The figures for the year ended 31st March, 1947, compared with those of the previous year, show an increase in receipts from exports of £(N.Z.)4·390 millions and a rise in payments for imports (other than Government) of £(N.Z.)33·529 millions. This trend in import figures was expected as the result of overseas supplies becoming more freely available following developments in the restoration of industry to meet civilian requirements.

The total figures for the year disclose a balance of receipts over payments of £(N.Z.)18·088 millions.

There has been no change during the year under review in the administrative procedure of the Exchange Control Regulations covering overseas trade, funds, and securities.

TRADING BANKS

An increase of £(N.Z.)18·7 millions in the trading banks' total demand and time liabilities in New Zealand was the principal change recorded in the statutory returns for the year ended March, 1947, as compared with those at the end of the previous year. Of this increase, £(N.Z.)15·9 millions was in demand liabilities and £(N.Z.)2·8 millions in fixed deposits.

During the same period the trading banks' advances and discounts increased by £(N.Z.)15·1 millions and unexercised overdraft authorities increased by £(N.Z.)1·6 millions. Reference is made elsewhere in this report to the supervision of trading bank advances.

Repayment on maturity of issues of New Zealand Government securities was the main reason for the reduction of £(N.Z.)5·9 millions in the trading banks' total holdings of securities during the year.

The banks' cash items increased by £(N.Z.)2·7 millions during the year—namely, an increase of £(N.Z.)2·1 millions in deposits at the Reserve Bank and increases of £(N.Z.)361,000 and £(N.Z.)258,000 respectively in their holdings of notes and coin.

NET OVERSEAS ASSETS*

On the last Monday in March, 1946, net overseas assets held by the New Zealand banking system on account of New Zealand business totalled £(N.Z.)98·4 millions. They dropped to £(N.Z.)88·7 millions at the end of April, 1946, rose to £(N.Z.)114·4 millions in February, 1947, and on the last Wednesday in March, 1947, had dropped again to £(N.Z.)99·5 millions following the payment of a gift of £(N.Z.)12·5 millions from the New Zealand Government to the United Kingdom Government. Thus the net increase for the year was £(N.Z.)1·1 millions.

It will be seen that the increase in net overseas assets does not agree with the excess of external receipts over payments as shown earlier in this report. This is mainly due to the fact that net overseas assets are taken as at the last weekly balancing day of the financial year, whereas the exchange transactions relate to the period up to the 31st March, the last day of the financial year. Hence the two figures would not be expected to agree, particularly when large transactions take place in the last few days of the financial year.

One factor contributing to the maintenance of a high level of net overseas assets was the record total of export receipts.

On the other hand, imports, though showing a welcome improvement, were still difficult to obtain.

* Reserve Bank's sterling exchange less overseas liabilities plus trading banks' net assets overseas in respect of New Zealand business.