

## KWARTAALLIKSE EKONOMIESE OORSIG

### OPSOMMING EN GEVOLGTREKKINGS

- (1) Gedurende die eerste vier maande van 1965 het die totale monetêre vraag na goedere en dienste in Suid-Afrika aangehou om teen 'n oormatige koers te styg sodat die seisoensaangesuiwerde groothandels- en verbruikersprysindekse verder gestyg het en aansienlike druk weer eens op die lopende rekening van die betalingsbalans uitgeoefen is.
- (2) Terwyl die totale besteding op die bruto volksproduk en op die invoer steeds sterk toegeneem het, was daar egter sekere veranderings gedurende die eerste kwartaal in sy vernaamste komponente wat daarop gedui het dat die sikiiese oplewing na meer as drie-en-'n-half jaar uiteindelik begin neig het om meer gelyk te verloop. Terwyl belegging in voorrade en openbare vaste belegging byvoorbeeld buitengewoon groot toenames getoon het, was 'n duidelike tendens tot 'n meer gelykmatige verloop merkbaar in private vaste kapitaaluitgawes, private verbruik en lopende owerheidsbesteding, terwyl die uitvoer van goedere en dienste in werklikheid gedaal het.
- (3) Gegewe die toestand van feitlik volledige, indien nie oor-volleldige, besetting wat in die volkshuishouding geheers het, was een van die vernaamste gevolge van die oormatige kapitaal- en verbruiksbesteding 'n volgehoue hoë peil in die invoer van kapitaalgoedere, grondstowwe en verbruiksgoedere. Aangesien die goedere-uitvoer merkbaar gedaal het, terwyl die netto goudproduksie weinig verandering getoon het, het die lopende rekening van die betalingsbalans derhalwe 'n aansienlike tekort gedurende die eerste vier maande van 1965 getoon. Daarbenewens was daar 'n netto uitwaarde beweging van private kapitaal gedurende hierdie tydperk, sodat die goud- en buitelandse valutareserwes, ondanks redelik groot netto offisiële lenings wat in die buiteland aangegaan is, 'n aansienlike verdere daling getoon het.
- (4) Die volgehoue neiging tot inflasionele oor-belegging en oor-verbruik in die volkshuishouding gedurende die eerste vier maande van 1965 was ongelukkig vergemaklik deur 'n aansienlike verdere uitbreiding van handelsbankkrediet aan die private sektor. Dit was die vernaamste rede waarom die seisoensaangesuiwerde verhouding van geld en kwasi-geld tot die bruto volksproduk,

- ondanks die aansienlike tekort in die betalingsbalans, nie betekenisvol verander het vanaf die ietsonderlik hoë peil van 35 persent waarop dit gedurende die tweede helfte van 1964 gestaan het nie. Hoewel op 'n baie kleiner skaal as die handelsbanke, het verskeie ander bankinstellings ook in 'n mate tot die oormatige peil van totale besteding gedurende hierdie tydperk bygedra.
- (5) Gedurende die eerste kwartaal van 1965 het die meeste korttermynrentekoerse, insluitende die skatkiswisselkoers en feitlik alle depositokoerse, 'n opmerklike verdere opwaartse neiging getoon, hoofsaaklik vanweë die volgehoue betalingsbalanstekort en die abnormale styging in die vraag na krediet. Vanaf 22 Maart het die monetêre owerhede egter 'n stel maksimum depositokoerse vir bankinstellings en bouverenigings ingestel, terwyl die skatkiswisselkoers, nadat dit 'n hoogtepunt van 4.11 persent op 26 Maart bereik het, tot 3.84 persent op 7 Mei gedaal het voordat dit weer tot 4.01 persent op 4 Junie gestyg het.
  - (6) Toestande in die kapitaalmark het gedurende die eerste vier maande van 1965 geneig om geleidelik te vernou. Nadat hulle tot 'n nuwe rekordhoogte in Februarie gestyg het, het nywerheids- en handelsaandele-pryse geneig om te daal, terwyl goudmynaandelepryse meer gelyk verloop het. Verder, as gevolg van opwaartse druk op die koerse vir prima-effekte, het die Reserwebank twee verdere stygings in sy stel koerse vir staatseffekte gedurende hierdie periode aangebring wat die koers vir effekte met 'n uitstaande looptyd van meer as  $10\frac{1}{2}$  jaar, tot  $5\frac{1}{2}$  persent verhoog het. Terselfdertyd het die bouverenigings 'n vergrote vraag na hul verbandlenings ondervind tesame met 'n verlaagde invloeiing van nuwe fondse.
  - (7) Na die verskeie disinflasionele maatreëls wat op 5 Maart aangekondig is, het die monetêre owerhede die likwiditeitsvoorskrifte vir handelsbanke in drie stadiums van 2 persent elk verder verhoog tot die maksimum van 40 en 30 persent onderskeidelik vir kort- en middeltermynverpligtings. Daarbenewens het die Reserwebank boetekoerse gekwoteer vir akkommodasie aan sekere bankinstellings. Soos verwag is, het die beperkende monetêre maatreëls nie onmiddellik 'n uitwerking gehad nie en bankkrediet aan die private sektor het voortgegaan om tot aan die einde van April te styg.

## NASIONALE REKENINGE<sup>1</sup>

*Voortgesette styging in die bruto volksproduk, maar belangrike veranderings in bestedingsneigings*

Dit wil voorkom asof die *reële* bruto volksprodukt gedurende die eerste kwartaal van 1965 teen ongeveer dieselfde jaarlike koers as gedurende die vorige jaar gestyg het, naamlik met ongeveer 6½ persent.<sup>2</sup> Terselfdertyd was daar egter sekere veranderings in die vernaamste komponente van totale besteding wat daarop gedui het dat die sikliese ekonomiese oplewing na meer as drie-en-'n-half jaar uiteindelik begin neig het om gelyk te verloop.

### *Neiging van private vaste kapitaalbesteding om gelyk te verloop*

Een van die belangrikste uitgawe-tendense gedurende die eerste kwartaal was 'n duidelik waarneembare neiging in private kapitaalbesteding om gelyk te verloop. Hoewel vaste belegging in

die handel, landbou en private vervoorwese voortgegaan het om te styg, was hierdie toenames meer as vergoed deur matige dalings in vaste kapitaaluitgawes in die fabriekswese, mynwese en woongeboue.

### *Skerp styging in openbare vaste belegging*

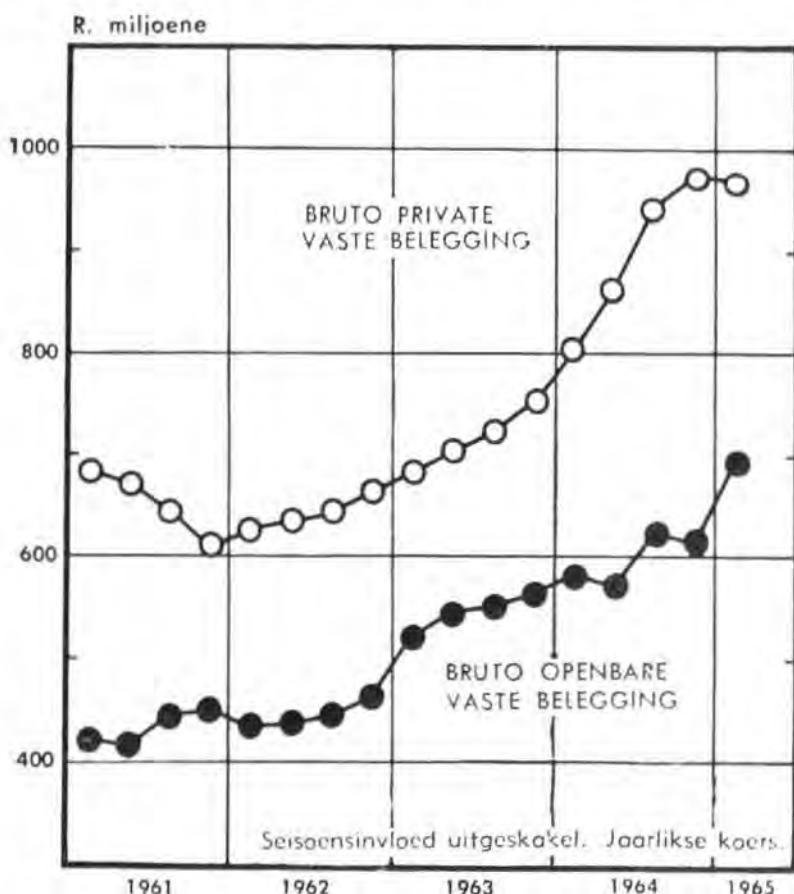
In teenstelling met die neiging wat private vaste kapitaaluitgawes getoon het om meer gelyk te verloop, het openbare vaste belegging gedurende die eerste kwartaal aansienlik gestyg, hoofsaaklik vanweë 'n toename in die kapitaalbesteding van die Suid-Afrikaanse Spoorweë en Hawens. Totale vaste belegging het gevvolglik 'n aansienlike verdere toename tot 'n nuwe rekordhoogte getoon en, soos gedurende die vorige twee kwartale, weer bygedra tot die algemene oorbesteding in die Suid-Afrikaanse volkshuishouding gedurende hierdie tydperk.

### *Aansienlike toename in belegging in voorrade*

Nog 'n betekenisvolle verskynsel in die nasionale rekeninge gedurende die eerste kwartaal van 1965 was die aansienlike verdere styging in totale voorrade. Hierdie toename, die grootste sedert kwartaallike voorraadsyfers in 1960 beskikbaar gekom het, was hoofsaaklik veroorsaak deur 'n skerp styging in nywerheids- en handelsvoorraad. Klaarblyklik het baie sake-ondernemings op daardie stadium nog 'n verdere (inflasionistiese) styging in monetêre vraag en/of 'n verskerping van invoerbeheer verwag. Hierdie styging in die belegging in voorrade, wat in 'n groot mate deur nuwe bankkrediet gefinansier is, het natuurlikerwys aansienlik bygedra tot die heersende druk op die prys- en loonpeil en die betalingsbalans.

### *Gelykmatige verloop in private verbruik*

'n Verdere aanduiding dat die oplewing moontlik geneig het om meer gelyk te verloop was die feit dat hoewel private verbruik gedurende die eerste kwartaal op 'n uitsonderlik hoë peil gebly het, dit nie enige betekenisvolle styging getoon het nie. Die seisoensaangesuiwerde indeks van kleinhandelsverkope het selfs gedaal tot benede die peil wat in Desember 1964 bereik is. Verkope van duursame verbruiksgoedere, wat gedurende 1963 en 1964 onderskeidelik met 21 en 24 persent gestyg het, het veral geneig om meer gelyk te verloop en in sommige gevalle inderdaad gedaal gedurende die eerste kwartaal van 1965. Die seisoensaangesuiwerde indeks van motorvoertuigverkope het byvoorbeeld die dalende tendens wat 'n aanvang geneem het nadat 'n abnormale hoogtepunt in die derde kwartaal van 1964 bereik is, voortgesit.



- 1) Die ontleding in hierdie afdeling van die oorsig is in hoofsaak gebaseer op die Reserwebank se kwartaallike ramings van die nasionale rekeninge, *na uitskakeling van die seisoensinvloed*. Aangesien hierdie kwartaallike syfers tans nog nie as betroubaar genoeg vir publikasie beskou word nie, word die ontleding tot die beskrywing van algemene neigings beperk.
- 2) Dit is 'n hersiene syfer vir 1964 wat laer is as die voorlopige raming wat in die Maart-uitgawe van hierdie *Kwartaalblad* gegee is. Sien die *Oorsig van die Nasionale Rekeninge vir 1964* deur B. P. Groenewald in hierdie uitgawe vir verdere besonderhede.

### Gelykmatige verloop in lopende owerheids-besteding

Soos in die geval van private verbruik, het die lopende besteding van die Regering en ander owerheidsliggome, wat aansienlik toegeneem het vanaf die begin van 1961 tot die derde kwartaal van 1964, 'n besliste neiging gedurende die eerste kwartaal getoon om meer gelykmatig te verloop.

### *Uitvoer van goedere en nie-faktor-dienste (insluitende goud)*

Ten slotte het die uitvoer van goedere en nie-faktor-dienste, nadat dit gedurende elk van die vorige agt kwartale gestyg het, redelik skerp gedurende die eerste kwartaal van 1965 gedaal, hoofsaaklik vanweë 'n afname in die uitvoer van landbouprodukte as gevolg van ongunstige weers-toestande.

### Toename in bruto binnelandse besparing

Na 'n geringe herstel gedurende die vierde kwartaal van 1964, het bruto binnelandse besparing nogal opmerklik gedurende die eerste kwartaal van 1965 gestyg. Bowendien het hierdie toename nie slegs bestaan uit stygings in korporatiewe besparing, voorsiening vir waardevermindering en die lopende oorskot van owerheidsliggome nie, maar ook uit persoonlike besparing, wat aansienlik gedurende 1963 en 1964 gedaal het.

## PRODUKSIE EN WERKGELEENTHEID

### Fabrieksproduksie en -indiensneming

Hoewel die seisoensaangesuiwerde indeks van die fisiese volume van fabrieksproduksie (1958=100) 'n peil van 166.5 in Februarie bereik het, vergeleke met 155.4 'n jaar vroeër, het sy bewegings gedurende die tweede helfte van 1964 en die eerste twee maande van 1965 die indruk bevestig dat, met die volkshuishouding in 'n toestand van feitlik volledige besetting, fabrieksproduksie geneig het om stadiger te styg as gedurende die vroeëre stadiums van die oplewing.

### Konstruksiebedryf steeds onder druk

Soos gedurende die vorige kwartaal, het die konstruksiebedryf weer eens onder aansienlike druk gedurende die eerste kwartaal in 1965 gewerk, en die seisoensaangesuiwerde indeks van die waarde van „bouplanne goedgekeur” (1958=100), wat reeds die baie hoë peil van 219 gedurende die vierde kwartaal van 1964 bereik het, het verder tot 273 gedurende die eerste kwartaal van 1965 gestyg.

### Afname in vaste eiendomstransaksies

Nadat 'n hoogtepunt van 277 in Desember 1964 bereik is, vergeleke met 87 in Desember 1961, het die seisoensaangesuiwerde indeks van die waarde van vaste eiendomstransaksies tot 219 in Februarie gedaal.

### Geregistreerde werkloses

Die aantal geregistreerde werklose Blanke, Kleurlinge en Asiate het soos gewoonlik 'n geringe seisoenale styging gedurende Januarie getoon, gevolg deur 'n geringe afname in Februarie en Maart en het in die laasgenoemde maand slegs 12,142 beloop.

### PRYSE

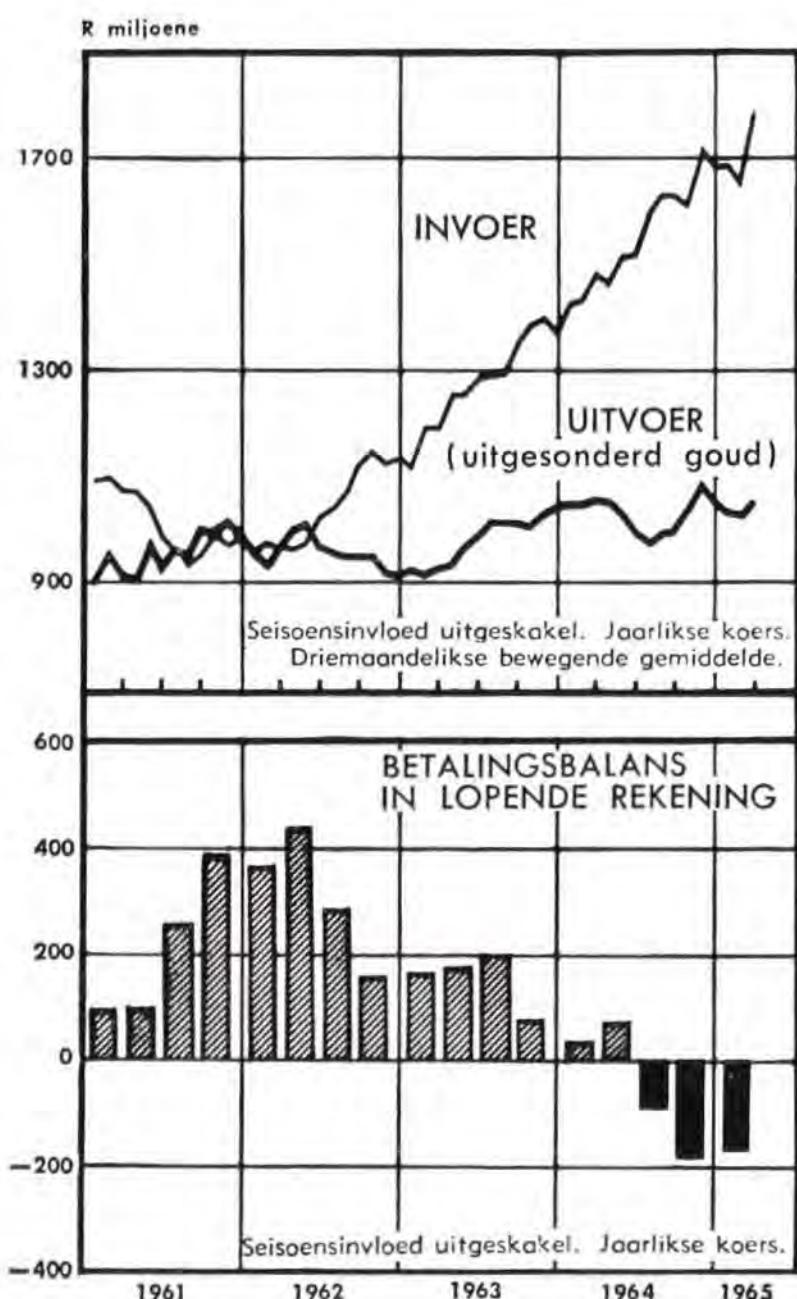
Ondanks die voortgesette druk van vraag op die beskikbare hulpbronne, het sowel die groot-handels- as die verbruikersprysindeks, *na aansuiwering vir die seisoensinvloed*, teen ietwat laer jaarlikse koerse gedurende die periode Januarie tot April 1965 gestyg as gedurende die tweede helfte van 1964. So het die seisoensaangesuiwerde groothandelsprysindeks, wat teen 'n jaarlikse koers van 4.5 percent gedurende die tweede helfte van 1964 gestyg het, teen 'n jaarlikse koers van slegs 3.6 percent gedurende Januarie tot April toege-neem, die netto resultaat van redelik groot stygings in die prys van fabrieks- en mynprodukte en 'n afname in die prys van landbouprodukte. Op dieselfde wyse het die jaarlikse koers van toename van die aangesuiwerde verbruikersprysindeks van 4.6 percent gedurende die tweede helfte van 1964 tot 3.2 percent gedurende die tydperk Januarie tot April 1965 gedaal. Hierdie koerse van toename was nietemin nog aansienlik hoër as dié wat gedurende die eerste drie jaar van die huidige ekonomiese oplewing aangeteken is.

### BETALINGSBALANS

#### *Aansienlike tekort op lopende rekening*

Gedurende die eerste kwartaal van 1965 is die betalingsbalans in lopende rekening, net soos gedurende die tweede helfte van 1964, weer die swaarste getref deur die voortgesette inflasionistiese oorbesteding op sowel kapitaal- as verbruiksgoedere en het die werklike lopende tekort met ongeveer R35 miljoen tot R57 miljoen toegeneem. Selfs nadat daar vir die normale seisoensagteruitgang in die lopende rekening gedurende hierdie tydperk voorsiening gemaak is, bedra hierdie tekort nog ongeveer R47 miljoen, wat beteken dat dit gelyk was aan 'n jaarlikse koers van R188 miljoen, vergeleke met jaarlikse koerse van R116 miljoen en R188 miljoen gedurende die derde en vierde kwartale van 1964 onderskeidelik.

As gevolg van die oormatige koers van toename in die totale besteding, soos onder andere weerspieël word in die aansienlike opbouing van voorrade, is kapitaalgoedere, grondstowwe en verbruiksgoedere vanaf die buiteland ingevoer teen 'n jaarlikse koers, na aansuiwering vir die seisoensinvloed, van ongeveer R1,700 miljoen, terwyl die goedere-uitvoer, veral van landbouprodukte, merkbaar afgeneem het en die netto goudproduksie min verander het.



#### Netto uitvloeiing van private kapitaal

Bykomstig tot die groot lopende tekort was daar ook 'n netto uitvloeiing van private kapitaal (met insluiting van weglatings en foute in die betalingsbalansramings) van soveel as R26 miljoen gedurende die eerste kwartaal. Dit was hoofsaaklik die resultaat van 'n netto repatriasie uit Suid-Afrika van ongeveer R12 miljoen van onregstreekse buitelandse beleggings, met inbegrip van korttermyn- en handelskrediete, en beleggings van meer as R5 miljoen in die buitenland deur inwoners van Suid-Afrika, wat 'n netto invloeiing van R2 miljoen in die vorm van buitelanders se regstreekse beleggings in Suid-Afrika en 'n netto invloeiing van ongeveer R1½ miljoen deur buitelanders se aandele-transaksies op die Johannesburgse Effektebeurs, meer as uitgekanselleer het.

#### Trekkings op offisiële buitelandse lenings

Alhoewel die Regering meer as R9 miljoen op buitelandse lenings terugbetaal het, het offisiële kapitaalbewegings 'n netto invloeiing van soveel as R36 miljoen gedurende die eerste kwartaal getoon. Dit is in hoofsaak moontlik gemaak deur trekkings deur die Regering van meer as R20

miljoen op lenings van Amerikaanse banke en ongeveer R14 miljoen op 'n lening van Duitse banke. Bewegings in handelsbankfondse en ander korttermyn offisiële kapitaal was vir 'n verdere netto invloeiing van ongeveer R10 miljoen verantwoordelik.

#### Verdere agteruitgang in betalingsbalans gedurende April

Gedurende April het die lopende rekening van die betalingsbalans 'n verdere merkbare verswakkung ondergaan. Die invoer het, na uitskakeling van die seisoensinvloed, toegeneem tot 'n jaarlikse koers van ongeveer R1,800 miljoen terwyl die goedere-uitvoer, die netto goudproduksie en onsigtbare betalings en ontvangste nie belangrik verander het nie. Die resultaat was 'n lopende tekort van meer as R30 miljoen vir dié maand alleen. Daarby wil dit voorkom asof daar 'n verdere klein netto uitvloeiing van private kapitaal was sonder enige belangrike in- of uitvloeiing van offisiële en bankkapitaal, sodat die betalingsbalans in geheel 'n groter tekort as die lopende rekening op sigself getoon het.

#### Voortgesette afname in goud- en buitelandse valutareserwes

As gevolg van die betalingsbalansneigings wat hierbo bespreek is, het die totale goud- en buitelandse valutareserwes wat deur die Reserwebank, die handelsbanke en die Regering gehou word met R47 miljoen gedurende die eerste kwartaal en 'n verdere geraamde R44 miljoen gedurende April afgeneem tot R397 miljoen aan die einde van April. Hierdie syfer was R186 miljoen laer as die hoogtepunt van R583 miljoen vir die einde van 'n maand wat in Januarie 1964 bereik is.

Gedurende Mei het die Reserwebank se goud- en buitelandse valutareserwes met 'n verdere R28 miljoen tot R354 miljoen aan die einde van die maand afgeneem. In daardie stadium was die totale reserwes waarskynlik in die omgewing van R370 miljoen.

### MONETÈRE EN BANKTOESTAND

#### Geld en kwasi-geld

Ondanks die aansienlike daling in die goud- en buitelandse valutareserwes en 'n toename van R128 miljoen in Regeringsdeposito's as gevolg van die seisoensbewegings van belasting- en ander fondse vanaf die private sektor na die Regering, het die totale voorraad geld en kwasi-geld wat deur die private sektor aangehou is in werklikheid gedurende die eerste kwartaal van 1965 met R85 miljoen toegeneem. Dit was hoofsaaklik die gevolg van 'n verdere toename van R192 miljoen in krediet wat deur die banksektor verleen is, naamlik R76 miljoen aan die Regeringsektor en

R116 miljoen aan die private sektor. Laasgenoemde syfer was in werklikheid die hoogste kwartaallikse syfer van sy soort wat gedurende die huidige oplewing tot dusver aangeteken is.

Met ander woorde, net soos gedurende elke kwartaal van die voorafgaande jaar is die natuurlike disinflasionistiese uitwerking van die groot tekort op die betalingsbalans op die likwiditeit van die private sektor deur die skepping van nuwe likwiditeit deur die bankstelsel teëgewerk. Die seisoensaangesuiwerde verhouding van geld en kwasi-geld tot die bruto volksproduk het gevoldlik nie beduidend vanaf die buitengewoon hoë peil van meer as 35 persent waarop dit gedurende die tweede helfte van 1964 gestaan het, verander nie. Die inflasionistiese druk in die volkshuishouding is dus nog steeds deur 'n klimaat van oorvloedige likwiditeit aangewakker.

Selfs die aansienlike daling in die goud- en buitelandse valutareserves gedurende April was nie voldoende om die opwaartse beweging in geld en kwasi-geld te stuit nie, aangesien bankkrediet aan die private sektor 'n aansienlike verdere toename getoon het terwyl Regeringsdeposito's gedurende daardie maand met R98 miljoen afgeneem het.

#### *Aansienlike verdere styging in diskonteringe en voorskotte van handelsbanke*

Die voortgesette styging in krediet wat gedurende die eerste kwartaal deur die banksektor aan die private sektor verleen is, word grotendeels deur die bedrywighede van die handelsbanke verklaar. Gedurende hierdie tydperk het hul diskonteringe en voorskotte met R97 miljoen of 8 persent toegenem, teenoor R104 miljoen of 9.4 persent gedurende die vierde kwartaal van 1964. In April het die handelsbanke, ten spyte van die feit dat verskillende beperkende maatreëls intussen deur die Reserwebank toegepas is, hul diskonteringe en voorskotte verder uitgebrei met ongeveer R30 miljoen, waardeur die totale toename daarin sedert die einde van 1963 op R473 miljoen of 55 persent en die totale toename sedert die laagtepunt van Oktober 1962 op R628 miljoen of 89 persent te staan gekom het.

Alhoewel dit as gevolg van die seisoensverskuiwings van belasting- en ander fondse na en vanaf die Regeringsektor geskommel het, het die likwiede bates (nuwe definisie) van die handelsbanke vanaf R608 miljoen aan die einde van Desember 1964 tot R555 miljoen aan die einde van April gedaal, hoofsaaklik as gevolg van die aansienlike tekort op die betalingsbalans gedurende hierdie tydperk. Uitgedruk as 'n persentasie van die banke se *totale* verpligtings teenoor die publiek,

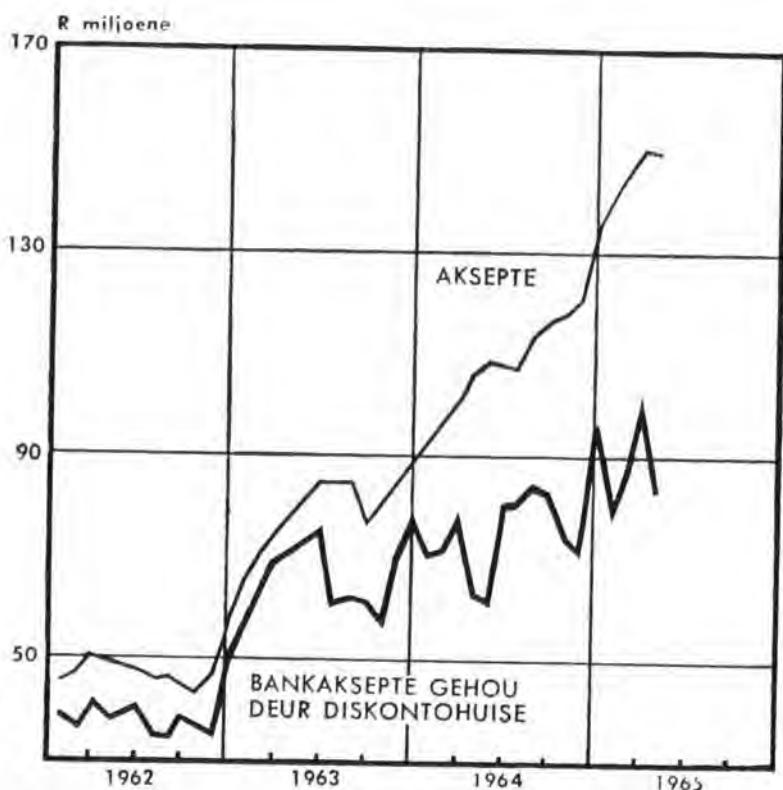


het hierdie likwiede bates tussen hierdie twee datums vanaf 30.9 tot 28.7 persent afgeneem. Hierdie daling sou groter gewees het indien die Regering se 3% 1958/68-lening, waarvan die banke op daardie stadium ongeveer R21 miljoen in besit gehad het, nie gedurende Maart binne die drie jaar-kategorie gekom het en daardeur as 'n likwiede bate begin tel het nie.

Ondanks die bogenoemde afname in hul likwiditeitsverhouding het die handelsbanke as groep oor hierdie hele tydperk voortgegaan om aansienlike bedrae aan *oorskot* likwiede bates, d.w.s. bo en behalwe die wetlike minimum daarvan, aan te hou. Selfs indien in aanmerking geneem word dat die minimumverhoudings van die likwiede bates wat die handelsbanke teenoor hul kort- en middeltermynverpligtings moet aanhou vanaf ongeveer 21 April (die datum van sertifisering van die maandopgawe vir 31 Maart) met 4 persent, d.w.s. tot 34 en 24 persent onderskeidelik, verhoog is, het die *oorskot* likwiede bates van die banke daardeur slegs vanaf R144 miljoen of 7.8 persent van hul *totale* verpligtings teenoor die publiek aan die einde van Januarie tot R98 miljoen of 5.1 persent van hierdie verpligtings aan die einde van April afgeneem. Aangesien die handelsbanke na die mening van die Reserwebank hierdeur nog oormatige geleenthede tot verdere kredietskepping oorgehou het, is die likwiditeitsvereistes daarna verder verhoog, soos later in groter besonderhede uiteengesit sal word.

#### *Verdere toename in aksept van aksepbanke*

Behalwe die voortgesette uitbreiding van handelsbankkrediet aan die private sektor, het die



aksepte van aksepbanke, wat gedurende 1964 alreeds met R46 miljoen of 52 persent toegeneem het, gedurende die eerste vier maande van 1965 met 'n verdere R15 miljoen of 11 persent tot 'n totaal van R150 miljoen aan die einde van April toegeneem. Vanweë 'n vermindering in die bedrag aan daggeld wat op die geldmark beskikbaar was, het die diskontohuise, soos later in groter besonderhede aangedui sal word, egter toenemende moeilikheid ondervind om al die aksepte wat aan hulle aangebied is te verdiskonter.

Die aksepbanke het self gedurende die eerste kwartaal van 1965 gemiddeld heelwat meer aksepte in besit gehad as gedurende die voorafgaande kwartaal en gedurende April hul besit daarvan verder vermeerder tot ongeveer R43 miljoen aan die einde van die maand, vergeleke met slegs R22 miljoen aan die einde van Desember 1964.

Die deposito's by die aksepbanke het gedurende die eerste vier maande van 1965 rondom R100 miljoen geskommel maar het onder die hoogtepunt van R110 miljoen wat aan die einde van Mei 1964 bereik is, gebly.

#### *Huurkoop-, spaar- en algemene banke*

Nadat dit gedurende die derde en vierde kwartale van 1964 met onderskeidelik R47 miljoen en R114 miljoen gestyg het, het die totale deposito's by die „huurkoop-“, „spaar-“ en „algemene banke“ gesamentlik gedurende die eerste kwartaal van 1965 verder toegeneem met ongeveer R70 miljoen. Van hierdie totaal het nie minder nie as R38 miljoen na die filiale van handelsbanke geaan wat R33 miljoen van hierdie fondse by óf

hulle „moeder“-banke óf by die Nasionale Finansiekorporasie en ander bankinstellings herbelê het.

Die totale hoeveelheid ekstra krediet wat gedurende die eerste kwartaal van 1965 deur al hierdie instellings verleen is, was klein in vergelyking met dié van die handelsbanke en het net meer as R30 miljoen bedra, waarvan ongeveer die helfte uit huurkoopfinansiering bestaan het en die res uit „ander lenings“, insluitende verband- en persoonlike lenings.

Dit is verder betekenisvol dat die grootste deel van die totale toename van R70 miljoen aan deposito's by huurkoop-, spaar- en algemene banke uit „langtermynverpligtings“ bestaan het. d.w.s. uit verpligtings wat ná verstryking van ten minste ses maande betaalbaar is of onderhewig is aan ten minste ses maande kennisgewing voor dat hulle betaalbaar word. Aangesien dit twyfelaarig is of hierdie langertermyndeposito's in die lig van die nuwe wetlike beperkings op die vroeë terugbetaling van vaste en kennisgewingdeposito's met reg as plaasvervangers vir geld of „kwasi-geld“ beskou kan word, wil dit voorkom asof 'n aansienlike deel van die ekstra fondse wat deur hierdie instellings gemobiliseer is, egte besparings van die publiek verteenwoordig het. Heeltemal afgesien van die feit dat die ekstra krediet wat deur hierdie instellings verleen is aansienlik minder was as dit wat deur die handelsbanke toegestaan is, wil dit dus voorkom asof die inflasionistiese betekenis van eersgenoemde minder was as dié van laasgenoemde wat, soos vroeër reeds genoem is, die skepping van nuwe geld en kwasi-geld behels het. Daar was egter individuele algemene banke wie se geld- en kwasi-gelddeposito's merkbaar toegeneem het in verhouding tot hul „langtermynverpligtings“.

Onder andere as gevolg van hierdie uitbreiding van krediet en van die tekort op die betalingsbalans, het die betreklike likwiditeitsposisie van die meeste van hierdie bankinstellings in die loop van die eerste vier maande van 1965 verswak<sup>1</sup>. Aan die ander kant het die meeste van hulle aangehou om groot oorskotbedrae aan „voorgeskrewe beleggings“ aan te hou, d.w.s. likwiede bates plus ander „veilige“ bates soos langtermyn-staatseffekte en effekte van munisipaliteite en openbare nutsbedrywe.

1) Alhoewel bankinstellings wat nie handelsbanke (of diskontohuise) is nie, tot aan die begin van 1966 nie wetlik verplig is om aan óf die normale óf die aanvullende likwiede bate vereistes waarvoor in die nuwe Bankwet voorsiening gemaak is, te voldoen nie, is hulle op 5 Maart uitdruklik deur die Minister van Finansies versoek om hulle vrywilliglik te onderwerp aan die hoér likwiditeitsvereistes wat op die handelsbanke toegepas sou word.

## Afname in daggeld by die diskontohuise en die Nasionale Finansiekorporasie

Hoofsaaklik as gevolg van die aanhoudende tekort op die betalingsbalans, het daggeld by die diskontohuise en die Nasionale Finansiekorporasie, wat gedurende 1964 per saldo betreklik weinig verandering getoon het, vanaf R283 miljoen aan die einde van die vorige jaar tot R223 miljoen aan die einde van April gedaal. Laasgenoemde syfer verteenwoordig die laagste peil vir 'n maand-einde wat sedert Augustus 1961 bereik is.

Gedurende dieselfde tydperk het die diskontohuise se besit aan bankaksepte vanaf R96 miljoen na R83 miljoen verminder, wat, gesien die aansienlike verdere toename in die aanbod van aksepte gedurende hierdie vier maande, 'n verdere afname in die deel van totale aksepte wat deur diskontohuise gehou is, beteken het, naamlik vanaf 71 persent soos aan die einde van Desember 1964 tot 56 persent aan die einde van April 1965.

Aan die einde van Maart het die diskontohuise meer as vier maal soveel aksepte as skatkiswissels in besit gehad, maar aan die einde van April het hierdie verhouding ietwat ten gunste van skatkiswissels verander.

## Toename in Reserwebankkrediet

Hoofsaaklik ten gevolge van die betalingsbalanstekort en die verskuiwing van belasting- en ander fondse na die Regeringsektor het die beroep om finansiële akkommodasie wat op die Reserwebank gedoen is, gedurende die eerste kwartaal van 1965 aansienlik toegeneem en het die Bank se totale diskonteringe, voorskotte en beleggings vanaf R132 miljoen aan die einde van Desember 1964 tot R216 miljoen aan die einde van Maart 1965 vermeerder. Gedurende April en Mei het die totale Reserwebankkrediet, ondanks die opvallende ommeker van die verskuiwing van fondse na die Regeringsektor, met slegs R44 miljoen tot R172 miljoen aan die einde van Mei afgeneem, in vergelyking met R60 miljoen 'n jaar tevore.

## Korttermynrentekoerse

Gedurende die grootste deel van die eerste kwartaal van 1965 het korttermynrentekoerse oor die algemeen 'n duidelike opwaarste neiging getoon. Die skatkiswissel-tenderkoers het byvoorbeeld vanaf 3.63 persent aan die einde van 1964 tot 4.11 persent op 26 Maart toegeneem, hoofsaaklik as gevolg van (1) die aanhoudende daling in die Reserwebank se goud- en buitelandse valutareserves, (2) die seisoensverskuiwing van fondse na die Regeringsektor en (3) toenames in die bedrag aan skatkiswissels wat by die weeklikse tender aangebied is. Terselfdertyd het verandering in die vraag na en die aanbod van uitleenbare fondse, wat uit die inflasionistiese neigings

in die volkshuishouding en die betalingsbalanstekort voortgevloeи het, onder die verskillende bankinstellings skerp mededinging om fondse laat ontstaan en dit het op sy beurt tot taamlik aansienlike stygings in deposito- en uitleenkoerse aanleiding gegee.

Vanaf die 22ste Maart het die monetêre owerheid egter 'n stel maksimum-depositokoerse aan bankinstellings en bouverenigings opgelê<sup>1</sup> wat in baie gevalle laer was as die koerse wat in daardie stadium werklik betaal is.

Gedurende die daaropvolgende ses weke het die skatkiswissel-tenderkoers, ondanks die aansienlike tekort op die betalingsbalans, verder vanaf 4.11 persent op 26 Maart tot 3.84 persent op 7 Mei afgeneem voordat dit weer tot 4.01 persent of 11 Junie gestyg het. Die faktore wat tot hierdie tydelike daling bygedra het, het ingesluit (1) die terugkeer van fondse van die Regering na die private sektor wat vroeër reeds bespreek is, (2) 'n vermindering van die bedrag aan skatkiswissels wat weekliks by die tender aangebied is en (3) sporadiese skerp-mededingende tenders van buite die geldmark.

## KAPITAALMARK

### Nuwe uitgifte van bemarkbare effekte

Die vraag na kapitaal het gedurende die eerste vier maande van 1965 op 'n relatief hoë peil gebly. Netto nuwe uitgifte van bemarkbare effekte deur die privaatsektor, openbare korporasies en plaaslike owerhede het gedurende die eerste kwartaal R62 miljoen beloop teenoor R66 miljoen en R71 miljoen gedurende die derde en vierde kwartale van 1964 onderskeidelik, en het gedurende April en Mei aansienlik gebly. Hierbenewens het netto uitgifte van bemarkbare staatseffekte gedurende die eerste kwartaal die hoë bedrag van R95 miljoen beloop, wat feitlik 'n verdubbeling van die kwartaallikse gemiddelde vir 1964 is.

### Verdere styging gevolg deur 'n afname in aandelepryse

Ten spyte van die voortgesette hoë peil van nuwe uitgifte het die indeks (1958=100) van nywerheids- en handelsaandelepryse vanaf 257 in Desember 1964 tot 278 in Februarie 1965 toegenem, om sodoende die vorige hoogtepunt van 273 wat in April 1964 bereik is, te oortref. Die gemiddelde opbrengs op hierdie aandele, wat 'n merkbare opwaartse neiging sedert April verlede jaai vertoon het, het dienooreenkomsdig weer afgegneem, naamlik vanaf 5.28 in Desember na 5.17 in Februarie. Dit wil egter voorkom asof die

1) Sien die Maart-uitgawe van hierdie *Kwartaalblad*, p. xl.

trant van die mark daarná ietwat verander het namate die omvang van die agteruitgang van die betalingsbalans meer bekend geword en die monetêre owerheid maatreëls tot herstel afgekondig het, en die indeks van nywerheids- en handelsaandelepryse het toe geneig om te daal, terwyl die gemiddelde opbrengs op hierdie aandele opwaarts begin beweeg het.

As gevolg van, onder ander, 'n verhoogde buitelandse vraag na Suid-Afrikaanse goudmynaandele, het die indeks van goudmynaandelepryse verder gestyg vanaf 134 in Desember 1964 tot 149 in Maart, voordat dit weer effens tot 143 in Mei gedaal het. Die gemiddelde opbrengs op hierdie aandele het dienooreenkomsdig van 6.7 persent in Desember tot 6.4 persent in Mei gedaal.

#### *Verdere opwaartse druk op die rentekoerse op prima-effekte*

In die mark vir prima-effekte het die onderliggende vraag- en aanbodtoestande voortgegaan om gedurende die eerste vyf maande van 1965 opwaartse druk op die rentekoerse uit te oefen, en nadat hy sy stel rentekoerse vir staats-effekte met 0.25 persent op 8 Desember verhoog het, het die Reserwebank gedurende hierdie tydperk twee verdere verhogings van dié stel aangebring, naamlik met 0.30 persent op 5 Maart (gelyktydig met die verhoging van die bankkoers na 5 persent) en met 'n verdere 0.25 persent op 29 April, wat die koers vir effekte met 'n uitslpende looptyd van langer as  $10\frac{1}{2}$  jaar op  $5\frac{1}{2}$  persent te staan bring het. Ten tye van laasgenoemde verhoging is die opbrengs tot verval datum op effekte met looptye van meer as drie jaar maar minder as drie-en-'n-half jaar egter onveranderd op  $4\frac{1}{2}$  persent gehou, met die gevolg dat die verhouding tussen die koerse van die verskillende looptye effens verander is.

#### *Abnormale vraag na bouvereniginglenings*

Gedurende die eerste kwartaal van 1965 het bouverenigings weer 'n buitegewone toename in die vraag na hulle verbandlenings ondervind, wat nie ten volle deur die invloeiing van nuwe fondse bevredig is nie. Terwyl hulle verbande en ander lenings dus verder met R42 miljoen toegeneem het, vergeleke met R52 miljoen gedurende die vierde kwartaal van 1964, het hulle aandekapitaal en deposito's met slegs R27 miljoen toegeneem, teenoor R37 miljoen gedurende die voorafgaande kwartaal. Gedurende hierdie tydperk moes hulle gevoleklik hul beleggings, kontant en deposito's met ongeveer R26 miljoen verminder.

Hierdie ondervinding van die bouverenigings dien as 'n verdere aanduiding dat toestande in die kapitaalmark oorspanne geword het as gevolg van

die merkbare neiging vir binnelandse beleggingsbesteding om binnelandse besparing te oorskry.

#### *Versekeringsorganisasies*

Gedurende die eerste kwartaal van 1965 het die versekeringsorganisasies se netto belegging in effekte van die private sektor (uitsluitende aandele van filiaalmaatskappye) met R5 miljoen toegeneem, vergeleke met R12 miljoen gedurende die voorafgaande kwartaal. Terselfdertyd het hulle beleggings in aandele van filiaalmaatskappye en lenings (hoofsaaklik aan filiaalmaatskappye) met R13 miljoen toegeneem, teenoor R14 miljoen gedurende die vierde kwartaal van 1964, terwyl die netto toename in hulle verbandlenings R4 miljoen beloop het, verleke met R8 miljoen gedurende die vorige kwartaal. Hierbenewens het hulle 'n verdere netto bedrag van R2 miljoen in effekte van openbare korporasies belê, terwyl hulle beleggings in staats- en munisipale effekte weinig verandering getoon het.

### MONETÊRE BELEID

Soos verwag is, was die verskeie disinflasioneertiese maatreëls wat op 5 Maart<sup>1</sup> deur die Minister van Finansies aangekondig is, insluitende die verhoging van die bankkoers met  $\frac{1}{2}$  persent tot 5 persent, die oplegging van bykomstige likwiditeitsvereistes op handelsbanke gelyk aan 4 persent van hul kort- en middeltermynverpligtings teenoor die publiek en 'n verhoging in die Reserwebank se stel rentekoerse vir staatseffekte, traag om hul invloed te laat geld. Soos vroeër gemeld, het handelsbankkrediet aan die private sektor, nadat dit met R97 miljoen gedurende die eerste kwartaal gestyg het, met 'n verdere R30 miljoen gedurende April toegeneem. Bowendien is die likwiditeitsposisie van die handelsbanke verhinder om verder gedurende Maart en April te versleg, nie slegs vanweë die feit dat die 1958/68 Regeringslening, soos vroeër gemeld, na die drie-jaar kategorie verskuif en sodoe "likwied" geword het nie, maar ook deur die aansienlike beweging van fondse vanaf die Regering- na die private sektor gedurende hierdie periode.

Om hierdie redes het die monetêre owerhede die likwiditeitsvoorskrifte ten opsigte van handelsbanke verder in drie stadiums verhoog, naamlik met 'n bykomstige 2 persent teenoor sowel kort- as middeltermynverpligtings met ingang vanaf ongeveer 21 Mei (die datum van sertifisering van die maandelikse opgawe soos op 30 April), met 'n verdere 2 persent vanaf ongeveer 21 Junie en 'n finale 2 persent met ingang vanaf ongeveer 21

1) Sien die Maart-uitgawe van hierdie *Kwartaalblad*, pp. xxxvi-xxxix.

Julie. Dit beteken dat die minimum likwiditeitsverhoudings teen die laasgenoemde datum tot die maksimum van 40 en 30 persent onderskeidelik vir kort- en middeltermynverpligtings verhoog sal wees.

Daarbenewens, soos deur die Minister van Finansies op 5 Maart in die vooruitsig gestel, het die Reserwebank onlangs begin met die kwotering van boetekoerse vir akkommodasie aan sekere bankinstellings wat na sy mening krediet oormatig en/of vir nie-noodsaaklike doeleindes verleen het.

Soos vroeër gemeld, het die Reserwebank ook sy stel rentekoerse vir staatseffekte met sekere loop-tye met 0.25 persent op 29 April verhoog. Dit is gedoen as erkenning van veranderings in die vraag en aanbodverhouding in die mark vir prima-effekte en om die verkoop van medium- en langtermyn prima-effekte deur bank- en ander finansiële instellings, met die oog op die uitbreiding van krediet aan die private sektor, te ontmoedig.

Depositokoerse het vasgeper gebly op die koerse wat op 19 Maart vasgestel is, behalwe vir klein wysigings met die doel, byvoorbeeld, om die omskrywing van rente op te klaar en om voorsiening te maak vir die betaling van kommissie deur alle bankinstellings, uitgesonderd handelsbanke (wat wetlik verbied word om deur agente te werk), en nie slegs deur bouverenigings soos oorspronklik toegelaat is nie.

In die algemeen het dit die amptelike monetêre beleid gebly om die natuurlike disinflasjonistiese krakte wat deur die betalingsbalanstekort inwerk, te versterk deur maatreëls gemik op die verhoging van die koste van krediet, die beperking van die koers van toename van krediet en die verlaging van die uitermate hoë verhouding van geld en kwasi-geld tot die bruto volksproduk. Hierdie stappe sal, na verwagting, meewerk om die koers van toename in totale binnelandse belegging en verbruik te verlaag tot 'n peil meer in verhouding tot die koers van toename in die reële bruto volksproduk en sodende die druk op sowel die binnelandse pryspeil as die betalingsbalans verlig.

*Indekse — Seisoensveranderings uitgesluit (1958 = 100)*

	1964				1965	
	1ste Kw.	2de Kw.	3de Kw.	4de Kw.	1ste Kw.	Apr.
Bankdebiteringe	207	213	204	204	222	....
Diskonteringe en voorskotte van handelsbanke	141	152	164	182	194	....
Effektebeursomset	374	357	271	250	239	....
Nywerheidsproduksie	152	159	163	165	....	....
Waarde van goudproduksie	173	177	183	188	185	188
Waarde van invoer	128	135	145	152	148	168
Waarde van uitvoer	134	132	127	138	131	129
Spoorweginkomste	149	148	149	153	158	....
Waarde van kleinhandelsverkope	121	125	131	134	132	....
Waarde van eiendomstransaksies	189	214	233	251	....	....
Waarde van bouplanne goedgekeur	179	185	209	219	273	....
Werkgeleentheid:						
Private fabriekswese	124	127	130	132	....	....
Private konstruksie	121	122	125	127	....	....
Mywese	110	111	112	112	109	....
Werkloosheid	95	81	73	66	63	....

## QUARTERLY ECONOMIC REVIEW

### SUMMARY AND CONCLUSIONS

- (1) During the first four months of 1965, the total monetary demand for goods and services in South Africa continued to rise at an excessive rate, so that the seasonally adjusted wholesale and consumer price indices increased further and considerable pressure was again brought to bear on the balance of payments on current account.
- (2) But while total expenditure on the gross national product and on imports continued to increase strongly, there were certain changes in its main components during the first quarter of 1965 which suggested that, after more than three and a half years, the cyclical economic upswing was finally tending to level off. Thus, whereas inventory investment and public fixed investment showed exceptionally large increases, a distinct levelling-off tendency was noticeable in private fixed capital outlays, private consumption and current expenditures by public authorities, while exports of goods and services actually declined.
- (3) With a state of virtually full, if not over-full, employment prevailing in the economy, one of the main effects of the excessive capital and consumer spending was a continued high level of imports of capital goods, raw materials and consumer goods. Since merchandise exports declined noticeably while the net gold output showed little change, the current account of the balance of payments accordingly showed a substantial deficit during the first four months of 1965. In addition, there was a net outward movement of private capital during this period, so that, despite fairly substantial net official borrowings abroad, the gold and foreign exchange reserves showed a considerable further decline.
- (4) The continued tendency in the economy towards inflationary over-investment and over-consumption during the first four months of 1965 was unfortunately facilitated by a considerable further expansion of commercial bank credit to the private sector. This was the main reason why, notwithstanding the substantial deficit in the balance of payments, the seasonally adjusted ratio of money and near-money to gross

national product did not change significantly from the exceptionally high level of over 35 per cent at which it had stood during the second half of 1964. Although on a much smaller scale than the commercial banks, various other banking institutions also contributed in some degree to the excessive level of total outlays during this period.

- (5) During the first quarter of 1965, most short-term interest rates, including the Treasury bill tender rate and nearly all deposit rates, showed a marked further upward tendency, mainly owing to the continuing balance of payments deficit and the abnormal increase in the demand for credit. From the 22nd March, however, the monetary authorities imposed a set of maximum deposit rates on banking institutions and building societies, while the Treasury bill rate, after reaching a peak of 4.11 per cent on the 26th March, declined to 3.84 per cent on the 7th May, before rising again to 4.01 per cent on the 4th June.
- (6) Capital market conditions tended to tighten gradually during the first four months of 1965. After rising to a new record peak in February, industrial and commercial share prices tended to decline, while gold mining share prices levelled off. Furthermore, as a result of upward pressure on gilt-edged rates, the Reserve Bank effected two further increases in its pattern of rates for Government securities during this period, bringing the rate for maturities exceeding 10½ years to 5½ per cent. At the same time, the building societies continued to experience an inflated demand for their mortgage loans simultaneously with a reduced inflow of new funds.
- (7) Following the various disinflationary measures announced on the 5th March, the monetary authorities, in three stages of 2 per cent each, further increased the liquidity requirements in respect of commercial banks, up to the maximum of 40 and 30 per cent of short and medium-term liabilities, respectively. In addition, the Reserve Bank quoted penalty rates for accommodation to certain banking institutions. As expected, however, the restrictive monetary measures did not take effect immediately and bank credit to the private sector continued to rise up to the end of April.

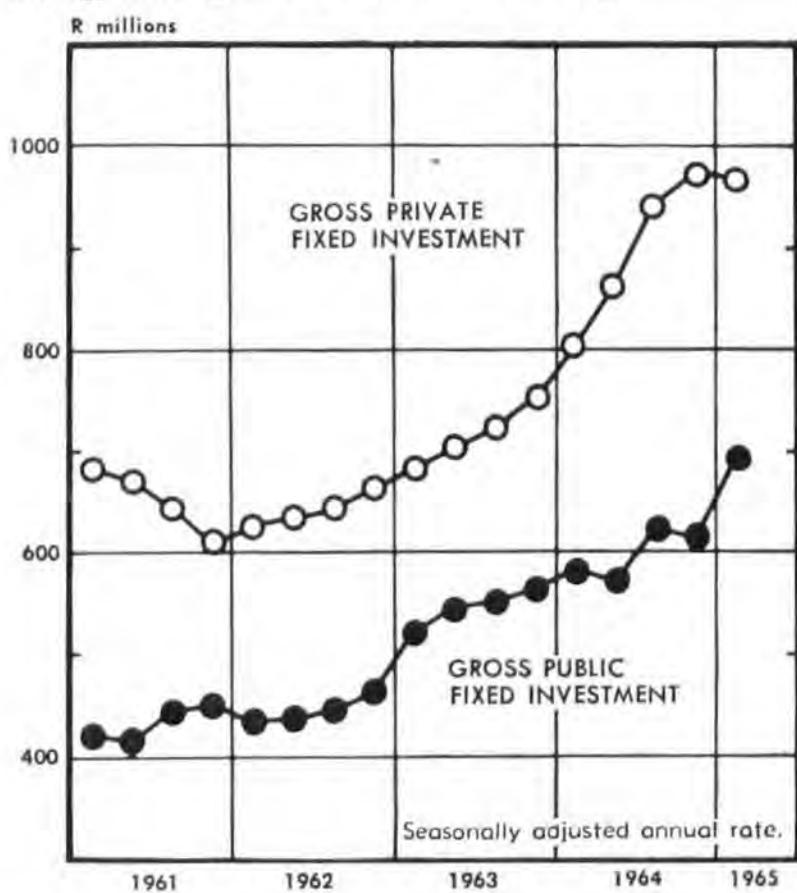
## NATIONAL ACCOUNTS<sup>1</sup>

### Continued Rise in Gross National Product but Important Changes in Expenditure Tendencies

During the first quarter of 1965 the *real* gross national product would appear to have increased at roughly the same annual rate as during the preceding year, namely about 6½ per cent<sup>2</sup>. At the same time, however, there were certain changes in the main components of total expenditure which suggested that, after more than three and a half years, the cyclical economic upswing was finally tending to level off.

### Levelling-Off in Private Fixed Capital Outlays

One of the most important expenditure tendencies during the first quarter was a distinct levelling-off, for the first time since the middle of 1961, in private fixed capital outlays. Although fixed investment in commerce, agriculture and private transportation continued to rise, these increases were more or less offset by moderate decreases in fixed capital expenditure in manufacturing, mining and residential building.



- 1) The analysis in this section of the review is largely based on the Reserve Bank's quarterly estimates of the national accounts, *after adjustment for seasonal tendencies*. Since these quarterly figures are not yet judged reliable enough for publication, the analysis is confined to pointing out broad tendencies.
- 2) This is a revised figure for 1964 which is lower than the preliminary estimate given in the March issue of this *Bulletin*. For further details see *Review of the National Accounts for the Year 1964* by B. P. Groenewald in this issue.

### Sharp Rise in Public Fixed Investment

In contrast to the levelling-off tendency shown by private fixed capital outlays, public fixed investment increased considerably during the first quarter, mainly owing to a rise in the capital expenditure of the South African Railways and Harbours. Total fixed investment accordingly showed a substantial further increase to a new record level and, as during the previous two quarters, again contributed to the general over-spending in the South African economy during this period.

### Substantial Increase in Inventory Investment

Another significant feature of the national accounts during the first quarter of 1965 was a substantial further increase in total inventories. This increase, the largest recorded since quarterly inventory figures became available in 1960, was mainly accounted for by a sharp rise in manufacturing and commercial inventories. Apparently many business enterprises were at that stage still anticipating a further (inflationary) rise in monetary demand and/or a tightening of import control. Naturally, this increase in inventory investment, which would appear to have been financed in large measure by new bank credit, added significantly to the existing pressure on price and wage levels and the balance of payments.

### Levelling-Off in Private Consumption

A further indication that the upswing was possibly tending to level off was the fact that, although private consumption remained at an exceptionally high level during the first quarter, it did not show any significant increase. The seasonally adjusted index of retail sales even declined somewhat below the peak reached in December 1964. Sales of durable consumer goods in particular, which had risen by about 21 and 24 per cent during 1963 and 1964, respectively, tended to level off and in some cases actually decreased during the first quarter of 1965. The seasonally adjusted index of sales of motor vehicles, for example, continued the downward tendency which had begun after an abnormally high peak had been attained in the third quarter of 1964.

### Levelling-Off in Current Expenditure by Public Authorities

As in the case of private consumption, current expenditures of the Government and other public authorities, which had increased substantially between the beginning of 1961 and the third quarter of 1964, showed a definite levelling-off tendency during the first quarter of 1965.

## *Exports of Goods and Non-Factor Services (Including Gold)*

Finally, after having risen during each of the preceding eight quarters, exports of goods and non-factor services declined fairly sharply during the first quarter of 1965, mainly owing to a decrease in exports of agricultural products as a result of unfavourable weather conditions.

### *Increase in Gross Domestic Saving*

Following a slight recovery during the fourth quarter of 1964, gross domestic saving increased quite noticeably during the first quarter of 1965. Moreover, this rise consisted of increases not only in corporate saving, depreciation allowances and the current surplus of public authorities, but also in personal saving, which had declined appreciably during 1963 and 1964.

## PRODUCTION AND EMPLOYMENT

### *Manufacturing Output and Employment*

Although the seasonally adjusted index of the physical volume of manufacturing output (1958=100) reached a level of 166.5 in February, compared with 155.4 a year earlier, its movements during the second half of 1964 and the first two months of 1965 confirmed the impression that, with the economy in a state of practically full employment, manufacturing output was tending to rise more slowly than during the earlier stages of the upswing.

### *Construction Industry Still Under Pressure*

As during the preceding quarter, the construction industry again operated under considerable pressure during the first quarter of 1965, and the seasonally adjusted index of the value of "building plans passed" (1958=100), which had already reached a very high level of 219 during the fourth quarter of 1964, increased further to 273 during the first quarter of 1965.

### *Decline in Real Estate Transactions*

After reaching a peak of 277 in December, 1964, compared with 87 in December, 1961, the seasonally adjusted index of the value of real estate transactions declined to 219 in February.

### *Registered Unemployed*

The registered number of unemployed Whites, Coloureds and Asiatics as usual showed a moderate seasonal rise during January, followed by a slight decline in February and March, and in the latter month amounted to only 12,142.

## PRICES

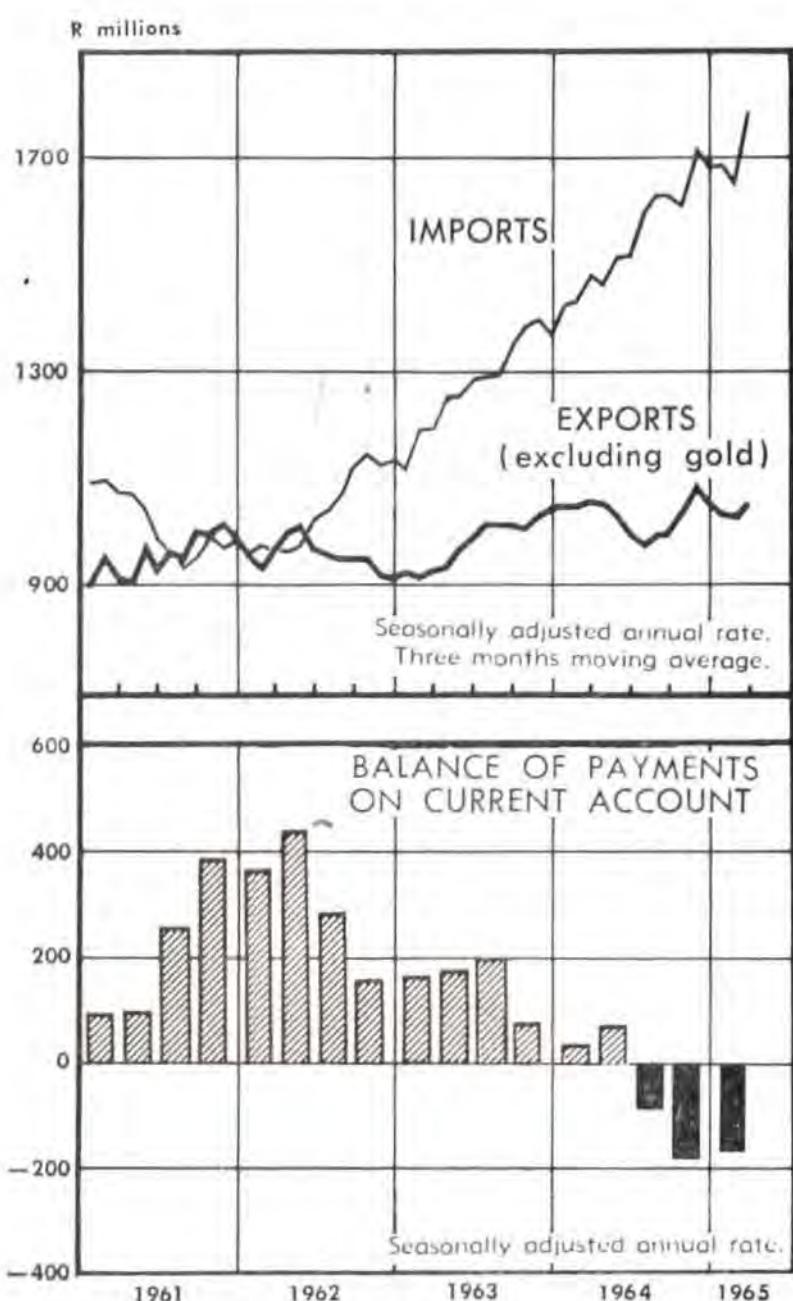
Despite the continued pressure of demand upon available resources, both the wholesale and consumer price indices, *after adjustment for seasonal tendencies*, increased at somewhat lower annual rates during the period January to April, 1965, than during the second half of 1964. Thus, the seasonally adjusted wholesale price index, which had risen at an annual rate of 4.5 per cent during the second half of 1964, increased at an annual rate of only 3.6 during January to April, the net result of fairly substantial increases in the prices of manufacturing and mining products and a decline in the prices of agricultural products. Similarly, the annual rate of increase of the adjusted consumer price index declined from 4.6 per cent during the second half of 1964 to 3.2 per cent during the period January to April, 1965. Nevertheless, these rates of increase were still considerably higher than those registered during the first three years of the current economic upswing.

## BALANCE OF PAYMENTS

### *Substantial Deficit on Current Account*

As during the second half of 1964, the balance of payments on current account again felt the main impact of the continued inflationary overspending on both capital and consumer goods during the first quarter of 1965, the actual current deficit increasing by about R35 million to R57 million. Even after allowing for the normal seasonal deterioration in the current account during this period, this deficit still amounted to about R47 million, which means that it was equivalent to an annual rate of about R188 million, compared with annual rates of R116 million and R188 million during the third and fourth quarters of 1964 respectively.

As a result of the excessive rate of increase of total spending, as reflected *inter alia* in the substantial building-up of inventories, imports of capital goods, raw materials and consumer goods were drawn into the country at a seasonally adjusted annual rate of about R1,700 million, while merchandise exports, particularly of agricultural products, declined noticeably and the net gold output showed little change.



#### *Net Outflow of Private Capital*

In addition to the large current deficit, there was also a net outflow of private capital (including errors and omissions in the balance of payments estimates) of as much as R26 million during the first quarter. This was largely the result of a net repatriation of about R12 million of non-direct foreign investments from South Africa, including short-term funds and trade credits, and investments of more than R5 million by South African residents in foreign countries, which more than offset a net inflow of R2 million in the form of direct investment in South Africa by foreigners and a net inflow of about R1½ million through security transactions by foreigners on the Johannesburg Stock Exchange.

#### *Drawings on Official Foreign Loans*

Although the Government repaid more than R9 million on foreign loans, total official capital showed a net inflow of as much as R36 million during the first quarter. This was made possible largely by Government drawings of more than R20 million on loans from American banks and

about R14 million on a loan from German banks. Movements in commercial bank funds and other short-term official capital accounted for a further net inflow of about R10 million.

#### *Further Deterioration in Balance of Payments During April*

During April the current account of the balance of payments showed a marked further deterioration. Imports increased to a seasonally adjusted annual rate of approximately F1,800 million, while merchandise exports, the net gold output and invisible payments and receipts did not change significantly. The result was a current deficit of more than R30 million for the month alone. In addition, there would appear to have been a small further net outflow of private capital, with no significant inward or outward movement of official and banking capital, so that the overall balance of payments showed an even greater deficit than the current account taken by itself.

#### *Continued Decline in Gold and Foreign Exchange Reserves*

As a result of the balance of payments tendencies discussed above, the total gold and foreign exchange reserves held by the Reserve Bank, the commercial banks and the Government decreased by R47 million during the first quarter and a further estimated R44 million during April to a total of about R397 million at the end of April. This figure was R186 million lower than the month-end peak of R583 million, reached in January, 1964.

During May the Reserve Bank's holdings of gold and foreign exchange declined by another R28 million to a level of R354 million at the month-end. At that stage, the total reserves were probably in the vicinity of R370 million.

### MONETARY AND BANKING SITUATION

#### *Money and Near-Money*

Despite the considerable decline in the gold and foreign exchange reserves and an increase of R128 million in Government deposits as a result of the seasonal movement of tax and other funds from the private sector to the Government, the total supply of money and near-money held by the private sector actually increased by R85 million during the first quarter of 1965. This was mainly the result of a further increase of R192 million in credit extended by the banking sector, namely R76 million to the Government sector and R116 million to the private sector. The latter figure was actually the highest quarterly figure of its kind to be recorded during the current upswing to date.

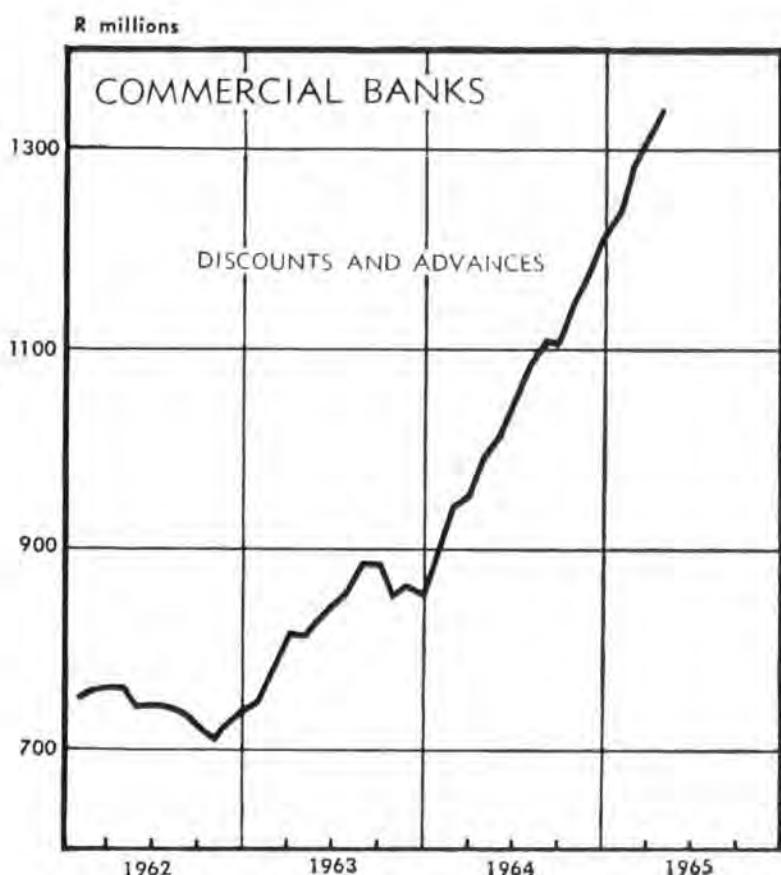
In other words, as during every quarter of the preceding year, the natural disinflationary effect on the liquidity of the private sector of the large deficit in the balance of payments was counteracted by the creation of new liquidity by the banking system. The seasonally adjusted ratio of money and near-money to gross national product accordingly did not change significantly from the exceptionally high level of over 35 per cent at which it had stood during the second half of 1964. The inflationary pressures in the economy, therefore, continued to be encouraged by an environment of abundant liquidity.

Even the substantial decline in the gold and foreign exchange reserves during April was not enough to halt the upward movement in money and near-money, as bank credit to the private sector showed a considerable further increase, while Government deposits declined by R98 million during this month.

#### *Considerable Further Rise in Discounts and Advances of Commercial Banks*

The continued rise in credit extended to the private sector by the banking sector during the first quarter was largely accounted for by the activities of the commercial banks. During this period their discounts and advances increased by R97 million or 8 per cent, as against R104 million or 9.4 per cent during the fourth quarter of 1964. In April, despite the fact that various restrictive measures had in the meantime been applied by the Reserve Bank, the commercial banks further expanded their discounts and advances by about R30 million, bringing the total increase since the end of 1963 up to R473 million or 55 per cent and the total increase since the low point of October, 1962, up to R628 million or 89 per cent.

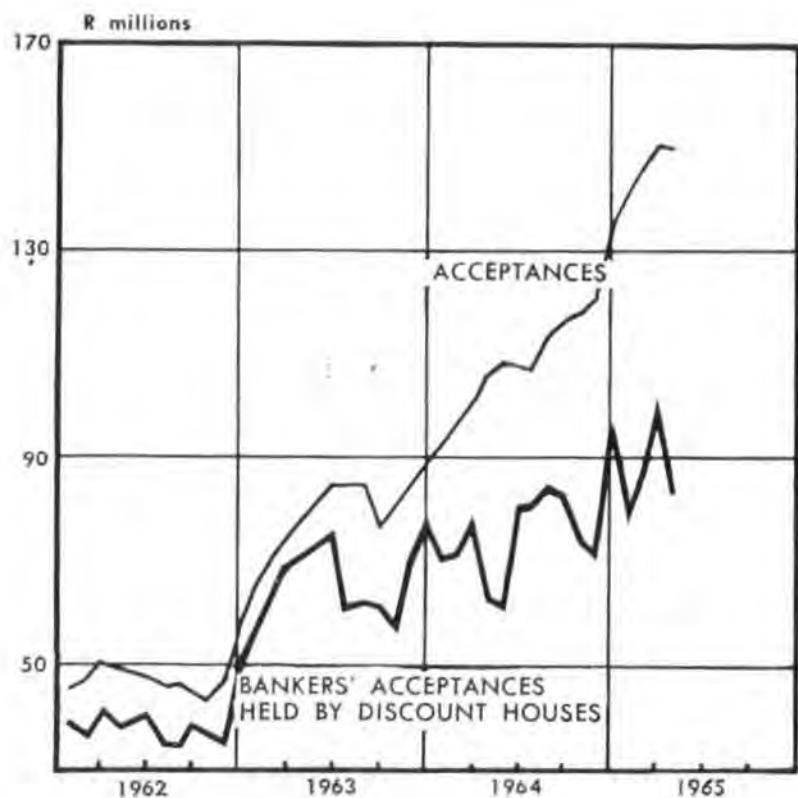
Although fluctuating as a result of the seasonal shifts of tax and other funds to and from the Government sector, the liquid assets (new definition) of the commercial banks declined from R608 million at the end of December, 1964, to R555 million at the end of April, mainly owing to the substantial deficit in the balance of payments during this period. Expressed as a percentage of the banks' *total* liabilities to the public, these liquid assets declined from 30.9 per cent to 28.7 per cent between these two dates. This decline would have been more pronounced had it not been for the fact that the Government's 3% 1958-68 loan, of which the commercial banks at the time held some R21 million, moved into the three-year category during March and thus qualified as liquid assets.



Despite the above-mentioned decline in their liquidity ratio, the commercial banks as a group continued to hold substantial amounts of *excess* liquid assets, i.e. over and above the legal minimum, throughout this period. Thus, even taking into account the fact that the minimum ratios of liquid assets to be held by the commercial banks against their short and medium-term liabilities were increased by 4 per cent, i.e. to 34 and 24 per cent, respectively, from about the 21st April (the date of certification of the monthly return as at 31st March), the *excess* liquid assets of the banks only declined from R144 million or 7.8 per cent of their *total* liabilities to the public at the end of January to R98 million or 5.1 per cent of these liabilities at the end of April. Since, in the view of the Reserve Bank, this still left the banks with excessive scope for further credit creation, the liquidity requirements were subsequently further increased, as will be set out in more detail later on.

#### *Further Increase in Acceptances of Merchant Banks*

In addition to the continued expansion of commercial bank credit to the private sector, the acceptances of merchant banks, which had already risen by R46 million or 52 per cent during 1964, increased by a further R15 million or 11 per cent during the first four months of 1965 to a total of R150 million at the end of April. In view, however, of a reduction in the amount of call money available in the money market, the discount houses, as will be indicated in more detail later on, experienced increasing difficulty in discounting all the acceptances offered to them.



The merchant banks themselves on average held considerably more acceptances during the first quarter of 1965 than during the preceding quarter and during April these holdings increased further to R43 million at the end of the month, compared with only R22 million at the end of December, 1964.

Deposits with merchant banks fluctuated around R100 million during the first four months of 1965, but remained below the high mark of about R110 million reached at the end of May, 1964.

#### Hire Purchase, Savings and General Banks

After having risen by R47 million and R114 million during the third and fourth quarters of 1964, respectively, total deposits with "hire-purchase", "savings" and "general banks", taken together, increased further by about R70 million during the first quarter of 1965. Of this total, no less than R38 million went to subsidiaries of commercial banks, which reinvested R33 million of these funds with either their "parent" banks or the National Finance Corporation and other banking institutions.

The total additional credit extended by all these institutions during the first quarter of 1965 was small in comparison with that of the commercial banks and amounted to just over R30 million, of which about half represented hire-purchase finance and the rest "other loans", including mortgage and personal loans.

It is further significant that the greater part of the total increase of R70 million in deposits with hire-purchase, savings and general banks con-

sisted of "long-term liabilities", i.e. liabilities payable after the expiration of at least six months or which are subject to at least six months' notice before becoming payable. Since it is doubtful whether these longer term deposits can, in view of the new legal restrictions on the early repayment of fixed and notice deposits, justifiably be considered as money substitutes or "near-money", it would appear that a substantial part of the additional funds mobilised by these institutions represented genuine savings of the public. Quite apart, therefore, from the fact that the additional credit extended by these institutions was considerably smaller than that granted by the commercial banks, the inflationary significance of the former would appear to have been less than that of the latter, which, as mentioned earlier, involved the creation of new money and near-money. There were, however, individual general banks whose money and near-money deposits increased noticeably in relation to their "long-term liabilities".

As a result *inter alia* of their expansion of credit and the deficit in the balance of payments, the relative liquidity position of most of these banking institutions deteriorated during the course of the first four months of 1965.<sup>1</sup> On the other hand, most of them continued to hold large surplus amounts of "prescribed investments", i.e. liquid assets plus such other "safe" assets as long-term Government stock, municipal and public utility stock.

#### *Decline in Call Deposits with Discount Houses and National Finance Corporation*

As a result mainly of the persistent deficit in the balance of payments, call money with the discount houses and the National Finance Corporation, which on balance had shown relatively little change during 1964, dropped from R283 million at the end of last year to R223 million at the end of April. The latter figure represented the lowest month-end level reached since August, 1961.

During this same period the discount houses' holdings of bankers' acceptances declined from R96 million to R83 million, which, in view of

1) Although banking institutions other than commercial banks (and discount houses) do not legally have to comply with either the normal or the supplementary liquid asset requirements provided for in the new Banks Act until the beginning of 1966, they were specifically requested by the Minister of Finance on the 5th March to subject themselves voluntarily to the higher liquidity requirements which were to be applied to the commercial banks.

the substantial further increase in the supply of acceptances during these four months, meant a further decline in the proportion of total acceptances held by discount houses, namely from 71 per cent at the end of December, 1964, to 56 per cent at the end of April, 1965.

At the end of March the discount houses held more than four times as many acceptances as Treasury bills, but by the end of April this ratio had changed somewhat in favour of Treasury bills.

#### *Increase in Reserve Bank Credit*

As a result mainly of the balance of payments deficit and the shift of tax and other funds to the Government sector, the demands for financial accommodation made upon the Reserve Bank increased substantially during the first quarter of 1965 and the Bank's total discounts, advances and investments increased from R132 million at the end of December, 1964, to R216 million at the end of March, 1965. During April and May, despite the marked reversal of the shift of funds to the Government sector, total Reserve Bank credit only declined by R44 million to R172 million at the end of May, compared with R60 million a year earlier.

#### *Short-Term Interest Rates*

During most of the first quarter of 1965, short-term interest rates in general showed a marked upward tendency. The Treasury bill tender rate, for example, increased from 3.63% at the end of 1964 to 4.11 per cent on the 26th March, mainly owing to (1) the persistent decline in the Reserve Bank's gold and foreign exchange reserves, (2) the seasonal shift of funds to the Government sector and (3) increases in the amount of Treasury bills offered at the weekly tender. At the same time, changes in the demand for and supply of loanable funds flowing from the inflationary tendencies in the economy and the balance of payments deficit, produced keen competition for funds among the various banking institutions, and this, in turn, led to quite considerable increases in deposit and lending rates.

From the 22nd March, however, the monetary authorities imposed a set of maximum deposit rates on banking institutions and building societies<sup>1</sup> which, in many cases, were lower than the rates actually paid at that stage.

During the ensuing six weeks, notwithstanding the substantial deficit in the balance of pay-

ments, the Treasury bill tender rate declined from 4.11 per cent on the 26th March to 3.84 per cent on the 7th May, before increasing again to 4.01 per cent on the 11th June. The factors contributing to this temporary decline included (1) the return of funds from the Government to the private sector discussed earlier, (2) a reduction in the amount of Treasury bills offered weekly at the tender and (3) keen sporadic tenders from outside the money market.

## CAPITAL MARKET

#### *New Issues of Marketable Securities*

The demand for new capital remained at a relatively high level during the first four months of 1965. Net new issues of marketable securities by the private sector, public corporations and local authorities amounted to R62 million during the first quarter, compared with R66 million and R71 million during the third and fourth quarters of 1964, respectively, and remained substantial during April and May. In addition, net issues of marketable Government securities during the first quarter amounted to the high figure of R95 million, which was nearly double the quarterly average for 1964.

#### *Further Rise Followed by Decline in Share Prices*

Despite the continued high level of new issues, the index (1958=100) of industrial and commercial share prices increased from 257 in December, 1964, to 278 in February, 1965, thus surpassing the previous peak of 273 attained in April, 1964. The average yield on these shares which had shown a noticeable upward tendency since April last year, accordingly declined again, namely from 5.28 in December to 5.17 in February. Subsequently, however, as the extent of the balance of payments deterioration became wider known and the monetary authorities announced remedial measures, the mood of the market appeared to change somewhat, and the index of industrial and commercial share prices tended to decline while the average yield on these shares began to move upwards again.

As a result, *inter alia*, of an increased foreign demand for South African gold mining shares, the index of gold mining share prices increased further from 134 in December, 1964, to 149 in March, before declining slightly to 143 in May. The average yield on these shares accordingly declined, namely from 6.7 per cent in December to 6.4 per cent in May.

1) See March issue of this *Bulletin*, p. xviii.

## *Further Upward Pressure on Gilt-edged Interest Rates*

In the gilt-edged market, the underlying demand-supply conditions continued to exert upward pressure on interest rates during the first five months of 1965, and the Reserve Bank, which had already increased its pattern of rates for Government stock by 0.25 per cent on the 8th December, effected two further increases in this period during this period, namely by 0.30 per cent on the 5th March (simultaneously with the increase in Bank Rate to 5 per cent) and by a further 0.25 per cent on the 29th April, bringing the rate for maturities exceeding 10½ years to 5½ per cent. At the time of the latter increase, however, the yield to redemption on stocks with maturities exceeding three years but not three and a half years was kept unchanged at 4½ per cent, with the result that the relationship between the rates for the various maturities changed somewhat.

## *Abnormal Demand for Building Society Loans*

During the first quarter of 1965, building societies again experienced an exceptional increase in the demand for their mortgage loans which was not fully matched by the inflow of new funds. Thus, while their mortgage and other loans increased further by R42 million, compared with R52 million during the fourth quarter of 1964, their share capital and deposits increased by only R27 million, as against R37 million during the previous quarter. They accordingly had to reduce their investments, cash and deposits by about R26 million during this period.

This experience of the building societies served as another indication that capital market conditions were tightening as a result of the marked tendency for domestic investment spending to exceed domestic saving.

## *Insurance Organisations*

During the first quarter of 1965 the net investment of insurance organisations in securities of the private sector (excluding shares of subsidiary companies) increased by R5 million, compared with R12 million during the previous quarter. At the same time, their investments in shares of subsidiary companies and loans (mainly to subsidiary companies) increased by R13 million, as against R14 million during the fourth quarter of 1964, while the net increase in their mortgage loans amounted to R4 million, compared with R8 million during the preceding quarter. In addition, they invested a further net amount of R2 million in stocks of public corporations, while their investments in Government and municipal stock showed little change.

## MONETARY POLICY

As expected, the various disinflationary monetary measures announced by the Minister of Finance on the 5th March,<sup>1</sup> which included the raising of Bank Rate by ½ per cent to 5 per cent, the imposition on the commercial banks of additional liquidity requirements equal to 4 per cent of their short and medium-term liabilities to the public, and an increase in the Reserve Bank's pattern of rates for Government stock, were slow to take effect. Commercial bank credit to the private sector, as mentioned previously, after rising by R97 million during the first quarter, increased by another R30 million during April. Moreover, during March and April the liquidity position of the commercial banks was prevented from deteriorating further not only by the fact that the Government's 1958-68 loan, as pointed out earlier, moved into the three-year category and thus became "liquid", but also by the substantial movement of funds from the Government to the private sector during this period.

For these reasons, the monetary authorities further increased the liquidity requirements in respect of commercial banks in three stages, namely by an additional 2 per cent against both short and medium-term liabilities with effect from about the 21st May (the date of certification of the monthly return as at 30th April), by a further 2 per cent from about the 21st June and by a final 2 per cent with effect from about the 21st July. This means that by the latter date the minimum liquidity ratios will have been increased up to the maximum of 40 and 30 per cent of short and medium-term liabilities, respectively.

In addition, as foreshadowed by the Minister of Finance in his statement of the 5th March, the Reserve Bank has recently started quoting penalty rates for accommodation to certain banking institutions which, in its view, have been extending credit to an excessive degree and/or for non-essential purposes.

As mentioned earlier, the Reserve Bank also increased its pattern of rates for certain maturities of Government stock by 0.25 per cent on the 29th April. This was done in recognition of changes in demand-supply relationships in the gilt-edged market and in order to discourage the sale by banking and other financial institutions of medium and long-term gilt-edged securities with a view to extending additional credit to the private sector.

Deposit rates continued to be pegged at the level determined on the 19th March, except for small amendments with a view, for example, to

1) See March issue of this Bulletin, pp. xiii-xvi.

clarifying the definition of interest and allowing for the payment of commission by all banking institutions other than commercial banks (which are legally prohibited from operating through agents), and not just by building societies as originally permitted.

In general, it has remained the official monetary policy to reinforce the natural disinflationary forces operating through the balance of payments deficit by applying measures designed to increase

the cost and restrict the rate of increase of credit, and to reduce the excessively high ratio of money and near-money to gross national product. It is expected that this, in turn, will assist in reducing the rate of increase of total domestic investment and consumer spending to a level more commensurate with the rate of increase of the real gross national product and thus diminish the pressure on both the internal price level and the balance of payments.

\* *Indices — Excluding Seasonal Changes (1958 = 100)*

	1964				1965	
	1st Qrt.	2nd Qrt.	3rd Qrt.	4th Qrt.	1st Apr.	Apr.
Bank Debits .....	207	213	204	204	222	—
Discounts and Advances of Commercial Banks .....	141	152	164	182	194	—
Stock Exchange Turnover .....	374	357	271	250	239	—
Manufacturing Output .....	152	159	163	165	....	—
Value of Gold Production .....	173	177	183	188	185	183
Value of Imports .....	128	135	145	152	148	168
Value of Exports .....	134	132	127	138	131	129
Railway Earnings .....	149	148	149	153	158	—
Value of Retail Sales .....	121	125	131	134	132	—
Value of Property Transactions .....	189	214	233	251	....	—
Value of Building Plans Passed .....	179	185	209	219	273	—
Employment:						
Private Manufacturing .....	124	127	130	132	....	—
Private Construction .....	121	122	125	127	....	—
Mining .....	110	111	112	112	109	—
Unemployment .....	95	81	73	66	63	—