

Reference No. 8.2

## BALANCE OF PAYMENTS : QUARTERLY SUMMARY SEPTEMBER QUARTER 1973

This statement contains preliminary estimates of Australia's balance of payments for the September quarter 1973, 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).

### September Quarter 1973

2. Highlights of the preliminary estimates of the balance of payments for the September quarter 1973 were:
- . A trade surplus of \$398 million, down \$186 million on the preceding quarter and \$25 million lower than the surplus of the September quarter 1972.
  - . Record exports of \$1.618 million, up \$303 million, or 23 per cent, on the September quarter 1972.
- Record imports of \$1.220 million, up \$213 million on the preceding quarter, and \$328 million, or 37 per cent higher than in the September quarter 1972; part of the increase in the September quarter 1973 was caused by the import of twelve F111 aircraft valued at \$80 million.
- . A small surplus of \$41 million on current account, substantially less than the surpluses recorded in each of the quarters of 1972-73.
  - . A further reduction in the net apparent capital outflow, from \$124 million in the June quarter to \$59 million in the September quarter; government capital transactions accounted for a net inflow of \$55 million, but the major components of private capital movements have not yet been identified.
  - . An overall deficit (as measured by net monetary movements) of \$18 million compared with a surplus of \$44 million in the June quarter 1973 and a record surplus of \$644 million in September quarter 1972; the deficit in September quarter 1973 includes a fall of \$31 million in official reserve assets.

### Level of Reserves

3. At 30 September 1973, gold and net foreign assets of Australia's official and banking institutions valued at official parity relationships totalled \$4,101 million, comprising official reserve assets of \$4,090 million and other foreign assets of \$11 million. At market rates, the value of these assets was \$3,957 million in total.

## BALANCE OF PAYMENTS - CURRENT ACCOUNT

JUNE QUARTER 1971 TO SEPTEMBER QUARTER 1973 AND YEARS 1969-70 TO 1972-73

£ MILLION

	YEAR				QUARTERS ENDED-									
	1969-70	1970-71	1971-72	1972-73	1970-71	1971-72				1972-73				1973-74
					JUNE	SEPT.	DEC.	MAR.	JUNE	SEPT.	DEC.	MAR.	JUNE	SEPT.
VISIBLE TRADE-														
EXPORTS F.O.B.	3969	4218	4729	5988	1153	1185	1112	1154	1278	1313	1477	1606	1591	1618
IMPORTS F.O.B.	-3553	-3790	-3791	-3790	-981	-1047	-987	-913	-844	-892	-939	-952	-1007	-1220
BALANCE OF TRADE	416	427	938	2198	171	138	125	241	434	423	538	654	584	398
INVISIBLE CREDITS-														
GOLD PRODUCTION	18	15	13	15	4	4	3	3	3	4	4	3	4	4
TRANSPORTATION	445	469	496	570	120	128	123	121	124	138	147	143	142	158
TRAVEL	120	136	139	117	31	31	43	38	28	26	38	31	22	27
GOVERNMENT	87	82	90	91	23	21	22	24	23	22	23	22	24	24
MISCELLANEOUS	118	134	160	134	42	32	40	51	37	36	34	32	31	39
PROPERTY INCOME	155	178	239	373	54	60	60	57	63	80	88	94	110	115
TRANSFERS	186	181	226	235	44	51	56	55	65	62	63	58	52	65
TOTAL INVISIBLE CREDITS	1129	1195	1364	1534	318	326	348	348	342	368	396	384	385	432
INVISIBLE DEBITS -														
TRANSPORTATION	-794	-837	-833	-887	-211	-205	-215	-209	-204	-199	-225	-231	-232	-248
TRAVEL	-186	-199	-266	-316	-69	-53	-50	-58	-106	-82	-59	-67	-108	-85
GOVERNMENT	-124	-127	-124	-122	-38	-28	-30	-30	-36	-27	-29	-29	-37	-28
MISCELLANEOUS	-147	-170	-210	-222	-47	-53	-53	-53	-51	-53	-55	-56	-58	-58
PROPERTY INCOME -														
INVESTMENT INCOME	-734	-778	-852	-967	-189	-186	-258	-193	-215	-200	-247	-293	-227	-232
ROYALTIES AND COPYRIGHTS	-68	-64	-56	-75	-13	-15	-15	-15	-11	-13	-22	-22	-17	-12
TRANSFERS -														
GOVERNMENT	-180	-185	-205	-292	-40	-54	-48	-41	-62	-66	-73	-49	-64	-66
PRIVATE	-114	-134	-172	-210	-34	-40	-42	-44	-46	-47	-53	-53	-57	-60
TOTAL INVISIBLE DEBITS	-2306	-2494	-2717	-3052	-640	-633	-710	-643	-732	-688	-763	-801	-801	-788
NET INVISIBLES	-1177	-1299	-1353	-1518	-323	-307	-362	-295	-389	-320	-367	-417	-415	-357
BALANCE ON CURRENT ACCOUNT	-761	-872	-416	680	-152	-169	-237	-54	45	103	171	237	169	41

BALANCE OF PAYMENTS - CAPITAL ACCOUNT

JUNE QUARTER 1971 TO SEPTEMBER QUARTER 1973 AND YEARS 1969-70 TO 1972-73

\$ MILLION

	YEAR				QUARTERS ENDED-									
	1969-70	1970-71	1971-72	1972-73	1970-71	1971-72				1972-73				1973-74
					JUNE	SEPT.	DEC.	MAR.	JUNE	SEPT.	DEC.	MAR.	JUNE	SEPT.
CAPITAL INFLOW (NET) -														
GOVERNMENT CAPITAL MOVEMENTS -														
GOVERNMENT SECURITIES	-125	-48	-46	-48	-20	-2	-24	12	-32	40	6	-45	-48	-16
OTHER GOVT CAPITAL MOVEMENTS	-60	-15	-14	-31	-3	10	14	-11	-28	5	-9	-13	-14	70
TOTAL GOVERNMENT CAPITAL MOVEMENTS	-185	-63	-60	-79	-23	8	-10	1	-59	45	-4	-58	-62	55
PRIVATE CAPITAL MOVEMENTS -														
OVERSEAS INVESTMENT IN AUSTRALIAN COMPANIES -														
UNDISTRIBUTED INCOME	284	299	311	330	75	78	78	78	78	82	83	82	83	100
OTHER DIRECT INVESTMENT	507	657	601	-28	294	175	110	133	183	98	17	-162	19	(A)
PORTFOLIO INVESTMENT AND INSTITUTIONAL LOANS	279	655	588	-59	274	88	200	151	148	130	96	-151	-134	(A)
TOTAL COMPANIES	1070	1612	1499	243	642	341	388	362	408	310	196	-231	-32	N.A.
AUST. INVESTMENT OVERSEAS	-143	-95	-136	-94	-14	-40	-29	-22	-48	-9	-18	-35	-31	(A)
MARKETING AUTHORITIES	-47	-43	-45	34	-8	25	-12	-19	-39	12	-6	14	14	28
TOTAL PRIVATE CAPITAL MOVEMENTS	880	1474	1316	184	620	326	347	321	322	313	172	-252	-49	N.A.
MONETARY SECTOR TRANSACTIONS (N.E.I.)	34	28	41	93	-27	18	-2	12	12	63	68	-66	28	48
NET IDENTIFIED CAPITAL INFLOW	729	1438	1296	198	571	352	335	334	275	421	236	-376	-83	232
BALANCING ITEM	69	31	562	104	-39	82	164	81	235	119	218	-191	-42	-290(B)
NET APPARENT CAPITAL INFLOW	798	1469	1858	303	532	434	499	415	510	541	453	-567	-124	-59
MONETARY MOVEMENTS -														
CHANGES IN OFFICIAL RESERVE ASSETS	118	742	1544	996	426	256	251	493	585	637	647	-362	74	-31
ALLOCATION OF SDR'S	-75	-64	-63	..	..	..	..	-63	..	..	..	..	..	..
CHANGES IN OTHER FOREIGN ASSETS	6	-71	-31	-3	-38	9	17	-30	-28	7	-21	34	-23	17
OTHER MONETARY MOVEMENTS	-12	-10	-8	-11	-7	..	-6	1	-3	..	-2	-2	-7	-4
NET MONETARY MOVEMENTS	57	598	1442	982	381	265	262	360	555	644	625	-331	44	-10

(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 most 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. These surveys inevitably entail long time lags in collection and processing.
5. 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.
6. 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.
7. The estimates of exports and imports in the accompanying table represent the recorded trade figures adjusted in respect of coverage and valuation for balance of payments purposes.
8. 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. (For more details, see enclosed Supplement.)
9. 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.

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NOTE. Inquiries concerning these statistics may be made in Canberra by telephoning Mr A. James on 63 9111, extension 2193 or, in each State capital, by telephoning the office of the Bureau of Census and Statistics.

COMMONWEALTH BUREAU OF CENSUS AND  
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SUPPLEMENT TO THE BALANCE OF PAYMENTS QUARTERLY SUMMARY  
SEPTEMBER QUARTER 1973

CHANGES IN OFFICIAL RESERVE ASSETS

When changes occur in the official parities of foreign currencies held as part of Australia's reserves, or in the parity of the Australian dollar itself, the value of these reserve assets in terms of Australian dollars has to be recalculated in accordance with the new exchange rates. However, the book gains or losses which result (the revaluation effects) are not recorded in the balance of payments which is restricted to the measurement of the effects of international transactions in goods, services and financial assets and liabilities. Also excluded from the balance of payments is the compensation that was received by Australia under the Sterling Agreement in the March quarter 1973. (See Notes on the Statistics, paragraph 8 of the accompanying statement and the supplements to the December 1972 and March 1973 Quarterly Summaries.)

2. The following table shows the changes in official reserve assets as recorded in the balance of payments and the adjustments which are necessary to reconcile these figures with the changes in the levels of reserve assets published by the Reserve Bank of Australia. All valuations in this table are at par rates.

CHANGES AND LEVELS OF OFFICIAL RESERVE ASSETS  
(at official par rates)

Quarter ended	\$ million				
	Changes recorded in the balance of payments	Adjustments		Reserve Bank series	
		Changes due to revaluations	Sterling Agreement compensation	Changes in levels	Levels at the end of quarter
31 December 1971	+251	-60	..	+191	2,726
31 March 1972	+453	..	..	+453	3,179
30 June 1972	+585	..	..	+585	3,764
30 September 1972	+637	..	..	+637	4,401
31 December 1972	+647	-232	..	+415	4,816
31 March 1973	-362	-230	+26	-566	4,250
30 June 1973	+74	+7	..	+81	4,331
30 September 1973	-31	-210	..	-241	4,090

3. The valuation of changes in official reserve assets in the balance of payments has by convention been at official par rates, although most international transactions (which are the counterpart of movements in reserves) take place at market rates. With continued divergence between market and par rates for various currencies, discrepancies may arise from the use of par rates in the calculation of changes in official reserve assets in the balance of payments. At present, it is not possible to estimate the appropriate adjustment to overcome this problem and therefore the unidentified error is reflected in the balancing item with other errors and omissions.

