

MONETARY AND BANKING REVIEW

Judging from the available statistical information, it would appear that the Union's monetary volume of economic activity declined slightly from the first to the second quarter of 1956, but generally remained on a higher level than in 1955.

As indicated by the table below, there was a substantial decrease in stock exchange turnover from

Indexes — Excluding Seasonal Movements
(1948 = 100)

	1955		1956	
	2nd Qtr.	4th Qtr.	1st Qtr.	2nd Qtr.
Bank Debits	187	190	202	198
Stock Exchange Turnover	82	44	72	49
Discounts and Advances of Commercial Banks	200	199	209	212
Value of Imports	135	136	150	141
Value of Exports (excluding Gold)	277	265	258	306
Railway Earnings	194	196	200	196
Value of Retail Sales*	121	121	125	122
Value of Property Transactions Value of Building Plans Passed†	98	98	82	86
Employment:	167	123	131	130
Mining	121	119	122	124
Manufacturing	129	129	130	130
Building	109	103	103	102

the first to the second quarter of 1956, while smaller declines were registered in imports, bank debits, railway earnings, retail sales and building plans passed. On the other hand, exports rose sharply, whereas discounts and advances of the commercial banks and property transactions showed small increases. Mining employment increased further, while manufacturing and building employment showed little change.

BALANCE OF PAYMENTS

After decreasing by about £12 million during the first quarter of 1956, the Union's gold and foreign exchange reserves held by the Reserve Bank, the commercial banks and the Union Government, showed a further decline of about £2 million during the second quarter. This much smaller decline during the second quarter was largely the result of a sharp reduction in the country's net current deficit with the outside world.

Contrary to the usual seasonal pattern in the Union's foreign trade, the imports of merchandise declined slightly from about £129 million in the first quarter of 1956 to about £128 million in the

second quarter, while the exports of merchandise, excluding gold and ships' stores, increased from about £91 million to about £98 million. Furthermore, the high level of the net gold output during the first quarter was maintained during the second quarter, while net current invisible payments showed a seasonal decline, with the result that the net current deficit with the outside world dropped from about £21 million in the first quarter to about £2 million in the second quarter.

Since the net current deficit of approximately £2 million during the second quarter corresponded with the decline in the gold and foreign exchange reserves, it would appear that there was no net movement of foreign capital into or out of the Union during this period. In this connection it is known that the Union drew about £1 million under the I.B.R.D. loans, but repaid an equal amount, so that it would appear that, also in the case of private capital, the inflow of funds during this quarter was offset by an equal outflow. During the same period a year ago, the Union experienced a net outflow of private capital of about £13 million.

Taken over the first six months of 1956, the Union's net current deficit amounted to about £23 million compared with about £28 million during the first half of 1955, while the net inflow of capital from all sources was about £9 million compared with no net in- or outflow during the same period a year ago. Thus the Union's gold and foreign exchange reserves declined by only £14 million during the first half of 1956, whereas a drop of £28 million was registered during the corresponding period last year.

From the end of June to the end of August, 1956, the Reserve Bank's gold and foreign exchange reserves declined from £113.6 million to £111.5 million. This further small decline of about £2 million during the two months would appear to reflect the continuation of a net current deficit during a period when exports tend to show a seasonal decline.

MONEY IN CIRCULATION

Partly as a result of seasonal factors, the total quantity of money in circulation in the Union declined from £449 million at the end of 1955 to £409 million at the end of July, 1956, i.e. by £40 million, compared with declines of £30 million, £21 million and £15 million, respectively, during the corresponding periods in 1955, 1954 and 1953.

The decline of £40 million during the first seven months of 1956 consisted of declines of £27 million and £13 million in the amounts held by the private

* Four Urban Areas.

† Eighteen Urban Areas.

and Government sectors, respectively, and was largely the result of a further shift of about £25 million from demand to time deposits with the commercial banks and a decline of over £20 million in the Reserve Bank's gold and foreign exchange reserves. The negative effect of these two factors was partly offset by an increase of about £6 million in bank credit, which was almost fully accounted for by an increase in Reserve Bank credit. Commercial bank credit increased by only £0.5 million, as a net result of a decrease of £4.0 million in the banks' balances with the National Finance Corporation, and increases of £3.9 million in their investments and £0.6 million in their discounts and advances.

COMMODITY PRICES

The available indexes of wholesale and retail prices in the Union showed divergent trends during the first seven months of 1956. Whereas the index of retail prices (base: 1948=100) declined slightly from 137.6 in December, 1955 to 137.4 in January, 1956, and thereafter increased steadily to 140.1 in July, the index of wholesale prices increased slightly from 157.3 in December, 1955 to a new high level of 157.6 in February, 1956, and then declined to 155.9 by July, 1956.

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OORSIG VAN GELD- EN BANKWESE

Geoordeel volgens die beskikbare statistiese inligting, wil dit voorkom asof die monetêre omvang van die Unie se ekonomiese bedrywigheid vanaf die eerste tot die tweede kwartaal van 1956 effens gedaal het, maar in die algemeen nog op 'n hoër peil as in 1955 was.

Soos blyk uit die onderstaande tabel, was daar 'n aansienlike daling in effektebeursomset vanaf die

Indekse — Aangesuiwer vir Seisoenskommelings

(1948 = 100)

	1955		1956	
	2de Kw.	4de Kw.	1ste Kw.	2de Kw.
Bankdebette	187	190	202	198
Effektebeursomset	82	44	72	49
Diskonteringe en voorskotte van handelsbanke	200	199	209	212
Waarde van invoere	135	136	150	141
Waarde van uitvoere (uitgesonderd goud)	277	265	258	306
Spoorweginkomste	194	196	200	196
Waarde van kleinhandelsverkope*	121	121	125	122
Waarde van eiendomstransaksies	98	98	82	86
Waarde van bouplanne goedgekeur†	167	123	131	130
Werkverskaffing:				
Mynwese	121	119	122	124
Fabriekswese	129	129	130	130
Boubedryf	109	103	103	102

eerste tot die tweede kwartaal van 1956, terwyl invoere, bankdebette, spoorweginkomste, kleinhandelsverkope en bouplanne goedgekeur kleiner afnames getoon het. Aan die ander kant het uitvoere skerp gestyg, terwyl diskonteringe en voorskotte van die handelsbanke en eiendomstransaksies klein toenames getoon het. Werkverskaffing in die mynwese het verder toegeneem, terwyl dié in die fabriekswese en boubedryf min verandering ondergaan het.

BETALINGSBALANS

Ná 'n daling van ongeveer £12 miljoen gedurende die eerste kwartaal van 1956, het die Unie se goud- en buitelandse valutareserwes, wat deur die Reserwebank, die handelsbanke en die Unieregering gehou word, 'n verdere afname van ongeveer £2 miljoen gedurende die tweede kwartaal getoon. Hierdie veel kleiner afname gedurende die tweede kwartaal

was grootliks die gevolg van 'n skerp daling in die land se netto lopende tekort teenoor die buiteland.

In teenstelling met die gewone seisoenspatroon in die Unie se buitelandse handel, het goedereinvoere effens van ongeveer £129 miljoen in die eerste kwartaal van 1956 tot ongeveer £128 miljoen in die tweede kwartaal afgeneem, terwyl goedereuitvoere, uitgesonderd goud en skeepsvoorrade, van ongeveer £91 miljoen tot ongeveer £98 miljoen gestyg het. Hierbenewens is die hoë peil van die land se netto goudproduksie gedurende die eerste kwartaal ook gedurende die tweede kwartaal gehandhaaf, terwyl die netto lopende onsigbare betalings 'n seisoensafname getoon het, met die gevolg dat die netto lopende tekort tenoor die buiteland vanaf ongeveer £21 miljoen in die eerste kwartaal tot ongeveer £2 miljoen in die tweede kwartaal gedaal het.

Aangesien die netto lopende tekort van ongeveer £2 miljoen gedurende die tweede kwartaal ooreengekom het met die afname in die goud- en buitelandse valutareserwes, wil dit voorkom asof daar geen netto vloeï van buitelandse kapitaal na of van die Unie gedurende dié tydperk was nie. In hierdie verband is dit bekend dat die Unie ongeveer £1 miljoen teen die I.B.H.O.-lenings getrek het, maar ook 'n gelyke bedrag terugbetaal het, sodat dit wil voorkom asof, ook in die geval van private kapitaal, die toevloei van fondse gedurende hierdie kwartaal presies opgeweeg het teen die uitvloeï. Gedurende dieselfde tydperk 'n jaar gelede het die Unie 'n netto uitvloeï van private kapitaal van ongeveer £13 miljoen ondervind.

Geneem oor die eerste ses maande van 1956, het die Unie se netto lopende tekort ongeveer £23 miljoen beloop, vergeleke met ongeveer £28 miljoen gedurende die eerste helfte van 1955, terwyl die netto toevloei van kapitaal uit alle bronne ongeveer £9 miljoen bedra het vergeleke met geen netto toevloei of uitvloeï gedurende dieselfde tydperk 'n jaar gelede. Dus het die Unie se goud- en buitelandse valutareserwes met slegs £14 miljoen gedurende die eerste helfte van 1956 gedaal, terwyl 'n afname van £28 miljoen gedurende die ooreenstemmende tydperk verlede jaar aangeteken is.

Van die end van Junie tot die end van Augustus 1956 het die Reserwebank se goud- en buitelandse valutareserwes van £113.6 miljoen tot £111.5 miljoen gedaal. Hierdie verdere klein afname van ongeveer £2 miljoen gedurende dié twee maande skyn die voortsetting te weerspieël van 'n netto lopende tekort gedurende 'n tydperk wanneer uitvoere gewoonlik 'n seisoensdaling toon.

* Vier stedelike gebiede.

† Agtien stedelike gebiede.

GELD IN OMLOOP

Gedeeltelik as gevolg van seisoensfaktore, het die totale hoeveelheid geld in omloop in die Unie van £449 miljoen aan die end van 1955 tot £409 miljoen aan die end van Julie 1956 gedaal, d.w.s. met £40 miljoen, vergeleke met afnames van £30 miljoen, £21 miljoen en £15 miljoen gedurende die ooreenstemmende tydperke in 1955, 1954 en 1953, onderskeidelik.

Die daling van £40 miljoen gedurende die eerste sewe maande van 1956 was saamgestel uit afnames van £27 miljoen en £13 miljoen in die bedrae in besit van die private sektor en die Regering, onderskeidelik, en was hoofsaaklik die gevolg van 'n verdere verskuiwing van omtrent £25 miljoen vanaf onmiddellik opeisbare na termyndeposito's by die handelsbanke en 'n afname van meer as £20 miljoen in die Reserwebank se goud- en buitelandse valuta-reserwes. Die negatiewe effek van hierdie twee faktore is gedeeltelik teengewerk deur 'n toename van ongeveer £6 miljoen in bankkrediet wat byna geheel veroorsaak is deur 'n styging in Reserwe-

bankkrediet. Handelsbankkrediet het slegs met £0.5 miljoen toegeneem as 'n netto gevolg van 'n afname van £4.0 miljoen in die banke se saldo's by die Nasionale Finansiële korporasie en stygings van £3.9 miljoen in hulle beleggings en £0.6 miljoen in hulle diskonteringe en voorskotte.

GOEDEREPRYSE

Die beskikbare indekse van groot- en kleinhandelspryse in die Unie het uiteenlopende neigings gedurende die eerste sewe maande van 1956 getoon. Terwyl die indeks van kleinhandelspryse (basis: 1948 = 100) effens afgeneem het van 137.6 in Desember 1955 tot 137.4 in Januarie 1956, en toe geleidelik tot 140.1 in Julie gestyg het, het die indeks van groothandelspryse effens van 157.3 in Desember 1955 tot 'n nuwe hoogtepunt van 157.6 in Februarie 1956 toegeneem, en daarna tot 155.9 in Julie 1956 gedaal.

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