

South African Reserve Bank
Suid-Afrikaanse Reserwebank

Quarterly Bulletin
Kwartaalblad

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Quarterly economic review

Introduction

The encouraging, albeit moderate, resumption of positive growth in the South African economy in the third and fourth quarters of 1985 was not sustained in the first quarter of 1986, when the real gross domestic product is estimated to have receded at a seasonally adjusted annual rate of approximately 2½ per cent. Preliminary estimates, however, show real gross domestic output of the South African economy to have reverted to a mildly upward course in the second quarter of 1986. Positive real growth in three out of the four most recently completed calendar quarters, in conjunction with mildly higher real output levels in the second quarter of 1986 than in the second quarter of 1985, therefore confirm that a low point in aggregate real economic activity was reached in the second quarter of 1985. From the middle of 1985, successive quarterly changes in the real gross domestic product have, on balance, found themselves on a modestly upward longer-term path.

The generally unpropitious climate of business confidence, consumer sentiment and overseas perceptions of the South African situation in which the current recovery has had to establish itself, contributed materially to the sluggish and vacillating nature of the growth in total real gross domestic expenditure and also greatly influenced the composition of this expenditure from the middle of 1985. Having increased in the third quarter and decreased in the fourth quarter of 1985, total real domestic spending expanded at a fairly sturdy annual rate (of approximately 7 per cent) in the first quarter of 1986 before contracting again (at an annual rate provisionally estimated at 3 per cent) in the second quarter. A downward adjustment in real private consumption expenditure in the first quarter of 1986 was, however, more than fully reversed in the second quarter. At the same time, real government consumption expenditure in the second quarter of 1986 continued on its strongly upward course of the first quarter at only a moderately lower annual rate. The renewed decline in total real gross domestic expenditure in the second quarter of 1986 therefore was attributable entirely to a continuation of the downward movement in real gross domestic investment at a rate which was only moderately lower than in the first quarter of the year, and to a reacceleration of the rate at which real inventories were being drawn down.

A marked new upsurge in merchandise exports and net gold exports, in combination with a more limited rise in the value of merchandise imports and net payments for services, caused the surplus on the current account of the balance of payments in the second quarter of 1986 to be restored to an annualised level of approximately R6 billion, or to a slightly higher level than the quarterly average of

the current account surplus in the course of 1985. Flanked by a significant further reduction in the outflow of short-term capital not related to reserves and by some further contraction of the outflow of long-term capital, this sustained strong international trading performance resulted in a modest increase of approximately R0,5 billion in the net gold and other foreign reserves. This was the first such quarterly increase to be recorded since imposition of the standstill on certain foreign debt repayments on 2 September 1985.

The rise in the net foreign reserves also made a small positive contribution to the growth in the broadly defined money supply, M3, in the second quarter of 1986. The very limited increase in bank credit to the private sector from the end of March 1986 to the end of July nevertheless accounted statistically for a further slowdown in the twelve-month growth rate in M3 during this period and, accordingly, for a further widening of the disparity between the observed and the target rate of increase in the money supply. In conjunction with the continuing slackness of the economy and the strong showing of the balance of payments on current account, this development warranted further downward revisions of Bank rate and the associated set of Reserve Bank refinancing rates in May, August and September 1986, as well as supporting steps for a further easing of the monetary-financial environment. Bank rate was reduced from 12 to 11 per cent in May, to 10½ per cent in August, and to 10 per cent in September; moving down in broad accordance with these Bank rate reductions, money market interest rates generally eventually reached their lowest levels since early 1983 or the first half of 1981.

In the area of fiscal policy, a further package of stimulative measures that was estimated to result in additional government spending of R450 million and revenue concessions of R250 million during the remainder of fiscal 1986/87, was announced on 17 June 1986. The capital markets, in response to the generally easier monetary-financial environment, witnessed major declines in long-term interest rates from the middle of June to early September 1986, as well as a further surge in share prices, substantial new issues of public and private securities, and considerable further increases in trading activity in public sector stock.

By the third quarter of 1986, the relative lack of vigour in the current recovery in the "real", as distinct from the financial, sphere of the economy up to that time, had also shown itself in certain features that marked it as being different from earlier and more "typical" cyclical upswings in the South African economy. First, the volume of merchandise imports, which normally responds with relative immediacy to turning points in economic activity, failed to

do so during the first three quarters of the current recovery; import volumes did rise significantly, however, in the second quarter of 1986 and are likely to have increased further in July. Second, registered unemployment, which traditionally also has been a coinciding business cycle indicator of marked sensitivity, continued to rise up to January 1986. Its modest decline since then was attributable partly to special Government programmes for labour training and job creation. Third, the extension of new bank credit to the private sector, which on earlier occasions has tended to accelerate from close to the commencement of cyclical upswings at least partly because of its association with rising merchandise imports, continued to slow down further throughout the current recovery up to July 1986.

Also by the middle or third quarter of 1986, however, a number of conditions had already been established which in due course should prove conducive to a more vigorous upturn in aggregate private expenditure. These conditions included the increasingly relaxed stance of monetary policy and the stimulative effect being exerted, or still to be exerted, by the authorities' more expansionary fiscal policies; the "wealth effect" of rising household asset values on private sector borrowing capabilities and on the propensity to consume; and the continuing stimulatory effect of the relatively low exchange value of the rand. Pointers to a potentially more spirited revival in aggregate domestic spending and production could be found, among various other things, in some new buoyancy in the sales of new motor vehicles (after seasonal adjustment of the sales data concerned) in June, July and August 1986; in increases in new company registrations and fixed property transactions in July; and in fairly pronounced recoveries in retail sales in June and August. Since the retail sales figures for June are likely to have been affected by a fading of earlier consumer boycotts of retail outlets in certain parts of the country, the further rise in retail trading activity in August (after seasonal adjustment) may prove to be of more significance.

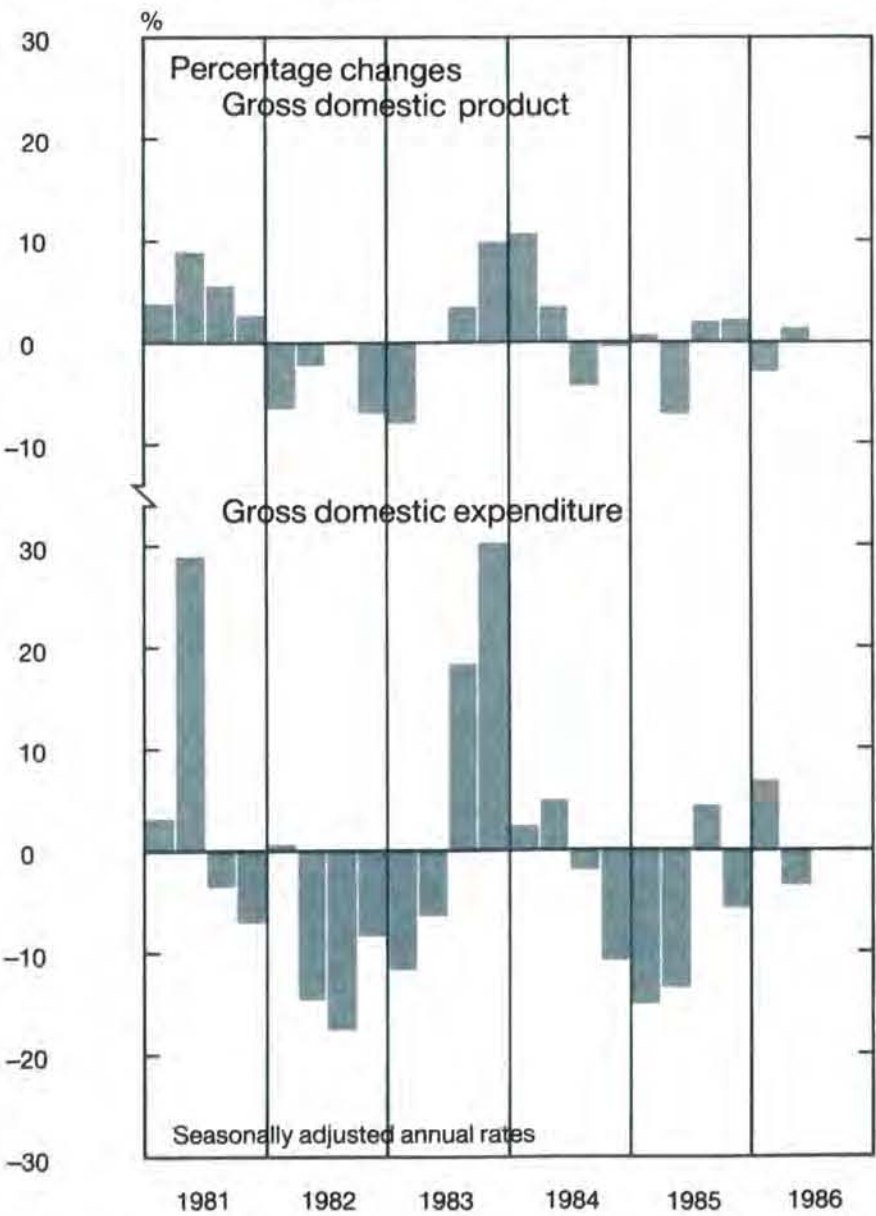
From late August positive effects on business and consumer sentiment were exerted by the marked surge in the dollar prices of South African precious metal exports, which was accompanied by a recovery of the rand exchange rate *vis-à-vis* the US dollar to over \$0,40. Although the possibility of intensified trade sanctions against South Africa clearly warrants attention, a continued large current account surplus is projected for the remainder of 1986. Together with an anticipated decline in the net capital outflow, this holds out prospects for a more comfortable management of South Africa's foreign indebtedness and debt repayment obligations, and of its foreign reserve position generally.

Domestic economic developments

Domestic output

After a disappointing performance in the first quarter of 1986 (when the real gross domestic product, according to present estimates, fell back at a seasonally adjusted annual rate of approximately 2½ per cent), the South African economy resumed a modestly upward course in the second quarter. Preliminary estimates indicate real gross domestic output in the second quarter to have advanced at an annual rate of about 1½ per cent. Having shown positive growth in three out of the four most recently completed calendar quarters, aggregate real output by the second quarter of 1986 on balance was on a decidedly higher level than in the second quarter of 1985. These developments therefore served to confirm that a low point in aggregate economic activity had, in fact, been reached in the second quarter of 1985 and that successive quarterly changes in aggregate output since then have been around a modestly upward longer-term growth path.

Real gross domestic product and expenditure



The increase in aggregate real output that was recorded on balance during the four quarters to the second quarter of 1986, was, however, insufficient to make up for the decline in output that had been experienced during the preceding cyclical downswing from the third quarter of 1984 to the second quarter of 1985. As a result, real gross domestic product in the second quarter of 1986 was still below its level in the second quarter of 1984. The more recent quarterly rises in output, moreover, also were insufficient to prevent real gross domestic product *per capita* from contracting in eight consecutive quarters from the third quarter of 1984.

The sectors mainly responsible for the modest rise in aggregate real output in the second quarter of 1986 were agriculture, wholesale trade and the motor trade. Increases in real value added by these sectors more than fully offset declines in the real value added by the manufacturing and retail trade sectors, amounting to 2 and 7½ per cent at annual rates, respectively. A levelling-off of real output was experienced by the non-gold mining industry.

Increases in real value added by agriculture during the first half of 1986 were not reflected fully in correspondingly higher values of real gross farm incomes or in the real gross sales value of agricultural output at the farming level. Instead, they were primarily attributable to a substantial decline in real intermediate inputs of the agricultural sector, i.e. to cutbacks by farmers in the aggregate volume of their purchases of farming requisites such as fuels, fertilisers and pesticides. This reduction in the intermediate inputs of agriculture obviously meant a weakening of the "backward-linked" stimulative effect of agricultural activity on manufacturing industry. In addition, output levels in manufacturing in the first and second quarters of 1986 were still being held back by the continuing decline in fixed investment, by the further drawing down of inventories and stocks in trade, and by the downward adjustment in private consumption expenditure in the first quarter of the year.

The rise in real value added by the motor trade in the second quarter of 1986 reflected a mild recovery in sales of new motor vehicles. While being a part of the moderate general recovery in real consumer spending during most of the period since the middle of 1985, improved car sales in the second quarter of 1986 also appear to have been influenced by certain newly granted concessions pertaining to the taxation of fringe benefits in respect of the private use of company cars, by intensified sales promotion efforts, and by the growing importance of replacement demand.

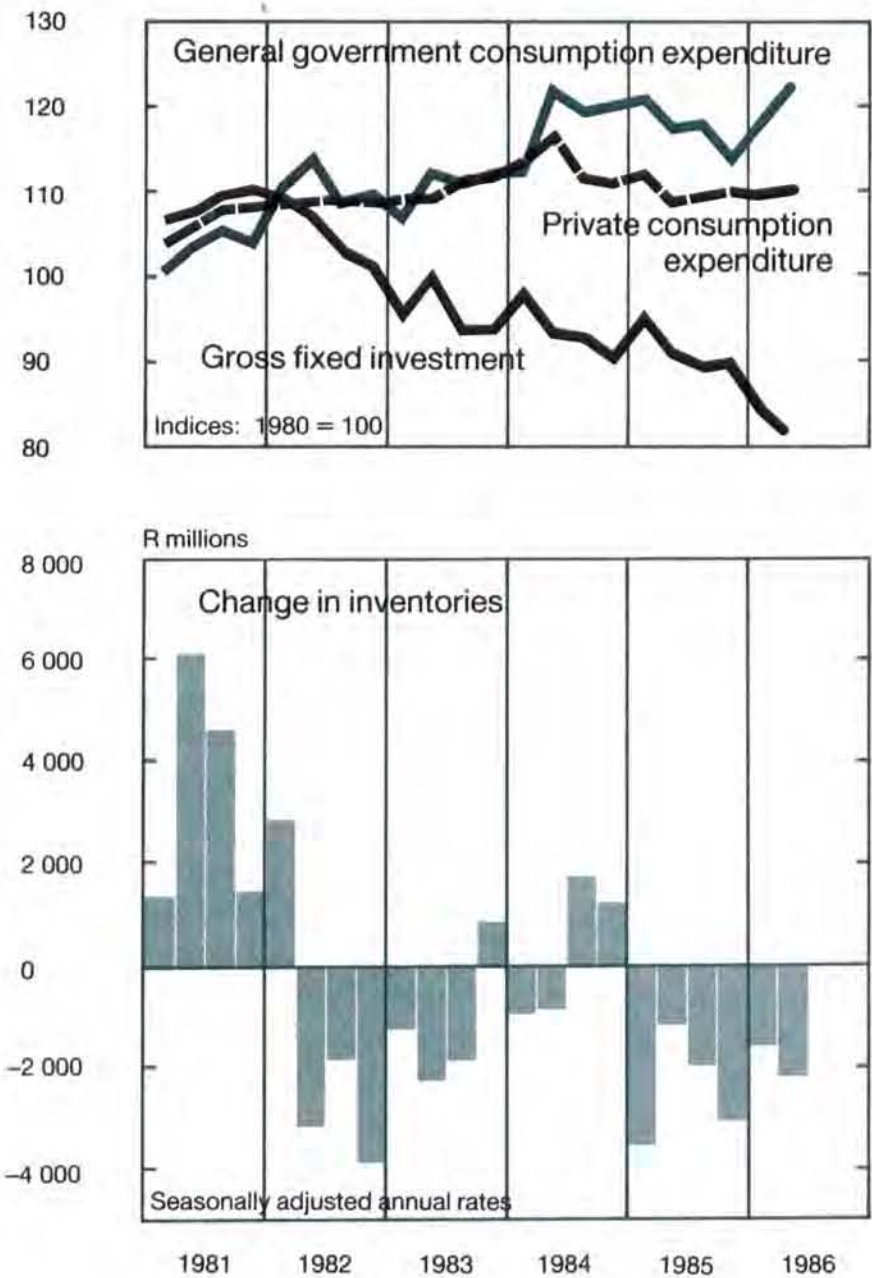
Domestic expenditure

Demonstrating the vacillating nature of the current slow economic recovery to date, *total* real gross domestic expenditure declined at an annual rate of 3 per cent in the second quarter of 1986, after having increased in the third quarter of 1985, decreased in the fourth quarter of 1985, and increased fairly substantially (at an annual rate

of some 7 per cent) in the first quarter of 1986. The renewed decline in total real domestic spending in the second quarter of 1986 was, however, solely accounted for by the continued downward trend in real fixed capital formation and by a reacceleration in the rate of reduction of real inventories.

Real consumption expenditure by private households, which had been raised somewhat artificially in the fourth quarter of 1985 under the impact of advance purchases of durable and other goods in anticipation of price increases that were expected to be effected in the new year, had been adjusted downwards fairly markedly in the subsequent three months. This adjustment would, however, appear to have been completed in the first quarter of 1986 and was more than fully reversed in the second quarter. Higher real spending levels in the second quarter of 1986 were observed in all spending categories. They were, however, particularly noticeable in outlays on personal transport equipment and in spending in the categories petroleum products and motor parts and accessories.

Main components of gross domestic expenditure



The sharp rise in real government consumption expenditure in the first quarter of 1986 (i.e. in the final quarter of fiscal 1985/86), was continued in the second quarter, although at a rather lower annual rate of approximately 15½ per cent. This increase in government spending was not, however, spread proportionally over its various principal components. Real salary and wage payments, mainly reflecting a further small rise in government employment levels, increased only modestly at an annualised rate of 2 per cent. Increased real spending on goods and other services therefore accounted for the bulk of the rise in aggregate government consumption expenditure.

The accelerated decline in real gross fixed investment in the first quarter of 1986, slowed down to only a limited extent in the second quarter from an annual rate of 21 to an annual rate of 16 per cent. In the private sector, cut-backs in real fixed capital expenditure were recorded in all principal areas of economic activity with the exception of mining; in mining, the first-quarter level of investment was maintained in the second quarter. In the public sector, the decline in real fixed investment largely resulted from further reductions in capital outlays for electricity generation; capital outlays by public corporations in the manufacturing sector actually increased. A slight increase in real fixed investment was also recorded among public authorities, this being the net result of a reduction in real capital spending by the Department of Posts and Telecommunications and an increase in real capital outlays by general government departments. The rise in investment expenditure by general government clearly could be related, as could the rise in government consumption expenditure, to the Government's adoption, in late 1985 and in 1986, of a somewhat more stimulative fiscal policy stance and a more expansionary approach to its own spending policies.

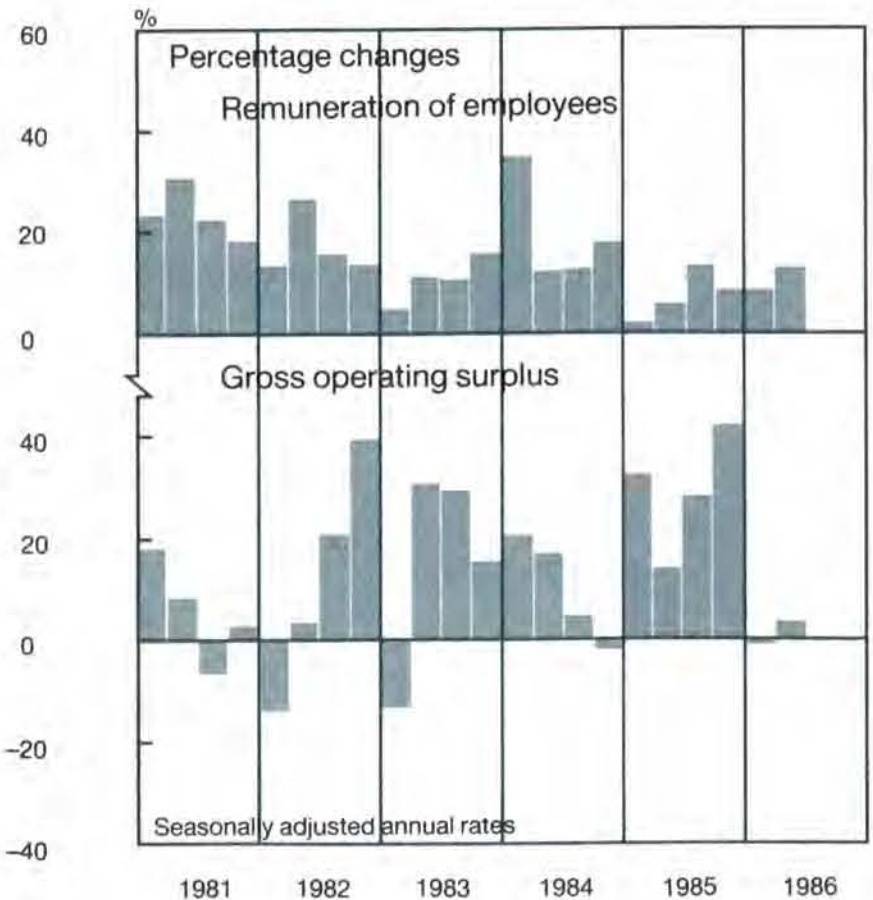
After having fallen back sharply in the first quarter of 1986, the rate at which real inventories were being drawn down once again assumed relatively large proportions in the second quarter. This was mainly accounted for by declines in the seasonally adjusted volumes of non-industrial and non-commercial inventories; mining stocks and agricultural and diamond stocks-in-trade accordingly were significantly lower at the end of the second quarter than at the end of the first quarter of the year. Industrial and commercial inventories, on the other hand, declined more slowly during the second than during the first quarter. Inventories in wholesale and retail trade actually increased; the unexpected upturn in new car sales, however, caused an involuntary reduction of inventories in the motor trade. The net further decline in aggregate real inventory levels caused the ratio of total real inventories to the real gross domestic product to contract further from its most recent peak of 36 per cent in the first quarter of 1985 and from 34 per cent in the first quarter of 1986 to 33 per cent in the second quarter of 1986.

Factor income and saving

The 13½ per cent increase in total nominal factor incomes in the course of the current economic recovery from the third quarter of 1985 to the second quarter of 1986 was made up of a rise of 17 per cent in the gross operating surplus and of 11 per cent in labour remuneration. During the second quarter of 1986, however, labour remuneration increased appreciably faster than the total gross operating surplus. The accelerated rise in labour remuneration was particularly evident in the mining sector and in the remuneration of general-government employees. To a significant extent, the slowdown in the rate of increase in aggregate gross operating surpluses was related to the rise in the average exchange value of the rand in the course of the first four months of 1986. This appreciation of the rand significantly affected the gross sales proceeds (measured in domestic currency) of the gold mining industry in the second quarter of the year.

Gross domestic saving declined further in the second quarter of 1986. The decline in the ratio of gross domestic saving to gross domestic product in the first half of 1986 (to a level of only 22½ per cent in the second quarter), wiped out most of the increase in this ratio that had occurred during the recessionary period from the third quarter of 1984 to the second quarter of 1985. The decline in the domestic savings ratio was exceeded, however, by a decline in the gross domestic investment ratio from 20½ per cent in the first quarter to 17½ per cent in

Factor income



the second quarter of 1986. The substantial excess of real domestic saving over real domestic investment obviously also served to provide the wherewithal, in terms of real goods and services, for a reduction in South Africa's foreign indebtedness.

Declines were recorded in all major categories of saving, with the usual exception of depreciation allowances. The increase in dissaving by general government from the first to the second quarter of 1986 again reflected the authorities' somewhat more expansionary approach to fiscal policy referred to earlier. The decline in corporate saving clearly was associated with the slowdown in the rate of increase in gross operating surpluses. The ratio of household savings to personal disposable income declined from 4½ per cent in the first quarter of 1986 to 3 per cent in the second quarter because the renewed moderate revival in consumer demand in the second quarter caused private consumption expenditure to rise proportionally faster than household incomes.

Employment

The recovery in economic activity in the second half of 1985 caused employment in the non-agricultural sectors of the economy to increase moderately at seasonally adjusted annual rates of 0,8 and 1,7 per cent in the third and fourth quarters of 1985, respectively. Increases in numbers employed were recorded in the private sector as well as among public authorities. In the first quarter of 1986, however, total non-agricultural employment remained essentially unchanged, at a level that, on balance, showed little change from its level in the first quarter of 1985. Approximate stagnation in overall employment was the net result of a further rise in employment by public authorities and a broadly similar decline in employment in the private sector.

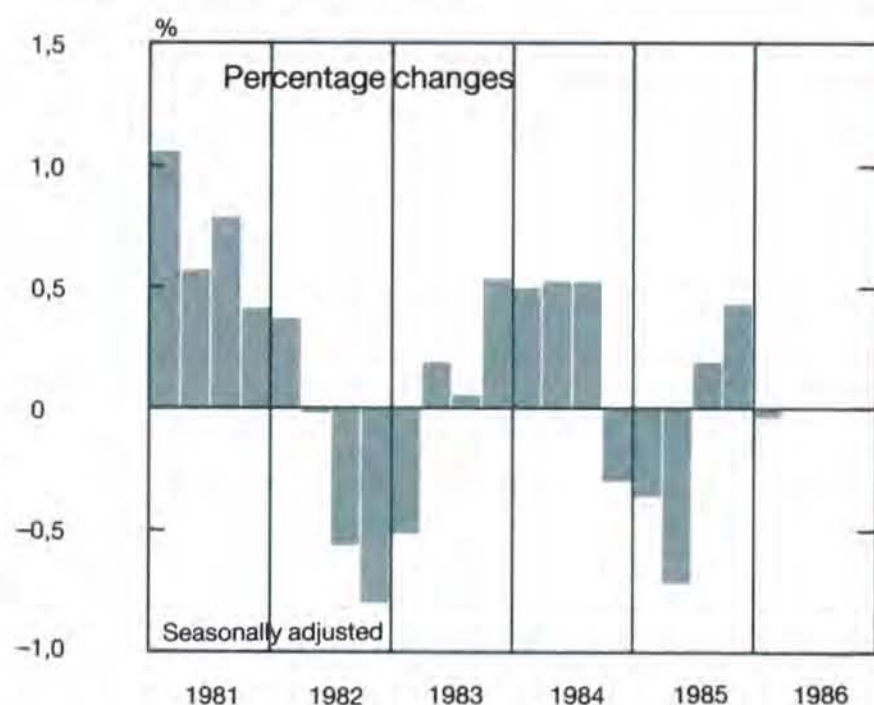
Information from the manufacturing and construction sectors, electricity generation and the South African Transport Services indicates employment in these various sectors to have declined further in the second quarter of 1986.

Relatively weak growth in the aggregate demand for labour also caused unemployment either to rise further or to be maintained at relatively high levels among all population groups in the course of the second half of 1985 and into the first quarter of 1986. The seasonally adjusted number of registered unemployed rose from 79 700 in January 1985 to 137 700 in January 1986. From January 1986, however, this number declined not insignificantly to 127 700 in July. The more recent mild contraction in unemployment could be attributed partly to implementation of special training and job-creation programmes by the Government since 1985.

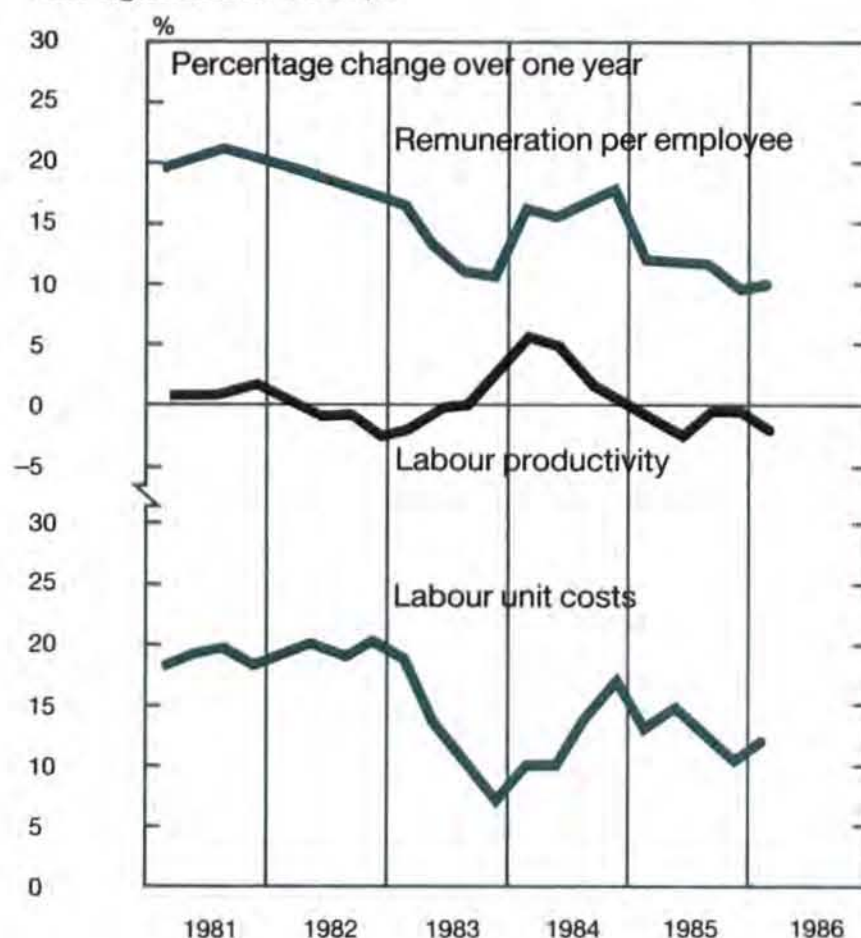
Labour costs and productivity

Relatively slack conditions in the labour market in 1985 and the first half of 1986 also gave rise to significantly lower rates of increase in nominal remuneration per worker in the non-agricultural sectors of the economy. Measured over a four-quarter period, this rate declined from 17,9 per cent in the fourth quarter of 1984 to only 10,0 per cent in the first quarter of 1986. *Real* remuneration per worker

Non-agricultural employment



Labour productivity, remuneration and unit costs in the non-agricultural sectors



in the first quarter of 1986 was no less than 7,7 per cent below its level in the first quarter of 1985.

Labour productivity, as measured by the real gross domestic product per worker in the non-agricultural sectors of the economy, declined by over 1 per cent in 1985, after an increase of approximately 3 per cent in 1984. In the first quarter of 1986 labour productivity was 2 per cent lower than in the first quarter of 1985. This illustrated a well-known phenomenon in conditions of business contraction, such as were experienced during the first half of 1985, namely that the number of employed workers tends to be reduced less than proportionally to the decline in aggregate physical output.

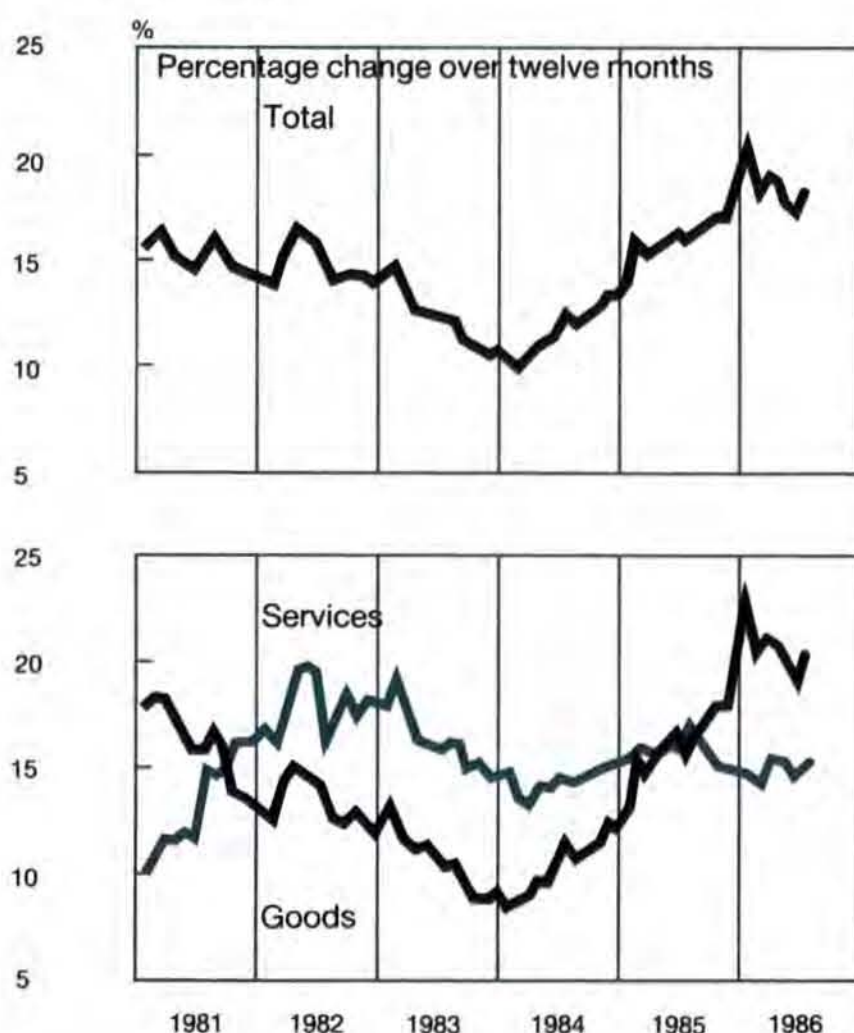
The rate of increase in unit labour costs, in nominal terms, slowed down from 13 per cent in 1984 to 12½ per cent in 1985. In the first quarter of 1986 unit labour costs were 12½ per cent higher than in the first quarter of 1985. Since this mild deceleration in the rate of increase in labour costs per unit of output occurred in the face of a fairly pronounced decline in labour productivity, it clearly was more than fully accounted for by the decline in the rate of increase in nominal labour remuneration.

Prices

The rate of inflation, as measured by changes in consumer and production prices, accelerated in 1985 and into the first quarter of 1986 but slowed down in the second quarter. This tendency was most clearly illustrated by the quarter-to-quarter, i.e. shorter-term, rises in the consumer price index, which accelerated from a seasonally adjusted annual rate of 13,6 per cent in the third quarter of 1985 to as much as 27,2 per cent in the first quarter of 1986 before falling back sharply to 12,8 per cent in the second quarter. The decline in the rate of consumer price increases from February 1986 mainly reflected the lagged effect of a recovery in the exchange rate of the rand from mid-December 1985 to mid-March 1986, as well as the effect of marked downward adjustments in crude oil prices in the international markets. These developments caused the prices of imported goods to increase, on average, at lower rates in February and March 1986, and actually to decline in the subsequent three months to June 1986. The slowdown in the rate of increase in the consumer price index in the second quarter of 1986 accordingly was partly accounted for by reductions in the domestic prices of petroleum products. However, it also reflected smaller increases in the prices of most other consumer goods and services, with the exception of housing and communication.

Measured over a twelve-month period, the rate of increase in consumer prices fell back from a peak of 20,7 per cent in January 1986 to 16,9 per cent in June. It then reaccelerated, however, to 18,2 per cent in July. The reacceleration in July, which is unlikely to have marked a durable change in the longer-term mildly downward trend, was primarily due to a sharp rise in food prices and housing costs. The twelve-month rate of increase in the

Consumer prices



production price index slowed down from 22,2 per cent in January 1986 to 19,1 per cent in June and 19,7 per cent in July.

Balance of payments and exchange rates

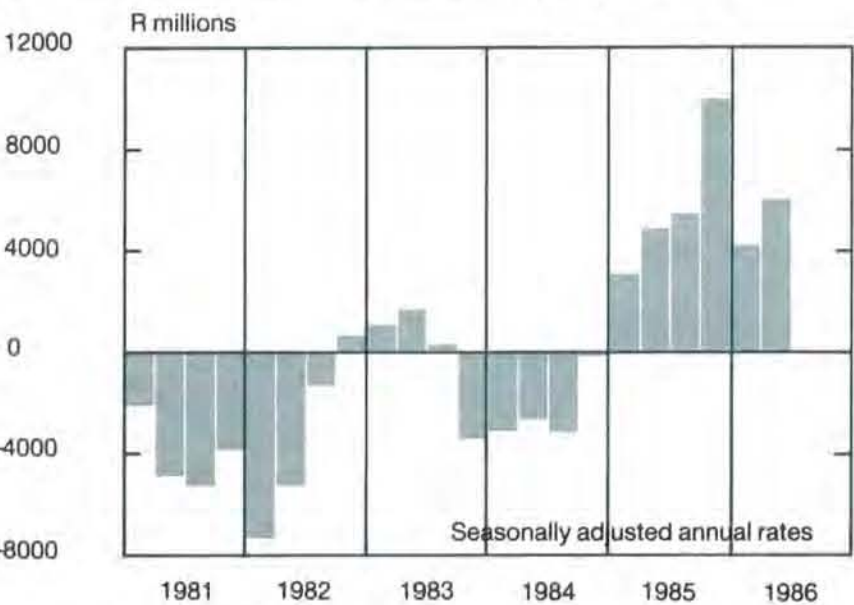
Current account of balance of payments

After having contracted in the first quarter of 1986, the surplus on the current account of the balance of payments recovered substantially in the second quarter, to a level that slightly exceeded its quarterly average in the course of 1985. At seasonally adjusted annual rates, the current account surpluses in the first and second quarters of 1986 amounted to R4,3 billion and R6,0 billion, respectively. This marked improvement was attributable to a 12½ per cent rise from the first to the second quarter in the value of merchandise exports and a significant recovery in the value of net gold exports. Jointly, these rises in export earnings significantly outweighed a 3½ per cent quarter-to-quarter increase in the value of merchandise imports and a substantial rise in net service and transfer payments to foreigners.

The substantially improved merchandise export performance in the second quarter of 1986 was more than fully accounted for by increases in export volumes. Particularly large increases in quantities exported were recorded in respect of ferro-chrome, asbestos, sugar and diamonds; together with a rise in coal exports, these increases were continued, and even accelerated further, in July. Export prices, on the other hand, actually declined during the second quarter. This reflected a levelling-off in international commodity prices which followed on their substantial increases earlier in the year.

The recovery in net gold exports reflected both price and volume rises. The average fixing price of gold on the London market remained at approximately US \$342 per fine ounce in both the first and second quarter of 1986. Because of the depreciation of the rand against the US dollar, however, the *rand* price of gold rose from R740

Balance of payments: Current account balance



Current account of the balance of payments

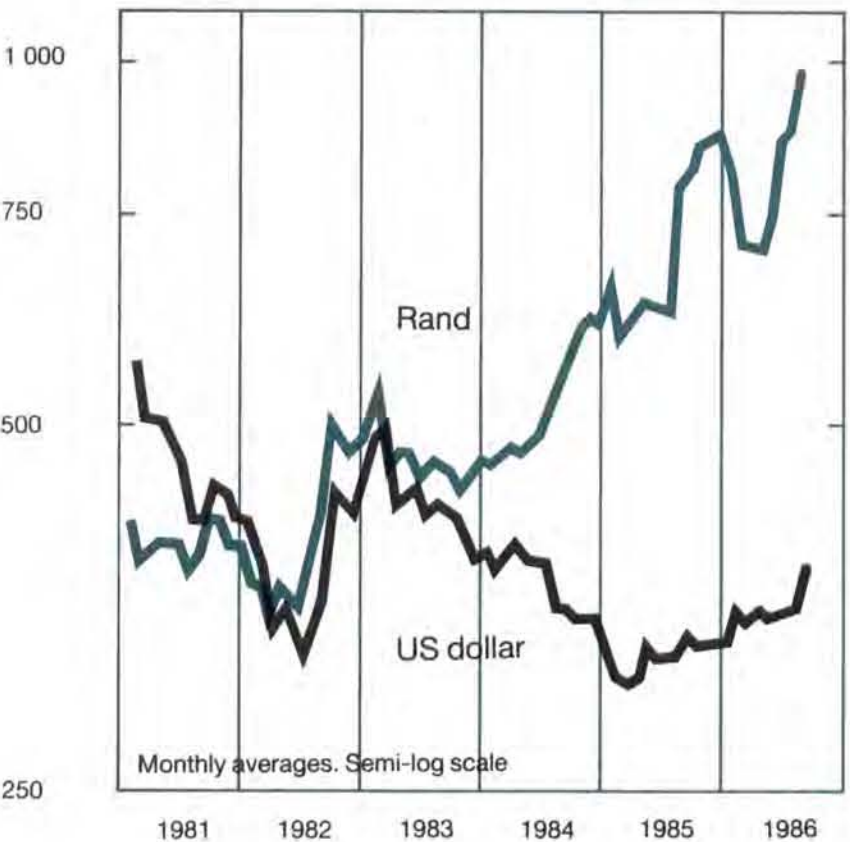
Seasonally adjusted annual rates
R millions

	1986	
	1st qr	2nd qr
Merchandise exports	21 360	24 020
Net gold exports	14 850	15 770
Merchandise imports	-23 710	-24 580
Net service and transfer payments ...	-8 220	-9 190
Balance on current account	4 280	6 020

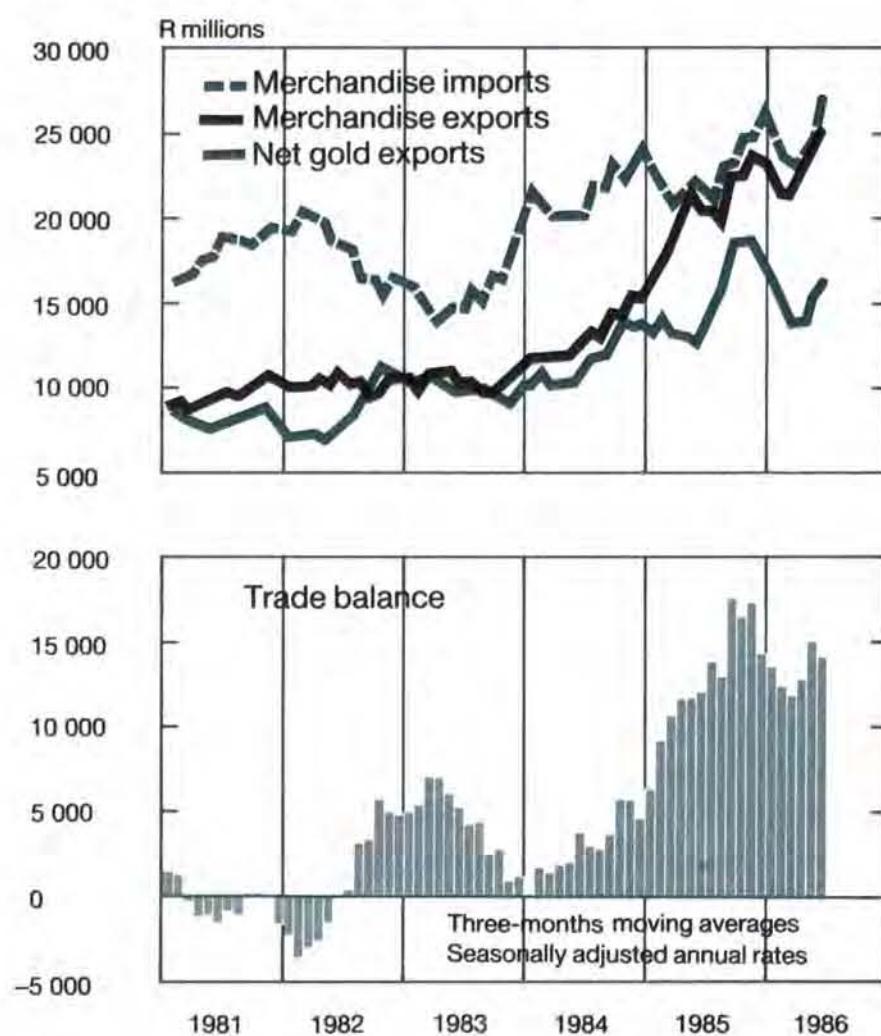
per fine ounce during the first quarter of 1986 to R771 per fine ounce in the second quarter. In July and August, the price of gold increased in both rand and dollar terms. On 11 August, the fixing price reached US \$394,50 per fine ounce. The gold price then fluctuated between US \$375 and US \$385 during the remainder of August before rising to a level of more than US \$400 per fine ounce on 3 September 1986. During the first half of September 1986 the average fixing price on the London market amounted to US \$409,18 per fine ounce.

Merchandise *imports*, at seasonally adjusted annual rates, increased from R23,7 billion in the first quarter of 1986 to R24,6 billion in the second quarter. As in the case of merchandise exports, this was the result of substantial volume increases. Average import prices declined in the second quarter mainly on account of lower international

Gold price



Balance of payments: Trade account



oil prices. Sharp increases in the value of imports were recorded in particular in respect of agricultural products, textiles and transport equipment. A further sharp increase in the value of merchandise imports, lending support to the view that the current economic recovery may possibly have been gaining in strength in the most recent few months, occurred in July. Higher imports were recorded especially in the categories mineral products, chemical products, machinery and electrical equipment, and transport equipment.

Net service and transfer payments to foreigners continued on a strongly upward trend. In the second quarter of 1986, higher payments of dividends, for travel and for the remuneration of foreign workers were offset to only a limited extent by higher service receipts.

Capital account

Although still at high levels, the outflow of capital not related to reserves continued to decline from a peak of R4,4 billion in the fourth quarter of 1985 and R1,6 billion in the first quarter of 1986 to R1,0 billion in the second quarter. This decline mainly reflected commensurately reduced outflows of short-term capital, including unrecorded transactions. Outflows of short-term capital actually contracted from as much as R4,2 billion in the fourth quarter of 1985 to only R0,5 billion in the second quarter of 1986.

Adverse leads and lags in international payments and receipts accompanying the renewed decline in the exchange rate from mid-March to mid-June 1986, accounted for a substantial part of the continued, although much reduced, outflow of short-term capital in the second quarter of 1986, but were clearly considerably less powerful than in the second half of 1985. They would appear to have worked themselves out more or less fully by August 1986.

The outflow of long-term capital declined marginally from R0,6 billion in the first quarter of 1986 to R0,5 billion in the second quarter. The further outflow of long-term capital in the second quarter was the combined result of repayments on foreign loans by public authorities not included under the standstill arrangements, and of net sales by foreigners of securities listed on the Johannesburg Stock Exchange. Although the exchange control regulations prevent the proceeds of such sales from actually leaving South Africa in the form of foreign exchange, these sales do result in a decline in long-term foreign investment in South Africa which is neutralised mainly by a rise in reserve-related short-term foreign liabilities. *Ceteris paribus*, such sales therefore normally still give rise to a decline in the official net gold and other foreign reserves. The extent of net sales of listed securities by foreigners during the second quarter of 1986 was, however, considerably smaller than in the first quarter of the year. Certain public corporations, moreover, were still able to raise long-term overseas credits in the form of project-financing.

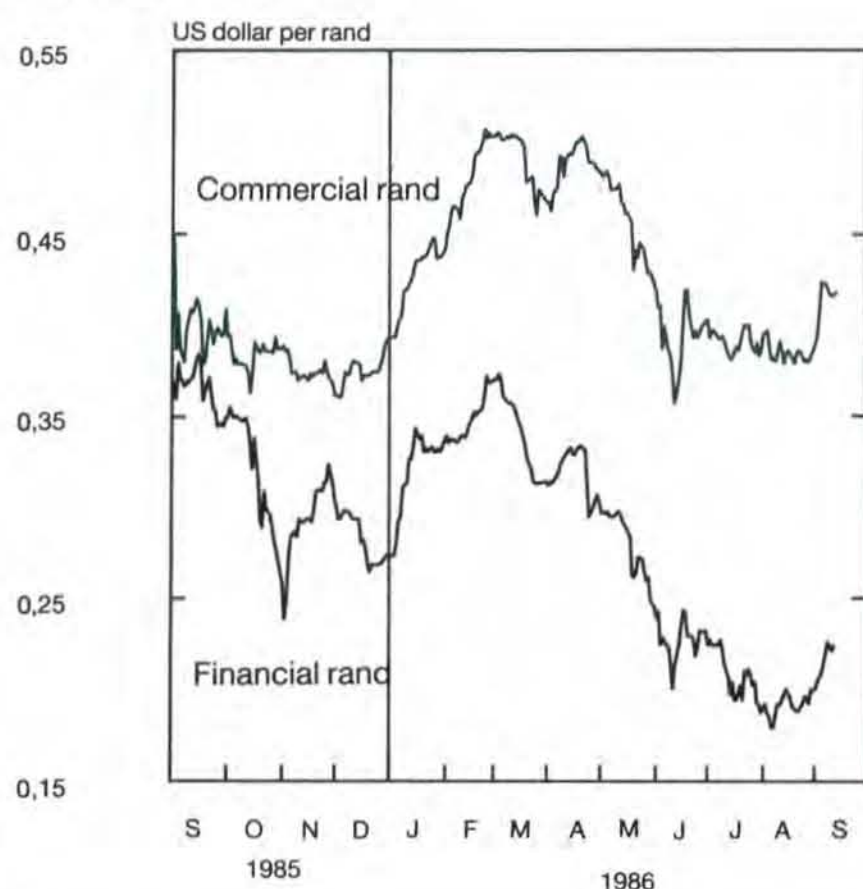
Foreign reserves

The surplus on current account, in combination with the smaller net outflow of foreign capital, in the second quarter of 1986 brought about an increase of R475 million in the net gold and other foreign reserves. This was the first such increase to be recorded since the introduction of the debt standstill arrangements in early September 1985. Also in the second quarter of 1986, however, repayments on reserve-related foreign liabilities to the amount of R1,4 billion (including a repayment of R216 million on South Africa's indebtedness to the IMF) caused the *gross* gold and other foreign reserves (*excluding* valuation adjustments) to decline by an amount of R0,9 billion. Because of the depreciation of the rand, the total gross gold and other foreign reserves in terms of rand nevertheless started to rise from a lower turning point in April 1986. They subsequently also began to increase in *dollar* terms during July and August 1986.

Exchange rates

The effective exchange rate, which had recovered sharply from 18 December 1985 to 13 March 1986, subsequently declined again to 12 June 1986, reaching a level that was only marginally above its December low. As shown in the accompanying table, this decline occurred against all major currencies. The renewed recovery in the effective exchange rate of the rand after 12 June initially reflected only an appreciation of the rand *vis-à-vis* the US dollar and

Exchange rates



of this announcement, the financial rand henceforth may also be applied for taking up shares in new companies, for purchasing shares in existing non-quoted companies, and for acquiring fixed property. From 7 August to 15 September 1986, the financial rand appreciated by 24,7 per cent to US \$0,2275. At that level, its discount *vis-à-vis* the commercial rand as on that date amounted to 47,2 per cent.

the UK pound; against other major currencies, the rand remained on essentially unchanged levels or actually depreciated slightly further. From the beginning of September, however, the abrupt rise in the gold price caused the rand to appreciate against all principal currencies. On 15 September, the effective exchange rate of the rand was 17,9 per cent above its low point of 12 June 1986.

The financial rand depreciated sharply during most of the second quarter, July and early August 1986 from US \$0,3326 on 21 April to a lower turning point of only US \$0,1825 on 7 August. Its dollar value on that date represented an all-time record discount *vis-à-vis* the commercial rand of no less than 52,3 per cent. An extension of the various purposes for which the financial rand may be used, was announced by the authorities on 8 August. In terms

Changes in the exchange rates of the rand

%

	18 Dec 1985 to 13 Mar 1986	13 Mar 1986 to 12 June 1986	12 June 1986 to 15 Sept 1986
Weighted average ..	30,1	-28,7	17,9
US dollar	36,4	-29,1	20,6
British pound	33,3	-32,0	25,0
German mark	24,6	-31,8	12,6
Swiss franc	25,2	-33,2	10,2
Japanese yen	21,9	-34,9	13,1
French franc	25,2	-29,3	15,6

Money and banking

Money supply

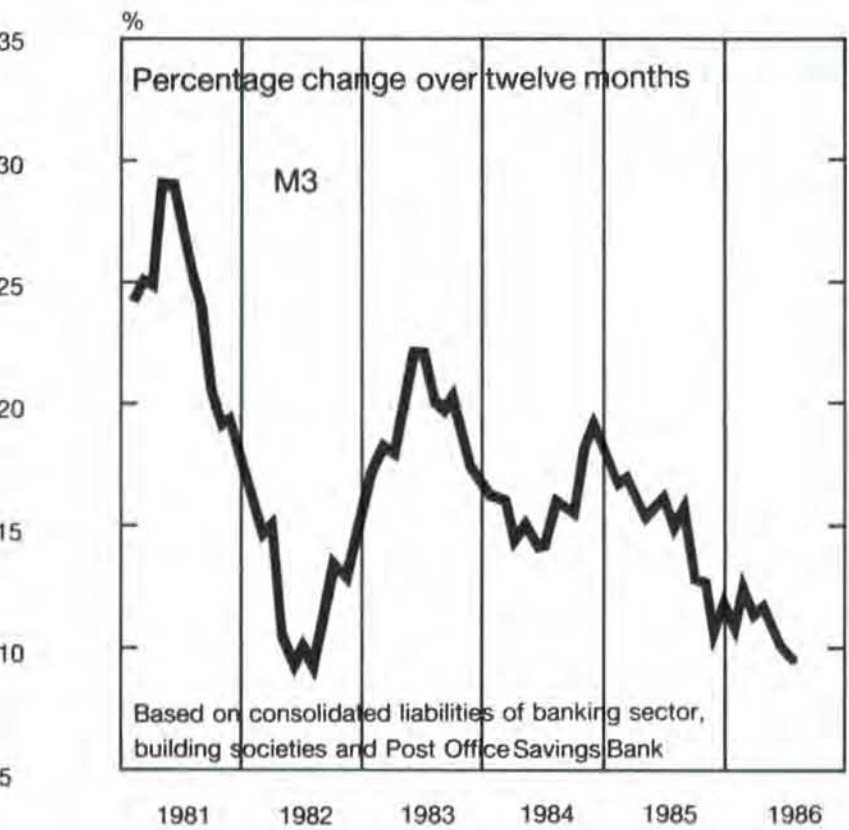
The slowdown in the rate of growth in the money supply that had commenced towards the end of 1984, continued throughout the second quarter and July 1986. As a result, the observed rate of increase in the newly redefined broad money supply, M3, from mid-November 1985 to the end of July 1986 was well below the lower limit (of 16 per cent) to the authorities' target rate of growth in M3 for the period from the fourth quarter of 1985 to the fourth quarter of 1986. Having grown at a seasonally adjusted annual rate of 9½ per cent from mid-November 1985 to the end of July 1986, M3 on the latter date fell short of the lower limit of the targeting range by nearly R3,2 billion, or 4,0 per cent. (Preliminary figures for August 1986 would, however, indicate this shortfall to have contracted to 3,8 per cent.) Relatively slow growth in this monetary aggregate therefore confirmed the need for the progressively more expansionary policy stance adopted by the Treasury and the Reserve Bank over the preceding twelve months, and lent support to the further easing of the Reserve Bank's monetary policies in August and September 1986.

Measured over twelve months, the growth rate in M3 fluctuated downwards further from 11,1 per cent in March 1986 to 9,9 per cent in June and to 9,4 per cent in July. The twelve-month growth rate in M2 fluctuated to lower levels in a broadly similar fashion, from 10,0 per cent in March 1986 to 8,4 per cent in June and to 7,1 per cent in July. The twelve-month growth rate in M1, on the other

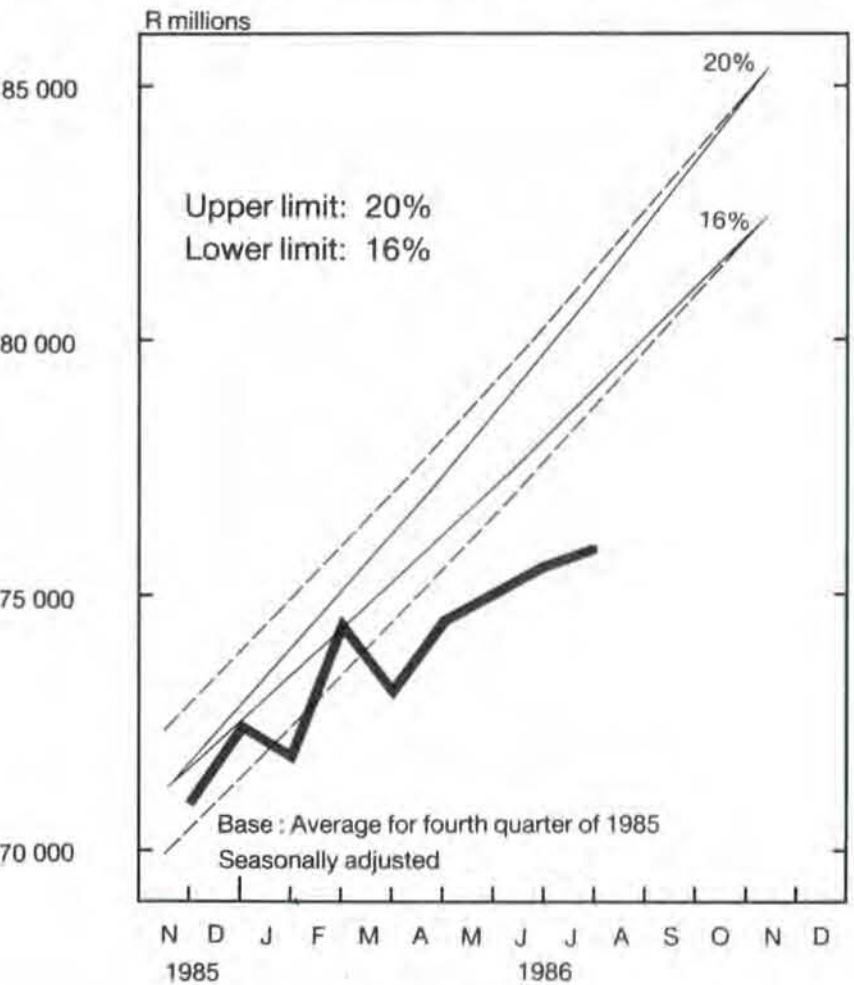
hand (being affected severely, among other things, by the abolition, from September 1985, of banks' procedure of "averaging" their daily demand liabilities in their monthly calculation of their short-term liabilities to the public for reserve asset purposes), declined considerably more rapidly and reached negative levels from October 1985 onwards. In contrast to these developments, the twelve-month growth rate in M1A actually accelerated from June 1985, partly because abolition of the banks' earlier "averaging" procedure strongly favoured M1A growth and partly because of banks' increased emphasis on cheque deposits and banks' and building societies' increased competition for transmission deposits. In July 1986, the twelve-month growth rate in M1A accordingly amounted to as much as 28,4 per cent. In view of the abolition of "averaging", however, it is clear that the growth rate in neither M1A nor M1 could provide guidance to the true strength of monetary expansion over the past twelve months and would have been misleading if used for purposes of monetary analysis.

The principal explanation, in accounting terms, of the further deceleration in M3 growth during the second quarter and July 1986, was provided by a further slowdown in total new credit extension by "monetary" institutions (i.e. banks, building societies and the Post Office Savings Bank) over this period. Measured over twelve months, the rate of increase in *total* credit extended by the "monetary" sector (comprising its claims on both the government and the non-monetary private sector) de-

Money supply



Target ranges for growth in M3 during 1986



clined further from 14,6 per cent in March 1986 to 13,6 per cent in July. Changes in the net gold and other foreign reserves of the monetary sector, on the other hand, on balance made a small positive contribution to the growth in M3 over this four-month period, the increase in the net foreign reserve holdings of this sector during the second quarter of 1986 being the first such quarterly increase since the second quarter of 1985.

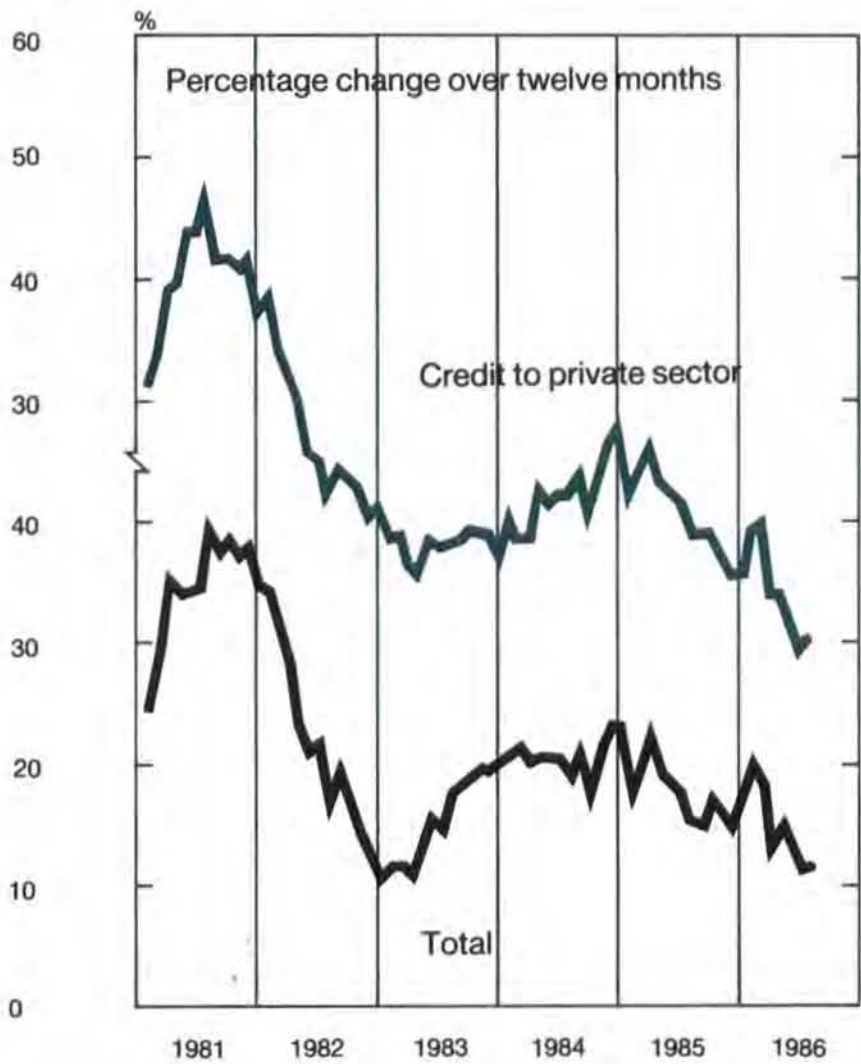
Bank credit

Measured over a twelve-month period, the rate of increase in *banking institutions'* credit to the private sector slowed down from 14,1 per cent in March 1986 to 10,7 per cent in July. No increase at all was measured in the quarterly average of the banks' claims on the private sector from the first to the second quarter of 1986, and from the end of March to the end of June the seasonally adjusted total of bank credit to the private sector actually decreased fractionally. An *increase* in such credit, after seasonal adjustment, was, however, recorded in July.

Virtual stagnation of the total amount of bank credit to the private sector in recent months could be related to continuing slack conditions in the South African economy and in particular to matters such as the sustained decline in real fixed capital formation and in total real inventories, households' continuing reluctance to borrow and their more limited borrowing capacity, and banks' increased cautiousness in lending in the light of diminished debtor quality and the increased prevalence of bad debts. The relative stagnation of bank credit to the private sector in a period of economic recovery nevertheless was unusual in that accelerations and decelerations in new bank lending historically have been associated fairly closely with cyclical upswings and downswings, while turning points in the rate of increase in bank credit traditionally have adhered relatively faithfully to turning points in the general business cycle.

Different forces affected the rates of change in various kinds of bank credit. Leasing finance, for example, continued to reflect the decline in real fixed capital formation. Both leasing finance and hire-purchase credit also would appear still to have been influenced by the relatively high maximum rates of interest permitted under the Limitation and Disclosure of Finance Charges Act. After a further 1 percentage point reduction in these rates from 8 August 1986 (to 23 per cent on the larger and 28 per cent on the smaller money lending, credit and leasing transactions), these rates were still pronouncedly positive in real terms and very substantially above rates of interest in the money market and the commercial banks' prime overdraft rate. From the end of March 1986 to the end of July, leasing finance extended by all banks decreased further by 2,3 per cent; hire-purchase credit increased very marginally by 0,6 per cent; banks' "other" loans and advances rose similarly insignificantly by 0,6 per cent, while the private bill portfolios of all banking institutions, having substantially more than doubled from April 1985 to March 1986, declined by over 14 per cent.

Bank credit

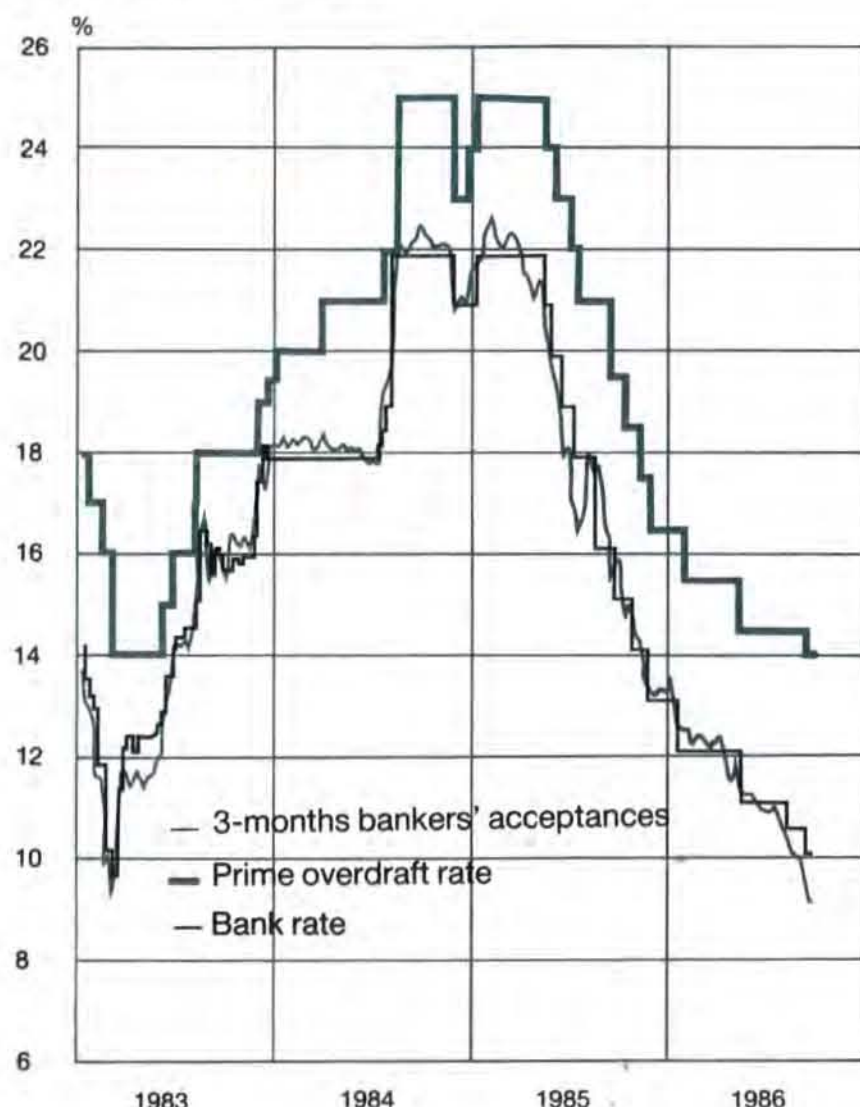


The very limited net increase in the seasonally adjusted bank credit to the private sector from the end of March 1986 to the end of July was, however, accompanied by a substantial increase in the banking system's net claims on the government sector. As a result, the twelve-month rate of increase in total bank credit to both the private and the government sector, which had amounted to 12,9 per cent in March 1986, showed only a fairly small decline to 11,5 per cent in July.

Bank rate policy and interest rates

The hesitant economic recovery, large surpluses on the current account of the balance of payments, and unexpectedly slow growth in the money supply, led the Reserve Bank further to ease its monetary policy stance in the second quarter, August and September 1986. The Bank's rediscount and other refinancing rates were reduced further by 1 per cent from 5 May, by 1/2 per cent from 5 August, and by a further 1/2 per cent from 5 September 1986. Bank rate was reduced in these three steps from 12 to 10 per cent. In its statement accompanying the Bank rate cut in May, the Bank made special reference to the persistent slowdown in the extension of bank credit to the private sector and to the need for restimulating aggregate expenditure. The further lowerings of Bank rate and the associated refinancing rates clearly were also in accord-

Short-term interest rates



ance with the Bank's stated intention of making active use of its discount policy for bringing its influence to bear on interest rates, total expenditure and the money supply.

Money market rates generally declined in broad agreement with the Bank rate reductions but occasionally retreated to levels fairly significantly below Bank rate in anticipation of further Bank rate cuts. The rate on liquid three-month bankers' acceptances, for example, declined from 12,60 per cent at the end of April 1986 to 10,25 per cent in early August, and to only 9,90 per cent towards the end of August (when the Bank's rediscount rate for liquid bankers' acceptances still stood at 11,00 per cent). After the Bank rate cut of 5 September and the lowering of the Bank's rediscount rate for bankers' acceptances to 10,50 per cent, the market rate on bankers' acceptances receded to as little as 9,25 per cent on 5 September, its lowest level since March 1981. The prime overdraft rate of the clearing banks was reduced in accordance with the Bank rate reductions to 14,5 per cent from the middle of May, 14,0 per cent from the second half of August, and 13,5 per cent from 20 September 1986.

Financial markets

Debt management and refinancing operations

Reserve Bank debt management operations during the period from April to August 1986, i.e. during the first five months of fiscal 1986/87, continued to be concerned mainly with funding the Government's borrowing requirements. Net sales of government stock during this five-month period amounted to R2 617 million. Of this amount, R1 800 million was obtained on tap from the Treasury, while R766 million was taken up via the Public Investment Commissioners. Specially-dated Treasury bills to a total of R500 million, having been put out on tender in varying amounts in April, May and June 1986, were redeemed at the end of August to alleviate the usual seasonal tightening of money market conditions. New tenders were accepted on 5 September for an amount of R200 million of specially-dated Treasury bills that will mature on 28 November 1986. A further such issue of R100 million on 15 September drew applications for R460 million and was allotted at an average rate of 8,99 per cent.

Funds of the Corporation for Public Deposits placed with the discount houses were raised to a new peak of R900 million on 29 July, but subsequently declined to only R84 million on 20 August. In the light of the customary large tax payments at the end of August, these funds were increased again to R800 million on the August month-end. On 15 September, CPD funds with the discount houses amounted to R723 million. Refinancing accommodation at the discount window similarly declined rapidly during the first three weeks of August. Such accommodation, in fact, was allowed to drop to nil (i.e. the money market was permitted to be fully "out of the Bank") on a number of days in the third week of August, as a further aid to credit market sentiment. At the end of August, refinancing at the discount window had returned to an amount of slightly over R900 million. It amounted to R221 million on 15 September.

Capital market activity

Activity in the capital market, which had started to move to higher levels from early 1985, accelerated still further in the second quarter and in July and August of 1986. This was clearly reflected in considerably increased turnovers in public sector securities, substantial new issues of public and private sector stock, a further surge in share prices, a sustained high level of the inflow of funds to non-contractual savings institutions, increased mortgage lending, and a slight improvement in real estate transactions. Trading activity in the share market, however, receded slightly in the second quarter.

The value of public sector stock traded on the stock exchange rose from R20,2 billion in the first quarter of 1986 to a new record level of R24,4 billion in the second quarter. In July and August the monthly turnover of these stock averaged as much as R13,7 billion or 69 per cent

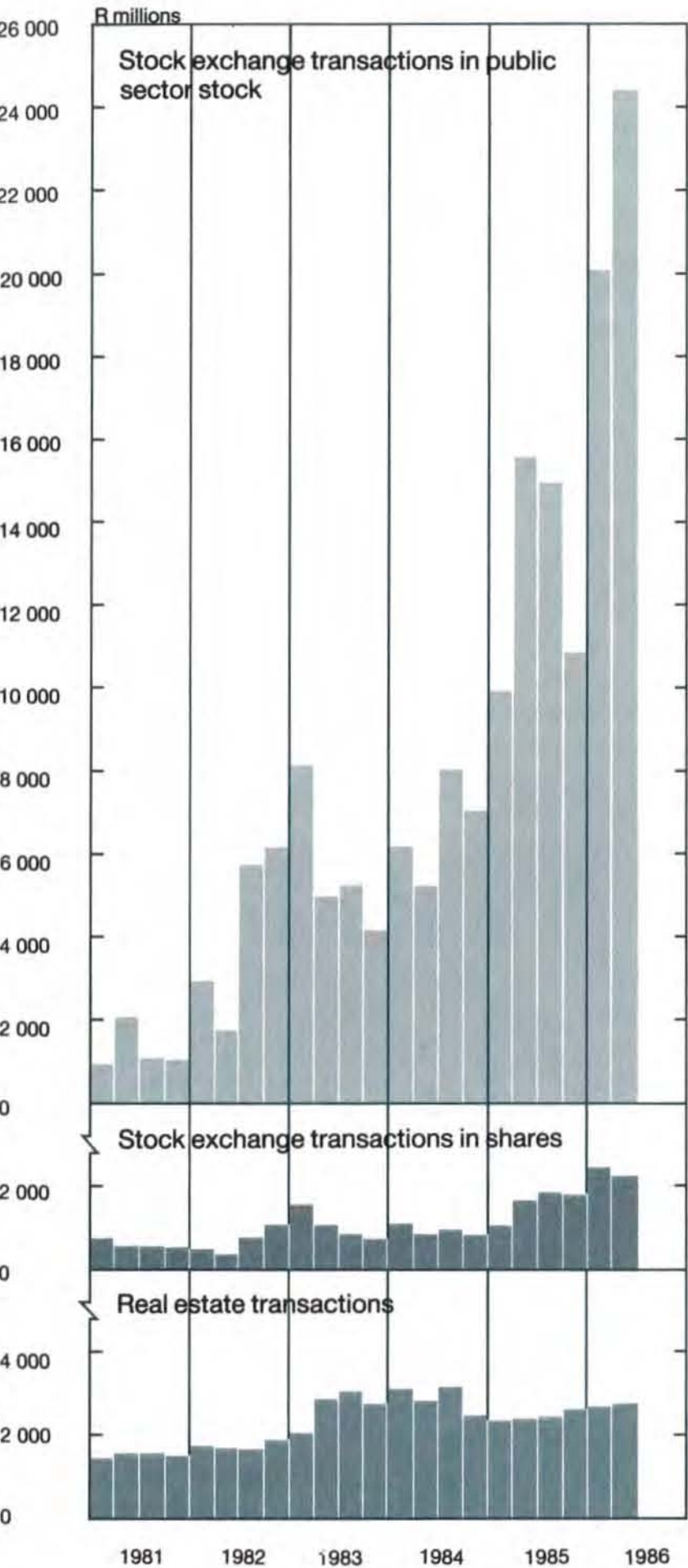
more than the monthly average of R8,1 billion in the preceding three months.

The slight improvement in real estate transactions consisted of a rise in the value of such transactions from R2,6 billion in the first quarter of 1986 to R2,7 billion in the second quarter. In July, the total value of real estate transac-

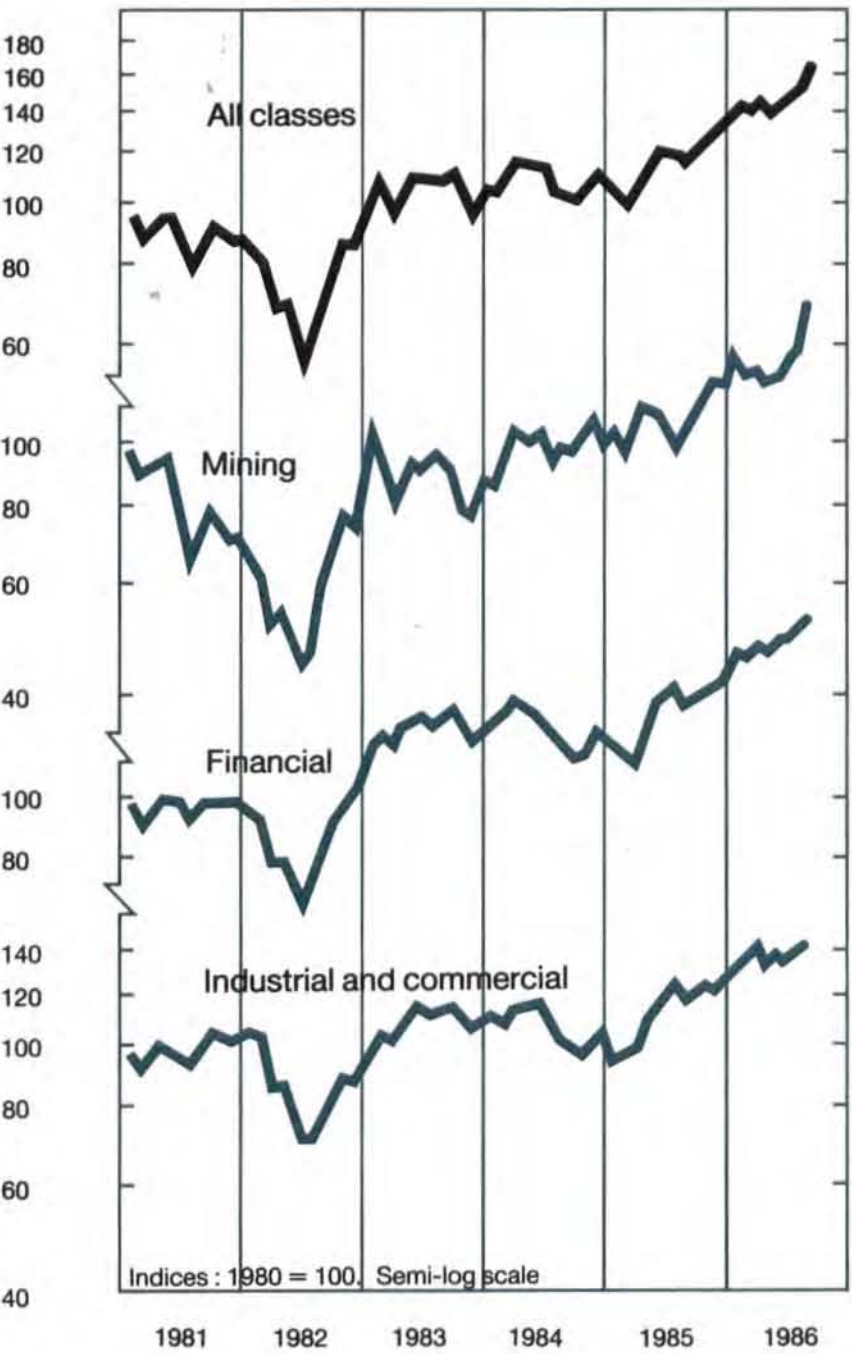
tions, at R977 million, was again somewhat higher than the average level of the preceding three months.

The value of shares traded on the stock exchange receded slightly from R2,4 billion in the first quarter to R2,3 billion in the second quarter of 1986. This was followed, however, by a substantially higher monthly average of R1,1 billion in July and August. The slightly lower turnover in shares in the second quarter of 1986 was partly related to institutional investors' preference for increased holdings of fixed-interest securities, in view of their expectations of a decline in capital market interest rates. The average price of all classes of shares increased by 2 per cent in the second quarter of 1986 notwithstanding a 3 per cent decrease in industrial and commercial share prices. Share prices then increased, on average, by a further 14 per cent in July and August, in the wake of marked buying pressure from individual and institutional investors. Gold mining share prices, however, rose by as much as 24 per cent in July and August, mainly because

Security and real estate transactions



Share prices



of an upward trend in the dollar price of gold and a relatively lower rate of appreciation of the rand up to late August.

In the primary markets, the public sector raised new funds through issues of fixed-interest securities to banks and private non-bank investors to an amount of R1 818 million in the second quarter of 1986, compared with net redemptions of R107 million in the preceding three months. Companies listed on the stock exchange raised R51 million through new issues of fixed-interest securities and R447 million through new share capital issues during the second quarter of 1986. This could be compared with first quarter amounts of R14 million and R64 million, respectively. Given the comparatively low level of business activity and investment demand, this substantially increased recourse to the securities markets assisted companies in reducing their use of bank credit (including leasing finance) by R576 million, after a rise of R305 million in the use of such credit in the first quarter of the year.

The improved net inflow of funds to building societies and participation mortgage bond schemes allowed these institutions to increase their mortgage lending from R1 478 million in the first quarter of 1986 to R1 601 million in the second quarter. The demand for mortgage finance nevertheless remained relatively subdued *inter alia* under the impact of the weakening of households' real disposable income positions and because of a general socio-political environment that did not yet appear to favour long-term commitments in the form of increased investments in real estate.

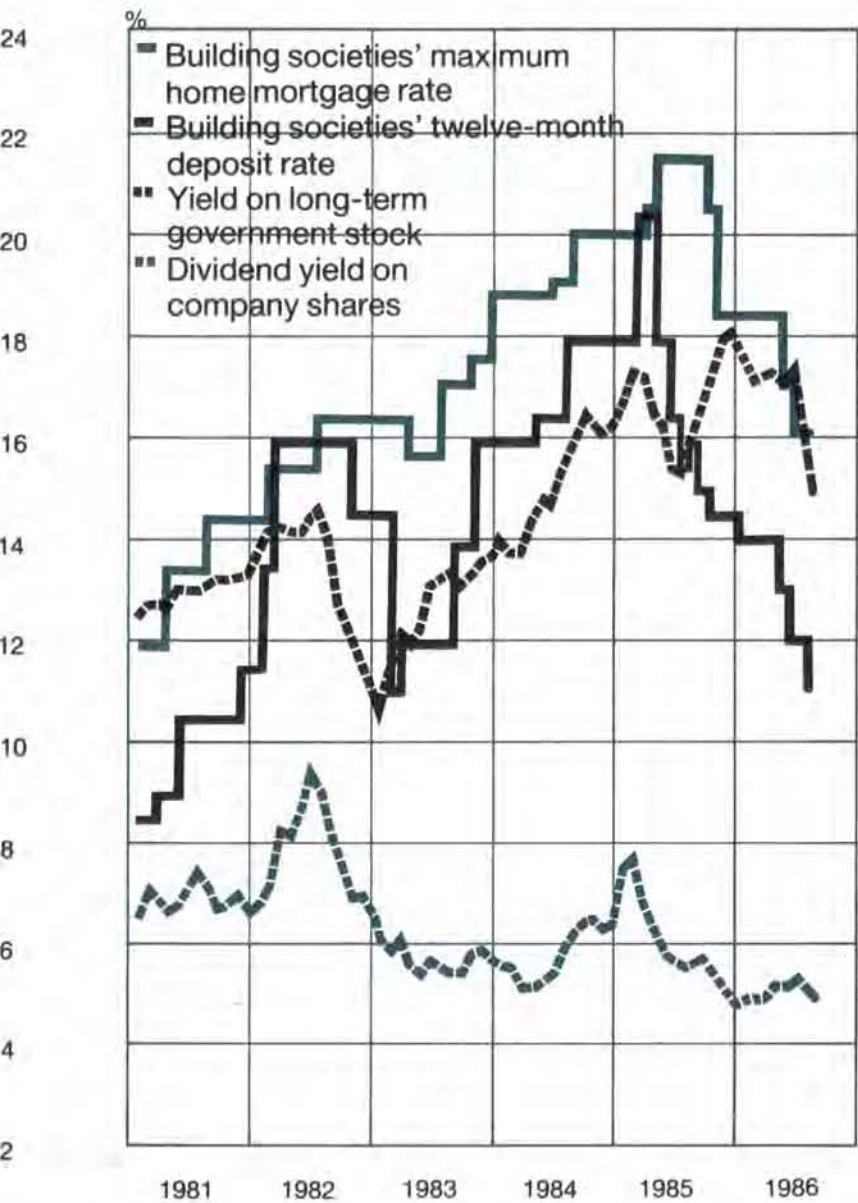
Long-term interest rates

A general easing of the monetary-financial environment, in combination with occasional shifts in market sentiment, caused capital market interest rates in the first half of 1986 to show some volatility while displaying a slightly downward trend. Having reached a peak of 18,1 per cent in December 1985, the average monthly yield on long-term government stock declined on balance to 17,3 per cent in the first quarter of 1986 before rising marginally to 17,4 per cent in the second quarter. A decisive and substantial downward movement in long-term rates set in, however, from the second half of June 1986. As a result, the average of this rate receded to 16,4 per cent in July and to as low a level as 14,9 per cent in August and 14,2 per cent in the first half of September.

The average dividend yield on all classes of shares increased from 4,8 per cent in December 1985 (when the so-called "inverse" yield gap between this yield and the long-term government stock yield amounted to an unprecedented 13,3 per cent) to 5,2 per cent in June 1986. Mirroring the subsequent rise in share prices, this yield then declined again to 5,1 per cent in July and to 4,9 per cent in August.

The building societies' maximum home mortgage rate, which had been lowered to 18,25 per cent in October 1985, was reduced to 17,0 per cent in May 1986 and to 16,0 per cent in June. At the time of the rate reduction of

Long-term interest rates



May 1986, the building societies also replaced their earlier set of differentiated mortgage rates by a uniform rate for all borrowers irrespective of the size of the mortgage loan granted. Participation mortgage bond schemes revised their mortgage rates downwards from 16,75 per cent in December 1985 to 15,94 per cent in January 1986; this rate has since been kept at this level.

An indication of movements in long-term deposit interest rates was provided by changes in the twelve-month deposit rates of banks and building societies. The predominant rate on these deposits, which had declined to 14,0 per cent in January 1986, was reduced to 13,0 per cent in May, 12,0 per cent in June, and 11,0 per cent in August 1986.

Government finance

Exchequer issues* and receipts

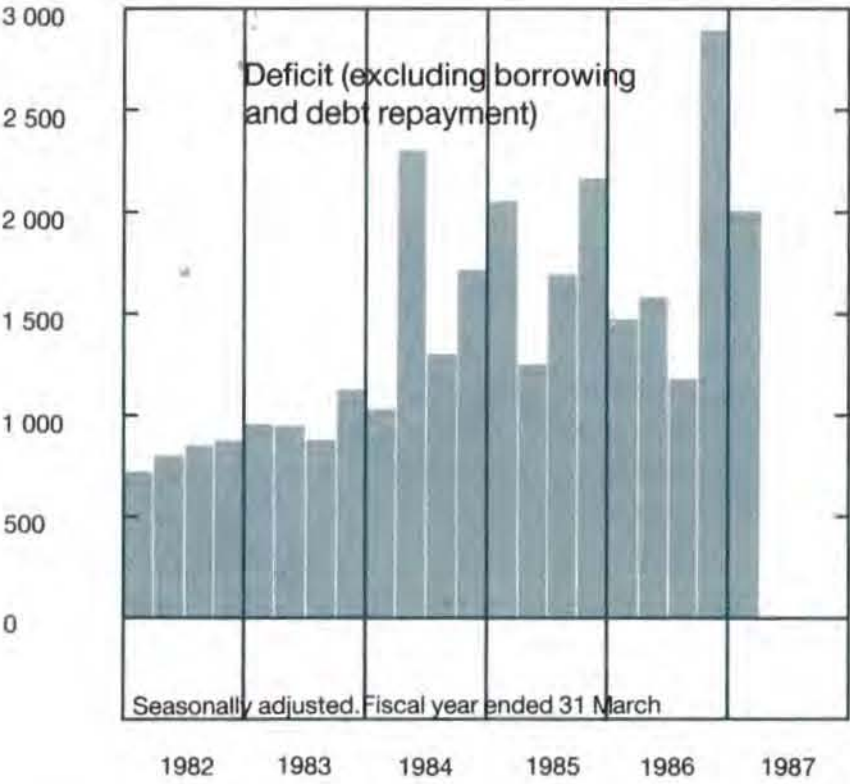
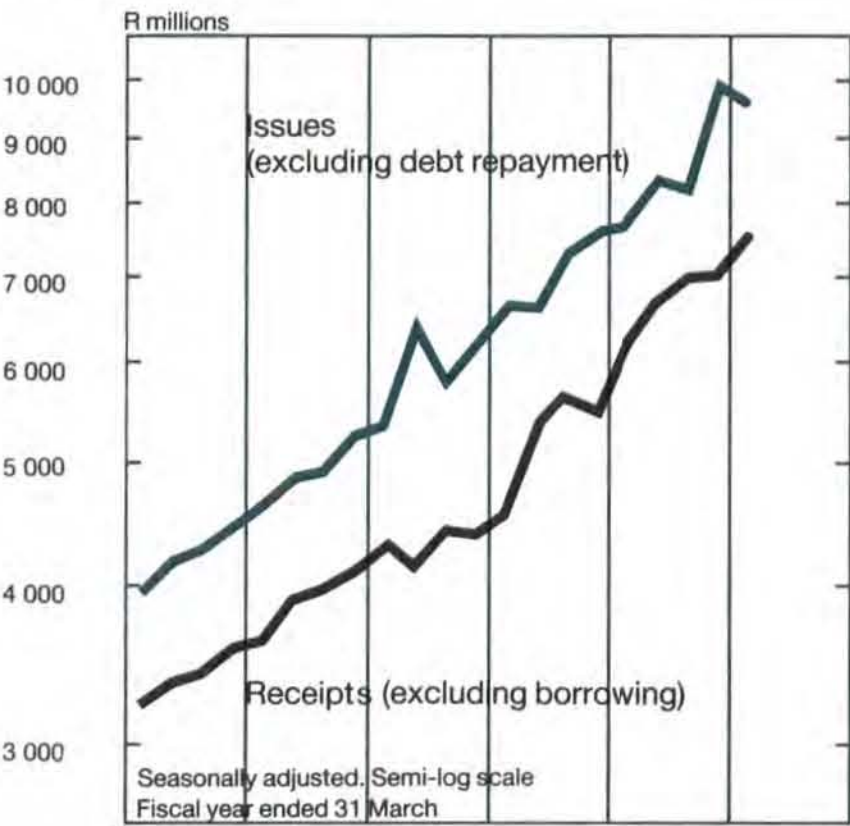
In accordance with its normal pattern of recent years, Exchequer issues increased sharply during the first quarter of fiscal 1986/87, covering the period from April to June 1986. Exchequer issues to government departments in these three months were 22,1 per cent higher than in the corresponding period in 1985. A fairly moderate increase in such issues was, however, recorded in July 1986 in comparison with the extraordinarily high level of issues in July 1985, and the rate of increase in these issues then decelerated further in August. During the first five months of fiscal 1986/87, total issues to government departments accordingly were 15,8 per cent higher than in the same five-month period of the preceding year. This rise therefore only moderately exceeded the 13,9 per cent increase in government expenditure that had been envisaged in the March 1986 Budget for fiscal 1986/87 as a whole.

A package of further stimulatory fiscal measures, additional to the measures that had been announced in September 1985 or been included in the Budget for 1986/87, was announced by the Minister of Finance on 17 June 1986. This package, to an aggregate amount of R1,5 billion, consisted mainly of the immediate repayment of the 1979/80 loan levy, exemption of certain imported goods from the 10 per cent surcharge on imports, a reduction in the excise duties on motor vehicles, a more lenient approach to fringe benefit taxation on motor cars, further increases in aid to drought-stricken farmers, additional low-cost housing and job-creation programmes, and additional help for the Small Business Development Corporation. It was estimated that the Government in terms of these measures would concede R250 million in revenue, while spending an extra R450 million, during the remainder of fiscal 1986/87. Financing of the resultant increase in the budgetary deficit was to be provided in the form of a transfer to the Exchequer of certain revenues, and of the sales proceeds of certain assets, of the Central Energy Fund and the Industrial Development Corporation. The various elements in the package therefore were not meant to be neutralised by an increase in taxation, while the Government also sought to limit its need for increased recourse to the capital market.

Like Exchequer issues, exchequer receipts during the first quarter of the fiscal year 1986/87 were substantially higher than during the same quarter of fiscal 1985/86. The increase of 19,4 per cent recorded during this period mainly resulted from a substantial increase in revenue from gold mining companies, reflecting higher profits that were related to the depreciation of the rand in combination with a relatively stable dollar price of gold. In addition, a sharp increase was recorded in income tax receipts from

*The Exchequer Account is adjusted for changes in the balance on the Paymaster-General Account.

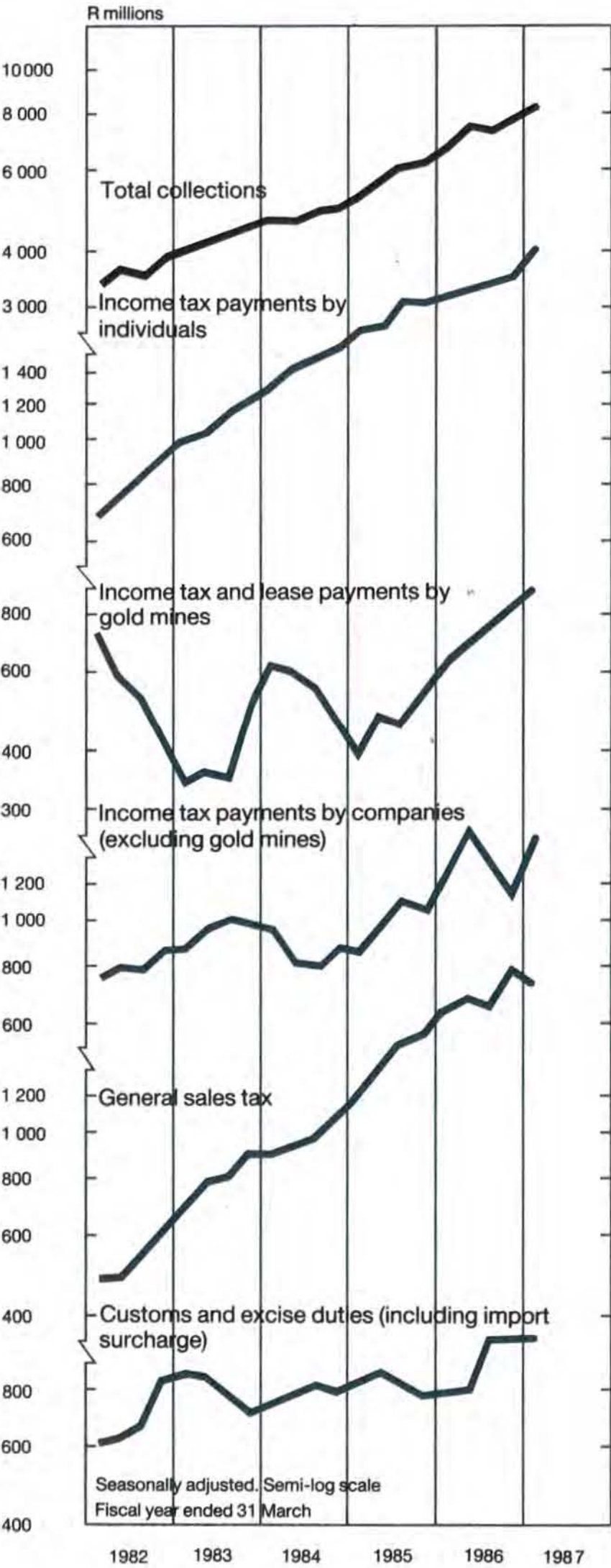
Exchequer Account



other sources. Receipts from customs duties also were considerably higher than in earlier quarters because of the effect of the surcharge on certain imports that had been introduced in September 1985. Revenues from general sales tax, on the other hand, showed very little further increase, while receipts from excise duties actually declined.

During July and August the rate of increase in Exchequer receipts declined markedly. As a result, Exchequer receipts during the first five months of fiscal 1986/87

Revenue collections – State Revenue Fund



were only 10,6 per cent higher than in the corresponding five months of the previous fiscal year. This rate of increase was well below the 13,1 per cent increase that had been foreseen in the Budget for fiscal 1986/87 as a whole.

Financing the deficit before borrowing

The deficit before borrowing and debt repayment for the first five months of fiscal 1986/87 amounted to R3 343 million, or to R1 112 million more than during the corresponding period of fiscal 1985/86. The size of the deficit, therefore, also provided evidence of the Government's shift to a moderately more expansionary fiscal policy stance. At its level of R3 343 million, the deficit in respect of the April-August period represented 85 per cent of the deficit of R3 944 million for all of the current fiscal year that had been envisaged in the Budget of March 1986. This could be compared with a similar ratio of 75 per cent in respect of the first five months of fiscal 1985/86. The data currently available for the first *four* months of the fiscal year 1986/87 indicate that the deficit of R3 500 million recorded during this period (plus the discount of R347 million on new government stock issues) was financed by borrowing R943 million from the "monetary" sector, R1 598 million from the non-monetary private sector, and R1 382 million from the Public Investment Commissioners. The Government's foreign debt was reduced by R76 million over this period.

Kwartaallikse ekonomiese oorsig

Inleiding

Die bemoedigende, alhoewel matige, hervatting van positiewe groei in die Suid-Afrikaanse ekonomie in die derde en vierde kwartale van 1985 is nie in die eerste kwartaal van 1986 gehandhaaf nie, toe die reële bruto binnelandse produk na raming teen 'n seisoensaangesuiwerde jaar-koers van ongeveer 2½ persent teruggesak het. Voorlopige ramings toon egter dat die reële bruto binnelandse produk van die Suid-Afrikaanse ekonomie in die tweede kwartaal van 1986 na 'n matig opwaartse koers teruggekeer het. Positiewe reële groei in drie van die vier mees onlangs voltooide kalenderkwartale, tesame met matig hoër vlakke van reële produksie in die tweede kwartaal van 1986 as in die tweede kwartaal van 1985, bevestig derhalwe dat 'n laagtepunt in die totale reële ekonomiese bedrywigheid in die tweede kwartaal van 1985 bereik is. Vanaf die middel van 1985 het opeenvolgende kwartaallikse veranderings hulleself per saldo op 'n ligtelik opwaartse langertermyn-groeipad bevind.

Die ongunstige algemene klimaat met betrekking tot sakevertroue, verbruikerssentiment en oorsese persepsies van die Suid-Afrikaanse toestand waarbinne die huidige herstel 'n vastrapplek moes vind, het in belangrike mate bygedra tot die traë en weifelende aard van die groei in die totale reële bruto binnelandse besteding en het ook die samestelling van hierdie besteding sedert die middel van 1985 grootliks beïnvloed. Nadat dit in die derde kwartaal van 1985 toegeneem en in die vierde kwartaal afgeneem het, het die totale reële binnelandse besteding in die eerste kwartaal van 1986 teen 'n betreklik stewige jaar-koers (van ongeveer 7 persent) toegeneem voordat dit in die tweede kwartaal weer gekrimp het (teen 'n jaar-koers wat voorlopig op 3 persent geraam word). 'n Afwaartse aanpassing in die reële private verbruiksbesteding in die eerste kwartaal van 1986 is egter in die tweede kwartaal meer as ten volle omgekeer. Terselfdertyd het die reële owerheidsverbruiksbesteding in die tweede kwartaal sy sterk opwaartse neiging van die eerste kwartaal teen 'n slegs matig laer koers voortgesit. Die hernieu-de afname in die totale reële bruto binnelandse besteding in die tweede kwartaal van 1986 kon derhalwe geheel en al toegeskryf word aan 'n voortsetting van die afwaartse beweging in die reële bruto binnelandse investering teen 'n koers wat slegs matig laer was as in die eerste kwartaal van die jaar, en aan 'n hernieu-de versnelling van die koers van intering op reële voorrade.

'n Opmerklike sterk nuwe opwaartse beweging in die goedere-uitvoer en die netto gouduitvoer, tesame met 'n meer beperkte styging in die waarde van die goedere-invoer en netto betalings vir dienste, het meegebring dat die oorskot op die lopende rekening van die betalingsbalans in die tweede kwartaal van 1986 herstel het tot 'n jaar-koersvlak van ongeveer R6 miljard, of tot 'n vlak wat effens hoër was as die kwartaallikse gemiddelde van die oorskot op die lopende rekening in die loop van 1985. Gesteen deur 'n aansienlike verdere daling in die uitvloeï van korttermynkapitaal nie verwant aan reserwes nie en deur

'n verdere inkrimping van die uitvloeï van langtermynkapitaal, het hierdie volgehoue sterk internasionale handelsprestasie gelei tot 'n matige toename van ongeveer R0,5 miljard in die netto goud- en ander buitelandse reserwes. Dit was die eerste sodanige kwartaallikse toename wat aangeteken is sedert die stilstand met betrekking tot die terugbetaling van sekere buitelandse skuld op 2 September 1985 ingestel is.

Die styging in die netto buitelandse reserwes het in die tweede kwartaal van 1986 ook 'n klein positiewe bydrae gemaak tot die groei in die breed gedefinieerde geldvoorraad, M3. Die baie beperkte toename in bankkrediet aan die private sektor vanaf die einde van Maart 1986 tot die einde van Julie was statisties daarvoor verantwoordelik dat die groeikoers van M3 (oor twaalf maande gemeet) gedurende hierdie tydperk nietemin verder verlangsaam het en dat die verskil tussen die waargenome en die mikpuntgroeikoers van die geldvoorraad dienoooreenkomstig verder vergroot het. Tesame met die voortgesette traagheid van die ekonomie en die sterk voorkoms van die lopende rekening van die betalingsbalans, het hierdie ontwikkelings redes voorsien waarom die Bankkoers en die daarmee verbonde stel herfinansieringskoerse van die Reserwebank in Mei, Augustus en September 1986 verder afwaarts aangepas en ondersteunende maatreëls vir 'n verdere verruiming van die monetêr-finansiële klimaat toegepas is. Die Bankkoers is in Mei van 12 tot 11 persent, in Augustus tot 10½ persent, en in September tot 10 persent verlaag; geldmarkrentekoerse in die algemeen, wat breedweg in ooreenstemming met hierdie Bankkoersverlagings afwaarts beweeg het, het hierdeur uiteindelik op hulle laagste vlakke sedert vroeg in 1983 of die eerste helfte van 1981 te staan gekom.

Op die gebied van fiskale beleid is 'n verdere pakket stimuleringsmaatreëls, wat na raming gedurende die res van die fiskale jaar 1986/87 bykomende owerheidsbesteding van R450 miljoen en inkomstekonsessies ten bedrae van R250 miljoen tot gevolg sou hê, op 17 Junie 1986 aangekondig. Die kapitaalmarkte het, in reaksie op die algemene verruiming van die monetêr-finansiële klimaat, vanaf die middel van Junie tot vroeg in September aanmerklike dalings in langtermynrentekoerse te sien gegee, wat met 'n verdere sterk opwaartse beweging in aandelepryse, aansienlike nuwe uitgiftes van openbare en private effekte, en aanmerklike verdere toenames in die omset van effekte van die openbare sektor gepaard gegaan het.

Teen die derde kwartaal van 1986 het die betreklike gebrek aan lewenskragtigheid van die huidige herstel in die "reële" sfeer, in teenstelling met die finansiële sfeer, van die ekonomie tot op daardie tydstip ook na vore gekom in sekere kenmerke wat die huidige herstel laat uitstaan het as anders as vroeëre en meer "tipiese" sikliese opswaie in die Suid-Afrikaanse ekonomie. Eerstens het die volume van die goedere-invoer, wat normaalweg betreklik vinnig op draaipunte in ekonomiese bedrywigheid reageer, in die eerste drie kwartale van die huidige oplewing nagelaat om dit te doen; die volumes van die invoer het in die tweede kwartaal van 1986 egter wel in betekenisvolle mate

gestyg en na alle waarskynlikheid in Julie verder toeneem. Tweedens het die geregistreerde werkloosheid, wat tradisioneel ook 'n samevallende konjunkturaanwyser is wat opmerkbare sensitiviteit aan die dag lê, voortgegaan om tot Januarie 1986 te styg. Die matige daling wat sedertdien wel daarin voorgekom het, kon gedeeltelik toegeskryf word aan die Regering se spesiale opleidings- en werkskeppingsprogramme. Derdens het die verlening van nuwe bankkrediet aan die private sektor, wat by vroeëre geleenthede minstens gedeeltelik vanweë die verwantskap daarvan met stygende goedere-invoere, geneig het om te versnel vanaf tydstippe wat ná aan die beginpunt van sikliese opswaie geleë is, by hierdie geleentheid voortgegaan om regdeur die huidige herstel tot in Julie 1986 te verlangsaam.

Teen die middel of derde kwartaal van 1986 is daar egter ook reeds 'n aantal omstandighede geskep wat met tyd bevorderlik behoort te wees vir 'n meer lewenskragtige opswaai in totale private besteding. Hierdie omstandighede het ingesluit die meer ontspanne ingesteldheid van monetêre beleid en die stimulerende uitwerking wat deur die owerhede se meer ekspansionistiese fiskale beleid uitgeoefen word of nog uitgeoefen sal word; die "rykdomeffek" van die stygende waardes van huishoudelike bates op die leenvermoë en die verbruiksgeneigdheid van die private sektor; en die voortgesette stimulerende uitwerking van die betreklik lae valutawaarde van die rand. Feite wat gedui het op 'n potensieel meer lewenskragtige oplewing in totale binnelandse besteding en produksie kon onder verskeie ander gegewens gevind word in 'n mate van nuwe veerkragtigheid in die verkope van nuwe motorvoertuie (ná seisoensaansuiwering van die betrokke verkoopsyfers) in Junie, Julie en Augustus 1986; in toenames in die registrasies van nuwe maatskappye en transaksies in vaste eiendom in Julie; en in taamlik opmerkbare stygings in kleinhandelsverkope in Junie en Augustus. Aangesien die kleinhandelsverkoopsyfers vir Junie waarskynlik beïnvloed is deur 'n geleidelike wegkwyning van vroeëre verbruikersboikotte van kleinhandelondernemings in sekere dele van die land, is dit moontlik dat die verdere styging in die kleinhandelsbedrywigheid in Augustus (ná seisoensaansuiwering) uiteindelik van meer betekenis sal wees.

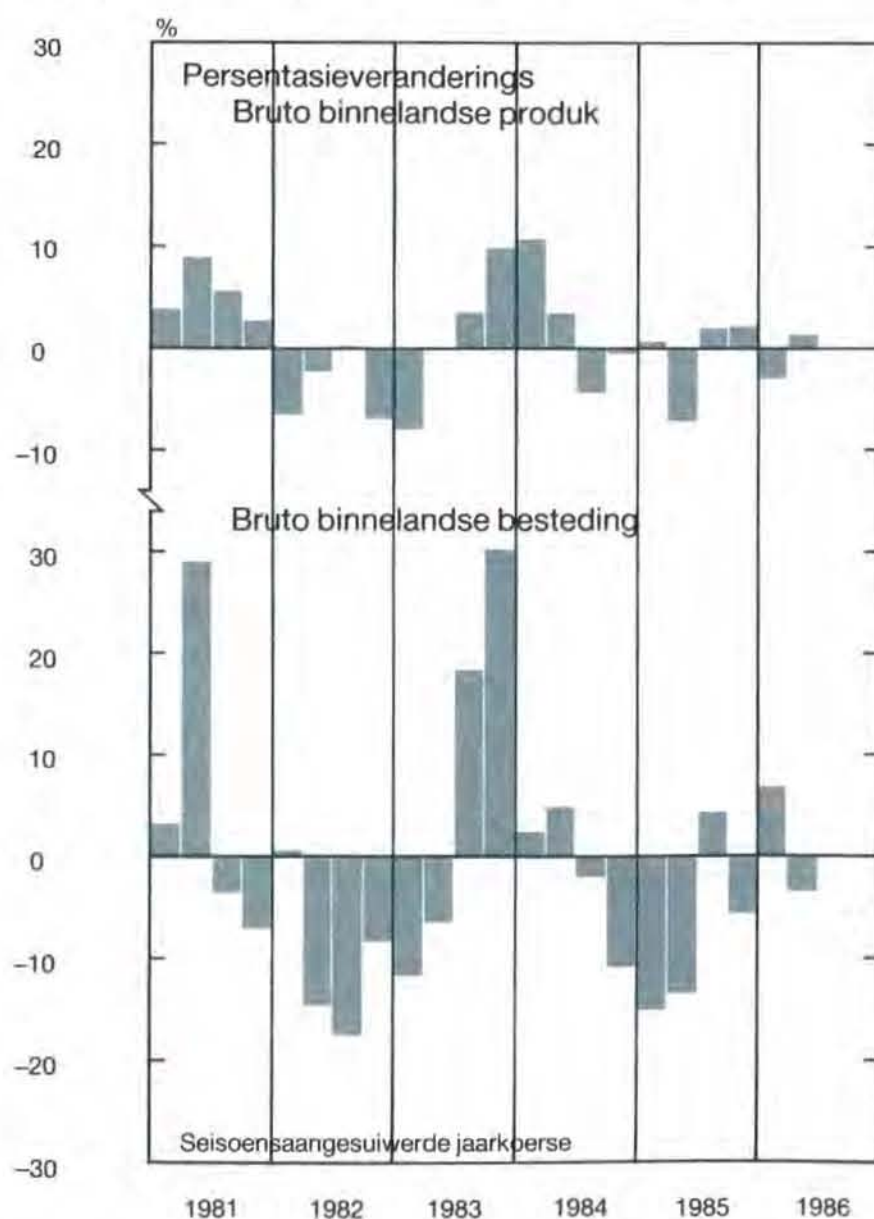
Vanaf laat in Augustus is 'n positiewe invloed op die sake- en verbruikersvertroue uitgeoefen deur die opmerkbare styging in die dollarpryse van Suid-Afrikaanse uitvoere van edelmetale, wat met 'n herstel in die wisselkoers van die rand teenoor die Amerikaanse dollar tot meer as \$0,40 gepaard gegaan het. Hoewel die moontlikheid van verskerpte handelsanksies teen Suid-Afrika klaarblyklik aandag verdien, word 'n voortgesette groot oorskot op die lopende rekening vir die res van 1986 in die vooruitsig gestel. Tesame met 'n verwagte daling in die netto kapitaaluitvloei, hou dit ook die moontlikheid in dat Suid-Afrika se buitelandse-skuldposisie en skuldterugbetalingsverpligtings, en sy buitelandse-reserweposisie in die algemeen, met groter gemak gehanteer sal kan word.

Binnelandse ekonomiese ontwikkelings

Binnelandse produksie

Nadat dit in die eerste kwartaal van 1986 teleurstellend presteer het (toe die reële bruto binnelandse produk, volgens huidige ramings, teen 'n seisoensaangesuiwerde jaarkoers van ongeveer 2 1/2 persent teruggesak het), het die Suid-Afrikaanse ekonomie in die tweede kwartaal 'n matig opwaartse groeieiging hervat. Voorlopige ramings dui daarop dat die reële bruto binnelandse produk in die tweede kwartaal teen 'n jaarkoers van ongeveer 1 1/2 persent toeneem het. Nadat dit in drie uit die vier mees onlangse voltooide kalenderkwartale positiewe groei getoon het, was die totale reële produksie in die tweede kwartaal van 1986 per saldo duidelik op 'n ietwat hoër vlak as in die tweede kwartaal van 1985. Hierdie ontwikkelings het derhalwe bevestig dat 'n laagtepunt in ekonomiese bedrywigheid inderdaad wel in die tweede kwartaal van 1985 bereik is en dat opeenvolgende kwartaallike veranderings in totale produksie sedertdien plaasgevind het rondom 'n matig opwaartse groeipad op langer termyn.

Reële bruto binnelandse produk en besteding



Die toename in die totale reële produksie wat per saldo gedurende die vier kwartale tot die tweede kwartaal van 1986 aangeteken is, was egter onvoldoende om te vergoed vir die daling in produksie wat gedurende die voorgaande siklusse afswaai vanaf die derde kwartaal van 1984 tot die tweede kwartaal van 1985 ondervind is. Gevolglik was die reële bruto binnelandse produk in die tweede kwartaal van 1986 nog steeds laer as die vlak daarvan in die tweede kwartaal van 1984. Hierbenewens was die meer onlangse kwartaallike stygings in produksie ook onvoldoende om 'n daling in die reële bruto binnelandse produk *per capita* in die agt opeenvolgende kwartale vanaf die derde kwartaal van 1984 te verhoed.

Die sektore wat hoofsaaklik vir die matige styging in die totale reële produksie in die tweede kwartaal van 1986 verantwoordelik was, was die landbou, groothandel en die motorhandel. Toenames in die reële toegevoegde waarde van hierdie sektore het meer as ten volle opgeweeg teen afnames in die reële toegevoegde waarde van die fabriekswese en die kleinhandelsektor, wat, teen jaarkoerse bereken, onderskeidelik 2 en 7½ persent be-loop het. 'n Afplatting in reële produksie is deur die nie-goud-mynbousektor ondervind.

Toenames in die reële toegevoegde waarde van die landbou gedurende die eerste helfte van 1986 is nie ten volle in dienooreenkomstig hoër waardes van reële bruto boerdery-inkomste of in die reële bruto verkoops waarde van landbouprodukte op die boerderyvlak weerspieël nie. Dit kon, in plaas daarvan, in die eerste plek aan 'n aansienlike daling in die reële intermediêre insette van die landbousektor toegeskryf word, dit wil sê aan besnoeiings deur boere van die totale volume van hul aankope van boerderybenodighede soos brandstof, kunsmis en plaagdoders. Hierdie vermindering van die intermediêre insette van die landbou het klaarblyklik beteken dat die "rugwaarts-geskakelde" stimulerende uitwerking van die landbou se bedrywighede op die fabriekswese verswak is. Boonop is die produksievlakke in die fabriekswese in die eerste en tweede kwartale van 1986 nog aan bande gelê deur die voortgesette daling in vaste investering, deur die verdere intering op voorrade en voorrade-in-die-handel, en deur die afwaartse aanpassing van die private verbruiksbesteding in die eerste kwartaal van die jaar.

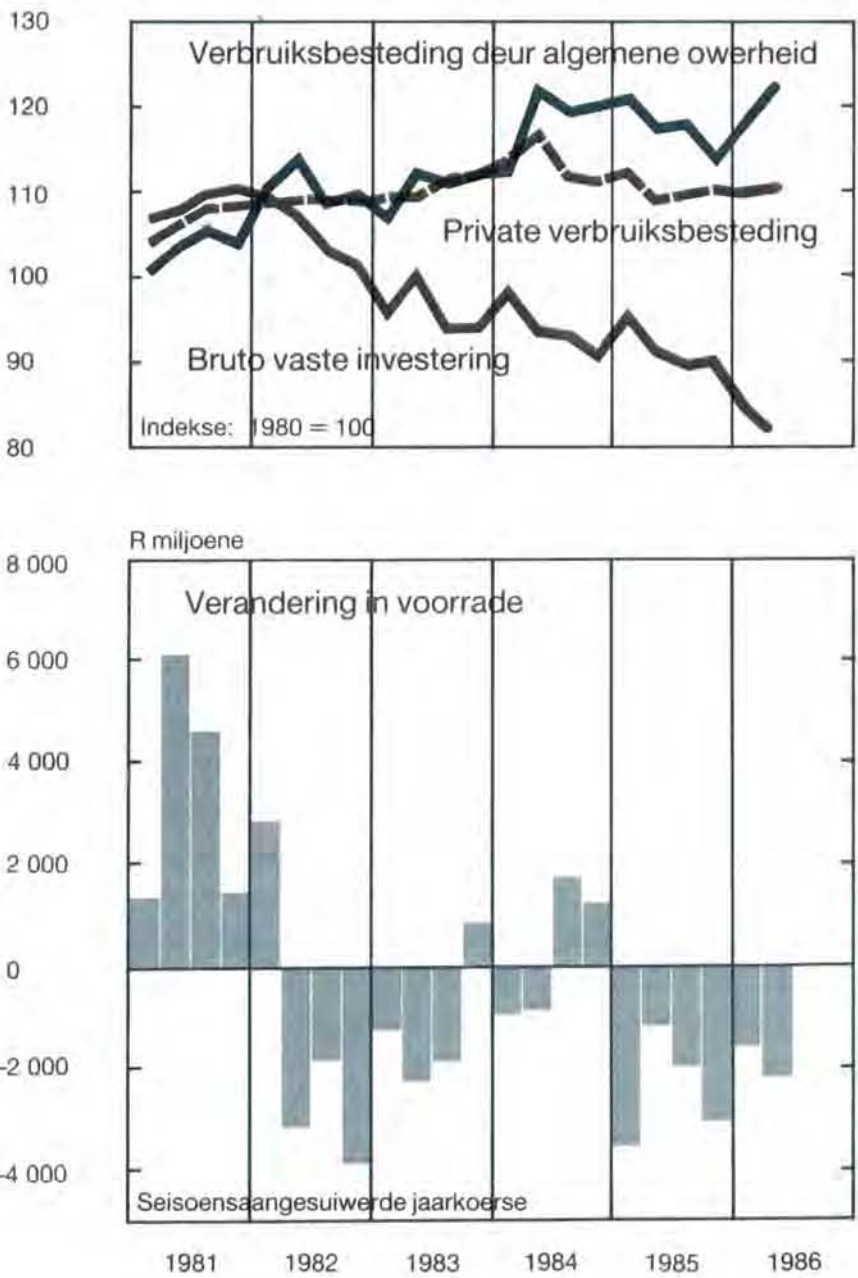
Die styging in die reële toegevoegde waarde van die motorhandel in die tweede kwartaal van 1986 was 'n weerspieëling van die matige herstel in die verkope van nuwe motorvoertuie. Alhoewel dit deel uitgemaak het van die algemene herstel van die reële verbruiksbesteding gedurende die grootste deel van die tydperk sedert die middel van 1985, wil dit voorkom asof die beter motorverkope in die tweede kwartaal van 1986 ook beïnvloed is deur sekere toegewings wat onlangs met betrekking tot die belasting van byvoordele ten opsigte van die private gebruik van maatskappymotors toegestaan is, deur verskerpte reklameveldtogte en deur die groeiende belangrikheid van die vervangingsvraag.

Binnelandse besteding

Die weifelende aard van die huidige stadige ekonomiese herstel tot op hede is weerspieël in die *totale* reële binnelandse besteding wat in die tweede kwartaal van 1986 teen 'n jaarkoers van 3 persent gedaal het nadat dit in die derde kwartaal van 1985 gestyg het, in die vierde kwartaal van 1985 gedaal het en in die eerste kwartaal van 1986 weer taamlik aansienlik (teen 'n jaarkoers van sowat 7 persent) gestyg het. Die hernieude daling in die totale reële binnelandse besteding in die tweede kwartaal van 1986 is egter uitsluitlik meegebring deur die voortgesette afwaartse neiging in reële vaste kapitaalvorming en deur 'n hernieude versnelling in die koers van intering op reële voorrade.

Reële verbruiksbesteding deur private huishoudings, wat in die vierde kwartaal van 1985 ietwat kunsmatig verhoog is deur die uitwerking van vervroegde aankope van duursame en ander goedere in afwagting van prysverhogings wat in die nuwe jaar gemaak sou word, is in die daaropvolgende drie maande taamlik opmerklik af-

Hoofkomponente van bruto binnelandse besteding



waarts aangepas. Dit wil egter voorkom asof hierdie aanpassing in die eerste kwartaal van 1986 voltooi is, en dit is in die tweede kwartaal meer as ten volle omgekeer. Hoër reële bestedingsvlakke is in die tweede kwartaal in al die klasse van besteding waargeneem. Dit was egter besonder opvallend in die besteding aan persoonlike vervoer-toerusting en in besteding aan petroleumprodukte, motor-onderdele en -toerusting.

Die skerp styging in reële owerheidsverbruiksbesteding in die eerste kwartaal van 1986 (dit wil sê die laaste kwartaal van die fiskale jaar 1985/86) is in die tweede kwartaal voortgesit, alhoewel teen 'n taamlik laer jaarkoers van omtrent 15½ persent. Hierdie toename was egter nie eweredig oor die verskillende hoofkomponente van owerheidsbesteding versprei nie. Reële salaris- en loonbetalings, wat hoofsaaklik 'n klein toename in die vlak van owerheidsindiensneming weerspieël het, het slegs matig teen 'n jaarkoers van 2 persent toegeneem. Verhoogde reële besteding op goedere en ander dienste was derhalwe vir die grootste deel van die toename in totale owerheidsverbruiksbesteding verantwoordelik.

Die versnelde afname in die reële bruto binnelandse vaste investering in die eerste kwartaal van 1986 het in die tweede kwartaal slegs in beperkte mate van 'n jaarkoers van 21 persent tot 'n jaarkoers van 16 persent verlangsam. In die private sektor is besnoeiings in reële vaste kapitaalbesteding aangeteken in al die hoofsektore van ekonomiese bedrywigheid met uitsondering van die mynbou; in die mynbou is die vlak van vaste investering van die eerste kwartaal in die tweede kwartaal gehandhaaf. In die openbare sektor het die afname in reële vaste investering hoofsaaklik uit verdere verminderings in kapitaalbesteding vir elektrisiteitsopwekking voortgespruit; kapitaalbesteding deur openbare korporasies in die fabriekswesesektor het in werklikheid toegeneem. 'n Geringe toename in vaste investering is ook deur openbare owerhede aangeteken, as die netto resultaat van 'n vermindering in reële kapitaalbesteding deur die Departement Pos- en Telekommunikasiewese en 'n toename in reële kapitaalbesteding deur die algemene owerheidsdepartemente. Die styging in kapitaalbesteding deur die algemene owerheid kon, soos die toename in owerheidsverbruiksbesteding, duidelik in verband gebring word met die Regering se aanvaarding, laat in 1985 en in 1986, van 'n ietwat meer stimulerende fiskale beleidsingesteldheid en 'n meer ekspansionistiese benadering tot sy eie bestedingsbeleid.

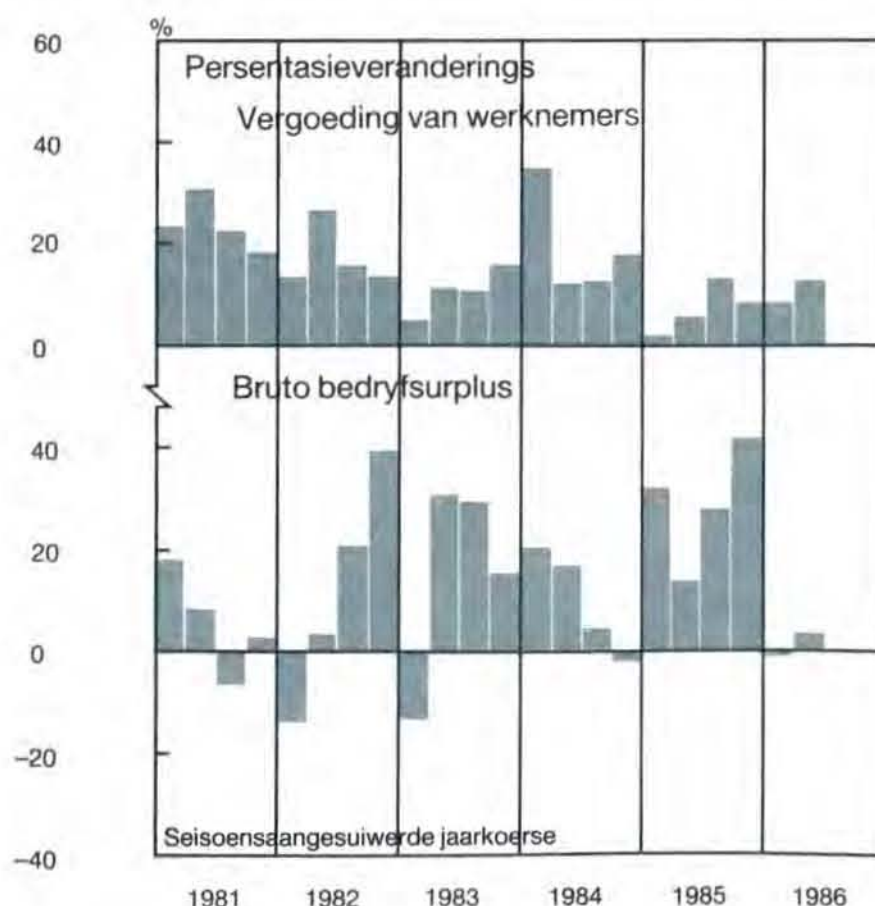
Nadat dit in die eerste kwartaal van 1986 sterk teruggesak het, het die koers van reële voorraadvermindering in die tweede kwartaal weer eens betreklik groot afmetings aangeneem. Dit was hoofsaaklik aan afnames in die seisoensaangesuiwerde volumes van nie-nywerheids- en nie-handelsvoorrade toe te skryf; mynbouvoorrade en landbou- en diamantvoorrade-in-die-handel was gevolglik teen die einde van die tweede kwartaal aansienlik laer as teen die einde van die eerste kwartaal van die jaar. Nywerheids- en handelsvoorrade, daarenteen, het gedurende die tweede kwartaal stadiger as gedurende die

eerste kwartaal gedaal. Voorrade in die groot- en kleinhandel het in werklikheid toegeneem; die onverwagte oplewing in die verkope van nuwe motorvoertuie het egter 'n onbeplande intering in voorrade van die motorhandel veroorsaak. Die netto verdere afname in totale reële voorraadvlakke het veroorsaak dat die verhouding van totale reële voorrade tot die reële bruto binnelandse produk verder gedaal het van sy mees onlangse hoogtepunt van 36 persent in die eerste kwartaal van 1985 tot 34 persent in die eerste kwartaal van 1986 en 33 persent in die tweede kwartaal van 1986.

Faktorinkome en besparing

Die toename van 13½ persent in totale nominale faktorinkome gedurende die huidige ekonomiese herstel vanaf die derde kwartaal van 1985 tot die tweede kwartaal van 1986 het bestaan uit 'n toename van 17 persent in die bruto bedryfsurplus en van 11 persent in arbeidsvergoeding. Gedurende die tweede kwartaal van 1986 het arbeidsvergoeding egter aansienlik vinniger as die totale bruto bedryfsurplus toegeneem. Die versnelde toename in arbeidsvergoeding was veral opvallend in die mynbou-sektor en in die vergoeding van werknemers van die algemene owerheid. Die verlangsaming van die koers van toename in totale bruto bedryfsurplusse het in belangrike mate in verband gestaan met die styging in die gemiddelde wisselkoers van die rand gedurende die eerste vier maande van 1986. Hierdie appresiasie van die rand het die bruto verkoopsopbrengs (in die binnelandse geld-

Faktorinkome



eenheid gemeet) van die goudmynbounywerheid in die tweede kwartaal van die jaar aansienlik beïnvloed.

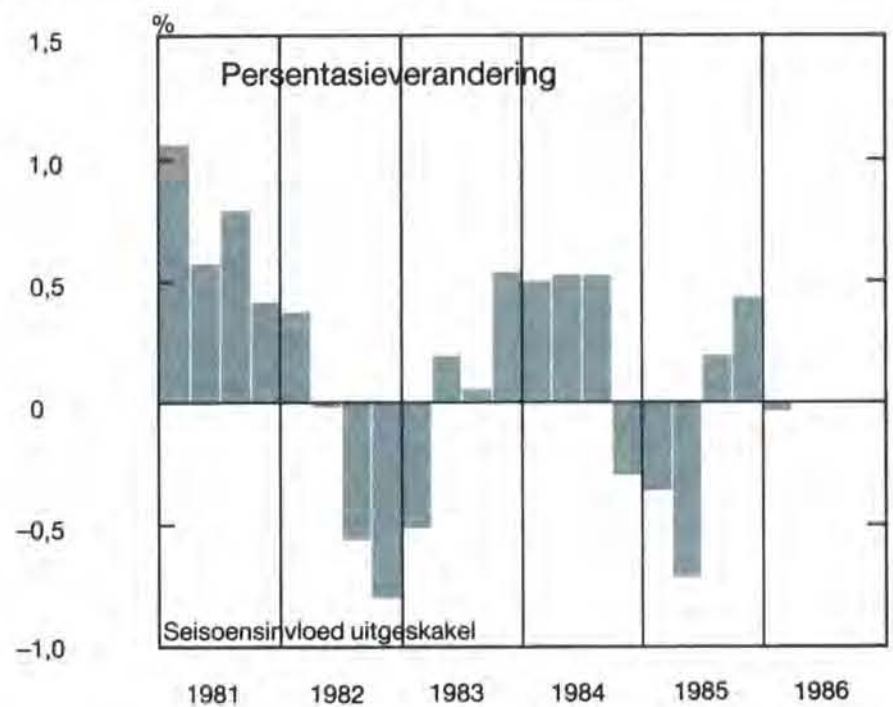
Bruto binnelandse besparing het in die tweede kwartaal van 1986 verder afgeneem. Die daling in die verhouding van bruto binnelandse besparing tot bruto binnelandse produk in die eerste helfte van 1986 (tot 'n vlak van slegs 22½ persent in die tweede kwartaal), het die grootste deel van die toename in hierdie verhouding wat gedurende die tydperk van insinking vanaf die derde kwartaal van 1984 tot die tweede kwartaal van 1985 voorgekom het, weer uitgewis. Die afname in die binnelandse besparingsverhouding is egter oortref deur 'n verdere afname in die bruto binnelandse investeringsverhouding vanaf 20½ persent in die eerste kwartaal tot 17½ persent in die tweede kwartaal van 1986. Die aansienlike oorskot van reële binnelandse besparing oor reële binnelandse investering het klaarblyklik ook die middele voorsien, in die vorm van reële goedere en dienste, om Suid-Afrika se buitelandse skuldverpligtinge mee te verminder.

Afnames is aangeteken in al die hoofkategorieë van besparing, met die gebruikelike uitsondering van die voorsiening vir waardevermindering. Die toename in ontsparing deur die algemene owerheid van die eerste tot die tweede kwartaal van 1986 was weer eens 'n weerspieëling van die owerheid se ietwat meer ekspansionistiese benadering tot fiskale beleid, waarna reeds vroeër verwys is. Die afname in maatskappybesparing het klaarblyklik verband gehou met die verlangsamings in die koers van toename in die bruto bedryfsurplus. Die verhouding van persoonlike besparing tot persoonlike beskikbare inkomme het van 4½ persent in die eerste kwartaal tot 3 persent in die tweede kwartaal van 1986 verminder vanweë die hernieuëde matige oplewing in verbruikersvraag in die tweede kwartaal, wat veroorsaak het dat private verbruiksbesteding relatief vinniger as persoonlike inkomme toeneem het.

Werkverskaffing

Die herstel in die ekonomiese bedrywigheid in die tweede helfte van 1985 het meegebring dat werkverskaffing in die nie-landbousektore van die ekonomie in die derde en vierde kwartale van 1985 matig toegeneem het teen seisoensaangesuiwerde jaarkoerse van onderskeidelik 0,8 en 1,7 persent. Toenames in die aantal werknemers is in sowel die private sektor as by die openbare owerhede aangeteken. In die eerste kwartaal van 1986 het die totale werkverskaffing buite die landbou nagenoeg onveranderd gebly op 'n vlak wat, per saldo, min verskil het van die vlak in die eerste kwartaal van 1985. Die feit dat die totale werkverskaffing min of meer stilgestaan het, was die netto resultaat van 'n verdere styging in indiensneming deur die openbare owerhede en 'n breedweg soortgelyke afname in werkverskaffing in die private sektor. Inligting wat van die fabriekswese- en konstruksiesektore, elektrisiteitsopwekking en die Suid-Afrikaanse Vervoerdienste verkry word, toon dat werkverskaffing in hierdie onder-

Nie-landbouwerkverskaffing



skeie sektore gedurende die tweede kwartaal van 1986 verder afgeneem het.

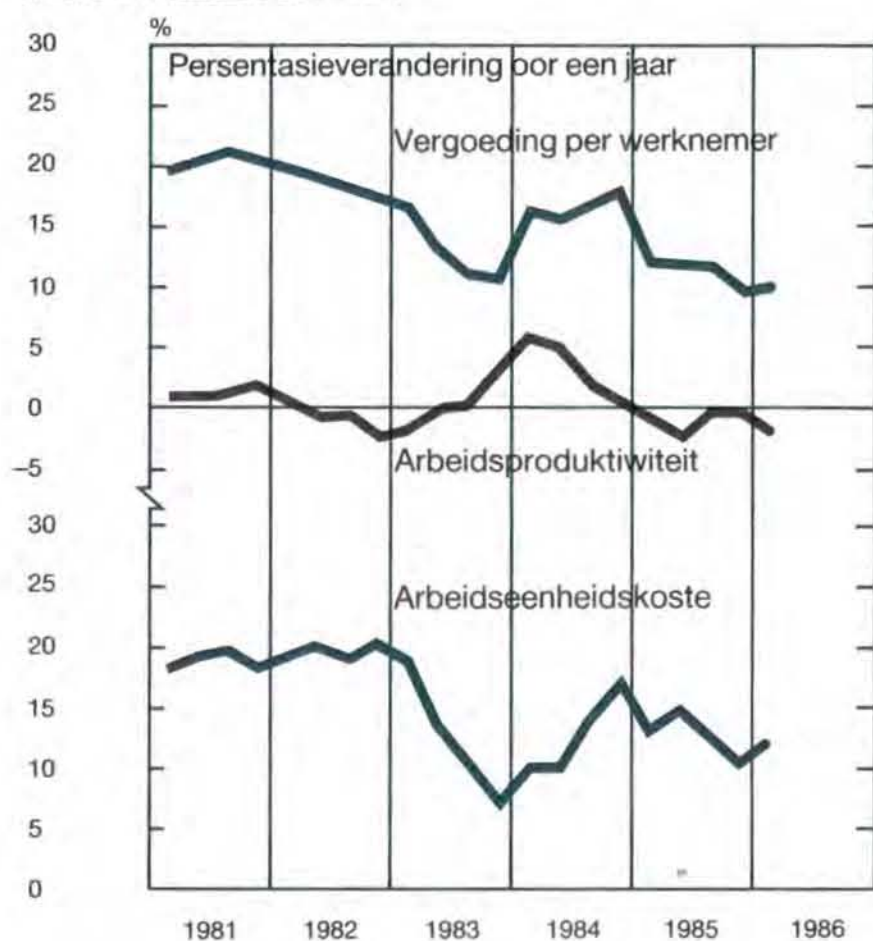
Die betreklik swak groei in die totale vraag na arbeid het ook meegebring dat werkloosheid gedurende die tweede helfte van 1985 en tot in die eerste kwartaal van 1986 òf verder gestyg het òf op betreklik hoë vlakke onder alle bevolkingsgroepe gehandhaaf is. Die seisoensaangesuiwerde aantal geregistreerde werklooses het gestyg van 79 700 in Januarie 1985 tot 137 700 in Januarie 1986. Vanaf Januarie 1986 het hierdie syfer egter nie onbeduidend nie gedaal tot 127 700 in Julie. Die meer onlangse matige daling in werkloosheid kon gedeeltelik toegeskryf word aan die inwerkingstelling van spesiale opleidings- en werkskeppingsprogramme deur die owerheid sedert 1985.

Arbeidskoste en produktiwiteit

Die betreklik slap toestand in die arbeidsmark in 1985 en die eerste helfte van 1986 het ook gelei tot beduidend laer koerse van toename in die nominale vergoeding per werker in die nie-landbousektore van die ekonomie. Oor 'n tydperk van vier kwartale gemeet, het hierdie koers van 17,9 persent in die vierde kwartaal van 1984 tot slegs 10,0 persent in die eerste kwartaal van 1986 afgeneem. Die reële vergoeding per werknemer was in die eerste kwartaal van 1986 nie minder nie as 7,7 persent laer as die vlak waarop dit in die eerste kwartaal van 1985 gestaan het.

Arbeidsproduktiwiteit, soos gemeet deur die reële bruto binnelandse produk per werker in die nie-landbousektore van die ekonomie, het in 1985 met meer as 1 persent gedaal nadat 'n toename van ongeveer 3 persent in 1984 aangeteken is. In die eerste kwartaal van 1986 was

Arbeidsproduktiwiteit, -vergoeding en -eenheidskoste in die nie-landbousektore



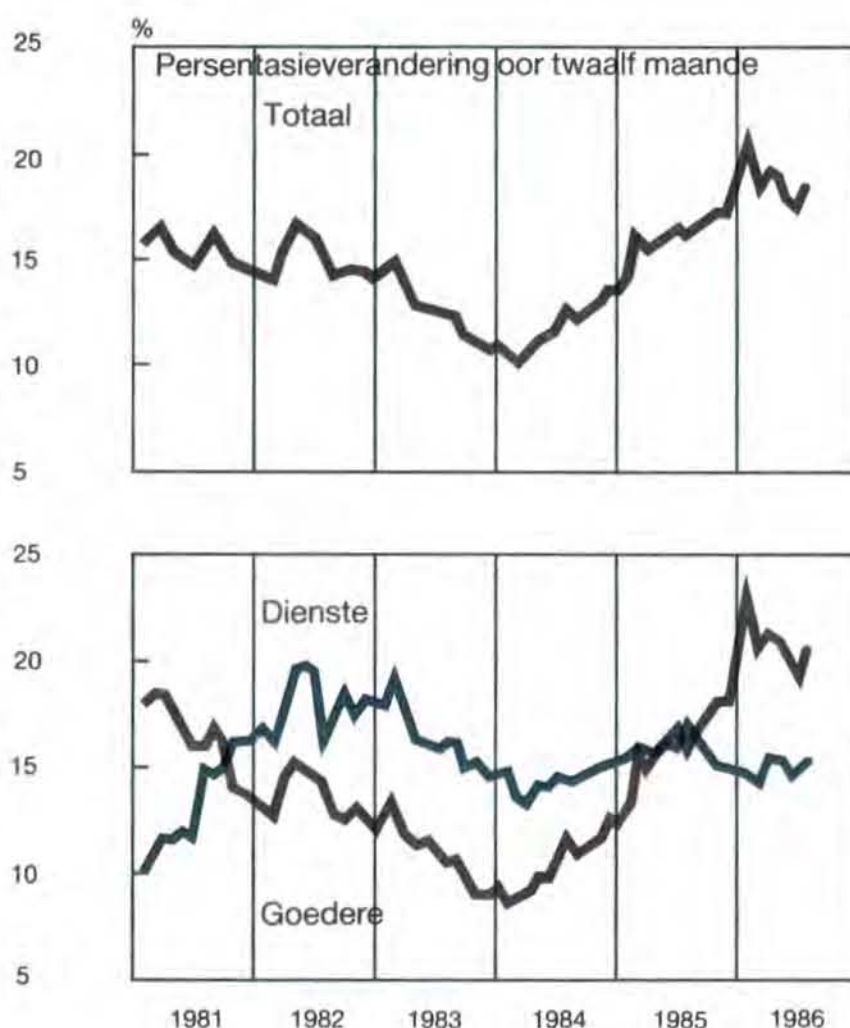
die arbeidsproduktiwiteit 2 persent laer as in die eerste kwartaal van 1985. Dit was 'n illustrasie van 'n bekende verskynsel in 'n dalende konjunktuurtoestand, soos wat in die eerste helfte van 1985 ondervind is, naamlik dat die aantal werkers neig om minder as proporsioneel tot die afname in die totale fisiese produksie verminder te word.

Die koers van toename in arbeidseenheidskoste het, in nominale terme, van 13 persent in 1984 tot 12½ persent in 1985 verlangsaam. In die eerste kwartaal van 1986 was die arbeidseenheidskoste 12½ persent hoër as in die eerste kwartaal van 1985. Aangesien hierdie geringe verlangsaaming in die koers van toename in arbeidskoste per eenheid van produksie voorgekom het ten spyte van 'n taamlik opmerkbare afname in arbeidsproduktiwiteit, het die daling in die koers van toename in die nominale arbeidsvergoeding klaarblyklik 'n meer as volledige verklaring daarvoor gebied.

Pryse

Die inflasiekoers, soos gemeet deur veranderings in verbruikers- en produksiepryse, het in 1985 en tot in die eerste kwartaal van 1986 versnel maar daarna in die tweede kwartaal verlangsaam. Hierdie neiging is duidelik geïllustreer deur die kwartaal-tot-kwartaal-, dit wil sê die kortertermyn-, stygings in die verbruikersprysindeks, wat versnel het van 'n seisoensaangesuiwerde jaarkoers van 13,6 persent in die derde kwartaal van 1985 tot nie minder nie as 27,2 persent in die eerste kwartaal van 1986

Verbruikerspryse



voordat dit skerp teruggeval het tot 12,8 persent in die tweede kwartaal. Die afname in die koers van verbruikersprysstygings vanaf Februarie 1986 was hoofsaaklik 'n weerspieëling van die vertraagde uitwerking van die herstel in die wisselkoers van die rand vanaf middel-Desember 1985 tot middel-Maart 1986, asook van die uitwerking van aanmerklike afwaartse aanpassings in die pryse van ru-olie in die internasionale markte. Hierdie ontwikkelings het meegebring dat die pryse van ingevoerde goedere in Februarie en Maart 1986 gemiddeld teen laer koerse toegeneem het en in werklikheid gedurende die daaropvolgende drie maande tot Junie 1986 gedaal het. Die verlangsaaming van die koers van toename in die verbruikersprysindeks in die tweede kwartaal van 1986 kon derhalwe gedeeltelik verklaar word aan die hand van die verlaging van die binnelandse pryse van petroleumprodukte. Dit was egter ook 'n weerspieëling van kleiner verhogings van die pryse van die meeste ander verbruikersgoedere en -dienste, met uitsondering van behuising en kommunikasie.

Oor 'n tydperk van twaalf maande gemeet het die koers van toename in verbruikerspryse afgeneem van 'n hoogtepunt van 20,7 persent in Januarie 1986 tot 16,9 persent in Junie. Daarna het dit in Julie egter weer versnel tot 18,2 persent. Die hernieude versnelling in Julie, wat na alle waarskynlikheid nie 'n duursame verandering in die

effens afwaartse langertermynneiging ingelui het nie, was hoofsaaklik te wyte aan 'n skerp styging in voedselpriese en die koste van behuising. Die koers van verandering oor twaalf maande in die *produksieprysin*deks het verlangsaam van 22,2 persent in Januarie 1986 tot 19,1 persent in Junie en 19,7 persent in Julie.

Betalingsbalans en wisselkoerse

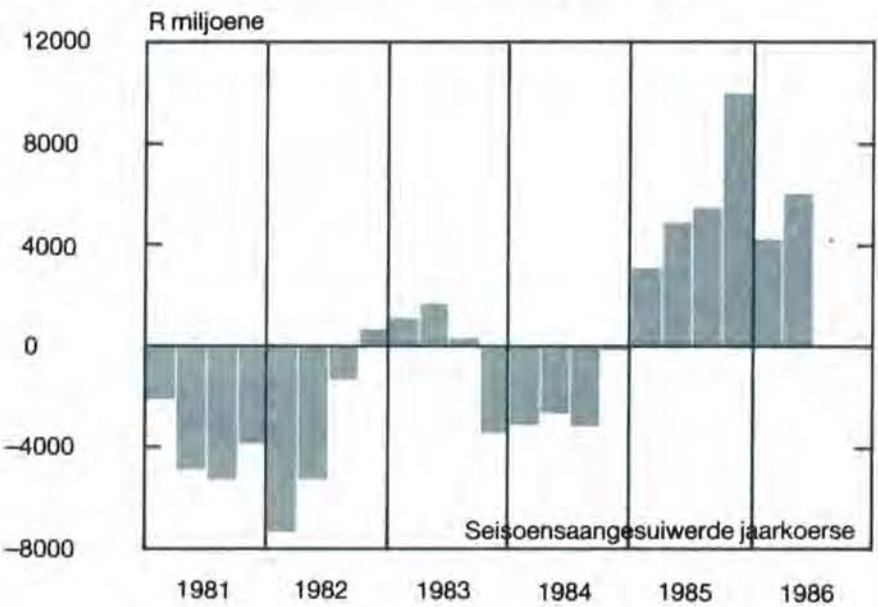
Lopende rekening van die betalingsbalans

Ná 'n daling in die eerste kwartaal van 1986 het die oorskot op die lopende rekening van die betalingsbalans in die tweede kwartaal aansienlik verbeter tot 'n vlak wat effens hoër was as die kwartaallikse gemiddelde in die loop van 1985. Teen seisoensaangesuiwerde jaarkoerse het die oorskotte op lopende rekening in die eerste en tweede kwartaal van 1986 onderskeidelik R4,3 miljard en R6,0 miljard bedra. Hierdie opmerklike verbetering was toe te skryf aan 'n styging van 12½ persent van die eerste na die tweede kwartaal in die waarde van die goedere-uitvoer en 'n betekenisvolle herstel van die waarde van die netto gouduitvoer. Gesamentlik was hierdie stygings in uitvoerverdienste heelwat groter as die toename van kwartaal tot kwartaal in die waarde van die goedere-invoer en die aansienlike styging in netto dienste- en oordragbetalings aan nie-inwoners.

Die aansienlik verbeterde prestasie van die goedere-uitvoer in die tweede kwartaal van 1986 is meer as ten volle verklaar deur toenames in uitvoervolumes. Besonder groot toenames in hoeveelhede uitgevoer is ten opsigte van ferrochroom, asbes, suiker en diamante aangeteken; saam met 'n styging in die steenkool-uitvoer het hierdie toenames in Julie voortgeduur en selfs verder versnel. Hierteenoor het uitvoerpriese gedurende die tweede kwartaal in werklikheid gedaal. Dit was 'n weerspieëling van 'n afplatting in internasionale kommoditeitspriese wat op aansienlike stygings in hierdie priese vroeër in die jaar gevolg het.

Die herstel in die netto gouduitvoer het sowel prys- as volume-toenames weerspieël. Die gemiddelde vasstellingsprys van goud op die Londense mark het in sowel die eerste as die tweede kwartaal op nagenoeg VSA \$342 per fyn ons gebly. As gevolg van die depresiasie van die rand

Betalingsbalans: Saldo op lopende rekening



Lopende rekening van die betalingsbalans

Seisoensaangesuiwerde jaarkoerse
R miljoene

	1986	
	1e kw	2e kw
Goedere-uitvoer	21 360	24 020
Netto gouduitvoer	14 850	15 770
Goedere-invoer	-23 710	-24 580
Netto dienste- en oordragbetalings ..	-8 220	-9 190
Saldo op lopende rekening	4 280	6 020

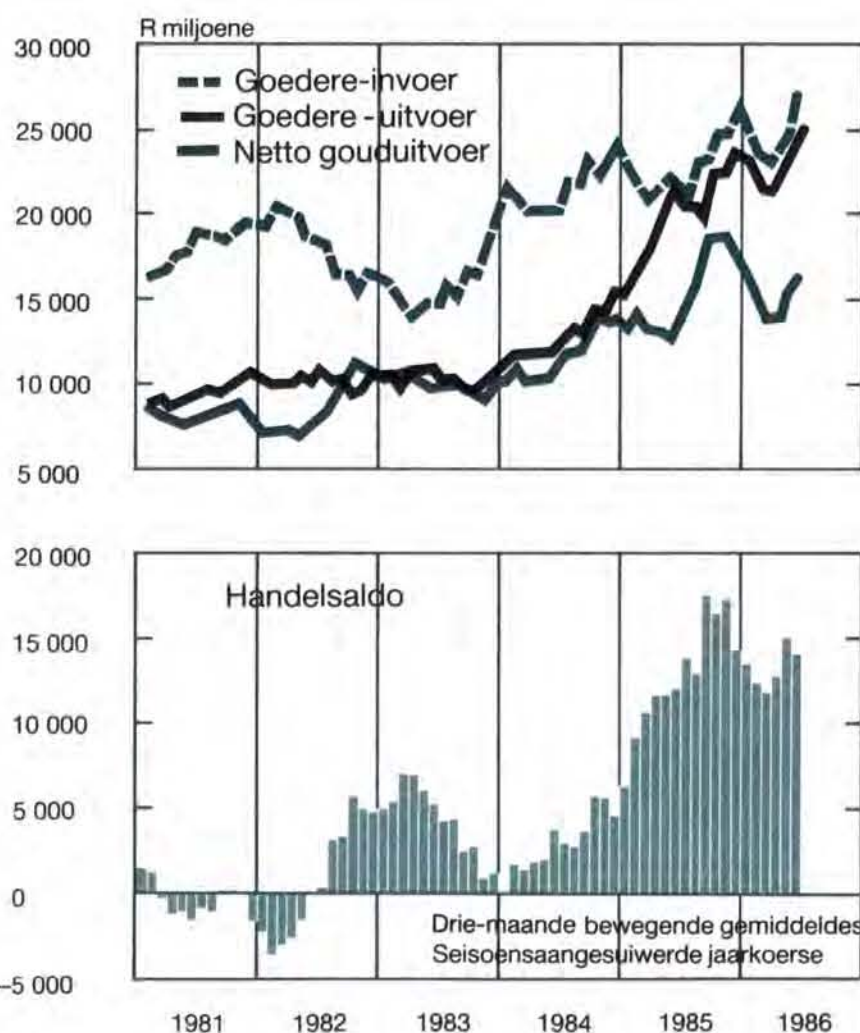
teenoor die VSA-dollar het die *randprys* van goud egter van R740 per fyn ons in die eerste kwartaal van 1986 tot R771 per fyn ons in die tweede kwartaal gestyg. In Julie en Augustus het die prys van goud in sowel rand- en dollar terme toegeneem. Op 11 Augustus het die vasstellingsprys VSA \$394,50 per fyn ons bereik. Daarna het die goudprys vir die res van Augustus tussen VSA \$375 en VSA \$385 geskommel voordat dit op 3 September 1986 tot 'n vlak van meer as VSA \$400 per fyn ons gestyg het. Gedurende die eerste helfte van September 1986 het die gemiddelde vasstellingsprys op die Londense mark VSA \$409,18 per fyn ons bedra.

Teen seisoensaangesuiwerde jaarkoerse het die *goedere-invoer* van R23,7 miljard in die eerste kwartaal van 1986 tot R24,6 miljard in die tweede kwartaal toegeneem. Soos in die geval van die goedere-uitvoer was dit die ge-

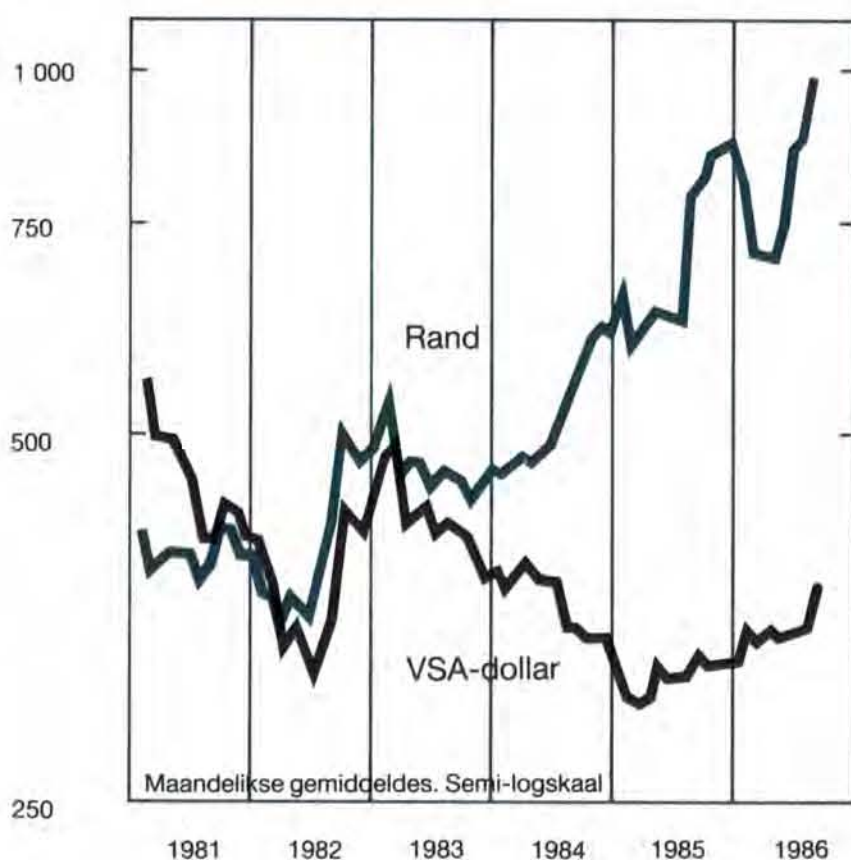
volg van aansienlike volumetoenames. Die gemiddelde pryse van invoergoedere het in die tweede kwartaal gedaal, hoofsaaklik as gevolg van laer internasionale oliepryse. Skerp toenames in die waarde van die invoer is in die besonder ten opsigte van landbouprodukte, tekstiele en vervoertoerusting aangeteken. 'n Verdere skerp toename in die waarde van die goedere-invoer, wat steun verleen het aan die siening dat die huidige ekonomiese herstel in die mees onlangse maande moontlik sterker geword het, het in Julie voorgekom. Hoër invoer is in besonder in die klasse mineraalprodukte, chemiese produkte, masjinerie en elektriese toerusting, en vervoertoerusting aangeteken.

Netto dienste- en oordragbetalings aan nie-inwoners het sy sterk opwaartse neiging voortgesit. In die tweede kwartaal van 1986 is hoër betalings vir dividende, vir toerisme en vir die vergoeding van buitelandse werkers slegs in 'n beperkte mate deur hoër dienste-ontvangste geneutraliseer.

Betalingsbalans: Handelsrekening



Goudprys



Kapitaalrekening

Alhoewel dit nog steeds op 'n hoë vlak gebly het, het die uitvloeï van kapitaal nie verwant aan reserwes nie, voortgegaan om vanaf 'n hoogtepunt van R4,4 miljard in die vierde kwartaal van 1985 en vanaf R1,6 miljard in die eerste kwartaal van 1986 tot R1,0 miljard in die tweede

kwartaal te daal. Hierdie daling was hoofsaaklik 'n weer-
spieëling van soortgelyke dalings in die uitvloeï van kort-
termynkapitaal, met inbegrip van onaangetekende tran-
saksies. Die uitvloeï van korttermynkapitaal het in werklik-
heid van nie minder nie as R4,2 miljard in die vierde kwar-
taal van 1985 tot slegs R0,5 miljard in die tweede kwartaal
van 1986 gedaal. Ongunstige vervroegings en vertraging
in internasionale betalings en ontvangste wat met die her-
nieude daling in die wisselkoers van middel-Maart tot
middel-Junie 1986 gepaard gegaan het, was vir 'n aan-
sienlike deel van die voortgesette, alhoewel sterk vermin-
derde, uitvloeï van korttermynkapitaal in die tweede
kwartaal van 1986 verantwoordelik, maar het duidelik 'n
heelwat minder belangrike rol gespeel as in die tweede
helfte van 1985. Dit wil voorkom asof dit teen Augustus
1986 min of meer ten volle uitgewerk was.

Die uitvloeï van langtermynkapitaal het effens gedaal
van R0,6 miljard in die eerste kwartaal van 1986 tot R0,5
miljard in die tweede kwartaal. Die verdere uitvloeï van
langtermynkapitaal in die tweede kwartaal was die gesa-
mentlike resultaat van terugbetalings deur die openbare
owerhede op buitelandse lenings wat nie onder die stil-
standreëlins ingesluit was nie en van netto verkope deur
nie-inwoners van effekte wat op die Johannesburgse Ef-
fektebeurs genoteer word. Alhoewel die deviesebeheer-
regulasies verhoed dat die opbrengs van sodanige ver-
kope Suid-Afrika werklik in die vorm van buitelandse va-
luta verlaat, lei hierdie verkope wel tot 'n daling in
langtermyn- buitelandse belegging in Suid-Afrika wat
hoofsaaklik deur 'n styging in reserwe-verwante kortter-
myn- buitelandse laste geneutraliseer word. *Ceteris pari-
bus* veroorsaak sodanige verkope dus normaalweg wel
nog steeds 'n daling in die amptelike netto goud- en
ander buitelandse reserwes. Die omvang van die netto
verkope deur nie-inwoners van genoteerde effekte gedu-
rende die tweede kwartaal van 1986 was egter aansienlik
kleiner as in die eerste kwartaal van die jaar. Hierbenewens
was sekere openbare korporasies ook nog steeds in
staat om in die vorm van projekfinansiering oorsese lang-
termynkrediete te bekom.

Buitelandse reserwes

Die oorskot op die lopende rekening in die tweede kwar-
taal van 1986, tesame met die kleiner netto uitvloeï van
buitelandse kapitaal, het 'n toename van R475 miljoen in
die netto goud- en ander buitelandse reserwes tot gevolg
gehad. Dit was die eerste sodanige toename wat sedert
die instelling van die skuldstandreëlins vroeg in Sep-
tember 1985 aangeteken is. In die tweede kwartaal van
1986 het terugbetalings op reserwe-verwante buitelandse
laste ten bedrae van R1,4 miljard (met inbegrip van 'n terug-
betaling van R216 miljoen op Suid-Afrika se skuld aan die
IMF) egter ook meegebring dat die *bruto* goud- en ander
buitelandse reserwes (*sonder* inagneming van waardasie-
aansuiwerings) met R0,9 miljard gedaal het. As gevolg van
die depresiasie van die rand, het die totale bruto goud- en
ander buitelandse reserwes nogtans in terme van rand

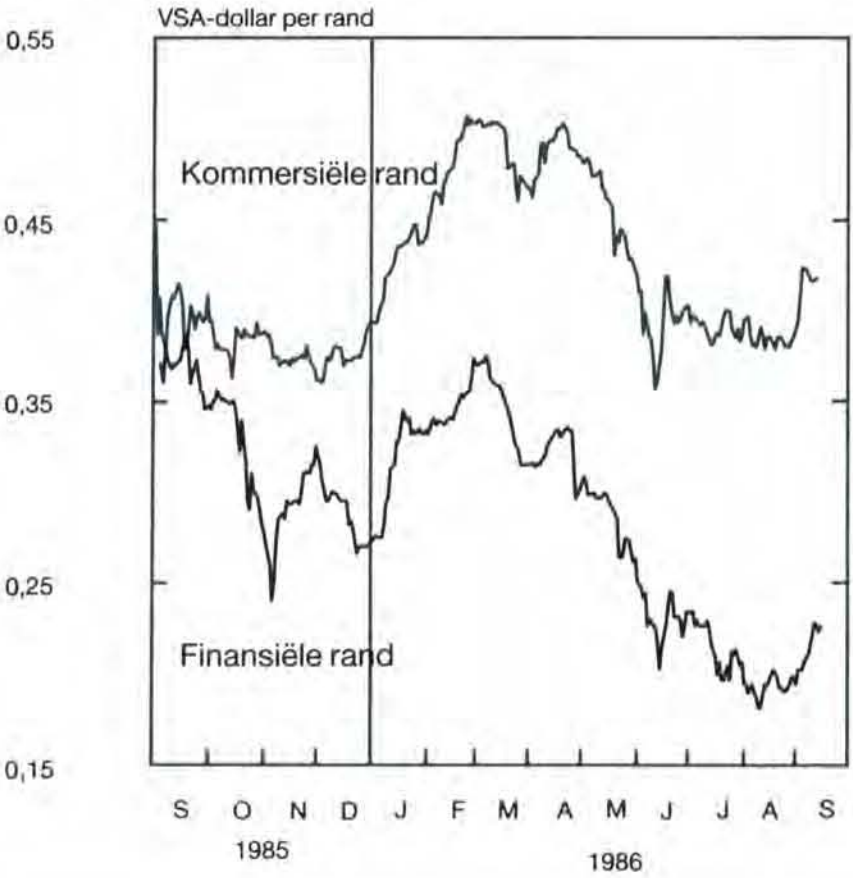
vanaf 'n onderste draaipunt in April 1986 begin styg. Daar-
ná het dit gedurende Julie en Augustus 1986 ook in *dol-
larterme* begin styg.

Wisselkoerse

Die effektiewe wisselkoers van die rand, wat van 18 De-
sember 1985 tot 13 Maart 1986 stewig herstel het, het
daarna weer tot 12 Junie 1986 gedaal tot 'n vlak wat
slegs marginaal bo die laagtepunt van Desember geleë
was. Soos in die bygaande tabel getoon word, het hierdie
daling teenoor al die belangrikste geldeenhede voorge-
kom. Die hernieude herstel van die effektiewe wisselkoers
van die rand ná 12 Junie was aanvanklik slegs 'n weer-
spieëling van 'n appresiasie van die rand teenoor die
VSA-dollar en die Britse pond; teenoor die meeste ander
geldeenhede het die rand op wesenlik onveranderde vlakke
gebly of in werklikheid selfs effens verder gedeprimeer.
Vanaf die begin van September het die skielike styging in
die goudprys egter meegebring dat die rand teenoor al
die belangrikste geldeenhede gestyg het. Op 15 Septem-
ber was die effektiewe wisselkoers van die rand 17,9 per-
sent bo sy laagtepunt van 12 Junie 1986.

Die finansiële rand het gedurende die grootste deel van
die tweede kwartaal en in Julie en die eerste deel van
Augustus skerp gedeprimeer vanaf VSA \$0,3326 op 21
April 1986 tot 'n onderste draaipunt van VSA \$0,1825 op
7 Augustus. Op daardie datum het die dollarwaarde van
die finansiële rand 'n historiese rekord-diskonto van nie
minder nie as 52,3 persent teenoor die kommersiële rand
bereik. 'n Verruiming van die verskillende doeleindes
waarvoor die finansiële rand gebruik kan word, is op 8

Wisselkoerse



Veranderings in die wisselkoerse van die rand
%

	18 Des 1985 tot 13 Mrt 1986	13 Mrt 1986 tot 12 Jun 1986	12 Jun 1986 tot 15 Sept 1986
Geweegde gemid- delde	30,1	-28,7	17,9
VSA-dollar	36,4	-29,1	20,6
Britse pond	33,3	-32,0	25,0
Duitse mark	24,6	-31,8	12,6
Switserse frank	25,2	-33,2	10,2
Japanse jen	21,9	-34,9	13,1
Franse frank	25,2	-29,3	15,6

Augustus deur die owerhede aangekondig. Kragtens hierdie aankondiging kan die finansiële rand voortaan ook aangewend word om aandele in nuwe maatskappye op te neem, om aandele in bestaande ongenoteerde maatskappye te koop, en om vaste eiendom aan te skaf. Vanaf 7 Augustus tot 15 September 1986 het die finansiële rand met 24,7 persent tot VSA \$0,2275 geappresieer. Op daardie vlak het sy diskonto teenoor die kommersiële rand soos op daardie datum 47,2 persent bedra.

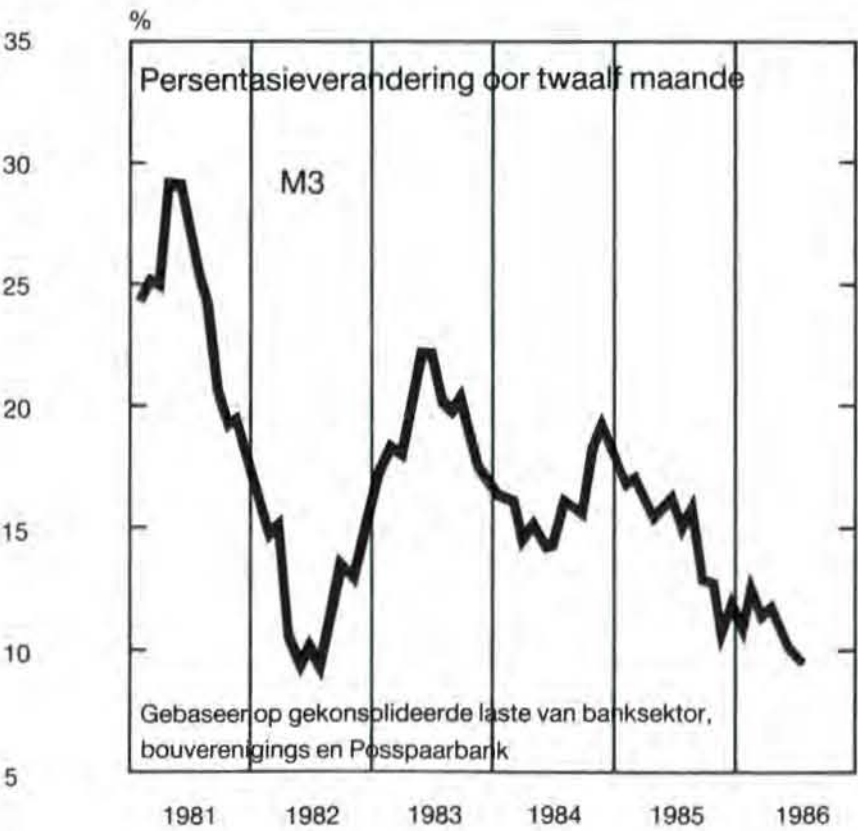
Geld- en bankwese

Geldvoorraad

Die verlangsamings van die groeikoers van die geldvoorraad wat teen die einde van 1984 begin het, het regdeur die tweede kwartaal en Julie 1986 voortgeduur. As gevolg hiervan was die waargenome koers van toename in die onlangs hergedefinieerde breë geldvoorraad, M3, van die middel van November 1985 tot aan die einde van Julie 1986 heelwat onder die onderste perk (van 16 persent) van die owerhede se mikpuntgroeikoers vir M3 vir die tydperk vanaf die vierde kwartaal van 1985 tot die vierde kwartaal van 1986. Nadat dit vanaf die middel van November tot aan die einde van Julie 1986 teen 'n seisoenaangesuiwerde jaarkoers van 9½ persent gegroei het, was M3 op laasgenoemde datum byna R3,2 miljard of 4,0 persent benede die onderste grens van die mikpuntperk. (Voorlopige syfers vir Augustus 1986 dui egter daarop dat die mate waarin die mikpunt nie bereik is nie, in daardie maand tot 3,8 persent gekrimp het.) Die betreklik stadige groei in hierdie monetêre totaal het derhalwe bevestig dat daar behoefte bestaan het aan die progressief meer ekspansionistiese beleidsingesteldheid wat die Tesourie en die Reserwebank oor die voorafgaande twaalf maande aanvaar het en het ook steun verleen aan die verdere verslapping in die Reserwebank se monetêre beleid in Augustus en September 1986.

Gemeet oor 'n tydperk van twaalf maande het die groeikoers van M3 verder afwaarts geskommel van 11,1 per-

Geldvoorraad



sent in Maart 1986 tot 9,9 persent in Junie en tot 9,4 persent in Julie. Die groeikoers oor twaalf maande van M2 het op min of meer soortgelyke wyse na laer vlakke geskommel, van 10,0 persent in Maart 1986 tot 8,4 persent in Junie en tot 7,1 persent in Julie. Hierteenoor het die groeikoers oor twaalf maande van M1 (wat sterk beïnvloed is onder andere deur die afskaffing, vanaf September 1985, van die werkwyse waarvolgens die banke by die maandelikse berekening van hul korttermynverpligtings teenoor die publiek vir die doel van hul reserwebatevereistes 'n gemiddelde van hul daaglikse onmiddellik opeisbare verpligtings bereken het) aansienlik vinniger afgeneem en vanaf Oktober 1985 en daarna op negatiewe vlakke te staan gekom. In teenstelling met hierdie ontwikkelings het die groeikoers oor twaalf maande van M1A in werklikheid vanaf Junie 1985 versnel, deels deurdat die afskaffing van die banke se voormalige "averaging"-prosedure die groei van M1A sterk begunstig het en deels as gevolg van die groter klem wat die banke op hul tjekdeposito's laat val het en van die banke en die bouverenigings se verskerpte mededinging om transmissiedeposito's. Die groeikoers oor twaalf maande in M1A het gevolglik in Julie 1986 nie minder nie as 28,4 persent beloop. In die lig van die afskaffing van "averaging" is dit egter duidelik dat nóg die groeikoers van M1A nóg dié van M1 oor die afgelope twaalf maande 'n behoorlike aanduiding kan gee van die ware sterkte van die monetêre uitbreiding en dat hierdie

groeikoerse misleidend sou wees indien monetêre beleid daarop gebaseer sou word.

Die belangrikste verklaring, in rekeningkundige terme, van die verdere verlansaming van die groei in M3 gedurende die tweede kwartaal en Julie 1986, was die verdere verlansaming in totale nuwe kredietverlening deur "monetêre" instellings (dit wil sê banke, bouverenigings en die Posspaarbank) gedurende hierdie tydperk. Gemeet oor 'n tydperk van twaalf maande het die koers van toename in die *totale* kredietverlening van die "monetêre" sektor (wat die eise van hierdie sektor sowel beide die regering- as die nie-monetêre private sektor insluit) verder gedaal van 14,6 persent in Maart 1986 tot 13,6 persent in Julie. Daarteenoor het veranderinge in die netto goud- en ander buitelandse reserwes van die monetêre sektor oor hierdie tydperk van vier maande per saldo 'n klein positiewe bydrae tot die groei in M3 gemaak; die toename in die netto besit aan buitelandse reserwes van hierdie sektor gedurende die tweede kwartaal van 1986 was die eerste sodanige kwartaallikse toename sedert die tweede kwartaal van 1985.

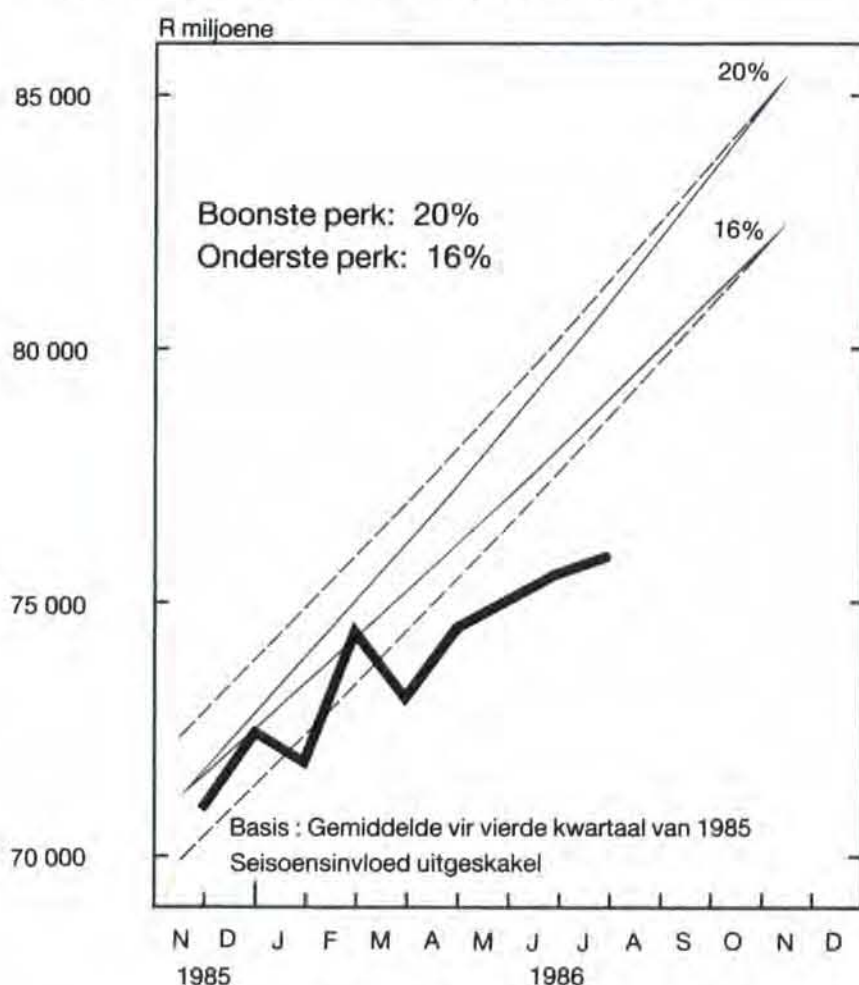
Bankkrediet

Gemeet oor 'n tydperk van twaalf maande, het die koers van toename in *bankinstellings* se krediet aan die private sektor verlangsaam van 14,1 persent in Maart 1986 tot 10,7 persent in Julie. Van die eerste tot die tweede kwartaal van 1986 is daar hoegenaamd geen toename in die kwartaallikse gemiddelde van die banke se eise teen die private sektor aangeteken nie, en vanaf die einde van Maart tot aan die einde van Junie het die totale seisoens-aangesuiwerde bankkrediet aan die private sektor in werklikheid selfs 'n baie geringe daling getoon. 'n Toename in sodanige krediet, ná seisoensaansuiwering, is egter in Julie aangeteken.

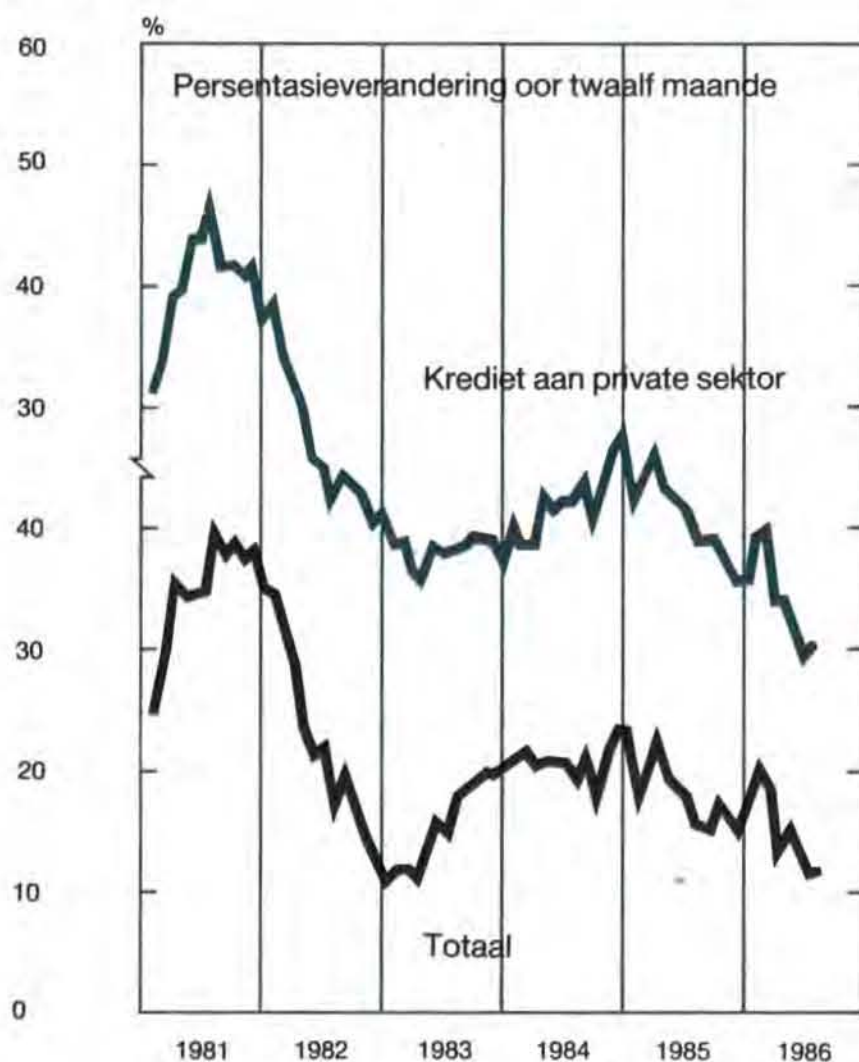
Die feit dat die totale bedrag aan bankkrediet aan die private sektor gedurende die afgelope paar maande byna geen verandering getoon het nie, kan in verband gebring word met die volgehoue slap toestand van die Suid-Afrikaanse ekonomie en in die besonder met omstandighede soos die volgehoue afname in reële vaste kapitaalvorming en in totale reële voorrade, huishoudings se volgehoue traagheid om te leen en meer beperkte leenvermoë, en die banke se groter versigtigheid by die toestaan van lenings in die lig van die verswakte kwaliteit van debiteure en die meer algemene voorkoms van slegte skulde. Die betreklike stagnasie van bankkrediet aan die private sektor gedurende 'n tydperk waarin die ekonomie herstel het, was nietemin ongewoon in dié opsig dat versnellings en verlansamings in die toestaan van nuwe banklenings histories altyd taamlik nou aan opswaai en afswaai in die konjunktuur verbonde was, terwyl draaipunte in die koers van toename in bankkrediet tradisioneel betreklik getrou naby draaipunte in die algemene konjunkturgolf voorgekom het.

Uiteenlopende kragte het 'n invloed uitgeoefen op die koerse van toename in die verskillende soorte bankkre-

Mikpuntgrense vir groei in M3 gedurende 1986



Bankkrediet



'n aansienlike styging in die bankstelsel se netto eise teen die regeringsektor gepaard gegaan. As gevolg hiervan het die koers van toename oor twaalf maande in die totale bankkredietverlening aan sowel die private as die regeringsektor, wat in Maart 1986 12,9 persent beloop het, slegs 'n betreklik klein daling getoon tot 11,5 persent in Julie.

Bankkoersbeleid en rentekoerse

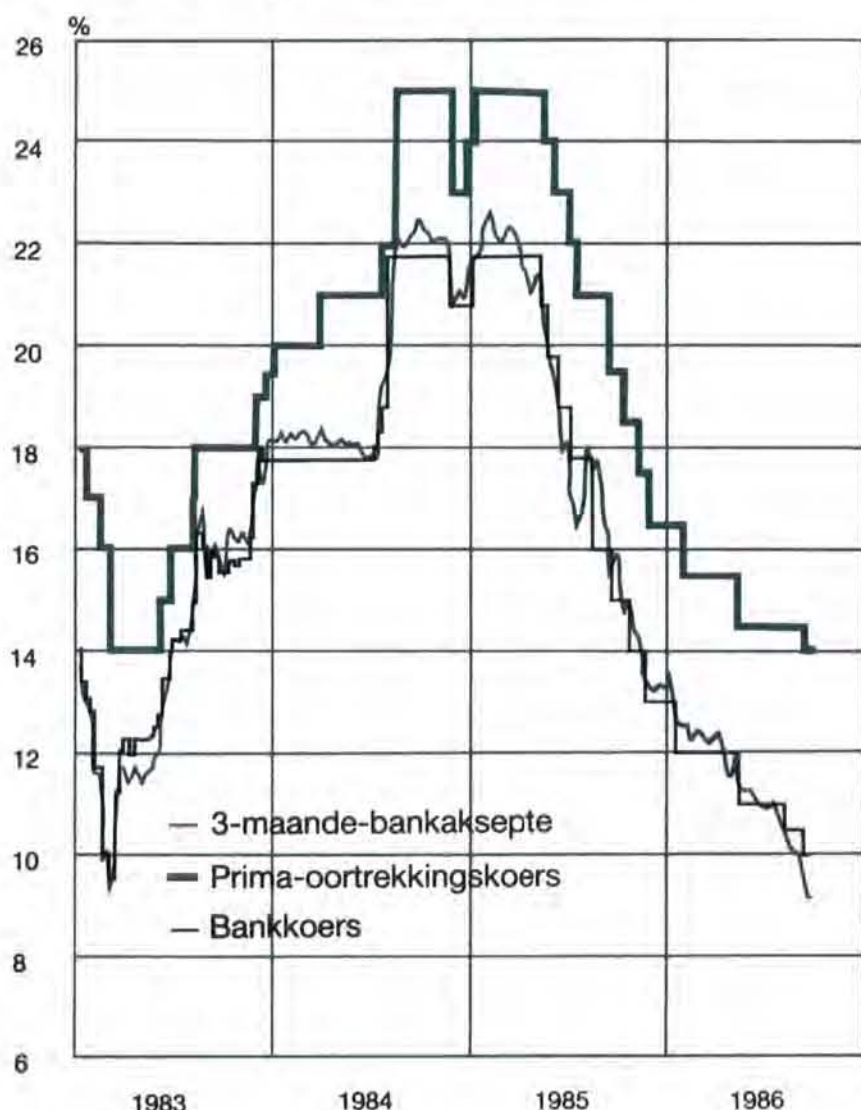
Die weifelende ekonomiese herstel, groot oorskotte op die lopende rekening van die betalingsbalans en onverwagte stadige groei in die geldvoorraad het die Reserwebank daartoe gelei om sy monetêre beleidsingesteldheid gedurende die tweede kwartaal, Augustus en September 1986 verder te verruim. Die Bank se herdiskonterings- en ander herfinansieringskoerse is verder verlaag, naamlik met 1 persent vanaf 5 Mei, met $\frac{1}{2}$ persent vanaf 5 Augustus, en met 'n verdere $\frac{1}{2}$ persent vanaf 5 September 1986. Die Bankkoers is in hierdie drie stappe van 12 tot 10 persent verminder. In sy verklaring wat die Bankkoersverlaging in Mei vergesê het, het die Bank spesiale melding gemaak van die volgehoue verlangsaming van die bankkredietverlening aan die private sektor en van die behoefte om die totale besteding te herstimuleer. Die verdere verlaging van die Bankkoers en die verwante herfinansieringskoerse was duidelik ook in ooreenstemming met die Bank se verklaarde voorneme om aktief gebruik te maak van sy diskontobeleid ten einde sy invloed op rentekoerse, totale besteding en die geldvoorraad te laat geld.

Geldmarkrentekoerse in die algemeen het breedweg in ooreenstemming met die Bankkoersverlagings gedaal maar by geleentheid in afwagting van verdere verlaging van die Bankkoers teruggesak tot vlakke wat taamlik aansienlik onder die Bankkoers gelê het. Die koers op likwiede bankaksepte van drie maande het byvoorbeeld van 12,60 persent aan die einde van April 1986 tot 10,25 persent vroeg in Augustus en tot slegs 9,90 persent aan die einde van Augustus gedaal (toe die Bank se herdiskonteringskoers vir likwiede bankaksepte nog op 11 persent gestaan het). Ná die Bankkoersverlaging van 5 September en die verlaging van die herdiskonteringskoers vir bankaksepte tot 10,50 persent, het die markkoers op bankaksepte op 5 September tot so laag as 9,25 persent teruggesak, wat die laagste vlak van hierdie koers was sedert Maart 1981. Die prima-oortrekkingskoers van die verrekeningsbanke is in ooreenstemming met die Bankkoersverlagings vanaf die middel van Mei tot 14,5 persent, vanaf die tweede helfte van Augustus tot 14 persent, en vanaf 20 September 1986 tot 13,5 persent verlaag.

diet. Bruikhuurfinansiering het byvoorbeeld voortgegaan om te daal aan die hand van die afname in reële vaste kapitaalvorming. Sowel bruikhuurfinansiering as huurkoopkrediet is skynbaar ook nog steeds beïnvloed deur die vergelykenderwys hoë maksimum rentekoerse wat kragtens die Wet op die Beperking en Bekendmaking van Finansieringskoste toegelaat is. Ná 'n verdere verlaging van hierdie koerse met 1 persentasiepunt met ingang van 8 Augustus 1986 (tot 23 persent op die groter en 28 persent op die kleiner geldlenings, krediet- en verhuurings-transaksies), was hierdie koerse nog steeds sterk positief in reële terme en aansienlik hoër as die rentekoerse in die geldmark en as die handelsbanke se prima-oortrekkingskoers. Vanaf die einde van Maart 1986 tot die einde van Julie het die totale bruikhuurfinansiering van alle banke met 'n verdere 2,3 persent gedaal; huurkoopkrediet het baie marginaal met 0,6 persent toegeneem; die banke se "ander" lenings en voorskotte het in 'n soortgelyke onbeduidende mate met 0,6 persent gestyg, terwyl die private wisselportefeuljes van al die bankinstellings, nadat dit tussen April 1985 en Maart 1986 aansienlik meer as verdubbel het, met meer as 14 persent gedaal het.

Die baie beperkte netto toename in bankkrediet aan die private sektor, ná seisoensaansuiwering, vanaf die einde van Maart 1986 tot aan die einde van Julie het egter met

Korttermynrentekoerse



Finansiële markte

Staatskuldbeleer en herfinansieringsoptredes

Die Reserwebank se optrede insake die bestuur van die staatskuld was gedurende die tydperk vanaf April tot Augustus 1986, dit wil sê gedurende die eerste vyf maande van die fiskale jaar 1986/87, weer eens hoofsaaklik gemik op die befondsing van die regering se leenbehoefte. Die netto verkope van staatseffekte gedurende hierdie tydperk van vyf maande het R2 617 miljoen beloop. Van hierdie bedrag is R1 800 miljoen as uitgifte-op-aanvraag van die Tesourie verkry, terwyl R766 miljoen deur middel van die Openbare Beleggingskommissaris opgeneem is. Spesiaal-gedateerde skatkiswissels tot 'n totale bedrag van R500 miljoen en waarvan verskillende bedrae gedurende April, Mei en Junie op tender beskikbaar gestel is, is aan die einde van Augustus afgelos om die gewone seisoenale vernouing van die geldmarktoestand te verlig. Nuwe tenders tot 'n bedrag van R200 miljoen is op 5 September aanvaar vir spesiaal-gedateerde skatkiswissels wat op 28 November 1986 sal verval. 'n Verdere sodanige uitgifte van R100 miljoen op 15 September het aansoek ten bedrae van R460 miljoen getrek en is toegeken teen 'n gemiddelde koers van 8,99 persent.

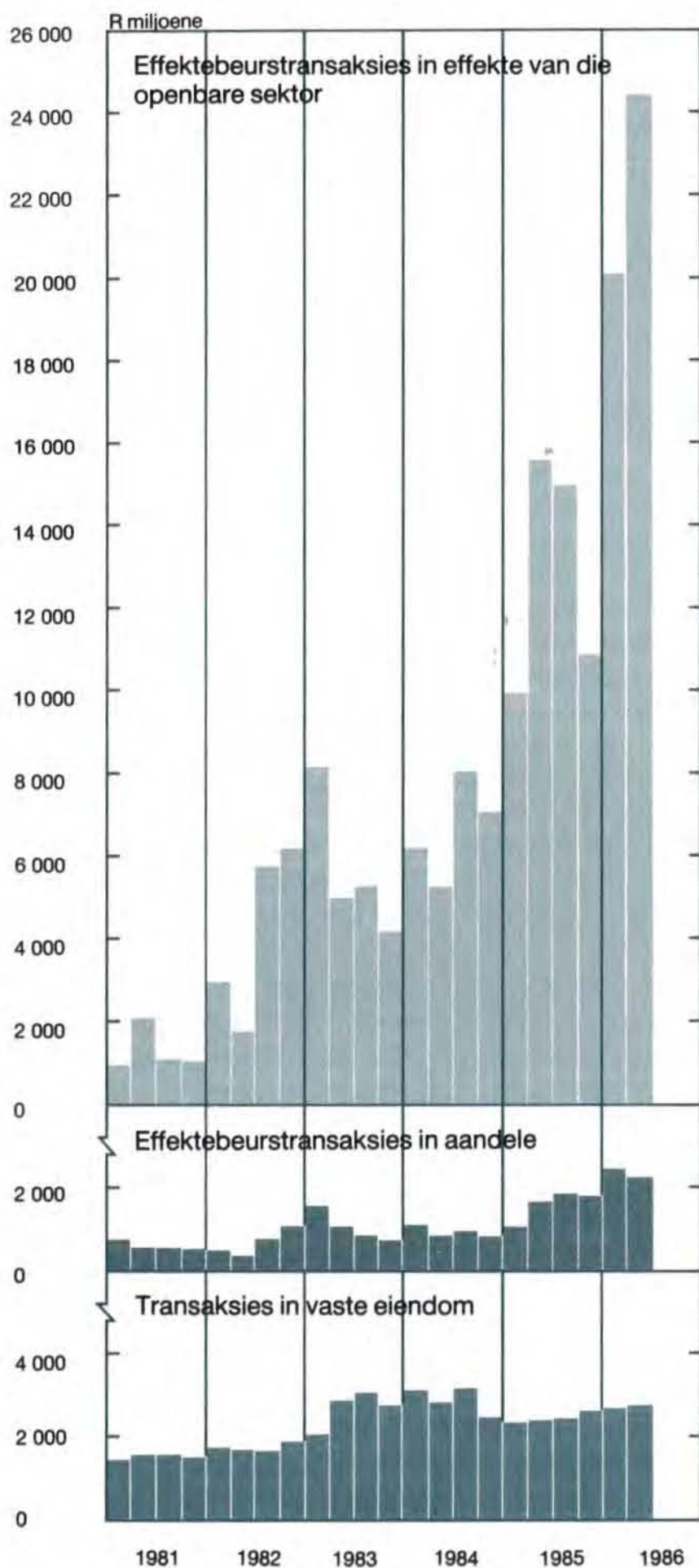
Die bedrag aan fondse van die Korporasie vir Openbare Deposito's wat by die diskontohuise geplaas is, is op 29 Julie tot 'n nuwe hoogtepunt van R900 miljoen verhoog maar daarna weer tot slegs R84 miljoen op 20 Augustus verminder. In die lig van die gebruikelike groot belastingbetalings aan die einde van Augustus is hierdie fondse weer tot R800 miljoen oor die maandeinde van Augustus verhoog. Op 15 September het KOD-fondse by die diskontohuise R723 miljoen beloop. Herfinansieringsakkommodasie by die diskontovenster het insgelyks gedurende die eerste drie weke van Augustus vinnig afgeneem. Hierdie soort akkommodasie is in werklikheid op 'n aantal dae in die derde week van Augustus toegelaat om tot nul te val (dit wil sê dat die geldmark toegelaat is om ten volle "uit die Bank" te wees) as 'n verdere metode om die sentiment in die kredietmarkte aan te help. Aan die einde van Augustus het herfinansiering by die diskontovenster weer teruggekeer na 'n bedrag van effens meer as R900 miljoen. Op 12 September het dit R782 miljoen beloop.

Kapitaalmarkbedrywigheid

Die bedrywigheid in die kapitaalmark, wat vanaf vroeg in 1985 na hoër vlakke begin beweeg het, het in die tweede kwartaal en in Julie en Augustus 1986 nog verder versnel. Dit is duidelik weerspieël in aansienlik groter omsette van effekte van die openbare sektor, aansienlike nuwe uitgifte van effekte deur die openbare en private sektor, 'n verdere skerp styging in aandelepryse, 'n volgehoue hoër vlak van die invloed van fondse na nie-kontraktuele spaarinstellings, groter verbandleningsbedrywigheide en 'n effense verbetering in transaksies in die eiendomsmark. Die bedrywigheid op die aandelebeurs het egter in die tweede kwartaal effens teruggesak.

Die waarde van die effekte van die openbare sektor wat op die effektebeurs verhandel is, het van R20,2 miljard in die eerste kwartaal van 1986 tot 'n nuwe rekordvlak van R24,4 miljard in die tweede kwartaal gestyg. In Julie en Augustus het die maandelikse omset van hierdie effekte gemiddeld nie minder nie as R13,7

Transaksies in effekte en vaste eiendom

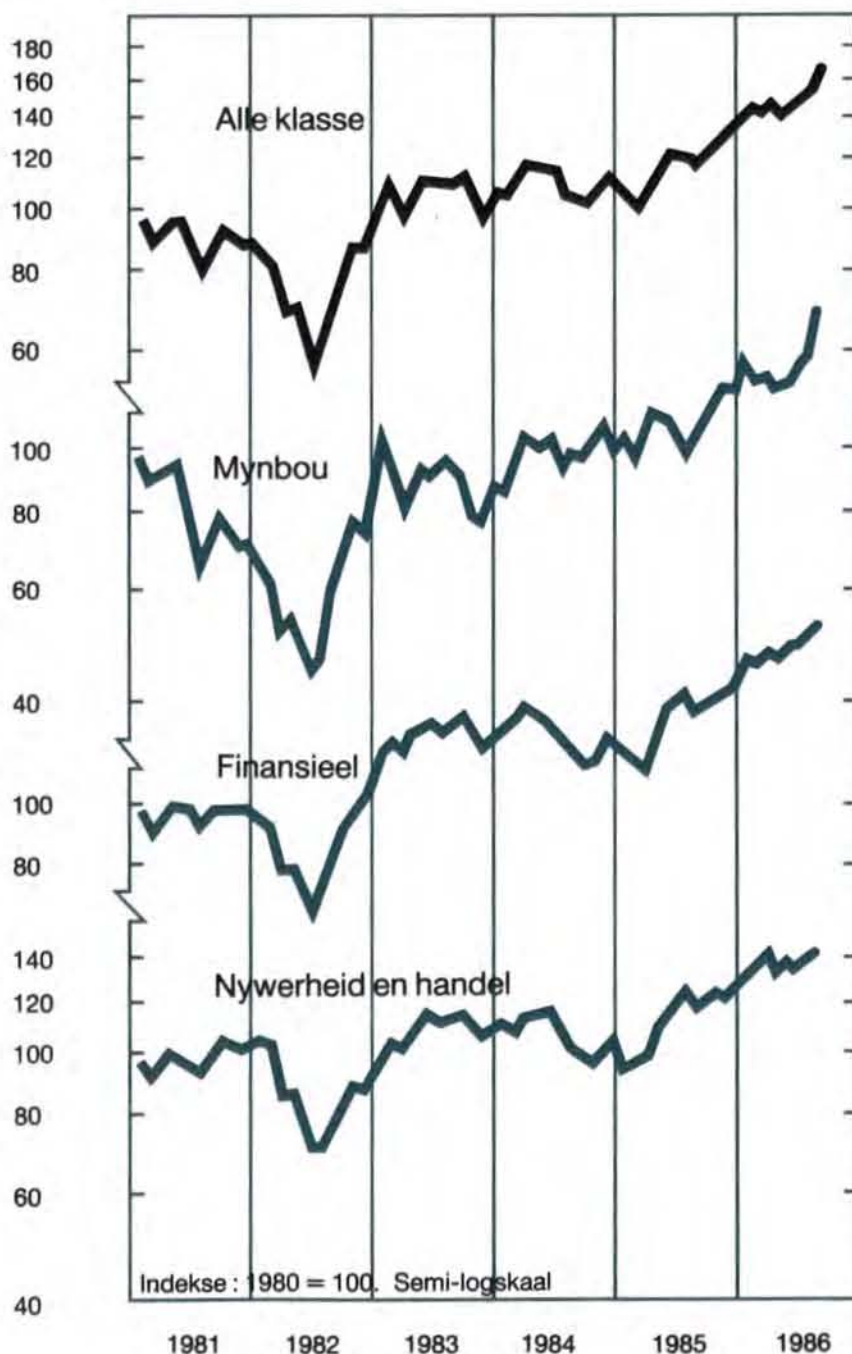


miljard bedra, wat 69 persent meer was as die maandelikse gemiddelde van R8,1 miljard in die voorafgaande drie maande.

Die effense verbetering in transaksies in vaste eiendom het bestaan uit 'n styging in die waarde van hierdie transaksies van R2,6 miljard in die eerste kwartaal van 1986 tot R2,7 miljard in die tweede kwartaal. In Julie was die totale waarde van transaksies in vaste eiendom, tot 'n bedrag van R977 miljoen, weer eens ietwat hoër as die gemiddelde vlak van die voorafgaande drie maande.

Die waarde van die aandele wat op die effektebeurs verhandel is, het effens teruggesak van R2,4 miljard in die eerste kwartaal tot R2,3 miljard in die tweede kwartaal van 1986. Dit is egter deur 'n aansienlik hoër maandelikse gemiddelde van R1,1 miljard in Julie en Augustus gevolg. Die effens laer aandele-omset in die tweede kwartaal van 1986 het gedeeltelik in verband gestaan met institusionele beleggers se voorkeur vir 'n groter besit aan vastetredende effekte vanweë hul verwagtings aangaande

Aandelepryse



'n daling in kapitaalmarkrentekoerse. Die gemiddelde prys van alle klasse aandele het in die tweede kwartaal van 1986, nieëstaande 'n afname van 3 persent in die pryse van nywerheids- en handelsaandele, met 2 persent gestyg. Daarna het die aandeelpryse in Julie en Augustus, in die voetspore van die druk wat deur aankope van individuele en institusionele beleggers uitgeoefen is, gemiddeld met 14 persent gestyg. Goudmynaandelepryse het in Julie en Augustus egter met nie minder nie as 24 persent gestyg, hoofsaaklik as gevolg van 'n opwaartse neiging in die dollarprys van goud en van die feit dat die rand tot laat in Augustus teen 'n relatief laer koers geappresieer het.

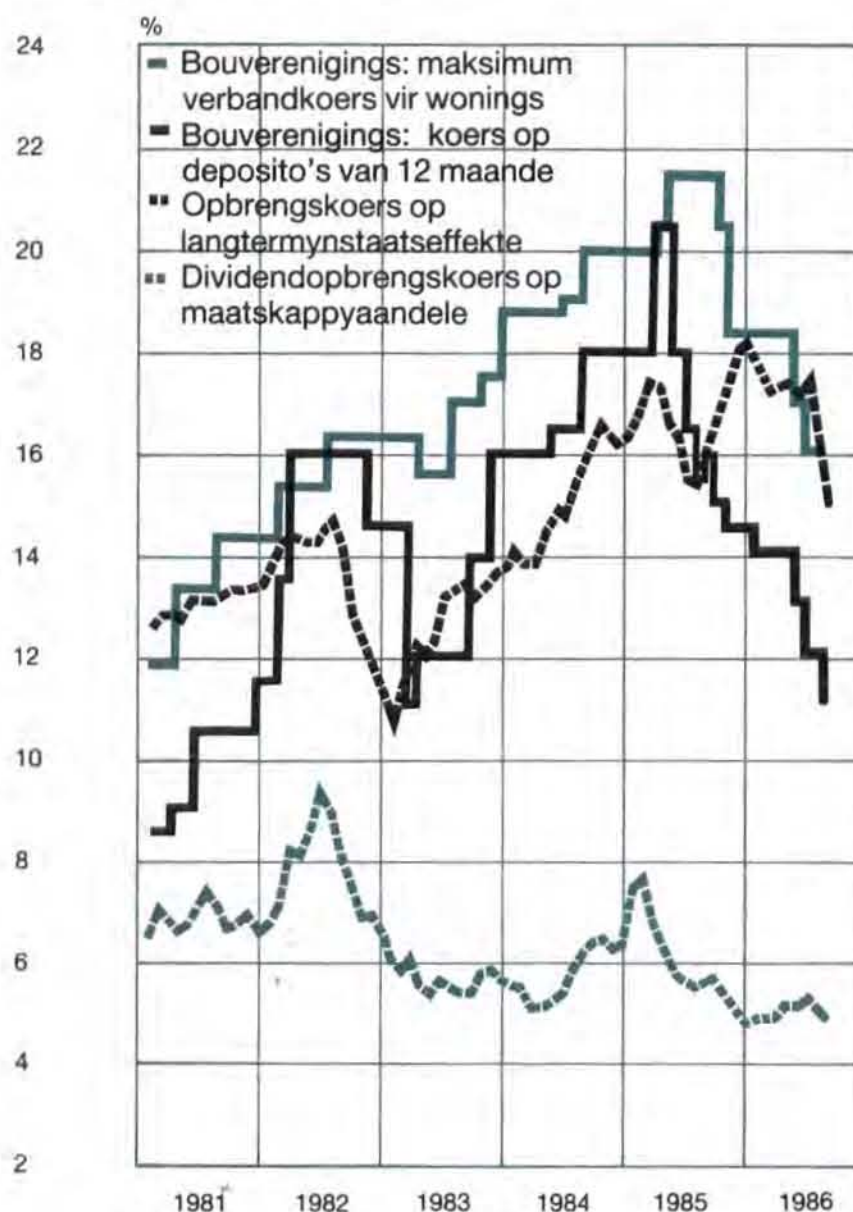
In die primêre markte het die openbare sektor in die tweede kwartaal van 1986 deur middel van uitgiftes van vaste-rentedraende effekte aan die banke en aan private nie-bankbeleggers nuwe fondse opgeneem ten bedrae van R1 818 miljoen, vergeleke met netto aflossings van R107 miljoen in die voorafgaande drie maande. Maatskappye wat op die effektebeurs genoteer is, het gedurende die tweede kwartaal van 1986 R51 miljoen deur middel van nuwe uitgiftes van vaste-rentedraende effekte en R447 miljoen deur nuwe aandeelkapitaaluitgiftes opgeneem. Dit kon vergelyk word met onderskeidelik R14 miljoen en R64 miljoen in die eerste kwartaal. Gegewe die betreklik lae vlakke van sakebedrywigheid en van die investeringsvraag, het hierdie aansienlik groter beroep op die effektemarkte maatskappye in staat gestel om hul gebruik van bankkrediet (met inbegrip van bruikhuurfinansiering) met R576 miljoen te verminder nadat dit gedurende die eerste kwartaal van die jaar met R305 miljoen toegeneem het.

Die verbeterde netto invloed van fondse na bouverenigings en deelnemingsverbandskemas het hierdie instellings in staat gestel om hul verbanduitleningsbedryghede van R1 478 miljoen in die eerste kwartaal van 1986 tot R1 601 miljoen in die tweede kwartaal te verhoog. Die vraag na verbandfinansiering het nietemin betreklik gedemp gebly, onder andere vanweë die invloed van die verswakking van huishoudings se reële beskikbare-inkomeposisies en vanweë 'n algemene sosio-politieke klimaat wat nog nie bevorderlik gelyk het vir die aangaan van langtermynverpligtings in die vorm van verhoogde beleggings in vaste eiendom nie.

Langtermynrentekoerse

'n Algemene verruiming van die monetêr-finansiële toestand, tesame met verskuiwings wat van tyd tot tyd in die marksentiment voorgekom het, het veroorsaak dat kapitaalmarkrentekoerse in die eerste helfte van 1986 'n mate van onbestendigheid getoon het terwyl dit ook 'n ietwat afwaartse neiging aan die dag gelê het. Nadat dit in Desember 1985 'n hoogtepunt van 18,1 persent bereik het, het die gemiddelde maandelikse opbrengskoers op langtermynstaatseffekte in die eerste kwartaal van 1986 tot 17,3 persent gedaal, voordat dit in die tweede kwartaal weer marginaal tot 17,4 persent gestyg het. 'n Be-

Langtermynrentekoerse



sliste en aansienlike afwaartse beweging in langtermynrentekoerse het egter vanaf die tweede helfte van Junie 1986 ingetree. As gevolg hiervan het die gemiddelde van hierdie koerse tot 16,4 persent in Julie en tot so min as 14,9 persent in Augustus en 14,2 persent gedurende die eerste helfte van September gedaal.

Die gemiddelde dividendopbrengskoers op alle klasse aandele het van 4,8 persent in Desember 1985 (toe die sogenaamde "omgekeerde" rendementsgaping tussen hierdie opbrengskoers en die opbrengskoers op langtermynstaatseffekte op 'n ongeëwenaarde 13,3 persent gestaan het) tot 5,2 persent in Junie 1986 gestyg. As die spieëlbeeld van die daaropvolgende styging in aandeelpryse, het hierdie opbrengskoers egter weer tot 5,1 persent in Julie en tot 4,9 persent in Augustus teruggesak.

Die bouverenigings se maksimum huisverbandkoers, wat in Oktober 1985 tot 18,25 persent verlaag is, is in Mei 1986 tot 17,0 persent en in Junie tot 16,0 persent verlaag. Ten tye van die koersverlaging in Mei 1986 het die bouverenigings ook hulle vorige stel gedifferensieerde verbandkoerse vervang met 'n eenvormige koers vir alle

leners ongeag die grootte van die verbandlening. Deelnemingsverbandskemas het hul verbandkoerse afwaarts aangepas van 16,75 persent in Desember 1985 tot 15,94 persent in Januarie 1986; dié koers is sedertdien op hierdie vlak gehandhaaf.

'n Aanduiding van die algemene verloop van langtermyndepositokoerse is verskaf deur veranderings in die koerse op deposito's van twaalf maande by banke en bouverenigings. Die oorheersende koers op hierdie deposito's, wat tot 14,0 persent in Januarie 1986 gedaal het, is in Mei 1986 tot 13,0 persent, in Junie tot 12,0 persent en in Augustus 1986 tot 11,0 persent verlaag.

Staatsfinansies

Skatkisuitreikings* en -ontvangste

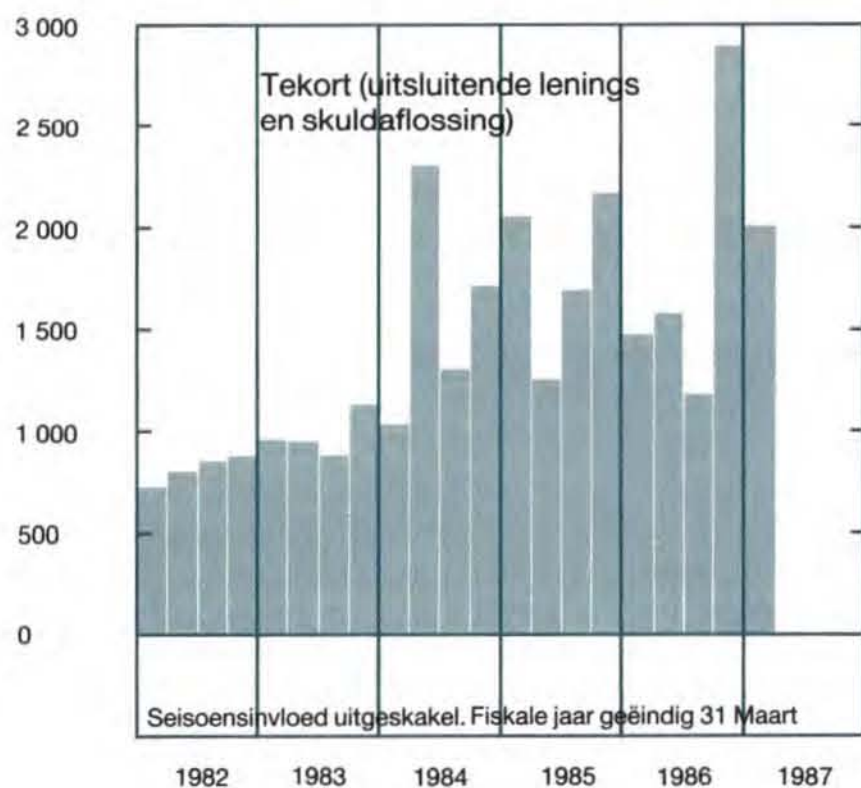
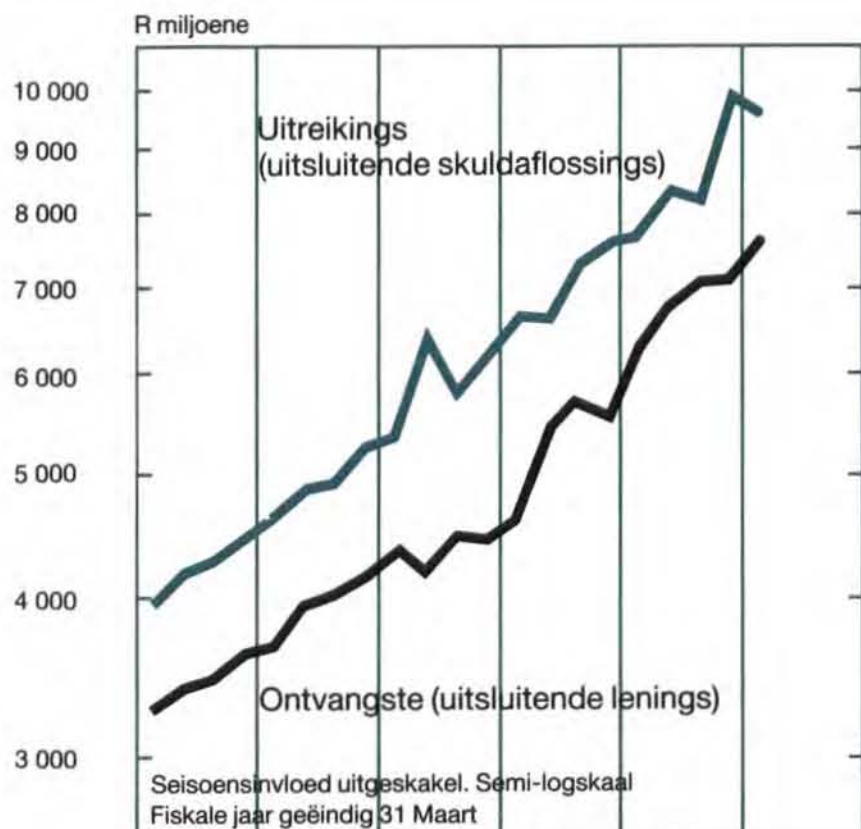
In ooreenstemming met die normale patroon wat dit in die afgelope aantal jare getoon het, het die skatkisuitreikings gedurende die eerste kwartaal van die fiskale jaar 1986/87, wat die tydperk van April tot Junie 1986 dek, skerp toegeneem. Skatkisuitreikings aan staatsdepartemente was in hierdie drie maande 22,1 persent hoër as in die ooreenstemmende tydperk in 1985. 'n Betreklik matige toename in hierdie uitreikings is egter in Julie 1986 aangeteken in vergelyking met die buitengewoon hoë vlak van uitreikings in Julie 1985, en die koers van toename in hierdie uitreikings het vervolgens in Augustus verder verlangsaam. Gedurende die eerste vyf maande van die fiskale jaar 1986/87 was die totale uitreikings aan staatsdepartemente gevolglik 15,8 persent hoër as in die ooreenstemmende vyf maande van die vorige jaar. Hierdie styging het derhalwe die toename van 13,9 persent in owerheidsbesteding wat in die Begroting van Maart 1986 vir die fiskale jaar 1986/87 in sy geheel in die vooruitsig gestel is, slegs matig oorskry.

'n Verdere pakket van fiskale aansporingsmaatreëls, wat aanvullend was tot die maatreëls wat reeds in September 1985 aangekondig is of in die Begroting vir 1986/87 opgeneem is, is op 17 Junie 1986 deur die Minister van Finansies aangekondig. Hierdie pakket, wat in totaal R1,5 miljard beloop het, het hoofsaaklik bestaan uit onmiddellike terugbetaling van die leningsheffing van 1979/80, die vrystelling van sekere ingevoerde goedere van die bo-belasting van 10 persent, 'n verlaging van die aksynsreg op motorvoertuie, 'n meer toegeeflike benadering tot die byvoordelebelasting op motorvoertuie, verdere verhogings van die hulp aan boere wat deur die droogte geteister is, aanvullende lae-koste-behuisings- en werkverskaffingsprogramme, en verdere hulp aan die Klein Sake-Ontwikkelingskorporasie. Daar is geraam dat die Regering uit hoofde van hierdie maatreëls gedurende die res van die fiskale jaar 1986/87 R250 miljoen aan inkomste sou prysgee, terwyl 'n bykomende R450 miljoen bestee sou word. Finansiering van die daaruit voortvloeiende toename in die begrotingstekort sou voorsien word in die vorm van 'n oordrag na die Skatkis van sekere inkomste, en van die opbrengs uit die verkoop van sekere bates, van die Sentrale Energiefonds en die Nywerheid-ontwikkelingskorporasie. Dit was dus nie die bedoeling dat die verskillende elemente in die pakket deur 'n toename in belastings geneutraliseer sou word nie, terwyl die Regering ook beoog het om die groter beroep wat hy moontlik op die kapitaalmark sou moes doen, te beperk.

Skatkisontvangste gedurende die eerste kwartaal van die fiskale jaar 1986/87 was, net soos die skatkisuitreikings, aansienlik hoër as gedurende dieselfde kwartaal

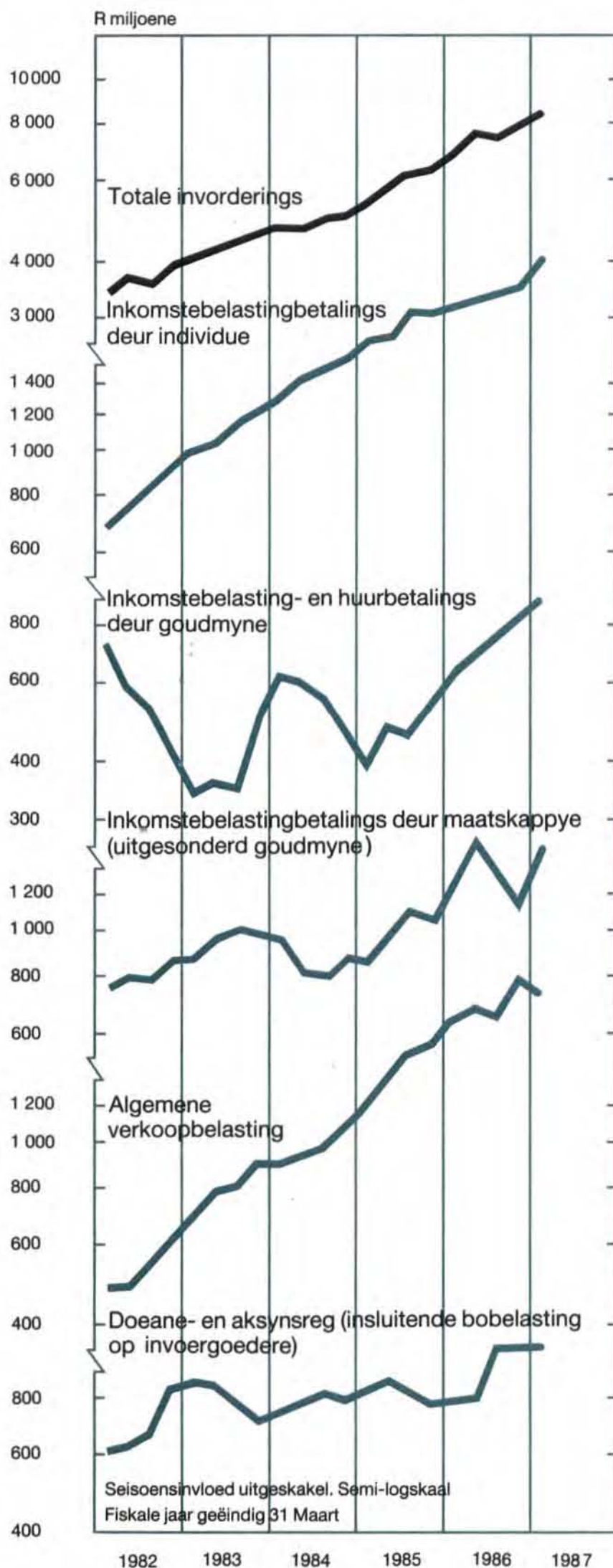
*Die Skatkisrekening is aangesuiwer vir veranderings in die saldo op die Betaalmeester-Generaalrekening.

Skatkisrekening



van die fiskale jaar 1985/86. Die toename van 19,4 per sent wat gedurende hierdie tydperk aangeteken is, het hoofsaaklik voortgespruit uit 'n aansienlike toename in die ontvangste vanaf goudmynmaatskappye, wat hoër winste weerspieël het wat self weer toegeskryf kon word aan die depresiasie van die rand tesame met 'n betreklik stabiele dollarprys van goud. Hierbenewens was daar 'n skerp toename in inkomstebelastingontvangste vanaf ander bronne. Ontvangste uit doeaneregte was ook aansienlik hoër as in vorige kwartale as gevolg van die invloed van die bo-belasting wat in September 1985 op sekere

Inkomste-invorderings – Staatsinkomstefonds



invoergoedere ingestel is. Ontvangste van algemene verkoopbelasting het daarenteen slegs 'n baie klein verdere toename getoon, terwyl die ontvangste van aksynsregte in werklikheid gedaal het.

Gedurende Julie en Augustus het die koers van toename in die skatkisontvangste aanmerklik afgeneem. Gevolglik was skatkisontvangste gedurende die eerste vyf maande van die fiskale jaar 1986/87 slegs 10,6 persent hoër as in die ooreenstemmende vyf maande van die vorige fiskale jaar. Hierdie koers van toename was heelwat laer as die toename van 13,1 persent waarvoor in die Begroting vir die fiskale jaar 1986/87 voorsiening gemaak is.

Finansiering van die tekort voor lenings

Die tekort voor lenings en skulddelging in die eerste vyf maande van die fiskale jaar 1986/87 het R3 343 miljoen beloop, dit wil sê R1 112 miljoen meer as in die ooreenstemmende tydperk van die fiskale jaar 1985/86. Die omvang van die tekort het dus ook bewys gelever van die Regering se klemverskuiwing na 'n matig meer ekspansionistiese fiskale beleid. Op hierdie vlak van R3 343 miljoen het die tekort vir die tydperk April tot Augustus 85 persent verteenwoordig van die tekort van R3 944 miljoen wat vir die huidige fiskale jaar in die Begroting van Maart 1986 voorsien is. Dit kan vergelyk word met 'n soortgelyke verhouding van 75 persent ten opsigte van die eerste vyf maande van die fiskale jaar 1985/86. Gegevens wat tans vir die eerste vier maande van die fiskale jaar 1986/87 beskikbaar is, toon dat die tekort van R3 500 miljoen wat vir hierdie tydperk aangeteken is (plus die diskonto van R347 miljoen op nuwe staatseffekteuitgiftes), gefinansier is deur leningsfondse ten bedrae van R943 miljoen van die "monetêre" sektor, R1 598 miljoen van die nie-monetêre private sektor en R1 382 miljoen van die Openbare Beleggingskommissaris op te neem. Die Regering se buitelandse skuld is gedurende hierdie tydperk met R76 miljoen verminder.

The capital outflow – present situation and prospects*

by Dr Gerhard de Kock, Governor of the South African Reserve Bank

Financial versus trade sanctions

The issue of trade sanctions against South Africa has been very much in the news of late. Additional trade sanctions in one form or another now appear to be inevitable. But it remains to be seen how comprehensive they will be and whether they can in practice be made effective. This talk today, however, is not about trade sanctions. It is about the financial "sanctions" that have been in existence for more than a year now and that are having a serious adverse impact on the South African economy.

These financial "sanctions" have resulted not in the first instance from conscious decisions by governments or legislatures but rather from the deterioration over this period in overseas perceptions of South Africa's socio-political situation. Foreign investors, bankers and businessmen have been troubled by uncertainty and concern about the nature, extent and possible consequences of South Africa's domestic political problems. As any well-informed observer must know, these perceptions are exaggerated and distorted if not completely erroneous. But the point is that for the moment they do exist.

The result has been a substantial withdrawal of foreign capital and credits from South Africa for more than a year and a half now. Moreover, for political reasons, South Africa is not only denied normal access to credits from international financial institutions and central banks, but is also required to repay existing credits to the International Monetary Fund. By force of circumstances South Africa has therefore become a capital-exporting country.

This politically induced pressure on the capital account of the balance of payments poses a greater threat to the South African economy than the kinds of trade sanctions that are likely to be imposed. It has already resulted in a weaker exchange rate, a higher inflation rate and a lower rate of real economic growth than would otherwise have prevailed.

Current account surplus: the implications

As long as the capital outflow continues, South Africa will have no choice but to run a large current account surplus. This is what we did in 1985, what we are doing again in 1986 and what we shall continue to do in 1987. According to the Reserve Bank's latest revised balance of payments estimates, the current account surplus in 1985 amounted to R5,9 billion. Present indications are that the surplus for 1986 will be between R6 billion and R7 billion. And although it is too early to pretend to know what the surplus will be in 1987, present projections suggest another large surplus of more than R5 billion in that year.

The fact that South Africa has been able to produce surpluses of this magnitude largely through the application of monetary and fiscal policies represents a notable adjustment performance. But it stands to reason that the need to maintain a sizeable current account surplus for any length of time must inevitably restrict South Africa's longer-term economic growth. Achieving a large current account surplus year after year, by whatever means, implies the transfer of real resources to the rest of the world. This, in turn, means fewer goods available in South Africa for public and private investment and consumption, and therefore a lower long-term growth rate than would otherwise have been possible.

Capital movements after the debt standstill and reimposition of non-resident exchange control

To cope with the capital outflow, South Africa imposed a partial debt standstill in September 1985 and at the same time reintroduced exchange control over non-resident equity investments in the form of the financial rand system. In the abnormal political and economic circumstances of the time these drastic steps were unavoidable. But while they succeeded in preventing certain types of capital and credit outflow, they also had some counter-productive effects.

For example, certain South African debentures and notes issued abroad that might otherwise have been rolled over, had to be repaid. In addition, as foreign credits for imports became difficult to obtain, some importers had to make cash payments "up front". In general, the expectation that in these circumstances the rand would depreciate produced unfavourable "leads and lags" in current foreign payments and receipts, which are recorded in the balance of payments statistics as an outflow of short-term capital.

The result was that the net capital outflow (excluding changes in so-called "liabilities related to reserves") of about R2,5 billion during the third quarter of 1985 was followed by an even larger net outflow of about R4,4 billion during the fourth quarter. During the first and second quarters of 1986 this outflow declined to R1,6 billion and R1,0 billion, respectively. In addition, as the Reserve Bank, the other banks and the Government repaid large amounts of short-term debt inside and outside the "net", foreign liabilities "related to reserves" declined by R2,3 billion during the first half of 1986. If these reserve-related repayments are included, the total net capital outflow during the first half of 1986 therefore amounted to R4,9 billion.

The ways in which capital continued to leave the country despite the restraining effect of the debt standstill and the tightening of exchange control, included loan repay-

* Address delivered to SABRITA (South Africa-Britain Trade Association) in Cape Town on 8 September 1986.

ments sanctioned in the national interest and leads and lags in current payments, which in the nature of the case do not contravene the exchange control regulations.

Over the twelve months ended June 1986 the large capital outflow more than neutralised the current account surplus and kept the exchange rate of the rand under pressure. The minor adjustments made to exchange rate procedures in January and December 1985, such as paying the mines in rand instead of dollars for gold bullion and compelling exporters to take out forward cover, had relatively little effect on capital movements and the exchange rate.

Capital outflow: comparing the second half of 1986 with the first half

Looking ahead, present indications suggest that the worst of the capital outflow is now behind us. During the first half of 1986 the current account surplus amounted to R2,9 billion, i.e. to much less than the total capital outflow of R4,9 billion during this period. In these circumstances the rand at times came under severe pressure and the official gold and foreign exchange reserves (excluding valuation adjustments) declined by about R2 billion.

The capital outflow of R4,9 billion during the first half of 1986 consisted of the following:

Repayments in terms of the interim debt arrangements (i.e. "inside the net")	R1 082 million
Repayments in terms of the proclamation (i.e. "outside the net"):	
Repayments of bearer bonds and notes	R 320 million
Repayments to the IMF	R 345 million
Repayments by Reserve Bank	R1 004 million
Other capital outflows (including repayments of trade credits and leads and lags in general)	R2 156 million
Total	<u><u>R4 907 million</u></u>

For the second half of 1986, however, the position looks much more favourable. For this period the current account surplus is estimated at between R3 billion and R4 billion. And present indications are that the net capital outflow during this half-year should be considerably less than this amount.

Using for calculation purpose the latest available exchange rate of R1 = \$0,42, repayments on bearer bonds and notes during the second half of 1986 are estimated at R252 million and repayments to the International Monetary Fund at R536 million, of which R216 million has already been effected in August. Repayments of credits by the Reserve Bank amounted to R172 million during July and August and are not expected to be large during the remainder of 1986. It is anticipated that, as during the first half of 1986, public corporations will be net borrowers rather than net repayers during the second

half of 1986, i.e. apart from the repayments of bearer bonds and notes already mentioned.

In total, these repayments already made or still expected to be made during the second half of 1986 amount to roughly R1 billion. To this must be added possible capital outflows in the form of further repayments of trade credits and new unfavourable leads and lags, plus the usual "errors and omissions". At this stage it is impossible to say how large these amounts will be. But since the new wave of adverse leads and lags that commenced round about May 1986 has already shown signs of petering out, the net outflow under this heading during the rest of 1986 is unlikely to be substantial.

Unless something unforeseen happens, therefore, the net capital outflow (including debt repayments) during the second half of 1986 should be substantially less than the expected current account surplus. The result is likely to be an increase in both the gross and net official gold and foreign exchange reserves and a further appreciation of the rand.

Looking still further ahead, it is too early to draw firm conclusions about likely capital movements in 1987. Anticipated repayments in that year include R821 million of bearer bonds and notes, R1 114 million to the International Monetary Fund, and R114 million during the first half of 1987 in terms of the existing interim debt arrangements. Public corporations are not expected to make any net repayments in 1987, i.e. apart from their share in the repayments of bearer bonds and notes referred to above. For the rest, the outcome will depend mainly on the behaviour of leads and lags in general and trade credits in particular, and on any further debt repayments "within the net" that might be agreed upon during the new round of debt negotiations scheduled for the second quarter of 1987.

Effects of recent rise in gold price

How will the capital outflow and the overall economic position of South Africa be affected by the recent rise in the gold price? The answer obviously depends on whether the higher price level will be sustained or not. We should therefore not count our chickens before they are hatched. But there is no doubt that if the gold price remains above \$380 per ounce the South African economy stands to benefit substantially in a number of ways.

To begin with, the current account of the balance of payments will naturally tend to show a larger surplus than it would otherwise have done. Over a full year every US \$50 increase in the price of an ounce of gold adds more than US \$1 billion or R2,5 billion (at an exchange rate of R1 = \$0,40) to the value of South Africa's gold output.

Secondly, the rise in the gold price, if sustained, would add impetus to the current recovery in the domestic economy. Apart from the familiar "multiplier" effects on spending and income flowing from the increased rand value of the gold output, there will also be expansionary financial effects. The money supply will probably tend to

rise more rapidly, which under present conditions is desirable, and interest rates will tend to remain low. At the same time government tax revenue from gold mining should tend to rise.

Thirdly, the capital account of the balance of payments should improve. This is not only because the expectation that the higher gold price will strengthen the rand should have a favourable impact on the leads and lags, but also because the high rate of domestic economic growth should serve to keep capital in the country that might otherwise have flowed out.

Fourthly, the rand should strengthen further in the foreign exchange market and this, in turn, should help to curb the rate of inflation.

The recent increase in the gold price, even if sustained, does not, of course, mean that South Africa's economic difficulties are now over. But it will certainly be of material assistance – along the lines I have referred to – in overcoming the harmful effects of the existing financial "sanctions". It should also contribute towards preventing the irrational and emotional forces behind the present sanctions and disinvestment campaigns from transforming South Africa into some form of "siege economy". In addition, the higher gold price might well serve to provide the spark of business and consumer confidence required to bring about more rapid domestic economic expansion.

It is important, however, not to allow the rise in the gold price to blind us to the fact that for any lasting solution of our economic difficulties there are at least four basic requirements:

Firstly, we must continue to apply an appropriate short-term monetary and fiscal strategy.

Secondly, it is important to proceed with the formulation and publication of a long-term economic strategy for South Africa, dealing with such matters as "inward industrialisation", export promotion, import substitution, manpower issues, rural development and the role of government in a market system in which private initiative and effective competition have important functions to perform.

Thirdly, law and order must be maintained.

Fourthly, there must be comprehensive further political and constitutional reform.

Conclusion

There is no doubt that the scope now exists in South Africa for a more vigorous cyclical upswing in the short term and a higher real average rate of growth in the medium and long term.

During the 1983-84 mini-boom, when government spending and the Budget deficit were excessive, monetary policy had to carry the main burden of curbing over-spending in the economy and correcting the current account of the balance of payments. That inevitably entailed high interest rates. From March 1985 onwards, however, more fiscal measures were added to the policy "mix", and

this opened the way for the Reserve Bank to lead interest rates downwards.

In retrospect it is now clear that while this policy of monetary and fiscal discipline in the nature of the case entailed sacrifices, it fully achieved its objectives of eliminating excess demand and producing a large current account surplus. This has, among other things, enabled South Africa to repay about US \$3 billion of foreign debt since the end of 1984 and has greatly increased the country's ability to cope with both financial and trade sanctions. In these and other ways, monetary and fiscal policy has laid the foundation for more rapid growth in the period ahead.

Will the South African economy now be able to build on this foundation? Will the scope for more rapid economic growth now be utilised? Will the benefits conferred on the economy by the recent rise in the gold price be used to full advantage?

I believe the answer lies in the extent to which we succeed in meeting the four requirements to which I have referred. The challenge is to demonstrate to ourselves and to the outside world that we have both the will and the ability to apply sound short-term monetary and fiscal policy, to implement an appropriate long-term economic strategy, to maintain law and order, and to proceed with further peaceful, evolutionary political reform.

Meaningful progress on these four fronts will contribute greatly to the normalisation of South Africa's relationships with foreign banks and capital markets. More fundamentally, it will help to achieve what must now be a major objective for all who are genuinely interested in the welfare of the people of Southern Africa: a positive vision of economic growth and prosperity in the period ahead.