

Quarterly economic review

General observations

During the course of the first nine months of 1971, there were clear indications that the official monetary and fiscal policy of reducing excessive demand was slowly but surely achieving its objective. A slow-down in the rate of increase in the aggregate domestic demand for goods and services was accompanied by a discontinuation of the strong upsurge in imports, with a resultant decline in the deficit on the current account of the balance of payments. The pressure on labour and other factors of production was also reduced.

The balance of payments adjustment process was, however, slowed down considerably during the course of 1971 by the harmful effects of the uncertainties associated with international monetary developments. Indeed, developments following the action of the United States on 15th August 1971 actually aggravated South Africa's balance of payments problem. Apart from the adverse effects of a deterioration in world trade and in the terms of trade of South Africa, the expectation that the currencies of some of South Africa's major trading partners would appreciate considerably in relation to the South African Rand has detrimentally affected both the current and capital accounts of the balance of payments. Import and other foreign payments have been advanced, and export and other foreign receipts delayed and foreign capital withheld. In these circumstances, the Government on 24th November 1971 announced a tightening of import control as a balance of payments measure. The Minister of Economic Affairs also stated that the import control policy would again be reviewed in May 1972 in the light of the country's balance of payments situation.

Although the purpose of the tightening of import control is to improve the balance of payments situation, the present easier labour conditions and the appearance of some unused capacity in certain sectors of local manufacturing will make an expansion of production possible. Increased production and a

possible depletion of inventories, which are on a relatively high level, may, in turn, accommodate a shift of demand from foreign to locally produced goods and may thus help to restore balance in the economy without necessarily aggravating inflationary pressure.

The decline in the rate of increase of manufacturing production, coupled with poor world markets for wool, copper and platinum, were mainly responsible for a lower rate of growth in general economic activity, as reflected in a change in the rate of increase of real gross domestic product from 5 per cent in 1970 to about 4 per cent during the first nine months of 1971. It is, nevertheless, clear that the economy as a whole has continued to expand and although certain sectors of industry have been adversely affected, there is no evidence of any widespread recessionary tendency.

Notwithstanding the cooling-off in economic activity, the inflationary situation continued to be a disquieting feature of the South African economy during the first ten months of 1971. Upward pressure was still felt on prices, wages and interest rates and although more recently there have been signs of an easing of pressure on the factors of production and of the development of some surplus capacity in certain industries, the economy as a whole is still operating at a high level of capacity. In general, domestic monetary demand still exceeded the supply of goods and services and the main elements of this excess demand were the sustained high rate of increase in government spending and the renewed upswing in private consumption expenditure, particularly on motor cars. Moreover, the inflationary financing of the government deficit through bank credit was largely responsible for the renewed increase in money and near-money in the hands of private businesses and individuals, which, in turn, facilitated spending by the private sector and thus aggravated the inflationary situation. Under these circumstances the authorities continued to restrain consumer and other credit, and government departments have been requested to curtail government consumption expenditure as far as possible and, on a selective basis, also capital outlays.

National accounts

Lower growth rate in gross domestic product

During the first nine months of 1971, gross domestic product at current market prices increased by about 11 per cent, compared with $9\frac{1}{2}$ per cent during 1970. However, if the escalation of prices in 1971 is taken into account, the rate of increase in the real gross domestic product actually declined from about 5 per cent in 1970 to approximately 4 per cent during the first three quarters of 1971. Although this is a low rate of economic growth according to South African standards, it still represents an increase of more than 1 per cent in the real gross domestic product per head of the population and compares favourably with countries which have experienced no increase or even a decline in the standard of living in recent years.

The contributions of certain sectors to gross domestic product fluctuated markedly during the course of 1971. The value added by agriculture, which declined substantially during the fourth quarter of 1970 as a result of declines in wool prices and sales, rose sharply during the second quarter of 1971 and moderately further during the third quarter owing to good maize and other agricultural crops. The contribution of the non-gold mining sector declined for four consecutive quarters from the second quarter of 1970 to the first quarter of 1971, then rose in the second quarter as a result of higher profits of diamond and other mining companies, but declined again during the third quarter of 1971 on account of a decline in the operating surplus of diamond mining companies. The gold mining sector, on the other hand, contributed substantially more to the gross domestic product during the third quarter of 1971 owing to the higher premium earned on sales of gold on the private market.

The contribution of the manufacturing sector, which is larger than that of any other sector, continued to

grow during the first three quarters of 1971, mainly as a result of a sustained rise in the remuneration of employees and during the third quarter of 1971 also owing to increased profits. All the other sectors including general government, continued to add to the increase in gross domestic product, and it would appear that, apart from the irregular performances by the primary sectors resulting from changes in world markets, the rest of the economy continued to grow at a lower but steady rate during the first three quarters of 1971. There has, therefore, been no evidence of a recessionary tendency.

Decline in excess of domestic expenditure over national product

Although aggregate domestic monetary demand for goods and services (as measured by gross domestic expenditure) continued to exceed the domestic supply of goods and services (as measured by gross national product), the excess declined substantially during the course of the first three quarters of 1971. This trend was also reflected in the reduction of the deficit on the current account of the balance of payments. However, the major components of gross domestic expenditure, showed divergent tendencies during the third quarter of 1971. The rate of increase in private and government consumption expenditure accelerated, that of fixed investment declined somewhat, while the net addition to inventories was smaller during the third quarter than during each of the preceding three quarters.

Gross domestic expenditure and national product (Seasonally adjusted annual rate)

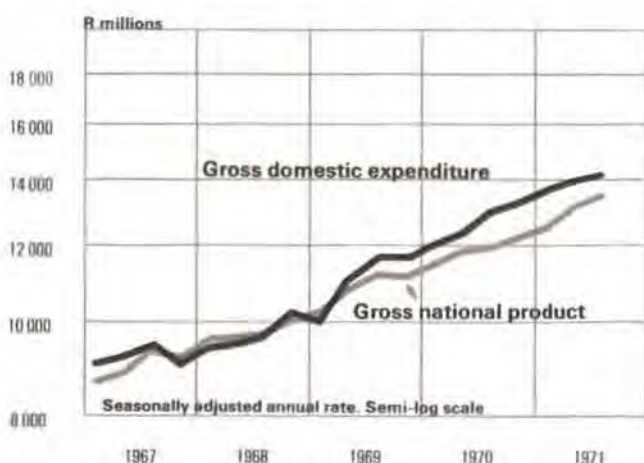
(R'000 millions)

	1970		1971		
	1st half	2nd half	1st qtr.	2nd qtr.	3rd qtr.
Gross domestic expenditure	12,3	13,3	13,8	14,0	14,4
Gross national product	11,7	12,1	12,5	13,1	13,5
Excess expenditure	0,6	1,2	1,3	0,9	0,9

Renewed increase in consumption expenditure

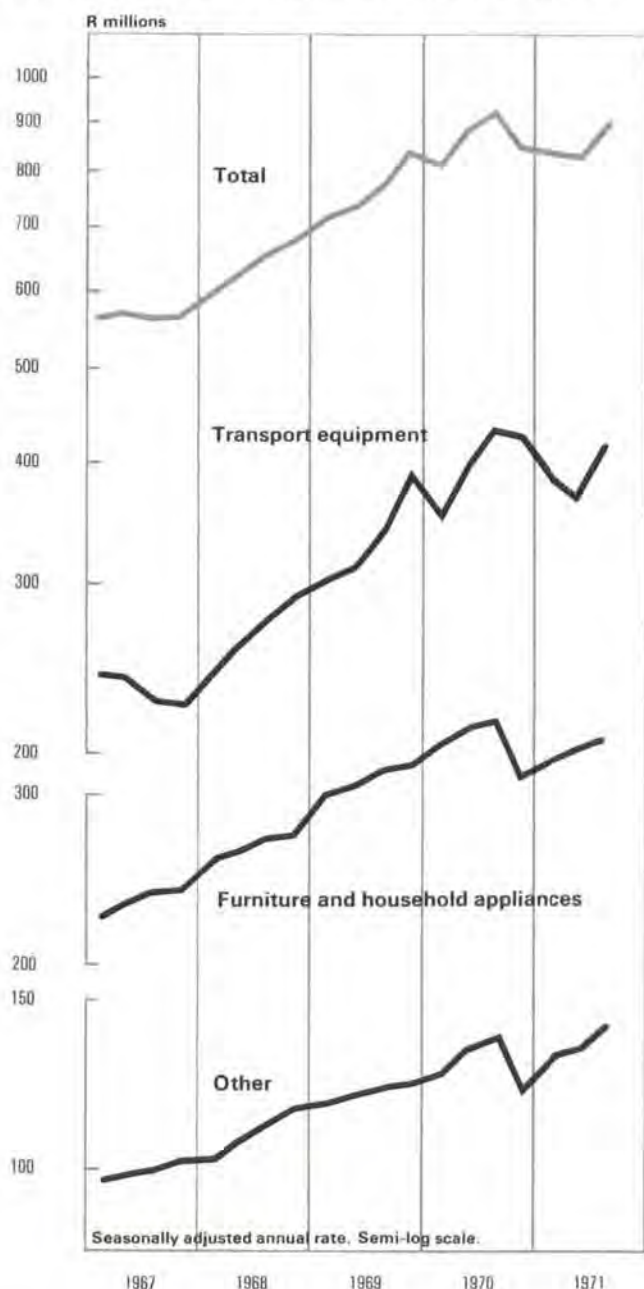
After increasing at lower rates during the preceding three quarters, private consumption expenditure rose faster again in the third quarter of 1971 and was the main contributing factor to the further increase in total domestic expenditure. A renewed upsurge in expenditure on durable goods, particularly on new motor cars, was to a large extent responsible for the acceleration in the rate of increase in private consumption expenditure during the third quarter of 1971. The amount spent on new motor cars, having declined for three consecutive quarters as a result of the imposition of various restrictive measures, increased sharply during the third quarter without any relaxation of hire-purchase

Gross national product and domestic expenditure

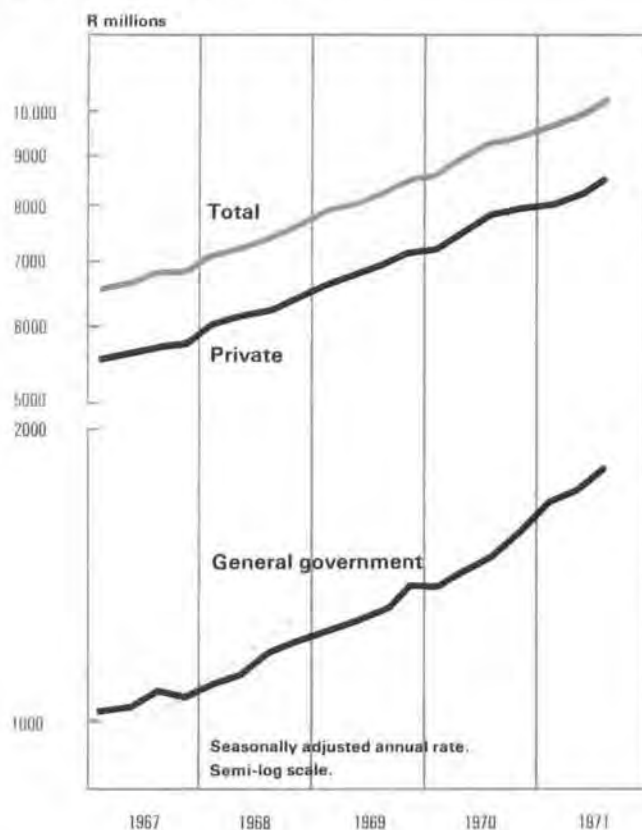


credit requirements or a reduction in sales duty, indicating that these measures have had a temporary effect only. Expenditure on furniture and household appliances also showed a further moderate increase during the third quarter of 1971, with the result that total spending on durable goods rose strongly again after the decline recorded during the preceding three quarters. Outlays on clothing and footwear also increased substantially during the third quarter owing mainly to price rises, while the rates of increase in expenditure on non-durable goods and on services were only slightly higher than during the second

Private consumption expenditure on durable goods



Consumption expenditure



quarter. In real terms, total private consumption expenditure showed a relatively low growth rate during the first three quarters of 1971 as a whole, but accelerated during the third quarter of 1971.

Government consumption expenditure continued to rise at a rapid rate during 1971 and for the first three quarters was on average more than 20 per cent higher than during the corresponding period of 1970. Although the rates of increase in current government spending during the second and third quarters of 1971 were lower than those recorded during the last quarter of 1970 and the first quarter of 1971, they were nevertheless still very high.

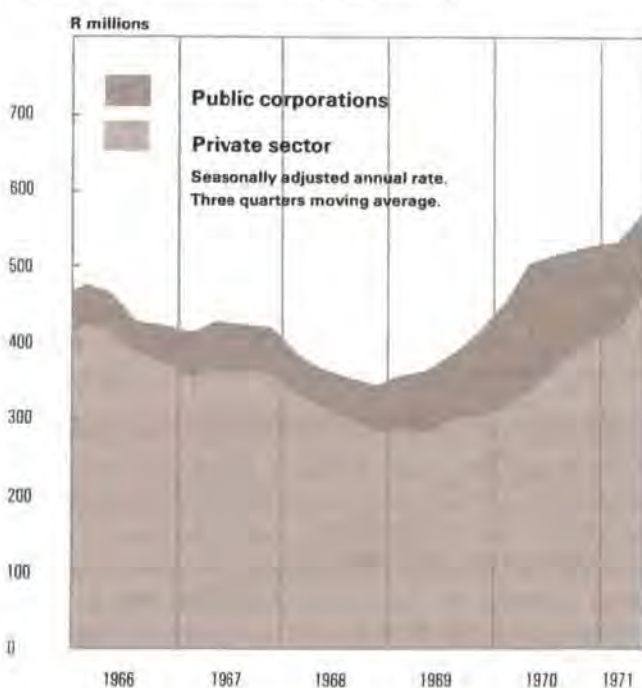
Divergent trends in fixed investment of different sectors

Although total gross domestic fixed investment increased at a lower rate during the first three quarters of 1971 than during 1970, capital outlays by some sectors increased substantially, as the accompanying table shows. The most outstanding increases were registered by the S.A. Railways and Post Office (36 per cent) and the provincial administrations (28 per cent). Fixed investment by the private sector (including public corporations) increased by more than 11 per cent in 1971, compared with nearly 18 per cent

during 1970. Under the latter sector, the tertiary sectors recorded the highest increase in capital outlays (13 per cent), followed by the secondary sectors (11 per cent) and the primary sectors (7 per cent). As fixed investment of public corporations, which often shows irregular fluctuations associated with spending on large projects, declined by about 12 per cent during the first nine months of 1971, capital outlays of private enterprises alone rose by about 16 per cent.

The private manufacturing sector, which contributed about 70 per cent to total manufacturing fixed investment and approximately 12 per cent to total fixed investment in 1970, invested about 33 per cent more during the first three quarters of 1971 than during the corresponding period of 1970. After eliminating price changes and allowing for capital depreciation, real net fixed investment in manufacturing still rose significantly, indicating that additional production capacity was being created. As the volume of manufacturing production rose only moderately, it would appear that unused capacity exists in certain sectors of manufacturing. According to the quarterly figures, fixed investment by the private manufacturing sector increased strongly during the second and third quarters of 1971, after having declined slightly during the fourth quarter of 1970 and the first quarter of 1971. The upward trend in fixed investment by this sector, which had started in the middle of 1969 thus continued until the third quarter of 1971, i.e. for more than two years.

Gross fixed investment: manufacturing



Gross domestic fixed investment

Sector	Percentage of total	Percentage change	
		1970	First three quarters 1971 compared with same period in 1970
<i>Private enterprises and corporations</i>	64,8	17,8	11,5
Primary sectors	12,3	2,8	6,6
Secondary sectors	22,9	22,0	11,1
Tertiary sectors	29,6	21,8	12,8
<i>Public authorities</i>	35,2	15,2	19,4
Central government	18,0	18,7	22,1
S.A. Railways and Post Office	9,8	21,6	35,7
Other central government	8,2	15,5	6,0
Provincial administrations	7,9	6,9	28,2
Local authorities	9,3	16,2	7,1
Total all sectors	100,0	18,3	14,3

Smaller net addition to inventories

Although a further net addition to total inventories was made for the tenth consecutive quarter, the build-up during the third quarter of 1971, was smaller than during each of the previous three quarters, and was once again to a large extent confined to industrial and commercial inventories and agricultural stocks in trade.

Insufficient domestic saving

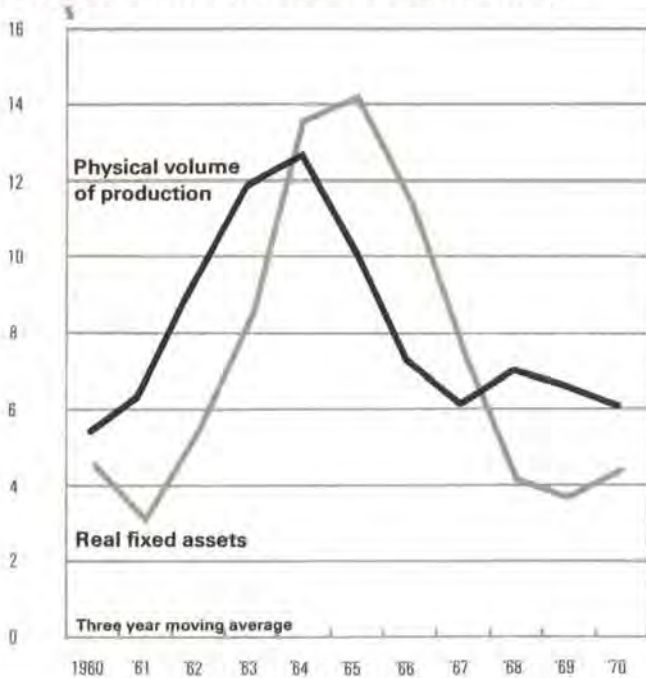
During the third quarter of 1971, gross domestic saving and total gross domestic investment declined by about the same amount, with the result that the shortfall of domestic funds for the financing of total investment remained almost unchanged during the third quarter compared with the second quarter. Foreign funds of approximately the same amount as during the second quarter had therefore to be employed in the financing of total gross domestic investment.

Production and employment

The volume of manufacturing production showed a tendency to level off from April 1970 to September 1971, i.e. for the last eighteen months for which information is available. Thus, the average level of the seasonally adjusted index of the physical volume of manufacturing production was only 3.3 per cent higher during the first nine months of 1971 than during the corresponding period of 1970. The volume of production of non-durable goods continued to increase, but that of durable goods, particularly basic metals and metal products, transport equipment and machinery, showed a declining tendency during the first nine months of 1971. Total hours worked and the value of unfilled orders also levelled off during this period.

A comparison of the annual rates of change over the past decade in the volume of production and the net additions to capacity, as measured by changes in the real value of fixed capital assets in manufacturing, reveals a striking correlation, with increases in production leading capacity creation by between one and two years. Judging by past experience, it would, therefore, appear that a revival in manufacturing production is required before a real boom in fixed investment will follow. The *de facto* depreciation of the Rand in terms of the currencies of some of South Africa's major trading partners, caused by their exchange rates floating upwards, together with the tightening of import control announced on 24th November, will help to improve the competitive position of local manufacturers and may thus stimulate production and investment.

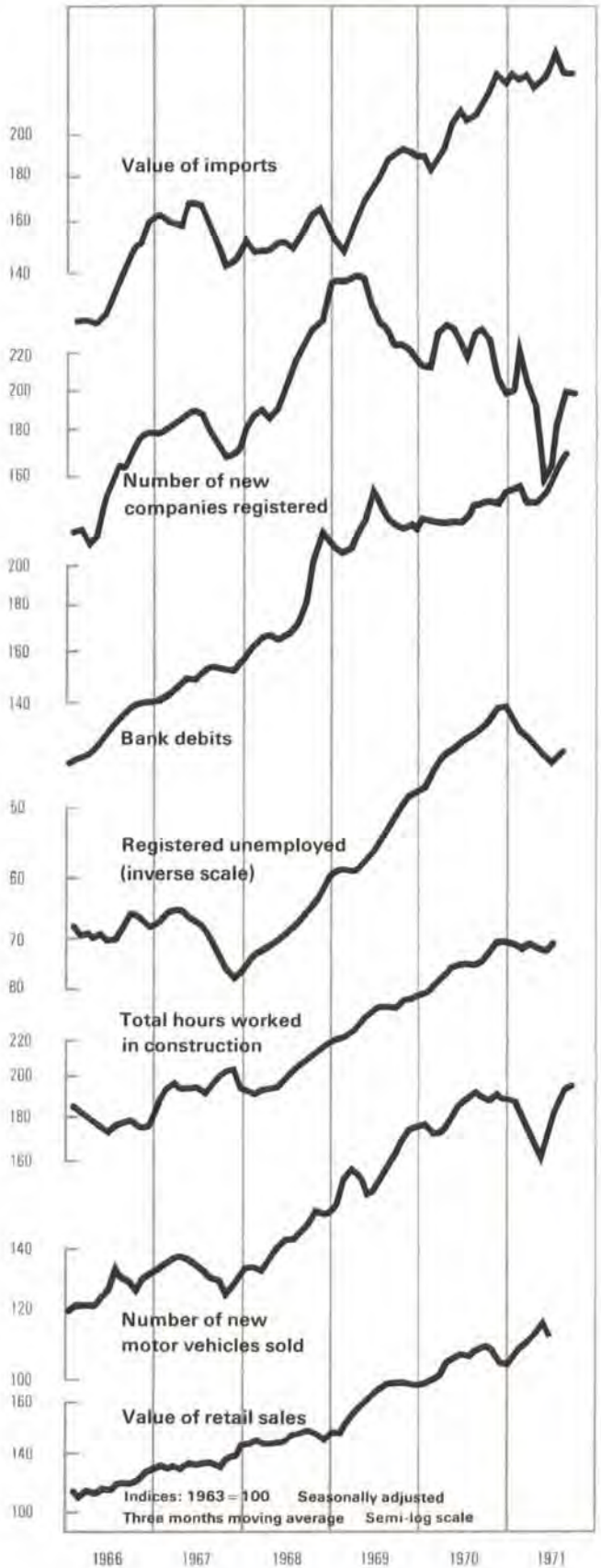
Percentage change in real fixed assets and physical volume of production of manufacturing



The volume of gold mining production continued to decline until October 1971 from a peak reached in June 1970 and was on average 2.3 per cent lower during the first ten months of 1971 than during the corresponding period in 1970. However, the higher premium earnings from gold sales on the private market contributed to an increase in profits during the third quarter of 1971. In the case of non-gold mining, the volume of production levelled off from the fourth quarter of 1970.

After increasing sharply and continuously from the end of 1967 to the end of 1970, construction activity levelled off at a high level during 1971. This levelling-

General economic indicators



off tendency is clearly evident from the indices of employment, overtime as a percentage of ordinary hours worked, buildings completed, and wholesale sales of building materials.

Contrary to the levelling-off tendencies in the manufacturing, mining and construction sectors, activity in the retail, wholesale and motor trade recovered remarkably during the course of 1971 and buoyant conditions prevailed in most sections of commerce. After a decline during the fourth quarter of 1970, following upon the introduction of more stringent hire-purchase and other credit requirements, the value of retail and wholesale sales increased sharply again. The value of retail sales of furniture and household electrical appliances, which had shown the strongest reaction in response to the more stringent credit conditions, also recorded the most notable recovery during 1971. Sales of new motor vehicles, which declined during the first four months of 1971, increased sharply to a new record level in September, before declining slightly in October. Particularly pronounced was the increase in sales of commercial vehicles, with a rise of 42 per cent between September 1970 and September 1971. It is not surprising, therefore that the Minister of Economic Affairs on 24th September made the hire-purchase requirements on motor cars also applicable to all commercial vehicle sales to the non-business sector, in order to discourage the use of commercial vehicles for private household purposes as a means to avoid the stricter hire-purchase requirements.

In accordance with the lower rate of growth in general economic activity, employment in the non-agricultural sectors of the economy, taken as a whole, remained relatively constant during the first half of 1971. Employment in both gold and non-gold mining declined noticeably and that in manufacturing and construction levelled off during the first eight months of the year, while employment in the public sector, including the S.A. Railways and the Post Office, continued to increase. A slight easing of the labour situation in certain sectors has become noticeable and this has also been reflected in an increase in the number of registered unemployed Whites, Coloureds and Asians from 7 469 in December 1970 to 8 519 in September 1971. Despite the easing in labour conditions, productivity in the manufacturing sector would appear to have declined.

Prices

The seasonally adjusted consumer price index increased by 6.5 per cent between October 1970 and October 1971. This relatively high rate of increase was partly due to increases in sales duty and other indirect taxes as well as in a number of government-administered prices, all of which were largely concentrated in the second quarter of 1971. The rates of increase in the consumer price index over the past four quarters,

taken at a seasonally adjusted annual rate, reveals an exceptionally high figure of 12.3 per cent during the second quarter, compared with an increase of 4.9 per cent during the third quarter of 1971. During the fourth quarter of 1970 and the first quarter of 1971 the index rose at annual rates of 3.9 and 4.5 per cent, respectively. If the estimated effects of the increase in sales duty, other indirect taxes and government-administered prices are excluded from the consumer price index, a rate of increase of about 4 per cent was recorded during the year ended October 1971.

Consumer prices Annual percentage rate of change in seasonally adjusted index

	1970				1971	
	4th qtr.	1st qtr.	2nd qtr.	3rd qtr.	Sept. 1971	Oct. 1971
Services:	7.7	4.6	10.5	7.6	7.6	6.8
Housing	8.9	3.7	6.6	9.3	7.1	6.2
Other	5.8	6.9	18.4	3.9	8.6	8.0
Goods:	1.3	4.7	13.0	3.5	5.6	6.1
Food	0.3	-1.0	11.5	4.9	3.8	5.3
Furniture and equipment	3.1	9.8	6.7	3.6	5.8	5.9
Clothing and footwear	-0.8	—	4.6	5.6	2.3	2.7
Purchase of vehicles	3.7	19.5	6.2	3.2	8.0	8.0
Other	2.1	8.5	24.0	1.0	8.5	8.5
Total	3.9	4.5	12.3	4.9	6.3	6.5

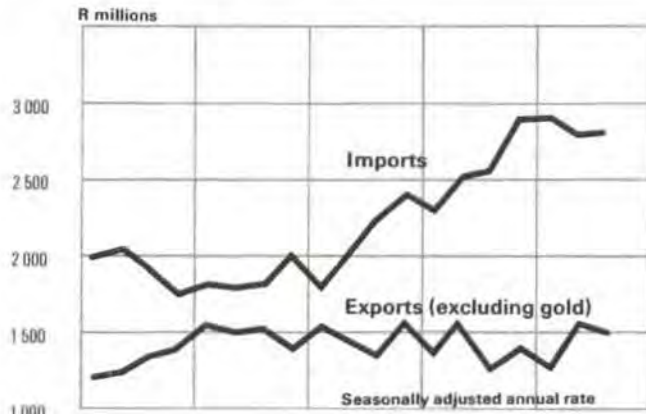
The seasonally adjusted index of wholesale prices increased by 4.9 per cent from September 1970 to September 1971, with higher prices of imported goods contributing significantly to this rise.

Balance of payments

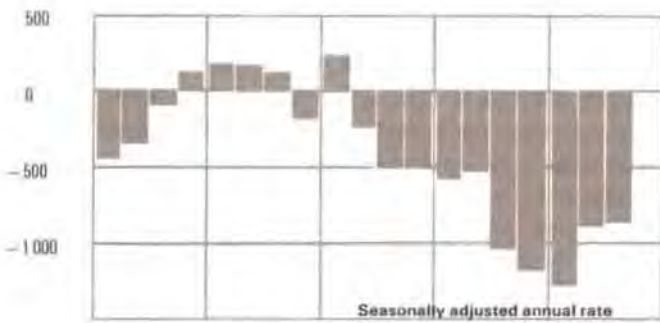
Further improvement in balance on current account

The balance of payments on current account showed a further small improvement from a deficit of R236 million during the second quarter to R205 million during the third quarter of the year. This was the third consecutive quarter that an improvement had been recorded on the current account of the balance of payments. Taken at a seasonally adjusted annual rate, the balance on current account improved from a deficit of R1 254 million in the first quarter to R881 million in the second quarter and R864 million in the third quarter of 1971. The small further improvement during the third quarter occurred mainly as a result of a slight improvement in net gold output and net service payments, which more than offset a small increase in merchandise imports and a moderate decline in mer-

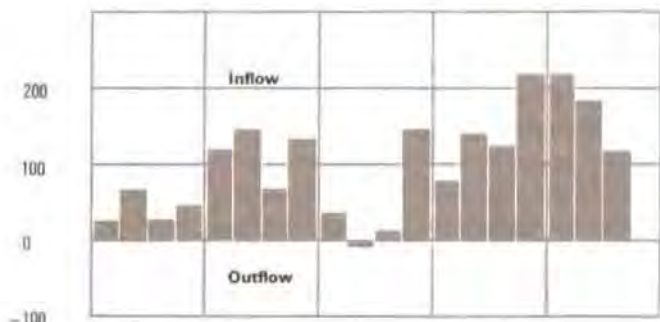
Current account of the balance of payments



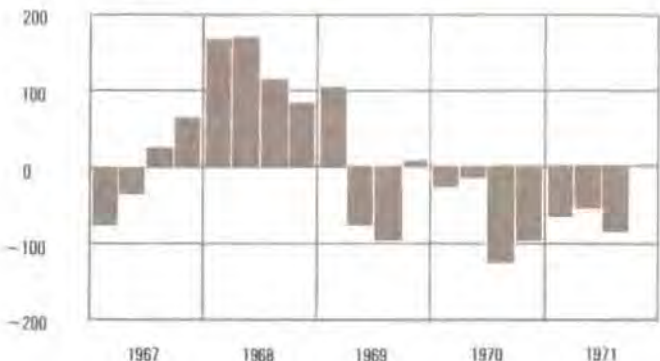
Balance on current account



Total capital movements



Change in gold and foreign reserves

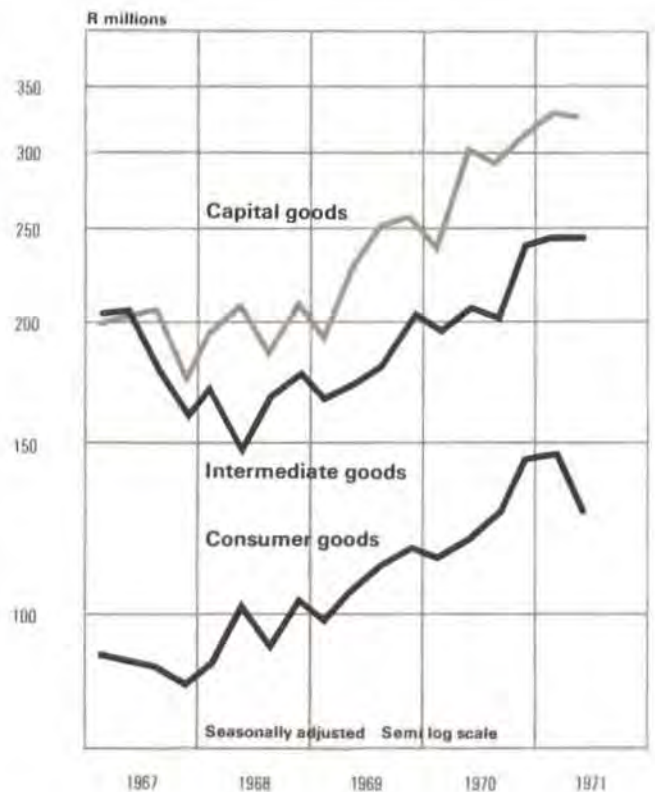


chandise exports. Notwithstanding the improvement, the deficit on current account for the first nine months of the year amounted to no less than R738 million, compared with R843 million in 1970 as a whole.

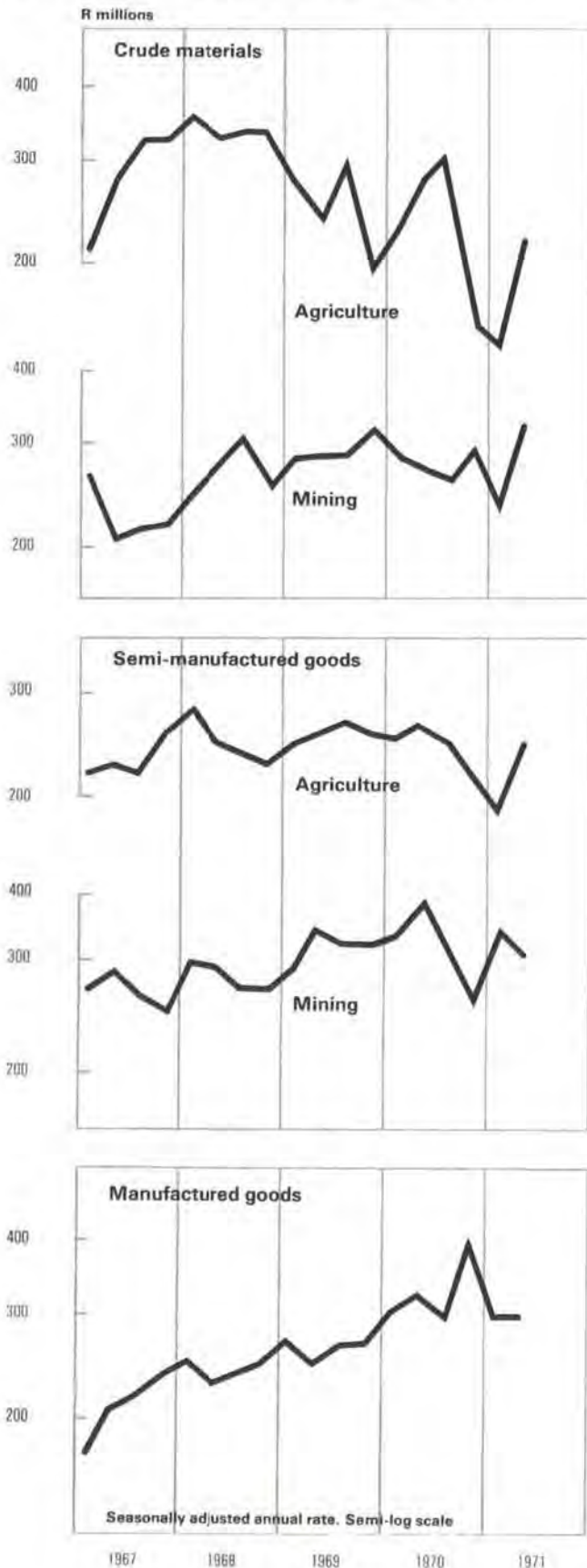
The harmful effects of the uncertainties regarding international exchange rates, not only slowed down the balance of payments adjustment process in South Africa, but developments following upon the suspension of convertibility of the dollar into gold and the imposition of a ten per cent import surcharge by the United States on 15th August actually aggravated South Africa's balance of payments problem. The upward floating in relation to the dollar of the currencies of some of South Africa's major trading partners brought uncertainty about the future exchange value of the Rand. This uncertainty, in turn, led to "leads" in import and other foreign payments, "lags" in exports and other foreign receipts, and to a withholding of foreign capital, and thus detrimentally affected both the current and capital accounts of the balance of payments. In these circumstances, the Government on 24th November 1971 announced a considerable tightening of import control as a balance of payments measure. (The announcement of the Minister of Economic Affairs containing details of the restrictions appears elsewhere in this *Bulletin*.)

The behaviour of imports during the first ten months of 1971 has been significant. After rising sharply for

Imports



Exports according to stage of manufacturing



two consecutive years until the end of 1970, imports showed a different behaviour during the first ten months of 1971, when the pronounced upward trend was arrested. After adjustment for seasonal fluctuations and taken at an annual rate, imports declined for five consecutive months from a level of R3 148 million reached in December 1970 to R2 682 million in May 1971, and then fluctuated with peaks of more than R3 200 million in June and August 1971. During September it was down to about R2 600 million, but increased again to R2 954 million in October.

The lower rate of growth in imports was largely accounted for by the imports of consumer goods, which declined from a seasonally adjusted annual peak of R584 million in the first quarter to R512 million during the second quarter of the year. Although still at a relatively high level, imports of intermediate and capital goods increased at a lower rate during the first half of 1971.

Merchandise exports declined slightly from a seasonally adjusted annual rate of R1 575 million in the second quarter to R1 533 million in the third quarter of 1971. During October it declined further. Mainly owing to improved agricultural conditions, in particular the maize crop, merchandise exports amounted to R1 121 million during the first nine months of 1971, compared with R1 080 million in the same period during the previous year. A classification of exports according to stage of manufacturing shows that, after declining for three years, exports of agricultural crude materials improved during the first half of 1971. Similarly, improvements were recorded in the exports of crude materials originating from mining and in semi-manufactured agricultural products, while exports of semi-manufactured mining products and manufactured goods exported declined during the first half of 1971.

On account of higher premiums earned on the private gold market, net gold output increased again from a seasonally adjusted annual rate of R902 million during the second quarter to R929 million during the third quarter of 1971. Net service payments levelled off during the third quarter as a result of a slight increase in service receipts and a decline in service payments.

Reduced but large net capital inflow

During the first nine months of 1971, a record net capital inflow of R517 million was recorded. The inflow of long-term loans amounted to R225 million of which R67 million was obtained by the central government and banking sector, R102 million by public corporations and local authorities and R56 million by private enterprises. During the course of 1971 the inflow has, however, showed a persistent declining tendency from R217 million in the first quarter to R117 million in the third quarter. The decline in the net inflow of capital during the third quarter was not unexpected and was to a large extent

attributable to developments in the international monetary field. The uncertainty about the exchange value of the Rand in terms of the currencies of some of our major trading partners, understandably, led to the reduction of trade and other credits resulting in an outflow of short-term capital and, at the same time, discouraged an inflow of capital.

Nevertheless, the net inflow of capital to the private sector still amounted to the substantial figure of R108 million during the third quarter. Of this total inflow, R87 million represented long-term capital, while short-term capital, including errors and unrecorded transactions, accounted for R21 million. The long-term capital consisted largely of loans obtained abroad, although net purchases by foreigners of securities listed on the Johannesburg Stock Exchange increased from R8 million during the second quarter to R19 million in the third quarter. Notwithstanding an increase of R58 million in the external debt of the central government, a net capital inflow of only R9 million was recorded for the central government and banking sector, mainly due to the repayment of a loan by the Reserve Bank and a sharp increase in the trade debits of the central government.

Decline in gold and foreign reserves

The net result of the deficit on current account of R205 million and the net inflow of capital of R117 million was a decline of R88 million in the gold and foreign reserves during the third quarter of 1971. This fall was reflected in net declines of R92 million and R19 million in the reserves of the Reserve Bank and the rest of the banking sector, respectively while the reserves of the central government increased by R23 million owing to the increase in South Africa's subscription to the International Monetary Fund and a corresponding rise in South Africa's reserve position in the Fund.

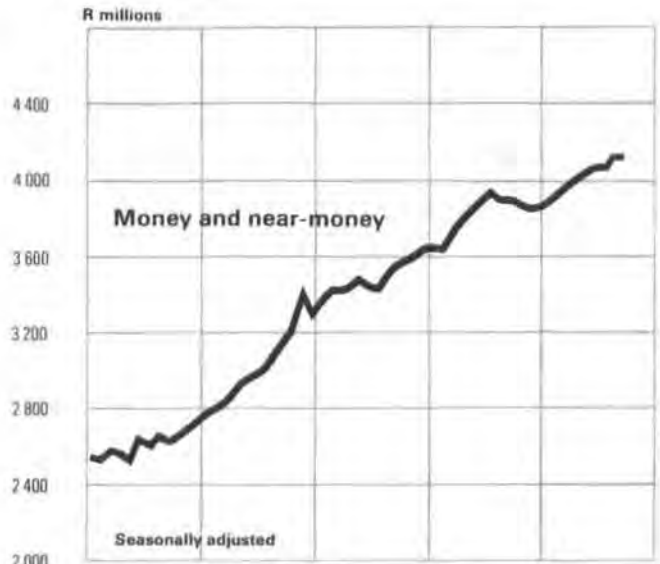
For the first nine months of 1971, the gold and foreign reserves declined by R221 million as a result of balance of payments transactions. Owing to an allocation of Special Drawing Rights amounting to R15 million and a profit of R2 million on the revaluation of the Swiss franc, the gold and foreign reserves effectively declined by only R204 million to a level of R603 million at the end of September. During October the gold and foreign reserves of the Reserve Bank declined by R18 million and from the end of October up to 26th November by a further R40 million.

Money and banking situation

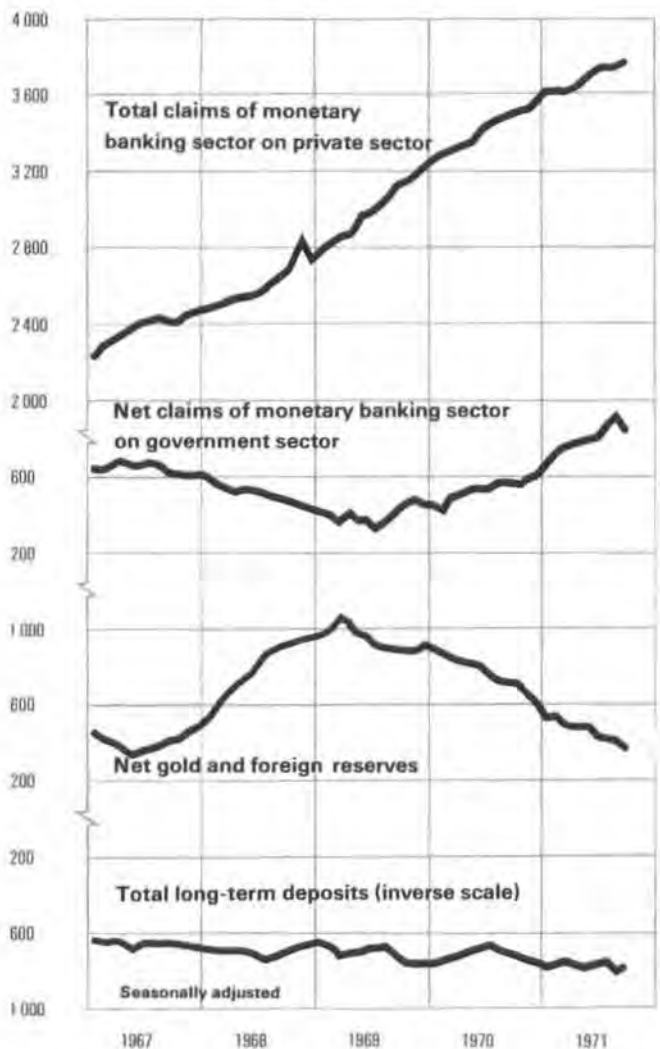
More rapid rise in money and near-money

After declining during the second half of 1970, the seasonally adjusted quantity of money and near-money increased again at a relatively rapid rate during the first nine months of 1971. Between December 1970 and August 1971 it rose at an annual rate of about 11 per cent, but then declined slightly during

Monetary analysis



Causes of changes in money and near-money



September so that the annual rate of increase for the first nine months was reduced to approximately 9½ per cent. The ratio of the average quantity of money and near-money to the gross domestic product, both seasonally adjusted, declined further over this period from 30.4 per cent during the fourth quarter of 1970 to 30.2 per cent during the first quarter of 1971 and to 29.6 per cent during both the second and third quarters of 1971.

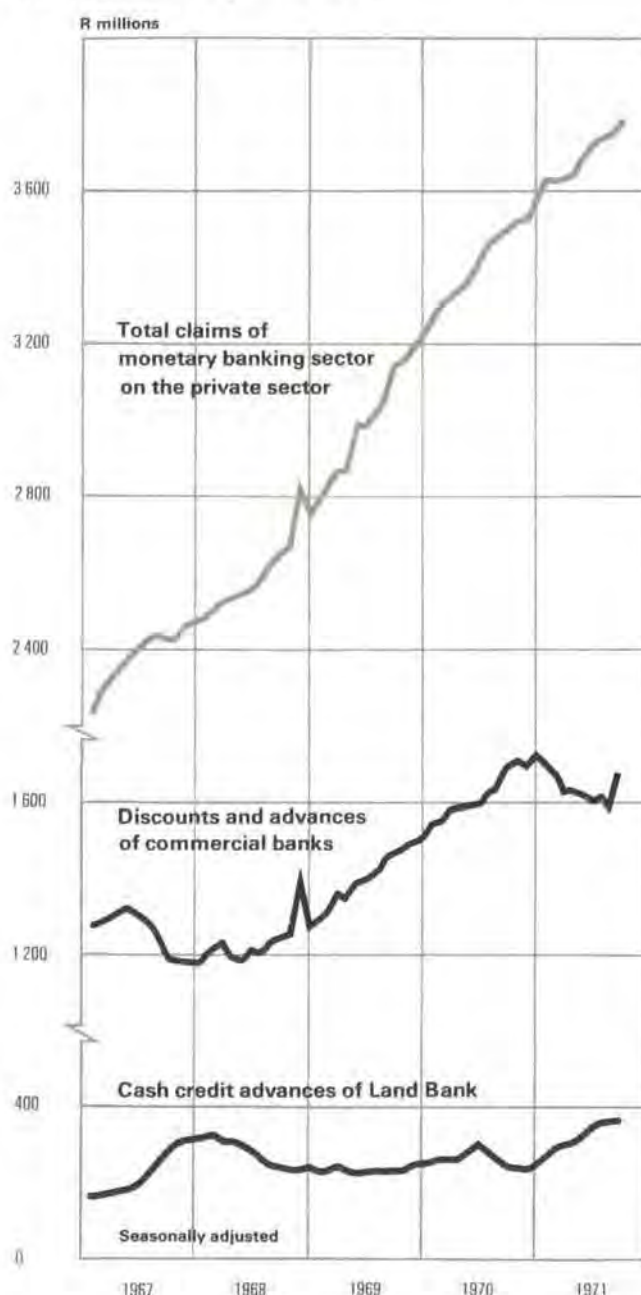
Increase in net claims on the government sector main cause of increase in money and near-money

Notwithstanding a substantial decline in the net gold and foreign reserves, the renewed upward movement in the quantity of money and near-money during the first nine months of 1971 was mainly caused by the government sector, which not only drew down its balances with the Reserve Bank and other banking sector institutions, but also borrowed from the banking sector in the form of issues of Treasury bills and government stock. During the first three quarters of 1971, the banking sector's holdings of government securities and other claims on the government sector increased by R79 million and at the same time government deposits with the banking sector declined by R88 million, together resulting in an increase of R167 million in net credit to the government sector. If adjusted for seasonal movements, the latter figure amounted to no less than R240 million.

Although the increase in the quantity of money and near-money during the first nine months of 1971 was also to a substantial extent due to a rise in bank credit to the private sector, amounting to R187 million before seasonal adjustment, the latter increase was mainly accounted for by an increase of R149 million in cash credit advances extended by the Land Bank. In fact, the discounts and advances of commercial banks, which constitute the major component of claims on the private sector (63 per cent at the end of 1970), declined over the first nine months of 1971.

From December 1970 to August 1971 the seasonally adjusted total of commercial banks' discounts and advances, excluding those to the Land Bank, declined

Bank credit to the private sector



Change in claims on the private sector—first nine months of 1971

(R million)

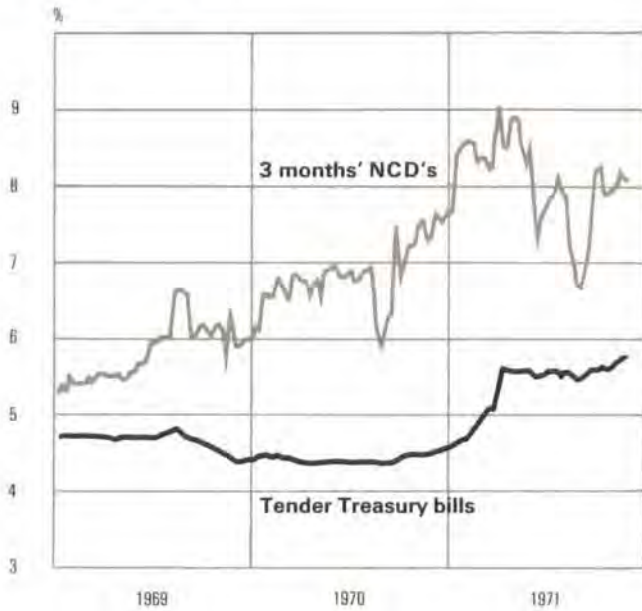
	Not seasonally adjusted	Seasonally adjusted
Commercial banks' discounts and advances (excluding those to the Land Bank)	-15	-51
Land Bank cash credits	149	110
Others	53	—
Total	187	204

by R154 million, but then rose by as much as R103 million during September, probably as a result of a replacement of foreign trade credits by domestic bank credit. According to preliminary data, a further fairly substantial increase in the discounts and advances of the commercial banks occurred during October.

Tight money market conditions

From the end of August 1971 to middle November 1971, conditions in the money market tightened considerably mainly owing to a decline of R78 million in the gold and foreign reserves of the Reserve Bank

Money market rates



between 27th August and 19th November 1971. The excess liquid assets of banking institutions were reduced, the discount houses borrowed substantially from the Reserve Bank and short-term interest rates quoted by the private sector moved upwards. The Treasury bill tender rate also increased from 5,42 per cent on 27th August to 5,72 per cent on 19th November, but the margin between this rate and that quoted on three-months NCD's widened considerably and in the middle of November was nearly $2\frac{1}{2}$ per cent, compared with approximately $1\frac{1}{8}$ per cent on 27th August and $\frac{1}{2}$ per cent at the beginning of 1969.

Money-market interest rates

	27th August 1971 %	19th November 1971 %
Treasury Bill tender rate	5,42	5,72
3-months bankers' acceptances	7,00	8,00
90-day NCD's	6,65	8,10
150-day NCD's	7,05	8,40
Basic call rate of discount houses	5,30	5,75

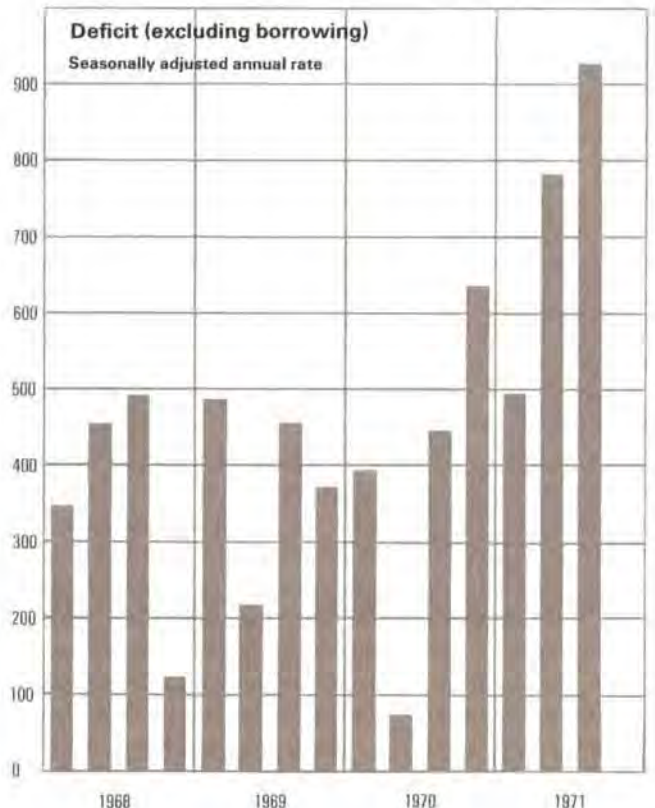
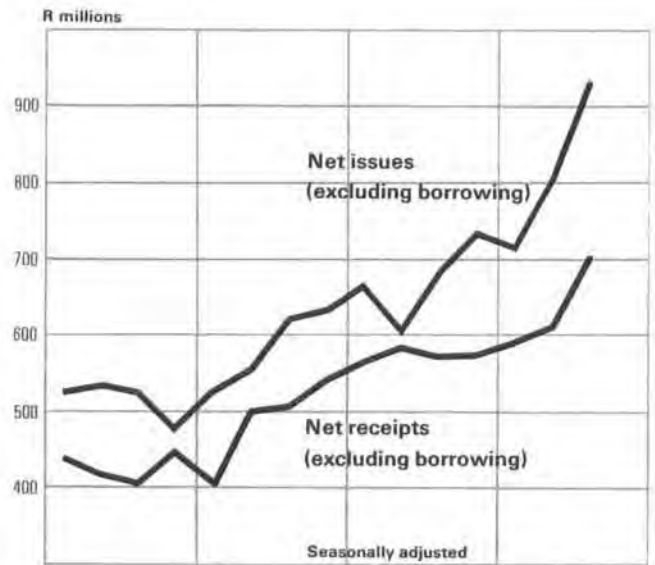
Government finance

The financing of the excess of government expenditure over income in a non-inflationary manner was rendered more difficult not only by the general shortage of capital and the social and other consequences of borrowing at still higher interest rates, but also by the magnitude of the overall deficit on the Exchequer Account. A deficit of almost R700 million was envisaged by the Minister of Finance in the 1971/72

Budget and the Supplementary Budget, compared with a deficit of R424 million on the Exchequer Account during 1970/71. According to Exchequer issues and receipts for the first half of the present fiscal year, it would appear that the overall deficit may be more than the R700 million anticipated.

With this large deficit, the Exchequer was unable to borrow sufficient funds from sources outside the

Exchequer account



banking sector and had to increase its net indebtedness to the banking sector and the foreign sector by large amounts, namely R150 million and R79 million, respectively, during the six months ended September 1971. In addition, R145 million was borrowed from the private non-banking sector, mainly on a compulsory basis, while the net indebtedness to the Public Debt Commissioners and the Paymaster-General was reduced by R9 million and R33 million, respectively, during the same period.

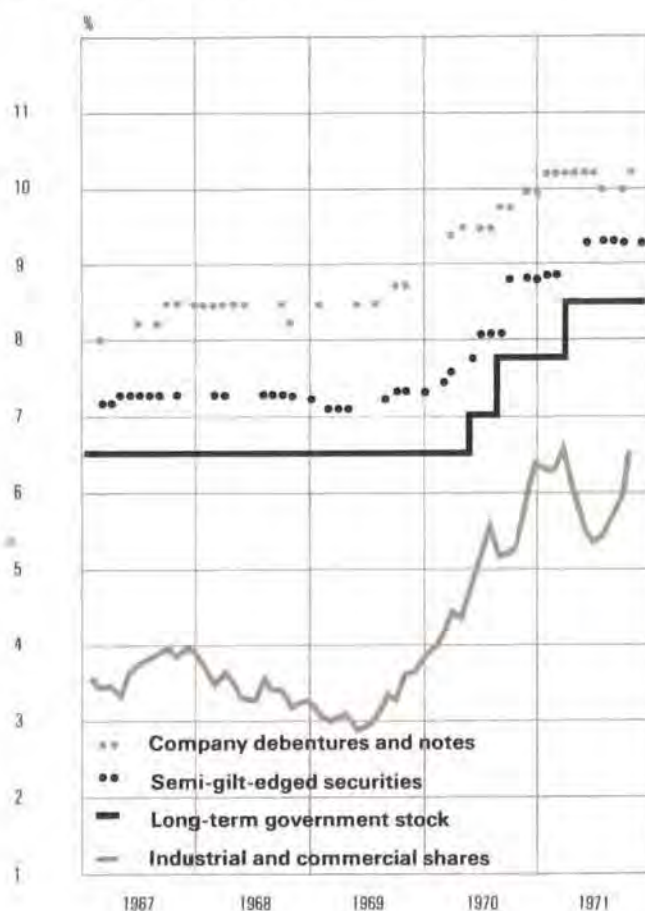
Capital market

After the excess of demand over supply in the market for loanable funds had exerted strong upward pressure on long-term interest rates from about the middle of 1969 to April 1971, a temporary easing of this pressure was noticeable during the remainder of the second quarter and during the third quarter of 1971. Yields on company debentures moved slightly downwards to a level of about 10 per cent during the third quarter and new issues of semi-gilt-edged securities were oversubscribed. In October, however, the long-term yield on company debentures moved upwards again to a level of about $10\frac{1}{4}$ per cent, and conditions in the market for fixed-interest securities generally tended to tighten again. The widening of the gap between the yield on company debentures and gilt-edged securities may also have been related to the higher investment requirements for insurers and pension funds from 1st October.

After recovering during the first half of 1971, prices in the equity market declined again noticeably during the third quarter and October. Except for share prices of banks and insurance companies and coal mines, which declined only moderately, the prices of all other classes of shares declined by between 17 and 27 per cent during the third quarter of 1971. Uncertainty about international monetary developments and pessimistic assessments of the domestic economic situation may have contributed to this new downward movement in the equity market. The fall in share prices led to increases in dividend yields on shares. The average dividend yield on mining shares amounted to 9,0 per cent in October, while that on financial shares and on industrial and commercial shares amounted to 5,2 and 6,6 per cent, respectively. A comparison of the yield on industrial and commercial shares, for example, with that on long-term gilt-edged stock indicates that the reverse yield gap narrowed from 3,2 per cent in June to 1,9 per cent in October.

During the third quarter of 1971 the inflow of funds to building societies increased to R95 million, compared with an inflow of R46 million during the second quarter. This more-than-doubling of the inflow of funds was partly the result of the usual reinvestment of dividend payments in September, but was also related to the tax concession announced by the Minister of Finance in August, in

Interest rates and yields



terms of which dividends on building society shares are to be treated for tax purposes on the same basis as company dividends. The inflow of funds in October amounted to R27 million, consisting of an increase of R32 million in share capital, a decline of R13 million in fixed deposits and an increase of R8 million in savings deposits.

Kwartaallikse ekonomiese oorsig

Algemene opmerkings

Gedurende die loop van die eerste nege maande van 1971 was daar duidelike tekens dat die amptelike monetêre en fiskale beleid om oormatige vraag te bekamp stadig maar seker sy doelwit bereik het. 'n Verlangsaming in die koers van toename in die totale binnelandse vraag na goedere en dienste is vergesel deur 'n beëindiging in die sterk styging in invoere, met 'n gevolglike daling in die tekort op die lopende rekening van die betalingsbalans. Die druk op arbeid en ander produksiefaktore is ook verminder.

Die aanpassingsproses in die betalingsbalans gedurende die loop van 1971 is egter aanmerklik vertraag deur die nadelige uitwerking van die onsekerheid wat met die internasionale monetêre verwickelinge verband gehou het. Die verwickelinge wat op die optrede van die Verenigde State op 15 Augustus 1971 gevolg het, het inderdaad die Suid-Afrikaanse betalingsbalansprobleem vererger. Afsiesien van die nadelige uitwerking van 'n verslegting in die wêreldhandel en die ruilvoet van Suid-Afrika, het die verwagting dat die geldeenhede van sommige van Suid-Afrika se vernaamste handelsvennote aansienlik sou appresieer in verhouding tot die Rand, sowel die lopende as kapitaalrekening van die betalingsbalans nadelig beïnvloed. Invoer- en ander buitelandse betalings is vooruit gedoen, terwyl uitvoer- en ander buitelandse ontvangste teruggehou en buitelandse kapitaal weerhou is. Onder hierdie omstandighede het die regering op 24 November 1971 'n verskerping van invoerbeheer as 'n betalingsbalansmaatreël aangekondig. Die Minister van Ekonomiese Sake het ook verklaar dat die invoerbeheerbeleid weer in Mei 1972 in die lig van die land se betalingsbalansposisie hersien sal word.

Alhoewel die doel van die verskerping van invoerbeheer is om die betalingsbalansposisie te verbeter, mag die huidige minder stram arbeidstoestand en die aanwesigheid van 'n mate van onbenutte kapasiteit in sekere afdelings van die binnelandse fabriekswese 'n uitbreiding van produksie moontlik maak. Verhoogde produksie en 'n moontlike intering op voorrade, wat op 'n relatief hoë peil is, mag, op sy beurt, 'n verskuiwing van vraag van ingevoerde na plaaslikver-

vaardigde goedere moontlik maak en sodoende help om ewewig in die volkshuishouding te herstel sonder om noodwendig die inflasionistiese druk te vererger.

Die afname in die koers van toename in fabrieksproduksie tesame met die swak wêreldpryse vir wol, koper en platina, was hoofsaaklik verantwoordelik vir die laer groeikoers in algemene ekonomiese aktiwiteit soos weerspieël in 'n verandering in die koers van toename van die reële bruto binnelandse produk van 5 persent in 1970 tot ongeveer 4 persent gedurende die eerste nege maande van 1971. Dit is derhalwe duidelik dat die volkshuishouding in geheel voortgegaan het om uit te brei en alhoewel sekere afdelings van die nywerheid nadelig beïnvloed is, is daar geen aanduidings van enige wydverspreide resessieneigings nie.

Nieteenstaande die afkoeling van ekonomiese aktiwiteit het die inflasionistiese toestande gedurende die eerste tien maande van 1971 steeds 'n verontrustende kenmerk van die Suid-Afrikaanse volkshuishouding gebly. Opwaartse druk is nog steeds op pryse, lone en rentekoerse gevoel en alhoewel daar onlangs aanduidings was van 'n vermindering van die druk op produksiefaktore en die ontstaan van 'n mate van onbenutte kapasiteit in sekere nywerhede, funksioneer die volkshuishouding in geheel nog steeds op 'n hoë kapasiteitsvlak. Oor die algemeen het die binnelandse monetêre vraag die aanbod van goedere en dienste oorskry en die vernaamste komponente van hierdie oorskot-vraag was die volgehoue hoë koers van toename in owerheidsverbruiksbesteding en die hernieude opswaai in private verbruiksbesteding, hoofsaaklik op motors. Boonop was die inflasionistiese finansiering van die regeringstekort deur bankkrediet hoofsaaklik verantwoordelik vir 'n hernieude toename in geld en kwasi-geld in die hande van private sake-ondernemings en individue wat weer, op sy beurt, besteding deur die private sektor vergemaklik het en derhalwe die inflasionistiese toestand vererger het. Onder hierdie omstandighede het die owerheid voortgegaan om verbruikers- en ander krediet te beperk en regeringsdepartemente is versoek om owerheidsverbruiksbesteding sover as moontlik in te kort en, op 'n selektiewe basis, ook kapitaalbesteding.

Nasionale rekeninge

Laer groeikoers in die bruto binnelandse produk

Gedurende die eerste nege maande van 1971 het die bruto binnelandse produk teen heersende markpryse met ongeveer 11 persent, vergeleke met $9\frac{1}{2}$ persent gedurende 1970, toegeneem. Indien prysstygings in 1971 egter in ag geneem word, het die koers van toename in die reële bruto binnelandse produk in werklikheid vanaf ongeveer 5 persent in 1970 tot ongeveer 4 persent gedurende die eerste drie kwartale van 1971 gedaal. Alhoewel dit 'n lae koers van ekonomiese groei volgens Suid-Afrikaanse standaarde is, verteenwoordig dit nogtans 'n toename van meer as 1 persent in die reële bruto binnelandse produk per hoof van die bevolking en vergelyk dit gunstig met lande wat gedurende onlangse jare geen toename nie, of selfs 'n afname, in die lewenstandaard ondervind het.

Die bydraes van sekere sektore tot die bruto binnelandse produk het gedurende die verloop van 1971 aanmerklik geskommel. Die toegevoegde waarde van die landbousektor, wat gedurende die vierde kwartaal van 1970 as gevolg van afnames in wolpryse en -verkope aansienlik gedaal het, het gedurende die tweede kwartaal van 1971 skerp, en gedurende die derde kwartaal verder matig gestyg as gevolg van die goeie mielie- en ander landbou-oeste. Die bydrae van die nie-goudmynbousektor het vir vier opeenvolgende kwartale vanaf die tweede kwartaal van 1970 tot die eerste kwartaal van 1971 gedaal, en daarna in die tweede kwartaal as gevolg van hoër winste van diamant- en ander mynboumaatskappye gestyg, maar gedurende die derde kwartaal van 1971 het dit weer gedaal as gevolg van 'n afname in die bedryfsurplus van diamantmaatskappye. Die goudmynbousektor aan die ander kant, het gedurende die derde kwartaal van 1971 aansienlik meer tot die bruto binnelandse pro-

duk bygedra vanweë die hoër premie wat op die verkope van goud op die private mark verdien is.

Die bydrae van die fabriekswesesektor, wat groter as dié van enige ander sektor is, het voortgegaan om gedurende die eerste drie kwartale van 1971 te groei, hoofsaaklik as gevolg van 'n volgehoue styging in die vergoeding van werknemers en, gedurende die derde kwartaal van 1971, ook weens toenames in winste. Al die ander sektore, insluitende die algemene owerheid, het voortgegaan om tot die toename in die bruto binnelandse produk by te dra en dit wil voorkom asof die res van die volkshuishouding, afgesien van die onreëlmatige vertonings deur die primêre sektore voortspruitende uit veranderinge in wêreldmarkte, voortgegaan het om gedurende die eerste drie kwartale van 1971 teen 'n laer maar bestendige koers te groei. Daar was derhalwe geen aanduidings van 'n resessie-neiging nie.

Afname in oorskot van binnelandse besteding oor nasionale produk

Ofskoon die totale binnelandse monetêre vraag na goedere en dienste (soos gemeet deur die bruto binnelandse besteding) voortgegaan het om die binnelandse aanbod van goedere en dienste (soos gemeet deur die bruto nasionale produk) te oorskry, het die oorskot gedurende die verloop van die eerste drie kwartale van 1971 aansienlik afgeneem. Hierdie neiging is ook in die afname van die tekort op die lopende rekening van die betalingsbalans weerspieël. Die vernaamste komponente van bruto binnelandse besteding het gedurende die derde kwartaal van 1971 egter uiteenlopende neigings getoon. Die koers van toename in private en owerheidsverbruiksbesteding het versnel, dié van vaste investering het ietwat gedaal, terwyl die netto toevoeging tot voorrade gedurende die derde kwartaal kleiner as gedurende elk van die voorafgaande drie kwartale was.

Bruto nasionale produk en binnelandse besteding



Bruto binnelandse besteding en nasionale produk (Seisoensinvloed uitgeskakel, jaarlikse koers)

(R'000 miljoene)

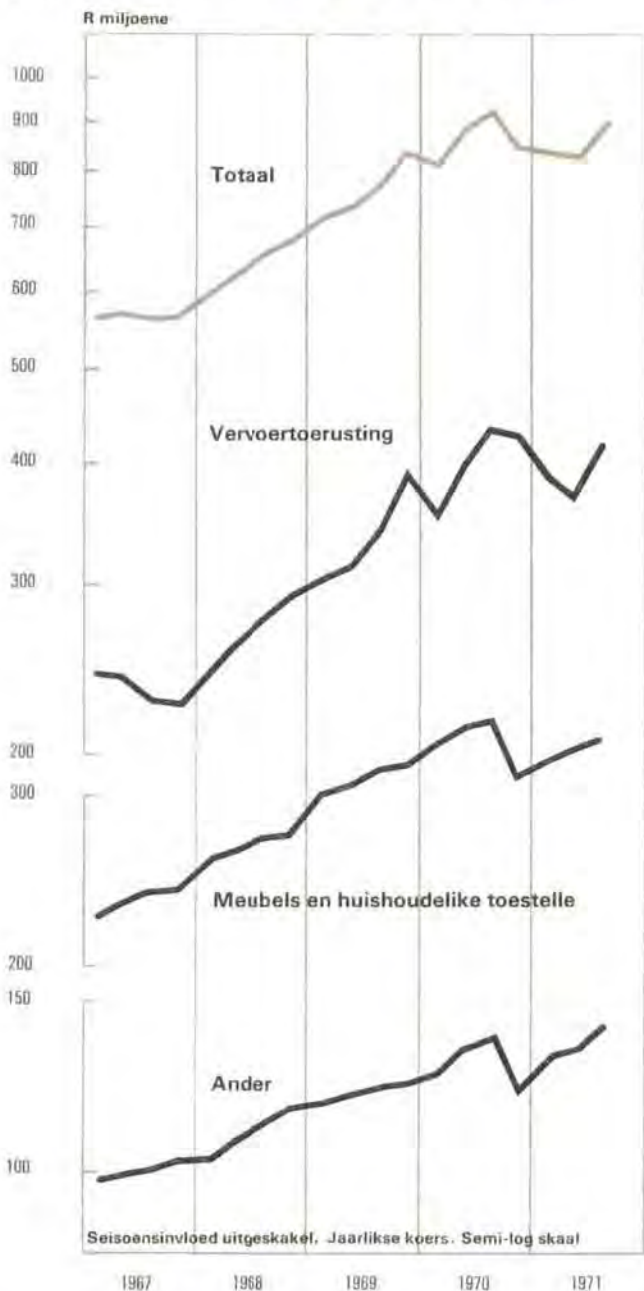
	1970		1971		
	1ste helfte	2de helfte	1ste kw.	2de kw.	3de kw.
Bruto binnelandse besteding	12,3	13,3	13,8	14,0	14,4
Bruto nasionale produk	11,7	12,1	12,5	13,1	13,5
Oorskot besteding	0,6	1,2	1,3	0,9	0,9

Hernieuwe toename in verbruiksbesteding

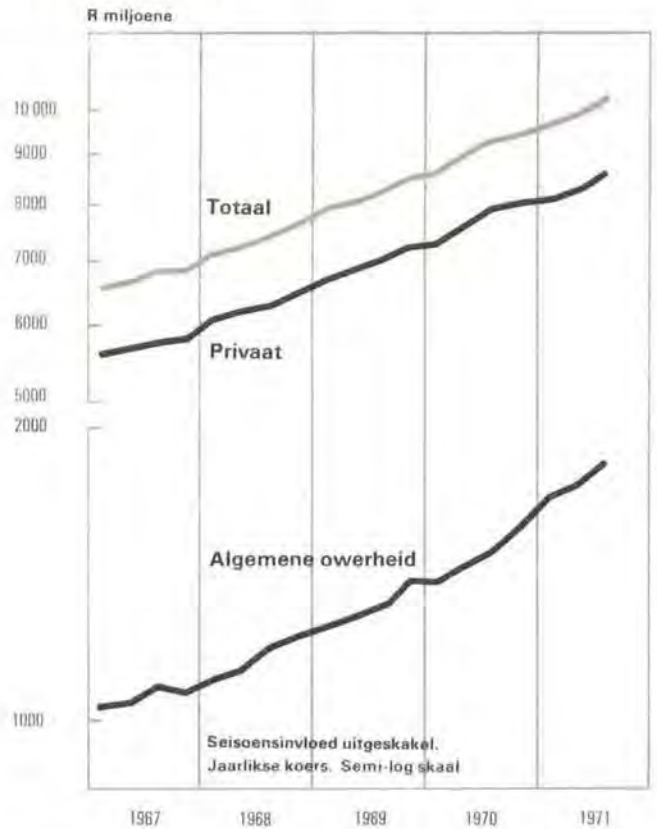
Nadat private verbruiksbesteding gedurende die voorafgaande drie kwartale teen laer koerse toegeneem het, het dit in die derde kwartaal van 1971 weer vinniger gestyg en was dit die vernaamste bydraende

faktor tot die verdere toename in totale binnelandse besteding. 'n Hernieude oplewing in die besteding aan duursame goedere, veral aan nuwe motors, was in 'n groot mate vir die versnelling in die koers van toename in private verbruiksbesteding gedurende die derde kwartaal van 1971 verantwoordelik. Die bedrag aan nuwe motors bestee, wat as gevolg van die instelling van verskillende beperkende maatreëls vir drie opeenvolgende kwartale gedaal het, het gedurende die derde kwartaal weer skerp toegeneem, sonder enige verslapping van die huurkoopkredietvereistes of 'n vermindering in die verkoopreg, wat 'n aanduiding is dat

Private verbruiksbesteding aan duursame goedere



Verbruiksbesteding



hierdie maatreëls slegs 'n tydelike uitwerking gehad het. Besteding aan meubels en huishoudelike toestelle het gedurende die derde kwartaal van 1971 ook 'n verdere matige toename getoon, met die gevolg dat totale besteding aan duursame goedere weer skerp gestyg het ná die daling wat gedurende die voorafgaande drie kwartale aangeteken is. Besteding aan klerasie en skoesel het gedurende die derde kwartaal ook aansienlik toegeneem, hoofsaaklik as gevolg van prysstygings, terwyl die koerse van toename in die besteding aan nie-duursame goedere en aan dienste slegs effens hoër as gedurende die tweede kwartaal was. In reële terme het private verbruiksbesteding gedurende die eerste drie kwartale van 1971 as 'n geheel 'n relatief lae groeikoers getoon, maar gedurende die derde kwartaal van 1971 versnel.

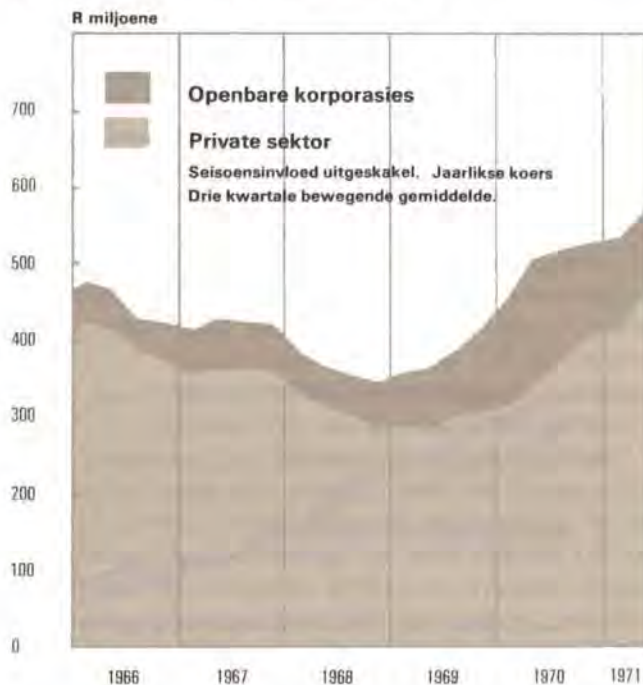
Owerheidsverbruiksbesteding het gedurende 1971 voortgegaan om teen 'n baie vinnige koers toe te neem en vir die eerste drie kwartale was dit gemiddeld meer as 20 persent hoër as gedurende die ooreenstemmende tydperk van 1970. Alhoewel die koerse van toename in lopende owerheidsbesteding gedurende die tweede en derde kwartale van 1971 laer was as dié wat gedurende die laaste kwartaal van 1970 en die eerste kwartaal van 1971 aangeteken is, was dit nogtans steeds baie hoog.

Uiteenlopende neigings in vaste investering van verskillende sektore

Hoewel totale bruto binnelandse vaste investering gedurende die eerste drie kwartale van 1971 teen 'n laer koers as gedurende 1970 toegeneem het, het kapitaalbesteding deur sekere sektore aansienlik toegeneem, soos uit die bygaande tabel blyk. Die mees opvallende toenames is deur die S.A. Spoorweë en die Poskantoor (36 persent) en die provinsiale administrasies (28 persent) aangeteken. Vaste investering deur die private sektor (insluitende openbare korporasies) het in 1971 met meer as 11 persent, vergeleke met bykans 18 persent gedurende 1970, toegeneem. Onder laasgenoemde hoofsektor het die tersiêre sektore die grootste toename in kapitaalbesteding (13 persent) getoon, gevolg deur die sekondêre sektore (11 persent) en die primêre sektore (7 persent). Aangesien vaste investering deur openbare korporasies, wat dikwels onreëlmatige skommeling weens besteding aan groot projekte toon, gedurende die eerste nege maande van 1971 met ongeveer 12 persent afgeneem het, het die kapitaalbesteding van private ondernemings alleen met meer as 16 persent toegeneem.

Die private fabriekswesesektor, wat ongeveer 70 persent tot totale vaste investering deur fabriekswese en ongeveer 12 persent tot totale vaste investering in 1970 bygedra het, se investering was ongeveer 33 persent meer gedurende die eerste drie kwartale van 1971 as gedurende die ooreenstemmende tydperk in 1970.

Bruto vaste investering: fabriekswese



Bruto binnelandse vaste investering

Sektor	Persentasie van totaal	Persentasieverandering	
		1970	Eerste drie kwartale van 1971 vergeleke met die selfde tydperk in 1970
<i>Private ondernemings en openbare korporasies</i>	64,8	17,8	11,5
Primêre sektore	12,3	2,8	6,6
Sekondêre sektore	22,9	22,0	11,1
Tersiêre sektore	29,6	21,8	12,8
<i>Openbare owerhede</i>	35,2	15,2	19,4
Sentrale regering:	18,0	18,7	22,1
S.A. Spoorweë en Poskantoor	9,8	21,6	35,7
Ander sentrale regering	8,2	15,5	6,0
Provinsiale administrasies	7,9	6,9	28,2
Plaaslike owerhede	9,3	16,2	7,1
Totaal alle sektore	100,0	18,3	14,3

Nadat prysveranderings uitgeskakel en voorsiening vir waardevermindering gemaak is, het die reële netto vaste investering in fabriekswese nog aansienlik gestyg wat daarop dui dat addisionele produksiekapasiteit geskep is. Aangesien die volume van fabrieksproduksie slegs matig gestyg het, wil dit voorkom asof daar onbenutte kapasiteit in sommige fabriekswesesektore bestaan. Volgens die kwartaalike syfers het vaste investering deur die private fabriekswesesektore gedurende die tweede en derde kwartale van 1971 sterk toegeneem nadat dit gedurende die vierde kwartaal van 1970 en die eerste kwartaal van 1971 effens afgeneem het. Die opwaartse neiging in vaste investering deur hierdie sektor wat reeds in die middel van 1969 begin het, het dus aangehou tot die derde kwartaal van 1971, d.w.s. vir meer as twee jaar.

Kleiner netto toevoeging tot voorrade

Hoewel 'n verdere netto toevoeging tot totale voorrade vir die tiende opeenvolgende kwartaal gemaak is, was die toename gedurende die derde kwartaal van 1971 kleiner as gedurende elkeen van die vorige drie kwartale en was dit weer eens in 'n groot mate tot nywerheids- en handelsvoorrade en landbouvoorrade in die handel beperk.

Onvoldoende binnelandse besparing

Gedurende die derde kwartaal van 1971 het bruto binnelandse besparing en totale bruto binnelandse investering met ongeveer dieselfde bedrag afgeneem, met die gevolg dat die tekort aan binnelandse fondse vir die finansiering van totale investering gedurende die derde kwartaal, vergeleke met die tweede kwartaal, bykans onveranderd gebly het. Ongeveer die-

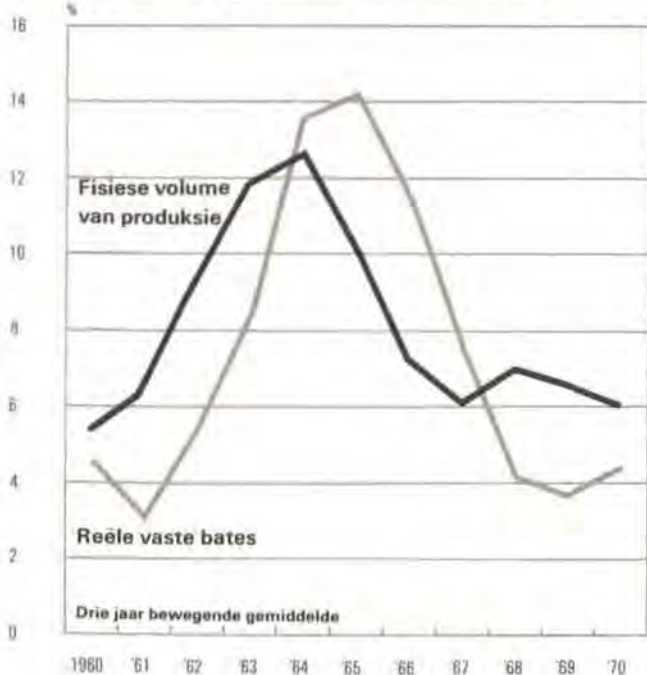
selfde bedrag aan buitelandse fondse as gedurende die tweede kwartaal moes gevolglik vir die finansiering van totale bruto binnelandse investering aangewend word.

Produksie en werkverskaffing

Die volume van fabrieksproduksie het vanaf April 1970 tot September 1971, d.w.s. vir die laaste agtien maande waarvoor die inligting beskikbaar is, geneig om gelyk te verloop. Die gemiddelde peil van die seisoensaangesuiwerde indeks van die fisiese volume van fabrieksproduksie was byvoorbeeld gedurende die eerste nege maande van 1971 slegs 3,3 persent hoër as gedurende die ooreenstemmende tydperk van 1970. Die volume van produksie van nie-duursame goedere het voortgegaan om toe te neem maar die produksie van duursame goedere, in besonder dié van basiese metale en metaalprodukte, vervoeruitrusting en masjinerie, het gedurende die eerste nege maande van 1971 'n dalende neiging getoon. Totale ure gewerk en die waarde van onvoltooide bestellings het ook gedurende hierdie tydperk afgeplat.

'n Vergelyking van die jaarlikse koerse van verandering gedurende die afgelope dekade in die volume van produksie en die netto toevoeging tot kapasiteit, soos gemeet deur veranderinge in die reële waarde van die vaste kapitaalbates in die fabriekswese, toon 'n opvallende korrelasie, waarby die toename in produksie die skepping van kapasiteit met tussen een en twee jaar lei. Geoordeel aan die ondervinding in die verlede, wil dit derhalwe voorkom asof 'n herlewing

Persentasie verandering van reële vaste bates en fisiese volume van produksie van fabriekswese



in fabrieksproduksie nodig is voordat 'n werklike oplewing in vaste investering sal volg. Die *de facto* daling in die waarde van die Rand in terme van die geldeenheide van sommige van Suid-Afrika se belangrikste handelsvennote, wat veroorsaak is deur die opwaartse swewing van hul wisselkoerse, tesame met die verskerping van invoerbeheer op 24 November, sal bydra om die mededingingsvermoë van plaaslike fabrikante te verbeter en mag derhalwe produksie en investering aanmoedig.

Die volume van goudmynproduksie het voortgegaan om tot Oktober 1971 te daal vanaf 'n hoogtepunt wat dit in Junie 1970 bereik het, en was gedurende die eerste tien maande van 1971 gemiddeld 2,3 persent laer as gedurende die ooreenstemmende tydperk in 1970. Die hoër premie wat op goudverkope op die private mark verdien is, het egter tot 'n toename in winste gedurende die derde kwartaal van 1971 bygedra. In die geval van nie-goudmynbou het die volume van produksie sedert die vierde kwartaal van 1970 afgeplat.

Nadat konstruksie-aktiwiteit vanaf die einde van 1967 tot aan die einde van 1970 skerp en aanhoudend toegeneem het, het die gedurende 1971 op 'n hoë vlak afgeplat. Hierdie neiging om gelyk te verloop blyk ook duidelik uit die verloop van die indekse van werkgeleentheid, oortyd as 'n persentasie van gewone ure gewerk, geboue voltooi en groothandelsverkope van boumateriaal.

In teenstelling met die afplating van aktiwiteit in die fabriekswese-, mynbou- en konstruksiesektore, het aktiwiteit in die klein-, groot- en motorhandel gedurende die loop van 1971 merkwaardig herstel en het die toestand in die meeste vertakkings van die handel veerkragtig gebly. Ná 'n daling gedurende die vierde kwartaal van 1970, wat gevolg het op die instelling van strenger huurkoop- en ander kredietvoorwaardes, het die waarde van klein- en groothandelsverkope weer skerp gestyg. Die waarde van kleinhandelsverkope van meubels en huishoudelike elektriese toestelle wat die sterkste reaksie op die strenger kredietvoorwaardes getoon het, het ook die opmerklikste herstel gedurende 1971 getoon. Verkope van nuwe motorvoertuie, wat gedurende die eerste vier maande van 1971 gedaal het, het skerp toegeneem tot 'n nuwe rekordpeil in September 1971, voordat dit in Oktober effens afgeneem het. Die toename in die verkope van handelsvoertuie, wat met 42 persent tussen September 1970 en September 1971 toegeneem het, was veral besonder skerp. Dit was derhalwe nie verrassend nie dat die Minister van Ekonomiese Sake die huurkoopvoorwaardes op motors op 24 September ook op handelsvoertuigverkope aan die nie-besigheidsektor van toepassing gemaak het ten einde die gebruik van handelsvoertuie vir private huishoudelike doeleindes, om die strenger huurkoopvereistes te vermy, te ontmoedig.

In ooreenstemming met die laer groeikoerse in algemene ekonomiese aktiwiteit, het werkverskaffing

Algemene ekonomiese aanwysers



in die nie-landbousektore van die volkshuishouding as geheel geneem, gedurende die eerste helfte van 1971 relatief konstant gebly. Werkverskaffing in sowel die goud- as nie-goudmynbou het merkbaar afgeneem terwyl dié in die fabriekswese- en die konstruksie-sektor gedurende die eerste agt maande van die jaar afgeplat het. Werkverskaffing in die openbare sektor, insluitende die S.A. Spoorweë en Poskantoor, het egter voortgegaan om te styg. 'n Effense verruiming in die arbeidstoestand het in sekere sektore merkbaar geword en dit is ook in 'n toename in die aantal geregistreeerde werklooses Blankes, Kleurlinge en Asiërs, vanaf 7 469 in Desember 1970 tot 8 519 in September 1971, weerspieël. Ten spyte van die verruiming van die arbeidstoestand wil dit voorkom asof produktiwiteit in die fabriekswesesektor gedaal het.

Pryse

Die seisoensaangesuiwerde verbruikersprysindeks het tussen Oktober 1970 en Oktober 1971 met 6,5 persent gestyg. Hierdie relatief hoë koers van toename was gedeeltelik toe te skryf aan toenames in die verkoopreg en ander indirekte belastinge sowel as in 'n aantal staatsgeadministreerde pryse, wat almal in 'n groot mate in die tweede kwartaal van 1971 gekonsentreer was. Die koerse van toename in die verbruikersprysindeks gedurende die laaste vier kwartale, geneem teen 'n seisoensaangesuiwerde jaarkoers, toon 'n buitengewoon hoë syfer van 12,3 persent gedurende die tweede kwartaal vergeleke met 'n toename van 4,9 persent gedurende die derde kwartaal van 1971. Gedurende die vierde kwartaal van 1970 en die eerste kwartaal van 1971 het die indeks teen jaarkoerse van 3,9 en 4,5 persent, onderskeidelik, gestyg. Indien die geraamde invloed van die toename

Verbruikerspryse

Jaarlikse persentasiekoerse van verandering in seisoensaangesuiwerde indeks

	1970		1971		Sept. 1970	Okt. 1970
	4de kw.	1ste kw.	2de kw.	3de kw.	tot Sept. 1971	tot Okt. 1971
Dienste:	7,7	4,6	10,5	7,6	7,6	6,8
Behuising	8,9	3,7	6,6	9,3	7,1	6,2
Ander	5,8	6,9	18,4	3,9	8,6	8,0
Goedere:	1,3	4,7	13,0	3,5	5,6	6,1
Voedsel	0,3	-1,0	11,5	4,9	3,8	5,4
Meubels en uitrusting	3,1	9,8	6,7	3,6	5,8	5,9
Klerasie en skoeisel	-0,8	—	4,6	5,6	2,3	2,7
Aankoop van voertuie	3,7	19,5	6,2	3,2	8,0	8,0
Ander	2,1	8,5	24,0	1,0	8,5	8,5
Totaal	3,9	4,5	12,3	4,9	6,3	6,5

in die verkoopreg, ander indirekte belastings en staatsgeadministreerde pryse op die verbruikersprysindeks uitgesluit word, is 'n koers van toename van ongeveer 4 persent gedurende die jaar geëindig Oktober 1971 aangeteken.

Die seisoensaangesuiwerde indeks van groot-handelspryse het vanaf September 1970 tot September 1971 met 4,9 persent toegeneem, waartoe hoër pryse van ingevoerde goedere aansienlik bygedra het.

Betalingsbalans

Verdere verbetering in lopende rekening

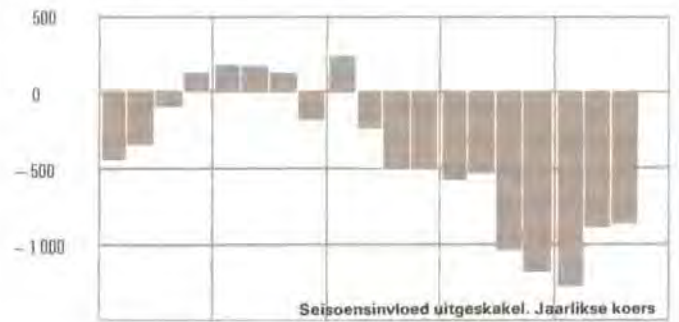
Die lopende rekening van die betalingsbalans het 'n verdere klein verbetering vanaf 'n tekort van R236 miljoen gedurende die tweede kwartaal tot R205 miljoen gedurende die derde kwartaal van die jaar getoon. Dit was die derde opeenvolgende kwartaal waarin 'n verbetering op die lopende rekening van die betalingsbalans aangeteken is. Teen 'n seisoensaangesuiwerde jaarkoers het die saldo op die lopende rekening vanaf 'n tekort van R1 254 miljoen in die eerste kwartaal tot R881 miljoen in die tweede kwartaal en R864 miljoen in die derde kwartaal van 1971 verbeter. Die verdere klein verbetering gedurende die derde kwartaal het hoofsaaklik voorgekom as gevolg van 'n klein verbetering in netto goudproduksie en netto betalings vir dienste, wat die klein toename in goedere-invoere en die matige afname in goedere-uitvoere meer as geneutraliseer het. Nieteenstaande die verbetering het die tekort op die lopende rekening vir die eerste nege maande van die jaar nie minder nie as R738 miljoen, vergeleke met R843 miljoen in 1970 as 'n geheel, beloop.

Die nadelige uitwerking van die onsekerheid omtrent internasionale wisselkoerse het nie alleen die aanpassingsproses in die betalingsbalans van Suid-Afrika verlangsamen nie maar die verwickelinge wat op die opskorting van die inwisselbaarheid van die dollar in goud en die instelling van 'n tien persent invoerheffing deur die Verenigde State op 15 Augustus gevolg het, het in werklikheid Suid-Afrika se betalingsbalansprobleem vererger. Die opwaartse swewing in verhouding tot die dollar van die geldeenheide van sommige van Suid-Afrika se vernaamste handelsvennote het onsekerheid aangaande die toekomstige wisselkoers van die Rand meegebring. Hierdie onsekerheid het, op sy beurt, gelei tot vervroeging van invoer- en ander buitelandse betalings, vertraging van uitvoer- en ander buitelandse ontvangste en 'n terughouding van buitelandse kapitaal en dit het derhalwe die lopende sowel as kapitaalrekening van die betalingsbalans nadelig beïnvloed. In hierdie omstandighede het die regering op 24 November 1971 as 'n betalingsbalansmaatreël 'n aansienlike verskerping van invoerbeheer aangekondig. (Die aankondiging deur die Minister van Ekonomiese Sake waarin besonderhede omtrent die beperkings vervat is, verskyn elders in hierdie *Kwartaalblad*).

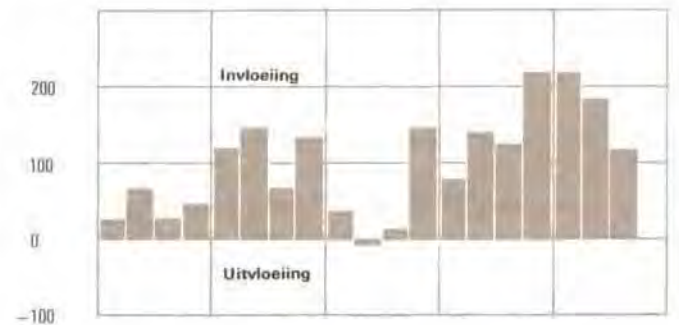
Lopende rekening van die betalingsbalans



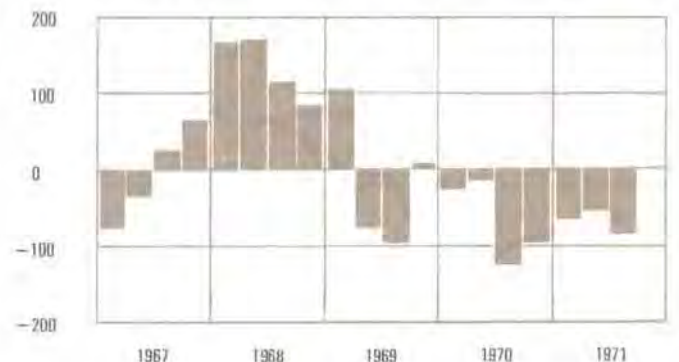
Saldo op lopende rekening



Totale kapitaalbewegings



Verandering in goud- en buitelandse reserwes

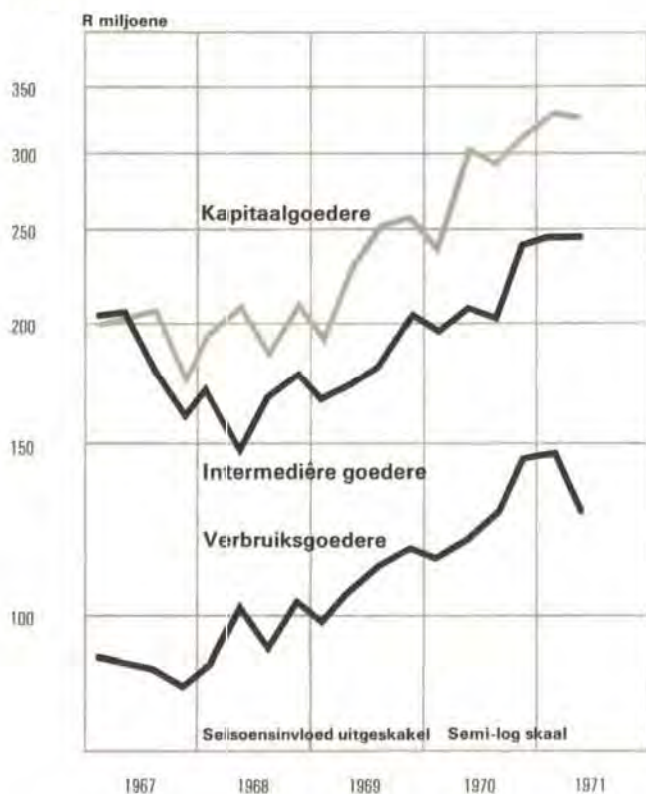


Die verloop van invoere gedurende die eerste tien maande van 1971 was betekenisvol. Nadat dit gedurende die twee opeenvolgende jare tot aan die einde van 1970 skerp gestyg het, het invoere gedurende die eerste tien maande van 1971 'n ander verloop getoon toe die skerp opwaartse neiging beëindig is. Na seisoensaansuiwing en gereken teen 'n jaarkoers het invoere vir vyf opeenvolgende maande gedaal vanaf 'n peil van R3 148 miljoen in Desember 1970 tot R2 682 miljoen in Mei 1971 en daarna geskommel met hoogtepunte van meer as R3 200 miljoen in Junie en Augustus 1971. Gedurende September het dit weer gedaal tot R2 600 miljoen maar in Oktober tot R2 954 miljoen gestyg.

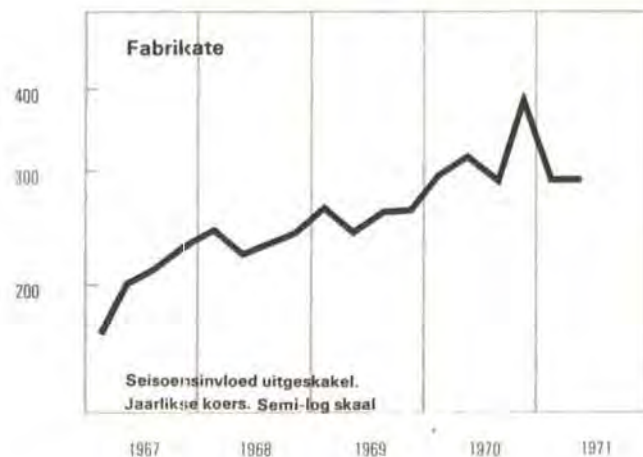
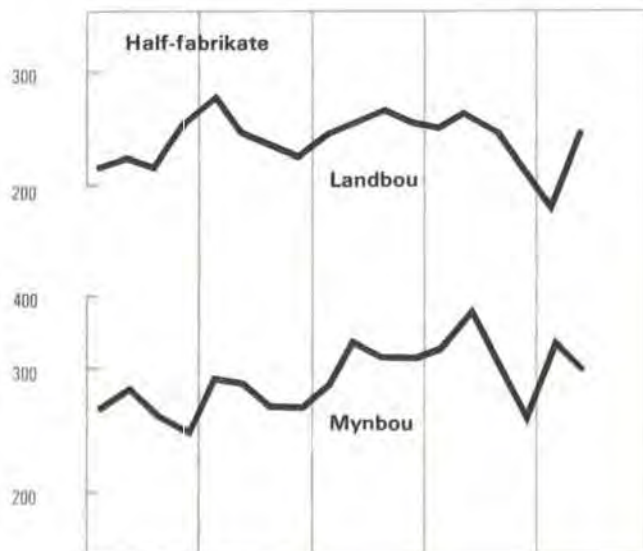
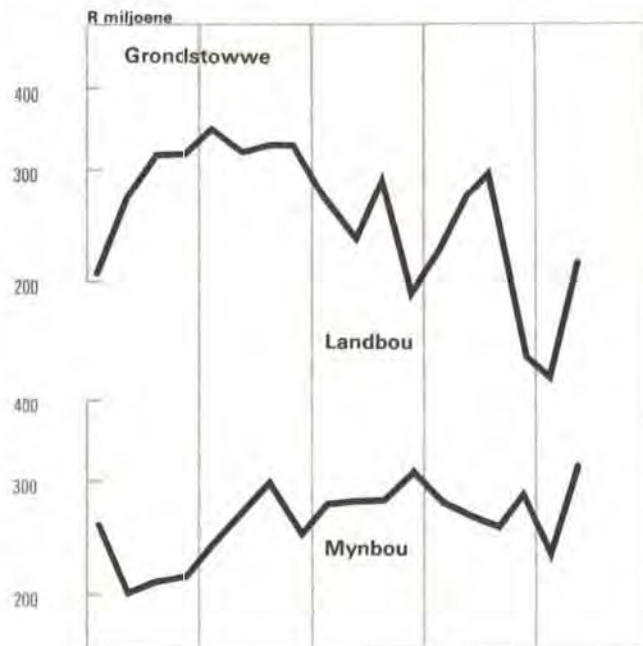
Die laer koers van toename in invoere is hoofsaaklik meegebring deur 'n afname in die invoere van verbruikersgoedere vanaf 'n seisoensaangesuiwerde jaarkoers van R584 miljoen in die eerste kwartaal toe dit 'n hoogtepunte bereik het, tot R512 miljoen gedurende die tweede kwartaal van die jaar. Alhoewel dit nog steeds op 'n relatief hoë vlak was, het die invoer van intermediêre en kapitaalgoedere teen 'n laer koers gedurende die eerste helfte van 1971 toegeneem.

Goedere-uitvoere het effens vanaf 'n seisoensaangesuiwerde jaarkoers van R1 575 miljoen in die tweede kwartaal tot R1 533 miljoen in die derde kwartaal van 1971 gedaal. Gedurende Oktober het

Invoere



Uitvoere volgens stadium van vervaardiging



dit verder afgeneem. Hoofsaaklik vanweë verbeterde landboustoestande, in besonder die miellie-oes, het goedere-uitvoere R1 121 miljoen gedurende die eerste nege maande van 1970, vergeleke met R1 080 miljoen in dieselfde tydperk gedurende die voorafgaande jaar, bedra. 'n Indeling van uitvoere volgens stadium van produksie toon dat die uitvoer van grondstowwe van landbou-oorsprong, nadat dit vir drie jaar afgeneem het, gedurende die eerste helfte van 1971 verbeter het. Soortgelyke verbeterings is ook in die uitvoer van grondstowwe van 'n mynbou-oorsprong en in half-vervaardigde landbouprodukte aangeteken, terwyl die uitvoer van half-vervaardigde mynbouprodukte en vervaardigde goedere gedurende die eerste helfte van 1971 afgeneem het.

As gevolg van hoër premies wat op die private goudmark verdien is, het netto goudproduksie vanaf 'n seisoensaangesuiwerde jaarkoers van R902 miljoen gedurende die tweede kwartaal tot R929 miljoen gedurende die derde kwartaal van 1971 gestyg. Netto betalings vir dienste het gedurende die derde kwartaal afgeplat as gevolg van 'n geringe toename in ontvangste vir dienste en 'n afname in betalings vir dienste.

Verminderde maar groot netto kapitaalinvloeiing

Gedurende die eerste nege maande van 1971 is 'n rekord netto kapitaalinvloeiing van R517 miljoen aangeteken. Die invloeiing van langtermynlenings het R225 miljoen bedra, waarvan R67 miljoen deur die sentrale regering en banksektor, R102 miljoen deur openbare korporasies en plaaslike owerhede en R56 miljoen deur private ondernemings verkry is. Gedurende die loop van 1971 het die invloeiing egter 'n volgehoue dalende neiging vanaf R217 miljoen in die eerste kwartaal tot R117 miljoen in die derde kwartaal, getoon. Die afname in die netto invloeiing van kapitaal gedurende die derde kwartaal was nie onverwags nie en kan in 'n groot mate aan verwickelinge op die internasionale monetêre toneel toegeskryf word. Die onsekerheid aangaande die wisselkoerswaarde van die Rand in terme van die geldeenheede van sommige van Suid-Afrika se vernaamste handelsvennote het begryplikerwys tot 'n vermindering in handels- en ander krediete gelei met 'n gevolglike uitvloeiing van korttermynkapitaal, en terselfdertyd het dit 'n invloeiing van kapitaal ontmoedig.

Die netto invloeiing van kapitaal na die private sektor het nietemin die aansienlike bedrag van R108 miljoen gedurende die derde kwartaal bedra. Van hierdie totale invloeiing het R87 miljoen langtermynkapitaal verteenwoordig, terwyl korttermynkapitaal, insluitende foute en onaangetekende transaksies, R21 miljoen beloop het. Die langtermynkapitaal het hoofsaaklik uit buitelandse lenings bestaan, alhoewel netto buitelandse aankope van aandele wat op die Johannesburgse Effektebeurs genoteer is ook vanaf R8 miljoen gedurende die tweede kwartaal tot R19 miljoen gedurende die derde kwartaal gestyg het. Ondanks 'n toename

van R58 miljoen in die buitelandse skuld van die sentrale regering is 'n netto kapitaalinvloeiing van slegs R9 miljoen vir die sentrale regering en banksektor aangeteken, hoofsaaklik weens die terugbetaling van 'n lening deur die Reserwebank en 'n skerp toename in die handelsdebiete van die sentrale regering.

Afname in goud- en buitelandse reserwes

Die netto resultaat van die tekort op die lopende rekening van R205 miljoen en die netto invloeiing van kapitaal van R117 miljoen was 'n afname van R88 miljoen in die goud- en buitelandse reserwes gedurende die derde kwartaal van 1971. Hierdie daling is weerspieël in netto afnames van R92 miljoen en R19 miljoen in die reserwes van die Reserwebank en die res van die banksektor onderskeidelik, terwyl die reserwes van die sentrale regering met R23 miljoen toegeneem het as gevolg van die verhoging van Suid-Afrika se subskripsie in die Internasionale Monetêre Fonds en 'n dienooreenkomstige styging van Suid-Afrika se reserweposisie in die Fonds.

Oor die eerste nege maande van 1971 het die goud- en buitelandse reserwes as gevolg van betalingsbalans-transaksies met R221 miljoen gedaal. Vanweë 'n toekenning van Spesiale Trekkingsregte ten bedrae van R15 miljoen en 'n wins van R2 miljoen uit hoofde van die revaluasie van die Switserse frank, het die goud- en buitelandse reserwes effektief met slegs R204 miljoen gedaal tot 'n peil van R603 miljoen aan die einde van September. Gedurende Oktober het die goud- en buitelandse reserwes van die Reserwebank met R18 miljoen gedaal en vanaf die einde van Oktober tot 26 November met 'n verdere R40 miljoen.

Monetêre en banktoestand

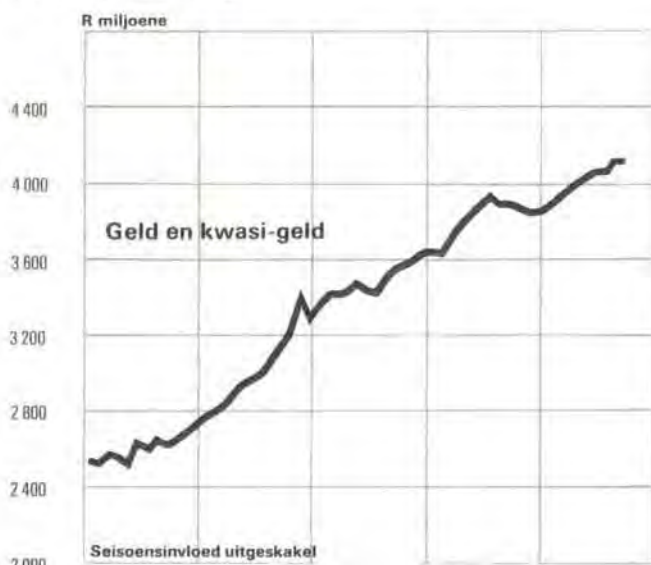
Vinniger styging in geld en kwasi-geld

Nadat die seisoensaangesuiwerde hoeveelheid geld en kwasi-geld gedurende die tweede helfte van 1970 gedaal het, het dit gedurende die eerste nege maande van 1971 weer teen 'n betreklik vinnige koers toegeneem. Tussen Desember 1970 en Augustus 1971 het dit teen 'n jaarkoers van ongeveer 11 persent gestyg, maar vervolgens gedurende September effens gedaal sodat die jaarkoers van toename vir die eerste nege maande tot ongeveer $9\frac{1}{2}$ persent verminder is. Die verhouding van die gemiddelde hoeveelheid geld en kwasi-geld tot die bruto binnelandse produk, albei aangesuiwer vir seisoensinvloede, het oor hierdie tydperk verder gedaal vanaf 30,4 persent gedurende die vierde kwartaal van 1970 tot 30,2 persent gedurende die eerste kwartaal van 1971 en tot 29,6 persent gedurende die tweede sowel as die derde kwartaal van 1971.

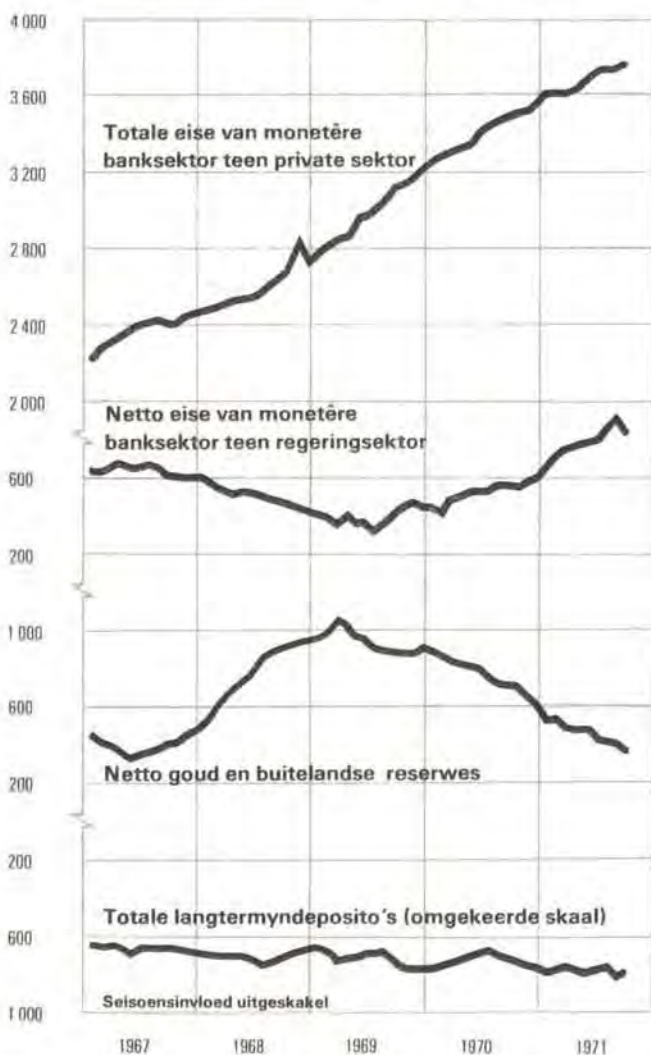
Styging in netto eise teen die regeringsektor hoofsaak van die toename in geld en kwasi-geld

Nieteenstaande 'n aansienlike daling in die netto goud- en buitelandse reserwes, is die hernieude opwaartse beweging in die hoeveelheid geld en kwasi-geld gedu-

Monetêre ontleding



Oorsake van veranderings in geld en kwasi-geld



rende die eerste nege maande van 1971 hoofsaaklik veroorsaak deur die regeringsektor, wat nie slegs sy saldo's by die Reserwebank en ander banksektorinstellings verminder het nie, maar ook in die vorm van uitgiftes van skatkiswissels en staatseffekte van die banksektor geleen het. Gedurende die eerste drie kwartale van 1971 het die banksektor se besit aan staatseffekte en ander eise teen die regeringsektor met R79 miljoen toegeneem, terwyl regeringsdeposito's by die banksektor terselfdertyd met R88 miljoen gedaal het, wat gesamentlik 'n styging van R167 miljoen in netto krediet aan die regeringsektor tot gevolg gehad het. Indien laasgenoemde syfer aangesuiwer word vir die seisoensinvloed, het dit nie minder nie as R240 miljoen bedra.

Hoewel die toename in die hoeveelheid geld en kwasi-geld gedurende die eerste nege maande van 1971 ook in 'n aansienlike mate die gevolg van 'n styging in bankkrediet ten bedrae van R187 miljoen, vóór seisoensaansuiwering, aan die private sektor was, word laasgenoemde toename hoofsaaklik deur 'n toename van R149 miljoen aan kaskredietvoorskotte wat deur die Landbank verleen is, verklaar. Die diskonteringe en voorskotte van die handelsbanke, wat die hoofbestanddeel van die eise teen die private sektor vorm (63 persent aan die einde van 1970), het in werklikheid oor die eerste nege maande van 1971 gedaal.

Verandering in eise teen die private sektor—eerste nege maande van 1971

(R miljoene)

	Seisoensinvloed nie uitgeskakel	Seisoensinvloed uitgeskakel
Diskonteringe en voorskotte van handelsbanke (uitgesonderd dié aan die Landbank)	-15	-51
Kaskredietvoorskotte van die Landbank	149	110
Ander	53	-14
Totaal	187	204

Vanaf Desember 1970 tot Augustus 1971 het die seisoensaangesuiwerde totaal van die diskonteringe en voorskotte van die handelsbanke, uitgesonderd dié aan die Landbank, met R154 miljoen gedaal maar vervolgens gedurende September met soveel as R103 miljoen toegeneem, waarskynlik as gevolg van die vervanging van buitelandse handelskrediete met binnelandse bankkrediet. Volgens voorlopige gegewens het 'n taamlik aansienlike verdere styging in die diskonteringe en voorskotte van die handelsbanke gedurende Oktober voorgekom.

Bankkrediet aan die private sektor



Geldmarkkoerse



Geldmarkrentekoerse

	27 Augustus 1971 %	19 November 1971 %
Skatkisswisselkoers	5,42	5,72
3 maand-bankaksepte	7,00	8,00
90 dae-VDS.e	6,65	8,10
150 dae-VDS.e	7,05	8,40
Basiese daggeldkoers van diskontohuise	5,30	5,75

persent op 19 November gestyg maar die marge tussen hierdie koerse en dié wat op verhandelbare depositosertifikate van drie maande gekwoteer is, het aansienlik vermeer en het in die middel van November bykans 2½ persent, vergeleke met ongeveer 1½ persent op 27 Augustus en ½ persent aan die begin van 1969, bedra.

Staatsfinansies

Die finansiering van die oorskot van regeeringsuitgawes bo -inkomste op 'n nie-inflasionistiese wyse is nie slegs deur die algemene tekort aan kapitaal en die maatskaplike en ander gevolge van lenings teen nog hoër rentekoerse bemoeilik nie, maar ook deur die omvang van die totale tekort op die Skatkisrekening. 'n Tekort van bykans R700 miljoen is deur die Minister in die 1971/72-Begroting en die Aanvullende Begroting voorsien, vergeleke met 'n tekort van R424 miljoen op die Skatkisrekening gedurende 1970/71. Volgens skatkisuitreikings en -ontvangste vir die eerste helfte

Stram toestand op die geldmark

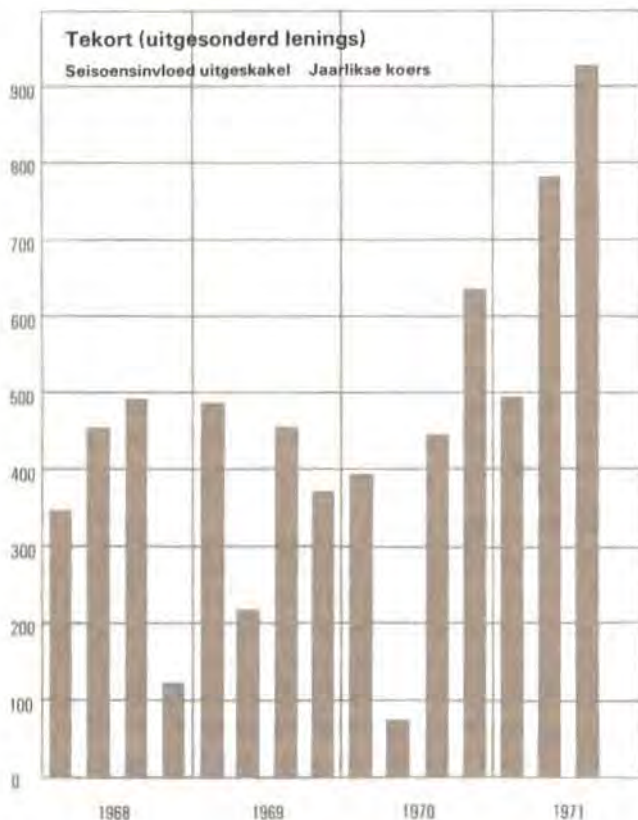
Vanaf die einde van Augustus 1971 tot die middel van November het die toestand op die geldmark aansienlik vernou, hoofsaaklik as gevolg van 'n daling van R78 miljoen in die goud- en buitelandse reserwes van die Reserwebank tussen 27 Augustus en 19 November 1971. Die oorskot-likwiede bates van bankinstellings het verminder, die diskontohuise het aansienlike bedrae van die Reserwebank geleen en korttermynrentekoerse wat deur die private sektor gekwoteer is, het opwaarts beweeg. Die skatkiswisseltenderkoers het ook vanaf 5,42 persent op 27 Augustus tot 5,72

van die huidige fiskale jaar, wil dit voorkom asof die totale tekort groter as die R700 miljoen kan wees.

As gevolg van hierdie groot tekort was die Skatkis gedurende die ses maande geëindig September 1971 nie in staat om voldoende fondse van bronne buite die banksektor te leen nie en moes hy sy netto skuldposisie teenoor die banksektor en buitelandse sektor met groot bedrae verhoog, naamlik met onderskeidelik R150

miljoen en R79 miljoen. Hierbenewens is R145 miljoen van die private nie-banksektor geleen, hoofsaaklik op 'n nie-vrywillige grondslag, terwyl die netto skuldposisie teenoor die Staatskuldkommissarisse en die Betaalmeester-generaal gedurende dieselfde tydperk met onderskeidelik R9 miljoen en R33 miljoen verminder is.

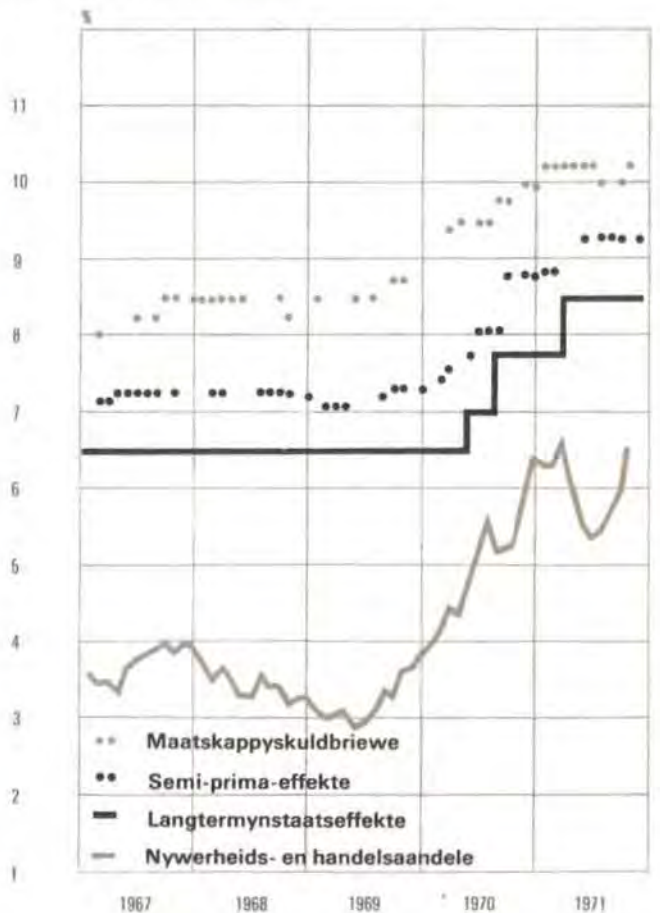
Skatkisrekening



Kapitaalmark

Nadat die oorskot van vraag bô die aanbod van uitleenbare fondse in die kapitaalmark 'n sterk opwaartse druk op langtermynrentekoerse vanaf ongeveer die middel van 1969 tot April 1971 uitgeoefen het, was 'n tydelike verligting van hierdie druk merkbaar gedurende die oorblywende gedeelte van die tweede kwartaal en gedurende die derde kwartaal van 1971. Opbrengskoerse op maatskappyobligasies het effens opwaarts beweeg tot 'n peil van ongeveer 10 persent gedurende die derde kwartaal en nuwe uitgiftes van semi-prima effekte is oorvolteken. In Oktober het die opbrengskoerse op langtermynmaatskappyobligasies egter weer opwaarts beweeg tot 'n peil van ongeveer 10¼ persent en toestande op die mark vir vaste-rentedraende effekte het oor die algemeen weer geneig om strammer te

Rente- en opbrengskoerse



word. Die vergroting van die gaping tussen die opbrengskoers op maatskappyobligasies en prima-effekte mag ook verband hou met die hoër beleggings-vereistes vir versekeraars en pensioenfondse vanaf 1 Oktober.

Nadat aandelepryse op die effektebeurs gedurende die eerste helfte van 1971 herstel het, het dit weer gedurende die derde kwartaal en Oktober merkbaar gedaal. Met die uitsondering van die aandele van banke en versekeringsmaatskappye en steenkoolmyne wat slegs matig gedaal het, het die pryse van alle ander klasse aandele gedurende die derde kwartaal met tussen 17 en 27 persent gedaal. Onsekerheid aangaande internasionale monetêre verwickelinge en pessimistiese sienings van die binnelandse ekonomiese toestand kon tot hierdie nuwe afwaartse beweging in die aandelemark bygedra het. Die daling in aandelepryse het tot hoër dividendopbrengskoerse gedurende die derde kwartaal gelei. Die gemiddelde dividendopbrengskoers op mynbou-aandele het in Oktober 9,0 persent beloop, terwyl dié op finansiële en nywerheids- en handelsaandele 5,2 en 6,6 persent onderskeidelik beloop het. 'n Vergelyking van die opbrengskoers van by voorbeeld nywerheids- en handelsaandele met dié op langtermyn prima-effekte toon dat die omgekeerde rendementsgaping vanaf 3,2 persent in Junie tot 1,9 persent in Oktober vernou het.

Gedurende die derde kwartaal van 1971 het die invloeiing van fondse na bouverenigings met R95 miljoen toegeneem vergeleke met R46 miljoen gedurende die voorafgaande kwartaal. Hierdie meer-as-verdubbelde invloeiing van fondse was gedeeltelik die gevolg van die gewone herbelegging van dividend-uitkerings in September, maar het ook verband gehou met die belastingkonsessies wat in Augustus deur die Minister van Finasies aangekondig is en ingevolge waarvan dividende op bouverenigingaandele vir belastingdoeleindes op dieselfde grondslag as maatskappydividende behandel sal word. Die invloeiing van fondse gedurende Oktober het R27 miljoen bedra en was saamgestel uit 'n toename van R32 miljoen in aandelekapitaal, 'n afname van R13 miljoen in vaste deposito's en 'n toename van R8 miljoen in spaar-deposito's.