

COMMONWEALTH BUREAU OF CENSUS AND STATISTICS

CAMBERRA, AUSTRALIA

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BALANCE OF PAYMENTS : QUARTERLY SUMMARY

JUNE QUARTER, 1966

This statement contains estimates of Australia's balance of payments for the June quarter of 1966 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 will be published shortly in "Balance of Payments : 1961-62 to 1965-66".

Quarterly Estimates - Preliminary estimates for the June quarter, 1966 show a deficit on current account of \$125 million, compared with a deficit of \$233 million for June quarter, 1965. This improvement of \$108 million was due primarily to the marked improvement in the balance of trade which showed a surplus of \$61 million compared with a deficit of \$58 million for the corresponding quarter of 1965. Movements in both exports and imports contributed to this improvement. The value of exports in the quarter just ended was \$695 million, \$29 million greater than for the June quarter of the previous year. At the same time, the value of imports during June quarter, 1966 was, at \$634 million, \$90 million below the figure for the corresponding quarter of 1965.

By comparison with the substantial improvement in the pattern of visible trade, invisible transactions during June quarter, 1966 resulted in a net deficit \$11 million greater than during June quarter, 1965. Whilst invisible credits rose by \$10 million to \$194 million, invisible debits rose by \$21 million, to \$380 million. The improvement in invisible credits was due mainly to the \$7 million increase in the estimate of property income receivable. The rise in invisible debits was due largely to increases of \$7 million in transportation debits and \$15 million in "other" debits. Both travel and government debits showed small increases during the quarter, but property income payable during June quarter, 1966 fell by \$7 million, to \$98 million, by comparison with the corresponding quarter of 1965. This decline is felt to be due mainly to lower earnings on direct overseas investment.

Capital account transactions during the June quarter, 1966 are estimated to have resulted in a net apparent capital inflow of \$254 million, \$109 million more than the inflow during the previous June quarter. \$85 million of this increase occurred in other identified capital movements and the balancing items which together resulted in a net inflow of \$284 million in the June quarter, 1966.

Government loan operations overseas resulted in a net outflow of \$11 million during the quarter, \$5 million more than the net outflow during June quarter, 1965. There was a net outflow of \$36 million on account of other official capital transactions during the quarter compared with the net outflow of \$14 million during the comparable quarter of 1965. This was due largely to the fact that payments made overseas on account of purchases of defence equipment and civil aircraft greatly exceeded the value of such items delivered during the quarter.

By comparison with the large net outflow arising out of government capital transactions, the capital transactions of marketing authorities during June quarter, 1966 resulted in a net inflow of \$17 million. This was due primarily to the fact that, during the quarter, the value of wheat shipped on credit was exceeded by the repayments received. The reverse occurred in June quarter, 1965, when marketing authorities' transactions resulted in a net outflow of \$34 million.

There was a favourable net monetary movement of \$129 million during June quarter, 1966. This compares with the unfavourable net monetary movement of \$88 million for June quarter, 1965. Australia's net I.M.F. position improved by \$9 million during the quarter, compared with an improvement of \$11 million in the corresponding quarter of 1965. Other monetary movements showed an unfavourable movement of \$1 million, \$1 million less than the unfavourable movement in June quarter, 1965. The most noticeable improvement in monetary movements between the two quarters occurred, however, in the change in international reserves. During June quarter, 1966, Australia's international reserves rose by \$121 million. This compares with the fall of \$97 million in June quarter, 1965 and represents the highest quarterly gain in reserves since December quarter, 1963.

Annual Estimates - Preliminary estimates for the year ended June, 1966 show a current account deficit of \$818 million for 1965-66, \$49 million greater than the deficit for 1964-65. The quarterly breakdown of the 1965-66 current account figures, however, shows that after a high deficit in the September quarter, there was a notable improvement, quarter-by-quarter, with exports tending to rise and imports tending to fall in successive quarters during the year.

On capital account, 1965-66 resulted in a net apparent capital inflow of \$879 million the highest yet recorded, and over \$400 million higher than the 1964-65 inflow of \$472 million. Although government loan operations resulted in a net outflow of \$25 million, other official capital movements, marketing authorities' transactions and other capital movements (including the balancing item) all resulted in substantial net inflows during 1965-66.

As a result, there was a favourable net monetary movement of \$61 million in 1965-66, Australia's net I.M.F. position having improved by \$40 million and international reserves having risen by \$21 million. During 1964-65, there was an adverse net monetary movement of \$297 million, including a \$318 million fall in reserves.

COMMONWEALTH BUREAU OF CENSUS AND STATISTICS,
CANBERRA, A.C.T. 29TH JULY, 1966.

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NOTE:- Inquiries concerning these statistics may be made in Canberra by telephoning 94561 or, in each State Capital, by telephoning the office of the Bureau of Census and Statistics.

BALANCE OF PAYMENTS
SEPTEMBER QUARTER, 1963, TO JUNE QUARTER, 1966

(\$ million)

	1963-64					1964-65					1965-66 ^p				
	Sept. Qtr.	Dec. Qtr.	March Qtr.	June Qtr.	Year	Sept. Qtr.	Dec. Qtr.	March Qtr.	June Qtr.	Year	Sept. Qtr.	Dec. Qtr.	March Qtr.	June Qtr.	Year
CURRENT ACCOUNT (a)															
Exports f.o.b. (b)	621	718	702	698	2,739	602	675	643	666	2,586	643	668	642	695	2,648
Imports f.o.b. (b)	540	528	564	619	2,251	666	682	682	724	2,754	803	737	657	634	2,831
Balance of Trade	81	190	138	79	488	-64	-7	-39	-58	-168	-160	-69	-15	61	-183
Invisible Credits -															
Transportation	58	63	65	64	250	66	73	74	75	288	78	81	78	76	313
Travel	9	11	11	10	41	11	13	13	14	51	12	14	15	14	55
Property income	22	25	23	24	94	30	32	30	27	119	32	28	34	34	128
Government	15	15	15	17	62	14	15	15	15	59	18	18	19	17	72
Other	40	47	48	50	185	49	55	52	53	209	51	55	52	53	211
Invisible Debits -															
Transportation	95	97	105	115	412	109	121	123	128	481	128	133	131	135	527
Travel	22	19	25	36	102	25	21	28	40	114	27	23	29	42	121
Property income	101	94	91	110	396	93	118	97	105	413	103	105	91	98	397
Government	13	12	13	14	52	13	14	13	16	61	14	16	19	20	69
Other	50	53	50	57	210	57	60	71	70	258	70	75	70	85	300
Balance on Current Account	-56	76	16	-88	-52	-191	-153	-192	-233	-769	-311	-225	-157	-125	-818
CAPITAL ITEMS (a)															
Government loans overseas	-3	49	-23	-1	22	6	-5	-15	-6	-20	-1	21	-34	-11	-25
Other official capital movements	-22	-49	9	2	-60	-14	-1	10	-14	-19	25	41	9	-36	39
Marketing authorities	16	7	..	7	30	40	-29	-37	-34	-60	-7	-6	34	17	38
Other identified capital movements (c)	145	170	51	144	420	121	164	87	199	508	184 (d)	194 (d)	165	284	827
Balancing item (c)	90				90	63				63					
Net Apparent Capital Inflow	136	177	37	152	502	153	129	45	145	472	201	250	174	254	879
Monetary Movements (a)															
Change in net I.M.F. position	..	..	..	..	..	..	..	11	11	22	22	9	..	9	40
Change in international reserves	75	255	54	63	447	-36	-24	-161	-97	-318	-133	18	15	121	21
Other	5	-2	-1	1	3	-2	..	3	-2	-1	1	-2	2	-1	..
Net Monetary Movements	80	253	53	64	450	-38	-24	-147	-88	-297	-110	25	17	129	61

(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 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) Other identified capital movements and the balancing item, together totalling \$37 million for the first half of 1965-66, are provisionally estimated to include \$212 million of private direct investment from overseas (including an estimated \$52 million undistributed income) and amounts supplied by overseas financial institutions not affiliated with the borrowing company estimated at over \$50 million. p - Preliminary