

**South African Reserve Bank
Suid-Afrikaanse Reserwebank**

Quarterly Bulletin
Kwartaalblad

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Quarterly economic review

Introduction

Information for the fourth quarter of 1985 supports the earlier observation that the economic downswing which had been in progress since the middle of 1984, levelled out in the third quarter of 1985. A modest, but fairly broadly based, upswing in fact became discernible in the fourth quarter. Real output increases were evident in most sectors of the economy and some components of real gross domestic expenditure started to show a moderate recovery. At the same time, a renewed increase in non-agricultural employment started in the third quarter. Notwithstanding the recovery towards the end of the year, real gross domestic product still declined by about 1 per cent in 1985.

The latest statistical information confirms that the process of economic adjustment since the middle of 1984 has laid a sound foundation for renewed economic expansion in the period ahead. Thus, excess demand has been eliminated, as is witnessed by the decline in real gross domestic expenditure since the middle of 1984. Accompanying this expenditure decline, the domestic savings ratio has almost been restored to its longer-term trend. At the same time, the country's labour resources and production capacity have become under-utilised.

In addition, a healthy balance of payments on current account was established in 1985. Aided by the lower exchange rate of the rand, exports expanded considerably in value as well as volume terms. At the same time, a decline in volume prevented any significant increase in the value of merchandise imports. By the fourth quarter of 1985, imports had become approximately counterbalanced by non-gold exports alone. In line with this development, a current account surplus of about R7 billion, 6 per cent of gross domestic product, was recorded in 1985.

This surplus was used to finance a substantial net outflow of capital, related to unfavourable perceptions of political and economic developments in South Africa and to short-term shifts in leads and lags in foreign payments and receipts in response to changes in exchange rate expectations. The net outflow of capital, not related to reserves, totalled more than R10 billion in 1985. Despite the large current account surplus, the net foreign reserves, therefore, declined by about R3 billion. By early 1986, however, the tide appeared to have turned, mainly because the unfavourable leads and lags had petered out. Accordingly, with a continuing surplus on the current account, the net foreign reserves began to rise again, accompanied by an increase in the exchange rate of the rand.

Initially during the period of adjustment, the money supply continued to grow rapidly, but from December 1984 the increase decelerated appreciably to rates well below the current rate of inflation. For example, the increase over twelve months in M3 decelerated from a peak of 24,7 per cent in November 1984 to 12,7 per cent

in December 1985. The main statistical "causes" of the slower monetary expansion were a decline in net foreign reserves and a reduced rate of increase in bank credit.

In view of the greater scope for economic expansion, the emphasis in economic policy was shifted more towards the promotion of economic growth. Accordingly, the monetary authorities allowed, and at times actively encouraged, interest rates to decline. For example, between 6 May 1985 and 17 January 1986 Bank rate was reduced from 21,75 per cent to 12 per cent, while during approximately the same period the clearing banks' prime overdraft rate was lowered from 25 to 15,5 per cent. In addition to the easing of monetary policy, fiscal policy was relaxed by allowing government expenditure to exceed the original Budget figure. However, steps were taken to ensure that the additional expenditure would be covered by additional revenue in order to prevent the deficit before borrowing from deviating materially from the original target of 2½ per cent of gross domestic product.

Despite the shift of emphasis in economic policy, two major constraints still suggest a need for caution in stimulating the economy. Firstly, the rate of inflation is still inordinately high. The increase over twelve months in consumer prices, for example, accelerated to 18,4 per cent in December 1985 and to a record 20,7 per cent in January 1986. However, the current high inflation rate is not a reflection of excessive demand, but mainly of the preceding sharp depreciation of the rand, the inflationary effect of which will only dissipate in time. Secondly, the need to reduce South Africa's foreign debt, in the prevailing climate of disinvestment by foreigners, requires a level of overall expenditure compatible with a surplus on the current account of the balance of payments.

Domestic economic developments

Domestic output

Tentative evidence that the economic downturn since the middle of 1984 had come to an end in the third quarter of 1985, was substantiated by a further increase in real gross domestic product in the fourth quarter. In contrast with the third quarter, when the renewed rise in domestic output was largely confined to the primary sectors, the continued output recovery during the fourth quarter was fairly broadly based. Real output increases occurred in all major sectors of the economy, with the exception of agriculture. In particular, output recoveries were evident in manufacturing and commerce, following declines up to the third quarter.

Output changes in agriculture, manufacturing and commerce in the fourth quarter may be singled out for further comment. The decline in real agricultural production was due to a below-average wheat crop in the Orange Free State. Real manufacturing output responded to a levelling-out of the decline in domestic demand, but also

reflected a higher export demand that was supported by South African exporters' favourable international competitive position arising from the preceding depreciation of the rand. In commerce, the increase in real value added largely reflected improved conditions in the motor trade. These resulted from the decline in interest rates since May, the relaxation of hire-purchase conditions in September 1985 and apparently also from pre-emptive buying to avoid higher prices in the wake of the depreciation of the rand in 1985.

Notwithstanding the recovery during the second half of 1985, real gross *domestic* product nevertheless declined by about 1 per cent in the full calendar year, compared with an increase of 5 per cent in 1984. However, an improvement in the terms of trade, together with changes in net factor payments to the rest of the world, caused real gross *national* product to rise marginally by about 1/2 per cent in 1985.

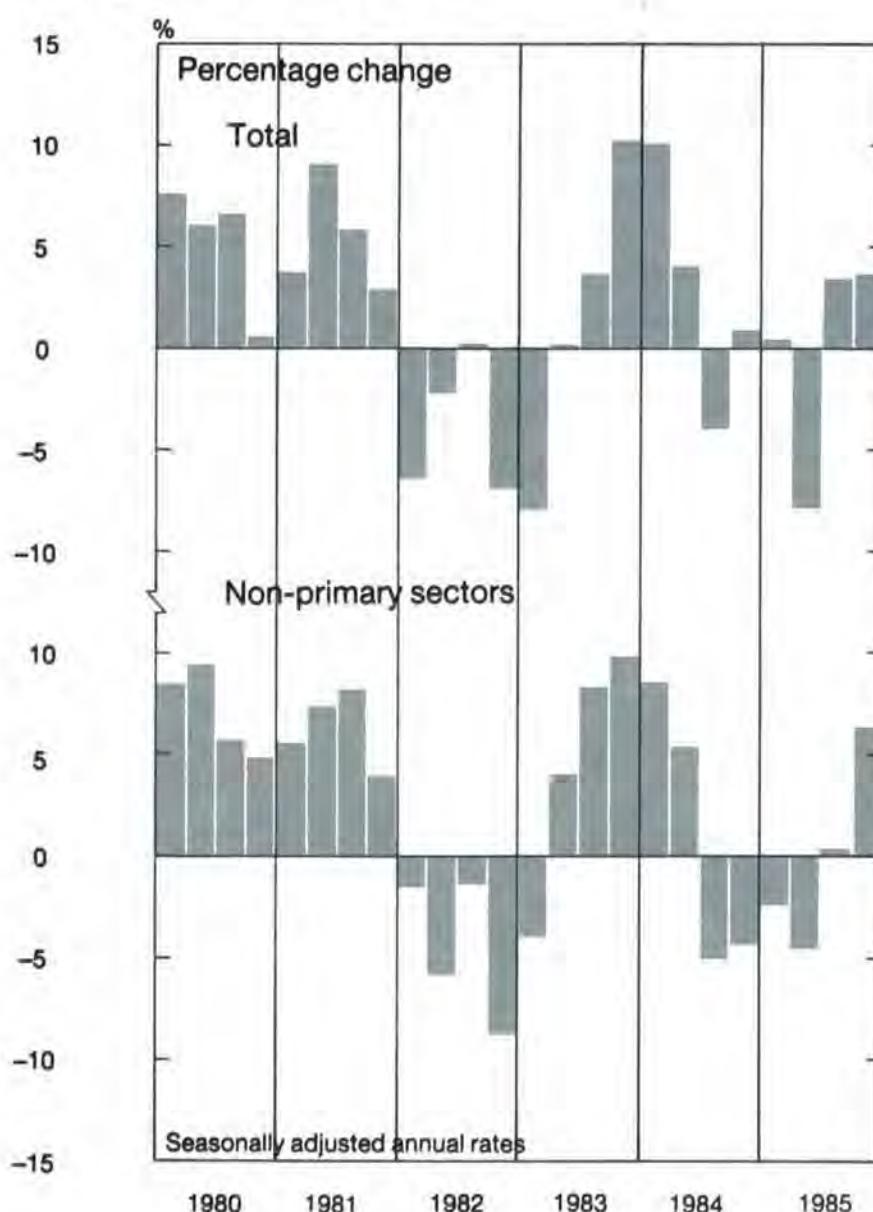
Percentage change in real output

	1983	1984	1985
Primary sectors	-6	4 1/2	3 1/2
Agriculture	-27	13 1/2	15
Mining	1/2	2 1/2	1/2
Non-primary sectors	-1	5	-2
Manufacturing	-6 1/2	3	-5 1/2
Construction	-5 1/2	1	-4
Commerce	3 1/2	10	-5
General government services	5	4	-
Other services*	-	6	1/2
GDP at factor income	-2 1/2	5	-1/2
GDP at market prices	-2 1/2	5	-1

*Transport and communication; finance, insurance, real estate and business services; and other community, social and personal services.

The accompanying table provides a sectoral breakdown of real output changes in 1985. Output increases occurred only in the primary sectors, i.e. agriculture and mining, and the services sector. In the latter sector, financial services were overwhelmingly responsible for the higher output level. The table also shows that the impact of the domestic economic recession was particularly visible in output changes in manufacturing, construction and commerce. Of particular interest are the divergent growth tendencies exhibited by manufacturing, construction and commerce, on the one hand, and mining on the other. While the export-orientated mining sector experienced buoyant demand conditions stemming from the economic expansion in the industrial countries and the depreciation of the rand, manufacturing, construction and commerce were severely influenced by the depressed state of domestic demand.

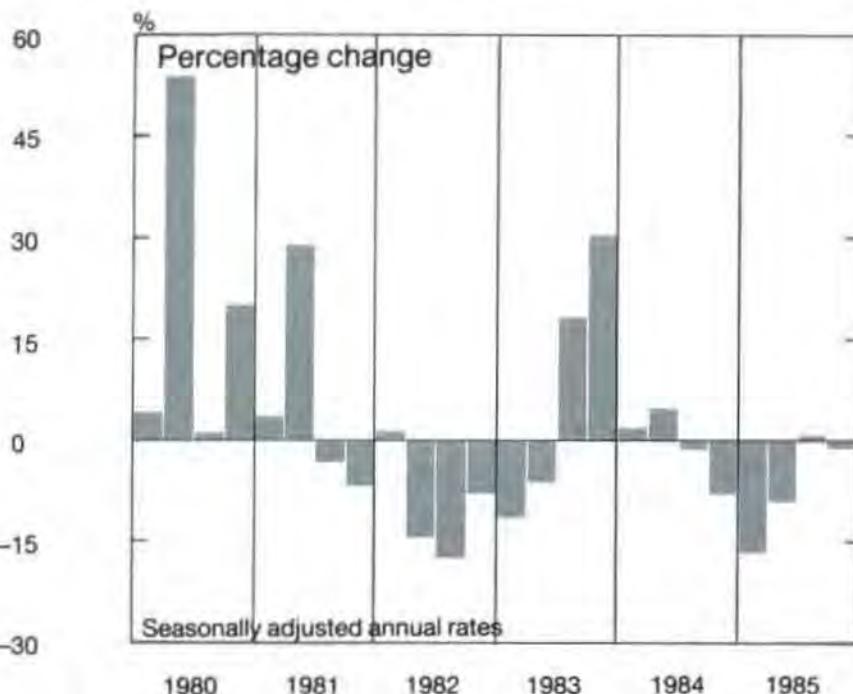
Real gross domestic product



Domestic expenditure

The increase in real gross domestic product in the third and fourth quarters of 1985 was partly in response to the increase in real gross domestic expenditure during the second half of 1985. In the calendar year 1985, however, real gross domestic expenditure declined by approximately 7½ per cent, after a rise of similar magnitude had been recorded in the preceding year.

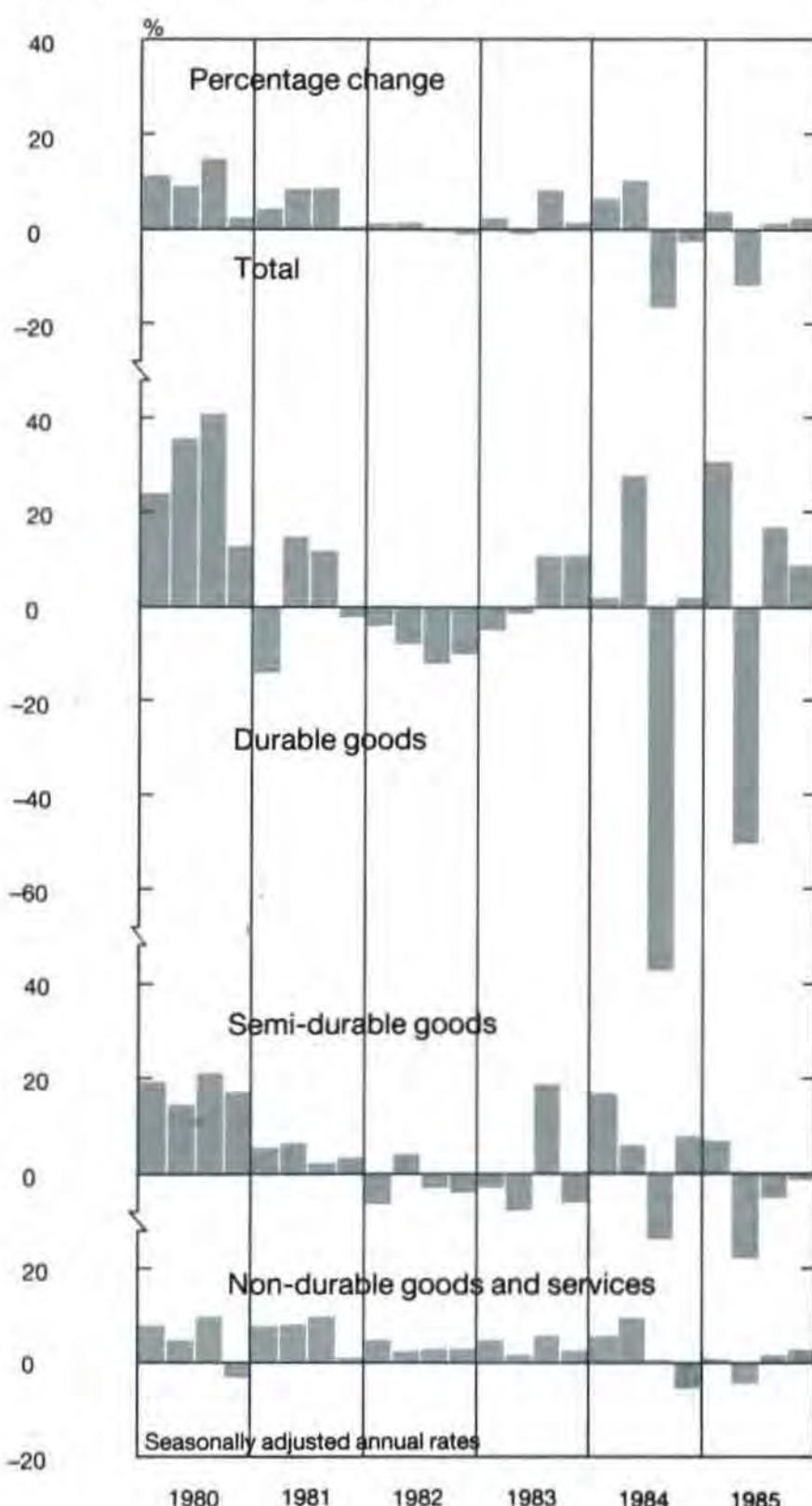
Real gross domestic expenditure



The most significant change in individual expenditure components in 1985 was the modest upturn in real private consumption expenditure during the third quarter and its further increase in the fourth quarter. To an important extent, however, the further recovery of real consumer demand in the fourth quarter reflected a sharp rise in outlays on motor vehicles from a very low level in the third quarter. In contrast, real expenditure on furniture and household appliances, semi-durable goods and some non-durable goods remained subdued during the fourth quarter, partly as a result of a decline in real salaries and wages per employee and organised consumer boycotts. Despite the moderate recovery towards the end of the year, real private consumption expenditure still declined by 3 per cent in 1985, compared with an increase of 2½ per cent in 1984.

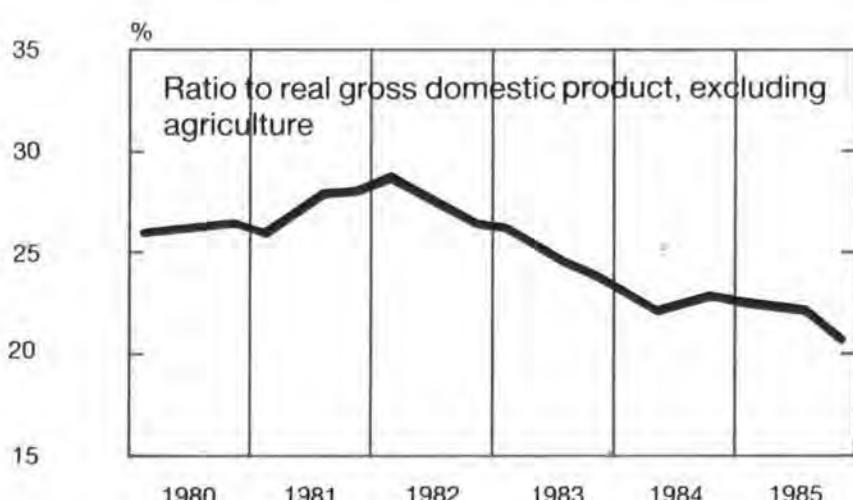
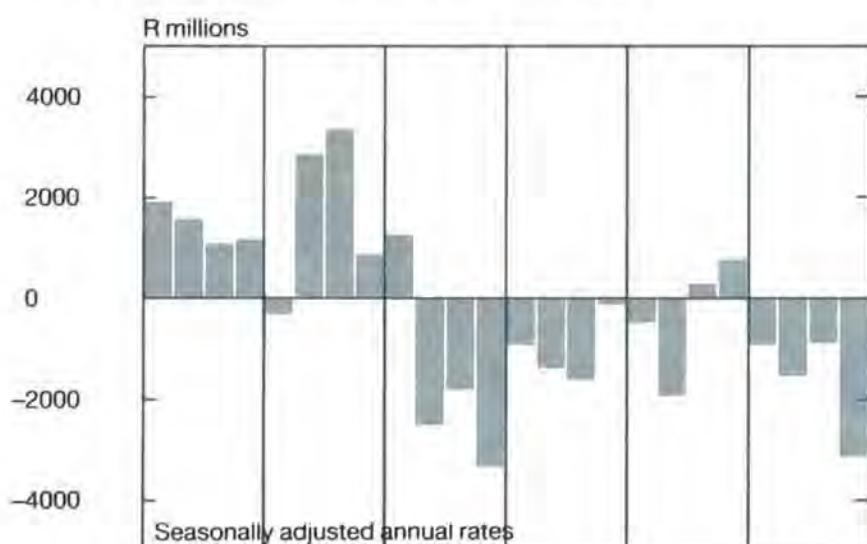
Real consumption expenditure by general government, which had been a strong expansionary force during 1984 when it rose by as much as 7½ per cent, declined by approximately 1 per cent in 1985. The curtailment of employment growth as well as of purchases of goods and other services by general government served to lower the level of real government consumption expenditure in 1985.

Real private consumption expenditure



Real gross domestic fixed investment declined by 2 per cent in 1985. Increases in fixed investment by public corporations and public authorities of 5½ per cent and 1½ per cent, respectively, were outweighed by a decline of 6½ per cent in the real fixed capital outlays of the private sector. A breakdown of the private sector's real fixed investment shows that only mining recorded an increase in 1985. The expansion of production capacity in mining was encouraged by the increase in export demand, the beneficial effect of the depreciation of the rand on the rand value of export proceeds and by the existing tax concessions. The increase in real fixed investment by the public sector in 1985 was largely confined to public cor-

Real industrial and commercial inventories



porations and the Department of Posts and Telecommunications. Fixed capital outlays by general government showed no change and those by the South African Transport Services declined slightly.

The unplanned relatively high level of inventories at the end of 1984, after the sudden drop in domestic demand during the second half of that year, was corrected in the course of 1985 when declines in real inventories were recorded in all four quarters. Real commercial and industrial inventories were depleted to such an extent that the ratio of these inventories to real non-agricultural gross domestic product reached an all-time low of 20½ per cent in the fourth quarter of 1985. The replenishment of these inventories in the face of a prospective upturn in domestic demand could therefore become an expansionary force during 1986.

Factor income and saving

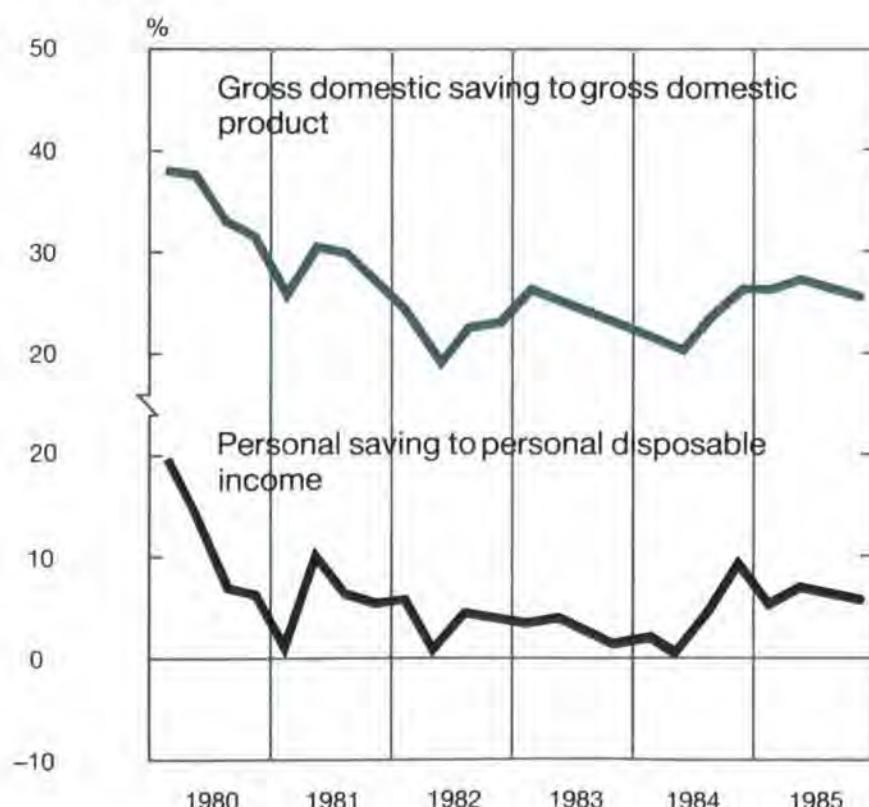
Aggregate remuneration of employees increased by 10 per cent in 1985, compared with an increase of about 18 per cent in 1984. With gross operating surpluses expanding at a rate of 16½ per cent, which was roughly the same as in 1984, the growth rate in nominal gross domestic product at factor cost was accordingly reduced from 17½ per cent in 1984 to 12½ per cent in 1985.

Apart from mining and the sector supplying electricity, gas and water, aggregate labour remuneration in all the main sectors of the economy increased at lower rates in 1985 than in the preceding year. Furthermore, the increase in labour remuneration, measured over a four-quarter interval, declined progressively in the course of 1985 to a low rate of 7½ per cent in the fourth quarter. The increase in gross operating surplus in 1985 stemmed largely from a substantial rise in the profits of the mining and financial sectors and small profit increases in manufacturing and the sector supplying electricity, gas and water. These increases more than offset declines in the operating surpluses of construction, commerce and the transportation sector.

The ratio of gross domestic saving to gross domestic product rose to 26½ per cent in 1985 from a level of 23 per cent in 1984. The persistent rise in the quarterly savings ratio since the fourth quarter of 1984, was, however, interrupted in the fourth quarter of 1985 when it declined somewhat from 26½ per cent in the third quarter to 25 per cent. The improved savings performance in 1985 helped South Africa to finance an outflow of capital to the rest of the world and, in this way, to reduce its net foreign indebtedness by a considerable margin.

A major contribution to the improvement in the national savings ratio came from the household sector, as is evident in a rise in the ratio of personal savings to personal disposable income, namely from 3½ per cent in 1984 to 6 per cent in 1985. A significant rise in agricultural income and a less rapid increase in nominal private consumption expenditure were the main reasons behind the increased savings rate of private households. At the same time, general government succeeded in reducing

Savings ratios



its own dissaving. Corporate saving, however, increased only marginally in 1985, largely because of a decline in the gross operating surpluses of most of the non-mining sectors and a rapid rise in corporate income tax payments. To a large extent the latter rise was due to measures aimed at raising the effective rate of company taxation, the introduction of a third provisional tax payment for companies, and the elimination of arrears in the collection of corporate tax.

Employment, labour remuneration and productivity

As part of the recovery of real economic activity, non-agricultural employment, which had declined from the fourth quarter of 1984 to the second quarter of 1985, increased at seasonally adjusted annual rates of 1,0 per cent and 2,0 per cent in the third and fourth quarters, respectively. This increase was evident in employment by both the private sector and public authorities, more particularly by mining, financial institutions, the Central Government, the Department of Posts and Telecommunications, local authorities and statutory bodies. In addition, the increase in the fourth quarter included

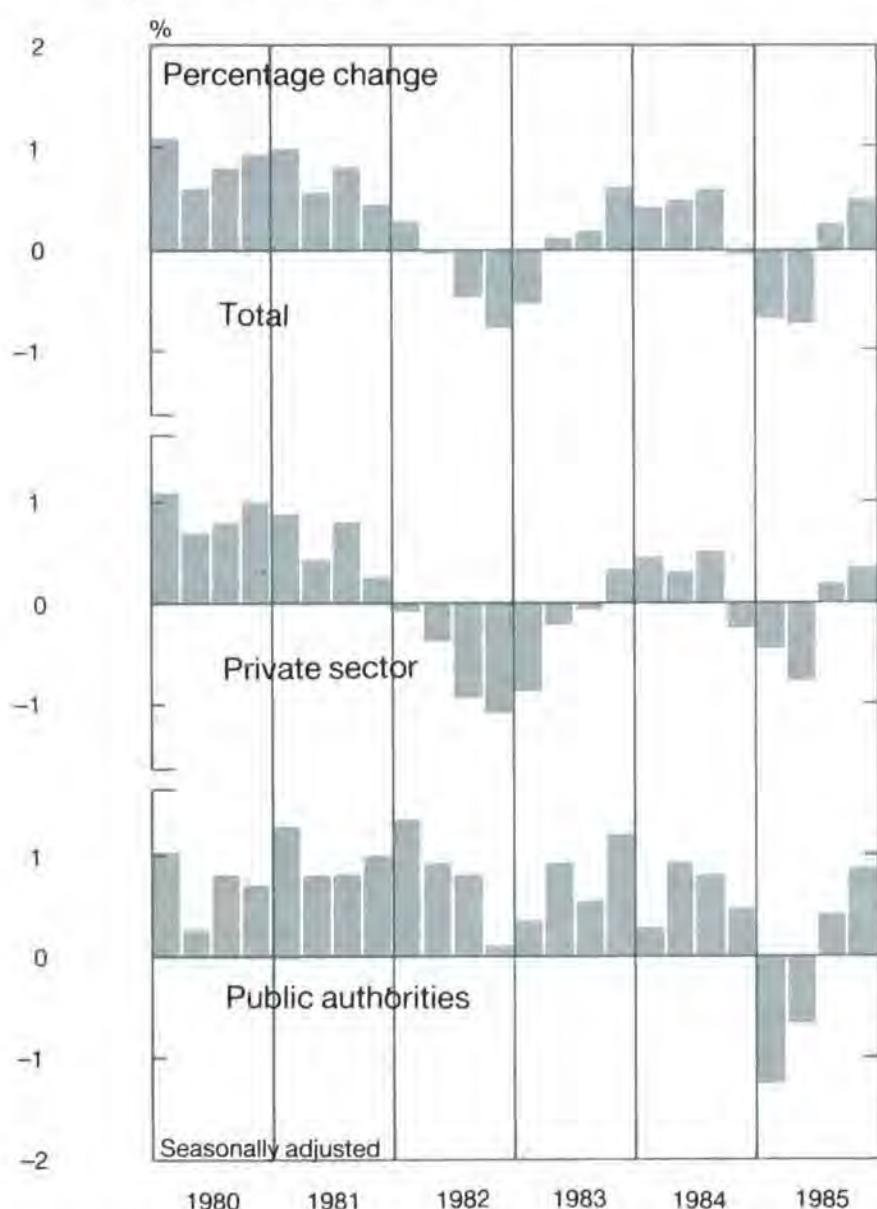
higher employment by manufacturing, construction and provincial administrations. Nevertheless, in 1985, non-agricultural employment was still 0,7 per cent below its level in 1984. The lower demand for labour was reflected in a substantial rise in unemployment. The registered number of unemployed rose throughout the year.

In order to alleviate unemployment, special training and job-creating programmes were implemented during 1985. By the end of the year 75 000 people had completed their training in terms of these programmes. With the assistance of the Department of Manpower, more than one quarter were successful in finding employment, while some of the others managed to secure suitable employment without assistance from the Department. In addition, approximately 150 000 people were employed in special projects, including self-build housing schemes, at the end of 1985.

The increase in nominal salaries and wages per employee in the non-agricultural sectors of the economy slowed down from 16,4 per cent in 1984 to 11,1 per cent in 1985. In real terms, remuneration per employee increased by 4,2 per cent in 1984, but declined subsequently by 4,4 per cent in 1985.

Labour productivity, as measured by the real gross domestic product per worker in the non-agricultural sectors, declined by 0,7 per cent in 1985. The net effect of the decreased labour productivity and the slower rise in nominal labour remuneration was a slightly lower rate of increase of 12 per cent in unit labour costs, compared with an increase of 13 per cent in 1984.

Non-agricultural employment



Prices

The inflation rate, as measured by increases in consumer and production price indices, started to rise in early 1984 and accelerated further during 1985. During the first half of the year this acceleration reflected mainly the delayed effects of excessive monetary demand in 1983/84, including the depreciation of the rand, and an increase in the general sales tax rate in March 1985. A further depreciation of the rand after the end of June, the imposition of a surcharge on imports, increases in a number of administered prices and a sharp rise in food prices during the fourth quarter served to raise rates of price increases still further during the rest of the year and in early 1986.

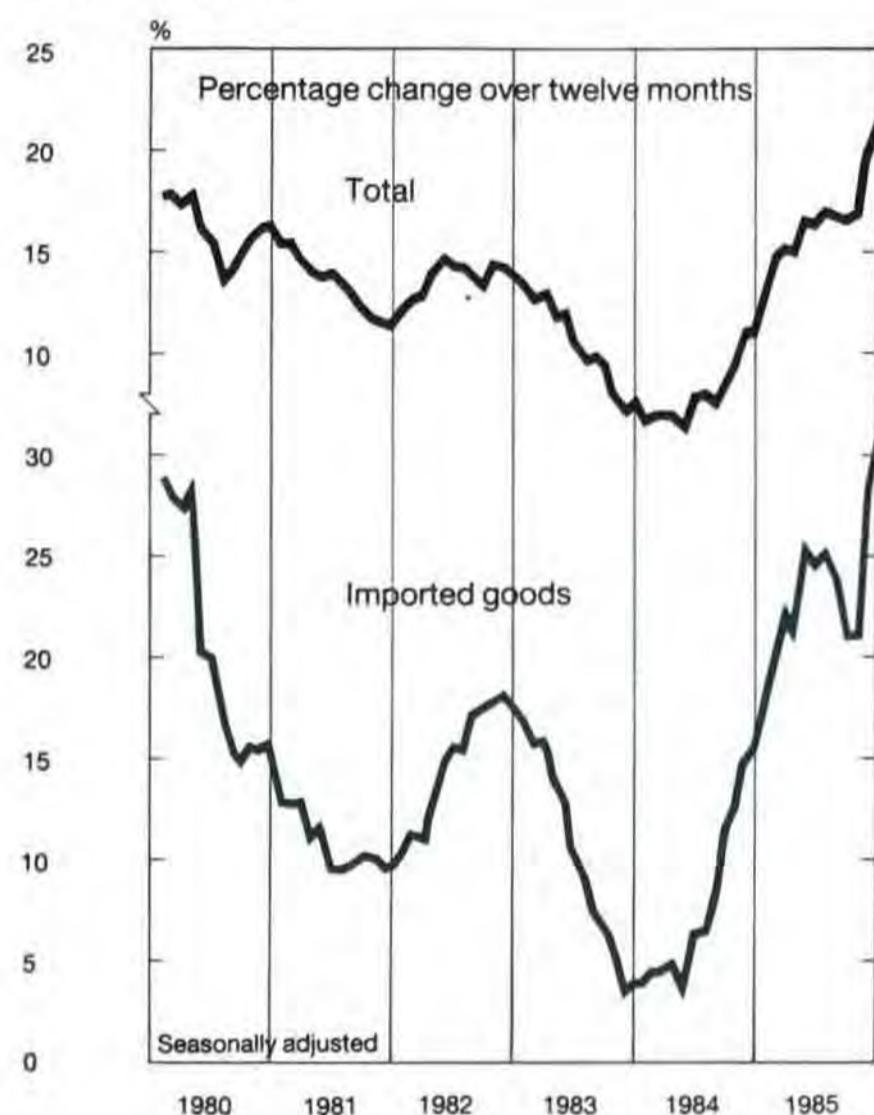
Measured over a twelve-month period, the rate of increase in consumer prices accelerated from 10,0 per cent in February 1984 to 16,4 per cent in June 1985, 18,4 per cent in December and 20,7 per cent in January 1986. However, the average rate of increase in consumer prices during the second half of 1985 (15,6 per cent at a seasonally adjusted annual rate) was lower than that in the first half of the year (18,1 per cent at a seasonally adjusted annual rate). In terms of annual averages, the rate of increase in consumer prices amounted to 16,2 per cent in 1985, compared with 11,7 per cent in 1984.

The increase over a period of twelve months in the production price index accelerated from a low of 6,6 per

Consumer prices



Production prices



cent in May 1984 to 16,7 per cent in June 1985 and to 21,3 per cent in December. The influence of the depreciation of the rand on prices is clearly visible in the behaviour of the import price component of the production price index. The rate of increase over a twelve-month period in import prices accelerated from 3,5 per cent in May 1984 to 24,5 per cent in June 1985 and to 30,7 per cent in December. The imposition from 23 September 1985 of a 10 per cent surcharge on certain imported goods also contributed to the further acceleration of the increase in import prices during the second half of 1985. On average, production prices increased by 16,9 per cent in 1985, as against 8,4 per cent in 1984.

Balance of payments

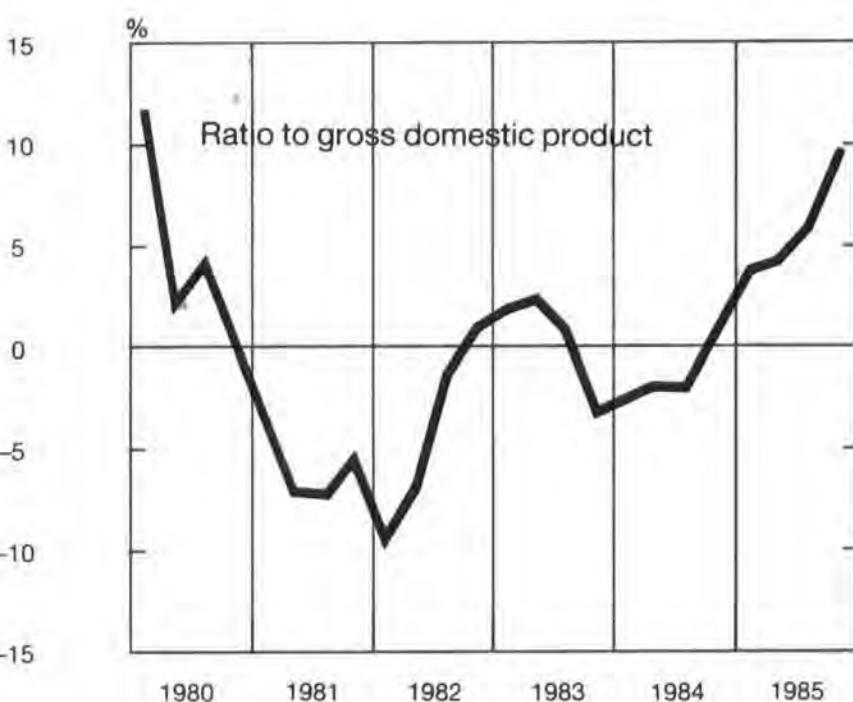
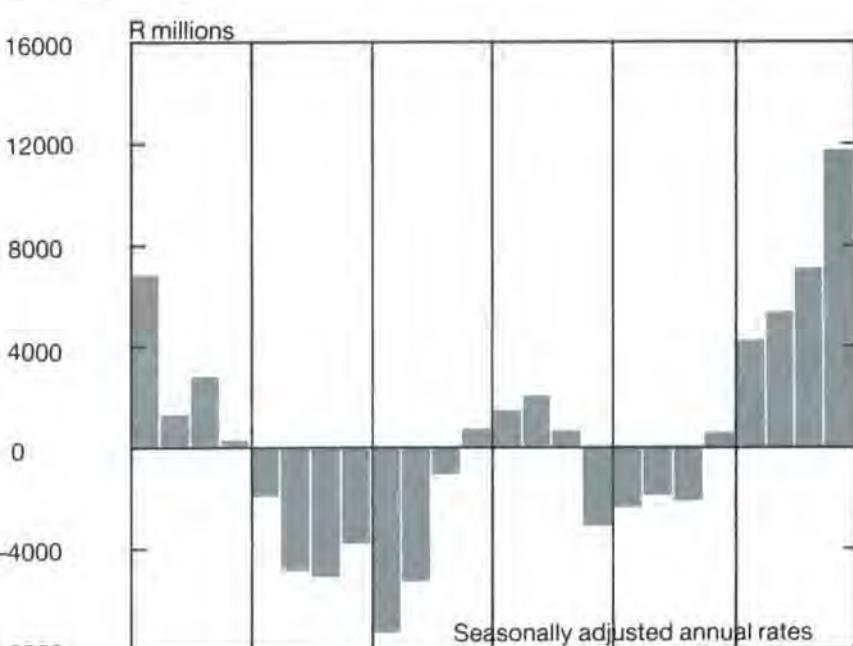
Current account

The combination of subdued domestic demand and imports on the one hand and buoyant exports on the other found expression in a substantial surplus of R7,1 billion (6,0 per cent of gross domestic product) on the current account of the balance of payments in 1985. In 1984 the current account had still shown a deficit of R1,4 billion (1,3 per cent of gross domestic product). The improvement of the current account in the course of 1985 was quite dramatic. At a seasonally adjusted annual rate, the current account surplus grew from R0,7 billion in the fourth quarter of 1984 to R11,9 billion in the fourth quarter of 1985.

Merchandise exports in 1985 benefited not only from the sustained economic upswing in the industrial countries, but also from South African exporters' improved international competitiveness arising from the depreciation of the rand. In addition, the depreciation raised the rand value of export proceeds. Accordingly, the value of merchandise exports increased by no less than 58 per cent in 1985. This represented a volume increase of 22 per cent and a price rise of 29 per cent, the latter reflecting mostly the effect of the lower exchange rate of the rand. All the main categories of exports increased substantially during 1985, with exceptionally large increases occurring in exports of agricultural products, mineral products, wood and paper products and base metals.

Entirely owing to an increase in the rand price of gold, the value of the net gold output rose by 32 per cent in 1985. In volume terms, the net gold output was actually 2 per cent lower in 1985 than in 1984. The average rand price per fine ounce of gold increased from R527 in 1984 to R711, i.e. by 35 per cent, in 1985, whereas the corresponding dollar price per fine ounce declined from US \$360 to US \$317. Reflecting the declining exchange rate of the US dollar, lower interest rates abroad, in particular in Japan, and international political tensions, the dollar price of gold increased from an average per fine ounce of US \$324 in the fourth quarter of 1985 to US \$345 in January

Balance on current account



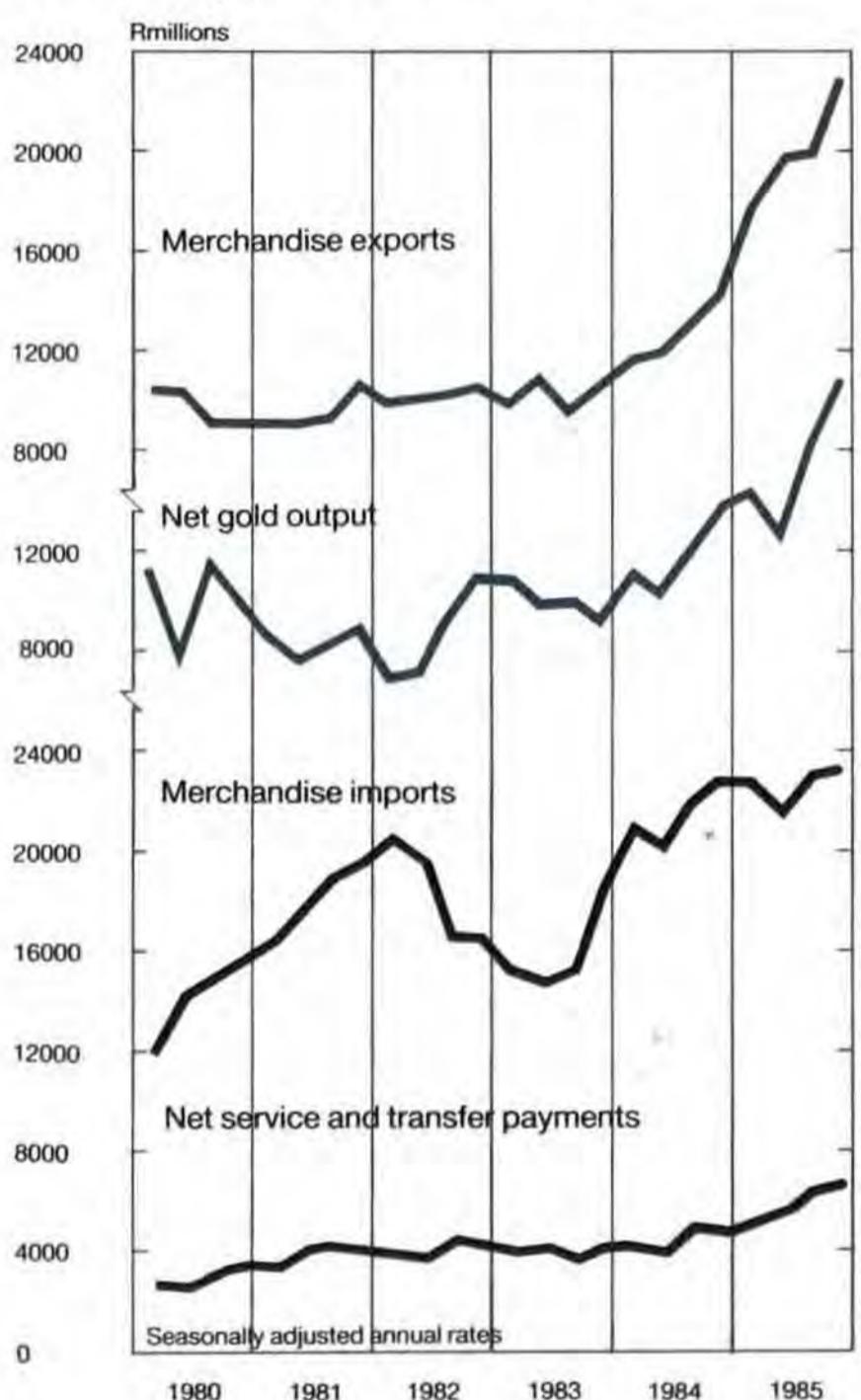
Current account of balance of payments

Seasonally adjusted annual rates

R millions

	1985				
	1st qr.	2nd qr.	3rd qr.	4th qr.	Year
Merchandise exports	17 770	19 573	19 886	22 843	20 018
Net gold exports	14 253	12 623	16 320	18 644	15 460
Merchandise imports	-22 615	-21 527	-22 884	-23 150	-22 544
Trade balance	9 408	10 669	13 322	18 337	12 934
Net service and transfer payments	-5 074	-5 517	-6 243	-6 454	-5 822
Current account balance	4 334	5 152	7 079	11 883	7 112

Balance of payments : Current account



and US \$339 in February 1986. The appreciation of the rand against the US dollar since the end of 1985, however, caused the rand price of gold to decrease from an average of R859 per fine ounce in the fourth quarter of 1985 to R760 per fine ounce in the first two months of 1986.

Merchandise imports in 1985 reflected the sluggish domestic demand and also the discouraging effect of the higher rand prices of imported goods. In volume terms, imports declined by 16 per cent, but the value of imports nevertheless increased by 6 per cent. This implies an increase of 25 per cent in the rand prices of imported goods. Lower import volumes were prominent in the categories machinery and electrical equipment, transport equipment, and mineral products.

Service receipts from foreigners increased notably during 1985, but this increase was more than offset by higher service payments to non-residents as measured in terms of rand. The latter was particularly evident in interest payments on foreign loans and in freight and other transport costs.

Capital account

The capital account of the balance of payments was characterised by a substantial net capital outflow of varying proportions in the course of 1985. A large net outflow of capital (not related to reserves) during the first quarter of the year was followed by a small net inflow in the second quarter and a renewed substantial net outflow in the second half of the year. In 1985 as a whole a net outflow of R10,4 billion was recorded.

Short-term capital movements, and more specifically leads and lags in foreign payments and receipts, were mainly responsible for these erratic capital movements. In the first quarter of 1985 exchange rate expectations and repayments of short-term debt caused a large outflow of short-term capital. Only a small net outflow was recorded during the second quarter, but the outflow again assumed large proportions during the second half of the year, even

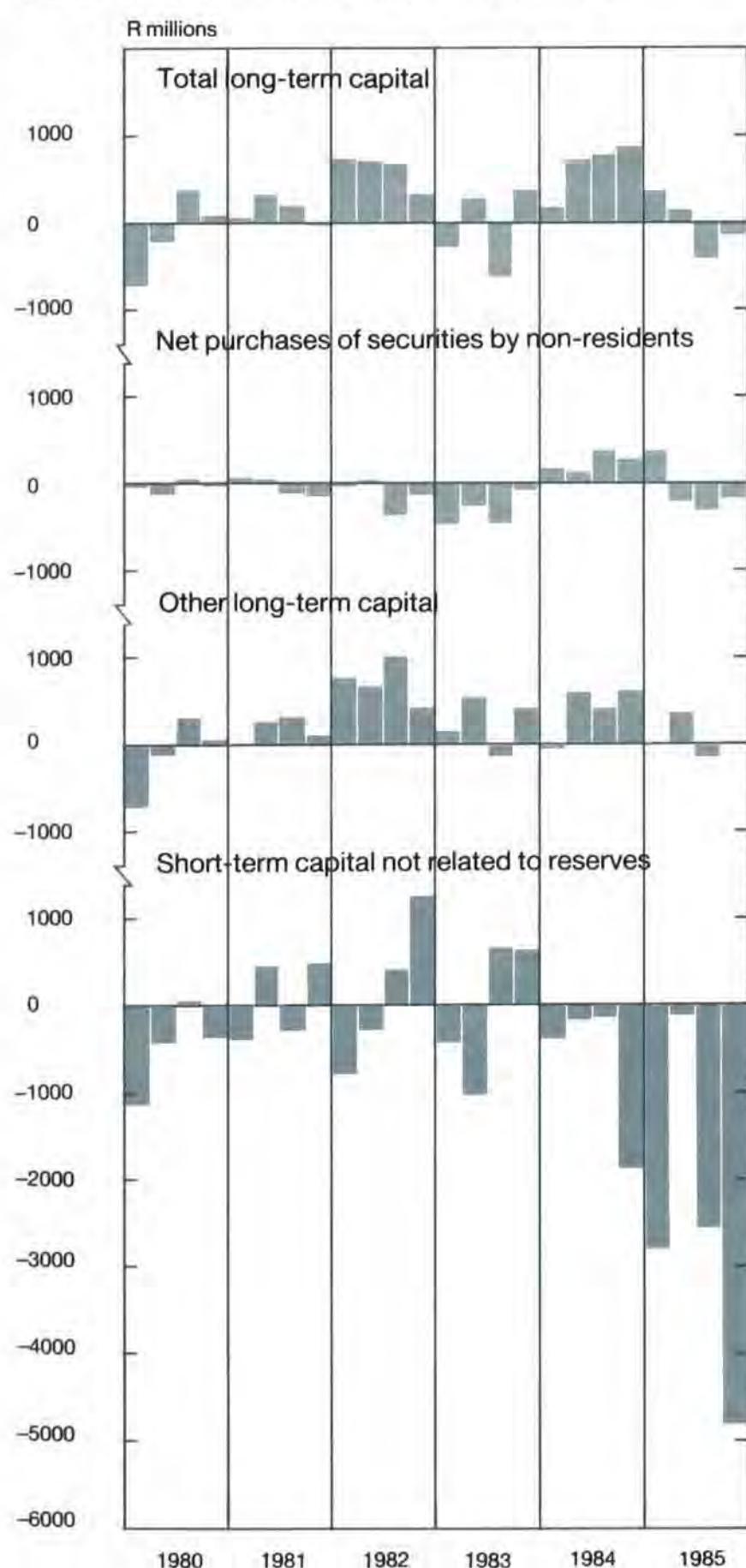
Net capital movements*

R millions

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

*Excluding changes in foreign liabilities related to reserves.

Balance of payments : Net capital movements



after the introduction of a standstill in respect of the repayment of certain forms of foreign debt. Repayments were made on short-term loans exempted from the "standstill" during the second half of 1985. In addition, there was a switch in the financing of imports from a credit to a cash basis, while some exporters delayed the repatriation of export proceeds by granting credit to their customers.

Long-term capital movements in the course of 1985 consisted of a net inflow of R499 million in the first half of

the year and net outflows of R440 million and R156 million in the third and fourth quarters, respectively. The outflow during the second half of the year occurred mainly in the form of repayments on foreign debt by the Central Government. In addition, the steady inflow of long-term funds in the form of net foreign borrowing by public corporations disappeared after the "standstill" had come into effect. Furthermore, net sales by foreigners of securities listed on the Johannesburg Stock Exchange, which had been evident since May 1985, continued during the second half of 1985. However, after the re-introduction of the financial rand system, these sales no longer represented an actual outflow of funds, but merely a switch by foreigners from one form of investment to another*.

Foreign reserves

During 1985 South Africa's net foreign reserves decreased by R3,3 billion. A decline of R1,1 billion during the first quarter of 1985 was followed by an increase of R1,4 billion during the second quarter. The subsequent renewed capital outflow led to a decline of R3,6 billion during the second half of the year. From the beginning of 1986, however, South Africa's net foreign reserves started to increase again and during January and February the net foreign reserves of the Reserve Bank rose by R522 million.

Exchange rates

The weighted average exchange rate of the rand, which had declined by 36 per cent from the end of September 1983 to the end of 1984, decreased further by 28 per cent during 1985. During the first half of 1985 the effective exchange rate of the rand remained relatively stable, but between the end of June and 27 August it decreased sharply by 27,2 per cent. This prompted a

Changes in the exchange rates of the rand

%

	31 Dec 1984 to 29 June 1985	29 June 1985 to 27 Aug 1985	27 Aug 1985 to 18 Dec 1985	18 Dec 1985 to 28 Feb 1986
Weighted average	-0,4	-27,2	-4,4	29,1
US dollar	0,8	-25,9	-1,7	36,4
British pound	-9,6	-31,1	-4,5	33,8
German mark ...	-2,5	-32,6	-11,2	20,8
Swiss franc	-0,9	-34,1	-9,0	25,1
Japanese yen ...	-0,4	-29,5	-16,3	24,1
French franc	-2,5	-32,7	-10,8	21,5

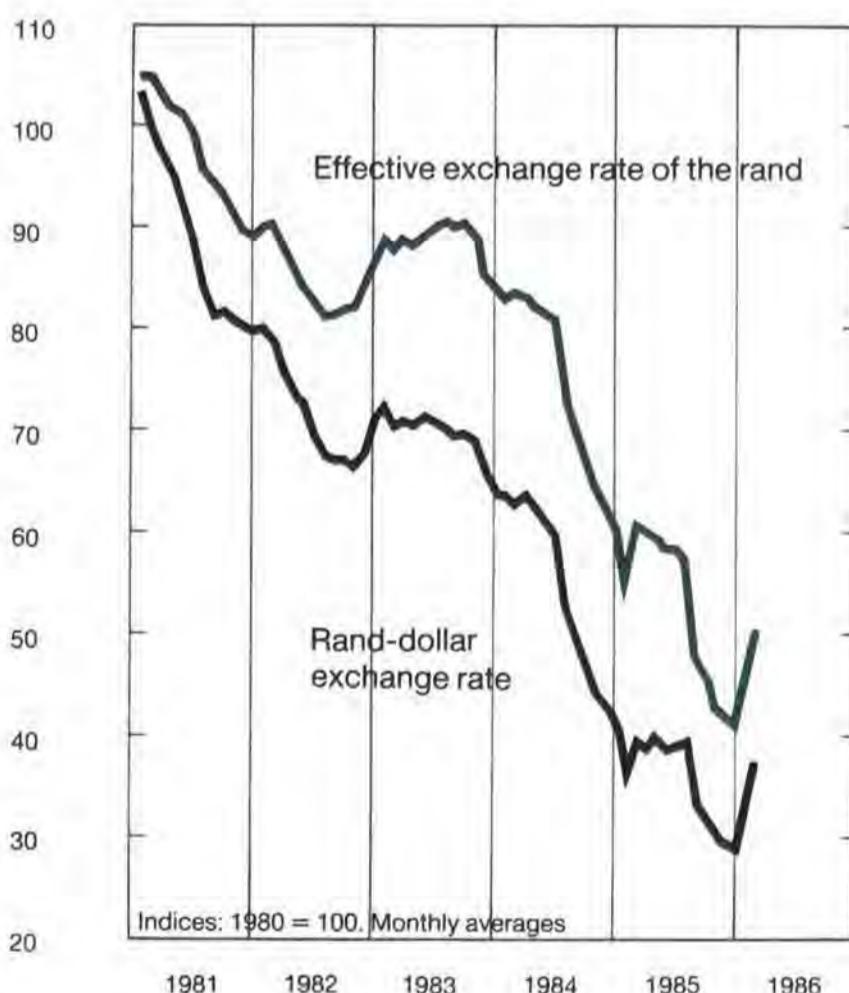
*Statistically, such net sales of securities are shown as a net outflow of long-term capital. To the extent that securities are sold to South African residents, however, the proceeds may not be repatriated but have to be reinvested in approved other assets in terms of the existing exchange control regulations. Accordingly, the reinvestment of funds is shown as a counterbalancing inflow of capital.

temporary closure of the foreign exchange market until 2 September as well as the introduction as from that date of a standstill in respect of the repayment of certain foreign debts and the reintroduction of exchange control over non-residents. The effective exchange rate rose briefly after the reopening of the foreign exchange market, but then decreased again, resulting in a depreciation of 4,4 per cent between 27 August and 18 December 1985. Subsequently, up to the end of February the effective exchange rate of the rand increased by 29,1 per cent, largely as a result of the combination of a large current account surplus and the petering out of unfavourable leads and lags in foreign payments and receipts.

The accompanying table shows that during the first half of 1985 the exchange rate of the rand was fairly stable in terms of most major currencies, with the notable exception of the British pound. Subsequently, the rand depreciated substantially against all major currencies until about the middle of December 1985. This was followed by an appreciation against all major currencies, in particular against the US dollar and the British pound.

The exchange rate of the reintroduced financial rand opened at 37 US cents on 2 September 1985. It then declined to a lower turning point of 24,0 US cents, or a discount of 37,9 per cent to the commercial rand, on 5 November, before recovering to 37,00 US cents, or a discount of 26,6 per cent to the commercial rand, on 28 February 1986.

Exchange rates



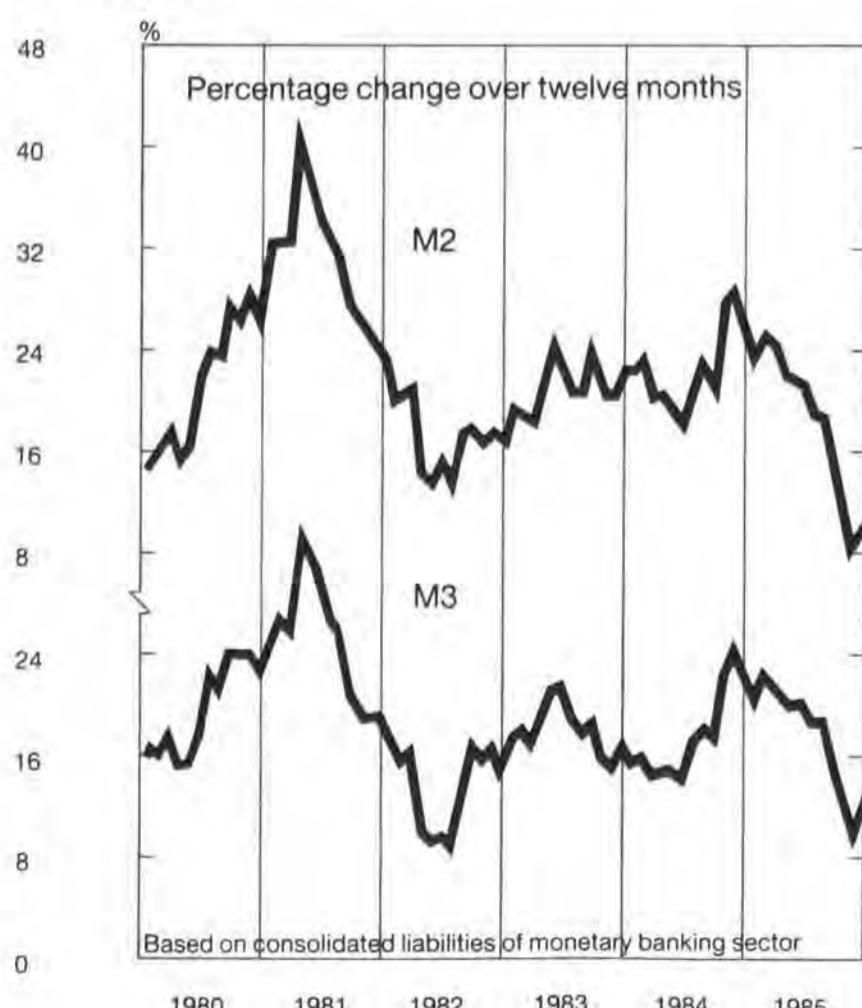
Money and credit

Changes in money supply

The growth rate of the money supply slowed down to well below the inflation rate during 1985. Measured over a period of twelve months, the growth rate of M3 decelerated from a peak of 24,7 per cent in November 1984 to 20,4 per cent in June and to 12,7 per cent in December 1985. The growth rates of the more narrowly defined monetary aggregates slowed down to an even greater extent owing to shifts from short and medium-term deposits to long-term deposits in response to actual and expected changes in deposit rates and the interest rate structure. The comparable growth rates of M1 and M2 decelerated from 39,6 per cent and 28,9 per cent, respectively, in November 1984 to 20,8 per cent and 21,3 per cent, respectively, in June 1985 and to -8,7 per cent and 11,8 per cent, respectively, in December. Shifts in deposits because of a revision of the method of determining the amounts of short and medium-term liabilities on which liquid asset requirements for banking institutions have to be based, caused some distortion in the growth rate of M1 from September 1985 onwards.

The velocity of circulation of the broad money supply (M3) remained relatively stable during 1985. Together with the slow-down in the growth rate of the money supply,

Money supply



this indicates that the rate of increase in monetary demand decelerated during 1985.

Net foreign reserves exerted a contractionary influence on the money supply during the larger part of 1985 and particularly during the second half of the year. Total credit extended by the banking sector, therefore, remained the main counterpart of the further, but more moderate, increase in the broad money supply (M3) during 1985.

Bank credit

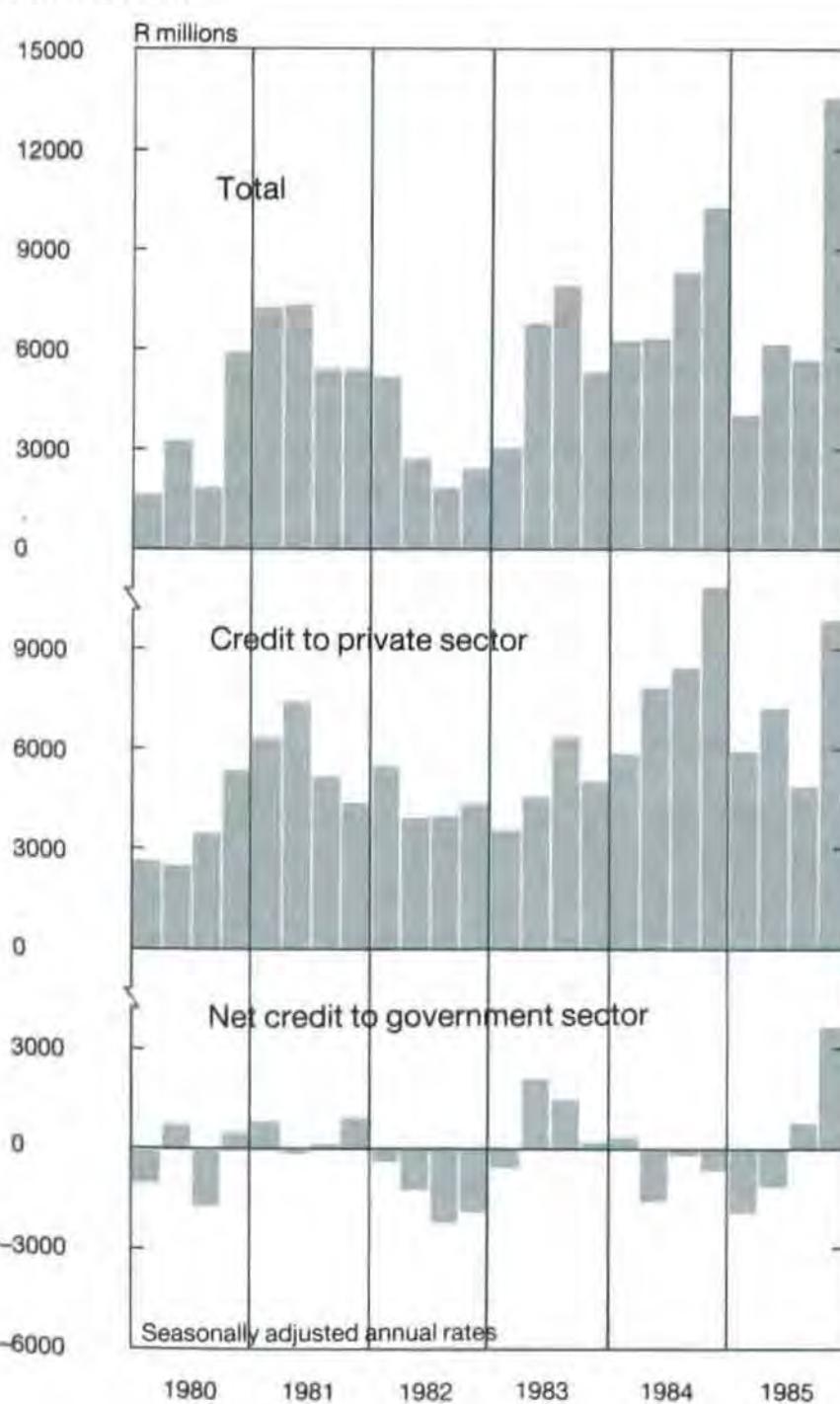
The rate of increase over a twelve-month period in total credit extended by the banking system peaked at 23,5 per cent in March 1985, before slowing down to 15,2 per cent in August. Subsequently, it accelerated again to 19,0 per cent at the end of December because of an increase in net credit to the government sector. In contrast, the comparable growth rate of bank credit to the private

sector decelerated continuously from 27,1 per cent in March 1985 to 17,0 per cent in December.

The increase in bank credit to the private sector during 1985 was mainly in the form of overdrafts to companies in order to supplement smaller cash flows and, from early in the second half of the year, to cover a switch from foreign to domestic financing of international trade transactions. Hire-purchase credit and leasing finance provided by the banks actually declined during 1985, reflecting the decline in the demand for durable consumer and capital goods. Hire-purchase finance, however, increased appreciably during December 1985 because of larger purchases of motor vehicles, partly in anticipation of higher prices.

The private sector's slack demand for credit enabled the banks to expand their liquid asset holdings. Consequently, the shortfall in their required liquid asset holdings, resulting from a change in September 1985 in the prescribed method of calculating the amount of short-term liabilities on which liquid asset requirements have to be based, decreased from R1 689 million in September to only R101 million in December 1985.

Bank credit



Financial markets

Reserve Bank operations in financial markets

During the third quarter of 1985 the Reserve Bank's operations in the financial markets were aimed mainly at offsetting the effects of its large net sales of foreign exchange, associated with the considerable net outflow of capital during August and September, and of the flow of tax payments to the Government. In doing so, the Bank sustained an orderly downward adjustment of interest rates, compatible with fundamental changes in the economy.

The basic aim of the Bank's operations remained unchanged during the fourth quarter. Further net sales of foreign exchange exerted a tightening effect on the money market. In its government debt operations, therefore, the Bank maintained its sales of government stock approximately at the relatively low level of the third quarter. An increase in long-term yields during the fourth quarter also inhibited sales of long-term government stock. Accordingly, net sales of stock declined from R2 516 million in the first half of 1985 to R341 million and R421 million in the third and fourth quarters, respectively. Subsequently, net sales of government stock, amounting to R30 million, were made by the Reserve Bank during January and February 1986.

Sales of predominantly short-term government stock during the fourth quarter contributed to an increase of R628 million in banking institutions' holdings of such stock. As mentioned earlier, banking institutions were

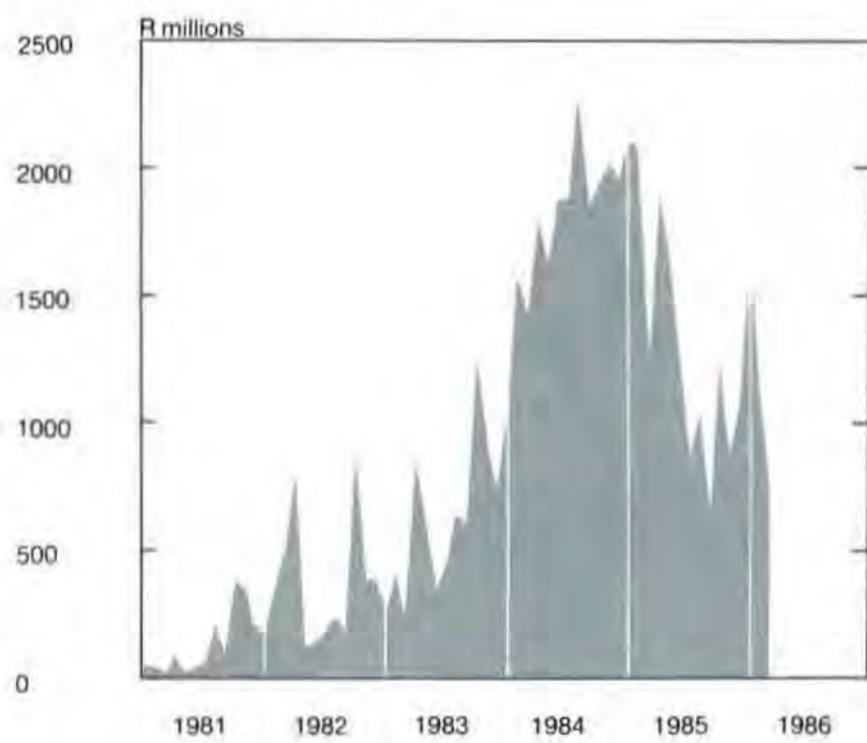
building up their liquid asset holdings during this period in order to reduce their shortfall of required liquid assets.

In addition to lower government stock sales, the Reserve Bank assisted the market almost continuously during the fourth quarter and in early January 1986 by entering into and renewing repurchase agreements with banking institutions. At the end of 1985 unexpired agreements amounted to R700 million, but by 9 January 1986 they had all terminated. A new agreement amounting to R500 million was, however, entered into over the February month-end. Furthermore, funds of the Corporation for Public Deposits, amounting to about R800 million, were kept on deposit with the discount houses during most of the fourth quarter as well as during January 1986. These deposits were, however, reduced to a generally lower level during February. To iron out short-term market fluctuations still further, the Reserve Bank varied the amounts of Treasury bills and Land Bank bills offered at the weekly tenders.

Reflecting economic and financial changes affecting the money market as well as the Reserve Bank's operations in the market, the Bank's refinancing, in the form of rediscounts and overnight loans to discount houses and other banking institutions, increased from a monthly average low of R623 million in August 1985 to R1 248 million in September. Subsequently, the monthly average amount of refinancing rose to R1 664 million in December. Owing to easier market conditions from the beginning of 1986, this refinancing declined to an average of R1 094 million in January and R734 million in February.

In accordance with the cooling-down of the economy, the improvement of the balance of payments and the deliberate easing of monetary policy, Bank rate was reduced in nine steps between 6 May 1985 and 17 January 1986 from 21,75 per cent to 12,0 per cent. Broadly corresponding reductions were also made in the Bank's other rediscount rates and in its interest rates on overnight loans to discount houses and other banking institutions.

Refinancing by Reserve Bank



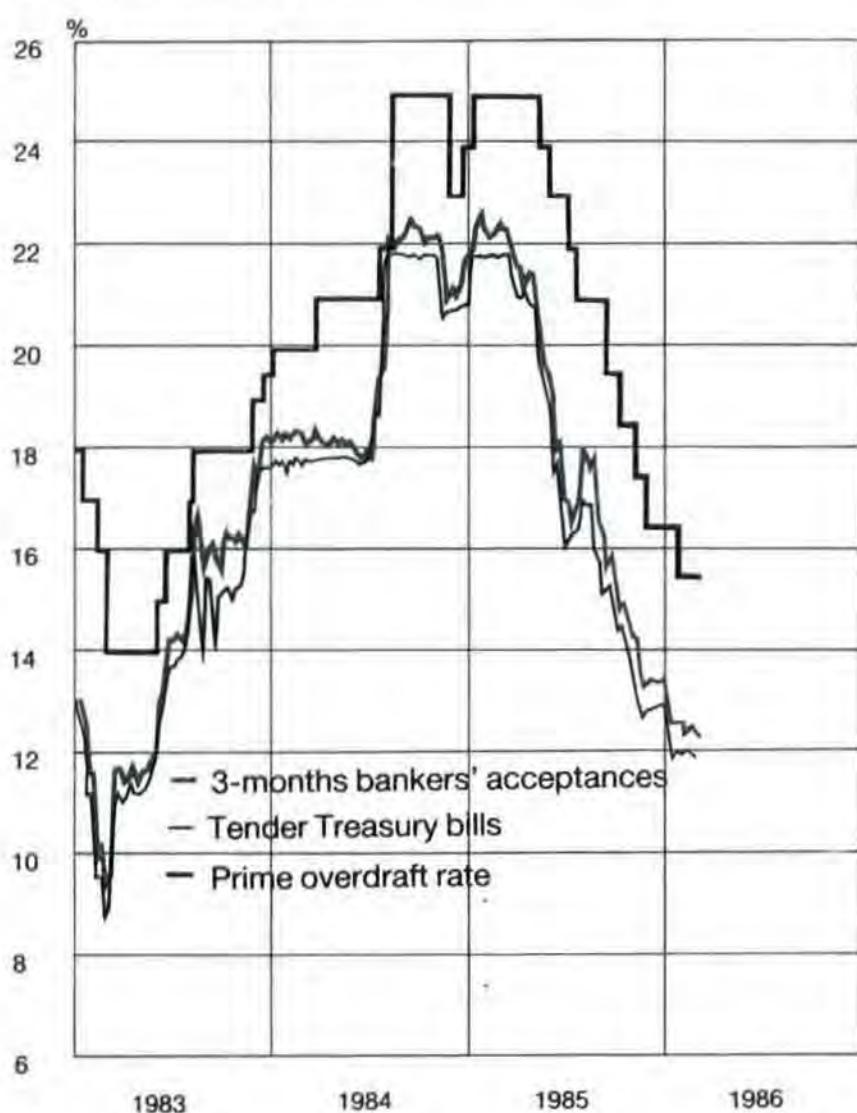
Short-term interest rates

The downward movement of short-term interest rates from the beginning of March 1985 was temporarily interrupted during July and early August by the effect on the market of unfavourable socio-political developments. This interest rate decline continued into 1986.

The rate on three-month bankers' acceptances, for example, declined from 22,40 per cent on 1 March 1985 to 16,90 per cent on 28 June. It then increased to 17,90 per cent on 2 August, before declining to 13,55 per cent at the end of December 1985 and to 12,25 per cent in the middle of February 1986. Subsequently, it firmed marginally to 12,30 per cent at the end of February. The Treasury bill tender rate followed a similar course. It declined from 21,76 per cent on 1 March 1985 to 16,00 per cent on 28 June, before rising to 17,04 per cent on 2 August. Subsequently it declined to 11,96 per cent at the end of February 1986.

Capital market activity and long-term interest rates

Short-term interest rates



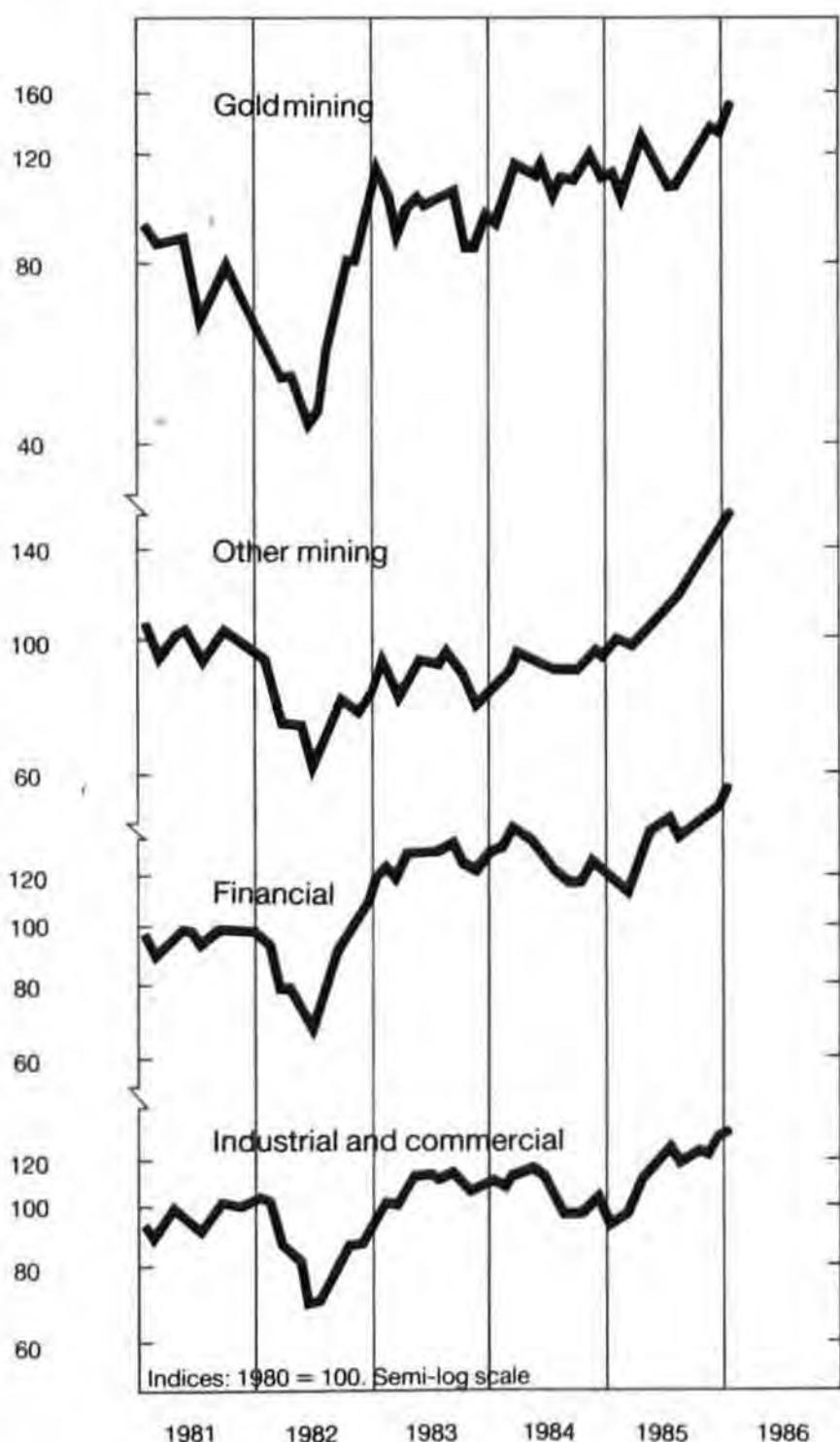
Movements in the prime overdraft rate of the clearing banks closely followed changes in Bank rate. It was reduced on nine occasions between May 1985 and January 1986 from 25 per cent to its present level of 15,5 per cent. Short-term deposit rates moved more or less in step with changes in overdraft rates. For example, the rate on negotiable certificates of deposit of three months declined from 23,75 per cent on 1 March 1985 to 13,15 per cent at the end of February 1986.

In recognition of the lower level of interest rates, the lending rate ceilings imposed in terms of the *Limitation and Disclosure of Finance Charges Act* were reduced as from 11 February 1986. The maximum rate for money lending, credit, hire-purchase and leasing transactions of R2 500 or less was reduced from 32 per cent to 29 per cent and for transactions of more than R2 500, but less than R50 000, from 30 per cent to 24 per cent.

Capital market activity

In most sections of the capital market, activity increased considerably from the beginning of 1985 and remained fairly buoyant throughout the year. This was evident in an increased amount of new funds raised in the primary capital market by both the public and private sectors, in higher new mortgage loans granted by building societies, and in a larger stock exchange turnover in public-sector stock as well as company shares. Only the value of real estate transactions declined in 1985, despite an improvement towards the end of the year.

Share prices



In the primary market, new issues of public-sector stock increased from R3,2 billion in 1984 to R3,5 billion in 1985. Likewise, new funds raised by companies in the form of loan stock and share capital increased from R1,2 billion in 1984 to R1,8 billion in 1985. New mortgage loans granted by building societies rose from R3,1 billion in 1984 to R4,8 billion in 1985. The increased lending by the societies was based on a considerably larger intake of new funds as well as a stronger demand for housing loans after mortgage rates had declined.

In the secondary market, the value of public-sector stock traded on the stock exchange increased from R26,6 billion in 1984 to R51,2 billion in 1985 and the value of shares traded from R3,7 billion to R6,4 billion. In contrast, the value of real estate transactions declined from R11,6 billion in 1984 to R9,7 billion in 1985.

Except for a temporary interruption during August, share prices rose more or less consistently during 1985 and January 1986, recording new peak levels from September 1985 onwards. From September 1984 to December 1985 share prices, in fact, increased on average by 33 per cent, followed by a further rise of 6 per cent in January 1986. Initially during 1985, the strong investment demand for shares arose from significant purchases by foreigners of listed securities. However, as foreigners became net sellers of securities towards the middle of the year, local institutional and other investors seeking suitable investment outlets and a hedge against inflation maintained a demand for shares that was sufficiently strong to bring about higher prices.

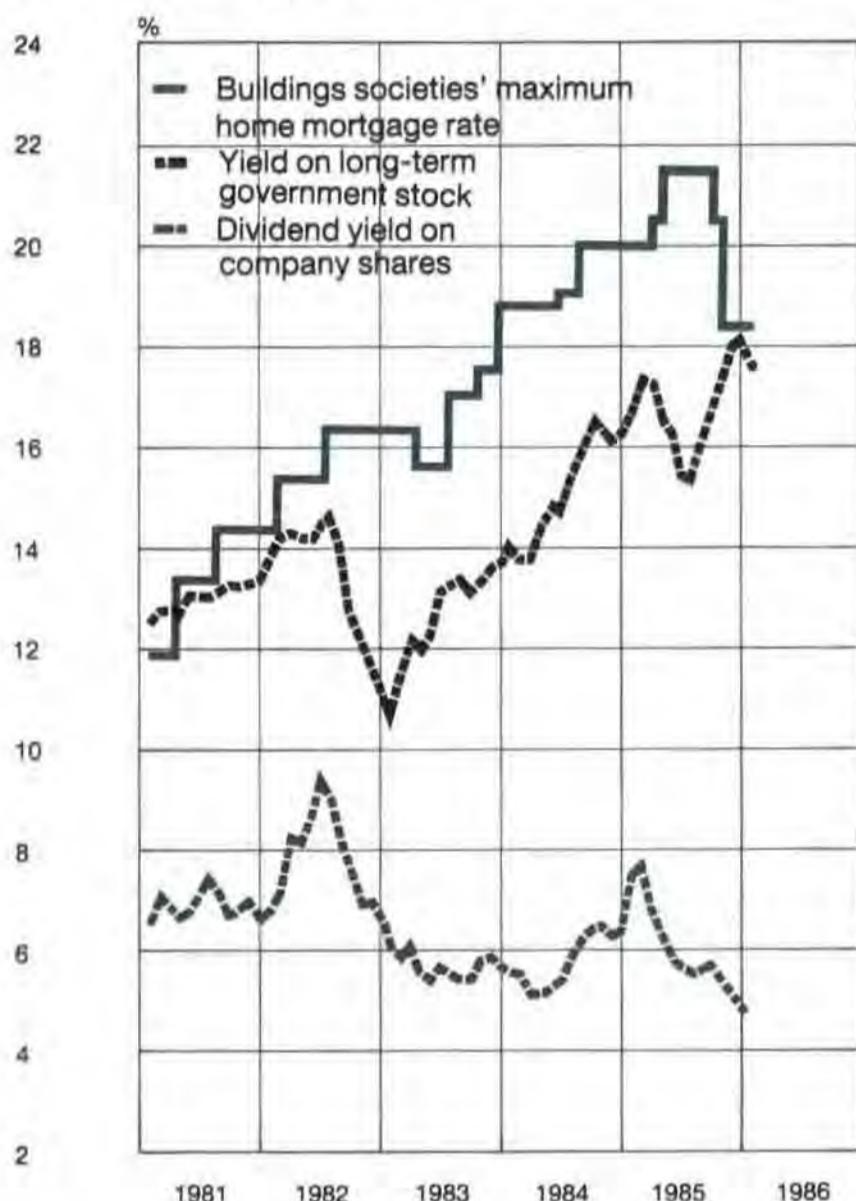
Long-term interest rates

The sharp rise in share prices resulted in a decrease in the dividend yield on all classes of shares from its recent peak of 7,7 per cent in February 1985 to 4,8 per cent in December.

Longer-term deposit rates also followed the general downward movement of interest rates, but declined more moderately than short-term rates. For example, the predominant rate for twelve-month deposits with banks and building societies declined from 20,5 per cent in March 1985 to 14,0 per cent in January 1986. In the case of the building societies, the lower cost of funds led to a reduction in mortgage rates. The predominant maximum rate for building societies' home mortgage loans was lowered from 21,50 per cent in April 1985 to 18,25 per cent in October.

In contrast with the general pattern of interest rate changes, long-term yields on fixed-interest securities moved upwards during the last five months of 1985. These increases reflected uncertainty on the part of investors regarding longer-term political developments and the ultimate effect of the disinvestment campaign, as well as investors' views on the prospective inflation rate. In these circumstances, the average yield on long-term government stock, for example, which had declined from 17,4 per cent in February 1985 to 15,3 per cent in July,

Long-term interest rates



rose to 18,1 per cent in December 1985. In January 1986, however, perceptions improved and this yield declined to 17,6 per cent, followed by a further decrease to 17,2 per cent in February 1986.

Government finance

Exchequer issues

Issues to government departments from the Exchequer Account* increased by 22,3 per cent in the first ten months of the fiscal year 1985/86, i.e. from April 1985 to January 1986, in comparison with the corresponding period in the preceding fiscal year. The Additional Budget, presented to Parliament on 24 February 1986, provided for additional expenditure of R1 163 million (including the amount of R600 million provided in September 1985 for alleviating unemployment) and statutory appropriations of R654 million during the 1985/86 fiscal year. If anticipated savings of R300 million are taken into account, total net additional expenditure amounted to R1 517 million, 4,8 per cent of the original budgeted expenditure of R31 460 million.

Exchequer receipts

Compared with the corresponding period in the preceding fiscal year, Exchequer receipts increased by 26,2 per cent in the first ten months of the 1985/86 fiscal year. This

rate was substantially higher than the Budget estimate of 18,8 per cent for the fiscal year as a whole, mainly because of increased revenue receipts from gold mines and non-mining companies, higher general sales tax proceeds and additional revenue in the form of a surcharge on imports. To a large extent the substantial increase in non-mining companies' tax payments was due to exceptional circumstances, such as the elimination of arrears in tax collections and the introduction of a third provisional tax payment for companies.

Financing of Exchequer deficit

The deficit on the Exchequer Account, excluding borrowing and debt repayment, amounted to R3 452 million* in the first ten months of the fiscal year 1985/86. Although it is at this stage larger than the Budget estimate of R2 970 million, the deficit before borrowing for 1985/86 will probably not amount to much more than 3 per cent of gross domestic product. During the first nine months* of the year the deficit of R3 397 million was financed from the following sources:

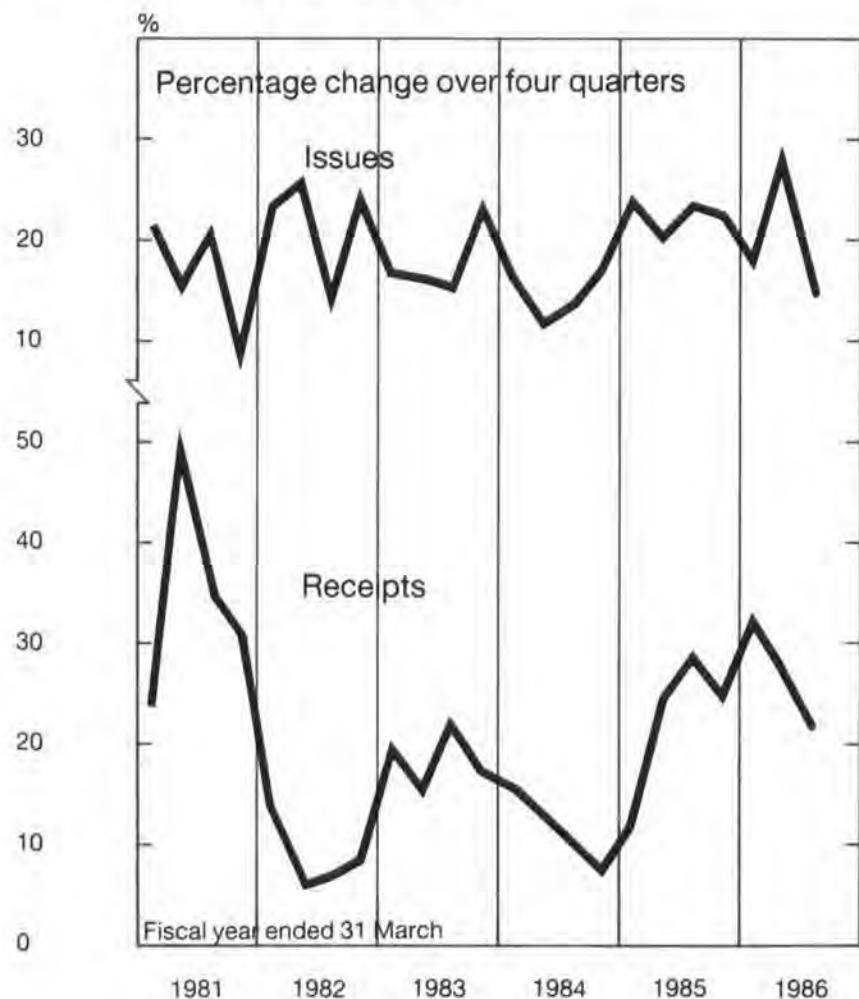
	R millions
Public Investment Commissioners	2 199
Non-bank private sector	436
Monetary banking sector	1 182
Foreign sector*	-111
	<hr/>
	3 706
Less discount on government stock	-309
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Total	3 397
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*The Exchequer Account is adjusted for changes in the balance on the Paymaster-General Account.

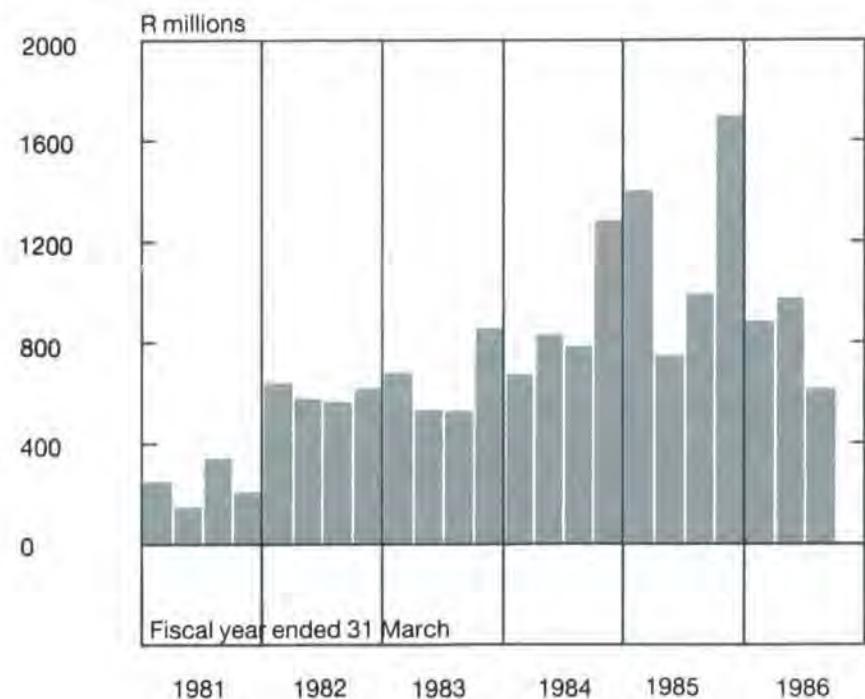
•Excluding a transfer to the Gold and Foreign Exchange Contingency Reserve Account of R655 million.

*Latest available information.

Exchequer issues and receipts



Exchequer deficit



Budget of the South African Transport Services for 1986/87

In the Budget of the South African Transport Services for the 1986/87 financial year, presented to Parliament on 19 February 1986, total revenue was estimated at R9 322 million. Included in this amount is the estimated additional revenue resulting from the general increase in passenger fares and cargo rates which came into effect in January 1986, as well as from further increases in domestic air fares (from 1 March) and the average tariff increase of 5,0 per cent in respect of goods and passenger traffic fares (from 1 April). Operating expenditure in the 1986/87 financial year was estimated at R9 420 million, leaving a deficit of R98 million, compared with an anticipated deficit of R396 million in 1985/86. Capital expenditure in 1986/87 was estimated at R1 046 million, or R604 million less than budgeted for in 1985/86.

Budget of Department of Posts and Telecommunications for 1986/87

In the Budget of the Department of Posts and Telecommunications for the 1986/87 financial year, presented to Parliament on 3 March 1986, operating expenditure was estimated at R3 421 million, an increase of R517 million or 17,8 per cent over the preceding year. A further R255 million will also be required mainly for loan redemptions and the staff housing scheme. At the existing tariffs, income in 1986/87 was estimated at R3 165 million, which left an operating deficit of R511 million. This deficit would be financed by means of a weighted average tariff increase of 15,0 per cent in telecommunication and postal tariffs from 1 April 1986. It was estimated that additional income of R475 million would be derived from the higher tariffs, resulting in an operating deficit of R36 million. Capital expenditure was estimated at R1 724 million, 19,9 per cent more than in 1985/86.

Kwartaallikse ekonomiese oorsig

Inleiding

Gegewens wat vir die vierde kwartaal van 1985 beskikbaar is, ondersteun die vroeëre waarnemings dat die ekonomiese afswaai wat sedert die middel van 1984 ondervind is, in die derde kwartaal van 1985 ten einde geloop het. 'n Matige, maar taamlik breed gefundeerde, opswaai het in werklikheid in die vierde kwartaal na vore gekom. Toenames in die reële produksie was waarneembaar in die meeste sektore van die ekonomie en sommige komponente van die reële bruto binnelandse besteding het begin om 'n matige herstel te toon. Terselfdertyd het 'n hernieuwe toename in nie-landbouwerkverskaffing in die derde kwartaal begin. Niteenstaande die herstel teen die einde van die jaar het die reële bruto binnelandse produk in 1985 nogtans met 1 persent gedaal.

Die jongste statistiese gegewens bevestig dat die ekonomiese aanpassingsproses sedert die middel van 1984 'n gesonde grondslag gelê het vir hernieuwe ekonomiese uitbreiding in die tydperk vorentoe. So is oormatige vraag uitgeskakel, soos wat die daling in die reële bruto binnelandse besteding sedert die middel van 1984 getuig. Gepaardgaande met hierdie daling in die besteding het die binnelandse besparingsverhouding bykans teruggekeer tot sy langtermynneiging. Terselfdertyd het die land se arbeidsbronse en produksiekapasiteit onderbenut geraak.

Boonop is 'n gesonde saldo op die lopende rekening van die betalingsbalans in 1985 daargestel. Ondersteun deur die laer wisselkoers van die rand het die uitvoer in terme van sowel waarde as volume aansienlik uitgebrei. Terselfdertyd het 'n afname in volume voorkom dat daar enige beduidende toename in die waarde van die goedere-invoer voorgekom het. Teen die vierde kwartaal van 1985 was die invoer ongeveer gelyk aan die nie-gouduitvoer alleen. Ooreenkomsdig hierdie ontwikkeling is 'n oorskot op die lopende rekening van ongeveer R7 miljard, 6 persent van die bruto binnelandse produk, in 1985 aangegetekend.

Hierdie oorskot is benut vir die financiering van 'n aansienlike netto uitvloei van kapitaal, wat verband gehou het met ongunstige persepsies van politieke en ekonomiese ontwikkelings in Suid-Afrika en korttermyn verskuiwings in vervroegings en vertragings in buitelandse betalings en ontvangste in reaksie op veranderings in verwagtings aangaande wisselkoerse. Die netto uitvloei van kapitaal, nie verwant aan reserwes nie, het in 1985 meer as R10 miljard bedra. Ten spyte van die groot oorskot op die lopende rekening het die netto buitelandse reserwes derhalwe met ongeveer R3 miljard gedaal. Vroeg in 1986 is hierdie gety egter omgekeer, hoofsaaklik omdat die ongunstige vervroegings en vertragings afgeloop het. Met 'n voortgesette oorskot op die lopende rekening het die netto buitelandse reserwes gevoleklik weer begin styg met 'n gepaardgaande styging in die wisselkoers van die rand.

Aanvanklik gedurende die aanpassingstydperk het die geldvoorraad voortgegaan om vinnig te styg, maar vanaf Desember 1984 het die toename aanmerklik verlangsaam tot koerse aansienlik onder die inflasiekoers. So, byvoorbeeld, het die toename oor twaalf maande in M3 verlangsaam vanaf 'n hoogtepunt van 24,7 persent in November 1984 tot 12,7 persent in Desember 1985. Die belangrikste statistiese "oorsake" van die stadiger monetêre uitbreiding was 'n daling in die netto buitelandse reserwes en 'n laer koers van toename in bankkrediet.

Met die oog op die groter ruimte vir ekonomiese uitbreiding, het die klem in ekonomiese beleid meer na die bevordering van ekonomiese groei verskuif. Dienooreenkomsdig het die monetêre owerhede rentekoerse toegeelaat, en by tye doelbewus aangemoedig, om te daal. So, byvoorbeeld, is die Bankkoers tussen 6 Mei 1985 en 17 Januarie 1986 verlaag van 21,75 persent tot 12 persent, terwyl die verrekeningsbanke se prima-oortrekkingskoers gedurende ongeveer dieselfde tydperk van 25 tot 15,5 persent verlaag is. Bo en behalwe hierdie verligting in die monetêre beleid is die fiskale beleid ook verslap deur toe te laat dat die owerheidsbesteding die oorspronklike begrotingsraming oorskry. Stapte is egter gedoen om te verseker dat die bykomende uitgawes deur bykomende inkomste gedek word ten einde te voorkom dat die tekort voor lenings wesenlik awyk van die oorspronklike mikpunt van $2\frac{1}{2}$ persent van die bruto binnelandse produk.

Ten spyte van hierdie verskuiwing in die klem in ekonomiese beleid dui twee belangrike beperkings op die noodsaak vir omsigtigheid met die stimulering van die ekonomie. Ten eerste is die inflasiekoers nog buitengewoon hoog. Die toename oor twaalf maande in verbruikerspryse het byvoorbeeld versnel tot 18,4 persent in Desember 1985 en tot 'n rekord van 20,7 persent in Januarie 1986. Die huidige hoë inflasiekoers is egter nie 'n weerspieëeling van oormatige vraag nie maar hoofsaaklik van die voorafgaande skerp depresiasi van die rand, waarvan die inflasionistiese uitwerking eers met verloop van tyd sal verdwyn. Ten tweede vereis die noodsaaklikheid om Suid-Afrika se buitelandse skuld te verminder, in die huidige klimaat van disinvestering deur buitelanders, 'n vlak van totale besteding wat versoenbaar is met 'n oorskot op die lopende rekening van die betalingsbalans.

Binnelandse ekonomiese ontwikkelings

Binnelandse produksie

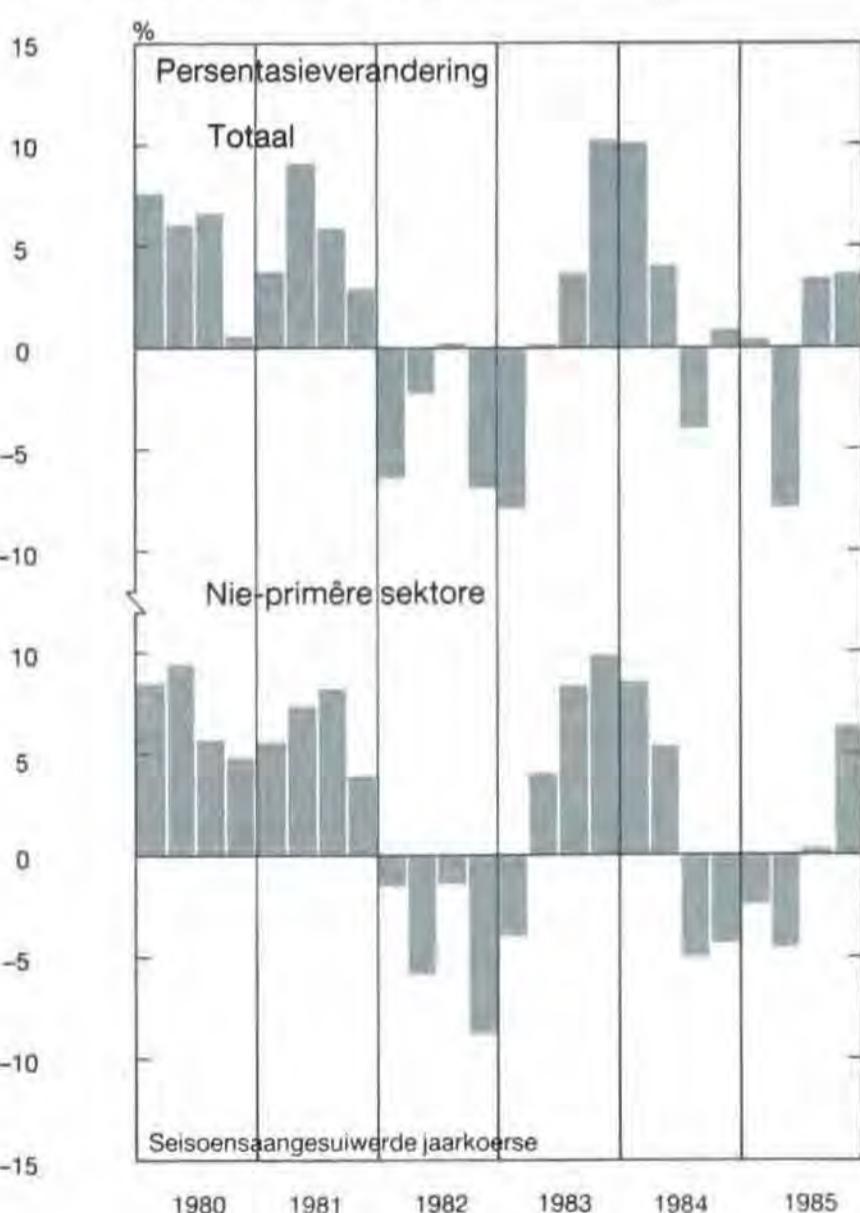
Voorlopige aanduidings dat die sikkiese afswaai wat sedert die middel van 1984 ondervind is, in die derde kwartaal van 1985 ten einde geloop het, is bevestig deur 'n verdere toename in die reële bruto binnelandse produk in die vierde kwartaal. In teenstelling met die derde kwartaal, toe die hernieuwe styging in die binnelandse produksie in 'n groot mate tot die primêre sektore beperk was, het die voortgesette herstel in produksie gedurende die vierde kwartaal oor 'n taamlik breë basis voorgekom. Reële produksietoenames het in al die hoofsektore van die ekonomie voorgekom, met uitsondering van die landbou. In besonder was die herstel in produksie opmerklik in die fabriekswese en handel, na die afnames wat tot die derde kwartaal voorgekom het.

Produksieveranderings in die landbou, fabriekswese en handel in die vierde kwartaal kan vir verdere kommettaar uitgesonder word. Die afname in reële landbouproduksie was toe te skryf aan die ondergemiddelde koring-

oes in die Oranje-Vrystaat. Reële fabrieksproduksie het op die afplatting van die afname in die binnelandse vraag gereageer, maar was ook 'n weerspieëeling van 'n hoër uitvoervraag wat ondersteun is deur die voordele internasionale mededingingsposisie van Suid-Afrikaanse uitvoerders, voortspruitende uit die voorafgaande depresie van die rand. In die handel was die toename in die reële toegevoegde waarde hoofsaaklik 'n weerspieëling van die beter toestand in die motorhandel. Dit het voortgespruit uit die daling in rentekoerse sedert Mei, die verslapping van huurkoopvoorraad in September 1985 en klaarblyklik ook uit vervroegde aankope om hoër prys te vermy ná die depresiasi van die rand in 1985.

Nieteenstaande die herstel gedurende die tweede helfte van 1985, het die reële bruto *binnelandse* produk nogtans in die volle kalenderjaar met ongeveer 1 persent gedaal, vergeleke met 'n toename van 5 persent in 1984. 'n Verbetering in die ruiervoet, tesame met veranderings in netto faktorbetalings aan die res van die wêreld, het egter meegebring dat die reële bruto *nasionale* produk in 1985 marginaal met ongeveer 'n 1/2 persent toegeneem het.

Reële bruto binnelande produk



Persentasieverandering in reële produksie

	1983	1984	1985
Primêre sektore	-6	4½	3½
Landbou	-27	13½	15
Mynbou	½	2½	½
Nie-primêre sektore	-1	5	-2
Fabriekswese	-6½	3	-5½
Konstruksie	-5½	1	-4
Handel	3½	10	-5
Algemene overheidsdienste	5	4	-
Ander dienste*	-	6	½
BBP teen faktorinkome	-2½	5	-½
BBP teen markpryse	-2½	5	-1

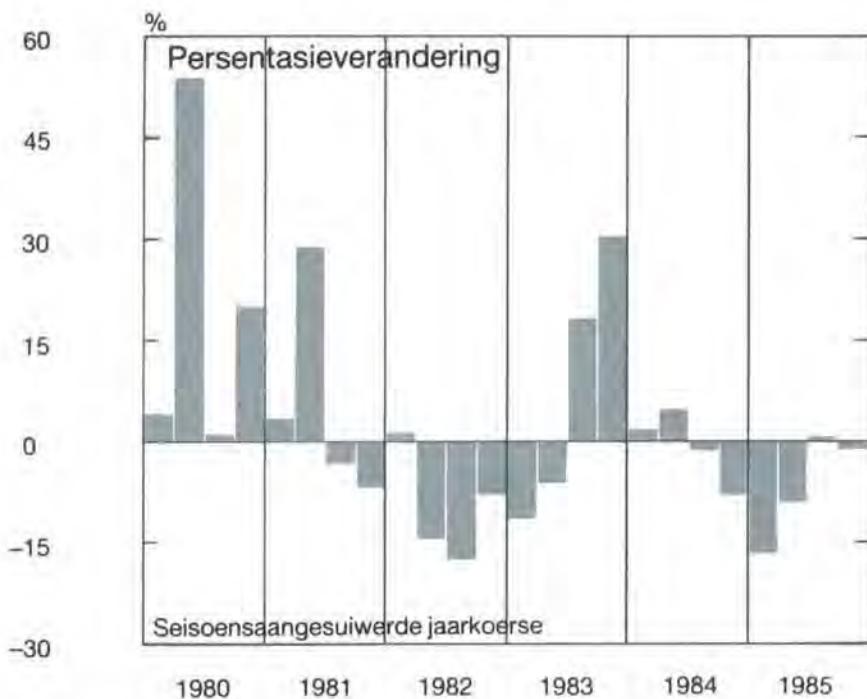
*Vervoer en kommunikasie; finansies, versekering, vaste eiendom en sakedienste; en ander gemeenskaps-, maatskaplike en persoonlike dienste.

Die bygaande tabel bevat 'n sektorale ontleding van reële produksieveranderings in 1985. Produksietoenames het slegs in die primêre sektore, d.w.s. landbou en mynbou, en in die dienstesektor voorgekom. In laasgenoemde sektor was finansiële dienste oorwegend verantwoordelik vir die hoër produksievlek. Die tabel toon ook dat die uitwerking van die binnelandse ekonomiese resessie veral opmerklik was in die produksieveranderings van die fabriekswese, konstruksie en handel. Van besondere belang is die uiteenlopende groeineigings wat deur die fabriekswese, konstruksie en handel aan die een kant, en die mynbou aan die ander kant, getoon is. Terwyl die uitvoergeoriënteerde mynbousektor lewendige vraagtoestande ondervind het, voortspruitende uit die ekonomiese oplewing in die nywerheidslande en die depresiasi van die rand, is die fabriekswese, konstruksie en handel swaar getref deur die gedempte binnelandse vraag.

Binnelandse besteding

Die toename in reële bruto binnelandse produk in die derde en vierde kwartale van 1985 was gedeeltelik in reaksie op die toename in reële bruto binnelandse besteding gedurende die tweede helfte van 1985. In die 1985-kalenderjaar het reële bruto binnelandse besteding met ongeveer $7\frac{1}{2}$ persent gedaal, nadat 'n toename van soortgelyke omvang in die vorige jaar aangeteken is.

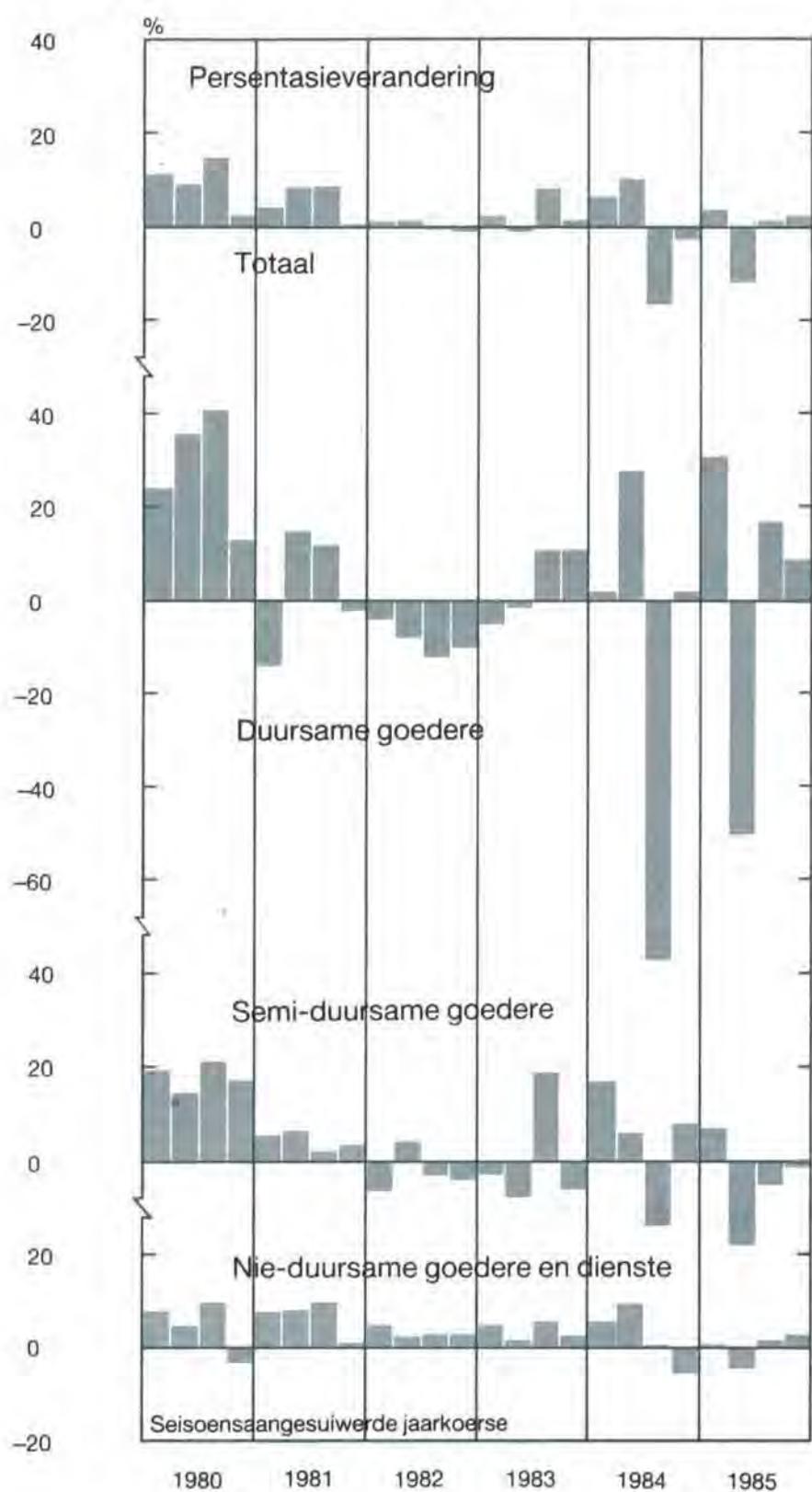
Reële bruto binnelandse besteding



Die betekenisvolste verandering in 1985 in die individuele bestedingskomponente was die matige opswaai in reële private verbruiksbesteding gedurende die derde kwartaal en sy verdere toename in die vierde kwartaal. In 'n belangrike mate het verdere herstel in reële verbruikersvraag in die vierde kwartaal egter 'n skerp styging in die besteding aan motorvoertuie vanaf 'n baie laevlak in die derde kwartaal, weerspieël. In teenstelling hiermee het die reële besteding aan meubels en huishoudelike toestelle, semi-duursame goedere en sekere nie-duursame goedere in die vierde kwartaal gedemp gebly, gedeeltelik as gevolg van 'n afname in reële salaris en lone per werknemer en georganiseerde verbruikersboikkotte. Ten spyte van die matige herstel teen die einde van die jaar, het die reële private verbruiksbesteding in 1985 nog met 3 persent gedaal, vergeleke met 'n toename van $2\frac{1}{2}$ persent in 1984.

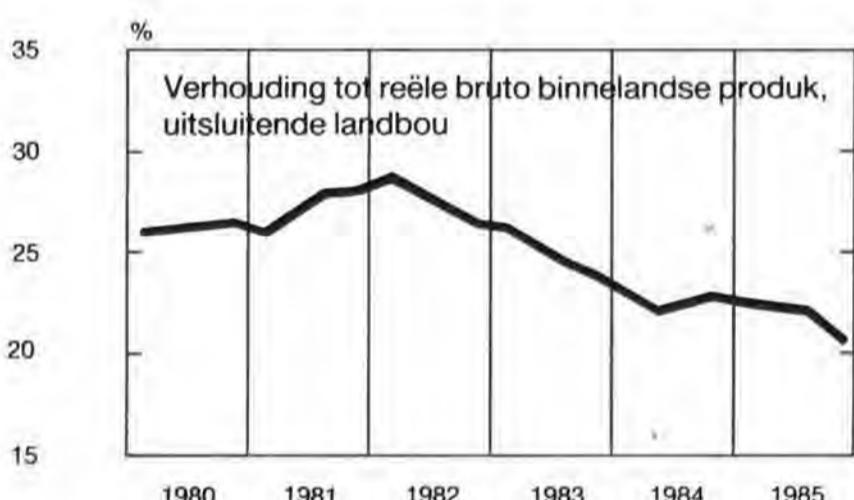
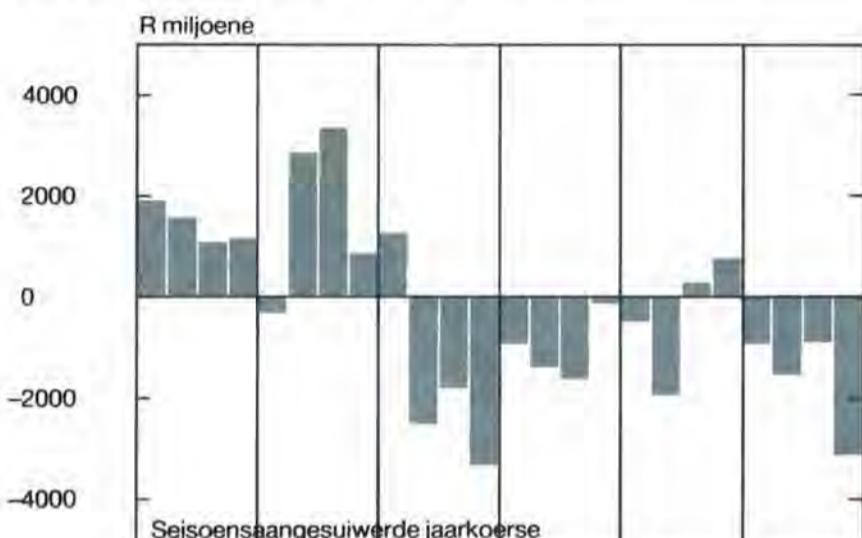
Reële verbruiksbesteding deur die algemene owerheid, wat 'n sterk uitbreidende krag gedurende 1984 was toedit met soveel as $7\frac{1}{2}$ persent gestyg het, het in 1985 met ongeveer 1 persent gedaal. Die beperking van die groei in indiensneming en die aankope van goedere en dienste deur die algemene owerheid, het bygedra om die vlak van reële owerheidsverbruiksbesteding in 1985 te verlaag.

Reële private verbruiksbesteding



Reële bruto binnelandse vaste investering het in 1985 met 2 persent gedaal. Toenames in vaste investering deur die openbare korporasies en openbare owerhede van onderskeidelik $5\frac{1}{2}$ persent en $1\frac{1}{2}$ persent is deur die afname van $6\frac{1}{2}$ persent in die reële vaste kapitaalbesteding deur die private sektor oortref. 'n Ontleding van die private sektor se reële vaste investering toon dat slegs die mynbou in 1985 'n toename aangeteken het. Die uitbreiding van produksiekapasiteit in die mynbou is aangemoedig deur die toename in die uitvoervraag, die voordeelige uitwerking van die depresiasi van die rand op die randwaarde van uitvoeropbrengste en deur die bestaande belastingtoegewings. Die toename in reële vaste investe-

Reële nywerheids- en handelsvoorraade



ring deur die openbare sektor in 1985 was hoofsaaklik beperk tot die openbare korporasies en die Departement van Pos- en Telekommunikasiewese. Vaste kapitaalbesteding deur die algemene owerheid het geen verandering getoon nie en dié van die Suid-Afrikaanse Vervoerdienste het effens gedaal.

Die onbeplande betreklik hoë vlak van voorrade aan die einde van 1984, ná 'n onvoorsiene daling in die binne-landse vraag gedurende die tweede helfte van die jaar, is in die loop van 1985 reggestel toe afnames in reële voorrade in al vier die kwartale aangeteken is. Reële nywerheids- en handelsvoorraade is in so 'n mate uitgeput dat die verhouding van hierdie voorrade tot die reële bruto binnelandse produk van die nie-landbousektore in die vierde kwartaal van 1985 'n historiese laagtepunt van $20\frac{1}{2}$ persent bereik het. Die aanvulling van hierdie voorrade met die oog op die verwagte opswaai in die binne-landse vraag kan gevvolglik in 1986 'n ekspansionistiese faktor word.

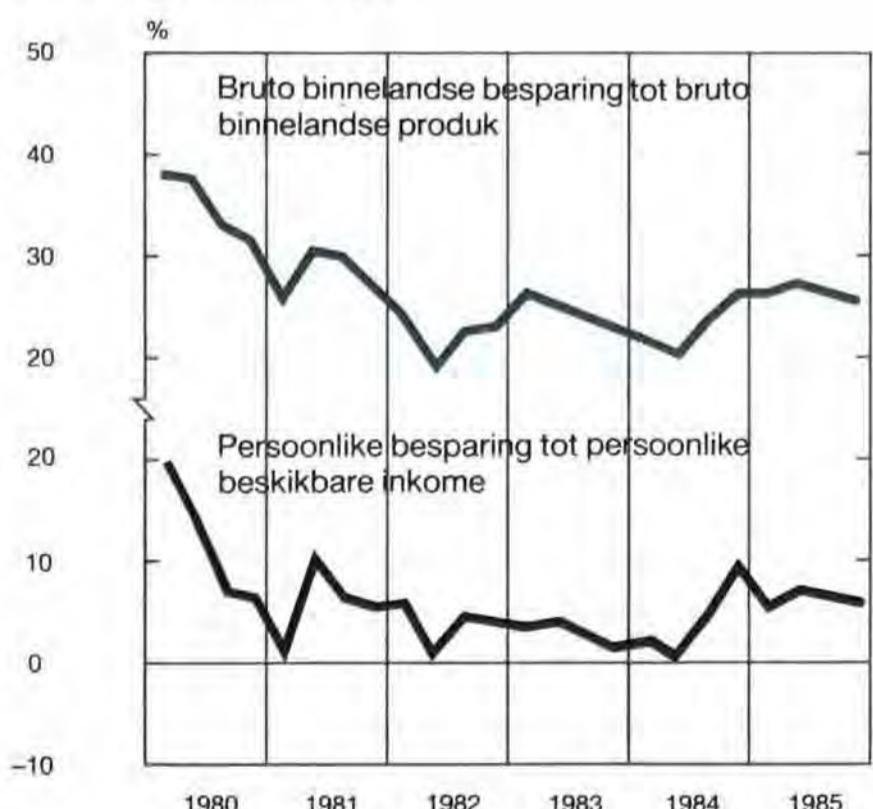
Faktorinkome en besparing

Die totale vergoeding van werknemers het in 1985 met 10 persent gestyg, vergeleke met 'n toename van ongeveer 18 persent in 1984. Met die bruto bedryfsurplus wat teen $16\frac{1}{2}$ persent uitgebrei het, wat naastenby dieselfde as in 1984 was, het die groeikoers in die nominale bruto binnelandse produk teen faktorkoste gevvolglik van $17\frac{1}{2}$ persent in 1984 tot $12\frac{1}{2}$ persent in 1985 gedaal.

Afgesien van die mynbou en die sektor wat elektrisiteit, gas en water voorsien, het die totale arbeidsvergoeding in al die hoofsektore van die ekonomie in 1985 teen laer koerse toegeneem as in die vorige jaar. Verder het die toename in arbeidsvergoeding, gemeet oor 'n interval van vier kwartale, in die loop van 1985 in toenemende mate afgeneem tot 'n lae koers van $7\frac{1}{2}$ persent in die vierde kwartaal. Die toename in die bruto bedryfsurplus in 1985 het hoofsaaklik voortgevloeи uit 'n aansienlike toename in die winste van die mynbou- en die finansiële sektor en klein winstoename in die fabriekswees en die sektor wat elektrisiteit, gas en water voorsien. Hierdie toenames het die afnames in die bedryfsurplus van die konstruksie-, handel- en vervoersektor meer as goedgemaak.

Die verhouding van bruto binnelandse besparing tot die bruto binnelandse produk het tot $26\frac{1}{2}$ persent in 1985 toegeneem vanaf 'n vlak van 23 persent in 1984. Die volgehoute toename in die kwartaallikse besparingsverhouding sedert die vierde kwartaal van 1984 is egter in die vierde kwartaal van 1985 onderbreek toe dit ietwat afgeneem het tot 25 persent vanaf $26\frac{1}{2}$ persent in die derde kwartaal. Die beter vertoning van besparing in 1985 het

Besparingsverhoudings



Suid-Afrika gehelp om 'n uitvloei van kapitaal na die res van die wêreld te finansier en op hierdie wyse sy netto buitelandse skuldposisie met 'n aansienlike marge te verminder.

'n Belangrike bydrae tot die verbetering in die nasionale besparingsverhouding het van die huishouding sektor gekom, soos duidelik blyk uit 'n toename in die verhouding van persoonlike besparing tot persoonlike beskikbare inkomste, naamlik vanaf $3\frac{1}{2}$ persent in 1984 tot 6 persent in 1985. 'n Aansienlike toename in landbouinkomste en 'n stadiger toename in private verbruiksbesteding teen heersende pryse was die hoofoorsake van die hoër besparingskoers van private huishoudings. Ter selfdertyd het die algemene owerheid daarin geslaag om sy eie ontsparing te verminder. Maatskappybesparing het egter in 1985 slegs marginaal toegeneem, hoofsaaklik as gevolg van 'n daling in die bruto bedryfsurplusse van die meeste nie-mynbousektore en 'n vinnige styging in inkomstebelastingbetalings deur maatskappye. In 'n groot mate was laasgenoemde toename toe te skryf aan maatreëls wat daarop gemik is om die effektiewe koers van maatskappybelasting te verhoog, die instelling van 'n derde voorlopige belastingbetalings vir maatskappye, en die uitskakeling van agterstallige werk in verband met die invordering van maatskappybelasting.

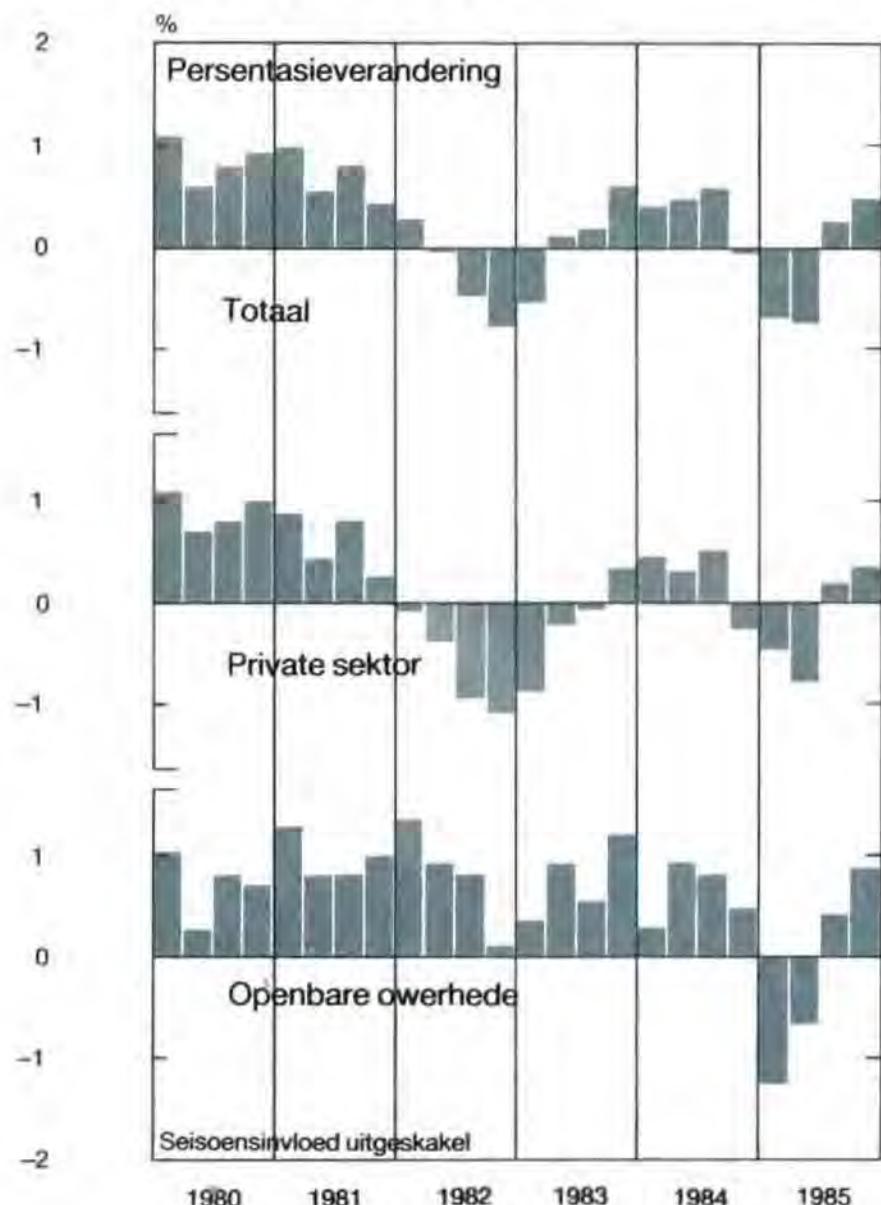
Werkverskaffing, arbeidsvergoeding en -produktiwiteit

As deel van die herstel van reële ekonomiese bedrywigheid, het werkverskaffing buite die landbou, wat vanaf die vierde kwartaal van 1984 tot die tweede kwartaal van 1985 gedaal het, in die derde en vierde kwartaal teen seisoensaangesuiwerde jaarkoerse van onderskeidelik 1,0 en 2,0 persent toegeneem. Hierdie toename was opmerklik in die werkverskaffing deur sowel die private sektor as die openbare owerhede, in besonder deur die mynbou, finansiële instellings, die Sentrale Regering, die Departement van Pos- en Telekommunikasiewese, plaaslike owerhede en statutêre liggame. Boonop het die toename in die vierde kwartaal ook hoër werkverskaffing deur die fabriekswese, konstruksie en die provinsiale administrasies ingesluit. Desnieteenstaande was die nie-landbouwerkverskaffing in 1985 nog 0,7 persent laer as die vlak in 1984. Die laer vraag na arbeid is in 'n aansienlike styging in werkloosheid weerspieël. Die aantal geregistreerde werkloses het regdeur die jaar gestyg.

Spesiale opleidings- en werkskeppende programme is gedurende 1985 ingestel om werkloosheid te verlig. Teen die einde van die jaar het 75 000 mense hul opleiding in terme van hierdie programme voltooi. Meer as 'n kwart het met die hulp van die Departement van Mannekrag werk gekry, terwyl sommige van die ander sonder die bystand van die Departement gesikte werk gekry het. Daarbenewens is ongeveer 150 000 mense met spesiale projekte, insluitende selfbou-behuiskemas, teen die einde van 1985 in diens geplaas.

Die styging in nominale salaris en lone per werker in die nie-landbousektore van die ekonomie het verlang-

Nie-landbouwerkverskaffing



saam van 16,4 persent in 1984 tot 11,1 persent in 1985. In reële terme het die vergoeding per werker in 1984 met 4,2 persent gestyg, maar het daarna in 1985 met 4,4 persent gedaal.

Arbeidsproduktiwiteit, soos gemeet deur die reële bruto binnelandse produk per werker in die nie-landbousektore, het in 1985 met 0,7 persent gedaal. Die netto uitwerking van die laer arbeidsproduktiwiteit en die stadiger toename in nominale arbeidsvergoeding was 'n effens laer koers van toename van 12 persent in arbeidseenheidskoste vergeleke met 'n toename van 13 persent in 1984.

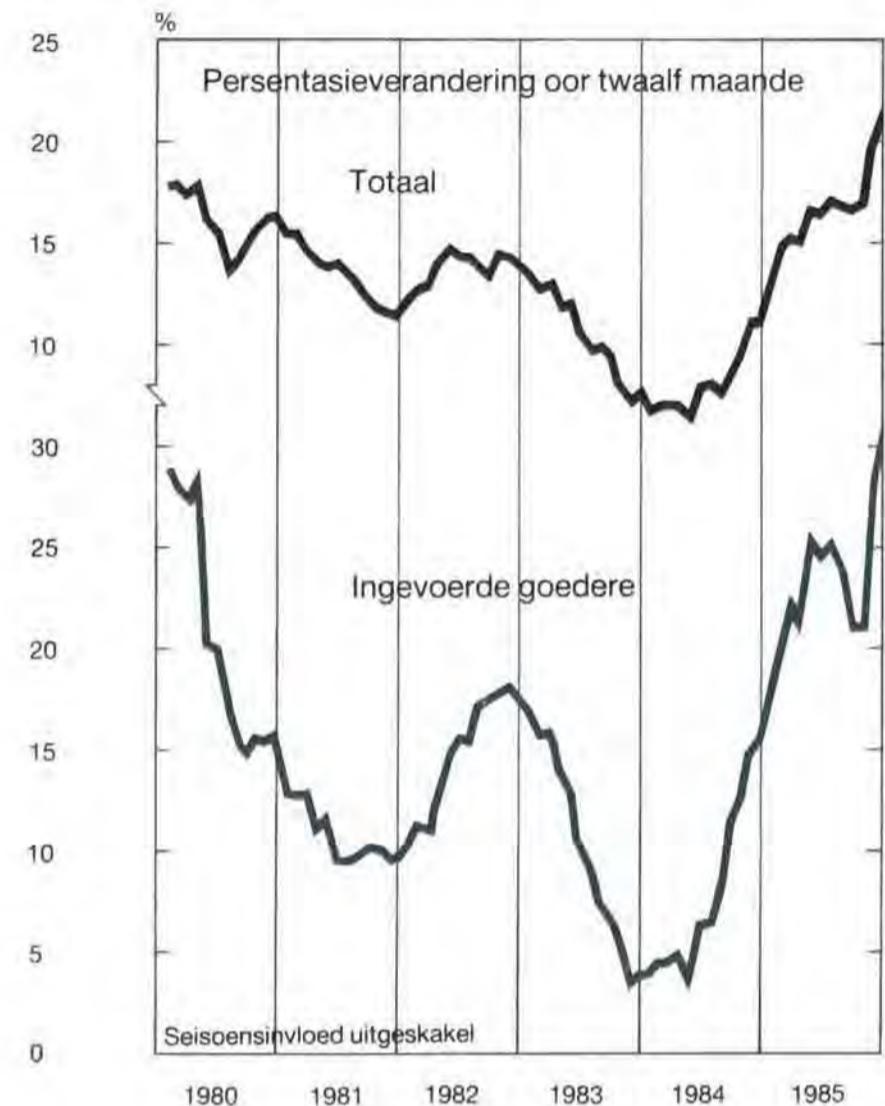
Pryse

Die inflasiekoers, soos gemeet deur die stylings in die verbruikers- en produksieprysindeks, het vroeg in 1984 begin toeneem en gedurende 1985 verder versnel. Gedurende die eerste helfte van die jaar het hierdie versnelling hoofsaaklik die vertraagde uitwerking van die oormatige monetêre vraag in 1983/84, asook die depresiasi van die rand en 'n toename in die koers van die algemene verkoopbelasting in Maart 1985, weerspieël. 'n Verdere depresiasi van die rand na die einde van

Verbruikerspryse



Produksiepryse



Junie, die instelling van 'n invoerheffing, toenames in 'n aantal geadministreerde prysen en 'n skerp styging in voedselprys gedurende die vierde kwartaal, het bygedra om die koers van prysstygings gedurende die res van die jaar en vroeg in 1986 nog verder te laat versnel.

Oor 'n tydperk van twaalf maande gemeet, het die koers van toename in verbruikerspryse versnel van 10,0 persent in Februarie 1984 tot 16,4 persent in Junie 1985, 18,4 persent in Desember en 20,7 persent in Januarie 1986. Die gemiddelde koers van toename in verbruikerspryse gedurende die tweede helfte van 1985 (15,6 persent teen 'n seisoensaangesuiwerde jaarkoers) was egter laer as in die eerste helfte van die jaar (18,1 persent teen 'n seisoensaangesuiwerde jaarkoers). In terme van jaarlikse gemiddeldes, het die koers van toename in verbruikerspryse in 1985 16,2 persent bedra, teenoor 11,7 persent in 1984.

Die toename oor 'n tydperk van twaalf maande in die produksieprysindeks het versnel van 'n laagtepunt van 6,6 persent in Mei 1984 tot 16,7 persent in Junie 1985 en tot 21,3 persent in Desember. Die invloed van die depre-siasi van die rand op prysen is duidelik waarneembaar in die gedrag van die invoerpryskomponent van die produksieprysindeks. Die koers van toename oor 'n tydperk van twaalf maande in invoerpryse het versnel van 3,5 persent in Mei 1984 tot 24,5 persent in Junie 1985 en tot 30,7 persent in Desember. Die instelling vanaf 23 September 1985 van 'n 10 persent bobelasting op sekere ingevoerde goedere het ook bygedra tot die verdere versnelling in die

toename in invoerpryse gedurende die tweede helfte van 1985. Produksiepryse het in 1985 met gemiddeld 16,9 persent gestyg, teenoor 8,4 persent in 1984.

Betalingsbalans

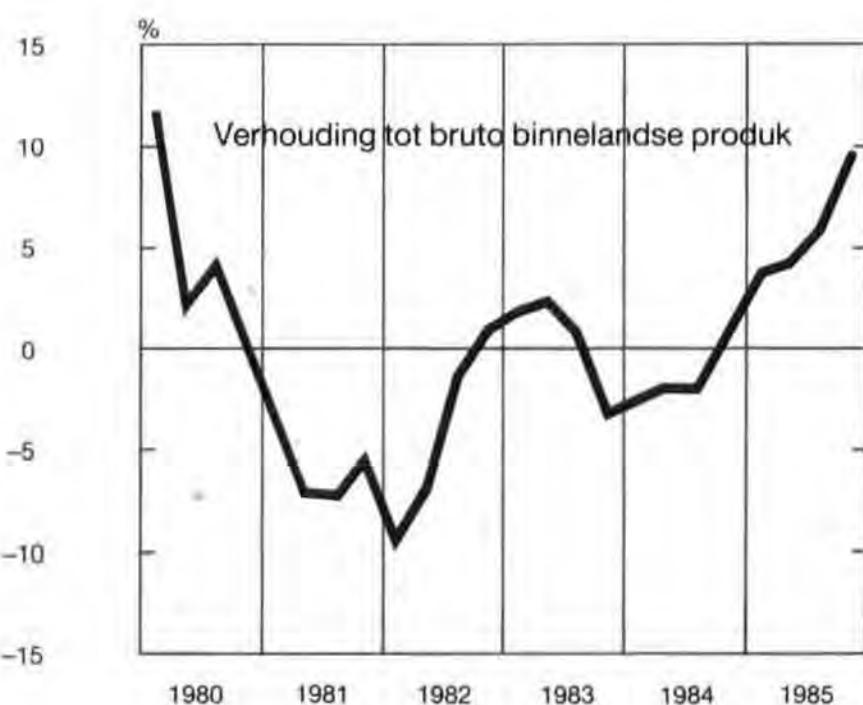
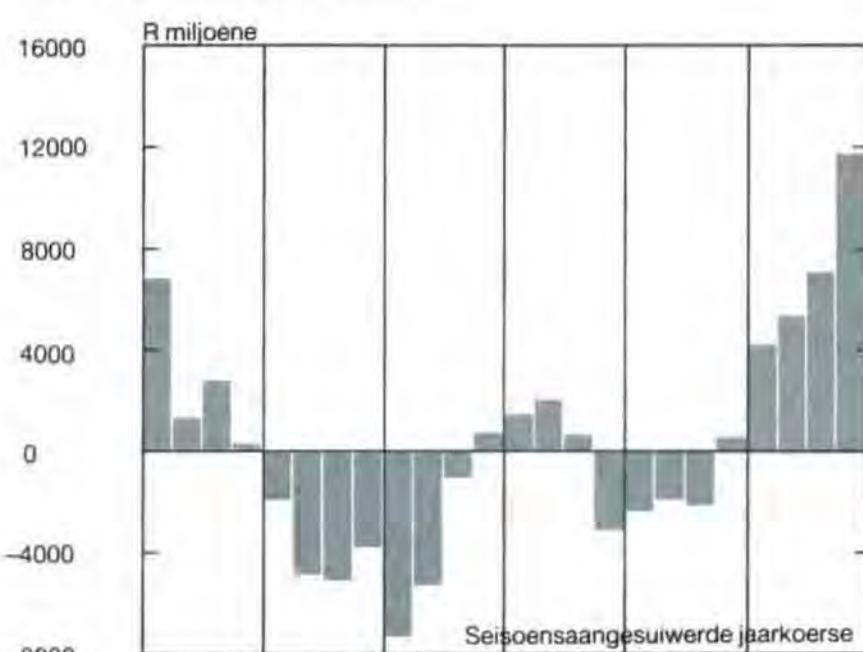
Lopende rekening

Die kombinasie van 'n gedempte binnelandse vraag en invoer aan die een kant en lewendige uitvoer aan die ander kant, het in 1985 tot uiting gekom in 'n aansienlike oorskot van R7,1 miljard (6,0 persent van die bruto binnelandse produk) op die lopende rekening van die betalingsbalans. In 1984 het die lopende rekening nog 'n tekort van R1,4 miljard getoon (1,3 persent van die bruto binnelandse produk). Die verbetering in die lopende rekening in die loop van 1985 was taamlik skouspelagtig. Teen 'n seisoensaangesuiwerde jaarkoers het die oorskot op die lopende rekening van R0,7 miljard in die vierde kwartaal van 1984 tot R11,9 miljard in die vierde kwartaal van 1985 gegroeい.

Die goedere-uitvoer het in 1985 nie net by die volgende ekonomiese opswaai in die nywerheidslande gebaat nie, maar ook by die Suid-Afrikaanse uitvoerders se verbeterde internasionale mededingendheid wat uit die depresiasie van die rand voortgespruit het. Hierbenewens het die depresiasie die randwaarde van die uitvoeropbrengs verhoog. Gevolglik het die waarde van die goedere-uitvoer in 1985 met nie minder nie as 58 persent toegeneem. Dit het 'n volumetename van 22 persent en 'n prystoename van 29 persent verteenwoordig, met laasgenoemde in hoofsaak 'n weerspieëeling van die uitwerking van die laer wisselkoers van die rand. Al die hoofklasse van uitvoergoedere het gedurende 1985 aansienlik toegeneem, met besondere groot toenames wat in die uitvoer van landbouprodukte, mineraalprodukte, hout- en papierprodukte en onedele metale voorgekom het.

Geheel en al vanweë 'n toename in die randprys van goud het die waarde van die netto gouduitvoer in 1985 met 32 persent gestyg. In volumeterme was die netto gouduitvoer in 1985 in werklikheid 2 persent laer as in 1984. Die gemiddelde randprys per fyn ons goud het toegeneem van R527 in 1984 tot R711 in 1985, dit wil sê met 35 persent, terwyl die ooreenstemmende dollarprys per fyn ons van VSA \$360 tot VSA \$317 gedaal het. As 'n weer-

Saldo op lopende rekening



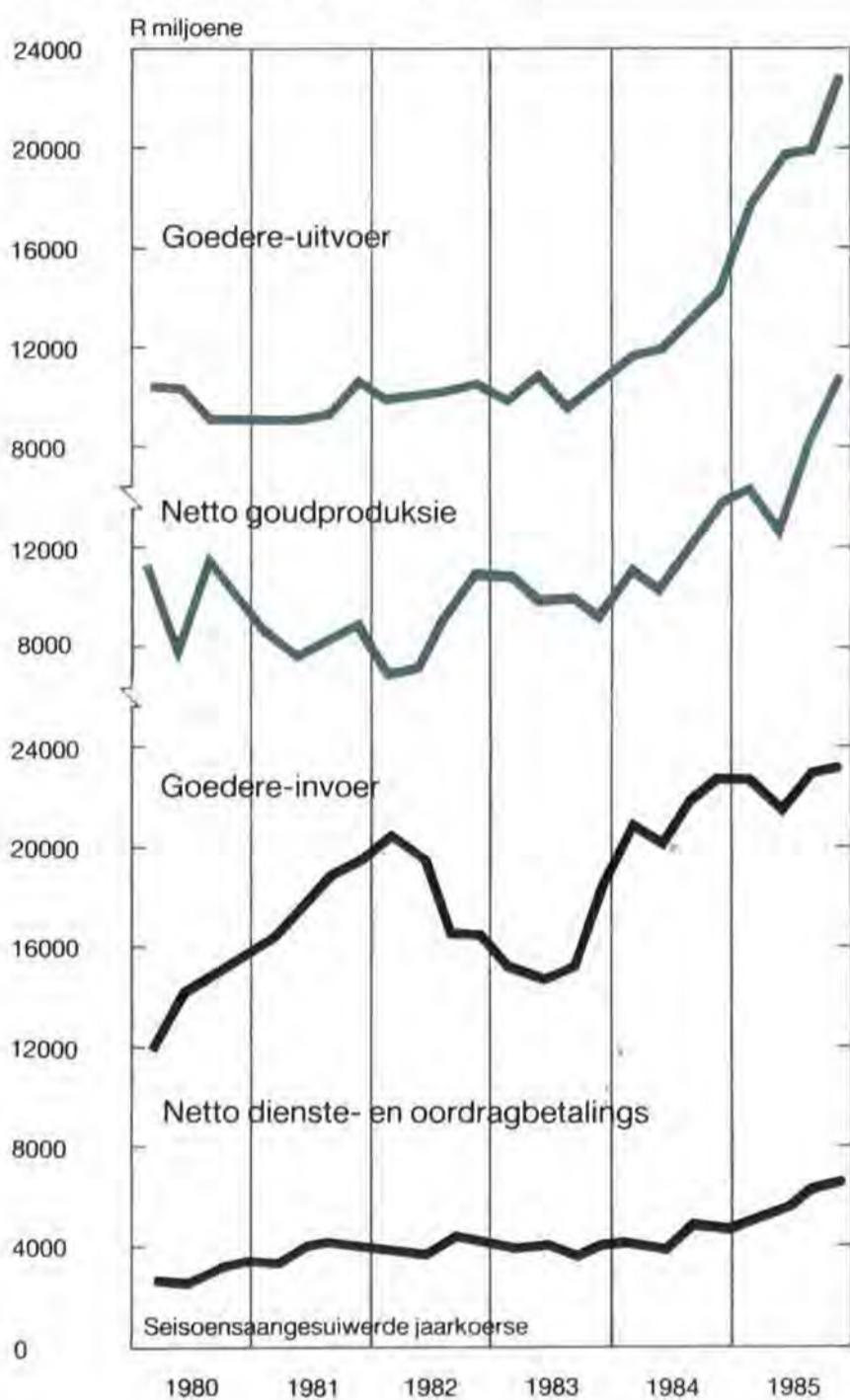
Lopende rekening van die betalingsbalans

Seisoensaangesuiwerde jaarkoerse

R miljoene

	1985				
	1e kw	2e kw	3e kw	4e kw	Jaar
Goedere-uitvoer	17 770	19 573	19 886	22 843	20 018
Netto gouduitvoer	14 253	12 623	16 320	18 644	15 460
Goedere-invoer	-22 615	-21 527	-22 884	-23 150	-22 544
Handelsbalans	9 408	10 669	13 322	18 337	12 934
Netto dienste- en oordragbetalings	-5 074	-5 517	-6 243	-6 454	-5 822
Saldo op lopende rekening	4 334	5 152	7 079	11 883	7 112

Betalingsbalans : Lopende rekening



spieëling van die dalende wisselkoers van die VSA-dollar, laer buitelandse rentekoerse, in die besonder in Japan, en internasionale politieke spanning, het die dollarprys van goud van gemiddeld VSA \$324 per fyn ons in die vierde kwartaal van 1985 tot VSA \$345 in Januarie en VSA \$339 in Februarie 1986 toegeneem. Die appresiasie van die rand teenoor die VSA-dollar sedert die einde van 1985 het egter tot gevolg gehad dat die randprys van goud afgeneem het van gemiddeld R859 per fyn ons in die vierde kwartaal van 1985 tot R760 per fyn ons in die eerste twee maande van 1986.

Goedere-invoer het in 1985 die trae binnelandse vraag asook die ontmoedigende uitwerking van die hoër randpryse van ingevoerde goedere weerspieël. In volumeterme het die invoer met 16 persent gedaal, maar die waarde van die invoer het nogtans met 6 persent toegeneem. Dit impliseer 'n toename van 25 persent in die randpryse van ingevoerde goedere. Laer invoervolumes was prominent in die klasse masjinerie en elektriese toerusting, vervoertoerusting en mineraalprodukte.

Dienste-ontvangste van buitelanders het gedurende 1985 opmerklik toegeneem, maar hierdie toename is meer as geneutraliseer deur hoër dienstebetalings aan nie-inwoners, gemeet in terme van rand. Laasgenoemde was besonder opmerklik in rentebetalings op buitelandse lenings en in vrag- en ander vervoerkoste.

Kapitaalrekening

Die kapitaalrekening van die betalingsbalans is in die loop van 1985 gekenmerk deur 'n aansienlike netto kapitaaluitvloei van wisselende afmetings. 'n Groot netto uitvloei van kapitaal (nie verwant aan reserwes) gedurende die eerste kwartaal van die jaar is gevolg deur 'n klein netto invloei in die tweede kwartaal en 'n hernieuwe aansienlike netto uitvloei in die tweede helfte van die jaar. In 1985 as geheel is 'n netto uitvloei van R10,4 miljard aangeteken.

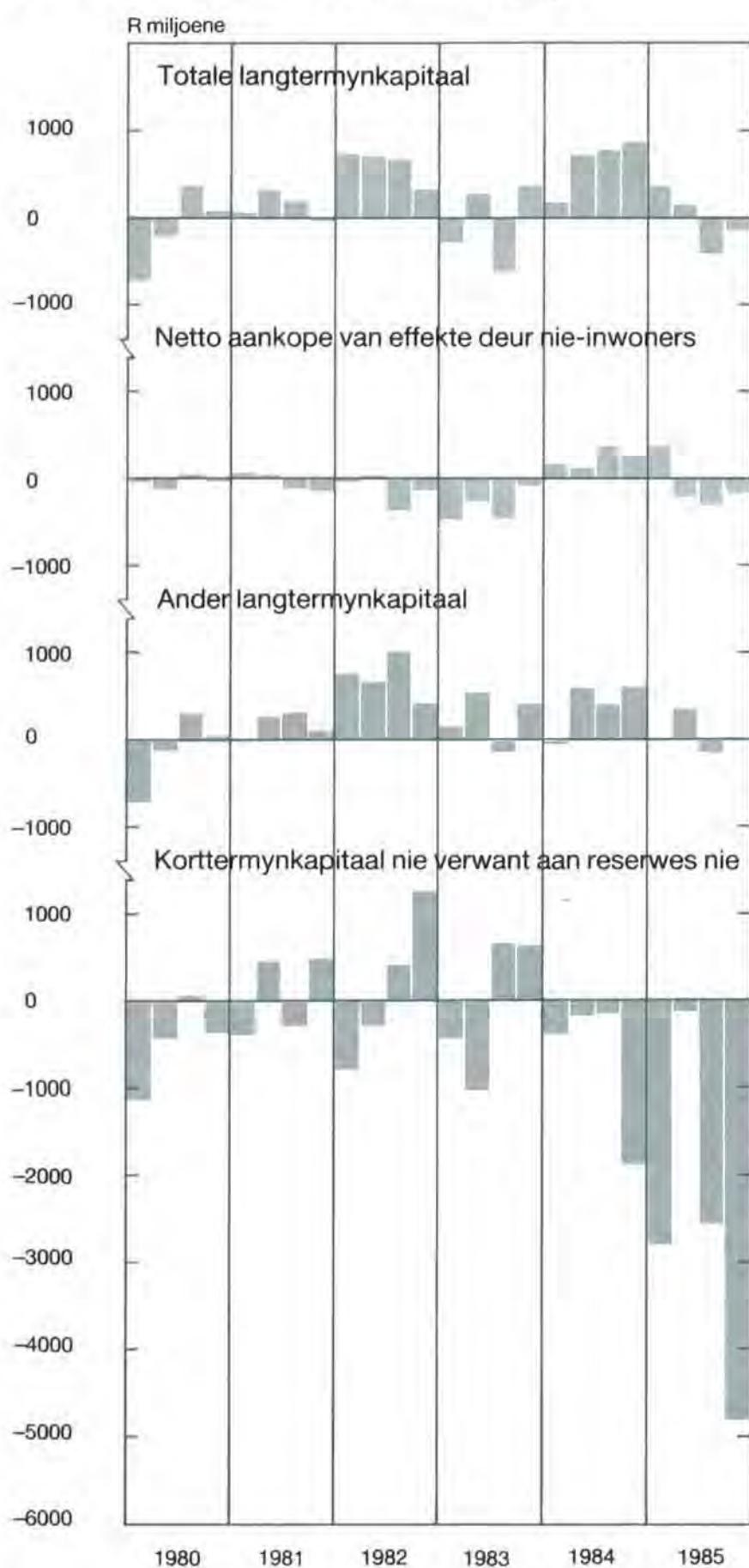
Netto kapitaalbewegings*

R miljoene

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

*Uitsluitende veranderings in buitelandse laste verwant aan reserwes.

Betalingsbalans : Netto kapitaalbewegings



Korttermynkapitaalbewegings, en meer in besonder vervroegings en vertragings in buitelandse betalings en ontvangste, was hoofsaaklik vir hierdie wisselvallige kapitaalbewegings verantwoordelik. In die eerste kwartaal van 1985 het wisselkoersverwagtings en die terugbetaling van korttermynskuld 'n groot uitvloei van korttermynkapitaal tot gevolg gehad. Slegs 'n klein netto uitvloei is in die tweede kwartaal aangeteken, maar die uitvloei het in die tweede helfte van die jaar weer groot afmetings aangeneem, selfs na die instelling van 'n stil-

stand ten opsigte van die terugbetaling van sekere vorms van buitelandse skuld. Terugbetalings is gedurende die tweede helfte van 1985 gemaak op korttermynlenings wat van die "stilstand" uitgesluit is. Hierbenewens was daar in die financiering van die invoer 'n oorskakeling van 'n krediet na 'n kontantbasis, terwyl sommige uitvoerders die repatriasie van uitvoeropbrengste vertraag het deur krediet aan hul kliënte toe te staan.

Langtermynkapitaalbewegings in die loop van 1985 het uit 'n netto invloei van R499 miljoen in die eerste helfte van die jaar en netto uitvloei van onderskeidelik R440 miljoen en R156 miljoen in die derde en vierde kwartale bestaan. Die uitvloei gedurende die tweede helfte van die jaar het hoofsaaklik uit terugbetalings op buitelandse skuld deur die Sentrale Regering bestaan. Hierbenewens het die bestendige invloei van langtermynfondse in die vorm van netto buitelandse lenings deur openbare korporasies, tot 'n einde gekom nadat die "stilstand" in werking getree het. Boonop het netto verkope deur buitelanders van effekte wat op die Johannesburgse Effektebeurs genoteer is, en wat sedert Mei 1985 op die voorgrond was, gedurende die tweede helfte van 1985 voortgeduur. Na die herinstelling van die finansiële randstelsel het hierdie verkope egter nie meer 'n werklike uitvloei van fondse verteenwoordig nie, maar slegs 'n oorskakeling deur buitelanders van een vorm van belegging na 'n ander.*

Buitelandse reserwes

Gedurende 1985 het Suid-Afrika se netto buitelandse reserwes met R3,3 miljard afgeneem. 'n Daling van R1,1 miljard gedurende die eerste kwartaal van 1985 is deur 'n toename van R1,4 miljard in die tweede kwartaal gevolg. Die daaropvolgende hernieuwe kapitaaluitvloei gedurende die tweede helfte van die jaar het tot 'n daling van R3,6 miljard geleid. Vanaf die begin van 1986 het Suid-Afrika se netto buitelandse reserwes egter weer begin toeneem en gedurende Januarie en Februarie het die netto buitelandse reserwes van die Reserwebank met R522 miljoen gestyg.

Wisselkoerse

Die geweegde gemiddelde wisselkoers van die rand, wat van die einde van September 1983 tot die einde van 1984 met 36 persent gedaal het, het gedurende 1985 verder met 28 persent gedaal. Gedurende die eerste helfte van 1985 het die effektiewe wisselkoers van die rand betreklik stabiel gebly, maar tussen die einde van Junie en 27 Augustus het dit skerp met 27,2 persent afgeneem. Dit het aanleiding gegee tot 'n tydelike sluiting van die buitelandse-valutamark tot 2 September sowel as die instelling

*Statisties word sodanige netto verkope van effekte as 'n netto uitvloei van langtermynkapitaal getoon. In dié mate waarin effekte aan Suid-Afrikaanse inwoners verkoop word, mag die opbrengs egter nie gerepatrieer word nie, maar moet dit in terme van bestaande deviesebeheerregulasies in ander goedgekeurde bates herbely word. Gevolglik word die herbelegging van fondse as 'n balanserende invloei van kapitaal getoon.

Veranderings in die wisselkoerse van die rand

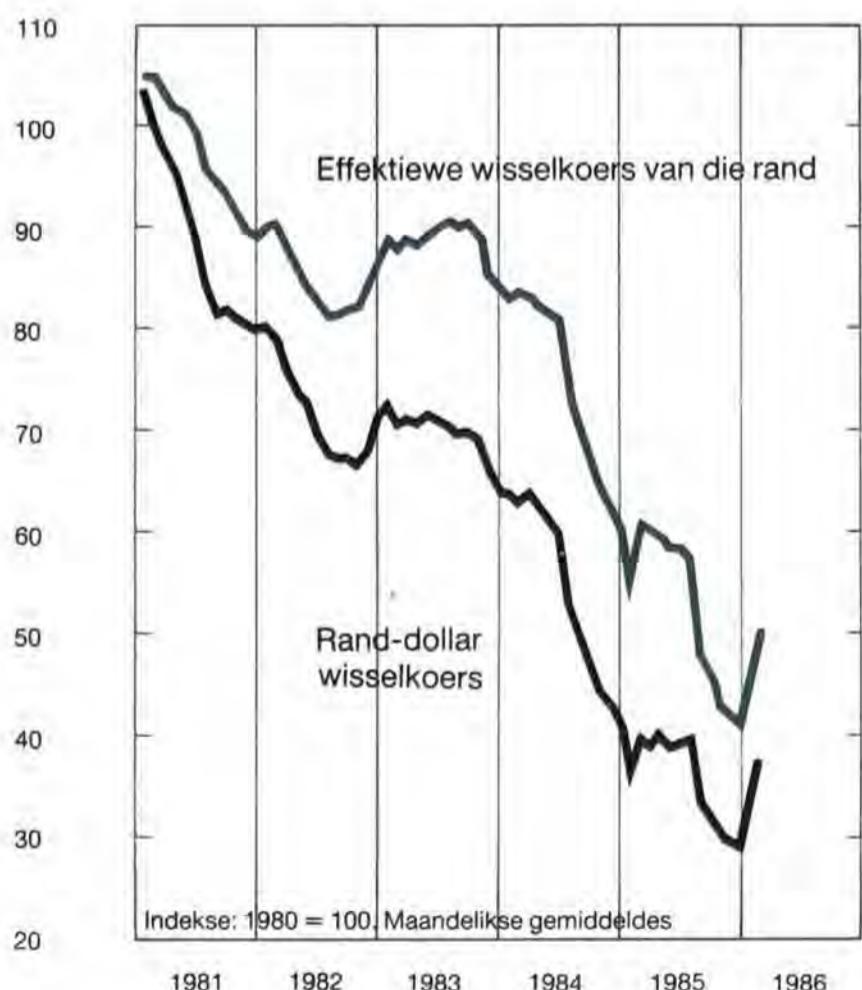
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	31 Des 1984 tot 29 Jun 1985	29 Jun 1985 tot 27 Aug 1985	27 Aug 1985 tot 18 Des 1985	18 Des 1985 tot 28 Feb 1986
Geweegde ge- middelde	-0,4	-27,2	-4,4	29,1
VSA-dollar	0,8	-25,9	-1,7	36,4
Britse pond	-9,6	-31,1	-4,5	33,8
Duitse mark	-2,5	-32,6	-11,2	20,8
Switserse frank...	-0,9	-34,1	-9,0	25,1
Japanse yen	-0,4	-29,5	-16,3	24,1
Franse frank	-2,5	-32,7	-10,8	21,5

Die bygaande tabel toon dat die wisselkoers van die rand gedurende die eerste helfte van 1985 taamlik stabiel was in terme van die meeste van die belangrikste geld eenhede, met die opmerklike uitsondering van die Britse pond. Vervolgens het die rand tot ongeveer die middel van Desember 1985 aansienlik gedepresieer teenoor al die belangrikste geldeenheide. Dit is gevvolg deur 'n appresiasié teenoor al die belangrikste geldeenheide maar in besonder teenoor die VSA-dollar en die Britse pond.

Die wisselkoers van die heringestelde finansiële rand het op 2 September 1985 op 37 VSA-sent geopen. Daarna het dit gedaal tot 'n onderste draaipunt van 24,0 VSA-sent op 5 November, of 'n diskonto van 37,9 persent op die kommersiële rand, voordat dit herstel het tot 37,00 VSA-sent, of 'n diskonto van 26,6 persent op die kommersiële rand, op 28 Februarie 1986.

Wisselkoerse



Geld en krediet

Veranderings in die geldvoorraad

Die groeikoers van die geldvoorraad het gedurende 1985 afgeneem tot heelwat laer as die inflasiekoers. Oor 'n tydperk van twaalf maande gemeet, het die groeikoers van M3 verlangsaam van 'n hoogtepunt van 24,7 persent in November 1984 tot 20,4 persent in Junie en tot 12,7 persent in Desember 1985. Die groeikoerse van die enger gedefinieerde monetêre totale het selfs in 'n groter mate afgeneem as gevolg van verskuiwings van kort- en middeltermyndeposito's na langtermyndeposito's in reaksie op werklike en verwagte veranderings in depositokoerse en die rentekoersstruktur. Die vergelykbare groeikoerse van M1 en M2 het van onderskeidelik 39,6 persent en 28,9 persent in November 1984 afgeneem tot onderskeidelik 20,8 persent en 21,3 persent in Junie 1985 en tot -8,7 persent en 11,8 persent onderskeidelik in Desember 1985. Verskuiwings in deposito's as gevolg van 'n hersiening van die metode waarvolgens die bedrae bepaal word van die kort- en middeltermynverpligtings waarop die likwiedebatevereistes vir bankinstellings vasgestel word, het vanaf September 1985 ook 'n versteuring in die groeikoers van M1 veroorsaak.

Die inkomse-omloopsnelheid van die breë geldvoorraad (M3) het gedurende 1985 betreklik stabiel gebly. Dit,

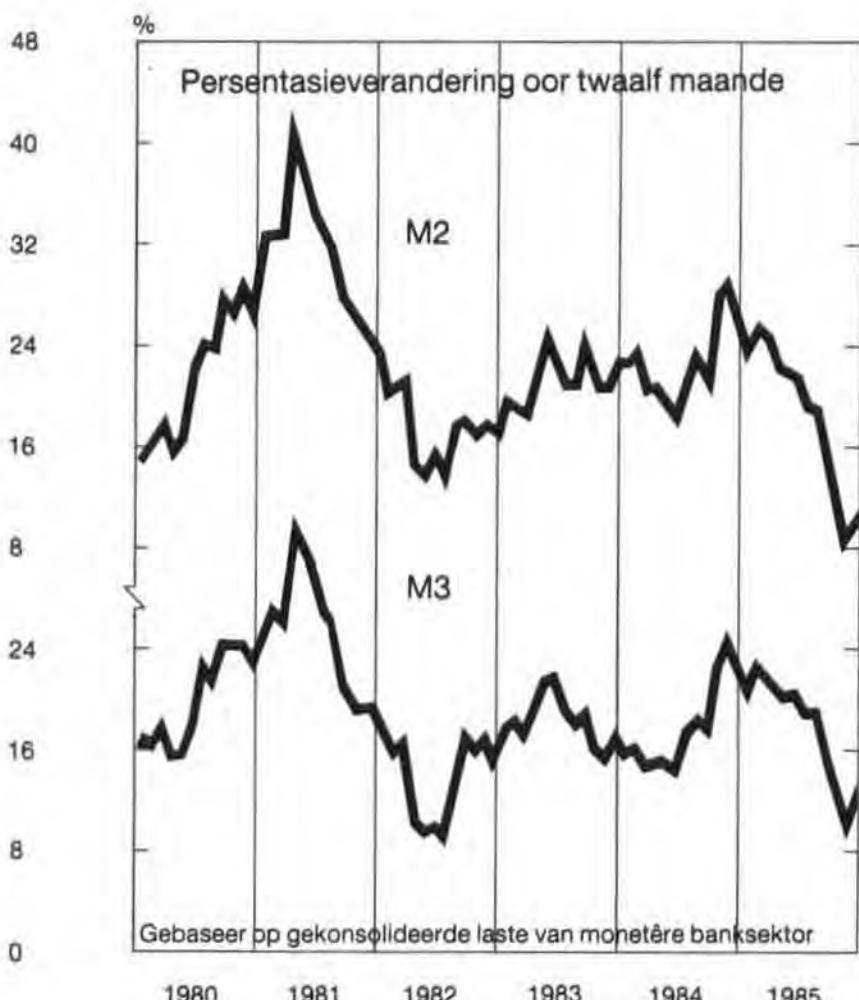
tesame met die verlangsaming in die groeikoers van die geldvoorraad, dui daarop dat die koers van toename in die monetêre vraag gedurende 1985 afgeneem het.

Netto buitelandse reserves het gedurende die grootste deel van 1985 en veral gedurende die tweede helfte van die jaar, 'n vernouende invloed op die geldvoorraad uitgeoefen. Totale kredietverlening deur die banksektor het gevoldlik die hoofteenhanger van die verdere, maar matiger, toename in die breë geldvoorraad (M3) gedurende 1985 gebly.

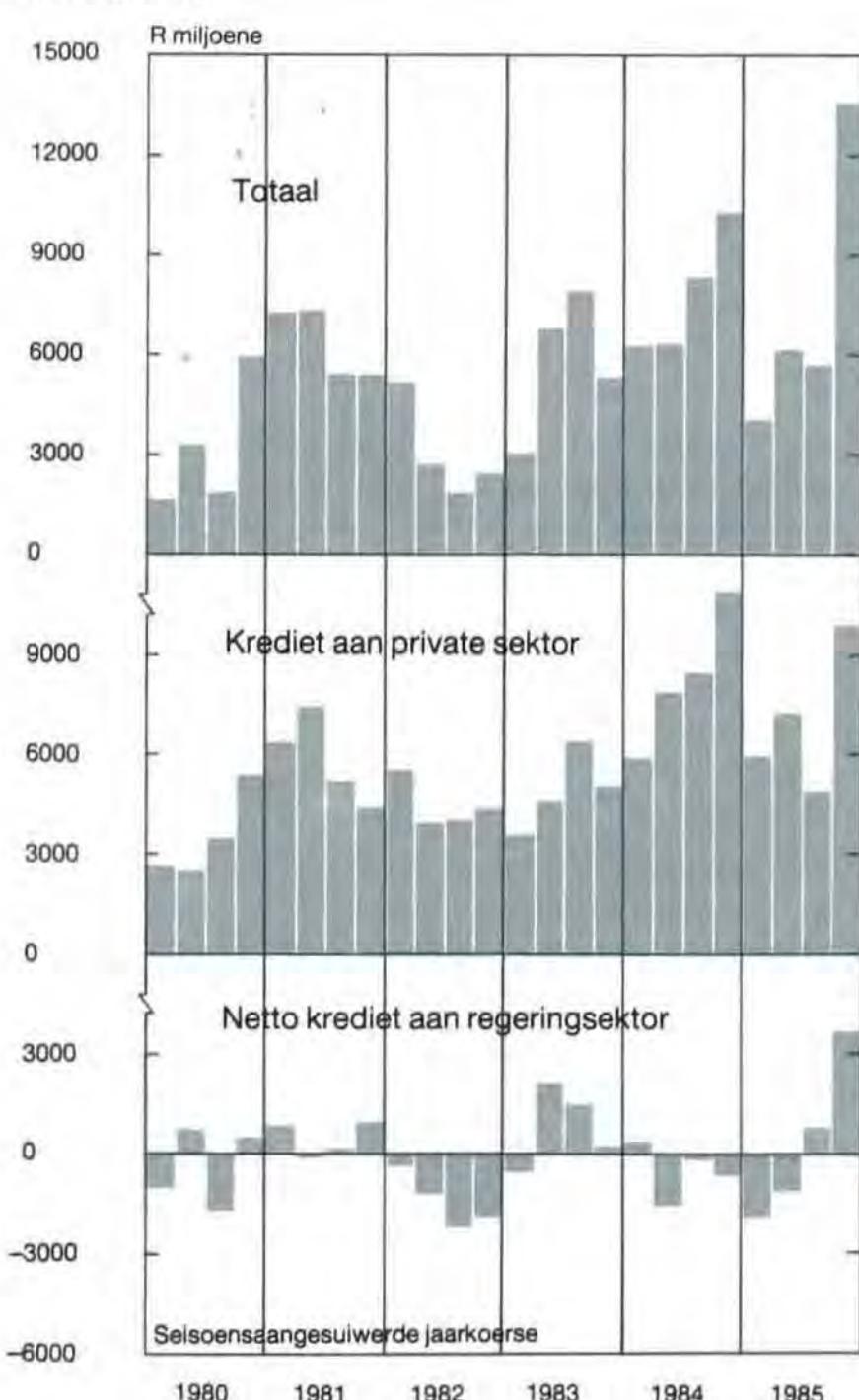
Bankkrediet

Die koers van toename oor 'n tydperk van twaalf maande in die totale kredietverlening van die banksektor het in Maart 1985 'n hoogtepunt van 23,5 persent bereik voor dat dit tot 15,2 persent in Augustus verlangsaam het. Daarna het dit weer tot 19,0 persent aan die einde van

Geldvoorraad



Bankkrediet



Desember versnel as gevolg van 'n toename in netto krediet aan die regeringsektor. In teenstelling hiermee het die vergelykbare groeikoers van bankkrediet aan die private sektor voortdurend verlangsaam van 27,1 persent in Maart 1985 tot 17,0 persent in Desember.

Die toename in bankkrediet aan die private sektor gedurende 1985 was hoofsaaklik in die vorm van oortrekings deur maatskappye ten einde kleiner kontantvloeie aan te vul en, vanaf vroeg in die tweede helfte van die jaar, om 'n oorskakeling van buitelandse na binnelandse financiering van internasionale handelstransaksies te dek. Huurkoopkrediet en bruikhuurfinansiering wat deur die banke voorsien is, het in werklikheid gedurende 1985 gedaal wat 'n weerspieëling was van die afname in die vraag na duursame verbruikers- en kapitaalgoedere. Huurkoopfinansiering het egter gedurende Desember 1985 opmerklik toegeneem as gevolg van groter aankope van motorvoertuie, deels in die verwagting dat pryse verder sou styg.

Die slapte in die private sektor se vraag na krediet het die banke in staat gestel om hulle besit aan likwiede bates te vergroot. Gevolglik het die tekort in hulle vereiste besit aan likwiede bates, wat uit 'n verandering in September 1985 in die voorgeskrewe berekeningsmetode van die bedrag van korttermynverpligtings waarop likwiedebatevereistes gebaseer moet word voortgespruit het, afgeneem van R1 689 miljoen in September tot slegs R101 miljoen in Desember 1985.

Finansiële markte

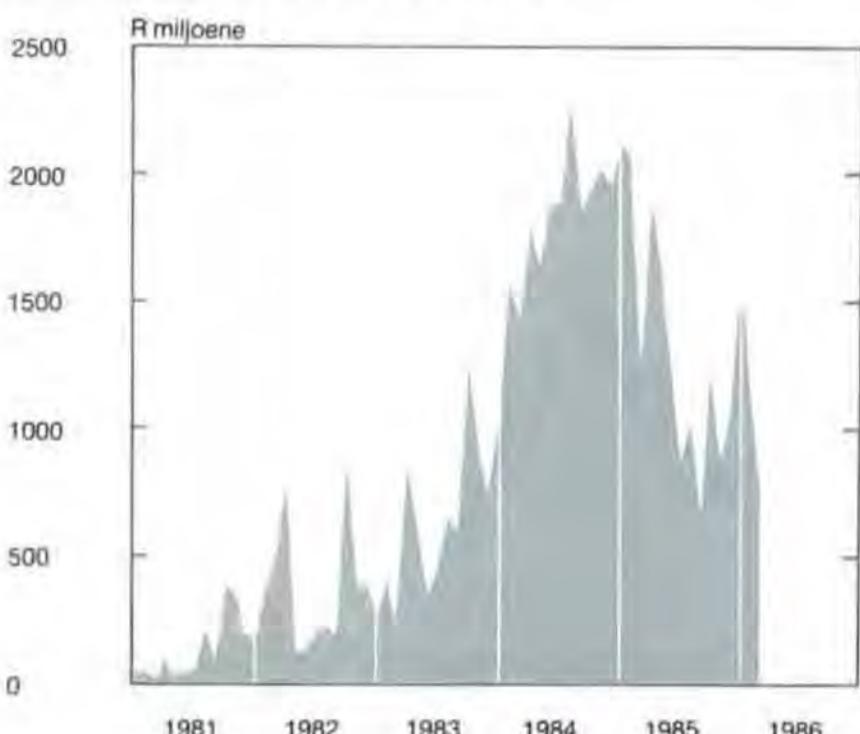
Reserwebankoptrede in die finansiële markte

Die Reserwebank se optredes in die finansiële markte gedurende die derde kwartaal van 1985 was hoofsaaklik daarop gemik om die uitwerking van die groot netto verkope van buitelandse valuta, wat met die aansienlike netto uitvloei van kapitaal gedurende Augustus en September gepaard gegaan het, asook die beweging van belastingbetalings na die Regering, te neutraliseer. Op hierdie wyse het die Bank steun verleen aan 'n ordelike afaartse aanpassing van rentekoerse wat versoenbaar was met fundamentele veranderings in die ekonomie.

Die basiese doelwit van die Bank se optredes het gedurende die vierde kwartaal onveranderd gebly. Verdere netto verkope van buitelandse valuta het 'n vernouende uitwerking op die geldmark gehad. Die Bank het gevoldiglik in sy optredes met betrekking tot die staatskuld sy verkope van staatseffekte min of meer op die relatief laevlak van die derde kwartaal gehou. 'n Styging in langtermynopbrengskoerse gedurende die vierde kwartaal het ook die verkope van langtermynstaatseffekte bemoeilik. Die netto verkope van effekte het dienooreenkomsdig gedaal van R2 516 miljoen in die eerste helfte van 1985 tot R341 miljoen en R421 miljoen in die derde en vierde kwartaal onderskeidelik. Vervolgens is netto verkope van staatseffekte ten bedrae van R30 miljoen gedurende Januarie en Februarie 1986 deur die Reserwebank gemaak.

Verkope van oorheersende korttermynstaatseffekte gedurende die vierde kwartaal het tot 'n toename van

Herfinansiering deur Reserwebank



R628 miljoen in die bankinstellings se besit aan sodanige effekte bygedra. Soos reeds vroeër gemeld, het die bankinstellings gedurende hierdie tydperk hulle besit aan likwiede bates opgebou ten einde hulle tekorte aan vereiste likwiede bates te verminder.

Bo en behalwe die laer verkope van staatseffekte het die Reserwebank die mark gedurende die vierde kwartaal en begin-Januarie 1986 bykans voortdurend bygestaan deur terugkoopooreenkomste met bankinstellings aan te gaan en te hernieu. Aan die einde van 1985 het onverstreke ooreenkomste R700 miljoen bedra, maar teen 9 Januarie 1986 was alles afgelos. 'n Nuwe ooreenkoms ten bedrae van R500 miljoen is egter oor die Februarie-maandeinde aangegaan. Daarbenewens is fondse van die Korporasie vir Openbare Deposito's ten bedrae van ongeveer R800 miljoen gedurende die grootste deel van die vierde kwartaal sowel as Januarie 1986 by die diskontohuise op deposito gehou. Hierdie deposito's is egter gedurende Februarie oor die algemeen tot 'n laevlak verminder. Ten einde korttermyn-markfluktuasies nog verder uit testryk, het die Reserwebank die bedrae aan Skatkiswissels en Landbankwissels wat op die weeklikse tenders aangebied is, gewissel.

As weerspieëeling van die ekonomiese en finansiële veranderings wat die geldmark beïnvloed sowel as die Reserwebank se optredes in die mark, het die Bank se herfinansiering in die vorm van herdiskonterings en oornaglenings aan diskontohuise en ander bankinstellings toegeneem van 'n maandelikse gemiddelde laagtepunt van R623 miljoen in Augustus 1985 tot R1 248 miljoen in September. Hierna het die gemiddelde maandelikse herfinansiering toegeneem tot R1 664 miljoen in Desember. As gevolg van die ruimer marktoestand vanaf die begin van 1986 het hierdie herfinansiering afgeneem tot gemiddeld R1 094 miljoen in Januarie en R734 miljoen in Februarie.

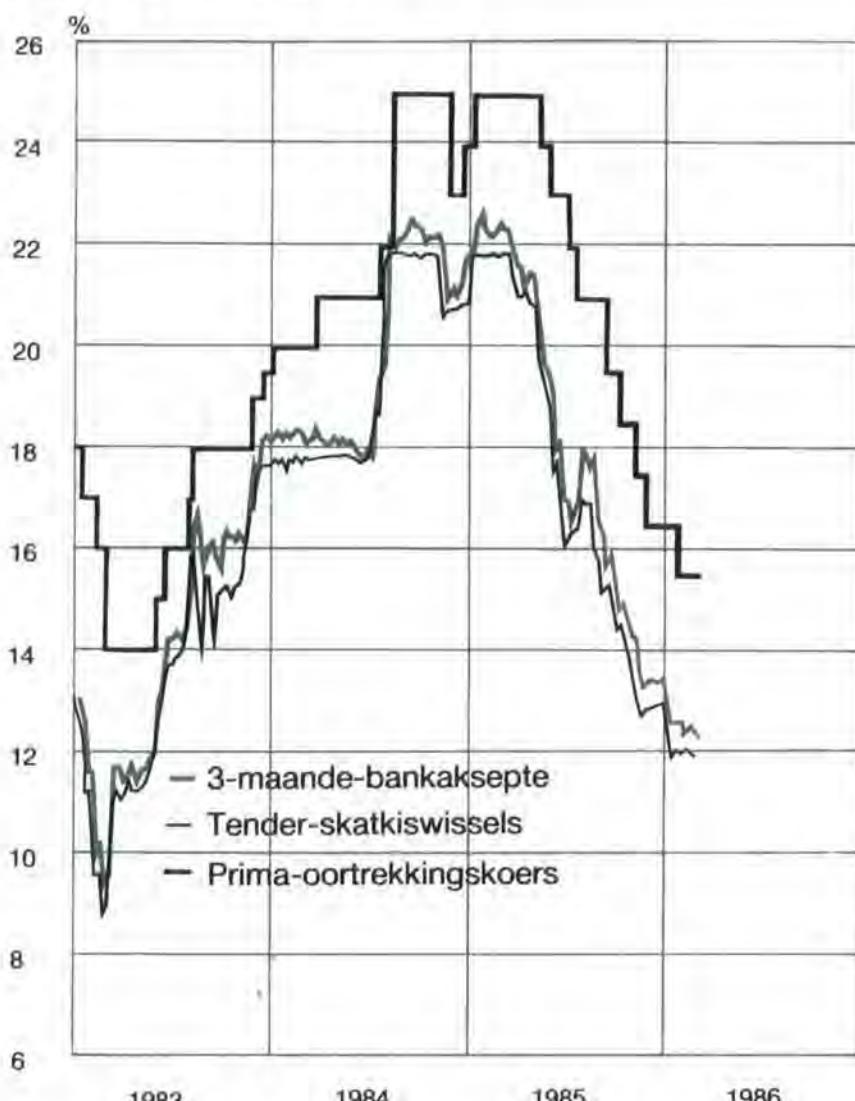
In ooreenstemming met die afkoeling van die ekonomie, die verbetering in die betalingsbalans en die doelbewuste verslapping van monetêre beleid, is die Bankkoers tussen 6 Mei 1985 en 17 Januarie 1986 in nege stappe van 21,75 persent tot 12,0 persent verlaag. Verlagings wat breedweg hiermee ooreenstem is ook in die Bank se ander herdiskonteringskoerse en in sy rentekoerse op oornaglenings aan diskontohuise en ander bankinstellings aangebring.

Korttermynrentekoerse

Die afwaartse beweging in korttermynrentekoerse vanaf die begin van Maart 1985 is gedurende Julie en begin-Augustus tydelik deur die uitwerking van ongunstige sosiaal-politieke ontwikkelings op die mark onderbreek. Hierdie daling in rentekoerse het tot in 1986 voortgeduur.

Die koers op bankaksepte van drie maande het byvoorbeeld van 22,40 persent op 1 Maart 1985 tot 16,90 persent op 28 Junie gedaal. Daarna het dit tot 17,90 persent op 2 Augustus gestyg voordat dit tot 13,55 persent teen die einde van Desember 1985 en tot 12,25

Korttermynrentekoerse



percent in die middel van Februarie 1986 gedaal het. Hierna het dit marginaal tot 12,30 persent aan die einde van Februarie verstewig. Die skatkiswisseltenderkoers het 'n soortgelyke verloop gevolg. Dit het van 21,76 persent op 1 Maart tot 16,00 persent op 28 Junie afgeneem voordat dit weer tot 17,04 persent op 2 Augustus gestyg het. Vervolgens het dit tot 11,96 persent aan die einde van Februarie 1986 gedaal.

Bewegings in die prima-oortrekingskoers van die verrekeningsbanke het die veranderings in die Bankkoers ten nouste gevolg. Dit is by nege geleenthede tussen Mei 1985 en Januarie 1986 vanaf 25 persent tot sy huidige vlak van 15,50 persent verlaag. Korttermyndepositokoerse het min of meer in ooreenstemming met die koerse op bankoortrekings beweeg. Die koers op verhandelbare depositosertifikate met 'n looptyd van drie maande het byvoorbeeld van 23,75 persent op 1 Maart 1985 tot 13,15 persent aan die einde van Februarie 1986 gedaal.

In erkenning van die laer rentekoersvlakke is die uitleen-koersplaafonne ingevolge die *Wet op Beperking en Bekendmaking van Finansieringskoste* vanaf 11 Februarie 1986 verlaag. Die maksimum koers op geldlenings-, krediet-, huurkoop- en bruikhuurtransaksies van R2 500 of minder is van 32 persent tot 29 persent en vir transaksies van meer as R2 500 maar minder as R50 000, van 30 persent tot 24 persent verlaag.

Kapitaalmarkbedrywigheid en langtermynrentekoerse

Kapitaalmarkbedrywigheid

Die bedrywigheid in die meeste afdelings van die kapitaalmark het vanaf die begin van 1985 aansienlik toegeneem en regdeur die jaar taamlik lewendig gebly. Dit het tot uiting gekom in die toename in die bedrag aan nuwe fondse wat deur sowel die openbare as die private sektor in die primêre kapitaalmark opgeneem is, in 'n groter bedrag aan nuwe verbandlenings toegestaan deur die bouverenigings en in 'n hoër effektebeursomset in effekte van die openbare sektor sowel as maatskappyaandele. Slegs die waarde van transaksies in vaste eiendom het

gedurende 1985 gedaal, ten spyte van 'n verbetering teen die einde van die jaar.

In die primêre mark het nuwe effekte-uitgiftes deur die openbare sektor van R3,2 miljard in 1984 tot R3,5 miljard in 1985 toegeneem. Insgelyks het nuwe fondse opgeneem deur maatskappye in die vorm van aandele- en effekte-uitgiftes van R1,2 miljard in 1984 tot R1,8 miljard in 1985 toegeneem. Nuwe verbandlenings toegestaan deur bouverenigings het van R3,1 miljard in 1984 tot R4,8 miljard in 1985 toegeneem. Die toename in lenings deur die verenigings was gebaseer op 'n aansienlike groter inname van nuwe fondse sowel as 'n sterker vraag na huislenings ná die daling in verbandkoerse.

In die sekondêre mark het die waarde van die effekte van die openbare sektor wat op die effektebeurs verhandel is, toegeneem van R26,6 miljard in 1984 tot R51,2 miljard in 1985, en die waarde van aandele verhandel van R3,7 miljard tot R6,4 miljard. In teenstelling hiermee het die waarde van transaksies in vaste eiendom van R11,6 miljard in 1984 tot R9,7 miljard in 1985 gedaal.

Afgesien van 'n tydelike onderbreking gedurende Augustus, het aandelepryse gedurende 1985 en Januarie 1986 feitlik voortdurend gestyg, en vanaf September 1985 nuwe hoogtepunte bereik. Vanaf September 1984 tot Desember 1985 het aandelepryse in werklikheid met gemiddeld 33 persent gestyg, gevolg deur 'n verdere stijging van 6 persent in Januarie 1986. Aanvanklik het die sterk beleggingsvraag na aandele in 1985 voortgespruit uit die aansienlike aankope van genoteerde aandele deur buitelanders. Namate buitelanders egter teen die middel van die jaar netto verkopers van aandele geword het, het plaaslike instellings en ander beleggers op soek na gesikte beleggingsgeleenthede en 'n verskansing teen inflasie, die volgehoue vraag na aandele gehandhaaf wat sterk genoeg was om tot hoër prys te lei.

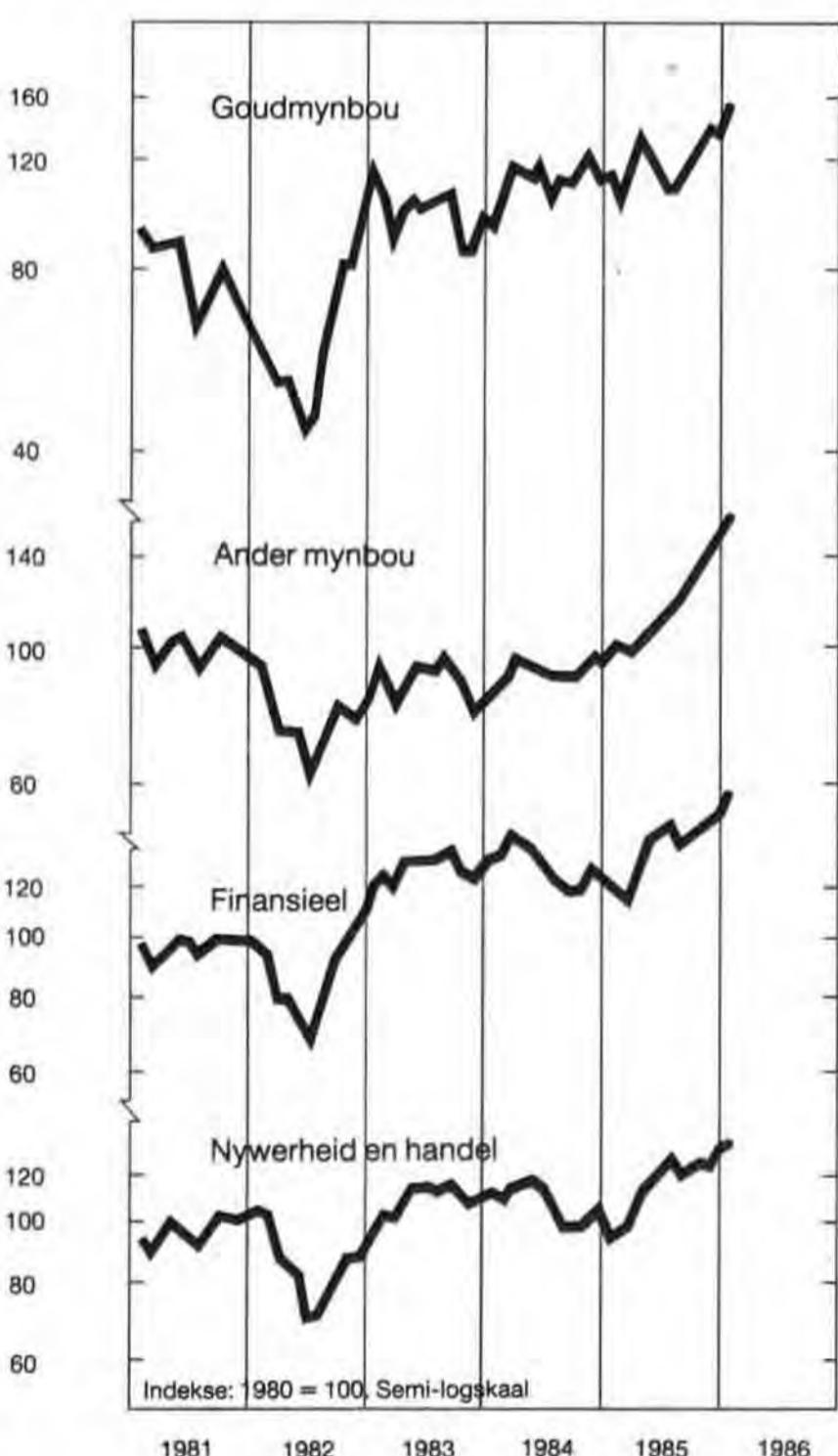
Langtermynrentekoerse

Die skerp stijging in aandelepryse het geleid tot 'n daling in die dividendopbrengskoers op alle klasse aandele van sy onlangse hoogtepunt van 7,7 persent in Februarie 1985 tot 4,8 persent in Desember.

Langertermyndepositokoerse het ook die algemene afwaartse beweging van rentekoerse gevolg, maar het matiger gedaal as die korttermynkoerse. Die oorheersende koers op deposito's van twaalf maande by banke en bouverenigings het byvoorbeeld van 20,5 persent in Maart 1985 tot 14,0 persent in Januarie 1986 afgeneem. In die geval van die bouverenigings het die laer koste van fondse tot 'n verlaging van verbandkoerse geleid. Die oorheersende maksimumkoers vir bouverenigings se woningverbandlenings is van 21,50 persent in April 1985 tot 18,25 persent in Oktober verlaag.

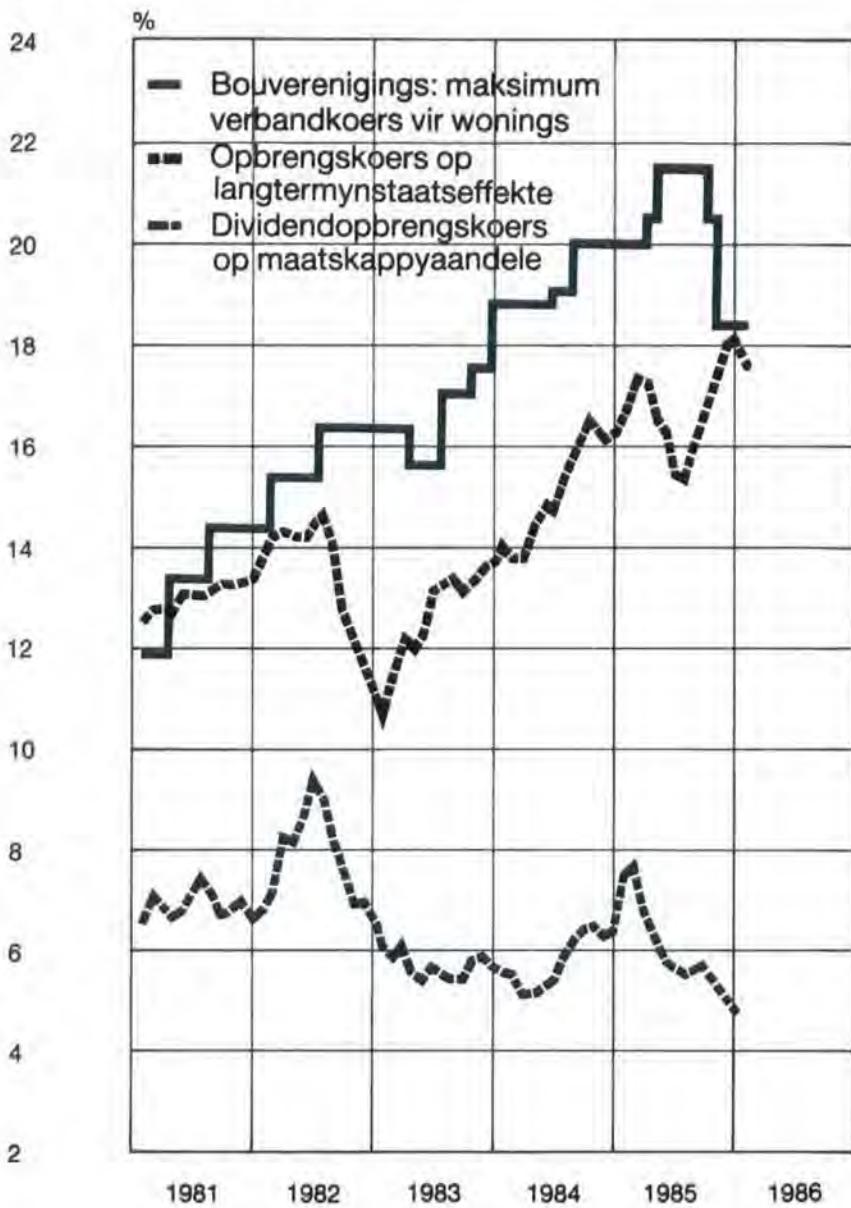
In teenstelling met die algemene patroon van rentekoersveranderings, het langtermyn-opbrengskoerse op vaste-rentedraende effekte gedurende die laaste vyf maande van 1985 opwaarts beweeg. Hierdie toenames was 'n weerspieëeling van onsekerheid aan die kant van

Aandelepryse



Staatsfinansies

Langtermynrentekoerse



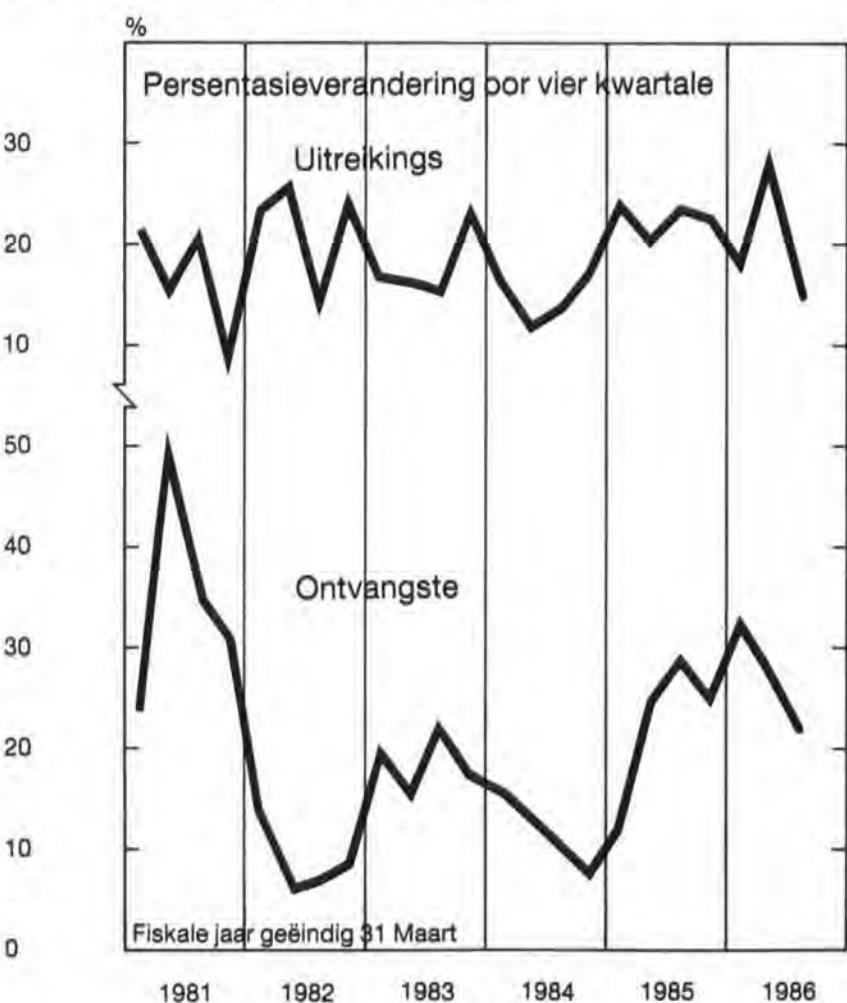
beleggers aangaande langertermyn politieke ontwikkelings en die uiteindelike uitwerking van die disinvesteringsveldtog, sowel as beleggers se siening van die verwagte inflasiekoers. Onder hierdie omstandighede het die gemiddelde opbrengskoers op langtermynstaatseffekte byvoorbeeld van 17,4 persent in Februarie 1985 tot 15,3 persent in Julie gedaal, en weer tot 18,1 persent in Desember 1985 gestyg. In Januarie 1986 het hierdie siening egter verbeter en het hierdie koers tot 17,6 persent gedaal, gevvolg deur 'n verdere afname tot 17,2 persent in Februarie 1986.

Skatkisuitreikings

Uitreikings aan staatsdepartemente uit die Skatkisrekening* het in die eerste tien maande van die fiskale jaar 1985/86, dit wil sê vanaf April 1985 tot Januarie 1986, met 22,3 persent toegeneem vergeleke met die ooreenstemmende tydperk van die voorafgaande fiskale jaar. Die Addisionele Begroting wat op 24 Februarie 1986 in die Parlement ter tafel gelê is, het voorsiening gemaak vir addisionele uitgawes van R1 163 miljoen (insluitende die bedrag van R600 miljoen waaroor in September 1985 voorsiening gemaak is vir die verligting van werkloosheid) en statutêre toewysings van R654 miljoen gedurende die 1985/86 fiskale jaar. Indien die verwagte besparings van R300 miljoen in berekening gebring word, beloop die totale netto addisionele uitgawes R1 517 miljoen of 4,8 persent van die oorspronklike begrote uitgawes van R31 460 miljoen.

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

Skatkisuitreikings en -ontvangste



Skatkisontvangste

Vergeleke met die ooreenstemmende tydperk van die voorafgaande fiskale jaar, het skatkisontvangste in die eerste tien maande van die fiskale jaar 1985/86 met 26,2 persent toegeneem. Hierdie koers was aansienlik hoër as die begrotingsraming van 18,8 persent vir die fiskale jaar as geheel, hoofsaaklik weens hoër inkomsteontvangste vanaf goudmyne en nie-mynboumaatskappye, hoër ontvangste ten opsigte van algemene verkoopbelasting en addisionele inkomste in die vorm van 'n bo-belasting op invoer. Die aansienlike toename in betalings van belasting deur nie-mynboumaatskappye was in 'n groot mate toe te skryf aan buitengewone omstandighede soos die uit-skakeling van agterstallige belastinginvorderings en die instelling van 'n derde voorlopige belastingbetaling deur maatskappye.

Finansiering van skatkistekort

Die tekort op die skatkisrekening, uitsluitende lenings en skulddelging, het in die eerste tien maande van die fiskale jaar 1985/86 R3 452 miljoen* bedra.

Ofskoon dit op hierdie stadium groter is as die begrotingsraming van R2 970 miljoen, sal die tekort voor lenings vir 1985/86 waarskynlik nie veel meer as 3 persent van die bruto binnelandse produk bedra nie.

*Uitsluitende 'n oordrag van R655 miljoen na die Goud- en Buitelandse Valuta Gebeurlikheidsreserwerekening.

Gedurende die eerste nege maande* van die jaar is die tekort van R3 397 miljoen uit die volgende bronne gefinansier:

	R miljoene
Openbare Beleggingskommissarisie	2 199
Nie-bank- private sektor	436
Monetêre banksektor	1 182
Buitelandse sektor	-111
	3 706
Min diskonto op staatseffekte	-309
Totaal	3 397

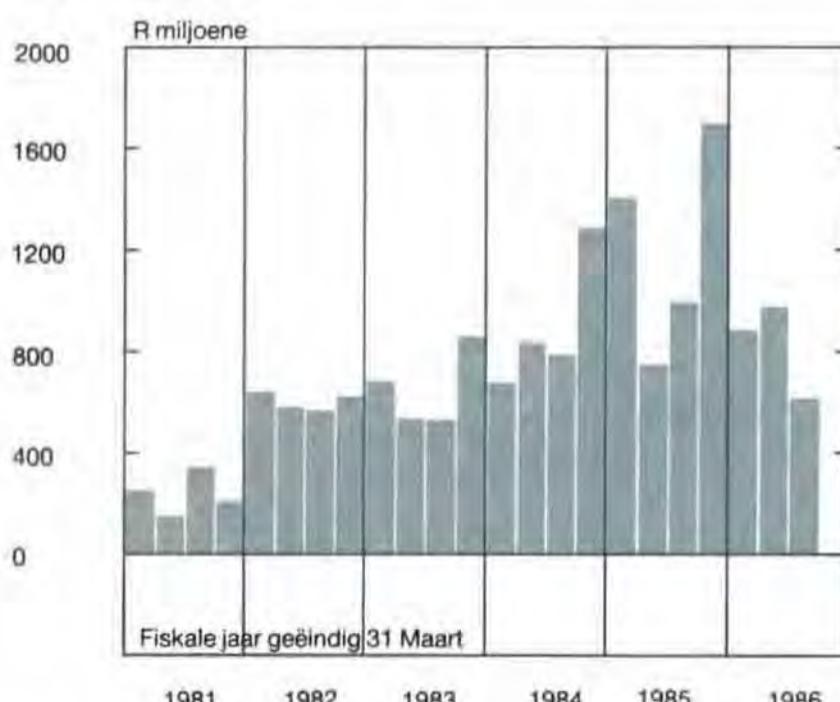
Begroting van die Suid-Afrikaanse Vervoerdienste vir 1986/87

In die Begroting van die Suid-Afrikaanse Vervoerdienste vir die 1986/87-boekjaar, wat op 19 Februarie 1986 in die Parlement ter tafel gelê is, word die totale inkomste op R9 322 miljoen beraam. Hierdie bedrag sluit in die ge raamde addisionele inkomste wat voortspruit uit die algemene verhoging in passassiers- en vragtariewe wat in Januarie 1986 in werking getree het, asook die verdere verhogings in binnelandse lugtariewe (vanaf 1 Maart) en die gemiddelde verhoging van 5,0 persent in vrag- en passasierstariewe (vanaf 1 April). Bedryfsuitgawes in die 1986/87-boekjaar word geraam op R9 420 miljoen, wat 'n tekort van R98 miljoen laat, vergeleke met die verwagte tekort van R396 miljoen in 1985/86. Kapitaaluitgawes in 1986/87 word geraam op R1 046 miljoen, of R604 miljoen minder as wat vir 1985/86 begroot is.

Begroting van Departement van Pos- en Telekommunikasiewese vir 1986/87

In die Begroting van die Departement van Pos- en Telekommunikasiewese vir die 1986/87-boekjaar, wat op 3 Maart 1986 in die Parlement ter tafel gelê is, word bedryfsuitgawes beraam op R3 421 miljoen, 'n toename van R517 miljoen of 17,8 persent meer as die vorige jaar. 'n Verdere R255 miljoen word ook benodig, hoofsaaklik vir leningsdelgings en die behuisingskema vir personeel. Teen die heersende tariewe word die inkomste vir 1986/87 geraam op R3 165 miljoen, wat 'n bedryfstekort van R511 miljoen laat. Hierdie tekort sal gefinansier word deur middel van 'n gemiddelde tariefverhoging van 15,0 persent in telekommunikasie- en postariewe vanaf 1 April 1986. Daar word beraam dat 'n addisionele inkomste van R475 miljoen uit hierdie tariefverhogings verkry sal word, wat 'n bedryfstekort van R36 miljoen tot gevolg sal hê. Kapitaal uitgawes word op R1 724 miljoen geraam, 19,9 persent meer as in 1985/86.

Skatkistekort



*Die jongste beskikbare inligting.

Money supply targets for 1986

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

17 March 1986

In his Budget Speech today the Minister of Finance, Mr. B.J. du Plessis, announced that the Government has accepted the recommendation of the Commission of Inquiry into the Monetary System and Monetary Policy that the Reserve Bank should, with the concurrence of the Minister of Finance, set specific target rates of growth for one or more of the money supply aggregates.

The main reason for introducing monetary targeting is to assist the monetary authorities in their policy of controlling the money supply with a view to curbing inflation.

The targeting arrangements proposed by the Reserve Bank and accepted by the Government for 1986 are as follows:

- Following a comprehensive new statistical analysis of the relevant data as recommended by the Commission, the Reserve Bank has redefined the monetary aggregates M1, M2 and M3 and added a new concept M1(A). The new definitions are set out in detail in an appendix to this statement. While the money supply figures in the March issue of the Reserve Bank's *Quarterly Bulletin* will still be based on the old definitions, revised time series for all the monetary aggregates according to the new definitions will be published in the June issue, together with an explanatory article. Seasonally adjusted month-end figures for all the newly defined monetary aggregates will in future be released by the Reserve Bank each month.
- The money supply aggregate to be used for targeting purposes is the newly defined M3. This comprehensive aggregate consists of all bank notes and coins in circulation plus *all* deposits (including building society "shares") of the domestic private sector with banking institutions, building societies and the Post Office Savings Bank.
- The target for 1986 is set in the form of a tolerance range for the rate of increase in M3 of between 16 and 20 per cent between the fourth quarter of 1985 and the fourth quarter of 1986. Since the average amount of M3 during the fourth quarter of 1985 was R71,2 billion, according to the new definition, the lower limit set for the average M3 during the fourth quarter of 1986 is R82,6 billion and the upper limit R85,4 billion.
- In the prevailing circumstances, and taking into account the sharp decline during the course of 1985 in the rates of increase of all the monetary aggregates, the fourth quarter of 1985 may be judged to form a relatively low base from which to start a monetary targeting exercise. It is therefore relevant in the present case also to compare the target range for the fourth quarter of 1986 with the average of M3 during the fourth quarter of 1984. On this basis the target range set for the fourth quarter of 1986 provides for a growth rate for M3 of 14 to 16 per cent per year over this two-year period.
- In the accompanying table and graph, the target range for M3 is translated into seasonally adjusted upper and lower limits for each month-end during the targeting period in two forms - a "cone" and a "tunnel". This is in accordance with the practice employed in a number of other countries.

The adoption of a target for M3 naturally implies that interest and exchange rates must be reasonably flexible and able to adjust to changing circumstances. Interest rates and exchange rates cannot be determined independently of the money supply or of each other. If, therefore, the demand for credit were to rise strongly as the present economic upswing gains momentum, a rise in interest rates might well form an essential part of any package of monetary measures applied to prevent the money supply from "overshooting" the target. On the other hand, as the experience of the past ten months has shown, declining interest rates can be fully reconcilable with effective money supply control during periods of low aggregate demand.

Broad money supply M3 (new definition)

Target ranges for growth during 1986 (fourth quarter 1985 to fourth quarter 1986)

Upper and lower limits for M3 (seasonally adjusted), R millions

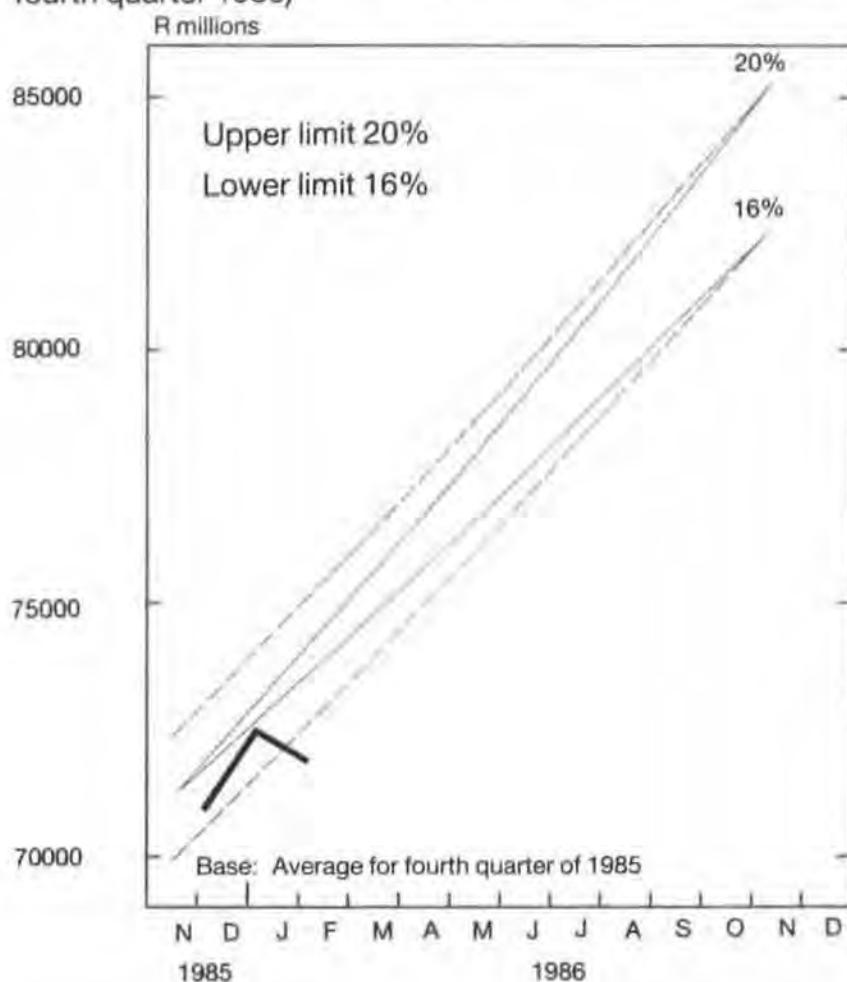
	Cone	Tunnel			
		Upper limit 20%	Lower limit 16%	Upper limit	Lower limit
1985: Average					
4th qr	71 174	71 174	72 380	69 968	
End of Nov	71 717	71 615	72 878	70 456	
Dec	72 815	72 507	73 890	71 434	
1986: End of Jan	73 930	73 409	74 916	72 426	
Feb	75 062	74 323	75 956	73 431	
Mar	76 211	75 248	77 012	74 452	
Apr	77 378	76 184	78 082	75 486	
May	78 562	77 132	79 196	76 534	
June	79 765	78 092	80 265	77 597	
July	80 986	79 064	81 380	78 676	
Aug	82 226	80 048	82 510	79 768	
Sept	83 485	81 044	83 656	80 875	
Oct	84 763	82 053	84 819	81 999	
Average					
4th qr	85 409	82 562	85 409	82 562	
End of Nov	86 061	83 074	85 997	83 138	
Dec	87 379	84 108	87 191	84 293	

R millions

$$\begin{array}{rcl} 1985 \text{ IV} & + & 20\% = 85 409 \\ & + & 16\% = 82 562 \end{array}$$

Broad money supply M3 (New definition)

Target ranges for growth during 1986 (fourth quarter 1985 to fourth quarter 1986)



As recommended by the Commission, the targeting exercise now being embarked upon will be applied with a fair measure of flexibility and a "low profile". What this means is that there will be no rigid and overriding "money rule" that implies leaving interest rates and exchange rates completely free to find their own levels at all times. Instead, the monetary authorities will continue to exercise discretionary judgment in deciding what combination of money supply, interest rates and exchange rates to aim at in any given set of circumstances. But this discretion will naturally be constrained by the need to avoid changing or breaching the M3 target so often that it loses its meaning.

It must also be emphasised from the outset that in framing and applying monetary policy the monetary authorities will not be influenced unduly by individual month-end figures. This is not only because month-end money supply statistics are notoriously volatile for technical reasons, but also because of the non-rigid approach being adopted to the targeting exercise in general. On the basis of past experience it is highly likely that individual month-end M3 figures will from time to time fall outside the limits set by the "cone" and the "tunnel". When this happens, the Reserve Bank will not necessarily feel constrained to tighten or ease its policy stance immediately. But, of course, if the monthly M3 figures consistently fall outside the target range, policy adjustments will have to be considered and/or the target range itself will have to be reviewed and possibly modified.

In accordance with the Commission's recommendations the main instruments of monetary policy to be used in order to maintain M3 growth within the target limits will be public debt management (including public borrowing policy), open-market operations, discount policy and Reserve Bank "intervention" in the foreign exchange market. Use of these market-oriented policy instruments may at times be supplemented by variations of the cash reserve requirements for banks and building societies.

As in many other countries, the rationale for introducing monetary targeting in South Africa is basically three-fold:

- It will make clear that the monetary authorities are determined to get to grips with what they themselves have consistently identified as a vital element in the process of inflation, namely an excessive rate of increase of the money supply.
- It will provide advance notification of the likely stance of monetary policy. This greater predictability should assist private sector enterprises in reaching business decisions and also be helpful to workers and employers in the formulation and negotiation of wage demands.
- It will provide a yardstick against which the actual performance of monetary policy may be judged.

From the point of view of curbing inflation, a lower target range for the rate of increase in M3 in 1986 than 16 to 20 per cent would obviously have been preferable. But apart from the problem of a relatively low base period already mentioned, the targeting exercise is being introduced under conditions of low growth and high inflation, and in the short term a balance has to be maintained between facilitating growth and curbing inflation.

In these circumstances a target range of between 16 and 20 per cent was chosen for 1986 because it meets two conditions: Firstly, it is high enough to accommodate a projected increase in real gross domestic product of more than 4 per cent between the fourth quarter of 1985 and the fourth quarter of 1986, which translates into an increase of about 3 per cent between calendar 1985 and calendar 1986. Secondly, it is low enough to ensure that the expected decline in the rate of inflation during the course of 1986 as a result of the recent appreciation of the exchange rate will not be aborted by the emergence of new demand inflationary pressure.

In other words, it is believed that attainment of the 16 to 20 per cent M3 target would be consistent with the simultaneous

achievement of a substantially higher real growth rate in 1986 than in 1985 and a marked decline in the rate of inflation during the course of 1986. If meaningful progress is made towards the latter end, the way will have been paved for the setting of a lower target range for M3 in 1987, as a prelude to a further reduction in the inflation rate.

APPENDIX

Definitions of monetary aggregates¹⁾

Monetary aggregate	Existing definition	New definition
M1(A)	-	Coin and banknotes in circulation, and cheque and transmission deposits with banking institutions ²⁾ , building societies and the Post Office Savings Bank
M1	Coin and banknotes in circulation, and demand deposits with monetary banking institutions. ³⁾	M1(A) Plus: Other demand deposits with banking institutions ²⁾
M2	M1 Plus: Other short-term deposits, and all medium-term deposits (including savings deposits) with monetary banking institutions ³⁾	M1 Plus: Other short-term deposits, and all medium-term deposits (including savings deposits) with banking institutions. ²⁾ Plus: Other short-term deposits, and all medium-term deposits (including savings deposits and certain "share" investments) with building societies. Plus: Savings deposits with and savings bank certificates of the Post Office Savings Bank.
M3	M2 Plus: All long-term deposits with monetary banking institutions. ³⁾	M2 Plus: All long-term deposits with banking institutions. ²⁾ Plus: All long-term deposits and other "share" investments with building societies. Plus: Investments in national savings certificates issued by the Post Office Savings Bank

1) Deposits included in these aggregates are those of the domestic private sector with the institutions concerned. Foreign deposits, government deposits and deposits of the institutions concerned with each other are excluded.

2) The South African Reserve Bank, the Corporation for Public Deposits, discount houses, all other registered banking institutions and the short-term business of the Land Bank.

3) The South African Reserve Bank, the commercial banks, merchant banks, the former National Finance Corporation, Corporation for Public Deposits, discount houses, the short-term business of the Land Bank, and other banking institutions of which the monthly average amount of demand deposit liabilities during the preceding calendar year amounted to at least R5 000 000 and of which the monthly average amount of short and medium-term deposit liabilities during the preceding calendar year collectively amounted to at least one-third of the total deposit liabilities of such an institution or at least R30 000 000.

Geldvoorraadmikpunte vir 1986

Verklaring deur dr. Gerhard de Kock, President van die Suid-Afrikaanse Reserwebank

17 Maart 1986

In sy Begrotingsrede vandag het die Minister van Finansies, mnr. B.J. du Plessis, die Regering se aanvaarding aangekondig van die aanbeveling van die Kommissie van Ondersoek na die Monetêre Stelsel en Monetêre Beleid dat die Reserwebank, met die instemming van die Minister van Finansies, spesifieke mikpuntgroeikoerse vir een of meer van die geldvoorraadtale moet stel.

Die belangrikste rede vir die instelling van monetêre mikpunte is om die monetêre owerhede by te staan in hul beleid om die geldvoorraad te beheer ten einde inflasie aan bande te lê.

Die mikpuntreeëlings wat vir 1986 deur die Reserwebank voorgestel en deur die Regering aanvaar is, is soos volg:

- Nà 'n omvattende nuwe statistiese ontleding van die betrokke gegewens, soos wat deur die Kommissie aanbeveel is, het die Reserwebank nuwe definisies vir die geldvoorraadtale M1, M2 en M3 opgestel en 'n nuwe begrip, M1(A), hieraan toegevoeg. Die nuwe definisies word in besonderhede in 'n bylaag tot hierdie verklaring uiteengesit. Terwyl die geldvoorraadsyfers in die Maart-uitgawe van die Reserwebank se *Kwartaalblad* nog op die ou definisies gegrond sal wees, sal hersiene tydreekse vir al die monetêre totale ooreenkomsdig die nuwe definisies, saam met 'n verduidelikende artikel, in die Junie-uitgawe gepubliseer word. Seisoensaangesuiwerde maandeind-syfers vir al die nuutgedefinieerde monetêre totale sal in die toekoms elke maand deur die Reserwebank vrygestel word.
- Die geldvoorraadtotaal wat vir mikpuntdoeleindes gebruik gaan word, is die nuut-gedefinieerde M3. Hierdie breë totaal bestaan uit alle banknote en munte in omloop plus *alle* deposito's (met inbegrip van bouvereniging-"*aandele*") van die binnelandse private sektor by bankinstellings, bouverenigings en die Posspaarbank.
- Die mikpunt vir 1986 word gestel in die vorm van 'n toelaatbare speelruimte vir die groeikoers in M3 van tussen 16 en 20 persent tussen die vierde kwartaal van 1985 en die vierde kwartaal van 1986. Omdat die gemiddelde bedrag van M3 gedurende die vierde kwartaal van 1985 volgens die nuwe definisie R71,2 miljard beloop het, is die onderste perk wat vir die gemiddelde van M3 gedurende die vierde kwartaal van 1986 vasgestel is, R82,6 miljard en die boonste perk R85,4 miljard.
- Onder die heersende omstandighede, en met inagneming van die skerp daling in die koers van toename in al die monetêre totale in die loop van 1985, kan die vierde kwartaal van 1985 beskou word as 'n betreklik lae basis om as die beginpunt vir 'n monetêre-mikpuntoefening te dien. Gevolglik is dit in hierdie geval ter sake om die mikpuntgrense vir die vierde kwartaal van 1986 ook met die gemiddelde van M3 gedurende die vierde kwartaal van 1984 te vergelyk. Op hierdie basis maak die mikpuntgrense wat vir die vierde kwartaal van 1986 gestel word, voorsiening vir 'n groeikoers vir M3 van 14 tot 16 persent *per jaar* oor hierdie tweejaartydperk.
- In die bygaande tabel en grafiek word die mikpuntgrense vir M3 op twee maniere na seisoensaangesuiwerde boonste en onderste perke vir elke maandeinde gedurende die mikpunttydperk omgerekken – 'n "kegel" en 'n "tonnel". Dit is in ooreenstemming met die praktyk wat in 'n aantal ander lande gevolg word.

Die aanvaarding van 'n mikpunt vir M3 beteken natuurlik dat rentekoerse en wisselkoerse betreklik buigsaam moet wees en in staat moet wees om by veranderende omstandighede aan te pas. Rentekoerse en wisselkoerse kan nie onafhanklik van die geldvoorraad, of van mekaar, bepaal word nie. Indien die vraag na krediet dus skerp sou styg narnate die huidige ekonomiese opswaai stukrag opbou, is dit goed moontlik dat 'n styging in rentekoerse 'n belangrike deel sal uitmaak van enige pakket van monetêre maatreëls wat toegepas sou kon word om te voorkom dat die geldvoorraad by die mikpunt "verbyskiet". Hierteenoor kan dalende rentekoerse, soos die ondervinding die afgelope tien maande geleer het, ten volle versoenbaar wees met effektiewe beheer oor die geldvoorraad gedurende tydperke waarin die totale vraag swak is.

Breë geldvoorraad M3 (nuwe definisie)

Mikpuntgrense vir groei gedurende 1986 (vierde kwartaal 1985 tot vierde kwartaal 1986)

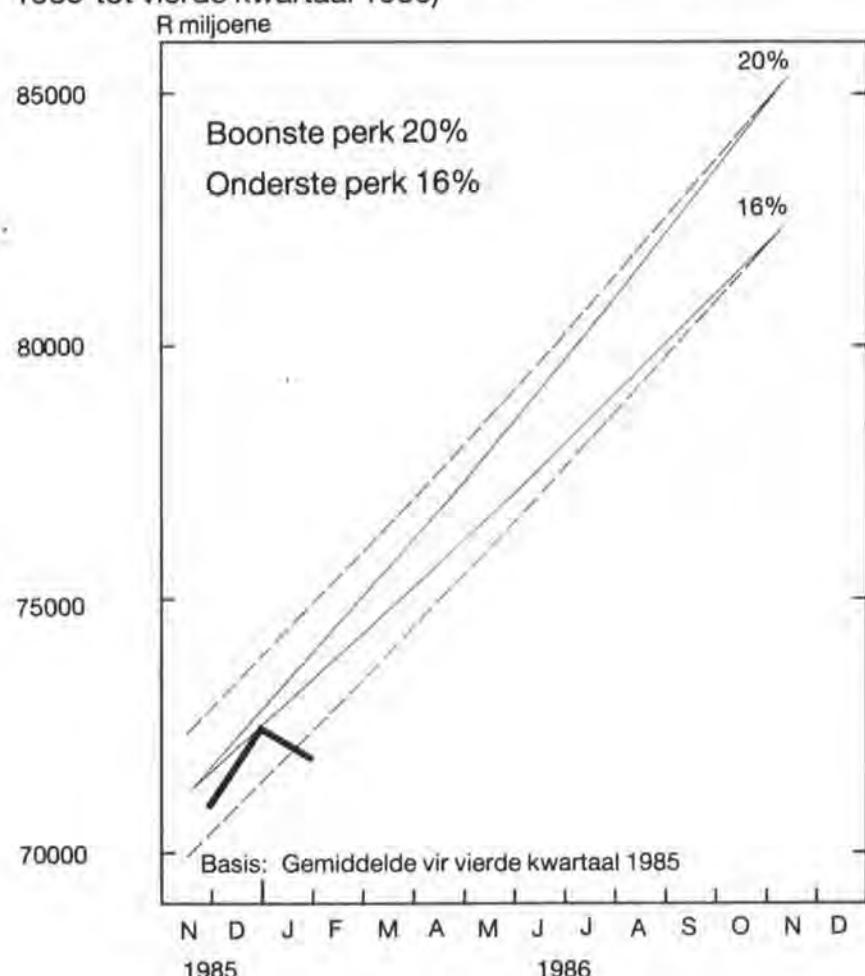
Boonste en onderste perke vir M3 (na seisoensaansuiwering), Rm

			Kegel		Tonnel	
			Boonste perk 20%	Onderste perk 16%	Boonste perk	Onderste perk
1985:	Gemiddeld					
	4de kw	71 174	71 174	72 380	69 968	
Einde	Nov	71 717	71 615	72 878	70 456	
	Des	72 815	72 507	73 890	71 434	
1986:	Einde	Jan	73 930	73 409	74 916	72 426
	Feb	75 062	74 323	75 956	73 431	
	Mrt	76 211	75 248	77 012	74 452	
	Apr	77 378	76 184	78 082	75 486	
	Mei	78 562	77 132	79 196	76 534	
	Jun	79 765	78 092	80 265	77 597	
	Jul	80 986	79 064	81 380	78 676	
	Aug	82 226	80 048	82 510	79 768	
	Sept	83 485	81 044	83 656	80 875	
	Okt	84 763	82 053	84 819	81 999	
	Gemiddeld					
	4de kw	85 409	82 562	85 409	82 562	
Einde	Nov	86 061	83 074	85 997	83 138	
	Des	87 379	84 108	87 191	84 293	

$$\begin{array}{rcccl} & & & \text{R miljoene} \\ 1985 \text{ IV} & + & 20\% & = & 85 409 \\ & + & 16\% & = & 82 562 \end{array}$$

Breë geldvoorraad M3 (Nuwe definisie)

Mikpuntgrense vir groei gedurende 1986 (vierde kwartaal 1985 tot vierde kwartaal 1986)



Soos deur die Kommissie aanbeveel is, sal die mikpuntoefening waarmee nou 'n begin gemaak word, met 'n redelike mate van buigsaamheid en 'n "lae profiel" uitgevoer word. Dit beteken dat daar geen *stram* en *oorheersende "geldreeël"* gaan wees waarvolgens rentekoerse en wisselkoerse *heettemal* vrygelaat word om te alle tye hul eie vlakte te vind nie. In plaas daarvan sal die monetêre owerhede voortgaan om hul diskresionêre oordeel uit te oefen wanneer hulle besluit na watter kombinasie van geldvoorraad, rentekoerse en wisselkoerse daar in enige gegewe stel omstandighede gestreef behoort te word. Hierdie diskresie sal natuurlik egter beperk word deur die noodsaak om te vermy dat die mikpunt vir M3 so dikwels verander of verbreek word dat dit geen betekenis meer het nie.

Dit moet ook vanuit die staanspoor beklemtoon word dat die monetêre owerhede by die formulering en toepassing van hul monetêre beleid nie oormatig deur maandeindsyfers beïnvloed sal word nie. Dit is so nie slegs omdat die geldvoorraadstatistiek soos op maandeindes om tegniese redes berugte wisselvaligheid toon nie, maar ook vanweë die buigsame benadering wat ten opsigte van die mikpuntoefening in die algemeen gevolg sal word. In die lig van vorige ondervinding is dit baie waarskynlik dat individuele syfers vir M3 soos op maandeindes van tyd tot tyd buite die perke sal val wat deur die "kegel" en die "tonnel" gestel word. Wanneer dit gebeur, sal die Reserwebank nie noodwendig verplig voel om sy beleid onmiddellik te verruim of te vernou nie. Maar as die maandelikse M3-syfers *aanhouwend* buite die mikpuntgrense val, sal beleidsaanpassings natuurlik oorweeg moet word en/of sal die mikpuntgrense self in hersiening geneem en moontlik gewysig moet word.

In ooreenstemming met die Kommissie se aanbevelings sal die belangrikste monetêre-beleidsinstrumente wat gebruik gaan word om die groei van M3 binne die mikpuntperke te hou, bestaan uit openbare-skuldbeheer (met inbegrip van die leningsbeleid van die openbare sektor), opemarktransaksies, herdiskonteringsbeleid en "intervensie" deur die Reserwebank in die buitelandsevalutemark. Die gebruik van hierdie markgerigte beleidsinstrumente mag by tye aangevul word deur wysigings van die kontantreserwevereistes vir banke en bouverenigings.

Soos in baie ander lande is die onderliggende redes vir die instelling van monetêre mikpunte in Suid-Afrika basies van drieërlei aard:

- Dit sal duidelik maak dat die monetêre owerhede vasbeslote is om 'n houvas te verkry op wat hulself konsekwent as 'n kernelement in die inflasieproses aangedui het, naamlik 'n oormatige koers van toename in die geldvoorraad.
- Dit sal dien as vooraf-kennisgewing van die waarskynlike ingesteldheid van monetêre beleid. Sodanige groter voorspelbaarheid behoort ondernemings in die private sektor te help om hul sakebesluite te neem en behoort ook vir werknemers en werkgewers van hulp te wees by die formulering van, en onderhandelings oor, looneise.
- Dit sal 'n maatstaf voorsien waarteen die werklike resultate van die monetêre beleid beoordeel kan word.

Vanuit die oogpunt van die beteueling van inflasie sou laer mikpuntgrense as 16 en 20 persent vir die groeikoers in M3 in 1986 vanselfsprekend verkieslik gewees het. Maar afgesien van die probleem van 'n relatief lae basistydperk waarna reeds verwys is, word daar onder toestande van lae groei en hoë inflasie met die mikpuntoefening begin, en op die kort termyn moet daar tussen die aanmoediging van groei en die beteueling van inflasie 'n sekere ewewig gehandhaaf word.

Onder hierdie omstandighede is daar vir 1986 mikpuntgrense van 16 en 20 persent gekies omdat dit aan twee vereistes voldoen: Eerstens is dit hoog genoeg om voldoende ruimte te laat vir 'n beraamde toename in die reële bruto binnelandse produk van meer as 4 persent tussen die vierde kwartaal van 1985 en die vierde kwartaal van 1986, wat na 'n toename van ongeveer 3 persent tussen die kalenderjaar 1985 en die kalenderjaar 1986 omgereken kan word. Tweedens is dit laag genoeg om te verseker dat die verwagte daling in die inflasiekoers in die loop van 1986 as gevolg van die onlangse appresiasie van die wisselkoers, nie as gevolg van die verskyning van nuwe vraaginflasiedruk op niks sal uitloop nie.

Daar word met ander woorde geglo dat bereiking van die groeimikpunt vir M3 van 16 tot 20 persent verenigbaar sou wees met die gelyktydige bewerkstelliging van 'n aansienlike hoë reële groeikoers in 1986 as in 1985 en van 'n aanmerklike daling in die inflasiekoers in die loop van 1986. Indien daar wel betekenisvolle vordering na laasgenoemde doel gemaak word, sal die pad ooggemaak wees om in 1987 laer mikpuntgrense vir M3 te stel, as voorspel tot 'n verdere verlaging van die inflasiekoers.

BYLAAG

Definisies van monetêre totale¹⁾

Mone-têre totaal	Huidige definisie	Nuwe definisie
M1(A)	-	Munte en banknote in omloop, en tjek- en transmissiedeposito's by bankinstellings, ²⁾ bouverenigings en die Posspaarbank.
M1	Munte en banknote in omloop en onmiddellik opeisbare deposito's by monetêre bankinstellings. ³⁾	M1(A) <i>Plus:</i> Ander onmiddellik opeisbare deposito's by bankinstellings. ²⁾
M2	M1 <i>Plus:</i> Ander korttermyndeposito's, en alle middeltermyndeposito's (met inbegrip van spaardeposito's) by monetêre bankinstellings ³⁾	M1 <i>Plus:</i> Ander korttermyndeposito's, en alle middeltermyndeposito's (met inbegrip van spaardeposito's) by bankinstellings. ²⁾ <i>Plus:</i> Ander korttermyndeposito's, en alle middeltermyndeposito's (met inbegrip van spaardeposito's en sekere "aandele"-beleggings). <i>Plus:</i> Spaardeposito's by en spaarbanksertifikate van die Posspaarbank.
M3	M2 <i>Plus:</i> Langtermyndeposito's by monetêre bankinstellings ³⁾	M2 <i>Plus:</i> Alle langtermyndeposito's by bankinstellings ²⁾ <i>Plus:</i> Alle langtermyndeposito's en ander "aandele"-beleggings by bouverenigings. <i>Plus:</i> Beleggings in nasionale spaarsertifikate uitgereik deur die Posspaarbank.

1) Die deposito's by hierdie totale ingesluit, is dié van die binnelandse private sektor by die betrokke instellings. Buitelandse deposito's, regeringsdeposito's en deposito's van die betrokke instellings by mekaar is uitgesluit.

2) Die Suid-Afrikaanse Reserwebank, die Korporasie vir Openbare Deposito's, diskontohuise, alle ander geregistreerde bankinstellings en die korttermynbesigheid van die Landbank.

3) Die Suid-Afrikaanse Reserwebank, handelsbanke, aksepbanke, die voormalige Nasionale Finansiëlekorporasie, Korporasie vir Openbare Deposito's, diskontohuise en die korttermynbesigheid van die Landbank, en ander bankinstellings waarvan die maandelikse gemiddelde bedrag aan onmiddellik opeisbare depositoverpligtigs gedurende die voorafgaande kalenderjaar minstens R5 000 000 bedra het en waarvan die maandelikse gemiddelde bedrag aan kort- en middeltermyndepositoverpligtigs gedurende die voorafgaande kalenderjaar gesamentlik of minstens een derde van so 'n instelling se totale depositoverpligtigs of minstens R30 000 000 bedra het.