

MONETARY AND BANKING REVIEW

The high level of the Union's monetary volume of economic activity during the first quarter of 1954, was well maintained during the second quarter of the year. Although, as shown in the table below, stock exchange turnover declined substantially during this period, several of the other available seasonally adjusted value indexes, such as bank debits, railway earnings, retail sales and the value of property transactions remained approximately constant, while increases were registered in such indexes as the value of exports, discounts and advances of the commercial banks and the value of building plans passed. Manufacturing and building employment showed little change, but mining employment continued to increase.

Indexes — Excluding Seasonal Movements (1948=100)

	4th Quarter 1953	1st Quarter 1954	2nd Quarter 1954
Bank Debits — — — — —	160	164	164
Stock Exchange Turnover — — —	43	115	76
Value of Imports — — — — —	124	132*	126
Value of Exports (excl. Gold) †	217	218	233
Railway Earnings — — — — —	168	172	172
Discounts and Advances of			
Commercial Banks — — — — —	153	163	169
Value of Retail Sales † — — —	114	113	113
Value of Property Transactions	96	95	95
Value of Building Plans Passed ‡	123	141	158
Employment: Building — — — — —	100	100	99
Manufacturing — — — — —	129	130	129
Mining — — — — —	114	116	118

* Revised.

† Five Urban Areas.

‡ Eighteen Urban Areas.

Judging from the monthly fluctuations in the seasonally adjusted indexes and taking account of developments during the month of July, it would appear that the upward movement in the country's monetary volume of economic activity which was in evidence throughout the year 1953, was continued during the first seven months of 1954. Except for the value of retail sales and the value of property transactions, both of which showed no distinct upward or downward tendencies, and for stock exchange turnover, which fluctuated substantially,* most of the other available indexes revealed upward tendencies during the latter period. As special features of this period compared with the corresponding period in 1953, may be mentioned, the higher level of mining employment and of gold production; the increased activity on the stock exchange, especially as far as transactions in shares of gold mining companies in the Orange Free State are concerned; the higher level of merchandise imports; the con-

* The index of stock exchange turnover (base: 1948=100) increased from 48.9 in December, 1953 to 116.5 in January and 142.9 in February, 1954, whereafter it dropped to 63.6 in May, but rose again to 70.8 in July. In August it increased to 169.1, which was the biggest monthly turnover since October, 1949.

siderable increase in merchandise exports in which agricultural products such as maize, sugar and fruit played an important part; and the substantial rise in the net inflow of capital from abroad:

BALANCE OF PAYMENTS

During the first half of 1954, the Union's balance of payments position showed a marked improvement compared with the corresponding period a year ago. While this improvement was largely accounted for by an increase in the net inflow of capital from abroad, it was also the result of a decline in the net current deficit, since the increase in the value of imports, referred to above, was more than offset by the increase in merchandise exports and the higher gold production.

The imports of merchandise increased slightly from about £112 million in the first quarter of 1954 to about £114 million in the second quarter, giving a total of about £226 million for the first half of the year, compared with about £212 million for the first half of 1953. On the other hand, the exports of merchandise, excluding gold bullion, gold products, and uranium,* showed a smaller seasonal decline than usual, namely, only from about £80 million in the first quarter of 1954 to about £73 million in the second quarter, so that the total for the first half of the year amounted to about £153 million, compared with about £136 million in the first half of 1953. Thus the country's trade deficit, excluding gold and uranium, stood at about £73 million in the first half of 1954 compared with about £76 million in the first half of 1953, and taking account of the net gold output, on the one hand, and the deficit in respect of current invisible items, on the other, the net current deficit, excluding the proceeds of uranium exports, amounted to about £36 million compared with about £42 million, respectively.

As far as capital movements are concerned, preliminary estimates indicate that the net inflow of private capital, including the proceeds of uranium exports, amounted to about £28 million in the second quarter of 1954, while net drawings under the I.B.R.D. loans amounted to about £5 million. On the other hand, the Union repaid about £2 million of the revolving dollar credits received from a group of American banks, so that the total net inflow of capital, including receipts from uranium exports, during this quarter, amounted to about £31 million, compared with about £18 million in the first quarter of the year, and during the first half of 1954, to about £49 million, compared with about £15 million in the first half of 1953. Of the net inflow of about

* Since the exports of uranium are not included in the Union's published trade statistics and are regarded as confidential information, there is no alternative but to include these figures as part of the net inflow of private capital in the balance of payments statement. Particularly in view of the anticipated increase in uranium output, this procedure results in the publication of distorted figures in respect of both the current account and capital account.

£49 million in the first half of 1954, net official capital receipts accounted for about £15 million, and the net receipts of private capital (including the proceeds of uranium exports) for the balance of about £34 million.

As a result of the above-mentioned factors, the Union's gold and foreign assets increased by about £12 million in the second quarter of 1954, compared with about £1 million in the first quarter, or by about £13 million in the first half of the year, as compared with a decrease of about £27 million during the first half of 1953.

From £118.8 million at the end of June, 1954, the Reserve Bank's gold and foreign assets declined to £112.0 million at the end of July, but increased again to £114.6 million at the end of August. The net decline of only £4.2 million over these two months during which the Union as a rule experiences seasonally high imports and seasonally low exports,† appears to reflect the continuation of a substantial net inflow of capital from abroad (no doubt associated with the recent high level of stock exchange activity), as well as the increasing gold output.

MONEY IN CIRCULATION

The quantity of money in circulation in the Union, which had declined from £439.3 million at the end of 1952 to £422.2 million at the end of August, 1953, and thereupon increased to £444.0 million at the end of 1953, declined again during the first seven months of 1954, namely, to £423.0 million by the end of July.

The decrease of about £21 million in the money supply during the first seven months of 1954, which

† The latest available figures show that imports amounted to about £40 million in July, compared with about £41 million in June, while exports, excluding gold and uranium, amounted to £23 million compared with £25 million, respectively.

was made up of declines of about £2 million and £19 million in the amounts held by the Government and the private sector, respectively, was largely the result of a decrease of about £20 million in bank credit and a further shift of about £12 million from demand to time deposits with the commercial banks. The negative effects of these factors were, however, to some extent offset by the increase in the country's gold and foreign assets during this period.

Of the decrease of about £20 million in bank credit, Reserve Bank credit accounted for about £12 million and commercial bank credit for about £8 million, while the decline in the latter represented the net result of an increase of about £29 million in the banks' discounts and advances and decreases of about £36 million and £1 million in their investments and their balances with the National Finance Corporation, respectively.

COMMODITY PRICES

During the first seven months of 1954, commodity prices continued to remain relatively stable, contrasted with the sharp upward movement during the years 1951 and 1952. The index of wholesale prices for all goods (base: 1948=100) increased slightly from 149.8 in December, 1953, to 150.4 in July, 1954, i.e., by about 0.4 per cent, which was the net result of an increase of about 1.2 per cent in the index of imported goods and a decline of about 0.1 per cent in the case of Union goods.

The index of retail prices (base: 1948=100) showed a slight upward tendency during this period, rising from 129.8 in December, 1953, to 131.9 in July, 1954, which was largely the result of increased food prices, although the prices of clothing also tended to rise slightly.

T. W. de Jongh,
Statistician.

OORSIG VAN GELD- EN BANKWESE

Die hoë peil van die Unie se monetêre omvang van ekonomiese bedrywigheid in die eerste kwartaal van 1954, is goed gehandhaaf gedurende die tweede kwartaal van die jaar. Alhoewel, soos in die onderstaande tabel aangetoon word, die omset op die effektebeurs gedurende hierdie tydperk aansienlik gedaal het, het 'n aantal van die ander beskikbare waarde-indekse, soos bankdebette, spoorweginkomste, kleinhandelsverkope en die waarde van eiendoms-transaksies, ná aansuiwering vir seisoenskommelings, min of meer konstant gebly, terwyl daar toenames was in sulke indekse soos die waarde van uitvoere, diskonteringe en voorskotte van die handelsbanke en die waarde van bouplanne goedgekeur. Werkverskaffing in die nywerheid en in die boubedryf het min verandering getoon, maar dié in die mynbou het verder toegeneem.

Indekse — Aangesuiwer vir Seisoenskommelings

(1948 = 100)

	4de Kwartaal 1953	1ste Kwartaal 1954	2de Kwartaal 1954
Bankdebette	160	164	164
Effektebeursomset	43	115	76
Waarde van invoere	124	132*	126
Waarde van uitvoere (uitge- sonderd goud)	217	218	233
Spoorweginkomste	168	172	172
Diskonteringe en voorskotte van handelsbanke	153	163	169
Waarde van kleinhandelsver- kope†	114	113	113
Waarde van eiendoms-transaksies geur‡	96	95	95
Waarde van bouplanne goedge- keur‡	123	141	158
Werkverskaffing: Boubedryf	100	100	99
Nywerheid	129	130	129
Mynbou	114	116	118

* Gewysig.

† Vyf stedelike gebiede.

‡ Agtien stedelike gebiede.

Geoordeel volgens die maandelikse skommelings in die indekse ná aansuiwering vir seisoensbewegings, en inagnemende ontwikkelings gedurende die maand Julie, wil dit voorkom asof die opwaartse beweging in die land se monetêre omvang van ekonomiese bedrywigheid wat dwarsdeur die jaar 1953 waarneembaar was, gedurende die eerste sewe maande van 1954 voortgesit is. Behalwe vir die waarde van kleinhandelsverkope en die waarde van eiendoms-transaksies wat geen duidelik opwaartse of afwaartse neigings getoon het nie, en 'vir die omset op die effektebeurs wat aansienlik geskommel het,* het meeste van die ander beskikbare indekse 'n opwaartse tendens gedurende laasgenoemde tydperk getoon. As hooftrekke van hierdie tydperk vergeleke met die ooreenstemmende tydperk in 1953 kan genoem word,

* Die indekse van effektebeursomset (basis: 1948=100) het van 48.9 in Desember 1953 tot 116.5 in Januarie en 142.9 in Februarie 1954 gestyg, waarna dit tot 63.6 in Mei gedaal, maar weer tot 70.8 in Julie toegeneem het. In Augustus het dit gestyg na 169.1, wat die grootste maandelikse omset was sedert Oktober 1949.

die hoër peil van werkverskaffing in die mynbou en van die goudproduksie; die toegenome bedrywigheid op die effektebeurs, veral wat transaksies in aandele van goudmynmaatskappye in die Oranje Vrystaat betref; die hoër peil van invoere; die aansienlike toename in goedereuitvoere waarin landbouprodukte soos meliës, suiker en vrugte 'n belangrike rol gespeel het; en die aansienlike styging in die netto toevloei van kapitaal uit die buiteland.

BETALINGSBALANS

Gedurende die eerste helfte van 1954 het die Unie se betalingsbalansposisie 'n aanmerklike verbetering getoon, vergeleke met die ooreenstemmende tydperk 'n jaar gelede. Terwyl hierdie verbetering grootliks toe te skryf is aan 'n styging in die netto toevloei van kapitaal uit die buiteland, was dit ook die gevolg van 'n afname in die netto lopende tekort, aangesien die toename in die waarde van invoere hierbo gemeld, meer as goedgemaak is deur die styging in goedereuitvoere en die hoër goudproduksie.

Goedereinvoere het effens van ongeveer £112 miljoen in die eerste kwartaal van 1954 tot ongeveer £114 miljoen in die tweede kwartaal toegeneem, sodat die totaal vir die eerste helfte van die jaar ongeveer £226 miljoen beloop het, vergeleke met omtrent £212 miljoen gedurende die eerste helfte van 1953. Aan die ander kant het goedereuitvoere, uitgesonderd staafgoud, goudprodukte en uraan,* 'n kleiner seisoensdaling as gewoonlik getoon, nl. slegs van ongeveer £80 miljoen in die eerste kwartaal van 1954 tot ongeveer £73 miljoen in die tweede kwartaal, sodat die totaal vir die eerste helfte van die jaar op ongeveer £153 miljoen te staan gekom het, vergeleke met omtrent £136 miljoen in die eerste helfte van 1953. Gevolglik het die land se handelstekort, uitgesonderd goud en uraan, ongeveer £73 miljoen in die eerste helfte van 1954 beloop, vergeleke met omtrent £76 miljoen in die eerste helfte van 1953, en indien die netto goudproduksie, enersyds, en die tekort t.o.v. lopende onsigbare poste, andersyds, in aanmerking geneem word, dan het die netto lopende tekort, uitgesonderd die ontvangste uit uraanuitvoere, ongeveer £36 miljoen vergeleke met ongeveer £42 miljoen onderskeidelik beloop.

Wat kapitaalbewegings betref, dui voorlopige skattings aan dat die netto toevloei van private kapitaal, met insluiting van die ontvangste uit uraanuitvoere, ongeveer £28 miljoen in die tweede kwartaal beloop het, terwyl netto trekkings teen die I.B.H.O.-

* Aangesien die uitvoere van uraan nie in die Unie se gepubliseerde handelstatistiek ingesluit word nie en as vertroulike inligting beskou word, is daar geen ander uitweg nie as om hierdie syfers as deel van die netto toevloei van private kapitaal in die betalingsbalansstaat in te sluit. Verlaag met die oog op die verwagte toename in die uraanproduksie, het hierdie prosedure die gevolg dat die gepubliseerde syfers t.a.v. beide die lopende rekening en die kapitaalrekening nie die ware toedrag van sake weerspieël nie.

lenings ongeveer £5 miljoen bedra het. Aan die ander kant het die Unie ongeveer £2 miljoen van die deurlopende dollarkrediete wat van 'n groep Amerikaanse banke ontvang is, terugbetaal, sodat die totale netto toevloei van kapitaal, insluitende die ontvangste uit uraanuitvoere, gedurende hierdie kwartaal, ongeveer £31 miljoen beloop het, vergeleke met omtrent £18 miljoen in die eerste kwartaal, en gedurende die eerste helfte van 1954, ongeveer £49 miljoen vergeleke met omtrent £15 miljoen in die eerste helfte van 1953. Van die netto toevloei van omtrent £49 miljoen in die eerste helfte van 1954, was netto offisiële kapitaalontvangstes verantwoordelik vir ongeveer £15 miljoen, en die netto toevloei van private kapitaal (insluitende die ontvangste uit uraanuitvoere) vir die balans van £34 miljoen.

As gevolg van bogenoemde faktore het die Unie se goud en buitelandse bates met ongeveer £12 miljoen gedurende die tweede kwartaal van 1954 gestyg, vergeleke met 'n toename van omtrent £1 miljoen in die eerste kwartaal, sodat die totale styging vir die eerste helfte van die jaar op ongeveer £13 miljoen te staan gekom het, vergeleke met 'n daling van omtrent £27 miljoen gedurende die eerste helfte van 1953.

Vanaf £118.8 miljoen aan die end van Junie 1954, het die Reserwebank se goud en buitelandse bates tot £112.0 miljoen aan die end van Julie afgeneem, maar weer tot £114.6 miljoen aan die end van Augustus toegeneem. Die netto afname van slegs £4.2 miljoen gedurende hierdie twee maande wanneer die Unie gewoonlik hoë seisoensinvoere en lae seisoensuitvoere† ondervind, skyn die voortsetting van 'n aansienlike netto toevloei van kapitaal uit die buiteland (wat ongetwyfeld verband hou met die onlangse hoë peil van bedrywigheid op die effektebeurs), sowel as die toenemende goudproduksie, te weerspieël.

GELD IN OMLOOP

Die hoeveelheid geld in omloop in die Unie, wat van £439.3 miljoen aan die end van 1952 tot £422.2 miljoen aan die end van Augustus 1953

† Die jongste beskikbare syfers toon dat invoere ongeveer £40 miljoen in Julie beloop het, vergeleke met omtrent £41 miljoen in Junie, terwyl uitvoere, uitgesonderd goud en uraan, ongeveer £23 miljoen vergeleke met omtrent £25 miljoen onderskeidelik bedra het.

afgeneem en daarna tot £444.0 miljoen aan die end van 1953 toegeneem het, het weer gedurende die eerste sewe maande van 1954 gedaal, nl., tot £423.0 miljoen aan die end van Julie.

Die daling van omtrent £21 miljoen in die geldhoeveelheid gedurende die eerste sewe maande van 1954, wat saamgestel was uit afnames van omtrent £2 miljoen en £19 miljoen in die bedrae in besit van die Regering en die private sektor, onderskeidelik, was hoofsaaklik die gevolg van 'n afname van omtrent £20 miljoen in bankkrediet en 'n verdere verskuiwing van omtrent £12 miljoen vanaf onmiddellik opeisbare na termyndeposito's by die handelsbanke. Die negatiewe invloed van hierdie faktore is egter deels goedgemaak deur die styging in die land se goud en buitelandse bates gedurende hierdie tydperk.

Van die afname van ongeveer £20 miljoen in bankkrediet, was Reserwebankkrediet verantwoordelik vir omtrent £12 miljoen en handelsbankkrediet vir ongeveer £8 miljoen, terwyl die afname in laasgenoemde die netto resultaat was van 'n toename van omtrent £29 miljoen in die banke se diskonteringe en voorskotte en afnames van omtrent £36 miljoen en £1 miljoen in hulle beleggings en in hulle saldo's by die Nasionale Finansiële Korporasie, onderskeidelik.

GOEDEREPRYSE

Gedurende die eerste sewe maande van 1954, het goederepryse 'n verdere relatief stabiele tendens getoon, in teenstelling met die sterk stygende beweging gedurende die jare 1951 en 1952. Die indeks van groothandelspryse vir alle goedere (basis: 1948=100) het effens vart 149.8 in Desember 1953 tot 150.4 in Julie 1954 toegeneem, d.w.s. met omtrent 0.4 persent, wat die netto resultaat was van 'n toename van ongeveer 1.2 persent in die geval van invoergoedere en 'n afname van omtrent 0.1 persent in die geval van Unie-goedere.

Die indeks van kleinhandelspryse (basis: 1948=100) het 'n effense opwaartse beweging gedurende hierdie tydperk getoon en van 129.8 in Desember 1953 tot 131.9 in Julie 1954 toegeneem, wat hoofsaaklik die gevolg was van hoër voedselpryse, alhoewel die pryse van klerasie ook geneig het om effens te styg.

T. W. de Jongh,
Statistikus.