

Quarterly economic review

Introduction

Encouraging signs of an impending new economic up-swing began to emerge in the second half of 1985. In the first quarter of 1986, however, this economic recovery lost momentum. Domestic demand remained fundamentally sluggish, despite a conspicuous increase in real terms in the first quarter. The latter was confined to an increase in consumption expenditure by general government and a lower rate of inventory depletion. Moreover, the increase in real domestic demand was not translated into a rise in real gross domestic product. In fact, the increase in real output in the second half of 1985 was followed by a renewed decline in the first quarter of 1986. Consistent with these developments, non-agricultural employment did not maintain its slight upward trend of the second half of 1985.

The inflation rate, which had been expected to peak in the second half of 1985, actually accelerated after the socio-politically induced depreciation of the rand had begun in July last year. It took several months before the effect of this depreciation started to dissipate and only from February 1986 did the rate of inflation show signs of slowing down. On fundamental economic grounds, this deceleration should continue throughout 1986.

After having increased progressively in the course of 1985, the surplus on the current account of the balance of payments shrank substantially from the fourth quarter of last year to the first quarter of 1986. Import figures in both of these quarters were, however, distorted by large swings in the category "mineral products". In addition to the higher import figure for the first quarter, the current account surplus was diminished by lower gold as well as non-gold exports. Subsequently in April, the seasonally adjusted trade account showed a considerable improvement in relation to the average monthly figure for the first quarter. On the capital account of the balance of payments the net outflow of capital, which had been exceptionally large during 1985, continued in the first quarter of 1986, but on a much smaller scale. The net capital outflow in the first quarter was approximately balanced by the surplus on the current account with the result that net foreign reserves remained more or less unchanged.

The improvement of the overall balance of payments in the first quarter and more positive exchange rate expectations were reflected in an appreciation of the rand. This appreciation was temporarily interrupted during the second half of March after it became known that an initial repayment of 5 per cent on foreign debt within the "net" would be made on 15 April. After the first week of April, however, the exchange rate weakened perceptibly, mainly because of debt repayments and a politically induced deterioration of market sentiment.

Monetary developments during the first quarter of 1986 were characterised by a further deceleration in the rates

of growth of the monetary aggregates to levels well below the current rate of inflation. During the first three months of the year the newly defined broad monetary aggregate, M3, moved at or below the lower limit of the recently adopted target range for its growth during 1986. The slow-down in the growth rate of M3 was not impeded by the downward trend in short-term interest rates that had been in evidence since May 1985.

The Reserve Bank's operations in the financial markets during the first five months of 1986 were aimed at preventing short-term interest rates from responding unduly to purely seasonal contractionary forces during the first quarter and similar expansionary influences during April and May. In recognition of an easing of money market conditions, the relatively low growth rate of the money supply and the slow-down in economic activity during the first quarter, the Reserve Bank lowered its refinancing rates further by 1 percentage point on 5 May. Bank rate, for example, was lowered to 11 per cent. This was followed by a reduction in the clearing banks' prime overdraft rate from 15,5 to 14,5 per cent.

Yields on long-term fixed interest securities eased from the beginning of 1986, after they had increased during the second half of 1985 in response to higher inflationary expectations and greater uncertainty associated with the virtual exclusion of South Africa from foreign capital markets. During the first five months of 1986 declines were also evident in share yields, long-term deposit rates and mortgage rates.

At the completion of the 1985/86 fiscal year, both central government expenditure and revenue had increased at rates considerably higher than the original Budget estimates. The deficit before borrowing exceeded the original estimate by about R0,5 billion, but still amounted to less than 3 per cent of gross domestic product. The 1986/87 Budget, presented in March this year, was designed to be mildly stimulatory. Budget proposals provided for an increase of about 14 per cent in expenditure, an increase of about 13 per cent in revenue, despite net tax concessions, and a deficit before borrowing that would be slightly larger in absolute terms, but of about the same order in relation to gross domestic product, than in the preceding fiscal year.

Domestic economic developments

Domestic output

The moderate increase in real gross domestic product in the second half of 1985 did not continue in the first quarter of 1986. In fact, a reversal of short-term output trends was evident in several of the main non-agricultural sectors. After a promising start, therefore, the economic recovery lost momentum in the first quarter, indicating the sluggish nature of the anticipated new upswing.

Sectoral estimates for the first quarter show real output increases only in non-gold mining, agriculture and the electricity, gas and water supplying sectors; more or less unchanged real output levels in the services sector; and real output declines in the gold mining, manufacturing and trade sectors. The setback in economic recovery was particularly evident in the manufacturing and trade sectors and the output decline in these sectors contributed most to the overall decrease of 2 per cent in the seasonally adjusted real gross domestic product in the first quarter of 1986. Real gold output also showed an abrupt decline because of production disruptions by labour strikes as well as the mining of lower-grade ore.

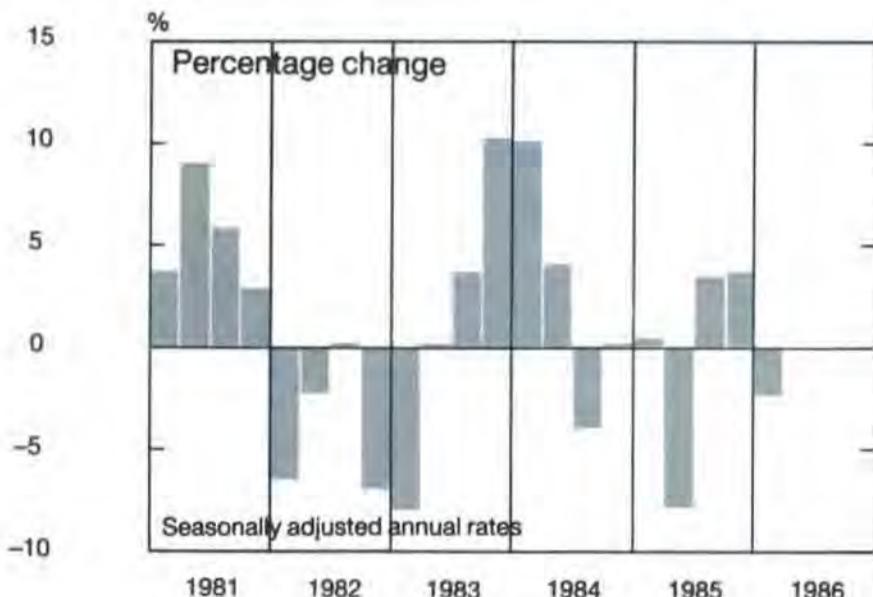
Advances in real gross *national* product during the latter part of 1985 which stemmed from improvements in the terms of trade, were entirely erased in the first quarter of 1986, when a sharp reversal in the terms of trade led to a considerable decline in the seasonally adjusted real gross national product. This decline represented a transfer of real production resources to the rest of the world because of the lower volume of imported goods and services that could be acquired with a given quantity of South Africa's exports.

Domestic expenditure

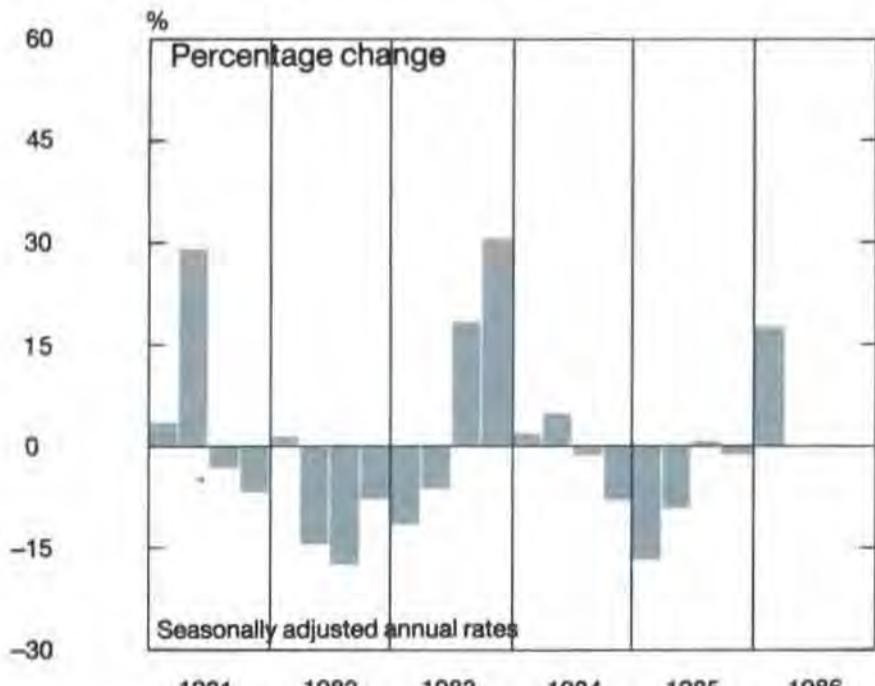
Real gross domestic expenditure, which had declined since the middle of 1984 up to the end of 1985, increased relatively sharply in the first quarter of 1986. This increase was confined to a rise in real consumption expenditure by general government and a deceleration in the rate of inventory depletion. Furthermore, the increase in real domestic demand was not translated into a rise in real gross domestic production because of a sudden sharp decline in the net foreign balance of the country. The latter decline, amounting to R2,7 billion in terms of 1980 prices, consisted of a combination of a R1 billion rise in real imports of goods and non-factor services and a R1,7 billion drop in real exports of goods and non-factor services.

Notwithstanding the increase in real consumption expenditure by general government, real final demand, i.e. the total of consumption expenditure and fixed investment spending, declined at an annual rate of 5 per cent in the first quarter. This indicates that the improvement in real gross domestic expenditure should be attributed almost entirely to inventory changes. Real private consumption spending declined by approximately 2½ per cent after it had shown distinct signs of recovery during the second half of 1985. Expenditure on durable goods, in particular new motor cars, was significantly lower, but declines were also recorded in the non-durable and semi-durable categories. Consumer surveys during the first quarter found a lack of confidence about future income rises on the part of consumers. The erosion of personal incomes by an exceptionally high rate of inflation as well as by fiscal drag, together with organised consumer boycotts, fewer trading days because of an early Easter week-end, and expectations that the appreciation of the rand during December 1985 and in early 1986 would lead

Real gross domestic product



Real gross domestic expenditure



to a reduction in the prices of imported consumer durables contributed to the decline in consumer spending in the first quarter of 1986.

Real government consumption expenditure increased relatively sharply in the first quarter of 1986. A concentration of expenditure, including additional appropriations, in the first quarter of 1986 (i.e. the last quarter of the 1985/86 fiscal year) was mainly responsible for the rise in the first calendar year quarter. For the full 1985/86 fiscal year, however, real *consumption* expenditure by general government declined appreciably.

Real fixed investment continued to decline in the first quarter of 1986. Cutbacks in investment expenditure by the SA Transport Services, the Department of Posts and Telecommunications, general government departments and public corporations gave rise to a substantial decline in the public sector's real fixed investment. These cutbacks were primarily related to the existence of surplus production capacity, but might have been influenced also by South Africa's exclusion from foreign capital and credit

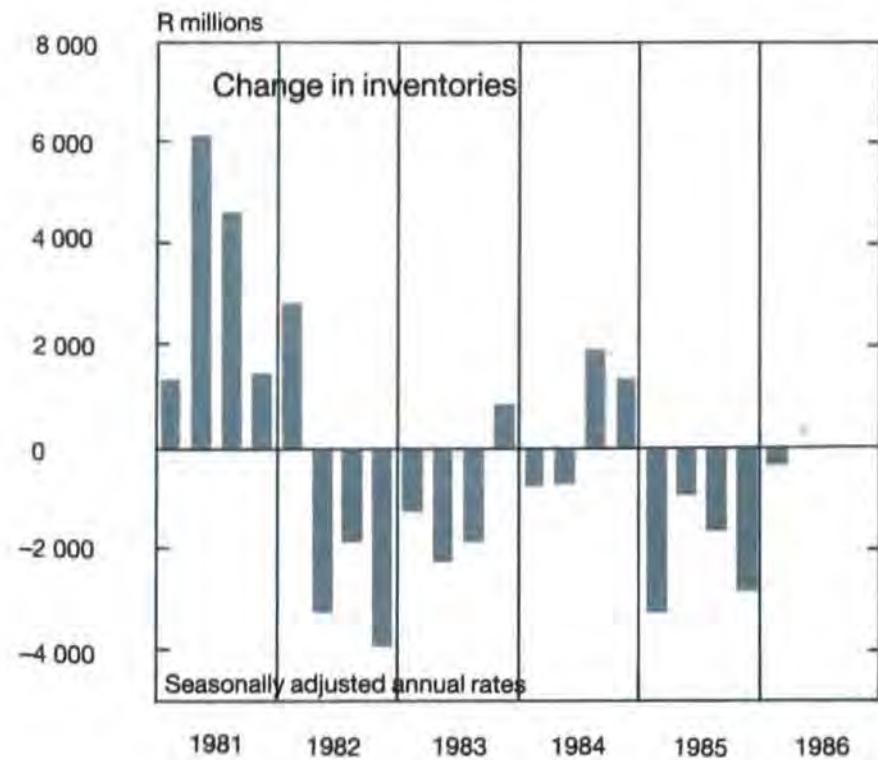
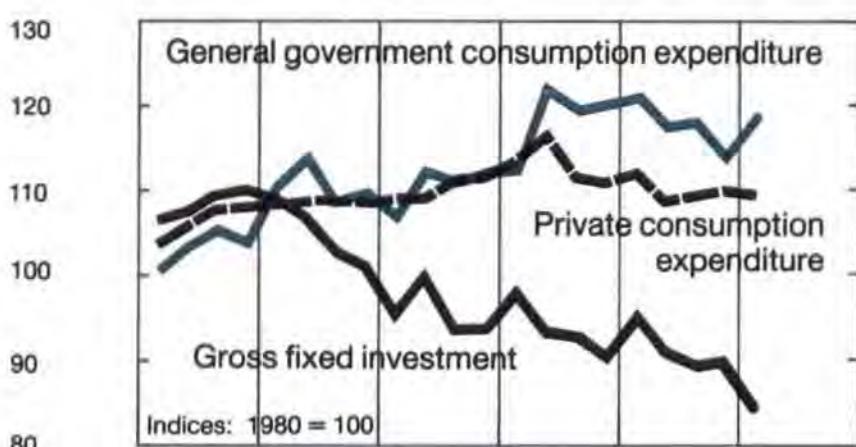
markets. The downward trend in the private sector's real fixed investment persisted in the first quarter. Apart from increased investment spending in the mining sector, real fixed capital outlays by private enterprises declined in all the major sectors of the economy.

The depletion of real inventories throughout 1985 continued in the first quarter of 1986, but at a considerably lower rate. This deceleration was to a large extent responsible for the rise in real gross domestic expenditure in the first quarter of 1986. A slower run-down of inventories in the motor trade and inventory accumulation in agriculture and the diamond trade contributed materially to the smaller decline in inventory levels. Another significant development was an increase in the stock levels of wholesalers, which could have been prompted by the lower interest costs associated with carrying inventories. Nevertheless, the ratio of real industrial and commercial inventories, including wholesale stocks, to real gross domestic product declined further to a level of just over 20 per cent, compared with almost 23 per cent at the end of 1984.

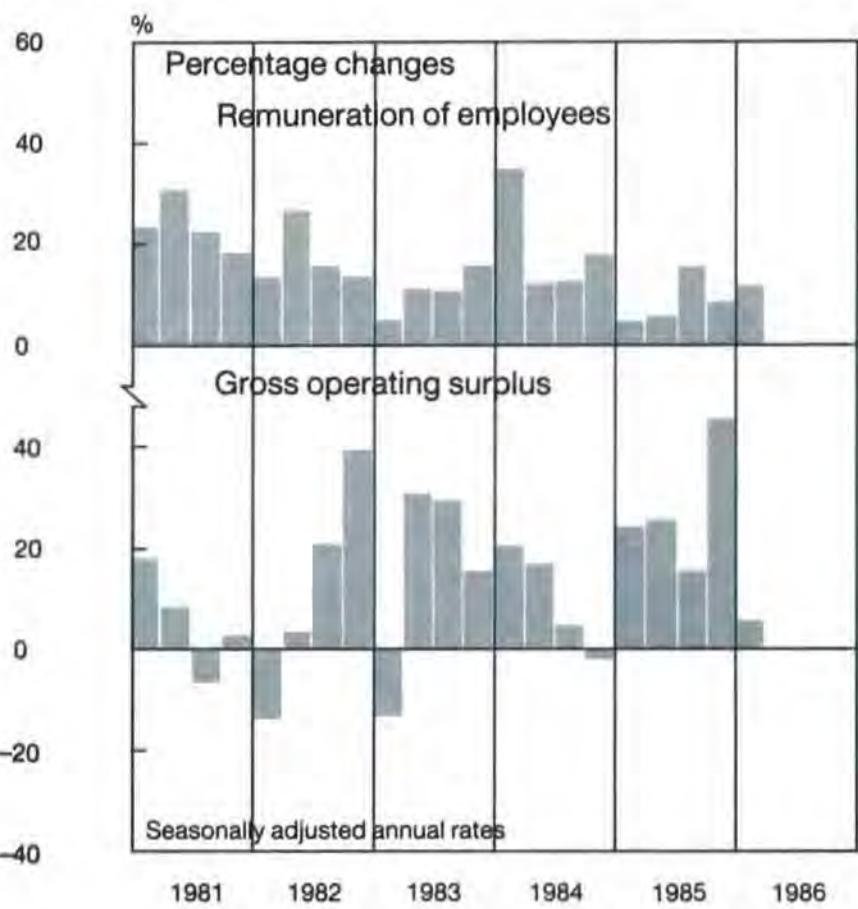
Factor income and saving

Aggregate remuneration of employees increased at an annual rate of 11½ per cent during the first quarter of 1986, a rate that was well below the prevailing rate of inflation. With aggregate gross operating surplus increasing by only 5½ per cent, the rate of increase in the nominal gross domestic product decelerated to 9 per cent in the

Main components of gross domestic expenditure



Factor income

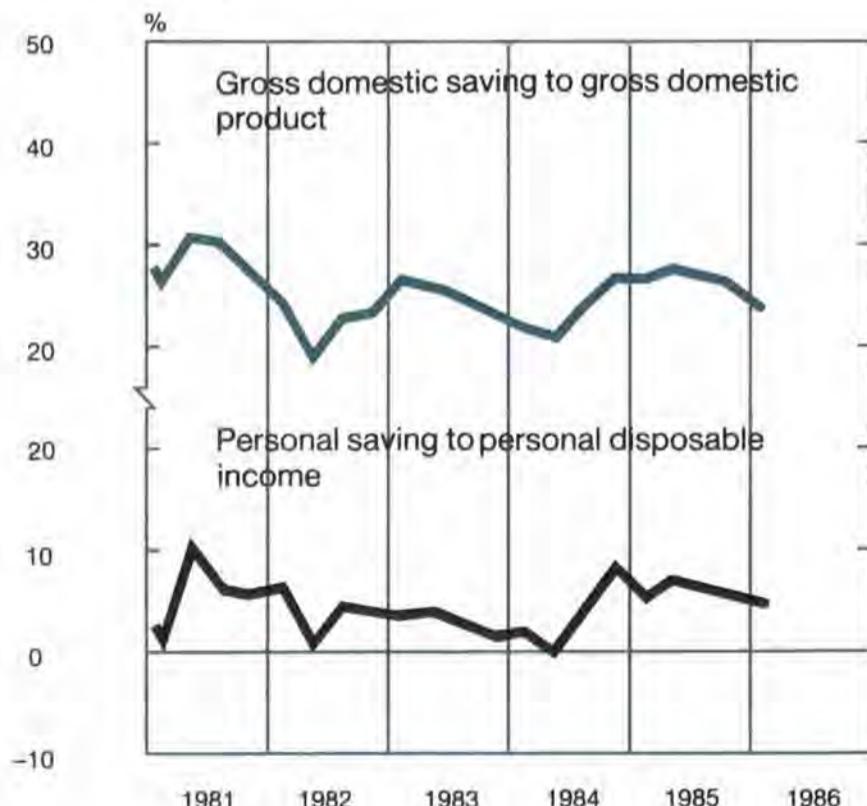


first quarter of 1986, compared with approximately 23 per cent in the preceding quarter.

The moderate rate of wage and salary increases was fairly evenly distributed throughout the various classes of economic activity. With the exception of mining, trade and financial services, lower rates of wage and salary rises than in the fourth quarter of 1985, were reported in all the major sectors of the economy. Subdued activity in manufacturing and trade, together with declines in both gold mining output and the rand price of gold, largely accounted for the modest rise in gross operating surplus. The financial sector, on the other hand, experienced a rise in profits, while an increase in electricity tariffs enabled also the sector supplying electricity, gas and water to increase its operating surplus.

The national savings ratio deteriorated perceptibly from an average level of 26½ per cent of gross domestic product in 1985 to 23½ per cent in the first quarter of 1986. Lower personal and corporate saving and a rise in the dis-saving of general government contributed to the decline in the savings rate. Mainly as a result of a lower rate of increase in nominal personal income than in prices, the ratio of personal savings to personal disposable income declined to 4½ per cent in the first quarter of 1986, compared with its most recent peak of 7 per cent in the second quarter of 1985. Lower profits, especially in the gold mining sector, and higher dividend payments were the principal reasons behind the weakening of the corporate sector's savings performance. The decline in the savings ratio was also evident in an appreciably smaller excess of gross domestic saving over gross domestic investment in the first quarter of 1986, after this excess had been particularly large in 1985.

Savings ratios



Employment and labour remuneration

The hesitant economic recovery was also evident in employment behaviour in the first quarter of 1986. Non-agricultural employment increased moderately at seasonally adjusted annual rates of 0,7 per cent and 1,2 per cent in the third and fourth quarters of 1985, respectively, but according to preliminary estimates, remained largely unchanged in the first quarter. The levelling-off in the demand for labour was reflected in increased unemployment. The number of registered unemployed, seasonally adjusted, rose from 79 700 in January 1985 to 137 700 in January 1986, but subsequently decreased slightly to 131 550 in April.

The special training and job-creating programmes for the unemployed, first implemented during 1985, were continued and by the end of March 253 000 people had completed their training in terms of these programmes. In addition, approximately 300 000 people were enlisted for work on various special projects, while a further estimated 27 000 employment opportunities were created in the informal small business sector.

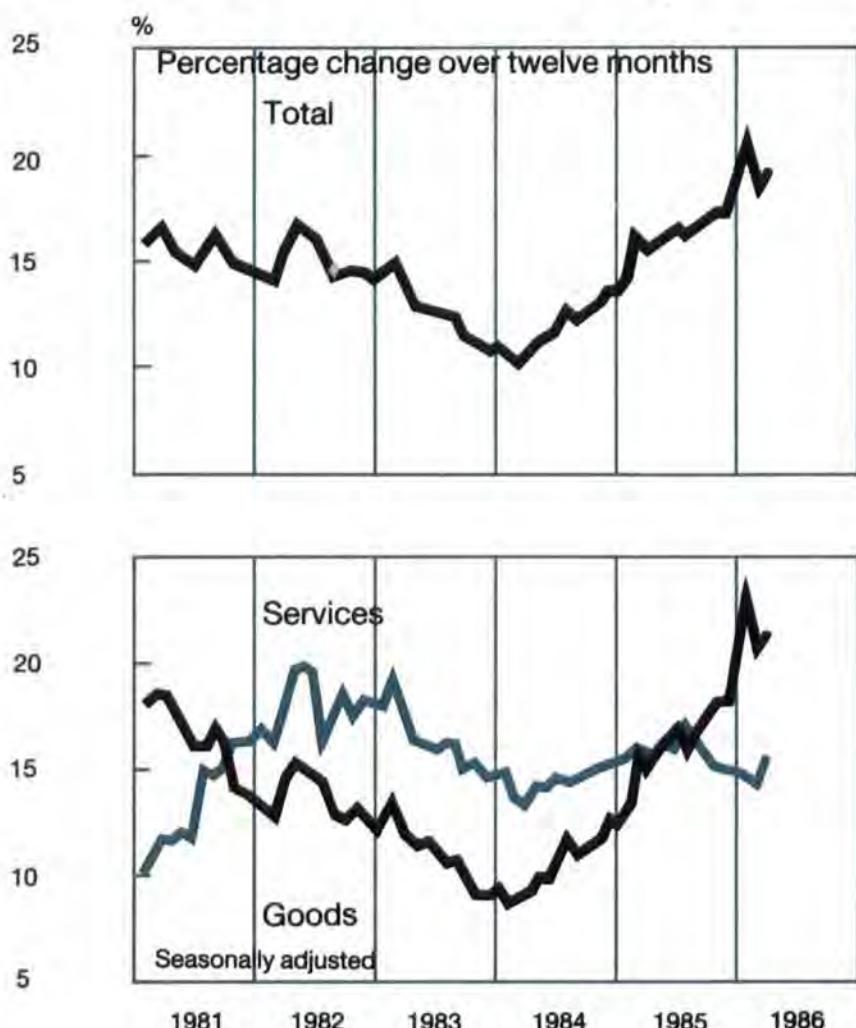
The increase in nominal salaries and wages per worker in the non-agricultural sectors of the economy slowed down from 16,4 per cent in 1984 to 11,5 per cent in 1985. Statistics available for the private sector show that this trend continued in the first quarter of 1986. Compared with the corresponding period in the preceding year, the rate of increase in nominal salaries and wages per employee in the private sector slowed down from 12 per cent in 1985 to 11 per cent in the first quarter of 1986. In real terms, the remuneration per employee declined by 4 per cent in 1985 and by 7 per cent in the first quarter of 1986 (compared with the first quarter of 1985).

Prices

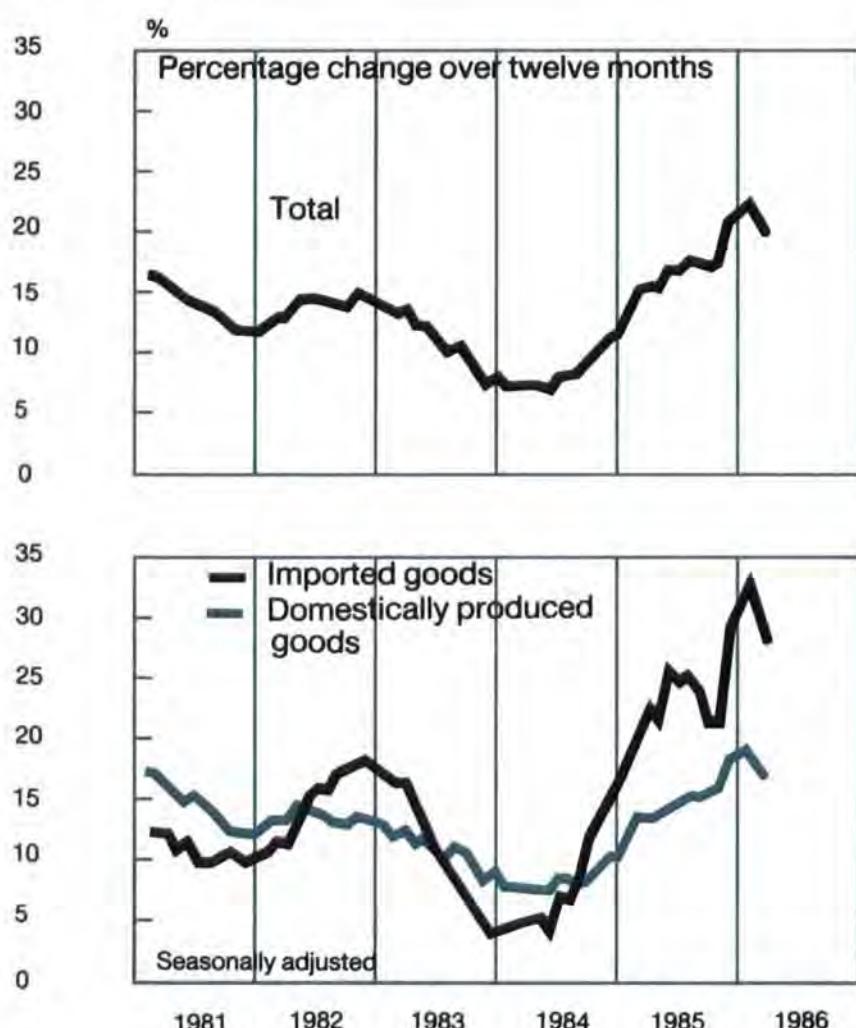
The inflation rate, as measured by consumer and production price increases, accelerated sharply in the fourth quarter of 1985 and in January 1986, before slowing down slightly in the subsequent three months. The high rate of price increases was primarily due to the lagged effect of the sharp depreciation of the rand during the second half of 1985, the related upward adjustment of administered prices in response to earlier rises in input costs, and an acceleration of increases in food prices.

Measured over a twelve-month period, the increase in consumer prices accelerated to 18,4 per cent in December 1985 and further to 20,7 per cent in January 1986, before slowing down to 18,6 per cent in April. To some extent this slow-down initially reflected merely the statistical effect of measuring change from a higher base because the February 1985 consumer price index had incorporated a sharp rise in fuel prices. Subsequently, however, it came to reflect also the lower rate of increase in the prices of imported goods, as well as a moderation of the rise in food prices. The recent reduction in the prices of petroleum products will have its full direct effect on the consumer price index only in May. This reduction resulted from the improvement of the exchange rate of

Consumer prices



Production prices



the rand and the decline in crude oil prices on international markets.

The increase over twelve months in production prices accelerated to 21.3 per cent in December 1985 and to 22.2 per cent in January 1986, but subsequently slowed down to 19.6 per cent in March. The corresponding increase in the import price component of production prices accelerated to 32.7 per cent in January, before decelerating to 27.7 per cent in March.

Balance of payments and exchange rates

Current account of balance of payments

The surplus on the current account of the balance of payments amounted to R1,8 billion (annualised seasonally adjusted figure) in the first quarter of 1986. As shown in the accompanying table, this surplus was substantially lower than the quarterly average for 1985, and in comparison with the exceptionally high figure for the fourth quarter of last year, it represented a dramatic decline. Figures for both the fourth quarter of 1985 and the first quarter of 1986 were, however, distorted by large swings in imports in the category "mineral products". Because of this aberration, the current account surplus in the first quarter cannot be considered as representative of the full calendar year. In fact a significantly higher surplus is anticipated for the rest of the year. Apart from the increase in imports, lower merchandise exports and a sharp decline in net gold exports also contributed to the smaller current account surplus in the first quarter.

Subsequently in April, however, the trade surplus showed a considerable improvement in relation to the average monthly figure for the first quarter.

The sharp decline in net gold exports in the first quarter of 1986 occurred in both price and volume terms. Mainly owing to labour strikes, the mining of lower-grade ore and a reduction in the number of working days in March by the Easter week-end, the volume of net gold exports decreased appreciably. The effect of this was aggravated by a decline in the rand price of gold, namely from an average per fine ounce of R859 in the fourth quarter of 1985 to R740 in the subsequent quarter. In terms of US dollars, the gold

Current account of the balance of payments

Annualised seasonally adjusted figures

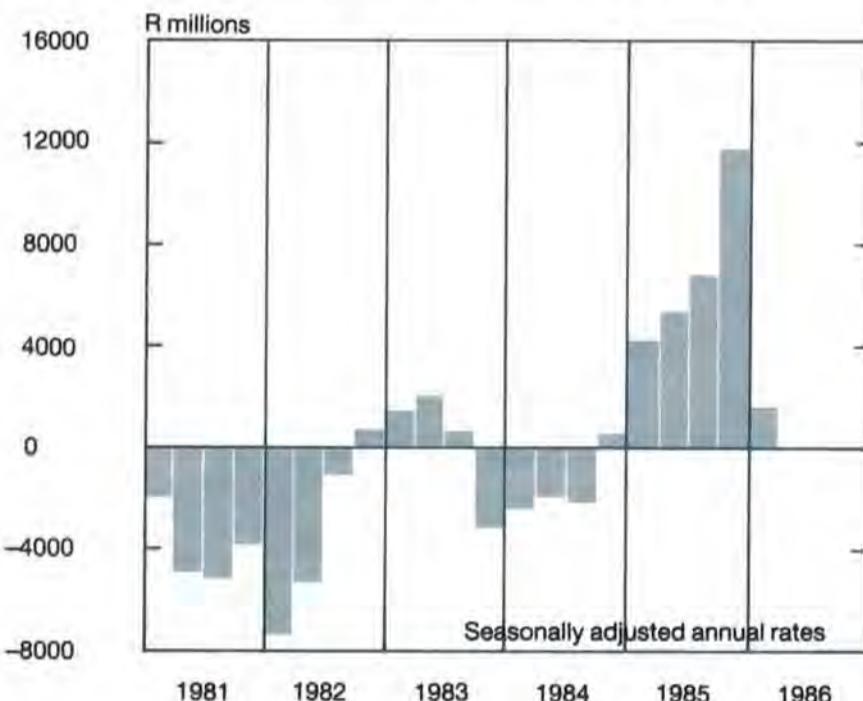
R millions

	1985	1986			
	1st qr	2nd qr	3rd qr	4th qr	1st qr
Merchandise exports	17 770	19 573	19 886	22 843	21 670
Net gold exports	14 253	12 623	16 320	18 644	14 850
Merchandise imports	-22 615	-21 527	-22 884	-23 150	-27 740
Trade balance	9 408	10 669	13 322	18 337	8 780
Net service and transfer payments	-5 074	-5 517	-6 243	-6 454	-6 990
Current account balance	4 334	5 152	7 079	11 883	1 790

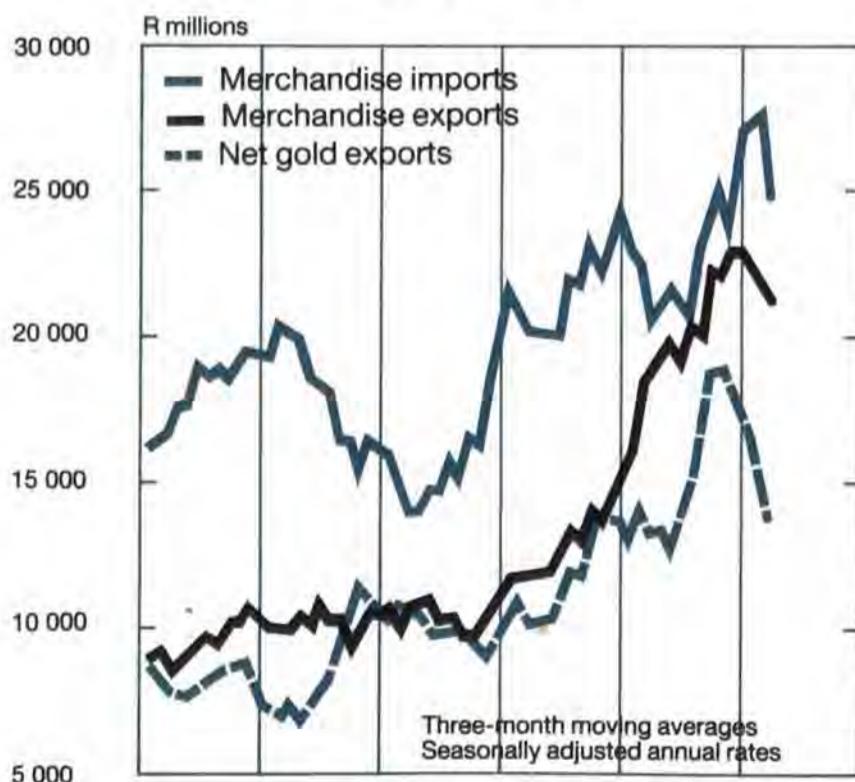
price actually increased from an average per fine ounce of \$324 to \$343 over the same period. In April the average gold price per fine ounce decreased in rand as well as in US dollar terms to R698 and \$341, respectively.

Although merchandise exports declined slightly in the first quarter of 1986 compared with the fourth quarter of 1985, they were still 8 per cent higher than the quarterly average for 1985. The lower figure in the first quarter was entirely the result of a volume decline. Large volume declines were recorded in exports of coal, uranium, maize and sugar, whereas the export volumes of asbestos and

Balance of payments: Current account balance



Balance of payments: Trade account



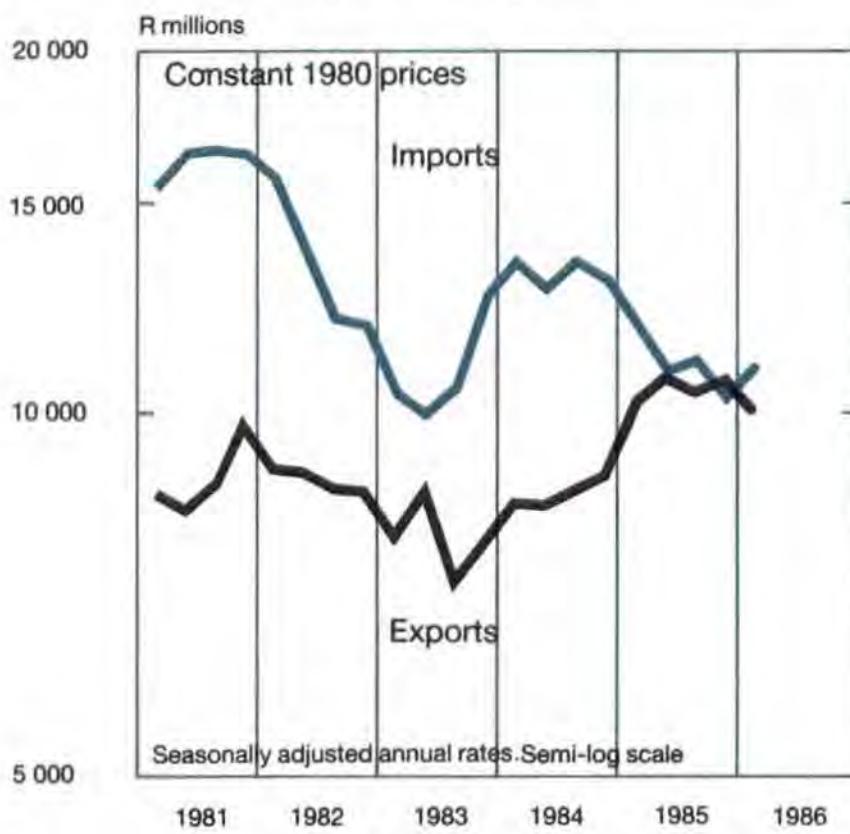
precious stones increased. International commodity prices, and in particular platinum prices, were notably higher in the first quarter. However, because of the appreciation of the rand, export prices rose by only about 1 per cent in rand terms.

Entirely owing to a sharp increase in imports of mineral products for purposes of strategic stockpiling, the value of merchandise imports increased by 20 per cent from the fourth quarter of 1985 to the first quarter of 1986. However, over the same period other imports decreased by 7½ per cent owing to a further decline in import volumes. Import prices continued to increase rapidly during January and February as a result of the

sharp depreciation of the rand until the middle of December 1985. During March, however, the rise in import prices levelled off after the rand had started to appreciate against the currencies of trading-partner countries and international oil prices had dropped sharply. Import declines in the first quarter were most prominent in the categories machinery and electrical equipment, transport equipment, base metals and textiles.

A sharp decrease in service receipts from foreigners, in particular investment income receipts, was mainly responsible for higher *net* service and transfer payments to foreigners in the first quarter of 1986. Gross service payments to foreigners remained approximately at the same level as in the fourth quarter of 1985, representing an increase in freight and merchandise insurance payments that was offset by lower interest and dividend payments to non-residents.

Real merchandise imports and exports



Capital account of balance of payments

Contrary to the deterioration in the current account of the balance of payments, the capital account improved considerably during the first quarter of 1986. The total outflow of capital not related to reserves diminished from R5,0 billion in the fourth quarter of 1985 to R831 million in the first quarter of 1986.

The net outflow of long-term capital actually increased during the first quarter, reflecting mainly the repayment of debt exempted from the standstill arrangements. Only a negligible amount of new foreign long-term capital was obtained abroad. A further and larger outflow of long-term capital in the form of net sales by foreigners of securities listed on the Johannesburg Stock Exchange was recorded in the first quarter. The financial rand proceeds of such sales, however, had to be reinvested in "approved" other assets. Statistically this showed up as a contra inflow of either short-term or long-term capital.

The improvement of the capital account came about because of a substantial decline in the net outflow of

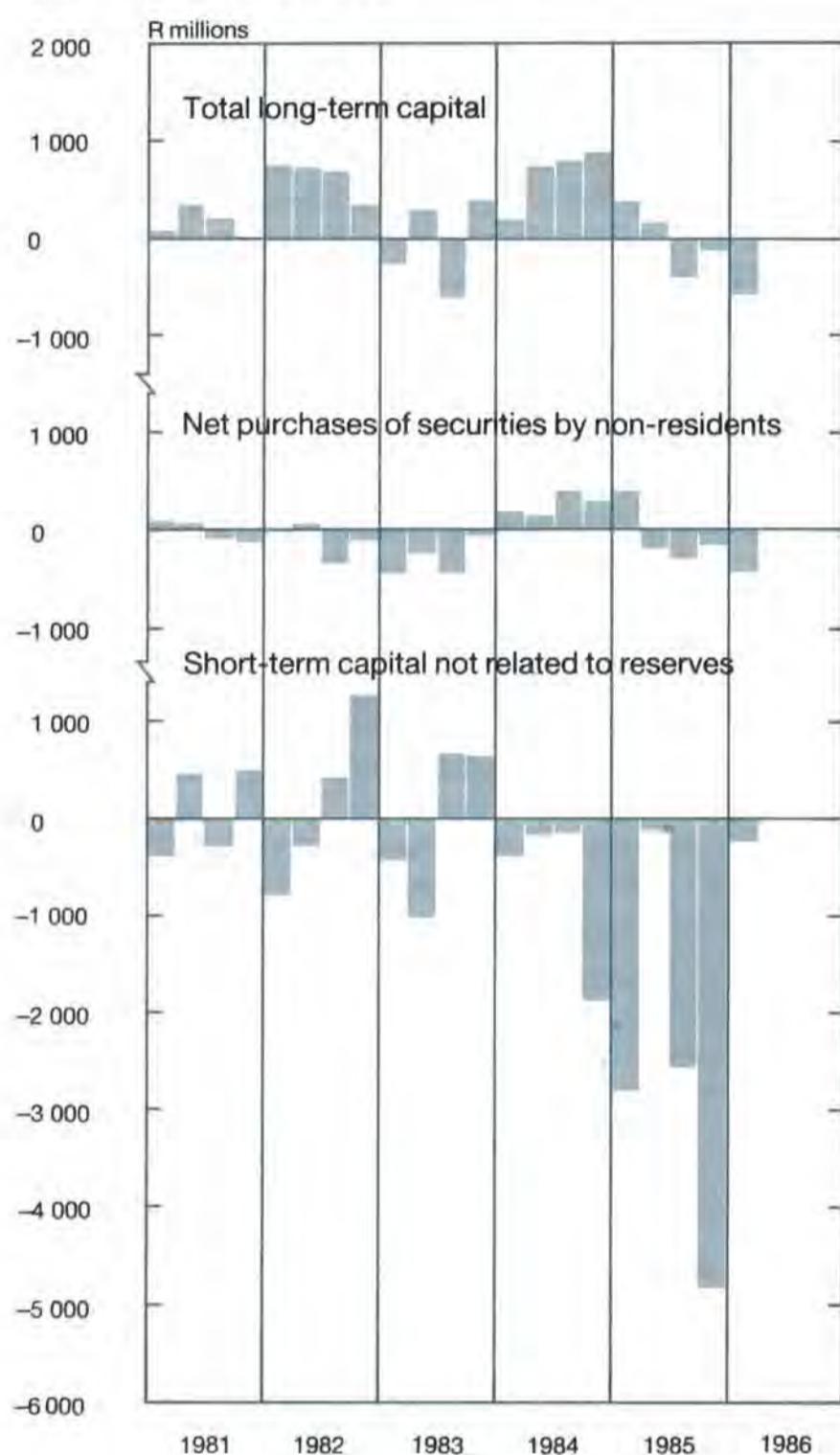
Net capital movements*

R millions

	1985				1986	
	1st qr	2nd qr	3rd qr	4th qr	Year	1st qr
Long-term capital						
Public authorities	23	30	-347	-105	-399	-192
Public corporations	104	469	243	1	817	30
Banking sector	-20	-38	7	85	34	-29
Non-bank private sector						
Net purchases of securities by foreigners	352	-236	-306	-184	-374	-404
Other	-104	-81	-37	47	-175	-2
Total	355	144	-440	-156	-97	-597
Short-term capital, including unrecorded transactions ...	-2 821	-112	-2 552	-4 836	-10 321	-234
Total capital movements	-2 466	32	-2 992	-4 992	-10 418	-831

*Excluding changes in foreign liabilities related to reserves.

Net capital movements



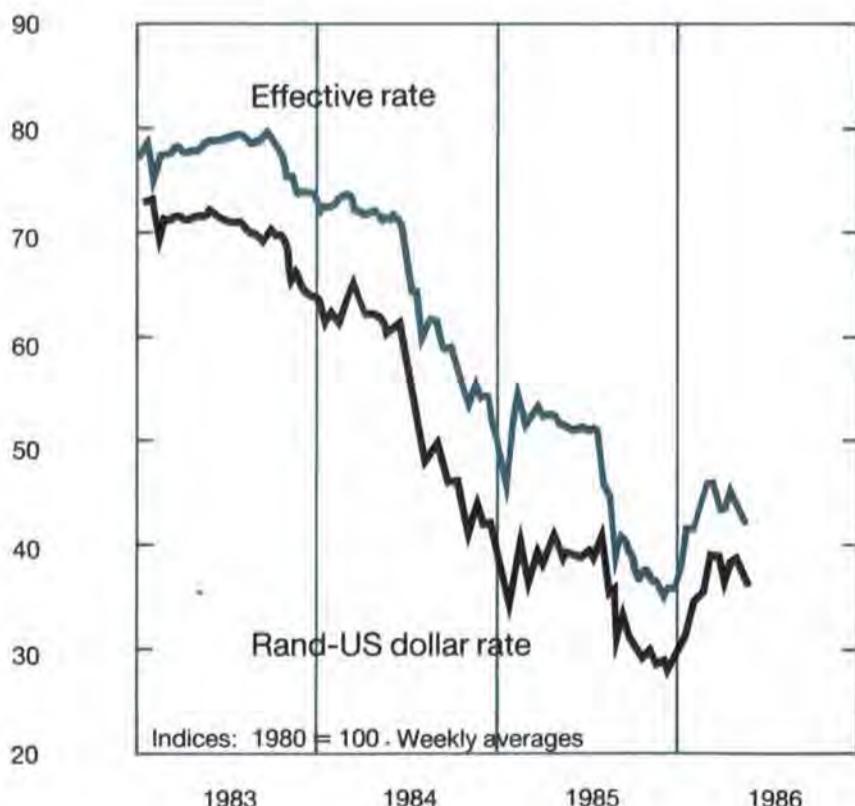
net capital outflow, excluding changes in foreign-reserve-related liabilities, of R831 million. Accordingly, the net gold and other foreign reserves declined by only R16 million in the first quarter. Subsequently, during April, the net foreign reserves of the Reserve Bank increased by R37 million.

Gross foreign reserves, however, declined by R899 million in the first quarter, largely because of a substantial reduction of reserve-related liabilities.

Exchange rates

The improved overall balance of payments position and more positive exchange rate expectations led to an increase of 30 per cent in the effective exchange rate of the rand between 18 December 1985 and 13 March 1986. Subsequently, the rand depreciated again after it became known that an initial repayment of 5 per cent on foreign debt within the "net" would be made on 15 April. However, news that the Reserve Bank had acquired additional foreign exchange for this purpose and that some creditor banks had been prepared to roll over part of their loans to South Africa, improved sentiment in the foreign exchange market. By 8 April the rand had regained almost all of its losses during the immediately preceding period. Thereafter, the average exchange rate of the rand declined again, mainly owing to the sharp depreciation of the US dollar against European currencies and the Japanese yen and the rand's inability to maintain its exchange rate with the dollar. The latter was largely associated with foreign debt repayments and a negative market sentiment induced by political developments.

Exchange rates of the rand



short-term capital, namely from R4,8 billion in the fourth quarter of 1985 to only R234 million in the first quarter of 1986. This improvement occurred mainly in the first two months of 1986 when unfavourable leads and lags in foreign payments and receipts petered out following more favourable exchange rate expectations. However, during March expectations of a further depreciation of the rand, associated with the announced repayment of 5 per cent on foreign debt within the "net", induced a renewed outflow of short-term capital.

Foreign reserves

The seasonally unadjusted surplus of R815 million on the current account of the balance of payments in the first quarter of 1986 was approximately counterbalanced by a

The exchange rate of the financial rand increased from 28,25 US cents on 18 December 1985 to 37,50 cents on 5 March 1986, i.e. by 33 per cent. It then declined by 17 per cent to 31,13 US cents on 8 April and fluctuated around this lower level during the remainder of April and during May. The financial rand discount, which had narrowed to 26,7 per cent on 5 March 1986, widened to 41,0 per cent on 30 May. The weak performance of the financial rand from early March was due to an oversupply of financial rand resulting from increased net sales by non-residents of South African securities.

Changes in the exchange rates of the rand

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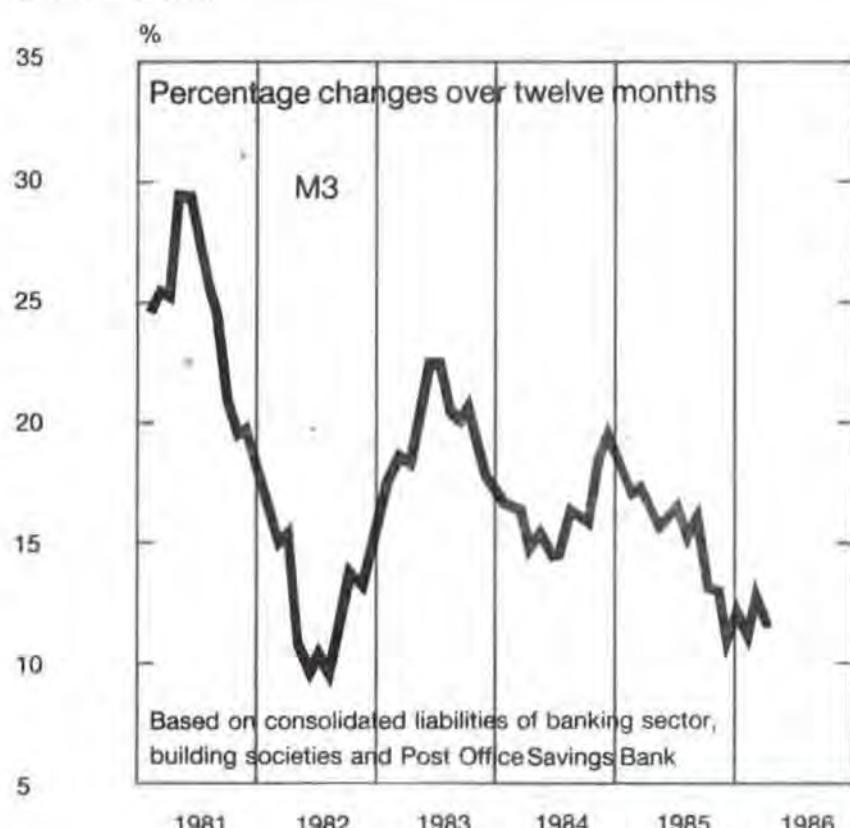
	18 Dec 1985 to 13 Mar 1986	13 Mar 1986 to 26 Mar 1986	26 Mar 1986 to 8 Apr 1986	8 Apr 1986 to 30 May 1986
Weighted average	30,1	-7,4	6,8	-13,4
US dollar	36,4	-8,5	6,7	-13,3
British pound	33,3	-8,2	6,4	-14,3
German mark ...	24,6	-6,4	8,7	-16,1
Swiss franc	25,2	-7,2	9,4	-17,7
Japanese yen	21,9	-8,6	7,7	-18,0
French franc	25,2	-6,6	13,0	-16,2

Money and bank credit

Changes in money supply

During the first quarter of 1986 the growth rate of the money supply fluctuated around the relatively low level attained during the fourth quarter of 1985, despite a further easing of monetary policy as reflected in a lowering of the Reserve Bank's refinancing rates in January. Thus, the growth rate of the newly defined broad money supply (M3),* measured over twelve months, decelerated from a peak of 19,5 per cent in November 1984 to 12,3 per cent in December 1985 and further to 10,6 per cent in January 1986. In February the growth rate accelerated somewhat to 13,1 per cent, but declined again to 11,3 per cent in March. The acceleration in February to some extent reflected the large-scale use of bank credit over the month-end for the purpose of subscribing to a share issue.

Money supply

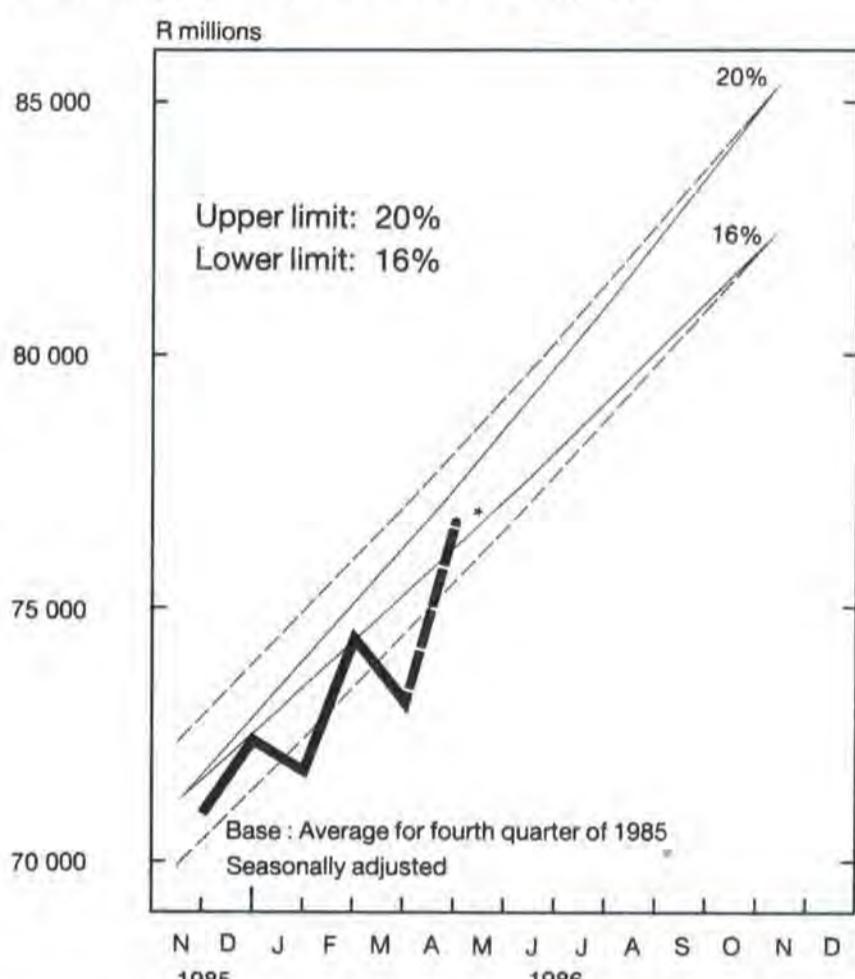


In January and again in March the seasonally adjusted values of M3 fell short of the lower limit of the target range set for the growth of M3 during 1986. In February the seasonally adjusted M3 was within, but at the lower end of, the target range and preliminary estimates indicate that it was approximately in the middle of the range in April. These estimates also show that the growth rate of M3 accelerated to slightly above 15 per cent in April.

The growth rates of the other monetary aggregates, with the exception of M1(A), showed a similar growth pattern,

*The new monetary aggregates are defined in a separate article published elsewhere in this issue of the *Quarterly Bulletin*.

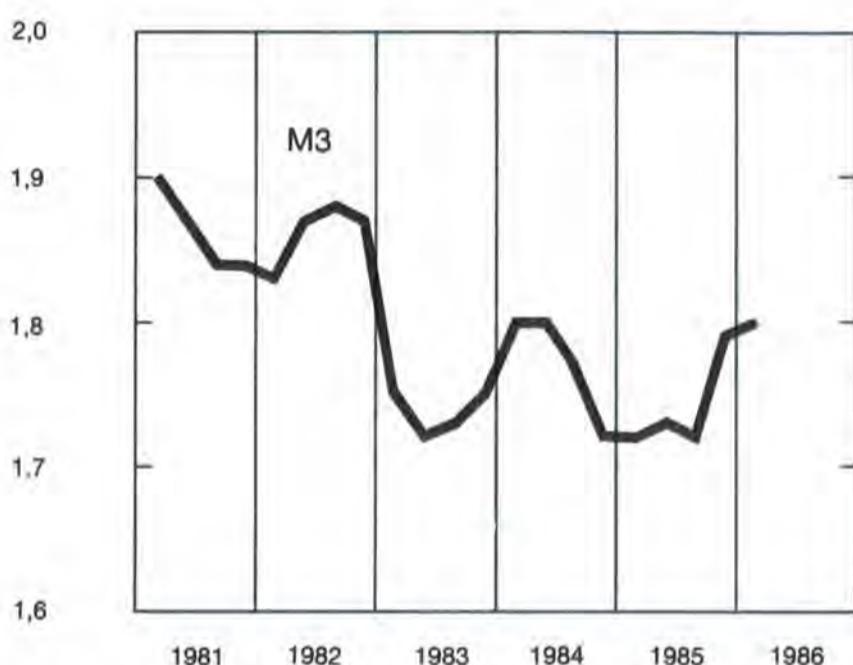
Target ranges for growth in M3 during 1986



*Preliminary figure

as can be seen in the accompanying table. The much higher growth rates of M1(A) as well as the negative growth rates of M1 were due to shifts between cheque and other call deposits on the one hand and other short and medium-term deposits on the other, which resulted from the revision of the method of determining banking institutions' short and medium-term liabilities on which liquid asset requirements are to be based.*

Income velocity of money



The main counterpart of the increase in M3 during the first quarter of 1986 was an increase in claims on the private sector held by the banking sector, building societies and the Post Office Savings Bank. Net claims on the government sector declined mainly because of an increase in government deposits with the banking sector. Net foreign reserve holdings by the banking sector showed little change during the first quarter, after having declined sharply during the second half of 1985.

Bank credit

The increase in credit extended by the banking sector to the private sector (measured over a twelve-month period) accelerated from 15,7 per cent in December 1985 to 19,8 per cent in February 1986, mainly as a result of the utilisation of credit facilities for subscribing to a share issue. In March the increase in credit extended to the private sector decelerated to 14,0 per cent, reflecting mainly the redemption of overdrafts utilised for subscriptions to the above-mentioned share issue over the February month-end, but also a slow-down of economic activity during the first quarter of 1986.

The further increase in bank credit to the private sector during the first quarter mainly took the form of an expansion of bank overdrafts. To a large extent this reflected a continuation of the shift from offshore to onshore financing of foreign trade as well as other forms of substitution of domestic for foreign credits. Hire-purchase credit and leasing finance extended by the banking sector continued to decline during the first quarter, confirming the slack demand for durable consumer and capital goods.

The increase in bank credit to the private and the government sector accelerated from 17,7 per cent in December to 18,4 per cent in February, but subsequently declined

Growth rates of various monetary aggregates

Percentage changes over twelve months

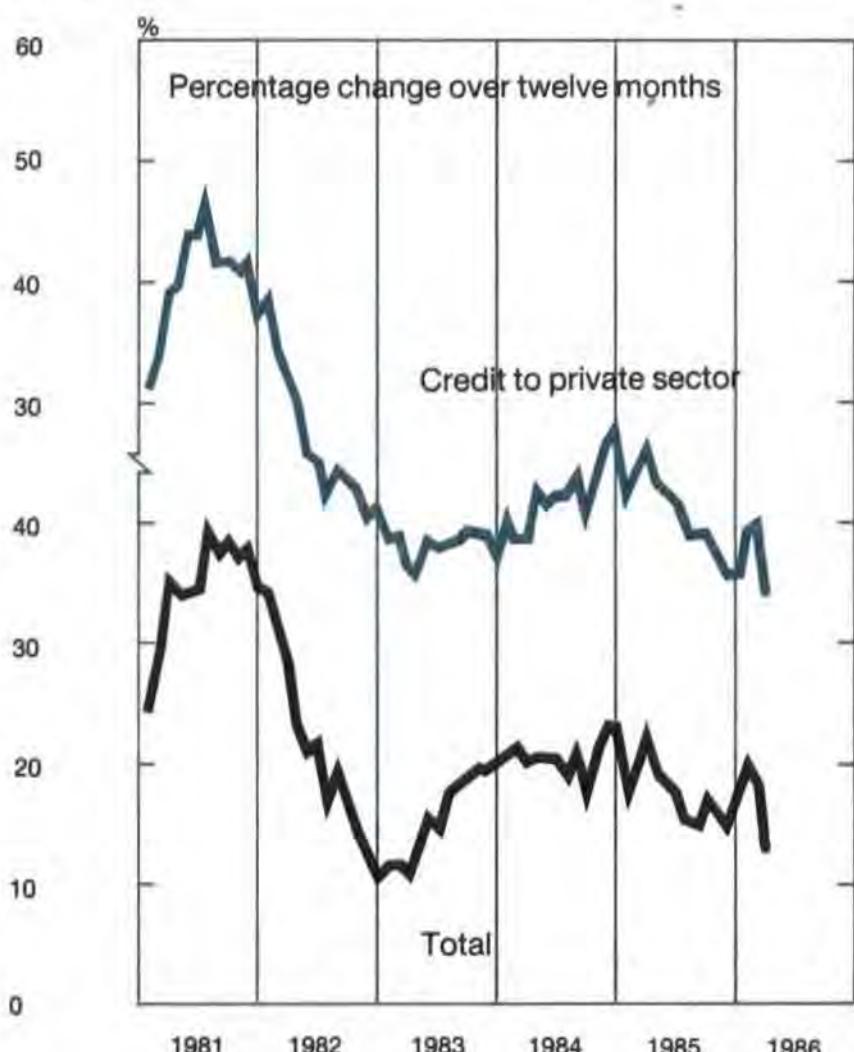
	M1(A)	M1	M2	M3
1984: November	15,7	41,7	27,9	19,5
1985: December	19,8	-7,3	14,1	12,3
1986: January	22,6	-12,8	10,2	10,6
February	20,6	-11,9	12,8	13,1
March	26,5	-10,7	10,2	11,3
April*	-	-10,9	12,6	15,3

* Preliminary

*From August 1985 onwards the banks' short-term liabilities for any particular month have to reflect the average daily amounts of short-term liabilities with an original maturity of not more than 31 days, plus the month-end balances of short-term liabilities with an original maturity of more than 31 days. Previously, the principle of reflecting an average of daily balances applied only to demand deposits.

Financial markets and interest rates

Bank credit



to 12,9 per cent in March. This more moderate acceleration than in the case of bank credit to the private sector alone reflected a decline in net bank credit to the government sector.

Money market conditions and short-term interest rates

Conditions in the money market eased notably in early 1986. The main reason was an improvement in the overall balance of payments as the heavy outflow of capital, which had characterised the second half of 1985, began to diminish. This improvement was reflected in an increase of R522 million in the Reserve Bank's net foreign reserves during January and February. This easing of the market was not offset to any large extent by Reserve Bank operations. Net sales of government stock by the Bank, for example, amounted to only R30 million during January and February. However, in the course of February the Bank reduced the amount of deposits of the Corporation for Public Deposits (CPD) placed with the discount houses. In these circumstances, the Bank's refinancing, in the form of rediscounts and overnight loans, declined from a daily average of R1 664 million in December 1985 to R734 million in February.

Money market interest rates responded to the easier market conditions. The rate on three-month bankers' acceptances declined from 13,60 per cent on 27 December 1985 to 12,15 per cent on 7 February 1986. Likewise, the Treasury bill tender rate decreased from 12,99 per cent to 12,02 per cent over this period. This interest rate decline was endorsed by a further reduction of 1 per cent to 12 per cent in Bank rate on 17 January, followed by a lowering from 16,5 to 15,5 per cent of the clearing banks' prime overdraft rate.

The effect of the seasonal flow of tax funds to the Government towards the end of February was largely neutralised by the Reserve Bank. CPD deposits with the discount houses were increased again to R700 million at the end of February. At the same time, the Bank entered into repurchase agreements with banking institutions, totalling R500 million over the month-end. In addition, the Bank's refinancing increased from a low of R454 million on 18 February to R1 960 million at the end of the month.

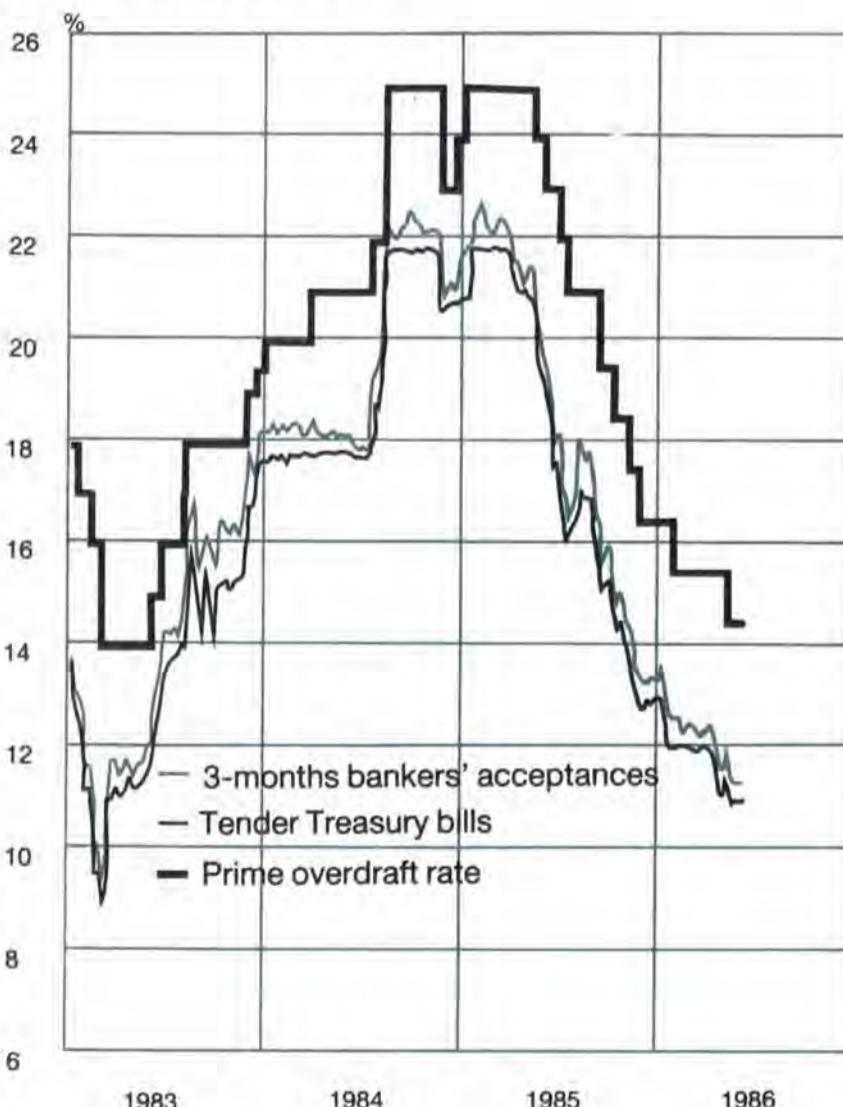
During the second half of March large sales of foreign exchange by the Reserve Bank, in response to an increased demand in the foreign exchange market, exerted a tightening effect on money market conditions. This was strengthened by a sharp rise in banknotes in circulation prior to the Easter week-end and the school holidays. To help offset this effect, the Bank entered into new repurchase agreements, amounting to R920 million at the end of March, and increased CPD deposits with discount houses to R800 million. In addition to this assistance, the Bank's refinancing increased to R2 355 million at the end of March.

A seasonal increase in government expenditure, a decline in banknotes in circulation and net purchases of foreign exchange by the Reserve Bank served to ease money market conditions from the beginning of April. Accordingly, repurchase agreements were allowed to expire

and the Reserve Bank started to market new government stock on a larger scale. Net sales of government stock amounted to R344 million during April and to R633 million during May, compared with a total of R40 million during the first quarter of 1986. The Reserve Bank also increased the amount of Treasury bills offered at the weekly tenders and sold special Treasury bills to mature at the end of August when another seasonal flow of tax funds to the Government will occur. In line with these easier market conditions, the Bank's refinancing declined to R1 699 million at the end of April and further to R1 606 million at the end of May. CPD deposits with discount houses remained at R800 million up to the end of May.

The effect of the Reserve Bank's stabilisation operations in the money market was that only a moderate rise in short-term interest rates occurred at the time when temporary tightening forces were at work during February and March, and that short-term interest rates were prevented from responding unduly to purely seasonal expansionary forces during April. The rate on three-month bankers' acceptances rose to 12,45 per cent at the end of March, before fluctuating downwards to 11,35 per cent on 3 May. The Treasury bill tender rate maintained its early February level of about 12,0 per cent throughout the rest of February and March, but declined subsequently to 10,85 per cent on 2 May.

Short-term interest rates

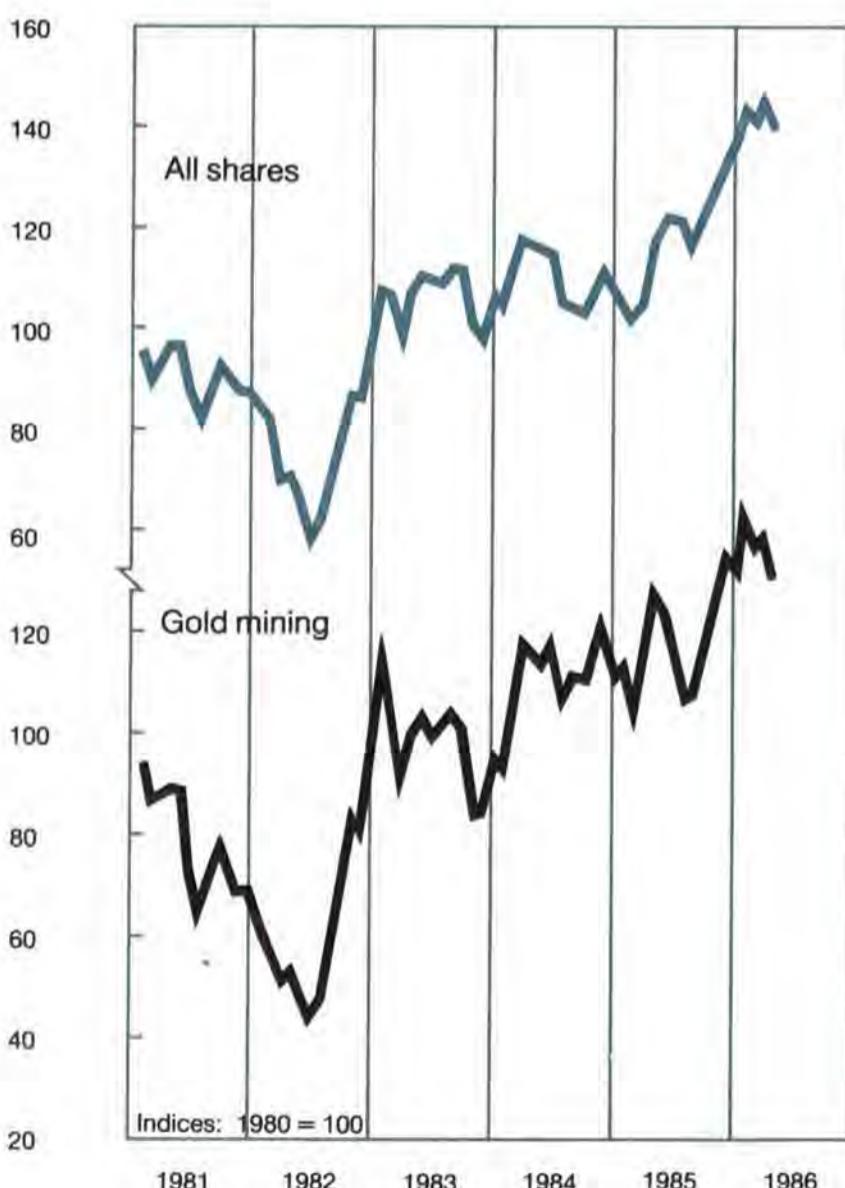


In recognition of the easing of market conditions as well as the slow-down in economic activity during the first quarter of 1986 and the relatively low growth rate of the money supply, the Reserve Bank's refinancing rates were all reduced further by 1 percentage point on 5 May. Bank rate, for example, was lowered to 11 per cent. This was immediately followed by a reduction in the clearing banks' prime overdraft rate from 15,5 to 14,5 per cent. Other short-term market interest rates, having already reflected the easing in market conditions, remained virtually unchanged up to the end of May. The rate on three-month bankers' acceptances amounted to 11,30 per cent and the Treasury bill tender rate to 11,02 per cent on 30 May.

Capital market activity and long-term interest rates

In contrast with the slackness of real economic activity, financial activity was fairly buoyant during the first quarter of 1986. This was particularly evident in the secondary capital market. For example, the value of shares and public-sector stock traded on the stock exchange during the first quarter was more than 50 per cent higher than the quarterly average for 1985. These higher turnover levels

Share prices



were maintained during April. Even in the depressed real estate market, the value of transactions in the first quarter was slightly higher than the quarterly average for 1985.

Security prices reflected the larger turnovers. Thus, share prices maintained their upward trend, evident from March 1985, and increased on average by 7 per cent during the first quarter of 1986. These higher share prices were recorded despite persistent net sales by non-residents from May 1985 onwards. South African financial institutions were the main buyers of shares disposed of by foreigners. Fixed-interest security prices, which had declined during the second half of 1985, moved into step with rising equity prices during the first quarter of 1986. In April, however, share prices declined on average by 4 per cent, while at the same time there was also a slight easing of fixed-interest security prices.

Transactions in the primary market during the first quarter of 1986 reflected the subdued real economic activity more closely. The amounts of new capital raised by the public as well as the private sector fell below their corresponding quarterly averages for 1985. In contrast, the building societies' mortgage lending proceeded at a slightly higher rate in the first quarter than in 1985. The increased lending by the societies was related to a significantly higher intake of new funds and a somewhat stronger demand for housing loans in response to lower mortgage rates.

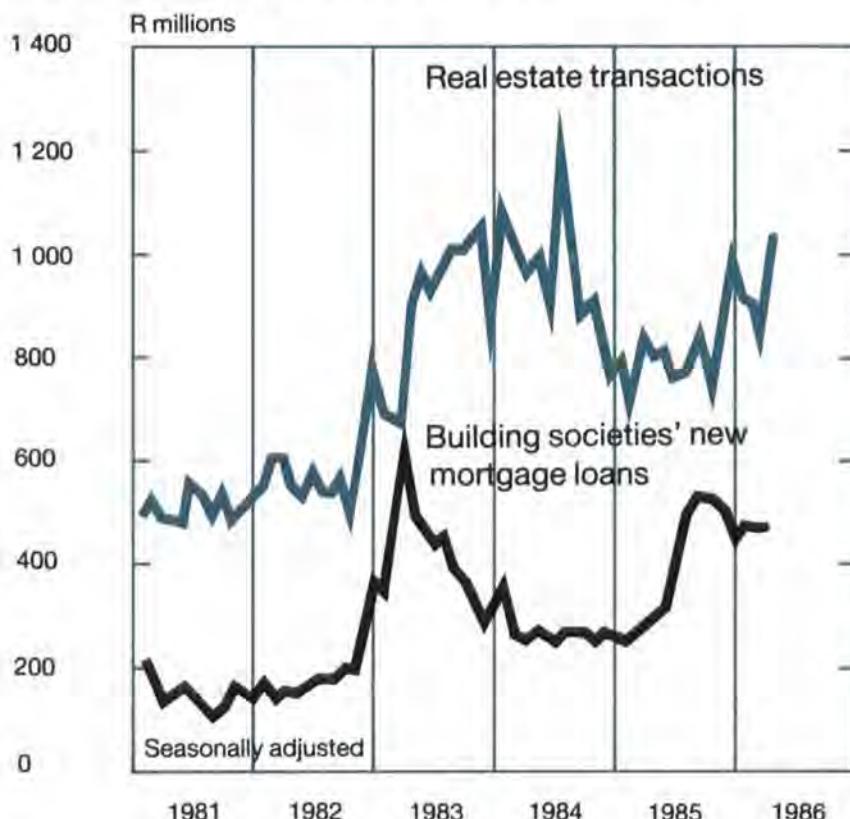
The increase in security prices during the first quarter of 1986 was mirrored in an easing of long-term yields. For example, the monthly average yield on long-term government stock declined from 18,1 per cent in December 1985 to 17,3 per cent in March 1986. The average dividend

yield on all classes of shares declined from its recent peak of 7,7 per cent in February 1985 to 4,8 per cent in December and approximately remained at this level during the first quarter of 1986, despite the further increase in share prices. In April the average yield on long-term government stock edged up slightly to 17,4 per cent and that on shares to 5,1 per cent.

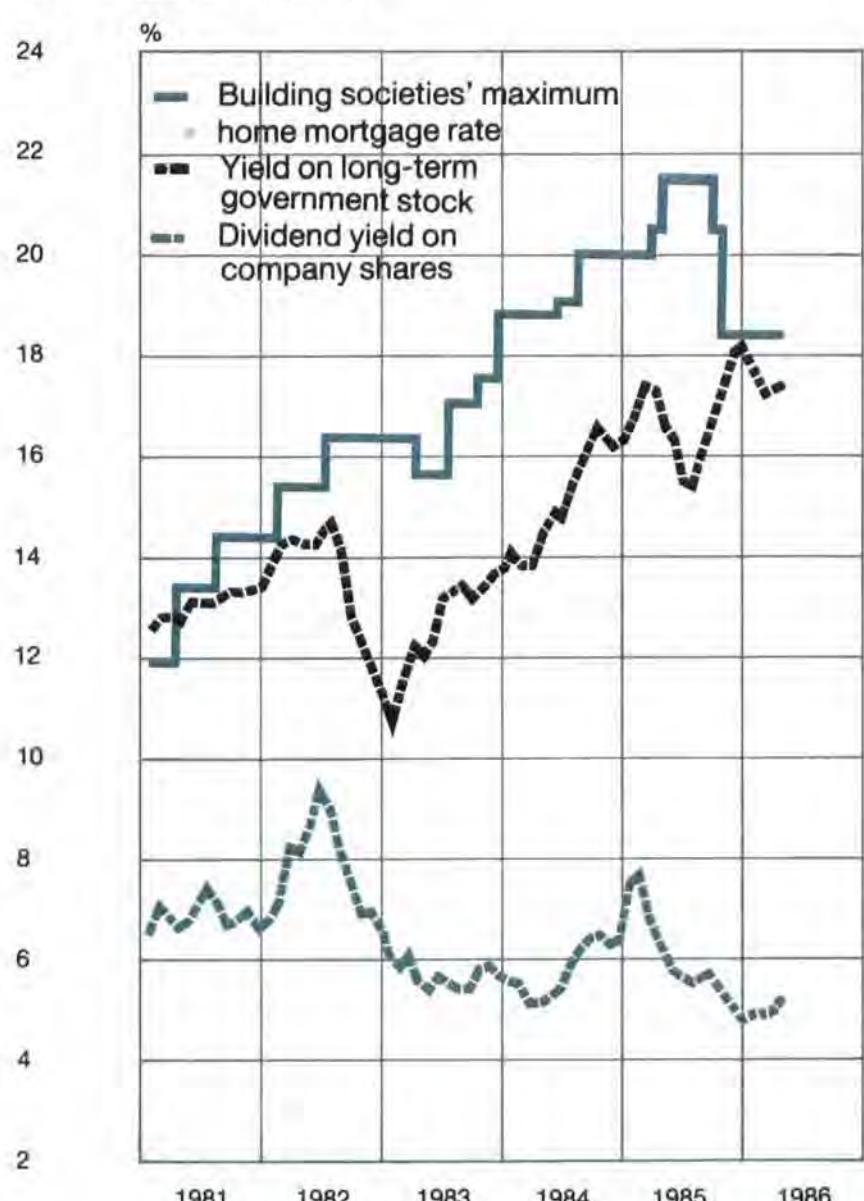
The decline in fixed-interest security yields during the first quarter, following their increase during the last five months of 1985, reflected some easing of inflationary expectations in accordance with the appreciation of the rand. At the same time, the announced scaling-down of capital expenditure programmes by public enterprises and corporations alleviated fears of undue pressure on domestic capital market resources. These fears had their origin in the virtual exclusion of South Africa from foreign capital markets after the partial foreign debt repayments standstill had been introduced in early September last year. The relatively small borrowing requirement in the Central Government's 1986/87 Budget estimates also contributed to an easing of long-term yields.

Longer-term deposit rates declined moderately further during the first quarter of 1986. The predominant rate on

Mortgage lending and real estate transactions



Long-term interest rates



twelve-month deposits with banks and building societies declined from 14,5 per cent in December last year to 14,0 in January and subsequently to 13,0 per cent in May. Despite the somewhat lower cost of funds, the building societies kept their maximum rate for new home mortgages unchanged at a level of predominantly 18,25 per cent during the first quarter. In May, however, this rate was lowered to 17,0 per cent, while some banks reduced their mortgage rates to levels of 15,5 – 16,5 per cent.

Government finance

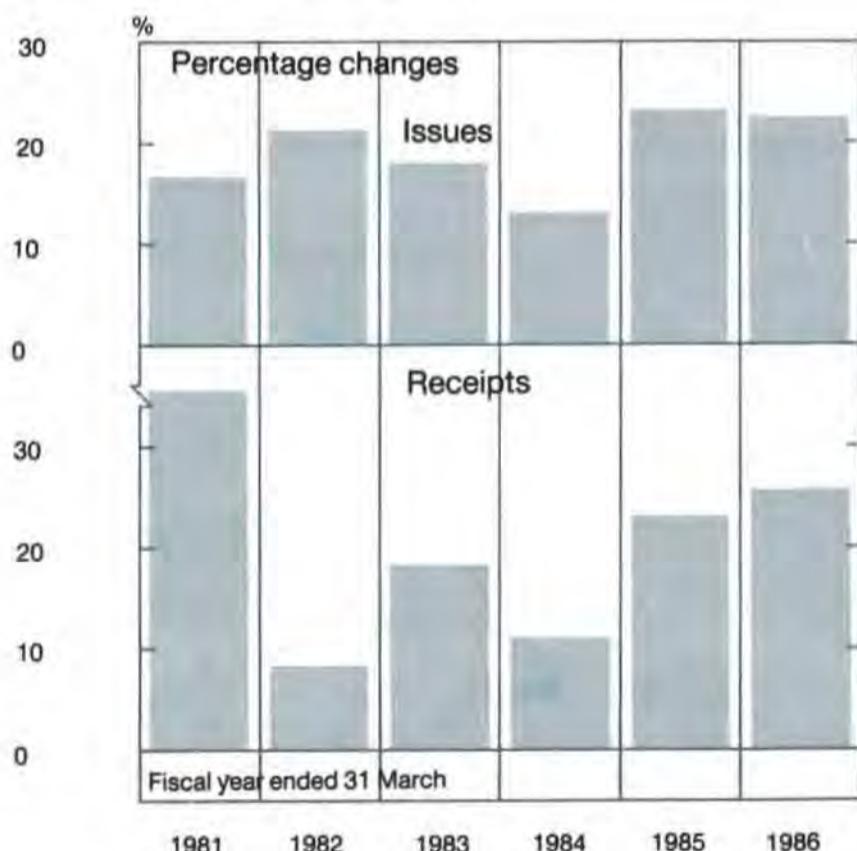
Expenditure, revenue and financing operations

Issues to government departments from the Exchequer Account* during the last quarter of the 1985/86 fiscal year, i.e., the first quarter of 1986, were 24,9 per cent higher than in the corresponding quarter of the preceding fiscal year, while Exchequer receipts increased by 24,6 per cent over the same period. The deficit on the Exchequer Account, excluding borrowing and debt repayment, amounted to R17 million and was financed from the following sources:

	R millions
Public Investment Commissioners	720
Non-bank private sector	-24
Banking sector	100
Foreign sector	-25
	<hr/>
	771
Less discount on government stock	99
Less transfer to the Gold and Foreign Exchange Contingency Reserve Account	655
	<hr/>
	17

In the 1985/86 fiscal year as a whole Exchequer issues to government departments, on a basis comparable with figures in the Budget, increased by 21,3 per cent, i.e. by

Exchequer issues and receipts



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

considerably more than the 13,9 per cent envisaged in the original 1985/86 Budget. The additional expenditure appropriated by Parliament towards the end of the fiscal year was mainly in respect of job creation, security services, government debt servicing, provincial subsidies, local authority development and low-cost housing.

On a basis comparable with the Budget, revenue receipts rose by 24,9 per cent in the 1985/86 fiscal year, a rate that was also considerably higher than the original Budget estimate of 18,8 per cent. As shown in the accompanying table, all the main components of revenue receipts, with the exception of general sales tax, were notably larger than the 1985/86 Budget figures. The rate of increase in revenue collections from gold mines was higher than had been expected, mainly owing to a higher rand price of gold. Tax collections from non-mining companies showed a marked increase, largely because of the withdrawal of certain tax concessions, the introduction of a third provisional tax payment and a general speeding up of tax collections. The small increase in income from customs and excise duties was augmented by the introduction in September of a surcharge on imports. In contrast with these developments, income tax collec-

State Revenue Fund – Revenue collections in 1985/86

	Budget ¹	Actual collections		
	R millions	Percent- age change ²	R millions	Percent- age change ²
Total collections from gold mines	2 441	23,7	3 052	54,6
Other income tax collections	13 540	15,8	14 054	20,2
General sales tax	8 320	41,8	8 105	38,2
Customs and excise duties ³	2 009	6,5	2 095	11,0
Other collections	1 817	-15,7	2 166	-2,7
Total revenue collections	28 127	19,3	29 472	25,0

¹ Second and final print.

² Compared with actual collections during the 1984/85 fiscal year.

³ Excluding amounts transferable to neighbouring countries but including the surcharge on imports.

tions from individuals was somewhat lower than Budget expectations, but still showed a high rate of increase of 18,6 per cent.

The deficit before borrowing and debt repayment for the fiscal year 1985/86 amounted to R3 415 million, which was financed from the following sources:

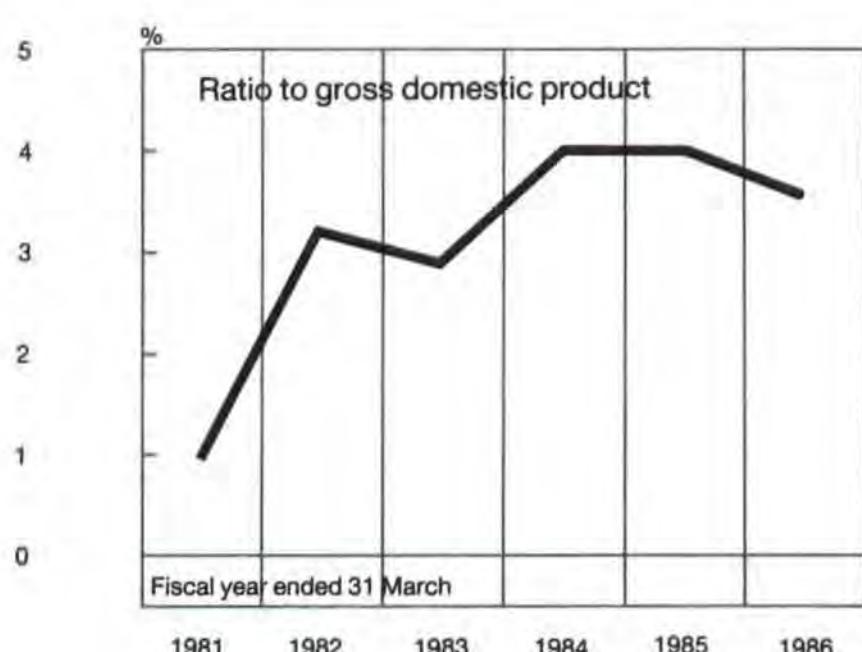
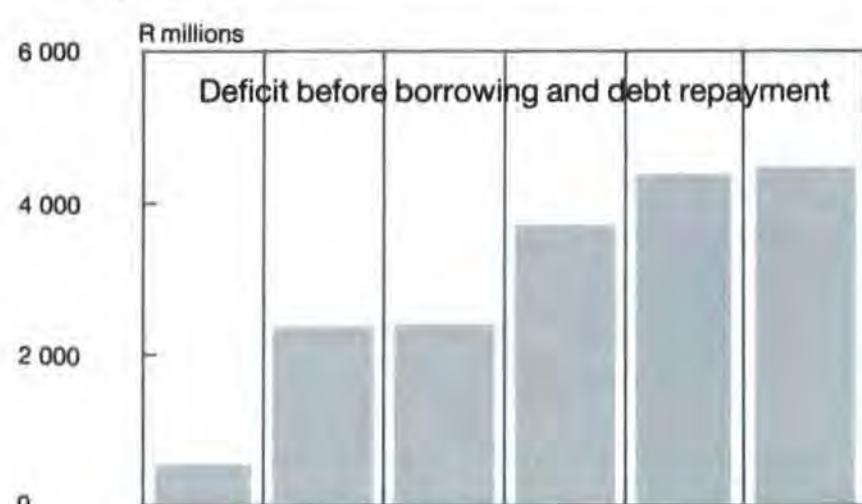
	R millions
Public Investment Commissioners	2 919
Non-bank private sector	461
Banking sector	1 233
Foreign sector	-135
	4 478
Less discount on government stock	408
Less transfer to the Gold and Foreign Exchange Contingency Reserve Account	655
	3 415

During April 1986, that is the first month of the 1986/87 fiscal year, Exchequer issues were 19,7 per cent higher than in April 1985, while Exchequer receipts increased by 21,5 per cent over the same period. A major factor contributing to the increased receipts was the fact that the increase in the general sales tax rate from 25 March 1985 was reflected only in the revenue collections of May 1985. The deficit on the Exchequer account in April 1986 amounted to R1 825 million rand.

The 1986/87 Central Government Budget

In his presentation of the 1986/87 Central Government Budget to Parliament on 17 March, the Minister of Finance stated that in the new fiscal year the economy would need *moderate* stimulation. The scope for economic expansion that had been created by the preceding adjustment in the economy, was constrained by the obligation to repay part of South Africa's foreign debt, without the

Exchequer deficit



prospect of significant further loans from abroad. However, there was some latitude for higher expenditure in the four key fields that had already been identified in the preceding Budget, namely the maintenance of order and stability and constitutional, economic and social development. Any remaining leeway could then be used where it would help to promote new economic expansion.

The Minister described the existing short-term monetary and fiscal policy strategy as moderately expansionary. It was a policy of encouraging investment and consumer spending in order to ensure that the new economic up-swing would gain momentum so as to generate increases in income, output, employment and general economic activity. At the same time, the strategy was designed to prevent the re-emergence of excess demand. The achievement of this objective was important not only to avoid new demand inflation, but also to ensure that a sufficiently large surplus would be attained in 1986 on the current account of the balance of payments with a view to dealing with the foreign debt situation.

Government expenditure was estimated to increase by 13,9 per cent in 1986/87. After allowing for a number of tax concessions, government revenue was anticipated to rise by 13,4 per cent. The main tax concessions consisted of a discount of 5 per cent on personal income tax, in addition to the earlier announced abolition of the 7 per cent surcharge; a larger rebate on the taxable income of married women; and an increased exemption from tax of interest income. Part of these concessions would be offset, however, by the further phasing in of fringe benefit taxation. The deficit before borrowing was projected at R3 944 million, or about 2,7 per cent of gross domestic product. The proposed financing of the deficit is set out in the accompanying table.

1986/87 Budget

R millions

	1986/87
Revenue	33 627
Expenditure	<u>37 571</u>
Deficit (before borrowing)	<u>-3 944</u>
Financing (net of debt repayment)	
Public Investment Commissioners	3 250
New government stock issues	893
Non-marketable securities*	-186
Foreign loans	-13
Use of available balances	-
Total	<u>3 944</u>

*Including loan levies and certain loan expenditure.

Kwartaallikse ekonomiese oorsig

Inleiding

Bemoedigende tekens van 'n naderende nuwe ekonomiese opswaai het in die tweede helfte van 1985 na vore begin kom. In die eerste kwartaal van 1986 het hierdie herstel egter momentum verloor. Die binnelandse vraag het traag gebly ten spyte van 'n opvallende toename in reële terme in die eerste kwartaal. Laasgenoemde toename was beperk tot 'n toename in verbruiksbesteding deur die algemene owerheid en 'n laer koers van intering op voorrade. Boonop het die toename in die reële binnelandse vraag nie deurgewerk na 'n stygging in die reële bruto binnelandse produk nie. In werklikheid is die toename in die reële produksie gedurende die tweede helfte van 1985 in die eerste kwartaal van 1986 deur 'n hernieuwe afname gevolg. In ooreenstemming met hierdie ontwikkelings is die effense opwaartse neiging in die nie-landbouwerkverskaffing wat in die tweede helfte van 1985 voorgekom het, nie voortgesit nie.

Die inflasiekoers, wat na verwagting in die tweede helfte van 1985 'n boonste draaipunt sou bereik, het in werklikheid versnel nadat die sosio-polities geïnspireerde depresiasi van die rand in Julie verlede jaar begin het. Dit het verskeie maande geneem voordat die invloed van hierdie depresiasi begin het om uitgewerk te raak en eers vanaf Februarie 1986 het die inflasiekoers tekens van 'n verlangsaming begin toon. Op fundamentele ekonomiese gronde behoort hierdie verlangsaming regdeur 1986 voort te duur.

Nadat die oorskot op die lopende rekening van die betalingsbalans in die loop van 1985 progressief groter geword het, het dit van die laaste kwartaal van verlede jaar tot die eerste kwartaal van 1986 aansienlik gekrimp. Die invoersyfers in beide hierdie kwartale is egter verwring deur groot swaaie in die invoerklas "mineraal-produkte". Bo en behalwe die hoër invoersyfer vir die eerste kwartaal is die oorskot op die lopende rekening verminder deur laer goud- sowel as nie-gouduitvoer. Hierna het die seisoensaangesuiwerde handelsrekening in April 'n aansienlike verbetering getoon in vergelyking met die gemiddelde maandelikse syfer vir die eerste kwartaal. Op die kapitaalrekening van die betalingsbalans het die netto kapitaaluitvloeい, wat gedurende 1985 buitengewoon groot was, in die eerste kwartaal van 1986 voortgeduur maar op 'n baie kleiner skaal. Die netto kapitaaluitvloeい in die eerste kwartaal is min of meer goedgemaak deur die oorskot op die lopende rekening met die gevolg dat die netto buitelandse reserwes nagenoeg onveranderd gebly het.

Die verbetering in die betalingsbalans in sy geheel in die eerste kwartaal van 1986 en die meer positiewe wisselkoersverwagtings is in 'n appresiasi van die rand weer-spieël. Hierdie appresiasi is gedurende die tweede helfte van Maart tydelik onderbreek toe dit bekend geword het dat 'n aanvanklike terugbetaling van vyf persent van die

buitelandse skuld binne die "net" op 15 April gemaak sou word. Na die eerste week van April het die wisselkoers egter aanmerklik verswak, hoofsaaklik as gevolg van skuldterugbetelings en 'n polities geïnspireerde verswakking in die marksentiment.

Monetêre ontwikkelings gedurende die eerste kwartaal van 1986 is gekenmerk deur 'n verdere verlangsaming van die groeikoerse van die monetêre totale tot vlakte heelwat benede die huidige inflasiekoers. Gedurende die eerste drie maande van die jaar het die nuutgedefinieerde monetêre totaal, M3, op of benede die laer vlak van die mikpuntgrense wat onlangs aanvaar is, beweeg. Die verlangsaming in die groeikoers van M3 is nie gestrem deur die afwaartse neiging in korttermynrentekoerse wat sedert Mei 1985 ondervind is nie.

Die Reserwebank se optrede in die finansiële markte gedurende die eerste vyf maande van 1986 was daarop gemik om te voorkom dat korttermynrentekoerse oormatig reageer op suwer seisoenale vernouende kragte gedurende die eerste kwartaal en soortgelyke eksansionistiese invloede gedurende April en Mei. In erkenning van 'n verruiming van die geldmarktoestand, die betreklik lae groeikoers van die geldvoorraad en die verlangsaming in die ekonomiese bedrywigheid gedurende die eerste kwartaal, het die Reserwebank op 5 Mei sy herfinansieringskoerse met 'n verdere een persentasiepunt verlaag. Die Bankkoers is byvoorbeeld tot 11 persent verlaag. Dit is gevolg deur 'n verlaging in die verrekeningsbanke se prima-oortrekingskoers van 15,5 tot 14,5 persent.

Die opbrengskoerse op langtermyn-vaste-rentedraende effekte het vanaf die begin van 1986 begin daal nadat hulle gedurende die tweede helfte van 1985 gestyg het in reaksie op die hoër inflasieverwagtings en die groter onsekerheid wat gepaard gegaan het met die feitlike uitsluiting van Suid-Afrika van die buitelandse kapitaalmarkte. Gedurende die eerste vyf maande van 1986 was daar ook opvallende dalings in opbrengskoerse op aandele, langtermyndepositokoerse en verbandkoerse.

By die afsluiting van die fiskale jaar 1985/86 het die sentrale regering se inkomste sowel as besteding toege-neem teen koerse wat heelwat hoër as die oorspronklike begrotingsramings was. Die tekort voor lenings het die oorspronklike raming met sowat R0,5 miljard oorskry, maar was nogtans minder as drie persent van die bruto binnelandse produk. Die 1986/87-Begroting, wat in Maart vanjaar ter tafel gelê is, was daarop gemik om effens stimulerend te wees. Die begrotingsvoorstelle het voorsiening gemaak vir 'n toename van ongeveer 14 persent in besteding, 'n toename van ongeveer 13 persent in inkomste in weerwil van netto belastingtoegewings, en 'n tekort voor lenings wat in absolute terme effens hoër sal wees maar nogtans in verhouding tot die bruto binnelandse produk van ongeveer dieselfde orde as gedurende die voorafgaande fiskale jaar.

Binnelandse ekonomiese ontwikkelings

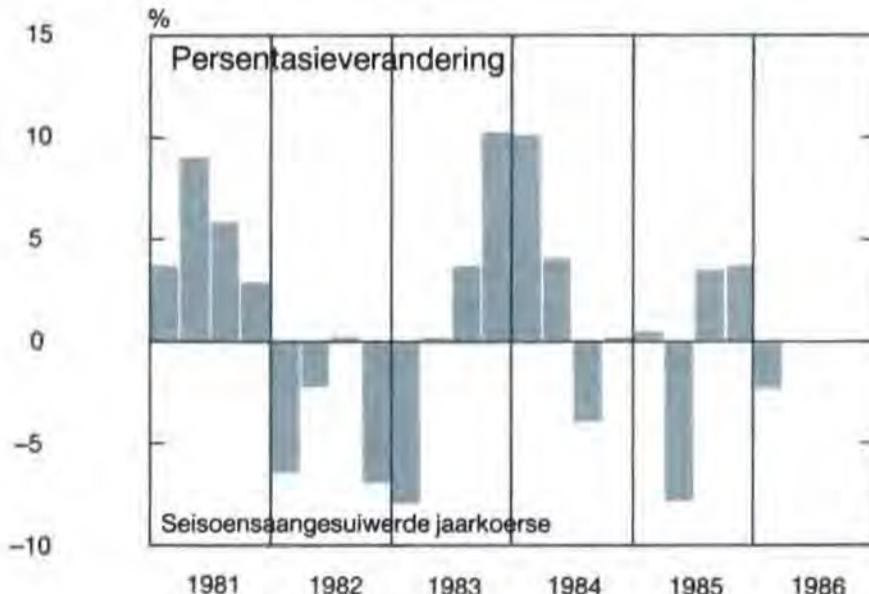
Binnelandse produksie

Die matige toename in die reële bruto binnelandse produk in die tweede helfte van 1985 is nie in die eerste kwartaal van 1986 voortgesit nie. In werklikheid was daar 'n ommekêer in die korttermyn produksieneigings van verskeie van die belangrikste nie-landbousektore. Na 'n belowende begin het die ekonomiese herstel in die eerste kwartaal sy momentum verloor, wat dui op die trae aard van die verwagte nuwe opswaai.

Sektorale ramings vir die eerste kwartaal toon slegs toenames in die reële produksie van die nie-goudmynbou, landbou en die sektor elektrisiteit gas en water; bykans onveranderde reële produksievlekke in die dienssesktore; en dalings in die reële produksie in die goudmynbou-, fabriekswese- en die handelsektor. Die terugslag in die ekonomiese herstel was veral opmerklik in die fabriekswese- en handelsektor en die daling in die produksie in hierdie sektore het die meeste tot die afname van 2 persent in die seisoensaangesuiwerde reële bruto binnelandse produk in die eerste kwartaal van 1986 bygedra. Die reële goudproduksie het 'n skielike daling getoon as gevolg van die ontwrigting van die produksie deur arbeidstakings en die ontginning van laergraadse erts.

Die toenames in reële bruto *nasionale* produk gedurende die laaste deel van 1985 wat uit verbeterings in die ruilvoet voortgespruit het, is in die eerste kwartaal van 1986 geheel en al uitgewis toe 'n skerp ommeswaai in die ruilvoet tot 'n aansienlike daling in die seisoensaangesuiwerde reële bruto nasionale produk gelei het. Hierdie afname het 'n oordrag van reële produksiebronne na die res van die wêreld verteenwoordig as gevolg van die laer volume van ingevoerde goedere en dienste wat bekomen word met 'n gegewe hoeveelheid van Suid-Afrika se uitvoer.

Reële bruto binnelandse produk

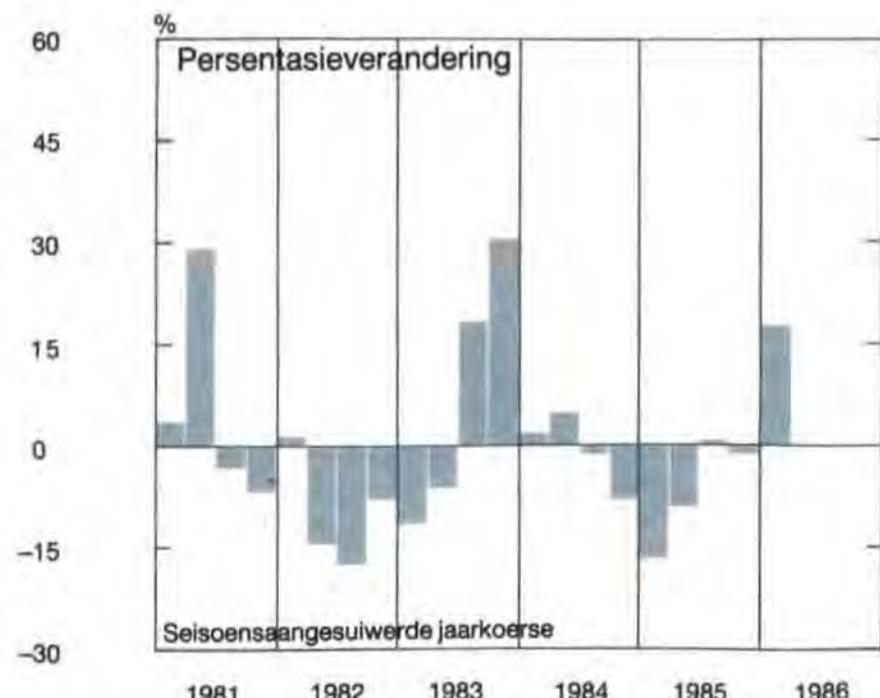


Binnelandse besteding

Die reële bruto binnelandse besteding, wat sedert die middel van 1984 tot aan die einde van 1985 gedaal het, het in die eerste kwartaal van 1986 betreklik skerp gestyg. Hierdie styging was beperk tot 'n styging in die reële verbruiksbesteding van die algemene owerheid en 'n verlangsamming in die koers van intering op voorrade. Boonop is die toename in die reële binnelandse vraag nie omskep in 'n styging in reële bruto binnelandse produksie nie vanweë 'n skielike, skerp afname in die netto buitelandse saldo van die land. Die laasgenoemde afname, wat R2,7 miljard in terme van 1980 pryse bedra het, het bestaan uit 'n kombinasie van 'n R1 miljard styging in die reële invoer van goedere en nie-faktordienste en 'n R1,7 miljard daling in die reële uitvoer van goedere en nie-faktordienste.

Nieteenstaande die toename in die reële verbruiksbesteding van die algemene owerheid, het die reële finale vraag, dit wil sê die totaal van verbruiksbesteding en besteding aan vaste investering, in die eerste kwartaal teen 'n jaarkoers van 5 persent afgeneem. Dit dui daarop dat die verbetering in die reële bruto binnelandse besteding bykans geheel en al aan die verandering in voorrade toegeskryf kan word. Reële private verbruiksbesteding het met ongeveer 2½ persent gedaal nadat dit gedurende die tweede helfte van 1985 besliste tekens van herstel getoon het. Besteding aan duursame goedere, veral nuwe motors, was aansienlik laer maar afnames is ook aangegetekend in die klasse nie-duursame en semi-duursame goedere. Verbruikersopnames gedurende die eerste kwartaal het 'n gebrek aan vertroue by gebruikers aangaande toekomstige toenames in inkome getoon. Die erosie van persoonlike inkome deur 'n buitengewone hoë inflasiekoers sowel as belasting deur inflasie, tesame

Reële bruto binnelandse besteding

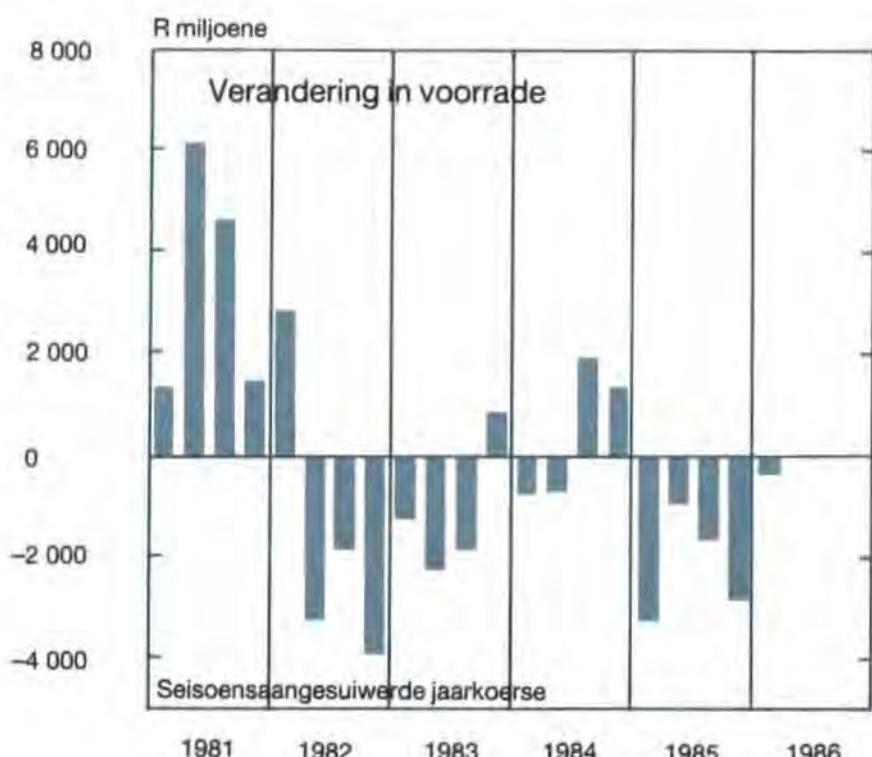
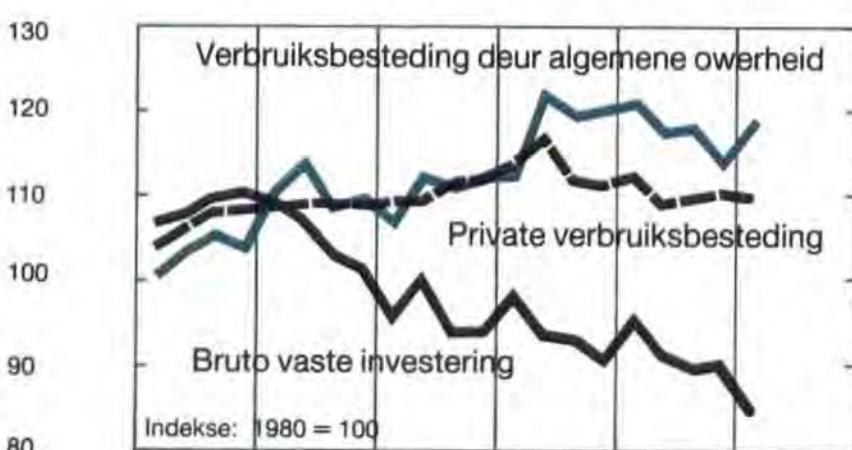


met georganiseerde verbruikersboikotte, minder handelsdae as gevolg van 'n vroeë Paasnaweek, en verwagtings dat die appresiasie van die rand gedurende Desember 1985 en vroeg in 1986 tot 'n vermindering in die pryse van ingevoerde duursame goedere sou lei, het bygedra tot die afname in verbruiksbesteding in die eerste kwartaal van 1986.

Reële owerheidsverbruiksbesteding het in die eerste kwartaal van 1986 betreklik skerp toegeneem. 'n Konsestrasie van besteding, insluitende bykomende bewilligings, in die eerste kwartaal van 1986 (dit wil sê die laaste kwartaal van die fiskale jaar 1985/86) was hoofsaaklik verantwoordelik vir die toename in die eerste kwartaal van die kalenderjaar. Vir die volle fiskale jaar 1985/86 het reële verbruiksbesteding deur die algemene owerheid egter aansienlik afgeneem.

Reële vaste investering het in die eerste kwartaal van 1986 verder gedaal. Besnoeiings in investeringsuitgawes deur die S A Vervoerdienste, die Departement van Pos- en Telekommunikasiewese, algemene owerheidsdepartemente en openbare korporasies het tot 'n aansienlike

Hoofkomponente van bruto binnelandse besteding



afname in die reële vaste investering deur die openbare sektor geleei. Hierdie besnoeiings het in hoofsaak verband gehou met die bestaan van oorskot produksiekapasiteit, maar kon ook beïnvloed gewees het deur die uitsluiting van Suid-Afrika van buitelandse kapitaal- en kredietmarkte. Die afwaartse neiging in die private sektor se reële vaste investering het in die eerste kwartaal voortgeduur. Afgesien van groter investeringsuitgawes in die mynbou-sektor het die reële vaste kapitaalbesteding deur private sake-ondernehemings in al die hoofsektore van die ekonomie gedaal.

Die intering van reële voorrade regdeur 1985 het in die eerste kwartaal van 1986 voortgeduur, maar teen 'n aansienlike laer koers. Hierdie verlangsamming was in 'n groot mate verantwoordelik vir 'die toename in die reële bruto binnelandse besteding in die eerste kwartaal van 1986. 'n Stadiger intering op voorrade in die motorhandel en opbouing in die voorrade van die landbou en diamanthandel het aanmerklik tot die kleiner afname in voorraadvlakte bygedra. Nog 'n betekenisvolle ontwikkeling was die toename in die voorraadvlakte van groothandelaars wat moontlik aangemoedig is deur die laer rentekoste verbonde aan die hou van voorrade. Die verhouding van reële nywerheids- en handelsvoorraade, insluitende groot-handelsvoorraade, tot reële bruto binnelandse produk het nogtans gedaal tot 'n vlak van net meer as 20 persent, vergeleke met bykans 23 persent aan die einde van 1984.

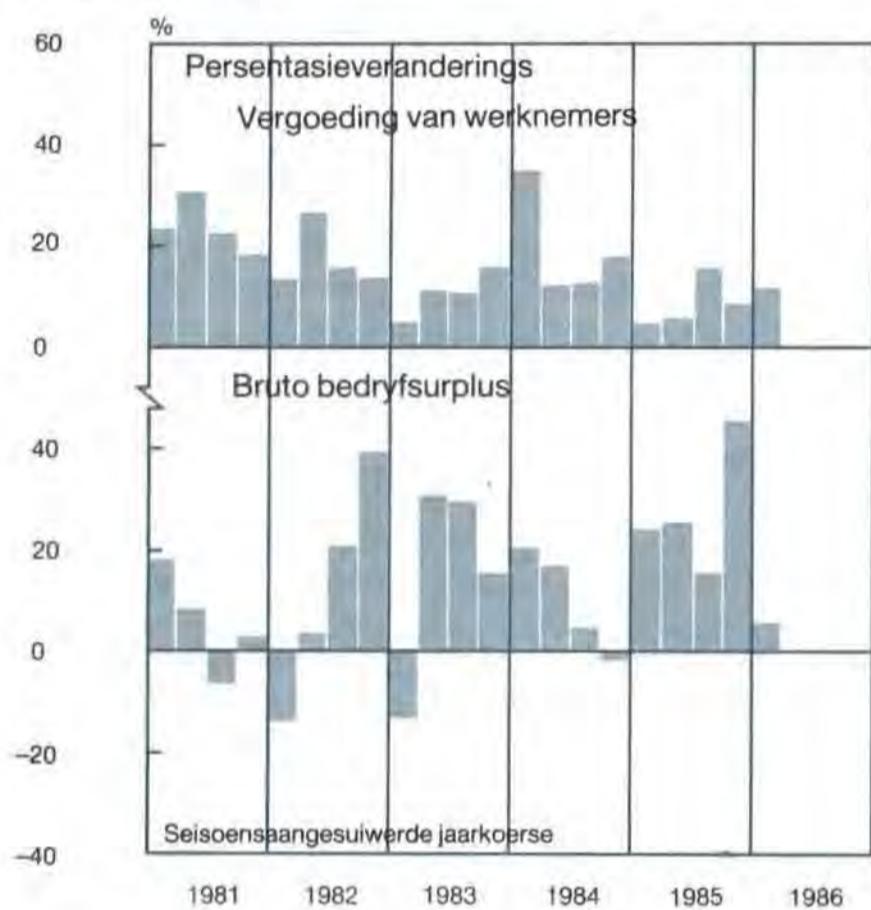
Faktorinkome en besparing

Totale vergoeding van werknemers het gedurende die eerste kwartaal van 1986 teen 'n jaarkoers van $11\frac{1}{2}$ persent toegeneem – 'n koers wat heelwat laer as die heersende inflasiekoers was. Met 'n toename van slegs $5\frac{1}{2}$ persent in die totale bruto bedryfsurplus, het die koers van toename in die nominale bruto binnelandse produk in die eerste kwartaal van 1986 tot 9 persent verlangsaam, vergeleke met ongeveer 23 persent in die vorige kwartaal.

Die matige koers van toename in lone en salaris was taamlik eweredig oor die verskillende klasse van ekonomiese bedrywigheid versprei. Met die uitsondering van die mynbou, handel en finansiële dienste, is laer salaris- en loonverhogings as in die vierde kwartaal van 1985, in al die hoofsektore van die ekonomie aangeteken. Gedempte bedrywigheide in die fabriekswese en handel, tesame met dalings in beide die goudmynbou-produksie en die randprys van goud, was hoofsaaklik verantwoordelik vir die matige toename in die bruto bedryfsurplus. Die finansiële sektor het daarenteen 'n toename in winste ondervind, terwyl 'n verhoging van elektrisiteitstariewe dit moontlik gemaak het vir die sektor wat elektrisiteit, gas en water voorsien, om sy bedryfsurplus te verhoog.

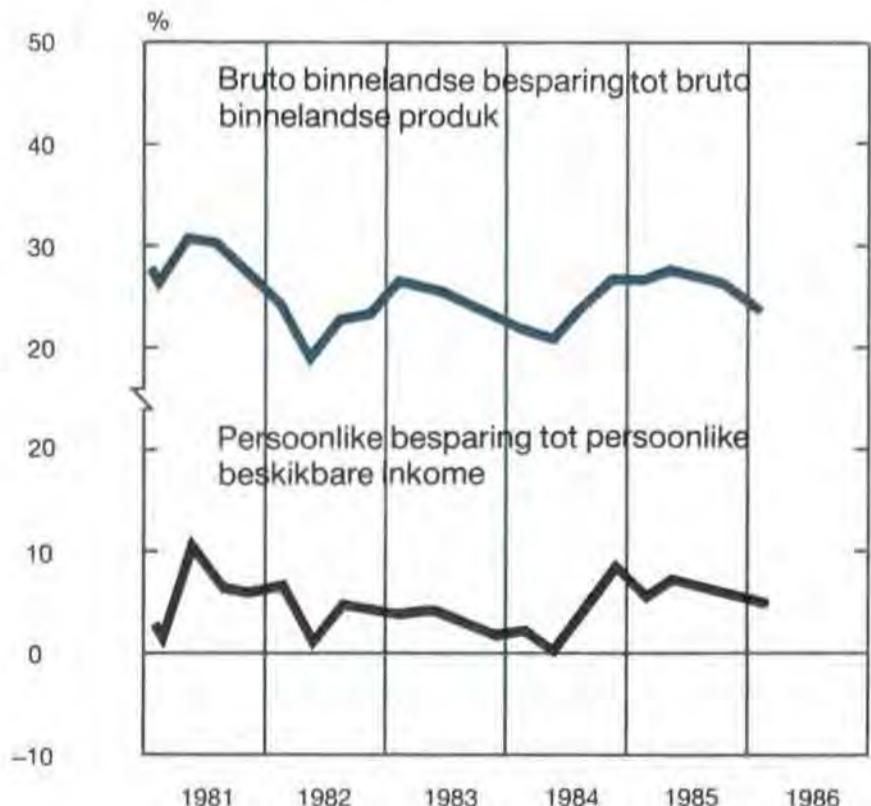
Die nasionale spaarverhouding het merkbaar versleg van 'n gemiddelde vlak van $26\frac{1}{2}$ persent van die bruto binnelandse produk in 1985 tot $23\frac{1}{2}$ persent in die eerste kwartaal van 1986. Laer persoonlike en maatskappybesparing en 'n toename in die ontsparing van die algemene owerheid het tot die afname in die besparingskoers

Faktorinkome



bygedra. Hoofsaaklik as gevolg van 'n laer koers van toename in nominale persoonlike inkome as in prys, het die verhouding van persoonlike besparing tot persoonlike beskikbare inkome in die eerste kwartaal van 1986 tot 4½ persent gedaal, vergeleke met sy mees onlangse hoogtepunt van 7 persent in die tweede kwartaal van

Besparingsverhoudings



1985. Laer winste, veral in die goudmynbousektor, en hoër dividendbetalings was die belangrikste redes vir die verslegting van die maatskappysektor se spaarprestasie. Die afname in die spaarverhouding was ook merkbaar in 'n aansienlike kleiner oorskot van bruto binnelandse besparing oor bruto binnelandse investering in die eerste kwartaal van 1986, nadat hierdie oorskot in 1985 besonder groot was.

Werkverskaffing en arbeidsvergoeding

Die weifelende ekonomiese herstel was ook opmerklik in die gedrag van werkverskaffing in die eerste kwartaal van 1986. Werkverskaffing buite die landbou het in die derde en vierde kwartale van 1985 matig toegeneem teen seisoensaangesuiwerde jaarkoerse van onderskeidelik 0,7 persent en 1,2 persent, maar het volgens voorlopige rammings in die eerste kwartaal grootliks onveranderd gebly. Die afplatting in die vraag na arbeid is in hoër werkloosheid weerspieël. Die aantal geregistreerde werkloses het, ná seisoensaansuiwering, van 79 700 in Januarie 1985 tot 137 700 in Januarie 1986 gestyg, maar het daarna effens afgeneem tot 131 550 in April.

Die spesiale opleidings- en werkskeppingsprogramme vir die werkloses, wat die eerste keer gedurende 1985 in werking gestel is, is voortgesit en teen die einde van Maart het 253 000 mense hul opleiding in terme van hierdie programme voltooi. Daarbenewens is ongeveer 300 000 mense by verskeie spesiale projekte in diens geplaas, terwyl daar na raming 'n verdere 27 000 werkgeleenthede in die informele kleinsakesektor geskep is.

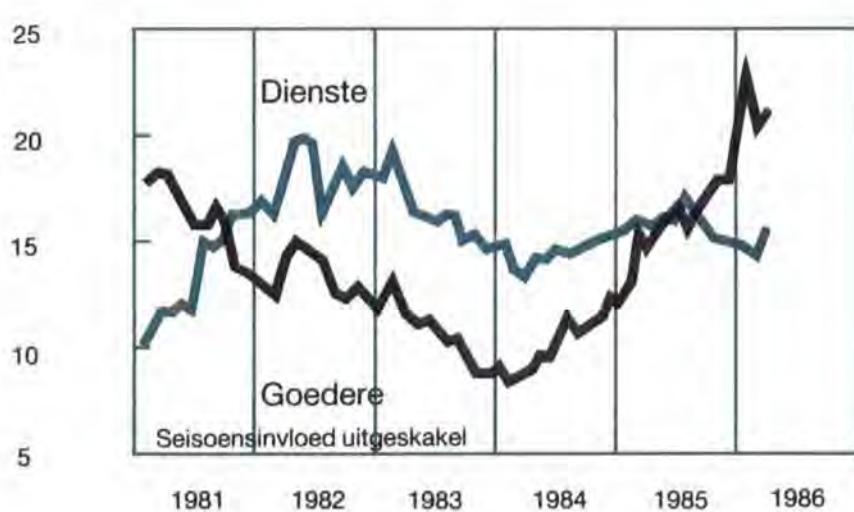
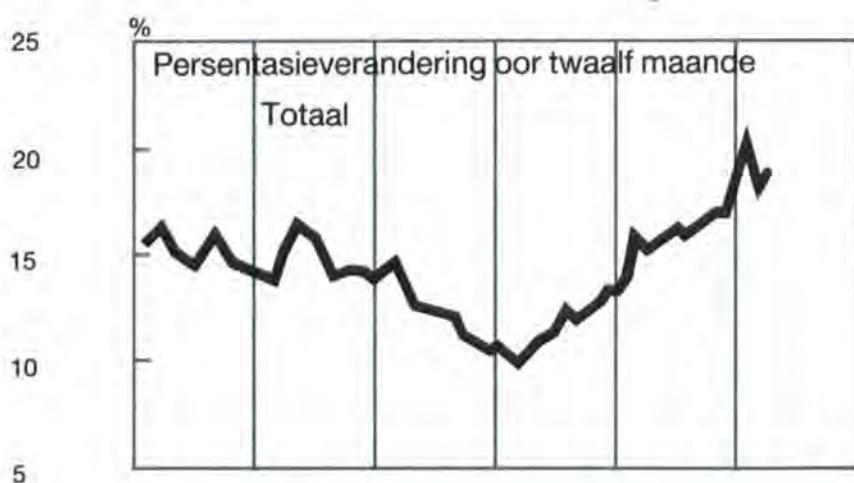
Die styging in nominale salaris en lone per werker in die nie-landbousektore van die ekonomie het verlangsaam van 16,4 persent in 1984 tot 11,5 persent in 1985. Gegewens wat vir die private sektor beskikbaar is, toon dat hierdie neiging in die eerste kwartaal van 1986 voortgesit is. Vergelyk met die ooreenstemmende tydperk in die voorafgaande jaar het die koers van toename in nominale salaris en lone per werknemer in die private sektor verlangsaam van 12 persent in 1985 tot 11 persent in die eerste kwartaal van 1986. In reële terme het die vergoeding per werknemer in 1985 met 4 persent afgeneem en met 7 persent in die eerste kwartaal van 1986 (vergeleke met die eerste kwartaal van 1985).

Pryse

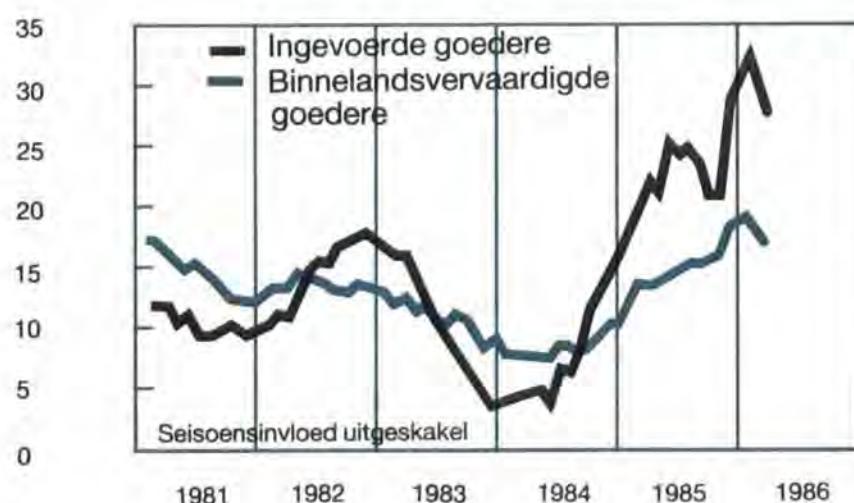
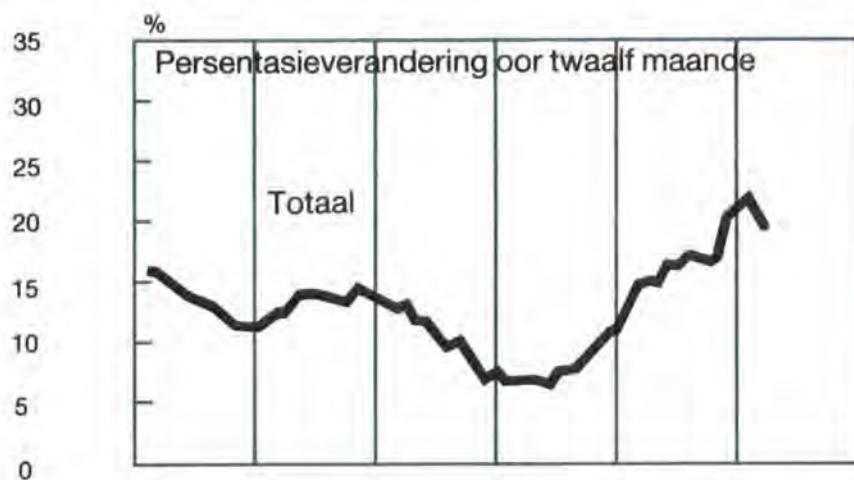
Die inflasiekoers, soos gemeet deur die stygings in verbruikers- en produksiepryse, het in die vierde kwartaal van 1985 en in Januarie 1986 skerp versnel voordat dit in die daaropvolgende drie maande effens verlangsaam het. Die hoë koers van prysstygings was hoofsaaklik die gevolg van die vertraagde uitwerking van die skerp depreisiasie van die rand gedurende die tweede helfte van 1985, die aanverwante opwaartse aanpassing van geadministreerde prysse in reaksie op vroeëre stygings in insetkoste, en 'n versnelling van toenames in voedselprysse.

Oor 'n tydperk van twaalf maande gemeet, het die sty-

Verbruikerspryse



Produksiepryse



ging in verbruikerspryse versnel tot 18,4 persent in Desember 1985 en verder tot 20,7 persent in Januarie 1986, voordat dit tot 18,6 persent in April verlangsaam het. In 'n mate het hierdie verlangsaming net die statistiese uitwerking van die meting van die verandering vanaf 'n hoër basis weerspieël omdat die verbruikersprysindeks vir Februarie 1985 'n skerp styging in brandstofpryse ingesluit het. Daarna het dit egter ook die laer koers van toename in die prys van ingevoerde goedere weerspieël, asook 'n verlangsaming in die styging in voedselprys. Die onlangse vermindering in die prys van petroleumprodukte sal eers in Mei sy volle regstreekse invloed op die verbruikersprysindeks hê. Hierdie vermindering was die gevolg van die verbetering van die wisselkoers van die rand en die daling in ru-oliepryse op internasionale markte.

Die toename oor twaalf maande in produksiepryse het versnel tot 21,3 persent in Desember 1985 en tot 22,2 persent in Januarie 1986, maar het daarna tot 19,6 persent in Maart verlangsaam. Die ooreenstemmende toename in die invoerpryskomponent van produksiepryse het tot 32,7 persent in Januarie versnel, voordat dit tot 27,7 persent in Maart verlangsaam het.

Betalingsbalans en wisselkoerse

Lopende rekening van die betalingsbalans

Die oorskot op die lopende rekening van die betalingsbalans het in die eerste kwartaal van 1986 R1,8 miljard (seisoensaangesuiwerde jaarsyfer) bedra. Soos in die bygaande tabel aangetoon word, was hierdie oorskot aansienlik laer as die kwartaallikse gemiddelde vir 1985 en vergeleke met die uitsonderlike hoë syfer vir die vierde kwartaal van verlede jaar, het dit 'n dramatiese daling verteenwoordig. Syfers vir die vierde kwartaal van 1985 sowel as die eerste kwartaal van 1986 is egter deur groot swaaie in die invoerklas "mineraalprodukte" versteur. As gevolg van hierdie afwyking kan die oorskot op die lopende rekening in die eerste kwartaal nie as verteenwoordigend van die kalenderjaar as geheel beskou word nie. In werklikheid word 'n aansienlik hoër oorskot vir die res van die jaar in die vooruitsig gestel. Afgesien van die toename in die invoer, het laer goedere-uitvoer en 'n skerp daling in die netto gouduitvoer in die eerste kwartaal ook tot die kleiner oorskot op die lopende rekening bygedra.

Vervolgens het die handelsoorskot in April egter 'n opmerklike verbetering getoon vergeleke met die gemiddelde maandelikse syfer vir die eerste kwartaal.

Die skerp daling in netto gouduitvoer in die eerste kwartaal van 1986 het in prys- sowel as volumeterme voorgekom. Hoofsaaklik as gevolg van arbeidstakings, die ontginning van laergraadse erts en 'n vermindering in die aantal werksdae in Maart deur die Paasnaweek, het die volume van die netto gouduitvoer aansienlik gedaal. Die uitwerking hiervan is vererger deur 'n daling in die randprys van goud naamlik van gemiddeld R859 per fyn ons in die vierde kwartaal van 1985 tot R740 in die daar-

Lopende rekening van die betalingsbalans

Seisoensaangesuiwerde jaarkoerse

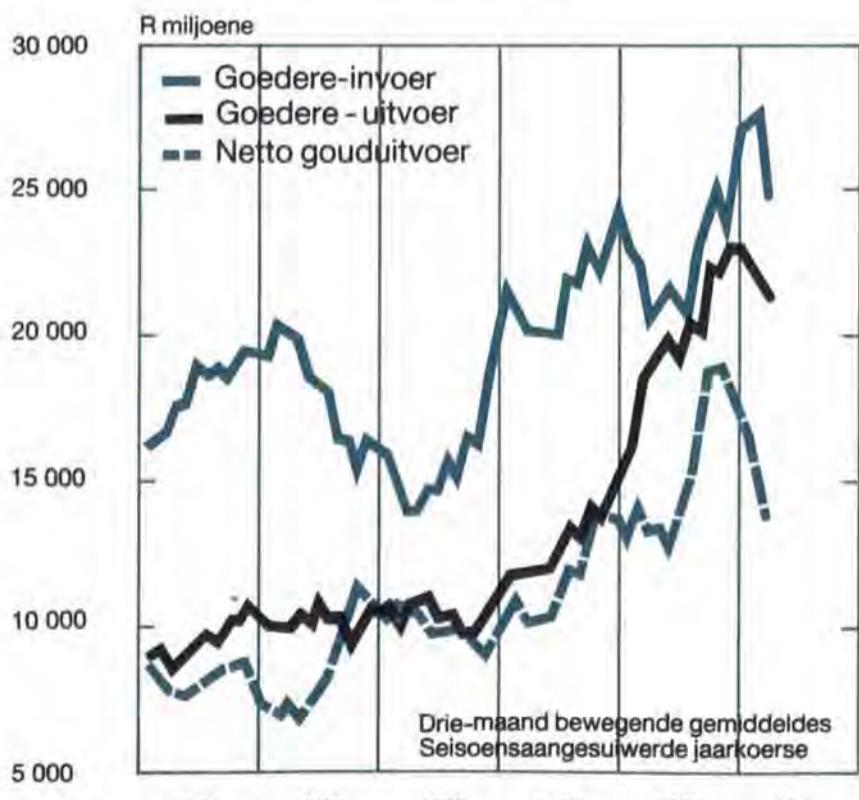
R miljoene

	1985				1986
	1e kw	2e kw	3e kw	4e kw	1e kw
Goedere-uitvoer	17 770	19 573	19 886	22 843	21 670
Netto goud-uitvoer	14 253	12 623	16 320	18 644	14 850
Goedere-invoer	-22 615	-21 527	-22 884	-23 150	-27 740
Handelsbalans	9 408	10 669	13 322	18 337	8 780
Netto dienste- en oordragbelastings	-5 074	-5 517	-6 243	-6 454	-6 990
Saldo op lopende rekening	4 334	5 152	7 079	11 883	1 790

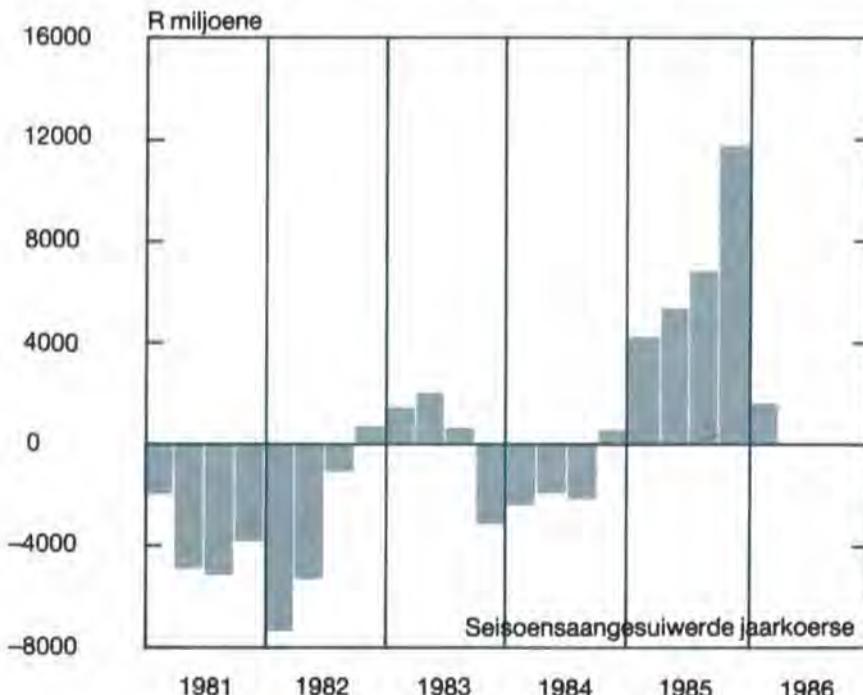
opvolgende kwartaal. In terme van VSA-dollars het die goudprys oor dieselfde tydperk in werklikheid toegeneem van gemiddeld \$324 per fyn ons tot \$343. In April het die gemiddelde goudprys per fyn ons in terme van rand sowel as VSA-dollars tot R698 en \$341 onderskeidelik gedaal.

Alhoewel die goedere-uitvoer in die eerste kwartaal van 1986 effens gedaal het vergeleke met die vierde kwartaal van 1985, was dit nog steeds 8 persent hoër as die kwartaallikse gemiddelde vir 1985. Die laer syfer in die eerste kwartaal was geheel en al die gevolg van 'n daling in volume. Groot volumedalings is in die uitvoer van steenkool, uraan, mielies en suiker aangeteken, terwyl die uit-

Betalingsbalans: Handelsrekening



Betalingsbalans: Saldo op lopende rekening



voervolume van asbes en edelstene toegeneem het. Internasionale kommoditeitspryse, en in besonder platina-pryse, was opmerklik hoër in die eerste kwartaal. As gevolg van die appresiasie van die rand het uitvoerpryse in terme van rand egter slegs met ongeveer 1 persent gestyg.

Geheel en al vanweë 'n skerp toename in die invoer van mineraalprodukte vir doeleindeste van strategiese oppotting, het die waarde van die goedere-invoer van die vierde kwartaal van 1985 tot die eerste kwartaal van 1986 met 20 persent toegeneem. Oor dieselfde tydperk het ander invoere egter met $7\frac{1}{2}$ persent afgeneem vanweë 'n ver-

dere daling in invoervolumes. Invoerpryse het gedurende Januarie en Februarie voortgegaan om vinnig te styg as gevolg van die depresiasie van die rand tot die middel van Desember 1985. Gedurende Maart het die styging in invoerpryse egter afgeplat nadat die rand teenoor die geldeenheid van handelsvennootlande begin appresieer het en internasionale oliepryse skerp gedaal het. Invoerdalings in die eerste kwartaal was die meeste opvallend in die klasse masjinerie en elektriese toerusting, vervoertoerusting, onedelmetale en tekstiele.

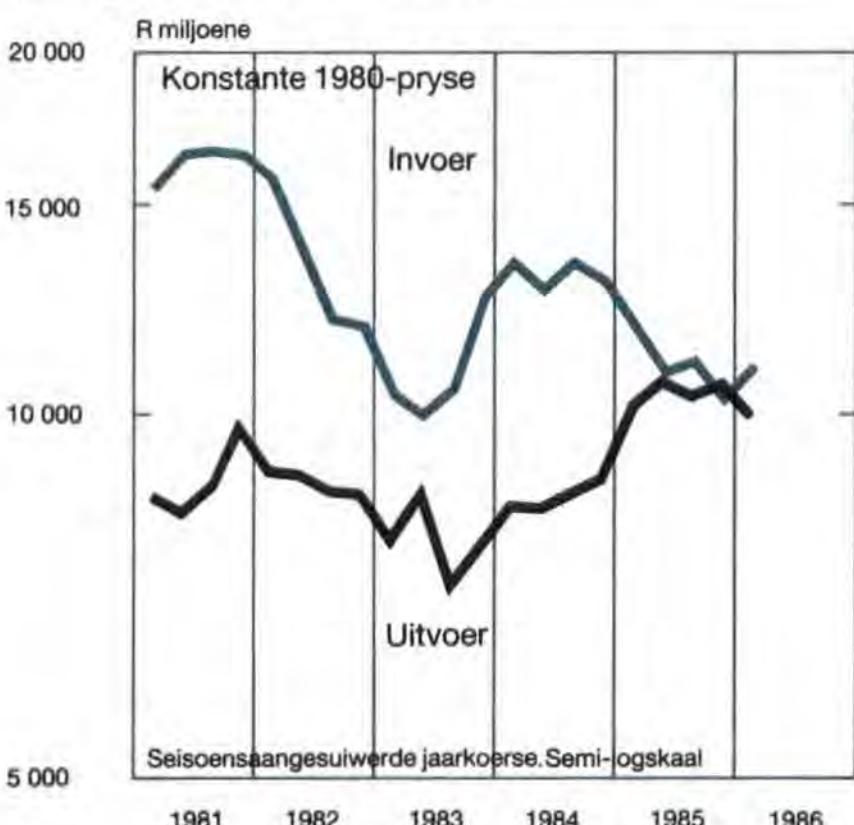
'n Skerp daling in ontvangste vir dienste vanaf buitelanders, in besonder beleggingsinkomste-ontvangste, in die eerste kwartaal van 1986 was hoofsaaklik verantwoordelik vir hoér *netto* dienste- en oordragbetalings aan buitelanders. Bruto betalings vir dienste aan buitelanders het op ongeveer dieselfde vlak as in die vierde kwartaal van 1985 gebly nadat 'n toename in betalings vir vrag en versekering op goedere deur laer rente- en dividendbetalings geneutraliseer is.

Kapitaalrekening van die betalingsbalans

In teenstelling met die verswakkende in die lopende rekening van die betalingsbalans, het die kapitaalrekening in die eerste kwartaal van 1986 aansienlik verbeter. Die totale uitvloei van kapitaal nie verwant aan reserwes nie het van R5,0 miljard in die vierde kwartaal van 1985 tot R831 miljoen in die eerste kwartaal van 1986 gedaal.

Die uitvloei van langtermynkapitaal het in die eerste kwartaal in werklikheid toegeneem, hoofsaaklik as 'n weerspieëeling van die terugbetaling van skuld wat van die stilstandreëlings uitgesluit is. Slegs 'n geringe bedrag aan nuwe buitelandse langtermynkapitaal is verkry. 'n Verdere en groter uitvloei van langtermynkapitaal in die vorm van netto verkope deur buitelanders van effekte wat op die Johannesburgse Effektebeurs genoteer is, is in die eerste kwartaal aangeteken. Die finansiële-randopbrengs van sodanige verkope moes egter in ander "goedgekeur-

Reële goedere-invoer en -uitvoer



Netto kapitaalbewegings*

R miljoene

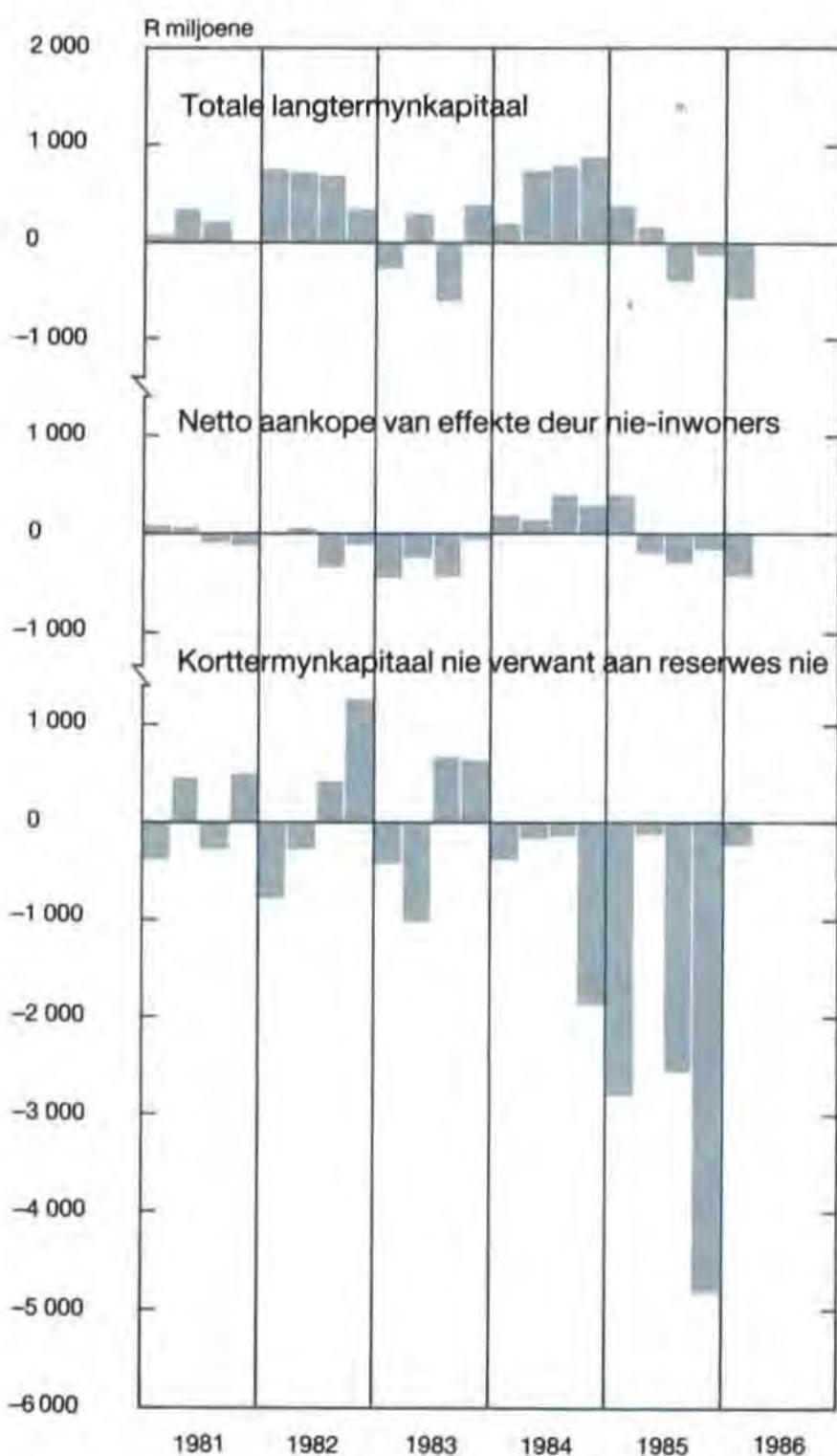
	1985				1986	
	1e kw	2e kw	3e kw	4e kw	Jaar	1e kw
Langtermynkapitaal						
Openbare owerhede	23	30	-347	-105	-399	-192
Openbare korporasies	104	469	243	1	817	30
Banksektor	-20	-38	7	85	34	-29
Nie-bank- private sektor						
Netto aankope van effekte deur buitelanders	352	-236	-306	-184	-374	-404
Ander	-104	-81	-37	47	-175	-2
Totaal	355	144	-440	-156	-97	-597
Korttermynkapitaal, insluitende onaangetekende transaksies	-2 821	-112	-2 552	-4 836	-10 321	-234
Totale kapitaalbewegings	-2 466	32	-2 992	-4 992	-10 418	-831

*Uitsluitende veranderings in buitelandse laste verwant aan reserwes.

"de" bates herbelê word. Statisties word dit as 'n kontravloei van of korttermyn- of langtermynkapitaal gewys.

Die verbetering van die kapitaalrekening is teweeggebring deur 'n aansienlike afname in die netto uitvloei van korttermynkapitaal, naamlik van R4,8 miljard in die vierde kwartaal van 1985 tot slegs R234 miljoen in die eerste kwartaal van 1986. Hierdie verbetering het hoofsaaklik in die eerste twee maande van 1986 plaasgevind, toe ongunstige vervroegings en vertragings in buitelandse betalings en ontvangste afgeloop het na gunstiger wisselkoersverwagtings. Gedurende Maart het verwagtings van 'n verdere depresiasi van die rand, tesame met die aangekondigde terugbetaling van 5 persent van die buitelandse skuld binne die "net" egter tot 'n hernieuwe uitvloei van korttermynkapitaal aanleiding gegee.

Netto kapitaalbewegings



Buitelandse reserwes

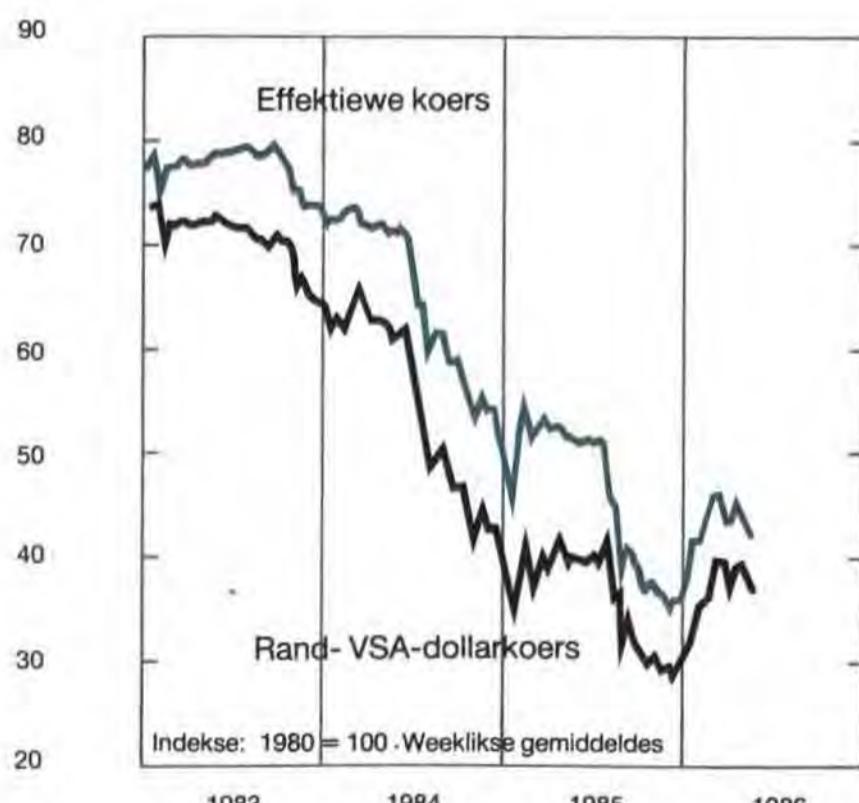
Die seisoensonaangesuiwerde oorskot van R815 miljoen op die lopende rekening van die betalingsbalans in die eerste kwartaal van 1986 was van min of meer dieselfde omvang as die netto kapitaaluitvloei, uitgesonderd veranderings in buitelandse laste verwant aan reserwes, van R831 miljoen. Die netto goud- en ander buitelandse reserwes het gevolglik in die eerste kwartaal met slegs R16 miljoen afgeneem. Daarna het die netto buitelandse reserwes van die Reserwebank in April met R37 miljoen toegenem.

Bruto buitelandse reserwes het egter in die eerste kwartaal met R899 miljoen afgeneem, grotendeels as gevolg van 'n aansienlike vermindering in die laste verwant aan reserwes.

Wisselkoerse

Die verbeterde posisie van die betalingsbalans in sy geheel en die meer positiewe wisselkoersverwagtings het geleid tot 'n toename van 30 persent in die effektiewe wisselkoers van die rand tussen 18 Desember 1985 en 13 Maart 1986. Vervolgens het die rand weer gedepreseer nadat dit bekend geword het dat 'n aanvanklike terugbetaling van 5 persent op die buitelandse skuld binne die "net" op 15 April gedoen sou word. Nuus dat die Reserwebank bykomende buitelandse valuta vir hierdie doel bekom het en dat sommige krediteurbanke bereid was om 'n deel van hul lenings aan Suid-Afrika om te rol, het die sentiment in die buitelandse valutemark egter laat verbeter. Teen 8 April het die rand bykans al sy verliese gedurende die onmiddellik voorafgaande tydperk herwin.

Wisselkoerse van die rand



Daarna het die gemiddelde wisselkoers van die rand weer gedaal, hoofsaaklik as gevolg van die skerp depre-siasi van die VSA-dollar teenoor Europees geldeenhe de en die Japanse yen en die rand se onvermoë om sy wisselkoers teenoor die dollar te handhaaf. Laasgenoemde het grotendeels verband gehou met terugbetalings van buitelandse skuld en 'n negatiewe marksentiment wat deur politieke ontwikkelings veroorsaak is.

Die wisselkoers van die finansiële rand het van 28,25 VSA-sent op 18 Desember 1985 tot 37,50 VSA-sent op 5 Maart 1986 toegeneem, dit wil sê met 33 persent. Daarna het dit met 17 persent tot 31,13 VSA-sent op 8 April gedaal en gedurende die res van April en gedurende Mei rondom hierdie laer vlak geskommel. Die finansiële-rand-diskonto, wat tot 26,7 persent op 5 Maart 1986 gekrimp het, het tot 41,0 persent op 30 Mei gestyg. Die swak vertoning van die finansiële rand vanaf vroeg Maart, was die gevolg van 'n ooraanbod van finansiële rand voortspruitende uit die verhoogde netto verkope van Suid-Afrikaanse effekte deur nie-inwoners.

Veranderings in die wisselkoerse van die rand

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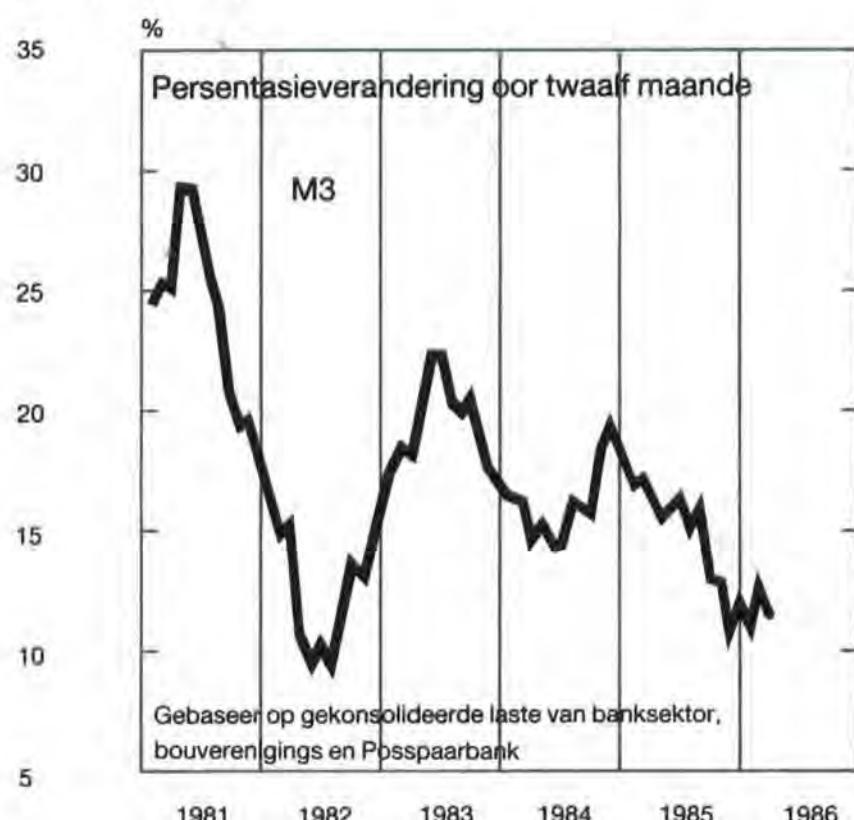
	18 Des 1985 tot 13 Mrt 1986	13 Mrt 1986 tot 26 Mrt 1986	26 Mrt 1986 tot 8 Apr 1986	8 Apr 1986 tot 30 Mei 1986
Geweegde ge- middelde	30,1	-7,4	6,8	-13,4
VSA-dollar	36,4	-8,5	6,7	-13,3
Britse pond	33,3	-8,2	6,4	-14,3
Duitse mark	24,6	-6,4	8,7	-16,1
Switserse frank..	25,2	-7,2	9,4	-17,7
Japanse yen	21,9	-8,6	7,7	-18,0
Franse frank	25,2	-6,6	13,0	-16,2

Geld en bankkrediet

Veranderings in die geldvoorraad

Gedurende die eerste kwartaal van 1986 het die groei-koers van die geldvoorraad om die betreklik laevlak wat gedurende die vierde kwartaal van 1985 behaal is, bly skommel ten spyte van die verdere verslapping in monetêre beleid soos weerspieël in 'n verlaging van die Reserwebank se herfinansieringskoerse in Januarie. So het die groeikoers van die nuut-gedefinieerde breë geldvoorraad (M3)*, oor 'n tydperk van twaalf maande gemeet, van 'n hoogtepunt van 19,5 persent in November 1984 tot 12,3 persent in Desember 1985 en verder tot 10,6 persent in Januarie 1986 verlangsaam. In Februarie het die groei-koers ietwat versnel tot 13,1 persent, maar in Maart weer tot 11,3 persent afgeneem. Die versnelling in Februarie was in 'n sekere mate 'n weerspieëling van die uitgebreide gebruik van bankkrediet oor die maandeinde ten einde op 'n aandele-uitgifte in te skryf.

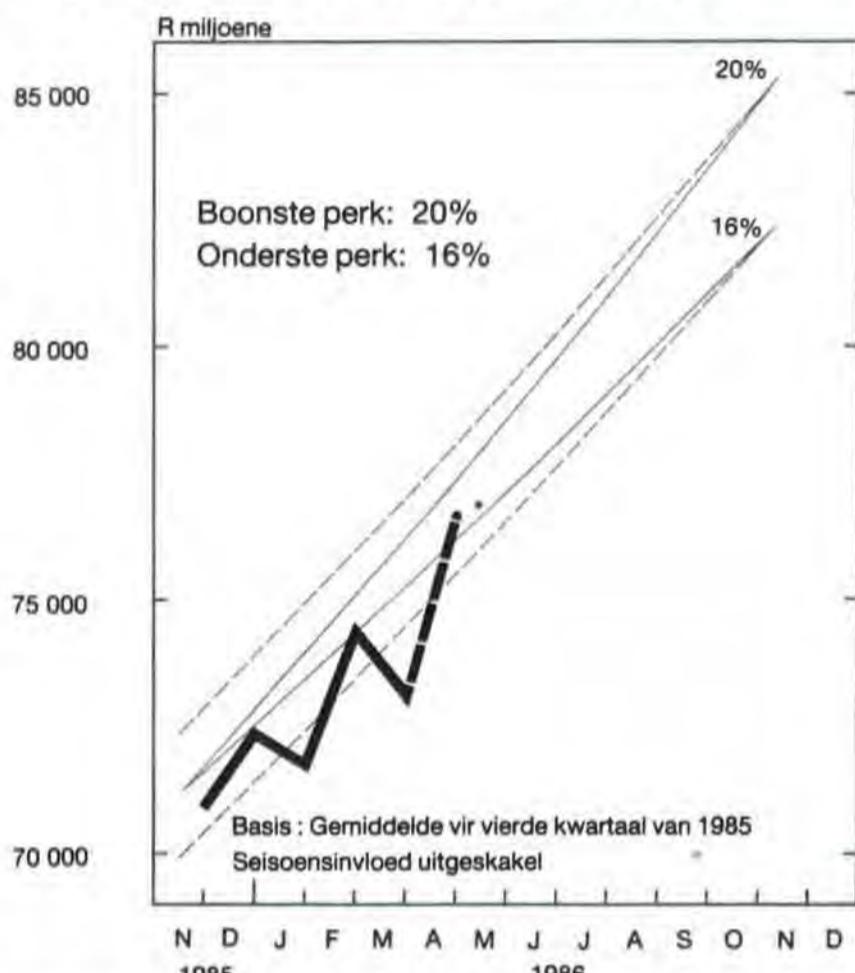
Geldvoorraad



In Januarie en weer in Maart was die seisoensaangesuiwerde waardes van M3 laer as die onderste perk van die mikpuntgrense wat vir die groei van M3 gedurende 1986 daargestel is. In Februarie was die seisoensaangesuiwerde waarde van M3 binne, maar aan die anderkant, van die mikpuntgrense en voorlopige ramings dui daarop dat dit in April ongeveer in die middel van die grense was.

*Die nuwe monetêre totale word omskryf in 'n aparte artikel wat elders in hierdie uitgawe van die Kwartaalblad gepubliseer word

Mikpuntgrense vir groei in M3 gedurende 1986



*Voorlopige syfer

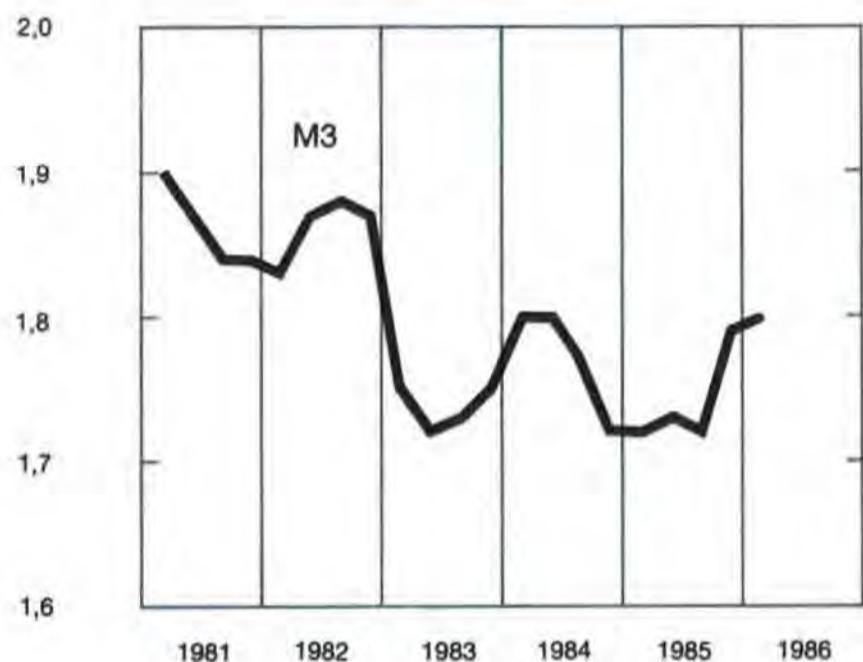
Hierdie ramings toon ook dat die groeikoers van M3 in April versnel het tot effens bo 15 persent.

Die groeikoerse van die ander monetêre totale, met die uitsondering van M1(A), het 'n soortgelyke groeipatroon getoon, soos in die bygaande tabel gesien kan word. Die baie hoër groeikoers van M1(A) sowel as die negatiewe groeikoerse van M1 was toe te skryf aan verskuiwings tussen tjak- en ander onmiddellik opvraagbare deposito's aan die een kant en ander kort- en middeltermyndeposito's aan die ander kant, voortspruitende uit die hersiening van die metode waarvolgens bankinstellings se kort- en middeltermynverpligtings waarop likwiede bate vereistes gebaseer moet word, bepaal word.*

Die belangrikste teenhanger van die toename vir M3 gedurende die eerste kwartaal van 1986 was 'n toename in die eise teen die private sektor wat deur die banksektor, bouverenigings en die Posspaarbank gehou is. Netto eise teen die regeringsektor het afgeneem, hoofsaaklik as gevolg van 'n toename in regeringsdeposito's by die banksektor. Die netto besit aan buitelandse reserwes deur die

*Vanaf Augustus 1985 moet die banke se korttermynverpligtings vir enige besondere maand die gemiddelde daagliks bedrae van korttermynverpligtings met 'n oorspronklike looptyd van nie meer as 31 dae nie, plus die maandeindsaldo's van korttermynverpligtings met 'n aanvanklike looptyd van meer as 31 dae, weerspieël. Voorheen het die beginsel om 'n gemiddelde van daagliks saldo's te toon, slegs ten opsigte van onmiddellik opeisbare deposito's gegeld.

Inkome-omloopsnelheid van geld



banksektor het, na 'n skerp afname gedurende die tweede helfte van 1985, gedurende die eerste kwartaal min verandering getoon.

Groeikoerse van die verskillende monetêre totale

Persentasieveranderings oor twaalf maande

	M1(A)	M1	M2	M3
1984: November	15,7	41,7	27,9	19,5
1985: Desember	19,8	-7,3	14,1	12,3
1986: Januarie	22,6	-12,8	10,2	10,6
Februarie	20,6	-11,9	12,8	13,1
Maart	26,5	-10,7	10,2	11,3
April*	-	-10,9	12,6	15,3

* Voorlopige syfers

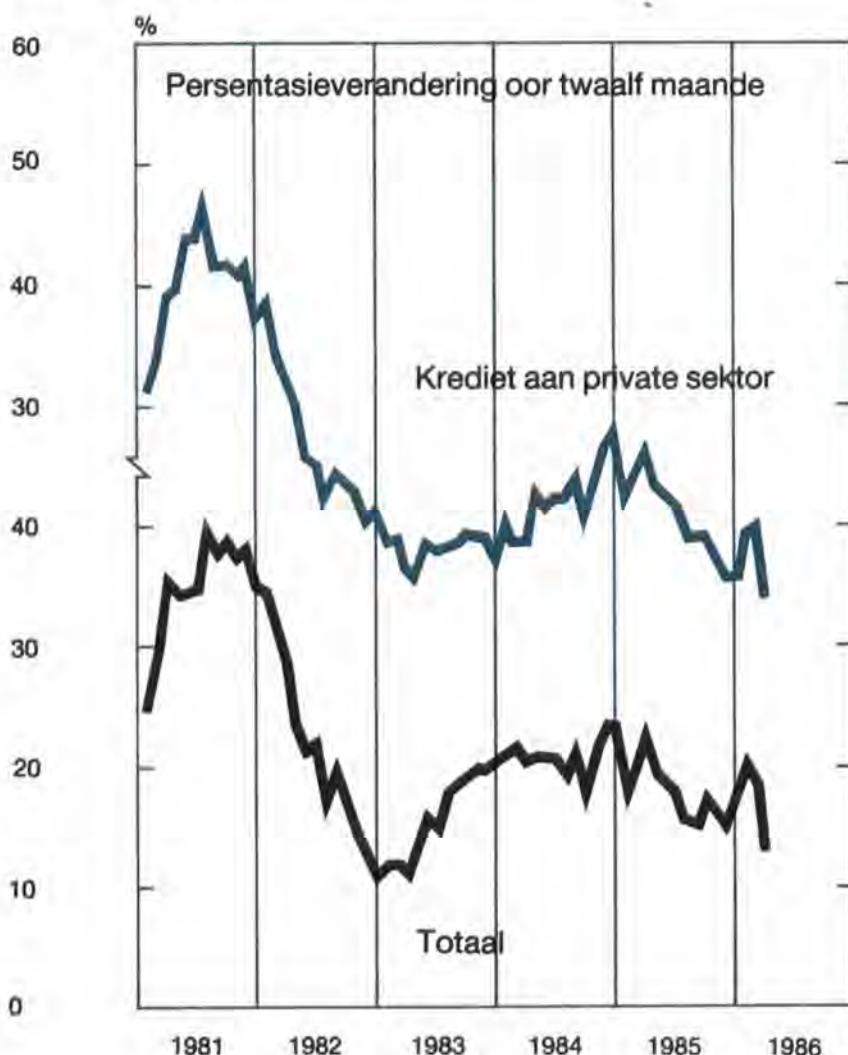
Bankkrediet

Die toename in krediet wat deur die banksektor aan die private sektor verleen is (gemeet oor 'n tydperk van twaalf maande) het versnel van 15,7 persent in Desember 1985 tot 19,8 persent in Februarie 1986, hoofsaaklik as gevolg van die benutting van kredietfasilitete vir inskrywings op 'n aandele-uitgifte. In Maart het die toename in kredietverlening aan die private sektor tot 14,0 persent verlangsaaam, wat hoofsaaklik 'n weerspieëeling was van die aflossing van oortrokke rekenings wat benut is vir die inskrywing op bogenoemde aandele-uitgifte oor die Februarie-maandeinde, maar ook van die afswaai in ekonomiese bedrywigheid in die eerste kwartaal van 1986.

Die verdere toename in bankkrediet aan die private sektor gedurende die eerste kwartaal was hoofsaaklik in die vorm van groter bankoortrekings. Dit was in 'n groot

Finansiële markte en rentekoerse

Bankkrediet



mate 'n weerspieëeling van 'n voortsetting van die verskuiwing van buitelandse na binnelandse finansiering van die buitelandse handel sowel as ander vorms van vervanging van buitelandse met binnelandse krediet. Huurkoopkrediet en bruikhuurfinansiering wat deur die banksektor verleen is, het in die eerste kwartaal verder gedaal en sodoende die traie vraag na duursame verbruiks- en kapitaalgoedere bevestig.

Die toename in bankkrediet aan die private en die regeringsektor het versnel van 17,7 persent in Desember tot 18,4 persent in Februarie, maar daarna tot 12,9 persent in Maart afgeneem. Hierdie matiger versnelling as in die geval van bankkrediet aan die private sektor alleen het 'n afname in die netto bankkrediet aan die regeringsektor weerspieël.

Geldmarktoestand en korttermynrentekoerse

Die geldmarktoestand het vroeg in 1986 opmerklik verruim. Die belangrikste rede hiervoor was 'n verbetering in die betalingsbalans as geheel nadat die groot uitvloei van kapitaal, wat die tweede helfte van 1985 gekenmerk het, begin het om af te neem. Hierdie verbetering is weerspieël in 'n toename van R522 miljoen in die Reserwebank se netto buitelandse reserwes gedurende Januarie en Februarie. Hierdie verruiming in die mark is nie in enige groot mate deur Reserwebankoptredes teengewerk nie. Netto verkope van staatseffekte deur die Bank het byvoorbeeld gedurende Januarie en Februarie slegs R30 miljoen beloop. Die bank het egter gedurende die loop van Februarie die bedrag van deposito's van die Korporasie vir Openbare Deposito's (KOD) wat by diskontohuise geplaas is, verminder. Onder hierdie omstandighede het die Bank se herfinansiering, in die vorm van herdiskontering en oornaglenings, afgeneem van 'n daagliks gemiddelde van R1 664 miljoen in Desember 1985 tot R734 miljoen in Februarie.

Geldmarkrentekoerse het op die ruimer marktoestand gereageer. Die koers op bankaksepte van drie maande het van 13,60 persent op 27 Desember 1985 tot 12,15 persent op 7 Februarie 1986 afgeneem. Insgelyks het die skatkiswisseltenderkoers van 12,99 persent tot 12,02 persent oor hierdie tydperk gedaal. Hierdie rentekoersdalings is bevestig deur 'n verdere verlaging van 1 persent tot 12 persent in die Bankkoers op 17 Januarie, gevolg deur 'n verlaging van 16,5 persent tot 15,5 persent in die prima-oortrekkingskoers van die verrekeningsbanke.

Die uitwerking van die seisoenale beweging van belastingfondse na die Regering teen die einde van Februarie is grootliks deur die Reserwebank geneutraliseer. KOD-deposito's by die diskontohuise is aan die einde van Februarie weer tot R700 miljoen verhoog. Terselfdertyd het die Bank terugkoopooreenkomste, wat oor die maand-einde in totaal R500 miljoen beloop het, met bankinstellings aangegaan. Daarbenewens het die Bank se herfinansiering van 'n laagtepunt van R454 miljoen op 18 Februarie tot R1 960 miljoen aan die einde van die maand toegeneem.

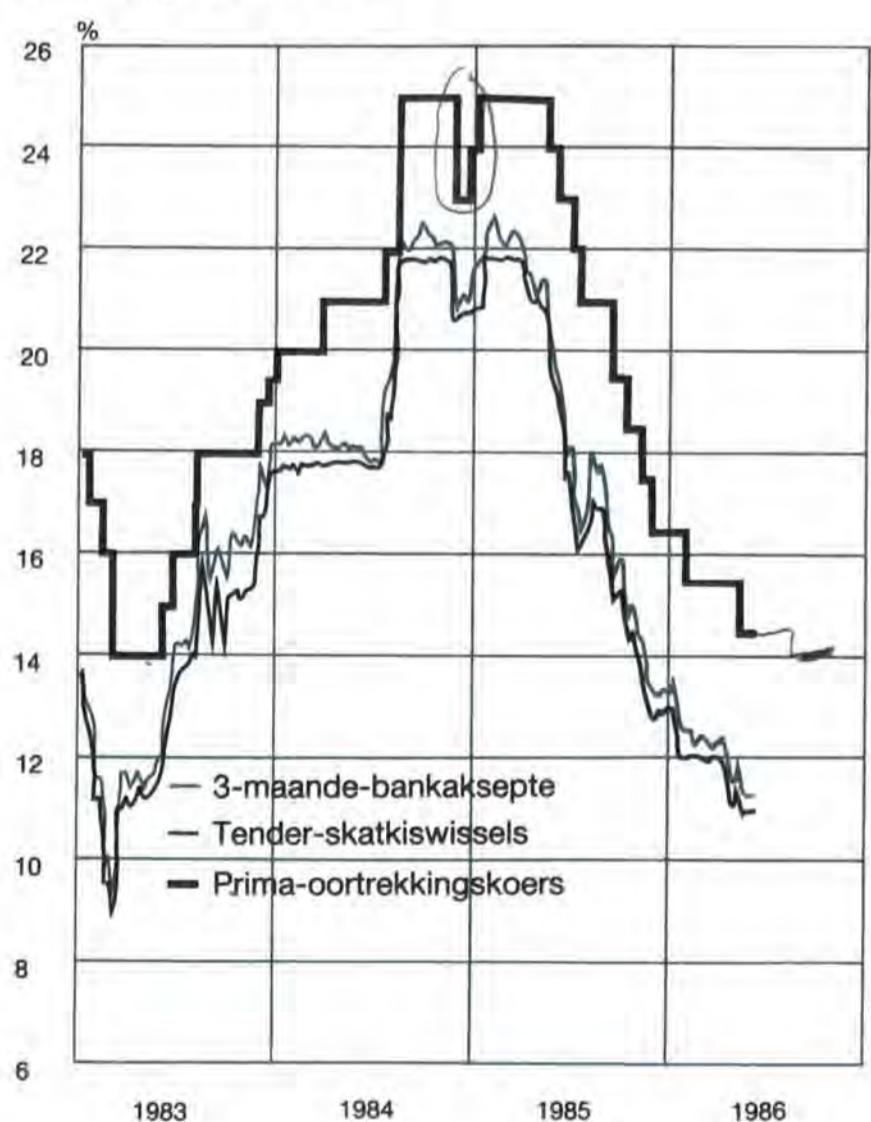
Gedurende die tweede helfte van Maart het groot verkope van buitelandse valuta deur die Reserwebank, in reaksie op 'n toename in die vraag in die valutamark, 'n vernouende invloed op die geldmarktoestand uitgeoefen. Dit is verder versterk deur 'n skerp styging in die banknote in omloop voor die Paasnaweek en die skoolvakansies. Ten einde te help om hierdie invloed teen te werk, het die Bank nuwe terugkoopooreenkomste, wat teen die einde van Maart R920 miljoen beloop het, aangegaan en KOD-deposito's by die diskontohuise is tot R800 miljoen verhoog. Behalwe hierdie bystand het die Bank se her-

finansiering teen die einde van Maart tot R2 355 miljoen toegeneem.

'n Seisoenale toename in owerheidsbesteding, 'n afname in die banknote in omloop en netto aankope van buitelandse valuta deur die Reserwebank het tot 'n verruiming in die geldmarktoestand vanaf die begin van April gelei. In ooreenstemming hiermee is die terugkoopooreenkomste toegelaat om te verval en het die Reserwebank begin om nuwe staatseffekte op 'n groter skaal te bemark. Die netto verkope van staatseffekte gedurende April het R344 miljoen beloop en gedurende Mei R633 miljoen, vergeleke met 'n totaal van R40 miljoen gedurende die eerste kwartaal van 1986. Die Reserwebank het ook die bedrag aan skatkiswissels wat by die weeklikse tenders aangebied word, verhoog en spesiale skatkiswissels verkoop wat teen die einde van Augustus, wanneer nog 'n seisoenale beweging van belastingfondse na die Regering sal plaasvind, verval. In ooreenstemming met hierdie ruimer marktoestand het die Reserwebank se herfinansiering afgeneem tot R1699 miljoen aan die einde van April en verder tot R1606 miljoen aan die einde van Mei. KOD-deposito's by die diskontohuise het tot die einde van Mei op R800 miljoen gebly.

Die uitwerking van die Reserwebank se stabilisasieoptrede in die geldmark was dat daar gedurende Febru-

Korttermynrentekoerse



arie en Maart, op 'n tydstip toe tydelike vernouende kragte aan die werk was, slegs 'n matige styging in korttermynkoerse voorgekom het en dat korttermynkoerse verhinder is om oordreve te reageer op suiwer seisoenale ekspansionistiese kragte in April. Die koerse op bankaksepte van drie maande het tot 12,45 persent aan die einde van Maart gestyg voordat dit weer afwaarts geskommel het tot 11,35 persent op 3 Mei. Die skatkiswisseltenderkoers het sy vlak van ongeveer 12,0 persent vroeg in Februarie regdeur die res van Februarie en Maart gehandhaaf, maar daarna tot 10,85 op 2 Mei gedaal.

In erkenning van die verruiming in die marktoestand sowel as die verlangsaming in ekonomiese bedrywigheid gedurende die eerste kwartaal van 1986 en die betreklik lae groeikoers van die geldvoorraad, is al die Reserwebank se herdiskonteringskoerse op 5 Mei met 1 persentasiepunt verlaag. Die Bankkoers is byvoorbeeld tot 11 persent verlaag. Dit is onmiddellik gevolg deur 'n verlaging in die verrekeningsbanke se prima-oortrekingskoers van 15,5 tot 14,5 persent. Ander korttermynrentekoerse wat reeds die verruiming in die marktoestand weerspieël het, het tot die einde van Mei bykans onveranderd gebly. Die koers op bankaksepte van drie maande het op 30 Mei op 11,30 persent en die skatkiswisseltenderkoers op 11,02 persent te staan gekom.

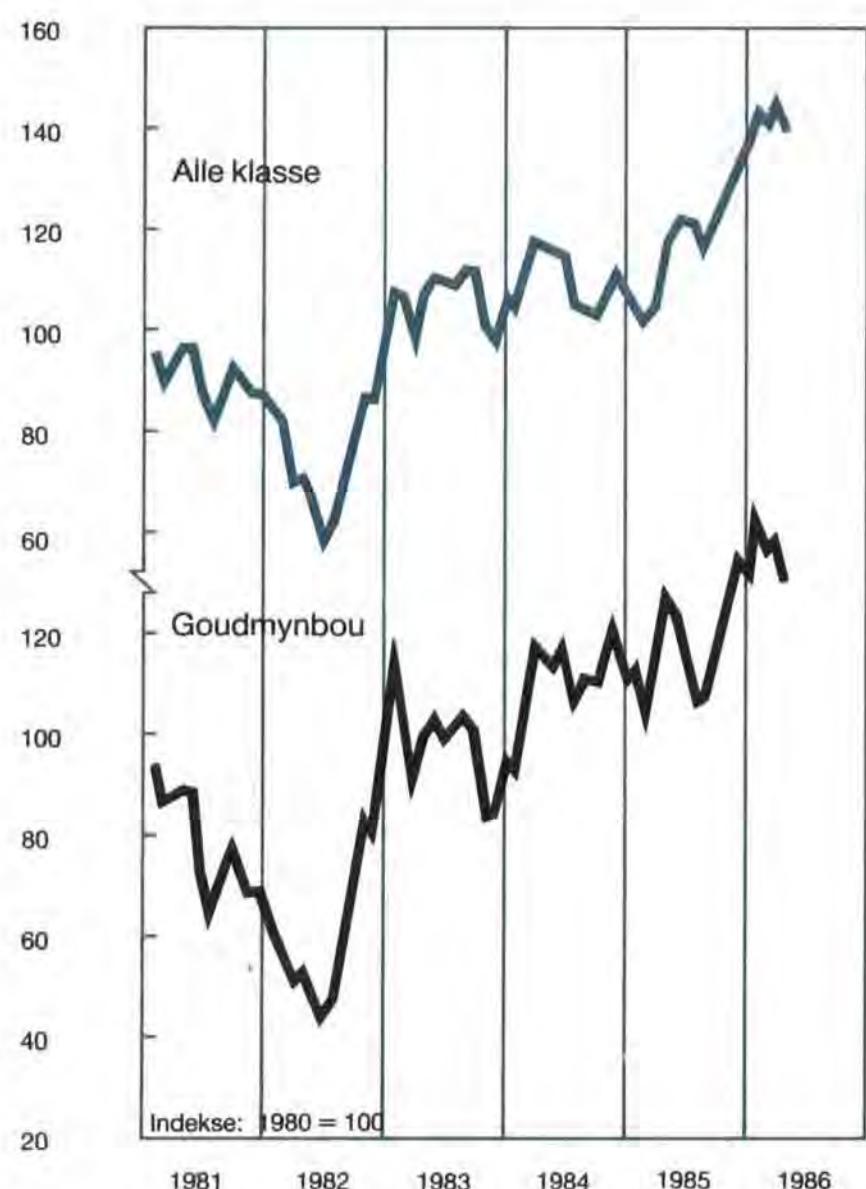
Kapitaalmarkbedrywigheid en langtermynrentekoerse

In teenstelling met die traagheid in reële ekonomiese bedrywigheid, was finansiële bedrywigheid gedurende die eerste kwartaal van 1986 betreklik lewendig. Dit was veral opvallend in die sekondêre kapitaalmark. So byvoorbeeld was die waarde van aandele en die effekte van die openbare sektor wat op die effektebeurs verhandel word gedurende die eerste kwartaal meer as 50 persent hoër as die kwartaallikse gemiddelde vir 1985. Hierdie hoër omsetvlakke is gedurende April gehandhaaf. Selfs in die bedrukte eiendomsmark was die waarde van transaksies in die eerste kwartaal effens hoër as die kwartaallikse gemiddelde vir 1985.

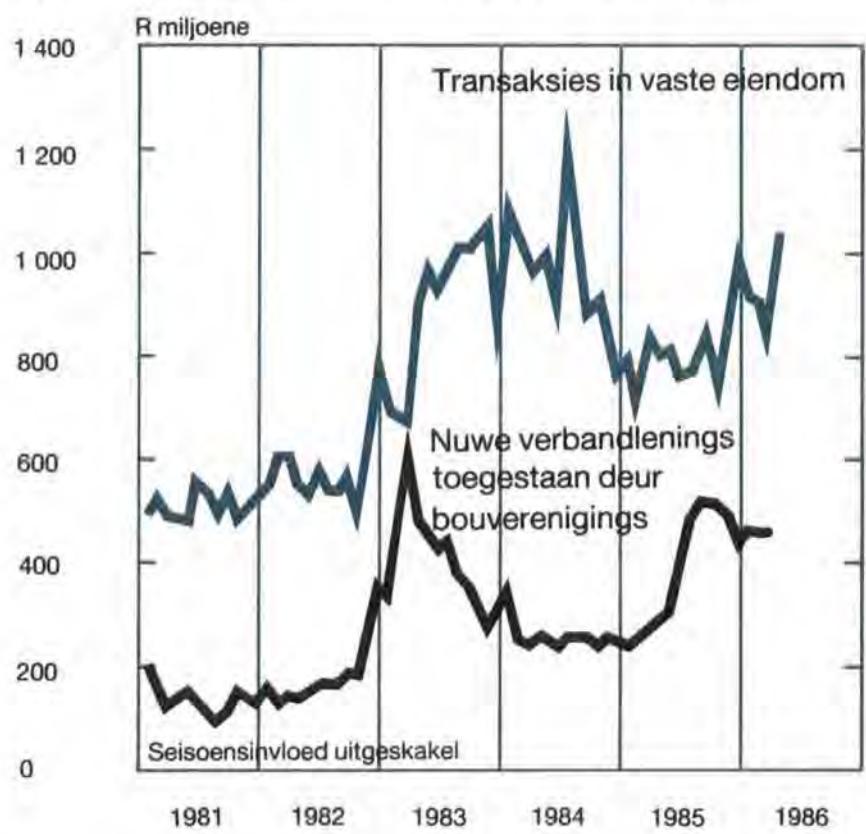
Effektepryse het die hoër omsetpeile weerspieël. So het aandelepryse hul opwaartse neiging, wat vanaf Maart 1985 opmerklik was, gehandhaaf, en gedurende die eerste kwartaal van 1986 met gemiddeld 7 persent gestyg. Hierdie hoër aandelepryse is behaal ten spyte van volgehoud netto verkope deur nie-inwoners sedert Mei 1985. Suid-Afrikaanse finansiële instellings was die vernaamste kopers van aandele wat deur die buitelanders verkoop is. Die pryse van vaste-rentedraende effekte, wat gedurende die tweede helfte van 1985 gedaal het, het gedurende die eerste kwartaal van 1986 weer inlyn met die stygende aandelepryse beweeg. Gedurende April het aandelepryse egter met gemiddeld 4 persent gedaal, terwyl daar terselfdertyd 'n effense verswakkking in die pryse van vaste-rentedraende effekte voorgekom het.

Transaksies in die primêre mark het gedurende die eerste kwartaal van 1986 die gedemptheid in die reële

Aandelepryse



Verbandlenings en transaksies in vaste eiendom



ekonomiese bedrywigheid meer getrou weerspieël. Die bedrag aan nuwe kapitaal wat deur die openbare sektor sowel as die private sektor opgeneem is, was laer as die ooreenstemmende kwartaallikse gemiddeldes vir 1985. Hier teenoor het die bouverenigings se verbandleningsake teen 'n effense hoër koers as in die eerste kwartaal van 1985 toegeneem. Die verhoogde leningsbedrywigheid van die bouverenigings het verband gehou met 'n aansienlike hoër inname van nuwe fondse en 'n effens sterker vraag na behuisingslenings in reaksie op laer verbandkoerse.

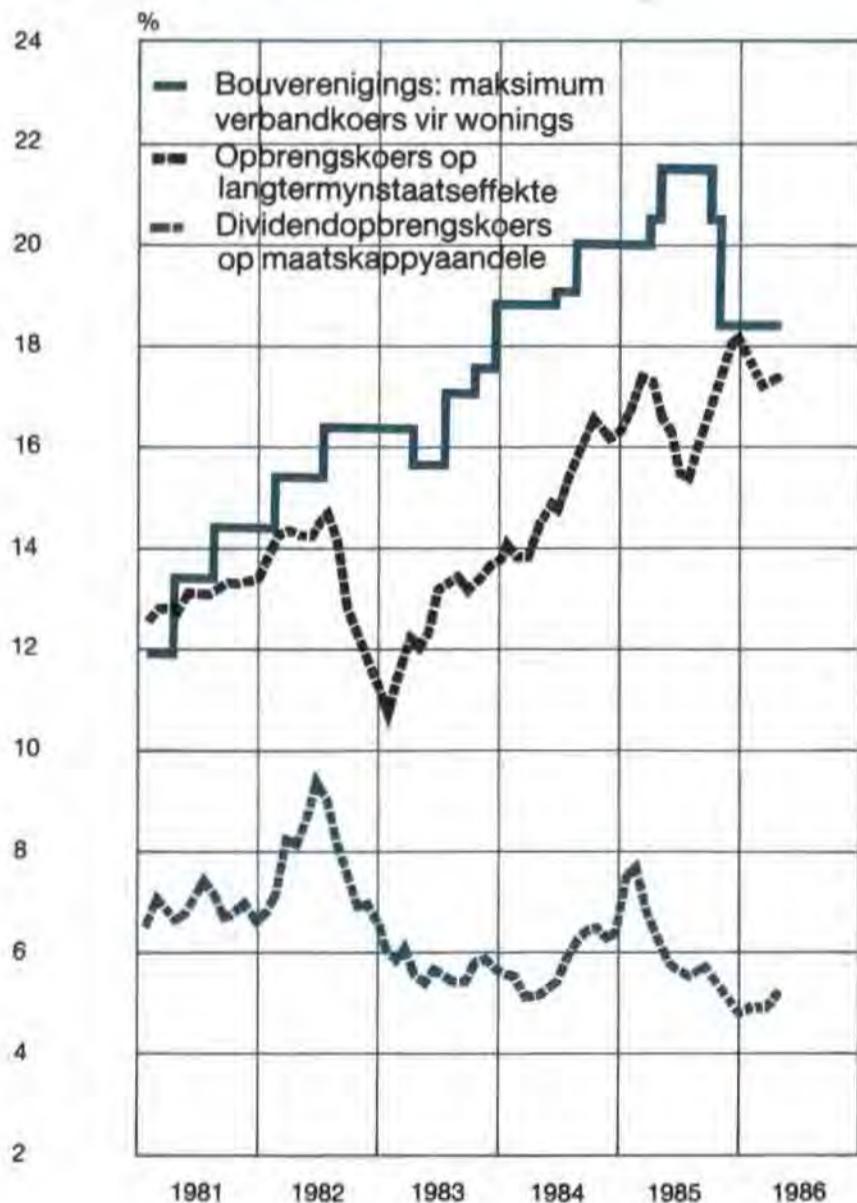
Die styging in effektepryse gedurende die eerste kwartaal van 1986 is weerspieël in 'n daling van langtermynopbrengskoerse. Die maandelikse gemiddelde opbrengskoers op langtermynstaatseffekte het byvoorbeeld van 18,1 persent in Desember 1985 tot 17,3 persent in Maart 1986 gedaal. Die gemiddelde dividendopbrengskoers op alle klasse aandele het vanaf sy onlangse hoogtepunt van 7,7 persent in Februarie 1985 gedaal tot 4,8 persent in Desember 1985 en het gedurende die eerste kwartaal van 1986 min of meer op hierdie vlak gebly, nieteenstaande die verdere toename in aandelepryse. In April het die ge-

middelde opbrengskoers op langtermynstaatseffekte effens opwaarts beweeg tot 17,4 persent, terwyl dié op aandele tot 5,1 persent gestyg het.

Die daling in die opbrengskoerse op vaste-rentedraende effekte gedurende die eerste kwartaal van 1986, nadat dit die laaste vyf maande van 1985 gestyg het, weerspieël meer geruste verwagtings aangaande inflasie in ooreenstemming met die appresiasi van die rand. Ter selfdertyd het die aangekondigde besnoeiing van kapitaalbestedingsprogramme deur die openbare ondernemings en korporasies die vrees vir oormatige druk op die binne-landse kapitaalmarkbronne verlig. Hierdie vrees het ontstaan vanweë die feitlike uitsluiting van Suid-Afrika uit buitelandse kapitaalmarkte ná die gedeeltelike stilstand met betrekking tot die terugbetaling van buitelandse skuld wat vroeg in September verlede jaar ingestel is. Die betreklike klein leningsbehoefte in die Sentrale Regering se begrotingvoorstelle vir 1986/87, het ook tot die verslapping van langtermynopbrengskoerse bygedra.

Langertermyndepositokoerse het gedurende die eerste kwartaal van 1986 matige verdere afnames getoon. Die oorheersende koers op deposito's van twaalf maande by banke en bouverenigings het van 14,5 persent in Desember verlede jaar tot 14,0 in Januarie en daarna tot 13,0 persent in Mei afgeneem. Ten spyte van die laer koste van fondse, het die bouverenigings gedurende die eerste kwartaal hul maksimumkoers vir nuwe woningsverbandlenings onveranderd gehou op 'n vlak wat oorheersend 18,25 persent bedra het. Hierdie koers is egter in Mei tot 17,0 persent verlaag, terwyl sommige banke hul verbandkoerse tot vlakke van 15,5-16,5 persent verlaag het.

Langtermynrentekoerse



Staatsfinansies

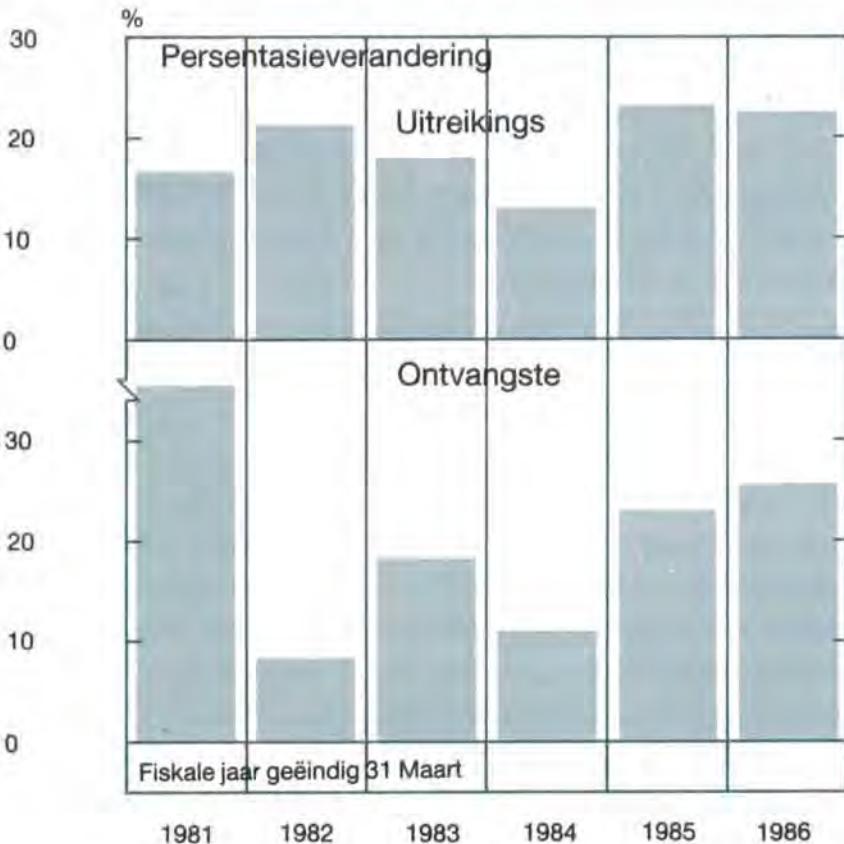
Uitgawes, inkomste en finansieringsbedrywighede

Die uitreikings aan staatsdepartemente uit die Skatkisrekening* was gedurende die laaste kwartaal van die fiskale jaar 1985/86, dit wil sê die eerste kwartaal van 1986, 25,5 persent hoër as in die ooreenstemmende kwartaal van die voorafgaande fiskale jaar, terwyl die skatkisontvangste gedurende dieselfde tydperk met 25,3 persent toegeneem het. Die tekort op die Skatkisrekening, uitsluitende lenings en skulddelging, van R17 miljoen is uit die volgende bronne gefinansier:

	R miljoene
Openbare Beleggingskommissarisse	720
Nie-bank- private sektor	-24
Banksektor	100
Buitelandse sektor	-25
	771
Min diskonto op staatseffekte	99
Min oordrag na Goud- en Buitelandse Valuta Gebeurlikheidsreserwerekening	655
	17

In die fiskale jaar 1985/86 in sy geheel het skatkisuitreikings, op 'n basis vergelykbaar met die begrotingsyfers, met 21,3 persent gestyg, dit wil sê aansienlik meer as die 13,9 persent wat in die oorspronklike 1985/86-

Skatkisuitreikings en -ontvangste

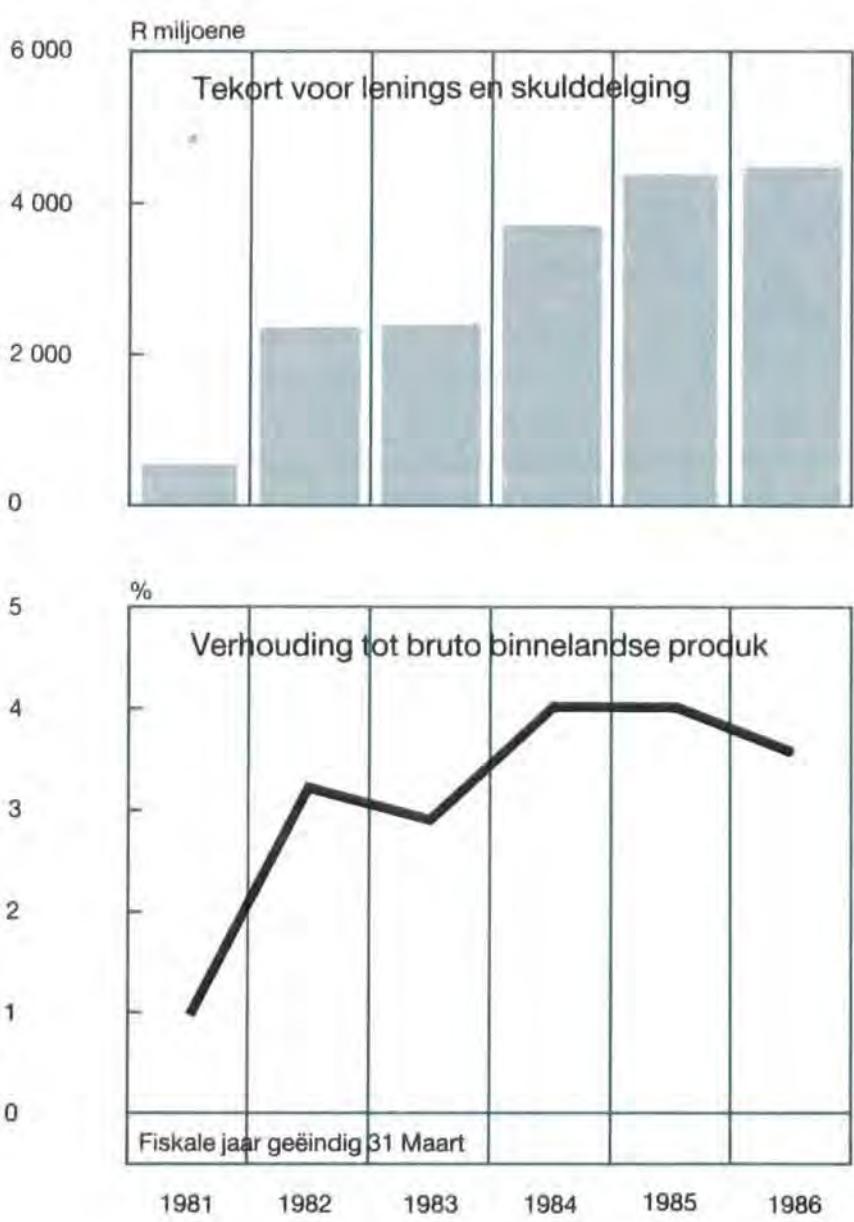


*Die Skatkisrekening is aangesuiwer vir veranderings in die saldo op die Betaalmeestergeneraalrekening.

Begroting in die vooruitsig gestel is. Die bykomende uitgawes wat teen die einde van die fiskale jaar deur die Parlement bewillig is, het grotendeels betrekking gehad op werkskepping, sekerheidsdienste, rentebetalings op die staatskuld, provinsiale subsidies, die ontwikkeling van plaaslike owerhede en lae-koste behuising.

Op 'n basis vergelykbaar met die Begroting het inkomste-ontvangste in die 1985/86 fiskale jaar met 24,9 persent gestyg, 'n koers wat ook aansienlik hoër was as die oorspronklike begrotingsraming van 18,8 persent. Soos in die bygaande tabel getoon word, was al die hoofkomponente van inkomste-invorderings met die uitsondering van algemene verkoopbelasting, opmerklik groter as die 1985/86 - begrotingsyfers. Die koers van toename in inkomste-invorderings vanaf goudmyne was hoër as wat verwag is, hoofsaaklik as gevolg van 'n hoër randprys van goud. Belastinginvorderings vanaf nie-mynmaatskappye het 'n opmerklike toename getoon, grotendeels as gevolg van die herroeping van sekere belastingtoegewings, die instelling van 'n derde voorlopige belastingbetaling en 'n algemene versnelling van belastinginvorderings. Die klein toename in inkomste uit doeane- en aksynsregte is vergroot deur die instelling van 'n bobelasting op invoer in September. In teenstelling met hierdie ontwikke-

Skatkistekort



Staatsinkomstefonds – Inkomste-invorderings in 1985/86

	Begroting ¹		Werklike invorderings	
	R miljoene	Persentasie-verandering ²	R miljoene	Persentasie-verandering ²
Totale invorderings vanaf goudmyne	2 441	23,7	3 052	54,6
Ander inkomstebelastinginvorderings	13 540	15,8	14 054	20,2
Algemene verkoopbelasting...	8 320	41,8	8 105	38,2
Doeane- en aksynsreg ³	2 009	6,5	2 095	11,0
Ander invorderings	1 817	-15,7	2 166	-2,7
Totale inkomste-invorderings ...	28 127	19,3	29 472	25,0

¹ Tweede en finale druk.

² Vergeleke met die werklike invorderings gedurende die 1984/85 fiskale jaar.

³ Uitgesonderd bedrae betaalbaar aan aangrensende lände, maar met insluiting van die bobelasting op invoer.

linge was belastingontvangste vanaf individue effens laer as die begrotingsverwagtings, maar het steeds 'n hoë koers van toename van 18,6 persent getoon.

Die tekort voor lenings en skuldflossings vir die fiskale jaar 1985/86 het R3 415 miljoen beloop, wat uit die volgende bronne gefinansier is:

	R miljoene
Openbare Beleggingskommissarisie	2 919
Nie-bank- private sektor	461
Banksektor	1 233
Buitelandse sektor	-135
	4 478
Min diskonto op staatseffekte	408
Min oordrag na die Goud- en Buitelandse Valuta Gebeurlikheidsreserwerekening	655
	3 415

Gedurende April 1986, dit wil sê die eerste maand van die fiskale jaar 1986/87, was skatkisuitreikings 19,7 persent hoër as in April 1985, terwyl die skatkisontvangste met 21,5 persent gestyg het oor dieselfde tydperk. 'n Belangrike faktor wat tot die verhoogde ontvangste bygedra het was die feit dat die verhoging in die algemene verkoopbelastingkoers met ingang 25 Maart 1985 eers in die inkomste-invorderings van Mei 1985 weerspieël is. Die tekort op die Skatkisrekening in April 1986 het R1 825 miljoen bedra.

Die 1986/87-Begroting van die Sentrale Regering

In sy voorlegging van die 1986/87-Begroting van die Sentrale Regering op 17 Maart, het die Minister van Finansies verklaar dat die ekonomie in die nuwe fiskale jaar

'n matige stimulasie benodig. Die ruimte vir ekonomiese uitbreiding wat deur die voorafgaande aanpassing in die ekonomie geskep is, is beperk deur die verpligting om 'n deel van Suid-Afrika se buitelandse skuld terug te betaal, sonder die vooruitsig van noemenswaardige verdere lenings vanuit die buitenland. Daar is egter beperkte moontlikhede vir hoër uitgawes in die vier sleutelgebiede wat reeds in die vorige Begroting geïdentifiseer is, naamlik die handhawing van orde en stabiliteit en grondwetlike, ekonomiese en sosiale ontwikkeling. Enige oorblywende beweegruimte kan dan gebruik word waar dit sal help om nuwe ekonomiese uitbreiding aan te moedig.

Die Minister het die bestaande korttermyn-monetêre en fiskale beleidstrategie as matig ekspansionisties beskryf. Die beleid is om investering en verbruiksbesteding aan te moedig ten einde te verseker dat die nuwe ekonomiese opswaai momentum sal kry om verhogings in inkome, produksie, indiensneming en algemene ekonomiese bedrywigheid voort te bring. Terselfdertyd is die strategie ontwerp om die herverskyning van oormatige vraag te voorkom. Die bereiking van hierdie doelwit is nie net belangrik ten einde nuwe vraag-inflasie te voorkom nie maar ook om te verseker dat daar in 1986 'n oorskot op die lopende rekening van die betalingsbalans behaal word wat groot genoeg sal wees met die oog op die hantering van die buitelandse-skuldsituasie.

Staatsuitgawes sal na raming in 1986/87 met 13,9 persent styg. Na inagneming van 'n aantal belastingtoegewings word verwag dat staatsinkomste met 13,4 persent sal styg. Die belastingtoegewings bestaan hoofsaaklik uit 'n korting van 5 persent op persoonlike inkomstebelasting, bo en behalwe die afskaffing van die 7 persent toeslag wat vroeër aangekondig is; 'n groter korting op die belasbare inkomste van getroude vroue; en 'n verhoogde vrystelling van belasting van rente-inkomste. 'n Deel van hierdie toegewings sal egter geneutraliseer word deur die verdere infasering van die belasting op byvoordele. Die tekort voor lenings is geraam op R3 944 miljoen of ongeveer 2,7 persent van bruto binnelandse produk. Die voorgestelde finansiering van die tekort word in die bygaande tabel getoon.

1986/87-Begroting

R miljoene	1986/87
Inkomste	33 627
Uitgawes	37 571
Tekort (voor lenings)	-3 944
Finansiering (uitgesonderd skulddelging)	
Openbare Beleggingskommissarisie	3 250
Nuwe uitgiftes van staatseffekte	893
Nie-bemarkbare skuldbewyse*	-186
Buitelandse lenings	-13
Aanwending van beskikbare saldo's	-
Totaal	3 944

*Insluitende leningsheffings en sekere leningsuitgawes.