

## MONETARY AND BANKING REVIEW

The Union's monetary volume of economic activity, excluding seasonal variations, which tended to move on an approximately constant level during 1952, and then increased fairly strongly in the first quarter of 1953, showed a small decline in the second quarter. This decline from the first to the second quarter of 1953 was in large part the result of a substantial decline in stock-exchange turnover, although, as will be seen from the table below, there were also smaller declines in the value of imports, railway earnings and the value of property transactions. Other indexes, such as those of the value of exports, discounts and advances of the commercial banks and retail sales actually showed small increases, i.e., after correction for seasonal changes. In regard to building, while the value of building plans passed and of buildings commenced showed a substantial increase in the second quarter, there was a further decline in the index of building employment. Manufacturing and mining employment, on the other hand, showed very little change, although the tendency was slightly downward.

### *Indexes — Excluding Seasonal Movements* (1948=100)

	1953	
	1st Quarter	2nd Quarter
Bank Debits .....	155	151
Stock Exchange Turnover .....	70	51
Value of Imports .....	128	115
Value of Exports (Excluding Gold) .....	195	201
Railway Earnings .....	149	146
Discounts and Advances of Com- mercial Banks .....	140	141
Value of Retail Sales* .....	111	112
Value of Property Transactions .....	87	86
Value of Building Plans Passed†	114	124
Value of Buildings Commenced†	120	151
Employment: Building .....	106	101
Manufacturing .....	114	113
Mining .....	113	112

\* Five Urban Areas.

† Eighteen Urban Areas.

### BALANCE OF PAYMENTS

Largely as a result of a seasonal decline in the value of merchandise exports, the Union's net current deficit with the outside world showed a substantial increase in the second quarter of 1953, compared with the first quarter, but as this increase was partly offset by an increase in the net inflow of capital from abroad, the decline in the country's gold and foreign exchange reserves was only slightly bigger in the second than in the first quarter. Comparing the first half of 1953 with the corresponding period in 1952, however, it is found that while the net current deficit

actually showed a substantial decline in the 1953 period, there was a bigger decrease in the net inflow of capital, so that the Union's gold and foreign exchange reserves also showed a stronger decline.

The imports of merchandise declined slightly from about £106 million in the first quarter of 1953 to about £105 million in the second quarter, so that the total for the first half of the year amounted to about £211 million compared with about £230 million in the first half of 1952. On the other hand, the exports of merchandise, excluding gold bullion, gold products and ships' stores, declined from about £74 million in the first quarter of 1953 to about £62 million in the second quarter, giving a total of about £136 million for the first half of the year, compared with about £139 million for the corresponding period in 1952. Thus the country's trade deficit increased from about £32 million in the first quarter of 1953 to about £43 million in the second quarter, the total for the first half of the year being about £75 million, compared with about £91 million in the first half of 1952.

Taking into account the Union's net gold output, on the one hand, and its deficit in respect of current invisible items, on the other, preliminary estimates indicate that the net current deficit with the outside world increased from about £16 million in the first quarter of 1953, to about £24 million in the second quarter, totalling about £40 million for the first half of the year, compared with about £54 million in the first half of 1952.

In regard to capital movements, drawings under the uranium loans amounted to about £4 million in the second quarter of 1953, and other net private capital receipts to about £2 million. In addition, drawings under the I.B.R.D. loans realised about £2 million, while the banks' short-term foreign liabilities increased by about £1 million, so that the total net inflow of capital from all sources amounted to about £9 million, compared with about £4 million in the first quarter of the year. The total net inflow of capital for the first half of \*1953, therefore, amounted to about £13 million, compared with about £37 million in the first \*half of 1952.

As a result of the above-mentioned transactions, the Union's gold and foreign exchange reserves held by the Reserve Bank, the commercial banks and the Union Government, declined by about £15 million during the second quarter of 1953, compared with a decline of about £12 million in the first quarter, so that the decrease during the first half of the year amounted to about £27 million, as against the decline of about £17 million during the first half of 1952.

After June, 1953, the Reserve Bank's gold and foreign exchange reserves continued to decline, namely, from £108.4 million at the end of that month, to £100.3 million at the end of July, and £92.1 million at the end of August. This further decline of about

£16 million during July and August appears to reflect the continuation of a low level of capital inflow as well as of a substantial current deficit which is largely accounted for by the seasonally low level of merchandise exports at this time of the year and by a relatively high level of imports.

### MONEY IN CIRCULATION

The quantity of money in\* circulation in the Union, which showed a declining tendency during the first nine months of 1952, and then increased to £439.3 million at the end of that year, and £439.9 million by the end of February, 1953, tended to decline again thereafter, the amount falling to £423.8 million at the end of July.

The decline of about £15 million in the money supply during the first seven months of 1953, which was made up of declines of about £14 million and £2 million in the amounts held by the Government and the private sector, respectively, as against an increase of about £1 million in the amount held by the foreign sector, was largely the net result of a decrease, on the one hand, of about £30 million\* in

\* The actual decline in the Reserve Bank's gold and exchange holdings during this period amounted to £34.4 million, but from this must be deducted the net repayment by the Reserve Bank of the dollar credits and Swiss loans referred to in the June review, which amounted to £4.1 million and which did not affect the quantity of money in circulation. See footnote (1) to Table XVI.

the Reserve Bank's gold and foreign exchange holdings, and increases, on the other hand, of about £11 million and £4 million in Reserve Bank and commercial bank credit, respectively. In regard to the last-mentioned, there was actually an increase of about £16 million in the banks' discounts and advances, but their balances with the National Finance Corporation declined by about £12 million, while their investments showed practically no change.

### COMMODITY PRICES

After declining from a peak of 152.2 in November, 1952, to 146.9 in March, 1953, the index of wholesale prices for all goods (base: 1948=100) increased again to stand at 148.9 in July. The upswing after March, 1953, was accounted for by increased prices in the case of Union goods, the index of which, after falling from a peak of 145.1 in November, 1952, to 138.9 in March, 1953, increased to 143.3 in July. On the other hand, the index for imported goods, which started to decline after June, 1952, falling from 162.2 in that month to 155.1 by March, 1953, continued to decline to 152.9 in July.

The index of retail prices (base: 1948=100), which also declined slightly from 129.5 in November, 1952, to 127.8 in February, 1953, increased thereafter to 131.0 in June and then showed a small decline to 130.4 in July. These movements were largely the result of changes in the prices of food.

T. W. de Jongh,  
*Statistician.*

## OORSIG VAN GELD- EN BANKWESE

Die omvang van die Unie se ekonomiese bedrywigheid, in terme van geld gemeet en met uitsluiting van seisoensbewegings, wat gedurende 1952 geneig het om min of meer op 'n konstante peil te beweeg, en toe taamlik sterk gedurende die eerste kwartaal van 1953 toegeneem het, het 'n klein daling gedurende die tweede kwartaal getoon. Hierdie afname van die eerste tot die tweede kwartaal van 1953 was grotendeels die gevolg van 'n aansienlike daling in effektebeursomset, alhoewel daar ook, soos uit die onderstaande tabel waargeneem kan word, kleiner afnames in die waarde van invoere, spoorweginkomste en die waarde van eiendomstransaksies was. Ander indekse, soos dié van die waarde van uitvoere, diskonteringe en voorskotte van die handelsbanke en kleinhandelsverkope het in werklikheid klein toenames getoon, d.i. na aansuiwering vir seisoensbewegings. Met betrekking tot die boubedryf, terwyl die waarde van bouplanne goedgekeur en van geboue begin 'n taamlike sterk toename in die tweede kwartaal getoon het, was daar 'n verdere daling in die indeks van werkverskaffing in die boubedryf. Hierteenoor het werkverskaffing in die nywerheid en die mynbou baie min verandering getoon, alhoewel die neiging effens afwaarts was.

### Indekse — Aangesuiwer vir Seisoenskommelings (1948=100)

	1953	
	1ste	2de
	kwartaal. kwartaal.	
Bankdebette .....	155	151
Effektebeursomset .....	70	51
Waarde van invoere .....	128	115
Waarde van uitvoere (uitgesonderd goud) .....	195	201
Spoorweginkomste .....	149	146
Diskonteringe en voorskotte van handelsbanke .....	140	141
Waarde van kleinhandelsverkope*	111	112
Waarde van eiendomstransaksies	87	86
Waarde van bouplanne goedgekeur † .....	114	124
Waarde van geboue begin † .....	120	151
Werkverskaffing: Boubedryf .....	106	101
Nywerheid .....	114	113
Mynbou .....	113	112

\* Vyf stedelike gebiede.

† Agtien stedelike gebiede.

### BETALINGSBALANS

Hoofsaaklik ten gevolge van 'n seisoensdaling in die uitvoere van koopware, het die Unie se netto lopende tekort teenoor die buitewêreld 'n aansienlike toename in die tweede kwartaal van 1953 vergeleke met die eerste kwartaal getoon, maar aangesien hierdie toename gedeeltelik vergoed is deur 'n styging in die netto toevloei van kapitaal, was die

daling in die land se goud- en buitelandse valuta-besit in die tweede kwartaal slegs effens groter as in die eerste kwartaal. Indien die eerste helfte van 1953 egter met die ooreenstemmende tydperk in 1952 vergelyk word, word gevind dat, terwyl die netto lopende tekort in werklikheid 'n aansienlike daling in die 1953 tydperk getoon het, daar 'n groter afname in die netto toevloei van kapitaal was, sodat die Unie se goud- en buitelandse valutabesit ook 'n sterker daling getoon het.

Die invoere van koopware het effens gedaal van ongeveer £106 miljoen in die eerste kwartaal van 1953 tot naastebly £105 miljoen in die tweede kwartaal, sodat die totaal vir die eerste helfte van die jaar op ongeveer £211 miljoen te staan gekom het, vergeleke met ongeveer £230 miljoen in die eerste helfte van 1952. Aan die ander kant het die uitvoere van koopware, uitgesonderd staafgoud, goudprodukte en skeepsvoorrade, van ongeveer £74 miljoen in die eerste kwartaal van 1953 tot ongeveer £62 miljoen in die tweede kwartaal gedaal, wat 'n totaal van ongeveer £136 miljoen vir die eerste helfte van die jaar gee, vergeleke met ongeveer £139 miljoen vir die ooreenstemmende tydperk van 1952. Gevolglik het die land se handelstekort van naastebly £32 miljoen in die eerste kwartaal van 1953 tot ongeveer £43 miljoen in die tweede kwartaal toegeneem, wat die totaal vir die eerste helfte van die jaar op ongeveer £75 miljoen te staan gebring het, vergeleke met ongeveer £91 miljoen in die eerste helfte van 1952.

Indien die Unie se netto goudproduksie, aan die een kant, en sy tekort t.o.v. lopende onsigbare poste, aan die ander kant, in aanmerking geneem word, dui voorlopige skattings daarop dat die netto lopende tekort teenoor die buitewêreld van ongeveer £16 miljoen in die eerste kwartaal van 1953 tot ongeveer £24 miljoen in die tweede kwartaal toegeneem het, sodat die totaal vir die eerste helfte van die jaar naastebly £40 miljoen beloop het, vergeleke met ongeveer £54 miljoen in die eerste helfte van 1952.

Wat kapitaalbewegings betref, het trekkings teen die uraanlenings in die tweede kwartaal van 1953 ongeveer £4 miljoen en ander netto private kapitaalontvangste ongeveer £2 miljoen bedra. Hierbenewens het trekkings teen die I.B.H.O.-lenings ongeveer £2 miljoen beloop, terwyl die banke se korttermyn buitelandse verpligtings met ongeveer £1 miljoen toegeneem het, sodat die totale netto toevloei van kapitaal uit alle bronne op ongeveer £9 miljoen te staan gekom het, vergeleke met omtrent £4 miljoen in die eerste kwartaal van die jaar. Die totale netto toevloei van kapitaal het dus ongeveer £13 miljoen in die eerste helfte van 1953 beloop, vergeleke met omtrent £37 miljoen in die eerste helfte van 1952.

Ten gevolge van bogenoemde transaksies het die

Unie se goud- en buitelandse valutareserwes in besit van die Reserwebank, die handelsbanke en die Unieregering met ongeveer £15 miljoen gedurende die tweede kwartaal van 1953 gedaal, vergeleke met 'n afname van omtrent £12 miljoen in die eerste kwartaal, sodat die totale afname gedurende die eerste helfte van die jaar ongeveer £27 miljoen beloop het, vergeleke met 'n afname van omtrent £17 miljoen gedurende die eerste helfte van 1952.

Ná Junie 1953 het die Reserwebank se goud- en buitelandse valutabesit aangehou daal, nl. van £108.4 miljoen aan die end van daardie maand tot £100.3 miljoen aan die end van Julie en £92.1 miljoen aan die end van Augustus. Hierdie verdere daling van omtrent £16 miljoen gedurende Julie en Augustus skyn die voortsetting te weerspieël van 'n lae peil van kapitaal-toevloei sowel as van 'n aansienlike lopende tekort wat hoofsaaklik toe te skryf is aan die lae seisoenspeil van goedereuitvoere gedurende hierdie tyd van die jaar en aan 'n relatiewe hoë peil van invoere.

### GELD IN OMLOOP

Die hoeveelheid geld in omloop binne die Unie, wat 'n afwaartse neiging gedurende die eerste nege maande van 1952 getoon het en toe tot £439.3 miljoen aan die end van daardie jaar en £439.9 miljoen aan die end van Februarie 1953 toegeneem het, het daarna weer geneig om te daal en op £423.8 miljoen aan die end van Julie te staan gekom.

Die daling van ongeveer £15 miljoen in die geldhoeveelheid gedurende die eerste sewe maande van 1953, wat saamgestel was uit dalings van omtrent £14 miljoen en £2 miljoen onderskeidelik in die bedrae in besit van die Regering en die private sektor, teenoor 'n toename van ongeveer £1 miljoen in die bedrag in besit van die buitelandse sektor, was

hoofsaaklik die netto gevolg van 'n afname, aan die een kant, van omtrent £30 miljoen\* in die Reserwebank se goud- en buitelandse valutabesit, en toenames, aan die ander kant, van omtrent £11 miljoen en £4 miljoen onderskeidelik in Reserwebank- en handelsbankkrediet. Met betrekking tot laasgenoemde was daar in werklikheid 'n toename van ongeveer £16 miljoen in die handelsbanke se diskonteringe en voorskotte, maar hulle saldo's by die Nasionale Finansiële korporasie het met omtrent £12 miljoen afgeneem, terwyl hulle beleggings omtrent geen verandering getoon het nie.

### GOEDEREPRYSE

Nadat die indeks van groothandelspryse vir alle goedere (basis 1948=100) van 'n hoogtepunt van 152.2 in November 1952 tot 146.9 in Maart 1953 gedaal het, het dit weer toegeneem om op 148.9 in Julie te staan te kom. Die opwaartse beweging ná Maart 1953 was veroorsaak deur verhoogde pryse in die geval van Uniegoedere, waarvan die indeks, ná 'n daling vanaf 'n hoogtepunt van 145.1 in November 1952 tot 138.9 in Maart 1953, tot 143.3 in Julie toegeneem het. Aan die ander kant het die indeks vir invoergoedere, wat ná Junie 1952 begin afneem en van 162.2 in daardie maand tot 155.1 in Maart 1953 gedaal het, aangehou daal tot 152.9 in Julie.

Die indeks van kleinhandelspryse (basis 1948=100), wat ook effens gedaal het van 129.5 in November 1952 tot 127.8 in Februarie 1953, het daarna tot 131.0 in Junie toegeneem en toe 'n klein afname tot 130.4 in Julie getoon. Hierdie neigings was hoofsaaklik die gevolg van veranderings in die pryse van voedsel.

T. W. de Jongh,  
*Statistikus.*

\* Die werklike daling in die Reserwebank se goud- en valutabesit het gedurende hierdie tydperk £34.4 miljoen beloop, maar hiervan moet afgetrek word die netto terugbetaling deur die Reserwebank van die dollarkrediete en Switserse lenings (waarna in die Junie oorsig verwys is) wat £4.1 miljoen beloop het en wat nie 'n invloed op die hoeveelheid geld in omloop gehad het nie. Sien voetnota (1) van Tabel XVI.