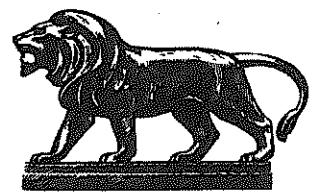


South African Reserve Bank
Suid-Afrikaanse Reserwebank

Quarterly Bulletin Kwartaalblad



No. 87—March/Maart 1968

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Quarterly economic review

Main developments

The official policy of curbing inflation by means of restrictive monetary and fiscal measures on the one hand, and the progressive relaxation of import control on the other, met with considerable success during the second half of 1967. Excess monetary demand — the root cause of both the internal price inflation and the deterioration in the current account of the balance of payments — was substantially reduced and the undue pressure upon scarce resources relieved to an appreciable extent.

The clearest evidence of the attainment of a better balance between demand and supply was provided by the substantial improvement in the balance of payments on current account. During the first half of 1967 the deficit on current account still amounted to a seasonally adjusted annual rate of about R325 million, but during the second half of the year this was transformed into a seasonally adjusted annual surplus of about R26 million. This was mainly attributable to a sharp rise in merchandise exports during the second half of the year and a marked downward movement in imports beginning in February 1967. The fact that imports showed this pronounced declining tendency despite the progressive relaxation of import control, suggests that the restrictive monetary and fiscal measures succeeded in substantially reducing the excessive demand for goods and services. This becomes even clearer if it is taken into account that the rise in export earnings must have operated in the opposite direction, namely that of stimulating demand.

Further evidence of a decline in the inflationary pressure was provided by the behaviour of prices. The seasonally adjusted consumer price index, for example, increased by only 1·8 per cent between December 1966 and December 1967 and at an annual rate of only 0·3 per cent between June 1967 and December

1967, compared with 3·8 per cent between December 1965 and December 1966. Moreover, this decline in the rate of increase was only partly attributable to a decline in food prices during the second half of the year — other consumer prices increased at a much slower rate during this period than previously. Even more encouraging was the slower rate of increase shown by the seasonally adjusted index of wholesale prices during 1967. After rising by 4·5 per cent between December 1965 and December 1966, this index increased by only 0·8 per cent during the next twelve months and actually declined at an annual rate of 1·7 per cent during the second half of 1967.

In addition, it now appears from an analysis of the main components of gross domestic expenditure and most other general economic indicators that the new upswing in aggregate demand which had begun during the second quarter of 1966, levelled off from roughly the middle of 1967. Some indicators, such as private consumption and bank debits, increased at a noticeably slower rate than formerly. Others, including total fixed capital outlays and manufacturing production, tended to move horizontally; while a third group, including inventory investment, the number of new motor cars and commercial vehicles sold, real estate transactions and railway earnings, declined noticeably.

A further gratifying feature of the situation was the fact that the restrictive measures succeeded in reducing the inflationary pressure with a minimum of dislocation and without resulting in either significant unemployment or a reduction in the *real* growth rate of the economy. In fact, according to provisional estimates, real gross domestic product increased by nearly 7 per cent during 1967, compared with 6 per cent in 1966 and the Economic Development Programme's average rate of 5½ per cent per year. Even if allowance

is made for the fact that this high growth rate was partly the result of an exceptionally large *increase* in agricultural production, which will not be repeated in 1968, it still represented a satisfactory performance.

At the same time, however, there appeared to be important influences at work which threatened to upset the approximate balance reached between total demand and supply and to produce a new inflationary upswing. These influences included not only the persistent shortage of skilled labour and the fact that increases in salaries and wages in the public sector appeared to be imminent, but also the implications for the South African economy of the widespread international currency fears and gold speculation which followed the devaluation of the British pound in November 1967. These international developments tended to create new internal inflationary pressure in three main ways. In the first place, they produced fresh inflationary expectations, which threatened to neutralise the sobering effect of the internal disinflationary tendencies referred to earlier. Secondly, they brought about a large net inflow of foreign capital for investment in shares as well as in other forms, thereby increasing the liquidity of both the banking sector and the non-bank private sector and tending to offset the contractionary effects of the official monetary and fiscal policies. And thirdly, they helped to produce a sharp rise in share prices and turnover on the Johannesburg Stock Exchange, which resulted in substantial realised or anticipated capital gains.

In these circumstances, the authorities deemed it essential to persist with their main disinflationary measures, while keeping a close watch on international as well as domestic economic developments.¹

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

National accounts¹

Gross domestic product

Gross domestic product increased by 9·3 per cent from R8,793 million in 1966 to R9,607 million in 1967. In real terms, i.e. after correction for price increases, this represented a growth rate of nearly 7 per cent, compared with 6 per cent during 1966 and an average of just over 6 per cent during the six years between 1960 and 1966. It must, however, be taken into account that the contribution of agriculture to real gross domestic product showed an abnormally large increase of about 23 per cent during 1967 and that the rest of the gross domestic product increased in real terms by only about 5 per cent during this period.

Since the increase in the contribution of agriculture occurred mainly in the second and third quarters of the year, the quarterly domestic product estimates show an exceptionally large increase during these two quarters, followed by an actual decline in the fourth quarter. If agriculture is excluded, however, the rest of the gross domestic product increased at a fairly steady rate throughout the year.

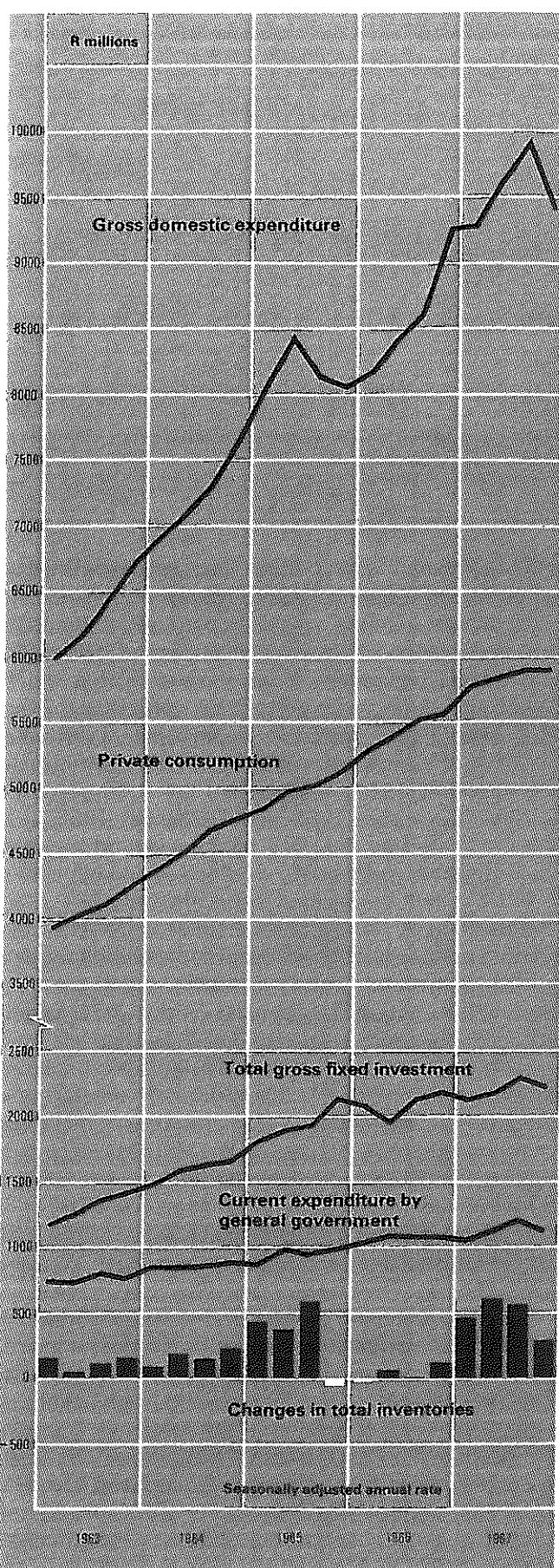
Gross domestic expenditure

Gross domestic expenditure increased by more than 11 per cent during 1967, compared with about 5½ per cent during 1966 and an annual average of about 9 per cent during the six years between 1960 and 1966. The main reason for this considerable increase was an exceptionally large rise in inventory investment, namely from R55 million in 1966 to R491 million in 1967; the total of the other components of gross domestic expenditure, i.e. private consumption, current government expenditure and fixed investment, increased by only about 7 per cent between 1966 and 1967.

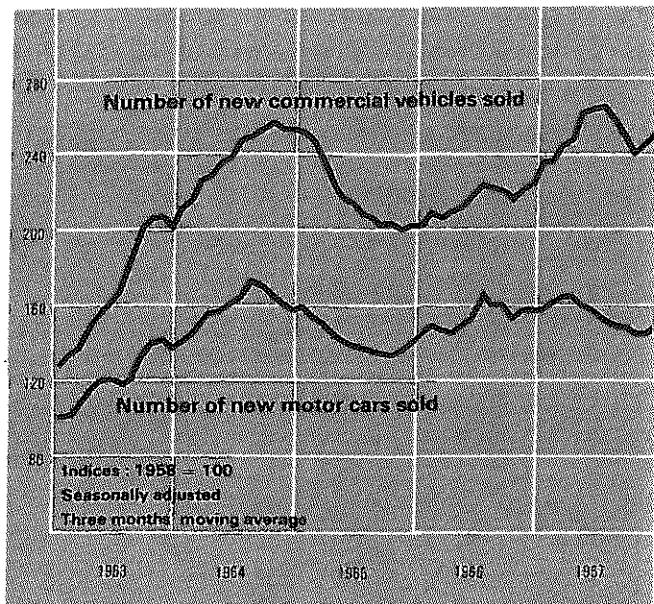
It appears to be significant, however, that after already slowing down somewhat during the third quarter, gross domestic expenditure for the first time since the third quarter of 1965 showed an actual decline — a fairly sharp one — during the fourth quarter.

Private consumption and current government expenditure

The behaviour of private consumer spending during 1967 was most encouraging. After rising at an average annual rate of about 8 per cent during the six years between 1960 and 1966 and by nearly 9½ per cent during 1966, it slowed down to a rate of only about 7½ per cent during 1967. This meant that, in real terms, consumption increased by only about 4½ per cent during the year, which was considerably less than the



¹ The analysis in this section of the Review is largely based on the Reserve Bank's quarterly estimates of the national accounts, *after adjustment for seasonal tendencies*. Since these figures are not yet judged reliable enough for publication, the analysis of quarterly developments is confined to pointing out broad tendencies.



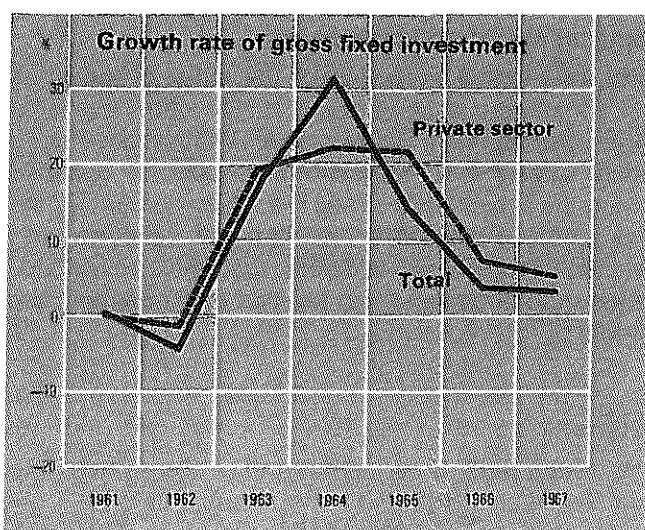
rate of increase of nearly 7 per cent shown by real gross domestic product. Spending on both durable and non-durable goods, as well as on services, increased by much less during 1967 than during the previous year.

Moreover, during the course of 1967 private consumption increased at a progressively slower rate until, during the fourth quarter, it showed practically no increase at all.

Current government expenditure also increased at a considerably slower rate during 1967, namely by about 6 per cent, compared with 14 per cent during 1966 and an average annual rate of about $12\frac{1}{2}$ per cent between 1960 and 1966.

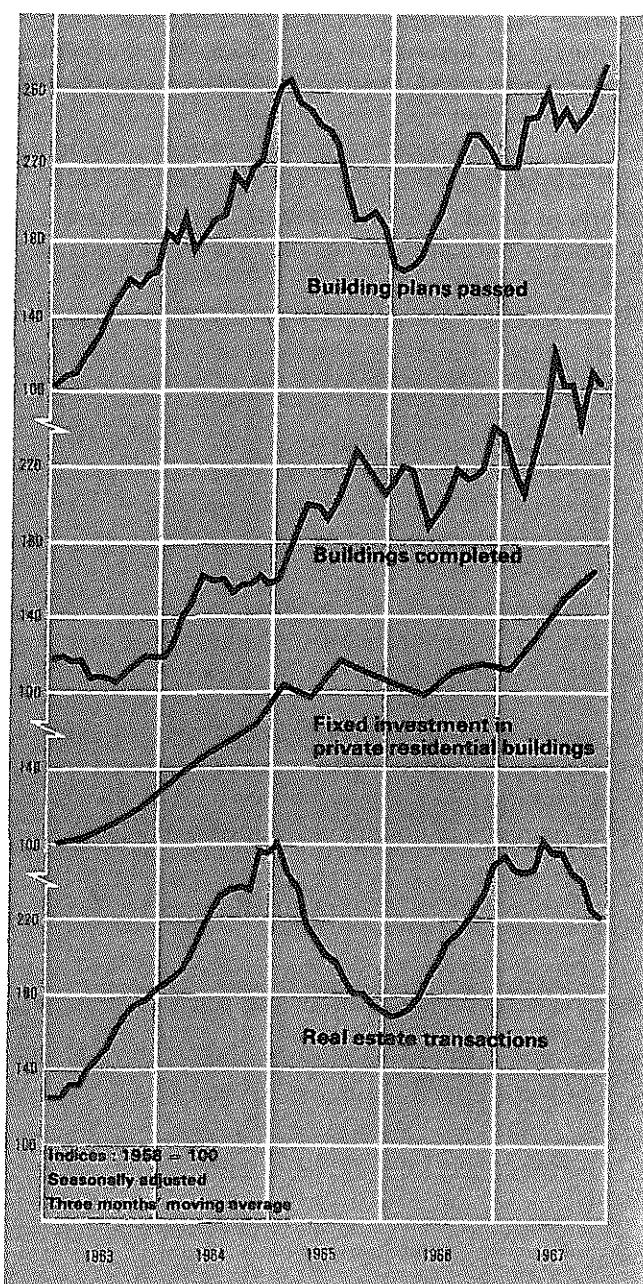
Fixed capital expenditure

One of the best indications of the effectiveness of the disinflationary monetary and fiscal policies of the past



two years is provided by the behaviour of total fixed capital expenditure. After rising by 20 per cent in 1963 and $22\frac{1}{2}$ per cent during both 1964 and 1965 – this, of course, was one of the main causes of the inflation during these years – it increased by only $7\frac{1}{2}$ per cent in 1966 and 6 per cent in 1967.

Private fixed investment, which had risen by as much as $16\frac{1}{2}$ per cent in 1963, 31 per cent in 1964 and $14\frac{1}{2}$ per cent in 1965, increased by only 4 per cent in 1966 and $3\frac{1}{2}$ per cent in 1967. Moreover, of the increase of R39 million shown by this important component of total spending during 1967, R34 million was accounted for by residential building, while fixed in-



vestment by manufacturing and commercial enterprises actually declined.

Fixed capital outlays by public authorities, which had risen by 8 per cent in 1966, increased by only 5 per cent in 1967, while the rate of increase of fixed investment by public corporations slowed down from 31½ per cent in 1966 to 23 per cent in 1967.

Inventory investment

As mentioned earlier, total inventory investment amounted to the abnormally high figure of R491 million in 1967, compared with R55 million in 1966. This was mainly attributable to increases in agricultural inventories (R157 million), industrial inventories (R103 million) and commercial inventories (R101 million). After rising to a peak in the second quarter of 1967, however, total inventory investment declined noticeably during the second half of the year, thereby helping to reduce the pressure upon imports as well as domestic resources.

Exports and imports

Exports of goods and (non-factor) services increased by about 9 per cent during 1967, while imports rose by about 17½ per cent, mainly reflecting the building-up of inventories. As will be pointed out in more detail in the balance of payments section, however, imports showed a pronounced downward tendency during the course of the year, while exports were much higher during the second half than during the first half, so that the balance of payments on current account improved considerably from about the middle of the year.

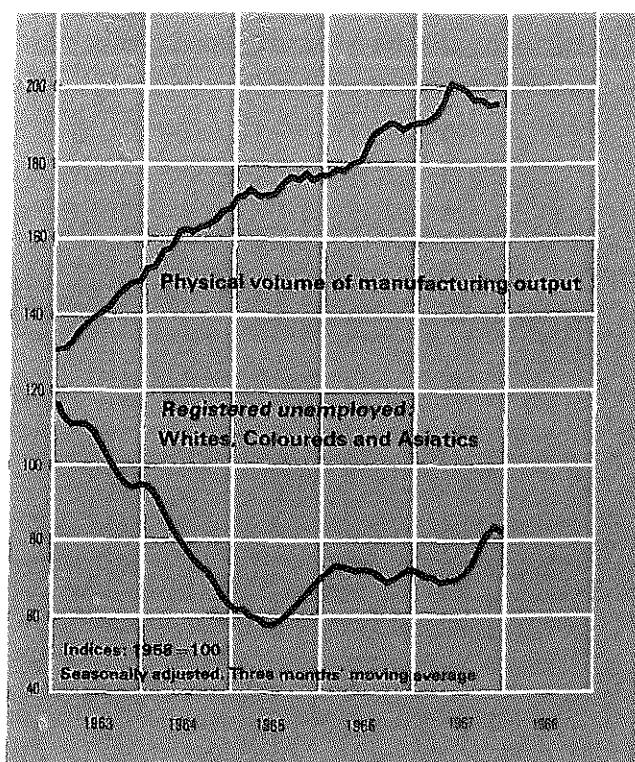
Gross domestic saving

The large increase in gross domestic product and the slowing down in the rate of increase of private consumption combined to bring about a welcome rise of R420 million or nearly 20 per cent in gross domestic saving during 1967. This mainly took the form of increases in personal saving and in the current surplus of general government; corporate saving, i.e. the retained earnings of companies, showed a decline.

Production and employment

After rising sharply during the first half of 1967, the seasonally adjusted index of the physical volume of manufacturing output levelled off completely during the second half. Its monthly average during 1967 nevertheless still exceeded that of 1966 by approximately 6 per cent. Metal products, food and transport equipment made the largest contributions to this increase.

Manufacturing employment maintained its upward movement during 1967 and was on average about 4 per cent higher than during the previous year.



The index of the volume of gold production declined moderately during 1967, while that of mining production other than gold was on average 3·8 per cent higher than during 1966. Employment in both gold mining and other mining enterprises declined somewhat during 1967.

After remaining more or less constant at a figure of about 70 during the first half of 1967, the seasonally adjusted index of registered unemployed Whites, Coloureds and Asiatics (1958=100) increased to 84·3 in December.

General economic indicators

With the notable exception of the index of industrial and commercial share prices, virtually all the available monthly economic indicators either increased at a much slower rate, moved horizontally or declined during the second half of 1967, thereby confirming the impression gained from the national accounts and balance of payments statistics that the cyclical up-swing in total demand had levelled off from about the middle of the year.

Prices

After rising by 3·8 per cent between December 1966 and December 1967 and at an annual rate of 3·4 per cent between December 1966 and June 1967, the

seasonally adjusted consumer price index increased at an annual rate of only 0·3 per cent between the latter date and December 1967. As the accompanying table shows, this marked slowing down was attributable partly to a decline in food prices during the second half of 1967, but partly also to a marked reduction in the annual rate of increase of other prices, namely from 2·7 per cent during the first half of the year to 1·3 per cent during the second half.

In January 1968 the total seasonally adjusted index (1958=100) amounted to 122·7, compared with 122·6 in December 1967.

Consumer price index — seasonally adjusted Annual percentage rate of change

Period	Food	Other	Total
Dec. 1965—Dec. 1966 . . .	4·4	3·5	3·8
Dec. 1966—Dec. 1967 . . .	1·6	2·0	1·8
Dec. 1966—June 1967 . . .	5·0	2·7	3·4
June 1967—Dec. 1967 . . .	-1·8	1·3	0·3

The seasonally adjusted index of wholesale prices similarly reflected the reduction in inflationary pressure during the second half of 1967. After rising by 4·5 per cent between December 1965 and December 1966 and at an annual rate of 3·3 per cent between December 1966 and June 1967, it actually declined at an annual rate of 1·7 per cent between the latter date and December 1967. While this latter decline was mainly the result of an abnormally large decrease in wholesale prices in agriculture, forestry and fishing, the rate of increase of wholesale prices of South African manufactured goods also declined noticeably, namely from 4·6 per cent between December 1965 and 1966 to annual rates of 2·3 and 0·7 per cent during the first and second halves of 1967, respectively.

In January 1968 the total index (1958=100) stood at 118·2, compared with 117·8 in December 1967.

Wholesale price index — seasonally adjusted Annual percentage rate of change

Period	Goods produced in S.A.			Im- por- ted goods	Total
	Agri- cul- ture, etc.	Manu- factur- ing	Total		
Dec. 1965—Dec. 1966	7·3	4·6	5·0	3·2	4·5
Dec. 1966—Dec. 1967	-4·2	1·5	0·5	1·4	0·8
Dec. 1966—June 1967	6·7	2·3	3·4	2·6	3·3
June 1967—Dec. 1967	-14·0	0·7	-2·3	0·2	-1·7

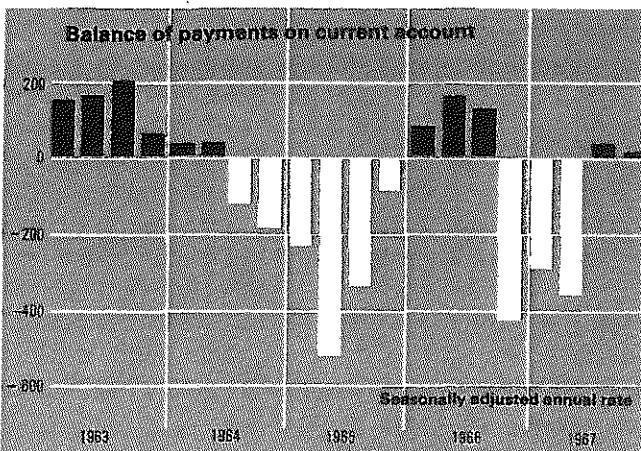
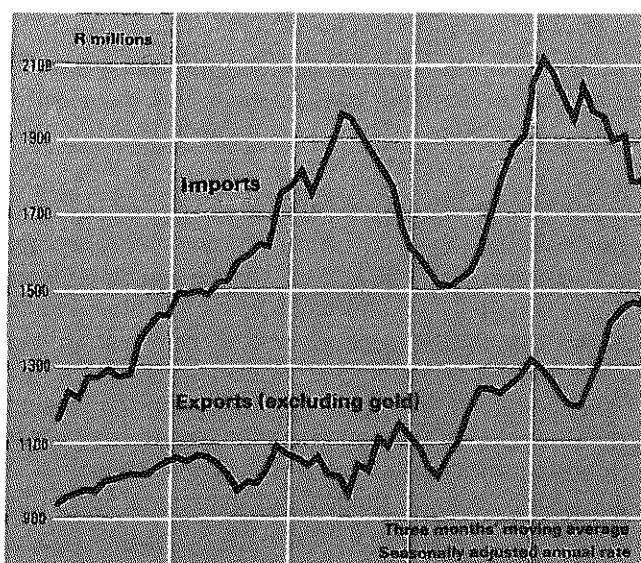
Balance of payments

Balance on current account

Important changes occurred in South Africa's balance of payments on current account during the course of 1967. Thus, while this account still showed deficits of R85 million and R96 million during the first and second quarters, respectively, it yielded a deficit of only R5 million during the third quarter, followed by a surplus of R35 million during the fourth quarter. After adjustment for seasonal tendencies, and taken at an annual rate, the current account showed deficits of R290 million and R360 million during the first and second quarters and surpluses of R40 million and R12 million during the third and fourth quarters, respectively.

Increase in exports

One important reason for this improvement was a sharp rise in merchandise exports from about July. After amounting to annual rates of R1,280 million and R1,232 million during the first and second quarters, seasonally adjusted exports increased to annual rates of R1,476 million and R1,332 million during the third



and fourth quarters, respectively. The main categories contributing to this increase were foodstuffs, raw materials and certain classes of manufactured goods. During January 1968 this figure increased further to R1,642 million.

Declining tendency in imports

The other main reason for the emergence of a current surplus during the second half of the year was a downward tendency shown by imports from February onwards. After reaching a record level of more than R2,200 million in January 1967, seasonally adjusted imports, taken at an annual rate, declined to R1,772 million during the fourth quarter, the major decreases occurring in the statistical classes "machinery and transport equipment" and "manufactured goods". In January 1968, however, imports increased again to an annual rate of R2,015 million.

The downward tendency in imports during the course of 1967 would appear to have been directly attributable to the "cooling down" of the internal economy, particularly since it followed the relaxation of import control in three main stages, namely in July and December 1966 and in May 1967. Experience has shown that imports in South Africa are highly sensitive to changes in aggregate monetary demand — a mere levelling off in demand, after an excessive increase, is generally accompanied by an actual decline in imports.

Other current transactions

South Africa's net gold output showed only a very slight increase in 1967, but service receipts from foreigners increased by R83 million, mainly owing to an increase during the second half of the year in the number of ships stopping at South African harbours for ships' stores and bunker fuel following the closing of the Suez Canal. On the other hand, service payments to foreigners increased by R75 million, largely as a result of increases in freight and insurance payments and investment income payments to foreigners.

Substantial inflow of private capital

The fourth quarter of 1967 marked the eleventh consecutive quarter in which the South African private sector received a net inflow of capital from abroad. Although the net private capital inflow decreased from R89 million in the second quarter to R44 million in the third quarter and to R47 million in the fourth quarter of 1967, the total net inflow of R198 million for the year as a whole was about R38 million more than the figure for 1966. This brought the total net inflow of private capital during the three years 1965 to 1967 to R520 million. According to preliminary indications, there was a large further net inflow of private capital during January 1968.

The net inflow of R198 million during 1967 consisted of R143 million in the form of long-term capital and only R55 million in the form of short-term capital (including errors and unrecorded transactions). During the fourth quarter of the year, when the net inflow of private funds amounted to R47 million, the identified *long-term* private capital inflow actually amounted to R68 million, while *short-term* private capital (including errors and unrecorded transactions) showed a net outflow of R21 million. To some extent the large inflow of long-term funds during this period would appear to have been related to international uncertainties regarding certain foreign currencies and the dollar price of gold. Transactions by foreigners in South African securities listed on the Johannesburg Stock Exchange, for example, resulted in a net capital inflow of R17 million during the fourth quarter of 1967, compared with R1 million, R2 million and R9 million during the first, second and third quarters, respectively.

Further net outflow of official and banking capital

Central government and banking capital showed a net outflow of R18 million during the fourth quarter of 1967 to bring the total net outflow of this kind of capital for the year as a whole to R73 million, compared with a net outflow of R11 million during 1966.

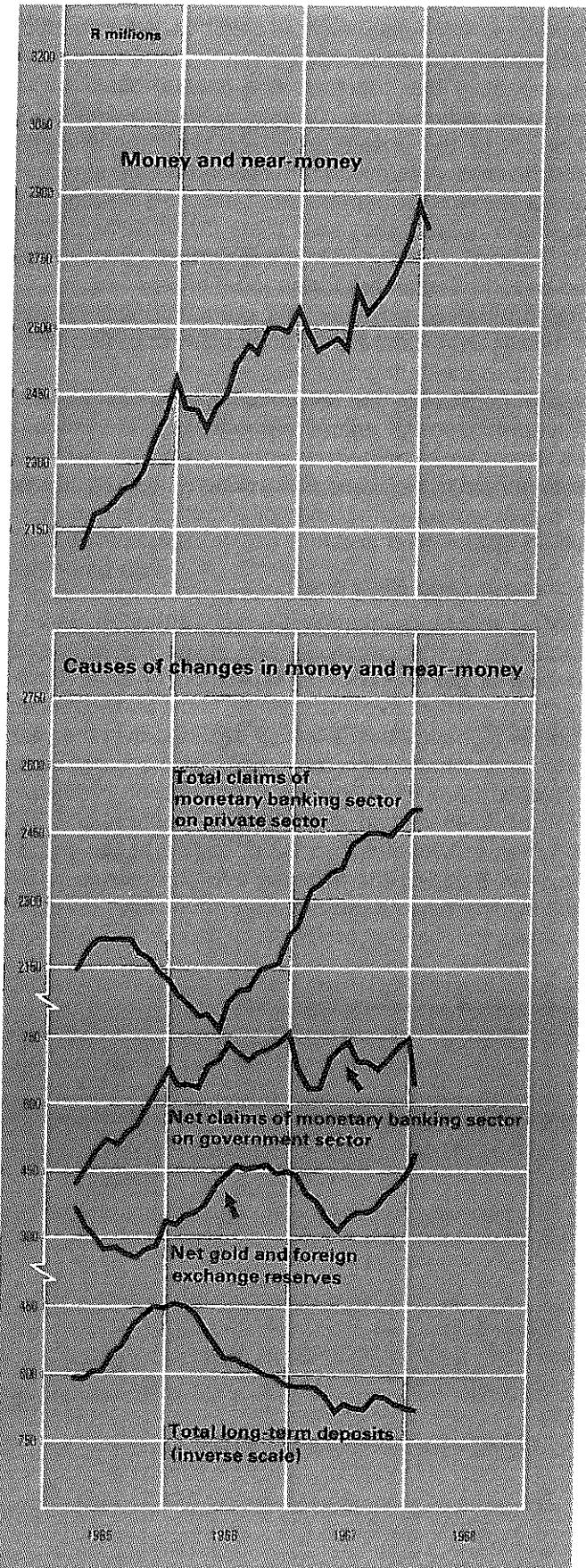
Gold and foreign exchange reserves

The behaviour of the total gold and foreign exchange reserves held by the Reserve Bank, the rest of the monetary banking sector and the Government during 1967 largely reflected the transformation in the current account over this period. Thus, during the first five months of the year, when the current deficit was much larger than the net capital inflow, these reserves declined from R589 million to R455 million. But from that point onward, as the current account improved considerably, they began a new upward movement and by the end of 1967 had already reached a figure of R557 million. During January and February 1968 they increased further to a new record level of approximately R630 million at the end of February.

Monetary and banking situation

Further increase in money and near-money

After rising by only 1·6 per cent during the first nine months of 1967, total money and near-money increased sharply by R187 million or 7·0 per cent during the fourth quarter, mainly as a result of the expansionary effect of the rapidly rising gold and foreign exchange reserves and an increase in bank credit to both the private and government sectors. In so far as this acceleration reflected the increasing surplus on the current account of the balance of payments, it may be interpreted as a result of the decline in excess monetary



demand and therefore as a favourable sign. For the rest, however, it was a disconcerting development, as it tended to make the monetary environment conducive to a resurgence of inflationary pressure.

Nevertheless, despite this acceleration in its rate of increase during the fourth quarter, the total supply of money and near-money increased by only R230 million or 8·7 per cent over 1967 as a whole. Although this rate of increase exceeded that of 6·2 per cent registered during 1966, it was considerably slower than the average of 11·7 per cent attained during the years 1963 to 1965. Moreover, according to calculations based on new seasonally adjusted figures which have just become available, the ratio of money and near-money to gross domestic product during the fourth quarter of 1967 amounted to 28½ per cent, compared with a peak of over 29 per cent reached during the first quarter of 1966. It was, however, still considerably higher than the average of roughly 26 per cent registered during the years 1955 to 1964.

Preliminary indications suggest that, in accordance with the normal seasonal pattern, total money and near-money declined noticeably during January 1968. The contractionary effect of the largely seasonal decline in the net claims of the banking sector on the government sector during this month would appear to have more than neutralised the expansionary effect of the rapidly rising gold and foreign exchange reserves.

Causes of changes in money and near-money
(Changes in consolidated assets and liabilities of the monetary banking sector)
R millions

	1967				
	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Total
Changes in money and near-money:					
Money	-75	94	-56	148	111
Near-money	-9	29	59	39	119
Total	-84	123	3	187	230
Causes of changes:					
Net gold and foreign exchange reserves . . .	-68	-41	27	79	-3
Claims on government sector	-158	49	122	12	26
Government deposits (increase-, decrease+):	40	54	-183	53	-36
Net claims on government sector	-118	103	-61	65	-10
Claims on private sector	112	86	27	56	282
Long-term deposits (increase-, decrease+)	-12	-33	16	-28	-57
Other assets and liabilities	2	8	-6	15	18
Total	-84	123	3	187	230

Increase in bank credit to private sector

Considering the year 1967 as a whole, the gold and foreign exchange reserves and the net claims of the monetary banking sector on the government sector both exerted a slight contractionary effect on total money and near-money. The substantial increase of R230 million in the latter total over the year was almost entirely accounted for by an increase in the claims of the banking sector on the *private* sector. On a quarterly basis, changes in this item were built up as follows:

	R millions				
	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Year
Discounts and advances	+98	+46	-4	-24	+116
Investments	+15	+40	+30	+78	+163
Other	—	—	+1	+2	+3
Total change in claims on private sector	+112	+86	+27	+56	+282

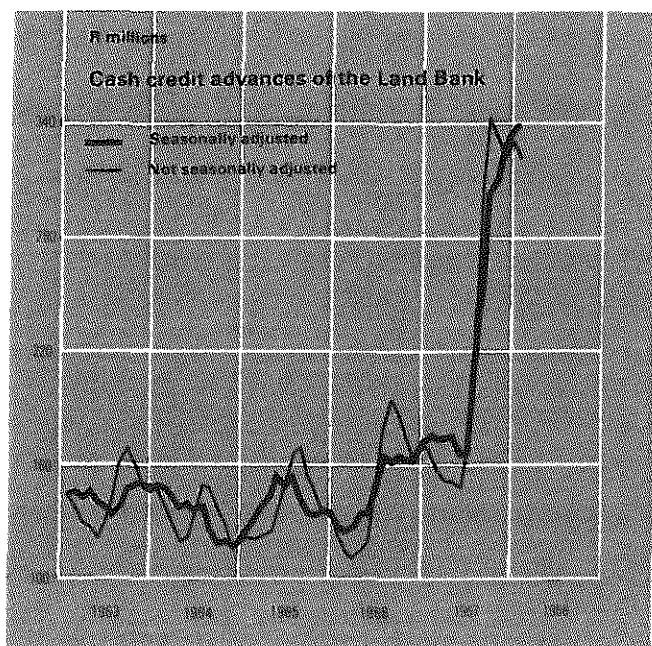
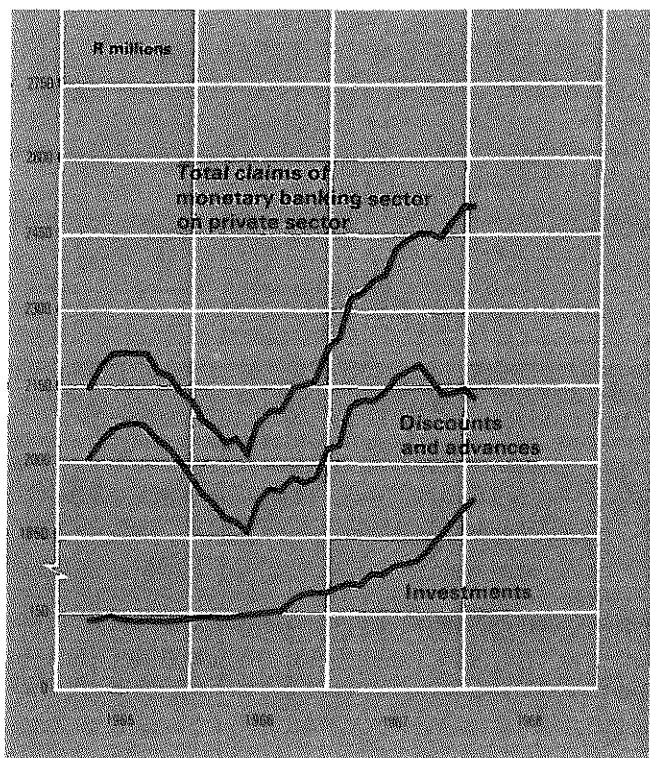
As the above figures show, the Reserve Bank's restrictive credit policy succeeded in reducing the monetary banking sector's discounts and advances to the private sector during the third and fourth quarters. Indeed, if the cash credits of the Land Bank and net remittances in transit are excluded, these discounts and advances declined by as much as R150 million during the third quarter and remained virtually unchanged during the fourth quarter. It is also gratifying

to note that, if allowance is made for certain amounts which were specifically exempted from the Reserve Bank's credit directive, such as credit to certain public corporations, all the commercial banks, merchant banks and monetary hire-purchase and general banks succeeded in reducing their outstanding discounts and advances to the private sector (excluding the Land Bank) to below the maximum level set by the authorities for the end of September. Moreover, throughout the fourth quarter, they kept these credit items below this "ceiling", which had in the meantime been extended beyond September for an indefinite period.

Unfortunately, however, the contractionary effects of the decline in the banking sector's total discounts and advances during the second half of 1967 were more than offset by the sharp rise in its "investments", which in the fourth quarter amounted to R78 million. The latter figure included increases in the banking sector's holdings of Land Bank debentures and stocks of public corporations and local authorities of R20 million, R20 million and R25 million, respectively.

Increase in Land Bank credit

Another recent development which, although understandable in the circumstances, gives rise to some concern is the tremendous expansion of Land Bank credit. In contrast to the discounts, loans and advances of other monetary banks, which declined over the year 1967 as a whole, the cash credits of the Land Bank increased from R171 million at the end of 1966 to a peak of R345 million at the end of September 1967 and then only declined to R332 million at the end of the year, bringing the increase over the year to R161 million. The Land Bank therefore more than fully accounted for the rise of R116 million in the banking



sector's discounts and advances to the private sector mentioned above.

At the end of 1967 bank credit to the Land Bank amounted to R238 million, compared with R96 million a year earlier. Of this amount of R238 million, Land Bank bills accounted for R175 million, compared with R50 million at the end of 1966.

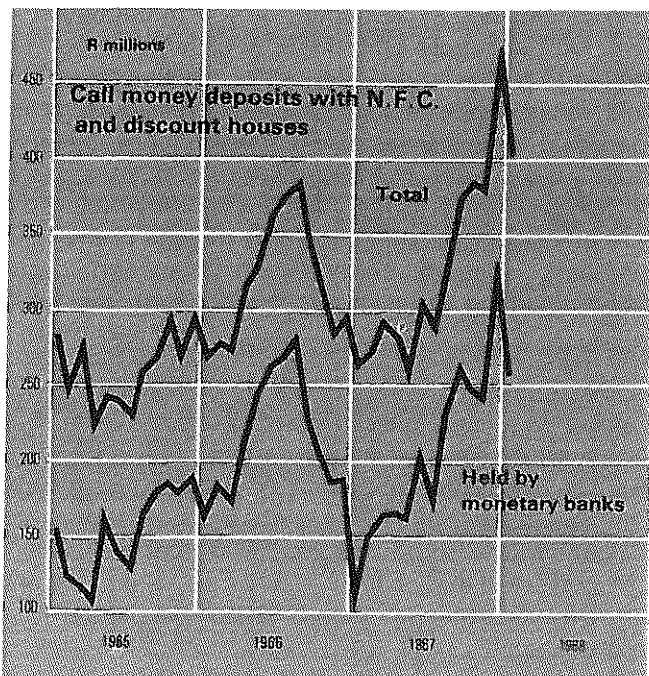
By the end of January 1968 the cash credits of the Land Bank still amounted to the very high figure of R321 million, while bank credit to the Land Bank still stood at R230 million.

Bank liquidity

A third development in the field of banking which was not conducive to monetary stability was the substantial further increase during the second half of 1967 in the excess liquid assets of the various classes of banking institutions — the result of such factors as the rapid rise in the gold and foreign exchange reserves and an expansion of Reserve Bank credit to the Land Bank. The extent of this increase is indicated by the following table:

Excess liquidity ratios

	1967				1968
	March %	June %	Sept. %	Dec. %	Jan. %
Commercial banks . . .	5·2	6·9	10·3	14·5	8·6
Merchant banks . . .	14·8	19·3	12·0	12·5	19·5
Monetary hire-purchase and general banks . . .	9·4	15·3	12·8	11·0	12·4
Other banks	4·8	5·0	3·7	8·4	...



This addition to the liquid assets of banking institutions was also reflected in a sharp rise in the total call money held with the National Finance Corporation and the discount houses, namely from a low point of R254 million in May 1967 to a new record high of R469 million at the end of December.

Short-term interest rates

In these circumstances, the Treasury bill rate, which had risen to 5 per cent by the end of March 1967 and had then fluctuated around a level just below this until the end of July, naturally tended to decline and, in fact, did fall to 4·70 per cent on the 8th September. Subsequently, however, the authorities took various steps to bring the Treasury bill and other related money market rates into better alignment with Bank Rate and the lending rates of banking institutions.

In the first place, the amount of tender Treasury bills offered weekly was raised further until the total amount of these bills outstanding reached R220 million on the 24th November, compared with about R100 million in April — thereafter it was reduced again. Secondly, the authorities at times issued additional "tap" Treasury bills to the market. Thirdly, as from the 7th July, the Reserve Bank sold Land Bank bills to the discount houses under special repurchase agreements in order to neutralise to some extent the effect of its increased credit to the Land Bank — the amount sold in this way reached a peak of R74 million on the 24th November before declining to nil on the 29th February 1968. Finally, the Reserve Bank at times allowed the commercial banks to invest short-term funds abroad under the so-called "swop" arrangements.

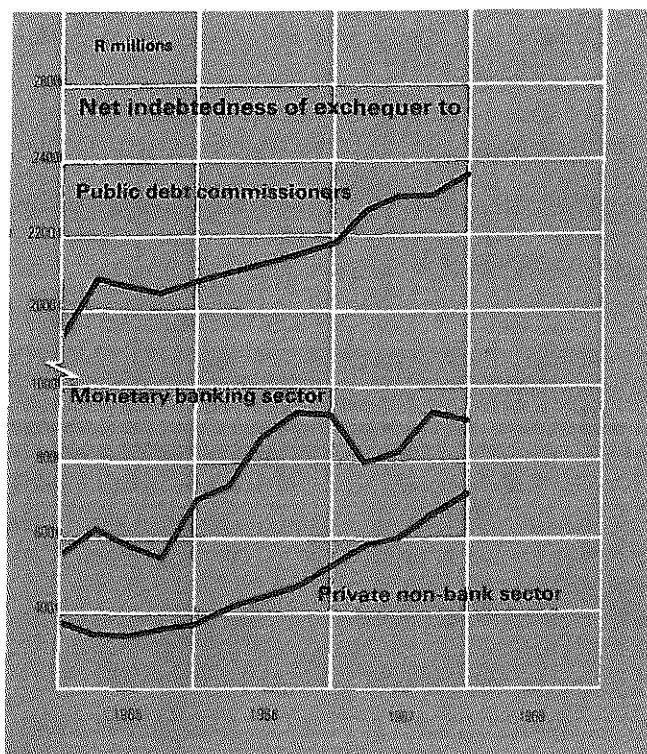
Largely owing to these steps, the Treasury bill tender rate increased from 4·70 per cent on the 8th September to 5·08 per cent on the 8th March 1968 and was accompanied upwards by other related short-term interest rates. In addition, the rate on government stock with a maturity of between 3 and 3½ years was raised by 1/8 per cent to 5½ per cent for a new issue in February, which proved to be a great success and attracted R94 million.

Government finance

The picture presented by the finances of the central government during the nine months April to December 1967, i.e. the first three quarters of the current financial year, is very satisfactory indeed. During this period the Exchequer succeeded not only in reducing its indebtedness to the foreign sector by R33 million but also in reducing its net indebtedness to the monetary banking sector by R54 million, compared with an increase of R36 million during the corresponding period of the previous year. Thereby it exerted an important contractionary effect on the supply of money and near-

money in the hands of the private sector. In actual fact, the banking sector's holdings of government stock (mainly short-term) and Treasury bills increased by R106 million during this period, but this was more than offset by an increase of R160 million in the Exchequer balance. Both these latter developments were the result of the official money market policy of providing short-term investment outlets to banking institutions as well as the private non-bank sector, with a view to withdrawing the proceeds from the spending stream and "sterilising" it with the Reserve Bank.

The welcome decrease in the Exchequer's net indebtedness to the banking sector was attributable to two main factors. In the first place, the total budget deficit (excluding borrowing) was reduced from R205 million during the first three quarters of the 1966/67 financial year to R107 million during the corresponding period of the current financial year. This was the direct result of the fiscal policy of, on the one hand, restraining government expenditure as far as possible and, on the other, increasing both direct and indirect taxes. Secondly, owing to such factors as an increase in loan levies, the issuing of tax-free Treasury bonds to personal savers, realistic interest rates on government stock and legislative changes to force insurers, pension funds and unit trusts to invest a larger proportion of their funds in government stock, the Exchequer succeeded in borrowing a net amount of R129 million from the private non-bank sector during this period, compared with R111 million during the corresponding three quarters of the 1966/67 financial year and R65 million during the whole of the 1965/66 year.



Exchequer finance R millions

	1967/68			April to December		
	April-June	July-Sept.	Oct.-Dec.	1966/1967	1967	1968
Total surplus or deficit (excluding borrowing)	-41	-10	-56	-205	-107	
Financing:						
Change in net indebtedness to:						
Foreign sector	-23	-9	-1*	-12	-33	
Private non-bank sector	18	56	55	111	129	
Public Debt						
Commissioners	38	-2	29*	71	65	
Paymaster-General and social security funds	20	-20	—	-1	—	
Sub-total	53	25	83	169	161	
Monetary banking sector:						
Change in holdings of government securities	25	103	-22	188	106	
Change in Exchequer balance (increase -, decrease +)	-37	-118	-5*	-152	-160	
Sub-total	-12	-15	-27	36	-54	
Total financing	41	10	56	205	107	

*After adjustment for foreign loans (R7·1 million) invested abroad and for investments (R20 million) with the P.D.C.

Capital market

Demand and supply

Although the upswing in the economy showed signs of levelling off after the middle of 1967, the demand for loanable funds in most sections of the capital market remained exceptionally strong throughout the year. On the supply side, the flow of funds in general tended to favour equities and other investments which held out the prospect of capital appreciation, rather than fixed-interest investments. This tendency appeared to be associated with inflationary expectations based on the experience in the internal economy during the four preceding years and, towards the end of the year, also on international currency uncertainty and speculation regarding an increase in the dollar price of gold.

Yields on long-term stock and debentures

In these circumstances, further upward pressure was exerted on interest rates on fixed-interest investments. Although the Reserve Bank's pattern of rates for long-term government stock remained unchanged at 6·50 per cent during 1967, the yield on long-term stock issued by local authorities increased from about 7·21 per cent at the end of 1966 to 7·27 per cent at the end of 1967 and that on public corporation stock from approximately 7·03 to 7·27 per cent. The margin between the yields on local authority and public cor-

poration stock was thus eliminated during 1967. Yields on newly issued company debentures increased from a level of about 7·75 per cent at the end of 1966 to about 8·5 per cent at the end of 1967, but building society mortgage rates remained at 8·5 per cent throughout this period.

Insurers and private pension funds

During the first three quarters of 1967 (figures for the fourth quarter are not yet available), the emphasis in the investment policy of insurers and private pension funds was placed, as during 1966, on investments in prescribed securities. Not only were the yields offered on these securities relatively high, but the institutions also had to comply with the new statutory investment requirements introduced in 1966. As their holdings of government stock were substantially less than the new statutorily required minimum, they directed a considerable portion of their available investment funds to this type of stock during both 1966 and 1967. During the second half of 1966 this was accompanied by a decline in the amount of new funds invested by them in public corporation and local authority stock, but during 1967 their investments in these semi-gilt-edged securities returned to a more normal figure.

Investments by these institutions in ordinary shares remained moderate during the first three quarters of last year, except for a temporary upsurge at the time of the short-lived decline in share prices after April 1967. At present, the reaction of these investors to the speculative upsurge in share prices after the sterling devaluation of November 1967 is not yet known.

Fixed-interest securities of the private sector and fixed property proved to be relatively unpopular investment outlets for these institutions during the first three quarters of 1967, but they appeared to show more interest in mortgage loans towards the end of this period.

Annual changes in assets of insurers and private pension funds

R millions

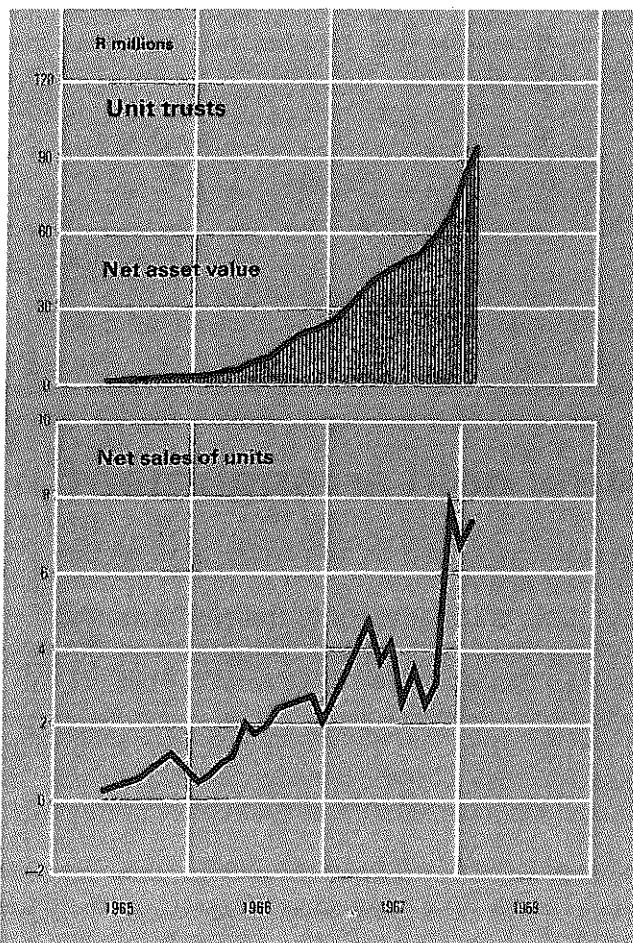
	1963	1964	1965	1966	1967*
Government stock	-1	-15	+3	+71	+71
Public corporation and local authority stock and loans	+54	+71	+75	+50	+74
Total prescribed securities	+53	+56	+78	+121	+145
Other fixed interest investments:					
Securities	+28	+32	+31	+22	+12
Mortgage loans	+5	+38	+55	+51	+37
Other loans	+3	+5	+22	+23	+24
Ordinary shares	+74	+75	+51	+43	+53
Fixed property	+3	+23	+12	+24	+12
Cash and deposits	+10	+12	+8	+11	+3

*Figures for the first three quarters of 1967 adjusted to an annual rate.

Unit trusts

Notwithstanding the over-all shortage of funds in the capital market and the intense competition from other financial institutions, unit trusts raised new funds amounting to R48 million during 1967, compared with R21 million during the previous year. During the last quarter of 1967 alone, they received R17 million, followed by a further amount of R8 million during January 1968. This brought the total for the four months to R25 million, compared, for example, with the R18 million which flowed to building societies during that period. The market value of the trusts' net assets increased by R59 million during 1967 and by R12 million during January 1968, and stood at R95 million at the end of that month. This rise reflected partly the increase in funds placed with them and partly the increase in the market value of their portfolios.

After a decline during the period May to July 1967, the selling prices of trust units moved upward again, and over the year 1967 as a whole increased by 19 per cent. They continued to rise during the first two months of 1968 and the combined index of unit prices (June 1965=100) rose to 157 in February, compared



with 140 in December 1967 and 118 at the end of 1966. The average yield on units declined from 3·8 per cent at the end of 1966 to 3·0 per cent in January 1968.

Building societies

The tightening of conditions in the markets for fixed-interest securities during 1967 naturally also affected the building societies. On the one hand, the general buoyancy of the economy helped to bring about an abnormally strong demand for their mortgage loans. On the other hand, the ready availability of alternative forms of investment such as investments in unit trusts, participation mortgage schemes, tax-free Treasury bonds and ordinary shares, which provided either the prospect of capital appreciation or exceptionally high effective interest rates, served in the prevailing inflationary conditions to reduce the relative attractiveness of building society deposits and shares, as indeed of fixed-interest deposits in general.

In the circumstances, the building societies did very well during 1967. Their total resources increased by R110 million over the year, while their mortgage and other loans outstanding showed a rise of R135 million, which was not only more than double the increase of R63 million during the previous year but also approached the record increase of R146 million during 1964. In order to make this high rate of lending possible, however, the societies had to reduce their

prescribed investments by about R28 million during 1967, which brought their excess holdings of these investments over and above the statutory minimum to R70 million at the end of 1967, compared with R110 million a year earlier. In the circumstances, they deemed it necessary to reduce the amount of new mortgages granted to R64 million during the fourth quarter, compared with an average of R89 million for the first three quarters.

Moreover, during January 1968 the total resources of the building societies actually declined by R5 million, apparently owing to the combined operation of normal seasonal influences and such factors as the investment of substantial amounts in tax-free Treasury bonds, the increased attractiveness of ordinary shares and increased competition from unit trusts. The societies' mortgage and other loans outstanding increased by a further R3 million during this month, but their prescribed investments declined by R2 million.

In order to alleviate the position, the Minister of Finance announced on the 14th February that the Government would be prepared to deposit with the societies an amount equal to the amounts guaranteed by the Government under the 100 per cent housing scheme for public servants, i.e. about R8·5 million, and also that it would allow building societies to issue to individuals a special class of permanent shares, the interest on which would be tax-free up to a maximum of R400 per taxpayer per year.

New gold arrangement

Statement issued by the Governors of the central banks of Belgium, Germany, Italy, the Netherlands, Switzerland, the United Kingdom and the United States on the 17th March 1968.

The Governors of the Central Banks of Belgium, Germany, Italy, the Netherlands, Switzerland, the United Kingdom, and the United States met in Washington on March 16 and 17, 1968, to examine the operations of the Gold Pool, to which they are active contributors. The managing director of the International Monetary Fund and the general manager of

the Bank for International Settlements also attended the meeting.

The Governors noted that it is the determined policy of the United States Government to defend the value of the dollar through appropriate fiscal and monetary measures and that substantial improvement of the U.S. balance of payments is a high priority objective.

They also noted that legislation approved by Congress makes the whole of the gold stock of the nation available for defending the value of the dollar.

They noted that the U.S. Government will continue to buy and sell gold at the existing price of dollars 35 an ounce in transactions with monetary authorities. The Governors support this policy, and believe it contributes to the maintenance of exchange stability.

The Governors noted the determination of the U.K. authorities to do all that is necessary to eliminate the deficit in the U.K. balance of payments as soon as possible and to move to a position of a large and sustained surplus.

Finally, they noted that the Governments of most European countries intend to pursue monetary and fiscal policies that encourage domestic expansion consistent with economic stability, avoid as far as possible increases in interest rates or a tightening of money markets, and thus contribute to conditions that will help all countries move toward payments equilibrium.

The Governors agreed to co-operate fully to maintain the existing parities as well as orderly conditions in their exchange markets in accordance with their obligations under the Articles of Agreement of the

International Monetary Fund. The Governors believe that henceforth officially-held gold should be used only to effect transfers among monetary authorities and, therefore, they decided no longer to supply gold to the London gold market or any other gold market. Moreover, as the existing stock of monetary gold is sufficient in view of the prospective establishment of the facility for special drawing rights, they no longer feel it necessary to buy gold from the market. Finally, they agreed that henceforth they will not sell gold to monetary authorities to replace gold sold in private markets.

The Governors agreed to co-operate even more closely than in the past to minimize flows of funds contributing to instability in the exchange markets, and to offset as necessary any such flows that may arise.

In view of the importance of the pound sterling in the International Monetary System, the Governors have agreed to provide further facilities which will bring the total of credits immediately available to the U.K. authorities (including the IMF standby) to dollars 4 billion.

The Governors invite the co-operation of other Central Banks in the policies set forth above.

**Statement issued by the Honourable the Minister of Finance,
Dr. N. Diederichs, on the 18th March 1968.**

The Government has taken cognisance of the decision of the Governors of Central Banks contributing actively to the Gold Pool, as announced in the Press after their meetings on the 16th and 17th March in Washington, D.C.

While the Government, a founder member of the International Monetary Fund, continues to fulfill its obligations in terms of the Articles of Agreement of the Fund, it reserves its rights in regard to the above-mentioned decisions of the Governors of the Central Banks until greater clarity is obtained concerning events affecting the marketing of gold.

Bearing in mind its international obligations, the Government will, as ever, determine its policy with a view to securing the maximum long-term advantage for the country as a whole.

It has already been announced that the Government considered it advisable to close the Johannesburg Stock Exchange for today and to prohibit any dealings in stocks, share and unit trust shares. The particular reason for this decision is that South Africa finds itself in a special position due to the importance of transactions in gold shares on the Stock Exchange.

Banks, however, have been permitted to resume their normal foreign exchange dealings.

In so far as South Africa henceforth obtains a higher average price for its gold output on the free market, it is of importance to point out to investors that the gold mines will not retain the whole of the additional profits. First, the effect of the existing tax formula on the gold mines will, *inter alia*, be that for the industry as a whole, the major share of any additional profits will have to be paid over to the State by way of higher income tax and lease payments. Secondly, the Government will, if necessary, consider further measures to contain the inflationary consequences which may flow from increased earnings on future gold sales.

In conclusion the Government wishes once more to emphasize that it continues to adhere to its position that a formal revaluation of all currencies in terms of gold is a fundamental prerequisite for the solution of the present international financial problems.

The Government is watching the position closely and will issue further statements in this regard when necessary.

Kwartaallikse ekonomiese oorsig

Vernaamste verwikkelinge

Die amptelike beleid om inflasie deur middel van beperkende monetêre en fiskale maatreëls aan die een kant, en deur progressiewe verslapping van invoerbeheer aan die ander kant, te betueel, het gedurende die tweede helfte van 1967 aanmerklike welslae behaal. Die oormatige monetêre vraag – die grondoorsaak van die binnelandse prysinflasie sowel as van die verswakkking van die lopende rekening van die betalingsbalans – is aansienlik verminder en die buitensporige druk op skaars hulpbronne is in 'n groot mate verlig.

Die duidelikste bewys dat 'n beter ewewigsposisie tussen vraag en aanbod bereik is, is verskaf deur die aanmerklike verbetering in die betalingsbalans in lopende rekening. Gedurende die eerste helfte van 1967 het die tekort op die lopende rekening nog te staan gekom op 'n seisoensaangesuiwerde jaarlikse koers van ongeveer R325 miljoen, maar gedurende die tweede helfte van die jaar is dit in 'n seisoensaangesuiwerde jaarlikse oorskot van ongeveer R26 miljoen omskep. Dit was hoofsaaklik toe te skryf aan 'n skerp stygging in die goedere-uitvoer gedurende die tweede helfte van die jaar en aan 'n opvallende afwaartse beweging in die invoer vanaf Februarie 1967. Die feit dat die invoer so 'n duidelike afwaartse neiging getoon het ten spye van die progressiewe verslapping van invoerbeheer, duï daarop dat die beperkende monetêre en fiskale maatreëls daarin geslaag het om die oormatige vraag na goedere en dienste aansienlik te verminder. Dit word selfs nog duideliker wanneer in aanmerking geneem word dat die stygging in uitvoer-verdienstes in die teenoorgestelde rigting moes gewerk het, naamlik as 'n aanmoediging van die vraag.

Verdere bewys van 'n afname in die inflasionistiese druk word deur die verloop van pryse verskaf. Die seisoensaangesuiwerde verbruikersprysindeks het byvoorbeeld tussen Desember 1966 en Desember 1967 met slegs 1·8 persent, en tussen Junie 1967 en Desember 1967 teen 'n jaarlikse koers van slegs 0·3 persent gestyg, in vergelyking met 3·8 persent tussen Desember 1965 en Desember 1966. Bowendien kon

hierdie daling in die koers van toename slegs gedeeltelik aan 'n afname in voedselprysse gedurende die tweede helfte van die jaar toegeskryf word – ander verbruikerspryse het gedurende hierdie tydperk teen 'n heelwat stadiger koers as voorheen gestyg. Die stadiger koers van toename wat gedurende 1967 deur die seisoensaangesuiwerde indeks van groothandelspryse aan die dag gelê is, is selfs nog meer bemoeidigend. Nadat dit tussen Desember 1965 en Desember 1966 met 4·5 persent gestyg het, het hierdie indeks gedurende die daaropvolgende twaalf maande met slegs 0·8 persent gestyg en gedurende die tweede helfte van 1967 in werklikheid selfs teen 'n jaarlike koers van 1·7 persent gedaal.

Ook wil dit tans uit 'n ontleding van die hoofbestanddele van die bruto binnelandse besteding en die meeste ander algemene ekonomiese aanwysers voor-kom asof die nuwe oplewing in die totale vraag wat gedurende die tweede kwartaal van 1966 begin het, by benadering vanaf die middel van 1967 gelyk begin verloop het. Sekere aanwysers, soos private verbruik en bankdebiteringe, het teen 'n opmerklik stadiger koers as voorheen gestyg. Ander, met insluiting van totale vaste kapitaaluitgawes en fabrieksproduksie, het geneig om horisontaal te verloop, terwyl 'n derde groep, waaronder voorraadinvestering, die aantal nuwe motorvoertuie en handelsvoertuie verkoop, vaste eiendomstransaksies en spoorweginkomste, merkbaar gedaal het.

'n Verdere bevredigende kenmerk van die toestand was die feit dat die beperkende maatreëls daarin geslaag het om die inflasioneistiese druk met 'n minimum van ontwrigting en sonder om óf beduidende werkloosheid óf 'n afname in die reële groeikoers van die volkshuishouding tot gevolg te hê, te verminder. In werklikheid het die reële bruto binnelandse produk volgens voorlopige ramings gedurende 1967 met byna 7 persent gestyg, in vergelyking met 6 persent in 1966 en die gemiddelde koers van $5\frac{1}{2}$ persent per jaar van die Ekonomiese Ontwikkelingsprogram. Selfs indien in aanmerking geneem word dat hierdie hoë groeikoers gedeeltelik die gevolg was van 'n buitengewoon groot

toename in landbouproduksie, wat nie in 1968 herhaal sal word nie, verteenwoordig dit nog steeds 'n bevredigende prestasie.

Tegelykertyd was daar egter belangrike invloede aan die werk wat gedreig het om die benaderde ewewig wat tussen die totale vraag en aanbod bereik is, weer te versteur en 'n nuwe inflasioneistiese oplewing aan die gang te sit. Hierdie invloede het ingesluit nie slegs die voortdurende tekort aan geskoolde arbeid en die aanduiding dat salaris- en loonsverhogings in die openbare sektor ophande was nie, maar ook die implikasies vir die Suid-Afrikaanse volkshuishouding van die algemene onsekerheid oor internasionale geldeenheide en die goudspekulasié wat op die devaluasie van die Britse pond in November 1967 gevolg het. Hierdie internasionale verwikkelinge het hoofsaaklik op drie maniere geneig om nuwe binnelandse inflasioneistiese druk teweeg te bring. In die eerste plek het dit nuwe inflasioneistiese verwagtings geskep, wat gedreig het om die besadigende uitwerking van die binnelandse disinflasioneistiese neigings waarna reeds verwys is, te neutraliseer. Tweedens het dit tot 'n groot netto invloeiing van buitelandse kapitaal vir belegging in aandele sowel as in ander vorms aanleiding gegee, waardeur dit die likwiditeit van sowel die banksektor as die nie-bank private sektor verhoog het en geneig het om die dempende uitwerking van die amptelike monetêre en fiskale beleid te neutraliseer. En derdens het dit daartoe bygedra om 'n skerp styging in aandelepryse en omset op die Johannesburgse Effektebeurs teweeg te bring, wat aansienlike gerealiseerde of voorsiene kapitaalwinste tot gevolg gehad het.

Onder hierdie omstandighede het die owerhede dit noodsaklik geag om met hulle vernaamste disinflasioneistiese maatreëls te volhard en terselfdertyd sowel internasionale as binnelandse ekonomiese verwikkelinge noulettend dop te hou.¹

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

Nasionale rekeninge¹

Bruto binnelandse produk

Die bruto binnelandse produk het met 9·3 persent vanaf R8 793 miljoen in 1966 tot R9 607 miljoen in 1967 toegeneem. In reële terme, d.w.s. ná aansuiwing vir prysstygings, verteenwoordig dit 'n groeikoers van byna 7 persent, vergeleke met 6 persent gedurende 1966 en 'n gemiddelde van net meer as 6 persent gedurende die ses jaar tussen 1960 en 1966. Dit moet egter in aanmerking geneem word dat die bydrae van die landbou tot die reële bruto binnelandse produk gedurende 1967 'n abnormaal groot toename van ongeveer 23 persent getoon het en dat die res van die bruto binnelandse produk oor hierdie tydperk in reële terme met slegs ongeveer 5 persent toegeneem het.

Aangesien die toenames in die bydrae van die landbou hoofsaaklik in die tweede en derde kwartale van die jaar voorgekom het, het die ramings van die kwartaallike produk gedurende hierdie twee kwartale 'n buitengewoon groot toename getoon, gevolg deur 'n werklike afname in die vierde kwartaal. Indien die landbou egter uitgesluit word, het die res van die bruto binnelandse produk teen 'n redelik gelykmatige koers deur die jaar toegeneem.

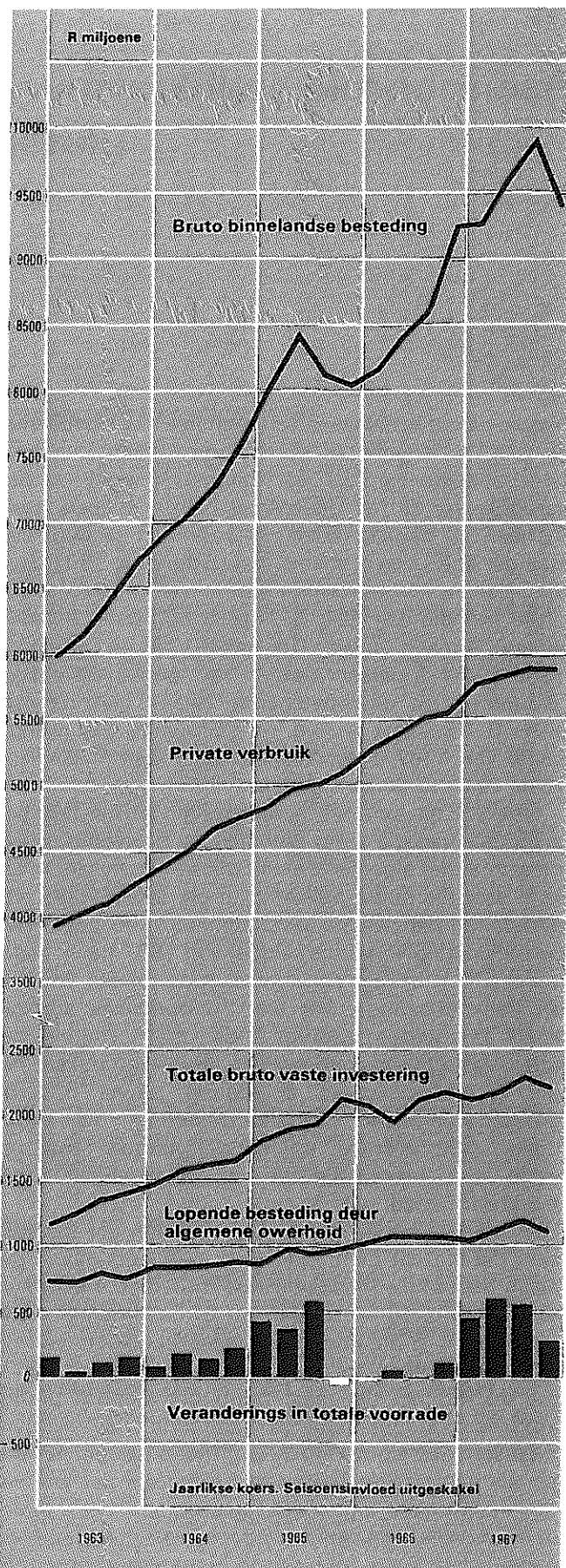
Bruto binnelandse besteding

Die bruto binnelandse besteding het gedurende 1967 met meer as 11 persent gestyg, vergeleke met ongeveer 5½ persent gedurende 1966 en 'n jaarlikse gemiddelde van ongeveer 9 persent gedurende die ses jare tussen 1960 en 1966. Die belangrikste oorsaak van hierdie aansienlike toename was 'n buitengewoon groot styging in die voorraadinvestering, naamlik vanaf R55 miljoen in 1966 tot R491 miljoen in 1967; die totaal van die ander bestanddele van die bruto binnelandse besteding, d.w.s. private verbruik, lopende owerheidsbesteding en vaste investering, het tussen 1966 en 1967 met slegs ongeveer 7 persent toegeneem.

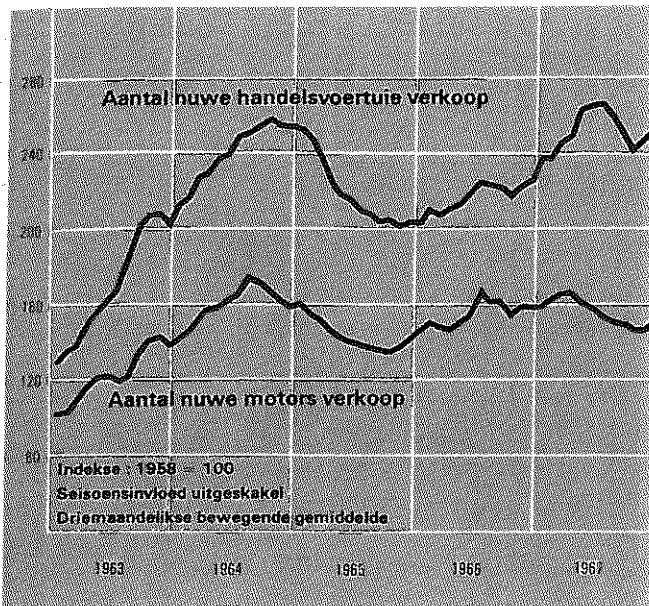
Dit lyk egter betekenisvol te wees dat die bruto binnelandse besteding, nadat dit gedurende die derde kwartaal alreeds ietwat verlangsaam het, gedurende die vierde kwartaal vir die eerste keer sedert die derde kwartaal van 1965 'n werklike afname – 'n redelik skerp een – getoon het.

Private verbruiks- en lopende owerheidsbesteding

Die verloop van die private verbruiksbesteding gedurende 1967 was hoogs bemoedigend. Nadat dit gedurende die ses jare tussen 1960 en 1966 teen 'n gemiddelde jaarlikse koers van ongeveer 8 persent, en gedurende 1966 teen byna 9½ persent toegeneem het,



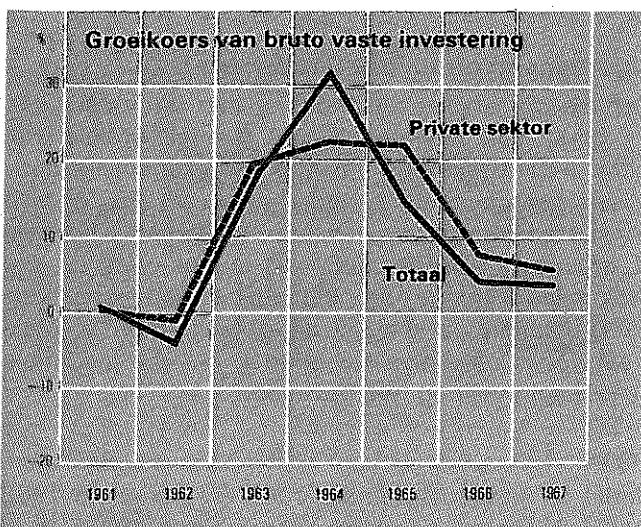
¹ Die ontleding in hierdie deel van die Oorsig is hoofsaaklik gebaseer op die Reserwebank se kwartaallike ramings van die nasionale rekeninge, ná uitskakeling van die seisoensinvloed. Aangesien hierdie syfers nog nie as betroubaar genoeg vir publikasie beskou word nie, word die ontleding van die kwartaallike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



het dit afgeneem tot 'n koers van slegs ongeveer $7\frac{1}{2}$ persent gedurende 1967. Dit beteken dat, in reële terme, verbruik gedurende die jaar met slegs ongeveer $4\frac{1}{2}$ persent gestyg het, wat aansienlik minder is as die koers van toename van byna 7 persent wat deur die reële bruto binnelandse produk getoon is. Besteding aan duursame en nie-duursame goedere sowel as aan dienste het gedurende 1967 met heelwat minder as gedurende die vorige jaar gestyg.

Daarbenewens het die private verbruik gedurende die loop van 1967 teen 'n steeds stadiger koers toegeneem, totdat dit gedurende die vierde kwartaal prakties geen styging getoon het nie.

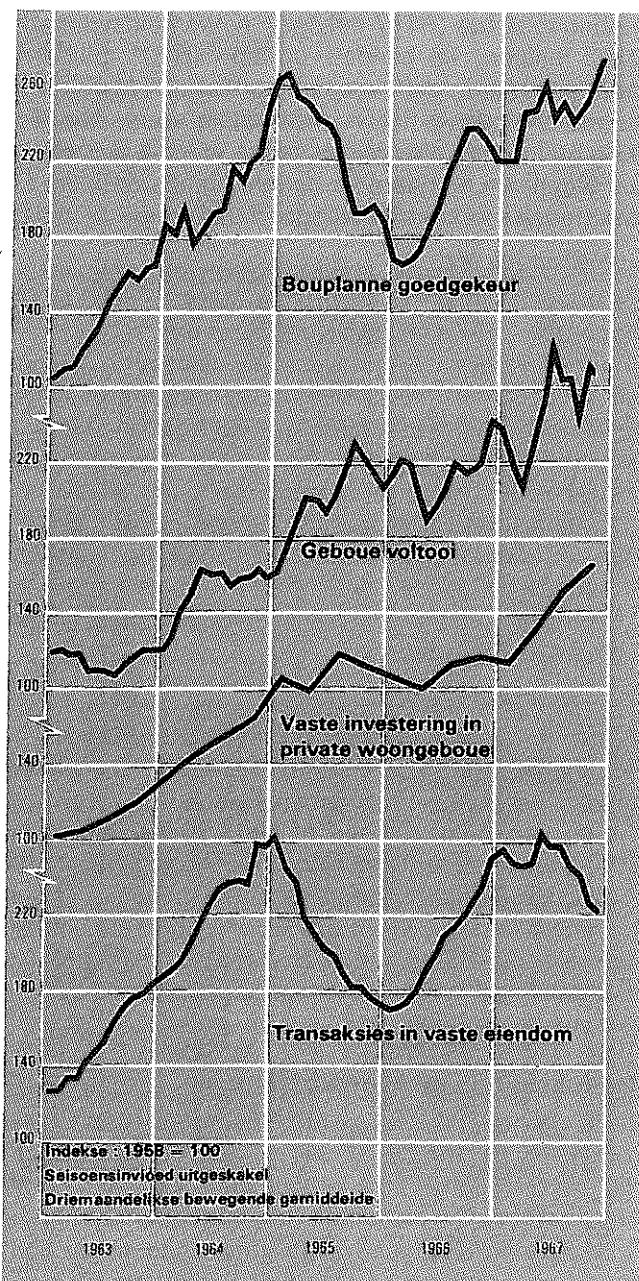
Die lopende owerheidsbesteding het gedurende 1967 ook teen 'n aansienlik stadiger koers gestyg, naamlik met ongeveer 6 persent, vergeleke met 14 persent gedurende 1966 en 'n gemiddelde jaarlikse koers van ongeveer $12\frac{1}{2}$ persent tussen 1960 en 1966.



Vaste kapitaalbesteding

Een van die beste aanduidings van die doeltreffendheid van die disinflasionistiese monetêre en fiskale beleid gedurende die afgelope twee jaar word deur die gedrag van die totale vaste kapitaalbesteding verskaf. Nadat dit in 1963 teen 20 persent en gedurende sowel 1964 as 1965 teen $22\frac{1}{2}$ persent toegeneem het – dit was natuurlik een van die hoofoorsake van die inflasie gedurende daardie jare – het dit in 1966 met slegs $7\frac{1}{2}$ persent en in 1967 met 6 persent toegeneem.

Die *private* vaste investering, wat met nie minder nie as $16\frac{1}{2}$ persent in 1963, 31 persent in 1964 en $14\frac{1}{2}$ persent in 1965 gestyg het, het in 1966 met slegs 4 persent en in 1967 met slegs $3\frac{1}{2}$ persent toegeneem. Van die toename van R39 miljoen wat gedurende 1967



deur hierdie belangrike bestanddeel van die totale besteding getoon is, was woongeboue bowendien verantwoordelik vir nie minder nie as R34 miljoen, terwyl vaste investering deur fabrieks- en handelsondernemings in werklikheid afgeneem het.

Die vaste kapitaalbesteding deur openbare owerhede, wat in 1966 met 8 persent gestyg het, het in 1967 met slegs 5 persent toegeneem, terwyl die koers van toename van vaste investering deur openbare korporasies afgeneem het vanaf $31\frac{1}{2}$ persent in 1966 tot 23 persent in 1967.

Voorraadinvestering

Soos voorheen reeds vermeld, het die voorraadinvestering in 1967 die abnormaal hoë syfer van R491 miljoen bedra, vergeleke met R55 miljoen in 1966. Dit was hoofsaaklik toe te skryf aan toenames in landbouvoorraade (R157 miljoen), nywerheidsvoorraade (R103 miljoen) en handelsvoorraade (R101 miljoen). Nadat dit egter in die tweede kwartaal van 1967 tot 'n hoogtepunt gestyg het, het die totale voorraadinvestering gedurende die tweede helfte van die jaar merkbaar afgeneem en daardeur gehelp om die druk op die invoer sowel as op binnelandse hulpbronne te verlig.

Uitvoer en invoer

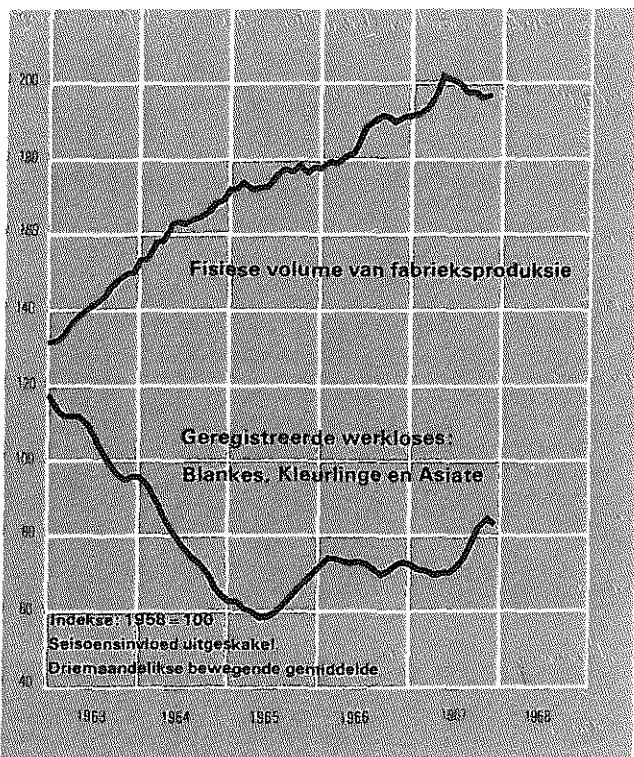
Die uitvoer van goedere en (nie-faktor-) dienste het gedurende 1967 met ongeveer 9 persent toegeneem, terwyl die invoer met ongeveer $17\frac{1}{2}$ persent gestyg het, wat in hoofsaak die opbouing van voorrade weerweerspieël. Soos egter later in meer besonderhede in die afdeling oor die betalingsbalans aangetoon sal word, het die invoer gedurende die loop van die jaar 'n duidelike afwaartse neiging getoon, terwyl die uitvoer gedurende die tweede helfte baie hoër was as gedurende die eerste helfte, sodat die betalingsbalans in lopende rekening vanaf ongeveer die middel van die jaar aansienlik verbeter het.

Bruto binnelandse besparing

Die groot toename in die bruto binnelandse produk en die afname in die koers van toename van die private verbruik het gesamentlik gedurende 1967 'n welkom stijging van R420 miljoen of byna 20 persent in die bruto binnelandse besparing teweeggebring. Dit het hoofsaaklik die vorm aangeneem van toenames in persoonlike besparing en in die lopende oorskot van die algemene owerheid; die maatskappybesparing, d.w.s. onuitgekeerde winste van maatskappye, het 'n afname getoon.

Produksie en werkverskaffing

Nadat dit gedurende die eerste helfte van 1967 skerp gestyg het, het die seisoensaangesuiwerde indeks van die fisiese volume van fabrieksproduksie gedurende die tweede helfte heeltemal gelyk verloop. Die maandelikse gemiddelde van hierdie indeks gedurende 1967 het nietemin nog dié van 1966 met ongeveer 6 persent



oorskry. Metaalprodukte, voedsel en vervoertoerusting het die grootste bydraes tot hierdie toename gelewer.

Werkverskaffing in die fabriekswese het sy opwaartse beweging gedurende 1967 volgehou en was gemiddeld 4 persent hoër as gedurende die vorige jaar.

Die indeks van die volume van goudproduksie het gedurende 1967 matig gedaal, terwyl dié van mynbouproduksie anders as goud gemiddeld 3·8 persent hoër was as gedurende 1966. Werkverskaffing in goudmynsowel as ander mynondernehmings het gedurende 1967 ietwat gedaal.

Nadat dit gedurende die eerste helfte van 1967 min of meer konstant gebly het op 'n syfer van ongeveer 70, het die seisoensaangesuiwerde indeks van geregistreerde werklose Blankes, Kleurlinge en Asiate (1958=100) tot 84·3 in Desember toegeneem.

Algemene ekonomiese aanwysers

Met die opmerklike uitsondering van die indeks van die pryse van nywerheids- en handelsaandele, het feitlik al die beskikbare maandelikse ekonomiese aanwysers gedurende die tweede helfte van 1967 of teen 'n veel stadiger koers toegeneem, of horisontaal beweeg of afgeneem, en daardeur die indruk wat uit die nasionale rekeninge- en betalingsbalansstatistiek verkry is, naamlik dat die sikliese oplewing in die totale vraef vanaf ongeveer die middel van die jaar meer gelyk begin verloop het, bevestig.

Pryse

Nadat dit tussen Desember 1965 en Desember 1966 met 3·8 persent, en tussen Desember 1966 en Junie

1967 teen 'n jaarkoers van 3·4 persent, toegeneem het, het die seisoensaangesuiwerde verbruikersprysindeks tussen laasgenoemde datum en Desember 1967 teen 'n jaarkoers van slegs 0·3 persent gestyg. Soos die bygaande tabel aantoon, was hierdie opvallende verlangsaming gedeeltelik toe te skryf aan 'n afname in voedselprysse gedurende die tweede helfte van 1967, maar gedeeltelik ook aan 'n opmerklike afname in die jaarkoers van toename van ander prysse, naamlik vanaf 2·7 persent gedurende die eerste helfte van die jaar tot 1·3 persent gedurende die tweede helfte.

In Januarie 1968 het die totale seisoensaangesuiwerde indeks (1958=100) op 122·7 te staan gekom, vergeleke met 122·6 in Desember 1967.

Verbruikersprysindeks – seisoensinvloed uitgeskakel Jaarlikse persentasiekoers van verandering

Tydperk	Voedsel	Ander	Totaal
Des. 1965–Des. 1966 . . .	4·4	3·5	3·8
Des. 1966–Des. 1967 . . .	1·6	2·0	1·8
Des. 1966–Junie 1967 . . .	5·0	2·7	3·4
Junie 1967–Des. 1967 . . .	-1·8	1·3	0·3

Die seisoensaangesuiwerde indeks van groothandelspryse het ook die afname in die inflasionistiese druk gedurende die tweede helfte van 1967 weerspieël. Nadat dit tussen Desember 1965 en Desember 1966 met 4·5 persent, en tussen Desember 1966 en Junie 1967 teen 'n jaarkoers van 3·3 persent, gestyg het, het dit in werklikheid tussen laasgenoemde datum en Desember 1967 teen 'n jaarkoers van 1·7 persent gedaal. Terwyl laasgenoemde afname hoofsaaklik die gevolg was van 'n abnormaal groot daling in groot-handelspryse in die landbou, bosbou en visserye, het die koers van toename van groothandelspryse van Suid-Afrikaanse vervaardigde goedere ook merkbaar gedaal, naamlik vanaf 4·6 persent tussen Desember 1965 en Desember 1966 tot jaarkoerse van 2·3 en 0·7 persent gedurende die eerste en tweede helftes van 1967 onderskeidelik.

In Januarie 1968 het die totale indeks (1958=100) op 118·2 te staan gekom, vergeleke met 117·8 in Desember 1967.

Groothandelsprysindeks – seisoensinvloed uitgeskakel Jaarlikse persentasiekoers van verandering

Tydperk	Goedere geproduseer in S.A.			Inge- voerde goedere	Totaal
	Land- bou, ens.	Fa- brieks- wese	Totaal		
Des. 1965–Des. 1966	7·3	4·6	5·0	3·2	4·5
Des. 1966–Des. 1967	-4·2	1·5	0·5	1·4	0·8
Des. 1966–Junie 1967	6·7	2·3	3·4	2·6	3·3
Junie 1967–Des. 1967	-14·0	0·7	-2·3	0·2	-1·7

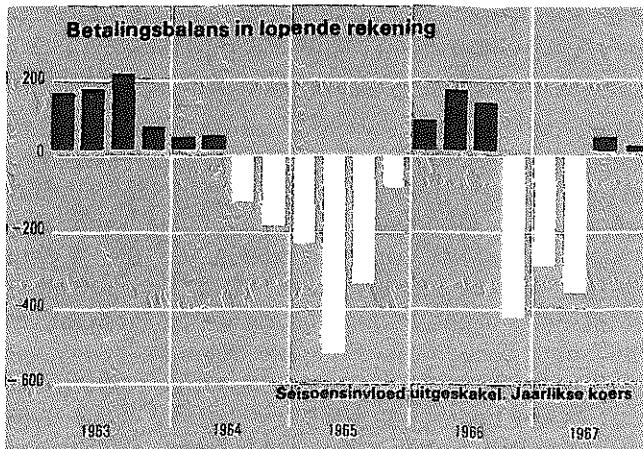
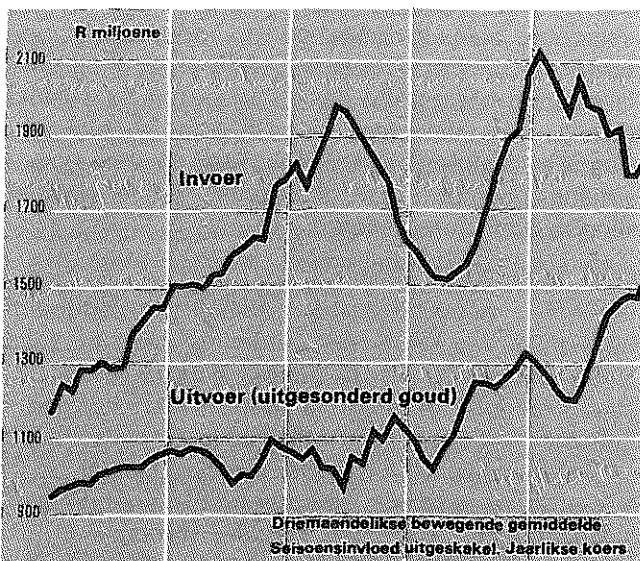
Betalingsbalans

Balans in lopende rekening

Belangrike veranderings het in die loop van 1967 in die lopende rekening van Suid-Afrika se betalingsbalans voorgekom. So het hierdie rekening, nadat dit gedurende die eerste en tweede kwartale tekorte van R85 miljoen en R96 miljoen onderskeidelik getoon het, gedurende die derde kwartaal 'n tekort van slegs R5 miljoen opgelewer, gevolg deur 'n oorskot van R35 miljoen gedurende die vierde kwartaal. Ná uitskakeling van die seisoensinvloed en gereken teen 'n jaarkoers het die lopende rekening tekorte van R290 miljoen en R360 miljoen gedurende die eerste en tweede kwartale, en oorskotte van R40 miljoen en R12 miljoen gedurende die derde en vierde kwartale, onderskeidelik, getoon.

Toename in die uitvoer

Een belangrike rede vir hierdie verbetering was 'n skerp toename sedert ongeveer Julie in die uitvoer van goedere. Die seisoensaangesuiwerde uitvoer het, nadat dit gedurende die eerste twee kwartale jaarkoerse van R1,280 miljoen en R1,232 miljoen behaal het, toe-



geneem tot jaarkoerse van R1,476 miljoen en R1,332 miljoen gedurende die derde en vierde kwartale onder-skeidelik. Die belangrikste klasse wat tot hierdie toename bygedra het, was voedsel, grondstowwe en sekere soorte vervaardigde goedere. Gedurende Januarie het hierdie syfer verder tot R1,642 miljoen gestyg.

Dalende neiging in die invoer

Die ander belangrike rede vir die ontstaan van 'n lopende oorskot gedurende die tweede helfte van die jaar was 'n afwaartse neiging in die invoer vanaf Februarie. Ná bereiking van 'n rekordpeil van meer as R2,200 miljoen in Januarie 1967 het die seisoensaangesuiwerde invoersyfer, gereken teen 'n jaarkoers, tot R1,772 miljoen gedurende die vierde kwartaal gedaal. Die vernamste afnames het in die statistiese klasse „masjinerie en vervoertoerusting“ en „vervaardigde goedere“ voorgekom. In Januarie 1968 het die invoer egter weer tot 'n jaarkoers van R2,015 miljoen gestyg.

Dit wil voorkom asof die afwaartse neiging in die invoer gedurende die loop van 1967 'n regstreekse uitvloeisel van die „afkoeling“ in die binnelandse ekonomie was, veral aangesien dit gevolg het op die verslapping van invoerbeheer in drie hoofstappe, naamlik in Julie en Desember 1966 en in Mei 1967. Die ervaring het getoon dat die invoer in Suid-Afrika hoogs gevoelig vir veranderings in die totale monetêre vraag is – 'n blote verlangsaming van die vraag, ná 'n oormatige styging, gaan gewoonlik met 'n werklike daling in die invoer gepaard.

Ander lopende transaksies

Suid-Afrika se netto goudproduksie het gedurende 1967 slegs 'n klein vermeerdering getoon, maar dienste-ontvangste vanaf buitelanders het met R83 miljoen toegeneem, veral vanweë 'n toename gedurende die tweede helfte van die jaar in die aantal skepe wat vanweë die sluiting van die Suezkanaal Suid-Afrikaanse hawens vir skeepsvoorraad en brandstof moes aandoen. Andersydсs het dienstebetalings aan buitelanders met R75 miljoen gestyg, hoofsaaklik as gevolg van toenames in betalings aan die buiteland vir vrag en versekering en beleggingsinkome.

Aansienlike uitvloeiing van private kapitaal

Die vierde kwartaal van 1967 was die elfde agtereenvolgende kwartaal waarin die Suid-Afrikaanse private sektor 'n netto uitvloeiing van kapitaal uit die buiteland ontvang het. Alhoewel die netto private kapitaaluitvloeiing vanaf R89 miljoen gedurende die tweede kwartaal tot R44 miljoen gedurende die derde kwartaal en tot R47 miljoen gedurende die vierde kwartaal van 1967 gedaal het, was die totale netto uitvloeiing van R198 miljoen vir die volle jaar nagenoeg R38 miljoen hoër as die bedrag vir 1966. Dit het die totale netto uitvloeiing van private kapitaal gedurende die drie jaar

1965 tot 1967 op R520 miljoen te staan gebring. Volgens voorlopige aanduidings was daar 'n groot verdere netto invloeiing van private kapitaal gedurende Januarie 1968.

Die netto invloeiing van R198 miljoen gedurende 1967 het bestaan uit R143 miljoen in die vorm van langtermynkapitaal en slegs R55 miljoen in die vorm van korttermynkapitaal (insluitende foute en onaangetekende transaksies). Gedurende die vierde kwartaal van die jaar, toe die netto invloeiing van private fondse R47 miljoen beloop het, het die invloeiing van geïdentifiseerde *langtermyn* private kapitaal in werklikheid R68 miljoen bedra, terwyl *korttermyn* private kapitaal (insluitende foute en onaangetekende transaksies) 'n netto uitvloeiing van R21 miljoen getoon het. Die groot invloeiing van langtermynfondse gedurende hierdie periode hou waarskynlik in 'n mate verband met die internasionale onsekerheid aangaande sekere vreemde geldeenhede en die dollarprys van goud. Transaksies deur buitelanders in Suid-Afrikaanse effekte wat op die Johannesburgse Effektebeurs genoteer is, het byvoorbeeld gedurende die vierde kwartaal van 1967 gelei tot 'n netto kapitaalinvloeiing van R17 miljoen, vergeleke met onderskeidelik R1 miljoen, R2 miljoen en R9 miljoen gedurende die eerste, tweede en derde kwartaal.

Verdere netto uitvloeiing van regerings- en bankkapitaal

Sentrale regerings- en bankkapitaal het gedurende die vierde kwartaal van 1967 'n netto uitvloeiing van R18 miljoen getoon en sodoende die totale netto uitvloeiing van hierdie soort kapitaal vir die volle kalenderjaar tot R73 miljoen opgestoot, vergeleke met 'n netto uitvloeiing van R11 miljoen gedurende 1966.

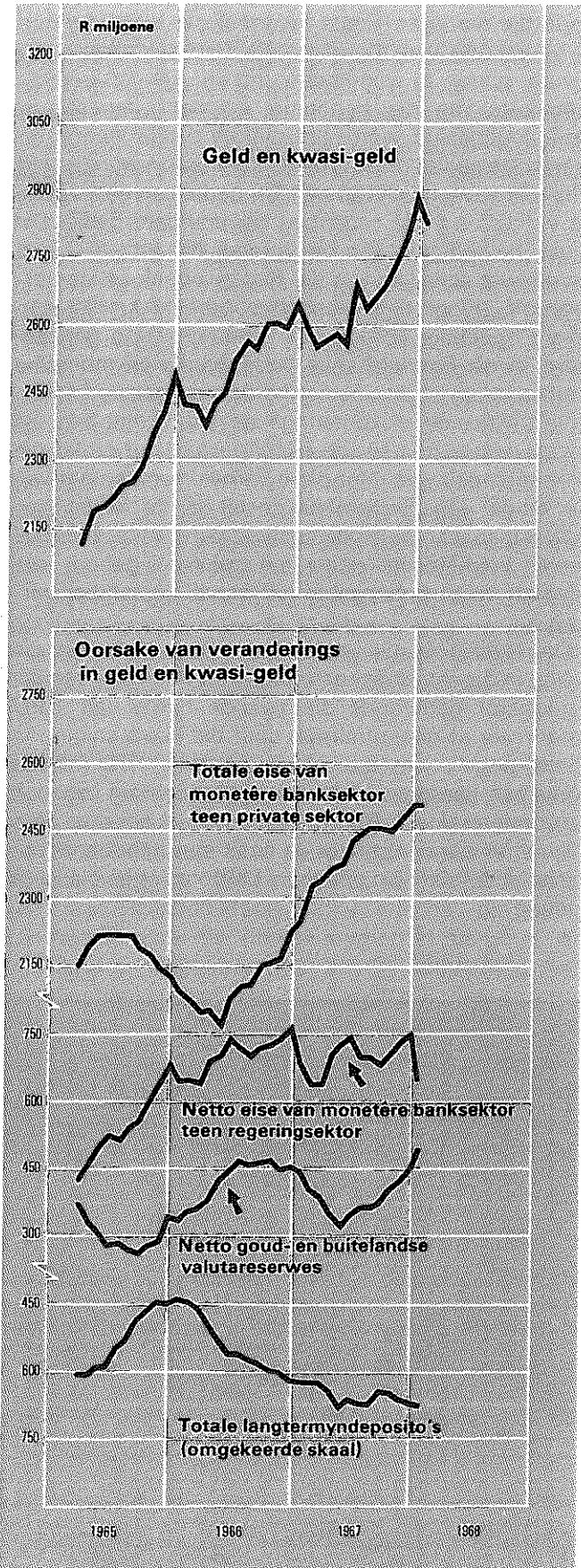
Goud- en buitelandse valutareserves

Die gedrag van die totale goud- en buitelandse valutareserves in besit van die Reservewebank, die res van die monetêre banksektor en die Regering het gedurende 1967 in belangrike mate die verandering in die lopende rekening gedurende hierdie periode weerspieël. So het hierdie reserwes gedurende die eerste vyf maande van die jaar, toe die lopende tekort baie groter as die netto kapitaalinvloeiing was, vanaf R589 miljoen tot R455 miljoen gedaal. Vanaf hierdie punt het die reserwes egter, namate die lopende rekening verbeter het, 'n nuwe opwaartse beweging begin en teen die einde van 1967 reeds 'n totaal van R557 miljoen bereik. Gedurende Januarie en Februarie 1968 het die reserwes verder tot 'n nuwe rekordhoogte van omstreng R630 miljoen aan die einde van Februarie gestyg.

Monetêre en banktoestand

Verdere toename in geld en kwasi-geld

Nadat dit gedurende die eerste nege maande van 1967 met slegs 1·6 persent gestyg het, het die totale



hoeveelheid geld en kwasi-geld gedurende die vierde kwartaal met R187 miljoen of 7·0 persent toegeneem, hoofsaaklik as gevolg van die eksplansionistiese uitwerking van die vinnig stygende goud- en buitelandse valutareserves en 'n toename in bankkrediet aan sowel die private as die regeringsektor. In die mate waarin hierdie versnelling die toenemende oorskot op die lopende rekening van die betalingsbalans weer-spieël het, kan dit vertolk word as 'n gevolg van die afname in die oormatige monetêre vraag en dus as 'n gunstige teken. Origens was dit egter 'n ongunstige verwikkeling, aangesien dit geneig het om die monetêre klimaat bevorderlik vir 'n herlewing van inflasionele druk te maak.

Nietemin het die totale hoeveelheid geld en kwasi-geld, ten spyte van hierdie versnelling in die koers van toename gedurende die vierde kwartaal, oor 1967 in sy geheel met slegs R230 miljoen of 8·7 persent toegeneem. Alhoewel hierdie toenamekoers dié van 6·2 persent wat gedurende 1966 aangeteken is, oorskry het, was dit aansienlik laer as die gemiddelde van 11·7 persent wat gedurende die jare 1963 tot 1965 voorgekom het. Bowendien het die verhouding van geld en kwasi-geld tot die bruto binnelandse produk volgens berekenings gebaseer op nuwe seisoensaangesuiwerde syfers wat so pas beskikbaar geword het, gedurende die vierde kwartaal van 1967 28½ persent bedra, vergeleke met 'n hoogtepunt van meer as 29 persent gedurende die eerste kwartaal van 1966. Dit was egter nog aansienlik hoër as die gemiddelde van

Oorsake van veranderings in geld en kwasi-geld

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

R miljoene

1967

	1e kw.	2e kw.	3e kw.	4e kw.	Totaal
Veranderings in geld en kwasi-geld:					
Geld	-75	94	-56	148	111
Kwasi-geld	-9	29	59	39	119
Totaal	-84	123	3	187	230
Oorsake van veranderings:					
Netto goud- en buitelandse valutareserves . . .	-68	-41	27	79	-3
Eise teen regeringsektor . . .	-158	49	122	12	26
Regeringsdeposito's (toename-, afname+) . . .	40	54	-183	53	-36
Netto eise teen regeringsektor . . .	-118	103	-61	65	-10
Eise teen private sektor . . .	112	86	27	56	282
Langtermyndeposito's (toename-, afname+) . . .	-12	-33	16	-28	-57
Ander bates en laste . . .	2	8	-6	15	18
Totaal	-84	123	3	187	230

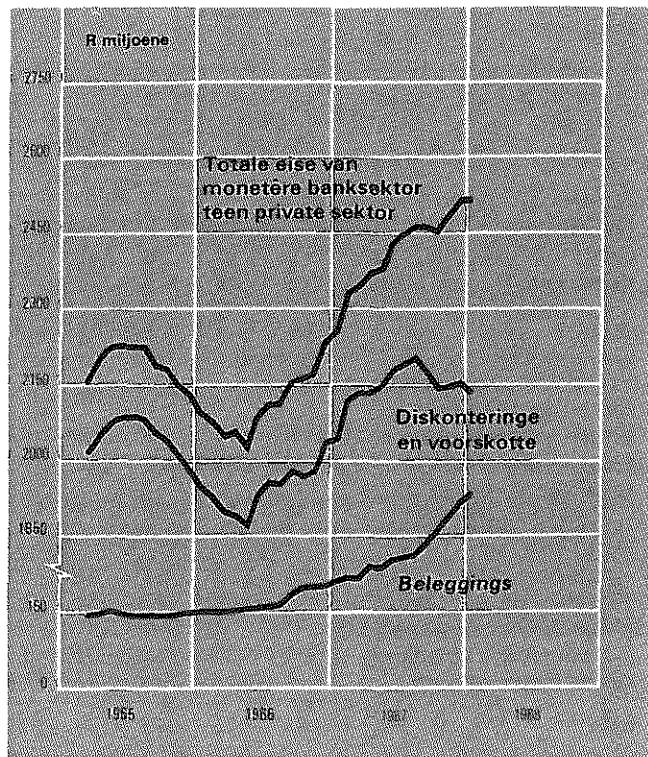
omstreeks 26 persent wat gedurende die jare 1955 tot 1964 aangeteken is.

Volgens voorlopige aanduidings het die totale geld en kwasi-geld, in ooreenstemming met die normale seisoensverloop, in Januarie 1968 merkbaar gedaal. Dit wil voorkom asof die vernouende uitwerking van die daling in die netto eise van die banksektor teen die regeringsektor gedurende hierdie maand, wat hoofsaaklik van 'n seisoensaard was, die uitbreidings-effek van die vinnig stygende goud en buitelandse valutareserves meer as geneutraliseer het.

Styging in bankkrediet aan die private sektor

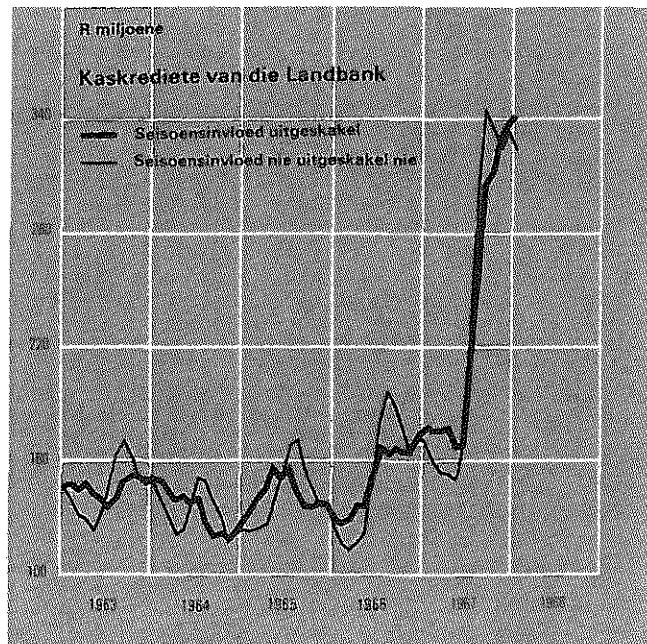
Wanneer die jaar 1967 in sy geheel beskou word, het sowel die goud- en buitelandse valutareserves as die netto eise van die monetêre banksektor teen die regeringsektor 'n geringe vernouende uitwerking op die totale hoeveelheid geld en kwasi-geld uitgeoefen. Die aansienlike styging van R230 miljoen in laasgenoemde totaal is byna geheel en al aan 'n toename in die eise van die banksektor teen die *private sektor* toe te skryf. Op kwartaallikse grondslag was die samestelling van veranderings in hierdie pos soos volg:

	R miljoene				
	1e kw.	2e kw.	3e kw.	4e kw.	Jaar
Diskonteringe en voorskotte	+98	+46	-4	-24	+116
Beleggings	+15	+40	+30	+78	+163
Ander	—	—	+1	+2	+3
Totale verandering in eise teen die private sektor. . .	+112	+86	+27	+56	+282



Soos bestaande syfers toon, het die Reserwebank se beperkende kredietbeleid daarin geslaag om gedurende die derde en vierde kwartaal die diskonteringe en voorskotte van die monetêre banksektor aan die private sektor te verminder. Indien die kaskredietvoorskotte van die Landbank en netto remises in transito uitgesluit word, het hierdie diskonteringe en voorskotte gedurende die derde kwartaal in werklikheid selfs met soveel as R150 miljoen gedaal en gedurende die vierde kwartaal nagenoeg onveranderd gebly. Dit is ook bevredigend om op te merk dat indien sekere bedrae wat spesifiek van die Reserwebank se kredietvoorskrif vrygestel is, soos byvoorbeeld krediet aan sekere openbare korporasies, in aanmerking geneem word, al die handelsbanke, aksepbanke en monetêre huurkoop- en algemene banke daarin geslaag het om hulle uitstaande diskonteringe en voorskotte aan die private sektor (die Landbank uitgesluit) tot onder die maksimumpeil wat deur die owerheid ten opsigte van die einde van September gestel is, te verminder. Bowendien het hulle dwarsdeur die vierde kwartaal hierdie kredietposte onder die „plafon” gehou, wat intussen vir 'n onbepaalde tyd vanaf September verleng is.

Ongelukkig is die vernouende uitwerking van die daling in die totale diskonteringe en voorskotte van die banksektor gedurende die tweede helfte van 1967 egter meer as geneutraliseer deur die skerp styging in „beleggings”, wat die vierde kwartaal R78 miljoen bedra het. Laasgenoemde syfer het toenames ingesluit van onderskeidelik R20 miljoen, R20 miljoen en R25 miljoen in die banksektor se besit aan Landbankobligasies en effekte van openbare korporasies en plaaslike besture.



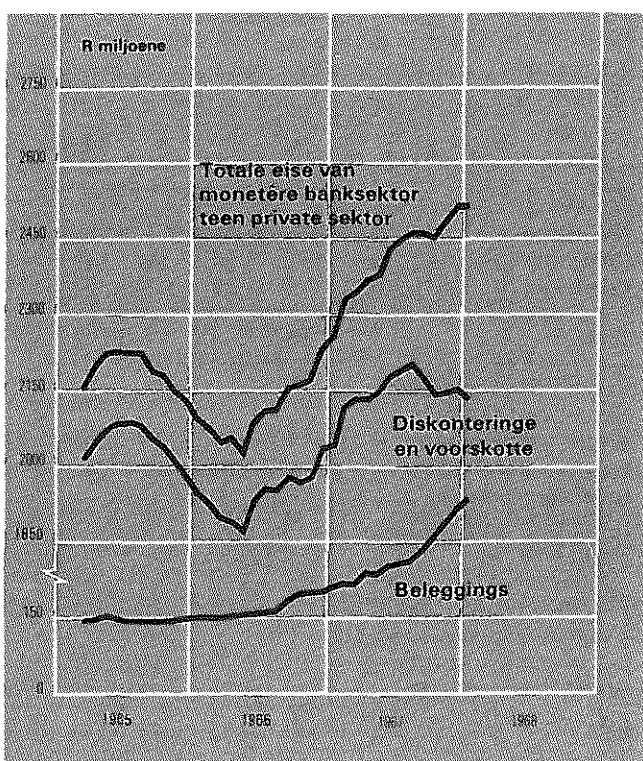
omstreeks 26 persent wat gedurende die jare 1955 tot 1964 aangeteken is.

Volgens voorlopige aanduidings het totale geld en kwasi-geld, in ooreenstemming met die normale seisoensverloop, in Januarie 1968 merkbaar gedaal. Dit wil voorkom asof die vernouende uitwerking van die daling in die netto eise van die banksektor teen die regeringsektor gedurende hierdie maand, wat hoofsaaklik van 'n seisoensaard was, die uitbreidings-effek van die vinnig stygende goud en buitelandse valutareserves meer as geneutraliseer het.

Styging in bankkrediet aan die private sektor

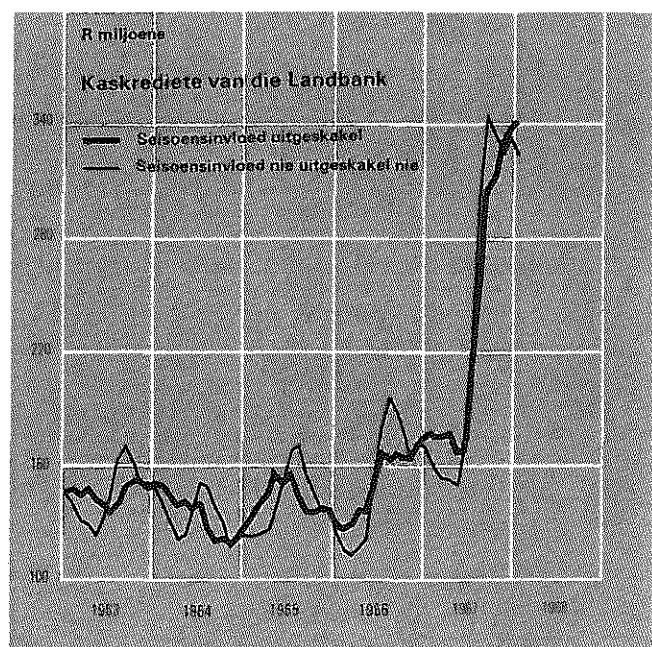
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Toename in Landbankkrediet

'n Verdere onlangse verwikkeling wat, hoewel dit onder die omstandighede begryplik is, tot 'n mate van besorgheid aanleiding gee, is die besonder groot uitbreiding van Landbankkrediet. In teenstelling met die diskonteringe, lenings en voorskotte van ander monetêre banke, wat oor die jaar 1967 in sy geheel afgeneem het, het die kaskredietvoorskotte van die Landbank vanaf R171 miljoen aan die einde van 1966 tot 'n hoogtepunt van R345 miljoen aan die einde van September 1967 toegeneem en daarna slegs tot R332 miljoen aan die einde van die jaar gedaal, waardeur die toename oor die jaar op R161 miljoen te staan gekom het. Die stygging van R116 miljoen in die diskonteringe en voorskotte van die banksektor aan die private sektor wat hierbo genoem is, word dus meer as ten volle deur die Landbank verklaar.

Aan die einde van 1967 het die bankkrediet aan die Landbank R238 miljoen bedra, vergeleke met R96 miljoen 'n jaar eerder. Van hierdie bedrag van R238 miljoen het R175 miljoen uit Landbankwissels bestaan, in vergelyking met R50 miljoen aan die einde van 1966.

Teen die einde van Januarie 1968 het die kas-kredietvoorskotte van die Landbank nog op die baie hoë syfer van R321 miljoen gestaan, terwyl bankkrediet aan die Landbank nog R230 miljoen beloop het.

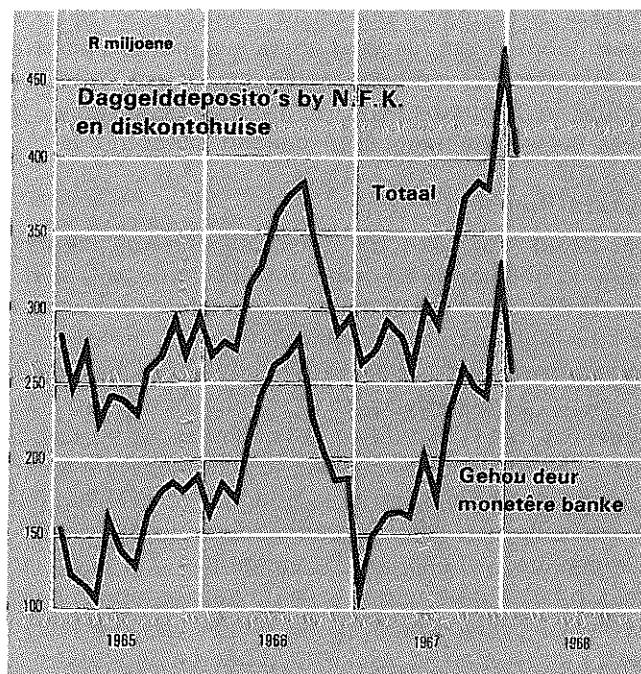
Banklikwiditeit

'n Derde verwikkeling op die gebied van die bankwese wat nie bevorderlik vir monetêre stabiliteit was nie, as die aansienlike verdere stygging gedurende die tweede helfte van 1967 in die oorskot likwiede bates van die verskillende klasse bankinstellings – die gevolg van faktore soos die vinnige stygging in die goud- en buitelandse valutareserves en 'n uitbreiding van Reserwebankkrediet aan die Landbank. Die omvang van hierdie stygging word deur die volgende tabel aangedui:

Oorskot-likwiedebateverhoudings

	1967			1968	
	Mrt. %	Junie %	Sept. %	Des. %	Jan. %
Handelsbanke . . .	5·2	6·9	10·3	14·5	8·6
Aksepbanke	14·8	19·3	12·0	12·5	19·5
Monetêre huurkoop- en algemene banke .	9·4	15·3	12·8	11·0	12·4
Ander banke	4·8	5·0	3·7	8·4	...

Hierdie toevoeging tot die likwiede bates van bankinstellings is ook weerspieël in 'n skerp stygging in die totale hoeveelheid daggeld wat by die Nasionale Finansiekorporasie en die diskontohuise gehou is, naamlik vanaf 'n laagtepunt van R254 miljoen in Mei 1967 tot 'n nuwe rekord-hoogtepunt van R469 miljoen aan die einde van Desember.



Korttermynrentekoerse

Onder hierdie omstandighede het die skatkiswisselkoers, wat teen die einde van Maart 1967 tot 5 persent gestyg het en daarna tot aan die einde van Julie rondom 'n peil van net minder as dit geskommel het, uiteraard geneig om te daal en in werklikheid dan ook tot 4·70 persent op 8 September geval. Hierná het die owerheid egter verskeie maatreëls getref om die skatkiswissel- en ander verwante geldmarkkoerse in 'n beter verhouding tot die Bankkoers en die uitleenkoerse van bankinstellings te bring.

Eerstens is die bedrag aan tender-skatkiswissels wat weekliks aangebied is, verder verhoog totdat die totale uitstaande bedrag aan hierdie wissels op 24 November R220 miljoen bereik het, in vergelyking met R100 miljoen in April – daarná is dit weer verminder. Tweedens het die owerheid by tye verdere „skatkiswissels-op-aanvraag“ aan die mark uitgereik. Derdens het die Reserwebank vanaf 7 Julie onder spesiale terugkoopooreenkomste Landbankwissels aan die diskontohuise verkoop ten einde tot op sekere hoogte die uitwerking van sy vermeerderde krediet aan die Landbank te neutraliseer – die bedrag wat op hierdie wyse verkoop is, het op 24 November 'n hoogtepunt van R74 miljoen bereik voordat dit weer tot nul op 29 Februarie 1968 gedaal het. Ten slotte het die Reserwebank by tye die handelsbanke toegelaat om onder die sogenoemde „swop“-ooreenkomste korttermynfondse in die buiteland te belê.

Grotendeels as gevolg van hierdie maatreëls het die skatkiswisseltenderkoers vanaf 4·70 persent op 8 September tot 5·08 persent op 8 Maart 1968 gestyg en is dit opwaarts deur ander verwante korttermyn-

rentekoerse begelei. Verder is die koers op staatseffekte met 'n looptyd van tussen 3 en $3\frac{1}{2}$ jaar met 1/8 persent tot 5½ persent verhoog in die geval van 'n nuwe uitgifte in Februarie, wat 'n groot sukses geblyk te wees het en waardeur R94 miljoen aangetrek is.

Staatsfinansies

Die beeld wat deur die finansies van die sentrale regering gedurende die nege maande April tot Desember 1967, d.w.s. gedurende die eerste drie kwartale van die huidige boekjaar, getoon word, is bepaalde baie bevredigend. Gedurende hierdie tydperk het die Skatkis nie slegs daarin geslaag om sy skuldposisie teenoor die buiteland met R33 miljoen te verminder nie, maar ook om sy netto skuldposisie teenoor die monetêre banksektor met R54 miljoen af te bring, in vergelyking met 'n toename van R36 miljoen gedurende die ooreenstemmende tydperk van die vorige jaar. Dit het daardeur 'n belangrike vernouende uitwerking op die geld-en kwasi-geldvoorraad in die hande van die private sektor uitgeoefen. In werklikheid het die banksektor se besit aan staatseffekte (hoofsaaklik korttermyn) en skatkiswissels gedurende hierdie tydperk met R106 miljoen gestyg, maar dit is meer as geneutraliseer deur 'n toename van R160 miljoen in die skatkissaldo. Albei laasgenoemde verwikkelinge was die gevolg van die amptelike geldmarkbeleid om korttermynbeleggingsmoontlikhede aan bankinstellings asook aan die private nie-banksektor beskikbaar te stel, met die doel om die opbrengs daarvan aan die bestedingstrom te onttrek en dit by die Reserwebank te „steriliseer“.

Die welkome vermindering van die Skatkis se netto

skuldposisie teenoor die banksektor was aan twee belangrike faktore toe te skryf. Eerstens is die totale begrotingstekort (uitgesonderd lenings) van R205 miljoen gedurende die eerste drie kwartale van die 1966/67-boekjaar tot R107 miljoen gedurende die ooreenstemmende tydperk van die huidige boekjaar verminder. Dit was 'n regstreekse gevolg van die fiskale beleid om enerds die regeringsuitgawes sover moontlik te besnoei en om andersyds sowel direkte as indirekte belastings te verhoog. Tweedens het die Skatkis daarin geslaag, as gevolg van faktore soos 'n verhoging van leningsheffings, die uitreiking van belastingvrye Tesourie-obligasies aan persoonlike spaarders, realistiese rentekoerse op staatseffekte en wetlike veranderings om versekeraars, pensioenfondse en effeketrusts te verplig om 'n groter gedeelte van hulle fondse in staatseffekte te belê, om gedurende hierdie tydperk 'n netto bedrag van R129 miljoen van die private nie-banksektor te leen, in vergelyking met R111 miljoen gedurende die ooreenstemmende drie kwartale van die 1966/67-boekjaar en R65 miljoen gedurende die hele jaar 1965/66.

Skatkisfinansies

R miljoene

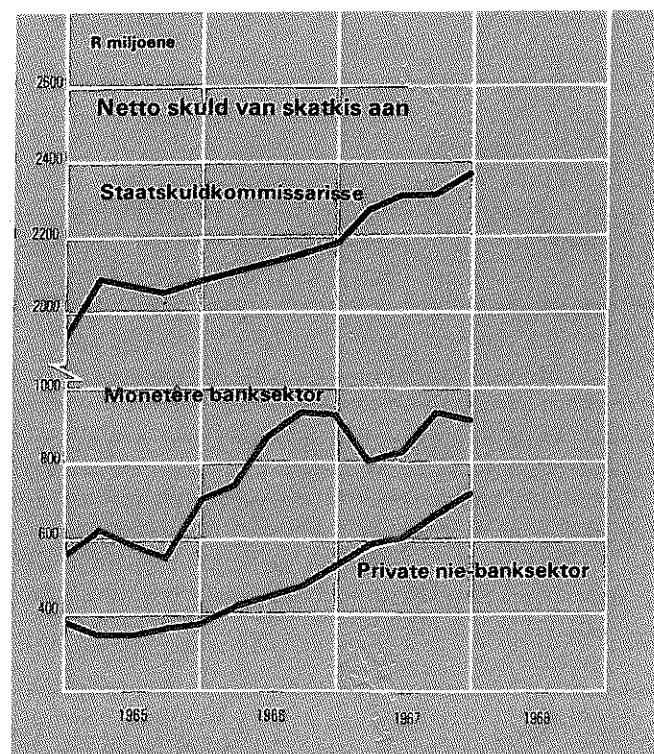
	1967/68		April tot Desember		
	April/ Julie/ Okt./ Sept.	1966/ Junie Des.	1967	1967	1968
Totale oorskot of tekort (uitgesonderd lenings)	-41	-10	-56	-205	-107
Finansiering :					
Verandering in netto skuldposisie teenoor:					
Buitelandse sektor	-23	-9	-1*	-12	-33
Private nie-banksektor	18	56	55	111	129
Staatskuldkommissarisie	38	-2	29*	71	65
Betaalmeestergeneraal en bestaans-beveiligingsfondse	20	-20	—	-1	—
Sub-totaal	53	25	83	169	161
Monetêre banksektor :					
Veranderings in besit aan staatspapier	25	103	-22	188	106
Verandering in skatkissaldo (toename -, afname +)	-37	-118	-5*	-152	-160
Sub-totaal	-12	-15	-27	36	-54
Totale finansiering	41	10	56	205	107

* Na aansuiwing vir buitelandse lenings (R7·1 miljoen) in die buiteland belê en vir beleggings (R20 miljoen) by die S.S.K.

Kapitaalmark

Vraag en aanbod

Hoewel die oplewing in die volkshuishouding na die middel van 1967 tekens van 'n meer gelyke verloop begin toon het, het die vraag na uitleenbare fondse in



die meeste afdelings van die kapitaalmark dwarsdeur die jaar buitengewoon sterk gebly. Aan die aanbokant het die stroom van fondse in die algemeen geneig om gewone aandele en ander beleggings wat die vooruitsig van kapitaalappresiasiie gebied het te begunstig teenoor vaste-rentedraende beleggings. Hierdie neiging het blykbaar verband gehou met inflasionele verwagtings gebaseer op die ondervinding in die binne-landse volkshuishouding gedurende die voorafgaande vier jaar en, teen die einde van die jaar, ook op onsekerheid oor internasionale geldeenheid en spekulasié in verband met 'n toename in die dollarprys van goud.

Opbrengskoerse op langtermynneffekte en -obligasies

In hierdie omstandighede is verdere opwaartse druk op rentekoerse op vaste-rentedraende beleggings uitgeoefen. Hoewel die Reserwebank se stel koerse vir langtermynstaatseffekte gedurende 1967 onveranderd gebly het op 6·5 persent, het die opbrengskoers op langtermynneffekte uitgerek deur plaaslike owerhede vanaf ongeveer 7·21 persent aan die einde van 1966 tot 7·27 persent aan die einde van 1967, en dié op effekte van openbare korporasies by benadering vanaf 7·03 tot 7·27 persent, gestyg. Die marge tussen die opbrengskoerse op effekte van plaaslike owerhede en openbare korporasies is dus gedurende 1967 uitgewis. Opbrengskoerse op nuutuitgereikte obligasies van maatskappye het vanaf 'nvlak van ongeveer 7·75 persent aan die einde van 1966 tot ongeveer 8·5 persent aan die einde van 1967 gestyg, maar die bouverenigings se verbandkoerse het dwarsdeur hierdie tydperk op 8·5 persent bly staan.

Versekeraars en private pensioenfondse

Gedurende die eerste drie kwartale van 1967 (syfers vir die vierde kwartaal is nog nie beskikbaar nie), is die klem in die beleggingsbeleid van versekeraars en private pensioenfondse, soos gedurende 1966, op beleggings in voorgeskrewe effekte geplaas. Nie alleen was die opbrengskoerse wat op hierdie effekte aangebied is, relatief hoog nie, maar die instellings moes ook voldoen aan die nuwe statutêre beleggingsvereistes wat gedurende 1966 ingestel is. Aangesien hulle besit aan staatseffekte aansienlik minder was as die minimum wat tans volgens wet vereis word, het hulle 'n aanmerklike gedeelte van hulle beskikbare beleggingsfondse gedurende sowel 1966 as 1967 aan hierdie tipe effekte toegewys. Gedurende die tweede helfte van 1966 het dit met 'n afname in die bedrag aan nuwe fondse wat deur hulle in effekte van openbare korporasies en plaaslike owerhede belê is, gepaard gegaan, maar gedurende 1967 het hulle beleggings in hierdie semi-prima-effekte na 'n meer normale syfer teruggekeer.

Beleggings in gewone aandele deur hierdie instel-

Jaarlikse veranderings in bates van versekeraars en private pensioenfondse

R miljoene

	1963	1964	1965	1966	1967*
Staatseffekte	-1	-15	+3	+71	+71
Effekte en lenings van openbare korporasies en plaaslike owerhede	+54	+71	+75	+50	+74
Totale voorgeskrewe effekte	+53	+56	+78	+121	+145
Ander vaste-rentedraende beleggings:					
Effekte	+28	+32	+31	+22	+12
Verbandlenings	+5	+38	+55	+51	+37
Ander lenings	+3	+5	+22	+23	+24
Gewone aandele	+74	+75	+51	+43	+53
Vaste eiendom	+3	+23	+12	+24	+12
Kontant en deposito's	+10	+12	+8	+11	+3

*Syfers vir die eerste drie kwartale van 1967, omgewerk na 'n jaarlikse koers.

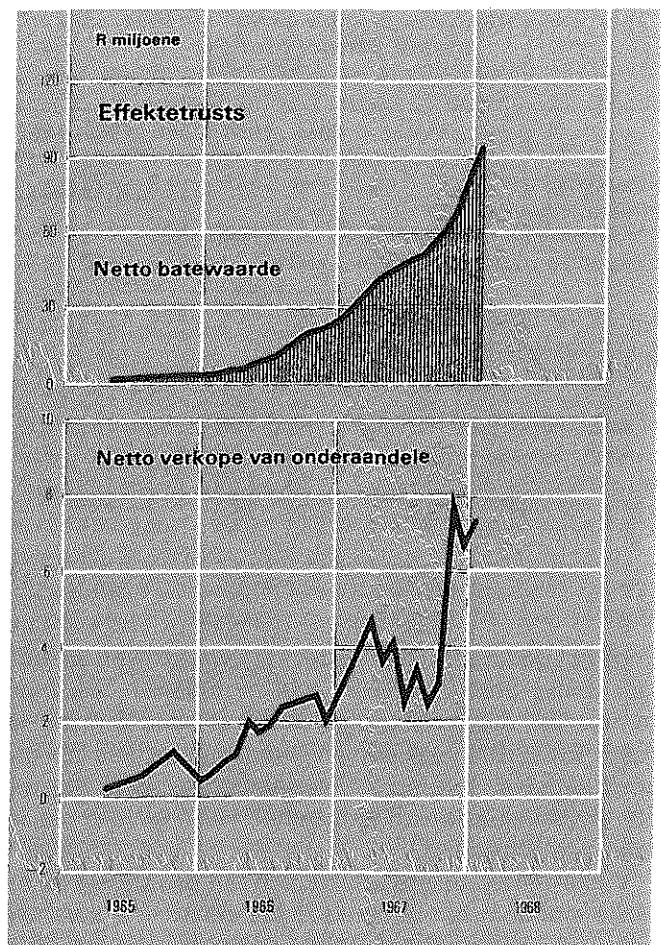
lings het gedurende die eerste drie kwartale van verlede jaar matig gebly, afgesien van 'n tydelike oplewing ten tye van die kortstondige daling in aandelepryse ná April 1967. Die reaksie van hierdie beleggers op die spekulatiewe styging in aandelepryse wat op die sterlinglevaluasie van November 1967 gevvolg het, is tans nog onbekend.

Vaste-rentedraende effekte van die private sektor en vaste eiendom het gedurende die eerste drie kwartale van 1967 betreklik ongewilde beleggingsgeleenthede vir hierdie instellings geblyk te wees, maar hulle het teen die einde van hierdie tydperk skynbaar meer belang in verbandlenings gestel.

Effektetrusts

Nieteenstaande die totale tekort aan fondse in die kapitaalmark en die skerp mededinging van ander finansiële instellings, het die effektetrusts gedurende 1967 nuwe fondse ten bedrae van R48 miljoen opgeneem, vergeleke met R21 miljoen gedurende die voorafgaande jaar. Gedurende die laaste kwartaal van 1967 alleen het hulle R17 miljoen ontvang, gevvolg deur 'n verdere bedrag van R8 miljoen gedurende Januarie 1968. Dit het die totaal vir die vier maande op R25 miljoen te staan gebring, vergeleke met byvoorbeeld die R18 miljoen wat gedurende hierdie tydperk na die bouverenigings gevloei het. Die markwaarde van die trusts se netto bates het gedurende 1967 met R59 miljoen en gedurende Januarie 1968 met R12 miljoen toegeneem, en aan die einde van daardie maand op R95 miljoen te staan gekom. Hierdie styging het gedeeltelik die toename in fondse by hulle belê en gedeeltelik die styging in die markwaarde van hulle portefeuljes weerspieël.

Na 'n daling gedurende die tydperk Mei tot Julie 1967, het die verkooppryse van die trusts se onderaandele weer opwaarts beweeg en oor die jaar 1967



as geheel met 19 persent gestyg. Gedurende die eerste twee maande van 1968 is hierdie opwaartse beweging voortgesit en in Februarie het die gekombineerde indeks van onderaandeelprys (Junie 1965=100) tot 157 gestyg, vergeleke met 140 in Desember 1967 en 118 aan die einde van 1966. Die gemiddelde opbrengskoers op onderaandele het vanaf 3·8 persent aan die einde van 1966 tot 3·0 persent in Januarie 1968 gedaal.

Bouverenigings

Die vernouing van toestande in die markte vir vaste-rentedraende effekte gedurende 1967 het vanself-sprekend ook die bouverenigings geraak. Aan die een kant het die algemene lewendigheid van die volkshuishouding daartoe meegewerk om 'n abnormaal sterk vraag na hulle verbandlenings teeweeg te bring. Aan die ander kant het die geredelike beskikbaarheid van alternatiewe beleggingsvorme soos beleggings in effektetrusts, deelnemingsverbandskemas, belasting-

vrye Tesourie-obligasies en gewone aandele, wat die vooruitsig gebied het van of kapitaalappresiasijs of buitengewoon hoë effektiewe rentekoerse, in die heersende inflasionistiese toestande bygedra tot 'n vermindering van die relatiewe aantreklikheid van bouverenigingsdeposito's en -aandele en trouens van vaste deposito's in die algemeen.

In die lig van hierdie omstandighede het die bouverenigings gedurende 1967 in werklikheid baie goed gevaa. Hulle totale middele het oor die jaar met R110 miljoen toegeneem, terwyl hulle uitstaande verbanden en ander lenings 'n stygging van R135 miljoen getoon het, wat nie net meer as tweemaal soveel as die toename van R63 miljoen gedurende die voorgaande jaar was nie, maar ook die rekordtoename van R146 miljoen gedurende 1964 benader het. Ten einde hierdie hoë koers waarteen lenings toegestaan is, moontlik te maak, moes die verenigings egter gedurende 1967 hulle voorgeskrewe beleggings met ongeveer R28 miljoen verminder, wat hulle oorskot-besit aan hierdie beleggings bo die statutêre minimum aan die einde van 1967 op R70 miljoen te staan gebring het, vergeleke met R110 miljoen 'n jaar eerder. Onder hierdie omstandighede het hulle dit nodig geag om die bedrag van nuwe verbandlenings toegestaan gedurende die vierde kwartaal na R64 miljoen te verminder, vergeleke met 'n gemiddelde van R89 miljoen vir die eerste drie kwartale.

Bowendien het die totale middele van bouverenigings gedurende Januarie 1968 in werklikheid met R5 miljoen afgeneem, blykbaar as gevolg van die gekombineerde werking van normale seisoensinvloede en ander faktore soos die belegging van aansienlike bedrae in belastingvrye Tesourie-obligasies, die groter aantreklikheid van gewone aandele en skerper mededinging van effektetrusts. Die verenigings se uitstaande verband- en ander lenings het gedurende hierdie maand met 'n verdere R3 miljoen toegeneem, maar hulle voorgeskrewe beleggings is met R2 miljoen verminder.

Ten einde die toestand te verlig, het die Minister van Finansies op 14 Februarie aangekondig dat die Regering bereid sal wees om 'n bedrag gelykstaande aan die bedrae wat onder die 100-persent-leningskema vir staatsamptenare deur die Regering gewaarborg is, d.w.s. ongeveer R8·5 miljoen, by die bouverenigings te deponeer, en ook dat bouverenigings toegelaat sal word om 'n spesiale soort permanente aandeel aan individue uit te reik waarop die rente tot 'n maksimum van R400 per belastingbetalter per jaar belastingvry sal wees.

Nuwe goudreëlings

Verklaring uitgereik deur die Presidente van die sentrale banké van België, Duitsland, Italië, Nederland, Switserland, die Verenigde Koninkryk en die Verenigde State op 17 Maart 1968.

Die presidente van die sentrale banké van België, Duitsland, Italië, Nederland, Switserland, die Verenigde Koninkryk en die Verenigde State het op 16 en 17 Maart 1968 in Washington byeengekom om die werkzaamhede van die goud-„poel“, waartoe hulle aktief bydra, te ondersoek. Die besturende direkteur van die Internasionale Monetêre Fonds en die hoofbestuurder van die Bank vir Internasionale Verrekeninge het ook hierdie byeenkoms bygewoon.

Die presidente het daarvan kennis geneem dat dit die besliste beleid van die Regering van die Verenigde State is om die waarde van die dollar deur gepaste fiskale en monetêre maatreëls te verdedig en dat 'n aansienlike verbetering in die betalingsbalans van die Verenigde State 'n doelstelling met hoë voorrang is.

Hulle het ook daarvan kennis geneem dat die totale goudvoorraad van die land deur wetgewing wat deur die Kongres goedgekeur is, ter verdediging van die waarde van die dollar beskikbaar gestel word.

Hulle het daarvan kennis geneem dat die Regering van die Verenigde State sal voortgaan om in transaksies met monetêre owerhede goud teen die heersende prys van 35 dollar per ons aan te koop en te verkoop. Die presidente ondersteun hierdie beleid en glo dat dit bydra tot die behoud van wisselkoersstabiliteit.

Die presidente het kennis geneem van die vasberadenheid van die owerhede van die Verenigde Koninkryk om alles te doen wat nodig is om die tekort op die betalingsbalans van die Verenigde Koninkryk so gou as moontlik uit te wis en om 'n posisie van 'n groot en volgehewe oorskot te bereik.

Laastens het hulle daarvan kennis geneem dat die regerings van die meeste Europese lande beoog om 'n monetêre en fiskale beleid te volg wat binnelandse uitbreiding wat met ekonomiese stabiliteit versoenbaar is, sal aanmoedig, so ver moontlik 'n styging in rentekoerse en 'n vernouing van hul geldmarkte sal vermy, en sodoeende sal bydra tot omstandighede wat alle lande sal help om 'n toestand van ewewig in hul

betalingsbalans te benader.

Die presidente het ooreengekom om ten volle saam te werk om, ooreenkomsdig hul verpligtings volgens die Akte van Ooreenkoms van die Internasionale Monetêre Fonds, die bestaande pariteite sowel as ordelike toestande in hul valutemarkte te handhaaf. Die presidente is van mening dat goud in amptelike besit voortaan slegs gebruik behoort te word om oordragte tussen monetêre owerhede te bewerkstellig en het dienooreenkomsdig besluit om verder geen goud aan die Londense goudmark of aan enige ander goudmark te voorsien nie. Aangesien die bestaande voorraad monetêre goud in die lig van die toekomstige skepping van geriewe vir Spesiale Trekkingsregte voldoende is, ag hulle dit bowendien nie noodsaaklik om verder goud van die mark aan te koop nie. Laastens het hulle ooreengekom dat hulle voortaan geen goud aan monetêre owerhede sal verkoop om goud wat in private markte verkoop is, te vervang nie.

Die presidente het ooreengekom om selfs nog nouer as in die verlede saam te werk om bewegings van fondse wat tot onstabilitet in die valutemarkte bydra, tot 'n minimum te beperk, en om enige sodanige bewegings wat kan ontstaan in die mate waarin dit nodig is te neutraliseer.

Vanweë die belangrikheid van die pond sterling in die internasionale monetêre stelsel het die presidente ooreengekom om verdere geriewe te verskaf wat die totale bedrag aan krediete waaroor die owerheid van die Verenigde Koninkryk onmiddellik kan beskik (met insluiting van die bystandscrediet van die I.M.F.) op vier biljoen dollar te staan sal bring.

Die presidente versoek ander sentrale banke om hul samewerking te verleen in die beleid wat hierbo uiteengesit is.

Verklaring uitgereik deur Sy Edele die Minister van Finansies, dr. N. Diederichs, op 18 Maart 1968.

Die Regering het kennis geneem van die besluite van die Presidente van Sentrale Banke wat aktief tot die goudpoel bydra, soos na hul vergaderings op 16 en 17 Maart in Washington, D.C. in die pers aangekondig is.

Terwyl die Regering, as stigterslid van die Internasionale Monetêre Fonds, steeds sy verpligtings ingevolge die Statute van die Fonds nakom, behou hy sy regte voor ten opsigte van bogenoemde besluite van die Presidente van die Sentrale Banke totdat meer helderheid oor die verloop van sake met betrekking tot die bemarking van goud verkry word.

Soos altyd sal die Regering, met inagneming van sy internasionale verpligte, sy beleid bepaal met die oog op die grootste langtermynvoordeel vir die land as geheel.

Dit is reeds aangekondig dat die Regering dit raadsaam geag het om die Johannesburgse Aandelebeurs vir vandag te sluit en om enige transaksies in effekte, aandele, of effektetrusteenhede te belet. Die rede hiervoor is veral dat Suid-Afrika in 'n besondere posisie verkeer vanweë die belangrikheid van transaksies in goudaandele op die Beurs. Die banke is egter toegelaat om voort te gaan met hul normale buitelandse valutatransaksies.

In soverre Suid-Afrika voortaan 'n hoër gemiddelde prys vir sy goudproduksie op die vrye mark kry, is dit van belang om beleggers daarop te wys dat die addisionele winste nie alles deur die goudmyne behou sal word nie. Ten eerste is die uitwerking van die bestaande belastingformule op goudmyne onder andere dat, oor die bedryf as 'n geheel, die grootste gedeelte van enige addisionele wins in die vorm van hoër inkomstebelasting en huurbetalings aan die Staat oorbetaal sal moet word. Tweedens sal die Regering indien nodig, verdere stappeoorweeg om die inflasioneeristiese gevolge wat uit 'n hoër inkomste uit goudverkope mag voortvloei, te beteuel.

Ten slotte wil die Regering dit weer eens beklemtoon dat hy by sy standpunt bly dat die formele herwaardering van alle betaalmiddele in terme van goud 'n fundamentele voorvereiste ter oplossing van die huidige internasionele finansiële vraagstukke is.

Die Regering hou die posisie dop en sal wanneer nodig verdere verklarings in hierdie verband uitreik.