

COMMONWEALTH BUREAU OF CENSUS AND STATISTICS

CANBERRA, AUSTRALIA

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BALANCE OF PAYMENTS : QUARTERLY SUMMARY

MARCH QUARTER 1968

This statement contains estimates of Australia's balance of payments for the March quarter 1968 together with comparative estimates for previous quarters. Quarterly estimates are preliminary, subject to revision and are available only in summary form. This summary brings up to date the more detailed annual and half-yearly information published in the bulletins "Balance of Payments, 1966-67" and "Balance of Payments, First Half 1967-68". For a fuller description of the composition of the items shown in the accompanying table, reference should be made to "Balance of Payments, 1966-67".

Compared with the March quarter 1967 the preliminary estimates for the March quarter 1968 show a deterioration in the balance of trade leading to an increased current account deficit; a marked increase in the net apparent capital inflow; and a turnaround in net official monetary movements from an unfavourable movement of \$53 million in the March quarter 1967 to a favourable movement of \$37 million in the March quarter 1968.

The deterioration of \$162 million in the balance of trade was due both to a fall of \$42 million in exports and a rise of \$120 million in imports. The decline in the value of exports was due largely to falls in exports of cereal grains and cereal preparations (down \$70 million) and textile fibres (down \$26 million) offsetting rises in metalliferous ores and metal scrap (up \$19 million), meat and meat preparations (up \$10 million) and chemical elements and compounds (up \$6 million). Complete details of the rise in imports are not available at this time, but it appears that higher imports of defence equipment, civil aircraft, and machinery and other transport equipment contributed to it.

Net invisible transactions during the March quarter 1968 resulted in a deficit of \$188 million which represents little change from the deficit of \$180 million for the March quarter 1967. This small net change however masks some rather large changes in individual items. The more significant changes on the credit side are: transportation credits (up by \$5 million), travel credits (up by \$5 million) and transfers credits (up by \$15 million). On the debit side changes include transportation debits (up by \$31 million due mainly to increased freight payable overseas on imports), government debits (up by \$6 million) and transfers debits (down by \$7 million).

The balance on current account during the March quarter 1968 was a deficit of \$345 million, \$170 million larger than the current account deficit during the March quarter 1967.

There was a net apparent capital inflow of \$382 million during the March quarter 1968, an increase of \$260 million over the same quarter one year earlier. Government capital transactions during the March quarter 1968 accounted for only \$24 million of the total apparent inflow, \$22 million less than during the March quarter 1967. The fall is mainly in government loan operations overseas, which having resulted in a net inflow of \$28 million in the March quarter 1967, showed a net outflow of \$1 million in the quarter just ended due principally to the redemption of a \$22 million London loan.

Private and non-official monetary capital transactions, together with the balancing item, resulted in a net inflow of \$358 million in the March quarter 1968,

## BALANCE OF PAYMENTS - MARCH QUARTER 1965 TO MARCH QUARTER 1968 AND YEARS 1962-63 TO 1966-67

\$ million

	Year ended June -					Quarters ended -												
	1963	1964	1965	1966	1967	1964-65		1965-66		1966-67		1967-68p						
						Mar.	June	Sept.	Dec.	Mar.	June	Sept.	Dec.	Mar.	June	Sept.	Dec.	Mar.
<b>CURRENT ACCOUNT (a) -</b>																		
Exports f.o.b. (b)	2,121	2,730	2,574	2,626	2,926	640	661	636	659	636	695	692	704	741	789	712	763	699
Imports f.o.b. (b)	2,065	2,237	2,739	2,822	2,838	678	720	801	726	657	638	700	666	736	736	784	735	856
Balance of trade	56	493	+165	-196	88	-38	-57	-165	-67	-21	57	-8	38	5	53	-72	28	-157
Invisible credits -																		
Gold production	32	29	27	25	24	7	6	6	6	6	7	7	6	5	6	5	5	6
Transportation	221	254	279	295	317	72	72	74	74	74	73	74	73	86	84	87	89	91
Travel	35	43	54	58	70	13	15	13	14	16	15	15	18	19	18	18	21	24
Government	47	62	59	77	82	15	16	18	17	22	20	20	20	21	21	16	17	21
Miscellaneous	36	43	55	56	55	14	14	14	17	14	11	13	12	14	16	16	15	18
Property income	76	94	119	114	124	30	27	29	25	30	30	35	27	35	27	33	29	34
Transfers	70	104	115	121	134	30	29	29	30	30	32	34	32	31	37	37	40	46
Invisible debits -																		
Transportation	370	417	488	520	552	125	130	128	132	126	134	129	140	140	143	147	160	171
Travel	90	102	114	122	133	28	40	27	23	30	42	28	26	33	46	33	27	33
Government	37	42	51	66	82	15	14	13	14	19	20	16	19	20	27	19	23	26
Miscellaneous	54	66	86	97	98	22	20	29	24	20	24	25	23	24	26	23	26	25
Property income -																		
Investment income	325	352	359	380	393	84	91	96	103	88	93	85	111	96	101	94	130	100
Other	32	40	46	50	55	12	12	14	11	13	12	14	14	15	12	14	15	17
Transfers -																		
Government	73	87	107	128	152	31	32	27	32	28	41	32	38	42	40	42	44	35
Other	54	62	66	74	79	18	16	17	19	20	18	17	20	21	21	22	21	21
<b>Balance on current account</b>	<b>-462</b>	<b>-46</b>	<b>-774</b>	<b>-887</b>	<b>-650</b>	<b>-192</b>	<b>-233</b>	<b>-333</b>	<b>-242</b>	<b>-173</b>	<b>-139</b>	<b>-156</b>	<b>-165</b>	<b>-175</b>	<b>-154</b>	<b>-254</b>	<b>-202</b>	<b>-345</b>
<b>CAPITAL INFLOW (a) -</b>																		
Overseas investment in Australia -																		
Government securities -																		
Domiciled overseas	93	22	-20	-25	24	-14	-6	-1	21	-34	-11	-69	20	28	45	7	64	-1
Domiciled in Australia	-9	-3	-5	-1	7	-1	..	..	-1	..	..	5	..	..	2	5	1	6
Total government securities	84	19	-25	-26	31	-15	-6	-1	20	-34	-11	-64	20	28	47	12	65	5
Companies -																		
Undistributed income	106	133	120	118	102	30	30	29	30	30	29	26	25	26	25	29	29	29
Other direct (c)	274	274	412	326	189	*	*	*	*	*	*	*	*	*	*	*	*	*
Portfolio investment and institutional loans (c)	81	30	43	208	198	*	*	*	*	*	*	*	*	*	*	*	*	*
Total companies (c)	461	437	575	652	489	30	30	29	30	30	29	26	25	26	25	29	29	29
Total overseas investment in Aust. (c)	545	456	550	626	520	15	24	8	50	-4	18	-38	45	54	72	41	94	34
Australian investment overseas (c)	-8	-9	-16	-25	-18	*	*	*	*	*	*	*	*	*	*	*	*	*
Other government capital movements	-14	-64	-23	40	-43	9	-15	22	40	6	-28	-3	-34	18	-24	-49	36	19
Marketing authorities	10	30	-61	34	-76	-37	-34	-8	-6	34	14	18	-5	-47	-42	33	-7	17
Non-official monetary transactions	9	5	17	10	13	3	8	..	3	2	5	4	4	3	2	6	12	-2
Net identified capital inflow (c)	542	418	467	685	396	-10	-17	42	87	38	9	-19	10	28	8	31	135	68
Balancing item	71	75	11	263	134	52(d)	164(d)	180(d)	182(d)	150(d)	260(d)	115(d)	117(d)	94(d)	177(d)	165(d)	137(d)	314(d)
<b>Net apparent capital inflow</b>	<b>613</b>	<b>493</b>	<b>478</b>	<b>948</b>	<b>530</b>	<b>42</b>	<b>147</b>	<b>222</b>	<b>269</b>	<b>188</b>	<b>269</b>	<b>96</b>	<b>127</b>	<b>122</b>	<b>185</b>	<b>196</b>	<b>272</b>	<b>382</b>
<b>OFFICIAL MONETARY MOVEMENTS (a) -</b>																		
Change in net I.M.F. position	23	..	22	40	26	11	11	22	9	..	9	..	..	19	7	-3	8	12
Change in international reserves	128	447	-318	21	-177	-161	-97	-133	18	15	121	-89	-38	-73	23	-55	62(e)	25
Other	..	..	..	..	31	..	..	..	..	..	..	29	..	1	1	..	..	..
<b>Net official monetary movements</b>	<b>151</b>	<b>447</b>	<b>-296</b>	<b>61</b>	<b>-120</b>	<b>-150</b>	<b>-86</b>	<b>-111</b>	<b>27</b>	<b>15</b>	<b>130</b>	<b>-60</b>	<b>-38</b>	<b>-53</b>	<b>31</b>	<b>-58</b>	<b>70</b>	<b>37</b>

(a) For current account balances minus sign (-) denotes deficit; for capital inflow minus sign (-) denotes outflow; for official monetary movements minus sign (-) denotes decrease in international reserves or net I.M.F. position or an increase in net liabilities of the Reserve Bank to foreign central banks. (b) Recorded trade figures adjusted in respect of coverage and valuation for balance of payments purposes. (c) Particulars of the Survey of Overseas Investment are not available by quarters. For these periods, therefore, the items marked (\*) are included with the balancing item and the quarterly sub-totals shown are not comparable with the annual figures. (d) Includes items marked (\*) for which quarterly details are not available. (e) Excludes reduction of \$113 million in the Australian dollar equivalent during November due to the devaluation of the pound Sterling and a number of other currencies held as part of Australia's international reserves. p - Preliminary.

an increase of \$282 million over the March quarter 1967. Details of some private capital items are not available, but of those items which can be identified, transactions of Australian marketing authorities contributed \$64 million to the increased net inflow with a net inflow of \$17 million in the March quarter 1968 compared with a net outflow of \$47 million in the corresponding quarter of 1967. The main reason for this reversal is that in the quarter just ended shipments of wheat on credit were less than repayments received on credit sales shipped during earlier quarters, while in the March quarter 1967 the value of wheat shipments sold under credit arrangements greatly exceeded repayments received.

Unidentified capital movements combined with the balancing item resulted in a net inflow of \$314 million in the March quarter 1968. This represents an increase of \$220 million over the March quarter 1967. Preliminary indications suggest that a large part of this increase is concentrated in portfolio investment and institutional loans - which probably accounted for about one third of the apparent inflow for this group during the March quarter 1968.

The favourable net official monetary movement of \$37 million during the March quarter 1968 included an addition to international reserves of \$25 million together with an improvement in Australia's net I.M.F. position of \$12 million. During the March quarter 1967 there was an unfavourable net official monetary movement of \$53 million, including a withdrawal from international reserves of \$73 million.

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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.