

# **Quarterly Bulletin**

## **Kwartaalblad**

**December 1998 Desember**



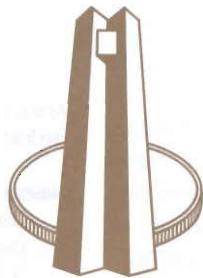
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No. 210



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

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Enquiries relating to this *Bulletin* should be addressed to:

The Head  
Economics Department  
S A Reserve Bank  
P O Box 427  
Pretoria 0001

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# Quarterly economic review

## Introduction

Despite the evident advantages over the longer term of global capital mobility for economies with capital shortages, the growing integration of international capital markets entails the risk that capital flows may dry up from time to time or be reversed as market sentiment changes. The international ramifications of the Asian financial crisis bear testimony to the far-reaching disruption that can be unleashed by sudden changes in investors' sentiment.

The current international financial crisis erupted in July 1997 in Thailand when the pegging of the Thai baht to the US dollar was abandoned. Capital withdrawals – causing the exchange rate and financial asset prices in Thailand to decline sharply – elicited a policy response that was meant to restore financial stability, but this response also slowed down economic activity in the Thai economy. Doubts arose about the sustainability of exchange rate arrangements elsewhere and spillover effects were soon felt in other Asian countries, notably Indonesia, Korea, Malaysia and the Philippines. Growth in Japan also turned negative in late 1997 and remained negative in the first half of 1998.

The turmoil in Asian financial markets and the recession in Japan contributed to a slowdown in global economic growth in the second half of 1997 and in 1998. Financial markets became even more unsettled in 1998 when the Russian government announced a number of emergency measures which included the depreciation of the rouble and a unilateral restructuring of external and domestic debt. Capital flows continued to be redirected to the advanced economies of the world, aggravating the external financing difficulties of emerging-market economies, such as Brazil, where sharp increases in interest rates were required to stem the drain on international reserves. Commodity prices continued to fall in 1998, in part as a result of reduced demand in Japan and the other Asian countries affected by the crisis. This led to significant declines in the export earnings of commodity-producing countries and further increases in the external financing needs of these economies.

The growth inhibiting problems of the developing economies, for instance over-valued exchange rates, low commodity prices, weak financial systems, and unsustainable fiscal and balance-of-payments deficits, have been identified as the reasons for the loss of confidence in emerging markets. South Africa – where macroeconomic stability is not in doubt and the financial system is fundamentally sound – could not escape the spillover effects of the Asian crisis. Some

of the reasons why Asian contagion affected monetary and economic conditions in South Africa were the low domestic savings ratio, the inability to attract sustained inflows of foreign direct investment, the high ratio of short-term external debt to international reserves, the paucity of international reserves and falling commodity prices. The principal elements that transmitted the crisis to South Africa were heavy selling of fixed-interest securities by non-resident portfolio investors which caused an unavoidable rise, of 725 basis points from June to August 1998, in bank lending rates. This had the potential to limit economic activity in the short run.

The real gross domestic product, which had been growing at a subdued pace prior to the onset of the crisis, declined abruptly in the third quarter when business confidence was negatively influenced by the international financial turmoil and export demand was curtailed by the recession in Asia. Apart from the services sectors, where the telecommunications and financial services sectors contributed to positive growth in output, fairly steep rates of decline were recorded in the real value added by the other sectors of economic activity. More specifically, production in the manufacturing sector declined sharply as domestic consumer demand for durable goods declined and the international economy slowed down. Mining output also contracted in the third quarter, partly because of the weak export demand for commodities, whereas agricultural output shrank as a result of a much smaller maize crop.

The decline in the third quarter notwithstanding, year-on-year output growth in gross domestic product during the first three quarters of 1998 was still positive at about  $\frac{1}{2}$  per cent. Largely because of the low base established in the third quarter, projections point to growth of less than  $\frac{1}{2}$  per cent for the whole of 1998. This growth rate is considerably lower than had been expected generally at the beginning of 1998. It also implies a sharp decline in the real income per capita of the South African population in 1998.

In sharp contrast to the decline in real gross domestic production, growth in real gross domestic expenditure accelerated in the third quarter of 1998. All the components of gross final demand, i.e. private consumption, government consumption and fixed investment, continued to increase, but at a slower pace than in the second quarter. The year-on-year growth of real government consumption expenditure and fixed capital expenditure, especially in the public sector, nevertheless persisted at high levels. Household expenditure on non-durable goods and services maintained a sturdy pace, but deep cuts were made in the purchases of durable and semi-durable

household goods. The principal reason for the acceleration in real gross domestic expenditure was the decline in inventory holdings during the third quarter of 1998, which was considerably smaller than the decline recorded in the second quarter. Expectations of weak growth in demand, the high carrying cost of inventories and ongoing improvements in cost-management techniques prompted manufacturers and traders to further economise on their inventory holdings.

Overall growth in factor remuneration slowed down in the third quarter. As is typical during periods of slack economic activity, the growth in gross operating surpluses slowed down more than the growth in labour remuneration, thus raising labour's share in the overall value of production. Corporate saving relative to gross domestic product declined in the process. Together with very modest household savings and increased dissaving by general government, lower corporate saving contributed to a further deterioration in the domestic savings ratio.

Economic growth without job creation has been a troubling aspect of the South African economy over the past two to three years. A small increase in aggregate employment occurred in the second quarter of 1998, but overall employment in 1998 was still well below the levels attained in 1996. The weak employment growth notwithstanding, nominal remuneration per worker continued to increase in 1998 along with a sharp rise in wage-related strikes and work stoppages.

Rising nominal labour remuneration usually leads to higher inflation through cost-induced price pressures, which are reinforced by the aggregate demand pressures arising from the increased spending power of employed workers. However, domestically generated inflation in the first half of 1998 was contained by solid increases in labour productivity and some absorption of production costs by domestic producers. Nonetheless, the rise in the general price level accelerated as the depreciation of the rand raised prices and these effects were passed through the price formation processes. The increases in mortgage interest rates also pushed the consumer price index higher.

The high level of domestic expenditure and efforts by importers to pre-empt expected increases in import prices following the depreciation of the rand, led to a sharp upward movement in merchandise imports and a concomitant widening of the deficit on the current account of the balance of payments. At the same time, the value of merchandise exports and net gold exports improved too, but to a lesser extent than the increase in the value of merchandise imports. Together with a decline in net service payments to the rest of the world, the growth in export earnings contained the deficit on the current account of the balance of payments to approximately 2½ per cent of gross domestic product in the third quarter of 1998.

For the first time since the fourth quarter of 1996, the country experienced an outflow of capital during

the third quarter of 1998. Both long- and short-term capital moved out of the country. To a large extent these outflows were related to the turbulence in the international financial markets which prompted non-residents to sell South African fixed-interest securities, and the weakening of the rand which caused an increase in the use of domestic, instead of foreign credit sources for trade financing. Foreign trade financing of international transactions was effectively discouraged by the high cost of forward cover.

The rand came under downward pressure from May to August 1998 as the international financial situation was affected by the troubles in emerging markets and the unilateral debt restructuring in Russia. Policy steps taken by the Reserve Bank, particularly those that permitted interest rates to rise along with market pressures and the decision that the exchange rate of the rand should find its own level, brought some stability back to the domestic foreign-exchange market. In fact, confidence was restored to such an extent that the rand appreciated by almost 14 per cent from 28 August 1998 to 25 November.

The growth in the broad and the narrower monetary aggregates, and in total domestic credit extension as well, showed signs of abating towards the end of the third quarter of 1998. For the whole of the quarter, monetary and credit growth was still strong and definitely not consistent with the objective of low inflation in the long run. Furthermore, the possibility that past rapid money growth could impact on future inflation continued to lurk in the background, compelling the Reserve Bank to maintain a cautious position regarding the easing of monetary policy. The tightening of monetary conditions following the destabilisation of the domestic securities markets, unavoidably led to higher interest rates and contributed to the decline in aggregate output in the third quarter. The slowdown in the growth in output was part of the inescapable adjustment process that was necessary for the restoration of financial stability.

Money market interest rates firmed until the middle of September because of the unsettled state of international financial markets, the weakness of the rand and renewed fears of inflation at that time. A gradual decline followed, which was endorsed by the Reserve Bank around the middle of October. The Bank then reduced the daily underprovision of liquidity to the banks and later began to provide the full amount of the banks' daily liquidity needs. The repurchase rate of the Reserve Bank started to decline and on 24 November 1998 was some 200 basis points lower than on 13 October. This decline in the cost of funding allowed the banks to lower their prime overdraft rates on two occasions by one percentage point at a time.

The raising of funds by the public sector in the primary bond market was lower in the first half of the current fiscal year than in the first half of the previous fiscal year. Private-sector companies, in turn, raised

only a small amount of new capital in the primary debt market, focusing almost entirely on bank credit extension and the primary market for equity capital to meet their financing requirements.

The South African financial markets underwent a period of major adjustment from May to August 1998 when emerging markets around the world were under pressure and the stability of the global financial system was questioned at times. The adjustment process was triggered by the net selling of fixed-interest securities by non-resident investors from May 1998. Yields on long-term government bonds, which had been drifting downwards in the first four months of the year, rose strongly to their highest average monthly level ever – exceeding the averages registered in December 1985 after the announcement of the foreign-debt standstill. As has occurred in other emerging markets, equity values declined sharply – the average price level of all classes of shares in September 1998 was some 39 per cent lower than in May. Bond and share prices then recovered somewhat in October and November. Nonetheless, the dollar value of South African listed shares declined by 26 per cent between December 1997 and October 1998. Non-resident investors, however, continued to increase their equity holdings in listed companies during the first ten months of 1998, ostensibly in complete disregard of the decline in asset values.

The overall public-sector borrowing requirement, in absolute value and relative to gross domestic product, declined in the first half of fiscal 1998/99 in comparison with the same period in the previous fiscal year. Similarly, the deficit before borrowing and debt repayment on the Exchequer account as a ratio of gross domestic product, decreased from the first half of fiscal 1997/98 to the first half of fiscal 1998/99.

The Minister of Finance increased the projected deficit on the national government's budget for the current fiscal year from 3,5 per cent of gross domestic product to 3,9 per cent when the Adjustments Budget was submitted to Parliament on 2 November 1998. This increase does not signal a deviation from government's deficit reduction programme. As spelt out in the Medium Term Expenditure Framework, government remains firmly committed to containing the budget deficit to 3 per cent of gross domestic product, but one fiscal year later than originally envisaged.

## Domestic economic developments

### Domestic output<sup>1)</sup>

South Africa's real gross domestic product declined in the third quarter of 1998. After having increased at a seasonally adjusted and annualised quarter-to-quarter rate of  $\frac{1}{2}$  per cent in each of the four successive quarters up to the second quarter of 1998, real value added declined at a rate of about  $2\frac{1}{2}$  per cent in the third quarter. The level of gross domestic product in the first three quarters of 1998 was still about  $\frac{1}{2}$  per cent more than in the corresponding period of the previous year. However, for 1998 as a whole, economic growth is projected to fall below  $\frac{1}{2}$  per cent.

*Agricultural output* declined substantially in the third quarter of 1998 when the full impact of the smaller than expected maize crop was felt. Currently maize production in the 1997/98 production year is estimated at 7,6 million tons or about 25 per cent less than the previous season's crop of 10,1 million tons. If the agricultural sector is excluded, the real output of the other sectors still declined at a seasonally adjusted and annualised rate of about  $1\frac{1}{2}$  per cent in the third quarter of 1998 compared with steady, virtually unchanged output levels in the first two quarters of the year.

<sup>1)</sup> Minor revisions were made to the national accounts data and incorporated in this issue of the *Quarterly Bulletin*. These revisions are based on more detailed or more appropriate data that have been made available during 1998. More comprehensive revisions are envisaged in the first half of 1999 when most benchmark estimates will be evaluated afresh

Total real output in the *mining sector*, which had contracted at seasonally adjusted and annualised rates of  $4\frac{1}{2}$  per cent in the first quarter of 1998 and  $\frac{1}{2}$  per cent in the second quarter, declined further at an annualised rate of 2 per cent in the third quarter. The downward trend in mining output was evident in most of the major subsectors, such as gold and coal. Mining products were adversely affected by weak international demand, particularly from the depressed economies in Asia, and a severe slump in commodity prices.

The real output of the *manufacturing industry*, which accounted for 24 per cent of total gross domestic product in 1997, declined at a seasonally adjusted and annualised rate of 5 per cent in the third quarter of 1998, following somewhat more moderate declines of  $1\frac{1}{2}$  per cent in the first quarter and 3 per cent in the second quarter. The weakness of manufacturing production is explained by sharp increases in the number of workdays lost because of strikes and other forms of labour unrest, the slowdown in the growth of aggregate final demand, weak growth in export demand, particularly from the Far East, and steadily diminishing activity in the primary sectors. The rate of capacity utilisation in manufacturing declined to 80% per cent in the first half of 1998. As recently as 1995 the capacity utilisation rate had been 83½ per cent.

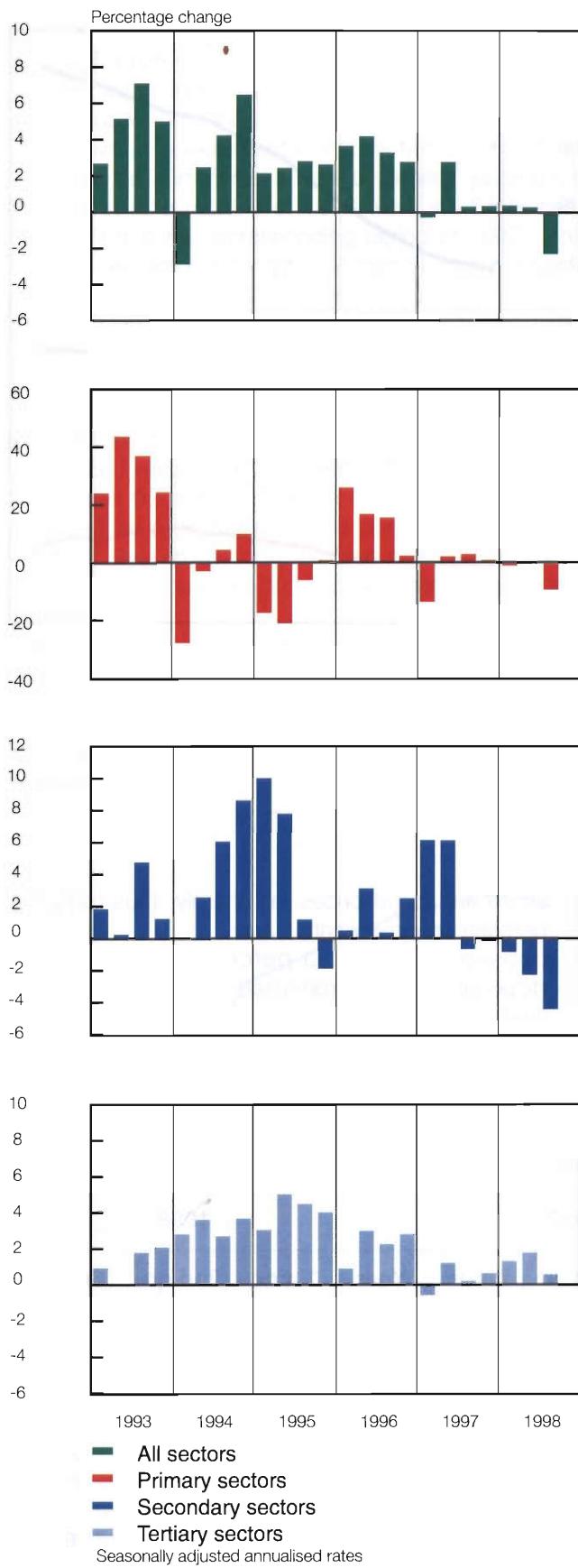
In the *other secondary sectors*, the real value added by the sector supplying electricity, gas and water declined slightly in the third quarter of 1998 because the unusually mild winter had reduced the demand for electricity for heating purposes in South Africa and the neighbouring countries and there was also a decline in the industrial consumption of electricity. In addition, real value added by the construction sector declined as the general slowdown in building

**Table 1. Real gross domestic product**

Percentage change at seasonally adjusted and annualised rates

Sectors	1997					1998		
	1st qr	2nd qr	3rd qr	4th qr	Year	1st qr	2nd qr	3rd qr
Primary sectors.....	-13½	2	3	1	$\frac{1}{2}$	-1	0	-9½
Agriculture.....	-31	-5	-½	0	-1	5	1½	-19½
Mining .....	1½	7	5	1½	1	-4½	-½	-2
Secondary sectors.....	6	6	-½	0	3	-1	-2½	-4½
Manufacturing .....	7	6½	-1	-½	3½	-1½	-3	-5
Tertiary sectors .....	-½	1	0	$\frac{1}{2}$	1	1½	1½	$\frac{1}{2}$
Commerce.....	-2	2	-1½	-½	$\frac{1}{2}$	1½	1½	-½
Transport, storage and communication .....	$\frac{1}{2}$	4½	3	2½	2½	1	2½	1½
Financial and other services .....	2	2	1	1½	2½	3	3½	1
<b>Total .....</b>	<b>-½</b>	<b>2½</b>	<b>½</b>	<b>½</b>	<b>1½</b>	<b>½</b>	<b>½</b>	<b>-2½</b>

## Growth in real gross domestic product



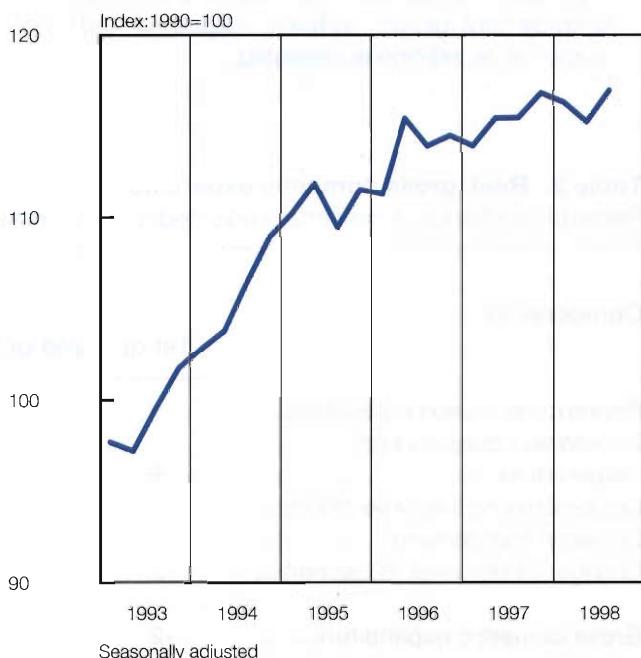
and construction activities was aggravated by the relatively high level of mortgage interest rates.

The real value added by the tertiary sectors continued to increase in the third quarter of 1998, albeit at an annualised rate of  $\frac{1}{2}$  per cent which was significantly lower than the growth of  $1\frac{1}{2}$  per cent in the second quarter. The subdued mood in the business sector and among consumers slowed the rate of increase in real value added by most of the various types of tertiary activities. Nevertheless, the growth in real value added by the transport, storage and communications sector was boosted by the expansion of the telecommunications network. The relatively high levels of activity in the equity, bond and other financial markets supported further growth in the sector for finance, insurance, real estate and business services, although growth slowed to lower levels than what had previously been experienced. By contrast, real value added by the motor trade declined in the third quarter of 1998 as the greater financial burden of financing high-value consumer durables began to have an adverse influence on motorcar sales.

## Domestic expenditure

After aggregate real gross domestic expenditure had declined in the first two quarters of 1998, it rose firmly at a seasonally adjusted and annualised rate of 6 per cent in the third quarter. Since domestic spending grew decidedly faster than domestic output, net foreign trade in goods and services made a further negative

## Real gross domestic expenditure



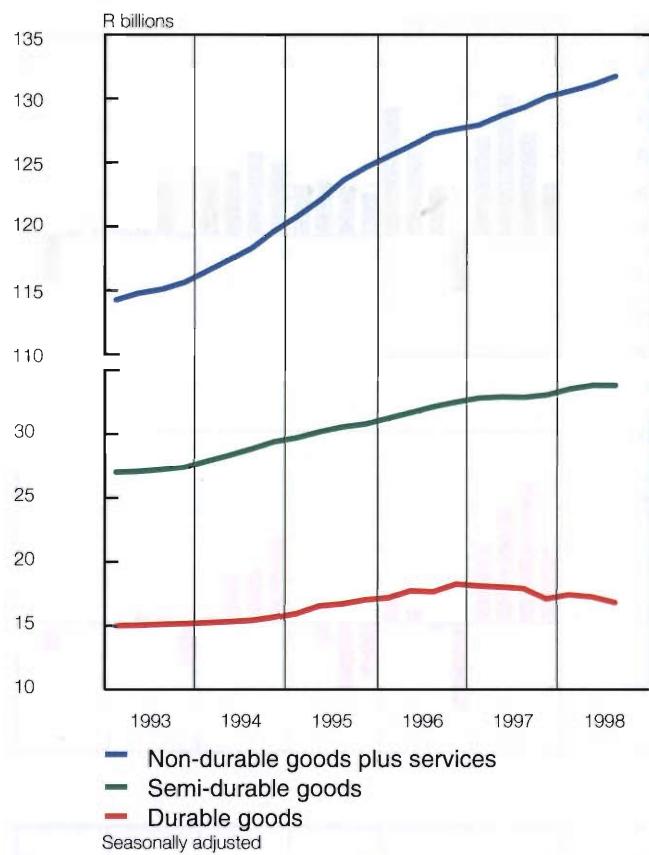
contribution to the growth of gross domestic product: imports rose whereas exports declined. Whereas quarter-to-quarter growth in gross domestic expenditure accelerated in the third quarter of 1998, the growth in gross final demand slowed modestly, implying a smaller inventory disinvestment in the third quarter than in the second quarter.

*Real private consumption expenditure* grew at a seasonally adjusted and annualised rate of  $\frac{1}{2}$  per cent in the third quarter of 1998, compared with  $1\frac{1}{2}$  per cent in the second quarter. Much of the slowdown is accounted for by a fall in the expenditure on durables, particularly purchases of new motor vehicles, which declined at an annualised rate of 21 per cent. For the three quarters to the end of September 1998, total expenditure on transport equipment by households was about 13 per cent lower than in the corresponding period of 1997. Real outlays on furniture and household appliances declined at a rate of 9 per cent in the third quarter of 1998, while expenditure on semi-durable goods also declined slightly.

Consumption expenditure is determined less by temporary changes in income than by changes in people's expectations about income over their lifetime. Nevertheless, changes in current income will affect consumption as they have an influence on future income and consumer confidence. The value of household wealth is an indication of permanent investment income, because it represents expectations of future income from financial assets. By contrast, outstanding debt reduces the amount of wealth that can be devoted to household consumption. All three of these forces worked against strong increases in consumption expenditure in the third quarter:

- aggregate household real income grew slowly as employment growth virtually stagnated and consumer price inflation accelerated;

### Real private consumption expenditure



- share and bond prices fell sharply, thus reducing personal financial wealth; and
- consumer debt as a percentage of personal disposable income remained at the relatively high level of about 66 per cent.

**Table 2. Real gross domestic expenditure**

Percentage change at seasonally adjusted and annualised rates

Components	1997					1998		
	1st qr	2nd qr	3rd qr	4th qr	Year	1st qr	2nd qr	3rd qr
Private consumption expenditure....	1	$1\frac{1}{2}$	1	$\frac{1}{2}$	2	$2\frac{1}{2}$	$1\frac{1}{2}$	$\frac{1}{2}$
Government consumption expenditure.....	6	$7\frac{1}{2}$	9	$11\frac{1}{2}$	7	3	$2\frac{1}{2}$	2
Gross domestic fixed investment ....	2	3	3	$1\frac{1}{2}$	$3\frac{1}{2}$	6	$9\frac{1}{2}$	8
Domestic final demand .....	$2\frac{1}{2}$	3	3	3	$3\frac{1}{2}$	3	$2\frac{1}{2}$	
Change in inventories (R billions)* ....	-2,7	-2,3	-4,4	-3,0	-3,1	-8,7	-8,8	-6,7
<b>Gross domestic expenditure.....</b>	<b>-2</b>	<b><math>5\frac{1}{2}</math></b>	<b>0</b>	<b><math>4\frac{1}{2}</math></b>	<b><math>1\frac{1}{2}</math></b>	<b><math>-1\frac{1}{2}</math></b>	<b><math>-3\frac{1}{2}</math></b>	<b>6</b>

\* Constant 1990 prices, annualised

The annualised growth in *real consumption expenditure by general government* slowed down progressively from 3 per cent in the first quarter of 1998 to 2½ per cent in the second quarter and about 2 per cent in the third quarter. Spending containment by provincial governments and limited growth in real personnel remuneration were the main factors responsible for this slowdown in government consumption expenditure. However, the current real outlays by general government in the first nine months of 1998 were still 6 per cent higher than in the corresponding period of 1997. The increase in real consumption expenditure by general government was 7 per cent in the calendar year 1997.

The upward trend in *real gross domestic fixed investment* which was established during the third quarter of 1993 was maintained in the third quarter of 1998. Current estimates suggest that increases in total real gross domestic fixed capital formation, at annualised rates, of 6 per cent in the first quarter of 1998 and 9½ per cent in the second quarter were followed by a further rise of 8 per cent in the third quarter. Real gross domestic fixed capital formation in the first three quarters of 1998 was some 5 per cent

higher than in the first three quarters of 1997. In the whole of 1997 growth in real gross domestic fixed investment was 3½ per cent. The sustained high increases in capital formation throughout the first three quarters of 1998 were brought about by an expansion of public-sector fixed investment. Real gross domestic fixed investment by the private sector has declined since the second quarter of 1998.

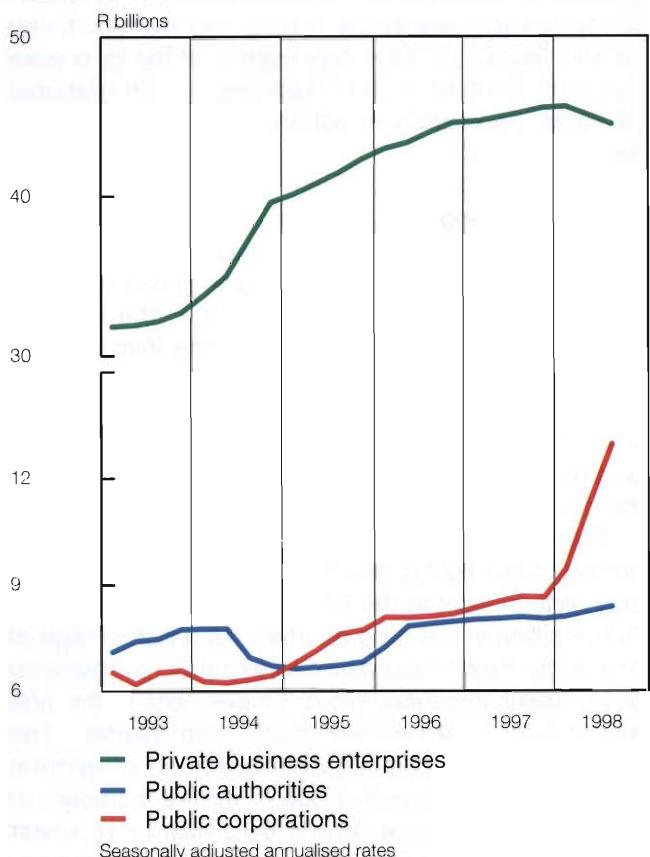
Real capital formation by the *public sector* grew at quarter-to-quarter annualised rates of between 22½ and 52½ per cent in the first three quarters of 1998. The expansion of the telecommunications network and the fleet of passenger aircraft of the national airline featured prominently among the capital projects of parastatals. As a consequence of these and other capital programmes, gross domestic fixed investment by public corporations was about 31½ per cent higher in the first three quarters of 1998 than in the corresponding period of 1997.

In the *private sector*, *real gross domestic fixed investment* began to lose momentum during the first quarter of 1998 when it grew at an annualised rate of only ½ per cent, followed by declines at rates of 4½ per cent in the second quarter and 5 per cent in the third. Year-on-year growth in real fixed investment by the private sector was accordingly reduced to ½ per cent in the first three quarters of 1998 compared with 3 per cent in the whole of 1997. A classification of capital spending in the private sector by type of economic activity indicates that capital spending declined in the agricultural, manufacturing and financial services sectors. However, increases in capital spending were still reported by the mining and commercial sectors during the third quarter of 1998.

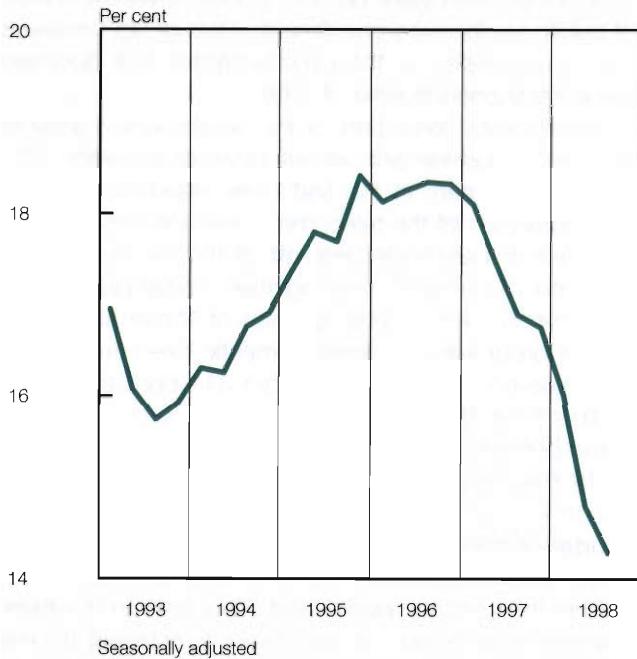
The absolute decline in *inventory investment* since the first quarter of 1997 became more pronounced from the beginning of 1998. Expressed at constant 1990 prices, inventories declined at an average annualised rate of R8,8 billion in the first two quarters of 1998 and by about R6,7 billion in the third quarter. The decline in inventory levels in the third quarter of 1998 by a smaller amount than in the first two quarters had the effect of raising overall growth in gross domestic expenditure by about 3 percentage points.

Apart from an increase in inventory holdings in the sector transport, storage and communication and some unplanned inventory build-up in the motor trade, the overall level of industrial and commercial inventories declined in the third quarter of 1998, although less markedly than in the first half of the year. Improved inventory management techniques have helped manufacturers and traders to reduce their desired level of inventories as a proportion of production since the beginning of the current decade. The desired inventory level is negatively affected by borrowing costs, and short-term interest rates have moved sharply higher. As a consequence, the level of commercial and industrial inventories relative to production declined to

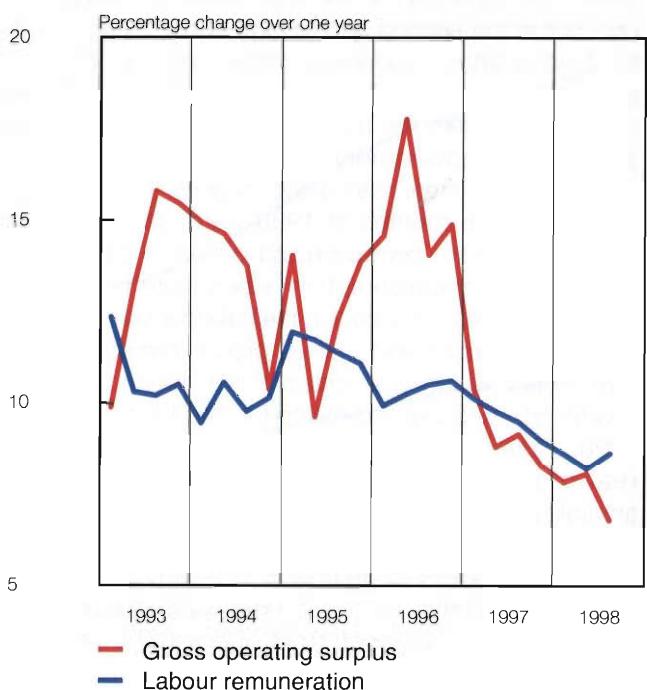
## Components of real gross domestic fixed investment



### Industrial and commercial inventories as percentage of non-agricultural gross domestic product



### Gross operating surplus and labour remuneration



a low level of 14½ per cent in the third quarter of 1998. Some improvement in inventory management techniques might also have occurred.

#### Factor income

The growth over four quarters in total nominal factor income at market prices decelerated from an average increase of about 9 per cent in the first two quarters of 1998 to 8 per cent in the third quarter. The slower growth in factor income could be ascribed to weaker growth in the operating surpluses of business enterprises which was partially offset by somewhat stronger growth in total labour remuneration. The year-on-year growth in aggregate labour remuneration amounted to 8½ per cent in the first three quarters of 1998, which was higher than the corresponding growth of 7½ per cent in total nominal operating surpluses. As aggregate employment in the formal sectors of the economy was considerably lower in the first half of 1998 than in the first half of 1997, the growth in total labour remuneration should be attributed to rising salaries and higher wages per worker.

Growth in the nominal gross operating surpluses of business enterprises, measured over periods of four quarters, slowed down slightly from an average of 8 per cent in the first half of 1998 to 7 per cent in the third quarter. This weaker growth was mainly due to a deterioration in the gross income of farmers and a

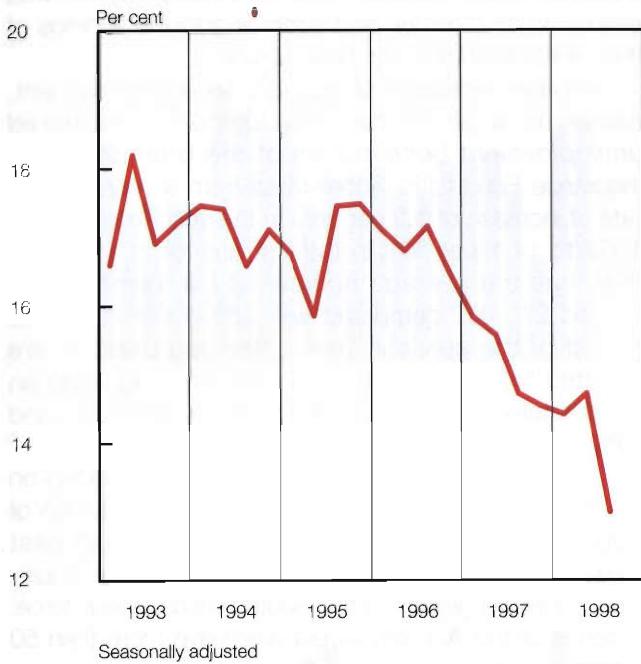
general slowdown in profit growth in all the major sectors of the economy. Initial increases in the profitability of exporters in the mining and manufacturing sectors arising from the depreciation of the rand were more than offset by the slackness in international demand, particularly in Japan and other Southeast Asian countries.

#### Domestic saving

The national propensity to save weakened further and the ratio of gross domestic saving to gross domestic product declined from 14½ per cent in the first two quarters of 1998 to 13 per cent in the third quarter. This low savings ratio, which is insufficient for the investment and development needs of the economy, was the result of increased dissaving by general government and weaker, though still positive, saving by the private sector.

Net dissaving by general government deteriorated from R22,0 billion (seasonally adjusted and annualised value) in the first two quarters of 1998 to R25,5 billion in the third quarter. As a percentage of gross domestic product, dissaving by general government increased from 3½ per cent in the first half of 1998 to 4 per cent in the third quarter. The weakening in the savings performance of general government was primarily due to further increases in consumption expenditure and higher interest payments, which together increased faster than tax receipts.

## Gross domestic saving as percentage of gross domestic product



The corporate sector's net saving came under pressure in the third quarter of 1998 as operating surpluses slowed down, or even declined, for example in the primary sectors of the economy. Consequently, net corporate saving declined from 4½ per cent of gross domestic product in the first two quarters of 1998 to 3½ per cent in the third quarter. Household saving was equally constrained by a desire to maintain consumption habits against the backdrop of rising debt-servicing costs and a slowdown in real income growth. As a percentage of gross domestic product, household savings declined slightly from the first two quarters of 1998 to a marginally lower level in the third quarter.

## Employment

Positive growth in aggregate real gross domestic product since 1996 has not been successful in lifting the employment-creating capacity of the South African economy. In fact, the level of *overall employment in the formal non-agricultural sectors* of the economy declined persistently from one quarter to the next during 1996 and 1997. A further decline in total employment occurred in the first quarter of 1998, but this was followed by a marginal increase at a seasonally adjusted and annualised rate of 1,1 per cent in the second quarter. (The second quarter of 1998 is the latest period for which information has been released by Statistics South Africa.)

The increase in formal non-agricultural employment from the end of the first quarter of 1998 to the end of

the second quarter was not uniformly distributed across all sectors of the economy. Of the eight main sectors identified by Statistics South Africa, increases were registered in five, namely

- construction;
- wholesale, retail and motor trade;
- catering and accommodation services;
- transport, storage and communication; and
- community, social and personal services.

These increases were partially offset by declines in employment in mining and quarrying; manufacturing; and electricity generation.

The decline in employment in the formal sectors of the economy over the past two to three years was essentially the result of steps taken by domestic private-sector producers who faced strong demands for higher real wages in an increasingly competitive international environment. Employers facing such demands can typically adjust their employment practices in three different ways:

- (i) Accept the demands for higher real wages. This reaction will almost invariably lead to growing numbers of loss-making businesses and might also induce employers to increase output prices in an attempt to restore profitability. In a disinflationary international environment, this could lead to a continuous loss of competitiveness and declining profitability until firms are forced to close down.
- (ii) Resist the demand for higher remuneration of employees to maintain or restore and improve profitability, thereby preserving existing jobs and possibly creating new employment opportunities.
- (iii) Improve productivity by investing in new machinery and equipment and by reducing the size of the workforce. This would increase the capital intensiveness of the production technology used by the firm and lower its labour intensiveness.

The improvement of productivity in the production process has apparently been the approach adopted by most businesses in South Africa since 1996. Faced by persistent demands for higher real wages and salaries, employers have reacted by introducing more capital-intensive methods of production and by reducing the size of their workforce. The outcome was a decline in aggregate employment and a rise in production per worker. The increased demand for capital investment also exerted upward pressures on the level of real interest rates.

Alongside declining employment in the formal non-agricultural private sector there were also efforts in the *public sector* to contain the growth in consumption expenditure by general government and to improve the efficiency of public-service delivery. As a result,

employment in the public sector generally declined from the third quarter of 1996 – a trend that was consistent with government's intentions as enunciated in various public policy statements, including GEAR. Nonetheless, the ratio of employment by public authorities to total employment in the formal non-agricultural sectors increased from 34,1 per cent in the second quarter of 1996 to 36,0 per cent in the second quarter of 1998.

The final results of the 1996 *Population Census* were released by Statistics South Africa on 20 October 1998. The census provides benchmark values for various key dimensions of the South African population. Of the total population of 40,6 million in 1996, 13,8 million were found to be economically active. Those without work numbered 4,7 million, equivalent to 33,9 per cent of the economically active population. This unemployment rate is consistent with the "wide definition" of unemployment according to which those who had not taken active steps to find work are also counted as part of the economically active population. *Official unemployment* as a per-

tage of the economically active population, which is based on the premise that potential workers must have taken active steps to find employment before being included in the economically active population, was estimated at 21,6 per cent according to the findings of the 1996 *October Household Survey*.

Another indicator of changes in unemployment, namely changes in the *total number of registered unemployment beneficiaries* of the Unemployment Insurance Fund (UIF), accelerated from a year-on-year rate of increase of 1,2 per cent in the second quarter of 1997 to 14,1 per cent in the first quarter of 1998. At that time the average number of UIF beneficiaries totalled 273 000 compared with 239 000 in the same period of the previous year. New registrations are reported to be at their highest level ever, signalling an inordinately high level of job losses in late 1997 and early 1998.

The Employment Equity Bill of 1997 was placed on the statute book on 16 October 1998 as Act No. 55 of 1998. The purpose of the Act is to redress past inequities and to increase the representation of previously disadvantaged groups in the South African labour force. In terms of this Act, employers who have more than 50 workers, shall

- consult employees about an employment equity plan;
- prepare a profile of the plan;
- implement the plan; and
- report annually to the Department of Labour regarding the plan.

Compliance with the Employment Equity Act will be monitored by a part-time commission, labour inspectors, the Labour Court, the Commission for Conciliation, Mediation and Arbitration and the director-general of the Department of Labour.

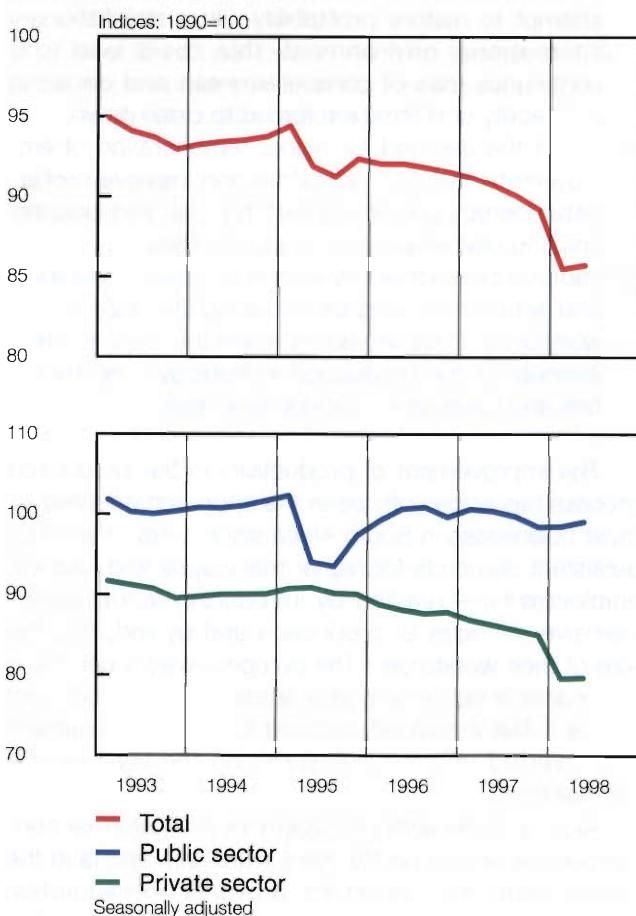
The Presidential Jobs Summit was held on 30 October 1998. The intention with this Summit was to bring government, the business community and the organised labour movement together to seek ways of improving the employment-creating capacity of the economy. Consensus was reached on a wide range of job-creating programmes, including

- the introduction of youth brigades to promote youth employment;
- the refocusing of special employment programmes to target marginalised communities;
- proposals on housing provision which included new financial mechanisms to finance low-cost housing;
- tourism initiatives;
- measures to address skills development; and
- the consolidation of existing projects into a more coherent whole.

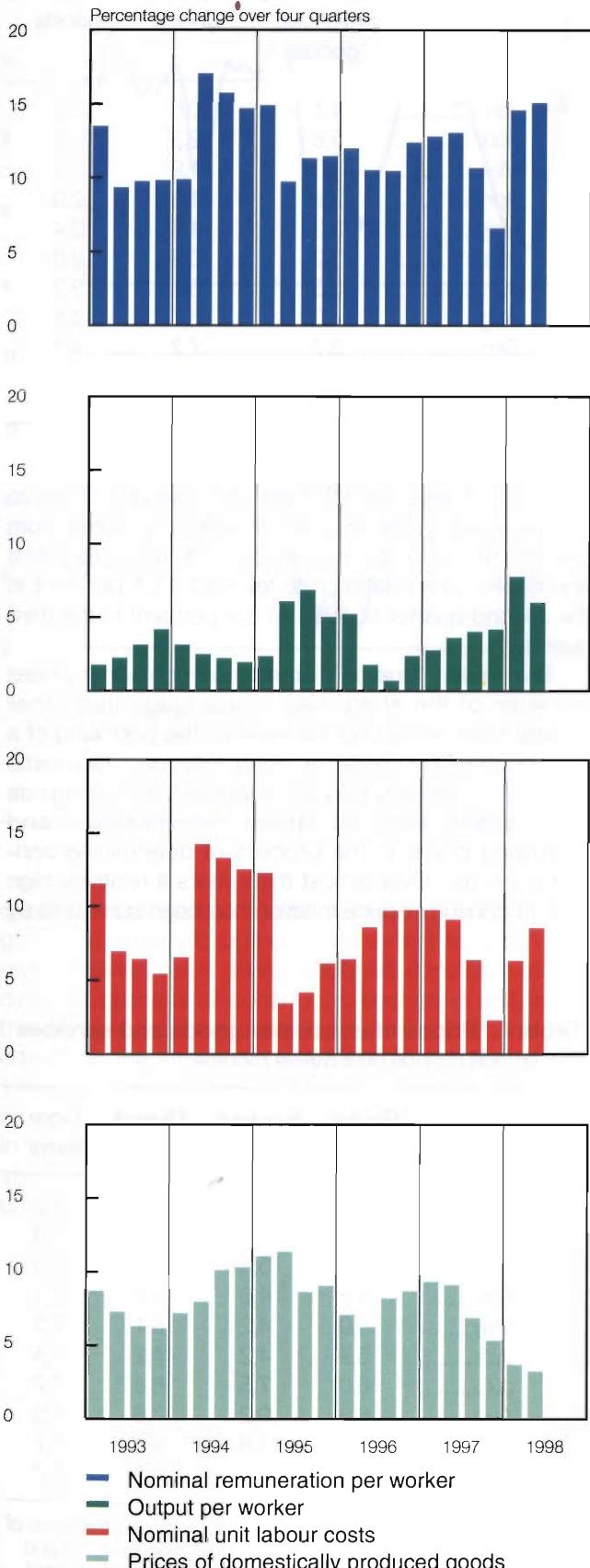
### **Labour costs and productivity**

Price increases, which may be equated with inflation in the short run, depend critically upon developments in the labour market and, in particular, on the behaviour

### **Non-agricultural employment**



## Non-agricultural labour productivity, remuneration per worker, unit labour costs, and production prices



of unit labour costs. After more than two years of below-potential economic growth and generally declining employment, the upward pressure on labour costs was so strong that the average remuneration per worker was still rising faster than output prices. This growth in the nominal remuneration of employees contributed to persistently rising private consumption expenditure and aggregate gross domestic demand. If price pressures and an acceleration of inflation are to be avoided in this context, aggregate demand growth has to be reduced through other means, such as a more restrictive monetary policy, to a path consistent with low and stable inflation.

The rate of increase over four quarters in *nominal remuneration per worker in the formal non-agricultural sectors* of the economy exceeded the increase in output prices by a fair margin in the first half of 1998. However, the potential inflationary impact of these cost increases was partly counteracted by the strong *productivity* increases that were reflected in rising output volumes per employed worker. Moreover, nominal labour cost increases were not fully neutralised by productivity increases, causing nominal unit labour costs to rise faster than output prices (as indicated by the increase over one year in the price index of domestically produced goods) in the first half of 1998.

Labour market conditions were indeed turbulent in the first three quarters of 1998. The number of mandays lost due to strikes and work stoppages rose sharply from 310 000 in the first three quarters of 1997 to 1,85 million in the corresponding period in 1998. Wage disputes caused 98,5 per cent of the total number of strikes in the nine months to September 1998 – the highest level recorded over an eight-year period.

### Inflation

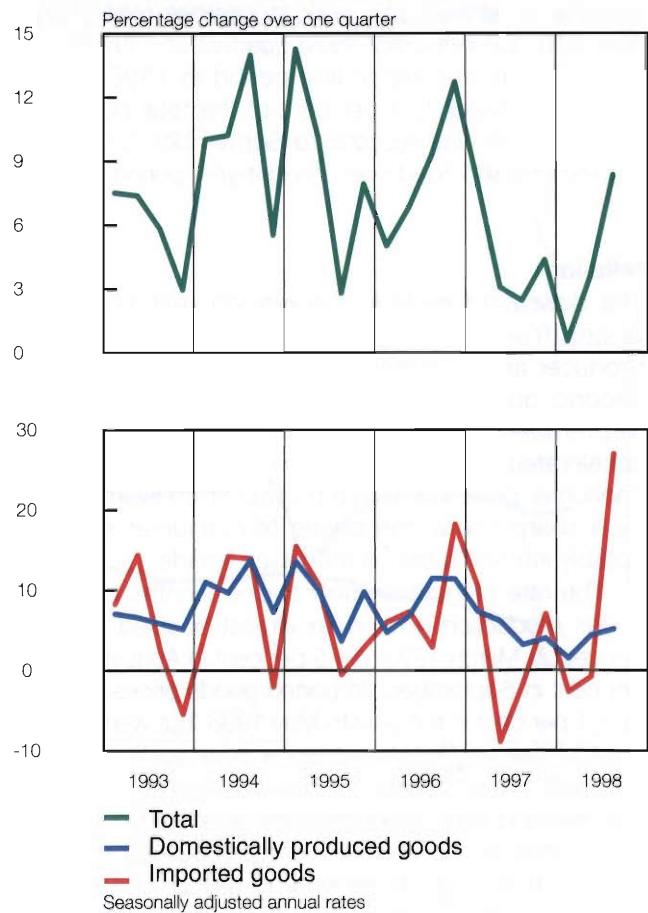
The downward cycle in the year-on-year increase in prices from the beginning of 1997, both at the producer and consumer level, came to an end in the second quarter of 1998. Over the six months to September 1998 the growth in production prices accelerated appreciably as the rand depreciated. The consumer price index, in turn, was strongly influenced by a sharp rise in the prices of consumer services, notably interest rates on mortgage bonds.

The rate of increase over twelve months in the *all-goods production price index* almost doubled from 2,3 per cent in March 1998 to 4,5 per cent in August and 4,3 per cent in September. Imported goods prices declined by 1,1 per cent in the year to May 1998, but were 7,8 per cent higher in October than a year earlier. When measured from quarter to quarter and at seasonally adjusted and annualised rates, the acceleration in prices of imported goods was far more pronounced – a price rise of 0,8 per cent in the second quarter of 1998 was followed by an increase of 26,9 per cent in the third quarter.

The pass-through from the depreciation of the rand and the attendant imported goods price increases to the prices of domestically produced goods was rather weak in the third quarter of 1998. The year-on-year increase in the prices of *domestically produced goods* accelerated only moderately from 3,2 per cent in June 1998 to 4,0 per cent in August and 3,8 per cent in October. Taking into consideration the relatively strong increases in nominal unit labour costs and the rise in the prices of imported intermediate goods, some acceleration of the increase in the production price index can reasonably be expected. Alternatively, cost increases will have to be absorbed by domestic producers.

The *overall consumer price index*, inclusive of mortgage interest payments, rose by 9,1 per cent in the twelve months to September 1998 compared with 5,0 per cent in April. Services price increases over twelve months have been higher than goods price increases since July 1998, largely because of the strong rise in interest payments on mortgage bonds. Therefore, when *core inflation* is considered, the acceleration of year-on-year price increases was more

### Production price index



**Table 3. Production price indices**

Percentage change over twelve months

	Domestically produced goods	Imported goods	All goods
1998: Jan.....	4,1	-0,5	3,2
Feb.....	3,6	-2,3	2,5
Mar.....	3,3	-1,9	2,3
Apr.....	3,2	1,3	2,9
May.....	3,3	-1,1	2,4
Jun.....	3,2	0,9	2,8
Jul.....	3,5	5,1	3,7
Aug.....	4,0	6,7	4,5
Sep.....	3,7	7,2	4,3
Oct.....	3,8	7,8	4,5

subdued. It rose from 6,9 per cent in March 1998 to 7,7 per cent in September. Indeed, measured from quarter to quarter the seasonally adjusted and annualised core inflation rate fell from 11,1 per cent in the second quarter of 1998 to 6,2 per cent in the third quarter.

The recent "one-off" increase in consumer prices because of the sharp rise in mortgage and other interest rates should not be seen as the beginning of a new continuous phase of rising inflation. Domestic demand conditions play an important role alongside input costs, such as labour remuneration and borrowing costs, in the process of determining consumer prices. Over almost thirty years a relatively high level of consumer price inflation has been sustained by

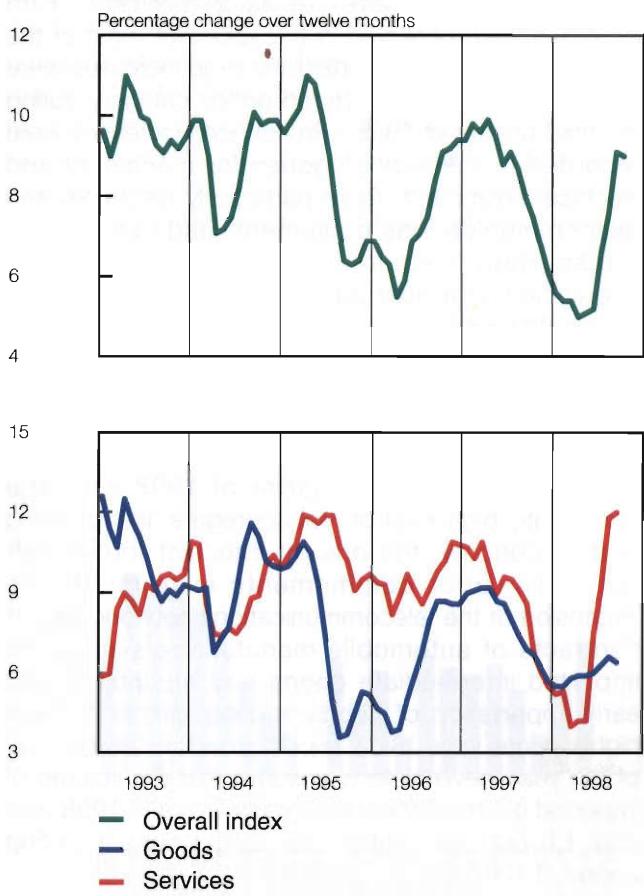
**Table 4. Prices of consumer goods and services**

Percentage change over twelve months

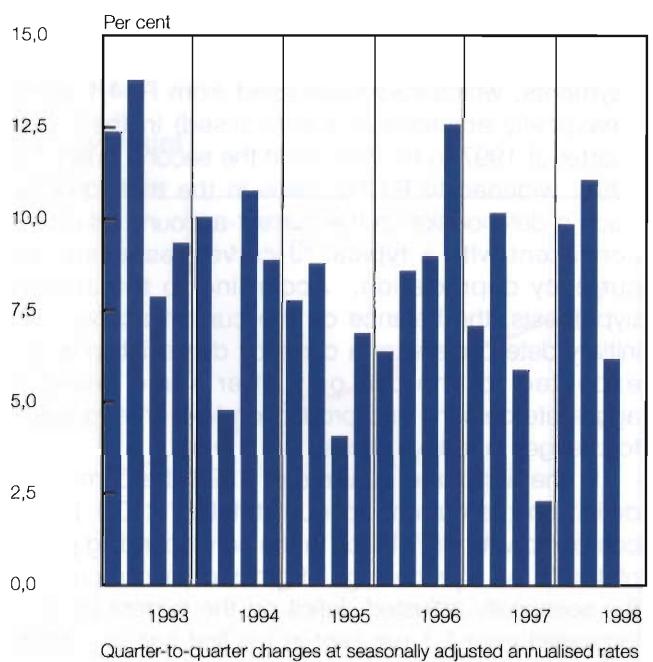
	Goods	Services	Overall	Core items*
1998: Jan.....	5,7	5,5	5,6	7,2
Feb.....	5,5	5,2	5,4	7,0
Mar.....	5,5	5,3	5,4	6,9
Apr.....	5,8	4,0	5,0	7,1
May.....	5,9	4,2	5,1	7,3
Jun.....	5,9	4,2	5,2	7,4
Jul.....	6,0	7,5	6,6	7,2
Aug.....	6,3	9,2	7,6	7,6
Sep.....	6,6	11,8	9,1	7,7
Oct.....	6,4	12,0	9,0	7,7

\* Change in the overall consumer price index excluding the prices of fresh and frozen meat and fish, and of vegetables, fresh fruit and nuts; interest rates on mortgage bonds, overdrafts and personal loans; value-added tax and property taxes

## Consumer prices



## Core inflation



growth in aggregate domestic demand in excess of the growth in domestic output. The extent to which the rise in interest rates during 1998 will contribute in the dynamic process of continuous economic activity to the dampening of growth in domestic demand will determine the slowdown in inflation in the first half of 1999. The slowing effect of weaker growth in demand on observed inflation will be reinforced by slowdowns in the rate of increase in the consumer price index, stemming from reductions in interest rates and the unwinding of the effects of the rand's depreciation.

## Foreign trade and payments

### Current account

The deficit on the current account of the balance of payments, which had contracted from R14,1 billion (seasonally adjusted and annualised) in the fourth quarter of 1997 to R5,7 billion in the second quarter of 1998, widened to R17,8 billion in the third quarter. Such a deterioration in the current-account balance is consistent with a typical "J-curve" response to a currency depreciation. According to the J-curve hypothesis, the balance on the current account will initially deteriorate after a currency depreciation and is expected to improve only after some delay as aggregate demand and production take time to adjust to changes in relative prices.

In the first three quarters of 1998 the cumulative deficit on the current account totalled R10,1 billion, compared with R5,7 billion in the corresponding period of 1997. As a percentage of gross domestic product, the seasonally adjusted deficit on the current account increased from 1,1 per cent in the first half of 1998 to 2,7 per cent in the third quarter.

A sharp rise in the value of merchandise imports was the main factor responsible for the deterioration in the balance on the current account in the third quarter of 1998. Part of the rise in the value of imports during the third quarter of 1998 was due to the declining exchange rate which increased the prices in rand of imported goods. The value of exports also rose as a consequence of the depreciation of the rand, but this rise could not fully offset the increase in import values. Net service and transfer payments to the rest of the world declined moderately in the third quarter of 1998, preventing an even greater deterioration in the current-account balance.

The value of *merchandise imports* (seasonally adjusted and annualised) which had shown limited growth from the third quarter of 1997 to the second

quarter of 1998, rose exceptionally strongly from R134,7 billion in the second quarter of 1998 to R163,0 billion in the third quarter, i.e. by 21 per cent. Firm increases were observed in the values of most of the import categories, but particularly large increases were registered in the manufactured goods category during the third quarter of 1998. Pronounced increases were recorded in the subcategories for machinery and electrical equipment, more particularly electronic and telecommunications equipment, and vehicle and transportation equipment which included the acquisition of a new passenger aircraft by South African Airways.

The physical quantity of goods imported rose by 6½ per cent from the second to the third quarter of 1998. The factors primarily responsible for the rise in the volume of merchandise imports between the second and the third quarter of 1998 were the persistently high level of real aggregate final demand in the economy, the one-off effect of the aircraft purchase, prior commitments in terms of the expansion of the telecommunications network, export contracts of automobile manufacturers requiring imported intermediate goods and equipment and early importation of goods and equipment to beat higher prices later. Slow import growth in the first half of the year, nevertheless, ensured that the volume of imported goods in the first three quarters of 1998 was only 1,8 per cent higher than in the corresponding period of 1997.

*Import price increases* were rather subdued in the first half of 1998 as inflation was kept at low levels in trading-partner countries and international oil prices remained depressed. These disinflationary forces were countered, but only modestly so, by a mild depreciation of the rand by about 4 per cent in the first four and a half months of 1998. In the third quarter of 1998, however, the full impact of the sharp decline in the nominal effective exchange rate of the rand between the middle of May and 6 July was felt; import

**Table 5. Balance of payments on current account**

Seasonally adjusted and annualised

R billions

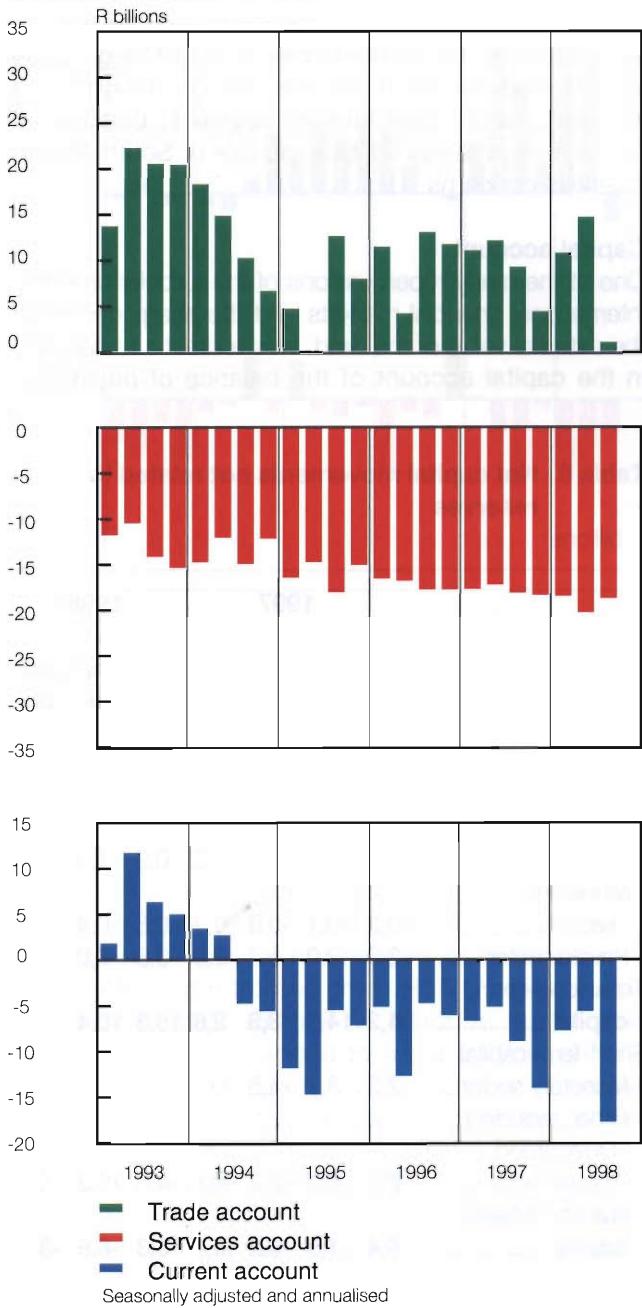
	1997				1998		
	1st qr	2nd qr	3rd qr	4th qr	1st qr	2nd qr	3rd qr
Merchandise exports.....	107,7	115,9	115,3	117,6	124,2	126,3	137,1
Net gold exports.....	26,8	24,7	26,0	25,7	25,5	23,0	26,9
Merchandise imports .....	-123,6	-128,6	-132,1	-139,0	-139,1	-134,7	-163,0
Net service and transfer payments .....	-17,7	-17,3	-18,2	-18,4	-18,5	-20,3	-18,8
Balance .....	-6,8	-5,3	-9,0	-14,1	-7,9	-5,7	-17,8

prices accordingly rose on average by 13½ per cent from the second to the third quarter.

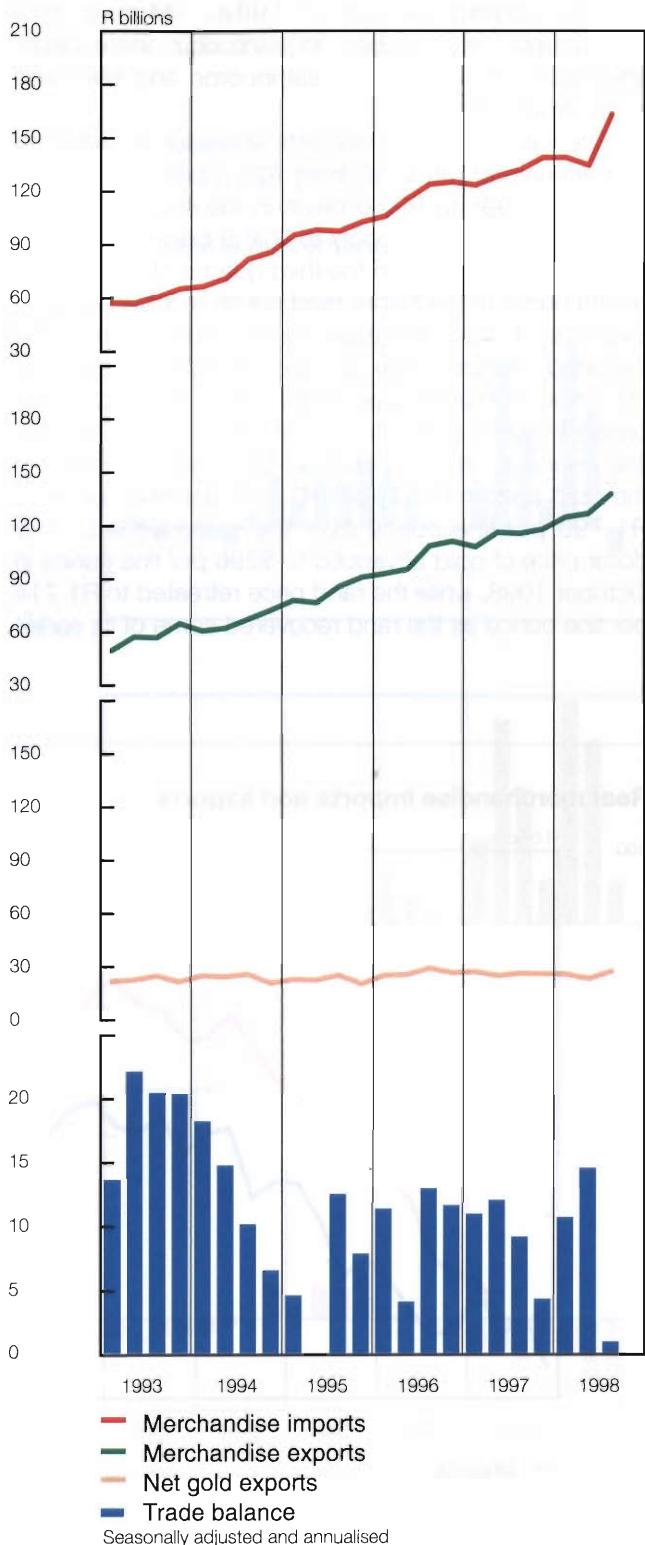
The value of *merchandise exports* rose from a seasonally adjusted and annualised value of R126,3 billion in the second quarter of 1998 to R137,1 billion in the third quarter. This represents a quarter-to-quarter increase of 8½ per cent. The *prices of export products*, many of which are determined in foreign currency, benefited from the depreciation of the rand. Not surprisingly, the average rand prices

of goods exported from South Africa rose by 12½ per cent from the second to the third quarter of 1998.

### Current account



### Trade account



The volume of merchandise exports declined by some 3½ per cent in the third quarter of 1998. The weak economic conditions in countries in Asia had a strong contractionary effect on growth in overall real exports. The share of exports destined for Asian countries as a percentage of total merchandise exports accordingly shrank from 30 per cent in the first three quarters of 1997 to 24 per cent in the corresponding period of 1998. Mining and agricultural commodities, in particular, were badly affected by the decline in real income and spending in the Asian economies.

The value of *net gold exports* at seasonally adjusted and annualised rates, fell from R25,5 billion in the first quarter of 1998 to R23,0 billion in the second quarter, but then recovered strongly to R26,9 billion in the third quarter. The increase in the third quarter of 1998 could be attributed to the higher rand prices received for gold exports and an increase in the volume of gold exported. Although the average fixing price of gold on the London market declined from US\$300 per fine ounce in the second quarter of 1998 to US\$288 per fine ounce in the third quarter, the rand equivalent of the gold price moved from R1 551 per fine ounce to R1 790 per fine ounce over the same period. The dollar price of gold advanced to \$296 per fine ounce in October 1998, while the rand price retreated to R1 714 per fine ounce as the rand recovered some of its earlier

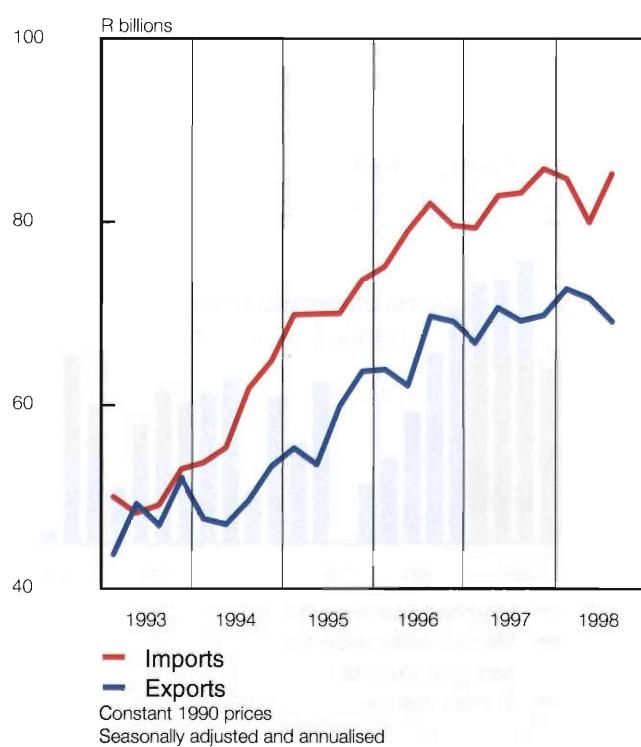
losses against the dollar. More or less unchanged gold output and the selling of gold that had been accumulated over previous quarters caused a rise of 5½ per cent in the physical quantity of gold exports from the second to the third quarter of 1998.

*Net service and transfer payments* to non-residents (seasonally adjusted and annualised), which had increased to R20,3 billion in the second quarter, declined to R18,8 billion in the third quarter. This improvement in the deficit on the services account was caused by an increase of R2,1 billion in services receipts which was higher than the rise of R0,6 billion in service payments. More specifically, increases were recorded in service receipts from passenger fares and investment income on outward investments recently made by South African individuals and corporates. The mild increase in payments for services were due to the higher level of foreign trade and the associated payments for freight and insurance, and higher interest payments because of the increased foreign-debt exposure of South African business concerns.

#### Capital account

One of the many repercussions of the turbulence in the international financial markets and the sharp decline in the external value of the rand, was a drastic turnaround in the capital account of the balance of payments.

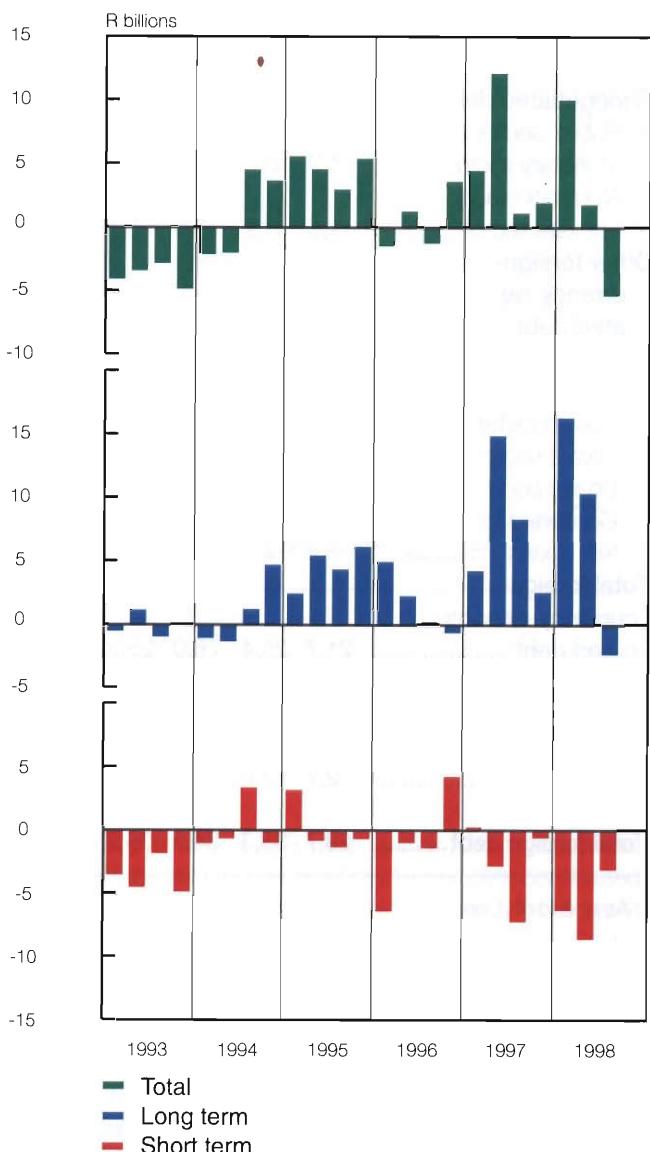
#### Real merchandise imports and exports



**Table 6. Net capital movements not related to reserves**

	R billions						
	1st qr	2nd qr	3rd qr	4th qr	1st qr	2nd qr	3rd qr
Long-term capital							
Public authorities	1,0	12,2	2,1	-2,5	6,2	1,9	-4,7
Public corporations .....	1,4	4,8	0,8	-0,2	0,9	1,9	0,3
Monetary sector .....	-0,2	-0,1	-0,3	-0,2	-0,6	-0,4	-3,9
Private sector .....	2,0	-2,0	5,7	5,5	9,8	7,0	6,0
<b>Total long-term capital .....</b>	<b>4,2</b>	<b>14,9</b>	<b>8,3</b>	<b>2,6</b>	<b>16,3</b>	<b>10,4</b>	<b>-2,3</b>
Short-term capital							
Monetary sector ...	2,3	3,3	-4,5	0,0	-1,7	1,7	1,9
Other, including unrecorded transactions.....	-2,7	-5,2	-2,3	-0,7	-4,6	-10,3	-5,0
<b>Total short-term capital .....</b>	<b>-0,4</b>	<b>-1,9</b>	<b>-6,8</b>	<b>-0,7</b>	<b>-6,3</b>	<b>-8,6</b>	<b>-3,1</b>
<b>Total capital.....</b>	<b>3,8</b>	<b>13,0</b>	<b>1,5</b>	<b>1,9</b>	<b>10,0</b>	<b>1,8</b>	<b>-5,4</b>

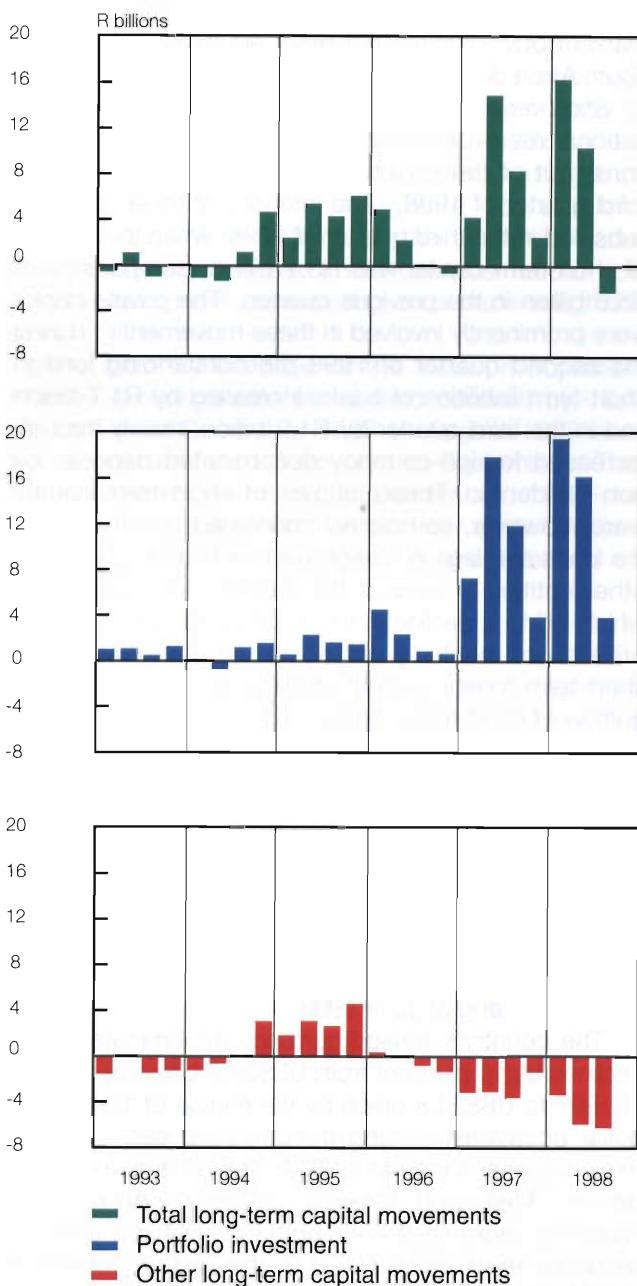
### Net capital movements (not related to reserves)



public sector and the monetary sector, whereas the non-bank private sector still experienced a relatively strong inflow of long-term capital.

The outflow of long-term capital from the *public sector* was predominantly in the form of net sales by non-resident investors of long-term bonds of the South African government, to the value of R14,9 billion in the third quarter. Public corporations obtained net external funding during the third quarter, although on a far more limited scale than the reduction of non-resident holdings of long-term

### Long-term capital movements



As international perceptions of investment in emerging markets turned negative, the net inward movement of capital not related to reserves into South Africa contracted from R10,0 billion in the first quarter of 1998 to R1,8 billion in the second quarter and then changed to a net outflow of R5,4 billion in the third quarter. This outflow of capital was accounted for by outflows of long- and short-term capital.

The net movements of *long-term capital* showed an abrupt reversal: inflows of long-term capital of R16,3 billion in the first quarter of 1998 and R10,4 billion in the second quarter were followed by a net outflow of R2,3 billion in the third quarter. The net outflows in the third quarter of 1998 were essentially confined to the

government securities. These flows were dominated by the financing arrangements for the acquisition of the new passenger aircraft by South African Airways.

The monetary sector experienced a net outflow of long-term capital amounting to R3,9 billion in the third quarter. This came mainly from the acquisition of offshore assets by locally domiciled banks.

The movement of international long-term capital to the *domestic private sector* declined from a net amount of R7,0 billion in the second quarter of 1998 to R6,0 billion in the third quarter. The main forces behind the net inflow of long-term capital to the non-bank private sector were a substantial amount of foreign direct investment into the country and continuing purchases by non-resident investors of equity through the Johannesburg Stock Exchange. The nervousness among international investors about the quality of investment in emerging markets obviously did not deter equity investments in South Africa during the third quarter of 1998.

*Short-term capital* movements (not related to international reserves but including unrecorded transactions) out of the country continued unabated in the third quarter of 1998. The intensity of these outflows subsided in the third quarter of 1998 when the outflow of short-term capital was R3,1 billion, compared with R8,6 billion in the previous quarter. The private banks were prominently involved in these movements: during the second quarter of 1998 the outstanding foreign short-term liabilities of banks increased by R1,7 billion and in the third quarter by R1,9 billion, mainly through increased foreign-currency denominated deposits by non-residents. These inflows of short-term capital were, however, completely countered by changes in the leads and lags in foreign payments and receipts by other entities in view of the weakening of the rand, which led to a decline in the short-term liabilities of the private non-banking sector and an increase in the short-term foreign assets of these institutions, i.e. an outflow of short-term capital.

### Foreign debt

South Africa's total outstanding foreign debt declined from US\$39,2 billion at the end of December 1997 to US\$38,8 billion at the end of June 1998. Owing to the sharp depreciation of the rand against the dollar in the first half of 1998, the rand value of total external debt rose from R190,8 billion at the end of 1997 to R228,9 billion at the end of June 1998.

The country's foreign-currency denominated debt declined by 1½ per cent from US\$25,2 billion at the end of 1997 to US\$24,8 billion by the middle of 1998. The dollar equivalent of rand-denominated debt, in turn, remained unchanged at US\$14,0 billion over the same period. Measured in rands, however, non-resident investors increased their holdings of fixed-interest securities from R50,6 billion at the end of December 1997 to R59,9 billion at the end of June 1998.

Foreign debt as a percentage of gross domestic

**Table 7. Foreign debt of South Africa**

US\$ billions at end of year

	1994	1995	1996	1997	1998*
<b>Renegotiated debt .....</b>	<b>3,4</b>	<b>3,0</b>	<b>2,7</b>	<b>2,5</b>	<b>2,3</b>
Public sector .....	0,8	1,1	1,3	1,2	1,2
Monetary sector .....	1,0	0,7	0,3	0,2	0,1
Non-monetary private sector.....	1,6	1,2	1,1	1,1	1,0
<b>Other foreign- currency-denomi- nated debt .....</b>	<b>18,3</b>	<b>22,4</b>	<b>23,3</b>	<b>22,7</b>	<b>22,5</b>
Public sector .....	3,4	4,5	4,7	4,2	3,5
Monetary sector .....	3,9	4,9	6,6	7,5	8,4
Non-monetary private sector.....	4,5	6,3	5,9	5,7	5,4
Bearer bonds and notes	2,7	3,8	4,0	4,0	4,2
Converted long- term loans .....	3,8	2,9	2,1	1,3	1,0
<b>Total foreign- currency-denomi- nated debt .....</b>	<b>21,7</b>	<b>25,4</b>	<b>26,0</b>	<b>25,2</b>	<b>24,8</b>
<b>Rand-denominated debt .....</b>	<b>8,0</b>	<b>9,9</b>	<b>8,5</b>	<b>14,0</b>	<b>14,0</b>
Bonds.....	5,3	7,3	6,3	10,4	10,2
Other .....	2,7	2,6	2,2	3,6	3,8
<b>Total foreign debt.....</b>	<b>29,7</b>	<b>35,3</b>	<b>34,5</b>	<b>39,2</b>	<b>38,8</b>

\* As at end of June

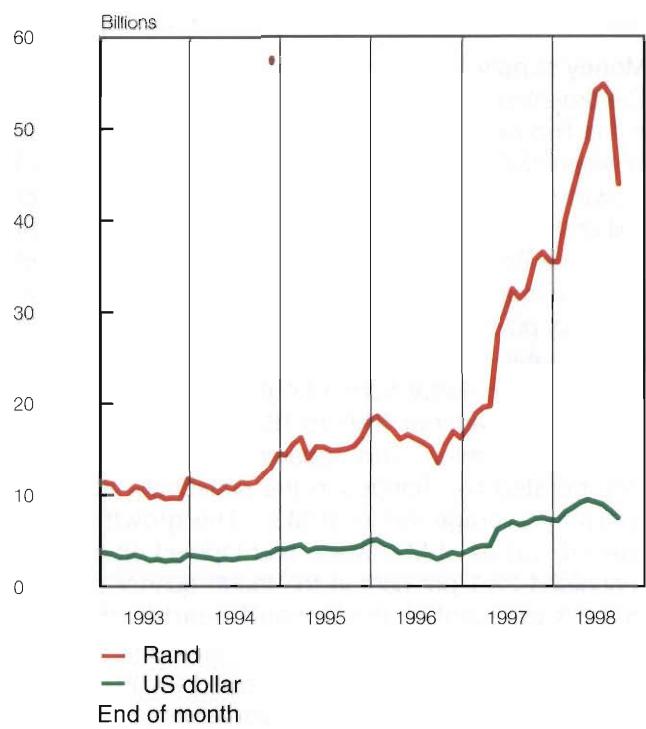
product increased marginally from 30,4 per cent at the end of 1997 to 30,9 per cent at the end of June 1998. Short-term foreign-currency denominated debt with an unexpired maturity of less than 12 months constituted about 55,9 per cent of total foreign-currency-denominated debt at the end of June 1998. The comparable ratio at the end of December 1997 was marginally higher at 56,0 per cent.

### Foreign reserves

The joint effect of deficits on the current and the capital accounts of the balance of payments had been a decline of R11,3 billion in the country's *net gold and other foreign reserves* during the third quarter of 1998. This meant that the change in the country's net gold and other foreign reserves amounted to a decline of R3,6 billion in the first three quarters of 1998. This decline contrasts with a buildup in the net gold and other foreign reserves amounting to R10,9 billion in 1997. In October 1998, the net gold and other foreign reserves of the Reserve Bank rose by R0,5 billion.

South Africa's *gross gold and other foreign reserves*, which had increased by R18,6 billion in the first half of 1998, declined by R10,1 billion in the third quarter. At the

## Total gross international reserves



end of September 1998 total gross foreign reserves amounted to R44,0 billion of which 14 per cent constituted gold holdings. Included in the foreign-currency holdings at the end of September 1998 was an amount of R18,4 billion obtained through short-term borrowing in order to supplement gross international reserves.

The gross foreign reserves of the country at the end of September 1998 were equal to the value of imports of goods and services for a period of 10½ weeks, compared with almost 15 weeks at the end of June. The net oversold open position in foreign currency of the Reserve Bank remained virtually unchanged at about US\$23,2 billion from August to October 1998, but then declined slightly in November.

## Exchange rates

The *nominal effective exchange rate of the rand*, which had declined by 25,8 per cent from the end of December 1997 to 6 July 1998, declined further by 0,9 per cent to reach an all-time low index value on 28 August 1998. Some stability returned to the market in the ensuing weeks, bringing much calmer trading conditions and a gradual appreciation of the rand by 13,8 per cent from 28 August 1998 to 25 November. Confidence in the rand was boosted when the international rating agency Moody's Investors Services accorded South Africa an unchanged investment grade credit rating but revised the outlook from "negative" to "stable". News of substantial deficits on the country's trade account during October and November could not stop the rand from appreciating on a trade-weighted basis.

The monthly average of the *inflation-adjusted effective exchange rate* of the rand declined by 18,7 per cent from December 1997 to August 1998 and then appreciated by 1,3 per cent to September. The overall depreciation from December 1997 to September 1998 amounted to 17,6 per cent. The improvement in the international competitiveness of

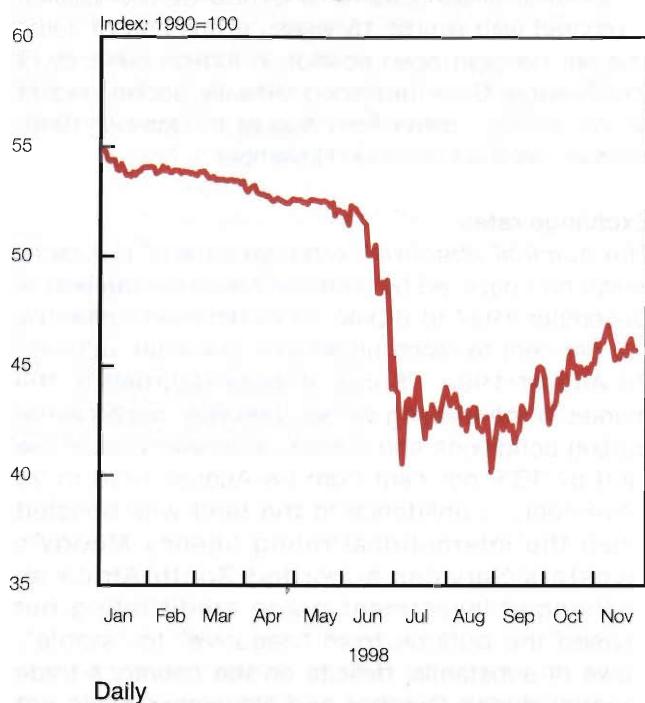
**Table 8. Exchange rates of the rand**

Percentage change

	22 May 1998 to 6 Jul 1998	6 Jul 1998 to 28 Aug 1998	28 Aug 1998 to 25 Nov 1998	31 Dec 1997 to 25 Nov 1998
Weighted average .....	-22,7	-0,9	13,8	-16,3
US dollar.....	-23,2	-0,7	17,1	-14,5
British pound.....	-23,6	-1,7	17,0	-14,6
German mark.....	-21,0	-1,6	11,2	-18,6
Japanese yen.....	-20,5	1,2	-1,2	-20,5
Netherlands guilder .....	-21,0	-1,6	11,1	-18,5
Italian lira.....	-21,0	-1,4	11,4	-18,0
<b>Emerging markets</b>				
Indonesian rupiah .....	3,3	-25,7	-19,5	11,2
Malaysian ringgit.....	-15,2	0,4	5,2	-16,2
Philippines peso .....	-17,7	5,9	4,6	-16,7
Singaporean dollar .....	-19,7	3,3	7,7	-16,5
Taiwanese dollar .....	-21,4	0,5	9,2	-15,0

## Monetary developments, interest rates and financial markets

### Nominal effective exchange rate of the rand



### Money supply

The broadly defined money supply (*M3*) expanded rapidly in the first nine months of 1998, fluctuating in a range between 15,0 per cent and 19,4 per cent. These annual growth rates were substantially higher than the upper limit of the guideline range of between 6 and 10 per cent which the Reserve Bank has indicated as one of a set of indicators that would be monitored to guide decisions on monetary policy.

The year-on-year growth in *M3* seemed to have slackened somewhat from 19,4 per cent at the end of the second quarter of 1998 to 16,7 per cent at the end of the third quarter. This apparent slowdown was not corroborated by changes in the seasonally adjusted quarterly average value of *M3*. The growth in the quarterly values of *M3*, which had tapered off from an annualised 23,1 per cent in the fourth quarter of 1997 to 14,3 per cent in the second quarter of 1998, accelerated sharply to 18,8 per cent in the third quarter. The possibility that this and past rapid money growth could feed through into higher future inflation, continues to pose a threat to consistently lower inflation. Broad money growth will need to decline further to remain consistent with the objective of low and stable inflation.

The increase in the money supply exceeded the growth in the nominal gross domestic product for the

domestic producers implied by the real depreciation of the rand may contribute to a future recovery in the economy, provided that domestic cost increases can be sufficiently contained to sustain the gains in competitiveness.

As indicated in Table 8 the rand has recently also appreciated against a number of Asian currencies. Since the end of 1997, however, the rand has depreciated against most of the Asian currencies and thus regained some of the competitive ability that had been forfeited when these currencies depreciated so strongly in the second half of 1997.

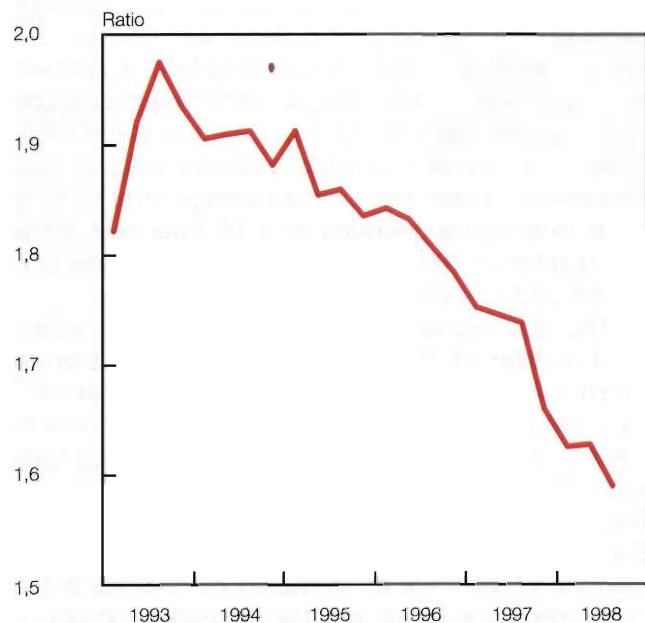
The net average daily turnover in the market for foreign exchange, which had increased sharply from US\$3,8 billion in the first quarter of 1998 to US\$10,9 billion in the second quarter when the turmoil in the South African financial markets erupted, declined again to US\$9,8 billion in the third quarter of 1998. The gradual return of stability to the market was marked by a decline in average net daily turnover from a high of US\$13,4 billion in June 1998 to US\$10,1 billion in July, US\$9,7 billion in August and US\$9,5 billion in September.

### *M3* money supply



Shaded areas indicate the money growth guideline ranges

### Income velocity of M3



twentieth consecutive quarter during the third quarter of 1998. As a result, the income velocity of M3 approached the nadir that was recorded in 1965. The more recent decline in aggregate income velocity has largely been accounted for by the international financial crisis which prompted a sizeable shift in asset preference from long-dated fixed-interest assets and equity investments to short-dated liquid assets, including depository-type investments with banks.

Evidence of the strong liquidity preference of the non-bank private sector during the first three quarters of 1998 is presented in Table 9. The changes in the components of M3 clearly reveal an increased preference for the holding of shorter-term deposits at the expense of longer-term deposits.

*Other demand deposits* were highly popular in the second and third quarters of 1998, whereas *cheque and transmission* deposits also increased consistently over the first nine months of the year. The combined increases in these two categories of deposits amounted to 136 per cent of the overall increase in M3 in the second and third quarters of 1998. By contrast, other short- and medium-term deposits and long-term deposits declined in the second and third quarters of 1998 by an amount that was equal to 37 per cent of the overall increase in M3. These shifts in the composition of M3 reflected the non-bank private sector's increased preference for liquid assets against the backdrop of falling share prices and rising bond yields, and also the monetary sector's funding strategies which were directed at shortening the maturities of its deposit

**Table 9. Quarterly changes in notes, coin and bank deposits of the private sector**

R billions

	1998		
	1st qr	2nd qr	3rd qr
Notes and coin in circulation .....	-0,5	0,3	-0,2
Cheque and transmission deposits.....	2,1	5,0	0,7
Other demand deposits .....	2,1	21,2	15,8
Other short- and medium-term deposits.....	4,1	-3,3	-5,8
Long-term deposits.....	5,3	-1,1	-1,3

liabilities during a time of highly uncertain interest rate movements.

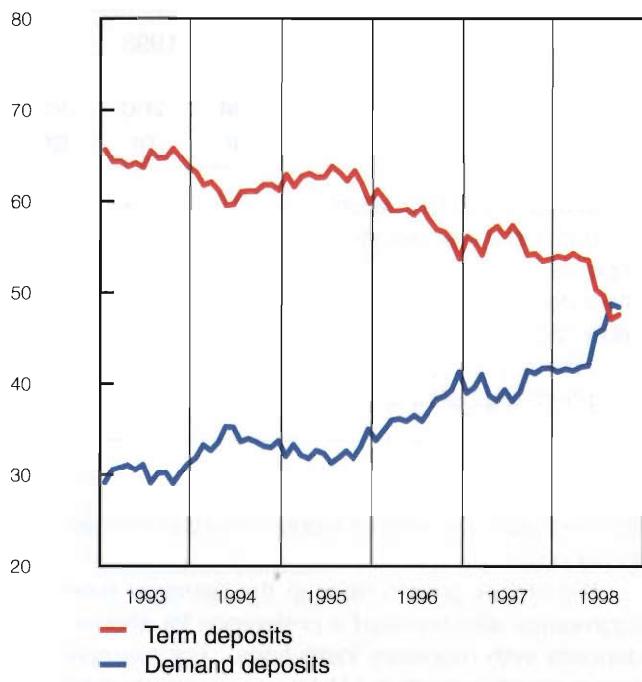
The annual growth rates in the narrower monetary aggregates also revealed a preference for shorter-term deposits with monetary institutions. For example, the twelve-month growth in M1 has continuously outpaced the growth in M3 since April 1998 – the growth differential in favour of M1 was more than 24 percentage points in August (see Table 10).

The *main counterpart* (in a statistical or accounting sense) of the R9,2 billion increase in M3 in the third quarter of 1998 was an increase in the monetary sector's claims on the private and the government sectors. The absolute value of the increase in each of these credit aggregates was, however, substantially reduced from that of the second quarter. In addition, the moderating influence of the slowdown in domestic credit extension on overall monetary growth in the third quarter of 1998 was reinforced by a continued decline in the net foreign assets of the monetary sector. In the third quarter of 1998, deficits arising from the Reserve

**Table 10. Twelve-month growth rates in M1 and M3**

Period	M1	M3
1998: Jan.....	22,9	17,2
Feb.....	22,8	18,0
Mar.....	14,7	15,0
Apr .....	25,2	17,5
May .....	26,0	16,1
Jun.....	35,3	19,4
Jul .....	40,6	19,1
Aug .....	43,7	18,9
Sep .....	33,6	16,7

### Demand and term deposits as percentage of M3



Bank's involvement in the forward foreign-exchange market were an important accounting counterpart of the increase in M3. (See table 11).

**Table 11. Accounting counterparts of changes in M3**

R billions

	1998		
	1st qr	2nd qr	3rd qr
Net foreign assets.....	5,8	-5,0	-15,9
Net claims on government sector .....	-2,5	11,8	5,1
Gross claims .....	-1,2	4,4	6,6
Deposits (+ decrease, - increase).....	-1,3	7,4	-1,5
Claims on private sector.....	17,3	23,5	8,3
Net other assets.....	-7,5	-8,2	11,7
<b>Total change in M3 .....</b>	<b>13,1</b>	<b>22,1</b>	<b>9,2</b>

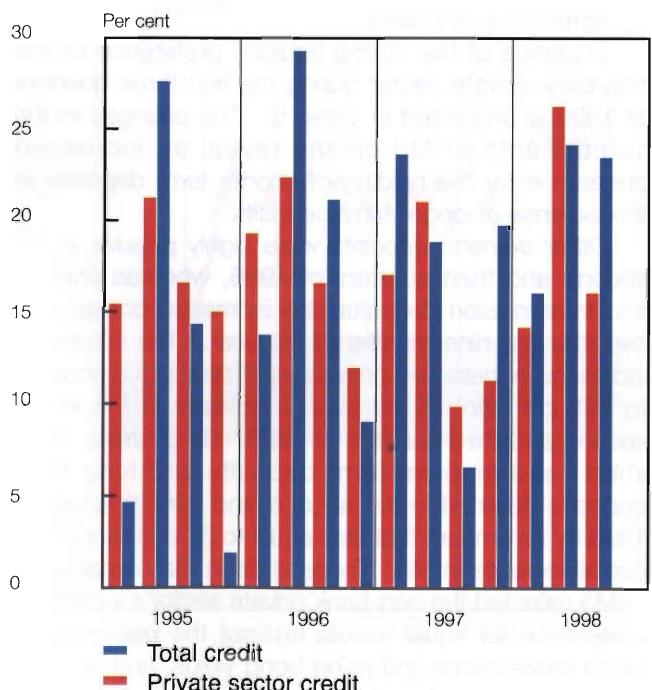
### Credit extension

The rate of increase over twelve months in *total domestic credit extension* by the monetary sector declined from 16,6 per cent in December 1997 to 14,3 per cent in March, before accelerating to 21,7 per cent in August 1998. Total domestic credit growth over one year then fell back to 19,3 per cent in September 1998. The quarter-to-quarter seasonally adjusted and annualised growth rate in the average level of total credit extension accelerated from 16,0 per cent in the first quarter of 1998 to 24,1 per cent in the second quarter and 23,4 per cent in the third quarter.

The relatively rapid rate of credit extension in the third quarter of 1998 was mainly the result of an increase in the growth of credit extended to the *non-bank private sector*. The twelve-month growth rate in credit extended to the private sector accelerated from 13,3 per cent in January 1998 to 17,5 per cent in August; it then receded to 15,3 per cent in September. These annual growth rates were higher than the inflation rate as measured by changes in the consumer price index, but the increase in inflation-adjusted credit extension over twelve months has recently decelerated from 10,3 per cent in June 1998 to 5,8 per cent in September 1998.

An analysis of monetary institutions' claims on the private sector by *type of credit* shows that the growth in credit extended to the private sector in the third quarter consisted mainly of *overdrafts and other loans*

### Credit extension by monetary institutions



**Table 12. Increase in credit extension to the private sector by main type of credit**

R billions

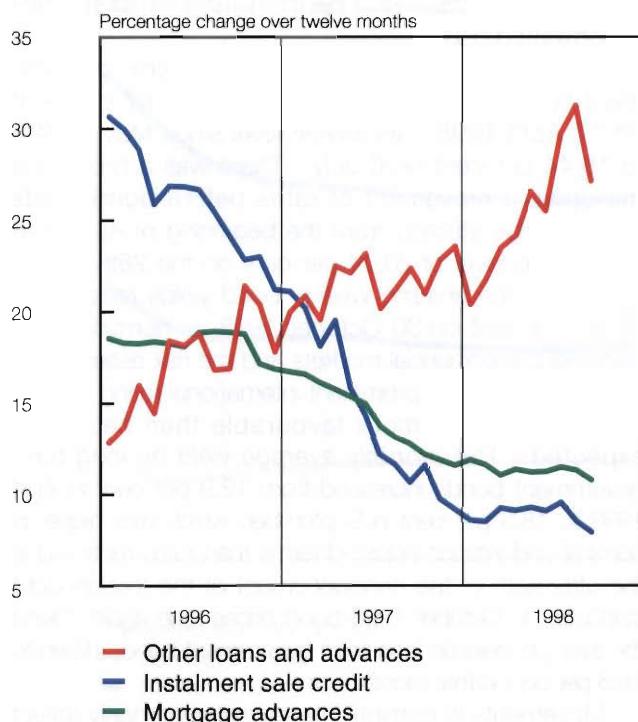
Type of credit	1998		
	1st qr	2nd qr	3rd qr
Bills discounted.....	-0,2	1,8	-0,7
Instalment sales .....	0,9	1,1	0,0
Investments .....	1,3	1,4	-3,3
Leasing finance .....	-0,8	0,6	0,0
Mortgage advances .....	5,1	5,2	4,2
Other loans and advances .....	11,1	13,4	8,1
<b>Total.....</b>	<b>17,4</b>	<b>23,5</b>	<b>8,3</b>

and advances. Increased demand for working capital by the corporate sector and some borrowing by companies to tide them over a period of relatively slack demand in the economy, were prominent forces behind the rise in the corporate demand for credit. This was reinforced by an increase in the demand for credit arising from the many speculative opportunities that arose during a period of heightened volatility in the securities markets. The weakness of the exchange rate of the rand also caused a substantial switching of trade financing from foreign to domestic sources of credit.

The growth over twelve months in *mortgage advances* remained at levels below 12 per cent in the first nine months of 1998, reaching 10,7 per cent in September. The high and rising level of nominal mortgage interest rates had an adverse impact on the affordability of housing. New mortgage advances granted were curtailed severely and were 32,0 per cent lower in September 1998 than in September 1997. Under the new bank supervisory regulations which came into effect on 1 October, an increase in the risk weighting was assigned to new mortgage loans which exceeded 80 per cent of the value of the property collateralised. Some banks reacted to this step by raising their rates on new home loans which exceeded this limit.

The growth over twelve months in *instalment sales credit* subsided from rates of higher than 20 per cent at the beginning of 1997 to 7,9 per cent in September 1998. Similarly, *leasing finance*, which had increased by 0,5 per cent in the twelve months to September 1997, declined by 4,3 per cent in the twelve months to September 1998. Waning consumer confidence and perceptions of declining wealth, along with high levels of interest rates, prevented individuals from servicing higher levels of collateralised borrowing. *Investments* declined by R3,3 billion in the third quarter of 1998 as a

### Components of credit extended to the private sector



result of corporate restructurings during which equity investments were transferred to non-bank entities.

In contrast to corporate sector credit, personal sector credit growth has shown clear signs of slowing. Perceptions of declining personal wealth as share and bond prices declined and consumer confidence waned, led to reductions in the increase in credit extended to households from R5,2 billion in the second quarter of 1998 to R2,2 billion in the third quarter. In terms of percentage changes, the growth over twelve months in credit extension to households at 7,4 per cent in September 1998 was well below the growth of 25,9 per cent in credit extended to the corporate sector during the same period.

### Interest rates and yields

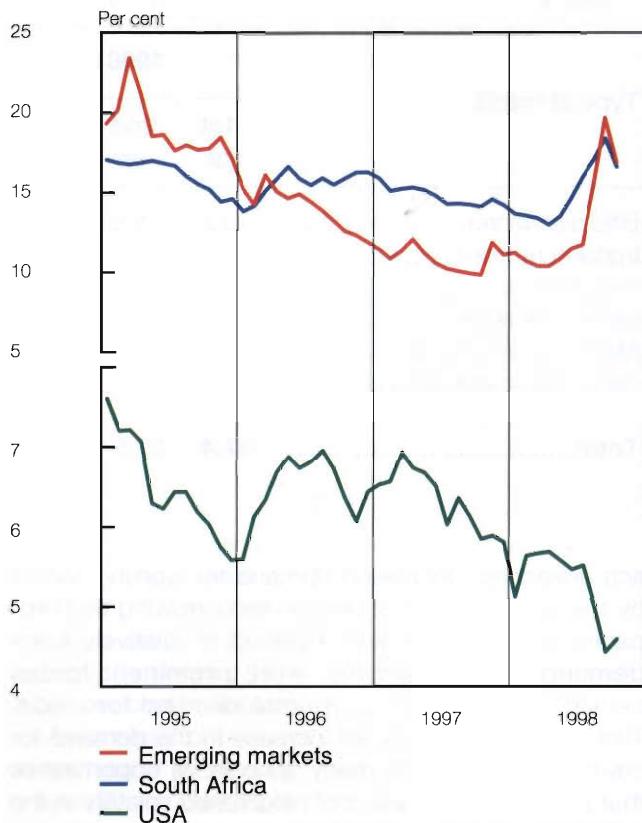
*Bond yields*, which had declined steadily from January 1997 to April 1998, increased strongly in the ensuing months, especially when non-resident investors began to reduce their holdings of fixed-interest securities issued by the South African government and other parastatals. This sudden reversal of foreign investment flows was a consequence of the reassessment by global market investors of the risk associated with investing in emerging-market economies, following the financial difficulties encountered in a number of countries in Asia and the Russian Federation. The fall in

bond prices gained momentum as monetary conditions were tightened in order to stabilise the South African financial markets and after the Russian government announced a unilateral restructuring of all rouble-denominated debt.

The *daily average yield on long-term government bonds* increased from a low of 12,67 per cent on 17 April 1998 – its lowest level since May 1994 – to 16,44 per cent on 6 July. There was a brief lull in the upward movement of rates before bond yields began to rise strongly from the beginning of August to an average level of 20,09 per cent on the 28th of that month. In the ensuing weeks, bond yields receded to 15,66 per cent on 30 October 1998 as normality was restored in the financial markets and the risk assessment of South Africa by a prominent international rating agency turned out to be more favourable than had been expected. The *monthly average yield* on long-term government bonds increased from 12,9 per cent in April 1998 to 18,3 per cent in September, which was higher in nominal and inflation-adjusted terms than rates recorded in the aftermath of the announcement of the foreign-debt standstill. In October 1998 bond prices rose again, taking the average yield on long-term government bonds down to 16,5 per cent in that month.

Movements in nominal interest rates primarily reflect changes in expected real interest rates and changing expectations of inflation. Measures of expected consumer price inflation in 1998, derived from the forecasts of 27 professional economists have increased, on average, by about 1 percentage point

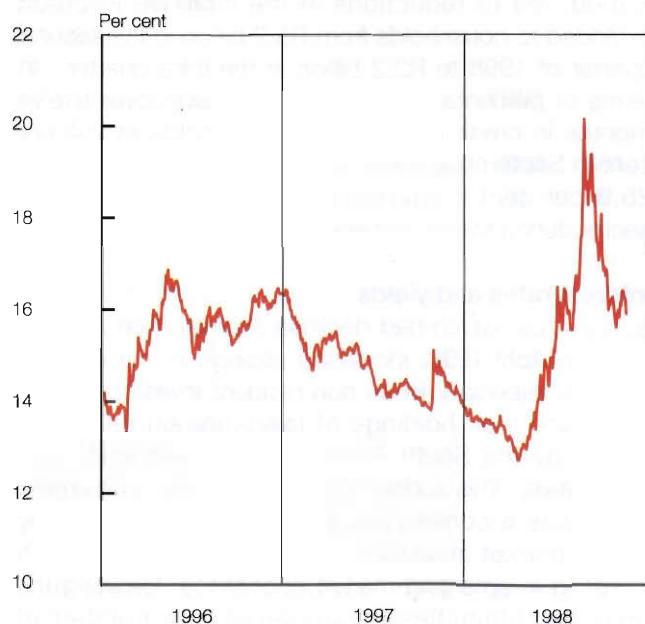
### Nominal yield on long-term government bonds



since May. Average consumer price inflation in 1999 is expected to be about half a percentage point higher than the expected inflation in 1998. The upward adjustment in inflation expectations was smaller than the net rise in the average monthly yield on long-term government bonds between April and October 1998, implying an increase in real yields of between 2 and 2½ percentage points. Making use of actually observed inflation rates as an indication of inflation expectations, the average inflation-adjusted yield on long-term government bonds increased from 6,2 per cent in the sixteen months to April 1998 to 8,3 per cent in the period from May to October 1998 – an increase of slightly more than 2 percentage points. This rise in real interest rates may reflect concerns about a possible deterioration in the domestic savings rate, as reflected in the widening deficit on the current account of the balance of payments and also the reversal of international capital movements from inflows to the country to outflows from the country.

South Africa's classification, by foreign portfolio managers, as an emerging market resulted in a closer correspondence between the movement of domestic bond yields and those of other emerging markets (see accompanying graph). As a consequence, the interest rate differential between government debt in South

### Daily average yield on long-term government bonds



Africa and in the United States widened appreciably. The differential in September 1998 of about 1 390 basis points translates into an inflation-adjusted differential of 560 basis points, which is considerably higher than the 330 basis points recorded in April 1998.

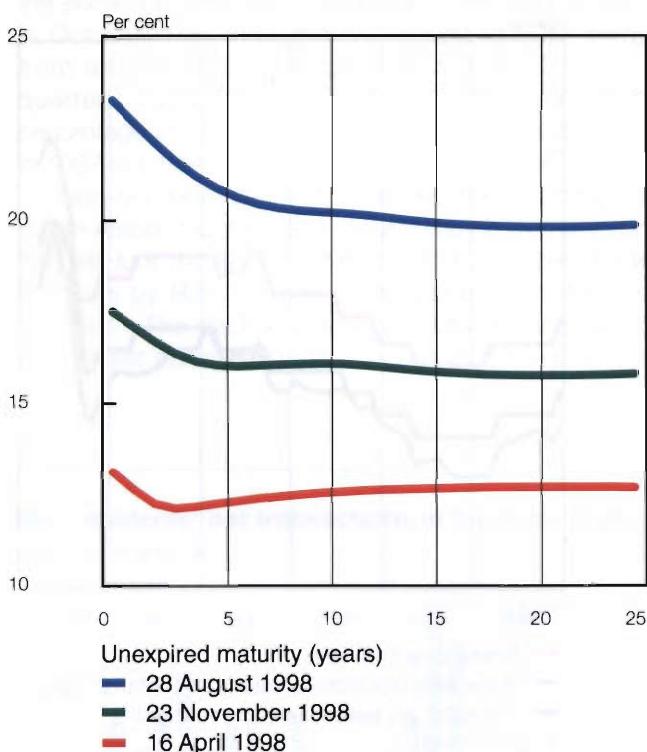
At the beginning of the turmoil in the domestic financial markets, the repurchase rate of the Reserve Bank rose from 14,79 per cent on 11 May 1998 through periods of high volatility to settle at a level of 21,86 per cent from 1 September to 13 October 1998. When some stability returned to the international financial markets and the Reserve Bank began providing an increased portion of the daily liquidity needs of the banks, the repurchase rate entered a period of gradual decline from 14 October 1998 to reach a level of 19,86 per cent on 24 November.

Prior to the beginning of the decline in the Reserve Bank's repurchase rate, other money market rates were already signalling an easing in money market conditions. For example, the rate on bankers' acceptances with a maturity of three months peaked on 28 August at a level of 21,60 per cent. This interest rate level was maintained until 16 September, when it began to decline gradually, i.e. almost a month ahead of the first decline in the Reserve Bank's repurchase rate. By 24 November 1998 the rate on bankers' acceptances with a maturity of three months had declined by 368 basis points to 17,92 per cent. The tender rate on Treasury bills with a maturity of three months followed a trend similar to that of bankers' acceptances, falling by 480 basis points from a high point of 22,30 per cent on 11 September 1998 to 17,50 per cent on 24 November. The rate on interbank call deposits reached a peak of 21,50 per cent on 1 September 1998 and was at 18,25 per cent on 24 November.

The first tender for Reserve Bank debentures was held on 16 September 1998. The interest rate established on that date was 21,31 per cent. It declined subsequently in accordance with other interest rate movements to 18,80 per cent on 24 November 1998.

The *yield curve* changed drastically from 16 April 1998 to 28 August as the slope of the curve changed from a slight to a fairly steep inversion over maturities of less than three years, and the overall level of interest rates and yields shifted higher. The increased inversion at the short end of the curve was a reflection of the unavoidable tightening of domestic monetary conditions since May 1998. The flat slope of the curve over maturities of longer than three years probably signalled uncertainty about the future direction of financial policies and expectations of higher future inflation. The yield curve drifted lower towards the end of October to a level midway between that of April and August 1998 as the international financial markets stabilised and domestic short-term rates began to move lower. Towards the end of October non-resident investors increased their holdings of fixed-interest securities, thus

### **Yield curves**

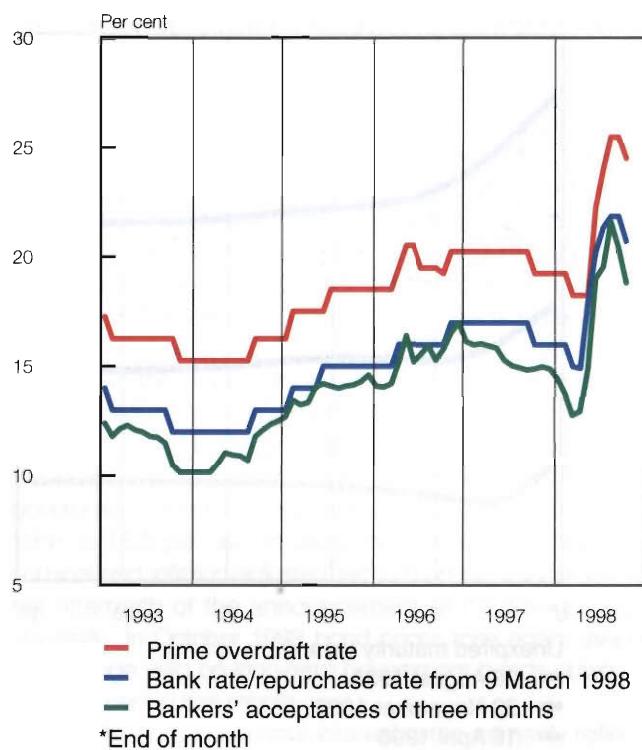


lending further support to the downward movement of interest rates.

Following the increases in the average repurchase rate, the banks raised their *prime overdraft rates* from 18,25 per cent to 20,25 per cent on 10 June 1998 and to 22,25 per cent at the end of that month. Further increases during July and August 1998 took the prime overdraft rates of the banks to 24 per cent at the end of July and 25,5 per cent at the end of August. In reaction to the general downward movement in money market interest rates from the middle of September 1998 and the decline in the Reserve Bank's repurchase rate from 14 October, the banks lowered their prime overdraft rates by one percentage point at a time to 24,50 per cent on 19 October and 23,50 per cent on 9 November.

The *predominant rate on mortgage loans* by banks had been increased by six percentage points – in three steps of two percentage points per month – from 18 per cent in June 1998 to 24 per cent in September. From 1 October 1998 some banks also added a penalty interest margin to new home loans exceeding 80 per cent of the property value. This step was the result of the increase in the capital adequacy requirement on such mortgage loans granted by banks. The banks followed the general downward movement of interest rates by lowering the predominant rate on mortgage loans by about half a

## Interest rates\*



percentage point in mid-October and by three-quarters of a percentage point on 9 November 1998. These steps noticeably increased the dispersion of mortgage interest rates charged by individual banks.

The predominant retail rate on twelve-month fixed deposits with banks displayed a pattern broadly similar to that of mortgage rates and was increased by four percentage points – in two steps of two percentage points at a time – from 12,5 per cent in June 1998 to 16,5 per cent in August. The standard interest rate applicable to loans granted from the State Revenue Fund was raised in five steps from 13 per cent in May 1998 to 18,5 per cent on 1 October, but was then lowered to 16,5 per cent on 1 November. The maximum permissible finance charges rates, as laid down in terms of the Usury Act, were raised by four percentage points on 21 August 1998 to 33 per cent per annum in respect of money lending, credit and leasing transactions of more than R6 000 but less than R500 000, and 36 per cent for amounts of up to R6 000.

## Money market

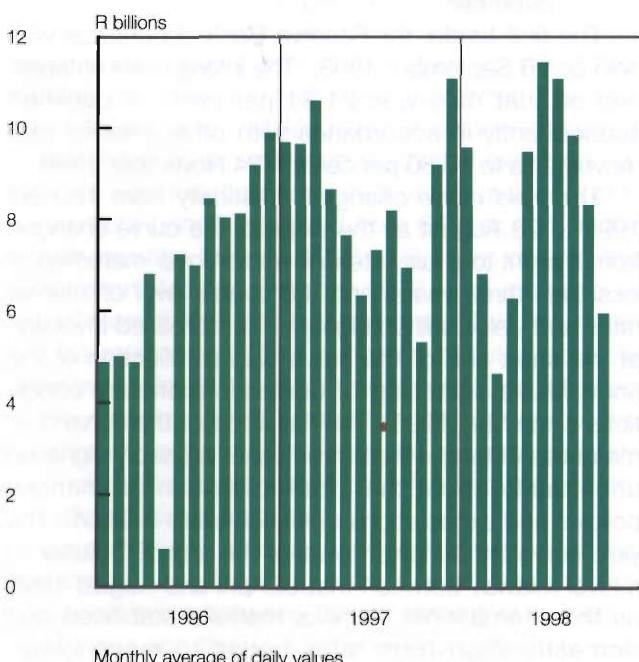
Money market conditions tightened considerably in the second quarter of 1998 and remained tight for the greater part of the third quarter. The monthly average liquidity provided by the Reserve Bank peaked at R11,4 billion in June 1998 and then gradually declined

to R8,3 billion in September and R6,0 billion in October. The daily outstanding amount of repurchase transactions between the Reserve Bank and private banks reached an upper turning point of R15,1 billion on 26 May 1998 and then declined, on balance, to a low of R5,3 billion on 15 October.

The easing in money market conditions during the third quarter of 1998 was mainly related to deficits arising from the Reserve Bank's transactions in the forward foreign exchange market. In total, a net amount of R6,6 billion was added to money market liquidity through the Bank's foreign-exchange activities in the third quarter of 1998, following a contractionary impact of R12,7 billion in the second quarter.

The Reserve Bank's operations in the money market during the third quarter of 1998 were aimed at stabilising domestic monetary conditions against the backdrop of unsettled international financial markets. To this end, the Bank adopted a cautious approach and, through the daily auction system, provided less liquidity than the estimated requirement for the day. Only when it became apparent that the global markets were regaining stability, was the Bank prepared to relax its vigilance against potential financial instability. The daily underprovision of liquidity was kept at between R500 million and R100 million in August 1998 and was reduced to R100 million during most of September. On 14 October 1998 the daily underprovision was reduced from R100 million to R50 million and from 16 October the liquidity requirement has been fully met.

## Total liquidity provided by Reserve Bank



In the statement issued to announce the Reserve Bank's repurchase system for providing liquidity to the private banks, it was anticipated that the Bank would, at some stage, issue its own debentures as a supplementary facility for banking institutions to place short-term funds. The Reserve Bank debentures were conceived to be acceptable financial instruments for the purpose of regular repurchase transactions between the Reserve Bank and the banking sector.

In light of recent increases in money market liquidity and the continuing unsettled conditions in the international financial markets, the Bank regarded it as an opportune moment to start issuing the first Reserve Bank debentures in order to establish a role for this paper in the system of liquidity provision. With the introduction of the debentures, the Bank clarified the point that, at that juncture, the intention was not to raise short-term money market interest rates, but to provide an additional investment facility for surplus short-term funds.

Transferable debentures to the amount of R200 million (issued in multiples of R5 million) were offered for the first time on 16 September 1998. The maturity of the debentures currently in issue is 30 days and a tender is allocated on a yield basis in ascending order of bids received. The tender is open to bids from banks and the public at large, subject to a minimum amount of R5 million. The cumulative outstanding amount of Reserve Bank debentures was R2,0 billion on 24 November 1998.

#### Bond market

*Net new borrowing by public-sector entities in the domestic primary bond market* decreased from R5,6 billion in the second quarter of 1998 to R3,0 billion in the third quarter. The total amount of funds raised by the public sector accordingly came to R8,5 billion in the first half of the current fiscal year, compared with a net amount of R9,3 billion in the corresponding period of fiscal 1997/98. Government bonds with a nominal value of R20,7 billion were auctioned and allotted from the beginning of April 1998 to October, leaving R10,3 billion of the budgeted amount still to be funded in the remaining five months of fiscal 1998/99.

During the first nine months of 1998 *listed private-sector borrowers* raised only R30 million in the domestic capital market through the issuance of *preference shares and debentures*. The deterioration in investor sentiment towards emerging markets and the high cost of borrowing for South African entities in offshore markets were reflected in the complete lack of capital-raising activity in the *international primary bond market*. Government and other domestic borrowers abstained from issuing *foreign-currency denominated bonds* in the first ten months of 1998 and no new funds have been raised through *rand-denominated bonds* by South African issuers in the *eurorand market* since April 1998.

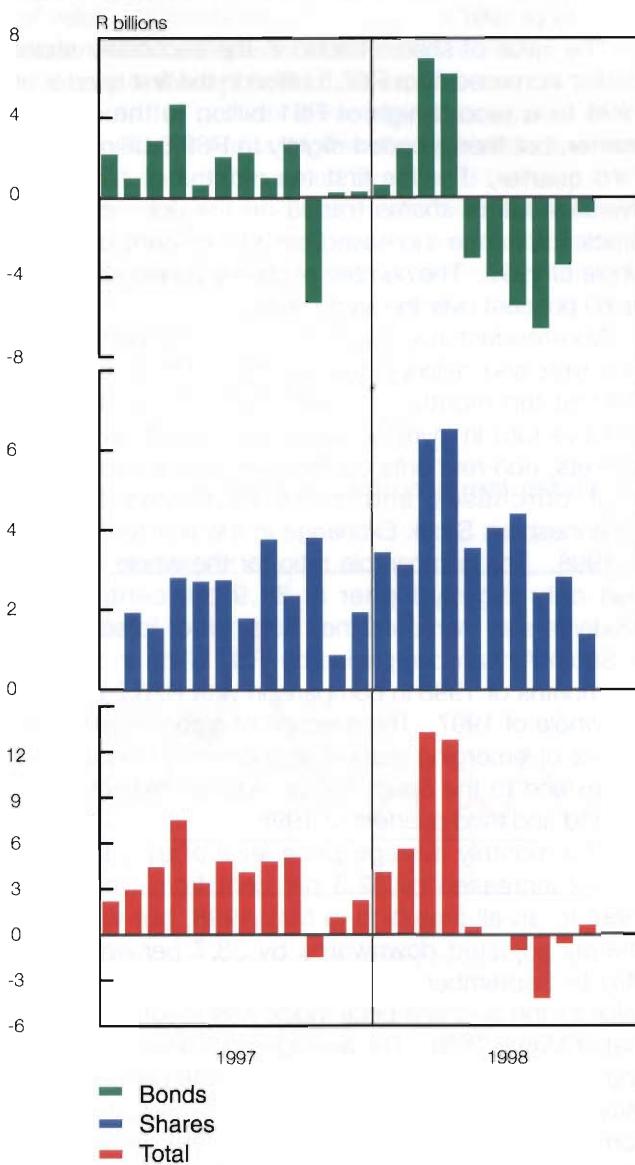
Activity in the *secondary bond market* was buoyant during the first three quarters of 1998. The value of

bonds traded on the Bond Exchange increased from R1,7 trillion in the first quarter of 1998 to R2,5 trillion in the second quarter and R2,6 trillion in the third quarter. In October 1998 the turnover receded to R644 billion from a monthly average of R877 billion in the third quarter. Turnover of repurchase transactions as a percentage of total turnover increased from 54 per cent in 1997 to 61 per cent in the first ten months of 1998.

*Non-resident investors* increased their holdings of South African fixed-interest securities by R16,3 billion in the first four months of 1998, but then reduced these holdings by R23,1 billion in the period from May to October. The decline in foreign investors' interest in this market during the past year was also reflected in a

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#### Non-residents' net transactions in the secondary capital markets



decline in the gross transactions value of non-residents' purchases and sales of bonds from R895 billion in the second quarter of 1998 to R805 billion in the third quarter. Measured as a percentage of total sales and purchases, non-residents' transactions in bonds declined from a high of 20 per cent in April 1998 to 15 per cent in October.

### Share market

Capital-raising activities by private-sector companies during 1998 continued to reflect a preference for equity financing rather than debt accumulation, probably because of the high cost of debt relative to that of equity capital. The value of *capital raised in the primary share market* by companies listed on the Johannesburg Stock Exchange increased from R9,3 billion in the first quarter of 1998 to R20,3 billion in the second quarter and R25,9 billion in the third quarter. This represents a rise of 41,3 per cent in the first three quarters of 1998 in comparison with the first three quarters of 1997.

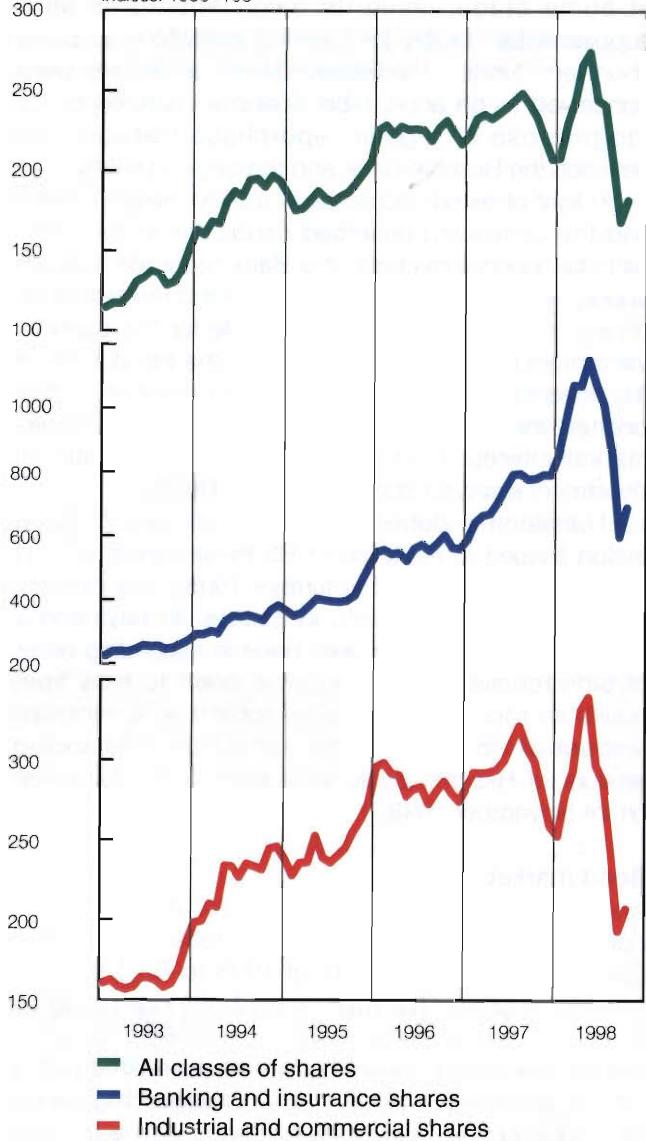
The value of shares traded in the *secondary share market* increased from R67,5 billion in the first quarter of 1998 to a record high of R91 billion in the second quarter, but then receded slightly to R89,6 billion in the third quarter. For the first ten months of 1998, the overall *value of shares traded* on the Johannesburg Stock Exchange increased by 33 per cent over the whole of 1997. The *number of shares traded* increased by 60 per cent over the same period.

*Non-resident investors* remained active participants as buyers and sellers in the secondary share market in the first ten months of 1998. Notwithstanding the negative turn in investor sentiment towards emerging markets, non-residents contributed 29 per cent of the total purchases and sales of shares on the Johannesburg Stock Exchange in the first ten months of 1998. The comparable ratio for the whole of 1997 was only slightly higher at 31,9 per cent. Non-residents also increased their holdings of listed shares in South African companies by R38 billion in the first ten months of 1998 in comparison with R26,2 billion in the whole of 1997. The aversion of global investors to assets of emerging market economies obviously did not extend to the South African equities market in the second and third quarters of 1998.

The monthly *average price level of all classes of shares* increased by 32,3 per cent from December 1997 to an all-time high in May 1998, but was then sharply adjusted downwards by 38,7 per cent from May to September. In September 1998 the average value of the all-share price index was roughly equal to that of March 1994. The average price level of *banking and insurance company shares* fell by 48 per cent from May to September 1998 and that of *industrial and commercial shares* by 43 per cent. The decline from May to September 1998 in the prices of mining shares was less severe than in the prices of other classes of

### Average monthly share prices

Indices: 1990=100



shares: the prices of gold-mining shares fell by 14,2 per cent and those of non-gold mining shares by 10,8 per cent.

In October 1998 the average price level of all classes of shares recovered by 8 per cent. Despite this increase and the recent strengthening in the exchange rate of the rand, the value of share prices in terms of US dollars has declined, on balance, by approximately 26 per cent from December 1997 to October 1998.

As indicated in Table 13 the yields and price ratios on shares mirrored the broad trend in share prices during the first ten months of 1998. The monthly average *dividend yield* on all classes of shares increased from 2,1 per cent in May to 3,5 per cent in

**Table 13. Yields and price ratios**

	Dividend yield Per cent	Earnings yield* Per cent	Price- earnings ratio*
1998: Jan.....	2,7	7,6	13,1
Feb.....	2,4	6,9	14,4
Mar.....	2,3	6,5	15,3
Apr.....	2,2	5,9	16,8
May.....	2,1	5,9	16,9
Jun.....	2,3	6,8	14,7
Jul.....	2,4	6,8	14,7
Aug.....	2,8	8,2	12,2
Sep.....	3,5	10,2	9,8
Oct.....	3,3	9,6	10,4

\* Excluding gold-mining shares

September, but then decreased to 3,3 per cent in October. The monthly average *earnings yield* (gold-mining shares excluded) increased likewise from 5,9 per cent in May 1998 to 10,2 per cent in September, but then declined to 9,6 per cent in October. The *price-earnings ratio* of all shares, apart from gold-mining companies, declined from 16,9 in May 1998 to 9,8 in September, before rising to 10,4 in October.

#### Market for derivatives

Emerging-market contagion and price volatility in the underlying domestic financial markets led to increased activity in the *formal derivatives market*. Trading volumes in *equity and interest rate futures contracts* rose by 48 per cent in the first ten months of 1998 compared with the corresponding period of 1997. The number of equity and interest rate futures and options on futures contracts traded increased from a quarterly average of 2,9 million in 1997 to an all-time high of 4,8 million in the first quarter of 1998, receding to 3,6 million and 3,8 million contracts in the second and third quarters, which were still relatively high. *Non-resident participation* in futures and options on futures contracts, measured as a percentage of open interest, also increased from 24 per cent in 1997 to 29 per cent in the first ten months of 1998.

After having risen strongly in the second quarter of 1998, the trade in *equity options contracts* subsided in the third quarter and October. The number of equity options contracts traded increased from 50 450 in the first quarter of 1998 to 60 370 in the second quarter, but then declined to 38 390 in the third quarter. In October 1998, the number of equity options contracts traded declined significantly compared with the monthly average during the third quarter. In contrast to the trade in equity options contracts, the number of trades conducted in *warrants* increased rapidly from 269 million in the second quarter of 1998 to 415 million in the third quarter – an increase of 54

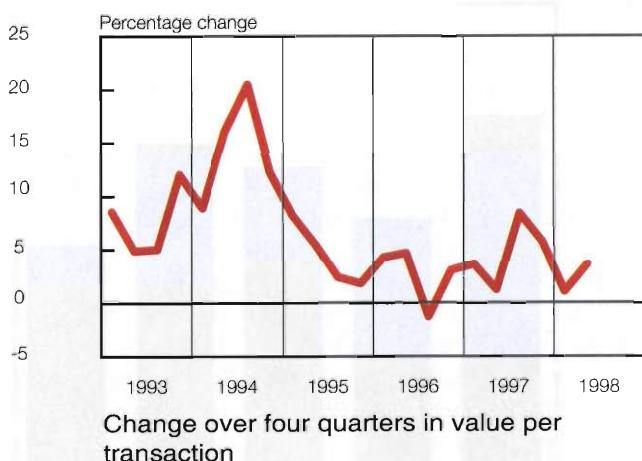
per cent. When reasonably stable conditions returned to the share market in October 1998, the monthly number of warrants traded fell to 97 million, compared with an average monthly number of 139 million in the third quarter.

Trading in *commodity futures contracts and options* on such contracts in the first ten months of 1998 totalled 68 749 contracts and was more than five times the number traded in the corresponding period of the previous year. The proximate cause for this rapid increase was the termination of centralised marketing arrangements for a number of agricultural commodities and the move towards an increasingly deregulated system of marketing. Trade in *maize commodity futures contracts* overwhelmingly dominated the trade in commodity futures contracts and accounted for 98 per cent of all trade transactions concluded in the first ten months of 1998.

#### Real-estate market

Property is an important investment asset and a store of value. In much the same way that share prices are determined by expected future profits and dividends, real-estate values depend on expected rental values. Prospects for growth in rental values appear to be bleak in South Africa as the average value per real-estate transaction increased by only 3,3 per cent in the first eight months of 1998 compared with the first eight months of 1997. The total value of real-estate transactions increased by 3,6 per cent in the first eight months of 1998 and the number of real estate transactions by 0,2 per cent.

#### Change in value per transaction in real-estate market



Change over four quarters in value per transaction

## Public Finance

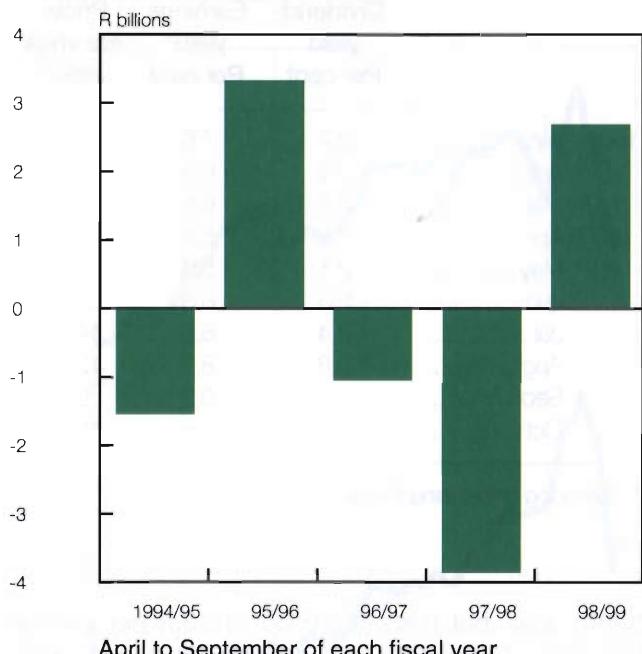
### Public-sector borrowing requirement

The *public-sector borrowing requirement* (i.e. the deficit before borrowing and debt repayment of the consolidated central government, provincial governments, local authorities and non-financial public business enterprises) declined by R4,1 billion from R22,1 billion in the first half of fiscal 1997/98 to R18,0 billion in the first half of fiscal 1998/99. This lowered the public-sector borrowing requirement as a ratio of gross domestic product from 7,5 per cent in the first half of fiscal 1997/98 to 5,6 per cent in the first half of fiscal 1998/99.

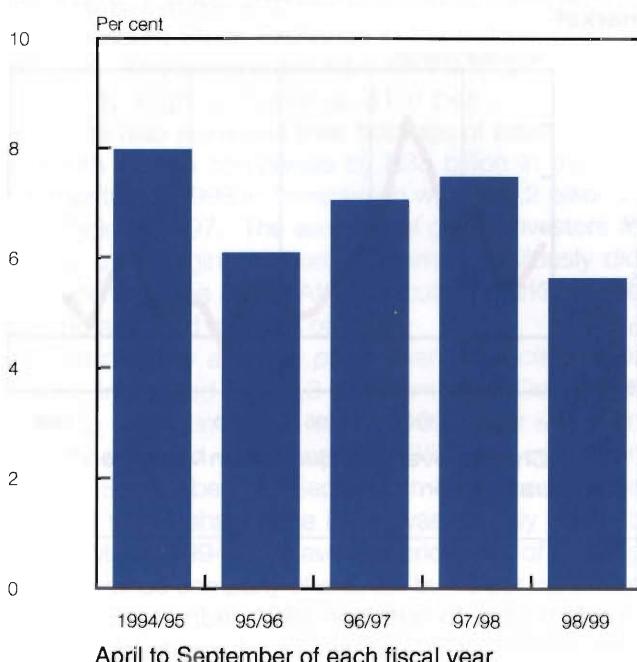
The decrease in the public-sector borrowing requirement in the first half of 1998/99 could be attributed to a turnaround in the finances of the provincial governments, from a shortfall of R3,9 billion in the first half of fiscal 1997/98 to a surplus of R2,7 billion in the first half of fiscal 1998/99. However, in fiscal 1998/99 the aggregated financial balance of provincial governments changed from a surplus of R3,8 billion in the April-June quarter to a deficit of R1,1 billion in the July-September quarter. The borrowing requirement of the main budget and that of local authorities widened from the first half of fiscal 1997/98 to the first half of fiscal 1998/99.

At the level of the *general government* (i.e. the total public sector excluding the non-financial business

### Deficit or surplus of provincial governments



### Public-sector borrowing requirement as a ratio of gross domestic product



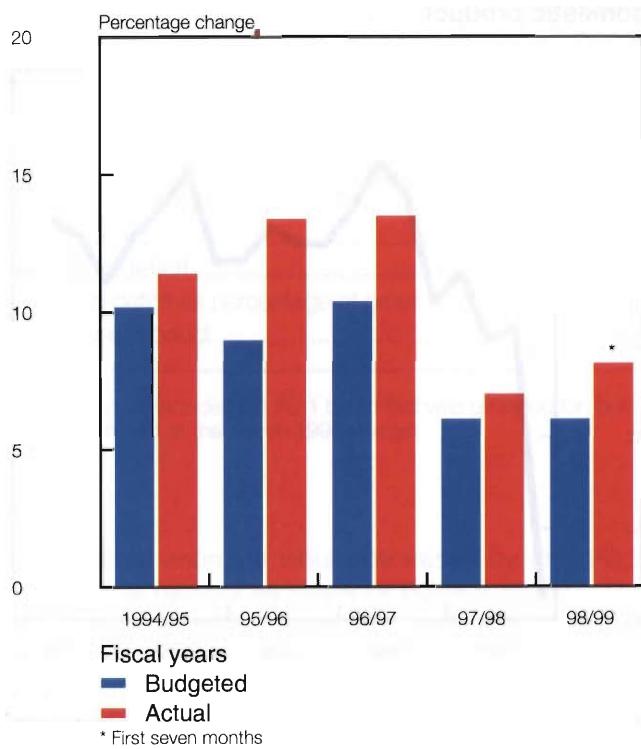
enterprises) the improvement in the borrowing requirement was the outcome of a slowdown in the growth of current and capital expenditure and a marginal strengthening of growth in revenue. The year-on-year rate of increase in current expenditure declined strongly from 8,7 per cent in the first half of fiscal 1997/98 to 2,3 per cent in the first half of fiscal 1998/99. Over the same period, the growth in capital expenditure by general government fell from 30,9 per cent to 10,7 per cent. Mainly on account of firm growth in non-tax revenue, the rate of increase in general government revenue accelerated from 8,9 per cent in the first half of fiscal 1997/98 to 9,5 per cent in the first half of fiscal 1998/99.

### Exchequer account

The fiscal accounts for the first six months of fiscal 1998/99 indicate that government will probably slightly overshoot the expenditure estimates that had been envisaged in the Budget of March 1998. However, revenue growth has also been stronger than projected in the Budget, indicating that the size of the deficit before borrowing and debt repayment relative to the gross domestic product could still be lower in fiscal 1998/99 than it was in fiscal 1997/98.

The year-on-year rate of increase in *Exchequer issues to government departments* (adjusted to reflect cash flows) in the first half of fiscal 1998/99 amounted to 8,1 per cent, which was notably higher than the budgetary provision of 6,1 per cent for the year as a whole. Reflecting government's commitment to

### Budgeted and actual Exchequer issues to government departments



prudent fiscal policies, the year-on-year growth in Exchequer issues in the first half of the current fiscal year was well below the average year-on-year rate of increase of 12,2 per cent in the corresponding period of the preceding five fiscal years. As a ratio of gross domestic product, Exchequer issues to government departments amounted to 32,0 per cent in the first half of fiscal 1998/99. This was only fractionally lower than the 32,1 per cent recorded in the first half of fiscal 1997/98.

In October 1998, Exchequer issues increased by 7,7 per cent compared with October 1997, which brought the year-on-year rate of increase in these issues to 8,1 per cent in the *first seven months* of fiscal 1998/99. Exchequer issues for the first seven months of fiscal 1998/99 therefore equalled 59,1 per cent of the total expenditure of R201,3 billion budgeted for the year as a whole.

The year-on-year rate of increase in *Exchequer receipts* (excluding proceeds from privatisation and transfers from the Strategic Oil Fund) amounted to 8,7 per cent in the first half of fiscal 1998/99, compared with a budgeted increase of 8,9 per cent for the fiscal year as a whole and an average rate of increase of 13,6 per cent for the corresponding period of the preceding five fiscal years.

Inland revenue receipts in the first half of fiscal 1998/99 were 9,6 per cent more than in the first half of

**Table 14. Increase in government revenue**

Percentage change over same period of previous year

Revenue source	Budgeted increase for fiscal year 1998/99	Actual year-on-year increase in first half 1998/99
Customs and excise duties .....	19,4	12,0
Inland revenue.....	7,4	9,6
Income tax.....	5,6	10,1
Value-added tax.....	8,4	9,0
<b>Total Exchequer receipts..</b>	<b>8,9</b>	<b>8,7</b>

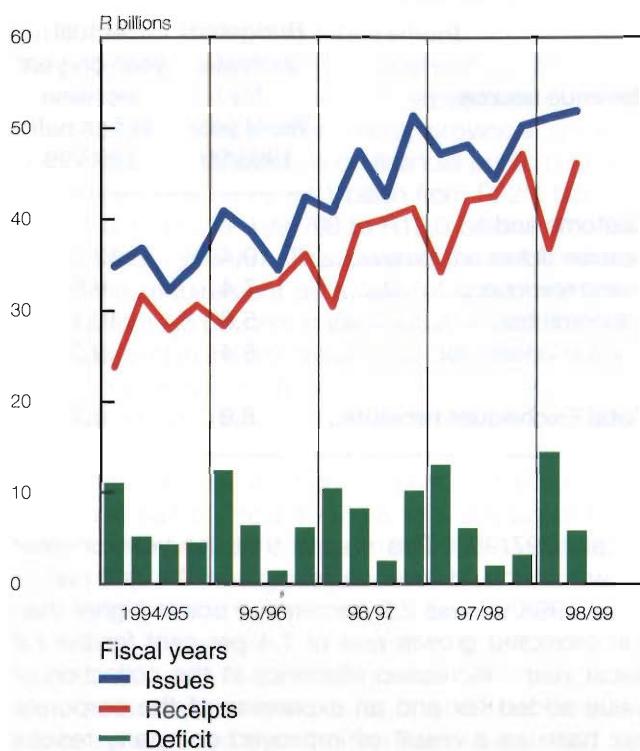
fiscal 1997/98. This means that the year-on-year growth in Inland revenue receipts in the first half of fiscal 1998/99 was 2,2 percentage points higher than the projected growth rate of 7,4 per cent for the full fiscal year. Increased efficiency in the collection of value-added tax and an expansion of the corporate tax base as a result of improved company results made noteworthy contributions to the growth in Inland revenue receipts in the first half of fiscal 1998/99. By contrast, revenue from customs and excise duties fell short of the budgeted projections in the first half of fiscal 1998/99, largely because of the implementation of tariff reductions ahead of the time scale agreed to in the Final Act of the Uruguay Round of trade negotiations.

As a ratio of gross domestic product, Exchequer receipts amounted to 25,7 per cent in the first six months of fiscal 1998/99 – the same as in the first half of fiscal 1997/98.

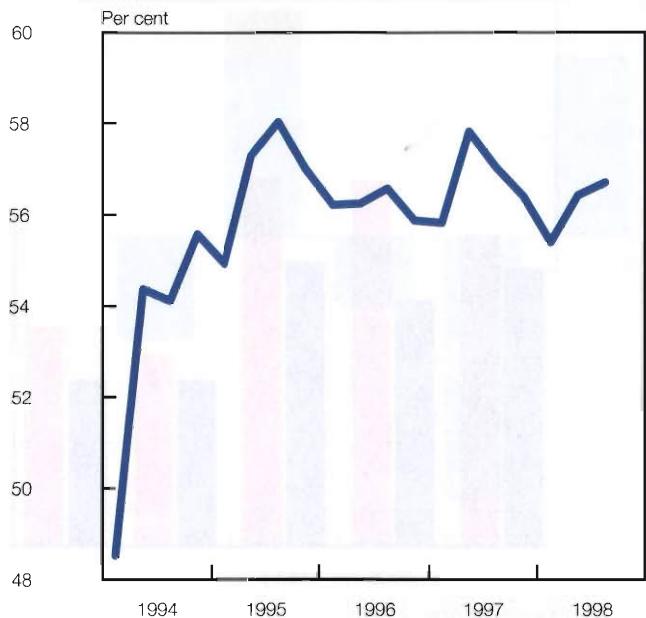
The year-on-year rate of increase in revenue collected by the government in October 1998 amounted to 14,4 per cent. This brought the year-on-year rate of increase in Exchequer receipts to 9,7 per cent in the first seven months of fiscal 1998/99. Over this period, Exchequer receipts amounted to 56,7 per cent of the total revenue of R177,6 billion budgeted for the year as a whole.

The lower-than-budgeted revenue and higher-than-budgeted expenditure in the *first half* of fiscal 1998/99 resulted in a *deficit on the Exchequer Account* before borrowing and debt repayment of R20,1 billion. This was equivalent to 6,3 per cent of gross domestic product compared, with a ratio of 6,4 per cent in the corresponding period of fiscal 1997/98, and a budgeted deficit of 3,5 per cent of gross domestic product for the fiscal year 1998/99 as a whole. For the *first seven months* of fiscal 1998/99 the deficit before borrowing and debt repayment amounted to R18,2 billion or 76,9 per cent of the deficit budgeted for the year as a whole.

## Exchequer issues, receipts and deficit



## Total government debt as a ratio of gross domestic product



As shown in Table 15, the deficit for the first half of fiscal 1998/99 was financed largely through the issuance of long-term government bonds and Treasury bills. Long-term government bonds were issued at an

**Table 15. Financing of Exchequer deficit in the first half of fiscal 1998/99**

	R billions
Government bonds (including discount) .....	14,5
Less: Discount on government bonds.....	3,3
Net receipts from government bonds issued.....	11,2
Treasury bills .....	6,3
Foreign loans .....	-0,7
Redemption of Section 239 debt* .....	-0,2
Transfer from IMF accounts** .....	0,7
Extraordinary receipts .....	1,8
Increase in available cash balances .....	1,0
<b>Total net financing .....</b>	<b>20,1</b>

\* Debt of the former Transkei, Bophuthatswana, Venda and Ciskei and self-governing states

\*\* Transfer effected for the repayment of a loan in terms of the Compensatory and Contingency Financing Facility (CCFF) due to the International Monetary Fund

average interest rate of 15,84 per cent in the first six months of fiscal 1998/99, whereas the average rate at which short-term instruments were sold was 16,65 per cent. In both instances the budget assumptions allowed for an average interest rate of 13,0 per cent for fiscal 1998/99. Altogether, the borrowing activities of government gave rise to an increase in government debt from R336,2 billion or 55,4 per cent of gross domestic product at the end of March 1998 to R358,2 billion or 56,7 per cent of gross domestic product at the end of September 1998.

### Adjustments Budget for fiscal 1998/99

The Minister of Finance noted in his Adjustments Budget, tabled in Parliament on 2 November 1998, that the global financial and economic developments of the past year had been a real test of government's commitment to the vision and objectives that were set out in the Reconstruction and Development Programme (RDP). The Minister reaffirmed that government would continue to follow the course outlined in the RDP, while recognising that this was a difficult course with no room for short cuts. In view of the changed economic outlook it was inevitable that the Budget presented in March 1998 would have to be amended to reflect the changed circumstances.

In the Adjustments Budget the Minister sought approval for additional expenditure for the fiscal year 1998/99 amounting to R5,4 billion. However, if savings and roll-overs were taken into account, the original

**Table 16. Adjustments Budget estimates for 1998/99**

	R billions
Original budgeted expenditure*	201,3
Plus: Additional expenditure .....	5,4
Total .....	206,7
Less: Roll-overs, savings and suspensions ....	2,2
Total adjusted expenditure .....	204,5
Total revenue .....	178,6
<b>Adjusted deficit.....</b>	<b>25,9</b>
Adjusted deficit as percentage of gross domestic product .....	3,9

\* This amount includes the R2,1 billion that was provided for, but not approved, in the March 1998 Budget

expenditure estimate would be raised by only R3,2 billion to a revised estimate of R204,5 billion. The adjustment to expenditure was necessitated by the sharp rise in debt service costs, the unforeseen and unavoidable expenditure by government departments and additional transfers to provinces. As a ratio of estimated gross domestic product, estimated government expenditure would amount to 31,1 per cent in fiscal 1998/99 compared with the 31,3 per cent recorded in fiscal 1997/98.

In the Adjustments Budget, provision was also made for an upward revision of the initial estimate of revenue from R177,6 billion or 26,5 per cent of gross domestic product to R178,6 billion or 27,2 per cent of gross domestic product for fiscal 1998/99. The additional revenue came from the surrender of R350 million to the Exchequer following the closing of the Post Office Fund and from donor funding totalling R651 million.

The adjustments to the expenditure and revenue estimates resulted in a deficit before borrowing and debt repayment on the budget of the national government of R25,9 billion in fiscal 1998/99. This revised deficit is R2,2 billion higher than the deficit envisaged by the Minister of Finance in the initial budget proposals. The revised deficit for fiscal 1998/99 is equivalent to 3,9 per cent of the revised estimated gross domestic product compared with the original budgeted deficit of 3,5 per cent of gross domestic product.

#### **The Medium Term Budget Policy Statement**

Together with the Adjustments Budget the Minister of Finance also presented the revised Medium Term Budget Policy Statement to Parliament on 2 November 1998. The Minister stated that the forecasts presented in the Statement were based on government's best assessment of domestic and international economic

conditions, but cautioned that the projections were subject to uncertainty and that the eventual outturn might deviate from what was projected.

The Minister emphasised that the Growth, Employment and Redistribution strategy (GEAR) was a set of policy choices that had been made to enhance growth and redistribution over the medium term and that these policy choices had not been abandoned owing to the global economic problems. On the contrary, the Minister asserted that government's commitment to reconstruction and development served as an anchor in the recent economic turmoil. Government remains committed to:

- giving priority to spending on education, health, welfare and social infrastructure;
- reducing the government deficit and debt service costs;
- halting the increase in government's wage bill;
- improving the quality and efficiency of service delivery;
- improving the ratio of capital expenditure to current expenditure; and
- maintaining sound fiscal management.

The revised Medium Term Expenditure Framework contained in the Statement indicates several shifts in spending priorities. The relative shares of spending on social services and protection services are projected to rise over the next three years, whereas spending on economic services and administration will be reduced. Social services are delivered mainly at the provincial level. The increase in spending on education, health and welfare is therefore reflected in a growing share of total spending on these services being allocated to the provinces. Spending on economic services, such as trade, industrial and agricultural services, is projected to fall as a share of total non-interest spending.

The revised allocations also incorporate the final results of the 1996 Population Census. The changed figures for the geographical distribution of the country's population mean that some provinces will receive a smaller share of total provincial allocations than envisaged earlier. The changes in the formula for allocating funds to the provinces will be phased in over the next five years to allow provinces ample time to adjust to changes in their relative funding levels.

Growth in capital expenditure is projected to be lower than the growth in total spending. This is mainly a result of public-private sector partnerships for the provision of infrastructure, which means that significant amounts of infrastructural investment no longer appear as part of capital spending on the budget of the national government. Personnel expenditure is projected to fall slightly as a share of total expenditure over the next three years, mainly as a result of slower growth in spending on personnel in national government departments.

**Table 17. Fiscal projections**

	1999/ 2000	2000/ 2001	2001/ 2002
<b>R billions</b>			
National Budget revenue.....	191,3	206,2	220,1
National Budget expenditure ...	216,5	229,6	245,0
Deficit before borrowing .....	25,2	23,4	24,9
Primary surplus .....	22,8	27,6	29,1
<b>Percentage of gross domestic product</b>			
National Budget revenue.....	26,9	26,8	26,5
National Budget expenditure ...	30,5	29,9	29,5
Deficit before borrowing .....	3,5	3,0	3,0
Primary surplus .....	3,2	3,6	3,5

Government's commitment to the containment of growth in spending over the next three fiscal years is indicated in the accompanying table. Government remains committed to the reduction of the budget deficit to the equivalent of 3,0 per cent of gross domestic product, but intends to achieve that goal one year later than previously intended.

# South Africa in the finance and investment sector of the Southern African Development Community (SADC)

by W. Brümmerhoff

## Introduction

The Southern African Development Community (SADC) was founded in August 1992 as a successor to the former Southern African Development Co-ordination Conference (SADCC) which had been established on 1 April 1980.<sup>1)</sup> In SADCC the important task was to enhance co-ordination of development programmes and projects of member states whereas SADC is mainly pursuing the integration of development and the liberalisation of economies in the region.

In this survey the focus will be on general issues applicable to regional and economic integration, specifically those relevant to the SADC region. The major part of the study will give attention to the position of South Africa in the economic SADC bloc, as well as to initiatives for closer financial co-operation and possible future economic integration.

## The concepts of regionalism and globalisation

*Regionalism* generally refers to the development and expansion of regional co-operation and integration across a number of countries and could be pursued in diverse economic or financial segments or activities. Regional economic integration has become a feature of the policy frameworks of many countries and could be driven by market and/or political imperatives. It is primarily an instrument to pursue the expansion of markets and to remove possible barriers impeding the flow of goods and services between countries in the block or region.

*Globalisation* is the integration of markets all around the world in a more integrated system. It entails the acceleration of economic activity across national borders in respect of goods, services, capital and labour. Technological advances are the key driving force behind globalisation as they continue to accelerate the potential for communication and information. Access to technology is a prerequisite for attaining full membership in the global economy. *Globalisation* is

also used to describe transformations in world economic activity which include deregulation, financial liberalisation and technological advancement.

Globalisation is perceived to be market-led and regionalisation policy-led, but in many ways regionalisation is driven by the same market forces and technological developments as globalisation. Globalisation could be a challenge to regional integration but regionalism is not opposed to globalisation as it is a means of securing benefits for the region in the globalisation process.

In recent years the South African financial sector has moved rapidly on the road towards globalisation by expanding the involvement of foreign banks in the country and that of non-residents in the South African financial markets. In addition, the domestic banking and private non-bank sectors utilised large amounts in foreign funding. Further relaxation of exchange controls and the restructuring of the financial system are important preconditions for South Africa's greater participation in the financial globalisation process.

## The rationale for economic integration in Southern Africa

The motivations underlying regional integration initiatives were both political and economic resulting, *inter alia*, from disillusionment with national as well as international political and economic systems that were viewed as unfavourable to developing countries.

Based on the premise that economic integration can yield greater developmental benefits by the collective rather than unilateral use of economic policies, expected advantages could include the following:

- *Efficiency gains* by overcoming obstacles in the way of economic development such as small market size, market distortions, inefficient production techniques and barriers to the movement of productive factors;
- *Gains* arising from economies of scale could result from large cost savings on projects realised through regionally co-ordinated and initiated investments in physical, social and institutional infrastructure.

Many other issues in the Southern African context could also be attended to far more effectively through the adoption of a regional approach. These include the following:

1. The founder members were Angola, Botswana, Lesotho, Malawi, Mozambique, Swaziland, Tanzania, Zambia and Zimbabwe. Namibia joined the SADC after independence in 1990. South Africa and Mauritius became members of SADC in 1994, as did the Democratic Republic of the Congo and Seychelles in 1998.

- Countries in Southern Africa are aiming at achieving self-sufficiency, but at the same time they are confronted with attempts to industrialise and modernise their economies;
- the large number of small countries competing with one another in international markets reduce their bargaining power in such markets. Many countries in the region are also dependent on a narrow set of similar primary products which negatively impact on their participation in world trade; and
- the facilitation and mobilisation of investments, both from local and foreign sources, will increase if a much broader and integrated market can attract the interest of foreign investors.

According to the Forum on Debt and Development,<sup>2)</sup> the envisaged advantages of regional integration will not materialise if non-tariff barriers to integration remain, non-transparent forms of discrimination against third parties are maintained and the distribution of gains and costs of the process is not adequately addressed.

### **Regional economic integration in Southern Africa (excluding SADC)**

Before considering in more detail the structure and operations of SADC, a brief overview is given of some relevant integration initiatives in the Southern African region, each with its own programme of action.

#### **Common Market for Eastern and Southern Africa (COMESA)**

The former Preferential Trade Area (PTA) for Eastern and Southern Africa was transformed into COMESA in November 1993. Twenty states were members at the time of its creation but Lesotho and Mozambique decided to relinquish their membership of COMESA.

The main aims are to achieve a full free-trade area by the year 2000 with free movement of capital and finance in the region and common investment procedures to promote cross-border, domestic and foreign investment.

South Africa was invited to join COMESA in 1995 and the issue was discussed and investigated, but it was decided not to pursue membership at that stage. Like South Africa, Botswana is not a member of COMESA either.

2. Teunissen J.J. (Editor), Regionalism and the Global Economy. The Case of Africa, Forum on Debt and Development (FONDAD), The Hague, 1996.

### **Common Monetary Area (CMA)**

The Rand Monetary Area that came into force in 1974 between the Republic of South Africa, Lesotho and Swaziland, was replaced by the CMA in 1986. Namibia formally joined the CMA in February 1992. Currently the CMA is accepted as the anchor for financial integration and co-operation in the Southern African region. The main features of the CMA include the following:

- The South African rand is accepted as legal tender in member states (from April 1986 the rand no longer constituted legal tender in Swaziland but is still accepted as a means of payment);
- member states may issue their own currency;
- no restrictions apply to the transfer of funds to or from the area of any other member;
- institutions in the government, financial and business sectors of Lesotho, Namibia and Swaziland have the right of access to the South African capital and money market;
- each member of the CMA has responsibility for handling foreign exchange transactions in accordance with policies adopted by the CMA;
- the remaining exchange controls in force in the Republic of South Africa are basically in agreement with the provisions that still apply to other CMA countries; and
- members shall permit the repatriation of notes and coin issued by them which may be in circulation in another CMA country.

### **The Cross-border Initiative (CBI)**

The CBI was launched in July 1990 by some countries from Eastern and Southern Africa in consultation with and sponsored by the European Union, the World Bank, the International Monetary Fund and the African Development Bank. The objectives of the CBI are, for example, to develop the regional market economy, promote regional economic growth and ultimately achieve regional economic integration. The CBI is of a non-institutional nature, and is aimed at facilitating the work of other regional organisations. It concentrates on cross-border trade, investment and payments. There are at present 13 members, excluding Botswana, Lesotho and South Africa.

### **The Southern African Customs Union (SACU)**

The first formal agreement which laid the foundations of SACU was entered into in 1910 between the Union of South Africa and the three former British

Protectorates. The present SACU was established in 1969 and its members comprise the Republic of South Africa, Botswana, Lesotho and Swaziland. Namibia became an official member in 1992.

The features of SACU include a common external tariff structure and free movement of goods within SACU, without any duties or quantitative restrictions. The main objective of SACU is to create a common pool of customs duties, based on the volume of external trade, and excise duties based on the production and consumption of excisable goods. An important aim is also to use the pool arrangements to support the economic development of the SACU area in general, and the less economically advanced member countries in particular.

The SACU agreement is currently being renegotiated and, when concluded, will include a new basis of revenue sharing and a new institutional structure.

### Other initiatives

Several other initiatives involving countries from Southern Africa have been launched in recent years or are planned, including the following: African Economic Community, Association of African Central Banks; Economic Commission for Africa and the Indian Ocean Rim Association for Regional Co-operation.

## The structure and operations of SADC

As indicated earlier, SADC has been operational since August 1992 and its Treaty contains a framework for co-operation among member states, which provides for:

- greater economic co-operation and integration on the basis of balance, equity and mutual benefit;
- common economic, political and social values and systems; and
- stronger regional solidarity, peace and security.

A lengthy list of objectives for SADC appears in the Treaty, together with the steps required to achieve these goals.<sup>3)</sup> Important aims include fostering economic growth and development, alleviating poverty, maximising productive employment and utilising the resources of the region.

SADC has a decentralised structure with a small Secretariat in Gaborone. Each member state accepts

responsibility for the management and development of a specific sector. A co-ordinator is appointed for each sector. The sector co-ordinator in each country liaises with the Secretariat in Gaborone and is involved in formulating sector policies and the processing of projects.

The Heads of State of the SADC countries are the main policy decision-making body. In addition, a Council of Ministers meets regularly to review progress made with ongoing sectorial programmes and projects.

A declaration by Heads of State during the signing of the Treaty includes the following vision for the future:

"The economies of Southern African states are small and underdeveloped. The countries of the region must, therefore, join together to strengthen themselves economically and politically, if the region is to become a serious player in international relations. No single country of Southern Africa can achieve this status on its own."

At a council meeting in August 1995 it was decided that the SADC programme of action be reviewed and rationalised as a result of new political and economic developments and the evolution of SADC from functional co-operation to the pursuit of development integration. A comprehensive report was compiled by consultants from Malawi, South Africa and Zimbabwe, including wide-ranging proposals on how to transform and revamp SADC, for instance by creating Planning and Co-ordination Directorates for clusters of economic sectors. Discussions on this issue are continuing.

### South Africa and SADC

The present Treaty of SADC signed in August 1992 provided for the inclusion of a new, democratic Republic of South Africa. This decision became effective on 29 August 1994 when the Republic joined SADC. The new government elected in April 1994 placed regional co-operation at the forefront of its foreign policy and was convinced that membership of SADC would benefit South Africa. Expected benefits centered mainly on the sustainability of the SADC market for South African industry and enterprises, better co-ordination of the joint use of scarce resources, and the country's improved international standing and bargaining power. These were to be strengthened in a world where the formation of economic blocs has become the norm.

Since the creation of SADC, progress and development in the area of finance and investment have been relatively slow. To give the required impetus, Tanzania, which had been responsible for a wider economic sector, presented a draft financial protocol in June 1994. This draft protocol was a very ambitious programme for financial integration in SADC.

3. See Article 5 of "Declaration Treaty and Protocol of SADC", signed by Heads of State on 17 August 1992 in Windhoek.

It was evaluated by bodies in different countries, but has not been finalised and rectified.

At the meeting of Council in January 1995 a new separate Finance and Investment Sector was created and by common consent allocated to South Africa. It was accepted that South Africa had the capacity, expertise and infrastructure to effectively promote financial and investment issues in the region.

The South African Government formally assumed responsibility for the newly established sector on 3 May 1995, and as a first step, convened a combined meeting on 12 July 1995 of Ministers of Finance and Central Bank Governors in SADC to develop a sectoral programme of action. The Terms of Reference for the sector were formulated at the meeting and subsequently approved by Council. Three broad objectives for the sector were adopted:

- To provide a framework for regional co-operation in the area of finance in collaboration with central banks and other financial role players in order to mobilise more resources for investment;
- to encourage movement towards regional macroeconomic stability by promoting prudent fiscal and monetary policies; and
- to promote the development of sound investment policies and movement towards the regional macroeconomic stability of member states.

The same meeting developed a structural framework for the sector which is quite different from other sectors in SADC but was required for the effective functioning of the sector. The main bodies are:

- the Sectoral Committee of Ministers of Finance, chaired by the South African Minister of Finance and responsible for giving guidance on the co-ordination of co-operation, the development of projects and the integration of policies.
- the Sectoral Committee of Senior Officials, the supporting and advising body of ministers;
- the Committee of SADC Senior Treasury Officials operating in their specialised area. The committee was involved in three major sectoral research topics on investment promotion, development finance and macroeconomic policies. Each of these topics is now being addressed by subcommittees;
- the Committee of Governors of Central Banks in SADC, operating independently at the same level as the Committee of Treasury Officials in areas of central banking and monetary co-operation; the committee reports directly to the ministerial committee; and
- the Finance and Investment Sector Co-ordinating Unit (FISCU), housed in the South African Department of Finance. FISCU is responsible for the co-ordination and support of financial and investment activities in member states.

The South African Reserve Bank has been intensively involved in the sector since January 1995 and strongly advocated the creation of a separate Committee of Central Bank Governors in SADC. The committee is needed to pursue closer monetary co-operation between central banks in different areas and plays a crucial role in the promotion of financial and economic development. As the committee is chaired by the Governor of the South African Reserve Bank, all secretarial and support services are handled in the Economics Department of the Bank. The committee meets twice a year and provides a basis for the exchange of ideas on economic development and financial policies. This arrangement has contributed significantly to better intra-regional understanding on issues of central banking.

The Committee has its own Terms of Reference. Although the ultimate objectives of the committee are the same as those for the sector as a whole, its work programme is structured from the perspective of central banks.

## **South Africa's relevant economic position in SADC<sup>4)</sup>**

In this section the economic position of South Africa will be compared with that of SADC as a whole, by analysing a number of relevant variables, some of them ranging over several years. Unfortunately, it was not possible to include the two new members of SADC, namely the Democratic Republic of the Congo and the Seychelles, as the compilation of comparable economic statistics for these two countries has not been completed. The data, therefore, refer only to the other twelve SADC member countries.

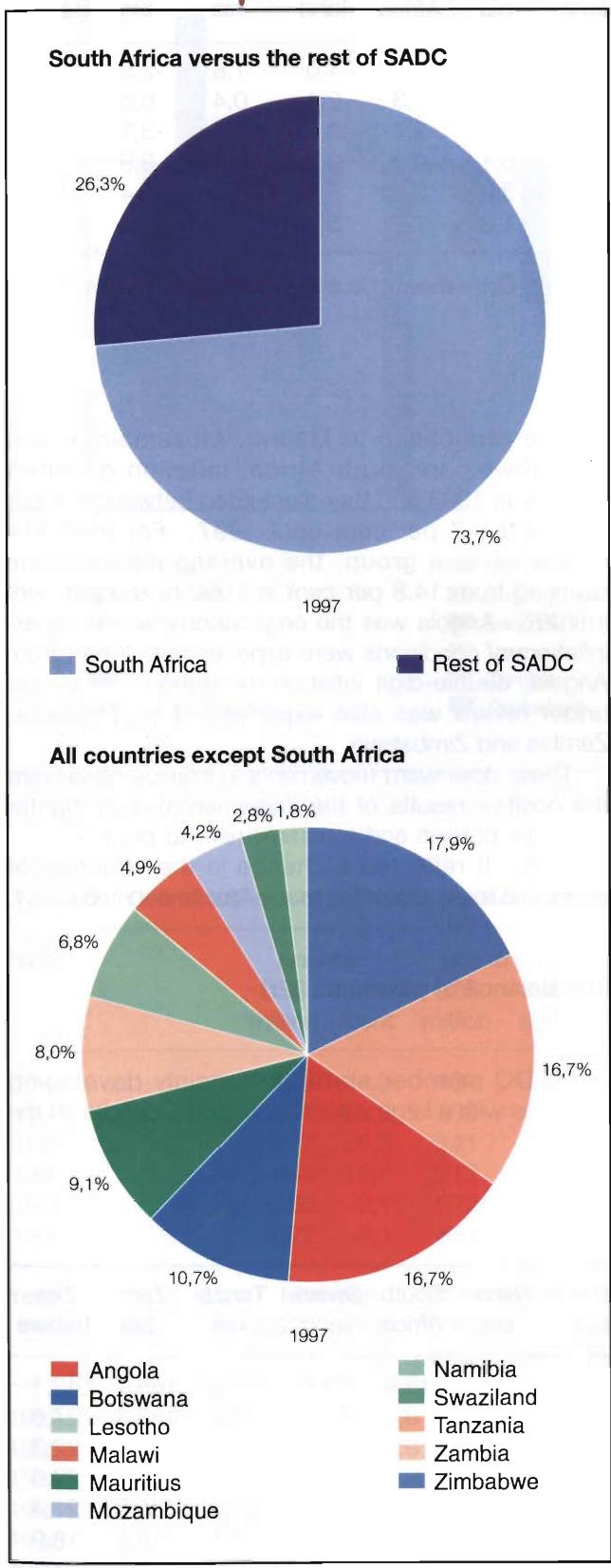
### **Gross domestic product (GDP)**

Table 1 reflects the growth of GDP at constant prices in SADC for the past six years. The period from 1992 to 1995 revealed a pattern of uneven growth among member countries with some notable periods of economic contraction. After 1995 the economic performance in SADC countries in general improved quite strongly. In 1996 the average growth rate amounted to 5,2 per cent with South Africa and Namibia recording the lowest growth rates. During

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4. Some countries in the SADC region are facing difficulties in the generation of statistical data and a degree of caution when using macroeconomic information is appropriate. Statistics for 1997 are in many instances projections or estimates and should be regarded as preliminary.

**Graph 1: Share of nominal gross domestic product**



1997 the economies in SADC expanded at a lower average rate of 3,5 per cent with the smallest growth rate recorded in South Africa and a further marginal contraction in Lesotho.

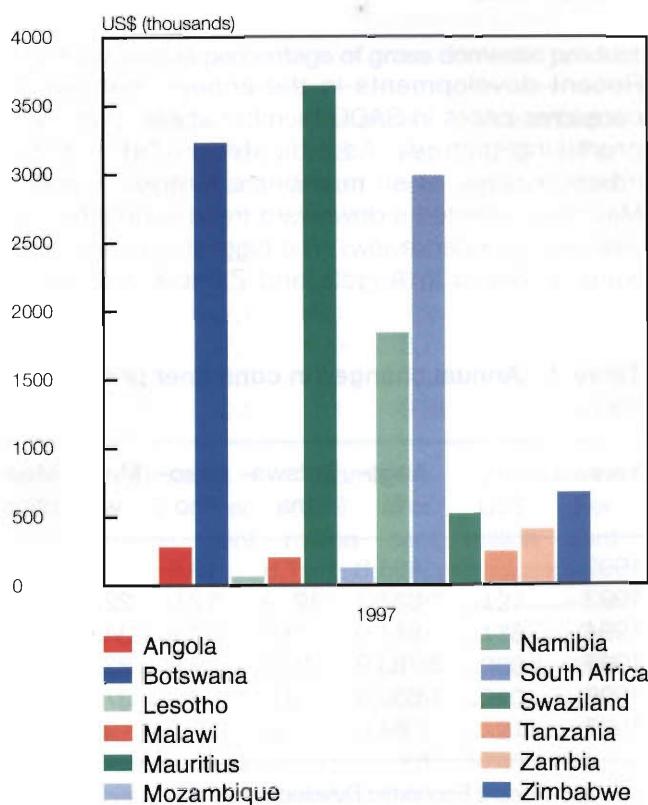
Turning to the share of individual SADC countries in the total GDP of the region, it is well known that the major contribution originates in South Africa. In 1992 South Africa's share still amounted to 77,0 per cent but declined to 73,7 in 1997. The reason for the recent slightly smaller contribution by South Africa is the relatively faster economic growth in a number of other SADC countries, such as Mauritius, Botswana and the smaller CMA countries. Whereas GDP growth in South Africa during the six-year period from 1992 to 1997 amounted on average to 2,0 per cent per annum, Mauritius recorded a comparable figure of 5,6 per cent.

Graph 1 shows the relevant share of member states in the total GDP of SADC in 1997.

The countries with the largest share of nominal GDP next to South Africa are Angola, Tanzania and Zimbabwe. This position has remained basically the same since 1992.

Another interesting feature relating to GDP and indicating the standard of living, is the distribution of income per capita shown in Graph 2. Mauritius with a

**Graph 2: Per capita gross domestic product at current prices**



**Table 1. Growth in gross domestic product at constant 1990 prices**

Per cent

Year	Ango- la	Botswa- na	Leso- tho	Mal- awi	Mau- ritius	Mozam- bique	Nami- bia	South Africa	Swazi- land	Tanza- nia	Zam- bia	Zim- babwe
1992 .....	6,9	6,3	-6,5	-7,9	6,6	-0,8	7,4	-2,2	1,0	1,8	-2,5	-5,5
1993 .....	-24,7	-0,1	-6,6	10,8	5,0	19,3	-2,0	1,3	3,1	0,4	6,5	2,0
1994 .....	2,5	4,1	8,2	-11,6	5,2	4,4	6,6	2,7	3,5	1,4	-3,1	5,3
1995 .....	11,2	3,1	6,0	8,0	5,6	1,3	5,1	3,4	3,2	3,6	-3,9	-1,1
1996 .....	12,1	7,0	-12,2	9,5	6,0	6,6	3,0	3,2	3,6	4,2	6,4	7,0
1997 .....	7,0	6,9	-0,4	8,2	5,2	14,1	1,8	1,7	3,7	3,3	3,5	2,0

Source: Recent Economic Developments and Statistics for SADC countries, Committee of Central Bank Governors in SADC, October 1998

per capita GDP of more than 3 600 US dollars per year tops the list of SADC countries, followed by Botswana and South Africa with an income of around 3000 US dollars and Namibia with an income per capita of approximately 1 800 US dollars per year. The remaining SADC countries have incomes per capita of less than 700 US dollars per annum. This is mainly due to the combination of a high population growth rate and low levels of economic activity. During the period from 1992 to 1997 the per capita GDP in these low-income countries increased only marginally.

### Inflation rates

Recent developments in the annual changes of consumer prices in SADC member states, present a promising picture. As indicated in Table 2 the inflation rates of all member countries, except Mauritius, reflected a downward trend during the six-year period under review. The biggest improvements were recorded in Angola and Zambia with other

sizable reductions in Malawi, Mozambique and Zimbabwe. In South Africa, inflation declined strongly in 1993 and then fluctuated between 7,4 per cent and 9,7 per cent until 1997. For the CMA countries as a group, the average inflation rate declined from 14,8 per cent in 1992 to 8,3 per cent in 1997. Angola was the only country where hyper-inflationary conditions were experienced. Apart from Angola, double-digit inflation throughout the period under review was also experienced by Tanzania, Zambia and Zimbabwe.

These downward movements in inflation rates were the positive results of the implementation of tighter monetary policies and a commitment to prudent fiscal policies. It reflected a change in the structure of economic management in many African countries.

### The Balance of payments

As SADC member states are mainly developing countries with a large volume of imports, deficits on the

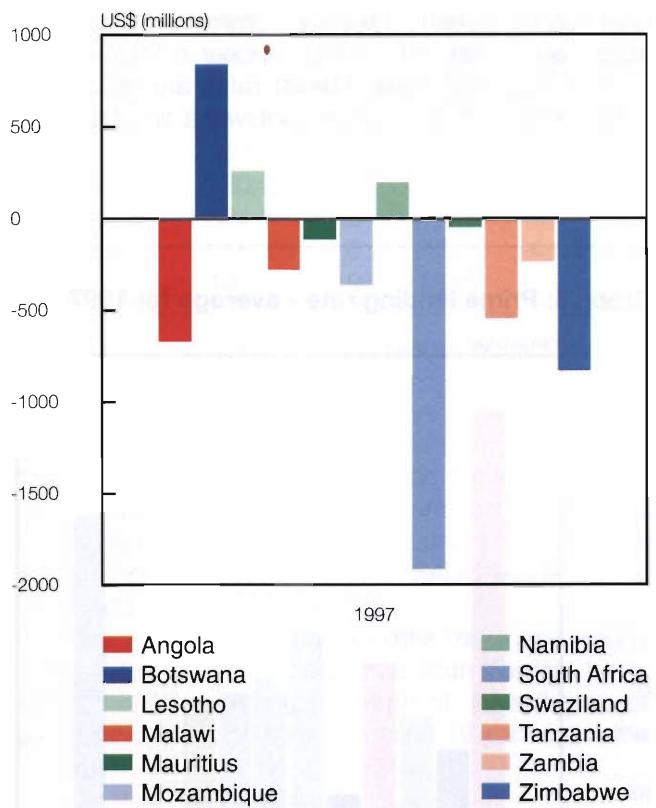
**Table 2. Annual changes in consumer prices**

Per cent

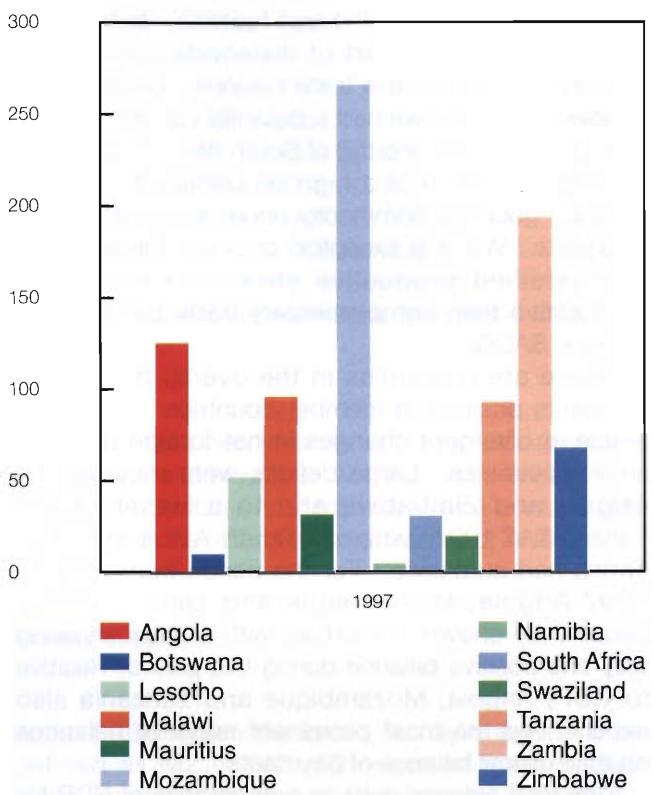
Year	Ango- la	Botswa- na	Leso- tho	Mal- awi	Mau- ritius	Mozam- bique	Nami- bia	South Africa	Swazi- land	Tanza- nia	Zam- bia	Zim- babwe
1992.....	495,8	17,5	16,5	23,3	4,6	54,5	4,0	13,9	11,0	21,9	165,1	42,1
1993.....	1 837,7	12,9	12,0	22,8	10,5	43,6	-0,5	9,7	12,4	25,2	183,8	27,6
1994.....	971,9	9,8	7,9	34,6	7,3	70,2	17,5	9,0	13,7	33,1	54,6	22,3
1995.....	3 783,9	10,8	9,6	83,3	6,0	54,2	10,0	8,7	7,9	28,3	34,9	22,6
1996.....	1 650,4	9,6	9,0	37,6	6,6	16,6	8,0	7,4	6,5	21,0	35,2	21,4
1997.....	64,0	7,8	8,5	9,1	6,6	5,8	8,8	8,6	7,2	16,1	18,6	18,9

Source: Recent Economic Developments and Statistics for SADC countries, Committee of Central Bank Governors in SADC, October 1998

**Graph 3: Current account balance**



**Graph 4: Total external debt as percentage of gross domestic product**



**Table 3. Overall balance of payments position - amounts in US dollar and as percentage of gross domestic product**

Year	Angola		Botswana		Lesotho		Malawi		Mauritius		Mozambique	
	US\$ million	Per cent										
1992 .....	-1 138	-14,2	404	10,2	87	13,1	-47	-2,5	43	1,4	-407	-31,6
1993 .....	-1 501	-25,8	406	9,9	100	7,0	18	0,6	7	0,2	-436	-29,7
1994 .....	-1 027	-25,3	141	3,3	141	18,6	-35	-2,7	-44	-1,2	-348	-23,8
1995 .....	-845	-16,7	213	4,7	70	9,2	-32	-2,2	109	2,7	-256	-20,6
1996 .....	-536	-8,1	522	11,8	110	13,9	-116	-5,3	48	1,1	-63	-3,6
1997 .....	-622	-8,1	634	12,8	126	14,9	-11	-0,5	-31	-0,8	-80	-3,8
Year	Namibia		South Africa		Swaziland		Tanzania		Zambia		Zimbabwe	
	US\$ million	Per cent										
1992 .....	-6	-0,2	94	0,1	88	9,0	-253	-5,5	-237	-7,3	-127	-1,9
1993 .....	88	3,2	-2 814	-2,4	-64	-6,4	-634	-14,9	160	4,9	176	2,7
1994 .....	75	2,4	879	0,7	-13	-1,2	-447	-9,9	-75	-2,1	268	3,9
1995 .....	24	0,7	2 503	1,9	30	2,3	-374	-7,1	-268	-6,6	210	2,9
1996 .....	21	0,6	-1 076	-0,9	15	1,3	-222	-3,4	-124	-3,9	-21	-0,2
1997 .....	44	0,1	2 481	1,9	25	1,9	-227	-3,1	139	3,8	-740	-9,0

Source: Recent Economic Developments and Statistics for SADC countries, Committee of Central Bank Governors in SADC, October 1998

current account of the balance of payments are likely to prevail in most countries of the region.

As indicated in Graph 3, only three countries in the region had a surplus on the current account in 1997, namely Botswana, Lesotho and Namibia. In the case of Botswana the export of diamonds contributed strongly to its favourable trade balance. South Africa, Angola and Zimbabwe had substantial current account deficits. The trade shortfall of South Africa is the result of a combination of a high propensity to import, declining gold and commodity prices and a slowdown in exports. With the exception of South Africa, a lack of diversified productive structures and more competitive than complementary trade patterns are visible in SADC.

There are disparities in the overall balance of payments position of member countries. These are visible in divergent changes in net foreign reserves among countries. Large deficits were recorded by Angola and Zimbabwe and to a lesser extent Tanzania in 1997, whereas South Africa and Botswana had surpluses. For the period from 1992 to 1997 Angola, Mozambique and Tanzania have persistently shown a shortfall, with Malawi showing only one positive balance during this period. Relative to GDP, Angola, Mozambique and Tanzania also experienced the most prominent negative balances on their overall balance of payments.

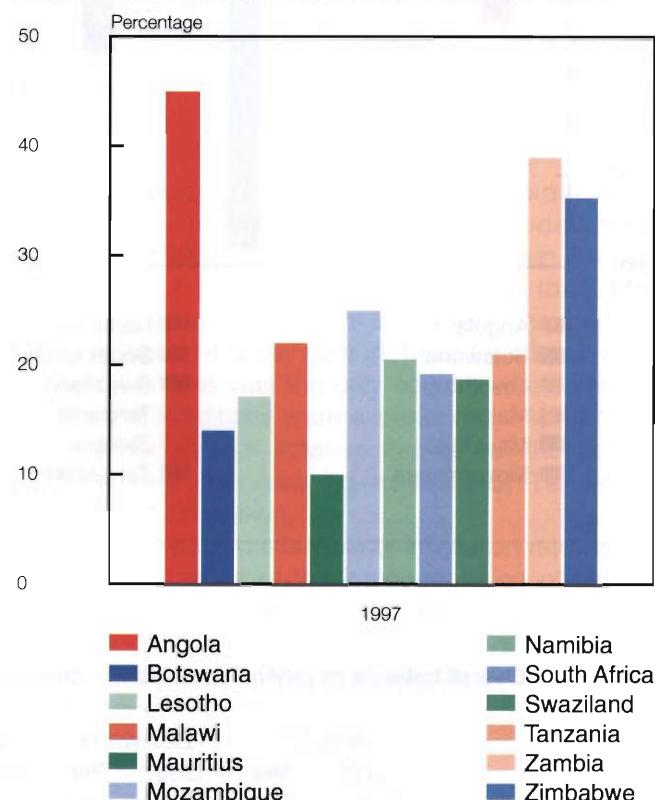
The total external debt as percentages of GDP for SADC countries are illustrated in Graph 4. The external debt to GDP ratio amounted to around 200 per cent or more for Mozambique and Zambia in 1997, and was relatively high for a number of other member countries. Data compiled by the Secretariat of the Committee of Central Bank Governors indicate that the debt ratio, although still high, has been generally decreasing since 1992. This is particularly true for countries such as Botswana, Lesotho and Tanzania.

### Interest rates

Changes in the central bank accommodation rates as at year ends from 1992 to 1997 appear in Table 4.

It is clear that these interest rates are much less volatile in the CMA countries, Botswana and Mauritius

**Graph 5: Prime lending rate - average for 1997**



**Table 4. Central Bank accommodation rates**

Per cent

End of year	Ango- la	Botswa- na	Leso- tho	Mal- wi	Mau- ritius	Mozam- bique	Nami- bia	South Africa	Swazi- land	Tanza- nia	Zam- bia	Zim- babwe	Ave- rage
1992.....	20,0	14,3	15,0	20,0	8,0	43,0	16,5	14,0	12,0	22,0	47,0	30,0	21,8
1993.....	20,0	14,3	13,5	25,0	8,0	43,0	14,5	12,0	11,0	27,0	119,6	28,5	28,0
1994.....	95,0	13,5	13,5	40,0	12,3	69,7	15,5	13,0	12,0	67,5	40,5	29,5	29,3
1995.....	152,0	13,0	15,8	50,0	9,9	57,7	17,5	15,0	15,0	50,0	66,7	29,5	41,0
1996.....	152,0	13,0	17,0	27,0	10,3	32,0	17,8	17,0	16,7	40,8	70,0	27,0	36,7
1997.....	48,0	12,5	15,6	23,0	9,0	12,9	16,0	16,0	15,7	17,5	23,3	31,5	20,0

Source: Recent Economic Developments and Statistics for SADC countries, Committee of Central Bank Governors in SADC, October 1998

**Table 5. Government deficit/surplus as percentage of gross domestic product**

Per cent

Year	Ango- la *	Botswa- na	Leso- tho	Mal- awi	Mau- ritius	Mozam- bique	Nami- bia	South Africa	Swazi- land	Tanza- nia	Zam- bia	Zim- babwe
1992 .....	-3 046,8	8,3	-3,2	-4,7	-1,9	-5,0	6,6	-9,0	-1,7	-3,0	-13,8	-5,0
1993 .....	-697,8	9,2	-1,1	-5,8	-2,4	-3,6	2,9	-9,7	-5,3	-5,0	6,2	-6,2
1994 .....	-730,0	7,9	6,2	-6,5	-3,7	-7,5	0,3	-5,6	-5,2	-5,0	-1,2	-3,8
1995 .....	-1 334,1	1,6	5,3	-5,4	-5,7	-5,0	2,4	-5,7	1,5	-2,0	0,1	-10,2
1996 .....	218,5	1,8	3,3	-4,0	-4,5	-5,1	4,8	-5,3	-1,1	2,0	1,3	-6,1
1997 .....	188,7	7,9	2,0	-5,7	-3,7	-5,2	4,6	-3,5	0,2	0,2	1,6	-5,1

Source: Recent Economic Developments and Statistics for SADC countries, Committee of Central Bank Governors in SADC, October 1998

than in other SADC countries. Wide fluctuations in the rates from year to year were not unusual in countries such as Angola, Mozambique and Zambia. The average level of accommodation rates in SADC has shown a downward movement since 1995.

Prime lending rates of banks differ much less among the various member countries than central bank accommodation rates (see Graph 5). The degree of convergence of these rates at around 19 per cent in the

CMA countries is clearly visible, with lower rates applicable in Botswana and Mauritius. Nominal prime lending rates in Angola, Zambia and Zimbabwe were considerably higher than in the other member countries of SADC.

### Money supply

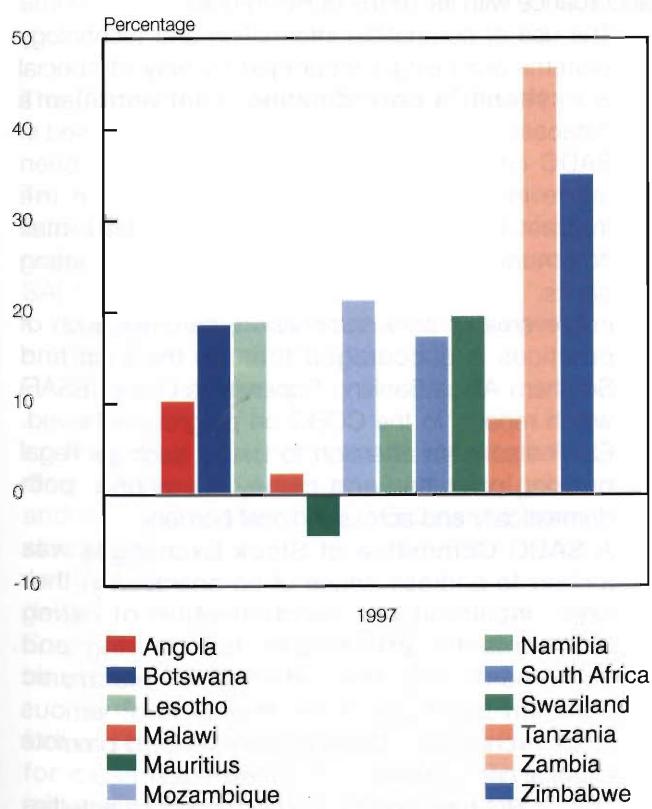
In the SADC region the broad money supply may be defined as M2 or M3. Changes in the broadest monetary aggregate available are reflected in Graph 6.

The rapid increase in money supply in a number of countries could, *inter alia*, be related to major credit extension to the private sector and credit granted to government structures. This is particularly applicable to Zambia and Zimbabwe where, according to statistics compiled for the Committee of Central Bank Governors, total domestic credit extension showed sharp increases during 1997. Conceivably, the inflow of grants and development finance has also contributed to the increased liquidity in some countries.

### Government finances

The fiscal position of governments in some SADC member states has been improving in recent years. As shown in Table 5, budget deficits as a percentage of GDP declined strongly in countries such as Angola, Lesotho, South Africa, Tanzania and Zambia, while in some of the other countries a slight deterioration was recorded. Attempts by SADC countries to keep government spending under control, together with firm commitments to the transformation of their economies – in some instances with assistance from the IMF and World Bank – have contributed to the general improvement in public finances in the region. In 1997, seven of the twelve SADC countries had surpluses on their central government budgets.

**Graph 6: Growth rates in broad money supply**



## **The achievements of SADC in the financial area**

Reference was made earlier to the stated objectives of the Finance and Investment sector. To support and promote these general aims of the sector, and in support of the principles of SADC, the Committee of Central Bank Governors (CCBG) and the Committee of Treasury Officials have developed an extensive work programme. The committees have also identified specific tasks which are being attended to by newly created substructures or associations.

This section will concentrate mainly on the programmes, projects and achievements of the Committee of Central Bank Governors, with brief reference to the work of the Committee of Treasury Officials.

### **The Committee of Central Bank Governors (CCBG)**

The CCBG developed a number of initiatives and work programmes to be pursued in accordance with its Terms of Reference. It was accepted from the outset that sound financial structures and markets were to be developed in each of the member states before the more challenging issues of macroeconomic development or financial integration could be addressed. The CCBG attends systematically to the expansion of financial co-operation through a "bottom up" approach. The projects identified by the CCBG in order to meet its objectives are:

- A better understanding of the economies of member states was regarded as essential and for this purpose a comprehensive macroeconomic statistical database was developed for all member countries. Statistical data according to approved structures and definitions are submitted to the Secretariat of the CCBG. The information is publicly available, is updated every six months and is published on the Internet on a special Web site for SADC. It is therefore accessible to all interested parties.
- A data bank has been compiled and contains detailed information on the structures; functions, policies and other relevant data of all central banks in SADC, as well as particulars of financial markets in these countries. The information has also been published on the Internet and is updated once a year.
- A project was launched to determine possible problems with the repatriation of banknotes and coin among SADC countries and to investigate any illegal flow of notes and coin. Member states were requested to solve any problems in this area on a bilateral basis.

- The CCBG is involved in a major project on the development of national payment, clearing and settlement systems in SADC countries. The initiative is being undertaken in phases and the aim is to develop internal systems that will enable countries to cater for the demands of modern and integrated financial markets. These payments, clearing and settlement systems are being developed at a national level and are compatible with each other in order to facilitate eventual integration.
- The removal of the remaining exchange controls in SADC countries is high on the agenda of the committee. A special study by a subcommittee of the CCBG was conducted on all the remaining exchange controls still applied by member states. This study serves as a guideline for the further removal of restrictions. Feedback on such removal has to be given on an annual basis at a meeting of the CCBG.
- The CCBG identified the critical need for training of central bank officials in the SADC region and the limited resources available for this purpose. The committee has embarked on a project to co-ordinate and rationalise training efforts, in which the South African Reserve Bank Training Institute is taking the lead.

These six projects have so far been approved by the SADC Council of Ministers, but the following initiatives have also been taken by the CCBG in accordance with its Terms of Reference:

- The use of compatible information and technology systems are being encouraged by way of special workshops, a co-ordinating team and also a database on the technological infrastructure used in SADC central banks. Some progress has been made in this area including a website on the Internet for SADC central banks and an e-mail communication system among the participating banks.
- In the area of bank supervision, harmonisation of practices is encouraged through the East and Southern Africa Banking Supervisors Group (ESAF) which reports to the CCBG on progress achieved. ESAF also pays attention to issues such as illegal banking practices and money laundering, both domestically and across regional borders.
- A SADC Committee of Stock Exchanges was formed to address issues of co-operation in their area, including the harmonisation of listing requirements, procedures for clearing and settlement, and the initiation of electronic communications between members of various stock exchanges. These initiatives should promote external capital investments in the region.
- The CCBG has recently also extended its activities to the level of private banking in the region. The

objectives of the newly formed SADC Banking Association will, *inter alia*, be to encourage members to conduct their business in terms of internationally accepted banking standards and to strive for uniformity of banking legislation and practices.

- A recent initiative comprises the creation of a special Steering Committee to attend to the legal and operational frameworks of SADC central banks with the aim of pursuing greater comparability and compatibility.
- Discussions have also been held on the development of money markets in the SADC region and a relevant research project was approved by the CCBG. The accepted SADC Trade Protocol is encouraging the development of regional banking to facilitate easier cross-border trade which could make a positive contribution to the expansion of money markets.
- Interaction in the field of central bank protective services was accepted as a further initiative.

All these projects and initiatives of the CCBG are indicative of the commitment of central banks in SADC to expanding and supporting closer monetary and financial co-operation and consultation. The committee also held preliminary discussions on the possible harmonisation of some aspects of monetary policy, for instance, exchange rate and exchange control policies. Much more work will have to be done in future on issues relevant to financial policies, including the operational framework for monetary policy, available policy instruments and the harmonisation of policies among countries.

### **The Committee of Senior Treasury Officials**

The main achievement of this committee was the initiation and completion of a project comprising three major studies dealing with the following aspects of the SADC region:

- Macroeconomic adjustment and convergence;
- the investment climate; and
- development finance.

The project was undertaken in various phases, was discussed and analysed at a number of workshops and finalised in May 1998. Emanating from these studies, three subcommittees have been established and are operational in addressing investment, development finance and macroeconomic policies. The South African Reserve Bank was, and is, expected to be involved further in the activities of these committees.

The Committee of Treasury Officials is involved in further subcommittees, operating in specialised areas for closer co-operation in SADC. This includes initiatives relevant to taxation, the accounting and auditing profession and non-bank supervision.

### **The SADC Finance and Investment Sector Coordinating Unit (FISCU)**

Each sector of SADC allocated to a specific country needs the services of a sector co-ordinator whose responsibility includes the management, co-ordination, promotion and development of all activities in the relevant sector. In the case of the Finance and Investment Sector, FISCU, which forms part of the Department of Finance, is fulfilling this task. FISCU has been the driving force behind the Committee of Treasury Officials and its various initiatives. FISCU is also involved in the activities of the CCBG, mainly in a co-ordinating capacity, and has also been given a mandate to develop the financial protocol. A comprehensive programme has been initiated for this purpose, including a workshop, input from member states and consultants and legal advice on the structure.

### **Obstacles to closer financial integration in the SADC region**

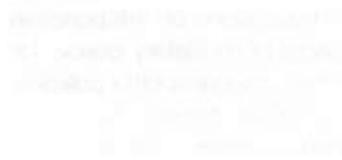
As part of its objectives for the region, the Treaty of SADC includes the pursuance of development integration. The initiatives taken by the Finance and Investment Sector are steps aimed at that objective, but more actions and relevant developments are required. A number of obstacles in the way of this process to closer financial integration can be identified:

- The present large disparity in economies and infrastructure, major differences in communication channels, together with limited technological capacity and financial resources;
- diverse banking institutions and structures, a small capital and reserve base in some countries, as well as a narrow range of banking services or facilities;
- non-conformity in structures, activities and developments in the money and capital markets of the region;
- monetary arrangements and applications of policies differ substantially regarding interest rates and exchange rates. Various structures of exchange rate determination are applied. Control of capital flows and inconvertible currencies complicate any exchange rate harmonisation. The inordinate variability of interest rates in some countries as well as the wide disparity of interest rate levels among member countries are issues that have to be addressed on the way to closer regional monetary co-operation in SADC;
- government finances and their relation to GDP also still differ widely, although public finances are handled in a more stable way nowadays; and

- financial intermediation, savings, investments and other financial activities are on a level that is far too limited. More domestic involvement is needed to contribute towards an active financial structure and possible future integration.

## **Conclusion**

This survey gives a brief overview of financial development and interaction in the SADC region. In addition, South Africa's role in the economies of the region is described, indicating a disproportional distribution of economic power. Nevertheless, the programme of closer economic and financial co-operation and interaction in SADC is progressing relatively well and current initiatives and the projects in progress should support future development.



# Kwartaallikse ekonomiese oorsig

## Inleiding

Ongeag die klaarblyklike voordele oor die lang termyn wat die wêreldwyre beweeglikheid van kapitaal vir ekonomiese met kapitaaltekorde bied, behels toenemende ineenkakeling van internasionale kapitaalmarkte die risiko dat kapitaalvloeiinge van tyd tot tyd kan opdroog of kan omkeer, na gelang van die veranderings in marksentiment. Die uitkringing van die Asiatiese krisis regdeur die wêreld is 'n bewys van die verrekende ontwrigting wat ontketen kan word deur skielike veranderings in beleggersentiment.

Die heersende internasionale finansiële krisis het in Julie 1997 in Thailand ontstaan toe die koppeling van die Thai-baht aan die VSA-dollar laat vaar is. Kapitaalonttrekkings – wat 'n skerp daling in die wisselkoers en die finansiële batepryse in Thailand tot gevolg gehad het – het 'n beleidsreaksie ontlok wat bedoel was om finansiële stabiliteit te herstel, maar hierdie reaksie het ook ekonomiese bedrywigheid in Thailand se ekonomie laat verlangsaam. Bedenkinge het ontstaan oor die volhoubaarheid van wisselkoersmaatreëls elders en die gevolge is kort daarna in ander Asiatiese lande, veral Indonesië, Korea, Maleisië en die Filippyne, gevoel. Negatiewe groei is gedurende die laaste deel van 1997 in Japan aangeteken en dit het negatief gebly in die eerste helfte van 1998.

Die woelinge in die Asiatiese finansiële markte en die resessie in Japan het tot 'n verlangsaming in wêreldwyre ekonomiese groei in die tweede helfte van 1997 en in 1998 bygedra. Finansiële markte is in 1998 selfs meer vanstryk gebring met 'n aankondiging deur die Russiese regering van 'n aantal noodmaatreëls, wat die depresiasi van die roebel en 'n eensydige herstrukturering van eksterne en binnelandse skuld ingesluit het. Kapitaalvloeie is herkanaliseer na die gevorderde ekonomiese van die wêreld, en dit het die eksterne finansieringsprobleme van die ontwikkelendemark-ekonomiese vererger. Dit sluit Brasilië in, waar skerp stygings in rentekoerse benodig is om die daling in internasionale reserwes te stuit. Grondstofpryse het nog steeds in 1998 gedaal, deels as gevolg van die verminderde vraag in Japan en ander Asiatiese lande wat deur die krisis geraak is. Dit het aansienlike dalings in die uitvoerverdienste van grondstofproduserende lande veroorsaak en tot verdere toenames in die eksterne finansieringsbehoeftes van hierdie ekonomiese gele.

Die probleme wat die groei van die ontwikkelende lande aan bande lê, soos oorgewaardeerde wisselkoerse, lae grondstofpryse, swak finansiële stelsels en nie-volhoubare fiskale en betalingsbalanstekorte, is geïdentifiseer as redes vir die verlies aan vertroue in

ontwikkelende markte. Suid-Afrika – waar makro-ekonomiese stabiliteit nie bevragekten word nie en die finansiële stelsel onderliggend gesond is – kon nogtans nie die gevolge van die Asiatiese krisis vryspring nie. Van die redes waarom die Asiatiese probleme ook die monetêre en ekonomiese toestande in Suid-Afrika aangetas het, sluit in die lae besparingsverhouding, die onvermoë om 'n volgehoud invloei van regstreekse buitelandse belegging te lok, die hoë verhouding van korttermyn buitelandse skuld tot internasionale reserwes, die karige internasionale reserwes en dalende grondstofpryse. Die belangrikste geleibuis vir die oordrag van die krisis na Suid-Afrika, is die groot verkope van vaste-rentedraende sekuriteite deur buitelandse portefeuille-beleggers wat 'n onvermybare verhoging van 725 basispunte in die uitleenkoerse van banke van Junie tot Augustus 1998 veroorsaak het. Dit het die potensiaal gehad om ekonomiese bedrywigheid oor die kort termyn aan bande te lê.

Die reële bruto binnelandse produk, wat reeds voor die aanvang van die krisis stadig gegroeи het, het in die derde kwartaal skerp gedaal omdat sakevertroue nadelig beïnvloed is deur die internasionale finansiële onrus en die swak uitvoervraag as gevolg van die resessie in Asië. Afgesien van die dienstebedrywe waar die telekommunikasie- en finansiëledienste-sektore bygedra het tot positiewe groei in produksie, is redelike groot afnames in die reële toegevoegde waarde van die ander sektore van die ekonomie aangeteken. Veral die produksie in die fabriekswesese sektor het skerp gedaal as gevolg van die afname in binnelandse verbruikersvraag en die verlangsaming van die internasionale ekonomie. Mynbouproduksie het ook afgeneem in die derde kwartaal, deels as gevolg van die swak uitvoervraag na grondstowwe, terwyl landbouproduksie gedaal het as gevolg van 'n aansienlik kleiner mielie-oes.

Ondanks die daling in die derde kwartaal, was die jaar-op-jaar groei in bruto binnelandse produksie gedurende die eerste drie kwartale van 1998 steeds positief, teen omtrent 'n  $\frac{1}{2}$  persent. Vooruitskatting s du op groei van minder as 'n  $\frac{1}{2}$  persent vir 1998 as geheel, hoofsaaklik weens die lae basis wat in die derde kwartaal daargestel is. Hierdie groeikoers is aansienlik laer as wat oor die algemeen aan die begin van 1998 verwag is. Dit du ook op 'n skerp daling in die reële inkome per capita van die Suid-Afrikaanse bevolking in 1998.

In skerp teenstelling met die daling in die reële bruto binnelandse produksie, het groei in reële bruto binnelandse besteding in die derde kwartaal van 1998 versnel. Al die komponente van bruto finale vraag, dit wil sê privateverbruiksbesteding, overheidsverbruiksbesteding en vaste investering, het steeds toegeneem, maar teen laer koerse as in die tweede kwartaal. Die jaar-op-

jaar groei in owerheidsverbruiksbesteding en reële vaste kapitaalbesteding, veral in die openbare sektor, het hoë vlakke bly handhaaf. Besteding deur huishoudings aan nie-duursame goedere en dienste het teen 'n stiewige pas volgehou, maar groot besnoeiings is gemaak in die aankoop van duursame en semi-duursame huishoudelike goedere. Die hoofrede vir die versnieling in bruto binnelandse besteding was die feit dat die afname in voorrade gedurende die derde kwartaal van 1998 beduidend kleiner was as die afname in die tweede kwartaal. Verwagtinge van geringe groei in vraag, die hoë koste verbonden aan voorraadbesit en volgehoue verbeterings in kostebestuurstegnieke, het vervaardigers en handelaars aangemoedig om vooraadvlakte te verlaag.

Die groei in totale faktorbetalings het in die derde kwartaal verlangsaam. Soos gebruiklik in tydperke van traie ekonomiese bedrywigheid, het die groei in die totale bedryfsurplus meer verlangsaam as die groei in arbeidsvergoeding, en gevvolglik het arbeid se aandeel in die totale waarde van produksie verhoog. Die verhouding van maatskappybesparing relatief tot die bruto binnelandse produk het in die proses gedaal. Tesame met lae besparing deur huishoudings en verhoogde ontsparing deur die algemene owerheid, het die laer maatskappybesparing bygedra tot 'n verdere verswakkking in die nasionale besparingsverhouding.

Die afgelope twee tot drie jaar was ekonomiese groei sonder gepaardgaande werkskepping 'n kommerswekkende vraagstuk in die Suid-Afrikaanse ekonomie. 'n Klein toename in totale werkverskaffing het in die tweede kwartaal van 1998 plaasgevind, maar totale indiensneming in 1998 was steeds heelwat laer as die 1996-vlakte. Ondanks die swak groei in werkverskaffing, het nominale vergoeding per werker aanhou styg in 1998, tesame met 'n skerp toename in loonverwante stakings en werkonderbrekings.

Stygende nominale arbeidsvergoeding dra by tot inflasie deur kostestygings, wat versterk word deur totale vraagdruk voortspruitend uit die toenemende koopkrag van indiensgeneemde werkers. Inflasie wat in die binnelandse ekonomie ontstaan is egter in die eerste helfte van 1998 in toom gehou deur stiewige toenames in arbeidsproduktiwiteit en die gedeeltelike absorbering van produksiekoste deur binnelandse produsente. Die stygging in die algemene prysvlak het nietemin versnel, namate die depresiasie van die rand prys verhoog en die hoër prys in die prysvormingsprosesse deurgewerk het. Die toenames in verbandleningsrentekoerse het ook die verbruikersprysindeks verder laat styg.

Die hoë vlak van binnelandse besteding en die pogings van invoerders om verwagte invoerprysverhogings, as gevolg van die depresiasie van die rand voor te spring, het geleidelik tot 'n skerp toename in goedere-invoer en 'n gepaardgaande vergroting van die tekort op die lopende rekening van die betalingsbalans. Terselfdertyd het die waarde van die goedere-uitvoer en die netto gouduitvoer ook verbeter, maar met minder as die toename in die waarde van die goedere-invoer. Die

groei in uitvoerverdienste het saam met die afname in dienstebetatings aan die res van die wêreld die tekort op die lopende rekening van die betalingsbalans in die derde kwartaal van 1998 beperk tot ongeveer 2½ persent van die bruto binnelandse produk.

Vir die eerste keer sedert die vierde kwartaal van 1996 het die land 'n uitvloei van kapitaal in die derde kwartaal van 1998 ondervind. Beide lang- en korttermynkapitaal het die land uitgevloei. Hierdie uitvloei was tot 'n groot mate verwant aan die onstuimige internasionale finansiële markte wat buitelanders aangespoor het om Suid-Afrikaanse vasterentedraende sekuriteite te verkoop, en aan die verswakkking van die rand wat veroorsaak het dat meer binnelandse, pleks van buitelandse kredietbronne vir handelsfinansiering gebruik is. Buitelandse handelsfinansiering van internasionale transaksies is inderdaad ontmoedig deur die hoë koste van termyndekking.

Die rand het van Mei tot Augustus 1998 onder afaartse druk beland toe die internasionale finansiële situasie deur die probleme van ontwikkelende markte en die eensydige Russiese skuldherstrukturering geraak is. Beleidstappe wat deur die Reserwebank gedoen is, veral dié wat toegelaat het dat rentekoerse as gevolg van markkragte styg en die besluit om die wisselkoers van die rand sy eie vlak te laat vind, het die stabilitet in die plaaslike buitelandse-valutamark deels herstel. Vertroue is in so 'n mate herwin dat die rand van 28 Augustus tot 25 November 1998 met bykans 14 persent geappresieer het.

Die groei in die breë en enger monetêre totale en ook in die totale binnelandse kredietverlening het teen die einde van die derde kwartaal van 1998 tekens van verlangsaming getoon. Geld- en kredietgroei was vir die hele kwartaal steeds sterk en glad nie versoenbaar met die doelwit van lae inflasie in die langtermyn nie. Die moontlikheid dat vorige vinnige groei in die geldvoorraad ook 'n uitwerking op toekomstige inflasie kan hê, het steeds in die agtergrond geskuil en dit het die Reserwebank genoop om 'n versigtige posisie ten opsigte van die verslapping van monetêre beleid in te neem. Die verskerping van monetêre toestande na die destabilisering van die binnelandse mark vir sekuriteite, het onvermydelik tot hoër rentekoerse aanleiding gegee, en het bygedra tot die afname in totale produksie in die derde kwartaal. Die verlangsaming in produksiegroeи was deel van die onvermydelike aanpassingsproses wat nodig was vir die herstel van finansiële bestendigheid.

Geldmarkrentekoerse het tot die middel van September verstewig as gevolg van die onbestendige toestand van die internasionale markte, die swakheid van die rand en hernude vrese vir inflasie. 'n Geleidelike daling het gevolg, wat teen die middel van Oktober deur die Reserwebank bekragtig is. Die Bank het toe die daagliks ondervoorsiening van likiditeit aan die banke verminder en later begin om in die volle bedrag van die banke se daagliks likiditeitsbehoeftes te voorsien. Die

terugkoopkoers van die Reserwebank het begin daal en was op 24 November omtrent 200 basispunte laer as op 13 Oktober. Hierdie afname in die koste van befondsing het die banke in staat gestel om hulle prima oortrekingskoerse by twee geleenthede met een persentasiepunt op 'n slag te verlaag.

Die verkryging van fondse deur die openbare sektor in die primêre effektemark was ietwat minder in die eerste helfte van die huidige fiskale jaar as in die eerste helfte van die vorige fiskale jaar. Privaatsektormaat-skappye het op hul beurt slegs 'n klein bedrag aan nuwe kapitaal in die primêre mark vir skuldinstrumente verkry en het bykans geheel en al op bankkredietverlening en die primêre mark vir aandelekapitaal staatgemaak om hul finansieringsbehoeftes te bevredig.

Die Suid-Afrikaanse finansiële markte het van Mei tot Augustus 1998 'n tydperk van groot aanpassings ondergaan toe ontwikkelende markte regoor die wêreld onder druk was en die stabilitet van die wêreld se finansiële stelsel by tye bevraagteken is. Die aanpassingsproses het in Mei 1998 met die netto verkope van vasterentedraende sekuriteite deur buitelandse beleggers begin. Opbrengskoerse op langtermynstaatseffekte, wat in die eerste vier maande van die jaar afgwaarts geneig het, het sterk gestyg tot hul hoogste gemiddelde maandelikse vlak ooit en het die gemiddeldes oorskry wat in Desember 1985 aangeteken is na die aankondiging van die buitelandse skuldstilstand. Soos wat in ander ontwikkelende markte gebeur het, het aandelewaardes skerp gedaal - die gemiddelde prysvlak van alle klasse aandele was in September 1998 sowat 39 persent laer as in Mei. Effekte- en aandelepryse het toe in Oktober en November ietwat herstel. Die dollarwaarde van Suid-Afrikaanse genoteerde aandele het tussen Desember 1997 en Oktober 1998 nietemin met 26 persent gedaal. Nie-inwonerbeleggers het egter in die eerste tien maande van 1998 voortgegaan om hul aandelebesit in genoteerde maatskappye te verhoog, klaarblyklik in volkome verontagsaming van die daling in batewaardes.

Die leningsbehoefte van die openbare sektor in die geheel het in die eerste helfte van die fiskale jaar 1998/99, vergeleke met dieselfde tydperk in die voorafgaande fiskale jaar, in absolute waarde en in verhouding tot die bruto binnelandse produk gedaal. Net so het die tekort op die Skatkisrekening voor lenings en skuldaflossing in verhouding tot die bruto binnelandse produk van die eerste helfte van die fiskale jaar 1997/98 tot die eerste helfte van die fiskale jaar 1998/99 afgeneem.

Die Minister van Finansies het die beraamde begrotingstekort van die nasionale regering vir die huidige fiskale jaar van 3,5 persent van die bruto binnelandse produk tot 3,9 persent verhoog toe die Aansuiweringsbegroting op 2 November 1998 aan die Parlement voorgelê is. Hierdie verhoging dui nie op 'n awyking van die regering se program vir die vermindering van die tekort nie. Soos in die middeltermyn-

bestedingsraamwerk uiteengesit is, bly die regering nog sterk daartoe verbind om die begrotingstekort tot 3 persent van die bruto binnelandse produk te beperk, maar een fiskale jaar later as wat oorspronklik beoog is.

## Binnelandse ekonomiese ontwikkelings

### Binnelandse produksie<sup>1)</sup>

Suid-Afrika se reële bruto binnelandse produk het in die derde kwartaal van 1998 gedaal. Die reële toegevoegde waarde het in die derde kwartaal van 1998 teen 'n seisoensaangepaste jaarkoers van ongeveer 2½ persent gedaal, nadat dit in elkeen van die vier opeenvolgende kwartale tot die tweede kwartaal met ½ persent toegeneem het. Die vlak van die bruto binnelandse produk in die eerste drie kwartale van 1998 was steeds ongeveer ½ persent hoër as in die ooreenstemmende tydperk van die vorige jaar. Ekonomiese groei vir 1998 in die geheel word egter op minder as ½ persent geraam.

*Landbouproduksie* het in die derde kwartaal van 1998 aansienlik gedaal toe die volle uitwerking van die kleiner-as-verwagte mielie-oes ondervind is. Mielieproduksie in die 1997/98-produksiejaar word tans op 7,6 miljoen ton of sowat 25 persent minder as die vorige seisoen se oes van 10,1 miljoen ton geraam. Indien die landbousektor buite rekening gelaat word, het die reële produksie van die ander sektore in die derde kwartaal van 1998 nog steeds teen 'n seisoensaangepaste jaarkoers van ongeveer 1½ persent gedaal, vergeleke met bestendige, bykans onveranderde, produksievlekke in die eerste twee kwartale van die jaar.

Totale reële produksie in die *mynbousektor*, wat teen seisoensaangepaste jaarkoers van 4½ persent in die eerste kwartaal van 1998 en ½ persent in die tweede kwartaal gekrimp het, het in die derde kwartaal verder teen 'n jaarkoers van 2 persent gedaal. Die afwaartse neiging in mynbouproduksie is in die meeste van die belangrike subsektore soos goud en steenkool waargeneem. Mynbouprodukte is nadelig geraak deur swak

internasionale vraag, veral vanuit die verswakte ekonomiese in Asië, en 'n ernstige daling in grondstofpryse.

Die reële produksie van die *fabriekswese* wat 24 persent van die totale bruto binnelandse produk in 1997 beloop het, het ná matige dalings van 1½ persent in die eerste kwartaal en 3 persent in die tweede kwartaal, in die derde kwartaal van 1998 teen 'n seisoensaangepaste jaarkoers van 5 persent gedaal. Die swak fabrieksproduksie word verlaat deur skerp toenames in die aantal werksdae wat vanweë stakings en ander vorms van arbeidsonrus verlore geraak het, die verlangsaming in die groei van die totale finale vraag, swak groei in die uitvoervraag, veral vanaf die Verre Ooste, en die volgehoue dalende bedrywigheid in die primêre sektore. Die koers waarteen produksievermoë in die fabriekwesesektor benut word het in die eerste helfte van 1998 tot 80½ persent gedaal. So onlangs soos 1995 was die koers van die benutting van produksievermoë 83½ persent.

In die ander *sekondêre sektore* het die reële toegevoegde waarde van die sektor wat elektrisiteit, gas en water voorsien in die derde kwartaal van 1998 effens gedaal omdat die ongewoon matige winter die vraag na elektrisiteit vir verhittingsdoeleindes in Suid Afrika en die buurlande verminder het. Daar was ook 'n daling in die nywerheidsverbruik van elektrisiteit. Verder het die reële toegevoegde waarde van die konstruksiesektor gedaal, namate die algemene verlangsaming in bou-

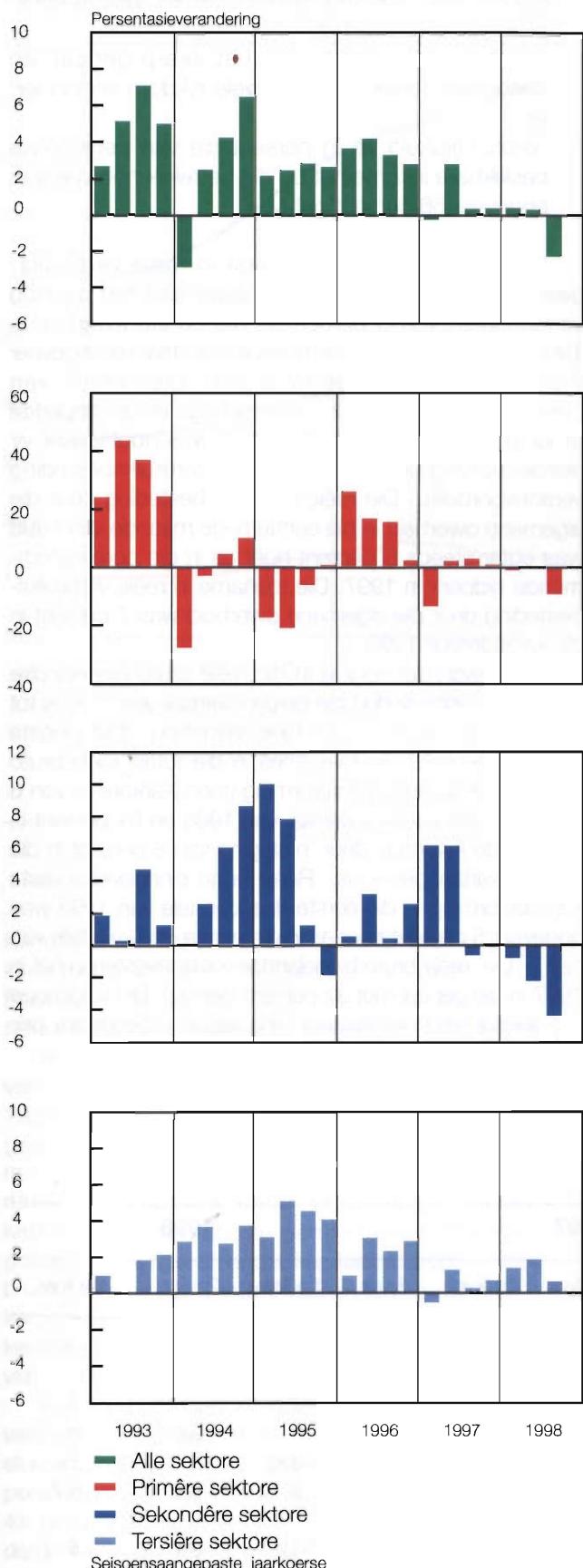
1) Klein hersienings is aan die gegewens van die nasionale rekeninge aangebring en in hierdie uitgawe van die *Kwartaalblad* opgeneem. Hierdie hersienings is gebaseer op vollediger of meer toepaslike gegewens wat gedurende 1998 beskikbaar geraak het. Meer omvattende hersienings word in die eerste helfte van 1999 beoog wanneer die meeste hoogtemerkramings van nuuts af beoordeel sal word.

**Tabel 1. Reële bruto binnelandse produk**

Persentasieverandering teen seisoensaangepaste jaarkoers

Sektore	1997					1998		
	1e kw	2e kw	3e kw	4e kw	Jaar	1e kw	2e kw	3e kw
Primêre sektore.....	-13½	2	3	1	½	-1	0	-9½
Landbou .....	-31	-5	-½	0	-1	5	1½	-19½
Mynbou.....	1½	7	5	1½	1	-4½	-½	-2
Sekondêre sektore.....	6	6	-½	0	3	-1	-2½	-4½
Fabriekswese .....	7	6½	-1	-½	3½	-1½	-3	-5
Tertiére sektore .....	-½	1	0	½	1	1½	1½	½
Handel .....	-2	2	-1½	-½	½	1½	1½	-½
Vervoer, opberging en kommunikasie .....	½	4½	3	2½	2½	1	2½	1½
Finansiële en ander dienste .....	2	2	1	1½	2½	3	3½	1
<b>Totaal .....</b>	<b>-½</b>	<b>2½</b>	<b>½</b>	<b>½</b>	<b>1½</b>	<b>½</b>	<b>½</b>	<b>-2½</b>

## Groei in reële bruto binnelandse produk



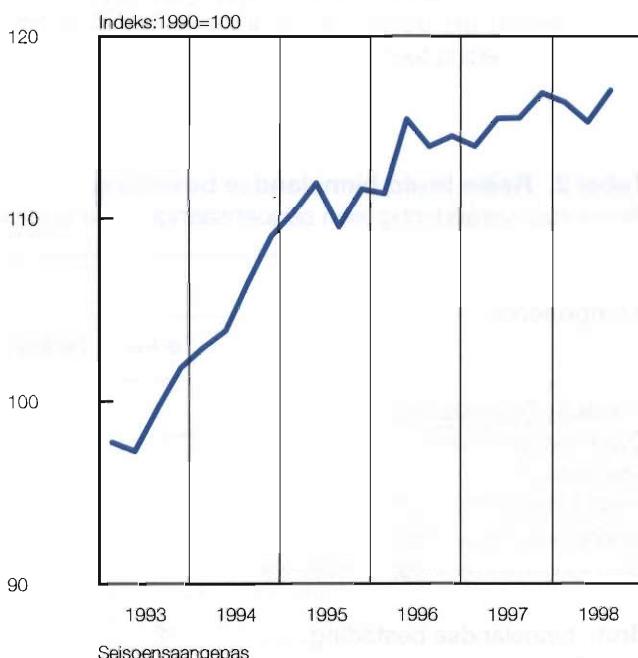
konstruksiebedrywighede deur die betreklik hoë vlak van rentekoerse op verbande vererger is.

Die reële toegevoegde waarde van die *tersiêre sektore* het in die derde kwartaal van 1998 verder toegeneem, hoewel teen 'n jaarkoers van  $\frac{1}{2}$  persent, wat beduidend laer as die groei van  $1\frac{1}{2}$  persent in die tweede kwartaal was. Die verswakkking van vertroue onder sakelui en verbruikers het die koers van toename in die reële toegevoegde waarde van die meeste soorte bedrywighede in die tersiêre sektor laat verlangsaam. Die groei in die reële toegevoegde waarde van die sektor vervoer, opberging en kommunikasie is nietemin deur die uitbreiding aan die telekommunikasiennetwerk aangehelp. Die betreklik hoë vlak van bedrywigheid, veral in die aandele-, effekte- en ander finansiële markte, het steun gebied vir verdere groei in die sektor finansies, versekering, vaste eiendom en sakedienste, hoewel die groei stadiger as vroeër was. In teenstelling hiermee het die reële toegevoegde waarde van die motorhandel in die derde kwartaal van 1998 gedaal namate die groter finansiële verpligting verbonde aan die financiering van hoëwaarde, duursame verbruiksgoedere begin het om motorvoertuigverkope nadelig te raak.

## Binnelandse besteding

Nadat die *totale reële bruto binnelandse besteding* in die eerste twee kwartale van 1998 gedaal het, het dit in die derde kwartaal sterk gestyg teen 'n seisoensaangepaste jaarkoers van 6 persent. Omdat binnelandse besteding aansienlik vinniger as binnelandse produksie gegroei het,

## Reële bruto binnelandse besteding



het die netto buitelandse handel in goedere en dienste 'n verdere negatiewe bydrae tot die groei in die bruto binnelandse produk gemaak: invoer het gestyg terwyl uitvoer gedaal het. Terwyl die groei van kwartaal tot kwartaal in die bruto binnelandse besteding in die derde kwartaal van 1998 versnel het, het die groei in die bruto finale vraag effens verlangsaam, wat beteken dat die vermindering in voorrade in die derde kwartaal minder was as in die tweede kwartaal.

*Reële private verbruiksbesteding* het in die derde kwartaal van 1998 teen 'n seisoensaangepaste jaarkoers van  $\frac{1}{2}$  persent gegroeい, vergeleke met  $1\frac{1}{2}$  persent in die tweede kwartaal. 'n Groot deel van die verlangSAMING word verklaar deur 'n daling in die besteding aan duursame goedere, veral die aankope van nuwe motorvoertuie wat teen 'n jaarkoers van 21 persent gedaal het. In die drie kwartale tot aan die einde van September 1998 was die totale besteding aan vervoertoerusting deur huishoudings ongeveer 13 persent minder as in die ooreenstemmende tydperk in 1997. Die reële besteding aan meubels en huishoudelike toerusting het in die derde kwartaal van 1998 teen 'n koers van 9 persent gedaal, terwyl besteding aan semi-duursame goedere ook effens gedaal het.

Verbruiksbesteding word minder beïnvloed deur tydelike veranderings in die inkome van mense as deur veranderings in mense se verwagtings van hul inkome oor hul leeftyd. Veranderings in lopende inkome sal nietemin verbruik beïnvloed, omdat dit 'n uitwerking op toekomstige inkome en verbruikersvertroue het. Die waarde van die rykdom van huishoudings gee 'n aanduiding van permanente beleggings-inkome, omdat dit verwagtings oor toekomstige inkome uit finansiële bates verteenwoordig. In teenstelling hiermee, verminder uitstaande skuld die hoeveelheid rykdom wat huishoudings kan aanwend vir verbruik. Al drie hierdie kragte het in die derde kwartaal sterk toenames in verbruiksbesteding teengewerk:

- die totale reële inkome van huishoudings het stadig gegroei namate die groei in werksverskaffing bykans tot stilstand gekom het en verbruikersprysinflasie versnel het;
- aandele- en effektepryse het skerp gedaal, en sodoende persoonlike finansiële rykdom verminder; en
- verbruikerskuld as 'n persentasie van persoonlike beskikbare inkome het op die betreklik hoë vlak van ongeveer 66 persent gebly.

Die groei (teen 'n jaarkoers) in *reële verbruiksbesteding deur die algemene owerheid* het aanhou verlangsaam van 3 persent in die eerste kwartaal in 1998 tot  $2\frac{1}{2}$  persent in die tweede kwartaal en ongeveer 2 persent in die derde kwartaal. Die beheer van besteding deur die provinsiale regerings en die beperkte groei in reële personeelvergoeding was hoofsaaklik vir hierdie verlangSAMING in overheidsverbruiksbesteding verantwoordelik. Die reële lopende besteding deur die algemene owerheid in die eerste nege maande van 1998 was egter steeds 6 persent hoër as in die ooreenstemmende tydperk in 1997. Die toename in reële verbruiksbesteding deur die algemene owerheid was 7 persent in die kalenderjaar 1997.

Die opwaartse neiging in die *reële bruto binnelandse vaste investering* sedert die derde kwartaal van 1993 is tot in die derde kwartaal van 1998 volgehoud. Die jongste ramings toon dat die toenames in die totale reële bruto binnelandse vaste kapitaalvorming (teen jaarkoerse) van 6 persent in die eerste kwartaal van 1998 en  $9\frac{1}{2}$  persent in die tweede kwartaal, deur 'n stygging van 8 persent in die derde kwartaal gevvolg is. Reële bruto binnelandse vaste kapitaalvorming in die eerste drie kwartale van 1998 was ongeveer 5 persent hoër as in die eerste drie kwartale van 1997. Die reële bruto binnelandse vaste investering het in 1997 in die geheel met  $3\frac{1}{2}$  persent gestyg. Die volgehoudne toenames in kapitaalvorming regdeur die eerste drie

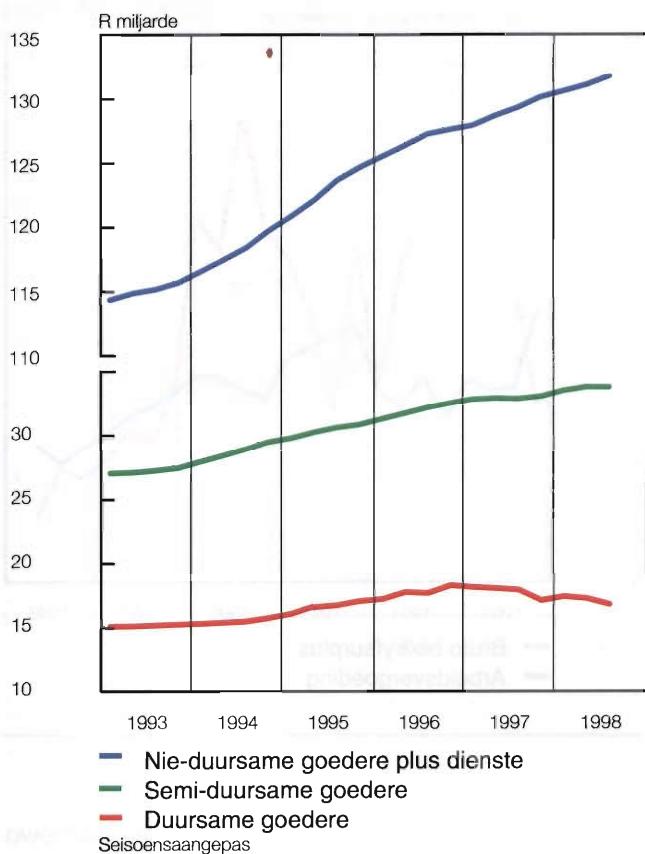
**Tabel 2. Reële bruto binnelandse besteding**

Persentasieverandering teen seisoensaangepaste jaarkoerse

Komponente	1997					1998		
	1e kw	2e kw	3e kw	4e kw	Jaar	1e kw	2e kw	3e kw
Private verbruiksbesteding .....	1	$1\frac{1}{2}$	1	$\frac{1}{2}$	2	$2\frac{1}{2}$	$1\frac{1}{2}$	$\frac{1}{2}$
Owerheidsverbruiksbesteding.....	6	$7\frac{1}{2}$	9	$11\frac{1}{2}$	7	3	$2\frac{1}{2}$	2
Bruto binnelandse vaste investering	2	3	3	$1\frac{1}{2}$	$3\frac{1}{2}$	6	$9\frac{1}{2}$	8
Binnelandse finale vraag .....	$2\frac{1}{2}$	3	3	3	$3\frac{1}{2}$	3	$2\frac{1}{2}$	
Verandering in voorrade (R miljarde)*	-2,7	-2,3	-4,4	-3,0	-3,1	-8,7	-8,8	-6,7
<b>Bruto binnelandse besteding .....</b>	<b>-2</b>	<b><math>5\frac{1}{2}</math></b>	<b>0</b>	<b><math>4\frac{1}{2}</math></b>	<b><math>1\frac{1}{2}</math></b>	<b>-1<math>\frac{1}{2}</math></b>	<b>-3<math>\frac{1}{2}</math></b>	<b>6</b>

\* Konstante 1990-pryse teen jaarkoerse

## Reële private verbruiksbesteding



kwartale van 1998 is deur 'n uitbreiding in vaste investering van die openbare sektor teweeggebring. Reële bruto binnelandse vaste investering deur die private sektor het sedert die tweede kwartaal van 1998 gedaal.

Reële kapitaalvorming deur die *openbare sektor* het van kwartaal tot kwartaal in die eerste drie kwartale van 1998 teen jaarkoerse van tussen  $22\frac{1}{2}$  en  $52\frac{1}{2}$  persent gegroei. Die uitbreiding van die telekommunikasienetwerk en die passasiers-vliegtuigvloot van die nasionale lugdiens staan duidelik uit tussen die kapitaalprojekte van die semi-staatsinstellings. As gevolg van hierdie en ander kapitaalprogramme was die bruto binnelandse vaste investering van die openbare korporasies ongeveer  $31\frac{1}{2}$  persent hoër in die eerste drie kwartale van 1998 as in die ooreenstemmende tydperk van 1997.

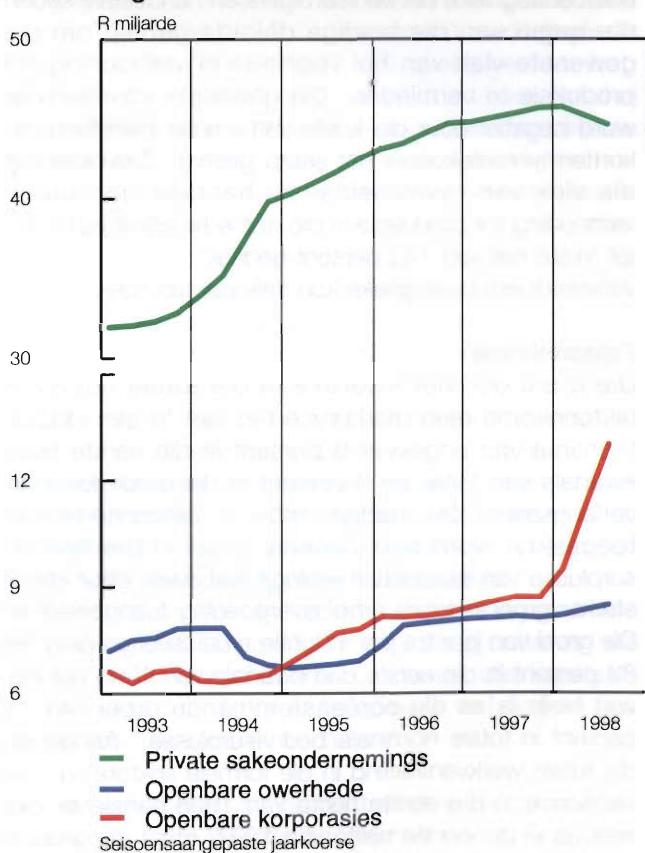
In die *private sektor* het die reële bruto binnelandse vaste investering gedurende die eerste kwartaal van 1998 stukrag begin verloor toe dit teen 'n jaarkoers van slegs  $\frac{1}{2}$  persent gegroei het, gevolg deur dalings teen koerse van  $4\frac{1}{2}$  persent in die tweede kwartaal en 5 persent in die derde kwartaal. Die groei van jaar tot jaar in reële vaste investering deur die private sektor is gevoldig tot  $\frac{1}{2}$  persent in die eerste drie kwartale van 1998 verminder, vergeleke

met 3 persent vir 1997 in die geheel. 'n Indeling van kapitaalbesteding in die private sektor volgens soort ekonomiese bedrywigheid toon dat kapitaalbesteding in die landbou, fabriekswese en finansiëledienste-sektore gedaal het. Toenames in kapitaalbesteding is egter steeds gedurende die derde kwartaal van 1998 deur die mynbou- en handelsektore aangeteken.

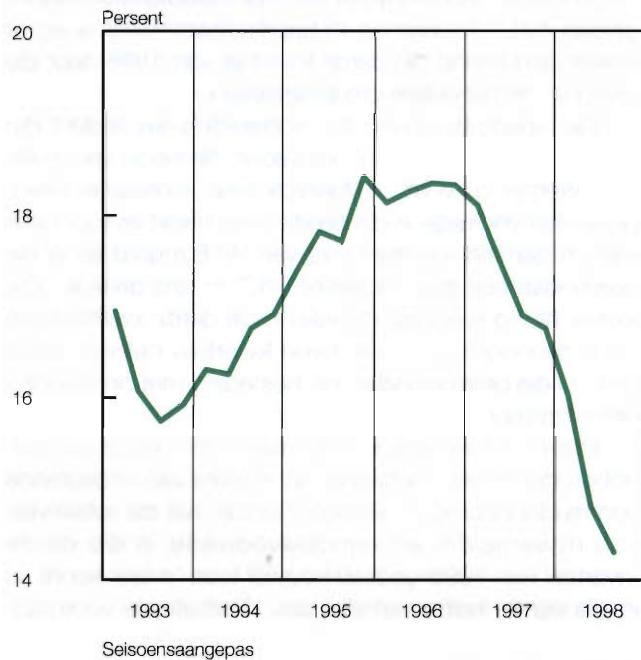
Die absolute daling in voorraadvlake sedert die eerste kwartaal van 1997 het sedert die begin van 1998 nog skerper geword. Uitgedruk teen konstante 1990-pryse, het voorrade in die eerste twee kwartale van 1998 teen 'n gemiddelde jaarkoers van R8,8 miljard en in die derde kwartaal met ongeveer R6,7 miljard gedaal. Die kleiner daling in voorraadvlake in die derde kwartaal van 1998 teenoor die eerste twee kwartale het die totale groei in die bruto binnelandse besteding met ongebeur 3 persentasiepunte verhoog.

Buite 'n toename in voorrade in die sektor vervoer, opberging en kommunikasie en 'n mate van onbeplande voorraadopbouing in die motorhandel, het die totale vlak van nywerheids- en handelsvoorraade in die derde kwartaal van 1998 gedaal, hoewel teen 'n laer koers as in die eerste helfte van die jaar. Verbeterde voorraad-

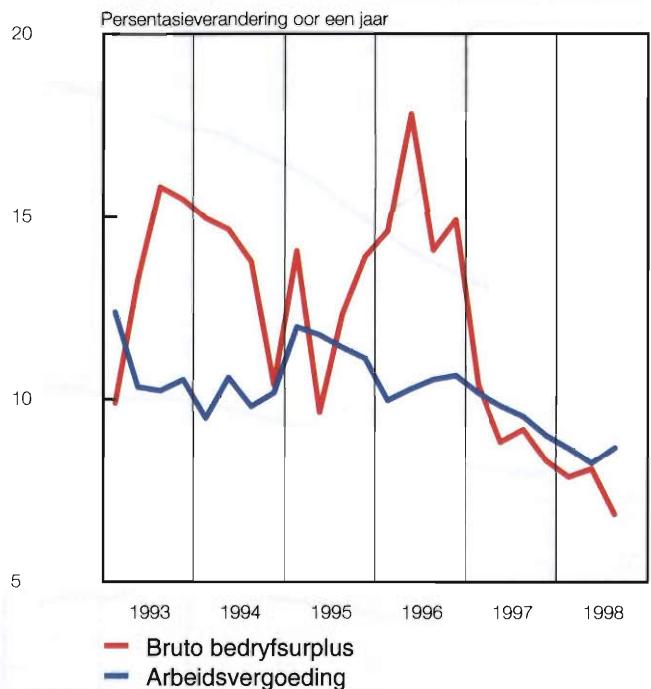
## Komponente van reële bruto binnelandse vaste investering



## Nywerheids- en handelsvoorraade as persentasie van bruto binnelandse produk buite die landbou



## Bruto bedryfsurplus en arbeidsvergoeding



bestuurstegnieke het vervaardigers en handelaars sedert die begin van die huidige dekade gehelp om die gewenste vlak van hul voorrade in verhouding tot produksie te verminder. Die gewenste voorraadvlek word negatief deur die koste van krediet beïnvloed, en korttermynrentekoerse het skerp gestyg. Gevolglik het die vlak van nywerheids- en handelsvoorraade in verhouding tot produksie in die derde kwartaal van 1998 tot 'n lae peil van 14½ persent gedaal. 'n Verbetering in voorraadbestuurstegnieke kon dalk ook voorgekom het.

### Faktorinkome

Die groei oor vier kwartale in die totale nominale faktorinkome teen markpryse het van 'n gemiddelde toename van ongeveer 9 persent in die eerste twee kwartale van 1998 tot 8 persent in die derde kwartaal verlangsaam. Die stadiger groei in faktorinkome kan toegeskryf word aan swakker groei in die bedryfsurplusse van sakeondernemings wat deels deur effens sterker groei in totale arbeidsvergoeding teengewerk is. Die groei van jaar tot jaar in totale arbeidsvergoeding het 8½ persent in die eerste drie kwartale van 1998 beloop, wat hoër is as die ooreenstemmende groei van 7½ persent in totale nominale bedryfsurplusse. Aangesien die totale werkverskaffing in die formele sektore van die ekonomie in die eerste helfte van 1998 aansienlik laer was as in die eerste helfte van 1997, moet die groei in totale arbeidsvergoeding aan stygende salarisse en hoër lone per werker toegeskryf word.

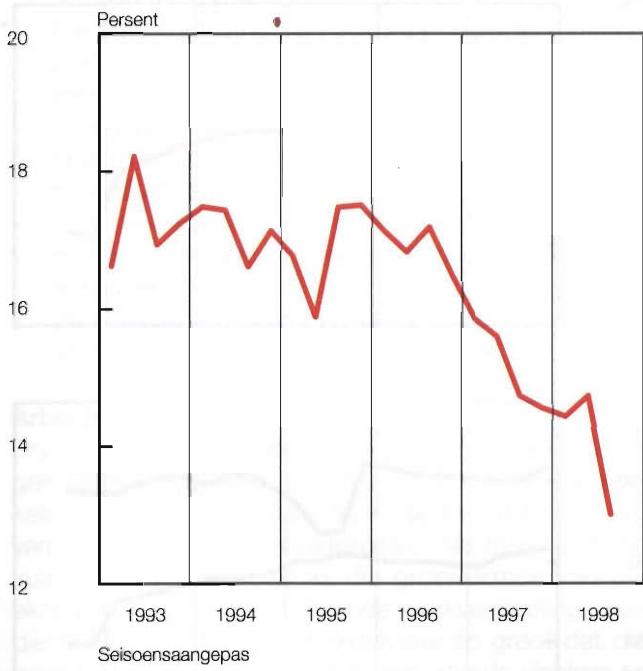
Die groei in die nominale *bruto bedryfsurplus* van sakeondernemings gemeet oor vier kwartale, het effens van 'n gemiddelde van 8 persent in die eerste helfte van 1998 tot 7 persent in die derde kwartaal verlangsaam. Hierdie swakker groei was hoofsaaklik die gevolg van die verswakking in die bruto inkome van boere en 'n algemene verlangsaam in die groei van winste in al die belangrikste sektore van die ekonomie. Die aanvanklike toenames in die winsgewendheid van uitvoerders in die mynbou- en vervaardigingsektore weens die vermindering van die waarde van die rand, is meer as teengewerk deur die trae internasionale vraag, veral vanuit Japan en ander Suidoos-Asiatiese lande.

### Binnelandse besparing

Die binnelandse spaargeneigdheid het verder verswak en die verhouding van die bruto binnelandse besparing tot die bruto binnelandse produk het van 14½ persent in die eerste twee kwartale van 1998 tot 13 persent in die derde kwartaal gedaal. Hierdie lae besparingsverhouding, wat onvoldoende vir die investerings- en ontwikkelingsbehoeftes van die ekonomie is, is die gevolg van toenemende ontsparing deur die algemene owerheid en swakker, maar steeds positiewe besparing deur die private sektor.

Netto *ontsparing* deur die algemene owerheid het van R22,0 miljard (seisoensaangepaste jaarsyfer) in die eerste twee kwartale van 1998 tot R25,5 miljard in die derde kwartaal verswak. Ontsparing deur die algemene

## Bruto binnelandse besparing as persentasie van bruto binnelandse produk



owerheid as 'n persentasie van die bruto binnelandse produk het van  $3\frac{1}{2}$  persent in die eerste helfte van 1998 tot 4 persent in die derde kwartaal toegeneem. Die verswakking in die besparing van die algemene owerheid was hoofsaaklik die gevolg van verdere toenames in verbruiksbesteding en hoër rentebetalings, wat saam vinniger as belastinginkome toegeneem het.

Die netto besparing van die maatskappysektor het in die derde kwartaal van 1998 onder druk gekom toe bedryfsurplusse verlangsaam of selfs gedaal het soos in die primêre sektore van die ekonomie. Gevolglik het netto maatskappybesparing van  $4\frac{1}{2}$  persent van die bruto binnelandse produk in die eerste twee kwartale van 1998 tot  $3\frac{1}{2}$  persent in die derde kwartaal gedaal. Besparing deur huishoudings is eweneens gekortwiek deur die begeerte om verbruiksgewoontes te handhaaf teen die agtergrond van stygende financieringskoste en stadiger groei van reële inkomme. Besparing deur huishoudings as 'n persentasie van die bruto binnelandse produk, het van die eerste twee kwartale van 1998 tot 'n effens laer vlak in die derde kwartaal gedaal.

### Werkverskaffing

Positiewe groei in die totale reële bruto binnelandse produk sedert 1996 kon nie die werkskeppingsvermoë van die Suid-Afrikaanse ekonomie suksesvol vergroot nie. Die vlak van *totale werkverskaffing in die formele sektore van die ekonomie buite die landbou* het trouens gedurende 1996 en 1997 deurlopend van die een

kwartaal tot die volgende afgeneem. 'n Verdere afname in totale indiensneming het gedurende die eerste kwartaal van 1998 voorgekom, maar dit is in die tweede kwartaal deur 'n effense toename teen 'n seisoensaangepaste jaarkoers van 1,1 persent gevolg. (Die tweede kwartaal van 1998 is die jongste tydperk waarvoor inligting deur Statistieke Suid-Afrika vrygestel is.)

Die toename in formele werkverskaffing buite die landbou vanaf die einde van die eerste kwartaal van 1998 tot die einde van die tweede kwartaal was nie eweredig tussen al die sektore van die ekonomie versprei nie. Van die agt hoofsektore wat deur Statistieke Suid-Afrika geïdentifiseer is, is toenames in vyf aangeteken, naamlik

- konstruksie;
- groot-, klein- en motorhandel;
- verversings- en akkommodasiedienste;
- vervoer, opberging en kommunikasie; en
- gemeenskaps-, maatskaplike en persoonlike dienste.

Hierdie toenames is deels teenewer werk deur afnames in werkverskaffing in mynwese en steengroewery; fabriekswese; en elektrisiteitsopwekking.

Die afname in werkverskaffing in die formele sektore van die ekonomie oor die afgelope twee tot drie jaar was hoofsaaklik die gevolg van stappe wat gedoen is deur binnelandse produsente in die *private sektor* wat sterk eise vir hoër reële lone in 'n toenemend mededingende internasionale omgewing in die gesig gestaar het. Werkgewers wat teen sulke eise te staan kom, kan hul werkverskaffingspraktyke tipies op drie verskillende maniere aanpas:

- (i) Aanvaar die eise vir hoër reële lone. Hierdie reaksie sal feitlik sonder uitsondering tot al meer verliesmakende ondernemings aanleiding gee en mag ook daartoe lei dat werkgewers sal poog om produksiepryse te verhoog ten einde winsgewendheid te herstel. In 'n disinflasionele internasionale omgewing mag dit lei tot 'n voortdurende verlies aan mededingendheid en dalende winsgewendheid totdat ondernemings gedwing word om te sluit.
- (ii) Staan die eise om hoër werkemervergoeding teen om winsgewendheid te herstel en te verbeter, en sodoende bestaande werkgeleenthede te behou en moontlik nuwe werkgeleenthede te skep.
- (iii) Verhoog produktiwiteit deur investering in nuwe masjinerie en toerusting en deur die grootte van die werkerskorps te verklein. Dit sal die kapitaal-intensiteit van die produksieproses verhoog en ook die arbeidsintensiteit verlaag.

Die verbetering van produktiwiteit in die produksieproses is klaarblyklik die benadering wat sedert 1996 deur die meeste besighede in Suid-Afrika gevolg is. Werkgewers wat met volgehoue eise vir hoër reële lone

en salarisste gekonfronteer is, het gereageer deur meer kapitaalintensieve produksiemetodes in werking te stel en die grootte van die werkerskorps te verklein. Die gevolg hiervan was 'n afname in totale indiensneming en 'n toename in produksie per werker. Die verhoogde vraag na kapitaalinvestering het ook opwaartse druk op die vlak van reële rentekoerse geplaas.

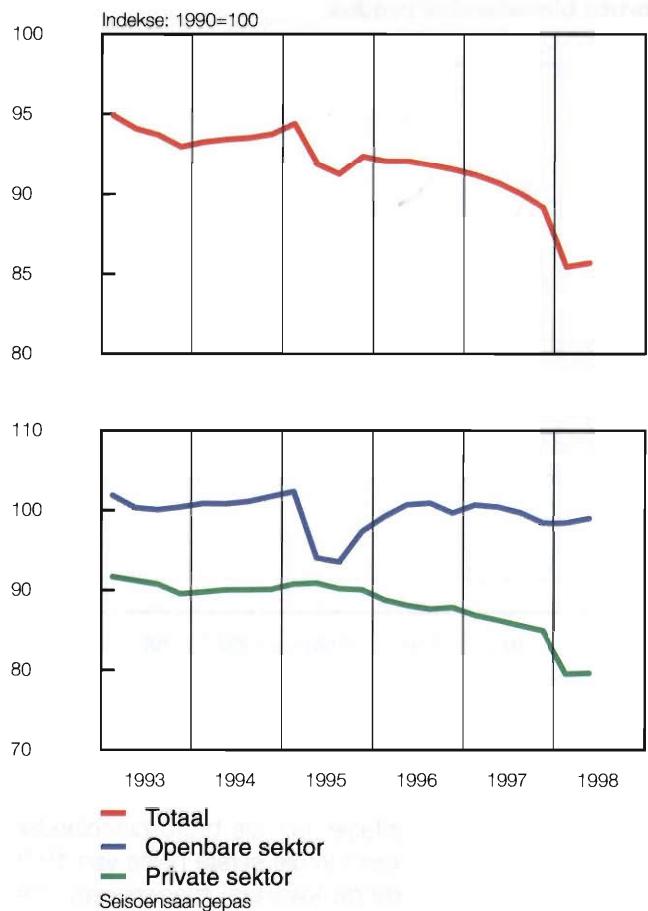
Tesame met dalende werkverskaffing in die formele private sektor buite die landbou, was daar ook pogings in die *openbare sektor* om die groei in verbruiksbesteding deur die algemene regering te stuit en die doeltreffendheid van openbare dienslewering te verbeter. As gevolg hiervan het werkverskaffing in die openbare sektor vanaf die derde kwartaal van 1996 oor die algemeen afgeneem – 'n neiging wat in ooreenstemming was met die regering se voornemens soos weergegee in verskeie openbare beleidsverklarings, insluitende GEAR. Nietemin het die verhouding van werkverskaffing deur openbare owerhede tot totale indiensneming in die formele sektore buite die landbou van 34,1 persent in die tweede kwartaal van 1996 tot 36,0 persent in die tweede kwartaal van 1998 toegeneem.

Die eindresultate van die 1996-Bevolkingsensus is op 20 Oktober 1998 deur Statistieke Suid-Afrika beskikbaar gestel. Die sensus verskaf hoogtemerkwaardes vir verskeie sleuteldimensies van die Suid-Afrikaanse bevolking. Van die totale bevolking van 40,6 miljoen in 1996, was 13,8 miljoen ekonomies bedrywig. Diegene sonder werk het 4,7 miljoen beloop, gelykstaande aan 33,9 persent van die ekonomies bedrywige bevolking. Hierdie werkloosheidskoers is in ooreenstemming met die "wye definisie" van werkloosheid waarvolgens diegene wat nie daadwerklike pogings aangewend het om werk te vind nie, ook getel word as deel van die ekonomies bedrywige bevolking. Volgens die bevindings van die Oktober-huishoudingsopname van 1996 is die *amptelike werkloosheid* as 'n persentasie van die ekonomies bedrywige bevolking op 21,6 persent geraam. Hierdie syfer berus op die aanname dat potensiële werkers daadwerklike pogings moes aangewend het om werk te vind voordat hulle by die ekonomies bedrywige bevolking ingesluit kan word.

Nog 'n aanwyser van veranderinge in werkloosheid, naamlik die veranderings in die totale aantal geregistreerde werklose begunstigdes van die Werkloosheidsversekeringsfonds (WVF), het van 'n koers van toename oor vier kwartale van 1,2 persent in die tweede kwartaal van 1997 tot 14,1 persent in die eerste kwartaal van 1998 versnel. Op daardie tydstip het die gemiddelde aantal werkloosheidsversekeringsbegunstigdes 273 000 beloop vergeleke met 239 000 in dieselfde tydperk van die vorige jaar. Na wat berig word, is nuwe registrasies op hul hoogstevlakte ooit, 'n teken van die buiten-sporige hoë koers van werkverliese wat laat in 1997 en vroeg in 1998 voorgekom het.

Die Wetsontwerp op Gelyke Indiensneming van 1997 is op 16 Oktober 1998 as Wet No. 55 van 1998 op die wetboek geplaas. Die doel met die Wet is om

### Werkverskaffing buite die landbou



ongelykhede van die verlede aan te spreek en om die verteenwoordiging van voorheen benadeelde groepe in die Suid-Afrikaanse arbeidsmag te verhoog. Ingevolge hierdie Wet sal werkgewers wat meer as 50 werkers in diens het

- hul werknemers raadpleeg oor 'n plan vir gelyke indiensname;
- 'n profiel van die plan voorberei;
- die plan implementeer; en
- jaarliks aan die Departement van Arbeid verslag doen oor die plan.

Nakoming van die Wet op Gelyke Indiensneming sal deur 'n deeltydse kommissie, arbeidsinspekteurs, die Arbeidshof, die Kommissie vir Konsiliarie, Mediasie en Arbitrasie en die direkteur-generaal van die Departement van Arbeid gemonitor word.

Die Presidiële Werkeberaad het op 30 Oktober 1998 plaasgevind. Die doel met hierdie Beraad was om die owerheid, die sakegemeenskap en die georganiseerde arbeidsbeweging byeen te bring om te soek na maniere om die werkskeppingsvermoë van die

ekonomiese te verbeter. Konsensus is oor 'n wye aantal werksekkingsprogramme bereik, insluitend

- die bekendstelling van jeugbrigades om jeugindienstname te bevorder;
- die hertoespitsing van spesiale indiensnemingsprogramme om op behoeftige gemeenskappe te fokus;
- voorstelle vir die voorsiening van behuising wat ook nuwe mekanismes vir die finansiering van laekoste-behuising insluit;
- toerisme-inisiatiewe;
- maatreëls om die ontwikkeling van vaardighede aan te spreek; en
- die konsolidering van bestaande projekte in 'n meer samehangende geheel.

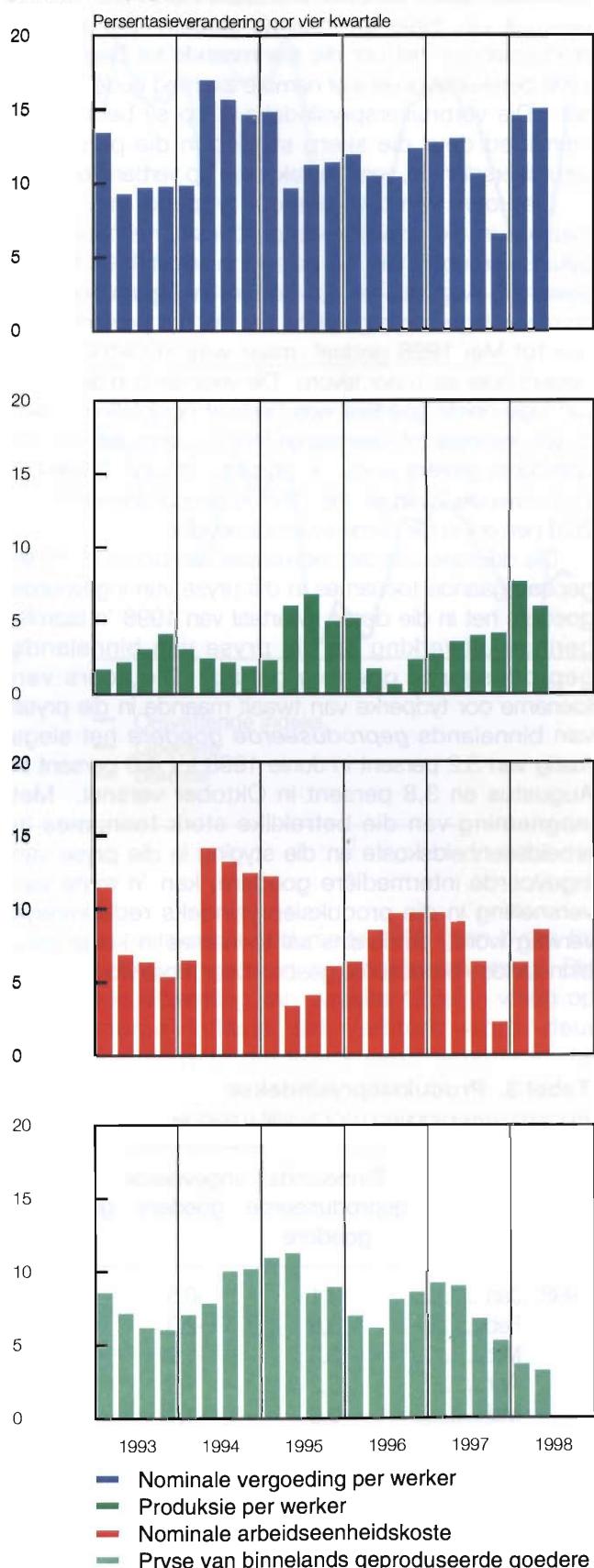
### Arbeidskoste en produktiwiteit

Prysverhogings, wat op die kort termyn met inflasie gelykgestel kan word, is krities afhanklik van ontwikkelings in die arbeidsmark en in die besonder van die verloop van arbeidseenheidskoste. Na meer as twee jaar van groei swakker as die groeivermoë van die ekonomie en algemeen dalende werkverskaffing, was die opwaartse druk op arbeidskoste so groot dat die gemiddelde vergoeding per werker steeds vinniger as eindprodukpryse gestyg het. Hierdie groei in die nominale vergoeding van werkers het tot die volgehoue stygging in private verbruiksbesteding en totale bruto binnelandse vraag bygedra. Indien prysdruk en 'n versneling van inflasie binne hierdie konteks voorkom moet word, sal die groei in totale vraag deur ander middedele, soos 'n meer beperkende monetêre beleidsbenadering, verminder moet word tot 'n vlak wat met lae en stabiele inflasie versoenbaar is.

Die koers van toename oor vier kwartale in nominale vergoeding per werker in die formele sektore van die ekonomie buite die landbou het in die eerste helfte van 1998 die toename in eindprodukpryse met 'n redelike marge oorskry. Die potensieel inflasionele uitwerking van hierdie kosteverhogings is egter gedeeltelik teenegewerk deur die sterk produktiwiteitsverhogings, wat in stygende uitsetvolumes per indiensgeneemde werker weerspieël is. Verder is toenames in die nominale arbeidskoste nie ten volle deur produktiwiteitstoenames geneutraliseer nie, wat veroorsaak het dat nominale arbeidseenheidskoste in die eerste helfte van 1998 vinniger as eindprodukpryse (soos aangedui deur die toename oor een jaar in die prysindeks van binnelandse geproduseerde goedere) gestyg het.

In die eerste drie kwartale van 1998 was arbeidsmarktoestande inderdaad onstuimig. Die aantal mandae wat as gevolg van stakings en werkstopsettings verlore gegaan het, het skerp van 310 000 in die eerste drie kwartale van 1997 tot 1,85 miljoen in die ooreenstemmende tydperk in 1998 toegeneem. Loongeskille was verantwoordelik vir 98,5 persent van die totale aantal stakings in die nege maande tot September 1998 – die hoogste vlak wat oor 'n tydperk van agt jaar aangegeteken is.

### Arbeidsproduktiwiteit, vergoeding per werker, arbeidseenheidskoste buite die landbou en produksiepryse



## Inflasie

Die afwaartse fase vanaf die begin van 1997 in die koers van verandering oor twaalf maande in prysse op produksie- sowel as verbruikersvlak, het in die tweede kwartaal van 1998 tot 'n einde gekom. Die groei in produksiepryse het oor die ses maande tot September 1998 betekenisvol versnel namate die rand gedepresieer het. Die verbruikersprysindeks is op sy beurt sterk beïnvloed deur die skerp styging in die prysse van verbruikersdienste, veral rentekoerse op verbandlenings.

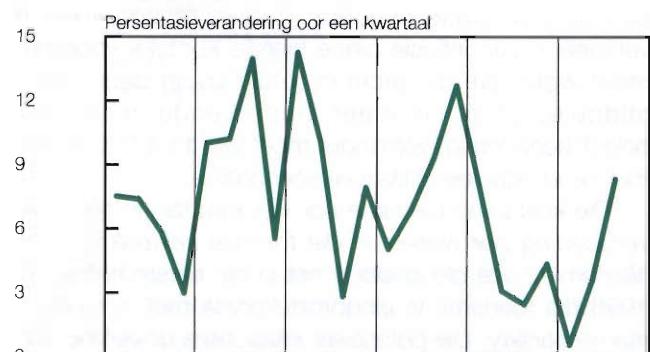
Die koers van toename oor tydperke van twaalf maande in die *omvattende produksieprysindeks* het bykans verdubbel van 2,3 persent in Maart 1998 tot 4,5 persent in Augustus en 4,3 persent in September. Die prysse van ingevoerde goedere het met 1,1 persent in die jaar tot Mei 1998 gedaal, maar was in Oktober 7,8 persent hoër as 'n jaar tevore. Die versnelling in die prysse van ingevoerde goedere was heelwat opsigteliker indien dit van kwartaal tot kwartaal en teen seisoensaangepaste jaarkoerse gemeet word - 'n prysstyging van 0,8 persent in die tweede kwartaal van 1998 is deur 'n toename van 26,9 persent in die derde kwartaal gevolg.

Die deurgee van die depresiasi van die rand en die gepaardgaande toenames in die prysse van ingevoerde goedere het in die derde kwartaal van 1998 'n taamlik geringe uitwerking op die prysse van binnelandse geproduseerde goedere gehad. Die koers van toename oor tydperke van twaalf maande in die prysse van binnelandse geproduseerde goedere het slegs matig van 3,2 persent in Junie 1998 tot 4,0 persent in Augustus en 3,8 persent in Oktober versnel. Met inagneming van die betreklike sterk toenames in arbeidseenheidskoste en die styging in die prysse van ingevoerde intermediére goedere, kan 'n mate van versnelling in die produksieprysindeks redelikerwys verwag word. Andersins sal toenames in koste deur binnelandse produsente geabsorbeer moet word.

Die *omvattende verbruikersprysindeks*, wat rentebetalings op verbandlenings insluit, het met 9,1 persent in die twaalf maande tot September 1998 gestyg, vergeleke met 5,0 persent in April. Toenames oor twaalf maande in die prysse van dienste het dié van goedere sedert Julie 1998 oortref, hoofsaaklik as gevolg van die sterk styging in rentebetalings op verbandlenings. Gevolglik was die versnelling van prystoenames oor tydperke van twaalf maande in die geval van *kerninflasie* meer gedemp. Dit het van 6,9 persent in Maart 1998 tot 7,7 persent in September gestyg. Die *kerninflasiekopers*, gemeet van kwartaal tot kwartaal teen 'n seisoensaangepaste jaarkoers het weliswaar van 11,1 persent in die tweede kwartaal van 1998 tot 6,2 persent in die derde kwartaal gedaal.

Die onlangse versnelling in verbruikerspryse as gevolg van die skerp styging in verband- en ander rentekoerse behoort nie as die begin van 'n nuwe fase van stygende inflasie gesien te word nie. Binnelandse vraagtoestande speel saam met insetkostes, soos arbeidsvergoeding en die koste om te leen, 'n belangrike rol in die bepaling van verbruikerspryse. Verbruikers-

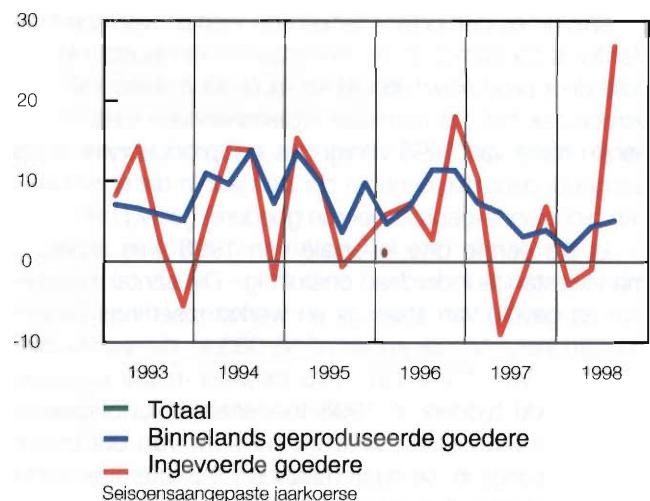
## Produksieprysindeks



**Tabel 3. Produksieprysindekse**

Persentasieverandering oor twaalf maande

	Binnelands geproduseerde goedere	Ingevoerde goedere	Alle goedere
1998: Jan.....	4,1	-0,5	3,2
Feb.....	3,6	-2,3	2,5
Mrt.....	3,3	-1,9	2,3
Apr.....	3,2	1,3	2,9
Mei.....	3,3	-1,1	2,4
Jun.....	3,2	0,9	2,8
Jul.....	3,5	5,1	3,7
Aug.....	4,0	6,7	4,5
Sep.....	3,7	7,2	4,3
Okt.....	3,8	7,8	4,5



**Tabel 4. Pryse van verbruikersgoedere en -dienste**

Percentasieverandering oor twaalf maande

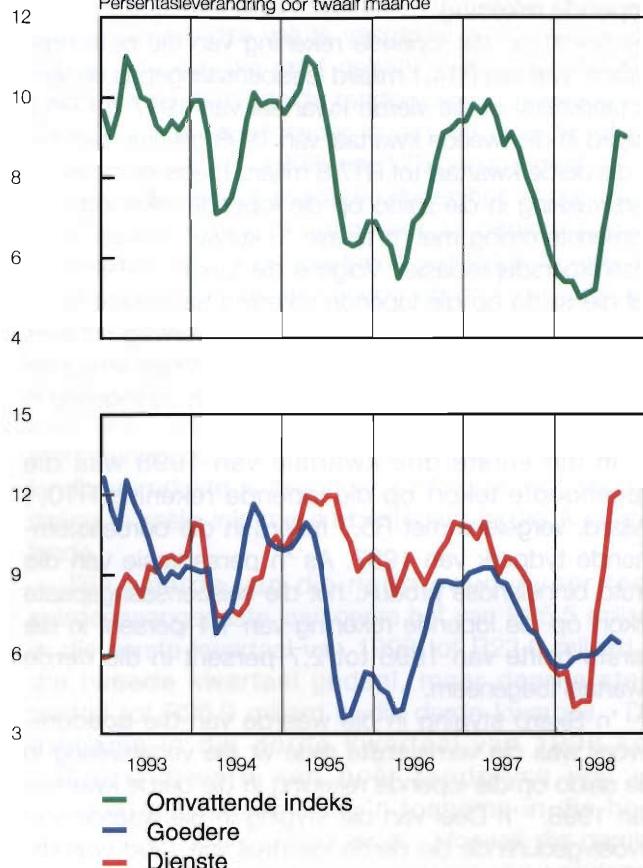
	Goedere	Dienste	Omvattende	Kern-items*
1998: Jan.....	5,7	5,5	5,6	7,2
Feb .....	5,5	5,2	5,4	7,0
Mrt .....	5,5	5,3	5,4	6,9
Apr.....	5,8	4,0	5,0	7,1
Mei.....	5,9	4,2	5,1	7,3
Jun.....	5,9	4,2	5,2	7,4
Jul.....	6,0	7,5	6,6	7,2
Aug.....	6,3	9,2	7,6	7,6
Sep.....	6,6	11,8	9,1	7,7
Okt.....	6,4	12,0	9,0	7,7

\* Verandering in die omvattende verbruikerspryssindeks met die uitsluiting van die prysie van vars en bevrone vleis en vis; groente, vars vrugte en neute; rentekoerse op verbandlenings, oortrekkings en persoonlike lenings; belasting op toegevoegde waarde; en elendomsbelastings.

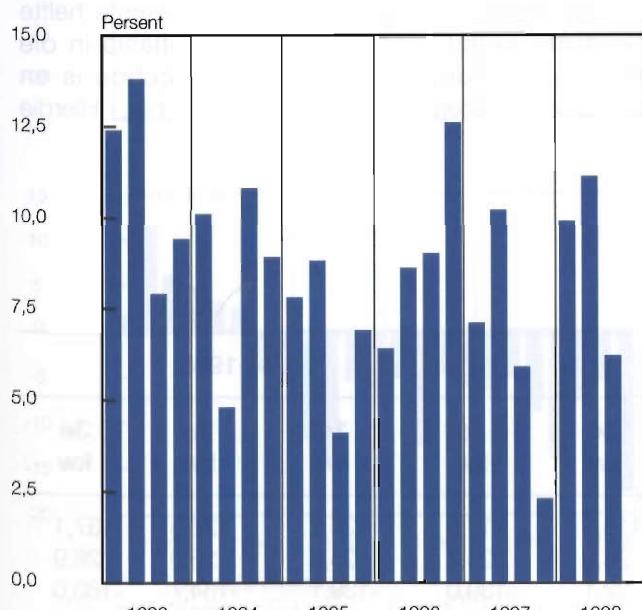
prysinflasie is gedurende die afgelope bykans dertig jaar volgehou deur die groei in omvattende binnelandse vraag, wat meer was as die groei in binnelandse produksie. Die vertraging van inflasie in die eerste helfte van 1999 sal bepaal word deur die mate waarin die

### Verbruikerspryse

Percentasieverandering oor twaalf maande



### Kerninflasie



styging in rentekoerse gedurende 1998 gaan bydra tot die tempering van groei in die binnelandse vraag. Die dempende uitwerking van swakker groei in vraag op waargenome inflasie sal versterk word deur verlangsamings in die koers van toename in die verbruikerspryssindeks, voortspruitend uit verlagings in rentekoerse en die kwynende uitwerking van die depresiasi van die rand.

## Inflasie

Die afwaartse fase vanaf die begin van 1997 in die koers van verandering oor twaalf maande in prys op produksie- sowel as verbruikersvlak, het in die tweede kwartaal van 1998 tot 'n einde gekom. Die groei in produksiepryse het oor die ses maande tot September 1998 betekenisvol versnel namate die rand gedepresieer het. Die verbruikersprysindeks is op sy beurt sterk beïnvloed deur die skerp stygging in die prys van verbruikersdienste, veral rentekoerse op verbandlenings.

Die koers van toename oor tydperke van twaalf maande in die *omvattende produksieprysindeks* het bykans verdubbel van 2,3 persent in Maart 1998 tot 4,5 persent in Augustus en 4,3 persent in September. Die prys van ingevoerde goedere het met 1,1 persent in die jaar tot Mei 1998 gedaal, maar was in Oktober 7,8 persent hoër as 'n jaar tevore. Die versnelling in die prys van ingevoerde goedere was heelwat opsigteliker indien dit van kwartaal tot kwartaal en teen seisoensaangepaste jaarkoerse gemeet word - 'n prysstygging van 0,8 persent in die tweede kwartaal van 1998 is deur 'n toename van 26,9 persent in die derde kwartaal gevolg.

Die deurgee van die depresiasi van die rand en die gepaardgaande toenames in die prys van ingevoerde goedere het in die derde kwartaal van 1998 'n taamlik geringe uitwerking op die prys van binnelandse geproduseerde goedere gehad. Die koers van toename oor tydperke van twaalf maande in die prys van binnelandse geproduseerde goedere het slegs matig van 3,2 persent in Junie 1998 tot 4,0 persent in Augustus en 3,8 persent in Oktober versnel. Met inagneming van die betreklike sterk toenames in arbeidseenheidskoste en die stygging in die prys van ingevoerde intermediére goedere, kan 'n mate van versnelling in die produksieprysindeks redelikewys verwag word. Andersins sal toenames in koste deur binnelandse produsente geabsorbeer moet word.

**Tabel 3. Produksieprysindekse**

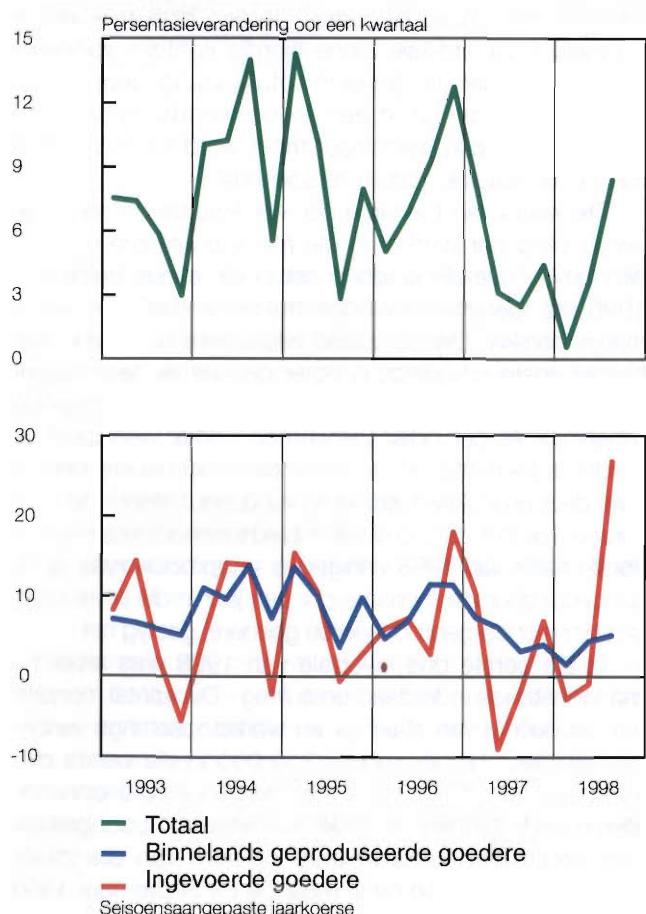
Persentasieverandering oor twaalf maande

	Binnelands geproduseerde goedere	Ingevoerde goedere	Alle goedere
1998: Jan.....	4,1	-0,5	3,2
Feb.....	3,6	-2,3	2,5
Mrt.....	3,3	-1,9	2,3
Apr.....	3,2	1,3	2,9
Mei.....	3,3	-1,1	2,4
Jun.....	3,2	0,9	2,8
Jul.....	3,5	5,1	3,7
Aug.....	4,0	6,7	4,5
Sep.....	3,7	7,2	4,3
Okt.....	3,8	7,8	4,5

Die *omvattende verbruikersprysindeks*, wat rentebetalings op verbandlenings insluit, het met 9,1 persent in die twaalf maande tot September 1998 gestyg, vergeleke met 5,0 persent in April. Toenames oor twaalf maande in die prys van dienste het dié van goedere sedert Julie 1998 oortref, hoofsaaklik as gevolg van die sterk stygging in rentebetalings op verbandlenings. Gevolglik was die versnelling van prystoenames oor tydperke van twaalf maande in die geval van *kerninflasie* meer gedemp. Dit het van 6,9 persent in Maart 1998 tot 7,7 persent in September gestyg. Die kerninflasiekoers, gemeet van kwartaal tot kwartaal teen 'n seisoensaangepaste jaarkoers het weliswaar van 11,1 persent in die tweede kwartaal van 1998 tot 6,2 persent in die derde kwartaal gedaal.

Die onlangse versnelling in verbruikerspryse as gevolg van die skerp stygging in verband- en ander rentekoerse behoort nie as die begin van 'n nuwe fase van stygende inflasie gesien te word nie. Binnelandse vraagtoestande speel saam met insetkostes, soos arbeidsvergoeding en die koste om teleen, 'n belangrike rol in die bepaling van verbruikerspryse. Verbruikers-

## Produksieprysindeks



**Tabel 4. Pryse van verbruikersgoedere en -dienste**

Persentasieverandering oor twaalf maande

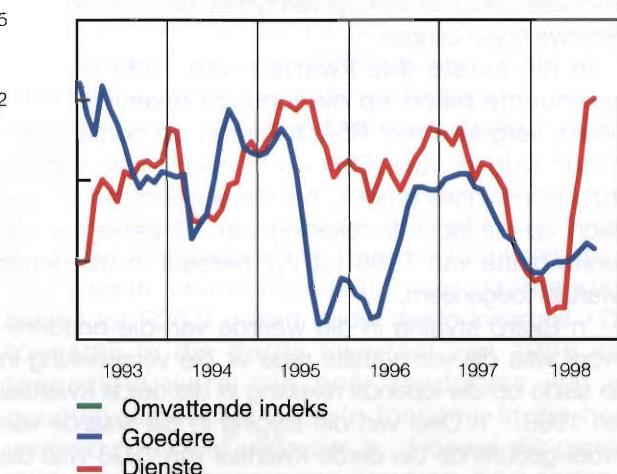
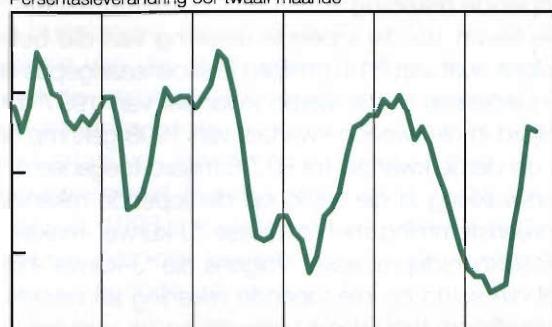
	Goedere	Dienste	Omvattend	Kern-items*
1998: Jan.....	5,7	5,5	5,6	7,2
Feb .....	5,5	5,2	5,4	7,0
Mrt .....	5,5	5,3	5,4	6,9
Apr.....	5,8	4,0	5,0	7,1
Mei.....	5,9	4,2	5,1	7,3
Jun.....	5,9	4,2	5,2	7,4
Jul.....	6,0	7,5	6,6	7,2
Aug.....	6,3	9,2	7,6	7,6
Sep.....	6,6	11,8	9,1	7,7
Okt.....	6,4	12,0	9,0	7,7

\* Verandering in die omvattende verbruikersprysindeks met die uitsluiting van die prysie van vars en bevrone vleis en vis; groente, vars vrugte en neute; rentekoerse op verbandlenings, oortrekkings en persoonlike lenings; belasting op toegevoegde waarde; en eiendomsbelastings.

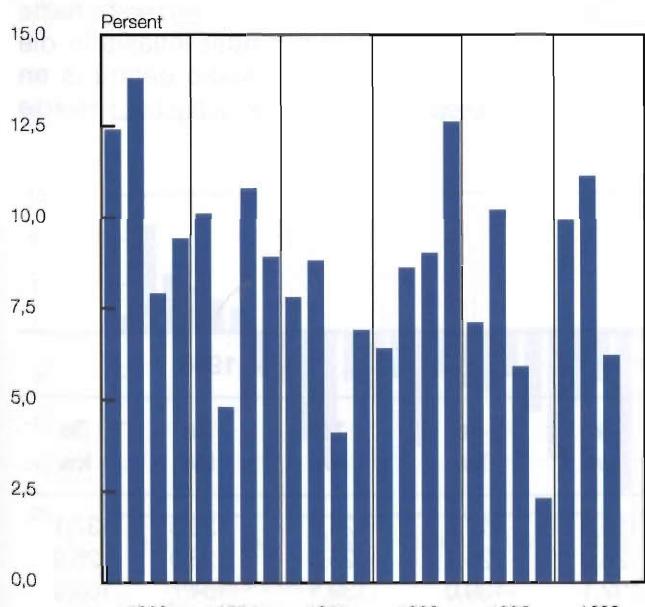
prysinflasie is gedurende die afgelope bykans dertig jaar volgehou deur die groei in omvattende binnelandse vraag, wat meer was as die groei in binnelandse produksie. Die vertraging van inflasie in die eerste helfte van 1999 sal bepaal word deur die mate waarin die

### Verbruikerspryse

Persentasieverandering oor twaalf maande



### Kerninflasie



Veranderings van kwartaal tot kwartaal teen seisoensaangepaste jaarkoerse

styging in rentekoerse gedurende 1998 gaan bydra tot die tempering van groei in die binnelandse vraag. Die dempende uitwerking van swakker groei in vraag op waargenome inflasie sal versterk word deur verlangsamings in die koers van toename in die verbruikersprysindeks, voortspruitend uit verlagings in rentekoerse en die kwynende uitwerking van die depresiasiie van die rand.

## Buitelandse handel en betalings

### Lopende rekening

Die tekort op die lopende rekening van die betalingsbalans, wat van R14,1 miljard (seisoensaangepas en teen 'n jaarkoers) in die vierde kwartaal van 1997 tot R5,7 miljard in die tweede kwartaal van 1998 gekrimp het, het in die derde kwartaal tot R17,8 miljard toegeneem. So 'n verswakking in die saldo op die lopende rekening is in ooreenstemming met 'n tipiese "J-kurwe"-reaksie op 'n wisselkoersdepresiasi. Volgens die "J-kurwe"-hipotese, sal die saldo op die lopende rekening aanvanklik na 'n wisselkoersdepresiasi verswak en na verwagting eers met 'n tydsloering verbeter aangesien totale vraag en produksie eers met verloop van tyd by die verandering in relatiewe prysé aanpas.

In die eerste drie kwartale van 1998 was die opgehopte tekort op die lopende rekening R10,1 miljard, vergeleke met R5,7 miljard in die ooreenstemmende tydperk van 1997. As 'n persentasie van die bruto binnelandse produk, het die seisoensaangepaste tekort op die lopende rekening van 1,1 persent in die eerste helfte van 1998 tot 2,7 persent in die derde kwartaal toegeneem.

'n Skerp stygging in die waarde van die goedere-invoer was die vernaamste rede vir die verswakking in die saldo op die lopende rekening in die derde kwartaal van 1998. 'n Deel van die stygging in die waarde van invoer gedurende die derde kwartaal van 1998 was die gevolg van die dalende wisselkoers wat die randpryse van ingevoerde goedere verhoog het. Die waarde van die uitvoer het ook gestyg as gevolg van die depresiasi van die rand, maar hierdie stygging kon nie die toename in invoerwaardes ten volle neutraliseer nie. Netto dienste- en oordragbetalings aan die res van die wêreld het in die derde kwartaal van 1998 matig gedaal, wat verhinder het dat die saldo op die lopende rekening nog verder verswak.

Die waarde van die goedere-invoer (seisoensaangepas en teen 'n jaarkoers) wat vanaf die derde kwartaal van 1997 tot die tweede kwartaal van 1998 min gegroei het, het buitengewoon sterk gestyg van R134,7 miljard in die tweede kwartaal van 1998 tot R163,0 miljard in die derde kwartaal; dit wil sê met 21 persent. Stewige toenames is gedurende die derde kwartaal van 1998 in die waardes van meeste van die invoerkategorieë opgemerk, maar besondere groot toenames is in die kategorie vir vervaardigde goedere aangeteken. Skerp toenames is in die subkategorieë vir masjinerie en elektriese toerusting aangeteken, meer in die besonder by elektroniese en telekommunikasietoerusting, en by voertuie en vervoertoerusting wat die aankoop van 'n nuwe passasiersvliegtuig deur die Suid-Afrikaanse Lugdiens ingesluit het.

Die fisiese hoeveelheid goedere-invoer het van die tweede tot die derde kwartaal van 1998 met 6½ persent gestyg. Die faktore wat hoofsaaklik vir die stygging in die volume van die goedere-invoer tussen die tweede en die derde kwartaal van 1998 verantwoordelik was, was die volgehoudende vlak van die totale reële finale vraag in die ekonomie, die eenmalige impak van die aankoop van die vliegtuig, die reeds bestaande verbintenis tot die uitbreiding van die telekommunikasienetwerk, uitvoerkontrakte van voertuigvervaardigers wat ingevoerde intermediaire goedere en toerusting benodig en die vroeë invoer van goedere en toerusting om later hoër prysé te vermy. Stadige groei in invoer gedurende die eerste helfte van die jaar het nietemin meegebring dat die volume van ingevoerde goedere in die eerste drie kwartale van 1998 slegs 1,8 persent hoër was as in die ooreenstemmende tydperk van 1997.

Toenames in invoerpryse was in die eerste helfte van 1998 betreklik gedemp omdat inflasie in die handelsvennootlande op laevlakke gehou is en internasionale oliepryse onder druk geklop het. Hierdie

**Tabel 5. Lopende rekening van die betalingsbalans**

Seisoensaangepaste jaarkoerse

R miljarde

	1997				1998		
	1e kw	2e kw	3e kw	4e kw	1e kw	2e kw	3e kw
Goedere-uitvoer .....	107,7	115,9	115,3	117,6	124,2	126,3	137,1
Netto gouduitvoer .....	26,8	24,7	26,0	25,7	25,5	23,0	26,9
Goedere-invoer .....	-123,6	-128,6	-132,1	-139,0	-139,1	-134,7	-163,0
Netto dienste- en oordragbetalings.....	-17,7	-17,3	-18,2	-18,4	-18,5	-20,3	-18,8
<b>Saldo .....</b>	<b>-6,8</b>	<b>-5,3</b>	<b>-9,0</b>	<b>-14,1</b>	<b>-7,9</b>	<b>-5,7</b>	<b>-17,8</b>

teeninflasioneerde kragte is slegs matig teenewerk deur 'n geringe depresiasi van die rand van ongeveer 4 persent in die eerste vier-en-'n-half maande van 1998. In die derde kwartaal van 1998 is die volle impak van die skerp daling van die nominale effektiewe wisselkoers tussen die middel van Mei en 6 Julie egter gevoel; invoerpryse het gevvolglik van die tweede tot die derde kwartaal met gemiddeld 13½ persent gestyg.

Die waarde van die *goedere-uitvoer* het van 'n seisoensaangepaste jaarkoers van R126,3 miljard in

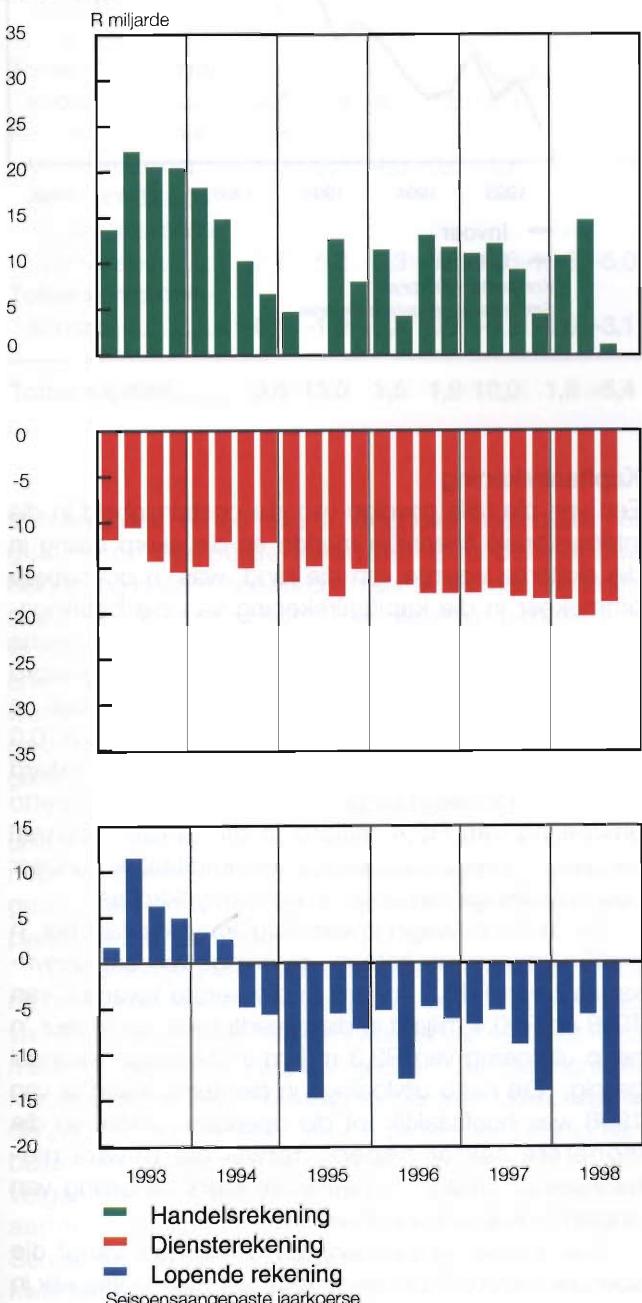
die tweede kwartaal van 1998 tot R137,1 miljard in die derde kwartaal gestyg. Hierdie styging verteenwoordig 'n toename van 8½ persent van kwartaal tot kwartaal. Die *pryse van uitvoerprodukte*, waarvan baie in buitelandse valuta vasgestel word, het by die depresiasi van die rand gebaat. Soos verwag kon word het die gemiddelde randpryse van goedere wat vanaf Suid-Afrika uitgevoer is van die tweede tot die derde kwartaal van 1998 met 12½ persent gestyg.

Die *hoeveelheid goedere-uitvoer* het in die derde kwartaal van 1998 met ongeveer 3½ persent gedaal. Die swak ekonomiese toestande van lande in Asië het 'n sterk vernouende uitwerking op groei in die reële uitvoer gehad. Die deel van uitvoer wat vir lande in Asië bestem is, het gevvolglik as 'n persentasie van totale goedere-uitvoer van 30 persent in die eerste drie kwartale van 1997 tot 24 persent in die ooreenstemmende periode van 1998 gedaal. Mynbou- en landbouprodukte is besonder nadelig getref deur die daling in reële inkome en besteding in die Asiatische lande.

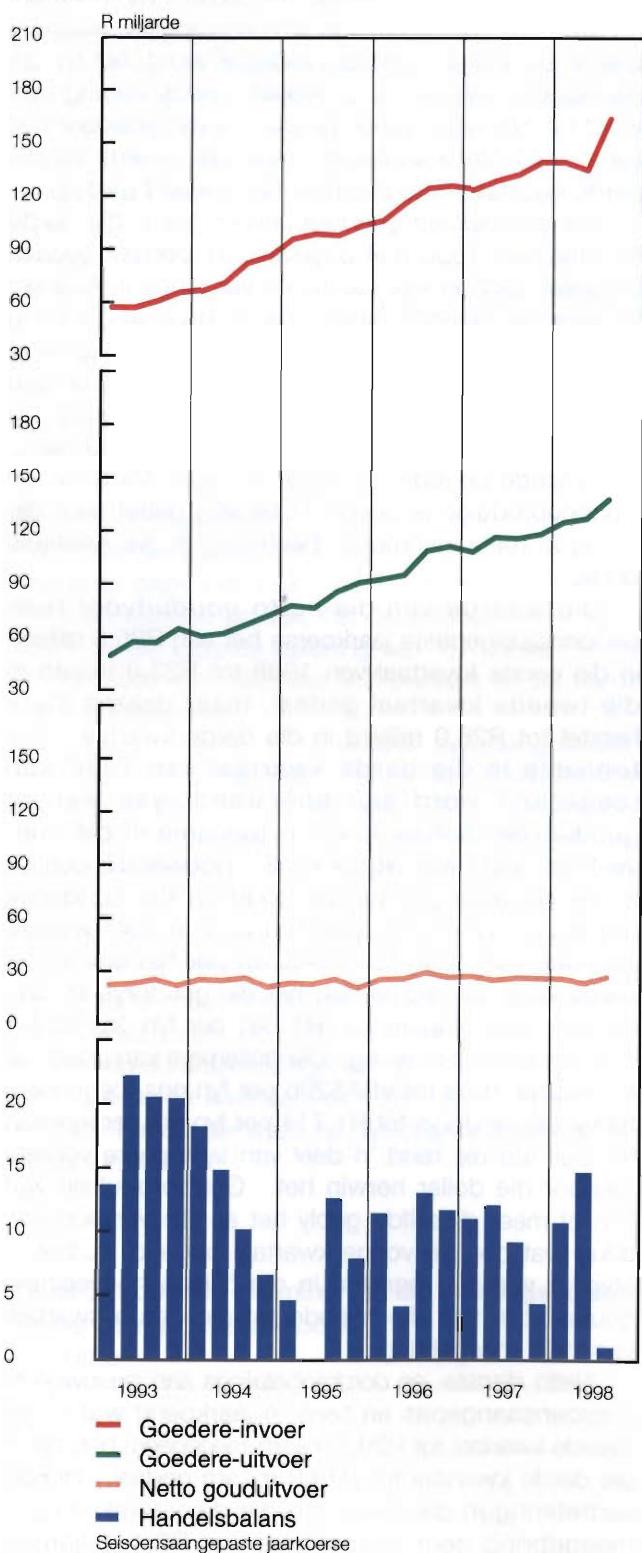
Die waarde van die *netto gouduitvoer* teen seisoensaangepaste jaarkoers het van R25,5 miljard in die eerste kwartaal van 1998 tot R23,0 miljard in die tweede kwartaal gedaal, maar daarna sterk herstel tot R26,9 miljard in die derde kwartaal. Die toename in die derde kwartaal van 1998 kan toegeskryf word aan hoér randpryse wat vir gouduitvoer behaal is en 'n toename in die hoeveelheid goud wat uitgevoer is. Hoewel die gemiddelde vasstellingsprys van goud op die Londense mark van VSA\$300 per fyn ons in die tweede kwartaal van 1998 tot VSA\$288 per fyn ons in die derde kwartaal gedaal het, het die goudprys in rand oor dieselfde tydperk van R1 551 per fyn ons tot R1 790 per fyn ons beweeg. Die dollarprys van goud het in Oktober 1998 tot VSA\$296 per fyn ons toegeneem terwyl die randprys tot R1 714 per fyn ons teruggesak het namate die rand 'n deel van sy vroeëre verliese teenoor die dollar herwin het. Goudproduksie wat min of meer dieselfde gebly het en die verkoop van goud wat oor die vorige kwartale opgepot is, het 'n styging van 5½ persent in die fisiese hoeveelheid gouduitvoer van die tweede tot die derde kwartaal van 1998 meegebring.

*Netto dienste- en oordragbetelings* aan nie-inwoners (seisoensaangepas en teen 'n jaarkoers) wat in die tweede kwartaal tot R20,3 miljard toegeneem het, het in die derde kwartaal tot R18,8 miljard gedaal. Hierdie verbetering in die tekort op die diensterekening is meegebring deur 'n toename van R2,1 miljard in ontvangste vir dienste, wat hoér was as die styging van R0,6 miljard in betelings vir dienste. Toenames is veral aangeteken in dienste-ontvangste uit passasiersreisgelde en beleggingsinkome op buitelandse beleggings wat onlangs deur individue en maatskappye gemaak is. Die matige toename in betelings vir dienste was die gevolg van die hoér vlak van die buitelandse handel en die

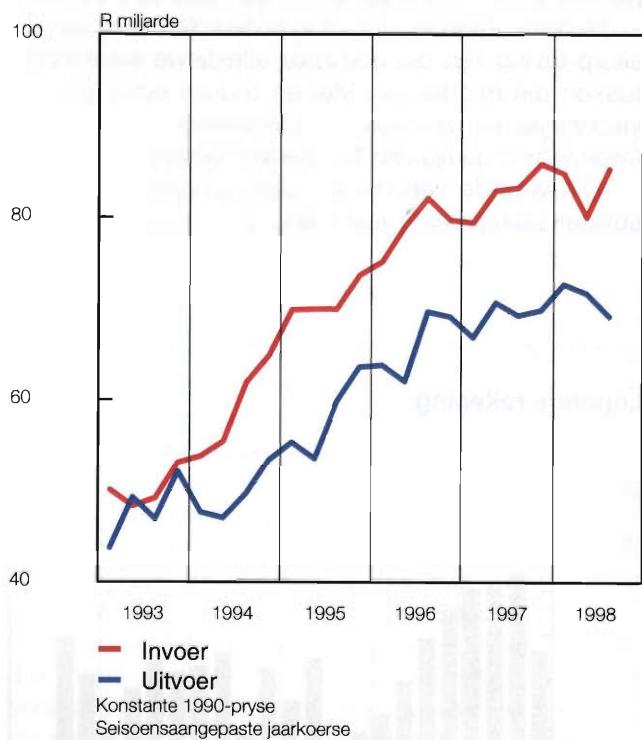
## Lopende rekening



## Handelsrekening



## Reële in- en uitvoer van goedere



## Kapitaalrekening

Een van die tale gevolge van die onstuimigheid in die internasionale finansiële markte en die skerp daling in die eksterne waarde van die rand, was 'n dramatiese oomkeer in die kapitaalrekening van die betalingsbalans. Namate internasionale opvattingen jeens belegging in ontwikkelende markte negatief geword het, het die netto inwaartse beweging van kapitaal na Suid-Afrika (nie verwant aan reserwes nie), van R10,0 miljard in die eerste kwartaal van 1998 tot R1,8 miljard in die tweede kwartaal gekrimp en daarna in 'n netto uitvloeiing van R5,4 miljard in die derde kwartaal verander. Hierdie uitvloeiing van kapitaal is verklaar deur uitvloeiings van lang- en korttermynkapitaal.

Die netto bewegings van *langtermynkapitaal* het 'n skielike ommeswaai getoon: invloeiinge van langtermynkapitaal van R16,3 miljard in die eerste kwartaal van 1998 en R10,4 miljard in die tweede kwartaal is deur 'n netto uitvloeiing van R2,3 miljard in die derde kwartaal gevolg. Die netto uitvloeiinge in die derde kwartaal van 1998 was hoofsaaklik tot die openbare sektor en die monetêre sektor beperk, terwyl die private nie-banksektor steeds 'n betreklike sterk invloeiing van langtermynkapitaal ondervind het.

Die uitvloeiing van langtermynkapitaal vanaf die *openbare sektor* in die derde kwartaal was hoofsaaklik in die vorm van netto verkope deur nie-inwonerbeleggers van langtermynneffekte van die Suid-Afrikaanse regering

gepaardgaande betalings vir vrag en versekering, en hoër rentebetalings as gevolg van die verhoogde buitelandse skuldblootstelling van Suid-Afrikaanse besighede.

**Tabel 6. Netto kapitaalbewegings nie verwant aan reserwes nie**

R miljarde

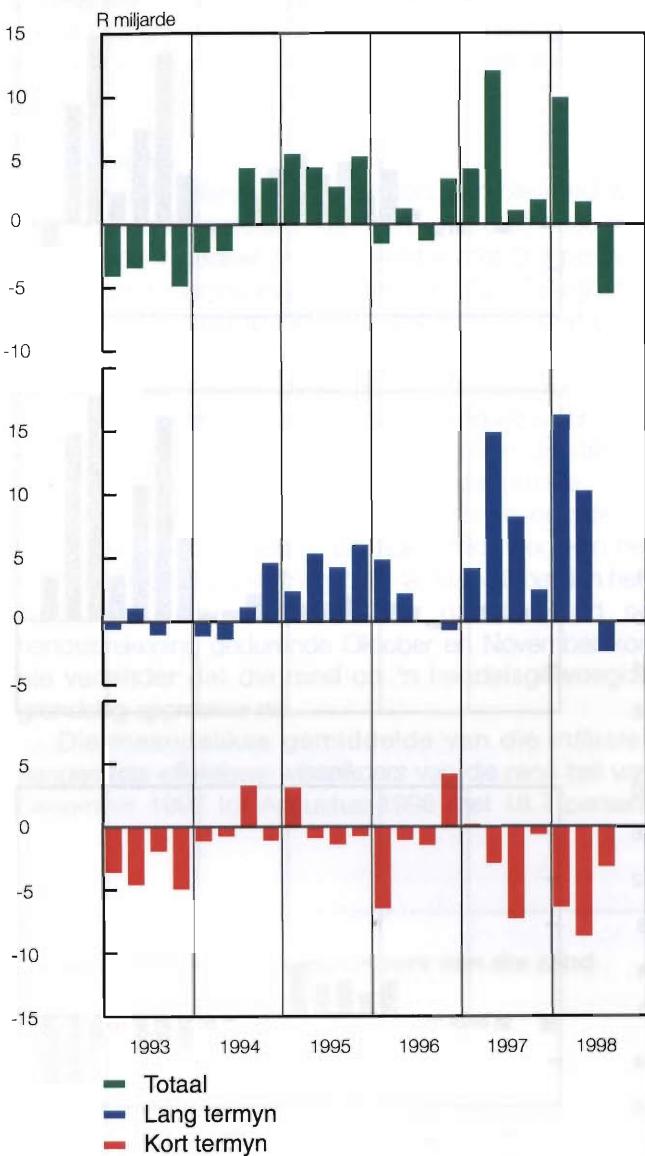
	1997			1998			
	1e kw	2e kw	3e kw	4e kw	1e kw	2e kw	3e kw
<b>Langtermynkapitaal</b>							
Openbare owerhede .....	1,0	12,2	2,1	-2,5	6,2	1,9	-4,7
Openbare korporasies.....	1,4	4,8	0,8	-0,2	0,9	1,9	0,3
Monetêre sektor .....	-0,2	-0,1	-0,3	-0,2	-0,6	-0,4	-3,9
Private sektor .....	2,0	-2,0	5,7	5,5	9,8	7,0	6,0
<b>Totale langtermynkapitaal .....</b>	<b>4,2</b>	<b>14,9</b>	<b>8,3</b>	<b>2,6</b>	<b>16,3</b>	<b>10,4</b>	<b>-2,3</b>
<b>Korttermynkapitaal</b>							
Monetêre sektor ...	2,3	3,3	-4,5	0,0	-1,7	1,7	1,9
Ander, insluitende onaangetekende transaksies .....	-2,7	-5,2	-2,3	-0,7	-4,6	-10,3	-5,0
<b>Totale korttermynkapitaal .....</b>	<b>-0,4</b>	<b>-1,9</b>	<b>-6,8</b>	<b>-0,7</b>	<b>-6,3</b>	<b>-8,6</b>	<b>-3,1</b>
<b>Totale kapitaal.....</b>	<b>3,8</b>	<b>13,0</b>	<b>1,5</b>	<b>1,9</b>	<b>10,0</b>	<b>1,8</b>	<b>-5,4</b>

ter waarde van R14,9 miljard. Openbare korporasies het gedurende die derde kwartaal netto buitelandse befondsing bekom, hoewel op 'n aansienlik meer beperkte skaal as die vermindering van nie-inwonerbesit van langtermynregeringsekuriteite. Hierdie uitvloeiing na die openbare korporasies is sterk oorheers deur die reëlings wat vir die finansiering van die aankoop van die nuwe passasiersvliegtuig deur die Suid-Afrikaanse Lugdiens getref is.

Die monetêre sektor het in die derde kwartaal 'n netto uitvloeiing van langtermynkapitaal ten bedrae van R3,9 miljard ondervind. Hierdie uitvloeiing was hoofsaaklik die gevolg van die verkryging van die aankoop van die nuwe passasiersvliegtuig deur die Suid-Afrikaanse Lugdiens plaaslik gevestigde banke.

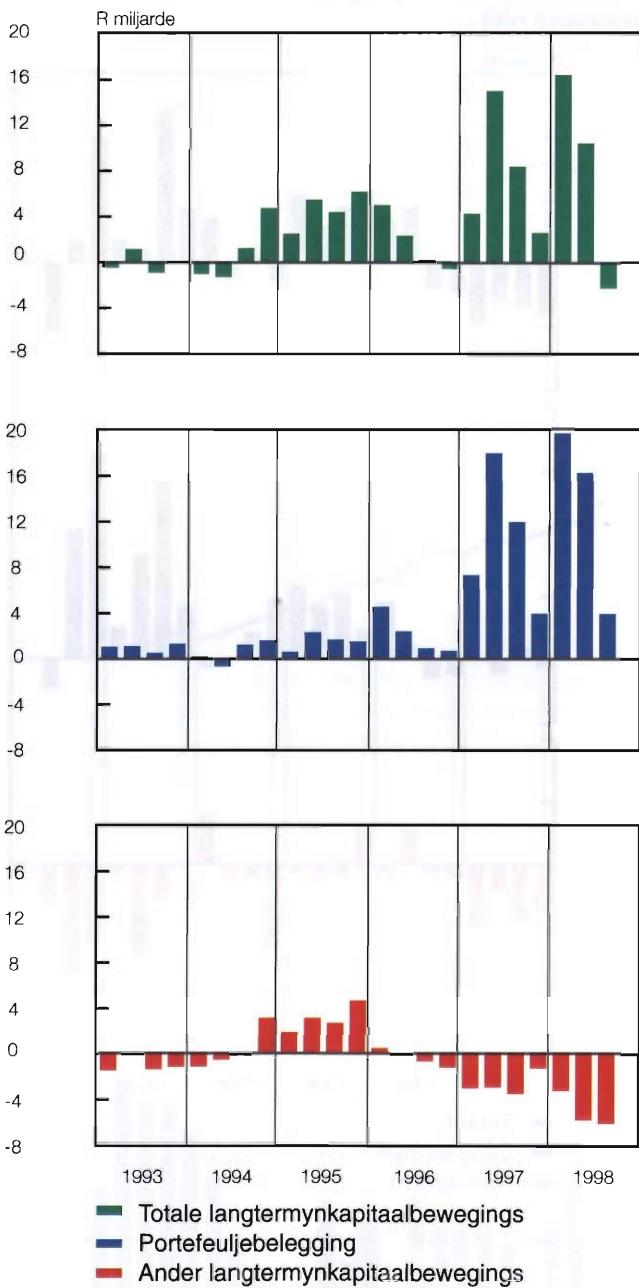
Die beweging van internasionale langtermynkapitaal na die binnelandse private sektor het van 'n netto bedrag van R7,0 miljard in die tweede kwartaal van 1998 tot R6,0 miljard in die derde kwartaal gedaal. Die belangrikste kragte agter die netto invloeiing van langtermynkapitaal na die private nie-banksektor was 'n aansienlike bedrag aan buitelandse regstreekse belegging in die land en die volgehoue aankope deur nie-inwonerbeleggers van aandele op die Johannesburgse Aandelebeurs. Senuagtigheid onder internasionale beleggers oor die kwaliteit van belegging in ontwikkelende markte het klaarblyklik nie aandelebeleggings in Suid-Afrika gedurende die derde kwartaal van 1998 ontmoedig nie.

**Netto kapitaalbewegings (nie verwant aan reserwes nie)**



**Korttermynkapitaalbewegings (nie verwant aan internasionale reserwes nie, maar met insluiting van onaangetekende transaksies)** uit die land het in die derde kwartaal van 1998 onverpoosd voortgeduur. Die intensiteit van hierdie uitvloeiing het in die derde kwartaal van 1998 afgeneem toe die uitvloeiing van korttermynkapitaal R3,1 miljard was, vergeleke met R8,6 miljard in die vorige kwartaal. Die private banke was sterk op die voorgrond in hierdie bewegings: die uitstaande korttermyn buitelandse laste van banke het gedurende die tweede kwartaal van 1998 met R1,7 miljard en in die derde kwartaal met R1,9 miljard verhoog, hoofsaaklik deur 'n verhoging in deposito's in buitelandse valuta deur nie-inwoners. Hierdie uitvloeiing van korttermynkapitaal

## Langtermynkapitaalbewegings



is egter ten volle geneutraliseer deur veranderings in die vervroegings en vertragings in buitelandse betalings en ontvangste deur ander instansies in die lig van die verswakking van die rand, wat tot 'n daling in die korttermynlaste van die private nie-banksektor en 'n toename in die korttermyn buitelandse bates van hierdie instellings, oftewel 'n uitvloeiing van korttermynkapitaal, aanleiding gegee het.

## Buitelandse skuld

Suid-Afrika se totale uitstaande buitelandse skuld het van VSA\$39,2 miljard aan die einde van Desember 1997

tot VSA\$38,8 miljard aan die einde van Junie 1998 gedaal. Vanweë die skerp depresiasié van die rand teenoor die dollar gedurende die eerste helfte van 1998, het die randwaarde van die totale buitelandse skuld van R190,8 miljard aan die einde van 1997 tot R228,9 miljard aan die einde van Junie 1998 gestyg.

Die land se skuld wat in buitelandse geldeenhede betitel is, het met 1½ persent van VSA\$25,2 miljard aan die einde van 1997 tot VSA\$24,8 miljard teen die middel van 1998 gedaal. Die dollar-ekwivalent van skuld wat in rand betitel is, het daarenteen oor dieselfde tydperk onveranderd op VSA\$14,0 miljard gebly. Gemaat in rand, het nie-inwoners hul besit aan vasterentedraende sekuriteite egter van R50,6 miljard aan die einde van Desember 1997 tot R59,9 miljard aan die einde van Junie 1998 verhoog.

Buitelandse skuld as 'n persentasie van die bruto binnelandse produk het effens gestyg van 30,4 persent aan die einde van 1997 tot 30,9 persent aan die einde van Junie 1998. Korttermynskuld betitel in buitelandse geldeenhede met 'n onverstreke looptyd van minder as twaalf maande het aan die einde van Junie 1998 ongeveer 55,9 persent beloop van totale skuld wat in buitelandse geldeenhede betitel was. Die vergelykende

**Tabel 7. Buitelandse skuld van Suid-Afrika**  
VSA\$ miljarde teen jaareinde

	1994	1995	1996	1997	1998*
<b>Heronderhandelde skuld</b>	<b>3,4</b>	<b>3,0</b>	<b>2,7</b>	<b>2,5</b>	<b>2,3</b>
Openbare sektor .....	0,8	1,1	1,3	1,2	1,2
Monetêre sektor .....	1,0	0,7	0,3	0,2	0,1
Nie-monetêre private sektor.....	1,6	1,2	1,1	1,1	1,0
<b>Ander skuld betitel</b>					
<b>in buitelandse</b>					
<b>geldeenhede.....</b>	<b>18,3</b>	<b>22,4</b>	<b>23,3</b>	<b>22,7</b>	<b>22,5</b>
Openbare sektor .....	3,4	4,5	4,7	4,2	3,5
Monetêre sektor .....	3,9	4,9	6,6	7,5	8,4
Nie-monetêre private sektor.....	4,5	6,3	5,9	5,7	5,4
Toondereffekte en note uitgiftes .....	2,7	3,8	4,0	4,0	4,2
Omgeskakelde langtermynlenings .....	3,8	2,9	2,1	1,3	1,0
<b>Totale skuld betitel</b>					
<b>in buitelandse</b>					
<b>geldeenhede.....</b>	<b>21,7</b>	<b>25,4</b>	<b>26,0</b>	<b>25,2</b>	<b>24,8</b>
<b>Skuld betitel in rand .....</b>	<b>8,0</b>	<b>9,9</b>	<b>8,5</b>	<b>14,0</b>	<b>14,0</b>
Effekte .....	5,3	7,3	6,3	10,4	10,2
Ander .....	2,7	2,6	2,2	3,6	3,8
<b>Totale buitelandse skuld</b>	<b>29,7</b>	<b>35,3</b>	<b>34,5</b>	<b>39,2</b>	<b>38,8</b>

\* Aan die einde van Junie

verhouding aan die einde van Desember 1997 was effens hoër op 56,0 persent.

### Buitelandse reserwes

Die gesamentlike uitwerking van tekorte op die lopende en kapitaalrekenings van die betalingsbalans was 'n daling van R11,3 miljard in die land se *netto goud- en ander buitelandse reserwes* gedurende die derde kwartaal van 1998. Dit het meegebring dat die verandering in die land se netto goud- en ander buitelandse reserwes in die eerste drie kwartale van 1998 op 'n daling van R3,6 miljard uitgeloop het. Hierdie daling is in teenstelling met 'n oppou van die netto goud- en ander buitelandse reserwes ten bedrae van R10,9 miljard in 1997. In Oktober 1998 het die netto goud- en ander buitelandse reserwes van die Reserwebank met R0,5 miljard gestyg.

Suid-Afrika se *bruto goud- en ander buitelandse reserwes*, wat in die eerste helfte van 1998 met R18,6 miljard gestyg het, het in die derde kwartaal met R10,1 miljard gedaal. Aan die einde van September 1998 het totale bruto buitelandse reserwes R44,0 miljard beloop waarvan goudbesit 14 persent uitgemaak het. Ingelus by die buitelandse valutabesit aan die einde van September 1998 was 'n bedrag van R18,4 miljard wat deur korttermynlenings bekom is met die uitsluitlike doel om die vlak van die bruto internasionale reserwes aan te vul.

Die bruto buitelandse reserwes van die land was aan die einde van September 1998 gelykstaande aan die

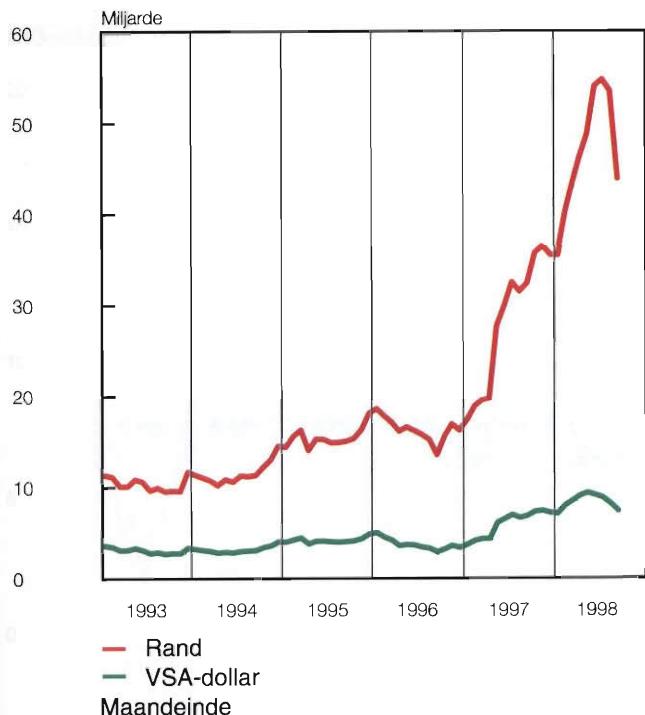
waarde van invoer van goedere en dienste vir 'n tydperk van 10½ weke, vergeleke met bykans 15 weke aan die einde van Junie. Die netto oorverkoop oop posisie in buitelandse valuta van die Reserwebank het gevoldig van Augustus tot Oktober 1998 bykans onveranderd op VSA\$23,2 miljard gebly en daarna in November effens gedaal.

### Wisselkoerse

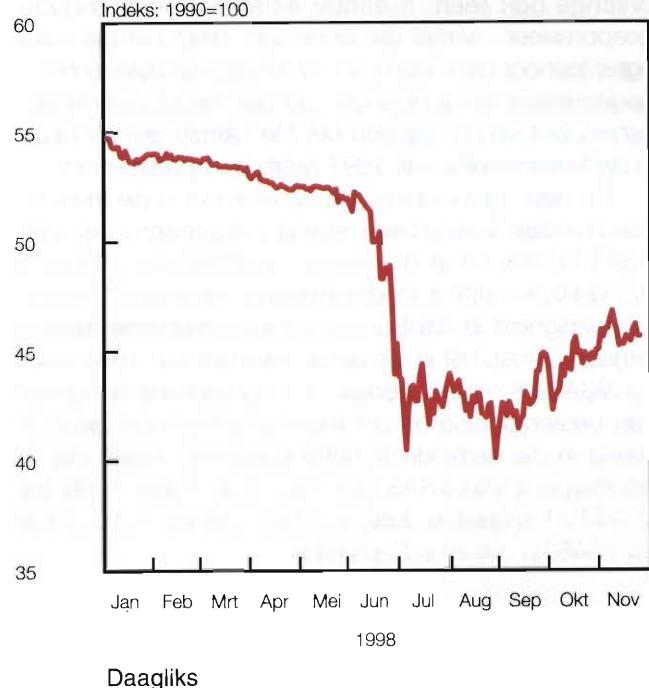
Die *nominale effektiewe wisselkoers van die rand* wat vanaf die einde van Desember 1997 tot 6 Julie 1998 met 25,8 persent gedaal het, het verder met 0,9 persent gedaal tot 'n laagste indekswaarde ooit op 28 Augustus 1998. In die daaropvolgende weke het 'n mate van bestendigheid tot die markte teruggekeer wat heelwat kalmer handelstoestande en 'n geleidelike appresiasie van 13,8 persent in die rand vanaf 28 Augustus 1998 tot 25 November meegebring het. Vertroue in die rand is versterk toe Moody's Beleggingsdienste, die internasionale graderingsagentskap, 'n onveranderde beleggingskredietgradering aan Suid-Afrika toegeken het maar die vooruitsig van "negatief" na "stabiel" hersien het. Nuus van aansienlike tekorte op die land se handelsrekening gedurende Oktober en November kon nie verhinder dat die rand op 'n handelsgeweegde grondslag appresieer nie.

Die maandelikse gemiddelde van die *inflasie-aangepaste effektiewe wisselkoers* van die rand het van Desember 1997 tot Augustus 1998 met 18,7 persent

### Totale bruto internasionale reserwes



### Nominale effektiewe wisselkoers van die rand



**Tabel 8. Wisselkoerse van die rand**

Persentasieverandering

	22 Mei 1998	6 Jul 1998	28 Aug 1998	31 Des 1997
	tot	tot	tot	tot
	6 Jul 1998	28 Aug 1998	25 Nov 1998	25 Nov 1998
Geweegde gemiddelde.....	-22,7	-0,9	13,8	-16,3
VSA-dollar .....	-23,2	-0,7	17,1	-14,5
Britse pond.....	-23,6	-1,7	17,0	-14,6
Duitse mark.....	-21,0	-1,6	11,2	-18,6
Japanese yen .....	-20,5	1,2	-1,2	-20,5
Nederlandse gulden .....	-21,0	-1,6	11,1	-18,5
Italiaanse lira .....	-21,0	-1,4	11,4	-18,0
<b>Ontwikkelende markte</b>				
Indonesiese roepia .....	3,3	-25,7	-19,5	11,2
Maleisiëse ringgit .....	-15,2	0,4	5,2	-16,2
Filippynse peso .....	-17,7	5,9	4,6	-16,7
Singapoerse dollar .....	-19,7	3,3	7,7	-16,5
Taiwanese dollar .....	-21,4	0,5	9,2	-15,0

gedaal en daarna tot September met 1,3 persent toegeneem. Die algehele depresiasie vanaf Desember 1997 tot September 1998 het 17,6 persent beloop. Die verbetering in die internasionale mededingendheid van binnelandse produsente wat deur die reële depresiasie van die rand meegebring is, mag moontlik tot 'n toekomstige herstel in die ekonomie bydra, mits binnelandse kostetoenames genoegsaam in bedwang gehou kan word om die verhoogde mededingendheid behoue te laat bly.

Soos wat in Tabel 8 aangedui word, het die rand onlangs ook teen 'n aantal Asiatiese geldeenhede geappresieer. Vanaf die einde van 1997 het die rand egter teenoor die meeste van die Asiatiese geldeenhede gedepresieer en sodoende van die mededingendheid herwin wat verlore gegaan het toe hierdie geldeenhede in die tweede helfte van 1997 skerp gedepresieer het.

Die netto gemiddelde daaglikske omset in die mark vir buitelandse valuta, wat skerp toegeneem het van VSA\$3,8 miljard in die eerste kwartaal van 1998 tot VSA\$10,9 miljard in die tweede kwartaal toe die onstuimigheid in die Suid-Afrikaanse finansiële markte uitgebreek het, het in die derde kwartaal van 1998 weer tot VSA\$9,8 miljard gedaal. Die geleidelike terugkeer van bestendigheid na die mark is gekenmerk deur 'n daling in die gemiddelde netto daaglikske omset van 'n hoogtepunt van VSA\$13,4 miljard in Junie 1998 tot VSA\$10,1 miljard in Julie, VSA\$9,7 miljard in Augustus en VSA\$9,5 miljard in September.

## Monetêre ontwikkelings, rentekoerse en finanziële markte

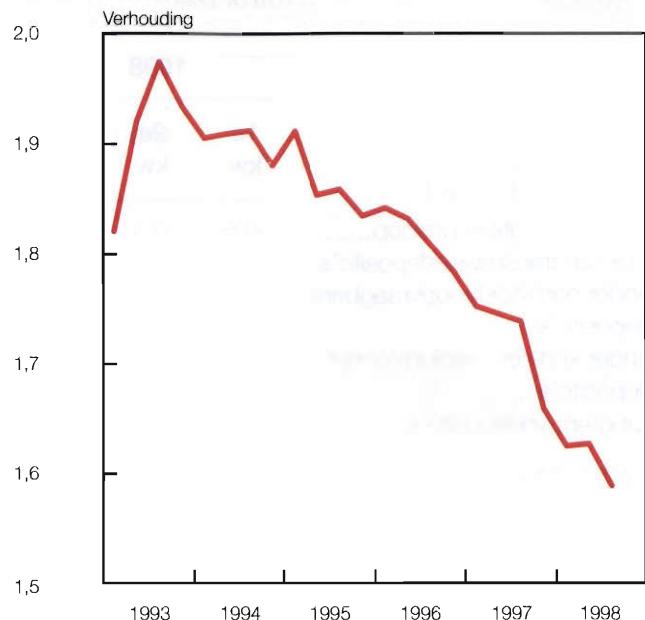
### Geldvoorraad

Die omvattend gedefinieerde geldvoorraad (M3) het in die eerste nege maande van 1998 vinnig toegeneem en tussen 15,0 persent en 19,4 persent gewissel. Hierdie jaarlike groeikoerse was aansienlik hoër as die boonste perk van die riglyngebied van tussen 6 en 10 persent wat die Reserwebank as een van 'n stel aanwysers aangedui het wat in aanmerking geneem sal word by die neem van monetêre beleidsbesluite.

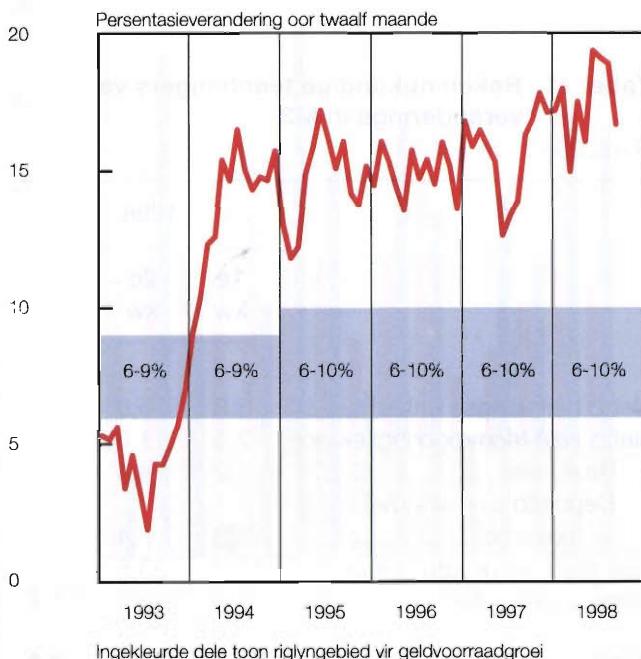
Die jaar-tot-jaar toename in M3 het skynbaar iets wat van 19,4 persent aan die einde van die tweede kwartaal van 1998 tot 16,7 persent aan die einde van die derde kwartaal verlangsaam. Hierdie oënskynlike verlangsaming word nie deur veranderings in die seisoensaangepaste kwartaallikse gemiddelde waardes van M3 gestaaf nie. Die toename in die kwartaallikse waardes van M3, wat van 'n jaarkoers van 23,1 persent in die vierde kwartaal van 1997 tot 14,3 persent in die tweede kwartaal van 1998 afgeplat het, het in die derde kwartaal skerp tot 18,8 persent versnel. Die moontlikheid dat hierdie groei en die onlangse vinnige toename in geld tot hoër toekomstige inflasie kan lei, hou 'n voortdurende bedreiging vir volgehoue laer inflasie in. Die toename in die omvattende geldvoorraad sal verder moet afneem om in ooreenstemming te bly met die doelwit van lae en bestendige inflasie.

Die toename in die geldvoorraad het die groei in die nominale bruto binnelandse produk in die derde kwartaal

### Inkome-omloopsnelheid van M3



### M3-geldvoorraad



van 1998 vir die twintigste opeenvolgende kwartaal oorskry. Gevolglik het die inkome-omloopsnelheid van M3 nou weer nader gekom aan die laagtepunt wat in 1965 aangeteken is. Die jongste afname in die totale inkome-omloopsnelheid kan hoofsaaklik toegeskryf word aan die internasionale finanziële krisis wat 'n groot verskuiwing in batevoorkeur vanaf beleggings in vasterentedraende bates met lang looptye en aandele na likiede bates met kort looptye, insluitende deposito-tipe beleggings by banke, tot gevolg gehad het.

Bewyse van die sterk likiditeitsvoorkeur van die private nie-banksektor gedurende die eerste drie kwartale van 1998 word in Tabel 9 aangebied. Die veranderings in die komponente van M3 bring 'n toenemende voorkeur vir die hou van korttermyndeposito's ten koste van langertermyndeposito's duidelik na vore.

Ander onmiddellik opvraagbare deposito's was in die tweede en derde kwartale van 1998 sterk in aanvraag terwyl tjk- en transmissiedepositos gedurende die eerste nege maande van die jaar ook voortdurend toegeneem het. Die gesamentlike toenames in hierdie twee deposito-kategorieë het in die tweede en derde kwartale van 1998 136 persent van die algehele toename in M3 beloop. Daarenteen het ander kort-, medium- en langertermyndeposito's in die tweede en derde kwartaal met 'n bedrag gelykstaande aan 37 persent van die algehele toename in M3 afgeneem. Hierdie verskuiwings in die samestelling van M3 was 'n weerspieëeling van die private nie-banksektor se toenemende voorkeur vir likiede bates teen 'n agtergrond van dalende aandelepryse en stygende opbrengs-

**Tabel 9. Kwartaallikse veranderings in note, munte en bank deposito's van die private sektor**

R miljarde

	1998		
	1e kw	2e kw	3e kw
Note en munte in omloop.....	-0,5	0,3	-0,2
Tjek- en transmissiedeposo'ts..	2,1	5,0	0,7
Ander onmiddellik opvraagbare deposito's .....	2,1	21,2	15,8
Ander kort- en mediumtermyn-deposito's .....	4,1	-3,3	-5,8
Langtermyndeposito's.....	5,3	-1,1	-1,3

koerse op effekte, asook die monetêre sektor se befondsingstrategieë wat op die verkorting van die looptye van depositolaste gedurende 'n tydperk van hoogs onsekere rentekoersbewegings gerig was.

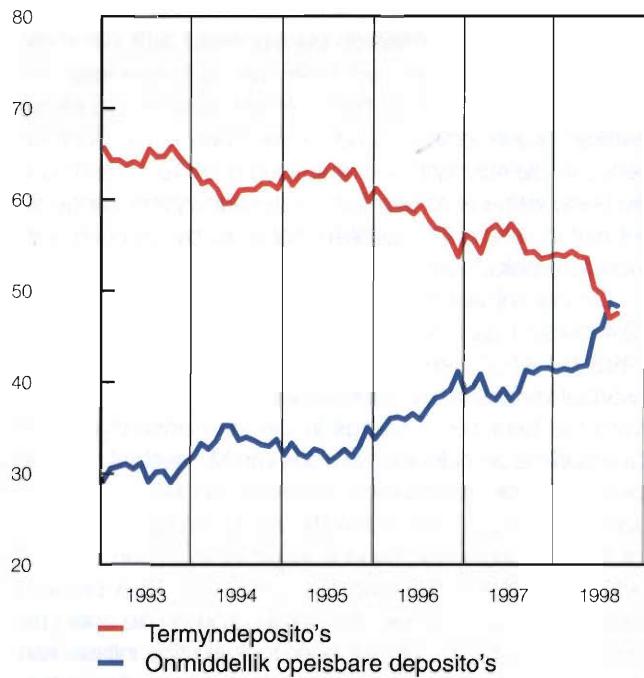
Die jaarlikse groeikoerse in die enger monetêre totale het ook 'n voorkeur vir korttermyndeposito's by monetêre instellings geopenbaar. Die groeikoers oor twaalf maande in M1 het byvoorbeeld die groei in M3 vanaf April 1998 oorskry – die verskil in die groei was in Augustus meer as 24 persentasiepunte ten gunste van M1 (kyk Tabel 10).

Die belangrikste teenhanger (in 'n statistiese of rekeningkundige sin) van die toename van R9,2 miljard in M3 in die derde kwartaal van 1998 was 'n stygging in die monetêre sektor se eise teen die private en die regeringsektor. Die absolute waarde van die toename in elk van hierdie kredietgroothede was egter aansienlik kleiner as dié in die tweede kwartaal. Boonop is die versagtende invloed van die verlangsaming in binnelandse kredietverlening op die algehele monetêre groei in die derde kwartaal van 1998 deur 'n volgehoue afname in die netto buitelandse bates van die monetêre sektor versterk.

**Tabel 10. Groeikoerse oor twaalf maande in M1 en M3**

Tydperk	M1	M3
1998: Jan.....	22,9	17,2
Feb.....	22,8	18,0
Mrt .....	14,7	15,0
Apr .....	25,2	17,5
Mei .....	26,0	16,1
Jun.....	35,3	19,4
Jul .....	40,6	19,1
Aug .....	43,7	18,9
Sep .....	33,6	16,7

**Onmiddellik opeisbare en termyndeposito's as persentasie van M3**



In die derde kwartaal van 1998 was tekorte wat as gevolg van die Reserwebank se betrokkenheid in die termynvalutamark ontstaan het 'n belangrike rekeningkundige teenhanger van die toename in M3. (Kyk tabel 11).

**Tabel 11. Rekeningkundige teenhangers van veranderings in M3**

R miljarde

	1998		
	1e kw	2e kw	3e kw
Netto buitelandse bates .....	5,8	-5,0	-15,9
Netto eise teen regeringsektor	-2,5	11,8	5,1
Bruto eise .....	-1,2	4,4	6,6
Deposo'ts (+ afname, - toename) .....	-1,3	7,4	-1,5
Eise teen die private sektor .....	17,3	23,5	8,3
Netto ander bates .....	-7,5	-8,2	11,7
<b>Totale verandering in M3.....</b>	<b>13,1</b>	<b>22,1</b>	<b>9,2</b>

## Kredietverlening

Die koers van toename oor twaalf maande in *totale binnelandse kredietverlening* deur die monetêre sektor het van 16,6 persent in Desember 1997 tot 14,3 persent in Maart afgeneem voordat dit weer tot 21,7 persent in Augustus 1998 versnel het. Die toename in totale binnelandse kredietverlening oor een jaar het daarna weer tot 19,3 persent in September 1998 teruggesak. Die groei van kwartaal tot kwartaal teen 'n seisoensaangepaste jaarkoers in die gemiddelde vlak van totale kredietverlening het van 16,0 persent in die eerste kwartaal van 1998 tot 24,1 persent in die tweede kwartaal en 23,4 persent in die derde kwartaal versnel.

Die betreklik vinnige koers van kredietverlening in die derde kwartaal van 1998 was hoofsaaklik die gevolg van vinniger groei in kredietverlening aan die *private niebanksektor*. Die groei oor twaalf maande in kredietverlening aan die private sektor het van 13,3 persent in Januarie 1998 tot 17,5 persent in Augustus versnel; daarna het dit tot 15,3 persent in September afgeneem. Hierdie jaarlikse groeikoerse was hoër as die inflasiekoers soos gemeet deur die veranderings in die verbruikersprysindeks, maar die inflasie aangepaste toename in kredietverlening oor twaalf maande het onlangs van 10,3 persent in Junie 1998 tot 5,8 persent in September 1998 verlangsaam.

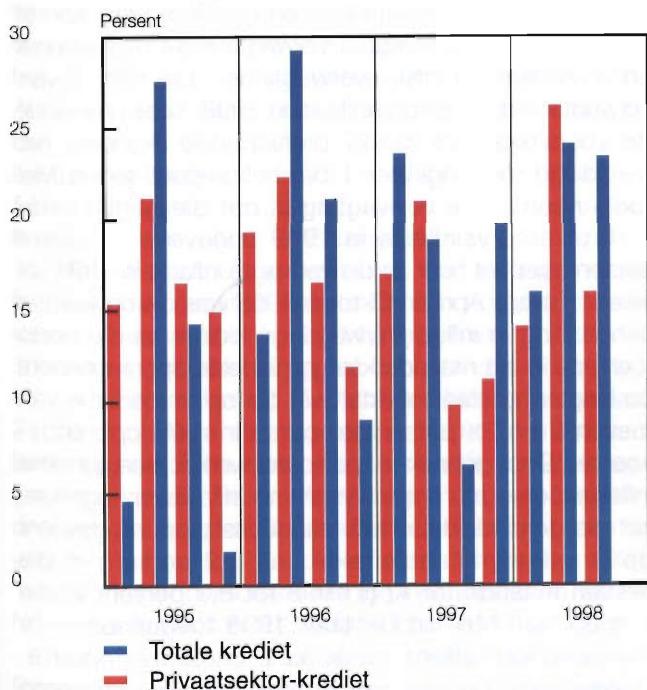
'n Ontleding van die monetêre instellings se eise teen die private sektor volgens *soort krediet* toon dat die groei in kredietverlening aan die private sektor in die derde

**Tabel 12. Toename in kredietverlening aan die private sektor volgens vernaamste soort krediet**

R miljarde

Soort krediet	1998		
	1e kw	2e kw	3e kw
Wissels verdiskonter.....	-0,2	1,8	-0,7
Afbetalingsverkoopkrediet .....	0,9	1,1	0,0
Beleggings.....	1,3	1,4	-3,3
Bruikhuurfinansiering.....	-0,8	0,6	0,0
Verbandvoorskotte.....	5,1	5,2	4,2
Ander lenings en voorskotte....	11,1	13,4	8,1
<b>Totaal.....</b>	<b>17,4</b>	<b>23,5</b>	<b>8,3</b>

## Kredietverlening deur monetêre instellings

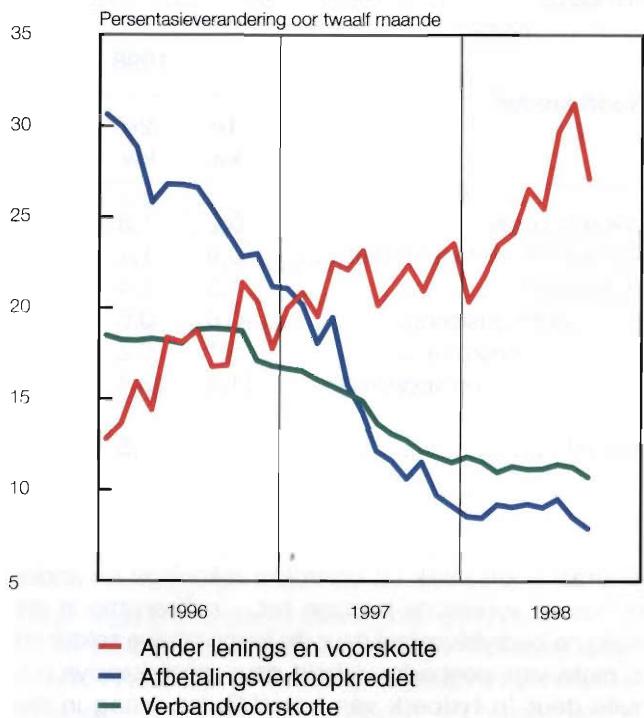


kwartaal hoofsaaklik uit oortrokke rekenings en ander lenings en voorskotte bestaan het. 'n Toename in die vraag na bedryfskapitaal deur die korporatiewe sektor en 'n mate van leenbedrywigheid deur maatskappye om hulle deur 'n tydperk van betreklik lae vraag in die ekonomie te dra, was van die belangrikste bewegredes vir die styging van die korporatiewe vraag na krediet. Dit is versterk deur 'n toename in die vraag na krediet wat as gevolg van die baie spekulatiewe geleenthede gedurende die tydperk van verhoogde onbestendigheid in die mark vir sekuriteite ontstaan het. Die swakheid van die wisselkoers van die rand het ook 'n aansienlike omskakeling in handelsfinansiering vanaf buitelandse na binnelandse bronne van krediet tot gevolg gehad.

Die toename oor twaalf maande in *verbandvoorskotte* het gedurende die eerste nege maande van 1998 op vlakke laer as 12 persent gebly en het in September 1998 10,7 persent bereik. Die hoë en stygende vlak van nominale rentekoerse op verbandlenings het 'n nadelige uitwerking op die bekostigbaarheid van behuising gehad. Die toekenning van nuwe verbandvoorskotte is drasties ingekort en was in September 1998 32,0 persent laer as in September 1997. Ingesluit by die nuwe regulasies van banktoesighouding wat op 1 Oktober in werking gestel is, was 'n verhoging van die risikobelading van toepassing op nuwe verbandlenings wat groter is as 80 persent van die waarde van die eiendom wat as onderpand dien. Sommige banke het hierop gereageer deur hul koerse op nuwe huislenings wat hierdie perk oorskry, te verhoog. Die stap het die vraag na verbandvoorskotte verder gedemp.

Die toename oor twaalf maande in *afbetelingsverkoopkrediet* het van koers hoër as 20 persent aan die begin van 1997 tot 7,9 persent in September 1998 teruggesak. Insgelyks het *bruikhuurfinansiering* wat in die twaalf maande tot September 1997 met 0,5 persent toegeneem het, in die twaalf maande tot September

## Komponente van kredietverlening aan die private sektor



1998 met 4,3 persent afgeneem. Tanende verbruikersvertroue en 'n gewaarwording dat rykdom afgeneem het, tesame met hoë rentekoerse, het individue daarvan weerhou om hoër vlakke van versekerde lenings aan te gaan. Beleggings het in die derde kwartaal met R3,3 miljard afgeneem as gevolg van korporatiewe herstrukturings ingevolge waarvan beleggings in aandele na nie-bankinstellings oorgedra is.

In teenstelling met krediet aan die korporatiewe sektor het die toename in kredietverlening aan die persoonlike sektor duidelike tekens van verlangsaming getoon. 'n Gewaarwording van 'n afname in rykdom namate aandele- en effektepryse gedaal en verbruikersvertroue afgeneem het, het die toename in kredietverlening aan huishoudings van R5,2 miljard in die tweede kwartaal van 1998 tot R2,0 miljard in die derde kwartaal laat krimp. Uitgedruk as persentasieverandering was die groei van 7,4 persent oor twaalf maande in kredietverlening aan huishoudings heelwat laer as die groei van 25,9 persent in kredietverlening aan die maatskappys sektor.

### Rente- en opbrengskoerse

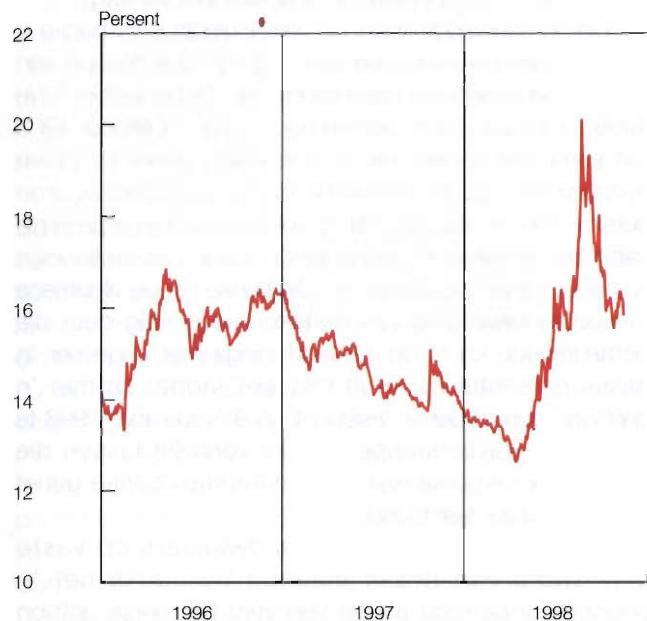
Opbrengskoerse op effekte, wat van Januarie 1997 tot April 1998 geleidelik gedaal het, het in die daaropvolgende maande skerp toegeneem veral toe nie-inwonerbeleggers begin het met die vermindering van hul besit aan vasterentedraende sekuriteite wat deur die

Suid-Afrikaanse regering en ander semi-staatsinstellings uitgereik is. Hierdie skielike ommekeer van buitelandse beleggingsvloeinge was 'n gevolg van die herwaardering deur internasionale beleggers van die risiko verwant aan belegging in ontwikkelende markekonomieë en het gepaard gegaan met finansiële probleme in 'n aantal lande in Asië en die Russiese Federasie. Die afname in effektepryse het stukrag verkry namate monetêre toestande verstram het om die Suid-Afrikaanse finansiële markte te stabiliseer en nadat die Russiese regering 'n eensydige herstrukturering aangekondig het van alle skuld wat in roebel betitel is.

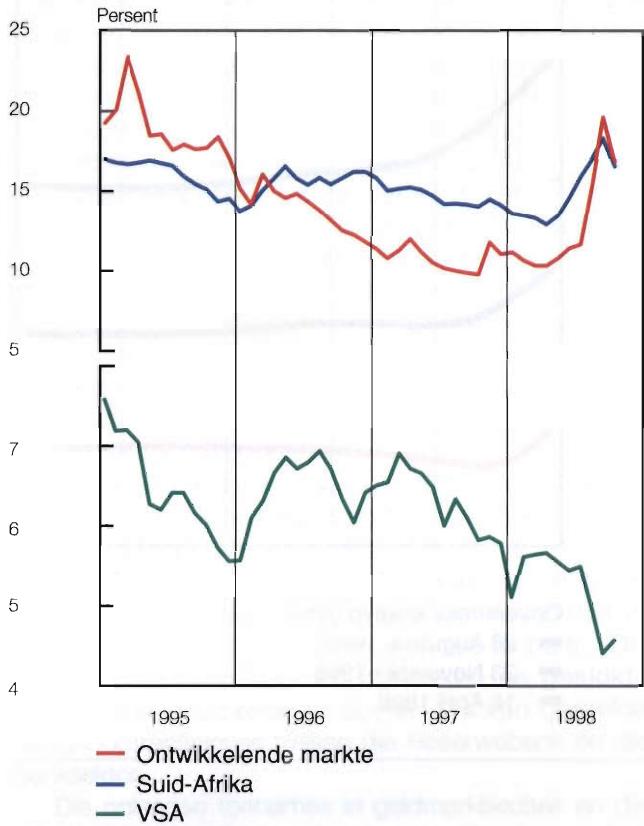
Die daagliks gemiddelde opbrengskoers op langtermynstaatseffekte het van 'n laagtepunt van 12,67 persent op 17 April 1998 – die laagstevlak sedert Mei 1994 – tot 16,44 persent op 6 Julie toegeneem. Daar was 'n kort verposing in die opwaartse beweging van koerse voordat opbrengskoerse op effekte begin het om vanaf die begin van Augustus sterk te styg tot 'n gemiddeldevlak van 20,09 persent op die 28ste van daardie maand. Opbrengskoerse op effekte het in die daaropvolgende weke tot 15,66 persent op 30 Oktober 1998 afgeneem namate normaliteit in die finansiële markte herstel is en toe die uitkoms van Suid-Afrika se risikowaardering deur 'n vooraanstaande internasionale waarderingsagentskap gunstiger was as wat verwag is. Die maandeliks gemiddelde opbrengskoers op langtermynstaatseffekte het van 12,9 persent in April 1998 tot 18,3 persent in September toegeneem, wat hoër was in nominale en inflasie-aangepaste terme as die rentekoerse wat in die nadraai van die aankondiging van die buitelandse skuldstilstand aangeteken is. In Oktober 1998 het effektepryse weer gestyg en die gemiddelde opbrengskoers op langtermynstaatseffekte het tot 16,5 persent in daardie maand gedaal.

Bewegings in nominale rentekoerse weerspieël hoofsaaklik veranderings in verwagte reële rentekoerse en veranderende inflasieverwagtinge. Die meting van verwagte verbruikersprysinflasie in 1998, soos aangeleid uit die vooruitskatting van 27 professionele ekonome het gemiddeld met ongeveer 1 persentasiepunt sedert Mei toegeneem. Die verwagting is dat die gemiddelde verbruikersprysinflasie in 1999 ongeveer 'n halwe persentasiepunt hoër as die verwagte inflasie in 1998 sal wees. Tussen April en Oktober 1998 was die opwaartse aanpassing in inflasieverwagtinge kleiner as die netto toename in die maandeliks gemiddelde opbrengskoers op langtermynstaatseffekte, wat dui op 'n toename van tussen 2 en 2½ persentasiepunte in reële opbrengskoerse. Deur gebruik te maak van werklik waargenome inflasiekoeuse as 'n aanwyser van inflasieverwagtinge, het die gemiddelde inflasie-aangepaste opbrengskoers op langtermynstaatseffekte van 6,2 persent in die sestien maande tot April 1998 tot 8,3 persent in die tydperk van Mei tot Oktober 1998 toegeneem – 'n toename van effens meer as 2 persentasiepunte. Hierdie styging in reële rentekoerse kan 'n weerspieeling wees van besorgdheid oor 'n moontlike swakker

## Daagliks gemiddelde opbrengskoers op langtermynstaatseffekte



## Nominale opbrengskoers op langtermynstaatseffekte



binnelandse besparingskoers, soos weerspieël word in die groeiende tekort op die lopende rekening van die betalingsbalans asook die ommekaar van internasionale kapitaalbewegings vanaf invloeiinge na die land tot uitvloeiinge uit die land.

Suid-Afrika se klassifikasie deur buitelandse portefeuillebestuurders as 'n ontwikkelende mark het geleid tot 'n nouer samehang tussen die beweging van binnelandse opbrengskoerse op effekte en dié van ander ontwikkelende markte (sien bygaande grafiek). Gevolglik het die rentekoersverskil tussen regeringskuld in Suid-Afrika en dié in die Verenigde State merkbaar verbreed. Die verskil in September 1998 van ongeveer 1 390 basispunte herlei tot 'n inflasie-aangepaste verskil van 560 basispunte, wat aansienlik hoër is as die 330 basispunte wat in April 1998 aangeteken is.

Met die aanvang van die beroering in die binnelandse finansiële markte het die *terugkoopkoers van die Reserwebank* van 14,79 persent op 11 Mei 1998 deur tydperke van groot onbestendigheid gestyg en van 1 September tot 13 Oktober 1998 op 'nvlak van 21,86 persent te staan gekom. Nadat 'n mate van bestendigheid na die internasionale finansiële markte teruggekeer het en die Reserwebank begin het om in 'n groter deel van die daagliks likiditeitsbehoefte van die banke te voorsien, het die terugkoopkoers vanaf 14 Oktober 1998 'n tydperk van geleidelike daling binnegegaan en op 24 November 'nvlak van 19,86 persent bereik.

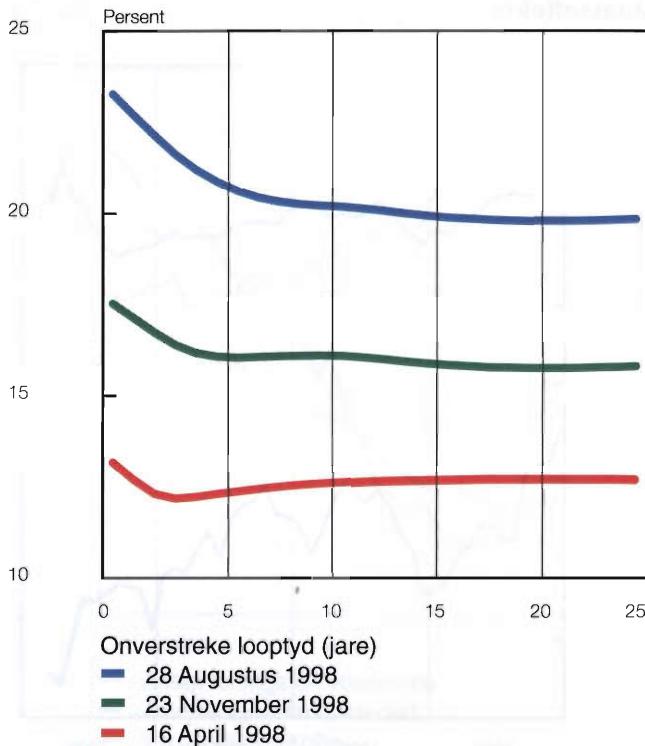
Voordat die daling in die terugkoopkoers van die Reserwebank 'n aanvang geneem het, het ander geldmarkrentekoerse reeds op 'n verruiming in geld-

marktoestande gedui. Die koers op bankaksepte met 'n looptyd van drie maande het byvoorbeeld op 28 Augustus op 'nvlak van 21,60 persent 'n hoogtepunt bereik. Hierdie rentekoersvlak is tot 16 September volgehou waarna dit geleidelik begin daal het, dit wil sê byna 'n maand voor die eerste daling in die Reserwebank se terugkoopkoers. Teen 24 November 1998 het die koers op bankaksepte met 'n looptyd van drie maande met 368 basispunte tot 17,92 persent gedaal. Die tenderkoers op skatkiswissels met 'n looptyd van drie maande het 'n soortgelyke verloop as dié van bankaksepte gevolg en met 480 basispunte van 'n hoogtepunt van 22,30 persent op 11 September 1998 tot 17,50 persent op 24 November gedaal. Die koers op interbankdaggeledeposito's het op 1 September 1998 'n hoogtepunt van 21,50 persent bereik en op 24 November op 18,25 persent te staan gekom.

Die eerste veiling vir *skuldbriefe* van die Reserwebank is op 16 September 1998 gehou. Die rentekoers het op dié dag op 21,31 persent te staan gekom. Dit het daarna in ooreenstemming met ander rentekoersbewegings tot 18,80 persent op 24 November gedaal.

Die *opbrengskoerskromme* het van 16 April 1998 tot 28 Augustus drasties verander namate die verloop van die kromme oor looptye van minder as drie jaar, van 'n

## Opbrengskoerskrommes



terugkoopkoers van die Reserwebank vanaf 14 Oktober, het die banke hul prima oortrekingskoerse met een persentasiepunt op 'n keer tot 24,50 persent op 19 Oktober en 23,50 persent op 9 November verlaag.

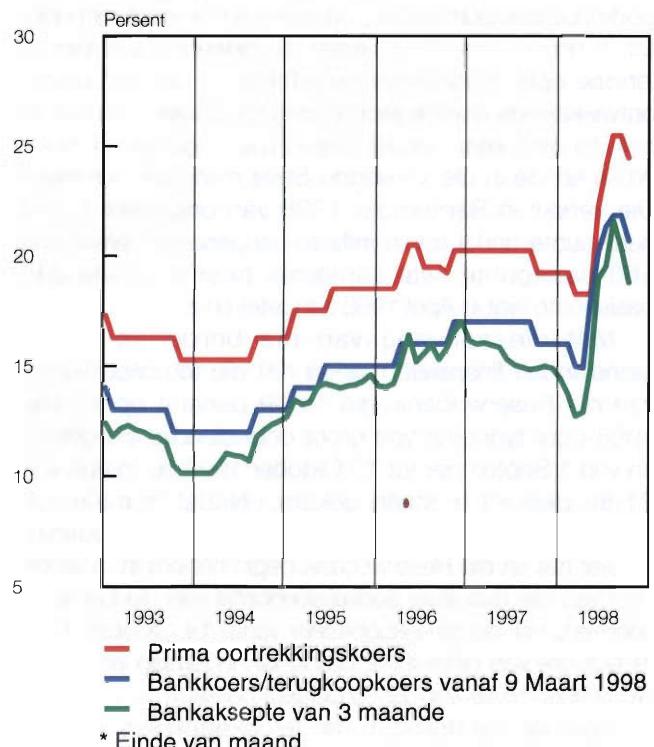
Die oorheersende koers op verbandlenings by banke is met ses persentasiepunte verhoog - in drie stappe van twee persentasiepunte per maand - van 18 persent in Junie 1998 tot 24 persent in September. Vanaf 1 Oktober 1998 het sommige banke ook 'n hoër koers gehef op nuwe huislenings wat 80 persent van die eiendomswaarde oorskry. Hierdie stap was die gevolg van die toename in die kapitaaltoereikendheidsvereiste op sulke verbandlenings wat deur banke toegestaan is. Die banke het die algemene afwaartse beweging van rentekoerse gevolg deur die oorheersende koers op verbandlenings met ongeveer 'n halwe persentasiepunt in middel-Oktobre en met 'n driekwart van 'n persentasiepunt op 9 November 1998 te verlaag. Hierdie stappe het die verskille tussen die verbandrentekoerse wat deur individuele banke gehef word, merkbaar laat toeneem.

Die oorheersende kleinhandelskoers op vaste deposito's van twaalf maande by banke het 'n soortgelyke patroon as dié van verbandkoerse getoon en is met vier persentasiepunte verhoog – in twee stappe van twee persentasiepunte per keer – vanaf 12,5 persent in Junie 1998 tot 16,5 persent in Augustus. Die standaardrentekoers van toepassing op lenings wat uit die staatsinkomstefonds toegestaan is, is

effense tot 'n redelike steil omgekeerde helling verander het en die algehele vlak van rente- en opbrengskoerse hoër geskuif het. Die toenemende omgekeerde helling aan die kort kant van die kromme was 'n weerspieëeling van die onvermydelik strammer binnelandse monetêre toestande sedert Mei 1998. Die plat helling van die kromme oor looptye van langer as drie jaar het waarskynlik gedui op onsekerheid oor die toekomstige rigting van finansiële beleid en verwagtinge van hoër toekomstige inflasie. Teen die einde van Oktober het die opbrengskoerskromme afwaarts beweeg tot 'n vlak halfpad tussen dié van April en Augustus 1998 namate die internasionale finansiële markte gestabiliseer en binnelandse korttermynkoerse begin het om afwaarts te beweeg. Teen die einde van Oktober het nie-inwonerbeleggers hul besit aan vasterentedraende sekuriteite verhoog, en dus verdere stukrag aan die afwaartse beweging van rentekoerse verleen.

Na die stygings in die gemiddelde terugkoopkoers het die banke hul prima oortrekingskoerse op 10 Junie 1998 van 18,25 persent tot 20,25 persent en tot 22,25 persent aan die einde van die maand verhoog. Verdere stygings gedurende Julie en Augustus 1998 het die prima oortrekingskoerse van die banke tot 24 persent aan die einde van Julie en 25,5 persent aan die einde van Augustus gevoer. In reaksie op die algemeen afwaartse beweging in geldmarkrentekoerse vanaf die middel van September 1998 en die daling in die

## Rentekoerse\*



- Prima oortrekingskoers
- Bankkoers/terugkoopkoers vanaf 9 Maart 1998
- Bankaksepte van 3 maande

\* Einde van maand

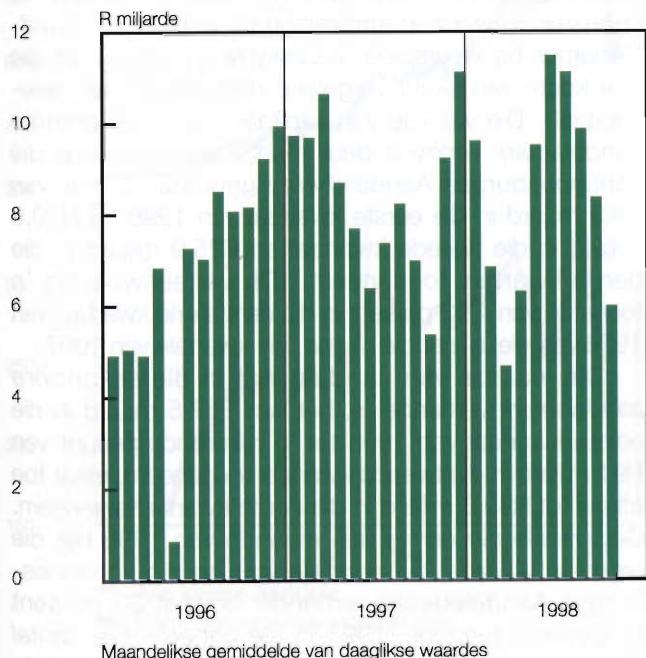
in vyf stappe vanaf 13 persent in Mei 1998 tot 18,5 persent op 1 Oktober verhoog, maar is toe tot 16,5 persent op 1 November verlaag. Die maksimum toelaatbare finansieringkostekoerse, soos neergelê ingevolge die Woekerwet, is op 21 Augustus 1998 met vier persentasiepunte tot 33 persent per jaar verhoog ten opsigte van geldlenings, krediet- en bruikhuurtransaksies van meer as R6 000, maar minder as R500 000, en 36 persent vir bedrae tot en met R6 000.

### Geldmark

Geldmarktoestande het in die tweede kwartaal van 1998 aansienlik vernou en vir die grootste deel van die derde kwartaal stram gebly. Die maandelikse gemiddelde van die likiditeit wat deur die Reserwebank voorsien is, het in Junie 1998 'n hoogtepunt van R11,4 miljard bereik en daarna geleidelik tot R8,3 miljard in September en R6,0 miljard in Oktober afgeneem. Die daaglikse omvang van terugkooptransaksies tussen die Reserwebank en die private banke het op 26 Mei 1998 'n boonste draapunt van R15,1 miljard bereik en toe per saldo tot 'n laagtepunt van R5,3 miljard op 15 Oktober gedaal.

Die verruiming in geldmarktoestande gedurende die derde kwartaal van 1998 was grootliks verwant aan tekorte vanweë die Reserwebank se transaksies op die termynmark vir buitelandse valuta. In totaal is 'n netto bedrag van R6,6 miljard in die derde kwartaal van 1998 deur die Reserwebank se bedrywighede in buitelandse valuta tot die likiditeit in die geldmark gevoeg, nadat dit 'n vernouende uitwerking van R12,7 miljard in die tweede kwartaal gehad het.

### Totale likiditeit deur Reserwebank voorsien



Die Reserwebank se optredes in die geldmark gedurende die derde kwartaal van 1998 was daarop gemik om binnelandse monetêre toestande in 'n omgewing van onbestendige internasionale finansiële markte te stabiliseer. Met dié doel voor oë het die Bank 'n versigtige benadering gevolg en minder likiditeit as die beraamde behoeft vir die dag deur die daaglikse tenderstelsel beskikbaar gemaak. Eers toe dit duidelik geword het dat die wêreldmarkte gestabiliseer het, was die Bank bereid om sy waakaamheid teen moontlike finansiële onbestendigheid te verslap. Die daaglikse ondervoorsiening van likiditeit is in Augustus 1998 tussen R500 miljoen en R100 miljoen gehou en gedurende die grootste deel van September tot R100 miljoen verminder. Die daaglikse ondervoorsiening is op 14 Oktober 1998 van R100 miljoen tot R50 miljoen verminder en vanaf 16 Oktober is ten volle in die likiditeitsbehoefte voorsien.

In die verklaring wat uitgerek is as bekendstelling van die Reserwebank se terugkoopstelsel waardeur likiditeit aan die private banke voorsien word, is dit in die vooruitsig gestel dat die Bank in 'n sekere stadium sy eie skuldbriewe sou uitrek as 'n aanvullende fasilitet vir bankinstellings om korttermynfondse te belê. Die Reserwebankskuldbriewe is beskou as geskikte finansiële instrumente vir doeleinades van gereelde terugkooptransaksies tussen die Reserwebank en die banksektor.

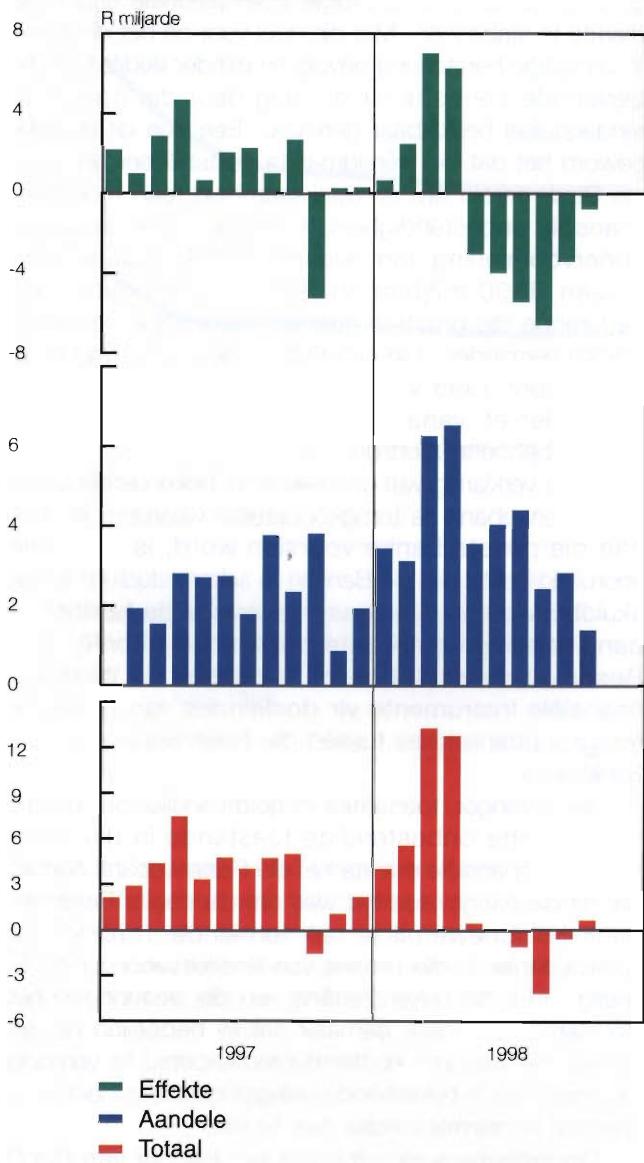
Die onlangse toenames in geldmarklikiditeit en die voortgesette onbestendige toestande in die internasionale finansiële markte het die Reserwebank oortuig dat dit die aangewese tyd was om die eerste Reserwebankskuldbriewe uit te reik ten einde 'n rol vir dié waardepapier in die proses van likiditeitsvoorsiening te vestig. Met die bekendstelling van die skuldbriewe het die Bank dit duidelik gemaak dat sy bedoeling op dié tydstip nie was om korttermynrentekoerse te verhoog nie, maar om 'n bykomende beleggingsgeleentheid vir 'n oormaat korttermynfondse daar te stel.

Oordraagbare skuldbriewe ten bedrae van R200 miljoen (uitgegee in veelvoude van R5 miljoen) is op 16 September 1998 vir die eerste keer aangebied. Die looptyd van die skuldbriewe wat tans in omloop is, is 30 dae en 'n tender word toegestaan op 'n grondslag wat die laagste aangebode koers eerste toeken. Die tender is oop vir aanbiedings van banke en die algemene publiek, onderworpe aan 'n minimum bedrag van R5 miljoen. Die uitstaande bedrag van Reserwebankskuldbriewe het op 24 November altesaam R2,0 miljard beloop.

### Effektemark

Netto nuwe lenings in die binnelandse primêre effektemark deur instellings in die openbare sektor het van R5,6 miljard in die tweede kwartaal van 1998 tot R3,0 miljard in die derde kwartaal afgeneem. Die totale bedrag aan fondse wat deur die openbare sektor verkry is, het gevvolglik in die eerste helfte van die huidige fiskale jaar R8,5 miljard bedra, vergeleke met 'n netto bedrag van

## Nie-inwoners se netto transaksies in die sekondêre kapitaalmarkte



R9,3 miljard in die ooreenstemmende tydperk van die fiskale jaar 1997/98. Staatseffekte met 'n nominale waarde van R20,7 miljard is vanaf die begin van April 1998 tot Oktober opgeveil en toegeken; dit het R10,3 miljard van die begrote bedrag gelaat wat nog in die oorblywende vyf maande van die fiskale jaar 1998/99 befonds moet word.

Gedurende die eerste nege maande van 1998 het genoteerde leners in die private sektor slegs R30 miljoen in die binnelandse kapitaalmark deur die uitgifte van voorkeuraandele en skuldbrieve verkry. Die swakker ingesteldheid van beleggers teenoor ontwikkelende markte en die hoë leningskoste vir Suid-Afrikaanse instellings in buitelandse markte is weerspieël in 'n totale

gebrek aan kapitaalverkrygingsbedrywigheid in die internasionale primêre effektemark. Die regering en ander binnelandse leners het hulle in die eerste tien maande van 1998 weerhou van die uitgifte van effekte wat in buitelandse geldeenheide betitel is en sedert April 1998 is geen nuwe fondse verkry deur effekte wat in rand betitel is en deur Suid-Afrikaanse leners in die eurorand mark uitgereik is nie.

Die bedrywigheid in die sekondêre effektemark was gedurende die eerste drie kwartale van 1998 baie lewendig. Die waarde van effekte wat op die Effektebeurs verhandel is, het van R1,7 trijnoen in die eerste kwartaal van 1998 tot R2,5 trijnoen in die tweede kwartaal en R2,6 trijnoen in die derde kwartaal toegeneem. In Oktober 1998 het die omset tot R644 miljard gedaal vanaf 'n maandelikse gemiddelde van R877 miljard in die derde kwartaal. Die omset van terugkooptransaksies as 'n persentasie van totale omset het van 54 persent in 1997 tot 61 persent in die eerste tien maande van 1998 toegeneem.

Nie-inwonerbeleggers het hul besit aan Suid-Afrikaanse vasterentedraende sekuriteite in die eerste vier maande van 1998 met R16,3 miljard verhoog, maar toe hierdie besit in die tydperk van Mei tot Oktober met R23,1 miljard verminder. Die afname in buitelandse beleggers se belangstelling in hierdie mark gedurende die afgelope jaar is ook weerspieël in 'n afname in die bruto waarde van transaksies van nie-inwoners se aankope en verkoop van effekte van R895 miljard in die tweede kwartaal van 1998 tot R805 miljard in die derde kwartaal. Gemeet as 'n persentasie van totale verkoop en aankope, het nie-inwoners se transaksies in effekte vanaf 'n hoë 20 persent in April 1998 tot 15 persent in Oktober afgeneem.

### Aandelemark

Kapitaalverkrygingsbedrywighede deur maatskappye in die private sektor het gedurende 1998 'n voorkeur vir finansiering deur aandelekapitaal eerder as skuldtogenames bly weerspieël, waarskynlik as gevolg van die hoë koste van skuld vergeleke met dié van aandelekapitaal. Die waarde van kapitaal wat in die primêre aandelemark verkry is deur maatskappye wat op die Johannesburgse Aandelebeurs genoteer is, het van R9,3 miljard in die eerste kwartaal van 1998 tot R20,3 miljard in die tweede kwartaal en R25,9 miljard in die derde kwartaal toegeneem. Dit verteenwoordig 'n toename van 41,3 persent in die eerste drie kwartale van 1998 vergeleke met die eerste drie kwartale van 1997.

Die waarde van aandele wat in die sekondêre aandelemark verhandel is, het van R67,5 miljard in die eerste kwartaal van 1998 tot 'n rekordhoogtepunt van R91 miljard in die tweede kwartaal toegeneem, maar toe effens tot R89,6 miljard in die derde kwartaal afgeneem. Gedurende die eerste tien maande van 1998 het die algehele waarde van aandele wat op die Johannesburgse Aandelebeurs verhandel is, met 33 persent toegeneem teenoor 1997 in die geheel. Die aantal aandele wat verhandel is, het gedurende dieselfde tydperk met 60 persent toegeneem.

Nie-inwonerbeleggers het in die eerste tien maande van 1998 as kopers en verkopers bedrywige deelnemers in die sekondêre aandelemark gebly. Neteenstaande die negatiewe wending in beleggersentiment teenoor ontwikkelende markte, het nie-inwoners in die eerste tien maande van 1998 29 persent bygedra tot die totale aankope en verkoop van aandele op die Johannesburgse Aandelebeurs. Die vergelykbare verhouding vir 1997 in die geheel was slegs effens hoër teen 31,9 persent. Nie-inwoners het in die eerste tien maande van 1998 ook hul besit aan genoteerde aandele in Suid-Afrikaanse maatskappye met R38 miljard verhoog, vergeleke met R26,2 miljard vir 1997 in die geheel. Die afkerigheid van internasionale beleggers jeens bates van ontwikkelende markekonomieë het klaarblyklik nie in die

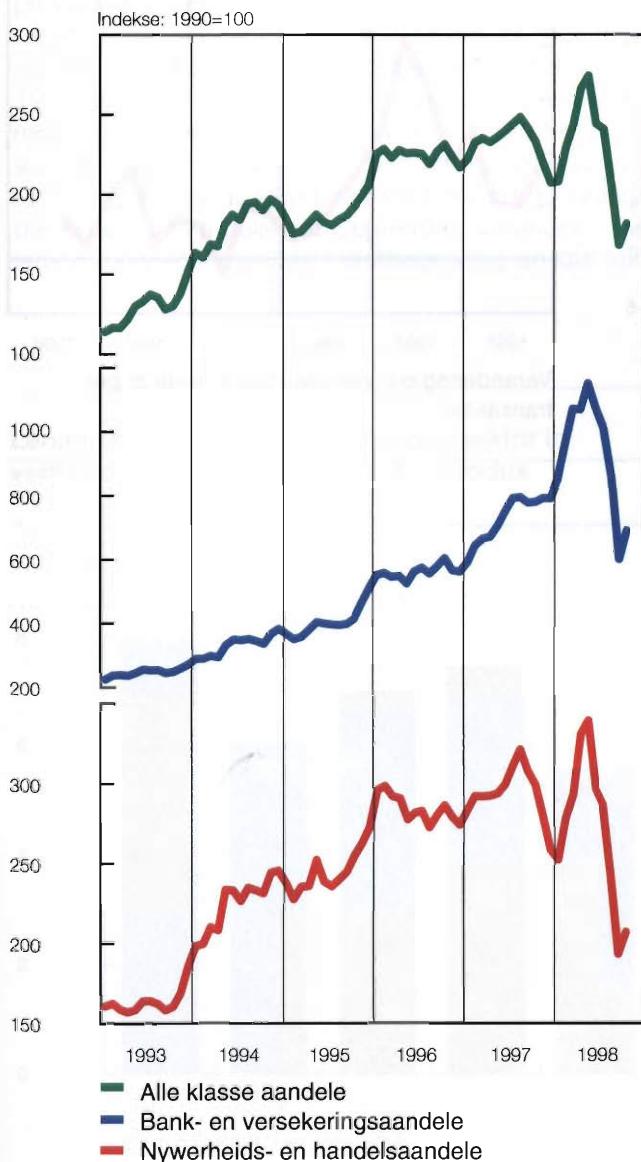
tweede en derde kwartale van 1998 na die Suid-Afrikaanse aandelemark uitgebrei nie.

Die maandelikse gemiddelde prysvlak van alle klasse aandele het met 32,3 persent van Desember 1997 tot 'n rekordhoogtepunt in Mei 1998 toegeneem, maar is toe skerp afwaarts aangepas met 38,7 persent van Mei tot September. In September 1998 was die gemiddelde waarde van die prysindeks vir alle aandele naastenby gelyk aan dié van Maart 1994. Die gemiddelde prysvlak van bank- en versekeringsmaatskappyaandele het met 48 persent van Mei tot September 1998 gedaal, en dié van nywerheids- en handelsaandele met 43 persent. Die afname van Mei tot September 1998 in die prysse van mynaandele was minder fel as in die prysse van ander klasse aandele: die prysse van goudmynaandele het met 14,2 persent gedaal en dié van nie-goudmynaandele met 10,8 persent.

In Oktober 1998 het die gemiddelde prysvlak van alle klasse aandele met 8 persent herstel. Ten spyte van hierdie toename en die onlangse verstewiging van die wisselkoers van die rand, het die waarde van aandelepryse in VSA-dollar per saldo met ongeveer 26 persent van Desember 1997 tot Oktober 1998 gedaal.

Soos in Tabel 13 aangedui word, het die opbrengskoerse en prysverhoudings op aandele die algemene neiging in aandelepryse gedurende die eerste tien maande van 1998 weerspieël. Die maandelikse gemiddelde dividendopbrengskoers op alle klasse aandele het van 2,1 persent in Mei tot 3,5 persent in September toegeneem, maar daarna tot 3,3 persent in Oktober afgeneem. Die maandelikse gemiddelde verdiensteopbrengskoers (goudmynaandele uitgesluit) het dienooreenkomsdig van 5,9 persent in Mei 1998 tot 10,2 persent in September toegeneem, maar daarna tot 9,6 persent in Oktober afgeneem. Die prysverdiensteverhouding van alle aandele, met die uitsondering van

### Maandelikse gemiddelde aandelepryse



Tabel 13. Opbrengskoerse en prysverhoudings

	Dividend- opbrengs- koers Percent	Verdienste- opbrengs- koers* Percent	Prys- verdienste verhouding*
1998: Jan .....	2,7	7,6	13,1
Feb.....	2,4	6,9	14,4
Mrt.....	2,3	6,5	15,3
Apr.....	2,2	5,9	16,8
Mei.....	2,1	5,9	16,9
Jun.....	2,3	6,8	14,7
Jul.....	2,4	6,8	14,7
Aug.....	2,8	8,2	12,2
Sep.....	3,5	10,2	9,8
Okt.....	3,3	9,6	10,4

\* Uitgesonderd goudmynaandele

goudmynmaatskappye, het van 16,9 in Mei 1998 tot 9,8 in September afgeneem, voordat dit tot 10,4 in Oktober gestyg het.

### **Mark vir afgeleide instrumente**

Die krisis in ontwikkelende markte en prysontbestendigheid in die onderliggende binnelandse finansiële markte het tot verhoogde bedrywigheid in die *formele mark vir afgeleide instrumente* gelei. Die omvang van verhandeling in *aandele- en rentekoerstermykontrakte* het in die eerste tien maande van 1998 met 48 persent toegeneem, vergeleke met die ooreenstemmende tydperk in 1997. Die aantal aandele- en rentekoerstermykontrakte en opsies op termynkontrakte wat verhandel is, het van 'n kwartaallikse gemiddelde van 2,9 miljoen in 1997 tot 'n rekordhoogtepunt van 4,8 miljoen in die eerste kwartaal van 1998 toegeneem, waarna dit afgeneem het tot 3,6 miljoen en 3,8 miljoen kontrakte in die tweede en derde kwartale, wat nog steeds relatief hoog was. *Nie-inwonerdeelname* in termynkontrakte en opsies op termynkontrakte, gemeet as 'n persentasie van die oop posisie, het ook van 24 persent in 1997 tot 29 persent in die eerste tien maande van 1998 toegeneem.

Nadat verhandeling in *aandele-opsiekontrakte* in die tweede kwartaal van 1998 skerp gestyg het, het dit in die derde kwartaal en in Oktober afgeplat. Die aantal aandele-opsiekontrakte wat verhandel is, het van 50 450 in die eerste kwartaal van 1998 tot 60 370 in die tweede kwartaal toegeneem, maar toe tot 38 390 in die derde kwartaal afgeneem. Vergelyk met die maandelikse gemiddelde gedurende die derde kwartaal van 1998 het verhandeling in aandele-opsiekontrakte in Oktober aansienlik afgeneem. In teenstelling met die verhandeling in aandele-opsiekontrakte het die aantal transaksies wat in sekuriteitsregte aangegaan is vinnig van 269 miljoen in die tweede kwartaal van 1998 tot 415 miljoen in die derde kwartaal toegeneem – 'n toename van 54 persent. Toe redelik bestendige toestande in Oktober 1998 na die aandelemark teruggekeer het, het die maandelikse aantal sekuriteitsregte wat verhandel is tot 97 miljoen gedaal, vergeleke met 'n gemiddelde maandelikse aantal van 139 miljoen in die derde kwartaal.

Verhandeling in *landboutermykontrakte en opsies* op sulke kontrakte in die eerste tien maande van 1998 het 68 749 kontrakte beloop, meer as vyf keer die aantal wat in die ooreenstemmende tydperk van die vorige jaar verhandel is. Die onmiddellike oorsaak van hierdie vinnige toename was die beëindiging van die gesentraliseerde bemarking van 'n aantal landbouprodukte en die verandering na 'n meer gedereguleerde bemarkingstelsel. Verhandeling in die *landboutermymark vir mielies* het die handel in landboutermykontrakte totaal oorheers en was verantwoordelik vir 98 persent van alle transaksies wat in die eerste tien maande van 1998 aangegaan is.

### **Vaste-eiendomsmark**

Eiendom is 'n belangrike beleggingsbate en waardedraer. Op byna dieselfde manier as dié waarop aandelepryse bepaal word deur verwagte toekomstige winste en dividende, is vaste-eiendomswaardes afhanklik van verwagte huuropbrengste. Vooruitsigte vir groei in huuropbrengste blyk skraal te wees in Suid-Afrika aangesien die gemiddelde waarde per vaste-eiendomstransaksie in die eerste agt maande van 1998 met slegs 3,3 persent toegeneem het, vergeleke met die eerste agt maande van 1997. Die totale waarde van vaste-eiendomstransaksies het in die eerste agt maande van 1998 met 3,6 persent toegeneem en die aantal vaste-eiendomstransaksies met 0,2 persent.

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### **Verandering in waarde per transaksie in vaste-eiendomsmark**



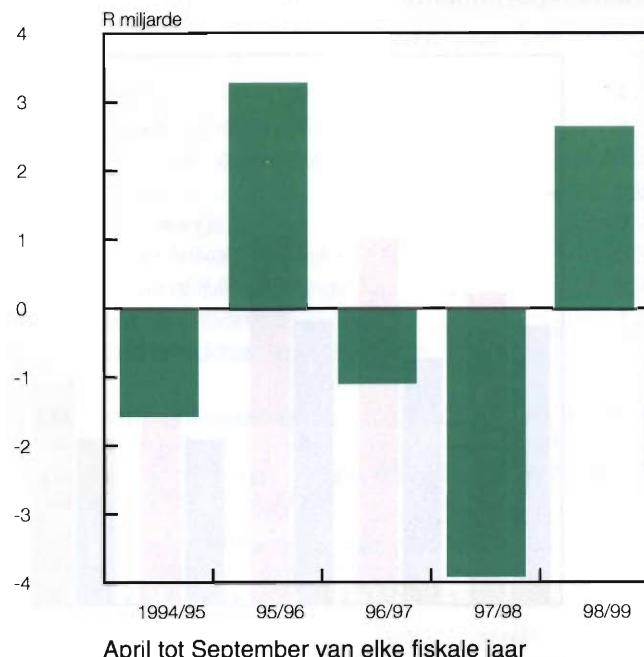
## Openbare finansies

### Leningsbehoefte van die openbare sektor

Die leningsbehoefte van die openbare sektor (dit wil sê die tekort voor lenings en skuldaflossing van die gekonsolideerde sentrale regering, provinsiale regerings, plaaslike owerhede en nie-finansiële openbare sake-ondernehemings) het met R4,1 miljard vanaf R22,1 miljard in die eerste helfte van die fiskale jaar 1997/98 tot R18,0 miljard in die eerste helfte van die fiskale jaar 1998/99 afgeneem. Dit het die leningsbehoefte van die openbare sektor in verhouding tot die bruto binnelandse produk van 7,5 persent in die eerste helfte van die fiskale jaar 1997/98 tot 5,6 persent in die eerste helfte van die fiskale jaar 1998/99 verlaag.

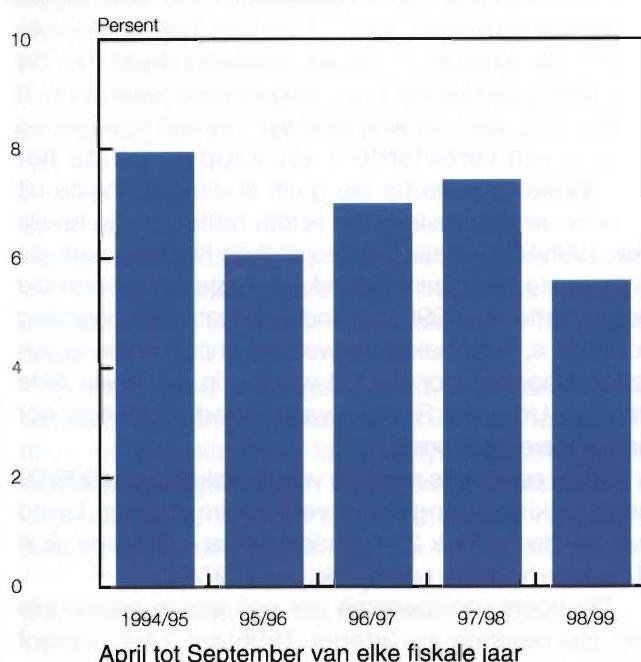
Die afname in die leningsbehoefte van die openbare sektor in die eerste helfte van 1998/99 kan toegeskryf word aan 'n ommekeer in die finansies van die provinsiale regerings van 'n tekort van R3,9 miljard in die eerste helfte van die fiskale jaar 1997/98 tot 'n surplus van R2,7 miljard in die eerste helfte van die fiskale jaar 1998/99. Die totale finansiële saldo van provinsiale regerings het egter in die fiskale jaar 1998/99 van 'n surplus van R3,8 miljard gedurende die kwartaal van April tot Junie na 'n tekort van R1,1 miljard gedurende die kwartaal van Julie tot September verander. Die leningsbehoefte van die Hoofbegroting en dié van

### Tekort of surplus van provinsiale regerings



April tot September van elke fiskale jaar

### Leningsbehoefte van die openbare sektor in verhouding tot bruto binnelandse produk



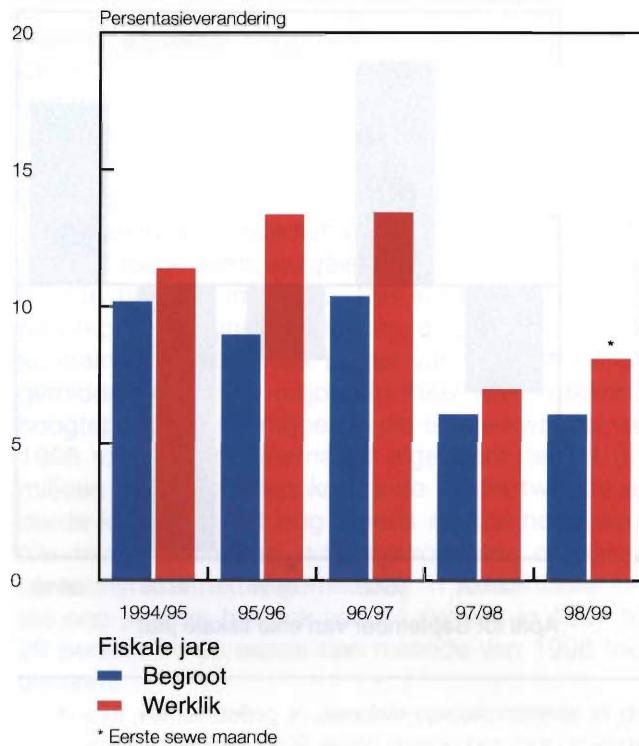
plaaslike owerhede het van die eerste helfte van die fiskale jaar 1997/98 tot die eerste helfte van die fiskale jaar 1998/99 uitgebrei.

Op die vlak van die *algemene owerheid* (dit wil sê die totale openbare sektor met die uitsluiting van die nie-finansiële openbare sake-ondernehemings) was die verbetering in die leningsbehoefte die gevolg van die verlangsamming in die groei in lopende en kapitaalbesteding en 'n geringe versterking in die groei in inkomste. Die koers van toename van jaar tot jaar in lopende besteding het skerp van 8,7 persent in die eerste helfte van die fiskale jaar 1997/98 tot 2,3 persent in die eerste helfte van die fiskale jaar 1998/99 afgeneem. Groei in kapitaalbesteding deur die algemene owerheid het gedurende dieselfde tydperk van 30,9 persent tot 10,7 persent afgeneem. Die koers van toename in algemene owerheidsinkomste het hoofsaaklik weens die stetige groei in nie-belastinginkomste van 8,9 persent in die eerste helfte van die fiskale jaar 1997/98 tot 9,5 persent in die eerste helfte van die fiskale jaar 1998/99 versnel.

### Skatkisrekening

Die fiskale rekeninge vir die eerste ses maande van die fiskale jaar 1998/99 toon dat die regering sy bestedingsramings wat in die Begroting van Maart 1998 voorsien is, moontlik effens kan oorskry. Die groei in inkomste was egter ook sterker as wat in die Begroting geraam is, wat daarop dui dat die omvang van die tekort voor lenings en skuldaflossing in verhouding tot die bruto

## Begrote en werklike skatkisuitreikings aan staatsdepartemente



**Tabel 14. Toename in owerheidsinkomste**

Persentasieverandering oor dieselfde tydperk van die vorige jaar

Bron van inkomste	Begrote toename in die fiskale jaar 1998/99	Werklike koers van toename van jaar tot jaar in die eerste helfte van 1998/99
Doeane- en aksynsregte .....	19,4	12,0
Binnelandse inkomste .....	7,4	9,6
Inkomstebelasting .....	5,6	10,1
Belasting op toegevoegde waarde.....	8,4	9,0
<b>Totale skatkisontvangste..</b>	<b>8,9</b>	<b>8,7</b>

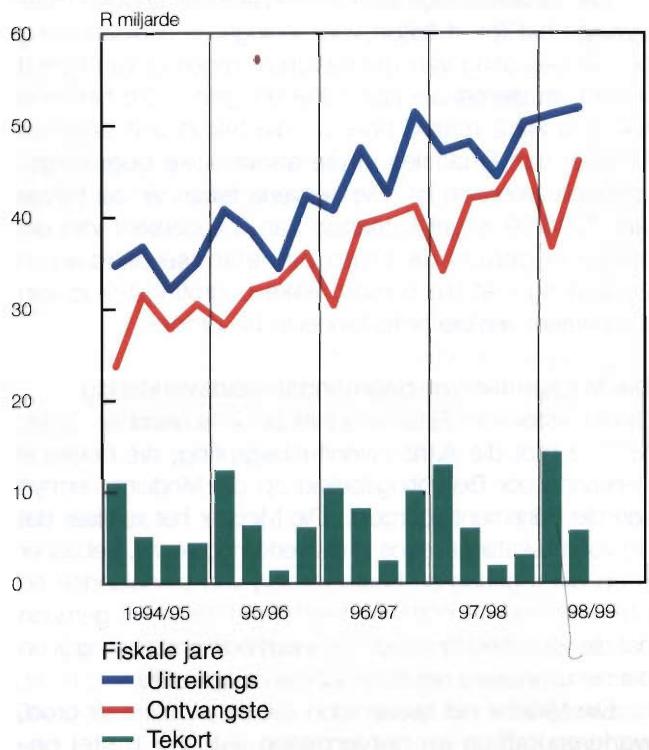
In die eerste helfte van die fiskale jaar 1998/99 het die koers van toename van jaar tot jaar in *skatkisontvangste* (ontvangste uit privatisering en oordragte vanaf die Strategiese Oliefonds uitgesluit) 8,7 persent beloop, teenoor 'n begrote toename van 8,9 persent vir die fiskale jaar in die geheel en 'n gemiddelde koers van toename van 13,6 persent in die ooreenstemmende tydperk van die voorafgaande vyf fiskale jare.

Ontvangste uit binnelandse inkomste in die eerste helfte van die fiskale jaar 1998/99 was 9,6 persent meer as in die eerste helfte van die fiskale jaar 1997/98. Dit beteken dat die groei van jaar tot jaar in ontvangste uit binnelandse inkomste in die eerste helfte van die fiskale jaar 1998/99 2,2 persentasiepunte hoër was as die geraamde groeikoers van 7,4 persent wat vir die volle fiskale jaar voorsien is. Groter doeltreffendheid met die invordering van belasting op toegevoegde waarde en 'n verbreding van die korporatiewe belastingbasis as gevolg van verbeterde maatskappystatus het opmerklike bydraes tot die groei in die ontvangste uit binnelandse inkomste in die eerste helfte van die fiskale jaar 1998/99 gemaak. In teenstelling hiermee, was die ontvangste uit doeane- en aksynsregte gedurende die eerste helfte van 1998/99 minder as wat in die begroting voorsien is, hoofsaaklik vanweë die implementering van tariefverlagings voor die tyd waarop in die Finale Akte van die Uruguay Rondte van onderhandelings oor handel ooreengekom is.

In die eerste ses maande van die fiskale jaar 1998/99 het skatkisontvangste in verhouding tot die bruto binnelandse produk 25,7 persent bedra – dieselfde as in die eerste helfte van die fiskale jaar 1997/98.

Die koers van toename oor een jaar in ontvangste van die regering in Oktober 1998 het 14,4 persent bedra. Dit het die koers van toename oor een jaar in skatkisontvangste in die eerste sewe maande van die

## Skatkisuitreikings, -ontvangste en -tekort



**Tabel 15. Finansiering van die skatkistekort in die eerste helfte van die fiskale jaar 1998/99**

	R miljarde
Staatseffekte (diskonto ingesluit).....	14,5
Min: Diskonto op staatseffekte .....	3,3
Netto ontvangste uit staatseffekte uitgerek.....	11,2
Skatkiswissels.....	6,3
Buitelandse lenings.....	-0,7
Aflossing van Artikel 239-skuld* .....	-0,2
Oordragte vanaf IMF-rekening** .....	0,7
Buitengewone ontvangste .....	1,8
Toename in beskikbare kontantsaldo's .....	1,0
<b>Totale netto finansiering .....</b>	<b>20,1</b>

\* Skuld van die voormalige Transkei, Bophuthatswana, Venda en Ciskei en selfregerende gebiede

\*\* Oordrag gemaak vir die terugbetaling van 'n lening verskuldig aan die Internasionale Monetêre Fonds ingevolge die Kompenserende en Gebeurlikheidsfinansieringsfasiliteit (CCFF)

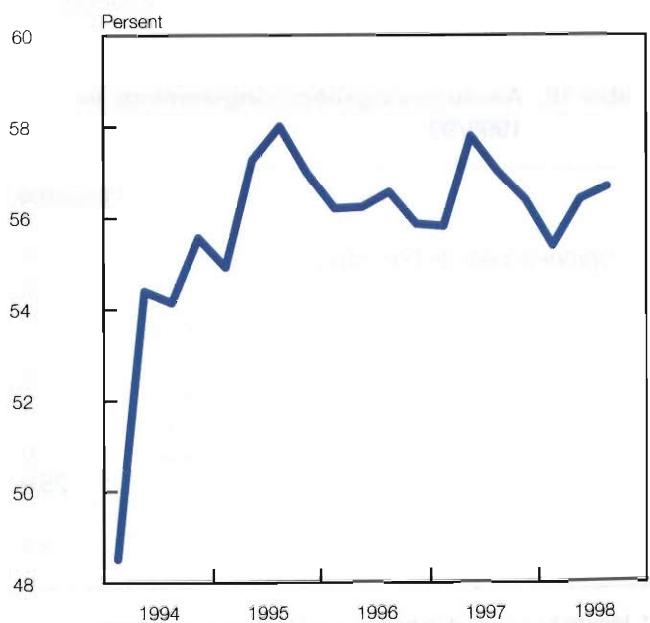
die regering het bygedra tot 'n toename in owerheidsskuld van R336,2 miljard of 55,4 persent van die bruto binnelandse produk aan die einde van Maart 1998 tot R358,2 miljard of 56,7 persent van die bruto binnelandse produk aan die einde van September 1998.

fiskale jaar 1998/99 op 9,7 persent te staan gebring. Gedurende hierdie tydperk het skatkisontvangste 56,7 persent van die totale inkomste van R177,6 miljard wat vir die jaar in die geheel begroot is, bedra.

Die laer-as-begrote inkomste en hoër-as-begrote uitgawes in die eerste helfte van die fiskale jaar 1998/99 het 'n *skatkistekort* voor lenings en skuldaflossing van R20,1 miljard tot gevolg gehad. Dit beloop 6,3 persent van die bruto binnelandse produk vergeleke met 'n verhouding van 6,4 persent in die ooreenstemmende tydperk van die fiskale jaar 1997/98 en 'n begrote tekort van 3,5 persent van die bruto binnelandse produk vir die fiskale jaar 1998/99 in die geheel. Die tekort voor lenings en skuldaflossing in die eerste sewe maande van die fiskale jaar 1998/99 het R18,2 miljard of 76,9 persent van die begrote tekort vir die jaar in die geheel bedra.

Soos in Tabel 15 aangedui word, is die tekort vir die eerste helfte van die fiskale jaar 1998/99 hoofsaaklik deur die uitreiking van langtermynstaatseffekte en skatkiswissels gefinansier. Langtermynstaatseffekte is uitgereik teen 'n gemiddelde rentekoers van 15,84 persent in die eerste ses maande van die fiskale jaar 1998/99, terwyl korttermyninstrumente teen 'n gemiddelde koers van 16,65 persent verkoop is. In albei gevalle het die begrotingsaanname 'n gemiddelde rentekoers van 13,0 persent vir die fiskale jaar 1998/99 voorsien. Al die leningsbedrywighede van

## Totale staatskuld in verhouding tot bruto binnelandse produk



## Aansuiweringsbegroting vir die fiskale jaar 1998/99

Die Minister van Finansies het in die Aansuiweringsbegroting wat op 2 November 1998 ter tafel gelê is, bekend gemaak dat die finansiële en ekonomiese ontwikkelings in die wêreld gedurende die afgelope jaar 'n werklike toets was vir die regering se verbintenis tot die visie en doelwitte wat in die Heropbou- en Ontwikkelingsprogram (HOP) uiteengesit is. Die Minister het herbevestig dat die regering sal volhou om die riglyne te volg wat in die HOP uiteengesit is, maar het ook erken dat dit 'n moeilike roete sonder kortpaaie is. In die lig van die veranderde ekonomiese vooruitsigte was dit onvermydelik dat die Begroting wat in Maart 1998 voorgelê is aangepas moes word om die veranderde omstandighede te weerspieël.

In die Aansuiweringsbegroting het die Minister goedkeuring gevra vir bykomende besteding ten bedrae van R5,4 miljard vir die fiskale jaar 1998/99. Indien besparings en uitgestelde besteding egter in aanmerking geneem word, sal die oorspronklike bestedingsraming met slegs R3,2 miljard, tot 'n hersiene raming van R204,5 miljard, verhoog word. Die aangesuiwerde besteding is genoodsaak deur skerp toenames in skulddienskoste, die onvoorsiene en onvermydelike besteding deur die staatsdepartemente en die addisionele oordragte na provinsies. Die geraamde owerheidsbesteding in verhouding tot die bruto binnelandse produk sal in die fiskale jaar 1998/99 31,1 persent bedra in vergelyking met die 31,3 persent wat in die fiskale jaar 1997/98 aangeteken is.

In die Aansuiweringsbegroting is ook voorsiening gemaak vir 'n opwaartse aanpassing in die oorspronklik geraamde inkomste van R177,6 miljard of 26,5 persent van die bruto binnelandse produk tot R178,6 miljard of 27,2 persent van die bruto binnelandse produk vir die fiskale jaar 1998/99. Die bykomende inkomste het gespruit uit 'n storting van R350 miljoen in die Skatkis na

**Tabel 16. Aansuiweringsbegrotatingsramings vir 1998/99**

	R miljarde
Oorspronklik begrote besteding*	201,3
Plus: Bykomende besteding	5,4
Totaal	206,7
Min: Uitgestelde besteding, besparings en opskortings	2,2
Totale aangesuiwerde besteding	204,5
Totale inkomste	178,6
<b>Aangesuiwerde tekort</b>	<b>25,9</b>
Aangesuiwerde tekort as persentasie van die bruto binnelandse produk	3,9

\* Hierdie bedrag sluit 'n bedrag van R2,1 miljard in waarvoor voorsiening gemaak is, maar wat nie in die Begroting van Maart 1998 goedgekeur is nie.

die sluiting van die Poskantoorfonds en uit donasies wat R651 miljoen bedra het.

Die aansuiwerings aan die bestedings- en inkomsteraamings het tot 'n tekort voor lenings en skuldaflossing op die begroting van die nasionale regering van R25,9 miljard in die fiskale jaar 1998/99 gelei. Die hersiene tekort is R2,2 miljard hoër as die tekort wat deur die Minister van Finansies in die aanvanklike begrotatingsvoorstelle voorsien is. Die hersiene tekort vir die fiskale jaar 1998/99 is gelykstaande aan 3,9 persent van die hersiene geraamde bruto binnelandse produk, in vergelyking met die oorspronklike begrotingstekort van 3,5 persent van die bruto binnelandse produk.

## Die Mediumtermyn-begrotatingsbeleidsverklaring

Die Minister van Finansies het op 2 November 1998, tesame met die Aansuiweringsbegroting, die hersiene Verklaring oor Begrotatingsbeleid op die Medium Termyn aan die Parlement voorgelê. Die Minister het verklaar dat die vooruitskatting, soos in die verklaring vervat, gebaseer is op die regering se beste raming van binnelandse en internasionale ekonomiese toestande, maar het gemaan dat die vooruitskatting aan onsekerhede onderhewig is en dat die uiteindelike resultate daarvan mag verskil.

Die Minister het beklemtoon dat die strategie vir groei, werkverskaffing en herverdeling (GEAR) 'n stel beleidskeuses daarstel wat gemik is op die bevordering van groei en herverdeling oor die medium termyn, en dat hierdie beleidskeuses nie oorboord gegooi word as gevolg van die wêreld se ekonomiese probleme nie. Inteendeel, die Minister het bevestig dat die regering se verbintenis tot heropbou en ontwikkeling in die heersende ekonomiese woeilinge as 'n anker dien. Die regering bly daartoe verbind om:

- voorkeur aan besteding aan onderwys, gesondheid, welsyn en sosiale-infrastruktuur te gee;
- die regeringstekort en skulddienskoste te verminder;
- die toename in die regering se loonrekening te stuit;
- die gelykheid en doeltreffendheid van dienslewering te verbeter;
- die verhouding van kapitaalbesteding tot lopende besteding te verhoog; en
- gesonde fiskale bestuur toe te pas.

Die hersiene Mediumtermyn-bestedingstraamwerk wat in die Verklaring vervat word, toon etlike veranderinge in bestedingsvoorseure. Die relatiewe aandeel van besteding aan maatskaplike dienste en beskermingsdienste sal na raming gedurende die volgende drie jaar toeneem, terwyl besteding aan ekonomiese dienste en administrasie verminder sal word. Maatskaplike dienste word hoofsaaklik op provinsiale vlak gelewer. Die toename in besteding aan onderwys, gesondheid en welsyn word dus weerspieël in die groeiende aandeel van totale besteding aan hierdie dienste wat aan provinsies toegeken is. Die aandeel van besteding aan ekonomiese dienste, soos handels-, nywerheids- en landboudienste, in totale nie-rentebesteding sal na raming afneem.

**Tabel 17. Fiskale vooruitskattings**

	1999/ 2000	2000/ 2001	2001/ 2002
<b>R miljarde</b>			
Nasjonale begrotingsinkomste.	191,3	206,2	220,1
Nasjonale begrotingsbesteding	216,5	229,6	245,0
Tekort voor lenings.....	25,2	23,4	24,9
Primêre surplus .....	22,8	27,6	29,1
<b>Persentasie van bruto binnelandse produk</b>			
Nasjonale begrotingsinkomste.	26,9	26,8	26,5
Nasjonale begrotingsbesteding	30,5	29,9	29,5
Tekort voor lenings.....	3,5	3,0	3,0
Primêre surplus .....	3,2	3,6	3,5

Die hersiene toewysings het ook die finale uitslag van die *Bevolkingsensus van 1996* in berekening gebring. Die veranderde syfers vir die geografiese verspreiding van die land se bevolking het tot gevolg dat sommige provinsies 'n kleiner aandeel van totale provinsiale toewysings sal ontvang as wat vroeër in die vooruitsig gestel is. Die veranderings in die formule waarvolgens fondse aan die provinsies toegedeel word, sal oor die volgende vyf jaar ingefaseer word ten einde provinsies genoeg tyd te gee om aan te pas by veranderings in hul onderskeie funderingsvlakke.

Groei in kapitaalbesteding sal na raming laer wees as die groei in totale besteding. Dit is hoofsaaklik die gevolg van vennootskappe tussen die openbare en private sektor vir die voorsiening van infrastruktuur, wat tot gevolg het dat betekenisvolle besteding aan infrastruktuur nie meer deel vorm van die nasionale regering se begrote kapitaalbesteding nie. Personeel-uitgawes in verhouding tot totale besteding sal na verwagting oor die volgende drie jaar effens afneem, hoofsaaklik as gevolg van stadiger groei in besteding op personeel deur die nasionale staatsdepartemente.

Die regering se verbintenis tot die inkorting van die groei in besteding gedurende die volgende drie fiskale jare word in die bygaande tabel getoon. Die regering bly verbind tot die vermindering van die begrotingstekort tot 3,0 persent van die bruto binnelandse produk, maar is van voorneme om hierdie doelwit een jaar later te bereik as wat voorheen beplan is.

# Notes to tables

# Opmerkings oor tabelle

## Public finance

### Foreign debt of government - Page S-66

The South African authorities subscribed to the International Monetary Fund's Special Data Dissemination Standard (SDDS) in 1996 and indicated their willingness to fully observe the specifications of the SDDS before the end of 1998. In order to observe the specifications of the SDDS, two new tables under the headings "Redemption schedule of foreign debt of government" and "Interest payment schedule of government foreign debt" were added as page S-66.

### Financial public enterprises - Page S-82

Data on the assets and liabilities of financial public enterprises were added as page S-82 to enhance the coverage of public-sector statistics.

### Government finance - Page S-57

A column indicating "Standing appropriations" was added to the table to enhance the comparability of this table with the budget format. These payments include guaranteed claims against government such as the subscription payments to the International Development Agency (IDA), the International Bank for Reconstruction and Development (IBRD) and valuation adjustment payments to the International Monetary Fund.

## Balance of payments

### Foreign reserves - Pages S-84, S-85 and S-102

The country's gross and net gold and other foreign reserves have been amended owing to revised banking statistics and the reclassification of short-term foreign rand-denominated assets of the private banking sector. The rand-denominated foreign assets are no longer included as part of the country's foreign reserves. Changes in these assets of the private banking sector were reclassified as part of short-term capital movements of the monetary sector.

### Foreign liabilities and assets - Pages S-92 to S-97

Two rows were added to pages S-92 to S-97 under the heading "Direct investment – Public corporations" to provide information on direct inward investment into South Africa.

## Openbare finansies

### Buitelandse skuld van die regering - Bladsy S-66

Die Suid-Afrikaanse owerhede het in 1996 op die Internasionale Monetêre Fonds se Spesiale Data Disseminasie Standaard ingeskryf en hulle bereid verklaar om voor die einde van 1998 volledig aan die bepalings van die standaard te voldoen. Ten einde aan die bepalings van die standaard te voldoen, is twee nuwe tabelle onder die opskrifte "Aflossingskedisjune van buitelandse skuld van die regering" en "Rentebetalingskedisjune van buitelandse skuld van die regering" bygevoeg as bladsy S-66.

### Finansiële openbare ondernemings - Bladsy S-82

Gegewens oor die bates en laste van finansiële openbare ondernemings is bygevoeg as bladsy S-82 ten einde die omvang van openbare-sektor statistieke te vergroot.

### Owerheidsfinansies - Bladsy S-57

'n Kolom wat "Staande toewysings" aandui, is tot die tabel bygevoeg ten einde die vergelykbaarheid van dié tabel met die formaat van die begroting te verbeter. Hierdie betalings sluit gewaarborgde eise teen die regering, soos die subskripsiebetalings aan die Internasionale Ontwikkelingsagentskap (IDA), die Internasionale Bank vir Rekonstruksie en Ontwikkeling (IBRO) en waardasie-aansuiweringsbetalings aan die Internasionale Monetêre Fonds in.

## Betalingsbalans

### Buitelandse reserwes - Bladsye S-84, S-85 en S-102

Die land se bruto en netto goud- en ander buitelandse reserwes is aangepas vanweë hersiene bankstatistieke en die herklassifikasie van korttermyn buitelandse randbetedelde bates van die private banksektor. Die buitelandse bates betitel in rand word nie langer as deel van die land se buitelandse reserwes beskou nie. Veranderings in hierdie bates van die private banksektor is as deel van die korttermynkapitaalbewegings van die monetêre sektor geklassifiseer.

### Buitelandse laste en bates - Bladsye S-92 tot S-97

Twee rye is tot bladsye S-92 tot S-97 bygevoeg onder die opskrif "Regstreekse belegging – Openbare korporasies" om gegewens oor regstreekse inwaartse belegging na Suid-Afrika vry te stel.