

COMMONWEALTH BUREAU OF CENSUS AND STATISTICS

CANBERRA, AUSTRALIA

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BALANCE OF PAYMENTS : QUARTERLY SUMMARY

DECEMBER QUARTER 1970

NOTES ON THE STATISTICS

1. This statement contains estimates of Australia's balance of payments for the December quarter 1970 together with revised estimates for previous quarters and financial years. More detailed estimates are published half-yearly in the mimeographed bulletin "Balance of Payments" (reference No. 8.1).
2. Quarterly estimates are available only in summary form and are preliminary and subject to revision. The items most subject to revision are those for which the basic data are derived from annual surveys which inevitably involve substantial time lags before the results become available. In particular, the 1969-70 estimates of transportation (credits and debits), property income (credits and debits), overseas investment in companies in Australia and Australian investment overseas are still provisional and will be revised when the results of the Surveys of Overseas Shipping Operations and Overseas Investment for 1969-70 are available.
3. 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.

DECEMBER QUARTER 1970

4. Preliminary estimates of the balance of payments for the three months ended December 1970 show a deficit on current account of \$257 million, a net apparent capital inflow of \$282 million, and a favourable net monetary movement of \$25 million. Compared with the December quarter of 1969, in which there was an unfavourable net monetary movement of \$44 million, the quarter just ended resulted in a deterioration of \$20 million in the current account balance which was more than offset by an improvement of \$89 million in the net apparent capital inflow.
5. The rise of \$20 million in the current account deficit, from \$237 million in the December quarter 1969 to \$257 million in the December quarter 1970, occurred in spite of a \$17 million improvement in the balance of trade. The value of exports (on a balance of payments basis) during the quarter ended December 1970 was \$1,033 million, \$65 million (6.7 per cent) higher than during the December quarter of the previous year. The increase was attributable to higher receipts for a wide range of major exports including meats, fruit, wheat and flour, sugar, ores and concentrates, coal and coke, petroleum and petroleum products and machinery and transport equipment; these increases were more than sufficient to offset a substantial fall in the value of exports of wool and smaller declines in respect of exports of dairy produce, iron and steel and non-ferrous metals. The value of imports (on a balance of payments basis) also rose during the December quarter 1970 reaching a total of \$946 million, \$49 million (5.5 per cent) above the total for the December quarter 1969. Full commodity details of imports during the quarter just ended are not yet available but indications based on a comparison of figures for the first two months of the quarter are that most principal categories of merchandise imports rose in value, with the exception of imports of petroleum and petroleum products and of transport equipment (other than road motor vehicles) both of which showed sharp falls. With the value of exports increasing by more than the value of imports there was an improvement in the balance of trade from a



surplus of \$71 million in the quarter ended December 1969 to a surplus of \$88 million in the December quarter 1970.

6. While the balance of trade for the December quarter 1970 showed an improvement the net deficit in respect of current invisible transactions deteriorated by \$36 million from a deficit of \$308 million in the December quarter 1969 to a deficit of \$344 million. Total invisible credits rose by \$17 million (6.1 per cent) to \$294 million, largely on account of increased earnings in respect of transportation and miscellaneous services. At the same time, invisible debits increased by \$53 million (9.1 per cent) to \$638 million in the December quarter 1970, the major factors being rises in transportation debits (freight and fares payable to overseas carriers), expenditure overseas by Australian travellers, and in estimated income payable on overseas investment in Australia.

7. The net apparent capital inflow of \$282 million during the December quarter 1970 was \$89 million higher than the net apparent inflow in the corresponding quarter of 1969. Because details of some of the major components of this net apparent inflow are not yet available for the quarters just ended comments on the capital movements can be made only in terms of broad aggregates. Thus identified capital movements during the December quarter 1970 accounted for a net capital outflow of \$55 million compared with a net outflow of \$40 million for the same group of items (government securities, other government capital, marketing authorities and monetary sector transactions not elsewhere included) during the corresponding quarter of 1969. Unidentified capital movements (private overseas investment in companies in Australia and Australian investment overseas) together with the balancing item, however, accounted for a net inflow of \$337 million in the December quarter 1970, an increase of \$104 million over the net inflow for these same items during the December quarter 1969.

8. The net favourable monetary movement of \$25 million during the quarter ended December 1970 included an increase of \$7 million in official reserve assets and a rise of \$22 million in other foreign assets partly offset by unfavourable other monetary movements of \$4 million. At the end of December 1970 gold and net foreign assets of Australian official and banking institutions totalled \$1,599 million, of which \$1,511 million were official reserve assets and \$88 million other foreign assets.

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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.