

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

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Quarterly Bulletin  
Kwartaalblad

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**December 1987 Desember No. 166**

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# Quarterly economic review

## Introduction

Having advanced at annual rates of 3½ per cent in the third and fourth quarters of 1986 and of 2 per cent in the first quarter of 1987, real gross domestic product increased at an annual rate of only 1 per cent in the second quarter. Output levels in the second quarter were adversely affected, however, by various work stoppages and by the unusually large number of non-working days in April and May.

The increase in real gross domestic product in the *third* quarter of 1987 is provisionally estimated to have amounted to an annual rate of 1½ per cent. The average level of total real gross domestic product in the first three quarters of 1987 nevertheless was some 2¾ per cent higher than in the first three quarters of 1986. Current projections are for a growth rate of the South African economy in the calendar year 1987 of between 2 and 2½ per cent.

The disappointing growth performance of the economy in the third quarter of 1987 ran counter to the impressions and expectations of most economists. It was also at variance with the more positive business mood, the gradual return of "confidence", and the strengthening of spending intentions, that would appear to have prevailed during the third quarter, as well as with informal business reports indicating enhanced degrees of capacity utilisation, the occasional re-emergence of capacity constraints and stock shortages in certain industries, and rising importation needs.

Sectoral analyses of output data, however, show the low growth rate of the third quarter to have been attributable almost exclusively to marked declines in production in the primary sectors (agriculture and mining) of the economy. A relatively impressive increase in aggregate real value added, at an annual rate that is provisionally estimated to have been of the order of 6½ per cent, actually was recorded in the non-primary sectors. The average level of real output in the non-primary sectors in the first three quarters of 1987 exceeded the average level of output in these sectors in the corresponding nine months of 1986 by some 3½ per cent.

Real gross domestic expenditure in the third quarter of 1987 continued to rise firmly for the third consecutive quarter, although at a rate that was moderately lower than in the preceding six months. Total real gross domestic expenditure in the first three quarters of 1987 was some 3 per cent higher than in the corresponding period of 1986. The third-quarter increase in total real gross domestic spending was

accounted for mainly by a further rise in private consumption expenditure and an increase in real inventories.

Real private consumption expenditure in the third quarter of 1987 recorded its sixth consecutive quarterly increase at annualised rates which had varied from 2½ to 4 per cent. Despite an increase in tax burdens, the fairly steady upward course of real private consumption from the second quarter of 1986 was based on a broadly commensurate rate of increase in real personal disposable (after-tax) income as well as on sustained low levels of the personal savings ratio. Real government consumption expenditure, having grown exceptionally rapidly in the first quarter of 1987 but at a more moderate pace in the second quarter, actually decreased in the third quarter.

Total real gross domestic fixed investment, after renewed declines in the first half of 1987, is estimated to have recovered marginally in the third quarter. An encouraging increase was recorded in real fixed capital formation in the private sector. Aggregate real inventories rose in the third quarter mainly because of significant additions to industrial and commercial inventories. This caused the ratio of industrial and commercial inventories to non-agricultural real gross domestic product to flatten out in the course of the first three quarters of 1987 at a level of approximately 20 per cent.

Rising volumes of merchandise imports, at relatively stable import prices, provided the principal explanation of some further shrinking of the surplus on the current account of the balance of payments in the third quarter. The third-quarter surplus, at an annualised rate, nevertheless still amounted to R5,4 billion or to approximately 3 per cent of gross domestic product. After allowing for fairly modest further outflows of both reserve-related and non-reserve-related capital, the current account surplus caused the gross gold and other foreign reserves to rise by another R0,8 billion in the third quarter to R8,6 billion at the end of September.

Notable features of the South African economy in the third quarter of 1987 therefore included, firstly, continued steady expansion of real private consumption expenditure, a modest resumption of inventory accumulation, and a bottoming-out of the fixed investment cycle; secondly, a firm rate of expansion of non-primary production that would have been reflected in aggregate output growth but for unexpectedly poor results in agriculture and mining; and thirdly, continued healthy, although gradually diminishing, surpluses on the balance of payments on

current account. Between them, these features outlined a picture of an economy that - after an unusually long warming-up period and earlier false starts, despite certain obvious abnormalities, and in the face of a number of externally imposed adverse developments and constraints - nevertheless appeared to have moved out of the preparatory into the early expansionary stages of a fairly typical cyclical upswing.

Total employment rose relatively rapidly in the second quarter of 1987. Higher employment levels, however, did not succeed in reducing the total number of registered unemployed, which reverted in August and September to levels clearly in excess of the 1986 average. Inflation rates mostly subsided further in the third quarter.

In the area of monetary and financial developments, fairly marked accelerations were apparent in the rate of increase in the M3 money supply and in bank credit to the private sector after the fourth quarter of 1986 or from cyclical lower turning points in the early months of 1987. A sharp rise in the money supply in September caused M3 as at the end of that month to fall within the targeting "cone" for the first time in the 1987 targeting year.

Easy conditions continued to prevail in the money market in the third quarter, October and November 1987. Short-term interest rates mostly were very stable at levels well below the Reserve Bank's relevant rediscount rates. Mild further encouragement of the money market's ease and liquidity was provided by the Reserve Bank through the Bank's operations in the market after the sharp downward adjustment of share prices on the stock exchange from 20 October.

The capital markets, in the third quarter and the first part of October 1987, witnessed another round of increases in trading activity and a further acceleration of the rise in share prices. From 20 October to 5 November, however, share prices on the Johannesburg Stock Exchange, in broad correspondence with the slump in share prices that had commenced on the world's major stock exchanges on 19 October, fell back by an average of some 40 per cent.

Little immediate impact of these stock market developments was apparent on other South African financial markets up to early December 1987. The major decline in domestic share values of October-November nevertheless could reasonably be expected somewhat to lower the ceiling on growth prospects for the South African economy in 1988. By early December 1987 no evidence had become available as yet, however, that the stock exchange losses of October-November were having or would have a seriously detrimental effect on domestic private-sector propensities to consume or invest. Share market declines well ahead of the upper turning points of the general business cycle (with leads of varying

lengths) have, in fact, been a regular feature of post-war South African business cycle developments.

The South African economy would not be able fully to insulate itself, however, from a further weakening of growth in the international economy that was widely expected to follow in the wake of the world-wide re-rating of equity values. The eventual impact of the global drop in share prices from 19 October on domestic economic developments would, therefore, also depend to an important degree on the policy responses of the monetary and fiscal authorities in the world's top industrialised economies.

## Domestic economic developments

### Domestic output

Growth in total real gross domestic product in the third quarter of 1987 is provisionally estimated to have amounted to a seasonally adjusted annual rate of 1½ per cent. This followed upon an annualised growth rate of 1 per cent (revised downwards from the earlier estimate of 1½ per cent) in the second quarter of the year. The average level of total real gross domestic product in the first three quarters of 1987 nevertheless was some 2¾ per cent higher than in the first three quarters of 1986. On present estimates, further real growth at a seasonally adjusted annual rate of some 5¾ per cent would be needed in the fourth quarter of 1987 if the growth rate for the calendar year 1987 is to reach 2½ per cent. Current projections are for a growth rate of the South African economy in 1987 of between 2 and 2½ per cent.

The disappointing overall growth performance of the South African economy in the third quarter of 1987, which would appear to have run counter to the considerably more favourable impressions and expectations of most economists, was attributable

almost entirely to sharp setbacks to output levels recorded by the primary sectors, i.e. by agriculture and mining. In contrast, quite considerable strength was displayed again by the non-primary sectors of the economy.

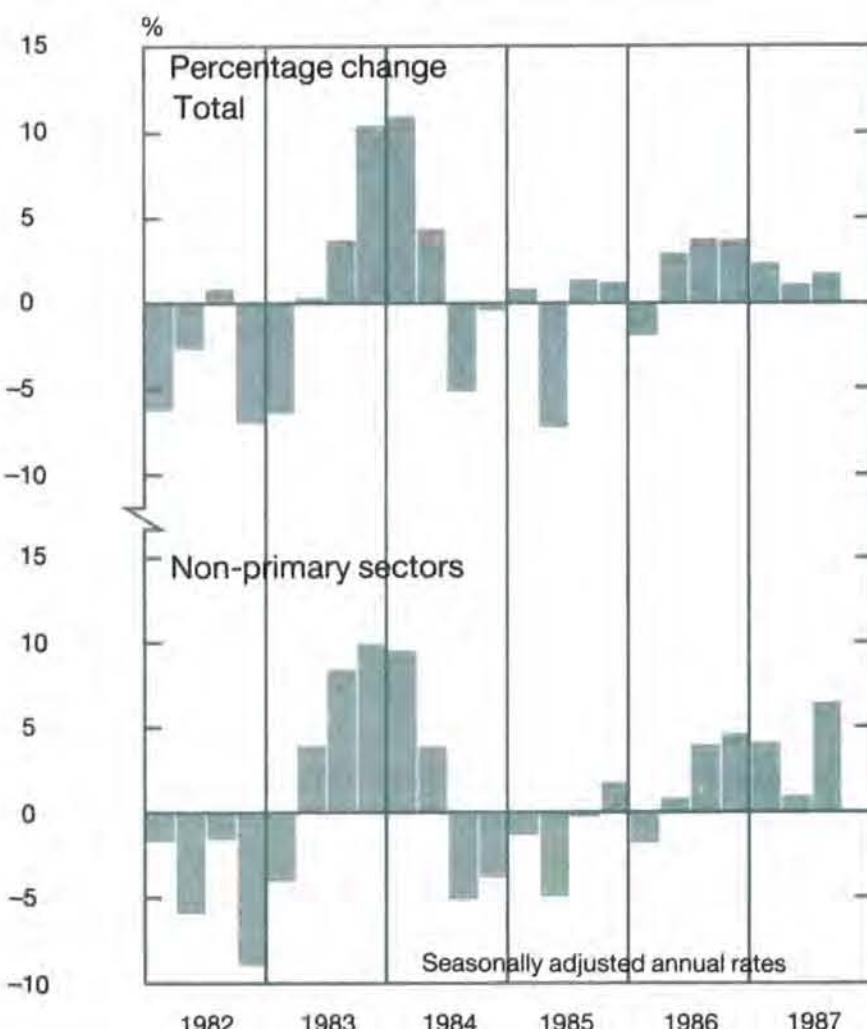
Real output in the agricultural sector during the third quarter of 1987 was significantly lower than in the third quarter of 1986 mainly because of recent sharp downward revisions of maize crop estimates for the 1986/87 agricultural season. The maize crop estimate of 7,4 million tons for 1986/87 compares with an actual harvest of 7,9 million tons in 1985/86. In addition, lower-than-expected production levels were recorded in sugar and citrus farming. A sharp third-quarter decline in real value added by the mining sector was accounted for mostly by the labour strike during August in a major part of the gold mining industry.

At a seasonally adjusted annual rate, the decline in real output in the primary sectors of the economy from the second to the third quarter of 1987 amounted to nearly 12 per cent. During the five-quarter period from the third quarter of 1986 to the third quarter of 1987 the annualised rate of contraction of real value added in these sectors amounted to 2½ per cent. Aggregate output in these sectors in the first three quarters of 1987 was some ½ per cent lower than in the corresponding period of 1986.

Relative buoyancy of the *non-primary* sectors, on the other hand, was evident from further acceleration of the growth tempo in these sectors in the third quarter of 1987 to an annualised rate of approximately 6½ per cent. The relative importance of these sectors in the national economy is apparent from their percentage contribution to nominal gross domestic product, which varied from 71 per cent in 1980 to 81 per cent in 1984 and 78½ per cent in 1985, for an average over this six-year period of some 78 per cent.

The 6½ per cent annualised rate of output growth in the non-primary sectors of the economy in the third quarter of 1987 represented a further improvement on the annualised growth rates, ranging from 3½ to 5 per cent, that had been attained by these sectors in the second half of 1986 and the first quarter of 1987. In the second quarter of 1987, however, various non-recurrent factors - including strikes and labour disputes and the unusually large number of non-working days in that quarter - had caused the growth rate in aggregate real non-primary production to fall back temporarily to approximately 1 per cent. During the five quarters from the third quarter of 1986 to the third quarter of 1987 the average annual rate of increase in real value added in the non-primary sectors amounted to 4 per cent. The average level of real output in these sectors in the first three quarters of 1987 was some 3½ per cent higher than in the first three quarters of 1986.

### Real gross domestic product



Output increases in the non-primary sectors of the economy during the third quarter of 1987 were broadly based. Following upon a decline in manufacturing output in the second quarter, the most prominent rise in real value added in the third quarter was recorded by manufacturing industry, notably by the production of food and chemicals. Appreciable further rises in real output in continuation of second-quarter increases were registered by the sector commerce (more particularly by the wholesale and motor trades), the financial services sector, and general government. An increase in real value added was also recorded by the sectors providing electricity, gas and water.

Rates of increase in real gross *national* product were significantly higher in both the second and the third quarter of 1987 than those in total real gross *domestic* product. In annualised terms the rates of growth in real gross national product amounted to 3½ per cent (previously estimated at 4½ per cent) and 4½ per cent in the second and third quarters, respectively. Real gross national product in the first three quarters of 1987 accordingly exceeded its average level of one year earlier by a full 3 per cent. Unlike developments in the second quarter of 1987 (which saw a significant decline in net interest payments, and therefore in net factor payments, to foreigners), the growth rate differential in favour of gross national product in the third quarter was accounted for solely by an improvement in the South African terms of trade.

#### Domestic expenditure

Total real gross domestic expenditure continued to expand firmly during the third quarter of 1987 for the third consecutive quarter, but did so at a lower rate than during the preceding six months. The seasonally

adjusted annual rates of increase in aggregate real domestic expenditure amounted to approximately 18½, 10 and 7 per cent in the first, second and third quarters, respectively. In the five-quarter period from the third quarter of 1986 to the third quarter of 1987 the average annualised rate of increase in aggregate real domestic spending reached a relatively impressive average figure of 6 per cent. The average level of total real domestic expenditure in the first three quarters of 1987, however, exceeded its average level in the first three quarters of 1986 by a more modest 3 per cent.

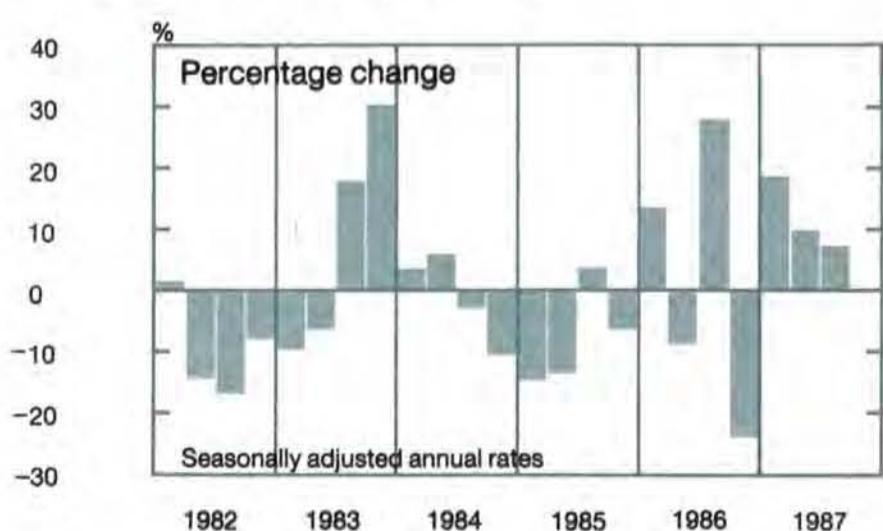
The third-quarter increase in aggregate real gross domestic expenditure mainly reflected a further strengthening of real private consumption expenditure and some further build-up of aggregate real inventories. Real private consumption expenditure in the third quarter of 1987 actually recorded its sixth consecutive quarterly increase at annualised rates which had varied from 2½ to 4 per cent. Its further rise in the third quarter of 1987 was based on a significant further rise in real personal disposable (after-tax) income and a sustained low personal savings ratio. Real private consumption expenditure in the third quarter of 1987 was some 5½ per cent higher than in the first quarter of 1986, against an increase in real personal disposable income during this period of some 6½ per cent. Like the rise in real private consumption expenditure in the third quarter of 1987, the third-quarter rise in real personal disposable income represented its sixth consecutive quarterly increase. The further rise in real disposable income in the third quarter of 1987 incorporated a marked increase in aggregate real salaries and wages as well as a sharp rise in real personal income from property.

Notable rates of increase were recorded in the third quarter of 1987 in real private spending on consumer durables, and in spending on personal transport equipment in particular. The strong advance in private outlays on personal transport equipment, which reached an annual rate of 11 per cent, was based on aggressive marketing by the motor trade and on successful introduction of new motor car models, as well as on relatively favourable financing terms and increasing pressures of replacement demand.

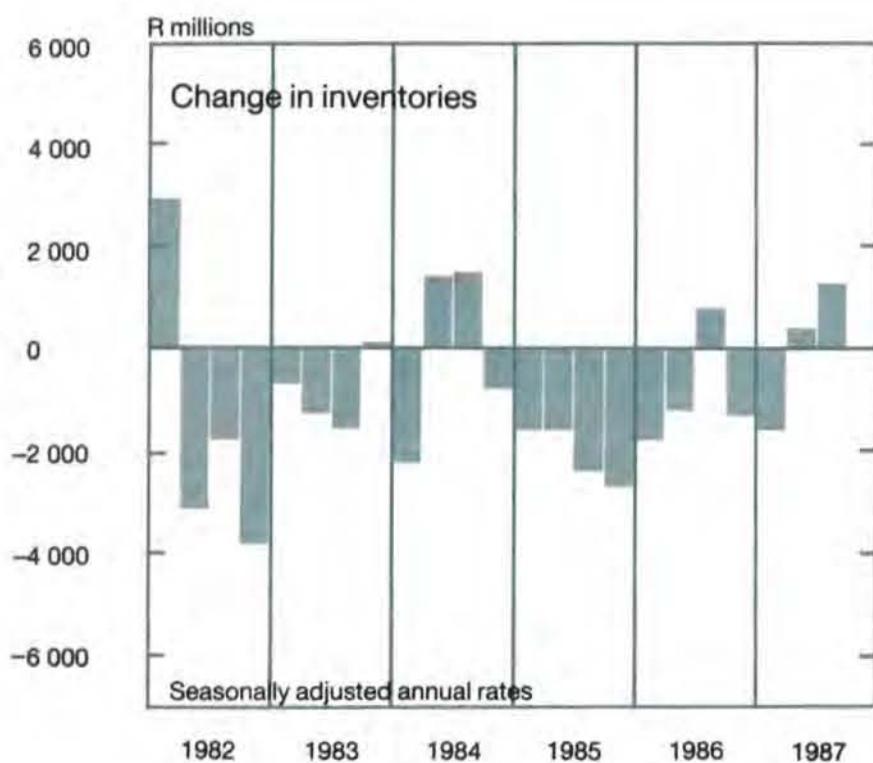
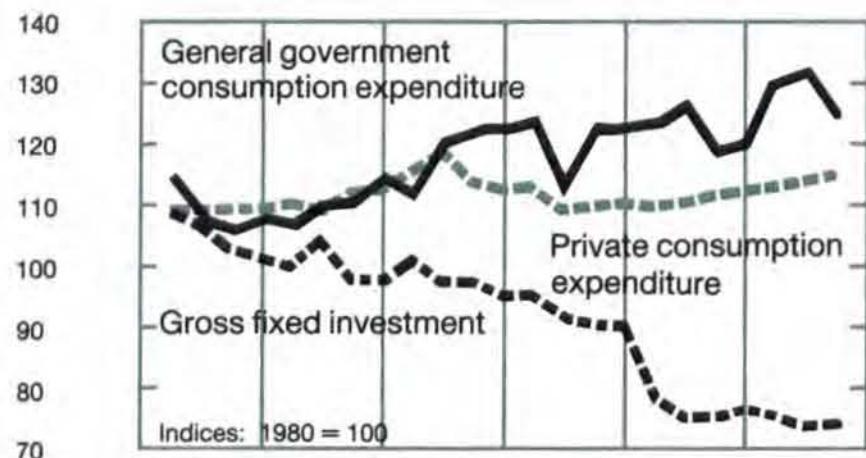
More moderate increases, amounting to annual rates of the order of 6 and 3 per cent, were registered in real private spending on semi-durable goods and consumer services, respectively. Relatively little change was shown by spending on non-durables, which advanced at an annual rate of some 1½ per cent.

Real *government* consumption expenditure, having increased exceptionally rapidly in the first quarter of 1987 and at a more moderate pace in the second quarter, declined fairly substantially in the third quarter. This decline resulted mainly from cut-

#### Real gross domestic expenditure



### Main components of gross domestic expenditure



backs in real outlays on goods and "other" (non-labour) services. The average level of aggregate real government consumption expenditure in the first three quarters of 1987 was nearly 5 per cent higher than in the first three quarters of 1986.

Total real gross domestic fixed investment, which had shown a modest recovery in the second half of 1986 but renewed declines - at annual rates of some 5 and 9 per cent - in the first and second quarters of 1987, crept up marginally again in the third quarter. Its average level in the first three quarters of 1987 was only slightly lower, on balance, than in the first three quarters of 1986.

Real fixed capital spending by the private sector actually increased markedly - at an annual rate of approximately 13 per cent - in the third quarter of 1987, after having declined significantly in the second quarter. This encouraging revival of private-sector real fixed capital formation was mainly accounted for

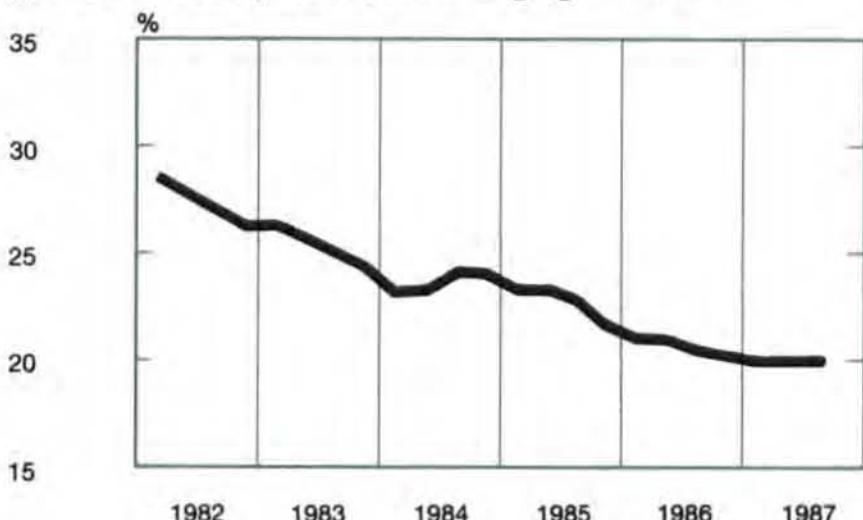
by increased fixed capital outlays in manufacturing and agriculture and under the headings of machinery and transport equipment in the financial services sector.

Among public authorities, real fixed capital formation by the South African Transport Services and the Department of Posts and Telecommunications rebounded markedly in the third quarter after a decline in the second quarter. This increase more than neutralised a third-quarter decline in real fixed investment by general government departments. In the general area of capital spending by government departments it would appear that proposed government expenditure on low-cost housing and supporting infrastructural developments has, as yet, been slow to materialise. Capital expenditure in real terms by public authorities on buildings and structures in the real estate sector actually decreased in the third quarter of 1987 and has remained essentially unchanged since the beginning of 1986.

Together, the quite impressive advances in real fixed investment by the private sector and by public authorities in the third quarter of 1987 marginally outweighed very large further cutbacks in real fixed capital outlays by public corporations. Further reductions in capital spending by the public corporations, although broadly based, to a major extent reflected Eskom's ongoing programme of rationalisation.

Aggregate real inventories rose in the third quarter mainly because of significant additions to industrial and commercial inventories. This caused the ratio of industrial and commercial inventories to non-agricultural gross domestic product to flatten out in the course of the first three quarters of 1987 at a level of approximately 20 per cent; a decline in this ratio had been in evidence almost continuously from a peak of 27½ per cent in 1982. Inventories also in-

### Ratio of real industrial and commercial inventories to gross domestic product excluding agriculture



creased in most other sectors of the economy. They declined, however, in the mining sector as a result of the strike in the gold mining industry in August.

### Factor income and saving

The year-on-year percentage increase in aggregate nominal factor income slowed down mildly from 21 per cent in the second quarter of 1987 to 18½ per cent in the third quarter. This deceleration was mainly due to lower rates of increase in gross operating surplus. Total gross operating surplus advanced at an annual rate of only 2½ per cent in the third quarter after annualised increases of 10 and 18½ per cent in the first and second quarters, respectively. This sharply weakened performance was attributable inter alia to sharply lower working results of the gold mining industry and to poorer-than-expected gross income in agriculture, for reasons that were referred to earlier.

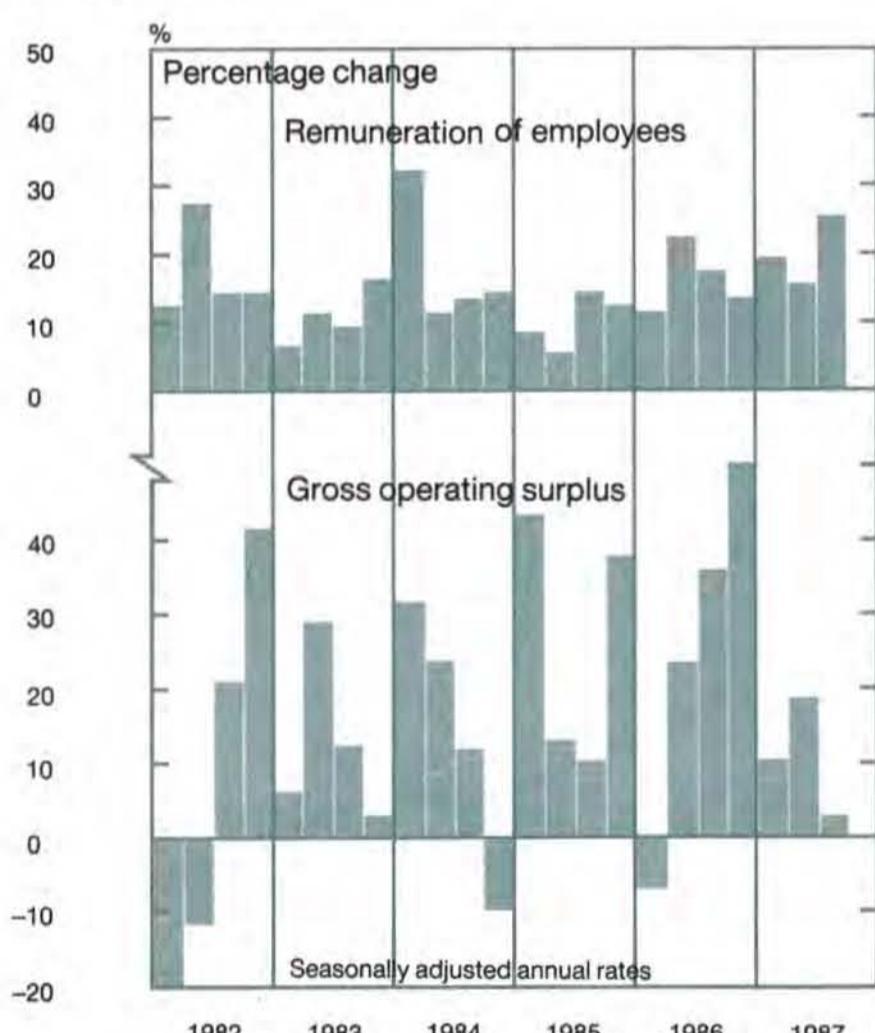
In contrast, the year-on-year percentage increase in labour remuneration, representing the other component of total factor income, accelerated from 16½ per cent in the second quarter of 1987 to 25 per cent in the third quarter. Aggregate nominal labour remuneration in the first three quarters of 1987 consequently was some 17½ per cent higher than in the

first three quarters of 1986. This compares with an increase of 14½ per cent in the preceding year. Increases in nominal labour remuneration were widely spread through the economy. Notable advances were apparent, however, in the general government sector as a reflection of civil servants' salary adjustments that had become effective from 1 July 1987, and in the mining sector as a reflection of the outcome of negotiated wage settlements.

Gross domestic saving relative to gross domestic product amounted to approximately 22½ per cent, 23½ per cent and 24½ per cent in the first, second and third quarters of 1987, respectively. The most recent peak in this ratio, amounting to 26½ per cent, had been reached in the fourth quarter of 1986. Relative to gross domestic investment, gross domestic saving contracted from as much as 147½ per cent in the fourth quarter of 1986 to 115 per cent in the third quarter of 1987.

Dissaving by general government contracted substantially from a quarterly average, at a seasonally adjusted annual rate, of nearly R6 billion in the first half of 1987 to R3½ billion in the third quarter. Company saving, on the other hand, was held back by rises in operating costs and the adverse effects of labour strikes in various sectors of the economy. Personal saving remained at a relatively low level of 3½ per cent of personal disposable income, compared with its recent low point of 2 per cent in the course of 1986 and with an average of 4½ per cent during the five-year period from 1981 to 1985. Depreciation allowances proceeded on their normal upward course but did so at a slowly diminishing pace.

### Factor income

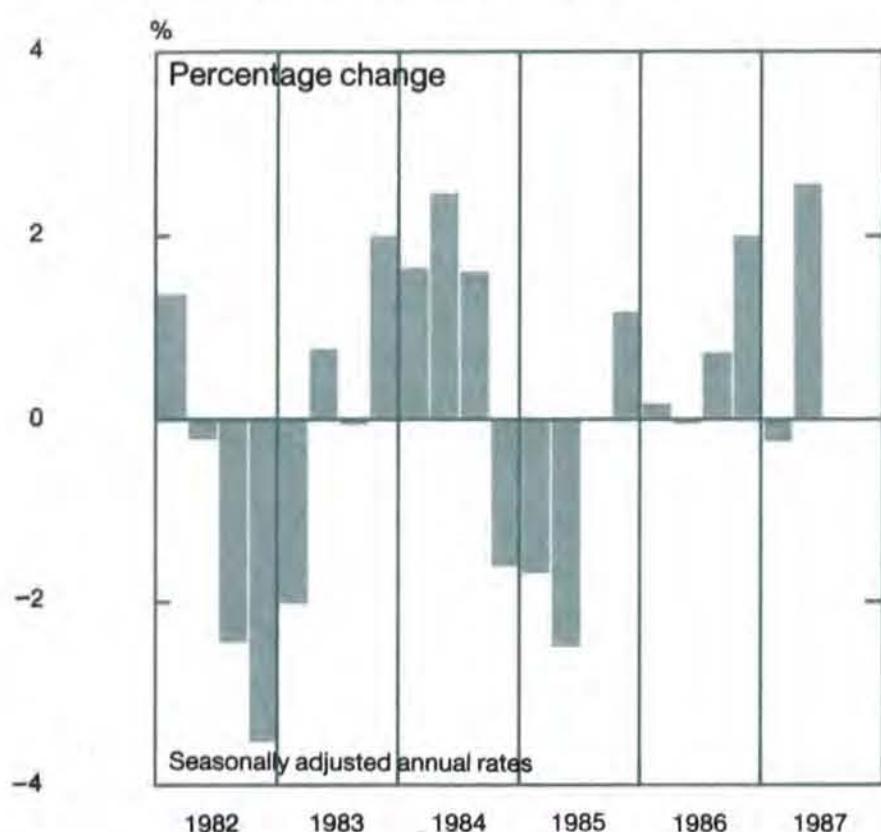


### Employment

Total employment in the non-agricultural sectors of the economy rose at seasonally adjusted annual rates of 0,7 and 2,0 per cent in the third and fourth quarters of 1986, showed almost no further change in the first quarter of 1987, but then advanced relatively rapidly, at a rate of 2,6 per cent, in the second quarter of 1987. These more recent employment increases reflected rising levels of private-sector employment as well as continued increases in employment by public authorities. The average level of non-agricultural employment in the first half of 1987 was a slender 0,9 per cent higher than in the first half of 1986. Data for July and August 1987 show further employment increases in construction but virtual stagnancy in employment in manufacturing and in electricity generation.

The modest employment increases of 1986 and parts of 1987 still failed significantly to affect the total number of registered unemployed. This number declined from 132 000 in January 1987 to 121 000 in May but then rebounded quite sharply to 139 400 in September. The number of registered non-Black un-

### Employment in non-agricultural sectors



employed, however, declined significantly, on balance, from 83 400 in September 1986 to 67 700 in September 1987. The Current Population Survey shows the number of unemployed Blacks to have decreased from 1 181 000 to 1 028 000, or from 19,9 per cent to 16,3 per cent of the Black labour force, from July 1986 to June 1987.

### Labour costs and productivity

The average amount of salaries and wages per employee in the non-agricultural sectors of the economy rose by 15,2 per cent in 1986, but at a somewhat lower rate of 13,7 per cent in the first half of 1987 compared with the first half of 1986. Average *real* wages per worker declined by 3,0 per cent in 1986 and further by 2,5 per cent in the first half of 1987.

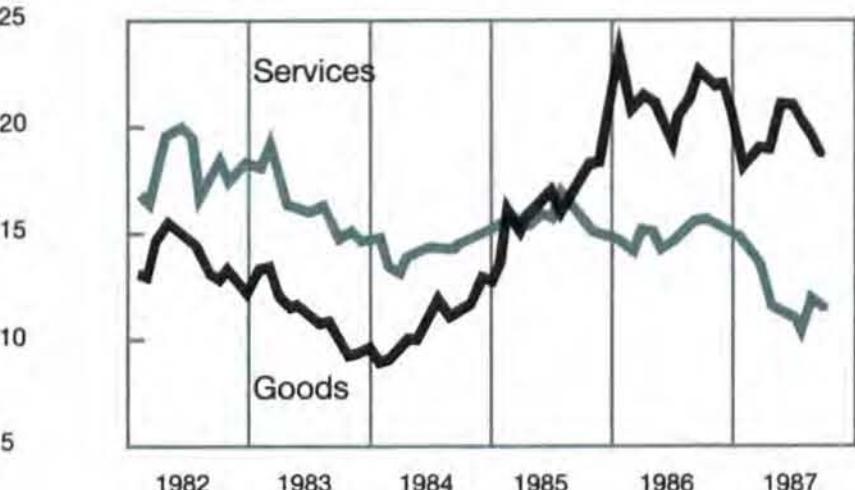
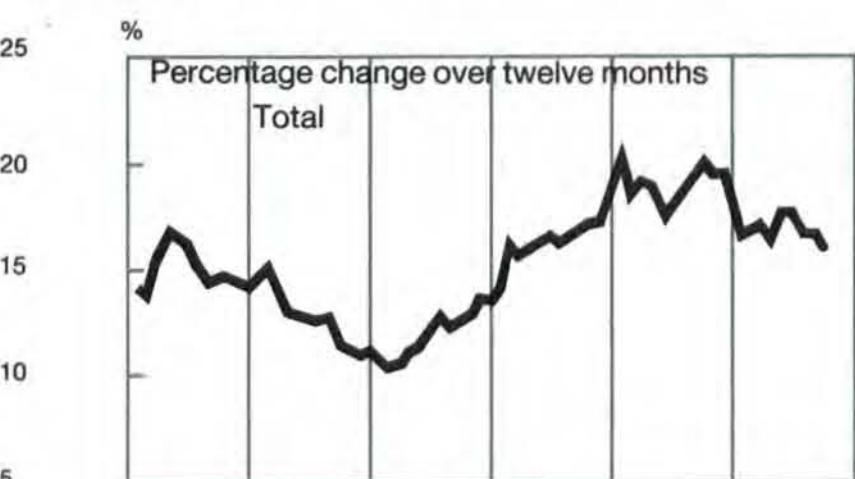
Labour productivity (i.e. real gross domestic product per worker) in the non-agricultural sectors of the economy declined by 1,0 per cent in 1985 and by 0,7 per cent in 1986, but rose by 1,3 per cent in the first half of 1987. This improvement in productivity, in conjunction with the mild slowdown in nominal wage increases, also caused the rise in unit labour costs to decelerate from 15,9 per cent in 1986 to 12,3 per cent in the first half of 1987.

### Prices

The quarter-to-quarter increase in the consumer price index, at seasonally adjusted annual rates, slowed down from 26,0 and 20,7 per cent in the first and third quarters of 1986 to 15,1 and 15,0 per cent in the first and second quarters of 1987, respectively, but reaccelerated to 16,9 per cent in the third quarter. This reacceleration was mainly accounted for by upward adjustments to a number of administered prices, in particular postal, transport and municipal tariffs. On a monthly basis, however, the twelve-month rate of increase in consumer prices in the third quarter of 1987 slowed down from 16,3 per cent in both July and August to 15,5 per cent in September.

Quarter-to-quarter changes in the production price index, at seasonally adjusted annual rates, subsided from 26,3 per cent in the first quarter of 1986 to 13,7 and 12,7 per cent in the first and second quarters of 1987, respectively. This rate then declined further to 12,5 per cent in the third quarter. The twelve-month rate of increase in production prices fell back from 20,7 per cent in October 1986 to 13,7 per cent in September 1987. Strengthening of the exchange rate of the rand contributed to a decline in the twelve-month rate of increase in the prices of *imported* goods

### Consumer prices



from as much as 32,5 per cent in January 1986 to only 12,0 per cent in September 1987. The twelve-month rate of increase in the prices of domestically produced goods retreated from 20,1 per cent in October 1986 to 14,3 per cent in September 1987.

## Balance of payments

### Current account

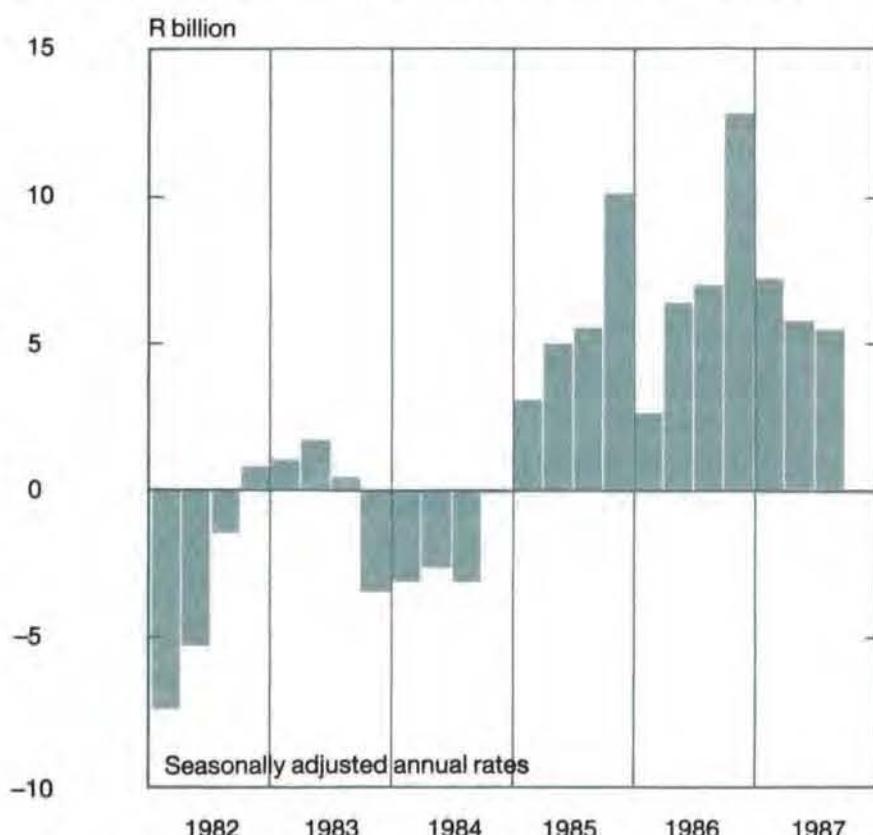
Having declined from R7,2 billion in the first quarter of 1987 to R5,8 billion in the second quarter, the surplus on the balance of payments on current account, at a seasonally adjusted annual rate, narrowed somewhat further to R5,4 billion in the third quarter. The third-quarter figure nevertheless still amounted to more than 3 per cent of gross domestic product, compared with an average of 4½ per cent since the beginning of 1985.

#### Current account of the balance of payments

Seasonally adjusted annual rates  
R millions

	1987		
	1st qr	2nd qr	3rd qr
Merchandise exports .....	23 850	24 430	24 770
Net gold exports .....	18 370	17 030	17 890
Merchandise imports .....	-26 410	-27 370	-28 820
Net service and transfer payments.....	-8 650	-8 320	-8 440
Balance on current account .....	7 160	5 770	5 400

#### Balance of payments: Balance on current account



Further shrinkage of the current account surplus in the third quarter of 1987 mainly reflected a quite substantial further increase in the value of merchandise imports. This was offset partly by a significant recovery in the value of net gold exports and a slight further rise in the value of merchandise exports.

Merchandise imports, responding to further mild increases in aggregate domestic economic activity and firm rises in gross domestic expenditure, increased further by 5½ per cent in value terms in the third quarter. This was mainly accounted for by a rise in import volumes; notably higher quantities of imports were recorded under the headings of machinery and electrical equipment and of transport equipment. The average level of import prices increased only slightly (by about 1 per cent), largely because of relative stability of prices in the international oil market and because of the very limited extent of the decline in the average effective exchange rate of the rand during the third quarter.

The value of net gold exports recovered significantly in the third quarter despite a decline in physical gold production. The volume of net gold exports contracted during the third quarter because of a slight further lowering of the average grade of ore mined and because of the mine workers' strike in an important part of the gold mining industry in August. The decline in physical output was more than offset,

however, by an increase in the average gold price. The average fixing price of gold on the London market rose from US \$450 (R906) per fine ounce in the second quarter to US \$457 (R942) in the third quarter.

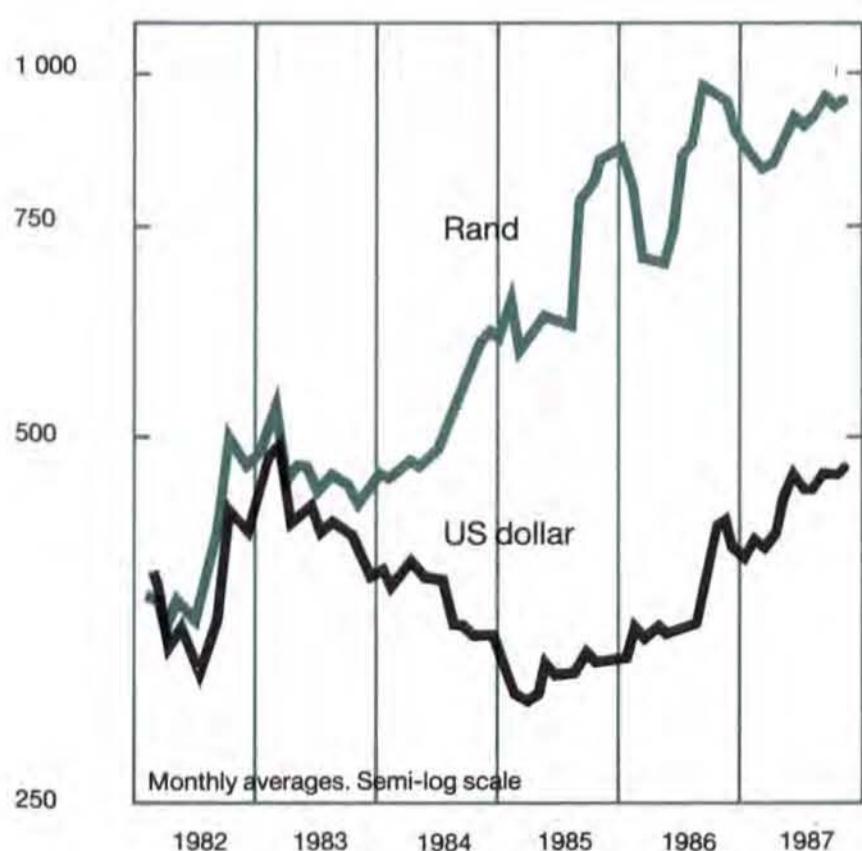
The steep drop in share prices internationally from 19 October, and renewed declines in the exchange value of the US dollar after that date, resulted in a further increase in the monthly average gold price to a level of US \$466 in October. On 20 October the fixing price of gold in the London market momentarily reached a high point of US \$481,60. The highly unsettled conditions which prevailed on the world's major stock exchanges and foreign exchange markets in the second half of October and early November 1987 were not, however, accompanied at once by a sustained shift towards an appreciably higher average level of the gold price. This may have been attributable partly to a forced liquidation of gold positions by certain large investors worldwide and by the availability in the financial markets of new instruments and techniques for hedging against possible further share market declines. More important, however, is likely to have been a perception that the global re-rating of equity values and the attendant negative "wealth effects" on private sector propensities to consume and invest should rank as a potentially growth-depressing and deflationary element in the world economic situation.

After having retreated to \$457,55 in the afternoon fixing in London on 5 November, the gold price advanced to a new high in 1987 of \$493,90 on 30 November. For the first eleven months of 1987 the average price of gold amounted to \$443, compared with \$365 in the first eleven months of 1986.

The total value of merchandise exports increased marginally, by 1½ per cent, during the third quarter of 1987. At this level, however, merchandise export earnings still fell short quite significantly (i.e. by some 11 per cent) of the quarterly average of the uncommonly strong export performance of the South African economy in the second half of 1986.

As in the case of net gold exports, the slight third-quarter improvement in the value of merchandise exports also occurred in spite of a decline in export volumes. After having increased in the second quarter, export volumes contracted by approximately 2½ per cent in the third quarter. The aggregate volume of merchandise exports in the first nine months of 1987 nevertheless still exceeded by some 1½ per cent the volume of exports in the corresponding period of 1986. Export prices increased in the third quarter of 1987 mainly because of a moderate further firming of prices in the international commodity markets during that quarter and because of the slight further decline in the average effective exchange rate of the rand.

**Gold price**



Service payments as well as service receipts declined in the third quarter. The larger proportionate decrease, however, was displayed by service receipts. Net service and transfer payments accordingly increased by some 1½ per cent. Service receipts declined mainly because of a decrease in dividend receipts. The largest single contributing factor to the decline in service payments was a decrease in travel expenditure. Unlike developments in the first half of 1987, no significant further change was recorded in interest payments to foreigners in the third quarter.

#### Capital account

A moderate further outflow of capital not related to reserves was registered in the third quarter. At R776 million, the amount of this outflow was of a broadly similar size as the outflow of non-reserve-related capital in the second quarter. The third-quarter outflow comprised outflows of R484 million and R292 million of long-term and short-term capital, respectively, and was mainly related to the redemption, on 15 July 1987, of about US \$300 million of foreign debt as the "upfront" payment to be made in terms of the Second Interim Arrangements with foreign creditor banks. Non-residents also continued to be net sellers of securities on the Johannesburg Stock Exchange. The extent of the outflow through this channel (which, under the financial rand system, does not, of course, result in an actual loss of foreign exchange) was R531 million.

Public corporations continued to be net importers of capital for the third consecutive quarter. The net amount of funds taken up by public corporations in the form of new loans and drawings on existing loan

facilities in the third quarter was R107 million. The net amount of public corporations' foreign borrowing in the course of the first nine months of 1987 thereby was brought to a substantial R802 million.

The total outflow of short-term capital not related to reserves increased modestly from R158 million in the second quarter to R292 million in the third quarter. The total net outflow of non-reserve-related short-term capital in the first three quarters of 1987 accordingly amounted to a fairly insignificant R228 million. This may be compared with an outflow of as much as R1,7 billion in the first three quarters of 1986.

The penultimate instalment, amounting to R259 million, on South Africa's 1982 loan from the International Monetary Fund was repaid in August 1987. Mainly because of this repayment and other redemptions of reserve-related liabilities under the standstill net, total liabilities related to reserves were reduced further by R415 million in the third quarter. This followed upon a similar reduction of R377 million in the preceding quarter. The final instalment, amounting to R260 million, on the IMF loan was repaid on 7 November.

#### Foreign reserves

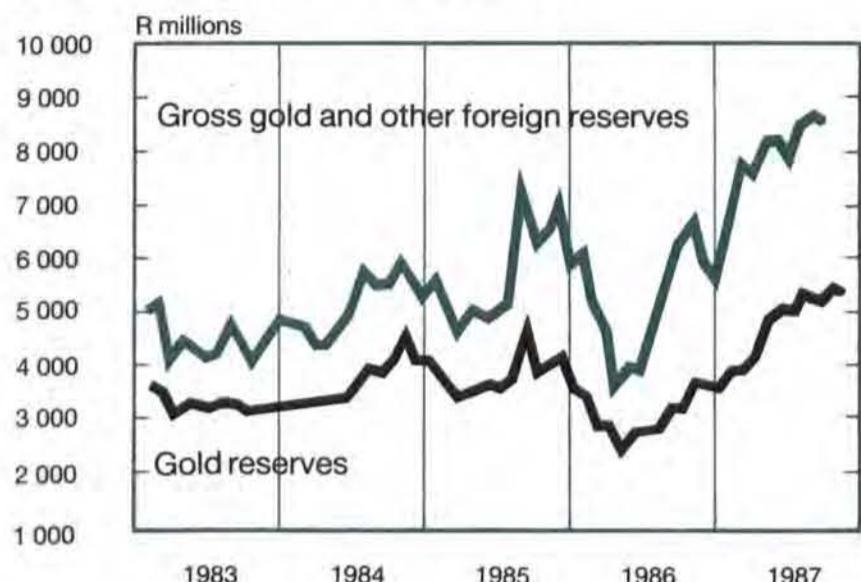
The total gross gold and other foreign reserves rose by R1 798 million and R282 million in the first and second quarters of 1987, respectively, and by a further R796 million in the third quarter. At R8,6 billion the total foreign reserves at the end of September 1987 were equivalent to approximately 3½ months of goods imports. They were also R4,6 billion, or 117 per cent, higher than the level to which they had shrunk by the end of April 1986. In October 1987 the gross

#### Net capital movements

R millions

	1987		
	1st qr	2nd qr	3rd qr
Long-term capital			
Public authorities.....	-9	-217	-60
Public corporations .....	347	348	107
Banking sector .....	38	-60	19
Private sector:			
Net purchases of listed securities by non-residents.....	-209	-546	-531
Other capital.....	18	-278	-19
Total long-term capital .....	185	-753	-484
Short-term capital including unrecorded transactions, but excluding reserve-related liabilities.....	222	-158	-292
Total capital movements excluding liabilities related to reserves .....	407	-911	-776
Change in liabilities related to reserves .....	-627	-377	-415

### Total gold and other foreign reserves



gold and other foreign reserves held by the Reserve Bank rose by another R83 million. They declined, however, by R556 million in November.

The gold reserves of the Reserve Bank increased from 6,05 million fine ounces at the end of the second quarter of 1987 to 6,30 million fine ounces at the end of September but declined again to 6,21 million fine ounces at the end of October. They then increased marginally again to 6,24 million fine ounces at the end of November.

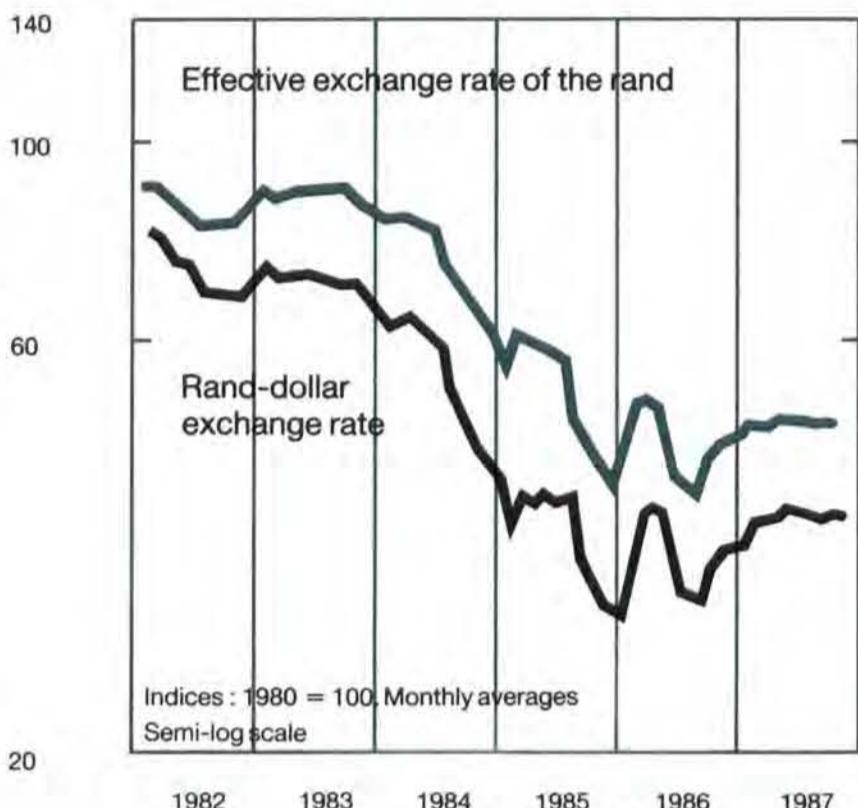
### Exchange rates

The exchange rate of the rand vis-à-vis the US dollar fluctuated between relatively close limits of 46 and 51 US cents from the beginning of 1987 to late November, and within an even narrower range from approximately 48 to 49 US cents from mid-June to the end of October. It broke out of this tight band, however, on 2 November and advanced to approximately 51½ US cents on 10 November, and again on 30 November, as a reflection of the dollar's decline in recent weeks to new post-war lows vis-à-vis the German mark and the yen.

The effective exchange rate of the rand rose by a slender 0,5 per cent from the end of June 1987 to 30 November. On 30 November the effective exchange rate of the rand was 4,2 per cent higher than at the end of 1986, 5,5 per cent higher than its average in 1986, and 29,0 per cent higher than its low point of 12 June 1986.

The financial rand fluctuated between 21½ and 35½ US cents during the first half of 1987 and between 27½ and 33 US cents from July to November. The financial rand discount vis-à-vis the commercial rand amounted to 44,2 per cent on 28 October, this being the highest level of the discount since March

### Exchange rates



1987. This was mainly a result of the strengthening of the commercial rand against the dollar and of continuing sales by non-residents of securities quoted on the Johannesburg Stock Exchange. A narrowing of the discount was apparent in the course of November. The average exchange rate of the financial rand in 1987 up to end of November was, however, still some 10 per cent higher than the average for 1986.

### Changes in exchange rates of the rand

%

	31 Dec 1986 to 30 June 1987	30 June 1987 to 30 Nov 1987
Weighted average .....	3,5	0,5
US dollar .....	7,0	5,4
British pound .....	-1,9	-7,5
German mark .....	0,5	-5,6
Swiss franc .....	-0,2	-6,5
Japanese yen .....	-1,8	-5,6
French franc .....	1,3	-3,7
Financial rand .....	36,1	12,8

## Financial markets

### Money supply

The quarter-to-quarter rate of increase in the M3 money supply, in seasonally adjusted and annualised terms, accelerated appreciably from 9.1 per cent in the fourth quarter of 1986 and 5.0 per cent in the first quarter of 1987 to 15.9 per cent and 14.1 per cent in the second and third quarters of 1987, respectively. As a result of this acceleration, M3 as at the end of September 1987 fell within the targeting "cone" for the first time in the 1987 targeting year. The seasonally adjusted annual rate of increase in M3 from the beginning of the current targeting year (i.e. from mid-November 1986) to the end of September 1987 amounted to 14.4 per cent. It therefore exceeded the lower limit of the target range by 0.4 percentage points. The twelve-month rate of increase in M3, having reached a presumed cyclical lower turning point of only 7.7 per cent in February 1987, amounted to 13.6 per cent in September.

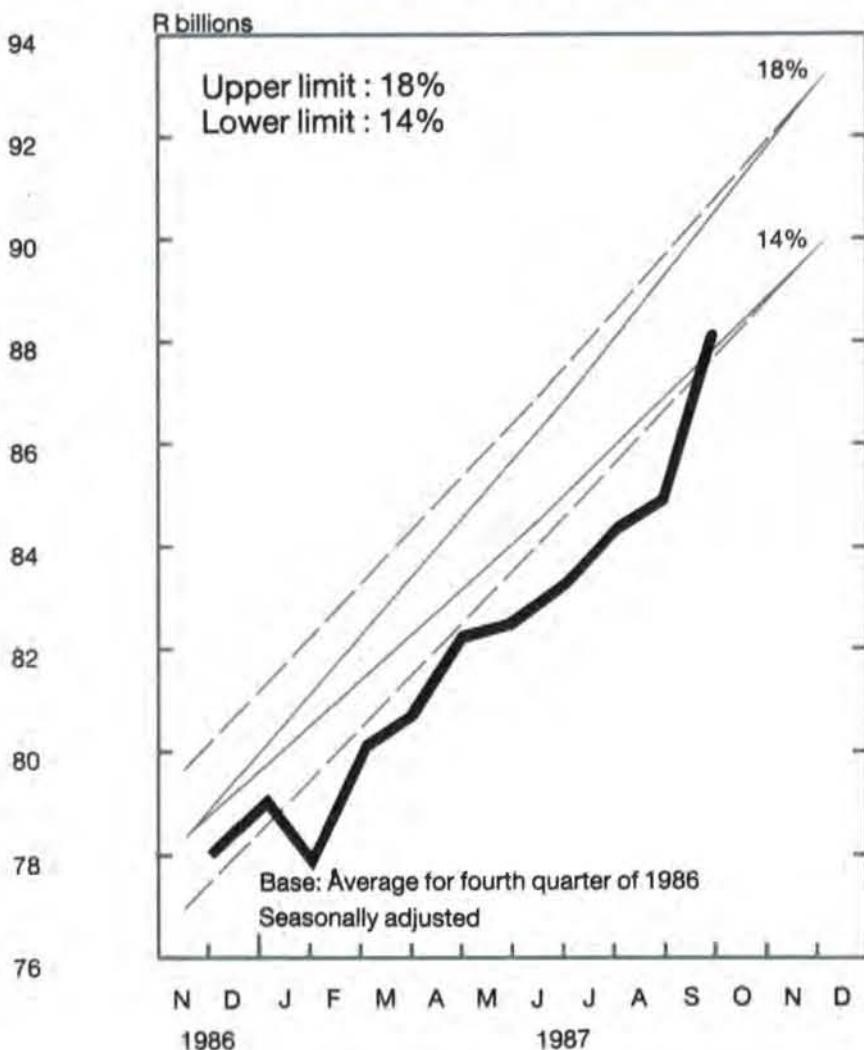
The annualised quarter-to-quarter rates of increase in M3 in the second and third quarters of 1987 of between 14 and 16 per cent broadly matched the

growth in gross domestic product at current prices during this period. As a result the income velocity of M3, which had still increased by 2.3 per cent in the first quarter of 1987, remained virtually unchanged in the second and third quarters. From the beginning of the accelerated rise in velocity in the third quarter of 1986 up to the third quarter of 1987 (i.e. during the past five calendar quarters) the overall increase in the income velocity of M3 amounted to 9.9 per cent. Velocity changes therefore clearly still were the junior partner in explaining the 25.3 per cent increase in the "effective" money supply during this period.

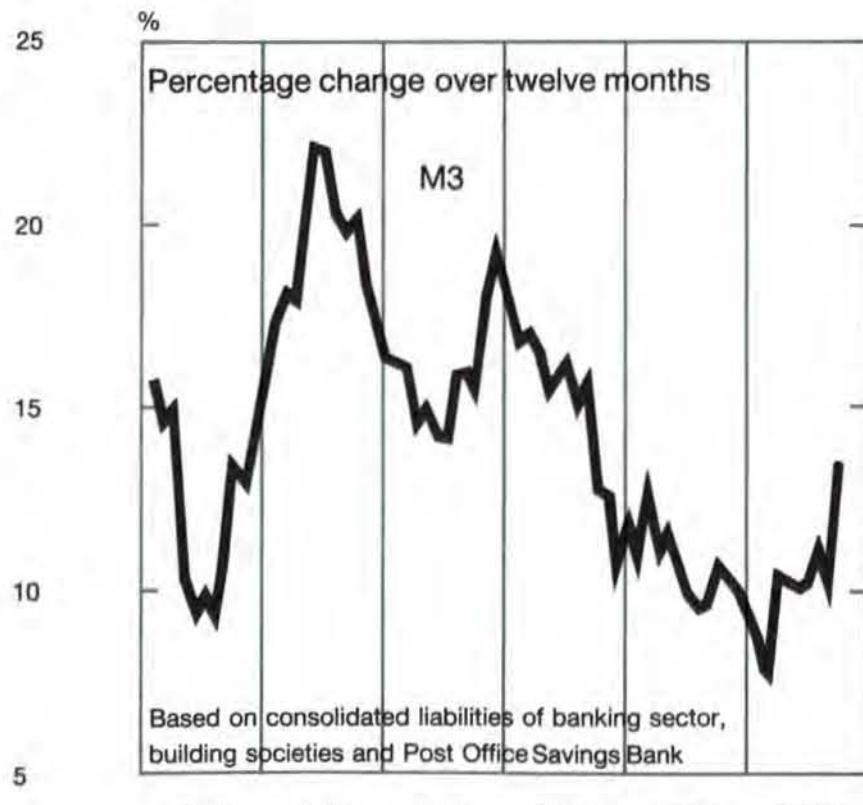
Increases in velocity since mid-1986 have been attributed mainly to various "disintermediation" phenomena. Disintermediation (i.e. the substitution of "direct" lending and borrowing between non-bank parties for deposit-holding with and borrowing from banks or other monetary institutions) could be explained by various factors. These included low real after-tax rates of return on depository investments with banks and building societies; the attractions of alternative investment opportunities offered by long-term savings institutions, the strongly rising share market, unit trusts and - from June to early August 1987 - by Senior Citizen Savings Bonds; and banks' introduction of various schemes for managing more closely the cash positions of their clients.

Some recent developments, such as termination of the original issue of Senior Citizen Savings Bonds in August and the abrupt halt to the rising phase of share prices on the stock exchange in Octo-

### Target range for growth in M3 during 1987



### Money supply



ber, now have caused a few of these factors to become inoperative. Rulings as to the permissibility or otherwise of various forms of "set-offs" of debit and credit balances of corporations or groups of corporations in the books of banking institutions as part of the banks' management of corporate clients' cash positions, were issued by the Reserve Bank in late October 1987. More generally, however, a levelling-off of the velocity of circulation of the M3 money supply in the course of 1987 was to be foreseen as wealth holders would eventually complete the rearrangement of the composition of their asset portfolios in favour of increased relative holdings of non-monetary assets in the prevailing inflationary and interest rate conditions. Some increase in the relative demand for monetary assets, somewhat accelerated growth in the monetary aggregates, and a partial reversal of the increase in M3 velocity, may reasonably be expected to flow from the changed prospects for share price rises on the stock exchange after the sharp drop in these prices from 20 October.

Shifts in the composition of M3 continued to be dominated by a relative movement towards the more transactions-related demand and call money components of the M3 money supply. This was reflected in the twelve-month rate of growth in M1, which in September amounted to 23,7 per cent. In contrast, the total of "other" short-term and medium-term deposits (i.e. the non-M1 component of M2) showed relatively little change in the twelve months to September 1987. The twelve-month growth rate in M2 in September accordingly amounted to a below-average 13,2 per cent. Growth in long-term deposits appeared to be aided by somewhat higher interest rate differentials in favour of these deposits. The twelve-month growth rate in these deposits in September amounted to 14,5 per cent.

Growth in M3 in the third quarter of 1987 was explained primarily, in the accounting sense, by an increase of R1,96 billion in credit extended by monetary institutions. The net gold and other foreign reserve holdings of the monetary sector, however, also increased by R0,82 billion.

#### Bank credit

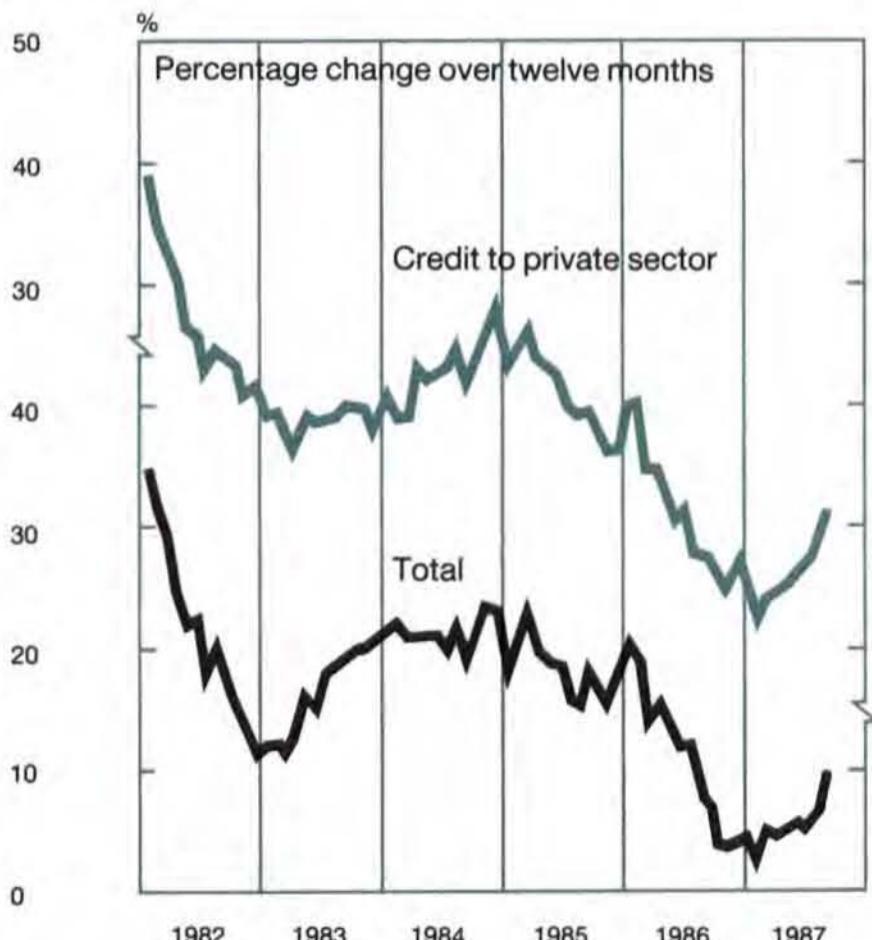
The seasonally adjusted annual rate of increase in bank credit to the private sector advanced from 8,2 per cent in the first half of 1987 to 13,6 per cent in the third quarter. Partly as a result of this acceleration in new credit extension, the twelve-month rate of increase in bank credit to the private sector also rose markedly from its presumed lower turning point of only 1,7 per cent in February 1987 to 5,8 per cent, 6,6 per cent, 8,8 per cent and 11,2 per cent in June, July, August and September 1987, respectively. Recent quarterly increases in the banks' claims on the private

sector, however, clearly still failed to match the rates of increase in gross domestic product and gross domestic expenditure at current prices. The continued relatively sluggish growth in bank credit in the past few quarters could still be explained primarily in terms of continued operation of the disintermediation phenomena referred to earlier. It also reflected persistent low levels of fixed investment in the economy and the modest extent of recent additions to inventories.

Banks' "other" loans and advances, which comprise most of their lending for industrial and commercial purposes, advanced relatively slowly in the third quarter of 1987 at an annualised rate of 8,8 per cent. Considerably higher rates of increase were recorded, however, in the banks' holdings of bills discounted and in hire-purchase credit. Hire-purchase credit, being linked more closely to the strengthening sales of consumer durables, rose at an annualised rate of 14,4 per cent from January to September 1987 and of as much as 18,0 per cent in the third quarter.

The banks' net claims on the government sector fell back by R1 531 million in the third quarter of 1987 after having increased by R711 million in the second quarter. The twelve-month rate of increase in total bank credit in September consequently was significantly lower than the rate of increase in the banks' lending to the private sector. This rate rose from 5,7 per cent in June to 9,1 per cent in September.

#### Bank credit



## Reserve Bank operations in the money market

Partly because of the expansionary effect of continuing increases in the Reserve Bank's gold and other foreign reserves, money market conditions continued to be experienced as "easy" during most of the third quarter, October and November 1987. The Bank, by its operations in the market, endorsed and, after the collapse of share prices on the stock exchange from 20 October, gave mild further encouragement to the market's ease and liquidity.

Bank rate was maintained at 9½ per cent throughout the third quarter, October and November. Because of the market's essential easiness, a need for cash reserves to be provided to the market by means of Reserve Bank repurchase agreements was perceived by the Bank only sporadically. Similarly, tender funds from the Corporation for Public Deposits generally were made available to the banks and the discount houses only at or near month-ends and for amounts of no more than a few hundred million rands at a time. The amount so provided reached a peak of R350 million on 28 and 29 October.

Reserve Bank refinancing accommodation of the discount houses and the banks at the discount window reached a daily average of only R117 million in the third quarter of 1987, R53 million in October and R126 million in November. Accommodation at the window rose to R626 million at the end of August and to R402 million at the end of September. These market shortages were wiped out, however, within a few days after the month-ends concerned. A shortage of R240 million on 26 October was rapidly neutralised through the provision of CPD tender funds and buy-back agreements which, at the end of the month, amounted to R300 million and R102 million, respectively. No accommodation at the window accordingly was required by the discount houses or the banks over the October month-end. On 30 November accommodation amounted to R641 million. Buy-back agreements to an amount of R250 million were entered into over the November month-end.

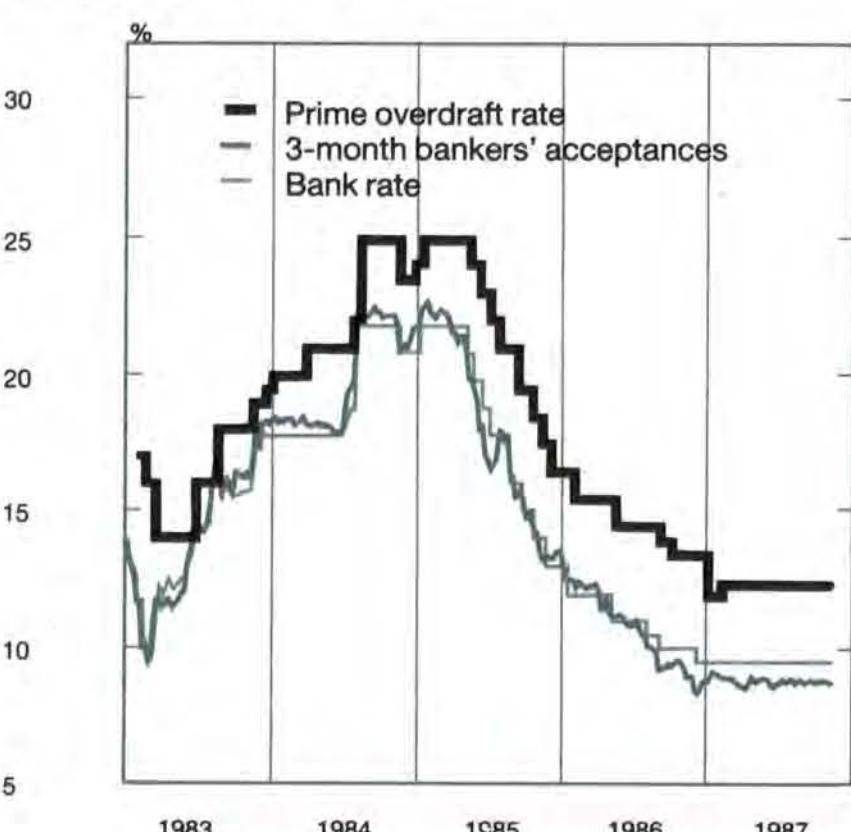
Reverse buy-back transactions to drain *surplus* cash reserves from the market were engaged in by the Reserve Bank on a substantial number of days during the third quarter, October and November.

Net sales of government stock by the Reserve Bank amounted to R1 979 million during the third quarter of 1987, compared with R1 952 million during the second quarter and only R247 million during the first quarter. A further net amount of R1 007 million was sold during October and November 1987.

## Short-term interest rates

Money market rates, reflecting the market's liquidity and the Reserve Bank's consistently relaxed policy stance, remained stable at levels well below the

## Short-term interest rates

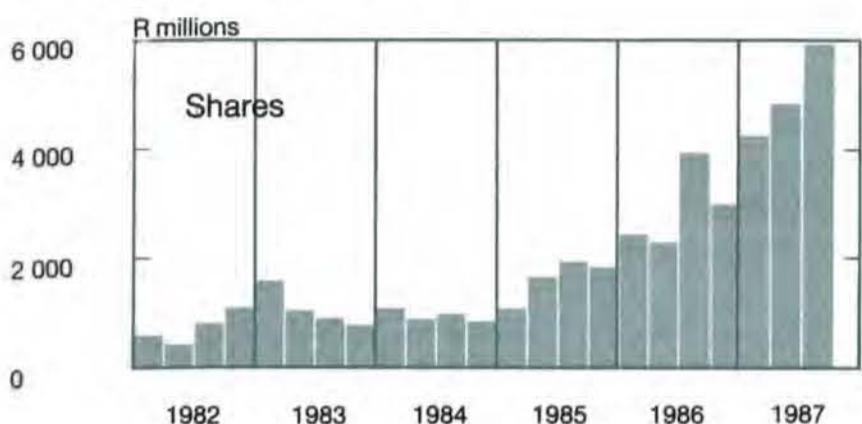


Bank's relevant rediscount rates throughout the second and third quarters, October and the first three weeks of November 1987. They therefore also remained essentially unaffected by developments in the South African and overseas stock exchanges and foreign exchange markets from 19 October. The rate on three-month liquid bankers' acceptances, for example, moved within a narrow band from 8,75 to 9,00 per cent from the beginning of June 1987 to late November. It amounted to 8,85 per cent over the August, September and October month-ends and to 9,00 per cent on 30 November. Wholesale call rates showed somewhat larger movements in response to changes in the banks' cash and liquid asset positions. The rate on interbank call deposits, for example, ranged from a low point of 8,10 per cent on 21 August to high points of 9,75 per cent at the month-ends of September and October. On 30 November this rate amounted to 10,25 per cent.

## Capital market activity

The capital markets in the third quarter and October 1987 saw another round of sharp increases in trading activity. A new high point in the turnover of public sector stock was reached in the third quarter. Further increases in real estate transactions and mortgage lending were recorded in the fixed property market. In the primary capital market, new issues of fixed interest securities rose sharply during the third quarter.

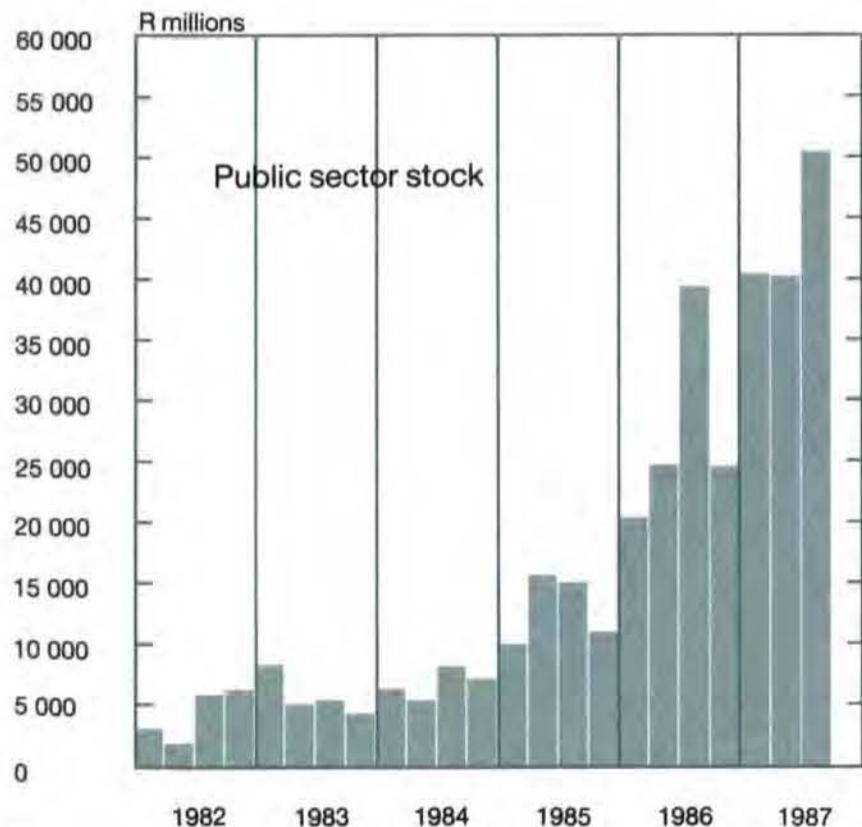
### Stock exchange transactions



In the share market very heavy volumes of share trading, which caused the Johannesburg Stock Exchange to reduce trading time to only two hours on 21 and 22 October and to four hours thereafter, were recorded from 20 October, after the start of the steep drop in equity prices which commenced on the world's major stock exchanges on 19 October.

The value of public sector stock traded on the stock exchange rose substantially further from R40,3 billion and R40,1 billion in the first and second quarters of 1987 to R50,3 billion in the third quarter. It amounted to R16,4 billion in October. The value of real estate transactions amounted to R3,3 billion,

### Stock exchange transactions



R3,6 billion and R3,9 billion in the first, second and third quarters of 1987, respectively.

The value of shares traded on the stock exchange rose from R4,2 billion in the first quarter of 1987 to R4,8 billion in the second quarter, R5,9 billion in the third quarter and no less than R2,6 billion in October alone. Up to 19 October, share prices were swept upward further in this sharply rising trading activity. The average price level of all classes of shares increased by 9 per cent, 11 per cent and close to 13 per cent in the first, second and third quarters of 1987, respectively. The total rise in these prices in the course of the upward phase in the share market from the end of February 1985 to the end of September 1987 thereby was brought to 149 per cent. In comparison, the total increase in share prices in the rising market of the second half of the 1960s, which may be measured to have lasted from January 1966 to May 1969, had amounted to 152 per cent.

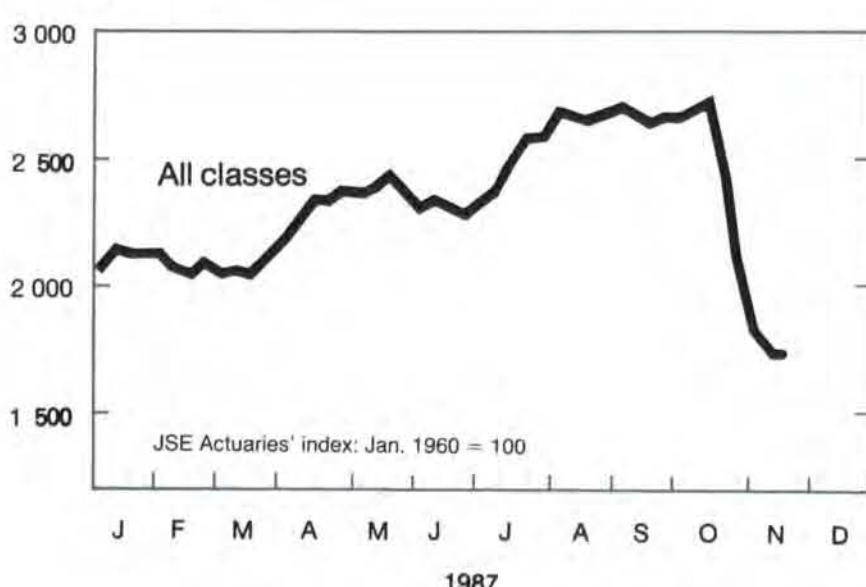
### Johannesburg Stock Exchange share prices: upward and downward phases

All-shares index

Period	Phase	Duration (months)	Total change in average price level, %
Jan 1966 – May 1969	Upward	41	152,0
Jun 1969 – Jan 1971	Downward	20	-60,7
Feb 1971 – Apr 1974	Upward	39	147,3
May 1974 – Jun 1977	Downward	38	-44,1
Jul 1977 – Sep 1980	Upward	39	276,3
Oct 1980 – Jun 1982	Downward	21	-51,7
Jul 1982 – Mar 1984	Upward	21	102,9
Apr 1984 – Feb 1985	Downward	11	-14,2
Mar 1985 – Sep 1987	Upward	31	149,2

In the course of the thirteen trading days from 20 October to 5 November 1987 the average level of prices of all classes of shares, as measured by the JSE Actuaries daily index, fell back by no less than 40,0 per cent. This precipitous price decline exceeded the extent of the drop in prices on various overseas stock exchanges during this period and was also considerably larger than the downward price adjustments in the corresponding early stages of previous stock market "crashes", as in May 1969. Failure of the dollar price of gold to rise to a sustained higher level in the turbulent conditions that prevailed on the world's major stock and foreign exchange markets in late October and early November 1987 contributed to a drop in the all-gold price index on the Johannesburg Stock Exchange which somewhat exceeded the average drop in share prices. During

### Share prices



November as a whole, however, the average price of all classes of shares decreased by 29 per cent against a 26 per cent decline in the average price of gold shares. Below-average declines were recorded in November by the prices of financial and industrial shares.

In the primary markets, the public sector raised new funds during July and August through issues of fixed-interest securities to banks and private non-bank investors to an amount of R1 108 million compared with R858 million and R454 million in the first and second quarters of 1987. Companies listed on the stock exchange raised R101 million through new fixed-interest securities issues during July and August, against R201 million in the first quarter; no such issues were made in the second quarter. New issues of share capital by listed companies amounted to R221 million during July and August, compared with

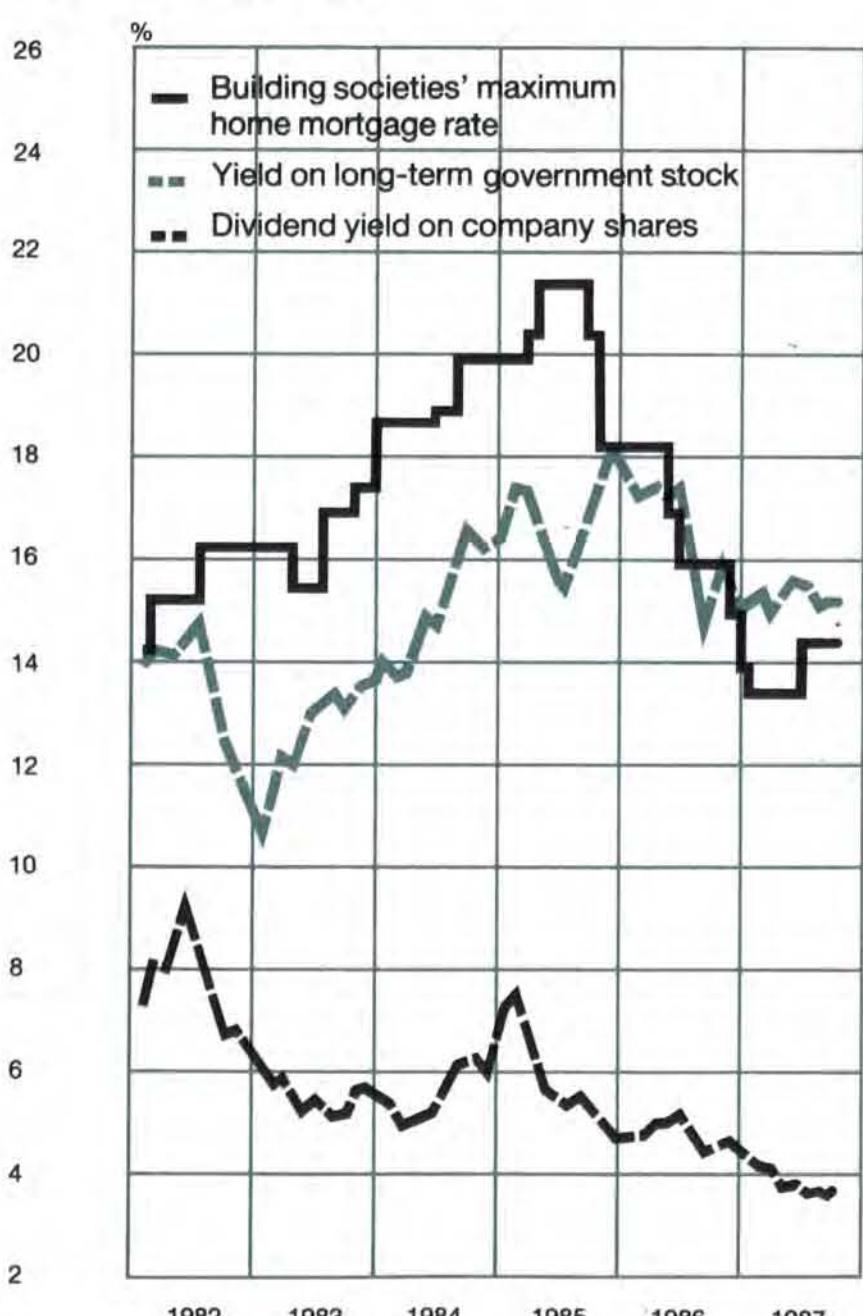
R205 million and R927 million in the first and second quarters of 1987, respectively.

In the mortgage market the sustained demand for mortgage financing and increasing availability of funds enabled the building societies to maintain the upward trend in the level of their mortgage lending. Mortgage loans paid out increased from R2,0 billion and R2,1 billion in the first two quarters of 1987 to R2,4 billion in the third quarter.

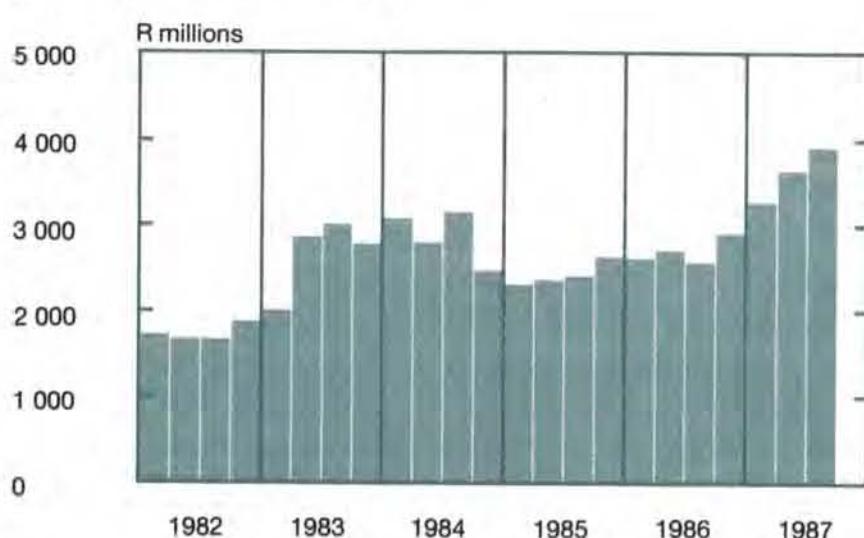
### Long-term rates and yields

Long-term interest rates, having hardened somewhat in the second quarter of 1987, eased again in the third quarter on the basis of more sanguine inflationary expectations and more favourable perceptions of the Government's future borrowing needs. A mild firming of these rates was apparent, however, in the wake of the collapse of share prices on the stock exchange

### Long-term interest rates



### Real estate transactions



from 20 October. In terms of monthly averages, the yield on long-term government stock eased slightly from 15.3 per cent in December 1986 to 15.0 per cent in March 1987, hardened temporarily to 15.6 per cent in June and eased to 15.2 per cent in September. After retreating slightly further to 15.0 per cent on 19 October, this yield firmed to 15.4 per cent on 26 October. The average for the month of October, however, was unchanged at 15.2 per cent.

The predominant building society rate on home mortgage loans was raised from 13.5 per cent to 14.0 per cent in May 1987 and to 14.5 per cent in July. However, because of the competitive mortgage lending rate of 12.5 per cent offered by certain banks, a major building society lowered its rate on new mortgages to 12.95 per cent in August. In November certain other major societies similarly reduced their new lending rates to 13.5, 13.0 or, on certain conditions, 12.5 per cent.

The predominant rate on twelve-month deposits with banks and building societies, which serves as an indicator of deposit interest rates generally, was raised from 9.5 to 10.0 per cent in February 1987. This rate then was increased further by the building societies, in three monthly steps of 0.25 per cent each, from 10.0 per cent in early May 1987 to 10.75 per cent in July. Banks raised their twelve-month deposit rate only to 10.50 per cent, and did so only from July.

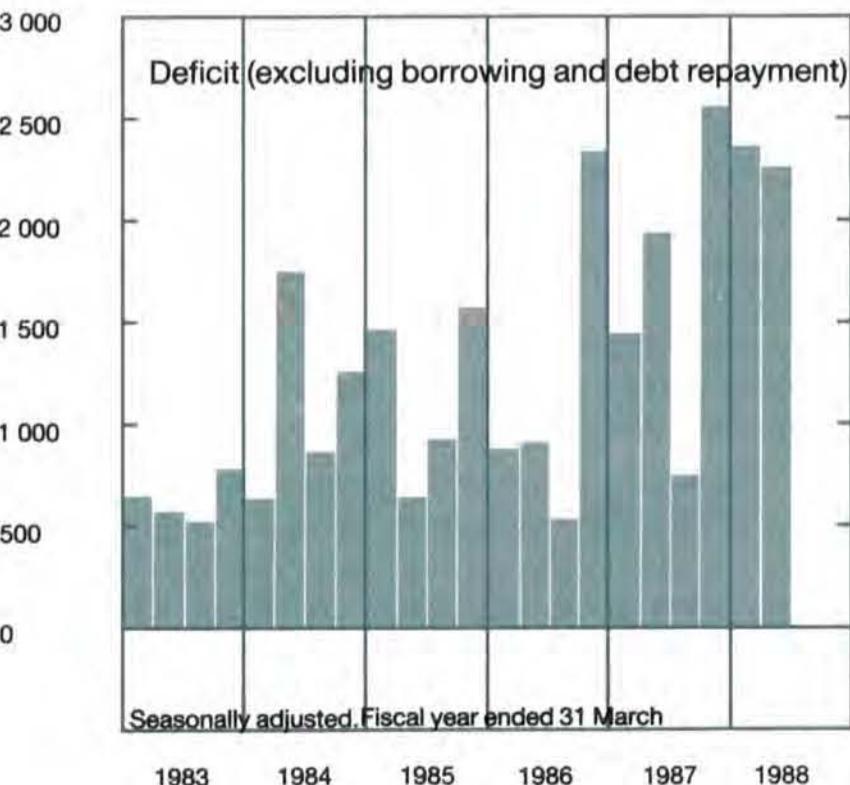
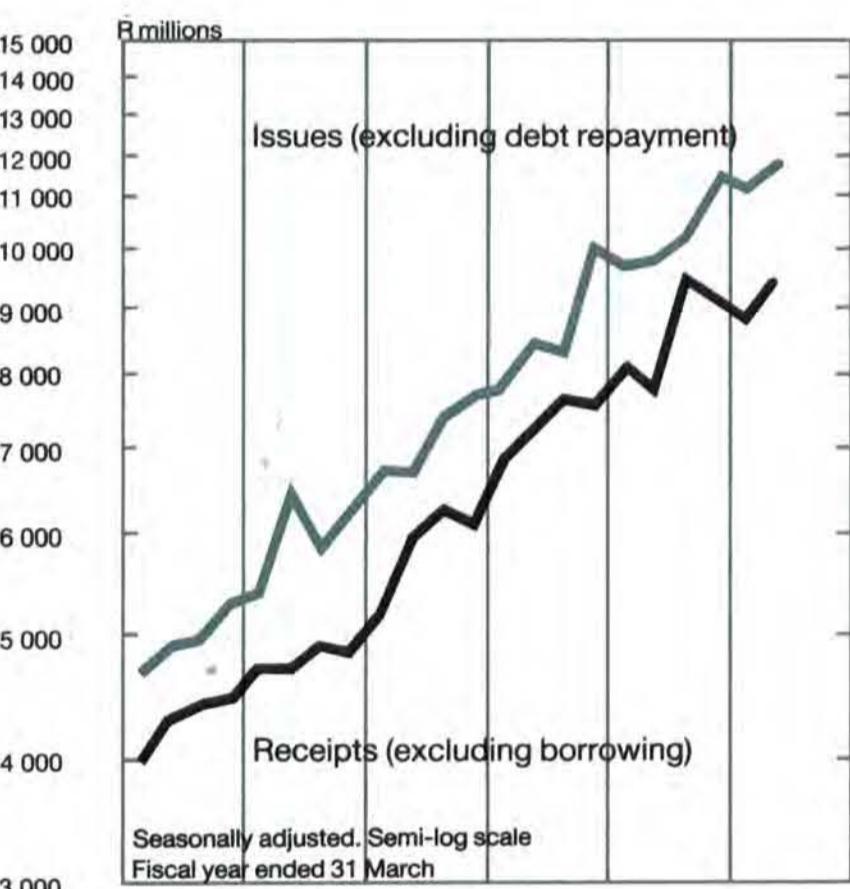
Mirroring the sharp rise in share prices, the dividend yield on all classes of shares contracted steadily from a monthly average of 4.7 per cent in December 1986 to 4.2 per cent, 3.9 per cent and 3.6 per cent in March, June and September 1987, respectively. The sharp drop in share prices from 20 October then caused this yield to rise on a daily basis from 3.0 per cent on 19 October to 5.0 per cent on 5 November. Immediately prior to the start of the 1985-87 upward phase in share prices, i.e. in February 1985, this yield had reached a cyclical peak value of 7.7 per cent.

## Government finance

### Expenditure by general government

Aggregate expenditure by general government on final goods and services, in comparison with such expenditure in the corresponding quarter of 1986, rose by as much as 23.7 per cent in the first quarter of 1987 and somewhat more moderately by 18.7 per

### Exchequer account



cent and 20,1 per cent in the second and third quarters of 1987, respectively. The ratio of aggregate expenditure by general government to nominal gross domestic product accordingly declined from 23,4 per cent in the first quarter and 23,3 per cent in the second quarter of 1987 to 21,2 per cent in the third quarter.

#### Exchequer issues

Exchequer issues to government departments (after the usual adjustment for changes in the balance on the Paymaster-General Account) in the June and September quarters of 1987 - i.e. in the first and second quarters of fiscal 1987/88 - exceeded such issues in the June and September quarters of 1986 by 18,2 and 21,7 per cent. The average increase in these issues in the first half of fiscal 1987/88, compared with the first half of fiscal 1986/87, accordingly amounted to 19,9 per cent. A slightly lower rate of increase in October 1987 brought the increase in these issues for the first seven months of fiscal 1987/88 down marginally to 19,1 per cent. This was still significantly in excess of the budgeted increase in central government expenditure of 16,2 per cent for the fiscal year as a whole.

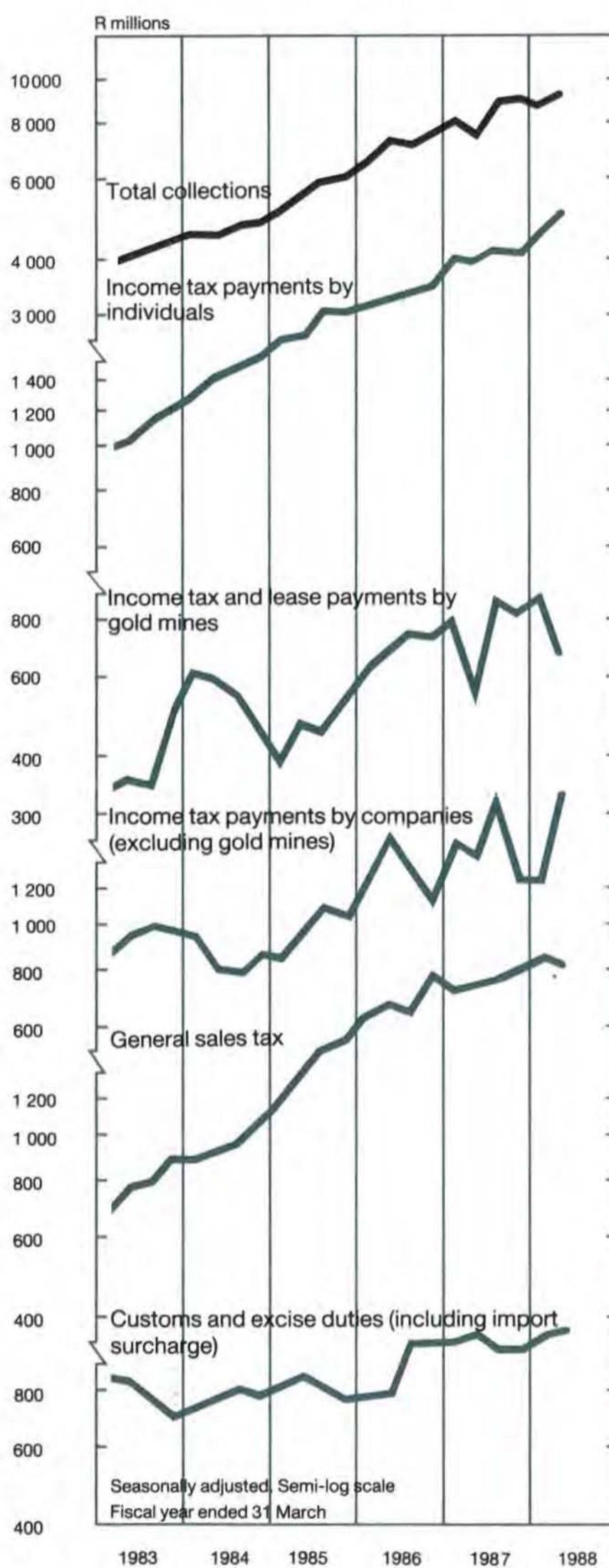
#### Exchequer receipts

Exchequer receipts during the June and September quarters of 1987 exceeded their one-year-earlier counterparts by 5,6 and 22,4 per cent, respectively, for an average increase in the first half of fiscal 1987/88 of 15,1 per cent. This increase, too, was significantly in excess of the budgeted increase in revenue for the fiscal year as a whole, which amounted to 12,6 per cent. Relatively low proceeds in October, however, brought the rate of increase in the first seven months of the fiscal year more closely in line with the Budget estimates at a level of 12,8 per cent.

The sharp acceleration from the low year-on-year increase in revenue in the June quarter of 1987 to the unusually large increase in the September quarter was accounted for primarily by the introduction of the new fuel levy from 1 July 1987 and of a third provisional tax payment by individuals. Revenue collections in terms of the new provisional tax payment were made for the first time in August 1987.

Rates of increase in total revenue in the first half of fiscal 1987/88 that were in excess of the budgeted percentage increase in revenue for the fiscal year as a whole were explained mainly by above-Budget increases in excise duties, personal income tax and "other" inland revenue, i.e. inland revenue other than income tax, general sales tax and gold mining leases. Such "other" inland revenue increased by 32,6 per cent, compared with a budgeted decrease of 15,7 per cent.

#### Revenue collections – State Revenue Fund



The year-on-year increase in income tax paid by individuals amounted to 22,4 per cent, against the Budget estimate of 19,4 per cent. Income tax paid by gold mines, on the other hand, declined slightly by 2,8 per cent against the Budget estimate of a decline of 0,8 per cent. The increase in income tax receipts from non-mining companies, at 12,7 per cent, similarly fell somewhat short of the Budget estimate of 15,2 per cent. The 16,9 per cent increase in aggregate income tax receipts other than from gold mining companies nevertheless was very close to the Budget estimate of 16,6 per cent.

#### Deficit before borrowing

The deficit before borrowing and debt repayment during the first seven months of fiscal 1987/88 amounted to R6 142 million. This was R1 903 million more than the deficit in the first seven months of fiscal 1986/87 and equal to 73 per cent of the budgeted deficit of R8 425 million for the fiscal year as a whole. In comparison, the deficit during the first seven months of fiscal 1986/87 amounted to 67 per cent of the actual deficit eventually recorded during that year.

Information up to September 1987 (i.e. for the first six months of the current fiscal year) shows the deficit of R5 566 million during this period, including the discount of R517 million on new government stock issues, to have been financed from the following sources:

	R millions
Public Investment Commissioners .....	741
– Government stock.....	2 340
– Treasury bills.....	–1 599
Non-bank private sector .....	3 820
Banking sector .....	1 073
Foreign sector .....	–68
	<hr/>
	5 566
Minus: discount on government stock ..	517
	<hr/>
Total financing .....	5 049

# Kwartaallikse ekonomiese oorsig

## Inleiding

Nadat die reële bruto binnelandse produk in die derde en die vierde kwartaal van 1986 teen jaarkoerse van 3½ persent en in die eerste kwartaal van 1987 met 2 persent toegeneem het, het dit in die tweede kwartaal teen 'n jaarkoers van slegs 1 persent gestyg. Die produksievlakke is egter in die tweede kwartaal nadelig beïnvloed deur etlike werkstakings en deur die buitengewoon groot aantal nie-werksdae in April en Mei.

Daar word voorlopig geraam dat die jaarkoers van toename in die reële bruto binnelandse produk in die derde kwartaal van 1987 1½ persent bedra het. Die gemiddelde vlak van die totale reële bruto binnelandse produk was in die eerste drie kwartale van 1987 nietemin sowat 2¾ persent hoër as in die eerste drie kwartale van 1986. Daar word tans geraam dat die groeikoers van die Suid-Afrikaanse ekonomie in die kalenderjaar 1987 tussen 2 en 2½ persent sal bedra.

Die teleurstellende groeiprestasie van die ekonomie in die derde kwartaal van 1987 was in teenstelling met die indrukke en verwagtings van die meeste ekonome. Dit het ook verskil van die meer positiewe sakeverwagtings, die geleidelike terugkeer van "vertroue", en die verstewiging van bestedingsvoornemens wat klaarblyklik gedurende die derde kwartaal geheers het, sowel as van die informele sakeverslae wat gedui het op groter mate van kapasiteitsbenutting, die herverskyning van kapasiteitsbeperkings van tyd tot tyd en die tekort aan voorrade in sekere nywerhede en stygende behoeftes aan invoergoedere.

Sektorale ontledings van produksiegegewens toon egter dat die lae groeikoers van die derde kwartaal bykans uitsluitlik toe te skryf was aan opmerklike afnames in die produksie van die primêre sektore (landbou en mynbou) van die ekonomie. 'n Betreklik indrukwekkende toename in die totale reële toegevoegde waarde van die nie-primêre sektore teen 'n jaarkoers wat voorlopig op sowat 6½ persent geraam word, is in werklikheid aangeteken. Die gemiddelde vlak van die reële produksie in die nie-primêre sektore het in die eerste drie kwartale van 1987 die gemiddelde vlak van produksie in hierdie sektore in die ooreenstemmende nege maande van 1986 met sowat 3½ persent oorskry.

Die reële bruto binnelandse besteding het in die derde kwartaal van 1987 voortgegaan om vir die derde opeenvolgende kwartaal 'n sterk styging te toon maar teen 'n koers wat effens laer was as in die voorafgaande ses maande. Die totale reële bruto bin-

nelandse besteding was in die eerste drie kwartale van 1987 sowat 3 persent hoër as in die ooreenstemmende tydperk in 1986. Die toename in die totale reële bruto binnelandse besteding in die derde kwartaal is hoofsaaklik verklaar deur 'n verdere toename in die private verbruiksbesteding en 'n toename in reële voorrade.

Die reële private verbruiksbesteding het in die derde kwartaal van 1987 sy sesde opeenvolgende kwartaallikse toename teen jaarkoerse wat tussen 2½ en 4 persent gewissel het, getoon. Ten spyte van 'n toename in die belastingglas, was die betreklik bestendige opwaartse neiging van die reële private verbruik vanaf die tweede kwartaal van 1986 gebaseer op 'n naastenby ooreenstemmende koers van toename in die reële persoonlike beskikbare (na-belaste) inkome sowel as op volgehoue lae vlakke van die persoonlike besparingsverhouding. Reële owerheidsverbruiksbesteding wat in die eerste kwartaal van 1987 buitengewoon vinnig, maar in die tweede kwartaal teen 'n matiger pas gegroei het, het in die derde kwartaal in werklikheid afgeneem.

Die totale reële bruto vaste investering het, na hernieuwe afnames in die eerste helfte van 1987, volgens raming in die derde kwartaal effens herstel. Daar is 'n bemoedigende toename in die reële vaste kapitaalvorming in die private sektor aangeteken. Totale reële voorrade het in die derde kwartaal gestyg, hoofsaaklik as gevolg van aansienlike toevoegings tot nywerheids- en handelsvoorraad. Dit het meegebring dat die verhouding van nywerheids- en handelsvoorraad tot die reële bruto binnelandse produk van die nie-landbousektore in die loop van die eerste drie kwartale van 1987 tot 'n vlak van ongeveer 20 persent aflat het.

Die stygende volumes van die goedere-invoer, teen betreklik stabiele invoerpryse, was die belangrikste verklaring vir 'n verdere inkrimping van die oorskot op die lopende rekening van die betalingsbalans in die derde kwartaal. Die oorskot in die derde kwartaal het, teen 'n jaarkoers, nogtans steeds R5,4 miljard bedra of sowat 3 persent van die bruto binnelandse produk. Nadat voorsiening gemaak is vir verdere redelik matige uitvloeiings van sowel reserverwante as nie-reserverwante kapitaal, het die oorskot op die lopende rekening daartoe bygedra dat die bruto goud- en ander buitelandse reserwes in die derde kwartaal met 'n verdere R0,8 miljard tot R8,6 miljard aan die einde van September gestyg het.

Belangrike kenmerke van die Suid-Afrikaanse ekonomie in die derde kwartaal van 1987 het derhalwe die volgende ingesluit: eerstens die voort-

gesette bestendige uitbreiding van die reële private verbruiksbesteding, 'n matige hervatting van voorraadopbouing en 'n uitvlakking van die sikelus in vaste investering; tweedens 'n bestendige koers van toename in die nie-primêre produksie wat in die totale produksiegroei weerspieël sou word as dit nie was vir die onverwagte swak prestasie van die landbou en die mynbou nie; en derdens voortgesette gesonde, alhoewel geleidelik dalende, oorskotte op die lopende rekening van die betalingsbalans. In geheel het hierdie kenmerke die beeld geskets van 'n ekonomie wat na 'n buitengewoon lang opwarmingstydperk en vroeëre skynaanvange, ten spyte van sekere klaarblyklike abnormaliteite, en in die teenwoordigheid van 'n aantal ongunstige eksterne ontwikkelings en beperkings nietemin uit die aanvangsfase na die vroeë uitbreidingsfase van 'n betreklik tipiese sikeliese opswaai beweeg het.

Die totale indiensneming het in die eerste kwartaal van 1987 betreklik vinnig gestyg. Die hoér werkverskaffingsvlakte het egter nie daarin geslaag om die totale aantal geregistreerde werkloses te verminder nie, en die getal het in Augustus en September teruggekeer tot 'n vlak wat klaarblyklik hoér was as die gemiddelde vir 1986. Die inflasiekoers het grotendeels in die derde kwartaal verder afgeneem.

Wat monetêre en finansiële ontwikkelings betref was daar ná die vierde kwartaal van 1986 of vanaf die onderste sikeliese draaipunte vroeg in 1987 taamlik skerp versnellings in die toename in die M3-geldvoorraad en in die bankkrediet aan die private sektor waarneembaar. 'n Skerp styging in die geldvoorraad in September het meegebring dat M3 aan die einde van daardie maand vir die eerste keer in die 1987-mikpuntjaar binne die "kegel" van die mikpunt gevall het.

Ruim toestande het steeds in die derde kwartaal, sowel as in Oktober en November 1987, in die geldmark geheers. Die korttermynrentekoerse was oor die algemeen baie stabiel op vlakke wat heelwat laer as die Reserwebank se toepaslike herdiskonteringskoerse was. 'n Matige verdere bevordering van die geldmark se ruim toestand en likwiditeit is deur die Reserwebank verskaf deur die Bank se optrede in die mark na die skerp afwaartse aanpassings van aandelepryse op die effektebeurs vanaf 20 Oktober.

Die kapitaalmarkte het in die derde kwartaal en die eerste deel van Oktober 1987 'n verdere ronde van toenames in handelsbedrywigheid en 'n verdere versnelling van die styging in aandelepryse ondervind. Die aandelepryse op die Johannesburgse Effektebeurs het egter vanaf 20 Oktober tot 5 November, breedweg in ooreenstemming met die insinking in aandelepryse wat op 19 Oktober op die wêrld se belangrikste effektebeurse begin het, met 'n gemiddelde van sowat 40 persent teruggesak.

Hierdie effektebeursonwikkelings het tot vroeg in Desember 1987 'n geringe onmiddellike invloed op die ander Suid-Afrikaanse finansiële markte uitgeoefen. Daar kan nietemin redelikerwys verwag word dat die groot daling in die binnelandse waarde van aandele gedurende Oktober-November 'n verlaging van die plafon op die groeivoortsigte vir die Suid-Afrikaanse ekonomie in 1988 tot gevolg sal hê. Vroeg in Desember 1987 was daar egter nog geen aanduiding of die effektebeursverliese van Oktober-November enige ernstige nadelige uitwerking op die binnelandse private sektor se geneigdheid om te verbruik of te investeer gehad het of sal hê nie. Aan deemarkdalings vóór die boonste draaipunt van die algemene konjunktuurgolf (met aanlope van wisselende lengte) was in werklikheid 'n algemene kenmerk van die na-oorlogse konjunktuurgolfontwikkelings in Suid-Afrika. Die Suid-Afrikaanse ekonomie sal egter nie in staat wees om homself ten volle te isoleer van 'n verdere verswakkings van groei in die internationale ekonomie nie wat volgens algemene verwagtings sal volg ná die wêreldwyse herwaardering van aandelewaardes. Die uiteindelike invloed van die wêrelddaling in aandelepryse vanaf 19 Oktober op binnelandse ontwikkelings sal derhalwe in belangrike mate afhang van die beleidsoptredes van die monetêre en fiskale overhede in die wêrld se belangrikste nywerheidslande.

## Binnelandse ekonomiese ontwikkelings

### Binnelandse produksie

Volgens voorlopige ramings het die totale reële bruto binnelandse produk in die derde kwartaal van 1987 teen 'n seisoensaangesuiwerde jaarkoers van  $1\frac{1}{2}$  persent gegroeい. Dit het gevolg op 'n jaarkoers van toename van 1 persent (afwaarts hersien vanaf die vroeëre raming van  $1\frac{1}{2}$  persent) in die tweede kwartaal van die jaar. Die gemiddelde vlak van die totale reële bruto binnelandse produk in die eerste drie kwartale van 1987 was nietemin sowat  $2\frac{3}{4}$  persent hoër as in die eerste drie kwartale van 1986. Volgens huidige ramings sal verdere reële groei teen 'n seisoensaangesuiwerde jaarkoers van sowat  $5\frac{3}{4}$  persent in die vierde kwartaal van 1987 nodig wees om 'n groeikoers van  $2\frac{1}{2}$  persent vir die kalenderjaar 1987 te bereik. Die huidige vooruitskattings duï op 'n groeikoers van tussen 2 en  $2\frac{1}{2}$  persent vir die Suid-Afrikaanse ekonomie in 1987.

Die teleurstellende algemene groeprestasie van die Suid-Afrikaanse ekonomie in die derde kwartaal van 1987, wat skynbaar teenstrydig met die aansienlik gunstiger indrukke en verwagtings van die

meeste ekonome is, is bykans volledig toeskryfbaar aan skerp terugslae in die produksievlekke van die primêre sektore, dit wil sê die landbou en die mynbou. In teenstelling hiermee het die nie-primêre sektore van die ekonomie weer taamlik aansienlike groeikrag getoon.

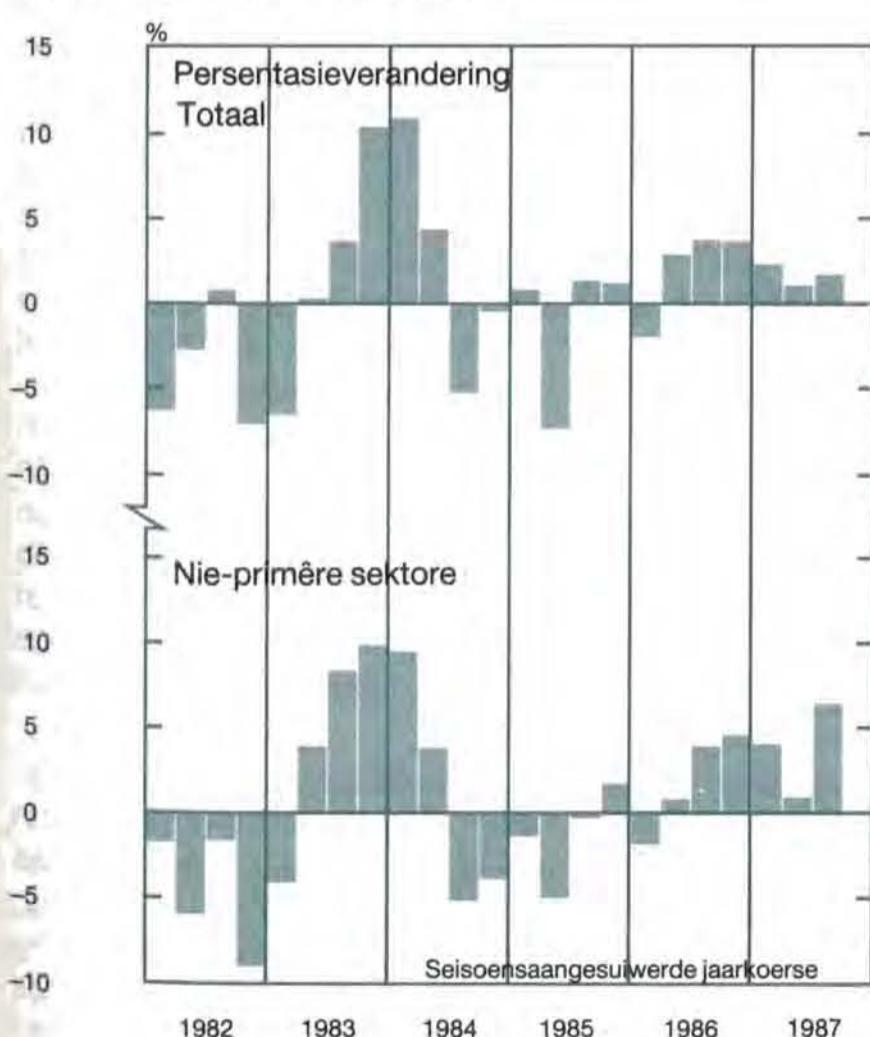
Die reële produksie in die landbousektor was gedurende die derde kwartaal van 1987 betekenisvol laer as in die derde kwartaal van 1986, hoofsaaklik vanweë die onlangse skerp afwaartse hersiening van die mielie-oesskatting vir die 1986/87-landbouseisoen. Die mielie-oesskatting vir 1986/87 is 7,4 miljoen ton teenoor 'n werklike oes van 7,9 miljoen ton in 1985/86. Daarbenewens is laer-asverwagte produksievlekke in die suiker- en die sitrusbedryf aangeteken. 'n Skerp afname in die derde kwartaal in die reële toegevoegde waarde van die mynbousektor is grotendeels verklaar deur die arbeidstaking in 'n groot deel van die goudmynbedryf gedurende Augustus.

Die afname in die reële produksie van die primêre sektore van die ekonomie het van die tweede na die derde kwartaal van 1987 teen 'n seisoensaangesuiwerde jaarkoers bykans 12 persent beloop. Gedurende die tydperk van vyf kwartale van die derde kwartaal van 1986 tot die derde kwartaal van 1987 het die jaarkoers van inkrimping van die reële toegevoegde waarde in hierdie sektore  $2\frac{1}{2}$  persent beloop. Die totale produksie in hierdie sektore in die eerste drie kwartale van 1987 was sowat 'n  $1\frac{1}{2}$  persent laer as in die ooreenstemmende tydperk van 1986.

Die betreklike lewendigheid van die nie-primêre sektore, was daarenteen duidelik uit die verdere versnelling van die groeitempo van hierdie sektore in die derde kwartaal van 1987 tot 'n jaarkoers van ongeveer  $6\frac{1}{2}$  persent. Die relatiewe belangrikheid van hierdie sektore in die nasionale ekonomie blyk uit hul persentasiebydrae tot die nominale bruto binnelandse produk, wat gewissel het van 71 persent in 1980 tot 81 persent in 1984 en  $78\frac{1}{2}$  persent in 1985, vir 'n gemiddelde van sowat 78 persent oor die sesjaartydperk.

Die  $6\frac{1}{2}$  persent jaarkoers van toename in produksie in die nie-primêre sektore van die ekonomie in die derde kwartaal van 1987 het 'n verdere verbetering op die jaarkoers van toename van tussen  $3\frac{1}{2}$  en 5 persent wat in die tweede helfte van 1986 en die eerste kwartaal van 1987 deur hierdie sektore behaal is, verteenwoordig. Gedurende die tweede kwartaal van 1987 het verskeie nie-herhalende faktore - insluitende stakings en arbeidsgeskille en die buitengewoon groot aantal nie-werksdae in daardie kwartaal - die groeikoers van totale reële nie-primêre produksie egter tydelik laat terugval na ongeveer 1 persent. Die gemiddelde jaarkoers van toename in die reële toegevoegde waarde in die nie-primêre sektore het gedurende die vyf kwartale vanaf die derde

### Reële bruto binnelandse produk



kwartaal van 1986 tot die derde kwartaal van 1987 4 persent beloop. Die gemiddelde vlak van die reële produksie in hierdie sektore in die eerste drie kwartale van 1987 was sowat  $3\frac{1}{2}$  persent hoër as in die eerste drie kwartale van 1986.

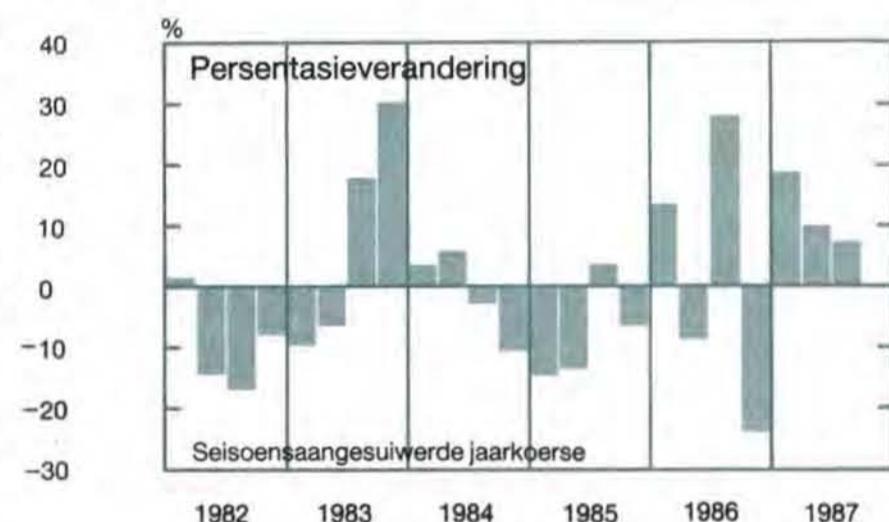
Gedurende die derde kwartaal van 1987 was produksietoenames in die nie-primêre sektore van die ekonomie wyd verspreid. Ná 'n afname in fabrieksproduksie in die tweede kwartaal, is die mees opvallende styging in die reële toegevoegde waarde in die derde kwartaal deur die vervaardigingsnywerheid aangeteken, veral met die produksie van voedsel en chemikaliëe. Ter voortsetting van toenames in die tweede kwartaal, is aanmerklike verdere toenames in die reële produksie deur die handelsektor (in die besonder deur die groothandel- en motorhandelsektor), die finansiëledienstesektor en die algemene owerheid aangeteken. 'n Toename in die reële toegevoegde waarde is ook aangeteken deur die sektore wat elektrisiteit, gas en water voorseen.

Die groeikoerse van die reële bruto *nasjonale* produk was in sowel die tweede as die derde kwartaal van 1987 betekenisvol hoër as dié van die totale reële bruto *binnelandse* produk. Teen 'n jaarkoers gereken het die groeikoerse in die reële bruto nasionale produk onderskeidelik  $3\frac{1}{2}$  persent (voorheen geraam op  $4\frac{1}{2}$  persent) en  $4\frac{1}{2}$  persent in die tweede en die derde kwartaal beloop. Die reële bruto nasionale produk het gevolglik in die eerste drie kwartale van 1987 sy gemiddelde vlak van 'n jaar tevore met 'n volle 3 persent oorskry. In teenstelling met ontwikkelinge in die tweede kwartaal van 1987 (wat deur 'n betekenisvolle afname in netto rentebetalings, en derhalwe in netto faktorbetalings, aan die buiteland gekenmerk is), is die groeikoersverskil ten gunste van die bruto nasionale produk in die derde kwartaal uitsluitlik deur 'n verbetering in die Suid-Afrikaanse ruilvoet verklaar.

### Binnelandse besteding

In die derde kwartaal van 1987 het die totale reële bruto binnelandse besteding vir die derde opeenvolgende kwartaal steeds 'n sterk toename getoon, maar teen 'n laer koers as in die voorafgaande ses maande. Die seisoensaangesuiwerde jaarkoerse van toename in die totale reële binnelandse besteding het ongeveer  $18\frac{1}{2}$ , 10 en 7 persent in onderskeidelik die eerste, die tweede en die derde kwartaal beloop. In die tydperk van vyf kwartale vanaf die derde kwartaal van 1986 tot die derde kwartaal van 1987 het die gemiddelde jaarkoers van toename in die totale reële binnelandse besteding 'n redelik indrukwekkende gemiddelde syfer van 6 persent bereik. Die gemiddelde vlak van die totale reële binnelandse besteding in die eerste drie kwartale van 1987 het egter die

### Reële bruto binnelandse besteding

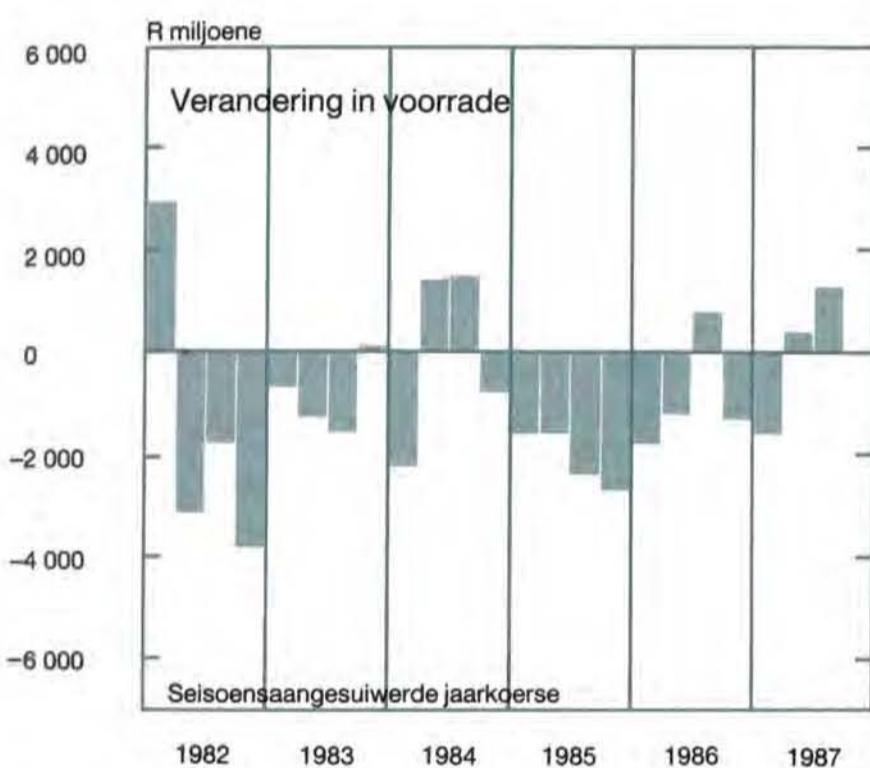
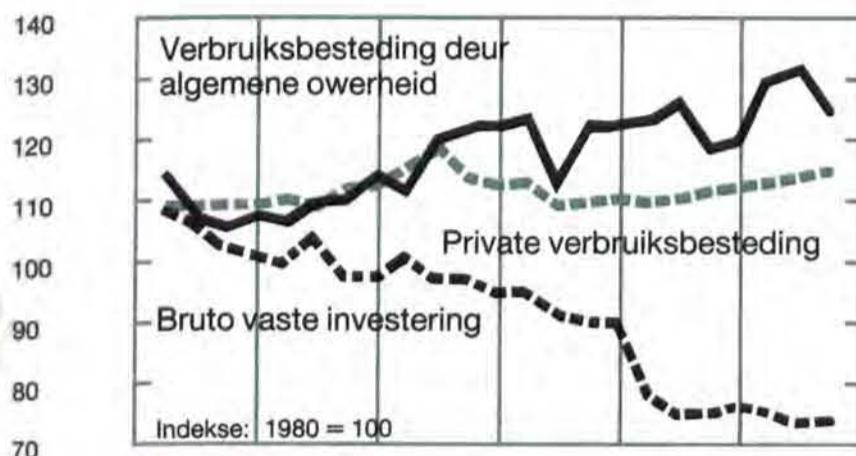


gemiddelde vlak daarvan in die eerste drie kwartale van 1986 met 'n meer beskeie 3 persent oorskry.

Die toename in die totale reële bruto binnelandse besteding in die derde kwartaal het hoofsaaklik 'n verdere verstewiging van reële private verbruiksbesteding en 'n verdere opbou van totale reële voorrade weerspieël. In werklikheid het die reële private verbruiksbesteding in die derde kwartaal van 1987 sy sesde opeenvolgende kwartaallikse toename getoon teen jaarkoerse wat van  $2\frac{1}{2}$  tot 4 persent gewissel het. Die verdere styging daarvan in die derde kwartaal van 1987 is op 'n opmerklike verdere styging in reële persoonlike beskikbare (na-belaste) inkome en 'n volgehoue lae persoonlike besparingsverhouding gebaseer. Die reële private verbruiksbesteding was in die derde kwartaal van 1987 sowat  $5\frac{1}{2}$  persent hoër as in die eerste kwartaal van 1986, vergeleke met 'n toename in die reële persoonlike beskikbare inkome van sowat  $6\frac{1}{2}$  persent in hierdie tydperk. Net soos die styging in die reële private verbruiksbesteding in die derde kwartaal van 1987, het die styging in die reële persoonlike beskikbare inkome in die derde kwartaal die sesde opeenvolgende kwartaallikse styging verteenwoordig. Die verdere styging in reële beskikbare inkome in die derde kwartaal van 1987 het 'n opmerklike styging in totale reële salaris en lone asook 'n skerp styging in reële persoonlike inkome uit eiendom ingesluit.

Daar is in die derde kwartaal van 1987 opmerklike groeikoerse in die reële private besteding aan duursame verbruiksartikels, en in die besonder in die besteding aan persoonlike vervoertoerusting, aangeteken. Die sterk toename in private besteding aan persoonlike vervoertoerusting, wat 'n jaarkoers van 11 persent bereik het, is gebaseer op die aggressiewe bemarking en die suksesvolle bekendstelling van nuwe motormodelle deur die motorhandel, en

### Hoofkomponente van bruto binnelandse besteding



ook op betreklik gunstige financieringsvooraardes en die toenemende druk van vervangingsvraag.

Matiger toenames wat op jaarkoerse van om en by 6 en 3 persent neerkom, is onderskeidelik in die reële private besteding aan semi-duursame goedere en aan verbruikersdienste aangeteken. 'n Betreklik klein verandering is in die besteding aan nie-duursame goedere, wat teen 'n jaarkoers van ongeveer 1½ persent toegeneem het, aangeteken.

Reële owerheidsverbruiksbesteding, wat in die eerste kwartaal van 1987 besonder vinnig en in die tweede kwartaal teen 'n matiger tempo toegeneem het, het in die derde kwartaal redelik betekenisvol afgeneem. Hierdie afname het hoofsaaklik uit die besnoeiing van die reële besteding aan goedere en "ander" (nie-arbeids-) dienste voortgespruit. Die gemiddelde vlak van die totale reële owerheidsverbruiksbesteding in die eerste drie kwartale van 1987 was bykans 5 persent hoër as in die eerste drie kwartale van 1986.

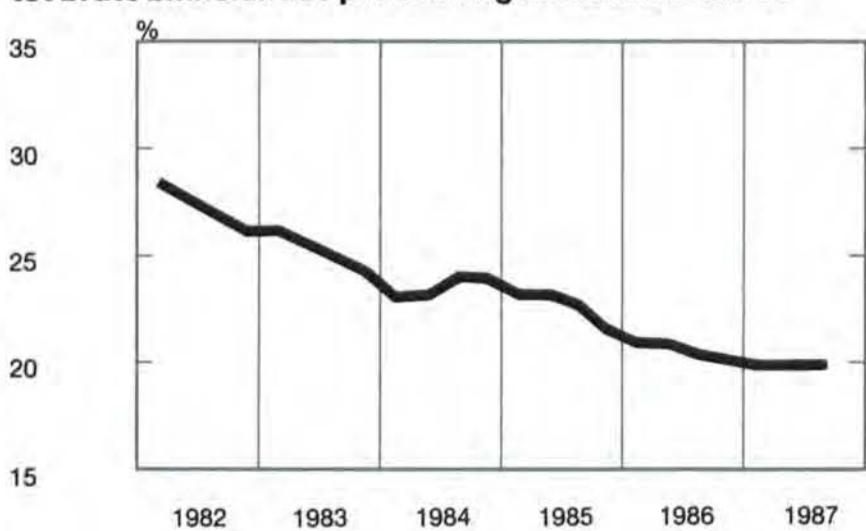
Die totale reële bruto binnelandse vaste investering, wat in die tweede helfte van 1986 'n matige herstel, maar hernieuwe afnames, teen jaarkoerse van sowat 5 en 9 persent, in die eerste en die tweede kwartaal van 1987 getoon het, het weer in die derde kwartaal effens toegeneem. Die gemiddelde vlak daarvan in die eerste drie kwartale van 1987 was per saldo slegs effens laer as in die eerste drie kwartale van 1986.

Reële vaste kapitaalbesteding deur die private sektor het in die derde kwartaal van 1987 in werklikheid opmerklik gestyg - teen 'n jaarkoers van ongeveer 13 persent - nadat dit in die tweede kwartaal betekenisvol afgeneem het. Hierdie bemoedigende oplewing in die reële vastekapitaalvorming deur die private sektor is grotendeels aan verhoogde vastekapitaalbesteding in die fabriekswese en die landbou en ten opsigte van masjinerie en vervoertoerusting in die finansiële-dienstesektor toe te skryf.

Onder die openbare owerhede, het die reële vastekapitaalvorming deur die Suid-Afrikaanse Vervoerdienste en die Departement van Pos- en Telekommunikasiewese in die derde kwartaal merkbaar herstel na 'n afname in die tweede kwartaal. Hierdie toename het 'n daling in die derde kwartaal in die reële vaste investering deur die algemene staatsdepartemente meer as geneutraliseer. In die geval van kapitaalbesteding deur staatsdepartemente in die algemeen, skyn dit asof die voorgestelde owerheidsbesteding aan laekostebehuising en die ondersteunende infrastrukturele ontwikkelings tot dusver stadig ten uitvoer gebring is. Reële kapitaalbesteding deur die openbare owerhede aan geboue en konstruksiewerke in die vaste-eiendomsektor het in werklikheid in die derde kwartaal van 1987 gedaal en het sedert die begin van 1986 wesenlik onveranderd gebly.

Die taamlik indrukwekkende toenames in die reële vaste investering deur die private sektor en die

### Verhouding van reële nywerheids- en handelsvoorraade tot bruto binnelandse produk uitgesondert landbou



openbare owerhede in die derde kwartaal van 1987 het saam die baie groot verdere besnoeiings in reële vastekapitaalbesteding deur die openbare korporasies effens oorskry. Verdere verminderings in die kapitaalbesteding deur die openbare korporasies, alhoewel wyd verspreid, het in groot mate Eskom se deurlopende program van rasionalisasie weerspieël.

Die totale reele voorrade het in die derde kwartaal gestyg, hoofsaaklik vanweë aansienlike toevoegings tot nywerheids- en handelsvoorraad. Dit het meegebring dat die verhouding van nywerheids- en handelsvoorraad tot die bruto binnelandse produk, met uitsondering van landbouproduksie, teen 'n koers van ongeveer 20 persent gedurende die eerste drie kwartale van 1987 afgeplat het. Daar was bykans deurgaans 'n afname vanaf 'n hoogtepunt van  $27\frac{1}{2}$  persent in 1982 in hierdie verhouding waarneembaar. Voorrade het ook in die meeste ander sektore van die ekonomie toegeneem. In die mynbousektor het dit egter gedaal as gevolg van die staking in die goudmynbedryf in Augustus.

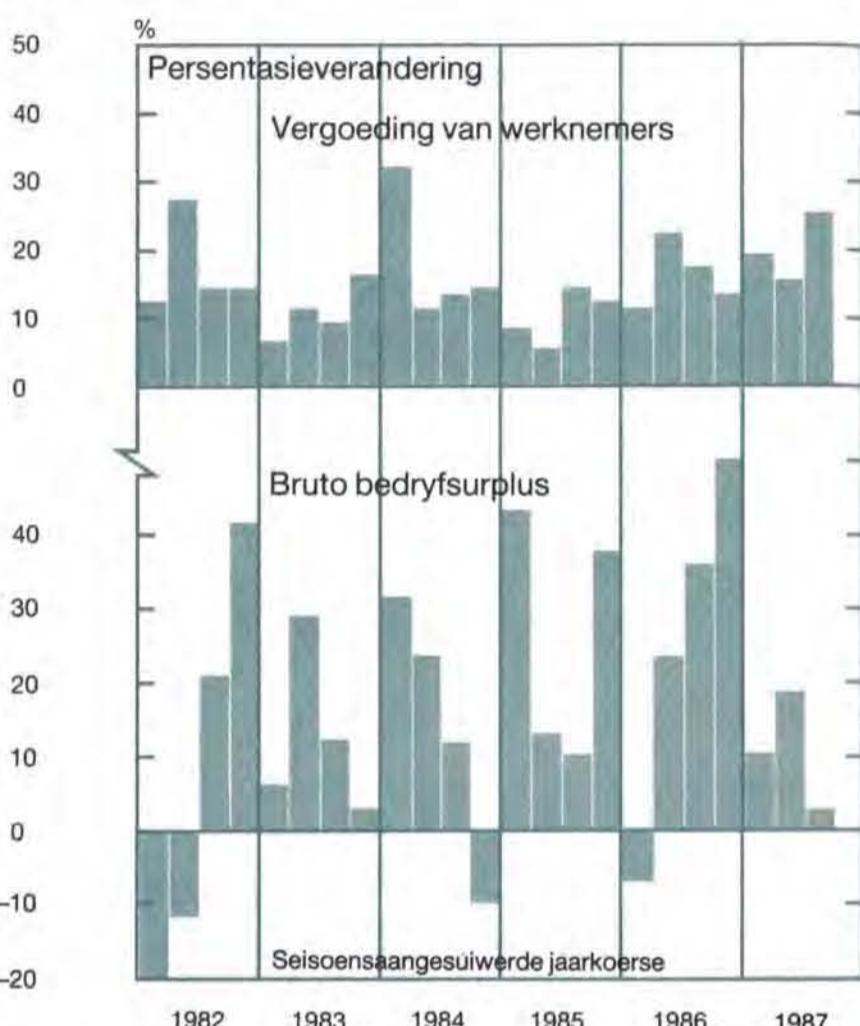
### Faktorinkome en besparing

Die jaar-op-jaar-persentasietoename in die totale nominale faktorinkome het matig verlangsaam van 21 persent in die tweede kwartaal van 1987 tot  $18\frac{1}{2}$  persent in die derde kwartaal. Hierdie verlangsaming was hoofsaaklik die gevolg van laer koerse van toename in die bruto bedryfsurplus. Die totale bruto bedryfsurplus het in die derde kwartaal teen 'n jaarkoers van slegs  $2\frac{1}{2}$  persent toegeneem nadat toenames teen jaarkoerse van 10 en  $18\frac{1}{2}$  persent onderskeidelik in die eerste en die tweede kwartaal aangeteken is. Hierdie skerp verswakte vertoning was onder andere toe te skryf aan 'n skerp daling in die bedryfsresultate van die goudmynbedryf en aan die swakker-as-verwagte bruto inkome van die landbou, vanweë omstandighede waarna vroeër reeds verwys is.

In teenstelling hiermee het die jaar-op-jaar-persentasietoename in arbeidsvergoeding, wat die ander komponent van die totale faktorinkome verteenwoordig, van  $16\frac{1}{2}$  persent in die tweede kwartaal van 1987 tot 25 persent in die derde kwartaal versnel. Die totale nominale arbeidsvergoeding was in die eerste drie kwartale van 1987 gevoldig ongeveer  $17\frac{1}{2}$  persent hoër as in die eerste drie kwartale van 1986. Dit staan op een lyn met 'n toename van  $14\frac{1}{2}$  persent in die voorafgaande jaar. Die toenames in die nominale arbeidsvergoeding was wyd deur die ekonomie verspreid. Opmerklike toenames was egter in die algemene-owerheidsektor sigbaar as 'n weerpieëling van die salarisaanpassings van staatsamptenare wat op 1 Julie 1987 in werking getree het en in die mynbousektor as 'n weerpieëling van die resultaat van ooreengekome loonskikkings.

Die bruto binnelandse besparing as verhouding

### Faktorinkome



van die bruto binnelandse produk het ongeveer  $22\frac{1}{2}$  persent,  $23\frac{1}{2}$  persent en  $24\frac{1}{2}$  persent in onderskeidelik die eerste, die tweede en die derde kwartaal van 1987 beloop. Die mees onlangse hoogtepunt van  $26\frac{1}{2}$  persent in hierdie verhouding is in die vierde kwartaal van 1986 bereik. Relatief tot die bruto binnelandse investering het die bruto binnelandse besparing van soveel as  $147\frac{1}{2}$  persent in die vierde kwartaal van 1986 tot 115 persent in die derde kwartaal van 1987 ingekrimp.

Ontsparing deur die algemene owerheid het teen 'n seisoensaangesuiwerde jaarkoers aansienlik gekrimp van 'n kwartaallikse gemiddelde van ongeveer R6 miljard in die eerste helfte van 1987 tot R3 $\frac{1}{2}$  miljard in die derde kwartaal. Daarenteen is maatskappybesparing teruggehou deur stygings in bedryfskoste en die nadelige uitwerking van arbeidstakings in die verskillende sektore van die ekonomie. Persoonlike besparing het op 'n betreklik laevlak van  $3\frac{1}{2}$  persent van persoonlike beskikbare inkome gebly in vergelyking met 'n onlangse laagtepunt van 2 persent in die loop van 1986 en 'n gemiddelde van  $4\frac{1}{2}$  persent gedurende die tydperk van vyf jaar van 1981 tot 1985. Die voorsiening vir waardevermindering het soos gewoonlik steeds opwaarts beweeg, maar teen 'n afnemende tempo.

## Werkverskaffing

Die totale werkverskaffing in die nie-landbousektore van die ekonomie het in die derde en die vierde kwartaal van 1986 teen seisoensaangesuiwerde jaarkoerse van 0,7 en 2,0 persent toegeneem, in die eerste kwartaal van 1987 bykans geen verdere verandering getoon nie, maar hierna in die tweede kwartaal van 1987 betreklik skerp teen 'n koers van 2,6 persent gestyg. Hierdie meer onlangse toenames in die werkverskaffing het die stygende vlakke van werkverskaffing deur die private sektor asook die voortgesette styging in werkverskaffing deur die openbare owerhede weerspieël. Die gemiddelde vlak van werkverskaffing buite die landbou was in die eerste helfte van 1987 'n geringe 0,9 persent hoër as in die eerste helfte van 1986. Gegewens vir Julie en Augustus 1987 toon verdere toenames in indiensneming in die konstruksiebedryf maar feitlike stagnasie in die werkverskaffing in die fabriekswese en in elektrisiteitsopwekking.

Die matige toenames in werkverskaffing in 1986 en 'n deel van 1987 het in 'n belangrike mate nog nie daarin geslaag om die totale aantal geregistreerde werkloses te beïnvloed nie. Hierdie aantal het van 132 000 in Januarie 1987 tot 121 000 in Mei gedaal maar daarna redelik skerp terugbeweeg tot 139 400 in September. Die aantal geregistreerde nie-Swart werkloses het egter per saldo betekenisvol afgeneem van 83 400 in September 1986 tot 67 700 in September 1987. Die Lopende Bevolkingsopname toon dat die aantal werklose Swartes van Julie 1986

tot Junie 1987 van 1 181 000 tot 1 028 000, of van 19,9 persent tot 16,3 persent van die Swart arbeidsmag, afgeneem het.

## Arbeidskoste en produktiwiteit

Die gemiddelde bedrag aan salaris en lone per werker in die nie-landbousektore van die ekonomie het in 1986 met 15,2 persent gestyg maar in die eerste helfte van 1987 teen 'n ietwat laer koers van 13,7 persent toegeneem vergeleke met die eerste helfte van 1986. Die gemiddelde *reële* lone per werknemer het in 1986 met 3,0 persent gedaal en in die eerste helfte van 1987 met 'n verdere 2,5 persent.

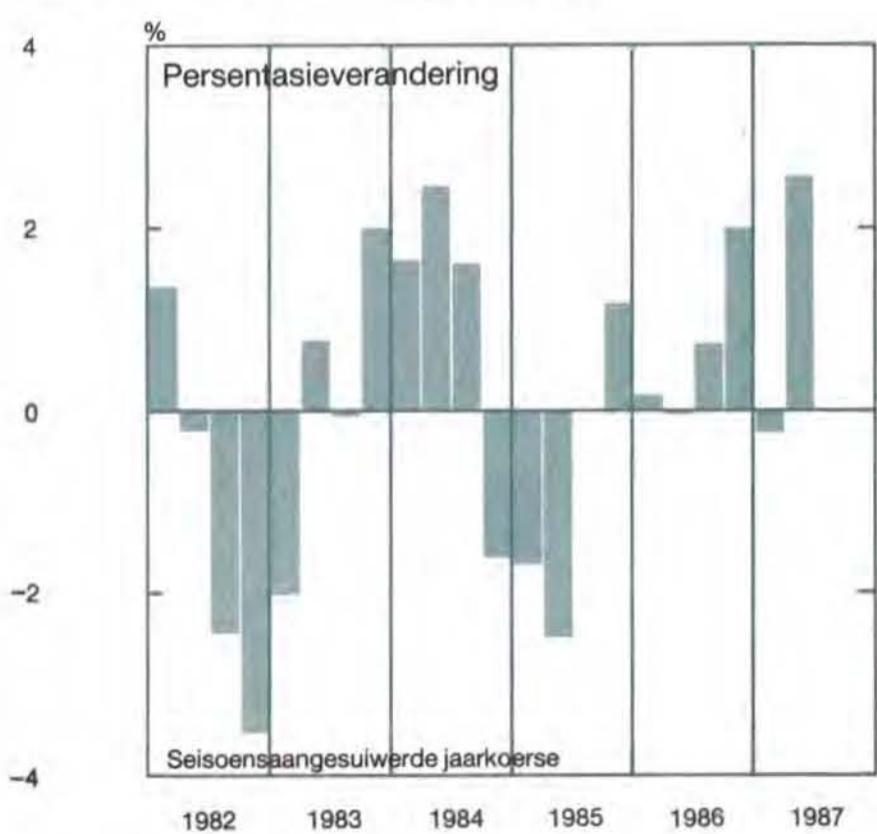
Arbeidsproduktiwiteit (dit wil sê die reële bruto binnelandse produk per werker) in die nie-landbousektore van die ekonomie het in 1985 met 1,0 persent gedaal en in 1986 met 0,7 persent, maar het in die eerste helfte van 1987 met 1,3 persent gestyg. Hierdie verbetering in produktiwiteit, tesame met die matige verlangsaaming in nominale toenames in lone, het ook tot gevolg gehad dat die toename in arbeidseenheidskoste van 15,9 persent in 1986 tot 12,3 persent in die eerste helfte van 1987 verlangsaam het.

## Pryse

Die kwartaal-tot-kwartaal-styging in die verbruikersprysindeks het, teen seisoensaangesuiwerde jaarkoerse, verlangsaam van 26,0 en 20,7 persent in die eerste en die derde kwartaal van 1986 tot 15,1 en 15,0 persent in onderskeidelik die eerste en die tweede kwartaal van 1987 maar in die derde kwartaal weer tot 16,9 persent versnel. Hierdie herversnelling was hoofsaaklik die gevolg van opwaartse aanpassings in 'n aantal geadministreerde prys, in die besonder pos-, vervoer- en munisipale tariewe. Die twaalfmaandegroeikoers van verbruikerspryse het egter op 'n maandbasis in die derde kwartaal van 1987 verlangsaam van 16,3 persent in sowel Julie as Augustus tot 15,5 persent in September.

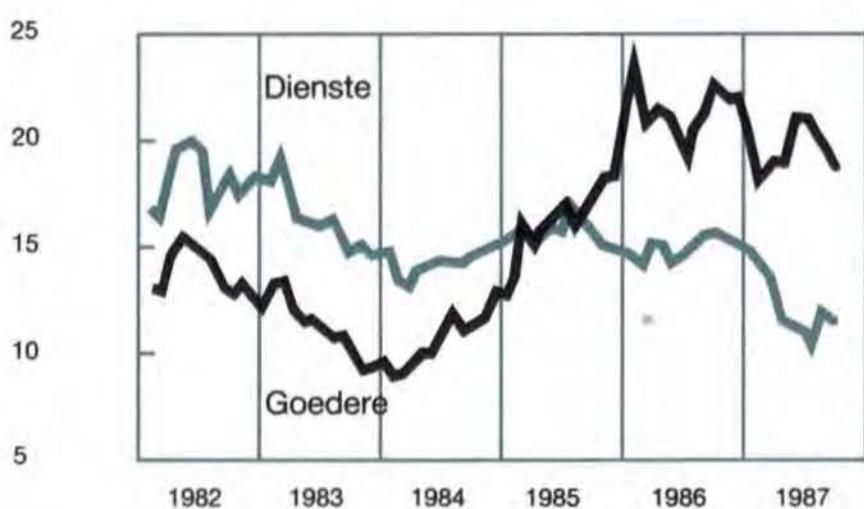
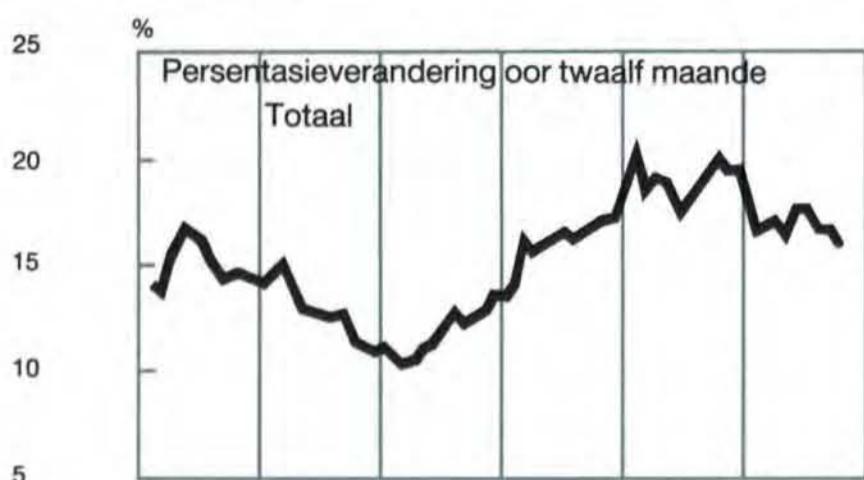
Kwartaal-tot-kwartaal-veranderings in die produksieprysindeks het, teen seisoensaangesuiwerde jaarkoerse, teruggesak van 26,3 persent in die eerste kwartaal van 1986 tot 13,7 en 12,7 persent in onderskeidelik die eerste en die tweede kwartaal van 1987. Hierdie koers het vervolgens in die derde kwartaal verder afgeneem tot 12,5 persent. Oor 'n tydperk van twaalf maande gemeet, het die groeikoers van produksiepryse van 20,7 persent in Oktober 1986 tot 13,7 persent in September 1987 teruggesak. Die verstewiging van die wisselkoers van die rand het daar toe bygedra dat die twaalfmaandegroeikoers van die prys van *ingevoerde* goedere van soveel as 32,5 persent in Januarie 1986 tot slegs 12,0 persent in September 1987 afgeneem het. Die groeikoers van

## Werkverskaffing in nie-landbousektore



## Betalingsbalans

### Verbruikerspryse



pryse van binnelandse vervaardigde goedere het oor 'n tydperk van twaalf maande gemeet van 20,1 persent in Oktober 1986 tot 14,3 persent in September 1987 teruggesak.

### Lopende rekening

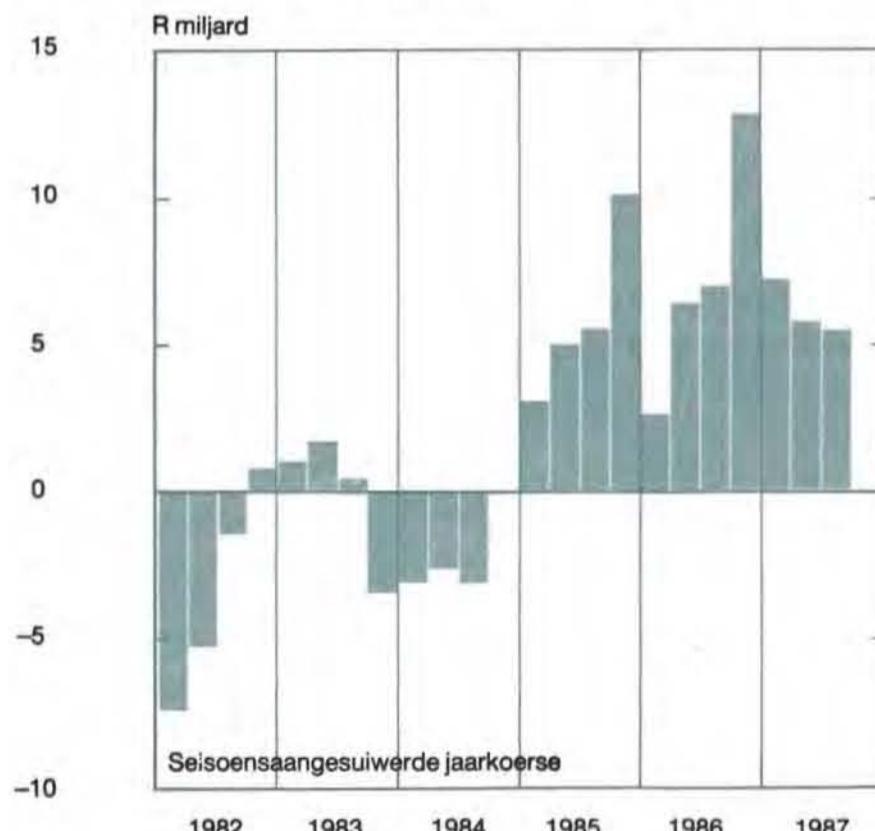
Nadat die oorskot op die lopende rekening van die betalingsbalans van R7,2 miljard in die eerste kwartaal van 1987 tot R5,8 miljard in die tweede kwartaal gedaal het, het dit in die derde kwartaal effens verder tot 'n seisoensaangesuiwerde jaarkoers van R5,4 miljard afgeneem. Die syfer vir die derde kwartaal het nogtans steeds meer as 3 persent van die bruto binnelandse produk bedra, vergeleke met 'n gemiddelde van 4½ persent sedert die begin van 1985.

### Lopende rekening van die betalingsbalans

Seisoensaangesuiwerde jaarkoerse  
R miljoene

	1987		
	1e kw	2e kw	3e kw
Goedere-uitvoer .....	23 850	24 430	24 770
Netto gouduitvoer .....	18 370	17 030	17 890
Goedere-invoer .....	-26 410	-27 370	-28 820
Netto dienste- en oordragbetalings.....	-8 650	-8 320	-8 440
Saldo op lopende rekening .....	7 160	5 770	5 400

### Betalingsbalans: Saldo op lopende rekening



Die verdere inkrimping van die oorskot op lopende rekening in die derde kwartaal van 1987 was hoofsaaklik 'n weerspieëeling van die heel aansienlike verdere toename in die waarde van die goedere-invoer. Dit is gedeeltelik deur 'n opmerklike herstel in die waarde van die netto gouduitvoer en 'n effense verdere styging in die waarde van die goedere-uitvoer geneutraliseer.

Die goedere-invoer, wat op verdere matige toenames in die totale binnelandse ekonomiese bedrywigheid en stetige stylings in die bruto binnelandse besteding reageer het, het in die derde kwartaal, in waardeterme, verder met 5½ persent toegeneem. Dit is hoofsaaklik deur 'n styging in die invoervolume verklaar; opmerklik hoër hoeveelhede invoer-godere is onder die hoofde masjinerie en elektriese toerusting en vervoertoerusting aangeteken. Die gemiddelde vlak van invoerpryse het slegs effens (met ongeveer 1 persent) toegeneem, hoofsaaklik as gevolg van die betreklike stabiliteit van pryse in die internasionale oliemark en vanweë die beperkte omvang van die daling in die gemiddelde effektiewe wisselkoers van die rand gedurende die derde kwartaal.

Die waarde van die netto gouduitvoer het in die derde kwartaal opmerklik herstel ten spyte van 'n daling in die fisiese goudproduksie. Die volume van die netto gouduitvoer het gedurende die derde kwartaal ingekrimp vanweë 'n effense verdere verlaging

van die gemiddelde graad van erts gemyn en as gevolg van die mynwerkerstaking in Augustus in 'n belangrike deel van die goudmynbedryf. Die daling in die fisiese produksie is egter meer as geneutraliseer deur 'n toename in die gemiddelde goudprys. Die gemiddelde vasstellingsprys van goud op die Londense mark het gestyg van VSA \$450 (R906) per fyn ons in die tweede kwartaal tot VSA \$457 (R942) in die derde kwartaal.

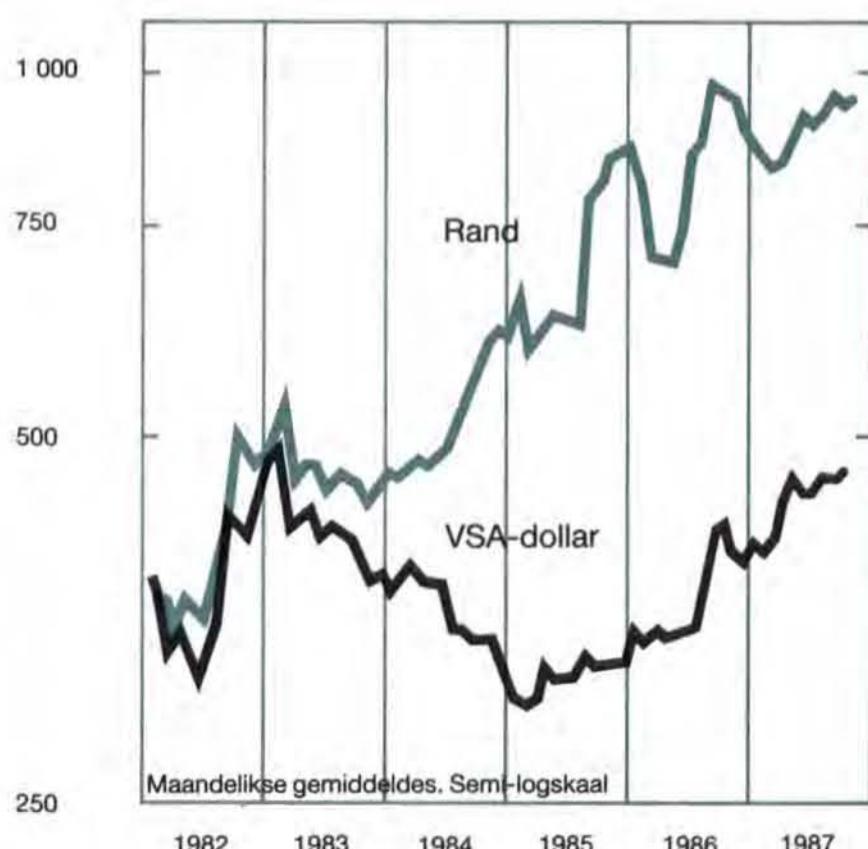
Die internasionale skerp daling in aandeelprysse vanaf 19 Oktober, en die hernieuwe dalings in die wisselwaarde van die VSA-dollar na daardie datum, het tot 'n verdere toename in die maandelikse gemiddelde goudprys tot 'n vlak van VSA \$466 in Oktober gelei. Op 20 Oktober het die vasstellingsprys van goud op die Londense mark momenteel 'n hoogtepunt van VSA \$481,60 bereik. Die hoogs onbestendige toestande wat in die tweede helfte van Oktober en vroeg in November 1987 op die wêreld se belangrikste effektebeurse en valutamarkte voorgekom het, het egter nie dadelik met 'n volgehoue beweging na 'n opmerklik hoër gemiddelde vlak van die goudprys gepaard gegaan nie. Dit kan moontlik deels toegeskryf word aan wêreldwye gedwonge likwidasië van goudposisies deur sekere groot beleggers en aan die beskikbaarheid in die finansiële markte van nuwe instrumente en tegnieke vir verskansing teen moontlike verdere aandeelmarkdalings. Maar nog meer belangrik, is waarskynlik 'n persepsie dat die globale herwaardering van aandeelwaardes en die gepaardgaande negatiewe "welvaarteffek" op die private sektor se verbruiks- en investeringsgeneigdheid as 'n potensieel groeidempende en deflationistiese element in die ekonomiese toestand van die wêreld beskou word.

Nadat die goudprys met die middagvasstelling op die Londense mark op 5 November tot \$457,55 teruggesak het, het dit op 30 November tot 'n nuwe hoogtepunt vir 1987 van \$493,90 gestyg. Vir die eerste elf maande van 1987 het die gemiddelde goudprys op \$443 te staan gekom teenoor \$365 vir die eerste elf maande van 1986.

Die totale waarde van die goedere-uitvoer het gedurende die derde kwartaal van 1987 effens toegeneem, naamlik met 1½ persent. Op hierdie vlak skiet die goedere-uitvoerverdiende egter nog heel aansienlik kort (naamlik met omtrent 11 persent) by die kwartaallike gemiddelde van die buitengewone sterk uitvoervertoning van die Suid-Afrikaanse ekonomie in die tweede helfte van 1986.

Soos in die geval van die netto gouduitvoer het die effense verbetering in die waarde van die goedere-uitvoer in die derde kwartaal ook voorgekom ten spyte van 'n daling in die uitvoervolume. Nadat die uitvoervolume in die tweede kwartaal toegeneem het, het dit in die derde kwartaal met ongeveer 2½ persent ingekrimp. Die totale volume van die goedere-uitvoer

## Goudprys



was in die eerste nege maande van 1987 egter steeds sowat 1½ persent hoër as die volume van die uitvoer in die ooreenstemmende tydperk van 1986. Uitvoer-pryse het in die derde kwartaal van 1987 toegeneem hoofsaaklik as gevolg van 'n matige verdere verstewing van prys op die internasionale kommoditeitsmarkte gedurende daardie kwartaal en vanweë die effense verdere daling in die gemiddelde effektiewe wisselkoers van die rand.

Dienstebetalings sowel as dienste-ontvangste het in die derde kwartaal gedaal. Die groter proporsionele daling is egter deur dienste-ontvangste getoon. *Netto* dienste- en oordragbetalings het gevoglik met sowat 1½ persent toegeneem. Dienste-ontvangste het hoofsaaklik vanweë 'n afname in dividendontvangste gedaal. Die grootste enkele bydraende faktor tot die daling in dienstebetalings was 'n afname in toeristebesteding. In teenstelling met ontwikkelings in die eerste helfte van 1987 was daar in die derde kwartaal nie 'n beduidende verdere verandering in rentebetalings aan buitelanders nie.

### Kapitaalrekening

'n Matige verdere uitvloeiing van kapitaal nie verwant aan reserwes nie, is in die derde kwartaal aangeteken. Teen R776 miljoen was die bedrag van hierdie uitvloeiing breedweg gesproke van soortgelyke omvang as die uitvloeiing van nie-reserweverwante kapitaal in die tweede kwartaal. Die uitvloeiings in die derde kwartaal het onderskeidelik uit R484 miljoen en R292 miljoen langtermyn- en korttermyn-kapitaal bestaan en het hoofsaaklik verband gehou met die terugbetaling op 15 Julie 1987 van ongeveer VSA \$300 miljoen van die buitelandse skuld wat as voorbetaling kragtens die Tweede Tus-

sentydse Ooreenkoms met buitelandse krediteurbanke gemaak moes word. Nie-inwoners was weer netto verkopers van effekte op die Johannesburgse Effektebeurs. Die omvang van die uitvloeiing deur hierdie kanaal (wat onder die finansiële randstelsel uiteraard nie 'n werklike verlies aan valuta meebring nie) was R531 miljoen.

Openbare korporasies was vir die derde opeenvolgende kwartaal netto invoerders van kapitaal. Die netto bedrag van fondse wat in die derde kwartaal deur openbare korporasies opgeneem is in die vorm van nuwe lenings en trekkings op bestaande leningsfasilitete was R107 miljoen. Die netto bedrag van die openbare korporasies se buitelandse lenings is in die loop van die eerste nege maande van 1987 hierdeur op die aansienlike bedrag van R802 miljoen te staan gebring.

Die totale uitvloeiing van korttermynkapitaal nie verwant aan reserwes nie, het matig toegeneem van R158 miljoen in die tweede kwartaal tot R292 miljoen in die derde kwartaal. Die totale netto uitvloeiing van nie-reserweverwante korttermyn-kapitaal het in die eerste drie kwartale van 1987 gevoglik 'n redelik onbeduidende R228 miljoen bedra. Dit kan met 'n uitvloeiing van soveel as R1,7 miljard in die eerste drie kwartale van 1986 vergelyk word.

Die voorlaaste paaiemment, ten bedrae van R259 miljoen, op Suid-Afrika se 1982-lening by die Internationale Monetêre Fonds is in Augustus 1987 terugbetaal. Hoofsaaklik as gevolg van hierdie terugbetaaling en ander aflossings van reserweverwante laste onder die stilstandnet, is die totale laste verwant aan reserwes in die derde kwartaal met 'n verdere R415 miljoen verminder. Dit het op 'n soortgelyke vermindering van R377 miljoen in die voorafgaande kwartaal gevog. Die finale paaiemment van R260 miljoen op die IMF-lening is op 7 November gemaak.

### Netto kapitaalbewegings

R miljoene

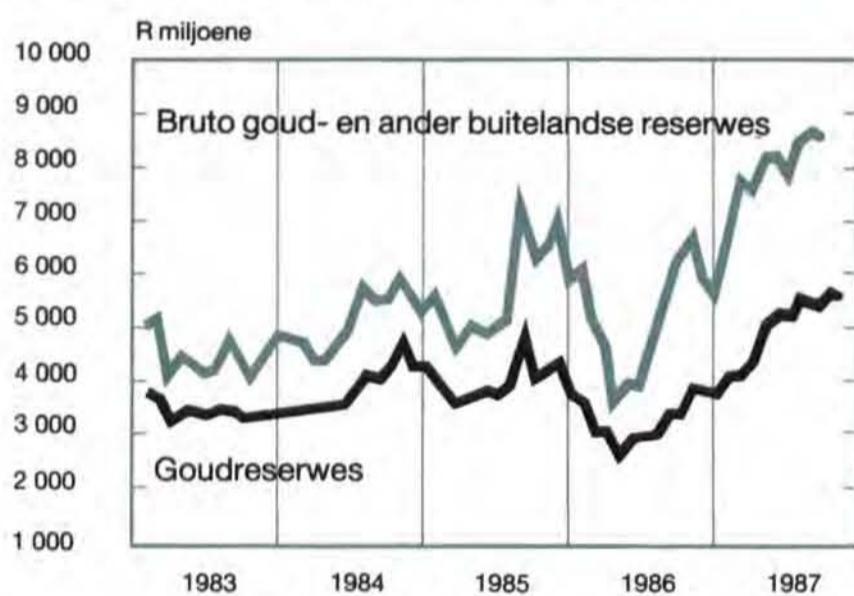
	1987		
	1e kw	2e kw	3e kw
Langtermynkapitaal			
Openbare owerhede .....	-9	-217	-60
Openbare korporasies.....	347	348	107
Banksektor .....	38	-60	19
Private sektor:			
Netto aankope van genoteerde aandele deur nie-inwoners .....	-209	-546	-531
Ander kapitaal .....	18	-278	-19
Totale langtermynkapitaal .....	185	-753	-484
Korttermynkapitaal insluitende onaangetekende transaksies maar uitsluitende laste verwant aan reserwes .....	222	-158	-292
Totale kapitaalbewegings uitsluitende laste verwant aan reserwes .....	407	-911	-776
Verandering in laste verwant aan reserwes.....	-627	-377	-415

## Buitelandse reserwes

Die totale bruto goud- en ander buitelandse reserwes het met onderskeidelik R1 798 miljoen en R282 miljoen in die eerste en tweede kwartaal van 1987 gestyg en met 'n verdere R796 miljoen in die derde kwartaal. Teen R8,6 miljard was die totale buitelandse reserwes aan die einde van September 1987 gelyk aan ongeveer 3½ maande se goedere-invoer. Dit was ook R4,6 miljard, of 117 persent, hoër as die vlak waartoe dit teen die einde van April 1986 gesak het. In Oktober 1987 het die bruto goud- en ander buitelandse reserwes, wat deur die Reserwebank gehou word, met nog R83 miljoen toegeneem. In November het die reserwes egter met R556 miljoen gedaal.

Die goudreserwes van die Reserwebank het van 6,05 miljoen fyn onse aan die einde van die tweede kwartaal van 1987 tot 6,30 miljoen fyn onse aan die einde van September toegeneem, maar aan die einde van Oktober weer tot 6,21 miljoen fyn onse gedaal. Daarna het dit weer marginaal gestyg tot 6,24 miljoen fyn onse aan die einde van November.

## Totale goud- en ander buitelandse reserwes



## Wisselkoerse

Die wisselkoers van die rand teenoor die VSA-dollar het vanaf die begin van 1987 tot laat in November tussen die betreklik nou grense van 46 en 51 VSA-sent geskommel en binne 'n nog nouer band van ongeveer 48 tot 49 VSA-sent vanaf middel-Junie tot aan die einde van Oktober. Dit het egter op 2 November uit hierdie nou band gebreek en gestyg tot ongeveer 51½ VSA-sent op 10 November en weer op 30 November, as 'n weerspieëeling van die dollar se daling in onlangse weke tot nuwe naoorlogse laagtepunte teenoor die Duitse mark en die yen.

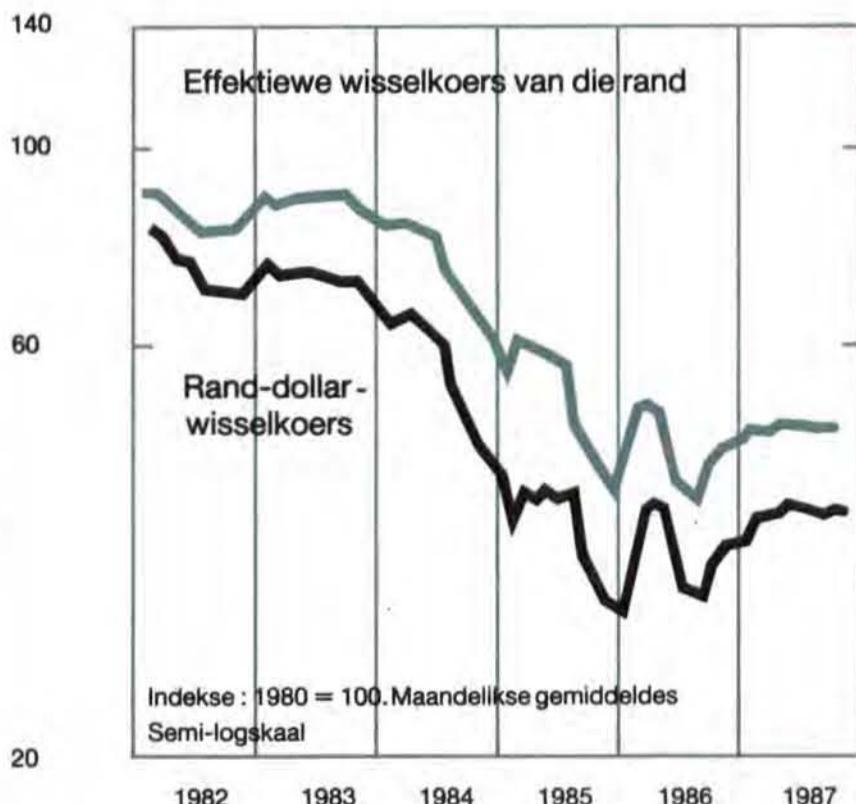
## Veranderings in die wisselkoerse van die rand %

	31 Des 1986 tot 30 Junie 1987	30 Junie 1987 tot 30 Nov 1987
Geweegde gemiddelde.....	3,5	0,5
VSA dollar.....	7,0	5,4
Britse pond.....	-1,9	-7,5
Duitse mark.....	0,5	-5,6
Switserse frank.....	-0,2	-6,5
Japanse yen.....	-1,8	-5,6
Franse frank.....	1,3	-3,7
Finansiële rand.....	36,1	12,8

Die effektiewe wisselkoers van die rand het vanaf die einde van Junie 1987 tot 30 November met 'n skrale 0,5 persent gestyg. Op 30 November was die effektiewe wisselkoers van die rand 4,2 persent hoër as aan die einde van 1986, 5,5 persent hoër as die gemiddelde in 1986, en 29,0 persent hoër as sy laagtepunt op 12 Junie 1986.

Die finansiële rand het gedurende die eerste helfte van 1987 tussen 21½ en 35½ VSA-sent en van Julie tot November tussen 27½ en 33 VSA-sent geskommel. Die diskonto van die finansiële rand teenoor die kommersiële rand het op 29 Oktober 44,2 persent beloop, die hoogstevlak van die diskonto sedert Maart 1987. Dit was hoofsaaklik die gevolg van die verstewiging van die kommersiële rand teenoor die dollar en van volgehoue verkope deur buitelanders

## Wisselkoerse



van effekte wat op die Johannesburgse Effektebeurs genoteer is. 'n Vernouing in die diskonto was in die loop van November waarneembaar. Die gemiddelde wisselkoers van die finansiële rand was in 1987 tot die einde van November egter steeds ongeveer 10 persent hoër as die gemiddelde vir 1986.

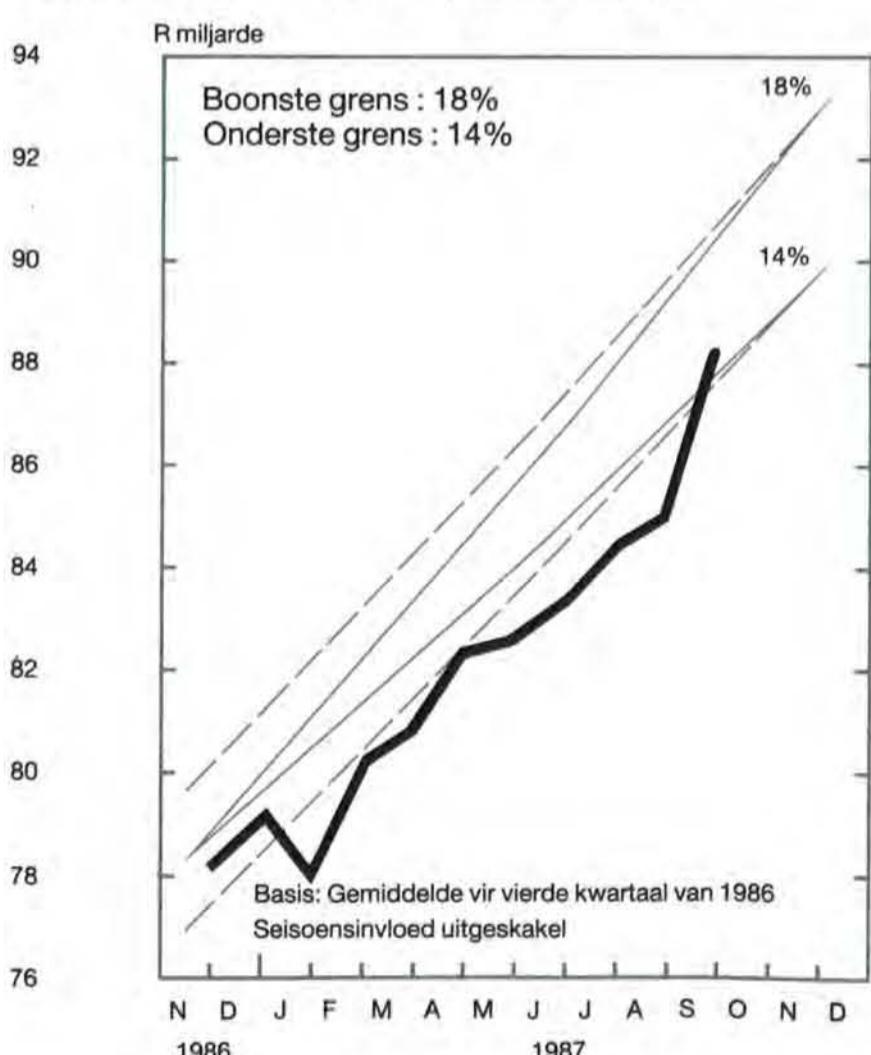
## Finansiële markte

### Geldvoorraad

Die kwartaallikse groeikoers van die M3-geldvoorraad, in terme van seisoensaangesuiwerde jaarkoerse, het merkbaar versnel van 9,1 persent in die vierde kwartaal van 1986 en 5,0 persent in die eerste kwartaal van 1987 tot 15,9 persent en 14,1 persent onderskeidelik in die tweede en die derde kwartaal van 1987. M3 het as gevolg van hierdie versnelling aan die einde van September 1987 vir die eerste keer binne die "mikpuntkegel" vir die 1987-mikpuntjaar te staan gekom. Die seisoensaangesuiwerde jaarkoers van toename in M3 het vanaf die begin van die huidige mikpuntjaar (dit wil sê vanaf die middel van November 1986) tot aan die einde van September 1987 14,4 persent bedra. Dit het derhalwe die onderste mikpuntgrens met 0,4 persentasiepunte oorskry. Nadat die twaalfmaandegroeikoers van M3 waarskynlik in Februarie 1987 'n sikliese onderste draaipunt van slegs 7,7 persent bereik het, het dit in September 13,6 persent bedra.

Die kwartaal-tot-kwartaal koerse van toename in M3 gedurende die tweede en die derde kwartaal van 1987, wat teen 'n jaarkoers gereken tussen 14 en 16

Mikpuntgrense vir groei in M3 gedurende 1987



percent beloop het, was gedurende hierdie tydperk breedweg in ooreenstemming met die groei in die bruto binnelandse produk teen heersende pryse. Gevolglik het die inkome-omloopsnelheid van M3, wat gedurende die eerste kwartaal van 1987 nog met 2,3 persent toegeneem het, gedurende die tweede en die derde kwartaal feitlik onveranderd gebly. Sedert die versnelde toename in die omloopsnelheid in die derde kwartaal van 1986 begin het tot en met die derde kwartaal van 1987 (dit wil sê gedurende die afgelope vyf kalenderkwartale) het die totale toename in die inkome-omloopsnelheid van M3 9,9 persent beloop. Veranderings in die omloopsnelheid was gedurende hierdie tydperk derhalwe klaarblyklik steeds die mindere vennoot by die verklaring van die styging van 25,3 persent in die "effektiewe" geldvoorraad.

Toenames in die omloopsnelheid sedert die middel van 1986 is hoofsaaklik aan verskillende disintermediasieverskynsels toe te skryf. Disintermediasie (dit wil sê die vervanging van deposito's en lenings by banke en ander monetêre instellings deur "regstreekse" leen- en uitleentransaksies tussen nie-bankpartye) kan deur verskeie faktore verklaar word. Daaronder tel lae reële na-belaste opbrengskoerse op depositobeleggings by banke en bouverenigings; aantreklike alternatiewe beleggingsmoontlikhede wat langtermynspaarinstellings, die opkomende aandelemark, effektetrusts en - van Junie tot vroeg in Augustus 1987 - Senior Burger-

spaars-obligasies gebied het; en banke se implementering van verskeie skemas om hulle kliënte se kontantsaldo's doeltreffender te bestuur.

Sekere onlangse ontwikkelings, soos die beëindiging van die oorspronklike uitgifte van Senior Burger-spaarobligasies gedurende Augustus en die skielike einde van die stygende fase van aandelepryse op die effektebeurs gedurende Oktober, het tot gevolg gehad dat sommige van hierdie faktore nie meer van krag is nie. Aan die einde van Oktober het die Reserwebank riglyne uitgevaardig betrekende die toelaatbaarheid al dan nie van verskillende procedures vir die verrekening van maatskappye of groepe van maatskappye se debet- en kredit- saldo's in die bankinstellings se boeke as 'n deel van die banke se bestuur van korporatiewe kliënte se kontantposisies. Oor die algemeen kon 'n afplatting in die omloopsnelheid van die M3-geldvoorraad egter gedurende die loop van 1987 verwag word namate die houers van rykdom eventueel, in die lig van die heersende inflasie- en rentekoersomstandighede, die hersamestelling van hul bateportefeuilles ten gunste van verhoogde relatiewe besit aan nie-monetêre bates voltooi. Voortspruitend uit die veranderde verwagtings aangaande die styging van aandelepryse op die effektebeurs ná die skerp daling in hierdie prys vanaf 20 Oktober, kan 'n matige toename in die relatiewe vraag na monetêre bates, 'n matige versneling in die groeikoers van die monetêre totale, en 'n gedeeltelike ommekeer in die toename in die omloopsnelheid van M3 redelikerwys verwag word.

Veranderings in die samestelling van M3 is steeds oorheers deur 'n relatiewe verskuiwing na die meer transaksieverwante onmiddellik-opeisbare en daggeldkomponente van die M3-geldvoorraad. Dit is weerspieël in die twaalfmaandegroeikoers van M1, wat in September 23,7 persent beloop het. Daarenteen het die totale "ander" korttermyn- en middeltermyndepositos (dit wil sê die nie-M1-komponent van M2) gedurende die twaalf maande tot September 1987 betreklik min verander. Die twaalfmaandegroeikoers van M2 was gevvolglik in September 'n laer-as-gemiddelde 13,2 persent. Die toename in langtermyndeposito's is oënskynlik aangehelp deur ietwat hoër rentekoersverskille ten gunste van hierdie deposito's. In September het die twaalfmaandegroeikoers van hierdie deposito's 14,5 persent beloop.

In 'n rekeningkundige sin was die belangrikste oorsaak van die groei in M3 gedurende die derde kwartaal van 1987 die toename van R1,96 miljard in kredietverlening deur monetêre instellings. Die monetêre sektor se netto besit aan goud- en ander buitelandse reserwes het egter ook met R0,82 miljard gestyg.

## Geldvoorraad



## Bankkrediet

Die seisoensaangesuiwerde jaarkoers van toename in bankkrediet aan die private sektor het van 8,2 persent in die eerste helfte van 1987 tot 13,6 persent in die derde kwartaal gestyg. Deels as gevolg van hierdie versnelling in nuwe kredietverlening het die twaalfmaandegroeikoers van bankkrediet aan die private sektor ook opmerklik gestyg vanaf sy waarskynlike onderste draapunt van slegs 1,7 persent in Februarie 1987 tot 5,8 persent, 6,6 persent, 8,8 persent en 11,2 persent onderskeidelik in Junie, Julie, Augustus en September 1987. Die onlangse kwartaalklike groei in banke se eise teen die private sektor was egter duidelik nog steeds laer as die groeikoers van die bruto binnelandse produk en die bruto binnelandse besteding teen heersende pryse. Die voortgesette betreklik trae groei in bankkrediet gedurende die afgelope paar kwartale kon steeds hoofsaaklik na die verskillende disintermediasiekynsels waarna vroeër verwys is, teruggevoer word. Terselfdertyd het dit ook die lae vlak van vaste investering in die ekonomie en die matige omvang van onlangse voorraadopbouing weerspieël.

Die banke se "ander" lenings en voorskotte, wat die grootste deel van hulle uitleenbedrywighede vir handels- en nywerheidsdoeleindes uitmaak, het gedurende die derde kwartaal van 1987 betreklik stadiig teen 'n jaarkoers van 8,8 persent toegeneem. Heelwat hoër groeikoerse is egter deur banke se

besit aan verdiskonteerde wissels en deur huurkoopkrediet aangeteken. Huurkoopkrediet, wat nouer verbind is aan die verbetering in die verkoop van duurbare verbruiksgoedere, het van Januarie tot September 1987 teen 'n jaarkoers van 14,4 persent toegenem en gedurende die derde kwartaal teen 'n jaarkoers van so veel as 18,0 persent.

Die banke se netto eise teen die regeringsektor het gedurende die derde kwartaal van 1987 met R1 531 miljoen teruggesak nadat dit gedurende die tweede kwartaal met R711 miljoen toegeneem het. Gevolglik was die twaalfmaandegroeikoers van die totale bankkrediet in September wesenlik laer as die koers van toename in die banke se lenings aan die private sektor. Hierdie koers het van 5,7 persent in Junie tot 9,1 persent in September gestyg.

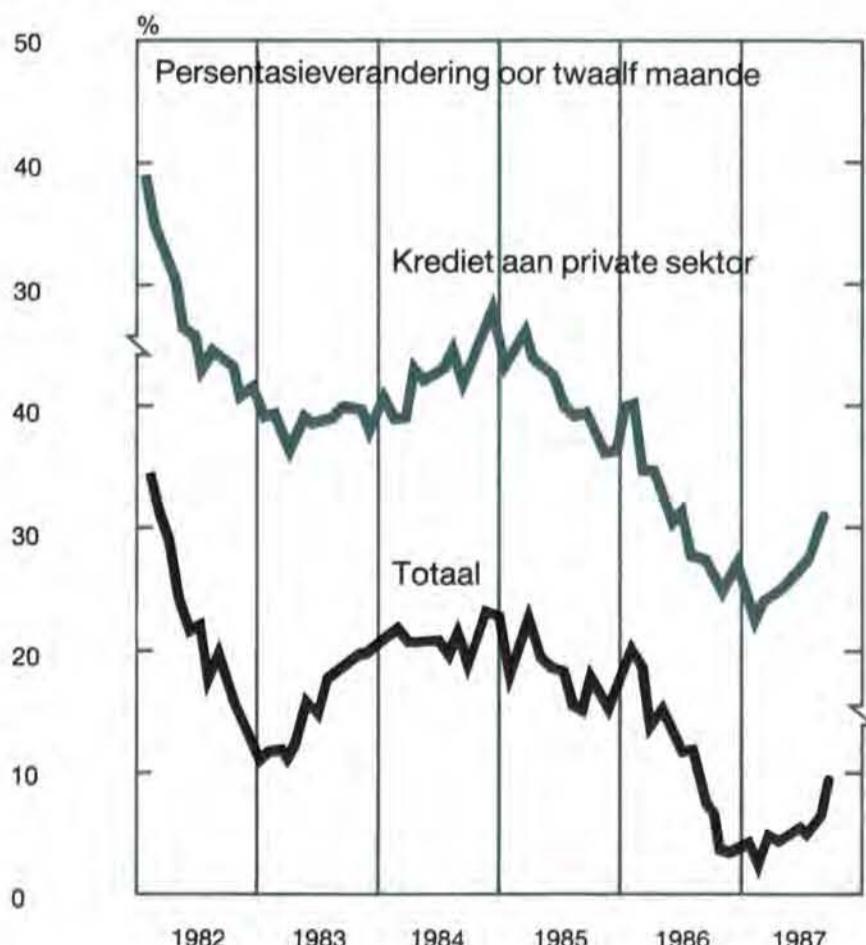
## Reserwebankoptrede in die geldmark

Geldmarktoestande het gedurende die grootste deel van die derde kwartaal en in Oktober en November 1987 ruim gebly, wat deels toe te skryf was aan die ekspansionistiese uitwerking van volgehoudende stygings in die Reserwebank se goud- en ander buitelandse reserwes. Deur sy optrede in die mark het die Bank goedgekeuring verleen aan die ruim marktoestande en, ná die ineenstorting van aandelepryse op die effektebeurs vanaf 20 Oktober, matige verdere aanmoediging aan die ruim toestand en die likwiditeitsposisie gegee.

Die Bankkoers is regdeur die derde kwartaal en in Oktober en November op 'nvlak van 9½ persent gehandhaaf. Vanweë die wesenlike ruimheid in die mark, is 'n behoefte aan kontantreserwes wat deur middel van Reserwebank-terugkoopooreenkomste aan die mark voorsien moes word, slegs sporadies deur die Bank waargeneem. Insgelyks is tenderfondse van die Korporasie vir Openbare Deposito's slegs op of naby aan maandeindes en ten bedrae van nie meer as 'n paar honderdmiljoen rand op 'n slag nie, aan die banke en die diskontohuise beskikbaar gestel. Die bedrag wat op dié manier voorsien is, het op 28 en 29 Oktober 'n hoogtepunt van R350 miljoen bereik.

Die Reserwebank se herfinansieringsakkommodesie aan die diskontohuise en die banke by die diskontovenster het in die derde kwartaal van 1987 'n daaglikse gemiddelde van slegs R117 miljoen, in Oktober slegs R53 miljoen en in November R126 miljoen bereik. Die akkommodesiebedrag by die venster het aan die einde van Augustus tot R626 miljoen en aan die einde van September tot R402 miljoen gestyg. Hierdie marktekorte is egter binne 'n paar dae na die betrokke maandeindes goedgemaak. 'n Tekort van R240 miljoen op 26 Oktober is vinnig geneutraliseer deur die voorsiening van KOD-tenderfondse en terugkoopooreenkomste, wat aan

## Bankkrediet



die einde van die maand onderskeidelik R300 miljoen en R102 miljoen bedra het. Daar is dienooreenkomstig oor die Oktober-maandeinde geen akkommodasie by die venster deur die diskontohuise of die banke verlang nie. Op 30 November het die akkommodasiebedrag R641 miljoen bedra. Terugkoopooreenkomsste ten bedrae van R250 miljoen is ook oor die November-maandeinde aangegaan.

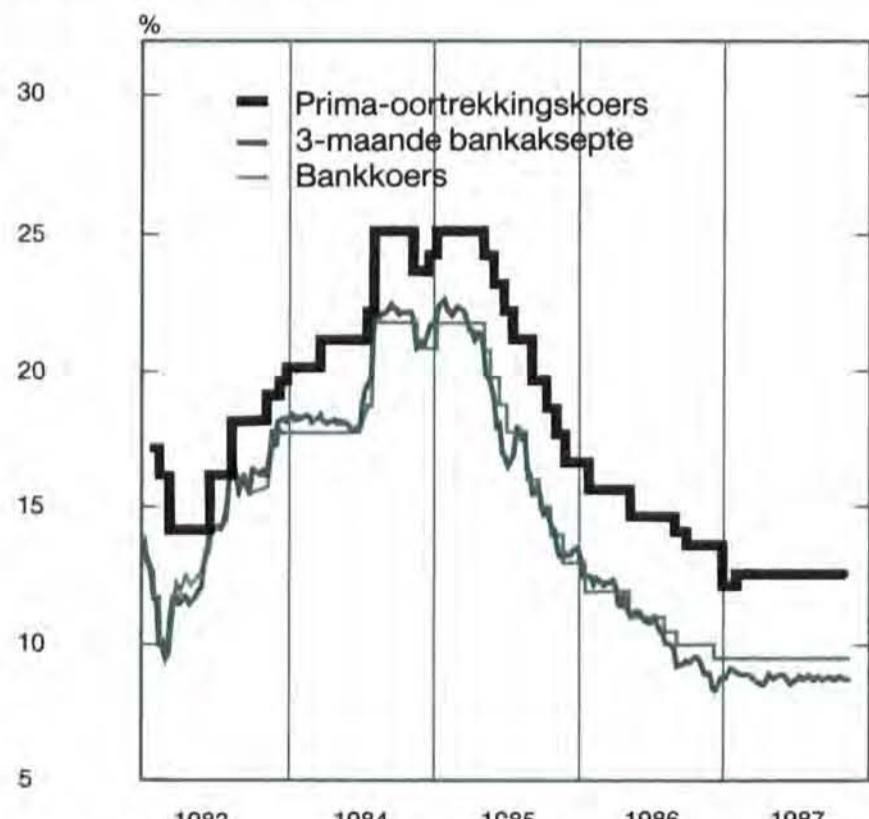
Die Reserwebank was op 'n aansienlike aantal dae gedurende die derde kwartaal en in Oktober en November 1987 by omgekeerde terugkooptransaksies betrokke om *oorskot*- kontantreserwes aan die mark te onttrek.

Die netto verkope van staatseffekte deur die Reserwebank gedurende die derde kwartaal van 1987 het R1 979 miljoen beloop, teenoor R1 952 miljoen gedurende die tweede kwartaal en slegs R247 miljoen gedurende die eerste kwartaal. 'n Verdere netto bedrag van R1 007 miljoen is gedurende Oktober en November 1987 verkoop.

#### Korttermynrentekoerse

Die geldmarkkoerse het die mark se likwiditeit en die Reserwebank se deurlopend ontspanne beleidsinstelling gesteldheid weerspieël deur regdeur die tweede en die derde kwartaal, sowel as in Oktober en die eerste drie weke van November 1987, te bly op stabiele vlakke wat heelwat laer as die Bank se tersaaklike herdiskonteringskoerse was. Dié koerse is gevvolglik

#### Korttermynrentekoerse



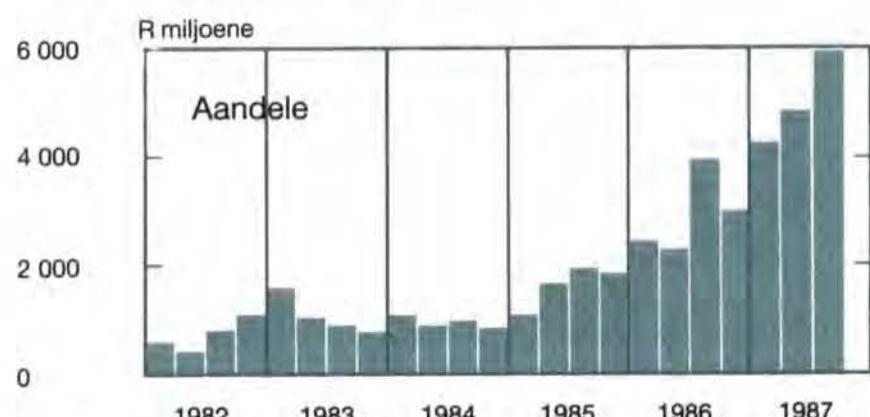
ook nie wesenlik beïnvloed deur die verwikkelings op die Suid-Afrikaanse en buitelandse effektebeurse en valutamarkte vanaf 19 Oktober nie. Die koers op likwiede bankaksepte van drie maande het byvoorbeeld van die begin van Junie 1987 tot laat November binne 'n smal band van 8,75 tot 9,00 persent beweeg. Oor die Augustus-, September- en Oktobermaandeindes het dit 8,85 persent beloop en op 30 November 9,00 persent. Die groothandelsdag-geldkoerse het ietwat groter skommelings getoon in reaksie op veranderings in die banke se kontant- en likwiedebateposisies. Die koers op interbank-daggelddeposito's het byvoorbeeld gewissel van 'n laagtepunt van 8,10 persent op 21 Augustus tot hoogtepunte van 9,75 persent op die maandeindes van September en Oktober. Op 30 November het hierdie koers op 10,25 persent te staan gekom.

#### Kapitaalmarkbedrywigheid

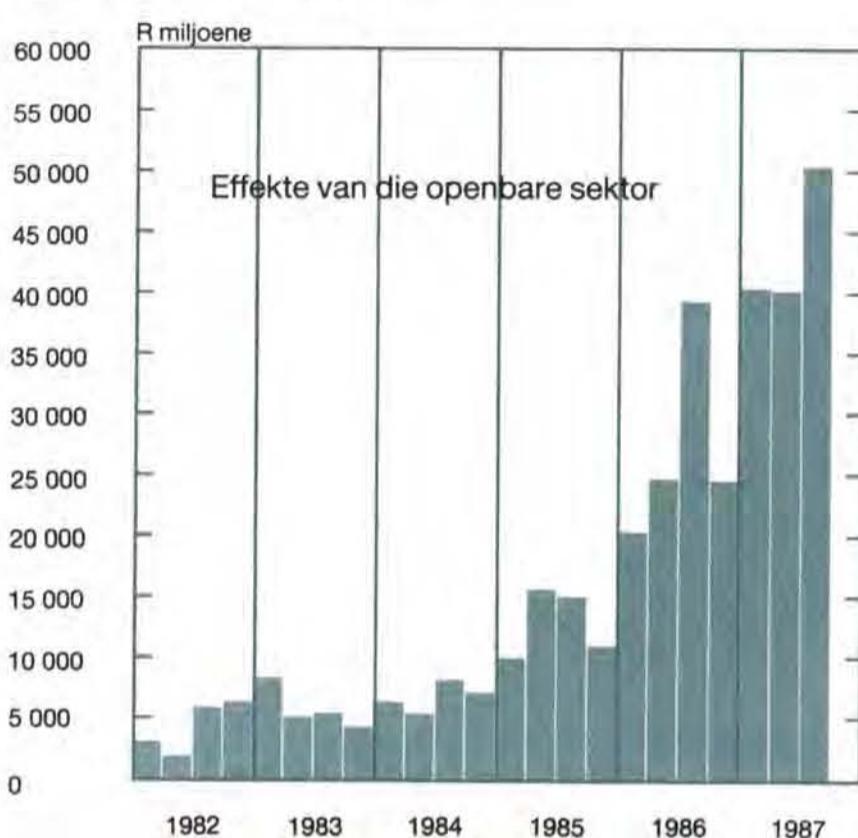
Die kapitaalmarkte het gedurende die derde kwartaal en in Oktober 1987 'n verdere ronde van skerp toename in handelsbedrywighede ondervind. 'n Nuwe hoogtepunt in die omset van effekte van die openbare sektor is in die derde kwartaal bereik. Verdere toenames in vaste-eiendomstransaksies en verbandlenings is in die vaste-eiendomsmark aangeteken. In die primêre kapitaalmark het nuwe uitgifte van vaste-rentedraende effekte gedurende die derde kwartaal skerp gestyg. Ná die skerp daling in aandelepryse wat vanaf 19 Oktober op die wêrelde se belangrikste effektebeurse ingetree het, is daar op die aandelemark vanaf 20 Oktober baie hoë volumes aandele verhandel. Dit het die Johannesburgse Effektebeurs genoop om die handelstyd op 21 en 22 Oktober tot slegs twee ure te beperk en daarna tot vier ure.

Die waarde van effekte van die openbare sektor wat op die effektebeurs verhandel is, het in die eerste en die tweede kwartaal van 1987 aansienlik verder

#### Effektebeurstransaksies



## Effektebeurstransaksies



gestyg vanaf onderskeidelik R40,3 miljard en R40,1 miljard tot R50,3 miljard in die derde kwartaal. In Oktober het dit R16,4 miljard bedra. Die waarde van vaste-eiendomstransaksies het in die eerste, die tweede en derde kwartaal van 1987 onderskeidelik R3,3 miljard, R3,6 miljard en R3,9 miljard beloop.

Die waarde van aandele wat op die effektebeurs verhandel is het in die eerste kwartaal van 1987 van R4,2 miljard tot R4,8 miljard in die tweede kwartaal, R5,9 miljard in die derde kwartaal en nie minder nie as R2,6 miljard in Oktober alleen, gestyg. Tot en met 19 Oktober is aandelepryse deur die skerp stygende

omset verder opwaarts meegesleur. Die gemiddelde prysvlak van alle klasse aandele het in die eerste, die tweede en die derde kwartaal van 1987 het onderskeidelik 9 persent, 11 persent en amper 13 persent gestyg. Die totale styging in hierdie prys in die loop van die opwaartse fase in die aandelemark vanaf die einde van Februarie 1985 tot die einde van September 1987 het daardeur op 149 persent te staan gekom. In vergelyking hiermee het die totale toename in aandelepryse in die stygende mark in die tweede helfte van die sestigerjare, wat gereken kan word om vanaf Januarie 1966 tot Mei 1969 te geduur het, op 152 persent te staan gekom.

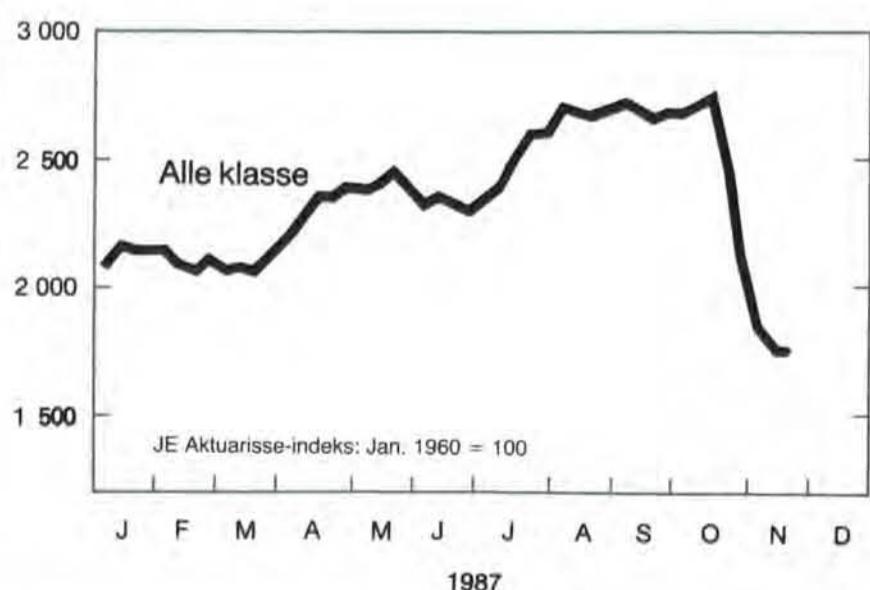
Gedurende die dertien handelsdae vanaf 20 Oktober tot 5 November 1987 het die gemiddelde prysvlak van alle klasse aandele, soos gemitteer deur die daagliks Aktuarisse-indeks van pryse op die Johannesburgse Effektebeurs met nie minder nie as 40,0 persent teruggeval. Hierdie baie skerp prysdaling was groter as die prysdaling op die verskillende oorsese effektebeurse gedurende hierdie tydperk en was ook aansienlik groter as die afwaartse prysaanpassings in die ooreenstemmende vroeë fases van vorige "ineenstortings" op die aandelebeurs, soos in Mei 1969. Die onvermoë van die dollarprys van goud om tot 'n volgehoue hoër vlak te styg in die stormagtige toestande wat laat in Oktober en vroeg in November 1987 op die wêreld se belangrikste effekte- en valutamarkte geheers het, het bygedra tot 'n daling in die omvattende indeks vir goudaandele op die Johannesburgse Effektebeurs, wat die gemiddelde daling in aandelepryse ietwat oortref het. Gedurende November in sy geheel het die gemiddelde prys van alle klasse aandele egter met 29 persent gedaal teenoor 'n daling van 26 persent in die gemiddelde prys van goudaandele. Dalings van minder as die gemiddelde is aangeteken in die pryse van finansiële en nywerheidsaandele.

## Aandelepryse op die Johannesburgse Effektebeurs: opwaartse en afwaartse fases

Prysindeks vir alle aandele

Tydperk	Fase	Duur (maande)	Totale verandering in gemiddelde prysvlak, %
Jan 1966 – Mei 1969	Opwaarts	41	152,0
Jun 1969 – Jan 1971	Afwaarts	20	-60,7
Feb 1971 – Apr 1974	Opwaarts	39	147,3
Mei 1974 – Jun 1977	Afwaarts	38	-44,1
Jul 1977 – Sep 1980	Opwaarts	39	276,3
Okt 1980 – Jun 1982	Afwaarts	21	-51,7
Jul 1982 – Mrt 1984	Opwaarts	21	102,9
Apr 1984 – Feb 1985	Afwaarts	11	-14,2
Mrt 1985 – Sep 1987	Opwaarts	31	149,2

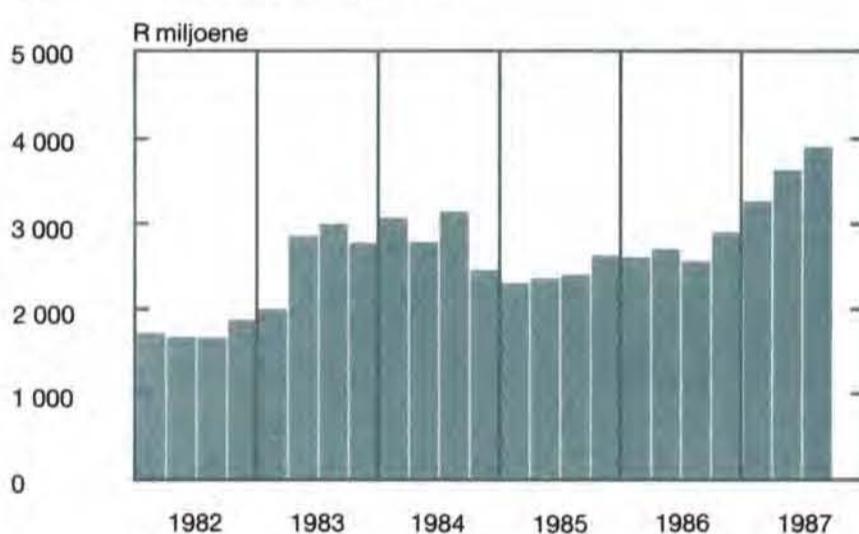
## Aandelepryse



In die primêre markte het die openbare sektor gedurende Julie en Augustus nuwe fondse opgeneem deur uitgiftes van vaste-rentedraende effekte aan banke en private nie-bankbeleggers ten bedrae van R1 108 miljoen vergeleke met R858 miljoen en R454 miljoen in die eerste en die tweede kwartaal van 1987. Maatskappye wat op die effektebeurs genoteer is, het gedurende Julie en Augustus R101 miljoen opgeneem deur nuwe uitgiftes van vaste-rentedraende effekte teenoor R201 miljoen in die eerste kwartaal; in die tweede kwartaal is geen sodanige uitgiftes gemaak nie. Nuwe uitgiftes van aandelekapitaal deur genoteerde maatskappye het gedurende Julie en Augustus R221 miljoen beloop vergeleke met R205 miljoen en R927 miljoen in onderskeidelik die eerste en die tweede kwartaal van 1987.

In die verbandmark het die volgehoudende vraag na verbandfinansiering en die toenemende beskikbaarheid van fondse die bouverenigings in staat gestel om die stygende neiging in die vlak van hulle verbandlenings te handhaaf. Die bedrag aan verbandlenings uitbetaal het toegeneem van R2,0 miljard en R2,1 miljard in die eerste twee kwartale van 1987 tot R2,4 miljard in die derde kwartaal.

#### Transaksies in vaste eiendom



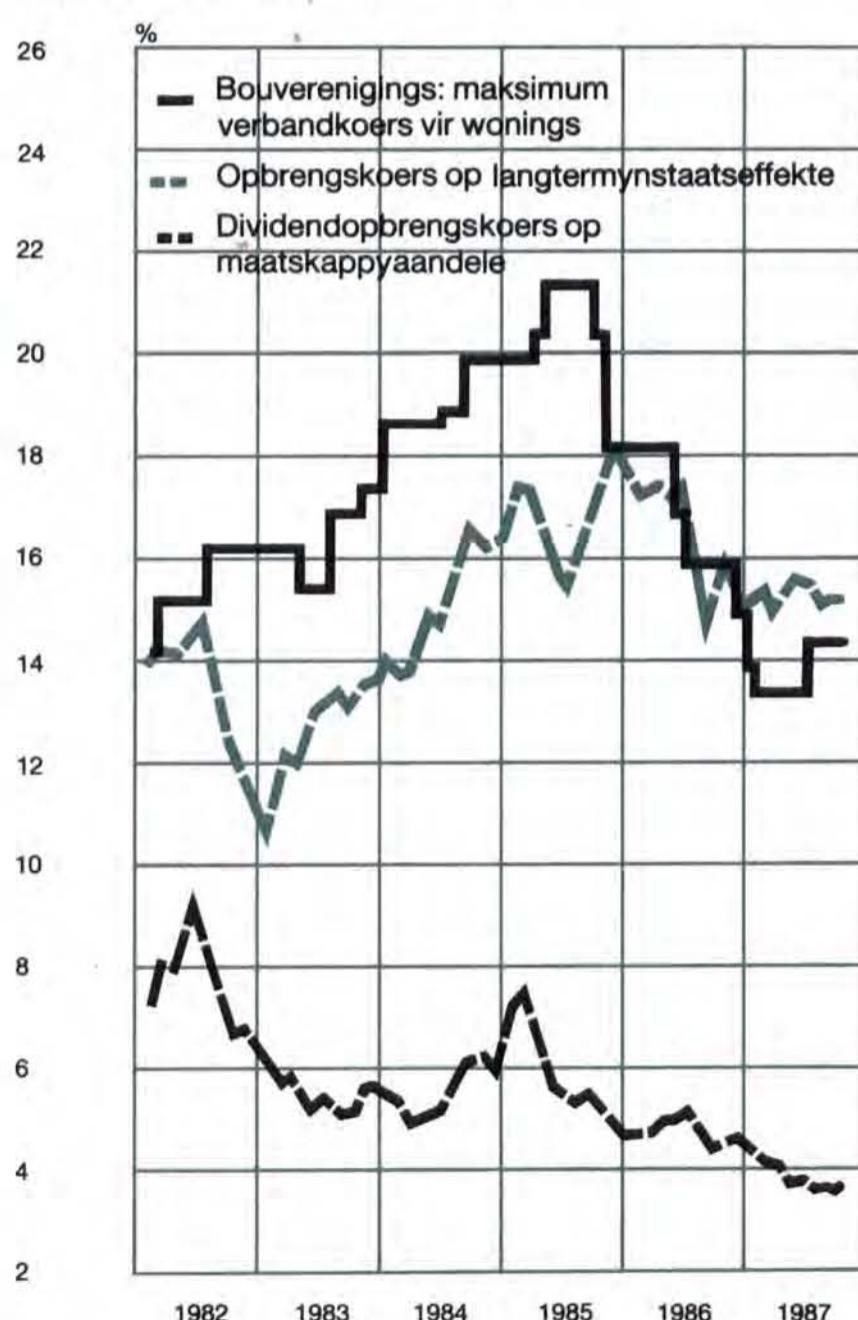
#### Langtermynrente- en opbrengskoerse

Langtermynrentekoerse het, nadat dit in die tweede kwartaal van 1987 effens gestyg het, in die derde kwartaal weer gedaal vanweë meer optimistiese verwagtings aangaande inflasie en gunstiger persepsies van die Regering se toekomstige leningsbehoeftes. 'n Geringe styging in hierdie koerse was egter waarneembaar onmiddellik ná die ineenstorting van aandelepryse op die effektebeurs vanaf 20 Oktober. In terme van maandelikse gemiddeldes het die

opbrengs op langtermynstaatseffekte effens gedaal van 15,3 persent in Desember 1986 tot 15,0 persent in Maart 1987, tydelik toegeneem tot 15,6 persent in Junie en gedaal tot 15,2 persent in September. Na 'n verdere klein daling tot 15,0 persent op 19 Oktober het hierdie opbrengs op 26 Oktober toegeneem tot 15,4 persent. Die gemiddelde vir Oktobermaand het egter onveranderd op 15,2 persent bly staan.

Die oorheersende bouverenigingskoers op huisverbandlenings is in Mei 1987 verhoog van 13,5 persent tot 14 persent en in Julie tot 14,5 persent. As gevolg van die mededingende verbandleningskoers van 12,5 persent wat deur sommige banke aangebied is, het 'n groot bouvereniging egter sy koers op nuwe verbandlenings in Augustus tot 12,95 persent verlaag. In November het sekere ander groot verenigings op soortgelyke wyse hul uitleenkoerse op nuwe lenings tot 13,5, 13,0 of, onder sekere voorwaardes, tot 12,5 persent verlaag.

#### Langtermynrentekoerse



Die oorheersende koers op deposito's van twaalf maande by banke en bouverenigings, wat as 'n verteenwoordigende aanwyser van rentekoerse op depositobeleggings in die algemeen dien, is in Februarie 1987 van 9,5 tot 10,0 persent verhoog. Hierdie koers is vervolgens deur die bouverenigings in drie maandelikse stappe van 0,25 persent elk, verder verhoog van 10,0 persent vroeg in Mei 1987 tot 10,75 persent in Julie. Die banke het hulle koerse op deposito's van twaalf maande slegs tot 10,5 persent verhoog en dit eers vanaf Julie.

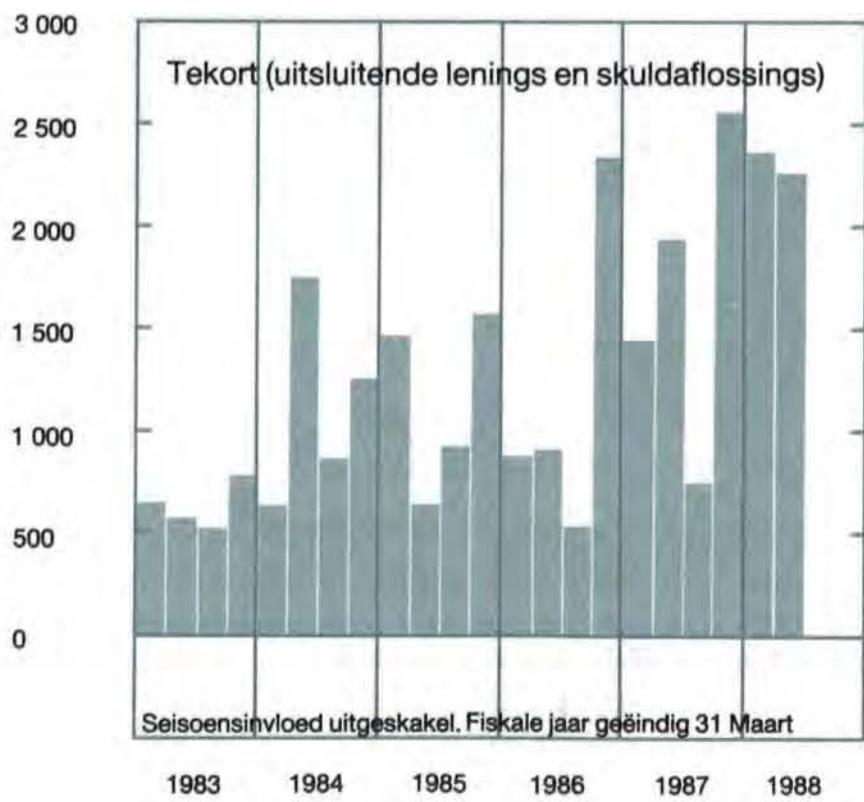
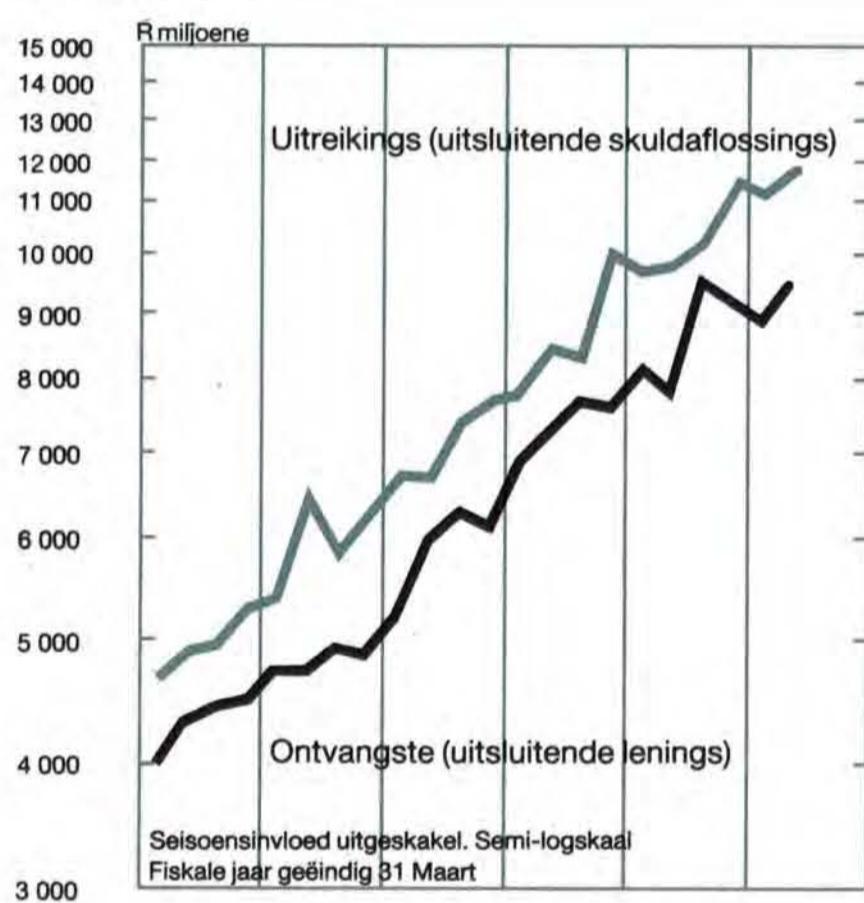
As 'n weerspieëeling van die skerp styging in aandelepryse, het die dividendopbrengskoers op alle klasse aandele 'n volgehoue inkrimping vanaf 'n maandelikse gemiddelde van 4,7 persent in Desember 1986 tot 4,2 persent, 3,9 persent en 3,6 persent in onderskeidelik Maart, Junie en September 1987 getoon. Die skerp daling in aandelepryse vanaf 20 Oktober het egter veroorsaak dat hierdie opbrengskoers op 'n daaglikse basis van 3,0 persent op 19 Oktober tot 5,0 persent op 5 November gestyg het. Onmiddellik voor die aanvang van die 1985-87 opwaartse fase in aandelepryse, dit wil sê in Februarie 1985, het hierdie opbrengskoers 'n sikliese hoogtepunt van 7,7 persent bereik.

## Staatsfinansies

### Besteding deur die algemene owerheid

In vergelyking met soortgelyke besteding in die ooreenstemmende kwartaal van 1986 het die totale besteding deur die algemene owerheid aan finale goedere en dienste in die eerste kwartaal van 1987 met soveel as 23,7 persent gestyg en ietwat matiger

### Skatkisrekening



teen 18,7 persent en 20,1 persent onderskeidelik in die tweede en die derde kwartaal van 1987. Die verhouding van die totale besteding deur die algemene owerheid tot die nominale bruto binnelandse produk het gevvolglik gedaal van 23,4 persent in die eerste kwartaal en 23,3 persent in die tweede kwartaal van 1987 tot 21,2 persent in die derde kwartaal.

### Skatkisuitreikings

Die Skatkisuitreikings aan staatsdepartemente (ná die gebruiklike aansuiwering vir veranderings in die saldo op die Betaalmeester-generaalrekening) in die Junie- en die September-kwartaal van 1987 - dit wil sê die eerste en die tweede kwartaal van die fiskale jaar 1987/88 - het sodanige uitreikings in die Junie- en die Septemberkwartaal van 1986 met 18,2 persent en 21,7 persent oorskry. Die gemiddelde toename in hierdie uitreikings in die eerste helfte van die fiskale jaar 1987/88, vergeleke met die eerste helfte van die fiskale jaar 1986/87, het derhalwe 19,9 persent bedra. 'n Effens laer koers van toename in Oktober 1987 het die toename in hierdie uitreikings in die eerste sewe maande van die fiskale jaar 1987/88 marginaal laat afneem tot 19,1 persent. Dit was steeds aansienlik hoër as die begrote toename van 16,2 persent in die sentrale regering se besteding in die fiskale jaar in sy geheel.

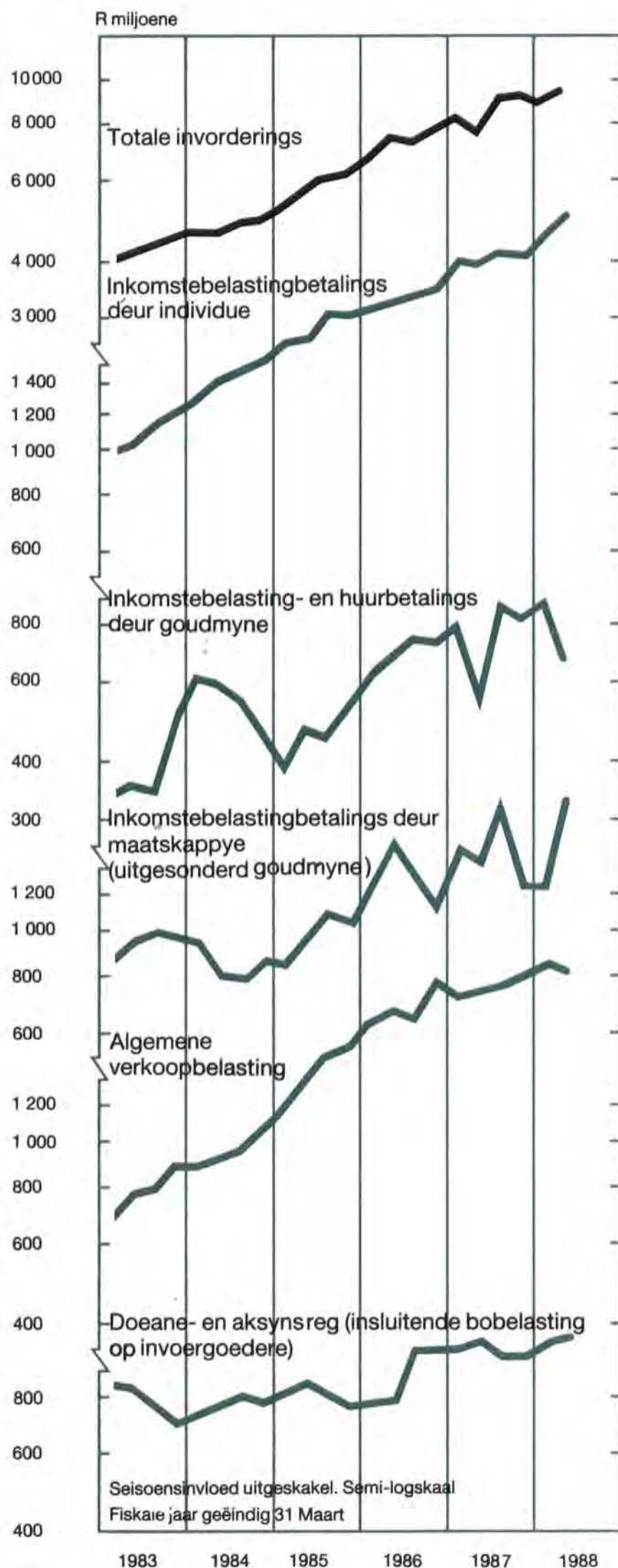
### Skatkisontvangste

Die Skatkisontvangste gedurende die Junie- en die September-kwartaal van 1987 het hul eweknieë van een jaar vroeër met onderskeidelik 5,6 en 22,4 persent oorskry, vir 'n gemiddelde styging van 15,1 persent in die eerste helfte van die fiskale jaar 1987/88. Hierdie toename was ook aansienlik meer as die begrote toename in inkomste vir die fiskale jaar in sy geheel, wat op 12,6 persent gestel is. Betreklik lae ontvangste in Oktober het egter die groeikoers in die eerste sewe maande van die fiskale jaar op 'nvlak van 12,8 persent meer in ooreenstemming met die begrotingsramings gebring.

Die skerp versnelling vanaf die lae jaar-op-jaartoename in inkomste in die Juniekwartaal van 1987 tot die buitengewoon groot toename in die Septemberkwartaal is hoofsaaklik verklaar deur die instelling van die nuwe brandstofheffing vanaf 1 Julie 1987 en van 'n derde voorlopige belastingbetaling deur individue. Inkomste-invorderings in terme van die nuwe voorlopige belastingbetaling is vir die eerste keer in Augustus 1987 gedoen.

Die koerse van toename in die totale inkomste in die eerste helfte van die fiskale jaar 1987/88 wat hoër as die begrote persentasietoename in inkomste vir die fiskale jaar in sy geheel was, is hoofsaaklik te verklaar deur bo-begrote toenames in aksynsreg, persoonlike inkomstebelasting en "ander" binne-

### Inkomste-invorderings – Staatsinkomstefonds



landse inkomste, dit wil sê binnelandse inkomste uitgesonderd inkomstebelasting, algemene verkoopbelasting en goudmynhuurkontrakte. Hierdie "ander" binnelandse inkomste het met 32,6 persent toegeneem, vergeleke met 'n begrote afname van 15,7 persent.

Die jaar-op-jaar-toename in inkomstebelasting wat deur individue betaal is, het 22,4 persent bedra teenoor die begrotingsraming van 19,4 persent. Die inkomstebelasting wat deur goudmyne betaal is, het aan die ander kant effens afgeneem met 2,8 persent teenoor die begrotingsraming van 'n afname van 0,8 persent. Die toename in inkomstebelastingontvangste vanaf nie-mynboumaatskappye was, teen 12,7 persent, ook ietwat kleiner as die begrotingsraming van 15,2 persent. Die toename van 16,9 persent in totale inkomstebelastingontvangste, buiten dié vanaf goudmynmaatskappye, was nogtans baie naby aan die begrotingsraming van 16,6 persent.

#### Tekort voor lenings

Die tekort voor lenings en skuldaflossing het gedurende die eerste sewe maande van die fiskale jaar 1987/88 R6 142 miljoen bedra. Dit was R1 903 miljoen meer as die tekort in die eerste sewe maande van die fiskale jaar 1986/87 en gelyk aan 73 persent van die begrote tekort van R8 425 miljoen vir die fiskale jaar in sy geheel. Daarteenoor het die tekort gedurende die eerste sewe maande van die fiskale jaar 1986/87 67 persent bedra van die werklike tekort wat eventueel vir die jaar as geheel aangeteken is.

Inligting tot September 1987 (dit wil sê vir die eerste ses maande van die huidige fiskale jaar) toon dat die tekort van R5 566 miljoen gedurende hierdie tydperk, insluitende die diskonto van R517 miljoen op nuwe uitgiftes van staatseffekte, uit die volgende bronne gefinansier is:

	R miljoen
Openbare Beleggingskommissaris...	741
– Staatseffekte .....	2 340
– Skatkiswissels.....	–1 599
Nie-bank private sektor.....	3 820
Banksektor .....	1 073
Buitelandse sektor .....	–68
	<hr/>
Min: diskonto op staatseffekte .....	5 566
	<hr/>
Totale finansiering .....	5 049
	<hr/>

# Inflation and growth in 1988 – After the “Crash” of ’87\*

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

## Impact of collapse of share markets

The recent collapse of the world's main share markets has made the kind of "scenario sketching" that one indulges in at investment conferences more hazardous than usual. In my Annual Statement to Reserve Bank stockholders in August this year I contended that the South African economic situation was characterised by "high blood pressure" in the *financial* markets and "low blood pressure" in the *real* economy. Subsequent events have underlined the validity of that view. But that is history now. What was, was! The "blood pressure" of the South African Stock Exchange, like that of all other stock exchanges in the world, has gone down quite a bit during recent weeks. Medically speaking, some investors and stockbrokers may have had the opposite experience, but that is another matter!

The important question now is what the effects of the crash of the main stock exchanges will be on the *real* economies of the world. On this issue it is much too early to reach final conclusions. The recent share market collapse, like the preceding share market boom, has borne only a limited relationship to short-term developments in the *real* main industrial countries. The same strengths and weaknesses that exist today in production, income generation, employment and trade, were also evident during the preceding period when share prices were rising. Indeed, conditions in the real economies of the world today are little different from those of one, two or three months ago. A strong recovery in share markets in the months ahead therefore cannot be ruled out.

For the time being, however, it is only realistic to assume that the stock exchange developments of recent weeks will tend to exert at least some contractionary influence on real economic activity throughout the world.

## The "optimistic" scenario for 1988

Two months ago at the SABC's Diagonal Street Banquet I set out a projection for the South African economy in 1988 which I called "the optimistic scenario". While expressing the view that this scenario was both internally consistent and feasible, I stated at the time that I did not expect it to be realised in practice. My purpose in doing this was to put the case for a new application of minds to the steps that have to be taken in the various fields of policy in order to bring us closer to the attainable ideal.

The "optimistic" scenario for 1988 I set out at that time provided among other things for the following:

- A rise in the growth rate of real gross domestic product (GDP) to around 4 per cent.
- A decline in the average rate of inflation (CPI) to about 12 per cent, as a prelude to a further decline to a single digit figure in 1989.
- A revival in both fixed and inventory investment as an active element in the generation of income and consumption.
- A decline in the surplus on the current account of the balance of payments to around R2 billion or R3 billion.
- A moderate rise in *nominal* interest rates resulting in most interest rates becoming positive in real terms.
- A fiscal policy of reducing tax rates while at the same time curbing the growth of government spending and preventing the deficit before borrowing from rising unduly.
- An increased use by South African importers and exporters of foreign trade and suppliers' credits, with a consequent improvement in the capital account of the balance of payments.
- The maintenance of the official gold and foreign exchange reserves at a satisfactory level and the further repayment of foreign debt to the extent required.
- A flexible and competitive exchange rate for the commercial rand likely to fluctuate between 45 and 50 US cents, depending, of course, on such imponderables as the exchange rate of the US dollar in terms of other currencies and the dollar price of gold.

This, then, was the "optimistic" scenario that I described two months ago as "feasible" but unlikely to be realised in practice.

Given the collapse of share markets during the past month, is this scenario still feasible? If, as most observers now assume, the events of recent weeks are bound to exert an adverse influence on real economic activity throughout the world, the answer must be in the negative. All "pre-crash" projections will then require at least some adjustment. In the case of the "optimistic" scenario, for example, the real growth rate for 1988 will have to be reduced to below 4 per cent. Other changes would include a *larger* current account surplus than the previously projected R2 billion or R3 billion (because imports would then rise less) and an even more moderate upward move-

\* Address delivered at the Financial Mail Investment Conference in Johannesburg on 12 November 1987.

ment in nominal interest rates (because the demand for loanable funds would then rise less).

For the time being, however, I still do not believe that the "optimistic" scenario, even as adjusted, will in fact come to pass. This is mainly because the key to increased income generation, namely forward-looking fixed and inventory investment, is unlikely to show more than a moderate revival in the months ahead. The final outcome for 1988 is therefore unlikely to be quite as favourable as that set out in the "optimistic" scenario.

### The "more realistic" scenario for 1988

What then, is a *more realistic* scenario for the South African economy in 1988? Let us focus on a few key variables.

#### A higher real growth rate

Real gross domestic product increased by about 5 per cent in 1984, declined by 1½ per cent in 1985 and rose by less than 1 per cent in 1986. Present indications are that this growth rate will amount to more than 2 per cent in 1987 and rise further to around 2½ per cent in 1988. Given the expected weakness in world economic conditions, this would be quite a reasonable achievement. However, I still believe that it should be possible to raise this rate to 3 per cent or more in 1988 and that every endeavour should be made to do so.

In an economy characterised by surplus capacity, unemployment, a large current account surplus, high liquidity and low interest rates, a real growth rate of over 3 per cent would cause many other things to fall into place. It would, for example, not only generate additional savings but also more tax revenue, thereby enabling the Treasury to reduce certain tax rates.

The latest (as yet unpublished) *quarterly* national accounts estimates should, as always, be interpreted with caution. After rising by revised annual rates of 2 per cent in the first quarter of 1987 and 1 per cent in the second quarter, real gross domestic product is estimated to have increased at an annual rate of only 1½ per cent during the third quarter. On closer examination, however, it transpires that this disappointing outcome was almost exclusively attributable to marked output declines in agriculture (mainly maize, sugar and citrus) and in mining (partly due to the labour strike during August). In the non-primary sectors of the economy, including manufacturing and commerce, real output growth reached the relatively high annualised rate of about 6 per cent during the third quarter. This is distinctly encouraging. Moreover, during the first three quarters as a whole, total real gross domestic product was some 2¾ per cent higher than in the first three quarters of 1986.

#### A lower rate of inflation

Recent econometric studies made by the Reserve Bank's Economics Department suggest that the average annual rate of increase of the consumer price index, which amounted to 18,6 per cent in 1986, should decline to about 16 per cent in 1987 and to around 15 per cent in 1988. Although this would represent progress in the fight against inflation, it would still leave the rate of inflation well above the 12 per cent provided for in the "optimistic" scenario. It remains my view that, unless an unexpected new politically induced capital outflow brings about another marked depreciation of the rand, it should be possible to reduce the rate of inflation to below 15 per cent in 1988.

This again raises the question why the Reserve Bank has during the past two years not applied a more restrictive monetary policy involving real positive rates of interest in order to curb inflation.

The answer is certainly not that the Reserve Bank has been "soft" on inflation. Far from it. The Bank remains deeply concerned about inflation. Moreover, it fully endorses the view that there is no long-run "trade-off" through which growth can be improved by a willingness to accept a higher rate of inflation. But the Reserve Bank has consistently held the view that the main cause of the temporary acceleration of the annualised quarterly rate of inflation from 12,8 per cent in the fourth quarter of 1984 to 26,0 per cent in the first quarter of 1986 was (exceptionally) not excess aggregate demand but the marked depreciation of the exchange rate between 1983 and 1986. This depreciation, in turn, was (exceptionally) not the consequence of excess money creation and spending but mainly of a politically induced capital outflow. This is borne out by the fact that, following the appreciation of the rand during the past year, the rate of inflation has slowed down to around 15 per cent during the first two quarters of 1987, before rising to 16,9 per cent during the third quarter. Since the problem during the 1985-87 period was therefore one of *underspending* and *not overspending*, the Reserve Bank deemed it undesirable to attempt to reduce the rate of price increases by applying a severely restrictive monetary policy.

#### A rise in both real wages and salaries and in real profits and dividends

If the growth rate rises and the inflation rate falls as anticipated, it follows that *real* wages and salaries and *real* profits and dividends will tend to rise in 1988. This implies an increase in the average standard of living per head of the population. This would represent a welcome change. In 1985 and 1986 real gross national product per head of the population declined by an average of about 2,2 per cent per year, real personal

disposable (after tax) income per head by an average of 5,6 per cent per year, and real private consumption per head by an average of 4,2 per cent per year. The expected reversal of these tendencies is therefore something to look forward to.

#### A revival in fixed and inventory investment

At present it does not look as if South Africa's exports will rise enough in 1988 to raise the real economic growth rate to around 2½ or 3 per cent. For such a growth rate to be realised there must accordingly be a marked increase in *gross domestic expenditure*. And in present circumstances such a rise is unlikely to occur unless there is a significant revival in capital outlays on plant, equipment and construction, as well as a considerable build-up of inventories. A marked upturn in fixed and inventory investment is therefore necessary to boost the real GDP growth rate by generating additional income and, via the familiar "multiplier" process, also additional consumption spending.

Thus far in 1987 this has not yet happened. A further rise in real gross domestic expenditure at an annual rate of about 8 per cent during the third quarter was accounted for mainly by a rise of about 3 per cent in real private consumption and some further build-up of industrial and commercial inventories.

In more normal circumstances the favourable developments in South Africa's balance of payments and monetary and banking situation since June 1986 would by now have brought about a strong upturn in both fixed and inventory investment. It is useful to recall that after the Sharpeville riots in 1961 there was also a period in which confidence waned and capital spending declined. But when confidence subsequently returned, fixed investment increased in *real terms* by as much as 18 per cent in 1963, 20 per cent in 1964 and 17,5 per cent in 1965. This generated additional income and therefore, via the multiplier, additional consumption. The end result was a strong cumulative upswing.

#### Decline in current account surplus and improved capital account

The surplus on the current account of the balance of payments remains large despite the recent rise in imports. According to provisional estimates it still exceeded an annual rate of R5 billion in the third quarter of 1987. The latest indications are that for 1987 as a whole the surplus will amount to nearly R6 billion -- equal to about 3½ per cent of gross domestic product. However, if real gross domestic product rises by a further 2½ per cent in 1988 as expected, the current account surplus will probably decline to between R3 billion and R4 billion in that year -- a development

which should be welcomed as an integral part of more rapid economic expansion.

This expected decline in the current account surplus should not create problems for the *overall* balance of payments, the gold and foreign exchange reserves or the interim debt arrangements. If there is enough confidence in 1988 to produce the rise in investment and consumption required to generate a real GDP growth rate of 2½ per cent or higher, it is reasonable to assume that adequate foreign trade-related and suppliers' credits will then also be available to South Africa if and when the demand for such funds increases. In other words, the decline in the current account surplus should then be offset by a corresponding improvement in the capital account of the balance of payments.

#### Implications for monetary policy in 1988

What are the implications of this scenario for monetary policy?

##### Money supply and interest rates

Nothing has happened recently to change the Reserve Bank's view that monetary policy should remain expansionary for the time being. Indeed, it will not have gone unnoticed that the Bank has responded to the October share market collapse by making monetary policy even more accommodative in two ways:

Firstly, the Bank has at its own initiative provided substantial amounts of cash reserves to the banks and discount houses through repurchase agreements and placements (via a tender system) of funds of the Corporation for Public Deposits (CPD). In this way the Bank has not only limited the "money market shortages" that have to be accommodated at its discount window but at times even produced "money market surpluses". This action achieved the intended result of keeping interest rates on call funds and money market paper low and preventing any undue rise in long-term interest rates.

Secondly, in applying its exchange rate policy of managed floating the Reserve Bank has moderated the appreciation of the rand in terms of the US dollar in order to ensure the continued competitiveness of South African enterprises and to support the rand price of the country's main exports, including gold.

In these two ways the Reserve Bank has helped to create a monetary climate conducive to the restoration of more normal conditions on the Stock Exchange.

Looking ahead, the Reserve Bank will continue to encourage reasonable growth in bank credit and in the money supply. Initially, both short and long-term interest rates are likely to remain at their present

exceptionally low levels, which in most cases are negative in real terms. At a later stage, if the real GDP growth rate increases to 2½ per cent or higher as provided for in the "more realistic" scenario, the accompanying rise in the demand for loanable funds might well bring about a gradual upward movement in interest rates. At some stage most interest rates would then presumably become positive in real terms, i.e. after correction for inflation. Naturally, if the expected further decline in the rate of inflation occurs, *nominal* interest rates would not have to rise very much before *real* rates became positive.

The Reserve Bank would, of course, be able to moderate the upward movement in interest rates by keeping its own Bank rate relatively low and by creating additional central bank credit through discount window accommodation, open-market operations and in other ways. But in the growth scenario under discussion this could be inflationary and would almost certainly conflict with the policy of keeping the increase of the broad money supply, M3, within predetermined limits.

The present target range for the rate of increase of M3 is 14 to 18 per cent between the fourth quarter of 1986 and the fourth quarter of 1987. From the beginning of the targeting period up to the end of September 1987 the annual rate of increase of M3 amounted to 14,4 per cent. In the meantime, however, there has been a further increase in the velocity of circulation of M3. If this is taken into account, the rate of increase of the "effective" broad money supply over this period amounted to 15,8 per cent, which still falls well within the target range.

The new range to be determined in February 1988 for the period between the fourth quarter of 1987 and that of 1988 is unlikely to be higher, and might well be lower than 14 to 18 per cent, given the need to reduce the rate of inflation still further. If, in these circumstances, the banks expand their credit substantially in response to a rising demand for loanable funds, M3 might tend to overshoot the target range, and it would then be incumbent upon the Reserve Bank to adopt a less accommodative policy stance. In practice this would imply a gradual rise in Bank rate and in most market-oriented interest rates. If such an increase occurs, it should be welcomed as both a symptom of increased prosperity and an indication of the determination of the authorities to avoid any re-emergence of demand inflation.

#### The "mix" of fiscal and monetary policy

The behaviour of interest rates in 1988 would, of course, also depend on the "mix" of fiscal and monetary policy. It is therefore important to prevent Government spending and the Budget deficit before borrowing from rising excessively. If the public sector

borrowing requirement becomes inordinately large at a time when the private sector is also expanding, upward pressure would naturally be exerted on interest rates. However, if fiscal policy plays its proper role, the upward movement in nominal interest rates should be fairly limited.

#### Exchange rates

Another crucially important variable in any scenario for 1988 is the exchange rate of the commercial rand. The lower the exchange value of the rand, the better the prospects of reconciling a higher GDP growth rate with a large current account surplus in 1988, but the smaller the chances of simultaneously reducing the rate of inflation.

Of course, the setting of a target for money supply growth rules out the setting of an independent target for the exchange rate. But since the South African monetary authorities have from the beginning opted for "low-profile" monetary targeting rather than the application of a rigid and overriding "money rule", the Reserve Bank does enjoy some (constrained) discretion in applying its exchange rate policy of managed floating. How will it exercise this discretion in the months ahead and how will exchange rate movements fit into the scenario under discussion?

To begin with, the official exchange rate policy remains one of managed floating. The Reserve Bank has no fixed target or target range for the exchange rate of the rand in terms of either the US dollar or any other foreign currency or "basket" of foreign currencies. In particular, as the recent exchange rate movements have shown, the level of 50 US cents is neither a floor nor a ceiling for the rand. Thus, when the US dollar recently depreciated further against most other major currencies, the rand moved up to over 51 US cents.

This does not, however, mean that the Reserve Bank is indifferent towards movements of the exchange rate. On the contrary, in "managing" the exchange rate through market "intervention", it fully recognises that an appreciation of the rand is not always good and a depreciation not always bad for South Africa. For an open economy such as that of South Africa there are always important advantages and disadvantages attached to any appreciation or depreciation of its currency. And these advantages and disadvantages have to be weighed up carefully to determine whether the net effect of any given change in the exchange rate would be favourable or unfavourable.

If, for example, the gold price were to remain high or to increase further without any significant further depreciation of the US dollar against other currencies, the Reserve Bank will tend to buy dollars in the market in order to prevent an excessive appre-

ciation of the rand. It is true that such an appreciation would help to curb the rate of inflation. But it would also undermine the present policy of promoting growth and creating employment. This is because it would reduce the rand value of exports and expose domestic manufacturers to increased foreign competition.

At the same time, owing to the improvement in the balance of payments and the large increase in the official gold and foreign exchange reserves during the past eighteen months, the Reserve Bank is at present also in a better position than it has been for some years to prevent an undesirable depreciation of the rand by selling dollars for rand in the market. It will use this power in the period ahead, as it has done during the past year, to iron out unnecessary exchange rate fluctuations.

In accordance with the official exchange rate policy of managed floating this, of course, in no way implies that the exchange rate of the rand in terms of the dollar or any other currency will or should remain "fixed" in the months ahead. But it does mean that the movements of the various rand exchange rates are capable of being properly integrated with the present monetary and fiscal policy, which continues to aim at maintaining a balance between the promotion of growth and the curbing of inflation.

### **South Africa in a relatively favourable position**

In the course of putting together the scenario I have presented today, I have been struck by the relatively favourable economic position in which South Africa finds itself in the world today -- in the aftermath of the recent collapse of share markets. It is true that if real growth rates in the industrial countries are significantly reduced in 1988 as most observers now expect, commodity markets will almost certainly be adversely affected. This, in turn, is bound to have unfavourable effects on primary producing countries and to exacerbate the existing international debt problems. In such circumstances it stands to reason that the South African economy would not emerge unscathed.

This time around, however, South Africa is clearly in a better position to weather the storm than most other countries. Call it irony, call it fate, call it justice, but the very fact that the South African economy was forced to adjust to a unique combination of adverse extraneous economic and political developments after 1981 and again from 1984 onwards, has placed it in a relatively favourable position to cope with possible adverse developments in the world economy in 1988.

The remarkable balance of payments and foreign debt servicing performance of the South African economy during the past two years has been well documented. The maintenance of current payments

surpluses equal to around 4 or 5 per cent of gross domestic product for three consecutive calendar years, the net repayment of about US\$4,8 billion of foreign debt in three years, the more than doubling of the gold and foreign exchange reserves, and the appreciation of the rand since June 1986, are now a matter of history and need no further elaboration. It is sufficient to note that these developments have laid a sound foundation for the upswing now in progress in South Africa and for the current steady, if unspectacular, real economic growth.

Despite the likely adverse effects of the recent collapse of share markets, the prospects for the South African economy in 1988 are therefore relatively much better than those for most other countries. Whereas many other countries now face some combination of lower growth and higher inflation, South Africa has it within its grasp to achieve both a higher growth rate and lower inflation in 1988.