

CANBERRA, AUSTRALIA

To be treated as strictly **CONFIDENTIAL** and **NOT** to be published, broadcast or cabled before 6 P.M. on **FRIDAY, 28TH JANUARY, 1966.**

BALANCE OF PAYMENTS : QUARTERLY SUMMARYDECEMBER QUARTER, 1965

This statement contains estimates of Australia's balance of payments for the December quarter of 1965-66 in comparison with revised estimates for previous quarters. Quarterly estimates are preliminary, subject to revision and are available in summary form only. More detailed annual information and explanatory notes on the composition of the estimates were published in "Balance of Payments 1960-61 to 1964-65".

Preliminary estimates for the December quarter of 1965-66 show a current account deficit of £120 million compared with a deficit of £74 million in the December quarter of 1964-65. Of this overall deterioration of £46 million, £34 million is accounted for by an adverse movement in the balance of trade. In the December quarter of 1965-66 the balance of trade was a deficit of £38 million compared with a deficit of only £4 million in the December quarter of 1964-65. Although the value of exports in the December quarter of 1965-66 was, at £334 million, only £3 million lower than in the corresponding quarter of the previous year, the value of imports rose by £31 million, from £341 million to £372 million. An important factor in the increase in the value of imports during the quarter was the delivery to the R.A.N. of H.M.A.S. "Hobart" which has been included in imports for balance of payments purposes although it will not appear in the recorded trade statistics until arrival in Australian waters.

During the second quarter of 1965-66 there was a net deficit of £82 million on invisible transactions. This compares with a net deficit of £70 million in the December quarter of 1964-65. Invisible credits fell slightly in total during the quarter, with increases of £1 million in both transportation and "other" earnings being offset by a fall of some £3 million in property income receivable. This fall in property income receivable mainly reflected a reduction in interest received on international reserves. At the same time, invisible debits rose by £11 million. The increase was spread through most components of the invisible debits with transportation, travel and government debits together accounting for £6 million of the increase and "other" invisible debits for a further £5 million. This latter increase was due in most part to an increase in government aid, including the grant to Papua and New Guinea.

Capital account transactions during the December quarter of 1965-66 resulted in a net apparent capital inflow of £132 million, £71 million more than the net apparent inflow of £61 million in the December quarter of 1964-65. Capital transactions of both the government and private sectors contributed to this increase.

Government loan operations overseas resulted in a net inflow of £11 million as against a net outflow of £3 million in the December quarter of 1964-65. This inflow included the proceeds of the Euro-dollar loan floated in November, 1965, whereas no new loan was floated during the comparable quarter of 1964-65. Other official capital transactions resulted in a net inflow of £21 million compared to no net flow in the December quarter of 1964-65. The net inflow this year reflected the excess of the value of defence equipment and civil aircraft delivered over payments made to overseas suppliers during the quarter.

Marketing authorities' capital transactions resulted in a net outflow of £2 million compared with an outflow of £15 million during the December quarter of the previous year.

Other private capital movements and the balancing item together accounted for a net inflow of £102 million during the quarter, £23 million more than during the December quarter of 1964-65.

There was a favourable net monetary movement of £12 million during the quarter. Within this movement, international reserves showed an increase of £9 million, compared with a fall of £13 million during the December quarter of 1964-65.

COMMONWEALTH BUREAU OF CENSUS AND STATISTICS
CANBERRA, A.C.T. 28TH JANUARY, 1966

K.M. ARCHER
COMMONWEALTH STATISTICIAN

NOTE.—Inquiries concerning these statistics may be made in Canberra by telephoning 94661 or, in each State Capital, by telephoning the office of the Bureau of Census and Statistics.

BALANCE OF PAYMENTS

SEPTEMBER QUARTER, 1963, TO DECEMBER QUARTER, 1965

(£ million)

	1963-64					1964-65					1965-66p	
	Sept. Qtr.	Dec. Qtr.	March Qtr.	June Qtr.	Year	Sept. Qtr.	Dec. Qtr.	March Qtr.	June Qtr.	Year	Sept. Qtr.	Dec. Qtr.
CURRENT ACCOUNT (a)												
Exports f.o.b. (b)	311	359	351	349	1,370	302	337	321	333	1,293	321	334
Imports f.o.b. (b)	270	265	280	310	1,125	332	341	342	362	1,377	398	372
Balance of Trade	41	94	71	39	245	-30	-4	-21	-29	-84	-77	-38
<u>Invisible Credits -</u>												
Transportation	22	24	25	26	97	25	27	27	31	110	26	28
Travel	4	6	6	5	21	5	7	6	7	25	6	7
Property income	11	12	12	12	47	14	15	14	13	56	15	12
Government	7	8	7	9	31	7	8	7	7	29	8	8
Other	20	23	24	25	92	25	27	26	27	105	26	28
<u>Invisible Debits -</u>												
Transportation	41	41	43	50	175	46	49	51	54	200	54	52
Travel	11	9	13	18	51	13	10	14	20	57	14	11
Property income	50	47	45	55	197	46	55	47	57	205	49	55
Government	8	8	9	9	34	9	10	12	12	43	10	12
Other	25	27	25	29	106	29	30	35	34	128	35	35
Balance on Current Account	-30	35	10	-45	-30	-97	-74	-100	-121	-392	-158	-120
CAPITAL ITEMS (a)												
Government loans overseas	-2	25	-12	..	11	3	-3	-7	-3	-10	-1	11
Other official capital movements	-11	-24	4	1	-30	-7	..	5	-7	-9	12	21
Marketing authorities	8	3	..	4	15	20	-15	-18	-17	-30	-4	-2
Other identified capital movements (c)	} 79	87	25	72	210	} 63	79	48	104	(d)230	} 96	102
Balancing item (o)					53								64
Net apparent capital inflow	74	91	17	77	259	79	61	28	77	245	103	132
<u>Monetary Movements</u>												
Change in net I.M.F. position	..	..	..	..	..	..	..	6	5	11	11	4
Change in international reserves	41	128	27	32	228	-17	-13	-80	-48	-158	-66	9
Other	3	-2	..	..	1	-1	..	2	-1	..	..	-1
Net Monetary Movements	44	126	27	32	229	-18	-13	-72	-44	-147	-55	12

(a) For current account balances, minus sign (-) denotes deficit; for capital items other than monetary movements, minus sign (-) denotes outflow; for monetary movements, minus sign (-) denotes decrease in international reserves or net I.M.F. position or an increase in foreign holdings of Australian currency. (b) The amounts shown represent the recorded trade figures adjusted for balance of payments purposes. Adjustments affect both coverage and valuation. (c) Particulars of the Survey of Oversea Investment are not available by quarters. Private capital movements for these periods are therefore combined with the balancing item. (d) Not comparable with previous year as all relevant data are not yet available. Direct investment from overseas in Australian companies during 1964-65 is provisionally estimated at £235 million, including £65 million undistributed income. Particulars of the inflow of portfolio investment and of Australian private investment abroad which are not available are included with the balancing item. p - Preliminary.