

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

Quarterly Bulletin
Kwartaalblad

Ose van der Merwe
geld- & bankwese

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

**Quarterly Bulletin
Kwartaalblad**

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Quarterly economic review

Introduction

Considerable firmness continued to be displayed by the South African economy in the fourth quarter of 1988. The annualised rate of increase in *real gross domestic product* in this quarter, amounting to nearly 3 per cent, was broadly in line with the growth rate for 1988 as a whole, which reached a higher than generally expected level of somewhat more than 3 per cent.

Nearly all sectors of the economy experienced real growth in the fourth quarter of 1988. For the calendar year as a whole, above-average rates of growth were recorded by the non-agricultural and non-primary sectors. The growth rates of real output in the secondary sectors and in manufacturing industry attained impressive figures of the order of 5½ and 6 per cent.

Aggregate *real gross domestic expenditure* in calendar 1988 was more than 7 per cent higher than in 1987. This strong rate of increase markedly exceeded the approximate 4 per cent rate of growth in the preceding year.

Total real gross domestic expenditure advanced strongly in the first quarter of 1988, levelled off in the second quarter, and then fell back quite significantly in the third quarter. It subsequently moved sideways again in the fourth quarter, essentially because further increases in real private consumption expenditure, another marked rise in total real gross domestic fixed investment, and an increase in real government consumption expenditure were neutralised by a further drawing-down of real inventories. Because of the decline in aggregate real inventories in both the third and the fourth quarter of 1988, the distinct topping-out and mild retreat of total real gross domestic expenditure in the course of 1988 from its high first-quarter level may have created an exaggerated impression of a loss of buoyancy in aggregate real domestic *final demand*.

Various selected business cycle indicators in the fourth quarter of 1988 nevertheless continued to suggest an incipient slowing-down of the economic up-swing. The composite coincident business cycle indicator advanced further up to September-October 1988. The *leading* indicator, however, showed a significant further decline in October.

The volume of manufacturing production declined moderately on average in October-November 1988 from its high third-quarter level. Wholesale and retail sales at constant prices in the fourth quarter of 1988 were down on the third quarter. The value of residential building plans passed, which had already contracted significantly in the third quarter, showed a substantially accelerated decline in October-November. Certain "patches" of an incipient slackening of credit demand were also reported by major financial institutions towards the end of 1988 and in the first few months of 1989.

Against this, a variety of factors appeared to have joined forces in keeping up the level of aggregate domestic expenditure, sustaining the demand for bank credit generally, and maintaining an atmosphere of business bullishness and consumer confidence in January and February 1989. Such factors included the rise in public sector salaries and other wage increases from the beginning of the year, stepped-up government expenditure in the closing stages of fiscal 1988/89, prospects for good agricultural harvests in the course of 1988, the momentum that had been built up in real fixed domestic capital formation, and the strength of the share market in February and March. Prospects of a worsening of inflation and of a further weakening of the exchange rate of the rand continued to be advanced as reasons for "pre-emptive" buying and for giving early effect to spending plans. Good or excellent financial results of companies and high levels of profitability of business enterprises generally were said to be giving rise to demands for higher than otherwise wage increases and to be adding to employers' willingness to accede to such demands.

The levelling-out and mild retreat of aggregate real gross domestic expenditure after the first quarter of 1988 caused the growth in real output in the course of 1988 to become more export-driven. The marked further reinvigoration of the South African merchandise export performance in the second half of 1988 in particular, was the principal factor in bringing about the transformation of the slight deficit on the current account of the balance of payments in the first quarter of 1988 into progressively larger surpluses that reached an annualised level of R5,4 billion by the fourth quarter. The current account surplus for 1988 as a whole, at R2,9 billion, exceeded most forecasts and projections that had been drawn up earlier in the year.

In conjunction with the marked further strengthening of the current account, a markedly smaller outflow of non-reserve-related capital in the fourth quarter of 1988 helped to arrest the decline in the South African gross gold and other foreign reserves in December 1988 and in January and February 1989. Having weakened almost continuously during the first ten months of 1988, the effective exchange rate of the rand firmed again after the first few days of November. In January 1989 the rand lost ground against the strengthening dollar but firmed against all other major currencies. In February, however, a renewed bout of weakness of the dollar price of gold, and further strengthening of the dollar in the international foreign exchange markets, wiped out the gains that had been made by the effective exchange rate of the rand from November 1988 up to the end of January 1989.

Few signs of abatement in the very high rates of expansion in bank credit and the monetary aggregates were apparent as yet in the fourth quarter of 1988 and

in early 1989. The rate of increase in the quarterly average of the comprehensively defined money supply, M3, from the fourth quarter of 1987 to the fourth quarter of 1988, at 26,5 per cent, was some 10,5 percentage points in excess of the 16 per cent upper limit of the monetary target for 1988. The very high rate of increase in M3 was partly due, however, to reintermediation phenomena and to investors' increased "liquidity preference". As a result, it was accompanied by an appreciable decline in M3's velocity of circulation; the increase in the "effective" M3 money supply – i.e. in M3 after adjustment for changes in its velocity of circulation – in the course of the 1988 targeting year amounted to 17,3 per cent.

A new target, ranging from 14 to 18 per cent, for the rate of increase in M3 from the fourth quarter of 1988 to the fourth quarter of 1989 was announced by the Reserve Bank on 7 March 1989. In explaining the monetary authorities' decision to raise the upper and lower limits of the target range by two percentage points from their 1988 levels, the Reserve Bank stated that this was based on the acceptance by the authorities of a broad economic projection for 1989 that provided for a further increase in real gross domestic product of around 2 per cent, a surplus on the current account of the balance of payments of roughly R4 billion, a gradual rise in the official gold and foreign exchange reserves, and an average rate of increase of the consumer price index of about 15 per cent. An assumption of a temporary acceleration of the inflation rate in 1989 therefore was regarded as realistic for purposes of this scenario.

The decline in the dollar price of gold and other adverse developments in January-February 1989, viewed in conjunction with the obviously excessive rates of growth in bank credit and the money supply in the targeting year 1988, caused the Reserve Bank to raise Bank rate – i.e. its rediscounting rate for Treasury bills for discount houses – from 14½ to 16 per cent with effect from 23 February 1989. This higher Bank rate would be applied to the rediscounting of Treasury bills for both the discount houses and the banks; it therefore involved abolition of the preferential margin of ½ per cent that had previously been extended to the discount houses in the Bank's refinancing facilities. The Bank's statement accompanying this Bank rate increase again stressed the need for a curbing of its own credit creation as an indispensable element in slowing down the rates of increase in bank credit generally, in the money supply, and in aggregate monetary demand.

The capital markets in the fourth quarter of 1988 saw a drop in the turnover of public sector stock and low levels of new-issue activity in the share market. Share prices, however, rose significantly in the third and the fourth quarter of 1988 and continued to do so at an accelerating pace in the first ten weeks of 1989.

In the area of government finance, the outcome of fiscal policy in 1988/89 was slightly less simulatory than had been envisaged in the Budget as presented in March 1988. Against a budgeted increase of 16,3 per cent, exchequer issues in 1988/89 increased by an estimated 18,4 per cent, or by approximately 5,0 per cent in real terms. Exchequer receipts, however, rose by an estimated 25,2 per cent, against a budgeted increase of 12,6 per cent. The deficit before borrowing relative to gross domestic product accordingly amounted to an estimated 4,4 per cent, as against the original Budget estimate of 4,9 per cent.

A somewhat more restrictive approach to fiscal policy for moderating the growth in domestic expenditure was indicated by the Minister of Finance for fiscal 1989/90. In his Budget speech delivered to Parliament on 15 March 1989, the Minister budgeted for no growth in 1989/90 in government expenditure in real terms. In nominal terms, the Budget provided for an increase of 15,0 per cent in expenditure, an increase of 16,0 per cent in revenue, and a deficit before borrowing of 4,1 per cent of gross domestic product. Projected revenue included the effect of an increase in general sales tax to 13 per cent. As a part of the ongoing process of tax reform, further steps were taken towards the separate taxation of married couples through the Minister's proposal that all salaried married women be taxed under the system of the so-called Standard Income Tax on Employees.

Domestic economic developments

Domestic output

Considerable strength of the growth rate of real gross domestic product in the fourth quarter of 1987 was followed by growth at firm and sustained although generally somewhat more moderate rates in the four quarters of 1988. Current indications are that, after seasonally adjusted and annualised rates of real economic growth of nearly 4 per cent, more than 2 per cent and 3½ per cent in the first three quarters of 1988, the annualised growth rate in the fourth quarter of 1988 amounted to nearly 3 per cent.

Nearly all sectors of the economy experienced positive real growth in the fourth quarter of 1988. Notable increases in real output were recorded by the sectors manufacturing, electricity, gas and water, commerce, construction, and general government. Within the manufacturing sector, significant increases in production were registered in the chemical, basic metals and machinery, and transport industries. This could mainly be traced to strong demand and forward orders.

Output increases in the sector electricity, gas and water were a reflection of higher levels of economic

activity and more lively business conditions in general. Further advances in real value added in the sector commerce were mainly accounted for by the sub-sectors retail and motor trade and by catering and accommodation. Increased value added by general government went hand in hand with a continuation of increases in the number of workers employed, notably in the independent national and self-governing states.

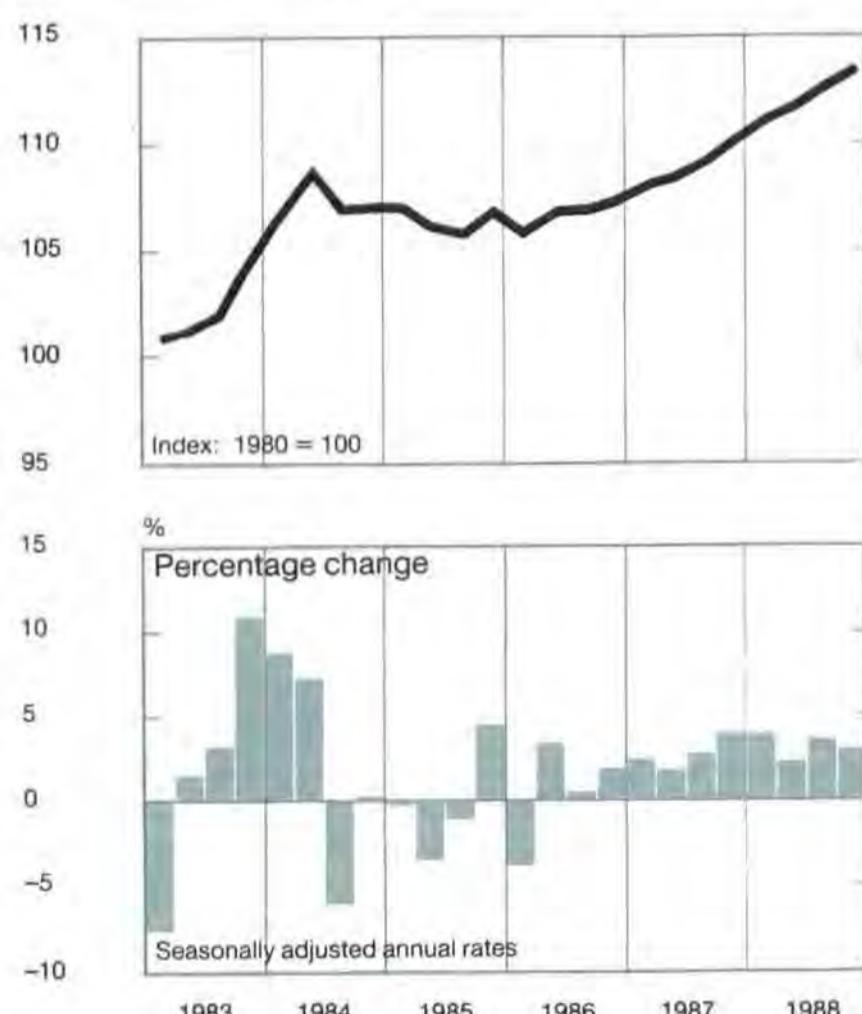
Growth in real output in the construction sector in the fourth quarter of 1988 reached an annualised level of nearly 8 per cent. This strong performance stemmed from relatively buoyant conditions in the building industry in general and from stepped-up fixed investment activity in the form of building and construction works. This kind of fixed capital formation itself reached an annualised real rate of increase in the fourth quarter of 1988 of no less than 18 per cent.

Growth in aggregate real gross domestic product in the *calendar year* 1988 amounted to somewhat more than 3 per cent (against growth at somewhat more than 2 per cent in 1987 and at ½ per cent in 1986). This further acceleration of the real economic growth rate in the third year of the economic upswing was attained in the face of a gradually tightening stance of monetary policy and other restrictive measures. It derived support from continued buoyancy in real private consumption expenditure and from a marked reinvigoration of the South African real merchandise export performance in the second half of the year in particular. The resultant higher corporate profits, rising degrees of capacity utilisation and improved business confidence, in turn, provided foundations for a further strengthening of private sector fixed investment demand.

A decline (of 3 per cent) was shown by real value added by *agriculture* from 1987 to 1988. The further strengthening of aggregate real output growth in calendar 1988 could be attributed mainly to a sharply higher rate of increase in real manufacturing production and to a reversal of the change in real mining output from decreases in 1986 and 1987 to a mild increase (of approximately 1 per cent) in 1988. Above-average growth rates for 1988 as a whole were accordingly displayed by the *non-agricultural* and *non-primary* sectors (both estimated at 4 per cent); the growth rates of real output in the secondary sectors and in *manufacturing* reached impressive figures of the order of 3½ and 6 per cent.

A higher level of real value added by the mining sector in 1988 vis-à-vis 1987 was accounted for by the gold mining industry in particular. This could be attributed to more stable labour relations, new mines having come on stream, an increase in the tonnage of ore milled, and (in some cases, more particularly in the fourth quarter of 1988 as a possible response to a further weakening of the gold price) also the mining of higher-grade ore. The marked further gains in manufacturing production in 1988 were explained by the

Real gross domestic product



unexpectedly firm levels of aggregate domestic demand as well as by the renewed upswing in merchandise exports; increased real fixed investment expenditure during the year included rising outlays by public corporations in projects such as Mossgas and Mossref.

The expected slackening of real private consumer demand in the course of 1989 may be foreseen to affect certain sub-sectors of the manufacturing sector. This will probably be neutralised, however, by expansion in the metal fabrication and heavy engineering industries.

Total real gross *national* product rose by almost 4½ per cent in 1988 (against a revised growth rate of 3 per cent in the preceding year). Real gross national product per head of the population accordingly advanced by slightly more than 2 per cent in 1988, against an increase of slightly less than 1 per cent in 1987.

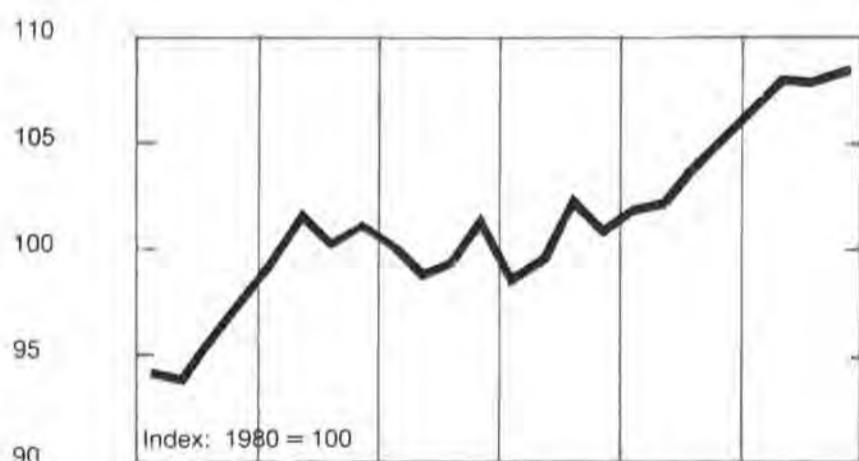
Growth in real gross national product, at seasonally adjusted and annualised rates, reached an average level of approximately 5½ per cent in the first two quarters of 1988. Real gross national product, however, then moved sideways in the third quarter of 1988 because of increased net factor payments (including upwardly revised net interest payments) to foreigners; in addition, a 22½ per cent annualised rate of increase in import prices, vis-à-vis a 15 per cent annualised rate

of increase in export prices, meant a weakening of the terms of trade. In the fourth quarter of 1988 some further increase was recorded in net factor payments, while the terms of trade showed little change. The 1½ per cent annualised rate of growth in real gross national product during this quarter fell significantly short of the growth rate in real gross *domestic* product, which, as noted earlier, reached an annualised rate of increase of nearly 3 per cent during this period.

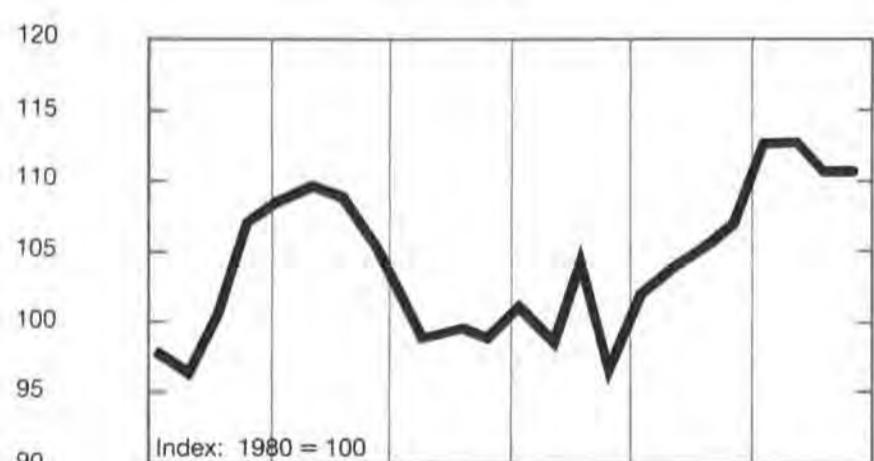
Domestic expenditure

Total real gross domestic expenditure advanced strongly in the first quarter of 1988, levelled off in the second quarter, and then fell back quite significantly in the third quarter. Current estimates show it to have moved essentially sideways again in the fourth quarter of 1988. The sideways movement in the fourth quarter was the net outcome of a further strengthening of real private consumer spending, another marked rise in total real gross domestic fixed investment, and some increase in real government consumption expenditure, which were essentially neutralised by a further drawing-down of aggregate real inventories. Aggregate real gross domestic expenditure in *calendar 1988* was more than 7 per cent higher than in 1987. This rate of

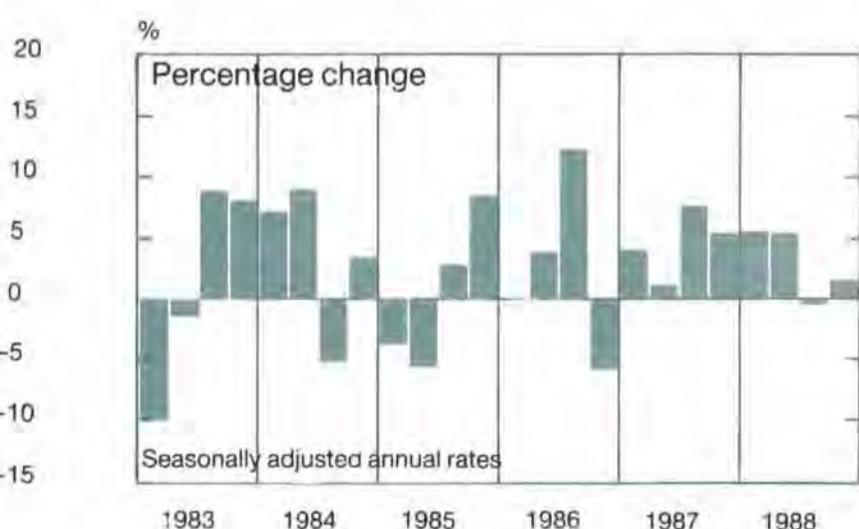
Real gross national product



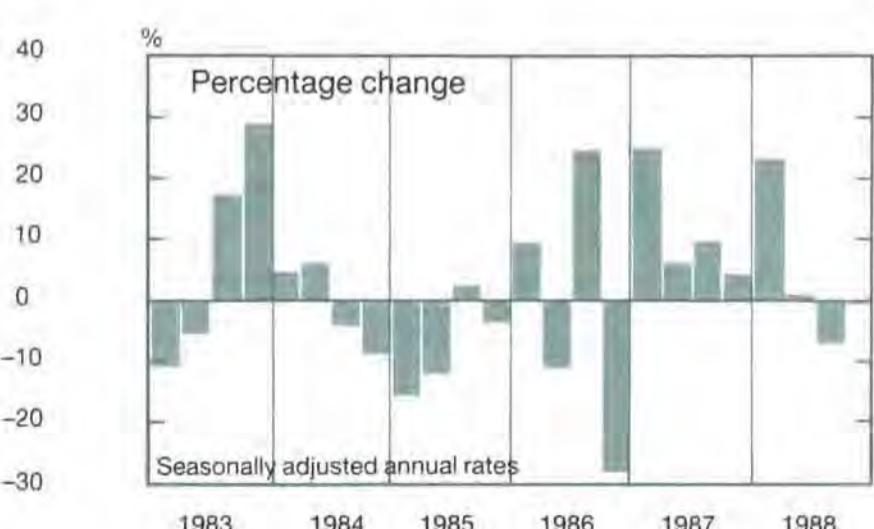
Real gross domestic expenditure



Percentage change



Percentage change



increase markedly exceeded the approximate 4 per cent rate of growth in the preceding year.

Real private consumption expenditure rose during the fourth quarter of 1988 for the eleventh consecutive quarter. Its seasonally adjusted and annualised rate of expansion in the fourth quarter of 1988 (amounting to about 4 per cent) was broadly in line with the longer-term rate of increase in this kind of expenditure from the second quarter of 1986, but significantly lower than the annualised rate of increase (of some 5½ per cent) in the third quarter of 1988.

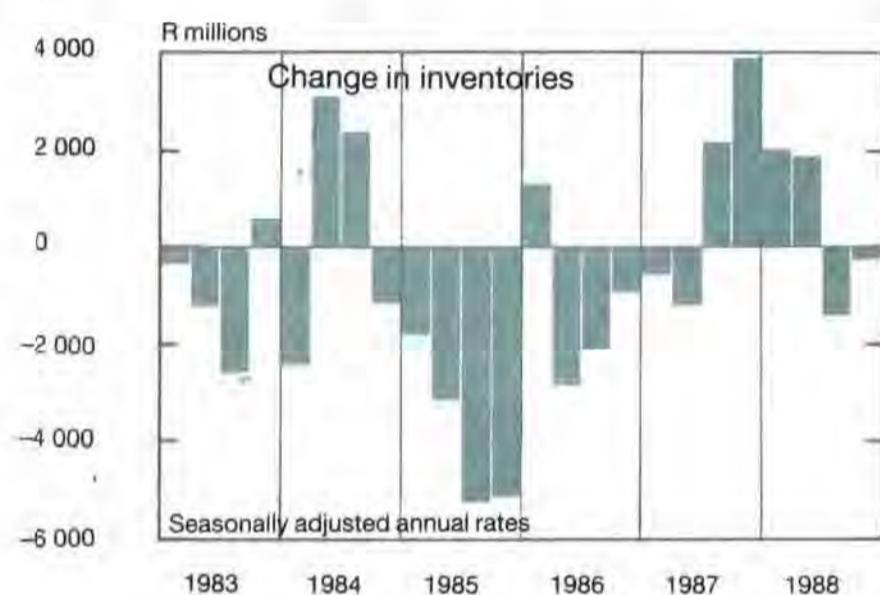
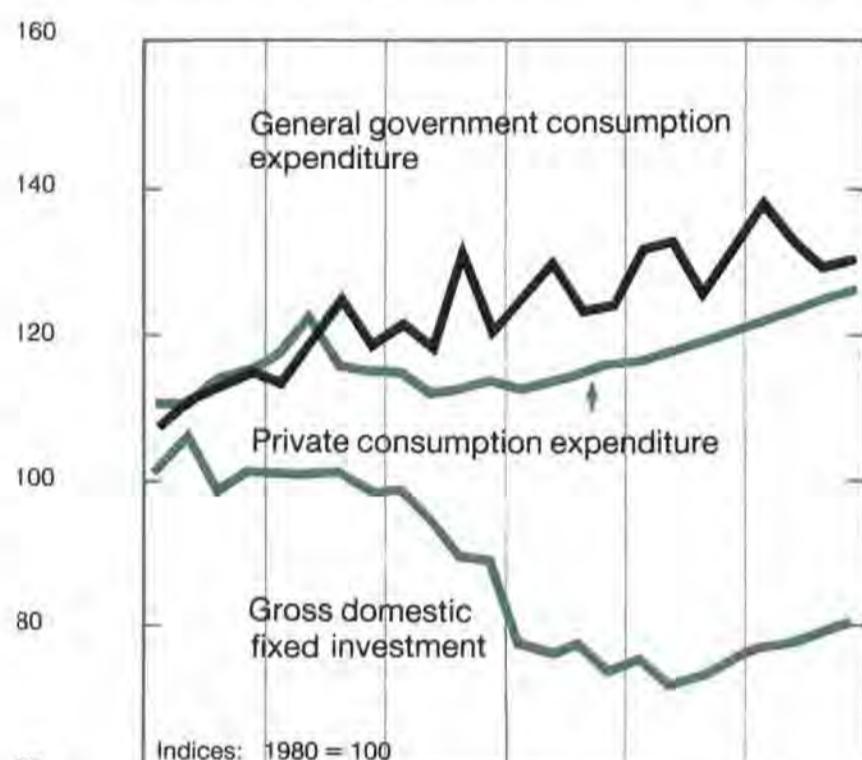
Growth in real private consumer spending in the fourth quarter of 1988 was broadly based. Special emphasis, however, fell on households' purchases of personal transport equipment. Consumer spending in the fourth quarter of 1988, as in preceding quarters, was favoured by a significantly higher level of aggregate real personal disposable income in the course of 1988, an absence of consumer boycotts, and increased consumer confidence in a generally more tranquil social, political and economic environment, as well as being supported by "pre-emptive" buying in anticipation of expected price increases (including such increases as would arise from the renewed weakening of the exchange rate of the rand from January to October 1988). As in the third quarter of 1988, moreover, incentives continued to exist in the early fourth quarter for purchases of consumer durables out of "old" stocks of such durables which had not yet incurred the increased import surcharges that came into force on 15 August 1988. Against this, certain branches of retail trade (notably furniture and "white goods") towards the end of 1988 were reporting a slackening of demand on account of the tightening of hire-purchase conditions earlier in the year and because of both the direct and the more round-about effects of higher interest rates.

The growth rate of aggregate real private consumption expenditure from the year 1987 to the year 1988 amounted to almost 5 per cent, against a compound average annual rate of increase of a slender 2 per cent in the years from 1980 to 1988. The rates of increase in real spending on consumer durables and semi-durables in 1988 reached levels of approximately 12 and 7 per cent.

Real government consumption expenditure declined substantially in the June and September quarters of fiscal 1988/89, but rose again in the December quarter at an annualised rate of close to 3 per cent. An increase in total real remuneration of government employees more than offset a decline in real expenditure on intermediate goods and services in the December quarter. Total real government consumption expenditure in calendar 1988 is estimated to have exceeded such expenditure in 1987 by a fairly modest 1½ per cent.

Total real gross domestic fixed investment increased further in the fourth quarter of 1988 and did so at a slightly faster pace than in the preceding six months.

Main components of real gross domestic expenditure



As an unusual event in the past few years, the fourth-quarter increase was the result of increased real fixed capital expenditure by all three institutional sectors (i.e. by public corporations and public authorities as well as by the private sector). For the year as a whole the level of total real gross domestic fixed investment was about 6½ per cent higher than in 1987. This followed declines of nearly 18 per cent and 3 per cent in the preceding two years.

Quarter-to-quarter growth in real gross domestic fixed capital spending in the private sector, at seasonally adjusted and annualised rates, tapered off rapidly from 25 per cent in the first quarter of 1988 to 22½, 6½ and 3½ per cent in the second, third and fourth quarter. The average level of such spending in the year 1988, however, nevertheless was an impressive 16 per cent higher than in 1987. In the fourth quarter of 1988, a decline in real fixed capital spending by the mining

industry was more than fully compensated for by increases in fixed capital formation by the manufacturing sector and in the sector finance.

Among *public corporations*, increases in the fourth quarter of 1988 in real fixed investment expenditures by enterprises in mining and manufacturing (notably on projects such as Mossgas and Mossref) more than fully neutralised renewed reductions in such expenditure by Eskom in accordance with Eskom's budgetary intentions for 1988. Total real fixed capital formation by all public corporations continued to decline in calendar 1988 for the third consecutive year. Its decline in 1988 amounted to approximately 13 per cent.

The fourth-quarter increase in real fixed capital spending by *public authorities* could be attributed mainly to increased capital outlays by the South African Transport Services and the provincial administrations. As in the case of the public corporations, however, real fixed capital formation by public authorities was lower in the calendar year 1988 than in the preceding year. The declines in real fixed capital spending by government business enterprises and by general government from 1987 to 1988 amounted to 9 and 2½ per cent.

Broken down according to types of assets, aggregate real gross domestic fixed investment in 1988 showed substantial increases in real spending on residential and non-residential buildings (amounting, on average, to about 10 per cent), and on machinery and transport equipment. The latter kind of real investment expenditure rose by about 7½ per cent; as regards *private sector* investment spending, however, this increase amounted to 20½ per cent.

The encouraging rise in aggregate real gross fixed capital formation in 1988 from its 1987 levels could be attributed to "special" inducements to invest – such as those arising from import replacement demand and from fears of increases in the prices of imported capital equipment resulting from depreciation of the rand – as well as to the pressures of rising degrees of capacity utilisation of existing production facilities and to the normal processes of replacement, renewal and renovation of existing capital goods.

The 1988 increase in total real gross domestic fixed investment was only the fourth such increase to be recorded in a full calendar year in the past decade. However, it also started from a low base resulting from six years of sustained declines; the level of gross real fixed investment in 1988 actually was still some 27 per cent lower than in the peak investment year 1981. Gross real fixed investment expenditure in private manufacturing industry in 1988, moreover, still did not fully match the level of depreciation allowances. It therefore resulted in some further (although steadily diminishing) shrinkage of manufacturing industry's real fixed capital stock.

Aggregate *real inventories* are estimated to have declined further in the fourth quarter of 1988. This

reflected a diminution of agricultural and diamond stocks-in-trade as well as a drawing-down of commercial inventories. The declines in commercial inventories could be attributed to the generally high levels of domestic demand (including the above-mentioned "pre-emptive" buying out of "old" stocks of consumer durables and investment goods), the sharp rise in merchandise export volumes in the second half of 1988, and some presumed sensitivity of commercial and industrial inventory levels to the rising level of domestic interest rates.

Aggregate real inventories still rose, on balance, during 1988 as a whole. The ratio of industrial and commercial inventories to gross domestic product in the non-agricultural sectors of the economy rose mildly in 1988 to an average level during the year of slightly more than 19½ per cent.

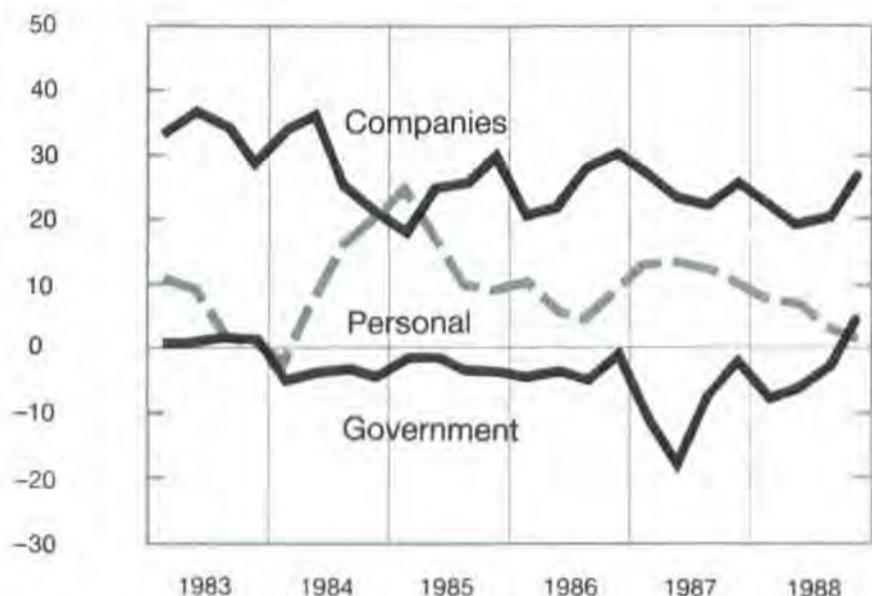
Factor income and saving

The quarter-to-quarter rate of increase in aggregate nominal factor income, in seasonally adjusted and annualised terms, amounted to 16½ per cent in the fourth quarter of 1988. This followed rates of 20 and 22½ per cent in the first two quarters of 1988 and of 10½ per cent in the third quarter. The year-on-year rise in nominal factor incomes in the fourth quarter amounted to 17½ per cent. The increase in these incomes from the year 1987 to the year 1988, at 18 per cent, was significantly higher than the 15½ – 16 per cent increases of the preceding two years.

The accelerated rise in total factor incomes in the fourth quarter of 1988 reflected mainly a strengthening of *gross operating surpluses* in agriculture, manufacturing, transport and finance. With regard to 1988 as a whole, the more notable increases in operating surpluses were recorded in manufacturing, commerce, transport and finance. The profitability of corporate entities in their various sectors in 1988 was raised by higher turnovers and productivity increases as well as by windfalls arising from new export opportunities and declines in the exchange value of the rand. Mining and parts of agriculture also enjoyed the benefits of relatively high international commodity prices and the rise in the average level of these prices up to the middle of 1988; the mining sector was affected adversely, however, by the decline in the gold price, especially in the second half of the year.

The quarter-to-quarter increase in nominal *remuneration of employees*, in seasonally adjusted and annualised terms, accelerated sharply to as much as 23½ per cent in the fourth quarter. This was accounted for by broadly all major contributors in the secondary and tertiary sectors of the economy. The increase in total remuneration of employees in the year 1988 vis-à-vis 1987, at an estimated 16½ per cent, was marginally lower than the 17 per cent increase in 1987 vis-à-vis 1986. This would appear to have been due to the more

Components of savings as percentage of gross domestic saving



selective nature of salary increases in the public sector and to a contraction of the labour force in the mining industry.

Gross domestic saving, relative to gross domestic product, rose slightly from 20 per cent in the second quarter of 1988 to nearly 21 per cent in the third quarter and more substantially to 24½ per cent in the fourth quarter. The fourth-quarter increase in this ratio reflected a further rise in company saving as well as a reversal (for the first time since the fourth quarter of 1983) from net dissaving to net saving by general government. Between them, these two improvements in savings performances more than offset a further decline in personal saving. In the calendar year 1988, however, the "excess" of domestic saving over domestic investment amounted to only 7 per cent, against high points in this "excess" savings ratio of 18½ and 25½ per cent in the low-investment years 1987 and 1986.

The improved savings performance by general government essentially reflected the substantially higher than budgeted rise in current revenue, against the more moderately higher than budgeted rise in current expenditure, during much of fiscal 1988/89. Increased savings by incorporated business enterprises were a reflection of increased company profitability. Net personal saving, on the other hand, weakened further in the fourth quarter of 1988 as further advances in real private consumption expenditure again failed to be matched fully by increases in aggregate real personal disposable income during this period.

The tightening of hire-purchase conditions in the second half of 1988 would appear to have elicited significant switching by households from this type of credit to alternative sources of consumer finance. The personal savings ratio (i.e. the ratio of net personal savings to personal disposable income) declined to a

very slim ½ per cent in the fourth quarter of 1988. With regard to the calendar year 1988, this ratio amounted to 1½ per cent, against a revised value of this ratio of 4½ per cent in the preceding year.

Employment

After a very limited (0,5 per cent) increase in 1986, total employment in the non-agricultural sectors of the economy rose by 1,0 per cent in 1987 and by 1,2 per cent in the first three quarters of 1988. Employment increases in the course of 1988 were particularly strong in the first and the third quarter, reaching seasonally adjusted annual rates of 3,2, 0,2 and 2,2 per cent in the first, second and third quarter, respectively.

Broadly similar patterns were displayed by increases in employment by public authorities and in the private sector. The mining industry, however, still showed a continuation of the decline in employment that had been in evidence since the third quarter of 1987. Information for the fourth quarter of 1988 shows employment to have expanded moderately in manufacturing but to have declined in construction and electricity generation.

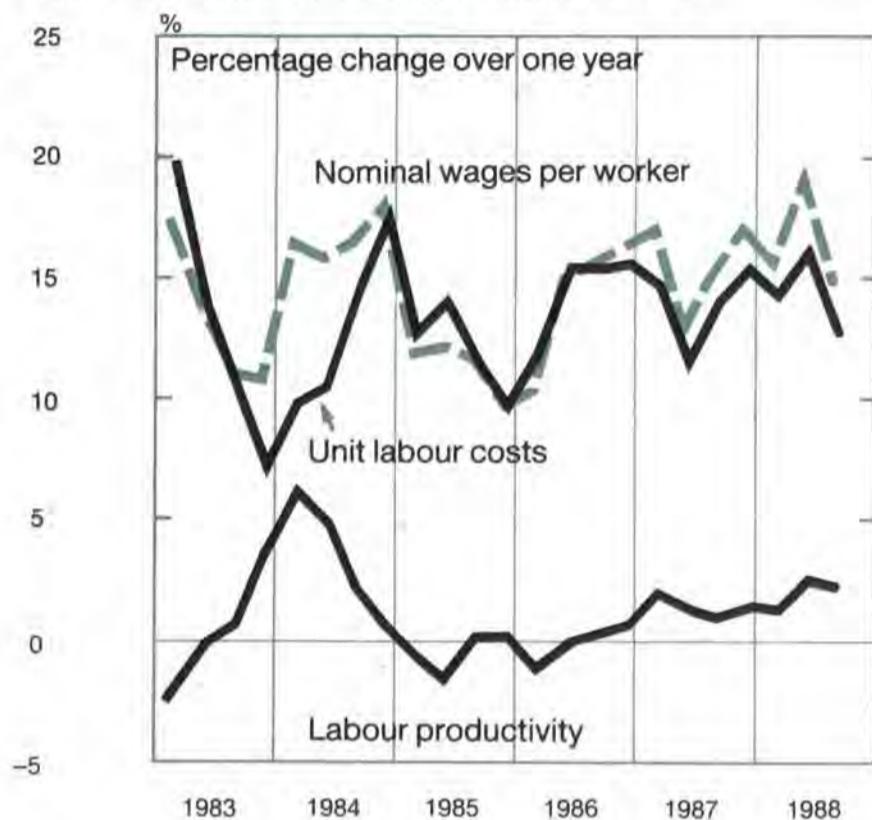
Contrary to trends since the fourth quarter of 1986, rising employment numbers in manufacturing in the fourth quarter of 1988 were accompanied by a decline in the overtime ratio. The ratio of overtime hours to normal hours worked decreased from 12,5 per cent in the third quarter of 1988 to 11,9 per cent in the fourth quarter in manufacturing, and from 8,7 to 7,8 per cent in the construction industry.

The seasonally adjusted number of registered unemployed Whites, Coloureds and Asians declined from 82 500 in August 1986 to 50 500 in September 1988, but rose to 51 200 in October 1988. Similarly, the total number of registered unemployed workers, which had declined from 138 000 in September 1987 to 119 300 in September 1988, subsequently increased to 121 000 in October. The number of unemployed Black workers as measured by the Current Population Survey, which had retreated from nearly 1,2 million in July 1986 to 817 000 in August 1988, advanced slightly again to 823 000 in September 1988 – equalling approximately 12,5 per cent of the Black labour force.

Labour costs and productivity

The year-on-year increase in the average nominal wage of all workers outside agriculture in the third quarter of 1988 (at 14,5 per cent) was significantly lower than in the preceding two quarters (when these increases had amounted to 15,6 and 18,8 per cent). As a result, the year-on-year increase in the average nominal wage per worker with regard to the first three quarters of 1988 declined to 16,3 per cent (from 17,2 per cent in the first half of the year). At this level the rate

Labour productivity, nominal wages per worker and unit labour costs in non-agricultural sectors



of increase in the average nominal wage was nevertheless still significantly higher than the preceding increases of 15.4 per cent in calendar 1987 and of 14.4 per cent in calendar 1986.

Accelerated nominal wage increases, and a lower level of inflation, caused the real wage per worker in the first three quarters of 1988 to rise by 2.9 per cent over the first three quarters of 1987. Declines in the real wage per worker (of 4.2, 3.6 and 0.7 per cent) had been recorded in the preceding three calendar years.

Labour productivity (i.e. real gross domestic product per worker outside the agricultural sector) rose by 1.4 per cent in calendar 1987 and by 1.9 per cent in the first three quarters of 1988 vis-à-vis the first three quarters of 1987. Productivity gains over four-quarter periods in the second and third quarter of 1988, at 2.5 and 2.2 per cent, actually were the highest such gains to be recorded since the second half of 1984.

Despite more rapid advances in labour productivity, the accelerated rise in nominal labour remuneration caused the rate of increase in labour costs per unit of physical output to be raised slightly from 13.8 per cent in calendar 1987 to 14.1 per cent in the first three quarters of 1988.

Inflation

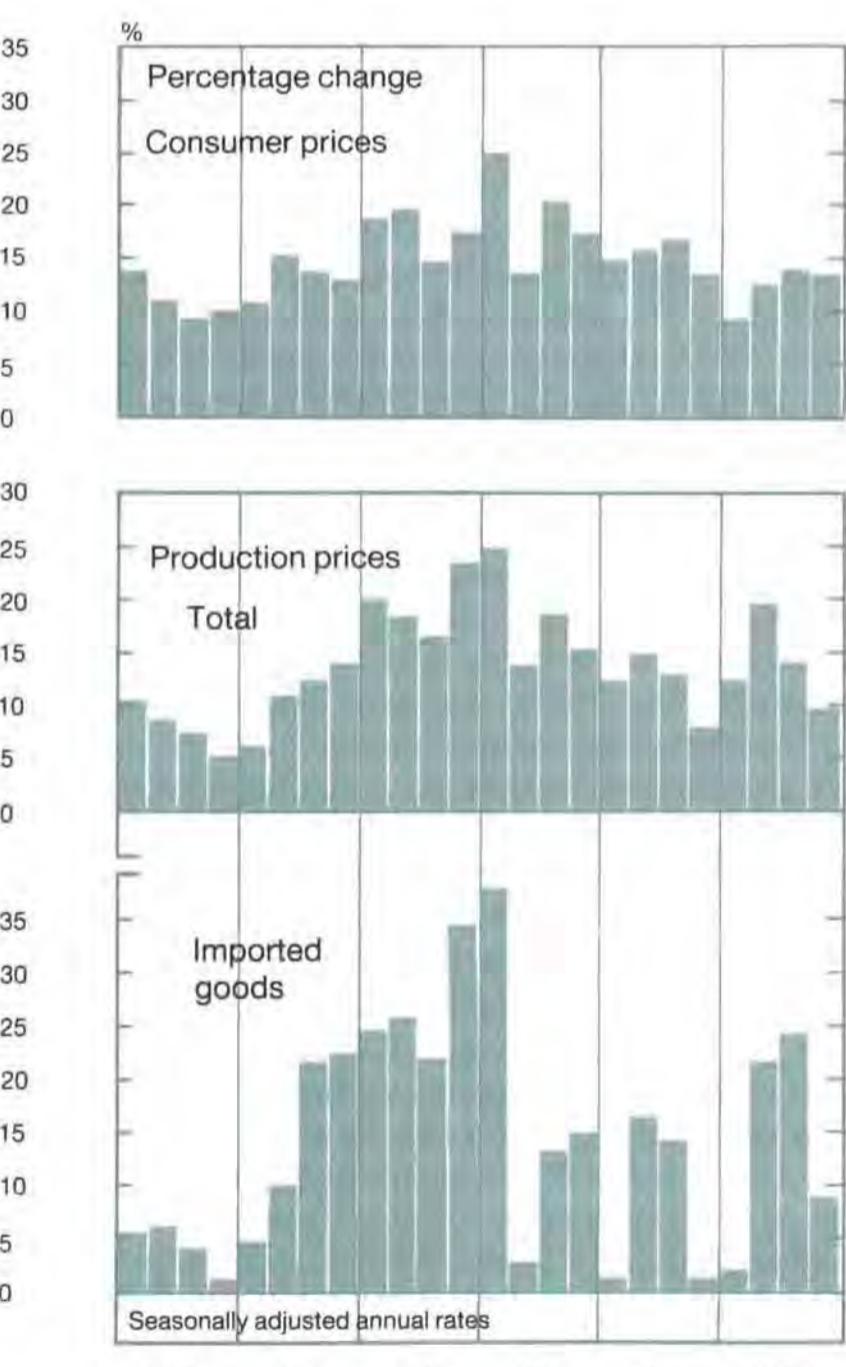
The seasonally adjusted and annualised quarter-to-quarter rates of increase in the prices of *imported goods* slowed down markedly from 24.4 to only 9.1 per cent, and in the case of the prices of *domestically produced goods* from 12.1 to 10.1 per cent, from the

third to the fourth quarter of 1988. As a result, the seasonally adjusted and annualised rate of increase in the *production price index* (which had increased from only 7.9 per cent in the fourth quarter of 1987 to 19.6 per cent in the second quarter of 1988) fell back from 14.3 per cent in the third quarter of 1988 to only 9.6 per cent in the fourth quarter. The twelve-month rate of increase in the production price index, however, accelerated to 14.1 per cent in November and to 14.6 per cent in both December 1988 and January 1989.

The year-to-year rise in the annual average level of production prices, which had slowed down markedly from 19.6 per cent in the calendar year 1986 to 13.9 per cent in 1987, showed a mild further deceleration to 13.2 per cent in 1988.

In somewhat similar fashion, the year-to-year rise in the average level of the *consumer price index* slowed down encouragingly from 18.6 per cent in calendar

Prices



1986 and 16,1 per cent in calendar 1987 to 12,9 per cent in 1988. However, the *quarter-to-quarter* increase in the consumer price index, at seasonally adjusted and annualised rates, began to rise at an early stage in 1988 from a low point of only 9,2 per cent in the first quarter to 12,6 per cent in the second quarter, and to 13,9 and 13,6 per cent in the third and fourth quarter, respectively. The marginal slow-down in the fourth quarter was a reflection of more modest food price increases (including an actual decline in the price of meat) in particular. Service costs rose more rapidly, however, partly as a result of increased homeowners' costs.

The *twelve-month* rate of increase in consumer prices declined from 14,2 per cent in January 1988 to 12,4 per cent in June and held at levels from 12,3 to 12,5 per cent during the ensuing six months. It then rose to 13,3 per cent in January 1989. The level of consumer prices in January 1989 was already affected by various administered price increases. Higher interest charges on housing mortgage loans, continuing lagged effects of the exchange rate depreciation from January to October 1988 and in February – March 1989, lagged effects of the increases in import surcharges from August 1988, the increased levies on motor fuels from 16 January 1989 and earlier behaviour of the production price index and of the *quarter-to-quarter* changes in the consumer price index, are likely to mean that the tempo of inflation in consumer prices will quicken further in ensuing months before probably moderating again later in 1989.

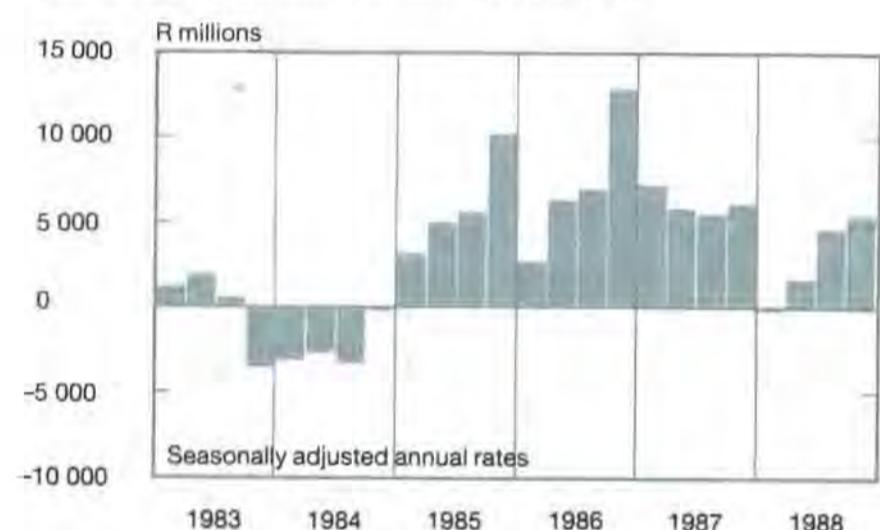
Balance of payments

Current account

Having dipped into a marginal deficit (at a seasonally adjusted annual rate of less than R0,1 billion) in the first quarter of 1988, the current account of the balance of payments returned to a surplus, at a seasonally adjusted annual rate, of R1,7 billion in the second quarter and of notably more substantial amounts of R4,6 billion and R5,4 billion in the third and the fourth quarter. These growing current account surpluses were attained despite continued relatively high levels of domestic expenditure and the impact of "pre-emptive" purchases of consumer and investment goods in the third and early fourth quarter of 1988 in particular. For 1988 as a whole, however, the current account surplus shrank to R2,9 billion from R6,2 billion in the preceding year.

Further strengthening of the current account surplus in the fourth quarter of 1988 could be attributed almost exclusively to another marked increase, of nearly 8 per cent, in *merchandise export earnings*; this increase, in

Balance of payments on current account



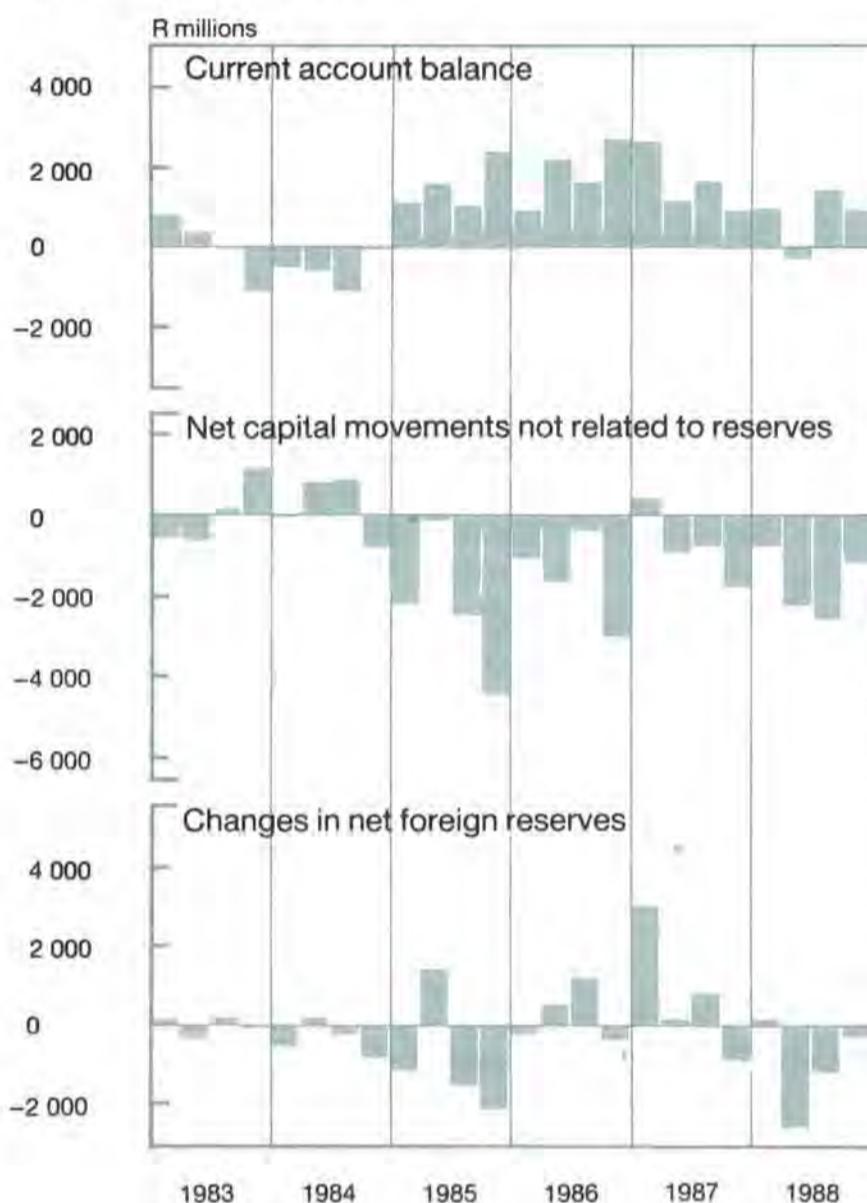
Balance of payments on current account

Seasonally adjusted annual rates

R millions

	1987		1988			
	Year	1st qr	2nd qr	3rd qr	4th qr	Year
Merchandise exports	25 146	26 300	29 282	33 830	36 476	31 472
Net gold exports	17 792	18 530	19 948	20 230	19 780	19 622
Merchandise imports	-28 320	-36 780	-38 310	-40 070	-41 520	-39 170
Net service and transfer payments	-8 466	-8 108	-9 172	-9 370	-9 290	-8 985
Balance on current account	6 152	-58	1 748	4 620	5 446	2 939

Balance of payments



16½ per cent higher than in the year 1987. The total value of merchandise exports accordingly rose by 25 per cent during the year.

The value of the *net gold exports* declined slightly in the fourth quarter of 1988. This could be attributed mainly to a weakening of the average dollar price of gold from US\$427 per fine ounce in the third quarter to US\$415 in the fourth quarter; the rand price of gold declined somewhat more significantly from R1 040 to R997 per fine ounce between these two periods. A renewed surge of strength of the US dollar in the international foreign exchange markets, new gold loans, a suspension of Taiwanese gold imports, and stepped-up sales of gold by Australian producers after depreciation of the Australian currency vis-à-vis the US dollar, then caused the average dollar price of gold to fall back further to US\$404 in January 1989 and to US\$388 in February – its lowest level for some 2½ years.

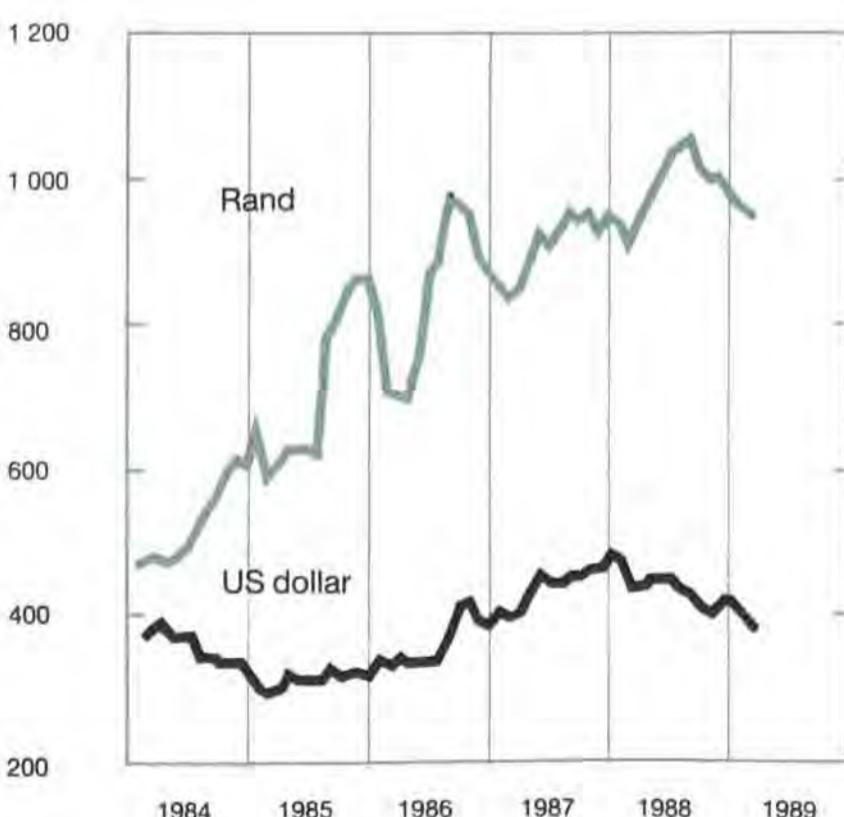
The average grade of South African gold ore milled declined from 5,28 grams per ton in 1987 to 5,13 grams in 1988. The physical volume of South African gold production nevertheless rose by some 3 per cent (i.e. from 596 tons to 615 tons) from 1987 to 1988. The average rand price of gold rose from R909 per fine ounce in 1987 to R992 per fine ounce in 1988. The total rand value of the South African gold output accordingly increased to R19,6 billion in 1988 from R17,8 billion in the preceding year.

Narrowing of the South African current account surplus from the calendar year 1987 to the calendar year

turn, was explained more than fully by a 10 per cent rise in export *volumes*. Export volumes of South African mining and, to a lesser extent, agricultural products were raised by the sustained strengthening of manufacturing output in the economies of trading partner nations, declining international stock levels of certain commodities and production problems in competitor countries. The total volume of merchandise exports in the fourth quarter of 1988 actually was some 11 per cent higher than the volume of these exports at its presumed cyclical upper turning-point in the third quarter of 1986. From the year 1987 to the year 1988 the volume of merchandise exports increased by approximately 7 per cent.

The average level of export *prices*, having risen substantially in the first three quarters of 1988, slid back by some 2 per cent in the fourth quarter. This was a result of a moderate retreat of international commodity prices from the middle of the year as well as of appreciation of the rand against the US dollar in particular. The average price level in domestic currency of South African exports in the year 1988 was, however,

Gold price

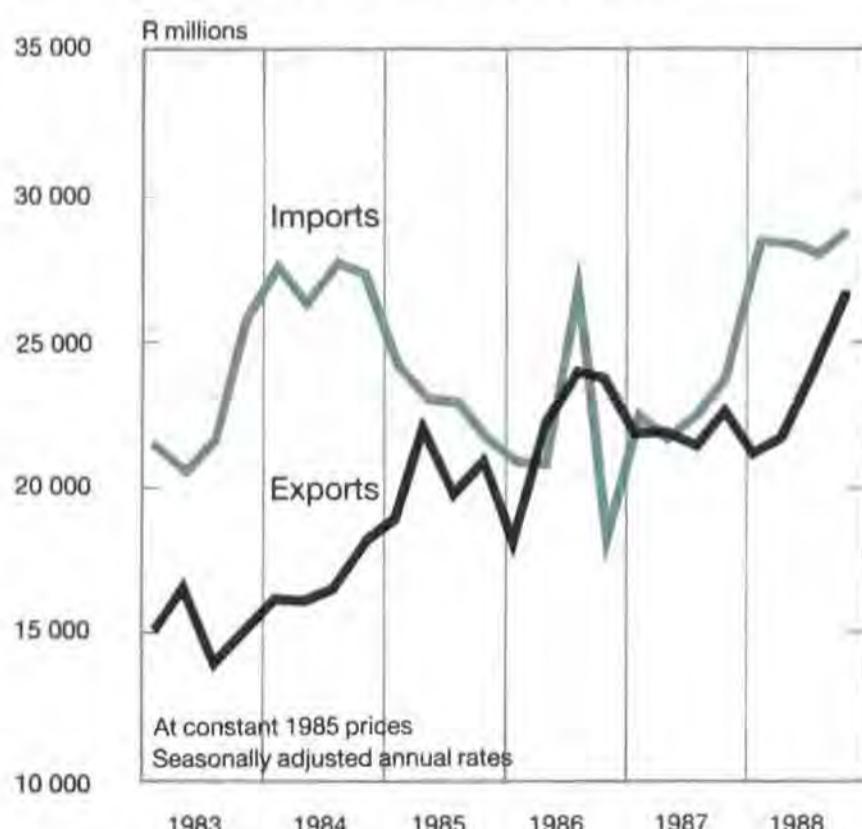


1988 was accounted for mainly by the sharply higher level of *merchandise imports* in the third year of the economic upswing. The volume, average price level and value of these imports rose by 25, 10½ and 38 per cent, respectively, in 1988 vis-à-vis the preceding year. The volume of imports in 1988 was also some 4½ per cent higher than in the mini-boom year 1984. It was still lower by about 14½ per cent, however, than the record volume of imports in the advanced gold boom year 1981.

The volume of imports rose sharply in the first quarter of 1988 in accordance with the marked strengthening of domestic expenditure during that period, but actually declined slightly in the ensuing six months. It then rose by some 3 per cent in the fourth quarter of 1988 to a level that was approximately 1½ per cent higher than in the first quarter of the year. Major increases were recorded in the fourth quarter in imports of mineral products; import volumes of other goods, however, also rose moderately.

Strengthening of the rand in the foreign exchange markets, and a renewed weakening of oil prices in the international commodity markets, served to hold down the rise in the average price level of imports in the fourth quarter of 1988 to a fractional ½ per cent. The 10½ per cent rise in the annual average of import prices in the year 1988 (against a rise of 6½ per cent in 1987) could mainly be accounted for by the decline in the effective exchange rate of the rand during the first ten months of 1988.

Volume of merchandise imports and exports



A strong rise in travel receipts in the fourth quarter of 1988 caused the *net service and transfer payments* to contract slightly from the third to the fourth quarter. Having dipped in 1987, net service and transfer payments rose again, however, in the calendar year 1988 as a whole. This was mainly the result of increased freight and merchandise insurance payments on the higher level of imports, higher interest payments because of the rise in international interest rates, and increased payments for South Africans' travels abroad. Against this increase in payments, but insufficient to make up for them, were arrayed increases in receipts of dividends from foreign sources and of foreign tourist expenditure in South Africa.

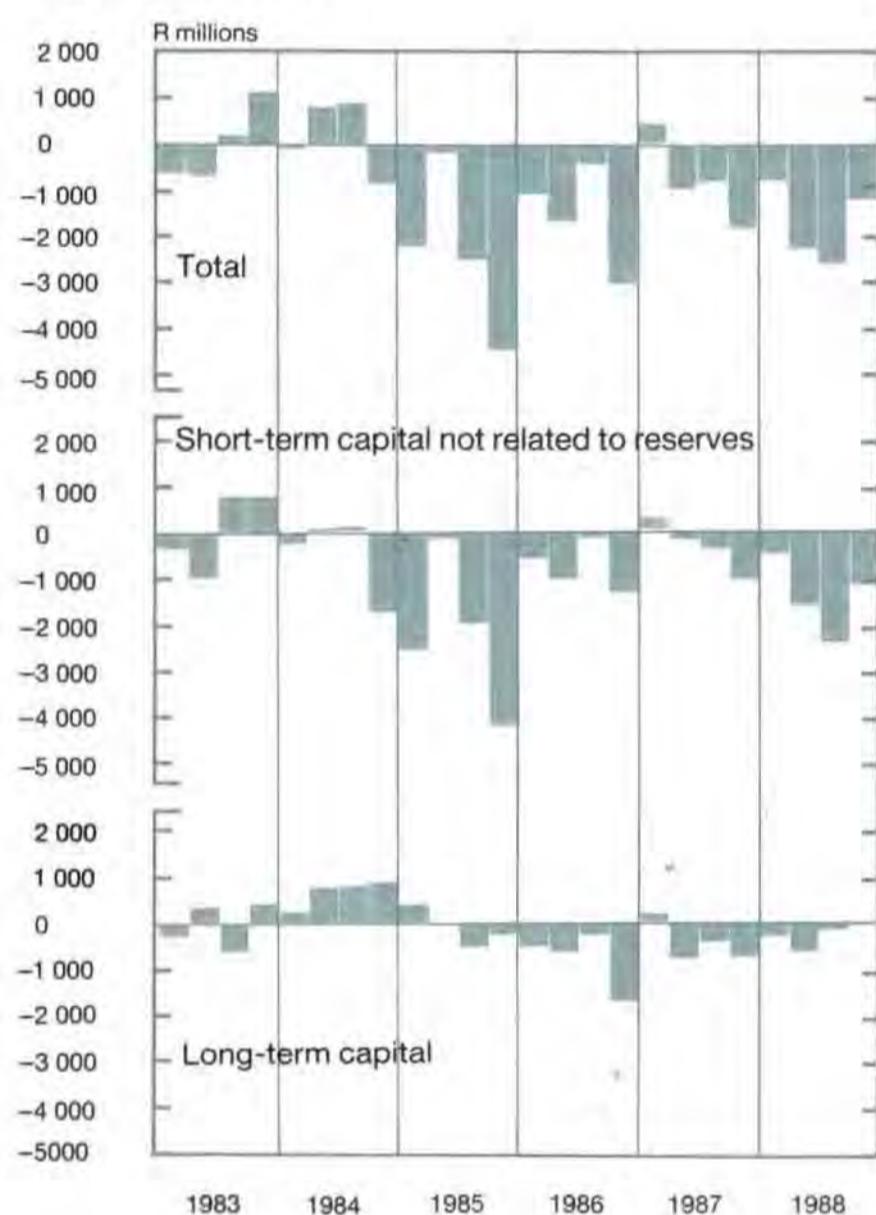
Capital account

The net outflow of capital not related to reserves shrank substantially from R2,5 billion in the third quarter of 1988 to R1,2 billion in the fourth quarter, despite major "lump sum" redemptions of foreign debt inside the standstill net as well as other capital outflows. In 1988 as a whole, however, the total net outflow of non-reserve-related capital amounted to R6,7 billion. This could be compared with an outflow to a broadly similar amount of R6,1 billion in 1986 but with a much smaller outflow of R3,1 billion in 1987.

The strengthened position of the capital account in the fourth quarter of 1988 reflected improvements in movements of both long-term and short-term capital. The outflow of long-term capital contracted from R144 million in the third quarter of 1988 to a diminutive amount of only R6 million in the ensuing three months. This was mainly a result of renewed net inflows of foreign capital to public corporations and to the private sector. Having made net repayments in the preceding three quarters, public corporations were net borrowers again (in the form of project financing) to an amount of R146 million in the fourth quarter. Net purchases also continued to be made by non-residents of South African securities listed on the stock exchange. In addition, however, the South African government took up a foreign loan that had been arranged for it by a group of overseas banks in the form of a private placing of public bonded debt.

The outflow of short-term capital of R2,4 billion in the third quarter of 1988 was halved to R1,2 billion in the fourth quarter. The large outflows of short-term capital in the second, third and early fourth quarter of 1988 – and more particularly those outflows that had resulted from switchings from off-shore to domestic sources of trade finance – were arrested following the increase in Bank rate and in the general South African interest rate level from 3 November 1988 onward. At the same time the appreciation of the rand against major other currencies after the first few days of November also brought about a reversal of speculative

Capital movements



capital outflows, including leads and lags in foreign payments and receipts.

Liabilities related to reserves showed a decrease – i.e. an outflow of capital – in the fourth quarter after large amounts had been borrowed in the preceding six months. An inflow of capital of R1,9 billion in the form of increased reserve-related liabilities was, however, recorded during 1988 as a whole.

Foreign reserves

Capital outflows well in excess of the current account surpluses caused South Africa's total gross gold and other foreign reserves to decline by R1 746 million from the end of March 1988 to the end of November. The marked moderation of the capital outflows after the first few days of November, however, subsequently allowed the total reserves to rise again by R251 million in December to R6,7 billion at the end of the year. In January and February 1989, the Reserve Bank's foreign reserves rose by another R160 million. The gold component of the Bank's foreign reserve holdings strengthened from 3,43 million fine ounces at the end of November to 3,64 million fine ounces at the end of February 1989.

Exchange rates

Having declined almost continuously during the first ten months of 1988, the effective exchange rate of the rand firmed again from early November. As a result, it strengthened on balance by 1,7 per cent in the fourth quarter. During 1988 as a whole the effective exchange rate weakened by 13,1 per cent.

Net capital movements (not related to reserves)

R millions

	1987	1988				Year
		1st qr	2nd qr	3rd qr	4th qr	
Long-term capital						
Public authorities	-529	-24	-138	5	-276	-433
Public corporations	817	-140	-179	-233	146	-406
Private sector:						
Net purchases of listed securities by non-residents	-1 213	-35	9	75	18	67
Other capital	-773	-88	-307	9	106	-280
Total long-term capital	-1 698	-287	-615	-144	-6	-1 052
Short-term capital including unrecorded transactions, but excluding reserve-related liabilities	-1 371	-475	-1 594	-2 390	-1 152	-5 611
Total capital movements excluding liabilities related to reserves	-3 069	-762	-2 209	-2 534	-1 158	-6 663
Change in liabilities related to reserves	-1 167	-13	1 668	586	-316	1 925

During January 1989 the rand lost ground against the strengthening dollar but firmed against all other major currencies; the effective exchange rate of the rand accordingly rose by 0,7 per cent. In February, however, the renewed bout of weakness in the dollar price of gold, and further strengthening of the American dollar, wiped out all gains that had been made by the effective exchange rate of the rand from November 1988 up to the end of January 1989.

The financial rand, which had weakened substantially in the middle quarters of 1988, remained fairly stable in the fourth quarter of 1988 and in January and February 1989. Fluctuating between R3,49 and R4,10 to the dollar, the exchange value of the financial rand represented discounts vis-à-vis the commercial rand which ranged from 33 to 41 per cent during this period.

Exchange rates



Changes in exchange rates of the rand

%

	31 Dec 1987 to 31 Mar 1988	31 Mar 1988 to 30 Jun 1988	30 Jun 1988 to 30 Sep 1988	30 Sep 1988 to 31 Dec 1988	31 Dec 1987 to 31 Dec 1988	31 Dec 1988 to 28 Feb 1989
Weighted average	-6,7	-3,8	-4,9	1,7	-13,1	-3,1
US dollar	-9,1	-8,3	-6,9	4,5	-19,0	-4,5
British pound	-9,4	-	-5,1	-1,7	-15,5	-1,6
German mark	-4,7	-	-4,0	-0,5	-8,8	-2,4
Swiss frank	-2,7	0,9	-1,5	-0,5	-4,2	-1,7
Japanese yen	-7,1	-2,6	-5,8	-1,9	-16,7	-3,6
French franc	-4,7	-0,8	-2,4	-0,5	-8,1	-2,6
Financial rand	4,8	-13,4	-15,5	6,0	-18,7	-3,3

Financial markets

Money supply

Hardly any signs of abatement in the very high rates of expansion of the money supply were apparent as yet in the fourth quarter of 1988. The quarter-to-quarter rate of increase in M3, seasonally adjusted and annualised, declined marginally from 29,5 per cent in the third quarter of 1988 to 28,3 per cent in the fourth quarter. This followed rates of increase of 26,1, 23,5 and 25,0 per cent in the preceding three quarters from the approximate beginning of the further acceleration of growth in the money supply in September 1987. Data for M3 as at the end of January 1989 suggest that the forces driving this monetary expansion still retained a major part of their strength in the first several weeks of 1989.

Very rapid growth in M3 in the fourth quarter of 1988 could still be explained in terms of reintermediation phenomena (reflecting, among other things, a further narrowing of the lending rate/deposit rate differentials of monetary institutions), the continued buoyant levels of economic activity and spending, and the enduring strength of investors' "liquidity preference proper" in the situation of a rapid hardening of interest rates and rising rate expectations that prevailed during most of the fourth quarter.

The fourth-quarter increment in M3 was heavily concentrated in call money and overnight deposits as well

as in the non-M1 part of M2, i.e. in deposits with unexpired maturities from more than one day up to six months inclusive. Between them, the increases in these two components of M2, which made up approximately three quarters of M3 at the end of September 1988, more than fully accounted for the increase in M3 from the end of September to the end of December 1988. In contrast, a substantial decrease (before seasonal adjustment, translating into stagnancy when seasonal factors are taken into account) was recorded in the long-term deposit component of M3 during this period.

The twelve-month rate of increase in M3, which had amounted to 17,4 per cent in the very early stages of the 1988 targeting year, i.e. at the end of November and December 1987, did not decline below 19 per cent in the course of the calendar year 1988. Having reached 27,7 per cent in October 1988, this rate of increase dipped to 25,0 per cent in November before returning to levels of more than 27 per cent in both December 1988 and January 1989.

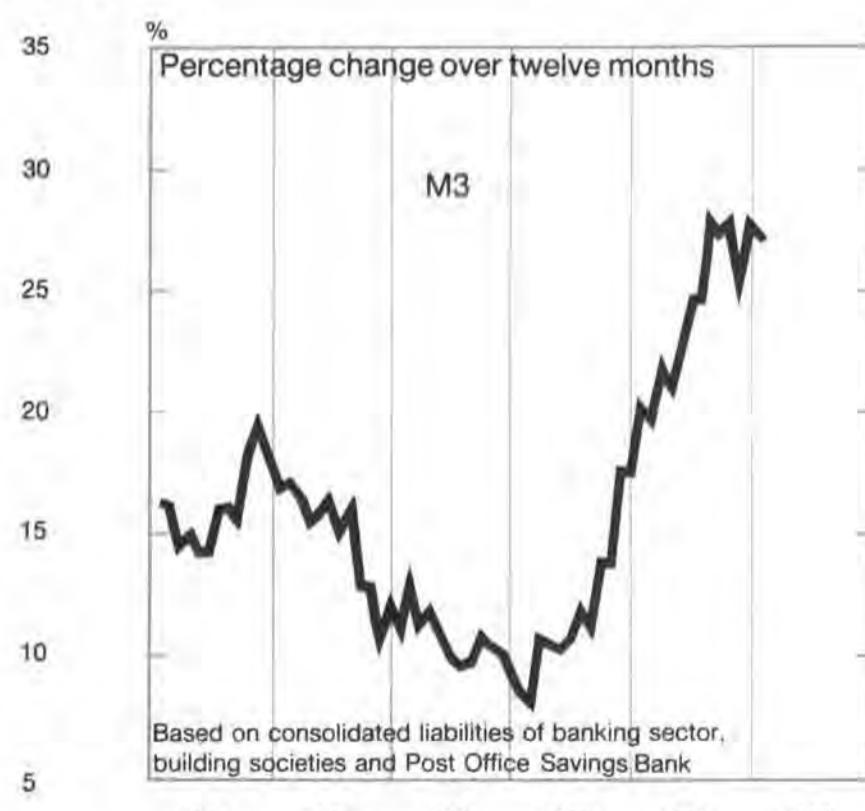
The principal statistical counterpart of the R6,1 billion increase in M3 (seasonally adjusted) in the fourth quarter of 1988 was an increase of R5,2 billion in domestic credit extension. The net gold and other foreign reserves of the monetary sector, which had declined by R1,5 billion in the third quarter of 1988, made a positive contribution of R0,4 billion to M3 in the ensuing three months.

The 1988 targeting year

As was discussed in some detail in the Reserve Bank's recent publication *Money Supply Targets for 1989*, the growth in the quarterly average of M3 in the course of the 1988 targeting year, i.e. from the fourth quarter of 1987 to the fourth quarter of 1988, amounted to 26,5 per cent. This rate of increase therefore was substantially higher than the target range of 12 to 16 per cent with regard to growth in M3 in 1988. At R114,5 billion, the quarterly average of M3 as in the fourth quarter of 1988 exceeded the upper and lower boundaries of the target zone by approximately R9,5 billion and R13,1 billion, or by 9,1 and 13,0 per cent. M3 as at month-ends lay above the upper limit of the target "cone" from the very start of the 1988 targeting year (taken as mid-November 1987), and also exceeded the upper limit of the target "tunnel" from as early as February 1988. It then continued to fall above both the "cone" and the "tunnel" during the remainder of the targeting year to mid-November 1988.

Growth in M3 in the successive calendar quarters of 1988 consistently exceeded the rates of increase in gross domestic product at current prices during these quarters. As a result, M3's "income" velocity of circulation (i.e. the ratio of the quarterly gross domestic product, at current prices and at a seasonally adjusted

Money supply



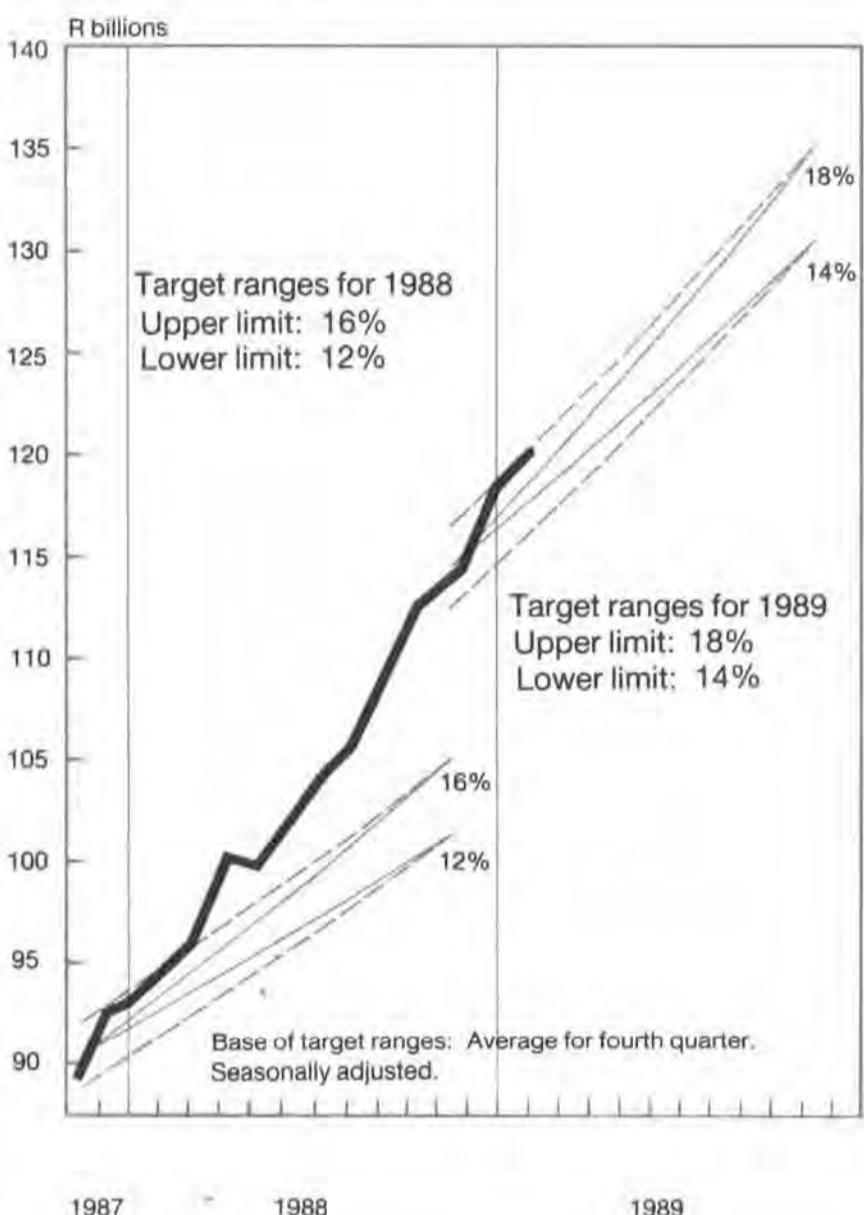
annual rate, to the quarterly average of M3, seasonally adjusted, during the quarter concerned) declined from 1,976 in the fourth quarter of 1987 to 1,832 in the fourth quarter of 1988, i.e. by 7,3 per cent. The increase in the "effective" or "velocity-adjusted" M3 money supply during the targeting year accordingly amounted to 17,3 per cent.

Growth rates of M3 well in excess of the upper limit of the 12 to 16 per cent target range were explained partly by the unexpected strength of the upswing in domestic spending and production in 1988 and partly by a marked increase in "liquidity preference proper", i.e. by an increase in the demand for money as an "asset to hold" that could not be related in any direct manner to "transaction" needs for money or close money substitutes at given levels of the gross domestic product at current prices. Velocity-reducing increases in the demand for "money to hold" could, in turn, be traced partly to various factors enhancing the relative attractiveness of fixed-value depository investments with monetary institutions (as included in M3) vis-à-vis the attractions of longer-term fixed interest bearing financial instruments, equities or equity-based investments, or tangible assets, in the general conditions prevailing in 1988. Increases in the demand for money and close money substitutes could also be traced partly to reintermediation phenomena arising from a steady narrowing of the gap between monetary institutions' average lending and average deposit interest rates in the course of the year.

The counterpart of the increase in M3 in the books of monetary institutions in the targeting year 1988 was overwhelmingly found in a R25,9 billion (or 29,3 per cent) increase in these institutions' extension of credit to the domestic private sector. Despite the decline in M3's velocity of circulation, both the increase in M3 and the increase in bank credit to the private sector were deemed clearly excessive by the monetary authorities in the prevailing circumstances. As such, they provided a major reason for the authorities' shift to a more restrictive stance of monetary policy in December 1987 and for the adoption of further tightening measures (including five Bank rate increases, raising Bank rate from 9,5 to 16,0 per cent) between March 1988 and February 1989.

Growth rates lower than that of M3 (as measured for targeting purposes) in 1988 were displayed by long-term deposits as well as by notes and coin in circulation, cheque and transmission deposits, and total M1A. Growth rates well in excess of that in M3 were shown by "other demand" deposits and by "other short" and medium-term deposits, and therefore also by M1 and M2. The relatively very low (5,0 per cent) rate of increase in long-term deposits appeared to have been stimulated but little, on balance, by the introduction of the interest rate subsidy on these deposits for senior citizens in May 1988.

Target ranges for growth in M3



New money supply target for 1989 targeting year

A new target, ranging from 14 to 18 per cent, for the rate of increase in M3 from the fourth quarter of 1988 to the fourth quarter of 1989 was announced by the Reserve Bank on 7 March 1989. In terms of these limits to M3 growth, the quarterly average of M3 in the fourth quarter of 1989 was not to be more than R135,1 billion nor less than R130,6 billion.

In explaining the monetary authorities' decision to raise the upper and lower bounds of the target range by two percentage points from their 1988 levels, the Reserve Bank stated that this was based on the acceptance by the authorities of a broad economic projection for 1989 that provided for a further increase in real gross domestic product of around 2 per cent, a surplus on the current account of the balance of payments of roughly R4 billion, a gradual rise in the official gold and foreign exchange reserves, and an average rate of increase of the consumer price index of about 15 per cent. It was, therefore, considered realistic to recognise that the rate of inflation in the South African economy would probably continue to rise in the months

ahead before resuming the downward trend it had exhibited in 1987 and 1988. Acceptance of a temporary quickening of inflation, however, did not imply a weakening of the authorities' resolve to control the growth of the "effective" (or "velocity-adjusted") money supply for bringing down the inflation rate. Instead, it was believed that attainment of the new monetary target, in conjunction with realisation of the projected real economic growth rate of 2 per cent, would minimise the expected acceleration of inflation before reversing it.

Credit extension by monetary institutions

Total claims of all *monetary institutions* (banks, building societies and the Post Office Savings Bank) on the private sector rose at a seasonally adjusted annual rate of approximately 32½ per cent in both the third and the fourth quarter of 1988. *Banking institutions'* claims on the private sector, which had increased at an annualised rate of a mere 2,5 per cent as recently as the second quarter of 1987, rose at extraordinarily high annualised rates of more than 40 per cent in both these quarters; the rate of 48,0 per cent in the fourth quarter of 1988 was within striking distance of the all-time record rate of 53,4 per cent in the second quarter of the advanced gold boom year 1981.

Private sector demand for monetary institutions' credit received an additional impetus in the third and early fourth quarter from "pre-emptive" buying by households and business enterprises. It was also

Changes in claims on the private sector*

Seasonally adjusted annual rates

	All monetary institutions %	Banking system %
1987: 1st quarter	12,7	13,7
2nd quarter	9,2	2,5
3rd quarter	15,1	13,1
4th quarter	20,9	36,0
1988: 1st quarter	27,0	32,8
2nd quarter	25,3	31,0
3rd quarter	32,4	43,3
4th quarter	32,7	48,0

*Quarter-to-quarter percentage changes in quarterly averages

supported throughout the third and fourth quarter by the strengthening of private sector fixed investment spending, which had not yet given rise to any broadly commensurate increase in corporate borrowers' new-issue activity on the stock exchange.

Total claims of all monetary institutions on the private sector expanded by R5,5 billion in the fourth quarter. The average monthly rise in hire-purchase and leasing finance amounted to R455 million in the fourth quarter, against an average monthly increase of R355 million in the preceding nine months.

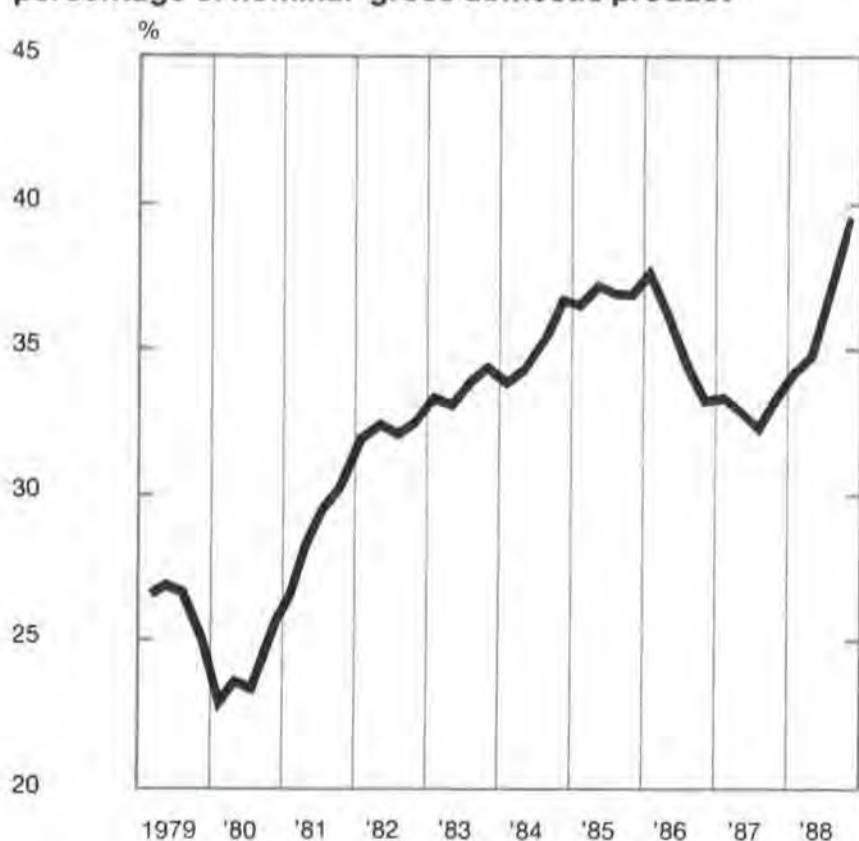
A slight fall-off in the demand for mortgage advances appeared to have set in towards the end of the year. This found a supporting element in banks' reduced willingness to grant such advances in the face of tighter bank liquidity and shrinking interest rate differentials. The increase in the banks' holdings of mortgage loans accordingly showed a moderate decline from R1,8 billion in the third quarter to R1,6 billion in the fourth quarter. The building societies, however, still expanded their mortgage holdings by approximately R1,0 billion in both these periods.

Monetary institutions' net claims on the government sector receded slightly (by R0,3 billion) in the fourth quarter. However, substantial losses (for account of the Treasury) continued to be sustained by the Reserve Bank in its provision of forward foreign exchange cover.

Reserve Bank operations in the money market

Money market conditions, as measured by the market's need for Reserve Bank accommodation, remained tight during November and December 1988 and in January, February and the first half of March 1989. This could be attributed to monetary institutions' continued high lending activity as well as to seasonal factors (including large increases in the note circulation in December), large tax payments at the end of February 1989, and the sustained high level of government balances with the Reserve Bank.

Claims of banking sector on domestic private sector as percentage of nominal gross domestic product



In a statement dated 2 December 1988 the Reserve Bank announced that although no *relaxation* of monetary policy was intended, recent increases in interest rates, the improved prospects for the Government's finances (owing, among other things, to the proposed imposition of increased fuel levies from 16 January 1989) and other developments warranted Bank rate being kept unchanged at 14,5 per cent for the time being. In addition, the Bank would counter the then expected seasonal tightening of money market conditions by means of repurchase agreements or other open-market operations.

Buy-backs for amounts ranging from R200 million to R900 million were entered into by the Bank over the period from 27 December to 12 January. Assistance in the form of repurchase agreements for amounts of up to R1 000 million was again provided by the Bank during the period from 23 January to 8 February. Repurchase agreements entered into by the Bank during the period from 24 February to 7 March similarly reached a peak amount of R1 000 million.

Despite this assistance through the Bank's market transactions, accommodation of the money market at the Bank's discount window rose from an average daily amount of R1,4 billion in November 1988 to R2,1 billion in December. Partly because of the accumulation of government balances with the Reserve Bank (to a peak level of as much as R6,2 billion on 26 January 1989), the average daily amount of discount window accom-

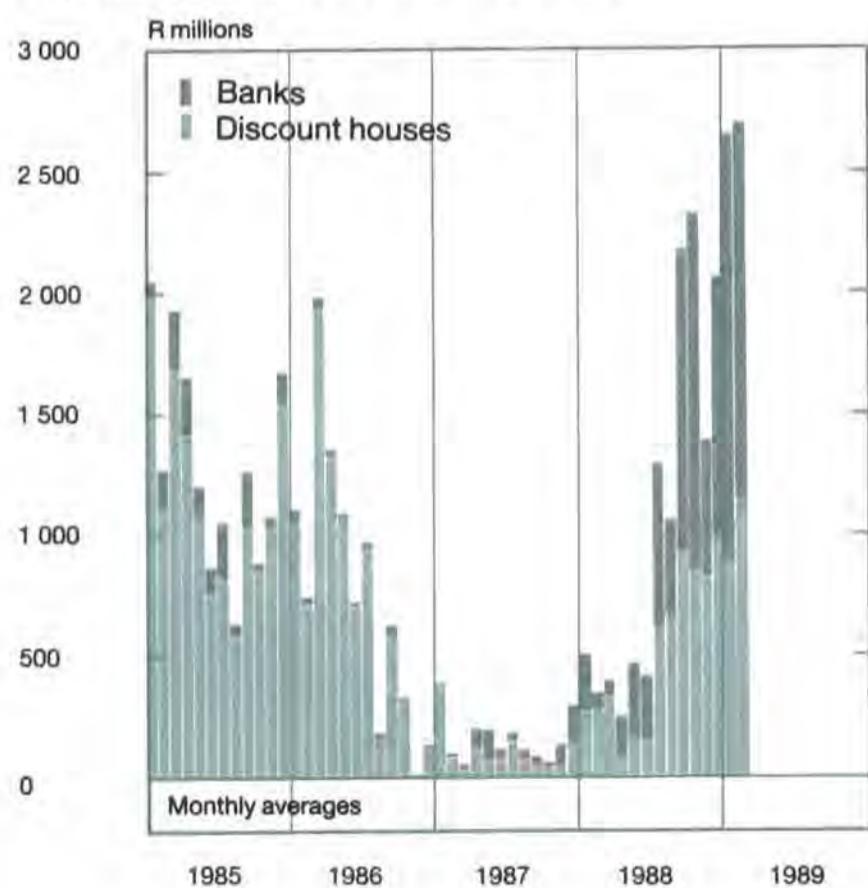
mmodation then rose further to R2,6 billion in January, R2,7 billion in February and R2,7 billion in the first two weeks of March 1989. It reached a new record level of R3,4 billion on 31 January 1989.

Net sales of government stock by the Reserve Bank in the open securities markets amounted to R2,3 billion in the fourth quarter of 1988 and to R0,7 billion in January and February 1989. In contrast, a small amount of net purchases of stock had been made in the first two months of 1988.

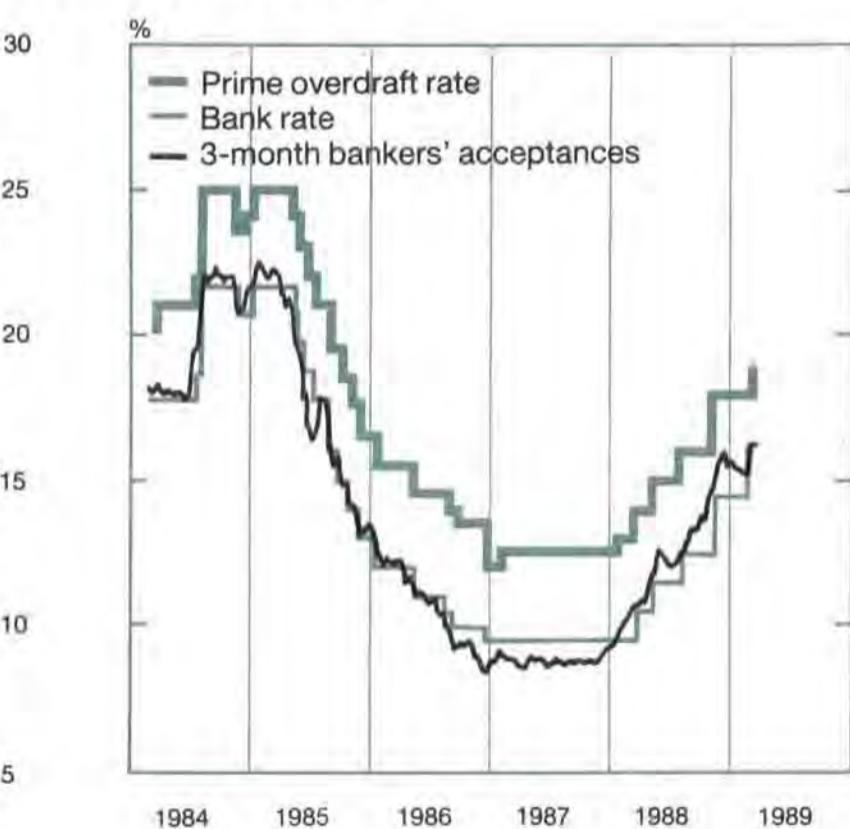
Money market interest rates

Money market interest rates continued to harden for some time after the increase in Bank rate (from 12,5 to 14,5 per cent) on 3 November 1988, under the influence of the sustained rapid increases in bank credit and above-target growth of the money supply, the upward trend in interest rates in major overseas economies, and the market's perceptions of the strained balance of payments and foreign reserves situation. Hand in hand with the Bank rate increase, the clearing banks' prime overdraft rates were generally raised (from 16,0 to 18,0 per cent) with effect from 3 November. The market rate on three-month liquid bankers' acceptances firmed from 14,7 per cent at the end of October to 16,0 per cent at the end of November. At this level, it exceeded the Reserve Bank's new minimum rediscount rate for such acceptances by a marked 1,2 percentage points.

Accommodation at the discount window



Short-term interest rates



Market rates softened appreciably following the Reserve Bank's policy statement of 2 December. The market rate on three-month liquid bankers' acceptances eased from its level of 16,0 per cent as at the end of November 1988 to a low of 15,20 per cent on 7 February 1989. From 23 December 1988 the Treasury bill tender rate was allowed to align itself more closely, in accordance with market forces, to the rates on comparable money market instruments. This rate accordingly rose to 15,33 per cent on 23 December before easing, on balance, to a low of 14,98 per cent on 3 February 1989.

Various adverse developments in the course of January and February 1989 – notably the decline of the dollar price of gold to a level well below US\$400 per fine ounce, further increases in interest rate levels in Europe and the United States, and the persistent very high rate of increase in the money supply – caused the Reserve Bank to raise Bank rate (i.e. the Bank's minimum rate for rediscounting Treasury bills) to 16,0 per cent for both the banks and the discount houses with effect from 23 February 1989. This step, therefore, also signified abolition of the preferential margin of 1/2 per cent that had previously been enjoyed by the discount houses in respect of the Reserve Bank's various refinancing rates. Abolition of this margin – which meant that, for the discount houses, the Bank's rediscount rate for Treasury bills was raised from 14,5 to 16,0 per cent – was effected mainly as a technical adjustment in recognition of the evolutionary changes that had occurred in recent years in the functions of the discount houses. In particular, it reflected the fact that the houses no longer served as the main conduit through which banks obtained accommodation from the Reserve Bank.

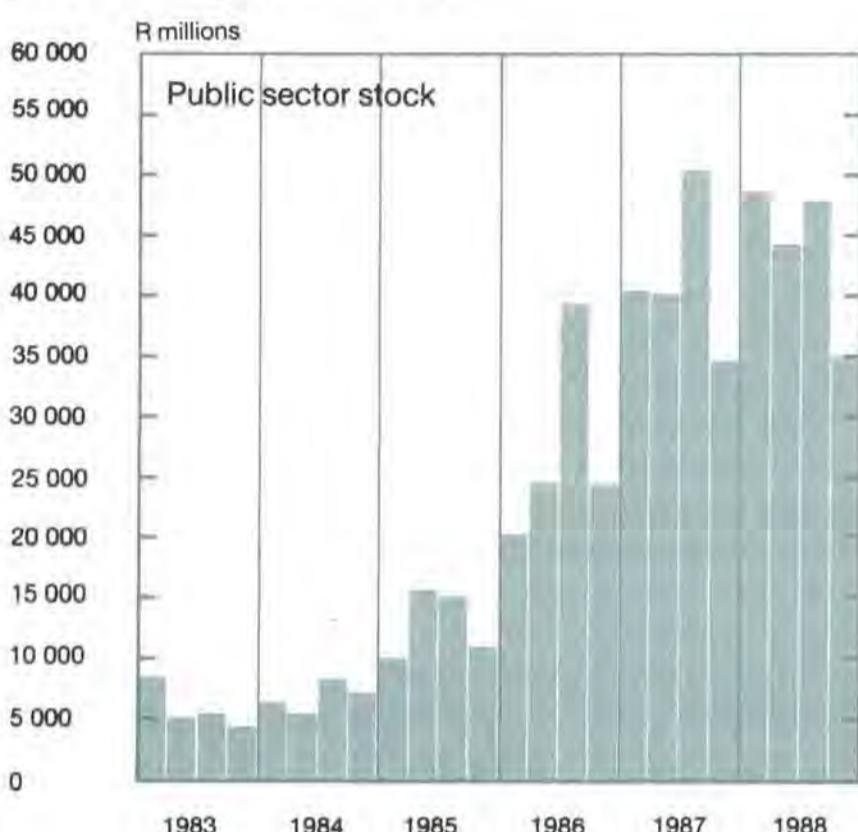
In response to the Bank rate increase, the clearing banks – acting under some initial uncertainty arising from recent amendments to the Usury Act – generally raised their prime overdraft rates from 18 to 19 per cent with effect from dates between 24 and 28 February. The market rate on three-month liquid bankers' acceptances rose from 15,70 per cent immediately prior to the Bank rate increase to 16,25 per cent on 23 February (against the Reserve Bank's new rediscount rate for such acceptances of 16,30 per cent), and to 16,4 per cent on 15 March.

Capital market activity

Having recovered slightly in the third quarter of 1988, trading activity in the capital market receded in the fourth quarter. Share prices, however, showed significant further gains. A slight further increase was also shown by the value of real estate transactions.

Turnover of public sector stock declined sharply after the Bank rate increase which took effect from 3 November. The value of public sector stock traded on

Stock exchange transactions

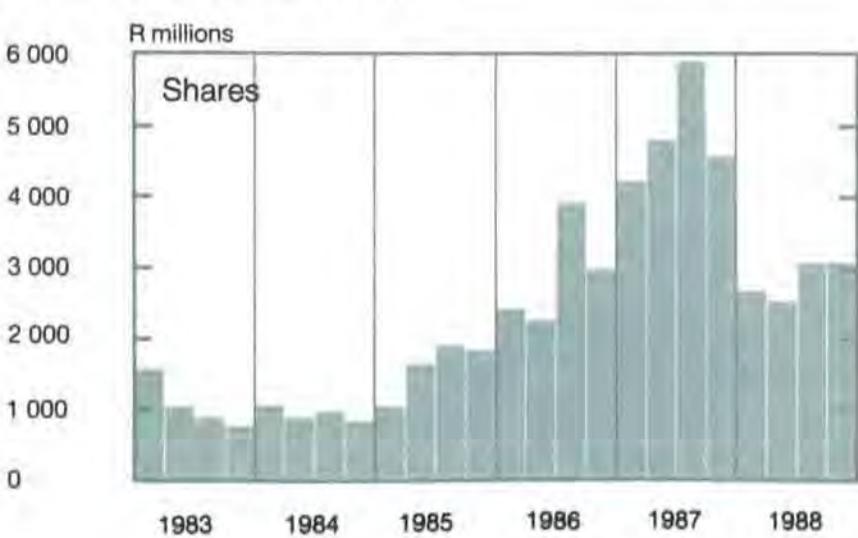


the stock exchange declined from R47,9 billion in the third quarter of 1988 to R35,0 billion in the fourth quarter. Turnover in such stock during 1988 as a whole nevertheless still rose by 6 per cent to R175,7 billion, against R165,2 billion in the preceding year.

The value of shares traded on the stock exchange remained unchanged at R3,0 billion from the third to the fourth quarter of 1988. Share trading activity in the year 1988, at R11,2 billion, was down 43 per cent on the total turnover of R19,5 billion in 1987.

The average price level of all classes of shares, which had begun to recover intermittently from the

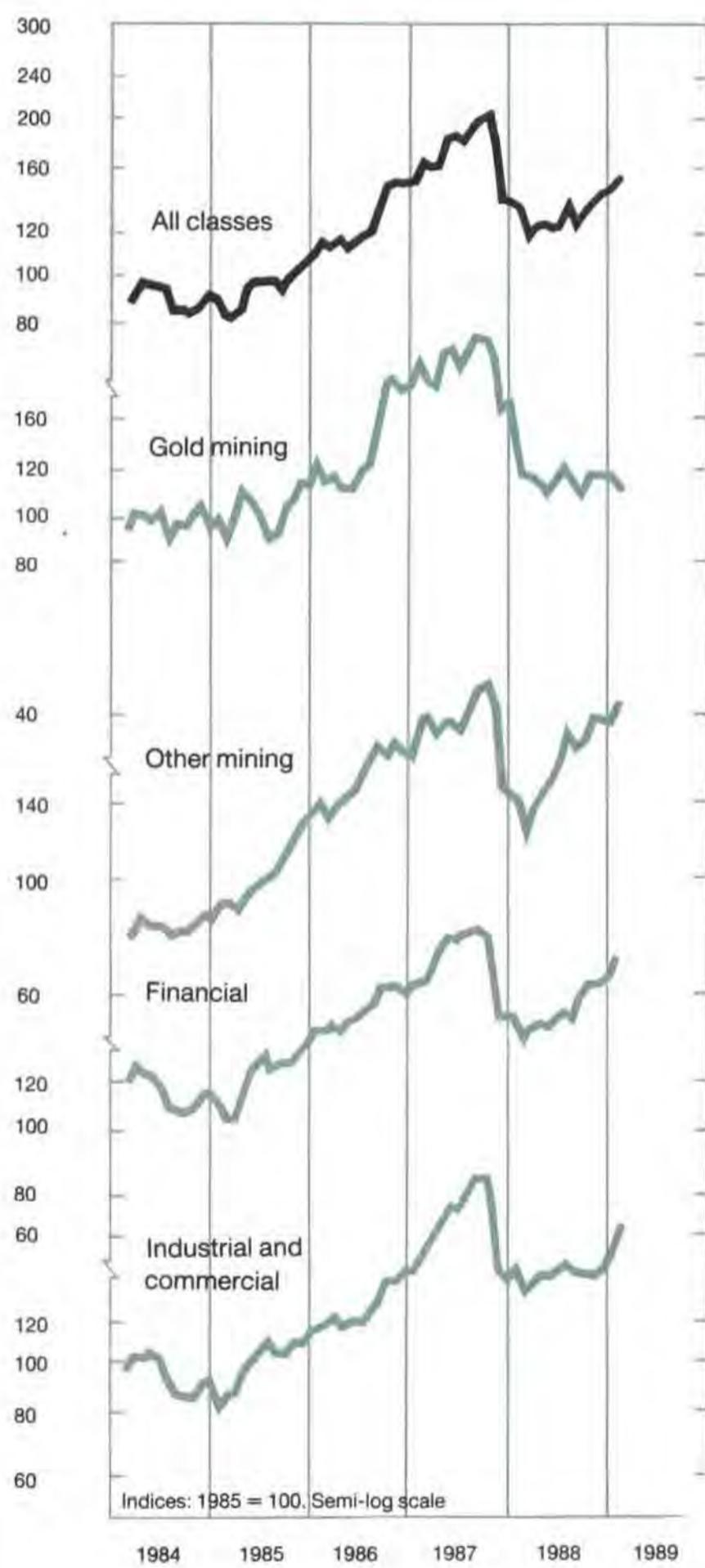
Stock exchange transactions



second quarter of 1988 after the slump in share prices of October-November 1987, rose by 3 per cent in the third quarter of 1988 and by an impressive 9 per cent in the fourth quarter. It then advanced further by a substantial 9 per cent in January-February 1989. The aver-

age price levels of gold mining shares, industrial and commercial shares and "all classes" of shares in February 1989 were, however, still lower than in September 1987 by 47, 17 and 23 per cent. On a daily basis, the JSE Actuaries' industrial share price index overtook its pre-“crash” record level as on 19 October 1987, on 7 March 1989.

Share prices



In the primary markets, net new issues of public sector stock to private sector investors declined slightly from R1,1 billion in the third quarter of 1988 to R1,0 billion in the fourth quarter. The total of such issues in calendar 1988, at R4,0 billion, was 22 per cent lower than the figure of R5,1 billion in the preceding year.

Issues of ordinary shares by companies listed on the Johannesburg Stock Exchange declined from R326 million in the third quarter of 1988 to R301 million in the fourth quarter. In contrast, issues of fixed interest securities by such companies rose from nil in the third quarter to R183 million in the fourth quarter. Corporate entities' resort to the capital market in the course of 1988 was obviously affected by share market conditions during the year. New share capital raised by companies accordingly fell back from R1 974 million in 1987 to R876 million in 1988; companies' new issues of fixed interest securities declined from R537 million in 1987 to R222 million in 1988.

In the mortgage market, housing loans paid out by building societies amounted to R2,4 billion in the fourth quarter, against R2,8 billion in the preceding three months. The total amount of loans paid out in 1988, at R9,7 billion, was, however, R1,0 billion higher than in 1987.

Building societies' total *holdings* of housing finance rose by R0,9 billion in both the third and the fourth quarter of 1988 (to a total of R29,6 billion at the end of the year). However, the year's increase in such holdings, of R3,5 billion, represented a fairly marked retreat from the 1987 rise of R3,9 billion. In contrast, the rise in banks' holdings of housing finance declined from R1,8 billion in the third quarter to R1,3 billion in the fourth quarter of 1988 (bringing the total of these holdings to R10,3 billion at the end of the year), as rising shorter-term interest rates and shrinking or vanishing interest rate margins, the banks' tighter liquidity positions and their sustained high lending activity in the shorter-term credit areas reduced the attractions of providing mortgage finance. The total increase in the banks' holdings of housing finance during the year 1988, at R5,9 billion, was, however, a remarkable 180 per cent higher than in the year 1987.

The relatively small increase in building societies' mortgage holdings, despite the relatively large amounts of mortgage loans paid out, was a result of large capital redemptions in consequence of homeowners' switching from building society loans to bank loans and other sources of mortgage finance. Towards the end of 1988 and in early 1989 the demand for

home finance was beginning to be affected not insignificantly by the various bond rate increases since October 1988.

The value of real estate transactions in the fourth quarter of 1988 amounted to R5,0 billion, against R4,9 billion in the third quarter. The total value of these transactions in 1988, at R19,6 billion, was a substantial 29 per cent higher than in the preceding year.

Interest rates and yields

The downward movement in long-term interest rates, which had started at the beginning of the second quarter of 1988, ran out of steam and was reversed in October. The monthly average yield on long-term government stock declined from 16,6 per cent in March 1988 to 16,0 per cent in September, but reverted to 16,5 per cent in October and to 16,8 per cent in November before easing marginally again to 16,6 per cent in January 1989. It then softened mildly further to 16,5 per cent in the first half of February. The disappointing performance of the dollar price of gold in February 1989,

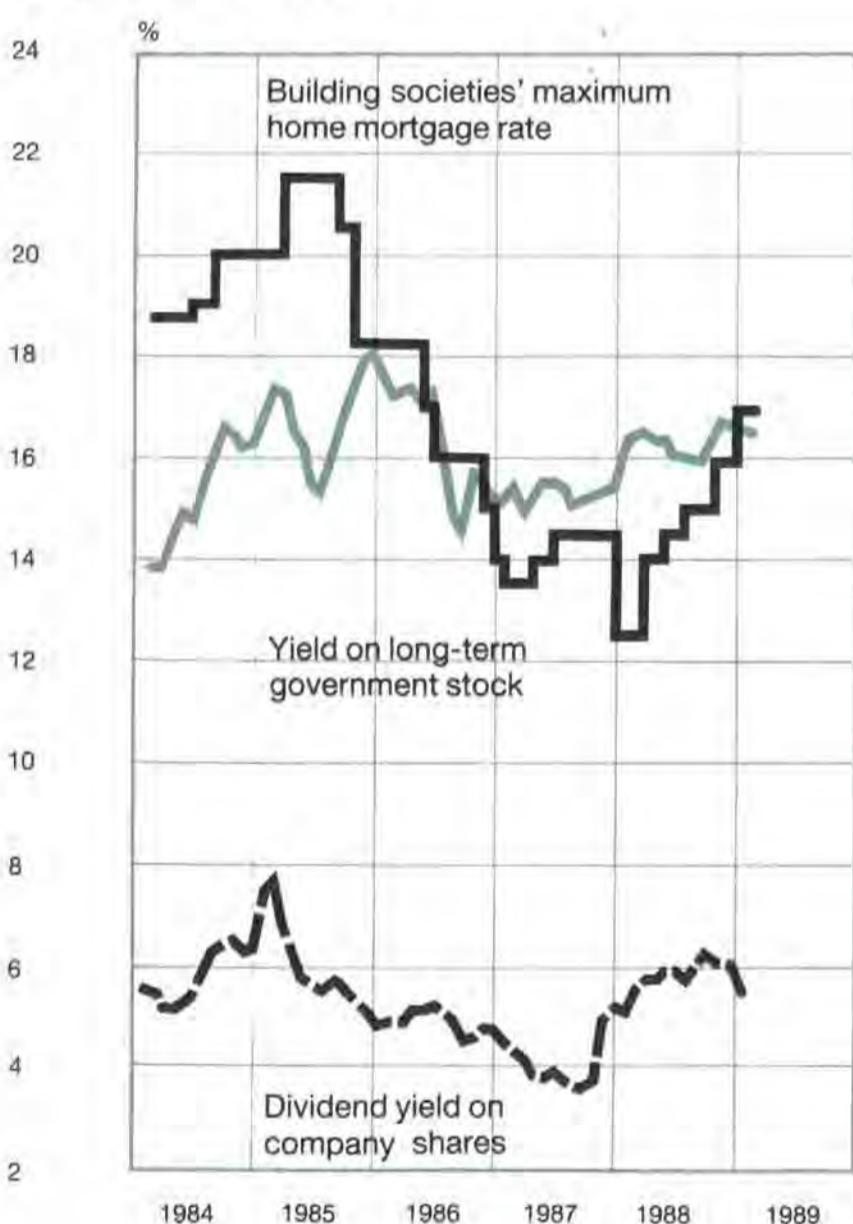
persistent large increases in the money supply and rising short-term interest rates, and concern about the possible extent of the Government's budgetary deficit in fiscal 1989/1990, subsequently caused this yield to harden modestly again to an average of 16,7 per cent in the second half of February 1989, for an unchanged monthly average of 16,6 per cent.

Mirroring the improvement in share prices, the monthly average dividend yield on all classes of shares declined from 6,3 per cent in September 1988 to 6,0 per cent in December and to 5,7 per cent in February 1989. In September 1987, this yield had reached a low point of 3,6 per cent.

Following the increase in Bank rate from 12,5 per cent to 14,5 per cent with effect from 3 November 1988, the building societies' predominant home mortgage rate was raised from 15,0 per cent in the third quarter of 1988 to 18,0 per cent at the end of February 1989, against a rate of 12,5 per cent in February 1988. Certain societies raised their bond rates to 18,25 per cent. These increases were effected before the Bank rate increase which came into force on 23 February; no further bond rate increases were announced by the building societies from 23 February up to the third week of March.

The predominant rate on twelve-month deposits with banks and building societies was raised in various steps during 1988. At the end of February 1989 a rate of 14,5 per cent was quoted on these deposits by both banks and building societies, against a rate of 10,8 per cent as quoted by banks and 11,0 per cent as quoted by building societies in February 1988.

Long-term interest rates



Government finance

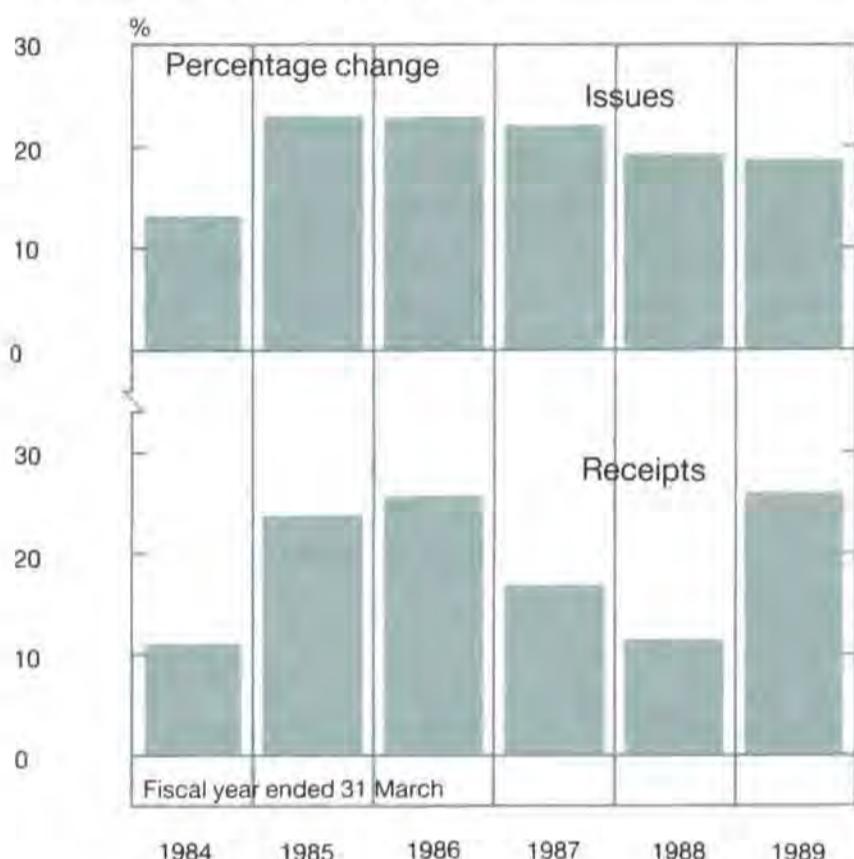
Outcome of Central Government Budget for fiscal 1988/89

The expected outcome of the Central Government Budget for fiscal 1988/89, as reported by the Minister of Finance in his Budget speech of 15 March 1989, departed to an important extent from the original budget estimates of March 1988. Both Exchequer issues and Exchequer receipts markedly exceeded the original budget estimates. The eventual short-term stimulatory impact of the 1988/89 Budget, however, was slightly lower than had been envisaged in March 1988.

Exchequer issues to government departments in fiscal 1988/89 were estimated by the Minister to amount to R56 556 million. This would exceed the original Budget estimates by R2 691 million, or by 5,0 per cent. The increase in Exchequer issues in fiscal 1988/89 from actual issues in fiscal 1987/88 would amount to 18,4 per cent, representing an increase in real terms of approximately 5,0 per cent.

Total revenue receipts in fiscal 1988/89 were estimated by the Minister to amount to R47 460 million. This would exceed the original Budget estimates by a substantial R3 455 million, or by close to 7,9 per cent. The increase in revenue receipts in fiscal 1988/89 from actual receipts in 1987/88 would amount to a remarkable 25,2 per cent, or to nearly 11,0 per cent in real terms. As shown in the accompanying table, large increases in revenue receipts in fiscal 1988/89 were recorded in income tax collections from companies (other than mining companies) and from general sales tax. In addition, the relative increase in receipts from customs and excise duties amounted to an exceptional and far higher than budgeted 90 per cent. A decline in receipts from gold and other mines had been anticipated in the original Budget estimates; the receipts from

Exchequer issues and receipts



mining companies *other than* gold mines, however, actually *exceeded* the Budget estimates by about 32 per cent.

General sales tax receipts were significantly higher than in the original Budget estimates because of the higher than expected level of domestic economic activity and expenditure and because of the phasing-out of the debtors' allowances regarding sales tax, which was introduced from 1 July 1988. Total receipts from customs and excise duties also showed a marked increase, mainly because of substantial increases in customs duties in general, the surcharge on imports and the fuel levy. The higher level of customs duties

State Revenue Fund – Revenue collections in 1988/89

	Budget ¹		Anticipated collections	
	R millions	Percentage change ²	R millions	Percentage change ²
Total collections from gold and other mines	2 840	-16,5	3 076	-9,6
Income tax collections from other companies	7 535	26,8	8 100	36,3
Income tax collections from individuals	13 595	11,6	13 960	14,6
General sales tax	11 600	14,0	12 900	26,8
Customs and excise duties	5 320	54,8	6 530	90,0
Other receipts	3 115	18,7	2 894	10,3
Total receipts	44 005	15,9	47 460	25,0

¹ Budget speech, March 1988.

² Compared with actual collections during the 1987/88 fiscal year.

was related to the higher level of imports in general; the higher surcharges on certain categories of imports became effective from 15 August 1988. The fuel levies were raised on three occasions during the 1988/89 fiscal year.

The estimated deficit before borrowing and debt repayment for fiscal 1988/89 amounted to R9 096 million, or to R764 million less than in the original Budget estimates. At this level the recorded deficit amounted to 4,4 per cent of expected gross domestic product, which was slightly lower than the ratio to gross domestic product of 4,9 per cent that had been envisaged in the original Budget estimates. The estimated deficit of R9 096 million and loan redemptions of R4 991 million were expected to be financed, and it was proposed that the 1988/89 surplus be utilised, in the following way:

	R millions
Public Investment Commissioners (PIC) ...	4 800
New government stock issues	6 489
Non-marketable securities (net)	-405
Foreign loans ¹ (net)	412
Short-term loans (net)	-1 760
Use of available cash balances ²	280
Transfers to:	
Reserve Bank	-1 000
Special Defence Account	-320
Sale of assets	600
Total	9 096

¹ Including funds from foreign deposits held with the PIC.

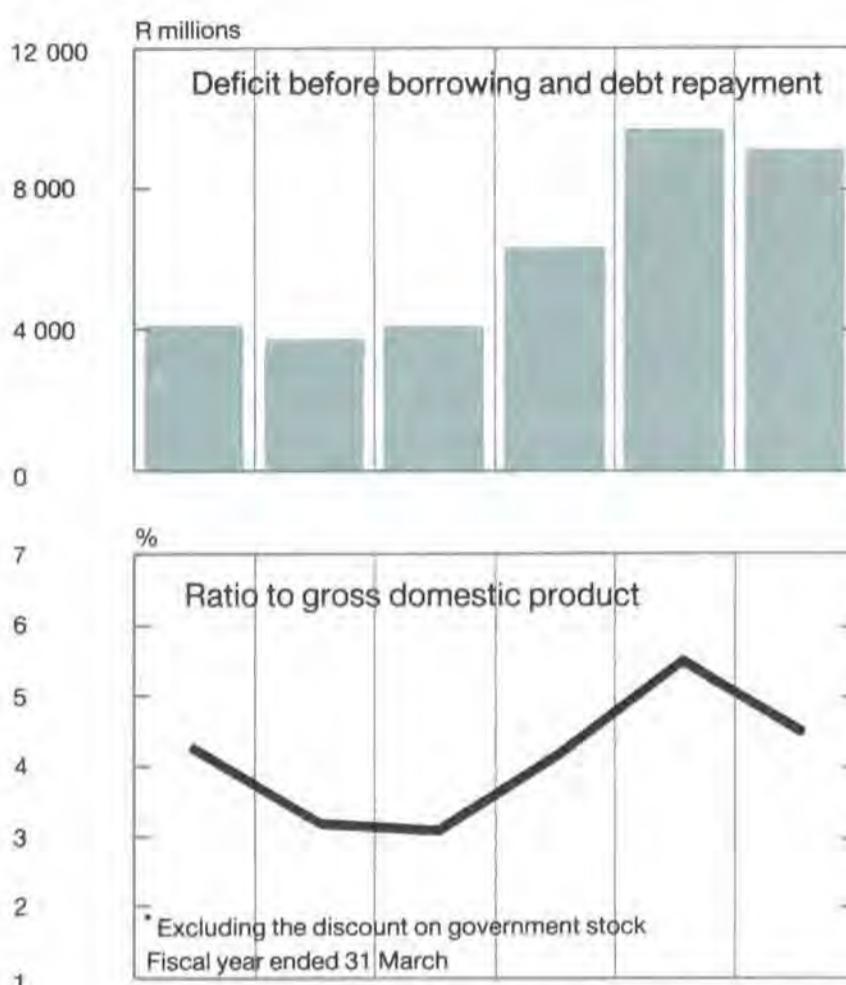
² Increase -; decrease +.

The 1989/90 Government Budget

In his presentation of the Budget for 1989/90 to Parliament on 15 March 1989 the Minister of Finance stated that economic policy in the year ahead would have to temper the strong expansion that had occurred in domestic spending during the past year, and that a special responsibility in this regard rested with fiscal policy. The Budget as presented was aimed at both the short-term and the long-term economic objectives of the Government and would also seek to reinforce desirable structural adjustments that were already taking place in the economy.

With regard to the Government's *short-term* economic policy objectives the Minister stated that the Budget should seek to consolidate the successes of the past year. It should contribute to the strengthening of the balance of payments and avoid adding to concerns about the exchange rate and the country's foreign debt repayment obligations. It should not aggravate the inflation problem by permitting undue increases in domestic expenditure or through unsound ways of financing of the deficit before borrowing. An excessively

Exchequer deficit*



large deficit before borrowing should be avoided to forestall unnecessary further pressure on the money and capital markets that would lead to higher interest rates. The strong upswing in the private sector should not, however, be constrained or cooled down needlessly, but should be allowed as much scope as possible.

The Minister also stated that fiscal policy should adhere as closely as possible to the Government's *long-term* economic objectives. The Government had accepted the Long-term Economic Strategy that had been drawn up by the Economic Advisory Council, which required that government expenditure should rise more slowly than expenditure elsewhere in the economy, that the deficit before borrowing be reduced gradually to a level of not more than 3 per cent of gross domestic product, that the five-year guide plan for state expenditure be adhered to, and that the tax burden, particularly the tax burden on the personal sector, should not be increased further but should, instead, be gradually reduced. Various developments such as the Government's peace initiatives, the institution of user charges and privatisation held out possibilities for an eventual structural reduction of government expenditure. However, the impact of these developments on government expenditure to date had been

too limited as yet to allow of a significant alleviation of tax burdens or to create room for a more rapid shift from direct to indirect taxation. Progress had, however, already been made in the direction of a reduction of the deficit before borrowing in relative terms.

With regard to desirable *structural* adjustments in the economy, the Budget was aimed at reinforcing adjustment programmes in agriculture, mining, manufacturing industry and the financial sectors. These programmes and the Budget proposals concerned were directed at creating a sounder base for high economic growth rates in the future.

Government revenue in fiscal 1989/90 was estimated to rise by 16,0 per cent. Incorporated in this estimate were the revenue-raising effects of an increase of 1 percentage point in the rate of general sales tax (to 13 per cent) with effect from 20 March 1989 and an increase in excise duties on a range of products, as well as the revenue-reducing effects of increases in the primary rebates for individual taxpayers and of a small reduction in mining taxation. The proposed separate taxation of married couples, in terms of which all salaried married women are to be taxed under the Standard Income Tax on Employees (the "SITE" system), and increases in the SITE ceilings for men and unmarried women, would not result in a tax loss in fiscal 1989/90.

Government expenditure in fiscal 1989/90 as budgeted for would increase by 15,0 per cent; this was expected to mean an absence of growth in real terms. The 15 per cent increase in budgeted expenditure included an amount of R1 000 million as a provision for unforeseen spending needs. The share of capital expenditure in total expenditure was estimated to amount to R5 076 million. This would be about 7,0 per cent more than the amount that had originally been budgeted for in fiscal 1988/89. The deficit before borrowing was projected at R9 949 million, or approximately 4,1 per cent of gross domestic product. It was proposed that this budget be financed in the following way:

	R millions
Revenue	55 068
Expenditure	65 017
Deficit (before borrowing)	<u>9 949</u>
Financing (net of debt repayment):	
Public Investment Commissioners (PIC)..	5 200
New government stock issues	4 370
Non-marketable securities (net)	-280
Debt standstill and foreign funds (net) ...	367
Available balances ¹	292
Total	<u>9 949</u>

¹ Increase -; decrease +.

Budget of the South African Transport Services for 1989/90

In the Budget of the South African Transport Services for the financial year 1989/90, which was presented to Parliament on 22 February 1989, total revenue in the new financial year was estimated at R12 402 million. Domestic tariffs and fares were increased by an average of 8,7 per cent. Operating expenditure in 1989/90 was estimated at R12 400 million. This represented an increase of R1 552 million, or 14,3 per cent, in such expenditure from the financial year 1988/89 to the financial year 1989/90. The resulting operating surplus was accordingly estimated at R2 million, against the budgeted *deficit* of R96 million and an anticipated actual deficit of R115 million in 1988/89. Capital expenditure in 1989/90 was estimated at R1 710 million, this being R783 million or a substantial 84,5 per cent more than had been provided for in the Budget for 1988/89. Since it is planned that the legal structure of the South African Transport Services will be converted into that of an autonomous corporate entity, the SATS Budget of 22 February 1989 is likely to have been the last such Budget to have been presented to Parliament.

Budget of the Department of Posts and Telecommunications for 1989/90

In the Budget of the Department of Posts and Telecommunications for the financial year 1989/90, which was presented to Parliament on 6 March 1989, operating expenditure was estimated at R5 155 million, representing an increase of some R805 million or 18,5 per cent over the preceding year. Despite this marked rise in expenditure, only modest increases were proposed in a wide range of postal and telecommunications tariffs.

Income in 1989/90 was estimated at R5 350 million, or 4,1 per cent more than in 1988/89. This would leave an operating surplus of R195 million. Capital expenditure was estimated at R1 450 million, or 10,9 per cent less than in 1988/89.

As in the case of the South African Transport Services, the operations of the Department of Posts and Telecommunications may also be restructured in the relatively near future. Two separate autonomous corporate entities are envisaged, to take over the postal and the telecommunications operations of the Department, respectively.

Short versus long-term economic policy*

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

Need to distinguish between short and long-term economic strategy

This paper deals mainly with short-term economic policy in South Africa in 1988/89. But it does so against the background of the *Long-Term Economic Strategy* for South Africa drawn up by the Economic Advisory Council of the State President in 1986 and subsequently accepted, with minor qualifications, by the Government. This approach is adopted because of a perceived need to clarify some of the differences and the interrelationships between the *objectives* and *nature* of short and long-term economic policies.

South Africa's long-term economic strategy

South Africa's accepted long-term economic strategy has as its *overriding purpose* the following:

"The establishment and expansion of a soundly functioning economic order aimed at achieving the greatest possible economic growth and prosperity brought about by individual achievement and ability, with equal opportunities and acceptable circumstances for all individuals. This must take place within the framework of a market system in which private initiative and effective competition are actively promoted and State involvement is intended to support these objectives."

This strategy lays down policy guidelines to achieve the following *objectives* within five to ten years:

- "(a) An increase in the long-term economic growth potential and the actual growth performance, as well as in the job creation ability of the economy, to such an extent as to reduce the unemployment rate significantly from the 1986 levels. In the past this appeared to be possible only when the economy grew at a rate of more than four to five per cent per year.
- "(b) A reduction in the inflation rate to below the 10 to 15 per cent range within which it has fluctuated for large parts of the past one and a half decades."

The detailed policy proposals in the strategy were formulated on the basis of certain *general points of departure*. These include the following:

- "Domestic law and order will be restored and processes of political reform will become established in such a way that they gain wide support from most population groups in the RSA."

- "It is accepted that the Government ... will continue to follow a market-orientated approach to economic policy. This does not, however, imply that the free market should be elevated to the status of dogma or that the results of market forces should be accepted unquestioningly. The unique circumstances prevailing in South Africa will certainly require that market forces be influenced in the desired direction from time to time. When this type of intervention is justified ... it is preferable that the intervention should take place in an indirect manner.
- "It follows ... that when it is necessary for the Government to take corrective steps, it would choose its policy measures in such a way that the identified problem is addressed at source, i.e. at the point of origin of the problem ... The inflationary and other adverse consequences of overspending by government cannot, for example, be rectified by measures to curtail private consumption expenditure without causing other adverse effects. By the same token, the problem should be rectified at its point of origin if a problem of domestic overspending arises and has negative implications for the balance of payments, rather than by the introduction of measures such as an exchange rate adjustment or a general surcharge on imports."

The strategy is then set out in some detail under the headings of financial policy measures, manpower measures, measures directed at the increased provision and better utilisation of capital, export promotion and industrial protection measures, measures directed towards the promotion of orderly urbanisation, and rural development policy measures.

Of particular interest are the following prescriptions:

- "The average level of interest rates must be positive in real terms.
- "The part of gross domestic expenditure accounted for by government consumption and the public sector's claim on scarce capital and manpower must be structurally reduced ...
- "The Government's responsibility in the economy must be adapted and curtailed by ... implementing a purposeful programme of privatisation and deregulation.
- "A budget deficit, before borrowing, of at most three per cent of the GDP must be set as a general target ..."

As far as *monetary policy* is concerned the strategy prescribes:

* Address delivered at the Twelfth Annual Investment Conference of Frankel, Kruger, Vinderine Inc in Johannesburg on 14 February 1989

- "Monetary targets must be based on the long-term growth target that is being pursued as well as on the curbing of inflation with due regard to short-term considerations."
- "It is accepted that the setting of monetary targets will mean that interest rates (and also exchange rates) will have to be flexible enough to be able to be adapted to changing business cycle conditions with the object of exercising a stabilising effect on business cycle fluctuations."

As far as *exchange rate policy* is concerned the strategy accepts that –

- (a) it cannot be determined independently of monetary and fiscal policy, which therefore implies that a predetermined target cannot be set for the exchange rate between the rand and any other major monetary unit, especially not in a world of fluctuating exchange rates;
- (b) although a more stable exchange rate is obviously preferable to a less stable one, priority must be given to sustained domestic economic growth rather than to exchange rate stability ..."

New Economic Development Programme

As a supplementary aid to the implementation of this long-term strategy a new Economic Development Programme (EDP) is currently being drawn up by the Central Economic Advisory Service. In the nature of the case this will involve the quantification of some of the key variables in South Africa's economic future.

While this quantification exercise is to be welcomed, care should be taken from the outset to interpret it correctly. The mistake must not be made of viewing quantified projections for such variables as gross domestic product, consumption, investment, exports, imports, exchange rates, interest rates, the balance of payments and the rate of inflation as either *predictions* or overriding *targets* to be achieved "come hell or high water". Instead, these figures should be viewed as part of an internally consistent scenario or set of projections based upon a number of assumptions regarding such variables as the gold price, the exchange rates between the major currencies, commodity prices, the course of the international business cycle, political developments, etc.

It must be stressed that there can be no question of simultaneously setting independent *targets* for a variety of key variables. If, for example, a target is set for money supply growth, targets cannot also be set for either the exchange rate or interest rates. The interrelationship between these variables rules that out completely. Similarly, if priority is attached to setting and achieving a target for the rate of growth of real gross domestic product, it is logically inconsistent also

to set specific targets, i.e. overriding aims which appear to be capable of realisation by the policy instruments available to the authorities, for the rate of inflation and the balance of payments.

Is the long-term strategy being adequately implemented?

The long-term economic strategy has much to commend itself. It is a strategy that is fully reconcilable with South Africa's system of private initiative and effective competition, and is not to be confused with a socialist "master plan" of any kind. It sets out objectives, principles and policy instruments, and expresses a clear preference for market-oriented methods over direct controls. Among other things, it provides for export promotion, import substitution and "inward industrialisation" as part and parcel of South Africa's long-term economic development.

If correctly and consistently applied, *and if the precondition of acceptable political reform coupled with the maintenance of law and order is met*, the long-term strategy should go a long way towards achieving its objectives, particularly that of raising the rate of economic growth and job creation. There is, however, widespread concern at the moment that the strategy is, in fact, not being adequately implemented. Ways and means of ensuring more effective and co-ordinated implementation of the strategy are accordingly being considered at present, and hopefully progress will be made in this direction in the near future.

Hands-on management involving direct controls?

There is, however, one approach to the implementation of the strategy which I for one cannot support. That is the proposal that the South African economy should be treated like a large private company – a kind of "South Africa Incorporated" – and subjected to so-called "hands-on management" involving direct controls such as quantitative import quotas, selective bank credit ceilings, exchange rate pegging, and some form of "incomes policy", i.e. wage and price controls.

Some proponents of such "hands-on management" claim that their approach can be reconciled with free enterprise and a market economy. They are wrong. They are sailing under false colours. If they are consistent they will recognise that what they propose is in fact a system of central planning and direct economic control. It is dirigism. Proponents of such a system are, of course, entitled to their views. But then they should hoist the correct flag. They cannot claim that the system they propagate is reconcilable with free enterprise and the operation of a market economy. It is not.

"Hands-on management" involving extensive direct controls is unthinkable without a socialistic "master plan" for the economy. Without such a plan the import controller, for example, might give import permits to enterprises A, B and C and deny such permits to D, E and F, while at the same time the credit controllers might, through their direct and selective quantitative credit ceilings, create a situation in which the banks refuse additional credit to A, B and C but extend it to D, E and F – a case of the right hand not knowing what the left hand is doing. Or think of the implications if the Board of Trade and Industries, in the absence of a master plan, were to select industries G, H and I for growth and to grant them tariff and import control protection, while at the same time the price controller inadvertently discouraged the expansion of these enterprises by fixing their prices too low and simultaneously stimulated industries J, K and L by fixing their prices too high. To avoid such unco-ordinated bureaucratic action, there would have to be a central plan.

Moreover, such a central plan would have to be enforceable. The person or persons responsible for the hands-on management of the economy would have to be given the power to compel private enterprises to act in accordance with the master plan. In the end, many private firms would therefore in large measure be told, "what", "how", "where" and "for whom" they should produce.

All of this would conflict directly with South Africa's accepted economic system. In South Africa's so-called "mixed" economy the Government determines the broad economic framework and strategy, and is itself responsible for certain important economic activities. But for the rest the system rests on private initiative, effective competition and the operation of free markets.

This system has never been one in which the Government "leaves everything to the working of free markets", as is sometimes alleged. The Government "manages" the economy in accordance with the economic strategy it has laid down. But in doing so it prefers to use market-oriented policy measures rather than direct controls which are usually accompanied by masses of bureaucratic "red tape" and which can often be circumvented quite easily. In other words, the Government recognises the existence of markets, appreciates their value to the economy and accepts that it can attain its economic objectives better by operating via these markets than by using direct controls. When, for example, it is considered desirable to protect certain sectors of manufacturing against foreign competition, this is done mainly by means of tariff protection and tax measures, rather than through quantitative import quotas.

Short-term economic policy

How does South Africa's present short-term economic policy relate to its long-term strategy?

Short-term economic policy is inherently *stabilisation* policy. The need for it arises from the fact that the critical variables in the long-term economic strategy, namely output, income, employment, exports, imports, the price level, the exchange rate, interest rates, etc. seldom move along straight lines but show *cyclical*, *seasonal* and *random* fluctuations. In addition, in an open economy like that of South Africa, the balance of payments can be materially affected not only by cyclical variations in both the domestic and the world economy but also by a variety of exogenous economic and political developments. Short-term economic policy is therefore essential to stabilise as far as possible a host of inherently unstable variables in both the domestic economy and the balance of payments. This stabilisation can be viewed as the minimisation of the variance around the longer-term trend lines.

In South Africa, as in most other countries with basically free enterprise or "mixed" economies, short-term economic policy is largely concerned with *demand management* and relies mainly on *market-oriented* policy measures. Its theoretical underpinning is in essence a blend of "monetarism" and conservative Keynesian demand management.

If the total demand for goods and services in the economy outstrips the ability of the means of production to produce a comparable output, monetary and/or fiscal measures are employed to suppress the demand to the level of the output obtainable *at that time*. If this is not done, the overspending will be reflected in a deficit on the current account of the balance of payments, a shortfall of saving relative to investment, a depreciation of the exchange rate and/or a rise in the general price level. The restrictive measures limit demand and growth in the short run, but help to correct the balance of payments deficit and the inflation, which would otherwise flatten the gradient of the long-term trend line for growth and income. Conversely, short-term measures designed to stimulate demand are used when output and employment fall below the perceived current potential.

It follows that there are situations in which short-term economic stabilisation policy might appear to conflict with the objectives of the long-term economic strategy. Take the example of 1988. The upturn in the South African economy turned out to be much more vigorous than had been anticipated. *Real* gross domestic expenditure, which had already increased by 5 per cent in 1987, increased by a further 7 per cent in 1988. This had the desirable effect of bringing about a substantial rise in output, employment and economic activity generally. But it was made possible by an excessive increase in bank credit and in the money supply and resulted in a reduction in the surplus on the

current account of the balance of payments, a depreciation of the rand, a decline in the gold and foreign exchange reserves and new demand inflation. The monetary authorities therefore had no option but to apply a less accommodative or more restrictive monetary and fiscal policy in order to reduce the downward pressure on both the exchange rate and the foreign reserves and the upward pressure on the inflation rate.

Some critics of this policy have suggested that instead of showing what they call "a doctrinaire obsession with excessive overheating and excess demand in the economy" the Treasury and the Reserve Bank should have "identified the problem as a structural deficiency" and should have "reduced the propensity to import, coupled ... with a raising of the export content of the GDP".

This view totally confuses *short-term stabilisation policy with long-term structural policy*. Of course, measures should be taken to promote exports, import substitution, inward industrialisation, etc. Of course, measures should be taken to improve productivity. And, of course measures should be taken to improve South Africa's capital-output ratio. But this is all part of the *long-term economic strategy*. To achieve these objectives and to raise the attainable growth rate will take time. In the short-term the Reserve Bank and the Treasury have to accept the situation as it is. They have to deal in realities. And if the rates of increase of the money supply and total spending become excessive, they have to be curbed. If this is not done, the result would be a decline in the foreign reserves, a further depreciation of the rand and a marked rise in the rate of inflation – all of which could have harmful consequences. Not the least important of these consequences would be the undermining of long-term economic growth.

Recent economic developments

Against this background I would now like to comment briefly on recent and prospective economic developments and policy in South Africa.

If account is taken of the sombre background of political tension, sanctions and disinvestment against which the South African economy has had to operate since the end of 1984 - and particularly of the resultant net (non-reserve-related) capital outflow of roughly R25 billion since that time - the performance of the economy in recent years has been gratifying. South Africa has not only survived the economic warfare but has combined balance of payments adjustment with real economic growth.

Compared with ½ per cent in 1986 and 2½ per cent in 1987, the rate of growth of real gross *domestic* product is now estimated to have amounted to about 3 per cent in 1988. Real gross *national* product increased between the second quarter of 1986 and the fourth quarter of 1988 at an average annual rate of about 4 per cent.

The main driving force behind this forward surge was a rise in consumer and investment spending so steep that it lifted *real* gross domestic expenditure in 1988 to a level about 7 per cent higher than in 1987 and 12½ per cent higher than in 1986. It is particularly encouraging that total real gross domestic fixed investment increased by about 6½ per cent in 1988.

Further good news is that the acceleration of the growth rate over the past three years was accompanied by a marked decline in the rate of inflation. The twelve-month rate of increase in consumer prices slowed down from 20,8 per cent in January 1986 to a lower turning-point of 12,3 per cent in August 1988, and subsequently increased only marginally to 12,5 per cent in December 1988. Even more dramatic was the decline in the quarter-to-quarter increase in the consumer price index at seasonally adjusted annual rates, from 24,9 per cent in the first quarter of 1986 to 9,2 per cent in the first quarter of 1988. However, it then increased again to 13,9 per cent and 13,6 per cent in the third and fourth quarters of 1988, respectively.

Naturally the upsurge in domestic spending in 1988 brought about a reduction in the surplus on the current account of the balance of payments. According to the latest estimates, however, the current surplus recovered to a seasonally adjusted annual rate of about R5 billion during the fourth quarter of 1988. For the year 1988 as a whole, the surplus is now estimated at about R2,8 billion, which is considerably higher than most estimates made during the course of the year.

In addition, South African banks, other private enterprises and public entities continued to make substantial net repayments of foreign debt both inside and outside the "standstill net" in 1988. All in all the South African economy has now repaid about US\$6 billion (close to R13,0 billion) of foreign debt since the end of 1984 – equivalent to about 6½ per cent of exports of goods and services during this period. Of this amount, about US\$1,5 billion (just more than R3 billion) represented payments "inside the net". The remaining amount of US\$4,5 billion (about R10 billion) included net repayments "outside the net" of bearer bonds and notes, credits of the International Monetary Fund, Reserve Bank credits and ordinary trade credits.

South Africa's ratio of foreign interest payments to exports of goods and services, which amounted to only 10,7 per cent in 1985, compared with an average of 30,2 per cent for Western Hemisphere developing countries, declined to about 6½ per cent in 1988. Similarly, South Africa's ratio of foreign debt to total exports of goods and services declined from a peak level of 171 per cent in 1984, which was not inordinately high, to an estimated 85 per cent in 1988. In contrast, the comparable ratio for Western Hemisphere developing countries deteriorated from an average of 273 per cent in 1984 to an estimated 322 per cent in 1988.

Against these favourable developments has to be set, however, the fact that South Africa experienced

another large outflow of capital provisionally estimated at about R6 billion during 1988, most of which occurred during the period June to October. While this outflow included debt repayments, it also reflected substantial unfavourable "leads and lags" in current foreign payments, partly due to large-scale switching of trade financing from foreign to domestic sources of finance following the appreciation of the US dollar and the rise in overseas interest rates from June onwards. This short-term outflow was, however, arrested after the 2 per cent rise in the Reserve Bank's rediscount rates on 2 November 1988.

Since the net outflow of capital exceeded the current account surplus during 1988, South Africa's total gold and foreign exchange reserves (including those held by the banks) declined from R7,9 billion (US\$4,1 billion) at the end of 1987 to R6,7 billion (US\$2,8 billion) at the end of 1988. Judging by the behaviour of the Reserve Bank's foreign reserves, however, the downward tendency was arrested from November onwards.

Similar tendencies were shown by the exchange rate. During 1988 the commercial rand depreciated against the trade-weighted basket of currencies by 13,1 per cent. Since October 1988, however, it has shown an appreciation of about 2,5 per cent.

Implications for monetary and fiscal policy

What are the implications of these developments for monetary and fiscal policy in the months ahead?

In retrospect, it is clear that the monetary authorities, in common with most other observers, underestimated both the vigour and the duration of the economic upswing during 1988. Accordingly, although monetary policy was progressively tightened during the course of 1988, resulting in the prime overdraft rate rising from 12½ per cent in January to 18 per cent in November, the "mix" of monetary and fiscal policy on balance remained too accommodative and expansionary during most of the year.

This is evident from the behaviour of the broad money supply, M3, which increased by 26,5 per cent between the fourth quarter of 1987 and the fourth quarter of 1988, thereby overshooting the upper limit of the target range of 12 to 16 per cent by 10,5 percentage points. It is true that the velocity of circulation of M3, i.e. the ratio between nominal gross domestic product and M3, declined by about 7 per cent over this period. The result was that the effective broad money supply or MV, i.e. *M3 adjusted for changes in its velocity of circulation*, increased by about 17 per cent, compared with the 26,5 per cent increase of M3 itself. Even with this qualification, however, the rate of monetary expansion was still excessive and contributed to the undue pressure on both domestic resources and imports.

As far as fiscal policy is concerned, it now appears likely that during the fiscal year 1988/89 both government spending and revenue will greatly exceed the Budget estimates. The net outcome will probably be a "deficit before borrowing" close to, or even below, the Budget estimate of R9,9 billion, equal to 4,9 per cent of gross domestic product. The monetary authorities have also been successful in financing this deficit by appropriate "non-money-creating" means, i.e. by borrowing on the capital market and avoiding excessive use of bank credit. Gratifying as all of this is, however, the conclusion must be drawn that, like monetary policy, fiscal policy did not do enough to restrain the excessive rise in total demand during 1988.

Account must also be taken of the increase of some R6 billion in the Reserve Bank's claim on the Treasury arising out of the "losses" sustained by the Bank during the fiscal year 1988/89 in the performance of its assigned function of providing forward exchange cover, for the account of the Treasury, to authorised exchange dealers. While the Reserve Bank Act does not require this particular form of government debt to be repaid in the year in which it is incurred, the matter needs to be addressed as part and parcel of fiscal policy.

The main implication of all of this is that there can be no question of any relaxation of either monetary or fiscal policy in the months ahead. It is imperative that an appropriately restrictive mix of monetary and fiscal policy be applied.

It is true that there are some indications that the economic upswing is levelling off and that, in a technical sense an upper turning-point of the business cycle has either already been passed or is about to be reached. But we believed that to be the case six months ago, and we were wrong. Are we right this time? Is the rate of increase of general economic activity really slowing down? The answer appears to be – yes. But for the time being total spending, the demand for credit and the rate of increase of the money supply are all still excessive and must be curbed. The need for this has also been underlined by the recent decline in the dollar price of gold to levels well below \$400 per ounce.

The fact is that the South African economy may be called upon to make debt repayments of anything up to US\$1,7 billion or R4,2 billion in 1989, and that this figure could rise to a maximum of US\$2,1 billion in 1990 followed by US\$1,5 in 1991. Admittedly this is a "worst-case scenario", and in reality the required debt repayments will almost certainly be less. But the only prudent course for the monetary authorities to follow is to provide for current account surpluses in the next three years that will be large enough to finance whatever debt repayments may be required. Such surpluses are well within reach, *but only if the mix of monetary and fiscal policy is adequately restrictive in the period ahead.*

Likely scenario for 1989: assuming proper monetary and fiscal policy

What then lies ahead for the South African economy in 1989?

At this stage the most likely scenario for the South African economy in 1989 is one that provides for

- a growth rate of real gross domestic product of about 2 per cent;
- an *average* inflation rate of around 15 per cent, with the rate first rising to above that level but then resuming a downward tendency later in the year;
- a surplus on the current account of the balance of payments of R4 billion or higher;
- the further repayment of foreign debt to the full extent required, which is likely to amount to between \$1 billion and \$1,7 billion (R2,5 billion and R4,2 billion at the current exchange rate) in 1989 as a whole;
- the gradual rebuilding of the official gold and foreign exchange reserves to a more satisfactory level.

Such a scenario would, of course, fall short of the objectives set out in the long-term economic strategy, particularly those of a growth rate of 4 to 5 per cent and an inflation rate below the 10 to 15 per cent range of the past fifteen years. But in the existing circumstances it would nevertheless represent a satisfactory short-term outcome.

This serves as another illustration of the need to distinguish between short-term "stabilisation" policy and long-term "structural" policy. The long-term strategy needs to be applied with vigour and consistency. This includes above all else further political reform and steps to normalise South Africa's financial and general economic relationships with other countries. But in the meantime the authorities have no choice but to recognise the existing short-term constraints in applying their monetary and fiscal policies.

The scenario I have sketched for 1989 will, however, only come to pass if fiscal policy is less expansionary during 1989/90 than during the current fiscal year, and if the rate of increase of M3 is reduced to within the 12 to 16 per cent target range. If these conditions are not met, severe downward pressure could be exerted on the gold and foreign exchange reserves in the course of 1989, leading to a new depreciation of the rand and a rise in the average inflation rate to above the expected 15 per cent.

The challenge now confronting the Treasury and the Reserve Bank is therefore clear. The mix of monetary and fiscal policy in the months ahead must be restrictive enough to bring about the required decline in the rate of increase of total demand in the economy – otherwise the desired scenario for 1989 will not be realised.

Business cycles in South Africa during the period 1981 to 1987

by B.E. van der Walt

Introduction

In previous studies of the business cycle in South Africa, as published in earlier issues of the Reserve Bank's *Quarterly Bulletin*, reference turning-points of the South African business cycle were determined for the period 1946 to 1981.¹ In this article, reference turning-points are determined, and the length of successive upward and downward phases of the business cycle are established for the years 1981 to 1987.

During this seven-year period far-reaching changes were experienced in South Africa in the social, political and economic spheres. Domestic events, and foreign perceptions of these events, during part of this period impinged on South Africa's international financial and trading relationships, affected business and consumer confidence and influenced propensities to spend, save and invest. The intensity of the recession in the industrialised countries during 1981-1982 and shifts and changes in the world economic environment (including the emergence of the international debt crisis in 1982, the restoration of relative price stability in the major industrialised countries mainly during the years from 1981 to 1984, and the rise of protectionism from approximately 1981) powerfully influenced the directions of world trade and the relative strength of demand for various countries' export commodities. In South Africa, output in certain areas and sectors of the economy was also affected at times by recurrent or persistent drought conditions and other natural disasters, and, especially in 1987, also showed the effects of more widespread and aggressive trade union activity.

On balance, these and other developments contributed to a perpetuation during the 1980s to date of the slowing-down of longer-term growth in the South African economy that had already begun to make itself felt from approximately 1975.² These developments also affected the nature and the general appearance – the "smoothness", the lengths and the amplitudes – of successive cycles in aggregate economic activity. References to the timing, nature and importance of these developments therefore form an essential part of the cyclical analysis conducted in this study.

¹ Smit, D.J. and B.E. van der Walt: "Business cycles in South Africa during the post-war period, 1946 to 1968," *South African Reserve Bank Quarterly Bulletin*, September 1970; "Business cycles in South Africa during the period 1968 to 1972," *South African Reserve Bank Quarterly Bulletin*, June 1973; "Growth trends and business cycles in the South African economy, 1972 to 1981," *South African Reserve Bank Quarterly Bulletin*, June 1982.

² The average annual growth rate of real gross domestic product amounted to 4,9 per cent between 1946 and 1974, but slowed down to 1,8 per cent between 1974 and 1987.

The first section of this article contains an exposition of the methods employed in determining the phases and reference turning-points of the business cycle. The statistical results of these techniques as applied to time series for the period 1978 to 1987 are presented in the second section. A brief review is then given of economic developments during the upward and downward phases of the business cycle, and the final reference turning-points of the business cycle are determined in the third section. Finally, certain outstanding features of the South African business cycle during the period 1981-1987 are highlighted and compared with the business cycle in the major industrialised economies.

Methods used to determine the reference turning-points and to evaluate the phases of the business cycle³

Time is needed for cyclical movements to be spread, or diffused, over a wide range of economic processes. A typical business cycle expansion, for example, usually begins with increases in activity in only a few economic processes. As the expansion gathers momentum, more and more activities will display increases or accelerated increases. However, the number of processes showing rising activity levels usually will taper off many months before the expansion finally comes to an end.

Diffusion indices and composite economic indicators are used to record the changes in different economic activities and are, therefore, summary measures of the movements in the various component series. The reference turning-points of the business cycle are determined by the calculation and analysis of comprehensive historical and current diffusion indices and composite business cycle indicators. The diffusion indices calculated by the South African Reserve Bank are based on 330 seasonally adjusted time series.⁴ The selected

³ The methods employed are described in detail in Van der Walt, B.E.: "Indicators of business cycle changes in South Africa", *South African Reserve Bank Quarterly Bulletin*, March 1983 and Smit, D.J. and B.E. van der Walt, op. cit., 1982.

⁴ A diffusion index may be defined as a measure of dispersion of the increases in a number of time series as at a particular date. In general, two types of diffusion indices are used, namely, the historical and the current. In the case of the historical index, the turning-points of the cyclical component of each series are determined. The value of the index for a particular period is obtained by expressing the number of time series which increase during that period, as a percentage of the total number of time series considered. In addition to the total number of series which increase in a particular period, account is also taken of each series for which the cyclical component remained unchanged during that period.

The current diffusion index is calculated without determining specific turning-points. It is based on the actual change of individual time series from which the trend and seasonal components have been eliminated.

series cover final and intermediate economic processes and quantities such as production, demand, income and employment in the different sectors of the economy as defined by the Standard Industrial Classification of All Economic Activities.⁵

As a result of sharp increases in prices – i.e. substantial inflation – during the period under review, the comprehensive aggregates, such as gross domestic product and expenditure, showed sustained positive growth in nominal terms. Although their growth rates naturally varied over time, no decreases were recorded in these aggregates during the period concerned. All series relating to production and demand were, therefore, analysed in constant prices or volume terms. However, since financial and price variables have an influence on or are affected by cyclical developments in the economy, they were also included in the diffusion index study.

The comprehensive historical and current diffusion indices were calculated by weighting the sectoral diffusion indices in accordance with the respective contributions of the various sectors to the value added in the generation of the real gross domestic product. In order to allow for shifts in the relative contributions of the various sectors over time, the weight assigned to a particular sector was calculated as the average of the relative contributions of that sector to the total product in the years during the two periods from 1978 to 1982 and from 1983 to 1987.

In identifying and evaluating cyclical changes in the economy, there are basically three dimensions of the business cycle that need to be analysed, namely, the diffusion of changes in activity, and the duration and the amplitude of the cycle. The first two elements are measured by the diffusion indices and business cycle indicators, while the intensity or extent of a cyclical movement is approximated by a recession-recovery analysis of national accounts data (comprehensive) and of important individual (cyclically sensitive) time series.⁶ Comparisons of changes in individual indicators are made over periods of recession and expansion of economic activity. The results are usually recorded in tables and shown graphically to facilitate the evaluation of the strength of a particular business cycle expansion (or recession) in terms of the most recent turning-point and relative to the magnitude of the recovery (or decline) over similar intervals from the starting points of preceding business cycle expansions (or recessions). The comparison of the behaviour of

several strategic economic activities in the course of the current and prior expansions (or recessions) makes it possible to evaluate current business cycle conditions, to establish differential characteristics of the current versus earlier cyclical movements, and to provide a guide to the future course of the current cyclical change.

Statistical results

The results of the methods employed show that clear cyclical movements occurred during the period 1978 to 1987 against a modest underlying growth in economic activity. The reference turning-point of the business cycle in 1981 which was determined in a previous study, was confirmed by the current statistical results. The present study will, therefore, focus only on the business cycle in the years from 1981.

The historical diffusion index

The weighted historical diffusion index shows a clear cyclical movement with its peaks and troughs leading the reference turning-points of the business cycle. According to this index a trough occurred in the business cycle in March 1983.⁷ Although a clear expansion of economic activity was recorded from the second quarter of 1983, rates of increase in economic activity towards the end of 1983 exceeded the long-term growth rates in these activities in only 60 per cent of the selected series, compared with a high point of more than 80 per cent in the course of the upward phase in 1978-1981. The main reasons for the relatively low value of the diffusion index were, firstly, that the cyclical expansion of activity in certain sectors was very low or even negative in this period – as in agriculture, construction and electricity generation – and, secondly, that the upward phase was of relatively short duration. The diffusion index remained above the 50 per cent level until mid-1984, indicating an upper turning-point of the business cycle in June 1984. In the following period economic activity declined and during the first half of 1985 the diffusion index reached levels similar to those in previous recessions.

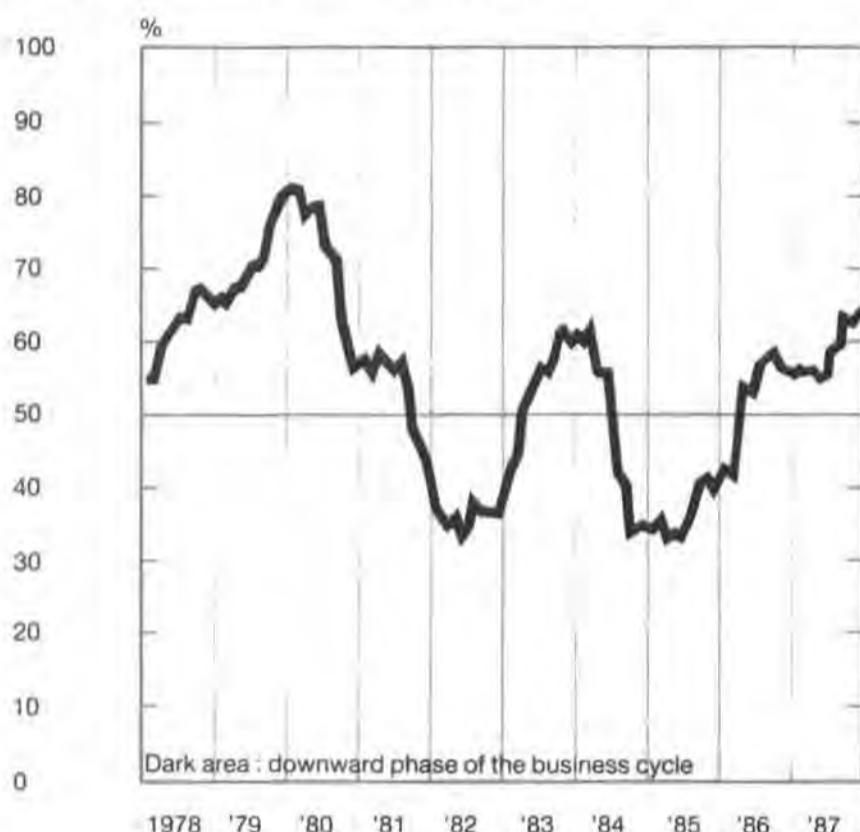
The recovery in the second half of 1985 and the subsequent slow-down of economic activity during the first quarter of 1986 are clearly shown in the accompanying graph. According to the historical diffusion index, a lower turning-point of the business cycle occurred in March 1986; the general spread (or diffusion) of increases in various economic activities then widened again in the subsequent two quarters. Owing to declines in mining activity and a levelling-out of activity in the sectors agriculture, manufacturing,

⁵ With the exception of a few series which had to be replaced on account of changes in definitions or coverage (e.g., the monetary aggregates), the same economic time series were used in this study as in the previous one. The national accounts series included in the present study were revised following a change in the base year for these series from 1980 to 1985.

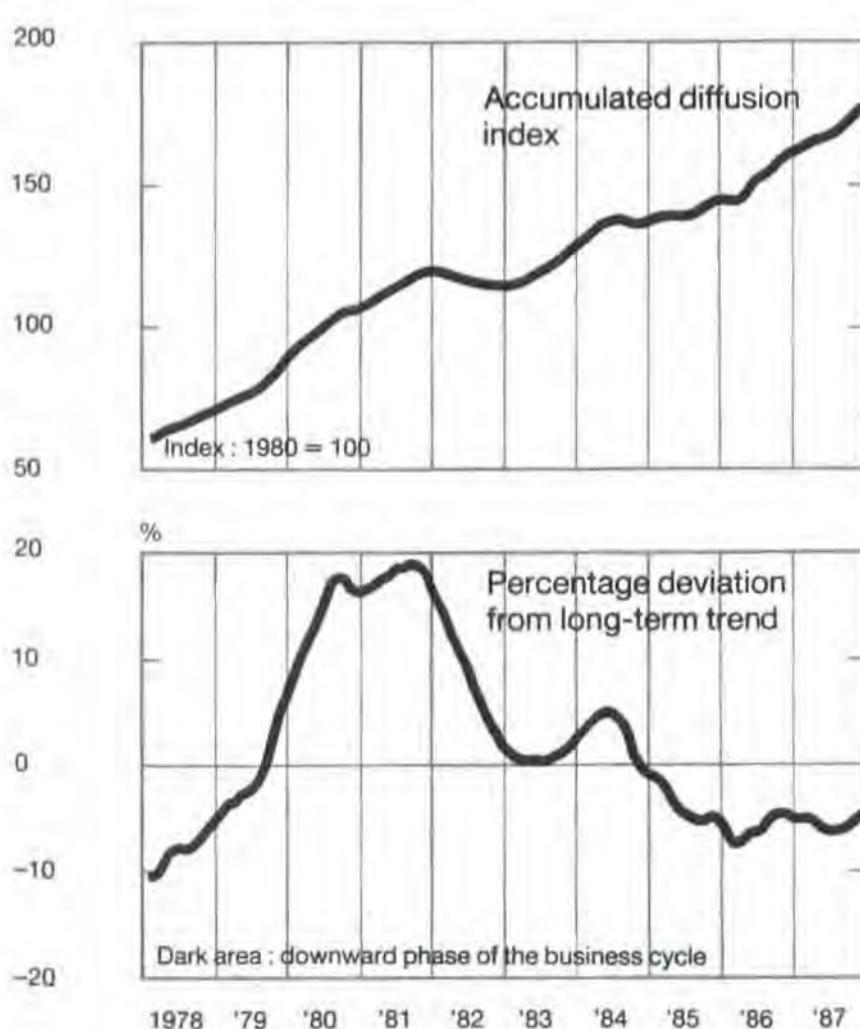
⁶ This method is described in Moore, G.H.: *Measuring Recessions*, National Bureau of Economic Research, New York, 1958.

⁷ Turning-points of the business cycle are held to have occurred in the month before the historical diffusion index reaches the 50 per cent level.

Graph 1 : Historical diffusion index



Graph 2 : Current diffusion index



electricity generation and transport during the first half of 1987, the level of the diffusion index varied around 55 per cent during that period before resuming an upward movement, which brought it to a level of 64 per cent at the end of 1987.

The current diffusion index

The weighted current diffusion index declined during 1982 and reached a lower turning-point in March 1983. The deviation of the index from its long-term trend shows that economic activity accelerated from 1983 up to a peak in May 1984. In accordance with the short-term tendency in the coincident business cycle indicator and in the historical diffusion index, the cyclical component of the current diffusion index declined sharply from the second half of 1984 and reached a cyclical low in March 1986. The current rate of change in economic activity then rose sharply from the second quarter to the fourth quarter of 1986, but slowed down somewhat during the first three quarters of 1987 before resuming a more decisively upward trend in the fourth quarter.

The composite business cycle indicators

The cyclical component of the *coincident* business cycle indicator reached a lower turning-point in March 1983. The upward phase of the cycle, which continued until June 1984, was of relatively short duration, but, measured at an annual rate, the expansion of economic activity during this period was nonetheless as vigorous as during the upward phase of the preceding business cycle from 1978 to 1981. The *leading* business cycle indicator – a composite of selected indicators reflecting activities that normally influence or foreshadow the future course of the economy in general – gave a clear warning of ensuing changes in the cycle in 1983-1984. This indicator reached a cyclical trough in July 1982 and a cyclical peak in June 1983, which preceded the corresponding lower and upper turning-points of the business cycle by 8 and 12 months, respectively.

The composite *coincident* business cycle indicator showed a sharp cyclical decline from the second half of 1984. The decline in this index was arrested temporarily in July 1985. The index then actually rose in the following three months before resuming its decline up to March 1986. Although it was clear that the economy had recovered in 1985, the recovery was not long or strong enough to be classified as a cyclical upward phase in its own right.

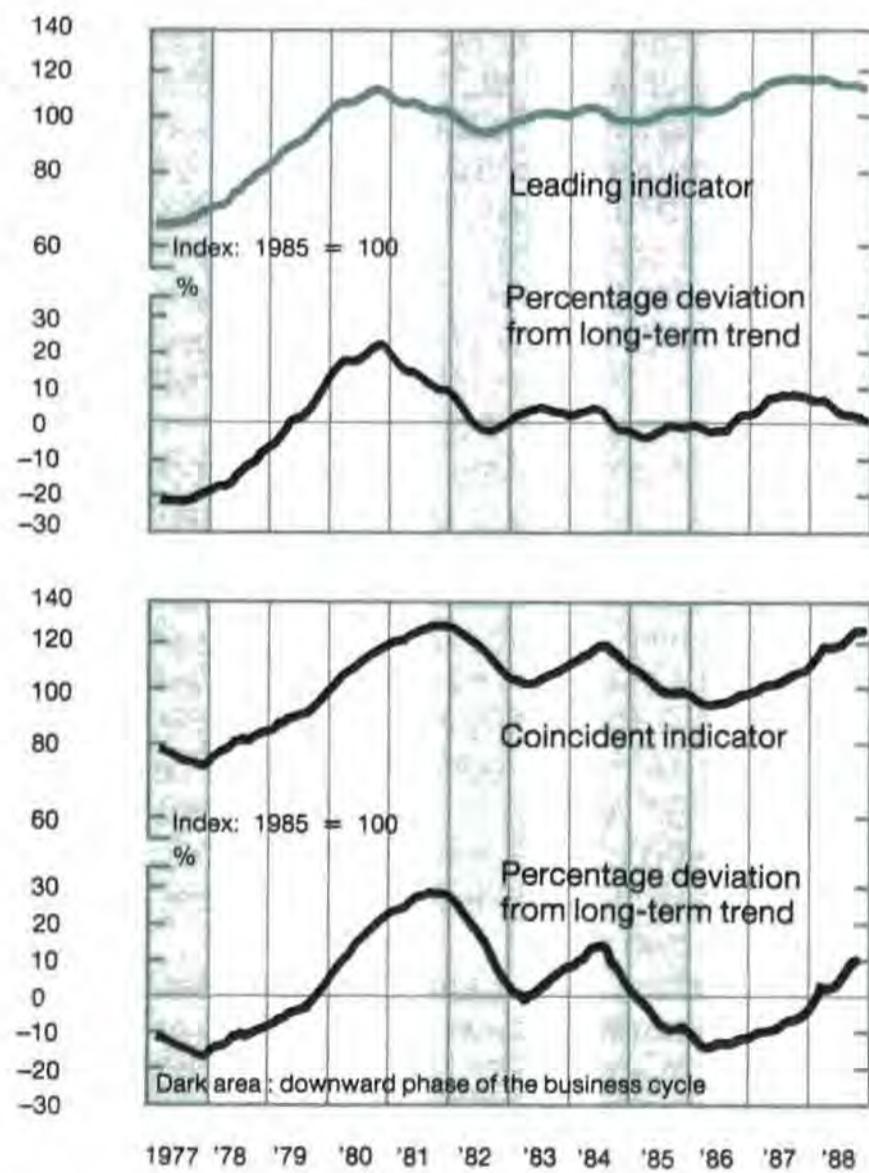
After reaching a lower turning-point in March 1985, the *leading* business cycle indicator rose moderately throughout the remainder of 1985. On the basis of its historical timing relationship to the business cycle, this behaviour of the leading indicator pointed to a lower turning-point in the business cycle somewhere in mid-1985, which corresponded to the short but insignificant

recovery shown by the coincident business cycle indicator.

Major shocks were inflicted in 1985 and 1986 by various exogenous influences – notably by the then prevailing socio-political disturbances and by the introduction of the debt standstill and related arrangements – on economic activity in general and on the various components of the composite indicators in particular. As a result of these shocks, the leading index declined between December 1985 and April 1986 before resuming an upward trend during the remainder of 1986.

The cyclical component of the coincident business cycle indicator reached a trough in March 1986. As shown in the accompanying graph, the subsequent rise in the indicator from this lower turning-point suggested a continuation of the upward phase of the business cycle in the second half of 1986, during 1987 and into 1988.

Graph 3 : Business cycle indicators



Economic developments⁸ and final reference turning-points of the business cycle

Downward phase : September 1981 to March 1983

During the advanced stages of the upward phase of the business cycle that preceded this contraction (notably in 1980 and 1981), aggregate demand increased to such an extent that it exceeded the economy's production capabilities. This excessive monetary demand resulted in upward pressure on prices and costs and contributed to the increased deficit on the balance of payments current account. In addition, the South African economy in 1980 and 1981 was affected adversely by external forces, which included the prolonged recession in the industrialised countries from 1980 to 1982. The decline in demand in these countries was responsible for a sharp decrease in the volume of South African merchandise exports.

The effect of lower export volumes on the balance of payments was aggravated by sharp declines in the prices of gold and other export commodities. At a seasonally adjusted annual rate, the current account deficit increased sharply to R7,4 billion (10 per cent of gross domestic product) in the first quarter of 1982, before declining to R5,3 billion (7 per cent of gross domestic product) in the second quarter.

In order to contain the excess demand and its resultant inflationary pressures, and also to bring about the necessary balance of payments adjustment, the authorities pursued a fiscal and monetary policy of consolidation and adjustment in 1981 and 1982. In monetary policy the emphasis was on allowing a sharp rise to take place in interest rates in accordance with market forces. At the same time, the value of the rand was allowed to depreciate. Emphasis in fiscal policy was on restraining the growth in government expenditure.

The downward adjustment in the economy was intensified by the worst drought in many years. Real gross domestic product declined by 5,8 per cent from its peak in 1981 to the first quarter of 1983, the sharpest drop in any downswing period in the post-war period. This decrease in real output could be observed in virtually all the sectors of the economy, indicating widely dispersed recessionary conditions. In addition to a continued decline in the real demand for South African exports, real domestic spending decreased on account of a sharp decline in domestic

⁸ In this short review of economic developments reference will be made only to major developments, because extensive reviews of short-term economic developments and details of policy measures during the period under discussion have already been provided in the *Annual Economic Reports* and *Quarterly Bulletins* of the South African Reserve Bank, as well as in addresses by the Governor of the Reserve Bank at the Bank's annual general meetings of stockholders and at conferences during the years from 1981 to 1988.

fixed investment and inventories. The rate of growth in private consumption expenditure also slowed down in this phase.

The three statistical methods used in this study to determine the reference turning-points of the business cycle clearly show the downward phase of the economy from the fourth quarter of 1981. The cyclical components of the composite coincident business cycle indicator and of the current diffusion index reached lower turning-points in March 1983; this date was confirmed by the historical diffusion index. The specific turning-points of important individual output and demand indicators, such as real gross domestic product, the volume of manufacturing and non-gold mining output, the volume of wholesale, retail and new motor vehicle sales and the volume of imports, were clustered around the first quarter of 1983. These results suggest that the recession came to an end in the first quarter. March 1983 was accordingly selected as the final reference date of the cyclical trough.

Upward phase : April 1983 to June 1984

This upward phase of the business cycle – frequently referred to as the 1983-1984 mini-boom – originated from economic developments during the second half of 1982 and the first few months of 1983. These developments eventually created a set of circumstances normally associated with a recovery originating from external (international) demand. As a result of the international debt crisis, the gold price rose sharply during the second half of 1982 and the balance on the current account of the balance of payments was transformed into a surplus from the fourth quarter of 1982. The resulting increase in the net gold and other foreign reserves and a higher domestic savings ratio were important elements in bringing about a more favourable financial environment. Easier financial conditions, in turn, were conducive to a strengthening of consumer confidence and to a more optimistic business mood, which provided the initiating spark for a consumption-induced upswing in economic activity.

Private and government consumption expenditure rose sharply during this phase. As the economic recovery in the industrialised countries gained further momentum during 1983, exports also began to rise sharply and contributed to the buoyancy of the economy. Total real domestic output began to rise in the second quarter of 1983. By the second quarter of 1984 it had risen to a level that was 7,8 per cent higher than in the first quarter of the preceding year.⁹

⁹ Although this upward phase is now generally known as the mini-boom because of its short duration, the extent of the rise in output in this period was clearly not in a "mini" category. In fact, the rate of increase in real gross domestic product from the first quarter of 1983 to the second quarter of 1984 exceeded the rate of growth experienced over similar periods in all previous upward phases of the business cycle since 1960.

Towards the end of 1983 and early in 1984 it became clear that the rapid rise in domestic expenditure could not be sustained. The fairly strong upward thrust in the dollar price of gold came to an abrupt end in February 1983. During the ensuing period up to the beginning of 1985 the gold market remained weak and the average daily fixing price drifted downwards. The surplus on the current account of the balance of payments was transformed into a deficit from the fourth quarter of 1983; this, in turn, was reflected in a renewed decline in the effective exchange rate of the rand from October 1983 and in an acceleration of the rate of inflation. In addition to the external disequilibrium, the volume of agricultural output declined sharply in 1983-1984 as a result of extended drought conditions, mainly in the summer rainfall areas.

In his Budget Speech in March 1984 the Minister of Finance stressed the need for a temporary pause in the process of economic expansion in order to strengthen the balance of payments and to prevent a further acceleration of the inflation rate. Various policy measures were taken, firstly, to correct short-term imbalances, and secondly, to effect structural changes aimed at promoting sustainable growth over the longer term.

Monetary policy was tightened from mid-1983 and interest rates moved upward in response to the adverse extraneous developments and increased domestic demand for credit. The prime overdraft rate of the clearing banks, for example, rose from 15 per cent in June 1983 to 21 per cent in March 1984.

Mainly on account of a further sharp rise in government expenditure in the second quarter of 1984 – in direct contrast to the intentions of the Budget – it was announced in May that the general sales tax rate would be increased with effect from 1 July. This announcement, however, prompted consumers to increase their expenditure on consumer goods ahead of this date. As a result, a sharp increase in real outlays on durable consumer goods was recorded in the second quarter.

Stubbornly high domestic spending levels during the second quarter of 1984 caused the authorities to tighten their monetary policy stance further. The Reserve Bank's rediscount rate for Treasury bills of discount houses was raised to 18,75 per cent in July 1984 and to a record 21,75 per cent in August. In response to these actions, the clearing banks raised their prime overdraft rates to 25 per cent from the first week in August 1984.

The economy responded to these policy measures and real domestic demand and domestic output declined from the third quarter of 1984. The fairly general slow-down of activities in different economic processes was clearly reflected in the historical diffusion index, which reached levels equal to those in previous recessions. This index showed that the peak of the business cycle occurred in June 1984. The cyclical component of the coincident business cycle indicator

also reached a peak in June and the current diffusion index in May. Based on these observations, June 1984 was selected as the final reference date of the peak in the business cycle.

Downward phase : July 1984 to March 1986

During this period economic stability was adversely affected by international events and domestic socio-political developments. An analysis of real and financial economic variables shows that the 1984-1986 downswing can be divided in three sub-phases:

(a) Following a relatively short but vigorous upswing in economic activity in the period 1983-1984, the *first phase* of the subsequent downswing from July 1984 to mid-1985 was an adjustment period in which the economic system reacted to the remedial policy measures that had been implemented to correct the short-term imbalances which had developed in the preceding cyclical upswing. Also on the basis of the economy's lagged response to corrective actions (such as increases in the level of interest rates) that had already been applied from as early as the second quarter of 1983, a major adjustment in the economy commenced almost instantaneously. This was reflected in a sharp decline in real domestic expenditure, and more particularly in real private consumption expenditure, in the third quarter of 1984. Real gross domestic expenditure continued to contract during the ensuing three quarters and by the second quarter of 1985 was 9,9 per cent lower than a year earlier. This decline in expenditure, which was the sharpest to be recorded in any comparable recession period since 1960 (see Table 2), also exerted a contractionary effect on real output and employment.

In terms of short-term objectives the adjustment in the economy during this phase succeeded in bringing about an improved balance of payments position.

(b) The *second phase* was a low growth phase during the second half of 1985. Economic activity strengthened somewhat during this phase, and relatively greater economic stability was achieved. Real gross domestic product increased at annual rates of 0,3 per cent and 2,2 per cent in the third and the fourth quarter of 1985, respectively.

Substantially improved international competitiveness resulting from the depreciation of the rand, sustained economic expansion in major trading partner countries, and the ready availability of production resources contributed to a sustained growth of exports. The volume of agricultural and mining production, other than gold production,

also increased during this period. In addition, the dollar price of gold had been rising since February 1985. In view of the general absence of excess monetary demand, the underutilisation of production resources in the economy and the improved balance of payments position, monetary and fiscal policies during this sub-period were directed at increased growth of output and employment. Interest rates, for example, were allowed to decline from the second quarter of 1985 onward; the clearing banks' prime overdraft rate had been brought down to 16,5 per cent by the end of the year.

Non-economic factors, however, severely constrained this policy stance and put a damper on the underlying expansionary forces in the economy. Most important among these factors were the prevailing conditions of socio-political unrest, the consequent proclamation of a state of emergency in a number of magisterial districts in July 1985, and a pervasive sense of uncertainty and lack of confidence. These developments contributed to a marked deterioration of foreign perceptions of South Africa's socio-political stability and economic prospects. Foreign loans were withdrawn and credit facilities were terminated. Subsequently, economic sanctions and an intensified disinvestment campaign were launched against South Africa. The general feeling of uncertainty, a reluctance to take longer-term views, the marked cooling-down of the economy that had already taken place, and households' concern about prospects for employment and real earnings, strongly inhibited consumer expenditure and inducement to invest during this period.

(c) The moderate recovery during the second half of 1985 did not build up sufficient self-sustaining momentum to neutralise the exogenous influences on the economy. As a result, real output, private consumption expenditure and investment in fixed assets and inventories contracted once again in the *third phase* of the 1984-1986 downswing, which covers the first few months of 1986. The volume of activity, in fact, decreased sharply, during this period as was reflected clearly in various economic indicators such as those for manufacturing output and for the volumes of manufacturing, wholesale, retail and motor trade and of merchandise imports. Real domestic product in the non-agricultural sectors declined by 1,1 per cent between the fourth quarter of 1985 and its lower turning-point in the first quarter of 1986.

According to both the historical and the current diffusion index and the composite coincident business cycle indicator a lower turning-point in the business cycle was reached in March 1986. Various business

cycle indicators recorded lower turning-points in either the first or the second quarter of 1986. On the basis of the available information, March 1986 was, therefore, selected as the reference date of the cyclical trough.

A profile of the South African business cycle during the period 1981 to 1987

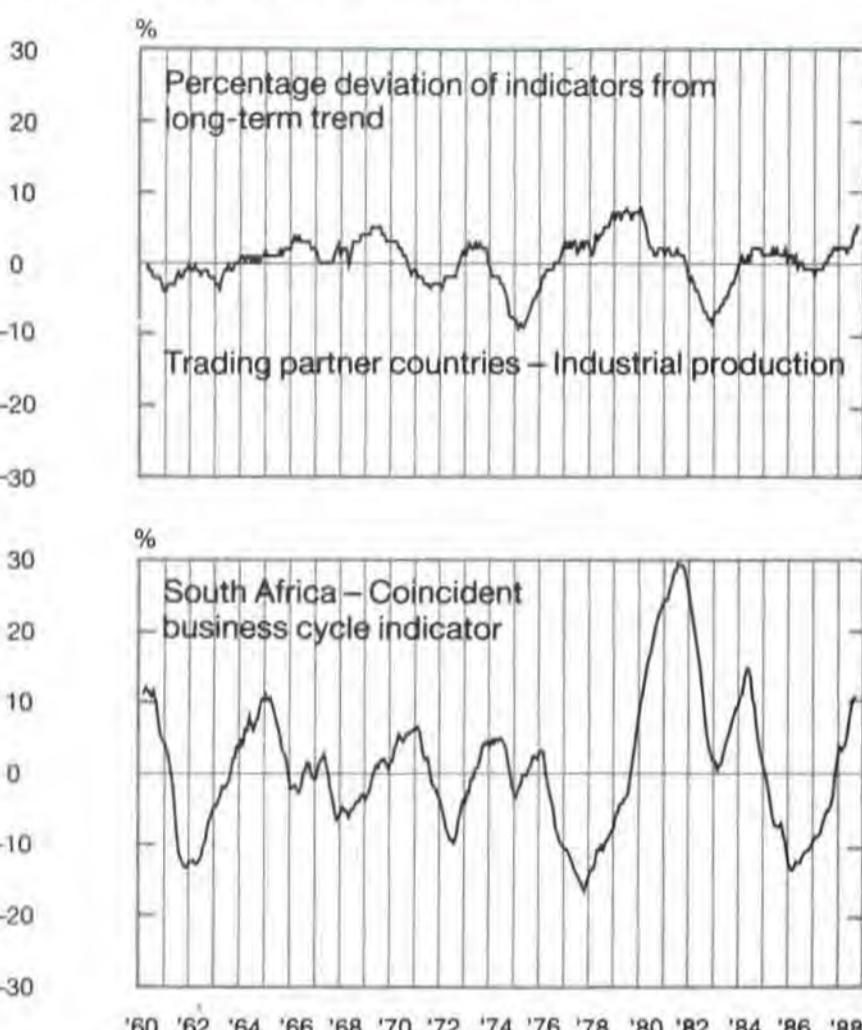
The dynamic unfolding of the South African economy during the period under review did not proceed smoothly, but was characterised by alternate periods of prosperity and recession. These developments, however, were not unique to South Africa, but were also a major feature of the economies of most industrialised countries. Owing to the relative "openness" of the South African economy, it could not isolate itself from cyclical developments in trading partner countries. In addition to the effect of domestic factors, the instability of international economic developments consequently also had an impact on the course of the business cycle in South Africa. With the exception of the sharp cyclical downturn of 1984-1986, most cyclical changes in South Africa followed the business cycle of the industrialised countries with some time-lag.

During the period 1981 to 1987 the South African economy experienced two downward phases and two upward phases: a downward phase from September 1981 to March 1983, an upward phase from April 1983 to June 1984, a downward phase from July 1984 to March 1986, and an upswing in economic activity in the subsequent period.

The average durations or lengths of the upward and downward phases of the business cycle in South Africa during the period from 1960 up to the lower turning-point of March 1986 were 30 months and 19 months, respectively. As a matter of fact, the average duration of the phases of the business cycle in South Africa's principal trading partner countries was about the same over this period. The average durations of the upward and downward phases in these countries were 31 months and 20 months, respectively. The duration of the upward phase in the South African economy of 1983-1984 was 15 months, which was only half as long as the average length of all earlier upward phases since 1960. The duration of the downward phase in 1981-1983 was 19 months and that of the downward phase in 1984-1986, 21 months, which was slightly longer than the average length of downswings during the years from 1960 to 1986. It is also clear from Table 3 that the duration of most recession phases in South Africa as well as in trading partner countries has lengthened since the 1970s.

The increased amplitude of cyclical movements during the past decade, as shown in Graph 4, similarly was not unique to South Africa, but was, in fact, an international phenomenon. The recession in the industrial world of 1980-1982 was one of the most severe to

Graph 4 : Business cycle indicators



be recorded in this century, both as regards its duration and the extent of change. This economic instability was transmitted to South Africa and other countries of the world. The relatively short duration of the subsequent recovery and the slow-down of growth in economic activity in the industrialised countries which was recorded thereafter, were also reflected in the more modest rates of growth in total real output in these countries during the period under review.

In order to evaluate the relative intensity of economic change during the various phases of the cycle in the period 1981-1987, the changes in real demand and

Table 1 Average annual percentage change in real GNP/GDP¹ in South Africa and trading partner countries²

	1960-1987	1960-1970	1971-1980
Trading partner countries	3,6	4,8	3,2
South Africa	3,7	5,8	3,4

¹ Trading partner countries: product valued at 1980 prices and 1982 exchange rates. South Africa: product valued at 1985 prices.

² USA, UK, West Germany, France, Italy, Canada and Japan.

Table 2 Business cycle phase comparisons

The status of the recession or recovery in economic activity between two and eight quarters from the reference turning points during 1960–1987

Expenditure on gross domestic product at constant 1985 prices	Date of peak	Percentage change from reference peak to period end ¹				Date of trough	Percentage change from reference trough to period end ¹			
		2 quarters	4 quarters	6 quarters	8 quarters		2 quarters	4 quarters	6 quarters	8 quarters
1. Private consumption expenditure	Average '60–72	2,1	4,5	6,9		Average '60–74 4qr 1977 1qr 1983 1qr 1986	2,0	6,1	7,4	12,3
	3qr 1974	-0,8	4,8	5,3	-4,0		3,0	0,7	3,4	6,0
	3qr 1981	0,9	0,7	1,6			3,1	6,2		
	2qr 1984	-5,9	-8,2	-7,0	-7,1		1,9	3,4	5,7	8,2
2. Consumption expenditure by general government	Average '60–72	1,7	6,1	6,9		Average '60–74 4qr 1977 1qr 1983 1qr 1986	3,8	5,9	10,6	14,5
	3qr 1974	2,5	12,7	16,7	17,8		-5,1	1,0	1,0	8,2
	3qr 1981	9,3	2,9	3,1			5,0	5,4		
	2qr 1984	-0,8	-1,0	0,8	8,8		-1,4	5,3	0,3	10,3
3. Gross domestic fixed investment	Average '60–72	5,3	5,6	6,0		Average '60–74 4qr 1977 1qr 1983 1qr 1986	-3,3	0,5	7,3	10,8
	3qr 1974	0,4	10,8	8,1	3,1		2,0	5,0	-0,3	5,4
	3qr 1981	0,0	-4,9	-9,7			-3,1	-0,8		
	2qr 1984	-2,0	-5,9	-11,6	-24,2		0,3	-2,2	-5,5	-0,2
4. Change in Inventories ²	Average '60–72	-2 061	-5 659	-5 837		Average '60–74 4qr 1977 1qr 1983 1qr 1986	-1 101	1 191	3 580	3 935
	3qr 1974	-2 065	-5 694	-10 596	-11 507		-2 226	1 506	6 804	10 167
	3qr 1981	-2 745	-10 602	-7 276			-2 064	-1 869		
	2qr 1984	-3 519	-5 818	-8 149	-4 919		-2 084	-1 404	1 738	1 508
5. Gross domestic expenditure	Average '60–72	0,1	-0,1	1,1		Average '60–74 4qr 1977 1qr 1983 1qr 1986	2,3	7,2	14,6	19,7
	3qr 1974	-2,3	-0,9	-2,6	-4,5		5,3	3,7	8,0	8,2
	3qr 1981	-1,5	-9,7	-14,0			2,7	10,8		
	2qr 1984	-3,1	-9,9	-10,1	-10,2		3,2	0,5	4,3	11,0
6. Exports of goods and non-factor services	Average '60–72	3,8	6,7	11,0		Average '60–74 4qr 1977 1qr 1983 1qr 1986	2,8	1,2	0,1	6,9
	3qr 1974	-4,3	-0,6	2,6	5,5		-1,0	2,1	-6,1	3,2
	3qr 1981	-2,8	2,1	-4,3			-4,1	6,2		
	2qr 1984	7,8	15,2	14,5	13,9		13,1	10,7	1,6	5,7
7. Imports of goods and non-factor services	Average '60–72	-10,5	-11,9	-9,0		Average '60–74 4qr 1977 1qr 1983 1qr 1986	4,2	15,8	26,9	33,6
	3qr 1974	-7,7	-11,5	-14,1	-25,7		5,6	6,9	-1,3	4,9
	3qr 1981	-4,8	-24,6	-33,8			0,9	25,8		
	2qr 1984	2,6	-12,0	-16,8	-17,2		27,7	7,7	6,7	31,4
8. Gross domestic product	Average '60–72	2,4	4,1	6,3		Average '60–74 4qr 1977 1qr 1983 1qr 1986	2,5	5,0	8,3	12,5
	3qr 1974	-1,1	1,8	3,0	3,7		4,1	3,6	6,0	8,5
	3qr 1981	-0,9	-1,4	-5,1			1,2	6,0		
	2qr 1984	-1,5	-2,3	-1,6	-1,7		0,9	2,0	3,0	5,0

¹ The percentage change from the reference peak (trough) is determined up to and including the following cyclical trough (peak) within a period of eight quarters.² Cumulative change in R millions.

Table 3 Business cycle phase analysis for South Africa and its trading partner countries¹

Reference turning-point dates ²				Length of phase (months)				Percentage change in the volume of production between turning-points ³	
G-7 countries ¹		South Africa		G-7 countries		South Africa		G-7 countries	South Africa
Peak	Trough	Peak	Trough	Upward phase	Downward phase	Upward phase	Downward phase		
2/60		4/60							
	2/61		8/61		12		16	1,7	6,2
2/62				12				8,4	
	2/63		4/65			12		3,0	
			12/65				44		29,6
3/66		5/67		37			8		3,3
	10/67		12/67		19	17		26,6	6,6
10/69				24			7	6,0	3,1
		12/70				36		15,1	
	8/71		8/72		22		20		19,8
11/73		8/74		27		24		2,2	4,0
	5/75		12/77			18		-13,1	12,0
2/80		8/81		57			40		3,4
	12/82		3/83		34	44			18,4
7/85 ⁴		6/84		31		15	19	-8,5	-3,7
			3/86				21	18,7	7,8
		Average length		31	20	30	19		-3,7

¹ USA, UK, West Germany, France, Italy, Canada and Japan.² Source: Center for International Business Cycle Research, USA, and SA Reserve Bank.³ G-7 countries: Composite index of the volume of industrial production.

South Africa: Gross domestic product excluding agriculture at constant 1985 factor cost.

⁴ Preliminary.

production during these phases were compared with earlier business cycle phases during the period from 1960 to 1987. From the accompanying Table 2 it is clear that the declines in real output and expenditure during the two recession phases in 1981-1983 and 1984-1986 were more severe than in the comparable stages of the downward phases of earlier business cycles. For example, six quarters after the cyclical peaks in 1981 and 1984 the level of real gross domestic product had declined by 5,1 per cent and 1,6 per cent, respectively; this may be compared with positive growth of 3 and 4 per cent during the corresponding six quarters in the 1974-1977 and 1971-1972 recession periods, respectively. A similar impression of the relative intensity of the more recent recessions may be gained from the relatively sharp decline in real domestic expenditure in the downward phases of the business cycle in 1981-1983 and 1984-1986.

Although the strengthening of economic activity during the upward phase of 1983-1984 was not evenly distributed among all sectors of the economy, the extent of this change compared favourably with the buoyancy displayed by upward phases of the business cycle in earlier years. At the peak of the business cycle in the second quarter of 1984, real gross domestic product was 7,8 per cent above its level at the trough in the first quarter of 1983. At comparable stages of the cyclical upward phases during the high-growth period from 1960 to 1974, the increase in real output amounted, on average, to 7 per cent.

Both the duration of business cycle phases and the amplitude of cyclical changes during the 1980s to date, to a large extent reflected the influence of extraneous developments on the South African economy. In addition to the effects of international economic instability, socio-political developments and the effects of adverse weather conditions on agricul-

ture contributed to lower economic growth and to increased variations in economic activity in general. The actual course of the business cycle in South Africa during the period 1981 to 1986 was, however, a function of endogenous economic developments to a lesser extent than in earlier years.

Final reference turning-point dates of the business cycle

The turning-point dates of the business cycle during the post-war period are given in the accompanying table.

Upward phase	Downward phase
Post -war – Jul. 1946	Aug. 1946 – Apr. 1947
May 1947 – Nov. 1948	Dec. 1948 – Feb. 1950
Mar. 1950 – Dec. 1951	Jan. 1952 – Mar. 1953
Apr. 1953 – Apr. 1955	May 1955 – Sept. 1956
Oct. 1956 – Jan. 1958	Feb. 1958 – Mar. 1959
Apr. 1959 – Apr. 1960	May 1960 – Aug. 1961
Sept. 1961 – Apr. 1965	May 1965 – Dec. 1965
Jan. 1966 – May 1967	Jun. 1967 – Dec. 1967
Jan. 1968 – Dec. 1970	Jan. 1971 ^a – Aug. 1972
Sept. 1972 – Aug. 1974	Sept. 1974 – Dec. 1977
Jan. 1978 – Aug. 1981	Sept. 1981 – Mar. 1983
Apr. 1983 – Jun. 1984	Jul. 1984 – Mar. 1986

Statement on proposed changes to forward cover arrangements

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

8 December 1988

Gradual withdrawal of Reserve Bank from forward market

With the approval of the Minister of Finance the Reserve Bank will in the months ahead revert to the policy of orderly withdrawal from the forward market in foreign exchange that was interrupted in August 1985.

It will be recalled that such a withdrawal formed part of the recommendations relating to the foreign exchange market made by the Commission of Inquiry into the Monetary System and Monetary Policy in South Africa and accepted by the Government in August 1983.

The steps announced by the Minister of Finance at that time were designed to promote the development of a proper forward market in foreign exchange that was well integrated with the spot market and that functioned without the daily support of the Reserve Bank. The main advantages of such a market would be (1) that it would help to produce realistic spot and forward exchange rates, coupled with realistic interest rates, and (2) that it would greatly reduce and eventually eliminate the losses incurred on forward exchange transactions for the account of the Treasury.

In August 1985, however, the Reserve Bank had to discontinue its planned withdrawal from the forward market due to circumstances surrounding the proclamation of the foreign debt "standstill" at that time. Since then the Bank has provided substantial forward cover to the foreign exchange market by means of swaps based on the current spot rate for a maximum period of twelve months.

In the event, the outstanding forward sales balance of the Reserve Bank has increased substantially – partly due to debtors covering their foreign currency liabilities under the debt standstill and partly due to the large rise in payment commitments for imports since the middle of 1987.

As a result of the rise in the value of the US dollar against the rand during the first ten months of 1988, the Reserve Bank incurred severe but unavoidable losses on the forward cover book during that period. These losses were for the account of the Treasury and ultimately of the South African taxpayer. They also forced the Reserve Bank into the involuntary creation of cash reserves for the banking system and thereby contributed to the excessive increase in the money supply during this period.

To facilitate its gradual withdrawal from the forward market and to support the orderly operation of the spot and forward markets, the Reserve Bank will resume paying the gold mines in US dollars for their

production delivered to the Bank so that they may place these dollars into the domestic market within the time limits prescribed in the Exchange Control rulings – at present seven days. The proceeds of the gold sales will be credited to dollar denominated accounts of the mines to be created in the books of the Reserve Bank and will be transferred to authorised dealers in foreign exchange from these accounts on instructions from the mines. The mines will also be allowed to sell the dollar yield of their known future gold production forward within specified limits.

The exact timing of the gradual withdrawal of the Reserve Bank from the forward market will be determined in conjunction with the banks involved. To avoid disruptive changes in interest and exchange rates the process will have to be gradual, and the Bank will retain the right to intervene in the forward market at its discretion at any time for normal central banking purposes.

For the time being the Reserve Bank will continue its present practice of providing forward cover by way of swap transactions to authorised dealers in foreign exchange to cover their overbought or oversold positions in respect of recognised commitments or claims in foreign currencies of their clients. A limit will be placed on these facilities, however, and the limit for each authorised dealer will be gradually reduced in terms of an agreed time schedule.

Preferential rates of forward cover against documentary evidence of foreign trade credits

In the meantime, as a temporary measure designed to counter the tendency for South African importers and exporters to switch from expensive foreign to cheaper domestic sources of finance, the Reserve Bank will be prepared to provide forward cover *at preferential rates*, through banks, for credit lines to fund imports. Such cover will, however, only be available against documentary evidence of the use of foreign credit lines, and provided that the maturity date of such cover matches the maturity date of the relevant underlying foreign finance. Such documentary evidence will normally be a usance letter of credit opened through the bank and providing for negotiation of the usance drawing by the foreign bank.

Similarly, exporters will be encouraged to use pre-export finance through the forward market at preferential rates. As in the case of imports, such cover will only be provided against documentary evidence of the use of foreign credit lines and provided that the maturity date of such cover matches the maturity date

of the relevant underlying foreign finance. Normally, forward cover would not be required in the case of pre-export finance, but “offsetting” contracts will be allowed in respect of trade credit lines to fund exports, thereby enabling exporters to offset their currency risk for the period of such finance.

Long-term cover

- (i) In order to encourage the use of longer-term finance for imports of capital goods the Reserve Bank will, with immediate effect, entertain requests for longer-term forward cover, which can also be denominated in other freely transferable international currencies in addition to the US dollar. This cover will be offered for the full period of such long-term finance (or the remaining period in the case of existing finance) and will match the maturity date of the underlying finance transactions. The cover will be offered at market-related rates.
- (ii) To facilitate the conversion of funds caught in the debt standstill to longer-term loans as set out in clause 12 of the Memorandum to the Second Interim Arrangements letter, the Bank will also entertain requests from South African borrowers for long-term forward cover to coincide with the maturity profile for such loans. This cover will be restricted to US dollars only, but will also be available upon request for conversions already made prior to this announcement.

Statement on banking supervision and exchange control

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

6 February 1989

After consultation with the Minister of Finance, the Reserve Bank has decided to take the following steps to increase the effectiveness of its application of Banking Supervision and Exchange Control:

- (1) While the Banking Supervision Department and the Exchange Control Department will continue to operate as separate entities under their existing management, Dr A.S. Jacobs, as Senior Deputy Governor of the Bank, will assume specific responsibility for the *co-ordination* of the activities of these two departments.
- (2) The Reserve Bank will further expand its Exchange Control Department and, in particular, the Inspection section of that department – a process that began some months ago. In October 1988 the total number of employees in the department was 184, of which only 33 were signing officers authorised to take decisions in regard to exchange control applications. Such applications, i.e. those which either come directly to the Reserve Bank or are referred to it by the banks, have in recent months numbered about 1 300 per week. Of the 33 signing officers, 7 were inspectors. By the beginning of February 1989 the total number of employees in the department had been increased to 193, of which 40 are signing officers, including 10 inspectors. Further expansion is planned, including the appointment of 5 more inspectors.
- (3) The Banking Supervision Department is also being expanded. At present the Registrar and Deputy Registrar of Banks and Building Societies are supported by only 4 senior officials and another 14 more junior signing officers. More use will in future also be made by this department of qualified accountants.

The investigations conducted by the Harms Commission into certain alleged contraventions of the Banks Act and the Exchange Control Regulations have underlined the need not only for intensified and expanded banking supervision and exchange control but also for *improved co-ordination* between these two widely different control functions. The new measures are intended to meet this need.

At an earlier stage the monetary authorities had themselves taken note of an increased tendency to contravene both the Banks Act and the exchange control regulations, and had taken a series of steps to improve the effectiveness of Banking Supervision and Exchange Control. These include the following:

- (1) The Banks Act was amended with effect from 22 July 1988 in order to extend the Reserve Bank's right of inspection to individuals or institutions *not* registered as banks or building societies but suspected of contravening the Banks Act by taking deposits from the general public. Previously the Reserve Bank's inspection rights were confined to *registered* banks and building societies.
- (2) At a meeting of the Multilateral Technical Committee on Finance, which consists of representatives of the Republic of South Africa and the TBVC countries – Transkei, Bophuthatswana, Venda and Ciskei – held in Umtata on 6 September 1988, the unsatisfactory nature of the present regulation of banking business *across the borders* of the Republic and the TBVC countries was discussed and an enquiry launched into ways and means of improving the situation.
- (3) At the request of the Minister of Finance a working group was set up in the second week of December 1988 to review certain completed exchange transactions in the light of information obtained regarding new techniques allegedly used to contravene the exchange control regulations. These techniques mainly involved over-invoicing and illegal use of the financial rand mechanism. This working group included, in addition to the Reserve Bank's principal exchange control officials and inspectors, also representatives of the Department of Finance and the Industrial Development Corporation, as well as a senior officer of the South African Police. The group was also authorised to co-opt individuals from the private sector in cases where they could contribute expertise that was not readily available within the Exchange Control Department itself. The two main purposes of this action are to identify possible contraventions for further investigation and, where necessary, to update and improve exchange control procedures in both the Reserve Bank and the other banks.
- (4) During the course of 1988 the Reserve Bank's Exchange Control Department sought the co-operation of a number of government departments and the Institute of Accountants in devising techniques of curbing over-invoicing of imports and other fraudulent ways of transferring capital abroad. The Institute has already submitted certain recommendations and is pursuing its investigation further.

- (5) The Reserve Bank has for some months now been reviewing the crucially important part played in the administration of exchange control by banks licenced as authorised foreign exchange dealers. The investigations of the Harms Commission have also underlined the need to ensure that these banks, which operate in the front line of exchange control, perform their control functions more diligently and effectively.

Exchange Control can never be a *substitute* for appropriate monetary and fiscal policies. In particular, it can never obviate the need for realistic interest and exchange rates. It is at best a *supplementary* measure.

Moreover, as the experience in other countries has demonstrated, exchange control is in the nature of the case an imperfect measure that suffers from certain inherent weaknesses. In its unanimous Final Report submitted in May 1985, the *Commission of Inquiry into the Monetary System and Monetary Policy in South Africa* put it as follows (paragraphs 12.27 and 12.28):

"In South Africa's reasonably developed and sophisticated financial system, exchange control can be circumvented both legally and illegally in a number of ways. These ways include under-invoicing of exports, over-invoicing of imports, false or excessive commissions and so-called "transfer pricing" – the quite legal practice of deliberately distorting prices in transactions between related companies operating in different countries. The Commission naturally considered possible ways and means of effectively closing these loopholes, but reached the conclusion that, in general, such action would involve serious inroads into civil liberties, established judicial procedures and normal trade practices, with no guarantee of success, and could therefore not be recommended.

More important, exchange control can do very little to control short-term capital movements in the form of "leads and lags" in current foreign payments and receipts. These leads and lags are normal and perfectly legal and often assume large proportions in a major trading country like South Africa...."

Nevertheless, despite these inherent weaknesses of exchange control, the monetary authorities remain convinced that, given the stresses and strains in South Africa's foreign relations and specifically the existence of sanctions and disinvestment, exchange control over both non-residents and residents in respect of capital movements remains essential as a supplement to monetary and fiscal policies. *And as long as this is the case, the control must be made as effective as possible.* It is to this end that the Reserve Bank has taken the series of steps set out above.

All of this is being done, however, with due regard to the need to avoid the creation of an unduly large bu-

reaucratic control structure with all the attendant "red tape", and to prevent the intensified application of exchange control from adversely affecting South Africa's foreign trade and general economic development.

Statement on monetary policy

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

22 February 1989

After consultation with the Minister of Finance the Reserve Bank has decided to tighten monetary policy further in order to reduce the rates of increase of bank credit and the money supply.

To this end the Bank will curb its own net domestic credit creation in the form of both discount window accommodation and open-market operations. This is the key to better control over the money supply, since under present conditions it is the Reserve Bank's credit extension that provides the banks with the cash reserves they require to support increases in their discounts, loans, advances and investments.

Given the high level of economic activity and the resultant strong demand for credit that still exists, the planned reduction in the Reserve Bank's provision of cash reserves to the banks is likely to lead to at least a temporary further rise in some short-term interest rates, including prime overdraft rates. This is an inevitable consequence of the less accommodative monetary policy stance now being adopted.

In line with this expected rise in short-term interest rates the Reserve Bank has decided to raise its rediscount rates for Treasury bills, Land Bank bills and bankers' acceptances for all banking institutions other than discount houses from 15,0 per cent, 15,15 per cent and 15,30 per cent to 16,0 per cent, 16,15 and 16,30 per cent, respectively, i.e. by 1 percentage point in each case. Corresponding increases will be effected in the Bank's interest rates on overnight loans to banks. The new rates will take effect from 23 February 1989.

At the same time the Reserve Bank has decided to abolish the preferential margin of 1/2 per cent previously extended to discount houses on its various refinancing rates. In future the Bank will therefore have only one set of refinancing rates applicable to both banks and discount houses. This is basically a technical adjustment made in recognition of the evolutionary changes that have occurred in recent years in the functions of discount houses and, in particular, of the fact that they no longer serve as the main conduit through which banks obtain accommodation from the Reserve Bank. For some time now the Reserve Bank's key rediscount rates have, in fact, been the rates that apply to banks and not the rates charged to discount houses.

The term "Bank Rate", which in the past referred to the preferential rate at which the Reserve Bank rediscounted Treasury bills for discount houses, will in future therefore refer to the Reserve Bank's uniform rediscount rate for Treasury bills for both banks and discount houses. In practice this means that from 23 February 1989 Bank Rate will be 16,0 per cent instead of 14,50 per cent as previously.

A consequential change is that the traditional maximum margin between "Bank Rate" and the banks'

prime overdraft rate now becomes 3 percentage points instead of 3½ percentage points as before.

It is expected that the planned reduction in Reserve Bank accommodation to the banks will result in increases of up to 1 per cent in the prime overdraft rates of at least some banks and in certain other short-term lending and deposit rates. This will bring these rates into alignment with those money market rates that have already moved up in recent weeks, such as the rates on Treasury bills, Land Bank bills and bankers' acceptances. It goes without saying that there is no compulsion on any bank or building society to increase any of its lending rates if it does not deem it necessary to do so.

Whether long-term interest rates, including home mortgage rates and the yields on Government stock and semi-gilt-edged securities, will be materially affected by the expected increases in short-term rates, will, of course, depend on supply and demand conditions in the capital market. At present it is not self-evident that these long-term rates will rise to any significant extent.

The need to tighten monetary policy at this stage was mainly brought about by three developments:

- (1) The decline in the gold price from an average of US\$437 per ounce in 1988 to well below US\$400 per ounce in recent weeks. Taken over a full year a decline in the gold price of \$50 per ounce would mean a decline of roughly \$1 billion or nearly R2,5 billion (at the present rand-dollar exchange rate) in the value of South Africa's annual gold output.
- (2) The further rise during recent months in interest rates in Europe and the United States to levels that in real terms greatly exceed those in South Africa.
- (3) The further excessive rise in the money supply during January 1989 to a level 28 per cent higher than that of a year ago, which provided further proof that both the vigour and the duration of the upswing in the domestic economy had been consistently underestimated during 1988.

There are indications that the upswing in total spending and general economic activity is levelling-off and that, in a technical sense, an upper turning-point of the business cycle has either already been passed or is about to be reached. But for the time being it remains the objective of monetary policy to reduce the rates of increase of the money supply and total spending in order to counter inflation and to strengthen the balance of payments.

Notes on the revision of the national accounts

Introduction

In the March 1988 edition of the *Quarterly Bulletin* of the South African Reserve Bank a revised set of national accounts statistics was released, using 1985 instead of 1980 as base year for constant price calculations. This was necessary as it had become clear that changes which had occurred in the sectoral composition of gross domestic product and the relative sizes of individual spending components since 1980, had rendered the 1980-based weighting structures invalid and had turned the then existing constant price estimates into inaccurate representations of the true performance of the South African economy.

Commenting on the 1988 revisions, the Bank observed that in view of the imminent release of certain census reports, further revisions would have to be considered when such information would become available. In November 1988, preliminary results of the 1984/85 census of manufacturing were released by the Central Statistical Service. To ensure that full use would be made of all available information, these and other recently released source data were incorporated during a fairly comprehensive revision of the entire set of national accounts estimates.

During the revision process, the Economics Department of the Bank co-operated closely with the Central Statistical Service. Whereas the Central Statistical Service concentrated their attention on estimating the gross domestic product at current and constant prices and certain components of private consumption expenditure, the Bank took responsibility for revising all the major components of gross domestic expenditure at current and constant prices, as well as for the compilation of a full set of national and sectoral accounts for the South African subregion.

Apart from the fact that the statistical estimates of the national accounts aggregates were recalculated, the revisions also presented an opportunity for introducing certain changes in the classification and presentation of data.

Although the revisions appear to be wide-ranging, the current set of national accounts is by no means final in the sense that no revisions are to be expected in future. No new source data were made available recently for a number of sectors of economic activity. When such data will have been made available, further revision of the current data set will be inevitable. Furthermore, as evidence of unrecorded and informal economic activity gains wider acceptance, these are also to be taken care of in the official national accounts estimates.

Revision of gross domestic product estimates

New source data obtained from various census and other reports were the main reason behind the revised

estimates of output originating in the sectors agriculture, mining, manufacturing, construction and commerce. In the case of the transportation sector, estimates of value added were adjusted to make due allowance for the increased prominence of private transportation and the resultant growth in the private passenger transport industry. Output generated in the tertiary sectors was adjusted in view of newly available information relating to the remuneration of domestic servants and revised valuations of imputed rent of owner-occupied dwellings.

Measured growth in the revised real gross domestic product estimates deviates somewhat from the previously published growth rates. Annual growth rates were revised upwards to -0,8 per cent in 1985 and scaled down to 0,3 per cent and 2,1 per cent in 1986 and 1987, i.e. by 0,4 percentage points, 0,7 percentage points and 0,5 percentage points, respectively. Nevertheless, the direction of the quarter-to-quarter changes in the seasonally adjusted real gross domestic product remained broadly unchanged. The third quarter of 1985 was a notable exception: the previously estimated increase was converted into a decline.

Revision of the components of gross domestic expenditure

Revisions of the components of gross domestic expenditure were occasioned by the release of the results of the 1985 survey of household expenditure, an in-depth analysis of certain components of private consumer spending, a thorough investigation of numerous sources containing data on the financial affairs of various governmental establishments and fresh information on gross domestic investment obtained from the censuses of mining and manufacturing institutions.

Revised estimates of private consumption expenditure were based essentially on the results of the 1985 survey of household expenditure, conducted jointly by the Central Statistical Service and the Bureau of Market Research of Unisa among all population groups. The Bureau of Market Research also compiled estimates of private consumption expenditure in the self-governing national states and in Transkei, Bophuthatswana, Venda and Ciskei as well as in thirteen major metropolitan areas in South Africa. By merging all these results with the Reserve Bank's own estimates of private consumption spending in the non-metropolitan areas, an estimate of aggregate private consumption expenditure in the entire subregion was reached.

All sub-categories of private consumption expenditure were subjected to revision. In many instances the original estimates were left unaffected or only marginal adjustments had to be made. In others the estimates indisputably needed revision. Among these, the following spending categories may be singled out:

personal transport equipment, expenditure on beverages and tobacco, medical and pharmaceutical products, and outlays on services such as rent, medical care, transport and communication. The revised estimates of spending on transportation reflect *inter alia* the growing importance of the private taxi industry.

The revisions resulted in upward adjustments of the annual growth rates in real private consumption expenditure amounting to 1,1 percentage points in 1983 and 1984 and to 0,8 and 0,7 percentage points in 1985 and 1986. The growth rate remained almost unchanged in 1987. Newly estimated quarterly figures as well as new seasonal factors resulted in slightly revised quarter-to-quarter growth rates in seasonally adjusted real private consumption expenditure.

Consumption expenditure by the general government was revised in accordance with up-to-date information contained in the reports of the Auditor General for numerous government and extra-budgetary institutions and in recent surveys of income and expenditure of local authorities conducted by the Central Statistical Service. It should be noted that extra-budgetary items include the self-governing national states and the government accounts of Transkei, Bophuthatswana, Ciskei and Venda. The official financial statements of some of these establishments are often released only after considerable delay. The utilisation of all available data sources caused revised estimates of government consumption expenditure to reach back as far as 1980. As a consequence the annual growth rates in real government consumption expenditure were changed by a margin varying between 0,3 and 2,5 percentage points in absolute terms. An upward revision of 2,5 percentage points in 1985 was necessary in view of final figures being made available which indicate a higher level of employment and labour remuneration than previously estimated. The quarterly changes in consumption expenditure by the general government were obviously also affected by the data revisions.

Data on capital expenditure contained in the 1984 mining census released in November 1987, preliminary results of the manufacturing census of 1985 released in November 1988, the 1982 census of construction activity released in October 1987, and the 1985 report on building plans passed and buildings completed, served as the main statistical input for the new estimates of gross domestic fixed and inventory investment. Agricultural censuses of 1981, 1983 and 1985 were made available in August and November 1987, and the 1986 census and preliminary results of the 1987 census were released in October and December 1988. All of these were taken into account in finalising the investment estimates.

The net outcome of these revisions was moderate upward adjustments in real gross domestic fixed investment in 1982, 1983 and 1984 and similar downward adjustments in 1985, 1986 and 1987. Real in-

ventory change was adjusted downwards with regard to 1982, but for the period since 1983 changes in real inventory levels are now estimated to exceed the earlier estimates.

Revisions of the financing of gross domestic investment

Changes in the income and spending of households, companies and the general government will inevitably have an impact on the savings ratios of these spending entities. Data revisions will have similar effects. The revised estimates of income and expenditure caused changes in the overall level of saving, but the broad tendencies and ratios of savings behaviour as reflected by the previous estimates were left essentially unaltered. General government saving, however, was transformed from negative amounts in 1982 and 1983 to small positive amounts in these two years.

Revision of tables

One of the existing set of published tables contains information of the constituent parts of national income and the disposal of national income. A new table has been designed specifically to illustrate the allocation of national disposable income between consumption and saving.

Other adjustments

Other adjustments were effected on account of the reclassification of the former parastatals, Sasol One and Sasol Two, as private business enterprises instead of as public corporations. Although the changed status of these concerns took place at an earlier date, the reclassification concerned was delayed until such time as a wide-ranging revision of the national accounts was undertaken.

Kwartaallikse ekonomiese oorsig

Inleiding

Die Suid-Afrikaanse ekonomie het in die vierde kwartaal van 1988 nog steeds 'n opmerklik stiewige voorkoms getoon. Die jaarkoers van toename in die *reële bruto binnelandse produk* in hierdie kwartaal, wat bykans drie persent beloop het, was min of meer in ooreenstemming met die groeikoers vir 1988 in sy geheel, wat, op sy peil van ietwat meer as 3 persent, op 'n hoër vlak te staan gekom het as wat algemeen verwag is.

Byna al die sektore van die ekonomie het in die vierde kwartaal van 1988 reële groei ondervind. Ten aansien van die kalenderjaar in sy geheel het die sektore buite die landbou en die nie-primêre sektore bogemiddeld hoë groeikoerse aangeteken. Die groeikoerse van die reële produksie in die sekondêre sektore en in die fabriekswese het indrukwekkende syfers ter grootte van $5\frac{1}{2}$ en 6 persent bereik.

Die totale *reële bruto binnelandse besteding* was in die kalenderjaar 1988 meer as 7 persent hoër as in 1987. Hierdie sterk toenamekoers het die groeikoers van ongeveer 4 persent in die voorafgaande jaar aanklik oorskry.

Die totale *reële bruto binnelandse besteding* het in die eerste kwartaal van 1988 sterk toegeneem, in die tweede kwartaal meer horisontaal verloop en vervolgens in die derde kwartaal in nogal heel beduidende mate teruggesak. Daarna het dit in die vierde kwartaal weer eens sywaarts beweeg, hoofsaaklik as gevolg van die feit dat verdere toenames in die reële private verbruiksbesteding, 'n verdere opmerklike styging in die totale *reële bruto binnelandse vaste investering* en 'n toename in die reële owerheidsverbruiksbesteding deur 'n verdere intering op die reële voorrade geneutraliseer is. Vanweë die vermindering van die totale reële voorrade in sowel die derde as die vierde kwartaal van 1988, kon die opvallende sywaartse verloop en matige insinking van die totale *reële bruto binnelandse besteding* in die loop van 1988 vanaf die hoë vlak wat dit in die eerste kwartaal bereik het, moontlik 'n oordrewe indruk geskep het van 'n vermindering van die lewendigheid in die totale *reële binnelandse finale vraag*.

Verskeie uitgesoekte konjunktuuranalysers het volgens hul verloop in die vierde kwartaal van 1988 nietemin nog steeds daarop gedui dat die ekonomiese oplewing wel die beginstadiums van 'n verlangsamingsbereik het. Die saamgestelde samevallende konjunktuuranalysers het tot in September-Oktōber 1988 verder gestyg. Die *leidende aanwyser* het egter in Oktōber 'n betekenisvolle verdere daling getoon.

Die fisiese omvang van die fabrieksproduksie het in Oktōber-November 1988 gemiddeld matig vanaf die hoë vlak daarvan in die derde kwartaal afgeneem. Die groot- en kleinhandelsverkope teen konstante pryse was in die vierde kwartaal laer as in die derde kwartaal. Die waarde van die goedgekeurde residensiële bou-

planne, wat in die derde kwartaal reeds betekenisvol gedaal het, het in Oktōber-November 'n aansienlik versnelle afname getoon. Hierbenewens het belangrike finansiële instellings teen die einde van 1988 en in die eerste paar maande van 1989 te kenne gegee dat sekere "kolle" in die kredietvraag die eerste tekens van 'n vraagverslapping begin toon het.

In teenstelling hiermee het dit in Januarie en Februarie 1989 gelyk asof 'n verskeidenheid faktore hul kragte saamgesnoer het om die vlak van die totale binnelandse vraag te ondersteun, die vraag na bankkrediet in die algemeen op 'n hoë peil te handhaaf en 'n klimaat van sake-optimisme en verbruikersvertroue in stand te hou. Onder sodanige faktore was byvoorbeeld die verhoging van salaris in die openbare sektor en ander loonverhogings wat vanaf die begin van die jaar in werking getree het, die verhoogde owerheidsbesteding in die finale stadiums van die fiskale jaar 1988/89, die vooruitsigte vir goeie landbou-oeste in die loop van 1989, die stukrag wat in die reële vaste binnelandse kapitaalvorming opgebou het en die lewenskragtigheid van die aandelebeurs in Februarie en Maart. Die vooruitsigte dat die inflasie sou vererger en dat die wisselkoers van die rand verder sou verswak, is nog steeds as redes aangevoer om "voorkoop"-aankope te doen en om bestedingsplanne vroeg ten uitvoer te bring. Goeie of uitstekende finansiële resultate van maatskappye en die hoë peil van die winsgewendheid van sakeondernemings in die algemeen was, volgens wat verneem is, ook besig om hoër looneise uit te lok as wat andersins gestel sou gewees het en om die bereidwilligheid van werkgewers om aan sodanige looneise toe te gee, te verhoog.

Die meer horizontale verloop en matige insinking van die totale *reële bruto binnelandse besteding* ná die eerste kwartaal van 1988 het daartoe geleid dat die groei in die totale produksie in die loop van 1988 meer deur die uitvoer aangedryf geword het. Die opmerklike verdere kragherwinning wat die Suid-Afrikaanse goede-uitvoer veral in die tweede helfte van 1988 aan die dag gelê het, was die belangrikste faktor wat meegebring het dat die effense tekort wat in die eerste kwartaal van 1988 op die lopende rekening van die betalingsbalans aangeteken is, in al hoe groter oorskotte omskep is wat in die vierde kwartaal, teen 'n jaarkoers bereken, 'n peil van R5,4 miljard bereik het. Die oorskot op lopende rekening van R2,9 miljard gedurende 1988 in sy geheel was groter as die meeste vooruitskattingen en projeksies daarvan wat vroeër in die jaar opgestel is.

Tesame met die opmerklike verdere verstewiging van die lopende rekening, het 'n heelwat kleiner uitvloeiing van nie-reserweverwante kapitaal in die vierde kwartaal van 1988 ook daartoe bygedra om die afname in die Suid-Afrikaanse bruto goud- en ander buitelandse reserwes in Desember 1988, asook in Januarie en Februarie 1989, tot stilstand te bring. Die effektiewe wisselkoers van die rand het, nadat dit gedurende die

eerste tien maande van 1988 bykans aanhoudend verswak het, ná die eerste paar dae van November weer verstewig. In Januarie 1989 het die rand veld verloor teenoor die verstewigende dollar, maar teenoor alle ander belangrike geldeenhede sterker geword. In Februarie het hernieuwe swakte van die dollarprys van goud, en verdere verstewiging van die dollar in die internasionale valutamarkte, egter al die vordering uitgewis wat die effektiewe wisselkoers van die rand vanaf November 1988 tot aan die einde van Januarie 1989 gemaak het.

Weinig tekens van 'n matiging van die baie hoë koerse van uitbreiding van bankkrediet en die monetêre totale hetasnog in die vierde kwartaal van 1988 en in die begin van 1989 sigbaar geword. Die groeikoers van die kwartaallikse gemiddelde van die omvattend gedefinieerde geldvoorraad, M3, vanaf die vierde kwartaal van 1987 tot die vierde kwartaal van 1988 was, op sy vlak van 26,5 persent, ongeveer 10,5 persentasiepunte hoër as die boonste grens van die monetêre mikpunt vir 1988 van 16,5 persent. Die baie hoë toenamekoers van M3 kon egter gedeeltelik toeskryf word aan herintermediéringsverskynsels en aan beleggers se verhoogde "likwiditeitsvoorkleur". Op grond hiervan het dit met 'n aanmerklike daling in die omloopsnelheid van M3 gepaard gegaan; die toename in die "effektiewe" M3-geldvoorraad – dit wil sê in M3 nadat dit vir veranderings in die omloopsnelheid daarvan aangesuiwer is – het in die loop van die mikpuntjaar 1988 17,3 persent bedra.

'n Nuwe mikpunt met betrekking tot die groeikoers van M3 vanaf die vierde kwartaal van 1988 tot die vierde kwartaal van 1989, wat van 14 tot 18 persent gestrek het, is op 7 Maart 1989 deur die Reserwebank aangekondig. In sy toelighting van die besluit van die monetêre owerhede om die boonste en onderste grense van die mikpuntperk met twee persentasiepunte vanaf die vlakte daarvan soos in 1988 te verhoog, het die Reserwebank verklaar dat dit berus het op aanvaarding deur die monetêre owerhede van 'n breë ekonomiese projeksie vir 1989 wat vir 'n verdere toename in die reële bruto binnelandse produk van ongeveer 2 persent, 'n oorskot op die lopende rekening van die betalingsbalans van ongeveer R4 miljard, 'n geleidelike stygging in die amptelike goud- en buitelandse-valutareserves en 'n gemiddelde stygtingskoers van die verbruikersprysindeks van ongeveer 15 persent voorseening gemaak het. 'n Aanname dat die inflasiekoers in 1989 tydelik sou versnel, is derhalwe vir die doel van hierdie scenario as realisties beskou.

Die daling in die dollarprys van goud en ander ongunstige gebeure in Januarie-Februarie 1989, wat tesame met die klaarblyklik oormatige groeikoerse van bankkrediet en die geldvoorraad in die mikpuntjaar 1988 in oorweging geneem moes word, het die Reserwebank daartoe gelei om die Bankkoers – dit wil sê die Reserwebank se herdiskonteringskoers vir skatkiswissels vir die diskontohuise – met ingang van 23

Februarie 1989 van 14½ tot 16 persent te verhoog. Die verhoogde Bankkoers sou op die herdiskontering van skatkiswissels vir sowel die diskontohuise as die banke van toepassing wees; dit het derhalwe behels dat die voorkeurmarge van ½ persent wat voorheen ten aansien van die Bank se herdiskonteringsfasilitete aan die diskontohuise toegestaan is, afgeskaf is. Die Bank se verklaring wat hierdie Bankkoersverhoging vergesel het, het weer eens klem gelê op die behoefte om die Bank se eie kredietskepping aan bande te lê, aangesien beperking van die kredietskepping deur die sentrale bank 'n onontbeerlike bestanddeel was van die proses om 'n verlangsamming van die groeitempo van bankkrediet in die algemeen, van die geldvoorraad en van die totale monetêre vraag teweeg te bring.

In die kapitaalmarkte kon daar in die vierde kwartaal van 1988 'n daling in die omset van effekte van die openbare sektor en 'n laevlak van die bedrywigheid ten opsigte van nuwe uitgifte in die aandelemark opgemerk word. Die pryse van aandele het in die derde en die vierde kwartaal van 1988 egter betekenisvol gestyg en in die eerste tien weke van 1989 teen 'n versnellende tempo daarmee voortgegaan.

Op die gebied van die staatsfinansies was die uitslag van die fiskale beleid in 1988/89 ietwat minder stimulerend as wat die Begroting soos dit in Maart 1988 aangebied is, in die vooruitsig gestel het. Teenoor die begrote toename van 16,3 persent het die skatkisuitreikings in 1988/89 met 'n geraamde 18,4 persent, of reëel met ongeveer 5 persent, toegeneem. Die skatkisontvangste het egter met 'n geraamde 25,2 persent gestyg, teenoor die begrote stygging van 12,6 persent. Die tekort voor lenings in verhouding tot die bruto binnelandse produk het daardeur op 'n geraamde 4,4 persent te staan gekom, teenoor die 4,9 persent wat die oorspronklike begrotatingsramings voor oë gehad het.

'n Ietwat meer beperkende benadering tot fiskale beleid om 'n matiging van die groei in die binnelandse besteding te bewerkstellig, is deur die Minister van Finansies vir die fiskale jaar 1989/90 in die vooruitsig gestel. In die Begrotingsrede wat hy op 15 Maart 1989 in die Parlement gelewer het, het die Minister begroot vir konstantheid van die reële staatsuitgawes in 1989/90 teenoor die vorige jaar. In nominale syfers het die Begroting voorsiening gemaak vir 'n toename van 15,0 persent in die besteding, 'n toename van 16,0 persent in die inkomste, en 'n tekort voor lenings wat 4,1 persent van die bruto binnelandse produk sou beloop. Die geraamde inkomste het die uitwerking van 'n verhoging tot 13 persent van die algemene verkoopbelasting ingesluit. As deel van die voortskrydende proses van belastinghervorming is verdere stappe gedoen in die rigting van afsonderlike belasting van egpare, in die vorm van die Minister se voorstel dat alle salaristrekende getroude vroue volgens die stelsel van die sogenaamde standaard-inkomstbelasting op werknemers belas word.

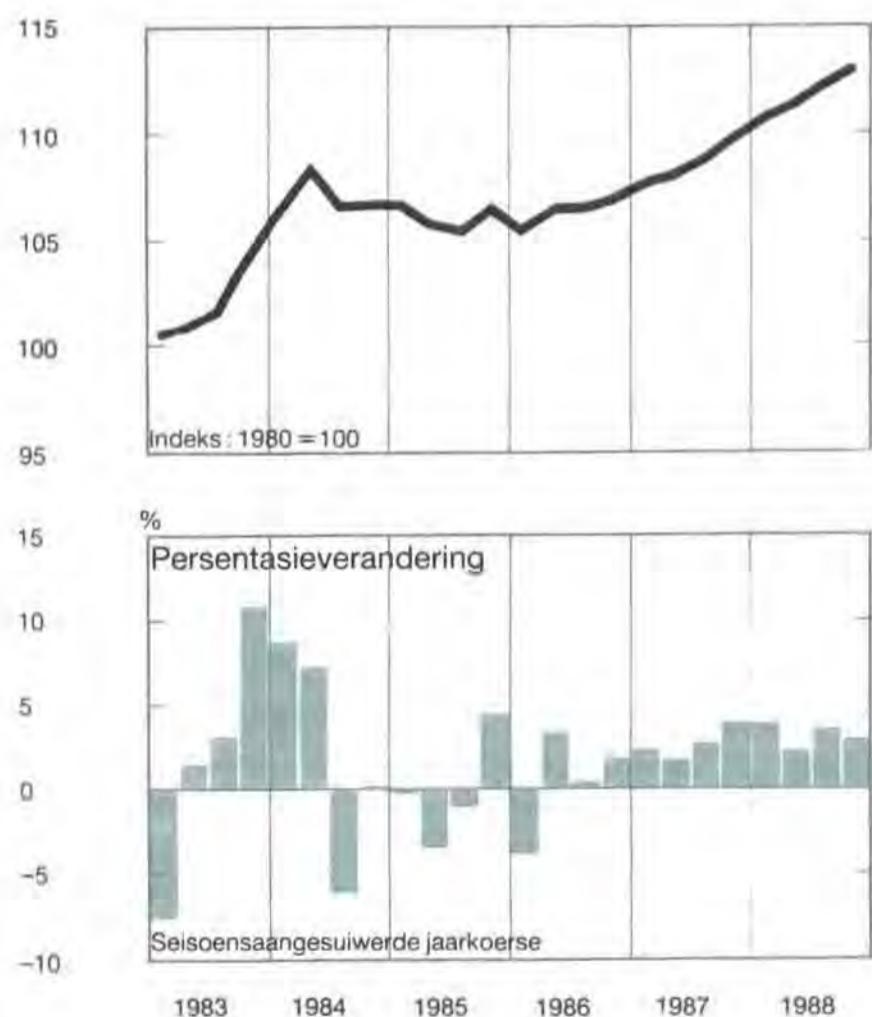
Binnelandse ekonomiese ontwikkelings

Binnelandse produksie

Aansienlike sterkte van die groeikoers van die reële bruto binnelandse produk in die vierde kwartaal van 1987 is in die vier kwartale van 1988 deur groei teen stellige en standhoudende alhoewel oor die algemeen ietwat meer gematigde koerse gevolg. Die huidige aanduidings is dat, nadat seisoensaangesuiwerde jaarkoerse van reële ekonomiese groei van bykans 4 persent, meer as 2 persent en $3\frac{1}{2}$ persent in die eerste drie kwartale van 1988 aangeteken is, die jaarkoers van groei in die vierde kwartaal van 1988 bykans 3 persent bedra het.

Byna al die sektore van die ekonomie het in die vierde kwartaal van 1988 positiewe reële groei ondervind. Opmerklike stygings in reële produksie is deur die sektore fabriekswese, elektrisiteit, gas en water, handel, konstruksie en die algemene owerheid aangegeteken. Binne die fabriekswesesektor het aanmerklike produksiestygings in die chemiese nywerheid, in die vervaardiging van basiese metale en masjinerie en in die vervoertoerusting-nywerheid voorgekom. Dit kon hoofsaaklik na 'n sterk vraag en vooruitbestellings teruggevoer word.

Reële bruto binnelandse produk



Produksiestygings in die sektor elektrisiteit, gas en water was 'n weerspieëling van die hoér vlakke van ekonomiese bedrywigheid en lewendiger saketoestande in die algemeen. Verdere stygings in die reële toegevoegde waarde van die handelsektor is hoofsaaklik verklaar deur die sub-sektore kleinhandel en motorhandel en deur die verversings- en akkommodasiebedryf. Die verhoogde toegevoegde waarde deur die algemene owerheid het hand aan hand gegaan met 'n volgehoue styging in die aantal werkers wat in hierdie sektor in diens is, met name in die onafhanklike nasionale en selfregerende state.

Die groei in die reële produksie van die konstruksiesektor het in die vierde kwartaal van 1988 'n jaarkoersvlak van bykans 8 persent bereik. Hierdie sterk produksieaanwas het voortgespruit uit die vergelykenderwys lewendige toestande in die bouywerheid in die algemeen en uit verhoogde vaste-investeringsbedrywigheid in die vorm van bou- en konstruksiewerk. Hierdie soort vaste investering self het in die vierde kwartaal van 1988 'n reële jaarkoers van toename van nie minder nie as 18 persent bereik.

Die groei in die totale reële bruto binnelandse produk in die *kalenderjaar* 1988 het ietwat meer as 3 persent beloop (teenoor groei van ietwat meer as 2 persent in 1987 en van $1\frac{1}{2}$ persent in 1986). Hierdie verdere versnelling van die reële ekonomiese groeikoers in die derde jaar van die ekonomiese oplewing is behaal ondanks 'n geleidelik meer vermouende ingesteldheid van die monetêre beleid en ander beperkende maatreëls. Dit het steun ontleen aan die volgehoue lewenskragtigheid van die reële private verbruksbesteding en aan 'n opmerklike kragherwinning van die Suid-Afrikaanse reële goedere-uitvoer, veral in die tweede helfte van die jaar. Die gevoldlike hoér maatskappywinst, die stygende mate van kapasiteitsbenutting en verbeterde sakevertroue het op hulle beurt as grondslag gedien vir 'n verdere verstewiging van die private sektor se vaste-investeringsvraag.

Die reële toegevoegde waarde van die *landbou* het van 1987 tot 1988 'n daling (van 3 persent) getoon. Die verdere verstewiging van die groei in die totale reële produksie in die kalenderjaar 1988 kon hoofsaaklik toegeskryf word aan 'n aansienlik hoér groeikoers van die reële fabrieksproduksie en aan 'n ommekeer van die verandering in die reële mynbouproduksie vanaf dalings in 1986 en 1987 na 'n matige styging (van ongeveer 1 persent) in 1988. Bo-gemiddelde groeikoerse vir 1988 in sy geheel (wat albei gevalle op 4 persent geraam word) is dienooreenkomsdig in die *nie-landbou*-en in die *nie-primêre* sektore aangeteken; die groeikoerse van die reële produksie in die *sekondêre* sektore en in die *fabriekswese* het op vergelykenderwys indrukwekkende syfers ter grootte van $5\frac{1}{2}$ en 6 persent te staan gekom.

Die hoér vlak van die reële toegevoegde waarde van die mynbousektor in 1988 teenoor 1987 kon veral op rekening van die goudmynbedryf geplaas word. Dit kon

toegeskryf word aan meer stabiele arbeidsbetrekkinge, nuwe myne wat in produksie gekom het, 'n styging in die tonnemaat erts wat vergruis is, en (in sommige gevalle, meer in die besonder in die vierde kwartaal van 1988 en as 'n moontlike reaksie op 'n verdere verswakking van die goudprys) ook aan die ontginning van erts met 'n hoër goudgehalte. Die opmerklike verdere toenames in die fabrieksproduksie in 1988 is verklaar deur die onverwag stewiger vlakke van die totale binnelandse vraag sowel as deur die hernieuwe opwaartse beweging van die goedere-uitvoer; die verhoogde besteding aan reële vaste investering gedurende die jaar het stygende uitgawes deur openbare korporasies in projekte soos Mossgas en Mossref ingesluit.

Die voorsiene verslapping van die reële private verbruikersvraag in die loop van 1989 kan na verwagting sekere sub-sektore van die fabriekswesesektor ongunstig beïnvloed. Dit sal waarskynlik egter geneutraliseer word deur uitbreidings in die metaalnywerheid en die swaar-masjienvoubedryf.

Die totale reële bruto *nasionale* produk het in 1988 met bykans $4\frac{1}{2}$ persent gestyg (teenoor 'n hersiene groeikoers van 3 persent in 1987). Die reële bruto nasionale produk per hoof van die bevolking het dienoor-eenkomsdig in 1988 met effens meer as 2 persent ge-

styg, teenoor 'n geringe toename van minder as 1 persent in die voorafgaande jaar.

Die groei in die reële bruto nasionale produk, teen seisoenaangesuiwerde jaarkoerse, het in die eerste twee kwartale van 1988 'n gemiddeldevlak van ongeveer $5\frac{1}{2}$ persent bereik. In die derde kwartaal van 1988 het die reële bruto nasionale produk egter sywaarts beweeg as gevolg van verhoogde netto faktorbetalings aan buitelanders (waaronder opwaarts hersiene netto rentebetalings); hierbenewens het 'n toename in die invoerprys teen 'n jaarkoers van $22\frac{1}{2}$ persent, teenoor 'n toename in die uitvoerprys teen 'n jaarkoers van 15 persent, 'n verswakking van die ruilvoet beteken. In die vierde kwartaal van 1988 is 'n sekere verdere toename in die netto faktorbetalings aangeteken terwyl die ruilvoet min verandering getoon het. Die jaarkoers van toename van $1\frac{1}{2}$ persent in die reële bruto nasionale produk gedurende hierdie kwartaal was gevold beduidend laer as die groeikoers van die reële bruto *binnelandse* produk wat, soos hierbo reeds opgemerk is, in hierdie periode 'n jaarkoers van toename van bykans 3 persent behaal het.

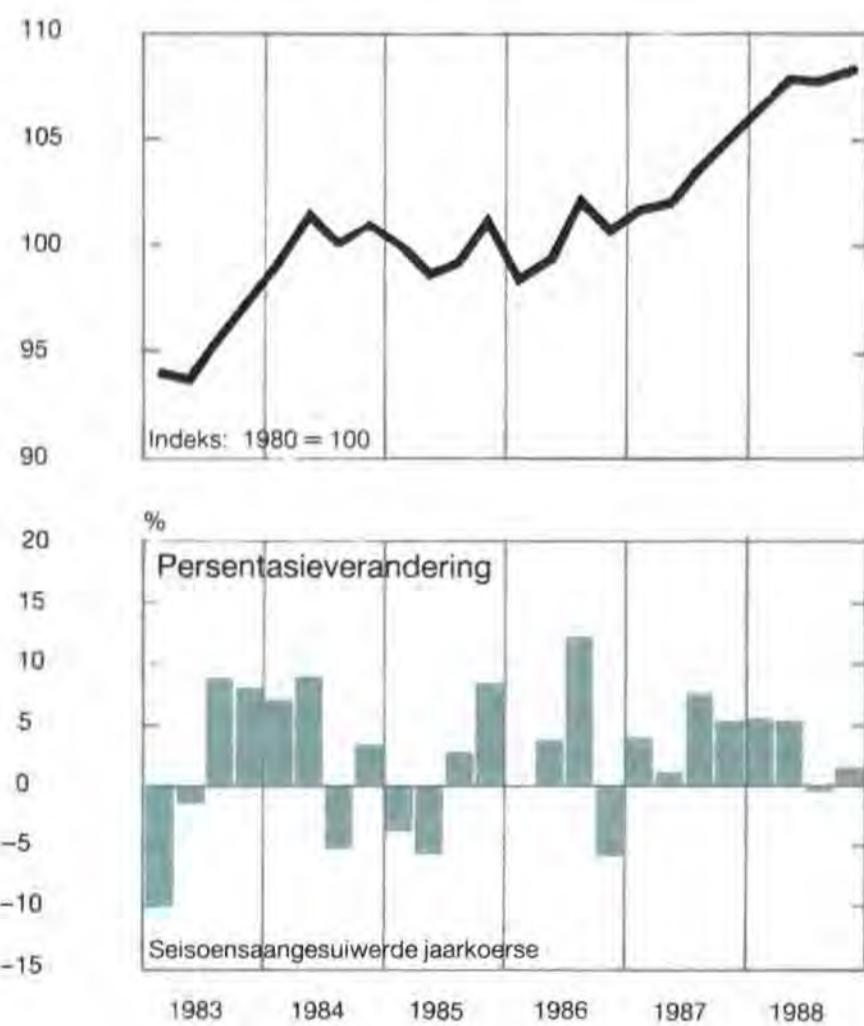
Binnelandse besteding

Die totale reële bruto binnelandse besteding het in die eerste kwartaal van 1988 sterk toegeneem, in die tweede kwartaal 'n meer horizontale verloop getoon en vervolgens in die derde kwartaal in nogal heel beduidende mate teruggesak. Die huidige ramings toon dat dit in die vierde kwartaal van 1988 in wese weer sywaarts beweeg het. Die sywaartse verloop in die vierde kwartaal was die netto resultaat van 'n verdere verstewiging van die reële private verbruiksbesteding, 'n verdere aanmerklike styging in die totale reële bruto binnelandse vaste investering en 'n effense styging in die reële owerheidsverbruiksbesteding wat feitlik deur 'n verdere vermindering van die totale reële voorrade geneutraliseer is. Die totale reële bruto binnelandse besteding was in die *kalenderjaar 1988* meer as 7 persent hoër as in 1987. Hierdie koers van toename het die groeikoers van ongeveer 4 persent in die vorige jaar aanmerklik oorskry.

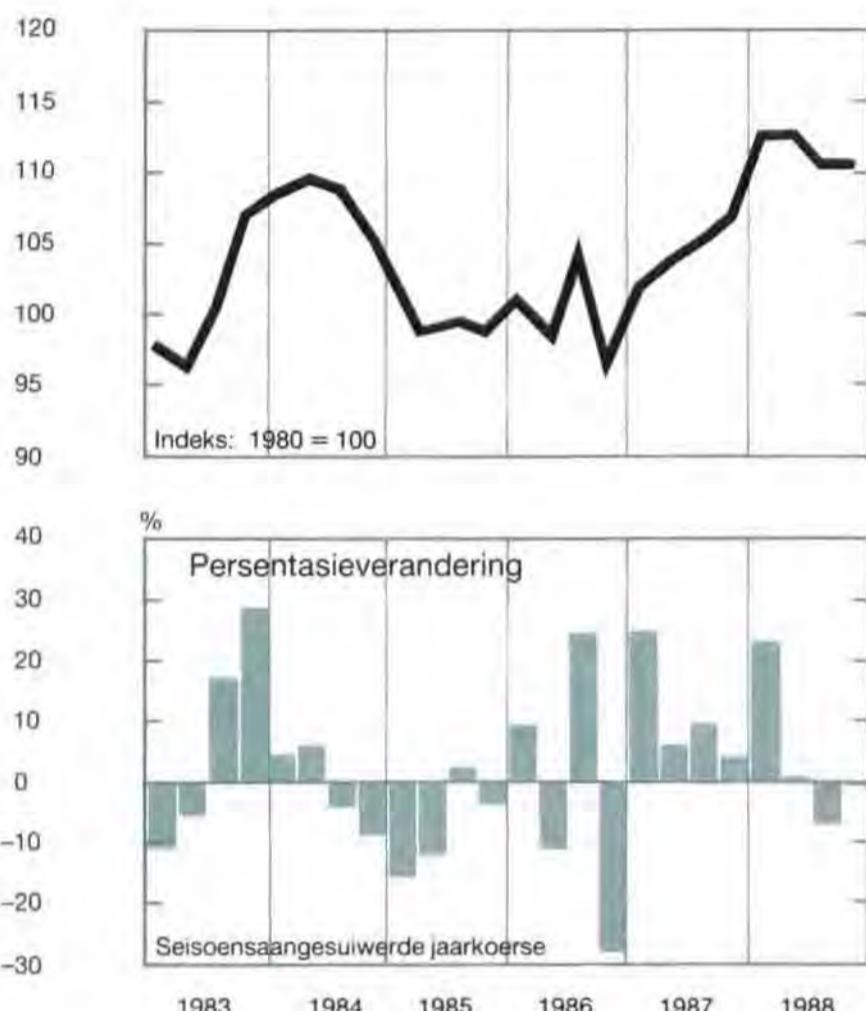
Die reële *private verbruiksbesteding* het in die vierde kwartaal van 1988 vir die elfde opeenvolgende kwartaal gestyg. Die seisoenaangesuiwerde jaarkoers van toename in die vierde kwartaal van 1988 (wat ongeveer 4 persent beloop het) was breedweg in ooreenstemming met die langertermynkoers van toename in hierdie soort besteding vanaf die tweede kwartaal van 1986, maar was betekenisvol laer as die jaarkoers van toename (van sowat $5\frac{1}{2}$ persent) in die derde kwartaal van 1988.

Die groei in die reële private verbruiksbesteding in die vierde kwartaal van 1988 het oor 'n breë front plaasgevind. Die klem het egter geval op huishoudings se aankope van persoonlike vervoertoerusting. Die

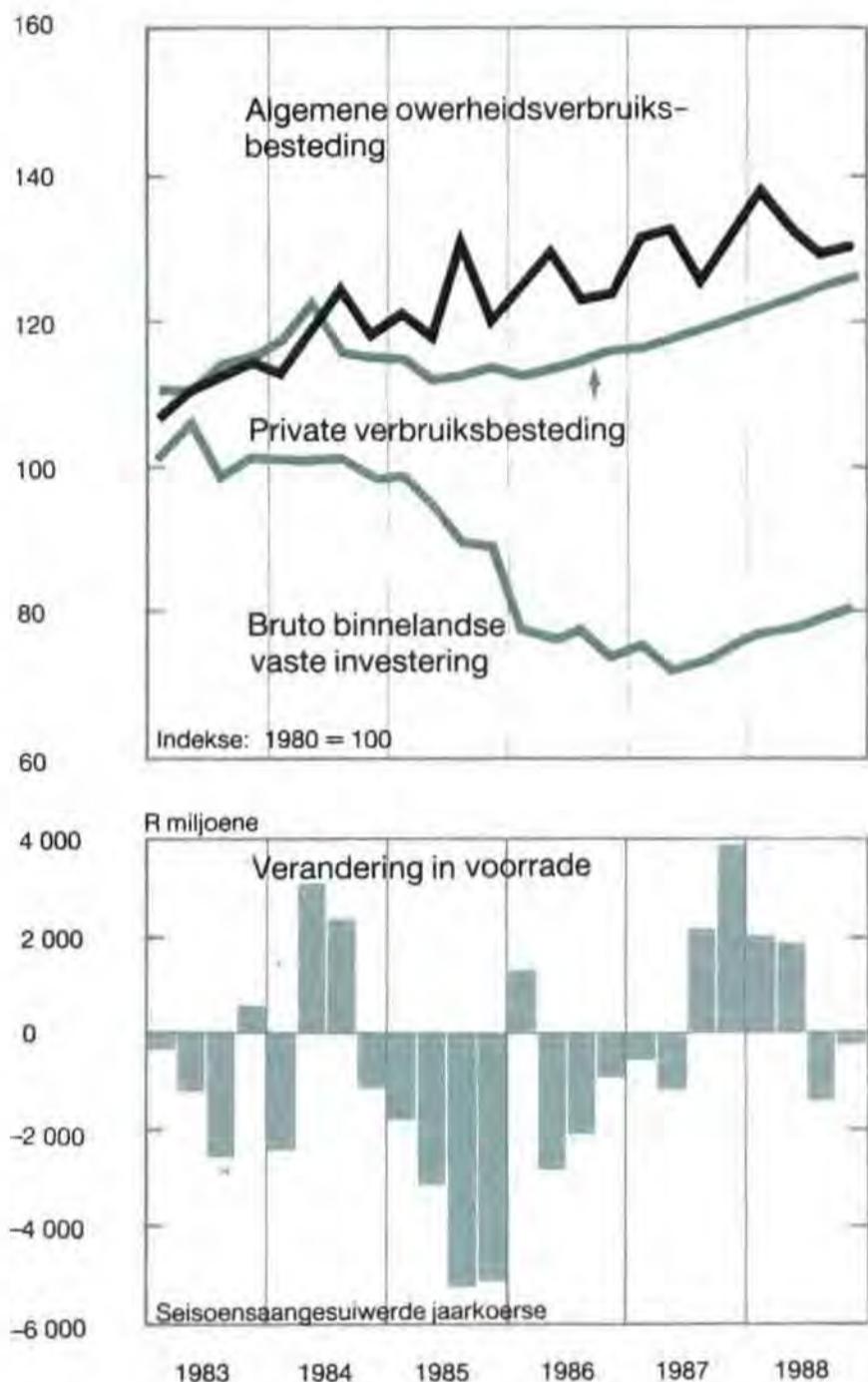
Reële bruto nasionale produk



Reële bruto binnelandse besteding



Hoofkomponente van reële bruto binnelandse besteding



verbruiksbesteding in die vierde kwartaal van 1988 het, soos in voorafgaande kwartale, die voordele geniet van 'n beduidend hoër vlak van die totale reële beskikbare persoonlike inkome in die loop van 1988, die afwesigheid van verbruikersboikkotte en groter verbruikersvertroue in 'n algemene milieu van groter maatskaplike, politieke en ekonomiese ontspannenheid, terwyl dit ook deur "voorkoop"-aankope in afwagting van voorsiene prysverhogings (waaronder prysverhogings wat deur die hernieuwe verswakking van die wisselkoers van die rand vanaf Januarie tot Oktober 1988 uitgelok sou word) aangehelp is. Voorts het daar in die begin van die vierde kwartaal van 1988, net soos in die derde kwartaal, nog steeds aansporings bestaan om duursame verbruikersgoedere aan te koop uit "ou" voorrade van sodanige goedere wat nog nie deur die verhoogde bobelasting op invoer goedere wat op 15 Augustus 1988 in werking getree het, geraak is nie. Hierteenoor het sekere takke van die kleinhandel (veral in die geval van meubels en "wit goedere") teen die einde van 1988 wel 'n verslapping van die vraag gerapporteer wat die gevolg was van die strenger huurkoopvoorwaardes wat vroeër in die jaar ingestel is en ook die invloed getoon het wat hoër rentekoerse sowel regstreeks as langs omptaai op hierdie vraag uitgeoefen het.

Die groeikoers van die totale reële private verbruiksbesteding vanaf die jaar 1987 tot die jaar 1988 het bykans 5 persent beloop, teenoor 'n saamgestelde gemiddelde jaarkoers van toename wat in die jare van 1980 tot 1988 'n skrale 2 persent bedra het. Die koerse van toename in die reële besteding aan duursame en semi-duursame verbruiksgoedere het in 1988 vlakke van ongeveer 12 en 7 persent bereik.

Die reële owerheidsverbruiksbesteding het in die Junie- en September-kwartale van die fiskale jaar 1988/89 aansienlik gedaal maar in die Desember-kwartaal weer teen 'n jaarkoers van bykans 3 persent toegenem. 'n Styging in die totale reële vergoeding van owerheidswerkneemers in die Desember-kwartaal het 'n daling in die reële besteding aan intermediêre goedere en dienste meer as ten volle geneutraliseer. Die totale reële owerheidsverbruiksbesteding in die kalenderjaar 1988 was na raming hoër as dieselfde

soort besteding in 1987 met 'n taamlik beskeie $1\frac{1}{2}$ persent.

Die totale reële bruto binnelandse vaste investering het in die vierde kwartaal van 1988 verder gestyg en wel teen 'n effens vinniger pas as in die voorafgaande ses maande. Die styging in die vierde kwartaal was die resultaat van verhoogde reële vaste-investeringsbesteding deur al drie institutionele sektore (dit wil sê deur openbare korporasies en openbare owerhede sowel as deur die private sektor) – 'n verskynsel wat oor die afgelope paar jaar slegs by uitsondering voorgekom het. Vir die jaar in sy geheel was die vlak van die totale reële bruto binnelandse vaste investering ongeveer $6\frac{1}{2}$ persent hoër as in 1987. Dit het gevvolg op dalings van bykans 18 persent en 3 persent in die voorafgaande twee jaar.

Die groei van kwartaal tot kwartaal in die reële bruto binnelandse vaste kapitaalvorming in die *private sektor* het, teen seisoensaangesuiwerde jaarkoerse, vinnig afgedun van 25 persent in die eerste kwartaal van 1988 tot $22\frac{1}{2}$, $6\frac{1}{2}$ en $3\frac{1}{2}$ persent in die tweede, derde en vierde kwartaal. Die gemiddelde vlak van hierdie soort besteding in die jaar 1988 was egter nog steeds 'n indrukwekkende 16 persent hoër as in 1987. In die vierde kwartaal van 1988 is die daling wat in die reële vaste kapitaalbesteding deur die mynbouweryheid aangeteken is, meer as geneutraliseer deur toenames in die vaste kapitaalvorming in die fabriekswese en in die finansiële sektor.

By die *openbare korporasies* het toenames in die vierde kwartaal van 1988 in die reële vaste-investeringsbesteding deur ondernemings in die mynbou en die fabriekswese (met name aan projekte soos Mossgas en Mossref) meer as vergoed vir hernieuwe verminderings wat Eskom, in ooreenstemming met sy begrotingsvoornemens vir 1988, in sy investeringsbesteding bewerkstellig het. Die totale reële vastekapitaalvorming deur alle openbare korporasies het in die kalenderjaar 1988 vir die derde opeenvolgende jaar 'n afname getoon. Die daling in 1988 het ongeveer 13 persent beloop.

Die styging in die reële vastekapitaalbesteding deur *openbare owerhede* in die vierde kwartaal kon hoofsaaklik aan verhoogde kapitaaluitgawes deur die Suid-Afrikaanse Vervoerdienste en deur die provinsiale administrasies toegeskryf word. Soos in die geval van die openbare korporasies was die reële vastekapitaalvorming deur openbare owerhede in die kalenderjaar 1988 egter laer as in die voorafgaande jaar. Die dalings in die reële vastekapitaalbesteding deur die algemene owerheid en deur die owerheid se sake-ondernemings van 1987 tot 1988 het onderskeidelik $2\frac{1}{2}$ en 9 persent bedra.

Wanneer dit volgens soorte bates ingedeel word, het die totale reële bruto binnelandse vaste investering in 1988 aansienlike stygings in die reële besteding aan woon- en nie-woongeboue en aan masjinerie en vervoertoerusting getoon; die styging in die reële beste-

ding aan woon- en nie-woongeboue het gemiddeld ongeveer 10 persent beloop. Die reële investeringsbesteding aan masjinerie en vervoertoerusting het met ongeveer $7\frac{1}{2}$ persent gestyg. Wat die investeringsbesteding van die private sektor betref, het hierdie styging, egter $20\frac{1}{2}$ persent bedra.

Die bemoedigende styging in die totale reële bruto vastekapitaalvorming in 1988 vanaf die vlakte waarop dit in 1987 gestaan het, kon toegeskryf word aan "spesiale" aansporings om te investeer – soos dié wat voortgespruit het uit invoervervangingsvraag en uit die vrees vir prysverhogings van ingevoerde kapitaaltoerusting uit hoofde van die depresiasie van die rand – sowel as aan die druk wat deur die stygende mate van kapasiteitsbenutting van die bestaande produksiefasilitate uitgeoefen is en aan die normale prosesse van vervanging, hernuwing en opknapping van die bestaande produksie-apparatuur.

Die styging in 1988 in die totale reële bruto binnelandse vaste investering was slegs die vierde sodanige styging in 'n volle kalenderjaar wat oor die afgelope dekade aangeteken is. As gevvolg van ses jaar van volgehoudende dalings het dit egter ook vanaf 'n lae basis begin; die vlak van die bruto reële vaste investering in 1988 was in werklikheid nog steeds 27 persent laer as in 1981 toe 'n hoogtepunt in die investering aangegeteken is. Hierbenewens het die bruto reële vaste investeringsbesteding in die private fabriekswese in 1988 die vlak van die waardeverminderingstoelaes nog steeds nie ten volle geëwenaar nie. Dit het derhalwe nog steeds 'n verdere (althoewel geleidelike kleiner wordende) inkrimping van die reële vastekapitaalvoorraad in die fabriekswese tot gevvolg gehad.

Die totale reële voorrade het in die vierde kwartaal van 1988 volgens raming verder gedaal. Dit was 'n weerspieëling van 'n vermindering van landbou- en diamantvoorraade-in-die-handel sowel as van 'n intering op handelsvoorraade. Die dalings van die handelsvoorraade kon toegeskryf word aan die algemene hoë vlakte van die binnelandse vraag (wat onder andere ook die voorheen genoemde "voorkoop"-aankope uit "ou" voorrade van duursame verbruiksgoedere en investeringsgoedere ingesluit het), aan die skerp styging in die fisiese omvang van die goedere-uitvoer in die tweede helfte van 1988, en aan die mate van gevoeligheid wat vermoedelik wel deur die peil van die handels- en nywerheidsvoorraade teenoor die stygende vlak van die binnelandse rentekoerse aan die dag gelê is.

Die totale reële voorrade het gedurende die jaar 1988 per saldo nog 'n styging getoon. Die verhouding van nywerheids- en handelsvoorraade tot die bruto binnelandse produk in die nie-landbousektore van die ekonomie het in 1988 effens toegeneem tot 'n vlak wat gedurende die jaar gemiddeld ietwat meer as $19\frac{1}{2}$ persent beloop het.

Faktorinkome en besparing

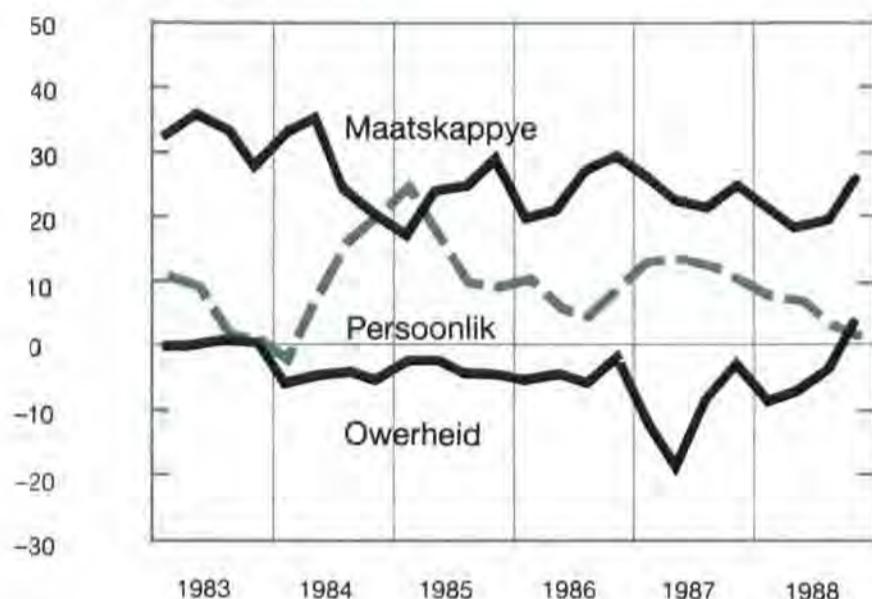
Die tempo van die toename van kwartaal tot kwartaal in die totale nominale faktorinkome, teen 'n seisoensaansuiwerde jaarkoers, het in die vierde kwartaal van 1988 $16\frac{1}{2}$ persent bedra. Dit het gevolg op koerse van 20 en $22\frac{1}{2}$ persent in die eerste twee kwartale van 1988 en van $10\frac{1}{2}$ persent in die derde kwartaal. Die toename van jaar op jaar in die nominale faktorinkome het in die vierde kwartaal van 1988 op $17\frac{1}{2}$ persent te staan gekom. Die styging van 18 persent in hierdie inkometotaal vanaf die jaar 1987 tot die jaar 1988 was aansienlik hoër as die toenames van $15\frac{1}{2}$ -16 persent wat in die voorafgaande twee jare aangeteken is.

Die versnelde toename in die totale faktorinkome in die vierde kwartaal van 1988 was hoofsaaklik 'n weerspieëling van 'n verbetering in die *bruto bedryfsurplusse* in die landbou, die fabriekswese, vervoer en die finansiewese. Wat 1988 in sy geheel betref, het die meer opmerklike toenames in bedryfsurplusse in die fabriekswese, die handel, vervoer en die finansiewese voorgekom. Die winsgewendheid van maatskappye in hul onderskeie sektore is in 1988 verhoog deur hoër omsette en produktiwiteitverbeterings sowel as deur meevalers wat uit nuwe uitvoergeleenthede en uit daling in die wisselwaarde van die rand voortgespruit het. Die mynbou en sekere dele van die landbou het ook voordeel getrek uit die betreklik hoë wêreldpryse van primêre produkte en uit die styging wat tot die middel van 1988 in die gemiddelde internasionale pryspeil van hierdie produkte voorgekom het; die mynbou-sektor is egter nadelig getref deur die daling in die goudprys, veral in die tweede helfte van die jaar.

Die tempo van die toename van kwartaal tot kwartaal in die nominale *vergoeding van werknemers*, ná seisoensaansuiwing en teen 'n jaarkoers bereken, het in die vierde kwartaal skerp toegeneem tot nie minder nie as $23\frac{1}{2}$ persent. Nagenoeg al die belangrikste bydraers in die sekondêre en tersiêre sektore van die ekonomie het deel gehad in die verklaring van hierdie styging. Die geraamde toename van $16\frac{1}{2}$ persent in die totale vergoeding van werknemers in die jaar 1988 teenoor die jaar 1987 was marginaal laer as die toename van 17 persent wat in 1987 teenoor 1986 aangeteken is. Dit wil voorkom asof dit die gevolg was van die meer selektiewe aard van die salarisverhogings in die openbare sektor en van die feit dat die arbeidsmag in die mynbou 'n inkrimping ondergaan het.

Die *bruto binneilandse besparing* het, in verhouding tot die bruto binneilandse produk, effens toegeneem van 20 persent in die tweede kwartaal van 1988 tot bykans 21 persent in die derde kwartaal en vervolgens 'n meer aansienlike styging getoon tot $24\frac{1}{2}$ persent in die vierde kwartaal. Die toename in hierdie verhouding in die vierde kwartaal was 'n weerspieëling van 'n verdere styging in die maatskappybesparing, asook van die feit dat die algemene owerheid (vir die eerste

Komponente van besparing as persentasie van bruto binneilandse besparing



keer sedert die vierde kwartaal van 1983) vanaf netto ontsparing na netto besparing omgeswai het. Gesamentlik het hierdie twee verbeterings in besparingsprestasies meer as vergoed vir 'n verdere daling in die persoonlike besparing. Die "oorskot" van die binneilandse besparing bô die binneilandse investering het in die kalenderjaar 1988 nietemin slegs 7 persent bedra, teenoor hoogtepunte in hierdie "oorskot"-besparingsverhouding wat in 1987 en 1986, wat jare van lae investering was, onderskeidelik $18\frac{1}{2}$ en $25\frac{1}{2}$ persent bedra het.

Die verbeterde besparingsprestasie van die algemene owerheid was in hoofsaak 'n weerspieëling van die feit dat die werklike styging in die lopende owerheidsinkomste gedurende die grootste deel van die fiskale jaar 1988/89 die begrote styging aansienlik oorskry het, terwyl die werklike styging in die lopende uitgawes die begrote styging in meer beperkte mate te bove gegaan het. Die verhoogde besparing deur geïnkorporeerde sake-ondernehmings was 'n weerspieëling van die verhoogde winsgewendheid van maatskappye. Hierteenoor het die netto persoonlike besparing in die vierde kwartaal van 1988 verder verswak namate die verdere stygings in die reële private verbruiksbesteding gedurende hierdie tydperk weer eens nie ten volle deur toenames in die totale reële persoonlike beskikbare inkome geëwenaar is nie.

Dit wil voorkom asof die verskerping van die huurkoopvooraardes in die tweede helfte van 1988 'n bêduidende mate van omskakeling deur huishoudings van hierdie vorm van krediet na alternatiewe bronne van verbruikersfinansiering uitgelok het. Die persoonlike-besparingsverhouding (dit wil sê die verhouding van die netto persoonlike besparing tot die persoonlike beskikbare inkome) het in die vierde kwartaal van 1988 tot 'n baie skrale $\frac{1}{2}$ persent afgeneem. Wat die kalenderjaar 1988 betref, het hierdie verhou-

ding $1\frac{1}{2}$ persent bedra, teenoor 'n hersiene waarde van hierdie verhouding van $4\frac{1}{2}$ persent in die voorafgaande jaar.

Werkverskaffing

Ná 'n baie skrale toename (van 0,5 persent) in 1986, het die totale werkverskaffing in die nie-landbousektore van die ekonomie in 1987 met 1,0 persent en in die eerste drie kwartale van 1988 met 1,2 persent gestyg. Die toename in die werkverskaffing gedurende 1988 was veral sterk in die eerste en die derde kwartaal; seisoensaangesuiwerde jaarkoerse van toename van onderskeidelik 3,2, 0,2 en 2,2 persent is die eerste, tweede en derde kwartaal aangeteken.

In breë trekke beskou het die toenames in die indiensneming deur die openbare owerhede en in die private sektor soortgelyke patronen gevvolg. Die mynwese het egter nog 'n voortsetting getoon van die afname in die indiensneming wat sedert die derde kwartaal van 1987 na vore gekom het. Die beskikbare inligting vir die vierde kwartaal van 1988 toon dat die werkverskaffing gedurende daardie kwartaal in die geval van die fabriekswese matig toegeneem het maar in die konstruksiebedryf en in elektrisiteitsopwekking 'n daling ondergaan het.

In teenstelling met neigings sedert die vierde kwartaal van 1986 het die stygende aantal werkers in die fabriekswese in die vierde kwartaal van 1988 met 'n afname in die oortydverhouding gepaard gegaan. Die verhouding van oortydure tot normale ure gewerk het in die fabriekswese van 12,5 persent in die derde kwartaal van 1988 tot 11,9 persent in die vierde kwartaal gedaal en in die konstruksiebedryf oor dieselfde periode van 8,7 tot 7,8 persent afgeneem.

Die seisoensaangesuiwerde aantal geregistreerde werklose Blankes, Kleurlinge en Asiërs het van 82 500 in Augustus 1986 tot 50 500 in September 1988 gedaal maar daarna tot 51 200 in Oktober 1988 gestyg. Insgelyks het die totale aantal geregistreerde werklose werkers, wat van 138 000 in September 1987 tot 119 300 in September 1988 afgeeneem het, daarna tot 121 000 in Oktober toegeneem. Die aantal werklose Swart werkers soos dit deur die Lopende Bevolkingsopname bepaal word, wat van bykans 1,2 miljoen in Julie 1986 tot 817 000 in Augustus 1988 gedaal het, het in September 1988 effens toegeneem tot 823 000, wat gelyk gestaan het aan ongeveer 12,5 persent van die Swart arbeidsmag.

Arbeidseenheidskoste en produktiwiteit

Die styging van jaar tot jaar in die gemiddelde nominale loon van alle werkers buite die landbousektor was in die derde kwartaal van 1988 (toe dit 14,5 persent bedra het) beduidend laer as in die voorafgaande twee kwartale (toe hierdie stylings 15,6 en 18,8 persent beloop het). As gevolg hiervan het die toename van jaar

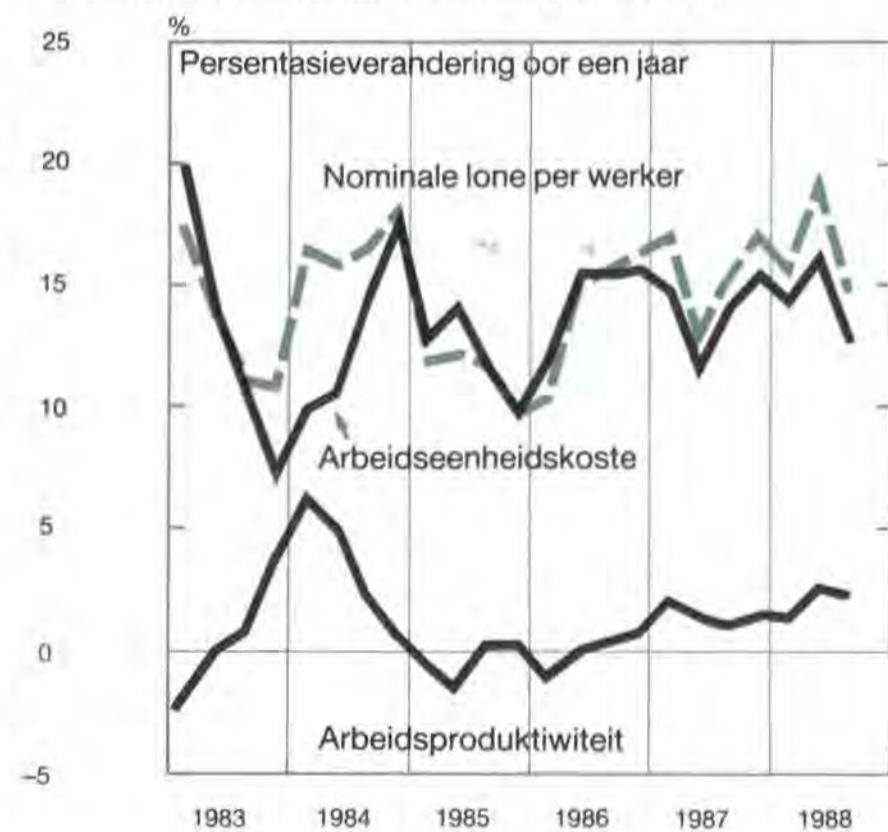
tot jaar in die gemiddelde nominale loon per werker vir die eerste drie kwartale van 1988 tot 16,3 persent afgeeneem (vanaf 17,2 persent in die eerste helfte van die jaar). Op hierdie vlak was die koers van toename in die gemiddelde nominale loon niemendien nog steeds aansienlik hoër as die voorafgaande toenames van 15,4 persent in die kalenderjaar 1987 en 14,4 persent in die kalenderjaar 1986.

Versnelde toenames in die nominale lone en 'n laer vlak van die inflasie het meegebring dat die reële loon per werker in die eerste drie kwartale van 1988 in vergelyking met die eerste drie kwartale van 1987 met 2,9 persent gestyg het. Afnames in die reële loon per werker (van 4,2, 3,6 en 0,7 persent) is in die voorafgaande drie kalenderjare aangeteken.

Die arbeidsproduktiwiteit (dit wil sê die reële bruto binnelandse produk per werker buite die landbousektor) het in die kalenderjaar 1987 met 1,4 persent en in die eerste drie kwartale van 1988 in vergelyking met die eerste drie kwartale van 1987 met 1,9 persent toegeneem. Die verbeterings in die arbeidsproduktiwiteit oor periodes van vier kwartale, wat in die tweede en derde kwartaal van 1988 2,5 en 2,2 persent bedra het, was in werklikheid in daardie twee kwartale die grootste sodanige verbeterings wat sedert die tweede helfte van 1984 aangeteken is.

Ondanks hierdie versnelde vooruitgang van die arbeidsproduktiwiteit het die versnelde stylings in die nominale arbeidsvergoeding meegebring dat die stylingskoers van die arbeidseenheidskoste per eenheid fisiese produksie effens vanaf 13,8 persent in die kalenderjaar

Arbeidsproduktiwiteit, nominale lone per werker en arbeidseenheidskoste in nie-landbousektore



1987 tot 14,1 persent in die eerste drie kwartale van 1988 toegeneem het.

Inflasie

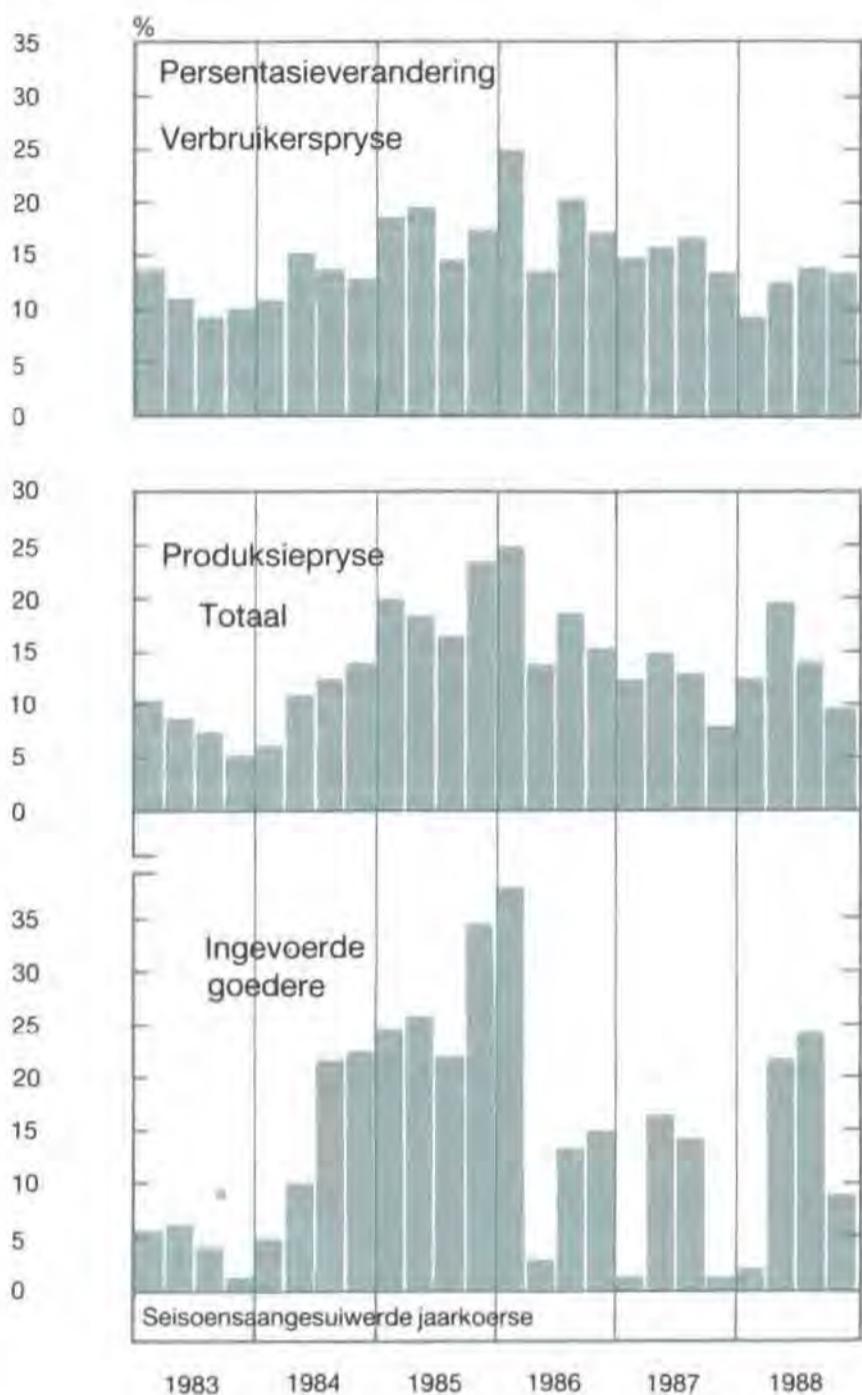
Die koers van toename van kwartaal tot kwartaal in die pryse van *ingevoerde goedere* en van *plaaslik vervaardigde goedere* het, ná seisoensaansuiwering en op 'n jaarbasis bereken, van die derde tot die vierde kwartaal van 1988 aanmerklik afgeneem van 24,4 tot slegs 9,1 persent wat eersgenoemde betref en van 12,1 tot 10,1 persent wat laasgenoemde betref. As gevolg hiervan het die seisoensaangesuiwerde jaarkoers van toename in die *produksieprysindeks* (wat vanaf slegs 7,9 persent in die vierde kwartaal van 1987 tot 19,6 persent in die tweede kwartaal van 1988 gestyg het) van 14,3 persent in die derde kwartaal van 1988 tot slegs 9,6 persent in die vierde kwartaal afgeneem. Die koers van toename in die produksieprysindeks oor periodes van twaalf maande het egter tot 14,1 persent in November en tot 14,6 persent in sowel Desember 1988 as Januarie 1989 versnel.

Die styging van jaar tot jaar in die jaarlikse gemiddelde vlak van die produksiepryse, wat betekenisvol vanaf 19,6 persent in die kalenderjaar 1986 tot 13,9 persent in 1987 verlangsaam het, het in 1988 'n effense verdere verlangsaming getoon tot 13,2 persent.

Op ietwat soortgelyke wyse het die styging van jaar tot jaar in die gemiddelde vlak van die *verbruikersprysindeks* bemoedigend verlangsaam van 18,6 persent in die kalenderjaar 1986 en 16,1 persent in die kalenderjaar 1987 tot 12,9 persent in 1988. Die toenames van kwartaal tot kwartaal in die verbruikersprysindeks, teen seisoensaangesuiwerde jaarkoerse, het egter reeds vroeg in 1988 begin styg vanaf 'n laagtepunt van slegs 9,2 persent in die eerste kwartaal tot 12,6 persent in die tweede kwartaal en tot 13,9 en 13,6 persent in die derde en vierde kwartaal onderskeidelik. Die marginale verlangsaming in die vierde kwartaal was in die eerste plek 'n weerspieëeling van meer gematigde stygings in die pryse van lewensmiddele (wat 'n werklike daling in die prys van vleis ingesluit het). Die koste van dienste het egter vinniger gestyg, deels as gevolg van hoër huiseienaarskoste.

Die koers van toename in die verbruikerspryse het oor periodes van twaalf maande afgeneem van 14,2 persent in Januarie 1988 tot 12,4 persent in Junie en het vir die daaropvolgende ses maande op vlakte van 12,3 tot 12,5 persent gebly. Daarna het dit in Januarie 1989 tot 13,3 persent gestyg. Die vlak van die verbruikerspryse is in Januarie 1989 reeds deur verhogings van verskeie geadministreerde pryse beïnvloed. Hoër rentebetalings op huisverbandlenings, die volgehoue gesloerde uitwerking van die depresiasi van die wisselkoers van Januarie tot Oktober 1988 en in Februarie-Maart 1989, die gesloerde uitwerking van die verhoging van die bobelasting op invoergoedere vanaf

Pryse



Augustus 1988, die verhoogde heffings op motorbrandstowwe vanaf 16 Januarie 1989 en die vroeëre verloop van die produksieprysindeks en van die veranderings van kwartaal tot kwartaal in die verbruikersprysindeks, sal waarskynlik beteken dat die tempo van die inflasie in verbruikerspryse in die eersvolgende aantal maande verder sal versnel voordat 'n hernieuwe matiging daarvan later in 1989 verwag kan word.

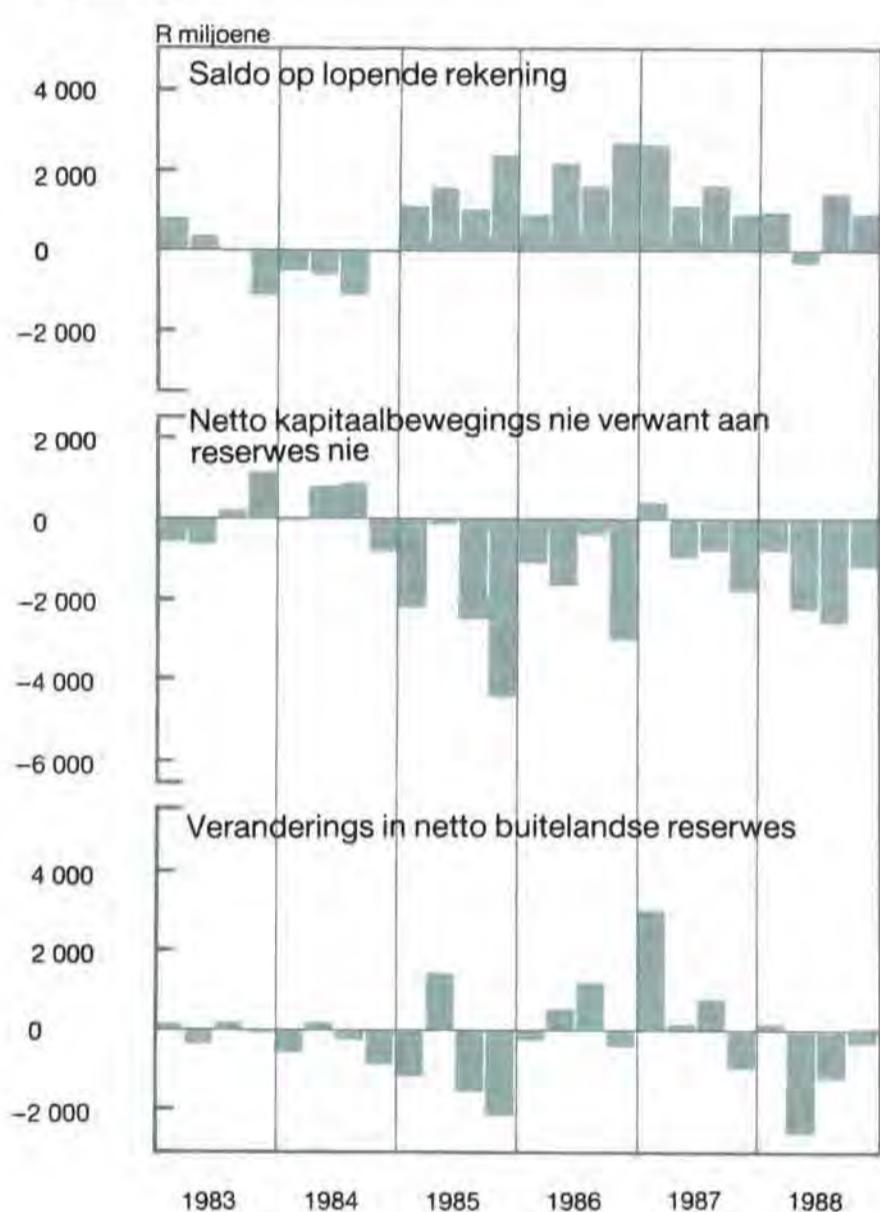
Betalingsbalans

Lopende rekening

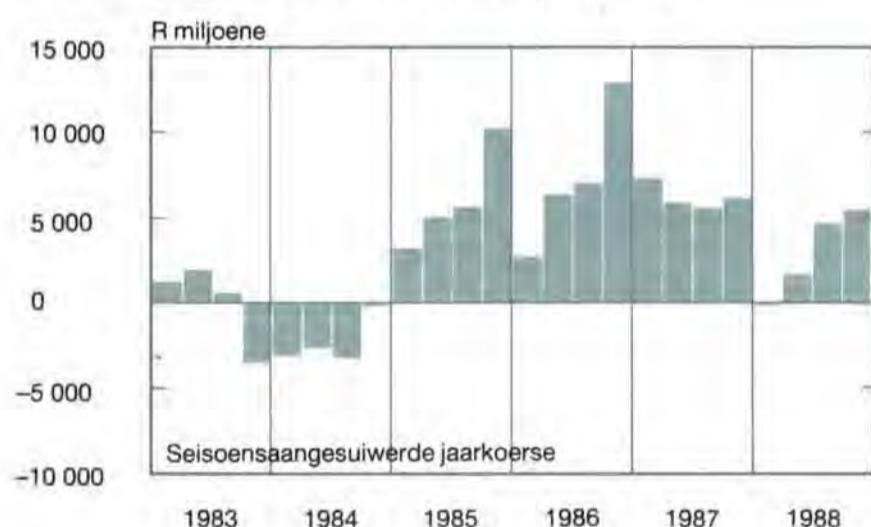
Nadat die saldo op die lopende rekening van die betalingsbalans in die eerste kwartaal van 1988 kortstondig na 'n geringe tekort omgeslaan het (teen 'n seisoensaangesuiwerde jaarkoers van minder as R0,1 miljard), het dit teruggekeer na oorskotte wat, teen seisoensaangesuiwerde jaarkoerse bereken, in die tweede kwartaal R1,7 miljard en in die derde en die vierde kwartaal meer aansienlike bedrae van R4,6 miljard en R5,4 miljard beloop het. Hierdie groeiende oorskotte op die lopende rekening is behaal in weerwil van die voortgesette betreklik hoë vlakke van die binnelandse besteding en van die invloed wat "voorkoop"-aankope van verbruiks- en investeringsgoedere veral in die derde en in die begin van die vierde kwartaal van 1988 uitgeoefen het. Vir 1988 in sy geheel het die oorskot op die lopende rekening egter tot R2,9 miljard ingekrimp vanaf die oorskot van R6,2 miljard wat in die voorafgaande jaar aangeteken is.

Die verdere verstewiging van die oorskot op die lopende rekening in die vierde kwartaal van 1988 kon bykans uitsluitend toegeskryf word aan 'n verdere opmerklike toename, wat nagenoeg 8 persent beloop het, in die *goedere-uitvoerverdienstes*; hierdie toename is op sy beurt weer meer as ten volle verklaar deur 'n styging van 10 persent in die fisiese *omvang* van die uitvoer. Die hoeveelhede van die uitvoer van

Betalingsbalans



Lopende rekening van die betalingsbalans



Lopende rekening van die betalingsbalans

Seisoensaangesuiwerde jaarkoerse

R miljoene

	1987	1988			
	Jaar	1ekw	2ekw	3ekw	4ekw
Goedere-uitvoer	25 146	26 300	29 282	33 830	36 476
Netto gouduitvoer	17 792	18 530	19 948	20 230	19 780
Goedere-invoer	-28 320	-36 780	-38 310	-40 070	-41 520
Netto dienste- en oordragbetalings	-8 466	-8 108	-9 172	-9 370	-9 290
Saldo op lopende rekening	6 152	-58	1 748	4 620	5 446
					2 939

Suid-Afrikaanse mynbou- en, in mindere mate, landbouprodukte, is aangehelp deur die voortgesette verstewiging van die fabrieksproduksie in die ekonomiese handelsvennootlande, die dalende vlakke van sekere internasionale grondstofvoorraad en produksieprobleme in die lande van sekere internasionale mededingers. Die totale omvang van die goedere-uitvoer in die vierde kwartaal van 1988 was in werklikheid ongeveer 11 persent hoër as die omvang van hierdie soort uitvoer by die veronderstelde konjunkturele boonste draaipunt daarvan in die derde kwartaal van 1986. Van die jaar 1987 tot die jaar 1988 het die fisiese hoeveelheid van die goedere-uitvoer met ongeveer 7 persent toegenem.

Die gemiddelde vlak van die uitvoerpryse het, nadat dit in die eerste drie kwartale van 1988 aansienlik gestyg het, in die vierde kwartaal met ongeveer 2 persent teruggesak. Dit was die gevolg van 'n matige daling van die internasionale prys van primêre produkte vanaf die middel van die jaar en van die feit dat die rand veral teenoor die VSA-dollar geappresieer het. Die gemiddelde prysvlak van Suid-Afrikaanse uitvoergodere in die plaaslike geldeenheid was in die jaar 1988 egter 16½ persent hoër as in die jaar 1987. Die totale waarde van die goedere-uitvoer het gevold gedurende die jaar met 25 persent gestyg.

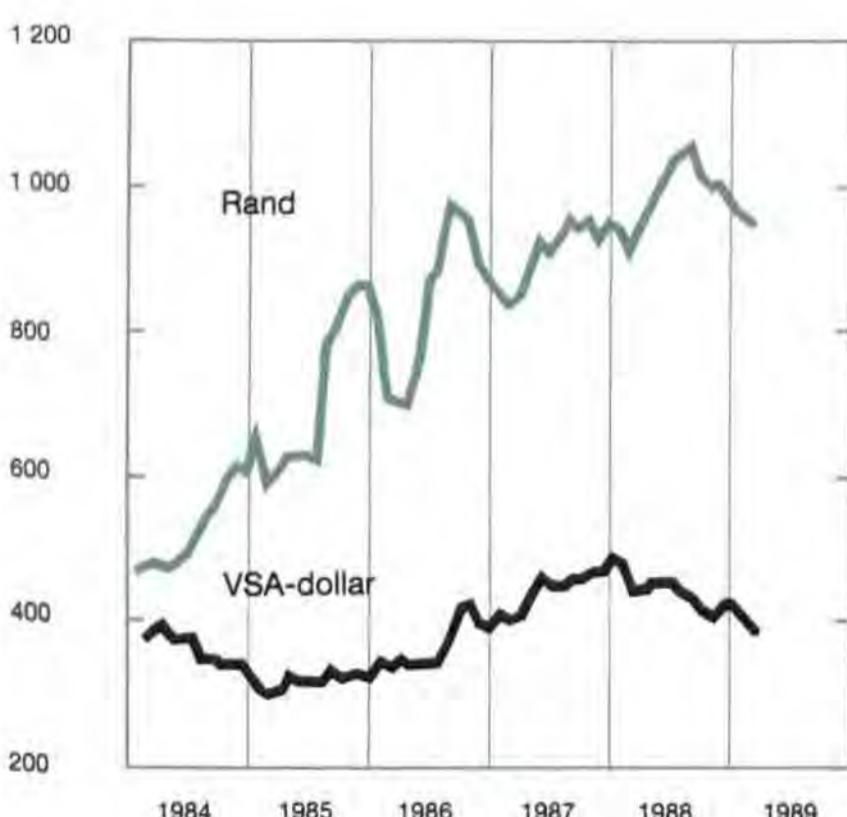
Die waarde van die netto gouduitvoer het in die vierde kwartaal van 1988 effens gedaal. Dit kon hoofsaaklik toegeskryf word aan 'n verswakking van die gemiddelde dollarprys van goud vanaf VSA \$427 per fyn ons in die derde kwartaal tot VSA \$415 in die vierde kwartaal.

taal; die randprys van goud het van die eerste tot die tweede van hierdie periodes ietwat meer opmerklik, naamlik vanaf R1 040 tot R997 per fyn ons, afgeneem. 'n Hernieuwe kragopwelling van die VSA-dollar in die internasionale valutamarkte, nuwe goudlenings, 'n opskorting van die Taiwanese goudinvoer en verhoogde goudverkope deur Australiese produsente nadat die Australiese geldeenheid teenoor die VSA-dollar gedepresieer het, het vervolgens meegebring dat die gemiddelde dollarprys van goud verder teruggesak het tot VSA \$404 in Januarie 1989 en tot VSA \$388 in Februarie – die laagste vlak wat in ongeveer 2½ jaar aangeteken is.

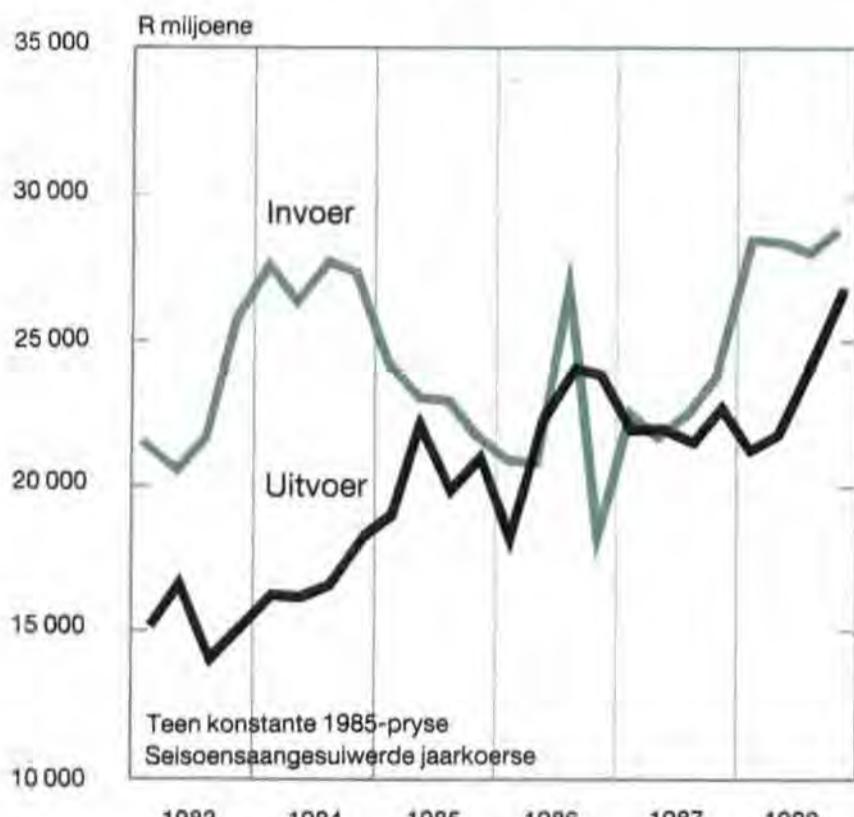
Die gemiddelde goudgehalte van die vergruisde Suid-Afrikaanse gouderts het van 5,28 gram per ton in 1987 tot 5,13 gram in 1988 gedaal. Die fisiese hoeveelheid van die Suid-Afrikaanse goudproduksie het nogtans vanaf 1987 tot 1988 met sowat 3 persent (naamlik vanaf 596 ton tot 615 ton) toegeneem. Die gemiddelde randprys van goud het van R909 per fyn ons in 1987 tot R992 per fyn ons in 1988 gestyg. Die totale randwaarde van die Suid-Afrikaanse gouduitvoer het dienoordeelkostig tot R19,6 miljard in 1988 toegeneem vanaf die R17,8 miljard waarop dit in die voorafgaande jaar te staan gekom het.

Die vernouwing van die oorskot op die Suid-Afrikaanse lopende rekening vanaf die kalenderjaar 1987 tot die kalenderjaar 1988 kon hoofsaaklik verklaar word aan die hand van die skerp styging in die goedere-invoer in die derde jaar van die ekonomiese oplewing. Die fisiese hoeveelheid, gemiddelde pryspeil en waarde

Goudprys



Volume van goedere-invoer en -uitvoer



van hierdie soort invoer het in 1988 teenoor die voorafgaande jaar met onderskeidelik 25, 10½ en 38 persent toegeneem. Die hoeveelheid van die invoer in 1988 was terselfdertyd ook sowat 4½ persent hoër as in die "mini-boom"-jaar 1984. Dit was egter nog steeds ongeveer 14½ persent laer as die rekordomvang van die invoer wat in die jaar 1981 gedurende die gevorderde stadium van die goudprys-hoogkonjunktuur aangeteken is.

Die fisiese omvang van die invoer het in die eerste kwartaal van 1988 skerp gestyg in ooreenstemming met die aanmerklike verstewiging van die binnelandse besteding gedurende daardie tydperk, maar het in die daaropvolgende ses maande in werklikheid effens gedaal. Daarna het dit in die vierde kwartaal van 1988 met sowat 3 persent gestyg tot 'n vlak wat ongeveer 1½ persent hoër was as in die eerste kwartaal van die jaar. Groot toenames is in die vierde kwartaal in die invoer van mineraalprodukte aangeteken; die ingevoerde hoeveelhede van ander goedere het egter ook matige stygings getoon.

Die verstewiging van die rand in die valutamarkte, en 'n hernieuwe verswakkings van die oliepryse in die internasionale grondstofmarkte, het daartoe bygedra dat die styging in die gemiddelde prysvlak van die invoer in die vierde kwartaal van 1988 tot 'n baie geringe ½ persent beperk gebly het. Die styging van 10½ persent in die jaarlikse gemiddelde van die invoerpryse in die jaar 1988 (teenoor die styging van 6½ persent wat in 1987 voorgekom het) kon hoofsaaklik toegeskryf word aan die daling in die effektiewe wisselkoers van die rand gedurende die eerste tien maande van die jaar.

'n Sterk styging in die ontvangste uit toerisme in die vierde kwartaal van 1988 het meegebring dat die netto

dienste- en oordragbetalings van die derde tot die vierde kwartaal ietwat ingekrimp het. Nadat die netto dienste- en oordragbetalings in 1987 'n lichte daling getoon het, het dit in die kalenderjaar 1988 in sy geheel egter weer toegeneem. Dit was hoofsaaklik die gevolg van hoër vrag- en goedere-versekeringsbetalings ten opsigte van die verhoogde invoer, groter rentebetalings vanweë die styging in die internasionale rentekoerse, en groter betalings vir die reise van Suid-Afrikaners in die buitenland. Aan die ander kant van die skaal, maar nie genoeg om dit te laat deurslaan nie, het gestaan toenames in die ontvangste van dividende uit buitenlandse bronne en toenames in die besteding van buitenlandse toeriste in Suid-Afrika.

Kapitaalrekening

Die netto uitvloeiing van kapitaal nie verwant aan reserwes nie het van die derde tot die vierde kwartaal van 1988 aansienlik, naamlik vanaf R2,5 miljard tot R1,2 miljard ingekrimp ten spyte van die feit dat groot enkelbedragaflossings van buitenlandse skuld binne die stilstandnet sowel as ander kapitaaluitvloeisings in die vierde kwartaal voorgekom het. In 1988 in sy geheel het die totale netto uitvloeiing van nie-reserweverwante kapitaal egter R6,7 miljard bedra. Dit kan vergelyk word met 'n uitvloeiing tot 'n min of meer soortgelijke bedrag van R6,1 miljard in 1986, maar met 'n baie kleiner uitvloeiing van R3,1 miljard in 1987.

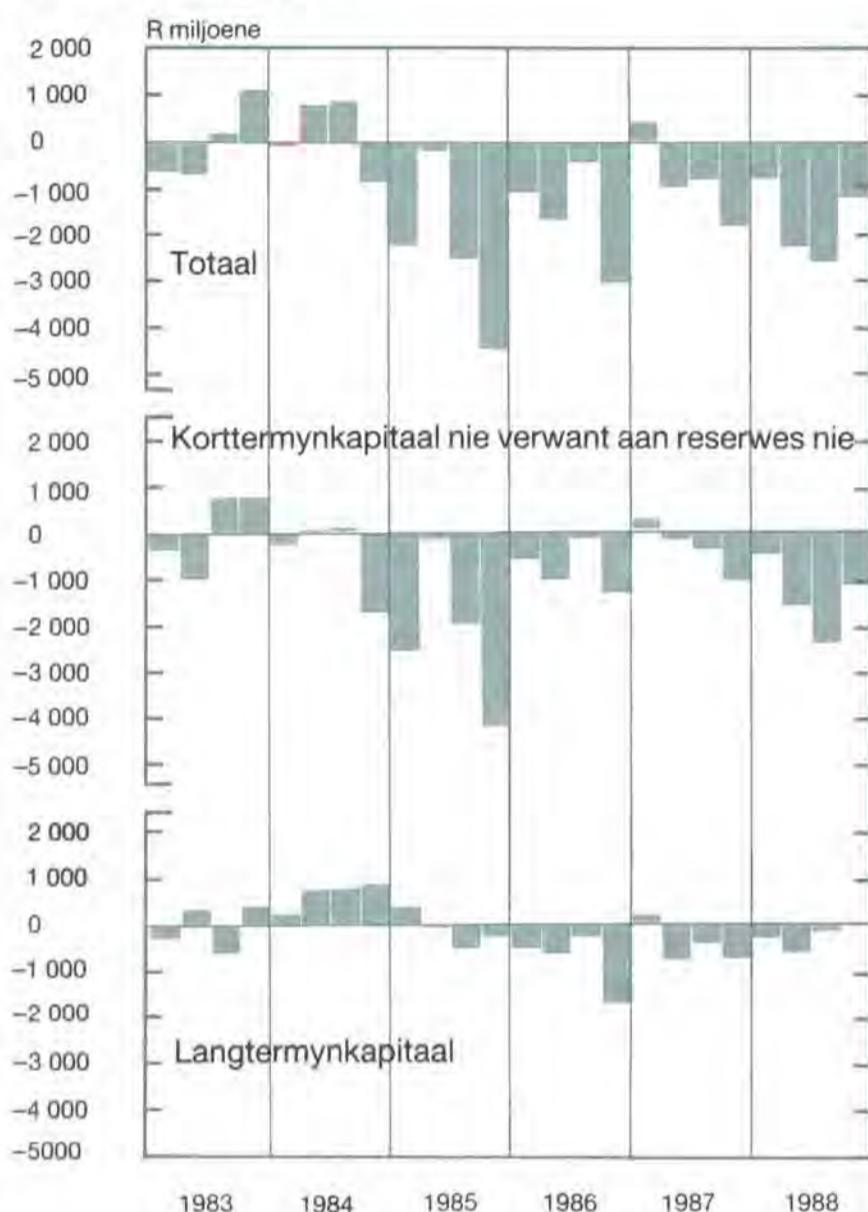
Die versterkte posisie van die kapitaalrekening in die vierde kwartaal van 1988 was 'n weerspieëeling van verbeterings in die bewegings van sowel lang- as korttermynkapitaal. Die uitvloeiing van langtermynkapitaal het van R144 miljoen in die derde kwartaal van 1988 tot 'n geringe bedrag van slegs R6 miljoen in die daar-

Netto kapitaalbewegings (nie verwant aan reserwes nie)

R miljoene

	1987	1988				Jaar
		1e kw	2e kw	3e kw	4e kw	
Langtermynkapitaal						
Openbare owerhede	-529	-24	-138	5	-276	-433
Openbare korporasies	817	-140	-179	-233	146	-406
Private sektor:						
Netto aankope van genoteerde aandele deur nie-inwoners	-1 213	-35	9	75	18	67
Ander kapitaal	-773	-88	-307	9	106	-280
Totale langtermynkapitaal	-1 698	-287	-615	-144	-6	-1 052
Korttermynkapitaal insluitende onaangetekende transaksies, maar uitsluitende laste verwant aan reserwes	-1 371	-475	-1 594	-2 390	-1 152	-5 611
Totale kapitaalbewegings uitsluitende laste verwant aan reserwes	-3 069	-762	-2 209	-2 534	-1 158	-6 663
Verandering in laste verwant aan reserwes ..	-1 167	-13	1 668	586	-316	1 925

Kapitaalbewegings



opvolgende drie maande afgeneem. Dit was hoofsaaklik die gevolg van hernieuwe netto invloeiings van buitelandse kapitaal na die openbare korporasies en na die private sektor. Nadat die openbare korporasies in die voorafgaande drie kwartale netto terugbetalings gemaak het, het hulle in die vierde kwartaal per saldo weer tot 'n bedrag van R146 miljoen lenings (in die vorm van projekfinansiering) opgeneem. Hierbenewens het nie-inwoners voortgegaan om netto aankope te doen van Suid-Afrikaanse effekte wat op die effektebeurs genoteer word. Voorts het die Suid-Afrikaanse regering egter ook 'n buitelandse lening opgeneem wat deur 'n groep oorsese banke in die vorm van 'n private plasing van versekerde openbare skuldbriewe vir hom gereël is.

Die uitvloeiing van korttermynkapitaal van R2,4 miljard in die derde kwartaal van 1988 is in die vierde kwartaal tot R1,2 miljard gehalteer. Die groot uitvloeiings van korttermynkapitaal in die tweede en derde kwartaal en in die begin van die vierde kwartaal van 1988 – en meer in die besonder daardie uitvloeiings wat uit omskakelings van buitelandse na binnelandse

bronne van handelsfinansiering voortgespruit het – het ná die verhoging van die Bankkoers en die styging in die algemene Suid-Afrikaanse rentepeil vanaf 3 November 1988 tot stilstand gekom. Terselfdertyd het die appresiasié van die rand teenoor belangrike ander geldeenheide ná die eerste paar dae van November ook 'n ommeswaai van spekulatiewe kapitaaluitvloeiings, waaronder vervroegings en vertragings in buitelandse betalings en ontvangste, teweeg gebring.

Die laaste verwant aan reserwes het in die vierde kwartaal 'n afname – dit wil sê 'n uitvloeiing van kapitaal – getoon nadat daar in die voorafgaande ses maande groot bedrae geleent is. 'n Invloeiing van kapitaal ten bedrae van R1,9 miljard in die vorm van vermeerderings van die reserweverwante laste is egter gedurende 1988 in sy geheel aangeteken.

Buitelandse reserwes

Die feit dat die kapitaaluitvloeiings die oorskotte op die lopende rekening aanmerklik oorskry het, het tot gevolg gehad dat Suid-Afrika se totale bruto goud- en ander buitelandse reserwes vanaf die einde van Maart 1988 tot die einde van November met R1 746 miljoen gedaal het. Die opmerklike matiging van die kapitaaluitvloeiings ná die eerste paar dae van November het dit daarná egter moontlik gemaak dat die totale reserwes in Desember weer met R251 miljoen tot R6,7 miljard aan die einde van die jaar toegeneem het. In Januarie en Februarie 1989 het die buitelandse reserwes van die Reserwebank met 'n verdere R160 miljoen gestyg. Die goudkomponent van die Bank se besit aan buitelandse reserwes het van 3,43 miljoen fyn onse aan die einde van November tot 3,64 miljoen fyn onse aan die einde van Februarie 1989 verstewig.

Wisselkoerse

Nadat die effektiewe wisselkoers van die rand gedurende die eerste tien maande van 1988 bykans voortdurend gedaal het, het dit vanaf vroeg in November weer 'n deel van sy kragte herwin. As gevolg hiervan het dit in die vierde kwartaal per saldo met 1,7 persent verstewig. Gedurende 1988 in sy geheel het die effektiewe wisselkoers met 13,1 persent verswak.

Gedurende Januarie 1989 het die rand terrein ingeboet teenoor die verstewigende dollar maar teenoor al die ander belangrike geldeenheide veld gewen; die effektiewe wisselkoers van die rand het dienooreenkomsdig met 0,7 persent gestyg. In Februarie het die hernieuwe vlaag van swakte van die dollarprys van goud, en verdere verstewiging van die Amerikaanse dollar, al die vordering wat die rand vanaf November 1988 tot die einde van Januarie 1989 gemaak het, weer uitgewis.

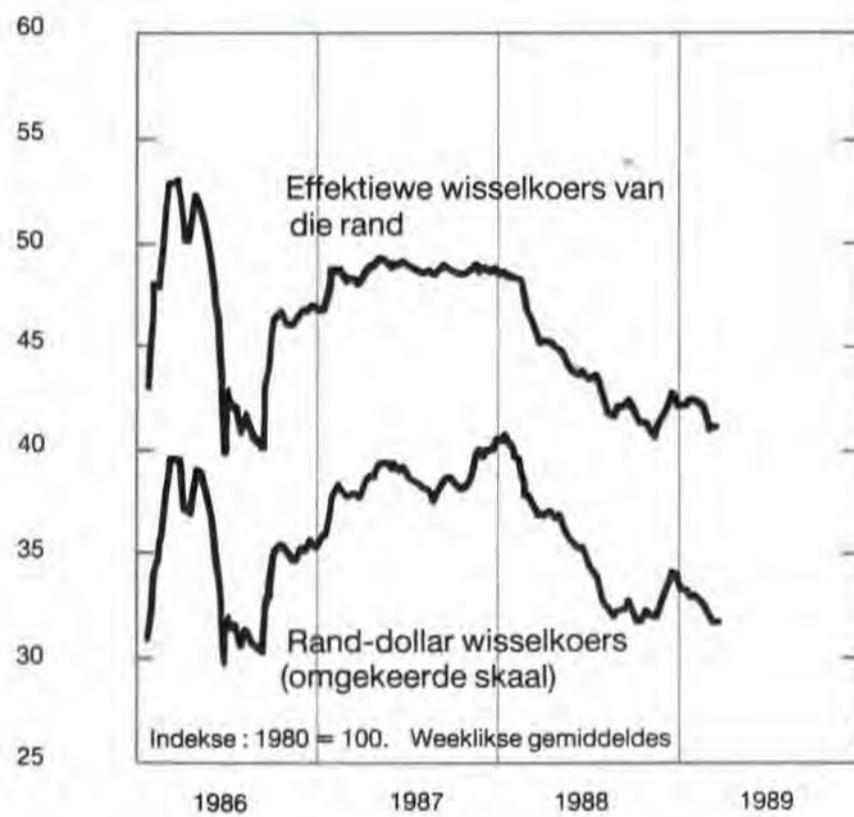
Die finansiële rand, wat in die middelkwartale van 1988 aansienlik verswak het, het in die vierde kwartaal van 1988 en in Januarie en Februarie 1989 betreklik stabiel gebly. Met skommelings van tussen R3,49 en

Veranderings in die wisselkoerse van die rand

%

	31 Des 1987 tot 31 Mrt 1988	31 Mrt 1988 tot 30 Jun 1988	30 Jun 1988 tot 30 Sept 1988	30 Sept 1988 tot 31 Des 1988	31 Des 1987 tot 31 Des 1988	31 Des 1988 tot 28 Feb 1989
Geweegde gemiddelde	-6,7	-3,8	-4,9	1,7	-13,1	-3,1
VSA-dollar	-9,1	-8,3	-6,9	4,5	-19,0	-4,5
Britse pond	-9,4	-	-5,1	-1,7	-15,5	-1,6
Duitse mark	-4,7	-	-4,0	-0,5	-8,8	-2,4
Switserse frank	-2,7	0,9	-1,5	-0,5	-4,2	-1,7
Japanse yen	-7,1	-2,6	-5,8	-1,9	-16,7	-3,6
Franse frank	-4,7	-0,8	-2,4	-0,5	-8,1	-2,6
Finansiële rand	4,8	-13,4	-15,5	6,0	-18,7	-3,3

Wisselkoerse



R4,10 tot die dollar het die wisselwaarde van die finansiële rand gedurende hierdie tydperk diskonto's teenoor die kommersiële rand getoon wat van 33 tot 41 persent gewissel het.

Finansiële markte

Geldvoorraad

Nouliks enige tekens van 'n matiging kon as nog in die vierde kwartaal van 1988 in die baie hoë koerse van toename in die geldvoorraad opgemerk word. Die koers van toename in M3 van kwartaal tot kwartaal, ná seisoensaansuiwering en teen 'n jaarkoers bereken, het 'n marginale daling getoon vanaf 29,5 persent in die derde kwartaal van 1988 tot 28,3 persent in die vierde kwartaal. Dit het gevolg op toenamekoerse van 26,1, 23,5 en 25,0 persent wat in die voorafgaande drie kwartale, vanaf ongeveer die begin van die verdere versneling van die groei in die geldvoorraad in September 1987, aangeteken is. Gegewens ten opsigte van M3 aan die einde van Januarie 1989 dui daarop dat die kragte waardeur hierdie monetêre uitbreiding aangedryf is, gedurende die eerste aantal weke van 1989 nog steeds 'n belangrike deel van hul voortstuwing vermoë behou het.

Die baie vinnige groei in M3 in die vierde kwartaal van 1988 kon nog steeds verklaar word aan die hand van herintermediasieverskynsels (wat onder meer 'n verdere vernouing van die differensiale tussen die uitleenkoerse en die depositokoerse van monetêre instellings weerspieël het), die voortgesette lewendige vlak van die ekonomiese bedrywigheid en besteding, en die volgehoud sterke van beleggers se "egte likwiditeitsvoorkeur" in die toestand van vinnige werklike en

verwagte stygings in die rentekoerse wat gedurende die grootste deel van die vierde kwartaal geheers het.

Die toename in M3 in die vierde kwartaal was sterk gekonsentreerd in daggeld- en oomagdeposito's sowel as in daardie deel van M2 wat nie ook by M1 ingesluit is nie, dit wil sê in deposito's met onverstreke looptye van meer as een dag tot en met ses maande. Die toenames in hierdie twee komponente van M2, wat aan die einde van September 1988 ongeveer driekwart van die totale M3-geldhoeveelheid uitgemaak het, het gesamentlik 'n meer as volledige verklaring gegee van die toename wat vanaf die einde van September tot die einde van Desember 1988 in M3 aangeteken is. In teenstelling hiermee is daar gedurende hierdie periode 'n aansienlike afname (voor seisoensaansuiwering) aangeteken in die langtermyndepositokomponent van M3 (wat na konstantheid verander indien die invloed van seisoensfaktore wel in ag geneem word).

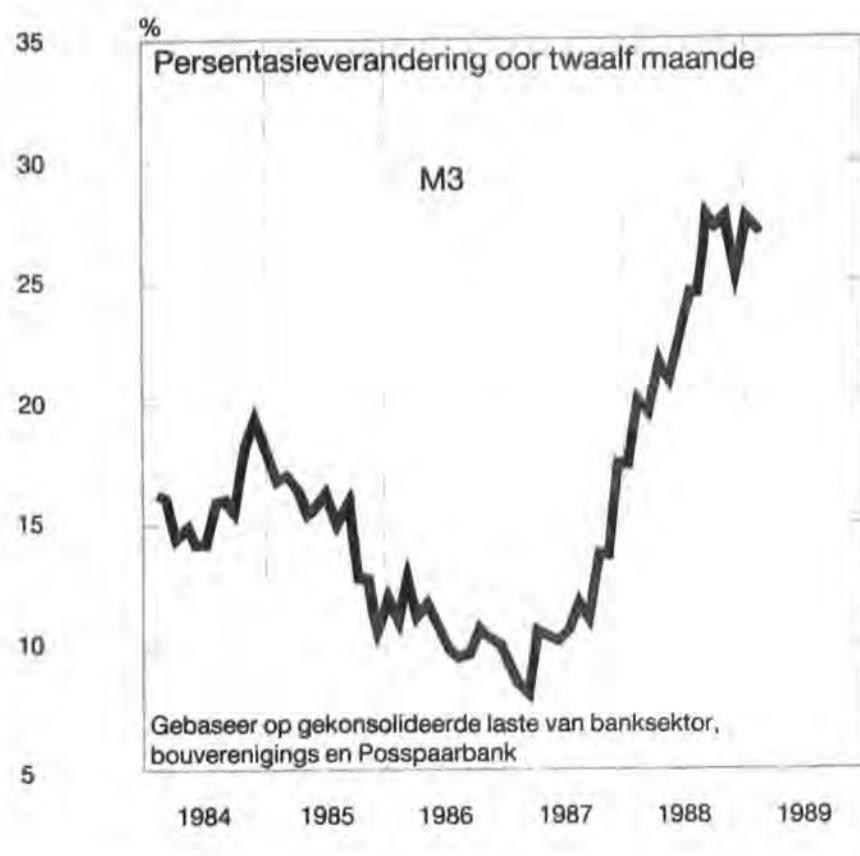
Die koers van toename in M3 oor periodes van twaalf maande, wat in die baie vroeë stadiums van die mikpuntjaar 1988, dit wil sê aan die maandeindes van November en Desember 1987, 17,4 persent beloop het, het gedurende die kalenderjaar 1988 nooit tot minder as 19 persent gedaal nie. Nadat dit in Oktober 1988 27,7 persent bereik het, het hierdie toenamekoers in November tot 25,0 persent teruggesak voordat dit in sowel Desember 1988 as Januarie 1989 weer na 'n vlak van meer as 27 persent teruggekeer het.

Die belangrikste statistiese teenhanger van die toename van R6,1 miljard in M3 (ná seisoensaansuiwering) in die vierde kwartaal van 1988 was 'n toename van R5,2 miljard in die binnelandse kredietverlening. Die netto goud- en ander buitelandse reserwes van die monetêre sektor, wat in die derde kwartaal van 1988 met R1,5 miljard gedaal het, het in die daaropvolgende drie maande 'n positiewe bydrae van R0,4 miljard tot M3 gemaak.

Die mikpuntjaar 1988

Soos in die Reserwebank se onlangse publikasie *Geldvoorraadmikpunte vir 1989* betreklik breedvoerig bespreek is, het die groei in die kwartaallikse gemiddelde van M3 in die loop van die mikpuntjaar 1988, dit wil sê vanaf die vierde kwartaal van 1987 tot die vierde kwartaal van 1988, 26,5 persent beloop. Hierdie toenamekoers was dus aansienlik hoër as die mikpuntperk van 12 tot 16 persent wat ten aansien van die groei in M3 in 1988 gestel is. Op sy peil van R114,5 miljard het die kwartaallikse gemiddelde van M3 in die vierde kwartaal van 1988 die boonste en onderste grense van die mikpuntgebied met nagenoeg R9,5 miljard en R13,1 miljard of met 9,1 en 13,0 persent oorskry. Die waardes van M3 soos op maandeindes het reg vanaf die begin van die mikpuntjaar 1988 (wat op die middel van November 1987 gestel word) bo die boonste grens van die mikpunt- "kegel" gelê en het ook reeds vanaf so vroeg as Februarie 1988 die boonste grens van die

Geldvoorraad



mikpunt- "tonnel" oorskry. Daarna het die bedrag van M3 gedurende die res van die mikpuntjaar tot die middel van November 1988 steeds bo die "kegel" sowel as die "tonnel" te staan gekom.

Die groei in M3 in die opeenvolgende kalenderkwartale van 1988 was konsekwent hoër as die toenamekoerse in die bruto binnelandse produk teen heersende pryse gedurende daardie kwartale. Die gevolg hiervan was dat die "inkome"-omloopsnelheid van M3 (dit wil sê die verhouding van die kwartaallikse bruto binnelandse produk, teen heersende pryse en teen 'n seisoensaangesuiwerde jaarkoers, tot die kwartaallikse gemiddelde van M3, ná seisoensaansuiwering, gedurende die betrokke kwartaal) vanaf 1,976 in die vierde kwartaal van 1987 tot 1,832 in die vierde kwartaal van 1988, of met 7,3 persent, afgeneem het. Die toename in die "effektiewe" M3-geldvoorraad, dit wil sê in die M3-geldvoorraad wat vir veranderings in die omloopsnelheid daarvan aangesuiwer is, het dienoordeengomstig gedurende die mikpuntjaar 17,3 persent beloop.

Groeikoerse van M3 wat heelwat bo die boonste grens van die mikpuntgebied van 12 tot 16 persent gelê het, kon gedeeltelik verklaar word aan die hand van die onverwagte sterkte van die oplewing in die binnelandse besteding en produksie in 1988, terwyl dit gedeeltelik ook toegeskryf kan word aan 'n opmerklike toename in die "egte likwiditeitsvoordeur", dit wil sê aan 'n toename in die vraag na geld as 'n "bate om te hou" wat nie op enige regstreekse wyse met "transaksie"-behoeftes aan geld of nabye plaasvervangers vir geld by gegewe vlakke van die bruto binnelandse produk teen heersende pryse in verband gebring kan word nie. Omloopsnelheidverminderinge toenames in die vraag na "geld om te besit" kon op hulle beurt gedeeltelik teruggevoer word na 'n verskeidenheid faktore wat die uitwerking gehad het om die aantreklikheid van depositobeleggings met 'n vaste waarde by monetêre instellings (soos wat by M3 ingesluit word), teenoor die aantreklikhede van langtermyn-vasterentledraende finansiële beleggings, aandele of beleggings met 'n aandelebasis, of tasbare bates, te verhoog in die algemene omstandighede wat in 1988 geheers het. Toenames in die vraag na geld en nabye geldplaasvervangers het gedeeltelik ook hul oorsprong gehad in herintermediariesverskynsels wat voortgespruit het uit 'n bestendige vernouing van die gaping tussen monetêre instellings se gemiddelde uitleen- en gemiddelde depositorentekoerse in die loop van die jaar.

Die teenhanger van die toename in M3 in die boeke van monetêre instellings gedurende die mikpuntjaar 1988 het in oorweldigende mate bestaan uit 'n styging van R25,9 miljard (of 29,3 persent) in hierdie instellings se kredietverlening aan die binnelandse private sektor. Ondanks die afname in M3 se omloopsnelheid het die monetêre owerhede in die heersende omstandighede sowel die toename in M3 as die toename in bankkre-

diet aan die private sektor as klaarblyklik oormatig beskou. As sodanig het dit 'n belangrike rede verskaf waarom die owerhede in Desember 1987 na 'n meer beperkende ingesteldheid van hul beleid verskuif het en waarom verdere beperkende maatreëls (met inbegrip van vyf Bankkoersaanpassings, waardeur die Bankkoers van 9,5 tot 16,0 persent verhoog is) tussen Maart 1988 en Februarie 1989 aanvaar is.

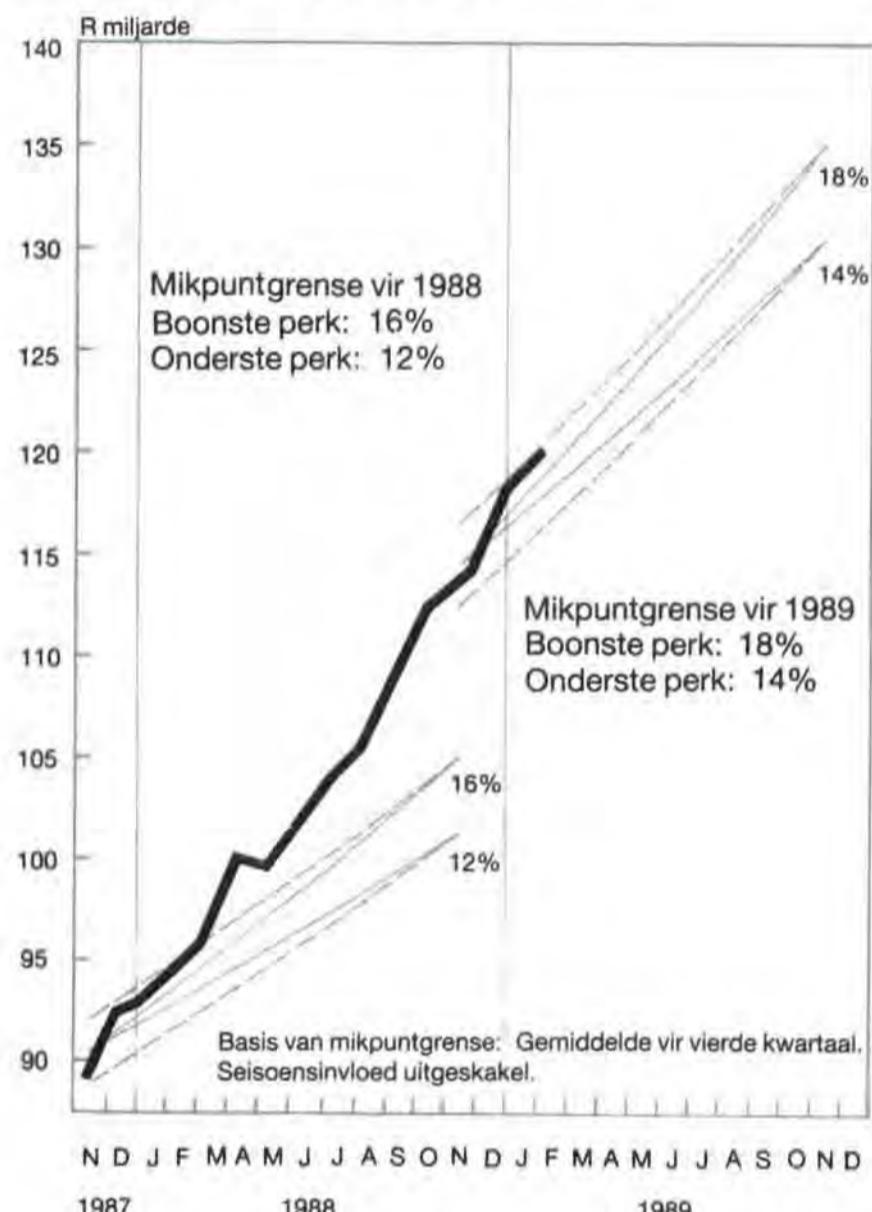
Groeikoerse wat laer was as dié van M3 (soos dit vir die doel van mikpuntstelling gemeet word) is in 1988 deur langtermyndeposito's sowel as deur note en munte in omloop, tjeke- en transmissiedeposito's en totale M1A aan die dag gelê. Groeikoerse wat heelwat hoër was as dié van M3 is deur "ander onmiddellik openbare" deposito's en deur "ander kort"- en middeltermyndeposito's, en gevoldlik ook deur M1 en M2, aangegeteken. Die vergelykenderwys baie lae (5,0 persent) koers van toename in langtermyndeposito's is per saldo blykbaar slegs in geringe mate aangehelp deur die rentekoerssubsidie ten opsigte van hierdie deposito's wat in Mei 1988 vir senior burgers ingestel is.

Nuwe geldvoorraadmikpunt vir mikpuntjaar 1989

'n Nuwe mikpunt van 14 tot 18 persent vir die toenamekoers in M3 van die vierde kwartaal van 1988 tot die vierde kwartaal van 1989 is op 7 Maart 1989 deur die Reserwebank aangekondig. Ingevolge hierdie perke aan die groei in M3 sou die kwartaallikse gemiddelde van M3 in die vierde kwartaal van 1989 nie meer as R135,1 miljard of minder as R130,6 miljard moes beloop nie.

Ter verduideliking van die monetêre owerhede se besluit om die boonste en onderste grense van die mikpuntperk met twee persentasiepunte bo hul vlakte van 1988 te verhoog, het die Reserwebank verklaar dat dit gebaseer is op die owerhede se aanvaarding van 'n breë ekonomiese projeksie vir 1989 wat voorstiening gemaak het vir 'n verdere toename in die reële bruto binnelandse produk van ongeveer 2 persent, 'n oorskot op die lopende rekening van die betalingsbalans van omstreeks R4 miljard, 'n geleidelike styging in die amptelike goud- en buitelandse valutareserwes, en 'n gemiddelde koers van toename in die verbruikersprysindeks van om en by 15 persent. Dit is dus as realisties beskou om te erken dat die inflasiekoers in die Suid-Afrikaanse ekonomie waarskynlik in die eerskomende aantal maande sou voortgaan om te styg voordat dit die dalende neiging wat dit in 1987 en 1988 getoon het, sou hervat. Die aanvaarding van 'n tydelike versnelling van die inflasie het egter nie betekent dat die owerhede se vasbeslotenheid om die groei van die "effektiewe" geldvoorraad (dit wil sê die geldvoorraad na aansuiwering vir omloopsnelheidveranderings) te beheer om die inflasiekoers af te bring, verflou het nie. Daar is in teendeel geglo dat die bereiking van die nuwe monetêre mikpunt, tesame met verwesenliking

Mikpuntgrense vir groei in M3

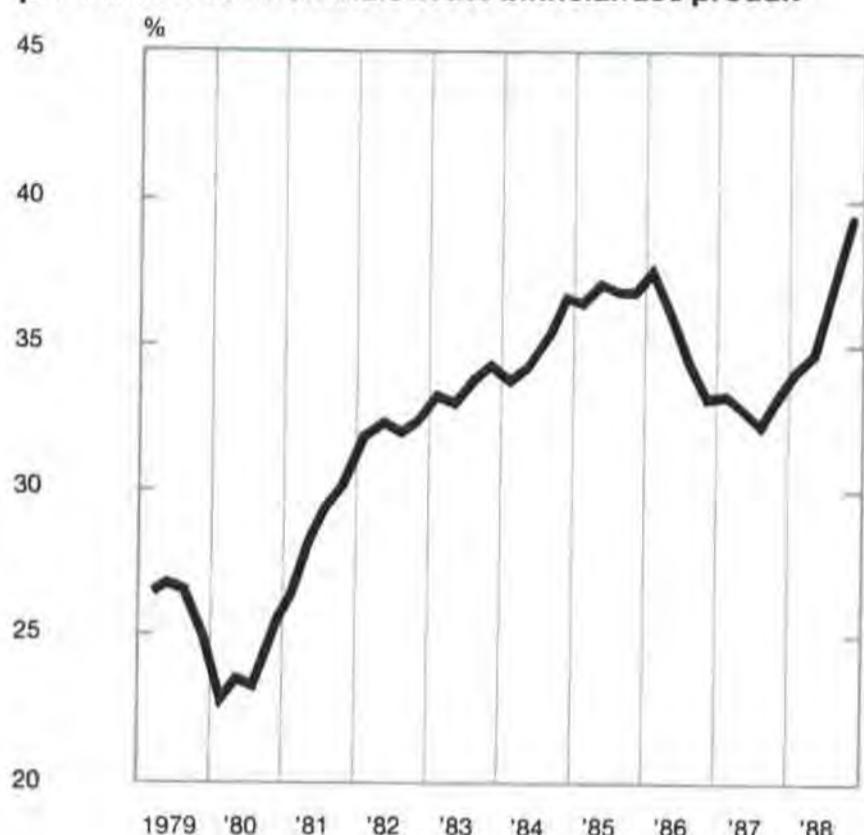


van die geprojekteerde reële ekonomiese groeikoers van 2 persent, die verwagte versnelling van die inflasie tot 'n minimum sou beperk voordat dit hierdie versnelling weer sou omkeer.

Kredietverlening deur monetêre instellings

Die totale eise van alle monetêre instellings (banke, bouverenigings en die Postspaarbank) teen die private sektor het in sowel die derde as die vierde kwartaal van 1988 teen 'n seisoensaangesuiwerde jaarkoers van ongeveer 32½ persent gestyg. Bankinstellings se eise teen die private sektor, wat so onlangs as die tweede kwartaal van 1987 nog teen 'n jaarkoers van slegs 2,5 persent gestyg het, het in albei hierdie kwartale teen buitengewoon hoë jaarkoerse van meer as 40 persent toegeneem; die koers van 48,0 persent in die vierde kwartaal was binne trefafstand van die ongewone rekordgroeikoers van 53,4 persent wat in die tweede kwartaal van 1981, dit wil sê in 'n gevorderde stadium van die destydse goudprys-hoogkonjunktuur, aangeteken is.

Eise van banksektor teen binnelandse private sektor as persentasie van nominale bruto binnelandse produk



Die vraag van die private sektor na krediet van die monetêre instellings het in die derde en vroeg in die vierde kwartaal 'n ekstra stoot vorentoe gekry as gevolg van "voorkoop"-aankope deur huishoudings en sake-ondernehmings. Die private kredietvraag is ook regdeur die derde en vierde kwartaal aangehelp deur die verstewiging van die private sektor se vaste investeringsbesteding wat tot in daardie stadium nog nie tot 'n min of meer eweredige toename in die bedrywigheid van geïnkorporeerde leners met betrekking tot nuwe uitgifte op die effektebeurs aanleiding gegee het nie.

Die totale eise van alle monetêre instellings teen die private sektor het in die vierde kwartaal met R5,5 miljard toegeneem. Die gemiddelde maandelikse toe-

Veranderings in eise teen die private sektor*

Seisoensaangesuiwerde jaarkoerse

	Alle monetêre instellings %	Bankstelsel %
1987: 1e kwartaal	12,7	13,7
2e kwartaal	9,2	2,5
3e kwartaal	15,1	13,1
4e kwartaal	20,9	36,0
1988: 1e kwartaal	27,0	32,8
2e kwartaal	25,3	31,0
3e kwartaal	32,4	43,3
4e kwartaal	32,7	48,0

*Kwartaal-tot-kwartaalveranderings in kwartaallikse gemiddeldes

name in huurkoop- en bruikhuurfinansiering het gedurende die vierde kwartaal R455 miljoen bedra, teenoor 'n gemiddelde maandelikse styging van R355 miljoen gedurende die voorafgaande nege maande.

Dit wil voorkom asof 'n geringe afname in die vraag na verbandvoorskotte teen die einde van die jaar ingetree het. Hierdie vraagverslapping het steun ontvang van die kant van die banke se verminderde bereidwilheid om, in die lig van hul knapper likwiditeitsposisies en krimpende rentekoersverskille, wel nog sodanige voorskotte toe te staan. Die toename in die banke se besit aan verbandlenings het dienooreenkomsdig 'n matige daling getoon vanaf R1,8 miljard in die derde kwartaal tot R1,6 miljard in die vierde kwartaal. Die bouverenigings het hul besit aan verbande egter nog in albei hierdie periodes met ongeveer R1,0 miljard uitgebrei.

Monetêre instellings se netto eise teen die regeringsektor het in die vierde kwartaal effens (naamlik met R0,3 miljard) teruggesak. Aansienlike verliese (vir rekening van die Tesourie) is egter nog deur die Reserwebank by sy verskaffing van termyndekking op buitenlandse valuta opgedoen.

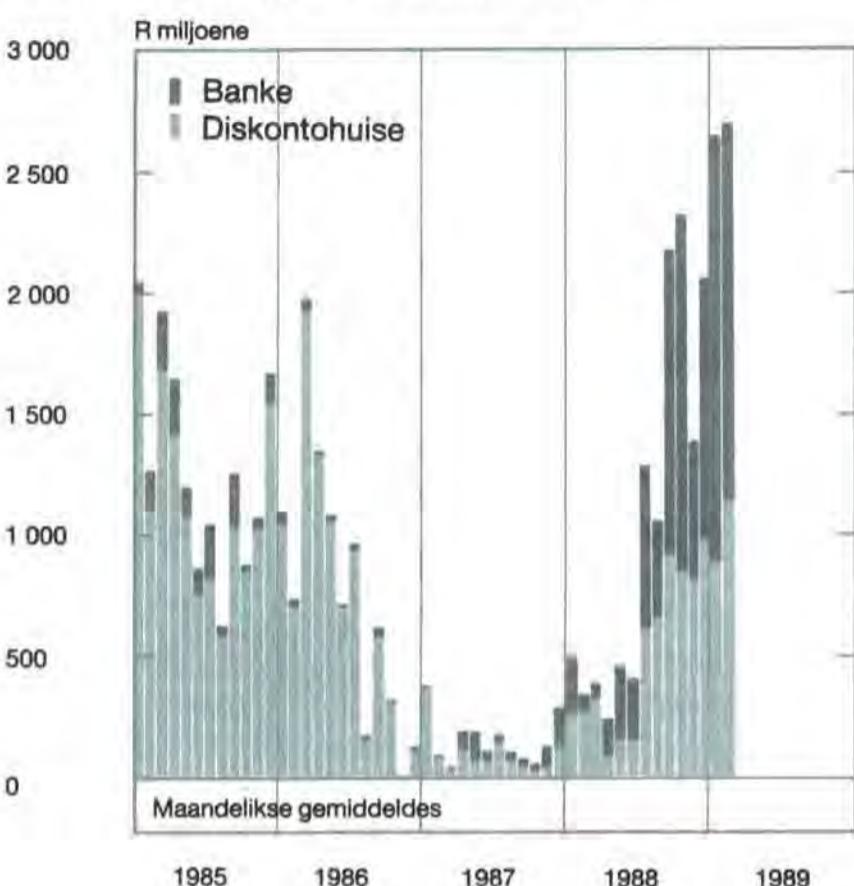
Reserwebankoptrede in die geldmark

Die toestand op die geldmark, soos dit aan die hand van die mark se behoefté aan akkommodasie deur die Reserwebank gemeet word, het gedurende November en Desember 1988 asook in Januarie, Februarie en die eerste helfte van Maart 1989 stram gebly. Dit kon toegeskryf word aan die volgehoudé hoë tempo van die monetêre instellings se uitleenbedrywighede sowel as aan seisoensfaktore (soos die groot toename in die note in omloop gedurende Desember), groot belastingbetalings aan die einde van Februarie 1989 en die volgehoudé hoë vlak van die regeringsaldo's by die Reserwebank.

In 'n verklaring gedateer 2 Desember 1988 het die Reserwebank aangekondig dat ofskoon geen verslapping van die monetêre beleid beoog is nie, die onlangse stygings van die rentekoerse, die verbeterde vooruitsigte vir die staatsfinansies (onder andere as gevolg van die feit dat verhoogde brandstofheffings vanaf 16 Januarie 1989 ingestel word) en ander gebeure voldoende redes voorsien het om die Bankkoers voorlopig onveranderd te hou op sy peil van 14,5 persent. Daarbenewens sou die Bank die seisoensvernouwing van die geldmarktoestand wat in daardie stadium voorsien is, teewerk deur terugkoopooreenkomsste of ander transaksies in die opemark aan te gaan.

Terugkoopooreenkomsste vir bedrae van tussen R200 miljoen en R900 miljoen is gedurende die periode vanaf 27 Desember tot 12 Januarie deur die Bank gesluit. Daarna is bystand in die vorm van terugkoopooreenkomsste vir bedrae van tot R1 000 miljoen weer gedurende die tydperk van 23 Januarie tot 8 Februarie deur die Bank voorsien. Die bedrag aan terugkoopoor-

Akkommodasie by die diskontovenster



eenkomste wat vervolgens gedurende die periode van 24 Februarie tot 7 Maart deur die Bank aangegaan is, het eweneens 'n hoogtepunt van R1 000 miljoen bereik.

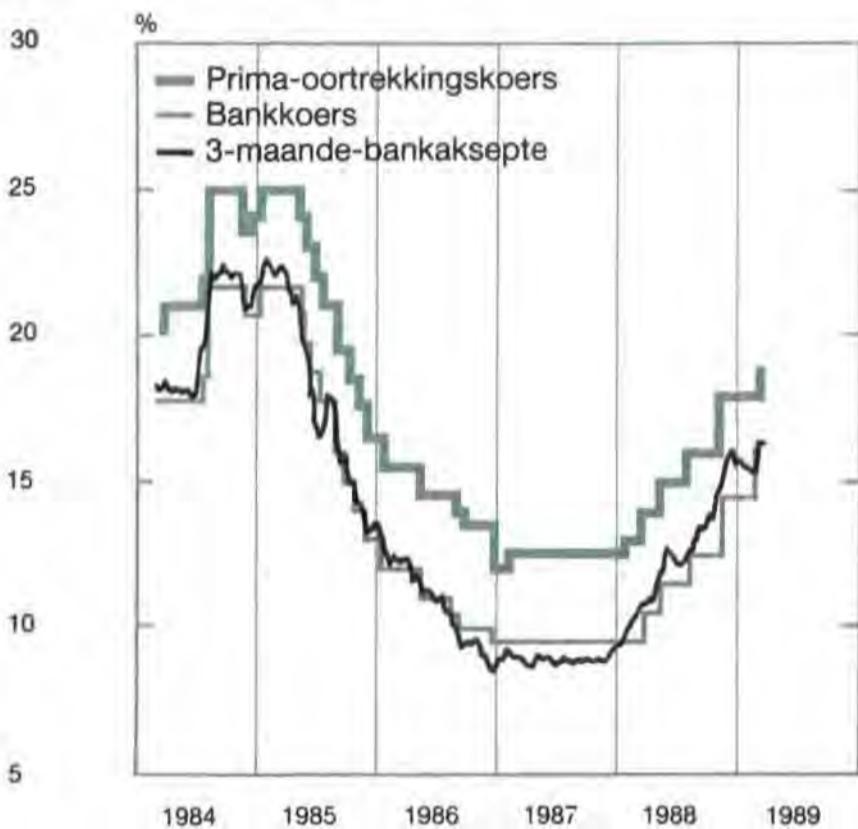
Ondanks hierdie bystand wat die Bank deur middel van sy transaksies in die markte verleen het, het die akkommodasie van die geldmark by die Bank se diskontovenster van 'n gemiddelde daaglikske bedrag van R1,4 miljard in November 1988 tot R2,1 miljard in Desember gestyg. Deels as gevolg van die ophoping van regeringsaldo's by die Reserwebank (wat op 26 Januarie 1989 'n hoogtepunt van R6,2 miljard bereik het) het die gemiddelde daaglikske bedrag aan akkommodasie by die diskontovenster vervolgens nog weer verder gestyg tot R2,6 miljard in Januarie 1989, R2,7 miljard in Februarie en R2,7 miljard gedurende die eerste twee weke van Maart. Op 31 Januarie 1989 het dit op 'n nuwe rekordvlak van R3,4 miljard te staan gekom.

Die netto verkope van staatseffekte deur die Reserwebank in die ope effektemark het in die vierde kwartaal van 1988 R2,3 miljard en in Januarie en Februarie R0,7 miljard bedra. In teenstelling hiermee het die Bank gedurende die eerste twee maande van 1988 per saldo 'n klein bedrag aan effekte aangekoop.

Geldmarkrentekoerse

Die geldmarkrentekoerse het, onder invloed van die volgehoudé vinnige toename in bankkrediet, die feit dat die groei in die geldvoorraad die mikpunte oorskry het,

Korttermynrentekoerse



die opwaartse neiging in die rentepeil in die meer belangrike oorsese ekonomiese, en markdeelnemers se persepsies van die gespanne betalingsbalans- en buitelandsereserveposisie, ná die Bankkoersverhoging (van 12,5 tot 14,5 persent) van 3 November 1988 nog 'n ruk lank aangehou om te verstewig. Die prima-oortrekingskoerse van die verrekeningsbanke is oor die algemeen, saam met die Bankkoersverhoging, met ingang van 3 November van 16,0 tot 18,0 persent verhoog. Die markkoers op likwiede bankaksepte van drie maande het van 14,7 persent aan die einde van Oktober tot 16,0 persent aan die einde van November gestyg. Op hierdie vlak het dit die Reserwebank se nuwe minimumherdiskonteringskoers met 'n heel aannemlike 1,2 persentasiepunte oorskry.

Ná die Reserwebank se beleidaankondiging van 2 Desember het die markrentekoerse aansienlik verslap. Die markkoers op likwiede bankaksepte van drie maande het van sy vlak van 16,0 persent aan die einde van November 1988 tot 'n laagtepunt van 15,20 persent op 7 Februarie 1989 gedaal. Die skatkiswisseltenderkoers is vanaf 23 Desember 1988 toegelaat om volgens die werking van markvraag en -aanbod in nouere ooreenstemming met die koerse op vergelykbare geldmarkinstrumente te kom. Hierdie koers het gevvolglik tot 15,33 persent op 23 Desember gestyg voordat dit per saldo weer tot 'n laagtepunt van 14,98 persent op 3 Februarie 1989 gedaal het.

Verskeie ongunstige ontwikkelings in die loop van Januarie en Februarie 1989 – met name die feit dat die dollarprys van goud tot 'n vlak van heelwat minder as

VSA\$400 per fyn ons gedaal het, verdere stygings in die rentepeil in Europa en die Verenigde State, en die volgehoue baie hoë koers van toename in die geldvoorraad – het die Reserwebank daartoe gelei om die Bankkoers (dit wil sê die Bank se minimum koers vir die herdiskontering van skatkiswissels) vir sowel die banke as die diskontohuise met ingang van 23 Februarie 1989 tot 16,0 persent te verhoog. Hierdie stap het dus ook die afskaffing beteken van die voorkeurmarge van $\frac{1}{2}$ persent waarvan die diskontohuise voorheen met betrekking tot die Reserwebank se herdiskonteringskoerse die voordeel geniet het. Die afskaffing van hierdie marge – wat beteken het dat die Bank se herdiskonteringskoers vir skatkiswissels vir die diskontohuise van 14,5 tot 16,0 persent verhoog is – was hoofsaaklik 'n tegniese aanpassing ter erkenning van die evolusionêre veranderings wat oor die afgeloede aantal jare in die funksies van die diskontohuise voorgekom het. In die besonder was dit 'n weerspieëeling van die feit dat die huise nie langer as die belangrikste leikanaal gedien het waardeur die banke akkommodasie van die Reserwebank opgeneem het nie.

In reaksie op die verhoging van die Bankkoers het die verrekeningsbanke – wat aanvanklik met 'n mate van onsekerheid, voortspruitende uit die onlangse wysigings van die Woekerwet, opgetree het – oor die algemeen hulle prima-oortrekingskoerse met ingang van datums tussen 24 en 28 Februarie van 18 tot 19 persent verhoog. Die markkoers op likwiede bankaksepte van drie maande het vanaf 15,70 persent onmiddellik voor die Bankkoersverhoging tot 16,25 persent op 23 Februarie gestyg (teenoor die Reserwebank se nuwe herdiskonteringskoers van 16,30 persent vir sodanige aksepte) en op 15 Maart op 16,40 persent te staan gekom.

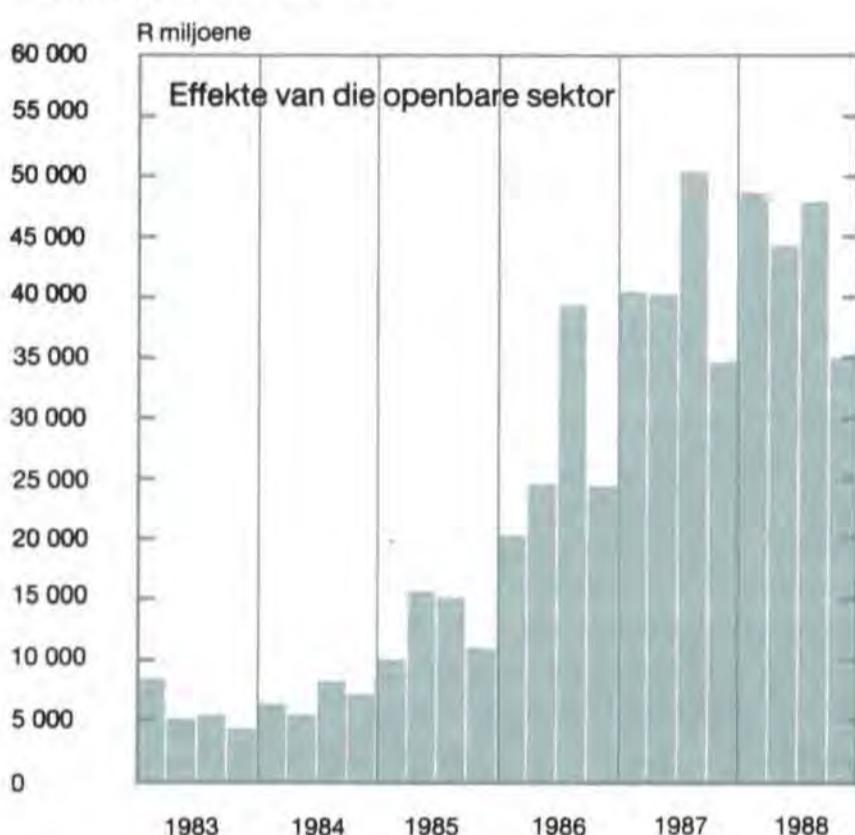
Kapitaalmarkbedrywigheid

Nadat die handelsbedrywigheid in die kapitaalmark in die derde kwartaal van 1988 effens herstel het, het dit in die vierde kwartaal weer teruggesak. Die pryse van aandele het egter betekenisvolle verdere stygings getoon. 'n Geringe verdere styging het ook in die waarde van vaste-eiendomstransaksies voorgekom.

Die omset van effekte van die openbare sektor het sterk ingekrimp ná die verhoging van die Bankkoers wat op 3 November van krag geword het. Die waarde van die effekte van die openbare sektor wat op die effektebeurs verhandel is, het vanaf R47,9 miljard in die derde kwartaal van 1988 tot R35,0 miljard in die vierde kwartaal afgeneem. Die omset van sodanige effekte gedurende 1988 in sy geheel het nietemin nog met 6 persent tot R175,7 miljard gestyg, vanaf die omset van R165,2 miljard wat in die voorafgaande jaar aangeteken is.

Die waarde van die aandele wat op die effektebeurs verhandel is, het van die derde tot die vierde kwartaal van 1988 geen verandering getoon nie op 'n peil van

Effektebeurstransaksies

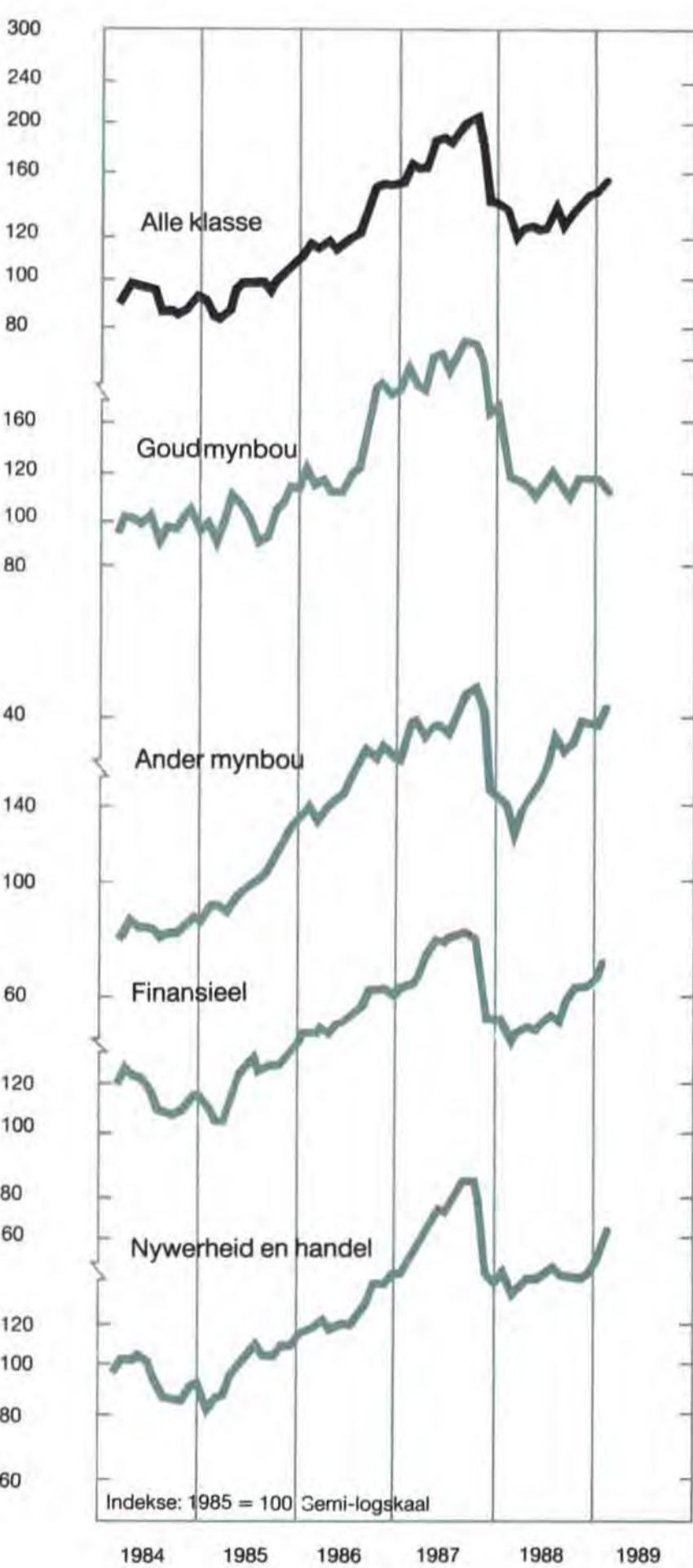


R3,0 miljard. Die totale omvang van die handel in aandele in die jaar 1988, wat R11,2 miljard beloop het, was sowat 43 persent laer as die totale omset van R19,5 miljard in 1987.

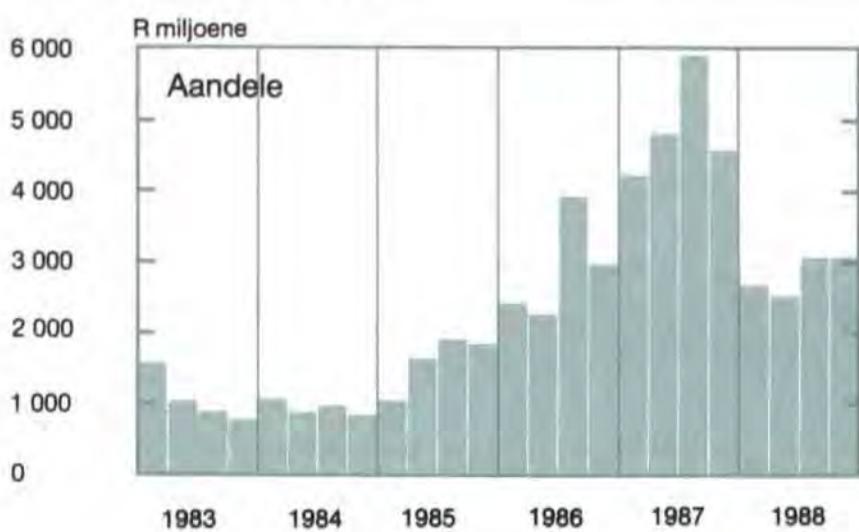
Die gemiddelde prysvlak van alle klasse aandele, wat, ná die ineenstorting van die aandelepryse in Oktober-November 1987, vanaf die tweede kwartaal van 1988 met periodieke onderbrekings begin herstel het, het in die derde kwartaal van 1988 met 3 persent en in die vierde met 'n indrukwekkende 9 persent gestyg. Daarna het dit in Januarie-Februarie 1989 'n aansienlike verdere styging van 9 persent getoon. Die ge-

middelde prysvlakte van goudmynaandele, nywerheids- en handelsaandele en "alle klasse" aandele was in Februarie 1989 egter nog steeds 47, 17 en 23 persent laer as in September 1987. Op 'n daagliks basis het die JE-Aktuarisse-prysindeks van nywer-

Aandelepryse



Effektebeurstransaksies



heidsaandele op 7 Maart 1989 die rekordhoogte wat op 19 Oktober 1987 voor die prysineenstorting deur hierdie indeks bereik is, verby gesteek.

In die primêre markte het die netto nuwe uitgiftes van effekte van die openbare sektor aan beleggers in die private sektor effens afgeneem van R1,1 miljard in die derde kwartaal van 1988 tot R1,0 miljard in die vierde kwartaal. Die totaal van hierdie uitgiftes het in die kalenderjaar 1988 R4,0 miljard beloop, wat 22 persent laer was as die bedrag van R5,1 miljard in die voorafgaande jaar.

Die uitgiftes van gewone aandele deur maatskappye wat op die Johannesburgse Effektebeurs genoteer is, het van R326 miljoen in die derde kwartaal van 1988 tot R301 miljoen in die vierde kwartaal gedaal. Daarteenoor het die uitgiftes van vaste-rentedraende effekte deur hierdie maatskappye van nul in die derde kwartaal tot R183 miljoen in die vierde kwartaal toegeneem. Die mate waarin korporatiewe organisasies in die loop van 1988 hul toevlug tot die kapitaalmark geneem het, is klaarblyklik beïnvloed deur die toestande wat gedurende die jaar op die aandelemark geheers het. Die bedrag van die nuwe aandelekapitaal wat deur maatskappye uitgereik is, het dienooreenkomsdig vanaf R1 974 miljoen in 1987 tot R876 miljoen in 1988 verminder; die nuwe uitgiftes van vaste-rentedraende effekte deur maatskappye het van R537 miljoen in 1987 tot R222 miljoen in 1988 afgeneem.

In die verbandmark het die waarde van die behuisingslenings wat deur die bouverenigings uitbetaal is, in die vierde kwartaal R2,4 miljard bedra, teenoor R2,8 miljard in die voorafgaande drie maande. Die totale bedrag van die lenings wat in 1988 uitbetaal is, was, op sy vlak van R9,7 miljard, nietemin R1,0 miljard hoër as in 1987.

Die bouverenigings se totale *besit* aan behuisingslenings het in sowel die derde as die vierde kwartaal van 1988 met R0,9 miljard toegeneem (tot 'n totaal van R29,6 miljard aan die einde van die jaar). Die toename in hierdie besit ten bedrae van R3,5 miljard gedurende die jaar het nietemin 'n taamlik duidelike teruggang beteken van die toename van R3,9 miljard wat in 1987 aangeteken is. In teenstelling daarvan het die toename in die *banke* se besit aan behuisingslenings vanaf R1,8 miljard in die derde kwartaal tot R1,3 miljard in die vierde kwartaal van 1988 gedaal (waardeur die totaal van hierdie besit aan die einde van die jaar op R10,3 miljard te staan gekom het), namate stygende korttermynrentekoerse en krimpende of verdwynende rentekoersmarges, die banke se strammer likwiditeitsposisies en hul volgehoue hoe uitleenbedrywigheid op die terrein van korttermynkrediet die aantreklikheid van verbandfinansiering verminder het. Die totale toename in die banke se besit aan behuisingslenings gedurende die jaar 1988, wat R5,9 miljard bedra het, was nietemin 'n merkwaardige 180 persent hoër as in die jaar 1987. Die feit dat die toename in die bouverenigings se besit aan verbandlenings, ondanks die betrek-

lik groot bedrae van hul verbandlenings uitbetalings betreklik klein was, was die gevolg van groot kapitaaldelgings wat uit hoofde van huiseienaars se omskakeling van bouverenigingslenings na banklenings en ander bronse van verbandfinansiering gemaak is. Teen die einde van 1988 en in die begin van 1989 is die vraag na behuisingsfinansiering in 'n nie-onbeduidende mate beïnvloed deur die verskillende verhogings wat sedert Oktober 1988 aan die verbandkoerse aangebring is.

Die waarde van vaste-eiendomtransaksies het in die vierde kwartaal van 1988 sowat R5,0 miljard bedra, teenoor R4,9 miljard in die derde kwartaal. Die totale waarde van hierdie transaksies het in 1988 op R19,6 miljard te staan gekom, wat 'n aansienlike 29 persent hoër was as in die voorafgaande jaar.

Rente- en opbrengskoerse

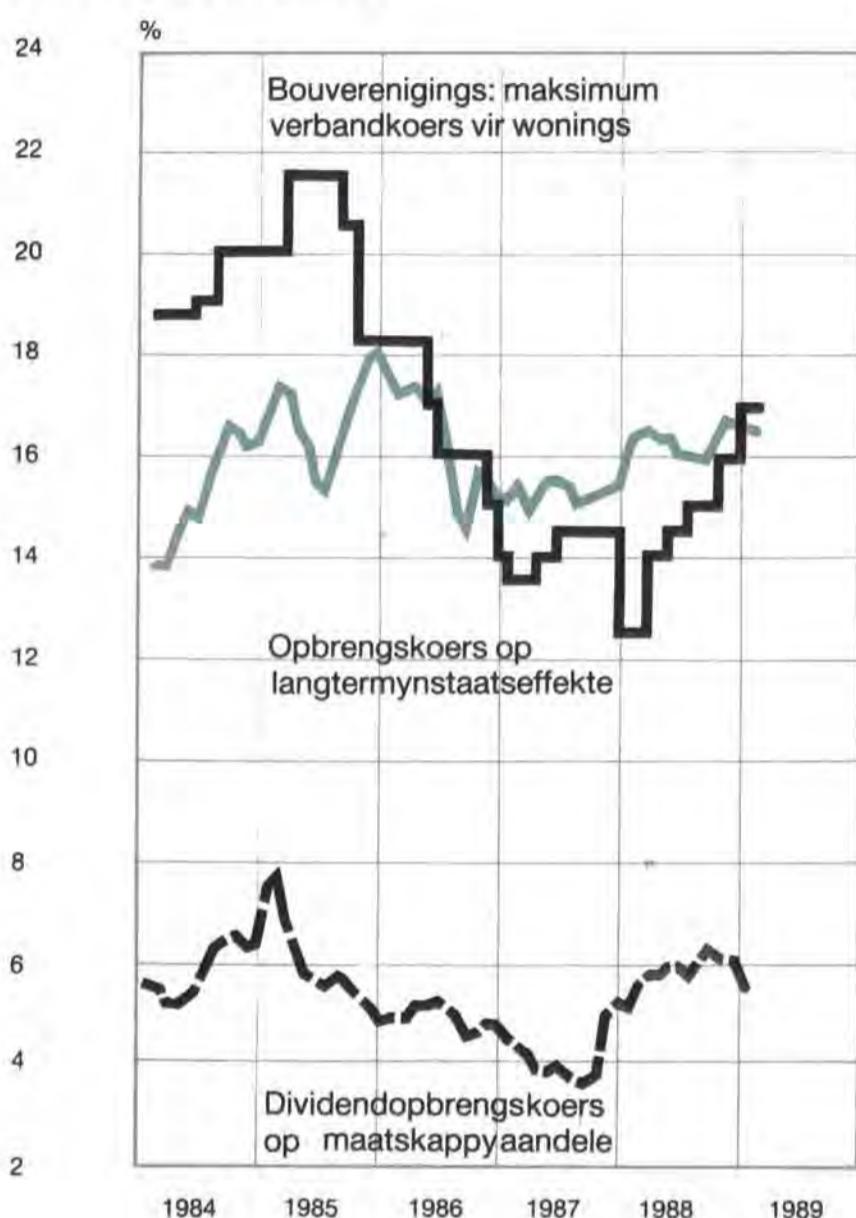
Die afwaartse beweging van die langtermynrentekoerse, wat aan die begin van die tweede kwartaal van 1988 'n aanvang geneem het, het in Oktober sy stu-krag verloor en die omgekeerde rigting ingeslaan. Die maandelikse gemiddelde opbrengskoers op langtermynstaatseffekte het van 16,6 persent in Maart 1988 tot 16,0 persent in September gedaal, maar na 16,5 persent in Oktober en 16,8 persent in November terugbeweeg voordat dit weer marginaal tot 16,6 persent in Januarie 1989 gedaal het. Daarna het dit effens verder afgeneem tot 16,5 persent in die eerste helfte van Februarie. Die teleurstellende verloop van die dollarprys van goud in Februarie 1989, die volgehoue groot toenames in die geldvoorraad en stygging in die korttermynkoerse, en besorgdheid oor die moontlike omvang van die Regering se begrotingstekort in die fiskale jaar 1989/90, het vervolgens egter meegebring dat hierdie opbrengskoers weer tot 'n gemiddelde van 16,7 persent in die tweede helfte van Februarie 1989 gestyg het, sodat die maandelikse gemiddelde onveranderd gebly het op 16,6 persent.

As die spieëlbeeld van die verbetering in die aandelepryse, het die maandelikse gemiddelde dividendopbrengskoers op alle klasse aandele van 6,3 persent in September 1988 tot 6,0 persent in Desember en tot 5,7 persent in Februarie 1989, afgeneem. In September 1987 het hierdie opbrengskoers 'n laagtepunt van 3,6 persent bereik.

Ná die verhoging van die Bankkoers van 12,5 persent tot 14,5 persent met ingang van 3 November 1988, is die bouverenigings se oorheersende huisverbandkoers vanaf 15,0 persent in die derde kwartaal van 1988 tot 18,0 persent aan die einde van Februarie 1989 verhoog, teenoor die koers van 12,5 persent wat in Februarie 1988 geheers het. Sekere bouverenigings het hulle verbandkoerse tot 18,25 persent verhoog. Hierdie verhogings is ingestel vóór die Bankkoersverhoging wat op 23 Februarie in werking getree het; geen verdere verhogings van die verbandkoerse is

Staatsfinansies

Langtermynrentekoerse



vanaf 23 Februarie tot die derde week in Maart deur die bouverenigings aangekondig nie.

Die oorheersende rentekoers op deposito's van twaalf maande by die banke en die bouverenigings is gedurende 1988 in verskeie stappe verhoog. Aan die einde van Februarie 1989 is 'n koers van 14,5 persent deur sowel die banke as die bouverenigings op hierdie deposito's aangebied, teenoor die koers van onder-skeidelik 10,8 persent en 11,0 persent wat in Februarie 1988 deur die banke en die bouverenigings op hierdie deposito's genoteer is.

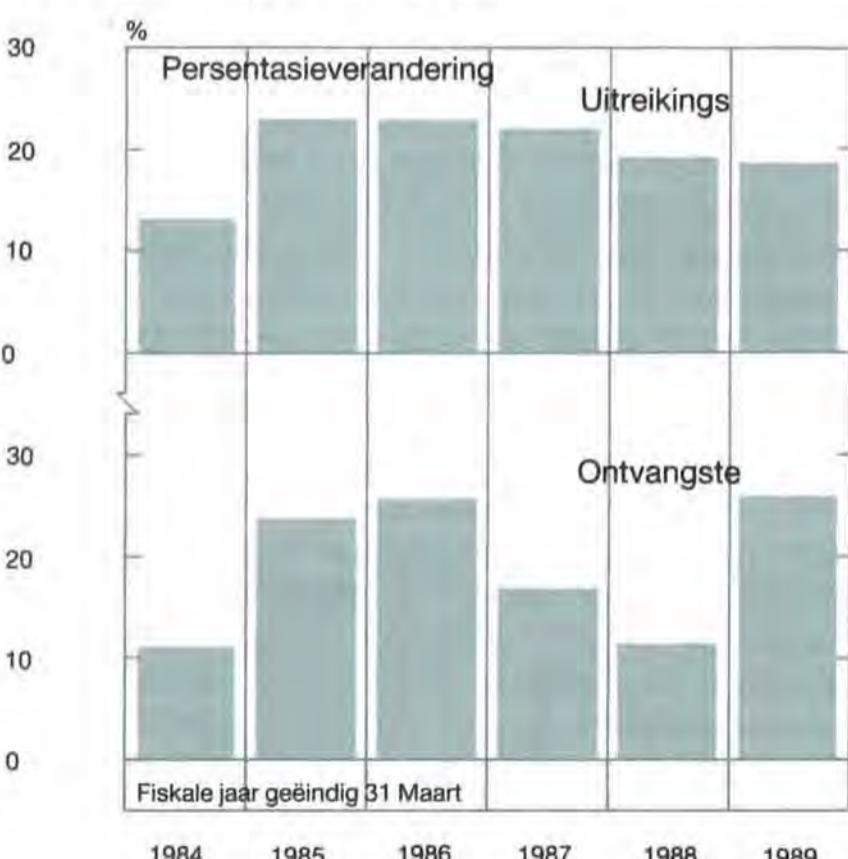
Resultaat van die Sentrale Regering se Begroting vir die fiskale jaar 1988/89

Die verwagte resultaat van die Begroting van die Sentrale Regering vir die fiskale jaar 1988/89 wat deur die Minister van Finansies in sy Begrotingsrede van 15 Maart 1989 aangekondig is, het in belangrike mate van die begrotingsramings van Maart 1988 afgewyk. Sowel die skatkisuitreikings as die skatkisontvangste was aanmerklik hoër as in die oorspronklike begrotingsramings. Die uiteindelike stimulerende uitwerking van die Begroting vir 1988/89 was egter effens kleiner as wat in Maart 1988 in die vooruitsig gestel is.

Die skatkisuitreikings aan staatsdepartemente in die fiskale jaar 1988/89 sou volgens die Minister se raming R56 556 miljoen beloop. Dit sou die oorspronklike begrotingsramings met R2 691 miljoen of 5 persent oorskry. Die toename in die skatkisuitreikings in die fiskale jaar 1988/89 vanaf die werklike bedrag van die uitreikings in die fiskale jaar 1987/88 sou 18,4 persent bedra, wat sou neerkom op 'n *reëele* styging van ongeveer 5 persent.

Die totale inkomste-invorderings in die fiskale jaar 1988/89 is deur die Minister op R47 460 miljoen ge-ram. Dit sou die oorspronklike begrotingsramings met 'n aansienlike bedrag van R3 455 miljoen of met bykans 7,9 persent oorskry. Die toename in die inkom-

Skatkisuitreikings en -ontvangste



ste-ontvangste in die fiskale jaar 1988/89 vanaf die werklike ontvangste in 1987/88 sou 'n opmerklik hoë 25,2 persent beloop, wat 'n reële styging van byna 11,0 persent sou beteken. Soos in die bygaande tabel getoon word, is daar in die fiskale jaar 1988/89 groot toenames in die invorderings van inkomstebelasting van maatskappye (uitgesonderd mynmaatskappye) en van algemene verkoopbelasting aangeteken. Hierbenewens het die relatiewe toename in die ontvangste van doeane- en aksynsregte op 'n buitengewoon hoë peil van 90 persent te staan gekom, wat die begrotingsramings aansienlik te bove gegaan het. 'n Daling in die ontvangste vanaf goud- en ander myne is reeds in die oorspronklike begrotingsramings voorsien; die ontvangste van mynmaatskappye behalwe goudmynmaatskappye was in werklikheid egter ongeveer 32 persent hoër as wat vir die doel van die Begroting geprojekteer is.

Die ontvangste aan algemene verkoopbelasting was beduidend hoër as in die oorspronklike begrotingsramings vanweë die feit dat die vlak van die binnelandse ekonomiese bedrywigheid en besteding hoër was as wat verwag is en vanweë die uitfasering van die debiteuretoelaes met betrekking tot die verkoopbelasting, waarmee vanaf 1 Julie 1988 'n begin gemaak is. Die totale ontvangste aan doeane- en aksynsregte het, hoofsaaklik vanweë aansienlike stygings in die invorderings van doeane-regte in die algemeen, die bobelasting op ingevoerde goedere en die brandstofheffing, eweneens 'n aanmerklike toename getoon. Die hoër peil van die invorderings van doeane-regte het met die hoër vlak van die invoer in die algemeen in verband gestaan; die hoër bobelastingskoerse op sekere kategorieë invoergoedere het vanaf 15 Augustus 1988 van krag geword. Die brandstofheffings is by drie geleenthede in die loop van die fiskale jaar 1988/89 verhoog.

Die geraamde tekort voor lenings en skuldaflossing ten aansien van die fiskale jaar 1988/89 het R9 096 miljoen beloop, wat R764 miljoen minder was as waarvoor die oorspronklike begrotingsramings voorsiening gemaak het. Op hierdie peil het die begrotingstekort

soos aangeteken op 4,4 persent van die verwagte bruto binnelandse produk te staan gekom, wat effens minder was as die verhouding van 4,9 persent van die bruto binnelandse produk wat deur die oorspronklike begrotingsramings in die vooruitsig gestel is. Die geraamde tekort van R9 096 miljoen en leningsterugbelatings van R4 991 miljoen sou na verwagting gefinansier word, en daar is voorgestel dat die voorsiene oorskot vir 1988/89 aangewend word, op die wyse soos hieronder uiteengesit:

	R miljoene
Openbare Beleggingskommis-sarisse (OBK)	4 800
Nuwe uitgiftes van staatseffekte	6 489
Nie-bemarkbare effekte (netto)	-405
Buitelandse lenings (netto) ¹	412
Korttermynlenings (netto)	-1 760
Gebruik van beskikbare kontantsaldo's ²	280
Oordragte na:	
Reserwebank	-1 000
Spesiale Verdedigingsrekening	-320
Verkoop van bates	600
Totaal	9 096

¹ Met inbegrip van fondse uit buitelandse deposito's wat by die OBK gehou word.

² Toename -; afname +.

Die Staatsbegroting vir 1989/90

In sy voorlegging van die Begroting vir 1989/90 aan die Parlement op 15 Maart 1989 het die Minister van Finansies verklaar dat die ekonomiese beleid in die komende jaar die sterk uitbreiding wat gedurende die afgelope jaar in die binnelandse besteding voorgekom het, sou moes temper, en dat die fiskale beleid in daardie verband 'n besondere verantwoordelikheid sou moes dra. Die Begroting soos aangebied was op sowel die korttermyn- as

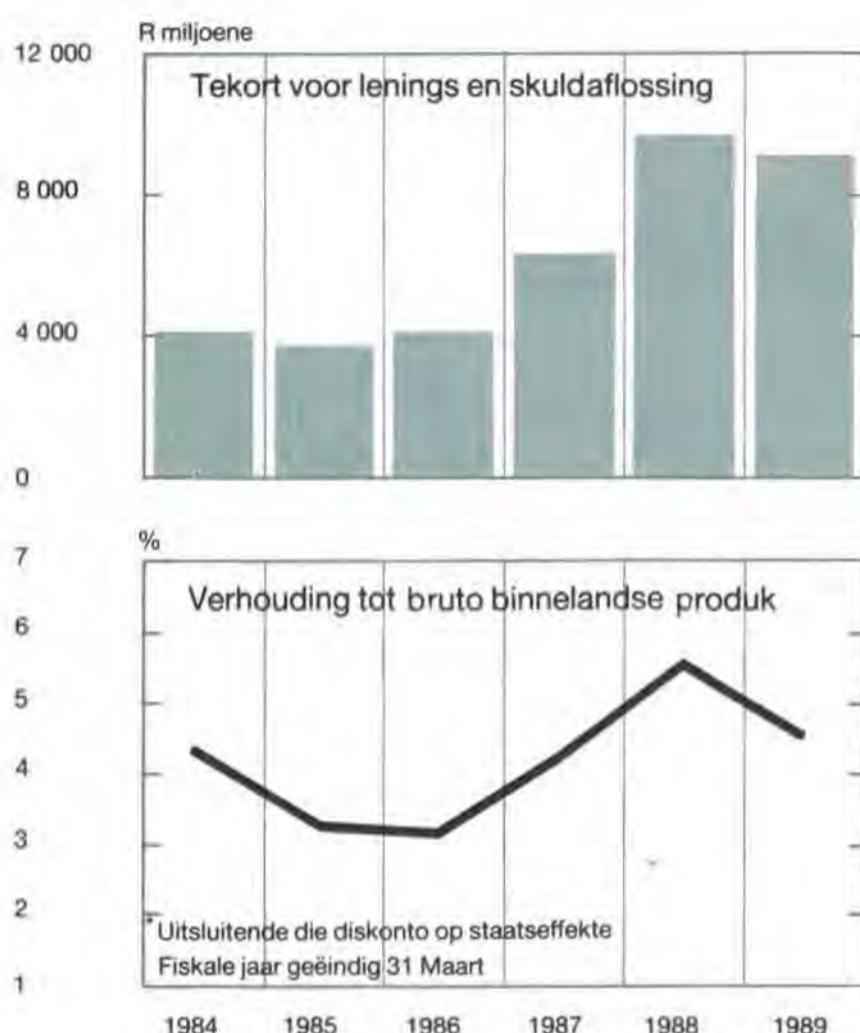
Staatsinkomstefonds – Inkomste-invorderings in 1988/89

	Begroting ¹		Verwagte invorderings	
	R miljoene	Persentasieverandering ²	R miljoene	Persentasieverandering ²
Totale invorderings vanaf goud- en ander myne	2 840	-16,5	3 076	-9,6
Inkomstebelastinginvorderings vanaf ander maatskappye	7 535	26,8	8 100	36,3
Inkomstebelastinginvorderings vanaf individue	13 595	11,6	13 960	14,6
Algemene verkoopbelasting	11 600	14,0	12 900	26,8
Doeane- en aksynsregte	5 320	54,8	6 530	90,0
Ander ontvangste	3 115	18,7	2 894	10,3
Totale ontvangste	44 005	15,9	47 460	25,0

¹ Begrotingsrede, Maart 1988.

² In vergelyking met werklike invorderings gedurende die fiskale jaar 1987/88.

Skatkistekort*



die langtermyndoelstellings van die Regering gemik en het ook beoog om steun te verleen aan die struktuuraanpassings wat alreeds besig was om in die ekonomie plaas te vind.

Wat die Regering se ekonomiese beleidsdoelstellings op die kort termyn betrek, het die Minister verklaar dat die Begroting die sukses wat in die afgelope jaar behaal is, moet konsolideer. Die Begroting sou moes help om die betalingsbalans te verstewig en nie self bydra tot besorgdheid oor die wisselkoers en die land se buitelandse-skuldterugbetaalingsverpligtings nie. Dit sou ook nie die inflasieprobleem moes vererger deur oormatige toenames in die binnelandse besteding of deur ongesonde maniere van finansiering van die tekort voor lenings nie. 'n Oormatige groot tekort voor lenings moes vermy word om onnodige verdere druk op die geld- en kapitaalmarkte wat tot hoë rentekoerse sou lei, te voorkom. Die sterk oplewing in die private sektor sou egter nie onnodig ingeperk of afgekoel moes word nie maar sou juis soveel as moontlik ruimte toegelaat moes word.

Die Minister het voorts verklaar dat die fiskale beleid so ná as moontlik by die Regering se ekonomiese doelstellings op die lang termyn sou moes hou. Die Regering het die Langtermyn Ekonomiese Strategie wat deur die Ekonomiese Adviesraad opgestel is, aanvaar,

waarvolgens die staatsuitgawes stadiger behoort toe te neem as die uitgawes in die res van die ekonomie, die tekort voor lenings geleidelik afgebring behoort te word na 'nvlak wat nie hoër is as 3 persent van die bruto binnelandse produk nie, daar by die vyfjarige riglynprogram vir die staatsuitgawes gehou sal word, en die belastingdruk, veral op die persoonlike sektor, nie verder verhoog behoort te word nie maar geleidelik selfs verminder sal word. Verskeie ontwikkelings soos die Regering se vredesinitiatiewe, die instelling van gebruikersheffings en privatisering het moontlikhede geskep vir 'n uiteindelike strukturele verlaging van die staatsbesteding. Die uitwerking van hierdie ontwikkelings op die staatsbesteding was tot dusver egter nog te beperk om tans reeds 'n beduidende verligting van die belastingdruk toe te laat of om ruimte te skep vir 'n vinniger verskuiwing van direkte na indirekte belasting. Hierteenoor was daar wel reeds met 'n verskuiwing in die rigting van 'n kleiner relatiewe tekort voor lenings vordering gemaak.

Wat die gewenste struktuuraanpassings in die ekonomie betrek, was die Begroting daarop gemik om aanpassingsprogramme in die landbou, die mynwese, die fabriekswese en die finansiële sektor te ondersteun. Hierdie programme en die betrokke begrotingsvoorstelle het ten doel gehad om 'n gesonde basis te lê vir hoë ekonomiese groeikoerse in die toekoms.

Die staatsinkomste sou volgens raming in die fiskale jaar 1989/90 met 16,0 persent toeneem. By hierdie raming was ingesluit die inkomsteverhogende uitwerking van 'n verhoging met een persentasiepunt (tot 13 persent) van die koers van die algemene verkoopbelasting, wat vanaf 20 Maart 1989 in werking sou tree, en van 'n verhoging van die aksynsregte op 'n reeks produkte, sowel as die inkomsteverminderende uitwerking van verhogings van die primêre kortings vir individuele belastingbetalers en van 'n klein verlaging van die belasting op die mynbedryf. Die voorgestelde afsonderlike belasting van egpare, waarvolgens alle salaristrekende werkende vroue kragtens die stelsel van standaard-inkomstebelasting op werknemers (die SIBW-stelsel) belas sal word, en verhogings van die SIBW-plafonne vir mans en ongetrouwe vroue, sou in die fiskale jaar 1989/90 nie tot 'n verlies aan belasting lei nie.

Die staatsbesteding sou volgens die Begroting in die fiskale jaar 1989/90 met 15,0 persent toeneem; dit sou na verwagting beteken dat die reële staatsbesteding geen groei sou toon nie. By hierdie toename van 15 persent was 'n bedrag van R1 000 miljoen ingesluit wat as 'n voorsiening vir onvoorsiene bestedingshoeftes opsy gesit is. Die aandeel van kapitaalbesteding in die totale besteding sou na raming R5 076 miljoen beloop. Dit sou ongeveer 7 persent meer wees as die bedrag waarvoor oorspronklik ten aansien van die fiskale jaar 1988/89 begroot is. Die tekort voor lenings is op R9 949 miljoen geraam, wat sou gelykstaan aan ongeveer 4,1 persent van die bruto binne-

landse produk. Daar is voorgestel dat hierdie Begroting op die volgende wyse gefinansier sou word:

	R miljoene
Inkomste	55 068
Uitgawes	65 017
Tekort (voor lenings)	<u>9 949</u>
Finansiering (uitgesonderd skuldaflossing):	
Openbare Beleggingskommis-saris (OBK)	5 200
Nuwe uitgifte van staatseffekte ..	4 370
Nie-bemarkbare effekte (netto)	-280
Skuldstilstand en buitelandse fondse (netto)	367
Beskikbare saldo's ¹	<u>292</u>
Totaal	<u>9 949</u>

¹ Toename -; afname +.

Begroting van die Suid-Afrikaanse Vervoerdienste vir 1989/90

In die Begroting van die Suid-Afrikaanse Vervoerdienste vir die finansiële jaar 1989/90, wat op 22 Februarie 1989 in die Parlement ter tafel gelê is, is die totale inkomste in die nuwe finansiële jaar op R12 402 miljoen geraam. Die binnelandse tariewe en reisgelde is gemiddeld met 8,7 persent verhoog. Die bedryfsuitgawes in 1989/90 is op R12 400 miljoen geraam. Dit het beteken dat hierdie uitgawes vanaf die finansiële jaar 1988/89 tot die finansiële jaar 1989/90 met R1 552 miljoen, of 14,3 persent sou toeneem. Die bedryfsurplus wat hieruit sou voortspruit, is dienooreenkomsdig op R2 miljoen geraam, teenoor die begrote *tekort* van R96 miljoen en 'n verwagte werklike tekort van R115 miljoen in 1988/89. Die kapitaalbesteding in 1989/90 is op R1 710 miljoen gestel wat R783 miljoen of 'n aansienlike 84,5 persent meer sou wees as waarvoor in die Begroting vir 1988/89 voorsiening gemaak is. Aangesien beplan word dat die wetlike struktuur van die Suid-Afrikaanse Vervoerdienste in die van 'n selfbesturende korporatiewe liggaam omskep sal word, is dit waarskynlik dat die SAVD-Begroting van 22 Februarie 1989 die laaste sodanige begroting was wat in die Parlement ter tafel gelê is.

Begroting van die Departement van Pos- en Telekommunikasiewese vir 1989/90

In die Begroting van die Departement van Pos- en Telekommunikasiewese vir die finansiële jaar 1989/90, wat op 6 Maart 1989 in die Parlement ter tafel gelê is, is die bedryfsuitgawes op R5 155 miljoen geraam, wat 'n toename van sowat R805 miljoen of 18,5 persent bo die van die voorafgaande jaar sou beteken. Ondanks

hierdie aanmerklike styging in die besteding, is slegs matige verhogings van 'n wye reeks pos- en telekommunikasieteriewe voorgestel.

Die inkomste in 1989/90 is op R5 350 miljoen ge- raam, wat 4,1 persent hoér sou wees as in 1988/89. Hieruit sou 'n bedryfsurplus van R195 miljoen na vore kom. Die kapitaalbesteding is op R1 450 miljoen gestel, wat 10,9 persent minder sou wees as in 1988/89.

Soos in die geval van die Suid-Afrikaanse Vervoerdienste, is dit moontlik dat die werksaamhede van die Departement van Pos- en Telekommunikasiewese ook in die betreklik nabye toekoms geherstruktureer sal word. Twee afsonderlike selfbesturende korporatiewe liggame word in die vooruitsig gestel wat onderskeidelik die pos- en die telekommunikasiebedrywighede van die Departement sal oorneem.

Verklaring oor voorgestelde veranderings aan die termyndekkingssreëlings

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

8 Desember 1988

Geleidelike onttrekking van die Reserwebank aan die termynmark

Met die goedkeuring van die Minister van Finansies sal die Reserwebank in die komende maande terugkeer na 'n beleid van ordelike onttrekking aan die termynmark in buitelandse valuta wat in Augustus 1985 onderbreek is.

Soos onthou sal word, het so 'n onttrekking deel uitgemaak van die aanbevelings met betrekking tot die buitelandse-valutamark wat deur die Kommissie van Ondersoek na die Monetêre Stelsel en Monetêre Beleid in Suid-Afrika gedoen is en in Augustus 1983 deur die Regering aanvaar is.

Die stappe wat op daardie tydstip deur die Minister van Finansies aangekondig is, het ten doel gehad om 'n ware termynmark in buitelandse valuta te ontwikkel wat goed by die kontantmark ingeskakel sou wees en wat sonder daagliks steun van die Reserwebank kon funksioneer. Die belangrikste voordele van so 'n mark sou wees dat dit (i) daartoe sou bydra om, saam met realistiese rentekoerse, realistiese kontant- en termynwisselkoerse tot stand te bring en (ii) dat dit die verliese op termynvalutakontrakte vir die rekening van die Tesourie in 'n belangrike mate sou verminder en uiteindelik sou uitskakel.

Gedurende Augustus 1985 het die Reserwebank egter die beplande onttrekking aan die termynmark onderbreek as gevolg van die omringende omstandighede toentertyd met die afkondiging van die buitelandse skuldstilstand. Sedertdien het die Bank aansienlike bedrae aan termyndekking aan die buitelandse-valutamark toegestaan deur middel van ruiltransaksies vir 'n maksimum tydperk van twaalf maande wat op die heersende kontantwisselkoers gegrond is.

In die omstandighede het die saldo van die uitstaande termynverkope van die Reserwebank aansienlik toegeneem – wat deels toegeskryf kan word daaraan dat debiteure hul verpligtigs in buitelandse valuta onder die skuldstilstand gedek het, en deels daaraan dat die betalingsverpligtigs vir invoere sedert die middel van 1987 'n groot toename getoon het.

As gevolg van die stijging in die waarde van die VSA-dollar teenoor die rand gedurende die eerste tien maande van 1988, het die Reserwebank gedurende daardie tydperk aansienlike maar onvermydelike verliese op sy termynboek gely. Hierdie verliese was vir die rekening van die Tesourie en uiteindelik vir die rekening van die Suid-Afrikaanse belastingbetalers. Dit het die Reserwebank ook genoodsaak om onwillige kontantreserves vir die bankstelsel te skep en

het sodoende tot die oormatige stijging in die geldvoorraad gedurende hierdie tydperk bygedra.

Om die Reserwebank se geleidelike onttrekking aan die termynmark te vergemaklik en om steun aan die ordelike funksionering van die kontant- en termynmarkte te verleen, sal die Bank die praktyk hervat om goudmyne in VSA-dollars te betaal vir hulle produksie wat aan die Bank gelewer word, sodat die myne hierdie dollars in die binnelandse mark kan plaas binne die tydsgronde wat deur die Deviesebeheervoorskrifte bepaal word – tans sewe dae. Die opbrengs van die goudverkope sal na dollar-gedenomineerde rekeninge van die myne wat vir hierdie doel in die Reserwebank se boeke geskep sal word, gekrediteer word, en sal in opdrag van die myne uit hierdie rekeninge na gemagtigde handelaars in buitelandse valuta oorgeplaas word. Die myne sal ook toegelaat word om binne vastgestelde perke die dollaropbrengste van hul bekende toekomstige goudproduksie vooruit te verkoop.

Die presiese tydsberekening van die Reserwebank se geleidelike onttrekking aan die termynmark sal in samewerking met die betrokke banke bepaal word. Om ontwrigtende veranderings in rentekoerse en wisselkoerse te voorkom, sal dit 'n geleidelike proses moet wees en sal die Bank hom die reg voorbehou om na goeddunke te eniger tyd vir sy normale doelstellings as sentrale bank deur middel van intervensie in die termynmark op te tree.

Die Reserwebank sal voorlopig voortgaan met sy huidige gebruik om deur middel van ruitransaksies termyndekking aan gemagtigde handelaars in buitelandse valuta te verskaf ten einde dekking te verleen vir hulle oorgekopte of oorverkopte posisies met betrekking tot erkende verpligtigs of eise in buitelandse valuta van hul kliënte. 'n Perk sal egter op hierdie fasilitate geplaas word en sal vir elke gemagtigde valutahandelaar, ingevolge 'n ooreengekome skedule, geleidelik verlaag word.

Voorkeurkoerse vir termyndekking teen dokumentêre bewys van buitelandse handelskrediete

As 'n tydelike maatreël wat daarop gemik is om die neiging teen te werk dat Suid-Afrikaanse invoerders en uitvoerders vanaf duur buitelandse bronnes van financiering na goedkoper binnelandse bronnes omskakel, sal die Reserwebank bereid wees om deur middel van die banke *teen voorkeurkoerse termyndekking te verskaf vir kredietlyne om invoere te finansier*. Hierdie dekking sal egter slegs beskikbaar wees teen dokumentêre bewys van die gebruik van buitelandse

kredietlyne en op voorwaarde dat die vervaldatum van sodanige dekking ooreenstem met die vervaldatum van die betrokke onderliggende buitelandse finansiering. Sodanige dokumentêre bewys sal normaalweg 'n termynkredietbrief wees gestig deur 'n bank en waarin voorsiening gemaak word vir onderhandeling van die termyntrekking deur die buitelandse bank.

Uitvoerders sal op soortgelyke wyse aangemoedig word om voor-uitvoerfinansiering deur die termynmark teen voorkeurkoerse te gebruik. Net soos in die geval van invoere, sal sodanige dekking slegs verskaf word teen dokumentêre bewys van buitelandse kredietlyne en op voorwaarde dat die vervaldatum van sodanige dekking ooreenstem met die vervaldatum van die betrokke onderliggende buitelandse finansiering. Normaalweg sal termyndekking nie in die geval van voor-uitvoerfinansiering verlang word nie, maar kompensierende kontrakte sal ten opsigte van handelskredietlyne wat gebruik word om uitvoere te finansier, toegelaat word, om sodoende uitvoerders in staat te stel om hulle wisselkoersrisiko vir die tydperk van sodanige finansiering te verskans.

Langtermyndekking

- (i) Ten einde die gebruik van langertermynfinansiering vir die invoer van kapitaalgoedere aan te moedig, sal die Reserwebank, met onmiddellike inwerktingtreding, versoek vir termyndekking oor 'n langer termyn, wat ook in ander vrylikoordbare internasionale geldeenhede benewens die VSA-dollar gedenomineer kan word, oorweeg. Hierdie dekking sal vir die volle tydperk (of vir die oorblywende tydperk in die geval van bestaande finansiering) van sodanige langertermynfinansiering aangebied word en sal saamval met die vervaldatum van die onderliggende finansieringstransaksies. Die dekking sal teen markverwante koerse aangebied word.
- (ii) Om die omskepping van fondse wat in die skuldstilstand vasgevang is in langertermynlenings – soos uiteengesit in klousule 12 van die Memorandum tot die Tweede Tussentydse Skuldreëlingsbrief – te vergemaklik, sal die Bank ook versoek oorweeg van Suid-Afrikaanse leners vir termyndekking op langer termyn wat met die aflossingsprofiel van sodanige lenings ooreenstem. Hierdie dekking sal tot slegs VSA-dollars beperk wees, maar sal op versoek ook beskikbaar wees vir omskeppings wat reeds voor hierdie aankondiging gedoen is.

Verklaring oor banktoesighouding en deviesebeheer

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

6 Februarie 1989

Ná oorleg met die Minister van Finansies het die Reserwebank besluit om die volgende stappe te doen om die doeltreffendheid van die Bank se banktoesighouding en deviesebeheer te verbeter.

- (1) Terwyl die Departement Banktoesighouding en die Departement Deviesebeheer sal voortgaan om as afsonderlike entiteite onder hul huidige besture te funksioneer, sal dr A.S. Jacobs, as Senior Vise-president van die Bank, spesifieke verantwoordelikheid daarvoor aanvaar om die bedrywighede van hierdie twee departemente te koördineer.
- (2) Die Reserwebank gaan sy Departement Deviesebeheer, en in die besonder die Inspeksie-afdeling van daardie Departement, verder uitbrei – 'n proses waarmee reeds enkele maande gelede begin is. In Oktober 1988 was die totale aantal werknemers in daardie Departement 184, waarvan slegs 33 tekenpligtige amptenare was wat gemagtig was om besluite met betrekking tot deviesebeheeraansoeke te neem. Sodanige aansoeke, dit wil sê aansoeke wat of regstreeks aan die Reserwebank gerig is of deur die banke na die Reserwebank verwys word, het oor die afgelope aantal maande ongeveer 1 300 per week beloop. Van die 33 tekenpligtige amptenare was 7 inspekteurs. Teen die begin van Februarie 1989 het die totale aantal werknemers in die Departement tot 193 toegeneem; hiervan is 40 tekenpligtige amptenare, waarby 10 inspekteurs ingesluit is. Verdere uitbreiding word beplan, waaronder die aanstelling van 'n verdere 5 inspekteurs.
- (3) Die Departement Banktoesighouding is ook in die proses om verder uitgebrei te word. Soos die saak tans staan, word die Registrateur en die Adjunk-Registrateur van Banke en Bouverenings deur slegs 4 senior amptenare en deur 'n verdere 14 tekenpligtige amptenare in meer junior posisies bygestaan. Hierdie Departement sal in die toekoms ook meer van gekwalifiseerde rekenmeesters gebruik maak.

Die ondersoeke wat deur die Harms-Kommissie na sekere beweerde oortredings van die Bankwet en van die Deviesebeheerregulasies ingestel is, het die belangrikheid onderskryf, nie slegs van die behoefte aan meer intensiewe en meer uitgebreide banktoesighouding en deviesebeheer nie, maar ook van die behoefte aan *verbeterde koördinasie* tussen hierdie twee wyd uiteenlopende beheerfunksies. Die nuwe maatreëls is bedoel om aan hierdie behoefte te voldoen.

Die monetêre owerhede het self reeds op 'n vroeëre stadium kennis geneem van 'n toenemende neiging om sowel die Bankwet as die deviesebeheerregulasies te oortree en het uit hoofde daarvan 'n reeks maatreëls getref om die doeltreffendheid van die banktoesighouding en die deviesebeheer te verbeter. Hierdie maatreëls het die volgende ingesluit:

- (1) Die Bankwet is met ingang van 22 Julie 1988 gewysig om die Reserwebank se reg van inspeksie uit te brei na individue of instellings wat nie as banke of bouverenigings geregistreer is nie maar wat daarvan verdink word dat hulle die Bankwet oortree deur deposito's van die algemene publiek aan te neem. Voorheen was die Reserwebank se reg van inspeksie tot *geregistreerde* banke en bouverenigings beperk.
- (2) Op 'n vergadering van die Multilaterale Tegniese Komitee oor Finansies – bestaande uit verteenwoordigers van die Republiek van Suid-Afrika en van die TBVC-lande (Transkei, Bophuthatswana, Venda en Ciskei) wat op 6 September 1988 in Umtata gehou is, is die onbevredigende aard van die huidige regulering van banksake *oor die landsgrense tussen die Republiek en die TBVC-lande heen*, bespreek en is 'n ondersoek van stapel gestuur na metodes en maniere om hierdie toestand te verbeter.
- (3) Op versoek van die Minister van Finansies is daar gedurende die tweede week van Desember 1988 'n werksgroep in die lewe geroep om, in die lig van inligting wat bekom is oor nuwe tegnieke wat na bewering gebruik sou gewees het om die deviesebeheerregulasies te oortree, sekere afgehandelde valutatransaksies nogmaals in oënskou te neem. Hierdie tegnieke het hoofsaaklik oorfakturering en die onwettige gebruik van die finansiële-randmeganisme behels. Hierdie werkgroep het, benewens die Reserwebank se belangrikste Deviesebeheeramptenare en -inspekteurs, ook verteenwoordigers van die Departement van Finansies en van die Nywerheid-ontwikkelingskorporasie sowel as 'n senior offisier van die Suid-Afrikaanse Polisie ingesluit. Die groep is ook gemagtig om individue uit die private sektor te koopeteer in gevalle waar sodanige persone deskundigheid kon voorsien wat in die Departement Deviesebeheer self nie geredelik beskikbaar was nie. Die twee hoofdoelstellings van hierdie optrede is om moontlike oortredings vir nadere ondersoek aan die lig te bring en om procedures van die de-

viesebeheer, waar nodig, sowel in die Reserwebank as by die ander banke, by die nuwe omstandighede aan te pas en te verbeter.

- (4) In die loop van 1988 het die Departement Deviesebeheer van die Reserwebank ook die samenwerking van 'n aantal staatsdepartemente en van die Instituut van Rekenmeesters aangevra om tegnieke te ontwikkel om die oorfakturering van invoergoedere en ander bedrogspraktyke vir die oorplasing van kapitaal na die buiteland aan bande te lê. Die Instituut het reeds sekere aanbevelings voorgelê en is besig om verder met sy ondersoek voort te gaan.
- (5) Die Reserwebank is nou reeds vir enkele maande besig om opnuut aandag te gee aan die uiters belangrike rol wat die banke wat as gemagtigde valutahandelaars gelisensieer is, by die administrasie van die deviesebeheer vervul. Die ondersoek van die Harms-Kommissie het ook die behoeftte beklemtoon om te verseker dat hierdie banke, wat in die voorhoede van die deviesebeheer staan, hul beheerfunksies met groter ywer en doeltreffendheid uitvoer.

Deviesebeheer kan nooit 'n *plaasvervanger* vir gepaste monetêre en fiskale beleid wees nie. Dit kan veral nooit die behoeftte aan realistiese rentekoerse en wisselkoerse uit die weg ruim nie. Op sy beste is dit 'n *aanvullende* maatreël.

Hierbenewens is deviesebeheer, soos die ondervinding in ander lande getoon het, uit die aard van die saak 'n onvolmaakte beleidsinstrument wat aan sekere inherente swakhede mank gaan. In die eenparige Finale Verslag wat die *Kommissie van Ondersoek na die Monetêre Stelsel en Monetêre Beleid in Suid-Afrika* in Mei 1985 voorgelê het, het die Kommissie (paragraue 12.27 en 12.28) hom soos volg oor die saak uitgelaat:

"In Suid-Afrika se redelik ontwikkelde en verfynde finansiële stelsel kan valutabeheer wettig sowel as onwettig op 'n aantal wyses omseil word. Hierdie wyses sluit in die onderfakturering van uitvoergoedere, die oorfakturering van invoergoedere, vals of buitensporige kommissies en sogenaannde 'oordragprysbepaling' – die heeltemal wettige praktyk om pryse in transaksies tussen verwante maatskappye wat in verskillende lande bedrywig is, opsetlik te verwring. Die Kommissie het natuurlik moontlike weë en middele oorweeg om hierdie verskillende skuiwergate doeltreffend toe te stop, maar het tot die gevolg trekking gekom dat sodanige optrede oor die algemeen ernstig inbreuk sou maak op burgerlike vryheid, gevestigde geregtelike procedures en gewone handelspraktyke, sonder enige waarborg vir sukses, en dat dit dus nie aanbeveel kan word nie."

Wat selfs belangriker is, is dat valutabeheer baie min daartoe kan bydra om korttermynkapi-

taalbewegings in die vorm van 'vervroegings' en 'vertragings' in lopende buitelandse betalings en ontvangste te beheer. Hierdie vervroegings en vertragings is normaal en heeltemal wettig en neem dikwels groot afmetings aan in 'n vername handelsland soos Suid-Afrika"

In weerwil van hierdie inherente swakhede van deviesebeheer, bly die monetêre owerhede nietemin daarvan oortuig dat, gegewe die druk en spanning in Suid-Afrika se buitelandse betrekkinge en in die besonder die bestaan van sanksies en disinvestering, deviesebeheer oor sowel nie-inwoners as inwoners ten aansien van kapitaalbewegings nog steeds noodsaaklik is as 'n aanvulling van die monetêre en fiskale beleid. *En solank as wat dit die geval is, moet die beheer so effektief as moontlik gemaak word.* Dit is met hierdie doel voor oë dat die Reserwebank die reeks maatreëls getref het wat hierbo uiteengesit is.

Dit alles word egter gedoen met behoorlike ingeneming van die behoeftte om te voorkom dat 'n oormatige groot burokratiese beheerstruktuur, met al die daarmee gepaardgaande "rompslomp", in die lewe geroep word, en om te verhoed dat die verskerpte toepassing van deviesebeheer Suid-Afrika se buitelandse handel en algemene ekonomiese ontwikkeling nadelig beïnvloed.

Verklaring oor monetêre beleid

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

22 Februarie 1989

Ná oorleg met die Minister van Finansies het die Reserwebank besluit om monetêre beleid verder te verskerp ten einde die koerse van toename in bankkrediet en in die geldvoorraad te verminder.

Met hierdie doel voor oë gaan die Bank sy eie netto binnelandse kredietverlening in die vorm van akkommodasie by die diskontovenster sowel as deur middel van opemarktransaksies, beperk. Hierin lê die sleutel tot beter beheer oor die geldvoorraad, aangesien dit onder die huidige omstandighede die Reserwebank se kredietverlening is wat aan die banke die kontantreserves verskaf wat hulle nodig het om as basis vir uitbreidings van hul diskonterings, lenings, voorskotte en beleggings te dien.

Gegewe die hoë vlak van die ekonomiese bedrywigheid en die gevolglike sterk vraag na krediet wat nog steeds bestaan, sal die voorgenome verminderung van die Reserwebank se verskaffing van kontantreserves aan die banke waarskynlik tot ten minste 'n tydelike verdere stygging in sekere korttermynrentekoerse, waaronder ook die prima-oortrekkingskoerse, aanleiding gee. Dit is 'n onvermydelike gevolg van die minder akkommaderende monetêre-beleidsingesteldheid wat nou aanvaar word.

In ooreenstemming met hierdie verwagte stygging in die korttermynrentekoerse het die Reserwebank besluit om sy koerse vir die herdiskontering van skatkiswissels, Landbankwissels en bankaksepte vir alle bankinstellings behalwe die diskontohuise vanaf 15,0 persent, 15,15 persent en 15,30 persent tot onderskeidelik 16,0 persent, 16,15 en 16,30 persent, dit wil sê met 1 persentasiepunt in elkeen van hierdie gevalle, te verhoog. Dienooreenkomsstige verhogings sal aan die Bank se rentekoerse op oornaglenings aan banke aangebring word. Die nuwe koerse sal met ingang van 23 Februarie 1989 in werking tree.

Terselfdertyd het die Bank besluit om weg te doen met die voorkeurmarge van $\frac{1}{2}$ persent wat voorheen ten opsigte van sy onderskeie herfinansieringsfasilitete aan die diskontohuise toegestaan is. In die toekoms sal die Bank dus slegs een stel herfinansieringskoerse hê wat op sowel die banke as die diskontohuise van toepassing sal wees. Dit is in wese 'n tegniese aanpassing wat aangebring word ter erkenning van die evolusionêre veranderings wat hulle oor die afgelope aantal jare in die funksies van die diskontohuise voorgedoen het en veral van die feit dat die diskontohuise nie langer diens doen as die belangrikste leikanaal waardeur die banke akkommodasie van die Reserwebank opneem nie. Die kern-herdiskonteringskoerse van die Reserwebank bestaan in werklikheid nou reeds vir geruime tyd uit die koerse wat op die

banke van toepassing is, en nie uit die koerse wat van die diskontohuise gevra word nie.

Die term "Bankkoers", wat in die verlede verwys het na die voorkeurkoers waarteen die Reserwebank skatkiswissels vir die diskontohuise herdiskonter het, sal derhalwe in die toekoms betrekking hê op die eenvormige herdiskonteringskoers vir skatkiswissels vir sowel banke as diskontohuise. In die praktyk beteken dit dat die Bankkoers vanaf 23 Februarie 1989 16,0 persent sal beloop, in plaas van die vorige 14,50 persent.

'n Verandering wat hieruit voortvloei, is dat die tradisionele maksimum marge tussen die "Bankkoers" en die prima-oortrekkingskoers van die banke nou 3 persentasiepunte sal bedra, in plaas van $3\frac{1}{2}$ persentasiepunte soos voorheen die geval was.

Daar word verwag dat die beplande verminderung van die Reserwebank se akkommodasie aan die banke stygings van tot 1 persent in die prima-oortrekkingskoerse van minstens sekere banke en in sekere ander korttermyn-uitleen- en depositokoerse tot gevolg sal hê. Dit sal hierdie koerse in die regte verhouding te staan bring tot daardie geldmarkrentekoerse wat oor die afgelope paar weke reeds opwaarts beweeg het, soos die koerse op skatkiswissels, Landbankwissels en bankaksepte. Dit spreek vanself dat geen bank of bouvereniging onder 'n verpligting staan om enigeen van sy uitleenkoerse te verhoog indien hy dit nie self as noodsaklik beskou nie.

Of langtermynrentekoerse, met inbegrip van die koerse op huisverbande en die opbrengskoerse op staatseffekte en semi-prima-effekte, wesenlik deur die verwagte stygging in korttermynrentekoerse beïnvloed gaan word, sal natuurlik van vraag-en-aanbodtoestande in die kapitaalmark afhang. Op hierdie tydstip is dit nie vanselfsprekend dat hierdie langtermynrentekoerse wel in enige beduidende mate sal styg nie.

Die behoefté om monetêre beleid in hierdie stadium meer beperkend te maak, het hoofsaaklik uit drie ontwikkelings ontstaan:

- (1) Die daling in die goudprys van 'n gemiddelde van VSA\$437 per fyn ons in 1988 tot heelwat minder as VSA\$400 per fyn ons oor die afgelope paar weke. Indien dit oor 'n volle jaar bereken word, sou 'n daling in die goudprys van \$50 per ons (teen die huidige wisselkoers van die rand teenoor die dollar) 'n afname in die waarde van Suid-Afrika se jaarlikse goudproduksie beteken van ongeveer \$1 miljard of nagenoeg R2,5 miljard.
- (2) Die verdere stygging gedurende die afgelope aantal maande in rentekoerse in Europa en die Ver-

enigde State tot by vlakke wat in reële terme aansienlik hoër as in Suid-Afrika is.

- (3) Die verdere buitensporige styging in die geldvoorraad gedurende Januarie 1989 tot by 'n peil wat 28 persent hoër is as dié van 'n jaar gelede, wat verdere bewys gelewer het dat sowel die sterkte as die duursaamheid van die oplewing in die binelandse ekonomie gedurende 1988 konsekwent onderskat is.

Daar is aanduidings dat die opwaartse beweging in die totale besteding en in die algemene ekonomiese bedrywigheid begin het om meer horisontaal te verloop en dat 'n boonste draaipunt in die konjunkturgolf, in 'n tegniese sin, of reeds verbygesteek is of binnekort bereik sal word. Voorlopig bly dit egter nog die doelstelling van monetêre beleid om die koerse van toename in die geldvoorraad en in die totale besteding te verminder ten einde inflasie teen te werk en om die betalingsbalans te verstewig.

Opmerkings oor die hersiening van die nasionale rekeninge

In die uitgawe van Maart 1988 van die *Kwartaalblad* van die Suid-Afrikaanse Reserwebank is 'n hersiene stel nasionale-rekeningestatistieke gepubliseer wat 1985 in plaas van 1980 gebruik as die basisjaar vir berekenings teen konstante pryse. Dit was nodig omdat dit geblyk het dat veranderings wat sedert 1980 in die sektorale samestelling van die bruto binnelandse produk en in die relatiewe grootte van individuele bestedingskomponente plaasgevind het, die wegingspatroon van 1980 ongeldig gemaak het en die bestaande ramings teen konstante pryse omskep het in onnoukeurige weergawes van die werklike gebeure in die Suid-Afrikaanse ekonomie.

In sy kommentaar op die hersienings van 1988 het die Bank in die lig van die naderende vrystelling van sekere sensusverslae, voorsien dat verdere hersienings in berekening gebring sou moes word wanneer die betrokke inligting beskikbaar kom. Voorlopige resultate van die 1984/85-sensus van die fabriekswese is in November 1988 deur die Sentrale Statistiekdiens beskikbaar gestel. Om te verseker dat daar ten volle van alle beskikbare inligting gebruik gemaak word, is hierdie en ander gegewens wat onlangs gepubliseer is in 'n redelik omvattende hersiening van die totale stel nasionale-rekeningeramings in berekening gebring.

Gedurende die hersieningsproses het die Departement Ekonomie van die Bank en die Sentrale Statistiekdiens ten nouste saamgewerk. Terwyl die aandag van die Sentrale Statistiekdiens op die ramings van die bruto binnelandse produk teen heersende en konstante pryse en op sekere komponente van die private verbruiksbesteding toegespits is, het die Bank die verantwoordelikheid geneem vir al die hoofkomponente van die bruto binnelandse besteding teen heersende en konstante pryse, asook vir die samestelling van die volledige stel nasionale en sektorale rekeninge vir die Suid-Afrikaanse substreek.

Afgesien van die herberekening van die statistiese ramings van die nasionale-rekeningetotale, het die hersienings ook geleentheid gebied om sekere veranderings in die klassifikasie en aanbieding van die inligting aan te bring.

Alhoewel die hersienings op die oog af omvattend is, is die huidige stel nasionale rekeninge geensins finaal in die sin dat geen verdere hersienings in die toekoms verwag hoef te word nie. Vir 'n aantal sektore van ekonomiese bedrywigheid is geen nuwe brongewens onlangs beskikbaar gestel nie. Wanneer sodanige inligting wel beskikbaar word, sal verdere hersienings van die huidige stel gegewens onvermydelik wees. Hierbenewens sal die stawende gegewens insake onaangetekende en informele ekonomiese bedrywighede, namate dit wyer aanvaarding begin geniet, ook in die amptelike nasionale-rekeningeramings in berekening gebring moet word.

Hersiening van die ramings van die bruto binnelandse produk

Nuwe brongewens wat uit verskillende sensussen ander verslae verkry is, was die belangrikste beweegrede vir die hersiening van die ramings van produksie in die sektore landbou, mynbou, fabriekswese, konstruksie en die handel. In die geval van die vervoersektor is die ramings van die toegevoegde waarde aangepas om die nodige voorsiening te maak vir die toenemende belangrikheid van private vervoer en die gevoldlike groei in die private passasiersvervoerbedryf. Produksie in die tersiere sektore is aangepas in die lig van nuwe inligting ten opsigte van die vergoeding van huisbediendes en hersiene ramings van die toegerekende huurwaarde van huise wat deur hul eienaars bewoon word.

Die gemete groei in die hersiene ramings van die reële bruto binnelandse produk wyk ietwat af van die groeikoerse wat voorheen gepubliseer is. Die jaarlikse groeikoerse is opwaarts aangepas tot -0,8 persent in 1985 en afgeskaal tot 0,3 persent en 2,1 persent in 1986 en 1987, dit wil sê met onderskeidelik 0,4 persentasiepunte, 0,7 persentasiepunte en 0,5 persentasiepunte. Die rigting van die veranderings van kwartaal tot kwartaal in die seisoenaangesuiwerde reële bruto binnelandse produk het egter breedweg onveranderd gebly. Die derde kwartaal van 1985 was 'n opmerklike uitsondering: die voorheen geraamde toename het hier na 'n daling omgeslaan.

Hersienings van die komponente van die bruto binnelandse besteding

Hersienings van die komponente van die bruto binnelandse besteding is genoodsaak deur die vrystelling van die resultate van die 1985-opname van uitgawes van huishoudings, 'n deurtastende ontleding van sekere komponente van die private verbruiksbesteding, 'n deeglike ondersoek van totale bronne met inligting oor die finansiële aangeleenthede van verskillende owerheidsliggeme en nuwe inligting oor die bruto binnelandse investering wat uit die sensusse van die mynbou en die fabriekswese verkry is.

Hersiene ramings van die private verbruiksbesteding is hoofsaaklik gebaseer op die resultate van die 1985-opname van uitgawes van huishoudings in alle bevolkingsgroepe wat gesamentlik deur die Sentrale Statistiekdiens en die Buro vir Marknavorsing van Unisa onderneem is. Die Buro vir Marknavorsing het ook ramings van private verbruiksbesteding gemaak vir die selfregerende nasionale state en vir Transkei, Bophuthatswana, Venda en Ciskei, asook in dertien belangrike metropolitaanse gebiede in Suid-Afrika. Deur 'n samevoeging van al hierdie resultate met die Reserwe-

bank se eie ramings van die private verbruiksbesteding in die nie-metropolitaanse gebiede is 'n raming van die totale private verbruiksbesteding in die hele substreek verkry.

Alle subkategorieë van die private verbruiksbesteding is aan hersiening onderwerp. In baie gevalle is die oorspronklike ramings nie geraak nie of was dit nodig om slegs geringe aanpassings te maak. In ander gevallen moes die ramings egter onteenseglik gewysig word. Onder laasgenoemde gevallen kan die volgende bestedingskategorieë uitgelig word: persoonlike vervoertoerusting, besteding aan drank en tabak, mediese en farmaseutiese produktes en besteding aan dienste soos huur, mediese versorging, vervoer en kommunikasie. Die hersiene ramings van die besteding aan vervoer weerspieël onder andere die toenemende belangrikheid van die private taxibedryf.

Die hersienings het opwaartse aanpassings van die jaarlikse groeikoerse in die reële private verbruiksbesteding van 1,1 persentasiepunte in 1983 en 1984 en van 0,8 en 0,7 persentasiepunte in 1985 en 1986 tot gevolg gehad. Die groeikoers vir 1987 het bykans onveranderd gebly. Die nuwe ramings van kwartaallikse syfers asook nuwe seisoensfaktore het geringe hersienings van die groeikoerse van kwartaal tot kwartaal in die seisoensaangesuiwerde reële private verbruiksbesteding tot gevolg gehad.

Die verbruiksbesteding deur die algemene owerheid is hersien in ooreenstemming met die jongste inligting wat vervat is in die verslae van die Ouditeur-Generaal vir talryke owerheids- en buitebegrottingsinstellings en in onlangse opnames van die inkomste en uitgawes van plaaslike owerhede wat deur die Sentrale Statisiekondis geskoen is. Daar dien op gelet te word dat, die buitebegrottingsposte ook die selfregerende nasionale state en die owerheidsrekeninge van Transkei, Bophuthatswana, Ciskei en Venda insluit. Die amptelike finansiële verslae van sommige van hierdie instellings word dikwels eers ná aansienlike vertraging vrygestel. Die benutting van al die beskikbare brongewens het meegebring dat hersiene ramings van die owerheidsverbruiksbesteding tot so ver terug as 1980 opgestel moes word. As gevolg hiervan is die jaarlikse groeikoerse van die reële owerheidsverbruiksbesteding verander met marges wat in absolute syfers tussen 0,3 en 2,5 persentasiepunte gewissel het. 'n Opwaartse hersiening van 2,5 persentasiepunte moes vir 1985 aangebring word in die lig van die feit dat finale syfers wat beskikbaar gestel is, 'n hoër vlak van indiensneming en arbeidsvergoeding aangedui het as wat voorheen beraam is. Die kwartaallikse veranderings in die verbruiksbesteding deur die algemene owerheid is uit die aard van die saak ook deur die hersienings van die gegewens beïnvloed.

Gegewens oor kapitaalbesteding wat vervat is in die mynbousensus van 1984 wat in November 1987 vrygestel is, voorlopige resultate van die sensus van die fabriekswese van 1985 wat in November 1988 vryge-

stel is, die 1982-sensus van konstruksiebedrywigheid wat in Oktober 1987 vrygestel is en die 1985-verslag oor goedgekeurde bouplanne en geboue voltooi, was die belangrikste statistiese bronne vir die nuwe ramings van die bruto binnelandse vaste en voorraadinvestering. Die landbousensus van 1981, 1983 en 1985 is in Augustus en November 1987 beskikbaar gestel en die sensus van 1986 en voorlopige resultate van die sensus van 1987 is in Oktober en Desember 1988 vrygestel. Al hierdie sensusse en sensusresultate is by die finalisering van die investeringsramings in aanmerking geneem.

Die netto resultaat van hierdie hersienings was matige opwaartse aanpassings van die reële bruto binnelandse vaste investering in 1982, 1983 en 1984 en soortgelyke afwaartse aanpassings ten opsigte van 1985, 1986 en 1987. Veranderings in die reële voorrade is afwaarts aangepas vir 1982 maar vir die tydperk sedert 1983 is die ramings van die veranderings in die reële-voorraadvlake nou hoër as die vorige ramings.

Hersienings van die financiering van die bruto binnelandse investering

Veranderings in die inkomste en besteding van huis-houdings, maatskappye en die algemene owerheid het onvermydelik ook 'n invloed op die besparingsverhoudings van hierdie bestedingsbesluitnemers. Die hersiening van gegewens het 'n soortgelyke uitwerking. Die hersiening van die ramings van inkomste en uitgawes het veranderings in die algehele vlak van die besparing teweeg gebring, maar die breeë neigings in en verhoudings van die besparingsgedrag wat uit die vorige ramings na vore gekom het, het in wese onveranderd gebly. Die besparing deur die algemene owerheid het egter van negatiewe bedrae in 1982 en 1983 na klein positiewe bedrae in hierdie twee jare omgeslaan.

Hersienings van tabelle

Een tabel in die bestaande stel gepubliseerde tabelle bevat inligting oor die samestellende dele van die nasionale inkomste en die besteding van die nasionale inkomste. 'n Nuwe tabel is ontwerp met die uitdruklike doel om die toedeling van die nasionale beskikbare inkomste tussen verbruik en besparing te toon.

Ander aanpassings

Ander aanpassings is gemaak op grond van die herklassifikasie van die voormalige staatsbeheerde instellings, Sasol Een en Sasol Twee, as private sake-onderneemings in plaas van openbare korporasies. Alhoewel hierdie statusverandering reeds op 'n vroeëre stadium plaasgevind het, is die betrokke herklassifikasie teruggehou totdat 'n omvattende hersiening van die nasionale rekeninge onderneem kon word.