

Quarterly economic review

Main developments

The latest available economic statistics show clearly that the new cyclical upswing in the South African economy which began during the second quarter of 1966, continued throughout the rest of the year and into the early months of 1967. This new upward movement was premature, in the sense that it developed before the existing inflationary pressure had been significantly reduced and while conditions of over-full employment still prevailed. It accordingly took the form not of an acceleration in the rate of increase of physical output or real income, but mainly of an upswing in total capital and consumption spending in monetary terms. In the existing circumstances, this naturally threatened to aggravate the inflation.

An intensification of the inflationary pressure was, however, averted by the various disinflationary measures applied by the authorities in July and August, 1966, which included the relaxation of import control, an increase in Bank Rate and in the Reserve Bank's pattern of interest rates for long-term government stock, an extension of direct control over bank discounts and advances for a further period of six months, an increase in taxation and various other fiscal measures. These measures were followed early in December by a further series of steps designed to reinforce and complement the earlier anti-inflationary action. The additional steps included a further relaxation of import control, a reduction of 7½ per cent in the "ceiling" for credit extended by monetary banks to the private sector and a more restrictive money market policy aimed at making the existing Bank Rate more effective and reducing both the scope and incentive for inter-company lending.

In retrospect, it is evident that the official measures of July and August, and later those of December, had considerable effect and played an important part in containing the inflationary pressure. They were, for example, largely responsible for the following favourable developments:

(1) After having been reduced to a relatively low level in the second quarter of 1966, imports increased so rapidly during the second half of 1966 and the first two months of 1967, that the current account surplus virtually disappeared during the third quarter of 1966 and was actually transformed into a moderate deficit during the subsequent five months. During the fourth quarter of 1966 this deficit served to offset a net

inflow of foreign capital and therefore prevented the *overall* balance of payments from having a further expansionary effect on the internal quantity of money and near-money. Then, during January and February, 1967, it helped to bring about a substantial decline in the gold and foreign exchange reserves and therefore exerted an actual contractionary effect on internal liquidity, which partially offset the expansionary effects of additional credit extension by the banking system. In addition, the rising imports increased the availability of goods and the degree of competition in the internal market. In these ways a considerable amount of inflationary steam was allowed to escape from the economy.

(2) During the second half of 1966 and again in January, 1967, the Exchequer succeeded completely in financing its total current and capital expenditure in a "non-inflationary" way, i.e. without increasing its net indebtedness to the monetary banks. This favourable result was obtained largely as a result of three factors, namely (a) the increase in taxation in the August Budget, (b) the increase in the rate of interest on government stock, and (c) the introduction of legislation requiring insurance companies, pension funds and unit trusts to hold more government stock. It is true that at times during this period the Treasury issued substantial amounts of additional Treasury bills to the banking sector, but this was done not with a view to financing government expenditures but purely as a technical money market operation to provide investment outlets to the banks and to bring about a rise in the Treasury bill rate following the increase in Bank Rate—the funds obtained in this way were sterilised with the Reserve Bank.

(3) Mainly as a result of the developments in the balance of payments and in government finance referred to above, the discount houses and the National Finance Corporation experienced substantial withdrawals of call money and were forced to rediscount quite heavily with the Reserve Bank on occasions during the first quarter of 1967. At the same time, the Treasury bill rate and other short-term interest rates increased sharply and thus moved into better alignment with Bank Rate. These developments tended to reduce both the scope and incentive for inter-company lending and gave the Reserve Bank greater control over the money market.

From these three developments alone, quite apart from any restrictive effect which the "ceiling" on bank discounts and advances to the private sector may be having, it may be deduced that if the various anti-inflationary steps had not been taken, the quantity of money and near-money and total investment and consumption spending would have risen much more rapidly and that the actual and potential inflation in the economy would almost certainly have been considerably worse.

But while the inflationary pressure has been contained successfully and the authorities now have greater control over the monetary and banking situation than at any time during 1966, the battle against inflation has still not been completely won.

Victory will only be achieved when the level, or at least the rate of increase, of capital and consumer spending is significantly reduced, and – despite the favourable developments mentioned above – there is no evidence that this objective has yet been attained. On the contrary, the available evidence relating to recent and prospective expenditure tendencies suggests that the danger of continued inflation is still very real. It was against this background that the Budget was introduced on the 22nd March.¹

National accounts²

Gross domestic product

According to the latest revised estimates, gross domestic product valued at current prices increased during 1966 at roughly the same rate as during the previous year, namely by nearly 9 per cent. In real terms, i.e. valued at constant prices, it also increased at approximately the same rate as during 1965, namely by about 5½ per cent. Moreover, this rate was more or less maintained throughout the course of 1966, including the fourth quarter.

Gross domestic expenditure

Gross domestic expenditure, i.e. the total of capital outlays, consumption and current government expenditure, increased by only about 5 per cent during 1966, compared with nearly 12 per cent in 1965. But after rising at a relatively low rate and falling below gross national product during the first half of 1966, mainly owing to a decline in both fixed and inventory investment, it accelerated sharply during the second half of 1966 and, as during the second half of 1964 and the whole of 1965, again exceeded gross national product.

¹ This Review was printed before the contents of the latest Budget were known.

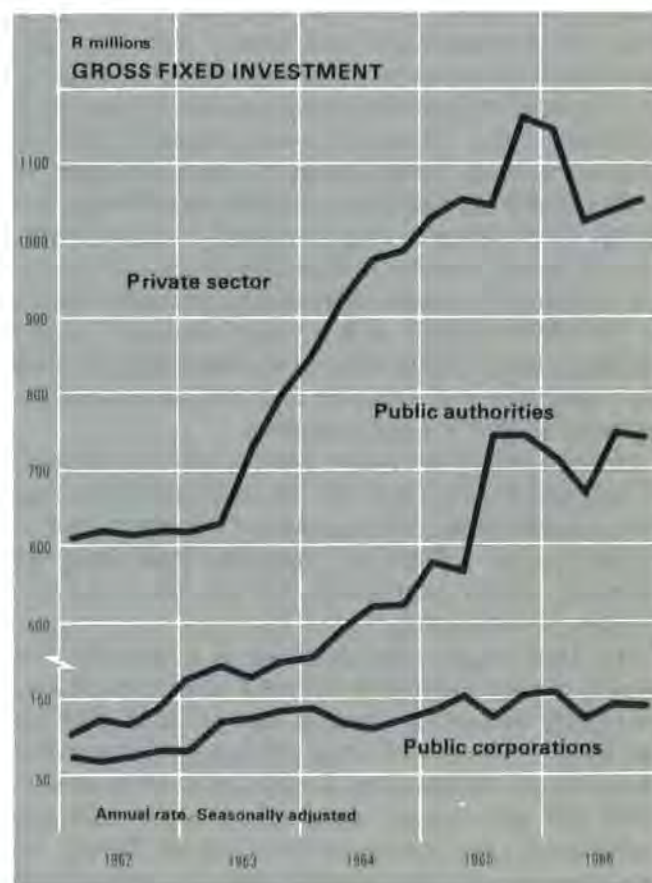
² The analysis in this section of the Review is largely based on the Reserve Bank's quarterly estimates of the national accounts, *after adjustment for seasonal tendencies*. Since these figures are not yet judged reliable enough for publication, the analysis of quarterly developments is confined to pointing out broad tendencies.

This was reflected in the balance of payments on current account, which showed a moderate surplus during the first half of 1966, but then yielded only a very small surplus during the third quarter and moved into deficit again during the fourth quarter.

Fixed capital outlays

Gross domestic fixed investment increased by only about 2 per cent during 1966, compared with 21 per cent in 1965 and 22 per cent in 1964. In the private sector fixed capital outlays showed little change compared with 1965, while they declined by nearly 5 per cent in the case of the public corporations and increased by about 9 per cent in the case of public authorities.

But these annual figures obscure the fact that in both the public and private sectors fixed investment moved downwards during the first half of the year and then, after the economy had begun to move into a new cyclical upswing, resumed an upward movement. In the public sector there was a marked increase during the third quarter, followed by a slight decline during the fourth quarter, while private fixed capital outlays increased during both the third and fourth quarters, although they did not reach the peak attained during the fourth quarter of 1965. Thus, whereas the annual figures tend to give a reassuring picture of fixed invest-



ment levelling off (although at a very high level), the quarterly figures reveal the potential danger of a new inflationary upturn in capital outlays.

Inventory investment

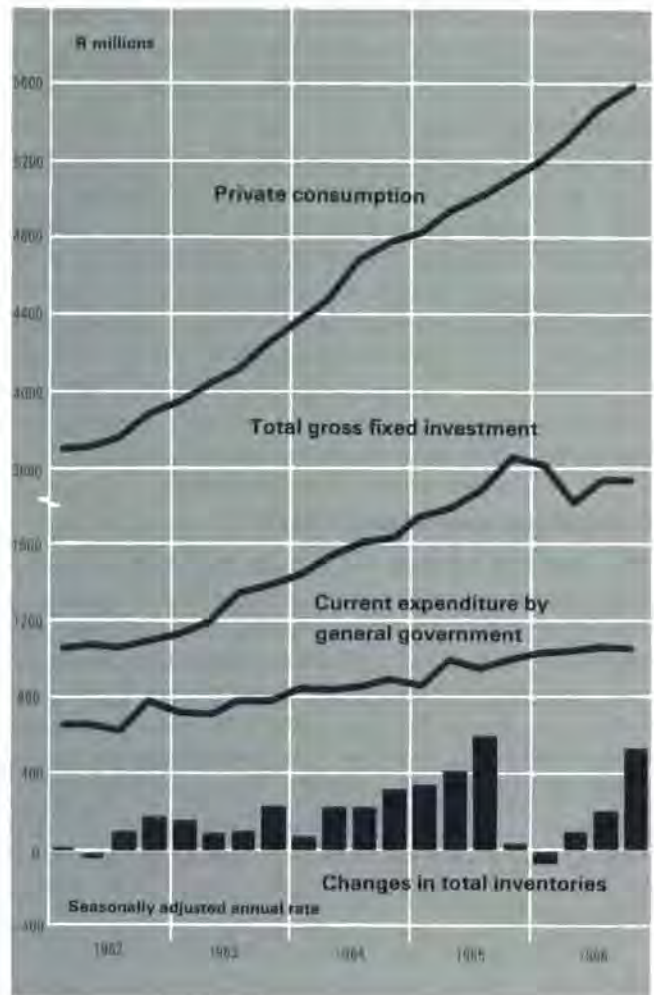
After amounting to the exceptionally high figure of R375 million in 1965, inventory investment declined to about R190 million in 1966, to which private manufacturing contributed about R89 million. As in the case of fixed investment, however, the annual figures are misleading, as they obscure significant fluctuations during the course of these two years. During the first three quarters of 1965, for example, inventories were built up to excessive levels. Then, mainly as a joint result of a tightening of import control and the temporary levelling-off tendency in the economy, inventory investment declined sharply and during the first quarter of 1966 even became negative, i.e. total stocks were actually reduced. This was followed by a renewed build-up of stocks, particularly after the new economic upswing had gained momentum and the relaxation of import control in July. It was this latter increase in inventory investment which, together with the upturn in fixed capital outlays, was mainly responsible for the accelerated rate of increase shown by gross domestic expenditure during the second half of 1966 and for the re-emergence of a deficit on the balance of payments on current account during the fourth quarter.

In retrospect, these sharp fluctuations in inventory investment over the past two years, which were partly induced by changes in import control policy, stand out as one of the major features of the economic situation during this period. They exerted an important influence not only on the course of the overall business cycle and the balance of payments, but also on the entire monetary and banking situation, and were responsible for much of the instability in the economy during this period.

Private consumption

Private consumption continued to rise steadily during the fourth quarter. During 1966 as a whole it increased by about $8\frac{1}{2}$ per cent or roughly the same rate as during 1965. *Real* private consumption increased by nearly $5\frac{1}{2}$ per cent during 1966, compared with slightly less than 5 per cent in 1965. Given a population growth of about 2.4 per cent per year, this indicates that there was an increase in real private consumption per capita of about $2\frac{1}{2}$ per cent in 1965 and roughly 3 per cent in 1966.

In addition to the considerable further rise in private consumption, current expenditure by public authorities increased by nearly 11 per cent in 1966, compared with nearly 12 per cent in 1965 and 13 per cent in 1964. The increase in wages, salaries and bonus payments in the public service during 1966 contributed significantly to this substantial further rise.



Exports

After rising sharply from May onwards and contributing greatly to the new cyclical upward movement in general economic activity, total exports of goods and services, including the net gold output, declined slightly during the fourth quarter but remained at a relatively high level. During 1966 as a whole they increased by about R134 million or nearly 7 per cent, compared with only 2 per cent in 1965.

Imports

As will be set out in more detail later on, imports of goods and services, which had risen by 24 per cent in 1963, 22 per cent in 1964 and 13 per cent in 1965, declined by nearly 7 per cent in 1966. From May onwards, however, imports increased very sharply indeed and during the fourth quarter reached a figure which was almost as high as the peak figure attained during the third quarter of 1965.

Saving

Gross domestic saving increased by nearly 8 per cent in 1966, compared with nearly 17 per cent in 1965 and 9 per cent in 1964. Preliminary estimates suggest that

personal and corporate saving and provision for depreciation showed increases, while the current surplus of general government declined.

General impression

The various product and expenditure tendencies outlined above would appear to be in accordance with the impression gained earlier that, after a distinct levelling-off tendency from about the middle of 1965 to very roughly the end of the first quarter of 1966, the South African economy moved into a new cyclical upswing, which continued throughout the rest of 1966 and resulted in a continuation of inflationary pressure upon the country's skilled labour and other scarce resources.

Production and employment¹

After tending to level off during the second half of 1965, the seasonally adjusted index of the volume of manufacturing production moved fairly sharply upwards during the first eight months of 1966 before declining slightly in September and October. During the period January to October, 1966, the monthly average of this index was 6.2 per cent higher than during the corresponding period of 1965, compared with an increase of 6.3 per cent between 1964 and 1965. The main groups contributing to the increase in 1966 were food, transport equipment, machinery, textiles, clothing and footwear.

Manufacturing employment also increased significantly and, although not indicating any definite tendency during the course of the first eight months of 1966, was on average about 4.9 per cent higher than during the corresponding period of 1965.

The index of the volume of mining production like-

wise increased substantially during the course of 1966 and was 6.0 per cent higher during the year as a whole than during 1965. This increase, which represented a significant improvement on the rise of 3.4 per cent registered between 1964 and 1965, was largely attributable to an increase of 22.7 per cent in mining production *other than gold*; the index for gold production as such increased by only 1.0 per cent. The production of copper, in particular, showed a sharp rise compared with the previous year.

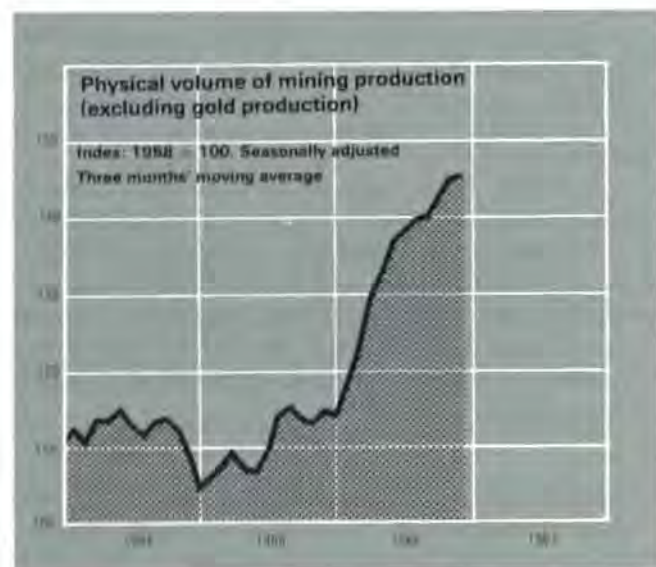
The seasonally adjusted index for registered unemployed Whites, Coloureds and Asiatics remained relatively low throughout 1966 and stood at 71.8 in December, 1966, compared with 69.9 in December, 1965. In January, 1967, the index declined slightly to 70.8.

General economic indicators

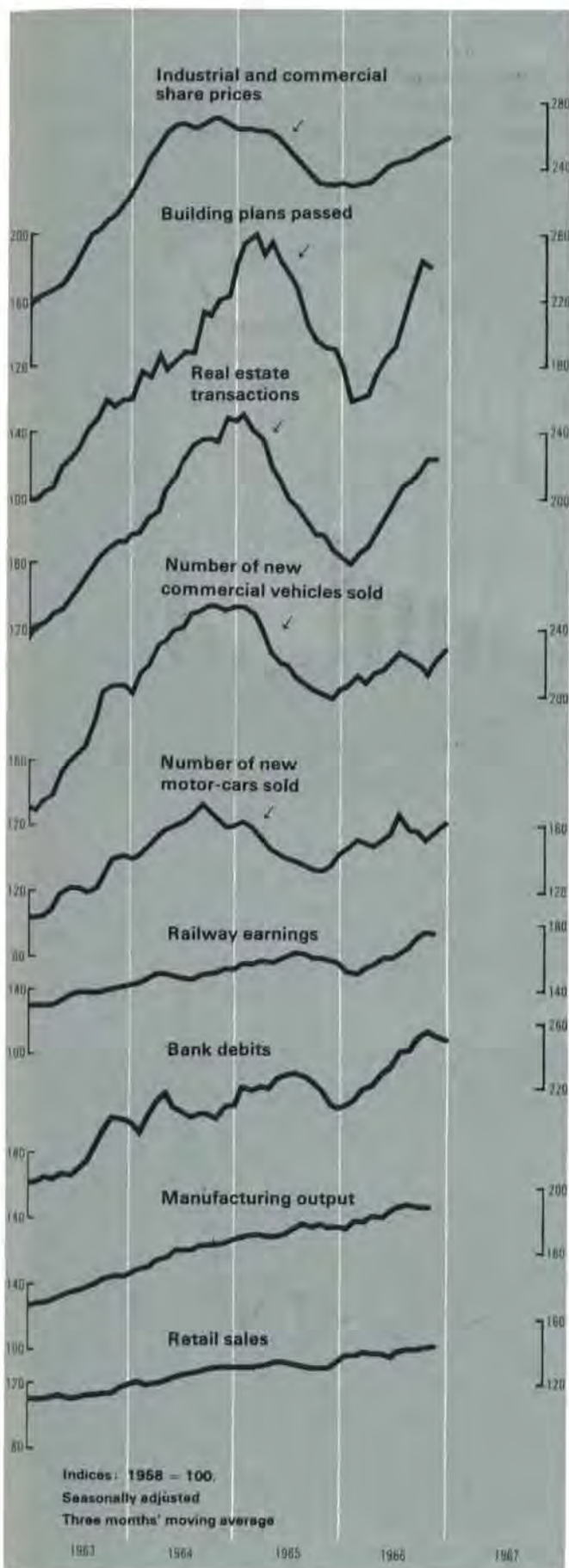
The latest available statistics relating to such general economic indicators as building plans passed, real estate transactions, number of new commercial vehicles sold, number of new motor cars sold, railway earnings, bank debits, retail sales and industrial and commercial share prices, all serve to confirm that the new cyclical upswing which started during the second quarter of 1966¹ and gained further momentum during the third quarter, continued throughout the fourth quarter of the year. By the end of 1966, building plans passed, real estate transactions and share prices had not yet risen quite as high as their previous peaks reached towards the end of 1964 or early in 1965, but most of the other indicators had already attained new record levels. The index for bank debits, for example, after declining quite sharply during the second half of 1965, increased so strongly during 1966 that it passed its previous peak before the middle of the year and rose further to 260.6 in November before declining to 244.2 in December, compared with 206.6 in December, 1965.

The number of new motor cars sold, on the other hand, after rising in August, 1966, to roughly the same level as the previous peak attained in September, 1964, tended to level off at a slightly lower figure during the subsequent five months. The number of new commercial vehicles sold behaved in a broadly similar fashion without, however, reaching the abnormal peak figure attained in August, 1964.

¹ Unless otherwise stated, the base period for all indices used in this Review is 1958.



¹ It is seldom easy to determine accurately the turning points of the business cycle, and in this case it was particularly difficult as some of the economic indicators started their new upward movement before the end of 1965, while the downward movement in the strategically important fixed investment was only reversed after the middle of 1966. In deciding upon the end of the first quarter as roughly the lower turning point of the most recent cycle, particular weight was attached to the fact that such basic indicators as exports, imports and inventory investment began their new upward movement during the second quarter.



Prices

After increasing by 1.5 points in September, 1966, partly owing to the effects of the increases in railway rates and indirect taxation in August, the seasonally adjusted consumer price index tended to level off during the fourth quarter of 1966. The December figure of 120.1 was nevertheless 3.7 per cent higher than that of December, 1965. As the accompanying table shows, this increase was due not only to a rise of 4.2 per cent in food prices but also to a rise of 3.5 per cent in other prices. Moreover, in January, 1967, the index increased to 120.9.

Consumer prices – seasonally adjusted
Percentage rate of increase

Period	Food	Other	Total
Dec. 1963 – Dec. 1964	9.3	2.0	4.0
Dec. 1964 – Dec. 1965	2.0	3.7	3.2
Dec. 1965 – Dec. 1966	4.2	3.5	3.7

The seasonally adjusted index of wholesale prices likewise tended to level off during the fourth quarter of 1966, but in December stood at a figure of 116.7, which was 4.4 per cent higher than that of a year earlier. Between these two dates the price index of goods produced in South Africa increased by 4.9 per cent, while that of imported goods increased by 3.1 per cent. In January, 1967, the total index increased to 117.2.

Wholesale prices – seasonally adjusted
Percentage rate of increase

Period	Goods produced in South Africa			Imported goods	Total
	Agriculture, forestry and fishing	Manufacturing	Total		
Dec. 1963 – Dec. 1964	11.7	2.8	4.1	2.6	3.7
Dec. 1964 – Dec. 1965	2.8	2.6	2.8	1.4	2.4
Dec. 1965 – Dec. 1966	7.1	4.2	4.9	3.1	4.4

All the above figures represent percentage increases between the December figure of one year and that of the next year. In order to obtain a more comprehensive picture of the extent of the inflation it is also useful to compare the monthly average level of prices during each year under review with that of the previous year. If this is done for consumer prices during the period

1959 to 1966, the following results emerge, which clearly indicate the extent to which the rate of inflation in South Africa accelerated during the last three and particularly the last two years of this period.

Consumer prices

Percentage annual increase in monthly average

Period	Food	Other	Total
1959–1960	1.6	1.2	1.4
1960–1961	2.2	1.8	1.9
1961–1962	-0.6	2.4	1.4
1962–1963	1.2	1.2	1.3
1963–1964	4.6	1.8	2.4
1964–1965	5.8	2.8	3.6
1965–1966	3.7	3.5	3.6

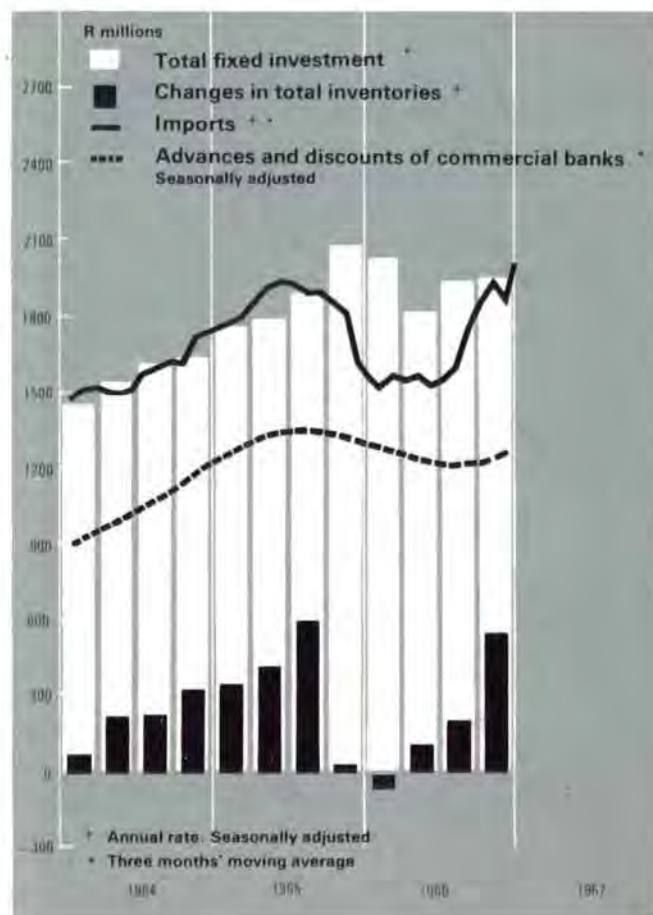
Balance of payments

Deficit on current account

As was expected in view of the new upward movement in gross domestic expenditure and the relaxation of import control in July and December, 1966, the current account of the balance of payments, which had temporarily shown a moderate surplus during the first three quarters of 1966, moved into deficit again during the fourth quarter of the year. Compared with a surplus of R8 million during the third quarter, the deficit on current account amounted to R21 million during the fourth quarter, which was equivalent to a seasonally adjusted annual rate of R172 million.

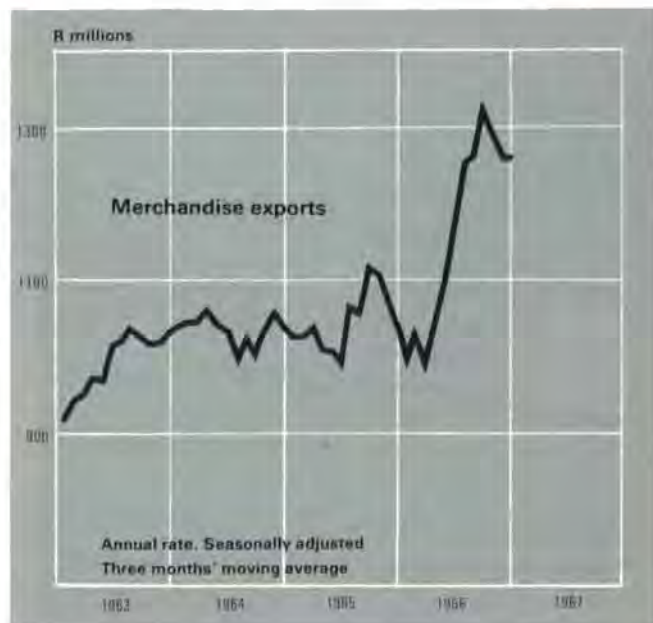
New upsurge in imports

The re-emergence of a current deficit, which in the prevailing conditions of inflation and continuing private capital inflow was welcomed by the authorities, was mainly the result of the behaviour of imports. After falling from R1,924 million during the third quarter of 1965 to R1,512 million during the second quarter of 1966, seasonally adjusted imports, taken at an annual rate, increased to R1,856 million in the fourth quarter of 1966, mainly owing to a rise in imports of capital goods and raw materials. This sharp fluctuation was partly a reflection of the underlying cyclical changes in the economy, namely the general levelling-off tendency after the middle of 1965 followed by the new upswing which began during the second quarter of 1966. But it was also in part the direct result of changes in import control policy, i.e. first the tightening of import control in August, 1965, in order to arrest the decline in the gold and foreign exchange reserves and then the relaxations of July and December, 1966, which formed an integral part of the official disinflationary policy.



Exports and net gold output

The effect of the rapidly rising imports on the current account of the balance of payments and on the general monetary and financial situation would have been greater if merchandise exports had not also risen substantially during this period. Taken at a seasonally



adjusted annual rate, these exports increased from R1,028 million in the first quarter of 1965 to R1,356 million during the third quarter of 1966, before declining somewhat to R1,280 million during the fourth quarter. This increase occurred mainly in the statistical category "manufactured goods classified chiefly by materials" but consisted largely of increases in the exports of copper, diamonds and pig-iron, which are essentially primary products.

The net gold output, as defined for balance of payments purposes, i.e. gold sold to the Reserve Bank by the mines, declined slightly after the first quarter of 1966 and only amounted to R768 million for 1966 as a whole, compared with R775 million during 1965.

Further net inflow of capital

As during the preceding six quarters, there was again a substantial net inflow of private capital during the fourth quarter of 1966, namely of R24 million, which brought the total for the year up to R124 million, compared with R141 million in 1965. Of this R124 million,

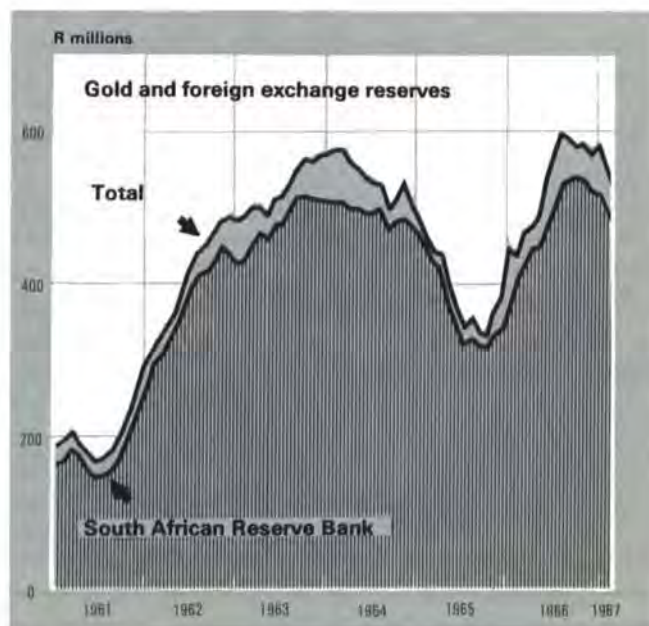
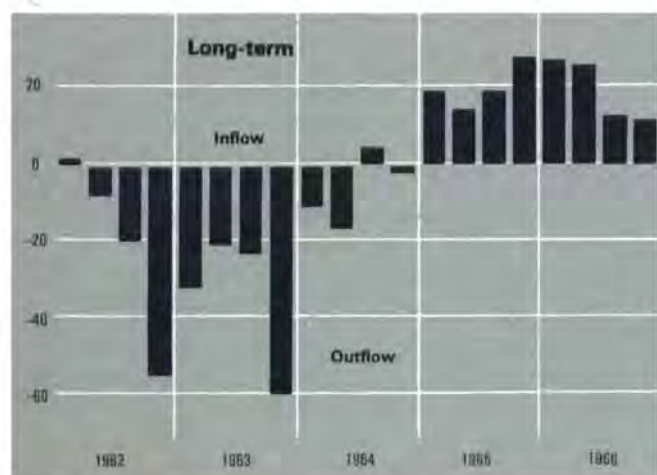
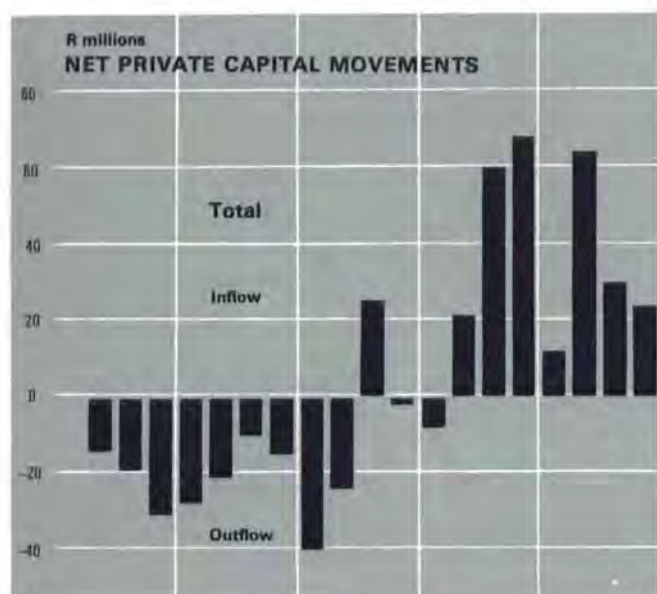
R78 million or 63 per cent represented long-term capital and the remaining R46 million or 37 per cent short-term capital (including errors and unrecorded transactions).

Central government and banking capital, on the other hand, showed a further net outflow of R2 million during the fourth quarter, which brought the total net outflow of this kind of capital to R11 million for the year. This largely represented net repayments of foreign loans by the Government and the Reserve Bank, which were deemed advisable in view of the overall balance of payments surplus during 1966 and the prevailing situation in general.

Gold and foreign exchange reserves

The net result of (1) the current deficit of R21 million, (2) a net inflow of private capital of R24 million and (3) a net outflow of central government and banking capital of R2 million during the fourth quarter, was that the total gold and foreign exchange reserves held by the Reserve Bank, the rest of the banking sector and the Government increased by R1 million to R589 million over this three-month period. The portion held by the Reserve Bank itself declined from R543 million at the end of September to R521 million at the end of December, but this was offset by a rise of R23 million in the reserves held by the rest of the banking sector and the Government.

Over the year 1966 as a whole the total reserves increased by R136 million. The peak was, however, registered in July, when the reserves reached R604 million, after having risen by as much as R264 million in ten months. Thereafter a moderate downward tendency became evident, although, as mentioned above, the total reserves increased by R1 million during the fourth quarter. During January, 1967, however, the



total reserves declined quite sharply, probably by more than R30 million. This was mainly attributable to a substantial further rise in imports to a seasonally adjusted annual rate of about R2,300 million, which constituted a new monthly record. It is estimated that the total reserves declined by a further R30 million during February, 1967, to a level of approximately R529 million at the end of the month.

Monetary and banking situation

Money and near-money

During the fourth quarter of 1966 the supply of money and near-money showed a further increase of R48 million, namely from R2,596 million at the end of September to R2,644 million at the end of December. Despite the substantial further rise in gross national product during this quarter, the ratio of money and near-money to gross national product, which had remained at the exceptionally high figure of 30 per cent or over during the four preceding quarters, therefore decreased only fractionally to just below 30 per cent. This still left the economy in an excessively liquid state.

As the accompanying table shows, the increase in total money and near-money during the fourth quarter occurred despite a decline of R9 million in the *net* gold and foreign exchange reserves (i.e. after deducting short-term foreign liabilities) and a further increase

Causes of changes in money and near-money

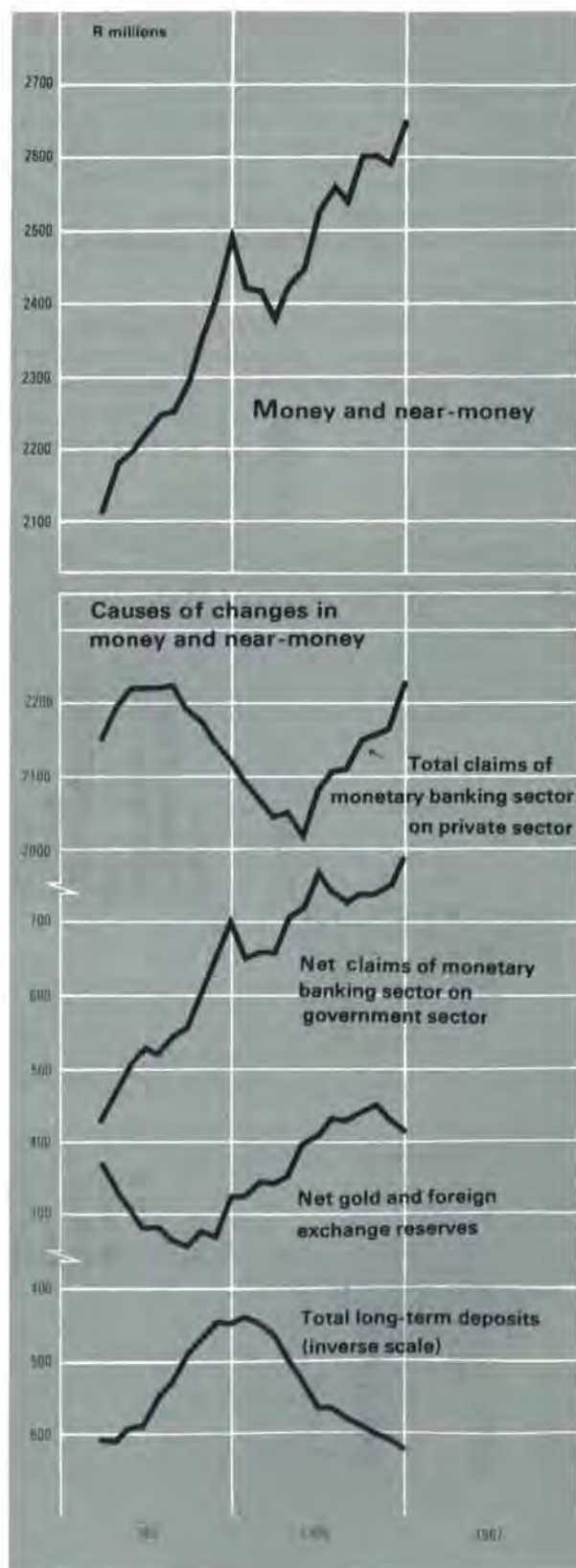
(Changes in the consolidated assets and liabilities of the monetary banking sector)

R millions

	1966				
	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Total
Changes in money and near-money:					
Money	-39	126	6	42	136
Near-money	-78	24	67	6	19
Total money and near-money	-117	150	73	48	155
Causes of changes:					
Net gold and foreign exchange reserves	16	87	16	-9	109
Claims on government sector	32	115	83	30	260
Government deposits*	-74	-24	-100	10	-188
Net claims on government sector	-42	91	-16	40	72
Claims on private sector	-79	38	69	81	109
Long-term deposits*	-16	-102	-23	-32	-173
Other assets and liabilities	4	37	28	-32	38
Total	-117	150	73	48	155

*Increase -, decrease +.

of R32 million in long-term deposits with monetary banks, which are not considered to be near-money. These changes were more than offset by the expansionary effect on money and near-money of a rise of



R81 million in the banking sector's claims on the private sector and an increase of R40 million in the *net* claims of the banking sector on the government sector, i.e. after taking into account changes in government deposits with the banking sector.

It is significant that the banking sector's claims on the private sector, after declining substantially during the fourth quarter of 1965 and the first quarter of 1966, increased strongly again during the subsequent three quarters.

This was partly attributable to a rise in Land Bank cash credit advances. But even after excluding these advances, the claims of the banking sector on the private sector changed as follows over the years 1965 and 1966:

	R millions
1965: 2nd Quarter	+45
3rd Quarter	-35
4th Quarter	-49
1966: 1st Quarter	-56
2nd Quarter	+ 2
3rd Quarter	+30
4th Quarter	+97

What appears to have happened is the following: Between roughly the third quarter of 1965 and the middle of 1966 the quantity of money and near-money in the hands of the private sector increased rapidly, mainly because of the favourable overall balance of payments and the fact that the government sector had to resort to additional bank credit to finance a not insignificant part of its total expenditure. In these circumstances, private businesses and individuals became so liquid, and the scope for inter-business lending so great, that the demand for bank credit declined, particularly since this was also the period during which economic activity tended to level off temporarily.

From roughly the middle of 1966, however, the position began to change in three respects. Firstly, partly as a result of the relaxation of import control, the reserves tended to level off. Secondly, the monetary and fiscal policy measures adopted in July and August were successful in reducing the government sector's dependence upon bank credit. And finally, the new economic upswing began to gain momentum. Under these conditions, increased use was made again by the private sector of bank credit.

"Controlled" bank credit

As a result of these developments, the "controlled credit" of the various categories of banks included in the monetary banking sector, which at the end of June, 1966, had collectively been about R201 million or 11 per cent below the permissible level, i.e. the figure for March, 1965, plus 2½ per cent for agricultural purposes, increased to only R105 million (or 6 per cent) below this level by the end of December, 1966.

In the meantime, however, on the 7th December, the Reserve Bank had issued a new credit directive to the monetary banks, in terms of which they were expected to ensure that their discounts, loans and advances to the private sector, excluding the Land Bank, would be at least 7½ per cent lower at the end of September, 1967, than at the end of March, 1965, with the qualification that this limit might be raised by 2½ per cent in respect of credit extended by them for agricultural purposes.

This meant that at the end of December, 1966, commercial banks, merchant banks, and monetary hire-purchase and general banks collectively *exceeded* the new "ceiling" set for September, 1967, by about R22 million, although it must be taken into account that the Reserve Bank's credit directive to the banks makes provision for certain exceptions, such as credit to finance special imports deemed to be in the national interest.

By the end of 1966 the banking situation had therefore changed significantly. During most of 1966 the official curb on bank credit to the private sector had been relatively ineffective, in the sense that the high liquidity of the private sector had enabled businesses and individuals to increase their outlays, and various forms of consumer credit to be extended, without net additional borrowing from the banking system becoming necessary. Indeed, as pointed out earlier, bank credit to the private sector actually declined during the first half of the year. But by the end of 1966 the various factors referred to above, including the changes in policy, had combined to give the monetary authorities a greater measure of control over the monetary and banking situation than they had possessed earlier in the year.

Government finance

It was mentioned earlier that the net claims of the banking sector on the government sector, which had shown a welcome decline of R16 million during the third quarter of 1966, increased again by R40 million during the fourth quarter. This was the joint result of an increase of R30 million in the banking sector's holdings of Treasury bills, government stock and other claims on the government sector and a decline of R10 million in government deposits with the banking sector during the fourth quarter.

It must be remembered, however, that "government sector" in the monetary analysis used above, includes not only the South African Central Government but also provincial administrations, the Administration of South West Africa, the Government of the Transkei and the Governments of Lesotho, Botswana and Swaziland. To obtain an impression of the economic impact of the finances of the Central Government itself, it is necessary to analyse the Exchequer Account sepa-

ately. If this is done in the manner set out in the accompanying table, it appears that after declining by R3 million during the third quarter of 1966, the Exchequer's net indebtedness to the banking sector decreased further by R18 million in the fourth quarter. This was partly attributable to a decline of R5 million in the banking sector's holdings of Treasury bills and government stock and partly to an increase of R13 million in the Exchequer balance.

The table also shows that during the fourth quarter the Government succeeded in borrowing R53 million from the private non-bank sector and a *net* amount of R29 million from the Public Debt Commissioners, i.e. after subtracting net sales of government securities by the Commissioners to monetary banks and other parties. At the same time, the Exchequer's net indebtedness to the foreign sector was reduced by about R19 million.

Exchequer finance R millions

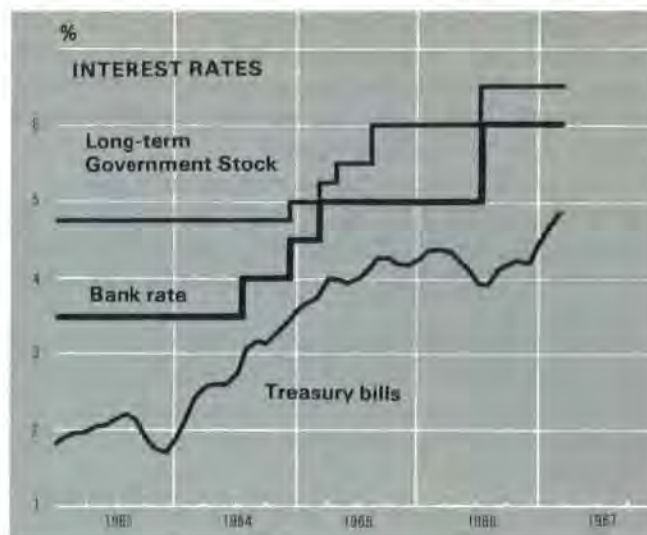
	1966		
	2nd Qtr.	3rd Qtr.	4th Qtr.
Total deficit, excluding borrowing	107	53	45
Financing:			
Change in net indebtedness to:			
Foreign sector	3	4	-19
Private non-bank sector	28	30	53
Public Debt Commissioners	20	22	29
Paymaster-General and social security funds	-1	—	—
Sub-total	50	56	63
Monetary banking sector:			
Change in government securities	129	64	-5
Change in Exchequer balance*	-72	-67	-13
Sub-total	57	-3	-18
Total financing	107	53	45

*Increase —, decrease +.

In other words, as during the third quarter, the Government was entirely successful in carrying out its policy of financing its total current and capital expenditure in a "non-inflationary" way, i.e. without recourse to additional bank credit. Two factors which appear to have contributed to this favourable result were the raising of the rate of interest on long-term government stock and the introduction of legislation requiring insurance companies, pension funds and unit trusts to hold more government stock.

Capital market

Despite the rising bank credit and the abnormally large quantity of money and near-money in the hands of the private sector, which naturally reduced the need for



many businesses to borrow in the capital market, the demand for long-term capital funds was again very strong in relation to the supply during the fourth quarter of 1966, so that capital market conditions remained tight and interest rates relatively high.

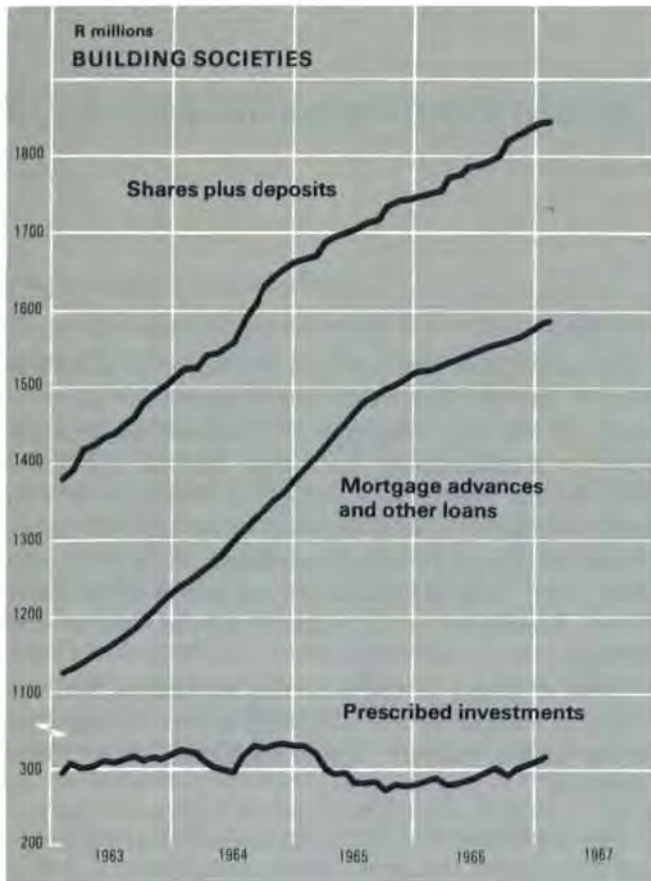
Industrial and commercial share prices, which had declined sharply during June and July of 1966, subsequently increased again to a level in November which was higher than the peak reached in May, 1966, although still well below the peak of April, 1965. The prices of most other classes of shares, however, declined somewhat during the last quarter of 1966.

Building societies

Despite the normal adverse seasonal influences, the total resources of building societies increased by R24 million during the fourth quarter, a decline of R10 million in their share capital being more than offset by increases of R10 million and R24 million in their savings and fixed deposits, respectively.

Building societies — changes in selected items R millions

Period	Savings deposits	Fixed deposits	Share capital	Total resources	Mortgage and other loans outstanding	Advances granted but not yet paid out	Prescribed investments
1966:							
1st Qtr.	11.4	2.0	11.1	24.5	12.2	-4.7	-1.0
2nd Qtr.	1.2	8.0	6.8	16.0	16.8	10.3	12.5
3rd Qtr.	17.2	14.8	-0.1	31.9	13.9	11.6	5.3
4th Qtr.	10.0	24.1	-10.0	24.1	20.2	13.5	19.4
Year 1966	39.8	48.9	7.8	96.5	63.1	30.7	36.2
Year 1965	12.7	-1.4	73.0	84.4	139.9	-95.9	-63.3



The societies' mortgage and other loans outstanding showed by far their highest quarterly increase for 1966, namely R20 million, while "advances granted but not yet paid out" also increased further. Despite this, the societies were able to add a further R19 million to their liquid assets and other prescribed investments during this period, which raised their *excess* holdings of these assets, i.e. over and above the statutory minimum, to no less than R154 million. By the end of 1966 their position had therefore eased considerably compared with a year earlier.

Kwartaallikse ekonomiese oorsig

Vernaamste verwikkelinge

Die jongste beskikbare statistiek toon duidelik dat die nuwe sikliese opswaai in die Suid-Afrikaanse volkshuishouding, wat gedurende die tweede kwartaal van 1966 begin het, dwarsdeur die res van die jaar tot in die eerste maande van 1967 aangehou het. Hierdie nuwe opwaartse beweging was te vroeg in die sin dat dit ontwikkel het vóór die bestaande inflasionistiese druk aanmerklik verminder is en terwyl toestande van óórvolledige besetting nog geheers het. Dit het gevolglik nie die vorm aangeneem van 'n versnelling in die koers van toename in fisiese produksie of reële inkome nie, maar hoofsaaklik van 'n vinniger toename in totale kapitaal- en verbruiksbesteding in geldelike terme. Onder die bestaande toestande het dit natuurlik gedreig om die inflasie te vererger.

'n Verskerping van die inflasionistiese druk is egter afgeweer deur die verskillende disinflasionistiese maatreëls wat deur die owerheid in Julie en Augustus 1966 in werking gestel is en wat ingesluit het die verslapping van invoerbeheer, 'n verhoging van die bankkoers en van die Reserwebank se stel rentekoerse vir langtermynstaatseffekte, die verlenging vir 'n verdere tydperk van ses maande van die direkte beheer oor bankdiskonteringe en -voorskotte, 'n verhoging in belastinge en verskeie ander fiskale maatreëls.

Hierdie maatreëls is in Desember gevolg deur 'n verdere reeks stappe wat daarop gemik was om die vroeëre maatreëls aan te vul en te verskerp. Die addisionele maatreëls het ingesluit 'n verdere verslapping van invoerbeheer, 'n verlaging van $7\frac{1}{2}$ persent in die „plafon” van kredietverlening deur die monetêre bankinstellings aan die private sektor en 'n meer beperkende geldmarkbeleid met die oog daarop om die bestaande bankkoers meer effektief te maak en om sowel die omvang van as die aansporing tot intermaatskappylenings te beperk.

Agterna beskou is dit duidelik dat die owerheidsmaatreëls van Julie en Augustus, en later ook dié van Desember, 'n aansienlike uitwerking gehad het en daarin geslaag het om die inflasionistiese druk in toom te hou. Hierdie maatreëls was, byvoorbeeld, grootliks vir die volgende gunstige verwikkelinge verantwoordelik:

(1) Nadat invoere gedurende die tweede kwartaal van 1966 tot 'n betreklik lae peil gedaal het, het dit gedurende die tweede helfte van 1966 en die eerste twee maande van 1967 só vinnig toegeneem dat die

surplus op lopende rekening gedurende die derde kwartaal van 1966 feitlik verdwyn het en gedurende die daaropvolgende vyf maande in 'n matige tekort omskep is. Gedurende die vierde kwartaal van 1966 het hierdie tekort daartoe bygedra om die netto invloed van buitelandse kapitaal te neutraliseer en het dit gevolglik verhoed dat die totale betalingsbalans 'n verdere ekspansionistiese invloed op die hoeveelheid geld en kwasi-geld het. Daarna, gedurende Januarie en Februarie 1967, het dit bygedra tot 'n aansienlike afname in die goud- en buitelandse valutareserwes en sodoende in werklikheid 'n inkrimpende effek op binnelandse likwiditeit gehad – 'n effek wat gedeeltelik die ekspansionistiese invloed van addisionele kredietverlening deur die bankstelsel geneutraliseer het. Die stygende invoere het ook bygedra om die beskikbaarheid van goedere en konkurrensie in die binnelandse mark te verhoog. Op hierdie wyse is 'n aansienlike hoeveelheid inflasionistiese stoom toegelaat om die volkshuishouding te verlaat.

(2) Gedurende die tweede helfte van 1966 en in Januarie 1967 het die Skatkis volkome daarin geslaag om sy totale lopende- en kapitaaluitgawes op 'n „nie-inflasionistiese” wyse te finansier, d.w.s. sonder om sy netto skuld aan die monetêre banksektor te verhoog. Hierdie gunstige resultaat is behaal hoofsaaklik as gevolg van drie faktore, naamlik: (a) Die verhoging van belasting in die Augustus-begroting, (b) die verhoging van die rentekoers op staatseffekte, en (c) die invoering van wetgewing wat van versekeringsmaatskappye, pensioenfondse en effeketrusts vereis om meer staatseffekte te hou. Inderwaarheid het die Tesourie nog by tye gedurende hierdie tydperk aansienlike bedrae aan addisionele skatkiswissels aan die banksektor uitgereik, maar dit is nie gedoen met die oog op die finansiering van staatsuitgawes nie, maar bloot as 'n tegniese geldmarkhandeling om beleggingsgeleenthede vir die banke te skep en om 'n toename in die skatkiswisselkoers teweeg te bring ná die verhoging van die bankkoers. Die fondse wat op hierdie wyse verkry is, is by die Reserwebank gesteriliseer.

(3) Hoofsaaklik vanweë die verwikkelinge in die betalingsbalans en staatsfinansies waarna vroeër verwys is, het die diskontohuise en die Nasionale Finansiële korporasie 'n aansienlike onttrekking van daggeld ondervind en was hulle genoodsaak om by tye gedurende die eerste kwartaal van 1967 op 'n taamlike

groot skaal by die Reserwebank te verdiskonteer. Terselfdertyd het die skatkiswisselkoers en ander korttermynkoerse skerp gestyg en sodoende in 'n beter verhouding tot die bankkoers gekom. Hierdie verwikkelinge het geneig om die omvang van en die aansporing tot inter-maatskappylenings te verminder en het die Reserwebank groter beheer oor die geldmark gegee.

Bloot uit hierdie drie verwikkelinge en heeltemal afgesien van enige beperkende uitwerking wat die „plafon“ op bankdiskonteringe en -voorskotte aan die private sektor mag hê, kan afgelei word dat indien die verskeie anti-inflasionistiese maatreëls nie geneem was nie, die hoeveelheid geld en kwasi-geld en totale investering- en verbruiksuitgawes veel vinniger sou gestyg het en dat die werklike en potensiële inflasie in die ekonomie byna sekerlik veel ernstiger sou gewees het.

Hoewel die inflasionistiese druk baie suksesvol in toom gehou is, en die owerhede nou beter beheer oor die monetêre- en banktoestand as op enige tydstop gedurende 1966 het, is die stryd teen inflasie nog nie heeltemal gewen nie. Die oorwinning sal slegs behaal wees wanneer die peil van, of minstens die koers van toename in, investering en verbruiksbesteding aanmerklik verlaag is. Ondanks die gunstige verwikkelinge hierbo genoem, is daar geen aanduiding dat hierdie doelstelling tot nog toe bereik is nie. Inteendeel, beskikbare gegewens oor die onlangse en toekomstige bestedingsneigings dui daarop dat die gevaar van volgehoue inflasie nog steeds baie wesenlik is. Dit was teen hierdie agtergrond dat die Begroting op 22 Maart ingedien is.¹

Nasionale rekeninge²

Bruto binnelandse produk

Volgens die jongste gewysigde skatting het die bruto binnelandse produk teen heersende pryse gedurende 1966 teen rofweg dieselfde koers as gedurende die vorige jaar toegeneem, naamlik met byna 9 persent. In reële terme, d.w.s. gewaardeer teen konstante pryse, het dit ook teen ongeveer dieselfde koers as gedurende 1965 toegeneem, naamlik met ongeveer 5½ persent. Bowendien is hierdie koers min of meer dwarsdeur 1966, insluitende die vierde kwartaal, gehandhaaf.

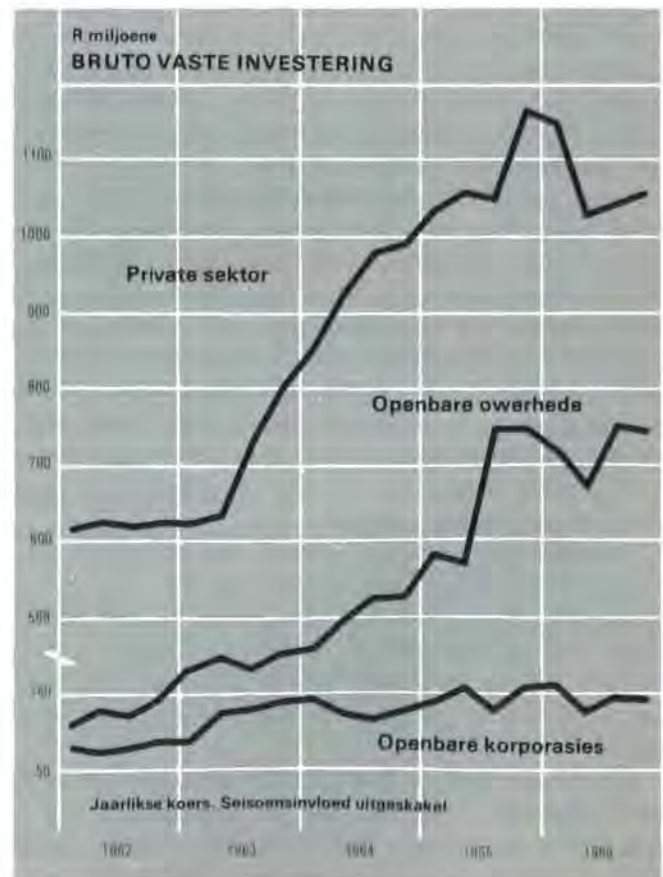
Bruto binnelandse besteding

Bruto binnelandse besteding, d.w.s. die totaal van kapitaalbesteding, verbruiks- en lopende owerheidsbesteding, het gedurende 1966 met slegs ongeveer 5

persent toegeneem, vergeleke met byna 12 persent in 1965. Maar nadat dit gedurende die eerste helfte van die jaar teen 'n betreklik lae koers gestyg en benede die bruto nasionale produk beweeg het, hoofsaaklik as gevolg van 'n daling in sowel die vaste as die voorraadinvestering, het dit gedurende die tweede helfte van 1966 skerp gestyg en, soos gedurende die tweede helfte van 1964 en die hele jaar 1965, weer die bruto nasionale produk oorskry. Dit is weerspieël in die betalingsbalans in lopende rekening wat gedurende die eerste helfte van 1966 'n matige oorskot getoon het, maar vervolgens gedurende die derde kwartaal slegs 'n baie klein oorskot opgelewer het en gedurende die vierde kwartaal na 'n tekort omgeslaan het.

Vaste kapitaalbesteding

Die bruto binnelandse vaste investering het gedurende 1966 met slegs ongeveer 2 persent toegeneem, vergeleke met 21 persent in 1965 en 22 persent in 1964. In die private sektor het die vaste kapitaalbesteding weinig verandering vergeleke met 1965 getoon, terwyl dit in die geval van openbare korporasies met byna 5 persent gedaal en in die geval van openbare owerhede met ongeveer 9 persent gestyg het.



¹ Hierdie oorsig is gedruk voordat die inhoud van die jongste Begroting bekend was.

² Die ontleding in hierdie deel van die Oorsig is hoofsaaklik gebaseer op die Reserwebank se kwartaallike ramings van die nasionale rekeninge, *na uitskakeling van die seisoensinvloed*. Aangesien hierdie syfers nog nie as betroubaar genoeg vir publikasie beskou word nie, word die ontleding van die kwartaallike verwikkelinge tot die beskrywing van breë tendense beperk.

Hierdie jaarsyfers verbloem egter die feit dat in sowel die openbare as die private sektor die vaste investering gedurende die eerste helfte van die jaar afwaarts beweeg het en daarna, nadat die volkshuishouding 'n nuwe sikliese oplewing ingegaan het, sy opwaartse beweging hervat het. In die openbare sektor was daar 'n opmerklieke toename gedurende die derde kwartaal, wat deur 'n effense afname gedurende die vierde kwartaal gevolg is, terwyl die private vaste kapitaalbesteding in sowel die derde as die vierde kwartaal toegeneem het, alhoewel dit nie die hoogtepunt wat gedurende die vierde kwartaal van 1965 behaal is, bereik het nie. Terwyl die jaarsyfers dus neig om 'n gerusstellende beeld te gee van vaste investering wat meer gelyk loop (alhoewel op 'n baie hoë peil), toon die kwartaalsyfers die potensiële gevaar van 'n nuwe inflasionistiese opswaai in kapitaalbesteding.

Voorraadinvestering

Nadat dit in 1965 op die buitengewoon hoë syfer van R375 miljoen te staan gekom het, het die voorraadinvestering in 1966 tot ongeveer R190 miljoen gedaal, waarvan omtrent R89 miljoen deur die private fabriekswese bygedra is. Soos in die geval van vaste investering is die jaarsyfers egter misleidend, aangesien dit betekenisvolle skommelings oor die loop van hierdie twee jare verberg. Gedurende die eerste drie kwartale van 1965 is voorrade byvoorbeeld tot 'n buitensporig hoë peil opgebou. Daarna het die voorraadinvestering egter, hoofsaaklik as gesamentlike gevolg van die strenger toepassing van invoerbeheer en die tydelike neiging tot 'n meer gelyke verloop in die volkshuishouding, skerp gedaal en gedurende die eerste kwartaal van 1966 het dit selfs negatief geword, d.w.s. totale voorrade is in werklikheid verminder. Dit is gevolg deur 'n hernieude opbouing van voorrade, veral nadat die nuwe ekonomiese oplewing meer stukrag gekry het en invoerbeheer in Julie verslap is. Dit was hierdie laasgenoemde toename in voorrade wat, tesame met die opswaai in die vaste kapitaalbesteding, hoofsaaklik verantwoordelik was vir die versnelde koers van toename wat gedurende die tweede helfte van 1966 deur die bruto binnelandse besteding aan die dag gelê is en vir die herverskyning van 'n tekort op die betalingsbalans in lopende rekening gedurende die vierde kwartaal.

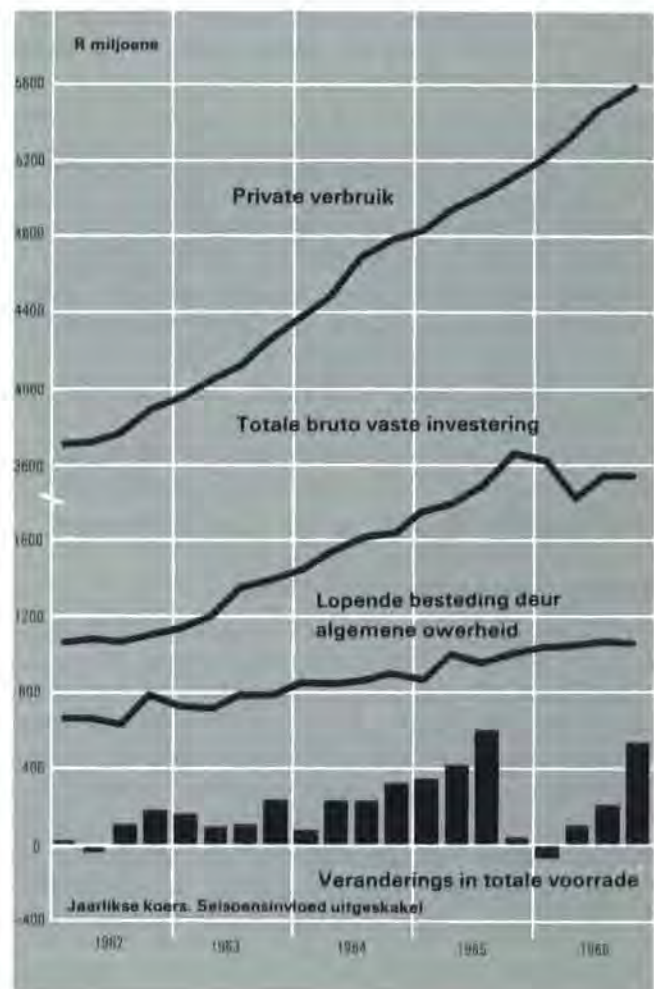
Agteraf beskou, staan hierdie skerp skommelings in voorraadinvestering oor die afgelope twee jaar, wat gedeeltelik deur veranderings in die invoerbeheerbeleid veroorsaak is, uit as een van die hoofkenmerke van die ekonomiese toestand gedurende hierdie tydperk. Dit het 'n belangrike invloed uitgeoefen nie net op die verloop van die konjunkturgolf in die algemeen en van die betalingsbalans nie, maar ook op die hele monetêre en banktoestand en was verantwoordelik vir 'n groot deel van die onstabiliteit in die volkshuishouding gedurende hierdie tydperk.

Private verbruik

Private verbruik het gedurende die vierde kwartaal voortgegaan om bestendig te styg. Oor 1966 in sy geheel het dit met ongeveer $8\frac{1}{2}$ persent, of teen ongeveer dieselfde koers as gedurende 1965, toegeneem. Reële private verbruik het gedurende 1966 met byna $5\frac{1}{2}$ persent toegeneem vergeleke met effens minder as 5 persent gedurende 1965. Gegewe 'n bevolkingsaanwas van ongeveer 2.4 persent per jaar dui dit op 'n toename in die reële private verbruik *per capita* van ongeveer $2\frac{1}{2}$ persent in 1965 en rofweg 3 persent in 1966.

Lopende besteding deur openbare owerhede

Bo en behalwe die aansienlike verdere styging in private verbruik het die lopende besteding van openbare owerhede in 1966 met byna 11 persent toegeneem, vergeleke met byna 12 persent in 1965 en 13 persent in 1964. Die toename in loon-, salaris- en bonusbetalings in die staatsdiens gedurende 1966 het in belangrike mate tot hierdie aansienlike verdere styging bygedra.



Uitvoer

Nadat dit vanaf Mei skerp gestyg het en grootliks bygedra het tot die nuwe sikliese oplewing in die algemene ekonomiese bedrywigheid, het die totale uitvoer van goedere en dienste, insluitende die netto goudproduksie, gedurende die vierde kwartaal effens afgeneem maar op 'n relatief hoë peil gebly. Gedurende 1966 in sy geheel het dit met ongeveer R134 miljoen of byna 7 persent toegeneem, vergeleke met 2 persent in 1965.

Invoer

Soos later in meer besonderhede uiteengesit sal word, het die invoer van goedere en dienste, wat in 1963 met 24 persent, in 1964 met 22 persent en in 1965 met 13 persent toegeneem het, in 1966 met byna 7 persent gedaal. Vanaf Mei het die invoer egter baie skerp toegeneem en gedurende die vierde kwartaal 'n syfer bereik wat byna net so hoog was as die rekordsyfer wat gedurende die derde kwartaal van 1965 bereik is.

Besparing

Die bruto binnelandse besparing het in 1966 met byna 8 persent toegeneem, vergeleke met byna 17 persent in 1965 en 9 persent in 1964. Voorlopige ramings dui daarop dat persoonlike en korporatiewe besparing en voorsiening vir waardevermindering toenames getoon het, terwyl die lopende surplus van die algemene owerheid afgeneem het.

Algemene indruk

Dit wil voorkom asof die verskillende produksie- en bestedingsneigings wat hierbo geskets is in ooreenstemming is met die indruk wat reeds vroeër verkry is, naamlik dat die Suid-Afrikaanse volkshuishouding ná 'n duidelike neiging om meer gelyk te verloop wat hom vanaf ongeveer die middel van 1965 tot ongeveer die einde van die eerste kwartaal van 1966 voorgedoen het, 'n nuwe sikliese oplewing ingegaan het wat dwarsdeur die res van 1966 voortgeduur het en 'n voortsetting van die inflasionistiese druk op die land se geskoolde arbeid en ander skaars hulpbronne tot gevolg gehad het.

Produksie en werkverskaffing¹

Ná 'n neiging tot meer gelyke verloop gedurende die tweede helfte van 1965, het die seisoensaangesuiwerde indeks van die volume van fabrieksproduksie gedurende die eerste agt maande van 1966 taamlik skerp opwaarts beweeg voordat dit in September en Oktober effens gedaal het. Gedurende die periode Januarie tot Oktober 1966 was die maandelikse gemiddelde van hierdie indeks 6·2 persent hoër as gedurende die ooreenstemmende tydperk van 1965, vergeleke met 'n toename van 6·3 persent tussen 1964 en 1965. Die

¹ Behalwe waar andersins vermeld, is die basistydperk vir alle indekse wat in hierdie oorsig gebruik word, 1958.



belangrikste groepe wat tot die toename in 1966 bygedra het, was voedsel, vervoeruitrusting, masjinerie, tekstiel, klerasie en skoelisel.

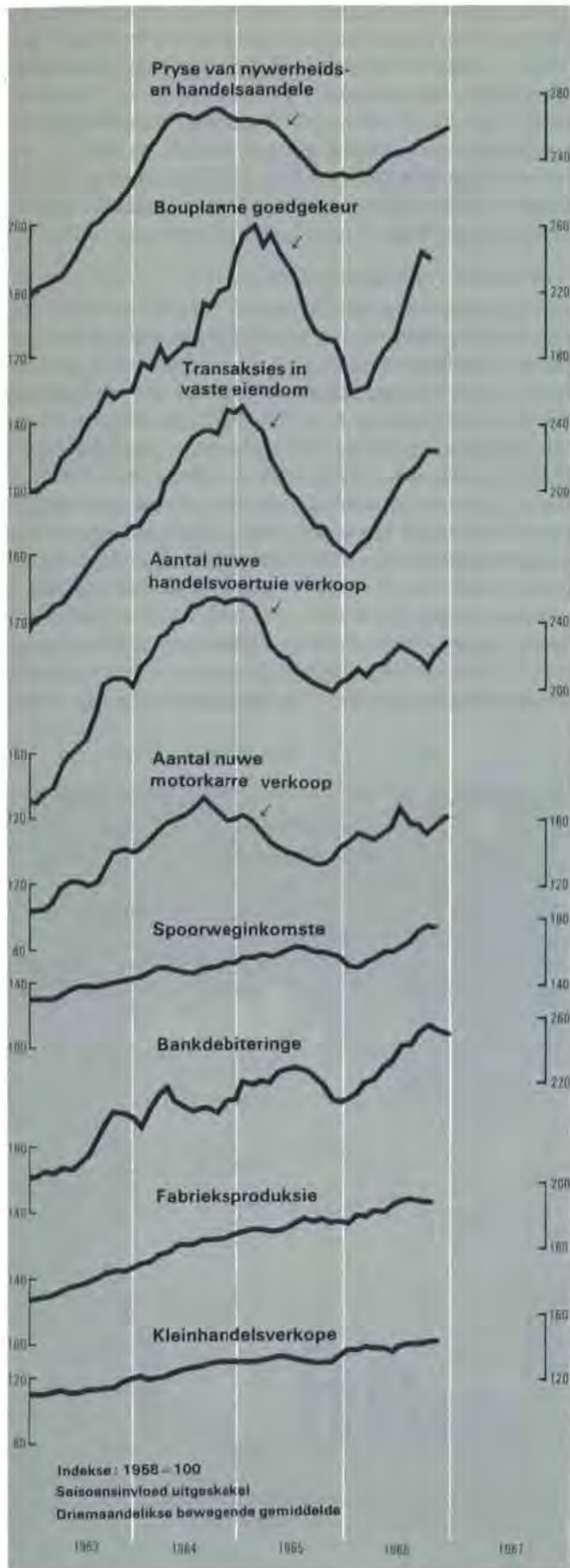
Werkverskaffing in die fabriekswese het ook beduidend toegeneem en alhoewel dit oor die loop van die eerste agt maande van 1966 geen duidelike neigings geopenbaar het nie, was dit gemiddeld 4·9 persent hoër as gedurende die ooreenstemmende tydperk van 1965.

Die indeks van die volume van mynbouproduksie het eweneens gedurende die loop van 1966 aansienlik toegeneem en was vir die jaar as geheel 6·0 persent hoër as gedurende 1965. Hierdie toename, wat 'n betekenisvolle verbetering verteenwoordig teenoor die styging van 3·4 persent wat tussen 1964 en 1965 aangeteken is, moet grotendeels toegeskryf word aan 'n toename van 22·7 persent in mynbouproduksie *uitgesonderd goud*; die indeks vir goudproduksie self het met slegs 1·0 persent toegeneem. Meer in die besonder het die produksie van koper in vergelyking met die vorige jaar 'n skerp styging getoon.

Die seisoensaangesuiwerde indeks vir geregisteerde werklose Blankes, Kleurlinge en Asiate het dwarsdeur 1966 betreklik laag gebly en het in Desember 1966 op 71·8 gestaan, vergeleke met 69·9 in Desember 1965. In Januarie 1967 het die indeks effens afgeneem tot 70·8.

Algemene ekonomiese aanwysers

Die jongste beskikbare statistiek met betrekking tot algemene ekonomiese aanwysers soos bouplanne goedgekeur, transaksies in vaste eiendom, aantal nuwe handelsvoertuie verkoop, aantal nuwe motors verkoop, spoorweginkomste, bankdebiteringe, kleinhandelsverkope en pryse van nywerheids- en handelsaandele, bevestig almal dat die nuwe sikliese oplewing wat



gedurende die tweede kwartaal van 1966¹ begin het en gedurende die derde kwartaal verdere stukrag gekry het, dwarsdeur die vierde kwartaal van die jaar voortgeduur het. Teen die einde van 1966 het bouplanne goedgekeur, transaksies in vaste eiendom en aandelepryse nog nie weer heeltemal gestyg tot by die vorige hoogtepunt wat teen die einde van 1964 of vroeg in 1965 behaal is nie, maar die meeste van die ander aanwysers het toe reeds nuwe rekordhoogtes bereik. Die indeks vir bankdebiteringe het byvoorbeeld, nadat dit gedurende die tweede helfte van 1965 taamlik skerp gedaal het, gedurende 1966 so sterk gestyg dat dit sy vorige hoogtepunt voor die middel van die jaar verbygesteek het en het verder toegeneem tot 260·6 in November voordat dit tot 244·2 in Desember 1965, gedaal het.

Die aantal nuwe motors verkoop, daarenteen, het, nadat dit in Augustus 1966 gestyg het tot ongeveer dieselfde peil as die vorige hoogtepunt wat in September 1964 bereik is, geneig om meer gelyk te verloop teen 'n effens laer syfer gedurende die daaropvolgende vyf maande. Die aantal nuwe handelsvoertuie verkoop het breedgesproke 'n soortgelyke bedrag getoon sonder om egter die abnormaal hoë syfer wat in Augustus 1964 bereik is, te behaal.

Pryse

Ná 'n toename van 1·5 punte in September 1966, wat gedeeltelik die gevolg was van die uitwerking van die verhogings in spoorwegtariewe en indirekte belasting in Augustus, het die seisoensaangesuiwerde indeks van verbruikerspryse gedurende die vierde kwartaal van 1966 geneig om meer gelyk te verloop. Die Desembersyfer van 120·1 was nietemin 3·7 persent hoër as dié van Desember 1965. Soos die bygaande tabel toon, was hierdie toename nie slegs die gevolg van 'n styging van 4·2 persent in voedselpryse nie, maar ook van 'n styging van 3·5 persent in ander pryse. In Januarie 1967 het die indeks verder gestyg tot 120·9.

Verbruikerspryse – seisoensinvloed uitgeskakel

Persentasiekoers van toename

Tydperk	Voedsel	Ander	Totaal
Des. 1963 – Des. 1964	9·3	2·0	4·0
Des. 1964 – Des. 1965	2·0	3·7	3·2
Des. 1965 – Des. 1966	4·2	3·5	3·7

¹ Dit is selde maklik om die draaipunte van die konjunkturgolf noukeurig vas te stel, en in hierdie geval was dit besonder moeilik aangesien sekere ekonomiese aanwysers reeds voor die einde van 1965 met hulle nuwe opwaartse beweging begin het terwyl die afwaartse beweging van die strategies belangrike vaste investering eers ná die middel van 1966 omgekeer is. By die bepaling van die einde van die eerste kwartaal as by benadering die onderste draaipunt van die mees onlangse golfbeweging, is die feit dat basiese aanwysers soos die uitvoer, die invoer en voorraadinvestering gedurende die tweede kwartaal met hul nuwe opwaartse beweging begin het, in die besonder in aanmerking geneem.

Dieseisoensaangesuiwerde indeks van groothandelspryse het eweneens geneig om gedurende die vierde kwartaal van 1966 meer gelyk te verloop, maar het in Desember op 'n syfer van 116.7 gestaan wat 4.4 persent hoër was as dié van 'n jaar vroeër. Tussen hierdie twee datums het die prysindeks van goedere wat in Suid-Afrika geproduseer is met 4.9 persent toeneem, terwyl dié van ingevoerde goedere met 3.1 persent gestyg het. In Januarie 1967 het die totale indeks tot 117.2 gestyg.

Groothandelspryse – seisoensinvloed uitgeskakel

Persentasiekoers van toename

Tydperk	Goedere geproduseer in Suid-Afrika		Totaal	Ingevoerde goedere	Totaal
	Landbou, bosbou en visserij	Fabriekswese			
Des. 1963 – Des. 1964	11.7	2.8	4.1	2.6	3.7
Des. 1964 – Des. 1965	2.8	2.6	2.8	1.4	2.4
Des. 1965 – Des. 1966	7.1	4.2	4.9	3.1	4.4

Al die bogenoemde syfers verteenwoordig persentasie-toenames tussen die Desembersyfer van een jaar en dié van die volgende jaar. Om 'n meer omvattende beeld van die omvang van die inflasie te verkry, is dit ook nuttig om die maandelikse gemiddelde peil van pryse gedurende elke jaar onder bespreking met dié van die vorige jaar te vergelyk. Indien dit vir verbruikerspryse gedurende die tydperk 1959 tot 1966 gedoen word, word die volgende resultate verkry, wat duidelik die mate waarin die koers van inflasie in Suid-Afrika gedurende die laaste drie en in die besonder die laaste twee jare van hierdie tydperk, versnel het, aan die lig bring.

Verbruikerspryse

Persentasie jaarlikse toename in maandelikse gemiddelde

Tydperk	Voedsel	Ander	Totaal
1959 – 1960	1.6	1.2	1.4
1960 – 1961	2.2	1.8	1.9
1961 – 1962	-0.6	2.4	1.4
1962 – 1963	1.2	1.2	1.3
1963 – 1964	4.6	1.8	2.4
1964 – 1965	5.8	2.8	3.6
1965 – 1966	3.7	3.5	3.6

Betalingsbalans

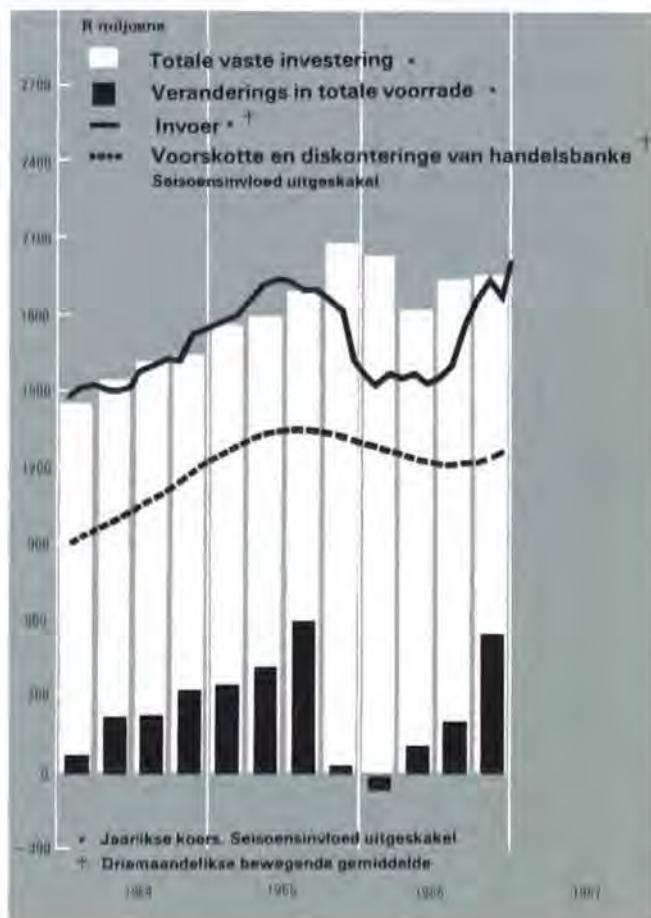
Tekort op lopende rekening

Soos verwag is in die lig van die nuwe opwaartse beweging in die bruto binnelandse besteding en die verslappening van invoerbeheer in Julie en Desember

1966, het die lopende rekening van die betalingsbalans, wat gedurende die eerste drie kwartale van 1966 tydelik 'n matige oorskot getoon het, gedurende die vierde kwartaal van die jaar weer na 'n tekort omgeslaan. Vergeleke met 'n oorskot van R8 miljoen gedurende die derde kwartaal, het die tekort op die lopende rekening gedurende die vierde kwartaal R21 miljoen bedra, wat gelykstaan aan 'n seisoensaangesuiwerde jaarlikse koers van R172 miljoen.

Nuwe sterk styging in invoer

Die herverskyning van 'n lopende tekort, wat onder die heersende omstandighede van inflasie en voortgesette private kapitaalinvloeiing deur die owerhede verwelkom is, was hoofsaaklik die gevolg van die verloop van die invoer. Nadat dit vanaf R1,924 miljoen gedurende die derde kwartaal van 1965 afgeneem het tot R1,512 miljoen gedurende die tweede kwartaal van 1966, het die invoer, ná uitskakeling van die seisoensinvloed en gereken teen 'n jaarkoers, tot R1,856 miljoen in die vierde kwartaal van 1966 toegeneem, hoofsaaklik as gevolg van 'n toename in die invoer van kapitaal-goedere en grondstowwe. Hierdie skerp skommeling was gedeeltelik 'n weerspieëling van die onderliggende sikliese veranderings in die ekonomie, naamlik die algemene neiging tot 'n meer gelyke verloop ná die



middel van 1965, wat deur 'n nuwe oplewing vanaf die tweede kwartaal van 1966 gevolg is. Dit was egter ook gedeeltelik die regstreekse gevolg van veranderinge in die invoerbeheerbeleid, d.w.s. eerstens die verskerping van invoerbeheer in Augustus 1965 ten einde die daling in die goud- en buitelandse valutareserwes te stuit en daarna die verslappings van Julie en Desember 1966, wat 'n integrale deel van die amptelike disinflasionistiese beleid uitgemaak het.

Uitvoer en netto goudproduksie

Die uitwerking van die vinnig stygende invoer op die lopende rekening van die betalingsbalans en op die algemene monetêre en finansiële toestand sou groter gewees het indien die goedere-uitvoer nie ook gedurende hierdie periode aansienlik gestyg het nie. Ná aansuiwering vir die seisoensinvloed en gereken teen 'n jaarkoers, het die uitvoer toegeneem vanaf R1,028 miljoen in die eerste kwartaal van 1965 tot R1,356 miljoen gedurende die derde kwartaal van 1966, voordat dit effens afgeneem het tot R1,280 miljoen gedurende die vierde kwartaal. Hierdie toename het vernameklik voorgekom in die statistiese klas „vervaardigde goedere hoofsaaklik volgens stof geklassifiseer“ maar het grotendeels uit toenames in die uitvoer van koper, diamante en gietyster, wat in wese primêre produkte is, bestaan.

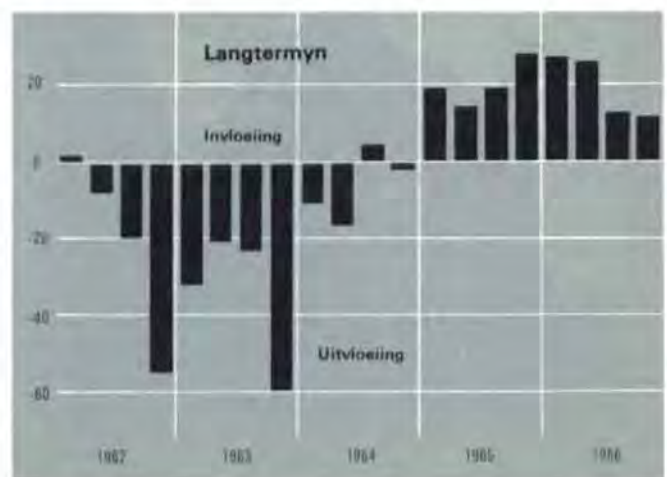
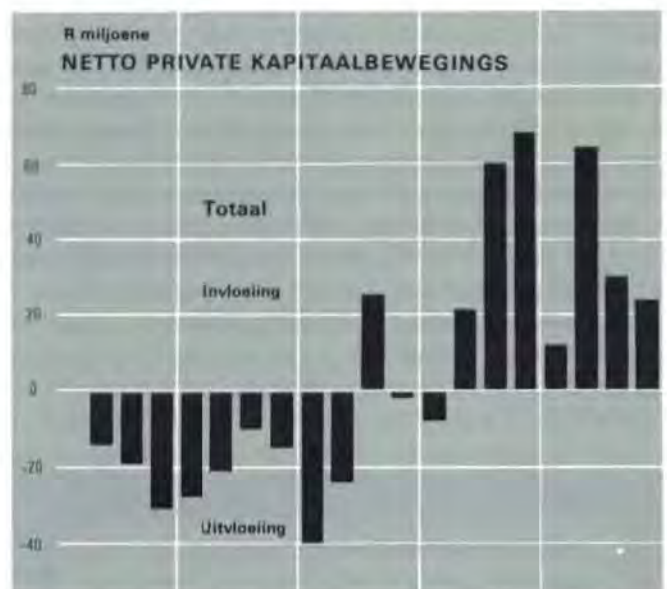
Die netto goudproduksie, soos dit vir betalingsbalansdoeleindes gedefinieer word, d.w.s. goud wat deur die myne aan die Reserwebank verkoop is, het na die eerste kwartaal van 1966 effens afgeneem en het vir die jaar 1966 in sy geheel slegs R768 miljoen bedra, vergeleke met R775 miljoen gedurende 1965.



Verdere netto invloeiing van kapitaal

Soos gedurende die voorafgaande ses kwartale was daar gedurende die vierde kwartaal van 1966 weer 'n aansienlike netto invloeiing van private kapitaal, naamlik ten bedrae van R24 miljoen, wat die totaal vir die jaar op R124 miljoen te staan gebring het, vergeleke met R141 miljoen in 1965. Sowat R78 miljoen of 63 persent van hierdie R124 miljoen het uit langtermynkapitaal bestaan en die oorblywende R46 miljoen of 37 persent was korttermynkapitaal (met inbegrip van foute en onaangetekende transaksies).

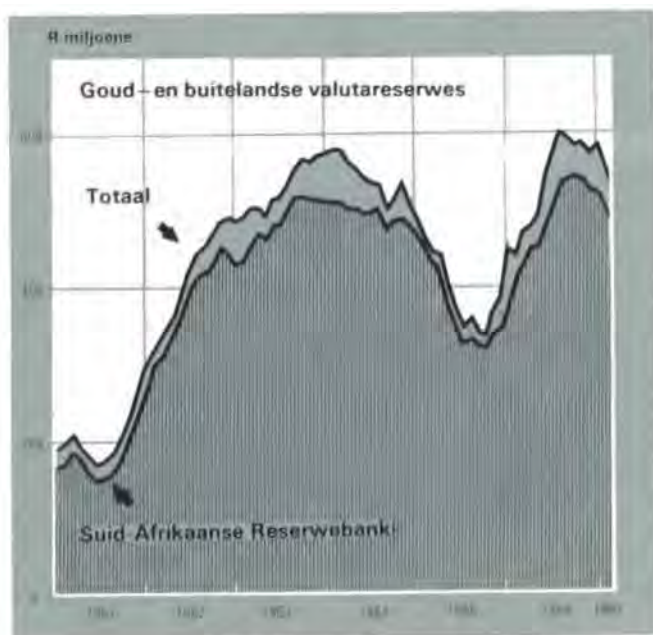
Sentrale regerings- en bankkapitaal het daarenteen gedurende die vierde kwartaal 'n verdere netto uitvloeiing van R2 miljoen getoon, wat die totale netto uitvloeiing van hierdie soort kapitaal vir die jaar op R11 miljoen te staan gebring het. Dit het grotendeels bestaan uit netto terugbetalings op buitelandse lenings deur die Regering en die Reserwebank, wat op grond van die oorskot op die betalingsbalans in sy geheel gedurende 1966 en in die lig van die heersende toestand in die algemeen, raadsaam geag is.



Goud- en buitelandse valuta-reserwes

Die netto resultaat van (1) die lopende tekort van R21 miljoen, (2) 'n netto invloeiing van private kapitaal van R24 miljoen en (3) 'n netto uitvloeiing van sentrale regerings- en bankkapitaal van R2 miljoen gedurende die vierde kwartaal, was dat die totale goud- en buitelandse valuta-reserwes gehou deur die Reserwebank, die res van die banksektor en die Regering oor hierdie tydperk van drie maande met R1 miljoen tot R589 miljoen gestyg het. Die gedeelte wat deur die Reserwebank self gehou is, het gedaal vanaf R543 miljoen aan die einde van September tot R521 miljoen aan die einde van Desember, maar hierdie afname is geneutraliseer deur 'n toename van R23 miljoen in die reserwes wat deur die res van die banksektor en die Regering gehou word.

Gedurende die jaar 1966 in sy geheel het die totale reserwes met R136 miljoen toegeneem. Die hoogtepunt is egter in Julie aangeteken toe die totale reserwes R604 miljoen beloop het, nadat dit met nie minder nie as R264 miljoen in tien maande toegeneem het. Daarná het 'n matige afwaartse neiging duidelik geword alhoewel, soos hierbo genoem is, die totale reserwes gedurende die vierde kwartaal met R1 miljoen toegeneem het. Gedurende Januarie 1967 het die totale reserwes egter skerp afgeneem, waarskynlik met meer as R30 miljoen. Dit was hoofsaaklik toe te skryf aan 'n aansienlike verdere toename in die invoer tot 'n seisoensaangesuiwerde jaarkoers van omtrent R2,300 miljoen, wat 'n nuwe maandelikse rekord verteenwoordig het. Dit word geskat dat die totale reserwes gedurende Februarie 1967 met 'n verdere R30 miljoen tot 'n peil van ongeveer R529 miljoen aan die einde van die maand gedaal het.



Monetêre en banktoestand

Geld en kwasi-geld

Gedurende die vierde kwartaal van 1966 het die hoeveelheid geld en kwasi-geld 'n verdere toename van R48 miljoen getoon, naamlik van R2,596 miljoen aan die einde van September tot R2,644 miljoen aan die einde van Desember. Ondanks die aansienlike verdere styging in die bruto volksproduk gedurende hierdie kwartaal het die verhouding van geld en kwasi-geld tot die bruto volksproduk, wat gedurende die vier voorafgaande kwartale op die buitengewoon hoë syfer van 30 persent of meer bly staan het, gevolglik slegs effens afgeneem tot net minder as 30 persent. Dit het die ekonomie nog steeds in 'n oormatige likwiede toestand gelaat:

Soos die bygaande tabel toon, het die toename in totale geld en kwasi-geld gedurende die vierde kwartaal voorgekom ten spyte van 'n daling van R9 miljoen in die *netto* goud- en buitelandse valuta-reserwes (dit wil sê ná aftrekking van korttermyn buitelandse laste) en 'n verdere toename van R32 miljoen in langtermyn-deposito's by monetêre banke, wat nie as kwasi-geld beskou word nie. Hierdie verandering is meer as geneutraliseer deur die uitbreidende uitwerking op geld en kwasi-geld van 'n styging van R81 miljoen in die eise van die banksektor teen die private sektor en 'n toename van R40 miljoen in die *netto* eise van die banksektor teen die regeringsektor, dit wil sê nadat veranderinge in regeringsdeposito's by die banksektor in aanmerking geneem is.

Oorsake van veranderinge in geld en kwasi-geld

(Veranderinge in die gekonsolideerde bates en laste van die monetêre banksektor)

R miljoene

	1966				
	1e kw.	2e kw.	3e kw.	4e kw.	Totaal
Veranderinge in geld en kwasi-geld:					
Geld	-39	126	6	42	136
Kwasi-geld	-78	24	67	6	19
Totaal geld en kwasi-geld	-117	150	73	48	155
Oorsake van veranderinge:					
Netto goud- en buitelandse valuta-reserwes	16	87	16	-9	109
Eise teen regeringsektor	32	115	83	30	260
Regeringsdeposito's*	-74	-24	-100	10	-188
Netto eise teen regeringsektor	-42	91	-16	40	72
Eise teen private sektor	-79	38	69	81	109
Langtermyn-deposito's*	-16	-102	-23	-32	-173
Ander bates en laste	4	37	28	-32	38
Totaal	-117	150	73	48	155

*Toename -, afname +.

Dit is betekenisvol dat die eise van die banksektor teen die private sektor, nadat dit gedurende die vierde kwartaal van 1965 en die eerste kwartaal van 1966 aansienlik gedaal het, gedurende die daaropvolgende

drie kwartale weer sterk gestyg het. Dit moet gedeeltelik aan 'n styging in die kontantkredietvoorskotte van die Landbank toegeskryf word. Selfs indien hierdie voorskotte uitgesluit word, het die eise van die banksektor teen die private sektor oor die jare 1965 en 1966 egter nog soos volg verander:



	R miljoene
1965: 2e kwartaal	+45
3e kwartaal	-35
4e kwartaal	-49
1966: 1e kwartaal	-56
2e kwartaal	+ 2
3e kwartaal	+30
4e kwartaal	+97

Die volgende is blykbaar wat gebeur het: Tussen omstreeks die derde kwartaal van 1965 en die middel van 1966 het die hoeveelheid geld en kwasi-geld in die hande van die private sektor vinnig toegeneem, hoofsaaklik as gevolg van die gunstige totale betalingsbalans en die feit dat die regering vir die finansiering van 'n nie onbelangrike deel van sy totale uitgawes sy toevlug tot verdere bankkrediet moes neem. Onder hierdie omstandighede het private sake-ondernemings en individue in so 'n mate likwied geword, en het die geleenthede vir lenings tussen sake-ondernemings so groot geword, dat die vraag na bankkrediet verminder het, te meer omdat dit ook die tydperk was waarin die ekonomiese bedrywigheid tydelik geneig het om meer gelyk te verloop.

Vanaf omstreeks die middel van 1966 het die toestand egter in drie opsigte begin verander. Eerstens het die reserwes, gedeeltelik as gevolg van die verslapping van invoerbeheer, geneig om meer gelyk te verloop. Tweedens, het die monetêre en fiskale beleidsmaatreëls wat in Julie en Augustus aanvaar is, daarin geslaag om die regeringsektor se afhanklikheid van bankkrediet te verminder. Laastens het die nuwe ekonomiese oplewing begin vaart kry. Onder hierdie omstandighede het die private sektor weer eens meer van bankkrediet gebruik gemaak.

„Beheerde“ bankkrediet

As gevolg van hierdie verwikkelinge het die „beheerde krediet“ van die verskillende kategorieë banke ingesluit by die monetêre banksektor, wat aan die einde van Junie 1966 in totaal ongeveer R201 miljoen of 11 persent onder die toelaatbare peil, d.w.s. die syfer vir Maart 1965 plus $2\frac{1}{2}$ persent vir landboudoeleindes, gestaan het, teen die einde van Desember 1966 tot slegs R105 miljoen (of 6 persent) onder hierdie peil toegeneem.

Intussen het die Reserwebank egter op 7 Desember 'n nuwe kredietvoorskrif aan die monetêre banke uitgereik waarvolgens van hulle verwag is om te verseker dat hulle diskonteringe, lenings en voorskotte aan die

private sektor, met uitsondering van die Landbank, aan die einde van September 1967 minstens $7\frac{1}{2}$ persent laer sou wees as aan die einde van Maart 1965, met dié voorbehoud dat hierdie grens met $2\frac{1}{2}$ persent verhoog sou kon word ten opsigte van krediet wat deur hulle vir landboudoeleindes verleen is.

Dit het beteken dat die handelsbanke, aksepbanke en monetêre huurkoop- en algemene banke aan die einde van Desember 1966 die nuwe „plafon” wat vir September 1967 gestel is, gesamentlik met ongeveer R22 miljoen oorskry het, hoewel in aanmerking geneem moet word dat die kredietvoorskrif van die Reserwebank aan die banke voorsiening maak vir sekere uitsonderings soos bv. krediet vir die finansiering van spesiale invoergoedere wat in die nasionale belang geag word.

Teen die einde van 1966 het die banktoestand derhalwe betekenisvol verander. Gedurende die grootste deel van 1966 het die amptelike beperkings op bankkrediet aan die private sektor betreklik min uitwerking gehad in dié sin dat die hoë likwiditeit van die private sektor toegelaat het dat die uitgawes van sakeondernemings en individue deur hulle vermeerder kon word, en verskillende vorms van verbruikerskrediet verleen kon word, sonder dat netto ekstra lenings van die bankstelsel nodig geword het. In werklikheid het bankkrediet aan die private sektor, soos voorheen reeds aangedui is, gedurende die eerste helfte van die jaar selfs afgeneem. Teen die einde van 1966 het die verskillende faktore waarna hierbo verwys is, waaronder ook die beleidsveranderinge, egter daartoe saamgewerk om die monetêre owerheid ’n groter mate van beheer oor die monetêre en banktoestand te gee as waaroor hulle vroeër in die jaar beskik het.

Staatsfinansies

Hierbo is daarna verwys dat die netto eise van die banksektor teen die regeringsektor wat gedurende die derde kwartaal van 1966 ’n welkome afname van R16 miljoen getoon het, gedurende die vierde kwartaal weer met R40 miljoen gestyg het. Dit was die gesamentlike gevolg van ’n styging van R30 miljoen in die banksektor se besit aan skatkiswissels, staatseffekte en ander eise teen die regeringsektor en ’n afname van R10 miljoen in regeringsdeposito's by die banksektor gedurende die vierde kwartaal.

Dit moet egter in gedagte gehou word dat die „regeringsektor” in die monetêre ontleding wat hierbo gebruik is, nie slegs die Suid-Afrikaanse sentrale regering nie, maar ook provinsiale administrasies, die Administrasie van Suidwes-Afrika, die regering van die Transkei en die regerings van Lesotho, Botswana en Swaziland insluit. Om ’n indruk van die ekonomiese uitwerking van die finansies van die sentrale regering as sodanig te kry, is dit nodig om die skatkisrekening afsonderlik te ontleed. As dit gedoen word op die wyse

wat in die bygaande tabel uiteengesit word, blyk dit dat die Skatkis se netto skuldposisie teenoor die banksektor, ná ’n afname van R3 miljoen gedurende die derde kwartaal van 1966, in die vierde kwartaal verder gedaal het met R18 miljoen. Dit moet gedeeltelik aan ’n afname van R5 miljoen in die banksektor se besit aan skatkiswissels en staatseffekte en gedeeltelik aan ’n styging van R13 miljoen in die skatkissaldo toegeskryf word.

Die tabel toon ook dat die Regering gedurende die vierde kwartaal daarin geslaag het om R53 miljoen van die private nie-banksektor en ’n netto bedrag van R29 miljoen van die Staatskuldkommissarisse te leen, d.w.s. ná aftrekking van netto verkope van staatspapier deur die Kommissarisse aan monetêre banke en ander instansies. Tegelykertyd is die Skatkis se netto skuldposisie teenoor die buitelandse sektor met R19 miljoen verminder.

Skatkisfinansies

R miljoene

	1966		
	2e kw.	3e kw.	4e kw.
Totale tekort uitgesonderd lenings	107	53	45
Finansiering			
Veranderings in netto skuldposisie teenoor:			
Buitelandse sektor	3	4	-19
Private nie-banksektor	28	30	53
Staatskuldkommissarisse	20	22	29
Betaalmeester-generaal en bestaansbeveiligingsfondse	-1	—	—
Subtotaal	50	56	63
Monetêre banksektor:			
Verandering in staatspapier	129	64	-5
Verandering in skatkissaldo*	-72	-67	-13
Subtotaal	57	-3	-18
Totale finansiering	107	53	45

*Toename —, afname +

Soos gedurende die derde kwartaal was die Regering, met ander woorde, volkome suksesvol in die uitvoering van sy beleid om sy totale lopende en kapitaaluitgawes op ’n „nie-inflasionistiese” wyse te finansier, d.w.s. sonder die gebruikmaking van bykomstige bankkrediet. Twee faktore wat blykbaar tot hierdie gunstige resultaat bygedra het, was die verhoging in die rentekoers op langtermynstaatseffekte en die indiening van wetgewing waarvolgens van versekeraars, pensioenfondse en eenheidstruists vereis word om meer staatseffekte te hou.

Kapitaalmark

Nieteenstaande die toenemende bankkrediet en die abnormaal groot hoeveelheid geld en kwasi-geld in die hande van die private sektor, wat uiteraard die behoefte van baie sake-ondernemings om in die kapitaalmark te leen verminder het, was die vraag na langtermyn-kapitaalfondse gedurende die vierde kwartaal van 1966 weer baie sterk in vergelyking met die aanbod, sodat die kapitaalmarktoestand stram en rentekoerse betreklik hoog gebly het.

Die pryse van nywerheids- en handelsaande, wat gedurende Junie en Julie 1966 skerp gedaal het, het daarna weer toegeneem en in November 'n peil bereik wat hoër was as die hoogtepunt wat in Mei 1966 bereik is, alhoewel dit nog steeds heelwat onder die hoogtepunt van April 1965 gelê het. Die pryse van die meeste ander klasse aandele het egter gedurende die laaste kwartaal van 1966 ietwat gedaal.



Bouverenigings – verandering in uitgesoekte poste
R miljoene

Tydperk	Spaar-deposito's	Vaste deposito's	Aandele-kapitaal	Totale middele	Verband- en ander lenings uitstaande	Voorskotte toegestaan maar nog nie uitbetaal nie	Voorgeskrewe beleggings
1966:							
1ste kw.	11.4	2.0	11.1	24.5	12.2	-4.7	-1.0
2de kw.	1.2	8.0	6.8	16.0	16.8	10.3	12.5
3de kw.	17.2	14.8	-0.1	31.9	13.9	11.6	5.3
4de kw.	10.0	24.1	-10.0	24.1	20.2	13.5	19.4
Jaar 1966	39.8	48.9	7.8	96.5	63.1	30.7	36.2
Jaar 1965	12.7	-1.4	73.0	84.4	139.9	-95.9	-63.3

Bouverenigings

Nieteenstaande die normale ongunstige seisoens-invloede het die totale middele van bouverenigings gedurende die vierde kwartaal met R24 miljoen toegeneem, waarby 'n afname van R10 miljoen in hulle aandeelkapitaal meer as geneutraliseer is deur toenames van R10 miljoen en R24 miljoen in hulle spaar- en vaste deposito's onderskeidelik.

Die verenigings se uitstaande verband- en ander lenings het verreweg hulle grootste kwartaallikse toename vir 1966 getoon, naamlik R20 miljoen, terwyl „voorskotte toegestaan maar nog nie uitbetaal nie“ ook verder toegeneem het. Ten spyte hiervan was die verenigings in staat om gedurende hierdie tydperk 'n verdere R19 miljoen aan hulle likwiede bates en ander voorgeskrewe beleggings toe te voeg, wat die oorskotbesit aan hierdie bates, d.w.s. bo en behalwe die statutêre minimum, tot nie minder nie as R154 miljoen verhoog het. Teen die einde van 1966 was hulle posisie dus aansienlik ruimer as 'n jaar tevore.

