

EKONOMIESE OORSIG

Die koers van binnelandse ekonomiese uitbreiding in Suid-Afrika, wat aanmerklik verswak het teen die derde kwartaal van 1961, maar toe weer teen die einde van die jaar toegeneem het, het verder gedurende die eerste kwartaal van 1962 verbeter. Hierbenewens het die land se goud- en buitelandse valutareserwes, niesteenstaande aansienlike netto terugbetalings van buitelandse lenings, volgehou om gedurende die eerste vyf maande van 1962 te styg, hoofsaaklik weens 'n verdere netto oorskot op die lopende rekening van die betalingsbalans. Hierdie voortsetting van 'n gunstige betalingsbalans het 'n verdere toename in die likwiditeit van al die belangrikste sektore van die ekonomie teweeggebring.

BINNELANDSE VERWIKKELINGE

Uitgesonderd seisoenskommelings, toon voorlopige ramings dat, gedeeltelik weens 'n merkbare toename in inkome in die geval van fabriekswese, Suid-Afrika se bruto volksproduksie aansienlik meer in die eerste kwartaal van 1962 gestyg het as gedurende enigeen van die vier kwartale van 1961. Hierbenewens het bruto binnelandse besteding, wat effens afgeneem het gedurende 1961, aansienlik toegeneem in die eerste kwartaal van 1962, en die styging in bruto volksproduksie oorskry, aangesien 'n afname gedurende hierdie tydperk in die netto oorskot op lopende rekening met die buiteland aangeteken is.

Die toename in bruto binnelandse besteding in die eerste kwartaal van hierdie jaar weerspieël hoofsaaklik 'n merkbare kontraseisoenstyging in verbruik. Terwyl bruto binnelandse belegging ook ietwat toegeneem het, is dit verantwoord deur 'n minder-as-seisoens-afname in belegging in voorrade, hoofsaaklik handelsvoorrade. Vaste belegging het 'n klein afname getoon weens verminderde belegging deur Plaaslike Owerhede asook deur die private sektor in die geval van konstruksie van nie-woongeboue, alhoewel 'n klein verdere toename voorgekom het in belegging in masjinerie, installasie en uitrusting in die geval van fabriekswese. Hierdie stadige koers van toename in vaste belegging in die geval van fabriekswese moet in verband gebring word met die bestaan van oortollige produksiekapasiteit.

Die verklaring van die verskynsel dat voorrade minder as seisoensgewyse afgeneem het in die eerste kwartaal van 1962, niesteenstaande die kontraseisoenstoename in verbruik, word gevind in die feit dat goedere-invoere toegeneem het gedurende hierdie tydperk, terwyl 'n afname aangeteken is in goedere-uitvoere. Dit wil egter voorkom asof 'n toename in fabrieksproduksie 'n verdere bydraende faktor was, geoordeel volgens die aansienlike styging in nywerheidsinkome.

Die verdere uitbreiding van ekonomiese bedrywigheid in Suid-Afrika gedurende die eerste kwartaal van 1962 word ook weerspieël in die bewegings van

die seisoensaangesuiwerde indekse wat in die onderstaande tabel aangetoon word. Behalwe die toename in invoere waarna alreeds verwys is, is verdere toenames aangeteken in goudproduksie, spoorweginkome, eiendomstransaksies, effektebeursomsette en bankdebette, terwyl kleinhandelsverkope en bouplanne goedgekeur, wat geneig het om gedurende 1961 af te neem, ook opwaarts beweeg het. Aan die ander kant het goedere-uitvoere, soos reeds gemeld, gedaal, terwyl 'n klein afname ook voorgekom het in die diskonteringe en voorskotte van handelsbanke. Vervolgens gedurende April, het goedere-uitvoere 'n aansienlike styging getoon teenoor 'n klein afname in invoere, terwyl die handelsbanke se diskonteringe en voorskotte volgehou het om te daal, d.w.s. om minder as seisoensgewyse te styg. Hierdie gedrag van die banke se diskonteringe en voorskotte in die lig van die uitbreidende ekonomiese bedrywigheid, weerspieël die heersende toestande van hoë likwiditeit, waaronder dit nie onwaarskynlik is nie dat 'n toename in kredietverlening tussen sake-ondernemings plaasgevind het.

Indekse — Aangesuiwer vir seisoenskommelings (1953 = 100)

	1961				1962
	1ste kw.	2de kw.	3de kw.	4de kw.	1ste kw.
Bankdebette	189	200	201	206	215
Diskonteringe en voorskotte van handelsbanke	188	187	188	188	186
Effektebeursomset	205	196	159	187	205
Waarde van goudproduksie	192	192	195	201	209
Waarde van invoere	131	122	109	112	115
Waarde van uitvoere	156	157	156	172	154
Spoorweginkomste	157	161	161	162	167
Waarde van kleinhandelsverkope	118	115	115	114	117
Waarde van eiendomstransaksies	98	84	78	81	85
Waarde van bouplanne goedgekeur*	105	95	82	74	80
Private konstruksie (werkverskaffing)	109	106	100	104	108

BETALINGSBALANS

Suid-Afrika se goud- en buitelandse valutareserwes, wat gedurende die eerste helfte van 1961 met R18 miljoen afgeneem, maar toe met R125 miljoen gedurende die res van die jaar gestyg het, het met 'n verdere R48 miljoen gedurende die eerste kwartaal van 1962 toegeneem. Hierdie verdere toename in die reserwes is toe te skryf aan 'n aansienlike netto oorskot op lopende rekening, wat gedeeltelik geneutraliseer is deur 'n netto uitvloeï van offisiële kapitaalfondse. In die geval van private kapitaal het geen verdere netto uitvloeï voorgekom nie.

Nadat goedere-invoere meer as seisoensgewyse gedurende die eerste drie kwartale van 1961 afgeneem,

* Agtien vernaamste metropolitaanse gebiede en 45 kleiner dorpe.

en toe effens gedurende die vierde kwartaal gestyg het, het dit gedurende die eerste kwartaal van 1962 verder toegeneem tot R249 miljoen, wat egter nog aansienlik laer is as die syfer van R284 miljoen wat gedurende die eerste kwartaal van 1961 aangeteken is. Aan die ander kant het goedere-uitvoere, wat gedurende 1961, ná uitsluiting van seisoensbewegings, 'n opwaartse neiging getoon het, gedurende die eerste kwartaal van 1962 meer as seisoensgewyse afgeneem tot ongeveer R226 miljoen, maar nietemin nog gunstig vergelyk met die syfer van R229 miljoen wat gedurende die eerste kwartaal van verlede jaar voorgekom het.

Afgesien van die afname in die handelstekort soos deur die bostaande syfers aangedui, het die netto goudproduksie, wat gedurende 1961 opwaarts beweeg het, verder gedurende die eerste kwartaal van 1962 toegeneem, terwyl netto lopende onsigbare betalings aansienlik kleiner as 'n jaar gelede was, hoofsaaklik toe te skryf aan 'n afname in rente- en dividendbetalings en oorplasings na die buiteland van takwinste en fondse van migrante, wat almal buitengewoon hoog gedurende die eerste helfte van 1961 was, maar tot 'n meer „normale” peil gedurende die tweede helfte van die jaar afgeneem het. Voorlopige ramings dui dus daarop dat die netto lopende oorskot vir die eerste kwartaal van 1962 ongeveer R75 miljoen bedra het wat laer is as die oorskot van R109 miljoen wat in die vorige kwartaal aangeteken is, maar baie hoër as die ooreenkomstige oorskot van R10 miljoen gedurende die eerste kwartaal van verlede jaar.*

Op kapitaalrekening was offisiële en bankinstellings verantwoordelik vir 'n verdere netto uitvloeï van fondse gedurende die eerste kwartaal van 1962, nl. ongeveer R34 miljoen, wat hoofsaaklik toe te skryf is aan die terugbetaling van die trekking van R27 miljoen op die Internasionale Monetêre Fonds, en 'n terugbetaling van ongeveer R7 miljoen op die dollarkrediete wat van 'n groep Amerikaanse banke ontvang is. 'n Uitvloeï van ander offisiële fondse, wat hoofsaaklik uit handelskrediete van die Regering bestaan, is egter geneutraliseer deur netto ontvangste deur die Regering van R4 miljoen ten opsigte van I.B.H.O.-lenings, en R1 miljoen van die „Export-Import Bank”.

Teenoor hierdie netto uitvloeï van offisiële fondse, toon opgawes wat aan die Reserwebank verstreë is dat die netto uitvloeï van private kapitaal, wat as gevolg van die uitbreiding van valutabeheer tot transaksies op die effektebeurs en die ontvangs van 'n aansienlike bedrag buitelandse lenings, alreëds vanaf ongeveer R55 miljoen gedurende die eerste helfte van 1961 tot ongeveer R10 miljoen gedurende die tweede helfte afgeneem het, verder tot ongeveer nul gedurende die eerste kwartaal van 1962 gedaal het. Terwyl daar 'n geringe netto uitvloeï van langter-

myn *buitelandse* kapitaal ten bedrae van R2 miljoen gedurende hierdie tydperk voorgekom het, wat toe te skryf is aan kontraktuele terugbetalings van uraan- en ander buitelandse lenings, is dit meer as geneutraliseer deur 'n netto invloeï van ongeveer R5 miljoen aan langtermyn *inwonerfondse*. Korttermyn private kapitaal, wat in hierdie geval hoofsaaklik die beweging van handelskrediete weerspieël, het aan die ander kant 'n netto uitvloeï van ongeveer R3 miljoen getoon. In verband met hierdie geïdentifiseerde private kapitaalbewegings moet egter opgemerk word dat, waar „weglatings en foute” in die kwartaallikse betalingsbalansramings gedurende 1961 geneig het om aan die negatiewe kant te wees, en *minus* R16 miljoen vir die jaar as geheel beloop het, hierdie pos tot *plus* R7 miljoen vir die eerste kwartaal van 1962 verander het. Dit kan beteken dat die netto lopende oorskot vir hierdie tydperk onder-skat is, en/of dat daar in werklikheid 'n netto invloeï van private kapitaal voorgekom het.

Vanaf die end van Maart tot die middel van Junie 1962 het die goud- en buitelandse valutareserwes van die Reserwebank met 'n verdere R60.2 miljoen tot R398.2 miljoen gestyg, niëteenstaande voortgesette netto terugbetalings van buitelandse lenings. Gedurende hierdie tydperk het die Regering 'n lening van ongeveer R7 miljoen van 'n Duitse bank verkry, maar die terugbetaling van I.B.H.O.- en ander offisiële en banklenings het ongeveer R12 miljoen bedra. Bowendien het geïdentifiseerde terugbetalings op uraan- en ander private lenings ongeveer R10 miljoen beloop, terwyl daar gedurende April en Mei geen netto invloeï van fondse deur die effektebeurs was nie.* Alhoewel inligting oor ander private kapitaalbewegings, soos bv. regstreekse buitelandse belegging en inwonerfondse, nog nie op hierdie stadium beskikbaar is nie sodat die totale netto invloeï of uitvloeï van private kapitaal gedurende hierdie tydperk gevolglik nog nie bepaal kan word nie, blyk dit duidelik dat die verdere toename in die reserwes sedert die end van Maart hoofsaaklik 'n voortgesette aansienlike netto oorskot op lopende rekening weerspieël. Gedurende Aprilmaand alleen het hierdie oorskot R30 miljoen oorskry.

* Die volgende tabel toon Suid-Afrikaanse inwoners se aankope van en verkope aan buitelanders van effekte wat op die Johannesburgse Effektebeurs genoteer word, soos verstreë deur aandelmakelaars (vóór aansuiwering vir transaksies wat direk en deur genomineerdes aangegaan is):

	Aankope deur S.A. inwoners R milj.	Verkope deur S.A. inwoners R milj.	Netto aankope R milj.
1961 — 1ste helfte	31.8	11.1	20.7
2de helfte	12.7	11.8	0.9
1962 — Jan.	1.9	1.5	0.4
Feb.	2.6	2.4	0.2
Mrt.	2.9	2.2	0.7
April	2.3	1.5	0.8
Mei (voorlopig)	5.4	3.8	1.6

* Hersiene betalingsbalanssyfers vir die jaar 1961 verskyn op bl. 40 van hierdie uitgawe.

GELD- EN BANKWESE

Volgens gewysigde syfers wat in hierdie uitgawe gepubliseer word,* het die likwiede bates gehou deur die private sektor by die banksektor, wat met soveel as R120 miljoen gedurende die tweede helfte van 1961 toegeneem het, hoofsaaklik as gevolg van die gunstige betalingsbalans gedurende daardie tydperk, afgeneem met R29 miljoen gedurende die eerste kwartaal van 1962. Vanweë die voortdoring van 'n aansienlik gunstige betalingsbalans, was hierdie afname egter aanmerklik kleiner as die gewone seisoensdaling wat gedurende die eerste kwartaal van die jaar plaasvind, wanneer, soos gedurende die vierde kwartaal, fondse aanhou om van die private sektor na die regeringsektor te beweeg as gevolg van gekonsentreerde belastinginvorderings. Soos uit onderstaande tabel blyk, het die netto verskuiwing van fondse na die Sentrale Regering en provinsiale administrasies gedurende die eerste kwartaal van 1962 ongeveer R92 miljoen bedra, maar is in 'n groot mate geneutraliseer deur die toename in die banksektor se netto goud- en buitelandse valuta-

*Verandering in bates en laste van die banksektor**
(R miljoene)

	1961			1962	
	1ste kw.	3de kw.	4de kw.	1ste kw.	April
Laste teenoor private sektor:					
Geld	-36	+29	+24	-44	+23
Ander deposito's	-26	+41	+26	+15	+14
Totaal	-62	+70	+50	-29	+37
Netto goud- en buitelandse valutareserwes†	-15	+42	+91	+77	+20
Langtermyn buitelandse laste††	-3	—	+3	-11	+13
Eise teen Sentrale Regering	-31	+34	+44	-46	-8
Sentrale Regeringsdeposito's††	-40	+6	-61	-20	+5
Netto eise teen provinsiale administrasies	-35	+3	+16	-26	+6
Netto eise teen plaaslike ower- hede	+3	+11	-3	-8	+3
Eise teen private sektor	+39	-6	-37	+6	-12
Onverdeelde poste	+20	-20	-3	-1	+10
Totaal	-62	+70	+50	-29	+37

reserwes. Vervolgens gedurende April, het daar tot 'n mate 'n kentering gekom in die verskuiwing van fondse na die regeringsektor, en aangesien die betalingsbalans in Suid-Afrika se guns bly beweeg het, het die private sektor se likwiede bates weer toegeneem, nl. met ongeveer R37 miljoen. Met uitsluiting van seisoensveranderinge, het die opwaartse beweging in hierdie likwiede bates wat gedurende 1961 voorgekom het, dwarsdeur die eerste vier maande van 1962 voortgeduur.

Met betrekking tot bankkrediet toon die tabel hierbo 'n toename in eise teen die private sektor

* Sien bl. 7 tot 9. Hierdie syfers is hersien as gevolg van die insluiting by die banksektor van nie alleen die Reserwebank, die handelsbanke en die Nasionale Finansiële korporasie nie, maar ook die diskonteringshuise.

† Goud- en buitelandse valutareserwes minus korttermyn buitelandse laste.

†† Toename —; afname +.

van R6 miljoen gedurende die eerste kwartaal van 1962, gevolg deur 'n afname van R12 miljoen gedurende April. Hierdie netto afname van R6 miljoen gedurende die eerste vier maande van die jaar is hoofsaaklik teweeggebring deur 'n afname van R23 miljoen in sulke eise van die Reserwebank (grotendeels teen die Landbank), alhoewel die Nasionale Finansiële korporasie en die diskonteringshuise ook vir kleiner afnames van R5 miljoen en R1 miljoen onderskeidelik verantwoordelik was. Teenoor hierdie afnames, het die handelsbanke se eise teen die private sektor met R23 miljoen gestyg, waarvan hulle diskonteringe en voorskotte vir meer as R20 miljoen verantwoordelik was. Soos reeds gemeld, was laasgenoemde styging egter kleiner as die seisoensstyging wat gewoonlik gedurende hierdie tydperk voorkom.

GELDMARK

Onder die heersende hoë likwiditeitstoestande as gevolg van die gunstige betalingsbalans, het die geldmark aangehou om aansienlik te verruim gedurende die eerste vyf maande van 1962.

Soos uit onderstaande tabel blyk, het die toevoeging tot likwiede bates beskikbaar aan die mark, wat verantwoord is deur die toename in die Reserwebank se netto goud- en buitelandse valutareserwes, nie minder as R134 miljoen gedurende hierdie tydperk beloop nie. Terwyl hierdie toevoeging tot 'n sekere mate geneutraliseer is deur ander faktore, in besonder die netto beweging van fondse na die regeringsektor (wat gedeeltelik die onttrekking deur die Regering gedurende Mei van

Veranderinge in laste en bates van die Reserwebank
(R miljoene)

	1961			1962	
	1ste kw.	3de kw.	4de kw.	1ste kw.	April/ Mei
Veranderinge in toestand van geldmark:					

A. DIE AANDUIDINGS:

Toename (—) in netto beroep
op Reserwebank deur:

Handelsbanke	-8	+27	-1	-1	+2
N.F.K.	+5	-10	+2	+6	+30
Diskonteringshuise	+28	+14	+2	+6	+13

Totale verruiming (+) of
vernouing (—) van geld-
mark

	+25	+31	+3	+11	+45
--	-----	-----	----	-----	-----

B. DIE OORSAKE:

Netto goud en buitelandse valuta	-4	+51	+84	+88	+46
Krediet aan Sentrale Regering	+5	+15	+2	-13	—
Sentrale Regeringsdeposito's*	-12	+6	-52	-10	-8
Netto krediet aan provin- siale administrasies	-36	+3	+15	-26	+4
Banknote in omloop*	+16	-11	-9	+16	-5
Netto krediet aan private sektor	+17	-17	-32	-27	-6
Ander oorsaake	+39	-16	-5	-17	+14
Totaal	+25	+31	+3	+11	+45

* Toename —; afname +.

fondse belê by die handelsbanke en diskonterings-huise weerspieël), en die aansienlike vermindering van Reserwebankkrediet aan die private sektor (hoofsaaklik aan die Landbank), het die geldmark nogtans verder tot 'n netto mate van ongeveer R56 miljoen verruim. Hierdie verruiming weerspieël nie alleen die bedrag, nl. R20 miljoen, waarmee die mark sy netto skuld by die Reserwebank verminder (en in werklikheid ten volle afgelos) het nie, maar ook die netto bedrag aan regeringseffekte, nl. R36 miljoen, wat dit van die Reserwebank aangekoop het in 'n soektog na belegging vir surplusfondse.

Onder die toestande hierbo beskrywe, het geldmarkrentekoerse hul afwaartse beweging volgehou, en het bv. die tenderkoers op skatkisbewyse, nadat dit afgeneem het van 4.68 tot 4.03 persent gedurende die tweede helfte van 1961, verder tot 2.76 persent teen 15 Junie 1962 gedaal.

BANKKOERS

Nadat die Regering vroeg in 1962 besluit het om invoerbeheer gedurende die jaar tot 'n mate te verslap, en die Minister van Finansies in sy begrotingsrede op 21 Maart o.a. sekere maatreëls aangekondig het om die valutabeheer ten aansien van die oordrag van die opbrengs van Suid-Afrikaanse effekte wat deur nie-inwoners in Suid-Afrika verkoop word, te verslap, het die Reserwebank op 9 Mei aangekondig

dat, ná grondige oorweging van al die betrokke komplikasies en geskilpunte, hy besluit het om nie die bankkoers op daardie stadium verder te verlaag nie, ondanks die voortdurende aansienlike daling in die weeklikse tenderkoers vir Skatkiswissels en in geldmarkkoerse oor die algemeen, maar dat in plaas daarvan besluit is om 'n afsonderlike diskontokoers vir Skatkiswissels te kwoteer teen $\frac{1}{2}$ persent bo die heersende gemiddelde tenderkoers vir sulke wissels. Ook het die Bank sy besluit aangekondig om, soos vanaf daardie datum, sy rentekoerspatroon vir staatseffekte met $\frac{1}{8}$ persent te verlaag.

Vervolgens, in die lig van die verdere betalingsbalans- en ander finansiële verwickelinge hierbo beskryf, het die Reserwebank besluit om soos vanaf 13 Junie die bankkoers met $\frac{1}{2}$ persent na 4 persent te verlaag, maar bekendgemaak dat, tot tyd en wyl die skatkiswisseltenderkoers meer in lyn met die bankkoers kom, hy sal voortgaan om 'n afsonderlike diskontokoers vir skatkiswissels teen $\frac{1}{2}$ persent hoër as die heersende gemiddelde tenderkoers te kwoteer. Wat sy koerspatroon vir staatseffekte betref, het die Bank op 'n verdere verlaging van $\frac{1}{8}$ persent soos vanaf dieselfde datum besluit.

T. W. de Jongh,
Hoof: Departement Ekonomiese Navorsing en Statistiek.

ECONOMIC REVIEW

The rate of internal economic expansion in South Africa, which had slowed down considerably by the third quarter of 1961, but then increased again towards the end of the year, continued to improve during the first quarter of 1962. Moreover, notwithstanding substantial net repayments of foreign loans, the country's gold and foreign exchange reserves continued to increase throughout the first five months of 1962, due mainly to a further net surplus on the current account of the balance of payments. This continuation of a favourable balance of payments had the effect of increasing further the liquidity of all the main sectors of the economy.

INTERNAL DEVELOPMENTS

Excluding seasonal changes, provisional national accounts estimates indicate that, due partly to a notable increase in manufacturing income, South Africa's gross national product rose considerably more in the first quarter of 1962 than in any of the four quarters of 1961. Moreover, gross domestic expenditure, which had declined somewhat in 1961, rose substantially in the first quarter of 1962, and exceeded the increase in the gross national product, as a decline was registered during this period in the net surplus on current account with the outside world.

The increase in gross domestic expenditure in the first quarter of this year, reflected mainly a notable contra-seasonal rise in consumption. While gross domestic investment also increased somewhat, this was accounted for by a less-than-seasonal decline in investment in inventories, particularly commercial inventories. Fixed investment showed a small decline, due to decreased investment by Local Authorities, as well as by the private sector in the case of non-residential construction, although a small further increase was registered in investment in machinery, plant and equipment in the case of manufacturing. This slow rate of increase in fixed investment in the field of manufacturing is to be associated with the existence of surplus productive capacity.

The explanation of the phenomenon that inventories declined less than seasonally in the first quarter of 1962, notwithstanding the contra-seasonal increase in consumption, is found in the fact that merchandise imports increased during this period, whereas a decrease was registered in merchandise exports. A further contributing factor would, however, appear to have been an increase in manufacturing output, judging by the sizeable rise in manufacturing income.

The further expansion of economic activity in South Africa during the first quarter of 1962 is also reflected in the movement of the seasonally adjusted indices shown in the table below. Apart from the increase in imports already referred to, further increases were registered in gold production, railway earnings, property transactions, stock exchange turnover and bank debits, while retail sales and building plans passed, which had tended to decline during 1961, also moved upwards. On the other hand, as already mentioned, merchandise exports declined, while a small decrease also occurred in the discounts and advances of the commercial banks. Subsequently, during April, merchandise exports showed a substantial increase, as against a small decline in imports, while the commercial banks' discounts and advances continued to decrease, i.e. to increase less than seasonally. This behaviour of the banks' discounts and advances in the face of expanding economic activity, reflects the prevailing highly liquid conditions, under which it is not unlikely that an increase in inter-business borrowing occurred.

Indices — Excluding Seasonal Changes (1953 = 100)

	1961				1962
	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	1st Qtr.
Bank debits	189	200	201	206	215
Discounts and advances of commercial banks	188	187	188	188	186
Stock exchange turnover	205	196	159	187	205
Value of gold production	192	192	195	201	209
Value of imports	131	122	109	112	115
Value of exports	156	157	156	172	154
Railway earnings	157	161	161	162	167
Value of retail sales	118	115	115	114	117
Value of property trans- actions	98	84	78	81	85
Value of building plans passed*	105	95	82	74	80
Private construction (employ- ment)	109	106	100	104	108

BALANCE OF PAYMENTS

South Africa's gold and foreign exchange reserves, which had declined by R18 million during the first half of 1961, but then rose by R125 million during the rest of the year, increased further by R48 million during the first quarter of 1962. This further increase in the reserves was due to a substantial net surplus on current account, which was

* Eighteen principal metropolitan areas and 45 smaller towns.

partly offset by a net outflow of official capital funds. In the case of private capital, no further net outflow occurred.

Merchandise imports, after declining more than seasonally during the first three quarters of 1961, and then rising somewhat during the fourth quarter, increased further in the first quarter of 1962 to a figure of about R249 million, which, however, was still well below the figure of R284 million registered in the first quarter of 1961. On the other hand, merchandise exports, which had shown an upward tendency during 1961 (i.e. after exclusion of seasonal movements), decreased more than seasonally in the first quarter of 1962 to about R226 million, but still compared favourably with the figure of R229 million registered in the first quarter of last year.

Apart from the decline in the trade deficit indicated by the above figures, the net gold output, which had moved upwards during 1961, increased further in the first quarter of 1962, while net current invisible payments were substantially smaller than a year ago, due mainly to a decline in interest and dividend payments, remittances abroad of branch profits, and outward transfers of migrants' funds, all of which were exceptionally high during the first half of 1961, but returned to a more "normal" level during the second half of the year. Preliminary estimates indicate, therefore, that the net current surplus for the first quarter of 1962 amounted to about R75 million, which was lower than the surplus of R109 million registered in the previous quarter, but much higher than the corresponding surplus of R10 million in the first quarter of last year.*

On capital account, official and banking institutions were responsible for a further net outflow of funds during the first quarter of 1962, namely, about R34 million, due mainly to the repayment of the drawing of R27 million on the International Monetary Fund, and a repayment of about R7 million on the dollar credits received from a group of American banks. Other outward movements of official funds, representing largely Government trade credits, were, however, offset by net receipts by the Government of R4 million in respect of I.B.R.D. loans, and R1 million from the Export-Import Bank.

As against this net outflow of official funds, returns submitted to the Reserve Bank indicate that the net outflow of private capital, which, due to the extension of exchange control to stock exchange transactions and the receipt of a substantial amount of foreign loans, had already declined from about R55 million during the first half of 1961 to about R10 million during the second half, decreased further to approximately nil during the first quarter of 1962. While a small net outflow of long-term foreign capital of R2 million occurred during this

period, due to contractual repayments of uranium and other foreign loans, this was more than offset by a net inflow of about R5 million of long-term resident capital funds. Short-term private capital, on the other hand, which in this instance mainly reflects the movement of trade credits, showed a net outflow of about R3 million. In connection with these identified private capital movements, it should be noted, however, that whereas "omissions and errors" in the quarterly balance of payments estimates tended to be on the negative side during 1961, amounting to *minus* R16 million for the year as a whole, this item changed to *plus* R7 million for the first quarter of 1962, which could mean that the net current surplus for this period has been underestimated, and/or that a net inflow of private capital actually occurred.

From the end of March to the middle of June, 1962, the gold and foreign exchange reserves held by the Reserve Bank rose further by R60.2 million to R398.2 million, notwithstanding continued net repayments of foreign loans. During this period the Government received a loan of about R7 million from a German bank, but repayments of I.B.R.D. and other official and banking loans amounted to about R12 million. Moreover, identified repayments of uranium and other private loans amounted to about R10 million, while, during April and May, there was no net inflow of funds through the stock exchange.* Thus, although information on other private capital movements, for example, direct foreign investment and resident capital funds, are not available at this stage, and the total net inflow or outflow of private capital during this period can, therefore, not yet be determined, it seems clear that the further increase in the reserves since the end of March reflects primarily the continuation of a substantial net surplus on current account. For the month of April alone, this surplus exceeded R30 million.

MONEY AND BANKING

According to revised figures published in this issue, the liquid assets held by the private sector with the banking sector, which had increased by as much as R120 million during the second half of

* The following table shows the purchases and sales by South African residents from and to foreigners of securities listed on the Johannesburg Stock Exchange as reported by stockbrokers (unadjusted for nominee and direct transactions):

	Purchases by S.A. residents R mil.	Sales by S.A. residents R mil.	Net purchases R mil.
1961 — 1st half	31.8	11.1	20.7
2nd half	12.7	11.8	0.9
1962 — Jan.	1.9	1.5	0.4
Feb.	2.6	2.4	0.2
Mar.	2.9	2.2	0.7
Apr.	2.3	1.5	0.8
May (provisional)	5.4	3.8	1.6

* Slightly revised balance of payments figures for the year 1961 are published on page 40 of this issue.

1961, mainly as a result of the favourable balance of payments during that period, decreased by R29 million during the first quarter of 1962. Due to the continuation of a substantial favourable balance of payments, however, this decrease was considerably smaller than the usual seasonal decline which occurs during the first quarter of the year, when, as during the fourth quarter, funds continue to move from the private to the Government sector, as a result of heavy tax collections. As will be seen from the table below, the net shift of funds to the Central Government and provincial administrations amounted to about R92 million during the first quarter of 1962, but was in large part offset by the increase in the banking sector's net gold and

*Changes in Assets and Liabilities of the Banking Sector**
(R millions)

	1961			1962	
	1st Qtr.	3rd Qtr.	4th Qtr.	1st Qtr.	April
Liabilities to Private Sector:					
Money	-36	+29	+24	-44	+23
Other deposits	-26	+41	+26	+15	+14
Total	-62	+70	+50	-29	+37
Net gold and foreign exchange reserves†	-15	+42	+91	+77	+20
Long-term foreign liabilities††	-3	-	+3	-11	+13
Claims on Central Government	-31	+34	+44	-46	-8
Central Government deposits††	-40	+6	-61	-20	+5
Net claims on provincial administrations	-35	+3	+16	-26	+6
Net claims on local authorities	+3	+11	-3	-8	+3
Claims on private sector	+39	-6	-37	+6	-12
Unclassified items	+20	-20	-3	-1	+10
Total	-62	+70	+50	-29	+37

foreign exchange reserves. Subsequently, during April, the shift of funds to the Government sector was reversed to some extent, and as the balance of payments continued to move in South Africa's favour, the private sector's liquid assets increased again, namely, by about R37 million. Excluding seasonal changes, the upward movement in these liquid assets which occurred during 1961, was continued throughout the first four months of 1962.

In regard to bank credit, the table above shows an increase in claims on the private sector of R6 million in the first quarter of 1962, followed by a decrease of R12 million during April. This net decline of R6 million during the first four months of the year was mainly due to a decrease of R23 million in such claims of the Reserve Bank (mainly on the

* See pp. 7 to 9. These figures have been revised due to the inclusion in the Banking Sector of not only the Reserve Bank, the commercial banks and the National Finance Corporation but also the discount houses.

† Gold and foreign exchange reserves less short-term foreign liabilities.

†† Increase —; decrease +.

Land Bank), although smaller decreases of R5 million and R1 million were also accounted for by the National Finance Corporation and the discount houses, respectively. As against these decreases, the commercial banks' claims on the private sector rose by R23 million, of which their discounts and advances to this sector accounted for over R20 million. As mentioned before, the latter increase was, however, smaller than the seasonal increase which usually occurs during this period.

MONEY MARKET

Under the prevailing highly liquid conditions resulting from the favourable balance of payments, money-market conditions continued to ease considerably during the first five months of 1962.

As indicated by the table below, the addition to liquid assets available to the market which was accounted for by the increase in the Reserve Bank's net gold and foreign exchange reserves, amounted to no less than R134 million during this period. While this addition was to some extent offset by other factors, particularly the net movement of funds to the Government sector (which partly reflects the withdrawal by the Government during May of the funds it had invested with the commercial banks and discount houses), and the substantial reduction of Reserve Bank credit to the private sector (mainly to the Land Bank), the money market nevertheless eased further to the net extent of about R56 million. This easing reflects not only the amount, namely R20 million, whereby the market

Changes in Liabilities and Assets of the Reserve Bank
(R millions)

	1961			1962	
	1st Qtr.	3rd Qtr.	4th Qtr.	1st Qtr.	April/ May
Changes in ease or tightness of money market:					
A. THE SYMPTOMS:					
Increase (—) in net extent of recourse to Reserve Bank by:					
Commercial banks	-8	+27	-1	-1	+2
N.F.C.	+5	-10	+2	+6	+30
Discount houses	+28	+14	+2	+6	+13
Total easing (+) or tightening (—) of money market	+25	+31	+3	+11	+45
B. THE CAUSES:					
Net gold and foreign exchange	-4	+51	+84	+88	+46
Credit to Central Government	+5	+15	+2	-13	-
Central Government deposits*	-12	+6	-52	-10	-8
Net credit to provincial administrations	-36	+3	+15	-26	+4
Note liabilities*	+16	-11	-9	+16	-5
Net credit to private sector	+17	-17	-32	-27	-6
Other causes	+39	-16	-5	-17	+14
Total	+25	+31	+3	+11	+45

* Increase —; decrease +.

reduced (and actually wiped out) its net indebtedness to the Reserve Bank, but also the net amount of Government stock, namely, R36 million, which it purchased from the Bank in seeking investment for its surplus funds.

Under the conditions described above, money-market interest rates continued their downward movement, and the Treasury bill tender rate, for example, which had decreased from 4.68 to 4.03 per cent during the second half of 1961, dropped further to 2.76 per cent by June 15, 1962.

BANK RATE

Following the decision by the Government early in 1962 to relax import control to some extent during the year, and the budget speech on March 21, in which the Minister of Finance announced, *inter alia*, certain measures to relax the exchange controls on the transfer of the proceeds of South African securities sold in South Africa by non-residents, the Reserve Bank announced on May 9, that after due consideration of all the complications and issues involved, it had decided not to make a further reduction in the bank rate at that stage,

despite the continued substantial decline in the weekly tender rate for Treasury bills and in money-market rates generally, but that instead, it had been decided to quote a separate discount rate for Treasury bills at $\frac{1}{2}$ per cent above the current average tender rate for such bills. Furthermore, the Bank announced its decision to reduce its pattern of rates for Government stock by $\frac{1}{8}$ per cent as from that date.

Subsequently, in view of the further balance of payments and other financial developments described above, the Reserve Bank decided to reduce bank rate by $\frac{1}{2}$ per cent to 4 per cent as from June 13, but indicated that it would continue to quote a separate discount rate for Treasury bills at $\frac{1}{2}$ per cent above the current average tender rate for such bills until that rate came into closer alignment with the new bank rate. As regards its pattern of rates for Government stock, the Bank announced a further reduction by $\frac{1}{8}$ per cent as from the same date.

T. W. de Jongh,

Head: Department of Economic Research and Statistics.