

OORSIG VAN EKONOMIESE TOESTANDE IN DIE UNIE IN 1958

A. INLEIDING

In die oorsig van 'n jaar gelede is daarop gewys dat die Unie in 1957, nadat daar in 1955 en 1956 'n vermindering was van die uitsonderlike hoë koers van ekonomiese uitbreiding wat die onmiddellik voorafgaande jare gekenmerk het, sy beleid van „konsolidasie” verander het tot een van „aansporing”. So is byvoorbeeld invoerbeheer en die beperking van bankkrediet vir die doeleindes van verbruik en vaste kapitaal, verslap, en in September daardie jaar, toe die Britse bankkoers van 5 tot 7 persent vermeerder is, is dit besluit om nie plaaslike koerse te verhoog nie, maar om liewers die oordrag van kapitaalfondse deur Unie-inwoners na Sterlinggebiedlande te beheer.

Vir verskeie redes, het ekonomiese bedrywigheid in die Unie aansienlik toegeneem in 1957, maar gedurende die tweede helfte van die jaar, toe invoere aanhou styg het, het die Unie betalingsbalansmoelikhede begin ondervind wat in groot mate te wyte was aan eksterne faktore waaroor die land se owerhede weinig of geen beheer gehad het nie. Hierdie faktore was die daling in oorsese grondstofpryse, wat 'n noemenswaardige verswakking in die Unie se ruilvoet teweeggebring het, en die drastiese kredietknelling en hoër rentekoerse wat destyds in die Verenigde Koninkryk geheers het, wat direk of indirek verantwoordelik was vir 'n aansienlike deel van die uitvloei van kapitaal wat gedurende daardie tydperk ondervind is.

Weens die onewewig in die betalingsbalans, het die Unie se owerhede gedurende die eerste helfte van 1958 weereens monetêre en fiskale maatreëls aangewend. Kortliks het hierdie stappe bestaan uit die beperking van bankkrediet deur die toepassing van aanvullende reserwevereistes op die handelsbanke; die toepassing van strenger buitelandse valutabeheermaatreëls wat Unie-inwoners betref; die verhoging van sekere rentekoerse; die plasing van 'n verbod op die invoer van luukse karre; en die verskerping van huurkoopbeheer in die motorhandel. Later, in Julie, is verhogings aangekondig in doeane- en aksynsbelasting op motors, petrol, drank, sigarette en pytabak.

Wat die beperking van bankkrediet betref, is in terme van Seksie 8 *bis* van die Wet op die Suid-Afrikaanse Reserwebank, die vereiste gestel dat die handelsbanke in Junie, Julie en Augustus aanvullende reserwes moes hou gelyk aan 2, 4 en 4 persent, onderskeidelik, van hulle totale verpligtings teenoor die publiek aan die end van die vorige maand. Daarna is die persentasie verhoog tot 6 in September en 8 in

Oktober, waarna dit weer tot 6 in November verminder is. In hierdie verband moet daarop gelet word dat, in terme van die Wet, dit nie nodig is dat die aanvullende reserwes ten volle in kontant gehou word nie, want die handelsbanke kan 'n bedrag aftrek wat gelyk is aan enige netto vermeerdering ná 'n bepaalde datum (in hierdie geval 30 April 1958) in hulle besit aan Unie-skatkiesbewyse, Unie-regeringseffekte met 'n vervaltyd van hoogstens drie jaar, Landbankwissels of voorskotte aan die Landbank toegestaan, en kredietsaldo's by die Nasionale Finansiële korporasie.

Wat rentekoerse betref, is die koerse op skatkieswissels met drie en ses maande looptyd, en op daggelddeposito's by die Nasionale Finansiële korporasie op 12 Februarie 1958 met $\frac{1}{4}$ persent verhoog. Op 10 Maart het die handelsbanke hulle diskonto- en rentekoerse vir invoere en sekere ander handels-transaksies met $\frac{1}{2}$ persent verhoog, maar later, met ingang 1 Junie, hulle koerse op oortrekkings in die algemeen met hierdie bedrag verhoog. In laasgenoemde maand, het die Regering 'n begin gemaak met die uitreik van drie-maande (later verander tot 91 dae) Unie-skatkieswissels op 'n weeklikse tenderbasis, en die koerse hierop het effens vanaf 'n gemiddelde van 3.695 in Junie tot 3.736 persent in Augustus toegeneem, waarna dit geleidelik afgeneem het tot 3.684 persent in Desember. Gedurende hierdie tydperk is die koers op daggelddeposito's by die Nasionale Finansiële korporasie met $\frac{1}{8}$ persent tot 3.5 persent in die tweede week van Junie verhoog en het dit op hierdie peil bly staan gedurende die res van die jaar. Geen veranderings is egter gedurende die jaar in die plaaslike Bankkoers van $4\frac{1}{2}$ persent aangebring nie.

Die oorsig wat volg moet beskou word in die lig van die verskeie maatreëls hierbo beskryf sowel as ander ekonomiese verwickelinge van beide buitelandse en binnelandse oorsprong, waarna verwys sal word waar toepaslik.¹

B. ALGEMENE TENDENSE

PRODUKSIE EN WERKVERSKAFFING

(a) Landbou

Volgens voorlopige skattings wat deur die Afdeling Ekonomie en Marke gemaak is, het die bruto-waarde van landbouproduksie, wat van £347 miljoen in 1955/56 tot £384 miljoen (hersiense syfer) in

¹ Tensy anders aangedui, is al die indekse wat in hierdie oorsig vermeld word, op die basis 1948 = 100 gebaseer.

1956/57 toegeneem het, afgeneem na £360 miljoen in 1957/58.

Die afname van £24 miljoen vanaf 1956/57 tot 1957/58 was in groot mate veroorsaak deur afnames in die waarde van produksie van wol en mielies, wat, in die geval van wol, grootliks as gevolg van 'n prysdaling plaasgevind het, maar ook as gevolg van 'n afname in die fisiese volume van produksie. Die produksie van wol het naamlik gedaal van £67 miljoen in 1956/57 tot £48 miljoen in 1957/58, of van 283 miljoen lbs. tot 265 miljoen lbs., terwyl die produksie van mielies gedaal het van £60 miljoen tot £51 miljoen, of van 42 miljoen sak tot 37 miljoen sak, onderskeidelik.

Hierdie syfers het betrekking op die jare geëindig 30 Junie, maar, geoordeel volgens landbouprysdalings in 1958, wil dit voorkom asof daar ook op 'n kalenderjaarbasis 'n afname in die waarde van landbouproduksie vanaf 1957 tot 1958 was.

(b) Mynwese

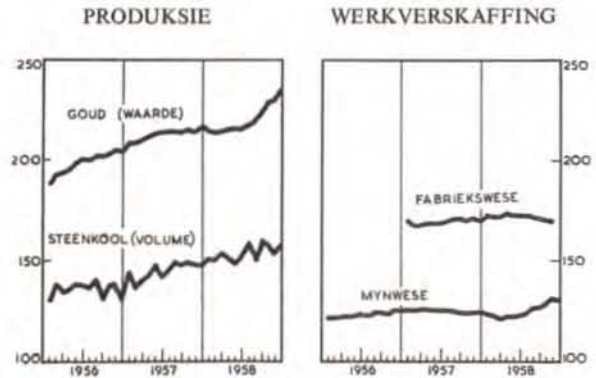
Die totale waarde van die Unie se minerale produksie, met uitsluiting van steengroefprodukte maar met insluiting van uraanuitvoere,² het tot die nuwe hoë peil van ongeveer £351 miljoen in 1958 toegeneem, vergeleke met £345 miljoen in 1957 en £315 miljoen in 1956.

Die verdere toename van ongeveer £6 miljoen in 1958 was hoofsaaklik te wyte aan goud en uraan. Die goudproduksie het van 17,031,000 fyn onse in 1957 tot 17,656,000 fyn onse in 1958 gestyg, of van £212.6 miljoen tot £220.0 miljoen, d.w.s. met £7.4 miljoen, terwyl die uitvoer van uraan met £3.2 miljoen toegeneem het, naamlik van £50.0 miljoen tot £53.2 miljoen.

Steenkoolverkope het van 37,687,000 ton in 1957 tot 39,940,000 ton in 1958, of in terme van waarde, van £21.7 miljoen tot £23.6 miljoen toegeneem, terwyl die waarde van koperverkope verder gedaal het van £10.2 miljoen tot £8.9 miljoen, alhoewel die hoeveelheid verkoop in werklikheid 'n verdere toename vanaf 50,500 tot 56,800 ton getoon het. Diamantverkope het effens toegeneem van £14.5 miljoen tot £15.6 miljoen, terwyl alle ander onedele en edele minerale saam 'n afname van £6 miljoen, naamlik van £36.1 miljoen tot £30.1 miljoen, getoon het.

Terwyl werkverskaffing in die mynwese dieselfde gemiddelde maandelikse indeks van 125 in 1958 as in 1957 getoon het, vergeleke met 123 in 1956, kan uit onderstaande grafiek gesien word dat daar 'n noemenswaardige opwaartse neiging gedurende die laaste drie kwartale van 1958 was. Die grafiek toon ook die relatiewe skerp toename in die goudproduksie gedurende die tweede helfte van die jaar aan.

² Syfers vir die waarde van uraanproduksie is nie beskikbaar nie.



Waardeindekse (1948 = 100) — Aangesuiwer vir seisoenskommelings.

(c) Fabriekswese

In teenstelling met die neiging van werkverskaffing in die mynwese, het die indekse van werkverskaffing in private fabriekswese, uitgesonderd seisoenskommelings, gedurende die eerste helfte van 1958 verder toegeneem, maar daarna 'n effense afwaartse neiging gedurende die tweede helfte van die jaar getoon, soos deur die bostaande grafiek aangedui word. Geoordeel volgens die syfers beskikbaar vir die eerste elf maande van die jaar, was die gemiddelde maandelikse indeks in 1958 nog steeds effens hoër as in 1957. Ongelukkig is op datum syfers van fabrieksproduksie nog nie beskikbaar nie.

(d) Elektrisiteit

Die maandelikse indekse van elektriese stroom opgewek, uitgesonderd seisoenskommelings, het sy opwaartse beweging gedurende 1958 voortgesit, alhoewel teen 'n effense laer koers van toename as gedurende die twee voorafgaande jare. Die gemiddelde maandelikse indeks het van 204 in 1957 tot 216 in 1958 gestyg, vergeleke met 190 in 1956.

(e) Boubedryf

Terwyl die gemiddelde maandelikse indeks van bouplanne goedgekeur in die agtien vernaamste stede van die Unie vanaf 133 in 1957 tot 139 in 1958 toegeneem het, vergeleke met 129 in 1956, blyk dit uit die onderstaande grafiek dat, afgesien van 'n buitengewone hoë syfer in November, die neiging in die maandelikse indekse, ná aansuiwering vir seisoenskommelings, gedurende 1958 afwaarts was, vergeleke met 'n opwaartse neiging gedurende 1957. Hierdie afwaartse neiging gedurende 1958 is ook weerspieël in die indekse van werkverskaffing in private konstruksie, wat, uitgesonderd seisoenskommelings, 'n gemiddelde van ongeveer 140 in die tweede helfte van die jaar bedra het, vergeleke met ongeveer 148 in die eerste helfte.

GOEDEREPRYSE

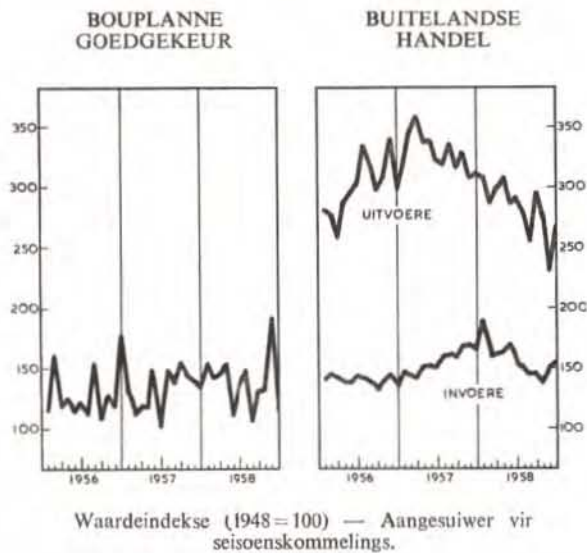
Groothandelspryse het gedurende 1958 relatief stabiel gebly, en die gemiddelde maandelikse indekse (alle goedere) het slegs effens toegeneem tot 160.0, vergeleke met 159.7 in 1957 en 157.4 in 1956. Die effense styging in 1958 was die netto resultaat van

'n klein toename in die indeks vir Uniegoedere en 'n klein afname in dié vir invoergoedere.

In die geval van kleinhandelspryse het die gemiddelde maandelikse indeks gestyg van 143.5 in 1957 tot 148.5 in 1958, vergeleke met 139.3 in 1956, en die neiging in die maandelikse indekse was dwarsdeur die jaar 1958 opwaarts. Die verdere toename in kleinhandelspryse in 1958 was grootliks die gevolg van verhoogde voedselpryse.

Wat landboupryse betref, het die dalende neiging wat gedurende die laaste vier maande van 1957 as gevolg van 'n daling in wolpryse ingetree het, gedurende 1958 voortgeduur, en die indeks het afgeneem tot 125 in Desember 1958, vergeleke met 137 in Desember 1957. Die gemiddelde maandelikse indeks het gedaal van 157 in 1957 tot 130 in 1958.

Die geweege gemiddelde prys van alle tipes wol, gegrond op pryse werklik betaal vir vetwol op openbare veilings in Unie-hawens, wat afgeneem het van 4.92 sjielings per lb. in September 1957 tot 3.57 sjielings in Desember van daardie jaar, het verder gedaal tot 2.93 en 2.61 sjielings in September en Desember 1958, onderskeidelik.



BUITELANDSE HANDEL¹

Terwyl die waarde van die Unie se invoere gedurende 1958 verder gestyg het, het die waarde van uitvoere 'n aansienlike daling getoon.

Voorlopige handelsyfers toon dat die invoere van koopware, wat van £501 miljoen in 1956 tot £558 miljoen in 1957 toegeneem het, tot £568 miljoen in 1958 gestyg het. Hierdie verdere toename in 1958 is egter veroorsaak deur buitengewone hoë invoere gedurende die eerste helfte van die jaar, toe die syfer £310 miljoen bedra het, vergeleke met £274 miljoen in die eerste helfte en £284 miljoen in die tweede helfte van 1957. Gedurende die tweede helfte

¹ Weens aansuiwering wat vir betalingsbalansdoeleindes gemaak is, verskil die invoer- en uitvoersyfers wat hier aangehaal word, ietwat van dié wat deur die Departement van Doane en Aksyns gepubliseer is.

van 1958 was daar dus 'n daling van £52 miljoen tot £258 miljoen.

Die netto toename van ongeveer £10 miljoen in totale invoere vanaf 1957 tot 1958 het plaasgevind niesteenstaande dalings van ongeveer £15 miljoen en £3 miljoen in die invoere van „tekstielware, klere, draad en vesels” en „olie, was, harssoorte, verfmiddels en vernisse”, onderskeidelik, en was hoofsaaklik die gevolg van 'n toename van ongeveer £30 miljoen onder die opskrif „metale, metaalfabrikate, masjinerie en voertuie” (met inbegrip van skepe aangekoop), waarvan motorvoertuie en -onderdele ongeveer £7 miljoen bedra het. Invoere van laasgenoemde was nog baie hoog in die eerste helfte van die jaar, maar het gedurende die tweede helfte gedaal.

Soos uit bostaande grafiek blyk, het die maandelikse indekse van die waarde van invoere 'n afwaartse neiging gedurende 1958 getoon, vergeleke met 'n opwaartse neiging wat gedurende 1957 aangeteken is.

Die Unie se uitvoere, aan die ander kant, d.w.s. uitgesonderd goud en skeepsvoorrade maar met inbegrip van skepe verkoop, het gedaal met ongeveer £62 miljoen vanaf £446 miljoen in 1957 tot ongeveer £384 miljoen in 1958, vergeleke met £412 miljoen in 1956. Uitgesonderd heruitvoere, wat met ongeveer £9 miljoen afgeneem het, was daar 'n daling van £53 miljoen, of ongeveer 13 persent, in die uitvoere van Suid-Afrikaanse produkte in 1958, en dit was grootliks die gevolg van prysdalings, aangesien voorlopige berekenings aantoon dat die totale fisiese omvang van Suid-Afrikaanse produkte uitgevoer, met minder as 3 persent afgeneem het.

Van die afname van £53 miljoen in die uitvoere van Suid-Afrikaanse produkte, is £27 miljoen aangeteken onder die hoof „diere en landbouprodukte” (waarvan wol vir £25 miljoen verantwoordelik was), £17 miljoen onder „metale, metaalfabrikate, masjinerie en voertuie”, en £5 miljoen onder „delfstowwe, erde- en glaswerk”, terwyl klein dalings ook onder meeste van die ander hoofde aangeteken is, behalwe „voedsel, drank en tabak”, wat 'n toename van ongeveer £1 miljoen getoon het. Die mate waartoe die Unie se uitvoere deur dalings in die wêreldpryse van grondstowwe beïnvloed is, kan duidelik waargeneem word uit die volgende tabel, wat benaderde syfers aangee van die persentasie verandering vanaf 1957 tot 1958 in die waarde en fisiese volume van, en die gemiddelde prys behaal vir die land se vernaamste klasse van uitvoere. (Hierdie klasse was verantwoordelik vir oor die 80 persent van die totale Suid-Afrikaanse produkte uitgevoer in 1958.)

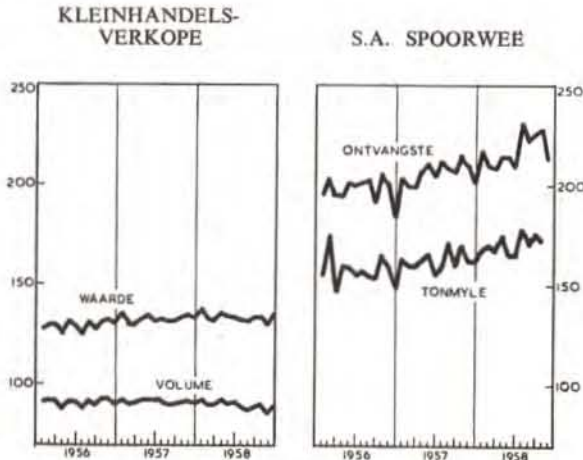
Klas van uitvoere (S.A. produkte)	Persentasie-verandering van 1957 tot 1958		
	Waarde	Volume	Eenheidsprys
Diere en landbouprodukte	-26	-5	-23
Voedsel, drank en tabak	+1	+8	-6
Metale, metaalfabrikate, masjinerie en voertuie	-13	+3	-15
Delfstowwe, glas- en erdewerk	-13	-5	-8

Soos uit bostaande grafiek blyk, is die afwaartse neiging gedurende 1957 in die maandelikse indekse van die waarde van uitvoere, dwarsdeur die jaar 1958 voortgesit.

BINNELANDSE HANDEL

Geoordeel volgens die indekse beskikbaar vir 'n aantal van die vernaamste stede in die Unie, het die waarde van kleinhandelsverkope effens verder in 1958 toegeneem, terwyl die fisiese volume 'n klein daling getoon het. Gesamentlike indekse vir die verskeie stede toon nl. aan dat die waardeindeks van omset, wat van 129.7 in 1956 tot 133.2 in 1957 toegeneem het, verder tot 134.3 in 1958 gestyg het, terwyl die indeks van fisiese omvang, wat van 91.3 tot 91.5 gestyg het, tot 89.6 onderskeidelik afgeneem het.

Soos deur onderstaande grafiek aangetoon, was die neiging in die maandelikse waardeindekse ietwat afwaarts gedurende 1958, vergeleke met 'n effense opwaartse beweging gedurende 1957. In die geval van die fisiese omvang van verkope was daar ook 'n dalende neiging gedurende 1958, veral gedurende die tweede helfte van die jaar, vergeleke met 'n relatiewe stabiele neiging gedurende die voorafgaande twee jaar.



Waardeindekse (1948=100) — Aangesuiwer vir seisoenskommelings.

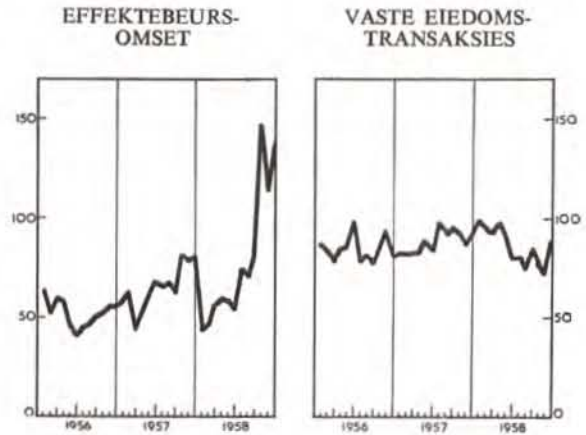
SPOORWEGVERVOER

Soos uit bostaande grafiek blyk, het die stadiger koers van toename van spoorweginkomste gedurende die tweede helfte van 1957 vergeleke met die eerste helfte van die jaar, gedurende die eerste helfte van 1958 voortgeduur. Vervolgens was daar 'n aansienlike toename in Julie, grootliks as gevolg van die hoër spoorwegtariewe wat op die eerste van daardie maand in werking getree het, maar daarna het 'n afwaartse beweging ingetree, veral in November toe 'n aansienlike afname aangeteken is. Die gemiddelde maandelikse indeks van spoorweginkomste het gestyg tot 218 in 1958, vergeleke met 207 in 1957, en 198 in 1956.

Geoordeel volgens die syfers beskikbaar vir die eerste tien maande van die jaar, wil dit voorkom asof die gemiddelde maandelikse syfer van tonmyle van inkomstedaende verkeer ook in 1958 verder toegeneem het, en asof die neiging in die maandelikse syfers, uitgesonderd seisoenskommelings, ook gedurende die laaste vyf maande van die jaar afwaarts was.

AANDELEBEURSTRANSAKSIES

Aandelebeurstransaksies het gedurende 1958 'n sterk opwaartse beweging getoon, veral gedurende die tweede helfte van die jaar, en die gemiddelde maandelikse indeks het tot 76.3 gestyg, vergeleke met 63.0 in 1957 en 52.7 in 1956. Hierdie opwaartse beweging in omsette was vergesel van 'n toename in aandelepryse; die indekse vir die aandele van produserende goudmyne het nl. gestyg van 57 in 1957 tot 65 in 1958, en dié vir industriële aandele van 56 tot 59 onderskeidelik.



Waardeindekse (1948=100) — Aangesuiwer vir seisoenskommelings.

TRANSAKSIES IN VASTE EIENDOM

Nadat daar 'n opwaartse beweging gedurende 1957 was, het die maandelikse indekse van die waarde van eiendomstransaksies 'n afwaartse neiging gedurende 1958 getoon, en die gemiddelde maandelikse indeks het gedaal tot 86, vergeleke met 89 in 1957 en 85 in 1956.

C. NASIONALE REKENINGE

Die jongste skattings gepubliseer deur die Buro vir Sensus en Statistiek (wat gewysigde syfers vir 1956/57 insluit)¹ toon dat die Unie se totale geografiese volksinkome verder van £1,931 miljoen in 1956/57 tot £1,988 miljoen in 1957/58 toegeneem het, terwyl die netto volksinkome (d.w.s. ná aftrekking van inkomme wat aan nie-Unie produksie-

¹ Daar moet op gelet word dat die jongste syfers vir 1956/57 en 1957/58, nie vergelykbaar is met dié wat vir vorige jare gepubliseer is nie. Gewysigde syfers vir hierdie jare sal later gepubliseer word.

faktore toekom) van £1,721 miljoen tot £1,766 miljoen, of met 2.6 persent gestyg het, vergeleke met 'n styging van naastenby 7 persent in die vorige jaar.

Die toename van ongeveer £57 miljoen in die geografiese inkomme in 1957/58, het plaasgevind nie-teenstaande afnames van omtrent £29 miljoen en £6 miljoen onderskeidelik, onder die hoofde „Landbou, bosbou en visserye” en „Mynwese, uitgesonderd goud”, en was die gevolg van toenames onder al die ander hoofde van inkomme, veral die stygings van £29 miljoen onder „Private fabriekswese” en £15 miljoen onder „Goudmyne”.

Hierdie syfers het betrekking op die jare geëindig 30 Junie, maar dit wil voorkom asof, ook op 'n kalenderjaarbasis, die netto volksinkome teen 'n stadiger tempo vanaf 1957 tot 1958 as vanaf 1956 tot 1957 toegeneem het.

Wat die volksuitgawe in 1958 betref, is syfers nog nie beskikbaar nie, maar die aanduidings is dat verbruik verder in daardie jaar toegeneem het, terwyl die totale bruto binnelandse kapitaalvorming weinig verandering getoon het vergeleke met 1957. In die geval van laasgenoemde, wil dit voorkom asof belegging deur Openbare Owerhede aansienlik hoër was in 1958, maar dat Openbare Korporasies slegs vir 'n klein toename verantwoordelik was, terwyl belegging in voorrade kleiner was as gedurende die vorige jaar.

D. BETALINGSBALANS

In hierdie uitgawe word effens gewysigde betalingsbalanssyfers vir die jaar 1957 gepubliseer, waarin die resultate van die steekproefopname van buitelandse bates en laste, wat vir daardie jaar gemaak is, opgeneem is.

Die hersiene skattings toon aan dat die Unie 'n netto lopende tekort van omtrent £10 miljoen in 1957 gehad het, en 'n netto uitvloeï van private kapitaal van ongeveer £24 miljoen, terwyl offisiële en bankinstellings vir 'n netto toevloei van kapitaal van £9 miljoen verantwoordelik was. Hierbenewens het foute en weglatings op minus £5 miljoen te staan gekom, sodat die land se offisiële goud- en buitelandse valutareserwes met ongeveer £30 miljoen gedaal het.

Terwyl hierdie hersiene syfers maar min van die vroeër gepubliseerde skattings afwyk, is dit nou moontlik om die volgende bykomende besonderhede t.o.v. die beweging van private kapitaalfondse gedurende daardie jaar te verskaf:

(a) Van die totale netto uitvloeï van private kapitaal van £24 miljoen, het £11 miljoen 'n netto uitvloeï van buitelandse kapitaal verteenwoordig, en £13 miljoen 'n netto uitvloeï van Unie-inwonerfondse.

(b) Die netto uitvloeï van private buitelandse kapitaal van £11 miljoen was hoofsaaklik die gevolg van 'n netto verkoop van Unie-effekte ten bedrae van £13 miljoen deur buitelanders aan Unie-inwoners.

(c) Van die netto uitvloeï van private Unie-inwoner kapitaal van £13 miljoen, het £11 miljoen uit langtermynfondse bestaan, waarvan £9 miljoen

regstreekse belegging in filiaalmaatskappye, hoofsaaklik in die Federasie van Rhodesië en Njassaland, verteenwoordig het.

Betreffende die jaar 1958, en soos alreeds onder die opskrif „buitelandse handel” hierbo aangedui, het die Unie se invoere, met inbegrip van skepe aangekoop, van £558 miljoen in 1957 tot ongeveer £568 miljoen in 1958 toegeneem, terwyl uitvoere, uitgesonderd goud en skeepsvoorrade maar insluitende skepe verkoop, afgeneem het van £446 miljoen tot ongeveer £384 miljoen. Aan die ander kant het die netto goudproduksie met omtrent £6 miljoen toegeneem, maar voorlopige skattings dui aan dat hierdie toename naastenby geëwenaar is deur 'n verdere toename in netto lopende onsigbare betalings (hoofsaaklik as gevolg van 'n aansienlike daling in ontvangste vir skeepsvoorrade), sodat die land se netto lopende tekort met die buitewêreld vanaf £10 miljoen tot ongeveer £82 miljoen toegeneem het.

Vergeleke met hierdie netto lopende tekort van ongeveer £82 miljoen in 1958, het die Unie se goud- en buitelandse valutareserwes wat deur offisiële en bankinstellings gehou word, met ongeveer £4 miljoen toegeneem,¹ sodat dit wil voorkom asof daar 'n netto toevloei van kapitaal in alle vorme van omtrent £86 miljoen in daardie jaar was. Netto trekkings deur die Unie-regering op die I.M.F. en I.B.H.O. het ongeveer £13 miljoen en £5 miljoen onderskeidelik bedra, terwyl lenings deur die Regering in die V.S.A. aangegaan, 'n netto bedrag van £12 miljoen opgelewer het. Hierbenewens het die handelsbanke se korttermyn buitelandse laste met 'n netto bedrag van £5 miljoen toegeneem, maar aan die ander kant het die Reserwebank 'n netto bedrag van £4 miljoen op lenings wat van 'n internasionale bankinstelling ontvang is, terugbetaal, sodat offisiële en bankinstellings in die Unie vir 'n netto kapitaaltoevloei van £31 miljoen verantwoordelik was. Dit wil dus voorkom asof die netto toevloei van private kapitaal, met inbegrip van weglatings en foute, ongeveer £55 miljoen beloop het, waarvan sowat £11 miljoen deur die American-South African Investment Company opgelewer is. Die balans van £44 miljoen is ontvang nie-teenstaande 'n netto terugbetaling van £6 miljoen op uraanlenings, sodat daar 'n ongeïdentifiseerde netto toevloei van ongeveer £50 miljoen oorbly. Besonderhede van hierdie aansienlike netto toevloei van private kapitaal (waarvan die grootste gedeelte gedurende die tweede helfte van die jaar plaasgevind het, en met die daling in rentekoerse en die verligting van die kredietknelling in die Verenigde Koninkryk geassosieer kan word), sal beskikbaar word uit die resultate van die steekproefopname van buitelandse bates en laste vir 1958 wat nou gemaak word.

Wat die groot netto lopende tekort van ongeveer £82 miljoen in 1958 betref, moet daarop gelet word dat dit in hoofsaak gedurende die eerste helfte van

¹ Die goud- en buitelandse valutareserwes van die Reserwebank het met ongeveer £10 miljoen toegeneem, terwyl dié van die handelsbanke met ongeveer £6 miljoen gedaal het.

die jaar plaasgevind het toe invoere, soos reeds gemeld, op 'n buitengewone hoë peil was. Gedurende daardie tydperk het die netto lopende tekort ongeveer £70 miljoen beloop, vergeleke met 'n klein surplus van £2 miljoen gedurende die eerste helfte van 1957 en 'n tekort van ongeveer £12 miljoen in die tweede helfte van daardie jaar. Gedurende die tweede helfte van 1958 het die lopende tekort weer omtrent £12 miljoen bedra. As gevolg van hierdie verwickelinge het die Unie se goud- en buitelandse valutareserwes, wat gedurende die eerste helfte van 1958 met £29 miljoen gedaal het, gedurende die tweede helfte met £33 miljoen gestyg.

E. VERWIKKELINGE IN GELD- EN BANKWESE

GELD EN BANKKREDIET

Die totale hoeveelheid geld in omloop in die Unie, met insluiting van Regeringsdeposito's, het gedurende 1958 met ongeveer £9 miljoen gedaal, naamlik van £458 miljoen aan die end van 1957 tot £449 miljoen aan die end van 1958. Uitgesonderd Regeringsdeposito's, wat met ongeveer £3 miljoen toegeneem het, was daar in werklikheid 'n daling van ongeveer £12 miljoen in die geldhoeveelheid in die hande van die publiek, terwyl rentedraende deposito's wat die publiek by die handelsbanke en die Nasionale Finansiële korporasie hou, ook 'n klein afname van ongeveer £2 miljoen getoon het.

Daar was dus 'n afname van ongeveer £14 miljoen in die geldhoeveelheid en ander likwiede bates van die publiek by die banksektor¹ gedurende 1958, wat grootliks die resultaat was van 'n afname van dieselfde omvang in netto krediet verleen deur daardie sektor. Die Reserwebank het gedurende die jaar krediet ten bedrae van £7 miljoen vir die rekening van die Unieregering geskep, terwyl sy diskonteringe van Unie-skatkiesbewyse vir die handelsbanke en die N.F.K. met ongeveer £14 miljoen gedaal het. Hierdie daling is weerspieël in 'n toename van £10 miljoen in die handelsbanke en N.F.K. se besit aan skatkiesbewyse en Unieregeringseffekte, sodat die totale eise van die banksektor teen die Regering met ongeveer £3 miljoen toegeneem het. Hierdie toename is egter geëwenaar deur die toename in Regeringsdeposito's, wat beteken dat netto eise van die banksektor teen die Regering geen verandering oor die jaar getoon het nie. Die sektor se eise teen die publiek het aan die ander kant met £14 miljoen afgeneem, grootliks as gevolg van 'n afname van £18 miljoen in die handelsbanke se diskonteringe en voorskotte aan die publiek.

Aangesien die bewegings hierbo beskryf op die jaar 1958 as geheel betrekking het, is dit van belang om uit onderstaande tabel daarop te let dat die afname van £14 miljoen oor die jaar in die geldhoeveelheid en ander likwiede bates van die publiek by die banksektor, plaasgevind het as gevolg van

'n skerp daling van £49 miljoen in die eerste kwartaal van die jaar toe die Unie 'n groot tekort in die betalingsbalans ondervind het. Daarna is 'n totale toename van £26 miljoen gedurende die tweede en derde kwartale, en 'n verdere toename van £9 miljoen gedurende die laaste kwartaal aangeteken. Hierdie bewegings in likwiede bates van die publiek het soortgelyke bewegings in totale bankkrediet weerspieël, behalwe gedurende die laaste kwartaal van die jaar toe die toename hoofsaaklik die gevolg was van 'n skerp styging in netto buitelandse bates, wat 'n aansienlike daling in totale bankkrediet meer as geëwenaar het.

Verandering in laste en bates van die banksektor¹ (£ miljoene)

	1958				Jaar
	1ste Kw.	2de Kw.	3de Kw.	4de Kw.	
Geldhoeveelheid ²	-29	+ 3	+ 4	+10	-12
Rentedraende deposito's	-20	+10	+ 9	- 1	- 2
Totaal	-49	+13	+13	+ 9	-14
Netto buitelandse bates ³	-31	- 5	+11	+32	+ 7
Netto eise teen Regering ⁴	-35	+36	+28	-29	—
Eise teen publiek	+23	-15	-20	- 2	-14
Onverdeelde poste	- 6	- 3	- 6	+ 8	- 7
Totaal	-49	+13	+13	+ 9	-14

Betreffende die bewegings in bankkrediet, toon die tabel dat netto eise van die banksektor teen die Regering met £35 miljoen gedurende die eerste kwartaal afgeneem het, en daarna met £64 miljoen in die tweede en derde kwartale gestyg het (hoofsaaklik ten gevolge van die netto seisoenskepping van krediet deur die Reserwebank), om slegs weer met £29 miljoen gedurende die laaste kwartaal te daal. Eise teen die publiek, aan die ander kant, het teenoorgestelde bewegings getoon deur met £23 miljoen in die eerste kwartaal toe te neem en daarna met £35 miljoen in die tweede en derde kwartale te daal. Gedurende die vierde kwartaal van die jaar het hierdie eise egter 'n verdere klein daling van £2 miljoen getoon toe slegs 'n geringe netto styging in die handelsbanke se diskonteringe en voorskotte aangeteken is. (Onderstaande grafiek toon die mate aan waartoe daar 'n afwaartse beweging in die handelsbanke se diskonteringe en voorskotte gedurende die laaste drie kwartale van 1958 was, d.w.s. uitgesonderd seisoenskommelings.)

Bostaande ontleding toon aan dat die toepassing van die aanvullende reserwevereistes, wat gedurende die tweede en derde kwartale geleidelik verhoog is, die gewenste uitwerking gehad het om die seisoen-

¹ In hierdie oorsig word na die banksektor verwys as insluitende die Nasionale Finansiële korporasie.

² Met inbegrip van die Nasionale Finansiële korporasie.

³ In die hande van die publiek.

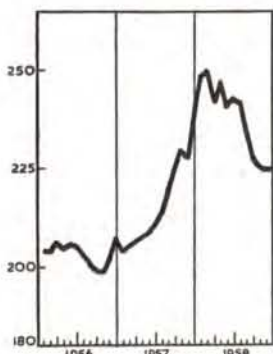
⁴ Buitelandse bates min buitelandse laste verskuldig aan buitelandse banke.

⁵ Eise teen Regering min Regeringsdeposito's.

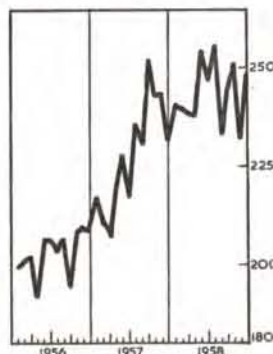
skepping van Reserwebankkrediet aan die Regering gedurende daardie tydperk te neutraliseer, d.w.s. om die moontlikheid te voorkom dat hierdie krediet as 'n basis dien vir die verlening van bykomstige krediet deur die handelsbanke aan die publiek. Hierbenevens was dit gedeeltelik verantwoordelik vir die feit dat die handelsbanke se diskonteringe en voorskotte aan die publiek in werklikheid met £29 miljoen gedurende dieselfde tydperk gedaal het, maar slegs gedeeltelik, aangesien die handelsbanke in der waarheid aanvullende reserwebates gehad het, wat aansienlik meer as die wetlike vereiste bedrag van sulke reserwes was. Byvoorbeeld, op 21 Julie het die banke se aanvullende reserwebates 8 persent van hulle verpligtings teenoor die publiek soos aan die einde van Junie bedra, vergeleke met die wetlike vereiste van 4 persent, terwyl die ooreenkomstige syfers op 21 Oktober, 13 persent vergeleke met 8 persent was. Desgelyks het die banke se aanvullende reserweverhouding 11 persent vir die maand Desember bedra, nadat die wetlike verhouding soos vanaf 21 November tot 6 persent verminder is.

Wat die daling van £29 miljoen in die handelsbanke se diskonteringe en voorskotte aan die publiek gedurende die tweede en derde kwartale betref, toon die beskikbare inligting aan dat ongeveer £20 miljoen te wyte was aan 'n daling in krediet verleen aan handels- en fabrieksondernemings. Hieruit wil dit dus voorkom asof die beperking van bankkrediet die gewenste uitwerking gehad het om direk of indirek die fondse beskikbaar vir die finansiering van invoere te beperk, en laasgenoemde het, soos reeds aangedui, 'n aansienlike afname gedurende die tweede helfte van die jaar getoon.

HANDELSBANKE :
DISKONTERINGE
EN VOORSKOTTE



BANKDEBETTE



Waardeindekse (1948=100) — Aangesuiwer vir seisoenskommelings.

BANKDEBETTE

Die gemiddelde maandelikse indeks van bankdebette, wat alle debette teen lopende rekenings in banke in die Unie dek, uitgesonderd Regeringsrekenings, het verder van 228 in 1957 tot 244 in 1958 gestyg, d.w.s. met ongeveer 7 persent, wat aansienlik minder was as die toename van onge-

veer 12 persent vanaf 1956 tot 1957. Uit bostaande grafiek blyk dit dat, terwyl die opwaartse neiging in die maandelikse indekse gedurende 1957, teen 'n ietwat laer koers gedurende die eerste helfte van 1958 voortgesit is, daar gedurende die tweede helfte van die jaar 'n effense afwaartse neiging was, wat niteenstaande 'n skerp toename in aandeelbeursomsette plaasgevind het.

Die verdere toename in bankdebette gedurende 1958 het veroorsaak dat die indekse van die omloopnelheid van die geldhoeveelheid in die hande van die publiek tot 282 toegeneem het, vergeleke met 256 in 1957 en 235 in 1956. Hierdie verdere toename het ook, egter, grootliks gedurende die eerste helfte van 1958 plaasgevind.

F. BESLUIT

Die voorafgaande kort oorsig toon dat die monetêre omvang van ekonomiese bedrywigheid in die Unie, geneem op 'n gemiddelde maandelikse basis, in 1958 verder toegeneem het, maar dat die koers van toename vanaf 1957 tot 1958 aansienlik laer was as van 1956 tot 1957. Hierdie vermindering in die koers van toename was 'n gevolg van die feit dat, terwyl die monetêre omvang van bedrywigheid gedurende die eerste helfte van 1958 steeds toegeneem het, 'n daling gedurende die tweede helfte van die jaar voorgekom het, soos weerspieël in die afwaartse neigings wat gedurende daardie tydperk in die maandsyfers van meeste van die waardeindekse hierbo oorweeg, aangeteken is. Die halfjaarlikse veranderinge in hierdie indekse, gegrond op gemiddelde maandelikse syfers aangesuiwer vir seisoenskommelings, word in die tabel hieronder saamgevat:

Waardeindekse	1957		1958	
	1ste helfte	2de helfte	1ste helfte	2de helfte
Bankdebette	+ 6	+10	+ 2	—
Diskonteringe en voorskotte van handelsbanke	+ 3	+ 9	+ 8	— 6
Invoere	+ 7	+11	+ 2	—11
Uitvoere (uitgesonderd goud)	+ 7	— 5	— 7	—10
Kleinhandelsverkope	+ 2	+ 1	+ 1	— 1
Eiendomsransaksies	+ 2	+11	— 1	—14
Bouplanne goedgekeur	— 8	+18	— 2	— 3
Spoorweginkomste	+ 3	+ 2	+ 2	+ 5
Goudproduksie	+ 4	+ 2	+ 1	+ 5
Aandeelbeursomset	+12	+17	—22	+95

Terwyl die daling in die monetêre omvang van bedrywigheid gedurende die tweede helfte van 1958 ook beskou moet word in die lig van die meer beperkende monetêre beleid wat vroeër in die jaar in die Unie van toepassing gemaak is, moet dit, in die eerste plek, in verband gebring word met die aansienlike afname in die waarde van die land se uitvoere, wat gevolg het op die daling in die wêreldpryse van grondstowwe ná ongeveer die middel van

¹ d.w.s. die persentasie verandering vanaf die vorige halfjaar tot die halfjaar aangedui.

1957. Hierdie daling in uitvoere, ten tye van stygende invoere, was dan ook die vernaamste faktor wat aanleiding gegee het tot die aanname van meer beperkende monetêre maatreëls ten einde die daling in die land se goud- en buitelandse valutareserwes te bekamp.

Soos in die oorsig aangedui, het die belangrikste maatreël wat aangeneem is, naamlik die toepassing van aanvullende reserwevereistes op die handelsbanke, die uitwerking gehad om die seisoenskepping van krediet deur die Reserwebank aan die Regering gedurende die tweede en derde kwartale te neutraliseer, terwyl dit ook, maar slegs gedeeltelik, verantwoordelik was vir die daling wat gedurende daardie tydperk in die handelsbanke se diskonteringe en voorskotte aan die publiek plaasgevind het. Ander belangrike faktore wat tot hierdie daling bygedra het, was die opdrag van die Reserwebank om krediet vir die direkte of indirekte finansiering van invoere te beperk, en die algemene verslapping van besigheidstoestande in die Unie. Hierdie faktore het ná die vermindering van die aanvullende reserwevereistes in November nog steeds 'n uitwerking getoon.

Wat die betalingsbalans betref, het die verskillende maatreëls wat toegepas is, die gewenste uitwerking gehad om invoere te beperk, sodat daar 'n aansienlike daling in die Unie se lopende tekort gedurende die tweede helfte van die jaar was. Hierbenewens was daar 'n aanmerklike toevloei van private kapitaal gedurende daardie tydperk, sodat die land se goud- en buitelandse valutareserwes 'n aansienlike toename getoon het. Klaarblyklik vir dieselfde redes het die reserwes gedurende die eerste paar maande van 1959 nog steeds gestyg.

In die lig van die veranderde ekonomiese toestand in die Unie gedurende die tweede helfte van 1958, is die plaaslike bankkoers vroeg in Januarie 1959 van $4\frac{1}{2}$ na 4 persent verlaag, en dit is gevolg deur 'n verlaging van $\frac{1}{2}$ persent in die leningskoerse van die handelsbanke. Later, in Februarie, is die bedrag van aanvullende reserwes wat van die handelsbanke vereis word, verder van 6 tot 4 persent verminder.

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REVIEW OF ECONOMIC CONDITIONS IN THE UNION IN 1958

A. INTRODUCTION

In the review of a year ago, it was pointed out that, after the slowing down in 1955 and 1956 of the excessive rate of economic expansion in the Union which characterised the immediately foregoing years, the Union's policy of "consolidation" was changed in 1957 to one of "encouragement". So, for example, import control and the restriction of bank credit for consumption and fixed capital purposes were relaxed, and in September of that year, when the Bank of England rate was increased from 5 to 7 per cent, it was decided not to increase local interest rates, but rather to control the transfer of Union-resident capital funds to Sterling-area countries.

For various reasons, economic activity in the Union increased substantially in 1957, but during the second half of the year, when imports continued to increase, the Union began to experience balance of payments difficulties, which were in large part accounted for by external factors over which the country's authorities had little or no control. These factors were the decline in overseas raw material prices, which caused a considerable deterioration in the Union's terms of trade, and the severe credit squeeze and higher interest rates ruling at the time in the United Kingdom, which directly or indirectly accounted for a substantial part of the outflow of private capital experienced during that period.

Faced with a disequilibrium in the balance of payments, the Union's authorities again resorted to monetary and fiscal measures during the first half of 1958. Briefly, the steps taken consisted of the restriction of bank credit through the application of supplementary reserve requirements to the commercial banks; the application of stricter foreign exchange control measures as far as Union residents are concerned; the raising of certain interest rates; a ban on the importation of luxury cars; and the tightening of hire-purchase transactions in respect of motor vehicles. Later, in July, increases were announced in customs and excise duties on motor cars, petrol, liquor, cigarettes and pipe tobacco.

In regard to the restriction of bank credit, the commercial banks were required, in terms of Section 8 *bis* of the South African Reserve Bank Act, to hold, in June, July and August, supplementary reserves equivalent to 2, 4 and 4 per cent, respectively, of their total liabilities to the public at the end of the previous month. Subsequently, the percentage was increased to 6 in September and 8 in October, whereafter it was again reduced to 6 in November.

In this connection it should be noted that, in terms of the Act, the full amount of supplementary reserves need not be held in the form of cash, because the commercial banks may deduct therefrom an amount equal to the net increase after a specific date (in this instance the 30th April, 1958) in their holdings of Union Treasury bills, Union Government stock with a maturity of not more than three years, Land Bank bills or advances to the Land Bank, and credit balances with the National Finance Corporation.

As far as interest rates are concerned, the rates on three- and six-months Treasury bills and on call deposits with the National Finance Corporation were raised by $\frac{1}{4}$ per cent on the 12th February, 1958. On the 10th March, the commercial banks increased their discount and interest rates for imports and certain other commercial transactions by $\frac{1}{2}$ per cent, but later increased their overdraft rates generally by this amount as from the beginning of June. In that month, the Government started issuing three-months (later changed to 91 days) Union Treasury bills on a weekly tender basis, the rates on which increased slightly from an average of 3.695 in June to 3.736 per cent in August, and then declined gradually to 3.684 per cent in December. During this period, the rate on call deposits with the National Finance Corporation was increased by $\frac{1}{4}$ per cent to 3.5 per cent in the second week of June, and remained on this level for the rest of the year. No changes were, however, made during the year in the local Bank rate of $4\frac{1}{2}$ per cent.

The survey which follows should be viewed in the light of the measures described above, as well as other economic developments of both foreign and domestic origin which will be referred to where applicable.*

B. GENERAL TENDENCIES

PRODUCTION AND EMPLOYMENT

(a) *Agriculture:*

According to preliminary estimates made by the Division of Economics and Markets, the total gross value of agricultural production, which had increased from £347 million in 1955/56 to £384 million (revised figure) in 1956/57, decreased to £360 million in 1957/58.

The decline of £24 million from 1956/57 to 1957/58, was largely accounted for by decreases in

* Unless otherwise stated, all indices quoted in this review refer to the base 1948 = 100.

the value of output of wool and maize, which, in the case of wool, occurred largely as a result of a price decline, but also as a result of a decrease in the physical volume of output. The output of wool declined, namely, from £67 million in 1956/57 to £48 million in 1957/58, or from 283 million lbs. to 265 million lbs., while that of maize declined from £60 million to £51 million, or from 42 million bags to 37 million bags, respectively.

These figures refer to the years ending 30th June, but, judging by agricultural price declines in 1958, it would appear that, also on a calendar year basis, there was a decrease in the value of agricultural production from 1957 to 1958.

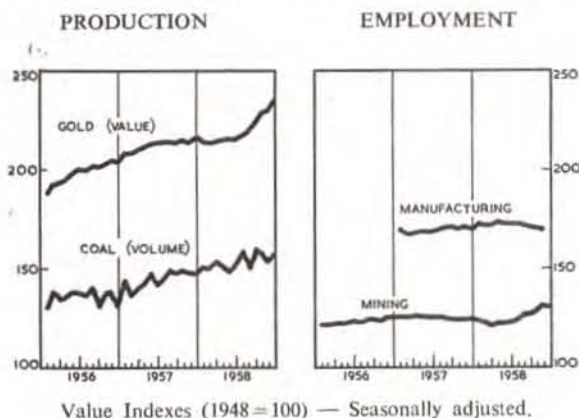
(b) Mining:

The Union's total value of mineral production, excluding quarry products but including the exports of uranium,¹ increased to the new high level of approximately £351 million in 1958, compared with £345 million in 1957 and £315 million in 1956.

The further increase, of about £6 million in 1958 was principally accounted for by gold and uranium. Gold production rose from 17,031,000 fine ounces in 1957 to 17,656,000 fine ounces in 1958, or from £212.6 million to £220.0 million, i.e. by £7.4 million, while the exports of uranium increased by £3.2 million, namely, from £50.0 million to £53.2 million.

Coal sales increased from 37,687,000 tons in 1957 to 39,940,000 tons in 1958, or in terms of value, from £21.7 million to £23.6 million, while the value of copper sales declined further from £10.2 million to £8.9 million, although the quantity sold actually showed a further increase from 50,500 to 56,800 tons. Diamond sales increased slightly from £14.5 million to £15.6 million, while all other base and precious minerals combined showed a decrease of £6.0 million, namely, from £36.1 million to £30.1 million.

While mining employment showed the same average monthly index figure of 125 in 1958 as in 1957, compared with 123 in 1956, it will be seen from the chart below that there was a notable



¹ Value figures for uranium production are not available.

upward tendency during the last three quarters of 1958. The chart also shows the relatively sharp increase in gold production during the second half of the year.

(c) Manufacturing:

Contrary to the trend in mining employment, the index of private manufacturing employment, excluding seasonal changes, increased further during the first half of 1958, but then revealed a slight downward tendency during the second half of the year, as indicated by the chart above. Judging by the figures available for the first eleven months of the year, the average monthly index was still slightly higher in 1958 than in 1957. Unfortunately, up-to-date figures on manufacturing output in the Union are not yet available.

(d) Electricity:

The monthly indices of electric current generated, excluding seasonal changes, continued to show an upward movement during 1958, although at a slightly lower rate of increase than during the two preceding years. The average monthly index rose from 204 in 1957 to 216 in 1958, compared with 190 in 1956.

(e) Building and Construction:

While the average monthly index of building plans passed in the eighteen principal cities in the Union increased from 133 in 1957 to 139 in 1958, compared with 129 in 1956, it will be seen from the chart below that, except for an exceptionally high figure in November, the tendency in the monthly indices, after correction for seasonal changes, was downward during 1958, compared with an upward trend during 1957. This downward tendency during 1958 is also reflected in the seasonally adjusted index of employment in private construction, which averaged about 140 in the second half of the year, compared with about 148 in the first half.

COMMODITY PRICES

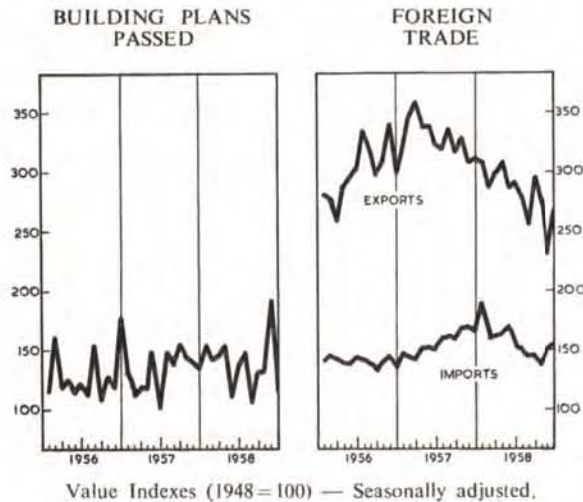
Wholesale prices remained relatively stable during 1958, and the average monthly index (all goods) increased only slightly to 160.0, compared with 159.7 in 1957 and 157.4 in 1956. The slight increase in 1958 was the net result of a small increase in the index for Union goods and a slight decrease in that for imported goods.

In the case of retail prices, the average monthly index rose from 143.5 in 1957 to 148.5 in 1958, compared with 139.3 in 1956, and the tendency in the monthly indices was upward throughout the year 1958. The further increase in retail prices in 1958 was largely accounted for by increased food prices.

As far as agricultural prices are concerned, the declining tendency which had set in during the last four months of 1957, due to a decline in wool prices, was continued during 1958, the index falling to 125 in December, 1958, compared with 137 in

December, 1957. The average monthly index decreased from 157 in 1957 to 130 in 1958.

The weighted average price of all types of wool, based on prices actually paid for wool in the grease at public auction in Union harbours, which had decreased from 4.92 shillings per lb. in September, 1957, to 3.57 shillings in December of that year, declined further to 2.93 and 2.61 shillings in September and December, 1958, respectively.



FOREIGN TRADE†

While the value of the Union's imports rose further in 1958, the value of its exports showed a substantial decline.

Preliminary trade figures indicate that the imports of merchandise, which had increased from £501 million in 1956 to £558 million in 1957, rose to £568 million in 1958. This further increase in 1958 was, however, accounted for by exceptionally high imports during the first half of the year, when the figure amounted to £310 million, compared with £274 million in the first half and £284 million in the second half of 1957. During the second half of 1958, there was, therefore, a decline of £52 million to £258 million.

The net increase of about £10 million in total imports from 1957 to 1958, occurred notwithstanding declines of about £15 million and £3 million in the imports of "Textiles, apparel, yarns and fibres" and "Oils, waxes, paints and varnish", respectively, and was principally the result of an increase of about £30 million under the heading "Metals, metal manufactures, machinery and vehicles" (including ships purchased), of which motor vehicles and parts accounted for about £7 million. Imports of the last-mentioned were still very high in the first half of the year, but declined during the second half.

† Because of adjustments made for balance of payments purposes, the import and export figures quoted here differ somewhat from those published by the Department of Customs and Excise.

As will be seen from the chart above, the monthly indices of the value of imports showed a downward tendency during 1958, compared with the upward movement registered during 1957.

The Union's exports, on the other hand, i.e. excluding gold and ships' stores but including ships sold, declined by about £62 million from £446 million in 1957 to about £384 million in 1958, compared with £412 million during 1956. Excluding re-exports, which declined by £9 million, there was a decrease of £53 million, or about 13 per cent, in the exports of South African produce in 1958, and this was largely accounted for by price declines, as preliminary calculations indicate that the total physical volume of South African produce exported, declined by less than 3 per cent.

Of the decrease of £53 million in the exports of South African produce, £27 million was registered under the heading "Animals and agricultural products" (of which wool accounted for £25 million), £17 million under "Metals, metal manufactures, machinery and vehicles", and £5 million under "Minerals, earthenware and glassware", while small declines were also registered under most of the other headings, except "Food, drink and tobacco" which showed an increase of about £1 million. The extent to which the Union's exports were affected by declines in the world price of raw materials, can be clearly seen from the following table which gives approximate figures of the percentage changes from 1957 to 1958 in the value and physical volume of, and the average price realised for, the country's principal classes of exports. (These classes accounted for over 80 per cent of the total South African produce exported in 1958).

Class of Exports (S.A. Produce)	Percentage change from 1957 to 1958		
	Value	Volume	Unit Price
Animals and agricultural products	-26	-5	-23
Food, drink and tobacco	+1	+8	-6
Metals, metal manufactures, machinery and vehicles	-13	+3	-15
Minerals, earthenware & glassware	-13	-5	-8

As will be seen from the chart above, the downward tendency in the monthly indices of the value of exports during 1957, was continued throughout the year 1958.

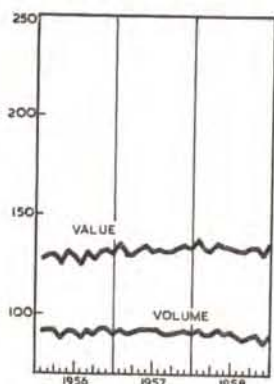
INTERNAL TRADE

Judging by the indices available for a number of the principal cities in the Union, the value of retail sales increased slightly further in 1958, while the physical volume showed a small decline. Combined figures for the several cities indicate, namely, that the value index of turnover, which had increased from 129.7 in 1956 to 133.2 in 1957, rose further to 134.3 in 1958, while the volume index,

which had risen from 91.3 to 91.5, decreased to 89.6, respectively.

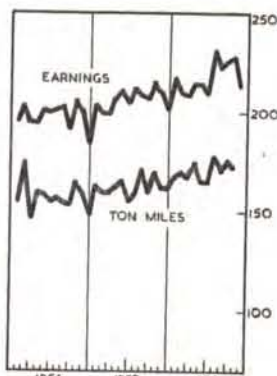
As indicated by the chart below, the tendency in the monthly value indices was slightly downward during 1958, compared with a slight upward movement during 1957. In the case of the physical volume turnover, there was also a declining tendency during 1958, particularly during the second half of the year, compared with a relative stable trend during the previous two years.

RETAIL SALES



Value Indexes (1948=100) — Seasonally adjusted.

S.A. RAILWAYS



RAILWAY TRANSPORTATION

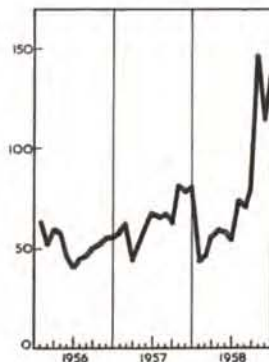
As will be seen from the chart above, the slower rate of increase in railway earnings during the second half of 1957 compared with the first half of that year, was continued during the first half of 1958. Subsequently, there was a substantial increase in July, largely as a result of the higher railway rates which became effective on the first of that month, but thereafter a downward movement occurred, particularly in November, when a substantial decrease was recorded. The average monthly index of railway earnings increased to 218 in 1958, compared with 207 in 1957, and 198 in 1956.

Judging by the figures available for the first ten months of the year, it would appear that the average monthly figure for ton miles of revenue earning traffic also increased further in 1958, and that the tendency in the monthly figures, excluding seasonal changes, was also downward during the last five months of the year.

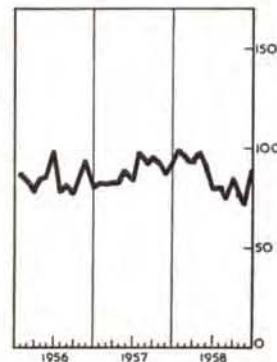
STOCK EXCHANGE TRANSACTIONS

Stock exchange turnover registered a sharp upward movement during 1958, particularly during the second half of the year, and the average monthly index rose to 76.3, compared with 63.0 in 1957 and 52.7 in 1956. This upward movement in turnover was accompanied by an increase in share prices, the index for the shares of producing gold mines rising from 57 in 1957 to 65 in 1958, and that for industrial shares from 56 to 59, respectively.

STOCK EXCHANGE TURNOVER



REAL ESTATE TRANSACTIONS



Value Indexes (1948=100) — Seasonally adjusted.

REAL ESTATE TRANSACTIONS

Following an upward movement during 1957, the monthly indices of the value of property transactions showed a downward tendency during 1958, and the average monthly index declined to 86, compared with 89 in 1957 and 85 in 1956.

C. NATIONAL ACCOUNTS

The latest estimates published by the Bureau of Census and Statistics (incorporating revised figures for 1956/57)¹ indicate that the Union's total geographical income increased further from £1,931 million in 1956/57 to £1,988 million in 1957/58, while its net national income, i.e. after deduction of the income accruing to non-Union factors of production, increased from £1,721 million to £1,766 million, or by 2.6 per cent, compared with an increase of approximately 7 per cent in the previous year.

The increase of about £57 million in the geographical income in 1957/58, occurred notwithstanding declines of about £29 million and £6 million under the headings "Agriculture, forestry and fishing" and "Mining, other than gold", respectively, and was accounted for by increases under all the other headings of income, notably the increases of £29 million under "Private manufacturing" and £15 million under "Gold mining".

These figures refer to the years ending 30th June, but it would appear that, also on a calendar year basis, the net national income increased at a slower rate from 1957 to 1958 than from 1956 to 1957.

As far as national expenditure in 1958 is concerned, the figures are not yet available, but the indications are that consumption increased further in that year, while total gross domestic capital formation showed little change compared with 1957. In the case of the last-mentioned, it would appear that investment by Public Authorities was substantially higher in 1958, but that Public Corporations accounted for only a small increase, while

¹ It should be noted that the latest figures for 1956/57 and 1957/58 are not comparable with those published for earlier years which are under revision.

investment in inventories was smaller than in the year before.

D. BALANCE OF PAYMENTS

Slightly revised balance of payments figures for the year 1957 are published in this issue, incorporating the results of the sample survey of foreign assets and liabilities conducted in respect of that year.

The revised estimates indicate that the Union had a net current deficit of about £10 million in 1957, and a net outflow of private capital of about £24 million, while official and banking institutions accounted for a net inflow of capital of £9 million. In addition, errors and omissions in the estimates amounted to minus £5 million, so that the country's official gold and foreign exchange reserves declined by about £30 million.

While these revised figures differ but little from the estimates formerly published, it is now possible to supply the following additional details in regard to the movement of private capital funds in that year:

(a) Of the total net outflow of private capital of £24 million, £11 million was accounted for by a net outflow of foreign capital, and £13 million by a net outflow of Union-resident funds.

(b) The net outflow of private foreign capital of £11 million, was principally the result of a net sale by foreigners of about £13 million of Union securities to Union residents.

(c) Of the net outflow of private Union-resident capital of £13 million, £11 million was accounted for by long-term funds, of which £9 million represented direct investment in subsidiary companies, mainly in the Federation of Rhodesia and Nyasaland.

Turning to the year 1958, and as indicated under the heading "Foreign Trade" above, the Union's imports, including ships purchased, increased from £558 million in 1957 to about £568 million in 1958, while its exports, excluding gold and ships' stores but including ships sold, decreased from £446 million to about £384 million. The net gold output, on the other hand, increased by about £6 million, but preliminary estimates indicate that this increase was approximately offset by a further increase in net current invisible payments (mainly due to a substantial decline in the receipts for ships' stores), so that the country's net current deficit with the outside world increased from £10 million to about £82 million.

Compared with this net current deficit of about £82 million in 1958, the Union's gold and foreign exchange reserves held by official and banking institutions increased by about £4 million,¹ so that it would appear that there was a net inflow of

capital in all forms of about £86 million in that year. Net drawings by the Union Government on the I.M.F. and I.B.R.D. amounted to about £13 million and £5 million, respectively, while loans raised by the Government in the U.S.A. realised a net amount of £12 million. In addition, the commercial banks' short-term foreign liabilities increased by a net amount of £5 million, but, on the other hand, the Reserve Bank repaid a net amount of £4 million on loans received from an international banking institution, so that official and banking institutions in the Union accounted for a net inflow of capital of £31 million. It would appear, therefore, that the net inflow of private capital, including omissions and errors, amounted to about £55 million, of which about £11 million was accounted for by the American-South African Investment Company. The balance of the net inflow of £44 million occurred notwithstanding a net repayment of £6 million on uranium loans, leaving an unidentified net inflow of about £50 million. Details of this substantial net inflow of private capital (the bulk of which occurred during the second half of the year and could be associated with the decline in interest rates and the easing of the credit squeeze in the United Kingdom), will become available from the results of the sample survey of foreign assets and liabilities for 1958 which is at present being conducted.

In regard to the large net current deficit of about £82 million in 1958, it should be noted that this was primarily established during the first half of the year, when, as mentioned before, imports were on an exceptionally high level. During that period, the net current deficit amounted to about £70 million, compared with a small surplus of £2 million in the first half of 1957 and a deficit of about £12 million in the second half of that year. During the second half of 1958, the current deficit again amounted to about £12 million. As a result of these developments, the Union's gold and foreign exchange reserves, which had declined by £29 million during the first half of 1958, increased by £33 million during the second half.

E. MONETARY AND BANKING DEVELOPMENTS

MONEY AND BANK CREDIT

The total quantity of money in circulation in the Union, including Government deposits, declined by about £9 million during 1958, namely, from £458 million at the end of 1957 to £449 million at the end of 1958. Excluding Government deposits, which increased by about £3 million, there was actually a decline of about £12 million in the money supply in the hands of the public, while, during the same period, interest bearing deposits held by the public with the commercial banks and the National Finance Corporation also showed a small decline of about £2 million.

¹ The gold and foreign exchange reserves of the Reserve Bank increased by about £10 million, while the holdings of the commercial banks declined by about £6 million.

There was, therefore, a decline of about £14 million in the money supply and other liquid assets held by the public with the banking sector* during 1958, which was largely the result of a decline of the same magnitude in net credit extended by that sector. The Reserve Bank created credit for account of the Union Government to an amount of £7 million during the year, while its discounts of Union Treasury bills for the commercial banks and the N.F.C. declined by about £14 million. This decline was reflected in an increase of £10 million in the holdings of Treasury bills and Union Government stock by the commercial banks and the N.F.C., so that the total claims of the banking sector on the Government increased by about £3 million. This increase was, however, matched by the increase in Government deposits, which means that net claims by the banking sector on the Government showed no change over the year. The sector's claims on the public, on the other hand, decreased by about £14 million, largely as a result of a decrease of £18 million in the commercial banks' discounts and advances to the public.

As the movements described above refer to the year 1958 as a whole, it is interesting to note from the table below that the decline of £14 million over the year in the money supply and other liquid assets held by the public with the banking sector, occurred as a result of a sharp drop of £49 million in the first quarter of the year, when the Union experienced a large deficit in the balance of payments. Thereafter a total increase of £26 million was registered during the second and third quarters, and a further increase of £9 million during the last quarter. These movements in liquid assets of the public reflected similar movements in total bank credit, except during the last quarter of the year, when the increase was primarily the result of a sharp increase in net foreign assets, which more than offset a substantial decline in total bank credit.

	Changes in Liabilities and Assets of Banking Sector ¹		1958		Year
	(£ millions)		1st	2nd	
	1st	2nd	3rd	4th	
	Qtr.	Qtr.	Qtr.	Qtr.	Year
Money supply ²	-29	+3	+4	+10	-12
Interest bearing deposits	-20	+10	+9	-1	-2
Total	-49	+13	+13	+9	-14
Net foreign assets ³	-31	-5	+11	+32	+7
Net claims on Government ⁴	-35	+36	+28	-29	—
Claims on the public	+23	-15	-20	-2	-14
Unclassified items	-6	-3	-6	+8	-7
Total	-49	+13	+13	+9	-14

* The banking sector is referred to in this review as including the National Finance Corporation.

¹ Including the National Finance Corporation.

² In the hands of the public.

³ Foreign assets less foreign liabilities owed to foreign banks.

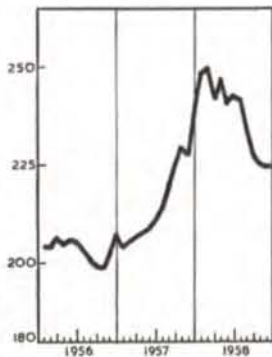
⁴ Claims on Government less Government deposits.

In regard to the movements in bank credit, the table shows that net claims of the banking sector on the Government decreased by £35 million in the first quarter, and then increased by £64 million in the second and third quarters (mainly due to the net seasonal creation of credit by the Reserve Bank), only to drop again by £29 million during the last quarter. Claims on the public, on the other hand, showed opposite movements by increasing by £23 million in the first quarter and then declining by £35 million in the second and third quarters. During the fourth quarter of the year, however, these claims showed a further small decline of £2 million, when only a slight net increase was registered in the commercial banks' discounts and advances. (The chart below indicates the extent to which there was a downward movement in the commercial banks' discounts and advances during the last three quarters of 1958, i.e. after exclusion of seasonal movements.)

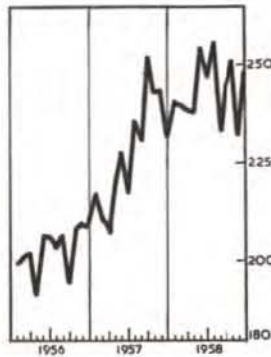
The above analysis indicates that the application of the supplementary reserve requirements, which were gradually increased during the second and third quarters, had the desired effect of neutralising the seasonal creation of Reserve Bank credit to the Government during that period, i.e. of preventing the possibility of this credit serving as a basis for the extension by the commercial banks of additional credit to the public. In addition, it was partly responsible for the fact that the commercial banks' discounts and advances to the public actually declined by £29 million during the same period, but only partly, because during that period the commercial banks in fact held assets available as supplementary reserves substantially in excess of the amount legally required. For example, on the 21st July, the banks' supplementary reserve assets amounted to 8 per cent of their liabilities to the public as at the end of June, compared with the legal requirement of 4 per cent, while on the 21st October the corresponding figures were 13 per cent, compared with 8 per cent. Similarly, the banks' supplementary reserve ratio amounted to 11 per cent for the month of December, after the legal ratio had been reduced to 6 per cent as from the 21st November.

As far as the decline of £29 million in the commercial banks' discounts and advances to the public during the second and third quarters is concerned, the available information indicates that approximately £20 million was due to a decline in credit extended to commercial undertakings and manufacturing concerns. From this it would appear that the restriction of bank credit had the desired effect of curtailing directly or indirectly the funds available for the financing of imports, which, as pointed out before, showed a substantial decline in the second half of the year.

COMMERCIAL BANKS:
DISCOUNTS AND
ADVANCES



BANK DEBITS



Value Indexes (1948=100) — Seasonally adjusted.

BANK DEBITS

The average monthly index of bank debits, which covers all debits to current accounts in banks in the Union, except Government accounts, increased further from 228 in 1957 to 244 in 1958, i.e. by about 7 per cent, which was substantially lower than the increase of about 12 per cent from 1956 to 1957. From the chart above it will be noted that, while the upward tendency in the monthly indices during 1957 was continued at a somewhat lower rate during the first half of 1958, there was a slight downward tendency during the second half of the year, which occurred notwithstanding a sharp increase in stock exchange turnover.

The further increase in bank debits in 1958 caused the index of the velocity of circulation of the money supply in the hands of the public to increase to 282, compared with 256 in 1957 and 235 in 1956. This further increase, however, also occurred largely during the first half of 1958.

F. CONCLUSION

The foregoing brief survey indicates that, while the Union's *monetary* volume of economic activity, considered on an average monthly basis, increased further in 1958, the rate of increase from 1957 to 1958 was substantially lower than from 1956 to 1957. This decline in the rate of increase was a result of the fact that, whereas the monetary volume of activity continued to increase during the first half of 1958, a decline occurred during the second half of the year, as reflected in the downward tendencies registered during that period in the monthly figures of most of the value indices reviewed above. The half-yearly percentage changes in these indices, based on average monthly figures adjusted for seasonal movements, are summarised

in the table below:

Value Indices	Percentage change ¹			
	1957		1958	
	1st Half	2nd Half	1st Half	2nd Half
Bank Debits	+ 6	+10	+ 2	—
Discounts and Advances of Commercial Banks	+ 3	+ 9	+ 8	— 6
Imports	+ 7	+11	+ 2	—11
Exports (excluding gold)	+ 7	— 5	— 7	—10
Retail Sales	+ 2	+ 1	+ 1	— 1
Property Transactions	+ 2	+11	— 1	—14
Building Plans Passed	— 8	+18	— 2	— 3
Railway Earnings	+ 3	+ 2	+ 2	+ 5
Gold Production	+ 4	+ 2	+ 1	+ 5
Stock Exchange Turnover	+12	+17	—22	+95

While the decline in the monetary volume of activity during the second half of 1958 should also be viewed in the light of the more stringent monetary policy which was adopted in the Union earlier in the year, it is, in the first place, to be associated with the substantial decline in the country's value of exports, following the decrease in the world prices of raw materials after about the middle of 1957. This decline in exports, in the face of rising imports, was, moreover, the principal factor responsible for the adoption of more stringent monetary measures in order to arrest the decline in the country's gold and foreign exchange reserves.

As indicated in the review, the principal measure adopted, namely the application of supplementary reserve requirements to the commercial banks, had the effect of neutralising the seasonal creation of credit by the Reserve Bank for the Government during the second and third quarters, while it was also, but only partly, responsible for the decline which occurred during that period in the commercial banks' discounts and advances to the public. Other important factors which contributed to this decline were the directive from the Reserve Bank to curtail credit for the direct or indirect financing of imports, and the general slackening of business conditions in the Union. These factors continued to show an effect after the reduction of the supplementary reserve requirements in November.

As far as the balance of payments is concerned, the various measures applied had the desired effect of curtailing imports, so that there was a considerable decline in the Union's current deficit during the second half of the year. In addition, there was a notable inflow of private capital during that period, so that the country's gold and foreign exchange reserves showed a substantial increase. Apparently

¹ i.e. the percentage change from the previous half-year to the half-year indicated.

for the same reasons, the reserves continued to increase during the early months of 1959.

In the light of the changed economic conditions in the Union during the second half of 1958, the local Bank rate was reduced from $4\frac{1}{2}$ to 4 per cent early in January, 1959, and this was followed by a reduction of $\frac{1}{2}$ per cent in the lending rates of the

commercial banks. Later, in February, the amount of supplementary reserves required from the commercial banks was further reduced from 6 to 4 per cent.

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