

## BRIEF REVIEW OF ECONOMIC CONDITIONS IN THE UNION.

### First Half of 1949.

Following the brief review of the principal phases of economic development in the Union during the year 1948, published in our issue of March, 1949, we may now turn to the half-year period ending June, 1949, and consider the movements registered in the available economic indices during this period in relation to those noted for 1948.

#### EMPLOYMENT (MANUFACTURING AND MINING).

According to revised indices appearing in this issue, total manufacturing employment, which had been on the upgrade during the year 1948 to reach the level of about 177 in December, compared with 100 in 1938, increased further to an index of 180 in February, 1949, but thereafter remained on this level up to June, 1949. This levelling tendency after the month of February, was reflected in the indices for both durable goods and non-durable goods industries.

On the other hand, mining employment, which had been declining fairly steadily during 1948 to fall to an index of 92 in December, compared with 100 in 1938, increased steadily thereafter to 103 in June, 1949, which means an increase of about 12% for the first half of 1949. This upward movement appears to have been in excess of, and was at least of longer duration than, the seasonal upward swing in mining employment at this time of the year. In July, 1949, there was a further small increase to an index of 104.

It is found, therefore, that total employment in mining and manufacturing industries combined, increased from an index of 127 in December, 1948, to 135 in June, 1949, i.e. by about 6%, which was the net result of an increase of about 2% in the case of Europeans and an increase of about 7% in the case of non-Europeans.

#### MINERAL PRODUCTION.

With mining employment increasing, the Union's total value of mineral production (excluding diamonds, for which monthly figures are not available) showed an upward movement over the first half of 1949, the amount rising from £9·6 million in December, 1948, to £10·8 million in June, 1949. The total value of output for the six months covered amounted to £60·0 million compared with £59·4 million and £58·7 million during the first and second half of 1948, respectively.

Gold production amounted to 994,000 fine ounces in June, 1949, compared with 947,000 fine ounces in December, 1948, and it is of interest to note that in July, 1949, it increased to 1,014,000 fine ounces which is the highest monthly output registered since October, 1946. The total gold

output for the first half of 1949, namely 5,742,000 fine ounces, was, however, somewhat lower than the figures of 5,832,000 and 5,753,000 fine ounces registered in the first and second half of 1948, respectively.

Coal production, on the other hand, increased from 12,874,000 and 13,094,000 tons in the first and second half of 1948, respectively, to 13,128,000 tons in the first half of 1949. In July, 1949, a new monthly record was established with an output of 2,341,000 tons.

#### FOREIGN TRADE.

Consequent upon the import restrictions imposed towards the end of 1948, the Union's imports of merchandise (f.o.b.) declined from about £190 million during the second half of 1948, to about £174 million in the first half of 1949, compared with about £162 million during the first half of 1948. In addition, there was a substantial switch from imports from the non-sterling area to imports from the sterling area. The former, which had increased from about £98 million in the first half of 1948, to about £112 million in the second half, dropped to about £78 million in the first half of 1949, while the latter, which had increased from about £64 million in the first half of 1948, to about £78 millions in the second half, increased further to about £96 million in the first half of 1949.

Following the large exports of wool towards the end of 1948, the Union's exports of merchandise (including ships' stores) showed a declining tendency over the first six months of 1949. During this period it amounted to about £68 million, which was lower than the amount of about £74 million registered in the second half of 1948, but higher than the amount of about £61 million exported in the first half of 1948. Of the amount of about £68 million exported in the first half of 1949, it is estimated that approximately £31 million went to the non-sterling area and about £37 million to the sterling area.

#### BALANCE OF PAYMENTS.

Preliminary estimates indicate that for the six months ended June, 1949, the Union had a current account deficit (excluding gold) with the outside world of about £134 million, of which about £60 million represented the deficit in respect of the non-sterling area and about £74 million that in respect of the sterling area. Including gold, the net current deficit amounted to about £86 million, but to this should be added the payment to the non-sterling area of about £4 million for imports not received during the period covered and a net outflow of capital to the sterling area of about £5 million which took place during the first quarter of the year. Thus the total deficit with the out-

## KORT OORSIG VAN EKONOMIESE TOESTANDE IN DIE UNIE.

### Eerste Halfjaar van 1949.

Na die kort skets van die hooffases in die ekonomiese ontwikkeling van die Unie gedurende die jaar 1948 wat in ons uitgawe van Maart 1949 verskyn het, kan ons ons nou wend tot die halfjaar eindigende Junie 1949 en 'n beskouing wy aan die bewegings in die beskikbare ekonomiese indekse tydens hierdie tydvak in vergelyking met dié van 1948.

#### WERKVERSKAFFING (NYWERHEID EN MYNBOU).

Volgens die hersiene indekse in hierdie uitgawe het die totale werkverskaffing in die nywerheid, wat gedurende die jaar 1948 stygende was en in Desember 'n peil van sowat 177 bereik het vergeleke met 100 in 1938, aanhou toeneem tot 'n indeks van 180 in Februarie 1949, maar daarna op dié peil bly staan tot Junie 1949. Hierdie neiging tot vervlakkning ná die maand Februarie het hom weerspieël in die indeks van die nywerheid wat duursame goedere produseer sowel as in dié van die nywerheid wat nie-duursame goedere voortbring.

Andersyds het die werkverskaffing in die mynbou, wat gedurende 1948 taamlik konstant gedaal het tot 'n indeks van 92 in Desember vergeleke met 100 in 1938, daarna geleidelik gestyg tot 103 in Junie 1949, wat gelyk is aan 'n toename van ongeveer 12% in die eerste halfjaar 1949. Hierdie stygende beweging skyn groter te gewees het, en het ten minste langer geduur, as die opwaartse seisoensbeweging wat die werkverskaffing in die mynbou in dié tyd van die jaar vertoon. In Julie 1949 het 'n verdere geringe styging tot 'n indeks van 104 plaasgevind.

Dit blyk dus dat die totale gesamentlike werkverskaffing in nywerheid en mynbou van 'n indeks van 127 in Desember 1948 tot 135 in Junie 1949 gestyg het, d.w.s. met omtrent 6% wat die netto resultaat was van 'n styging van omtrent 2% in die geval van blankes en omtrent 7% in die geval van nie-blankes.

#### PRODUKSIE VAN MINERALE.

Met die toename van werkverskaffing in die mynbou het gedurende die eerste halfjaar van 1949 gepaard gegaan 'n styging in die totale waarde van die Unie se produksie van minerale (uitsluitende diamante, waarvoor geen maandsyfers beskikbaar is nie), en wel van £9·6 miljoen in Desember 1948 tot £10·8 miljoen in Junie 1949. Die totale waarde van die produksie in die onderhawige halfjaar was £60·0 miljoen, vergeleke met £59·4 miljoen en £58·7 miljoen in die eerste en tweede halfjaar van 1948 onderskeidelik.

In Junie 1949 het die goudproduksie 994,000 fyn onse beloop vergeleke met 947,000 fyn onse in Desember 1948, en dit is van belang om daarop

te wys dat dit in Julie 1949 tot 1,014,000 fyn onse gestyg het, die grootste maandproduksie sedert Oktober 1946. Die totale goudproduksie in die eerste halfjaar van 1949, d.w.s. 5,742,000 fyn onse, was egter ietwat kleiner as die opbrengs van 5,832,000 en 5,753,000 fyn onse gedurende die eerste en tweede halfjaar van 1948 onderskeidelik.

Steenkoolproduksie het daarenteen van 12,874,000 en 13,094,000 ton in die eerste en tweede halfjaar van 1948 onderskeidelik tot 13,128,000 ton in die eerste halfjaar van 1949 gestyg. In Julie 1949 is 'n nuwe hoogtepunt van 2,341,000 ton in die maandproduksie bereik.

#### BUITELANDSE HANDEL.

Tengevolge van die invoerbeperking wat teen die einde van 1948 opgelê is, het die Unie se invoer van koopware (v.a.b.) van ongeveer £190 miljoen gedurende die tweede halfjaar van 1948 gedaal tot ongeveer £174 miljoen in die eerste halfjaar van 1949, vergeleke met omtrent £162 miljoen in die eerste halfjaar van 1948. Daarby het 'n aansienlike verskuiwing van invoere uit die nie-sterlinggebied na invoere uit die sterlinggebied plaasgevind. Eersgenoemde, wat in die eerste halfjaar van 1948 van ongeveer £98 miljoen na ongeveer £112 miljoen in die tweede halfjaar gestyg het, het tot ongeveer £78 miljoen in die eerste halfjaar van 1949 gedaal; terwyl laasgenoemde, wat van ongeveer £64 miljoen in die eerste halfjaar van 1948 tot ongeveer £78 miljoen in die tweede halfjaar gestyg het, in die eerste halfjaar van 1949 nog verder toegeneem het tot ongeveer £96 miljoen.

Na die omvangryke uitvoer van wol teen die einde van 1948 het die Unie se uitvoer van koopware (skeepbenodigdhede ingesluit) in die eerste halfjaar van 1949 'n dalende neiging vertoon. Tydens hierdie tydperk het dit omtrent £68 miljoen bedra, en dit is minder as die bedrag van ongeveer £74 miljoen vir die tweede halfjaar van 1948, maar meer as die uitvoere ter waarde van £61 miljoen in die eerste halfjaar van 1948. Na skatting het van die uitvoere ten bedrae van £68 miljoen in die eerste halfjaar van 1949 ongeveer £31 miljoen na die nie-sterlinggebied en ongeveer £37 miljoen na die sterlinggebied gegaan.

#### BETALINGSBALANS.

Na voorlopige skatting het die Unie in die eerste halfjaar van 1949 'n tekort in lopende rekening (uitgenome goud) teenoor die buitewêreld gehad van omtrent £134 miljoen, waarvan ongeveer £60 miljoen die tekort teenoor die nie-sterlinggebied en ongeveer £74 miljoen dié teenoor die sterlinggebied was. Word goud bygereken, dan was die netto tekort in lopende rekening omtrent £86 miljoen, maar hierby moet getel word omtrent £4

side world for the six months amounted to about £95 million, which was financed by drawing on the Union's foreign exchange holdings to the extent of £37 million (£33 million in the case of the Reserve Bank) and utilising £8 million of the country's gold reserves, in addition to claiming repayment of the gold loan to the United Kingdom to the amount of £50 million. This left the Reserve Bank with a gold holding of £36·6 million and foreign exchange holdings of £2·9 million at the end of June, 1949, while the unclaimed balance of the gold loan amounted to £30·0 million at that date.

From June to the end of August, 1949, the Reserve Bank's gold holdings declined by a further £3·5 million to £33·1 million, and its non-sterling holdings by £0·9 million. Its sterling holdings increased by £6·4 million, but since additional repayment was claimed on the gold loan to the amount of £17·5 million, the net loss in sterling amounted to £11·1 million for the two months. Correcting this figure for gold payments to the United Kingdom under the Gold Loan Act of 1948, and considering the Union's current deficit with the sterling area, it would appear that the Union had a small net inflow of British capital during the months of July and August.

#### MONEY IN CIRCULATION.

The quantity of money in circulation in the Union continued its downward movement started early in 1948, falling from £418·7 million at the end of 1948 to £358·1 million at the end of June, and £357·7 million at the end of July, 1949. This drop of £61·0 million over the seven months, of which £59·4 million represented the drop in the commercial banks' demand deposits, was principally accounted for by the Union's continued unfavourable balance of payments as reflected in the decline of £39·6 million in the Reserve Bank's combined gold and exchange holdings and the reduction of £65 million in the amount of the gold loan during this period. In addition, a deflationary effect on the money supply was provided by the contraction of commercial bank credit to the amount of £4·4 million, but, on the other hand, there were offsetting factors, namely, the creation of credit by the Reserve Bank, mainly to the Union Government, to the amount of £41·1 million, and the shift of £7·1 million from time to demand deposits with the commercial banks.

It is interesting to note here that the decline of £4·4 million in commercial bank credit as reflected in the decline of their combined discounts, advances and investments during this period, was made up of a drop of £8·2 million in their "Loans and Advances to the Public" and their "Inland Bills Discounted" (i.e. the principal items which would reflect their policy of credit restriction in the Union), and an increase of £3·8 million in the other items included.

#### BANK DEBITS.

Bank debits continued their downward tendency started in July, 1948, falling from an index (base: 1938 = 100) of 362 in December, 1948, to 288 in May, 1949. Thereafter the index increased to 350 in June, mainly on account of the increased volume of turnover on the stock market following the announcement of the Erfdeel strike, but declined to 319 in July, 1949. With demand deposits declining at a faster rate over the seven months covered, the velocity of circulation of these deposits showed an upward tendency but remained under the pre-war level of 1938.

#### COMMODITY PRICES.

Wholesale prices continued to increase over the first half of 1949, the index for All Goods (base: 1938 = 100) increasing from 177·9 in December, 1948, to 184·6 in June, and 184·8 in July, 1949. This increase of 3·9% for the seven months was the net result of an increase of 2·8% in the case of imported goods and 4·8% in the case of Union goods.

Retail prices also continued to increase, rising from an index (base: 1938 = 100) of 150·2 in December, 1948, to 154·7 in June, 1949. Thereafter it declined slightly to 153·2 in July, mainly on account of a decline in the prices of eggs.

Agricultural prices, on the other hand, continued their downward movement started in July, 1948, falling from an index (base: 1938 = 100) of 269 in December, 1948, to 262 in June, and 260 in July, 1949. This decline of 3·3% over the seven months was accounted for by a decline in the prices of animal products, the prices of field products having shown an increase.

#### SHARE PRICES.

While the downward movement registered in the price indices (base: 1938 = 100) of gold mining shares during 1948, was continued in January, 1949, there was a reversal of this movement thereafter. The index for non-producing gold mines declined from 291·9 in December, 1948, to 234·7 in January, 1949, and then increased to 269·8 in July. In the case of producing mines, the index fell from 102·6 in December, to 95·8 in January, and then increased to 118·1 in July. This minor revival of the interest in gold mining shares may be principally associated with the expectation of a possible higher price for gold and/or the possible devaluation of sterling. With money relatively scarce in the Union, it appears that overseas capital played an important part in this revival.

Contrary to gold mining shares, the index of industrial shares continued its decline started in May, 1948, falling from 225·4 in December, 1948, to 180·5 by July, 1949.

#### REAL ESTATE TRANSACTIONS.

The index (base: 1938 = 100) of the value of

miljoen wat aan die nie-sterlinggebied uitbetaal is vir invoere wat nie in die onderhawige tydperk ontvang is nie en 'n netto uitstroming van kapitaal na die sterlinggebied van ongeveer £5 miljoen wat in die eerste kwartaal van die jaar plaasgevind het. Sodoende het in die halfjaar die totale tekort teenoor die buiteland ongeveer £95 miljoen bedra, en dit is vereffen deur £37 miljoen (£33 miljoen van die Reserwebank) aan die Unie se voorraad vreemde valuta te onttrek en £8 miljoen van die land se goudvoorraad te gebruik, terwyl daarnaas £50 miljoen van die goudlening aan die Verenigde Koninkryk opgevra is. Daarna het die Reserwebank per einde Junie 1949 'n goudvoorraad van £36·6 miljoen en 'n voorraad vreemde valuta van £2·9 miljoen oorgehou, terwyl die onopgevraagde saldo van die goudlening per dié datum £30·0 miljoen beloop het.

Van Junie tot einde Augustus 1949 het die Reserwebank se goudbesit met nog 'n £3·5 miljoen tot £33·1 miljoen gedaal en sy voorraad nie-sterling-valuta met £0·9 miljoen. Sy sterlingbesit het met £6·4 miljoen toegeneem, maar aangesien 'n verdere bedrag van £17·5 miljoen van die goudlening teruggevorder is, het die netto verlies aan sterling oor die twee maande £11·1 miljoen bedra. As teenoor hierdie syfer die goudbetelings aan die Verenigde Koninkryk ingevolge die Wet op die Goudlening van 1948 gestel en die Unie se tekort in lopende rekening teenoor die sterlinggebied in ag geneem word, skvn dit dat die Unie 'n klein netto instroming van Britse kapitaal in die maande Julie en Augustus ondervind het.

#### GELD IN OMLOOP.

Die hoeveelheid geld in omloop in die Unie het die dalende neiging bly vertoon wat vroeg in 1948 begin het en van £418·7 miljoen per einde 1948 tot £358·1 miljoen per einde Junie en £357·7 miljoen per einde Julie 1949 verminder. Hierdie afname van £61·0 miljoen in sewe maande, waarvan £59·4 miljoen 'n vermindering in die handelsbanke se onmiddellik opeisbare deposito's voorstel, was hoofsaaklik toe te skryf aan die negatiewe saldo op die Unie se betalingsbalans, soos blyk uit die afname van £39·6 miljoen in die Reserwebank se gesamentlike voorraad goud en vreemde valuta en die vermindering van £65 miljoen in die goudlening gedurende hierdie tydperk. Bowendien het die inkrimping van handelsbankkrediet tot 'n bedrag van £4·4 miljoen 'n deflasiestiese uitwerking op die geldhoeveelheid gehad, maar daar was ook kompenserende faktore, naamlik die skepping van krediet deur die Reserwebank, hoofsaaklik ten behoeve van die Unie-regering, tot 'n bedrag van £41·1 miljoen en die verskuiwing van £7·1 miljoen van termyn- na onmiddellik opeisbare deposito's by die handelsbanke.

Dit is interessant om hier daarop te wys dat die vermindering van £4·4 miljoen in die handelsbanke se krediet, soos weerspieël in die afname

van hulle gesamentlike diskonteringe, voorskotte en beleggings gedurende die onderhawige tydperk, bestaan het uit 'n daling van £8·2 miljoen in hulle „lenings en voorskotte aan die publiek“ en hulle „diskonteringe van binnelandse wissels“ (d.w.s. die vernaamste poste waaruit hulle beleid van kredietbeperking in die Unie sou blyk) en 'n vermeerdering van £3·8 miljoen in die ander poste.

#### BANKDEBETTE.

Die dalende neiging by bankdebette sedert Julie 1948 het voortgeduur en hulle het verminder van 'n indeks (basis: 1938 = 100) van 362 in Desember 1948 tot 288 in Mei 1949. Daarna het die indeks gestyg na 350 in Junie, hoofsaaklik ten gevolge van die toename in die omset op die effektebeurs na die aankondiging van die boorresultaat op Erfdeel, maar weer tot 319 in Julie 1949 gedaal. Aangesien onmiddellik opeisbare deposito's gedurende die onderhawige sewe maande vinniger gedaal het, het die omloopsnelheid van dié deposito's 'n stygende neiging vertoon, maar nog benede die vooroorlogse peil van 1938 gebly.

#### GOEDEREPRYSE.

Groothandelspryse het in die eerste helfte van 1949 aanhou styg en die indeks van Alle Goedere (basis: 1938 = 100) het van 177·9 in Desember 1948 tot 184·6 in Junie en 184·8 in Julie 1949 toegeneem. Dié styging van 3·9% oor die sewe maande was die netto resultaat van 'n styging van 2·8% by invoergoedere en 4·8% by Unie-goedere.

Kleinhandelspryse het ook aanhou styg en toegeneem van 'n indeks (basis: 1938 = 100) van 150·2 in Desember 1948 tot 154·7 in Junie 1949. Daarna het dit effens gedaal tot 153·2 in Julie, hoofsaaklik as gevolg van 'n daling in die prys van eiers.

Andersyds het die dalende neiging by landboupryse, wat in Julie 1948 begin het, aangehou. Hulle het van 'n indeks (basis: 1938 = 100) van 269 in Desember 1948 tot 262 in Junie en 260 in Julie 1949 verminder. Dié vermindering van 3·3% oor die sewe maande is te verklaar uit 'n daling in die prys van veeteeltprodukte; die prys van akkerbouprodukte het toegeneem.

#### AANDELEPRYSE.

Terwyl die dalende beweging in die prysindeks (basis: 1938 = 100) van goudmynaandele in 1948 ook in Januarie 1949 voortgesit is, was daar 'n oomkeer in hierdie beweging daarna. Die indeks vir nie-producerende goudmyne het van 291·9 in Desember 1948 tot 234·7 in Januarie 1949 gedaal en toe tot 269·8 in Julie gestyg. Wat produserende myne betref, het die indeks van 102·6 in Desember tot 95·8 in Januarie gedaal en toe tot 118·1 in Julie gestyg. Hierdie klein herstel in die belangstelling vir goudmynaandele hou verband met die verwagting van 'n moontlike verhoging in die prys van goud en/of die moontlike devaluasie van

property transactions in the Union, which had declined sharply from 550 in June, 1948, to 370 in December of that year, fluctuated heavily thereafter, but continued to show a downward tendency, the index falling to 301 in July, 1949. This decline in the value of property transferred reflects a drop in the number of properties transferred rather than in the prices at which the transactions took place.

#### CONCLUSION.

Summarising the tendencies noted above, and allowing for possible seasonal and random fluctuations, it appears that while the Union experienced a slight revival in mining and its associated activities, and had a further increase in commodity prices during the first half of 1949, most of its other important economic indices indicated levels below the peak levels established in 1948. Foreign trade and commercial bank credit, mainly as a result of the exchange and credit restriction

policies, showed declining tendencies following their strong upward movements in 1948; while such indices as the quantity of money, bank debits, industrial share prices, value of property transferred and agricultural prices, continued their downward movements started in the course of 1948. Following, therefore, the conclusion in our March issue, namely, "that the economic cycle of the Union, which, apart from a minor setback in 1938-39, has been strongly on the upgrade since the depression of 1930-32, reached a new high level during 1948", it would appear from the available data that, during the first six months of 1949, the cycle entered a period of mild contraction.

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sterling. Daar geld in die Unie betreklik skaars is, skyn dit dat oorsese kapitaal 'n belangrike rol in hierdie herstel gespeel het.

Anders as by goudmynaande, het die indeks van nywerheidsaandele sy daling sedert Mei 1948 voortgesit en van 225·4 in Desember 1948 tot 180·5 in Julie 1949 verminder.

#### TRANSAKSIES IN VASTE EIENDOM.

Die indeks (basis: 1938 = 100) van die waarde van transaksies in vaste eiendom in die Unie, wat 'n skerp daling van 550 in Junie 1948 tot 370 in Desember van dieselfde jaar ondergaan het, het daarna sterk geskommel, maar aanhou daal tot 'n indeks van 301 in Julie 1949. Hierdie afname in die waarde van eiendomstransaksies is eerder die gevolg van 'n daling in die aantal transaksies as in die pryse waarteen hulle plaasgevind het.

#### BESLUIT.

Word die bovermelde tendense saamgevat en rekening gehou met moontlike seisoens- en toevallige skommelinge, dan blyk dat, terwyl die Unie 'n ligte herstel in die mynbou- en aanverwante bedrywighede en 'n verdere styging in goedere-

pryse gedurende die eerste halfjaar van 1949 ondervind het, die meeste ander belangrike ekonomiese indekse benede die hoogtepunte van 1948 lê. Buitelandse handel en handelsbankkrediet het, hoofsaaklik as gevolg van die beleid van valuta- en kredietbeperking, na 'n sterk styging in 1948, 'n dalende neiging vertoon; terwyl sulke indekse soos die hoeveelheid geld in omloop, bankdebette, die pryse van nywerheidsaandele, die waarde van eiendomstransaksies en landboupryse 'n voortetting vertoon het van die dalende bewegings wat in die loop van 1948 ingetree het. In ons uitgawe van Maart was die konklusie „dat die ekonomiese sirklus in die Unie, wat, afgesien van 'n geringe terugslag in 1938-39, sedert die depressie van 1930-32 nog steeds opwaarts beweeg het, 'n nuwe hoogtepunt gedurende 1948 bereik het"; nou wil dit uit die beskikbare gegewens voorkom dat die sirklus gedurende die eerste helfte van 1949 'n tydperk van ligte inkrimping binnegetree het.

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