

BALANCE OF PAYMENTS : QUARTERLY SUMMARY
SEPTEMBER QUARTER 1971

Reference No. 8.2

NOTES ON THE STATISTICS

1. This statement contains estimates of Australia's balance of payments for the September quarter 1971 together with revised estimates for previous quarters and financial years. More detailed estimates are published half-yearly in the mimeographed bulletin "Balance of Payments" (Reference No. 8.1).
2. Quarterly estimates are available only in summary form and are preliminary and subject to revision. The items most subject to revision are those for which the basic data are derived from annual surveys which inevitably involve substantial time lags before the results become available. In particular, the 1970-71 estimates of transportation (credits and debits), property income (credits and debits), overseas investment in companies in Australia and Australian investment overseas are still provisional and will be further revised when the results of the Surveys of Overseas Shipping and Airline Operations and Overseas Investment for 1970-71 are available.
3. 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.

SEPTEMBER QUARTER 1971

4. Preliminary estimates of the balance of payments for the three months ended September 1971 show a deficit of \$161 million on current account, a net apparent capital inflow of \$420 million, and a favourable net monetary movement of \$259 million. This favourable net monetary movement contrasts sharply with the unfavourable net movement of \$70 million that occurred in the corresponding quarter of 1970. The quarter just ended also showed a smaller deficit on current account and a substantially higher net apparent capital inflow than occurred in the September quarter of 1970.
5. The current account balance improved by \$40 million, from a deficit of \$201 million in the September quarter of 1970 to a deficit of \$161 million in the first quarter of 1971-72. This improvement was mainly due to an increase of \$73 million in the balance of trade surplus which was only partially offset by a deterioration of \$32 million in the net deficit on invisible transactions. Both exports and imports on a balance of payments basis showed notable increases in the September quarter of 1971 compared with the corresponding quarter a year earlier, the value of exports, at \$1,203 million, being \$168 million (16 per cent) higher, and the value of imports, at \$1,056 million, \$95 million (10 per cent) higher.
6. The net deficit in respect of current account invisible transactions deteriorated from \$276 million during the September quarter of 1970 to \$308 million in the quarter just ended. Both invisible credits and invisible debits showed increases in value, total invisible credits rising by \$25 million (8 per cent) to \$319 million, largely on account of increased earnings in respect of transportation services (in particular, expenditure in Australia by overseas carriers) and property income receivable from overseas; and total invisible debits rising by \$56 million (10 per cent) to \$626 million, the major factors contributing to this rise being transportation debits and investment income payable overseas.

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2. BALANCE OF PAYMENTS - SEPTEMBER QUARTER 1968 TO SEPTEMBER QUARTER 1971 AND YEARS 1966-67 TO 1970-71

3.

\$ million

| | Year ended June - | | | | | Quarters ended - | | | | | | | | | | | | | |
|--|-------------------|--------|--------|--------|--------|------------------|------|------|------|---------|------|--------|-------|---------|-------|-------|---------|--------|--|
| | 1967 | 1968 | 1969 | 1970 | 1971 | 1968-69 | | | | 1969-70 | | | | 1970-71 | | | 1971-72 | | |
| | | | | | | Sept. | Dec. | Mar. | June | Sept. | Dec. | Mar. | June | Sept. | Dec. | Mar. | June | Sept. | |
| CURRENT ACCOUNT (a) - | | | | | | | | | | | | | | | | | | | |
| Exports f.o.b. (b) | 2,926 | 2,942 | 3,217 | 3,967 | 4,218 | 743 | 826 | 793 | 856 | 963 | 970 | 1,013 | 1,021 | 1,035 | 1,032 | 995 | 1,155 | 1,203 | |
| Imports f.o.b. (b) | 2,837 | 3,159 | 3,203 | 3,553 | 3,788 | 844 | 804 | 740 | 815 | 894 | 897 | 856 | 906 | 961 | 937 | 905 | 986 | 1,056 | |
| Balance of trade | 89 | -218 | 14 | 414 | 430 | -101 | 22 | 52 | 41 | 69 | 74 | 158 | 115 | 74 | 96 | 91 | 169 | 147 | |
| Invisible credits - | | | | | | | | | | | | | | | | | | | |
| Gold production | 24 | 22 | 20 | 18 | 15 | 6 | 6 | 4 | 5 | 4 | 4 | 5 | 5 | 4 | 4 | 3 | 4 | 4 | |
| Transportation | 320 | 362 | 392 | 445 | 498 | 95 | 98 | 98 | 101 | 107 | 112 | 115 | 112 | 121 | 123 | 126 | 129 | 137 | |
| Travel | 70 | 88 | 108 | 123 | 144 | 23 | 28 | 28 | 29 | 28 | 33 | 32 | 31 | 30 | 43 | 42 | 30 | 33 | |
| Government | 83 | 76 | 80 | 87 | 81 | 18 | 19 | 22 | 21 | 21 | 20 | 21 | 25 | 20 | 20 | 19 | 22 | 22 | |
| Miscellaneous | 55 | 69 | 75 | 108 | 121 | 17 | 18 | 21 | 21 | 21 | 22 | 33 | 32 | 32 | 28 | 22 | 39 | 28 | |
| Property income | 123 | 129 | 150 | 156 | 177 | 36 | 29 | 43 | 42 | 31 | 42 | 36 | 47 | 44 | 39 | 39 | 56 | 53 | |
| Transfers | 136 | 156 | 165 | 182 | 177 | 41 | 43 | 39 | 42 | 45 | 44 | 47 | 46 | 45 | 49 | 40 | 43 | 42 | |
| Total invisible credits | 810 | 902 | 989 | 1,118 | 1,212 | 235 | 240 | 254 | 260 | 256 | 277 | 288 | 298 | 294 | 305 | 291 | 322 | 319 | |
| Invisible debits - | | | | | | | | | | | | | | | | | | | |
| Transportation | 554 | 655 | 699 | 754 | 808 | 173 | 170 | 181 | 175 | 175 | 187 | 192 | 201 | 194 | 202 | 202 | 211 | 205 | |
| Travel | 133 | 140 | 150 | 176 | 186 | 34 | 27 | 35 | 54 | 42 | 32 | 40 | 63 | 46 | 36 | 37 | 67 | 50 | |
| Government | 81 | 95 | 111 | 124 | 126 | 23 | 26 | 30 | 32 | 29 | 29 | 28 | 38 | 27 | 32 | 29 | 37 | 31 | |
| Miscellaneous | 98 | 98 | 104 | 144 | 159 | 23 | 26 | 32 | 23 | 33 | 36 | 39 | 37 | 39 | 36 | 45 | 39 | 46 | |
| Property income - | | | | | | | | | | | | | | | | | | | |
| Investment income | 409 | 539 | 652 | 736 | 759 | 152 | 170 | 150 | 180 | 150 | 196 | 194 | 197 | 164 | 212 | 180 | 203 | 184 | |
| Other | 56 | 64 | 63 | 68 | 64 | 17 | 17 | 13 | 16 | 18 | 19 | 15 | 15 | 20 | 18 | 13 | 12 | 21 | |
| Transfers - | | | | | | | | | | | | | | | | | | | |
| Government | 151 | 154 | 159 | 180 | 185 | 36 | 46 | 32 | 46 | 41 | 55 | 39 | 46 | 49 | 54 | 42 | 40 | 53 | |
| Private | 79 | 84 | 90 | 112 | 133 | 21 | 23 | 21 | 25 | 27 | 29 | 25 | 30 | 31 | 35 | 33 | 34 | 36 | |
| Total invisible debits | 1,560 | 1,828 | 2,028 | 2,294 | 2,419 | 479 | 506 | 494 | 550 | 514 | 582 | 573 | 624 | 570 | 625 | 582 | 642 | 626 | |
| Balance on current account | -661 | -1,144 | -1,024 | -761 | -776 | -345 | -243 | -187 | -249 | -190 | -232 | -126 | -213 | -201 | -224 | -201 | -151 | -161 | |
| CAPITAL INFLOW (a) - | | | | | | | | | | | | | | | | | | | |
| Overseas investment in Australia - | | | | | | | | | | | | | | | | | | | |
| Government securities - | | | | | | | | | | | | | | | | | | | |
| Domiciled overseas | 25 | 134 | 138 | -121 | -48 | 85 | 1 | 72 | -21 | -68 | -11 | -8 | -35 | -30 | -42 | 44 | -20 | -2 | |
| Domiciled in Australia | -2 | 14 | -1 | 6 | 4 | -1 | 1 | .. | -1 | 4 | .. | 1 | 1 | 4 | .. | .. | .. | -2 | |
| Total government securities | 23 | 148 | 137 | -115 | -43 | 84 | 2 | 72 | -22 | -64 | -11 | -7 | -34 | -27 | -42 | 44 | -20 | -4 | |
| Companies - | | | | | | | | | | | | | | | | | | | |
| Undistributed income | 115 | 229 | 280 | 295 | 310 | 70 | 70 | 70 | 70 | 74 | 74 | 74 | 74 | 78 | 78 | 78 | 78 | * | |
| Other direct investment | 219 | 315 | 339 | 445 | 670 | 49 | 92 | 50 | 148 | 37 | 65 | 141 | 203 | 100 | 102 | 196 | 273 | * | |
| Portfolio investment and institutional loans | 176 | 417 | 402 | 285 | 488 | 105 | 114 | 133 | 50 | 25 | 92 | 101 | 68 | 43 | 118 | 123 | 204 | * | |
| Total companies (c) | 509 | 962 | 1,021 | 1,025 | 1,467 | 224 | 276 | 253 | 268 | 135 | 230 | 315 | 345 | 220 | 297 | 397 | 554 | * | |
| Total overseas investment in Australia (c) | 532 | 1,110 | 1,159 | 910 | 1,424 | 309 | 279 | 325 | 246 | 71 | 220 | 308 | 311 | 193 | 255 | 441 | 534 | * | |
| Australian investment overseas (c) | -27 | -36 | -50 | -149 | -96 | -9 | -19 | -5 | -17 | -32 | -42 | -20 | -56 | -18 | -34 | -26 | -18 | * | |
| Other government capital movements | -52 | -60 | -67 | -60 | -14 | -40 | 3 | -20 | -10 | -25 | 4 | -26 | -12 | 12 | -8 | -16 | -2 | 11 | |
| Marketing authorities | -75 | 33 | 27 | -47 | -43 | 8 | 15 | 15 | -11 | 1 | -22 | -9 | -16 | 2 | -15 | -22 | -8 | 26 | |
| Monetary sector transactions n.e.i. | 6 | 42 | -6 | 30 | 24 | -3 | 5 | -3 | -5 | 11 | -11 | .. | 31 | -4 | 8 | 51 | -31 | 11 | |
| Net identified capital inflow | 384 | 1,089 | 1,064 | 684 | 1,295 | 265 | 283 | 313 | 204 | 26 | 148 | 253 | 258 | 185 | 206 | 428 | 476 | (g)443 | |
| Balancing item | 153 | 135 | 109 | 113 | 83 | 40 | 20 | 3 | 46 | -20 | 39 | -109 | 203 | -54 | 42 | 35 | 60 | (e)377 | |
| Net apparent capital inflow | 537 | 1,223 | 1,173 | 798 | 1,378 | 304 | 302 | 316 | 250 | 6 | 188 | 144 | 461 | 131 | 249 | 463 | 536 | 420 | |
| MONETARY MOVEMENTS (a) - | | | | | | | | | | | | | | | | | | | |
| Changes in official reserve assets | -132 | (f)73 | 143 | (g)118 | (g)742 | -1 | 12 | 133 | -2 | -184 | -110 | (g)106 | 306 | -34 | 7 | (g)43 | 426 | 256 | |
| Allocation of Special Drawing Rights | .. | .. | .. | -75 | -64 | .. | .. | .. | .. | .. | .. | -75 | .. | .. | .. | -64 | .. | .. | |
| Changes in other foreign assets | -18 | (f)8 | 26 | 6 | -66 | -36 | 53 | -4 | 12 | -1 | 72 | -14 | -51 | -34 | 22 | -21 | -34 | 5 | |
| Other monetary movements | 26 | -3 | -20 | -12 | -10 | -5 | -7 | .. | -9 | .. | -7 | .. | -6 | -2 | -5 | 3 | -7 | -2 | |
| Net monetary movements | -124 | 79 | 148 | 37 | 602 | -41 | 59 | 129 | 1 | -184 | -44 | 17 | 249 | -70 | 25 | 262 | 385 | 259 | |

(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 quarter 1971 and for this period and for the year 1970-71 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 the allocation of Special Drawing Rights

NOTE. Any discrepancies between totals and sums of components in the above table are due to rounding.

7. The net apparent capital inflow of \$420 million during the September quarter of 1971 (a record net inflow for a September quarter) was \$289 million higher, or more than three times greater, than the net apparent inflow in the corresponding quarter of 1970. Because details of many of the major components of this net apparent capital inflow are not yet available for the quarter, comments on capital movements can be made only in terms of broad aggregates. Identified capital movements during the September quarter of 1971 accounted for a net capital inflow of \$43 million compared with a net capital outflow of \$17 million for the same group of items (government securities, other government capital movements, marketing authorities and monetary sector transactions not elsewhere included) during the corresponding quarter of 1970. One factor in this turnabout was the decline in the net outflow in respect of transactions in government securities domiciled overseas, from \$30 million in the September quarter of 1970 to \$2 million in the first three months of 1971-72, due mainly to larger drawings. A second factor in the turnabout in net identified capital movements was the increase of \$24 million in the net inflow attributable to transactions by Australian marketing authorities which resulted in a net inflow of \$26 million in the quarter just ended, compared with a net inflow of \$2 million during the corresponding quarter a year earlier, mainly due to a decrease in the amounts owed by overseas debtors in respect of cash sales of wheat. Unidentified capital movements (private overseas investment in companies in Australia and Australian investment overseas) together with the balancing item accounted for a net inflow of \$377 million in the September quarter of 1971, an increase of \$229 million over the net inflow of \$148 million for these same items in the September quarter of 1970.

8. The favourable net monetary movement of \$259 million during the quarter ended September 1971 included a rise of \$256 million in official reserve assets and a rise of \$5 million in other foreign assets. At 30 September 1971, gold and net foreign assets of Australia's official and banking institutions totalled \$2,575 million, comprising official reserve assets of \$2,536 million and other foreign assets of \$39 million. All investments denominated in foreign currencies that are included in these assets have been converted to Australian dollars at official parities.

REVISIONS TO ESTIMATES FOR 1970-71

9. Some substantial revisions have been made in this statement to the preliminary estimates for 1970-71 that were published in the Balance of Payments Quarterly Summary, June Quarter 1971. Although the net effect of these revisions on the balance on current account and net apparent capital inflow has been negligible, some significant changes have been made to a number of component items. In particular, preliminary estimates of overseas investment in companies in Australia and Australian investment overseas are now available for the full year 1970-71 and these have caused a sharp upward revision to the estimated net identified capital inflow for the year. Estimates of these items for the first three quarters of 1970-71 have also been revised substantially as a result of the latest information available from the Survey of Overseas Investment, supplemented by information derived from surveys recently introduced to obtain more comprehensive details of overseas borrowings by companies in Australia.

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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.