

South African Reserve Bank
Suid-Afrikaanse Reserwebank

Quarterly Bulletin **Kwartaalblad**



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Owing to the rounding of figures, the sum of the separate items will sometimes differ from the total shown.

... denotes not available

— denotes value equal to nil or less than half the digit shown

* denotes preliminary figures

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Algemene opmerkings

Weens die afronding van syfers sal die som van die onderskeie poste soms verskil van die totaal wat aangetoon word.

... dui aan nie beskikbaar nie

— dui aan 'n waarde gelyk aan nul of minder as die helfte van die eenheid aangetoon

* dui voorlopige syfers aan

Quarterly economic review

Main developments

The main short-term development in the South African economy during the first four months of 1966 was a moderate further decline in gross domestic expenditure accompanied by a decrease in imports and the appearance of a small surplus on the current account of the balance of payments. This decline in total expenditure was the result of a considerable reduction in inventories and a moderate decline in both private and public fixed capital expenditure. These developments, in turn, were at least partly caused by a stricter application of import and other direct controls, and were therefore not necessarily an indication of a significant decrease in the underlying monetary demand for goods and services. On the contrary, the available information indicates that the inflationary pressure in the economy remained considerable throughout this period. Both the consumer price index and the wholesale price index also increased at a faster rate during this period than during 1965.

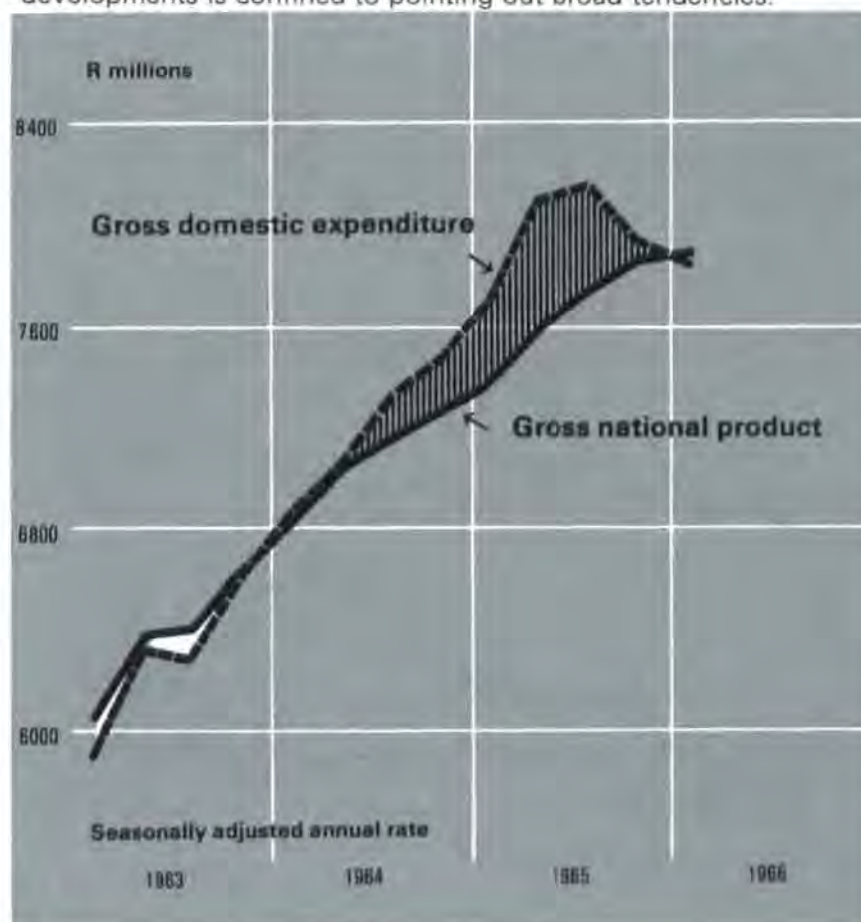
This continued inflationary tendency in the economy was encouraged by the fact that, despite the limitations placed on bank credit to the private sector, the quantity of money and near-money in the hands of this sector increased during the last quarter of 1965 to a record level at the end of the year, mainly as a result of an inflow of foreign capital and the partial financing of public expenditure through the creation of money by the monetary banking sector. During the first quarter of 1966, however, despite a favourable balance of payments, the quantity of money and near-money showed an appreciable decline. The main reasons for this development were a further decline in the monetary banking sector's outstanding credit to the private sector, as a result of the restrictive monetary measures, and an increase in government deposits. The quantity of money and near-money at the end of March was, however, still relatively high and the monetary climate therefore still conducive to inflation.

National accounts¹

Moderate decline in gross domestic expenditure

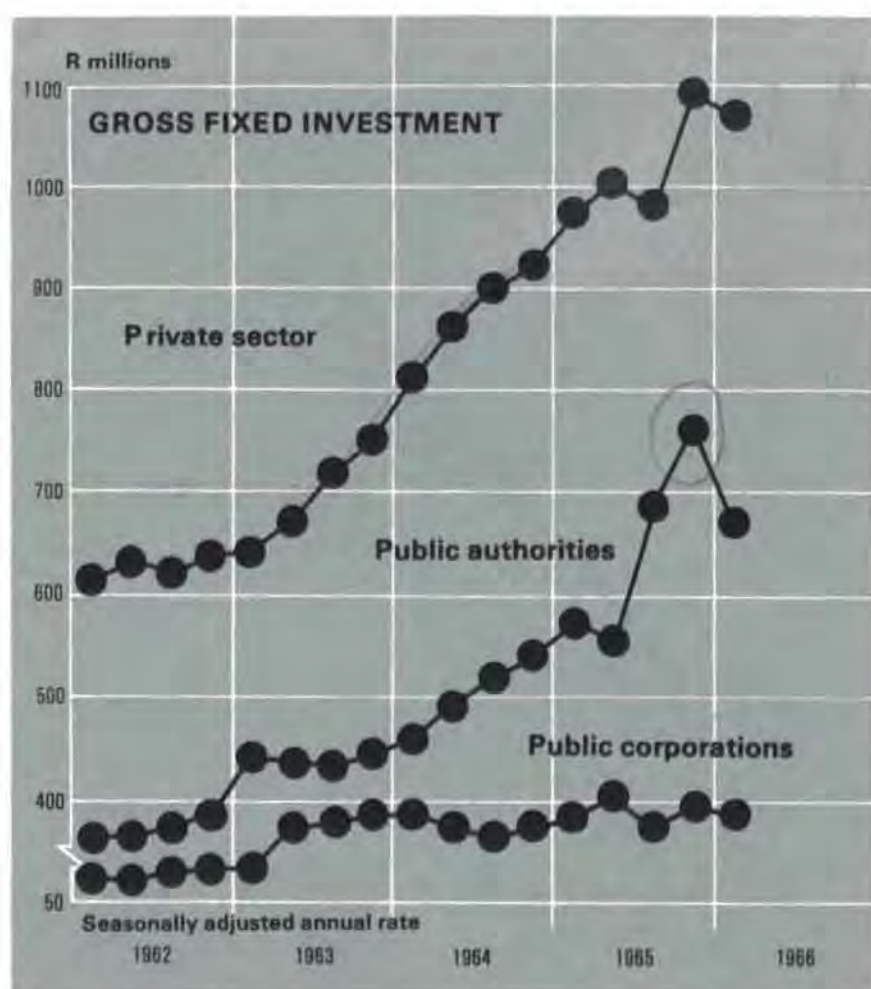
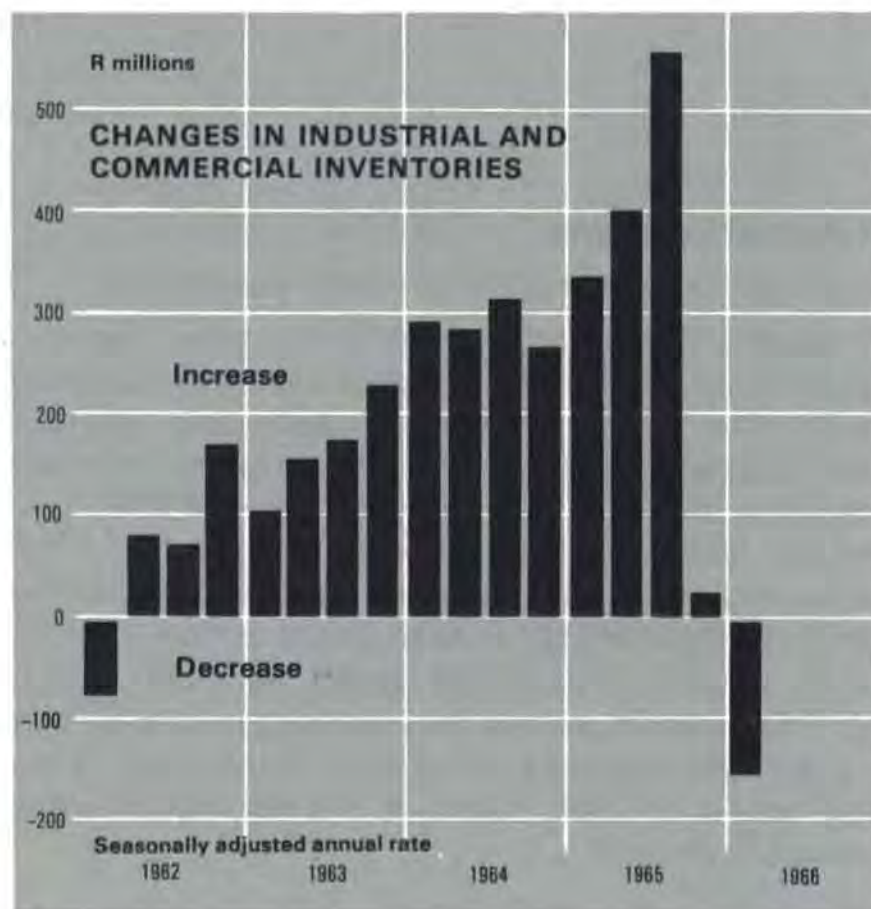
As during the last quarter of 1965, gross domestic expenditure, i.e. the total of fixed investment, inventory investment, private consumption and current government expenditure, showed a moderate but nevertheless welcome decline during the first quarter of 1966, and for the first time since the second quarter of 1964 amounted to less than the gross national product. The small deficit which still existed on the current account of the balance of payments during the fourth quarter of 1965, after adjustment for seasonal tendencies, was accordingly converted into a small surplus during the first quarter of 1966, mainly as the result of a further decline in imports.

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 figures are not yet judged reliable enough for publication, the analysis of quarterly developments is confined to pointing out broad tendencies.



Reduction in inventories and decline in fixed investment

This development was mainly due to a further running down of inventories, particularly in the case of manufactured goods and agricultural products in commerce. An additional factor was, however, the change in both private and public fixed investment which, after a sharp increase to an abnormally high level in the last quarter of 1965, declined moderately during the first



quarter of 1966. The decline in public investment was mainly due to a reduction in the capital expenditure of the Railways and Harbours, which had risen to an exceptionally high level during the preceding quarter.

Further increase in private consumption and current government expenditure

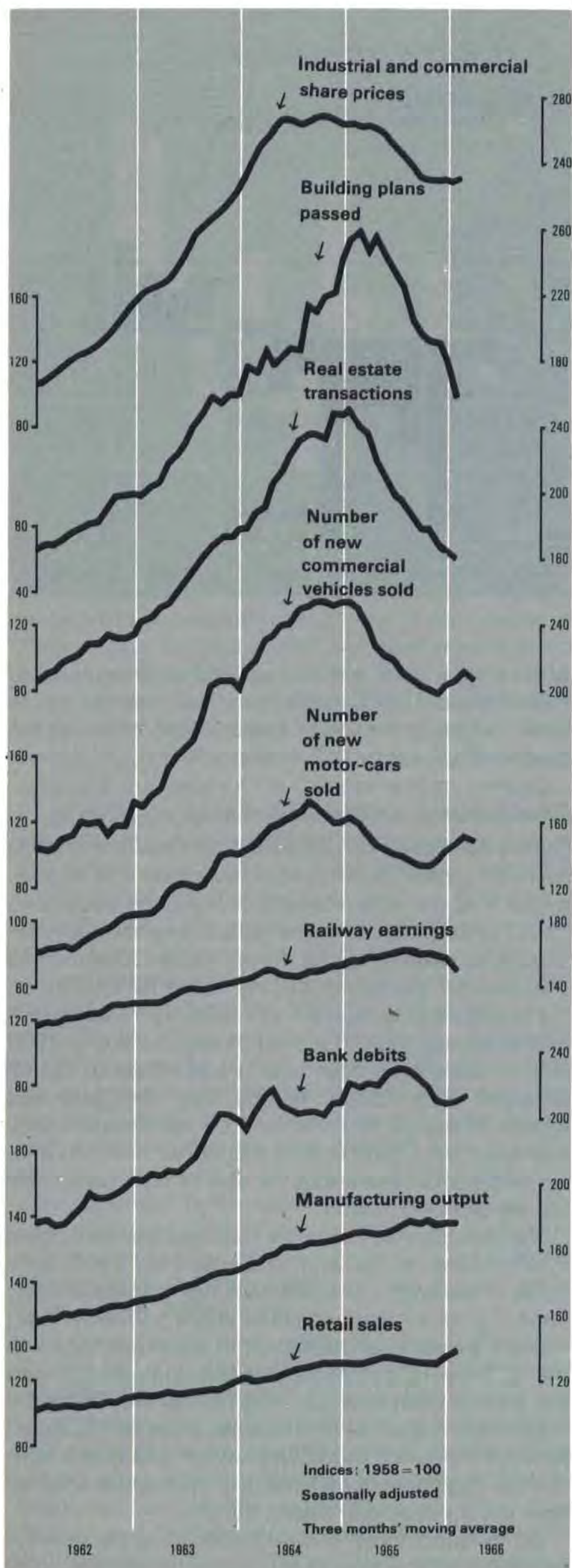
On the other hand, private consumption expenditure as well as current government expenditure showed a substantial further increase. It was especially noticeable that the sales of new motor cars, furniture and electrical appliances, which had tended to decline during the first three quarters of 1965, increased during the two subsequent quarters.

Reasons for decline in investment and imports

The important question, of course, is *why* inventory and fixed investment, and therefore imports, declined. If this decrease was a "natural" cyclical decline and/or the result of the restrictions on bank credit to the private sector, it would indicate a significant decline in the underlying monetary demand for goods and services, and therefore in the inflationary pressure. But if it was an "artificial" decline brought about by a stricter application of import control on capital goods and raw materials and by other direct control measures such as building control, it did not necessarily imply that demand inflation was diminishing.

The available information suggests that the decline in total investment and imports was the result of *both* sets of causes referred to above. Partly it would appear to have been a natural and desirable reaction to the over-investment of the previous year, a reaction which was clearly encouraged by the restrictive credit measures. But to a large extent it must also be ascribed to the application of import and other direct control measures. It would appear, therefore, that the underlying monetary demand for goods and services was still too high and continued to exert inflationary pressure on the available resources.

Indeed, while making a valuable contribution towards temporarily relieving the pressure on the balance of payments, the tightening of import control, in the nature of the case, tended to offset the reduction in domestic inflationary pressure and to neutralise the self-correcting factors and credit measures mentioned earlier. Thus, it probably had the effect of shifting part of the demand for foreign goods to domestic goods and of further stimulating the already excessive level of capital expenditure in South Africa. As will be indicated in more detail later on, it also assisted in keeping the supply of money and near-money excessively high and in this way created a monetary climate which encouraged inflation.



General economic indicators

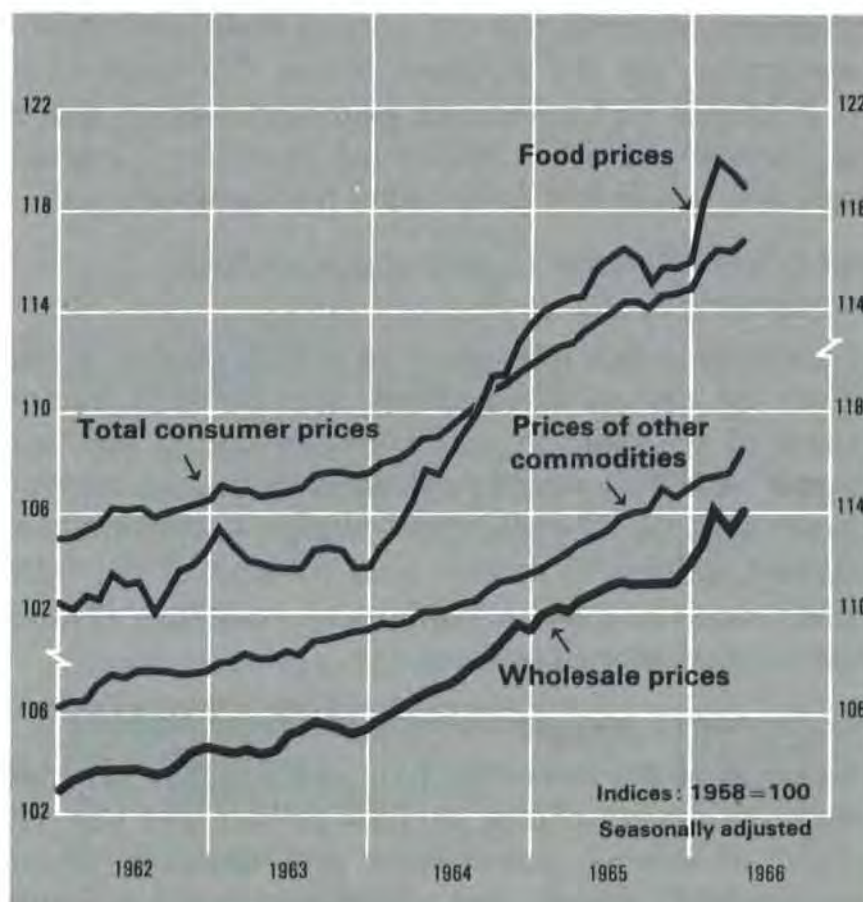
An analysis of the behaviour of the available general economic indicators during 1965 and the first four months of 1966 again confirms that, although the cyclical economic upswing of 1961–65 tended to level off from about the middle of 1965 (some indicators actually declined sharply), general economic activity remained at a very high level. From about the middle of the fourth quarter of 1965 certain seasonally adjusted indicators, such as the value of retail sales, the number of motor cars and commercial vehicles sold and the prices of industrial and commercial shares, even started to rise again.

Prices

The continuation of the inflationary pressure during the first four months of 1966 is also evident from the further sharp rise in both retail and wholesale prices during this period. Thus, the seasonally adjusted consumer price index (1958 = 100) increased from 115.3 in December, 1965, to 117.2 in April, 1966. Calculated at an annual rate, this represents a percentage increase of about 5.0 per cent, as compared with 2.8 per cent during 1965. This further increase in the retail price index was only partially attributable to a rise in food prices. If food is excluded, the index still shows an increase from 114.9 in December, 1965, to 116.4 in April, 1966, which amounts to an annual rate of 4.0 per cent, as against 3.1 per cent during 1965².

The seasonally adjusted wholesale price index increased from 111.8 in December, 1965, to 114.0 in

² It must be pointed out, however, that for certain technical reasons associated with the treatment of the rent component of the index, the December–April increase affords an exaggerated impression of the rise in prices during this period.



April, 1966, i.e. at an annual rate of about 6·0 per cent, compared with 2·4 per cent during 1965. This rise was attributable to an increase in prices of both South African and imported goods. Although the rise in the price index for South African goods was partly due to an increase in the prices of agricultural, forestry and fishing products, it was also caused by increases in the prices of industrial and other products.

Balance of payments

Declining tendency in imports

As mentioned above, the decrease in fixed and inventory investment during the first quarter of 1966 was accompanied by a further decline in imports. Thus, if seasonal influences are eliminated, merchandise imports declined to an annual rate of only R1,536 million during the first quarter of 1966, compared with R1,924 million and R1,644 million during the third and fourth quarters of 1965, respectively.

Surplus on current account

This decline, together with a decrease in net service and transfer payments to the rest of the world, was sufficient to bring about a surplus of R7 million on the current account during the first quarter, despite a decline in merchandise exports. After elimination of seasonal influences and taken at an annual rate, this surplus amounted to as much as R88 million.

Net inflow of private capital

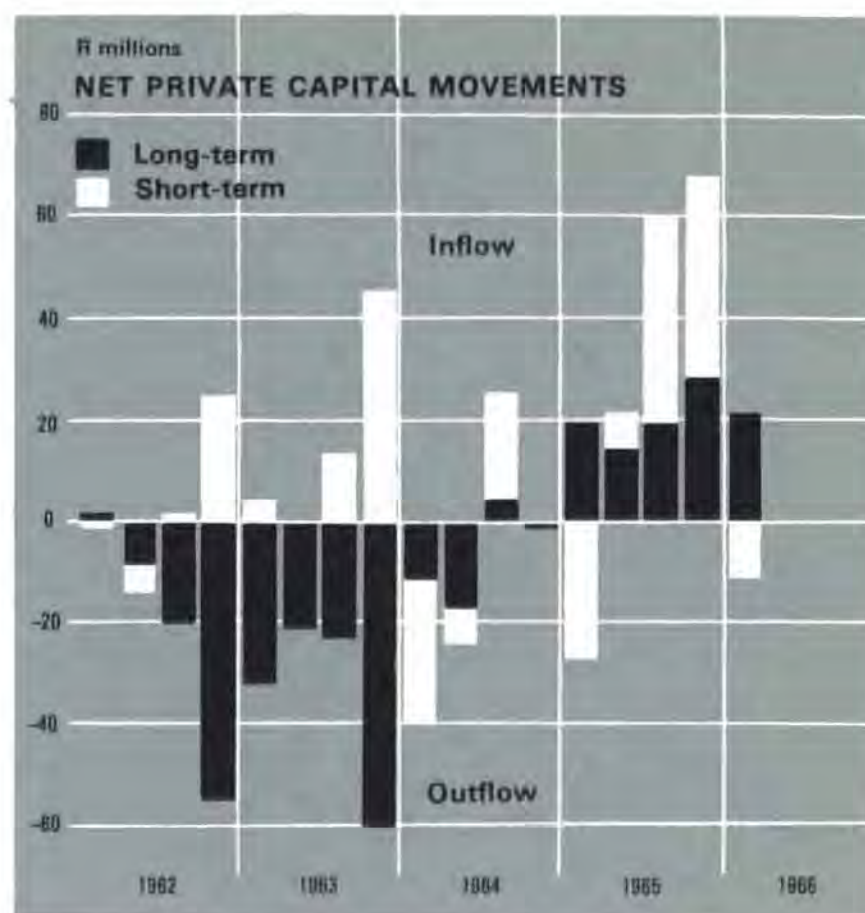
Compared with R60 million and R68 million during the third and fourth quarters of 1965, respectively, a net inflow of private capital of about R10 million occurred during the first quarter of 1966. But unlike the inflows of the two previous quarters, this inward movement of funds did not consist mainly of short-term capital. On the contrary, it was the result of a net inflow of R21 million of long-term capital and a net outflow of R11 million of short-term capital (including errors and unrecorded transactions).

Net inflow of capital to central government and banking sector

In addition to this net inflow of private capital, a net inflow of central government and banking sector capital of R12 million was recorded during the first quarter, and this despite repayments by the central government of R7 million on foreign loans and the payment of the R9 million gold tranche of the R36 million increment in South Africa's subscription to the International Monetary Fund.

Further rise in gold and foreign exchange reserves

The result of the current surplus of R7 million, the net inflow of private capital of R10 million and the net inflow of central government and banking sector capital of R12 million, was a further increase in South



Africa's total gold and foreign exchange reserves of R29 million. This brought the total reserves up to R482 million at the end of March, 1966, of which the Reserve Bank held R450 million.

Developments during April and May

During April seasonally adjusted merchandise imports declined further to an annual rate of R1,453 million, which was the lowest level attained since December, 1963. Unfortunately, merchandise exports also decreased noticeably, so that the current account showed a surplus for the month of only about R2 million. As the country's total reserves increased by a further R18 million during April to a total of approximately R500 million, there must have been a net inflow of capital of about R16 million. During May the gold and foreign exchange reserves held by the Reserve Bank increased by a further R27 million to R483 million, while the *total* reserves at the end of May was in the vicinity of R540 million.

The considerable rise in the total reserves from about R340 million at the end of September, 1965, to a figure in the region of R540 million at the end of May, 1966, i.e. an increase of about R200 million in eight months, serves as an indication of the extent to which the balance of payments position improved during this period, even after allowing for the fact that more than R100 million of this increase must be attributed to a net inflow of short-term capital and that a substantial depletion of merchandise inventories resulted from the tightening of import control.

On the other hand, this dramatic rise in the reserves probably contributed to the domestic inflation, not only

via the influence it exerted on the monetary situation, but also because it was incorrectly interpreted in certain business circles as an indication that a new upswing in aggregate expenditure had either commenced or was imminent. Thus new inflationary expectations were created which tended to neutralise the self-correcting stabilising influences in the economy and the effects of the restrictive credit policy.

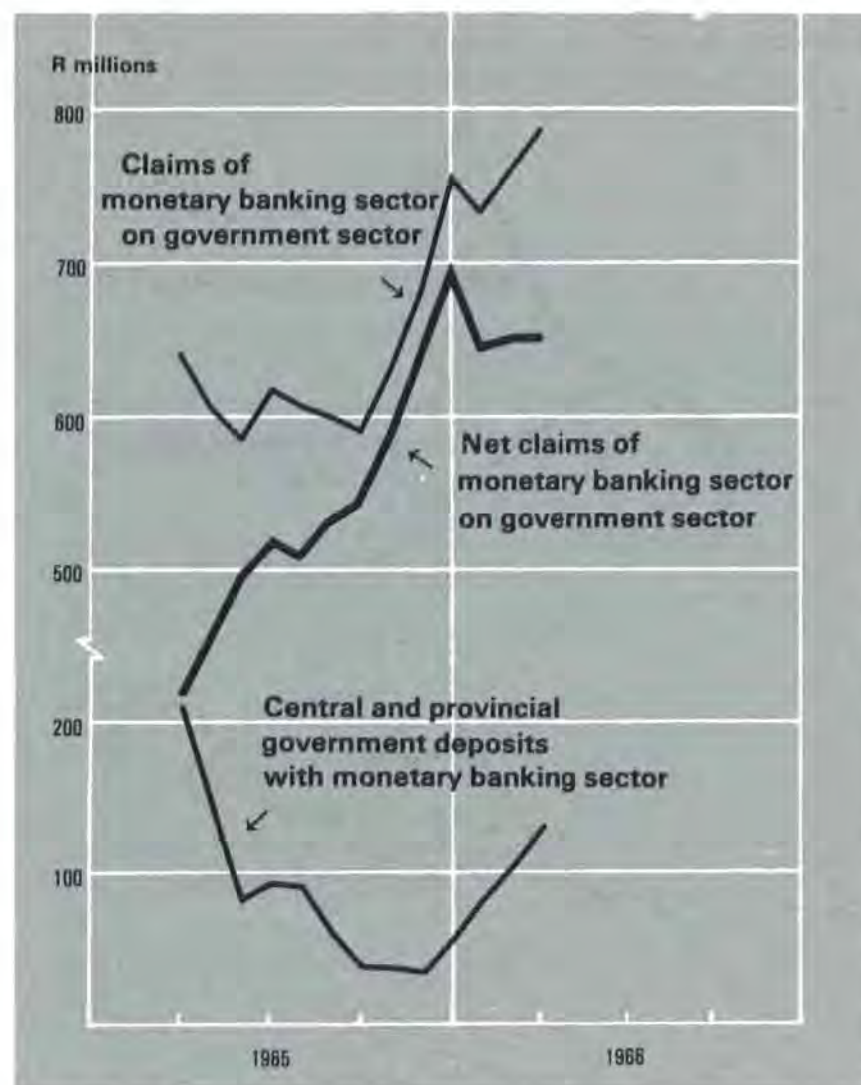
Monetary and banking situation

Increase in money and near-money during fourth quarter of 1965

The persistent inflationary tendency in the economy during the first four months of 1966 was probably to a large extent encouraged by the fact that the private sector found itself in an extremely liquid position at the beginning of the year. In spite of the effects of the restrictive credit policy, the quantity of money and near-money in the hands of private businesses and households increased substantially in the course of 1965 and at the end of the year reached the record amount of R2,489 million.

During the final quarter of 1965 the increase in money and near-money was exceptionally large, namely R202 million. As shown in the accompanying table, the main reason for this rise was an increase of R146 million in the *net* claims of the monetary banking sector on the government sector during this quarter. The latter increase, in turn, arose from an increase of R165 million in the banking sector's holdings of Treasury bills (R86 million), government stock (R60 million) and other claims (R19 million), which was offset to an amount of only R19 million by an increase in government deposits. The main other reasons for the increase in money and near-money during this quarter were a rise of R69 million in the net gold and foreign exchange reserves and a shift from long-term deposits, which are not considered to be near-money, into short and medium-term deposits with monetary banking institutions to an amount of R40 million. The only important factor tending to reduce money and near-money was the official restriction on bank credit to the private sector, as a result of which the claims of the monetary banking sector on the private sector decreased by R66 million.

In other words, what happened during the fourth quarter was that the favourable balance of payments increased the liquid assets of the monetary banks, and since these banks were not allowed to create money and near-money by extending credit to the private sector, they created money and near-money by financing part of the expenditure of the central government. Through this process of money creation they actually invested in Treasury bills and government

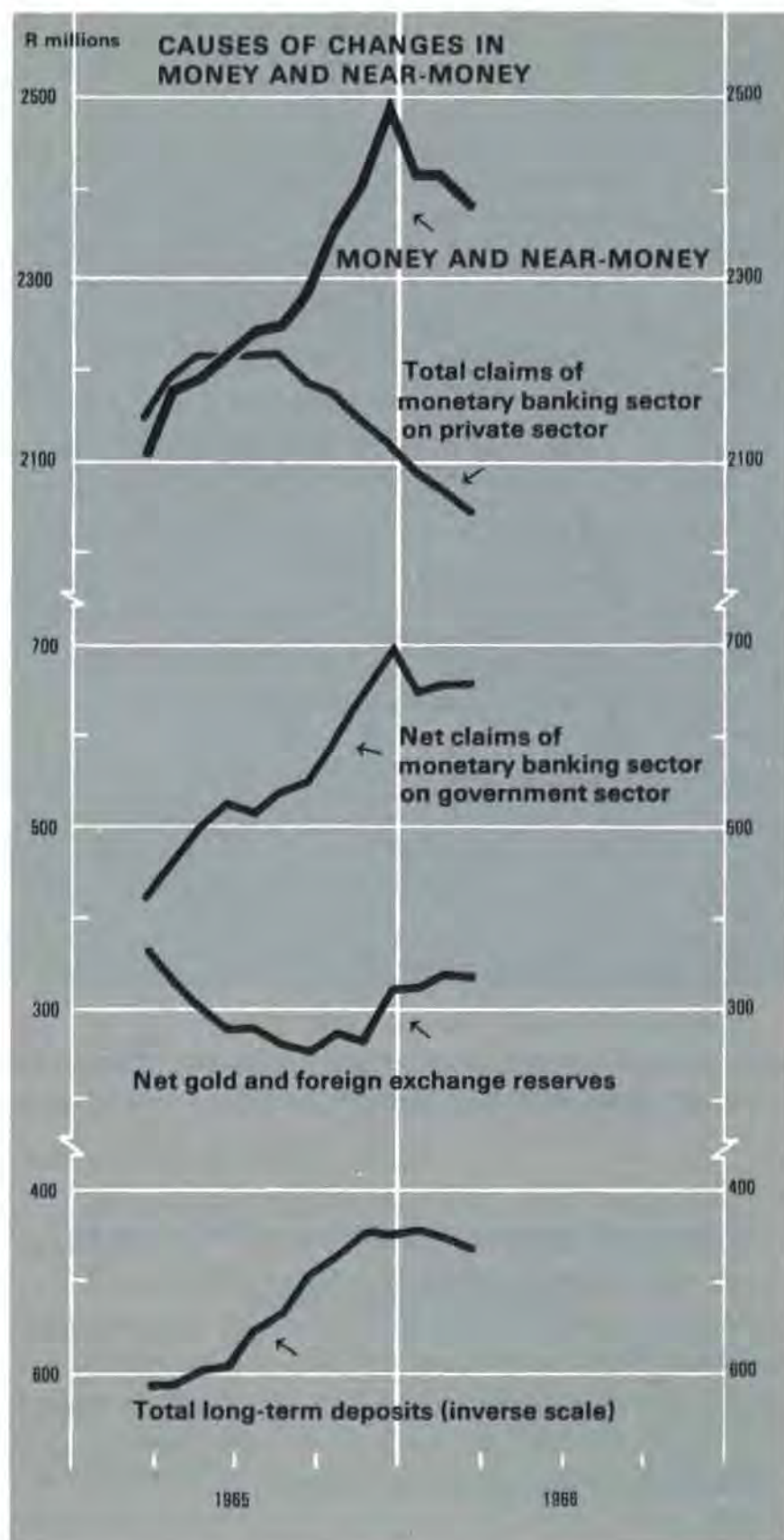


stock much more than the additional resources obtained through the favourable balance of payments.

Causes of changes in money and near-money

(Changes in consolidated assets and liabilities of monetary banking sector)

	R millions	
	1965 4th Qtr.	1966 1st Qtr.
Changes in money and near-money:		
Money	106	-39
Near-money	96	-78
Total money and near-money . .	202	-117
Causes of changes:		
Net gold and foreign exchange reserves	69	18
Claims on government sector	165	32
Government deposits (increase -, decrease +)	-19	-74
Net claims on government sector	146	-42
Claims on private sector	-66	-79
Long-term deposits (increase -, decrease +)	40	-16
Other assets and liabilities . . .	13	2
Total change	202	-117



A further important point is that the monetary banks' liquid asset ratio was not diminished by this additional extension of credit, as Treasury bills and short-term government stock are, of course, themselves liquid assets. On the contrary, the banking sector's ability to create money and near-money directly for the private sector, in the event of the Reserve Bank's credit directive being repealed, was increased considerably.

Decrease in money and near-money during the first quarter of 1966

During the first quarter of 1966, however, conditions improved appreciably, partly as a result of seasonal factors. Thus, in spite of a further increase of R18 million in the net gold and foreign exchange reserves, the quantity of money and near-money declined by

R117 million. As shown in the accompanying table, the main reasons for this decline were (1) a decrease of R79 million in claims of the monetary banking sector on the private sector, (2) a decrease of R42 million in *net* claims of the banking sector on the government sector (mainly due to an increase of R74 million in government deposits, which partly represented a seasonal movement) and (3) a shift from short and medium-term into long-term deposits with monetary banks to an amount of R16 million. In other words, the creation of money by the banking sector via the central government during the previous quarter was to some extent reversed during the first quarter of 1966. In conjunction with the contractionary effect on money and near-money of a further decrease in bank credit to the private sector, this represented a welcome step in the direction of combating inflation.

At the end of March, 1966, total money and near-money nevertheless still amounted to R2,372 million, which was about R265 million or 11 per cent above the already high figure of a year earlier. Expressed as a ratio to gross national product it amounted to about 31 per cent, as compared with 29 per cent in March, 1965. The private sector therefore still remained potentially capable of substantially increasing its consumption and investment expenditures.

Further decline in bank credit to the private sector

Commercial banks, merchant banks and monetary hire-purchase and general banks all managed to curtail their credit to the private sector during the first quarter of 1966, and in accordance with the Reserve Bank's directive of October, 1965, their outstanding discounts, loans and advances to the private sector on the 31st March, 1966, did not exceed those of a year earlier. On the contrary, as shown in the accompanying table, they were substantially lower in all three cases.

A further important development was a decrease from R171 million at the end of September, 1965, to R40 million at the end of April, 1966, in the Reserve Bank's net domestic credit, i.e. in its total domestic discounts, advances and investments less central and provincial government deposits. This decline was, of course, associated partly with the favourable turn in the balance of payments and, during the first quarter

"Controlled" credit to private sector

R millions

	Com- mercial banks	Merchant banks	Monetary hire-purchase and general banks
March, 1965	1,288	60	402
March, 1966	1,202	55	376
Decrease	86	5	26
Percentual decrease	6.7%	8.3%	6.5%

of 1966, with the seasonal increase in government deposits.

Government finance

After declining from R202 million at the end of February, 1965, to R2 million at the end of November, the Government's balances on the Exchequer and Paymaster-General Accounts increased to R128·4 million at the end of May, 1966. This increase was partly the result of seasonal changes in exchequer issues and receipts (excluding borrowing), but was also due to larger net borrowing through the issue of Treasury bills (including tap Treasury bills) and government stock, a substantial portion of which was taken up by monetary banking institutions. During April and May, for example, a net amount of as much as R53 million was obtained through issues of tap Treasury bills alone.

Of government stock of R170·3 million falling due for redemption in February and May, 1966, R136·4 million was converted into 5 per cent 3-year stock and R12·0 million into 6 per cent 25-year stock. The balance of R21·9 million was repaid in cash. In addition, new subscriptions to the February and May loans amounted to R203·8 million up to the end of May, to which the Public Debt Commissioners contributed R110·1 million. Of the balance of R93·7 million an amount of R62·7 million was invested in the 3-year stock and only R31·0 million in the 25-year stock. The closing date for the May loan, however, is not until the 16th June.

Capital market

Strong demand for capital

This experience with the issuing of long-term government stock was symptomatic of the tight

conditions which continued to exist in the capital market, where net new issues of marketable securities by the government, public corporations, local authorities and the private sector amounted to as much as R217 million during the first four months of 1966, compared with R113 million during the last four months of 1965.

This strong demand for new capital understandably tended to exert upward pressure on yields. Nevertheless, the underlying buoyancy, optimism and inflationary expectations in the economy were such that the prices of all the major classes of shares, which had declined noticeably during the second and third quarters of 1965, began to increase again as from the fourth quarter.

Increase in resources of building societies

The building societies experienced a moderate revival in the inflow of new funds in March and April. During these two months their shares and deposits increased by R23 million, compared with only R5 million during January and February. This more rapid increase was, however, partly a normal seasonal phenomenon.

As a result of the increase in their resources, the building societies could expand their loan activities slightly. Compared with R7 million in January and February, their mortgage and other loans outstanding increased by R10 million in March and April, while their "new loans granted" rose from a low point of R14 million in January to R18 million in April.

In general, however, their position, like that of the rest of the capital market, remained relatively tight, and provided another symptom of the pressure still being exerted on the available resources by the excessive capital and consumption expenditure in the economy as a whole.

Kwartaallikse ekonomiese oorsig

Belangrikste verwikkelinge

Die vernaamste korttermynverwikkeling in die Suid-Afrikaanse volkshuishouding gedurende die eerste vier maande van 1966 was 'n matige verdere daling in die bruto binnelandse besteding, waarmee gepaard gegaan het 'n afname in die invoer en die ontstaan van 'n klein oorskot op die lopende rekening van die betalingsbalans. Hierdie daling in die totale besteding was die gevolg van 'n aansienlike intering op voorrade en 'n matige daling in sowel private as openbare vaste kapitaalbesteding. Hierdie verwikkelinge was weer minstens gedeeltelik veroorsaak deur die verskerpte toepassing van invoer- en ander direkte beheermaatreëls, en was dus nie sonder meer 'n aanduiding van 'n betekenisvolle afname in die onderliggende monetêre vraag na goedere en dienste nie. Inteendeel, die beskikbare gegewens dui daarop dat die inflasionistiese druk in die ekonomie dwarsdeur hierdie tydperk voortbestaan het. Sowel die verbruikers- as die groot-handelsprysindeks het gedurende hierdie maande dan ook merkbaar vinniger as gedurende 1965 gestyg.

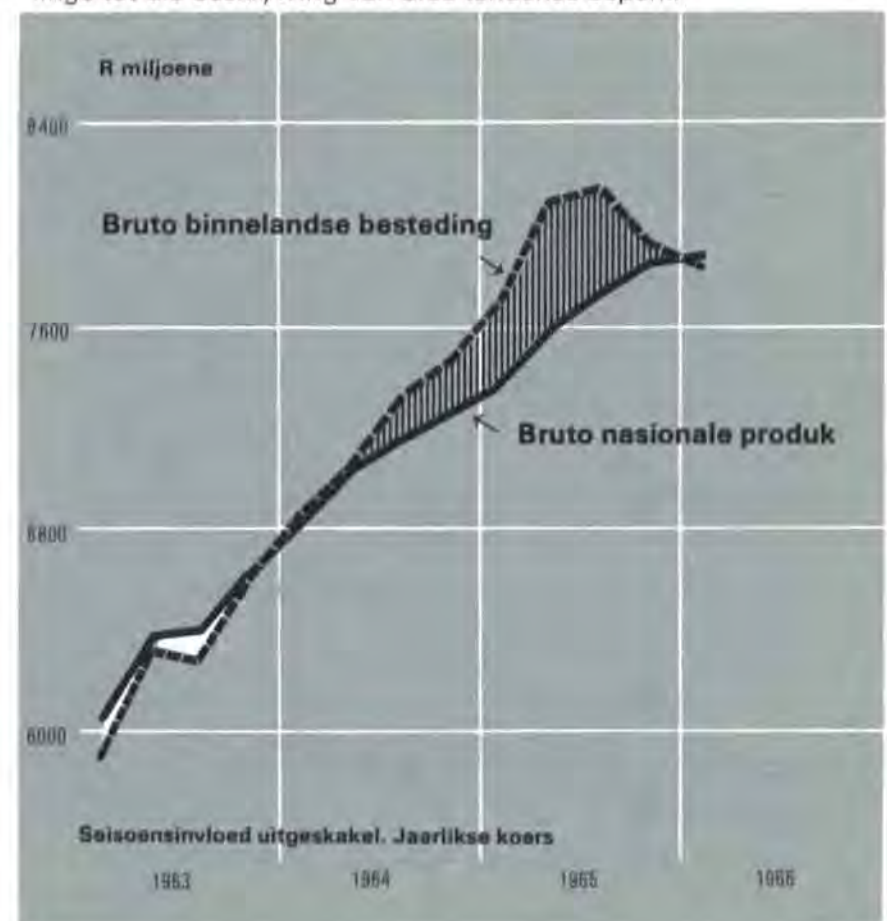
Hierdie voortgesette inflasionistiese neiging in die ekonomie is klaarblyklik aangemoedig deur die feit dat die hoeveelheid geld en kwasi-geld in die hande van die private sektor, ondanks die beperkings op bankkrediet aan hierdie sektor, gedurende die laaste kwartaal van 1965 tot 'n rekordhoogte aan die einde van die jaar gestyg het, hoofsaaklik vanweë die invloeiing van buitelandse kapitaal en die geldskeppende finansiering deur die monetêre banksektor van 'n deel van die regeringsuitgawes. Gedurende die eerste kwartaal van 1966 het die hoeveelheid geld en kwasi-geld, ondanks die gunstige betalingsbalans, egter weer merkbaar gedaal. Hiervoor was veral verantwoordelik 'n verdere afname in die monetêre banksektor se uitstaande krediet aan die private sektor, as gevolg van die beperkende monetêre maatreëls, en 'n toename in regeringsdeposito's. Nietemin was die hoeveelheid geld en kwasi-geld aan die einde van Maart nog relatief hoog en die monetêre klimaat dus nog bevorderlik vir inflasie.

Nasionale rekeninge¹

Matige daling in bruto binnelandse besteding

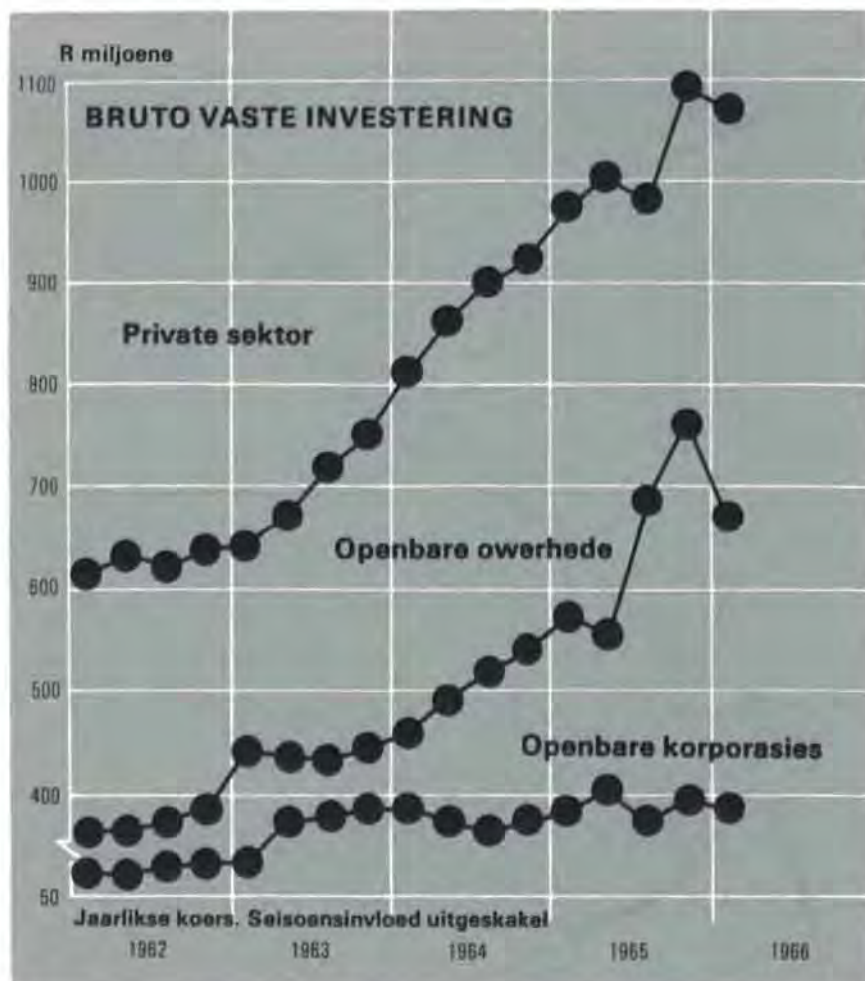
Bruto binnelandse besteding, d.i. die totaal van vaste investering, voorraadinvestering, private verbruik en lopende owerheidsbesteding, het gedurende die eerste kwartaal van 1966, net soos gedurende die laaste kwartaal van 1965, 'n matige maar nietemin welkome daling getoon, en vir die eerste keer sedert die tweede kwartaal van 1964 minder as die bruto nasionale produk bedra. Die klein tekort wat daar nog gedurende die vierde kwartaal van 1965 op die lopende rekening van die betalingsbalans was, ná uitskakeling van seisoensinvloede, is dan ook gedurende die eerste kwartaal van 1966 in 'n klein oorskot omskep, hoofsaaklik weens 'n verdere daling in die invoer.

¹ Die ontleding in hierdie afdeling van die oorsig is hoofsaaklik gebaseer op die Reserwebank se kwartaallikse ramings van die nasionale rekeninge, *ná uitskakeling van die seisoensinvloed*. Aangesien hierdie syfers nog nie as betroubaar genoeg vir publikasie beskou word nie, word die ontleding van kwartaallikse verwikkelinge tot die beskrywing van breë tendense beperk.



Intering op voorrade en daling in vaste investering

Hierdie verwickeling was hoofsaaklik te wyte aan 'n verdere intering op voorrade, veral van nywerheids-goedere en landbouprodukte in die handel. 'n Bykomende faktor was egter die verloop van sowel private as openbare vaste investering, wat albei, ná 'n skerp styging tot 'n abnormaal hoë peil in die laaste kwartaal van 1965, matig afgeneem het gedurende die eerste kwartaal van 1966. Die daling in openbare investering was hoofsaaklik toe te skryf aan 'n vermindering in die kapitaaluitgawes van die Spoorweë en Hawens benede



die buitengewoon hoë peil waartoe dit in die vorige kwartaal geklim het.

Verdere styging in private verbruik en lopende owerheidsbesteding

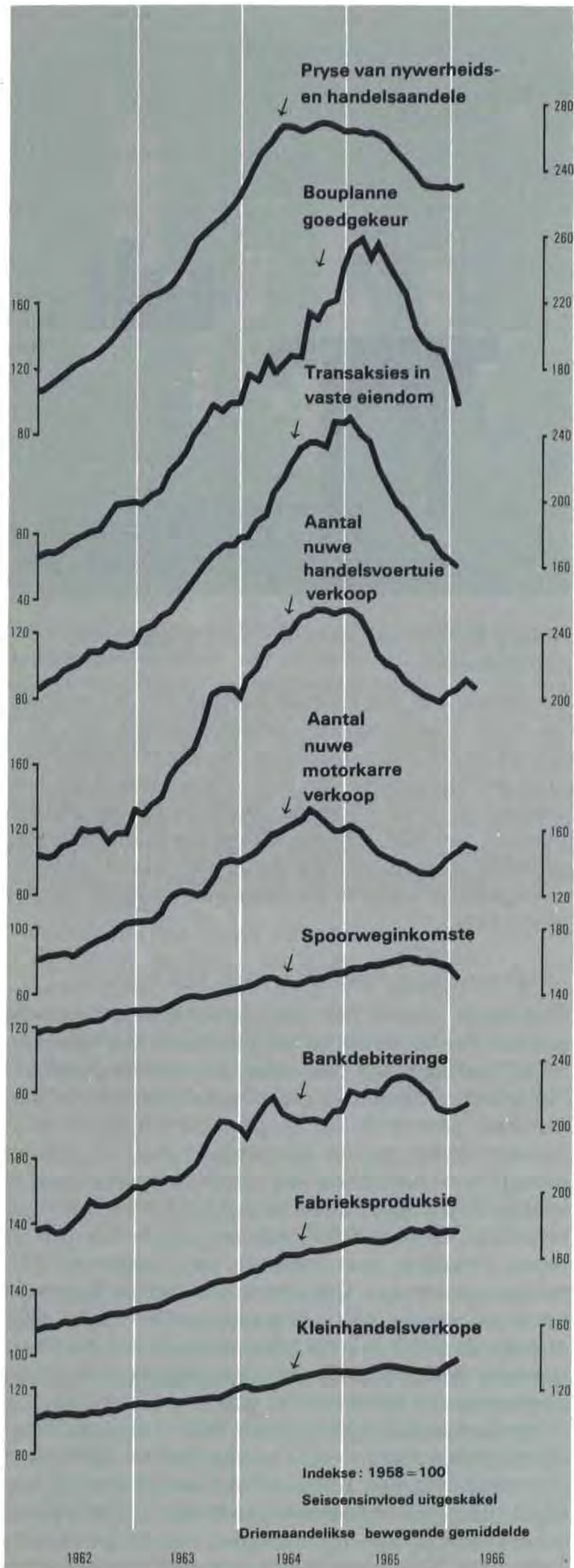
Daarteenoor het sowel private verbruiksbesteding as lopende owerheidsbesteding aansienlik verder toegeneem. Dit was veral opvallend dat die verkope van nuwe motorkarre, meubels en elektriese toestelle, wat gedurende die eerste drie kwartale van 1965 afwaarts geneig het, gedurende die daaropvolgende twee kwartale weer gestyg het.

Redes vir daling in investering en invoer

Die belangrike vraag is natuurlik *waarom* die voorraad- en vaste investering, en dus die invoer, afgeneem het. Indien die daling hierin 'n „natuurlike” sikliese daling was en/of die gevolg was van die beperkings op bankkrediet aan die private sektor, sou dit op 'n betekenisvolle vermindering in die onderliggende monetêre vraag na goedere en dienste, en dus in die inflasionistiese druk, gedui het. Maar as dit 'n „kunsmatige” afname was wat deur die strenger toepassing van invoerbeheer op kapitaalgoedere en grondstowwe en deur ander regstreekse beheermaatreëls soos boubeheer teweeggebring is, het dit natuurlik nie noodwendig beteken dat die vraaginflasie aan die afneem was nie.

Die beskikbare gegewens dui daarop dat die daling in totale investering en invoer die gevolg van *albei* die bogenoemde stelle oorsake was. Gedeeltelik skyn dit 'n natuurlike en gewenste reaksie op die oorinvestering van die vorige jaar te gewees het, 'n reaksie wat bepaald aangehelp is deur die beperkende kredietmaatreëls. Maar ongetwyfeld moet dit ook in 'n belangrike mate aan die toepassing van invoer- en ander regstreekse beheermaatreëls toegeskryf word. In die lig hiervan wil dit voorkom asof die onderliggende monetêre vraag na goedere en dienste dus nog te hoog was en steeds inflasionistiese druk op die beskikbare hulpbronne uitgeoefen het.

Inderdaad het die verskerping van invoerbeheer, terwyl dit belangrik daartoe bygedra het om die druk op die betalingsbalans tydelik te verlig, uit die aard van die saak geneig om die afname in die binnelandse inflasionistiese druk teen te gaan en so die stabiliserende uitwerking van die genoemde self-korrigerende faktore en kredietmaatreëls gedeeltelik te neutraliseer. So het dit waarskynlik die effek gehad om die vraag na buitelandse goedere in 'n mate na binnelandse goedere te verskuif en om die alreeds oormatige peil van kapitaalbesteding in Suid-Afrika verder te stimuleer. Soos later in meer besonderhede aangetoon sal word, het dit ook meegewerk om die voorraad geld en kwasi-geld buitensporig hoog te hou en so 'n monetêre klimaat te skep wat inflasie aangemoedig het.



Algemene ekonomiese aanwysers

'n Ontleding van die verloop van die beskikbare algemene ekonomiese aanwysers gedurende 1965 en die eerste vier maande van 1966 bevestig weer eens dat, alhoewel die 1961–65 sikliese ekonomiese op- lewing vanaf ongeveer die middel van 1965 meer gelyk verloop het (sommige aanwysers het inderdaad skerp gedaal), die algemene ekonomiese bedrywigheid op 'n baie hoë peil gebly het. Vanaf omtrent die middel van die vierde kwartaal van 1965 het sekere seisoens- aangesuiwerde aanwysers, soos die waarde van klein- handelsverkope, die aantal nuwe motorkarre en han- delsvoertuie verkoop, en die pryse van nywerheids- en handelsaandele, selfs weer begin toeneem.

Pryse

Die voortbestaan van inflasionistiese druk gedurende die eerste vier maande van 1966 blyk ook uit die skerp verdere styging in sowel verbruikers- as groothandels- pryse gedurende hierdie tydperk. So het die seisoens- aangesuiwerde indeks van verbruikerspryse (1958=100) vanaf 115·3 in Desember 1965 tot 117·2 in April 1966 toegeneem. Bereken teen 'n jaarlikse koers gee dit 'n persentasie styging van omtrent 5·0, vergeleke met 2·8 persent gedurende 1965. Hierdie verdere toename in die verbruikersprysindeks was slegs gedeeltelik aan 'n styging in voedselpryse toe te skryf. Indien voedsel uitgesluit word, toon die indeks nog 'n styging vanaf 114·9 in Desember 1965 tot 116·4 in April, wat op 'n jaarlikse koers van 4·0 persent neerkom, teenoor 3·1 persent gedurende 1965.²

² Daar moet egter op gewys word dat om sekere tegniese redes wat met die behandeling van die huurkomponent van die indeks saam- hang, die Desember–April toename 'n oordrewe beeld van die prysstygings gedurende hierdie tydperk gee.



Die seisoensaangesuiwerde groothandelsprysindeks het vanaf 111·8 in Desember 1965 tot 114·0 in April toegeneem, d.w.s. teen 'n jaarlikse koers van omtrent 6·0 persent, vergeleke met 2·4 persent gedurende 1965. Hierdie styging was toe te skryf aan 'n toename in die pryse van sowel Suid-Afrikaanse as ingevoerde goedere. Alhoewel die styging in die prysindeks ten opsigte van Suid-Afrikaanse goedere deels te wyte was aan toenames in die pryse van landbou-, bosbou- en visserijprodukte, was dit ook veroorsaak deur toenames in die pryse van nywerheids- en ander produkte.

Betalingsbalans

Dalende neiging in invoer

Soos reeds genoem, het die afname in vaste en voorraadinvestering gedurende die eerste kwartaal van 1966 gepaard gegaan met 'n verdere daling in die invoer. So het die goedere-invoer, indien seisoensinvloede uitgeskakel word, tot 'n jaarlikse koers van slegs R1,536 miljoen gedurende die eerste kwartaal gedaal, vergeleke met R1,924 miljoen en R1,644 miljoen gedurende die derde en vierde kwartale van 1965, onderskeidelik.

Oorskot op lopende rekening

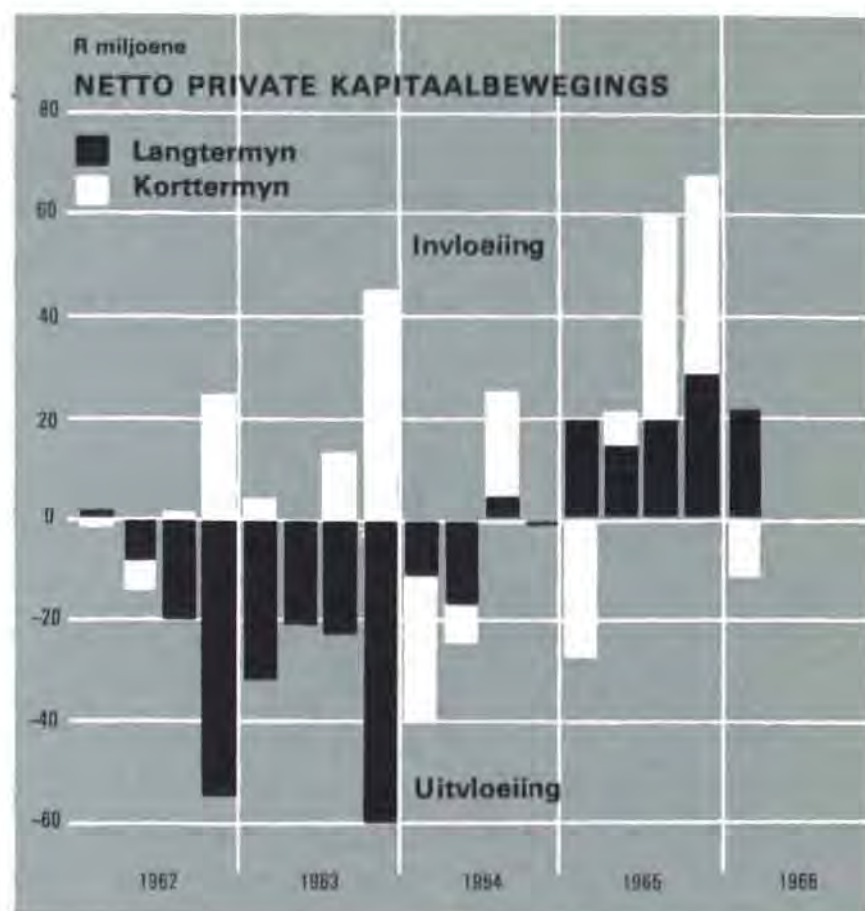
Hierdie daling, tesame met 'n afname in die netto dienste- en oordragbetalings aan die buiteland, was voldoende om, ondanks 'n daling in die goedere-uitvoer, 'n oorskot van R7 miljoen op die lopende rekening van die betalingsbalans gedurende die eerste kwartaal teweeg te bring. Ná uitskakeling van seisoensinvloede en gereken teen 'n jaarlikse koers, het hierdie oorskot soveel as R88 miljoen beloop.

Netto invloeiing van private kapitaal

Vergeleke met R60 miljoen en R68 miljoen gedurende die derde en vierde kwartale van 1965 onderskeidelik, was daar gedurende die eerste kwartaal van 1966 'n netto invloeiing van private kapitaal van omtrent R10 miljoen. Maar anders as gedurende die vorige twee kwartale het die invloeiing nie hoofsaaklik uit korttermynkapitaal bestaan nie. Intendeel, dit was die resultaat van 'n netto invloeiing van R21 miljoen langtermynkapitaal en 'n netto uitvloeïing van R11 miljoen korttermynkapitaal (met insluiting van foute en onaangetekende transaksies).

Netto invloeiing van kapitaal na sentrale regering en banksektor

Bykomend tot hierdie netto invloeiing van private kapitaal is 'n netto invloeiing van sentrale regerings- en banksektorkapitaal van R12 miljoen gedurende die eerste kwartaal aangeteken, en dit ondanks die terugbetaling deur die sentrale regering van R7 miljoen op buitelandse lenings en die betaling van R9 miljoen in goud as deel van die toevoeging van R36 miljoen tot Suid-Afrika se subskripsie tot die Internasionale Monetêre Fonds.



Verdere toename in goud- en buitelandse valuta-reserwes

Die gevolg van die lopende oorskot van R7 miljoen, die netto invloeiing van private kapitaal van R10 miljoen en die netto invloeiing van sentrale regerings- en banksektorkapitaal van R12 miljoen, was 'n verdere toename in Suid-Afrika se totale goud- en valuta-reserwes van R29 miljoen. Dit het die totale reserwes op R482 miljoen aan die einde van Maart 1966 te staan gebring, waarvan die Reserwebank R450 miljoen gehou het.

Verwikkelinge gedurende April en Mei

Gedurende April het die seisoensaangesuiwerde goedere-invoer verder gedaal tot 'n jaarlikse koers van R1,453 miljoen, wat die laagste peil sedert Desember 1963 was. Ongelukkig het die goedere-uitvoer ook merkbaar afgeneem, sodat die lopende rekening 'n oorskot vir die maand van slegs sowat R2 miljoen getoon het. Aangesien die totale reserwes met 'n verdere R18 miljoen gedurende April gestyg het tot 'n totaal van omtrent R500 miljoen, moes daar dus 'n netto invloeiing van kapitaal van ongeveer R16 miljoen gewees het. Gedurende Mei het die Reserwebank se goud- en valuta-reserwes met nog R27 miljoen tot R483 miljoen toegeneem, terwyl die totale reserwes aan die einde van Mei waarskynlik in die omgewing van R540 miljoen was.

Die aansienlike styging in die totale reserwes vanaf R340 miljoen aan die einde van September 1965 tot in die omgewing van R540 miljoen aan die einde van Mei 1966, d.w.s. 'n toename van omtrent R200 miljoen in agt maande, dien as aanduiding van die groot mate waarin die betalingsbalansposisie gedurende hierdie

tydperk verbeter het, selfs met inagneming van die feit dat meer as R100 miljoen van hierdie toename toegeskryf moet word aan 'n netto invloeiing van korttermynkapitaal en dat daar, as gevolg van die verskerping van invoerbeheer, 'n aansienlike intering op goederevoorrade was.

Aan die ander kant het hierdie dramatiese styging in die reserwes waarskynlik tot die binnelandse inflasie bygedra, nie net via die invloed wat dit op die monetêre toestand uitgeoefen het nie, maar ook deurdat dit in sekere sakekringe verkeerdelik vertolk is as 'n aanduiding dat 'n nuwe opwaartse beweging in die totale besteding of reeds begin het of op hande was. Sodoende het dit nuwe inflasionistiese verwagtings geskep wat geneig het om die self-korrigerende stabiliserende invloede in die ekonomie en die uitwerking van die beperkende kredietbeleid te neutraliseer.

Monetêre en banktoestand

Toename in geld en kwasi-geld gedurende vierde kwartaal van 1965

Die volgehoue inflasionistiese neiging in die ekonomie gedurende die eerste vier maande van 1966 is waarskynlik in 'n groot mate aangemoedig deur die feit dat die private sektor aan die begin van die jaar in 'n buitengewoon likwiede toestand verkeer het. Die hoeveelheid geld en kwasi-geld in die hande van private ondernemings en huishoudings het, ondanks die uitwerking van die beperkende kredietbeleid, gedurende die loop van 1965 aansienlik gestyg en aan die einde van die jaar die rekordbedrag van R2,489 miljoen bereik.

Gedurende die laaste kwartaal van 1965 was die toename in geld en kwasi-geld besonder groot, naamlik R202 miljoen. Soos die meegaande tabel aantoon was die hoofrede vir hierdie styging 'n toename van R146 miljoen in die *netto* eise van die monetêre banksektor teen die regeringsektor gedurende hierdie kwartaal. Laasgenoemde toename het weer gespruit uit 'n styging van R165 miljoen in die banksektor se besit aan skatkiswissels (R86 miljoen), staatseffekte (R60 miljoen) en ander eise (R19 miljoen), wat slegs tot 'n bedrag van R19 miljoen geneutraliseer is deur 'n styging in regeringsdeposito's. Die ver naamste ander redes vir die toename in geld en kwasi-geld gedurende hierdie kwartaal was 'n styging van R69 miljoen in die netto goud- en buitelandse valuta-reserwes en 'n verskuiwing van langtermyndeposito's, wat nie as kwasi-geld beskou word nie, na kort- en middeltermyndeposito's by monetêre bankinstellings ten bedrae van R40 miljoen. Die enigste belangrike faktor wat in die rigting van 'n daling in geld en kwasi-geld gewerk het, was die amptelike beperking op bankkrediet aan die private sektor, as gevolg waarvan die monetêre banksektor se eise teen die private sektor met R66 miljoen afgeneem het.

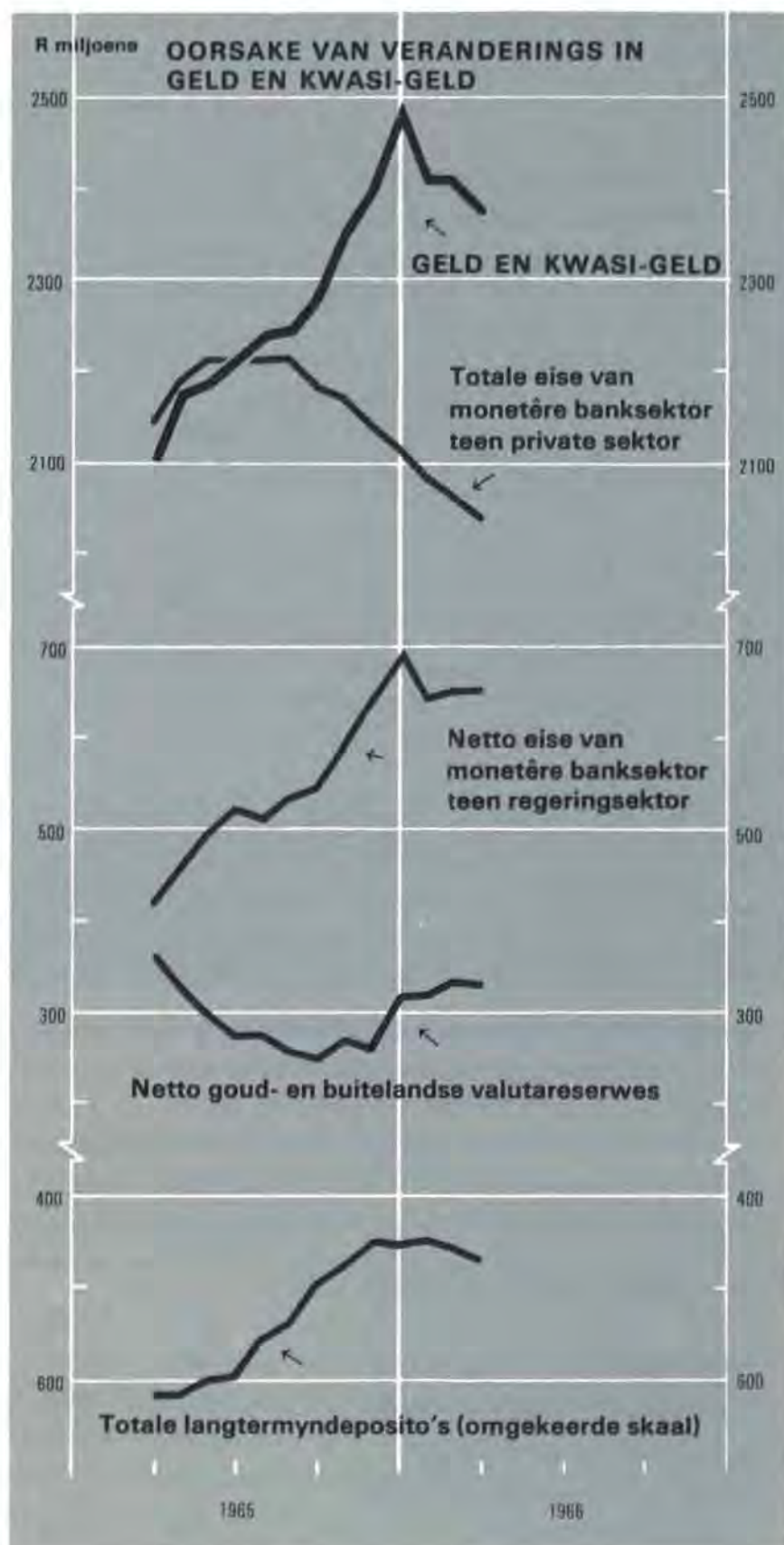


Oorsake van verandering in geld en kwasi-geld

(Verandering in gekonsolideerde bates en laste van monetêre banksektor)

	R miljoene	
	1965 4de kw.	1966 1ste kw.
Verandering in geld en kwasi-geld :		
Geld	106	-39
Kwasi-geld	96	-78
Totale geld en kwasi-geld . . .	202	-117
Oorsake van verandering:		
Netto goud- en buitelandse valutaresewies	69	18
Eise teen regeringsektor	165	32
Regeringsdeposito's (toename -, afname +)	-19	-74
Netto eise teen regeringsektor . .	146	-42
Eise teen private sektor	-66	-79
Langtermyndeposito's (toename -, afname +)	40	-16
Ander bates en laste	13	2
Totale verandering	202	-117

Met ander woorde, wat gedurende die vierde kwartaal gebeur het, was dat die gunstige betalingsbalans die monetêre banke se likwiede bates laat toeneem het, en aangesien hierdie banke nie toegelaat was om geld en kwasi-geld te skep deur krediet aan die private sektor te verleen nie, het hulle toe geld en



kwasi-geld geskep deur 'n deel van die sentrale regering se uitgawes te finansier. Hulle het nie net die addisionele middele wat hulle deur die gunstige betalingsbalans ontvang het in skatkiswissels en staatseffekte belê nie, maar het deur hul geldskeppingsproses 'n veel groter bedrag op hierdie wyse belê.

'n Verdere belangrike punt is dat die monetêre banke se likwiede bate-verhouding nie deur hierdie addisionele kredietverlening verminder is nie, aangesien skatkiswissels en korttermynstaatseffekte natuurlik self likwiede bates is. Inteendeel, die vermoë van die banksektor om verdere geld en kwasi-geld regstreeks vir die private sektor te skep indien die Reserwebank se kredietaanwysing opgehef sou word, het aansienlik toegeneem.

Afname in geld en kwasi-geld gedurende eerste kwartaal van 1966

Gedurende die eerste kwartaal van 1966 het die posisie egter aanmerklik verbeter, gedeeltelik as gevolg van seisoensfaktore. Die hoeveelheid geld en kwasi-geld het, ondanks 'n verdere toename van R18 miljoen in die netto goud- en valuta-reserwes, met R117 miljoen gedaal. Soos die meegaande tabel aantoon, was die hoofredes vir hierdie daling (1) 'n afname van R79 miljoen in die monetêre banksektor se eise teen die private sektor, (2) 'n afname van R42 miljoen in die banksektor se *netto* eise teen die regeringsektor (hoofsaaklik weens 'n styging van R74 miljoen in regeringsdeposito's, wat gedeeltelik 'n seisoensbeweging was) en (3) 'n verskuiwing vanaf kort- en middeltermyn- na langtermyndeposito's by monetêre banke ten bedrae van R16 miljoen. Met ander woorde, die geldskepping deur die banksektor via die sentrale regering gedurende die vorige kwartaal is in 'n mate gedurende die eerste kwartaal van 1966 weer ongedaan gemaak. Tesame met die inkrampende uitwerking op geld en kwasi-geld van die verdere daling in bankkrediet aan die private sektor, was dit 'n welkome stap in die rigting van inflasiebestryding.

Nietemin het die totale geld en kwasi-geld aan die einde van Maart 1966 nog sowat R2,372 miljoen beloop, wat R265 miljoen of 11 persent hoër was as die alreeds hoë syfer van 'n jaar vroeër. In verhouding tot die bruto nasionale produk het dit sowat 31 persent bedra, vergeleke met 29 persent in Maart 1965. Die private sektor was dus nog steeds potensieel in staat om sy verbruiks- en investeringsuitgawes aansienlik te vermeerder.

Verder afname in bankkrediet aan die private sektor

Handelsbanke, aksepbanke en monetêre huurkoop- en algemene banke het almal hul krediet aan die private sektor verder ingekort gedurende die eerste kwartaal van 1966 en, in ooreenstemming met die versoek wat die Reserwebank in Oktober 1965 aan hulle gerig het, was hul uitstaande diskonteringe, lenings en voorskotte aan die private sektor op 31 Maart 1966 nie hoër as 'n jaar vantevore nie. Inteendeel, soos die bygaande tabel aantoon, was dit in al drie gevalle heelwat laer.

„Beheerde” krediet aan private sektor R miljoene

	Handelsbanke	Aksepbanke	Monetêre huurkoop- en algemene banke
Maart 1965	1,288	60	402
Maart 1966	1,202	55	376
Afname	86	5	26
Persentuele afname	6.7%	8.3%	6.5%

'n Verdere belangrike verwikkeling was 'n afname vanaf R171 miljoen aan die einde van September 1965 tot R40 miljoen aan die einde van April 1966 in die Reserwebank se netto binnelandse krediet, d.w.s. in sy totale binnelandse verdiskonteringe, voorskotte en beleggings min sentrale en provinsiale regerings-deposito's. Hierdie daling het natuurlik ten dele met die gunstige wending in die betalingsbalans en, gedurende die eerste kwartaal van 1966, met die seisoenstoename in die regeringsdeposito's saamgehang.

Staatsfinansies

Na 'n daling vanaf R202 miljoen aan die einde van Februarie 1965 tot R2 miljoen aan die einde van November, het die regering se saldo's op die skatkis- en betaalmeestergeneraalrekenings tot R128.4 miljoen aan die einde van Mei 1966 toegeneem. Hierdie toename was gedeeltelik toe te skryf aan seisoensveranderings in skatkisuitreikings en -ontvangstes (uitgesonderd lenings), maar was ook die gevolg van groter netto lenings deur die uitreiking van skatkiswissels (insluitende skatkiswissels op aanvraag) en staatseffekte, waarvan 'n aansienlike gedeelte deur monetêre bank-instellings opgeneem is. Gedurende April en Mei is byvoorbeeld 'n netto bedrag van soveel as R53 miljoen verkry deur die uitreiking van skatkiswissels op aanvraag.

Van staatseffekte ten bedrae van R170.3 miljoen, wat in Februarie en Mei 1966 verval het, is R136.4 miljoen omgesit in 5 persent 3-jaar-effekte en R12.0 miljoen in 6 persent 25-jaar-effekte. Die saldo van R21.9 miljoen is in kontant terugbetaal. Daarbenevens het nuwe inskrywings op hierdie lenings van Februarie en Mei tot die einde van Mei gesamentlik R203.8 miljoen bedra, waartoe die Staatskuldkommissaris R110.1 miljoen bygedra het. Van die oorblywende bedrag van R93.7 miljoen is R62.7 miljoen in die 3-jaar-effekte en slegs R31.0 miljoen in die 25-jaar-effekte belê. Die Mei-lening se sluitingsdatum is egter eers 16 Junie.

Kapitaalmark

Sterk vraag na kapitaal

Hierdie ondervinding met die uitgifte van langtermyn-staatseffekte was simptome van die stram toestand wat in die kapitaalmark bly voortbestaan het, waar netto nuwe uitgiftes van bemarkbare effekte deur die regering, openbare korporasies, plaaslike owerhede en die private sektor gedurende die eerste vier maande van 1966 soveel as R217 miljoen beloop het, vergeleke met R113 miljoen gedurende die laaste vier maande van 1965.

Hierdie sterk vraag na nuwe kapitaal het begryplikerkwys geneig om opwaartse druk op opbrengskoerse uit te oefen. Nietemin was die onderliggende lewendigheid, optimisme en inflasionistiese verwagtings in die volkshuishouding sodanig dat die pryse van al die belangrikste klasse van aandele, wat gedurende die tweede en derde kwartale van 1965 merkbaar gedaal het, vanaf omtrent die vierde kwartaal weer begin styg het.

Toename in middele van bouverenigings

Die bouverenigings het in Maart en April 'n matige herlewing in die invloeiing van nuwe middele ondervind. Gedurende hierdie twee maande het hul aandele en deposito's met R23 miljoen toegeneem, vergeleke met slegs R5 miljoen gedurende Januarie en Februarie. Hierdie vinniger toename was egter gedeeltelik 'n normale seisoensverskynsel.

Gevolglik kon die bouverenigings hul leningsbedrywighede ietwat uitbrei. Vergeleke met R7 miljoen in Januarie en Februarie het hul uitstaande verband- en ander lenings met R10 miljoen in Maart en April toegeneem, terwyl hul „nuwe lenings toegestaan” vanaf 'n laagtepunt van R14 miljoen in Januarie tot R18 miljoen in April gestyg het.

In die algemeen het hul posisie, net soos dié van die res van die kapitaalmark, egter betreklik stram gebly, en was dit 'n verdere simptoom van die druk wat as gevolg van die oormatige kapitaal- en verbruiksbesteding op die beskikbare hulpbronne in die ekonomie uitgeoefen is.