

**BALANCE OF PAYMENTS : QUARTERLY SUMMARY
JUNE QUARTER 1973**

This statement contains preliminary estimates of Australia's balance of payments for the June quarter 1973 and the financial year 1972-73, together with revised estimates for previous quarters and financial years. Notes on the statistics are included on page 4. More detailed estimates are published annually in the mimeographed bulletin "Balance of Payments" (Reference No. 8.1).

JUNE QUARTER 1973

2. Highlights of the preliminary estimates of the balance of payments for the June quarter 1973 were:

- . A trade surplus of \$583 million, \$78 million below the record level of the preceding quarter.
- . Exports of \$1,592 million, maintaining their recent record levels and showing an increase of 25 per cent on the June quarter 1972.
- . Further growth in imports to \$1,009 million, 20 per cent up on the June quarter of 1972; however, the import of six F111 aircraft valued at \$40 million was responsible for most of the rise from the March quarter 1973.
- . A \$184 million surplus on current account, the fifth surplus in succession.
- . A considerable slowdown in the net apparent capital outflow, from \$580 million in the March quarter to \$142 million in the June quarter; government capital transactions contributed \$52 million to this outflow, but major components of private capital movements have not yet been identified.
- . An overall surplus (as measured by net monetary movements) of \$42 million as compared to a deficit of \$331 million in the March quarter; the surplus includes a rise of \$74 million in official reserve assets.

PRELIMINARY ESTIMATES 1972-73

3. Estimates of the balance of payments for the full year 1972-73 become available for the first time in this bulletin. Highlights of the year were:

- . A record trade surplus of \$2,205 million, more than twice the previous record surplus in 1971-72.
- . A strong upsurge in exports to a record \$6,002 million, 27 per cent higher than in 1971-72.
- . Imports of \$3,796 million, almost the same as in the two preceding years.
- . A record current account surplus of \$709 million; this is the first annual surplus since 1956-57, and compares with a deficit of \$416 million in 1971-72.
- . A considerable fall in net apparent capital inflow from \$1,858 million in 1971-72 to \$271 million in 1972-73.
- . Net monetary movements of \$980 million compared to \$1,442 million in 1971-72

LEVEL OF RESERVES

4. At 30 June 1973, gold and net foreign assets of Australia's official and banking institutions valued at official parity relationships totalled \$4,319 million, comprising official reserve assets of \$4,331 million and other foreign assets of -\$12 million. At market rates, the value of these assets was \$4,248 million in total.

BALANCE OF PAYMENTS - JUNE QUARTER 1970 TO JUNE QUARTER 1973 AND YEARS 1968-69 TO 1972-73

	Year					Quarters ended -															
	1968-69	1969-70	1970-71	1971-72	1972-73	1969-70				1970-71				1971-72				1972-73			
						June	Sept.	Dec.	Mar.	June	Sept.	Dec.	Mar.	June	Sept.	Dec.	Mar.	June	Sept.	Dec.	Mar.	June
CURRENT ACCOUNT																					
Visible trade -																					
Exports f.o.b. ..	3,217	3,969	4,216	4,729	6,002	1,022	1,038	1,033	993	1,152	1,185	1,112	1,154	1,278	1,316	1,478	1,616	1,592			
Imports f.o.b. ..	-3,203	-3,553	-3,790	-3,791	-3,796	-906	-962	-938	-909	-981	-1,047	-987	-913	-844	-894	-939	-955	-1,009			
Balance of trade ..	14	416	426	938	2,205	116	76	95	84	171	138	125	241	434	423	539	661	583			
Invisible credits -																					
Gold production ..	20	18	15	13	15	5	4	4	3	4	4	3	3	3	4	4	3	4			
Transportation ..	392	445	469	496	570	112	120	118	112	120	128	123	121	124	138	147	143	142			
Travel ..	107	120	136	139	117	29	30	39	36	31	31	43	38	28	26	38	31	22			
Government ..	80	87	82	90	89	25	20	20	20	23	21	22	24	23	22	23	23	22			
Miscellaneous ..	85	118	134	160	140	34	35	32	25	42	32	40	51	37	36	34	32	37			
Property income ..	150	155	178	239	361	46	44	39	41	54	60	60	57	63	81	90	92	97			
Transfers ..	168	186	181	226	240	47	46	50	41	44	51	56	55	65	62	63	58	57			
Total invisible credits	1,001	1,129	1,195	1,364	1,531	299	298	301	278	318	326	348	348	342	368	398	382	382			
Invisible debits -																					
Transportation ..	-699	-754	-837	-833	-890	-201	-199	-214	-213	-211	-205	-215	-209	-204	-205	-228	-233	-224			
Travel ..	-157	-186	-199	-266	-331	-65	-49	-38	-43	-69	-53	-50	-58	-106	-82	-59	-67	-123			
Government ..	-111	-124	-127	-124	-125	-38	-27	-32	-29	-38	-28	-30	-30	-36	-28	-29	-30	-38			
Miscellaneous ..	-106	-147	-170	-210	-220	-37	-39	-37	-47	-47	-53	-53	-53	-51	-53	-55	-56	-55			
Property income -																					
Investment income ..	-654	-740	-758	-852	-936	-198	-175	-215	-185	-184	-186	-258	-193	-215	-192	-247	-283	-214			
Royalties and copyrights	-63	-68	-64	-56	-74	-14	-20	-18	-13	-13	-15	-15	-15	-11	-13	-22	-22	-17			
Transfers -																					
Government ..	-160	-180	-185	-205	-252	-46	-49	-54	-42	-40	-54	-48	-41	-62	-66	-73	-49	-64			
Private ..	-92	-114	-134	-172	-200	-31	-32	-35	-33	-35	-40	-42	-44	-46	-47	-53	-53	-47			
Total invisible debits	-2,041	-2,312	-2,474	-2,717	-3,028	-630	-590	-643	-604	-636	-633	-710	-643	-732	-686	-767	-794	-781			
Net invisibles	-1,040	-1,183	-1,279	-1,353	-1,497	-331	-292	-342	-318	-318	-307	-362	-295	-389	-317	-369	-412	-399			
Balance on current account	-1,026	-767	-853	-416	709	-215	-216	-247	-242	-148	-169	-237	-54	45	105	170	249	184			
CAPITAL ACCOUNT																					
CAPITAL INFLOW (NET) -																					
Government capital movements -																					
Government securities ..	136	-125	-48	-46	-48	-33	-30	-42	44	-20	-2	-24	12	-32	40	6	-45	-48			
Other government capital movements ..	-67	-60	-15	-14	-21	-12	13	-8	-18	-3	10	14	-11	-28	5	-9	-11	-4			
Total government capital movements	70	-185	-63	-60	-68	-45	-17	-49	26	-23	8	-10	1	-59	45	-4	-57	-52			
Private capital movements -																					
Overseas investment in Aust. companies -																					
Undistributed income ..	281	284	299	311	300	71	75	75	75	75	78	78	78	78	75	75	75	75			
Other direct investment ..	348	507	657	601	(a)	230	89	90	185	294	175	110	133	183	104	16	-152	(a)			
Portfolio investment and institutional loans ..	405	279	655	588	(a)	67	57	158	166	274	88	200	151	148	131	98	-150	(a)			
Total companies ..	1,035	1,070	1,612	1,499	n.a.	368	221	323	426	642	341	388	362	408	310	189	-227	n.a.			
Australian investment overseas ..	-60	-143	-95	-138	(a)	-48	-16	-35	-30	-14	-40	-29	-22	-48	-13	-21	-25	(a)			
Marketing authorities ..	27	-47	-43	-45	51	-16	2	-15	-22	-8	25	-12	-19	-39	12	-5	20	24			
Total private capital movements	1,003	880	1,474	1,316	n.a.	304	206	273	375	620	326	347	321	322	309	163	-232	n.a.			
Monetary sector transactions n.e.i.	-6	34	28	41	74	31	-4	8	51	-27	18	-2	12	12	67	72	-66	2			
Net identified capital inflow	1,067	729	1,438	1,296	357	289	185	231	451	571	352	335	334	275	420	231	-355	48			
Balancing item ..	108	75	12	562	(b) -86	174	-39	41	53	-43	82	164	81	235	118	224	-225	(b) -191			
Net apparent capital inflow	1,174	804	1,451	1,858	271	463	146	272	504	528	434	499	414	510	539	454	-580	-142			
MONETARY MOVEMENTS -																					
Changes in official reserve assets ..	143	118	742	1,544	996	306	-34	7	343	426	256	251	453	585	637	647	-362	74			
Allocation of Special Drawing Rights ..	..	-75	-64	-63	..	..	..	..	-64	..	..	..	-63	..	..	..	..	..
Changes in other foreign assets ..	26	6	-71	-31	-9	-51	-34	22	-21	-38	9	17	-30	-28	7	-21	31	-29			
Other monetary movements ..	-20	-12	-10	-8	-8	-6	-2	-5	3	-7	..	-6	1	-3	..	2	-2	-3			
Net monetary movements	148	37	598	1,442	980	249	-70	25	262	381	265	262	360	555	644	625	-331	42			

(a) Not yet available, included in the balancing item. (b) Includes items footnoted (a). n.a. not available.

NOTES ON THE STATISTICS

5. Estimates for the most recent periods are preliminary and subject to revision. The items which can be most affected by revisions are those for which benchmark data are derived from annual surveys. These surveys inevitably entail long time lags in collection and processing; the final results for 1971-72 of the survey of overseas investment and of the survey of overseas shipping and airline operations have only now become available and are incorporated in this statement.
6. The Australian currency equivalents shown in these statistics for transactions originally denominated in foreign currencies were derived by converting into Australian dollars at market rates of exchange, except for changes in official reserve assets and in other foreign assets which were converted at par rates.
7. In the accompanying table, for current account items minus sign (-) denotes a debit; for capital inflow minus sign (-) denotes outflow; for monetary movements minus sign (-) denotes a decrease in assets, or an increase in liabilities, or the receipt of an allocation of Special Drawing Rights in the I.M.F.
8. The estimates of exports and imports in the accompanying table represent the recorded trade figures adjusted in respect of coverage and valuation for balance of payments purposes.
9. Net monetary movements are usually taken as a measure of the overall surplus or deficit in the balance of payments. In order not to obscure the underlying performance of the balance of payments, this item excludes changes that do not arise from international transactions, such as the effects of currency revaluations, or the allocation of Special Drawing Rights (SDR's) by the International Monetary Fund. SDR's are included in official reserve assets but excluded from net monetary movements by means of the offset item shown in the table. Also excluded from monetary movements is the compensation recently received under the Sterling Agreement. (For more details, see enclosed Supplement.)
10. 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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NOTE. Inquiries concerning these statistics may be made in Canberra by telephoning 63 9111, extension 2193 or, in each State capital, by telephoning the office of the Bureau of Census and Statistics.

SUPPLEMENT TO THE
BALANCE OF PAYMENTS QUARTERLY SUMMARY
JUNE QUARTER 1973

CHANGES IN OFFICIAL RESERVE ASSETS

When changes occur in the official parities of foreign currencies held as part of Australia's reserves, or in the parity of the Australian dollar itself, the value of these reserve assets in terms of Australian dollars has to be recalculated in accordance with the new exchange rates. However, the book gains or losses which result (the revaluation effects) are not recorded in the balance of payments which is restricted to the measurement of the effects of international transactions in goods, services and financial assets and liabilities. Also excluded from the balance of payments is the compensation recently received by Australia under the Sterling Agreement. (See Notes on the Statistics, paragraph 9 of the accompanying statement and the supplements to the December 1972 and March 1973 Quarterly Summaries.)

2. The following table shows the changes in official reserve assets as recorded in the balance of payments and the adjustments which are necessary to reconcile these figures with the changes in the levels of reserve assets published by the Reserve Bank of Australia. All valuations in this table are at par rates.

CHANGES AND LEVELS OF OFFICIAL RESERVE ASSETS

(at official par rates)

\$ million

Quarter ended	Changes recorded in the balance of payments	Adjustments		Reserve Bank series	
		Changes due to revaluations	Sterling Agreement compensation	Changes in levels	Levels at the end of quarter
31 December 1971	+ 251	- 60	..	+ 191	2,726
31 March 1972	+ 453	..	..	+ 453	3,179
30 June 1972	+ 585	..	..	+ 585	3,764
30 September 1972	+ 637	..	..	+ 637	4,401
31 December 1972	+ 646	- 232	..	+ 414	4,816
31 March 1973	- 362	- 230	+ 26	- 566	4,250
30 June 1973	+ 74	+ 7	..	+ 81	4,331

3. The valuation of changes in official reserve assets in the balance of payments has by convention been at official par rates, although most international transactions (which are the counterpart of movements in reserves) take place at market rates. With the continued divergence between market and par rates for various currencies, discrepancies may arise from the use of par rates in the calculation of changes in official reserve assets in the balance of payments. At present, it is not possible to estimate the appropriate adjustment to overcome this problem and therefore the unidentified error is reflected in the balancing item with other errors and omissions.

