

South African Reserve Bank
Suid-Afrikaanse Reserwebank

Quarterly Bulletin
Kwartaalblad

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Quarterly economic review

Introduction

The fourth quarter of 1989 concluded the first year of the current "consolidation" phase in the South African economy after the upper turning-point of the business cycle that was presumably reached towards the close of 1988. In the fourth quarter of 1989, a decrease was recorded in the real gross domestic product which amounted to a seasonally adjusted and annualised rate of some 1½ per cent.

The fourth-quarter decline in real gross domestic product was the first quarterly decline in total real output since the first quarter of 1986. It was, however, essentially due only to a drop in real value added in agriculture: in a marked reversal of developments in the third quarter – when slow but positive growth of the overall economy was essentially maintained only because of harvesting of the near-record 1988/89 maize crop – positive real growth was displayed again in the fourth quarter of 1989 by all principal sectors of the economy, with the exception of agriculture and commerce.

Aggregate real gross domestic *expenditure* continued to decrease in the fourth quarter of 1989 at much the same pace (of some 7 per cent per annum) as in the preceding three months. More clearly than domestic output, therefore, the behaviour of domestic spending in 1989 showed the effects of the authorities' restrictive monetary and fiscal policies. Continued declines were recorded in the fourth quarter in real government consumption expenditure and in aggregate real inventories. Total real gross domestic fixed investment receded in the fourth quarter of 1989 for the first time since the second quarter of 1987. A slight *rise* was still registered in total real private consumption expenditure; declines were recorded, however, in real household outlays on both durable and semi-durable consumer goods.

Positive growth – at a rate of slightly more than 2 per cent – was maintained in the South African real gross domestic product for the consolidation year 1989 as a whole. Although lower than the firm 3½ per cent growth rate of 1988, the 1989 growth rate still exceeded significantly the average tempo of expansion of the economy of some 1½ per cent during the period from 1980 to 1989.

A major (10 per cent) increase was recorded in real value added by agriculture from 1988 to 1989; lower (but still positive) rates of real growth than in 1988 were, however, displayed by all other major sectors of the economy. Divergencies in the extent of the slow-down of real growth in various sectors and sub-sectors could be attributed partly to the sustained strength of the South African merchandise export performance throughout 1989 as compared with the slackening and decline of aggregate real gross domestic monetary

demand. On the *expenditure* side, the year 1989 as compared with the year 1988 still saw a substantial rise (of 4½ per cent) in real government consumption expenditure, a smaller but still fairly vigorous rise in real private consumption expenditure, a reduced rate of increase in total real gross domestic fixed investment, and a small further rise in real inventories.

The *labour market* in 1989 showed a rise in the average level of employment that, although unsatisfactory, was not yet substantially weaker than in the upswing years 1987 and 1988. Some renewed declines in unemployment were registered in the third quarter and October 1989 in an apparent contradiction of the cooling-down of the economy; the most recent available data suggest more clearly, however, that unemployment is now on a mildly upward course.

Marked accelerations were recorded in the first three quarters of 1989 in the quarterly year-on-year rates of increase in both the nominal and the real wage per worker in the non-agricultural sectors of the economy and in both nominal and real non-agricultural unit labour costs. Wage developments of this kind are not unusual in the initial stages of a cyclical downturn. The recent movements in wages and unit costs do, however, stress the importance of responsible processes of wage determination against a background of waxing unemployment and within the framework of a comprehensive anti-inflation strategy.

Inflation, as measured by the quarter-to-quarter rates of change in the more important price indices, generally was notably higher in the first two quarters of 1989 than in the final two quarters of 1988, but fell back in most cases to significantly lower levels in the third and the fourth quarter of 1989. Similarly, the twelve-month rates of increase in the major price indices tended to accelerate up to approximately the middle of 1989, but showed some improvement during the remainder of 1989 and in January 1990. From the year 1988 to the year 1989 the rate of increase in the annual average level of consumer prices nevertheless accelerated from 12,9 to 14,7 per cent.

More pronounced slackening of aggregate real domestic expenditure than of real domestic production in the fourth quarter of 1989 also found expression in a mild further strengthening (to an annualised level of R5,9 billion) in the surplus on the *balance of payments on current account*. The most important single reason for this improvement was found in a marked further decline in the value of merchandise imports. As regards the year 1989, the renewed rise in the current account surplus (to R4,1 billion, from R2,9 billion in 1988) could, however, be attributed solely to the quite remarkable vigour of the South African merchandise export performance. Having increased by 7½ per cent in 1988, the volume of these exports rose by a major 17 per cent in 1989.

The outflow of capital not related to reserves, which had shrunk fairly dramatically in the third quarter of 1989, increased substantially again in the fourth quarter. Most of this increase arose from larger outflows of short-term capital; more than half of these short-term capital outflows appears to have consisted of increases in foreign asset holdings by South African residents.

The South African total gross gold and other foreign reserves rose during the first nine months of 1989, but fell back in the fourth quarter. They did so, however, partly as the counterpart of a reduction in short-term foreign liabilities. In the first 2½ months of 1990 both the gross and the net foreign reserves of the Reserve Bank rose encouragingly. Apart from reflecting the present large current account surpluses, the recent strengthenings of the foreign reserves would also appear to have incorporated the effect of foreigners' more favourable impressions of the South African socio-political situation and of increased availability and accessibility of overseas trade and trade-related credit facilities.

The effective exchange rate of the rand weakened from the start of 1989 up to mid-September, but took on a firmer tone in the third quarter and strengthened up to the end of the year. It held essentially steady in the first 2½ months of 1990.

Viewed from the vantage point of middle March 1990, one of the most conspicuous features of recent developments in the real South African economy has been the quite remarkable softness of the cyclical "landing" in economic activity from late 1988. Economic activity has in fact been "coasting" – along an essentially sideways trajectory, although at diminishing rates of real economic growth – rather than adjusting downwards abruptly (as in 1984/85) in response to the authorities' more restrictive monetary and fiscal policies.

In its consolidation phase to date, the economy has been "moving in the right direction" satisfactorily as regards the balance of payments/foreign reserves/exchange rate situation in particular. Less satisfactory progress has clearly been made as yet in, among other things, subduing inflation, moderating wage adjustments and slowing down the expansion of bank credit and the money supply.

The soft landing of the economy up to the early months of 1990 came about despite the progressive tightening of monetary policy since late 1987 and the *de facto* quite restrictive posture of fiscal policy in the fiscal year 1989/90. It would appear to have been due to a variety of factors, including:-

- The sharp rise in real agricultural production from 1988 to 1989. An econometric simulation suggests that this increase in agricultural output may, directly and indirectly, have contributed 0,8 percentage points to the real growth rate of the overall economy of slightly more than 2 per cent in 1989.

Allowance should, of course, be made for a return to more normal crops and harvests in 1990.

- Relatively receptive export markets and the vigour of the South African merchandise export performance in 1989.
- The increased average age (and more markedly depreciated value) of businesses' stock of fixed capital goods and of households' stock of consumer durables in 1989 as compared with 1984/85, implying reduced deferability of new acquisitions for replacement purposes.
- The more positive business mood and higher level of consumer confidence in 1989 and the beginning of 1990 than in 1984, 1985 or 1986.
- Various other factors, such as the rise in the real wage per non-agricultural worker and the increased share of labour remuneration in total factor rewards, that are likely to have supported household spending and the average propensity to consume in the economy as a whole.
- The public's view of the authorities' recent policy actions as arising from a need for tempering buoyancy in the economy rather than from a need for coping with an acute crisis situation, which could itself have become a source of uncertainty and concern.

Fairly significant decelerations were recorded in the rates of increase in monetary institutions' *claims on the private sector* and in the *M3 money supply* from the peak levels of these rates in the third quarter of 1988. None of the more recent annualised quarter-to-quarter and twelve-month rates of increase in the broader monetary and credit aggregates did, however, decline as yet to below the 20 per cent level.

Short-term interest rates were, however, notably higher in February 1990 than at the economy's cyclical upper turning-point towards the end of 1988. Relatively high and rising interest rates in the third and the fourth quarter of 1989 had the effect of maintaining or reinforcing reintermediation phenomena, investors' "liquidity preference proper" and the relative attractiveness of bank deposits. They thereby held back a more pronounced cyclical decline in the rates of increase in bank credit and in the M3 money supply.

The twelve-month rate of increase in M3 as in February 1990 amounted to a provisional 22,0 per cent. Both this rate of monetary expansion and the tempo of the rise in bank credit as its prime underlying "cause", must be regarded as unsatisfactory within the prevailing business cycle situation and the framework of the authorities' current anti-inflationary policy stance.

Tight conditions continued to be maintained in the *money market* in the fourth quarter of 1989 and the first 2½ months of 1990. The *capital markets* during this period witnessed another surge in trading activity, high levels of buying and selling by non-residents on the Johannesburg Stock Exchange, significant further

advances in share prices (after the "mini-crash" of these prices in the second half of October 1989), the listing of the Iscor share issue on 8 November, an appreciable softening of long-term yields and interest rates, and a small further increase in real estate transactions.

In the area of *government finance*, the outcome of fiscal policy in the fiscal year 1989/90 was notably more restrictive than had been envisaged in the Budget as presented in March 1989. The anticipated rise in Central Government expenditure in 1989/90 vis-à-vis 1988/89, at 15,2 per cent, adhered very closely to the budgeted increase in Exchequer issues to government departments of 15,0 per cent. Central Government revenue, on the other hand, rose by an estimated 27,3 per cent, against the budgeted increase of 16,0 per cent. The deficit before borrowing relative to gross domestic product accordingly amounted to a mere 1,5 per cent, against the original Budget estimate of 4,1 per cent.

The Central Government Budget for 1990/91, as presented to Parliament by the Minister of Finance on 14 March 1990, provided for increases in nominal government expenditure and in government revenue of only 11,9 per cent and 5,8 per cent respectively; the deficit before borrowing in 1990/91 was estimated to reach an amount of fractionally less than R8,0 billion or 2,8 per cent of the prospective nominal gross domestic product during the fiscal year. In addition, however, provision was made for the establishment of a fund for actions of socio-economic upliftment. The amount of R2 000 million to be made available to this fund from excess Exchequer financing in 1989/90 was subsequently raised to R3 000 million by the State President – the additional R1 000 million to be funded from anticipated privatisation proceeds. Emphasis in the 1990/91 Budget, which is likely to prove mildly stimulatory, was placed on a threesome of broad socio-economic objectives, namely: (1) to assist in a restructuring of the South African economy, with increased stress on the "supply" or production side of economic activity and on private-sector endeavour as the prime source of income and employment-creating growth; (2) to accord higher priorities than before to the alleviation of problems of poverty and to the redressing of "backlogs" in education, housing and health; and (3) to contribute to short-run stabilisation of the economy through the use of contra-cyclical fiscal policy measures. Increased emphasis was to be placed, however, on the Government's debt and borrowing operations (rather than on its taxing and spending operations) for such stabilisation purposes.

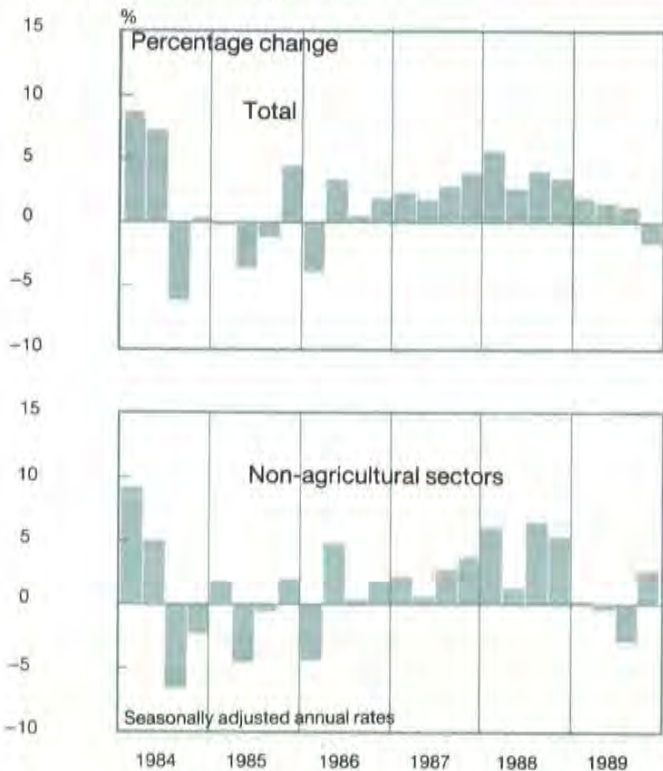
Domestic economic developments

Domestic output

The growth rate of the real gross domestic product of the South African economy tapered off from a seasonally adjusted and annualised level of 2 per cent in the first quarter of 1989 to approximately 1½ per cent in the second quarter and 1 per cent in the third quarter. Present estimates indicate that aggregate real output then *contracted* at an annualised rate of approximately 1½ per cent in the fourth quarter. This was the first quarterly decline in the real gross domestic product since the first quarter of 1986.

Aggregate real output declined in the fourth quarter of 1989 despite the fact that, with the exception of agriculture and commerce, positive real growth was again displayed during this quarter by all principal sectors of the economy (as well as by the total of all non-agricultural production). This state of affairs therefore stood in marked contrast to developments during the third quarter of 1989, which had witnessed a *decline* in total real non-agricultural production: continued positive real growth of the overall economy in the third quarter

Real gross domestic product



of 1989 had been due, essentially, to the cushioning after-effects of the large maize crop of 1988/89.

The substantial decline in real value added by *agriculture* in the *fourth* quarter of 1989 could be attributed to relatively less favourable weather conditions. These conditions resulted in a 1989 wheat crop that is likely to be some 40 per cent smaller in terms of volume than the wheat crop of 1988. In addition, real value added in agriculture fell back in the fourth quarter of 1989 after the bulk (i.e. nearly 80 per cent) of the near-record 1988/89 maize crop had been harvested in the preceding three months.

Virtually no change was recorded in real value added by the sector *commerce* in the fourth quarter of 1989. This represented the net outcome of, on the one hand, a mild rise in real output in the motor trade and, on the other hand, mild contractions in real value added in wholesale and retail trade. Real value added in the motor trade recovered in the fourth quarter as the various problems that had been troubling the automotive industry and motor dealers in the third quarter (strikes, stay-aways and work stoppages, interruptions of supply and low inventories) were largely resolved in the ensuing months.

The slight shrinkage of real output in wholesale and retail trade could be attributed to the mild slowing-down of the domestic economy generally, to a further weakening (although at a lower rate) of the foreign trade balance (i.e. of the excess of real merchandise exports over real merchandise imports), and to the fact that the prolonged strike among railway workers in the South African Transport Services in December 1989-January 1990 may have hampered deliveries of goods and materials in certain parts of the country.

The notable further rise in real output of the *mining* sector in the fourth quarter mainly reflected increases in physical gold production, partly as a result of the processing of somewhat higher-grade ore. In addition, non-gold mining production was maintained at relatively high levels by sustained high (although diminishing) levels of export demand.

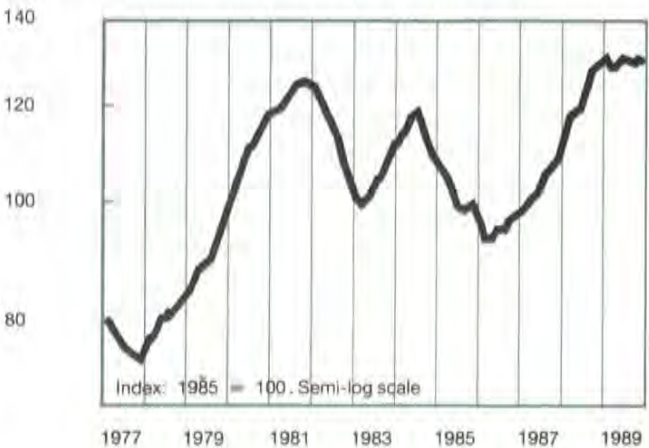
Real output of the *manufacturing sector* recovered somewhat in the fourth quarter of 1989 after three consecutive quarters of output declines; marked contractions of real value added in manufacturing industry – due, essentially, to external factors – had been observed in the third quarter of 1989 in particular. Notable increases in production were registered in sub-sectors such as the chemical industry and in the manufacturing of machinery and transport equipment. Rather more marginal departures from third-quarter output levels were recorded in other industries. To a not insignificant extent, the overall improvement in real manufacturing production in the fourth quarter of 1989 was based on a working-down of unfilled orders.

Real growth of the South African economy in the consolidation year 1989 slowed down to approximately 2 per cent, from a fairly impressive 3½ per cent in

the advanced upswing year 1988. Incorporated in the 1989 slackening of the real growth rate were the effects of the authorities' progressive tightening of monetary policy from the end of 1987 or early 1988 and of the *de facto* quite restrictive stance of fiscal policy in the course of 1989. The 2 per cent growth rate of 1989 still compared relatively favourably, however, with the average annual real growth rate of the South African economy of only approximately 1½ per cent in the years from 1980 to 1989. The moderate slowing of positive real growth from 3½ per cent in the mature upswing year 1988 to 2 per cent in the early downswing year 1989 also compared very favourably with the considerably more abrupt change-overs from expansion at 4½ per cent per annum in the four quarters immediately preceding the cyclical upper turning-point of August 1981, to actual *contraction*, at 1½ per cent per annum, in the four quarters following that turning-point, and from expansion at 7½ per cent per annum in the four quarters immediately preceding the upper turning point of the 1983-84 mini-boom in June 1984 to *contraction*, at more than 2½ per cent per annum, in the four quarters immediately thereafter. The growth path traced out by the South African real gross domestic product in 1989 therefore bore witness to the relative "softness" of the cyclical "landing" of economic activity that is also apparent from the behaviour of the composite business cycle indicators and from a variety of other cyclically sensitive time series to date.

An analysis of *sectoral* output performances during the year 1989 shows that the positive rates of growth in real value added in the various sub-divisions of the economy declined from their 1988 levels in all principal sectors of the economy, with the exception of agriculture. Fairly pronounced divergencies could, however, be observed in the extent of the slow-down of the real

Composite coincident business cycle indicator



growth rates in various sectors and sub-sectors. This could be attributed partly to the sustained strength of the South African merchandise export performance throughout 1989 compared with the slackening and decline of aggregate real gross domestic monetary demand.

Real value added in *agriculture* was a major 10 per cent higher in 1989 than in 1988. This remarkable outcome was based on increases in real gross income in sub-sectors such as field crop production (including maize), horticulture and livestock production, as well as on a slow-down in the increase in farmers' real purchases of intermediate goods.

Significant decelerations were shown by the growth rates of real value added in *manufacturing* and *commerce* from 1988 to 1989; more moderate slow-downs of real output growth could be observed in the sectors *transport*, *finance* and *general government*. Real value added in the *mining* sector remained substantially unchanged from 1988 to 1989. This was a result of the fact that, during 1989 as a whole, the increase in real output of the sub-sector "other mining" was neutralised fully by a decline in production in the gold-mining industry.

Real gross *national* product, which had expanded at relatively very firm rates of 3 per cent and 5 per cent in 1987 and 1988, contracted in 1989 to an average level that was some 1/2 per cent lower than in the preceding year. This was accounted for by a weakening of the South African terms of trade throughout 1989 as well as by increases in real net factor payments to the non-resident owners of means of production that are employed in the South African economy.

The higher level of real net factor rewards to non-residents in 1989 stemmed primarily from increased payments of dividends and interest. The rise in dividend payments was a reflection of favourable financial results of South African companies in the first half of 1989 in particular; increased net payments of interest

arose from the generally hardening trend in interest rates in South Africa as well as in the major economies abroad and from foreign investors' increased holdings of fixed-interest-bearing South African securities.

The 1989 weakening of the South African terms of trade (which represented a continuation of a downward drift of the terms of trade that had started in approximately the middle of 1988) reflected a scissors movement of import and export prices. The South African import price level was affected adversely by an upward trend in the world prices of crude oil (and, in a more subdued manner, of fossil fuels generally); South African export prices, on the other hand, were influenced downwards by a further softening of the world markets for various metals and minerals and for several other non-oil commodities.

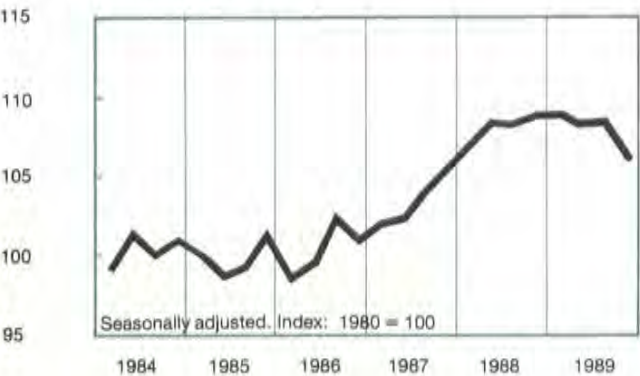
The slowing-down of growth in the real gross domestic product in 1989 caused real gross domestic product *per capita*, which had increased significantly (i.e. by some 11½ per cent) in 1988, to decrease fractionally in 1989. The slight decline in total real gross *national* product in 1989 meant that the quite substantial increases in real gross national product *per capita* in 1987 and 1988 (of nearly 1 per cent and more than 2½ per cent respectively) were largely, although not fully, reversed in the ensuing year.

Domestic expenditure

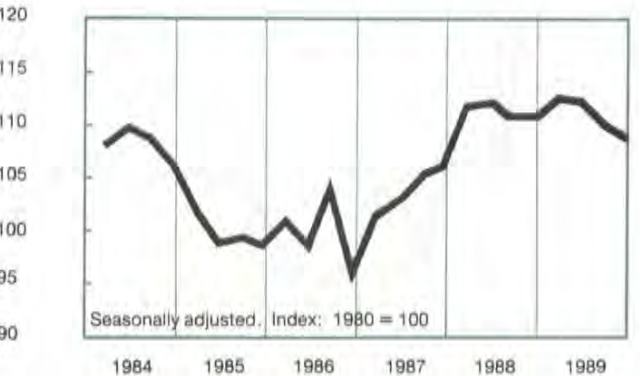
Total real gross domestic expenditure rose strongly at a seasonally adjusted and annualised rate of 6 per cent in the first quarter of 1989, but declined in the second and the third quarter at annualised rates of 1½ and 7½ per cent. It then continued to decline in the fourth quarter of 1989 at an annualised rate that is currently estimated to have amounted to some 7 per cent.

Total real gross domestic expenditure in the calendar year 1989 is estimated to have been lower than in 1988 by approximately 1 per cent. This mild contrac-

Real gross national product



Real gross domestic expenditure



tion followed an increase in real domestic spending in 1988 of as much as 7½ per cent. More clearly than domestic output, therefore, the behaviour of domestic spending in 1989 showed the effects of the authorities' moderately restrictive monetary and fiscal policies.

The decline in total real gross domestic expenditure in the fourth quarter of 1989 was accounted for by further reductions of real government consumption expenditure, a decline in real gross domestic fixed investment, and a significant further drawing-down of real inventories. A slight further rise was, however, still recorded in real private consumption expenditure.

Growth in *real private consumption expenditure* slackened from an annualised rate of 2 per cent in the first quarter of 1989 to a rate of approximately 1½ per cent in the second quarter and to virtual stagnation in the third quarter. The annualised growth rate of real private consumption in the fourth quarter is currently estimated to have amounted to approximately ½ per cent. This slight rise was fully explained by increases in real household outlays on non-durable goods and on services. Declines were recorded in real household spending on both durable and semi-durable goods.

The fourth-quarter decline in households' real outlays on consumer durables mainly reflected substantial cut-backs in real spending on personal transport equipment; the downward tendency in new motor vehicle sales which had commenced in the second quarter of 1988, continued into early 1990. Relatively high levels were still recorded, however, in respect of households' real spending on furniture, both in the fourth quarter of 1989 and during 1989 as a whole.

The relative strength of households' furniture purchases served to support the aggregate volume of real household spending in the "furniture and household appliances" category, as well as the total of real durable consumer expenditure. At the same time, the absence of any significant decline in households' real outlays on furniture and appliances from 1988 to 1989 stood in marked contrast to the sharp drop in such spending in the first four quarters after the mini-boom of 1983-84, i.e. from mid-1984 to mid-1985.

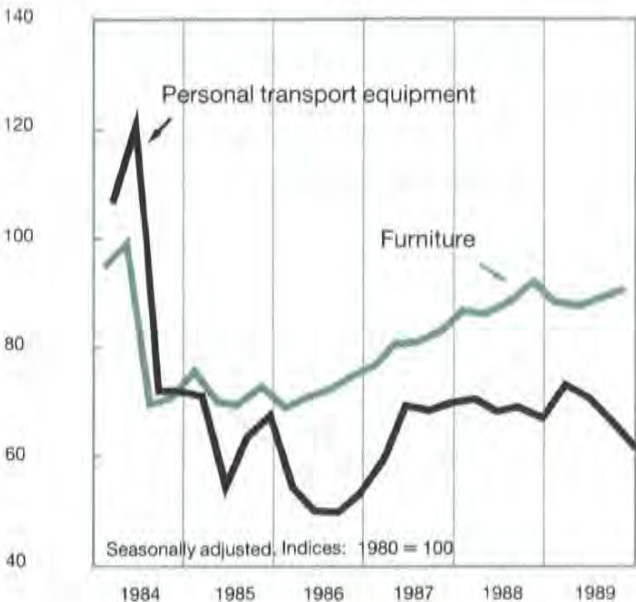
Various factors appear to have contributed to the comparative liveliness of furniture sales in 1989. These included the relative buoyancy of low-cost housing construction during the year, the exemption of certain types of furniture from hire-purchase restrictions and the normal pressures of replacement demand. In addition, however, comparatively low price inflation in respect of furniture and appliances served to preserve the *relative* affordability of these items within the broad category of consumer durables and may have induced some quasi-permanent shifts in households' spending patterns. During the four years from 1986 to 1989 the average price level of personal transport equipment (mostly motor vehicles) rose by some 150 per cent. By comparison, the price level of furniture and appliances rose rather less dramatically during this period by an approximate 70 per cent.

The decline in households' real expenditure on *semi-durable* goods in the fourth quarter of 1989 arose from the fact that increases in outlays on clothing and footwear were neutralised more than fully by reductions in spending on items such as textiles and motor-car tyres, parts and accessories – the latter in association with and in response to the downward trend in second-hand car sales that has been in evidence since the first quarter of 1988. The fourth-quarter *rise* in real private-sector consumption expenditure on *non-durables* and on *services* mainly consisted of increased spending on food, beverages and tobacco, but also comprised higher outlays on items such as rent, household services, and catering and accommodation.

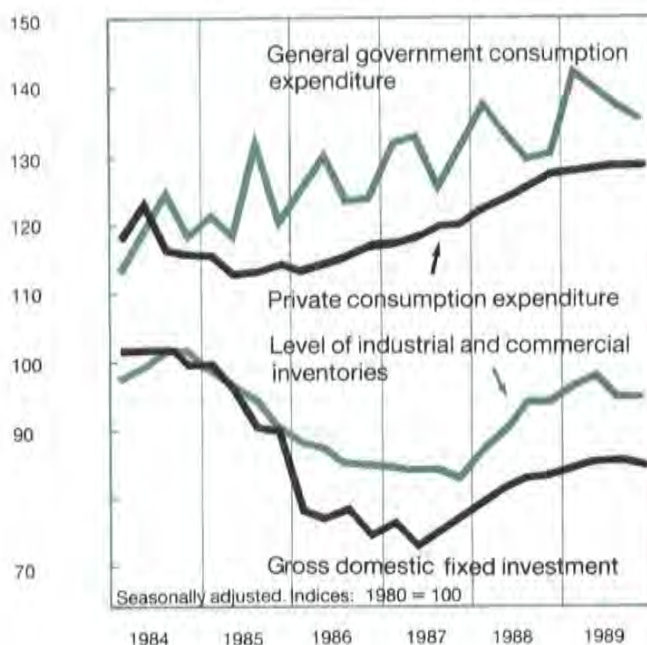
Aggregate real private consumption expenditure in the year 1989 is estimated to have been nearly 3 per cent higher than in 1988. This firm rate of expansion, however, was notably lower than the vigorous rate of growth in real private consumption expenditure of nearly 5 per cent in the preceding year. A slackening of the growth rate of real consumer demand was to be expected, partly because of the lower rate of growth in real personal disposable income in 1989 than in 1988; the decline in the growth rate of disposable income, in turn, was related, among other things, to the high and rising level of consumer debt, the effects of increased debt and higher interest rates on households' interest payment obligations, and the accelerating rise in insolvencies in the personal sector.

Various factors nevertheless supported both real disposable income and households' spending propensi-

Real expenditure on durable consumer goods



Main components of real gross domestic expenditure



ties in 1989. These factors included good harvests and relatively substantial gross operating surpluses in the agricultural sector and the multiplier effects of increased farmers' incomes and expenditures on other parts of the economy; accelerated nominal wage increases and a higher average level of the real wage per non-agricultural worker in most of 1989 than in the preceding year; the strengthening of the dollar price of gold from late 1989 and buoyant conditions in the share market; and more confident views among consumers of the current and prospective socio-political situation.

Real government consumption expenditure rose at an annualised rate of more than 40 per cent in the first quarter of 1989 (the final quarter of the fiscal year 1988/89), but fell back at annualised rates of 6½, 8 and 5½ per cent in the ensuing three quarters. In the fourth quarter of 1989, appreciable reductions in real government spending on intermediate goods and services more than offset further increases in real remuneration of employees.

Despite these more recent reductions, however, the very sharp rise in government consumption expenditure in the first quarter of 1989 (which followed a deliberate holding back of government spending in the preceding three quarters) still resulted in a high average level of such spending during 1989 as a whole. The average level of real government consumption expenditure during the calendar year 1989 was, in fact, some 4½ per cent higher than in 1988; the average

level of this spending in the first three quarters (April to December) of the fiscal year 1989/90 was as much as 5½ per cent higher than in the corresponding three quarters of fiscal 1988/89.

From the calendar year 1988 to the calendar year 1989, real government consumption expenditure on intermediate goods and services and on remuneration of employees rose by 7½ per cent and by 2 per cent respectively. Since the government's real consumption expenditure is unlikely to have risen significantly from the fiscal year 1988/89 to the fiscal year 1989/90, a markedly negative year-on-year rate of change in such spending is to be expected in the first quarter of 1990 vis-à-vis the first quarter of 1989.

The upward momentum in aggregate real gross domestic fixed investment expenditure faded in the course of the first three quarters of 1989 and fell away entirely in the fourth quarter. The seasonally adjusted and annualised rate of increase in total real fixed investment shrank from some 5½ per cent in the first quarter of 1989 to 4½ and ½ per cent in the second and the third quarter. It then changed to an annualised rate of decrease of more than 3 per cent in the ensuing three months. Total real gross domestic fixed investment was higher by a fairly impressive 8½ per cent in 1988 than in 1987, but was only 4 per cent higher in 1989 than in 1988.

An analysis in institutional terms shows that the decline in total real gross domestic fixed investment expenditure in the fourth quarter of 1989 was accounted for almost exclusively by reductions in real fixed capital outlays in the private sector. Real fixed capital formation by private-sector parties rose by a major 17½ per cent from 1987 to 1988, but by only 2 per cent from 1988 to 1989. In the course of 1989, the seasonally adjusted and annualised rate of change in real private fixed investment receded from 1½ per cent in the first half of the year to -2½ per cent in the third quarter and to a provisionally estimated -3½ per cent in the ensuing three months.

An initial further strengthening of private real fixed capital formation in the early stages of a cyclical downturn is one of the more regular features of the business cycle in the South African economy. The shrinking of private real fixed investment expenditure from the third quarter of 1989 (i.e. from approximately six to nine months after the presumed upper turning-point of the general business cycle towards the close of 1988) actually marked a relatively short time-lag in the response of such spending to a change in business conditions in the context of normal cyclical developments in the South African economy.

The decline in private real fixed capital formation in the fourth quarter of 1989 was mainly due to reductions of investment expenditure in sectors such as agriculture, mining and commerce. It took place against a background of less buoyant crop expectations in the farming sector, a weakening of profit growth among

business enterprises (in the second half of 1989 in particular), relatively high interest rates, and the softening trend in world commodity markets as well as in real domestic monetary demand. During 1989 as a whole, the lower rate of expansion in private real fixed capital formation mainly reflected slow-downs in the rate of growth in real fixed investment spending in agriculture, manufacturing and finance and an actual decline in real fixed capital outlays in the mining industry.

Real gross fixed investment by *public authorities* continued to decline in the fourth quarter of 1989, but did so at an annualised rate of only about 2½ per cent (against an average rate of decline of some 12 per cent in the preceding three quarters). The fourth-quarter decrease in real fixed investment by public authorities arose from reductions in real fixed capital formation by the business enterprises of general government. These reductions more than offset increases in real fixed investment by all three levels of the general government itself.

During the calendar year 1989 real fixed capital expenditure by public authorities retreated to an average level that was some 7½ per cent lower than in 1988; the extent of this fall-back in 1989 was more than twice as large as the decline in the preceding year. This could again be attributed to significant reductions in real fixed investment by the business enterprises of general government. As such, it was a further reflection of the rationalisation programmes instituted by the Department of Posts and Telecommunications and by

the South African Transport Services. The level of real fixed investment by *general government* was approximately 2 per cent lower in 1989 than in 1988.

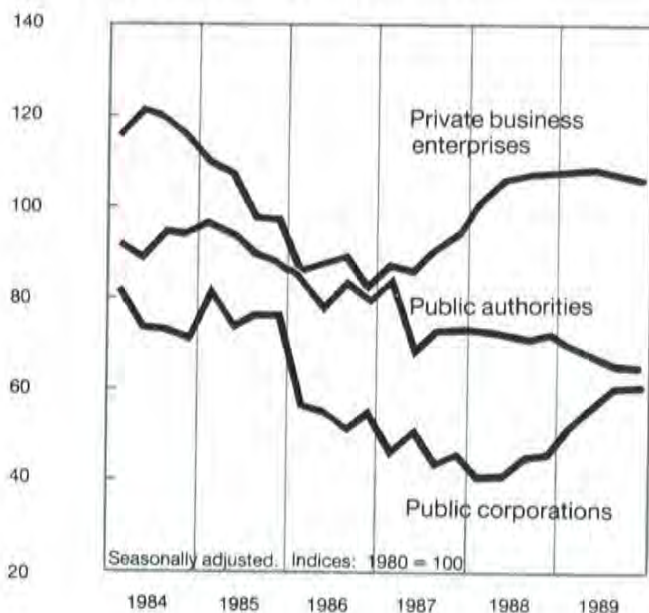
Real fixed investment by *public corporations* rose substantially in the first three quarters of 1989, but took a more sideways course in the ensuing three months. In the calendar year 1989, however, real fixed capital formation by public corporations rose substantially from its 1988 levels, mainly because of progress in the on-shore and off-shore development activities of the Mossgas project. Nevertheless, the level of real fixed investment by public corporations in 1989 still fell short of peak levels it had attained as long ago as 1975.

A breakdown of total real gross domestic fixed investment by type of capital asset in 1989 shows that increases in real outlays for residential and non-residential buildings, construction and transport from their 1988 levels varied between 5½ and 16 per cent. Real fixed investment in machinery and equipment, however, contracted by 3½ per cent in 1989 to a level that approximated that of the 1970s and was some 22½ per cent lower than its average level in the first half of the 1980s. This was reflected in the slow-down of merchandise imports in most of 1989 and could be attributed to the slackening of real domestic monetary demand and to a widening of the margins of unused capacity in manufacturing industry. It may also have reflected an impact on investment activity of the 15 per cent surcharge on imported capital goods. As an unusual feature of the 1989 consolidation phase, however, the upper turning-point in real fixed investment in machinery and equipment appears to have *preceded* a decline in the degree of capacity utilisation.

The effects of the easing of final demand from the second quarter of 1989 onwards were reinforced by *inventory disinvestment* in the second half of the year. Total real inventories continued to rise (although at a diminishing pace) in the first and the second quarter of 1989, but declined in the third quarter of 1989 and fell back more rapidly in the fourth quarter. The reduction of total real inventories in the fourth quarter of 1989 was due primarily to a further drawing-down of industrial and commercial inventories and, to a lesser extent, also to reductions of agricultural inventories and of diamond stocks-in-trade. The ratio of industrial and commercial inventories to gross domestic product in the non-agricultural sectors of the economy showed a slight further decline in the fourth quarter of 1989 to 20¾ per cent, from very nearly 21 per cent in the preceding three months.

Total real inventories rose by R0,3 billion in 1987 and by R2,1 billion in 1988. They then increased mildly further, on balance, by approximately R200 million in the course of 1989. The decline in these inventories from the third quarter of 1989 began relatively early within the context of normal cyclical timing relationships. This is likely to have reflected the comparatively high real-interest cost of carrying inventories in the

Real gross domestic fixed investment



present consolidation phase of the business cycle as well as the more widespread use of superior techniques of inventory management.

Factor income and saving

The rate of increase in aggregate nominal factor income *at market prices* slowed down from a seasonally adjusted and annualised level of more than 20 per cent in each of the first two quarters of 1989 to 13½ per cent in the third quarter and 6 per cent in the fourth quarter. From the calendar year 1988 to the calendar year 1989, the rate of increase in aggregate nominal factor income decelerated undramatically, partly under the influence of the lower rate of increase in overall economic activity, from nearly 19½ per cent to slightly more than 18 per cent.

Among the two principal components of factor income *at factor cost* (namely, remuneration of employees and the gross operating surplus), the rate of increase in nominal *remuneration of employees* fell back from an average annualised level of 23 per cent in the first half of 1989 to 12½ per cent in the second half. Decelerations in the rate of growth in nominal wage and related payments could be observed in most sectors of the economy, with the notable exceptions of the mining industry and general government. The slow-down in the rate of increase in total nominal labour remuneration in the course of 1989 could be attributed *inter alia* to the relatively high levels of salary adjustments in the first half of the year, to the rationalisation of certain business enterprises in the public sector, and to certain more temporary losses of workers' earnings, for instance on account of the prolonged strike by some 20 000 employees of the South African Transport Services in December 1989-January 1990.

Despite these various developments in the course of 1989, the year-to-year rate of increase in total nominal labour rewards actually accelerated from 16½ per cent in 1988 to 18½ per cent in 1989. As is not uncommon in the earlier stages of cyclical downswings (when initially still rising nominal wage increases tend to combine with a slackening of growth in businesses' gross operating surpluses), this acceleration in the rate of increase in nominal labour remuneration resulted in an increase of labour's share in total value added. This share expanded from slightly more than 57½ per cent in 1988 to approximately 58½ per cent in 1989. Apart from increases in total employment and continued relatively high levels of economic activity, the rise in the share of labour rewards in total factor income was also aided to some extent by trade union action and by the persistence or aggravation of certain skills bottlenecks.

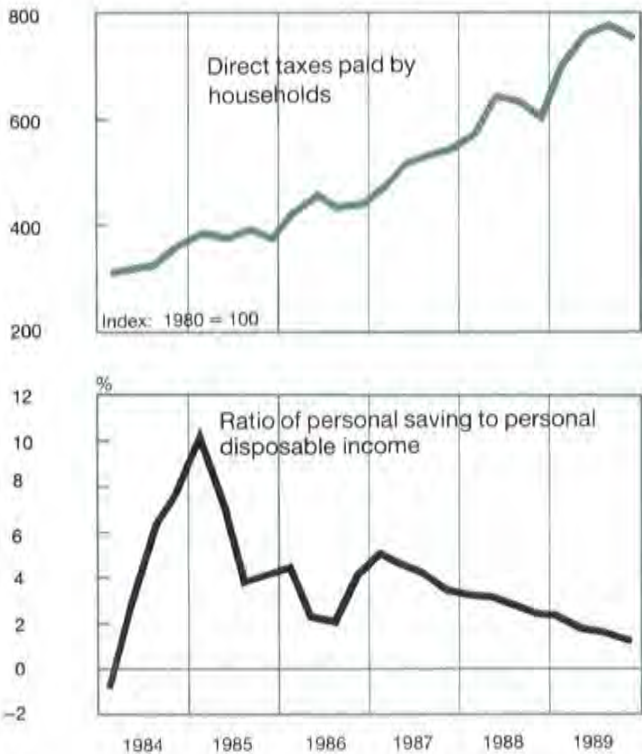
The total *gross operating surplus* actually *contracted* slightly in the fourth quarter of 1989, mainly on account of lower operating surpluses in the agricultural sector and lower rates of increase in company profits

in manufacturing industry, commerce and finance. From 1988 to 1989, the year-to-year rate of increase in the total gross operating surplus retreated significantly from 19 to 15½ per cent. This slow-down occurred widely through the economy and became more pronounced in the second half of 1989.

The topping-out of the total gross operating surplus in the first half of 1989 and its downward drift in the second half, reflected changes in domestic as well as external conditions. Domestically, the rate of expansion of real final demand slowed down from 5 per cent in 1988 to 3½ per cent in 1989. In addition, firms' profit margins were squeezed by rapid increases in capital maintenance and operating costs. Externally, exporting firms were exposed to the effects of the downward trend in world commodity prices and of the appreciation of the rand in the fourth quarter of 1989.

The ratio of *gross domestic saving* to gross domestic product reached a low point (of some 21½ per cent) in the second quarter of 1989, but was significantly higher (at some 23 per cent) in both the third and the fourth quarter. The absence of change in this ratio from the third to the fourth quarter was due to the opposing forces of a slackening of saving by private sector parties and a mild improvement in net saving by general government.

Households: Saving and direct taxes paid



The government's improved net savings performance during a large part of the year 1989 primarily reflected sharply higher tax receipts. These could be attributed to the unexpected strength of the economy in its early consolidation phase, continued high imports and accompanying high surcharge revenues, accelerated nominal salary and wage increases and more stringent measures for collecting general sales tax dues and income tax arrears.

Declines were recorded in the fourth quarter of 1989 in net saving of the personal as well as the corporate *private* sector. Although net saving by corporate businesses was still at a high level, it was affected adversely by the shrinkage of gross operating surpluses, increased payments of interest and dividends (to foreigners in particular), and higher tax obligations. Net *personal* saving fell back slightly in the fourth quarter, mainly because of the slackening of growth in total real personal disposable income in the course of the year to only 1½ per cent in 1989 from 3½ per cent in 1988: higher interest payments and a 12 per cent increase in payments of real direct personal taxes wiped out a large part of the rise in real remuneration of employees and in real income from property in 1989. The ratio of net personal saving to personal disposable income is estimated to have shrunk to 1½ per cent in 1989 from 2½ per cent in the preceding year.

Employment

Total employment in the non-agricultural sectors of the economy rose by 0,4, 0,9 and 1,2 per cent in the three upswing years 1986, 1987 and 1988 respectively. In the first three quarters of the consolidation year 1989 the average level of non-agricultural employment was a modest 0,9 per cent higher than in the first three quarters of 1988.

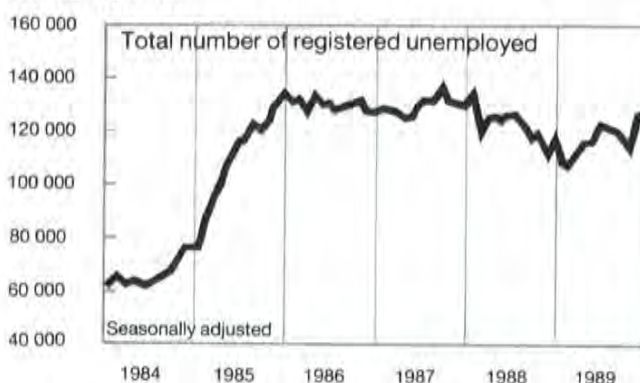
The seasonally adjusted and annualised rates of change in total non-agricultural employment in the first three quarters of 1989 amounted to -0,4, +1,7 and +1,2 per cent. The renewed slow-down of growth in total employment in the third quarter reflected continued staff reductions in (among other sectors and sub-sectors) the South African Transport Services and the Department of Posts and Telecommunications, the provincial administrations, construction, electricity generation and the gold-mining industry, as well as labour retrenchments by local authorities, in private road transport services, and in wholesale trade. Data for the *fourth* quarter of 1989 indicate further net lay-offs in construction and electricity generation and a decrease in employment in manufacturing industry.

Total employment in the non-agricultural *private* sector declined (at a seasonally adjusted annual rate of 1,3 per cent) in the first quarter of 1989, but rose at an annualised rate of 1,6 per cent in the second quarter and at a comparatively favourable rate of 1,3 per cent in the third quarter. Apart from the actual staff *reduc-*

Employment in non-agricultural sectors



Unemployment



tions in those sectors already referred to, the renewed slowing-down of private sector employment increases in the third quarter of 1989 also reflected a slow expansion of job opportunities in manufacturing, trade, banking and certain other service industries.

Total employment by *public authorities* rose relatively rapidly at seasonally adjusted and annualised rates of 1,7 and 2,0 per cent in the first and the second quarter of 1989, but slowed down to an annualised rate of increase of 1,0 per cent in the third quarter. During the first nine months of 1989 as a whole, the average tempo of employment increases by public authorities significantly exceeded the average rate of employment growth in the private sector. At annualised levels, the two growth rates concerned amounted to 1,3 and 0,7 per cent.

The ratio of *overtime hours* to normal hours worked in manufacturing and construction appeared to have peaked in the third quarter of 1988. In keeping with the slackening incremental demand for labour, this ratio then moved broadly sideways, on balance, up to October 1989 in manufacturing, but moved downwards rather more clearly in the construction industry.

The seasonally adjusted number of registered *unemployed* workers in the White, Coloured and Asian population groups declined from a high point of 82 300

in August 1986 (in the early stages of the 1986-1988 upswing) to a low point of 45 100 in January 1989. It then reverted briefly to 51 600 in April 1989 before decreasing – in an apparent contradiction of the cyclical cooling-down of the economy – to a new four-year low of 41 100 in December 1989.

The seasonally adjusted *total* number of registered unemployed workers retreated from a high point of 136 900 as late as September 1987 to a low point of 107 200 in February 1989. It then increased, on balance, to 127 500 in December. The net increase in total registered unemployment up to December 1989 was, however, still considerably smaller than the increases recorded up to comparable points in time in the preceding three cyclical downswings in the South African economy.

The number of unemployed *Black* workers, as measured by the Current Population Survey, reached a low point of 734 000 in April 1989, rose briefly to 791 000 in May, but declined again to a new low point of 724 000 in October 1989. The unemployment figure in October was equal to some 10,7 per cent of the estimated Black labour force.

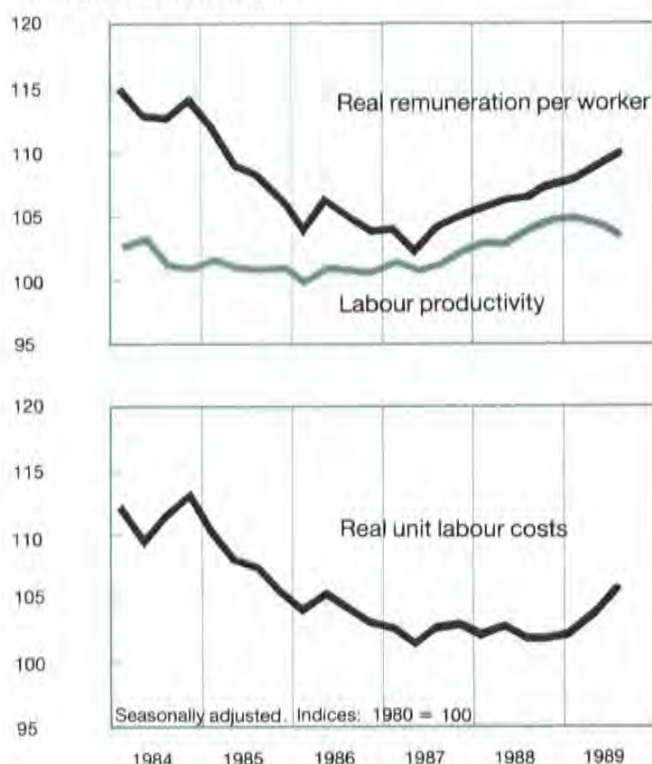
Labour costs and productivity

The year-to-year increase in the annual amount of nominal salaries and wages per worker in the non-agricultural sectors of the economy accelerated from 11,4 per cent in the recession year 1985 to 15,6 per cent in 1988. In the first three quarters of 1989 the average level of nominal wages per worker was higher than in the first three quarters of 1988 by a substantial 17,9 per cent.

From 1985 to 1988, and especially in 1988, the year-to-year rates of increase in the nominal amount of salaries and wages per worker in the non-agricultural *private* sector exceeded significantly the tempo of nominal wage increases among workers employed by *public authorities*. This tendency was, however, reversed in 1989: the average levels of nominal salaries and wages per worker in the first three quarters of 1989 in the private sector and among workers employed by public authorities exceeded their respective counterparts in the first three quarters of 1988 by 16,9 and 20,1 per cent.

The tempo of increases in the nominal wage per worker in the non-agricultural *private* sector of the economy decelerated fractionally, on average, from relatively steady year-on-year rates of 17,5, 17,7 and 17,6 per cent in the final three quarters of 1988, to 14,7, 18,2 and 17,6 per cent in the first three quarters of 1989. In marked contrast to this development, however, the tempo of increases in the nominal wage per worker employed by *public authorities* accelerated sharply from year-on-year rates of only 9,0 and 8,4 per cent in the third and the fourth quarter of 1988 to as much as 19,7, 17,5 and 23,1 per cent in the first three quarters of 1989. The year-on-year rates of increase in

Labour productivity, remuneration and unit costs in non-agricultural sectors



the average nominal wage of *all* non-agricultural workers consequently accelerated steadily from 14,7 per cent in the final quarter of 1988 to 16,3, 18,0 and 19,3 per cent in the first three quarters of 1989.

The *real* wage per worker declined in the recession year 1985 and in the early upswing years 1986 and 1987. It rose, however, by 2,5 per cent in 1988 vis-à-vis 1987 and was higher in the first three quarters of 1989 than in the first three quarters of 1988 by an average of 2,9 per cent. The year-on-year rates of increase in the real wage per worker advanced in the first three quarters of 1989 from 2,4 per cent in the first quarter to 2,7 per cent in the second quarter and as much as 3,4 per cent in the third quarter.

Real non-agricultural *labour productivity* improved relatively strongly by 2,6 per cent from 1987 to 1988. In the course of 1989, however, the pace of productivity advances sagged from a year-on-year rate of 2,3 per cent in the first quarter to 1,8 per cent in the second quarter. The change in labour productivity over four-quarter periods then fell back further to an actual *decline* of 0,4 per cent in the third quarter.

The marked improvement in labour productivity in 1988 helped to hold down the increase in *nominal labour costs per unit of physical output* in the non-agricultural sectors to an average level of 12,6 per cent during that year. However, in the course of 1989 the

acceleration of nominal wage increases on the one hand, and the more sideways movement and eventual decline of physical labour productivity on the other hand, caused the year-on-year rate of increase in nominal unit labour costs to accelerate from 13,7 per cent in the first quarter to 15,9 per cent in the second quarter and to a disturbing 19,7 per cent in the ensuing three months.

Real unit labour costs decreased continuously from 1985 to 1988. Rising real wages per worker and the slowing-down and eventual reversal of improvements in physical labour productivity subsequently caused the real labour costs per unit of output to rise again at year-on-year rates of 0,1 per cent, 0,9 per cent and as much as 3,8 per cent in the first, second and third quarter of 1989 respectively. Accordingly, the average level of real unit labour costs in the first nine months of 1989 was some 1,6 per cent higher than in the first nine months of 1988.

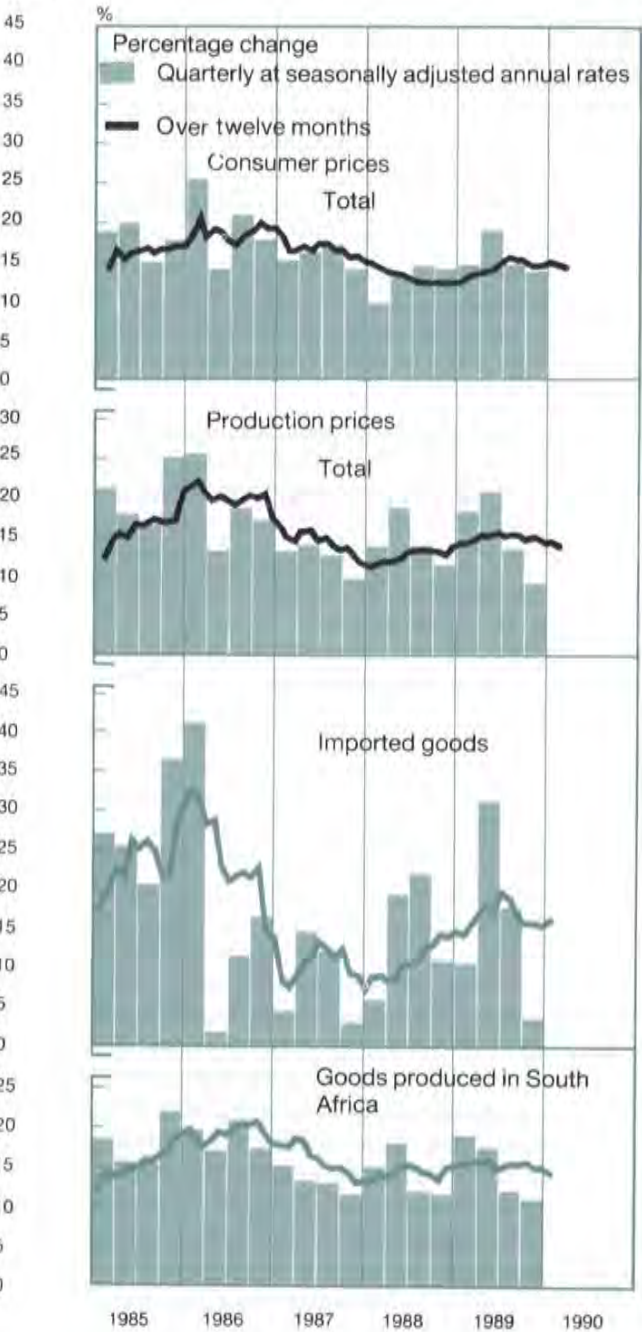
Prices

Inflation, as measured by the quarter-to-quarter rates of change in the major price indices, generally was notably higher in the first two quarters of 1989 than in the third and the fourth quarter of 1988, but fell back in most cases to significantly lower levels in both the third and the fourth quarter of 1989. Similarly, the twelve-month rates of increase in these indices tended to accelerate up to approximately the middle of 1989, but showed some improvement in the second half of the year. From the year 1988 to the year 1989 the rates of increase in the annual average levels of production prices and consumer prices nevertheless still accelerated from 13,2 to 15,2 per cent and from 12,9 to 14,7 per cent.

The 1988 depreciation of the rand caused the seasonally adjusted and annualised quarter-to-quarter rate of change in the prices of *imported goods* to rise to 21,6 per cent in the third quarter of 1988. Renewed weakening of the exchange rate from early 1989, and the effects of the increased import surcharges initially imposed in August 1988, subsequently caused this rate to rise dramatically from only 10,3 per cent in the first quarter of 1989 to as much as 30,7 per cent in the second quarter. A somewhat firmer appearance was, however, presented by the rand in the foreign exchange markets in the third quarter of 1989, and in the fourth quarter the effective exchange rate of the rand actually strengthened appreciably. As a result, the quarter-to-quarter rate of inflation in the prices of imported goods, in annualised terms, fell back to 17,4 per cent in the third quarter and shrank to as low as 3,4 per cent in the fourth quarter.

The *twelve-month* rate of increase in the price index of imported goods rose from a lower turning-point of only 6,7 per cent in December 1987 to 19,3 per cent in June 1989. The firmer tone and subsequent appreciation of the rand in the third and fourth quarter of

Prices



1989 are likely to have made an early contribution to the steady decline in this rate to 14,7 per cent in December 1989 and to 14,4 per cent in January 1990.

The annualised quarter-to-quarter rate of increase in the prices of *domestically produced goods* accelerated from a low point of 11,5 per cent in the fourth quarter of 1988 to a high point of 18,9 per cent in the first quarter of 1989, but declined to 12,0 and 10,7 per cent in the third and the fourth quarter of 1989. The *twelve-month* rate of increase in the prices of domesti-

cally produced goods increased gradually from the beginning of 1988 to 15,4 per cent in May 1989, but retreated to 14,0 per cent in January 1990.

The quarter-to-quarter rate of increase in the total *production price index*, which incorporates the movements in the price indices of both imported and domestically produced goods, rose from a seasonally adjusted and annualised level of 10,9 per cent in the fourth quarter of 1988 to levels of 17,7 and 20,2 per cent in the first two quarters of 1989. In accordance with the movements in both its component indices, this rate then contracted to only 13,0 and 8,7 per cent in the third and the fourth quarter of 1989. The rate of increase in the total production price index *over periods of twelve months* rose gradually, in close correspondence with the behaviour of the price index for domestically produced goods, from the beginning of 1988 to a peak of 15,8 per cent in May 1989. It then retreated, gradually and on balance, to 14,6 per cent in both November and December 1989 and to 14,1 per cent in January 1990.

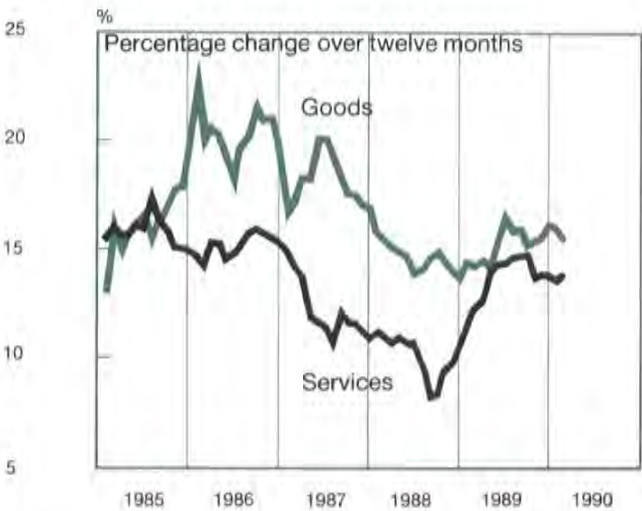
The annualised quarter-to-quarter rate of increase in the *consumer price index* doubled from a low point of 9,2 per cent in the first quarter of 1988 to a high point of 18,4 per cent in the second quarter of 1989. It then fell back to 13,3 per cent in the fourth quarter of 1989.

Rates of increases in the prices of *consumer goods* (which account for 60,5 per cent of all items in the consumer price index) were notably higher than the percentage increases in the overall consumer price index in the second and the third quarter of 1989, but retreated to the same level as that of the rate of increase in the overall index in the fourth quarter. Increases in the prices of *consumer services* slowed down from an annualised rate of 19,0 per cent in the first quarter of

1989 to only 9,4 per cent in the third quarter, but reaccelerated to 11,5 per cent in the fourth quarter. The moderate reacceleration of these price increases in the fourth quarter occurred despite declines in the rates of increase in the costs of transport services and in housing costs.

The *twelve-month* rate of increase in consumer prices rose from a low point of 12,3 per cent as recently as October 1988 to 15,7 per cent in June 1989. This rate then declined to 14,8 per cent in October 1989, reaccelerated somewhat to 15,3 per cent in December, and stood at 14,9 per cent in February 1990. Partly because of higher fuel and power tariffs and prices of foodstuffs and medicines (among several other large price increases), the twelve-month inflation rate in the prices of *consumer goods* in February, at 15,6 per cent, again exceeded the twelve-month rate of increase in the prices of *consumer services* and in the overall consumer price index.

Consumer prices



Balance of payments and exchange rates

Current account

Having strengthened substantially in the third quarter of 1989, the seasonally adjusted and annualised surplus on the balance of payments current account widened marginally further (by R28 million) to R5,9 billion in the ensuing three months. The current account surplus in the year 1989 was thereby brought to R4,1 billion, against R2,9 billion in 1988. The surplus in 1989 was South Africa's fifth consecutive annual current account surplus; the cumulative surplus of R26,3 billion from 1985 through 1989 was equal to some 3 per cent of gross domestic product during this five-year period.

The slight further strengthening of the current account surplus in the fourth quarter of 1989 was accounted for by (1) a mild further rise in the value of net gold exports, and (2) a significant further decline in the value of merchandise imports. Between them, these two factors more than made up for the effect of (1) a further decline in merchandise export earnings, and (2) substantially higher net service and transfer payments to foreigners.

The 2,3 per cent increase in the value of the *net gold exports* in the fourth quarter of 1989 could be attributed almost entirely to a 6 per cent rise (from US\$367 to US\$390 per fine ounce) in the average dollar price of gold from the third to the fourth quarter; appreciation of the rand vis-à-vis the dollar, however, held down the increase in the rand price of gold to approximately 2 per cent (from R1 004 to R1 024) during this period. In January and February 1990 the averages of the dollar price and the rand price of gold moved up further to US\$413 and R1 054 per fine ounce respectively.

In the course of the calendar year 1989 the average dollar gold price declined to \$382 per fine ounce from \$437 in the preceding year, in a broadly inverse relationship with the upward trend of the value of the dollar in the international foreign exchange markets that had

started at the beginning of 1988 and had persisted, on balance, up to the early third quarter of 1989. The 1989 decline in the average dollar price of gold was, however, neutralised more than fully by depreciation of the rand against the dollar during the year; the annual average *rand* price of gold accordingly rose slightly from R992 per fine ounce in 1988 to R999 per fine ounce in 1989. The 2 per cent decline in the rand value of the South African net gold exports in 1989 was, therefore, attributable solely to the decline in physical gold production to approximately 608 tons in 1989, from approximately 618 tons in the preceding year.

The value of *merchandise imports* declined sharply (by some 11½ per cent) from the second to the third quarter of 1989, and by a further 7 per cent in the fourth quarter. Reflecting the downward drift of aggregate real gross domestic expenditure after the first few months of 1989, the *volume* of merchandise imports declined by 13½ per cent in the third quarter of 1989 from its high second-quarter level, and by a further 5 per cent in the fourth quarter. The average *price level* of imported goods was only some 2 per cent lower in the fourth quarter of 1989 than in the preceding three months, despite a 3,6 per cent strengthening of the average effective exchange rate of the rand during this period. The impact of rand appreciation on the prices of imported goods was partly neutralised, however, by a hardening of prices in the international crude oil markets and by some acceleration of inflation in trading partner countries.

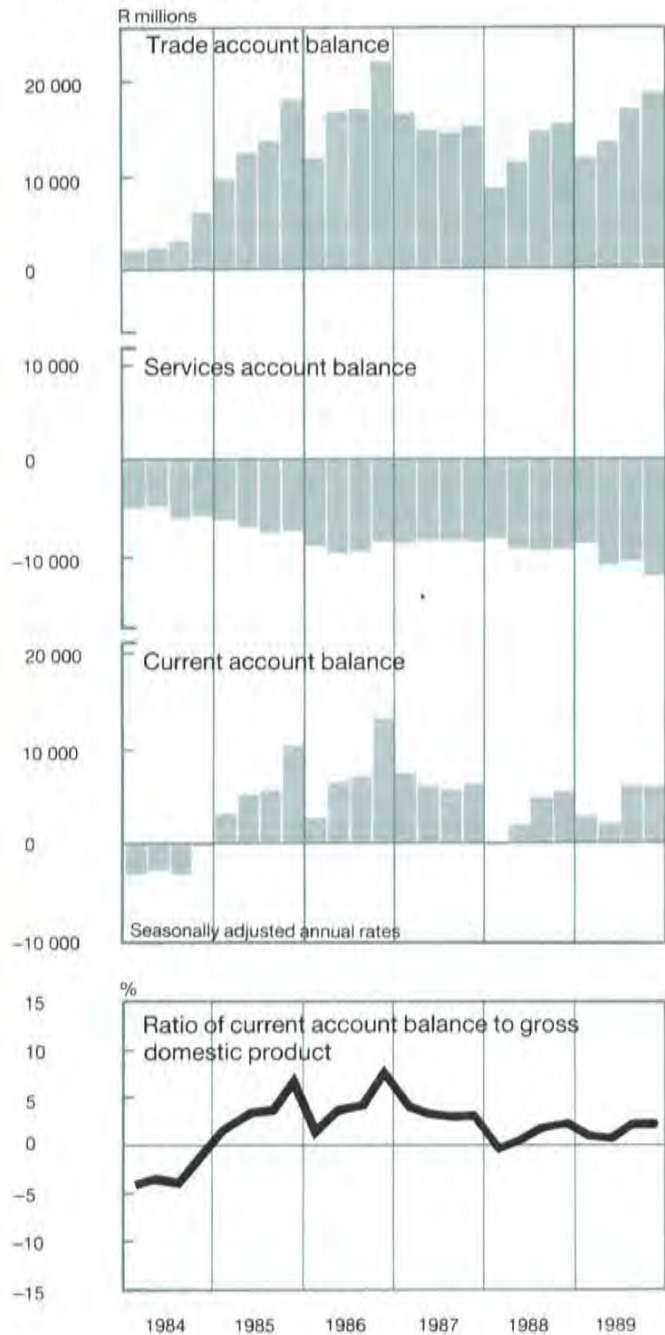
During 1989 as a whole, the approximate 1 per cent decline in total real gross domestic expenditure was accompanied by a decline in real merchandise imports of 1½ per cent. The average rand price level of merchandise imports was, however, some 14½ per cent higher in 1989 than in 1988. As a result, the value of merchandise imports in 1989, at R44,1 billion, was more than 12½ per cent higher than in the preceding twelve months.

The value of *merchandise exports*, having reached a new record high in the second quarter of 1989, declined by 8½ per cent in the third quarter of 1989 and by a further 4½ per cent in the fourth quarter. Contrary

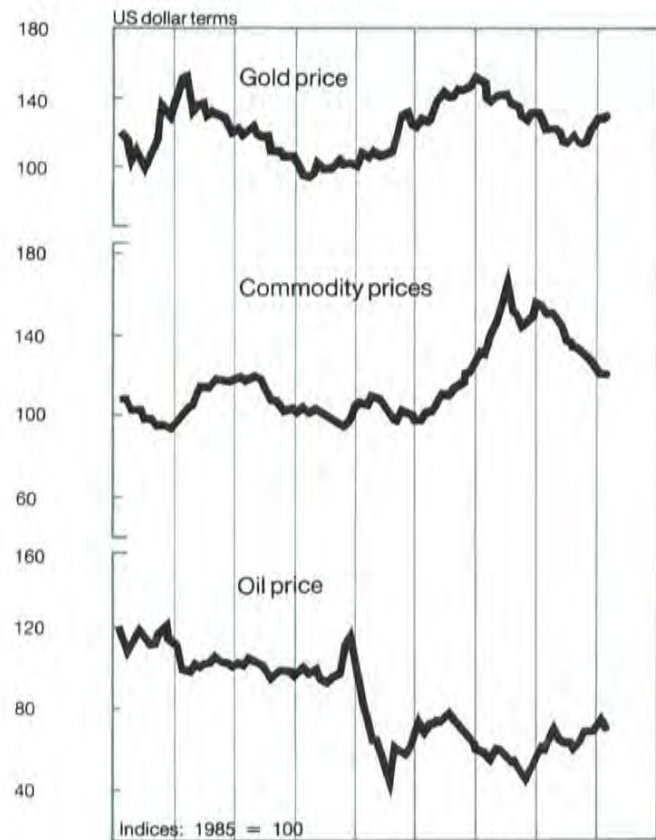
Balance of payments on current account
Seasonally adjusted annual rates
R millions

	1988	1989				
	Year	1st qr	2nd qr	3rd qr	4th qr	Year
Merchandise exports	31 472	34 560	44 320	40 610	38 730	39 555
Net gold exports	19 622	18 970	18 150	19 670	20 122	19 228
Merchandise imports	-39 170	-42 150	-49 580	-43 930	-40 872	-44 133
Net service and transfer payments	-8 985	-8 670	-10 920	-10 510	-12 112	-10 553
Balance on current account	2 939	2 710	1 970	5 840	5 868	4 097

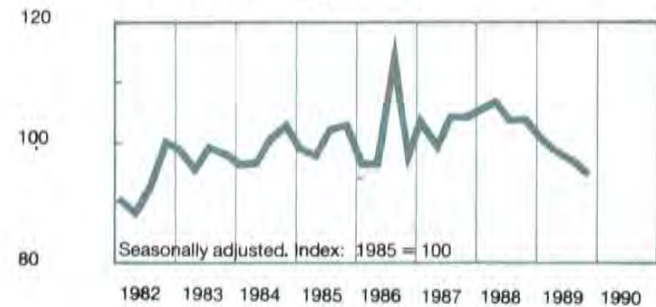
Balance of payments



Gold, commodity and oil prices



Terms of trade, including gold



to developments in merchandise imports, the fourth-quarter decline in merchandise export earnings was accounted for almost entirely by a decline of more than 4 per cent in export prices. The effect on these prices of the strengthening of the exchange rate of the rand in the fourth quarter was reinforced by a further weakening of certain commodity prices (mainly of certain base metals such as nickel, copper and chrome, and of wool and maize) in the international markets.

The volume of merchandise exports held up well in the fourth quarter: its decline from the third to the fourth quarter amounted to a slender 1/2 per cent. When the value of South African merchandise exports is expressed in US dollars, the decline in these exports in the fourth quarter similarly amounted to 1/2 per cent. Declines in merchandise export earnings in the final three months of 1989 were recorded mainly in mineral exports and in exports of chemical products, precious metals and precious stones.

Net service and transfer payments to non-residents rose strongly again (by 15 per cent) from the third to the fourth quarter of 1989 to a new record level (in

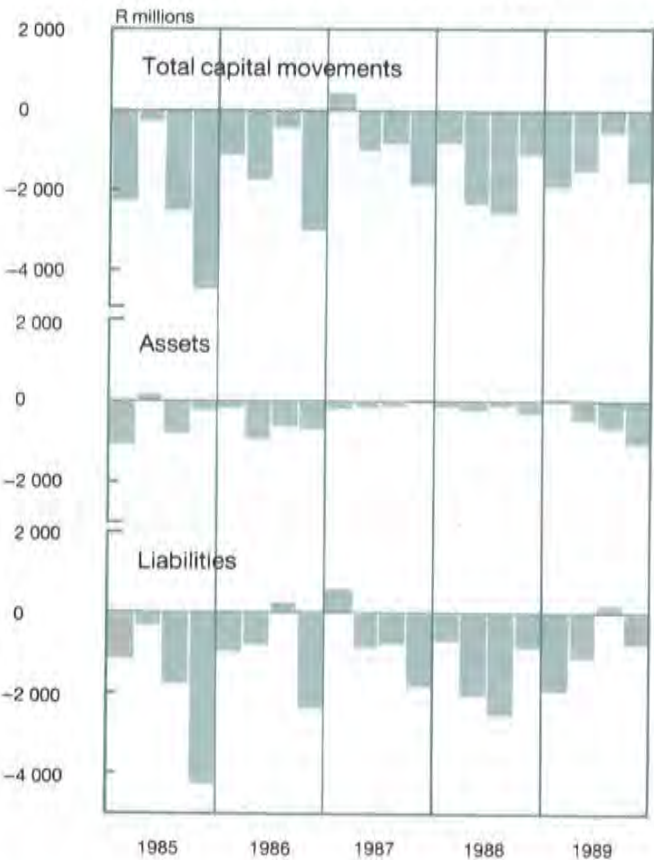
seasonally adjusted and annualised terms) of more than R12 billion. This increase partly reflected a decline in interest and dividend receipts from overseas sources. South African service payments to foreigners, on the other hand, rose very strongly, mainly because of increased interest payments. Increases in such payments arose from a further hardening of overseas interest rates as well as from non-residents' substantial switching from investments in South African shares to investments in South African interest-bearing securities; the extent of this switching rose significantly in the course of the final three quarters of 1989.

An overview of the principal current account items in the year 1989 makes it clear that the renewed strengthening of the current account surplus during the year as a whole was due exclusively to the quite remarkable vigour of the South African merchandise export performance. The average price level of these exports was some 7½ per cent higher in 1989 than in 1988. The volume of South African exports, however, was a major 17 per cent higher in 1989 than in the preceding year. This growth in export volumes therefore compared very favourably with the estimated expansion of the volume of world trade in 1989 of approximately 7 per cent. In the face of only moderate to modest growth of the real South African economy in the advanced upswing year 1988 and in the consolidation year 1989, the South African merchandise export "quota" (i.e. the ratio of real merchandise exports to real gross domestic product) rose from some 17 per cent in 1987 to more than 20 per cent in 1989.

Capital account

The total outflow of capital not related to reserves, which had shrunk quite dramatically from nearly R1,5 billion in the second quarter of 1989 to only R0,5 billion in the third quarter, rose sharply again to R1,7 billion in the fourth quarter. For the year 1989, however, the total outflow of capital fell to R5,6 billion, from R6,5 billion in 1988. This was the result of substantially smaller outflows of short-term capital.

Net capital movements not related to reserves



The renewed rise in the outflow of non-reserve-related capital in the fourth quarter of 1989 was due to a recurrence of outflows of long-term capital and to a substantial increase in the outflows of short-term capital. The outflows would appear to have comprised an increase in South African residents' short-term foreign asset holdings as well as debt repayments in

Net capital movements (not related to reserves)

R millions

	1988	1989				
	Year	1st qr	2nd qr	3rd qr	4th qr	Year
Long-term capital						
Public authorities	-433	-306	-143	-170	-20	-639
Public corporations	-636	124	316	-62	58	436
Private sector	-33	-213	-901	411	-319	-1 022
Total long-term capital	-1 102	-395	-728	179	-281	-1 225
Short-term capital including unrecorded transactions, but excluding reserve-related liabilities	-5 444	-1 456	-752	-678	-1 445	-4 331
Total capital movements excluding liabilities re- lated to reserves	-6 546	-1 851	-1 480	-499	-1 726	-5 556

terms of the standstill arrangements and repayments on debt outside the standstill net.

Long-term capital movements reverted from an inflow of R179 million in the third quarter of 1989 to an outflow of R281 million in the ensuing three months, mainly because of large net outflows of private capital. Public corporations, which had made small net repayments on their foreign indebtedness in the third quarter, were net borrowers of foreign funds again in the fourth quarter. In the course of 1989, public corporations actually attracted new foreign capital – mostly in the form of project financing – to a significant net amount of R436 million.

Large net sales by foreigners of securities listed on the Johannesburg Stock Exchange in the first half of 1989 (which had amounted to R650 million) were replaced by large net purchases of such securities in the second half of the year. Non-residents' increased buying and selling operations on the Johannesburg Stock Exchange – which had their origins largely in overseas investors' improved perceptions of South Africa's socio-political situation and prospects, but also involved the process of switching by these investors from company shares to interest-bearing securities referred to earlier – were, in fact, a major feature of trading activity in the South African capital markets in the third and the fourth quarter of 1989.

The outflow of *short-term* capital doubled from R0,7 billion in the third quarter of 1989 to R1,4 billion in the fourth quarter; the fourth-quarter outflow somewhat exceeded the quarterly average of such outflows in the past two calendar years. Included in the outflow of short-term capital in the fourth quarter was an increase of some R0,8 billion in South African residents' foreign asset holdings in the form of trade financing.

Foreign reserves

The South African *total gross* and other foreign reserves, which had increased by R671 million during the first nine months of 1989, fell back by R470 million in the fourth quarter. In terms of the US dollar, however, the total gross reserves still rose fractionally (by \$5 million) from the end of September 1989 to the end of December. To a significant extent, moreover, the fourth-quarter decline in the rand value of the gross reserves was accounted for by a reduction (i.e. by redemptions) of short-term foreign liabilities. The total *net* gold and other foreign reserves, which had increased by R429 million in the third quarter, shrank by R307 million in the fourth quarter.

In the period January–February 1990 the gross and the net gold and other foreign reserves of the Reserve Bank rose encouragingly by R632 million and by as much as R2 913 million respectively. The total gold reserves of the Reserve Bank, which had shrunk from 3,6 million fine ounces at the end of September 1989 to 3,0 million fine ounces at the end of January 1990,

recovered to 3,5 million fine ounces at the end of February.

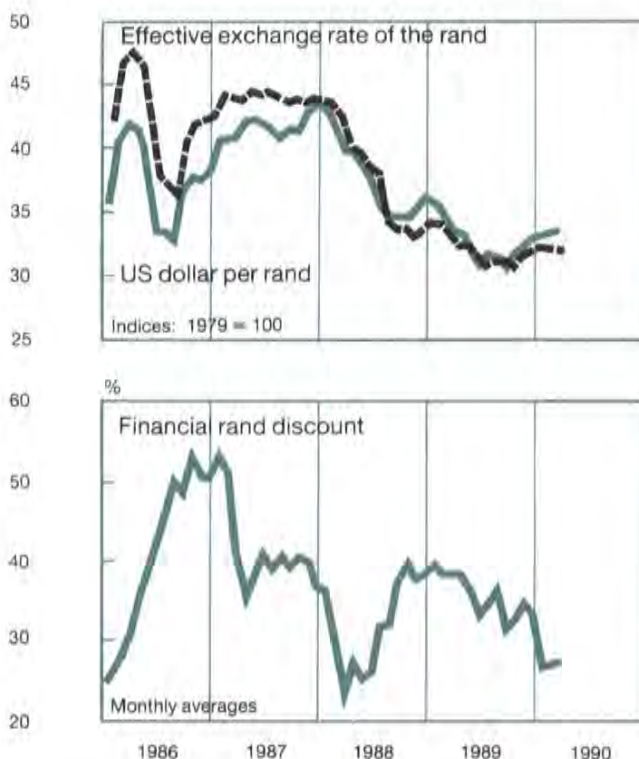
Exchange rates

The effective exchange rate of the rand, although stronger on average in the third quarter of 1989 than in the preceding three months, recorded its lowest level ever on 18 September 1989; on the same date, the value of the rand in terms of the US dollar reached a near-record low of \$0,3536 per rand (equalling R2,8280 per dollar). The effective exchange rate then strengthened, however, by 7 per cent from 18 September up to the end of the year.

The recovery of the rand in the last 3½ months of 1989 mainly reflected weakening of the US dollar (against the German mark in particular), South Africa's large and well-sustained current account surpluses, and the upward movement of the dollar price of gold from its low point of \$357,70 per fine ounce on 15 September. Apart from strengthening against the dollar, the rand also gained ground significantly against sterling and the Japanese yen during this period.

During 1989 as a whole, the effective exchange rate of the rand declined by 3,8 per cent. Appreciations of the rand against sterling and the yen were overshadowed by depreciations against all other major currencies.

Exchange rates



Changes in exchange rates of the rand

%

	18 Sept 1989 to 31 Dec 1989	31 Dec 1988 to 31 Dec 1989	31 Dec 1989 to 28 Feb 1990
Weighted aver-			
age	7,0	-3,8	-1,1
US dollar	11,0	-6,7	-0,3
British pound	8,2	4,2	-5,1
German mark	-4,4	-11,8	-0,1
Swiss franc	0,9	-5,1	-3,8
Japanese yen	8,9	6,3	3,3
French franc	-3,2	-11,6	-1,0
Financial rand	12,7	6,8	-2,3

In January and February 1990 the effective exchange rate of the rand essentially held stable at the higher levels it had attained towards the end of 1989. It weakened, on balance, by a modest 1,1 per cent over this two-month period.

The *financial* rand appreciated remarkably, by 28½ per cent, from its recent low point of R4,38 to the US dollar on 25 August 1989 to R3,40 per dollar at the end of January 1990; following the State President's address at the opening of Parliament on 2 February 1990, it strengthened further to R3,13 per dollar on 6 February. This improvement could be attributed mainly to non-residents' favourable impressions of some of the South African government's recent and current socio-political initiatives and to the accompanying surge in foreign investors' demand for South African securities.

The financial rand's discount vis-à-vis the commercial rand narrowed substantially from 36,9 per cent on 25 August 1989 to 28,9 per cent at the end of December and to 19,2 per cent on 6 February 1990. By the end of February, however, the financial rand had depreciated again to a level of R3,67 to the dollar. Its discount vis-à-vis the commercial rand then stood at 30,3 per cent.

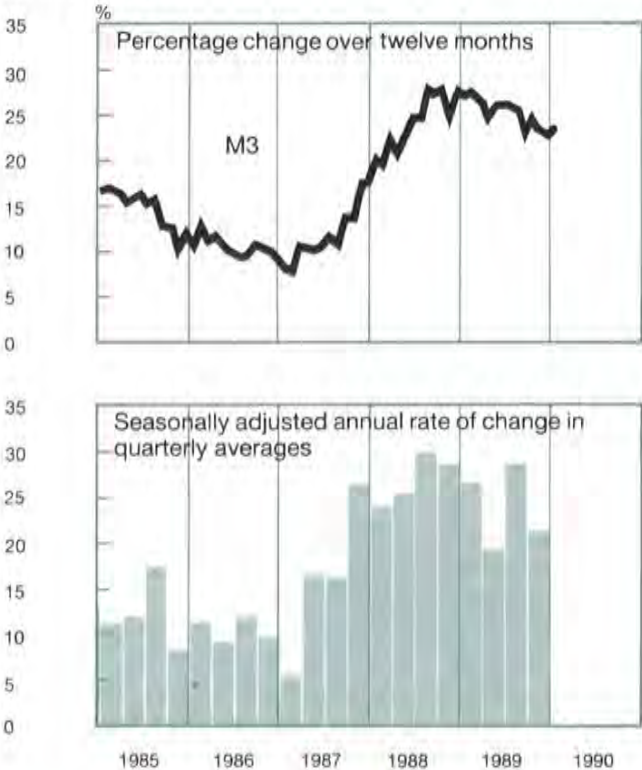
Financial markets

Money supply

The rate of increase in the M3 money supply over twelve-month periods, which had peaked at 27,9 per cent in August 1988, retreated fairly gradually to 22,9 per cent in September 1989, but reaccelerated to 24,6 per cent in October. The October reacceleration in money growth could partly be contributed to the additional extension of bank credit and creation of bank deposits that preceded the share issue by Iscor in early November. In the absence of similar disturbing elements, the twelve-month growth rate in M3 subsequently retreated again to 23,3 per cent in November 1989 and to 22,7 per cent in December. It then reaccelerated once more, however, to 23,6 per cent in January 1990.

Renewed deposit interest rate increases from September 1989, the Bank rate increase of 11 October, expectations of possible further increases in interest rates, and an unforthcoming policy stance of the Reserve Bank at the discount window, resulted in renewed downward pressure on banks' interest rate margins and sustained phenomena of reintermediation and "liquidity preference proper". These are likely to have

Money supply



added significantly to the observed rates of monetary expansion in late 1989 and early 1990. On balance, the seasonally adjusted and annualised *quarter-to-quarter* rate of growth in the quarterly average of M3 nevertheless fell back appreciably – although as yet inadequately – from its high point of 29,5 per cent in the third quarter of 1988 to 20,9 per cent in the fourth quarter of 1989.

The domestic private non-banking sector's holdings of negotiable certificates of deposit (as included in M3) rose by no less than R9,2 billion from the end of December 1988 to the end of December 1989, contributing more than one third to the increase of R27,0 billion in M3 during this period.

The more recent quarter-to-quarter rates of increase in M3, although at lower levels than in late 1988, nevertheless continued to exceed the quarter-to-quarter rates of growth in gross domestic product at current prices. M3's velocity of circulation accordingly shrank further to 1,745 in the fourth quarter of 1989, from its most recent peak value of 2,005 in the first quarter of 1987 and from 1,803 in the third quarter of 1989. Velocity in the fourth quarter of 1989 was actually at its lowest level since the fourth quarter of 1976.

Partly because of the enduring role of "liquidity preference proper" in depositors' investment decisions, growth in M3 remained concentrated in deposits with unexpired maturities of more than one day but not exceeding six months (i.e. in "other short" and medium-term deposits), on which, in addition, comparatively high interest could be earned. In December 1989, the twelve-month rate of increase in "other short" and medium-term deposits amounted to no less than 40,7 per cent. The comparatively very rapid growth in these deposits caused their share in M3 to be raised from 43,8 per cent in December 1988 to more than half of the total (50,2 per cent) in December 1989. Conversely, the twelve-month rate of increase in the *long-term* deposit liabilities of monetary institutions as in December 1989 still amounted to only a slender 4,8 per cent.

Quarter-to-quarter and twelve-month rates of increase in the narrower monetary aggregates, M1A and M1, generally remained well below those of M3 in the course of 1989. In December 1989 the twelve-month rates of increase in M1A and M1 amounted to 10,8 and 10,9 per cent. Relatively slow growth in M1A was a reflection of a more limited expansion of the demand for money for transaction purposes and of the non-interestearning nature of important components of the M1A aggregate. In contrast, the twelve-month rate of increase in M2 – because of the explosive growth in its "other short" and medium-term deposit component already referred to – in December 1989 amounted to a substantial 27,4 per cent.

In the statistical or accounting sense, the R27,0 billion increase in M3 from the end of December 1988 to the end of December 1989 was explained primarily

by a R24,6 billion increase in monetary institutions' credit to the domestic private sector. Monetary institutions' net claims on the *government* sector decreased by R2,7 billion during 1989; in addition, their net gold and other foreign reserve holdings declined by R1,5 billion during this period. "Net other assets" of the money-creating sector – including the Reserve Bank's claims on the Treasury on account of shortfalls experienced in the Bank's provision of forward foreign exchange cover – made a positive contribution to M3 of R6,6 billion during the twelve months concerned.

The 1989 targeting year

The increase in the quarterly average of M3 from the fourth quarter of 1988 to the fourth quarter of 1989 amounted to 23,5 per cent. This should be compared with the 18 per cent upper limit to the 1989 target range for the M3 money supply of 14 to 18 per cent. At R141,5 billion, M3's quarterly average level in the fourth quarter of 1989 exceeded the upper boundary of the target by R6,3 billion or 4,7 per cent.

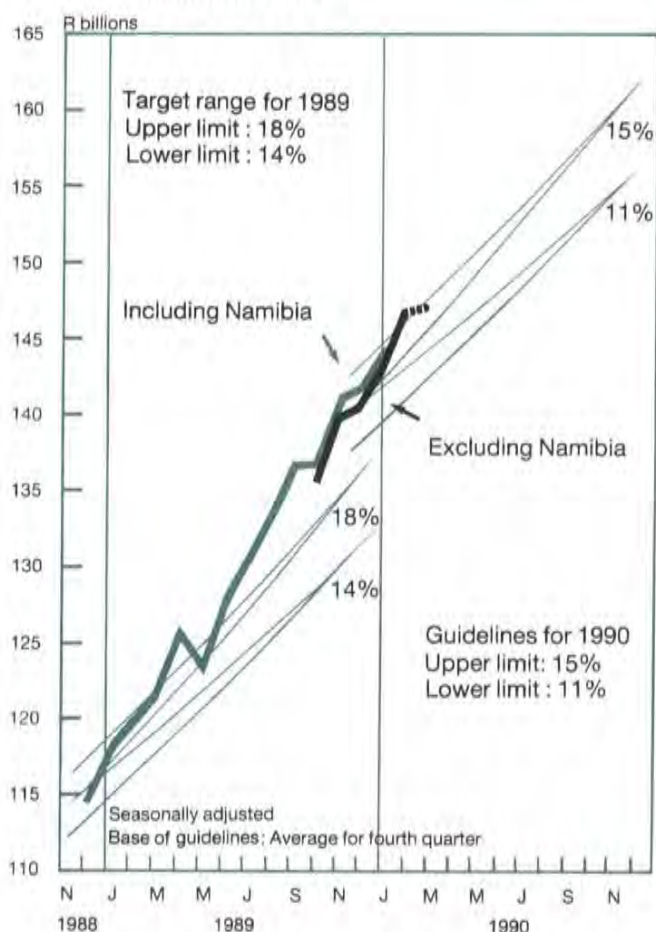
Sustained rapid growth in M3 through the fourth quarter of 1988 caused the month-end values of M3 to lie above the upper limit of the target "cone" for 1989 from the end of December 1988 onwards. From as early as February 1989, the month-end values of M3 also exceeded the upper boundary of the new target "tunnel". With the exception of April 1989, they continued to do so throughout the remainder of the 1989 targeting year.

The income velocity of circulation of M3 declined on balance during the targeting year. This followed a similar decline in velocity (of 6,8 per cent) from the fourth quarter of 1987 to the fourth quarter of 1988; in 1987, on the other hand, M3's velocity of circulation had receded only marginally (by 1,0 per cent) from the peak value it had attained in the first quarter of that year to the fourth quarter.

Gross domestic product at current prices rose by 16,5 per cent from the fourth quarter of 1988 to the fourth quarter of 1989. M3's increase of 23,5 per cent over that period, as calculated for targeting purposes, accordingly meant a decline in M3's velocity of circulation of approximately 5,7 per cent. As in earlier targeting years, the increase in the "effective" or "velocity-adjusted" M3 money supply (i.e. the increase in $M \times V$, which by definition must be equal to the increase in the gross domestic product at current prices of 16,5 per cent in 1989) therefore fell close to the centre point of the 14 to 18 per cent target range.

Growth in M3 at rates well in excess of the upper limit of the target range, in conjunction with the observed behaviour of inflation, the balance of payments/foreign reserves/exchange rate situation and various other considerations, was a factor in guiding the authorities' policy actions during 1989. These included three upward revisions of Bank rate during

Guidelines for growth in M3



the year and the generally stringent posture assumed by the Reserve Bank in its extension of refinancing accommodation at the discount window. As in preceding years, the observed behaviour of M3 relative to its target path should therefore again have proved of assistance to private-sector parties in formulating expectations concerning the monetary authorities' future policy stance.

New guidelines for the rate of increase in M3 of 11 to 15 per cent between the fourth quarter of 1989 and the fourth quarter of 1990 were unannounced by the Governor of the Reserve Bank on 23 March 1990. The full text of the Governor's statement is published on page 43 of this *Bulletin*.

Credit extension by monetary institutions

The *twelve-month* rate of increase in all monetary institutions' claims on the private sector decreased fairly steadily from its peak value of 30,8 per cent in October 1988 to 20,7 per cent in December 1989. The *quarter-to-quarter* rate of increase in the quarterly

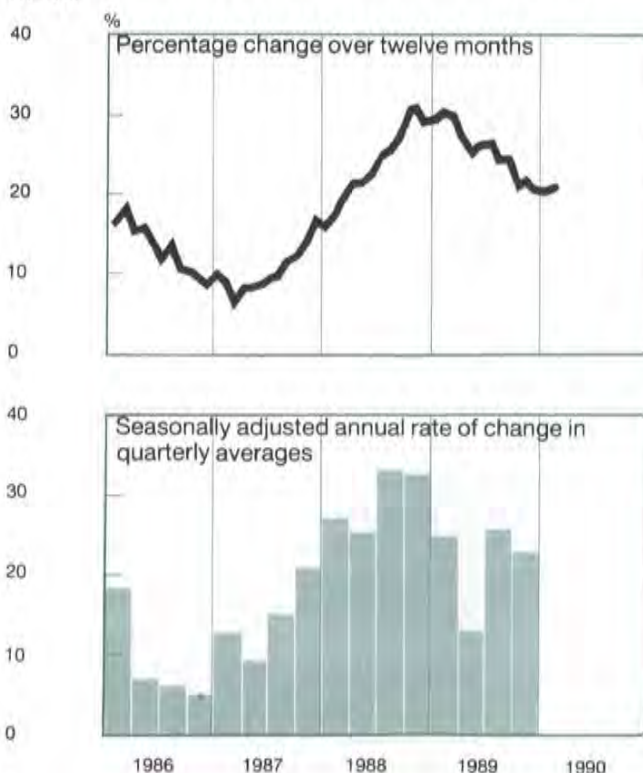
Changes in monetary institutions' claims on the domestic private sector

January to December 1989

	R billions	%
Bills discounted	1,5	21,4
Investments	0,1	4,3
Hire-purchase credit	3,2	25,7
Leasing finance	2,2	30,8
Mortgage advances	8,9	19,6
Other advances	8,6	19,6
Total	24,6	20,7

average of these claims, seasonally adjusted and unannualised, retreated, on balance, from high points of well over 30 per cent in the third and the fourth quarter of 1988 to 22,9 per cent in the fourth quarter of 1989. The generally downward trend of this growth rate was, however, disturbed severely by an uncommonly low, and inadequately explained, level of monetary institutions' credit extension to the private sector as at the end of April 1989. (A similar random element in the M3 money supply at the end of April 1989 also affected the course of the quarter-to-quarter growth rates of M3 in 1989.) Because of this disturbance, the quarter-to-quarter growth rate in the money-creating institutions'

Claims of monetary institutions on domestic private sector



claims on the private sector fell back to only 12,8 per cent in the second quarter of 1989 before rising again, partly by way of reaction, to 25,7 per cent in the ensuing three months.

The downward drift of the rate of increase in monetary institutions' credit to the private sector in 1989 could be explained by, among other things, lower rates of increase in gross domestic product and expenditure at current prices, the declining values of merchandise imports and exports and reductions of real inventories in the second half of 1989, a decline in the demand for mortgage finance, and households' increased hesitance to enter into new debt commitments, as well as by the relatively high level of interest rates in the present early-consolidation phase of the business cycle and by the stricter criteria now applied by monetary institutions when providing new credit facilities.

Against these various conditions making for a slow-down in new credit extension, corporate borrowers' liquidity was lower in the past several quarters than in 1987 or 1988. In addition, households may occasionally have felt themselves "forced" to make increased use of personal overdrafts or credit card facilities because of the strains imposed on family budgets by, for example, significantly higher levels of their monthly mortgage payments.

At the same time, however, the level of measured credit extension was supported by the various reintermediation phenomena that also held up the growth rates of the M3 money supply. If it can be assumed that reintermediation was responsible for the margin by which the growth rate in measured credit outstanding exceeded the growth rate in the nominal gross domestic product in the past several calendar quarters, reintermediation phenomena would have accounted for an approximate 4,7 percentage points or more than one fifth of the 21,2 per cent rise in the quarterly average of monetary institutions' claims on the private sector from the fourth quarter of 1988 to the fourth quarter of 1989.

An analysis by type of credit of the R24,6 billion increase in the money-creating institutions' claims on the private sector from the end of December 1988 to the end of December 1989 shows that expansions of these institutions' mortgage advances and "other" advances outstanding each accounted for over one third of the overall increase in these claims. More rapid rates of growth were, however, displayed by hire-purchase credit and leasing finance.

The total of hire-purchase credit and leasing finance rose by R1,1 billion in the fourth quarter of 1989, following increases of R1,4 billion, R1,4 billion and R1,5 billion in the preceding three quarters. The extent of the slow-down in the fourth quarter is, of course, more significant when allowance is made for inflation. The extension of new mortgage finance similarly de-

Consumer durables and monetary hire-purchase and leasing credit extended



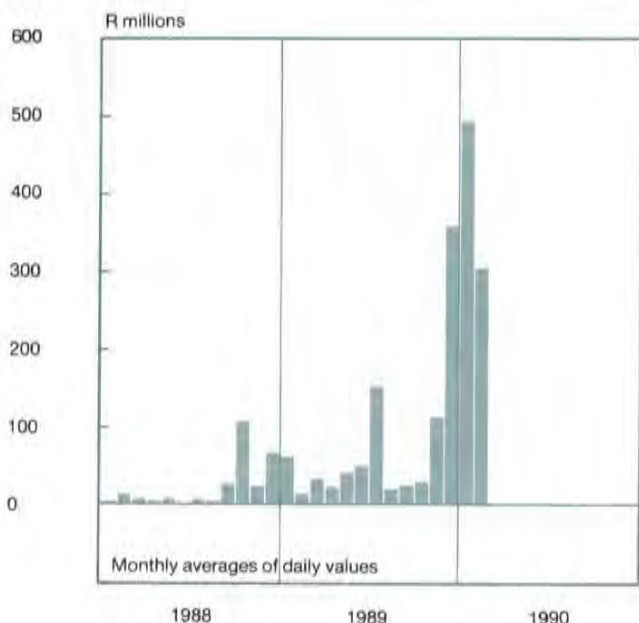
celerated during the year; the quarterly increases in this kind of lending declined from R2,6 billion in each of the first two quarters of 1989 to R1,9 billion in each of the final two quarters.

Reserve Bank operations in the money market

Money market conditions, as measured by the market's needs for Reserve Bank accommodation, tightened considerably in the course of 1989 and remained tight during the first 2½ months of 1990. The average daily level of the Bank's accommodation of the market at the discount window amounted to R1,8 billion in the first half of 1989, but rose to R3,3 billion in the third quarter and R3,8 billion in the fourth quarter of 1989 and to R4,8 billion and R3,9 billion in January and February 1990 respectively. Accommodation at the window reached highs of R4,8 billion on 23 December 1989, R5,4 billion on 10 January 1990, and R5,5 billion on 31 January. In *real* terms, however, these amounts still did not match the amount of R2,8 billion that had been recorded on 5 July 1984, which would have exceeded R6 billion at present-day price levels.

In accounting terms, the market's shortages up to and during December and early January could be explained from intermittent declines in the net gold and other foreign reserves, the high and rising level of government deposits with the Reserve Bank, and the very large seasonal increase in banknotes in circulation over the December holiday period. The daily average of the amount of notes in circulation rose from R7,9 billion in November 1989 to R9,4 billion in December; it broke all previous records by reaching a peak daily figure of R9,8 billion on 21 December. The daily average of the note circulation then retreated to R8,1 billion in January 1990 and to R7,9 billion in February.

Overnight loans



The more recent market shortages have remained linked to the high but varying level of government deposits with the Reserve Bank. During both January and February 1990, however, the shortages were alleviated significantly by marked increases in the Reserve Bank's net gold and other foreign reserves.

Assistance to the market by other means than re-financing at the discount window was provided during the period 27 December 1989 to 15 January 1990, and again from 22 January 1990 into February, in particular; certain forms of this assistance were, however, maintained or rolled over more continually. Varieties of such assistance included the buying of short-dated assets (either outright or under repurchase agreements) by the Corporation for Public Deposits, purchases of money market assets by the Public Investment Commissioners, and the placement with banking institutions of deposits that normally would have been held with the CPD. Overnight loans to banking institutions (as a less attractive supplement to the rediscounting of bills at the discount window) nevertheless rose from a daily average of R75 million in 1989 to R492 million in January 1990 and to R304 million in February.

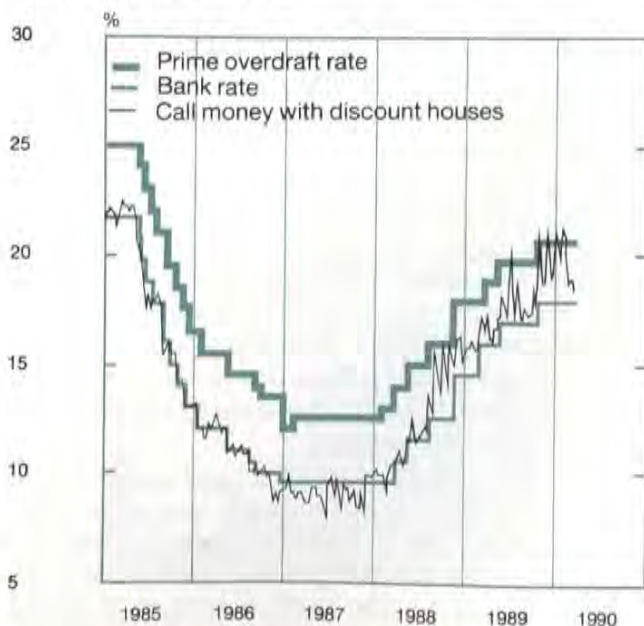
Net sales of government stock by the Reserve Bank during the fourth quarter of 1989 amounted to R1,4 billion. From 1 January 1990 to 28 February 1990 further sales amounting to R0,6 billion was concluded. A part of the proceeds from these sales was deposited in the stabilisation account that was re-established in September 1989.

Money market interest rates

Money market interest rates adjusted to the Bank rate increase (from 17 to 18 per cent) of 11 October 1989. The rate on liquid three-month bankers' acceptances rose from 17,35 per cent immediately prior to this Bank rate increase to 18,35 per cent immediately thereafter. During the remainder of 1989 the three-month acceptance rate varied between a high point of 18,80 per cent (from 18 to 21 November) and a low point of 18,25 per cent (on 13 December); it amounted to 18,35 per cent over the December month-end. In the tight liquidity conditions of early 1990 this rate subsequently hardened again to 18,70 per cent over the January month-end, before again easing somewhat to 18,40 per cent by mid-February and to 18,50 per cent at the February month-end.

Following the announcement by the Reserve Bank of penal rates of up to 22,75 per cent on accommodation in the form of overnight loans from 11 October 1989 onwards, rates on interbank funds and wholesale call deposits rose more sharply than rates on other money market instruments of somewhat longer maturity. The discount houses' call rate, for example, firmed from 18,50 per cent at the end of September 1989 to 21,25 per cent over each of the subsequent four month-ends before declining somewhat to 20,00 per cent at the end of February 1990. The yield curve in respect of money market instruments became more strongly inverse in the wake of the combination of penal rates on overnight loan accommodation and the generally high level of the money market shortages.

Short-term interest rates

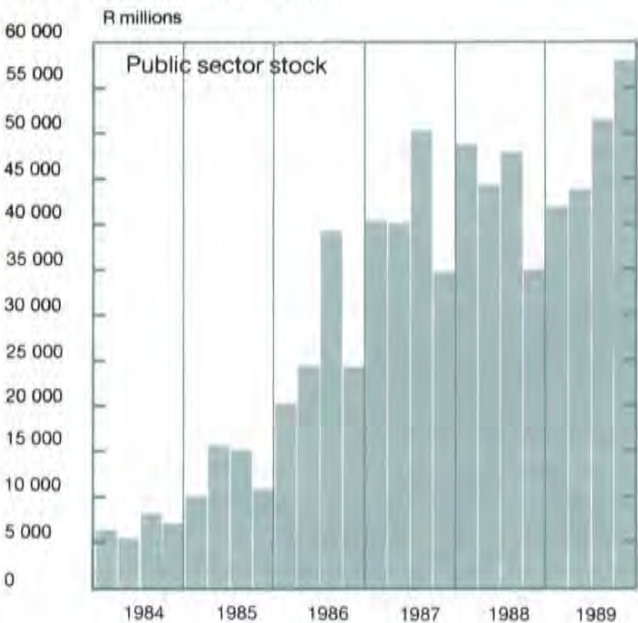


Capital market developments

Trading activity in the capital markets, which had already recovered vigorously in the third quarter of 1989, generally showed substantial further increases in the fourth quarter of 1989 and the first two months of 1990. Significant further advances in share prices were recorded on the Johannesburg Stock Exchange. A small further increase was also recorded in the value of real estate transactions.

The value of *public sector stock* traded on the stock exchange rose by 13 per cent to a new record level of R58,1 billion in the fourth quarter of 1989 from its previous record level of R51,5 billion in the third quarter. In January and February 1990 the monthly average of the turnover of these stocks rose further to a wholly unprecedented R29,1 billion, from approximately R19,4 billion in the fourth quarter of 1989.

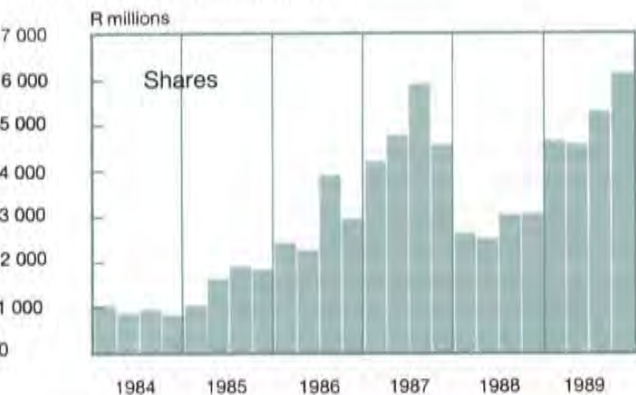
Stock exchange transactions



The value of *shares* traded on the stock exchange rose from R5,3 billion in the third quarter of 1989 to R6,2 billion in the fourth quarter, thereby exceeding for the first time the record quarterly amount (of R5,9 billion) of shares traded in the third quarter of 1987. The monthly average turnover of shares subsequently rose further from nearly R2,1 billion in the fourth quarter of 1989 to R2,9 billion in January and February 1990.

Net *purchases* of public sector stock by *non-residents* on the Johannesburg Stock Exchange decreased from R1,2 billion in the third quarter of 1989 to R0,9

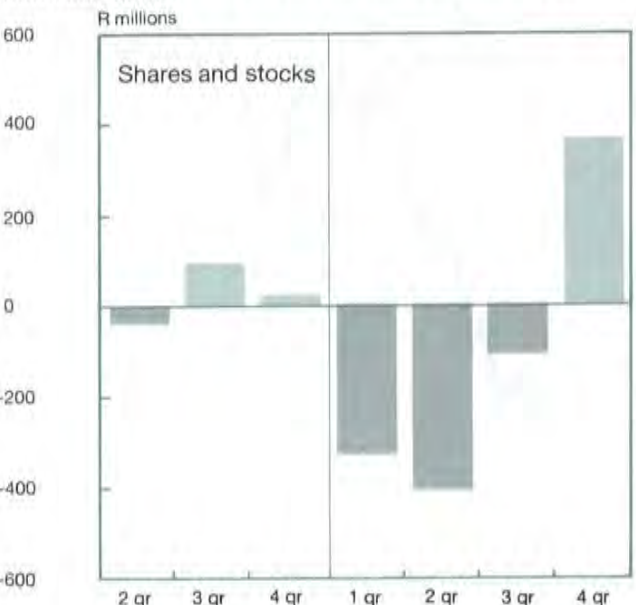
Stock exchange transactions



billion in the fourth quarter. In the course of 1989, non-residents' total net purchases of such stock reached an amount of R2,9 billion. Further such purchases were made in January-February 1990 to a net amount of R0,5 billion.

Net *sales* of *shares* by non-residents similarly dropped from R1,3 billion in the third quarter of 1989 to R0,5 billion in the fourth quarter. The total amount of these sales by non-residents in the course of 1989 was approximately R3,4 billion. During January-February 1990 foreign investors took advantage of both the buoyant state of the South African share market and the prevailing relative strength of the

Johannesburg Stock Exchange: Net purchases by non-residents



financial rand. The net amount of sales of shares by non-residents through members of the Stock Exchange during these two months ran to R1,9 billion.

The average *price level* of all classes of shares, which had risen by 9 per cent in the third quarter of 1989, increased by a further 7 per cent in the fourth quarter and by 5 per cent in January-February 1990. These further increases in the general level of share prices mainly resulted from increases in the prices of financial and gold mining shares, which rose by 3 per cent and by as much as 34 per cent in the fourth quarter of 1989; the prices of gold mining shares then rose marginally further in January 1990, but fell back by 5 per cent in February, whereas financial share prices rose by another 8 per cent in January-February. In contrast, the average price level of industrial and commercial shares *dropped* by 8 per cent in the fourth quarter of 1989; it recovered, however, by 13 per cent in January-February. Sustained relative bullishness in large

segments of the share market in late 1989 and early 1990 and its underlying causes (such as the rise in the gold price to above the \$400 mark from late November 1989, mildly more sanguine inflation expectations, a more relaxed socio-political atmosphere, and a marked softening of long-term interest rates) also played a part in sustaining business confidence and consumer sentiment and contributed to the softness of the economy's "landing" in the fourth and early fifth quarter of its current consolidation phase.

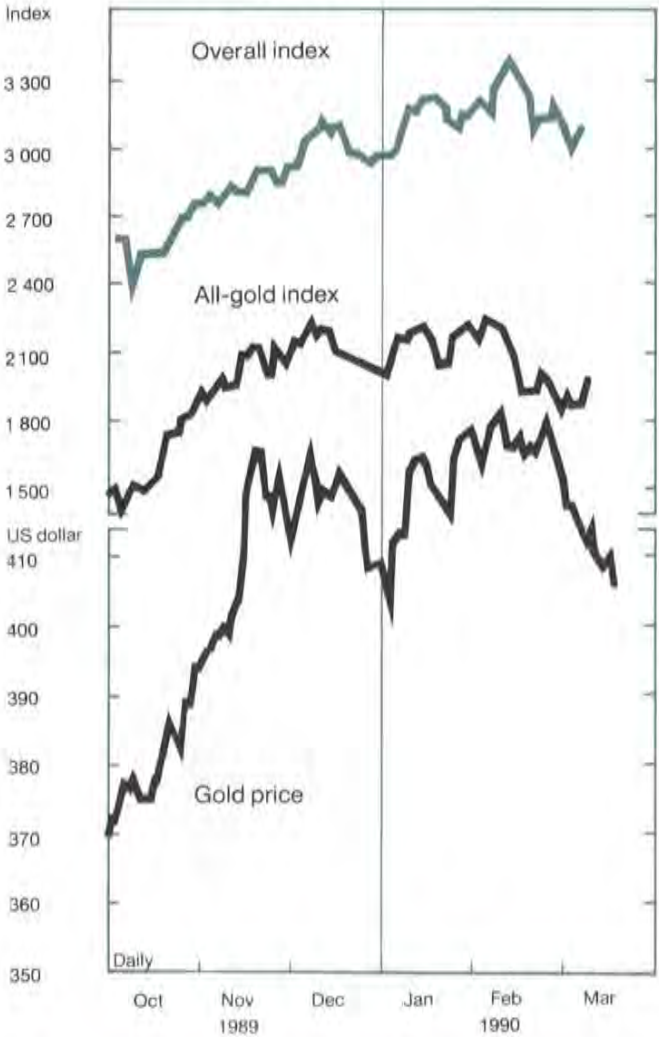
Despite the lively condition of the share market in the fourth quarter of 1989, the average price levels of gold mining shares, industrial and commercial shares and "all classes" of shares in December 1989 still fell short by 12, 10 and 2 per cent of their respective peaks in September 1987. Further increases of 2, 8 and 6 per cent respectively were, however, recorded in January 1990 in the average prices of gold mining shares, industrial and commercial shares, and financial shares. As a result, the average prices of financial shares and "all shares" as in January 1990 exceeded their earlier record levels of September 1987 by 9 and 2 per cent.

In the primary market, a net *repayment* of R0,8 billion was made in the fourth quarter of 1989 to banks and private non-bank investors in public sector stock, compared with an amount of net new issues of R3,0 billion in the third quarter of 1989. *Private companies*, which had raised a total of R156 million through new issues of fixed-interest securities in the third quarter of 1989, raised R111 million by means of such issues in the fourth quarter. Issues of ordinary shares by such companies rose from R2,1 billion in the third quarter to R5,3 billion in the fourth quarter. This sharp increase was, however, mainly due to the R3,1 billion privatisation issue by Iscor Ltd., which was listed on 8 November 1989.

In the *mortgage market* the amount of mortgage loans paid out by building societies, which had declined from its record level of R2,7 billion in the third quarter of 1988 to R1,4 billion in the third quarter of 1989, recovered slightly to R1,5 billion in the fourth quarter of 1989. The increase in building societies' total *holdings* of mortgage loans, which had amounted to R0,5 billion in the third quarter of 1989, was maintained at that level in the fourth quarter. In contrast, the increase in *banking institutions'* holdings of mortgage loans (which, on a quarterly basis, has consistently exceeded the increase in the building societies' holdings from the beginning of 1988 onward) retreated fairly substantially from R1,0 billion in the third quarter of 1989 to R0,8 billion in the fourth quarter.

The value of *real estate transactions* nearly doubled (in nominal terms) from the third quarter of 1986 to the fourth quarter of 1988, but appeared to have topped out (at R4,8 billion) in the first quarter of 1989. It then rose again, however, to new record amounts of R5,3 billion in the second quarter of 1989, R5,4 billion in the third quarter and R5,6 billion in the fourth quarter.

JSE-Actuaries' indices and gold price



Yields and interest rates

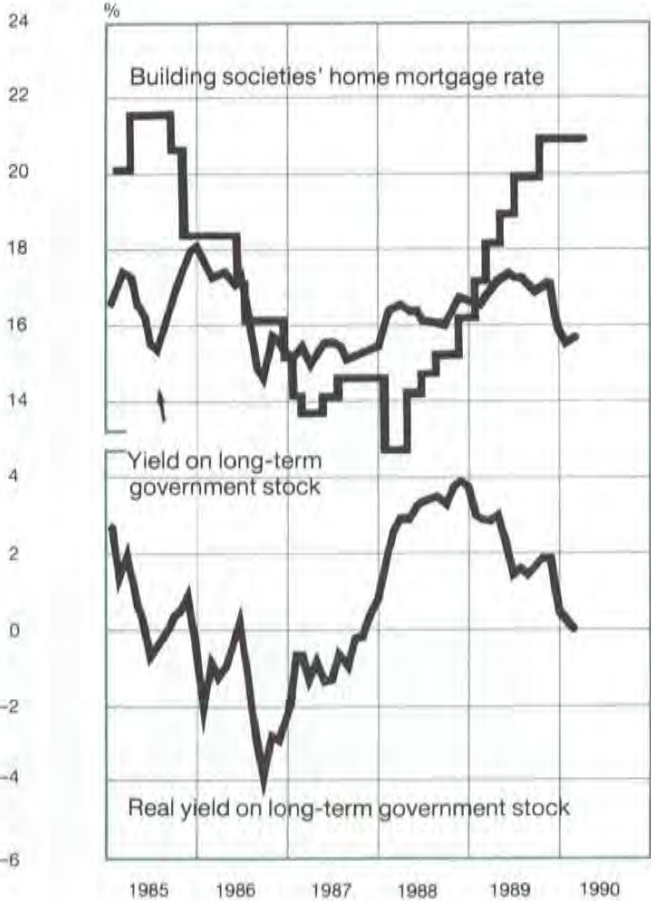
The monthly average *yield on long-term government stock*, which had eased from 17,4 per cent in May 1989 to 16,8 per cent in September, firmed marginally to 16,9 per cent in October, partly under the impact of the Bank rate increase of 11 October. Various factors – such as completion of the Central Government's borrowing programme for budgetary purposes in the fiscal year 1989/90, the increased strength of the dollar price of gold and of the South African economy's external position generally, more favourable foreign perceptions of current and prospective South African socio-political developments, non-residents' markedly enhanced interest in South African securities, and more favourable views of the somewhat longer-term prospects for the inflation rate - subsequently caused this rate to fall back appreciably to 15,8 per cent in December and to 15,5 per cent in January 1990. However, this rate then hardened marginally again (to 15,6 per cent) in February in the light of the market's uncertainties concerning potential longer-run politico-economic developments.

The further recovery of share prices in the fourth quarter of 1989 did not prevent another increase in the monthly average dividend yield on all classes of shares from 5,2 per cent in September 1989 to 5,7 per cent in December, mainly on the basis of improved financial results of industrial companies in particular. The average dividend yield then eased, however, to 5,5 per cent in February 1990. The average *earnings* yield on industrial shares that are listed on the Johannesburg Stock Exchange strengthened markedly from 14,5 per cent in September 1989 to 21,2 per cent in December, but retreated to 20,7 per cent in February 1990.

The building societies' predominant home mortgage rate, which had been raised to 19,75 per cent in June 1989, was held at this level in the ensuing four months. Following the increase in Bank rate on 11 October, this rate was raised in October to 20,75 per cent with immediate effect for new mortgage loans and with effect from 1 December 1989 for existing mortgage loans.

Also following the Bank rate increase of 11 October, the predominant rate on twelve-month deposits with banks and building societies, which is regarded as indicative of deposit rates in general, was raised from 16,5 per cent to 17,0 per cent.

Long-term interest rates and yields



Government finance

Outcome of Central Government Budget for fiscal 1989/90

Principal features of the expected outcome of the Central Government Budget for the fiscal year 1989/90, as reported on by the Minister of Finance in his Budget speech of 14 March 1990, were, firstly, the high degree of discipline that had been exercised by the authorities over government expenditure during the year. This would result in actual total expenditure in the fiscal year 1989/90 being very close to the original Budget estimates. Secondly, government revenue had been under-estimated to an uncommonly large degree. Between them, these two features were set to result in an eventual deficit before borrowing and debt repayment for the fiscal year 1989/90 as a whole that would be considerably smaller than had been envisaged in the Budget speech of March 1989. At the same time, the actual impact on the economy of the Central Government's fiscal operations in 1989/90 was considerably more restrictive than had been either intended or foreseen in the March 1989 Budget proposals. These proposals, in fact, had been expected to be mildly expansionary in their effect on the then prevailing and anticipated business conditions.

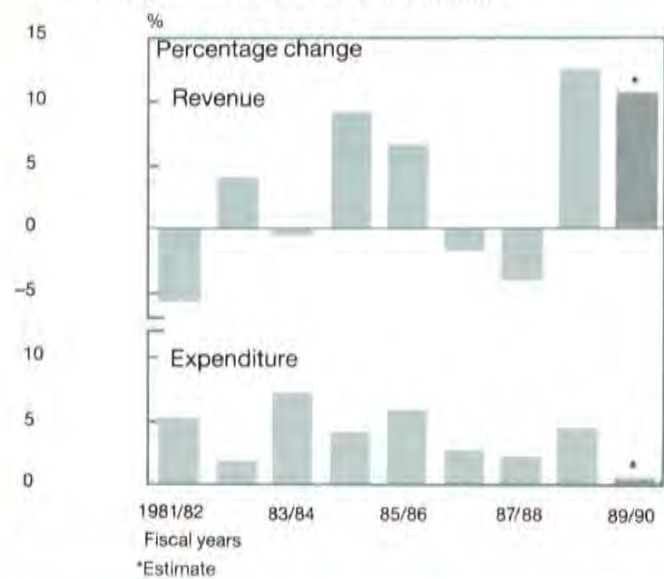
Exchequer issues to government departments in fiscal 1989/90 were estimated by the Minister ultimately to amount to R65 181 million. This would be only 1,8 per cent higher than the estimate of total expenditure of R64 017 million in the Budget of March 1989, and an insignificant R164 million, or 0,3 per cent, higher

than the expenditure provided for in that Budget after inclusion in the estimates of the additional R1 000 million that had been allowed for unforeseen spending needs. The extent of this overspending could be compared with overspending to an amount of 5,1 per cent of originally budgeted expenditure in fiscal 1988/89, and with an average "overspending ratio" of 6,5 per cent in the five fiscal years from 1984/85 to 1988/89. The year-on-year increase in government expenditure in fiscal 1989/90 would amount to 15,2 per cent. This meant an increase of only 0,1 per cent in real or inflation-adjusted terms.

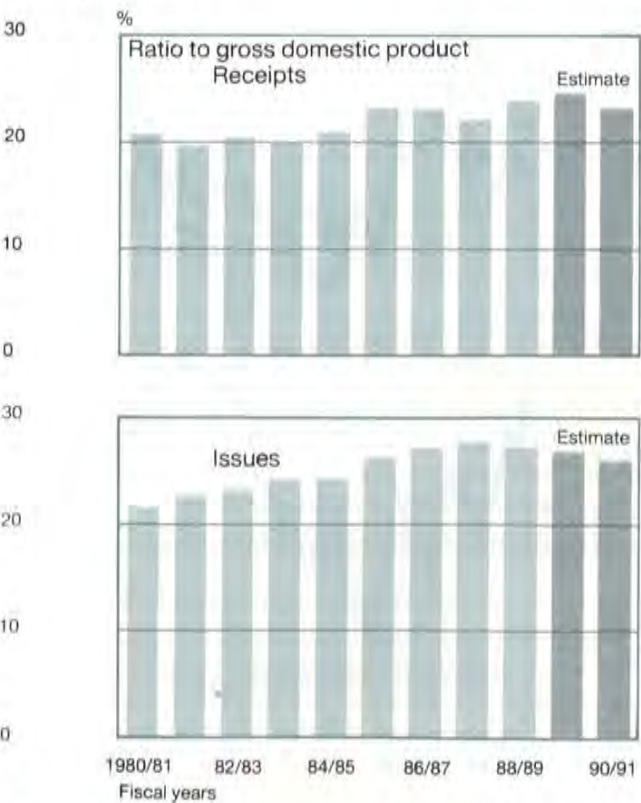
Total revenue receipts in fiscal 1989/90 were estimated by the Minister eventually to amount to R61 385 million. This would exceed the original Budget estimates by a very large amount of R6 317 million, or by 11,5 per cent. It would also exceed government revenue in the fiscal year 1988/89 by an unprecedented 27,3 per cent, or by a large 10,6 per cent in real terms.

Marked excesses of the anticipated actual revenue receipts over the original Budget estimates were recorded both in customs and excise duties and in the receipts from inland revenue. Receipts from customs and excise duties were expected by the Minister to exceed the Budget estimates by R1 444 million (i.e. by some 19,7 per cent), and would be roughly one quarter

Real government revenue and expenditure



Exchequer Account



Revenue collections in 1989/90

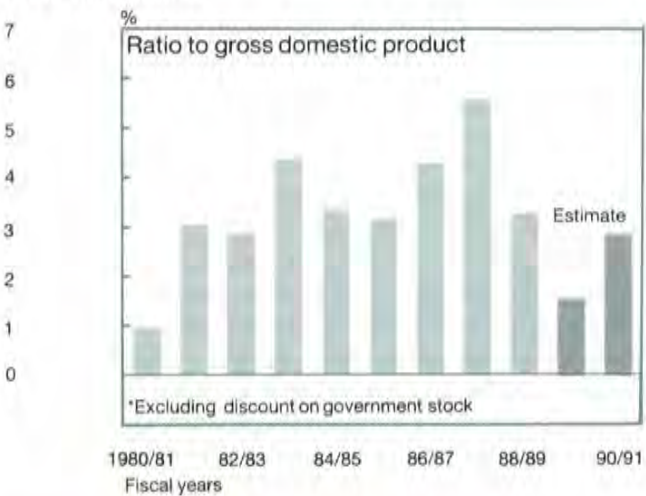
	Budget ¹		Anticipated collections	
	R millions	Percentage change ²	R millions	Percentage change ²
Mining companies	2 467	-19,5	2 671	-12,9
Non-mining companies	9 500	16,8	11 001	35,3
Individuals	16 710	15,7	19 558	35,5
General sales tax	16 300	25,7	16 480	27,0
Customs and excise duties	7 320	5,0	8 764	25,7
Other collections	2 771	5,4	2 911	10,7
Total revenue collections	55 068	14,2	61 385	27,3

¹ Budget estimates as presented in Budget speech of 15 March 1989.
² Compared with actual collections during the fiscal year 1988/89.

higher than in the preceding fiscal year. This was mainly due to larger than expected receipts from the fuel levy, the surcharge on imports, and customs duties in general. Expected receipts from excise duties, on the other hand, were likely to fall slightly short of the Budget estimates.

Receipts from inland revenue were expected to exceed the Budget estimates by no less than R4 873 million (i.e. by some 10,2 per cent), and to be as much as 27,6 per cent higher than actual receipts in fiscal 1988/89. With the exception of revenue from gold mining companies, revenue receipts under all major sub-headings of Inland Revenue were expected to end up well above the Budget estimates. Income tax receipts from individuals and from non-mining companies, in particular, were foreseen to have been underestimated in the March 1989 Budget to amounts of some R2 848 million and R1 501 million respectively.

Exchequer deficit*



*Excluding discount on government stock

1980/81 82/83 84/85 86/87 88/89 90/91
Fiscal years

On the basis of the anticipated outcomes of both government expenditure and government revenue, the deficit before borrowing and debt repayment for the fiscal year 1989/90 was foreseen by the Minister to amount to only R3 796 million, or a mere 1,5 per cent of the projected gross domestic product during the four calendar quarters concerned. This could be compared with the actual deficit of R8 395 million (4,0 per cent of gross domestic product) in fiscal 1988/89, and with the deficit of R9 949 million (4,1 per cent of the then expected gross domestic product) that had been envisaged for fiscal 1989/90 in the Budget of March 1989. The deficit of R3 796 million, as foreseen by the Minister, would be financed in the following manner:

	R millions
Government stock (net)	7 080
Non-marketable securities (net)	-800
Foreign loans ¹ (net)	-155
Loan levy	700
Use of available cash balances ²	936
Transfers to:	
State pension funds	-1 000
Reserve Bank (i.r.o. shortfalls on forward exchange transactions)	-3 000
Fund for socio-economic actions	-2 000
Other (including Stabilisation Account)	-970
Sale of assets (privatisation proceeds)	3 005
Total	3 796

¹ Including funds from foreign deposits held with the PIC.
² Increase -; decrease +.

The 1990/91 Budget of the Central Government

In his presentation of the 1990/91 Budget of the Central Government to Parliament on 14 March 1990, the Minister of Finance stated that this Budget, and the

Budgets for the next few years, would have to comply with three broad objectives or considerations of policy. Firstly, structural changes should be effected in the South African economy, with a view to raising materially the standard of living of the entire South African population. In this restructuring process, the private sector should be recognised as the most important source of economic growth, and factors capable of strengthening this sector's powers of creating income and employment would have to be promoted as much as possible. Special attention would have to be paid to the curbing of inflation and to the alleviation of shortages of skilled manpower and capital. Major attention was, therefore, to be focused on the "supply" or production side of the economy and on making the public sector smaller and more efficient.

Secondly, higher priorities than before would have to be accorded to the pressing socio-economic problems of poverty and of "backlogs" in education and training, housing, literacy and basic health needs. Fiscal discipline would, however, have to be maintained in this process.

Thirdly, macro-economic fiscal policy in its shorter-term aspects should continue to be aimed at the stabilisation of economic activity in the course of the business cycle. Emphasis in such an active stabilisation policy would, however, be placed to an increased extent on the Government's debt and borrowing operations. Adjustments in government *revenue and expenditure* should be made to serve to an enhanced degree the aims of economic restructuring and of socio-economic development.

As regards the Budget's broad twofold aim of, firstly, maximum encouragement of stable long-term economic growth and, secondly, the alleviation of poverty and deprivation, the Minister stated that the developed or "formal" sector of the economy should be strengthened to the maximum possible degree in its powers of creating new and better opportunities for the developing or "informal" sector. To this end, the *revenue* side of the Budget was to be regarded – not least through a lightening of the burden of personal income tax in particular – as the most appropriate area for promoting saving, investment and entrepreneurship. In contrast, little could be done that had not already been done on the revenue side of the Budget to lighten the fiscal burden on the less well-to-do sections of the South African population. For these population groups, therefore, maximum possible provision was to be made in the Budget's proposed *expenditure* plans.

Regarding the specifics of the Government's proposed fiscal measures, the Minister reiterated the Government's commitment to a reduction of taxation on individuals and companies, to the promotion of effective utilisation of labour and capital through the introduction of other appropriate tax reforms, to a lowering of the Budget deficit to levels not exceeding 3 per cent of the gross domestic product and, eventual-

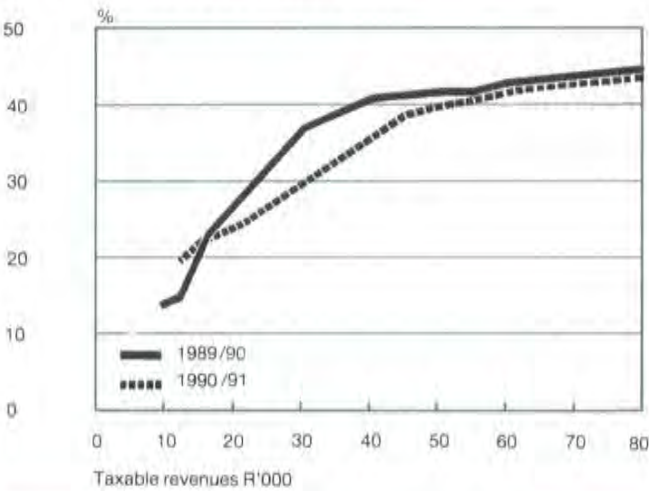
ly, to levels that would eliminate government dissaving, to a reduction of the share of government expenditure in the overall economy, to increased emphasis on socio-economic development, and to the promotion of "corporatisation, privatisation and deregulation". In the pursuit of these various aims and endeavours, the Budget for fiscal 1990/91 was to be regarded as the first step in a five-year programme of fiscal reform.

Against the background of these policy intentions, the Minister budgeted for total government *expenditure* in fiscal 1990/91 to an amount of R72 932 million. Included in this amount was a "contingency reserve" for unforeseen expenditures of R1 000 million; *not* included in this amount were any prospective expenditures out of a special capital fund (to amount to R2 000 million) that was to be created out of the Government's borrowing surplus in the fiscal year 1989/90 for the specific purpose of making good "backlogs" among the country's various population groups with regard to their socio-economic conditions and development. The intended establishment of this fund was announced by the Minister of Finance in his Budget speech; particulars regarding its management, purposes and manner of operation were, however, made public by the State President on 16 March. In his statement on 16 March, the State President announced that a further R1 000 million would be made available to the fund out of the prospective proceeds of the privatisation of suitable business enterprises of the General Government.

On the revenue side of the Budget, the Minister made provision for total *revenue receipts* in fiscal 1990/91 of R64 938 million, representing an increase vis-à-vis fiscal 1989/90 of only R3 553 million or 5,8 per cent. Being substantially less than the anticipated inflation rate, this relatively small percentage increase also meant a major reduction in total revenue in real or inflation-adjusted terms.

The more important tax proposals of the 1990/91 Budget comprised an increase in customs and excise duties on liquor and tobacco products; abolition of the *ad valorem* customs and excise duties on jewellery; reductions of the rates of the surcharge on imports by one third or one quarter (namely from 60, 20, 15 and 10 per cent to 40, 15, 10 and 7,5 per cent) as a first step towards the eventual phasing-out of these surcharges; an increase in the taxation of fringe benefits with regard to the use of company cars and of employers' subsidised loans to employees; the exemption from normal income tax of a further R1 000 in earnings of interest and of building society dividends by individuals; the exemption from normal income tax of all other dividends received by individuals and closed corporations; additional allowances for the elderly; further steps towards the separate taxation of married women; and a substantial reduction of personal income tax, mainly through increases in the primary income tax rebates for married male and un-

Marginal tax scale for married men



married taxpayers, reductions of the average tax rates payable by the lower and middle-income groups, and a lowering of the maximum marginal personal income tax rate from 45 to 44 per cent. The new tax scales involved in the last-mentioned of these proposals were structured in such a way as to eliminate most of the "bracket creep" that would otherwise have been experienced in fiscal 1990/91; the lowering of the maximum marginal tax rate to 44 per cent was to be seen as the first step in bringing this rate down to 40 per cent over a five-year period.

Other tax proposals contained in the Budget included a revised implicit specification of the concept of capital gains, through introduction of a "safe haven" notion, so as to exclude from the incurrence of income tax any profits made from the sale of shares that had been held for a period of more than ten years; the phasing-out of certain so-called "tax expenditures", such as tax reductions with regard to the cost of training of employees; changes in the definition of stocks-in-trade with regard to consumable stores and spare parts, and with regard to work in progress in the construction industry; and a partial suspension of the reserves that had originated from the LIFO method of valuation of inventories.

The deficit before borrowing and debt repayment as envisaged by the Minister for the fiscal year 1990/91 amounted to R7 994 million, or to approximately 2,8 per cent of the prospective gross domestic product in the new fiscal year. Given proposed capital expenditure of R5 113 million, the anticipated size of this deficit implied a return to dissaving by the Central Government (on a full-fiscal-year basis) to an amount of R2 881 million. Revenue, expenditure and the deficit as budgeted for, and the proposed manner of financing of the deficit, are summarised in the accompanying table.

1990/91 Budget of the Central Government

	R millions
Revenue	64 938
Expenditure	72 932
Deficit (before borrowing and debt repayment)	7 994
Financing (net of debt repayment):	
Government stock issues (net)	8 021
Non-marketable securities (net)	-175
Debt standstill and foreign funds (net)	174
Available balances ¹	-26
Total	7 994

¹ Increase -; decrease +.

Post Office Budget for 1990/91

In the Post Office Budget for 1990/91, which was presented to Parliament on 26 February 1990, operating expenditure of the Department of Posts and Telecommunications was estimated at R6 117 million. This would represent an increase of R830 million or approximately 15,7 per cent over the preceding year. Other applications in 1990/91 would amount to a further R233 million. An average increase of 4,1 per cent was announced in selected postal and telecommunications tariffs. Operating income in 1990/91 would accordingly amount to R6 629 million, leaving an operating surplus of approximately R279 million. Capital expenditure was estimated at R1 739 million, this being 6,5 per cent higher than in 1989/90.

South African Transport Services

With the corporatisation of the South African Transport Services from 1 April 1990, its legal successor, namely Transnet Limited (a company registered in terms of the Companies Act), is exempted from having to submit an annual budget to Parliament for parliamentary approval. The same applies to the South African Rail Commuter Corporation Limited, whose assets and operations will be handled by Transnet Limited in terms of an operating agreement between these two organisations. Losses sustained by the Commuter Corporation will be reimbursed by the State. Only the annual accounting and financial statements of both organisations will have to be tabled in Parliament.

Forward exchange cover transactions of the South African Reserve Bank

by E.J. van der Merwe

Deficits have generally been incurred by the South African Reserve Bank on its so-called forward book over at least the past twenty years. Only over relatively short periods has the Bank been able to show surpluses on its forward operations. On an annual basis deficits have been recorded in most financial years. These deficits were still comparatively small during the late 1960s under the then relatively fixed exchange rate system, but started to increase rapidly from 1978 onwards. The size of these deficits has depended closely on the strength of the spot exchange rate of the rand during a specific year; they therefore increased substantially from 1985 onwards with the then sharp depreciation of the rand.

Although these "deficits" and "surpluses" result from a deliberate over- or under-pricing of the cost of forward cover with the intention of pursuing certain pre-determined macro-economic policy objectives, they are normally referred to as "losses" and "profits" on the Reserve Bank's forward exchange transactions. As will be explained in this article, these "losses" and "profits" are regarded as capital transfers between the Government and private sectors for purposes of macro-economic analyses. This should not be confused with the accounting concept of losses and profits that arise from normal commercial trading operations.

The persistent forward losses sustained by the Bank and the substantial increases that have occurred in them have recently received considerable attention. Questions are being asked as to why such losses continue to be made and why they should be as large as they are. The purpose of this article is to discuss some of these questions, namely:

- What causes the Reserve Bank to incur forward losses?
- How are these losses recorded in the macro-economic accounts of South Africa?
- What macro-economic implications do these losses have for the country?
- What can the monetary authorities do to redeem losses already incurred and to prevent future losses?

Factors responsible for losses on forward book of the Reserve Bank

Three separate but interdependent reasons can be distinguished why the Reserve Bank makes losses on its forward exchange book, namely:

- (a) The Bank acts as a "market-maker". This means that the Bank is an active participant in the forward exchange market providing cover to authorised

foreign exchange dealers *on the dealer's initiative* and not solely as a part of the Bank's own intervention policy to influence short-term movements in the exchange rate of the rand.

- (b) The Bank has a large net oversold forward position which is not "closed" by the simultaneous buying of spot or forward exchange and which has shown a substantial increasing trend.

- (c) The Bank provides cover at "market-approximating" forward exchange rates. These rates are derived simply from the difference between local and foreign interest rates, adjusted for the transaction costs of foreign banks and domestic authorised dealers.

Active participant in market

The Reserve Bank has been an active participant in the forward exchange market since the market's inception. This active involvement of the Bank was mainly aimed at the development of the market. Various attempts have been made from time to time to improve the arrangements governing the operations of the forward exchange market in South Africa. Substantial changes were made, especially after 1979, based on the recommendations of the Commission of Inquiry into the Monetary System and Monetary Policy in South Africa (De Kock Commission). Despite these attempts, the forward market can still be described as highly administered, relatively underdeveloped, artificial and tightly restricted by exchange control rules and regulations.

The Reserve Bank has therefore maintained its role as "market-maker" even though attempts have been made to make the market less heavily administered. The ultimate objective of the authorities nevertheless remains to bring about "a forward market outside the Reserve Bank in which both residents and non-residents are at liberty to deal forward freely with one another and in which as a result of arbitrage transactions, forward rates for the rand would tend to be the same in South Africa and overseas and to settle close to interest rate parity"¹. It is felt that this would eliminate the two main deficiencies of the forward market, namely the imbalance in the Reserve Bank's forward book and the fact that forward transactions do not play their full part in determining spot and forward exchange rates.

In accordance with the De Kock Commission's¹ recommendations, the monetary authorities have

¹ Republic of South Africa, Commission of Inquiry into the Monetary System and Monetary Policy in South Africa: *The Monetary System and Monetary Policy in South Africa* (Final Report), RP 70/1984, Government Printer, Pretoria, 1985, p. 129

sought to withdraw from the forward market gradually rather than immediately and abruptly. The Commission believed that an immediate withdrawal of the Reserve Bank would be too drastic and disruptive. It was felt that such a withdrawal "would probably bring excessive downward pressure to bear on the Reserve Bank's foreign reserves and/or the exchange rate of the rand, while at the same time probably also causing interest rates to rise sharply. This is because in the absence of both Reserve Bank forward cover and financial limits on banks other than normal supervision requirements, the banks would probably seek to cover their forward sales with spot purchases and thus absorb more of the official reserves."²

Particularly in the period 1983 to 1985, the Reserve Bank had a definite plan of gradually withdrawing from the market. Quotas were allocated to each dealer for the maximum net amount such a dealer could buy from or sell forward to the Bank by means of "swaps". For the first year, i.e. from 5 September 1983 until 31 August 1984, the total amount of this exposure was fixed at US\$10 000 million for all authorised dealers. On 1 September 1984 this amount was reduced by one-third to US\$6 667 million; the intention was that it would be reduced by an additional one-third on 1 September 1985 and that the obligation of the Reserve Bank to supply forward cover to authorised dealers would be withdrawn completely on 31 August 1986.

Circumstances surrounding the foreign debt standstill introduced in September 1985 forced the Reserve Bank to postpone this plan. If at that time the Bank had carried on with the plan, this would probably have caused domestic parties with debt obligations denominated in foreign currencies to repay these loans as soon as possible. If these loans were not affected by the standstill arrangements, they would actually have been repaid. This would have caused even more pressure on the exchange rate of the rand and would have led to an even lower level of the foreign reserves. If these loans were inside the so-called standstill net and had already reached their original maturity dates, they would have been transferred to restricted deposit accounts at the Public Investment Commissioners. Any losses arising from exchange rate movements would then still have been for the account of the Treasury. Also important is that the funding of the repayment of these foreign loans would probably have caused increases in domestic interest rates, at a time when considerable uncertainty and a general lack of confidence existed about the future of the domestic economy.

These circumstances led to an increase in the forward commitments of the Reserve Bank. It is, however, still the intention of the Bank to withdraw from the forward market in an orderly fashion in due course.

This was again made clear by the Bank in a letter to authorised dealers on 8 December 1988. In order to facilitate such a gradual withdrawal, the Bank also indicated in this letter that it would resume paying the gold mines in US dollars for their production of gold sold to the Bank, and that it would allow the gold mines to sell forward, within specified limits, the dollar proceeds of their known future gold production. Despite these stated intentions, however, the Bank was at the same time forced by international and domestic circumstances to actually extend its operations in the forward market in order to protect the foreign exchange reserves. From the beginning of 1989 the Bank started providing forward cover at preferential rates for foreign credit lines that have been obtained for trade purposes. In addition, the Bank also extended the maturities of forward contracts to periods longer than a year in order to encourage longer-term foreign financing.

The Reserve Bank has, therefore, become even more heavily involved in the market than it used to be. Its current commitments on forward book now consist mainly of:

- Swap transactions concluded with authorised dealers for a maximum period of twelve months. In accordance with current arrangements, an authorised dealer who, for example, sells US dollars forward to a client, will first buy the required dollars in the spot market and then sell them spot and buy them forward, preferably again in the market. If the dealer is unable to conclude this second leg of the transaction in the market, he may conclude the swap transaction with the Reserve Bank. This buy-back transaction ensures that the dealer will, at the fixed future date concerned be in a position to obtain the dollars at a predetermined price for delivery to his client in terms of the original forward contract. A large part of the forward transactions of the Bank consists of this type of transaction.
- Outright forward exchange purchase and sale contracts with authorised dealers against documentary proof that the underlying transactions are consumer based. Such deals are concluded for a maximum amount of US\$10 million per deal. This arrangement was introduced in December 1985 and was designed to discourage speculation against the rand at that time. These deals are undertaken under exceptional circumstances only. The amounts involved are relatively small.
- Outright forward cover for public corporations and other institutions with the public sector for periods longer than twelve months on the rand/dollar leg of their foreign loan transactions. Although this facility was terminated in January 1987, a large part of the losses on the forward book of the Reserve Bank still arises from these transactions where cover has been provided for periods ranging from one to fifteen years.

² Republic of South Africa, Commission of Inquiry into the Monetary System and Monetary Policy in South Africa, *op.cit.* p. 130

- Forward cover on debt credited to special restricted deposit accounts with the Public Investment Commissioners in accordance with the standstill arrangements with foreign creditor banks. The total amount of these deposits, which was relatively large during 1986 and 1987, started to decline during 1988. At present the forward cover facilities provided by the Bank in this category are therefore relatively small.
- Forward cover at preferential rates through authorised dealers for credit lines to fund foreign trade. Such cover is only available against documentary evidence of the use of foreign credit lines and on condition that the maturity date of the cover matches the date of the relevant underlying foreign finance. Exporters are also encouraged under these measures to use pre-export foreign finance. Considerable use has been made of this facility and in the fourth quarter of 1989 sales of such cover averaged about R1,7 billion per month.
- Long-term forward cover for project financing and in respect of funds caught in the standstill net that have been converted into longer-term loans in accordance with the arrangements with foreign creditor banks. The forward cover for project financing is offered for the full period of such long-term finance, but must match the maturity date of the underlying transaction. Cover is provided, not only for the rand/dollar leg of transactions, but also in other freely transferable international currencies. As regards forward cover of affected debt that has been converted into longer-term loans, this must coincide with the maturity profile of the loans concerned and is restricted to US dollars only.

Large net oversold forward position

Not only has the Reserve Bank been an active participant in the market, but over the past twenty years it has normally had a large net oversold forward position. In the 1970s this net oversold position was mainly the result of the fact that a large part of the foreign exchange proceeds from exports and certain capital movements flowed directly to the Reserve Bank and did not reach the Bank via authorised dealers. The amounts of foreign exchange offered to the dealers by their clients therefore were almost invariably smaller than the amounts demanded from the dealers for imports and other payments to foreigners. This imbalance in the spot exchange market was inevitably accompanied by a similar imbalance in the forward market. Moreover, a fixed commission of 1 per cent on the spot rate by the Reserve Bank was charged on both the Bank's forward purchases and its forward sales. At any given moment, this arrangement favoured either buyers or sellers and therefore resulted in one-way covering. For instance, if a depreciation of the rand was expected, most importers would wish to take out cover, while there was little incentive for exporters to do so.

In view of these and other shortcomings, major changes in exchange market procedures were made by the authorities. In order to obtain a better balance between spot purchases and sales, and therefore also between forward purchases and sales in the private market, the proceeds from diamond exports and foreign loans raised by public corporations and other institutions in the public sector were channelled direct to authorised dealers. In September 1983 it was also announced that the Reserve Bank would henceforth pay the gold mines in US dollars for newly produced gold delivered to the Bank so that the mines could place these dollars in the domestic market. Changing circumstances, however, then forced the Reserve Bank partly to withdraw these arrangements, and from February 1985 to the beginning of December 1985 the mining industry was paid half in rand and half in dollars for gold sold to the Bank. Continued pressure on the foreign reserves then caused the Bank in December 1985 to withdraw this arrangement completely and to pay the gold mines solely in rand again for any gold purchased. Only from February 1988 was the Reserve Bank able to re-introduce this measure and since then the gold mines have again been paid fully in US dollars for gold sold to the Bank.

Certain changes were also made direct to the forward exchange market arrangements with the objective of bringing about an increased degree of equilibrium between purchases and sales of exchange. The more important of these reforms included a decision that from December 1979 the Reserve Bank would only cover forward the rand/dollar risk attached to the foreign borrowing by public entities. In 1980 the Bank started to quote forward rates in a more market-approximating manner, as discussed in some detail below. Also in 1980, exchange control approval was given to South African exporters to grant credits to foreign importers for periods of up to twelve months, and to banking institutions to provide cover for this period. This brought the maturities of forward import and export cover in line with each other. In addition, the authorities decided to allow the gold mines to sell forward part of the proceeds from the sale of gold expected to be received within the next twelve months. In a further attempt to obtain a better balance on the forward book, the authorities from December 1985 made it mandatory for exporters who do not sell spot, to cover forward their total export proceeds, and to do so within a period of not more than seven days after the date of shipment of the goods concerned.

Notwithstanding these changes, the Reserve Bank's forward book remained imbalanced. After the forced withdrawal of forward limits of authorised dealers, the Bank's net oversold position actually continued to rise substantially to a level of around US\$23 billion in 1989. Various factors probably contributed to this worsening of the Bank's net oversold position. Among these was the structure of South Africa's foreign trade, which

comprises large gold exports of which only a relatively small proportion is as yet still covered forward. Moreover, the forward rates quoted by the Bank, and since 1989 especially the preferential rates and the low discount on long-term cover, encouraged forward covering of import transactions and of outstanding loans during a period in which the rand was generally expected to depreciate. Finally, the standstill arrangements introduced in 1985 also contributed to increased covering of foreign loans.

The imbalance on the forward book is, therefore, closely related to the objective of protecting the level of the gold and other foreign reserves of the country. As was already realised by the De Kock Commission, this objective and the attainment of a better balance on the forward book, may be in conflict in a market that is heavily administered by the authorities. In this regard the Commission's finding was that "in the initial stages of developing a competitive forward market the Reserve Bank in determining the premiums and discounts on foreign exchange, might often have to accord priority to the objective of protecting the reserves rather than attaining a better balance between forward sales and purchases with a view to reducing the Reserve Bank's forward losses. In due course, however, as circumstances permit it should be possible to give greater weight to the objective of an improved balance in the forward exchange market."³

It could be argued, however, that although the Reserve Bank generally has a net oversold forward position, losses on the forward book could have been prevented if this open position was closed domestically or abroad. The Reserve Bank has been unable to do this domestically because of the under-developed private forward market as well as other markets in which it could possibly lay the risks off. Nor could the oversold forward position of the Bank be covered internationally because of the low level of the foreign reserves and the desire to avoid pressures which such transactions would have had on the spot exchange rate of the rand.

Market-approximating forward exchange rates

Related to the fact that the Reserve Bank was not able to close its net oversold position, it was nearly inevitable that losses on the forward book would be made under the system in which forward rates were determined before February 1979. As already indicated, the forward exchange rates quoted by the Reserve Bank for both purchase and sale transactions at that time were set equal to the spot exchange rate plus a fixed commission of one per cent. With a large net oversold

forward book, a depreciation of more than one per cent necessarily resulted in a loss on the Bank's forward exchange transactions. In a world of floating exchange rates such depreciations could, of course, occur quite frequently.

This system was, therefore, replaced by a new system in terms of which forward rates are based on the rand/dollar spot exchange rate plus or minus a percentage adjustment for interest rate differentials between South Africa and the United States. At first these forward rates were quoted for only three maturities, namely for periods from 3 to 121 days, 122 to 243 days and 244 to 365 days. Later, i.e. in November 1980, this system was broadened so as to include a more extensive series of rates for various maturities. In December this new system was amended further by quoting the forward exchange rates in terms of points rather than percentages.

Although the current system of calculating forward rates is a considerable improvement in comparison with the previous system, losses on the forward book can still not be avoided when substantial depreciations of the rand occur or when artificially low domestic interest rates are maintained. This can perhaps best be illustrated by comparing the current system in South Africa with that of a developed forward exchange market.

In a developed forward exchange market that is relatively free from exchange control restrictions, spot exchange rates, forward exchange rates and interest rates are determined more or less simultaneously. In such a market, changes in the forward market are translated quickly into changes in the spot market, and *vice versa*. The forward premium or discount on a country's exchange rate against another country will tend to equal the differential between the relevant interest rates in the two countries concerned. If a divergence from this "interest rate parity" were to occur, profits could be made by moving funds from one currency to another. Any such movement of funds would, of course, again tend to have an effect on the level of interest rates in the two countries; interest rates would tend to decline in the country experiencing the extra demand for its currency, and to rise in its opposite number.

An example may illustrate this. Assume that the interest rate in the United States is 6 per cent, the interest rate in the United Kingdom is 10 per cent and that the three-month forward rate of sterling is at a 5 per cent discount against the sterling/dollar exchange rate. Investing in sterling and covering forward, therefore, gives a total return of 5 per cent, which compares unfavourably with investing in dollars. Thus an investor could borrow covered sterling for 5 per cent and invest in dollars for 6 per cent. This situation, however, is unlikely to last long. Continued sterling borrowing combined with large placements into dollars soon raises sterling interest rates and reduces dollar rates until interest parity is reached. At the same time the move-

³ Republic of South Africa, Commission of Inquiry into the Monetary System and Monetary Policy in South Africa: *Exchange rates in South Africa* (First Interim Report), RP 112/1978, Government Printer, Pretoria, 1979, p. 33.

ment of funds from sterling into dollars also affects the exchange rate between the two currencies.

This more or less simultaneous determination of spot rates, forward rates and interest rate differentials in a well-developed market is derived from the actions of three types of transactors. Firstly, residents of the countries concerned will, as part of their normal commercial operations, hedge their trade and financial transactions against possible fluctuations in spot exchange rates. Secondly, arbitrageurs move funds from one currency to another when the forward discount or premium is out of line with the interest rate differential. Finally, speculators who are willing to take open positions without any underlying trade or financial transactions purely on speculative grounds regarding expected exchange rate movements, operate in these markets.

The functioning of these markets is normally facilitated further by developed Euro-currency markets in the currencies in which these markets operate. In practice forward rates are usually determined, under normal conditions, by differences between the Euro-rates rather than between domestic interest rates in the countries concerned, which may be influenced by actions of the authorities. The Euro-markets are essentially free markets and can be used freely by residents and non-residents. This means that banks can freely cover any forward market commitment.

In the South African foreign exchange market forward transactions are restricted to commercial transactions (underlying trade and financial transactions) only. These transactions are regulated by various exchange control measures. In addition, a Euro-rand market is practically non-existent and under present circumstances it is difficult to envisage the development of such a market in the near future. The forward exchange rates quoted by the Reserve Bank are, therefore, based on spot exchange rates and domestic interest rates that are determined under restrictive conditions and which are not affected by arbitration and speculation. These forward rates, in other words, are only simulated market rates; as such they may be completely inconsistent with expected exchange rate or interest rate movement as they would be determined under more free conditions. Since these expectations are not incorporated in the forward rates, a substantial depreciation of the rand together with a net oversold forward book will inevitably result in losses on forward exchange transactions.

The question may be asked why does the Reserve Bank not take expected exchange rate movements into consideration when it determines forward exchange rates? The answer is, of course, that the Reserve Bank cannot afford to do this on account of the fact that it would thereby signal to the market its expectations regarding prospective spot exchange rate developments. This could cause speculative capital movements which might well place the foreign reserves

under severe pressure if a major change in the value of the rand is indicated. It could also lead to a switching from foreign to domestic sources of finance when the differential between domestic and foreign interest rates is lower than the discount on the forward rate because this would mean that the cost of covered foreign borrowing would be higher than the cost of domestic borrowing.

Classification of forward losses in macro-economic accounts

In the International Monetary Fund's *Balance of Payments Manual* and the United Nations' *A System of National Accounts* no explicit recommendations are made regarding the classification of losses on the forward book of a central bank. Both the latest editions of these two manuals were published before or just after the introduction of the floating exchange rate regime. It seems likely, therefore, that such losses were regarded as too unimportant at the time as to warrant detailed discussion and explicit instructions.

In the International Monetary Fund's *A Manual on Government Finance Statistics*, which appeared in 1986, it is stated that transfers from the government to cover losses realised on the purchase and sale of foreign exchange form part of subsidies if they are made on a *recurrent and regular* basis. However, if they are *non-recurrent or distinctly irregular* they should be classified as capital transfers.

In South Africa the losses on the forward book of the Reserve Bank are for the account of the Treasury. The Treasury does not, however, make regular payments to the Reserve Bank to redeem these losses. Such losses can be carried forward until the Treasury and the Reserve Bank deem it desirable to settle the outstanding balance. In the past, moreover, the Reserve Bank's losses on its forward cover operations were written off in a number of years against profits arising from the revaluation of South Africa's gold reserves at higher prices, i.e. against capital profits.

The Reserve Bank does not always sustain losses; there are times when considerable profits are made. If the losses on the forward book of the Reserve Bank are classified as subsidies, profits on this book ought to be included in indirect taxes. Indirect taxes are defined in the national accounts as compulsory payments to the government which are assessed on producers in respect of the production, sale, purchase or use of goods and services. Profits on the forward exchange book, however, are definitely not compulsory payments to the government. These contracts are entered into voluntarily by residents to hedge them against exchange rate changes. This type of income differs completely from other payments to the government that are classified as indirect taxes, such as excise duties, sales taxes, business licences and real estate taxes.

Moreover, the objective of subsidies is to keep the prices of products lower than warranted by production costs (including a reasonable profit margin). The losses made by the Reserve Bank on its forward exchange transactions are most certainly not aimed at a lowering of the cost of imported or exported goods and services, although it may have this effect in practice. Conversely, where *profits* are made on these transactions, it was not the authorities' intention to tax foreign trade. The objective of the government in its current administration of the forward market is rather to protect the foreign reserves by making foreign financing attractive.

From a practical point of view the classification of losses on the forward book as subsidies would also create serious problems. The national accounts and balance of payments are recorded on an accrual basis and not, like financial accounts, on a cash basis. This means that if the losses are classified as subsidies, they would have to be allocated to the period in which the goods concerned were imported or exported. In addition to the timing adjustments that would have to be made, it would also be more correct to record the profits and losses on the forward book on a gross basis, i.e. profits should be recorded as indirect taxes and losses as subsidies. The gross recording of these profits and losses would allow the correct allocation of these valuation adjustments between exports and imports for balance of payments purposes.

In view of these considerations, profits and losses on the forward book of the Reserve Bank are classified as capital transfers in the macro-economic accounts of South Africa. Accordingly, they do not appear in the product and expenditure account of the country nor in the current income and expenditure accounts of the various economic sectors. They are only recorded in the capital accounts of these sectors. In the balance of payments only a part of the net profit or loss on the Reserve Bank's forward book is included in the capital account as capital flows of the non-bank private sector. Only that part of the net profit or loss related to the actual transfer of funds is included, because only these losses are sustained on transactions between non-residents. All other losses on the forward book are incurred on transactions between residents of South Africa which do not affect the overall foreign reserves of the country.

Macro-economic implications

The losses on the Reserve Bank's forward book have important macro-economic implications. In this section these implications are discussed only in a qualitative way. More empirical investigations are needed to determine the precise quantitative effects of these losses.

Imports

As already indicated, one of the reasons why losses occur on the Reserve Bank's forward exchange transactions is that the forward discount of the rand against, say, the US dollar has been lower than the actual depreciation of the rand vis-à-vis the dollar. Relatively low discounts on forward cover make covered imports for future delivery cheaper than they would have been at the prevailing exchange rates at the time of delivery or payment. This relatively low cost of covered imports could result in an increase in the volume of imported goods at the cost of locally produced goods.

Assume, for example, that the cost of forward cover against the US dollar is 6 per cent per year and that the expected inflation rate in the United States is 4 per cent. This would make the price of US goods in one year's time 10 per cent higher than today. With an expected increase of, say, 13 per cent in the rand prices of identical goods in South Africa, the increase in covered import costs from the United States would be smaller than the price rise in South Africa. If the prices of the South African-made goods are at present fully competitive (but not more than that) with those of their counterparts imported from the USA, the relatively low cost of forward cover should lead to a substitution of imported goods for locally produced goods as from now onwards and, therefore, to an increase in the volume of imports.

The relatively low cost of forward exchange cover could also result in an advancement of or "lead" in the volume of imports that would otherwise have taken place at a later stage. If the covered costs of imports at present are lower than the expected costs in three or six months' time, this could cause an advancement of orders as well as deliveries and a consequent deterioration in the current account of the balance of payments. The relatively low cost of forward cover may therefore create more unstable conditions, which could have been prevented if expected exchange rate and other developments had been reflected in the cost of forward cover or if interest rates had been at a higher level.

Exports

In South Africa exchange control regulations stipulate that all exports sold on credit have to be covered forward within seven days after shipment. This requirement eliminates the profit that exporters could have made if they could have left their export proceeds uncovered and if the rand had then depreciated as expected. This should not, however, have a serious effect on export volumes because exporters will benefit in due course from the depreciation in the spot exchange rate. Compulsory forward cover could, however, promote lags in export deliveries if a large depreciation of the rand is foreseen and could also shorten the period for which exporters are willing to provide credit. It

could accordingly affect the marketing efficiency of exporters and, therefore, also have an adverse indirect effect on the volume of exports. All in all, however, compulsory forward cover of export proceeds probably does not have a significant influence on the volume of exports.

Capital flows

The main justification for the existence of the current system of forward exchange cover is that it encourages an inflow of foreign capital into the country without making an increase in interest rates necessary to achieve the same result. Although the ordinary forward rates of the Reserve Bank for swap transactions with authorised dealers approximately equate the cost of foreign borrowing with that of domestic borrowing and therefore do not directly encourage an inflow of foreign capital, the fact that authorised dealers can cover their positions with the Reserve Bank prevents a substantial outflow of capital. The low preferential rates on trade transactions and the even lower cost of long-term cover, of course, directly promote an inflow of foreign capital. Considerable use was made of these latter facilities during 1989, which helped to support the level of the foreign reserves.

Money market

The losses on the Reserve Bank's forward transactions result in an increase in its assets in the form of claims on the government. An increase in the assets of the Reserve Bank is, *ceteris paribus*, a source of new cash reserves to banking institutions. This source of new cash reserves arises from the fact that on the due date of the forward contract the Reserve Bank provides, say, dollars to the banks at a rand/dollar exchange rate below the current value of the dollar. The banks pay less rand than the current value of the dollars they receive, with the result that the amount of cash reserves withdrawn from the private banking system is smaller than it should have been; the difference between the current rand value of the dollars given up by the Bank and the decline in bankers' deposits is made good by the claim the Bank acquires against the Treasury. Although this presents cash reserves "not destroyed" rather than cash reserves "created", it is a "plus" factor in accounting for the banks' cash reserve holdings and has the same expansionary effect on the money market as if the Reserve Bank had supplied cash reserves through open-market operations or through accommodation to the banks at the discount window.

When these claims are paid by the government, this does not result in a corresponding contraction of the cash reserves of the banks. In this case the decline in the Reserve Bank's assets arising from the payment of the claim is offset by a corresponding decline in the Bank's liabilities to the government sector in the form of a decline in the Exchequer Account balance.

Government finance

The losses on the forward book of the Reserve Bank do not affect the financial position of the government immediately in as much as they are not paid by the government as and when they are incurred. At the end of each financial year these losses are transferred to the so-called Gold and Foreign Exchange Contingency Reserve Account, where they are offset against profits or added to losses made in respect of gold and of liabilities and assets denominated in foreign currencies. The calculated net loss on this account can then be carried forward until the Treasury and the Reserve Bank deem it desirable to settle the outstanding balance or part of the outstanding balance.

Although these losses are not immediately recorded in the accounts of the Treasury, they do represent government debt. In an analysis of the public debt they should be added to the total amount of the debt outstanding and like any other public debt they place a burden on future government taxes and other income. The forward exchange losses do, however, differ from other government debt in two important respects. Firstly, no fixed maturity date is set for the repayment of this debt. Secondly, no interest is charged on the claim that the Reserve Bank has against the government.

Domestic production and expenditure

As already indicated, the relatively low discounts on the Reserve Bank's forward exchange transactions tend to result in a substitution of imported goods for domestically produced goods, with a consequent decline in domestic production. This substitution effect is, however, eroded to the extent that the short-term price advantage that enterprises enjoy is not passed on, or is passed on only partly, to consumers. In other words, imported goods are sold domestically at rand prices incorporating fully, or almost fully, the extent of the rand's depreciation against other currencies, and the rate of increase in consumer prices is held down only to a limited extent by the losses on the Reserve Bank's forward contracts. This practice, therefore, diminishes the substitution effect on domestic production, which would have declined even more if this price advantage was passed on to the consumer. Although this aspect in particular needs further investigation, it does seem likely that the forward losses lead to somewhat lower domestic production and to higher domestic expenditure in real and possibly also in nominal terms. This conclusion is consistent with the expected deterioration that the current system of forward exchange probably causes on the current account of the balance of payments.

Redemption of forward losses already incurred

Three approaches can be followed by the authorities regarding the forward losses already incurred by the

Reserve Bank for the account of the Treasury, namely:

- The government can continue to repay these claims from current income. In view of the large size of the accumulative amount of unredeemed forward losses, such payments to the Reserve Bank will have to be spread out over a period of time; redemption in one single payment would be too disruptive. The raising of additional taxes for redeeming the total amount of outstanding losses would have a very large deflationary effect on the economy. It would also severely disturb the money market and force the Reserve Bank to provide extensive assistance to the market. The present policy of repaying these loans when the Minister of Finance and the Governor of the Reserve Bank deem it necessary, seems to be the best policy that can be pursued under the circumstances, especially since this can be fitted into a broader economic strategy and conditions in the money and capital markets.
- The government can issue new securities against the claims arising from the forward losses. These securities can be provided directly to the Reserve Bank or can be sold in the market. If they are made available directly to the Reserve Bank, this will not have any effect on the money market or on the money supply and these securities could then be used in future open-market operations. If the securities are sold in the market and the proceeds used to repay the Reserve Bank, this would reduce the cash reserves of the banks and could also lead (as a "first-round" effect) to a decline in the money supply if the transactions are not financed by means of overdrafts. If the monetary authorities were to feel that such sales would be too disruptive, they could of course be offset by the Reserve Bank's simultaneous buying of paper in the market. The net result would again be a substantial increase in the security holdings of the Reserve Bank in exchange for the Bank's claims against the Treasury.
- However, such a substitution of debt would mean that the government was exchanging interest-free debt without a maturity date for interest-bearing debt with a fixed maturity date. Such a procedure would, therefore, place an additional burden on the taxpayer, but this would be neutralised to some extent by larger net profits made by the Reserve Bank which are paid over to the government at the end of each financial year.
- The third approach is to do nothing about the exchange losses incurred by the Reserve Bank. This approach is based on the argument that there is no urgent reason why these losses should be repaid; they have already had their effect on the economy and have simply become part of the multitude of functions that have led to the present economic situation. Repayment of these losses would again have repercussions on the prevailing economic conditions and these repercussions may not be what the current situation calls for. It may also be argued, however, that, for the

sake of financial discipline, the government should be required to make good its financial commitments.

Prevention of forward losses in future

Various alternative measures may be applied by the authorities to avoid losses on the Reserve Bank's forward book in the future. However, most of these solutions can be ruled out because of possible adverse effects on the economy.

- One of the worst solutions would be to keep the rand at an artificially high level so as to minimise losses on forward exchange transactions. This would cause exports to become more and more uncompetitive, especially if the rate of inflation remains high, and expose domestic producers to unbearable foreign competition. It would probably also cause a substantial decline in the foreign reserves which would attain more momentum as transactors became more certain that the authorities would not be able to maintain the artificially high level of the rand exchange rate.
- An almost equally bad approach would be for the authorities to adjust forward rates so as to take the expected inflation rate differential between South Africa and, say, the United States into consideration, while interest rates are kept artificially low. Such an approach could lead to the view that the central bank expected the rand to depreciate, which would encourage speculative capital movements and adverse leads and lags in imports and exports. The fixing of forward rates in this manner would also make covered foreign financing more expensive than domestic financing, which would in any case lead to a switching from foreign to domestic sources of finance and to a corresponding decline in the foreign reserves. Even more important, the artificially low level of domestic interest rates would probably lead to a misallocation of productive resources.
- The authorities could decide to develop alternative methods of forward coverage as a substitute for the traditional forward market. The futures and options markets present such a possibility. At present this seems an unlikely alternative for South Africa owing to the fact that the futures and options markets are still relatively undeveloped. Moreover, experience in other countries has been that these markets take a long time to develop, requiring a large volume of transactions maturing on each day before they become effective hedgers of foreign exchange risk. Even if it were possible to develop these markets fairly quickly, they would also have other disadvantages which make them unlikely substitutes for the traditional forward market. They have, for example, tended to be more expensive than forward markets, are usually regarded as more complex, and are less attractive because standard contracts, margins and margin calls are involved. In practice they normally complement the traditional

forward markets rather than being substitutes for them.

- The Reserve Bank could withdraw from the market immediately. This would preclude future losses on forward foreign exchange transactions except where such transactions are still undertaken as part of deliberate intervention by the Reserve Bank in the exchange market. However, such an abrupt withdrawal could present serious problems to authorised exchange dealers who may find it difficult to cover their forward positions, especially because of the thinness of the market and the one-sided view that normally prevails among market participants. These problems would be aggravated by the near-non-existence of a Euro-rand market and by the restrictions applicable to capital flows between South Africa and other countries.

The immediate withdrawal of the Reserve Bank from the market under present circumstances could also have serious macro-economic implications. It would probably lead to a substantial depreciation of the rand and to higher interest rates. Resulting higher inflation rates could, in turn, lead to expectations of a further depreciation of the rand, an outflow of capital, depletion of the gold and other foreign reserves and a further acceleration of the inflation rate.

- The authorities could pursue a policy of increasing interest rates to levels at which the discount of the forward rate against the rand/dollar spot rate reflects the expected rate of depreciation of the rand plus a premium for time preference, risk and other transaction costs. Given that the latter costs are normally roughly equal between countries, interest rates would have to be raised to levels at which the South African-US interest rate differential would be close to the expected inflation rate differentials between South Africa and the United States, or to conform with purchasing power parity. The purchasing power parity condition, however, is generally valid only in the long run. This approach would accordingly not prevent forward exchange losses over the short-term, granting that these losses would be considerably smaller than under a system of less realistic interest rates.

- Probably the only truly satisfactory solution to this problem, as for so many other economic problems experienced in South Africa, is to bring the inflation rate down to levels at least as low as those in trading partner countries. The authorities, however, may find it difficult to achieve this immediately. In the meantime, probably the best approach would be to maintain a combination of realistic interest rates and exchange rates. This should at least minimise losses on the forward book while a more lasting solution is found. From an economic policy point of view this would probably also be the most expedient approach to follow.

At the same time the authorities should carry on with the development of a sophisticated private forward foreign exchange market and with the gradual with-

drawal of the Reserve Bank from the market, i.e. giving effect to the recommendation of the De Kock Commission. This approach should provide the flexibility the authorities need under the extraordinary circumstances in which they have to operate. It is also of the utmost importance that a clear plan shall exist for phasing the Reserve Bank out of the market and that the Bank's exposure in "making the market" be limited as far as possible.

Conclusion

The sustained upward trend in losses on the forward book of the Reserve Bank during the past twenty years is mainly due to the fact that the central bank has remained heavily involved in the market. As a "market-maker" the Bank normally has a net oversold forward position and this cover is provided to the market at "market-approximating" rates. Although these forward rates are basically set at levels reflecting differentials between domestic and foreign interest rates, they do not take expected changes in spot exchange rates into account. The sharp depreciation that occurred in the exchange value of the rand during most of the 1980s has usually exceeded the discount of the forward rates against spot rates, resulting in considerable losses on the forward book.

The authorities continued to make these large capital transfers to residents in order to protect the gold and other foreign reserves of the country, and therefore also the exchange rate of the rand. The best way in which the authorities could prevent further losses on the forward book would be a gradual withdrawal of the Reserve Bank from the forward market. This should be carried out in accordance with a definite plan, preferably as soon as the level of the foreign reserves allows. In the meantime, the authorities should continue to redeem losses already incurred from current income in accordance with broad policy objectives and should maintain realistic interest and exchange rates. As with so many other problems in South Africa, a rate of inflation at least as low as those of trading partner countries would reduce the problem of forward losses considerably.

The losses on the Reserve Bank's forward book have had important macro-economic implications. Although these need to be investigated further, they have probably included a higher volume of imports, lower domestic production, increased domestic expenditure and unstable conditions on the balance of payments. At the same time the Bank's forward losses have had an expansionary effect on the money market not essentially different from those of the Bank's open-market operations or its accommodation of the banks at the discount window. The rationale for carrying on with the Bank's heavy involvement in the forward market is that the Bank's withdrawal from the market could lead to substantial capital outflows.

Statement on interest rate policy

Issued by Dr C.L. Stals, Governor of the South African Reserve Bank

9 October 1989

Since the Reserve Bank announced the increase in its Bank rate from 16 to 17 per cent on 5 May 1989, relatively stable conditions prevailed in both the money and capital markets, and interest rates fluctuated within relatively narrow margins.

The discount rate for three-month liquid bankers' acceptances, for example, increased from 16,70 per cent at the end of April 1989 to 17,35 per cent on 5 May 1989, and then fluctuated between 17,30 per cent and 17,60 per cent subsequently. The monthly average yield on long-term government stock reached a peak of 17,38 per cent in May 1989 and then drifted down to 16,86 per cent in September. On 9 October 1989 the yield on long-term government stock was 16,85 per cent.

Although South African interest rates may seem to be high in nominal terms, they are indeed lower than comparable rates in most of the Western industrial countries if account is taken of the rates of inflation prevailing in South Africa and in these countries. In real terms, that is after adjustment for the rate of inflation, the prime overdraft rate of commercial banks in South Africa is only 3,9 per cent, compared with 6,3 per cent in the United Kingdom and 6,6 per cent in West Germany.

The increases announced in the discount rates of a number of central banks in Western Europe and in the United Kingdom last week, *widened* the above-mentioned margins between the South African and the overseas real rates of interest. This will put additional pressure on the capital account of the South African balance of payments, on the exchange rate of the rand and eventually also on the rate of inflation in South Africa. In view of the relatively low level of South Africa's foreign reserves and existing commitments to repay foreign loans, and also taking account of the relatively low price of gold at this stage, the country can ill afford any further pressure on its balance of payments.

As far as the domestic economic situation is concerned, the latest available economic statistics confirm that the economy has turned down early in 1989, and is now technically in a consolidation period. Total gross domestic expenditure for example, which had increased by 7 per cent in real terms in 1988 and by a seasonally adjusted annual rate of 6 per cent in the first quarter of 1989, *actually* declined at a seasonally adjusted annual rate of 2 per cent in the second quarter of 1989.

In addition to the concern about the continuing capital outflow in the balance of payments, the relatively low price of gold and a further rise of 17,5 per cent in

the seasonally adjusted imports from the first to the second quarter of 1989, there are also a number of reasons arising from domestic economic developments which make it important for South Africa to maintain nominal interest rates at an appropriately high level:

Firstly, revised statistics for the money supply indicate that in August 1989 M3 still increased at a rate in excess of 24 per cent over twelve months. This remains well above the target-range of 14 to 18 per cent for 1989.

Secondly, the rate of inflation remains high. The consumer price index in August 1989 was 15,5 per cent above the level of a year ago, while the rate of increase in the producer price index rose to 16,1 per cent in August.

Thirdly, increases in wages and salaries in excess of the rate of inflation create more inflationary pressures in the economy, and also raise the demand for credit on the basis of an increase in the ability of salary and wage earners to service additional debt. It is necessary to counteract these effects by a more restrictive monetary policy.

Fourthly, mainly because of the lack of an inflow of capital from abroad, it remains important that South Africans at this stage spend less on consumption and save more. The country is currently obliged to finance its economic development entirely from its own resources.

Against this background, it is even more important for South Africa than for the countries in Western Europe or for the United Kingdom to apply the necessary financial disciplines, and to maintain positive real rates of interest in its fight against inflation, and for the protection of the balance of payments.

After the usual consultation with the Minister of Finance, the Reserve Bank has therefore decided to raise its Bank rate, that is the rate at which it rediscounts Treasury bills, from 17 to 18 per cent with effect from Wednesday, 11 October 1989. Other interest rates at which the Reserve Bank provides accommodation to the market will also be increased by 1 percentage point as from 11 October 1989, except rates in respect of all forms of overnight loans which will be raised by 1,25 percentage points. The rate for overnight loans covered by liquid bankers' acceptances, for example, will be increased from 20 per cent to 21,25 per cent as from 11 October 1989.

When Bank rate and other interest rates were increased in May 1989, Reserve Bank assistance was

made available to the Land Bank to enable it to keep its short-term interest rates unchanged. Various schemes were also announced by the Government to assist small businesses and home-owners in the lower income groups who were adversely affected by the higher interest rates. The Government has indicated

that the Land Bank and Government Departments responsible for these assistance schemes will reassess the existing facilities in the light of this further upward adjustment in interest rates. Where appropriate, further announcements in this regard will be made in due course by the responsible Ministers.

Statement regarding the interim debt arrangements with foreign creditors of South Africa

Issued by Dr C.L. Stals, Chairman of the South African Standstill Co-ordinating Committee

18 October 1989

The present Second Interim Arrangements covering the redemption of the affected amount of the foreign debt of South Africa will expire on 30 June 1990. It is estimated that on that date, approximately \$8 billion will remain affected, compared with the amount of \$14 billion blocked in terms of the Debt Standstill announced in September 1985.

During the past two months, members of the South African Standstill Co-ordinating Committee held extensive discussions with many of the major foreign creditors of South Africa. The progress made over the past four years in reducing the amount of the affected foreign indebtedness of South Africa and the working of the Second Interim Arrangements were reviewed. The current economic situation in South Africa was analysed and prospects for the South African balance of payments over the next four years were discussed.

In the light of the discussions it was determined that the currently applicable Second Interim Arrangements should be extended for a further period beyond June 1990.

New Third Interim Arrangements will therefore be provided for through procedures similar to those previously adopted and will take effect on 1 July 1990, that is, on the expiration of the Second Interim Arrangements. The main terms of the new Arrangements are as follows:

- (i) They will extend over a period of three years and six months, that is from 1 July 1990 to 31 December 1993.
- (ii) During this period, South African debtors having affected indebtedness will be permitted to repay in eight instalments a total amount equal to 20,5 per cent of the reducing balance of the affected indebtedness. The total amount of redemptions over the period will be equal to approximately \$1,5 billion; that is, more than the total repay-

ments provided for in the Second Interim Arrangements.

Redemptions will take place in terms of the following schedule:

	Per cent
1990 – December	1,5
1991 – February	2,5
– August	3,0
1992 – February	3,0
– August	3,0
1993 – February	3,0
– August	3,0
– December	1,5

The indicated percentages for capital redemption will be applied to the outstanding amounts of all affected indebtedness on each of the indicated dates.

- (iii) A revised provision will be included for the conversion of short-term claims inside the net to long-term loans outside the net. Claims converted in this manner will be repayable over a ten year period as follows:
 - from 1 July 1990 to 31 December 1993, payments on the reducing balance as for debt inside the net;
 - from 1 January 1994 until seven and a half years after the original date of conversion, no redemption; and
 - the final two and a half years, the balance redeemable in six equal half-yearly instalments.
- (iv) The present provision for the conversion of restricted indebtedness into financial rand, for investment in equities, will be retained in the new Third Interim Arrangements.

Further details of the new arrangements will be conveyed to all South Africa's foreign creditors shortly and the arrangements will also be applied to all foreign non-bank creditors holding part of the affected indebtedness.

Foreign indebtedness of South Africa falling outside the net of affected indebtedness will remain, as at present, unaffected, that is, not subject to these arrangements. It is estimated that such debt currently amounts to approximately \$12 billion.

Money supply guidelines for 1990

Statement issued by Dr C.L. Stals, Governor of the South African Reserve Bank

23 March 1990

The monetary target announced on 7 March 1989 provided for a rate of increase in the broad money supply (M3) of 14 to 18 per cent between the fourth quarter of 1988 and the fourth quarter of 1989. The actual increase in the quarterly average of M3 over this period amounted to 23,5 per cent, which substantially exceeded the upper target limit. The main "cause" of this increase remained the rapid expansion in monetary institutions' credit extension to the domestic private sector of 21,2 per cent, mainly granted to companies for various purposes, and to individuals for purchases of durable goods. In order to curb this credit creation, Bank rate was increased in three steps from 14,5 to 18 per cent during the targeting year. Although the rate of credit extension still remains at an unacceptably high level it is abating, reflecting the influence of higher interest rates and a lower level of economic activity.

The increases in Bank rate were followed by corresponding rises in the prime overdraft rates of banks. Intense competition between financial institutions, and a relatively high responsiveness of deposit rates to tighter monetary conditions, led to a narrowing of the differential between these institutions' average lending and deposit rates. These changes were accompanied by a renewed process of reintermediation which contributed to the higher growth rate of the money supply. This was reinforced by an increase in the public's liquidity preference proper, related to the attractiveness of depository investments at higher interest rates and uncertainties regarding other financial investments. The reintermediation and the higher level of liquidity preference were reflected in a further substantial decline in the income velocity of M3. Had it not been for the increase in the liquidity preference of the holders of cash balances, the inflationary impact of the increases in M3 could have been more serious. The higher money holdings of the private sector nevertheless hold the danger of increasing overall monetary

demand for real goods and services, should the current preference for liquid assets over less liquid assets weaken in the face of a decline in nominal interest rates relative to current inflationary expectations.

In view of the above circumstances and the persistent high rate of inflation, continued compulsory repayments on foreign debt and the relatively low level of the gold and other foreign reserves, it is clear that monetary policy should remain restrictive. The Reserve Bank has, therefore, after the usual consultation with the Minister of Finance, set new "guidelines" for the rate of increase in M3 of 11 to 15 per cent between the fourth quarter of 1989 and the fourth quarter of 1990. These targets represent a range of increase for the money supply during 1990 that conforms with the Reserve Bank's objectives for overall monetary policy at this juncture. They should, accordingly, not be seen as Reserve Bank forecasts of changes in M3 during 1990. Their function is to communicate to the public and the Government what range of change in M3 is regarded by the Reserve Bank as appropriate in the present circumstances and in view of the Bank's objectives to stabilise the value of the currency. Deviations from such a published guideline are, accordingly, an important criterion, among others, that influence decisions by the Bank in its application of monetary policy.

The lowering of the target range by three percentage points signals the determination of the monetary authorities to make a contribution to the combating of inflation by reducing the rate of increase in the money supply. The lower guidelines are believed to be reconcilable with projected growth in real gross domestic product in 1990 of up to 1 per cent, a surplus on the current account of the balance of payments of at least R6 billion and a gradual rise in the official gold and other foreign reserves. At the same time the lowering of the limits for the guidelines reflects the authorities' view that a number of factors are already in place –

notably an improved situation on both the current and the capital account of the balance of payments as reflected in the stronger exchange rate of the rand, fiscal moderation and the cumulative effects of two years of relatively restrictive monetary policy – which will almost certainly act to bring inflation down during 1990.

The pursuit of targets of 11 to 15 per cent for the increase in M3 in 1990 has important implications for the extension of credit to the private sector by all monetary institutions. Taking account of expected changes in the country's net gold and other foreign reserves and in government finances, it restricts the tolerable rate of growth in the overall amount of bank credit to be extended to the private sector on average to only about 1 per cent per month. The Reserve Bank therefore repeats the request it made to each banking institution in March 1989, namely to ensure that the monthly increase in each bank's credit extended to the private sector shall on average not exceed this 1 per cent limit. Not many banks complied with this request during the past year and discussions will be held with representatives of the banks shortly to explore ways and means for making this request more effective.

The Reserve Bank will continue to apply these guidelines with flexibility and a "low profile". In deciding on the monetary policy stance, the Reserve Bank will pay attention not only to the behaviour of M3, but also to developments in other variables. In particular changes in other monetary and credit aggregates, the exchange rate, the nominal and real gross domestic expenditure and product, prices and other general economic indicators will be monitored closely.

The lower guidelines for M3 growth in 1990 form part of a broader, co-ordinated medium-term economic strategy involving conventional monetary and fiscal measures as well as industrial and other structural policies. One of the major objectives of this medium-term strategy is to reduce the rate of inflation in order to improve the growth potential of the country. This implies, among other things, that positive real interest rates must be maintained. However, this obviously does not mean that nominal interest rates will not change; they may well move in accordance with changes in the rate of inflation. To ensure continuous downward pressure on the inflation rate, a further reduction of the guidelines for M3 growth may be called for in 1991.

Notes to tables

Monetary analysis – Table S-28

The format in which the monetary analysis is presented is revised as from this issue of the *Quarterly Bulletin*. Owing to recent amalgamations and takeovers involving banks and building societies, as well as the fading of demarcation lines between the business of the various classes of monetary institutions, the distinction between banking institutions and other monetary institutions in the calculation of the statistical counterparts to M3 is no longer meaningful. The analysis which will henceforth be published therefore comprises the consolidated assets and liabilities of all monetary institutions (banking institutions, building societies and the Post Office Savings Bank) without further subdivision. The table was also expanded to show the balances underlying the analysis, before and after seasonal adjustment, on a monthly basis.

Effective exchange rate – Table S-81

Revised information on the nominal effective exchange rate of the rand is published in Table S-81 of this issue of the *Quarterly Bulletin*. The new time series is based on changes in the exchange rates of the currencies of only six of South Africa's most important trading partner countries, instead of the twenty-four currencies used previously. This change was made to avoid distortions caused by substantial deviations from the base figures in certain minor currencies which have occurred from time to time. The base used in the calculations has also been changed from 24 January 1979 to the average for the calendar year 1979.

In addition, a new column has been added to this table providing information on the *real* effective exchange rate of the rand, i.e. the nominal effective rate adjusted for inflation differentials as based on the South African production price index and similar indices for the other countries included in the calculation of the index.

Kwartaallikse ekonomiese oorsig

Inleiding

Die vierde kwartaal van 1989 was die slotkwartaal van die eerste jaar van die "konsolidasiefase" waarin die Suid-Afrikaanse ekonomie hom bevind nadat 'n boonste draaipunt van die konjunktuur vermoedelik teen die einde van 1988 bereik is. In die vierde kwartaal van 1989 is 'n daling in die reële bruto binnelandse produk aangeteken wat teen 'n seisoensaangesuiwerde jaar-koers ongeveer 1½ persent beloop het.

Die afname in die reële bruto binnelandse produk in die vierde kwartaal van 1989 was die eerste kwartaallikse daling in die totale reële produksie sedert die eerste kwartaal van 1986. In wese was hierdie daling egter slegs die gevolg van 'n skerp afname in die reële toegevoegde waarde in die landbou: in 'n opmerkbare ommekeer van die verloop van sake in die derde kwartaal – toe stadige maar positiewe groei van die ekonomie in sy geheel in werklikheid slegs deur die insameling van die mielie-oes van 1988/89, wat bykans van rekordgrootte was, gehandhaaf is – het al die belangrikste sektore van die ekonomie, met uitsondering van die landbou en die handel, in die vierde kwartaal van 1989 weer positiewe reële groei getoon.

Die totale reële bruto binnelandse besteding het in die vierde kwartaal van 1989 voortgegaan om teen min of meer dieselfde tempo (van ongeveer 7 persent per jaar) as in die voorafgaande drie maande te daal. Die verloop van die binnelandse besteding in 1989 het derhalwe, duideliker as die binnelandse produksie, die uitwerking getoon van die owerhede se beperkende monetêre en fiskale beleid. Verdere afnames is in die vierde kwartaal in die reële owerheidsverbruiksbesteding en in die totale reële voorrade aangeteken. Die totale reële bruto binnelandse vaste investering het in die vierde kwartaal van 1989 vir die eerste maal sedert die tweede kwartaal van 1987 'n insinking getoon, 'n Geringe styging is nog in die totale reële private verbruiksbesteding aangeteken; dalings het egter in huishoudings se besteding aan sowel duursame as semi-duursame verbruiksgoedere voorgekom.

Positiewe groei – teen 'n koers van effens meer as 2 persent – is vir die konsolidasiejaar 1989 in sy geheel nog in die Suid-Afrikaanse reële bruto binnelandse produk gehandhaaf. Alhoewel die groei-koers in 1989 laer was as die stewige koers van 3½ persent in 1988, was dit nog steeds beduidend hoër as die gemiddelde uitbreidingstempo van die ekonomie van ongeveer 1½ persent per jaar gedurende die tydperk van 1980 tot 1989.

'n Aanmerklike styging (van 10 persent) is van 1988 tot 1989 in die reële toegevoegde waarde van die landbou aangeteken; al die ander hoofsektore van die ekonomie het egter reële groei-koerse getoon wat, hoewel nog positief, laer was as dié van 1988. Verskille in die

mate waarin die reële groei in die onderskeie sektore en sub-sektore verlangsaam het, kon gedeeltelik toegeskryf word aan die feit dat die Suid-Afrikaanse goedere-uitvoer, in teenstelling met die verslapping en daling wat in die totale reële bruto binnelandse monetêre vraag ingetree het, dwarsdeur 1989 op 'n hoë peil gebly het. Aan die bestedingskant was die jaar 1989 in vergelyking met die jaar 1988 nog steeds getuie van 'n aanmerklike styging (van 4½ persent) in die reële owerheidsverbruiksbesteding, 'n kleiner maar nog beteklik sterk toename in die reële private verbruiksbesteding, 'n verminderde koers van toename in die totale reële bruto binnelandse vaste investering, en 'n geringe verdere styging in die reële voorrade.

Die arbeidsmark het in 1989 'n styging in die gemiddelde werkverskaffingspeil getoon wat, hoewel nie bevredigend nie, nog nie aanmerklik swakker was as in die opgangsjare 1987 en 1988 nie. Sekere hernieuwe dalings is in die derde kwartaal en Oktober 1989 in die werkloosheid aangeteken, wat op die oog af strydig was met die afkoeling van die ekonomie. Die jongste beskikbare gegewens dui egter meer sigbaar daarop dat die werkloosheid hom nou op 'n effens opwaarde pad bevind.

Aanmerklike versnellings is in die eerste drie kwartale van 1989 aangeteken in die koerse van toename oor vier kwartale in sowel die nominale as die reële loon per werker buite die landbousektor van die ekonomie en in sowel die nominale as die reële arbeidseenheidskoste buite die landbou. Loonontwikkelings van hierdie aard is nie ongewoon in die aanvangstadiums van 'n afwaartse konjunkturbeweging nie. Die onlangse verloop van die lone en die eenheidskoste beklemtoon nietemin wel die belangrikheid van verantwoordelike loonvasstellingsprosesse binne die raamwerk van 'n omvattende strategie vir die bekampings van inflasie en teen 'n agtergrond van toenemende werkloosheid.

Inflasie, soos dit deur die koerse van verandering van kwartaal tot kwartaal in die belangriker prysindekse gemeet word, was in die eerste twee kwartale van 1989 oor die algemeen hoër as in die laaste twee kwartale van 1988, maar het in die meeste gevalle in die derde en vierde kwartaal van 1989 na beduidend laer vlakke teruggesak. Op soortgelyke wyse het die koers van styging oor twaalf maande in die belangrikste prysindekse geneig om tot ongeveer die middel van 1989 te versnel maar gedurende die res van 1989 en in Januarie 1990 'n mate van verbetering getoon. Van die jaar 1988 tot die jaar 1989 het die koers van styging in die jaarlikse gemiddelde vlak van die verbruikerspryse nogtans van 12,9 tot 14,7 persent toegeneem.

Die feit dat die totale reële binnelandse besteding in die vierde kwartaal van 1989 meer opmerklik as die reële binnelandse produksie verslap het, het ook in 'n geringe verdere verstewiging (tot by 'n jaarvlak van

R5,9 miljard) van die oorskot op die *lopende rekening van die betalingsbalans* tot uiting gekom. Die belangrikste enkele rede vir hierdie verbetering het bestaan uit 'n aanmerkbare verdere daling in die waarde van die goedere-invoer. Wat die *jaar* 1989 betref, kon die hernieuwe styging in die oorskot op die lopende rekening (van R2,9 miljard in 1988 tot R4,1 miljard in 1989) egter uitsluitend toegeskryf word aan die heel merkwaardige Suid-Afrikaanse prestasie op die gebied van die goedere-uitvoer. Nadat dit in 1988 reeds met 7½ persent gestyg het, het die fisiese omvang van die goedere-uitvoer in 1989 aansienlik verder toegeneem, naamlik met 17 persent.

Die uitvloeiing van nie-reserweverwante kapitaal, wat in die derde kwartaal van 1989 taamlik dramaties ingekrimp het, het in die vierde kwartaal weer aansienlik toegeneem. Die grootste deel van hierdie toename het voortgespruit uit versnelde uitvloeiings van korttermynkapitaal; dit wil voorkom asof meer as die helfte van laasgenoemde uitvloeiings bestaan het uit toenames in buitelandse bates wat deur inwoners van Suid-Afrika in besit gehou word.

Die Suid-Afrikaanse totale bruto goud- en ander buitelandse reserwes het gedurende die eerste nege maande van 1989 gestyg, maar in die vierde kwartaal teruggesak. Hierdie hernieuwe insinking was egter gedeeltelik die teenhanger van 'n daling in die korttermyn-buitelandse laste. In die eerste 2½ maande van 1990 het sowel die bruto as die netto reserwes van die Reserwebank bemoedigend gestyg. Bo en behalwe die feit dat dit die huidige groot oorskotte op die lopende rekening weerspieël het, wil dit voorkom asof die onlangse verstewigings van die buitelandse reserwes ook die invloede ingesluit het wat deur buitelanders se gunstiger indrukke van die maatskaplik-politieke toestand in Suid-Afrika en deur die verhoogde beskikbaarheid en toeganklikheid van oorsese handels- en handelsverwante kredietfasiliteite daarop uitgeoefen is.

Die effektiewe wisselkoers van die rand het van die begin van 1989 tot die middel van September verswak maar in die derde kwartaal 'n former voorkoms begin toon en tot aan die einde van die jaar verstewig. In die eerste 2½ maande van 1990 het dit in wese konstant gebly.

Gesien vanuit die waarnemingspunt van middel-Maart 1990 was een van die opvallendste kenmerke van die onlangse gebeure in die reële Suid-Afrikaanse ekonomie die heel merkwaardige "sagtheid" waarmee die ekonomiese bedrywigheid vanaf laat in 1988 konjunktoreel "geland" het. Die ekonomiese bedrywigheid het in werklikheid, hoewel teen verminderende koerse van die reële ekonomiese groei, langs 'n wesenlik sywaartse pad "geluierloop", eerder as dat dit (soos in 1984/85) in reaksie op die owerhede se meer beperkende monetêre en fiskale beleidsoptrede 'n skerp en skielike afwaartse aanpassing ondergaan het.

In die konsolidasiefase tot dusver het die ekonomie

veral wat die toestand ten aansien van die betalingsbalans, die buitelandse reserwes en die wisselkoers betref, bevredigend "in die regte rigting" beweeg. Duidelik minder bevredigende vordering is tot dusver onder andere egter gemaak met betrekking tot die beëueling van inflasie, die matiging van loonaanpassings en die verlansaming van die uitbreidingstempo van bankkrediet en die geldvoorraad.

Die sagte landing van die ekonomie tot in die eerste paar maande van 1990 het tot stand gekom in weerwil van die progressiewe vernouing van die monetêre beleid vanaf laat in 1987 en van die *de facto* nogal heel beperkende ingesteldheid van die fiskale beleid in die fiskale jaar 1989/90. Dit wil voorkom asof dit aan 'n verskeidenheid faktore toegeskryf kon word, waaronder:

- Die skerp styging in die reële landbouproduksie van 1988 tot 1989. 'n Ekonometriese simulasie dui daarop dat hierdie toename in die landbouproduksie regstreeks en onregstreeks 0,8 persentasiepunte tot die reële groei koers van die algehele ekonomie van effens meer as 2 persent in 1989 kon bygedra het. Daar moet uiteraard in aanmerking geneem word dat aanplantings en oeste in 1990 waarskynlik na meer normale vlakke sal terugkeer.
- Die betreklik hoë opnemingsvermoë van die markte vir Suid-Afrikaanse uitvoerprodukte en die krag van die Suid-Afrikaanse goedere-uitvoerprestasie in 1989.
- Die feit dat die gemiddelde ouderdom van die voorraad vastekapitaal goedere van sakeondernemings en van die voorraad duurzame verbruiksgoedere van huishoudings in 1989 hoër was (en die waarde daarvan dus meer aanmerklik gedeprimeer het) as in 1984/85, wat beteken het dat nuwe aanskaffings met die oog op vervanging minder maklik uitgestel kon word.
- Die meer positiewe sakeklimaat en die hoër vlak van verbruikersvertroue in 1989 en die begin van 1990 as in 1984, 1985 of 1986.
- Verskeie ander faktore, soos die styging in die reële loon per werker buite die landbou en die verhoogde aandeel van die arbeidsvergoeding in die totaal van alle faktorvergoedings, wat waarskynlik steun verleen het aan die besteding deur huishoudings en aan die gemiddelde verbruiksgeneigdheid van die ekonomie in sy geheel.
- Die mening onder die algemene publiek dat die onlangse beleidsmaatreëls van die owerhede voortgespruit het uit 'n behoefte om die lewenskragtigheid van die ekonomie te temper eerder as uit 'n behoefte om 'n akute krisis toestand die hoof te bied, wat op sigself 'n bron van onsekerheid en kommer kon geword het.

Betreklik betekenisvolle verlansamings is aange-

teken in die toenamekoerse in die *eisê van die monetêre instellings teen die private sektor* en in die M3-geldvoorraad vanaf die hoogtepunte waarop hierdie koerse in die derde kwartaal van 1988 te staan gekom het. Geeneen van die meer onlangse groei-koerse in die meer omvattende monetêre en krediet-totale van kwartaal tot kwartaal (ná omrekening tot jaarkoerse) en oor periodes van twaalf maande het tot dusver egter tot onder die peil van 20 persent gedaal nie.

Die korttermynrentekoerse was in Februarie 1990 egter aanmerklik hoër as by die boonste konjunktuur-draaipunt van die ekonomie teen die einde van 1988. Die betreklik hoë en stygende rentekoerse in die derde en die vierde kwartaal van 1989 het tot gevolg gehad dat herintermediëringsverskynsels, die "egte likwiditeitsvoorkeur" van beleggers en die vergelykende aantreklikheid van bankdeposito's gehandhaaf of versterk is. Dit het verhinder dat die stygingskoerse in bankkrediet en in die M3-geldvoorraad 'n meer opmerkbare konjunkturale daling getoon het.

Die groeiakoerse van M3 oor twaalf maande het in Februarie 1990 'n voorlopig geraamde 22,0 persent beloop. Hierdie koers van monetêre uitbreiding sowel as die tempo van die styging in bankkrediet as die belangrikste onderliggende "oorsaak" daarvan, moet in die tans bestaande konjunktuurtoestand en binne die raamwerk van die owerhede se huidige anti-inflasionele beleidsingesteldheid as onbevredigend beskou word.

Stram toestande het in die vierde kwartaal van 1989 en die eerste 2½ maande van 1990 nog in die *geldmark* voorgekom. Die *kapitaalmarkte* was gedurende hierdie periode getuie van 'n verdere sterk opwelling in die handelsbedrywigheid, groot aan- en verkope deur nie-inwoners op die Johannesburgse Effektebeurs, beduidende verdere stygings in die aandelepryse (ná die "mini-ineenstorting" van hierdie pryse in die tweede helfte van Oktober 1989), die notering van die aandeleuitgifte van Yskor op 8 November, 'n aanmerklike daling in die langtermynrente- en -opbrengskoerse, en 'n klein verdere styging in die transaksies in vaste eiendom.

Op die terrein van die *staatsfinansies* was die uiteindelijke resultaat van die fiskale beleid in die fiskale jaar 1989/90 heelwat meer beperkend as wat in die Begroting soos dit in Maart 1989 aangebied is, in die vooruitsig gestel is. Die verwagte styging in die besteding van die Sentrale Regering in 1989/90 in vergelyking met 1988/89, wat op 15,2 persent gestel is, het baie nou gehou by die begrote toename in die Skatkisuitreikings aan staatsdepartemente van 15,0 persent. In teenstelling daarmee het die ontvangste van die Sentrale Regering met 'n geraamde 27,3 persent gestyg, teenoor die begrote toename van 16,0 persent. Die tekort voor lenings in verhouding tot die bruto binnelandse produk sou dienoooreenkomstig slegs 1,5 persent beloop, teenoor die oorspronklike Begrotingsraming wat vir 'n te-

kort van 4,1 persent van die binnelandse produk voorsiening gemaak het.

Die Begroting van die Sentrale Regering vir 1990/91, wat op 14 Maart 1990 deur die Minister van Finansies aan die Parlement voorgelê is, het voorsiening gemaak vir toenames in die nominale staatsbesteding en staatsinkomste van onderskeidelik slegs 11,9 en 5,8 persent; die tekort voor lenings in 1990/91 sou na raming 'n bedrag beloop van net effens minder as R8,0 miljard of 2,8 persent van die verwagte nominale bruto binnelandse produk gedurende die fiskale jaar. Hierbenewens is daar egter voorsiening gemaak vir die stigting van 'n fonds vir maatskaplik-ekonomiese opheffingsaksies. Die bedrag van R2 000 miljoen wat uit die oorskot-finansiering van die Skatkis in 1989/90 aan hierdie fonds beskikbaar gestel sou word, is vervolgens deur die Staatspresident tot R3 000 miljoen verhoog – waarby die bykomende R1 000 miljoen uit die verwagte opbrengste van privatiseringsaksies befonds sou word.

Die klem van die Begroting vir 1990/91, wat waarskynlik in ligte mate stimulerend sal blyk te wees, is geplaas op 'n drietal breë maatskaplik-ekonomiese doelstellings, naamlik: (1) om 'n bydrae te maak tot die herstrukturering van die Suid-Afrikaanse ekonomie, met verhoogde nadruk op die "aanbod"- of produksiekant van die ekonomiese bedrywigheid en op die produktiewe strewe van die private sektor as die hoofbron van inkom- en werkgeleentheidskeppende groei; (2) om hoër voorrang as voorheen toe te ken aan die verligting van probleme van armoede en aan die regstelling van "agterstande" met betrekking tot onderwys, behuising en gesondheidsdienste; en (3) om 'n bydrae te maak tot die stabilisering van die ekonomie op kort termyn deur die toepassing van maatreëls van 'n kontrastiese fiskale beleid. Vir die doel van sodanige stabilisering sou daar egter groter klem geplaas word op die Regering se staatskulde- en leentransaksies eerder as op sy belasting- en bestedingsbedrywigheide.

Binnelandse ekonomiese ontwikkelings

Binnelandse produksie

Die groeikoers van die reële bruto binnelandse produk van die Suid-Afrikaanse ekonomie het afgedun van 'n seisoensaangesuiwerde jaarvlak van 2 persent in die eerste kwartaal van 1989 tot ongeveer 1½ persent in die tweede kwartaal en 1 persent in die derde kwartaal. Die huidige ramings dui aan dat die totale reële produksie vervolgens in die vierde kwartaal teen 'n jaarkoers van ongeveer 1½ persent *ingekrimp* het. Dit was die eerste kwartaalike daling in die reële bruto binnelandse produk sedert die eerste kwartaal van 1986.

Die totale reële produksie het in die vierde kwartaal van 1989 afgeneem ondanks die feit dat, met uitsondering van die landbou en die handel, al die hoofsektore van die ekonomie (asook die totaal van alle produksie buite die landbou) in hierdie kwartaal weer positiewe reële groei getoon het. Hierdie toedrag van sake het dus 'n opmerklike teenstelling gevorm met die gebeure gedurende die derde kwartaal van 1989, toe 'n *afname* in die totale reële produksie buite die landbou ondervind is: die voortgesette positiewe reële groei van die ekonomie in sy geheel gedurende die derde kwartaal van 1989 was in wese slegs die gevolg

van die versagte nawerking wat die groot mielie-oes van 1988/89 nog op die totale produksie gehad het.

Die aansienlike afname in die reële toegevoegde waarde van die *landbou* in die vierde kwartaal van 1989 kon aan betreklik minder gunstige weerstoestande toegeskryf word. As gevolg hiervan sal die grootte van die koringoes van 1989 waarskynlik sowat 40 persent minder wees as in 1988. Boonop het die reële toegevoegde waarde van die landbou in die vierde kwartaal van 1989 teruggesak nadat die grootste deel (byna 80 persent) van die bykans ongeëwenaarde mielie-oes van 1988/89 in die vorige drie maande ingesamel is.

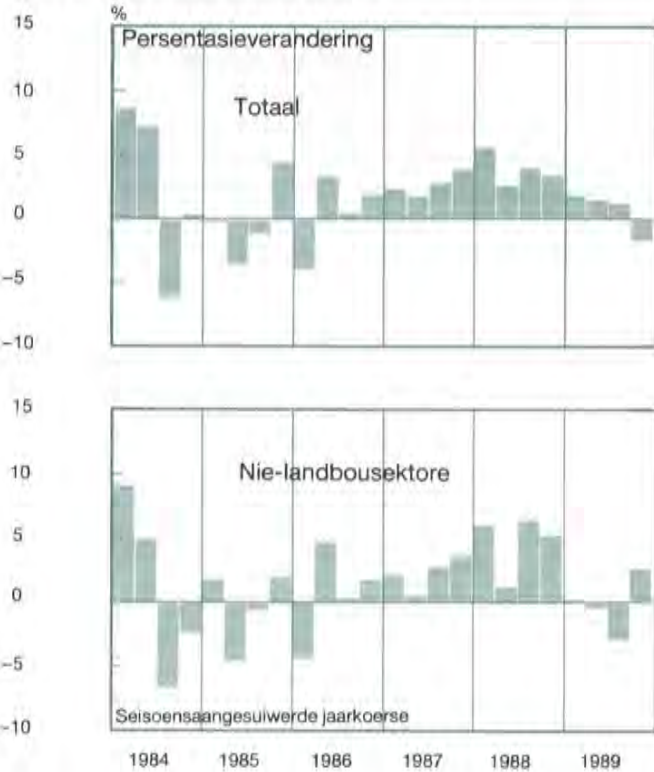
Feitlik geen verandering is in die vierde kwartaal van 1989 in die reële toegevoegde waarde van die *handelssektor* aangeteken nie. Dit was die netto resultaat van, enersyds, 'n geringe toename in die reële produksie van die motorhandel en, andersyds, geringe inkrimpings van die reële toegevoegde waarde in die groot- en kleinhandel. Die reële toegevoegde waarde van die motorhandel het in die vierde kwartaal herstel namate die verskillende probleme waarmee die motornywerheid en motorhandelaars in die derde kwartaal te kampe gehad het (waaronder werkstopsettings, wegbly-aksies en stakings, onderbrekings van die aanvoer, voorrade en lae voorrade) in die daaropvolgende paar maande grotendeels uit die weg geruim is.

Die effense inkrimping van die reële produksie in die groot- en kleinhandel kon toegeskryf word aan die matige verlansaming van die binnelandse ekonomie in die algemeen, aan 'n verdere verswakking (hoewel teen 'n verminderde tempo) van die buitelandse-handelsbalans (dit wil sê van die oorskot van die reële goedere-uitvoer teenoor die reële goedere-invoer) en aan die feit dat die langdurige staking onder spoorwegwerkers by die Suid-Afrikaanse Vervoerdienste in Desember 1989-Januarie 1990 moontlik die aflewering van goedere en grondstowwe in sekere dele van die land kon belemmer het.

Die aanmerklike verdere styging in die reële produksie van die *mynbousektor* in die vierde kwartaal was hoofsaaklik 'n weerspieëling van toenames in die fisiese goudproduksie, deels as gevolg van die verwerking van erts met 'n ietwat hoër goudgehalte. Hierbenewens het die volgehoue sterk (ofskoon vermindere) uitvoervraag die mynbouproduksie buite die goudmynbedryf op 'n betreklik hoë peil gehou.

Die reële produksie in die *fabriekswese* het in die vierde kwartaal van 1989 ietwat herstel nadat dit in drie opeenvolgende kwartale gedaal het; aanmerklike inkrimpings van die reële toegevoegde waarde in die vervaardigingsnywerhede – wat hoofsaaklik deur eksterne faktore veroorsaak is – het veral in die derde kwartaal van 1989 voorgekom. Aanmerklike produksieverhogings is aangeteken in subsektore soos die chemiese bedryf en die vervaardiging van masjinerie en vervoertoerusting. Ander bedryfstakke het meer marginale

Reële bruto binnelandse produk



afwykings getoon van die vlakke waarop die produksie in die derde kwartaal van 1989 te staan gekom het. Die algehele verbetering in die reële fabrieksproduksie in die vierde kwartaal was in 'n nie-onbelangrike mate gebaseer op die afwerk van onvoltooide bestellings.

In die konsolidasiejaar 1989 het die reële groei in die Suid-Afrikaanse ekonomie tot ongeveer 2 persent verlangsaam, vanaf die taamlik indrukwekkende groeitempo van 3½ persent wat in die opgangsjaar 1988 bereik is. Die verlangsaaming van die reële groei in 1989 het onder andere die invloed getoon van die progressiewe verskerping van die monetêre beleid wat vanaf die einde van 1987 of vroeg in 1988 deur die owerhede toegepas is en van die *de facto* nogal heel beperkende ingesteldheid van die fiskale beleid gedurende 1989. Die groeikoers van 2 persent in 1989 het egter nog steeds betreklik gunstig vergelyk met die gemiddelde jaarlikse reële groeikoers van die Suid-Afrikaanse ekonomie van slegs ongeveer 1½ persent oor die tydperk van 1980 tot 1989. Hierbenewens het die matige verlangsaaming van die positiewe reële groei vanaf 3½ persent in die gevorderde opgangsjaar 1988 tot 2 persent in die vroeë afgangsjaar 1989 ook baie gunstig vergelyk met die veel skerper en skieliker omskakelings vanaf 'n uitbreiding teen 4½ persent per jaar in die vier kwartale wat onmiddellik aan die boonste konjunkturaal draaipunt van Augustus 1981 voorafgegaan het, na 'n werklike *inkrimping*, teen 1½ persent per jaar, in die vier kwartale wat op daardie draaipunt gevolg het, en vanaf 'n uitbreiding teen 7½ persent per jaar in die vier kwartale onmiddellik voor die boonste draaipunt van die "mini-boom" van 1983-84 in Junie 1984 na 'n *inkrimping*, teen meer as 2½ persent per jaar, in die vier kwartale onmiddellik daarna. Die groeispoor wat die Suid-Afrikaanse reële bruto binnelandse produk in 1989 gevolg het, het dus eweneens bewys gelewer van die betreklike "sagtheid"

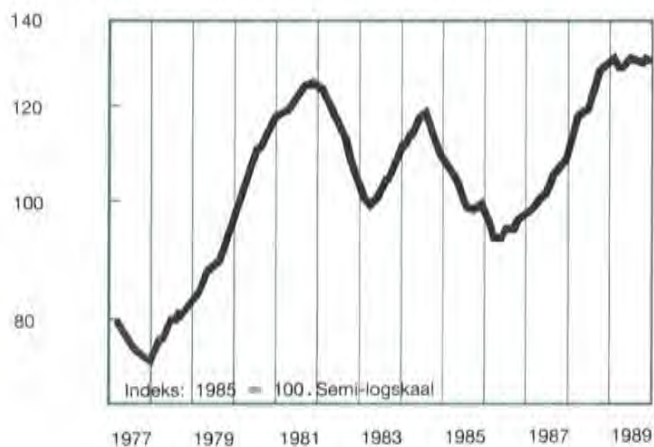
om die konjunktorele "landing" van die ekonomiese bedrywigheid wat ook uit die verloop van die saamgestelde konjunkturaanwysers en uit 'n verskeidenheid ander siklies-sensitiewe tydreekse tot dusver na vore gekom het.

'n Ontleding van die produksieprestasies per sektor gedurende die jaar 1989 toon dat, met uitsondering van die landbou, die positiewe groeikoerse van die reële toegevoegde waarde in die verskillende onderafdelings van die ekonomie in daardie jaar in alle hoofsektore van die ekonomie laer was as in 1988. Taamlik aanmerklike verskille kon egter opgemerk word in die mate waarin die reële groeikoerse in die verskillende sektore en sub-sektore verlangsaam het. Dit kon gedeeltelik toegeskryf word aan die sterkte van die Suid-Afrikaanse goedere-uitvoer wat dwarsdeur 1989 gehandhaaf is, in vergelyking met die verslapping van en daling in die totale reële bruto binnelandse monetêre vraag.

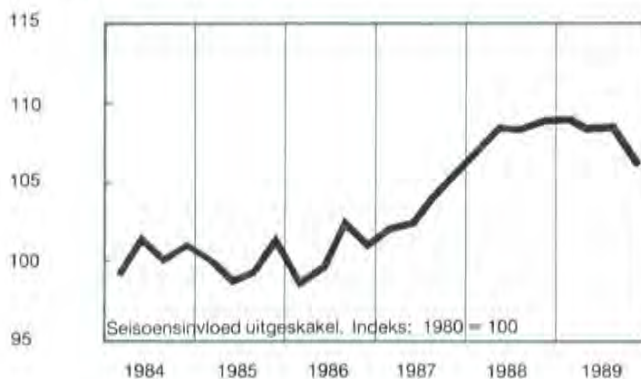
Die reële toegevoegde waarde van die *landbou* was in 1989 'n aansienlike 10 persent hoër as in 1988. Hierdie merkwaardige resultaat was gebaseer op toenames in die reële bruto inkome in sub-sektore soos die akkerbou (waarby mielies ingesluit is), die tuinbou en die produksie van lewende hawe, asook op 'n verlangsaaming van die tempo waarteen boere se reële aankope van intermediere goedere toegeneem het.

Die groeikoerse van die reële toegevoegde waarde in die *fabriekswese* en die *handel* het van 1988 tot 1989 beduidende verlangsamings getoon; meer gematigde verlangsamings van die reële produksiegroei is in die sektore *vervoer*, *finansies* en die *algemene owerheid* aangeteken. Die reële toegevoegde waarde in die *mynbousektor* het van 1988 tot 1989 wesenlik onveranderd gebly. Dit was die gevolg van die feit dat die toename in die reële produksie van die sub-sektor "ander mynbou" gedurende 1989 in sy geheel ten volle deur 'n afname in die produksie van die goudmynbedryf geneutraliseer is.

Saamgestelde samevallende konjunkturaanwyser



Reële bruto nasionale produk



Die reële bruto *nasionale* produk, wat in 1987 en 1988 teen vergelykenderwys baie stewige koerse van 3 persent en 5 persent toegeneem het, het in 1989 ingekrimp tot 'n gemiddelde vlak wat ongeveer 1/2 persent laer was as in die vorige jaar. Dit was 'n gevolg van die feit dat die Suid-Afrikaanse ruilvoet dwarsdeur 1989 verswak het, en ook van toenames in die reële netto faktorbetalings aan die nie-inwoner-eienaars van produksiemiddele wat in die Suid-Afrikaanse ekonomie werksaam is.

Die hoër vlak van die reële netto faktorvergoedings aan nie-inwoners in 1989 het hoofsaaklik voortgespruit uit hoër uitbetalings van dividende en rente. Die styging in die dividendbetalings was 'n weerspieëling van die gunstige finansiële resultate wat Suid-Afrikaanse maatskappye veral in die eerste helfte van 1989 behaal het; die groter netto betalings van rente het voortgevloei uit die deurgaans opwaartse neiging in die rentekoerse in Suid-Afrika sowel as in die vooraanstaande buitelandse ekonomieë, en ook uit buitelandse beleggers se vergrote besit aan vaste-rentedraende Suid-Afrikaanse effekte.

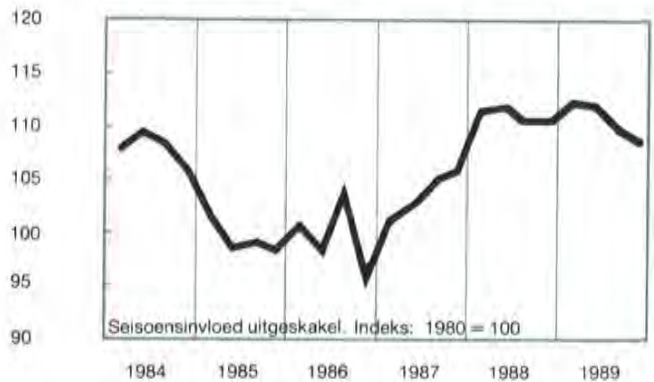
Die verswakking van die Suid-Afrikaanse ruilvoet in 1989 (wat 'n voortsetting beteken het van 'n afwaartse beweging van die ruilvoet wat reeds min of meer in die middel van 1988 begin het) was 'n weerspieëling van 'n skêrbeweging in die pryse van ingevoerde en uitgevoerde goedere. Die Suid-Afrikaanse invoerpryspeil is nadelig geraak deur 'n opwaartse neiging in die wêreldpryse van ru-olie (en in 'n meer gedempte mate van fossielbrandstowwe in die algemeen); daarteenoor is die Suid-Afrikaanse uitvoerpryspeil afwaarts beïnvloed deur verder toenemende slapte in die wêreldmarkte vir 'n aantal metale en minerale en verskeie ander primêre produkte anders as brandstowwe.

Die verlangsaaming van die groei in die reële bruto binnelandse produk in 1989 het meegebring dat die reële bruto binnelandse produk *per hoof van die bevolking*, wat in 1988 beduidend (naamlik met ongeveer 1 1/2 persent) gestyg het, in 1989 'n baie geringe afname getoon het. Die effense daling in die totale reële bruto *nasionale* produk in 1989 het beteken dat die nogal heel aansienlike stygings in die reële bruto *nasionale* produk per hoof van die bevolking in 1987 en 1988 (van bykans 1 persent in 1987 en meer as 2 1/2 persent in 1988) in die daaropvolgende jaar weer grotendeels maar nie ten volle nie, omgekeer is.

Binnelandse besteding

Die totale reële bruto binnelandse besteding het in die eerste kwartaal van 1989 sterk gestyg, naamlik teen 'n seisoensaangesuiwerde jaarkoers van 6 persent, maar in die tweede en die derde kwartaal teen jaarkoerse van 1 1/2 en 7 1/2 persent afgeneem. In die vierde kwartaal van 1989 het dit vervolgens voortgegaan om te daal teen 'n jaarkoers wat tans op ongeveer 7 persent gestel word.

Reële bruto binnelandse besteding



Die totale reële bruto binnelandse besteding was in die kalenderjaar 1989 volgens raming ongeveer 1 persent laer as in 1988. Hierdie ligte insinking het gevolg op 'n toename in die reële binnelandse besteding in 1988 van nie minder nie as 7 1/2 persent. Die verloop van die binnelandse besteding in 1989 het derhalwe, duideliker as die binnelandse produksie, die uitwerking getoon van die owerhede se matig beperkende monetêre en fiskale beleid.

Die afname in die totale reële bruto binnelandse besteding in die vierde kwartaal van 1989 is meegebring deur verdere besnoeiings van die reële owerheidsverbruiksbesteding, 'n daling in die reële bruto binnelandse vaste investering, en 'n betekenisvolle verdere vermindering van die reële voorrade. 'n Klein verdere styging is egter nog in die reële private verbruiksbesteding aangeteken.

Die groei in die *reële private verbruiksbesteding* het verlangsaam van 'n jaarkoers van 2 persent in die eerste kwartaal van 1989 tot 'n koers van ongeveer 1 1/2 persent in die tweede kwartaal en tot bykans stagnasie in die derde kwartaal. Die jaarkoers van toename in die reële private verbruiksbesteding in die vierde kwartaal word tans op ongeveer 1/2 persent geraam. Hierdie effense styging is ten volle verklaar deur toenames in die reële besteding deur huishoudings aan nie-duursame goedere en aan dienste. Huishoudings se reële besteding aan sowel duursame as semi-duursame goedere het afnames getoon.

Die daling in huishoudings se reële besteding aan duursame verbruiks goedere in die vierde kwartaal was hoofsaaklik 'n weerspieëling van aansienlike besnoeiings van die reële besteding aan persoonlike vervoer-toerusting; die afwaartse neiging in die verkope van nuwe motorvoertuie wat in die tweede kwartaal van 1988 begin het, het tot in die eerste paar maande van 1990 voortgeduur. Betreklik hoë bestedingsyfers is egter nog aangeteken met betrekking tot huishoudings se reële aankope van meubels, in die vierde

kwartaal van 1989 sowel as gedurende 1989 in sy geheel.

Die betreklike lewendigheid van huishoudings se meubelaankope het daartoe bygedra om die totale reële omvang van die private besteding in die kategorie "meubels en huishoudelike toestelle", sowel as die totale reële besteding aan duurzame verbruiksgoedere op peil te hou. Terselfdertyd het die afwesigheid van enige betekenisvolle afname in huishoudings se reële besteding aan meubels en huishoudelike toestelle vanaf 1988 tot 1989 'n opvallende teenstelling gevorm met die skerp daling wat in die eerste vier kwartale ná die mini-boom van 1983-84, dit wil sê vanaf die middel van 1984 tot die middel van 1985, in hierdie soort besteding aangeteken is.

Dit wil voorkom asof verskeie faktore tot die betreklike lewendigheid van die meubelverkope in 1989 bygedra het. Onder sodanige faktore tel byvoorbeeld die vergelykenderwys lewendige bedrywigheidspell in die laekoste-woningbou gedurende die jaar, die feit dat sekere soorte meubels van huurkoopbeperkings vrygestel is en die normale behoeftes aan vernuwing en vervanging. Hierbenewens het vergelykenderwys lae prysinflasie met betrekking tot meubels en huishoudelike toestelle egter die uitwerking gehad dat hierdie bestedingsposte binne die breë kategorie van duurzame verbruiksgoedere *betreklik* bekostigbaar gebly het en kon dit moontlik sekere kwasi-permanente verskuiwings in die bestedingspatrone van huishoudings uitgelok het. Gedurende die vier jaar van 1986 tot 1989 het die gemiddelde pryspeil van persoonlike vervoertoerusting (hoofsaaklik motorvoertuie) met onge-

veer 150 persent gestyg. In vergelyking hiermee het die prysvlak van meubels en huishoudelike toestelle gedurende hierdie tydperk heelwat minder dramatiese, naamlik met ongeveer 70 persent, toegeneem.

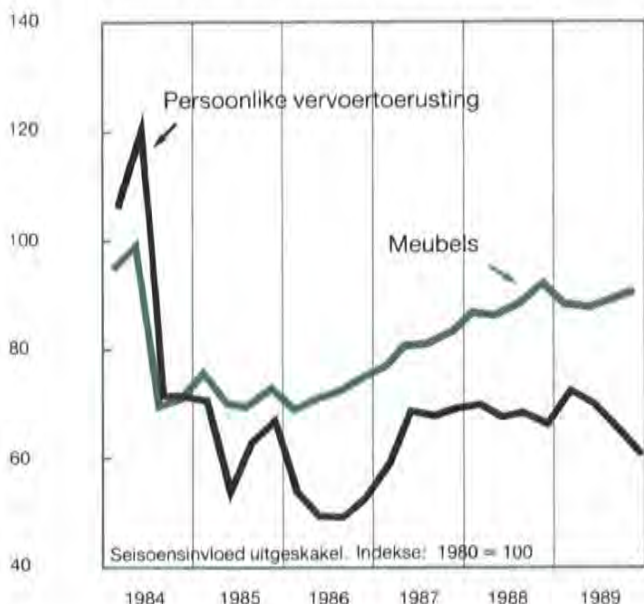
Die afname in huishoudings se reële besteding aan *semi-duursame* goedere in die vierde kwartaal van 1989 het daaruit voortgespruit dat toenames in die besteding aan klerasie en skoeisel meer as ten volle deur verminderings van die besteding aan uitgaweposte soos tekstielgoedere en motorbande, -onderdele en -toebehore geneutraliseer is – laasgenoemde in samehang met en in reaksie op die afwaartse neiging in die verkope van tweedehandse motors wat reeds sedert die eerste kwartaal van 1988 na vore gekom het. Die *toename* in die vierde kwartaal in die reële verbruiksbesteding deur die private sektor aan *niet-duursame goedere* en aan *dienste* het hoofsaaklik bestaan uit verhoogde besteding aan voedsel, drank en tabak maar het ook hoër uitgawes aan begrotingsposte soos huur, huishoudelike dienste, en spyseniering en huisvesting ingesluit.

Na raming was die totale reële private verbruiksbesteding in die *jaar* 1989 bykans 3 persent hoër as in 1988. Hierdie stewige koers van uitbreiding was nietemin aanmerklik laer as die sterk groeiakoers van bykans 5 persent in die reële private verbruiksbesteding die vorige jaar. Gedeeltelik vanweë die feit dat die groeiakoers van die reële persoonlike beskikbare inkomme in 1989 laer was as in 1988, kon 'n verslapping van die groeiakoers van die reële verbruikersvraag in 1989 te wagte gewees het; die afname in die groeiakoers van die beskikbare inkomme het op sy beurt weer in verband gestaan met onder andere die hoër en stygende vlak van die verbruikerskuld, die uitwerking van groter skuldlaste en hoër rentekoerse op huishoudings se rentebetelingsverpligtings, en die versnellende tempo waarteen insolvensies in die persoonlike sektor toegeneem het.

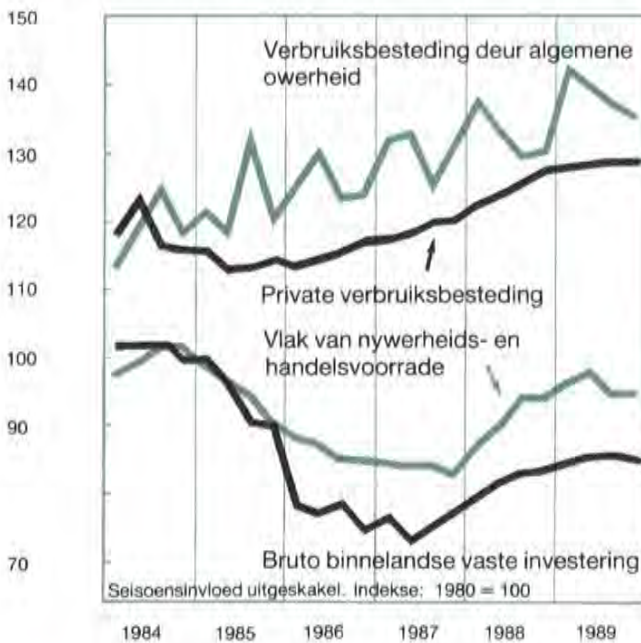
Verskeie faktore het nietemin in 1989 gehelp om sowel die reële persoonlike beskikbare inkomme as huishoudings se bestedingsgeneigdheid op 'n redelik hoër peil te hou. Ingesluit by sodanige faktore was die goeie ooste en die betreklike aansienlike bruto bedryfsurplusse in die landbousektor en die vermenigvuldiger-effek wat deur boere se verhoogde inkomste en uitgawes op ander dele van die ekonomie uitgeoefen is; versnelde verhogings van die nominale loon en 'n gemiddelde vlak van die reële loon per werker buite die landbou wat oor die grootste deel van 1989, hoër was as in die vorige jaar; die verstewiging van die dollarprys van goud vanaf die laaste paar weke van 1989 en die lewendige stand van sake op die aandelemark; en groter vertroue onder verbruikers met betrekking tot die huidige en verwagte maatskaplik-politieke ontwikkelings.

Die *reële owerheidsverbruiksbesteding* het in die eerste kwartaal van 1989 (die laaste kwartaal van die fiskale jaar 1988/89) teen 'n jaarkoers van meer as 40

Reële besteding aan duurzame verbruiksgoedere



Hoofkomponente van reële bruto binnelandse besteding



persent gestyg maar in die daaropvolgende drie kwartale teen jaarkoerse van $6\frac{1}{2}$, 8 en $5\frac{1}{2}$ persent teruggesak. In die vierde kwartaal van 1989 het aansienlike verminderings van die reële owerheidsbesteding aan intermediêre goedere en dienste verdere stygings in die reële vergoeding van werknemers meer as ten volle geneutraliseer.

In weerwil van hierdie meer onlangse besnoeiings, het die baie skerp toename in die owerheidsverbruiksbesteding in die eerste kwartaal van 1989 (wat op 'n doelbewuste terughouding van owerheidsbestedings in die daaraan voorafgaande drie kwartale gevolg het) nog steeds gelei tot 'n hoë gemiddelde vlak van hierdie soort bestedings gedurende 1989 in sy geheel. Die gemiddelde vlak van die reële owerheidsverbruiksbesteding gedurende die kalenderjaar 1989 was in werklikheid ongeveer $4\frac{1}{2}$ persent hoër as in 1988; die gemiddelde vlak van hierdie besteding in die eerste drie kwartale (April tot Desember) van die fiskale jaar 1989/90 was nie minder nie as $5\frac{1}{2}$ persent hoër as in die ooreenstemmende drie kwartale van die vorige fiskale jaar.

Van die kalenderjaar 1988 tot die kalenderjaar 1989 het die reële owerheidsverbruiksbesteding aan intermediêre goedere en dienste en aan vergoeding van werknemers met onderskeidelik $7\frac{1}{2}$ persent en 2 persent toegeneem. Aangesien dit onwaarskynlik is dat die owerheid se reële verbruiksbesteding vanaf die fiskale jaar 1988/89 na die fiskale jaar 1989/90 beduidend sal styg, kan verwag word dat die eerste kwartaal van 1990 in vergelyking met die eerste kwartaal

van 1989 'n aanmerklik negatiewe koers van verandering van jaar tot jaar in hierdie soort besteding sal toon.

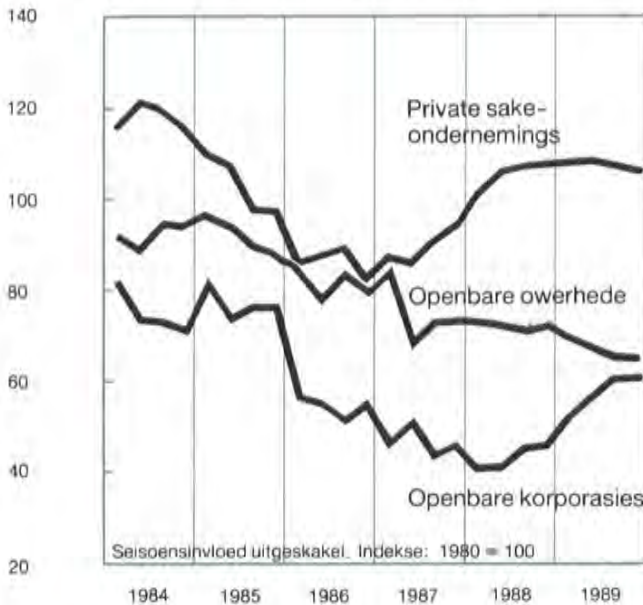
Die opwaartse stukrag in die *totale reële besteding aan bruto binnelandse vaste investering* het in die loop van die eerste drie kwartale van 1989 verflu en in die vierde kwartaal heeltemal weggesterf. Die seisoens-aangesuiwerde jaarkoers van toename in die totale reële vaste investering het van ongeveer $5\frac{1}{2}$ persent in die eerste kwartaal van 1989 tot $4\frac{1}{2}$ en $\frac{1}{2}$ persent in die tweede en die derde kwartaal ingekrimp. Daarná het dit in die daaropvolgende drie maande na 'n jaarkoers van afname van meer as 3 persent omgeslaan. Die totale reële bruto binnelandse vaste investering was in 1988 'n indrukwekkende $8\frac{1}{2}$ persent hoër as in 1987, maar was in 1989 slegs 4 persent hoër as in 1988.

'n Ontleding op institusionele basis toon dat die afname in die totale reële bruto binnelandse vaste investering in die vierde kwartaal van 1989 bykans geheel en al toegeskryf kon word aan afnames in die reële vaste-kapitaalbesteding in die private sektor. Die reële vaste-kapitaalvorming deur private investeerders het van 1987 tot 1988 sterk gestyg (naamlik met $17\frac{1}{2}$ persent), maar van 1988 tot 1989 met slegs 2 persent toegeneem. In die loop van 1989 het die seisoensaangesuiwerde jaarkoers van verandering in die reële private vaste investering van $1\frac{1}{2}$ persent in die eerste helfte van die jaar tot $-2\frac{1}{2}$ persent in die derde kwartaal en tot 'n voorlopig geraamde $-3\frac{1}{2}$ persent in die daaropvolgende drie maande teruggesak.

'n Aanvanklike verdere verstewiging van die private reële vaste-kapitaalvorming in die vroeë stadiums van 'n afwaartse konjunkturbeweging is een van die meer reëlmatig voorkomende eienskappe van die konjunkturgolf in die Suid-Afrikaanse ekonomie. Die inkrimping van die private reële vaste investering vanaf die derde kwartaal van 1989 (dit wil sê vanaf ongeveer ses tot nege maande ná die vermoedelijke boonste draaipunt van die algemene konjunkturgolf teen die einde van 1988) het in werklikheid daarop neergekom dat hierdie soort besteding, binne die raamwerk van die normale konjunktuurverloop in die Suid-Afrikaanse ekonomie, met 'n betreklik kort sloering op 'n verandering in die sakeklimaat gereageer het.

Die afname in die private reële vaste-kapitaalvorming in die vierde kwartaal van 1989 was hoofsaaklik die gevolg van verminderings van die investeringsbesteding in sektore soos die landbou, die mynbou en die handel. Dit het plaasgevind teen 'n agtergrond van minder gunstige oesverwagtings in die landbousektor, 'n verslapping van die groei in die winste van sakeondernemings (met name in die tweede helfte van 1989), betreklik hoë rentekoerse en 'n verswakkende neiging in die internasionale grondstofmarkte, asook in die reële binnelandse monetêre vraag. Gedurende 1989 in sy geheel was die laer koers van uitbreiding in die private reële vaste-kapitaalvorming hoofsaaklik 'n weerspieëling van verlangsamings van die groeikoerse

Reële bruto binnelandse vaste investering



van die besteding aan reële vaste investering in die landbou, die fabriekswese en die finansiële sektor en van 'n werklike afname in die reële vaste-kapitaalbesteding in die mynbou.

Die reële bruto vaste investering deur *openbare owerhede* het in die vierde kwartaal van 1989 bly daal, maar teen 'n jaarkoers van slegs ongeveer 2½ persent (teenoor 'n gemiddelde koers van afname van ongeveer 12 persent in die voorafgaande drie kwartale). Die afname in die reële vaste investering deur die openbare owerhede in die vierde kwartaal het voortgespruit uit vermindering van die reële vaste-kapitaalvorming deur die sakeondernemings van die algemene owerheid. Hierdie afnames het meer as ten volle opgeweeg teen die toenames wat wel nog voorgekom het in die reële vaste investering deur al drie vlakke van die algemene owerheid self.

In die kalenderjaar 1989 het die reële vaste-kapitaalbesteding deur die openbare owerhede teruggesak tot 'n gemiddelde peil wat ongeveer 7½ persent laer was as in 1988; die omvang van hierdie insinking in 1989 was meer as twee keer so groot as die afname in die voorafgaande jaar. Dit kon weer eens toegeskryf word aan aansienlike vermindering in reële vaste investering deur sakeondernemings van die algemene owerheid. As sodanig was dit 'n verdere weerspieëling van die rasionaliseringsprogramme wat deur die Departement van Pos- en Telekommunikasiewese en die Suid-Afrikaanse Vervoerdienste in werking gestel is. Die vlak van die reële vaste investering deur die *algemene owerheid* was in 1989 ongeveer 2 persent laer as in 1988.

Die reële vaste investering deur *openbare korporasies* het in die eerste drie kwartale van 1989 aansienlik gestyg maar in die daaropvolgende drie maande 'n meer sywaartse koers ingeslaan. In die kalenderjaar 1989 was die reële vaste-kapitaalvorming deur die openbare korporasies egter aansienlik hoër as in 1988, hoofsaaklik vanweë vordering met die ontwikkelingsbedrywighede te land en ter see van die Mossgas-projek. Die vlak van die reële vaste investering deur openbare korporasies was in 1989 nietemin nog steeds laer as die hoogtepunte wat reeds so lank gelede as 1975 daarin aangeteken is.

'n Ontleding van die totale reële bruto binnelandse vaste investering in 1989 volgens soorte kapitaalbesteding toon dat die toenames in die reële besteding aan wonings en nie-residensiële geboue, konstruksie en vervoer vanaf die vlakke wat hierdie bestedings in 1988 bereik het, tussen 5½ en 16 persent gewissel het. Die reële vaste investering in masjinerie en toerusting het in 1989 egter met 3½ persent gedaal tot 'n peil wat min of meer gelyk was aan dié van die sewentigerjare en ongeveer 22½ persent laer was as die gemiddelde vlak daarvan in die eerste helfte van die tagtigerjare. Dit het 'n weerklank gehad in die feit dat die reële goedere-invoer in die grootste deel van 1989 verlengsaam het en kon toegeskryf word aan die verslapping van die reële binnelandse monetêre vraag en aan 'n verbreding van die marges van onbenutte kapasiteit in die fabriekswese. Dit kon moontlik ook die invloed weerspieël het wat die bo-belasting van 15 persent op ingevoerde kapitaalgoedere op die investeringsbedrywigheid uitgeoefen het. 'n Ongewone kenmerk van die konsolidasiefase in 1989 was egter dat die boonste draaipunt in die reële vaste investering in masjinerie en toerusting skynbaar 'n daling in die kapasiteitsbenutting *voorafgegaan* het.

Die uitwerking van die verslapping van die finale vraag vanaf die tweede kwartaal van 1989 is in die tweede helfte van die jaar deur *voorraaddisinvestering* versterk. Die totale reële voorrade het in die eerste en die tweede kwartaal van 1989 bly styg (ofskoon teen 'n verminderende koers), maar het in die derde kwartaal van 1989 begin daal en in die vierde kwartaal vinniger teruggesak. Die vermindering van die totale reële voorrade in die vierde kwartaal van 1989 was in die eerste plek die gevolg van 'n verdere afbouing van handels- en nywerheidsvoorrade en in mindere mate ook van vermindering van landbouvoorrade en van diamantvoorrade-in-die-handel. Die verhouding van die handels- en nywerheidsvoorrade tot die bruto binnelandse produk buite die landbou het in die vierde kwartaal van 1989 'n geringe verdere afname getoon tot 20¾ persent, vanaf die peil van nagenoeg 21 persent wat in die voorafgaande drie maande daarin aangeteken is.

Die totale reële voorrade het in 1987 met R0,3 miljard en in 1988 met R2,1 miljard gestyg. Daarna het dit in die loop van 1989 per saldo effens verder toegeneem, naamlik met ongeveer R200 miljoen. Die af-

name in hierdie voorrade vanaf die derde kwartaal van 1989 het betreklik vroeg begin binne die raamwerk van die tyd- en tydsduurverwantskappe wat normaalweg tussen verskillende konjunktuurverskynsels bestaan. Dit was waarskynlik 'n weerspieëling van die betreklik hoë reële rentekoste wat in die huidige konsolidasiefase van die konjunkturgolf aan die aanhou van voorrade verbonde was, asook van die feit dat verbeterde tegnieke vir die beheer oor voorrade meer algemeen toegepas is.

Faktorinkome en besparing

Die koers van toename in die totale nominale faktorinkome teen markpryse het van 'n seisoensaangesuiwerde jaarvlak van meer as 20 persent in elk van die eerste twee kwartale van 1989 tot 13½ persent in die derde kwartaal en 6 persent in die vierde kwartaal verlangsaam. Vanaf die kalenderjaar 1988 tot die kalenderjaar 1989 het die koers van toename in die totale nominale faktorinkome, deels onder invloed van die laer koers van toename in die totale ekonomiese bedrywigheid, op taamlik ondramatiese wyse van ongeveer 19½ persent tot effens meer as 18 persent afgeneem.

Onder die twee belangrikste komponente van die faktorinkome teen faktorkoste (naamlik die vergoeding van werknemers en die bruto bedryfsurplus) het die koers van toename in die nominale vergoeding van werknemers van 'n gemiddelde jaarvlak van 23 persent in die eerste helfte van 1989 tot 12½ persent in die tweede helfte teruggeval. Verlangsamings van die groeikoerse van die nominale loon- en verwante betalings kon in die meeste sektore van die ekonomie waargeneem word, met die mynbousektor en die algemene owerheid as opmerklieke uitsonderings. Die verlangsamings van die koers van toename in die totale nominale arbeidsvergoeding in die loop van 1989 kon onder meer toegeskryf word aan die betreklik hoë vlakke van die salarisaanpassings in die eerste helfte van die jaar, aan die rasionalisering van sekere sakeondernemings in die openbare sektor, en aan sekere meer tydelike inboetings van arbeidsverdiensles, soos dié wat in Desember 1989-Januarie 1990 aan die langdurige staking onder ongeveer 20 000 werknemers van die Suid-Afrikaanse Vervoerdienste verbonde was.

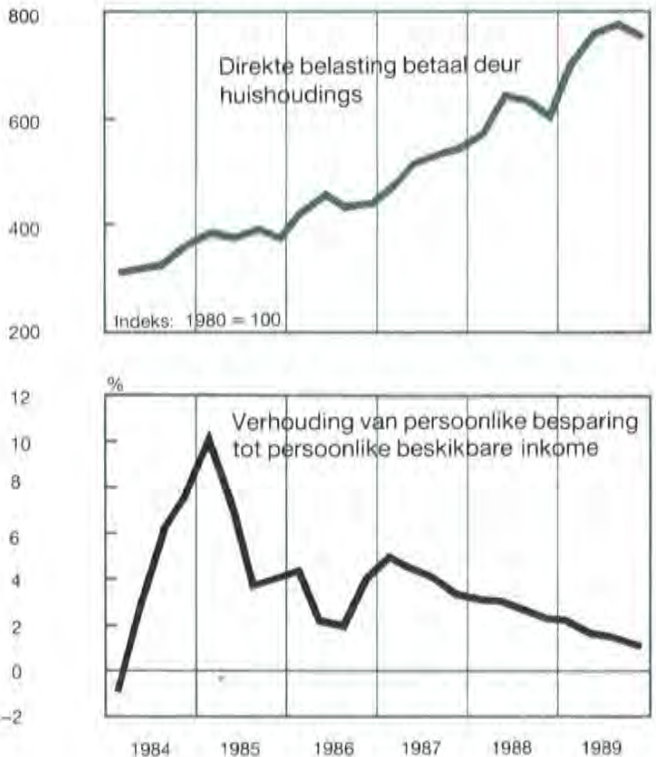
Nieteenstaande hierdie verskeie gebeurtenisse in die loop van 1989, het die koers van toename van jaar tot jaar in die totale nominale arbeidsvergoeding in werklikheid van 16½ persent in 1988 tot 18½ persent in 1989 versnel. Soos in die beginstadiums van 'n afwaartse konjunkturbeweging nie ongewoon is nie (wanneer aanvanklik nog versnellende nominale loonsverhogings neig om met 'n verslapping van die groei in die bruto bedryfsurplusse van sakeondernemings saam te val), het hierdie versnelling van die koers van toename in die totale nominale arbeidsvergoeding 'n vergroting van die arbeidsaandeel in die totale toege-

voegde waarde tot gevolg gehad. Hierdie aandeel het van effens meer as 57½ persent in 1988 tot ongeveer 58½ in 1989 toegeneem. Afgesien van toenames in die totale indiensneming en die volgehoue betreklik hoë vlakke van ekonomiese bedrywigheid, is die styging in die aandeel van die arbeidsvergoeding in die totale faktorinkome tot op sekere hoogte ook deur vakbondoptrede en deur die voortbestaan of verergering van knelpunte met betrekking tot die beskikbaarheid van sekere soorte geskoolde arbeid aangehelp.

Die totale *bruto bedryfsurplus* het in werklikheid in die vierde kwartaal van 1989 effens *ingekrimp*, hoofsaaklik vanweë laer bedryfsurplusse in die landbousektor en 'n laer koers van toename in die maatskappywinste in die fabriekswese, die handel en die finansiewese. Van 1988 tot 1989 het die koers van toename van jaar tot jaar in die totale bruto bedryfsurplus beduidend van 19 tot 15½ persent teruggesak. Hierdie verlangsamings het wyd verspreid deur die ekonomie voorgekom en het veral in die tweede helfte van 1989 meer opmerklik geword.

Die meer sywaartse verloop van die totale bruto bedryfsurplus in die eerste helfte van 1989 en die afwaartse beweging daarvan in die tweede helfte was 'n weerspieëling van veranderings in sowel die binne-landse as die buitelandse omstandighede. Binnelands het die uitbreidings tempo van die reële finale vraag van

Huishoudings : Besparing en direkte belasting betaal



5 persent in 1988 tot 3½ persent in 1989 afgeneem. Hierbenewens is die winsmarges van sakeondernemings deur vinnige toenames in die bedryfskoste en in die onderhoudskoste van kapitaal onder afwaartse druk geplaas. Buitelands is uitvoer-ondernemings in 1989 blootgestel aan die uitwerking van die afwaartse neiging in die internasionale grondstofpryse en van die appresiasie van die rand in die vierde kwartaal.

Die verhouding van die *bruto binnelandse besparing* tot die bruto binnelandse produk het in die tweede kwartaal van 1989 'n laagtepunt bereik van ongeveer 21½ persent, maar was beduidend hoër in sowel die derde as die vierde kwartaal, naamlik ongeveer 23 persent. Die feit dat hierdie verhouding van die derde tot die vierde kwartaal nie verander het nie, was die resultaat van die twee teenoorgestelde kragte van 'n verslapping in die spaargedrag van besluitnemers in die private sektor en van 'n ligte verbetering in die netto besparing deur die algemene owerheid.

Die verbetering in die netto-spaarprestasie van die owerheid gedurende 'n groot deel van die jaar was hoofsaaklik die gevolg van 'n skerp styging in die belastingontvangste. Hierdie styging kon toegeskryf word aan die onverwagte krag van die ekonomie gedurende die vroeë konsolidasiefase, die voortgesette hoë peil van die invoer en die hoë bo-belastinginkomste wat daarmee gepaardgegaan het, die versnelde nominale loon- en salarisverhogings, en strenger maatreëls om verskuldigde bedrae aan algemene verkoopbelasting en agterstallige bedrae aan inkomstebelasting in te vorder.

Afnames is in die vierde kwartaal van 1989 in die netto besparing van die persoonlike sektor sowel as van die private maatskappysektor aangeteken. Die netto besparing deur maatskappye, ofskoon nog steeds op 'n hoë vlak, is nadelig beïnvloed deur die inkrimping van bruto bedryfsurplusse, hoër rente- en dividendbetalings (aan buitelanders in die besonder) en hoër belastingverpligtings. Die netto *persoonlike* besparing het in die vierde kwartaal effens teruggesak, hoofsaaklik as gevolg van die feit dat die groei in die totale reële persoonlike beskikbare inkomste in die loop van die jaar van 3½ persent in 1988 tot slegs 1½ persent in 1989 verlangsaam het: hoër rentebetalings en 'n toename van 12 persent in die reële omvang van die direkte persoonlike-belastingbetalings in 1989 het 'n groot deel van die styging in die reële vergoeding van werknemers en in die reële inkomste uit eiendom uitgewis. Die verhouding van die netto persoonlike besparing tot die persoonlike beskikbare inkomste het na raming van 2½ persent in 1988 tot 1½ persent in 1989 ingekrimp.

Werkverskaffing

Die totale werkverskaffing in die ekonomie buite die landbousektor het gedurende die drie opgangsjare 1986, 1987 en 1988 met onderskeidelik 0,4, 0,9 en 1,2

Werkverskaffing in nie-landbousektore



Werkloosheid



persent toegeneem. Die gemiddelde vlak van die werkverskaffing buite die landbou was in die eerste drie kwartale van die konsolidasiejaar 1989 'n beskeie 0,9 persent hoër as in die eerste drie kwartale van 1988.

Die seisoensaangesuiwerde jaarkoers van verandering in die totale werkverskaffing buite die landbou het in die eerste drie kwartale van 1989 op -0,4, +1,7 en +1,2 persent te staan gekom. Die hernieuwe verlangsaaming van die groei in die totale werkverskaffing in die derde kwartaal was 'n weerspieëling van voortgesette personeelvermindering in onder meer die Suid-Afrikaanse Vervoerdienste, die Departement van Pos- en Telekommunikasiewese, die provinsiale administrasies, die konstruksiebedryf, elektrisiteitsopwekking en die goudmynbedryf, sowel as van personeelafankings deur plaaslike owerhede, die private padvervoerdienste en die groothandel. Gegewens wat tans vir die vierde kwartaal van 1989 beskikbaar is, dui op verdere netto afdankings in die konstruksiebedryf en elektrisiteitsopwekking en op 'n daling in die werkverskaffing in die fabriekswese.

Die totale werkverskaffing in die *private* nie-landbousektor het in die eerste kwartaal van 1989 teen 'n seisoensaangesuiwerde jaarkoers van 1,3 persent afgeneem, maar in die tweede kwartaal teen 'n jaarkoers van 1,6 persent en in die derde kwartaal teen 'n vergelykenderwys gunstige koers van 1,3 persent toege-

neem. Afgesien van die werklike personeelvermindering in daardie sektore waarvan hierbo reeds melding gemaak is, het die hernieuwe verlangsaaming van die toename in die werkverskaffing in die private sektor in die derde kwartaal van 1989 ook 'n stadige uitbreiding van werkgeleenthede in die fabriekswese, die handel, die bankwese en sekere ander dienstebedrywe weer gespeel.

Die totale indiensneming deur die *openbare owerhede* het in die eerste en tweede kwartaal van 1989 betreklik vinnig, naamlik teen seisoensaangesuiwerde jaarkoerse van 1,7 en 2,0 persent, toegeneem maar daarna tot 'n jaarkoers van toename van 1,0 persent in die derde kwartaal verlangsaam. Die gemiddelde tempo waarteen die werkverskaffing deur die openbare owerhede gedurende die eerste nege maande van 1989 as geheel toegeneem het, was beduidend hoër as die gemiddelde koers van toename in die werkverskaffing in die private sektor. Omgereken na jaarvlakke het die betrokke twee groeikoerse op onderskeidelik 1,3 en 0,7 persent te staan gekom.

Dit wil voorkom of die verhouding van *oortydure* tot gewone ure gewerk in die fabriekswese en die konstruksiebedryf in die derde kwartaal van 1988 'n hoogtepunt bereik het. In ooreenstemming met die verswakkende toename in die vraag na arbeid, het hierdie verhouding vervolgens in die fabriekswese per saldo tot in Oktober 1989 min of meer sywaarts beweeg maar in die konstruksiebedryf 'n taamlik meer duidelik sigbare afwaartse beweging getoon.

Die seisoensaangesuiwerde aantal geregistreerde *werklooses* in die Blanke, Kleurling- en Asiërbevolkingsgroepe het van 'n hoogtepunt van 82 300 in Augustus 1986 (in die vroeë stadiums van die konjunkturoorgang van 1986-1988) tot 'n laagtepunt van 45 100 in Januarie 1989 afgeneem. Daarna het dit kortstondig weer tot 51 600 in April 1989 opbeweeg voordat dit – in 'n verloop van sake wat die sikliese afkoeling van die ekonomie skynbaar weerspreek het – tot 'n nuwe laagtepunt binne die afgelope vier jaar van 41 100 in Desember 1989 afgeneem het.

Die seisoensaangesuiwerde *totale* aantal geregistreerde werklooses het van 'n hoogtepunt van 136 900, wat eers so laat as September 1987 bereik is, tot 'n laagtepunt van 107 200 in Februarie 1989 afgeneem. Daarna het dit per saldo tot 127 500 in Desember gestyg. Die netto styging in die totale geregistreerde werkloosheid tot Desember 1989 was egter nog steeds aanmerklik kleiner as die toenames wat tot op vergelykbare tydstippe in die voorafgaande drie afwaartse konjunkturbewegings in die Suid-Afrikaanse ekonomie aangeteken is.

Die aantal werklose *Swart* werkers, soos dit deur die Lopende Bevolkingsopname gemeet word, het in April 1989 'n laagtepunt van 734 000 bereik, kortstondig tot 791 000 in Mei toegeneem, maar vervolgens weer tot 'n nuwe laagtepunt van 724 000 in Oktober 1989 gedaal. Die werkloosheidsyfer vir Oktober was gelyk aan

ongeveer 10,7 persent van die geraamde Swart arbeidsmag.

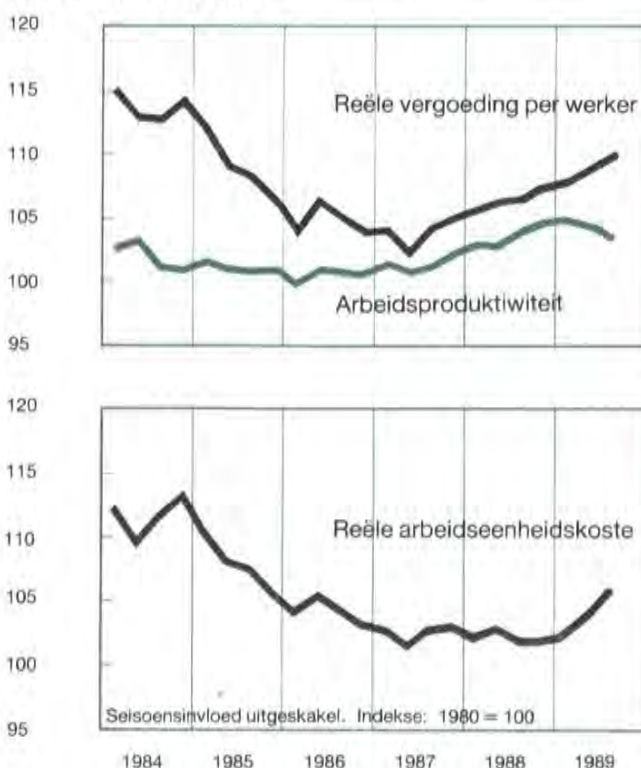
Arbeidskoste en produktiwiteit

Die toename van jaar tot jaar in die jaarlikse bedrag van die nominale salarisse en lone per werker in die ekonomie buite die landbousektor het van 11,4 persent in die resessiejaar 1985 tot 15,6 persent in 1988 versnel. In die eerste drie kwartale van 1989 was die gemiddelde vlak van die nominale lone per werker 'n aansienlike 17,9 persent hoër as in die eerste drie kwartale van 1988.

Van 1985 tot 1988, en veral in 1988, was die toenames van jaar tot jaar in die nominale bedrag van die salarisse en lone per werker in die *private* sektor buite die landbou beduidend hoër as die tempo waarteen die nominale lone van werkers in diens van die *openbare owerhede* toegeneem het. Hierdie neiging is egter in 1989 omgekeer: die gemiddelde vlakke van die nominale salarisse en lone per werker in die private sektor en van werkers in diens van die openbare owerhede was in die eerste drie kwartale van 1989 onderskeidelik 16,9 en 20,1 persent hoër as die teenhangers daarvan in die eerste drie kwartale van 1988.

Die tempo van die toename in die nominale loon per werker in die *private* nie-landbousektore van die ekonomie het gemiddeld in baie geringe mate vanaf be-

Arbeidsproduktiwiteit, -vergoeding en -eenheidskoste in nie-landbousektore



treklik bestendige koerse oor vier kwartale van 17,5, 17,7 en 17,6 persent in die laaste drie kwartale van 1988 tot koerse van 14,7, 18,2 en 17,6 persent in die eerste drie kwartale van 1989 teruggesak. In 'n opmerklke teenstelling met hierdie verloop van sake het die tempo van die toename in die nominale loon per werker in diens van die *openbare owerhede* egter skerp vanaf koerse oor vier kwartale van slegs 9,0 en 8,4 persent in die derde en die vierde kwartaal van 1988 tot koerse van nie minder nie as 19,7, 17,5 en 23,1 persent in die eerste drie kwartale van 1989 versnel. Die koers van toename oor vier kwartale in die gemiddelde nominale loon van *alle werkers* buite die landbou het diensgevolge gestadig vanaf 14,7 persent in die laaste kwartaal van 1988 tot 16,3, 18,0 en 19,3 persent in die eerste drie kwartale van 1989 toegeneem.

Die *reële* loon per werker het in die resessiejaar 1985 en die vroeë opgangsjare 1986 en 1987 gedaal. In 1988 het dit egter in vergelyking met 1987 met 2,5 persent toegeneem, en in die eerste drie kwartale van 1989 was dit gemiddeld 2,9 persent hoër as in die eerste drie kwartale van 1988. Die koers van toename oor vier kwartale in die *reële* loon per werker het van 2,4 persent in die eerste kwartaal van 1989 tot 2,7 persent in die tweede kwartaal en tot nie minder nie as 3,4 persent in die derde kwartaal gestyg.

Die *reële arbeidsproduktiwiteit* in die nie-landbou-sektore het van 1987 tot 1988 teen 'n betreklik stewige koers van 2,6 persent verbeter. In die loop van 1989 het die tempo van die produktiwiteitsverbeterings oor vier kwartale egter van 2,3 persent in die eerste kwartaal tot 1,8 persent in die tweede kwartaal teruggesak. Daarna het die verandering in die arbeidsproduktiwiteit oor periodes van vier kwartale nog weer verder verswak tot by 'n werklike *afname* daarin van 0,4 persent in die derde kwartaal.

Die aanmerklke verbetering in die arbeidsproduktiwiteit in 1988 het daartoe bygedra om die toename in die *nominale arbeidskoste per eenheid fisiese produksie* in die nie-landbousektore gedurende daardie jaar tot 'n gemiddelde vlak van 12,6 persent te beperk. In die loop van 1989 het die versnelling van die nominale loonsverhogings enersyds, en die meer sywaartse verloop en uiteindelijke daling van die fisiese arbeidsproduktiwiteit andersyds, egter daartoe gelei dat die koers van toename oor vier kwartale in die nominale arbeids-eenhetskoste van 13,7 persent in die eerste kwartaal tot 15,9 persent in die tweede kwartaal en tot 'n veront-rustende 19,7 persent in die daaropvolgende drie maande toegeneem het.

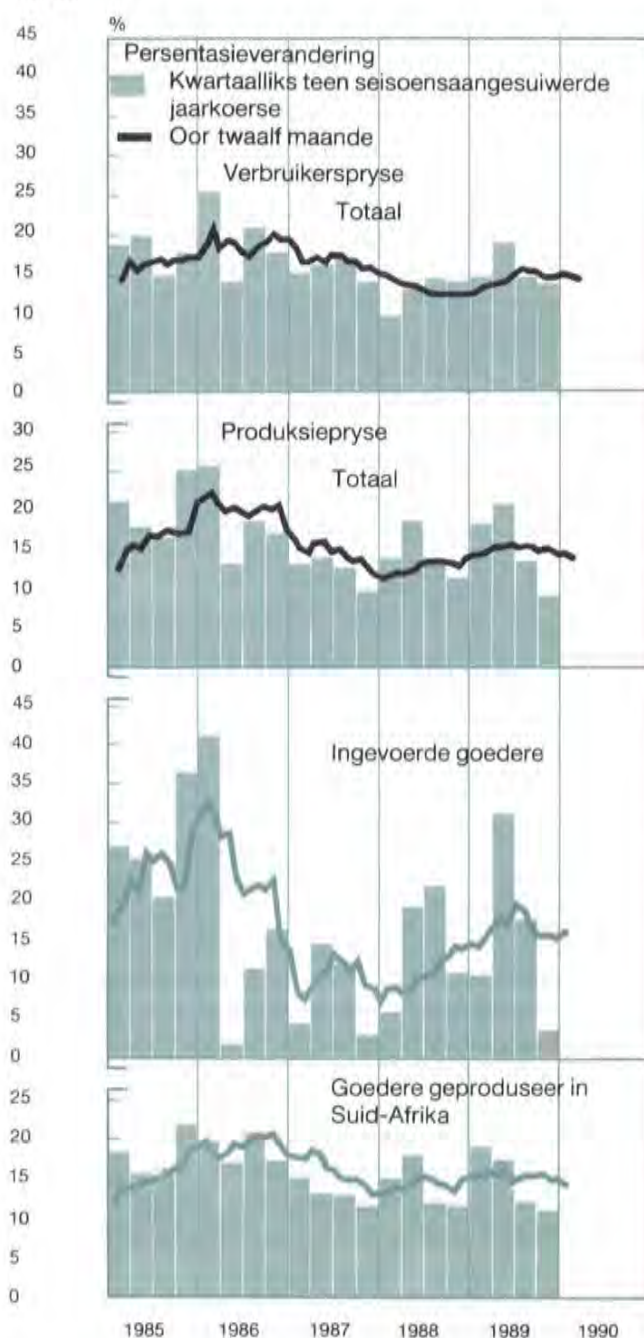
Die *reële* arbeidseenheidskoste het van 1985 tot 1988 deurlopend gedaal. Die stygende *reële* loon per werker en die verlangsameing en uiteindelijke omme-swaai van die verbeterings in die fisiese arbeidspro-duktiwiteit het vervolgens egter meegebring dat die *reële* arbeidskoste per eenheid produksie in die eerste, die tweede en die derde kwartaal van 1989 weer teen koerse oor vier kwartale van onderskeidelik 0,1 per-

sent, 0,9 persent en nie minder nie as 3,8 persent toegeneem het. Die gemiddelde vlak van die *reële* arbeidseenheidskoste in die eerste nege maande van 1989 was gevolglik ongeveer 1,6 persent hoër as in die eerste nege maande van 1988.

Pryse

Inflasie, soos dit deur die koerse van verandering van kwartaal tot kwartaal in die belangrikste prysindekse gemeet word, was in die eerste twee kwartale van

Pryse



1989 oor die algemeen aanmerklik hoër as in die derde en vierde kwartaal van 1988, maar het in die meeste gevalle in sowel die derde as die vierde kwartaal van 1989 weer tot beduidend laer vlakke teruggesak. Op soortgelyke wyse het die koerse van toename oor twaalf maande in hierdie indekse tot ongeveer die middel van 1989 geneig om te versnel, maar in die tweede helfte van die jaar 'n mate van verbetering getoon. Van die jaar 1988 tot die jaar 1989 het die koerse van toename in die jaarlikse gemiddelde vlakke van die produksiepryse en van die verbruikerspryse nietemin nog steeds van 13,2 tot 15,2 persent en van 12,9 tot 14,7 persent versnel.

Die depresiasie van die rand in 1988 het veroorsaak dat die pryse van *ingevoerde goedere* in die derde kwartaal van 1988 teen 'n seisoensaangesuiwerde jaar koers van kwartaal tot kwartaal van 21,6 persent toegeneem het. Die hernieude verswakking van die wisselkoers vanaf vroeg in 1989, en die uitwerking van die verhoogde bo-belasting op invoer goedere wat aanvanklik in Augustus 1988 ingestel is, het vervolgens meegebring dat hierdie toename koers dramaties van slegs 10,3 persent in die eerste kwartaal van 1989 tot nie minder nie as 30,7 persent in die tweede kwartaal gestyg het. In die derde kwartaal van 1989 het die wisselkoers van die rand op die valuta-markte egter 'n ietwat vaster voorkoms begin toon en in die vierde kwartaal het die effektiewe wisselkoers in werklikheid aansienlik verstewig. As gevolg hiervan het die inflasie koers van ingevoerde goedere van kwartaal tot kwartaal in die derde kwartaal tot 'n jaar koers van 17,4 persent teruggesak en in die vierde kwartaal tot slegs 3,4 persent ingekrimp.

Die koers van toename oor *twaalf maande* in die prysindeks van ingevoerde goedere het van 'n onderste draaipunt van slegs 6,7 persent in Desember 1987 tot 19,3 persent in Junie 1989 gestyg. Dit lyk waarskynlik dat die stewiger ondertoon en die daaropvolgende appresiasie van die rand in die derde en die vierde kwartaal van 1989 'n vroeë bydrae daartoe gelewer het dat hierdie koers vervolgens gestadig tot 14,7 persent in Desember 1989 en tot 14,4 persent in Januarie 1990 verlangsaam het.

Die jaar koers van toename van kwartaal tot kwartaal in die pryse van *binnelands geproduseerde goedere* het van 'n laagtepunt van 11,5 persent in die vierde kwartaal van 1988 tot 'n hoogtepunt van 18,9 persent in die eerste kwartaal van 1989 versnel, maar in die derde en die vierde kwartaal van 1989 tot 12,0 en 10,7 persent afgeneem. Die koers van toename oor *twaalf maande* in die pryse van binnelands geproduseerde goedere het van die begin van 1988 geleidelik tot 15,4 persent in Mei 1989 gestyg maar vervolgens tot 14,0 persent in Januarie 1990 teruggesak.

Die koers van toename van kwartaal tot kwartaal in die totale *produksieprysindeks*, waarin die bewegings van die prysindekse van ingevoerde sowel as van binnelands geproduseerde goedere opgeneem is, het

van 'n seisoensaangesuiwerde jaarvlak van 10,9 persent in die vierde kwartaal van 1988 tot vlakke van 17,7 en 20,2 persent in die eerste twee kwartale van 1989 gestyg. In ooreenstemming met die bewegings in die twee indekse waaruit die produksieprysindeks saamgestel is, het hierdie koers vervolgens tot slegs 13,0 en 8,7 persent in die derde en die vierde kwartaal van 1989 afgeneem. Die koers van toename oor *tydperke van twaalf maande* in die totale produksieprysindeks het, in noue samehang met die verloop van die prysindeks vir binnelands geproduseerde goedere, vanaf die begin van 1988 geleidelik tot 'n hoogtepunt van 15,8 persent in Mei 1989 gestyg. Daarná het dit geleidelik en per saldo tot 14,6 persent in sowel November as Desember en tot 14,1 persent in Januarie 1990 teruggesak.

Die jaar koers van toename van kwartaal tot kwartaal in die *verbruikersprysindeks* het verdubbel van 'n laagtepunt van 9,2 persent in die eerste kwartaal van 1988 tot 'n hoogtepunt van 18,4 persent in die tweede kwartaal van 1989. Daarná het dit weer tot 13,3 persent in die vierde kwartaal van 1989 afgeneem.

Die koerse van toename in die pryse van verbruiks-*goedere* (wat ongeveer 60,5 persent van alle bestedingsposte in die verbruikersprysindeks uitmaak) was in die tweede en die derde kwartaal van 1989 aanmerklik hoër as die persentasietoenames in die totale verbruikersprysindeks, maar het in die vierde kwartaal tot dieselfde vlak as dié van die stygingskoers in die totale indeks teruggekeer. Die stygings in die pryse van verbruikers-*dienste* het van 'n jaar koers van 19,0 persent in die eerste kwartaal van 1989 tot slegs 9,4 persent in die derde kwartaal verlangsaam, maar in die vierde kwartaal weer tot 11,5 persent versnel. Die matige herversnelling van die toenames in hierdie pryse in

Verbruikerspryse



die vierde kwartaal het voorgekom ondanks die feit dat dalings in die toenamekoerse van die koste van vervoerdienste en van behuisingskoste aangeteken is.

Die koers van toename oor *twaaalf maande* in die verbruikerspryse het van 'n laagtepunt van 12,3 persent wat nog so onlangs as Oktober 1988 voorgekom het, tot 15,7 persent in Junie 1989 gestyg. Hierdie koers het vervolgens tot 14,8 persent in Oktober 1989 gedaal, weer ietwat tot 15,3 persent in Desember gestyg, en in Februarie 1990 op 14,9 persent te staan gekom. Die inflasiekoers oor *twaaalf maande* in die pryse van verbruiks*goedere* was in Februarie, gedeeltelik as gevolg van hoër brandstof- en kragtariewe en verhoogde pryse van voedsel en medisyne (as voorbeelde van verskeie groot prysverhogings), op sy peil van 15,6 persent weer eens hoër as die koerse van toename oor *twaaalf maande* in die pryse van verbruikersdienste sowel as in die totale verbruikersprysindeks.

Betalingsbalans en wisselkoerse

Lopende rekening

Nadat dit in die derde kwartaal van 1989 aansienlik verstewig het, het die oorskot op die lopende rekening van die betalingsbalans, seisoensaangesuiwerd en teen 'n jaarkoers, in die daaropvolgende drie maande nog effens verder verbeter, naamlik met R28 miljoen tot R5,9 miljard. Die oorskot op die lopende rekening vir die jaar 1989 het daardeur op R4,1 miljard te staan gekom, teenoor R2,9 miljard in 1988. Die oorskot van 1989 was Suid-Afrika se vyfde agtereenvolgende jaarlikse oorskot op die lopende rekening; die kumulatiewe oorskot van R26,3 miljard van 1985 tot en met 1989 was gelyk aan ongeveer 3 persent van die bruto binne-landse produk gedurende hierdie vyf jaar.

Die klein verdere verstewiging van die oorskot op die lopende rekening in die vierde kwartaal van 1989 was die gevolg van (1) 'n geringe verdere styging in die waarde van die netto gouduitvoer, en (2) 'n betekenisvolle verdere daling in die waarde van die goedere-invoer. Gesamentlik het hierdie twee faktore meer as vergoed vir die uitwerking van (1) 'n verdere daling in die goedere-uitvoerverdiens, en (2) aansienlik hoër netto dienste- en oordragbetalings aan buitelanders.

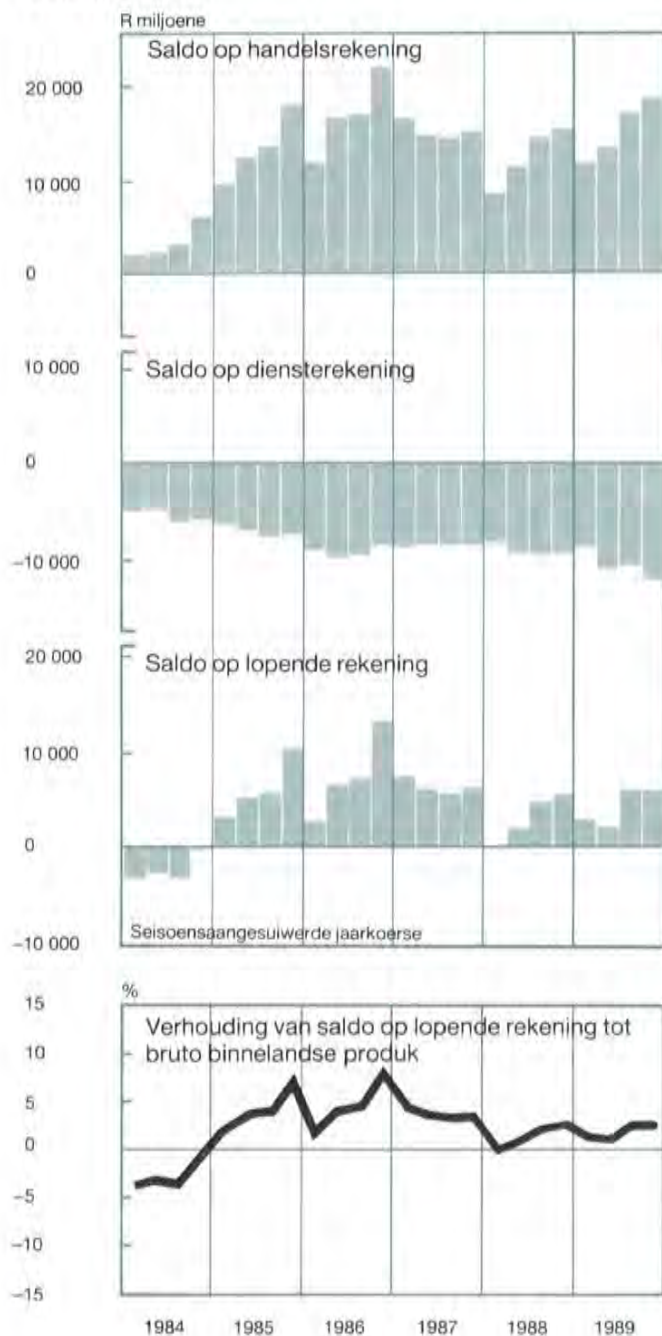
Die toename van 2,3 persent in die waarde van die *netto gouduitvoer* in die vierde kwartaal van 1989 kon byna geheel en al toegeskryf word aan 'n styging van 6 persent (van VSA\$367 tot VSA\$390 per fyn ons) in die gemiddelde dollarprys van goud van die derde tot die vierde kwartaal; appresiasie van die rand teenoor die dollar gedurende hierdie tydperk het die styging in die randprys van goud egter tot slegs ongeveer 2 persent (van R1 004 tot R1 024) beperk. In Januarie en Februarie 1990 het die gemiddeldes van die dollarprys en die randprys van goud verder opwaarts beweeg tot onderskeidelik VSA\$413 en R1 054 per fyn ons.

In die loop van die kalenderjaar 1989 het die gemiddelde dollarprys van goud gedaal tot \$382 per fyn ons vanaf \$437 in die voorafgaande jaar, volgens 'n globale negatiewe verwantskap tussen die goudprys en die opwaartse neiging in die waarde van die dollar in die

Lopende rekening van die betalingsbalans
Seisoensaangesuiwerde jaarkoerse
R miljoene

	1988	1989				
	Jaar	1e kw	2e kw	3e kw	4e kw	Jaar
Goedere-uitvoer	31 472	34 560	44 320	40 610	38 730	39 555
Netto gouduitvoer	19 622	18 970	18 150	19 670	20 122	19 228
Goedere-invoer	-39 170	-42 150	-49 580	-43 930	-40 872	-44 133
Netto dienste- en oordragbetalings	-8 985	-8 670	-10 920	-10 510	-12 112	-10 553
Saldo op lopende rekening	2 939	2 710	1 970	5 840	5 868	4 097

Betalingsbalans



internasionale valutamarkte, wat vroeg in 1988 begin het en per saldo tot vroeg in die derde kwartaal van 1989 voortgeduur het. Die daling in die gemiddelde dollarprys van goud in die loop van 1989 is egter meer as ten volle geneutraliseer deur die depresiasie van die rand teenoor die dollar gedurende die jaar; op grond hiervan het die jaarlikse gemiddelde *randprys* van goud in werklikheid effens gestyg, naamlik van R992 per fyn ons in 1988 tot R999 per fyn ons in 1989. Die daling van 2 persent in die randwaarde van die Suid-

Afrikaanse netto gouduitvoer in 1989 kon dus uitsluitend toegeskryf word aan die daling in die fisiese goudproduksie tot ongeveer 608 ton in 1989 vanaf ongeveer 618 ton in die voorafgaande jaar.

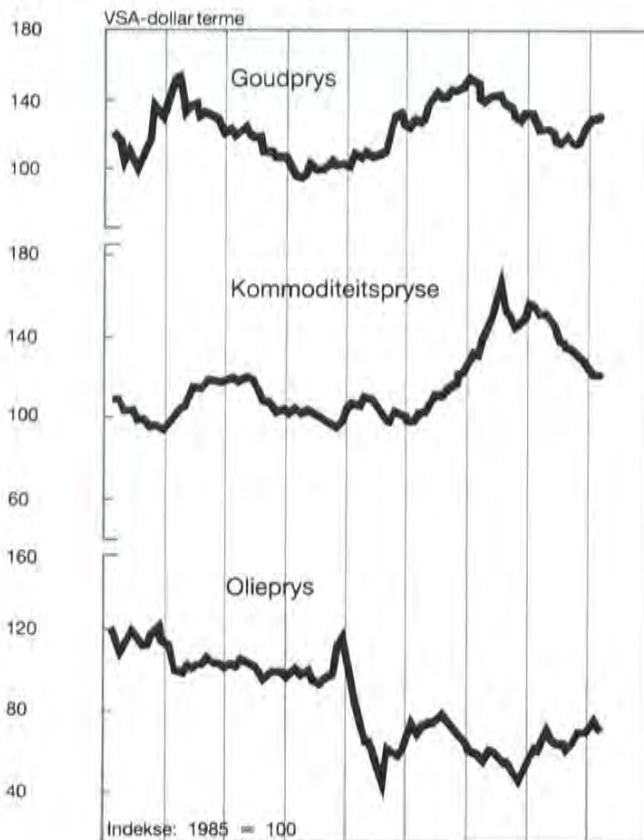
Die waarde van die *goedere-invoer* het van die tweede tot die derde kwartaal van 1989 skerp gedaal (naamlik met ongeveer 11½ persent) en in die vierde kwartaal met 'n verdere 7 persent afgeneem. As weerspieëling van die geleidelike afwaartse neiging in die totale reële bruto binnelandse besteding ná die eerste paar maande van 1989, het die *hoeveelhede* van die goedere-invoer in die derde kwartaal van 1989 met 13½ persent gedaal vanaf die hoë vlak wat dit in die tweede kwartaal bereik het, en in die vierde kwartaal met 'n verdere 5 persent ingekrimp. Die gemiddelde *prysvlak* van ingevoerde goedere was in die vierde kwartaal van 1989 slegs ongeveer 2 persent laer as in die voorafgaande drie maande, ondanks die feit dat die gemiddelde effektiewe wisselkoers van die rand gedurende daardie tydperk met 3,6 persent verstewig het. Die uitwerking van die appresiasie van die rand op die pryse van ingevoerde goedere is egter gedeeltelik geneutraliseer deur 'n opwaartse neiging in die pryse op die internasionale ru-oliemarkte en deur 'n effense versnelling van die inflasie in sekere handelsvennootlande.

Gedurende 1989 in sy geheel het die daling van ongeveer 1 persent in die totale reële bruto binnelandse besteding met 'n daling van 1½ persent in die reële goedere-invoer gepaard gegaan. Die gemiddelde *prysvlak* van die goedere-invoer in rand was in 1989 egter ongeveer 14½ persent hoër as in 1988. Op grond hiervan was die waarde van die goedere-invoer in 1989, op sy peil van R44,1 miljard, meer as 12½ persent hoër as in die voorafgaande twaalf maande.

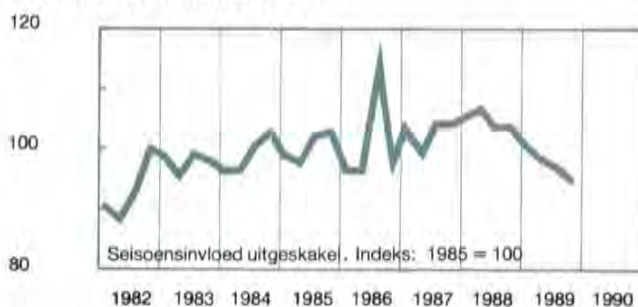
Die waarde van die *goedere-uitvoer*, wat in die tweede kwartaal van 1989 'n nuwe rekordhoogtepunt bereik het, het in die derde kwartaal van 1989 met 8½ persent en in die vierde kwartaal met 'n verdere 4½ persent gedaal. In teenstelling met die gang van sake by die goedere-invoer, kon die daling in die totale goedere-uitvoerdiens in die vierde kwartaal bykans geheel en al aan 'n daling van meer as 4 persent in die uitvoerpryse toegeskryf word. Die uitwerking van die verstewiging van die wisselkoers van die rand op hierdie pryse is in die vierde kwartaal versterk deur 'n verdere verswakking van 'n aantal grondstofpryse (hoofsaaklik van sekere onedele metale soos nikkel, koper en chroom, en van wol en mielies) op die internasionale markte.

Die fisiese *omvang* van die goedere-uitvoer is in die vierde kwartaal goed op peil gehou: die daling daarin van die derde tot die vierde kwartaal het 'n skrale ½ persent beloop. Indien die waarde van die Suid-Afrikaanse goedere-uitvoer in VSA-dollars uitgedruk word, het die daling daarin die vierde kwartaal eweneens ½ persent beloop. Dalings in goedere-uitvoerdiens in die laaste drie maande van 1989 is hoofsaaklik in die

Goud-, kommoditeits- en oliepryse



Ruilvoet, insluitende goud



uitvoer van minerale en van chemiese produkte, edelmetale en edelstene aangeteken.

Die netto dienste- en oordragbetalings aan nie-inwoners het van die derde tot die vierde kwartaal van 1989 weer sterk gestyg (naamlik met 15 persent) tot 'n nuwe rekordvlak (ná seisoensaansuiwering en teen 'n jaarkoers gereken) van meer as R12 miljard. Hierdie toename was gedeeltelik 'n weerspieëling van 'n daling in rente- en dividendontvangste uit buitelandse bronne. Daarteenoor het die Suid-Afrikaanse dienstebetalings aan buitelanders baie sterk gestyg, hoofsaaklik as gevolg van groter rentebetalings. Die toename in die rentebetalings het voortgespruit uit verdere stygings in die buitelandse rentekoerse sowel as uit buitelandse

beleggers se aansienlike omskakeling van beleggings in Suid-Afrikaanse aandele na beleggings in Suid-Afrikaanse rentedraende effekte; die omvang van sodanige omskakelings het in die loop van die laaste drie kwartale van 1989 aanmerklik toegeneem.

'n Oorsig van die hoofposte op die lopende rekening in die jaar 1989 toon duidelik dat die hernieuwe versterking van die oorskot op die lopende rekening gedurende die jaar as geheel uitsluitend aan die opmerkbare Suid-Afrikaanse goedere-uitvoerprestasie toegeskryf kon word. Die gemiddelde pryspeil van die goedere-uitvoer was in 1989 ongeveer 7½ persent hoër as in 1988. Die fisiese *hoeveelheid* van die Suid-Afrikaanse uitvoer was in 1989 egter 'n aanmerklike 17 persent hoër as in die voorafgaande jaar. Hierdie groei in die fisiese omvang van die uitvoer het dus baie gunstig vergelyk met die geraamde uitbreiding van die omvang van die wêreldhandel in 1989 van 7 persent. Teen die agtergrond van die matige tot beskeie groei van die reële Suid-Afrikaanse ekonomie in die gevorderde opgangsjaar 1988 en die konsolidasiejaar 1989, het die Suid-Afrikaanse "uitvoerkwota" (dit wil sê die verhouding van die reële goedere-uitvoer tot die reële bruto binnelandse produk) van ongeveer 17 persent in 1987 tot meer as 20 persent in 1989 gestyg.

Kapitaalrekening

Die totale uitvloeiing van kapitaal nie verwant aan reserwes nie, wat in die derde kwartaal van 1989 taamlik dramaties ingekrimp het tot R0,5 miljard vanaf bykans R1,5 miljard in die tweede kwartaal, het in die vierde kwartaal weer skerp toegeneem, naamlik tot R1,7 miljard. In die jaar 1989 het die totale uitvloeiing van kapitaal egter tot R5,6 miljard gedaal, vanaf R6,5 miljard in 1988. Dit was die gevolg van aansienlik kleiner uitvloeiings van korttermynkapitaal.

Die hernieuwe styging in die uitvloeiing van nie-reserweverwante kapitaal in die vierde kwartaal van 1989 kon toegeskryf word aan die hernieuwe voorkoms van 'n uitvloeiing van langtermynkapitaal en aan 'n aansienlike toename in die uitvloeiing van korttermynkapitaal. Dit wil voorkom asof die uitvloeiings bestaan het uit 'n toename in Suid-Afrikaanse inwoners se besit aan buitelandse bates sowel as uit skuldterugbetalings kragtens die stilstandreëlins en uit terugbetalings op skuld buite die stilstandnet.

Die bewegings van langtermynkapitaal het weer omgeswaai van 'n invloeiing van R179 miljoen in die derde kwartaal van 1989 na 'n uitvloeiing van R281 miljoen in die daaropvolgende drie maande, hoofsaaklik as gevolg van groot netto uitvloeiings van private kapitaal. Die openbare korporasies, wat in die derde kwartaal klein netto terugbetalings op hulle buitelandse skuld gemaak het, het in die vierde kwartaal per saldo weer buitelandse fondse opgeneem. In die loop van 1989 het die openbare korporasies in werklikheid weer nuwe buitelandse kapitaal bekom – hoofsaaklik

Netto kapitaalbewegings (nie verwant aan reserwes nie)
R miljoene

	1988	1989				
	Jaar	1e kw	2e kw	3e kw	4e kw	Jaar
Langtermynkapitaal						
Openbare owerhede	-433	-306	-143	-170	-20	-639
Openbare korporasies	-636	124	316	-62	58	436
Private sektor:	-33	-213	-901	411	-319	-1 022
Totale langtermynkapitaal	-1 102	-395	-728	179	-281	-1 225
Korttermynkapitaal insluitende onaangetekende transaksies, maar uitsluitende laste verwant aan reserwes	-5 444	-1 456	-752	-678	-1 445	-4 331
Totale kapitaalbewegings uitsluitende laste verwant aan reserwes	-6 546	-1 851	-1 480	-499	-1 726	-5 556

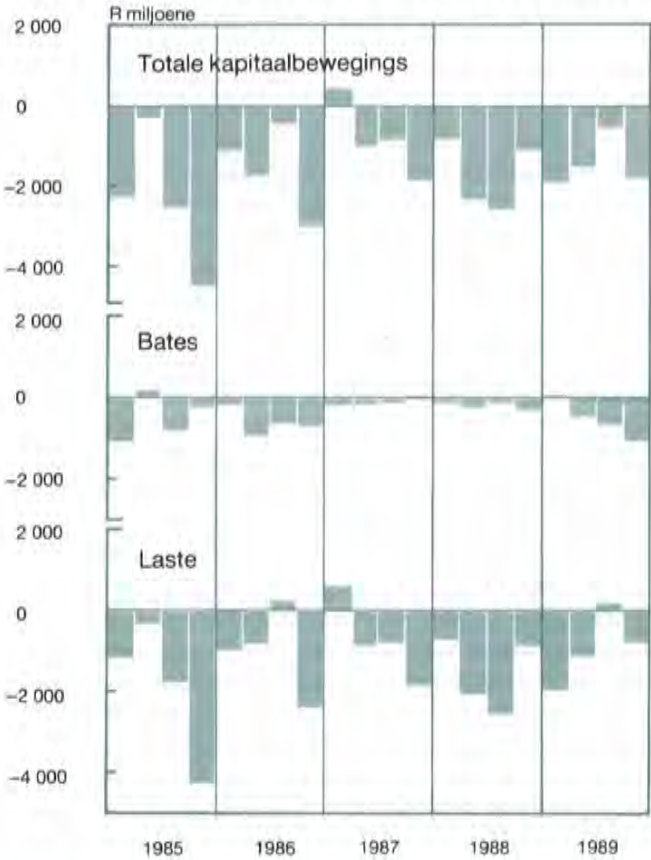
in die vorm van projekfinansiering – tot 'n beduidende netto bedrag van R436 miljoen.

Groot netto *verkope* in die eerste helfte van 1989 deur buitelanders van effekte wat op die Johannesburgse Effektebeurs genoteer word (ten bedrae van R650 miljoen) is in die tweede helfte van die jaar deur groot netto *aankope* van sodanige effekte gevolg. Nie-inwoners se verhoogde aan- en verkoopbedrywig-

hede op die Johannesburgse Effektebeurs – wat hoofsaaklik voortgespruit het uit oorsese beleggers se verbeterde persepsies van die Suid-Afrikaanse maatskaplik-politieke toestand en vooruitsigte maar ook die proses ingesluit het van die omskakeling deur hierdie beleggers van maatskappy-aandele na rentedraende effekte, waarvan vroeër reeds melding gemaak is – was in die derde en die vierde kwartaal van 1989 in werklikheid 'n opvallende kenmerk van die handelsbedrywighede op die Suid-Afrikaanse kapitaalmarkte.

Die uitvloeiing van *korttermynkapitaal* het van die derde kwartaal tot die vierde kwartaal van 1989 verdubbel, naamlik van R0,7 miljard tot R1,4 miljard; die uitvloeiing in die vierde kwartaal was ietwat groter as die kwartaallikse gemiddelde van hierdie soort uitvloeiings in die afgelope twee kalenderjare. Inbegrepe in die uitvloeiing van korttermynkapitaal in die vierde kwartaal was 'n toename van ongeveer R0,8 miljard in Suid-Afrikaanse inwoners se besit aan buitelandse bates in die vorm van handelsfinansiering.

Netto kapitaalbewegings nie verwant aan reserwes nie



Buitelandse reserwes

Die Suid-Afrikaanse *totale bruto* goud- en ander buitelandse reserwes, wat in die eerste nege maande van 1989 met R671 miljoen toegeneem het, het in die vierde kwartaal met R470 miljoen teruggesak. In VSA-dollars gereken het die totale bruto reserwes vanaf die einde van September 1989 tot die einde van Desember egter nog steeds in baie geringe mate (naamlik met \$5 miljoen) gestyg. Bowendien was die daling in die randwaarde van die bruto reserwes in die vierde kwartaal in belangrike mate die teenhanger van 'n vermindering (dit wil sê terugbetalings) van buitelandse korttermynlaste. Die totale *netto* goud- en ander buitelandse reserwes, wat in die derde kwartaal met R429 miljoen gestyg het, het in die vierde kwartaal met R307 miljoen gedaal.

In die tydperk Januarie-Februarie 1990 het die bruto en netto goud- en ander buitelandse reserwes van die Reserwebank bemoedigend met onderskeidelik R632

miljoen en nie minder nie as R2 913 miljoen gestyg. Die totale goudreserwes van die Reserwebank, wat van 3,6 miljoen fyn onse aan die einde van September 1989 tot 3,0 miljoen fyn onse aan die einde van Januarie 1990 gedaal het, het vervolgens weer herstel tot 3,5 miljoen fyn onse aan die einde van Februarie.

Wisselkoerse

Hoewel die effektiewe wisselkoers van die rand in die derde kwartaal van 1989 gemiddeld sterker was as in die voorafgaande drie maande, het dit op 18 September 1989 die laagste vlak bereik wat nog ooit aange-teken is; eweneens op daardie datum het die waarde van die rand in VSA-dollars van \$0,3536 per rand (gelyk aan R2,8280 per dollar) byna 'n nuwe rekordlaagte-punt beteken. Daarna het die effektiewe wisselkoers van die rand egter vanaf 18 September tot aan die einde van die jaar met 7 persent verstewig.

Die herstel van die rand in die laaste 3½ maande van 1989 was hoofsaaklik 'n weerspieëling van die verswakking van die VSA-dollar (veral teenoor die Duitse mark), Suid-Afrika se groot en goed volgehoue oorskotte op die lopende rekening, en die opwaartse beweging van die dollarprys van goud vanaf die laagte-punt van \$357,70 per fyn ons wat dit op 15 September bereik het. Afgesien van sy verstewiging teenoor die

Veranderings in die wisselkoerse van die rand

%	18 Sept 1989 tot 31 Des 1989	31 Des 1988 tot 31 Des 1989	31 Des 1989 tot 28 Feb 1990
Geweege gemid- delde	7,0	-3,8	-1,1
VSA-dollar	11,0	-6,7	-0,3
Britse pond	8,2	4,2	-5,1
Duitse mark	-4,4	-11,8	-0,1
Switserse frank	0,9	-5,1	-3,8
Japanse jen	8,9	6,3	3,3
Franse frank	-3,2	-11,6	-1,0
Finansiële rand	12,7	6,8	-2,3

dollar, het die rand gedurende hierdie tydperk ook aansienlik veld gewen teenoor sterling en die Japanse jen.

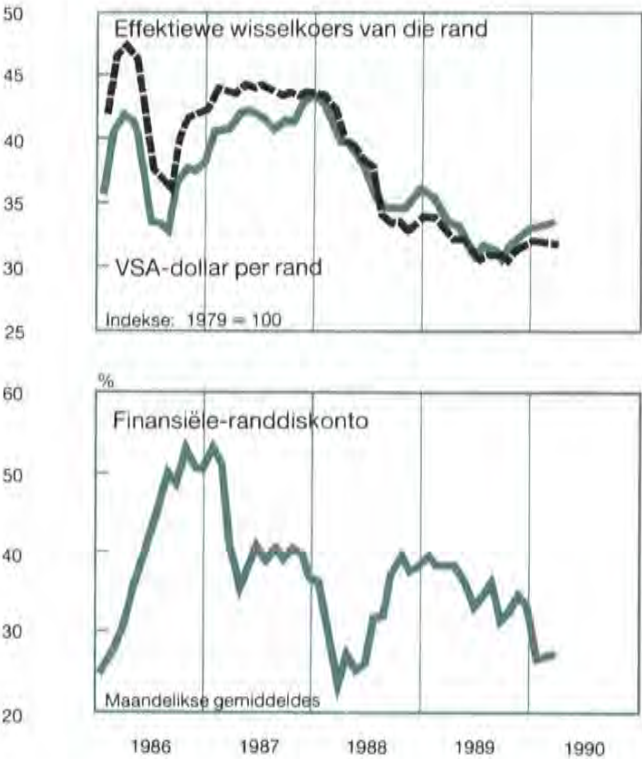
Gedurende 1989 in sy geheel het die effektiewe wis-selkoers van die rand met 3,8 persent gedaal. Appre-siasies van die rand teenoor sterling en die jen is deur depresiasies teenoor al die ander belangrike geld-eenhede oorskadu.

In Januarie en Februarie 1990 het die effektiewe wis-selkoers van die rand wesenlik stabiel gebly op die hoër vlakke wat dit teen die einde van 1989 bereik het. Oor hierdie tydperk van twee maande het die wisselkoers per saldo met 'n matige 1,1 persent verswak.

Die *finansiële* rand het merkwaardig, naamlik met 28½ persent, geapprešieer vanaf die onlangse laagte-punt daarvan van R4,38 per dollar op 25 Augustus 1989 tot R3,40 per dollar aan die einde van Januarie 1990; ná die Staatspresident se rede by die opening van die Parlement op 2 Februarie 1990 het dit verder verstewig tot R3,13 per dollar op 6 Februarie. Hierdie verbetering kon hoofsaaklik toegeskryf word aan nie-inwoners se gunstige indrukke van sekere van die on-langse en huidige maatskaplik-politieke inisiatiewe van die Suid-Afrikaanse regering en aan die sterk oplewing in buitelandse beleggers se vraag na Suid-Afrikaanse effekte wat daarmee gepaard gegaan het.

Die diskonto van die finansiële rand teenoor die kommersiële rand het aansienlik vernou van 36,9 per-sent op 25 Augustus 1989 tot 28,9 persent aan die einde van Desember en tot 19,2 persent op 6 Februa-rie 1990. Teen die einde van Februarie het die finansiële rand egter weer tot op 'n vlak van R3,67 per dollar gedeprešieer. Die diskonto van die finansiële rand teenoor die kommersiële rand het toe op 30,3 persent gestaan.

Wisselkoerse



Finansiële markte

Geldvoorraad

Die koers van toename in die M3-geldvoorraad oor tydperke van 12 maande, wat in Augustus 1988 'n hoogtepunt van 27,9 persent bereik het, het betreklik geleidelik teruggesak tot 22,9 persent in September 1989 maar daarna weer tot 24,6 persent in Oktober versnel. Die herversnelling in Oktober kon gedeeltelik toegeskryf word aan die bykomende verlening van bankkrediet en skepping van bankdeposito's wat aan die aandele-uitgifte van Yskor vroeg in November voorafgegaan het. By afwesigheid van soortgelyke versteurende gebeure het die groeikoers van M3 oor twaalf maande vervolgens weer teruggesak tot 23,3 persent in November 1989 en tot 22,7 persent in Desember. Daarna het dit egter opnuut 'n herversnelling getoon tot 23,6 persent in Januarie 1990.

Hernieuwe depositeurentekoersverhogings vanaf September 1989, die Bankkoersverhoging van 11 Oktober, verwagtings van moontlike verdere stygings in die rentekoerse, en 'n ontegemootkomende beleidsinsteldheid van die Reserwebank by die diskontoversneter, het gelei tot hernieuwe afwaartse druk op die banke se rentekoersmarges en tot voortgesette verskynsels van herintermediëring en "egte likwiditeits-

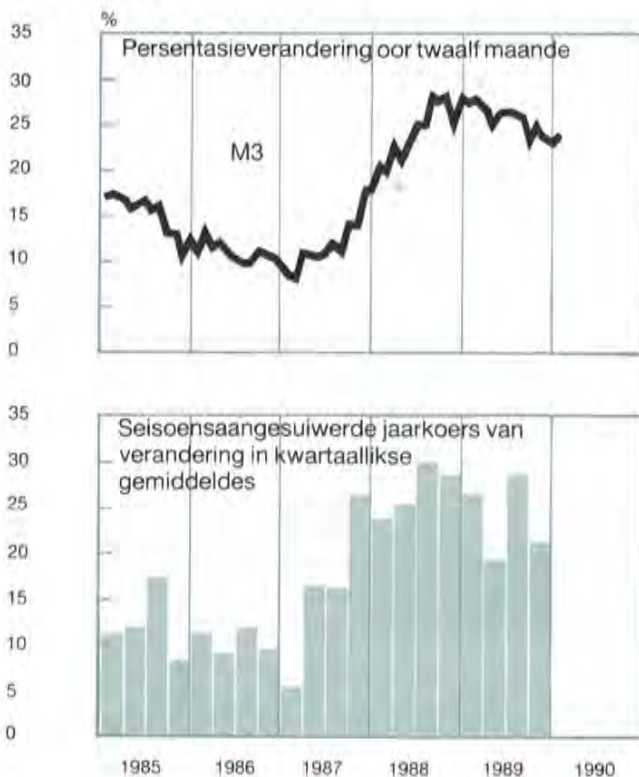
voorkeur". Dit lyk waarskynlik dat hierdie verskynsels die waargenome koerse van die monetêre uitbreiding in die laaste deel van 1989 en vroeg in 1990 beduidend verhoog het. Die seisoensaangesuiwerde jaarkoerse van die groei in die kwartaalike gemiddelde van M3 van *kwartaal tot kwartaal* het desondanks aanmerklik – hoewel nog nie voldoende nie – vanaf sy hoogtepunt van 29,5 persent in die derde kwartaal van 1988 tot 20,9 persent in die vierde kwartaal van 1989 teruggesak. Die binnelandse private nie-banksektor se besit aan verhandelbare depositosertifikate (wat by M3 ingesluit is) het vanaf die einde van Desember 1988 tot die einde van Desember 1989 met nie minder nie as R9,2 miljard gestyg en daardeur meer as een-derde van die toename van R27,0 miljard in M3 gedurende hierdie tydperk bygedra.

Die meer onlangse koerse van toename in M3 van kwartaal tot kwartaal was, ofskoon laer as in die laaste deel van 1988, nietermin nog steeds hoër as die groeikoerse in die bruto binnelandse produk teen heersende pryse van kwartaal tot kwartaal. As gevolg hiervan het die omloopsnelheid van M3 verder gedaal tot 1,745 in die vierde kwartaal van 1989, vanaf die jongste omloopsnelheidshoogtepunt van 2,005 in die eerste kwartaal van 1987 en vanaf 1,803 in die derde kwartaal van 1989. In die vierde kwartaal van 1989 was die omloopsnelheid in werklikheid op sy laagste sedert die vierde kwartaal van 1976.

Deels as gevolg van die voortdurende rol wat "egte likwiditeitsvoorkeur" in die beleggingsbesluite van deposante gespeel het, het die groei in M3 nog gekonsentreer gebly in deposito's met onverstreke looptye van meer as een dag maar nie meer as ses maande nie (dit wil sê in "ander kort"- en middeltermyndeposito's), waarop bowendien vergelykenderwys hoër rente verdien kon word. In Desember 1989 het die koers van toename oor twaalf maande in "ander kort"- en middeltermyndeposito's nie minder nie as 40,7 persent beloop. Die vergelykenderwys baie vinnige groei in hierdie deposito's het meegebring dat die aandeel daarvan in M3 van 43,8 persent in Desember 1988 tot meer as die helfte van die totaal (50,2 persent) in Desember 1989 gestyg het. As die teenhanger daarvan het die koers van toename oor twaalf maande in die *langtermyn*depositoverpligtings van die monetêre instellings in Desember 1989 nog steeds slegs 'n skrale 4,8 persent beloop.

Die koerse van toename van kwartaal tot kwartaal en oor twaalf maande in die enger monetêre totale, M1A en M1, het in die loop van 1989 oor die algemeen heelwat laer gebly as dié in M3. In Desember 1989 het die koerse van toename oor twaalf maande in M1A en M1 10,8 en 10,9 persent beloop. Die betreklik stadige groei in M1A was 'n weerspieëling van die meer beperkte uitbreiding van die vraag na geld vir transaksiedoeleindes en van die nie-rentedraende aard van belangrike bestanddele van die M1A-geldtotaal. In teenstelling daarmee het die koers van toename oor twaalf

Geldvoorraad



maande in M2 – weens die eksploesiewe groei in sy "ander kort"- en middeltermynkomponent, waarvan hierbo reeds melding gemaak is – in Desember 1989 'n aanmerklike 27,4 persent beloop.

In die statistiese of rekeningkundige sin kon die toename van R27,0 miljard in M3 van die einde van Desember 1988 tot die einde van Desember 1989 in hoofsaak verklaar word aan die hand van 'n toename van R24,6 miljard in die kredietverlening van die monetêre instellings aan die binnelandse private sektor. Die monetêre instellings se netto eise teen die regeringsektor het gedurende 1989 met R2,7 miljard afgeneem; hierbenewens het hul netto besit aan goud- en ander buitelandse reserwes gedurende hierdie tydperk met R1,5 miljard gedaal. Die "netto ander bates" van die geldskeppende sektor – met ingebrip van die Reserwebank se eise teen die Tesourie uit hoofde van die tekorte wat die Bank by die voorsiening van valutatermyndekking ondervind het – het gedurende die betrokke twaalf maande 'n positiewe bydrae tot M3 gelever tot 'n bedrag van R6,6 miljard.

Die mikpuntjaar 1989

Die toename in die kwartaallikse gemiddelde van M3 van die vierde kwartaal van 1988 tot die vierde kwartaal van 1989 het 23,5 persent bedra. Dit kan vergelyk word met die 18 persent van die boonste grens aan die mikpuntperk vir M3, wat vir 1989 op 14 tot 18 persent gestel is. Op sy vlak van R141,5 miljard het die kwartaallikse gemiddelde van M3 in die vierde kwartaal van 1989 die boonste grens van die mikpuntperk met R6,3 miljard of met 4,7 persent oorskry.

Die volgehoue snelle groei in M3 in die loop van die vierde kwartaal van 1988 het tot gevolg gehad dat die maandeindwaardes van M3 reeds vanaf die einde van Desember 1988 bo die boonste grens van die mikpunt-"kegel" gelê het. Hierbenewens het die maandeindwaardes van M3 vanaf Februarie 1989 ook reeds bo die boonste grens van die nuwe mikpunt-"tonnel" gelê. Met uitsondering van April 1989 het hierdie oorskrydings van die mikpuntperke dwarsdeur die res van die mikpuntjaar voorgeduur.

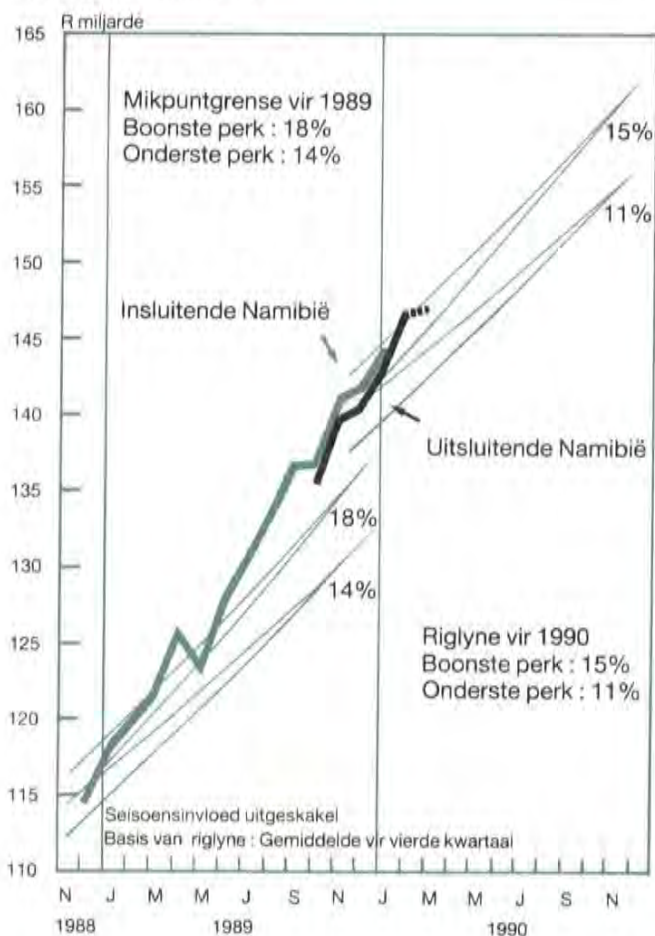
Die inkome-omloopsnelheid van M3 het gedurende die mikpuntjaar per saldo afgeneem. Dit het gevolg op 'n soortgelyke daling (van 6,8 persent) in die omloopsnelheid van die vierde kwartaal van 1987 tot die vierde kwartaal van 1988. In teenstelling hiermee het M3 se omloopsnelheid in 1987 teen die vierde kwartaal van daardie jaar in slegs baie geringe mate (naamlik met 1,0 persent) teruggesak vanaf die hoogtepunt wat dit in die eerste kwartaal van 1987 bereik het.

Die bruto binnelandse produk teen heersende pryse het van die vierde kwartaal van 1988 tot die vierde kwartaal van 1989 met 16,5 persent gestyg. Die toename van 23,5 persent in M3 gedurende daardie periode, soos dit vir die doel van die mikpuntstelling bereken word, het derhalwe 'n afname in M3 se om-

loopsnelheid beteken van ongeveer 5,7 persent. Soos in vorige mikpuntjare het die toename in die "effektiewe" of "omloopsnelheid-aangepaste" M3-geldvoorraad (dit wil sê die toename in $M \times V$, wat per definisie gelyk moet wees aan die toename in die bruto binnelandse produk teen heersende pryse dit wil sê 16,5 persent in 1989) dus weereens naby die middelpunt van die mikpuntgebied van 14 tot 18 persent te lande gekom.

Die groei in M3 teen koerse wat die boonste grens van die mikpuntperk aanmerklik oorskry het, was tesame met die waargenome verloop van die inflasie, die toestand ten aansien van die betalingsbalans, die buitelandse reserwes en die wisselkoers en verskeie ander oorwegings, 'n faktor wat in 1989 vir die owerhede se beleidsmaatreëls as wegwyser gedien het. Die owerhede se beleidsoptrede het onder andere bestaan uit drie opwaartse hersienings van die Bankkoers gedurende die jaar en uit die ontegenoetkomende houding wat die Reserwebank deurgaans by sy verlening van herfinansieringsakkommodasie by die diskontovenster ingeneem het. Soos in vorige jare kon die waargenome verloop van M3 in verhouding tot sy mik-

Riglyne vir groei in M3



puntpad dus weer vir die private sektor van hulp ge-
blyk het by die formulering van verwagtings oor die
toekomstige beleidsingesteldheid van die monetêre
owerhede.

Nuwe riglyne van 11 tot 15 persent vir die koers van
toename in M3 tussen die vierde kwartaal van 1989 en
die vierde kwartaal van 1990 is op 23 Maart 1990 deur
die President van die Reserwebank aangekondig.
Die volledige verklaring van die President verskyn op
bladsy 79 van hierdie *Kwartaalblad*.

Kredietverlening deur monetêre instellings

Die koers van toename oor *twaalf maande* in die eise
van alle monetêre instellings teen die private sektor het
betreklik bestendig verlangsaam vanaf sy hoogtepunt
van 30,8 persent in Oktober 1988 tot 20,7 persent in
Desember 1989. Die koers van toename van *kwartaal
tot kwartaal* in die kwartaallike gemiddelde van
hierdie eise het, seisoensaangesuiwerd en teen 'n jaar-
koers, per saldo van hoogtepunte van heelwat meer
as 30 persent in die derde en die vierde kwartaal van
1988 tot 22,9 persent in die vierde kwartaal van 1989
teruggesak. Die deurgaans afwaartse neiging in hierdie
groeiakoers is egter ernstig versteur deur 'n abnormaal
lae vlak van die monetêre instellings se kredietverlening
aan die private sektor aan die einde van April 1989,
wat tot dusver nie bevredigend verklaar is nie. ('n
Soortgelyke toevallige element in die M3-geldvoorraad
aan die einde van April 1989 het ook 'n invloed gehad
op die verloop van die groeiakoers van M3 van kwartaal
tot kwartaal in die loop van 1989.) As gevolg van
hierdie versteuring het die groeiakoers van kwartaal tot
kwartaal in die geldskeppende instellings se eise teen
die private sektor in die tweede kwartaal van 1989 tot
slegs 12,8 persent teruggesak voordat dit, deels by
wyse van reaksie, in die daaropvolgende drie maande
weer tot 25,7 persent gestyg het.

Die afwaartse neiging in die koers van toename in die
krediet van die monetêre instellings aan die private
sektor in 1989 kon onder andere verklaar word aan die
hand van laer groeiakoerse in die bruto binnelandse pro-
duk en besteding teen heersende pryse, die dalende
totale waardes van die goedere-invoer en -uitvoer en

**Veranderings in monetêre instellings se eise teen die
binnelandse private sektor**
Januarie tot Desember 1989

	R miljarde	%
Wissels verdiskonteer	1,5	21,4
Beleggings	0,1	4,3
Huurkoopkrediet	3,2	25,7
Bruikhuurfinansiering	2,2	30,8
Verbandvoorskotte	8,9	19,6
Ander voorskotte	8,6	19,6
Totaal	24,6	20,7

die vermindering van reële voorrade in die tweede
halfte van 1989, 'n afname in die vraag na verband-
finansiering, en die toenemende traagheid onder huis-
houdings om nuwe skuldverpigtings aan te gaan, en is
ook aangehelp deur die betreklik hoë vlak van die
rentekoerse in die huidige vroeë konsolidasiefase van
die konjunkturgolf en deur die strenger maatstawwe
wat tans deur monetêre instellings by die toestaan van
nuwe kredietgeriewe toegepas word.

Teenoor hierdie verskeie omstandighede wat 'n ver-
langsaming van die nuwe kredietverlening in die hand
gework het, het onder andere gestaan dat die likwidite-
it van korporatiewe leners in die jongste aantal
kwartale laer was as in 1987 of 1988. Hierbenewens
kon huishoudings hulle by geleentheid "gehoop" ge-
voel het om – byvoorbeeld vanweë die druk wat deur
beduidend hoër maandelikse verbandpaaielemente op
die gesinsbegroting geplaas is – in verhoogde mate
van persoonlike oortrokke-rekenings- of kredietkaart-
fasiliteite gebruik te maak.

Terselfdertyd is die vlak van die gemete kredietver-
lening ondersteun deur die verskillende herintermedië-
ringsverskynsels wat ook die groeiakoers van die M3-
geldvoorraad op 'n hoë peil gehou het. Indien aanvaar
kan word dat herintermediasie verantwoordelik was vir
die marge waarmee die toenamekoers in die gemete
uitstaande kredietverlening gedurende die afgelope

**Eise van monetêre instellings teen binnelandse
private sektor**



Duursame verbruiksgoedere en monetêre huurkoop- en bruikhuurkredietverlening



aantal kalenderkwartale die groeikoers in die nominale bruto binnelandse produk oorskry het, sou die her-intermediêringsverskynsels ook verantwoordelik wees vir nagenoeg 4,7 persentasiepunte of vir meer as een- vyfde van die styging van 21,2 persent wat van die vierde kwartaal van 1988 tot die vierde kwartaal van 1989 in die kwartaallikse gemiddelde van die monetêre instellings se eise teen die private sektor aangeteken is.

'n Ontleding volgens *soorte* krediet van die toename van R24,6 miljard in die eise van die geldskeppende instellings teen die private sektor van die einde van Desember 1988 tot die einde van Desember 1989 toon dat stygings in hierdie instellings se verbandvoorskotte en in "ander" voorskotte elk meer as een-derde tot die totale toename in hierdie eise bygedra het. Vinniger *koerse* van toename is egter deur huurkoop- en bruikhuurkrediet aan die dag gelê.

Die totaal van huurkoopkrediet en bruikhuurfinansiering het in die vierde kwartaal van 1989 met R1,1 miljard gestyg nadat dit in die voorafgaande drie kwartale met R1,4 miljard, R1,4 miljard en R1,5 miljard toegeneem het. Die mate van die verlengsaming in die vierde kwartaal word natuurlik nog meer betekenisvol indien 'n aanpassing vir inflasie gemaak word. Die tempo van die verlening van nuwe verbandfinansiering het insgelyks gedurende die jaar verlengsaam: die kwartaallikse toename in hierdie soort krediet het van R2,6 miljard in elk van die eerste twee kwartale van 1989 tot R1,9 miljard in elk van die laaste twee kwartale afgeneem.

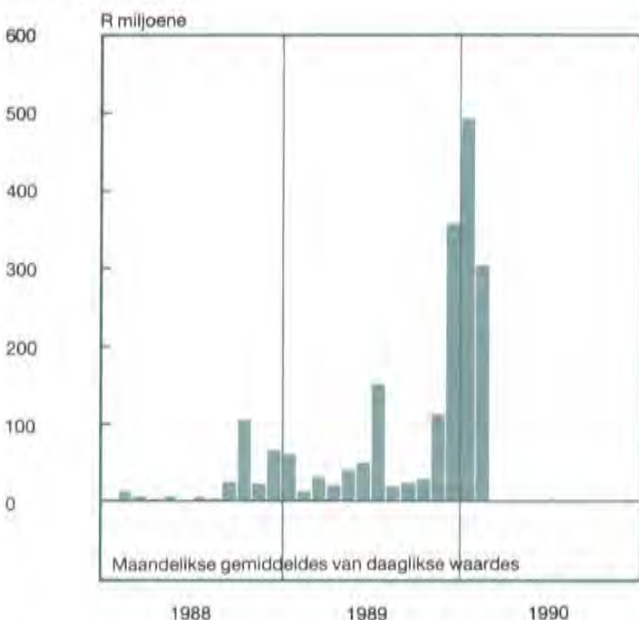
Reserwebankoptrede in die geldmark

Die toestand op die geldmark, soos dit aan die hand van die mark se behoefte aan Reserwebankakkom-

modasie gemeet word, het in die loop van 1989 aansienlik strammer geword en gedurende die eerste twee maande van 1990 knap gebly. Die gemiddelde daaglikse vlak van die Bank se akkommodasie aan die mark by die diskontovenster het in die eerste helfte van 1989 R1,8 miljard bedra maar tot R3,3 miljard in die derde kwartaal en R3,8 miljard in die vierde kwartaal van 1989 en tot onderskeidelik R4,8 miljard en R3,9 miljard in Januarie en Februarie 1990 gestyg. Hoogtepunte van R4,8 miljard, R5,4 miljard en R5,5 miljard is onderskeidelik op 23 Desember 1989, 10 Januarie 1990 en 31 Januarie 1990 in die akkommodasie by die venster aangeteken. Reël gesproke was hierdie bedrae egter nog steeds kleiner as die bedrag van R2,8 miljard wat op 5 Julie 1984 aangeteken is en wat by die tans heersende pryspeile meer as R6 miljard sou beloop het.

Rekeningkundig beskou kon die mark se tekorte tot en met Desember en in die begin van Januarie verklaar word aan die hand van periodieke dalings in die netto goud- en ander buitelandse reserwes, die hoë en stygende vlak van die regeringsdeposito's by die Reserwebank, en die baie groot seisoenstygings in die bedrag aan banknote in omloop gedurende die vakansietydperk in Desember. Die gemiddelde daaglikse bedrag van die banknote in omloop het van R7,9 miljard in November 1989 tot R9,4 miljard in Desember gestyg; op 21 Desember het die note-omloop alle vorige rekords geslaan toe dit 'n dag-hoogtepunt van R9,8 miljard bereik het. Daarna het die daaglikse gemiddelde van die note in omloop tot R8,1 miljard in Januarie 1990 en R7,9 miljard in Februarie teruggesak.

Oornaglenings



Die meer onlangse tekorte op die geldmark het nog steeds in noue verband gestaan met die hoë maar skommelende vlak van die regeringsdeposito's by die Reserwebank. Gedurende sowel Januarie as Februarie 1990 is die tekorte egter in wesenlike mate verlig deur aanmerklike stygings in die Reserwebank se netto goud- en ander buitelandse reserves.

Bystand in ander vorms as herfinansiering by die diskontovenster is veral gedurende die tydperk van 27 Desember 1989 tot 15 Januarie 1990 en weer vanaf 22 Januarie tot in Februarie aan die mark toegestaan; bystand in party van hierdie vorms is egter op 'n meer deurlopende grondslag verleen of herhaaldelik omgerol. Voorbeelde van hierdie soorte bystand was die aankoop van bates met kort onverstreke looptye (het-sy regstreeks of onder terugkoop-ooreenkomste) deur die Korporasie vir Openbare Deposito's, aankope van geldmarkbates deur die Openbare Beleggingskommissaris, en die plasing by bankinstellings van deposito's wat normaalweg by die KOD gehou sou gewees het. Die bedrag aan oornaglenings aan bankinstellings (wat gebruik word as 'n minder aantreklike aanvulling van vensterakkommodasie in die vorm van herdiskontering van wissels) het nietemin van 'n daaglikse gemiddelde van R75 miljoen in 1989 tot R492 miljoen in Januarie 1990 en R304 miljoen in Februarie gestyg.

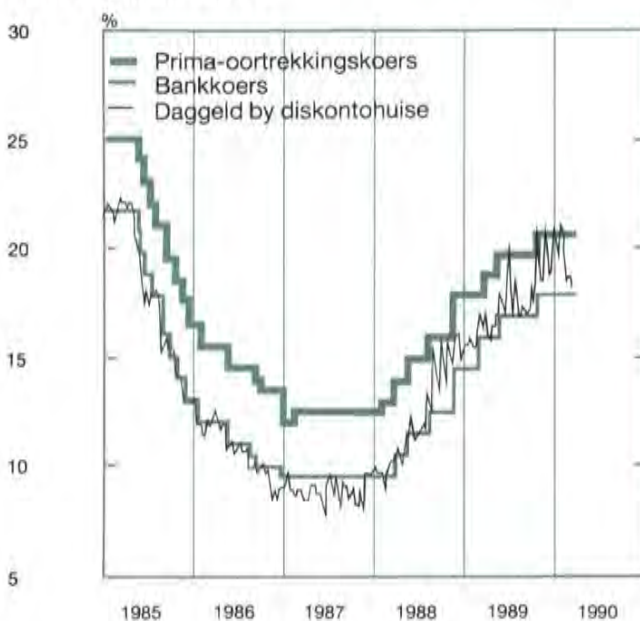
Die netto verkope van staatseffekte deur die Reserwebank gedurende die vierde kwartaal van 1989 het R1,4 miljard bedra. Vanaf 1 Januarie 1990 tot 28 Februarie 1990 is verdere verkope van R0,6 miljard aangegaan. 'n Deel van die opbrengs van hierdie verkope is gedeponeer op die stabilisasierekening wat in September 1989 opnuut in die lewe geroep is.

Geldmarkrentekoerse

Die rentekoerse op die geldmark het hulle aangepas by die Bankkoers wat op 11 Oktober 1989 van 17 tot 18 persent verhoog is. Die koers op likwiede bankaksepte van drie maande het gestyg van 17,35 persent onmiddellik voor hierdie Bankkoersverhoging tot 18,35 persent onmiddellik daarna. Gedurende die res van 1989 het die koers op aksepte van 3 maande tussen 'n hoogtepunt van 18,80 persent (van 18 tot 21 November) en 'n laagtepunt van 18,25 persent (op 13 Desember) geskommel; oor die maandeinde van Desember het dit 18,35 persent bedra. Onder die stram likwiditeitstoestande wat in die begin van 1990 geheers het, het hierdie koers vervolgens oor die maandeinde van Januarie tot 18,70 persent gestyg voordat dit, weer effens, naamlik tot 18,40 persent teen die middel van Februarie en tot 18,50 persent oor die maandeinde van Februarie, gedaal het.

Ná die aankondiging deur die Reserwebank van strafkoerse van tot 22,75 persent op akkommodasie in die vorm van oornaglenings, wat vanaf 11 Oktober 1989 van krag geword het, het die koerse op interbankfond-

Korttermynrentekoerse



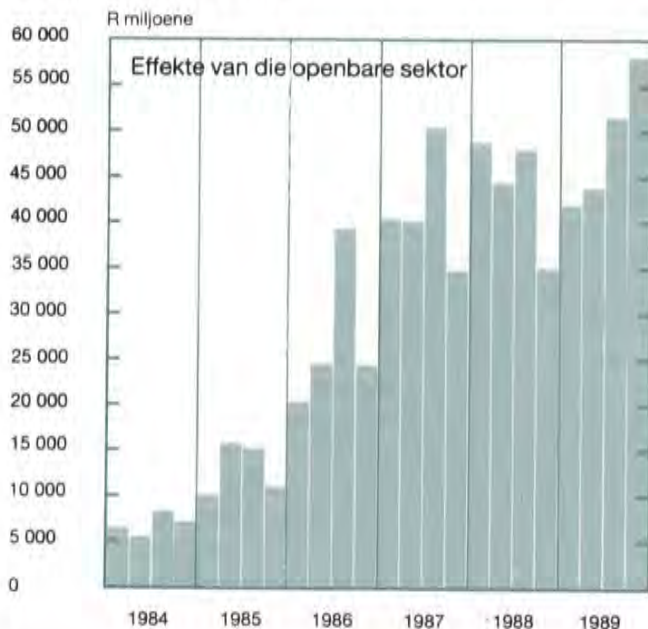
se en groot daggelddeposito's skerp gestyg as die koerse op ander geldmarkinstrumente met ietwat langer looptye. Die daggeldkoers van die diskontohuise het byvoorbeeld van 18,50 persent aan die einde van September 1989 tot 21,25 persent oor elk van die daaropvolgende vier maandeindes verstewig, maar vervolgens weer effens teruggesak, naamlik tot 20,00 persent aan die einde van Februarie 1990. Die opbrengskromme vir geldmarkinstrumente het op basis van die kombinasie van die strafkoerse op akkommodasie in die vorm van oornaglenings en van die deurgaans hoë vlak van die geldmarktekorte, 'n nog sterker afwaartse helling begin toon.

Kapitaalmarkontwikkelings

Die handelsbedrywigheid op die kapitaalmarkte, wat reeds in die derde kwartaal van 1989 kragtig herstel het, het in die vierde kwartaal van 1989 en die eerste twee maande van 1990 oor die algemeen nog weer aansienlike verdere toenames getoon. Betekenisvolle verdere stygings is in die pryse van aandele op die Johannesburgse Effektebeurs aangeteken. 'n Klein verdere styging het ook in die waarde van vaste-eien-domstransaksies voorgekom.

Die waarde van die *effekte van die openbare sektor* wat op die effektebeurs verhandel is, het in die vierde kwartaal van 1989 met 13 persent tot 'n nuwe rekordvlak van R58,1 miljard gestyg vanaf die vorige rekordvlak van R51,5 miljard wat in die derde kwartaal aange-teken is. Die gemiddelde maandelikse omset van hierdie effekte het in Januarie en Februarie 1990 verder toege-

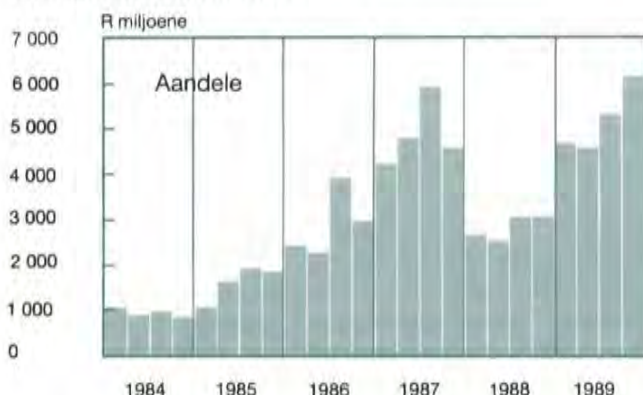
Effektebeurstransaksies



neem tot 'n totaal ongeëwenaarde R29,1 miljard, vanaf sowat R19,4 miljard in die vierde kwartaal van 1989.

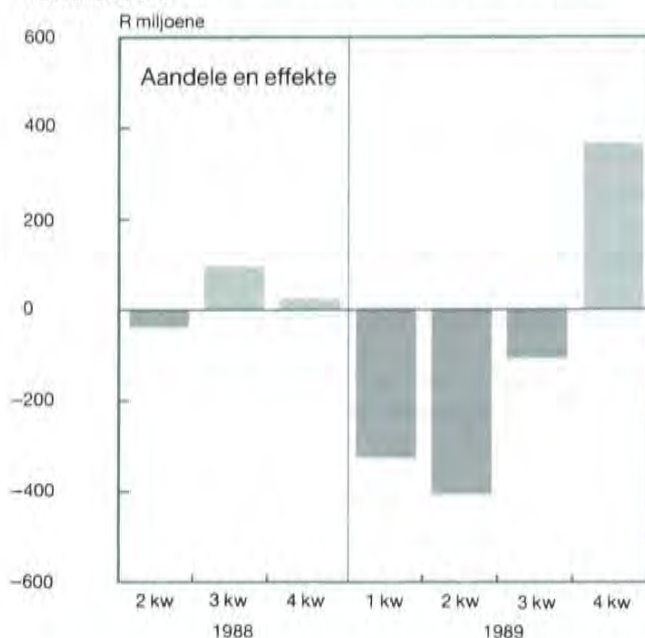
Die waarde van die *aandele* wat op die effektebeurs verhandel is, het van R5,3 miljard in die derde kwartaal van 1989 tot R6,2 miljard in die vierde kwartaal toegeneem en daardeur vir die eerste maal die vorige kwartaallikse rekordbedrag (van R5,9 miljard) wat in die derde kwartaal van 1987 aangeteken is, verbygesteek. Daarná het die gemiddelde maandelikse omset verder toegeneem van bykans R2,1 miljard in die vierde kwartaal van 1989 tot R2,9 miljard in Januarie en Februarie 1990.

Effektebeurstransaksies



Die *netto aankope* deur *nie-inwoners* van effekte van die openbare sektor op die Johannesburgse Effektebeurs het van R1,2 miljard in die derde kwartaal van 1989 tot R0,9 miljard in die vierde kwartaal afgeneem. Die totale netto aankope van sulke effekte deur *nie-inwoners* het in die loop van 1989 op R2,9 miljard te staan gekom. Verdere aankope tot 'n netto bedrag van R0,5 miljard is in Januarie-Februarie 1990 gedoen.

Johannesburgse Effektebeurs: Netto aankope deur nie-inwoners



Die *netto verkope* deur *nie-inwoners* van aandele het op soortgelyke wyse van R1,3 miljard in die derde kwartaal van 1989 tot R0,5 miljard in die vierde kwartaal gedaal. Die totale bedrag van sodanige verkope deur *nie-inwoners* het in die loop van 1989 ongeveer R3,4 miljard bedra. Gedurende Januarie-Februarie 1990 het buitelandse beleggers sowel die lewenskragtige toestand op die Suid-Afrikaanse aandelemark as die heersende betreklike sterkte van die finansiële rand te baat geneem. Die netto bedrag van die verkope van aandele wat *nie-inwoners* gedurende hierdie twee maande *via* lede van die Effektebeurs bewerkstellig het, het R1,9 miljard beloop.

Die gemiddelde *prysvlak* van alle klasse aandele, wat in die derde kwartaal van 1989 met 9 persent gestyg het, het in die vierde kwartaal met 'n verdere 7 persent en in Januarie-Februarie 1990 met 5 persent toegeneem. Hierdie verdere stygings in die algemene vlak van die aandelepryse was hoofsaaklik die gevolg van stygings in die pryse van finansiële en goudmyn-aandele wat in die vierde kwartaal van 1989 onderskeidelik 3 persent en nie minder nie as 34 persent beloop

het; die pryse van goudmynaandele het in Januarie 1990 vervolgens nog effens verder gestyg maar in Februarie met 5 persent teruggesak, terwyl die pryse van finansiële aandeel in Januarie-Februarie met 'n verdere 8 persent opbeweeg het. In teenstelling hiermee het die gemiddelde prysvlak van nywerheids- en handelsaandeel in die vierde kwartaal van 1989 met 8 persent *gedaal*; in Januarie-Februarie het dit egter met 13 persent herstel. Die volgehoue betreklik sterk stygsentiment in groot dele van die aandelemark teen die einde van 1989 en in die begin van 1990 en die onderliggende oorsake daarvan (soos die feit dat die goudprys vanaf laat in November 1989 tot bo die vlak van \$400 gestyg het, ietwat meer optimistiese inflasieverwagtings, 'n gees van groter ontspannenheid op maatskaplik-politieke gebied, en 'n aanmerklike daling in die langtermynrentekoerse) het ook 'n rol daarin gespeel om die sakevertroue en die gemoedstoestand van verbruikers op 'n redelik hoë peil te hou en het

sodoende bygedra tot die "sagtheid" van die "landing" van die ekonomiese bedrywigheid in die vierde kwartaal en die begin van die vyfde kwartaal van die huidige konsolidasiefase.

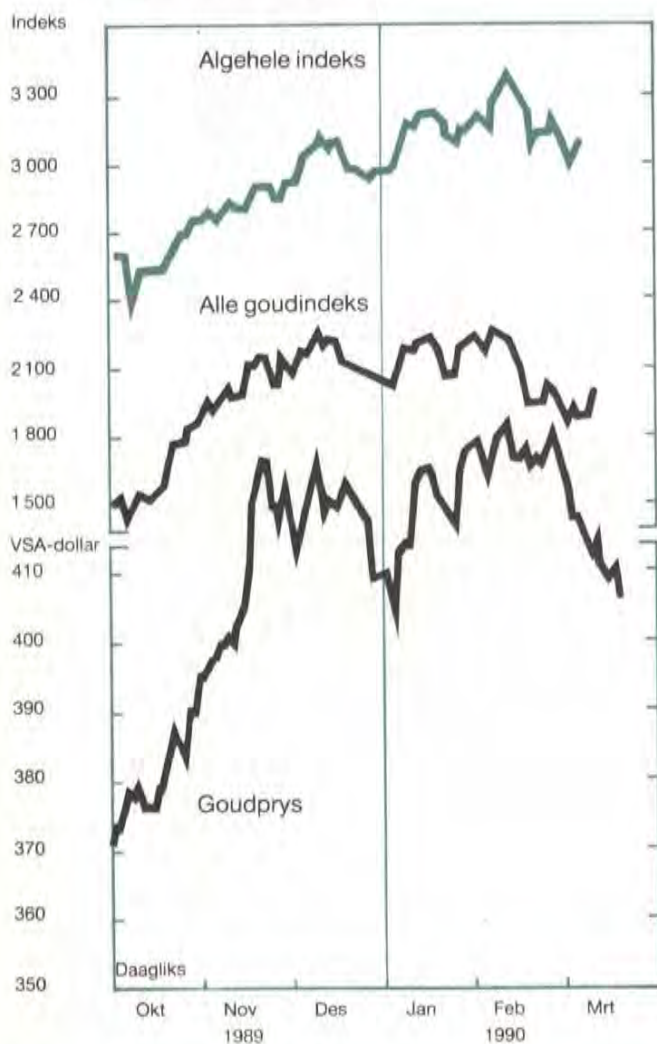
Die gemiddelde prysvlakke van goudmynaandeel, nywerheids- en handelsaandeel en "alle klasse" aandeel was, ondanks die lewendige toestand van die aandelemark in die vierde kwartaal van 1989, in Desember 1989 nog steeds onderskeidelik 12, 10 en 2 persent laer as by die onderskeie hoogtepunte daarvan in September 1987. Verdere stygings van onderskeidelik 2, 8 en 6 persent is egter gedurende Januarie 1990 in die gemiddelde pryse van goudmynaandeel, nywerheids- en handelsaandeel en finansiële aandeel aangeteken. As gevolg hiervan het die gemiddelde pryse van finansiële aandeel en "alle aandeel" hul vorige rekordvlakke van September 1987 in Januarie 1990 met 9, en 2 persent oorskry.

'n Netto *terugbetaling* van R0,8 miljard in effekte van die openbare sektor is in die vierde kwartaal van 1989 in die primêre mark aan banke en private nie-bankbeleggers gemaak, in vergelyking met netto nuwe uitgiftes ten bedrae van R3,0 miljard in die derde kwartaal. *Private maatskappye*, wat in die derde kwartaal van 1989 'n totaal van R156 miljoen deur middel van nuwe uitgiftes van vaste-rentedraende effekte opgeneem het, het in die vierde kwartaal 'n bedrag van R111 miljoen aan sodanige effekte uitgereik. Uitgiftes van gewone aandeel deur private maatskappye het van R2,1 miljard in die derde kwartaal tot R5,3 miljard in die vierde kwartaal toegeneem. Hierdie skerp toename was egter hoofsaaklik die gevolg van die privatiseringsuitgifte van R3,1 miljard deur Yskor Beperk, wat op 8 November genoteer is.

In die *verbandmark* het die bedrag van die bouverenigings se verbandleningsuitbetalings, wat van 'n rekordvlak van R2,7 miljard in die derde kwartaal van 1988 tot R1,4 miljard in die derde kwartaal van 1989 gedaal het, effens herstel tot R1,5 miljard in die vierde kwartaal. Die toename in die bouverenigings se totale *besit* aan verbandlenings, wat in die derde kwartaal van 1989 R0,5 miljard bedra het, het in die vierde kwartaal ook weer op daardie vlak te staan gekom. In teenstelling hiermee het die toename in die *bankinstellings* se besit aan verbandlenings (wat sedert die begin van 1988 op 'n kwartaalbasis deurgaans groter was as die toenames in die bouverenigings se besit) taamlik aansienlik van R1,0 miljard in die derde kwartaal van 1989 tot R0,8 miljard in die vierde kwartaal teruggesak.

Die waarde van transaksies in *vaste eiendom* het (volgens die geldelike bedrae daarvan) van die derde kwartaal van 1986 tot die vierde kwartaal van 1988 bykans verdubbel, maar in die eerste kwartaal van 1989 skynbaar 'n *kruin* bereik (op 'n vlak van R4,8 miljard). Daarná het dit egter weer tot nuwe rekordbedrae van R5,3 miljard in die tweede kwartaal, R5,4 miljard in die derde kwartaal en R5,6 miljard in die vierde kwartaal van 1989 toegeneem.

JE-Aktuarisse indekse en goudprys



Opbrengs- en rentekoerse

Die maandelikse gemiddelde opbrengskoers op langtermynstaatseffekte, wat van 17,4 persent in Mei 1989 tot 16,8 persent in September gedaal het, het in Oktober, gedeeltelik onder die invloed van die Bankkoersverhoging van 11 Oktober, weer effens tot 16,9 persent verstewig. Verskeie faktore – soos die feit dat die Sentrale Regering se leenprogram vir begrotingsdoelendes in die fiskale jaar 1989/90 reeds afgehandel was, die sterker dollarprys van goud en die stewiger eksterne posisie van die Suid-Afrikaanse ekonomie in die algemeen, gunstiger buitelandse persepsies van die huidige en toekomstige gebeure in Suid-Afrika op maatskaplik-politieke gebied, nie-inwoners se aanmerklik verhoogde belangstelling in Suid-Afrikaanse effekte, en gunstiger sienings van die inflasiekoers op die ietwat langer termyn – het vervolgens meegebring dat hierdie koers aanmerklik, naamlik tot 15,8 persent in Desember en tot 15,5 persent in Januarie 1990, teruggesak het. In Februarie het hierdie koers egter weer effens gestyg tot 15,6 persent op grond van die mark se onsekerheid oor potensiele politieke-ekonomiese ontwikkelings op langer termyn.

Langtermynrente- en -opbrengskoerse



Die verdere herstel van die aandelepryse in die vierde kwartaal van 1989 het nie verhinder dat die maandelikse gemiddelde opbrengskoers op alle klasse aandele, hoofsaaklik op grond van die verbeterde finansiële resultate van nywerheidsmaatskappye in die besonder, verder van 5,2 persent in September 1989 tot 5,7 persent in Desember gestyg het nie. Daarná het die gemiddelde dividendopbrengskoers egter tot 5,5 persent in Februarie 1990 gedaal. Die gemiddelde *verdiens*-opbrengskoers op nywerheidsaandele wat op die Johannesburgse Effektebeurs genoteer is, het aansienlik verstewig van 14,5 persent in September 1989 tot 21,2 persent in Desember, maar in Februarie 1990 tot 20,7 persent teruggesak.

Die bouverenigings se oorheersende behuisingsverbandkoers, wat in Junie 1989 tot 19,75 persent verhoog is, is in die daaropvolgende vier maande op daardie vlak gehandhaaf. Ná die Bankkoersverhoging van 11 Oktober is hierdie koers in Oktober verhoog tot 20,75 persent, wat in die geval van nuwe lenings onmiddellik en in die geval van bestaande lenings vanaf 1 Desember 1989 van krag geword het.

Die oorheersende rentekoers op deposito's van twaalf maande by die banke en die bouverenigings, wat as verteenwoordigend van depositokoerse in die algemeen beskou word, is eweneens in die voetspore van die Bankkoersverhoging van 11 Oktober van 16,5 persent tot 17,0 persent verhoog.

Staatsfinansies

Resultaat van die Sentrale Regering se Begroting vir die fiskale jaar 1989/90

Die belangrikste kenmerke van die verwagte uitslag van die Sentrale Regering se Begroting vir die fiskale jaar 1989/90, waarvoor die Minister van Finansies in sy Begrotingsrede van 14 Maart 1990 verslag gedoen het, was in die eerste plek die hoë mate van dissipline wat gedurende die jaar deur die owerhede oor die owerheidsbesteding uitgeoefen is. Dit sou tot gevolg hê dat die werklike totale besteding in die fiskale jaar 1989/90 baie ná aan die oorspronklike Begrotingsramings sou wees. In die tweede plek is die staatsinkomste in 'n ongewoon hoë mate onderskat. Gesamentlik sou hierdie twee kenmerke lei tot 'n uiteindelijke tekort voor lenings en skuldaflissing vir die fiskale jaar 1989/90 in sy geheel wat heelwat kleiner sou wees as wat in die Begrotingsrede van Maart 1989 in die vooruitsig gestel is. Terselfdertyd was die werklike invloed van die Sentrale Regering se fiskale optrede op die ekonomie in 1989/90 aansienlik meer beperkend as wat in die Begrotingsvoorstelle van Maart 1989 óf beoog óf voorsien is. In werklikheid is destyds selfs verwag dat hierdie voorstelle 'n ligte ekspansionistiese uitwerking op die toentertyd bestaande en verwagte saketoestand sou hê.

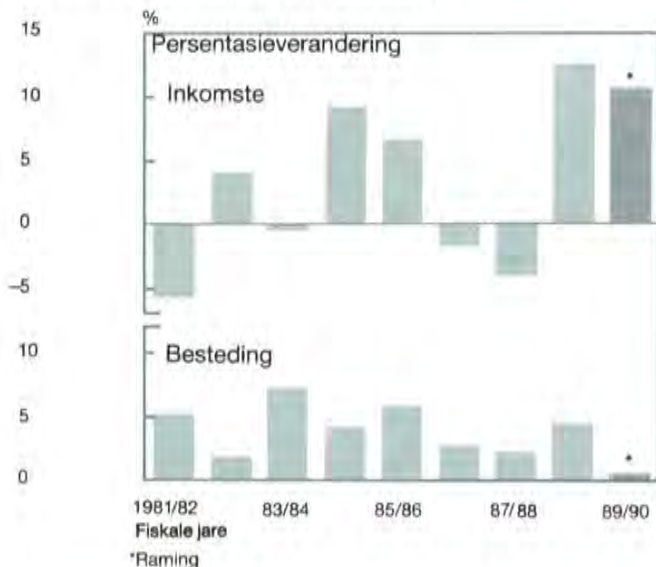
Die skatkisuitreikings aan staatsdepartemente in die fiskale jaar 1989/90 sou volgens die ramings van die Minister uiteindelik R65 181 miljoen beloop. Dit sou slegs 1,8 persent hoër wees as die raming van die totale besteding van R64 017 miljoen in die Begroting

van Maart 1989, en sou 'n onbeduidende R164 miljoen of 0,3 persent, meer wees as die besteding waarvoor daar in die Begroting voorsiening gemaak is nadat die bykomende bedrag van R1 000 miljoen wat vir onvoorsiene bestedingsbehoeftes toegelaat is, by die ramings ingesluit is. Die omvang van hierdie oorbesteding kon vergelyk word met oorbesteding wat in die fiskale jaar 1988/89 5,1 persent beloop het van die besteding waarvoor oorspronklik begroot is, en met 'n gemiddelde "oorbestedingsverhouding" van 6,5 persent in die vyf fiskale jare van 1984/85 tot 1988/89. Die styging in die staatsbesteding van jaar tot jaar sou in die fiskale jaar 1989/90 15,2 persent beloop. Dit het beteken dat die besteding reël of ná aansuiwering vir die inflasie met slegs 0,1 persent toegeneem het.

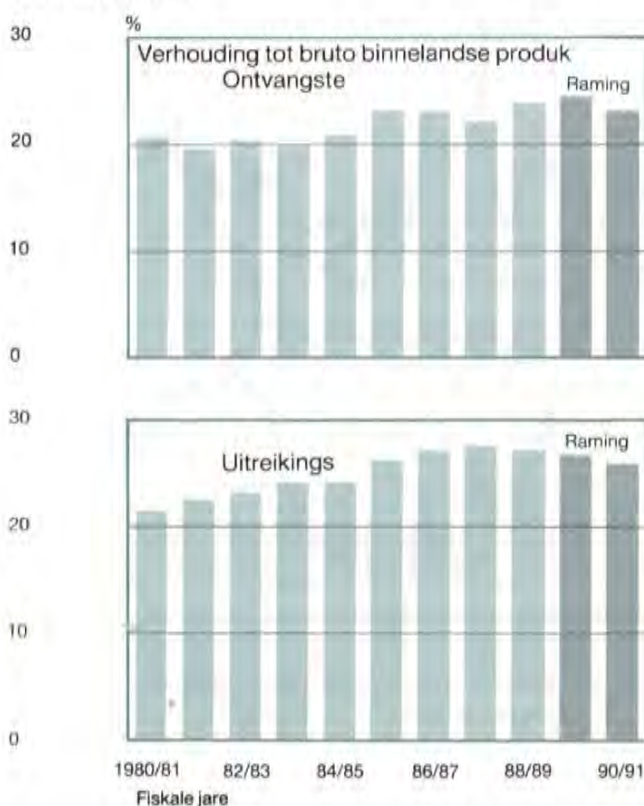
Die totale inkomste-*invorderings* in die fiskale jaar 1989/90 sou volgens die Minister se ramings uiteindelik R61 385 miljoen bedra. Dit sou die oorspronklike begrotingsramings met 'n baie groot bedrag van R6 317 miljoen, of met bykans 11,5 persent, oorskry. Dit sou ook die staatsinkomste in die fiskale jaar 1988/89 met 'n ongeëwenaarde 27,3 persent, of reël gesproke met nie minder nie as 10,6 persent, te bowe gaan.

Aanmerklike oorskrydings van die verwagte werklike inkomste-ontvangste bo die oorspronklike Begrotingsramings is sowel in die doeane- en aksynsregte as in die ontvangste van binnelandse inkomste aangeteken.

Reële staatsinkomste en -besteding



Skatkisrekening



Inkomste-invorderings in 1989/90

	Begroting ¹		Verwagte invorderings	
	R miljoene	Persentasie-verandering ²	R miljoene	Persentasie-verandering ²
Mynmaatskappye	2 467	-19,5	2 671	-12,9
Nie-mynboumaatskappye	9 500	16,8	11 001	35,3
Individue	16 710	15,7	19 558	35,5
Algemene verkoopbelasting	16 300	25,7	16 480	27,0
Doeane- en aksynsregte	7 320	5,0	8 764	25,7
Ander invorderings	2 771	5,4	2 911	10,7
Totale inkomste-invorderings	55 068	14,2	61 385	27,3

¹ Begrotingsramings soos in die Begrotingsrede van 15 Maart 1989 aangebied.

² In vergelyking met werklike invorderings gedurende die fiskale jaar 1988/89.

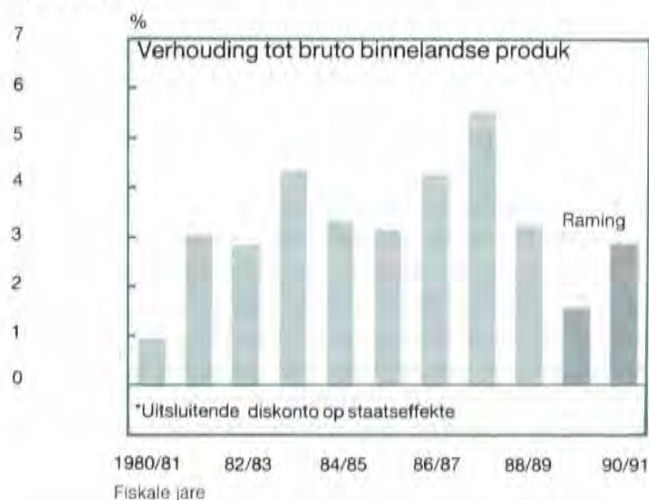
Die Minister het verwag dat die ontvangste van doeane- en aksynsregte die Begrotingsramings met R1 444 miljoen (dit wil sê met sowat 19,7 persent) sou oorskry en naasteby 'n kwart hoër sou wees as in die voorafgaande fiskale jaar. Dit kon hoofsaaklik toegeskryf word aan groter as verwagte ontvangste uit die brandstofheffing, die bo-belasting op invoergoedere, en doeaneregte in die algemeen. Die verwagte ontvangste uit aksynsregte sou daarenteen moontlik effens minder wees as wat in die Begrotingsramings voorsien is.

Die ontvangste uit binnelandse inkomste sou die Begrotingsramings na verwagting met nie minder nie as R4 873 miljoen (dit wil sê met sowat 10,2 persent) oorskry en 'n aansienlike 27,6 persent hoër wees as die werklike ontvangste in die fiskale jaar 1988/89. Met uitsondering van die inkomste vanaf goudmynmaatskappye, is verwag dat die inkomste-ontvangste in al die belangrikste onderafdelings van die binnelandse inkomste uiteindelik heelwat hoër sou wees as die

Begrotingsramings. In die besonder wat die ontvangste aan inkomstebelasting vanaf individue en vanaf nie-mynboumaatskappye betref, is verwag dat hierdie ontvangste in die Begroting van Maart 1989 met bedrae van onderskeidelik sowat R2 848 miljoen en R1 501 miljoen onderskat is.

Ooreenkomstig die verwagte resultate ten opsigte van sowel die staatsbesteding as die staatsinkomste, het die Minister geraam dat die tekort voor lenings en skuldaflossing vir die fiskale jaar 1989/90 op slegs R3 796 miljoen te staan sou kom, wat gelyk sou wees aan 'n skrale 1,5 persent van die geskatte bruto binnelandse produk gedurende die betrokke vier kalenderkwartale. Dit kon vergelyk word met die werklike tekort van R8 395 miljoen (4,0 persent van die bruto binnelandse produk) in die fiskale jaar 1988/89 en met die tekort van R9 949 miljoen (4,1 persent van die destyds verwagte bruto binnelandse produk) wat in die Begroting van Maart 1989 vir die fiskale jaar 1989/90 in die vooruitsig gestel is. Die tekort van R3 796 miljoen wat volgens die Minister te verwagte was, sou soos volg gefinansier word:

Skatkistekort*



	R miljoene
Staatseffekte (netto)	7 080
Nie-bemerkbare lenings (netto)	-800
Buitelandse lenings ¹ (netto)	-155
Leningsheffing	700
Gebruik van beskikbare kontantsaldo's ²	936
Oordragte na:	
Staatspensioenfondse	-1 000
Reserwebank (m.b.t. tekorte op termynvalutatransaksies)	-3 000
Fonds vir sosio-ekonomiese aksies	-2 000
Ander (insluitende die Stabilisasierekening)	-970
Verkoop van bates (opbrengs uit privatisering)	3 005
Totaal	3 796

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

² Toename -; afname +.

Die 1990/91-Begroting van die Sentrale Regering

In sy voorlegging van die Begroting van die Sentrale Regering vir 1990/91 aan die Parlement op 14 Maart 1990, het die Minister van Finansies verklaar dat hierdie Begroting, en die begrotings vir die volgende paar jaar, aan drie breë doelstellings of beleidsoorwegings sou moes voldoen. In die eerste plek sou strukturele veranderinge in die Suid-Afrikaanse ekonomie aangebring moes word, met die doel om die lewenspeil van die hele Suid-Afrikaanse bevolking wesenlik te verhoog. In hierdie herstruktureringproses sou die private sektor erken moes word as die belangrikste bron van ekonomiese groei, en faktore wat die inkomste- en werkgeleenthedskleppende vermoëns van hierdie sektor sou kon versterk, sou sover moontlik bevorder moes word. Spesiale aandag sou aan die bekamping van inflasie en aan die verligting van tekorte aan opgeleide mannekrag en kapitaal geskenk moes word. Heelwat aandag sou gevolglik gewy moes word aan die "aanbod"- of produksiekant van die ekonomie, asook aan verkleining van die openbare sektor en aan verhoging van die doeltreffendheid daarvan.

In die tweede plek sou daar hoër voorrang as voorheen verleen moes word aan die dringende maatskaplik-ekonomiese vraagstukke van armoede en van "agterstande" in onderwys en opleiding, behuising, getletterdheid en basiese gesondheidsbehoefte. Fiskale dissipline sou egter in hierdie proses gehandhaaf moes word.

In die derde plek sou die makro-ekonomiese fiskale beleid, wat die korttermyn-aspekte daarvan betref, nog steeds op stabilisering van die ekonomiese bedrywigheid in die loop van die konjunkturgolf gemik moes word. Die klem in 'n sodanige aktiewe stabilisasiebeleid, sou egter in verhoogde mate op die owerheid se skuld- en leningsbedrywighede geplaas word. Aanpassings in die owerheidsinkomste en -besteding sou in verhoogde mate diensbaar gemaak moes word aan die doelstellings van ekonomiese herstrukturering en van maatskaplik-ekonomiese ontwikkeling.

Met betrekking tot die Begroting se breë tweeledige oogmerk om, ten eerste, stabiele ekonomiese groei op die lang termyn maksimaal aan te moedig en, ten tweede, om armoede en ontbering te verlig, het die Minister verklaar dat die vermoëns van die ontwikkelde of "formele" sektor van die ekonomie om nuwe en beter geleenthede vir die ontwikkelende of "informele" sektor te skep, in die hoogste moontlike mate versterk behoort te word. Met hierdie doel voor oë sou die inkomstekant van die Begroting – nie in die laaste plek nie deur verligting van veral die las van persoonlike inkomstebelasting – as die mees gepaste terrein beskou word om besparing, investering en ondernemerskap te bevorder. In teenstelling hiermee sou daar aan die inkomstekant van die Begroting min gedoen kon word wat nie alreeds gedoen was nie om die fiskale las op die minder welgestelde deel van die Suid-Afrikaanse be-

volking te verlig. Vir hierdie bevolkingsgroepe sou daar derhalwe in die Begroting se voorgestelde *bestedings*-planne die maksimum moontlike voorsiening gemaak word.

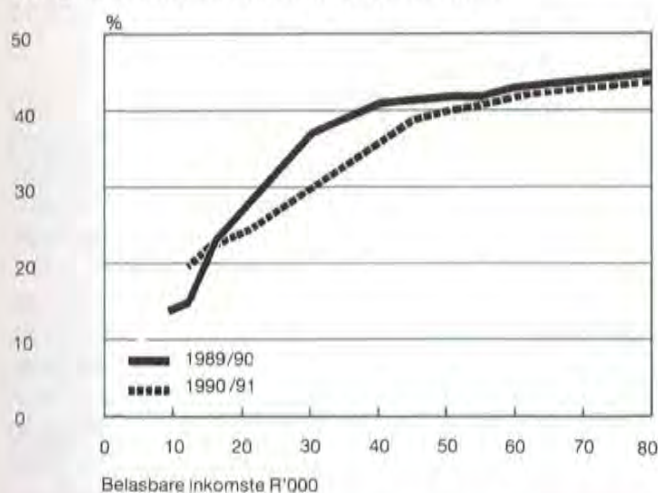
Wat die besonderhede van die Regering se voorgestelde fiskale maatreëls betref, het die Minister nogmaals verklaar dat die Regering daartoe verbind is om die belasting op individue en maatskappye te verminder, om die doeltreffende benutting van arbeid en kapitaal deur die instelling van ander gepaste belastinghervormings te bevorder, om die Begrotingstekort te verminder tot vlakke wat nie 3 persent van die bruto binnelandse produk sal oorskry nie en om dit uiteindelik af te bring tot vlakke waar ontsparing deur die staat nie verder sal voorkom nie, om die aandeel van die staatsbesteding in die ekonomie in sy geheel kleiner te maak, om verhoogde nadruk op maatskaplik-ekonomiese ontwikkeling te plaas, en om "korporatisering, privatisering en deregulering" te bevorder. By die nastrewing van hierdie verskeie oogmerke en doelstellings, moes die Begroting vir die fiskale jaar 1990/91 beskou word as die eerste stap in 'n program van fiskale hervorming wat oor vyf jaar sou strek.

Teen die agtergrond van hierdie beleidsvoornemens, het die Minister begroot vir totale staatsbesteding in die fiskale jaar 1990/91 tot 'n bedrag van R72 932 miljoen. Ingesluit by hierdie bedrag was 'n "gebeurlikheidsreserwe" vir onvoorsiene uitgawes van R1 000 miljoen; *nie* by hierdie bedrag ingesluit nie was die te verwagte bestedings uit 'n spesiale kapitaalfonds (wat R2 000 miljoen sou beloop) wat uit die Regering se leningsoorskot van die fiskale jaar 1989/90 geskep sou word met die spesifieke doel om "agterstande" ten aansien van die maatskaplik-ekonomiese omstandighede en ontwikkeling onder die verskillende bevolkingsgroepe in die land by te werk. Die beoogde stigting van hierdie fonds is deur die Minister van Finansies in sy Begrotingsrede aangekondig; besonderhede aangaande die bestuur, doel en werkwyse van die fonds is egter op 16 Maart deur die Staatspresident bekend gemaak. In sy verklaring van 16 Maart het die Staatspresident aangekondig dat 'n verdere R1 000 miljoen uit die verwagte opbrengs van die privatisering van sakeondernemings van die Sentrale Regering wat vir privatisering in aamerking kom, aan die fonds beskikbaar gestel sou word.

Aan die inkomstekant van die Begroting het die Minister voorsiening gemaak vir totale *inkomste-ontvangste* in die fiskale jaar 1990/91, ten bedrae van R64 938 miljoen, wat 'n toename van slegs R3 553 miljoen of 5,8 persent teenoor die fiskale jaar 1989/90 sou beteken. Omdat hierdie betreklik klein persentasietoename aansienlik laer sou wees as die verwagte inflasiekoers, sou dit reël gesproke, dit wil sê ná aansuiwering vir die inflasie, 'n belangrike vermindering van die totale inkomste behels.

Die belangriker belastingvoorstelle wat in die Begroting vir 1990/91 vervat is, het bestaan uit 'n verhoging

Marginale belasting skaal vir getroude mans



van die doeane- en aksynsregte op drank en tabakprodukte; die afskaffing van die *ad valorem*-doeane- en aksynsreg op juweliersware; die verlaging van die bo-belastingkoerse op ingevoerde goedere met een-derde of 'n kwart (naamlik van 60, 20, 15 en 10 persent tot 40, 15, 10 en 7,5 persent), as 'n eerste stap in die rigting van die uiteindelijke afskaffing daarvan; 'n verhoging van die belasting op byvoordele ten opsigte van die gebruik van maatskappymotors en van gesubsidieerde lenings deur werkgewers aan werknemers; die vrystelling van normale inkomstebelastingpligtigheid van 'n verdere R1 000 aan inkomste-ontvangste van individue in die vorm van rente en bouverenigingdividende; die vrystelling van normale inkomstebelasting van alle ander dividendinkomste in die hande van individue en beslote korporasies; bykomende kortings vir bejaardes; verdere stappe in die rigting van die afsonderlike belasting van getroude vroue; en 'n aansienlike verlaging van die persoonlike inkomstebelasting, hoofsaaklik deur verhogings van die primêre belastingkortings vir getroude manlike en ongetroude belastingbetalers, verlaging van die gemiddelde belastingkoerse wat op die laer- en middelinkomstegroepe van toepassing is, en 'n verlaging van die maksimum marginale koers van die persoonlike inkomstebelasting van 45 tot 44 persent. Die nuwe belastingkale ingevolge laasgenoemde voorstel is sodanig gestruktureer dat die "blokkruiping" wat andersins in die fiskale jaar 1990/91 ondervind sou word, grotendeels uitgeskakel is; die verlaging van die maksimum marginale belastingkoers tot 44 persent kon gesien word as die eerste stap in die rigting van die verlaging van hierdie koers tot 40 persent oor 'n periode van vyf jaar.

Verdere belastingvoorstelle wat in die Begroting vervat is, het bestaan uit 'n hersiening van die geïmpliseerde omskrywing van die begrip "kapitaalswinst" deur die begrip van 'n "veilige toevlugsoord" in te voer, met

die doel om enige winste wat verkry word uit die verkoop van aandele wat vir langer as 10 jaar gehou is, van inkomstebelastingpligtigheid uit te sluit; die geleidelike uitskuiwing van sekere sogenaamde "belastinguitgawes", waaronder byvoorbeeld die belastingvermindering ten opsigte van die koste wat aan die opleiding van werknemers verbonde is; veranderings in die omskrywing van handelsvoorrade met betrekking tot verbruiksvoorrade en reserwede, en met betrekking tot onvoltooide werk in die konstruksiebedryf; en 'n gedeeltelike opheffing van die reserwes wat uit die LIEU-metode van voorraadwaardering ontstaan het.

Die tekort voor lenings en skuldaflissing wat deur die Minister vir die fiskale jaar 1990/91 in die vooruitsig gestel is, het R7 994 miljoen bedra, of ongeveer 2,8 persent van die verwagte bruto binnelandse produk in die nuwe fiskale jaar. Met voorgestelde kapitaalbesteding van R5 113 miljoen, het die verwagte grootte van hierdie tekort beteken dat die Sentrale Regering weer eens van ontsparing sou gebruik maak, wat (op basis van die volle fiskale jaar) R2 881 miljoen sou beloop. Die begrote inkomste, besteding en tekort, en die voorgestelde wyse van finansiering van die tekort, word in die bygaande tabel saamgevat.

Die 1990/91-begroting van die Sentrale Regering

	R miljoene
Inkomste	64 938
Besteding	72 932
Tekort (voor lenings en skuldaflissing)	7 994
Finansiering (uitgesonderd skuldaflissing):	
Staatseffekte-uitgifte (netto)	8 021
Nie-bemerkbare lenings (netto)	-175
Skuldstilstand en buitelandse fondse (netto)	174
Beskikbare saldo's ¹	-26
Totaal	7 994

¹ Toename -; afname +.

Poskantoorbegroting vir 1990/91

In die Poskantoorbegroting vir 1990/91, wat op 26 Februarie 1990 in die Parlement ter tafel gelê is, is die bedryfsuitgawes van die Departement van Pos- en Telekommunikasiewese in die nuwe boekjaar op R6 117 miljoen geraam. Dit sou 'n toename van R830 miljoen of ongeveer 15,7 persent beteken teenoor die uitgawes van die voorafgaande jaar. Ander uitgawes gedurende 1990/91 sou 'n verdere R233 miljoen bedra. 'n Gemiddelde verhoging van 4,1 persent van sekere pos- en telekommunikasietariewe is aangekondig. Die bedryfsinkomste vir 1990/91 sou dienooreenkomstig R6 629 miljoen beloop, wat 'n bedryfsurplus van ongeveer R279 miljoen sou meebring. Die kapitaalbe-

steding is op R1 739 miljoen geraam, wat 6,5 persent meer sou wees as in 1989/90.

Suid-Afrikaanse Vervoerdienste

As gevolg van die korporatisering van die Suid-Afrikaanse Vervoerdienste vanaf 1 April 1990, is die wetlike opvolger daarvan, naamlik Transnet Beperk ('n maatskappy wat kragtens die Maatskappywet geregistreer is), vrygestel van die verpligting om 'n jaarlikse begroting vir parlementêre goedkeuring aan die Parlement voor te lê. Soortgelyke reëlins is van toepassing op die Suid-Afrikaanse Spoorpendelkorporasie Beperk, waarvan die bates en dienste deur Transnet Beperk hanteer sal word kragtens 'n bedryfsooreenkoms wat tussen hierdie twee organisasies aangegaan is. Verliese wat deur die Spoorpendelkorporasie gely sou kon word, sal deur die Regering goedgemaak word. Slegs die jaarlikse rekeningkundige en finansiële state van albei hierdie organisasies sal in die Parlement ter tafel gelê hoef te word.

Verklaring oor rentekoersbeleid

Uitgereik deur dr C.L. Stals, President van die Suid-Afrikaanse Reserwebank

9 Oktober 1989

Sedert die Reserwebank op 5 Mei 1989 'n styging in sy Bankkoers van 16 tot 17 persent aangekondig het, het betreklik stabiele toestande in sowel die geld- as kapitaalmarkte geheers en het rentekoerse binne betreklik nou marges geskommel.

Die diskonteringskoers vir likwiede bankaksepte van drie maande het, byvoorbeeld, van 16,70 persent aan die einde van April 1989 tot 17,35 persent op 5 Mei 1989 gestyg en het daarna tussen 17,30 en 17,60 persent geskommel. Die maandelikse gemiddelde opbrengskoers op langtermynstaatseffekte het in Mei 1989 'n hoogtepunt van 17,38 persent bereik en daarna afwaarts beweeg tot 16,86 persent in September. Op 9 Oktober 1989 was die opbrengskoers op langtermynstaatseffekte 16,85 persent.

Alhoewel dit wil voorkom of nominale rentekoerse in Suid-Afrika hoog is, is hulle inderwaarheid laer as vergelykbare koerse in die meeste van die Westerse nywerheidslande indien die heersende inflasiekoerse in Suid-Afrika en in hierdie lande in aanmerking geneem word. In reële terme, dit wil sê nadat 'n aanpassing vir die inflasiekoers gemaak is, is die prima-oor-trekkingskoers van handelsbanke in Suid-Afrika slegs 3,9 persent vergeleke met 6,3 persent in die Verenigde Koninkryk en 6,6 persent in Wes-Duitsland.

Die toenames wat verlede week in die diskonteringskoerse van 'n aantal sentrale banke in Wes-Europa en in die Verenigde Koninkryk aangekondig is, het die bogemelde marges tussen die Suid-Afrikaanse en buitelandse reële rentekoerse *verbreed*. Dit sal bykomende druk op die kapitaalrekening van Suid-Afrika se betalingsbalans, op die wisselkoers van die rand en uiteindelik ook op die inflasiekoers in Suid-Afrika plaas. In die lig van die betreklik lae vlak van Suid-Afrika se buitelandse reserwes, die bestaande verpligtinge om buitelandse lenings terug te betaal en die betreklik lae goudprys in hierdie stadium kan die land beswaarlik enige verdere druk op sy betalingsbalans bekostig.

Wat die binnelandse ekonomiese toestand betref, bevestig die jongste ekonomiese statistiek dat die ekonomiese afswaai vroeg in 1989 begin het en dat die ekonomie nou tegnies in 'n konsolidasietydperk verkeer. So, byvoorbeeld, het die totale bruto binnelandse besteding wat in 1988 met 7 persent in reële terme en teen 'n seisoensaangesuiwerde jaarkoers van 6 persent in die eerste kwartaal van 1989 gestyg het, in die tweede kwartaal van 1989 in werklikheid teen 'n seisoensaangesuiwerde jaarkoers van 2 persent *gedaaf*.

Benewens die kommer oor die volgehoue kapitaaluitvloeiing op die betalingsbalans, die betreklik lae goudprys en 'n verdere styging van 17,5 persent in die seisoensaangesuiwerde invoere van die eerste na die tweede kwartaal van 1989, bestaan daar ook 'n aantal

ander redes voortvloeiend uit die binnelandse ekonomiese ontwikkelings wat dit vir Suid-Afrika belangrik maak om nominale rentekoerse op 'n toepaslike hoë vlak te handhaaf:

Eerstens het hersiëne statistiek vir die geldvoorraad aangetoon dat M3, gemeet oor twaalf maande, in Augustus 1989 steeds teen 'n koers van meer as 24 persent gestyg het. Dit is heelwat hoër as die mikpuntgrense van 14 tot 18 persent wat vir 1989 gestel is.

Tweedens bly die inflasiekoers hoog. Die verbruikersprysindeks was in Augustus 1989 15,5 persent bokant die vlak van 'n jaar gelede terwyl die koers van toename in die produksieprysindeks tot 16,1 persent in Augustus versnel het.

Derdens skep toenames in lone en salarisse hoër as die inflasiekoers, meer inflasionistiese druk in die ekonomie en verhoog dit ook die vraag na krediet op grond daarvan dat die vermoë van loon- en salarisverdieners om bykomende skuld te diens, verhoog word. Dit is nodig om hierdie gevolge deur 'n meer beperkende monetêre beleid teen te werk.

Vierdens, hoofsaaklik weens die gebrek aan die invloeiing van buitelandse kapitaal, bly dit vir Suid-Afrikaners belangrik om in hierdie stadium minder op verbruik te bestee en dus meer te spaar. Die land word huidiglik verplig om sy ekonomiese ontwikkeling geheel en al uit eie bronne te finansier.

Teen hierdie agtergrond is dit vir Suid-Afrika selfs meer belangrik as vir die lande in Wes-Europa of vir die Verenigde Koninkryk om die vereiste finansiële dissipline toe te pas en om positiewe reële rentekoerse te handhaaf in sy stryd teen inflasie en die beskerming van die betalingsbalans.

Na die gebruikelike oorlegpleging met die Minister van Finansies het die Reserwebank dus besluit om met ingang van Woensdag, 11 Oktober 1989 sy Bankkoers, dit wil sê die koers waarteen hy skatkiswissels herdiskonteer, van 17 tot 18 persent te verhoog. Ander rentekoerse waarteen die Reserwebank akkommodasie aan die mark voorsien sal ook van 11 Oktober 1989 met 1 persentasiepunt verhoog word, met die uitsondering van koerse vir alle vorms van oornaglenings wat met 1,25 persentasiepunte verhoog sal word. Die koers op oornaglenings met likwiede bankaksepte as onderpand sal byvoorbeeld van 11 Oktober 1989 van 20 persent tot 21,25 persent verhoog word.

Toe die Bankkoers en die ander rentekoerse in Mei 1989 verhoog is, het die Reserwebank bystand aan die Landbank beskikbaar gestel ten einde hom in staat

te stel om sy korttermynrentekoerse onveranderd te hou. Verskillende skemas is ook deur die Regering aangekondig om bystand te verleen aan klein sake-ondernemings en huiseienaars in die laer inkomstegroepe wat nadelig deur die hoër rentekoerse geraak is. Die Regering het aangedui dat die Landbank en

Staatsdepartemente wat vir hierdie bystandskemas verantwoordelik is, die bestaande fasiliteite in die lig van hierdie verdere opwaartse aanpassing in rentekoerse sal heroorweeg. Waar toepaslik sal die verantwoordelike Ministers binnekort verdere aankondigings in hierdie verband doen.

Verklaring insake die tussentydse skuldreëlins met buitelandse krediteure van Suid-Afrika

Uitgereik deur dr C.L. Stals, Voorsitter van die Suid-Afrikaanse Stilstandskoördinerende Komitee

18 Oktober 1989

Die huidige Tweede Tussentydse Reëlins waarvolgens die aflossing van die geaffekteerde bedrag van Suid-Afrika se buitelandse skuld gehanteer word, loop op 30 Junie 1990 ten einde. Na raming sal die bedrag van buitelandse skuld wat ingeperk is op daardie datum nog ongeveer \$8 miljard beloop, vergeleke met die bedrag van \$14 miljard wat in September 1985 ingevolge die Skuldstilstand geblokkeer is.

Gedurende die afgelope twee maande het lede van die Suid-Afrikaanse Stilstandskoördinerende Komitee omvattende samesprekings met baie van Suid-Afrika se belangrikste buitelandse krediteure gevoer. Die vordering wat die afgelope vier jaar gemaak is om die bedrag van Suid-Afrika se geaffekteerde skuld te verminder, sowel as die funksionering van die Tweede Tussentydse Reëlins, is in oënskou geneem. Suid-Afrika se huidige ekonomiese toestand is ontleed en die vooruitsigte vir die Suid-Afrikaanse betalingsbalans oor die volgende vier jaar is bespreek.

In die lig van dié samesprekings is bepaal dat die Tweede Tussentydse Reëlins wat huidiglik van toepassing is ná Junie 1990 vir 'n verdere tydperk verleng moet word.

Nuwe Derde Tussentydse Reëlins sal dus voorsien word ingevolge prosedures soortgelyk aan dié wat voorheen gevolg is. Die nuwe Reëlins sal op 1 Julie 1990, dit wil sê met die verstryking van die Tweede Tussentydse Reëlins, van krag word. Die belangrikste bepaling van die nuwe Reëlins is die volgende:

- (i) Dit sal oor 'n tydperk van drie jaar en ses maande strek, dit wil sê van 1 Julie 1990 tot 31 Desember 1993.
- (ii) Gedurende hierdie tydperk sal Suid-Afrikaanse debiteure met geaffekteerde skuld toegelaat word om in agt paaiemente 'n bedrag gelykstaande aan 20,5 persent van die verminderende saldo van die geaffekteerde skuld terug te betaal.

Oor die tydperk sal die totale bedrag wat afgelos word ongeveer \$1,5 miljard bedra, dit wil sê meer as die totale terugbetalings waarvoor in die Tweede Tussentydse Reëlins voorsiening gemaak is.

Aflossings sal ingevolge die volgende skedule plaasvind:

	Persent
1990 – Desember	1,5
1991 – Februarie	2,5
– Augustus	3,0
1992 – Februarie	3,0
– Augustus	3,0
1993 – Februarie	3,0
– Augustus	3,0
– Desember	1,5

Die persentasies aangedui vir kapitaal terugbetalings sal op die uitstaande bedrae van alle geaffekteerde skuld op elkeen van die aangetoonde datums toegepas word.

- (iii) 'n Gewysigde voorsiening sal ingesluit word vir die omskakeling van korttermynse binne die net na langtermynlenings buite die net. Eise wat op hierdie wyse omgeskakel word sal oor 'n tydperk van tien jaar as volg terugbetaalbaar wees:

- van 1 Julie 1990 tot 31 Desember 1993, terugbetalings op die verminderende saldo soos vir skuld binne die net;
- van 1 Januarie 1994 tot sewe en 'n halwe jaar ná die oorspronklike datum van omskakeling, geen aflossing; en
- die laaste twee en 'n halwe jaar, die saldo aflosbaar in ses gelyke halfjaarlikse paaiemente.

- (iv) Die huidige voorsiening vir die omskakeling van ingeperkte skuld na finansiële rand vir belegging in aandele, sal in die nuwe Derde Tussentydse Reëlins behou word.

Verdere besonderhede van die nuwe reëlins sal binnekort aan al Suid-Afrika se buitelandse krediteure oorgedra word en die reëlins sal ook op alle buiteland-

se nie-bank krediteure wat 'n deel van die geaffekteerde skuld hou, toegepas word.

Buitelandse skuld van Suid-Afrika wat buite die net van geaffekteerde skuld val sal, soos tans, onaangetas bly – dit wil sê nie aan hierdie reëlins onderhewig wees nie. Na raming beloop sodanige skuld tans ongeveer \$12 miljard.

Geldvoorraadriglyne vir 1990

Verklaring uitgereik deur dr C.L. Stals, President van die Suid-Afrikaanse Reserwebank

23 Maart 1990

Die monetêre mikpunte wat op 7 Maart 1989 aangekondig is, het voorsiening gemaak vir 'n toenamekoers in die breë geldvoorraad (M3) van 14 tot 18 persent tussen die vierde kwartaal van 1988 en die vierde kwartaal van 1989. Die werklike toename in die kwartaallikse gemiddelde van M3 oor hierdie tydperk het 23,5 persent bedra, wat die boonste mikpuntperk aansienlik oorskry het. Die belangrikste "oorsaak" van hierdie toename was die vinnige toename van 21,2 persent in die monetêre instellings se kredietverlening aan die private sektor, wat hoofsaaklik vir verskillende doeleindes aan maatskappye en ook aan individue vir die aankope van duursame verbruiksgoedere toegestaan is. Om hierdie kredietverlening aan bande te lê is die Bankkoers gedurende die mikpuntjaar in drie stappe van 14,5 tot 18 persent verhoog. Alhoewel die koers van kredietverlening nog steeds onaanneemlik hoog bly is dit aan die afneem, wat die invloed van die hoër rentekoerse en 'n laer vlak van ekonomiese bedrywigheid weerspieël.

Die verhogings in die Bankkoers is deur ooreenstemmende verhogings in die prima-oortrekkingskoerse van die banke gevolg. Intense mededinging tussen finansiële instellings, en 'n betreklik gevoelige reaksie van depositokoerse ingevolge strammer monetêre toestande, het tot 'n vernouing in die verskil tussen hierdie instellings se gemiddelde uitleen- en depositokoerse gelei. Hierdie veranderinge het met 'n hernieu-de proses van herintermediasie gepaard gegaan wat tot die hoë groeikoers van die geldvoorraad bygedra het. Dit is deur 'n toename in die publiek se egte likwiditeitsvoorkeur versterk, wat met die aantreklikheid van depositobeleggings teen hoër rentekoerse en onsekerheid aangaande ander finansiële beleggings verband gehou het. Die herintermediasie en die hoër vlak van die likwiditeitsvoorkeur het in 'n aansienlike verdere afname in die inkomste-omloopsnelheid van M3 tot uiting gekom. As dit nie vir die toename in die

likwiditeitsvoorkeur van die besitters van kontant-saldo's was nie, sou die inflasionistiese uitwerking van die toenames in M3 baie ernstiger gewees het. Die private sektor se hoër besit aan geld hou nietemin die gevaar in dat dit die totale monetêre vraag na reële goedere en dienste kan laat toeneem sodra die huidige voorkeur vir likwiede bates sou verswak as gevolg van 'n moontlike daling in nominale rentekoerse relatief tot die huidige inflasieverwagtings.

Met die oog op die bogenoemde omstandighede en die volgehoue hoë inflasiekoers, die voortgesette verpligte terugbetalings op buitelandse skuld en die betreklik lae vlak van die goud- en ander buitelandse reserwes, moet die monetêre beleid beperkend bly. Die Reserwebank het derhalwe, na die gebruikelike oorlegpleging met die Minister van Finansies, nuwe "riglyne" van 11 tot 15 persent gestel vir die koers van toename in M3 tussen die vierde kwartaal van 1989 en die vierde kwartaal van 1990. Hierdie mikpunte verteenwoordig 'n spektrum van toename in die geldvoorraad gedurende 1990 wat met die Bank se doelwitte vir sy monetêre beleid ooreenstem.

Die riglyne behoort nie beskou te word as Reserwebankvoorspellings vir die werklike veranderinge in M3 gedurende 1990 nie. Die doel daarmee is eerder om aan die publiek en aan die Regering oor te dra watter strekwydte van die moontlike veranderinge in M3 deur die Reserwebank onder die huidige omstandighede, en in die lig van die Bank se doelstelling om die waarde van die geldeenheid te stabiliseer, as gepas beskou word. Afwykings van so 'n gepubliseerde riglyn verskaf derhalwe 'n nuttige maatstaf wat saam met ander belangrike oorwegings die besluite van die Reserwebank by sy toepassing van monetêre beleid beïnvloed.

Die verlaging van die mikpuntgrense met drie persentasiepunte dui die vasbeslotenheid van die monetêre owerhede aan om deur middel van 'n vermindering van die groeikoers van die geldvoorraad 'n bydrae tot

die bekamping van inflasie te maak. Die verlaagde riglyne word geag om versoenbaar te wees met 'n vooruitskating vir groei in die reële bruto binnelandse produk in 1990 van tot 1 persent, 'n oorskot op die lopende rekening van die betalingsbalans van minstens R6 miljard, en 'n geleidelike styging in die amptelike goud- en ander buitelandse reserwes. Terselfdertyd weerspieël die verlaging van die grense aan die riglyne die owerhede se siening dat 'n aantal faktore tans reeds in posisie is – met name die verbeterde stand van sowel die lopende rekening as die kapitaalrekening van die betalingsbalans soos dit in 'n sterker wisselkoers van die rand weerspieël word, matigheid in die fiskale optrede en die kumulatiewe uitwerking van twee jaar van betreklik beperkende monetêre beleid – wat heelwaarskynlik die uitwerking sal hê om inflasie gedurende 1990 te verminder.

Die nastrewing van mikpunte van 11 tot 15 persent vir die toename in M3 in 1990 het belangrike gevolge vir die verlening van krediet aan die private sektor deur alle monetêre instellings. Met inagneming van die verwagte verandering in die land se netto goud- en ander buitelandse reserwes en in die staatsfinansies, beperk dit die toelaatbare groeiakoers in die totale bedrag aan bankkrediet wat aan die private sektor verleen kan word tot gemiddeld slegs ongeveer 1 persent per maand. Die Reserwebank herhaal derhalwe die versoek wat hy in Maart 1989 aan elke bankinstelling gerig het, naamlik om te verseker dat die maandelikse styging in die krediet wat elke bank aan die private sektor verleen, gemiddeld nie hierdie perk van 1 persent sal oorskry nie. Gedurende die afgelope jaar het nie veel banke aan hierdie versoek voldoen nie en samesprekings sal binnekort met verteenwoordigers van die banke gevoer word om middele en maniere te ondersoek om hierdie versoek meer effektief te maak.

Die Bank sal voortgaan om hierdie riglyne met plooibaarheid en met 'n "lae profiel" toe te pas. By die besluitneming oor sy beleidsingesteldheid sal die Reserwebank nie slegs aandag aan die verloop van M3 gee nie, maar ook aan die ontwikkelings in ander veranderlikes. In die besonder sal veranderinge in ander monetêre en krediettotale, die wisselkoers, die nominale en reële bruto binnelandse besteding en produk, pryse en ander algemene ekonomiese aanwysers sorgvuldig onder oë gehou word.

Die laer riglyne vir die groei van M3 in 1990 vorm 'n deel van 'n meer omvattende, gekoördineerde ekonomiese strategie op die middeltermyn waarby konvensionele monetêre en fiskale maatreëls sowel as nywerheidsbeleid en ander vorms van struktuurbeleid betrokke is. Een van die hoofdoelstellings van hierdie middeltermynstrategie is om die inflasiekoers te verminder ten einde die groeipotensiaal van die land te verhoog. Dit behels onder andere dat positiewe reële rentekoerse gehandhaaf moet word. Dit beteken egter klaarblyklik nie dat nominale rentekoerse nie sal verander nie; dit is goed moontlik dat die rentekoerse

bewegings ooreenkomstig veranderinge in die inflasiekoers sal toon. Om deurlopende afwaartse druk op die inflasiekoers te verseker, sal 'n verdere verlaging van die riglyne moontlik in 1991 aangebring moet word.

Opmerkings oor tabelle

Monetêre ontleding – Tabel S-28

Die formaat waarin die monetêre ontleding verskyn, word vanaf hierdie uitgawe van die *Kwartaalblad* gewysig. As gevolg van samesmeltings en oornames waarby banke en bouverenigings in die jongste tyd betrokke was, asook die vervaging in die skeidslyne wat daar voorheen tussen die sake van die verskillende klasse monetêre instellings bestaan het, is die onderskeid tussen bankinstellings en ander monetêre instellings by die berekening van die statistiese teenhangers van M3 nie meer sinvol nie. Die ontleding wat voortaan gepubliseer sal word, het derhalwe betrekking op die gekonsolideerde bates en laste van alle monetêre instellings (bankinstellings, bouverenigings en die Postspaarbank) sonder 'n verdere onderverdeling. Die tabel is ook uitgebrei om die saldo's onderliggend aan die ontleding, voor en na seisoensaansuiwering, op 'n maandgrondslag aan te toon.

Effektiewe wisselkoers – Tabel S-81

Hersiene inligting oor die nominale effektiewe wisselkoers van die rand word in tabel S-81 van hierdie uitgawe van die *Kwartaalblad* gepubliseer. Die nuwe tydreeks is gebaseer op veranderinge in die wisselkoerse van die geldeenheide van slegs ses van Suid-Afrika se belangrikste handelsvennootlande, in plaas van die vier en twintig geldeenheide wat voorheen gebruik is. Hierdie verandering is gemaak om verwringings uit te skakel wat veroorsaak is deur die aansienlike afwykings vanaf die basissyfers wat van tyd tot tyd by enkele van die minder belangrike geldeenheide voorgekom het. Die basis wat in die berekenings gebruik word, is ook verander van 24 Januarie 1979 na die gemiddelde vir die kalenderjaar 1979.

Hierbenewens is 'n nuwe kolom by die tabel ingevoeg wat gegewens voorsien oor die *reële* effektiewe wisselkoers van die rand, dit wil sê die nominale effektiewe koers nadat dit aangepas is vir inflasiever-skilte soos gebaseer op die Suid-Afrikaanse produk-sieprysindeks en op soortgelyke indekse ten opsigte van die ander lande wat by die berekening van die indeks ingesluit is.