

Although the statistics quoted below may have been influenced to some extent by the fluctuations in prices which occurred during the year, there can be little doubt that, taken collectively, they indicate a considerable increase in business activity.

| | Year ended 31st March, 1935. | Year ended 31st March, 1936. | Percentage Increase. |
|---------------------------------------|---------------------------------|---------------------------------|-------------------------|
| | (000 omitted.) | | |
| Exports (excluding specie) | £(N.Z.) 44,918 | £(N.Z.) 49,676 | 10·6 |
| Imports (excluding specie) | £(N.Z.) 32,568 | £(N.Z.) 37,440 | 15·0 |
| Sales tax | £(N.Z.) 2,171 | £(N.Z.) 2,468 | 13·7 |
| Bank debits (excluding Government) .. | £(N.Z.) 665,322 | £(N.Z.) 712,809 | 7·1 |
| Building permits (main towns) .. | £(N.Z.) 3,093 | £(N.Z.) 4,988 | 61·3 |
| Railway revenue | £(N.Z.) 5,908 | £(N.Z.) 6,244 | 5·7 |
| Number of passengers— | | | |
| Road motor services | 3,011 | 3,240 | 7·6 |
| Railway | 19,654 | 20,359 | 3·6 |
| Railway tonnage | 6,024 tons | 6,189 tons | 2·7 |
| Coastal shipping | 1,530 tons | 1,611 tons | 5·3 |
| Motor-vehicles (licensed) | 209 | 228 | 9·0 |
| | Calendar Year, 1934. | Calendar Year, 1935. | |
| Retail trade* | £1,425 | £1,494 | 4·9 |

* Based on total sales of sixteen departmental drapery stores.

Despite the increase in business activity, easy money conditions prevailed in the Dominion during the whole of the year.

The State accounts were always in funds, and there was therefore no need for the Treasury or any other public Department to borrow from the Reserve Bank.

The trading banks likewise maintained balances at above the levels required by statute, and they also were not obliged to ask for accommodation.

In addition to their balances at the Reserve Bank, the trading banks held Reserve Bank notes and silver coin, these three holdings combined forming their cash reserves in New Zealand currency. Over and above these cash holdings, they held substantial amounts of London funds in respect of their New Zealand business; and, in accordance with the provisions of section 16 of the Reserve Bank of New Zealand Act, 1933, such balances, to the extent to which they were held in liquid form, were available for immediate conversion into New Zealand currency at any time.

The position of the banks as disclosed by their statutory monthly returns was as follows:—

NEW ZEALAND TRADING BANKS.
MONTHLY RETURN UNDER SECTION 46, RESERVE BANK OF NEW ZEALAND ACT, 1933.
(000 omitted.)

| | Bankers' Cash. | | | Total Cash in New Zealand. | London Funds (expressed in New Zealand Currency). | Combined Totals of " D " and " E ". | Liabilities in New Zealand. | | Ratio of " F " | |
|-----------------|------------------------------------|-------------|--------|--|---|---|--------------------------------|-----------------------------------|------------------------------|---|
| | Balances at Reserve Bank. | Holdings of | | | | | Demand. | Total (Demand and Time). | To Demand Liabilities. | To Demand and Time Liabilities. |
| | " A. " | " B. " | " C. " | " D. " | " E. " | " F. " | | | | |
| 1935. | £ | £ | £ | £ | £ | £ | £ | £ | | |
| April 29 .. | 3,825 | 3,854 | 778 | 8,457 | 18,266 | 26,723 | 27,095 | 62,850 | 98·6 | 42·5 |
| May 27 .. | 4,195 | 3,879 | 794 | 8,868 | 18,746 | 27,614 | 26,375 | 62,260 | 104·7 | 44·4 |
| June 24 .. | 3,877 | 3,714 | 798 | 8,389 | 18,683 | 27,072 | 25,922 | 61,748 | 104·4 | 43·8 |
| July 29 .. | 4,258 | 3,437 | 676 | 8,371 | 18,034 | 26,405 | 25,196 | 61,187 | 104·8 | 43·2 |
| August 26 .. | 4,453 | 3,158 | 816 | 8,427 | 17,174 | 25,601 | 24,779 | 61,161 | 103·3 | 41·9 |
| September 30 .. | 4,633 | 3,034 | 816 | 8,483 | 16,206 | 24,689 | 24,635 | 61,386 | 100·2 | 40·2 |
| October 28 .. | 4,495 | 3,052 | 760 | 8,307 | 12,293* | 20,600 | 24,922 | 61,115 | 82·7 | 33·7 |
| November 25 .. | 5,234 | 3,245 | 804 | 9,283 | 12,065 | 21,348 | 25,836 | 62,059 | 82·6 | 34·4 |
| December 30 .. | 9,676 | 3,691 | 744 | 14,111 | 9,755 | 23,866 | 27,168 | 64,303 | 87·8 | 37·1 |
| 1936. | | | | | | | | | | |
| January 27 .. | 10,247 | 3,788 | 812 | 14,847 | 11,150 | 25,997 | 28,828 | 65,862 | 90·2 | 39·5 |
| February 24 .. | 10,663 | 3,497 | 761 | 14,921 | 12,726 | 27,647 | 30,469 | 67,630 | 90·7 | 40·9 |
| March 30 .. | 8,938 | 3,593 | 754 | 13,285 | 14,143 | 27,428 | 31,946 | 68,476 | 85·9 | 40·1 |

* Decrease due partly to alteration in basis of apportionment.

Since the passing of the Banking Amendment Act, 1935, the totals of the trading banks' holdings of New Zealand Government securities in the Dominion have been added to their monthly returns. As these securities, which amounted to over £5,000,000 at the end of March, could in case of need be pledged as collateral for advances from the Reserve Bank, their existence has a bearing upon the financial situation.

The figures given above indicate a state of liquidity of the banking system of the Dominion throughout the year. The fact that the total of the trading banks' advances at the end of March was only very slightly in excess of the corresponding figure a year before may therefore be taken as indicating the absence of demand for additional accommodation on the part of satisfactory borrowers. This position is further evidenced by the fact that the overdraft rate has never been lower during the present century.