

COMMONWEALTH BUREAU OF CENSUS AND STATISTICS

CANBERRA, AUSTRALIA

To be treated as strictly CONFIDENTIAL and NOT to be published, broadcast or cabled before 6p.m. on WEDNESDAY, 31 JULY 1968.

BALANCE OF PAYMENTS : QUARTERLY SUMMARY

JUNE QUARTER 1968

This statement contains estimates of Australia's balance of payments for the June quarter 1968 in comparison with revised estimates for previous quarters. Quarterly estimates are preliminary, subject to revision and are available only in summary form. More detailed annual information and explanatory notes on the composition of the estimates will be published in the bulletin "Balance of Payments 1967-68".

June quarter 1968. By comparison with the June quarter 1967 there was an increase of \$122 million in the deficit on current account and an increase of \$120 million in the net apparent capital inflow during the June quarter 1968. The favourable net official monetary movement of \$29 million during the quarter was \$2 million less than the favourable movement in the corresponding quarter one year earlier.

The deterioration of \$122 million in the current account deficit between the two quarters was due mainly to a turnaround of \$101 million in the balance of trade. Exports during the June quarter 1968 totalled \$776 million, a decline of \$14 million compared with the June quarter 1967. At the same time, the value of imports rose by \$87 million to \$824 million, turning a trade surplus of \$53 million in the June quarter 1967 to a deficit of \$48 million in the June quarter 1968.

The net deficit on invisible transactions also increased - by \$21 million - during the June quarter 1968. Invisible credits rose by \$15 million, primarily as a result of increases on account of transportation (up by \$7 million), property income receivable from overseas (up by \$9 million) and travel earnings (up \$5 million) which were only partially offset by small declines in government and miscellaneous receipts and credit transfers. This overall increase in invisible credits was, however, exceeded by a rise of \$36 million in invisible debits. Here again there were some small falls from the levels of the previous June quarter, notably in respect of expenditure on overseas travel and miscellaneous services and on account of debit transfers, but these were more than offset by substantial increases in transportation debits (which rose by \$24 million) and property income payable overseas (up by \$20 million).

The balance on current account during the June quarter 1968 was a deficit of \$278 million compared with a deficit of \$156 million during the corresponding quarter one year earlier.

The less favourable result on current account was balanced by a more favourable result on capital account during the quarter. There was a net apparent capital inflow of \$307 million which was \$120 million greater than that recorded during the previous June quarter. The improvement in the net inflow was due to an increase in the net inflow of private capital (including non-official monetary transaction and the balancing item), government capital transactions showing only a small net change.

The net inflow on account of government loan operations was, at \$51 million, some \$6 million greater than during the June quarter 1967, but this was more than offset by an increase of \$11 million, to \$39 million, in the net outflow due to other government capital movements. On the whole, therefore, there was a net inflow of \$12 million from government capital transactions during the June quarter 1968, slightly less than the net inflow of \$17 million during the June quarter 1967.

Private capital transactions during the June quarter 1968, totalled \$295 million, \$125 million higher than the net inflow recorded during the corresponding quarter last year. While full details of the nature and source of this net inflow still remain to be identified it appears likely that a substantial part of the increase was due to overseas portfolio investment and institutional loans.

The favourable net official monetary movement of \$29 million during the June quarter 1968 included a fall of \$25 million in international reserves and an improvement

BALANCE OF PAYMENTS - JUNE QUARTER 1965 TO JUNE QUARTER 1968 AND YEARS 1963-64 TO 1967-68

\$ million

	Year ended June -					Quarters ended -													
	1964	1965	1966	1967	1968p	1964-65		1965-66			1966-67				1967-68p				
						June	Sept.	Dec.	March	June	Sept.	Dec.	March	June	Sept.	Dec.	March	June	
CURRENT ACCOUNT (a) -																			
Exports f.o.b. (b)	2,730	2,574	2,626	2,926	2,944	663	636	659	636	695	692	704	740	790	713	760	695	776	
Imports f.o.b. (b)	2,237	2,739	2,822	2,837	3,182	720	801	726	657	638	700	666	734	737	784	730	844	824	
Balance of trade	493	-165	-196	89	-238	-57	-165	-67	-21	57	-8	38	6	53	-71	30	-149	-48	
Invisible credits -																			
Gold production	29	27	25	24	21	6	6	6	6	7	7	6	5	6	5	5	5	6	
Transportation	254	279	295	317	357	72	74	74	74	73	74	73	86	84	85	88	93	91	
Travel	43	54	58	70	87	15	13	14	16	15	16	17	19	18	18	20	26	23	
Government	63	59	77	82	69	16	18	17	22	20	20	20	21	21	16	17	18	18	
Miscellaneous	43	55	56	55	63	14	14	17	14	11	13	12	14	16	16	15	17	15	
Property income	94	119	114	122	131	27	29	25	30	30	34	27	35	26	32	28	36	35	
Transfers	104	115	121	134	158	29	29	30	30	32	34	32	31	37	37	40	46	35	
Invisible debits -																			
Transportation	417	488	520	552	647	130	128	132	126	134	129	140	140	143	148	160	172	167	
Travel	102	114	122	133	139	40	27	23	30	42	29	25	33	46	33	27	34	45	
Government	42	51	66	82	95	4	13	14	19	20	16	19	20	27	19	23	25	28	
Miscellaneous	66	86	97	98	96	20	29	24	20	24	25	23	24	26	23	26	25	22	
Property income -																			
Investment income	353	359	380	395	446	91	96	103	88	93	85	112	96	102	95	131	102	118	
Other	40	46	50	56	63	12	14	11	13	12	14	14	16	12	13	16	18	16	
Transfers -																			
Government	87	107	128	152	159	32	27	32	28	41	32	38	42	40	43	45	34	37	
Other	62	66	74	79	84	16	17	19	20	18	17	20	21	21	22	21	21	20	
Balance on current account	-46	-774	-887	-654	-1,081	-233	-333	-242	-173	-139	-157	-166	-175	-156	-258	-206	-339	-278	
CAPITAL INFLOW (a) -																			
Overseas investment in Australia -																			
Government securities -																			
Domiciled overseas	22	-20	-25	24	133	-6	-1	21	-34	-11	-69	20	28	45	7	64	11	51	
Domiciled in Australia	-3	-5	-1	-2	..	..	..	-1	..	..	..	-1	-1	..	4	..	-4	..	
Total government securities	19	-25	-26	22	133	-6	-1	20	-34	-11	-69	19	27	45	11	64	7	51	
Companies -																			
Undistributed income	132	119	117	98	115	29	29	30	29	29	25	24	24	25	29	28	29	29	
Other direct (c)	283	412	344	183	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
Portfolio investment and institutional loans (c)	30	43	208	175	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
Total companies (c)	445	574	669	456	115	29	29	30	29	29	25	24	24	25	29	28	29	29	
Total o'seas investment in Aust. (c)	464	549	643	478	248	23	28	50	-5	18	-44	43	51	70	40	92	36	80	
Australian investment overseas (c)	-9	-16	-23	-17	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
Other government capital movements	-64	-23	40	-55	-43	-15	22	40	6	-28	-4	-35	12	-28	-50	46	..	-39	
Marketing authorities	30	-61	34	-76	34	-34	-8	-6	34	14	18	-5	-47	-42	33	-7	14	-6	
Non-official monetary transactions	5	17	10	13	27	8	..	3	2	5	4	4	3	2	6	12	-4	13	
Net identified capital inflow (c)	426	466	704	343	266	-18	42	87	37	9	-26	7	19	2	29	143	46	48	
Balancing item	67	12	244	191	(d)893	(d)165	(d)180	(d)182	(d)151	(d)260	(d)123	(d)121	(d)103	(d)185	(d)171	(d)133	(d)330	(d)259	
Net apparent capital inflow	493	478	948	534	159	147	222	269	188	269	97	128	122	187	200	276	376	307	
OFFICIAL MONETARY MOVEMENTS (a) -																			
Change in net I.M.F. position	..	22	40	26	71	11	22	9	..	9	..	..	19	7	-3	8	12	54	
Change in international reserves	447	-318	21	-177	(e)7	-97	-133	18	15	121	-89	-38	-73	23	-55	(e)62	25	-25	
Other	..	..	..	31	..	..	..	..	..	..	29	..	1	1	..	..	..	..
Net official monetary movements	447	-296	61	-120	78	-86	-111	27	15	130	-60	-38	-53	31	-58	70	37	29	

(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 or for the year 1967-68. For these periods, therefore, the items marked (*) are included with the balancing item so that sub-totals shown are not comparable with earlier annual figures. (d) Includes items marked (*) for which details are not available. Provisional results of Surveys conducted covering the year 1967-68 indicate that the balancing item for that year includes portfolio investment and institutional loans of the order of \$400 million. (e) Excludes a 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.

of \$54 million in Australia's net position with the I.M.F. During the June quarter 1967 the favourable net movement of \$31 million included a rise in international reserves of \$23 million and an improvement of \$7 million in the net I.M.F. position.

Preliminary estimates 1967-68. Although at this stage the estimates for 1967-68 are only tentative it is possible to make some broad comparisons with the previous year. There was a deterioration of \$427 million in the balance on current account, an increase of \$625 million in the net apparent capital inflow and an improvement of \$198 million in net official monetary movements.

The increase in the current account deficit was due largely to a turnaround of \$327 million in the balance of trade from a surplus of \$89 million in 1966-67 to a deficit of \$238 million in the year just ended. The value of exports rose by \$18 million, but this was offset by a substantial increase of \$34⁵ million in the value of imports. The net deficit on invisibles rose by \$100 million with an increase of \$82 million in total credits and an increase of \$182 million in total debits.

On capital account the net apparent inflow of \$1,159 million during 1967-68 included a net inflow of \$90 million in respect of government capital transactions, a turnaround of \$123 million compared with the net outflow of \$33 million during 1966-67. There was a turnaround of \$110 million - from a net outflow of \$76 million in 1966-67 to a net inflow of \$34 million in 1967-68 - on account of transactions of marketing authorities. The remaining net inflow of \$1,035 million during 1967-68 (\$643 million in 1966-67) is at present largely unidentified, but provisional results of surveys conducted covering the year indicate that it includes an inflow of portfolio investment and institutional loans of the order of \$400 million (\$175 million in 1966-67). There was a favourable net official monetary movement of \$78 million during 1967-68, including an improvement of \$71 million in the net position with the I.M.F. and a rise of \$7 million in international reserves (excluding a loss of \$113 million on revaluation in November 1967). In 1966-67, by comparison, there was an unfavourable net official monetary movement of \$120 million, including a fall of \$177 million in international reserves.

K. M. ARCHER
COMMONWEALTH STATISTICIAN

COMMONWEALTH BUREAU OF CENSUS AND STATISTICS

CANBERRA, A.C.T. 2600

31 JULY 1968

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.