

Quarterly economic review

Recent economic developments were reviewed in some detail in the Governor's Address at the Reserve Bank's Annual General Meeting on 24th August and also in the Reserve Bank's *Annual Economic Report* published before the Meeting. In addition, a statement on the current economic situation was released in September by the Prime Minister, following the meeting of his Economic Advisory Council on 31st August and 1st September. In these reviews the emphasis was placed on the year ended 30th June 1971, but the more important developments during the first and second quarters of 1971 were also covered. In this review developments during the second quarter will, therefore, only be summarised briefly and supplemented by observations on more recent developments during July and August.

National accounts

During the second quarter of 1971 the South African economy was still characterised by an imbalance between the domestic supply of and demand for goods and services. A significant development during this period, however, was the considerable decrease in the excess of gross domestic expenditure over gross national product, after this margin had been widening persistently from the second quarter of 1969 onwards. This change of trend, reflected in a substantially smaller deficit on the current account of the balance of payments, was brought about by gross domestic expenditure increasing at a lower rate than gross national product. The rate of growth in gross national product at current market prices actually accelerated during the second quarter, whereas that of gross domestic expenditure tended to level off.

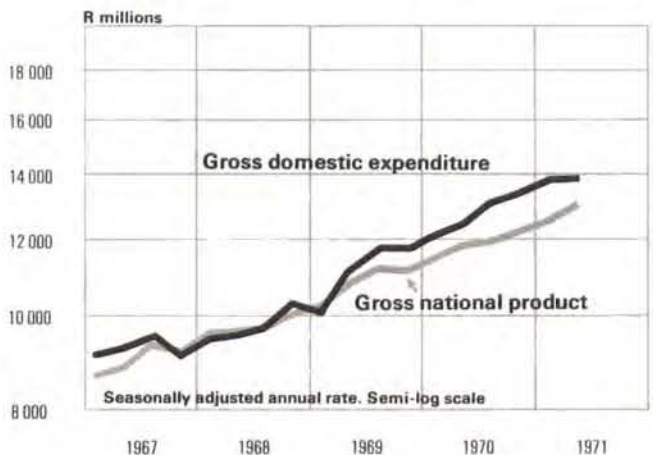
Gross domestic product at current market prices increased at a faster rate during the second quarter mainly on account of the larger gross operating surplus of the three sectors agriculture, non-gold mining and transport, storage and communication. This, in turn, was related to the good maize crop, improved profits

of diamond and other non-gold mining companies and higher railway and postal rates.

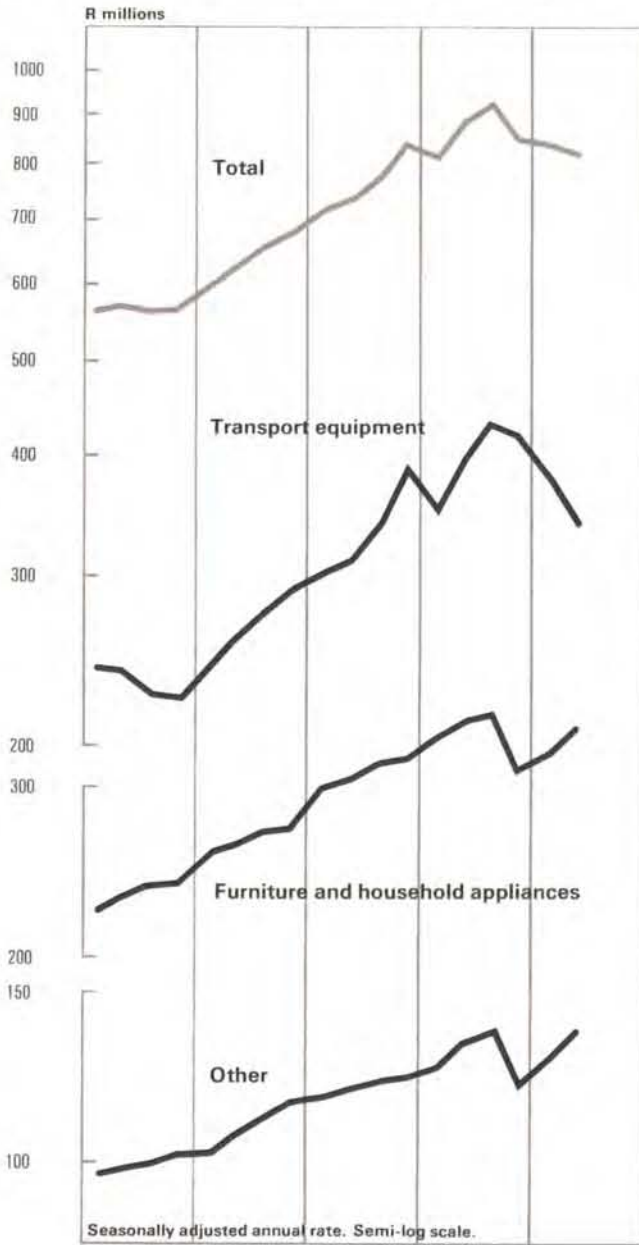
The lower rate of growth in gross domestic expenditure during the second quarter was a reflection of smaller increases in most expenditure components and indicated that some measure of success had been achieved by the official policy aimed at curbing the excessive rate of increase in domestic monetary demand.

Private consumption expenditure, especially at constant prices, increased at a lower rate on account of an actual decline in expenditure on durable goods. A decline in this component of private consumption expenditure had also been recorded during the preceding two quarters and these successive declines occurred to a large extent in response to measures directed specifically at curbing the high rate of increase in this form of consumer spending. Although all types of durable consumer goods were affected, the impact on new motor cars and furniture and household

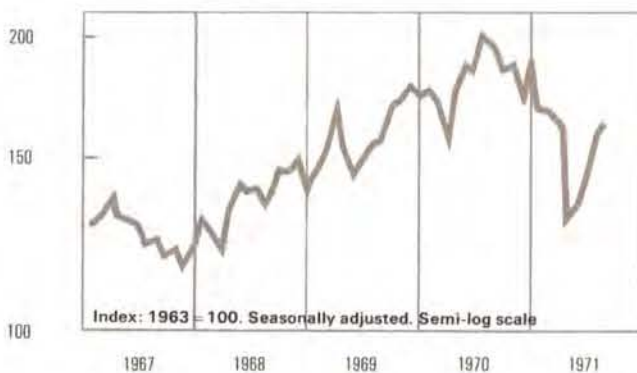
Gross national product and domestic expenditure



Private consumption expenditure on durable goods



Number of new motor cars sold



appliances was most prominent. However, the number of new motor cars sold, having declined to a low level in April 1971, rose again during the subsequent four months, while expenditure on furniture and household appliances increased again during the first and second quarters, following the relaxations in November 1970 and February 1971 of the hire-purchase credit restrictions on these goods introduced in October last year. Consumption expenditure by general government continued to increase at a relatively high rate during the second quarter, but the rate of increase was considerably lower than during the preceding two quarters.

Contrary to the lower rate of increase in consumption expenditure, gross domestic fixed investment increased slightly faster during the second quarter, after it had tended to level off from the third quarter of 1970. This moderate acceleration was largely accounted for by the fixed investment of the private sector, particularly private manufacturing, and to a lesser extent by that of public corporations. Fixed investment by public authorities increased at a lower rate during the second quarter. The large and sustained inventory build-up of the past two years continued during the second quarter, but this further addition to inventories was, nevertheless, significantly smaller than during the first quarter.

Prices

Consumer prices showed an accelerated increase during the four months to July 1971. Adjusted for seasonal changes, these prices increased at a rate of 4.1 per cent between March 1970 and March 1971, but rose more rapidly thereafter to reach a rate of increase of 6.2 per cent between July 1970 and July 1971. These accelerated price increases were mainly attributable to higher prices of services, especially rents and postal and railway rates. An increase of 7.4 per cent was registered in the prices of services during the year ended July 1971, while the prices of goods rose by 5.5 per cent during this period.

As was discussed in more detail in the *Annual Economic Report*, the significantly faster rate of increase in consumer prices during the second quarter of 1971 was, however, partly accounted for by special factors, such as higher indirect taxes and upward adjustments to various government-administered prices and rates. In July, however, the rate of increase in consumer prices tended to return to a more normal level.

Seasonally adjusted wholesale prices increased by 4.6 per cent between July 1970 and July 1971, compared with an increase of 3.8 per cent between March 1970 and March 1971. The higher rate of increase in these prices during the period April to July was also to a very large extent attributable to the special factors referred to above, and also to a faster rate of increase in the prices of imported goods.

Balance of payments

The deficit on the current account of the balance of payments, which had increased progressively from the second quarter of 1969 to the first quarter of 1971, decreased considerably during the second quarter. In terms of seasonally adjusted annual rates, the deficit declined from the record figure of R1 254 million in the first quarter to R820 million in the second quarter. Although this represented a noticeable improvement, the deficit was still on a very high level. The smaller deficit was registered notwithstanding a sharp increase in net invisible payments to the rest of the world and was the result of a decline in merchandise imports and an increase in merchandise exports and net gold output. Merchandise imports decreased from a seasonally adjusted annual figure of R2 917 million in the first quarter to R2 800 million in the second quarter, while, at a seasonally adjusted annual rate, merchandise exports increased from R1 300 million to R1 636 million and net gold output from R848 million to R902 million over the corresponding period. Merchandise exports were boosted by increased foreign sales of maize and diamonds, and the value of the net gold output rose on account of the higher price of gold on the private market.

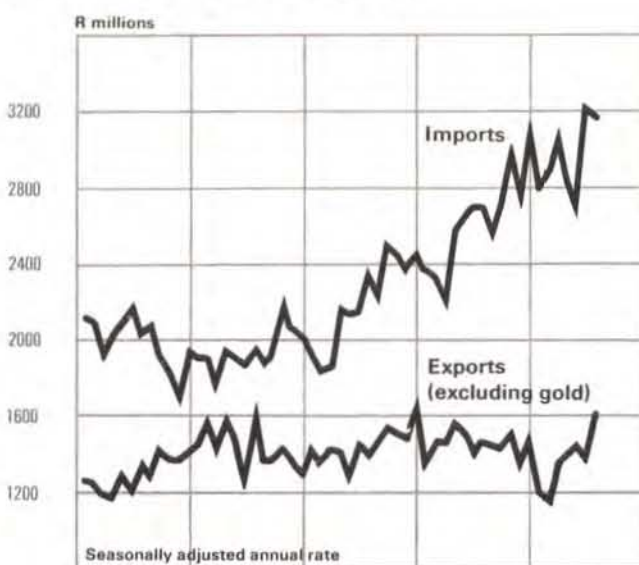
Although the deficit on the current account, not adjusted for seasonal changes, amounted to R221 million in the second quarter, total gold and other foreign reserves declined by only R51 million to a level of R691 million at the end of June. The difference was accounted for by a substantial net capital inflow of R168 million and a small exchange profit of R2 million resulting from the revaluation of the Swiss franc.

According to the monthly figures of the Department of Customs and Excise, unadjusted for balance of payments purposes and, therefore, not strictly comparable with the quarterly balance of payments data, imports declined from a seasonally adjusted annual level of R3 205 million in June to R2 964 million in July, but then increased again to R3 233 million in August, while exports increased from R1 386 million in June to R1 615 million and R1 705 million in July and August, respectively. Notwithstanding the reduction of the excess of imports over exports in July, total gold and other foreign reserves declined sharply by R40 million to a level of R651 million at the end of that month, largely because of the repayment of a foreign loan by the Reserve Bank.

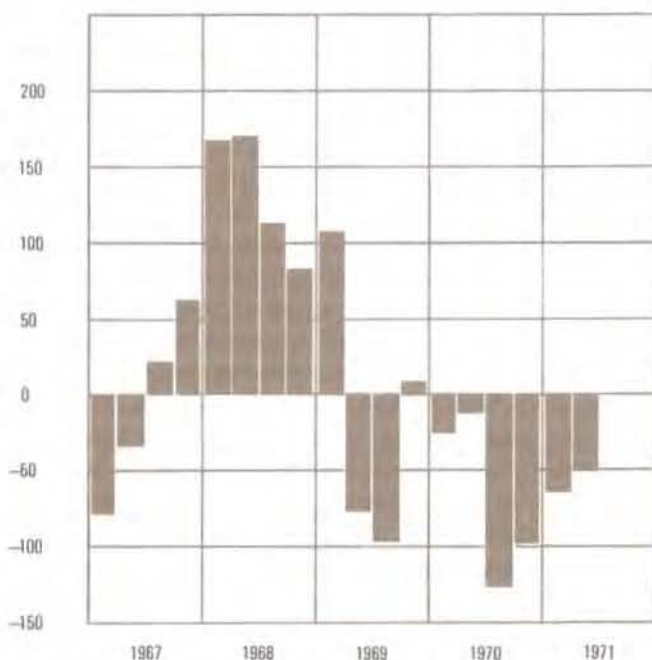
From the end of July to 13th August the Reserve Bank's holdings of gold and other foreign reserves declined by R20 million, but increased again during the following week by R16 million or roughly the value of one week's gold output. This increase was due to the suspension of transactions in foreign exchange in South Africa during that week, following the suspension by the United States of the convertibility of dollars into gold on 15th August 1971 and the sub-

sequent closure of the world's most important foreign exchange markets. The Reserve Bank resumed transactions in foreign exchange on 24th August and the backlog of exchange transactions began to be worked off, leading to a decline of R29 million in the gold and other foreign reserves of the Reserve Bank from that date to the end of August. Consequently, the total decline in the Reserve Bank's holdings of these reserves was brought to R33 million for the whole of August.

Merchandise imports and exports



Change in gold and foreign reserves



Monetary and banking situation

Money and near-money

After having declined during the last five months of 1970, the seasonally adjusted quantity of money and near-money increased by R102 million during the first quarter of 1971 and R110 million during the second quarter, but by only R4 million during July. For the first seven months of 1971 the seasonally adjusted annual rate of increase was somewhat less than 10 per cent. However, gross domestic product increased even more rapidly so that the ratio of money and near-money to the gross domestic product, seasonally adjusted, continued to decline during the second quarter of 1971 and amounted to 29,7 per cent, as compared with 30,1 per cent during the preceding quarter and 31,3 per cent during the third quarter of 1970.

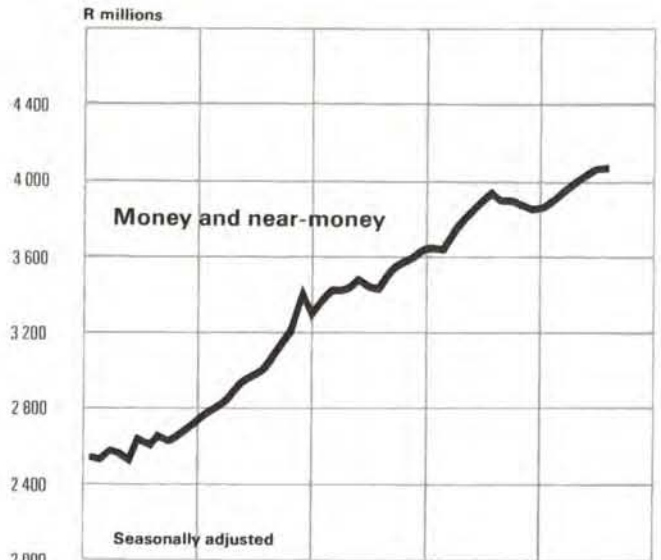
Causes of changes in money and near-money

As during the first quarter of the year, the main single cause of the continued increase in money and near-money during the period April to July 1971 consisted of the increase in net claims of the monetary banking sector on the government sector, amounting to R147 million before and to R124 million after seasonal adjustment. Contrary to developments during the first quarter, however, the increase of R147 million in net claims represented an increase of R109 million in monetary bank credit to the government sector, largely associated with an increase in the commercial banks' holdings of government securities in May, rather than a decline in government deposits which decreased by only R38 million. The *seasonally adjusted* increase in net claims of the banking sector on the government of R75 million during July is the largest monthly rise to be recorded since the change in trend of these claims from the middle of 1969 and reflects the almost total failure of government deposits to rise seasonally to the customary extent.

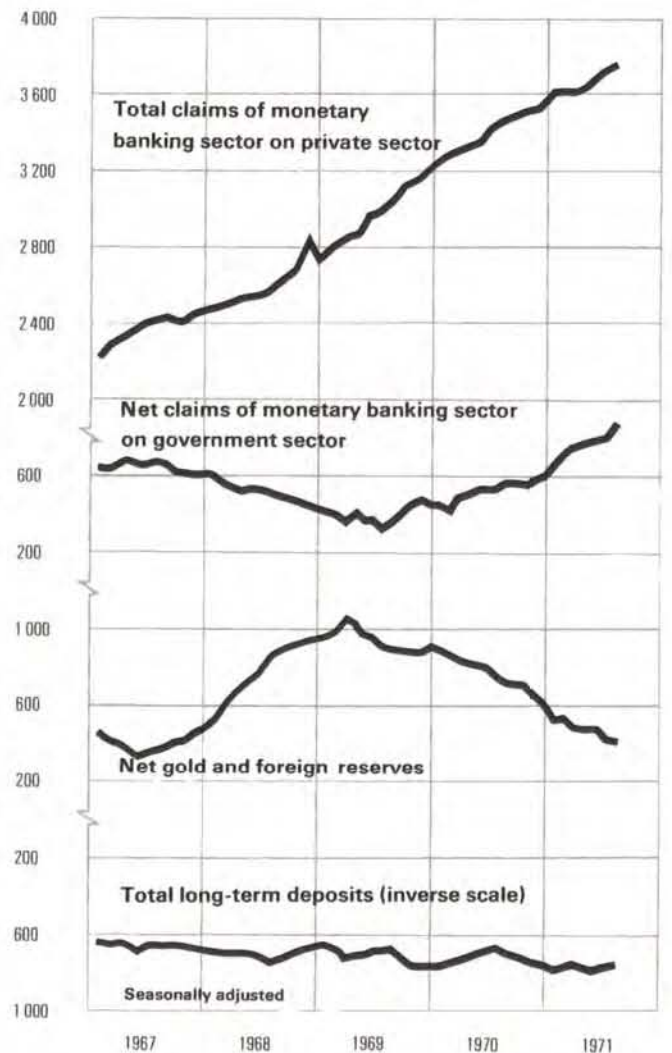
Monetary banks' claims on the private sector, seasonally adjusted, increased by R113 million during the four-month period April to July 1971, as against an increase of only R46 million during the first quarter of the year. Both figures included substantial increases in the seasonally adjusted amounts of cash credit advances of the Land Bank, which amounted to R53 million and R58 million, respectively. The increase in cash credit advances of the Land Bank was also reflected in a substantial rise in the holdings of Land Bank bills of the Reserve Bank and the National Finance Corporation, namely from R130 million at the end of May to R250 million at the end of August.

In absolute terms, the decline in the net gold and other foreign reserves of the banking sector, both before and after seasonal adjustment, was notably smaller during the second quarter and July than during the first quarter of 1971.

Monetary analysis



Causes of changes in money and near-money



Claims on the private sector

Excluding the sharp rise in Land Bank cash credit advances already referred to, monetary banks' claims on the private sector increased at a fairly low rate during the second quarter and July 1971. Allowing for seasonal changes, however, the increase in this quantity over the four-month period concerned would appear to have followed upon an actual slight decrease during the first quarter of the year.

Total claims on the private sector, excluding Land Bank cash credits, (not seasonally adjusted, and including 50 per cent of net remittances in transit) increased by R58 million during the second quarter of 1971, but decreased by as much as R46 million during July. As the net increase in investments and deposits with the private sector amounted to R29 million over this four-month period, the total of discounts and advances of all monetary banks (excluding the Land Bank) to the private sector actually decreased on balance by over R17 million.

Similarly, the discounts and advances of commercial banks, merchant banks and monetary hire-purchase and general banks on balance decreased by R22 million from the end of March 1971 to the end of July. Private sector investments of these institutions increased by R33 million over this period, reflecting largely, however, an increase of R35 million in the commercial banks' holdings of debentures of the Land Bank, other public corporations and local authorities, which are not covered by the credit ceiling.

Bank liquidity

Excess liquid assets of the commercial banks, merchant banks and monetary hire-purchase and general banks, which had already increased substantially from a seasonally low level of R34 million (0,7 per cent of total liabilities to the public) at the end of January 1971 to R163 million (3,2 per cent) at the end of April, increased further to R292 million (5,4 per cent) at the end of June. During July, the banks' excess liquid asset holdings declined to R140 million (2,7 per cent), this being virtually the same as the level registered at the end of July 1970.

Money market

After having reduced their indebtedness to the Reserve Bank to less than R3 million at the end of April 1971, the discount houses during the second half of May experienced a temporary loss of call loans apparently related, amongst other things, to the temporary increase in government deposits during that month and to a decline in the Reserve Bank's and National Finance Corporation's holdings of Land Bank bills. As a result, Reserve Bank credit to the discount houses amounted to R82 million at the end of May. Similarly, seasonal factors caused the Bank's lending to the discount houses to increase to R151 million at the end of July. A resumption of the tendency

towards generally easier money market conditions would, however, appear to have occurred during August.

After having reached 5,58 per cent shortly after the increase in Bank rate on 31st March, the Treasury bill tender rate, in line with the generally easier money market conditions that prevailed during the second quarter of the year, declined to slightly lower levels and fluctuated around 5,5 per cent. It eased further to 5,42 per cent on 27th August but increased again to 5,48 per cent on 10th September.

Rates quoted on private money market instruments declined substantially during April and May before increasing temporarily during June and July. Since then, a further easing of rates has become noticeable. Thus, the rate on 90-day NCD's declined from 9,05 per cent on 31st March to 7,25 per cent on 4th June; it then increased to 8,15 per cent on 16th July before decreasing to 6,65 per cent at the end of August. Apart from the fact that a rate of 7½ per cent was quoted generally by the major commercial banks on 12 months' deposits (as against rates of 7¾ and 8 per cent that had occasionally been quoted before), the pattern of deposit interest rates of the commercial banks at the end of August was unchanged from the pattern at the end of May, as published in the *June Quarterly Bulletin*.

Government finance

A feature of government finance from about the middle of 1969 had been the disappointingly low level of the contribution by the private non-banking sector to the financing of the deficit on the Exchequer Account. During the second quarter of 1971, however, this contribution amounted to R59 million, compared with a quarterly average of only R5 million for the period July 1969 to March 1971. This favourable development was, to a large extent, the result of a better response of this sector to the government stock issues in May. An amount of R25 million was subscribed to the 8½ per cent long-term issue and R10 million to the 6½ per cent short-term issue. In addition, R8 million was invested in the new Premium Bonds available for subscription from 15th June, while the proceeds of loan levies amounted to R17 million.

Other contributions to the financing of the large Exchequer deficit of R162 million in the second quarter, were a net investment of R6 million in government securities by the Public Debt Commissioners and a net amount of R19 million borrowed from the foreign sector. Taking into account the repayment of loans totalling R33 million to the Paymaster-General Account, a shortfall of R111 million remained and had to be financed through an increase in the Exchequer's net indebtedness to the monetary banking sector. This was the highest quarterly figure recorded since the fourth quarter of 1965 and was largely due to a noticeable decline in Exchequer balances during April

and only a small increase in these balances during May, notwithstanding a substantial increase in the monetary banking sector's holdings of government securities. In June the Exchequer's net indebtedness to the monetary banking sector was, however, reduced by R6 million.

Notwithstanding a more than seasonal increase in the Exchequer deficit during July, the net indebtedness to the monetary banking sector decreased further by R3 million. Net borrowing from the foreign sector amounted to R35 million and a similar amount was contributed by the private non-banking sector.

In view of the substantial deficit on the Loan Account that has to be financed through borrowing during the current financial year and the present indications that loan proceeds will not be sufficient to cover this deficit, the Minister of Finance on 14th September announced the following measures to assist the government in the sounder financing of its expenditure:

1. The minimum amount of prescribed assets to be held by registered pension and provident funds will be increased as from 1st October 1971 from 40 to 50 per cent of total assets, while the minimum portion of these assets to be invested in government securities, will be raised from 10 to 20 per cent of total assets. Funds not complying with the new requirements on the relevant date, will be allowed a period of ten years to adjust their assets accordingly, but funds will have to comply fully with these requirements in respect of any increase in assets from 1st October.
2. The minimum amount of prescribed assets to be held by insurers will be maintained at 30 per cent of net liabilities, but the minimum amount of government securities to be included in these assets will be increased as from 1st October from 10 to 15 per cent. Insurers not complying with the new requirement will be allowed a period of five years to adjust their holdings of government securities. However, the new requirement will have to be met fully in respect of any increase in net liabilities as from 1st October.
3. Participation mortgage bond schemes will be required to invest at least 15 per cent of all funds received from 1st October, including reinvestments of repaid participations, in securities of the public sector, one-half of which will have to be in government securities.

Although these measures are aimed in the short-run to assist in the sounder financing of the deficit on the Loan Account, they are also intended to increase in the long-run the government's share of the flow of institutional investment funds to the public sector. In this regard, it is estimated that the government's borrowing requirements, as far as the domestic capital market is concerned, have increased to about 50 per cent of those of the public sector as a whole. Moreover, a larger flow of non-banking funds to the

Exchequer will in the longer-run enable the government to relieve the tax burden sooner than would otherwise have been possible.

Capital market

The strong upward pressure on long-term yields from about the middle of 1969 tended to ease somewhat during the course of the second quarter of 1971. After the increase in the yield on long-term government stock from $7\frac{3}{4}$ to $8\frac{1}{2}$ per cent on 31st March, the yield on new issues of long-term stock by public corporations and the five largest municipalities increased from about 8,9 to 9,3 per cent. The predominant yield on new company debentures was, however, not materially affected and continued to fall within the range of $10\frac{1}{4}$ to $10\frac{1}{2}$ per cent. At the higher yields the government was more successful in raising money, while all issues of semi-gilt-edged securities from April to July were to a greater or lesser extent oversubscribed.

The recovery of share prices during the first quarter of 1971 continued during the second quarter notwithstanding a substantially reduced net investment of R8 million, compared with R45 million during the first quarter, by foreigners in securities listed on the Johannesburg Stock Exchange. In July, however, the upward movement of share prices came to an end and in August declines were registered, following the severing of the link between the American dollar and gold and the tendency of many of the major world currencies, which had floated subsequently, to appreciate in terms of gold. Gold mining share prices declined during the second quarter after the uncertainty regarding the parities of major European currencies had temporarily been cleared in May. In July these prices, on balance, remained unchanged, but increased during the first half of August, when the price of gold on the private market moved upwards, and declined again during the rest of that month on account of the new currency uncertainties.

During the second quarter the flow of funds to building societies decreased noticeably from the exceptionally high levels recorded since the middle of 1969. Compared with an increase of R123 million in deposits and shares during the first quarter of 1971, the corresponding figure for the second quarter amounted to only R45 million. The smaller inflow of funds was probably related to the increased activity on the stock exchange and the greater attractiveness of other investment outlets. Stock exchange activity decreased, however, in June and July and this was reflected in a larger flow of funds to building societies. The inflow amounted to R23 million in July against a monthly average of R15 million for the second quarter.

Increased competition for funds in the capital market in the face of a high demand for housing loans put pressure on the societies to raise their borrowing and consequently also their lending rates. To assist the

societies in meeting the demand for housing loans without increasing their mortgage rates, the Minister of Finance on 19th August announced the following concessions:

1. Dividends on indefinite-period and fixed-period shares will be taxed on the same basis as dividends on ordinary company shares.
2. The limit on individual savings accounts is raised from R10 000 to R15 000.
3. The requirement under Section 32 of the Building Societies Act, in terms of which additional prescribed investments other than liquid assets have to be maintained, is suspended until further notice.
4. The investment period for fixed deposits can be extended for periods of less than twelve months.
5. Normal agents' commission can be paid in respect of tax-free indefinite-period shares.

Kwartaallikse ekonomiese oorsig

Onlangse ekonomiese ontwikkelings is in besonderhede in die Presidentsrede tydens die algemene jaarvergadering van die Reserwebank op 24 Augustus en ook in die Reserwebank se *Jaarlikse Ekonomiese Verslag* wat voor die jaarvergadering gepubliseer is, in oënskou geneem. Daarbenewens is 'n verklaring oor die heersende ekonomiese toestand ook gedurende September deur die Eerste Minister vrygestel, in opvolging van die vergadering van sy Ekonomiese Adviesraad op 31 Augustus en 1 September. In hierdie oorsigte is die klem op die jaar geëindig 30 Junie 1971 geplaas, maar die belangrikste ontwikkelings gedurende die eerste en tweede kwartale van 1971 is ook gedek. In hierdie oorsig sal ontwikkelings gedurende die tweede kwartaal gevolglik slegs kortliks opgesom word en met waarnemings van meer onlangse ontwikkelings gedurende Julie en Augustus aangevul word.

Nasionale rekeninge

Gedurende die tweede kwartaal van 1971 was die Suid-Afrikaanse volkshuishouding steeds gekenmerk deur 'n onewewig tussen die binnelandse aanbod van en vraag na goedere en dienste. 'n Betekenisvolle ontwikkeling gedurende hierdie tydperk was egter die aansienlike afname in die oorskot van bruto binnelandse besteding bo bruto nasionale produk, nadat hierdie margé vanaf die tweede kwartaal van 1969 voortdurend vergroot het. Hierdie verandering in die neiging wat in 'n aansienlik kleiner tekort op die lopende rekening van die betalingsbalans weerspieël is, is teweeg gebring deurdat bruto binnelandse besteding teen 'n laer koers as bruto nasionale produk gestyg het. Die groeikoers in bruto nasionale produk teen heersende markpryse het gedurende die tweede kwartaal in werklikheid versnel, terwyl dié van bruto binnelandse besteding geneig het om gelyk te verloop.

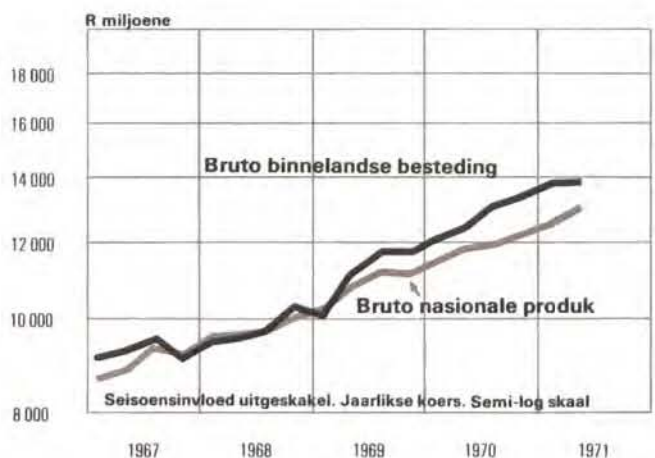
Bruto binnelandse produk teen heersende markpryse het gedurende die tweede kwartaal teen 'n vin-niger koers toegeneem, hoofsaaklik as gevolg van die groter bruto bedryfsurplus van die drie sektore, landbou, nie-goudmynbou en vervoer, opberging en kommunikasie. Dit het weer, op sy beurt, met die goeie mielie-oes, verbeterde winste van diamant- en ander

nie-goudmynboumaatskappye en hoër spoorweg- en postariewe, verband gehou.

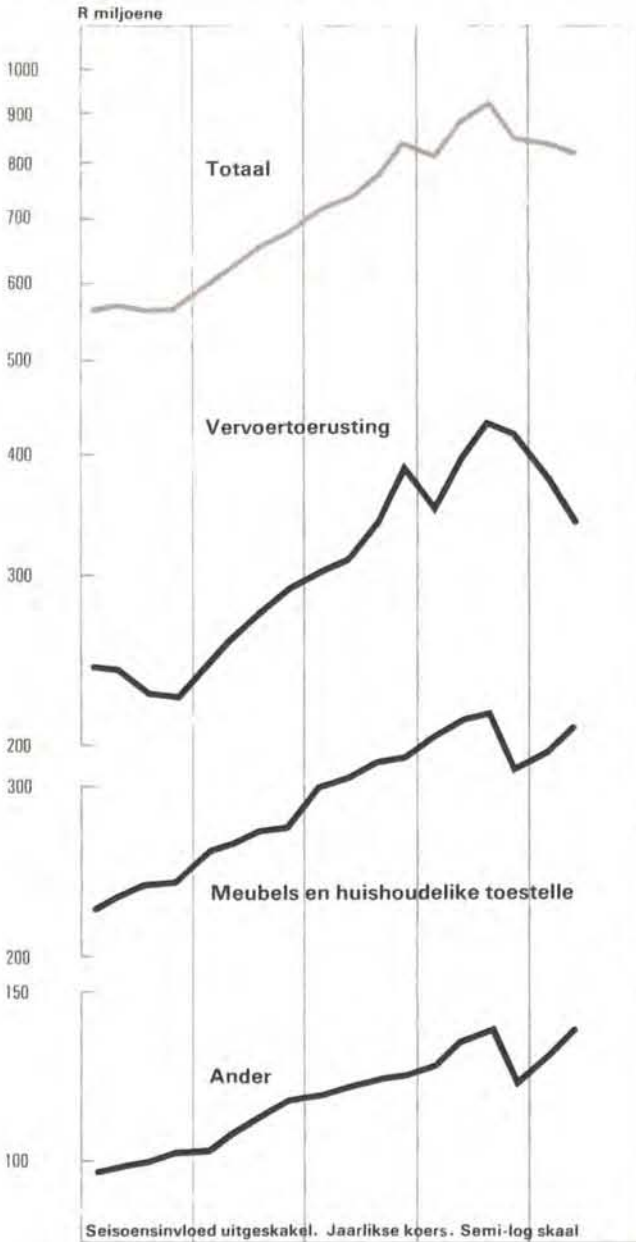
Die laer koers van toename in bruto binnelandse besteding gedurende die tweede kwartaal was 'n weerspieëling van 'n kleiner styging in die meeste bestedingskomponente en dui daarop dat 'n sekere mate van sukses behaal is deur die amptelike beleid wat daarop gemik is om die oormatige koers van toename in binnelandse monetêre vraag te beperk.

Private verbruiksbesteding, veral teen konstante pryse, het teen 'n laer koers gestyg vanweë 'n werklike afname in die besteding aan duursame goedere. 'n Afname in hierdie komponent van private verbruiksbesteding is ook gedurende die voorafgaande twee kwartale aangeteken en hierdie opeenvolgende afnames het voorgekom hoofsaaklik as gevolg van die maatreëls wat spesifiek daarop gemik was om die hoë koers van toename in hierdie vorm van verbruiksbesteding te beteuel. Alhoewel alle klasse van duursame verbruiksgoedere beïnvloed is, was die uitwerking op nuwe motors en meubels en huishoudelike toestelle veral opvallend. Die aantal nuwe motors verkoop, wat tot 'n lae peil in April 1971 gedaal het, het egter

Bruto nasionale produk en binnelandse besteding



Private verbruiksbesteding aan duurzame goedere



Getal nuwe motors verkoop



gedurende die daaropvolgende vier maande weer gestyg, terwyl die besteding aan meubels en huishoudelike toestelle weer gedurende die eerste en tweede kwartale toegeneem het, na die verslappings in November 1970 en Februarie 1971 van die huurkoopkredietbeperkings op hierdie goedere wat in Oktober verlede jaar ingestel is. Verbruiksbesteding deur die algemene owerheid het voortgegaan om gedurende die tweede kwartaal teen 'n relatief hoë koers te styg, maar die koers van toename was aansienlik laer as dié gedurende die voorafgaande twee kwartale.

In teenstelling met die laer koers van toename in verbruiksbesteding, het bruto binnelandse vaste investering gedurende die tweede kwartaal effens vinniger toegeneem nadat dit vanaf die derde kwartaal van 1970 geneig het om meer gelyk te verloop. Hierdie matige versnelling is hoofsaaklik deur die vaste investering van die private sektor, in besonder die private fabriekswese, en in 'n minder mate deur dié van openbare korporasies, verantwoord. Vaste investering deur openbare owerhede het gedurende die tweede kwartaal teen 'n laer koers toegeneem. Die groot en volgehoue voorraadopbouing gedurende die afgelope twee jare is gedurende die tweede kwartaal voortgesit, maar die verdere toevoeging tot voorrade was nietemin aansienlik laer as gedurende die eerste kwartaal.

Pryse

Verbruikerspryse het 'n versnelde toename gedurende die vier maande tot Julie 1971 getoon. Ná aansuiwering vir seisoensveranderings het hierdie pryse vanaf Maart 1970 tot Maart 1971 teen 'n koers van 4,1 persent gestyg, maar daarna vinniger toegeneem en tussen Julie 1970 en Julie 1971 'n koers van toename van 6,2 persent bereik. Hierdie versnelde prysstygings was hoofsaaklik toe te skryf aan hoër pryse van dienste, in die besonder huur en pos- en spoorwegtariewe. 'n Toename van 7,4 persent is in die pryse van dienste gedurende die jaar geëindig Julie 1971 aangeteken, terwyl die pryse van goedere met 5,5 persent gedurende hierdie tydperk gestyg het.

Soos in meer besonderhede in die *Jaarlikse Ekonomiese Verslag* bespreek is, is die aansienlik vinniger koers van toename in verbruikerspryse gedurende die tweede kwartaal van 1971 egter gedeeltelik veroorsaak deur spesiale faktore soos die hoër indirekte belastinge en die opwaartse aanpassing van verskeie staatsgeadministreerde pryse en tariewe. In Julie het die koers van toename in verbruikerspryse egter geneig om na 'n meer normale peil terug te keer.

Seisoensaangesuiwerde groothandelspryse het tussen Julie 1970 en Julie 1971 met 4,6 persent gestyg, vergeleke met 'n toename van 3,8 persent tussen Maart 1970 en Maart 1971. Die hoër koers van toename in hierdie pryse gedurende die tydperk April tot Julie is ook in 'n groot mate toe te skryf aan die spesiale faktore waarna hierbo verwys is en ook aan 'n vinniger koers van toename in die pryse van ingevoerde goedere.

Betalingsbalans

Die tekort op die lopende rekening van die betalingsbalans, wat vanaf die tweede kwartaal van 1969 tot die eerste kwartaal van 1971 progressief toegeneem het, het gedurende die tweede kwartaal aansienlik afgeneem. Uitgedruk in seisoensaangesuiwerde jaarkoerse, het die tekort vanaf die rekordsyfer van R1 254 miljoen in die eerste kwartaal tot R820 miljoen in die tweede kwartaal afgeneem. Alhoewel dit 'n merkbare verbetering verteenwoordig het, was die tekort nog steeds op 'n baie hoë peil. Die kleiner tekort is aangeteken nieteenstaande 'n skerp styging in die netto onsigbare betalings aan die res van die wêreld en was die resultaat van 'n afname in goedere-invoere en 'n toename in goedere-uitvoere en netto goudproduksie. Goedere-invoere het vanaf 'n seisoensaangesuiwerde jaarsyfer van R2 917 miljoen in die eerste kwartaal tot R2 800 miljoen in die tweede kwartaal afgeneem, terwyl goedere-uitvoere, teen 'n seisoensaangesuiwerde jaarkoers, toegeneem het vanaf R1 300 miljoen tot R1 636 miljoen en netto goudproduksie vanaf R848 miljoen tot R902 miljoen oor die ooreenstemmende tydperk. Goedere-uitvoere is verstewig deur verhoogde buitelandse verkope van mielies en diamante, en die waarde van die netto goudproduksie het vanweë die hoër goudprys op die private mark gestyg.

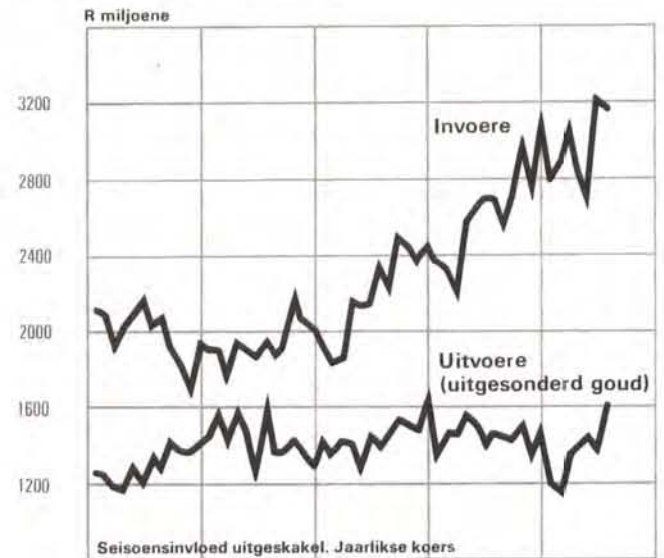
Alhoewel die tekort op die lopende rekening, nie aangesuiwer vir seisoensveranderings nie, in die tweede kwartaal R221 miljoen bedra het, het die totale goud- en ander buitelandse reserwes met slegs R51 miljoen tot 'n peil van R691 miljoen aan die einde van Junie gedaal. Die verskil word verklaar deur 'n aansienlike netto kapitaalinvloeiing van R168 miljoen en 'n klein valutawins van R2 miljoen wat voortgespruit het uit die revaluasie van die Switserse frank.

Volgens die maandelikse syfers van die Departement van Doeane en Aksyns, onaangesuiwer vir betalingsbalansdoeleindes en gevolglik nie streng vergelykbaar met die kwartaallikse betalingsbalansgegevens nie, het invoere vanaf 'n seisoensaangesuiwerde jaarlikse peil van R3 205 miljoen in Junie tot R2 964 miljoen in Julie afgeneem, en daarna tot R3 233 miljoen in Augustus gestyg terwyl invoere vanaf R1 386 miljoen in Junie tot R1 615 miljoen en R1 705 miljoen in Julie en Augustus onderskeidelik gestyg het. Nieteenstaande die afname in die oorskot van invoere bo uitvoere in Julie het die totale goud- en ander buitelandse reserwes gedurende Julie skerp gedaal met R40 miljoen tot 'n peil van R651 miljoen aan die einde van die maand, hoofsaaklik as gevolg van die terugbetaling van 'n buitelandse lening deur die Reserwebank.

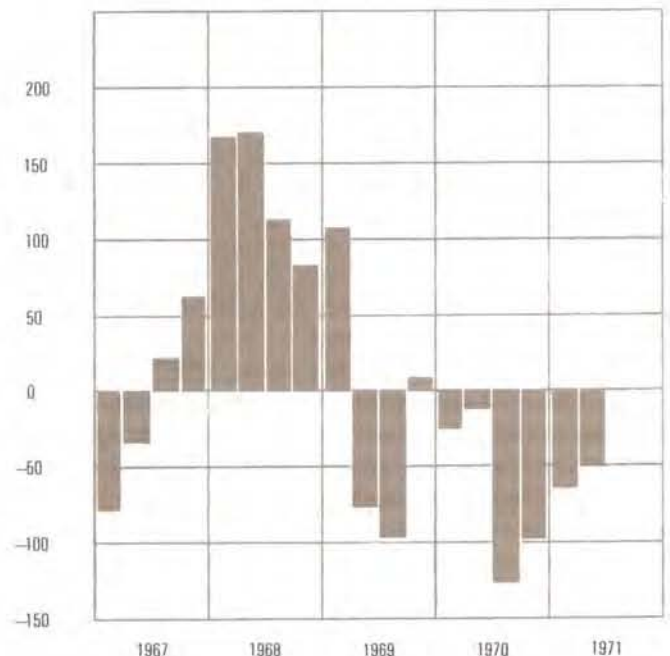
Vanaf die einde van Julie tot 13 Augustus het die Reserwebank se besit aan goud- en ander buitelandse reserwes met R20 miljoen afgeneem, maar gedurende die volgende week met R16 miljoen, of ongeveer die waarde van een week se goudproduksie, toegeneem. Hierdie toename was toe te skryf aan die opskorting van transaksies in buitelandse valuta in Suid-Afrika

gedurende daardie week, as gevolg van die opskorting van die inwisselbaarheid van dollars in goud deur die Verenigde State op 15 Augustus 1971 en die daaropvolgende sluiting van die wêreld se belangrikste buitelandse valutamarke. Die Reserwebank het op 24 Augustus transaksies in buitelandse valuta hervat en daar is begin om die agterstand in valutatransaksies af te werk, wat vanaf daardie datum tot aan die einde van Augustus 'n afname van R29 miljoen in die goud- en ander buitelandse reserwes van die Reserwebank

Goedere-invoere en -uitvoere



Verandering in goud- en buitelandse reserwes



tot gevolg gehad het. Die totale afname in die Reserwebank se besit aan hierdie reserwes het gevolglik op R33 miljoen vir Augustus as geheel te staan gekom.

Monetêre en banktoestand

Geld en kwasi-geld

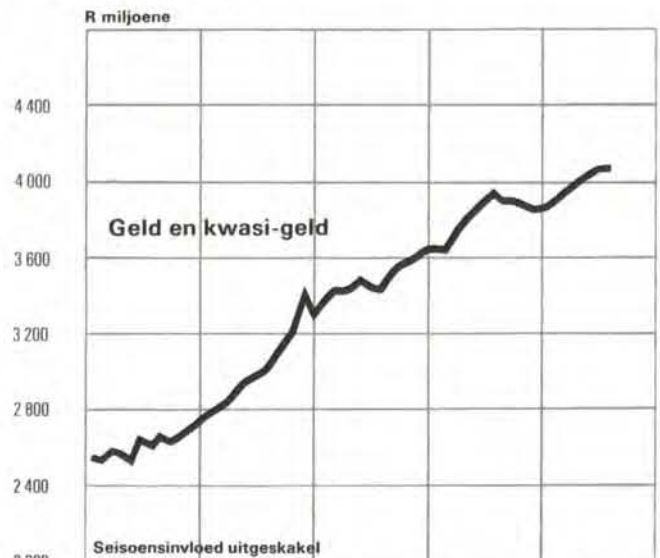
Nadat dit gedurende die laaste vyf maande van 1970 gedaal het, het die seisoensaangesuiwerde hoeveelheid geld en kwasi-geld gedurende die eerste kwartaal van 1971 met R102 miljoen en gedurende die tweede kwartaal met R110 miljoen toegeneem, maar gedurende Julie met slegs R4 miljoen. Vir die eerste sewe maande van 1971 was die seisoensaangesuiwerde jaarkoers van toename effens minder as 10 persent. Die bruto binnelandse produk het egter selfs nog vinniger gestyg, sodat die verhouding van geld en kwasi-geld tot die bruto binnelandse produk, ná uitkakeling van die seisoensinvloed, gedurende die tweede kwartaal van 1971 aangehou het om te daal en 29,7 persent bedra het, in vergelyking met 30,1 persent gedurende die voorafgaande kwartaal en 31,3 persent gedurende die derde kwartaal van 1970.

Oorsake van veranderings in geld en kwasi-geld

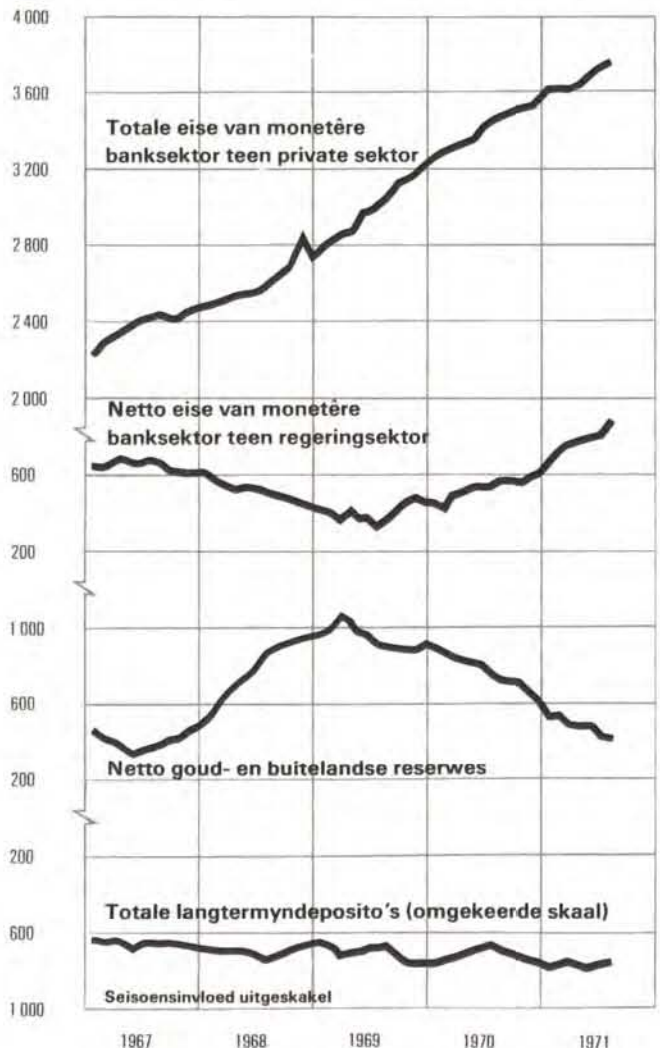
Soos gedurende die eerste kwartaal van die jaar, was die belangrikste enkele oorsaak van die volgehoue styging in geld en kwasi-geld oor die tydperk April tot Julie 1971 steeds die toename in die netto eise van die monetêre banksektor teen die regeringsektor, wat R147 miljoen vóór en R124 miljoen ná uitkakeling van die seisoensinvloed bedra het. In teenstelling met ontwikkelings gedurende die eerste kwartaal, het die toename van R147 miljoen in netto eise egter bestaan uit 'n styging van R109 miljoen in krediet van die monetêre banke aan die regeringsektor, wat grotendeels met 'n vermeerdering van die handelsbanke se besit aan staatseffekte in Mei verband gehou het, eerder as uit 'n daling van die regeringsdeposito's, wat met slegs R38 miljoen verminder het. Die seisoensaangesuiwerde toename van R75 miljoen in die netto eise van die banksektor teen die regering gedurende Julie is die grootste maandelikse styging wat sedert die verandering in die tendens van hierdie eise vanaf die middel van 1969 aangeteken is, en weerspieël die feitlik totale afwesigheid van die gebruikelike seisoenstyging in regeringsdeposito's.

Die eise van die monetêre banke teen die private sektor, ná uitkakeling van die seisoensinvloed, het gedurende die tydperk van vier maande vanaf April tot Julie 1971 met R113 miljoen gestyg, teenoor 'n toename van slegs R46 miljoen gedurende die eerste kwartaal van die jaar. Albei syfers sluit aansienlike stygings in die seisoensaangesuiwerde bedrae aan kaskredietvoorskotte van die Landbank in, wat onderskeidelik R53 miljoen en R58 miljoen bedra het. Die toename in die kaskredietvoorskotte van die Landbank is ook weerspieël in 'n aansienlike styging in die besit aan Landbankwissels van die Reserwebank en die

Monetêre ontleding



Oorsake van veranderings in geld en kwasi-geld



Nasionale Finansiële korporasie, naamlik vanaf R130 miljoen aan die einde van Mei tot R250 miljoen aan die einde van Augustus.

In absolute bedrae was die daling in die netto goud- en ander buitelandse reserwes van die banksektor, sowel vóór as ná uitskakeling van die seisoensinvloed, gedurende die tweede kwartaal en Julie aanmerklik kleiner as gedurende die eerste kwartaal van 1971.

Eise teen die private sektor

Indien die skerp styging in die kaskredietvoorskotte van die Landbank, waarna reeds verwys is, uitgesluit word, het die eise van die monetêre banke teen die private sektor gedurende die tweede kwartaal en Julie 1971 teen 'n betreklik stadige koers toegeneem. As seisoensveranderinge in ag geneem word, wil dit egter voorkom asof die styging in hierdie eise oor die betrokke tydperk van vier maande in werklikheid op 'n geringe daling gedurende die eerste kwartaal van die jaar gevolg het.

Die totale eise teen die private sektor, met uitsluiting van die kaskrediete van die Landbank (voor uitskakeling van die seisoensinvloed, en met insluiting van 50 persent van netto remises in transito), het gedurende die tweede kwartaal van 1971 met R58 miljoen toegeneem maar gedurende Julie met nie minder nie as R46 miljoen gedaal. Aangesien die netto toename in beleggings en deposito's by die private sektor oor hierdie tydperk van vier maande R29 miljoen bedra het, het die totaal van die diskonteringe en voorskotte van alle monetêre banke (uitgesonderd die Landbank) aan die private sektor in werklikheid per saldo met meer as R17 miljoen gedaal.

Insgelyks het die diskonteringe en voorskotte van die handelsbanke, aksepbanke en monetêre huurkoop- en algemene banke vanaf die einde van Maart 1971 tot die einde van Julie per saldo met R22 miljoen gedaal. Die beleggings van hierdie instellings in die private sektor het oor hierdie tydperk met R33 miljoen toegeneem, wat egter grotendeels 'n weerspieëling was van 'n toename van R35 miljoen in die handelsbanke se besit aan obligasies van die Landbank, ander openbare korporasies en plaaslike besture, wat nie by die kredietplafon ingesluit is nie.

Banklikwiditeit

Die oorskot-likwiede bates van die handelsbanke, aksepbanke en monetêre huurkoop- en algemene banke, wat alreeds vanaf 'n seisoenslaagtepunt van R34 miljoen (0,7 persent van die totale verpligtings teenoor die publiek) aan die einde van Januarie 1971 tot R163 miljoen (3,2 persent) aan die einde van April toegeneem het, het verder tot R292 miljoen (5,4 persent) aan die einde van Junie gestyg. Gedurende Julie het die oorskot-likwiede batebesit van die banke tot R140 miljoen (2,7 persent) gedaal, wat nagenoeg dieselfde was as die peil wat aan die einde van Julie 1970 aangeteken is.

Geldmark

Nadat hulle hul skuldposisie teenoor die Reserwebank tot minder as R3 miljoen aan die einde van April verminder het, het die diskontohuise gedurende die tweede helfte van Mei 'n tydelike verlies van daggeldlenings ondervind, wat onder andere blykbaar verband gehou het met die tydelike styging in regeringsdeposito's gedurende daardie maand asook met 'n daling van die Reserwebank en die Nasionale Finansiële korporasie se besit aan Landbankwissels. As gevolg hiervan het die Reserwebank se kredietverlening aan die diskontohuise aan die einde van Mei op R82 miljoen te staan gekom. Insgelyks het seisoensfaktore veroorsaak dat die lenings van die Bank aan die diskontohuise tot R151 miljoen aan die einde van Julie gestyg het. Dit wil egter voorkom asof daar gedurende Augustus 'n hervatting van die tendens in die rigting van 'n algemene verruiming van die toestand op die geldmark ingetree het.

Nadat die skatkiswissel-tenderkoers 'n peil van 5,58 persent bereik het kort nadat die Bankkoers op 31 Maart verhoog is, het dit in ooreenstemming met die ruimer toestand wat gedurende die tweede kwartaal op die geldmark in die algemeen geheers het, tot 'n ietwat laer peil gedaal en rondom 5,5 persent geskommel. Die koers het verder gedaal tot 5,42 persent op 27 Augustus maar daarná weer tot 5,48 persent op 10 September gestyg.

Die koerse wat op private geldmarkinstrumente gekwoteer is, het gedurende April en Mei aanmerklik gedaal voordat dit gedurende Junie en Julie weer tydelik gestyg het. Sederdien kon 'n verdere dalende neiging opgemerk word. So het die koers op verhandelbare depositosertifikate van 90 dae vanaf 9,05 persent op 31 Maart tot 7,25 persent op 4 Junie gedaal; en het vervolgens tot 8,15 persent op 16 Julie gestyg voordat dit tot 6,65 persent aan die einde van Augustus gedaal het. Afgesien daarvan dat 'n koers van $7\frac{1}{2}$ persent algemeen deur die vernaamste handelsbanke op deposito's van 12 maande gekwoteer is (teenoor koerse van $7\frac{3}{4}$ en 8 persent wat voorheen by geleentheid gekwoteer is), was die patroon van die depositorente koerse van die handelsbanke aan die einde van Augustus dieselfde as die patroon aan die einde van Mei soos dit in die *Junie-Kwartaalblad* gepubliseer is.

Staatsfinansies

'n Kenmerk van staatsfinansies vanaf ongeveer die middel van 1969 was die teleurstellende lae peil van die bydrae deur die private nie-banksektor tot die finansiering van die tekort op die Skatkisrekening. Gedurende die tweede kwartaal van 1971 het hierdie bydrae egter R59 miljoen bedra, vergeleke met 'n kwartaallikse gemiddelde van slegs R5 miljoen vir die tydperk Julie 1969 tot Maart 1971. Hierdie gunstige ontwikkeling was in 'n groot mate die gevolg van 'n beter reaksie deur die betrokke sektor op uitgifte van staatseffekte in Mei. 'n Bedrag van R25 miljoen is op

die $8\frac{1}{2}$ persent-langtermynuitgifte en R10 miljoen op die $6\frac{1}{2}$ persent-korttermynuitgifte ingeskryf. Daarbenewens is R8 miljoen op die nuwe Premie-obligasies wat vanaf 15 Junie vir inskrywing beskikbaar is, belê, terwyl die opbrengs van leningsheffings R17 miljoen bedra het.

Ander bydraes tot die finansiering van die groot skatkistekort van R162 miljoen in die tweede kwartaal was 'n netto belegging van R6 miljoen in staatskuldbewyse deur die Staatskuldkommissaris en 'n netto bedrag van R19 miljoen wat van die buitelandse sektor geleen is. Met inagneming van die terugbetaling van lenings ten bedrae van R33 miljoen aan die Betaalmeestergeneraalrekening, het 'n tekort van R111 miljoen oorgebly en dit moes deur 'n toename in die Skatkis se netto skuldposisie teenoor die monetêre banksektor gefinansier word. Dit was die hoogste kwartaallikse syfer wat sedert die vierde kwartaal van 1965 aangeteken is en was hoofsaaklik die gevolg van 'n opmerklieke daling in skatkissaldo's gedurende April en slegs 'n klein styging in hierdie saldo's gedurende Mei nieteenstaande 'n aansienlike toename in die monetêre banksektor se besit aan staatskuldbewyse. In Junie is die Skatkis se netto skuldposisie teenoor die monetêre banksektor egter met R6 miljoen verminder.

Nieteenstaande 'n meer as seisoenale styging in die skatkistekort gedurende Julie, het die netto skuldposisie teenoor die monetêre banksektor met 'n verdere R3 miljoen gedaal. Netto lenings van die buitelandse sektor het R35 miljoen bedra en 'n gelyke bedrag is deur die private nie-banksektor bygedra.

Met die oog op die aansienlike tekort op die Leningsrekening wat gedurende die lopende boekjaar deur middel van lenings gefinansier moet word en die huidige aanduidings dat die opbrengs van lenings nie voldoende sal wees om hierdie tekort te dek nie, het die Minister van Finansies op 14 September die volgende maatreëls aangekondig om die regering te help om sy uitgawes op 'n gesonder wyse te finansier:

1. Die minimum bedrag aan voorgeskrewe bates wat deur geregistreerde pensioen- en voorsorgfondse gehou moet word, word vanaf 1 Oktober 1971 vanaf 40 tot 50 persent van totale bates verhoog, terwyl die minimum gedeelte van hierdie bates wat in staatskuldbewyse gehou moet word, vanaf 10 tot 20 persent van totale bates verhoog word. Fondse wat nie aan die nuwe vereistes op die betrokke datum voldoen nie, sal 'n tydperk van tien jaar gegun word om hul bates aan te pas, maar fondse moet ten volle aan hierdie vereistes voldoen ten opsigte van enige toename in bates vanaf 1 Oktober.
2. Die minimum bedrag aan voorgeskrewe bates wat deur versekeraars gehou moet word, word op 30 persent van netto verbintnisse gehandhaaf, maar die minimum bedrag van staatskuldbewyse wat by hierdie bates ingesluit moet word, word vanaf 1 Oktober vanaf 10 tot 15 persent verhoog. Verseke-

raars wat nie aan die nuwe vereistes voldoen nie, sal 'n tydperk van vyf jaar gegun word om hul besit aan staatskuldbewyse aan te pas. Daar moet egter ten volle aan die nuwe vereistes voldoen word ten opsigte van enige toename in netto verbintnisse vanaf 1 Oktober.

3. Van deelnemingsverbandskemas word vereis om minstens 15 persent van alle fondse wat vanaf 1 Oktober ontvang word, insluitende die herbelegging van terugbetaalde deelnames, in kuldbewyse van die openbare sektor te belê, waarvan die helfte in staatskuldbewyse moet wees.

Alhoewel hierdie maatreëls oor die korttermyn daarop gemik is om met die gesonder finansiering van die tekort op die Leningsrekening te help, het hulle ook ten doel om die regering se aandeel in die vloei van institusionele beleggingsfondse na die openbare sektor te verhoog. In hierdie verband is geraam dat, sover dit die binnelandse kapitaalmark betref, die regering se leningsbehoefte tot ongeveer 50 persent van dié van die openbare sektor as geheel gestyg het. Bowendien sal die groter vloei van nie-bankfondse na die Skatkis oor die langtermyn die regering in staat stel om die belastingdruk vroeër te verlig as wat andersins moontlik sou wees.

Kapitaalmark

Die sterk opwaartse druk op langtermynopbrengskoerse vanaf ongeveer die middel van 1969 het in die loop van die tweede kwartaal van 1971 geneig om ietwat af te neem. Na die verhoging van die opbrengskoers op langtermynstaateffekte vanaf $7\frac{3}{4}$ tot $8\frac{1}{2}$ persent op 31 Maart, het die opbrengskoers op nuwe uitgiftes van langtermyn-effekte deur openbare korporasies en die vyf grootste munisipaliteite vanaf ongeveer 8,9 tot 9,3 persent toegeneem. Die oorheersende opbrengskoers op nuwe uitgiftes van maatskappy-kuldbriewe is egter nie wesenlik beïnvloed nie en het steeds binne die grense $10\frac{1}{4}$ tot $10\frac{1}{2}$ persent gebly. Teen die hoër opbrengskoerse was die regering meer suksesvol in die verkryging van fondse, terwyl alle uitgiftes van semi-prima-effekte vanaf April tot Julie in 'n mindere of meerdere mate oorvolteken was.

Die herstel van aandeelpryse gedurende die eerste kwartaal van 1971 het gedurende die tweede kwartaal voortgeduur, ten spyte van 'n aansienlik verminderde netto belegging van R8 miljoen, vergeleke met R45 miljoen gedurende die eerste kwartaal, deur buitelanders in effekte wat op die Johannesburgse Effektebeurs genoteer is. In Julie het die opwaartse beweging van aandeelpryse egter tot 'n einde gekom en in Augustus is dalings aangeteken, nadat die skakel tussen die Amerikaanse dollar en goud verbreek is en baie van die wêreld se vernaamste geldeenhede, wat sedertdien vlottend was, geneig het om in terme van goud te appresieer. Die pryse van goudmynaandele het gedurende die tweede kwartaal gedaal nadat die onsekerheid aangaande die pariteite van die vernaamste

Europese geldeenhede gedurende Mei tydelik opgeklaar is. In Julie het hierdie pryse oor die algemeen onveranderd gebly, maar het gedurende die eerste helfte van Augustus gestyg, toe die prys van goud op die private mark opwaarts beweeg het, en gedurende die res van daardie maand weer gedaal as gevolg van nuwe valuta-onsekerhede.

Gedurende die tweede kwartaal het die vloei van fondse na die bouverenigings aansienlik afgeneem vanaf die buitengewoon hoë peile wat sedert die middel van 1969 bereik is. Vergeleke met 'n toename van R123 miljoen in deposito's en aandele gedurende die eerste kwartaal van 1971, het die ooreenstemmende syfer vir die tweede kwartaal slegs R45 miljoen bedra. Die kleiner invloeiing van fondse het waarskynlik verband gehou met die toenemende bedrywigheid op die effektebeurs en die groter aantreklikheid van ander beleggingsgeleenthede. Die bedrywigheid op die effektebeurs het egter gedurende Junie en Julie afgeneem en dit is in 'n groter invloeiing van fondse na die bouverenigings weerspieël. Die invloeiing het gedurende Julie R23 miljoen bedra, teenoor 'n maandelikse gemiddeld van R15 miljoen gedurende die tweede kwartaal.

Toenemende mededinging om fondse in die kapitaal-mark teenoor 'n groot vraag na behuisingslenings het druk op die verenigings uitgeoefen om hul leen- en dus ook hul uitleenkoerse te verhoog. Ten einde die verenigings te help om aan die vraag na behuisingslenings te voldoen sonder om hul verbandkoerse te verhoog, het die Minister van Finansies op 19 Augustus die volgende toegewings aangekondig:

1. Dividende op onbepaalde-termyn- en vaste-termyn-aandele sal op dieselfde grondslag as dividende op gewone aandele van maatskappye belas word.
2. Die perk op individuele spaarrekenings word vanaf R10 000 tot R15 000 verhoog.
3. Die vereiste vervat in artikel 32 van die Bouverenigingwet, ingevolge waarvan ander bykomende voorgeskrewe beleggings as likwiede bates gehou moet word, word tot verdere kennisgewing opgeskort.
4. Die beleggingstydperk van bestaande vaste deposito's kan vir tydperke van minder as twaalf maande verleng word.
5. Normale agentekommissie mag ten opsigte van belastingvrye onbepaalde-termyn-aandele betaal word.