

The effective note circulation—that is, the total of notes held by the public—was £(N.Z.)39·63 millions on the last Wednesday in March, an increase of £(N.Z.)2·99 millions for the year. The effective note circulation by denominations on the 31st March, 1947, compared with the 31st March, 1946, was as follows:—

(£(N.Z.)000)

—				31st March, 1946.	31st March, 1947.	Increase.
						Per Cent.
10s.	..	..	..	1,087	1,143	5
£1	..	..	..	9,143	9,422	3
£5	..	..	..	21,085	22,486	7
£10	..	..	..	3,256	4,218	30
£50	..	..	..	1,706	2,001	17
Trading bank notes outstanding				366	363	..
				36,643	39,633	..

Demand Liabilities

(a) *State*.—Deposits under this heading decreased by £(N.Z.)1·68 millions, from £(N.Z.)24·52 millions on the 31st March, 1946, to £(N.Z.)22·84 millions on the 31st March, 1947. This decrease is mainly accounted for by smaller balances held at the Bank in the Meat Industry Account and the Post Office Account, partly offset by an increase in the balance held by the Wool Disposal Commission.

(b) *Banks*.—The total deposits held by the trading banks at the Reserve Bank increased by £(N.Z.)6·77 millions, from £(N.Z.)47·77 millions on the 31st March, 1946, to £(N.Z.)54·54 millions on the 31st March, 1947. The highest figure for these balances during the year was £(N.Z.)64·87 millions on the 26th August, 1946.

As mentioned in last year's report, a rise in these deposits is a reflection of the fact that the trading banks' requirements of sterling in payment for imports have been relatively low compared with the proceeds of exports.

A further contributing factor in the increase recorded this year was the repayment by the Government at maturity of certain New Zealand Government stock held by the banks.

No alteration was made to the statutory minimum balances which the trading banks are required to hold at the Reserve Bank—namely, 7 per cent. of their demand liabilities in New Zealand and 3 per cent. of their time liabilities in New Zealand. The statutory minimum balances required to be held during March, 1947, totalled £(N.Z.)10·1 millions.

ASSETS

Sterling Exchange

On the 31st March, 1947, holdings of sterling exchange totalled £(N.Z.)85,847,760 compared with £(N.Z.)65,655,890 on the 31st March, 1946, an increase of £(N.Z.)20·19 millions. The average throughout the year was approximately £(N.Z.)19 millions higher than in the previous year.

Advances to the State or State Undertakings

(1) *Marketing Organizations*.—No advances were outstanding under this heading at the balance date, though the average amount outstanding during the year, on a weekly average basis, was £(N.Z.)1·066 millions. This amount was £(N.Z.)1·203 millions less than the average amount of £(N.Z.)2·269 millions outstanding during the previous year.