

South African Reserve Bank
Suid-Afrikaanse Reserwebank

Quarterly Bulletin
Kwartaalblad

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Quarterly economic review

Introduction

The more pronounced upswing in the South African economy that had become apparent from approximately the middle of 1986, appeared to have lost some further momentum in the second quarter of 1987. Aggregate real output in the second quarter of 1987 nevertheless was some $2\frac{3}{4}$ per cent higher than in the second quarter of 1986 and also marginally exceeded the previous high point in real domestic production at the peak of the mini-boom of 1983-84.

Successive quarterly increases in real gross domestic product from mid-1986, at seasonally adjusted annual rates, amounted to approximately $3\frac{1}{2}$ per cent in the third and fourth quarters of 1986, 2 per cent in the first quarter of 1987 and a provisionally estimated $1\frac{1}{2}$ per cent in the second quarter of 1987. Output levels in the second quarter of 1987 were adversely affected, however, by various work stoppages and by the unusually large number of non-working days in April and May. To that extent, the further shrinkage of the real growth rate in the second quarter may not have been indicative of a further weakening of the underlying growth trend and would not, therefore, necessarily rule out a return to somewhat stronger rates of real economic expansion in the remainder of the year.

Total real gross domestic expenditure, after having shown marked fluctuations in 1986, advanced both more steadily and more strongly in the first half of 1987. Aggregate real domestic spending was some $6\frac{1}{2}$ per cent higher in the second quarter of 1987 than in the second quarter of 1986, and – at a seasonally adjusted annual rate – nearly 7 per cent higher in the first half of 1987 than in the second half of 1986.

Real private consumption expenditure, notably on consumer durables, posted signal if moderate increases in both the first and the second quarter of 1987. Real government consumption expenditure, after an uncommonly rapid rise in the first quarter of 1987, increased further at a more moderate pace in the second quarter. A small increase was recorded in aggregate real inventories in the second quarter. Total real gross domestic fixed investment, however, registered another disappointing decline, mostly because of severe cutbacks in real capital spending by the business enterprises of general government and because of renewed declines in real fixed capital formation by the private sector. Mild improvements nevertheless were shown by real gross fixed investment in private manufacturing in both the first and the second quarter of 1987. This mild recovery did not suffice, however, to prevent further shrinkage of the total real fixed capital stock in manufacturing industry.

Rates of increase in aggregate domestic expenditure in excess of the rates of increase in domestic production in the first half of 1987 also found expression in a rising level of most merchandise imports which, in turn, contributed to a narrowing of the surplus of the balance of payments on current account from its very high level in the fourth quarter of 1986. At an annual rate of R5,8 billion, the current account surplus in the second quarter of 1987 none the less still amounted to a quite substantial $3\frac{1}{2}$ per cent of gross domestic product. Offset partly by a moderate outflow of capital not related to reserves and by significant further redemptions of foreign liabilities related to reserves, the sustained current account surplus caused the total gold and other foreign reserves to rise by another R1,0 billion in the second quarter and in July 1987, after an increase of R1,8 billion during the preceding three months.

Apart from the sustained surpluses on the current account of the balance of payments, a notable feature of the South African economy in the second quarter of 1987, as in the second half of 1986, was the markedly stronger growth performance of gross *national* product than of gross *domestic* product. Real gross *national* product in the second quarter of 1987 was some 5 per cent higher than in the second quarter of 1986. Substantially faster growth of gross national product than of gross domestic product in the second quarter of 1987 was attributable entirely to a continued decline in real net factor payments to non-South African owners of productive resources that are employed in the South African economy. The drop in such payments in the second quarter was mostly accounted for by diminishing net payments of interest which, in turn, reflected the effect of the net repayment of foreign debt from the fourth quarter of 1984 on the level of South Africa's international indebtedness.

The fairly strong showing, in the first half of 1987, of growth in real gross domestic expenditure, on the one hand, versus the slackening of real output growth, on the other hand, again focused attention on the apparent inability of the recovery in domestic production from the middle of 1985 to gather momentum in the manner of upswings in the 1960s and 1970s and to assume a more cumulative and self-reinforcing character. Slow average output growth since mid-1985 obviously was related in part to the volatility and generally sluggish expansion of aggregate real domestic demand in the second half of 1985 and during 1986. These were accounted for partly by a succession of adverse extraneous developments, the lack of business and consumer confidence, and general uncertainty. In addition, however, households entered the economic recovery

from mid-1985 with an unusually large and inhibiting relative burden of real household debt. This debt was also carried at initially very high positive real interest rates.

As was noted in the Reserve Bank's recent *Annual Economic Report* for 1987, the lack-of-confidence factor then also played a part in helping to account for the failure of earlier increases in export volumes, the moderate rises in real private consumption expenditure, and government spending programmes, to be translated in a significantly positive manner into real fixed investment and extensions of production capacity. Of major significance, too, was the fact that an uncommonly large part of the cyclical rise in domestic final demand (i.e. in the sum total of private and government consumption expenditure and aggregate domestic fixed investment) during an uncommonly large proportion of the upswing period from mid-1985 to mid-1987 was met from a drawing-down of inventories. Relatively slow growth in the volume of merchandise imports, on the other hand, meant that a smaller-than-usual part of the potential impact of domestic expenditure on domestic output was deflected to foreign markets. The lower-than-usual marginal propensity to import during the upswing period itself partly was a reflection of subdued fixed investment demand.

The more modest rates of real output growth in the first half of 1987 were accompanied by an unchanged level of employment in the first quarter but by employment growth at an annual rate of 2 per cent in the second quarter. Total employment outside agriculture in the second quarter of 1987 exceeded its one-year-earlier level by a modest 1,1 per cent. Registered unemployment, having contracted significantly up to May 1987, rebounded quite sharply in June and July. The rate of inflation in consumer and production prices, on the basis of quarter-to-quarter changes in these prices at seasonally adjusted annual rates, was markedly lower in the first half of 1987 than in the first and third quarters of 1986.

The broadly defined money supply, M3, continued to grow only slowly in the first quarter of 1987 but somewhat more rapidly in the second quarter. At 10,9 per cent, the annual rate of increase in M3 from the beginning of the 1987 targeting year up to the end of July 1987 still fell significantly short, however, of the lower bound of the 14 – 18 per cent target range. The M3 velocity of circulation continued to rise sharply in the first quarter of 1987 but, on the basis of preliminary estimates, would appear to have shown little further change in the second quarter.

Bank credit to the private sector in the first seven months of 1987 still advanced only slowly at an annualised rate of somewhat more than 6 per cent. Sluggish growth continued to be exhibited by banks' "other" loans and advances, which are likely to have incurred most of the effect of increased recourse to "set-offs" of corporate clients' debit and credit balances

in the books of banking institutions. Fairly substantial increases were observed, however, in hire-purchase credit and leasing finance from low base data at the end of March 1987. If these increases are sustained, the rise in the non-corporate component of hire-purchase financing may signal a waning of households' resistance to renewed increases in consumer debt.

A relatively high degree of stability, in accordance with the Reserve Bank's unvaried monetary policy stance, was observed in money market interest rates throughout the second quarter and in July, August and early September 1987. In the capital markets, the high levels of activity of the first quarter of 1987 were maintained, or surpassed, in the second quarter. Long-term interest rates hardened temporarily in the second quarter but fell back in July, August and early September. They thereby created conditions that were receptive to the Reserve Bank's security sales.

Substantial further increases were recorded in share prices on the Johannesburg Stock Exchange. In August 1987 the average level of all share prices exceeded by some 148 per cent the level of these prices at the start of the current upward phase in the share market from early 1985.

Substantially higher-than-budgeted percentage increases in Exchequer issues, and lower-than-budgeted percentage increases in Exchequer receipts, during the June quarter and in July 1987 caused the deficit before borrowing on the Exchequer Account in this four-month period to amount to R5,0 billion. This was some R1,5 billion more than in the corresponding four months of fiscal 1986/87 and equal to some 60 per cent of the deficit as provided for in the Budget for fiscal 1987/88 as a whole.

Domestic economic developments

Domestic output

Real gross domestic output, in continuation of the more decisive upswing in economic activity that had become apparent from the middle of 1986, advanced further in the second quarter of 1987 from its first-quarter level but did so at a diminished pace. Aggregate real output in the second quarter of 1987 was some 2¾ per cent higher than in the second quarter of 1986. In seasonally adjusted and annualised terms, the rate of increase in total real gross domestic product receded from approximately 3½ per cent in the third and fourth quarters of 1986 to approximately 2 per cent in the first quarter of 1987. It then slipped down somewhat further to a provisionally estimated 1½ per cent in the second quarter.

The progressive decline in the real growth rate in the first half of 1987 would appear to point to a gradual fading of the various forces that have supported the upswing to date. The diminished rate of output growth in the second quarter of 1987 should be viewed, however, against the background of various work stoppages and of the unusually large number of holidays

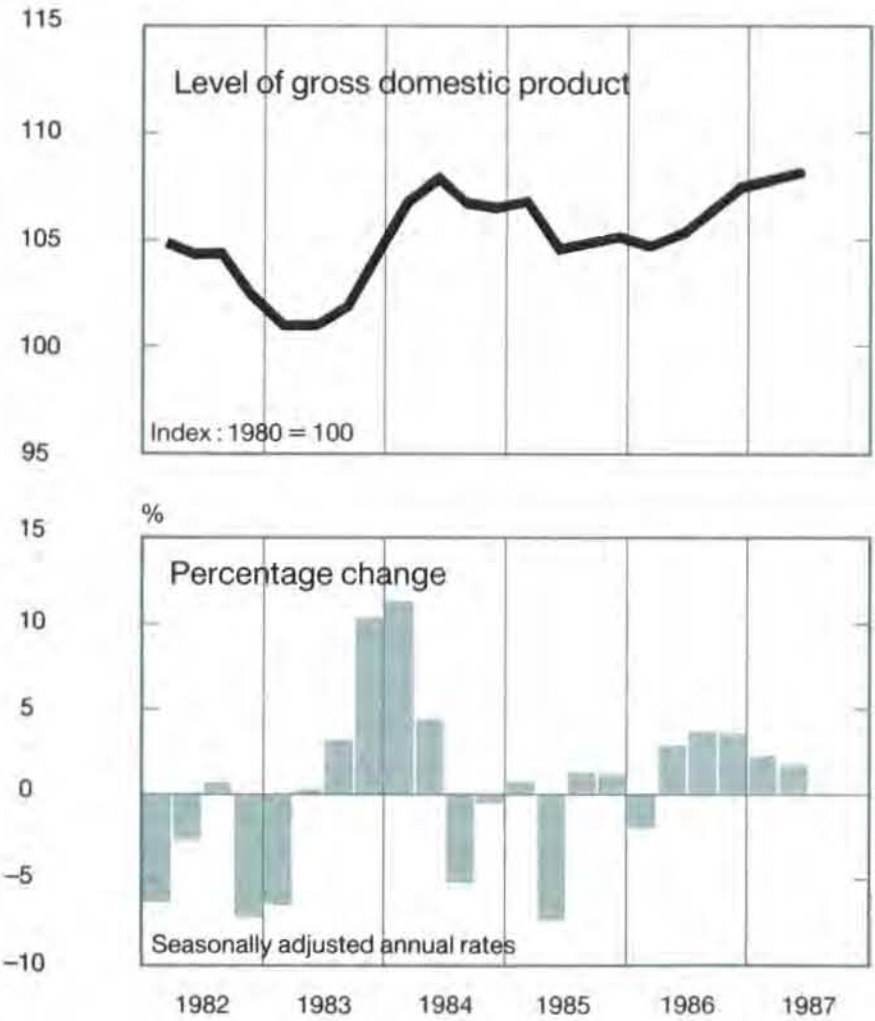
and non-working days in that quarter, which adversely affected production in a broad range of sectors of the economy. To a not insignificant extent the further shrinkage of the real growth rate in the second quarter of 1987 (and possibly in August, inter alia because of the strike in the gold mining industry) may therefore not have been indicative of a further weakening of the underlying growth trend and would not rule out a return to somewhat stronger rates of real economic expansion during the remainder of the year.

The sustained, if modest, rise in aggregate real output during the second quarter of 1987 was accounted for mainly by increases in real value added in the agricultural sector, motor trade, finance and general government. Declines in real value added were recorded by manufacturing, mining, transport, and wholesale and retail trade.

Agricultural output expanded in the second quarter of 1987 because of relatively favourable weather conditions in the summer rainfall areas during the preceding rainy season. Continued very high levels of activity in the financial markets, notably the securities markets, contributed to sustained growth in real value added by the financial services sector. Real output in this sector has been rising consistently since the fourth quarter of 1985. The increase in real value added by the sector commerce largely derived from the improving fortunes of the motor trade; sales of new passenger cars and light commercial vehicles were 13½ per cent higher, and sales of all types of motor vehicles 12½ per cent higher, in the second quarter of 1987 than in the second quarter of 1986. The rise in real value added by general government services was associated closely with higher levels of employment by general government.

In contrast to the declining growth rate in real gross domestic product, real gross national product grew at a fairly impressive annual rate of 4½ per cent in the second quarter of 1987, after already having shown a quite substantial increase in the second half of 1986. Real gross national product accordingly was some 5 per cent higher in the second quarter of 1987 than in the second quarter of 1986. In the second half of 1986 the notably more rapid expansion of real gross national product than of real gross domestic product was attributable in broadly equal proportions to improvements in the South African terms of trade and to a substantial drop in real net factor payments to the rest of the world. In the second quarter of 1987, however, markedly more substantial growth in real gross national product than in real gross domestic product was accounted for solely (and notwithstanding a deterioration in the terms of trade) by further declines in real net factor payments to non-South African owners of productive resources in the South African economy. The drop in such payments was mostly a matter of diminishing net payments of interest; lower interest payments, in turn, partly reflected the gradually strengthening effect of

Real gross domestic product



net repayments of foreign debt from the fourth quarter of 1984 on the level of South Africa's international indebtedness.

Domestic expenditure

After having shown major quarter-to-quarter fluctuations in 1986, the seasonally adjusted annual rate of increase in total real gross domestic expenditure amounted to 18½ and 11 per cent in the first and second quarters of 1987, respectively. In the second quarter of 1987 rates of increase of 21½ per cent and 5½ per cent, respectively, were recorded in real private sector consumption expenditure and in real consumption expenditure by general government. At the same time, changes in total real inventories turned around from a significant decrease in the first quarter of 1987 to a small increase in the second quarter. Together, these various positive elements in spending behaviour more than offset a decline in aggregate real gross domestic fixed investment at an annual rate of about 10 per cent.

Real personal disposable income rose at an annualised rate of 4½ per cent in the second half of 1986 but then declined marginally in the first half of 1987. Real

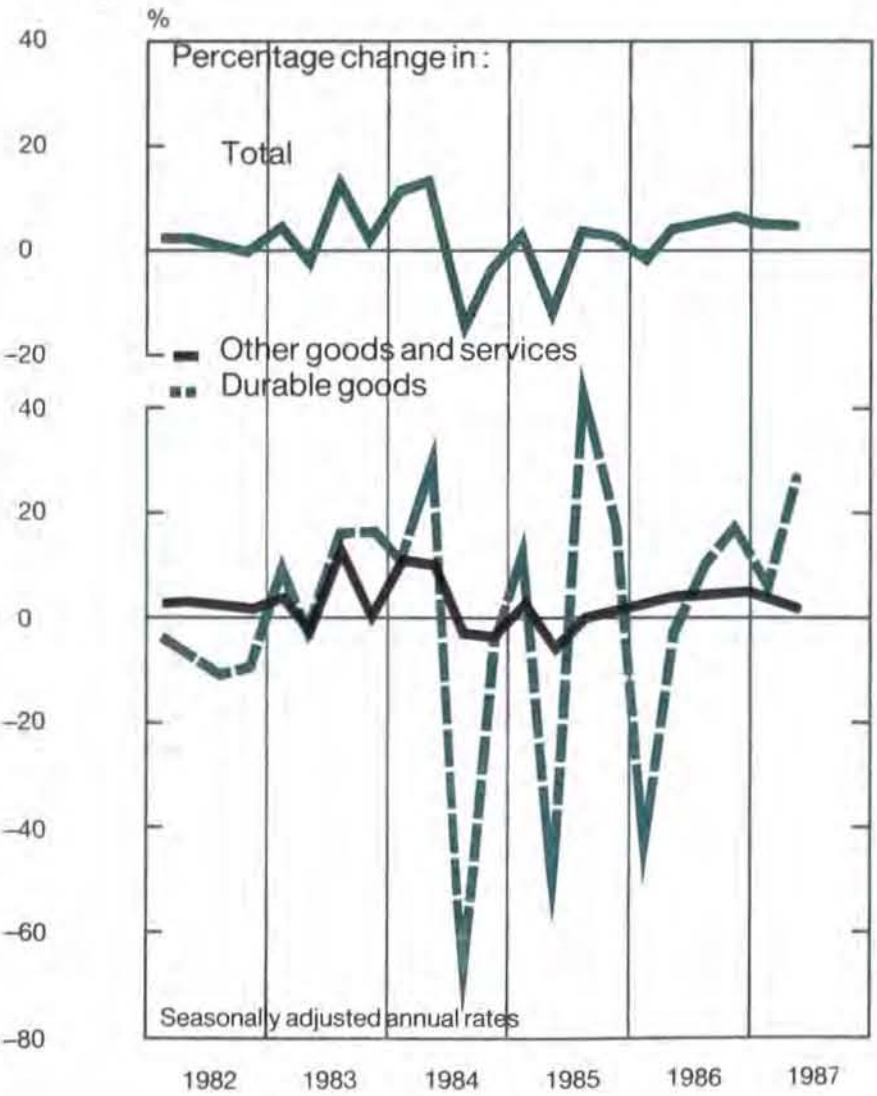
private consumption expenditure nevertheless increased at annual rates of 3½ and 2½ per cent in the first and second quarters of 1987, respectively. This rate of growth in aggregate real private consumption spending was significantly in excess of the average annual rate of increase in such spending of only 1½ per cent during the years from 1980 to 1986. Rising consumer outlays therefore clearly also provided a major part of the forces driving the modest expansion of the South African economy in the first half of 1987. Limits obviously exist, however, to the potential for further expansion of real consumer demand in the absence of renewed increases in real disposable household incomes. Such increases would depend essentially on income and employment-generating forces from outside the sphere of private consumption itself.

Most of the second-quarter rise in aggregate real private consumption expenditure derived from increased household spending on durable goods. Increases in such spending were spread widely across the spectrum of consumer durables. The highest percentage increase, however, was recorded in spending on personal transport equipment, which was being strengthened to a growing extent by pent-up replacement demand. Stock shortages, partly due to work stoppages, were reported in respect of various motor manufacturers' product lines. Notable increases were also registered in net consumption expenditure by foreigners in the domestic market and in spending on transport and communication services. Little change, on the other hand, was apparent in spending on non-durable goods. Spending on semi-durables actually declined marginally despite a significant rise in outlays related to the maintenance of private motor cars.

Real government consumption expenditure increased uncommonly sharply at an annualised rate of some 36½ per cent in the first quarter of 1987 but rose at a decidedly more moderate pace of 5½ per cent in the second quarter. Real salaries and wages, which normally account for some three-fifths of aggregate real government consumption expenditure, rose at an annual rate of approximately 7½ per cent, mainly because of a rise in employment by general government. Following an exceptionally rapid rise at an annualised rate of some 66 per cent in the first quarter of 1987, government expenditure on "other" consumption goods and services advanced further in the second quarter at an annual rate of approximately 4½ per cent.

Total real gross domestic fixed investment declined at a seasonally adjusted annual rate of 10 per cent in the second quarter of 1987. This substantial decrease was mainly attributable to declines at annual rates well in excess of 10 per cent in real fixed capital formation by public authorities and by the private sector. These declines appreciably exceeded an increase in real capital expenditure by public corporations.

Private consumption expenditure at constant 1980 prices



A decline in real fixed capital spending in the private sector was apparent in most sectors of the economy. It was particularly prominent, however, in agriculture, mining and finance.

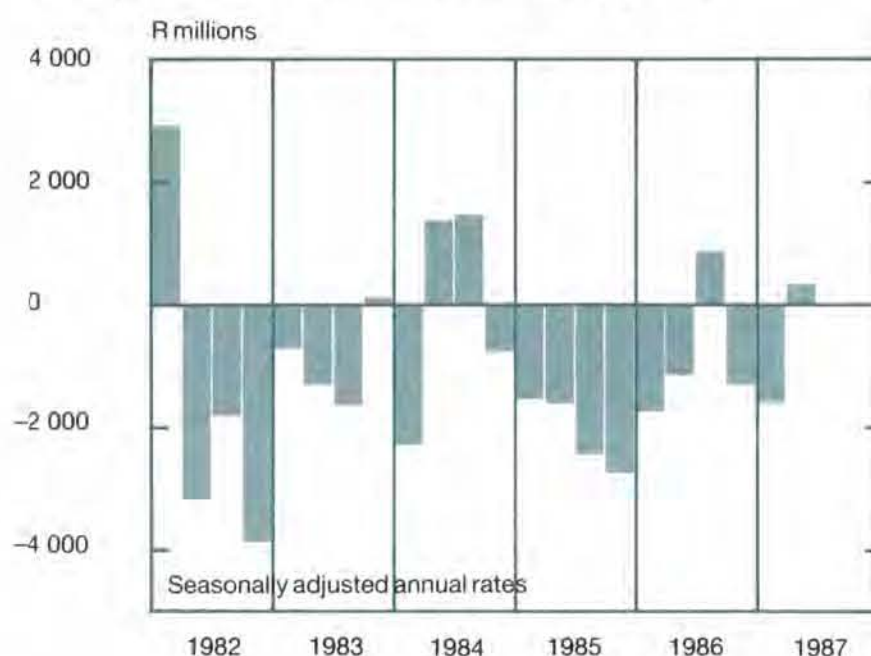
Real gross fixed capital investment in private manufacturing actually improved in both the first and the second quarter of 1987. Its recovery in these two quarters was insufficient, however, to prevent further shrinkage of the total real fixed capital stock in the manufacturing sector, such as has been in evidence since the first quarter of 1985. The percentage degree of utilisation of production capacity in manufacturing accordingly rose further to 79,7 per cent. This was significantly higher than the recent low point of the utilisation rate of 77,4 per cent in the second quarter of 1986 but still well below the peak value of this rate of 86,5 per cent in both 1974 and 1981. Accelerated obsolescence due to technological progress may, however, have reduced somewhat further the actual size of the economically re-employable physical capital stock, at least in certain sub-sectors of manufacturing industry. The current value of the utilisation rate of the "effective" capital stock therefore may conceivably be somewhat higher than 79,7 per cent.

From the first to the second quarter of 1987 total real capital outlays by public authorities were reduced by 12½ per cent, or at an exceptionally high annual rate of approximately 42 per cent. This was accounted for mainly by severe cutbacks in fixed capital spending by the South African Transport Services and the Department of Posts and Telecommunications. Such cutbacks were made in the light of the availability of transport and communication facilities of various kinds and in various areas which are large relative to the demands that are likely to be made on these facilities in the next several years.

After having declined almost uninterruptedly from the fourth quarter of 1984, aggregate real inventories in the South African economy exhibited a small increase in the second quarter of 1987. The main categories of inventories contributing to this increase were mining stocks, agricultural stocks-in-trade and diamond stocks-in-trade. Marginal increases in inventories were, however, recorded in many sectors of the economy. Reductions in inventories, on the other hand, were registered in manufacturing, electricity, gas and water, and wholesale trade.

The overall rise in the book value of inventories did not prevent a decline in the ratio of all inventories to gross domestic product to a record low figure of 31½ per cent in the second quarter of 1987. This may be compared with the most recent peak in this ratio of 41 per cent in the first quarter of 1982. The ratio of industrial and commercial inventories to gross domestic product in the non-agricultural sectors of the economy also receded somewhat further in the second quarter of 1987 to an unprecedented low of 19½ per cent.

Change in inventories at constant 1980 prices



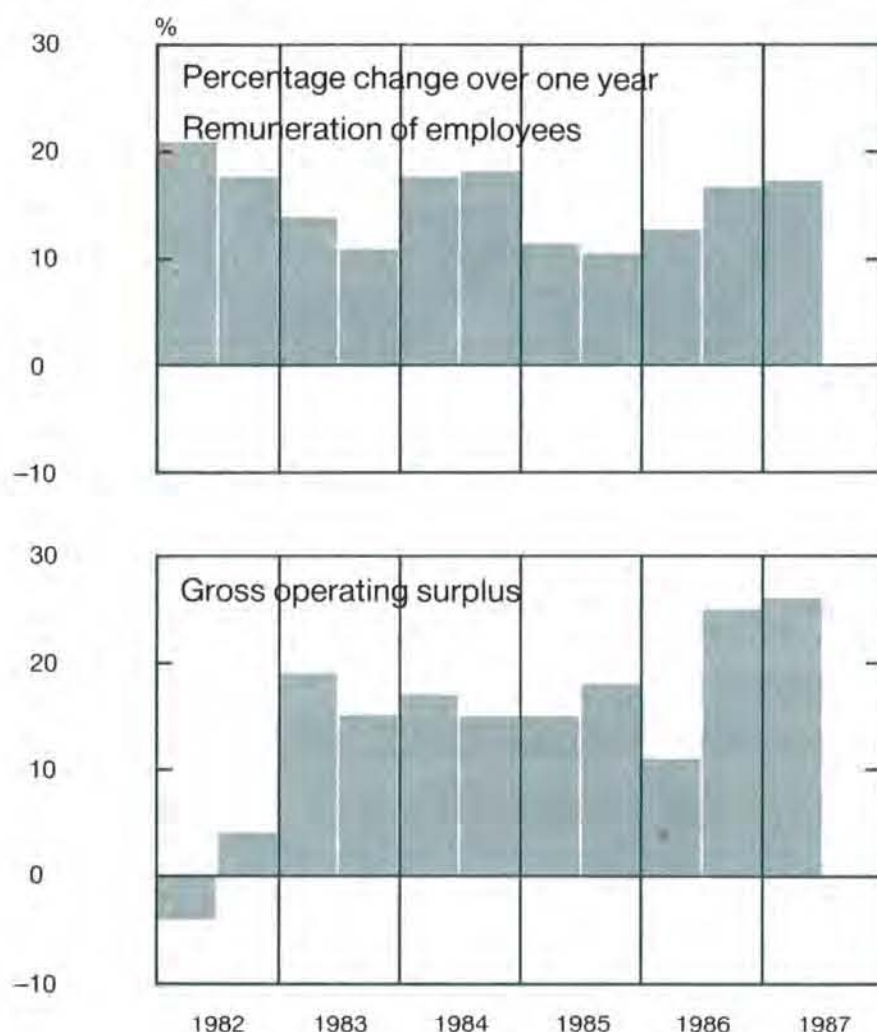
Factor income and saving

The seasonally adjusted and annualised rate of increase in aggregate nominal factor income slowed down from 19½ per cent in the first quarter of 1987 to 18 per cent in the second quarter of 1987. This deceleration was mainly due to lower rates of increase in remuneration of employees. Aggregate nominal labour earnings were held back in the second quarter of 1987 inter alia by an increase in work stoppages and strikes, by the unusually large number of non-working days in this quarter, and by postponements of wage and salary increases in certain sectors of the economy. Included in the last of these items was the fact that wage and salary increases in the civil service took effect only from 1 July 1987.

The total gross operating surplus, representing the remainder of aggregate factor income, rose appreciably in the second quarter of 1987 at an annual rate of 21 per cent. Enhanced operating surpluses were spread widely through the various sectors and sub-sectors of the economy. The relatively strong performance of the aggregate gross operating surplus therefore corroborated reports of marked recoveries in company profits of the past several quarters, which have also been evident from the declining number of company liquidations since the middle of 1986.

Rising levels of business profitability were accompanied by a marked increase in net corporate savings during the first and second quarters of 1987. The ratio of net corporate savings to total gross domestic saving advanced from an average level of 28 per cent in 1986 to an average level of no less than 37 per cent in the first two quarters of 1987. Dissaving by general government, on the other hand, rose from 5½ per cent of

Factor income



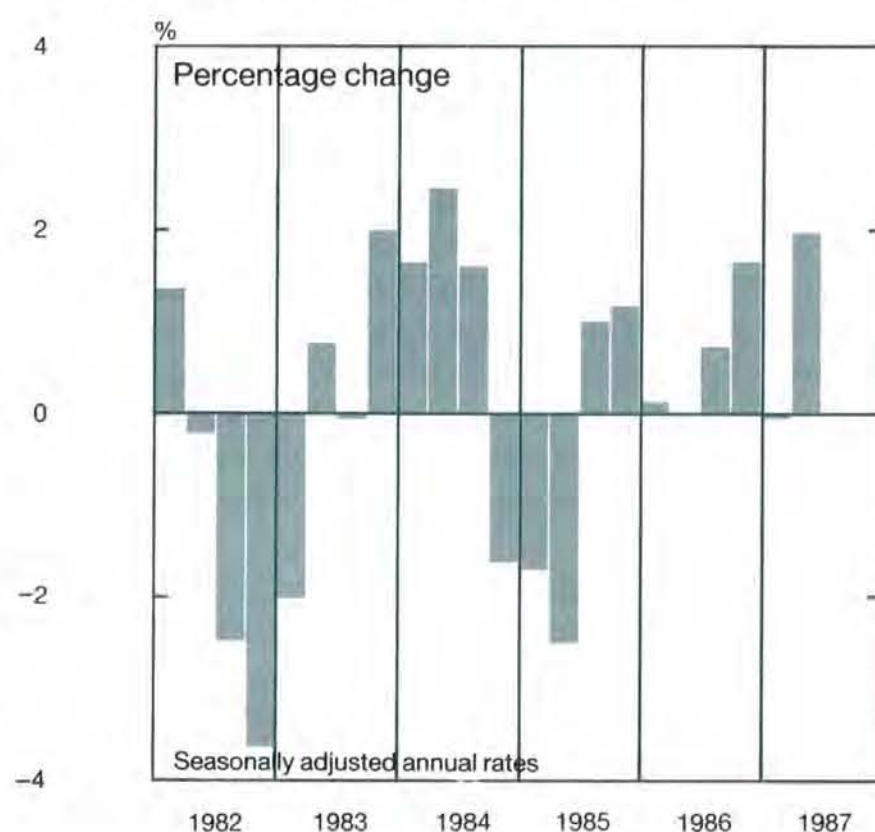
gross domestic saving to 17 per cent over this period. Depreciation allowances in the second quarter proceeded on their steady upward course.

Personal saving remained at relatively very low levels. In the second quarter of 1987 the ratio of personal saving to gross domestic saving amounted to 4½ per cent and its ratio to personal disposable income to a meagre 2 per cent. Factors exerting downward pressure on these savings ratios included relatively modest nominal wage increases in the second quarter of 1987, high inflation and a resultant decline of 2 per cent in the level of real personal disposable income per capita from the second half of 1986 to the first half of 1987, the difficulty in effecting a downward adjustment in living standards, high current prices of certain household financial assets exerting "wealth effects" and inviting monetisation of such assets for consumption purposes, and the pressures of pent-up replacement demand for durable consumer goods.

Employment

Fairly vigorous growth of the economy in the second half of 1986 and its continuation at more modest rates in the first half of 1987 were accompanied by increased employment by public authorities as well as in a number of industries in the private sector, notably in gold

Employment in non-agricultural sectors



mining, manufacturing and construction and among building societies, insurance businesses and hotels. Further reductions in employment were observed, however, in the South African Transport Services and in electricity generation, largely because of internal rationalisation and reorganisation programmes in these industries.

Total employment in the non-agricultural sectors of the economy rose at annualised rates of 0,7 and 1,7 per cent in the third and fourth quarters of 1986, showed no further change in the first quarter of 1987, but, according to preliminary estimates, advanced again at a rate of 2,0 per cent in the second quarter of 1987. Total employment outside agriculture in the second quarter of 1987 accordingly exceeded total employment in the second quarter of 1986 by a modest 1,1 per cent.

The seasonally adjusted number of registered unemployed hovered around 130 000 in the course of 1986, declined to approximately 121 000 in May 1987, but then rebounded quite sharply in the subsequent two months to 133 500 in July. Registered unemployment among workers other than Blacks declined significantly from a peak of 83 000 in September 1986 to 69 000 in March 1987 and 67 000 in July.

The revised Current Population Survey for Blacks showed the number of unemployed Blacks to have retreated from 1 181 000 in July 1986 to 1 040 000 in March 1987. In March 1987 the ratio of unemployed Black workers to the Black labour force amounted to 16,7 per cent.

Labour costs and productivity

The average amount of nominal salaries and wages per worker in the non-agricultural sectors of the economy rose by 14,3 per cent both in calendar 1986 and in the first half of 1987 compared with the first half of 1986. Relative moderation in wage settlements and wage increases was maintained despite the mild cyclical strengthening of the demand for labour and the increased incidence of strikes in certain industries.

The rate of increase in average nominal labour remuneration in the first half of 1987, as in 1985 and 1986, fell short of the rise in the consumer price index. The average real wage per employee, which had decreased by 4,3 per cent and 3,7 per cent in 1985 and 1986, respectively, therefore declined further, by 2,0 per cent, in the first half of 1987 compared with the first half of 1986.

Fairly pronounced increases in total physical production, against limited increases in employment, caused labour productivity (i.e. real gross domestic product per worker) in the non-agricultural sectors of the economy to rise by 1,3 per cent in the first half of 1987 after declines of 1,0 per cent in 1985 and of 0,7 per cent in 1986. In conjunction with the steady 14,3 per cent rate of increase in the average nominal wage per worker in 1986 and the first half of 1987, this improvement in labour productivity also caused a mild slowdown of the rise in unit labour costs. The tempo of the rise in these costs, in nominal terms, receded from 15,0 per cent in 1986 to 12,8 per cent in the first half of 1987.

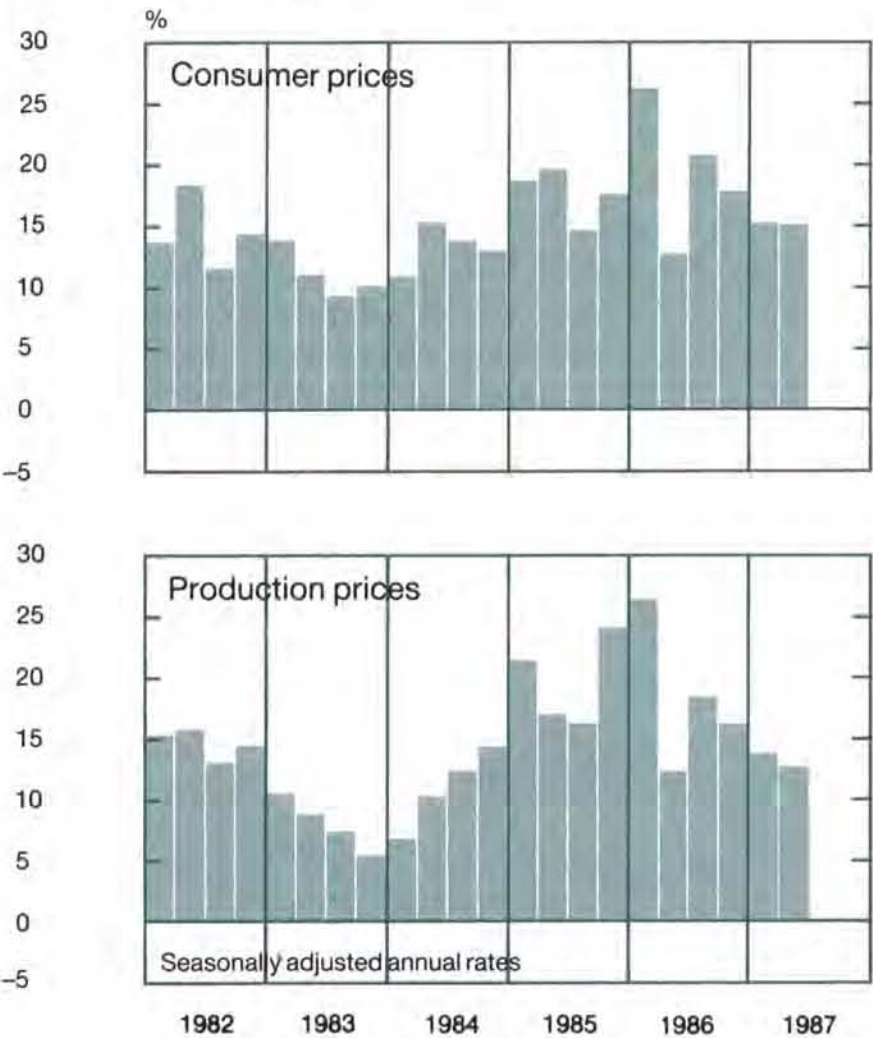
Prices

The rate of inflation in consumer and production prices slowed down significantly from high levels in the first and third quarters of 1986 to comparatively more moderate figures in the first half of 1987. The quarter-to-quarter increase in the average level of consumer prices, at a seasonally adjusted annual rate, subsided from 26,0 per cent in the first quarter and 20,7 per cent in the third quarter of 1986, to 15,1 and 15,0 per cent in the first and second quarters of 1987, respectively. Measured in the same way, the rate of increase in the production price index fell back 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.

Variations in the inflation rate in the course of 1985, 1986 and the first half of 1987 primarily reflected the lagged effects of movements of the exchange rate of the rand on the prices of imported goods. The twelve-month rate of increase in the imported-goods component of the production price index reached a high point of 32,5 per cent in January 1986. Mainly because of the appreciation of the rand from mid-June 1986, this rate then declined eventually to 12,0 per cent in July 1987.

Variations in the rate of increase in the consumer

Percentage change in prices



price index also incorporated the effect of sharp and variable upward adjustments in the prices of foodstuffs. Quarter-to-quarter percentage increases in the prices of consumer goods other than food actually were significantly lower in the first two quarters of 1987 than the average of such increases in the course of 1986. Decelerations in the rate of increase in the cost of housing and other consumer services from the fourth quarter of 1986 to the second quarter of 1987 also contributed to the moderately lower rates of increase in the consumer price index.

Measured over twelve months, the rate of increase in the consumer price index slowed down fairly significantly from nearly 21 per cent in January 1986 to 16,1 per cent in January 1987. This rate then reaccelerated to 17,2 per cent in June 1987 but fell back once more to 16,3 per cent in July. The July 1987 decline in the twelve-month inflation rate in consumer prices was recorded despite upward adjustments to certain administered prices, which included increases in postal, transport and municipal tariffs from 1 July.

The twelve-month rate of increase in the production price index subsided from 20,7 per cent in October 1986 to 14,5 per cent in February 1987. This rate then increased to 16,1 per cent in April 1987 before slowing down again to 14,1 per cent in July.

Balance of payments

Current account

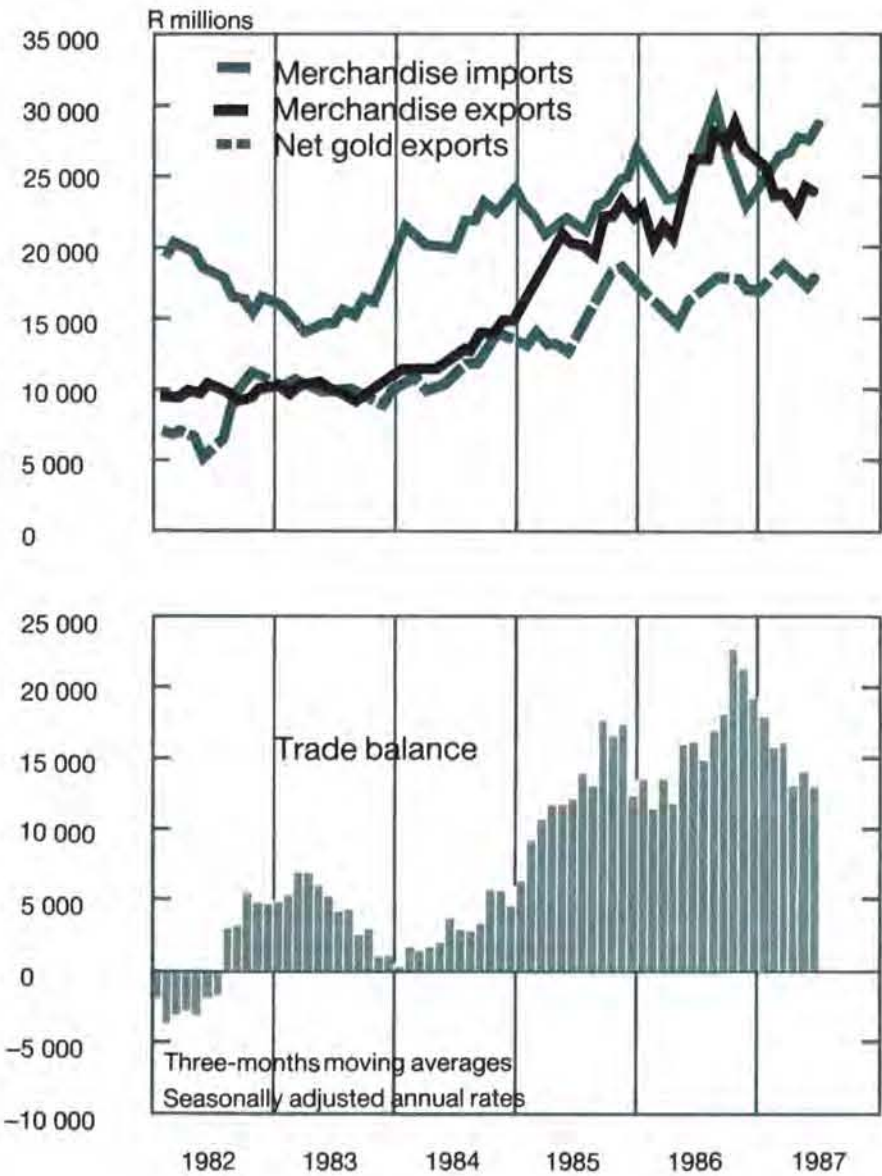
The surplus on the current account of the balance of payments, at a seasonally adjusted annual rate, declined from its record high point of R12,9 billion in the fourth quarter of 1986 to R7,2 billion in the first quarter of 1987 and to a still very substantial R5,8 billion in the second quarter. In terms of the ratio of the current account surplus to gross domestic product, this decline was from 8½ and 4½ per cent to 3½ per cent.

Further shrinkage of the current account surplus in the second quarter of 1987 was due to a fairly large decline in net gold exports and a significant further rise in the value of merchandise imports. Between them, these two developments outweighed the effect of some recovery in the value of merchandise exports and a decline in net service and transfer payments to foreigners.

The value of merchandise exports decreased substantially (by 12 per cent) in the first quarter of 1987 but staged a modest recovery (of some 2½ per cent) in the second quarter. The average level of the value of these exports in the first half of 1987, however, still fell short significantly (i.e. by 13½ per cent) of its very strong showing in the second half of 1986.

The mild recovery in merchandise exports in the second quarter of 1987 was attributable to slight increases in both export prices and export volumes. International commodity prices, in terms of the US dollar, showed accelerated rises in the second quarter of 1987 which brought these prices to their highest average level since the second quarter of 1984. The effect of these price increases on South African export earn-

Balance of payments: Trade account



Current account of the balance of payments

Seasonally adjusted annual rates

R millions

	1986		1987	
	4th qr	1st qr	2nd qr	
Merchandise exports	27 076	23 850	24 430	
Net gold exports	16 989	18 370	17 030	
Merchandise imports	-22 777	-26 410	-27 370	
Net service and transfer payments	-8 409	-8 650	-8 320	
Balance on current account	12 879	7 160	5 770	

ings was partly neutralised, however, by a further strengthening of the effective exchange rate of the rand. A marginal increase in South African export volumes was attained despite some further slackening of growth in the world economy and the effect of sanctions against certain South African export goods.

The value of net gold exports declined from its record level of R18,4 billion in the first quarter of 1987 to R17,0 billion in the second quarter. This decline was more than fully accounted for by a decline in the volume of gold production which, in turn, was due to a further lowering of the grade of ore mined. The price of gold rose both in terms of the US dollar and of the rand. The dollar price of gold per fine ounce advanced from an average of \$406 in the first quarter of 1987 to \$450 in the second quarter, and then rose further to an average of \$456 in July and August 1987; the average price during July-August 1987 may be compared with its counterpart in July-August 1986 of only \$362. The average rand price of gold amounted to R844, R906 and R942 in the first and second quarters of 1987 and in July and August 1987, respectively.

The value of merchandise imports rose by 3½ per cent from the first quarter of 1987 to the second quarter of 1987. This was attributable entirely to an increase in import *prices*. An increased average level of import prices resulted from higher prices in the international oil market (reflecting, inter alia, the market's response to the increasingly tense situation in the Persian Gulf) and from a moderate rise in the average inflation rate experienced by South Africa's principal international trading partners.

Conversely, the 4 per cent decline in import *volumes* during the second quarter of 1987 was more than fully explained by a sharp decline in the volume of imports of mineral products. When mineral products are excluded, the volume of the remaining categories of merchandise imports actually increased by more than 7 per cent. The rise in these imports may be held to have been in broad accordance with the sustained, if moderate, further rise in domestic economic activity in recent months and with more pronounced recent increases in real gross domestic expenditure. The aggregate volume of *all* merchandise imports in the second quarter of 1987, however, still only mildly (i.e. by some 4 per cent) exceeded the volume of all merchandise imports in the second quarter of 1986 and, as noted in the Reserve Bank's recent *Annual Economic Report*, still fell short very substantially (i.e. by 21½ per cent) of the peak level of the volume of such imports during the mini-boom in the first quarter of 1984.

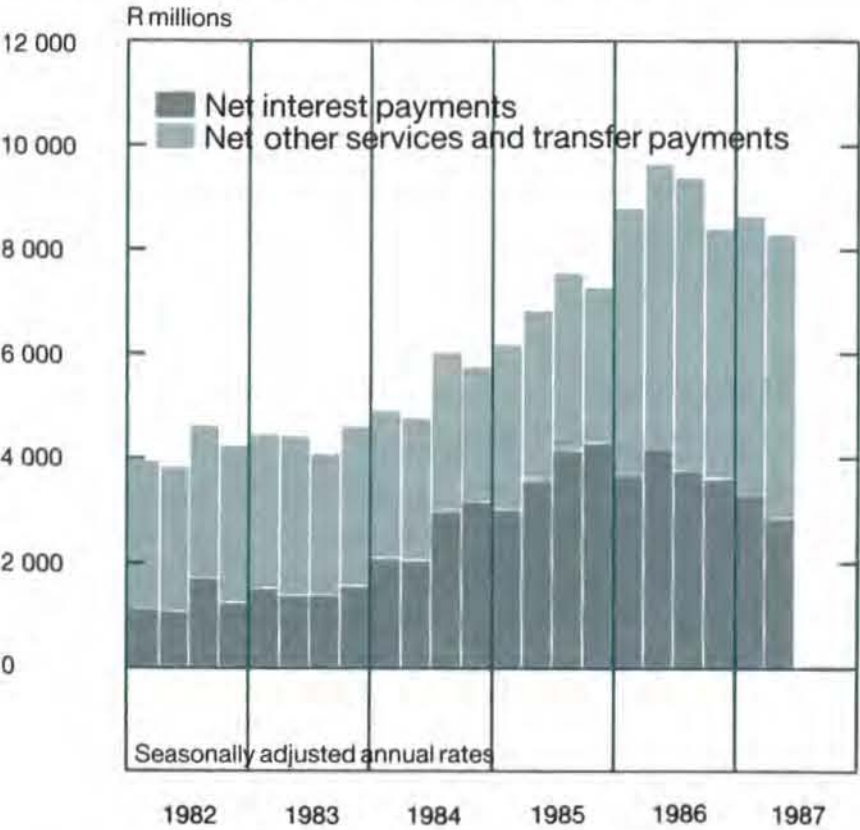
Net service and transfer payments to foreigners, which had reached a high point at a seasonally adjusted

annualised rate of R9,6 billion in the second quarter of 1986, declined further from R8,7 billion in the first quarter of 1987 to R8,3 billion in the second quarter. This decline resulted mainly from diminishing interest payments to foreigners and from an increase in dividend receipts from South African investments abroad. The decline in interest payments, in turn, reflected partly the reduction of South Africa's foreign debt obligations from the high point in the country's foreign indebtedness in 1985, as well as the strengthening of the effective exchange rate of the rand from mid-June 1986. The various favourable changes in interest payments and dividend receipts more than offset increases in international freight and insurance payments, travel expenditures, and dividend payments on foreign equity interests in the South African economy.

Capital account

A net *inflow* of capital, not related to reserves, of R407 million in the first quarter of 1987 was followed by a moderate outflow of R911 million during the second quarter. The net outflow during the first *half* of 1987 accordingly amounted to a fairly limited R504 million, which may be compared with outflows of R2,7 billion and R3,4 billion during the first and second halves of 1986, respectively. Similarly, the net outflow of capital

Net interest, services and transfer payments



Net capital movements

R millions

	1987		
	1st qr	2nd qr	1st half
Long-term capital			
Public authorities	-9	-217	-226
Public corporations ...	347	348	695
Banking sector	38	-60	-22
Private sector:			
Net purchases of listed securities by non-residents	-209	-546	-755
Other capital	18	-278	-260
Total long-term capital ..	185	-753	-568
Short-term capital including unrecorded transactions, but excluding reserve-related liabilities	222	-158	64
Total capital movements excluding liabilities related to reserves	407	-911	-504
Change in liabilities related to reserves	-627	-377	-1 004

of R911 million in the second quarter of 1987 by itself compared favourably with average quarterly outflows of approximately R2,3 billion and R1,5 billion during the years 1985 and 1986, respectively.

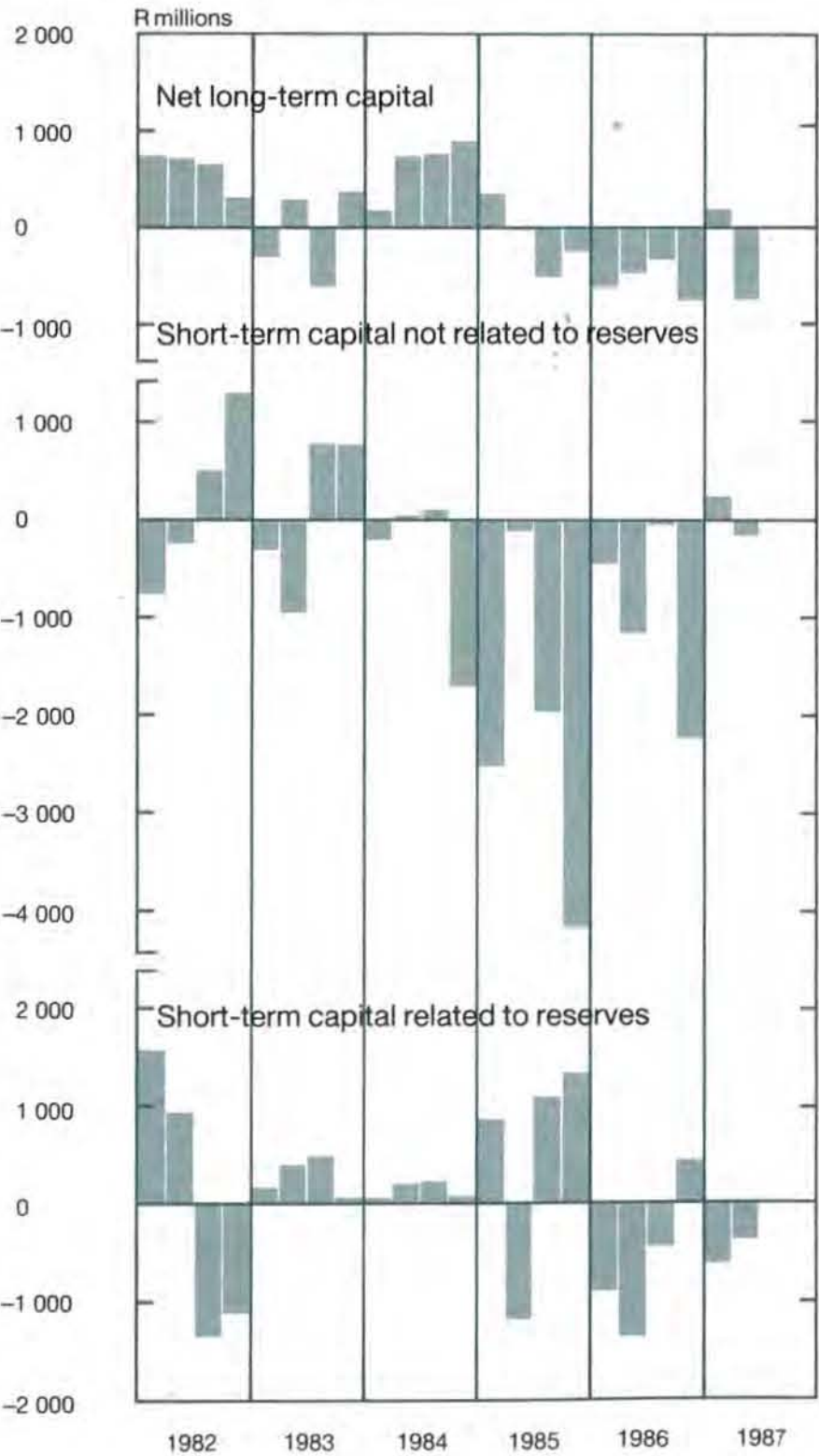
The total net outflow of capital, not related to reserves, in the second quarter of 1987 was made up of an outflow of R753 million of long-term capital and R158 million of short-term capital. The outflow of long-term capital mainly consisted of repayments by public business enterprises on bearer bonds and notes and by private enterprises on trade-related loans outside the so-called standstill "net". Non-residents also continued to be net sellers of securities listed on the

Johannesburg Stock Exchange, which, although they are recorded as outflows of long-term capital, do not, of course, under the financial rand system result in an actual loss of foreign exchange. In contrast to these outflows, public corporations for the second consecutive quarter were net importers of foreign capital in the form of new loans raised as well as of drawings on existing loan facilities for project financing. The amount taken up in these ways was R348 million.

Short-term capital movements, not related to reserves but including unrecorded transactions, changed from an inflow of R222 million in the first quarter of 1987 to a moderate outflow of R158 million in the second quarter.

Reserve-related foreign liabilities were reduced further during the second quarter of 1987 by R377 million. Of this amount R240 million represented a further repayment on South Africa's loan from the International Monetary Fund. Another repayment on this loan, of R259 million, was made in August 1987. The final instalment in these repayments, amounting to SDR99,4 million, is to be made in November 1987.

Net capital movements



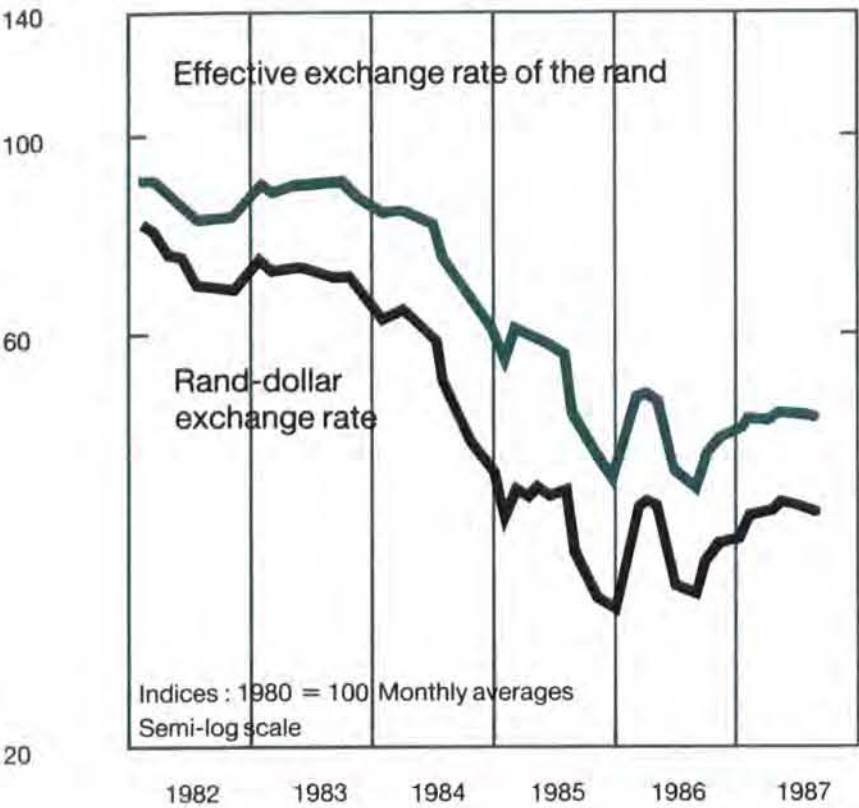
Foreign reserves

The continued large surplus on current account and the moderate extent of capital outflows caused the total gross gold and other foreign reserves, which had increased by no less than R1,8 billion in the first quarter of 1987, to rise by another R282 million during the second quarter. During July and August 1987, moreover, the gross gold and other foreign reserves of the Reserve Bank increased further, on balance, by R494 million. This more recent increase in the Reserve Bank's total reserve holdings occurred despite the "upfront" payment of US \$300 million to foreign creditor banks on 15 July 1987 in terms of the "Second Interim Arrangements" for the repayment of affected foreign debt and despite the repayment of the penultimate instalment on the IMF loan in August. The gold holdings of the Reserve Bank rose from 5,5 million fine ounces at the end of March 1987 to 6,2 million fine ounces at the end of August.

Exchange rates

The exchange rate of the rand vis-à-vis the US dollar increased almost continuously from its lower turning point of only about 36 US cents on 12 June 1986 to 45½ US cents by the end of 1986 and 50½ US cents on 20 May 1987. The rand's appreciation in terms of the dollar from mid-June 1986 to mid-May 1987 accordingly amounted to some 41 per cent. To a large extent, this appreciation reflected the decline of the US dollar against other major currencies. The rand also appreciated, however, in terms of other leading currencies, such as the pound sterling, the French franc and the yen.

Exchange rates



20 May 1987. Its dollar value between these two dates rose from 20,25 to 31,50 US cents, or by 55,6 per cent. The discount of the financial rand vis-à-vis the commercial rand during this period accordingly declined from 43,4 to 37,5 per cent. From 20 May 1987, however, various factors, including foreigners' continued net sales of listed securities on the Johannesburg Stock Exchange, caused the finrand to decline to 29 US cents at the end of August 1987. Its discount vis-à-vis the commercial rand then amounted to 42 per cent.

From late May 1987 the value of the rand in terms of the US dollar generally fluctuated between 48 and 50 US cents. Increased strength of the US dollar in July and early August 1987, however, caused the rand's exchange rate vis-à-vis the dollar to dip to 47,26 US cents on 14 August 1987. By the end of August, the dollar/rand exchange rate had reverted to 49 US cents. Little change was shown by the weighted average exchange value of the rand from 20 May 1987 through August 1987.

Like the commercial rand, the financial rand strengthened considerably on balance from 12 June 1986 to

Changes in the exchange rates of the rand

	12 June 1986 to 20 May 1987	20 May 1987 to 31 Aug 1987
Weighted average	29,3	-0,4
US dollar	40,9	-2,6
British pound	27,9	0,8
German mark	13,2	-0,2
Swiss franc	12,3	0,3
Japanese yen	18,7	-0,7
French franc	18,8	-0,3
Financial rand	55,6	-9,5

Financial markets

Money supply

The broadly defined money supply, M3, continued to grow only slowly in the first quarter of 1987 but somewhat more rapidly in the second quarter. The seasonally adjusted and annualised rate of increase in M3 as at quarter-ends rose from approximately 9 per cent in the first quarter of 1987 to not quite 13 per cent in the second quarter.

From the beginning of the 1987 targeting year (taken as mid-November 1986) up to the end of July 1987, the seasonally adjusted annual rate of increase in M3 still amounted to only 10,9 per cent. This rate of increase therefore still was appreciably less than the lower limit of the target range for 1987 of 14 per cent. M3 as at the end of July 1987 accordingly fell short of its minimum target value by approximately R1,7 billion, or by 1,9 per cent. Relatively slow growth in M3 during the 1987 targeting year up to the end of July 1987, as during preceding months in the course of 1986, continued to be explained essentially by various disintermediation phenomena that could be traced to relatively poor real after-tax rates of return on deposits with banks and building societies, relatively low rates of interest on depository investments compared with the banks' average lending rates, the attractions offered by alternative financial investments with long-term

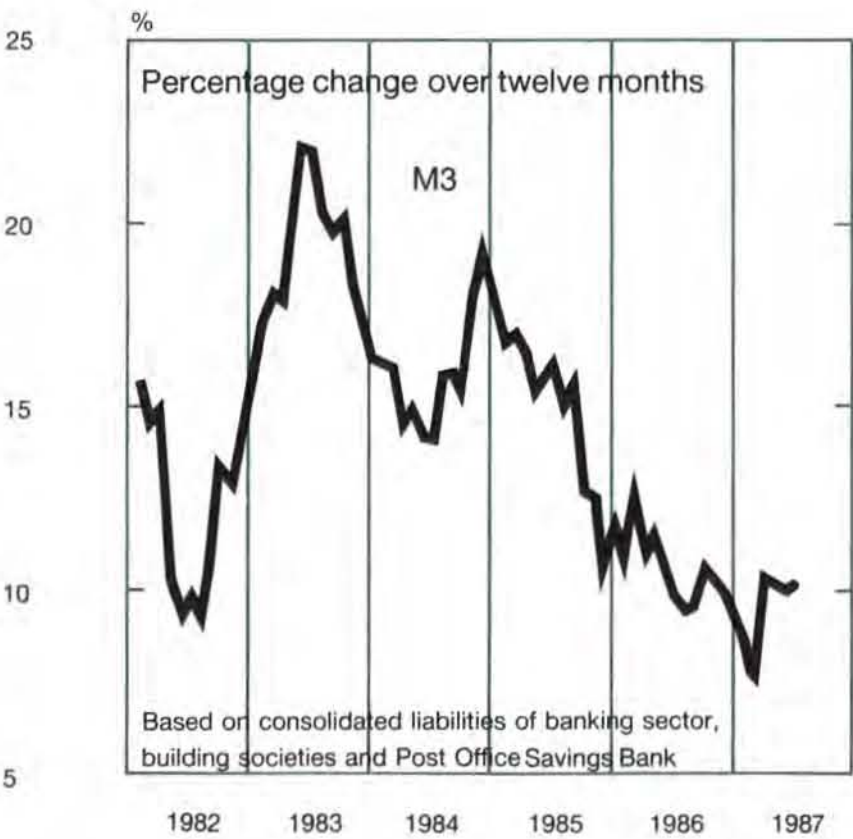
savings institutions and by investments on the stock exchange, and the rapid spread of new cash management techniques.

The income velocity of circulation of M3 rose by 2,9 per cent from the fourth quarter of 1986 to the first quarter of 1987 but, on the basis of preliminary estimates, would appear to have shown little further change in the second quarter of 1987. When the increase in velocity is taken into account, the increase in the "effective" M3 money supply, at a seasonally adjusted annual rate, from the fourth quarter of 1986 to the second quarter of 1987 amounted to 16,9 per cent. This was well between the 14 and 18 per cent lower and upper bounds of the 1987 target range.

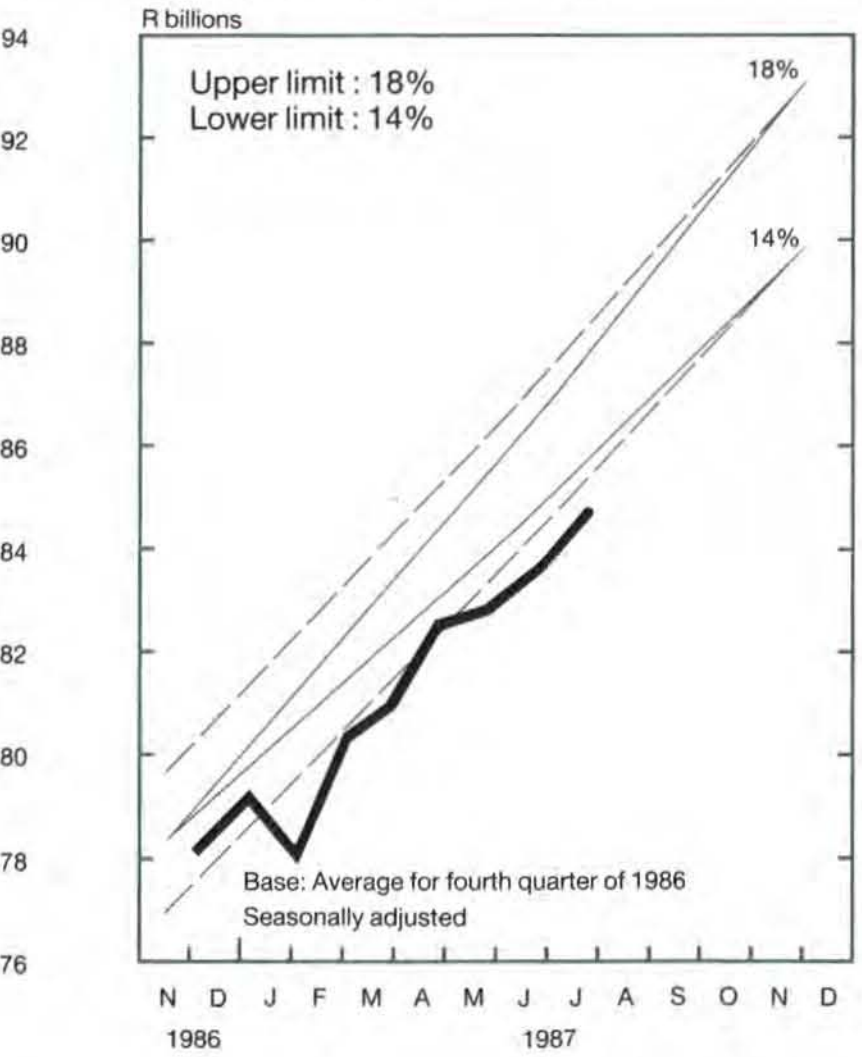
Measured over twelve months, the rate of increase in M3 shrank to a low point of only 7,7 per cent in February 1987 but, in accordance with M3's somewhat more rapid expansion in the second quarter of 1987, then advanced to 11,2 per cent in July.

Among the narrower monetary aggregates, the twelve-month growth rate of M1A declined from 20,5 per cent in December 1986 to 9,8 per cent in June 1987 before rebounding sharply to 21,2 per cent in July. M1A was affected downwards initially by the spread of new cash management techniques, which inter alia allow depositors to reduce (or "economise

Money supply



Target range for growth in M3 during 1987



on") their net holdings of current account balances. Since M1A ranks among the smaller ones of the various monetary aggregates currently monitored, the effect of such reductions on depositors' total holdings of the M1A varieties of money also tends to be comparatively large in relative terms. The sharp reacceleration in M1A growth in July 1987 was due to an unusually large rise in the amount of currency in circulation at the July month-end.

The twelve-month growth rate in M1 was favoured by the new techniques for managing cash balances and other factors fostering increased holdings of overnight and call deposits. This rate accordingly rose from 12,8 per cent in December 1986 to as much as 25,6 per cent in May 1987 before sliding back to 20,6 per cent in July. The twelve-month growth rate in M2 continued to be held down by depositors' shifts in 1986 and early 1987 out of "other" short-term and medium-term deposits into long-term deposits, such shifts being a common feature of periods of declining interest rates and expected further declines in interest rates. The twelve-month growth rate in M2 accordingly amounted to only 6,2 per cent in March 1987 and to approximately 8,4 per cent in the four months from April 1987 to July.

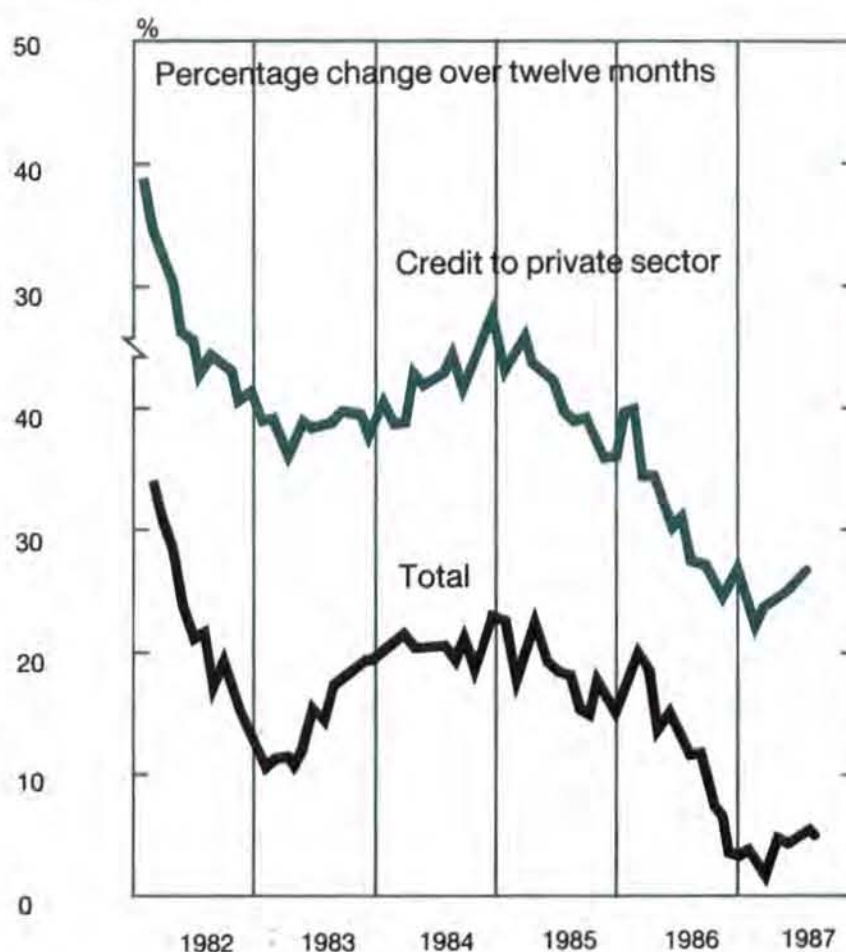
Low rates of increase in total credit extended by institutions in the "monetary" sector still provided the principal explanation, in accounting terms, of the sustained relatively sluggish growth in M3 during the first seven months of 1987. A considerably smaller contribution to M3 growth than in the first quarter of 1987 was made by the rise in the net gold and other foreign reserve holdings of the monetary sector in the second quarter of the year.

Bank credit

The twelve-month rate of increase in credit extended by banking institutions to the private sector advanced from a low point of 1,7 per cent in February 1987 to 6,6 per cent in July. The seasonally adjusted annual rate of increase in bank credit to the private sector from December 1986 to July 1987 amounted to 6,4 per cent. This rate of increase therefore meant a marked further contraction of the volume of private sector indebtedness to the banking system in real or inflation-adjusted terms.

The sustained decline in the real volume of bank credit outstanding during the first seven months of 1987 – which was unusual in that it occurred in a period of modest real economic expansion and relatively low nominal interest rates – was accounted for by developments such as increased recourse to the practice of "setting off" corporate clients' debit and credit balances in the books of banking institutions and by other disintermediation phenomena, as well as by a low need for bank credit in the light of low levels of fixed investment, relatively slow growth in imports, and de-

Bank credit



clining inventories. The large number of new share issues on the stock exchange also directly or indirectly allowed a reduction of bank credit.

Absolute declines were recorded during the second quarter of 1987 in banks' holdings of bills discounted and in their holdings of deposits and private sector securities. Only slow growth was observed in banks' "other" loans and advances, which are likely to have incurred most of the effect of the "set-offs" of clients' debit and credit balances. Fairly substantial increases were registered during the second quarter, however, in hire-purchase credit and leasing finance from low base figures at the end of March 1987. The former increase in particular seems likely to have been related to the second-quarter pick-up in sales of motor vehicles and other consumer durables. If sustained, it may indicate a gradual diminution of households' reluctance to add to the burden of consumer debt.

The banking system's net claims on the government sector rose from R2 036 million at the end of December 1986 to R2 875 million at the end of June 1987. This caused the relative increase in *total* bank credit during the first six months of 1987 to be larger than the increase in bank credit to the private sector only. However, net claims on the government sector declined sharply, to only R1 705 million, in July. The seasonally adjusted annual rate of increase in total bank credit

from December 1986 to July 1987 accordingly amounted to only 5,1 per cent, which was less than the rate of growth in the banks' credit to the private sector.

Reserve Bank's operations in the money market

Limited vigour of the prevailing upswing, continued strength of the balance of payments on current account, below-target growth in the money supply, and the sluggish expansion of bank credit, caused the Reserve Bank to adhere during the first 8½ months of 1987 to the moderately expansionary stance of monetary policy that had been reached through the progressive lowering of Bank rate in the course of 1985 and 1986. No increase in Bank rate and no hardening of the general level of interest rates generally were envisaged or intended by the Reserve Bank in these conditions. Little positive result, on the other hand, was to be expected in the Bank's opinion from even further cuts in Bank rate or from further declines in the level of nominal interest rates generally. Bank rate therefore was maintained throughout the first 8½ months of 1987 at the level of 9½ per cent to which it had been reduced on 10 December 1986.

Active use was made on a number of occasions from the end of March 1987 of the Reserve Bank's amended procedure for providing cash reserves to the money market by allowing discount houses and banks to tender for funds from the Corporation for Public Deposits. In alliance with the Bank's other instruments within the general area of its open-market operations (including outright purchases or sales of government stock and other money-market assets, "buy-backs" or "reverse buy-backs", and currency swaps), the provision of CPD funds by means of the tender system was employed by the Bank for managing more closely the market's need for refinancing at the Bank's discount window and, in the generally easy policy and stable interest rate environment aimed at by the Bank, for limiting the amount of such refinancing.

Partly because of these open-market actions (and aided by the easing effect on the market of the Bank's rising gold and other foreign reserves), the amount of the Bank's assistance to the market in the form of rediscounts and overnight loans at the discount window on most occasions in the second and third quarters of 1987 did not rise above more than a few hundred million rands. The daily average amount of such refinancing assistance during the period from April to August 1987 was less than R200 million. At the end of August 1987 the amount of refinancing rose to R626 million but subsequently changed to a *surplus*. On 18 September the surplus amounted to R150 million. Surpluses of cash reserves that arose from time to time were "accommodated" by the Bank by allowing the discount houses or the banks that found themselves holding such surpluses, to tender on an overnight basis for assets (mostly money market paper, and cur-

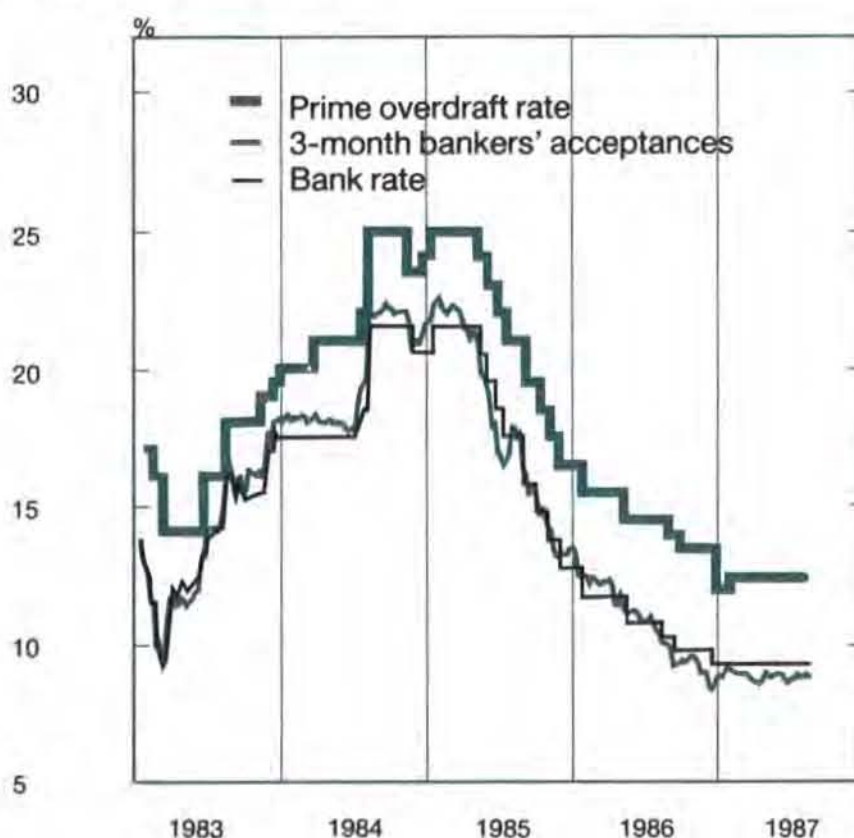
rently mostly Land Bank bills) that were made available out of the portfolio of the Corporation for Public Deposits.

Short-term interest rates

Short-term interest rates hardened temporarily in April 1987 but then settled down to more stable levels from May to August 1987. The rate on three-month liquid bankers' acceptances, for example, fluctuated during this period only between a high point of 9,05 per cent in the last week of May 1987 and a low point of 8,65 per cent in the middle of June. This rate amounted to 8,90 per cent on 18 September. Rates on rediscountable instruments during this period consistently remained well below the Reserve Bank's rediscount rates. More pronounced volatility was observed, however, in the banks' rates on wholesale call funds and on funds solicited in the interbank market. The call rate, for example, occasionally touched 10 per cent.

The clearing banks' prime rate was held unchanged at 12,50 per cent from late January 1987 through the second and third quarters of 1987 up to mid-September despite the firming of deposit interest rates that followed upon the introduction of the so-called Senior Citizen Savings Bonds by the Minister of Finance in his Budget speech in June 1987. The original issue of these bonds was, however, terminated on 8 August 1987 in the light of investors' very heavy response to this issue and to forestall significant distortions of flows of funds in the markets for retail deposits and related fixed-interest investments.

Short-term interest rates



Capital market activity

The high levels of activity in the capital market that were recorded in the first quarter of 1987 generally were maintained, or surpassed, in the second quarter and in July and August 1987. Further increases were registered in turnovers in the share market and in share prices. The real estate market witnessed a further rise in mortgage lending and a further increase in real estate transactions. Trading activity in public sector securities in the second quarter of 1987 was broadly maintained at the record level that had been reached in the first quarter of the year.

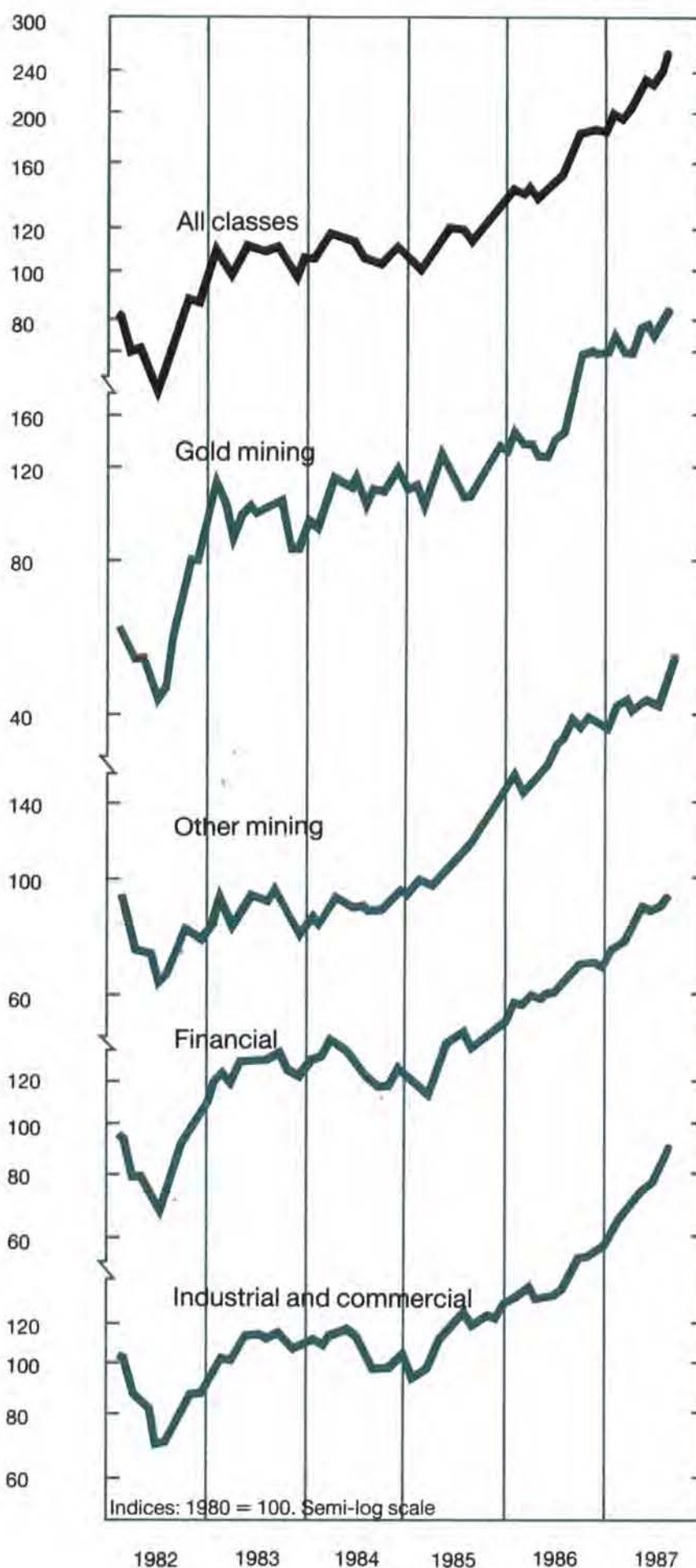
The value of public sector stock traded on the stock exchange declined marginally from R40,3 billion in the first quarter of 1987 to R40,1 billion in the second quarter. In July and August, however, the monthly average turnover of these stocks amounted to no less than R18,2 billion, exceeding by 36 per cent the monthly average value of stock traded during the preceding three months. Real estate transactions rose from R3,3 billion in the first quarter of 1987 to R3,6 billion in the second quarter. The monthly average value of these transactions then advanced substantially further, i.e. by 11 per cent, to R1,3 billion in July.

The value of shares traded on the stock exchange increased from R4,2 billion in the first quarter of 1987 to R4,8 billion in the second quarter and to a monthly average of R1,8 billion in July and August. Share prices were swept up further in this increase in trading activity. Having increased by 9 per cent in the first quarter of 1987, the average price level of all classes of shares rose further by 11 per cent in the second quarter, mainly because of a 14 per cent increase in financial share prices. A further rise in the average price level of 12 per cent was recorded in July and August.

In the course of the entire current upward phase in share prices to date, i.e. during the past 32 months from the beginning of 1985 up to August 1987, the average price level of all classes of shares rose by about 133 per cent. The price-earnings ratio in respect of financial, industrial and commercial shares rose during this period from 7,2 to 14,6. In comparison, the average price increase of all classes of shares in the stock exchange boom during the 41-month period from the beginning of 1966 up to May 1969 amounted to 152 per cent. Highly speculative buying activity in the closing stages of that bull phase before the major setback in share prices that commenced in May 1969, eventually carried the price-earnings ratio of non-mining shares to a peak level of 24,4.

In the primary markets, the public sector in the second quarter of 1987 raised new funds through issues of fixed-interest securities to banks and private non-bank investors to an amount of R649 million. The first-quarter amount of such issues was R845 million. No new funds were raised in the second quarter of 1987 by companies listed on the stock exchange through new issues

Share prices



of fixed-interest securities. New issues of share capital by these companies, on the other hand, amounted to R817 million. This may be compared with first-quarter amounts of R201 million and R205 million raised through new issues of debentures and of share capital, respectively.

In the mortgage market, sustained further improvements in the net inflow of funds to building societies and participation mortgage bond schemes, in conjunction with increased mortgage demand, allowed these institutions further to increase their mortgage lending. Mortgage loans paid out by these institutions rose from R2,0 billion in the first quarter to R2,2 billion in the second quarter.

Long-term rates and yields

Long-term interest rates declined during the first quarter of 1987 but reverted to markedly higher levels in the second quarter. More favourable perceptions of the prospects for inflation and for the public sector borrowing requirement then caused rates to soften again in July and August and the first week of September. 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,

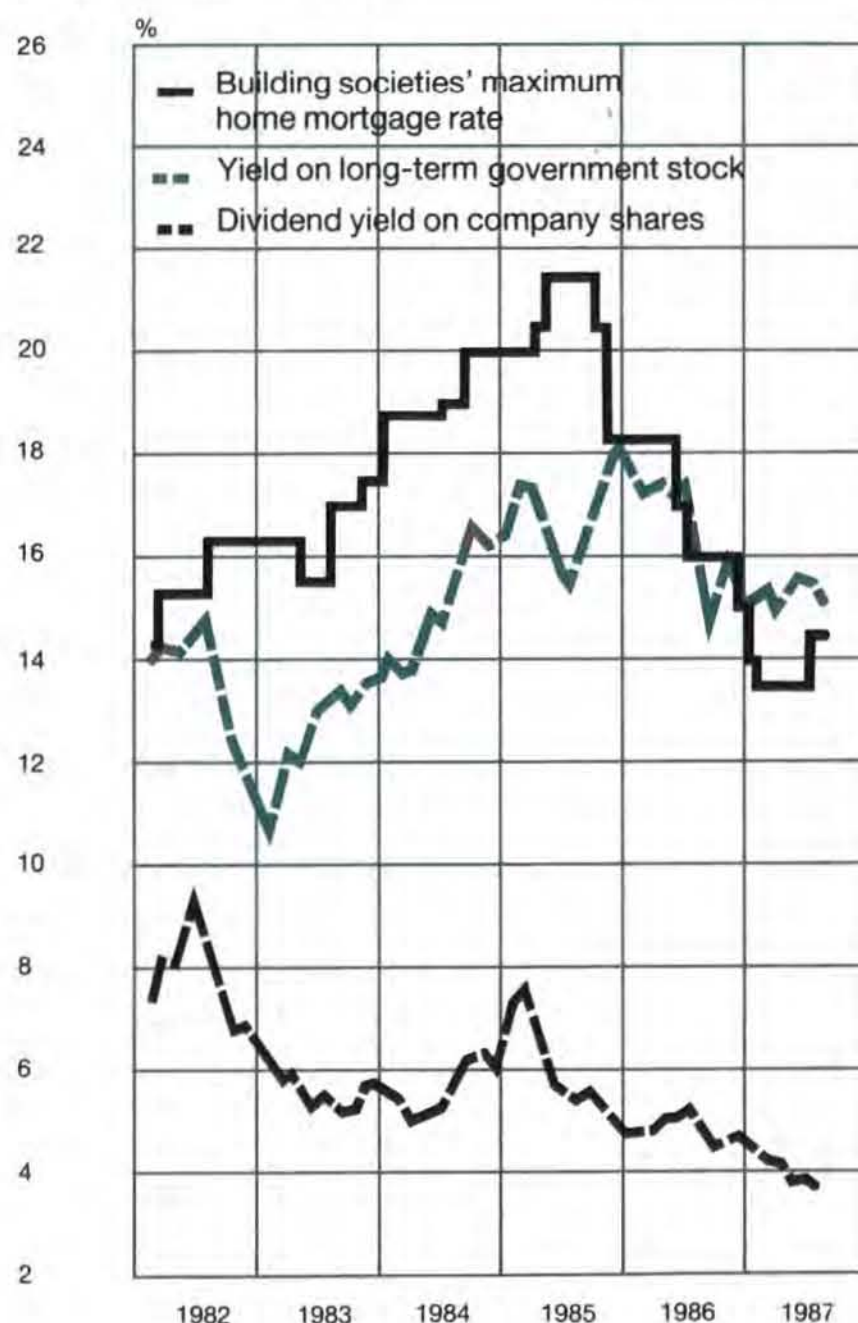
hardened temporarily to 15,6 per cent in June, but then retreated further to 15,1 per cent in August.

The predominant 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. In August 1987, however, a major building society lowered its rate on new mortgage loans to 12,95 per cent.

The predominant rate on twelve-month deposits with banks and building societies, serving as a representative rate for rates on depository investments generally, was raised from 9,5 to 10,0 per cent in February 1987. This rate then was increased further by building societies to 10,25 per cent in May, 10,50 per cent in June, and 10,75 per cent in July. The predominant twelve-month deposit rate of banks was raised only to 10,50 per cent, and was raised to this level only in July.

Mirroring the sharp rise in share prices, the dividend yield on all classes of shares declined from 4,7 per cent in December 1986 to 4,2 per cent in March 1987, 3,9 per cent in June 1987 and 3,7 per cent in August. At the start of the current bull phase in share prices in January 1985, the average dividend yield on all classes of shares still amounted to 6,3 per cent. After adjustment for the prevailing rate of inflation in consumer prices, the "real" dividend yield on all classes of shares may be considered actually to have increased marginally between January 1985 and August 1987 from -10,0 to -9,9 per cent. In the rising share market from January 1986 to May 1989 the dividend yield on all classes of shares declined from 6,8 to 3,1 per cent. The "real" dividend yield was reduced from 2,8 to -0,6 per cent during this period.

Long-term interest rates



Government finance

Expenditure by general government

Aggregate expenditure by *general* government on final goods and services increased by a very large 25,3 per cent in the first quarter of *calendar* 1987 and by a still very substantial 18,7 per cent in the second quarter. The ratio of such expenditure to gross domestic pro-

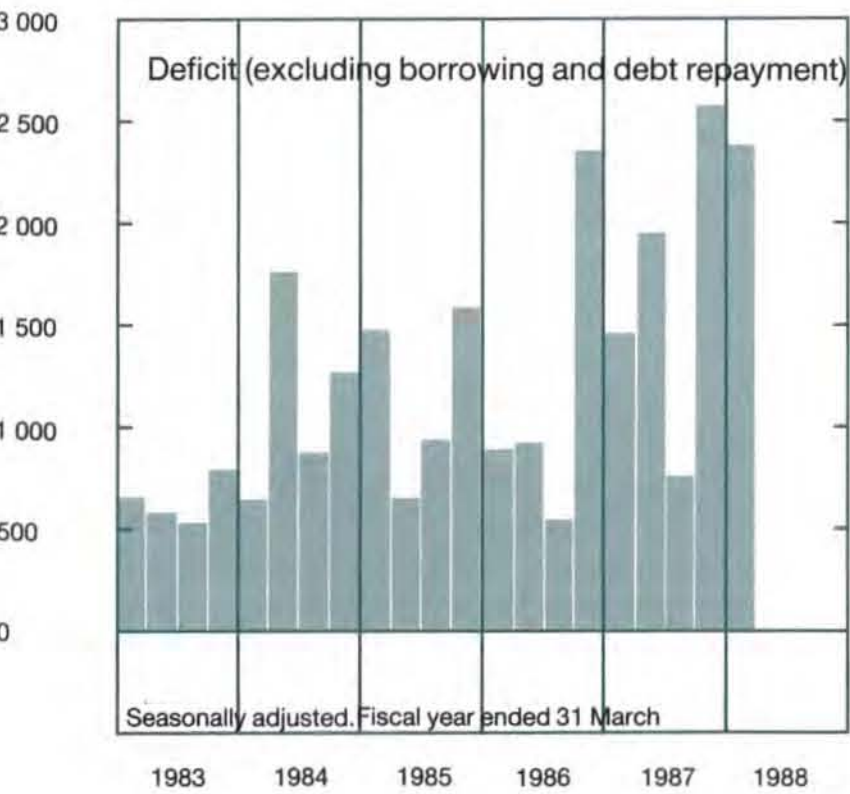
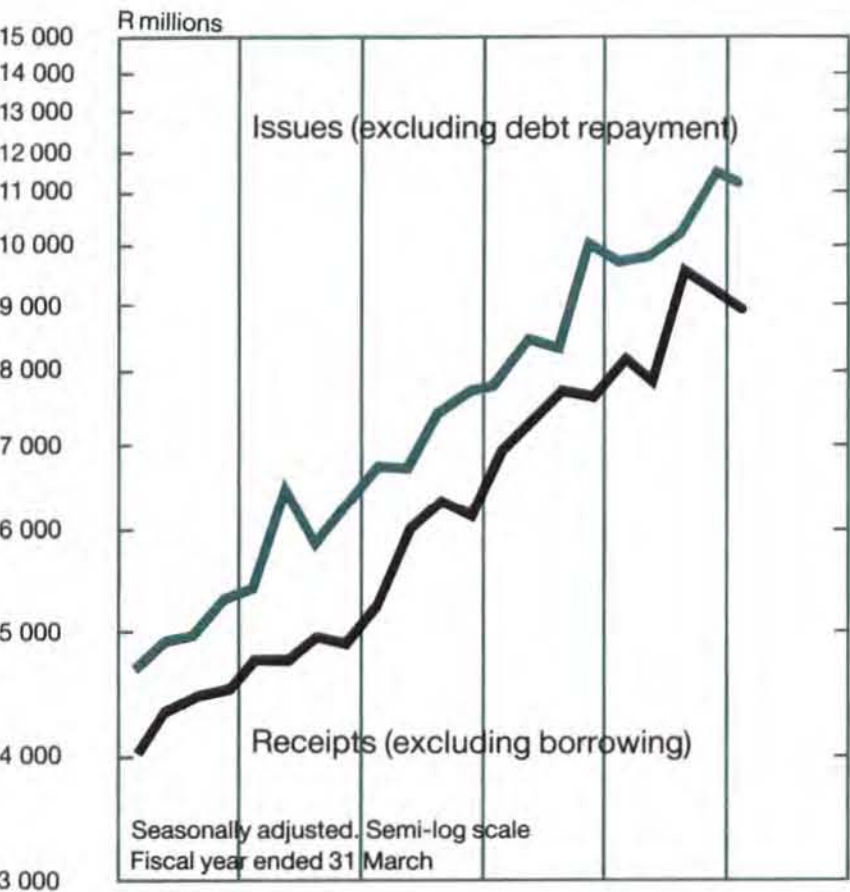
duct accordingly declined from 24 per cent in the first quarter of the calendar year to slightly more than 23 per cent in the second quarter.

Exchequer issues and receipts

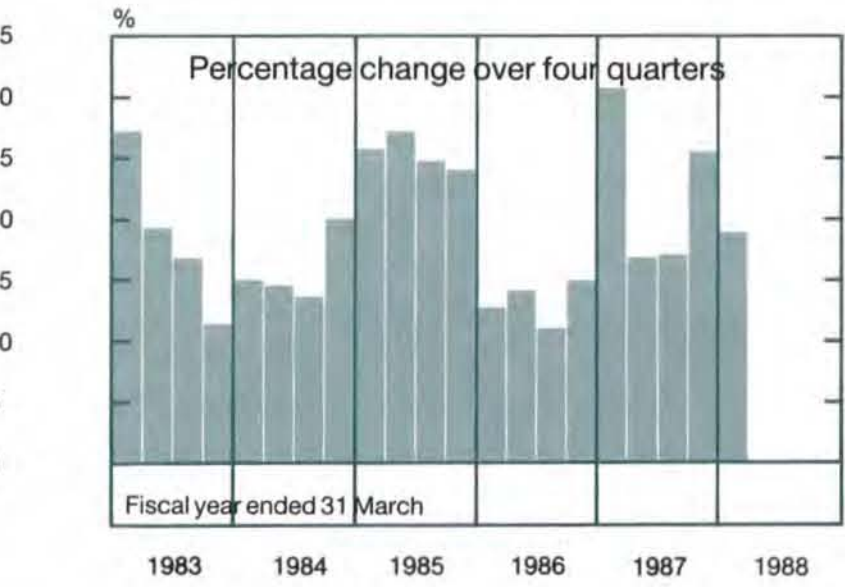
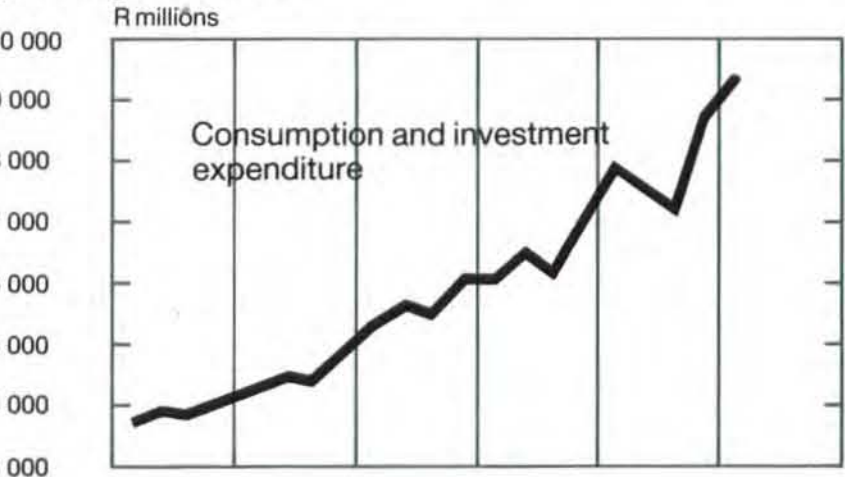
As already suggested by the behaviour of general government expenditure, the Exchequer issues of the Central Government - after the usual adjustment for changes in the Paymaster-General Account - also increased sharply further in the second quarter of calendar 1987, i.e. in the first quarter of fiscal 1987/88. During the preceding three months to March 1987, the increase in Exchequer issues to government departments in comparison with the level of these issues during the three months to March 1986 had amounted to as much as 30,1 per cent. Despite the marked further increase in Exchequer issues from the March quarter to the June quarter of 1987, the increase in these issues in the June quarter of 1987 when compared with the June quarter of 1986 amounted to a more moderate 18,2 per cent.

A moderate further acceleration in Exchequer issues was recorded, however, in July 1987. As a result, total issues to government departments during the four months to the end of July 1987, i.e. during the first

Exchequer Account



Consumption and investment expenditure by general government



four months of fiscal 1987/88, were 18,7 per cent higher than during the corresponding period in fiscal 1986/87. This may be compared with the increase of 16,2 per cent that had been envisaged for the fiscal year 1987/88 as a whole in the Budget as presented in June 1987.

Also in comparison with one-year-earlier levels, the increase in Exchequer *receipts* contracted from 17,9 per cent in the March quarter of 1987 to only 5,6 per cent in the June quarter. Receipts accelerated, however, in July. Total receipts during the first four months of fiscal 1987/88 accordingly were 9,1 per cent above their level in the four months to July 1986, an increase that was notably smaller than the budgeted increase of 12,6 per cent for the fiscal year as a whole. The year-on-year percentage increase in income tax receipts, in particular, fell well short of the percentage increase as envisaged in the Budget for the full fiscal year. In addition, receipts from customs and excise duties actually declined in absolute terms.

Deficit before borrowing

The deficit before borrowing and debt repayment during the first four months of fiscal 1987/88 to the end of July 1987 amounted to R4 984 million. This was R1 484 million more than in the corresponding period of fiscal 1986/87 and equal to nearly 60 per cent of the deficit of R8 425 million as envisaged in the Budget for the current fiscal year as a whole. In comparison, the deficit during the first four months of fiscal year 1986/87 amounted to 56 per cent of the *actual* deficit eventually recorded for that fiscal year.

Data currently available for the period from April to July 1987 indicate that the deficit of R4 984 million during this period, plus the discount of R404 million on new government stock issues, was financed from the following sources:

	R millions
Public Investment Commissioners	45
Non-bank private sector	3 609
Banking sector	1 796
Foreign sector	-62
	<hr/> 5 388
Less: discount on government stock	404
Total financing	<hr/> 4 984

Restructuring of the tax system

The report of the Commission of Inquiry into the Tax Structure of the Republic of South Africa (the Margo Commission) was released in August 1987. New tax legislation occasioned by this Report is likely to be introduced in the course of the 1988 parliamentary session but will probably be fully implemented only in the Budget proposals for fiscal 1989/90.

Kwartaallikse ekonomiese oorsig

Inleiding

Die meer besliste opswaai in die Suid-Afrikaanse ekonomie wat vanaf ongeveer die middel van 1986 na vore getree het, het na dit wou voorkom in die tweede kwartaal van 1987 ietwat meer van sy dryfkrag verloor. Die totale reële produksie in die tweede kwartaal van 1987 was nietemin sowat $2\frac{3}{4}$ persent hoër as in die tweede kwartaal van 1986 en het ook die vorige hoogtepunt in die reële binnelandse produksie by die top van die mini-boom van 1983-84 marginaal oortref.

Die opeenvolgende kwartaallikse toenames in die reële bruto binnelandse produk het vanaf die middel van 1986 teen seisoensaangesuiwerde jaarkoerse in die derde en die vierde kwartaal van 1986, ongeveer $3\frac{1}{2}$ persent, in die eerste kwartaal van 1987, 2 persent en in die tweede kwartaal van 1987 'n voorlopig beënde $1\frac{1}{2}$ persent beloop. Die vlak van die produksie is egter in die tweede kwartaal van 1987 nadelig deur verskeie werkstakinge en deur die ongewone groot aantal nie-werkdae in April en Mei beïnvloed. In daardie mate was die verdere inkrimping van die reële groei-koerse in die tweede kwartaal dus moontlik nie 'n aanduiding van 'n verdere verswakking van die onderliggende groeineiging nie en sou dit dus ook nie noodwendig 'n terugkeer na ietwat sterker koerse van reële ekonomiese uitbreiding in die res van die jaar uitsluit nie.

Nadat die totale reële bruto binnelandse besteding in 1986 opmerkbare skommelings getoon het, het dit in die eerste helfte van 1987 sowel sterker as bestendiger toegeneem. Die totale reële bruto binnelandse besteding was in die tweede kwartaal van 1987 sowat $6\frac{1}{2}$ persent hoër as in die tweede kwartaal van 1986 en in die eerste helfte van 1987 – teen 'n seisoensaangesuiwerde jaarkoers – bykans 7 persent hoër as in die tweede helfte van 1986.

Die reële private verbruiksbesteding, in die besonder aan duursame verbruiksgoedere, het in sowel die eerste as die tweede kwartaal van 1987 besliste alhoewel matige toenames getoon. Die reële owerheidsverbruiksbesteding het, nadat dit in die eerste kwartaal van 1987 ongewoon vinnig gestyg het, in die tweede kwartaal teen 'n matiger pas met sy styging voortgegaan. 'n Klein styging in die totale reële voorrade is in die tweede kwartaal aangeteken. Die totale reële bruto binnelandse vaste investering het egter weer eens 'n teleurstellende daling getoon, hoofsaaklik vanweë strawwe beënoeiings van die reële kapitaalbesteding deur die sakeondernemings van die algemene owerheid en as gevolg van hernieuëde dalings in die reële vaste kapitaalvorming deur die private sektor. Die reële bruto vaste investering in die private fabriekswese het nietemin in sowel die eerste as die tweede kwartaal van 1987 effense verbeterings getoon. Hierdie matige her-

stel was egter nie voldoende om 'n verdere inkrimping van die totale reële vaste kapitaalvoorraad in die fabriekswese te voorkom nie.

Die feit dat die koerse van toename in die totale binnelandse besteding in die eerste helfte van 1987 hoër was as die koerse van toename in die binnelandse produksie het ook tot uiting gekom in 'n stygende vlak van die grootste deel van die goedere-invoer, wat op sy beurt weer bygedra het tot die inkrimping van die oorskot op die lopende rekening van die betalingsbalans vanaf die baie hoë vlak waarop dit in die vierde kwartaal van 1986 te staan gekom het. Die oorskot op die lopende rekening het in die tweede kwartaal van 1987, teen 'n jaarkoers van R5,8 miljard, nietemin nog steeds 'n heel aansienlike $3\frac{1}{2}$ persent van die bruto binnelandse produk beloop. Alhoewel dit gedeeltelik geneutraliseer is deur 'n matige uitvloeiing van kapitaal nie verwant aan reserwes nie en deur beduidende verdere aflossings van buitelandse verpligtings wat wel aan die reserwes verwant is, het die volgehoue oorskot op lopende rekening meegebring dat die totale goud- en ander buitelandse reserwes in die tweede kwartaal en in Julie met 'n verdere R1,0 miljard gestyg het nadat 'n toename van R1,8 miljard gedurende die voorafgaande drie maande daarin aangeteken is.

Afgesien van die volgehoue oorskotte op die lopende rekening van die betalingsbalans, was dit 'n opvallende kenmerk van die Suid-Afrikaanse ekonomie in die tweede kwartaal van 1987 dat die bruto *nasionale* produk, net soos in die tweede helfte van 1986, 'n aanmerklik sterker groeiprestasie gelewer het as die bruto *binnelandse* produk. Die reële bruto *nasionale* produk was in die tweede kwartaal van 1987 sowat 5 persent hoër as in die tweede kwartaal van 1986. Die aansienlik vinniger groei van die bruto nasionale produk as van die bruto binnelandse produk kon in die tweede kwartaal van 1987 geheel en al toegeskryf word aan 'n voortgesette daling in die reële netto faktorbetalings aan nie-Suid-Afrikaanse besitters van produktiewe hulpbronne wat in die Suid-Afrikaanse ekonomie aangewend word. Die daling in sodanige betalings in die tweede kwartaal is grotendeels verklaar deur dalings in netto rentebetalings, wat op hulle beurt weer 'n weerspieëling was van die uitwerking wat die netto terugbetaling van buitelandse skuld vanaf die vierde kwartaal van 1984 op die vlak van Suid-Afrika se internasionale skuldposisie gehad het.

Die redelik sterk vertoning van die groei in die reële bruto binnelandse besteding in die eerste helfte van 1987 enersyds, teenoor die verslapping van die groei van die reële produksie andersyds, het weer eens die aandag gevestig op die skynbare onvermoë van die herstel in die binnelandse produksie vanaf die middel van 1985 om, soos die oplewings van die sestiger- en sewentigerjare, stukrag op te bou en 'n meer kumulatiewe en selfversterkende karakter aan te neem. Die

stadige gemiddelde groei van die produksie sedert die middel van 1985 het klaarblyklik gedeeltelik verband gehou met die onbestendigheid en die algemene trae uitbreiding wat die totale reële binnelandse vraag in die tweede helfte van 1985 en gedurende 1986 aan die dag gelê het. Dit is weer gedeeltelik verklaar deur 'n opeenvolging van ongunstige ontwikkelings wat die stelsel van buite af getref het, deur die gebrek aan sake- en verbruikersvertroue, en deur algemene onsekerheid. Hierbenewens het huishoudings egter die ekonomiese herstel vanaf die middel van 1985 binnegegaan met 'n buitengewone groot en stremmende relatiewe las aan reële huishoudelike skuld. Hierdie skuld moes aanvanklik ook teen baie hoë positiewe reële rentekoerse gedra word.

Soos in die Reserwebank se onlangse *Jaarlikse Ekonomiese Verslag* vir 1987 opgemerk is, het die gebrek aan vertroue vervolgens ook nog weer 'n rol gespeel om te help om te verklaar waarom die vroeëre toenames in uitvoervolumes, die matige stygings in die reële private verbruiksbesteding en die owerheid se bestedingsprogramme nie daarin geslaag het om op 'n beduidend positiewe wyse deur te werk na reële vaste investering en uitbreidings van die produksiekapasiteit nie. Ook van groot belang was die feit dat 'n ongewone groot deel van die sikliese styging in die binnelandse finale vraag (dit wil sê in die somtotaal van die private en owerheidsverbruiksbesteding en die totale binnelandse vaste investering) gedurende 'n ongewone groot deel van die opswaaitydperk vanaf die middel van 1985 tot die middel van 1987 deur 'n afbouing van voorrade bevredig is. Andersyds het betreklik stadige groei van die volume van die goedere-invoer egter beteken dat 'n kleiner deel as gewoonlik van die potensiele uitwerking van die binnelandse besteding op die binnelandse produksie na buitelandse markte afgewentel is. Die laer-as-gewoonlike marginale invoergeneigdheid gedurende die opswaaitydperk was self weer gedeeltelik 'n weerspieëling van die lustelose vaste-investeringsvraag.

Die matiger groeikoerse van die reële produksie in die eerste helfte van 1987 is in die eerste kwartaal deur 'n onveranderde vlak van die werkverskaffing vergesel terwyl dit in die tweede kwartaal met groei in die werkverskaffing teen 'n jaarkoers van 2 persent gepaard gegaan het. Die totale werkverskaffing buite die landbou was in die tweede kwartaal van 1987 'n matige 1,1 persent hoër as een jaar tevore. Die geregistreerde werkloosheid, wat tot Mei 1987 beduidend afgeneem het, het in Junie en Julie weer taamlik skerp gestyg. Die koers van inflasie in verbruikers- en produksiepryse was, op basis van die kwartaal-tot-kwartaal-veranderinge in hierdie pryse teen seisoensaangesuiwerde jaarkoerse, in die eerste helfte van 1987 opmerklik laer as in die eerste en derde kwartale van 1986.

Die omvattend gedefinieerde geldvoorraad, M3, het in die eerste kwartaal van 1987 voortgegaan om slegs stadig te groei maar het in die tweede kwartaal effens

vinniger toegeneem. Die jaarkoers van toename in M3 vanaf die begin van die 1987-mikpuntjaar tot aan die einde van Julie 1987 het, op sy peil van 10,9 persent, egter nog steeds aansienlik laer gelê as die onderste grens van die mikpuntperk van 14 tot 18 persent. Die omloopsnelheid van M3 het in die eerste kwartaal van 1987 voortgegaan om skerp te styg maar het, op basis van voorlopige ramings, in die tweede kwartaal skynbaar min verdere verandering getoon.

Bankkrediet aan die private sektor het in die eerste sewe maande van 1987 nog steeds maar net stadig toegeneem teen 'n jaarkoers van ietwat meer as 6 persent. Trae groei is nog steeds aan die dag gelê deur die banke se "ander" lenings en voorskotte, wat waarskynlik die meeste beïnvloed is deur die uitwerking van groter gebruikmaking van die praktyk om maatskappykliënte se debet- en kredetsaldo's in die boeke van bankinstellings teen mekaar te verreken. Betreklik aansienlike stygings kon egter in huurkoopkrediet en bruikhuurfinansiering opgemerk word vanaf die lae basispeil waarop dit aan die einde van Maart 1987 gestaan het. Indien hierdie stygings sou voortgaan, kan die toename in die nie-korporatiewe komponent van huurkoopfinansiering dui op 'n verswakking van huishoudings se weerstand teen hernieude toenames in verbruikerskrediet.

'n Betreklik hoë graad van stabiliteit, wat in ooreenstemming was met die onveranderde ingesteldheid van die Reserwebank se monetêre beleid, kon regdeur die tweede kwartaal en in Julie, Augustus en die begin van September 1987 in geldmarkrentekoerse waargeneem word. In die kapitaalmarkte is die hoë vlakke van die bedrywigheid van die eerste kwartaal van 1987 gedurende die tweede kwartaal gehandhaaf of oortref. Langtermynrentekoerse het in die tweede kwartaal tydelik verstewig maar in Julie, Augustus en die begin van September weer teruggesak. Daardeur het dit 'n situasie geskep wat ontvanklik was vir effekteverkope deur die Reserwebank.

Aansienlike verdere stygings is aangeteken in die aandelepryse op die Johannesburgse Effektebeurs. Die gemiddelde vlak van alle aandelepryse het in Augustus 1987 ongeveer 148 persent hoër gelê as die vlak van hierdie pryse aan die begin van die huidige opwaartse fase in die aandelemark vanaf vroeg in 1985.

Persentasietoenames in die Skatkisuitreikings wat aansienlik hoër was as waarvoor begroot is, en persentasietoenames in die Skatkisontvangste wat laer was as waarvoor begroot is, het gedurende die Juniekwartaal en in Julie 1987 meegebring dat die tekort voor lenings op die Skatkisrekening in hierdie tydperk van vier maande R5,0 miljard bedra het. Dit was sowat R1,5 miljard meer as in die ooreenstemmende vier maande van die fiskale jaar 1986/87 en het gelykgestaan aan sowat 60 persent van die tekort wat in die Begroting vir die fiskale jaar 1987/88 in sy geheel in die vooruitsig gestel is.

Binnelandse ekonomiese ontwikkelings

Binnelandse produksie

Die reële bruto binnelandse produksie het in die tweede kwartaal van 1987 voortgegaan met die meer beslissende opswaai in die ekonomiese bedrywigheid wat vanaf die middel van 1986 na vore getree het deur 'n verdere styging te toon, maar teen 'n verminderde tempo, vanaf die vlak wat in die eerste kwartaal in die reële produksie aangeteken is. Die totale reële produksie was in die tweede kwartaal van 1987 sowat $2\frac{3}{4}$ persent hoër as in die tweede kwartaal van 1986. Ná aansuiwering vir seisoensinvloede en teen 'n jaarkoers bereken het die koers van toename in die totale reële bruto binnelandse produk teruggesak vanaf ongeveer $3\frac{1}{2}$ persent in die derde en vierde kwartale van 1986 tot ongeveer 2 persent in die eerste kwartaal van 1987. Daarná het dit in die tweede kwartaal ietwat verder teruggesak tot 'n voorlopig beraamde $1\frac{1}{2}$ persent.

Die progressiewe daling van die reële groeikoers in die eerste helfte van 1987 sou skynbaar dui op 'n geleidelike vervaging van die verskillende kragte wat die opswaai tot dusver ondersteun het. Die verminderde groeikoers van die produksie in die tweede kwartaal van 1987 behoort egter gesien te word teen die agter-

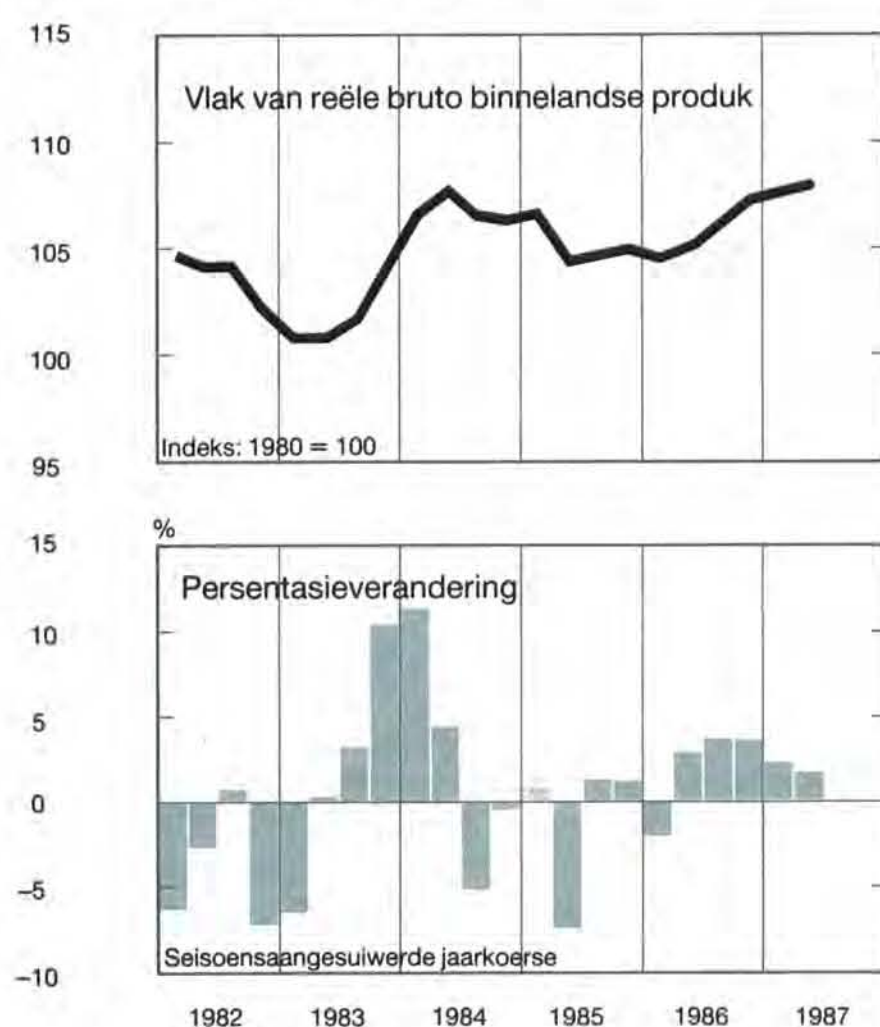
grond van verskeie werkstakings en die ongewone groot aantal vakansiedae en nie-werkdae in daardie kwartaal, wat die produksie in 'n wye reeks sektore van die ekonomie nadelig beïnvloed het. Dit is derhalwe moontlik dat die verdere inkrimping van die reële groeikoers in die tweede kwartaal van 1987 (en moontlik ook in Augustus, onder andere as gevolg van die staking in die goudmynbedryf) in nie-onbeduidende mate geen aanduiding gegee het van 'n verdere verswakking van die onderliggende groeieigings nie en dienoreenkomstig ook nie 'n terugkeer na ietwat hoër koerse van reële ekonomiese uitbreiding gedurende die res van die jaar sal uitsluit nie.

Die volgehoue, ofskoon slegs matige, styging in die totale reële produksie gedurende die tweede kwartaal van 1987 is hoofsaaklik deur toenames in die reële toegevoegde waarde in die landbousektor en in die motorhandel, finansies en algemene owerheid teweeggebring. Afnames in die reële toegevoegde waarde is deur die fabriekswese, mynwese, vervoer en groot- en kleinhandel aangeteken.

Die landbouproduksie het in die tweede kwartaal van 1987 toegeneem as gevolg van betreklik gunstige weersomstandighede in die somerreënvalgebiede gedurende die voorafgaande reënseisoen. Voortgesette baie hoë vlakke van bedrywigheid in die finansiële markte, met name in die effektemarkte, het 'n bydrae gemaak tot volgehoue groei in die reële toegevoegde waarde van die finansiële-dienstesektor. Die reële produksie in hierdie sektor het in werklikheid sedert die vierde kwartaal van 1985 aanhoudend toegeneem. Die styging in die reële toegevoegde waarde van die handelssektor het hoofsaaklik voortgespruit uit verbeterde saketoestande in die motorhandel; die verkope van nuwe passasiersmotors en ligte handelsvoertuie was in die tweede kwartaal van 1987 $13\frac{1}{2}$ persent, en die verkope van alle soorte motorvoertuie $12\frac{1}{2}$ persent, hoër as in die tweede kwartaal van 1986. Die toename in die reële toegevoegde waarde van algemene owerheidsdienste het in noue verband gestaan met hoër vlakke van indiensneming deur die algemene owerheid.

In teenstelling met die dalende groeikoers van die reële bruto *binnelandse* produk het die reële bruto *nasionale* produk in die tweede kwartaal van 1987 teen 'n betreklik indrukwekkende jaarkoers van $4\frac{1}{2}$ persent gegroei nadat dit in die tweede helfte van 1986 alreeds heel aansienlike stygings getoon het. Die reële bruto nasionale produk was gevolglik in die tweede kwartaal van 1987 sowat 5 persent hoër as in die tweede kwartaal van 1986. In die tweede helfte van 1986 kon die feit dat die reële bruto nasionale produk opmerklik vinniger as die reële bruto binnelandse produk gestyg het, in breedweg gelyke mate toegeskryf word aan verbeterings in die Suid-Afrikaanse ruilvoet en aan 'n betekenisvolle afname in die reële netto faktorbetalings wat Suid-Afrika aan die res van die wêreld gemaak het. In die tweede kwartaal van 1987 is die opmerklik meer aansienlike groei in die reële bruto nasionale produk as

Reële bruto binnelandse produk



in die reële bruto binnelandse produk egter uitsluitend (en in weerwil van 'n verswakking van die ruilvoet) meegebring deur verdere afnames in die reële netto faktorbetalings aan nie-Suid-Afrikaanse besitters van produktiewe hulpbronne in die Suid-Afrikaanse ekonomie. Die afname in hierdie soort betalings was hoofsaaklik 'n kwessie van dalende netto rentebetalings; die daling in die rentebetalings was op sy beurt weer gedeeltelik 'n weerspieëling van die geleidelik groeiende uitwerking wat netto terugbetalings van buitelandse skuld vanaf die vierde kwartaal van 1984 op die vlak van Suid-Afrika se internasionale skuldposisie gehad het.

Binnelandse besteding

Nadat dit van kwartaal tot kwartaal groot skommelings getoon het, het die seisoensaangesuiwerde jaarkoers van toename in die totale reële bruto binnelandse besteding in die eerste en tweede kwartale van 1987 onderskeidelik 18½ en 11 persent beloop. In die tweede kwartaal van 1987 is koerse van toename van onderskeidelik 2½ persent en 5½ persent aangeteken in die reële private verbruiksbesteding en in die reële verbruiksbesteding deur die algemene owerheid. Terselfdertyd het die verandering in die totale reële voorrade van 'n betekenisvolle afname in die eerste kwartaal van

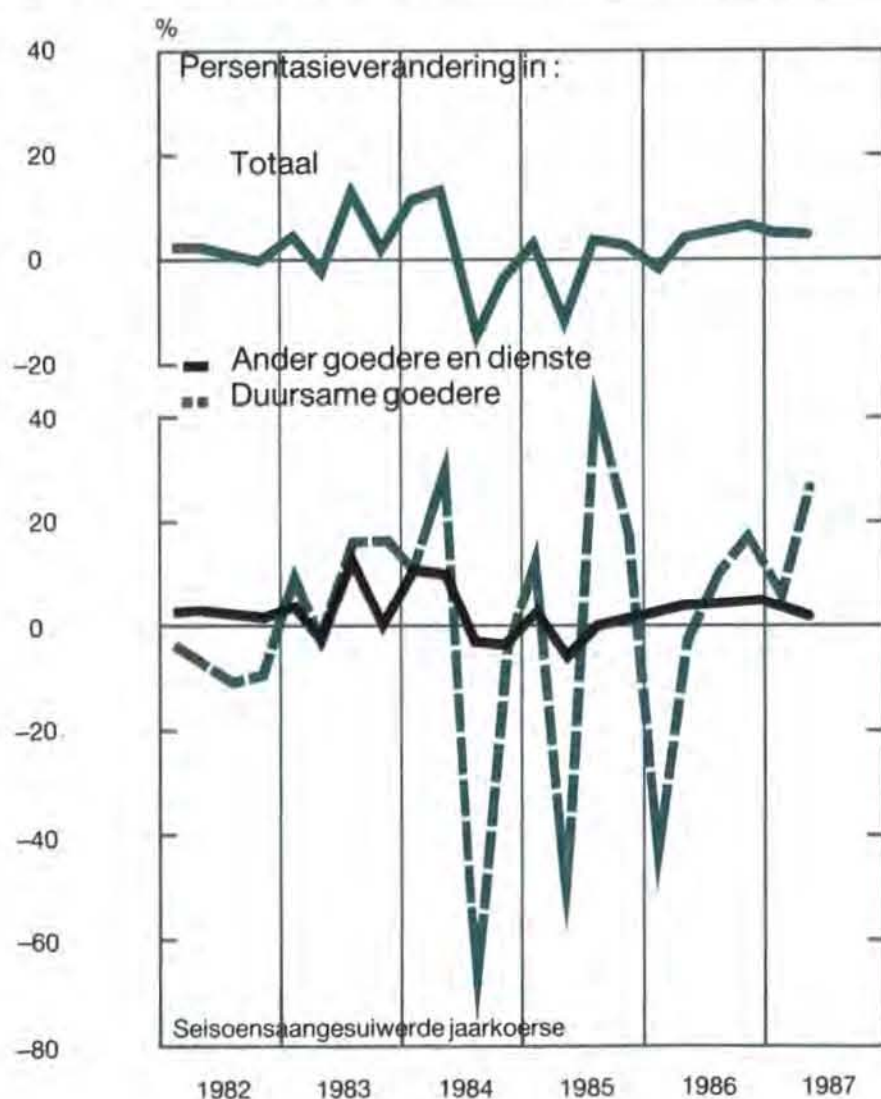
1987 na 'n klein toename in die tweede kwartaal omgeswaai. Gesamentlik het hierdie verskillende positiewe elemente in die verloop van die besteding meer as vergoed vir die feit dat die totale reële bruto binnelandse vaste investering teen 'n jaarkoers van omtrent 10 persent afgeneem het.

Die reële persoonlike beskikbare inkome het in die tweede helfte van 1986 teen 'n jaarkoers van 4½ persent toegeneem maar vervolgens in die eerste helfte van 1987 weer effens afgeneem. Die reële private verbruiksbesteding het nietemin in die eerste en tweede kwartale van 1987 teen jaarkoerse van onderskeidelik 3½ en 2½ persent toegeneem. Hierdie groeikoerse van die totale reële private verbruiksbesteding was beduidend hoër as die gemiddelde jaarkoers van toename van slegs 1½ persent wat gedurende die jare vanaf 1980 tot 1986 in hierdie soort besteding aangeteken is. Stygings in die verbruiksbesteding het derhalwe duidelik ook 'n belangrike deel van die kragte voorsien wat die matige uitbreiding van die Suid-Afrikaanse ekonomie in die eerste helfte van 1987 aangedryf het. Daar bestaan egter klaarblyklik perke aan die potensiaal vir verdere uitbreiding van die reële verbruikersvraag indien daar geen hernieuwe toenames sou wees in die reële beskikbare inkomes van huishoudings nie. Sodanige toenames sal in wese afhanklik wees van kragte vir die skepping van inkome en werkgeleentheid van buite die sfeer van die private verbruiksbesteding self.

Die toename in die totale reële private verbruiksbesteding in die tweede kwartaal het hoofsaaklik uit verhoogde huishoudelike besteding aan duursame goedere voortgespruit. Toenames in hierdie soort besteding het wydverspreid langs die hele spektrum van duursame verbruiks goedere voorgekom. Die hoogste persentasietoename is egter aangeteken in die besteding aan persoonlike vervoertoerusting, wat in groeiende mate deur die opgedamde vervangingsvraag aangehelp is. Voorraadtekorte, gedeeltelik as gevolg van stakings, is ten opsigte van verskeie motorvervaardigers se produkte aangemeld. Opmerklike toenames is ook in die netto verbruiksbesteding deur buitelanders in die binnelandse mark en in die besteding aan vervoer en kommunikasiedienste aangeteken. Hierteenoor was daar min verandering merkbaar in die besteding aan nie-duursame goedere. Die besteding aan semi-duursame goedere het in werklikheid selfs effens afgeneem nieestaanende 'n betekenisvolle styging in uitgawes wat met die instandhouding van private motorvoertuie in verband staan.

Die reële owerheidsverbruiksbesteding het in die eerste kwartaal van 1987 'n buitengewoon skerp toename, teen 'n jaarkoers van sowat 36½ persent, getoon maar in die tweede kwartaal teen 'n bepaald heelwat meer gematigde tempo van 5½ persent toegeneem. Reële salarisse en lone, wat normaalweg sowat drie-vyftes van die totale reële owerheidsverbruiksbesteding uitmaak, het hoofsaaklik as gevolg

Private verbruiksbesteding teen konstante 1980-pryse



van 'n toename in indiensneming deur die algemene owerheid teen 'n jaarkoers van ongeveer 7½ persent gestyg. Ná 'n uitsonderlik vinnige toename teen 'n jaarkoers van sowat 66 persent in die eerste kwartaal van 1987, het die owerheidsbesteding op "ander" verbruiksgoedere en dienste in die tweede kwartaal verder toegeneem teen 'n jaarkoers van ongeveer 4½ persent.

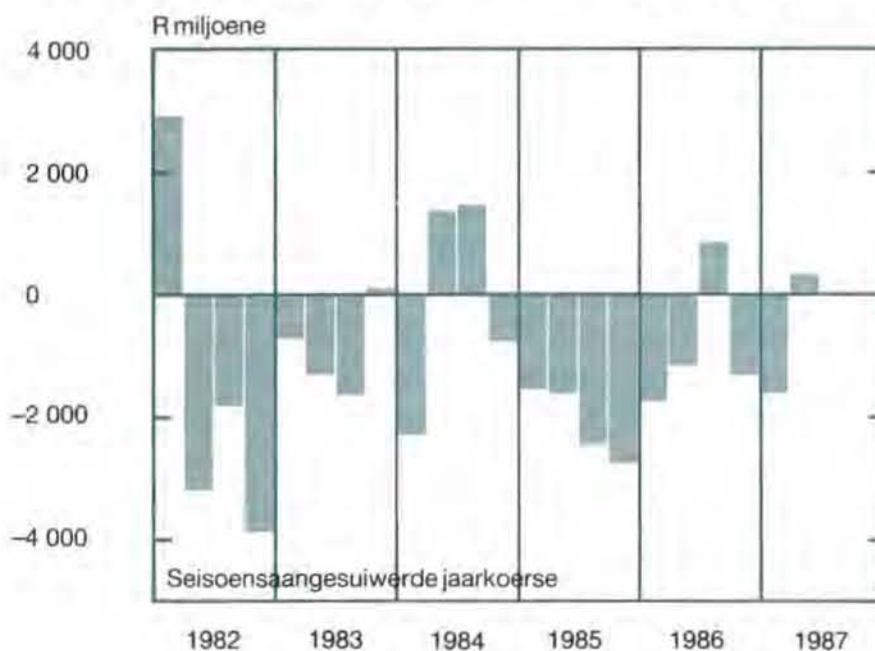
Die totale reële bruto binnelandse vaste investering het in die tweede kwartaal van 1987 teen 'n seisoensaangesuiwerde jaarkoers van 10 persent gedaal. Hierdie aansienlike afname kon hoofsaaklik aan afnames teen jaarkoerse van heelwat meer as 10 persent in die reële vaste kapitaalvorming deur openbare owerhede en deur die private sektor toegeskryf word. Die betrokke afnames het die toename in die reële kapitaalbesteding deur openbare korporasies aanmerklik oorskry.

'n Afname in die reële vaste kapitaalbesteding in die private sektor is in die meeste sektore van die ekonomie waargeneem. Dit was egter veral opvallend in die landbou, mynbou en finansiewese.

Die reële bruto vaste kapitaalvorming in die private fabriekswese het in werklikheid in sowel die eerste as die tweede kwartaal van 1987 verbeter. Die herstel in hierdie twee kwartale was egter onvoldoende om verdere inkrimping van die totale reële vaste kapitaalvoorraad in die fabriekswesesektor, wat in werklikheid reeds sedert die eerste kwartaal van 1985 in die ekonomie voorgekom het, te verhoed. Die persentuele benuttingsgraad van die produksiekapasiteit in die fabriekswese het gevolglik verder toegeneem tot 79,7 persent. Dit was beduidend hoër as die onlangse laagtepunt van 77,4 persent wat in die tweede kwartaal van 1986 in die benuttingskoers aangeteken is maar nog steeds heelwat laer as die hoogtepunt van 86,5 persent wat gedurende sowel 1974 as 1981 in hierdie koers voorgekom het. Versnelde veroudering as gevolg van tegnologiese vooruitgang kon egter beteken het dat die werklike grootte van die kapitaalvoorraad wat ekonomies weer in gebruik geneem kan word, minstens in sekere subsektore van die fabriekswese ietwat verder verminder het. Die tans heersende peil van die benuttingskoers van die "effektiewe" kapitaalvoorraad kan dus moontlik ietwat hoër wees as 79,7 persent.

Van die eerste tot die tweede kwartaal van 1987 is die totale reële kapitaalbesteding deur openbare owerhede met 12½ persent verlaag, wat op 'n buitengewoon hoë jaarkoers van ongeveer 42 persent neergekom het. Hierdie daling was hoofsaaklik die gevolg van drastiese vermindering van die kapitaalbesteding deur die Suid-Afrikaanse Vervoerdienste en die Departement van Pos- en Telekommunikasiewese. Hierdie besnoeiings is gedoen in die lig van die beskikbaarheid van vervoer- en kommunikasiefasiliteite van uiteenlopende aard en op verskillende terreine wat groot is in verhouding tot die eise wat gedurende die eerskome-

Verandering in voorrade teen konstante 1980-pryse



de aantal jare waarskynlik aan hierdie fasiliteite gestel sal word.

Nadat die totale reële voorrade in die Suid-Afrikaanse ekonomie vanaf die vierde kwartaal van 1984 bykans ononderbroke gedaal het, het dit in die tweede kwartaal van 1987 'n klein toename getoon. Die vernameste kategorieë van voorrade wat tot hierdie toename bygedra het, was mynbouvoorraad, landbouvoorraad-in-die-handel en diamantvoorraad-in-die-handel. Marginale toenames in voorrade het egter in baie sektore van die ekonomie voorgekom. Hierteenoor is vermindering van voorrade in die fabriekswese, in die elektrisiteits-, gas- en watersektor en in die groot-handel aangeteken.

Die algehele styging in die boekwaarde van voorrade het nie verhoed dat die verhouding van die totale voorrade tot die bruto binnelandse produk in die tweede kwartaal van 1987 tot 'n ongeëwenaarde lae syfer van 31½ persent gedaal het nie. Dit kan met die mees onlangse hoogtepunt van hierdie verhouding van 41 persent in die eerste kwartaal van 1982 vergelyk word. Die verhouding van nywerheids- en handelsvoorraad tot die bruto binnelandse produk in die nie-landbou-sektore van die ekonomie het ook in die tweede kwartaal van 1987 verder afgeneem tot 'n ongekende laagtepunt van 19½ persent.

Faktorinkome en besparing

Die seisoensaangesuiwerde jaarkoers van toename in die totale nominale faktorinkome het van 19½ persent in die eerste kwartaal van 1987 tot 18 persent in die tweede kwartaal verlangsaam. Hierdie verlangsaaming was hoofsaaklik die gevolg van 'n laer koers van toename in die vergoeding van werknemers. Die totale no-

minale arbeidsverdienste is in die tweede kwartaal van 1987 onder meer teruggehou deur 'n toename in werkonderbrekings en -stakings, deur die ongewone groot aantal nie-werkdae in hierdie kwartaal, en deur die uitstel van loon- en salarisverhogings in sekere sektore van die ekonomie. Ingesluit by laasgenoemde was die feit dat loon- en salarisverhogings in die staatsdiens eers vanaf 1 Julie 1987 van krag geword het.

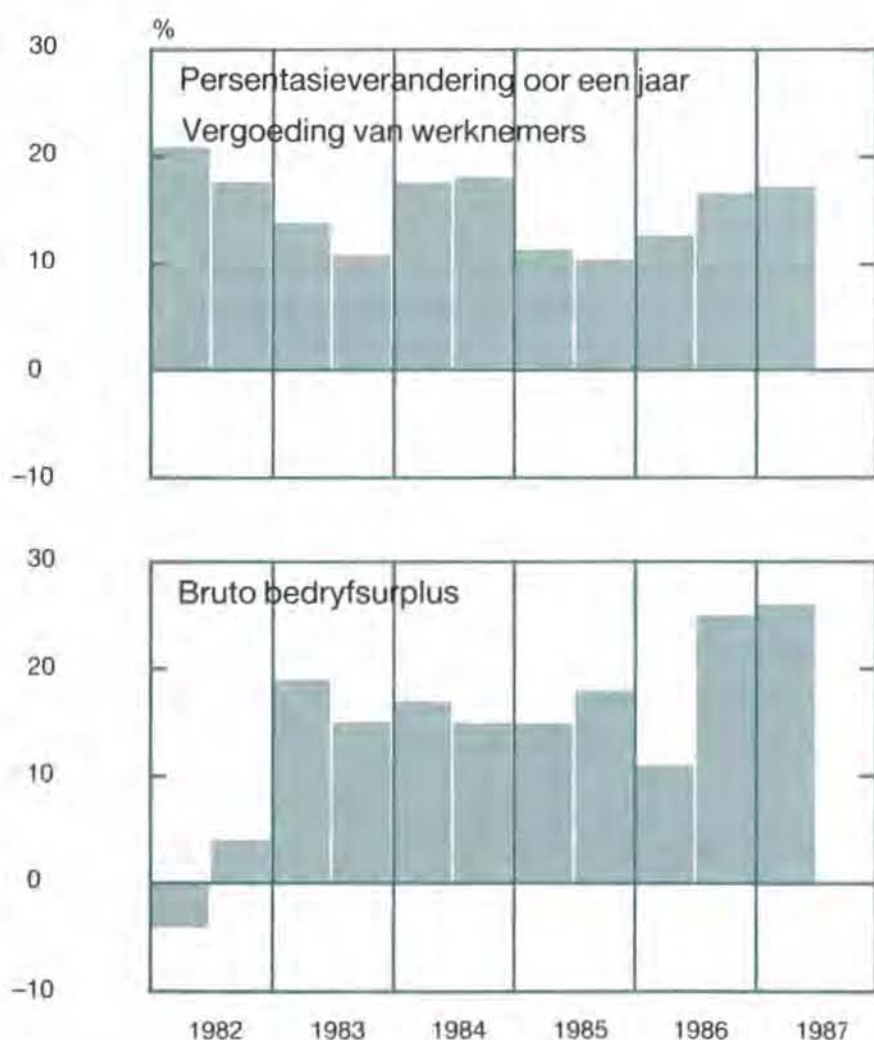
Die totale bruto bedryfsurplus, wat die oorblywende deel van die totale faktorinkome uitmaak, het in die tweede kwartaal van 1987 'n aansienlike toename teen 'n jaarkoers van 21 persent getoon. Groter bedryfsurplusse het wydverspreid in die verskillende sektore en sub-sektore van die ekonomie voorgekom. Die vergelykenderwys stewige prestasie van die totale bruto bedryfsurplus het derhalwe as bevestiging gedien van verslae oor die afgelope aantal kwartale waarvolgens die winste van maatskappye aanmerklik verbeter het, wat ook geblyk het uit die dalende aantal likwidasies van maatskappye sedert die middel van 1986.

Stygende vlakke van die winsgewendheid van sakeondernemings het gedurende die eerste en tweede kwartale van 1987 met opmerkbare toenames in maatskappybesparing gepaard gegaan. Die verhouding van die netto maatskappybesparing tot die totale bruto binnelandse besparing het van 'n gemiddelde vlak van 28 persent in 1986 tot 'n gemiddelde vlak van nie

minder nie as 37 persent in die eerste twee kwartale van 1987 gestyg. Hierteenoor het die *ontsparring* deur die algemene owerheid gedurende hierdie tydperk van 5½ persent van die bruto binnelandse besparing tot 17 persent toegeneem. Die voorsiening vir waardevermindering het in die tweede kwartaal op sy bestendige opwaartse pad voortgegaan.

Die persoonlike besparing het nog op 'n vergelykenderwys baie lae vlak gebly. In die tweede kwartaal van 1987 het die verhouding van persoonlike besparing tot die totale bruto binnelandse besparing 4½ persent beloop en was die verhouding daarvan tot die persoonlike beskikbare inkome 'n skrale 2 persent. Faktore wat afwaartse druk op hierdie besparingsverhoudings uitgeoefen het, was onder meer die betreklik beperkte nominale loonsverhogings in die tweede kwartaal van 1987, die hoë inflasiekoers en die gevolglike afname van 2 persent in die reële persoonlike beskikbare inkome per kapita vanaf die tweede helfte van 1986 tot die eerste helfte van 1987, die feit dat dit moeilik is om 'n afwaartse aanpassing van die lewenspeil te bewerkstellig, die hoë heersende pryse van sekere huishoudelike finansiële bates wat "rykdomeffekte" uitgeoefen en die tegeldemaking van sodanige bates vir verbruiksdoeleindes aangemoedig het, en die druk op besteding wat deur die opgedamde vervangingsvraag na duursame verbruiksgoedere uitgeoefen is.

Faktorinkome



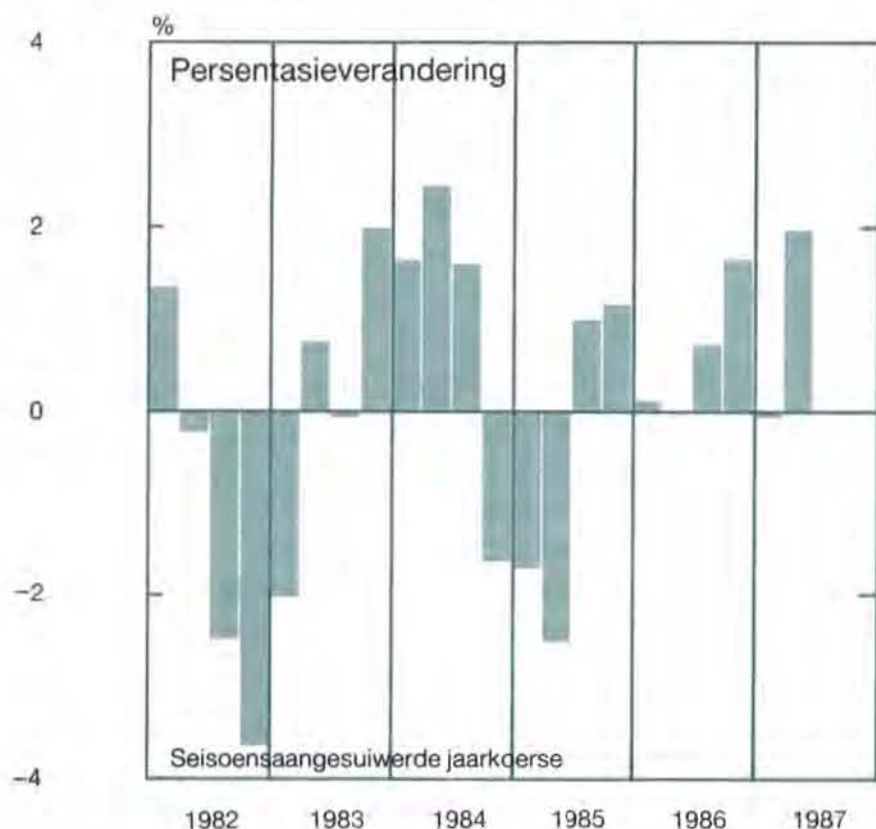
Werkverskaffing

Redelike sterk groei van die ekonomie in die tweede helfte van 1986 en die voortsetting daarvan teen matiger koerse in die eerste helfte van 1987 het met verhoogde indiensneming deur die openbare owerhede asook in 'n aantal nywerhede in die private sektor, met name in die goudmynbedryf, die fabriekswese en konstruksie en onder bouverenigings, versekeringsondernemings en hotelle, gepaard gegaan. Voortgesette verminderings in indiensneming kon egter by die Suid-Afrikaanse Vervoerdienste en in elektrisiteitsopwekking opgemerk word, hoofsaaklik as gevolg van interne rationalisasie- en herorganisasieprogramme in hierdie nywerhede.

Die totale werkverskaffing in die nie-landbousektore van die ekonomie het in die derde en vierde kwartale van 1986 teen jaarkoerse van 0,7 en 1,7 persent gestyg, in die eerste kwartaal van 1987 geen verdere verandering getoon nie, maar volgens voorlopige ramings in die tweede kwartaal van 1987 weer teen 'n koers van 2,0 persent toegeneem. Die totale werkverskaffing buite die landbou in die tweede kwartaal van 1987 het gevolglik die totale werkverskaffing in die tweede kwartaal van 1986 met 'n matige 1,1 persent oorskry.

Die seisoensaangesuiwerde aantal geregistreerde werkloos het in die loop van 1986 rondom 130 000 geskommel, tot ongeveer 121 000 in Mei 1987 gedaal,

Werkverskaffing in nie-landbousektore



Betreklik opmerkbare toenames in die totale fisiese produksie, teenoor beperkte toenames in die werkverskaffing, het tot gevolg gehad dat die arbeidsproduktiwiteit (dit wil sê die reële bruto binnelandse produk per werker) in die nie-landbousektore van die ekonomie in die eerste helfte van 1987 met 1,3 persent toegeneem het nadat dalings van 1,0 persent in 1985 en van 0,7 persent in 1986 aangeteken is. Tesame met die bestendige groeikoers van 14,3 persent in die gemiddelde nominale loon per werker in 1986 en in die eerste helfte van 1987, het hierdie verbetering in die arbeidsproduktiwiteit ook 'n effense verlansaming van die styging in die arbeidseenheidskoste tot gevolg gehad. Die tempo van die toename in hierdie koste het nominaal gesproke van 15,0 persent in 1986 tot 12,8 persent in die eerste helfte van 1987 teruggesak.

Pryse

Die koers van die inflasie in verbruikers- en produksiepryse het beduidend vanaf hoë vlakke in die eerste en derde kwartale van 1986 tot vergelykenderwys meer gematigde syfers in die eerste helfte van 1987 verlangsaam. Die kwartaal-tot-kwartaal-styging in die gemiddelde vlak van die verbruikerspryse het, teen 'n seisoensaangesuiwerde jaarkoers, vanaf 26,0 persent in die eerste kwartaal en 20,7 persent in die derde kwartaal van 1986 tot onderskeidelik 15,1 en 15,0 persent in die eerste en die tweede kwartaal van 1987 teruggesak. Op dieselfde manier gemeet het die koers van toename in die produksieprysindeks vanaf 26,3 persent in die eerste kwartaal van 1986 tot onderskeidelik 13,7 en 12,7 persent in die eerste en die tweede kwartaal van 1987 teruggeval.

Wisselinge in die inflasiekoers in die loop van 1985, 1986 en die eerste helfte van 1987 was hoofsaaklik 'n weerspieëling van die gesloerde uitwerking van bewegings van die wisselkoers van die rand op die pryse van ingevoerde goedere. Die koers van toename oor twaalf maande in die invoergoedere-komponent van die produksieprysindeks het in Januarie 1986 'n hoogtepunt van 32,5 persent bereik. Hoofsaaklik as gevolg van die appresiasie van die rand vanaf middel-Junie 1986 het hierdie koers uiteindelik tot slegs 12,0 persent in Julie 1987 gedaal.

Wisselings in die koers van toename in die verbruikersprysindeks het ook die uitwerking van skerp en veranderlike opwaartse aanpassings van die pryse van voedingsmiddele ingesluit. Die persentuele verhogings van die pryse van ander verbruikersgoedere as voedsel was in werklikheid in die eerste twee kwartale van 1987 beduidend laer as die gemiddelde van sodanige verhogings in die loop van 1986. Verlansamings van die koers van toename in die koste van behuising en ander verbruikersdienste vanaf die vierde kwartaal van 1986 tot die tweede kwartaal van 1987 het ook tot die matig laer koerse van toename in die verbruikersprysindeks bygedra.

maar vervolgens in die daaropvolgende twee maande weer betreklik skerp na 133 500 in Julie terugbeweeg. Die geregistreerde werkloosheid onder werkers anders as Swartes het betekenisvol afgeneem van 'n piek van 83 000 in September 1986 tot 69 000 in Maart 1987 en 67 000 in Julie.

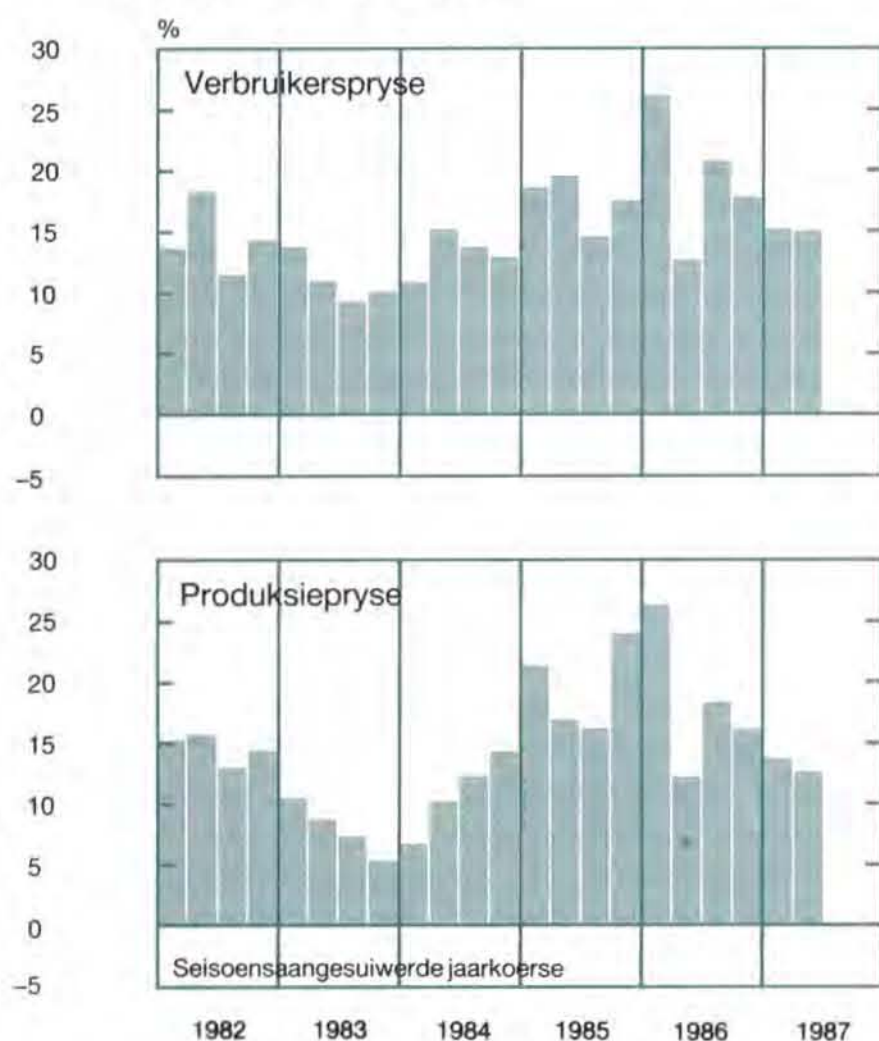
Die hersiene Lopende Bevolkingsopname vir Swartes het getoon dat die aantal werklose Swartes vanaf 1 181 000 in Julie 1986 tot 1 040 000 in Maart 1987 afgeneem het. In Maart 1987 het die verhouding van werklose Swart werkers tot die Swart arbeidsmag 16,7 persent bedra.

Arbeidskoste en produktiwiteit

Die gemiddelde bedrag van die nominale lone en salarisse per werker in die nie-landbousektore van die ekonomie het in sowel die kalenderjaar 1986 as in die eerste helfte van 1987 vergeleke met die eerste helfte van 1986 met 14,3 persent gestyg. Betrekbare gematigdheid van loonooreenkomste en loonsverhogings is gehandhaaf niesteenstaande die matige sikliese verstewiging van die vraag na arbeid en die toenemende voorkoms van stakings in sekere nywerhede.

Net soos in 1985 en 1986 was die koers van toename in die gemiddelde nominale arbeidsvergoeding in die eerste helfte van 1987 kleiner as die styging in die verbruikersprysindeks. Die gemiddelde reële loon per werknemer, wat in 1985 en 1986 met onderskeidelik 4,3 persent en 3,7 persent gedaal het, het gevolglik in die eerste helfte van 1987 vergeleke met die eerste helfte van 1986 met 'n verdere 2,0 persent gedaal.

Persentasieverandering in pryse



Oor tydperke van twaalf maande gemeet, het die koers van toename in die verbruikersprysindeks betreklik aansienlik vanaf bykans 21 persent in Januarie 1986 tot 16,1 persent in Januarie 1987 verlangsaam. Hierdie koers het daarna weer tot 17,2 persent in Junie 1987 versnel, maar in Julie weer tot 16,3 persent teruggesak. Die afname in Julie in die inflasiekoers oor twaalf maande is aangeteken ten spyte van opwaartse aanpassings van sekere geadministreerde pryse, wat verhogings van pos-, vervoer- en munisipale tariewe met ingang 1 Julie 1987 ingesluit het.

Die koers van toename in die produksieprysindeks, oor twaalf maande gemeet, het teruggesak vanaf 20,7 persent in Oktober 1986 tot 14,5 persent in Februarie 1987. Hierdie koers het vervolgens tot 16,1 persent in April 1987 gestyg voordat dit weer tot 14,1 persent in Julie verlangsaam het.

Betalingsbalans

Lopende rekening

Die oorskot op die lopende rekening van die betalingsbalans het, teen 'n seisoensaangesuiwerde jaarkoers, van sy rekord hoogtepunt van R12,9 miljard in die vierde kwartaal van 1986 tot R7,2 miljard in die eerste kwartaal van 1987 en tot 'n nog steeds heel aansienlike R5,8 miljard in die tweede kwartaal gedaal. Volgens die verhouding van die oorskot tot die bruto binnelandse produk was hierdie daling vanaf 8½ en 4½ tot 3½ persent.

Die verdere inkrimping van die oorskot op lopende rekening in die tweede kwartaal van 1987 kon toegeskryf word aan 'n taamlike groot daling in die netto gouduitvoer en 'n beduidende verdere styging in die waarde van die goedere-invoer. Die gesamentlike uitwerking van hierdie twee ontwikkelings was groter as dié van 'n effense herstel in die waarde van die goedere-uitvoer en 'n daling in die netto dienste- en oordragbetalings aan buitelanders.

Die waarde van die goedere-uitvoer het in die eerste kwartaal van 1987 aansienlik (naamlik met 12 persent) gedaal, maar in die tweede kwartaal 'n matige herstel (van sowat 2½ persent) getoon. Die gemiddelde vlak van die waarde van die goedere-uitvoer was in die eerste helfte van 1987 egter nog steeds betekenisvol laer (naamlik met 13½ persent) as die baie sterk prestasie wat dit in die tweede helfte van 1986 gelewer het.

Die geringe herstel van die goedere-uitvoer in die tweede kwartaal van 1987 kon aan klein toenames in sowel uitvoerpryse as in uitvoervolumes toegeskryf word. Internasionale kommoditeitspryse het, in terme van die VSA-dollar, in die tweede kwartaal van 1987 versnelde stygings getoon wat hierdie pryse op hul hoogste gemiddelde vlak sedert die tweede kwartaal van 1984 te staan gebring het. Die uitwerking van hier-

Lopende rekening van die betalingsbalans

Seisoensaangesuiwerde jaarkoerse

R miljoene

	1986		1987
	4e kw	1e kw	2e kw
Goedere-uitvoer	27 076	23 850	24 430
Netto gouduitvoer	16 989	18 370	17 030
Goedere-invoer	-22 777	-26 410	-27 370
Netto dienste- en oordrag- betalings	-8 409	-8 650	-8 320
Saldo op lopende rekening	12 879	7 160	5 770

Betalingsbalans: Handelsrekening



die prysstygings op die Suid-Afrikaanse uitvoerverdienste is egter gedeeltelik deur 'n verdere versteewiging van die effektiewe wisselkoers van die rand geneutraliseer. 'n Marginale toename in die volumes van die Suid-Afrikaanse uitvoer is behaal ten spyte van 'n ietwat verdere verslapping van die groei in die wêreld-ekonomie en van die uitwerking van sanksies teen sekere Suid-Afrikaanse uitvoergoedere.

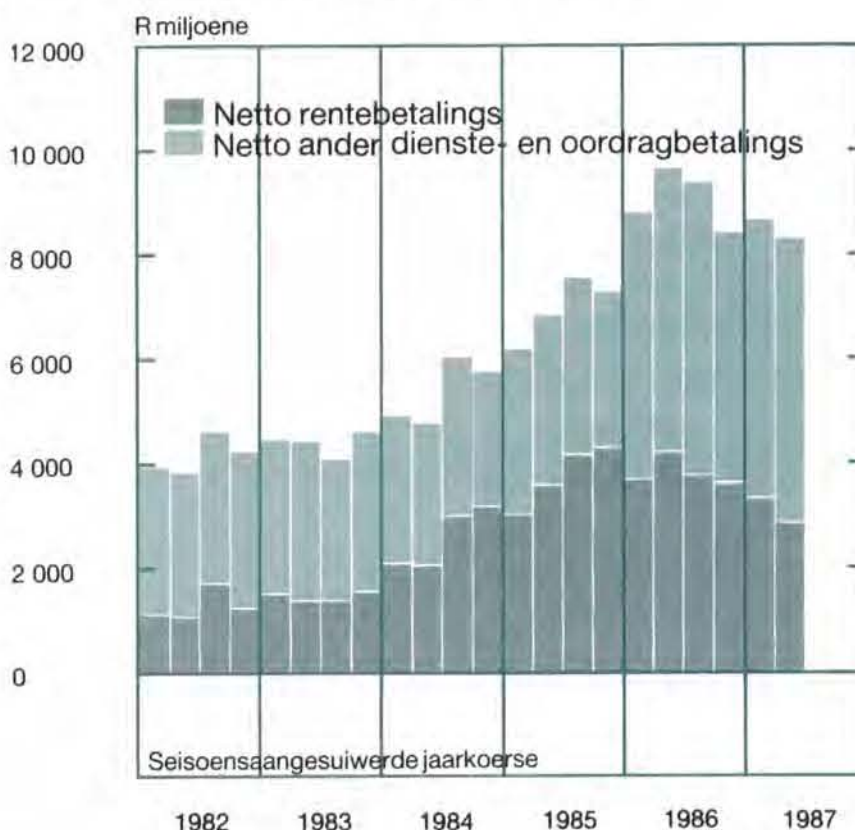
Die waarde van die netto gouduitvoer het van sy rekordvlak van R18,4 miljard in die eerste kwartaal van 1987 tot R17,0 miljard in die tweede kwartaal gedaal. Hierdie daling is meer as ten volle verklaar deur 'n daling in die volume van die goudproduksie wat op sy beurt aan 'n verdere verlaging van die graad van die erts wat ontgin is, toegeskryf kon word. Die prys van goud per fyn ons het in sowel Amerikaanse dollars as in rand gestyg. Die dollarprys van goud per fyn ons het van gemiddeld \$406 in die eerste kwartaal van 1987 tot \$450 in die tweede kwartaal toegeneem en daarna verder tot gemiddeld \$456 in Julie en Augustus 1987 gestyg; die gemiddelde prys gedurende Julie-Augustus 1987 kan met die ooreenstemmende prys van slegs \$362 in Julie-Augustus 1986 vergelyk word. Die ge-

middelde randprys van goud het in die eerste en tweede kwartale van 1987 en in Julie en Augustus 1987 onderskeidelik R844, R906 en R942 bedra.

Die waarde van die goedere-invoer het van die eerste kwartaal van 1987 tot die tweede kwartaal van 1987 met 3½ persent gestyg. Dit kon geheel en al aan 'n toename in die invoerpryse toegeskryf word. 'n Hoër gemiddelde vlak van die invoerpryse het voortgespruit uit hoër pryse in die internasionale oliemark (wat onder andere die mark se reaksie op die toenemende spanning in die Persiese Golf weerspieël het), en uit 'n matige styging van die gemiddelde inflasiekoers wat deur Suid-Afrika se belangrikste internasionale handelsvennote ondervind is.

Omgekeerd kon die daling van 4 persent in die invoervolume gedurende die tweede kwartaal van 1987 meer as ten volle verklaar word aan die hand van 'n skerp daling in die volume van die invoer van mineraalprodukte. Indien mineraalprodukte buite rekening gelaat word, het die volume van die oorblywende kategorieë ingevoerde goedere in werklikheid met meer as 7 persent gestyg. Die styging in hierdie soorte invoergoedere het breedweg verband gehou met die volgehoue, alhoewel slegs matige, verdere styging in die binnelandse ekonomiese bedrywigheid van die afgelope aantal maande en met die onlangse meer opmerkbare toenames in die reële bruto binnelandse besteding. Die totale volume van alle ingevoerde goedere in die tweede kwartaal van 1987 het die volume van die totale goedere-invoer in die tweede kwartaal van 1986 nietemin nog steeds slegs matig (naamlik met ongeveer 4 per-

Netto rente-, dienste- en oordragbetalings



sent) oorskry en, soos in die Reserwebank se onlangse *Jaarlikse Ekonomiese Verslag* aangetoon is, ook nog steeds heel aansienlik (naamlik 21 1/2 persent) laer gelê as die hoogste vlak van die volume van die goedere-invoer gedurende die mini-boom in die eerste kwartaal van 1984.

Netto dienste- en oordragbetalings aan buitelanders, wat teen 'n seisoensaangesuiwerde jaarkoers in die tweede kwartaal van 1986 'n hoogtepunt van R9,6 miljard bereik het, het verder gedaal van R8,7 miljard in die eerste kwartaal van 1987 tot R8,3 miljard in die tweede kwartaal. Hierdie daling het hoofsaaklik voortgespruit uit verminderde rentebetalings aan buitelanders en uit 'n toename in dividendontvangste uit Suid-Afrikaanse buitelandse beleggings. Die daling in rentebetalings was op sy beurt weer gedeeltelik 'n weerspieëling van die vermindering van Suid-Afrika se skuldverpligtings vanaf die hoogtepunt waarop die land se buitelandse-skulddposisie in 1985 gestaan het, en ook van die verstewiging van die effektiewe wisselkoers van die rand vanaf dié van middel van Junie 1986. Hierdie verskeie gunstige veranderings in rentebetalings en dividendontvangste het toenames in internasionale vrag- en versekeringsbetalings, toeristebesteding en dividendbetalings op buitelandse aandeelhoudersbelange in die Suid-Afrikaanse ekonomie meer as ten volle geneutraliseer.

Netto kapitaalbewegings

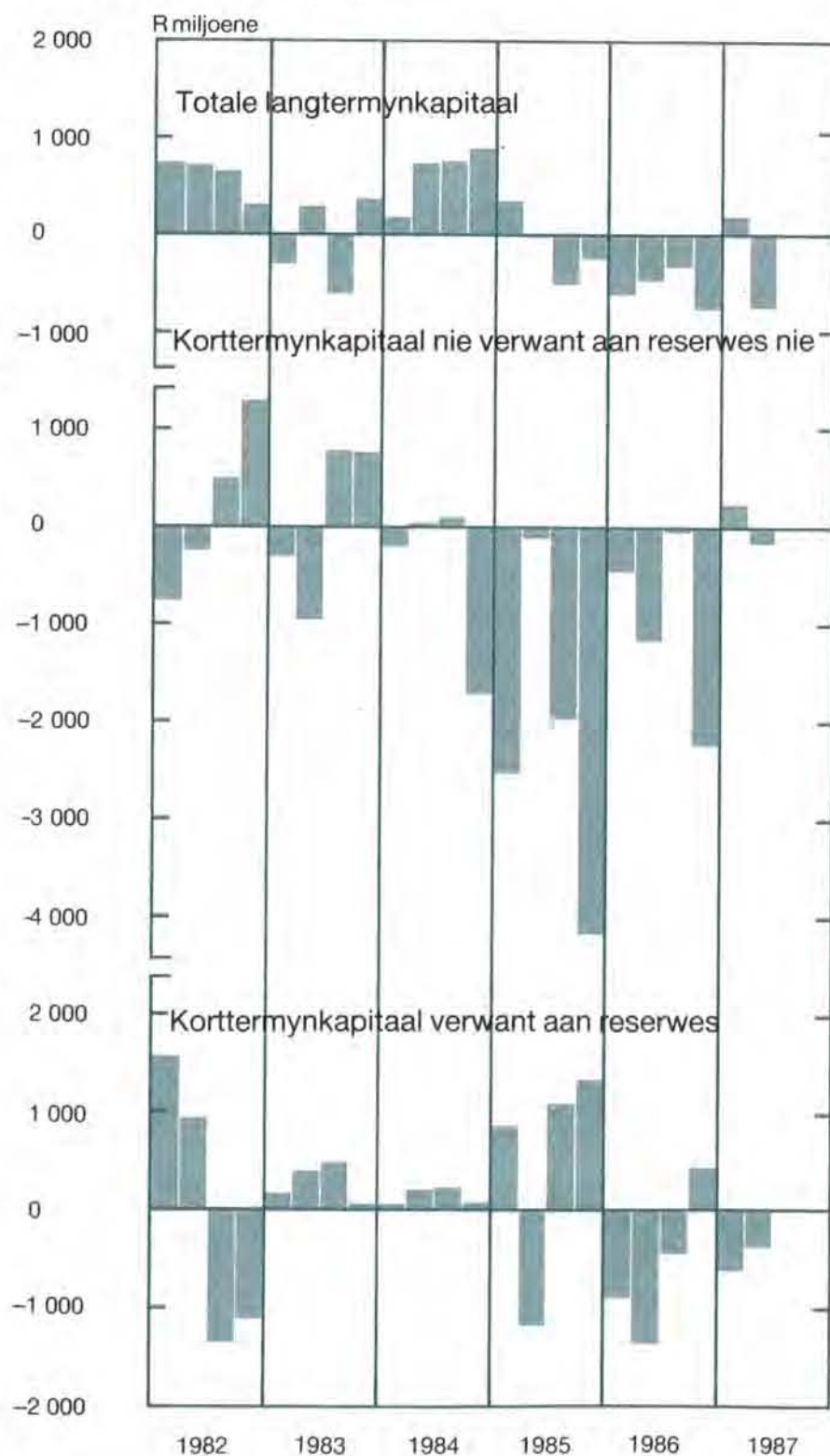
R miljoene

	1987		
	1e kw	2e kw	1e helfte
Langtermynkapitaal			
Openbare owerhede...	-9	-217	-226
Openbare korporasies	347	348	695
Banksektor	38	-60	-22
Private sektor:			
Netto aankope van genoteerde aandele deur nie-inwoners	-209	-546	-755
Ander kapitaal	18	-278	-260
Totale langtermynkapitaal	185	-753	-568
Korttermynkapitaal, insluitende onaangetekende transaksies maar uitsluitende laste verwant aan reserwes	222	-158	64
Totale kapitaalbewegings uitsluitende laste verwant aan reserwes ...	407	-911	-504
Verandering in laste verwant aan reserwes	-627	-377	-1 004

Kapitaalrekening

'n Netto invloeiing van kapitaal, nie verwant aan reserwes nie, van R407 miljoen in die eerste kwartaal van 1987 is deur 'n matige uitvloeiing van R911 miljoen in die tweede kwartaal gevolg. Die netto uitvloeiing gedurende die eerste helfte van 1987 het dus op 'n taamlik beperkte bedrag van R504 miljoen te staan gekom, wat met uitvloeiings van onderskeidelik R2,7 miljard en R3,4 miljard gedurende die eerste en die tweede helfte van 1986 vergelyk kan word. Op soortgelyke wyse het die netto uitvloeiing van kapitaal van R911 miljoen in die tweede kwartaal van 1987 self gunstig vergelyk met die gemiddelde kwartaallikse uitvloeiings

Netto kapitaalbewegings



van onderskeidelik ongeveer R2,3 miljard en R1,5 miljard wat gedurende die jare 1985 en 1986 aangeteken is.

Die totale netto uitvloeiing van kapitaal, nie verwant aan reserwes nie, het in die tweede kwartaal van 1987 uit R753 miljoen langtermynkapitaal en R158 miljoen korttermynkapitaal bestaan. Die uitvloeiing van langtermynkapitaal het weer hoofsaaklik bestaan uit terugbetalings deur owerheidsake- ondernemings op toondereffekte en skuldbewyse en deur private ondernemings op handelsverwante lenings wat nie binne die sogenaamde "stilstandnet" geval het nie. Nie-inwoners het ook nog steeds voortgegaan met netto verkope van effekte wat op die Johannesburgse Effektebeurs genoteer is, wat, alhoewel dit as uitvloeiings van langtermynkapitaal aangeteken word, onder die finansiële randstelsel uiteraard nie 'n werklike verlies aan buitelandse valuta meebring nie. In teenstelling met hierdie uitvloeiings was die openbare korporasies vir die tweede opeenvolgende kwartaal netto *invoerders* van buitelandse kapitaal in die vorm van sowel nuwe lenings wat aangegaan is as van trekkings op bestaande leningsfasiliteite vir projekfinansiering. Die bedrag wat op hierdie maniere opgeneem is, het R348 miljoen beloop.

Korttermynkapitaalbewegings, nie verwant aan reserwes nie maar met insluiting van onaangetekende transaksies, het van 'n invloeiing van R222 miljoen in die eerste kwartaal van 1987 na 'n matige uitvloeiing van R158 miljoen in die tweede kwartaal oorgeslaan.

Reserwe-verwante buitelandse laste is gedurende die tweede kwartaal van 1987 met 'n verdere R377 miljoen verminder. Van hierdie bedrag het R240 miljoen bestaan uit 'n verdere terugbetaling op Suid-Afrika se lening by die Internasionale Monetêre Fonds. 'n Verdere bedrag van R259 miljoen is in Augustus 1987 op hierdie lening terugbetaal. Die finale paalement van hierdie terugbetalings, ten bedrae van STR99,4 miljoen, moet in November 1987 gemaak word.

Buitelandse reserwes

Die volgehoue groot oorskot op die lopende rekening en die matige omvang van die kapitaaluitvloeiings het meegebring dat die totale bruto goud- en ander buitelandse reserwes, wat in die eerste kwartaal van 1987 met nie minder nie as R1,8 miljard toegeneem het, gedurende die tweede kwartaal met 'n verdere R282 miljoen gestyg het. Gedurende Julie en Augustus 1987 het die bruto goud- en ander buitelandse reserwes van die Reserwebank per saldo met nog 'n verdere R494 miljoen toegeneem. Hierdie meer onlangse styging in die Reserwebank se totale reserwebesit het voorgekom ondanks die voorbetaling op 15 Julie 1987 van VSA \$300 miljoen aan buitelandse krediteurbanke kragtens die "Tweede Tussentydse Ooreenkoms" vir die terugbetaling van geaffekteerde buitelandse skuld en ten spyte van die betaling in Augustus van die voorlaaste paalement op die IMF-lening. Die *goudbesit* van

die Reserwebank het van 5,5 miljoen fyn onse aan die einde van Maart 1987 tot 6,2 miljoen fyn onse aan die einde van Augustus gestyg.

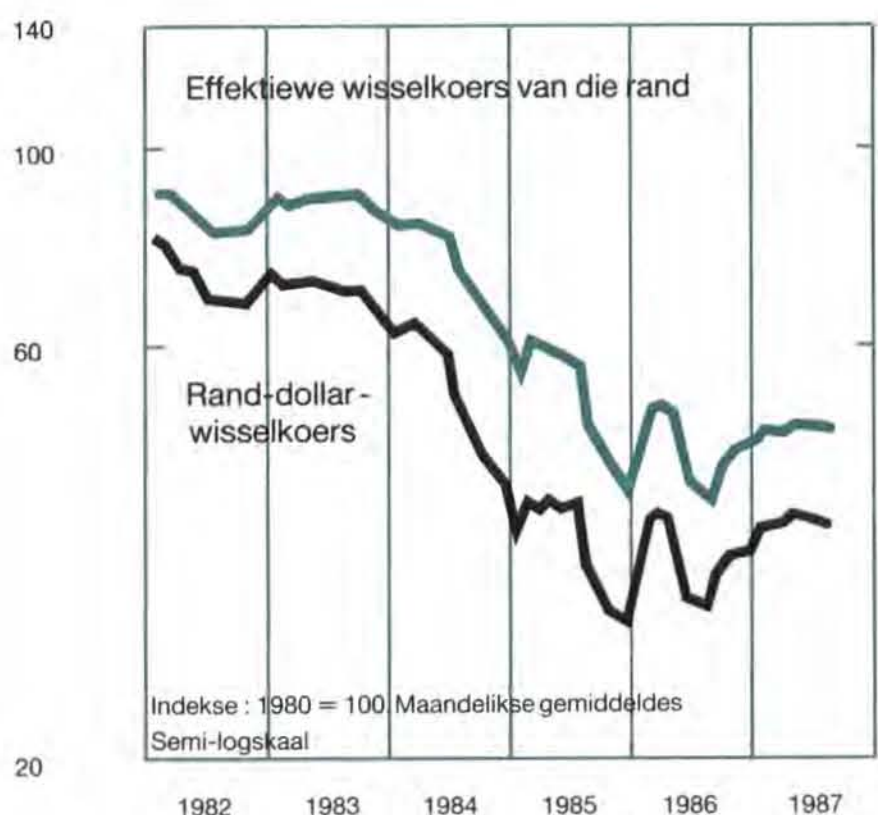
Wisselkoerse

Die wisselkoers van die rand teenoor die VSA-dollar het bykans deurlopend vanaf sy onderste draaipunt vanaf slegs ongeveer 36 VSA-sent op 12 Junie 1986 tot 45½ VSA-sent aan die einde van 1986 en 50½ VSA-sent op 20 Mei 1987 toegeneem. Die appresiasie van die rand teenoor die dollar vanaf die middel van Junie 1986 tot die middel van Mei 1987 het dienooreenkomsig sowat 41 persent bedra. Hierdie appresiasie het in groot mate die verswakking van die VSA-dollar teenoor ander belangrike geldeenheide weerspieël. Die rand het egter ook geappresieer in terme van ander voor-aanstaande geldeenheide, soos die pond sterling, die Franse frank en die jen.

Vanaf laat in Mei 1987 het die waarde van die rand in terme van die VSA-dollar oor die algemeen tussen 48 en 50 VSA-sent geskommel. Die toenemende verstewiging van die VSA-dollar in Julie en vroeg in Augustus 1987 het egter veroorsaak dat die wisselkoers van die rand teenoor die dollar tot 47,26 VSA-sent op 14 Augustus 1987 teruggesak het. Teen die einde van Augustus het die dollar/randwisselkoers weer op 49 VSA-sent te staan gekom. Die geweegde gemiddelde wisselkoers van die rand het vanaf 20 Mei 1987 tot aan die einde van Augustus 1987 min verandering getoon.

Soos die kommersiële rand, het die finansiële rand per saldo vanaf 12 Junie 1986 tot 20 Mei 1987 aansienlik

Wisselkoerse



Veranderings in die wisselkoerse van die rand
%

	12 Jun 1986 tot 20 Mei 1987	20 Mei 1987 tot 31 Aug 1987
Geweegde gemiddelde....	29,3	-0,4
VSA-dollar	40,9	-2,6
Britse pond	27,9	0,8
Duitse mark	13,2	-0,2
Switserse frank	12,3	0,3
Japanse jen	18,7	-0,7
Franse frank	18,8	-0,3
Finansiële rand	55,6	-9,5

verstewig. Sy dollarwaarde het tussen hierdie twee datums van 20,25 tot 31,50 VSA-sent, of met 55,6 persent, gestyg. Die diskonto van die finansiële rand teenoor die kommersiële rand het dienoooreenkomstig gedurende hierdie tydperk van 43,4 tot 37,5 persent gedaal. Vanaf 20 Mei 1987 het verskeie faktore, waaronder volgehoue verkope deur buitelanders van effekte wat op die Johannesburgse Effektebeurs genoteer is, egter veroorsaak dat die finrand tot 29 VSA-sent aan die einde van Augustus 1987 gedaal het. Sy diskonto teenoor die kommersiële rand het toe 42 persent be-loop.

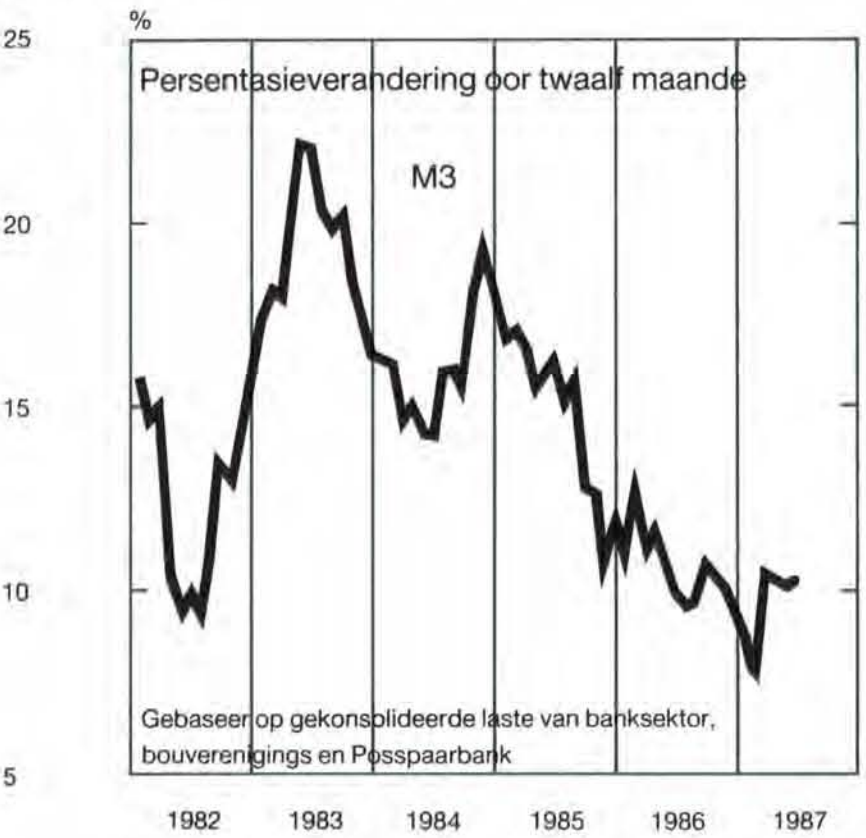
Finansiële markte

Geldvoorraad

Die omvattend gedefinieerde geldvoorraad, M3, het gedurende die eerste kwartaal van 1987 nog steeds maar net stadig maar in die tweede kwartaal effens vin-niger gegroei. Die seisoensaangesuiwerde jaarkoers van toename in M3 soos op kwartaaleindes het van on-geveer 9 persent in die eerste kwartaal van 1987 tot amper 13 persent in die tweede kwartaal gestyg.

Vanaf die begin van die 1987-mikpuntjaar (wat op die middel van November 1986 gestel word) tot aan die einde van Julie 1987 het die seisoensaangesuiwer-de jaarkoers van toename in M3 nog steeds slegs 10,9 persent beloop. Hierdie koers van toename was dus nog steeds aansienlik laer as die onderste grens, van 14 persent, van die mikpuntperk vir 1987. Aan die einde van Julie 1987 was M3 dienoooreenkomstig sowat R1,7 miljard, of 1,9 persent, laer as die minimum mik-puntwaarde. Die betreklik stadige groei in M3 geduren-de die 1987-mikpuntjaar tot aan die einde van Julie 1987 is, soos ook gedurende voorafgaande maande in die loop van 1986 die geval was, nog steeds hoofsaak-lik verklaar deur verskillende disintermediasieverskyn-sels, wat op hulle beurt weer teruggevoer kon word na die betreklik lae reële opbrengskoeerse-ná-belasting op deposito's by banke en bouverenigings, relatief lae rentekoeerse op deposito-beleggings in vergelyking met die banke se gemiddelde uitleenkoerse, die aantrek-

Geldvoorraad



kingskrag van alternatiewe finansiële beleggings by langtermynspaarinstellings asook van beleggings op die effektebeurs, en die vinnige verspreiding van die nuwe tegnieke vir die bestuur van kontantsaldo's.

Die inkome-omloopsnelheid van M3 het vanaf die vierde kwartaal van 1986 tot die eerste kwartaal van 1987 met 2,9 persent gestyg maar het, volgens voorlopige ramings, in die tweede kwartaal van 1987 skynbaar min verdere verandering getoon. Indien die toename in die omloopsnelheid in aanmerking geneem word, het die toename in die "effektiewe" M3-geldvoorraad vanaf die vierde kwartaal van 1986 tot die tweede kwartaal van 1987 teen 'n seisoensaangesuiwerde jaar koers 16,9 persent beloop. Dit was dus duidelik binne die onderste en boonste grense van 14 en 18 persent van die mikpuntperk vir 1987.

Gemeet oor twaalf maande het die koers van toename in M3 tot 'n laagtepunt van slegs 7,7 persent in Februarie 1987 gekrimp maar daarna, in ooreenstemming met die ietwat vinniger monetêre uitbreiding gedurende die tweede kwartaal, tot 11,2 persent in Julie 1987 versnel.

Onder die enger monetêre totale het die groeikoers oor twaalf maande in M1A van 20,5 persent in Desember 1986 tot 9,8 persent in Junie 1987 afgeneem voordat dit weer skerp tot 21,2 persent in Julie teruggespring

het. M1A is aanvanklik afwaarts beïnvloed deur die verspreiding van die nuwe kontantbestuurtegnieke, waardeur deposante onder andere in staat gestel word om hul netto besit aan lopende-rekeningsaldo's te verminder (of om daarop te "besuinig"). Aangesien M1A een van die kleiner monetêre totale is wat amptelik onder oë gehou word, neig die uitwerking van sodanige vermindering op deposante se totale besit aan die soorte geld wat by M1A ingesluit is om vergelykenderwys relatief groot te wees. Die skerp herversnelling van die groei in M1A in Julie 1987 kon toegeskryf word aan 'n ongewone groot styging in die bedrag aan note en munte wat oor die maandeinde van Julie in omloop was.

Die groeikoers oor twaalf maande in M1 is begunstig deur die nuwe tegnieke vir die bestuur van kontantsaldo's en ander faktore wat toenames in die besit aan oornag- en daggeld-deposito's aangemoedig het. Hierdie koers het dienooreenkomstig van 12,8 persent in Desember 1986 tot nie minder nie as 25,6 persent in Mei 1987 gestyg voordat dit weer tot 20,6 persent in Julie teruggeval het. Die groeikoers oor twaalf maande in M2 is nog steeds afgehou deurdat deposante in 1986 en die begin van 1987 uit "ander" kort- en middeltermyndeposito's wegbeweeg en in langtermyndeposito's inbeweeg het; sulke verskuiwings is 'n algemene verskynsel gedurende tydperke van dalende rentekoerse en verwagte verdere dalings van die rentekoerse. Die groeikoers oor twaalf maande in M2 het gevolglik in Maart 1987 slegs 6,2 persent en gedurende die vier maande van April tot Julie 1987 ongeveer 8,4 persent bedra.

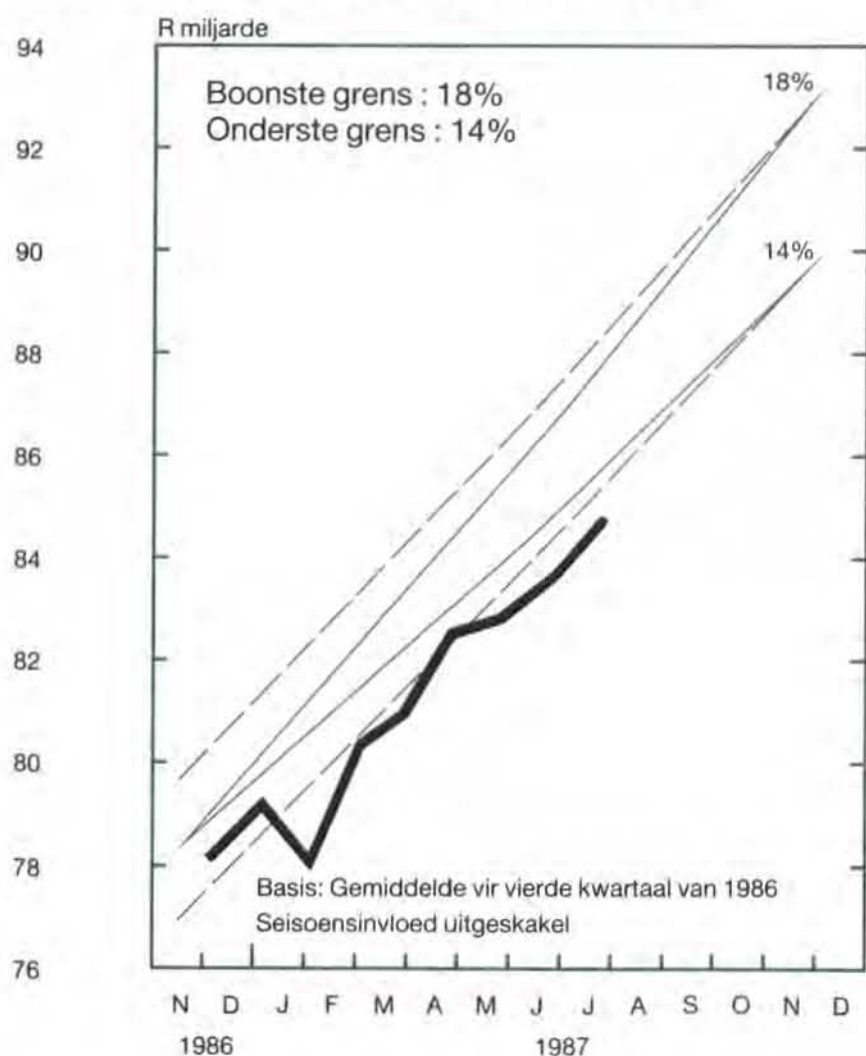
Lae koerse van toename in die totale kredietverlening deur instellings in die "monetêre" sektor het rekeningkundig gesproke nog steeds die belangrikste verklaring verskaf van waarom die volgehoue betreklik trae groei in M3 gedurende die eerste sewe maande van 1987 voortgeduur het. Die styging in die monetêre sektor se besit aan netto goud- en ander buitelandse reserwes het in die tweede kwartaal van die jaar 'n aansienlik kleiner bydrae tot die groei in M3 gemaak as wat gedurende die eerste kwartaal van 1987 die geval was.

Bankkrediet

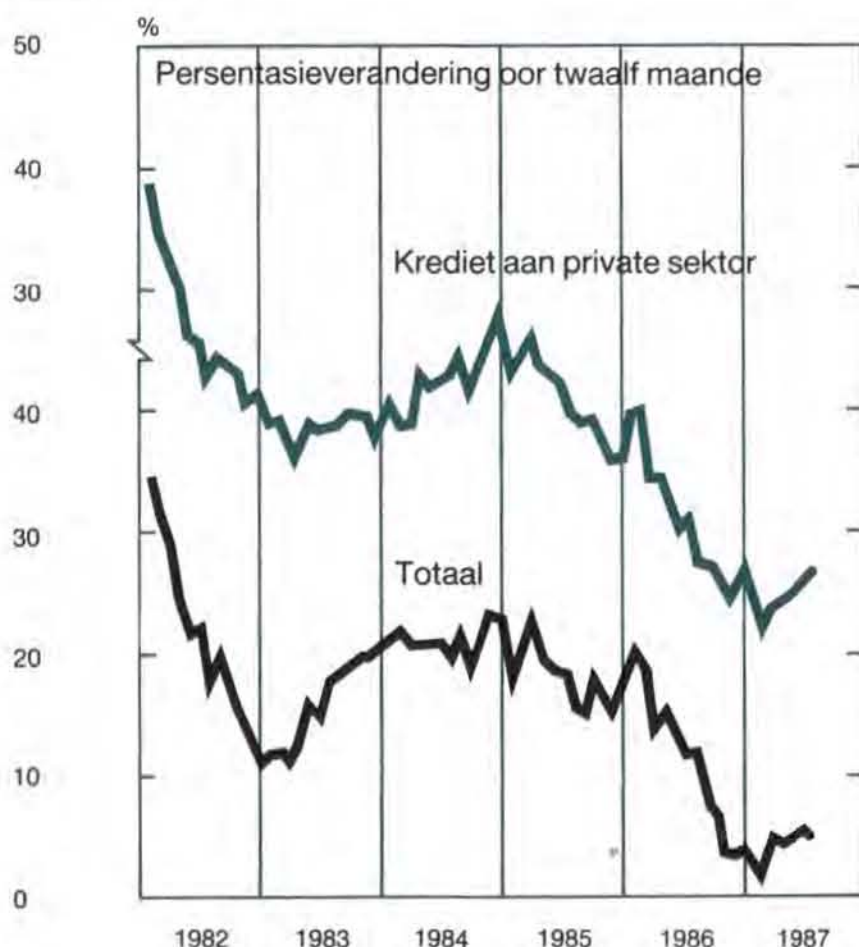
Die koers van toename oor twaalf maande in kredietverlening deur die banksektor aan die private sektor het van 'n laagtepunt van 1,7 persent in Februarie 1987 tot 6,6 persent in Julie gestyg. Die seisoensaangesuiwerde jaar koers van toename in bankkrediet aan die private sektor van Desember 1986 tot Julie 1987 het 6,4 persent beloop. Hierdie koers van toename het dus in reële terme of ná aansuiwering vir inflasie 'n aanmerklike verdere inkrimping beteken van die volume van die private sektor se verpligtings teenoor die bankstelsel.

Die volgehoue daling in die reële volume van die uitstaande bankkrediet gedurende die eerste sewe maande van 1987 – wat ongewoon was in dié opsig dat dit

Mikpuntgrense vir groei in M3 gedurende 1987



Bankkrediet



gedurende 'n tydperk van matige reële ekonomiese uitbreiding en relatief lae nominale rentekoerse voorgekom het – is verklaar deur ontwikkelings soos die toenemende gebruik van die praktyk waarvolgens korporatiewe kliënte se *debet*- en *kreditsaldo*'s in die boeke van bankinstellings teen mekaar verreken word en deur ander disintermediasieverskynsels, asook deur die geringe *behoefte* aan bankkrediet op grond van die lae vlakke van die vaste investering, die betreklik stadige groei van die invoer, en dalings in die voorrade. Die groot aantal nuwe aandele-uitgites op die effektebeurs het regstreeks of onregstreeks ook 'n vermindering van bankkrediet moontlik gemaak.

Absolute afnames is in die eerste kwartaal van 1987 aangeteken in die banke se besit aan verdiskonteerde wissels en in hul besit aan deposito's en effekte van die private sektor. Slegs stadige groei is opgemerk in die banke se "ander" lenings en voorskotte, wat waarskynlik die grootste deel van die uitwerking opgedoen het van die verrekening van kliënte se *debet*- en *kreditsaldo*'s. Taamlik aansienlike toenames is egter gedurende die tweede kwartaal in huurkoopkrediet en bruikhuurfinansiering aangeteken vanaf die lae basispeil waarop dit aan die einde van Maart 1987 gestaan het. Veral eersgenoemde toename het waarskynlik verband gehou met die oplewing in die verkope van motorvoertuie en ander duursame verbruiksgoedere gedurende die tweede kwartaal. Indien hierdie stygings voortduur, kan dit

moontlik dui op 'n geleidelike afname van die onwilligheid van huishoudings om die las van hul verbruikerskuld te vergroot.

Die bankstelsel se netto eise teen die regeringsektor het vanaf R2 036 miljoen aan die einde van Desember 1986 tot R2 875 miljoen aan die einde van Junie 1987 toegeneem. Dit het tot gevolg gehad dat die relatiewe toename in *totale* bankkrediet gedurende die eerste ses maande van 1987 groter was as die toename in bankkrediet aan die private sektor alleen. Netto eise teen die regeringsektor het egter in Julie skerp gedaal tot slegs R1 705 miljoen. Die toename in totale bankkrediet vanaf Desember 1986 tot Julie 1987, teen 'n seisoensaangesuiwerde jaarkoers, het gevolglik slegs 5,1 persent bedra, wat laer was as die koers van toename in die banke se eise teen die private sektor.

Reserwebankoptrede in die geldmark

Die beperkte lewenskragtigheid van die huidige opswaai, die volgehoue sterk stand van die lopende rekening van die betalingsbalans, die groei in die geldvoorraad wat laer as die mikpunt was en die trae uitbreiding van bankkrediet, het tot gevolg gehad dat die Reserwebank gedurende die eerste 8½ maande van 1987 by die matig ekspansionistiese ingesteldheid van sy monetêre beleid wat deur progressiewe verlaging van die Bankkoers gedurende 1985 en 1986 bereik is, gehou het. Geen verhoging van die Bankkoers, en geen verstewiging van die vlak van die rentekoerse in die algemeen, is onder hierdie omstandighede deur die Reserwebank voorsien of beoog nie. Hierteenoor sou daar, na die mening van die Bank, ook slegs weinig positiewe resultate verwag kon word van selfs nog verdere verlaging van die Bankkoers of van verdere dalings van die vlak van die nominale rentekoerse in die algemeen. Die Bankkoers is gevolglik regdeur die eerste 8½ maande van 1987 gehandhaaf op die vlak van 9½ persent waartoe dit op 10 Desember 1986 verlaag is.

Vanaf die einde van Maart 1987 het die Reserwebank by 'n hele aantal geleenthede aktief gebruik gemaak van sy gewysigde prosedure om kontantreserwes aan die geldmark te voorsien deur diskontohuise en banke toe te laat om te tender vir fondse van die Korporasie vir Openbare Deposito's. Tesame met die aanwending van ander instrumente op die algemene gebied van sy opemarktransaksies (met inbegrip van regstreekse aankope of verkope van staatseffekte en ander geldmarkbates, terugkoopopreënkomste of omgekeerde terugkoopopreënkomste en valuta-ruiltransaksies), het die Bank van die voorsiening van KOD-fondse deur middel van die tenderstelsel gebruik gemaak om beter beheer uit te oefen oor die mark se behoefte aan herfinansiering by die Bank se diskontovenster en, in die algemene klimaat van monetêre ruimte en stabiele rentekoerse wat die Bank nagestreef het, ook om die bedrag aan sodanige herfinansiering te beperk.

Deels as gevolg van hierdie optrede van die Bank in

die ope mark (en aangehelp deur die verruimende invloed wat die Bank se stygende goud- en ander buitelandse reserwes op die geldmark uitgeoefen het) het die bedrag van die Bank se bystand aan die mark in die vorm van herdiskonterings en oornaglenings by die diskontovenster in die tweede en derde kwartale van 1987 meesal nie bo 'n paar honderd miljoen rand gestyg nie. Die daaglikse gemiddelde van sodanige herfinansieringshulp gedurende die tydperk van April tot Augustus 1987 was minder as R200 miljoen. Aan die einde van Augustus 1987 het die bedrag aan herfinansiering tot R626 miljoen gestyg, maar daarna verander na 'n oorskot. Op 18 September het die oorskot R150 miljoen bedra. Oorskotte aan kontantreserwes wat van tyd tot tyd voorgekom het, is deur die Bank "geakkommodeer" deur die diskontohuise of die banke wat sodanige oorskotte gehou het, toe te laat om op 'n oornagbasis te tender vir bates (oorwegend geldmarkpapier, en momentaan hoofsaaklik Landbankwissels) wat uit die portefeulje van die Korporasie vir Openbare Deposito's beskikbaar gestel is.

Korttermynrentekoerse

Korttermynrentekoerse het in April 1987 tydelik verstewig maar daarna vanaf Mei tot Augustus 1987 op meer stabiele vlakke te staan gekom. Die koers op likwiede bankaksepte van drie maande het byvoorbeeld gedurende hierdie tydperk slegs tussen 'n hoogtepunt van 9,05 persent in die laaste week van Mei en 'n laagtepunt

van 8,65 persent in die middel van Junie geskommel. Hierdie koers het op 18 September 8,90 persent beloop. Die koerse op herverdiskonteerbare geldmarkbates het gedurende hierdie tydperk konsekwent heelwat laer as die Reserwebank se herdiskonteringskoerse gebly. Meer opmerklieke wisselvalligheid kon egter waargeneem word onder die banke se koerse op groothandelsdaggeld en op fondse wat in die interbankmark gewerf is. Die daggeldkoers het byvoorbeeld by geleentheid so hoog as 10 persent gestyg.

Die verrekeningsbanke se prima-oortrekkingskoers is vanaf laat in Januarie 1987 en regdeur die tweede en derde kwartale van 1987 tot by die middel van September onveranderd op 12½ persent gehou ten spyte van die verstewiging van die depositokoerse wat gevolg het op die instelling van die sogenaamde Senior Burger-Spaarobligasies deur die Minister van Finansies in sy Begrotingsrede van Junie 1987. Die oorspronklike uitgifte van hierdie obligasies is egter, vanweë die baie sterk beleggersreaksie op hierdie uitgifte, op 8 Augustus 1987 gestaak om sodoende enige betekenisvolle verwringings van die vloei van fondse in die markte vir kleiner deposito's en verwante vasterentedraende beleggings te vermy.

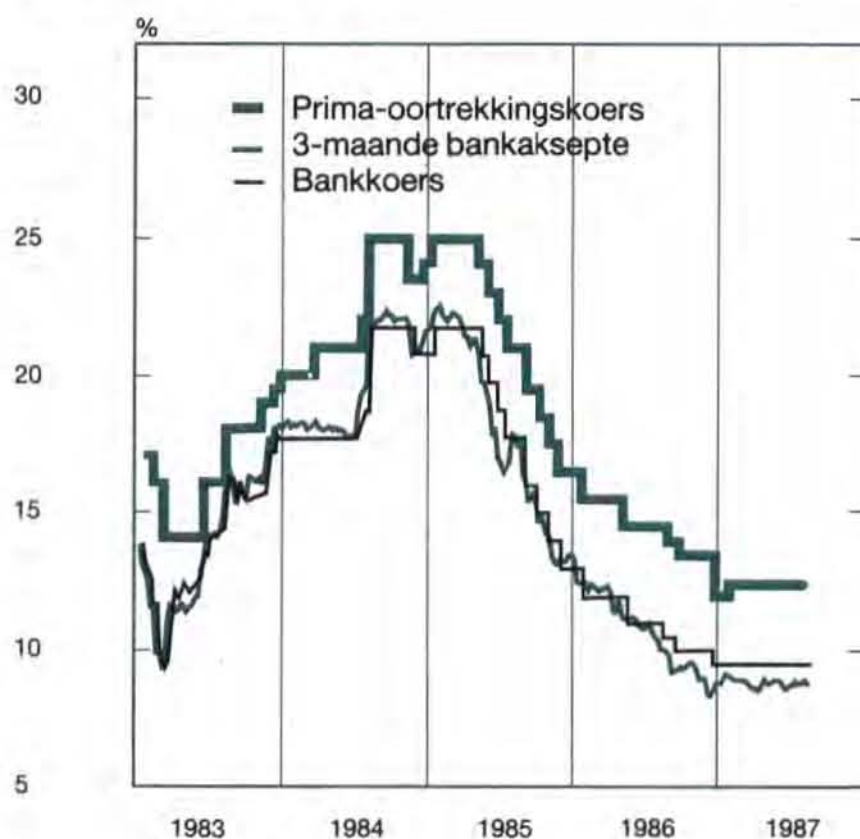
Kapitaalmarkbedrywigheid

Die hoë vlakke van die bedrywigheid in die kapitaalmark wat in die eerste kwartaal van 1987 waargeneem is, is in die tweede kwartaal en in Julie en Augustus 1987 gehandhaaf of oortref. Verdere toenames in die omset op die aandelemark en in aandelepryse is aangeteken. Die vaste-eiendomsmark het 'n verdere styging in verbandlenings en 'n verdere toename in vaste-eiendomstransaksies ondervind. Handelsbedrywigheid in die effekte van die openbare sektor is in die tweede kwartaal van 1987 min of meer op die rekordvlak wat in die eerste kwartaal van die jaar bereik is, gehandhaaf.

Die waarde van die effekte van die openbare sektor wat op die aandelebeurs verhandel is, het marginaal afgeneem van R40,3 miljard in die eerste kwartaal van 1987 tot R40,1 miljard in die tweede kwartaal. In Julie en Augustus het die maandelikse gemiddelde omset van hierdie effekte egter nie minder nie as R18,2 miljard bedra, wat 36 persent hoër was as die maandelikse gemiddelde waarde van die effekte wat gedurende die voorafgaande drie maande verhandel is. Vaste-eiendomstransaksies het van R3,3 miljard in die eerste kwartaal van 1987 tot R3,6 miljard in die tweede kwartaal gestyg. Die maandelikse gemiddelde waarde van hierdie transaksies het daarna nog weer aansienlik verder toegeneem, naamlik met 11 persent, tot R1,3 miljard in Julie.

Die waarde van aandele verhandel op die effektebeurs het vanaf R4,2 miljard in die eerste kwartaal van 1987 tot R4,8 miljard in die tweede kwartaal en tot 'n maandelikse gemiddelde van R1,8 miljard in Julie en

Korttermynrentekoerse



Augustus toegeneem. Die pryse van aandele is in hierdie styging in die handelsbedrywigheid nog weer verder opgedryf. Ná 'n toename van 9 persent in die eerste kwartaal van 1987 het die gemiddelde prysvlak van alle klasse aandele in die tweede kwartaal met 11 per-

sent gestyg, hoofsaaklik vanweë 'n toename van 14 persent in die pryse van finansiële aandele. 'n Verdere styging in die gemiddelde prysvlak van 12 persent is gedurende Julie en Augustus aangeteken.

In die loop van die hele huidige opwaartse fase in aandelepryse tot op hede, dit wil sê gedurende die afgelope 32 maande vanaf die begin van 1985 tot Augustus 1987, het die gemiddelde prysvlak van alle klasse aandele met ongeveer 133 persent gestyg. Die prys-verdiensverhouding met betrekking tot finansiële, nywerheids- en handelsaandele het gedurende hierdie tydperk van 7,2 tot 14,6 gestyg. In vergelyking hiermee het die gemiddelde styging in die pryse van alle klasse aandele tydens die effektebeursoplewing gedurende die tydperk van 41 maande vanaf die begin van 1966 tot Mei 1969, 152 persent beloop. Hoogs spekulatiewe aankoopbedrywighede gedurende die finale stadiums van daardie bulfase voor die intrede van die belangrike terugslag in die aandelepryse wat in Mei 1969 begin het, het die prys-verdiensverhouding van nie-mynbouaandele uiteindelik tot 'n hoogtepunt van 24,4 opgestoot.

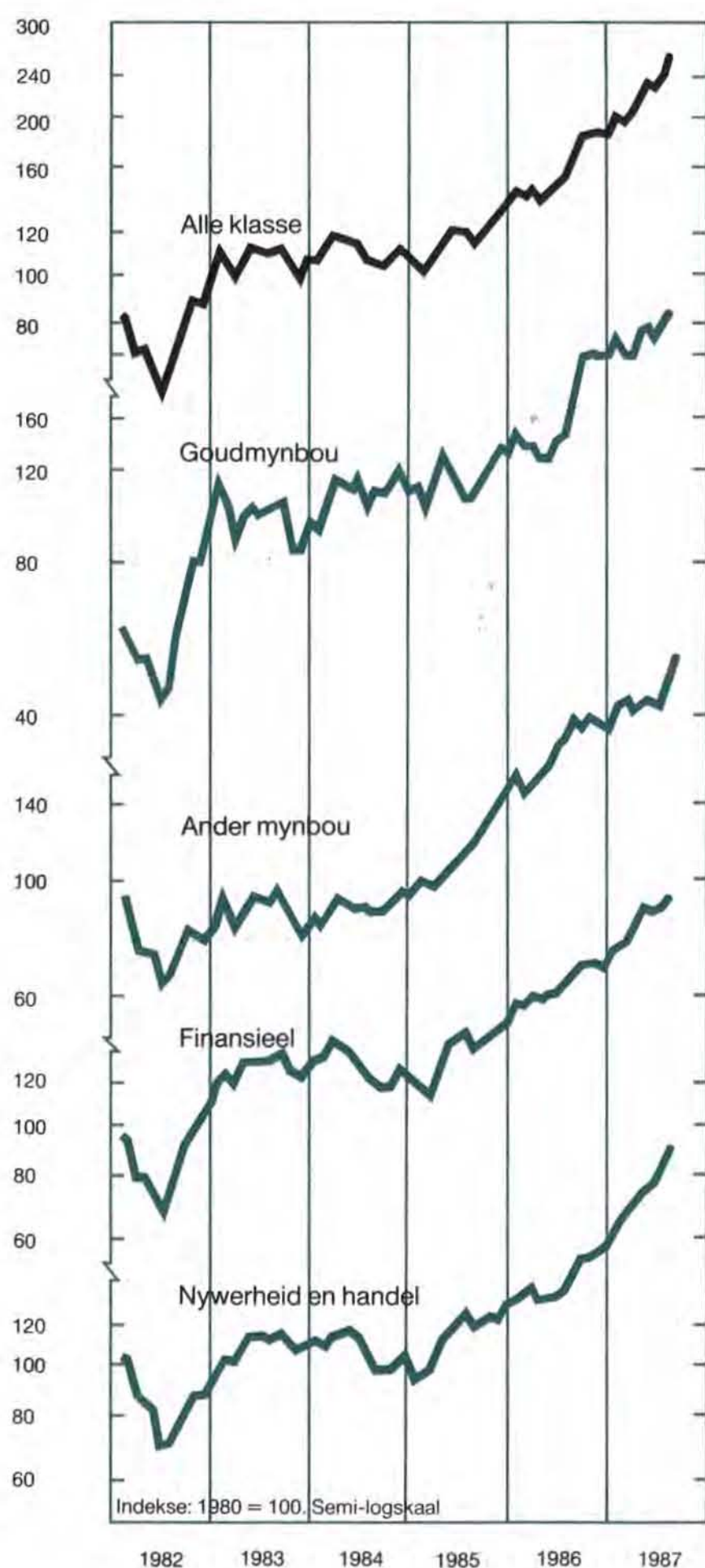
In die primêre markte het die openbare sektor in die tweede kwartaal van 1987 nuwe fondse ten bedrae van R649 miljoen deur uitgifte van vaste-rentedraende effekte aan banke en private nie-bankbeleggers opgeneem. Die ooreenstemmende bedrag in die eerste kwartaal het R845 miljoen beloop. Maatskappye wat op die effektebeurs genoteer is, het gedurende die tweede kwartaal van 1987 geen nuwe uitgifte van vaste-rentedraende effekte gemaak nie. Nuwe uitgifte van aandelekapitaal deur hierdie maatskappye het daarenteen R817 miljoen beloop. Dit kan vergelyk word met bedrae van onderskeidelik R201 miljoen en R205 miljoen wat deur nuwe uitgifte van skuldbriewe en van aandelekapitaal in die eerste kwartaal van 1987 opgeneem is.

In die verbandmark het die volgehoue verdere verbetering in die netto invloed van fondse na bouverenigings en deelnemingsverbandskemas, tesame met die verhoogde verbandvraag, hierdie instellings in staat gestel om hul verbandleningsbedrywighede verder te verhoog. Die bedrag aan verbandlenings wat deur hierdie instellings uitbetaal is, het van R2,0 miljard in die eerste kwartaal tot R2,2 miljard in die tweede kwartaal toegeneem.

Langtermynrente- en -opbrengskoerse

Langtermynrentekoerse het gedurende die eerste kwartaal van 1987 gedaal maar in die tweede kwartaal na aansienlik hoër vlakke terugbeweeg. Gunstiger persopies van die vooruitsigte vir inflasie en vir die openbare sektor se leenbehoefte het vervolgens meegebring dat hierdie koerse in Julie, Augustus en die eerste week van September weer laer geneig het. Uitgedruk in maandelikse gemiddeldes het die opbrengskoers op langtermynstaatseffekte effens gedaal van 15,3 persent in Desember 1986 tot 15,0 persent in

Aandelepryse



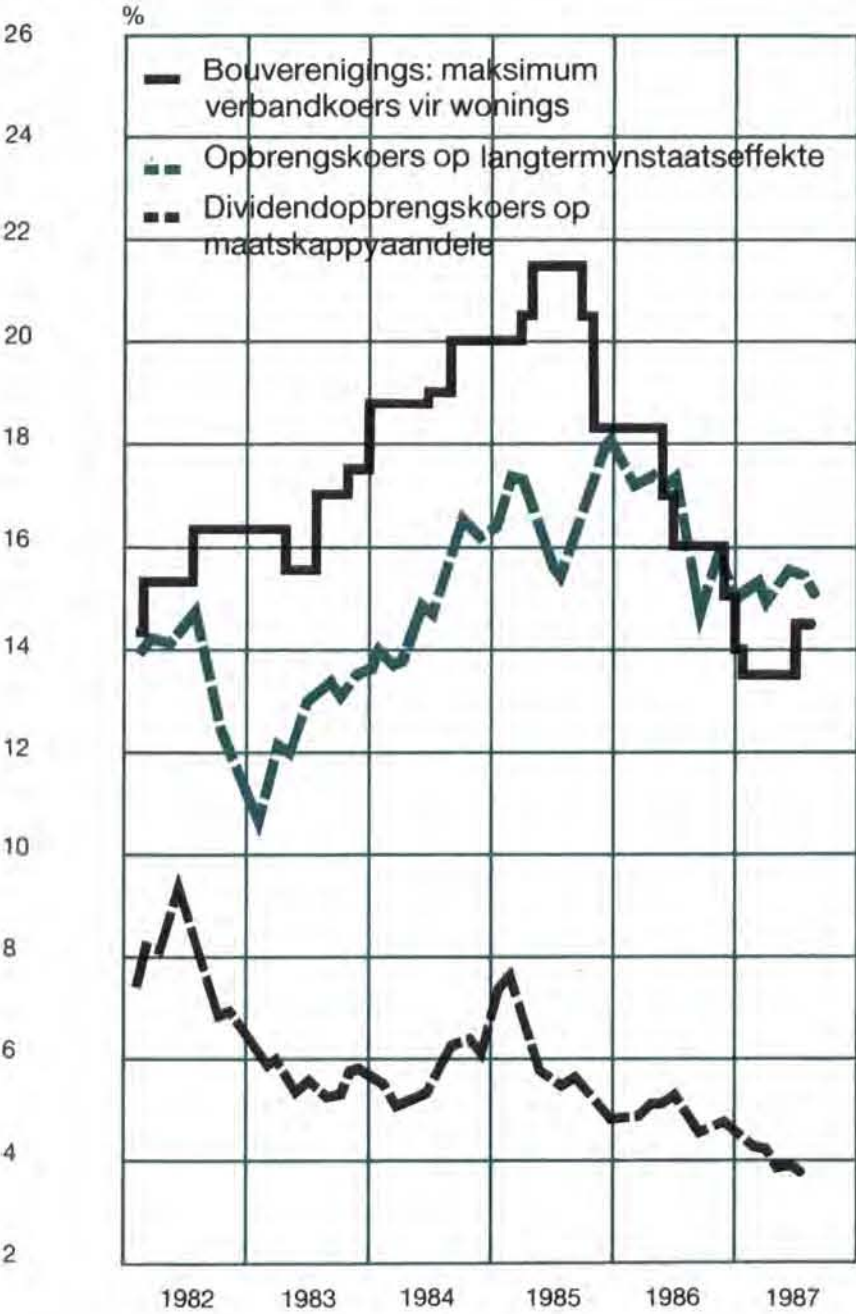
Maart 1987, daarna tydelik tot 15,6 persent in Junie verstewig maar vervolgens weer verder tot 15,1 persent in Augustus teruggesak.

Die oorheersende koers op huisverbandlenings is in Mei 1987 van 13,5 persent tot 14,0 persent en in Julie tot 14,5 persent verhoog. In Augustus 1987 het 'n groot bouvereniging egter sy koers op nuwe verbandlenings tot 12,95 persent verlaag.

Die oorheersende koers op deposito's van twaalf maande by banke en bouverenigings, wat as 'n verteenwoordigende koers vir die koerse op depositobelleggings in die algemeen dien, is in Februarie 1987 van 9,5 na 10,0 persent verhoog. Hierdie koers is vervolgens deur die bouverenigings verder verhoog tot 10,25 persent in Mei, 10,5 persent in Junie en 10,75 persent in Julie. Die oorheersende koers op deposito's van twaalf maande by die banke is slegs tot 10,5 persent verhoog, en hierdie verhoging het eers in Julie 1987 plaasgevind.

As die spieëlbeeld van die skerp styging in die aandelepryse, het die dividendopbrengskoers op alle klasse aandele van 4,7 persent in Desember 1986 tot 4,2 persent in Maart 1987, 3,9 persent in Junie 1987 en 3,7 persent in Augustus gedaal. By die aanvang van die huidige bulfase in die aandelepryse in Januarie 1985 het die gemiddelde dividendopbrengskoers op alle klasse aandele nog op 6,3 persent gestaan. Ná aansuiwering vir die heersende inflasiekoers in verbruikerspryse, kan die "reële" dividendopbrengskoers op alle klasse aandele geag word om tussen Januarie 1985 en Augustus 1987 in werklikheid marginaal van -10,0 tot -9,9 persent te gestyg het. In die stygende aandelemark van Januarie 1966 tot Mei 1969 het die dividendopbrengskoers op alle klasse aandele van 6,8 tot 3,1 persent gedaal. Die "reële" dividendopbrengskoers het gedurende daardie tydperk van 2,8 tot -0,6 persent afgeneem.

Langtermynrentekoerse

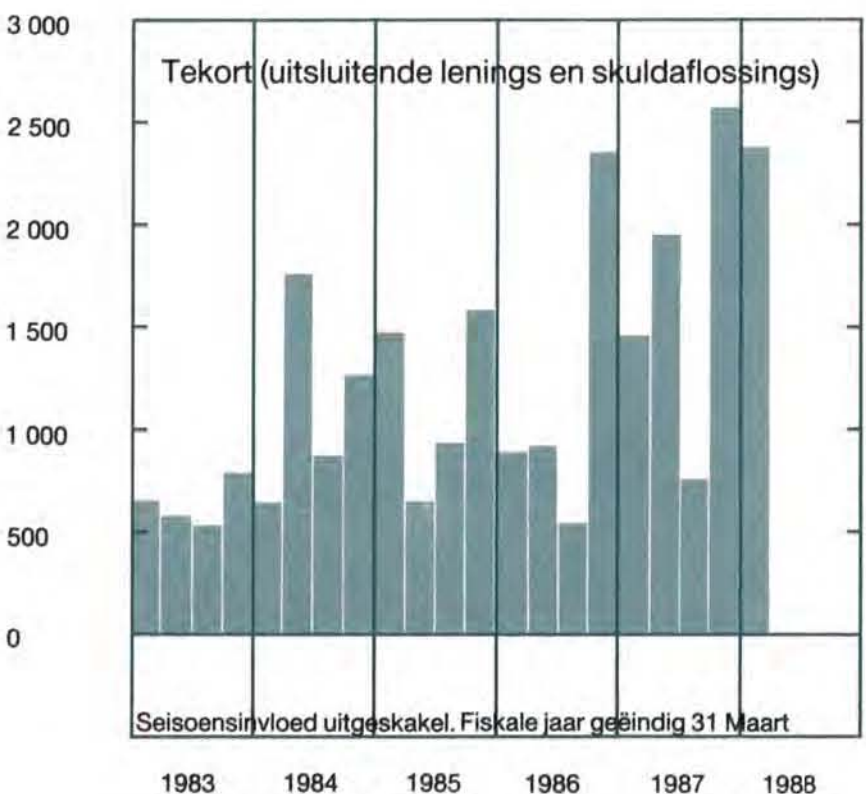
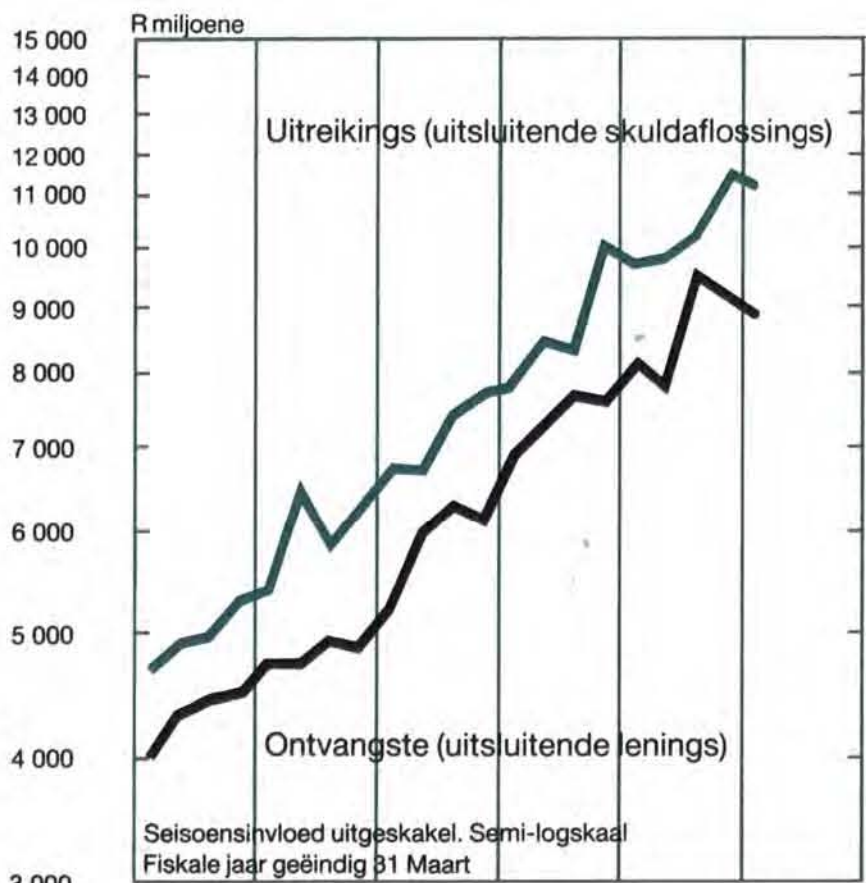


Staatsfinansies

Besteding deur die algemene owerheid

Die totale besteding deur die *algemene owerheid* aan finale goedere en dienste het in die eerste kwartaal van die kalenderjaar 1987 'n baie groot toename van 25,3 persent getoon en in die tweede kwartaal 'n nog steeds heel aansienlike toename van 18,7 persent aangeteken.

Skatkisrekening

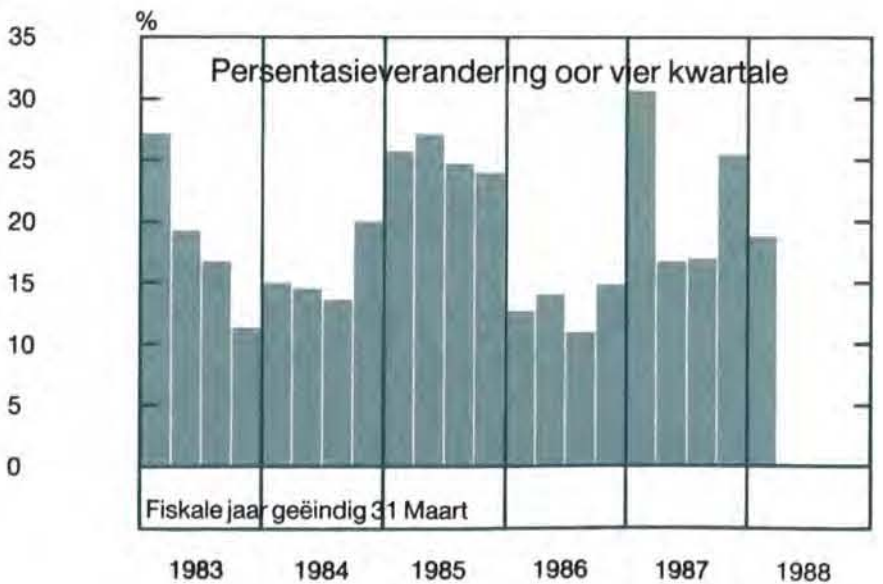
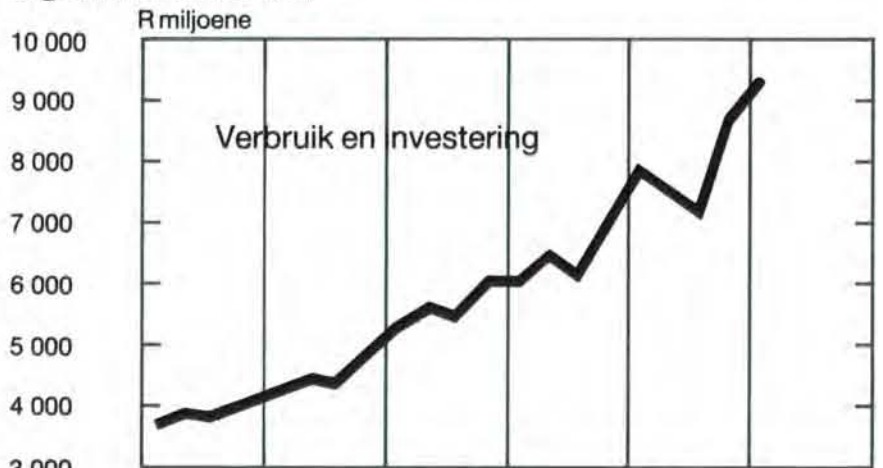


Die verhouding van hierdie besteding tot die bruto binnelandse produk het dienooreenkomstig van 24 persent in die eerste kwartaal van die kalenderjaar tot effens meer as 23 persent in die tweede kwartaal gedaal.

Skatkisuitreikings en -ontvangste

Soos die verloop van die algemene owerheid se besteding reeds kon laat dink het, het die Skatkisuitreikings van die *Sentrale Regering* – ná die gebruikelike aansuiwering vir veranderinge in die saldo op die Betaalmeester-Generaalrekening – in die tweede kwartaal van die kalenderjaar 1987, dit wil sê in die eerste kwartaal van die fiskale jaar 1987/88, ook 'n skerp verdere toename getoon. Gedurende die voorafgaande drie maande tot Maart 1987 het die toename in die Skatkisuitreikings aan staatsdepartemente in vergelyking met die vlak van hierdie uitreikings gedurende die drie maande tot Maart 1986 nie minder nie as 30,1 persent beloop. Ten spyte van die opmerklke verdere toename in die Skatkisuitreikings vanaf die Maartkwartaal tot die Juniekwartaal van 1987 het die toename in hierdie uitreikings gedurende die Juniekwartaal van 1987 vergeleke met die Juniekwartaal van 1986 'n meer gematigde 18,2 persent bedra.

Verbruiks- en investeringsbesteding deur algemene owerheid



'n Matige verdere versnelling van die Skatkisuitreikings is egter in Julie 1987 aangeteken. As gevolg hiervan was die totale uitreikings aan staatsdepartemente gedurende die vier maande tot die einde van Julie 1987, dit wil sê in die eerste vier maande van die fiskale jaar 1987/88, 18,7 persent hoër as gedurende die ooreenstemmende tydperk in die fiskale jaar 1986/87. Dit kan vergelyk word met die toename van 16,2 persent vir die fiskale jaar 1987/88 in sy geheel waarvoor voorsiening gemaak is in die Begroting soos dit in Junie 1987 ingedien is.

Eweneens in vergelyking met die vlakke wat een jaar vroeër aangeteken is, het die toename in die Skatkis-*ontvangste* van 17,9 persent in die Maartkwartaal van 1987 tot slegs 5,6 persent in die Juniekwartaal ingekrimp. Die ontvangste het egter in Julie versnel. Die totale ontvangste gedurende die eerste vier maande van die fiskale jaar 1987/88 was gevolglik 9,1 persent hoër as die vlak daarvan in die vier maande tot Julie 1986, 'n toename wat aanmerklik kleiner was as die begrote toename van 12,6 persent vir die fiskale jaar in sy geheel. Veral wat die inkomstebelastingontvangste betref, het die jaar-op-jaar-toename persentasiegewys aansienlik agtergebly by die toename wat in die Begroting vir die volle fiskale jaar in die vooruitsig gestel is. Hierbenewens het die ontvangste uit doeane- en aksynsreg in absolute syfers in werklikheid selfs afgeneem.

Tekort voor lenings

Die tekort voor lenings en skuldaflossing gedurende die eerste vier maande van die fiskale jaar 1987/88 tot die einde van Julie 1987 het R4 984 miljoen bedra. Dit was R1 484 miljoen meer as in die ooreenstemmende tydperk van die fiskale jaar 1986/87 en gelyk aan bykans 60 persent van die tekort van R8 425 miljoen wat in die Begroting vir die lopende fiskale jaar in sy geheel in die vooruitsig gestel is. In vergelyking hiermee het die tekort gedurende die eerste vier maande van die fiskale jaar 1986/87 56 persent bedra van die *werklike* tekort wat uiteindelik vir dié fiskale jaar aangeteken is.

Inligting wat tans vir die tydperk April tot Julie 1987 beskikbaar is, toon dat die tekort van R4 984 miljoen gedurende hierdie tydperk, plus die diskonto van R404 miljoen op nuwe uitgiftes van staatseffekte, uit die volgende bronne gefinansier is:

	R miljoene
Openbare Beleggingskommissarisse	45
Nie- bank-private sektor	3 609
Banksektor	1 796
Buitelandse sektor	-62
	5 388
Min: diskonto op staatseffekte	404
Totale finansiering	4 984

Herstrukturering van die belastingstelsel

Die verslag van die Kommissie van Onderzoek na die Republiek van Suid-Afrika se Belastingstruktuur (die Margokommissie) is in Augustus 1987 vrygestel. Nuwe belastingwetgewing wat hieruit sal voortvloei sal waarskynlik gedurende die Parlementêre sitting van 1988 ingedien word maar waarskynlik eers in die Begrotingsvoorstelle vir die fiskale jaar 1989/90 volledig in werking gestel word.

More growth and less inflation in 1988 – why not?*

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

Traumatic impact of capital outflow and other extraneous developments

It is old hat that the South African economy has in recent years been hard hit by a unique combination of extraneous economic and political developments. What is perhaps not fully appreciated, is just how traumatic this experience was for the economy and how far-reaching the economic adjustments were that inevitably had to be made.

The consequences of the sharp gold price declines between January 1980 and June 1982, and then again between February 1983 and February 1985, the weak commodity markets in general and the drought were serious enough. But particularly devastating were the effects of the largely politically induced capital outflow of R15,5 billion during the two years 1985 and 1986. This outflow, which included changes in so-called "reserve-related liabilities" and debt repayments in general, were equivalent to 6 per cent of gross domestic product – an exceptionally large figure. Moreover, of this amount, more than R11,5 billion occurred *after* the imposition of the debt standstill at the end of August 1985 and the simultaneous re-introduction of exchange control over non-resident equity capital – to supplement the long-standing exchange control over capital transfers by residents. This demonstrated once again that, while exchange control has a role to play in South Africa's unique political and economic circumstances, it has at best a limited effect in protecting the economy against an outflow of capital if the inducement to move such funds out of the country is strong enough.

Inevitability of balance of payments adjustment

The inevitable result of these developments was a massive balance of payments adjustment. Since the South African economy was, for political reasons, denied access to bridging finance in the form of credits or capital from the International Monetary Fund, the World Bank, central banks or other comparable international institutions, it had no option but to produce and maintain a large surplus on the current account of its balance of payments, in order to finance the debt repayments and other capital outflows. This meant that it had to transfer real resources to the outside world – something that is unnatural for a developing country with considerable growth potential and a rapidly growing population. More goods and services had to be exported to the rest of the world than were received back in the form of imports. This meant that a significant portion of the economy's production was not available for domestic consumption and investment.

By the second half of 1984 it was clear that the inevitable adjustment process in South Africa would entail some or other combination of slower economic growth, exchange rate depreciation and higher "inflation", and therefore a lower average standard of living per head of the total population. The only options open to the authorities were between different methods of adjustment and between different ways of sharing the adjustment burden.

It is amazing how many articles have been written and speeches made about subjects like inflation, growth and economic policy in South Africa during recent years with hardly any reference to these realities, and specifically without any recognition of the impact of the huge net capital outflow. Even more astonishing was the view held in some circles at one stage that "economic policy" (and specifically the use of more direct bureaucratic controls) could have "compensated" for the adverse extraneous developments or could have "immunised" the economy against these shocks. For a developing country that suddenly experiences a net capital outflow equal to 6 per cent of gross domestic product over a two-year period, the key word is "adjustment", not "compensation" or "immunisation".

Effective adjustment and debt repayment performance

There is now growing recognition, both inside and outside the country, that the South African economy has adjusted well to the economic realities of recent years. After some procrastination, effective policies of monetary and fiscal discipline were in the end applied, even though they were painful and unpopular, and the country is now reaping the benefits.

The effective adjustment performance of the South African economy is evident from:

- The achievement of large surpluses on the current account of the balance of payments equal to between 4 and 5 per cent of gross domestic product for three consecutive years, namely 1985, 1986 and 1987.
- The net repayment of US\$4,3 billion (close to R9 billion) of foreign debt since the end of 1984 – a figure that is estimated to rise to US\$4,8 billion (nearly R10 billion) by the end of 1987.
- The dramatic improvement in all South Africa's "foreign debt ratios". Thus, the country's ratio of foreign interest payments to exports of goods and services amounted to only 10,7 per cent in 1985, compared with an average of 27,6 per cent (and over 40 per cent in some cases) for Western Hemisphere countries. It then declined to 9,5 per cent in 1986 and to an estimated 7,5 per cent in 1987. Similarly, South Africa's ratio of foreign debt to total exports of goods and services declined from a

*Address delivered on 18 September 1987 at a banquet to celebrate the first year of transmission of the SABC's "Diagonal Street".

peak level of 171 per cent in 1984, which was not inordinately high, to 108 per cent in 1986 and to an estimated 90 per cent in 1987. In contrast, the comparable ratio for Western Hemisphere developing countries deteriorated from an average of 277 per cent in 1984 to 355 per cent in 1986 and an estimated 368 per cent in 1987.

- The rise in South Africa's total gold and foreign exchange reserves from R3,9 billion (US\$1,9 billion) at the end of April 1986 to R8,5 billion (US\$4,2 billion) at the end of July 1987. The latter figure was equal to about three and a half months' imports of goods.
- The appreciation of the commercial rand from a low point of 36 US cents on 12 June 1986 to its present level of around 48 US cents. Against a trade weighted "basket" of currencies the rand at present stands about 28 per cent higher than on 12 June 1986. The financial rand also moved up from about 18 US cents at one point in June 1986 to a peak of 35 US cents on 30 March 1987, before receding to its present level of around 30 US cents.

Cost of balance of payments adjustment: low growth and unemployment

Of course, while all of this adds up to an outstanding achievement by the South African economy, it is a "balance-of-payments-adjustment success story", not a "growth success story". A heavy price had to be paid for the external economic adjustment. Belts had to be tightened. The rate of real economic growth slowed down. Unemployment increased. The quarterly rate of inflation increased from 12,8 per cent in the fourth quarter of 1984 to 26,0 per cent in the first quarter of 1986, before declining again to about 15 per cent to both the first and second quarters of 1987. 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.

In the final analysis, however, nothing can detract from the fact that the South African economy met the daunting challenges it faced with quite astonishing success. Priority had to be given to the protection and strengthening of the balance of payments, and this was done rapidly and effectively.

A more vigorous upswing – so near and yet so far?

Against this background of effective adjustment the stage is now set for a more vigorous upswing and a period of more rapid real economic growth. Admittedly, business and consumer confidence is still inadequate. But we are probably closer to real economic prosperity than is generally realised. It is a case of "so near and yet

so far". Only a spark of confidence is needed to trigger a strong upturn in fixed and inventory investment. Without that spark the present upswing will remain sluggish. But with it, the economic prospects are excellent.

The "Optimistic Scenario" for 1988

This trend of thought has prompted me to set down a number of economic developments I would like to see in 1988. Call it wishful thinking. Call it "the optimistic scenario" if you like. I am not predicting that this scenario will, in fact, come to pass. Certainly, the monetary authorities do not have the power to ensure that it does. To a large extent the outcome in the period ahead depends on developments over which the monetary authorities have little if any control. But given even a modest improvement in overseas perceptions and in our strained foreign relations, the "optimistic scenario" cannot be ruled out.

The developments I would like to see in 1988 include the following:

A higher real growth rate

First on the list is a significantly higher real rate of economic growth and a marked decline in the rate of unemployment. The Reserve Bank's econometricians inform me that, on present indications, the rate of growth of real gross domestic product should be in the vicinity of 2½ per cent in both 1987 and 1988. I would like to see it much higher in 1988, namely at about 4 per cent. Such a real growth rate would make some dent in unemployment. It would also generate additional savings. At the same time it would enable the Treasury to reduce certain tax rates and yet generate more tax revenue. Such a reduction in tax rates constitutes an essential part of the optimistic scenario.

A lower rate of inflation

Simultaneously with the rise in the growth rate to around 4 per cent, I would like to see a substantial further reduction in the rate of inflation in 1988. My econometricians tell me that, on present indications, 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 about 14½ per cent in 1988. In my optimistic scenario I would like to see it lower still, namely at about 12 per cent. And I would wish to see it show a declining tendency *during the course* of 1988, so that the average rate for 1989 might become a single digit figure.

Is this an impossible dream? Is it at all reasonable to expect both a higher growth rate and a lower inflation rate in 1988? Historically it is true that rising growth rates and accelerating inflation rates have often gone together. But in the abnormal circumstances currently prevailing in South Africa a scenario for 1988 which provides for both a higher growth rate and a lower inflation rate is, in my view, not out of the question.

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

It follows that, with the growth rate rising and the inflation rate falling, the optimistic scenario would provide for a rise in 1988 in both *real* wages and salaries and *real* profits and dividends, and therefore an increase in the average standard of living per head of the population.

A revival in fixed and inventory investment

An essential requirement for the optimistic scenario for 1988 is a distinct revival in real fixed and inventory investment. Given the expected relatively moderate growth in world output and trade, South Africa's exports are not likely to rise enough to produce anything like a 4 per cent real economic growth rate. Such a growth rate will therefore only be realised if there is a marked increase in *gross domestic expenditure*. And in present circumstances such a rise in total spending is unlikely to occur unless there is a strong revival in capital outlays on plant, equipment and construction, as well as a considerable build-up of inventories. A strong upturn in such fixed and inventory investment will boost the real GDP growth rate by generating additional income and, via the familiar "multiplier" process, also additional consumption spending.

The notion that fixed and inventory investment can only be expected to rise *after* consumption has increased enough to absorb virtually all existing surplus productive capacity, is incorrect. While private consumption can at times rise "autonomously", it more often than not increases as a function of additional income generated by prior increases in exports, government spending and/or investment spending. Investment decisions, on the other hand, are normally *forward-looking* and based on the *expected* profit rate or what Keynes called the "marginal efficiency of capital".

Investment in plant, equipment and construction is an act of faith in the future. When entrepreneurs make such investments at any given juncture they normally do so with a view to meeting an *anticipated* demand and making profits three, five and ten years later. The timid entrepreneur who waits until virtually all his existing surplus capacity is absorbed before he invests in additional plant, equipment and construction, usually misses the boat. The successful entrepreneur is the innovator or the one with vision and courage who correctly anticipates future increases in consumption.

It is in this crucial respect that the present economic situation in South Africa is abnormal and paradoxical: "high blood pressure" in the financial markets and "low blood pressure" in the "real" economy, i.e. in the spheres of spending, output, trade and employment. Given the favourable developments in South Africa's balance of payments and domestic financial markets in recent years, both fixed and inventory investment would in more normal circumstances already have started rising

strongly between one and two years ago. The fact that it has not done so reflects inadequate business confidence. With the return of confidence implied by the optimistic scenario this obstacle would naturally fall away and a sharp rise in investment would then be indicated. 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 result was a strong cumulative upswing.

Is the optimistic scenario feasible?

Quite apart from the question whether the optimistic scenario I have described will, in fact, come to pass, is it at all feasible? The answer, I believe, is yes. Look at the facts:

The balance of payments on current account continues to show a large surplus; the gold and foreign exchange reserves have doubled over the past year; the foreign debt situation is under control; the exchange rate policy encourages exports and import substitution; the money supply is not rising too rapidly; interest rates are not only low but, in most cases, negative in real terms; the banks and building societies are ready, able and willing to expand their credit; the Reserve Bank supports them actively through its low Bank rate and open-market operations; share prices and stock exchange turnover have set one record after another during recent months; fiscal policy is expansionary; surplus capacity exists in many sectors of the economy, including most of the infrastructure; unemployment is relatively high; and the population is rising at well over 2 per cent per year in total and at a much higher rate in urban areas.

In circumstances such as these, a scenario involving faster growth and at the same time lower inflation appears to be quite feasible.

Assuming, then, that the optimistic scenario does come to pass in 1988, what other changes must we expect?

Decline in current account surplus

To begin with, the current account surplus on the balance of payments is likely to decline. This will be largely because of the rise in imports that will almost certainly result from the higher growth rate and the accompanying rise in real fixed and inventory investment.

At a real GDP growth rate of 4 per cent, the *value* of imports could easily rise by between 20 and 24 per cent in 1988 and the real *volume* by between 12 and 14 per cent. The value of the gold output and other

exports will probably also rise substantially, but by considerably less than that of imports. The precise behaviour of imports and exports and of the current account as a whole will, of course, depend on a host of factors, including not only the movements of the dollar price of gold, oil and other world commodities but also the movements of exchange and interest rates both inside and outside South Africa. In economics it is still true that "everything depends on everything else". However, in broad terms and without setting out in detail all the underlying assumptions, a 4 per cent growth rate could imply a decline in the current account surplus from an expected figure of between R5 billion and R6 billion in 1987 to a figure of around R2 billion or R3 billion in 1988. In the circumstances such a decline should be welcomed as an indication of more rapid economic expansion.

Rise in interest rates

A further development that would probably form part of the optimistic scenario for 1988 is a gradual rise in both short and long-term interest rates. At some stage most interest rates would then presumably become positive in real terms, i.e. after correcting for inflation. Since the scenario provides for a gradual decline in the rate of inflation, *nominal* interest rates would not have to rise very much before *real* rates became positive. But they would almost certainly tend to rise to some extent if the GDP growth rate increases to the vicinity of 4 per cent.

The tendency for interest rates to rise will reflect the strong increase that must be expected in the demand for bank credit and other loanable funds in the optimistic scenario. The Reserve Bank would be able to moderate the upward movement in interest rates by keeping its own Bank rate relatively low and creating additional central bank credit through open-market operations and in other ways. But this would almost certainly conflict with its policy of keeping the growth 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. 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. But if the banks expand their credit substantially in response to the rising demand for loanable funds, M3 might well tend to overshoot the target range, and the Reserve Bank would accordingly have to adopt a less accommodative policy stance. In practice this would imply a gradual rise in Bank rate and in most market-related interest rates. Such an increase should be welcomed as a symptom of increased growth and prosperity.

"Mix" of fiscal and monetary policy

How far the upward movement in interest rates would have to go would, of course, depend not only on the "imponderables" but also on the "mix" of fiscal and monetary policy in 1988. In this regard, it is important to prevent government spending and the deficit before borrowing in the Budget from rising excessively. If the public sector borrowing requirement becomes inordinately large at a time when the private sector is also expanding, it would, of course, tend to exert upward pressure on interest rates. However, if fiscal policy plays its proper role, the upward movement in nominal interest rates would probably be fairly limited.

Capital account, gold and foreign exchange reserves and debt repayments

Against the background of the successful maintenance of law and order in South Africa and the economy's impressive balance of payments adjustment, foreign perceptions of the political and economic situation in South Africa have improved perceptibly during the past fifteen months. Accordingly, if there is enough business confidence to produce the rise in investment required to generate a real GDP growth rate of about 4 per cent in 1988, it appears reasonable to assume that additional foreign trade-related, gold-related and suppliers' credits will be available to South Africa if and when the demand for such funds increases.

If this is so, the 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. On the contrary, the maintenance of adequate foreign reserves and the continued repayment of foreign debt, if still required, would then be fully compatible with the optimistic scenario as a whole.

Exchange rates

A crucially important variable in the scenario is, of course, the exchange rate of the commercial rand. The lower the exchange value of the rand, the larger the current account surplus that can be reconciled with a real growth rate of around 4 per cent in 1988, but the smaller the chances of simultaneously reducing the rate of inflation.

Given the likely other developments that form part of the optimistic scenario, including the higher interest rates and improved capital account, the rand-dollar exchange rate could conceivably fluctuate within a limited range reasonably close to that of recent months, i.e. between 45 and 50 US cents. Whether it does or not would, of course, also depend on many other developments, including the behaviour of the US dollar itself, the dollar price of gold and many other imponderables.

Concluding remarks

Central bankers rarely make quantitative economic predictions. True to that tradition, I have made no prediction of any kind tonight. Nor have I set any precise new quantitative targets for economic policy. I have merely described one possible scenario for the South African economy in 1988 – “the optimistic scenario” – which includes among other things the following:

- A rise in the real GDP growth rate 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 rise in both *real* wages and salaries and in *real* profits and dividends, and therefore in the average standard of living per head of the population.
- 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 rate of increase of the broad money supply, M3, within the target range to be laid down for 1988, which is likely to be equal to or lower than the present 14 to 18 per cent.
- 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 government spending to such an extent that the deficit before borrowing, while rising in nominal terms, does not become so large as to exert undue upward pressure on interest rates.
- 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.

Will this optimistic scenario be realised? As matters stand at present, I doubt it. On any realistic assessment some of the assumptions underlying this scenario are clearly too optimistic. The key variable is forward-looking investment spending, and unless foreign and domestic business confidence in South Africa's economic future improves further in the months ahead, it

is unrealistic to expect more than a moderate revival in this important component of gross domestic expenditure. Although the overall economic situation should continue to improve as the upswing develops more momentum, we shall probably have to settle for something less than the favourable scenario I have sketched. This means, among other things, a lower growth rate than 4 per cent, a higher inflation rate than 12 per cent, a larger current account surplus than R2 billion or R3 billion, and little if any upward movement in interest rates.

But let us not leave the matter there. Let us not resign ourselves to second best. If there is any validity in the reasoning that the 4 per cent growth scenario is both internally consistent and feasible, then we should re-examine carefully the reasons why we do not expect it to be realised in practice. And we should apply our minds anew to the steps that need to be taken in the various fields of policy to bring us closer to the ideal. More growth and less inflation in 1988 is well within our grasp. Let us go for it.