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BALANCE OF PAYMENTS : QUARTERLY SUMMARY
SEPTEMBER QUARTER, 1965

This statement contains estimates of Australia's balance of payments for the September quarter of 1965 in comparison with revised estimates for previous quarters. Quarterly estimates are preliminary, subject to revision and are available in summary form only. More detailed annual information and explanatory notes on the composition of the estimates were published in "Balance of Payments 1960-61 to 1964-65".

Preliminary estimates for the first quarter of 1965-66 show a deficit of £158 million on current account transactions, an increase of £61 million over the deficit for the first quarter of 1964-65. The £49 million deterioration in the balance of visible trade from a deficit of £30 million during the September quarter of 1964-65 to a deficit of £79 million was the main factor leading to this relatively unfavourable current account result for the quarter. From July to September, 1965 imports continued to arrive at a high rate and were valued at a record high of £400 million for the quarter. This was an increase of £68 million over the value of imports for the September quarter of 1964-65. The increase was spread over a wide range of commodities, although there was a marked rise in the value of imports of machinery and transport equipment. In this figure of £400 million allowance has also been made for the delivery of H.M.A.S. Perth, although this has not yet been reflected in recorded trade statistics. The increase in the value of imports was partly offset by a rise of £19 million in the value of exports shipped during the quarter, which were valued at £321 million, compared with £302 million in the same quarter of last year. To a large extent this increase reflected the higher value of wheat shipped in the first quarter of 1965-66.

There was a net deficit of £79 million on invisible transactions during the quarter, an increase of £12 million (18 per cent.) over the deficit for these transactions in the first quarter of 1964-65. Invisible credits rose by £5 million (7 per cent.) largely reflecting increased port expenditures in Australia by foreign carriers and increased receipts of migrants' funds. These relatively small increases were overshadowed by the £17 million (12 per cent.) increase in invisible debits. In this case, the main contributing factors were rises in the value of freight payable to non-resident carriers (up £5 million), increased donations, including official aid, (up £3 million), increased administrative expenses overseas of Australian businesses (up £2 million), and increased Government expenditure abroad (up £2 million).

During the September quarter of 1965-66, capital account transactions and the balancing item resulted in a net apparent capital inflow of £104 million. £25 million greater than during the first quarter of 1964-65.

Official loan transactions during the quarter accounted for a net outflow of £1 million compared with the net inflow of £3 million in the September quarter of last year. Drawings on loans arranged in the United States on behalf of government airlines and on the "Snowy" loan with the U.S.R.D., were roughly comparable in both periods, but redemptions, repayments and repurchases were some £4 million higher in the quarter just ended.

Other official capital movements in the September quarter resulted in a net inflow of £12 million. This was largely due to the fact that during the quarter the value of deliveries of items of defence equipment purchased overseas exceeded the payments made during the period. In contrast, the reverse occurred in the September quarter of 1964-65 when a net outflow of £7 million resulted from these transactions.

Marketing authorities' capital transactions in the first three months of 1965-66 led to a net outflow of £4 million. In the corresponding period of 1964-65 a net inflow of £20 million resulted from these transactions. The main reason for this reversal in the capital flow between the two periods was that, in the quarter just ended, credit shipments of wheat were in excess of payments received on earlier shipments, whereas in the September quarter of last year payments exceeded the value of shipments.

Other identified capital movements and the balancing item together accounted for a net inflow of £97 million in the September quarter of 1965-66, compared with a net inflow of £63 million in the first quarter of 1964-65.

There was an adverse net monetary movement of £54 million during the quarter. International reserves fell by £66 million, but this was partly offset by a favourable change of £11 million in Australia's net position with the International Monetary Fund and a reduction of £1 million in liabilities to non-resident holders of Australian currency. The adverse net monetary movement of £54 million for the quarter was £36 million more than that which occurred in the September quarter of 1964-65.

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COMMONWEALTH BUREAU OF CENSUS AND STATISTICS
CANBERRA, A.C.T. 29TH OCTOBER, 1965

NOTE: Inquiries concerning these statistics may be made in Canberra by telephoning 70413 Extension 375 or, in each State Capital, by telephoning the Bureau of Census and Statistics.

BALANCE OF PAYMENTS
SEPTEMBER QUARTER, 1963, TO SEPTEMBER QUARTER, 1965
 (£ million)

	1963-64					1964-65					1965-66p
	Sept. Qtr.	Dec. Qtr.	March Qtr.	June Qtr.	Year	Sept. Qtr.	Dec. Qtr.	March Qtr.	June Qtr.	Year	Sept. Qtr.
CURRENT ACCOUNT (a)											
Exports f.o.b. (b)	311	359	351	349	1,370	302	337	321	333	1,293	321
Imports f.o.b. (b)	270	265	280	310	1,125	332	341	342	362	1,377	400
Balance of Trade	41	94	71	39	245	-30	-4	-21	-29	-84	-79
Invisible Credits -											
Transportation	23	25	26	26	100	26	28	28	31	113	28
Travel	3	5	5	5	18	5	6	5	6	22	5
Property income	11	12	12	12	47	14	15	14	13	56	14
Government	7	8	7	9	31	7	7	7	8	29	8
Other	20	23	24	25	92	24	28	27	26	105	26
Invisible Debits -											
Transportation	41	41	43	50	175	46	49	51	54	200	53
Travel	11	9	13	18	51	13	10	14	20	57	14
Property income	50	47	45	55	197	46	55	47	57	205	47
Government	8	8	9	9	34	9	10	12	12	43	11
Other	25	27	25	29	106	29	30	36	33	128	35
Balance on Current Account	-30	35	10	-45	-30	-97	-74	-100	-121	-392	-158
CAPITAL ITEMS (a)											
Government loans overseas	-2	25	-12	..	11	3	-3	-7	-3	-10	-1
Other official capital movements	-11	-24	4	1	-30	-7	..	5	-7	-9	12
Marketing authorities	8	3	..	4	15	20	-15	-18	-17	-30	-4
Other identified capital movements(c)	79	87	25	72	210	63	79	48	104	(a)230	97
Balancing item (c)					53					64	
Net apparent capital inflow	74	91	17	77	259	79	61	28	77	245	104
Monetary Movements											
Change in net I.M.F. position	..	..	..	..	..	..	..	6	5	11	11
Change in international reserves	41	128	27	32	228	-17	-13	-80	-48	-158	-66
Other	3	-2	..	..	1	-1	..	2	-1	..	1
Net Monetary Movements	44	126	27	32	229	-18	-13	-72	-44	-147	-54

(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 Oversea Investment are not available by quarters. Private capital movements for these periods are therefore combined with the balancing item. (d) Not comparable with previous year as all relevant data are not yet available. Direct investment from overseas in Australian companies during 1964-65 is provisionally estimated at £235 million, including £65 million undistributed income. Particulars of the inflow of portfolio investment and of Australian private investment abroad which are not available are included with the balancing item. p - Preliminary.