



Reference No. 8.2

**BALANCE OF PAYMENTS : QUARTERLY SUMMARY
JUNE QUARTER 1974**

This statement contains preliminary estimates of Australia's balance of payments for the June quarter 1974 and for the financial year 1973-74, 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 1974

2. Highlights of the preliminary estimates of the balance of payments for June quarter 1974 were :

- * An overall deficit of \$368 million, as measured by net monetary movements. This represents an increase of \$97 million on the deficit recorded for the March quarter of 1974 and compares with a small overall surplus of \$45 million for the June quarter of 1973.
- * The current account deficit rose to a record \$535 million, an increase of \$311 million on the preceding quarter. This deficit represents a turnaround of \$686 million from the current account surplus of \$151 million recorded in June quarter 1973.
- * A net apparent capital inflow of \$168 million, following a series of quarterly net outflows from the March quarter 1973 to the March quarter 1974.
- * A trade surplus of \$49 million, \$149 million lower than in the preceding quarter and \$528 million lower than in the June quarter 1973. This was the smallest quarterly trade surplus since the June quarter 1969.
- * Record exports of \$1,790 million, up \$126 million, or 8 per cent, on the preceding quarter and \$204 million, or 13 per cent, on the previous June quarter.
- * Record imports of \$1,741 million, up \$275 million, or 19 per cent, on the preceding quarter and \$733 million, or 73 per cent, on the previous June quarter.
- * A record deficit on net invisibles of \$584 million, up \$158 million, or 37 per cent, on the June quarter 1973. Freight on imports payable overseas rose by \$103 million, or 90 per cent.

YEAR 1973-74

3. Estimates of the balance of payments for the full year 1973-74 become available for the first time in this bulletin. Highlights of the year were :

- * An overall deficit of \$678 million, as measured by net monetary movements. This compares with an overall surplus of \$981 million in 1972-73 and is the first annual overall deficit since 1966-67.
- * A current account deficit of \$707 million, compared with a surplus of \$665 million in 1972-73 - a turnaround of \$1,372 million.
- * A net apparent capital inflow of \$28 million, a drop of \$289 million from the net inflow of 1972-73, making it the smallest apparent capital inflow since 1952-53.
- * A trade surplus of \$1,022 million, which is \$1,165 million less than the record trade surplus of \$2,187 million in 1972-73.
- * Record exports of \$6,764 million, \$781 million, or 13 per cent higher than in 1972-73.
- * A strong upsurge in imports to a record \$5,742 million, \$1,945 million, or 51 per cent higher than in 1972-73.

BALANCE OF PAYMENTS - CURRENT ACCOUNT

MARCH QUARTER 1972 TO JUNE QUARTER 1974 AND YEARS 1970-71 TO 1973-74

\$ MILLION

	YEAR				QUARTERS ENDED-									
	1970-71	1971-72	1972-73	1973-74	1971-72		1972-73		1973-74					
					MAR.	JUNE	SEPT.	DEC.	MAR.	JUNE	SEPT.	DEC.	MAR.	JUNE
VISIBLE TRADE-														
EXPORTS F.O.B.	4216	4726	5983	6764	1194	1275	1316	1479	1603	1586	1612	1699	1664	1790
IMPORTS F.O.B.	-3790	-3791	-3797	-5742	-913	-845	-892	-940	-956	-1008	-1234	-1301	-1466	-1741
BALANCE OF TRADE	426	935	2187	1022	2+1	431	424	539	647	577	378	397	198	49
INVISIBLE CREDITS-														
GOLD PRODUCTION	15	13	15	15	3	3	4	4	3	4	4	4	3	4
TRANSPORTATION	474	496	565	705	121	124	136	145	143	141	161	175	180	189
TRAVEL	136	139	132	165	38	28	27	39	36	30	34	50	45	36
GOVERNMENT	82	90	90	89	24	23	22	23	22	23	23	20	22	24
MISCELLANEOUS	134	160	134	115	51	37	36	34	32	31	29	28	29	28
PROPERTY INCOME	178	239	363	550	55	68	82	93	99	90	121	144	164	122
TRANSFERS	181	226	235	235	55	65	62	63	58	52	53	52	67	63
TOTAL INVISIBLE CREDITS	1200	1364	1532	1874	346	347	368	400	393	371	425	474	509	466
INVISIBLE DEBITS -														
TRANSPORTATION -														
FREIGHT ON IMPORTS	-411	-409	-426	-690	-98	-91	-94	-105	-112	-115	-135	-158	-179	-218
OTHER TRANSPORTATION	-422	-437	-449	-515	-121	-117	-102	-112	-123	-111	-116	-119	-142	-139
TRAVEL	-199	-266	-316	-340	-58	-106	-82	-59	-67	-108	-81	-65	-75	-119
GOVERNMENT	-127	-124	-122	-122	-30	-36	-25	-30	-29	-38	-27	-30	-33	-31
MISCELLANEOUS	-170	-210	-222	-259	-53	-51	-53	-55	-56	-58	-65	-61	-65	-68
PROPERTY INCOME -														
INVESTMENT INCOME -														
UNDISTRIBUTED	-299	-311	-339	-480	-78	-78	-84	-85	-85	-85	-120	-120	-120	-120
OTHER	-479	-541	-643	-622	-115	-138	-121	-168	-211	-144	-114	-155	-172	-182
ROYALTIES AND COPYRIGHTS	-64	-56	-75	-60	-15	-11	-13	-22	-22	-17	-14	-15	-18	-14
TRANSFERS -														
GOVERNMENT	-185	-206	-252	-295	-41	-62	-66	-73	-49	-64	-67	-57	-73	-98
PRIVATE	-134	-172	-210	-220	-44	-6	-47	-53	-53	-57	-54	-49	-56	-61
TOTAL INVISIBLE DEBITS	-2490	-2730	-3054	-3603	-653	-734	-688	-762	-808	-797	-792	-831	-932	-1150
NET INVISIBLES	-1289	-1367	-1522	-1729	-305	-387	-319	-361	-415	-426	-367	-356	-422	-684
BALANCE ON CURRENT ACCOUNT	-863	-432	665	-707	-65	43	104	177	232	151	12	41	-224	-535

BALANCE OF PAYMENTS - CAPITAL ACCOUNT

MARCH QUARTER 1972 TO JUNE QUARTER 1974 AND YEARS 1970-71 TO 1973-74

\$ MILLION

	YEAR				QUARTERS ENDED-									
	1971-72		1972-73		1971-72		1972-73		1973-74					
	1970-71	1971-72	1972-73	1973-74	MAR.	JUNE	SEPT.	DEC.	MAR.	JUNE	SEPT.	DEC.	MAR.	JUNE
CAPITAL INFLOW (NLT) -														
GOVERNMENT CAPITAL MOVEMENTS -														
GOVERNMENT SECURITIES	-48	-46	-59	-85	12	-32	37	-1	-44	-51	24	-41	-16	-52
OTHER GOVT CAPITAL MOVEMENTS	-15	-14	-31	76	-11	-24	5	-9	-13	-14	43	32	..	-6
TOTAL GOVERNMENT CAPITAL MOVEMENTS	-63	-60	-90	-9	1	-56	41	-10	-57	-64	72	-8	-16	-58
PRIVATE CAPITAL MOVEMENTS -														
OVERSEAS INVESTMENT IN AUSTRALIAN COMPANIES -														
UNDISTRIBUTED INCOME	299	311	339	480	70	78	84	85	85	85	120	121	120	120
OTHER DIRECT INVESTMENT	656	601	-34	(A)	133	183	142	27	-161	-42	-83	-8	54	(A)
PORTFOLIO INVESTMENT AND INSTITUTIONAL LOANS	655	588	110	(A)	151	148	132	179	-127	-74	-77	-37	-91	(A)
TOTAL COMPANIES	1611	1499	415	N.A.	362	408	358	291	-203	-31	-40	75	83	N.A.
AUST. INVESTMENT OVERSEAS	-95	-138	-91	(A)	-22	-48	-16	-18	-49	-9	-73	-55	-69	(A)
MARKETING AUTHORITIES	-43	-45	34	-99	-19	-39	12	-5	14	14	28	18	-35	-110
TOTAL PRIVATE CAPITAL MOVEMENTS	1473	1316	358	N.A.	321	327	355	268	-238	-26	-86	38	-20	N.A.
MONETARY SECTOR TRANSACTIONS (M.F.I.)	28	44	94	(A)	12	12	63	68	-66	29	(A)	(A)	(A)	(A)
NET IDENTIFIED CAPITAL INFLOW	1437	1300	363	372	334	275	459	325	-360	-61	-13	31	-36	-48
BALANCING ITEM	24	575	-46	-343(B)	91	237	81	122	-203	-45	-19(B)	-91(B)	-11(B)	216(B)
NET APPARENT CAPITAL INFLOW	1461	1874	317	28	425	512	539	447	-563	-106	-32	-61	-46	168
MONETARY MOVEMENTS -														
CHANGES IN OFFICIAL RESERVE ASSETS	742	1544	995	-481	453	585	637	646	-362	74	-32	1	-199	-250
ALLOCATION OF SDR'S	-64	-63	..	..	-63	..	..	..	..	..	..	..	..	..
CHANGES IN OTHER FOREIGN ASSETS	-71	-31	-3	-170	-30	-28	7	-21	33	-23	17	-7	-78	-102
OTHER MONETARY MOVEMENTS	-10	-8	-10	-28	1	-3	..	-2	-2	-6	-3	-14	6	-15
NET MONETARY MOVEMENTS	598	1442	981	-678	360	555	644	624	-331	45	-21	-20	-271	-368

(A) NOT YET AVAILABLE, INCLUDED IN THE BALANCING ITEM. (B) INCLUDES ITEMS FOOTNOTED (A). N.A. NOT AVAILABLE.

LEVEL OF RESERVES

4. At 30 June 1974, official reserve assets, valued at official parity relationships, totalled \$3,673 million. This compares with \$4,331 million a year earlier and represents a fall of \$658 million, or 15 per cent, between the two dates. However, in the balance of payments, a smaller fall of \$481 million has been recorded as being due purely to transactions (see Notes, paragraph 9).

Notes on the Statistics

5. Estimates for the more 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 where long time lags in collection and processing are inevitable.

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, timing 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 that was received under the Sterling Agreement in January 1973 (\$26 million) and again in May 1974 (\$31 million).

10. Discrepancies may occur between totals and sums of components in the accompanying table, or between aggregates quoted in the text and their components, due to rounding.

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NOTE. Inquiries concerning these statistics may be made in Canberra by telephoning Mr A. James on 52 7911 extension 5519 or, in each State capital, by telephoning the office of the Australian Bureau of Statistics.