

Quarterly economic review

The Reserve Bank's *Annual Economic Report* as well as the Governor's Address at the Annual General Meeting of Stockholders of the Bank, which were published towards the end of August, included surveys of recent developments in the economy. Although little new information has become available since then, this review relates mainly to the second quarter and July, and is intended to follow on the review given in the June issue of this Bulletin.

The following developments in the monetary and financial situation were observed on the evidence of more recent statistics:

(1) After it had increased substantially during the first and second quarters of 1968, money and near-money showed little change during July, mainly as a result of the success of the government's borrowing operations whereby substantial amounts were withdrawn from the private non-bank sector through the flotation of medium and long-term stocks, and the response to the 6 per cent tax-free Treasury bonds. The excess liquidity of banks declined during July as a result of this shift of funds to the government.

(2) Fairly widespread downward adjustments were made to short and medium-term interest rates during August and early in September. The monetary authorities did not take steps to offset a downward movement of short-term interest rates which took place during August, and when Bank rate was reduced from 6 to $5\frac{1}{2}$ per cent on the 27th August, further downward adjustments were made including a reduction in rates on bank and building society deposits, building society shares and lending rates of commercial banks. The Reserve Bank's pattern of yields on short-term government stock was also reduced on the 19th September.

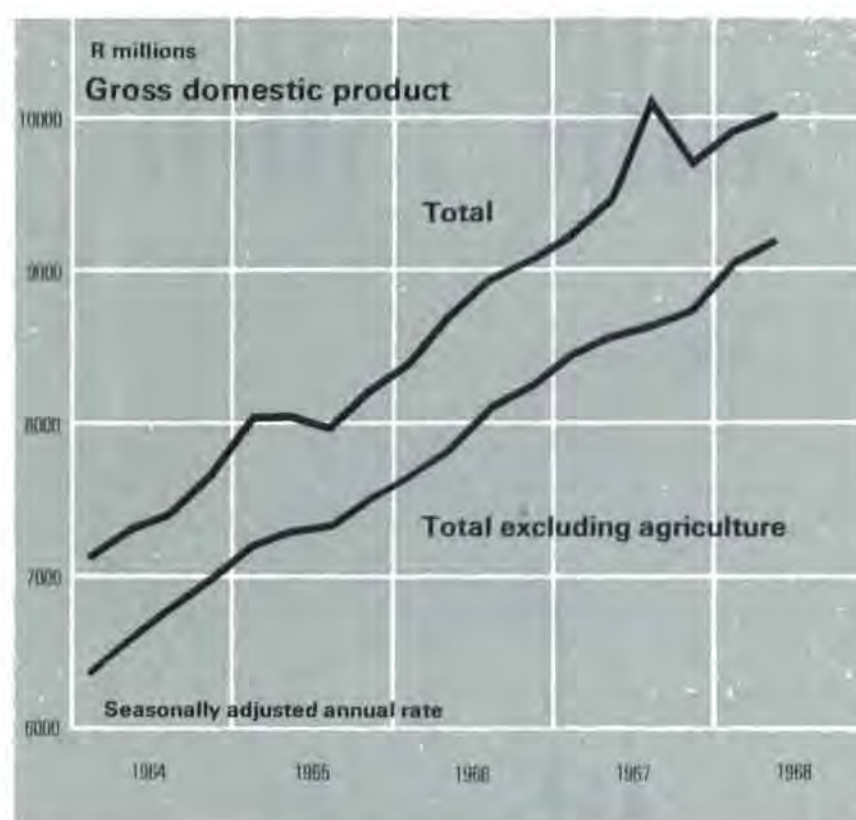
(3) The reduction in Bank rate contributed towards a noticeable change in capital market conditions. The demand for fixed interest-bearing securities increased substantially and three municipal issues during August and September were heavily oversubscribed. Share prices and turnover on the Johannesburg Stock Exchange, which declined during July, increased again in August and particularly in the first weeks of September.

(4) The total gold and foreign exchange reserves of the Reserve Bank declined slightly during the first three weeks of September.

National accounts¹

Gross domestic product

Gross domestic product increased further during the second quarter of 1968 although at a slightly slower rate than during the first quarter. When the fluctuations caused by the record 1967 maize crop are ignored, the first half of 1968 showed a distinct improvement on the second half of 1967. The main contributors to this improved performance of the economy were manufacturing and mining and, during the first quarter, commerce.



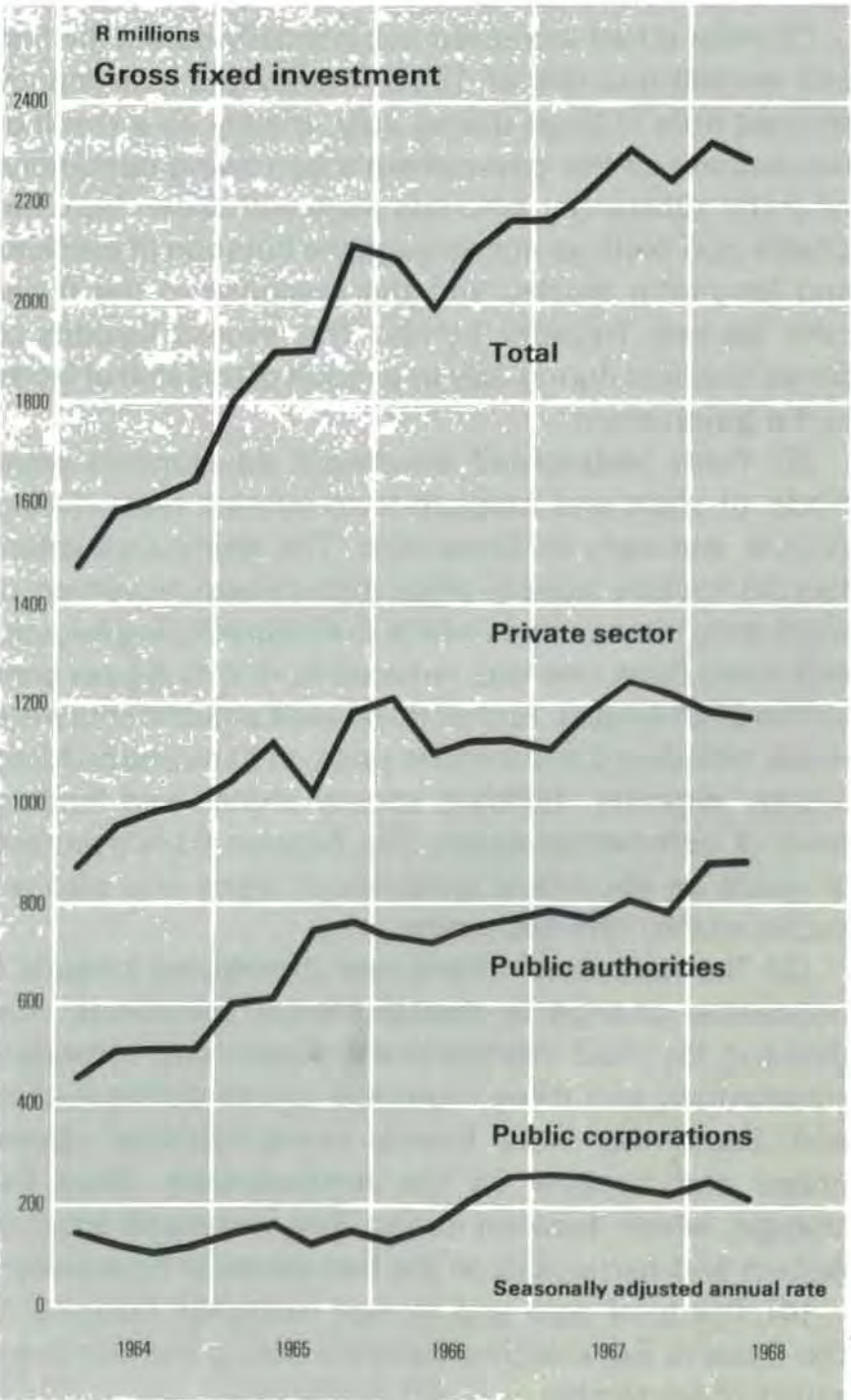
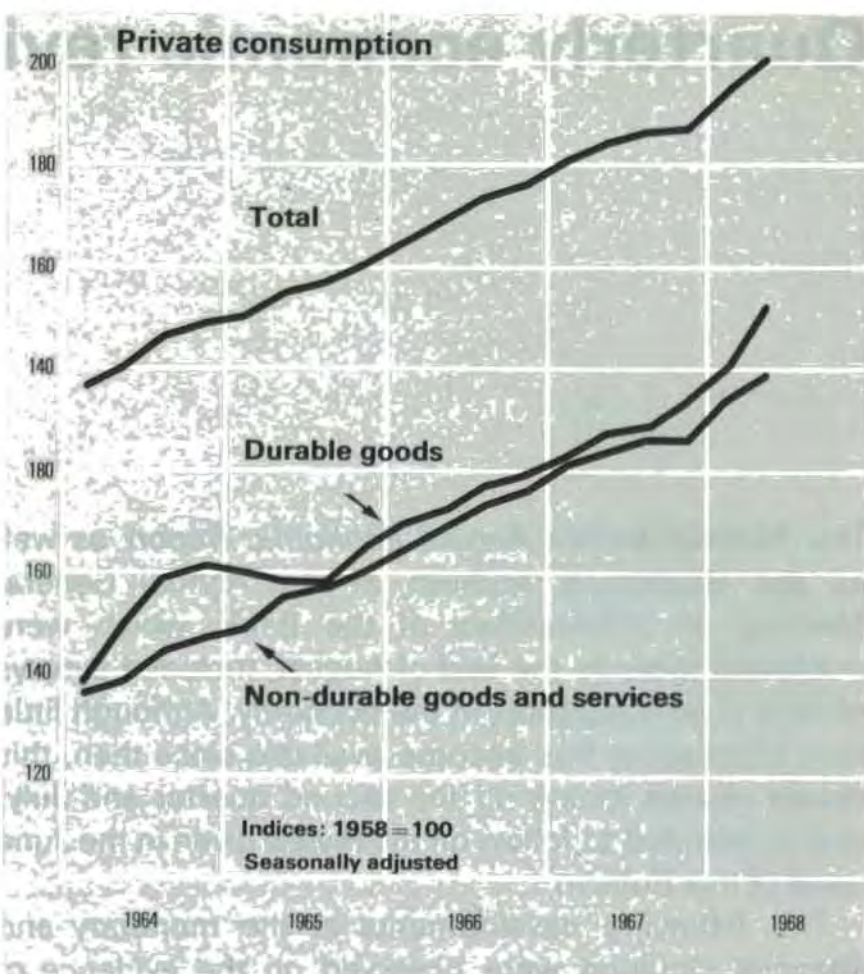
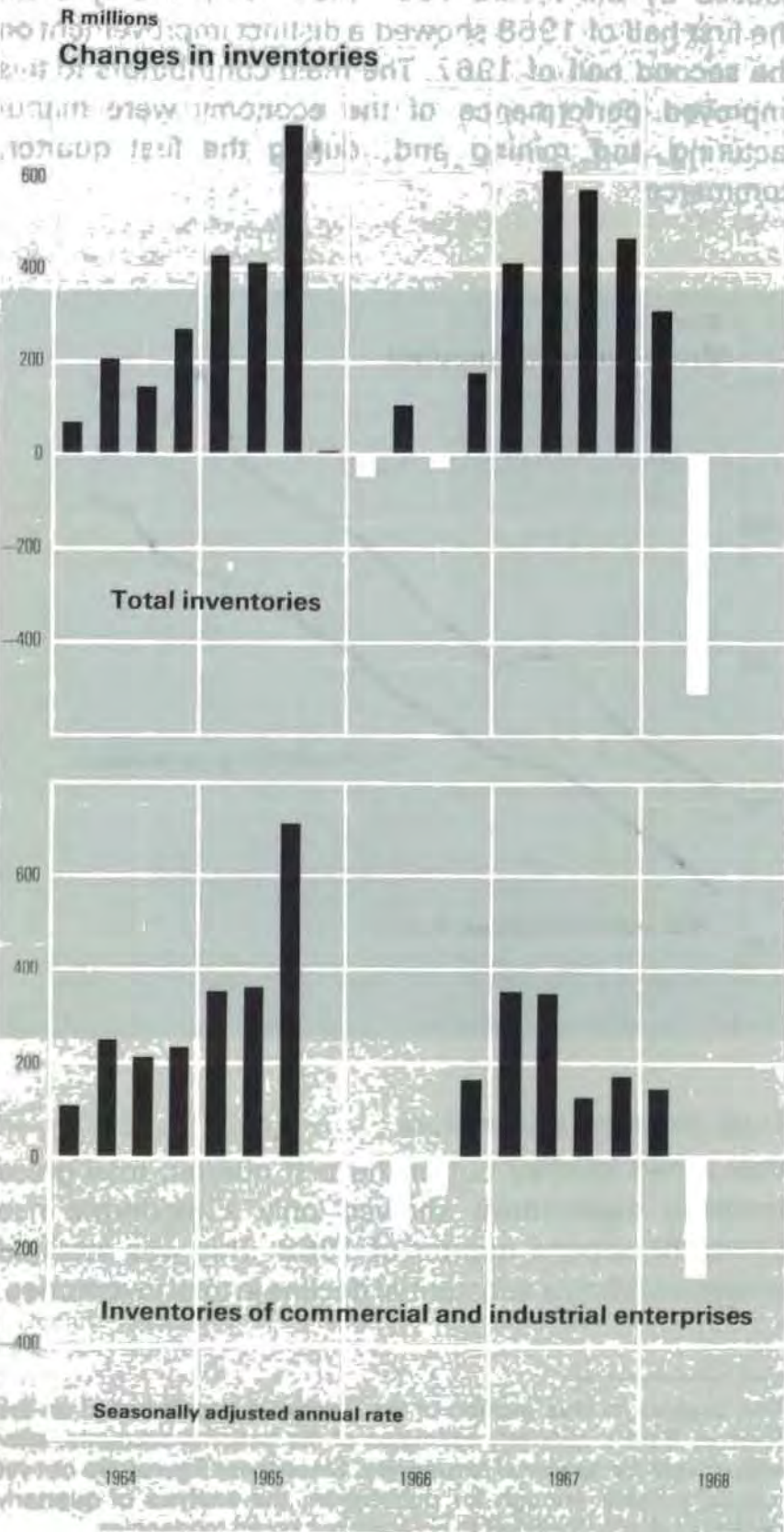
Gross domestic expenditure

After it had levelled out in the first quarter, total gross domestic expenditure showed only a moderate rise during the second quarter of 1968. This was attained notwithstanding a substantial decline in total inventories.

¹The 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.

From the second quarter of 1967 total inventory investment declined progressively for the next four quarters and during the second quarter of 1968 actually registered a substantial negative figure. To some extent this was attributable to a decline in agricultural inventories, but inventories of commercial and industrial enterprises also declined noticeably.

As during the first quarter, private consumption increased appreciably during the second quarter of 1968. This was in sharp contrast to the behaviour of private consumption during the second half of 1967 when a distinct levelling-off tendency was noticeable. It would appear that during the second quarter the rate of expenditure on durable goods even accelerated somewhat.



Current expenditure by the general government likewise continued the relatively sharp increase which began in the first quarter of 1968 and, although it amounts to only about one-fifth of private consumption expenditure, contributed materially to the increase in gross domestic expenditure.

Total domestic fixed investment showed a moderate decline during the second quarter of 1968 compared with an increase of roughly the same proportion during the first quarter. Private fixed investment declined for the third successive quarter—a trend which was largely the result of the behaviour of fixed investment in manufacturing and construction. Fixed investment by public corporations also declined, while that of public authorities showed only a slight increase, following the sharp rise during the first quarter.

Production and employment

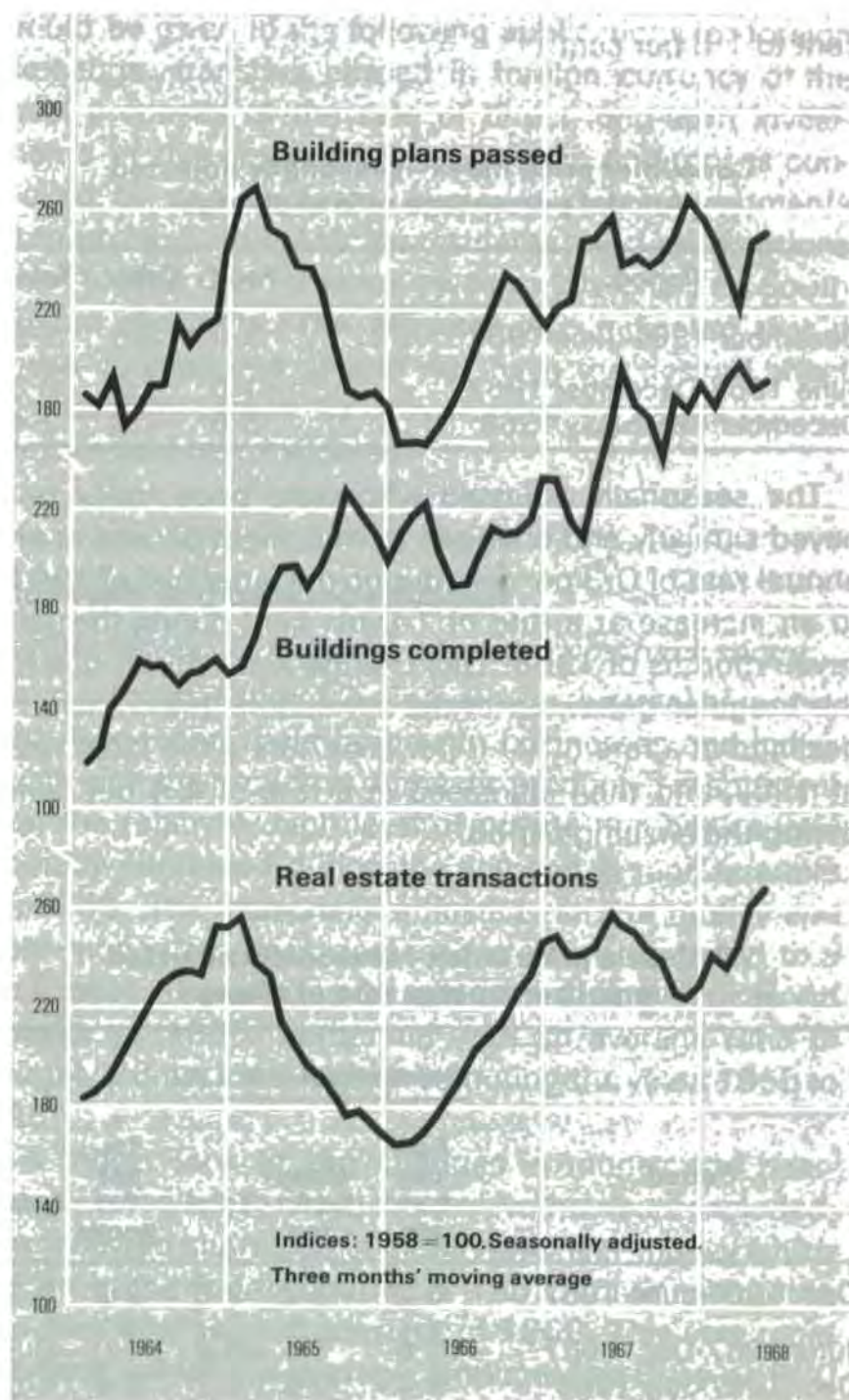
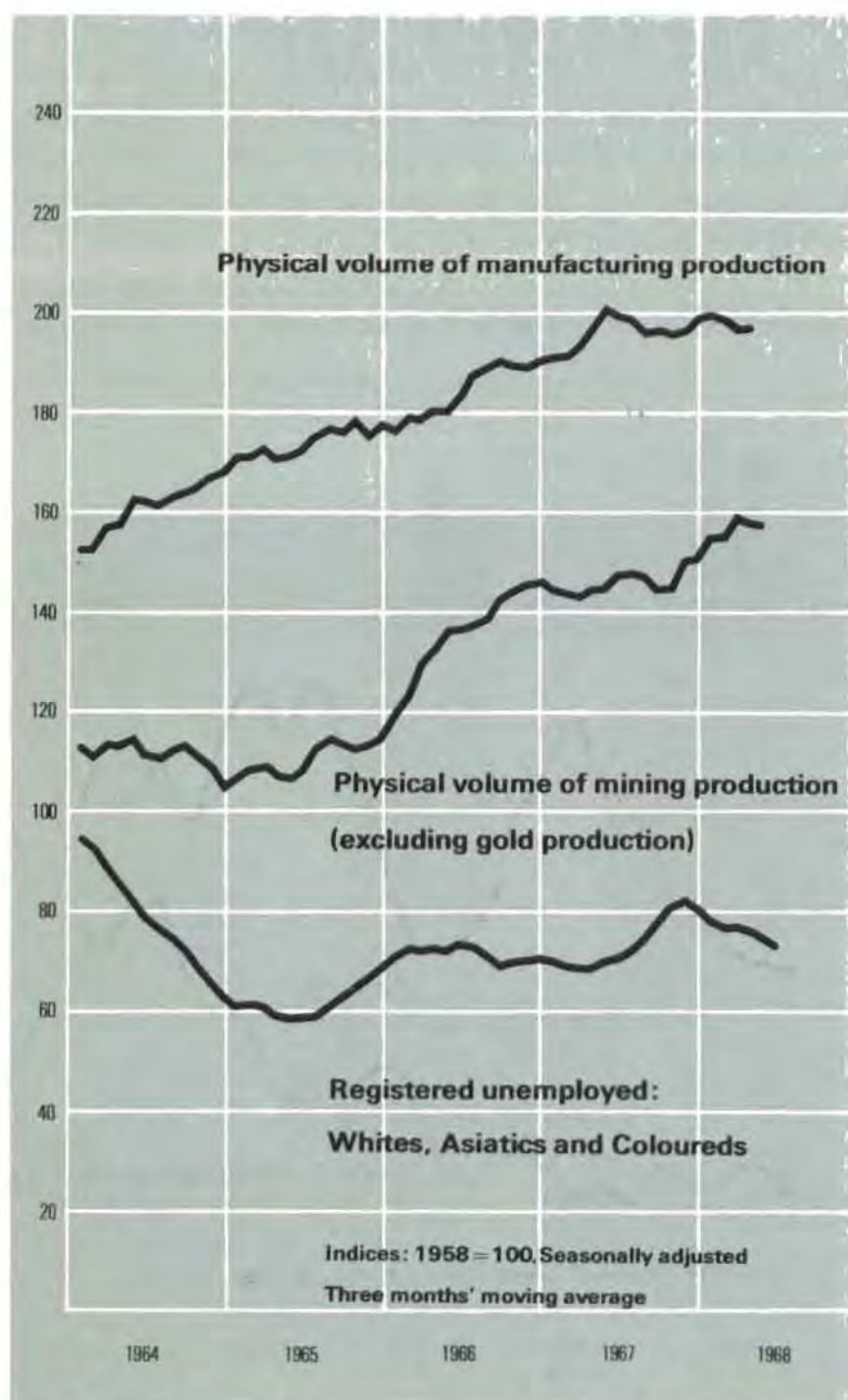
The seasonally adjusted index of the physical volume of manufacturing production increased from 198.0 in

April to 203.7 in May 1968. Compared with an average monthly index of 196.4 during the second half of 1967, which represented a levelling-off in production, it increased to a slightly higher level of 199.4 during the first five months of 1968. After declining sharply during the second half of 1967, the value of unfilled orders for selected industrial groups increased between December 1967 and April 1968 but declined slightly again in May. Figures for the volume of gold and other mining production and mining employment for June 1968 show that these magnitudes remained at the relatively high levels reached during the previous months.

The seasonally adjusted index of registered unemployed Whites, Coloureds and Asiatics drifted downwards during recent months to reach a level of 73.4 in July; in December 1967 this index stood at 82.4.

General economic indicators

The impression that economic activity rose to a slightly higher level in the first half of 1968 is also supported by



other indicators of real economic activity. The latest data available for series such as the value of buildings completed, new advances by building societies, the value of wholesale sales of building materials, the physical volume of cement production, the number of new motor cars and commercial vehicles sold, retail and wholesale sales, the output of packaging materials, railway earnings and the consumption of steel, all reinforce this impression. In contrast with the more subdued behaviour of the indicators of real activity, series such as bank debits and industrial and commercial share prices showed substantial increases.

Prices

After increasing at an annual rate of only 0.3 per cent from June to December 1967, the rate of increase of the seasonally adjusted consumer price index accelerated to 2.4 per cent during the first seven months of 1968. This change was largely attributable to a change in food prices which declined at a rate of 1.6 per cent during the second half of 1967 and then increased at a rate of 3.5 per cent for the first seven months of 1968, while for other prices the rate changed from 1.2 per cent to 1.8 per cent.

**Consumer price index—seasonally adjusted
Annual percentage rate of change**

Period	Food	Other	Total
December 1964-June 1967	3.6	3.5	3.5
June 1967-December 1967	-1.6	1.2	0.3
December 1967-July 1968	3.5	1.8	2.4

The seasonally adjusted wholesale price index behaved similarly and changed from a slight decline at an annual rate of 0.3 per cent during the latter half of 1967 to an increase at a rate of 1.0 per cent during the first seven months of 1968. This change was entirely due to the irregular behaviour of the agricultural prices, which declined at a rate of 10.6 per cent during the latter half of 1967 and then increased at a rate of 4.4 per cent during the ensuing period.

**Wholesale price index—seasonally adjusted
Annual percentage rate of change**

Period	Goods produced in S.A.				
	Agriculture, etc.	Manufacturing	Total	Imported goods	Total
Dec. 1964-June 1967	5.2	3.2	3.6	2.2	3.2
June 1967-Dec. 1967	-10.6	1.4	-0.8	1.0	-0.3
Dec. 1967-July 1968	4.4	0.6	1.2	0.4	1.0

Balance of payments

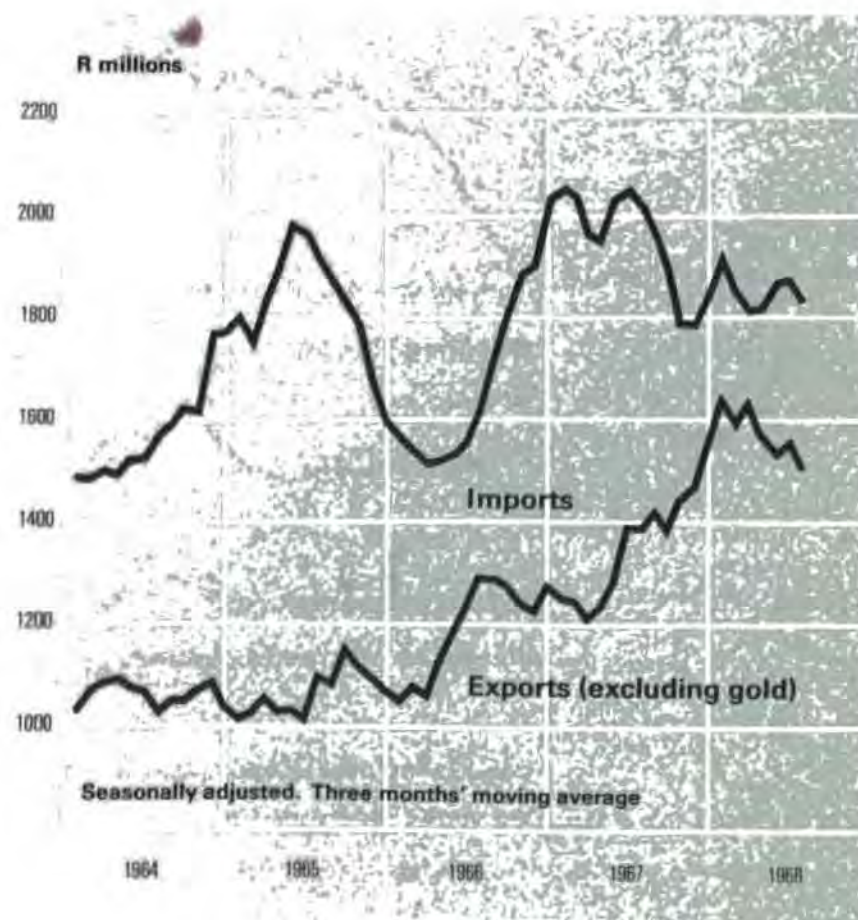
Surplus on current account

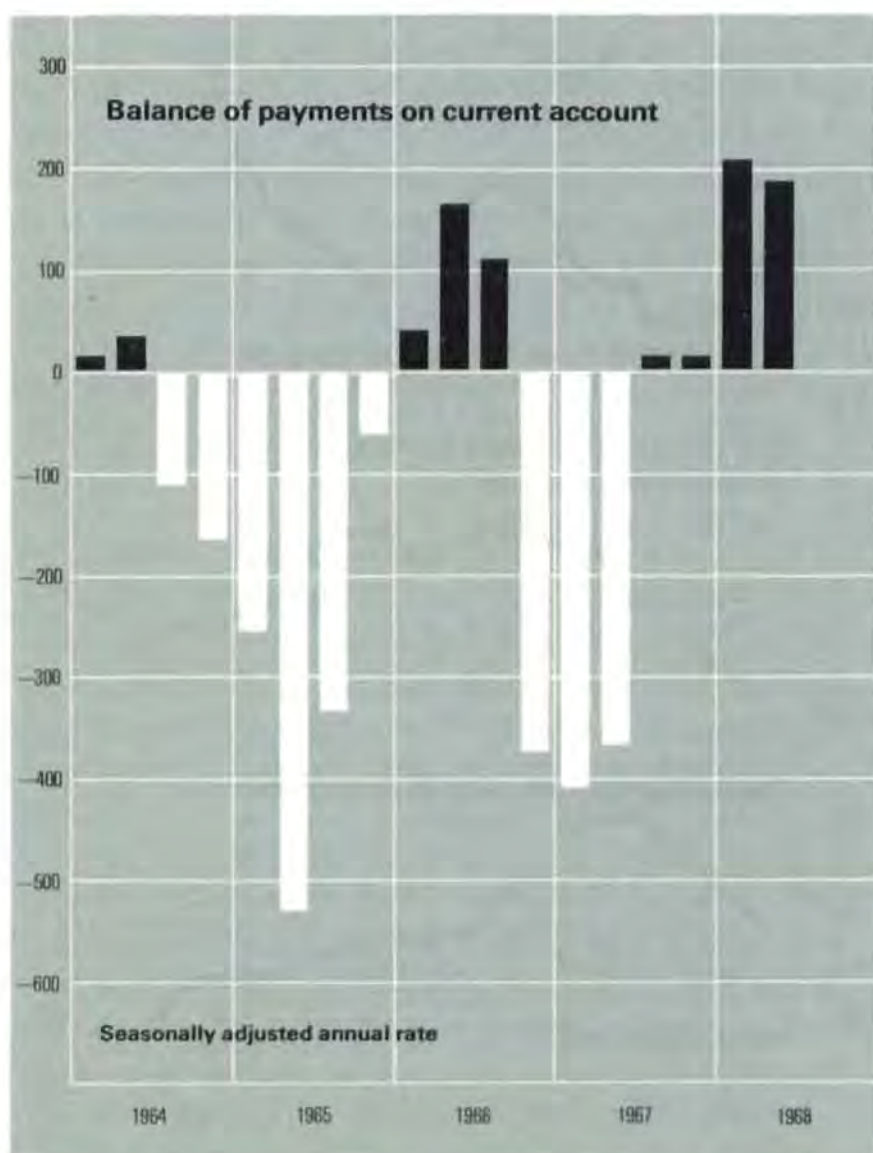
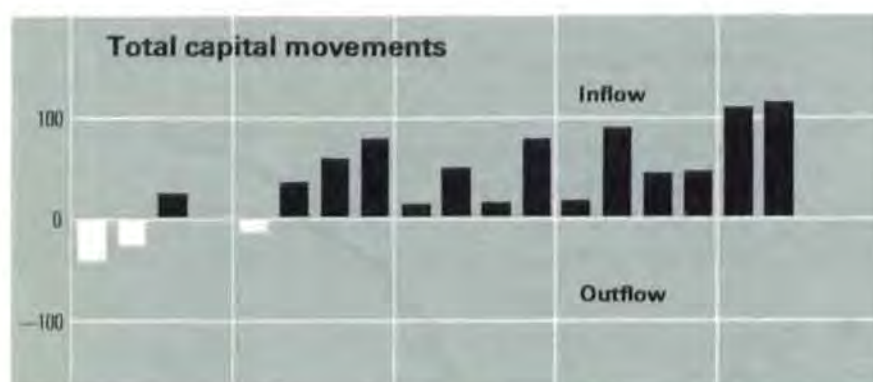
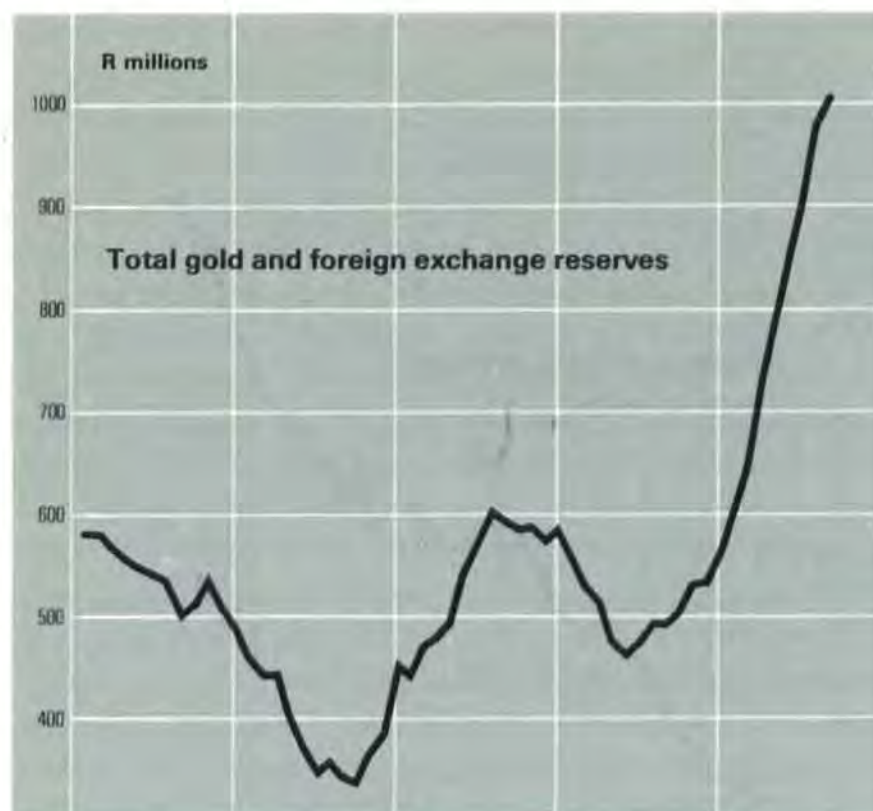
The levels reached by exports and imports towards the end of last year were more or less maintained during both the first and second quarters of this year. As a result the balance of payments on current account during the second quarter showed a surplus of R41 million compared with R44 million during the first quarter, or at a seasonally adjusted annual rate of roughly R200 million in both quarters.

During July and August imports more or less maintained the level reached during the first half of the year, while exports, at a seasonally adjusted annual rate, after increasing sharply to R1,774 million in July, dropped to R1,391 million in August.

Substantial net inflow of capital

The events following the sterling devaluation in November 1967 as well as the communiqué issued by the gold pool countries in March 1968, were probably in large part responsible for the large net capital inflow of R256 million during the first six months of this year. Thus, the total private net capital inflow of R108 million during the first quarter of this year was followed by a further net inflow of R112 million during the second. As in the first quarter, when it amounted to R36 million, the net inflow of private capital through transactions by foreigners on the Johannesburg Stock Exchange during the second quarter was fairly large, namely R25 million, especially when it is considered that no changes were effected in the existing exchange control regula-





tions as regards the repatriation of funds invested by foreigners in listed South African securities. Central government and banking capital showed a moderate inflow of R17 million during the second quarter, compared with a net inflow of R19 million during the first.

Gold and foreign exchange reserves

As a result of the favourable balance on current account and the net capital inflow referred to above, the total gold and foreign exchange reserves held by the Reserve Bank, the Government and the rest of the banking sector increased by a further R170 million during the second quarter of this year. Together with the rise of R171 million in the first quarter, the increase in the country's total reserves amounted to no less than R341 million during the first six months of this year. During July the total reserves increased by a further R77 million and it is estimated that the increase during August was about R30 million. During the first three weeks of September, however, the reserves tended to decline.

On the 31st July the Minister of Finance announced that, with due regard to the level of the total foreign exchange reserves, more sympathetic consideration would be given to the following applications for foreign exchange; transfers abroad in foreign currency of the local proceeds of the sale of direct long-term investments in the equity of South African enterprises controlled by non-residents; approved direct investments abroad by South African residents; and redemptions prior to due date of loans owed to foreigners by South African residents. The Minister also indicated that if these concessions should not have the desired effect of reducing excess liquidity, further exchange control steps would be considered.

Monetary and banking situation

Further increase in liquidity of private non-bank sector

From a comparison of the increase in the total of money and near-money held by private businesses and individuals with the growth in domestic product, it is apparent that the relatively high level of private non-bank sector liquidity continued during the first and second quarters of 1968. The seasonally adjusted ratio of money and near-money to gross domestic product increased to a new peak of just over 30 per cent during the second quarter of 1968, compared with an average ratio of roughly 26 per cent registered during the years 1955 to 1964.

A closer look at the changes in money and near-money reveals that, if seasonal movements are excluded, the renewed sharp rise in money and near-money which began in the fourth quarter of 1967, continued during the first and second quarters of 1968. This very rapid increase, which on average amounted to close on R50 million per month during the first six months of 1968,

Ratio of money and near-money to gross domestic product



was followed, however, by a negligible rise on only R3 million during July, as is shown in the following table.

Changes in money and near-money

	Not seasonally adjusted	Seasonally adjusted	
	R millions	R millions	Per- centage
1967: 3rd Quarter	3	11	0.4
4th Quarter	186	87	3.3
1968: 1st Quarter	-23	146	5.3
2nd Quarter	228	148	5.1
July	—	3	0.1

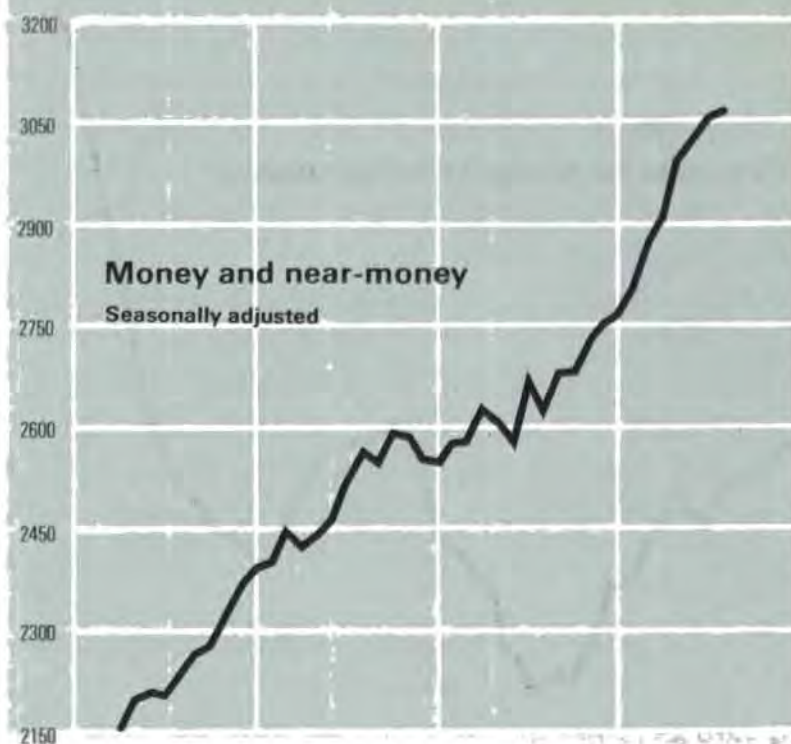
Causes of increase in money and near-money

The accompanying table shows that the dominating cause of the rapid rise in money and near-money during both the first and second quarters of 1968 was the sustained sharp increase in the net gold and foreign exchange reserves, which amounted to no less than R317 million over these six months. Total claims of the

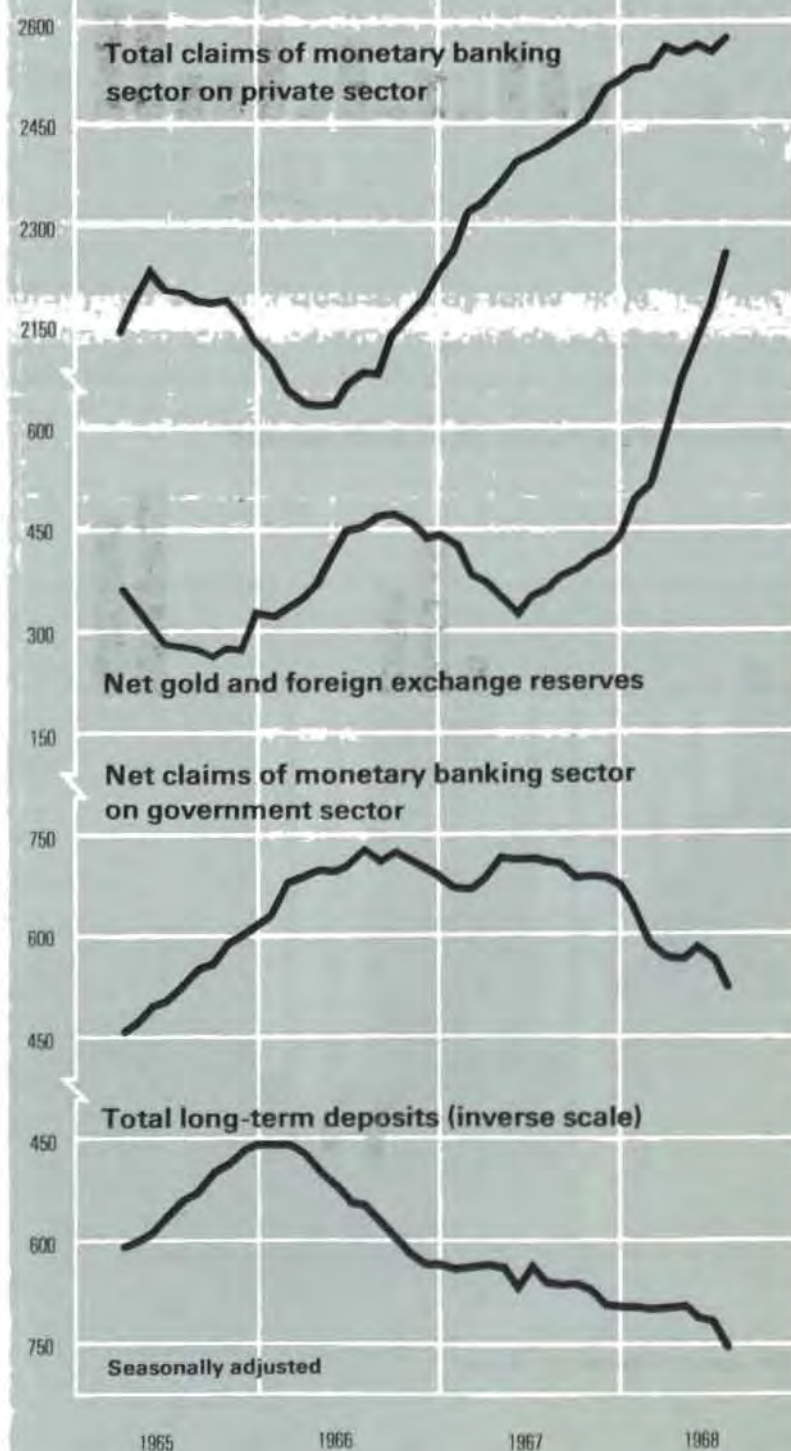
Main causes of changes in money and near-money, 1968

	Not seasonally adjusted			Seasonally adjusted		
	1st Qtr.	2nd Qtr.	July	1st Qtr.	2nd Qtr.	July
Net gold and foreign exchange reserves . . .	158	159	95	155	182	77
Net claims on government sector	-214	61	-81	-110	—	-48
Claims on private sector	60	12	24	52	-8	19
Long-term deposits (increase-, decrease +)	-21	-51	-21	-7	-17	-38

R millions



Causes of changes in money and near-money



monetary banking sector on the private sector which, after seasonal adjustment, contributed R52 million to the increase in money and near-money during the first quarter of 1968, actually declined by R8 million during the second quarter of this year.

The contribution of these factors to the increase in money and near-money was partly offset by a decline in the net claims of the banking sector on the government sector, which began towards the middle of 1966 and was continuing during the first seven months of 1968. During the last-mentioned period the decline amounted to R158 million after adjustment for seasonal movements, and was the result mainly of a substantial increase in government deposits, which exceeded the increase in the monetary banking sector's holdings of Treasury bills and government stock. Government deposits reached a record level of R693 million at the end of July, which was nearly R200 million above the level at the end of the first quarter and over R400 million above the level recorded at the end of December 1967.

It is important to note that the net claims of the monetary banking sector on the government sector showed marked seasonal fluctuations. This is evident from a comparison of the figures for the net claims on the government sector before and after adjustment for seasonal tendencies, as shown in the table referred to above.

During July money and near-money showed little change even if adjusted for seasonal movements, despite the continued rise in the net gold and foreign exchange reserves which was actually more rapid during this month than during any earlier month since the beginning of the current upturn in these reserves in June 1967. Certain factors, such as a further decline in the net claims of the monetary banking sector on the government sector and a relatively large increase of private sector long-term deposits with the monetary banking sector, neutralised the effect of the large increase in the gold and foreign exchange reserves.

Bank credit to the private sector

Although the total claims of the monetary banking sector on the private sector did not contribute nearly as much as the gold and foreign exchange reserves to the increase in money and near-money during 1968, interesting changes occurred in the composition of these claims under the continued policy of direct limitation applied to the discounts and advances to, and certain investments with, the private sector. The accompanying table shows that total discounts and advances of monetary banks (predominantly those of the commercial banks) to the private sector, which increased sharply partly due to seasonal influences during the first quarter of 1968, declined slightly during the second quarter of 1968 and July.

Changes in claims on the private sector, 1968

R millions

	1st Qtr.	2nd Qtr.	July
Claims of:			
Reserve Bank, N.F.C. and discount houses	-11	-6	-2
Land Bank	-59	-26	+25
Commercial banks, merchant banks and monetary hire-purchase and general banks:			
Discounts and advances	+90	-5	-3
Investments	+35	+44	+1
Deposits	+3	+6	+3
Sub-total	+129	+44	+2
Total claims	+60	+12	+24

Investments, however, continued to rise quite rapidly, partly because the banks during the second quarter availed themselves of concessions outside the investment "ceiling" imposed in May 1968 which had to be allowed due to prior commitments of the banks. Even so, about R28 million of the R44 million rise in these banks' investments with the private sector during the second quarter consisted of increased holdings of stocks, debentures and bills of local authorities, the Land Bank and other public corporations which are not subject to the ceiling, while no more than R16 million consisted of stocks, debentures and shares of other private companies. Cash credits by the Land Bank showed their usual seasonal movement and declined during the first and second quarters before beginning to rise during July.

Adjustment of bank credit ceiling

In the light of the prevailing economic conditions as discussed above, the Governor of the Reserve Bank in his address at the annual general meeting of stockholders of the Bank on the 27th August 1968 announced that the following adjustments would be made to the existing credit control:

(1) With regard to the controlled discounts and advances of monetary banks to the private sector, the 7½ per cent reduction in the ceiling which had originally been introduced in December 1966, would be abolished with effect from 1st September 1968. The new ceiling would therefore be the level of discounts and advances as at the end of March 1965. The amount of special concessions, which had been made to the monetary banks above the prevailing ceiling, except those applying to public corporations and a few others, would, however, be brought within the new ceiling.

(2) As a special concession, monetary banks would be permitted as from 1st September 1968 to make available in the form of discounts and advances to smaller business undertakings an additional amount equal to one per cent of their new ceiling.

Large excess liquidity of banks

As the accompanying table shows, the excess liquid assets of commercial banks, merchant banks and monetary hire-purchase and general banks, which had declined during the first quarter of 1968, increased again to relatively high levels at the end of June, before declining somewhat during July. These changes were caused partly by the seasonal shifts of funds between the private and government sectors and the successful borrowing operations of the government during July.

Excess liquidity ratios (%)

	1967	1968		
	Dec.	Mar.	Jun.	July
Commercial banks	14.5	7.8	12.6	10.5
Merchant banks	12.5	10.8	14.4	10.7
Monetary hire-purchase and general banks	11.0	10.5	12.6	10.4

Short-term interest rates

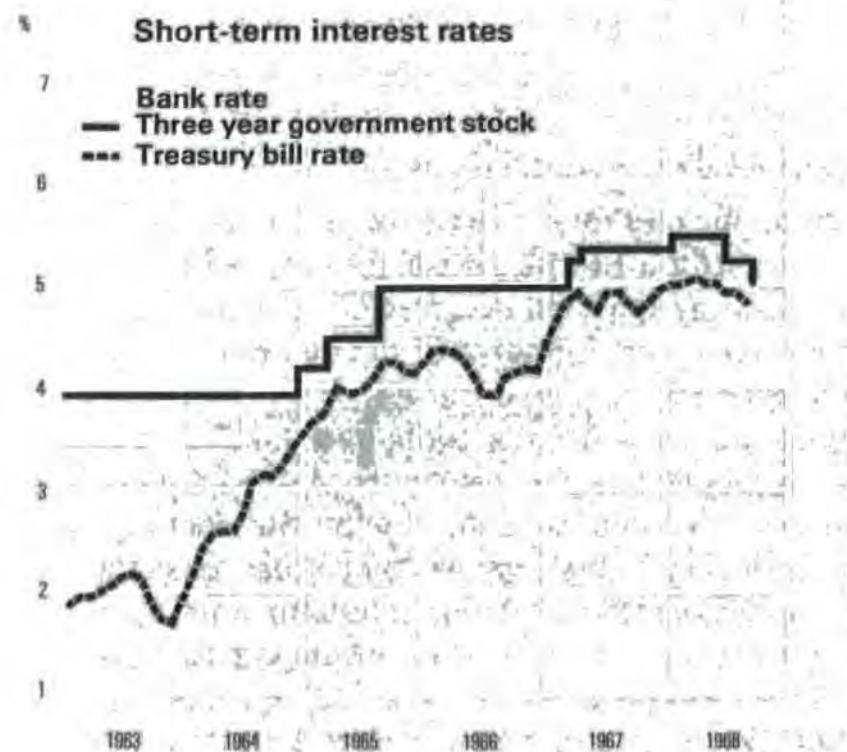
The rapid increase in the Reserve Bank's net gold and foreign exchange reserves, which continued until the end of July, not only resulted in high liquidity of the banking and private sectors, but also exerted downward pressure on short-term interest rates. Although the monetary authorities as a matter of policy maintained short-term interest rates at relatively high levels during the first few months of 1968, a declining tendency became apparent from April to June which contributed to the reduction on the 28th June 1968 of the Reserve Bank's pattern of rates for government stocks with maturities of 3 to 3½ years by ¼ per cent to 5¼ per cent and to the downward adjustment of the rates for stocks with maturities of up to 6½ years, on a sliding scale. In July short-term interest rates rose again before a moderate downward movement began in August. Official recognition was given to an orderly further downward adjustment in short-term interest rates by reducing Bank rate from 6 to 5½ per cent on the 27th August. Thus, the Treasury bill tender rate, which had fluctuated around 5 per cent from the end of March 1967, declined from 5.00 per cent on the 2nd August to 4.68 per cent on the 13th September 1968. Other money market rates, including call money and other deposit rates, showed corresponding movements.

During the first seven months of 1968, the Treasury and the Reserve Bank applied various measures to neutralise as far as possible the influences making for ease in the money market, and to provide the market with investment outlets. During this period an increase of R393 million in the Reserve Bank's net gold and foreign exchange reserves was neutralised by the tightening effect of a decline of R465 million in the net claims of the Reserve Bank and the National Finance Corporation on the government and private non-bank sectors. This,

in turn, was mainly achieved through the exceptionally large increase in government deposits of no less than R591 million over these seven months. Moreover, although this increase in government deposits resulted partly from an increase in the Treasury bills and government stock held by discount houses and other monetary banks, amounting to R162 million, a substantial part of the increase in government deposits represented funds withdrawn from private non-bank businesses and individuals. This operation not only relieved the downward pressure on short-term interest rates but also reduced the amount of money and near-money in the hands of private non-bank businesses and individuals and the liquidity of the banks, and may be associated with the "disinflationary" financing of the Exchequer's deficit which will be discussed below.

In addition to these sterilising operations of the Treasury, the Reserve Bank also encouraged commercial banks to invest more short-term funds abroad under the so-called "swop" arrangements and thereby reduced the amount of short-term funds seeking investment outlets on the local money market. The Reserve Bank also assisted the Treasury in providing investment outlets to the money market by selling Land Bank bills to the discount houses on a special repurchase basis. However, when conditions in the money market tightened considerably towards the end of July and early in August, the discount houses not only resold Land Bank bills to the Reserve Bank but had to borrow fairly heavily from the Bank.

During August conditions in the money market eased again considerably when government deposits began to decline from their peak attained at the end of July, while the net gold and foreign exchange reserves of the Reserve Bank moved horizontally on a very high level of



over R840 million. Consequently, the Treasury bill tender rate began to decline fairly sharply from the 2nd August and when the Bank rate was reduced on the 27th August it declined further and reached 4.68 per cent on the 13th September 1968, its lowest level in twenty months. During August various individual banking institutions started to adjust their deposit rates downwards and, following the reduction in Bank rate, the commercial banks and building societies almost immediately announced a lowering by $\frac{1}{2}$ per cent of all their deposit rates, while a decision by the commercial banks to reduce their rates on bank overdrafts was taken a week later and was made effective from the 10th September. Building societies also reduced the rate on their tax-free shares from $6\frac{1}{2}$ to 6 per cent on the 23rd September, while the Reserve Bank decided to decrease as from the 19th September its pattern of rates for government stock with a maturity of 3 years by $\frac{1}{4}$ per cent to 5 per cent and to adjust the rates for some of the short and medium-term stocks, while retaining the maximum of $6\frac{1}{2}$ per cent for stocks with a maturity of 25 years or longer. After these adjustments the deposit rates were as follows: savings deposits 4 per cent, fixed deposits of 12 months $6\frac{1}{2}$ per cent, fixed deposits of 6 months $4\frac{3}{4}$ per cent, fixed deposits of 3 months 4 per cent, and building society shares 6 per cent.

Government finance

Exchequer account

The accompanying table shows that the total deficit (excluding borrowing) on the Exchequer Account amounted to R55 million during the first four months of the current fiscal year, i.e. from April to July 1968, compared with a much smaller deficit of R37 million during the corresponding period in 1967.

The government again succeeded in financing this deficit in a "disinflationary" manner and the Exchequer's net indebtedness to the monetary banking sector decreased by R251 million over these four months, while its net indebtedness to the private non-bank sector, the Public Debt Commissioners and the foreign sector increased by R132 million, R151 million and R23 million, respectively, over this period.

The decline in the Exchequer's net indebtedness to the monetary banking sector was the result of an increase of R394 million in the Exchequer balance coupled with an increase of only R143 million in the monetary banking sector's holdings of government securities.

The successful withdrawal of funds from the private non-bank sector, which raised the Exchequer's net indebtedness to this sector by R132 million during the four months April to July 1968, made a major contribution to the "disinflationary" financing of the Exchequer's deficit during this period. Of this contribution, R25 million was received in the form of loan levies, R32 million was raised through issues of tax-free bonds,

Exchequer finance

R millions

	1967		1968	
	Apr./ Jun.	July	Apr./ Jun.	July
Total deficit, excluding borrowing	34	3	66	-11
Financing:				
Change in net indebtedness to:				
Foreign sector	-23	-2	12*	11
Private non-bank sector	18	26	71	61
Public Debt Commissioners	38	3	136	15
Paymaster-General and social security funds	20	-20	—	—
Sub-total	53	7	219	87
Monetary banking sector:				
Change in holdings of government securities	25	20	87	57
Change in Exchequer balance (increase—, decrease +)	-44	-25	-240*	-155
Sub-total	-19	-5	-153	-98
Total financing	34	3	66	-11

*After adjustment for the investment abroad of the proceeds of foreign loans.

while the remainder consisted mainly of investments in marketable securities, part of which represented subscriptions to the new government loans in July. Application lists for the highly successful tax-free Treasury bonds were closed on the 14th September after an amount of more than R155 million had been raised since the introduction of these bonds in September last year.

Capital market

Share prices and yields

The demand for equities which became exceptionally strong after the devaluation of sterling in November 1967, continued to be the main feature of the capital market in the first half of 1968. Substantial new issues of equities, which amounted to R80 million, were made on the Johannesburg Stock Exchange during the second quarter, compared with a monthly average for such issues of only R7 million for the five months November 1967 to March 1968. Notwithstanding this increased demand for equity capital, share prices and turnover on the Johannesburg Stock Exchange continued to increase substantially until June 1968, which signified an even larger supply of funds seeking investment in equities.

During July of this year, the prices of most classes of shares with the exception of mining financial shares, declined from the peak levels registered during the preceding month. A change was also reflected in the turnover on the Johannesburg Stock Exchange, which in July fell to well below the average for the second quarter. These developments, as well as the fact that the new equity issues of R41 million during July were



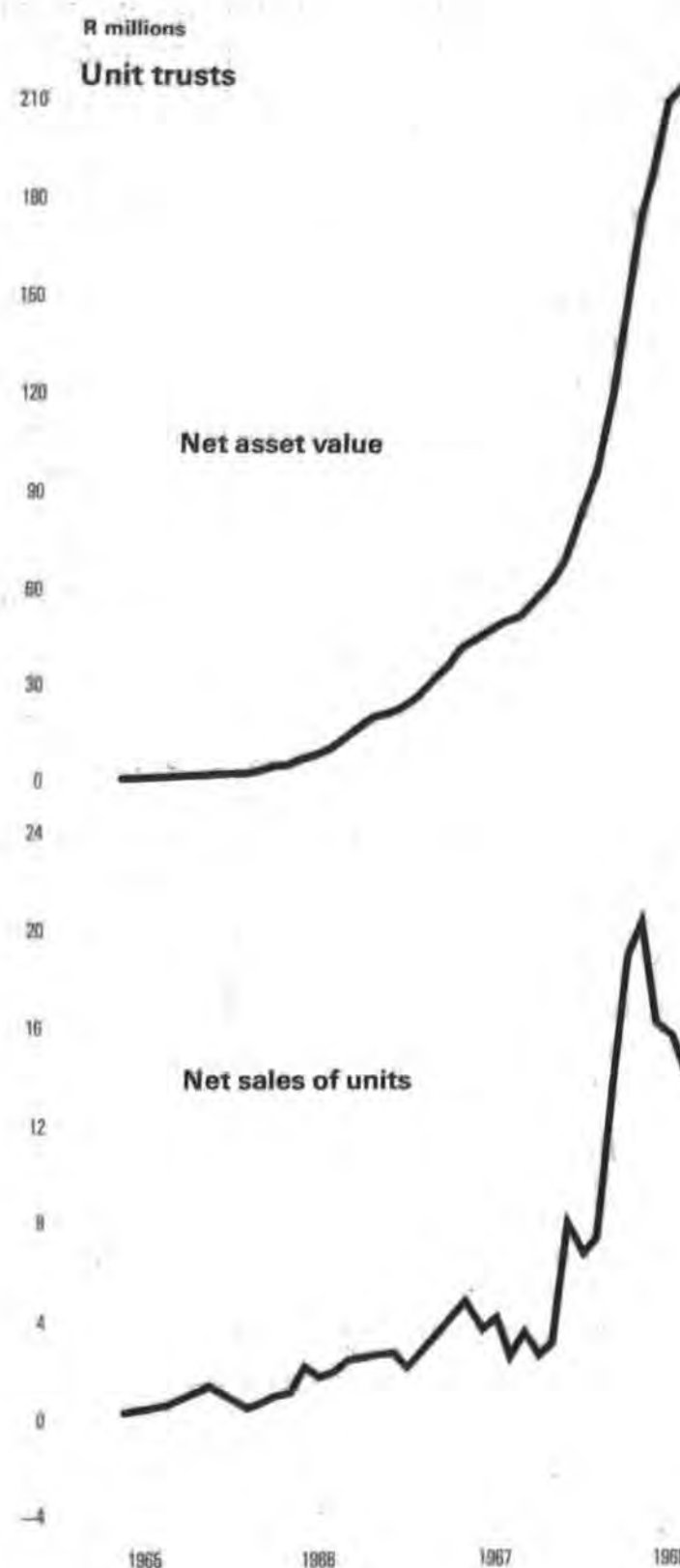
relatively high, would seem to indicate that although the demand for equity capital was still large, the supply of funds in the equity market was less during July than during earlier months. The activity on the stock exchange increased, however, during August and particularly during the first weeks of September.

In these circumstances, the average yield on gold mining shares increased from 6.6 per cent in June to 7.1 per cent in July, while that on industrial and commercial shares, which declined to less than 4 per cent in June, rose to approximately 4 per cent in July.

Unit trusts

Although unit trusts continued to expand at a relatively rapid rate during the first seven months of 1968, their rate of expansion declined somewhat after April 1968. Thus, the flow of funds from the public to the unit trusts, as measured by net sales of units, amounted to R46 million for the three months May to July, compared with an inflow of R54 million during the preceding three months. Nevertheless, the market value of their net assets increased from R173 million at the end of April to R209 million at the end of June and then rose by only R4 million during July.

Reflecting the further increase in the market value of the trusts' net assets, the index of selling prices of units (June 1965=100) increased from 175 in April to 183 in June and then remained unchanged during July. The average yield on units accordingly declined from 2.5 per cent to 2.4 per cent over this period.



Conditions in the market for fixed-interest securities

Despite the preference of investors for equities as opposed to fixed-interest investments, which during the fourth quarter of 1967 induced certain public corporations and private companies to raise the yield on their fixed-interest securities, yields on long-term gilt-edged, semi-gilt-edged and company debentures remained at 6½, 7¼ and 8½ per cent, respectively, during the first eight months of 1968.

During the first quarter of 1968, the loans floated by the government met with satisfactory response, while on the evidence available it would appear that the demand for funds in the semi-gilt-edged market remained relatively large. During the second quarter of 1968 a limited amount of new capital was raised in this market,

and insufficient evidence was therefore available on the basic demand and supply conditions at the existing rates. However, a fairly substantial amount of new issues of these securities was scheduled for the third quarter of 1968, and judging by the issues completed so far during this period it would appear that a decidedly better balance between demand and supply has developed at the prevailing interest rates. Thus the two government loans floated during July met with considerable success, and subscriptions of no less than R125 million were received on these issues. Moreover, three municipal issues during August and September were heavily oversubscribed and in all cases applications for the new stock were more than double the amount offered for subscription.

Building societies

The inflow of new funds to the building societies increased markedly during the four months April to July 1968 and amounted to R61 million, of which R41 million was received during the second quarter as against R29 million during the first quarter. Share capital contributed R34 million to this increase during the four-month period under review, while the increase in their fixed and savings deposits amounted to R26 million and R1 million, respectively.

The substantial investment by the public in building society shares during this period was largely attributable to the popularity of the "tax-free" shares which the societies were allowed to issue as from March 1968. The total amount invested in these shares during the period March to July 1968 amounted to R182 million, of which R51 million represented new cash investments, R104 million conversions of other shares and R27 million transfers from deposit accounts. On 22nd August the Minister of Finance announced a further concession regarding these shares, in terms of which the period during which the interest would be tax-free was extended from the 31st March 1971 to five years from the date of issue.

The improved position of the societies was also reflected in their lending operations. Not only did their mortgage and other loans outstanding increase by R39 million during the period April to July 1968, which was almost double the amount of increase during the first quarter, but the rate at which new advances were granted increased to an average of R36 million per month during this period, compared with R22 million for the first quarter. Moreover, they expanded their holdings of liquid assets and other prescribed investments by R44 million, which raised the excess of these investments over the statutory minimum to R117 million at the end of July 1968.

Kwartaallikse ekonomiese oorsig

Die Reserwebank se *Jaarlikse Ekonomiese Verslag* sowel as die Presidentsrede by die jaarlikse algemene vergadering van aandeelhouders van die Bank, wat teen die einde van Augustus gepubliseer is, het oorsigte van die onlangse verwickelinge in die volkshuishouding bevat. Alhoewel min nuwe gegewens sedertdien beskikbaar gekom het, verwys hierdie oorsig in hoofsaak na die tweede kwartaal en Julie en is bedoel om die oorsig wat in die Junie-uitgawe van die Kwartaalblad gegee is, op te volg.

Die volgende verwickelinge in die monetêre en finansiële toestand is waargeneem op grond van meer onlangse statistiek:

(1) Nadat dit gedurende die eerste en tweede kwartale van 1968 aanmerklik toegeneem het, het geld en kwasi-geld gedurende Julie min verandering getoon, hoofsaaklik as gevolg van die wetslae van die regering se lenings-optrede waardeur aansienlike bedrae van die private nie-banksektor weggetrek is deur die uitreiking van middel- en langtermyn-effekte, en die reaksie op die 6 persent belastingvrye Tesourie-obligasies. Die oormatige likwiditeit van die banke het gedurende Julie afgeneem as gevolg van hierdie verskuiwing van fondse na die regering.

(2) Redelik algemene afwaartse aanpassings aan kort- en middeltermynrentekoerse is gedurende Augustus en vroeg in September aangebring. Die monetêre owerhede het nie enige stappe gedoen om 'n afwaartse beweging van korttermynrentekoerse wat gedurende Augustus plaasgevind het, teen te gaan nie, en toe die Bankkoers op 27 Augustus van 6 na $5\frac{1}{2}$ persent verlaag is, is verdere afwaartse aanpassings gemaak insluitende 'n verlaging in die koerse op bank- en bouverenigingdeposito's, bouverenigingaandeel en uitleenkoerse van handelsbanke. Die Reserwebank se patroon van opbrengskoerse op korttermyn-staatseffekte is ook op 19 September verlaag.

(3) Die verlaging in die Bankkoers het tot 'n merkbare verandering in kapitaalmarktoestande bygedra. Die vraag na vaste-rentedraende effekte het aansienlik toegeneem en uitgifte deur drie munisipaliteite gedurende Augustus en September is swaar oorskryf. Aandeelpryse en die omset op die Johannesburgse Effektebeurs, wat gedurende Julie afgeneem het, het gedurende Augustus en die eerste weke van September weer toegeneem.

(4) Gedurende die eerste drie weke van September het die totale goud- en buitelandse valuta-reserwes van die Reserwebank effens afgeneem.

Nasionale rekeninge¹

Bruto binnelandse produk

Die bruto binnelandse produk het gedurende die tweede kwartaal van 1968 verder toegeneem alhoewel teen 'n effens stadiger koers as gedurende die eerste kwartaal. Indien die skommelings wat deur die rekord 1967-mielie-oes veroorsaak is, buite rekening gelaat word, het die eerste helfte van 1968 'n duidelike verbetering op die tweede helfte van 1967 getoon. Die belangrikste bydraers tot hierdie verbeterde vertoning van die volkshuishouding was fabriekswese en mynbou en gedurende die eerste kwartaal, handel.



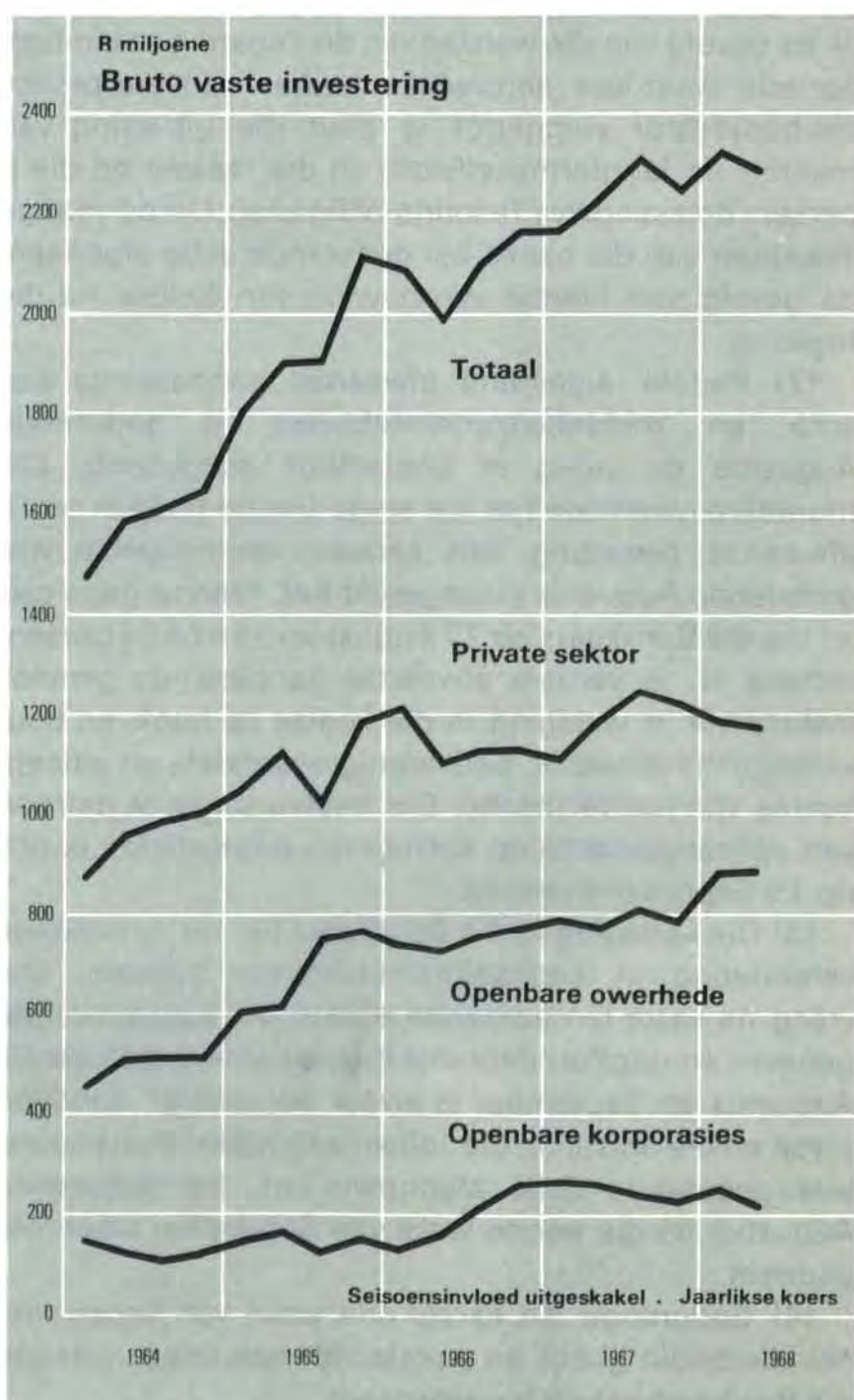
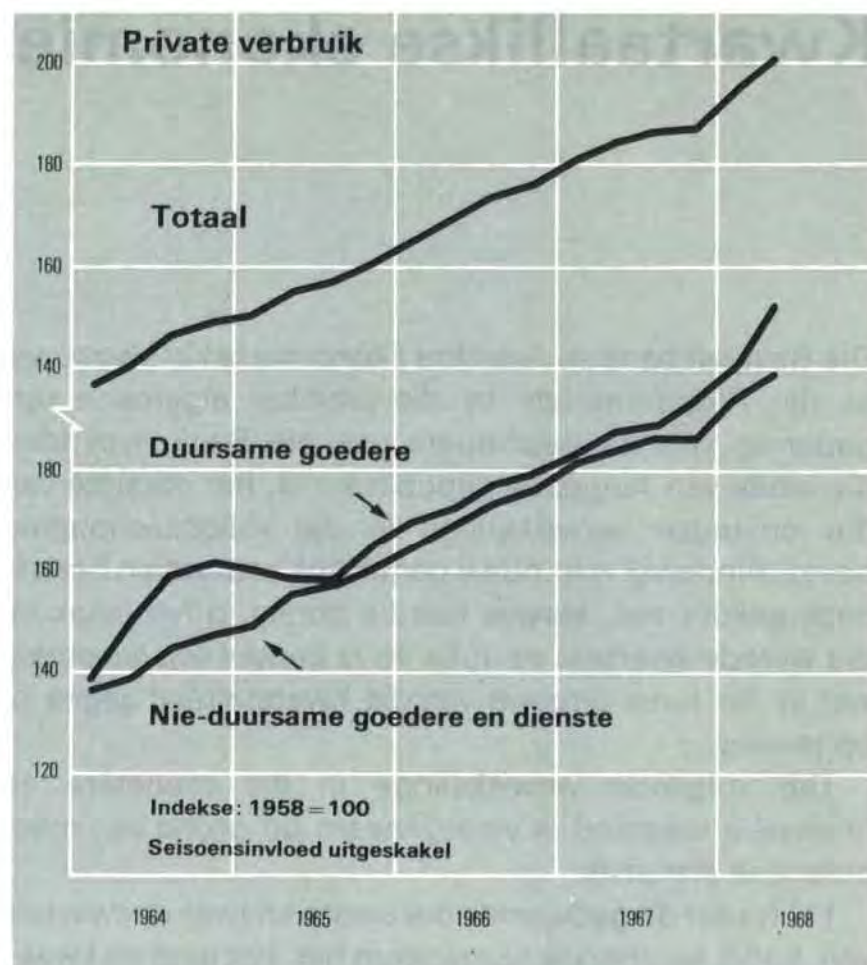
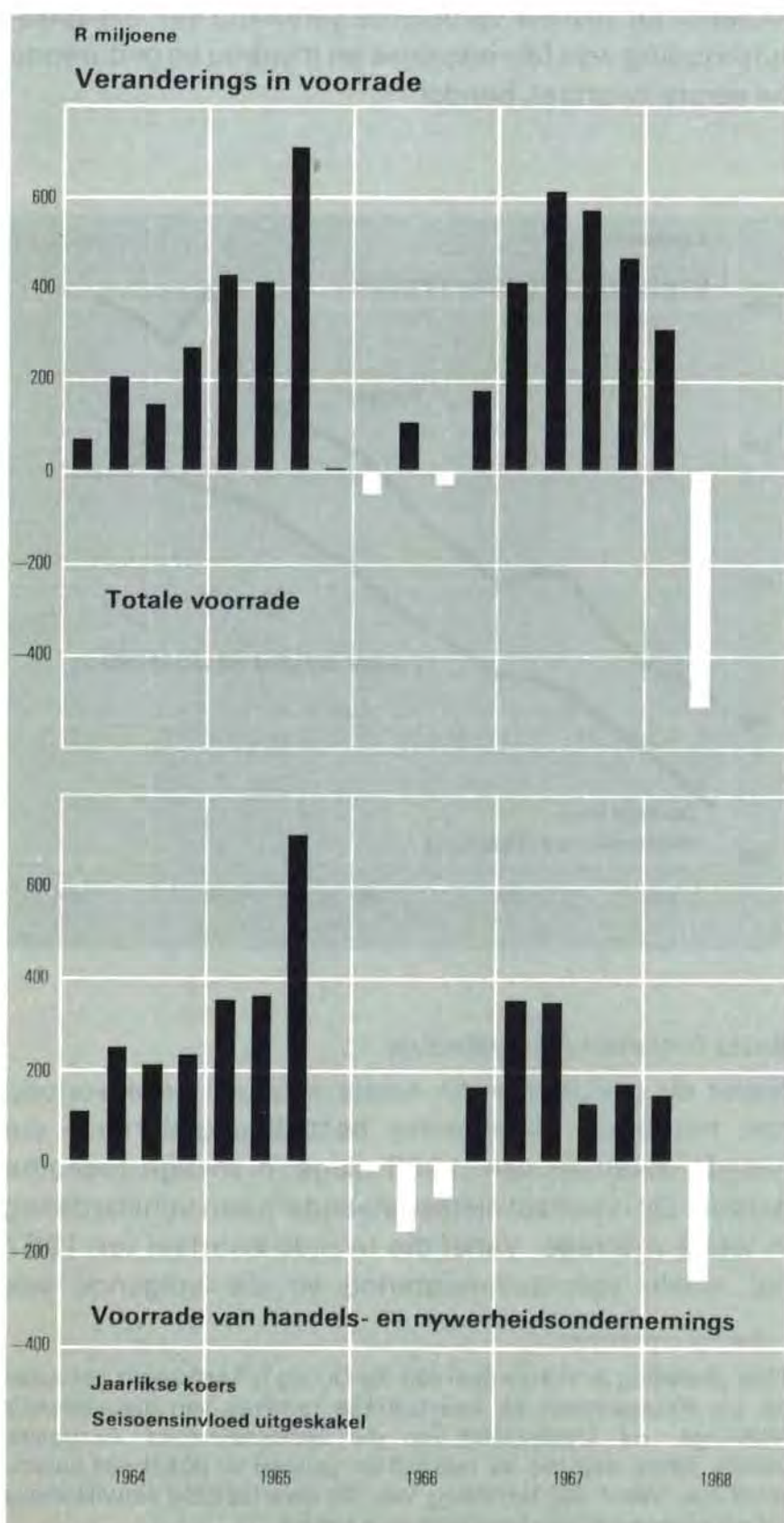
Bruto binnelandse besteding

Nadat dit gedurende die eerste kwartaal gelyk verloop het, het die bruto binnelandse besteding gedurende die tweede kwartaal van 1968 slegs 'n matige toename getoon. Dit is behaal nie teenstaande 'n aansienlike daling in totale voorraad. Vanaf die tweede kwartaal van 1967 het die totale voorraadinvestering vir die volgende vier

¹ Die ontleding in hierdie deel 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 die kwartaallikse verwickelinge tot die beskrywing van breë tendense beperk.

kwartale voortdurend gedaal en gedurende die tweede kwartaal van 1968 in werklikheid 'n aansienlike negatiewe bedrag beloop. Tot 'n sekere mate was dit toe te skryf aan 'n afname in landbouvoorrade, maar voorrade van handels- en nywerheidsondernemings het ook aanmerklik gedaal.

Soos gedurende die eerste kwartaal het private verbruik gedurende die tweede kwartaal van 1968 merkbaar toegeneem. Dit was in skerp teenstelling met die gedrag van private verbruik gedurende die tweede helfte van 1967, toe 'n duidelike neiging om meer gelyk te verloop merkbaar was. Dit wil voorkom of die koers van besteding aan duursame goedere gedurende die tweede kwartaal selfs effens versnel het.



Lopende besteding deur die algemene owerheid het insgelyks die skerp toename wat in die eerste kwartaal van 1968 begin het, voortgesit en, alhoewel dit slegs een-vyfde van private verbruiksbesteding bedra, 'n wesenlike bydrae tot die toename in bruto binnelandse besteding gelewer.

Totale binnelandse vaste investering het 'n matige afname gedurende die tweede kwartaal van 1968 getoon vergeleke met 'n toename van ongeveer dieselfde omvang gedurende die eerste kwartaal. Private vaste investering het vir die derde opeenvolgende kwartaal gedaal—'n neiging wat in hoofsaak die gevolg was van die verloop van vaste investering in fabriekswese en konstruksie. Vaste investering deur openbare korporasies het ook afgeneem terwyl dié van openbare owerhede slegs 'n klein toename getoon het na die skerp styging gedurende die eerste kwartaal.

Produksie en werkverskaffing

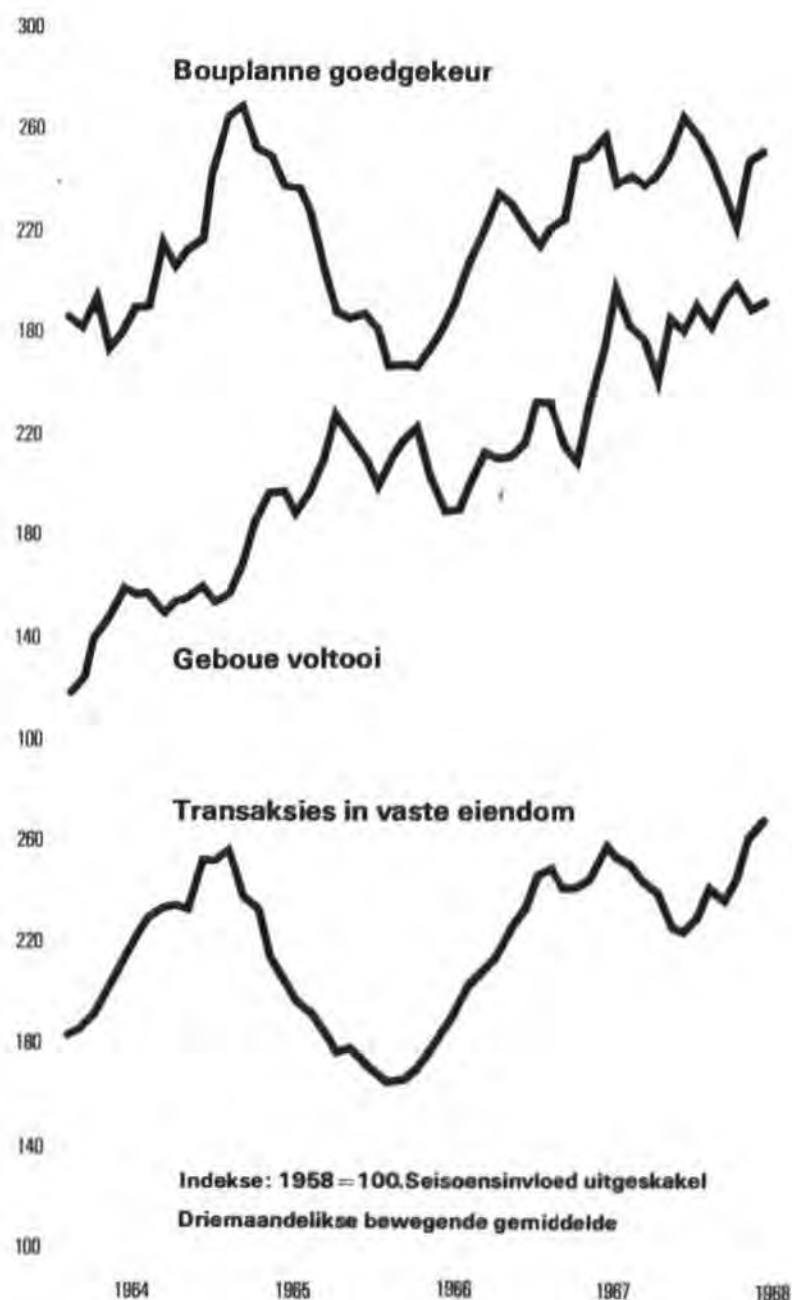
Die seisoensaangesuiwerde indeks van die fisiese volume van fabrieksproduksie het van 198.0 in April tot 203.7 in Mei 1968 toegeneem. Vergeleke met 'n ge-

middelde maandelikse indeks van 196.4 gedurende die tweede helfte van 1967, wat 'n gelyke verloop in produksie verteenwoordig het, het dit na 'n ietwat hoër vlak van 199.4 gedurende die eerste vyf maande van 1968 toegeneem. Nadat dit gedurende die tweede helfte van 1967 skerp gedaal het, het die waarde van onvoltooide bestellings vir uitgesoekte nywerheids-groepe tussen Desember 1967 en April 1968 toegeneem maar in Mei weer effens gedaal. Syfers vir die volume van goud- en ander mynbouproduksie en mynbouwerk-verskaffing vir Junie 1968 toon dat hierdie groothede teen die relatief hoë vlakke gebly het wat gedurende die voorafgaande maande bereik is.

Die seisoensaangesuiwerde indeks van geregistreerde werklose Blankes, Kleurlinge en Asiëte het gedurende onlangse maande afwaarts beweeg om 'n vlak van 73.4 in Julie te bereik; in Desember 1967 het hierdie indeks op 82.4 gestaan.

Algemene ekonomiese aanwysers

Die indruk dat ekonomiese aktiwiteit na 'n ietwat hoër vlak in die eerste helfte van 1968 gestyg het, word ook



deur ander aanwysers van reële ekonomiese aktiwiteit ondersteun. Die jongste gegewens beskikbaar vir reekse soos die waarde van geboue voltooi, nuwe voorskotte deur bouverenigings, die waarde van groothandelsverkope van boumateriaal, die fisiese volume van sementproduksie, die aantal nuwe motors en handelsvoertuie verkoop, klein- en groothandelsverkope, die produksie van verpakkingsmateriaal, spoorweginkomste en die verbruik van staal, versterk almal hierdie indruk. In teenstelling met die meer gedempte gedrag van die aanwysers van reële aktiwiteit, het reekse soos bankdebeteringe en die pryse van nywerheids- en handelsaandeel sterk stygings getoon.

Pryse

Nadat dit teen 'n jaarlikse koers van slegs 0.3 persent van Junie na Desember 1967 toegeneem het, het die koers van toename van die seisoensaangesuiwerde verbruikersprysindeks na 2.4 persent gedurende die eerste sewe maande van 1968 versnel. Hierdie verandering was grootliks toe te skryf aan 'n verandering in voedselpryse wat teen 'n koers van 1.6 persent gedurende die tweede helfte van 1967 gedaal het en daarna teen 'n koers van 3.5 persent gedurende die eerste sewe maande van 1968 toegeneem het, terwyl vir ander pryse die koers van 1.2 persent na 1.8 persent verander het.

Verbruikersprysindeks—seisoensinvloed uitgeskakel Jaarlikse persentasiekoers van verandering

Tydperk	Voedsel	Ander	Totaal
Desember 1964–Junie 1967	3.6	3.5	3.5
Junie 1967–Desember 1967	–1.6	1.2	0.3
Desember 1967–Julie 1968	3.5	1.8	2.4

Die seisoensaangesuiwerde groothandelsprysindeks het 'n soortgelyke verloop getoon en het verander van 'n geringe daling teen 'n jaarlikse koers van 0.3 persent gedurende die laaste helfte van 1967 na 'n toename teen 'n koers van 1.0 persent gedurende die eerste sewe maande van 1968. Hierdie verandering was geheel en al toe te skrywe aan die onreëlmatige gedrag van landboupryse, wat teen 'n koers van 10.6 persent gedurende die laaste helfte van 1967 gedaal het en daarna teen 'n koers van 4.4 persent gedurende die daaropvolgende tydperk toegeneem het.

Groothandelsprysindeks—seisoensinvloed uitgeskakel Jaarlikse persentasiekoers van verandering

Tydperk	Goedere geproduseer in S.A.				
	Landbou, ens.	Fabrieks- wese	Totaal	Ingevoerde	Totaal
Des. 1964–Junie 1967	5.2	3.2	3.6	2.2	3.2
Junie 1967–Des. 1967	–10.6	1.4	–0.8	1.0	–0.3
Des. 1967–Julie 1968	4.4	0.6	1.2	0.4	1.0

Betalingsbalans

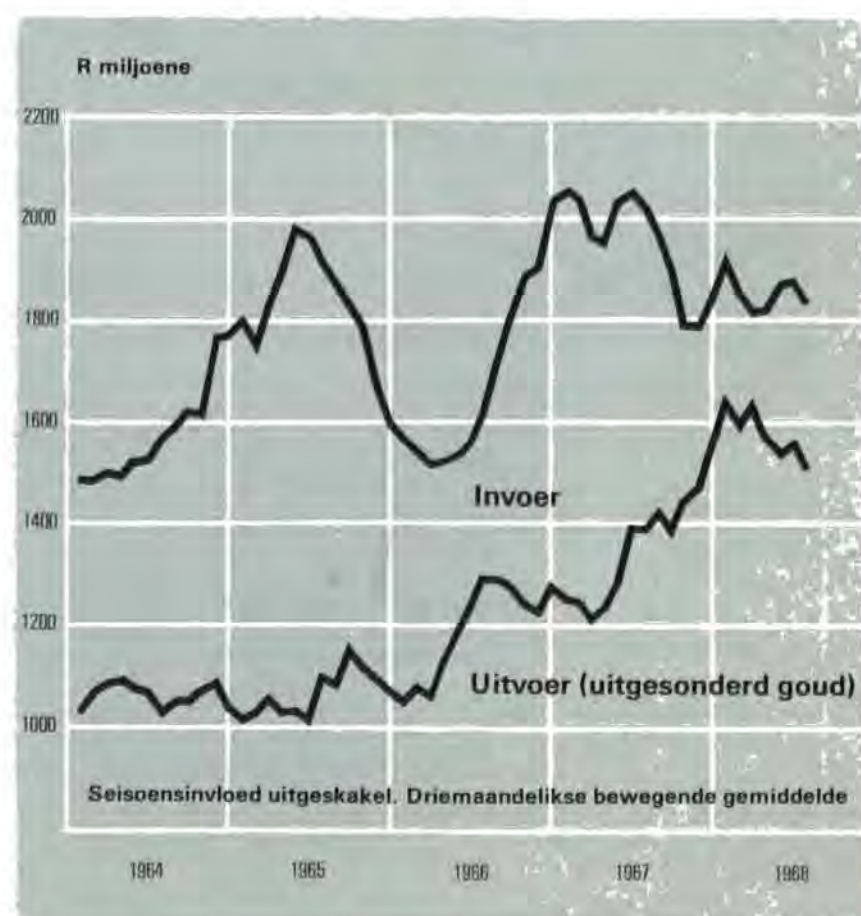
Oorskot op lopende rekening

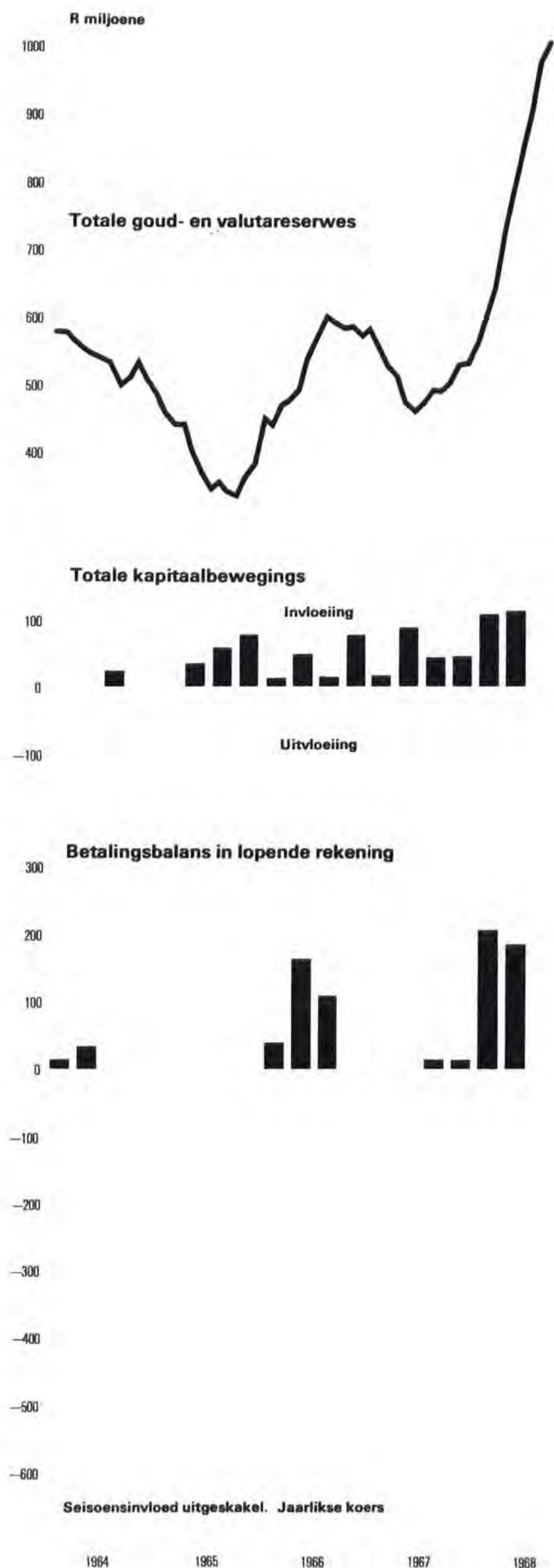
Die peile wat onderskeidelik deur goedere-invoer en -uitvoer teen die einde van die vorige jaar bereik is, is min of meer gedurende beide die eerste en die tweede kwartaal van hierdie jaar gehandhaaf. Gevolglik het die betalingsbalans in lopende rekening gedurende die tweede kwartaal 'n oorskot van R41 miljoen getoon vergeleke met R44 miljoen gedurende die eerste kwartaal of teen 'n seisoensaangesuiwerde jaarkoers van ongeveer R200 miljoen in beide kwartale.

Gedurende Julie en Augustus het goedere-invoer ongeveer die peil wat dit gedurende die eerste helfte van die jaar bereik het, gehandhaaf, terwyl die uitvoer, teen 'n seisoensaangesuiwerde jaarkoers, nadat dit skerp gestyg het tot R1,774 miljoen in Julie, tot R1,391 miljoen in Augustus gedaal het.

Aansienlike netto invloeiing van kapitaal

Die gebeure wat gevolg het op die sterlingdevaluasie in November 1967, sowel as die verklaring wat deur die goudpoel-lande in Maart 1968 uitgereik is, was heel waarskynlik tot 'n groot mate verantwoordelik vir die groot netto kapitaalinvloeiing van R256 miljoen gedurende die eerste ses maande van die jaar. Totale private netto kapitaalinvloeiing van R108 miljoen gedurende die eerste kwartaal van die jaar is gevolg deur 'n verdere netto invloeiing van R112 miljoen gedurende die tweede kwartaal. Soos in die eerste kwartaal, toe dit R36 miljoen beloop het, was die netto invloeiing van private kapitaal as gevolg van transaksies deur buitelanders op die Johannesburgse Effektebeurs gedurende die tweede kwartaal redelik groot, naamlik R25 miljoen,





veral as in aanmerking geneem word dat geen verandering aan die bestaande valutabeheerregulasies wat betref die repatriasie van fondse deur buitelanders in genoteerde Suid-Afrikaanse effekte belê, aangebring is nie. Sentrale regerings- en bankkapitaal het 'n matige invloeiing van R17 miljoen gedurende die tweede kwartaal getoon vergeleke met 'n netto invloeiing van R19 miljoen gedurende die eerste kwartaal.

Goud- en buitelandse valutareserwes

As gevolg van die gunstige saldo op die lopende rekening en die netto invloeiing van kapitaal waarna hierbo verwys is, het die totale goud- en buitelandse valuta-reserwes gehou deur die Reserwebank, die Regering en die res van die banksektor met 'n verdere R170 miljoen gedurende die tweede kwartaal van die jaar toegeneem. Saam met die toename van R171 miljoen in die eerste kwartaal, het die toename in die land se totale reserwes nie minder nie as R341 miljoen gedurende die eerste ses maande van die jaar beloop. Gedurende Julie het die reserwes met 'n verdere R77 miljoen toegeneem en dit word geraam dat die toename gedurende Augustus ongeveer R30 miljoen beloop het. Gedurende die eerste drie weke van September het die reserwes egter geneig om af te neem.

Op 31 Julie, het die Minister van Finansies aangekondig dat, met inagneming van die peil van totale buitelandse valuta-reserwes, meer simpatieke oorweging gegee sal word aan die volgende aansoeke om buitelandse valuta: oorplasing na die buiteland in vreemde valuta van die plaaslike opbrengs uit die verkoop van regstreekse langtermynbeleggings in aandele in buitelandsebeheerde Suid-Afrikaanse sake-ondernemings; goedgekeurde regstreekse belegging in die buiteland deur Suid-Afrikaanse inwoners; die delging voor vervaldatum van lenings deur Suid-Afrikaanse inwoners aan buitelanders verskuldig. Die Minister het ook te kenne gegee dat indien hierdie toegewings nie die gewenste uitwerking het om die oormatige likwiditeit te verminder nie, verdere valutabeheerstappe oorweeg sal word.

Monetêre en banktoestand

Verdere toename in die likwiditeit van die private nie-banksektor

Wanneer die toename in die totale hoeveelheid geld en kwasi-geld gehou deur private sake-ondernemings en individue met die groei in die binnelandse produk vergelyk word, is dit duidelik dat die betreklik hoë peil van die likwiditeit van die private nie-banksektor gedurende die eerste en tweede kwartale van 1968 voortgeduur het. Die seisoensaangesuiwerde verhouding van geld en kwasi-geld tot die bruto binnelandse produk het gedurende die tweede kwartaal van 1968 tot 'n nuwe hoogtepunt van net meer as 30 persent gestyg, in vergelyking met 'n gemiddelde van omstreeks 26 persent wat gedurende die jare 1955 tot 1964 aangeteken is.



'n Noukeuriger bestudering van die verandering in geld en kwasi-geld bring aan die lig dat, indien seisoensbewegings uitgeskakel word, die hernieude skerp styging in geld en kwasi-geld wat in die vierde kwartaal van 1967 begin het, gedurende die eerste en tweede kwartale van 1968 voortgeduur het. Hierdie baie vinnige toename, wat gedurende die eerste ses maande van 1968 gemiddeld nagenoeg R50 miljoen per maand bedra het, is egter gedurende Julie deur 'n nietige styging van slegs R3 miljoen gevolg, soos in die onderstaande tabel getoon word.

Verandering in geld en kwasi-geld

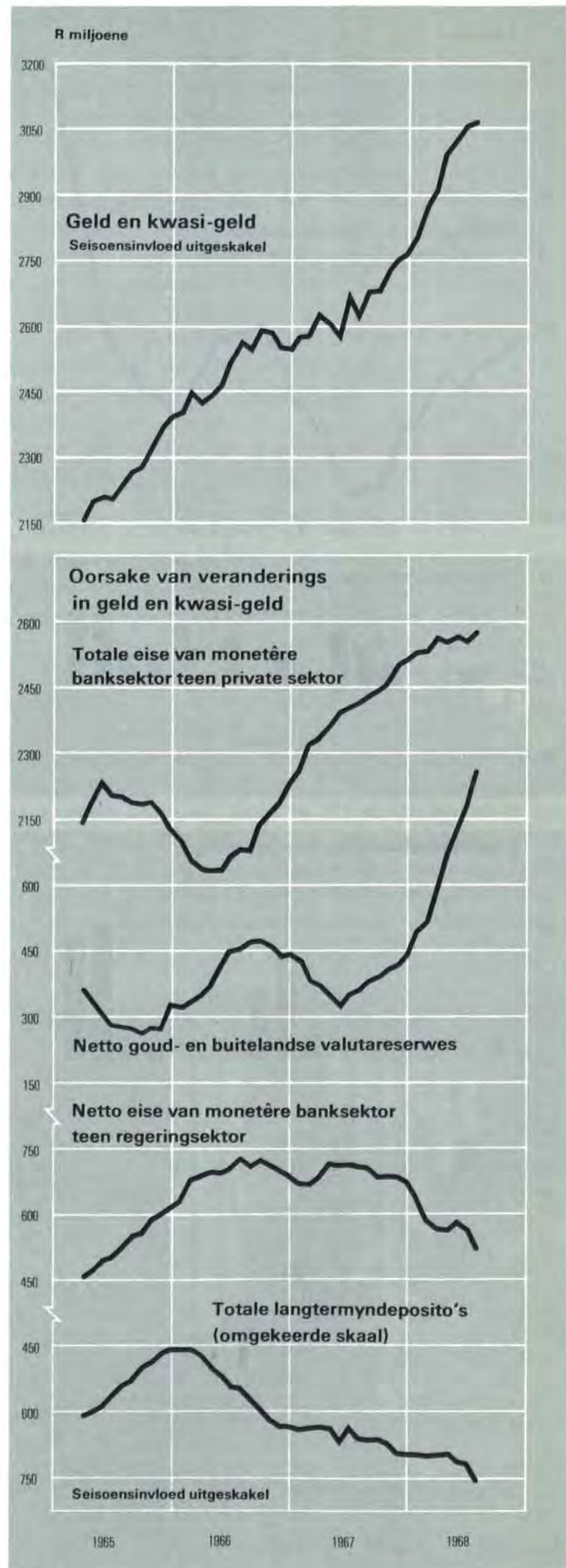
	Seisoensinvloed nie uitgeskakel nie		Seisoensinvloed uitgeskakel	
	R miljoene		R miljoene	Persentasie
1967: 3e kw.	3	11	0.4	
4e kw.	186	87	3.3	
1968: 1e kw.	-23	146	5.3	
2e kw.	228	148	5.1	
Julie	—	3	0.1	

Oorsake van styging in geld en kwasi-geld

Die bygaande tabel toon dat die oorheersende oorsaak van die vinnige styging in geld en kwasi-geld gedurende sowel die eerste as die tweede kwartaal van 1968 bestaan

Hoofoorseake van verandering in geld en kwasi-geld, 1968

	Seisoensinvloed nie uitgeskakel nie			Seisoensinvloed uitgeskakel		
	1e kw.	2e kw.	Julie	1e kw.	2e kw.	Julie
Netto goud- en buitelandse valuta-reserwes	158	159	95	155	182	77
Netto eise teen die regeringsektor	-214	61	-81	-110	—	-48
Eise teen die private sektor	60	12	24	52	-8	19
Langtermyn-deposito's (toename —, afname +)	-21	-51	-21	-7	-17	-38



het uit die volgehoue skerp toename in die netto goud- en buitelandse valuta-reserwes wat oor hierdie ses maande nie minder as R317 miljoen bedra het nie. Die totale eise van die monetêre banksektor teen die private sektor wat, ná seisoensaansuiwering, gedurende die eerste kwartaal van 1968 R52 miljoen tot die styging in geld en kwasi-geld bygedra het, het in werklikheid gedurende die tweede kwartaal van hierdie jaar met R8 miljoen gedaal.

Die bydrae van hierdie faktore tot die toename in geld en kwasi-geld is gedeeltelik geneutraliseer deur 'n daling in die netto eise van die banksektor teen die regeringsektor wat teen die middel van 1966 begin het en gedurende die eerste sewe maande van 1968 verder voortgegaan het. Gedurende laasgenoemde periode het hierdie daling ná aansuiwering vir seisoensbewegings R158 miljoen bedra en was dit hoofsaaklik die gevolg van die aansienlike styging in regeringsdeposito's wat die toename in die monetêre banksektor se besit aan skatkiswissels en staatseffekte oorskry het. Regeringsdeposito's het aan die einde van Julie 'n rekordpeil van R693 miljoen bereik, wat byna R200 miljoen meer was as aan die einde van die eerste kwartaal en meer as R400 miljoen bo die peil wat aan die einde van Desember 1967 aangeteken is.

Dit is belangrik om op te merk dat die netto eise van die monetêre banksektor teen die regeringsektor opvallende seisoenskommelings getoon het. Dit blyk uit 'n vergelyking van die syfers betreffende die netto eise teen die regeringsektor voor en na aansuiwering vir seisoensneigings, soos in die tabel waarna hierbo verwys is, getoon word.

Gedurende Julie het geld en kwasi-geld, selfs ná aansuiwering vir seisoensbewegings, min verandering getoon ten spyte van die voortgesette styging in die netto goud- en buitelandse valuta-reserwes wat in werklikheid gedurende hierdie maand vinniger was as gedurende enige voorafgaande maand sedert die begin van die huidige opwaartse beweging in hierdie reserwes in Junie 1967. Sekere faktore, soos 'n verdere daling in die netto eise van die monetêre banksektor teen die regeringsektor en 'n betreklik vinnige toename in die langtermyndeposito's van die private sektor by die banksektor, het die uitwerking van die groot styging in die goud- en buitelandse valuta-reserwes geneutraliseer.

Bankkrediet aan die private sektor

Hoewel die totale eise van die monetêre banksektor teen die private sektor gedurende 1968 nie naastenby soveel as die goud- en buitelandse valuta-reserwes tot die toename in geld en kwasi-geld bygedra het nie, het daar, onder die invloed van die voortgesette beleid van regstreekse beperkings wat op die diskonteringe en voorskotte aan en sekere beleggings by die private sektor toegepas is, interessante veranderinge in die samestelling van hierdie eise voorgekom. Die bygaande

Veranderinge in eise teen die private sektor, 1968 R miljoene

	1e kw.	2e kw.	Julie
Eise van:			
Reserwebank, NFK en diskontohuise	-11	-6	-2
Landbank	-59	-26	+25
Handelsbanke, aksepbanke en monetêre huurkoop- en algemene banke:			
Diskonteringe en voorskotte	+90	-5	-3
Beleggings	+35	+44	+1
Deposito's	+3	+6	+3
Sub-totaal	+129	+44	+2
Totale eise	+60	+12	+24

tabel toon dat die totale diskonteringe en voorskotte van die monetêre banke (oorwegend dié van die handelsbanke) aan die private sektor, wat gedurende die eerste kwartaal van 1968 gedeeltelik as gevolg van seisoensinvloede skerp toegeneem het, gedurende die tweede kwartaal van 1968 en in Julie ietwat gedaal het.

Beleggings het egter voortgegaan om taamlik vinnig te styg, gedeeltelik deurdat die banke gedurende die tweede kwartaal gebruik gemaak het van sekere toegewings buite die beleggings- „plafon” wat in Mei 1968 ingestel is, wat vanweë vroeëre verbintenisse van die banke toegestaan moes word. Nietemin het ongeveer R28 miljoen van die styging van R44 miljoen in die beleggings van die banke by die private sektor gedurende die tweede kwartaal bestaan uit toenames in hul besit van effekte, obligasies en wissels van plaaslike besture, die Landbank en ander openbare korporasies, wat nie aan die plafon onderhewig is nie, terwyl nie meer nie as R16 miljoen uit effekte, obligasies en aandele van ander private maatskappye bestaan het. Kaskrediete van die Landbank het hul gewone seisoensbewegings getoon en gedurende die eerste kwartaal gedaal voordat dit gedurende Julie begin styg het.

Aanpassing van die bankkredietplafon

In die lig van heersende ekonomiese omstandighede soos hierbo bespreek, het die President van die Reserwebank in sy rede op die jaarlikse algemene aandeelhoudersvergadering van die Bank op 27 Augustus 1968 aangekondig dat die volgende aanpassings in die bestaande kredietbeheer gemaak sou word:

(1) Met betrekking tot die beheerde diskonteringe en voorskotte van monetêre banke aan die private sektor sou die verlaging van $7\frac{1}{2}$ persent in die plafon, wat oorspronklik in Desember 1966 aangebring is, met ingang 1 September 1968 afgeskaf word. Die nuwe plafon sou dus gelyk wees aan die peil van diskonteringe en voorskotte soos aan die einde van Maart 1965. Die bedrag van die spesiale toegewings wat buite die geldende plafon aan die monetêre banke toegestaan is, met uitsondering van dié wat op openbare korporasies en

enkele ander leners betrekking gehad het, sou egter by die nuwe plafon ingesluit word.

(2) As 'n spesiale toewysing sou monetêre banke vanaf 1 September toegelaat word om in die vorm van diskonteringe en voorskotte 'n verdere bedrag gelyk aan een persent van hul nuwe plafon aan kleiner sake-ondernemings beskikbaar te stel.

Groot oorskot likwiditeit van die banke

Soos die bygaande tabel toon, het die oorskot likwiede bates van handelsbanke, aksepbanke en monetêre huurkoop- en algemene banke, wat gedurende die eerste kwartaal van 1968 gedaal het, weer tot 'n betreklik hoë peil aan die einde van Junie toegeneem voordat dit gedurende Julie ietwat afgeneem het. Hierdie verandering is gedeeltelik veroorsaak deur die seisoenale verskuiwings van fondse tussen die private en die regeringsektor en die suksesvolle leenbedrywighede van die regering gedurende Julie.

Oorskot likwiede bate-verhoudings (%)

	1967 Des.	Mrt.	1968 Jun.	Jul.
Handelsbanke	14.5	7.8	12.6	10.5
Aksepbanke	12.5	10.8	14.4	10.7
Monetêre huurkoop- en algemene banke	11.0	10.5	12.6	10.4

Korttermynrentekoerse

Die vinnige styging in die goud- en buitelandse valuta-reserwes van die Reserwebank, wat tot aan die einde van Julie voortgeduur het, het nie slegs hoë likwiditeit van die banksektor en die private sektor tot gevolg gehad nie maar ook afwaartse druk op korttermynrentekoerse uitgeoefen. Hoewel die monetêre owerheid gedurende die eerste paar maande van 1968 die korttermynrentekoerse om beleidsredes op 'n betreklik hoë peil gehou het, het vanaf April tot Junie 'n dalende neiging na vore getree wat bygedra het tot die verlaging, op 28 Junie 1968, van die „stel” koerse van die Reserwebank met $\frac{1}{4}$ persent tot $5\frac{1}{4}$ persent ten opsigte van staatseffekte met looptye van 3 tot $3\frac{1}{2}$ jaar, asook tot die afwaartse aanpassing van koerse op effekte met looptye tot by $6\frac{1}{2}$ jaar volgens 'n wisselskaal. In Julie het korttermynrentekoerse weer gestyg voordat in Augustus 'n afwaartse beweging begin het. Deur die verlaging van die Bankkoers van 6 tot $5\frac{1}{2}$ persent op 27 Augustus is amptelik erkenning gegee aan 'n ordelike verdere afwaartse aanpassing van korttermynrentekoerse. So het die skatkiswisseltenderkoers, wat vanaf die einde van Maart 1967 rondom 5 persent geskommel het, vanaf 5.00 persent op 2 Augustus tot 4.68 persent op 13 September 1968 gedaal. Ander geldmarkkoerse, waaronder die koerse op daggeld en ander deposito's het ooreenkomstige bewegings getoon.

Gedurende die eerste sewe maande van 1968 het die Tesourie en die Reserwebank verskeie maatreëls toegepas om die invloede wat op groter ruimte in die geldmark afgestuur het, soveel as moontlik te neutraliseer en om die mark van beleggingsgeleenthede te voorsien. Gedurende hierdie tydperk is die toename van R393 miljoen in die netto goud- en buitelandse valuta-reserwes van die Reserwebank deur die vernouende uitwerking van 'n afname van R465 miljoen in die netto eise van die Reserwebank en die Nasionale Finansie-korporasie teen die regeringsektor en die private nie-banksektor geneutraliseer. Dit is op sy beurt grotendeels bewerkstellig deur die buitengewoon groot toename in regeringsdeposito's van nie minder nie as R591 miljoen oor hierdie sewe maande. Hoewel hierdie toename in regeringsdeposito's gedeeltelik die gevolg was van 'n toename van R162 miljoen in die skatkiswissels en staatseffekte wat deur die diskontohuise en ander monetêre banke gehou is, het 'n aansienlike deel van die toename in regeringsdeposito's fondse verteenwoordig wat aan private nie-bank-sake-ondernemings en individue onttrek is. Hierdie optrede het nie net die afwaartse druk op korttermynrentekoerse verlig nie maar het ook die bedrag aan geld en kwasi-geld in die hande van nie-bank-sake-ondernemings en individue en die likwiditeit van die banke self verminder, en hou verband met die „disinflasionistiese” finansiering van die tekort van die Skatkis wat hieronder bespreek sal word.

In aanvulling tot hierdie steriliseringsbedrywighede van die Tesourie het die Reserwebank ook die handelsbanke aangemoedig om onder die sogenaamde „swop”-ooreenkomste meer korttermynfondse in die buiteland te belê en daardeur die bedrag aan korttermynfondse wat op die plaaslike geldmark beleggingsgeleenthede gesoek het, verminder. Die Reserwebank het ook die



Tesourie gehelp om beleggingsgeleenthede aan die geldmark te voorsien deur op 'n spesiale terugkoopingsgrondslag Landbankwissels aan die diskontohuise te verkoop. Toe die toestand op die geldmark teen die einde van Julie en vroeg in Augustus aansienlik vernou het, het die diskontohuise egter nie net weer Landbankwissels aan die Reserwebank terugverkoop nie maar moes hulle ook tot 'n taamlik aansienlike bedrag van die Reserwebank leen.

Gedurende Augustus het die toestand op die geldmark weer aanmerklik verruim toe die regeringsdeposito's vanaf die hoogtepunt wat hulle aan die einde van Julie bereik het, begin daal het, terwyl die netto goud- en buitelandse valuta-reserwes van die Reserwebank horisontaal verloop het op 'n baie hoë peil van meer as R840 miljoen. Gevolglik het die skatkiswissel-tenderkoers vanaf 2 Augustus taamlik skerp begin daal en toe die Bankkoers op 27 Augustus verlaag is, het dit verder gedaal en op 13 September 1968 4.68 persent bereik, die laagste peil in twintig maande. Gedurende Augustus het verskeie individuele bankinstellings begin om hul depositokoerse afwaarts aan te pas en, volgende op die verlaging van die Bankkoers, het die handelsbanke en bouverenigings byna onmiddellik 'n verlaging van $\frac{1}{2}$ persent in al hul depositokoerse aangekondig, terwyl 'n beslissing van die handelsbanke om hul koerse op oortrokke bankrekening te verminder 'n week later geneem en vanaf 10 September van krag gemaak is. Die bouverenigings het ook op 23 September die koers op hul belastingvrye aandele van $6\frac{1}{2}$ persent na 6 persent verminder, terwyl die Reserwebank besluit het om vanaf 19 September sy „stel” koerse vir staatseffekte met 'n looptyd van drie jaar met $\frac{1}{4}$ persent tot 5 persent te verlaag en die koerse op sekere van die kort- en middeltermyn-effekte aan te pas, terwyl die maksimum van $6\frac{1}{2}$ persent op effekte met 'n looptyd van 25 jaar of langer behou is. Ná hierdie aanpassings was die depositokoerse soos volg: spaar-deposito's 4 persent, vaste deposito's van 12 maande $6\frac{1}{2}$ persent, vaste deposito's van ses maande $4\frac{3}{4}$ persent, vaste deposito's van drie maande 4 persent, en bouvereniging-aandele 6 persent.

Staatsfinansies

Skatkisrekening

Soos die bygaande tabel toon, het die totale tekort (uitgesonderd lenings) op die Skatkisrekening gedurende die eerste vier maande van die huidige fiskale jaar, dit wil sê vanaf April tot Julie 1968, R55 miljoen bedra, vergeleke met 'n heelwat kleiner tekort van R37 miljoen gedurende die ooreenstemmende tydperk in 1967. Die Regering het weer daarin geslaag om hierdie tekort op 'n „disinflasionistiese” wyse te finansier en die Skatkis se netto skuldposisie teenoor die monetêre banksektor het met R251 miljoen gedurende hierdie vier maande gedaal, terwyl sy netto skuldposisie teenoor

Skatkisfinansies

R miljoene

	1967		1968	
	Apr./ Jun.	Julie	Apr./ Jun.	Julie
Totale tekort, uitgesonderd lenings	34	3	66	-11
Finansiering:				
Verandering in netto skuldposisie teenoor:				
Buitelandse sektor	-23	-2	12*	11
Private nie-banksektor	18	26	71	61
Staatskuldkommissaris	38	3	136	15
Betaalmeester-generaal en bestaansbeveiligingsfondse	20	-20	—	—
Sub-totaal	53	7	219	87
Monetêre banksektor:				
Verandering in besit aan staatspapier	25	20	87	57
Verandering in skatkissaldo (toename —, afname +)	-44	-25	-240*	-155
Sub-totaal	-19	-5	-153	-98
Totale finansiering	34	3	66	-11

*Na aansuiwering vir die belegging oorsee van die opbrengs van buitelandse lenings.

die private nie-banksektor, die Staatskuldkommissaris en die buitelandse sektor onderskeidelik met R132 miljoen, R151 miljoen en R23 miljoen gedurende hierdie tydperk toegeneem het.

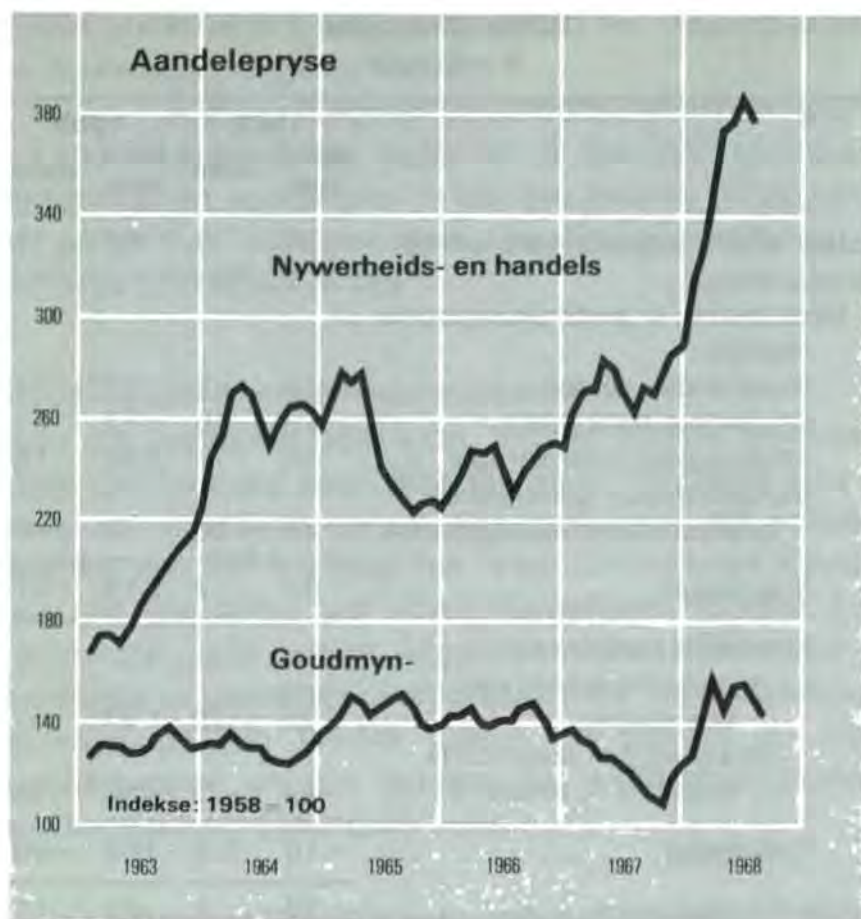
Die afname in die Skatkis se netto skuldposisie teenoor die monetêre banksektor was die gevolg van 'n styging van R394 miljoen in die skatkissaldo en 'n toename van slegs R143 miljoen in die monetêre banksektor se besit aan staatseffekte en skatkiswissels.

Die geslaagde onttrekking van fondse aan die private nie-banksektor wat die Skatkis se netto skuldposisie teenoor hierdie sektor gedurende die vier maande April tot Julie 1968 met R132 miljoen verhoog het, het 'n belangrike bydrae tot die „disinflasionistiese” finansiering van die Skatkis se tekort gedurende hierdie tydperk gelewer. Van hierdie bydrae is R25 miljoen in die vorm van leningsheffings ontvang, R32 miljoen is deur die uitreiking van belastingvrye Tesourie-obligasies opgeneem, terwyl die oorblywende gedeelte hoofsaaklik uit beleggings in bemarkbare papier bestaan het waarvan 'n gedeelte inskrywings op die nuwe regeringslenings gedurende Julie verteenwoordig het. Aansoeke vir die baie geslaagde belastingvrye Tesourie-obligasies is op 14 September gesluit nadat 'n bedrag van meer as R155 miljoen opgeneem is sedert die obligasies in September verlede jaar vir inskrywing beskikbaar gestel is.

Kapitaalmark

Aandelepryse en -opbrengskoerse

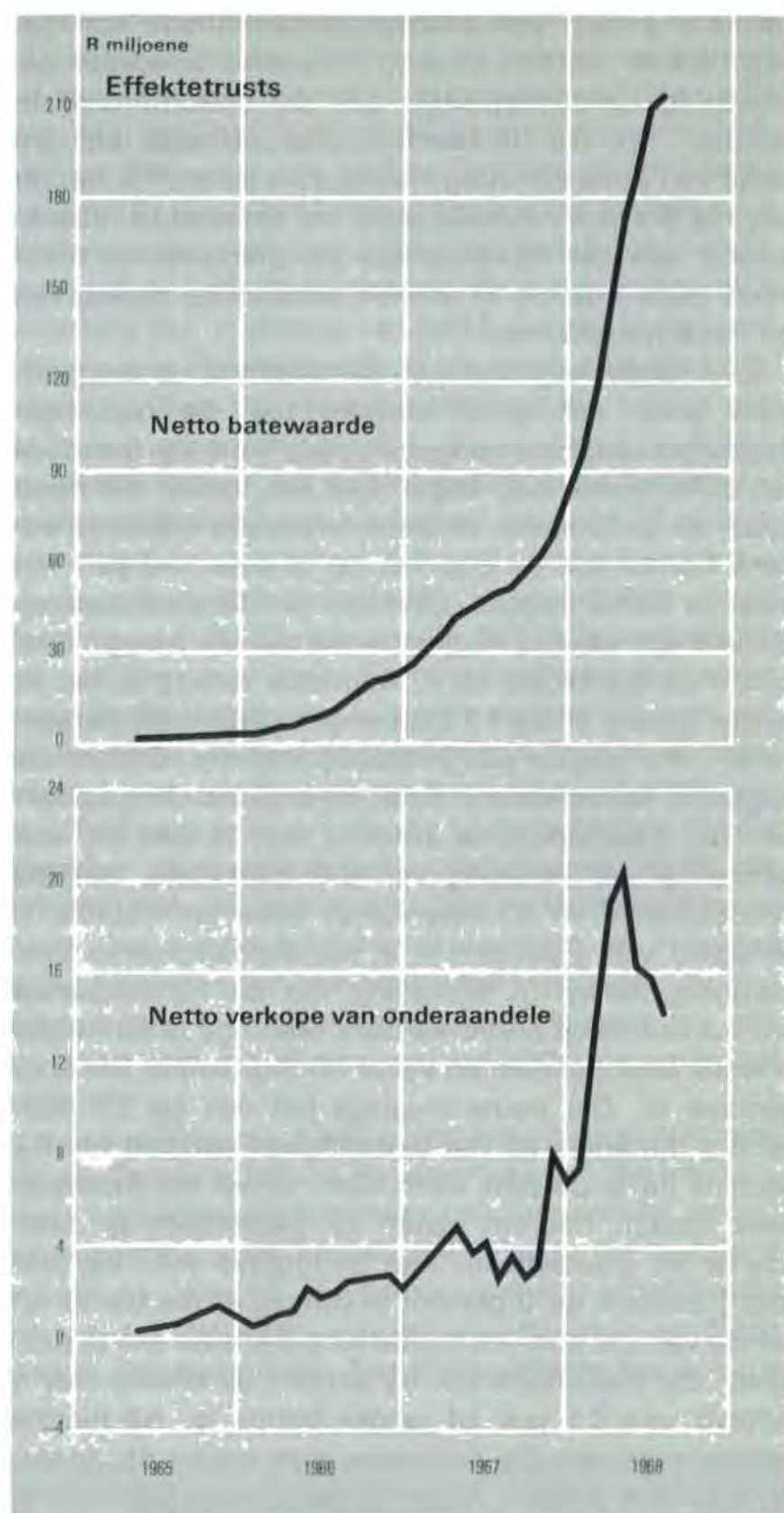
Die vraag na gewone aandele wat na die devaluasie van sterling in November 1967 buitengewoon sterk geword het, het die belangrikste kenmerk van die kapitaalmark



gedurende die eerste helfte van 1968 gebly. Aansienlike nuwe uitgiftes van gewone aandele ten bedrae van R80 miljoen is gedurende die tweede kwartaal op die Johannesburgse Effektebeurs gemaak, vergeleke met 'n maandelikse gemiddelde van slegs R7 miljoen vir die vyf maande November 1967 tot Maart 1968. Nieteenstaande hierdie verhoogde vraag na aandelekapitaal, het aandelepryse en die omset op die Effektebeurs 'n aansienlike verdere styging tot Junie 1968 getoon wat op 'n selfs groter aanbod van fondse wat 'n beleggingsgeleentheid in aandele gesoek het, gedui het.

Gedurende Julie vanjaar het die pryse van die meeste klasse van aandele, met die uitsondering van finansiële mynaandele, vanaf die hoogtepunte wat gedurende die voorafgaande maand aangeteken is, gedaal. 'n Verandering is ook in die effektebeursomset weerspieël wat in Julie tot heelwat laer as die gemiddeld vir die tweede kwartaal gedaal het. Hierdie verwickelinge asook die feit dat die uitreiking van nuwe aandele ten bedrae van R41 miljoen gedurende Julie relatief hoog was, het oënskynlik daarop gedui dat hoewel die vraag na aandelekapitaal nog groot was, die aanbod van fondse in die aandelemark gedurende Julie kleiner was as gedurende vroeëre maande. Die bedrywigheid op die Effektebeurs het egter weer gedurende Augustus en in besonder gedurende die eerste weke van September gestyg.

In hierdie omstandighede het die gemiddelde opbrengskoers op goudmynaandele vanaf 6.6 in Junie tot 7.1 persent in Julie gestyg, terwyl dié op nywerheids- en handelsaandele wat tot benede 4 persent in Junie gedaal het, tot ongeveer 4 persent in Julie gestyg het.



Effektetrusts

Hoewel die effektetrusts gedurende die eerste sewe maande van 1968 voortgegaan het om teen 'n betreklik vinnige koers uit te brei, het die koers van uitbreiding na April 1968 effens afgeneem. So het die vloeiing van fondse vanaf die publiek na die effektetrusts, soos gemeet deur die netto verkope van onderaandele, R46 miljoen gedurende die drie maande Mei tot Julie bedra, vergeleke met 'n invloeiing van R54 miljoen gedurende die voorafgaande drie maande. Desnieteenstaande het die markwaarde van hulle netto bates vanaf R173 miljoen aan die einde van April tot R209 miljoen aan die einde van Junie gestyg en toe met slegs R4 miljoen gedurende Julie toegeneem.

In ooreenstemming met die verdere toename in die markwaarde van die trusts se netto bates, het die indeks van verkoopprijs van onderaandele (Junie 1965 = 100) vanaf 175 in April tot 183 in Junie gestyg en toe gedurende Julie onveranderd gebly. Die gemiddelde opbrengskoers op onderaandele het dienooreenkomstig vanaf 2.5 persent tot 2.4 persent oor hierdie tydperk gedaal.

Toestande in die mark vir vaste-rentedraende effekte

Nieteenstaande die voorkeur van beleggers vir gewone aandele teenoor vaste-rentedraende beleggings, wat sekere openbare korporasies en maatskappye gedurende die vierde kwartaal van 1967 daartoe beweeg het om die opbrengskoerse op hulle vaste-rentedraende effekte te verhoog, is die opbrengskoerse op langtermyn-prima- en semi-prima-effekte en op skuldbriewe van maatskappye gedurende die eerste agt maande van 1968 onveranderd op onderskeidelik $6\frac{1}{2}$, $7\frac{1}{4}$ en $8\frac{1}{2}$ persent gelaat.

Gedurende die eerste kwartaal van 1968 het die lenings wat deur die Regering uitgeskryf is, bevredigende reaksie uitgelok, terwyl dit volgens die beskikbare inligting wou voorkom asof die vraag na fondse in die mark vir semi-prima-effekte betreklik groot gebly het. Gedurende die tweede kwartaal van 1968 is 'n beperkte bedrag aan nuwe kapitaal in hierdie mark opgeneem en gevolglik was daar onvoldoende inligting oor die grondliggende vraag- en aanbodtoestande teen die bestaande rentekoerse beskikbaar. 'n Redelike groot bedrag aan nuwe uitgiftes van effekte is egter vir die derde kwartaal van 1968 beplan en geoordeel volgens die uitgiftes wat tot dusver gedurende hierdie tydperk afgehandel is, wil dit voorkom asof daar bepaald 'n beter ewewig tussen vraag en aanbod teen die heersende rentekoerse ontwikkel het. So was die twee regeringslenings wat gedurende Julie uitgeskryf is, besonder suksesvol en inskrywings van nie minder nie as R125 miljoen is op hierdie uitgiftes ontvang. Hierbenewens was drie munisipale uitgiftes gedurende Augustus en September in 'n aansienlike mate oorvolteken en in al die gevalle het aansoeke vir die nuwe

effekte meer as dubbeld die bedrag wat vir inskrywing aangebied is, bedra.

Bouverenigings

Gedurende die vier maande April tot Julie 1968 het die invloeiing van nuwe fondse na die bouverenigings aanmerklik toegeneem en het R61 miljoen bedra, waarvan R41 miljoen gedurende die tweede kwartaal ontvang is teenoor R29 miljoen gedurende die eerste kwartaal. Aandelekapitaal het R34 miljoen tot hierdie toename gedurende die viermaande-tydperk onder beskouing bygedra, terwyl die toename in hulle vaste en spaar-deposito's onderskeidelik R26 miljoen en R1 miljoen beloop het.

Die aansienlike belegging deur die publiek in bouverenigingaandele gedurende hierdie tydperk was grootliks toe te skryf aan die gewildheid van die „belastingvrye” aandele wat die verenigings vanaf Maart 1968 kon uitreik. Die totale bedrag wat gedurende die tydperk Maart tot Julie 1968 in hierdie aandele belê is, het R182 miljoen bedra, waarvan R51 miljoen nuwe kontantbeleggings, R104 miljoen omsettings van ander aandele en R27 miljoen oordragte vanaf deposito-rekening verteenwoordig het. Op 22 Augustus het die Minister van Finansies 'n verdere toegewing met betrekking tot hierdie aandele aangekondig, ingevolge waarvan die tydperk waarvoor die rente belastingvry sou wees, vanaf 31 Maart 1971 tot vyf jaar vanaf die datum van uitreiking verleng is.

Die verbeterde posisie van die bouverenigings is ook in hulle leningsbedrywighede weerspieël. Nie alleen het hulle uitstaande verband- en ander lenings gedurende die tydperk April tot Julie 1968 met R39 miljoen, wat bykans dubbeld die bedrag van die toename gedurende die eerste kwartaal was, toegeneem nie, maar die koers waarteen nuwe voorskotte toegestaan is, het gedurende hierdie tydperk tot 'n gemiddeld van R36 miljoen per maand gestyg, vergeleke met R22 miljoen vir die eerste kwartaal. Hierbenewens het hulle hul besit aan likwiede bates en ander voorgeskrewe beleggings met R44 miljoen vergroot wat die oorskot van hierdie beleggings bo die statutêre minimum tot R117 miljoen aan die einde van Julie verhoog het.