

MONETARY AND BANKING REVIEW

The exceptionally high level of the Union's monetary volume of economic activity during the first quarter of 1955 was maintained during the second quarter of the year. Although, as indicated by the table below, stock exchange turnover, property transactions, imports and railway earnings showed declines, there was a sharp increase in exports, while smaller increases were registered in discounts and advances of the commercial banks, retail sales and building plans passed. The combined effect of these divergent trends was, to a large extent, reflected in the index of bank debits which showed no change.

Indexes — Excluding Seasonal Movements

(1948 = 100)

	1954		1955	
	1st Qtr.	2nd Qtr.	1st Qtr.	2nd Qtr.
Bank Debits	164	164	184	184
Stock Exchange Turnover	115	76	110	85
Value of Imports	130	126	143	134
Value of Exports (excluding Gold)	227	252	244	287
Railway Earnings	172	173	200	195
Discounts and Advances of Commercial Banks	163	169	190	201
Value of Retail Sales†	113	113	121	126
Value of Property Transactions	95	94	112	98
Value of Building Plans Passed*	141	158	164	168

† Five Urban Areas.

* Eighteen Urban Areas.

Comparing the first seven months of 1955 with the corresponding period in 1954, and taking account of the monthly fluctuations in the various seasonally adjusted indexes, it would appear that, whereas the monetary volume of economic activity was on a substantially higher level during 1955, the tendency during this period was only slightly upward, compared with a fairly strong upward movement during 1954.

BALANCE OF PAYMENTS

During the second quarter of 1955 the Union's gold and foreign exchange reserves, which had declined by about £12 million during the first quarter of the year, showed a further decline of about £16 million. According to the latest available balance of payments estimates, this further decline took place in spite of a reduction in the country's net current deficit.

Contrary to the usual seasonal pattern, the imports of merchandise declined slightly from about £123 million in the first quarter of 1955, to about £122 million in the second quarter, while the exports of merchandise, excluding gold and ships' stores, showed a slight increase from about £87 million to about £88 million, largely as a result of exceptionally high exports during the month of June. In addition, there was an increase in the country's net gold output, as against a seasonal decline in net current invisible payments, so that the net current deficit with the outside world declined from

about £18 million in the first quarter to about £9 million in the second quarter.

A comparison of the net current deficit of about £9 million during the second quarter with the corresponding decline of about £16 million in the country's gold and foreign exchange reserves, indicates that the Union experienced a total net outflow of capital, including trade credits, of about £7 million during this period, compared with a net inflow of about £6 million during the first quarter of the year. Moreover, the net outflow of about £7 million during the second quarter occurred notwithstanding the receipt of about £6 million in the form of official loans (a Dutch loan of about £4.5 million and net drawings under the I.B.R.D. loans of about £1 million), which means that the net outflow of private capital, including trade credits, amounted to about £13 million during this quarter. Preliminary calculations on a monthly basis indicate that of this net outflow of about £13 million, about £8 million was registered in June. During that month the Union's merchandise exports were exceptionally heavy, and it is, therefore, possible that a substantial part of the net outflow of private capital during the second quarter consisted of trade credits extended to overseas buyers or of export proceeds withheld abroad.

Following the drop of £28 million during the first half of 1955, the country's gold and foreign exchange reserves increased by about £1 million during July and August, and then declined by about £7 million during the first half of September. The net decline of about £6 million during the two and a half months does not seem excessive in the light of the substantial net current deficit generally faced by the Union in the third quarter of the year due to seasonally high imports and seasonally low exports.

MONEY IN CIRCULATION

After declining from £444.0 million to £423.0 million during the first seven months of 1954, and then increasing to the record level of £471.3 million at the end of that year, the total quantity of money in circulation in the Union decreased again during the first seven months of 1955, the amount standing at £441.0 million at the end of July.

The decrease of about £30 million during the first seven months of 1955, of which about £25 million were accounted for by a decrease in the amount held by the private sector, as against a decline of about £5 million in that held by the Government, occurred in spite of an increase of about £16 million in bank credit, and was largely the result of the Union's unfavourable balance of payments during this period, although a further contributory factor was a shift of about £20 million from demand to time deposits with the commercial banks.

In regard to bank credit, there was an increase of about £19 million in Reserve Bank credit, consisting of Treasury bills discounted for the commercial banks and the National Finance Corporation, and bills discounted for the Land Bank. On the other hand, commercial bank credit declined by about £3 million as a net result of declines of £29 million and £4 million in the banks' investments and in their balances with the National Finance Corporation, respectively, and an increase of about £30 million in their discounts and advances to the public.

COMMODITY PRICES

Commodity prices continued to increase during the first seven months of 1955.

The index of wholesale prices for all goods

(base: 1948=100), which stood at 151.1 at the end of 1954, compared with 149.8 at the end of 1953, increased to 155.6 in July, 1955. This increase of about 3.0 per cent during the first seven months of 1955, was principally accounted for by an increase of about 5.3 per cent in the index of Union goods, the index of imported goods having shown a slight decline of about 0.1 per cent.

The index of retail prices (base: 1948=100), which rose from 129.8 at the end of 1953 to 135.0 at the end of 1954, increased further to 137.1 in July, 1955, largely as a result of increased food prices.

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OORSIG VAN GELD- EN BANKWESE

Die besondere hoë peil van die monetêre omvang van die Unie se ekonomiese bedrywigheid in die eerste kwartaal van 1955, is gehandhaaf gedurende die tweede kwartaal van die jaar. Alhoewel, soos in die onderstaande tabel aangetoon word, daar afnames was in effektebeursomset, eiendomstransaksies, invoere en spoorweginkomste, het uitvoere 'n sterk styging getoon, terwyl daar ook toenames was in kleinhandelsverkope, voorskotte en diskonteringe van die handelsbanke, en bouplanne goedgekeur. Die gesamentlike invloed van hierdie uiteenlopende neigings is in 'n groot mate weerspieël in die indeks van bankdebette wat geen verandering getoon het nie.

Indekse — Aangesuiwer vir Seisoenskommelings

(1948 = 100)

	1954		1955	
	1ste Kw.	2de Kw.	1ste Kw.	2de Kw.
Bankdebette	164	164	184	184
Effektebeursomset	115	76	110	85
Waarde van invoere	130	126	143	134
Waarde van uitvoere (uitgesonderd goud)	227	252	244	287
Spoorweginkomste	172	173	200	195
Diskonteringe en voorskotte van handelsbanke	163	169	190	201
Waarde van kleinhandelsverkope†	113	113	121	126
Waarde van eiendomstransaksies	95	94	112	98
Waarde van bouplanne goedgekeur*	141	158	164	168

† Vyf stedelike gebiede.

* Agtien stedelike gebiede.

Word die eerste sewe maande van 1955 vergelyk met die ooreenstemmende tydperk in 1954, en indien gelet word op die maandelikse skommelings in die verskeie indekse ná aansuiwering vir seisoensbewegings, dan blyk dit dat terwyl die monetêre omvang van ekonomiese bedrywigheid gedurende 1955 op 'n aansienlike hoër peil beweeg het, die neiging gedurende hierdie tydperk slegs effens opwaarts was vergeleke met 'n taamlike sterk opwaartse beweging gedurende 1954.

BETALINGSBALANS

Gedurende die tweede kwartaal van 1955 het die Unie se goud en buitelandse valutareserwes, wat gedurende die eerste kwartaal van die jaar met omtrent £12 miljoen afgeneem het, 'n verdere daling van ongeveer £16 miljoen getoon. Volgens die jongste beskikbare betalingsbalansskattings, het hierdie verdere afname plaasgevind ten spyte van 'n vermindering in die land se netto lopende tekort.

In teenstelling met die gewone seisoenspatroon, het goedereinvoere effens afgeneem van ongeveer £123 miljoen in die eerste kwartaal van 1955 tot omtrent £122 miljoen in die tweede kwartaal, terwyl goedere uitvoere, uitgesonderd goud en skeepsvoorrade, effens toegeneem het van ongeveer £87 miljoen tot omtrent £88 miljoen, grootliks as gevolg van besondere hoë uitvoere gedurende die maand Junie.

Boonop was daar 'n toename in die land se netto goudproduksie en 'n seisoensdaling in die tekort t.o.v. lopende onsigbare poste, sodat die netto lopende tekort teenoor die buiteland gedaal het van ongeveer £18 miljoen in die eerste kwartaal tot omtrent £9 miljoen in die tweede kwartaal.

'n Vergelyking van die netto lopende tekort van omtrent £9 miljoen in die tweede kwartaal met die ooreenstemmende daling van ongeveer £16 miljoen in die land se goud en buitelandse valutareserwes, dui aan dat die Unie 'n totale netto uitvloeï van kapitaal, insluitende handelskrediete, van omtrent £7 miljoen gedurende hierdie tydperk ondervind het, vergeleke met 'n netto toevloei van omtrent £6 miljoen gedurende die eerste kwartaal van die jaar. Die netto uitvloeï van omtrent £7 miljoen gedurende die tweede kwartaal het plaasgevind ten spyte van die ontvangs van omtrent £6 miljoen in die vorm van offisiële lenings ('n Hollandse lening van omtrent £4.5 miljoen en netto trekkings teen die I.B.H.O.-lenings van omtrent £1 miljoen), wat beteken dat die netto uitvloeï van private kapitaal, insluitende handelskrediete, ongeveer £13 miljoen gedurende hierdie kwartaal beloop het. Voorlopige berekenings op 'n maandelikse basis dui aan dat van hierdie netto uitvloeï van omtrent £13 miljoen, ongeveer £8 miljoen gedurende Junie plaasgevind het. In hierdie maand was die Unie se goedere uitvoere besonder hoog en dit is dus moontlik dat 'n aansienlike deel van die netto uitvloeï van private kapitaal gedurende die tweede kwartaal bestaan het uit handelskrediete wat aan buitelandse kopers toegestaan is, of uit ontvangste vir uitvoere wat in die buiteland teruggehou is.

Ná die daling van omtrent £28 miljoen gedurende die eerste helfte van 1955, het die land se goud en buitelandse valutareserwes met omtrent £1 miljoen gedurende Julie en Augustus toegeneem en toe met omtrent £7 miljoen gedurende die eerste helfte van September gedaal. Die netto afname van omtrent £6 miljoen gedurende die twee-en-'n-half maande skyn nie oormatig te wees nie in die lig van die feit dat die Unie gewoonlik 'n aansienlike lopende tekort gedurende die derde kwartaal van die jaar ondervind as gevolg van hoë seisoensinvoere en lae seisoensuitvoere.

GELD IN OMLOOP

Nadat dit van £444.0 miljoen tot £423.0 miljoen gedurende die eerste sewe maande van 1954 gedaal het, en toe tot die rekordpeil van £471.3 miljoen aan die end van daardie jaar gestyg het, het die hoeveelheid geld in omloop in die Unie weer gedurende die eerste sewe maande van 1955 afgeneem en op £441.0 miljoen aan die end van Julie te staan gekom.

Die daling van omtrent £30 miljoen gedurende die eerste sewe maande van 1955, wat saamgestel

was uit afnames van omtrent £25 miljoen en £5 miljoen in die bedrae in besit van die private sektor en die Regering, onderskeidelik, het plaasgevind ten spyte van 'n styging van omtrent £16 miljoen in bankkrediet, en was hoofsaaklik die gevolg van die Unie se ongunstige betalingsbalans gedurende hierdie tydperk, alhoewel 'n verskuiwing van omtrent £20 miljoen vanaf onmiddellik opeisbare na termyn-deposito's by die handelsbanke ook 'n meewerkende faktor was.

Wat bankkrediet betref, was daar 'n toename van omtrent £19 miljoen in Reserwebankkrediet, bestaande uit skatkisbewyse verdiskonteer vir die handelsbanke en die Nasionale Finansiële korporasie en wissels verdiskonteer vir die Landbank. Aan die ander kant het handelsbankkrediet met omtrent £3 miljoen afgeneem, as 'n netto gevolg van afnames van £29 miljoen en £4 miljoen in die banke se beleggings en in hulle saldo's by die Nasionale Finansiële korporasie, onderskeidelik, en 'n toename van omtrent £30 miljoen in hulle diskonteringe en voorskotte aan die publiek.

GOEDEREPRYSE

Goederepryse het 'n verdere toename gedurende die eerste sewe maande van 1955 getoon.

Die indeks van groothandelspryse vir alle goedere (basis: 1948=100), wat aan die end van 1954 op 151.1 te staan gekom het, vergeleke met 149.8 aan die end van 1953, het verder tot 155.6 in Julie 1955 gestyg. Hierdie toename van omtrent 3.0 persent gedurende die eerste sewe maande van 1955 was hoofsaaklik die gevolg van 'n toename van omtrent 5.3 persent in die indeks vir Uniegoedere, aangesien die indeks vir invoergoedere 'n klein afname van ongeveer 0.1 persent getoon het.

Die indeks van kleinhandelspryse (basis: 1948=100), wat van 129.8 aan die end van 1953 tot 135.0 aan die end van 1954 gestyg het, het verder tot 137.1 in Julie 1955 toegeneem, grootliks as gevolg van hoër voedselpryse.

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