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BALANCE OF PAYMENTS : JUNE QUARTER 1976

MAIN FEATURES

June quarter 1976

- . An overall surplus, as measured by net official monetary movements, of \$6 million.
- . Record exports of \$2,625 million, \$296 million higher than the previous record in the March quarter and \$384 million above the June quarter 1975 figure.
- . Imports of \$2,096 million, \$66 million up on the previous quarter and \$378 million higher than for the June quarter 1975.
- . A trade surplus of \$529 million, well up on the previous quarters of this year, and of similar magnitude to the surplus in the June quarter 1975.
- . Net invisibles — payments exceeded receipts by \$721 million.
- . A deficit on current account of \$192 million.
- . A net apparent capital inflow of \$198 million, largely due to government borrowing overseas.

Year 1975-76

- . An overall deficit, as measured by net official monetary movements, of \$1,020 million, more than double the \$464 million overall deficit in 1974-75.
- . Record exports of \$9,343 million, \$909 million, or 11 per cent, higher than in 1974-75.
- . Record imports of \$7,892 million, \$230 million, or 3 per cent, higher than 1974-75.
- . A trade surplus of \$1,452 million, almost double that for 1974-75 and the highest since 1972-73.
- . A deficit of \$2,292 million in respect of current invisibles transactions, \$584 million up on the deficit in 1974-75.
- . A current account deficit of \$840 million, \$95 million lower than the deficit in 1974-75.
- . A net apparent capital outflow of \$180 million, only the third year since the war in which there has been a net apparent outflow of capital.

TRENDS IN MAJOR AGGREGATES

Current Account

- . The *current account* deficit of \$192 million for the June quarter compared with a surplus of \$4 million in the June quarter 1975.
- . *Seasonally adjusted*, the *current account* deficit was \$175 million, \$147 million lower than the deficit for the March quarter 1976.
- . The *current account* deficit for the year 1975-76 was, at \$840 million, \$95 million less than in 1974-75.
- . The *balance of trade* surplus of \$529 million for the June quarter was about the same as for the June quarter 1975.
- . *Seasonally adjusted*, the *trade surplus* was \$462 million, \$205 million higher than for the March quarter 1976.
- . The *balance of trade* surplus of \$1,452 million for 1975-76 was \$680 million higher than that for 1974-75 and the highest since the record annual surplus of \$2,202 million in 1972-73.
- . *Exports* (on a balance of payments basis) were a record at \$2,625 million in the June quarter, 13 per cent up on the March quarter and 17 per cent higher than exports in the June quarter 1975. *Seasonally adjusted*, *exports* were \$2,646 million, an increase of \$287 million, or 12 per cent, on the March quarter.
- . For 1975-76 as a whole, the \$909 million (11 per cent) increase in the value of *exports* reflected rises in both export volumes and export prices. In value terms, increases in exports of coal, wool, meat, chemicals and metal ores were only partly offset by falls in exports of manufactured goods, machinery and transport equipment, sugar and cereals.
- . *Imports* (on a balance of payments basis) rose for the fourth successive quarter to \$2,096 million, close to the record figure for the September quarter 1974 and 22 per cent up on the June quarter 1975. *Seasonally adjusted*, *imports* at \$2,184 million were a record, 4 per cent up on the March quarter 1976.

The \$230 million (3 per cent) rise in the value of *imports* over 1974-75 marked a fall of perhaps 7 per cent in the volume of imports during 1975-76. The value of imports of textiles, electrical machinery, miscellaneous manufactures and petroleum all rose, but were partly offset by declines in imports of iron and steel and chemicals.

The deficit of \$721 million for *net invisibles* in the June quarter was a substantial increase on the net deficits for previous quarters. *Seasonally adjusted, net invisibles*, at \$637 million were \$58 million up on the March quarter. The \$2,292 million deficit for the year was \$584 million higher than in 1974-75, due partly to a fall of \$15 million in invisible credits, but mainly to a \$569 million increase in invisible debits, particularly in respect of investment income payable overseas, transportation services and overseas travel.

### Capital Account

The *net apparent capital inflow* of \$198 million in the June quarter was slightly lower than the net inflow in the March quarter. There was a net inflow of \$114 million in respect of government capital transactions (including net overseas borrowings of \$172 million). The implied net inflow of \$79 million for private capital (excluding marketing authorities, but including the balancing item) compared with a net inflow of \$186 million in the March quarter and a net outflow of \$528 million in the December quarter 1975.

For 1975-76 as a whole, there was a *net apparent capital outflow* of \$180 million. The small net inflow of \$20 million on government transactions and the

net inflow of \$131 million on marketing authorities' transactions were more than offset by an implied net outflow of \$331 million of private capital. This was in marked contrast with 1974-75 during which there was a net apparent capital inflow of \$471 million, comprising net outflows of \$83 million on account of government and marketing authorities' transactions offset by a net inflow of \$554 million of private capital (including the balancing item). The net apparent capital outflow in 1975-76 was the first annual net outflow since 1952-53 (\$35 million) and only the second annual net outflow since 1945-56 (when there was a net outflow of \$74 million). Details of private capital movements for the June quarter 1976 and 1975-76 as a whole are not yet available and for these periods the unidentified components are reflected in the balancing item.

### Overall result

*Net official monetary movements* during the June quarter 1976 reflected a small overall surplus of \$ million, the first quarterly surplus since the June quarter 1975.

The overall result for the year 1975-76, as measured by *net official monetary movements*, was a deficit of \$1,020 million, the third successive annual deficit and more than double the \$464 million deficit in 1974-75.

### Level of Reserves

At 30 June 1976, Australia's *official reserve assets*, valued at market rates of exchange, totalled \$2,576 million.

Changes and Levels of Official Reserve Assets  
\$ million

Quarter ended	Changes recorded in the balance of payments	Adjustments		Reserve Bank series	
		Changes due to effects of revaluations	Sterling Agreement Compensation	Changes in levels	Levels at the end of quarter
1974 31 March	-181	+ 61	..	-121	3,750
30 June	-206	- 10	+ 26	-191	3,560
30 September	-587	+375	..	-212	3,348
31 December	-141	+ 10	..	-131	3,217
1975 31 March	+ 26	- 23	..	+ 3	3,220
30 June	+242	+ 31	..	+273	3,493
30 September	-271	+ 96	..	-175	3,318
31 December	-738	+ 8	..	-730	2,588
1976 31 March	- 37	+ 20	..	- 17	2,571
30 June	- 7	+ 12	..	+ 5	2,576

## EXPLANATORY NOTES

### Introduction

1. This bulletin contains preliminary estimates of Australia's international balance of payments for the June quarter 1976 and the financial year 1975-76, together with revised estimates for previous quarters and financial years. More detailed estimates are published annually in the bulletin *Balance of Payments* (Reference No. 8.1).

2. Included are corresponding seasonally adjusted estimates of the current account. Notes on the statistics and their seasonal adjustment are provided below. Unless otherwise stated, figures reported in the commentary and tables refer to the original estimates.

3. 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.

### Australian currency values

4. 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.

### Adjustments to exports and imports

5. The figures for *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.

### Net official monetary movements

6. The aggregate *net official monetary movements* is 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 economic transactions. The main exclusions made for this reason are: the allocation of Special Drawing Rights (SDR) by the International Monetary Fund (included in official reserve assets but excluded from net official monetary movements by means of the offset item shown in the table); compensation received under the Sterling Agreement amounting to \$24 million in January 1973 and \$26 million in May 1974; and changes in the Australian dollar value of official reserve assets due to revaluations (*see* paragraphs 8 and 9 below).

7. Since June 1974, the official parity basis of measuring *official reserve assets* was replaced by a series based on market rates of exchange. This revised series has been calculated back to June 1972 (prior to which date, differences between the two series are relatively minor) and forms the basis of the estimates of changes in official reserve assets in the balance of payments from the September quarter 1972 onwards. This change gives more meaningful figures on the level of official reserve assets at any point of time, and also improves the internal consistency of the balance of payments in as much as market rates are now used throughout to derive the Australian currency equivalents of transactions.

8. As noted in paragraph 6, some adjustments are made to exclude from the balance of payments changes in the value of assets which are not due to economic transactions. In the case of official reserve assets, amongst the changes to be excluded are those due to revaluation effects, that is, to fluctuations in the market value of certain assets and to fluctuations in the market rates of exchange used to convert into Australian dollars.

9. The table on page 2 sets out changes in official reserve assets as recorded in the balance of payments from the March quarter 1974 and the adjustments which are necessary to reconcile these figures with statistics on the levels of reserve assets published by the Reserve Bank of Australia. A major change occurred in the Australian dollar value of official reserves in the September quarter of 1974 due mainly to the devaluation of the Australian dollar in September 1974.

### Seasonal adjustment

10. Most of the current account series in this bulletin are affected to some extent by seasonal influences and it is useful to recognise and take account of this element of variation.

11. While some degree of seasonality is evident in some capital account items over certain periods, the overall seasonal element is small compared with the large cyclical and irregular movements which have characterised capital flows in recent years. For these reasons, capital account items are, as in most countries, not being seasonally adjusted.

12. Seasonal adjustment may be carried out by various methods and the results may vary slightly according to the procedure adopted. Accordingly, seasonally adjusted statistics are in fact only estimates and should not be regarded as in any way definitive. In interpreting particular seasonally adjusted statistics it is important, therefore, to bear in mind the methods by

which they have been derived and the limitations to which the methods used are subject.

13. Particular care should be taken in interpreting quarter to quarter movements in the adjusted figures, especially for those items showing substantial irregular movement. It should be recognised that levels of overseas transactions can be directly affected by changes in foreign exchange rates which, while they are working through the system, lead to movements that do not appear so directly or with such frequency in other statistical series.

14. In order to maintain an accounting identity, the balance items (balance of trade, net invisibles and balance on current account) are derived by differencing independently adjusted series and could contain irregular fluctuations somewhat larger than those appearing in the individual series being differenced.

15. In the case of the statistics published in this bulletin, annual re-analysis, taking into account 1975 data, has recently been completed and an outline of the methods used together with selected measures of variability for the series are available on request.

16. Historical series (from September quarter 1959 onwards) for the seasonally adjusted current account at the level of detail shown in this bulletin are available on request.

#### Presentation

17. In the following tables, minus sign (-) denotes: a debit for items in the current account; an outflow for components of capital inflow (net); and, for components of monetary movements, a decrease in assets, an increase in liabilities, or the receipt of an allocation of Special Drawing Rights in the I.M.F.

18. Discrepancies may occur between totals and sums of components in the tables, due to rounding.

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

**BALANCE OF PAYMENTS : JUNE QUARTER 1976**

**TABLES**

BALANCE OF PAYMENTS - CURRENT ACCOUNT

\$ MILLION

	YEAR				QUARTERS ENDED-									
					1973-74		1974-75		1975-76					
	1972-73	1973-74	1974-75	1975-76	MAR.	JUNE	SEPT.	DEC.	MAR.	JUNE	SEPT.	DEC.	MAR.	JUNE
VISIBLE TRADE-														
EXPORTS F.O.B.	6010	6688	8434	9343	1624	1734	1917	2165	2112	2241	2102	2267	2329	2625
IMPORTS F.O.B.	-3808	-5753	-7662	-7892	-1472	-1745	-2100	-2087	-1757	-1718	-1861	-1905	-2030	-2096
BALANCE OF TRADE	2202	935	772	1452	152	-11	-183	78	354	523	241	392	299	529
INVISIBLE CREDITS-														
GOLD PRODUCTION	27	30	56	23	5	12	14	10	19	14	11	12	..	..
TRANSPORTATION	571	680	967	1103	178	192	222	250	248	247	260	273	279	291
TRAVEL	123	162	213	244	43	36	45	61	57	50	53	72	66	54
GOVERNMENT	90	89	100	115	22	25	25	26	24	25	26	29	30	28
MISCELLANEOUS	135	130	152	136	30	39	48	44	30	30	33	37	33	33
PROPERTY INCOME	370	509	413	341	138	129	115	115	82	102	97	98	77	79
TRANSFERS	238	253	397	321	68	64	63	78	133	123	97	91	66	68
TOTAL INVISIBLE CREDITS	1554	1854	2298	2283	485	497	531	583	593	590	578	601	551	553
INVISIBLE DEBITS -														
TRANSPORTATION -														
FREIGHT ON IMPORTS	-426	-637	-805	-818	-153	-209	-225	-224	-172	-185	-196	-192	-211	-219
OTHER TRANSPORTATION	-415	-528	-658	-819	-147	-154	-152	-161	-173	-172	-193	-191	-222	-212
TRAVEL	-321	-341	-405	-536	-68	-119	-94	-80	-92	-140	-125	-110	-109	-192
GOVERNMENT	-122	-116	-150	-188	-29	-31	-29	-35	-33	-54	-38	-45	-42	-62
MISCELLANEOUS	-236	-271	-302	-283	-66	-75	-88	-72	-68	-73	-62	-73	-73	-76
PROPERTY INCOME -														
INVESTMENT INCOME -														
UNDISTRIBUTED	-302	-424	-232	-330	-100	-100	-73	-73	-43	-43	-83	-93	-83	-83
OTHER	-634	-648	-765	-839	-171	-176	-142	-194	-175	-253	-178	-217	-199	-245
ROYALTIES AND COPYRIGHTS	-75	-66	-75	-80	-22	-15	-16	-16	-22	-21	-22	-15	-20	-24
TRANSFERS -														
GOVERNMENT	-252	-290	-350	-380	-71	-97	-63	-97	-96	-94	-99	-126	-62	-92
PRIVATE	-217	-261	-264	-303	-52	-82	-64	-60	-65	-75	-79	-84	-71	-70
TOTAL INVISIBLE DEBITS	-2998	-3581	-4006	-4575	-880	-1057	-945	-1013	-938	-1110	-1075	-1134	-1092	-1274
NET INVISIBLES	-1444	-1727	-1708	-2292	-395	-560	-414	-430	-344	-520	-497	-534	-540	-721
BALANCE ON CURRENT ACCOUNT	758	-792	-935	-840	-243	-571	-597	-352	10	4	-256	-151	-241	-192

## BALANCE OF PAYMENTS - CAPITAL ACCOUNT

\$ MILLION

	YEAR				QUARTERS ENDED-									
	1972-73	1973-74	1974-75	1975-76	1973-74		1974-75		1975-76		SEPT.	DEC.	MAR.	JUNE
					MAR.	JUNE	SEPT.	DEC.	MAR.	JUNE				
<b>CAPITAL INFLOW (NET) -</b>														
<b>GOVERNMENT CAPITAL MOVEMENTS -</b>														
GOVERNMENT SECURITIES	-33	-84	21	146	-16	-52	-18	-5	-8	52	-1	-29	5	172
OTHER GOVT CAPITAL MOVEMENTS	-31	80	-45	-127	6	-10	-15	6	-11	-25	-26	-23	-20	-58
<b>TOTAL GOVERNMENT CAPITAL MOVEMENTS</b>	<b>-64</b>	<b>-4</b>	<b>-24</b>	<b>20</b>	<b>-10</b>	<b>-62</b>	<b>-32</b>	<b>1</b>	<b>-20</b>	<b>27</b>	<b>-27</b>	<b>-52</b>	<b>-15</b>	<b>114</b>
<b>PRIVATE CAPITAL MOVEMENTS -</b>														
<b>OVERSEAS INVESTMENT IN AUSTRALIAN COMPANIES -</b>														
UNDISTRIBUTED INCOME	302	424	232	330	100	100	73	73	43	43	83	93	83	83
OTHER DIRECT INVESTMENT	47	163	384	(A)	58	205	130	162	51	42	-16	-201	4	(A)
<b>PORTFOLIO INVESTMENT AND INSTITUTIONAL LOANS</b>	<b>107</b>	<b>-135</b>	<b>309</b>	<b>(A)</b>	<b>-106</b>	<b>102</b>	<b>-36</b>	<b>26</b>	<b>56</b>	<b>264</b>	<b>25</b>	<b>13</b>	<b>11</b>	<b>(A)</b>
<b>TOTAL COMPANIES AUST. INVESTMENT OVERSEAS MARKETING AUTHORITIES</b>	<b>455</b>	<b>451</b>	<b>926</b>	<b>N.A.</b>	<b>52</b>	<b>407</b>	<b>166</b>	<b>262</b>	<b>149</b>	<b>349</b>	<b>91</b>	<b>-105</b>	<b>97</b>	<b>N.A.</b>
	-110	-224	-133	(A)	-88	-50	-15	-36	-33	-50	7	-36	-30	(A)
	34	-95	-59	131	-35	-105	-51	-43	8	26	55	17	54	5
<b>TOTAL PRIVATE CAPITAL MOVEMENTS</b>	<b>380</b>	<b>133</b>	<b>734</b>	<b>N.A.</b>	<b>-70</b>	<b>252</b>	<b>101</b>	<b>183</b>	<b>125</b>	<b>325</b>	<b>153</b>	<b>-124</b>	<b>122</b>	<b>N.A.</b>
<b>NON-OFFICIAL MONETARY SECTOR TRANSACTIONS</b>	<b>-44</b>	<b>154</b>	<b>47</b>	<b>(A)</b>	<b>48</b>	<b>51</b>	<b>18</b>	<b>-18</b>	<b>6</b>	<b>40</b>	<b>-5</b>	<b>-121</b>	<b>68</b>	<b>(A)</b>
<b>NET IDENTIFIED CAPITAL INFLOW</b>	<b>272</b>	<b>284</b>	<b>756</b>	<b>481</b>	<b>-32</b>	<b>241</b>	<b>87</b>	<b>165</b>	<b>112</b>	<b>392</b>	<b>121</b>	<b>-298</b>	<b>175</b>	<b>202</b>
<b>BALANCING ITEM (B)</b>	<b>40</b>	<b>74</b>	<b>-285</b>	<b>-660</b>	<b>91</b>	<b>103</b>	<b>-72</b>	<b>53</b>	<b>-99</b>	<b>-167</b>	<b>-153</b>	<b>-275</b>	<b>51</b>	<b>-4</b>
<b>NET APPARENT CAPITAL INFLOW</b>	<b>312</b>	<b>357</b>	<b>471</b>	<b>-180</b>	<b>58</b>	<b>343</b>	<b>15</b>	<b>218</b>	<b>13</b>	<b>225</b>	<b>-31</b>	<b>-572</b>	<b>226</b>	<b>198</b>
<b>OFFICIAL MONETARY MOVEMENTS -</b>														
<b>CHANGES IN OFFICIAL RESERVE ASSETS</b>	<b>1079</b>	<b>-384</b>	<b>-460</b>	<b>-1053</b>	<b>-181</b>	<b>-206</b>	<b>-587</b>	<b>-141</b>	<b>26</b>	<b>242</b>	<b>-271</b>	<b>-736</b>	<b>-37</b>	<b>-7</b>
<b>ALLOCATION OF SGR</b>	<b>..</b>	<b>..</b>	<b>..</b>	<b>..</b>	<b>..</b>	<b>..</b>	<b>..</b>	<b>..</b>	<b>..</b>	<b>..</b>	<b>..</b>	<b>..</b>	<b>..</b>	<b>..</b>
<b>OTHER TRANSACTIONS</b>	<b>-9</b>	<b>-50</b>	<b>-4</b>	<b>33</b>	<b>-3</b>	<b>-22</b>	<b>5</b>	<b>7</b>	<b>-3</b>	<b>-13</b>	<b>-16</b>	<b>14</b>	<b>22</b>	<b>12</b>
<b>NET OFFICIAL MONETARY MOVEMENTS</b>	<b>1071</b>	<b>-435</b>	<b>-464</b>	<b>-1020</b>	<b>-184</b>	<b>-228</b>	<b>-581</b>	<b>-134</b>	<b>23</b>	<b>228</b>	<b>-287</b>	<b>-723</b>	<b>-15</b>	<b>6</b>

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

8  
BALANCE OF PAYMENTS - CURRENT ACCOUNT - SEASONALLY ADJUSTED  
\$ MILLION

	QUARTERS ENDED -									
	1973-74		1974-75				1975-76			
	MAR.	JUNE	SEPT.	DEC.	MAR.	JUNE	SEPT.	DEC.	MAR.	JUNE
VISIBLE TRADE-										
EXPORTS F.O.B.	1648	1738	1970	2070	2140	2255	2163	2178	2359	2646
IMPORTS F.O.B.	-1524	-1812	-2006	-2035	-1820	-1788	-1776	-1855	-2103	-2184
BALANCE OF TRADE	124	-74	-36	35	320	467	387	323	257	462
INVISIBLE CREDITS-										
GOLD PRODUCTION	8	12	14	8	27	13	11	9	..	..
TRANSPORTATION	178	193	224	246	249	248	263	269	280	292
TRAVEL	41	43	51	50	54	60	60	59	62	64
GOVERNMENT	22	24	25	26	24	25	28	30	30	28
MISCELLANEOUS	30	39	49	42	30	30	33	34	34	34
PROPERTY INCOME	142	133	110	113	85	104	94	86	78	81
TRANSFERS	71	64	63	74	136	124	97	88	68	68
TOTAL INVISIBLE CREDITS	492	508	536	558	605	603	586	575	552	566
INVISIBLE DEBITS -										
TRANSPORTATION -										
FREIGHT ON IMPORTS	-164	-211	-220	-212	-184	-187	-192	-181	-227	-221
OTHER TRANSPORTATION	-137	-153	-160	-166	-160	-171	-202	-198	-208	-209
TRAVEL	-84	-87	-94	-98	-114	-102	-126	-133	-135	-140
GOVERNMENT	-30	-26	-32	-35	-35	-47	-42	-45	-44	-54
MISCELLANEOUS	-69	-76	-84	-72	-70	-75	-58	-73	-75	-77
PROPERTY INCOME -										
INVESTMENT INCOME -										
UNDISTRIBUTED	-100	-100	-73	-73	-43	-43	-83	-83	-83	-83
OTHER	-173	-169	-161	-177	-175	-246	-205	-199	-198	-236
ROYALTIES AND COPYRIGHTS	-19	-17	-18	-16	-19	-23	-24	-15	-17	-26
TRANSFERS -										
GOVERNMENT	-82	-97	-60	-93	-109	-88	-96	-117	-69	-88
PRIVATE	-56	-81	-64	-58	-69	-73	-80	-81	-75	-68
TOTAL INVISIBLE DEBITS	-913	-1017	-965	-1001	-976	-1054	-1106	-1125	-1131	-1203
NET INVISIBLES	-421	-508	-429	-442	-372	-450	-521	-550	-579	-637
BALANCE ON CURRENT ACCOUNT	-296	-582	-466	-407	-51	17	-134	-227	-322	-175

BALANCE OF PAYMENTS - CURRENT ACCOUNT - SEASONALLY ADJUSTED

PERCENTAGE CHANGE FROM PRECEDING QUARTER

	1973-74		1974-75				1975-76			
	MAR.	JUNE	SEPT.	DEC.	MAR.	JUNE	SEPT.	DEC.	MAR.	JUNE
EXPORTS F.O.B.	-0.9	5.5	13.3	5.1	3.4	5.4	-4.1	0.7	8.4	12.2
INVISIBLE CREDITS	9.7	3.3	5.4	4.1	8.4	-0.2	-3.0	-1.9	-3.9	2.5
IMPORTS F.O.B.	19.7	18.9	10.7	1.4	-1.4	-1.8	-0.7	4.4	13.4	3.9
NET INVISIBLES	7.1	11.4	5.1	3.2	2.6	7.9	5.0	1.6	8.6	6.4