

COMMONWEALTH BUREAU OF CENSUS AND STATISTICS

CANBERRA, AUSTRALIA

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BALANCE OF PAYMENTS : QUARTERLY SUMMARY

JUNE QUARTER 1969

This statement contains estimates of Australia's balance of payments for the June quarter 1969 and revised estimates for previous quarters. Quarterly estimates are preliminary, subject to revision and are available only in summary form. More detailed estimates are published half-yearly in the mimeographed bulletin "Balance of Payments" (ref. no. 8.1).

June quarter 1969. Compared with the June quarter 1968, preliminary estimates for the June quarter 1969 show a reduction of \$44 million in the deficit on current account and a fall of \$64 million in the net apparent capital inflow. The favourable net official monetary movements of \$9 million during the quarter ended June 1969 were \$20 million less than those for the corresponding quarter of the previous year.

On current account, the reduction of \$44 million in the deficit was due largely to an improvement of \$87 million in the balance of trade with a surplus of \$47 million for the June quarter 1969 compared with a deficit of \$40 million for the June quarter 1968. This was the result of a rise of \$84 million (11 per cent) in the value of exports accompanied by a fall of \$3 million in the value of imports. An increase of \$43 million in the net deficit on invisible transactions during the June quarter 1969 partly offset this improvement in the balance of trade: invisible credits rose by \$20 million, mainly because of increased receipts in respect of transportation services and travel earnings, both of which rose by \$7 million, while transfer payments received rose by \$5 million; total invisible debits rose by \$63 million, with increases of \$17 million in transportation payments, \$20 million in investment income payable to non-residents and \$11 million in government transfer payments overseas.

While the current account result for the June quarter 1969 improved by \$44 million compared with the corresponding quarter of 1968, there was a decline of \$64 million from \$315 million to \$251 million in the net apparent capital inflow. Much of this decline was accounted for by a net outflow of \$33 million on government capital transactions. Transactions in government securities during the June quarter 1969 resulted in a net outflow of \$19 million while other government capital movements (mainly in connection with the financing of imports of defence equipment) resulted in a further net outflow of \$14 million; by comparison, these transactions during the June quarter 1968 resulted in a net inflow of \$13 million so that the net outflow of \$33 million in the quarter just ended represented a turnabout of \$46 million, accounting for more than two-thirds of the overall decline between the two quarters in the net inflow of capital. During the June quarter 1969 there were net outflows, each of \$3 million, in respect of transactions by marketing authorities and non-official monetary transactions; during the corresponding period of 1968 marketing authorities' transactions resulted in a net outflow of \$5 million but there was a net inflow of \$23 million in respect of non-official monetary transactions. The net inflow from the remaining components of the capital account together with the balancing item in the June quarter 1969 was \$290 million. Details are not yet available of the composition of this total which includes net private overseas investment in Australian companies, net Australian investment overseas and the balancing item, but the net inflow of \$290 million is of the same order of magnitude as that recorded during the corresponding quarter of the previous year when these items together totalled \$284 million.

The favourable net official monetary movements of \$9 million during the June quarter 1969 included a rise of \$21 million in international reserves, a fall of \$6 million in Australia's reserve position with the I.M.F. and a fall in net liabilities of overseas official monetary institutions to the Australian official monetary sector.

Preliminary estimates for 1968-69. With estimates for the June quarter available, preliminary estimates of the balance of payments for the financial year 1968-69 can now be made and some broad comparisons made with the estimates for 1967-68.

During 1968-69 the value of exports on a balance of payments basis reached a record \$3,219 million, an improvement of \$278 million (almost 10 per cent) over the figure for 1967-68. As the value of imports on a balance of payments basis in 1968-69 was, at \$3,195 million, only \$36 million (about 1 per cent) above the previous year, the balance of trade improved significantly, from a deficit of \$218 million in 1967-68 to a surplus of \$24 million in 1968-69. This turnabout of \$242 million was more than enough to counter-balance a rise of \$108 million in the net deficit on current invisible transactions and, as a result, the balance on current account improved by \$134 million, from a deficit of \$1,125 million in 1967-68 to a deficit of \$991 million in 1968-69.

This improvement in the current account during the year was accompanied by a fall of \$54 million in the net apparent capital inflow from the record \$1,203 million in 1967-68 to \$1,149 million in 1968-69. Full details of the composition of the net inflow for 1968-69 are not yet available; however, it included net inflows of \$70 million and \$32 million in respect of government capital transactions and transactions by marketing authorities respectively, and a net outflow of \$3 million on account of non-official monetary transactions. This identified net inflow of \$99 million was \$68 million less than the net inflow from the corresponding transactions in 1967-68. The remaining components of the capital account - net private overseas investment in Australian companies and net Australian investment overseas - together with the balancing item totalled \$1,050 million in 1968-69. Although full details are not yet available preliminary indications are that, compared with 1967-68, net direct private overseas investment in Australian companies (including re-invested income) was somewhat lower in 1968-69 than in 1967-68 while net private overseas investment in the form of portfolio investment and institutional loans was probably substantially below the record net inflow of 1967-68.

Favourable net official monetary movements of \$158 million during 1968-69 included a rise of \$218 million in international reserves and a fall of \$45 million in Australia's reserve position with the I.M.F. At the end of June 1969 net gold and foreign exchange holdings of official and banking institutions (international reserves) totalled \$1,310 million and Australia's reserve position in the I.M.F. was \$204 million.

E. W. ARCHER
COMMONWEALTH STATISTICIAN

COMMONWEALTH BUREAU OF CENSUS AND STATISTICS

CANBERRA, A.C.T. 2600.

31 JULY 1969

NOTE. Inquiries regarding 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.

