



Reference No. 8.2

**BALANCE OF PAYMENTS : QUARTERLY SUMMARY
MARCH QUARTER 1974**

This statement contains preliminary estimates of Australia's balance of payments for the March quarter 1974, together with revised estimates for previous quarters and financial years. Notes on the statistics are included on page 4. More detailed estimates are published annually in the mimeographed bulletin *Balance of Payments* (Reference No. 8.1).

March Quarter 1974

2. Highlights of the preliminary estimates of the balance of payments for the March quarter 1974 were:

- * A trade surplus of \$183 million, \$208 million lower than in the preceding quarter and \$464 million lower than the record surplus in the March quarter 1973. This was the smallest quarterly trade surplus since the December quarter 1971.
- * Exports of \$1,661 million, down \$36 million on the preceding quarter, but \$58 million, or 4 per cent, higher than in the March quarter 1973.
- * Record imports of \$1,478 million, up \$173 million on the preceding quarter and \$522 million, or 55 per cent, on the previous March quarter.
- * A deficit on net invisibles of \$473 million, \$51 million higher than in the March quarter 1973. Notable increases in invisibles between the two March quarters occurred in property income credits, which rose by \$36 million, or 36 per cent, in freight on imports payable overseas, which rose by \$58 million, or 54 per cent, and in government transfers, which rose by \$22 million, or 45 per cent.
- * A current account deficit of \$290 million, the largest since the September quarter 1968. This deficit followed a small surplus in the December quarter 1973 and represents a turnaround of \$515 million from the record current account surplus in the March quarter 1973.
- * A net apparent capital inflow of \$65 million, breaking the series of net apparent capital outflows that occurred in the four preceding quarters. As outflows totalling \$60 million were recorded on account of government capital and marketing authorities' transactions, this suggests a net inflow of private capital (including the balancing item) of \$125 million in the March quarter 1974.
- * An overall deficit of \$225 million as measured by net monetary movements. This was the first substantial overall deficit since the previous March quarter (\$331 million) after which the balance of payments was in near-equilibrium for three quarters.

Levels of Reserves

3. At 31 March 1974, Australia's official reserve assets valued at official parity relationships, totalled \$3,892 million. (At market rates, the value of official reserve assets was \$3,750 million). The value of other foreign assets at 31 March 1974 is not yet available. (The change of \$31 million in other foreign assets, shown in the table, was calculated on the assumption that the level of these assets at the end of March 1974 was the same as at the end of February 1974).

BALANCE OF PAYMENTS - CURRENT ACCOUNT

DECEMBER QUARTER 1971 TO MARCH QUARTER 1974 AND YEARS 1969-70 TO 1972-73

\$ MILLION

	YEAR				QUARTERS ENDED-									
					1971-72			1972-73			1973-74			
	1969-70	1970-71	1971-72	1972-73	DEC.	MAR.	JUNE	SEPT.	DEC.	MAR.	JUNE	SEPT.	DEC.	MAR.
VISIBLE TRADE-														
EXPORTS F.O.B.	3969	4216	4726	5983	1112	1154	1275	1316	1479	1603	1586	1617	1697	1661
IMPORTS F.O.B.	-3553	-3790	-3791	-3797	-967	-913	-845	-892	-940	-956	-1008	-1239	-1305	-1478
BALANCE OF TRADE	416	426	935	2187	125	241	431	424	539	647	577	378	391	183
INVISIBLE CREDITS-														
GOLD PRODUCTION	18	15	13	15	3	3	3	4	4	3	4	4	4	3
TRANSPORTATION	445	469	496	553	123	121	124	133	142	139	139	153	166	171
TRAVEL	120	136	139	132	43	38	28	27	39	36	30	30	42	37
GOVERNMENT	87	82	90	91	22	24	23	22	23	23	24	23	23	23
MISCELLANEOUS	118	134	160	134	40	51	37	36	34	32	31	29	34	36
PROPERTY INCOME	155	178	239	363	60	57	63	82	93	99	90	125	135	135
TRANSFERS	186	181	226	235	56	55	65	62	63	58	52	53	65	70
TOTAL INVISIBLE CREDITS	1129	1195	1364	1522	348	348	342	365	397	390	369	417	469	475
INVISIBLE DEBITS -														
TRANSPORTATION -														
FREIGHT ON IMPORTS	-397	-411	-395	-405	-104	-95	-87	-88	-101	-107	-109	-134	-150	-165
OTHER TRANSPORTATION	-357	-426	-443	-477	-106	-122	-118	-109	-118	-132	-118	-118	-122	-145
TRAVEL	-186	-199	-266	-316	-50	-58	-106	-82	-59	-67	-108	-81	-70	-75
GOVERNMENT	-124	-127	-124	-122	-30	-30	-36	-27	-29	-29	-37	-28	-30	-31
MISCELLANEOUS	-147	-170	-210	-222	-53	-53	-51	-53	-55	-56	-58	-65	-64	-65
PROPERTY INCOME -														
INVESTMENT INCOME -														
UNDISTRIBUTED	-284	-299	-311	-339	-78	-78	-78	-84	-85	-85	-85	-112	-113	-112
OTHER	-450	-479	-541	-643	-180	-115	-138	-121	-168	-211	-144	-125	-145	-206
ROYALTIES AND COPYRIGHTS	-68	-64	-56	-75	-15	-15	-11	-13	-22	-22	-17	-14	-18	-19
TRANSFERS -														
GOVERNMENT	-179	-185	-206	-252	-48	-41	-62	-66	-73	-49	-64	-67	-62	-71
PRIVATE	-114	-134	-172	-210	-42	-44	-46	-47	-53	-53	-57	-56	-57	-59
TOTAL INVISIBLE DEBITS	-2305	-2494	-2722	-3061	-706	-650	-732	-689	-763	-812	-797	-799	-829	-948
NET INVISIBLES	-1177	-1298	-1358	-1540	-358	-303	-390	-324	-366	-422	-428	-382	-360	-473
BALANCE ON CURRENT ACCOUNT	-760	-873	-423	647	-233	-61	41	100	173	225	150	-4	31	-290

BALANCE OF PAYMENTS - CAPITAL ACCOUNT

DECEMBER QUARTER 1971 TO MARCH QUARTER 1974 AND YEARS 1969-70 TO 1972-73

\$ MILLION

	YEAR				QUARTERS ENDED-									
					1971-72			1972-73			1973-74			
	1969-70	1970-71	1971-72	1972-73	DEC.	MAR.	JUNE	SEPT.	DEC.	MAR.	JUNE	SEPT.	DEC.	MAR.
CAPITAL INFLOW (NET) -														
GOVERNMENT CAPITAL MOVEMENTS -														
GOVERNMENT SECURITIES	-125	-48	-46	-59	-24	12	-32	37	-1	-44	-51	24	-44	-16
OTHER GOVT CAPITAL MOVEMENTS	-60	-15	-14	-31	14	-11	-29	5	-9	-13	-14	48	33	-5
TOTAL GOVERNMENT CAPITAL MOVEMENTS	-185	-63	-60	-90	-10	1	-59	41	-10	-57	-64	73	-11	-21
PRIVATE CAPITAL MOVEMENTS -														
OVERSEAS INVESTMENT IN AUSTRALIAN COMPANIES -														
UNDISTRIBUTED INCOME	284	299	311	339	78	78	78	84	85	85	85	112	113	112
OTHER DIRECT INVESTMENT	507	656	601	-34	110	133	183	142	27	-161	-42	-84	9	(A)
PORTFOLIO INVESTMENT AND INSTITUTIONAL LOANS	279	655	588	110	200	151	148	148	126	-104	-60	-74	-36	(A)
TOTAL COMPANIES	1070	1611	1499	415	388	362	408	374	238	-180	-17	-46	86	N.A.
AUST. INVESTMENT OVERSEAS	-143	-95	-138	-91	-29	-22	-48	-16	-18	-49	-9	-54	-30	(A)
MARKETING AUTHORITIES	-47	-43	-45	34	-12	-19	-39	12	-6	14	14	28	18	-39
TOTAL PRIVATE CAPITAL MOVEMENTS	880	1473	1316	358	347	321	322	371	215	-215	-12	-73	74	N.A.
MONETARY SECTOR TRANSACTIONS (N.E.I.)	34	28	44	94	2	12	12	63	68	-66	29	(A)	(A)	(A)
NET IDENTIFIED CAPITAL INFLOW	729	1437	1300	363	339	334	275	475	272	-337	-47	..	63	52
BALANCING ITEM	68	33	566	-28	156	88	239	68	180	-219	-58	-16(B)	-114(B)	14(B)
NET APPARENT CAPITAL INFLOW	797	1470	1866	335	495	422	514	544	451	-556	-104	-16	-51	65
MONETARY MOVEMENTS -														
CHANGES IN OFFICIAL RESERVE ASSETS	118	742	1544	995	251	453	505	637	646	-362	74	-32	1	-199
ALLOCATION OF SDR'S	-75	-64	-63	..	..	-63	..	..	..	..	..	..	..	..
CHANGES IN OTHER FOREIGN ASSETS	6	-71	-31	-3	17	-30	-28	7	-21	33	-23	17	-7	-31
OTHER MONETARY MOVEMENTS	-12	-10	-3	-10	-6	1	-3	..	-2	-2	-6	-5	-14	5
NET MONETARY MOVEMENTS	37	598	1442	931	262	360	555	644	624	-331	45	-20	-20	-225

(A) NOT YET AVAILABLE, INCLUDED IN THE BALANCING ITEM. (B) INCLUDES ITEMS FOOTNOTED (A). N.A. NOT AVAILABLE.

Notes on the Statistics

4. Estimates for the more recent periods are *preliminary and subject to revision*. The items which can be most affected by revisions are those for which benchmark data are derived from annual surveys where long time lags in collection and processing are inevitable. This issue, for example, incorporates the preliminary results of the Survey of Overseas Investment for 1972-73 which have just become available (see bulletin *Overseas Investment 1972-73 (Preliminary)*, Reference No. 5.21). As a result, a substantial revision has been made to the previous estimates of portfolio investment and institutional loans for that year.

5. In this issue the item *investment income* (part of invisible debits) has been split to show separately the components *undistributed income* and *other investment income payable overseas*. Undistributed income covers unremitted profits (net) of Australian branches and undistributed profits (net) of Australian subsidiaries of overseas companies. Although no actual movement of funds takes place, debit entries for undistributed income are made in the current account of the balance of payments and are offset by corresponding notional inflows in the capital account. The item *other* in investment income covers distributed income on direct overseas investment in companies in Australia, dividends and interest payable overseas on portfolio investment and institutional loans, and interest on Australian government securities held by non-residents.

6. The Australian currency equivalents shown in these statistics for transactions originally denominated in foreign currencies were derived by converting into Australian dollars at market rates of exchange, except for changes in official reserve assets and in other foreign assets which were converted at par rates.

7. In the accompanying table, for current account items minus sign (-) denotes a debit; 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.

8. The estimates of *exports* and *imports* in the accompanying table represent the recorded trade figures adjusted in respect of coverage, timing and valuation for balance of payments purposes.

9. *Net monetary movements* are usually taken as a measure of the overall surplus or deficit in the balance of payments. In order not to obscure the underlying performance of the balance of payments, this item excludes changes that do not arise from international transactions, such as the effects of currency revaluations, or the allocation of Special Drawing Rights (SDR's) by the International Monetary Fund. SDR's are included in official reserve assets but excluded from net monetary movements by means of the offset item shown in the table. Also excluded from monetary movements is the compensation that was received under the Sterling Agreement in January 1973.

10. Discrepancies may occur between totals and sums of components in the accompanying table, or between aggregates quoted in the text and their components, due to rounding.

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NOTE. Inquiries concerning these statistics may be made in Canberra by telephoning Mr A. James on 52 7911 extension 5519 or, in each State capital, by telephoning the office of the Australian Bureau of Statistics.