

## MONETARY AND BANKING REVIEW

During the first five months of 1959, some notable changes occurred in the Union's internal economy, as well as in its balance of payments with the outside world.

Judging by the latest available information, it would appear that, while the general slackening of business conditions during the second half of 1958, continued into the first quarter of 1959, a noticeable improvement occurred during the subsequent months of April and May.

From the table below it will be seen that a number of the available value indices, excluding seasonal changes, declined from the last quarter of 1958 to the first quarter of 1959, with the important exceptions of bank debits, exports and gold production, which showed fairly substantial increases.

### Indices — Excluding Seasonal Changes\*

	1958			1959	
	1st Qtr.	3rd Qtr.	4th Qtr.	1st Qtr.	April and May
Bank Debits	241	242	245	258	282
Discounts and Advances of					
Commercial Banks	246	235	225	225	226
Stock Exchange Turnover	51	77	115	106	137
Value of Gold Production	214	220	231	237	247
Value of Imports	171	149	146	129	141
Value of Exports†	296	277	266	284	306
Railway Earnings	213	222	221	220	.....
Value of Retail Sales	135	133	134	133	134
Value of Property Transactions	97	80	77	73	92‡
Value of Building Plans Passed	145	129	147	128	161

During the two-month period April and May, however, there were not only substantial further increases in the last-mentioned three indices, but also increases in stock exchange turnover, imports, building plans passed, and, to a lesser extent, in retail sales and the commercial banks' discounts and advances. The May figure for property transactions is not yet available, but this index also increased in April.

### BALANCE OF PAYMENTS

With the completion of the sample survey of foreign assets and liabilities conducted in respect of the year 1958, it is now possible to give more details in regard to the Union's balance of payments in that year.

Revised estimates indicate that the Union had

a net current deficit of about £74 million in 1958, as against a net inflow of capital of about £68 million. In addition, net errors and omissions in the estimates amounted to plus £10 million (apparently representing largely a net inflow of unidentified short-term capital funds), so that the country's gold and foreign exchange reserves increased by about £4 million during that year.

In regard to the identified net inflow of capital of £68 million, the following details are of particular importance:

(a) Official and banking institutions accounted for a net inflow of £36 million, while the net inflow of private capital funds amounted to £32 million.

(b) The last-mentioned amount was the net result of a net inflow of foreign capital of £45 million, as against a net outflow of Union-resident funds of £13 million.

(c) Of the net inflow of private foreign capital of £45 million, £21 million was accounted for by long-term and £24 million by short-term funds, and the bulk of these receipts represented investment in Union-resident branches and subsidiaries of foreign companies.<sup>1</sup>

(d) The net outflow of private Union-resident capital of £13 million represented mainly long-term funds invested in African territories, notably the Federation of Rhodesia and Nyasaland.

During the first quarter of 1959, the Union's gold and foreign exchange reserves showed a further increase of about £1 million,<sup>2</sup> which represented a major improvement compared with the decline of £24 million during the first quarter of 1958. This improvement was largely accounted for by a substantial decline in imports, and, to a lesser extent, by an increase in the net gold output and a decline in net current invisible payments.

Imports dropped from £159 million in the first quarter of 1958 to about £120 million in the first quarter of 1959, while exports showed only a small decline from £100 million to about £97 million, so that the trade deficit decreased by about £36 million, i.e. from £59 million to about £23 million. In addition, the net gold output increased by £5 million, while net current invisible payments decreased by about £4 million, which means that the net balance on current account showed an improvement

\* Revised figures.

† Excluding gold.

‡ April figure only.

1. The direct investment figures referred to here exclude undistributed profits. (For details see Table XXXVIII.B.)  
2. The reserves held by the Reserve Bank actually increased by £4.7 million, but those held by the commercial banks and the Union Government declined by £3.7 million.

of about £45 million, namely, from a deficit of £38 million to a surplus of about £7 million.

Comparing this net current surplus of £7 million during the first quarter of 1959 with the corresponding increase of £1 million in the gold and foreign exchange reserves, it would appear that there was a net outflow of capital of about £6 million during this period, of which £1 million was the net amount accounted for by official and banking institutions. The net outflow of private capital, including omissions and errors in the estimates, therefore, amounted to about £5 million, the bulk of which represented net purchases by Union residents through stockbrokers of Union securities from foreigners. It would appear, therefore, that any further net outflow of Union-resident capital in the form of direct investment to neighbouring territories during this period, must have been offset by a net inflow of foreign funds.

During the months of April and May, 1959, there was an additional improvement in the balance of payments in so far as it would appear that there was no further net outflow of private capital. During these months the Union continued to show a net current surplus, and the reserves would have increased but for the repayment of the £4 million stand-by credit drawn on the International Monetary Fund in 1958. The gold and foreign exchange reserves of the Reserve Bank declined by £3.3 million to £113.5 million during this period, but those held by the commercial banks and the Union Government increased by £2.3 million, so that the net decline in the reserves was only £1 million.

After the end of May, the reserves held by the Reserve Bank increased substantially to stand at £119.4 million on Friday the 26th June.

### MONEY AND BANKING

During the first quarter of 1959, the money supply in the hands of the public, i.e. excluding Government deposits, declined by about £15 million, while interest-bearing deposits held by the public with the commercial banks and the National Finance Corporation decreased by about £10 million. As will be seen from the table below, this total decrease of £25 million in the liquid assets held by the public with the banking sector, was substantially smaller than the drop of £49 million registered

during the same period a year ago, and occurred mainly as a result of a further decline in total bank credit, although an increase in the deposits of the Union Government also played an important part.

Subsequently, during April and May, there was a further decline in the money supply, but this was more than offset by a sharp increase in interest-bearing deposits, so that the public's total liquid

### Changes in Liabilities and Assets of the Banking Sector<sup>1</sup>

	1958		1959		
	April		April		
	1st Qtr.	and May	1st Qtr.	and May	
Money supply <sup>2</sup> .....	-29	-9	-15	-8	+9
Interest-bearing deposits .....	-20	+7	-10	+28	+28
Total .....	-49	-2	-25	+20	+37
Net foreign assets <sup>3</sup> .....	-31	-11	+4	-	+56
Claims on Government .....	-13	-	-13	-1	-11
Government deposits <sup>4</sup> .....	-22	+24	-14	+21	+8
Claims on the public .....	+23	-11	-9	-	-29
Unclassified items .....	-6	-4	+7	-	+13
Total .....	-49	-2	-25	+20	

assets with the banking sector actually increased by £20 million. This increase, which compares with a decrease of £2 million during the same period last year, was nearly entirely accounted for by a drawing down of deposits held by the Government, since net foreign assets showed no change and total bank credit declined by only £1 million, which represented a decline in claims on the Government. Claims of the banking sector on the public showed no change during this period, following a decline of £9 million during the first quarter of the year.

T. W. de Jongh,

Head: Department of Economic Research and Statistics.

1. Including the National Finance Corporation.
2. In the hands of the public.
3. Foreign assets less foreign liabilities owed to foreign banks and foreign governments.
4. Increase -, decrease +.

## OORSIG VAN GELD- EN BANKWESE

Gedurende die eerste vyf maande van 1959 het daar 'n aantal aanmerklike veranderinge in die Unie se binnelandse ekonomie sowel as in sy betalingsbalans met die buitewêreld plaasgevind.

Geoordeel volgens die jongste beskikbare inligting, blyk dit dat, terwyl die algemene verslapping in besigheidstoestande gedurende die tweede helfte van 1958 voortgeduur het tot in die eerste kwartaal van 1959, 'n merkbare verbetering gedurende die daaropvolgende maande van April en Mei voorgekom het.

Uit die tabel hieronder sal gesien word dat 'n aantal van die beskikbare waarde-indekse, ná aansuiwering vir seisoenskommelings, vanaf die laaste kwartaal van 1958 tot die eerste kwartaal van 1959 gedaal het, alhoewel belangrike uitsonderings voorgekom het insoverre dat bankdebette, uitvoere en goudproduksie redelike groot toenames getoon het. Gedurende die tweemaandtydperk April en Mei,

### Indekse — Aangesuiwer vir seisoenskommelings\*

(1948 = 100)

	1958			1959	
	1ste kw.	3de kw.	4de kw.	1ste kw.	April en Mei
Bankdebette	241	242	245	258	282
Diskonteringe en voorskotte van handelsbanke	246	235	225	225	226
Effektebeursomset	51	77	115	106	137
Waarde van goudproduksie	214	220	231	237	247
Waarde van invoere	171	149	146	129	141
Waarde van uitvoere†	296	277	266	284	306
Spoorweginkomste	213	222	221	220	—
Waarde van kleinhandelsverkope	135	133	134	133	134
Waarde van eiendomstransaksies	97	80	77	73	92‡
Waarde van bouplanne goedgekeur	145	129	147	128	161

egter, was daar nie alleen aansienlike verdere toenames in laasgenoemde drie indekse nie, maar ook stygings in effektebeursomset, invoere, bouplanne goedgekeur, en, in 'n mindere mate, in kleinhandelsverkope en die handelsbanke se diskonteringe en voorskotte. Syfers vir eiendomstransaksies gedurende Mei is nog nie beskikbaar nie, maar hierdie indeks het ook gedurende April toegeneem.

### BETALINGSBALANS

Met die voltooiing van die steekproefopname van buitelandse bates en laste wat t.o.v. die jaar 1958 opgeneem is, is dit nou moontlik om meer besonderhede betreffende die Unie se betalingsbalans in daardie jaar te gee.

\* Hersiene syfers.  
† Uitgesonderd goud.  
‡ Slegs April-syfers.

Hersiene skattings dui aan dat die Unie 'n netto lopende tekort van ongeveer £74 miljoen in 1958 gehad het, teenoor 'n netto kapitaaltoevloei van ongeveer £68 miljoen. Hierbenewens het netto foute en weglatings plus £10 miljoen bedra (wat blykbaar grootliks 'n netto toevloei van ongeïdentifiseerde korttermynfondse verteenwoordig), sodat die land se goud- en buitelandse valutareserwes met ongeveer £4 miljoen gedurende die jaar toegeneem het.

Wat die geïdentifiseerde netto toevloei van kapitaal van £68 miljoen betref, is die volgende besonderhede veral van belang:

(a) Offisiële en bankinstellings was vir 'n netto toevloei van £36 miljoen verantwoordelik, terwyl die netto toevloei van private kapitaal £32 miljoen bedra het.

(b) Laasgenoemde bedrag was die netto resultaat van 'n netto toevloei van £45 miljoen aan buitelandse kapitaal, teenoor 'n netto uitvloei van £13 miljoen aan Unie-inwonerfondse.

(c) Van die netto toevloei van private buitelandse kapitaal van £45 miljoen, was langtermynfondse vir £21 miljoen en korttermynfondse vir £24 miljoen verantwoordelik, en die grootste gedeelte van hierdie ontvangstes het belegging in Unie-inwonertakke en -filiale van buitelandse maatskappye verteenwoordig.<sup>1</sup>

(d) Die netto uitvloei van private Unie-inwonerkapitaal van £13 miljoen het hoofsaaklik langtermynfondse verteenwoordig wat in Afrika-gebiede, veral die Federasie van Rhodesië en Njassaland, belê is.

Gedurende die eerste kwartaal van 1959 het die Unie se goud- en buitelandse valutareserwes 'n verdere toename van ongeveer £1 miljoen getoon,<sup>2</sup> wat 'n groot verbetering vergeleke met die daling van £24 miljoen gedurende die eerste kwartaal van 1958 verteenwoordig. Hierdie verbetering is hoofsaaklik te verklaar deur 'n aansienlike daling in invoere, en in 'n mindere mate deur 'n toename in die netto goudproduksie en 'n afname in netto lopende onsigbare betalings.

Invoere het van £159 miljoen in die eerste kwartaal van 1958 tot ongeveer £120 miljoen in die eerste kwartaal van 1959 afgeneem, terwyl uitvoere 'n klein daling vanaf £100 miljoen tot ongeveer £97 miljoen getoon het, sodat die handelstekort met ongeveer £36 miljoen afgeneem het, d.w.s. van

1. Die regstreekse belegging-syfers waarna hier verwys word, sluit onverdeelde winste uit. (Sien tabel XXXVII B vir besonderhede.)  
2. Die reserwes gehou deur die Reserwebank het in werklikheid met £4.7 miljoen toegeneem, maar dié gehou deur die handelsbanke en Unie-regering het met £3.7 miljoen gedaal.

£59 miljoen tot ongeveer £23 miljoen. Hierbenewens het die netto goudproduksie met ongeveer £5 miljoen toegeneem, terwyl netto lopende onsigbare betalings met ongeveer £4 miljoen gedaal het, wat beteken dat die netto balans op lopende rekening 'n verbetering van ongeveer £45 miljoen getoon het, naamlik vanaf 'n tekort van £38 miljoen tot 'n oorskot van ongeveer £7 miljoen.

Indien hierdie netto lopende oorskot van £7 miljoen gedurende die eerste kwartaal van 1959 met die ooreenkomstige toename van £1 miljoen in die goud- en buitelandse valutareserwes vergelyk word, wil dit voorkom asof daar 'n netto kapitaaluitvloeï van ongeveer £6 miljoen gedurende hierdie tydperk was, waarvan £1 miljoen die netto bedrag t.o.v. offisiële en bankinstellings verteenwoordig. Die netto uitvloeï van private kapitaal, met inbegrip van weglatings en foute in die skattings, het dus ongeveer £5 miljoen bedra, waarvan die grootste gedeelte Unie-inwoners se netto aankope (deur effektemakelaars) van Unie-effekte vanaf buitelanders, verteenwoordig. Dit wil dus voorkom asof enige verdere netto uitvloeï van Unie-inwonerkapitaal in die vorm van regstreekse belegging na aangrensende gebiede gedurende hierdie tydperk, deur 'n netto toevloeï van buitelandse fondse geëwenaar moes gewees het.

Gedurende die maande April en Mei 1959 was daar 'n verdere verbetering in die betalingsbalans insoverre dit wil voorkom asof daar geen verdere netto uitvloeï van private kapitaal was nie. Gedurende hierdie maande het die Unie nog steeds 'n netto lopende oorskot gehad, en die reserwes sou toegeneem het indien die £4 miljoen bystandskrediet wat in 1958 op die Internasionale Monetêre Fonds getrek is, nie terugbetaal is nie. Die goud- en buitelandse valutareserwes van die Reserwebank het gedurende hierdie tydperk met £3.3 miljoen tot £113.5 miljoen gedaal, maar dié gehou deur die handelsbanke en die Unieregering het met £2.3 miljoen toegeneem, sodat die netto daling in die reserwes slegs £1 miljoen beloop het.

Ná die einde van Mei het die reserwes gehou deur die Reserwebank aansienlik toegeneem en op Vrydag, 26 Junie, op £119.4 miljoen te staan gekom.

## GELD- EN BANKWESE

Gedurende die eerste kwartaal van 1959 het die geldhoeveelheid in die hande van die publiek, d.w.s. uitgesonderd regeringsdeposito's, met ongeveer £15 miljoen gedaal, terwyl rentedraende deposito's wat deur die publiek by die handelsbanke en die Nasionale Finansiële Korporasie gehou word, met ongeveer £10 miljoen afgeneem het. Soos uit die tabel hier-

onder gesien kan word, is hierdie totale afname van £25 miljoen in die likwiede bates wat deur die publiek by die banksektor gehou word, aansienlik kleiner as die daling van £49 miljoen wat gedurende dieselfde tydperk 'n jaar gelede aangeteken is, en dit het plaasgevind hoofsaaklik as gevolg van 'n verdere daling in totale bankkrediet, alhoewel 'n toename in die deposito's van die Unieregering ook 'n belangrike rol gespeel het.

Vervolgens was daar gedurende April en Mei 'n verdere daling in die geldhoeveelheid, maar dit was meer as geëwenaar deur 'n skerp toename in rentedraende deposito's, sodat die publiek se totale likwiede bates by die banksektor in werklikheid met £20 miljoen toegeneem het.

### Verandering in laste en bates van die banksektor<sup>1</sup>

(£ miljoene)

	1958		1959	
	Iste kw.	April en Mei	Iste kw.	April en Mei
Geldhoeveelheid <sup>2</sup> .....	-29	- 9	-15	- 8
Rentedraende deposito's .....	-20	+ 7	-10	+28
Totaal .....	-49	- 2	-25	+20
Netto buitelandse bates <sup>3</sup> .....	-31	-11	+ 4	—
Eise teen regering .....	-13	—	-13	- 1
Regeringsdeposito's <sup>4</sup> .....	-22	+24	-14	+21
Eise teen publiek .....	+23	-11	- 9	—
Onverdeelde poste .....	- 6	- 4	+ 7	—
Totaal .....	-49	- 2	-25	+20

Hierdie toename, wat vergelyk kan word met 'n afname van £2 miljoen gedurende dieselfde tydperk verlede jaar, is byna geheel veroorsaak deur trekkings ter vermindering van regeringsdeposito's, aangesien netto buitelandse bates geen verandering getoon en totale bankkrediet met slegs £1 miljoen gedaal het, wat 'n daling in eise teen die regering verteenwoordig. Eise van die banksektor teen die publiek het gedurende hierdie tydperk geen verandering getoon nie, nadat dit met £9 miljoen gedurende die eerste kwartaal van die jaar gedaal het.

T. W. de Jongh,

Hoof: Departement Ekonomiese Navorsing en Statistiek.

1. Met inbegrip van die Nasionale Finansiële Korporasie.
2. In die hande van die publiek.
3. Buitelandse bates min buitelandse laste verskuldig aan buitelandse banke en buitelandse regerings.
4. Toename —, afname +.