

COMMONWEALTH BUREAU OF CENSUS AND STATISTICS

CANBERRA, AUSTRALIA

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BALANCE OF PAYMENTS : QUARTERLY SUMMARY

SEPTEMBER QUARTER 1970

This statement contains estimates of Australia's balance of payments for the September quarter 1970 together with revised estimates for previous quarters and financial years. Quarterly estimates are available only in summary form and are preliminary and subject to revision. More detailed estimates are published half-yearly in the mimeographed bulletin "Balance of Payments" (Reference No. 8.1).

Preliminary estimates of the balance of payments for the September quarter of 1970 show a current account deficit of \$231 million, a net apparent capital inflow of \$159 million, and unfavourable net monetary movement of \$72 million. In the corresponding quarter of 1969 there was a current account deficit of \$217 million and a net apparent capital inflow of \$33 million, which resulted in an unfavourable net monetary movement of \$184 million.

On current account, estimates for the September quarter 1970 show a deficit of \$231 million, \$14 million (6.5 per cent) higher than the deficit of \$217 million during the September quarter 1969. This rise in the current account deficit occurred in spite of an improvement in the balance of trade between the two quarters in question. In the September quarter 1970 the value of exports (on a balance of payments basis) was \$1,042 million, a record quarterly total and \$78 million (8.1 per cent) higher than the value of exports in the September quarter of 1969. Full commodity details for the whole quarter are not yet available but comparison of the export figures for the first two months of the quarter with the corresponding two months of the previous year show that ~~on~~ a sharp decline in the quantity and value of wool and sheepskins, and a fall in the value of exports of iron and steel were more than compensated for by increases in the value of exports of metal ores and scrap, coal, chemicals (including alumina), manufactures of non-ferrous metals, and of machinery and transport equipment. The value of imports (on a balance of payments basis) rose during the September quarter 1970 when, at \$960 million - also a record quarterly total - imports were \$64 million (7.1 per cent) higher than during the September quarter of the previous year. Again comparing details available for the first two months of the period, the main increases in the value of imports during the September quarter 1970 appear to have been in respect of imports of chemicals, iron and steel, machinery and transport equipment and miscellaneous manufactures. The value of imports of petroleum and petroleum products showed a sharp fall during the quarter. With the value of exports during the September quarter 1970 rising more than the value of imports there was an improvement of \$14 million in the balance of trade surplus which rose from \$68 million in the September quarter 1969 to \$82 million in the quarter just ended.

While the balance of trade for the September quarter 1970 showed an improvement over the corresponding quarter of 1969, the balance on current account invisible transactions deteriorated from a deficit of \$285 million in the September quarter 1969 to a deficit of \$313 million. Invisible credits rose in total from \$255 million to \$276 million, an increase of \$21 million (8.2 per cent), mainly on account of increased earnings in respect of transportation services, property income receivable from overseas and miscellaneous services to non-residents. At the same time, total invisible debits increased in value by \$49 million (9.1 per cent), from \$540 million in the September quarter 1969 to \$589 million in the September quarter 1970. The major factors contributing to this overall rise in invisible debits were the increased cost of freight and fares payable to overseas carriers, an increase in estimated property income payable on overseas investment in Australia, and increased payments overseas for miscellaneous services and in the form of transfer payments by the Australian government.

Reference No. 8.2

## BALANCE OF PAYMENTS - SEPTEMBER QUARTER 1967 TO SEPTEMBER QUARTER 1970 AND YEARS 1965-66 TO 1969-70

\$ million

	Year ended June -					Quarters ended -													
	1966	1967	1968	1969	1970	1967-68				1968-69				1969-70				1970-71	
						Sept.	Dec.	Mar.	June	Sept.	Dec.	Mar.	June	Sept.	Dec.	Mar.	June	Sept.	
<b>CURRENT ACCOUNT (a) -</b>																			
Exports f.o.b. (b) .. ..	2,626	2,926	2,941	3,217	3,963	715	759	693	774	742	826	793	856	964	968	1,015	1,018	1,042	
Imports f.o.b. (b) .. ..	2,822	2,837	3,159	3,203	3,558	770	741	834	814	844	804	741	814	896	898	855	909	960	
Balance of trade .. ..	-196	89	-218	14	405	-55	18	-141	-40	-102	22	52	42	68	70	158	109	32	
<b>Invisible credits -</b>																			
Gold production .. ..	25	24	22	20	18	5	5	5	7	6	5	4	5	4	4	5	5	4	
Transportation .. ..	295	320	362	394	445	86	91	91	94	96	98	99	101	106	112	115	112	117	
Travel .. ..	58	70	88	108	122	18	21	26	23	25	26	28	29	28	33	32	29	27	
Government .. ..	77	83	76	80	82	18	14	22	22	18	19	22	21	21	20	21	20	18	
Miscellaneous .. ..	56	55	69	75	103	16	16	21	16	16	18	21	20	21	22	31	29	28	
Property income .. ..	113	123	129	150	154	31	26	34	38	36	29	43	42	31	43	36	44	39	
Transfers .. ..	122	136	156	165	176	36	39	46	35	42	43	38	42	44	45	43	44	43	
<b>Invisible debits -</b>																			
Transportation .. ..	520	544	636	685	731	149	160	172	155	169	166	177	173	171	182	186	192	188	
Travel .. ..	122	133	140	150	170	33	27	34	46	35	27	35	53	41	32	38	59	40	
Government .. ..	62	81	95	111	116	19	22	27	27	23	26	30	32	27	27	26	36	26	
Miscellaneous .. ..	97	98	97	104	142	23	26	25	23	23	26	31	24	31	39	38	34	38	
Property income -																			
Investment income .. ..	382	409	537	650	794	114	148	120	155	152	169	150	179	182	201	209	201	201	
Other .. ..	50	56	64	63	67	13	16	18	17	17	17	13	16	19	19	15	14	19	
<b>Transfers -</b>																			
Government .. ..	127	151	154	159	180	41	43	33	37	36	46	31	46	41	55	39	45	49	
Other .. ..	74	79	84	90	108	22	21	21	20	21	23	22	24	27	29	24	28	28	
<b>Balance on current account</b>	<b>-884</b>	<b>-651</b>	<b>-1,123</b>	<b>-1,006</b>	<b>-803</b>	<b>-259</b>	<b>-233</b>	<b>-346</b>	<b>-285</b>	<b>-339</b>	<b>-240</b>	<b>-182</b>	<b>-245</b>	<b>-217</b>	<b>-235</b>	<b>-134</b>	<b>-217</b>	<b>-231</b>	
<b>CAPITAL INFLOW (a) -</b>																			
<b>Overseas investment in Australia -</b>																			
Government securities -																			
Domiciled overseas .. ..	-25	24	134	138	-121	8	64	11	51	86	1	72	-21	-68	-11	-8	-34	-28	
Domiciled in Australia .. ..	-1	-2	14	..	4	6	2	2	4	-1	1	1	-1	4	..	..	..	4	
Total government securities	-26	22	148	138	-117	14	66	13	55	85	2	73	-22	-64	-11	-8	-34	-24	
<b>Companies -</b>																			
Undistributed income .. ..	125	115	227	284	370	56	57	57	57	71	71	71	71	92	92	93	93	*	
Other direct .. ..	356	218	305	317	330	54	65	26	160	46	86	47	138	15	57	94	164	* * *	
Portfolio investment and institutional loans .. ..	207	176	416	373	*	68	76	128	144	91	99	133	50	17	63	69	..	*	
Total companies (c) .. ..	688	509	948	974	*	17	198	211	361	208	256	251	259	124	212	256	*	*	
Total overseas investment in Aust. (c)	662	531	1,096	1,112	*	192	264	224	416	293	258	324	237	60	201	248	*	*	
Australian investment overseas (c)	-27	-30	-39	-53	-70	-14	-12	-8	-5	-10	-20	-5	-18	-16	-19	-6	-29	*	
Other government capital movements	40	-52	-60	-67	-58	-55	47	-10	-42	-40	3	-20	-10	-25	3	-26	-10	-10	
Marketing authorities .. ..	34	-74	33	27	-47	31	-7	14	-5	8	15	15	-11	1	-22	-10	-16	8	
Monetary sector transactions n.e.s.	5	6	42	-5	29	9	11	2	20	-3	5	-3	-4	11	-12	1	29	5	
Net identified capital inflow	714	381	1,072	1,014	(d) 437	165	363	222	384	248	261	311	194	31	151	207	(d) 197	(d) -21	
Balancing item	227	146	130	140	(e) 403	29	11	149	-59	50	38	..	52	2	39	-56	(e) 269	(e) 180	
<b>Net apparent capital inflow</b>	<b>941</b>	<b>527</b>	<b>1,202</b>	<b>1,154</b>	<b>840</b>	<b>192</b>	<b>314</b>	<b>371</b>	<b>325</b>	<b>298</b>	<b>299</b>	<b>311</b>	<b>246</b>	<b>33</b>	<b>190</b>	<b>151</b>	<b>466</b>	<b>159</b>	
<b>MONETARY MOVEMENTS (a)</b>																			
Changes in official reserve assets	44	-132	(f) 73	142	(g) 118	-51	(f) 65	25	34	-1	12	133	-2	-184	-110	(g) 106	306	-34	
Allocation of Special Drawing Rights	..	..	..	..	-75	..	..	..	..	..	..	..	..	..	..	-75	..	..	
Changes in other foreign assets	15	-18	(f) 9	26	6	-16	(f) 17	..	8	-35	53	-4	12	-1	72	-14	-51	-34	
Other monetary movements .. ..	-2	26	-3	-20	-12	..	-1	..	-2	-5	-6	..	-9	1	-7	..	-6	-4	
<b>Net monetary movements</b>	<b>57</b>	<b>-124</b>	<b>79</b>	<b>148</b>	<b>37</b>	<b>-67</b>	<b>81</b>	<b>25</b>	<b>40</b>	<b>-41</b>	<b>59</b>	<b>129</b>	<b>1</b>	<b>-184</b>	<b>-45</b>	<b>17</b>	<b>249</b>	<b>-72</b>	

(a) For current account balances minus sign (-) denotes deficit; 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. (b) Recorded trade figures adjusted in respect of coverage and valuation for balance of payments purposes. (c) Full details of the Survey of Overseas Investment are not available for the June and September quarters 1970 or for the year 1969-70 and for these periods the items marked (\*) are included with the balancing item. (d) Excludes items marked (\*). (e) Includes items marked (\*). (f) Excludes the effects of the November 1967 devaluation of the pound sterling and other currencies which reduced by \$111 million and \$2 million, respectively, the Australian dollar equivalents of official reserve assets and other foreign assets. (g) Includes an increase of \$75 million due to the allocation of Special Drawing Rights.

The increase of \$14 million in the current account deficit in the quarter just ended was more than offset by a substantial increase in the net apparent inflow of capital into Australia. During the September quarter 1970 there was a net apparent capital inflow of \$159 million, \$126 million greater than the apparent inflow during the same quarter of the previous year. Details of private investment in Australian companies during the September quarter 1970 are not available, but estimates of a number of major items have been made which identified \$56 million of the overall improvement of \$126 million of the net capital inflow. A major factor in the improvement was the decline in the net outflow in respect of transactions in government securities; for the September quarter of 1969, these transactions had resulted in a net outflow of \$64 million. Although net repayments, repurchases and redemptions again exceeded new loan raisings during the September quarter 1970, the net outflow of \$24 million was \$40 million below that for the same period of the previous year. Other government capital transactions, which reflect mainly short-term capital movements related to the financing of imports of defence equipment by the government, also gave rise to a net outflow during the quarter just ended. The outflow of \$10 million was, however, \$15 million less than the net outflow for the September quarter 1969. Transactions by Australian marketing authorities during the September quarter 1970 resulted in a net inflow of \$8 million, \$7 million greater than the inflow in the September quarter 1969 but this was largely offset by a \$6 million decline in the net inflow from monetary sector transactions n.e.i. Although separate detail are not yet available for the September quarter 1970, the net apparent inflow in respect of overseas investment in Australian companies, Australian investment overseas and the balancing item together was \$180 million, an increase of \$70 million over the \$110 million recorded for these same items in the September quarter of the previous year.

The net unfavourable monetary movement of \$72 million during the September quarter 1970 included a fall of \$34 million in official reserve assets and a fall of \$34 million in other foreign assets. At the end of September 1970, gold and net foreign assets of Australia's official and banking institutions totalled \$1,570 million of which \$1,504 million were official reserve assets and \$66 million other foreign assets.

J. P. O'NEILL  
ACTING COMMONWEALTH STATISTICIAN

COMMONWEALTH BUREAU OF CENSUS AND STATISTICS

CANBERRA, A.C.T. 2600

30 OCTOBER 1970

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.