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# BALANCE OF PAYMENTS, JUNE 1978

INQUIRIES

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## MAIN FEATURES

- **An overall surplus of $5 million as measured by net official monetary movements.**
- **A trade surplus of $127 million.**
- **A current account deficit of $176 million.**
- **A net inflow of $201 million on government capital, mainly reflecting proceeds of a $US250 million loan.**
- **A net apparent capital inflow of $181 million.**

## EXPLANATORY NOTES

### Introduction

This bulletin contains preliminary estimates of Australia's international balance of payments for the month of June 1978 together with revised estimates for previous months and financial years. These estimates should be examined in conjunction with the quarterly and annual balance of payments series published in the Balance of Payments bulletins. (5302.0 and 5303.0, respectively). Reference should be made to these publications for explanatory notes on balance of payments concepts and definitions.

2. Care should be exercised in interpreting monthly movements in the balance of payments, especially those of the most recent months. The sources available for the production of timely and reliable monthly estimates are limited. Consequently, monthly series to a greater degree than quarterly and annual data, are subject to revision as more complete and more accurate information becomes available.

### Australian Currency Values

3. 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

4. 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.

### Balance of Trade

5 This is the excess of recorded exports f.o.b. over recorded imports f.o.b., after adjustments have been made for balance of payments purposes.

### Net Invisibles

6. Net invisibles covers transactions in services and transfer payments. Items included are transportation services, travel, government services, miscellaneous services, property income and transfer payments such as foreign aid, gifts and donations.

### Private Capital and Balancing Item

7. This item covers foreign investment in Australian enterprises, Australian investment overseas, trade credit n.e.i., non-official monetary sector transactions and the balancing item.

### Net Official Monetary Movements

8. The aggregate net official monetary movements, the main component of which is changes in official reserve assets, is usually taken as a measure of the overall surplus or deficit in the balance of payments. This item excludes changes that do not arise from international economic transactions. See footnote to table.

### Residual Items

9. Due to lack of monthly data certain items in the accompanying table are derived as residuals after having first calculated those items for which monthly information can be obtained or estimated. The items which are derived as residuals are net apparent capital inflow, which is calculated by subtracting the balance on current account from net official monetary movements, and private capital and balancing item, which is derived by subtracting government capital from net apparent capital inflow.

### Presentation

10. In the accompanying table, minus sign (–) denotes: a debit for items in the current account; an outflow for components of capital inflow (net); and for monetary movements, a decrease in assets or an increase in liabilities.

11. Discrepancies may occur between totals and sum of components in the table, due to rounding.

**BALANCE OF PAYMENTS : JUNE 1978**
**$ million**

| | *Exports f.o.b.* | *Imports f.o.b.* | *Balance of Trade* | *Net Invisibles* | *Balance on Current Account* | *Government Capital* | *Private Capital and Balancing Item* | *Net Apparent Capital Inflow* | *Net Official Monetary Movements* |
|---|---|---|---|---|---|---|---|---|---|
| 1975-76 | 9,408 | −7,924 | 1,484 | −2,572 | −1,089 | −138 | 206 | 68 | −1,020 |
| 1976-77 | 11,400 | −10,341 | 1,059 | −3,016 | −1,957 | 136 | 1,331 | 1,467 | −491 |
| 1976-77 | | | | | | | | | |
| April | 964 | −872 | 92 | −285 | −193 | −47 | 256 | 209 | 16 |
| May | 1,015 | −963 | 52 | −298 | −246 | −47 | 154 | 106 | −139 |
| June | 961 | −917 | 44 | −304 | −259 | −29 | 62 | 33 | −227 |
| 1977-78 | | | | | | | | | |
| July | 913 | −922 | −9 | −328 | −337 | −58 | 94 | 36 | −301 |
| August | 1,084 | −1,021 | 63 | −277 | −214 | −9 | −163 | −172 | −386 |
| September | 1,016 | −882 | 134 | −320 | −186 | 474 | −338 | 137 | −49 |
| October | 984 | −938 | 47 | −216 | −169 | 188 | 52 | 240 | 71 |
| November | 1,132 | −921 | 211 | −195 | 16 | −27 | −65 | −92 | −76 |
| December | 1,007 | −767 | 239 | −234 | 5 | 182 | −254 | −72 | −68 |
| January | 941 | −1,010 | −69 | −265 | −334 | 17 | 210 | 227 | −106 |
| February | 953 | −837 | 116 | −201 | −85 | 150 | −24 | 126 | 41 |
| March | 899 | −1,028 | −129 | −265 | −394 | 315 | 447 | 761 | 367 |
| April | 969 | −887 | 82 | −308 | −226 | −24 | 245 | 221 | −5 |
| May | 1,024 | −1,016 | 8 | −308 | −299 | 101 | 160 | 260 | −39 |
| June | 1,114 | −986 | 127 | −303 | −176 | 201 | −20 | 181 | 5 |
| Twelve months ended | | | | | | | | | |
| June 1977 | 11,400 | −10,341 | 1,059 | −3,016 | −1,957 | 136 | 1,331 | 1,467 | −491 |
| June 1978 | 12,036 | −11,215 | 821 | −3,220 | −2,399 | 1,512 | 342 | 1,854 | −545 |

The table below contains information on changes in official reserve assets and on exchange rates. Changes in official reserve assets which are included in the balance of payments (as part of net official monetary movements) are shown together with the adjustments made to the original Reserve Bank statistics to exclude changes in the Australian dollar value of reserve assets that are the result of revaluations. The table also shows changes in the value of the Australian dollar against specified foreign currencies. The rates quoted are mid-points of the buying and selling rates for the last day of the month obtained from the Commonwealth Trading Bank.

**Official Reserve Assets and Exchange Rates**

| | *Official Reserve Assets $ million* | | | | *Exchange Rates (end of month) – Units of foreign currency for $A* | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | *Changes included in the balance of payments* | *Changes due to effects of revaluations* | *Reserve Bank Series* | | | | | | |
| *Month ended* | | | *Changes in levels* | *Levels at end of month* | *U.S.A. Dollar* | *U.K. Pound* | *W. Germ Mark* | *Japan Yen* | *N.Z. Dollar* |
| 1977 30 June | −217 | −62 | −279 | 3,312 | 1.1108 | 0.6458 | 2.616 | 300.84 | 1.1506 |
| 1978 30 April | +19 | −52 | −33 | 3,229 | 1.1362 | 0.6201 | 2.344 | 252.41 | 1.1190 |
| 31 May | −57 | +10 | −47 | 3,182 | 1.1302 | 0.6216 | 2.385 | 251.89 | 1.1180 |
| 30 June | +4 | +39 | +43 | 3,225 | 1.1475 | 0.6151 | 2.379 | 234.63 | 1.1133 |

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