing Rights in the I.M.F. (b) Recorded trade figures adjusted in respect of coverage and valuation for balance of payments purposes. (c) Full details of the Survey of Overseas Investment are not available for the March quarter 1971 and for this period the items marked (*) are included with the balancing item. (d) Excludes items marked (*). (e) Includes items marked (*). (f) Excludes the effects of the November 1967 devaluation of the pound sterling and other currencies which reduced by \$111 million and \$2 million, respectively, the Australian dollar equivalents of official reserve assets and other foreign assets. (g) Includes the allocation of Special Drawing Rights.

NOTE. Any discrepancies between totals and sums of components in the above table are due to rounding.

7. The net apparent capital inflow of \$459 million during the March quarter 1971 was \$307 million higher than the net apparent inflow in the corresponding quarter of 1970. Because details of some of the major components of this net apparent inflow are not yet available for the quarter just ended comments on the capital movements can be made only in terms of broad aggregates. Thus identified capital movements during the March quarter 1971 accounted for a net capital outflow of \$4 million compared with a net outflow of \$43 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 \$462 million in the March quarter 1971, an increase of \$267 million over the net inflow for these same items during the March quarter 1970.

8. The net favourable monetary movement of \$261 million during the quarter ended March 1971 included a rise of \$343 million in official reserve assets and a fall of \$21 million in other foreign assets. The increase of \$343 million in official reserve assets during the March quarter 1971 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. In the Monetary Movements section of the accompanying table, the allocation of S.D.R.'s has been offset against the changes in official reserve assets in order that the underlying balance of payments performance during the period under review as measured by net monetary movements (which is one of the more commonly used indicators of the overall balance of payments surplus or deficit) should not be obscured. Accordingly, although the \$64 million S.D.R. allocation is included in the \$343 million increase in official reserve assets, it is not included in the net favourable monetary movement of \$261 million. At the end of March 1971 gold and net foreign assets of Australian official and banking institutions totalled \$1922 million, of which \$1855 million were official reserve assets and \$67 million other foreign assets.

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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.