

25 per cent during January. In the case of several individual banks the rate of increase was considerably higher. This general increase is clearly excessive and provides further confirmation of the link between bank credit and the abnormally high purchases of foreign exchange from the Reserve Bank during this period. It also underlines the urgent need for a more restrictive credit policy.

In view, however, of the exceptionally large expansion of bank credit during January, it is now evident that many banks would have to reduce their outstanding credit quite considerably before the end of March 1976 if they were to comply with the limit originally laid down for that date of $1\frac{1}{2}$ per cent above the December 1975 figure. Since such a substantial reduction might exert an unduly deflationary and disruptive effect on the domestic economy, it has been

decided, after the usual consultation with the Treasury, to permit banking institutions to increase their discounts, loans and advances to the private sector, as defined, between 31 December 1975 and 31 March 1976 by $3\frac{1}{2}$ per cent, instead of $1\frac{1}{2}$ per cent as formerly laid down. The limitation on the increase in these discounts, loans and advances of $\frac{1}{2}$ per cent per month during subsequent months, and the requirements in regard to the banks' private sector investments as set out in the announcement of 17 February, remain unchanged.

In spite of the above concession, there are still a number of banks which will have to reduce their outstanding credit to the private sector. In effecting this reduction, it is expected that they will take into account the basic requirements of the economy under present conditions and the need to avoid disruption.

Statement regarding gold swap agreements

Issued by the Governor of the South African Reserve Bank, Dr. T. W. de Jongh

17 March 1976

In order to strengthen the foreign exchange component of its total gold and other foreign reserves, the South African Reserve Bank, after consultation with the Treasury, entered into gold swap agreements with overseas parties during the week ended 12 March 1976. In terms of these agreements the Bank sold gold spot and repurchased it forward. In virtue of the nature of these operations, the gold sold will not be disposed of on the private market but will revert to the South African Reserve Bank on termination of the agreements.

The initial effect of these swap transactions is, on the one hand, to reduce the Reserve Bank's gold holdings and, on the other, to increase its foreign exchange reserves. However, since the Bank's gold holdings are still valued at the old statutory price of R29,55 per fine ounce, whereas the swaps occurred at market-related prices, the increase in the Bank's foreign exchange reserves naturally exceeds the decline in its gold holdings.

These swap transactions constitute the major reason for the decline of R147,5 million in the Reserve Bank's gold holdings, the increase of R480,9 million in its other foreign reserves, and the resultant increase of R333,4 million to a level of R1 199,8 million in its total gold and other foreign reserves during the week ended 12 March 1976.

While these swap transactions do not in themselves affect South Africa's underlying balance of payments position or reduce the need for corrective monetary and fiscal policies, they do serve the important purpose of increasing the cash content of the Reserve Bank's foreign reserves and thereby affording the Bank more flexibility in its gold marketing policy.

Hierdie vorms is nou ontvang en toon dat, nadat bankkrediet aan die private sektor teen seisoensaangesuiwerde jaarkoerse van onderskeidelik 20 en 18 persent gedurende die derde en vierde kwartale van 1975 toegeneem het, dit in Januarie teen 'n seisoensaangesuiwerde jaarkoers van byna 25 persent gestyg het. In die geval van verskeie individuele banke was die koers van toename aansienlik hoër. Hierdie algemene styging is ooglopend oormatig en verskaf verdere bevestiging van die skakel tussen bankkrediet en die abnormaal hoë aankope van buitelandse valuta by die Reserwebank gedurende hierdie tydperk. Dit onderstreep ook die dringende behoefte aan 'n meer beperkende kredietbeleid.

In die lig van die buitengewoon groot uitbreiding van bankkrediet gedurende Januarie, is dit egter nou duidelik dat baie banke hulle uitstaande krediet voor die einde van Maart 1976 aansienlik sal moet inkort indien hulle moet voldoen aan die beperking van 1½ persent bo die Desember 1975-syfer wat oorspronklik vir daardie datum neergelê is. Aangesien so 'n aansienlike

inkorting 'n uitermatige deflasionistiese en ontwrigtende uitwerking op die binnelandse ekonomie mag hê, is daar, ná die gebruikelike oorlegpleging met die Tesourie, besluit om bankinstellings toe te laat om hulle diskonterings, lenings en voorskotte aan die private sektor, soos gedefinieer, tussen 31 Desember 1975 en 31 Maart 1976 met 3½ persent, in plaas van die 1½ persent soos voorheen neergelê, te laat toeneem. Die beperking op die toename in hierdie diskonterings, lenings en voorskotte van 'n ½ persent per maand gedurende die daaropvolgende maande, asook die vereistes t.o.v. die banke se private sektor-beleggings, soos uiteengesit in die aankondiging van 17 Februarie, bly onveranderd.

Ondanks die bostaande toegewing, is daar nog 'n hele aantal banke wat hulle uitstaande krediet aan die private sektor sal moet verminder. By die teweegbring van hierdie inkorting word dit verwag dat hulle rekening sal hou met die basiese vereistes van die ekonomie onder die huidige omstandighede en die noodsaaklikheid om ontwrigting te vermy.

Verklaring insake goudruilooreenkomste

Uitgereik deur die President van die Suid-Afrikaanse Reserwebank, dr. T. W. de Jongh

17 Maart 1976

Ten einde die buitelandse valutakomponent van sy totale goud- en ander buitelandse reserwes te versterk, het die Suid-Afrikaanse Reserwebank, ná oorlegpleging met die Tesourie, goudruilooreenkomste met buitelandse instansies gedurende die week geëindig 12 Maart 1976 aangegaan. Ingevolge hierdie ooreenkomste het die Bank goud verkoop en op 'n termynbasis teruggekoop. Uit hoofde van die aard van hierdie transaksies sal die goud wat verkoop is nie op die private mark van die hand gesit word nie, maar by die beëindiging van die ooreenkomste na die Suid-Afrikaanse Reserwebank terugkeer.

Die aanvanklike uitwerking van die ruiltransaksies is dat dit enersyds die Reserwebank se goudbesit verminder en andersyds sy buitelandse valutareserwes verhoog. Aangesien die Bank se goudbesit egter nog steeds teen die ou statutêre prys van R29,55 per fyn ons gewaardeer word, terwyl die ruiltransaksies teen markverwante pryse aangegaan is, oorskry die styging in die Bank se buitelandse valutareserwes vanselfsprekend die afname in sy goudbesit.

Hierdie ruiltransaksies is die hooforsaak van die daling van R147,5 miljoen in die Reserwebank se goudbesit, die styging van R480,9 miljoen in sy ander buitelandse reserwes en die gevolglike styging van

R333,4 miljoen tot 'n peil van R1 199,8 miljoen in sy totale goud- en ander buitelandse reserwes gedurende die week geëindig 12 Maart 1976.

Terwyl hierdie ruiltransaksies op sigself nie Suid-Afrika se onderliggende betalingsbalansposisie beïnvloed of die noodsaaklikheid vir korrektiewe monetêre en fiskale beleid verminder nie, dien dit wel die belangrike doel om die kontantinhoud van die Reserwebank se buitelandse reserwes te verhoog en die Bank sodoende meer buigbaarheid in sy goudbemarkingsbeleid te gee.