

MONEY AND BANKING REVIEW

Judging by the available statistical information, the Union's monetary volume of economic activity continued to increase during the second quarter of 1957. After correction for seasonal movements, most of the indexes shown in the table below, namely, bank debits, discounts and advances of the commercial banks, merchandise exports, railway earnings and retail sales increased further from the first to the second quarter, while the value of building plans passed also increased, following a substantial decline

Indexes—Excluding Seasonal Movements (1948=100)

	1956		1957	
	2nd Qtr.	4th Qtr.	1st Qtr.	2nd Qtr.
Bank Debits	197	209	212	218
Stock Exchange Turnover	49	51	66	63
Discounts and Advances of Commercial Banks	212	198	210	215
Value of Imports	140	140	153	152
Value of Exports (excluding gold)	306	304	321	346
Railway Earnings	196	198	203	206
Value of Retail Sales*	129	132	132	133
Value of Property Transactions	86	88	82	82
Value of Building Plans Passed†	130	135	112	119

during the first quarter of the year. On the other hand, the value of property transactions remained relatively stable, while stock exchange turnover and merchandise imports showed small declines.

On the whole it would appear that the rate of expansion which prevailed in the Union's monetary volume of economic activity during 1956, was continued during the first half of 1957.

BALANCE OF PAYMENTS‡

In spite of a considerable increase in imports, the Union's net current balance with the outside world showed a notable improvement during the first half of 1957, compared with the same period a year ago. This improvement, which was the result of a sharp increase in merchandise exports as well as a substantial increase in the gold production, accounted for the fact that the Union's gold and foreign exchange reserves showed a smaller decline during the first half of 1957, than during the corresponding period last year.

While the imports of merchandise, including ships purchased, increased from £257 million in the first half of 1956 to about £272 million in the first half

of 1957, i.e. by about £15 million, the exports of merchandise, excluding gold and ships' stores but including ships sold, increased by no less than about £30 million, namely from £189 million to about £219 million. In addition, the net gold output increased by £8 million, while net current invisible payments would appear to have shown little change. Preliminary estimates indicate, therefore, that the Union showed a net surplus of about £1 million on current account during the first half of 1957, compared with a deficit of about £23 million during the same period a year ago.

As far as capital movements during the first half of 1957 are concerned, it is known that net repayments of Government and Government-guaranteed loans amounted to £4 million, while the preliminary estimates indicate a net outflow of private capital of about £5 million, which was approximately equal to the net purchases by Union residents from foreigners of domestic and foreign securities quoted on stock exchanges in the Union, as reported by Union stockbrokers. These capital movements, after allowing for the surplus on current account, caused the Union's gold and foreign exchange holdings held by the Reserve Bank, the commercial banks and the Union Government, to decline by about £8 million during the first half of 1957, compared with a decrease of £13 million during the corresponding period last year.

From £125.6 million at the end of June, 1957, the Reserve Bank's gold and foreign exchange reserves declined to £109.4 million at the end of August. This further decline would appear to reflect largely a substantial current deficit during a period when dividend payments are high and when imports tend to show a seasonal increase compared with a seasonal decline in exports. The latest available trade figures indicate, for example, that in July, 1957, imports amounted to about £49 million, compared with exports (excluding gold and ships' stores) of about £35 million.

MONEY IN CIRCULATION

In line with the usual seasonal movement, the total quantity of money in circulation in the Union, which had decreased from £449 million at the end of 1955 to £409 million at the end of July, 1956, and then increased to £462 million by the end of that year, declined to £426 million at the end of July, 1957. Since total bank credit remained relatively stable, this decline of about £36 million in the money supply during the first seven months of 1957, was largely the result of a further substantial shift from demand to time deposits with the commercial banks and a decline in the Union's gold and foreign exchange reserves.

* Six Urban Areas (revised figures).

† Eighteen Urban Areas.

‡ The balance of payments figures currently published by the Reserve Bank represent preliminary estimates which will be revised in the light of the results of the Union's first census of foreign assets and liabilities which is being conducted at present.

While Reserve Bank credit declined by about £3 million during this period, commercial bank credit increased by approximately the same amount, as a net result of increases of about £10 million and £5 million in the banks' discounts and advances and in their investments, respectively, and a decline of about £12 million in their balances with the National Finance Corporation. The increase of about £10 million in their discounts and advances occurred during the first four month of the year, whereafter the amount remained relatively stable. Excluding seasonal changes, their discounts and advances actually showed a declining tendency from April to July. During the last-mentioned period, their liquid assets increased by about £12 million,

following a decline of about £18 million during the first four months of the year.

COMMODITY PRICES

Mainly due to increased food prices, the index of retail prices in the Union (base: 1948=100) continued to increase during the first seven months of 1957, namely, from 140.3 in December, 1956, to 142.9 in July, 1957. During the same period the index of wholesale prices showed little change, and the figure of 159.6 in July, 1957 was the same as that for December, 1956.

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OORSIG VAN GELD- EN BANKWESE

Geoordeel volgens die beskikbare statistiese gegewens, het die monetêre omvang van die Unie se ekonomiese bedrywigheid gedurende die tweede kwartaal van 1957 verder gestyg. Ná aansuiwering vir seisoensbewegings, het meeste van die indekse wat in die onderstaande tabel aangetoon word, nl. bankdebette, diskonteringe en voorskotte van die handelsbanke, goedereuitvoere, spoorweginkomste en kleinhandelsverkope, verder toegeneem vanaf die

Indekse—Aangesuiwer vir Seisoenskommelings. (1948=100)

	1956		1957	
	2de Kw.	4de Kw.	1ste Kw.	2de Kw.
Bankdebette	197	209	212	218
Effektebeursomset	49	51	66	63
Diskonteringe en voorskotte van handelsbanke	212	198	210	215
Waarde van invoere	140	140	153	152
Waarde van uitvoere (uitgesonderd goud)	306	304	321	346
Spoorweginkomste	196	198	203	206
Waarde van kleinhandelsverkope*	129	132	132	133
Waarde van eiendomstransaksies	86	88	82	82
Waarde van bouplanne goedgekeur†	130	135	112	119

eerste tot die tweede kwartaal, terwyl die waarde van bouplanne goedgekeur ook gestyg het nadat dit gedurende die eerste kwartaal van die jaar 'n aansienlike daling getoon het. Aan die ander kant het die waarde van eiendomstransaksies relatief stabiel gebly, terwyl effektebeursomset en goedere-invoere klein afnames getoon het.

In die geheel wil dit voorkom asof die koers van uitbreiding in die monetêre omvang van die Unie se ekonomiese bedrywigheid gedurende 1956, voortgesit is gedurende die eerste helfte van 1957.

BETALINGSBALANS‡

Ten spyte van 'n aansienlike styging in invoere, het die Unie se netto lopende balans teenoor die buiteland 'n noemenswaardige verbetering gedurende die eerste helfte van 1957 vergeleke met dieselfde tydperk 'n jaar gelede, getoon. Hierdie verbetering, wat die gevolg was van 'n skerp styging in goedere-uitvoere sowel as 'n aansienlike toename in die goudproduksie, was verantwoordelik vir die feit dat die Unie se goud en buitelandse valutareserwes 'n kleiner afname gedurende die eerste helfte van 1957 as gedurende die ooreenstemmende tydperk verlede jaar, getoon het.

* Ses stedelike gebiede (hersiense syfers).

† Agtien stedelike gebiede.

‡ Die betalingsbalanssyfers wat deur die Reserwebank gepubliseer word, verteenwoordig voorlopige skattings wat hersien sal word in die lig van die resultate van die Unie se eerste sensus van buitelandse bates en laste wat tans opgeneem word.

Terwyl goedere-invoere, insluitende skepe aangekoop, van £257 miljoen in die eerste helfte van 1956 tot omtrent £272 miljoen in die eerste helfte van 1957 toegeneem het, d.w.s. met ongeveer £15 miljoen, het goedere-uitvoere, uitgesonderd goud en skeepsvoorrade maar insluitende skepe verkoop, met nie minder as omtrent £30 miljoen gestyg nie, nl. van £189 miljoen tot ongeveer £219 miljoen. Boonop het die netto goudproduksie met £8 miljoen toegeneem, terwyl dit wil voorkom asof netto lopende onsigbare betalings min verandering getoon het. Voorlopige skattings dui dus aan dat die Unie se lopende rekening 'n netto surplus van omtrent £1 miljoen gedurende die eerste helfte van 1957 getoon het, vergeleke met 'n tekort van ongeveer £23 miljoen gedurende dieselfde tydperk verlede jaar.

Wat kapitaalbewegings gedurende die eerste helfte van 1957 betref, is dit bekend dat netto terugbetalings van Regeringslenings en lenings deur die Regering gewaarborg, £4 miljoen beloop het, terwyl die voorlopige skattings 'n netto uitvloeï van private kapitaal van omtrent £5 miljoen aandui, wat ongeveer gelyk was aan die netto aankope, deur Unie-inwoners van buitelanders, van binnelandse en buitelandse effekte wat op aandelebeurse in die Unie gekwoteer word, soos opgegee deur Unie-aandemakelaars. Hierdie kapitaalbewegings het, ná toelating vir die oorskot op lopende rekening, veroorsaak dat die Unie se goud en buitelandse valutareserwes gehou deur die Reserwebank, die handelsbanke en die Unieregering, met ongeveer £8 miljoen gedurende die eerste helfte van 1957 afgeneem het, vergeleke met 'n daling van omtrent £13 miljoen gedurende die ooreenstemmende tydperk verlede jaar.

Vanaf £125,6 miljoen aan die end van Junie 1957, het die Reserwebank se goud en buitelandse valutareserwes tot £109,4 miljoen aan die end van Augustus afgeneem. Hierdie verdere afname skyn hoofsaaklik 'n aansienlike lopende tekort te weerspieël gedurende 'n tydperk wanneer dividend-betalings hoog is en wanneer invoere neig om 'n seisoensstoenamete te toon vergeleke met 'n seisoensafname in uitvoere. Die jongste beskikbare handelsyfers toon bv. aan dat in Julie 1957 invoere ongeveer £49 miljoen beloop het, vergeleke met uitvoere (uitgesonderd goud en skeepsvoorrade) van omtrent £35 miljoen.

GELD IN OMLOOP

In ooreenstemming met die gewone seisoensbeweging, het die totale hoeveelheid geld in omloop in die Unie, wat van £449 miljoen aan die end van 1955 tot £409 miljoen aan die end van Julie 1956 gedaal, en toe tot £462 miljoen aan die end van daardie jaar gestyg het, tot £426 miljoen aan die

end van Julie 1957 afgeneem. Aangesien totale bankkrediet relatief stabiel gebly het, was hierdie afname van ongeveer £36 miljoen in die geldhoeveelheid gedurende die eerste sewe maande van 1957, hoofsaaklik die gevolg van 'n verdere aansienlike verskuiwing vanaf onmiddellik opeisbare na termyndeposito's by die handelsbanke en 'n afname in die Unie se goud en buitelandse valutareserwes.

Terwyl Reserwebankkrediet met ongeveer £3 miljoen gedurende hierdie tydperk gedaal het, het handelsbankkrediet met omtrent dieselfde bedrag toegeneem as 'n netto gevolg van toenames van ongeveer £10 miljoen en £5 miljoen in die banke se diskonteringe en voorskotte en in hulle beleggings, onderskeidelik, en 'n afname van omtrent £12 miljoen in hulle saldo's by die Nasionale Finansiële korporasie. Die styging van omtrent £10 miljoen in hulle diskonteringe en voorskotte het gedurende die eerste vier maande van die jaar plaasgevind, waarna die bedrag relatief stabiel gebly het. Met uitsluiting van seisoensbewegings het hulle diskon-

teringe en voorskotte in werklikheid 'n dalende tendens vanaf April tot Julie getoon. Gedurende laasgenoemde tydperk het hulle likwiede bates met ongeveer £12 miljoen gestyg nadat dit met omtrent £18 miljoen gedurende die eerste vier maande van die jaar afgeneem het.

GOEDEREPRYSE

Hoofsaaklik weens 'n styging in voedselpryse, het die indeks van kleinhandelspryse in die Unie (basis: 1948=100) verder toegeneem gedurende die eerste sewe maande van 1957, nl. van 140.3 in Desember 1956 tot 142.9 in Julie 1957. Gedurende dieselfde tydperk het die indeks van groothandelspryse min verandering getoon, en die syfer van 159.6 in Julie 1957 was dieselfde as dié in Desember 1956.

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