

The principal changes shown in this table are the increase of £(N.Z.)19 millions in the trading banks' total demand and time liabilities in New Zealand, and a corresponding increase in the asset item of bankers' cash. The upward movement in bankers' cash items took the form of an increase of approximately £(N.Z.)1 million in holdings of Reserve Bank notes and some £(N.Z.)19 millions in deposits at the Reserve Bank, to which reference has been made earlier in this report.

During the year advances and discounts increased by £(N.Z.)2·80 millions to £(N.Z.)57,953,000, while the amount of unexercised overdraft authorities increased from £(N.Z.)37·07 millions to £(N.Z.)42·40 millions. The provision of funds for the payment of income-tax in March, 1946, was an important influence in the upward movement of £(N.Z.)5·15 millions in advances and discounts and also in the contraction of £(N.Z.)6·53 millions in demand liabilities which occurred in the banks' figures during that month.

MONEY SUPPLY IN NEW ZEALAND

The following tables set out in detail the changes that have occurred in the amount of money in circulation in New Zealand in the form of coin, notes, and demand deposits of the Reserve Bank and the trading banks since 1939 :—

VOLUME OF MONEY IN CIRCULATION IN NEW ZEALAND IN THE FORM OF COIN, NOTES, AND BANK DEMAND DEPOSITS* (LAST MONDAY IN MARCH)

(£(N.Z.)millions)

Volume of Money

—	1939.	1940.	1941.	1942.	1943.	1944.	1945.	1946.
Coin (estimated)	1·4	1·6	1·7	1·9	2·2	2·5	2·6	2·9
Notes held by public	11·2	14·8	17·2	20·2	26·2	31·2	34·2	36·6
Demand deposits at—								
(a) Reserve Bank†	4·8	6·9	7·2	13·7	15·9	19·0	17·5	30·0
(b) Trading banks‡	38·4	46·6	53·7	61·5	77·1	85·1	93·7	110·9
Total	55·8	70·0	79·7	97·2	121·5	137·7	148·0	180·4
Change during year	+ 0·6	+14·1	+9·9	+17·5	+24·1	+16·4	+10·2	+32·4

Causes of Changes in Volume of Money

—	1939-40.	1940-41.	1941-42.	1942-43.	1943-44.	1944-45.	1945-46.
Overseas transactions§	+12·9	+ 8·0	+ 1·1	+ 6·0	+ 3·4	+24·6	+37·0
Bank credit—							
Reserve Bank—							
Advances	+ 2·7	— 3·7	+12·2	+ 1·8	+11·8	—14·6	+ 4·7
Investments in New Zealand	+ 0·3	— 0·6	+ 0·4	+ 6·5	+ 0·4	— 0·2	— 8·9
Trading banks—							
Advances	— 7·4	+ 5·5	— 4·1	— 4·7	+ 2·0	+ 8·3	+ 2·8
Investments	+ 6·5	— 0·8	+ 8·7	+12·7	+ 1·2	— 7·0	— 2·4
Shift from time to demand liabilities at trading banks	— 1·4	+ 2·6	+ 0·2	— 0·1	— 1·2	— 1·1	— 1·8
Other items	+ 0·5	— 1·1	— 1·0	+ 1·9	— 1·2	+ 0·2	+ 1·0
Change during year	+14·1	+ 9·9	+17·5	+24·1	+16·4	+10·2	+32·4

* For notes, see page 9.