

KWARTAALLIKSE EKONOMIESE OORSIG

OPSOMMING

Algemene besigheidstoestande

'n Vinnige koers van ekonomiese vooruitgang is weer gedurende die derde kwartaal aangeteken, soos weerspieël in die toename van ongeveer 2 persent in die reële bruto volksproduk, en die beskikbare statistieke toon voortgesette uitbreiding ook gedurende Oktober. Pryspeile bly oor die algemeen besonder bestendig, maar die toenemende behoefte aan geskoold arbeid in verhouding tot die beskikbare voorraad het gedurende die afgelope jaar tot 'n vinniger stygging gelei in die gemiddelde verdienste van blankes werkzaam in private konstruksie, fabriekswese, mynwese en die Suid-Afrikaanse Spoorweë. Die gemiddelde verdienste van blankes in private konstruksie is sterk aan die styg.

Produksie en besteding

Die opwaartse beweging in die volume van fabrieksproduksie, produksie van yster en ysterlegerings, goudproduksie, en steenkool- en koperverkope duur voort, en die gunstige neiging in die bruto volksproduk het saamgeval met 'n aansienlike toename in private verbruiksbesteding en kleiner toenames in lopende uitgawes van openbare owerhede en besteding op vaste bates.

Betalingsbalans

'n Aansienlike verbetering in die oorskot op lopende rekening is in die syfers vir die derde kwartaal waarneembaar, maar voorlopige ramings dui aan dat die toestand minder gunstig in Oktober is. Die netto uitvloei van private kapitaal het in die derde kwartaal afgeneem, terwyl die goud- en buitelandse valutareserves aansienlik gestyg het, alhoewel dié wat die Reserwebank hou, 'n klein afname van September tot November getoon het.

Monetêre en banktoestande.

Die voorraad geld en kwasi-geld het gedurende die derde kwartaal vermeerder hoofsaaklik weens 'n toename in bankkrediet en die stygging in die goud- en buitelandse valutareserves. Vir die eerste keer sedert vroeg in 1961 is die koers van verandering van geld plus kwasi-geld deur die groeikoers van die bruto volksproduk oortref. Deposito's by die Nasionale Finansiekorporasie en die diskontohuise daal steeds stadig, terwyl die bouverenigings en die aksepbanke nog deurgaans 'n aansienlike toevloei van fondse ontvang.

Kapitaalmark

Geoordeel volgens die stygging in aandelepryse en die voortgesette lae peil van opbrengskoerse, wil dit voorkom asof daar geen tekort aan fondse is nie, alhoewel nuwe uitgifte van

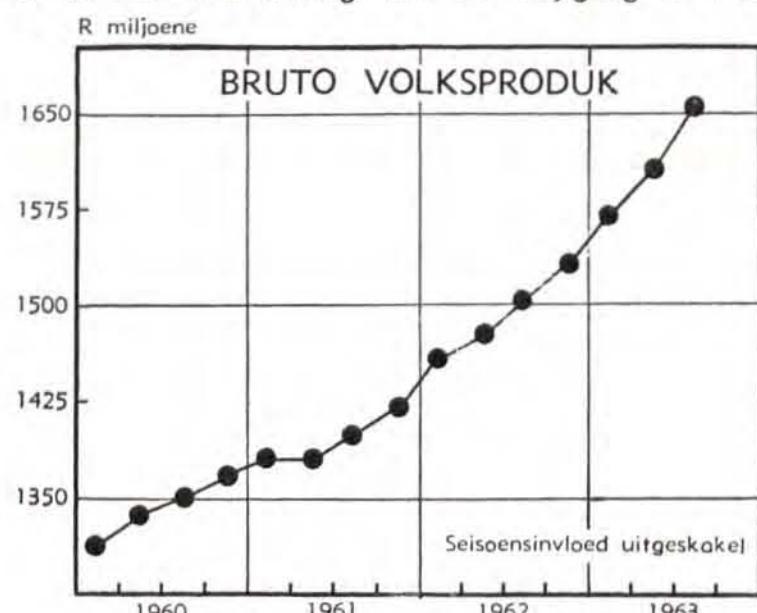
aandele en leningseffekte aan die toename is. Die eiendomsmark bly lewendig.

ALGEMENE BESIGHEIDSTOESTANDE

Huidige fase van die oplewing

Die vinnige koers van ekonomiese vooruitgang wat in die tweede kwartaal van 1963 ondervind is, het tot in die derde kwartaal voortgeduur, en die beskikbare inligting dui op verdere uitbreiding gedurende Oktober.¹

Die toename in die bruto volksproduk kan in meegaande grafiek waargeneem word, en baie voorlopige ramings van die reële bruto volksproduk (d.w.s. nadat voorsiening gemaak is vir die uitwerking van die stygging in ver-



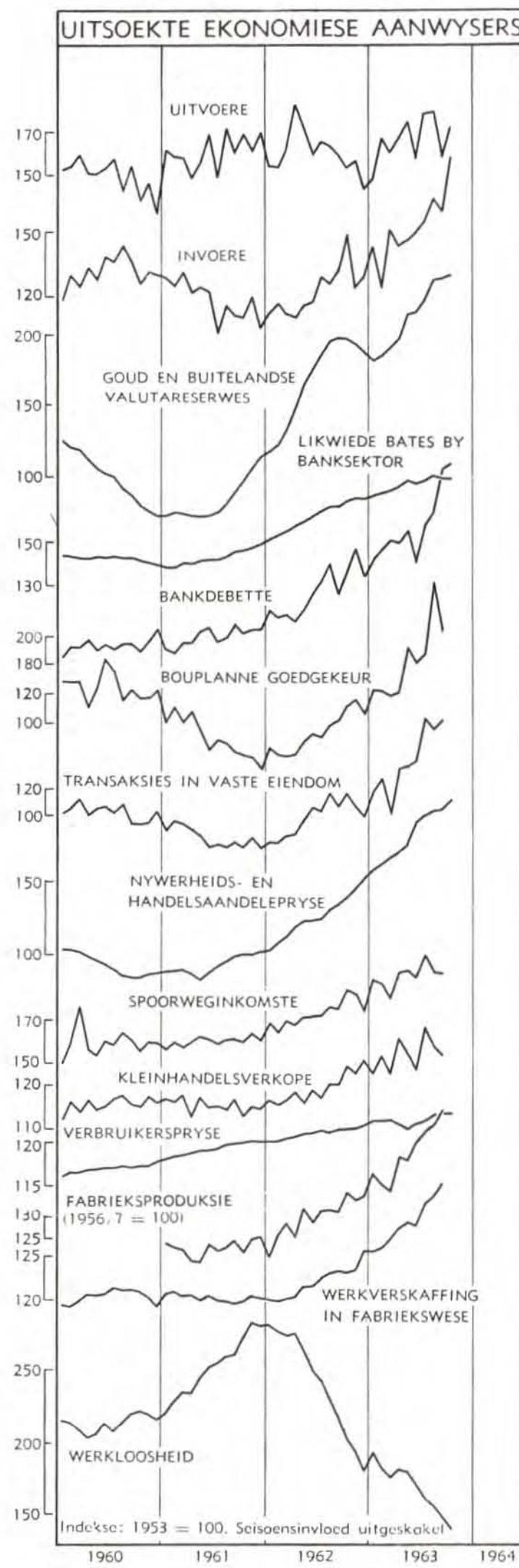
bruikerspryse) toon 'n stygging van ongeveer 2 persent vir die derde kwartaal, wat effens laer is as dié vir die voorafgaande kwartaal. Die beskikbare ramings weerspieël ook 'n gunstige groeikoers in reële inkome per hoof. Sulke neigings vind egter normaalweg gedurende 'n ekonomiese oplewing plaas.

'n Kenmerk van die huidige ekonomiese uitbreiding is die merkwaardige bestendigheid van pryspeile, alhoewel verbruikers- en groothandelspryse toenames van 1.1 en 0.3 persent, onderskeidelik, vanaf Junie tot Oktober getoon het.

'n Dalende neiging is in die werkloosheidsfyfers vir Blankes, Kleurlinge en Asiate tot Oktober waarneembaar, en aangesien die gemiddelde verdienste² van Blankes werkzaam in private konstruksie, fabriekswese, mynwese en die Suid-Afrikaanse Spoorweë nog steeds teen

1) Die seisoenskommelings van al die reekse wat in hierdie oorsig gebruik word, is uitgeskakel, tensy anders aangedui.

2) Die maandelikse statistieke van totale salaris en lone vir hierdie bedryfstakke, soos deur die Buro vir Statistiek gepubliseer, is deur totale werkverskaffingsfyfers gedeel. Eersgenoemde sluit aansporingsbonusse en oortydbetaling in, maar nie vakansie-, Kersfees- en soortgelyke enkelbedraguitbetalings nie.



die vinniger koers styg wat vanaf die tweede helfte van 1962 merkbaar geword het, wil dit voorkom asof daar 'n vernouing in die mark vir geskoonde arbeid plaasgevind het. Die gemiddelde verdienste van blanke persone in private konstruksie het skerp opwaarts beweeg, soos aangedui deur die toename van 5 persent van die tweede na die derde kwartaal.

Gevoelige maandelikse aanwysers

Die skommelings in veertien maandelikse tydreekse, wat 'n besondere gevoeligheid vir veranderings in besigheidstoestande aan die dag gelê het, word in meegaande grafiek weerspieël. Dit wil voorkom asof daar 'n konsekwente patroon van algemene uitbreiding was tot September, en in meeste gevalle tot Oktober, in invoer, bankwese, vaste eiendom, aandelepryse, kleinhandel, fabriekswese en werkverskaffing, maar 'n onsekerheid is merkbaar in die geval van uitvoer. Die neigings in verbruikerspryse en werkloosheid is alreeds beskrywe.

PRODUKSIE EN BESTEDING

Produksieneigings

Die indeks van die volume van fabrieksproduksie het met 4.9 persent in die derde kwartaal vergeleke met die tweede toegeneem, en die algemene neiging is steeds sterk opwaarts. Die produksie van yster en ysterleggerings het 'n voortgesette stygende tendens openbaar, nieteenstaande aansienlike maandelikse skommelings. Die lewendige toestande in die bou- en konstruksiebedryf in die derde kwartaal word weerspieël in 'n toename van 7.2 persent in werkverskaffing. Wat die mynbou betref, het goudproduksie met 1.8 persent toegeneem en 'n verdere vermeerdering in Oktober getoon, terwyl steenkool deur die myne verkoop effens gestyg en koperverkope aansienlik toegeneem het.

Bestedingsneigings

Die gunstige neiging in die bruto volksparkproduk gedurende die derde kwartaal het saamgeval met toenames in private verbruik, die lopende uitgawes van openbare owerhede en besteding op vaste kapitaalbates.

Private verbruiksbesteding het aansienlik toegeneem hoofsaaklik as gevolg van groter spandering op duursame goedere, veral motor-karre. Die toename in lopende uitgawes deur openbare owerhede was aanmerklik, terwyl besteding op konstruksie en vaste toerusting ook 'n verbetering getoon het, grootliks a.g.v. verhoogde uitgawes deur fabriekswese en handel. Daar was byna geen verandering in die peil van voorrade nie, terwyl die oorskot van uitvoer oor invoer van alle goedere en dienste toegeneem het.

BETALINGSBALANS

Lopende rekening

Sowel die lopende as die kapitaalrekening van die betalingsbalans het gedurende die derde kwartaal verbeter, en dit het 'n aansienlike toename in die land se goud- en buitelandse valutareserwes veroorsaak.

Invoer het gedurende die derde kwartaal toegeneem en uitvoer het effens gedaal, vóór aansuiwing vir seisoenskommelings. Die ongunstige uitwerking van hierdie bewegings op die lopende rekening is egter meer as geneutraliseer deur 'n aansienlike vermindering in netto betalings vir dienste en oordragte, sodat die lopende oorskot met R9 miljoen tot R46 miljoen vermeerder het. Gedurende Oktober was die saldo op lopende rekening egter minder gunstig, alhoewel dit grootliks aan seisoensinvloede toe te skryf is.

Die lopende rekening sal in 1964 tot 'n sekere mate deur invoerbeheerbeleid beïnvloed word, en op 1 November het die Minister van Ekonomiese Sake die grondslag waarop permitte uitgereik sal word, aangekondig. Fabrikante sal oor die algemeen toegelaat word om hulle volle benodighede aan grondstowwe in te voer, en permitte sal uitgereik word soos nodig. Handelaars wat grondstowwe vir herverkoop invoer en invoerders van landbougereedskap en trekkers sal ruime aanvanklike toekennings ontvang wat deur verdere uitreikings in 1964 aangevul sal word. Aanvanklike toekenning vir verbruiksgoedere t.o.v. groep „A“ sowel as groep „B“ sal aangevul word deur verdere uitreikings in April 1964, wat die toekenning vir 1964 op daardie stadium op dieselfde peil as dié vir die hele 1963 sal bring. Nuwe kwotas sal vir die invoer van motorkarre aangekondig word, maar dit sal voldoende wees om in die verwagte aanvraag te voorsien.

Private kapitaalbewegings

'n Netto private kapitaaluitvloeい van R23 miljoen is vir die derde kwartaal gemeet uit opgawes wat aan die Reserwebank voorsien word, vergeleke met R32 miljoen gedurende die voorafgaande kwartaal. Eersgenoemde syfer mag egter die uitvloeい te hoog aantoon aangesien 'n deel van die R10 miljoen wat as netto krediet tot „weglatings en foute“ in die betalingsbalans weerspieël word, 'n toevloeい van private kapitaal mag verteenwoordig.

'n Ontleding van kapitaalbewegings toon dat daar 'n toevloeい van R5 miljoen was a.g.v. die vermindering van Suid-Afrikaanse bates in die buiteland, maar dat buitelandse kapitaal ten bedrae van R28 miljoen uit die land gevloeい het. Van laasgenoemde bedrag is R23 mil-

joen³ toe te skryf aan transaksies in effekte wat deur buitelanders besit en op die beurs genoteer is, terwyl die oorblywende netto bedrag van ongeveer R5 miljoen deur buitelanders in alle vorms van ongenoteerde kapitaal onttrek is. Die laaste syfer is die netto resultaat van 'n uitvloeい van R6 miljoen aan onregstreekse belegging- en 'n toevloeい van R1 miljoen aan regstreekse belegging-kapitaal.

Offisiële en bankkapitaal

Offisiële en bankinstellings was verantwoordelik vir 'n netto kapitaaltoevloeい van R15 miljoen gedurende die derde kwartaal, wat gedeeltelik deur bewegings in handelskrediete veroorsaak is. 'n Langtermyn kapitaaltoevloeい van R3.5 miljoen is in die vorm van spesiale geblokkeerde rand-effekte ontvang, wat die totale buitelandse belegging in hierdie effekte op 30 September op R19.5 miljoen te staan gebring het.

Goud- en buitelandse valutareserwes

Die goud- en buitelandse valutareserwes van bank- en offisiële instellings het gedurende die derde kwartaal met R48 miljoen toegeneem, teenoor R31 miljoen gedurende die voorafgaande halfjaar. R33 miljoen van eersgenoemde styging het in die Reserwebank se bates voorgekom.

Gedurende Oktober en November het die Reserwebank se goud- en buitelandse valutareserwes met R5 miljoen gedaal, terwyl die netto uitstaande saldo aan buitelandse valuta wat aan die handelsbanke vir tydelike belegging in die buiteland verkoop is, 'n toename van R1 miljoen getoon het.

MONETÈRE EN BANKTOESTANDE

Geld en kwasi-geld

Die totaal aan geld en kwasi-geld⁴ het met

³) Hierdie syfer sluit 'n aansuiwing in t.o.v. genomineerde en regstreekse transaksies, terwyl die uitvloeい weens Suid-Afrikaanse beleggings in buitelandse effekte wat in Johannesburg genoteer word, nietig was. Die netto onaangesuwerde aankope deur Suid-Afrikaanse inwoners vanaf buitelanders van effekte wat in Suid-Afrika genoteer word, het R16.4 miljoen gedurende die derde kwartaal beloop. Die aankope en verkope deur Suid-Afrikaanse inwoners, soos verstrekkend aan delemakelaars en voor aansuiwing vir transaksies wat regstreeks en deur genomineerde aangegaan is, is soos volg sedert die begin van die jaar (R miljoene):

	Aankope	Verkope	Netto aankope
Januarie	8.5	2.9	5.6
Februarie	9.0	4.3	4.7
Maart	8.1	3.9	4.2
April	8.0	2.9	5.1
Mei	12.1	4.7	7.4
Junie	9.7	4.8	4.9
Julie	9.4	4.4	5.0
Augustus	9.3	3.5	5.8
September (voorlopig)	8.6	3.0	5.6
Oktober (voorlopig)	13.4	4.3	9.1

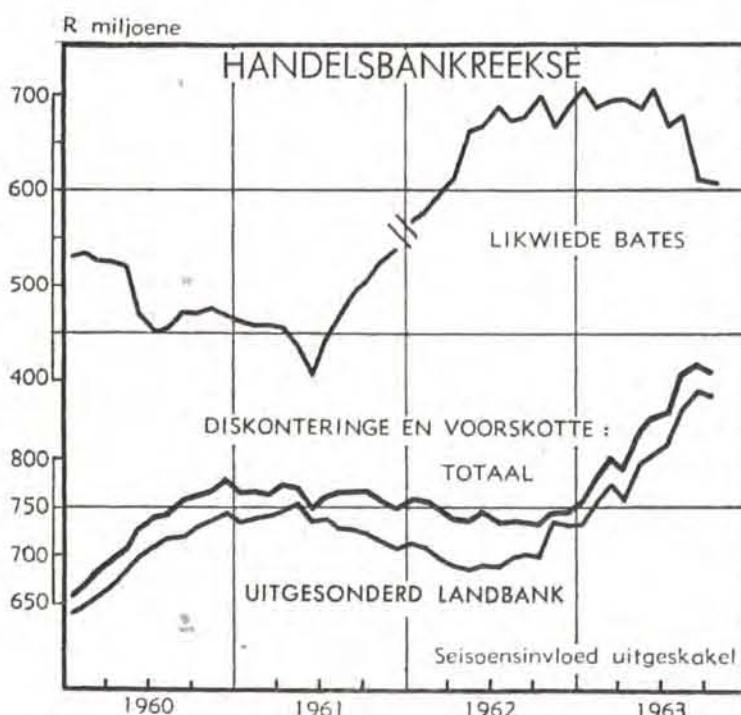
⁴) Kwasi-geld sluit in rentedraende deposito's by die banksektor, asook skatkiswissels, belastingdeleging-sertifikate en korttermyn staatseffekte wat buite die bank- en regeringsektor gehou word.

R33 miljoen tot R2,291 miljoen gedurende die derde kwartaal gestyg, terwyl die gemiddelde peil 'n toename van 1.7 persent vergeleke met die tweede kwartaal getoon het (na aansuiwing vir seisoenskommelings). Die ooreenstemmende toename in die bruto volksproduk was heelwat meer as 2 persent, wat dus die vermeerdering in geld plus kwasi-geld aansienlik oortref het. Dit was die eerste keer sedert vroeg in 1961 dat die groeikoers van die bruto volksproduk die koers van verandering in geld plus kwasi-geld oortref het, en die verhouding van laasgenoemde tot eersgenoemde het derhalwe vir die eerste keer gedurende die huidige opswaai gedaal.

Stygings in bankkrediet en in die goud- en valutareserves het albei tot die vermeerdering in geld en kwasi-geld bygedra, en die gesamentlike uitwerking van hierdie twee faktore het 'n verskuiwing van bankdeposito's van die private na die regeringsektor oortref.

Handelsbanke

Die diskonteringe, lenings en voorskotte van die handelsbanke het 'n verdere toename gedurende die derde kwartaal getoon, soos in meegaande grafiek gesien kan word, en dit het gepaard gegaan met 'n verdere daling in



hulle verhouding van likwiede bates tot verpligte teenoor die publiek, nl. vanaf 45.3 persent aan die einde van Junie tot 42.8 persent in September.

Reserwebank

'n Samevatting van die verandering in die laste en bates van die Reserwebank word hieronder aangegee.

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

	1962					1963	
	3e kw.	4e kw.	1e kw.	2e kw.	3e kw.	Okt.	
LASTE							
1. Deposito's van sentrale en provinsiale regerings	25	26	47	-5	35	-12	
2. Deposito's van handelsbanke en die Nasionale Finansiekorporasie	6	10	-4	2	8	-3	
3. Banknote in omloop	14	14	-13	6	15	-5	
	45	50	30	3	58	-20	
BATES							
4. Effekte (uitgesonderd wissels)	-13	-4	31	-3	-1	-2	
5. Krediet aan provinsiale regerings en regeringsliggame	2	26	-30	1	4	-4	
6. Krediet aan handelsbanke, diskontohuise en die Nasionale Finansiekorporasie	33	34	-22	-15	17	-17	
7. Krediet aan private sektor (met insluiting van die Landbank)	-1	-	2	1	6	-4	
8. Netto goud- en buitelandse valutareserves	30	-7	40	16	33	4	
9. Diverse bates min laste	-6	1	9	3	-1	4	
	45	50	30	3	58	-20	

Die toename van R35 miljoen in die deposito's van die sentrale en provinsiale regerings by die Reserwebank gedurende die derde kwartaal (pos 1) weerspieël hoofsaaklik die verskuiwing van bankdeposito's van die private na die regeringsektor waarna verwys is. Met betrekking tot die stygging van R8 miljoen in die deposito's van die handelsbanke en die Nasionale Finansiekorporasie, verteenwoordig 'n bedrag van R5 miljoen toevoegings tot die minimum deposito's wat eersgenoemde by die Reserwebank moet hou, terwyl die oorblywende R3 miljoen beskou kan word as 'n vermeerdering wat deur die uitwerking van markfaktore veroorsaak is. Laasgenoemde bedrag kan van die bykomstige krediet van R17 miljoen wat aan geldmarkinstellings verleen is (pos 6), afgetrek word ten einde die netto krediet wat aan laasgenoemde ten gevolge van die uitwerking van markfaktore voorsien is, te bepaal, nl. R14 miljoen. Dit dui oënskynlik daarop dat die geldmark gedurende die derde kwartaal, toe die koers op skatkiswissels gedaal het (sien die grafiek oor rentekoerse) „vernou“ het. Aangesien daar egter op 'n weeklikse basis vir skatkiswissels getender word, word die neiging in die netto krediet aan die geldmark duidelik in die weeklikse syfers weerspieël, en laasgenoemde toon 'n dalende neiging dwarsdeur die derde kwartaal, d.w.s. die mark het oor die algemeen geneig om gedurende die derde kwartaal te „verruim“ indien die uitwerking van seisoenskommelings in ag geneem word. Die syfers vir Oktober dui op 'n verdere aansienlike „verruiming“ van die mark.

Nasionale Finansiekorporasie en diskontohuise

Die dalende neiging in die deposito's van hierdie instellings het gedurende die derde kwartaal voortgeduur, nl. vanaf R291 miljoen

op 30 Junie tot R282 miljoen aan die einde van September.

Ander instellings

Die bouverenigings het weer eens 'n aansienlike toevloei van fondse gedurende die derde kwartaal ondervind, nl. ongeveer R42 miljoen, wat hul deposito's en aandelekapitaal aan die einde van September op R1,474 miljoen te staan gebring het. Deposito's by die aksepbanke het 'n taamlike groot styging van R53 miljoen tot R99 miljoen getoon, gedeeltelik as gevolg van spesiale faktore.

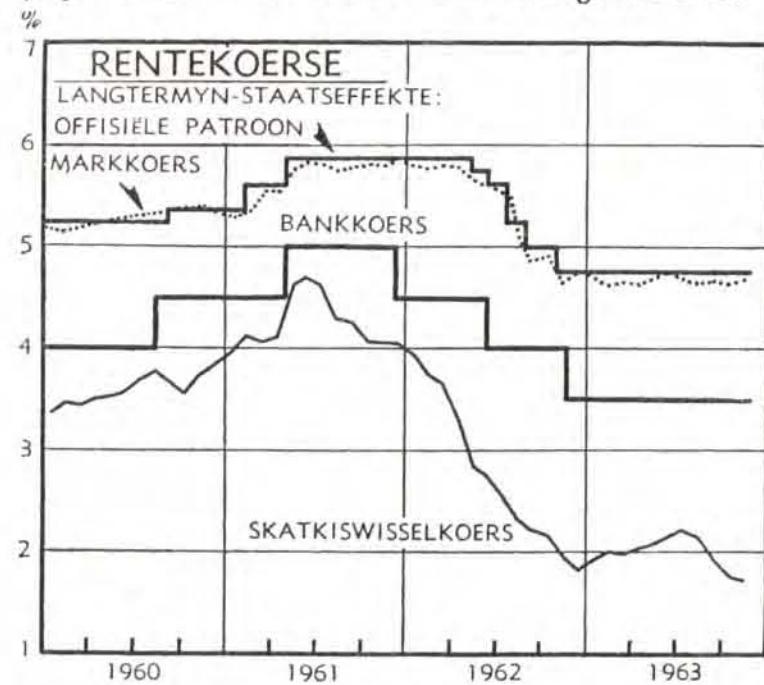
KAPITAALMARK

'n Ruime voorraad fondse tesame met lae opbrengskoerse het die kapitaalmark gekenmerk, alhoewel nuwe uitgifte van aandele en leningseffekte klaarblyklik aan die toeneem is, soos die volgende syfers aantoon (in R miljoene):

	1e kw.	2e kw.	3e kw.	Okt.	1963
Netto toename in binnelandse effekteskuld van sentrale regering	32.3	44.2	68.7	15.6	
Netto nuwe uitgifte deur plaaslike owerhede	32.2	—	5.0	—	
Netto nuwe uitgifte deur openbare korporasies	10.0	26.0	—	43.0	
Nuwe uitgifte deur die private sektor ⁵	15.0	22.0	35.0	18.0	

In teenstelling met die tweede kwartaal het die pryse van goudmynaandele gedurende die derde kwartaal gestyg, terwyl die gemiddelde opbrengs op dividend- sowel as nie-dividend-betalende aandele vanaf 5.6 persent in Junie tot 6.0 persent in Oktober toegeneem het. Nywerheids- en handelsaandelepryse het verder gestyg, soos in die grafiek van uitgesoekte ekonomiese aanwysers gesien kan word; hulle gemiddelde opbrengs het egter taamlik konstant op ongeveer 4.8 persent gedurende die derde kwartaal gebly.

Die Reserwebank se rentekoerspatroon vir staatseffekte het sedert 1 November 1962 onveranderd gebly. 'n Gemiddelde markopbrengs van 4.69 persent is vir November bereken⁶ op effekte met looptye van 15 jaar en langer, wat tussen die hoogtepunt van 4.75 en die laagtepunt van 4.64 persent val wat gedurende die tydperk vanaf November 1962 aangeteken is.



Die vaste eiendomsmark het weer eens 'n aankomlike toename in bedrywigheid gedurende die derde kwartaal getoon. (Die waarde van transaksies is in die tweede grafiek hierbo geteken). Die uitstaande skuld op verbandvoorskotte van bouverenigings, versekeringsmaatskappye, pensioenfondse, handelsbanke en die Landbank het met ongeveer R37 miljoen toegeneem, vergeleke met R30 miljoen gedurende die vorige kwartaal.

5) Uitgifte in die openbaar aangekondig en enkele private plasings.

6) Deur die Buro vir Statistiek.

*Uitgesoekte ekonomiese aanwysers
(Seisoensinvloed uitgeskakel, 1953=100)*

	1961		1962			1963		
	2e kw.	4e kw.	1e kw.	2e kw.	3e kw.	Okt.		
Uitvoer	158	151	159	166	172	172		
Invoer	123	134	139	146	160	185		
Goud- en buitelandse valutareserves	73	192	185	208	233	240		
Likwiede bates van die private sektor by die banksektor	139	172	175	179	181	181		
Bankdebiteringe	201	248	259	262	293	319		
Bouplanne goedgekeur	94	111	120	137	169	—		
Transaksies in vaste eiendom	86	107	114	135	164	—		
Nywerheids- en handelsaandelepryse	85	149	162	179	198	206		
Spoorweginkomste	161	180	185	191	194	—		
Kleinhandelsverkope	115	124	124	127	130	—		
Verbruikerspryse	119	122	122	122	123	123		
Fabrieksproduksie (1956/7 = 100)	123	134	137	144	151	—		
Werkverskaffing in fabriekswese	120	124	126	128	132	—		
Werkloosheid	243	191	183	177	155	141		

QUARTERLY ECONOMIC REVIEW

SUMMARY

General Business Conditions

A rapid rate of economic advance has again been recorded for the third quarter, as reflected in the growth of about two per cent in the real gross national product, and the available statistics indicate continued expansion also during October. Price levels generally remain remarkably steady, but the increasing pressure on the supply of skilled labour during the past year has led to a more rapid rise in the average earnings of Whites employed in private construction, manufacturing, mining and the South African Railways. In private construction the average earnings of Whites are rising steeply.

Production and Expenditure

The upward movement in the volume of manufacturing output, iron and ferro-alloy production, gold production, and coal and copper sales is continuing, and the favourable trend in the gross national product has coincided with a substantial increase in private consumption expenditure and smaller increases in current outlays of public authorities and expenditure on fixed assets.

Balance of Payments

An appreciable improvement in the current surplus is evident in the figures for the third quarter, but provisional estimates suggest that the position is less favourable in October. The net outflow of private capital has declined in the third quarter, while the gold and foreign exchange reserves have increased substantially, although the holdings of the Reserve Bank show a slight decline from September to November.

Monetary and Banking Conditions

The supply of money and near-money has increased during the third quarter as a result primarily of an expansion in bank credit and the increase in the gold and foreign exchange reserves. For the first time since early in 1961, however, the rate of exchange in money and near-money has been exceeded by the rate of increase in the gross national product. Deposits with the National Finance Corporation and the discount houses continue to decline slowly, while the building societies and merchant banks are still receiving an appreciable inflow of funds.

Capital Market

Judging by the increase in share prices and the continuing low level of yields, it would

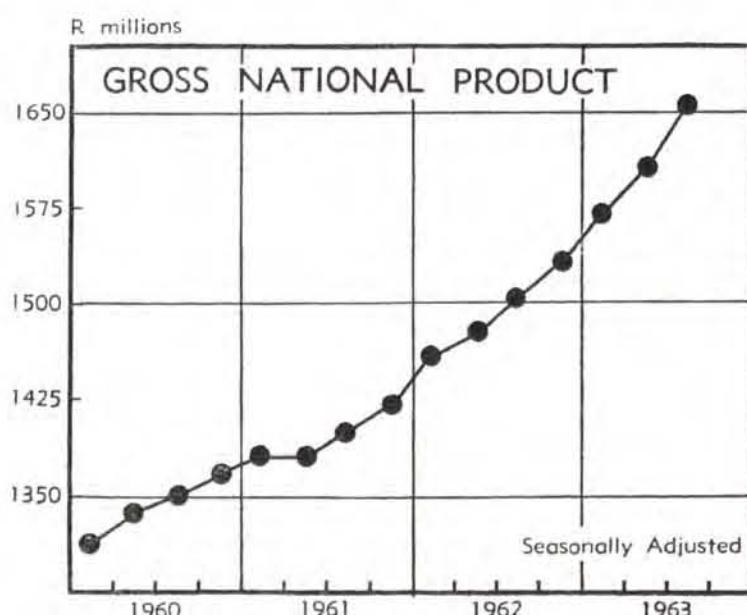
seem that there is no shortage of funds, although new issues of equities and stock appear to be increasing. The real estate market remains active.

GENERAL BUSINESS CONDITIONS

Current Phase of the Upswing

The rapid rate of economic advance experienced in the second quarter of 1963 has continued into the third quarter, and the available evidence indicates further expansion in October.¹

The growth in the gross national product is shown on the accompanying graph, and very provisional estimates of the real gross national



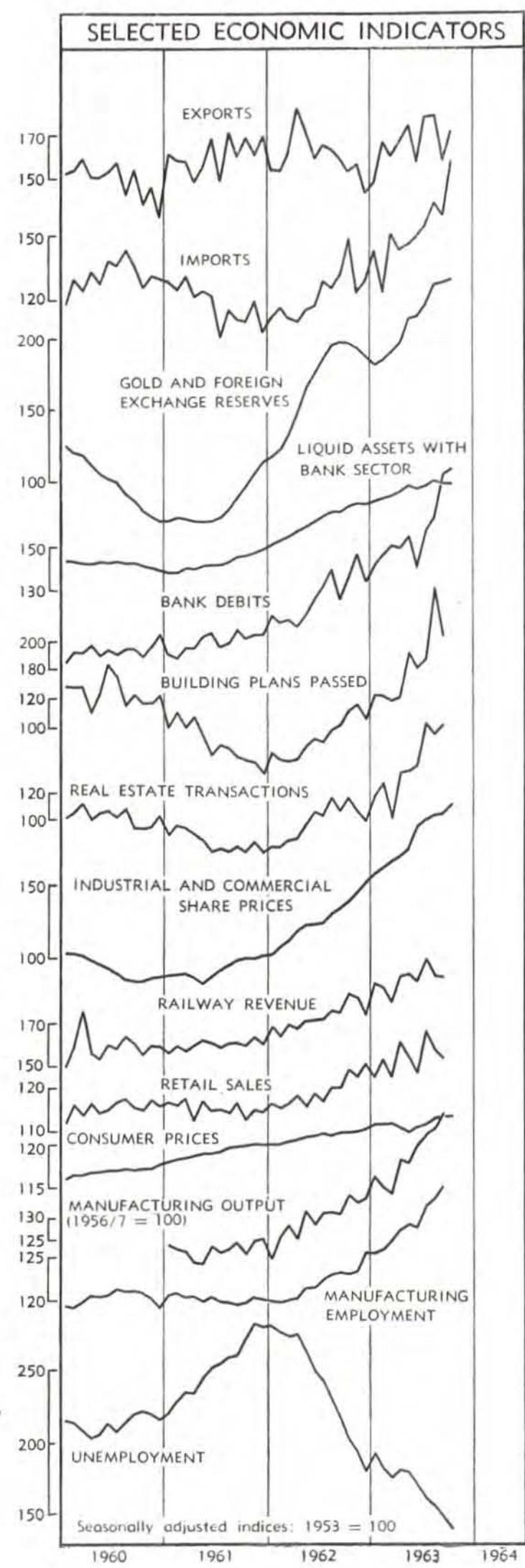
product (i.e. after making allowance for the effect of the rise in consumer prices) indicate an increase of about two per cent for the third quarter, which is slightly less than that for the preceding quarter. The available estimates also reflect a favourable growth rate in real income per capita. However, such developments normally accompany an economic upswing.

A feature of the current economic expansion is the remarkable steadiness of price levels, although consumer and wholesale prices have shown increases of 1.1 and 0.3 per cent respectively, from June to October.

A declining tendency in the unemployment figures for Whites, Coloureds and Asiatics is apparent up to October, and in view of the fact that the average earnings² of Whites em-

1) Seasonal fluctuations have been eliminated from all series used in this review, unless otherwise indicated.

2) The monthly statistics of total salaries and wages for these industries, as published by the Bureau of Statistics, are divided by total employment figures. The former include incentive bonuses and overtime, but exclude vacation, Christmas and similar lump-sum payments.



ployed in private construction, manufacturing, mining and the South African Railways have continued to increase approximately at the more rapid rate apparent since the second half of 1962, it would seem that the skilled labour market position has tightened. The average earnings of White persons in private construction have moved steeply upward, as evidenced by an increase of 5 per cent from the second to the third quarter.

Sensitive Monthly Indicators

The fluctuations in fourteen time series, which have been especially sensitive to changes in business conditions, are reflected in the accompanying graph. It would seem that there was a consistent pattern of general expansion up to September, and in most cases, October, in imports, banking, real estate, share prices, retail trade, manufacturing and employment, but some hesitancy was apparent in the case of exports. The tendencies in consumer prices and unemployment have already been described.

PRODUCTION AND EXPENDITURE

Production Trends

The index of the volume of manufacturing output increased by 4.9 per cent in the third quarter as compared with the second, and the general trend was still strongly upward. Iron and ferro-alloy production continued to show a rising tendency, notwithstanding substantial monthly fluctuations. The buoyant conditions in the building and construction industry in the third quarter are reflected by an increase of 7.2 per cent in employment. In mining, gold production increased by 1.8 per cent and continued to improve in October, while coal sold by the mines rose slightly and copper sales increased considerably.

Expenditure Trends

The favourable trend in the gross national product in the third quarter coincided with increases in private consumption, the current expenditure of public authorities and expenditure on fixed capital assets.

Private consumption expenditure rose substantially, largely because of increased spending on durables, especially motor cars. The increase in current expenditure by public authorities was appreciable, while expenditure on construction and fixed equipment also showed an improvement, due in the main to increased outlays by manufacturing and commerce. There was hardly any change in the level of inventories, while the surplus of exports over imports of all goods and services increased.

BALANCE OF PAYMENTS

Current Account

Both the current and the capital accounts of the balance of payments improved during the third quarter, and this resulted in a substantial increase in the country's gold and foreign exchange reserves.

Disregarding adjustments for seasonal movements, imports increased and exports declined slightly in the third quarter, but the adverse effect of these influences on the current account was more than offset by a substantial decline in net payments for services and transfers, so that the current balance actually improved by R9 million to R46 million. During October, however, the current account balance appears to have been less favourable, although this was largely due to seasonal influences.

The current account position in 1964 will be influenced in some measure by import control policy, and on 1st November the Minister of Economic Affairs announced the basis on which permits would be issued. Manufacturers would generally be allowed to import their full requirements of raw materials, and permits would be issued when necessary. Merchants importing raw materials for resale and importers of agricultural implements and tractors would receive liberal initial allocations which would be supplemented by further issues in 1964. Initial issues of consumer goods permits for both categories "A" and "B" would be supplemented by further issues in April, 1964, which would bring the allocation for 1964 at that stage to the same level as that for the whole of 1963. New quotas would be announced for the importation of motor cars, but these would be sufficient to satisfy the anticipated demand.

Private Capital Movements

A net private capital outflow of R23 million was measured for the third quarter from returns submitted to the Reserve Bank, compared with R32 million during the preceding quarter. However, the former figure may overstate the net outflow, as part of the R10 million which showed up as a net credit to "omissions and errors" in the balance of payments, may represent an inflow of private capital.

An analysis of capital movements revealed that there was an inflow of R5 million as a result of the reduction of South African assets abroad, but that foreign capital amounting to R28 million flowed out of the country. Of the latter amount, R23 million³ was due to transactions in foreign-owned securities listed on the stock exchange, the additional net amount of about R5 million being withdrawn

by foreigners in all forms of non-listed capital. The last figure is the net result of R6 million of non-direct investment outflow and R1 million of direct investment inflow.

Official and Banking Capital

Official and banking institutions were responsible for a net capital inflow of R15 million during the third quarter, which, in part, resulted from movement in trade credits. A long-term capital inflow of R3.5 million was received in the form of special blocked rand bonds, bringing the total foreign investment in these stocks to R19.5 million at 30th September.

Gold and Foreign Exchange Reserves

The gold and foreign exchange reserves of banking and official institutions increased by R48 million during the third quarter, as against R31 million over the preceding half-year. R33 million of the former increase was reported in the Reserve Bank's holdings.

During October and November the Reserve Bank's gold and foreign exchange reserves declined by R5 million, while the net outstanding balance of foreign currency sold to the commercial banks for temporary investment abroad showed an increase of R1 million.

MONETARY AND BANKING CONDITIONS

Money and Near-Money

The total amount of money and near-money⁴ rose by R33 million to R2,291 million during the third quarter, while the average level showed an increase of 1.7 per cent over the second quarter (after seasonal adjustment). The corresponding increase in the gross national product was well over two per cent,

3) This figure includes an adjustment for nominee and direct transactions, while the outflow attributable to South African investment in foreign securities listed in Johannesburg was negligible. The net unadjusted purchases by South African residents from foreigners of securities listed in South Africa, amounted to R16.4 million during the third quarter. The purchases and sales by South African residents, as reported by stockbrokers and unadjusted for nominee and direct transactions, have been as follows since the beginning of the year (R million):

		Purchases	Sales	Net Purchases
January		8.5	2.9	5.6
February		9.0	4.3	4.7
March		8.1	3.9	4.2
April		8.0	2.9	5.1
May		12.1	4.7	7.4
June		9.7	4.8	4.9
July		9.4	4.4	5.0
August		9.3	3.5	5.8
September (provisional)		8.6	3.0	5.6
October (Provisional)		13.4	4.3	9.1

4) Near-money includes interest-bearing deposits with the banking sector, as well as Treasury bills, tax redemption certificates and short-term government stock held outside the government and banking sectors.

thus exceeding that in money plus near-money by an appreciable margin. This was the first time since early in 1961 that the growth rate in the gross national product had surpassed the rate of change in money plus near-money, and the ratio of the latter to the former thus declined for the first time during the current up-swing.

Increases in bank credit and in the gold and foreign exchange reserves both contributed towards the expansion in money and near-money, and the combined effect of these two factors outweighed a shift of bank deposits from the private to the government sector.

Commercial Banks

The discounts, loans and advances of the commercial banks showed a further increase during the third quarter, as indicated in the accompanying graph, and this was accompanied by a further decline in the ratio of their liquid assets to liabilities to the public, viz. from 45.3 per cent at the end of June to 42.8 per cent in September.

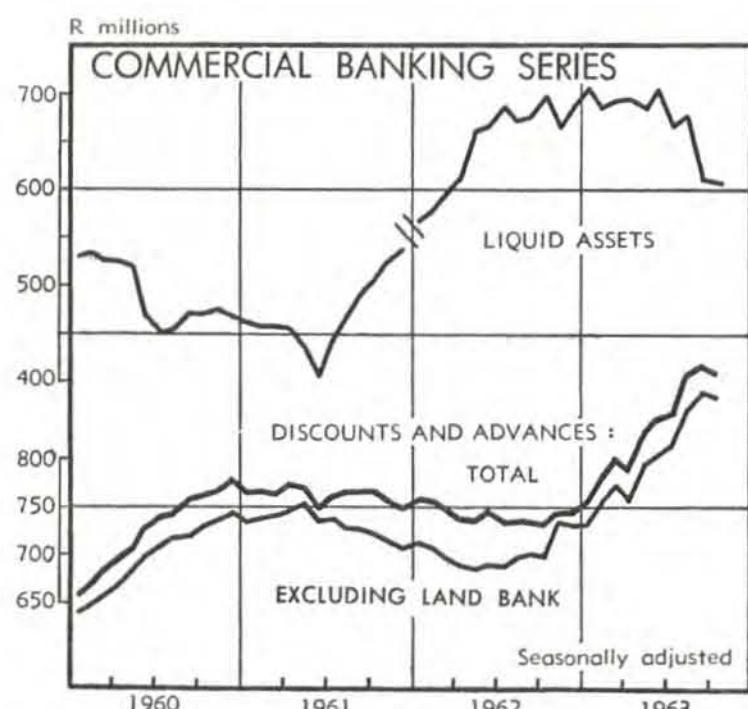
Reserve Bank

A summary of changes in the liabilities and assets of the Reserve Bank is presented below.

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

	1962			1963		
	3rd Qtr.	4th Qtr.	1st Qtr.	2nd Qtr.	3rd Qtr.	Oct.
Liabilities						
1. Deposits of Central and Provincial Governments	25	26	47	-5	35	-12
2. Deposits of Commercial Banks and National Finance Corporation	6	10	-4	2	8	-3
3. Notes in Circulation	14	14	-13	6	15	-5
	45	50	30	3	58	-20
Assets						
4. Securities (excluding bills)	-13	-4	31	-3	-1	-2
5. Credit to Provincial Governments and Government Bodies	2	26	-30	1	4	-4
6. Credit to Commercial Banks, Discount Houses and National Finance Corporation	33	34	-22	-15	17	-17
7. Credit to Private Sector (including the Land Bank)	-1	—	2	1	6	-4
8. Net Gold and Foreign Exchange Reserves	30	-7	40	16	33	4
9. Miscellaneous Assets minus Liabilities	-6	1	9	3	-1	4
	45	50	30	3	58	-20

The expansion of R35 million in the deposits of the central and provincial governments with the Reserve Bank during the third quarter (Item 1) largely reflected the shift of bank deposits from the private to the government sector, referred to above. Regarding the increase of R8 million in the deposits of the commercial



banks and the National Finance Corporation, an amount of R5 million represented an addition to the minimum deposits which the former are required to keep with the Reserve Bank, while the balance of R3 million may be regarded as an accrual resulting from the operation of market factors. The last amount may be offset against the additional credit of R17 million extended to money market institutions (Item 6) in order to establish the net credit advanced to the latter on account of the operation of market factors, viz. R14 million. This appears to indicate that the money market "tightened" during the third quarter when the Treasury bill rate was falling (see the graph on interest rates). However, as Treasury bills are tendered for on a weekly basis, the trend in net credit extended to the money market is more clearly reflected in weekly figures, and these reveal a declining tendency throughout the third quarter, i.e. the market generally tended to "ease" during the third quarter if due allowance is made for seasonal fluctuations. The figures for October point to a further substantial "easing" of the market.

National Finance Corporation and Discount Houses

The declining tendency in the deposits with these institutions continued during the third quarter, viz. from R291 million on 30th June to R282 million at the end of September.

Other Institutions

The building societies again experienced an appreciable inflow of funds during the third quarter, viz. about R42 million, which brought their deposits and share capital to R1,474 million at the end of September. Deposits with the merchant banks showed a substantial increase

of R53 million to R99 million, partly on account of special factors.

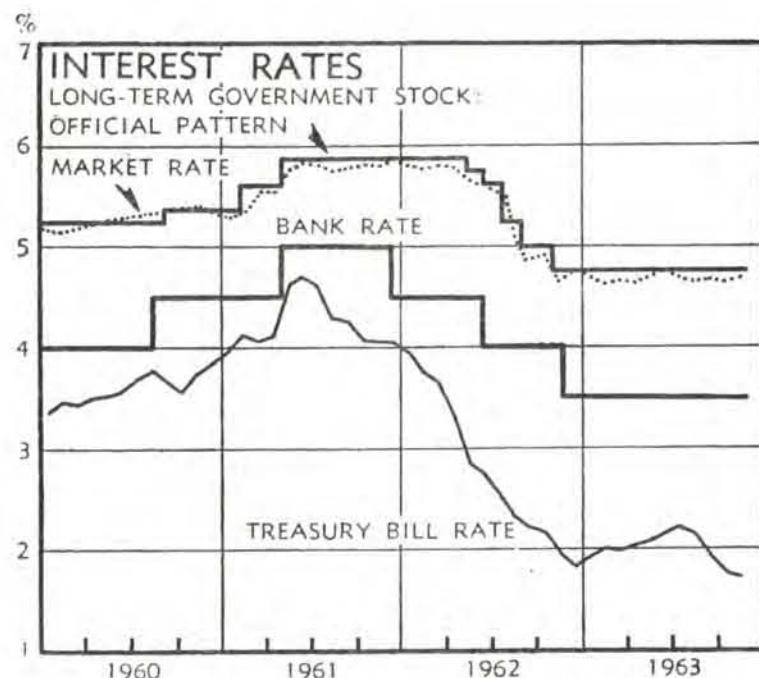
CAPITAL MARKET

An ample supply of funds accompanied by low yields characterised the capital market, although new issues of equities and stock appeared to be on the increase, as shown by the following figures (in R millions) :

	1st	2nd	3rd	Year 1963
	Qtr.	Qtr.	Qtr.	Oct.
Net increase in internal stock debt of central government	32.3	44.2	68.7	15.6
Net new issues by local authorities	—	—	5.0	—
Net new issues by public corporations	10.0	26.0	—	43.0
New issues by the private sectors	15.0	22.0	35.0	18.0

In contrast to the second quarter, gold mining share prices increased during the third quarter, while the average yield on dividend- as well as non-dividend-paying equities rose from 5.6 per cent in June to 6.0 per cent in October. Industrial and commercial share prices advanced further, as may be seen from the graph of selected economic indicators; however, their average yield remained fairly constant at about 4.8 per cent during the third quarter.

The Reserve Bank's pattern of interest rates for government stock has remained unaltered since 1st November, 1962. The average market yield on maturities of 15 years and over has been calculated⁶ at 4.69 per cent for November, which is between the high of 4.75 and the low



of 4.64 per cent recorded during the period since November, 1962.

The real estate market again showed a marked increase in activity during the third quarter. (The value of transactions is plotted in the second graph above.) The outstanding debt on mortgage advances of building societies, insurance companies, pension funds, commercial banks and the Land Bank increased by about R37 million, compared with R30 million during the previous quarter.

- 5) Issues publicly announced and some private placements.
6) By the Bureau of Statistics.

*Selected Economic Indicators
(Seasonally adjusted, 1953=100)*

	1961	1962	1963		
	2nd Qtr.	4th Qtr.	1st Qtr.	2nd Qtr.	3rd Qtr.
Exports	158	151	159	166	172
Imports	123	134	139	146	160
Gold and Foreign Exchange Reserves	73	192	185	208	233
Liquid Assets of the Private Sector with the Banking Sector	139	172	175	179	181
Bank Debits	201	248	259	262	293
Building Plans Passed	94	111	120	137	169
Real Estate Transactions	86	107	114	135	164
Industrial and Commercial Share Prices	85	149	162	179	198
Railway Revenue	161	180	185	191	194
Retail Sales	115	124	124	127	130
Consumer Prices	119	122	122	122	123
Manufacturing Output (1956/7=100)	123	134	137	144	151
Manufacturing Employment	120	124	126	128	132
Unemployment	243	191	183	177	155
			Oct.		