

BALANCE OF PAYMENTS : QUARTERLY SUMMARY

MARCH QUARTER 1972

Reference No. 8.2

NOTES ON THE STATISTICS

1. This statement contains estimates of Australia's balance of payments for the March quarter 1972 together with revised estimates for previous quarters of 1971-72, and estimates for earlier 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 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 1970-71 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 further revised when the final results of the Surveys of Overseas Shipping and Airline Operations and Overseas Investment for 1970-71 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.

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4. Preliminary estimates of the balance of payments for the three months ended March 1972 show a deficit of \$40 million on current account, a net apparent capital inflow of \$413 million and a favourable net monetary movement of \$373 million. Compared with March quarter of 1971, the quarter just ended showed a reduction of \$194 million in the deficit on current account and a decrease of \$83 million in the net apparent inflow, giving an overall improvement in the favourable net monetary movement of \$111 million, from \$262 million in the March quarter of 1971 to \$373 million in the March quarter 1972.

5. The reduction in the deficit on current account to \$40 million in the March quarter 1972 was due to the large trade surplus of \$263 million which is the highest quarterly trade surplus since quarterly balance of payments estimates were first compiled (1959-60). Exports on a balance of payments basis were \$173 million (17 per cent) higher than in the March quarter 1971, while imports on a balance of payments basis were slightly lower.

6. Full commodity details of exports and imports on a trade basis are available only for the first two months of the March quarter 1972. Compared with the corresponding two months of 1971, large increases occurred in the value of exports of most commodities, particularly meat, sugar and coal and coke. Wool exports fell slightly in value. The value of imports of some commodities rose in January and February this year compared with the same two months of last year, notably transport equipment other than road motor vehicles. Falls occurred in other import commodity groups, notably textile manufactures and electrical machinery.

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7. The net deficit in respect of current account invisible transactions was \$303 million in the March quarter 1972, a slight improvement on the deficit for the March quarter in the previous year. Total invisible credits increased by 17 per cent between the two quarters, with increases in most component items; in particular, earnings in respect of miscellaneous services, property income receivable from overseas and private transfers showed strong percentage rises. Total invisible debits were also higher (by 5 per cent) this quarter compared with the March quarter 1971. The largest percentage rises occurred in travel debits, government debits, and private transfers.
8. The net apparent capital inflow of \$413 million during the March quarter of 1972 was \$83 million (17 per cent) lower than the inflow in the corresponding quarter of 1971. Because complete details of this net apparent capital inflow are not yet available for the quarter just ended, comments on the major components of capital movements can be made only in terms of broad aggregates.
9. Identified capital movements resulted in a net outflow of \$27 million during the March quarter of 1972 compared with a net inflow of \$55 million for the same group of items (government securities, other government capital movements, marketing authorities and monetary sector transactions not elsewhere included) during the corresponding quarter of 1971. This turnaround of \$82 million, which accounts for most of the reduction in net apparent capital inflow, was due mainly to transactions in government securities and monetary sector transactions n.e.i. The reduced inflow in respect of government securities resulted from smaller drawings on defence loans and larger repayments on other overseas loans in the March quarter this year compared with the March quarter last year. Monetary sector transactions n.e.i. produced a small outflow in the March quarter 1972 compared with an inflow of \$51 million in the corresponding period of 1971; this change was due partly to reduced borrowings overseas by monetary institutions and partly to reduced inflows in respect of deposit liabilities of Australian trading banks to non-residents.
10. In contrast, the inflow of \$440 million from items as yet unidentified for the March quarter 1972 (private overseas investment in Australian companies and Australian investment overseas), together with the balancing item, is almost the same as that recorded for the same items during the March quarter of 1971.
11. The favourable net monetary movement of \$373 million during the March quarter of 1972 included a rise of \$465 million in official reserve assets and a fall of \$30 million in other foreign assets. At 31 March 1972, gold and net foreign assets of Australia's official and banking institutions totalled \$3,216 million, comprising official reserve assets of \$3,192 million and other foreign assets of \$24 million. Holdings of gold and assets denominated in foreign currencies have been converted to Australian dollars on the basis of official parity relationships.

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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.

