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BALANCE OF PAYMENTS : QUARTERLY SUMMARY  
MARCH QUARTER 1967

This statement contains estimates of Australia's balance of payments for the March quarter 1967 in comparison with revised estimates for previous quarters. Quarterly estimates are preliminary, subject to revision, and are available in summary form only. More detailed information, together with explanatory notes on the composition of the estimates, was published in "Balance of Payments, First Half 1966-67" issued on 28 April 1967.

Preliminary estimates for the March quarter 1967 show a current account deficit of \$176 million, a net apparent capital inflow of \$121 million and an unfavourable net monetary movement of \$55 million. Compared with March quarter 1966, this represents a deterioration of \$8 million in the balance on current account, a fall of \$64 million in the net apparent capital inflow and a reversal in net monetary movements from a favourable movement of \$17 million in the former period to an unfavourable movement of \$55 million in the quarter just ended.

The increased current account deficit in March quarter 1967 occurred despite the fact that the balance of trade improved during the quarter. Exports, at \$751 million, were \$114 million higher than during March quarter 1966 and, although the value of imports, at \$743 million, was also higher, the balance of trade in the March quarter 1967 showed a surplus of \$8 million compared with a deficit of \$21 million in the corresponding quarter of last year.

The improvement in the balance of trade was, however, more than offset by a rise of \$37 million in the net deficit on invisible transactions during the quarter. In comparison with March quarter 1966, invisible credits rose by \$16 million, while invisible debits rose by \$53 million. The most significant increases occurred, on the credit side, in transportation - up \$10 million, mainly on account of increased port expenditure by overseas vessels and in property income receivable - up \$6 million, largely due to increased earnings on international reserves. On the debit side, transportation - mainly earnings of overseas carriers in respect of freight on imports and fares - rose by \$12 million, property income payable overseas by \$14 million and transfer payments by \$15 million, the latter rise being to a great extent due to increased Australian government grants overseas, including expenditure in the Territory of Papua and New Guinea.

On capital account, the fall of \$64 million in the net apparent capital inflow during March quarter 1967 as compared with corresponding period in 1966 was wholly attributable to a sharp decline in the net private capital inflow (including the balancing item). Official capital transactions during the quarter resulted in a net inflow of \$45 million compared with a net outflow of \$27 million during March quarter 1966.

A fall of \$136 million in the net inflow in respect of private capital movements, however, more than offset the net improvement in the government sector. The fall resulted partly from marketing authorities' transactions which, in the quarter just ended, gave rise to a net outflow of \$48 million which is in sharp contrast to the net inflow of \$34 million during March quarter 1966. This significant reversal in the direction of flow was due mainly to the very high rate of shipment of wheat sold on credit terms to China (Mainland), the value of which during March quarter 1967 was greatly in excess of payments received for wheat shipped in earlier periods. In March quarter 1966, on the other hand, the value of wheat exported on credit terms was substantially lower than receipts by the Australian Wheat Board.

Other identified capital movements, including the balancing item, also contributed to the decline in the net apparent inflow during the quarter, the net inflow of \$124 million being \$54 million lower than the net inflow during the corresponding quarter of 1966.

The unfavourable net monetary movement of \$55 million during March quarter 1967 included a decline of \$73 million in international reserves and an improvement in Australia's reserve position with the I.M.F. During March quarter of the preceding year there was a favourable net monetary movement of \$17 million, including a \$15 million rise in international reserves.

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NOTE. Inquiries concerning these statistics may be made in Canberra by telephoning 03 9111. Extension 2192. or, in each State capital, by telephoning the office of the Bureau of Census and Statistics.

BALANCE OF PAYMENTS : SEPTEMBER QUARTER 1964 TO MARCH QUARTER 1967  
(\$ million)

|                                       | 1964-65      |             |              |             |       | 1965-66      |             |              |             |       | 1966-67p     |             |              |
|---------------------------------------|--------------|-------------|--------------|-------------|-------|--------------|-------------|--------------|-------------|-------|--------------|-------------|--------------|
|                                       | Sept.<br>Qtr | Dec.<br>Qtr | March<br>Qtr | June<br>Qtr | Year  | Sept.<br>Qtr | Dec.<br>Qtr | March<br>Qtr | June<br>Qtr | Year  | Sept.<br>Qtr | Dec.<br>Qtr | March<br>Qtr |
| <b>CURRENT ACCOUNT (a)</b>            |              |             |              |             |       |              |             |              |             |       |              |             |              |
| Exports f.o.b. (b)                    | 600          | 672         | 640          | 663         | 2,575 | 636          | 660         | 637          | 696         | 2,629 | 693          | 702         | 751          |
| Imports f.o.b. (b)                    | 663          | 678         | 678          | 720         | 2,739 | 800          | 726         | 658          | 638         | 2,822 | 700          | 658         | 743          |
| Balance of Trade                      | -63          | -6          | -38          | -57         | -164  | -164         | -66         | -21          | 58          | -193  | -7           | 44          | 8            |
| <u>Invisible Credits -</u>            |              |             |              |             |       |              |             |              |             |       |              |             |              |
| Gold production                       | 7            | 7           | 6            | 7           | 27    | 6            | 6           | 6            | 7           | 25    | 6            | 6           | 6            |
| Transportation                        | 64           | 71          | 72           | 72          | 279   | 71           | 72          | 74           | 74          | 291   | 76           | 75          | 84           |
| Travel                                | 11           | 14          | 14           | 15          | 54    | 13           | 14          | 16           | 15          | 58    | 14           | 17          | 16           |
| Property income                       | 29           | 32          | 30           | 27          | 118   | 29           | 24          | 29           | 29          | 111   | 37           | 30          | 35           |
| Government                            | 14           | 15          | 15           | 16          | 60    | 18           | 17          | 22           | 20          | 77    | 19           | 22          | 20           |
| Miscellaneous                         | 14           | 14          | 13           | 14          | 55    | 14           | 17          | 13           | 12          | 56    | 12           | 12          | 14           |
| Transfers                             | 26           | 29          | 29           | 28          | 112   | 28           | 30          | 29           | 32          | 119   | 34           | 31          | 30           |
| <u>Invisible Debits -</u>             |              |             |              |             |       |              |             |              |             |       |              |             |              |
| Transportation                        | 110          | 120         | 125          | 129         | 484   | 126          | 132         | 123          | 131         | 512   | 128          | 131         | 135          |
| Travel                                | 25           | 21          | 27           | 41          | 114   | 27           | 23          | 30           | 42          | 122   | 28           | 26          | 33           |
| Property income                       | 92           | 118         | 96           | 105         | 411   | 110          | 111         | 96           | 105         | 422   | 106          | 133         | 110          |
| Government                            | 11           | 12          | 15           | 13          | 51    | 13           | 14          | 19           | 19          | 65    | 17           | 22          | 23           |
| Miscellaneous                         | 21           | 23          | 22           | 20          | 86    | 29           | 24          | 20           | 24          | 97    | 25           | 22          | 25           |
| Transfers                             | 38           | 37          | 49           | 48          | 172   | 44           | 51          | 48           | 60          | 203   | 49           | 58          | 63           |
| Balance on Current Account            | -195         | -155        | -193         | -234        | -777  | -334         | -241        | -168         | -134        | -877  | -162         | -155        | -176         |
| <b>CAPITAL ITEMS (a)</b>              |              |             |              |             |       |              |             |              |             |       |              |             |              |
| Government loans overseas             | 6            | -5          | -15          | -6          | -20   | -1           | 21          | -34          | -11         | -25   | -69          | 20          | 29           |
| Other official capital movements      | -14          | -1          | 10           | -14         | -19   | 24           | 41          | 7            | -28         | 44    | -4           | -34         | 16           |
| Marketing authorities                 | 40           | -30         | -37          | -34         | -61   | -7           | -6          | 34           | 17          | 38    | 14           | -5          | -48          |
| Other identified capital movements(c) | 125          | 167         | 88           | 200         | 536   | 208          | 210         | 178          | 285         | 625   | 160          | 134         | 124          |
| Balancing item (c)                    |              |             |              |             |       |              |             |              |             |       |              |             |              |
| Net Apparent Capital Inflow           | 157          | 131         | 46           | 146         | 480   | 224          | 266         | 185          | 263         | 938   | 101          | 115         | 121          |
| <u>Monetary Movements (a)</u>         |              |             |              |             |       |              |             |              |             |       |              |             |              |
| Change in net I.M.F. position         | ..           | ..          | 11           | 11          | 22    | 22           | 9           | ..           | 9           | 40    | ..           | ..          | 19           |
| Change in international reserves      | -36          | -24         | -161         | -97         | -318  | -133         | 18          | 15           | 121         | 21    | -89          | -38         | -73          |
| Other                                 | -2           | ..          | 3            | -2          | -1    | 1            | -2          | 2            | -1          | ..    | 28           | -2          | -1           |
| Net Monetary Movements                | -38          | -24         | -147         | -88         | -297  | -110         | 25          | 17           | 129         | 61    | -61          | -40         | -55          |

(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 both coverage and valuation. (c) Particulars of the Survey of Overseas Investment are not available by quarters. Private capital movements for these periods are therefore combined with the balancing item.