



AUSTRALIAN BUREAU OF STATISTICS  
CANBERRA

Reference No. 8.2

FOR RELEASE : NOON 3 NOVEMBER 1976

BALANCE OF PAYMENTS : SEPTEMBER QUARTER 1976

MAIN FEATURES

- . An overall deficit, as measured by net official monetary movements, of \$265 million.
- . Record exports of \$2,850 million, a rise of \$246 million on the June quarter and \$725 million above the September quarter 1975 figure.
- . Imports of \$2,399 million, \$277 million up on the June quarter and \$537 million higher than for September quarter 1975.
- . A trade surplus of \$451 million, of similar magnitude to the June quarter surplus but well above the surplus in the September quarter 1975.
- . Net invisibles — payments exceeded receipts by \$629 million.
- . A deficit on current account of \$178 million, about the same as for the June quarter but lower than the September quarter 1975 deficit.
- . A net apparent capital outflow of \$88 million, in spite of substantial government borrowing overseas.

TREND IN MAJOR AGGREGATES

Current account

- . The *current account* deficit of \$178 million for the September quarter compared with a deficit of \$231 million in the September quarter 1975.
- . *Seasonally adjusted*, the *current account* deficit was \$16 million, \$146 million lower than the deficit for the June quarter 1976.
- . The *balance of trade* surplus of \$451 million for the September quarter was about the same as for the June quarter 1976, but \$187 million greater than the September quarter 1975 surplus.
- . *Seasonally adjusted*, the *trade surplus* was \$645 million, \$230 million higher than for the June quarter 1976.
- . *Exports* (on a balance of payments basis) were a record at \$2,850 million in the September quarter, 9 per cent up on the June quarter and 34 per cent higher than exports in the September quarter 1975. Full commodity details are not yet available, but the

increase over the previous September quarter seems to include increased exports of cereals, coal, metalliferous ores, wool and meat.

- . *Seasonally adjusted exports* at \$2,934 million, were 12 per cent up on the June quarter 1976.
- . *Imports* (on a balance of payments basis) were \$2,399 million, a rise of 13 per cent on the June quarter and 29 per cent on the September quarter 1975. Commodity details indicate that the rise on the previous September quarter was widely spread with notable increases in imports of petroleum, machinery (other than electric) and transport equipment, chemicals and plastics, textiles, paper, miscellaneous manufactures, and clothing.
- . *Imports, seasonally adjusted* rose to \$2,288 million, up 4 per cent on the June quarter 1976.
- . The \$629 million deficit on *net invisibles* was \$134 million higher than in the September quarter 1975 due mainly to increases in invisible debits, particularly in respect of transportation services, travel and investment income payable overseas. On the credit side, transportation earnings also increased markedly.

- . The *seasonally adjusted net invisibles* deficit of \$662 million was \$85 million greater than in the June quarter 1976 with both credits and debits rising by about 13 per cent.

Capital account

- . The *net apparent capital outflow* of \$88 million in September quarter represents a turnaround of \$268 million from the net inflow of \$180 million in the June quarter 1976 and is \$32 million higher than the \$56 million net outflow in the September quarter 1975.
- . The identified net capital inflow of \$214 million in respect of government and marketing authorities' transactions (including the proceeds of the US \$300 million Eurobond borrowing in September) implies a net outflow of \$302 million in respect of private capital transactions (including non-official monetary sector transactions and the balancing item). This compares with a net inflow for the corresponding items of \$69 million in the June quarter and a net outflow of \$41 million in the September quarter 1975.

### Overall result

Net official monetary movements during the September quarter 1976 showed a deficit of \$265 million, a turnaround of \$270 million on the small overall surplus in the June quarter and of similar magnitude to the \$287 million deficit in the September quarter 1975. Transactions in official reserve assets in the September quarter led to their increasing by \$42 million; this includes proceeds from Australia's drawing in July of \$309 million from the

I.M.F. under the Compensatory Financing Facility. Other transactions, which include the liability to the I.M.F. for the C.F.F. drawing, resulted in an increase in net liabilities of \$308 million.

### Level of Reserves

At 30 September 1976, Australia's official reserve assets, valued at market rates of exchange, totalled \$2,632 million.

Changes and Levels of Official Reserve Assets  
\$ million

Quarter ended	Changes recorded in the balance of payments	Adjustments		Reserve Bank series	
		Changes due to effects of revaluations	Sterling Agreement Compensation	Changes in levels	Levels at the end of quarter
1974 30 June	-206	- 10	+ 26	-191	3,560
30 September	-587	+375	..	-212	3,348
31 December	-141	+ 10	..	-131	3,217
1975 31 March	+ 26	- 23	..	+ 3	3,220
30 June	+242	+ 31	..	+273	3,493
30 September	-271	+ 96	..	-175	3,318
31 December	-738	+ 8	..	-730	2,588
1976 31 March	- 37	+ 20	..	- 17	2,571
30 June	- 7	+ 12	..	+ 5	2,576
30 September	+ 42	+ 14	..	+ 56	2,632

## EXPLANATORY NOTES

### Introduction

1. This bulletin contains preliminary estimates of Australia's international balance of payments for the September quarter 1976, together with revised estimates for previous quarters and financial years. More detailed estimates are published annually in the bulletin *Balance of Payments* (Reference No. 8.1).

2. Included are corresponding seasonally adjusted estimates of the current account. Notes on the statistics and their seasonal adjustment are provided below. Unless otherwise stated, figures reported in the commentary and tables refer to the original estimates.

3. 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.

### Australian currency values

4. 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.

### Adjustments to exports and imports

5. The figures for *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.

### Net official monetary movements

6. The aggregate *net official monetary movements* is 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 economic transactions. The main exclusions made for this reason are: the allocation of Special Drawing Rights (SDR) by the International Monetary Fund (included in official reserve assets but excluded from net official monetary movements by means of the offset item shown in the table); compensation received under the Sterling Agreement amounting to \$24 million in January 1973 and \$26 million in May 1974; and changes in the Australian dollar value of official reserve assets due to revaluations (see paragraphs 8 and 9 below).

7. Since June 1974, the official parity basis of

measuring *official reserve assets* was replaced by a series based on market rates of exchange. This revised series has been calculated back to June 1972 (prior to which date, differences between the two series are relatively minor) and forms the basis of the estimates of changes in official reserve assets in the balance of payments from the September quarter 1972 onwards. This change gives more meaningful figures on the level of official reserve assets at any point of time, and also improves the internal consistency of the balance of payments in as much as market rates are now used throughout to derive the Australian currency equivalents of transactions.

8. As noted in paragraph 6, some adjustments are made to exclude from the balance of payments changes in the value of assets which are not due to economic transactions. In the case of official reserve assets, amongst the changes to be excluded are those due to revaluation effects, that is, to fluctuations in the market value of certain assets and to fluctuations in the market rates of exchange used to convert into Australian dollars.

9. The table on page 2 sets out changes in official reserve assets as recorded in the balance of payments from the June quarter 1974 and the adjustments which are necessary to reconcile these figures with statistics on the levels of reserve assets published by the Reserve Bank of Australia. A major change occurred in the Australian dollar value of official reserves in the September quarter of 1974 due mainly to the devaluation of the Australian dollar in September 1974.

### Seasonal adjustment

10. Most of the current account series in this bulletin are affected to some extent by seasonal influences and it is useful to recognise and take account of this element of variation.

11. While some degree of seasonality is evident in some capital account items over certain periods, the overall seasonal element is small compared with the large cyclical and irregular movements which have characterised capital flows in recent years. For these reasons, capital account items are, as in most countries, not being seasonally adjusted.

12. Seasonal adjustment may be carried out by various methods and the results may vary slightly according to the procedure adopted. Accordingly, seasonally adjusted statistics are in fact only estimates and should not be regarded as in any way definitive. In interpreting particular seasonally adjusted statistics it is important, therefore, to bear in mind the methods by which they have been derived and the limitations to which the methods used are subject.

13. Particular care should be taken in interpreting quarter to quarter movements in the adjusted figures, especially for those items showing substantial irregular movement. It should be recognised that levels of overseas transactions can be directly affected by changes in foreign exchange rates which, while they are working through the system, lead to movements that do not appear so directly or with such frequency in other statistical series.

14. In order to maintain an accounting identity, the balance items (balance of trade, net invisibles and balance on current account) are derived by differencing independently adjusted series and could contain irregular fluctuations somewhat larger than those appearing in the individual series being differenced.

15. Historical series (from September quarter 1959 onwards) for the seasonally adjusted current account at the level of detail shown in this bulletin are available on request.

#### Presentation

16. In the following tables, minus sign (—) denotes: a debit for items in the current account; an outflow for components of capital inflow (net); and, for

components of monetary movements, a decrease in assets, an increase in liabilities, or the receipt of an allocation of Special Drawing Rights in the I.M.F.

17. Discrepancies may occur between totals and sums of components in the tables, due to rounding.

#### Related publications

18. Other A.B.S. publications which may be of interest include :

*Balance of Payments*, monthly bulletin (Reference No. 8.30)

*Balance of Payments*, annual bulletin (Reference No. 8.1)

*Imports by Commodity Divisions (Preliminary)*, monthly (Reference No. 8.13)

*Exports by Commodity Divisions (Preliminary)*, monthly (Reference No. 8.18)

19. All publications produced by A.B.S. are listed in *Publications of the Australian Bureau of Statistics* (Reference No. 1.8) which is available free of charge from any A.B.S. office.

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

**BALANCE OF PAYMENTS : SEPTEMBER QUARTER 1976**

**TABLES**

TABLE 1. - BALANCE OF PAYMENTS - CURRENT ACCOUNT  
(\$ million)

	Quarters Ended -														
	Year				1973-74		1974-75				1975-76				1976-77
	1972-73	1973-74	1974-75	1975-76	June	Sept.	Dec.	Mar.	June	Sept.	Dec.	Mar.	June	Sept.	
Visible trade -															
Exports f.o.b.	6,010	6,688	8,434	9,347	1,734	1,917	2,165	2,112	2,241	2,125	2,289	2,328	2,604	2,850	
Imports f.o.b.	-3,808	-5,753	-7,663	-7,922	-1,745	-2,100	-2,087	-1,758	-1,719	-1,862	-1,907	-2,033	-2,122	-2,399	
Balance of trade	2,202	935	771	1,424	-11	-183	78	354	522	264	382	296	483	451	
Invisible credits -															
Gold production	27	30	56	23	12	14	10	19	14	11	12	..	..	..	
Transportation	571	680	947	1,114	192	222	250	249	226	248	273	293	300	332	
Travel	123	162	206	255	36	44	59	55	48	52	77	71	55	63	
Government	90	89	100	108	25	25	26	24	25	28	27	28	25	30	
Miscellaneous	135	130	152	128	39	47	45	30	30	33	37	25	34	36	
Property income	370	509	413	341	129	115	115	82	102	97	88	76	79	84	
Transfers	238	253	397	316	64	63	78	133	123	97	91	55	74	99	
Total invisible credits	1,554	1,854	2,271	2,285	497	529	582	592	568	567	604	547	567	643	
Invisible debits -															
Transportation -															
Freight on imports	-426	-637	-805	-819	-209	-225	-224	-172	-185	-197	-193	-212	-217	-248	
Other transportation	-415	-528	-645	-769	-154	-152	-162	-173	-158	-173	-183	-210	-203	-214	
Travel	-321	-341	-405	-519	-119	-94	-80	-92	-140	-125	-113	-109	-173	-146	
Government	-122	-116	-150	-203	-31	-29	-35	-33	-54	-41	-49	-42	-70	-45	
Miscellaneous	-236	-271	-300	-291	-75	-89	-72	-67	-73	-61	-71	-80	-79	-86	
Property income -															
Investment income -															
Undistributed	-302	-424	-232	-330	-100	-73	-73	-43	-43	-83	-83	-83	-83	-112	
Other	-634	-648	-765	-821	-162	-152	-191	-172	-249	-182	-230	-190	-219	-213	
Royalties and copyrights	-75	-66	-75	-80	-15	-16	-16	-22	-21	-22	-15	-21	-22	-23	
Transfers -															
Government	-252	-290	-350	-380	-97	-63	-97	-96	-94	-99	-126	-62	-92	-96	
Private	-217	-261	-264	-300	-82	-64	-60	-65	-75	-79	-85	-69	-68	-89	
Total invisible debits	-2,998	-3,581	-3,992	-4,512	-1,043	-956	-1,010	-935	-1,091	-1,062	-1,147	-1,078	-1,225	-1,272	
Net invisibles	-1,444	-1,727	-1,721	-2,227	-546	-426	-428	-343	-523	-495	-543	-531	-658	-629	
Balance on current account	758	-792	-950	-803	-557	-609	-351	11	-1	-231	-161	-235	-175	-178	

TABLE 2. - BALANCE OF PAYMENTS - CAPITAL ACCOUNT  
(\$ million)

	Quarters Ended -															
	Year															
					1973-74		1974-75				1975-76				1976-77	
	1972-73	1973-74	1974-75	1975-76	June	Sept.	Dec.	Mar.	June	Sept.	Dec.	Mar.	June	Sept.		
Capital inflow (net) -																
Government capital movements -																
Government securities	-33	-84	21	46	-52	-18	-5	-8	52	-41	-62	-14	163	236		
Other government capital movements	-31	80	-53	-141	-10	-17	3	-14	-26	-29	-26	-26	-60	-73		
Total government capital movements	-64	-4	-32	-95	-62	-34	-2	-22	26	-70	-88	-40	103	163		
Private capital movements -																
Overseas investment in																
Australian companies -																
Undistributed income	302	424	232	330	100	73	73	43	43	83	83	83	83	112		
Other direct investment	47	163	384	-153	205	118	157	28	81	-8	-210	19	46	(a)		
Portfolio investment and																
Institutional loans	107	-135	309	46	102	-36	26	56	264	25	12	14	-5	(a)		
Total companies	455	451	926	223	407	155	256	127	388	100	-115	115	124	n.a.		
Australian investment overseas	-110	-224	-133	-79	-50	-15	-36	-33	-50	10	-33	-23	-33	(a)		
Marketing authorities	34	-95	-59	133	-105	-51	-43	8	26	55	17	53	8	51		
Total private capital movements	380	133	734	278	252	89	177	102	365	165	-132	146	99	n.a.		
Non-official monetary sector																
transactions	-44	154	47	10	51	18	-18	6	40	-5	-121	68	67	(a)		
Net identified capital inflow	272	284	749	192	241	74	158	87	431	90	-341	175	269	326		
Balancing item (b)	40	74	-263	-410	89	-46	59	-74	-201	-145	-221	45	-89	-414		
Net apparent capital inflow	312	357	486	-218	329	28	216	12	229	-56	-562	220	180	-88		
Official monetary movements -																
Changes in official reserve assets	1,079	-384	-460	-1,053	-206	-587	-141	26	242	-271	-738	-37	-7	42		
Allocation of SDR	..	..	..	..	..	..	..	..	..	..	..	..	..	..		
Other transactions	-9	-50	-4	32	-22	5	7	-3	-13	-16	14	22	12	-308		
Net official monetary movements	1,071	-435	-464	-1,020	-228	-581	-134	23	228	-287	-723	-15	5	-265		

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

**TABLE 3. - BALANCE OF PAYMENTS - CURRENT ACCOUNT - SEASONALLY ADJUSTED**  
(\$ million)

	Quarters Ended -									
	1973-74	1974-75				1975-76				1976-77
	June	Sept.	Dec.	Mar.	June	Sept.	Dec.	Mar.	June	Sept.
Visible trade -										
Exports f.o.b.	1,738	1,970	2,070	2,140	2,255	2,187	2,179	2,358	2,626	2,934
Imports f.o.b.	-1,812	-2,006	-2,035	-1,821	-1,789	-1,777	-1,857	-2,105	-2,211	-2,288
Balance of trade	-74	-36	35	320	466	410	322	253	415	645
Invisible credits -										
Gold production	12	14	8	27	13	11	9	..	..	..
Transportation	193	224	246	249	227	251	269	293	301	336
Travel	43	50	48	52	58	59	63	67	66	71
Government	24	25	26	24	25	28	28	28	25	30
Miscellaneous	39	48	43	30	30	34	34	25	34	36
Property income	133	110	113	85	104	94	86	78	81	82
Transfers	64	63	74	136	124	96	88	57	75	99
Total invisible credits	508	534	558	604	581	574	577	548	581	654
Invisible debits -										
Transportation -										
Freight on imports	-211	-220	-212	-184	-187	-193	-182	-228	-219	-243
Other transportation	-153	-160	-167	-161	-156	-181	-189	-198	-200	-223
Travel	-87	-94	-98	-114	-102	-126	-137	-135	-126	-147
Government	-26	-32	-35	-35	-47	-45	-50	-45	-61	-50
Miscellaneous	-76	-84	-72	-70	-74	-57	-72	-83	-81	-81
Property income -										
Investment income -										
Undistributed	-100	-73	-73	-43	-43	-83	-83	-83	-83	-112
Other	-155	-172	-174	-172	-242	-210	-211	-190	-210	-247
Royalties and copyrights	-17	-18	-16	-19	-23	-24	-15	-18	-24	-25
Transfers -										
Government	-97	-60	-93	-109	-88	-96	-117	-69	-88	-99
Private	-81	-64	-58	-69	-73	-80	-82	-73	-66	-90
Total invisible debits	-1,003	-977	-998	-974	-1,034	-1,093	-1,137	-1,120	-1,158	-1,316
Net invisibles	-495	-443	-441	-370	-453	-519	560	-572	-577	-662
Balance on current account	-568	-480	-405	-50	13	-109	-237	-319	-162	-16

**TABLE 4. - BALANCE OF PAYMENTS - CURRENT ACCOUNT - SEASONALLY ADJUSTED**  
PERCENTAGE CHANGE FROM PRECEDING QUARTER

	1973-74	1974-75				1975-76				1976-77
	June	Sept.	Dec.	Mar.	June	Sept.	Dec.	Mar.	June	Sept.
Exports f.o.b.	5.5	13.3	5.1	3.4	5.4	-3.0	-0.3	8.2	11.3	11.7
Invisible credits	3.3	5.0	4.5	8.3	-3.9	-1.2	0.5	-5.8	6.0	12.7
Imports f.o.b.	18.9	10.7	1.4	-10.5	-1.7	-0.7	4.5	13.4	5.0	3.5
Invisible debits	9.3	-2.6	2.2	-2.5	6.2	5.7	4.0	-1.5	3.4	13.7