

As mentioned in previous years, in accordance with Government policy, the trading banks are not at present taking up local-body loans.

<i>Other Advances and Securities and Debts Due to the Bank (after Deducting</i>						£
<i>Provision for Bad and Doubtful Debts)</i>	..	..	..	..	..	38,767,749
<i>Bills Discounted</i>	..	..	..	..	..	1,222,560
						<u>£39,990,309</u>

These show an increase of £8,039,255 and £380,070 respectively, a total increase of £8,419,325.

As shown in the foregoing Graph B, our advances to customers in New Zealand have been increasing since 1944, with a marked increase in the last two years. The increase in the twelve months to 31st March, 1947, was substantial and was caused by the return to more normal trading and the building-up of depleted merchandise stocks, &c., after the war, but the increase in the last year was due to other causes. The following graph of the monthly movement shows that the increase took place in the latter part of 1947 and early 1948. This was due to the volume of imports which arrived during that period and which caused almost all importers to lean very heavily on their bankers to enable the goods to be landed. The fear that relative import licences would be cancelled if the goods were not delivered in 1947 induced special efforts by English exporters and shippers, and the goods were despatched in almost embarrassing quantity. Somewhat the same thing happened in 1920, though for different reasons. It appears evident that there is at present some overstocking in some lines of merchandise, though basic materials are still in short supply. The overstocking may possibly cause some trading losses to those involved, but these should not be serious, and the present abnormal position should adjust itself in the course of time. The high price of goods, particularly imported goods, calls for larger capital resources, and the recent experience is a reminder that the banking system can be subjected to sudden strains.

