

# Snapshot of SA Economy



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10 September 2009

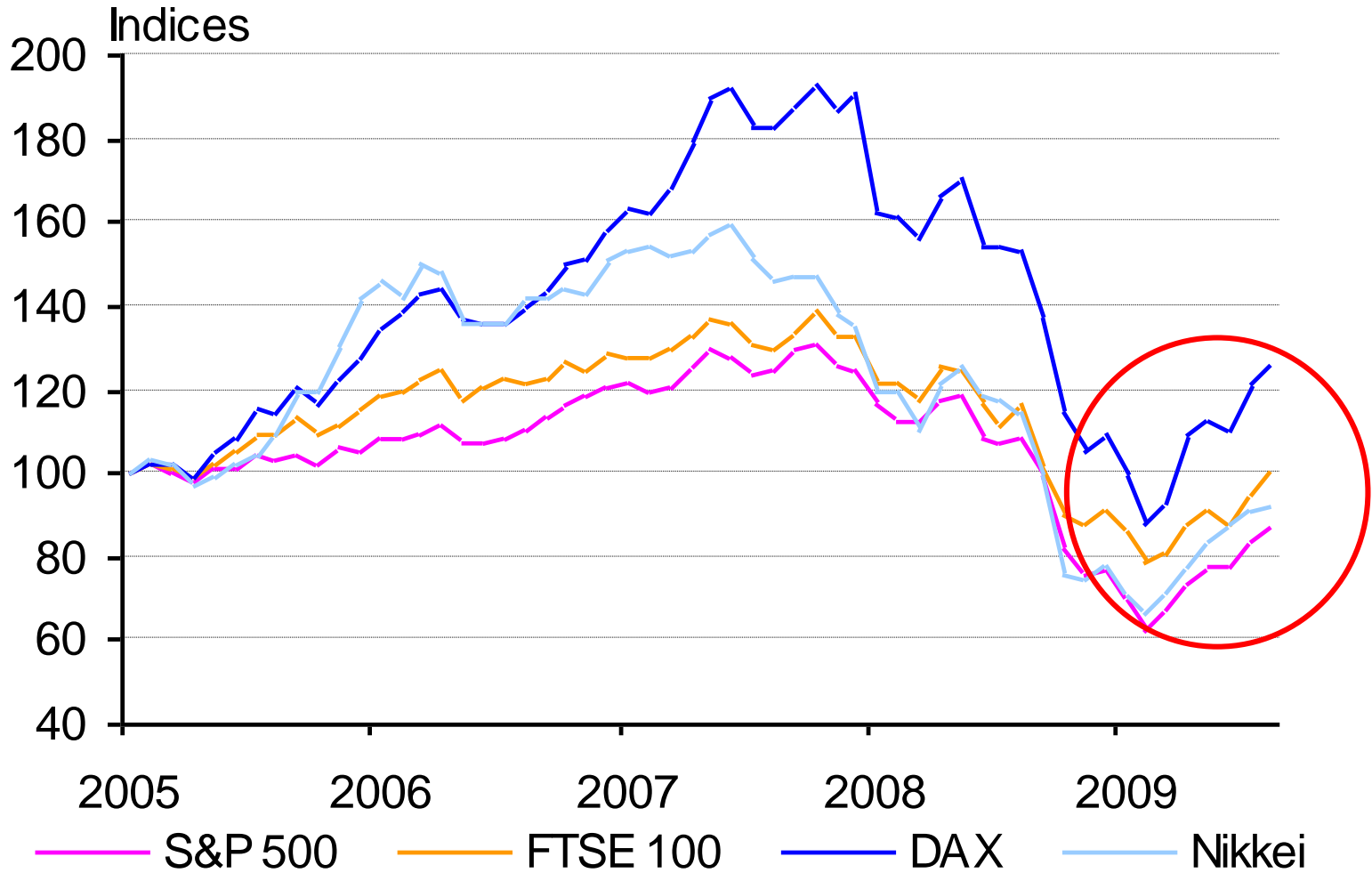


# Economic Outlook



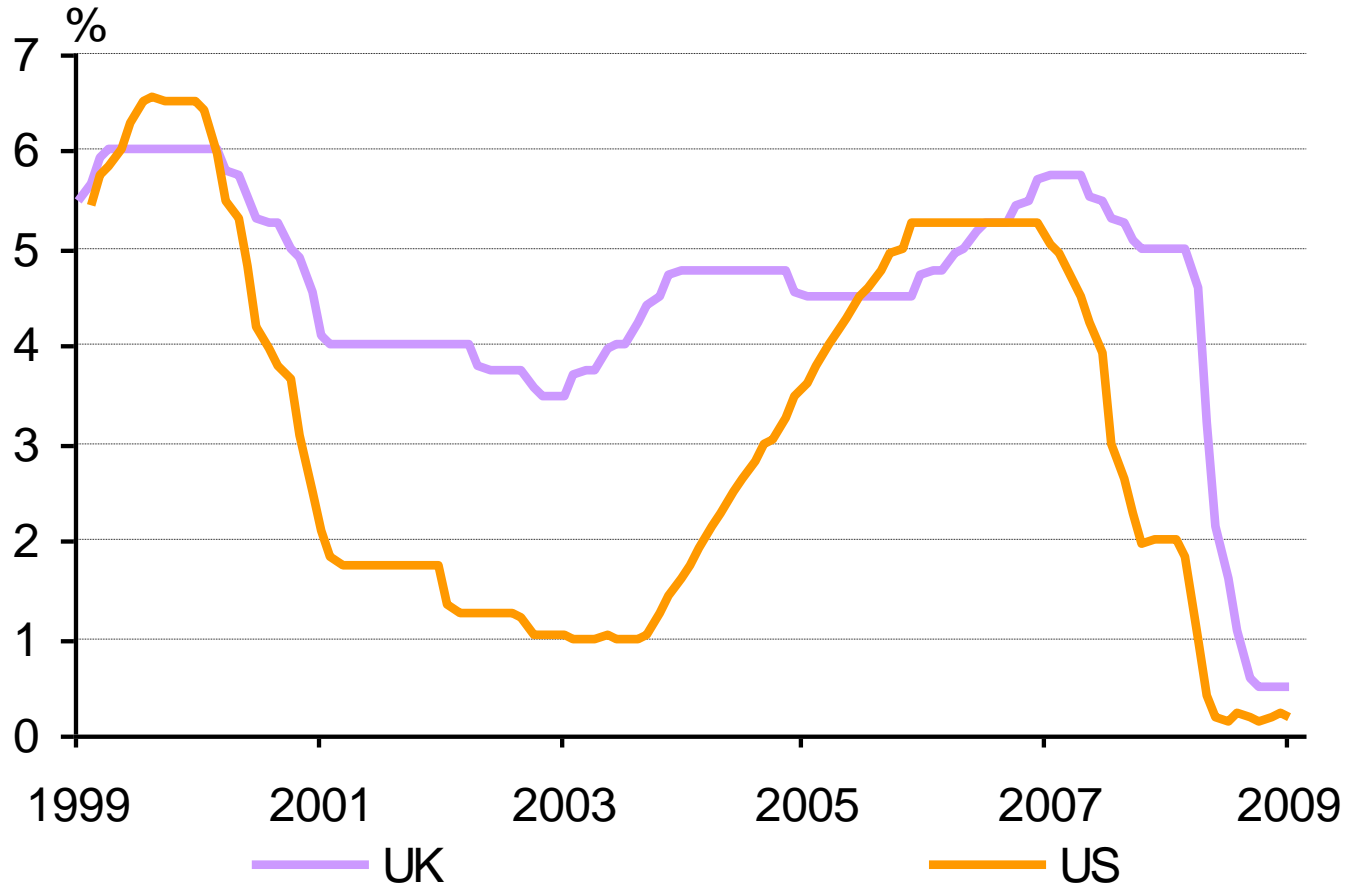


# Global share indices





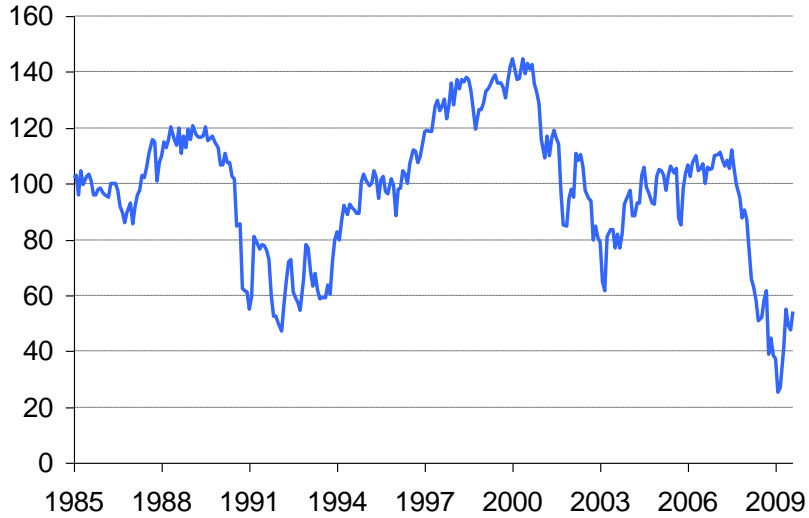
# Global interest rates



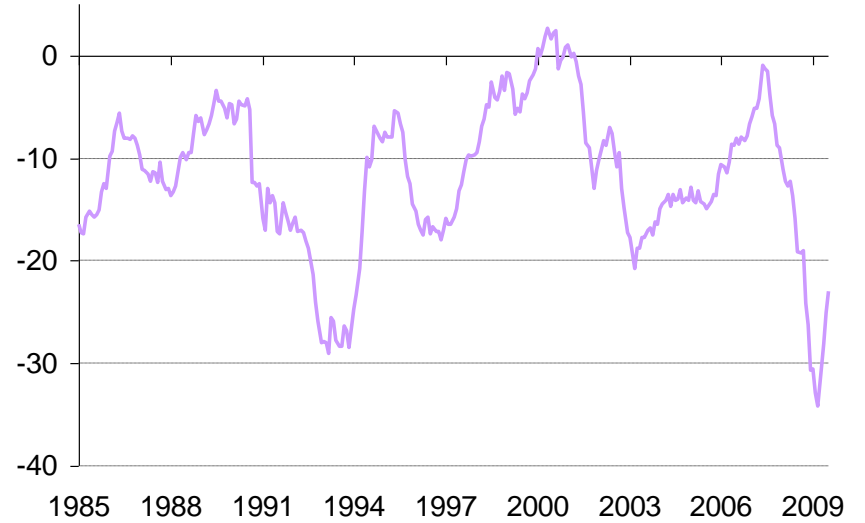


# Consumer Confidence

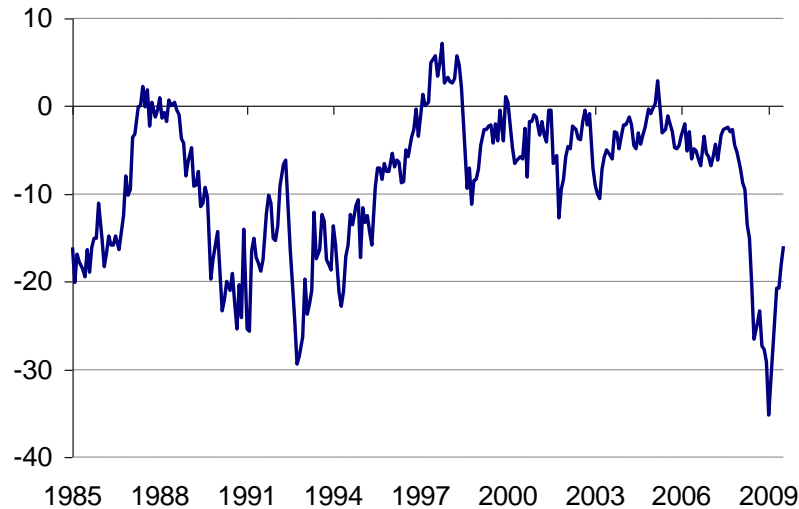
US



Euro

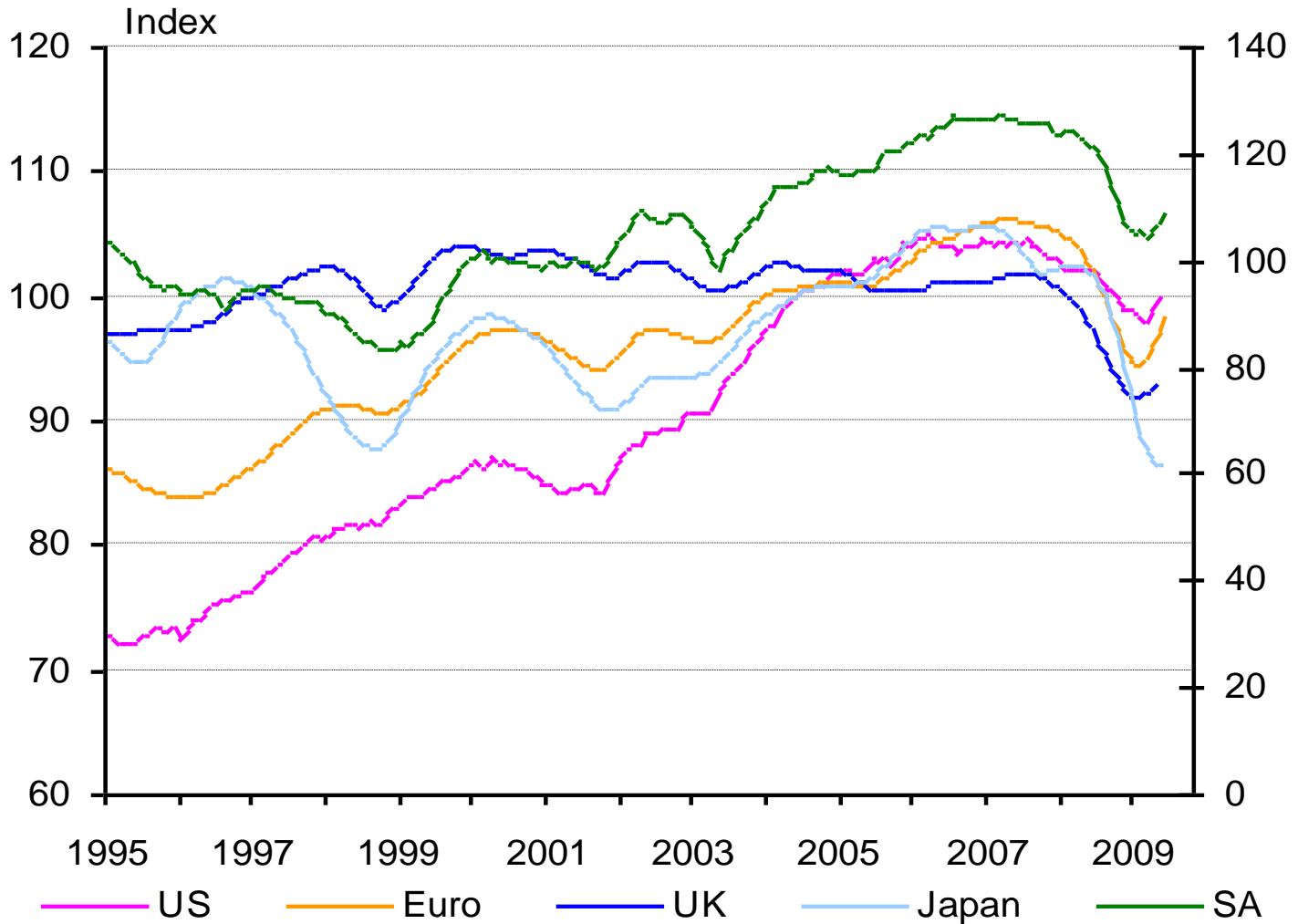


UK



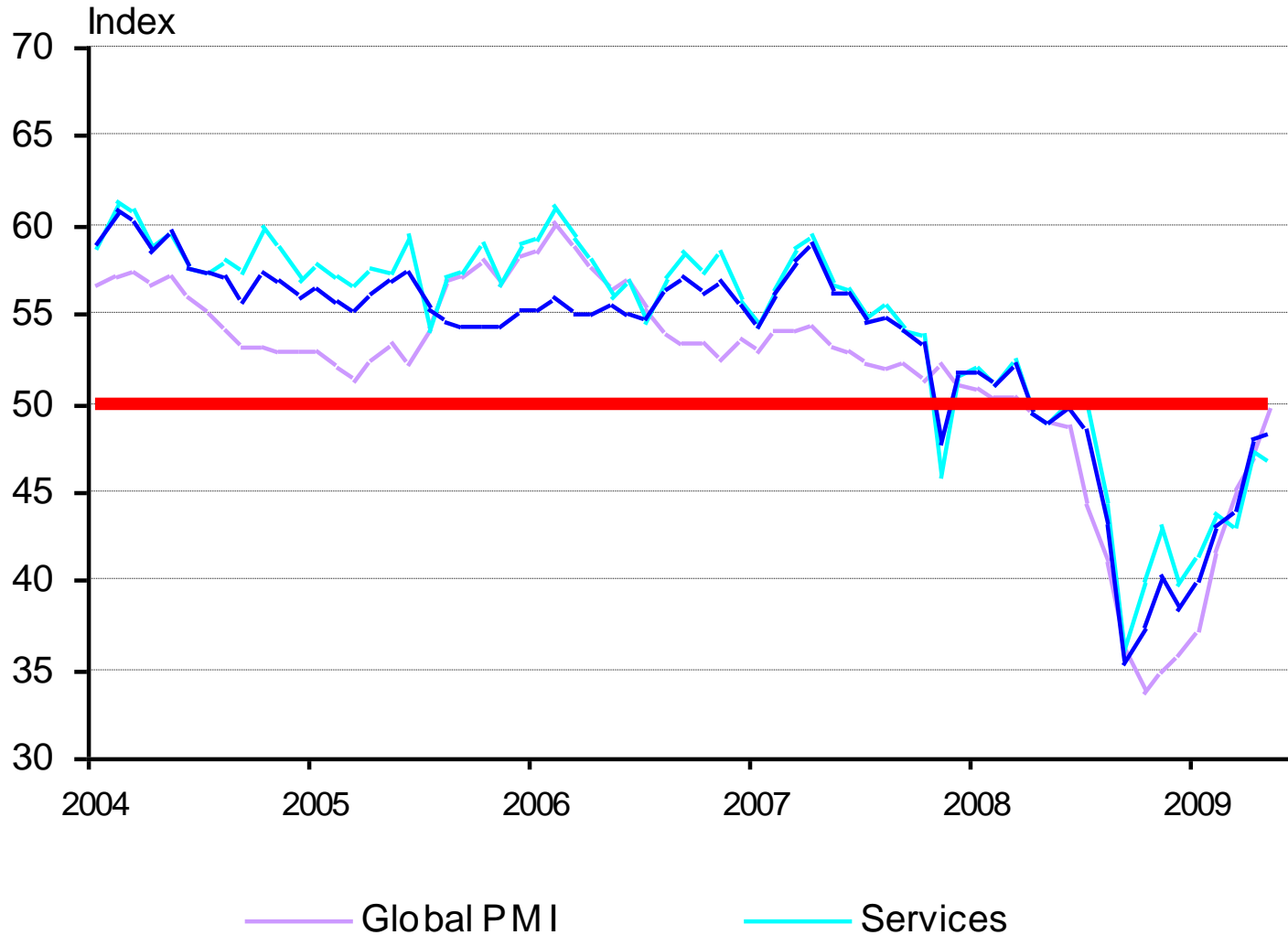


# Leading business cycle indicators for SA and its major trading partners



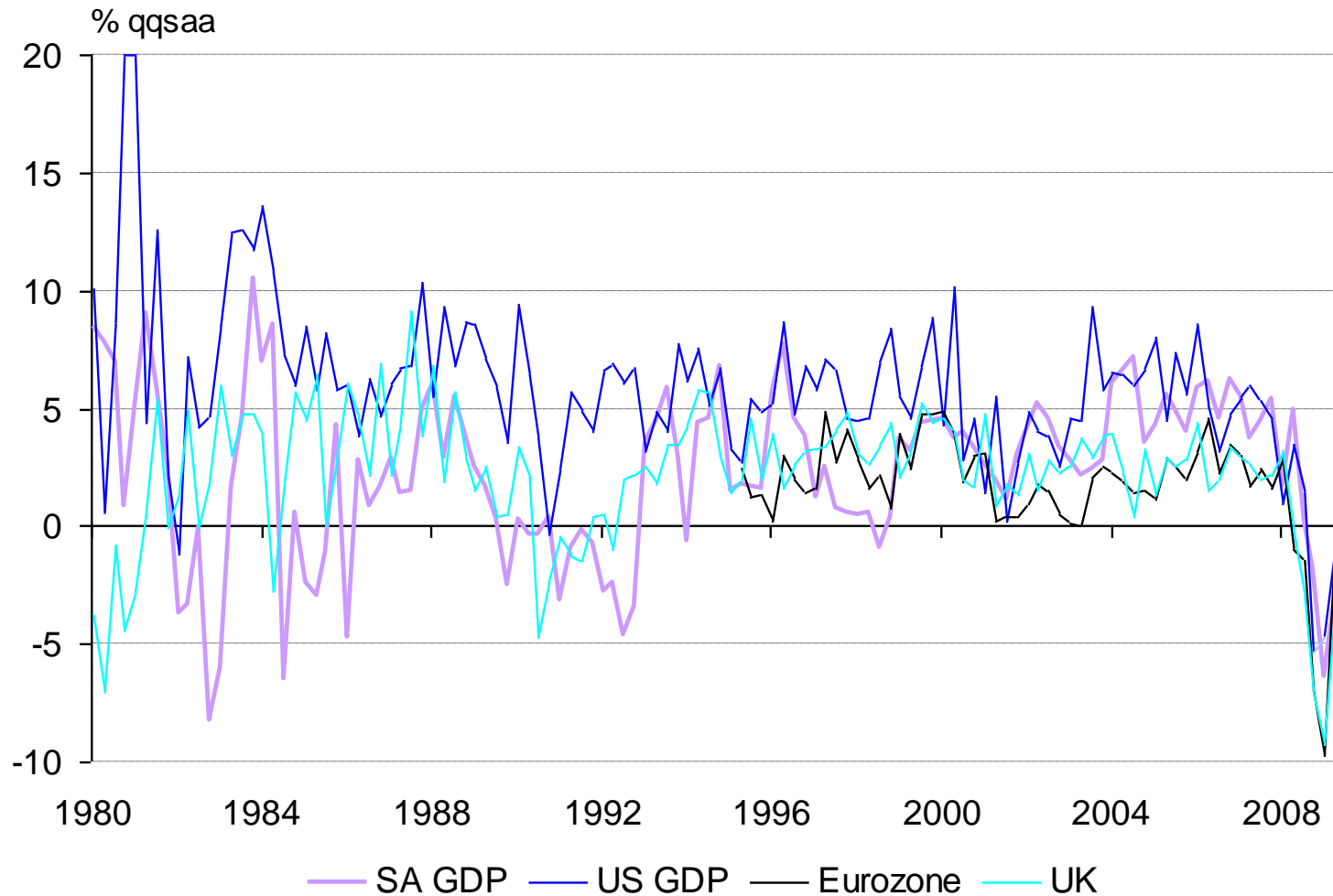


# Global PMI, signalling an improvement in production...





... the global economy continues to show signs of stabilisation..







# Commodity prices are rising.....

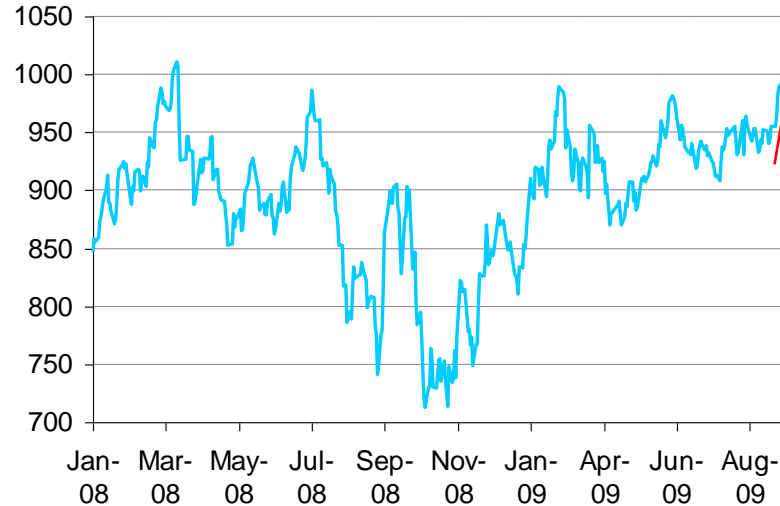
## Brent Crude oil



## Platinum

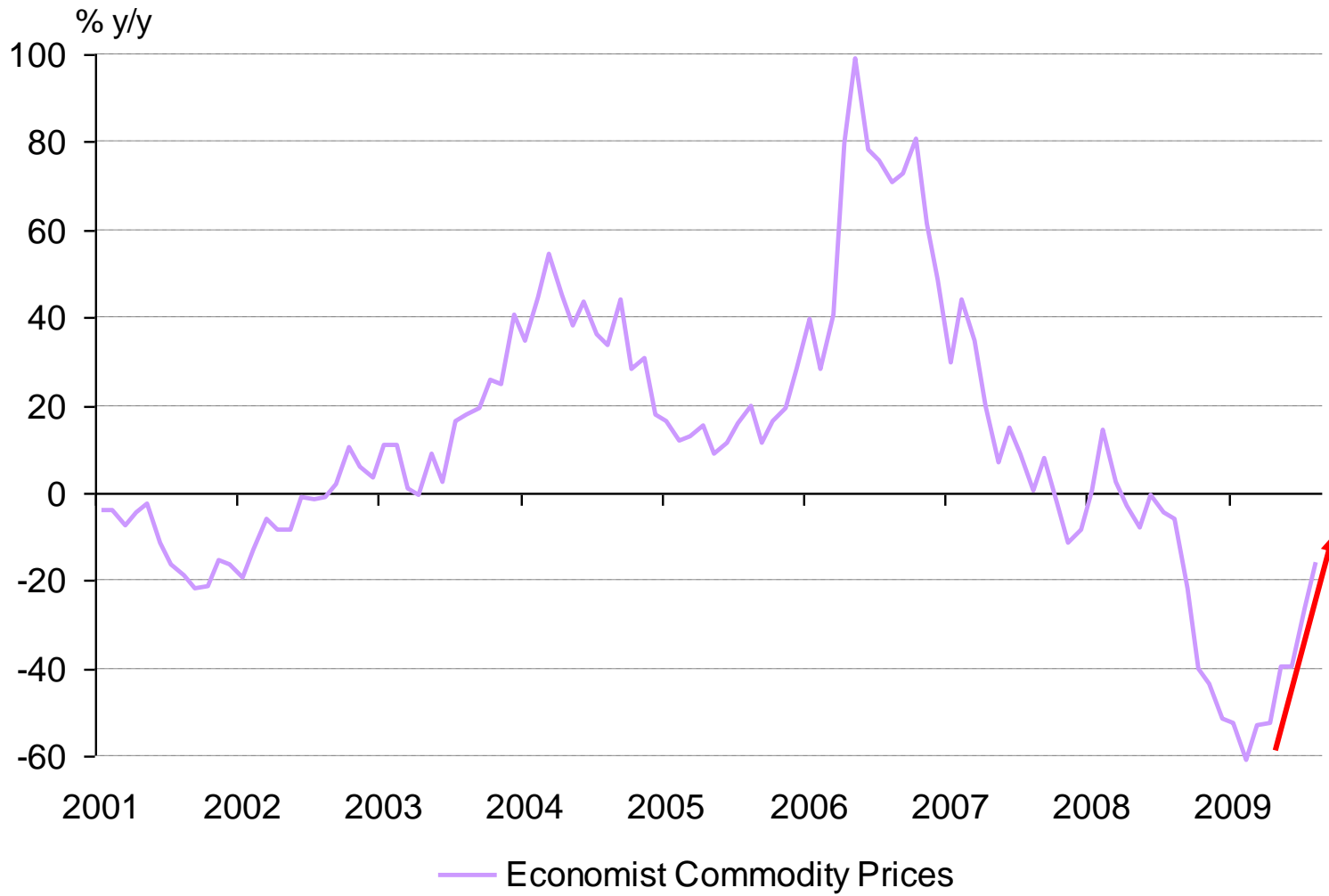


## Gold





.. basket of commodities ...

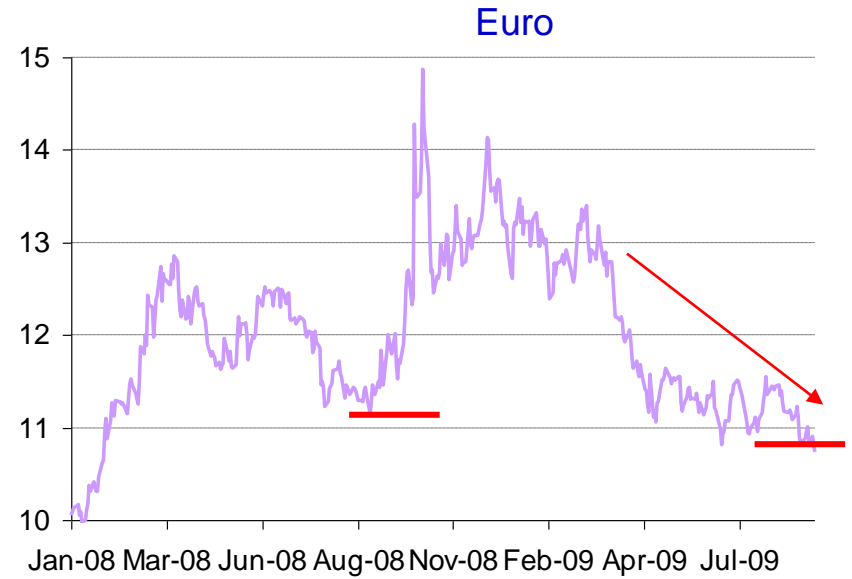




# Exchange rates

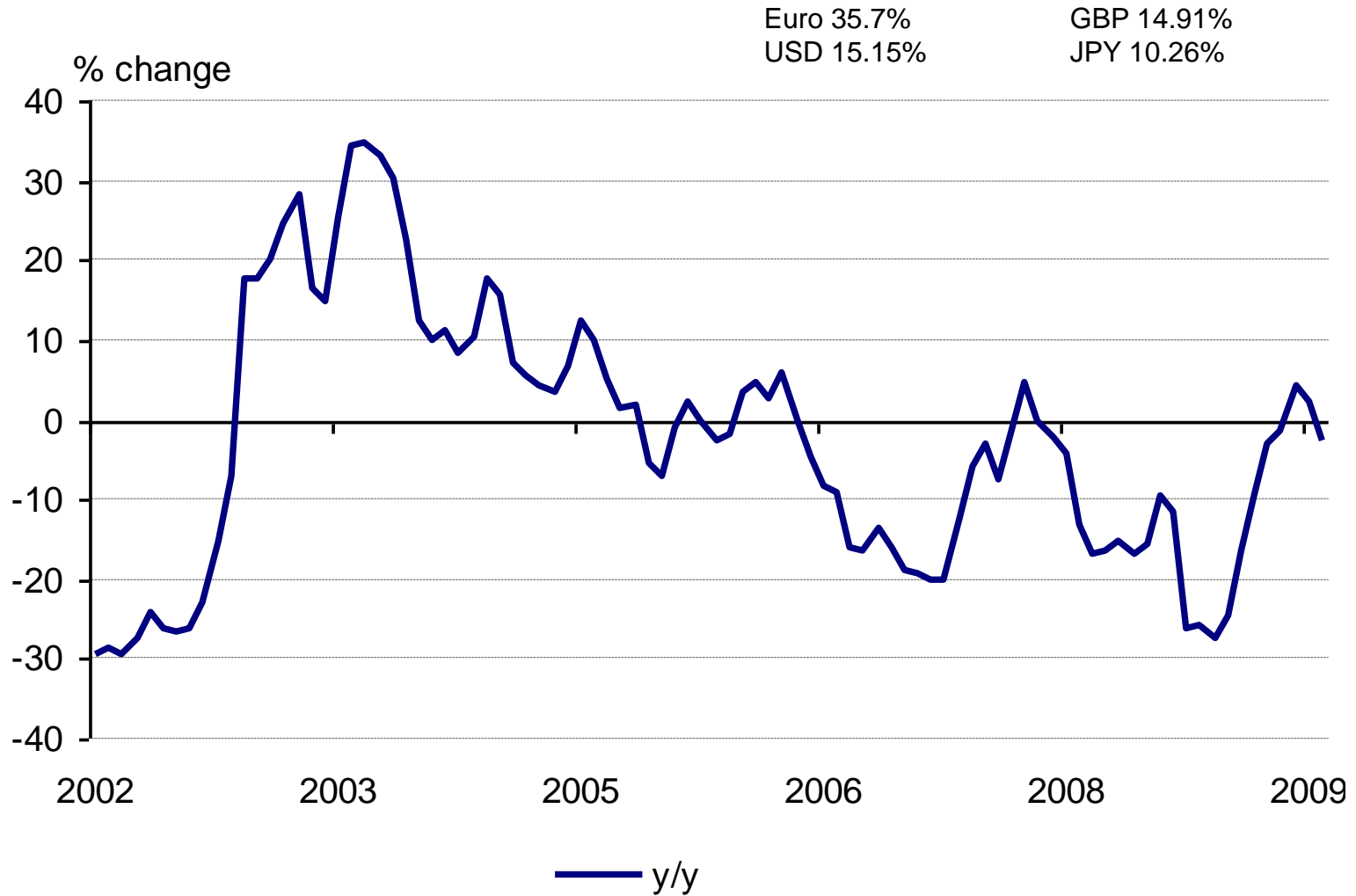


# The rand continues to strengthen.....





the trade-weighted rand is relatively unchanged...



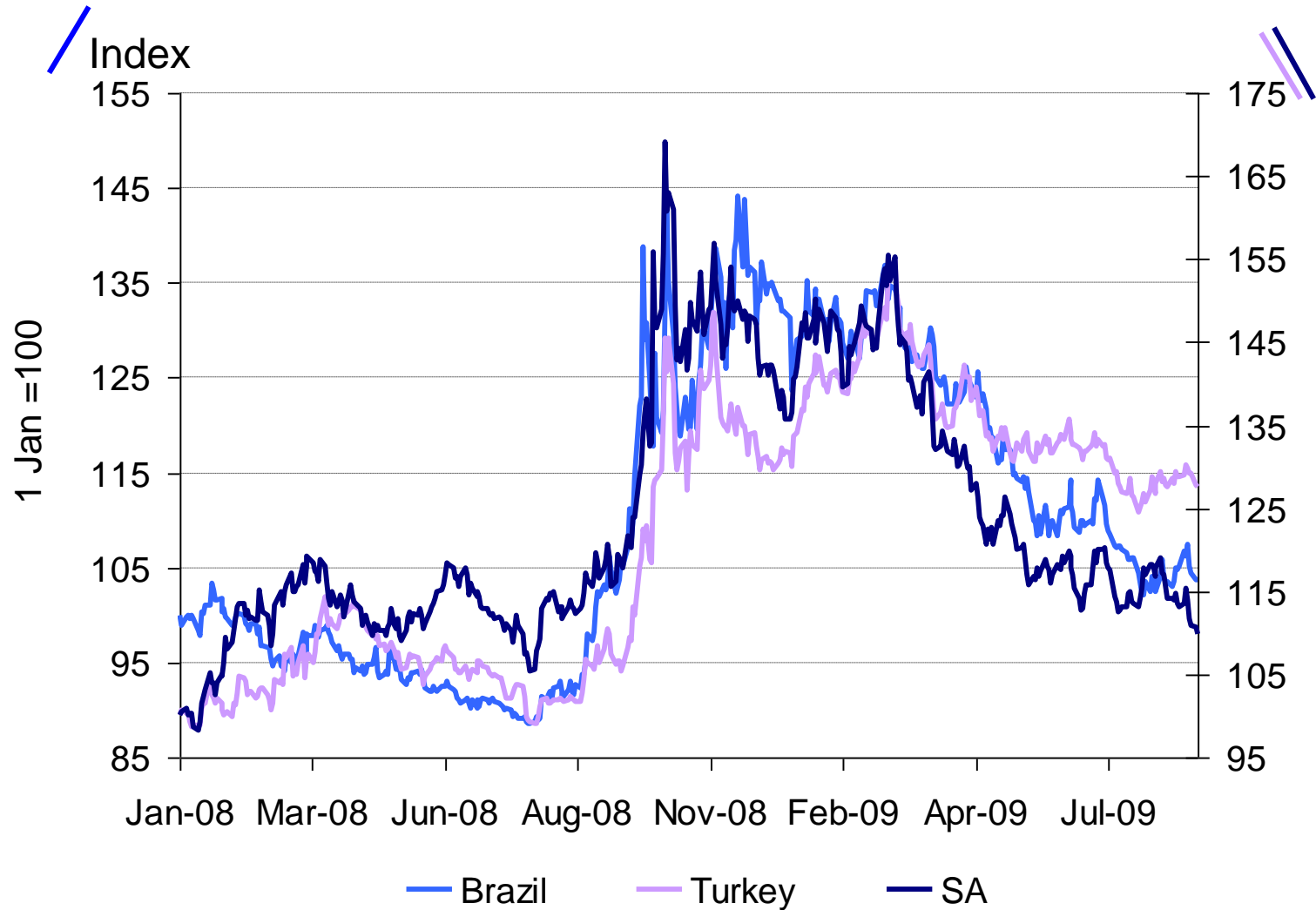


.....similar to other commodity trading economies .....



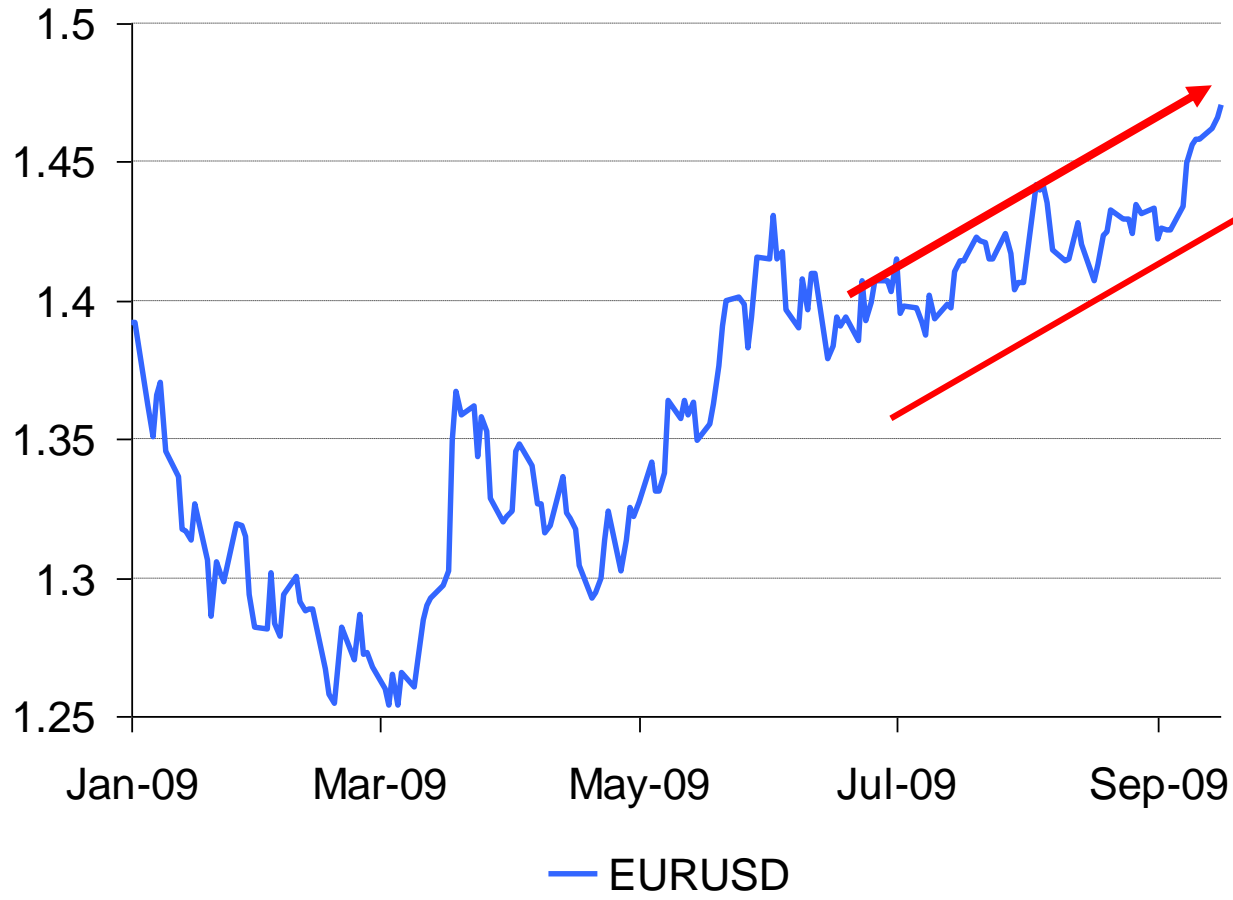


.....also an emerging market story.....





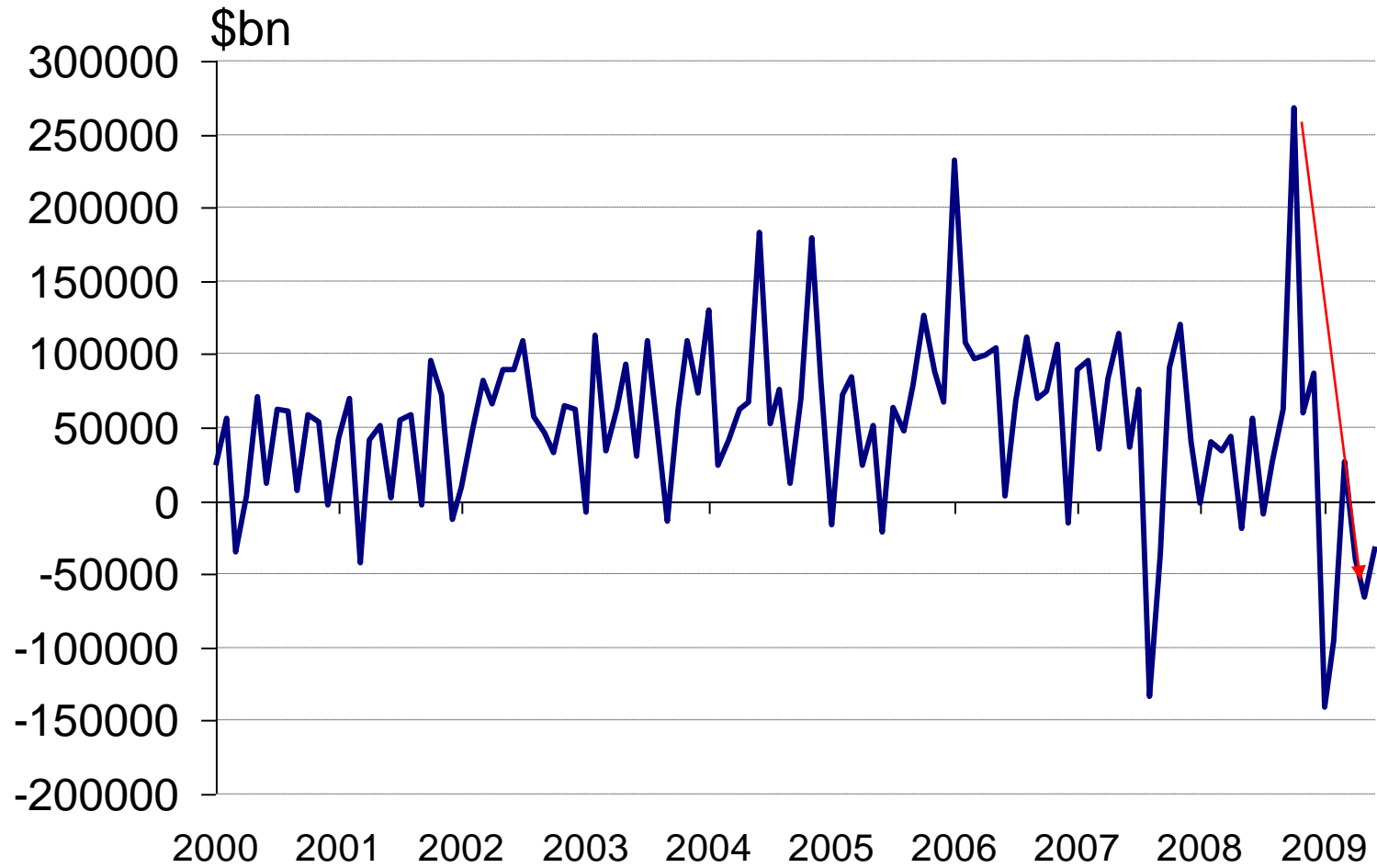
...the dollar has also been under pressure....







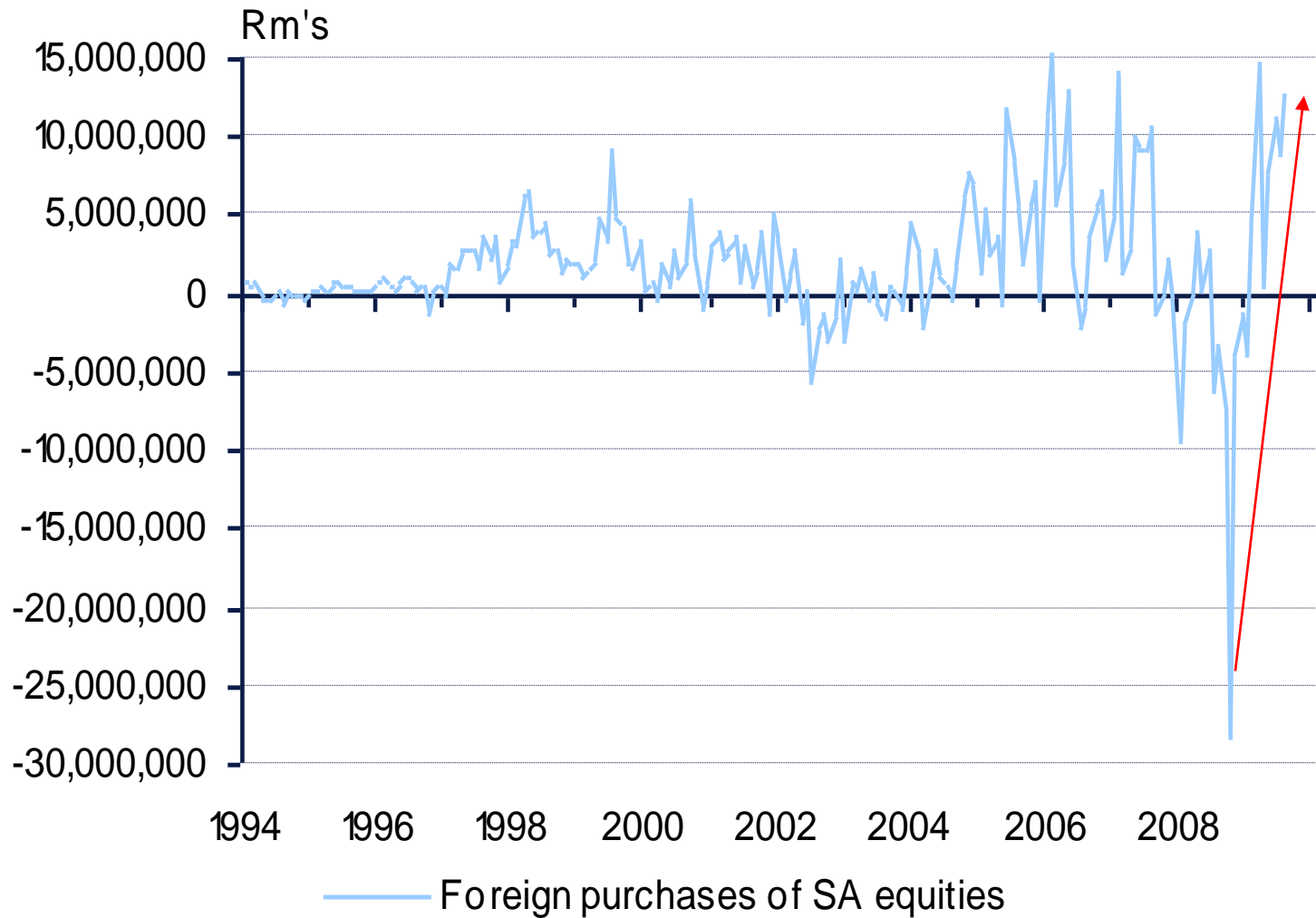
.....mainly due to an outflow of funds from the US....



— Foreign net purchases of US securities

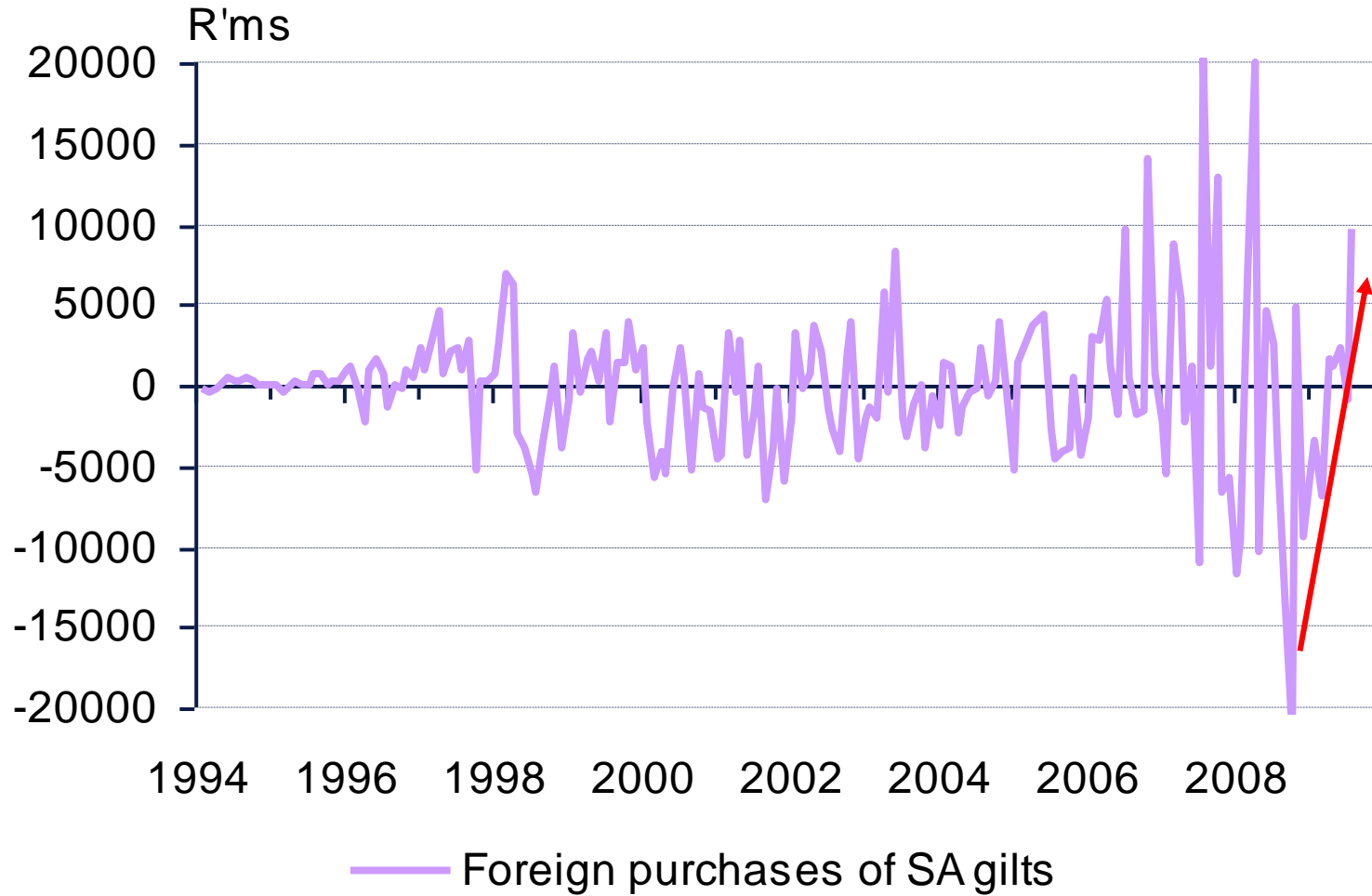


...these funds have flowed to emerging markets, including SA equities ..





....and into SA bonds....





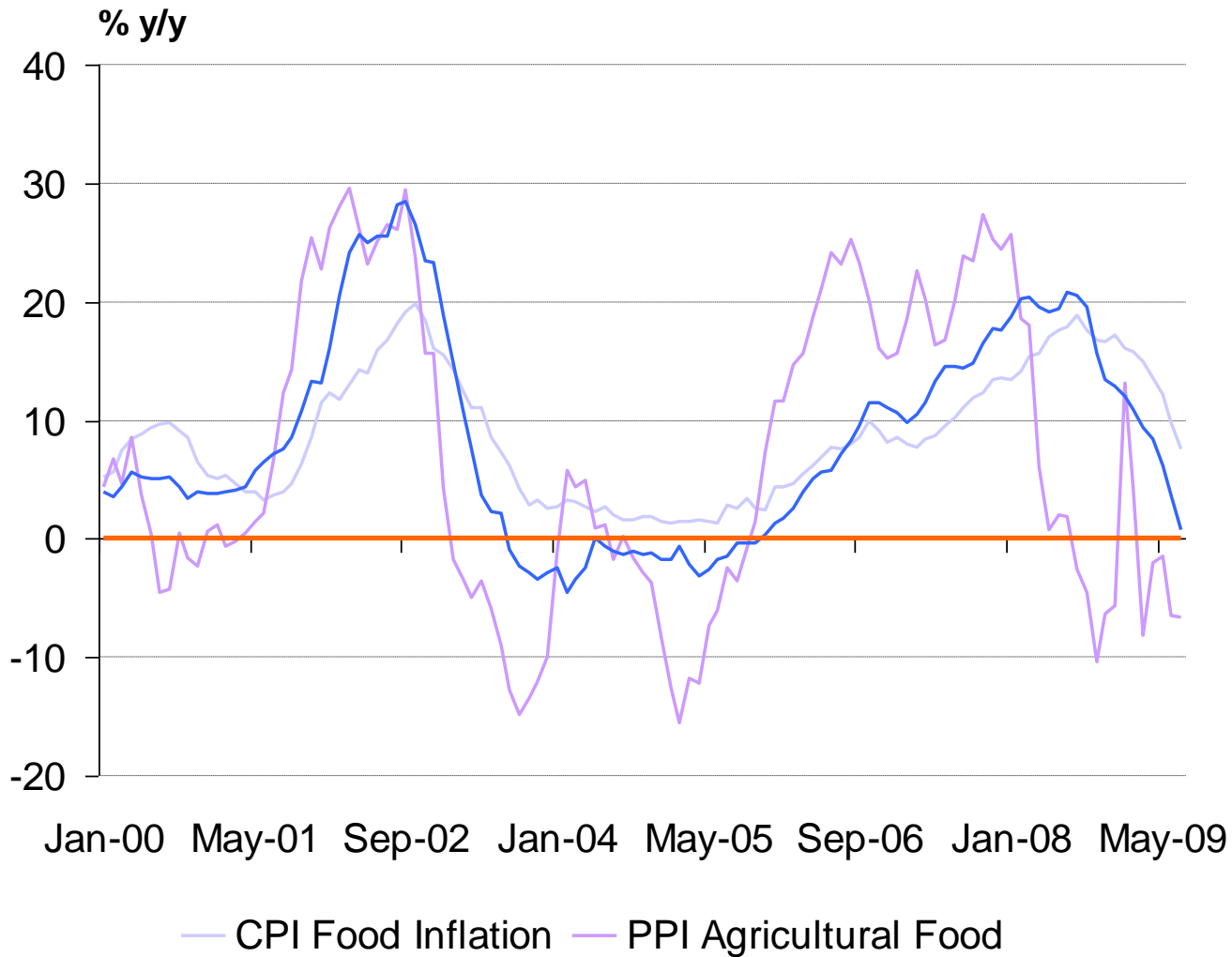
...the rand is expected to remain at appreciated levels, supported by signs of stabilisation of the global economy (rising commodity prices)...

	Q1.09	Q2.09	Q3.09	Q4.09	Q1.10	Q2.10	Q3.10	Q4.10	2009	2010	2011
R/\$	9.91	8.45	7.80	7.60	7.40	7.95	8.25	7.90	8.44	7.88	8.20
R/GBP	14.21	12.93	12.79	12.54	12.19	13.19	13.93	13.48	12.99	13.19	12.84
R/Euro	12.93	11.40	10.80	10.64	10.36	11.21	11.84	11.46	11.47	11.21	11.76
Yen/R	9.45	11.47	12.50	13.49	14.19	13.52	13.33	14.24	11.57	13.81	13.41
\$/GBP	1.43	1.53	1.64	1.65	1.65	1.66	1.69	1.71	1.54	1.68	1.57
\$/Euro	1.30	1.35	1.39	1.40	1.40	1.41	1.44	1.45	1.36	1.42	1.43
Yen/\$	93.7	96.9	97.5	102.5	105.0	107.5	110.0	112.5	97.64	108.75	110



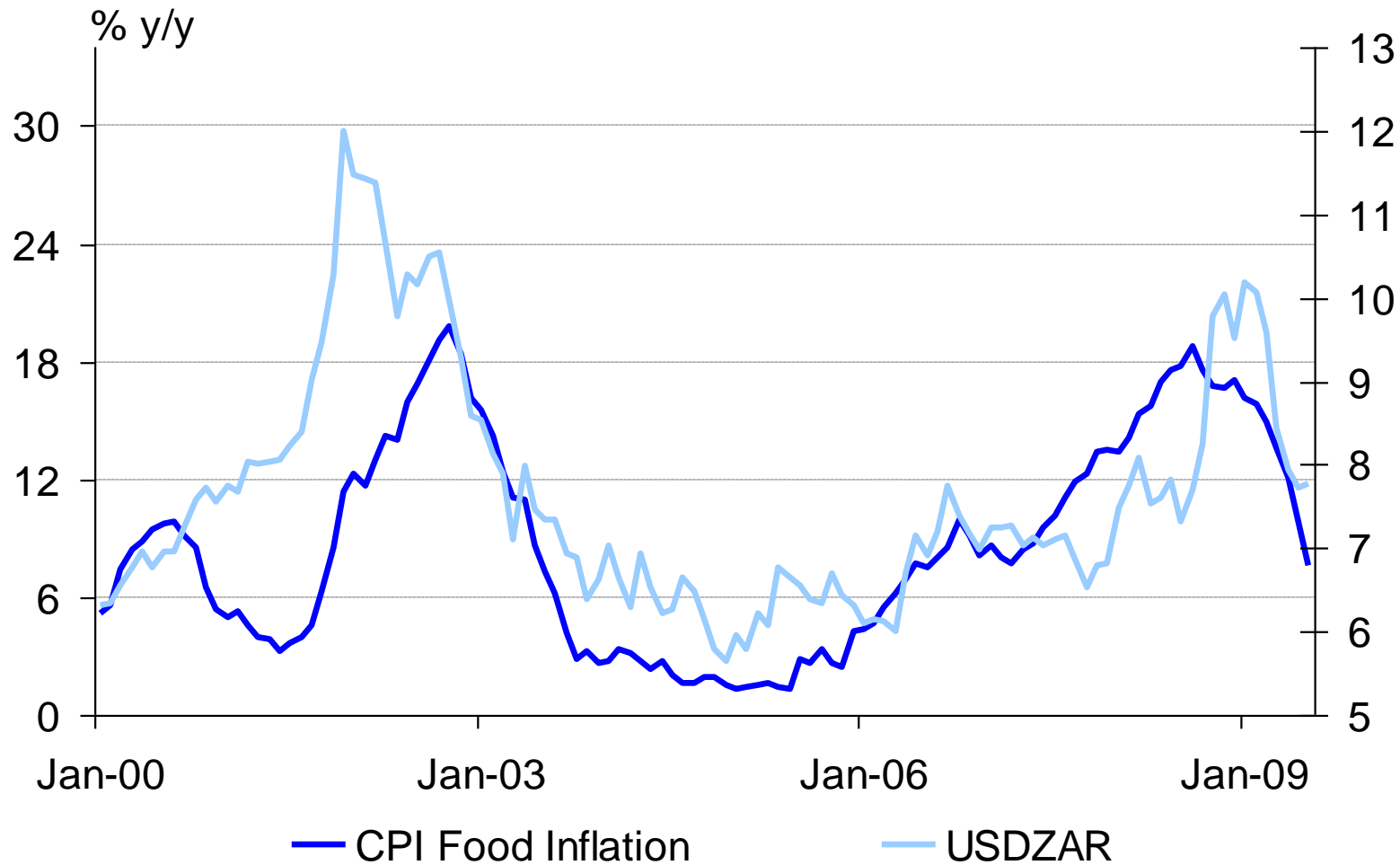


food price inflation at the retail level has begun moderating lagging the trend in PPI food.....



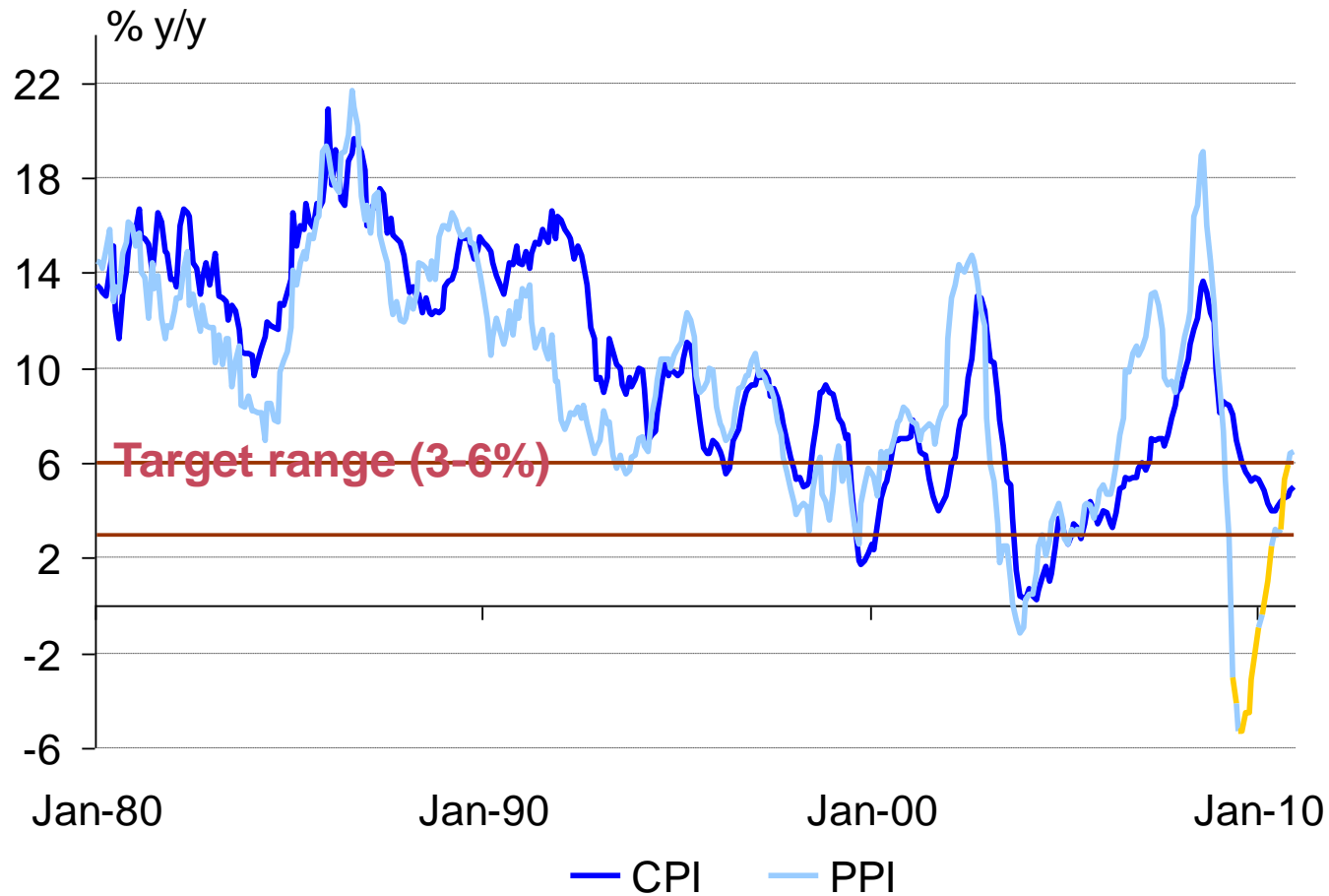


...retail food price inflation should moderate further due to the rand's strength.....





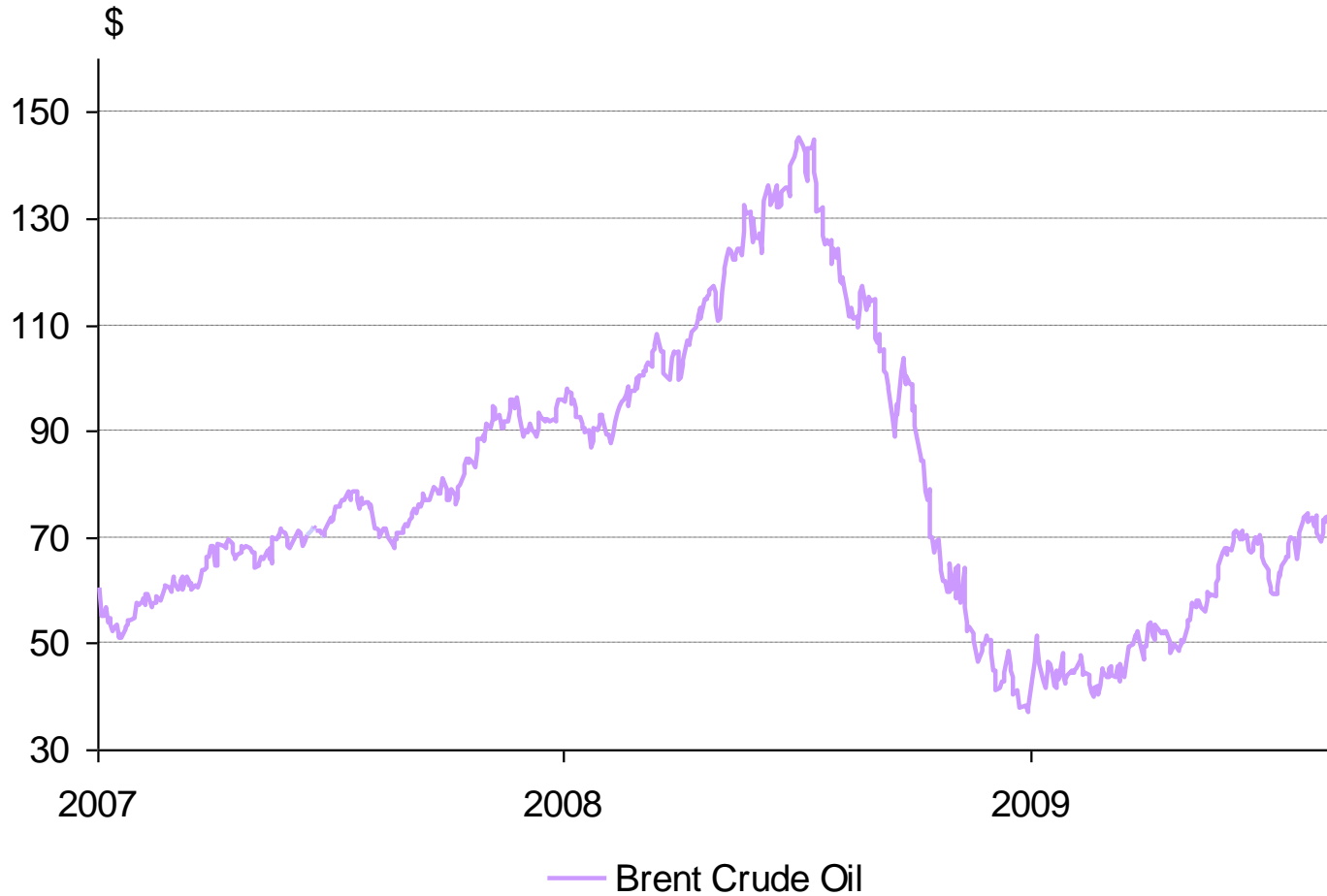
...deflation likely this year at the producer level, and approaching the lower limit of the inflation target range for retailers by early 2010...







..risks to the outlook are tilted more to the downside but oil prices remain a risk...





## ...Inflation and interest rate forecasts

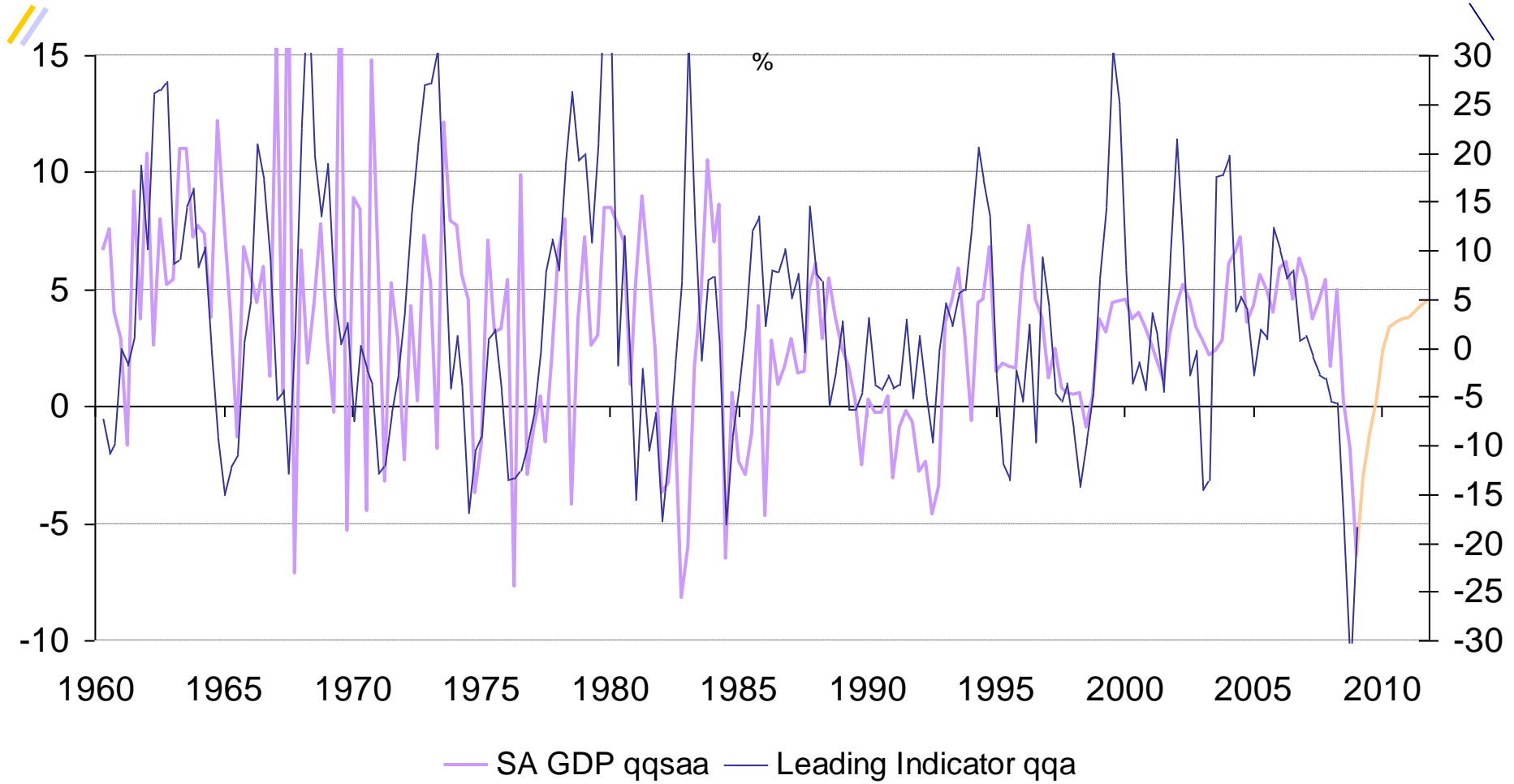
	Q1.09	Q2.09	Q3.09	Q4.09	Q1.10	Q2.10	Q3.10	Q4.10	2009	2010	2011
CPI inflation	8.4	7.6	6.0	5.3	5.0	4.8	4.1	4.3	4.8	4.6	6.9
PPI inflation	7.2	-0.4	-5.0	-3.2	-0.4	2.2	3.8	6.2	1.3	-0.6	3.0
Prime	13.00	10.50	10.50	10.00	10.00	10.00	10.00	10.00	10.00	11.00	



# Economic Growth

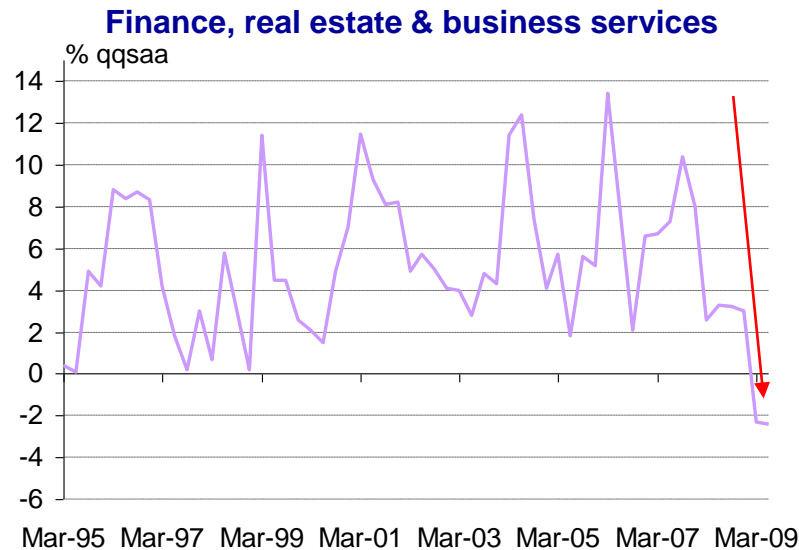
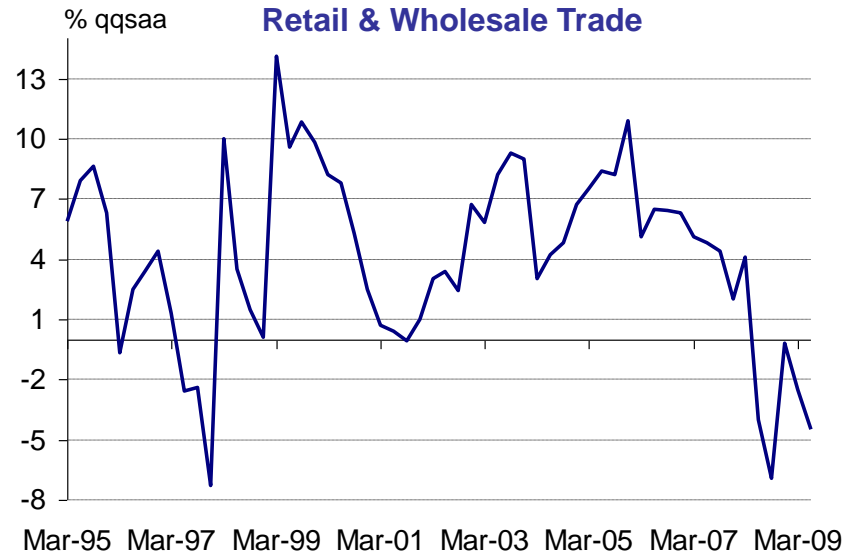
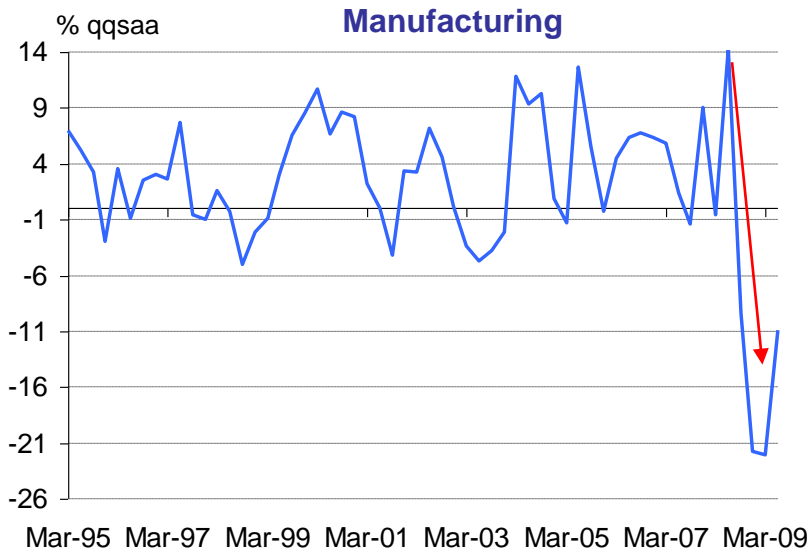


... we expect a 1.2% qqsaa contraction in Q3.09  
(Q2.09 recorded -3.0%, Q1.09 -6.4%)...



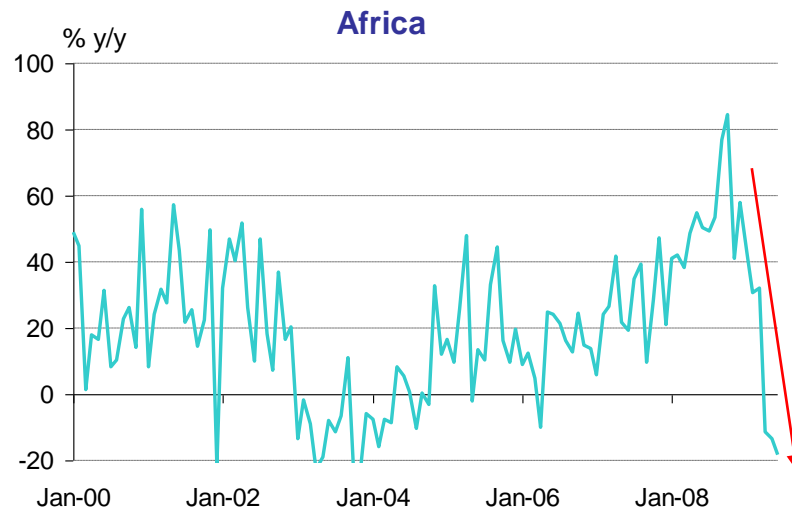
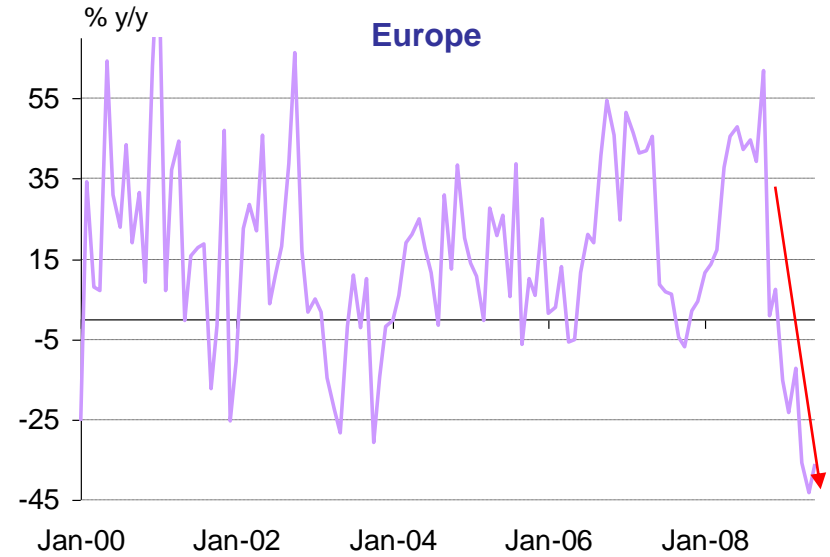
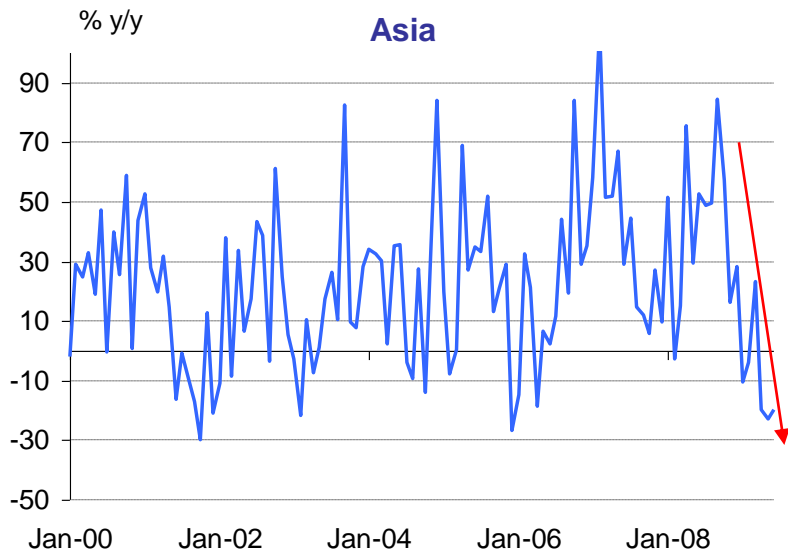


...all major sectors contracted in Q2.09...



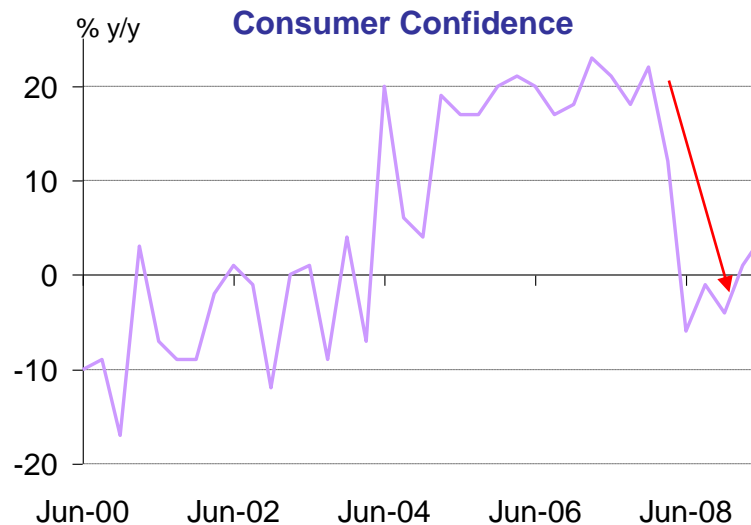
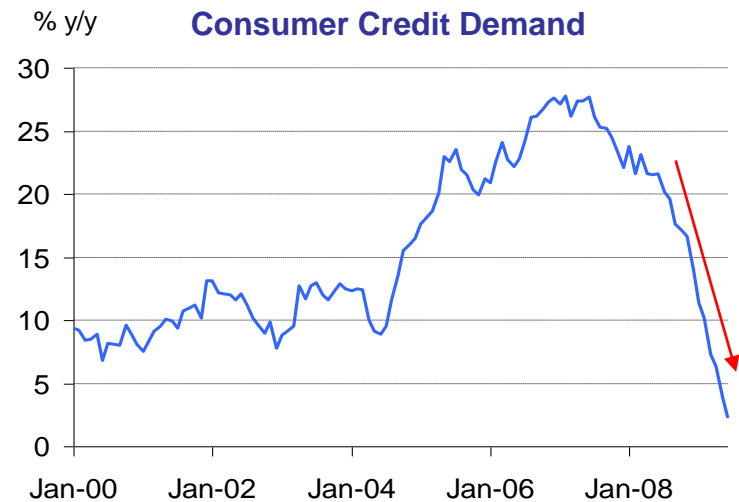
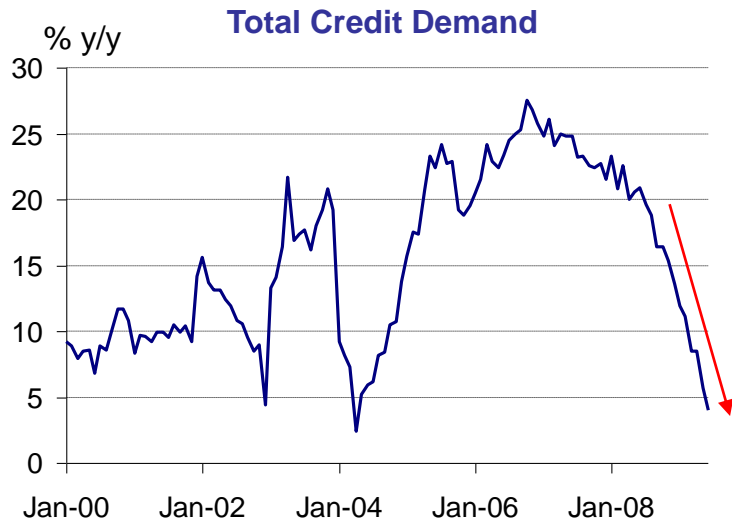


...manufacturing sector affected by weak external demand for SA exports...



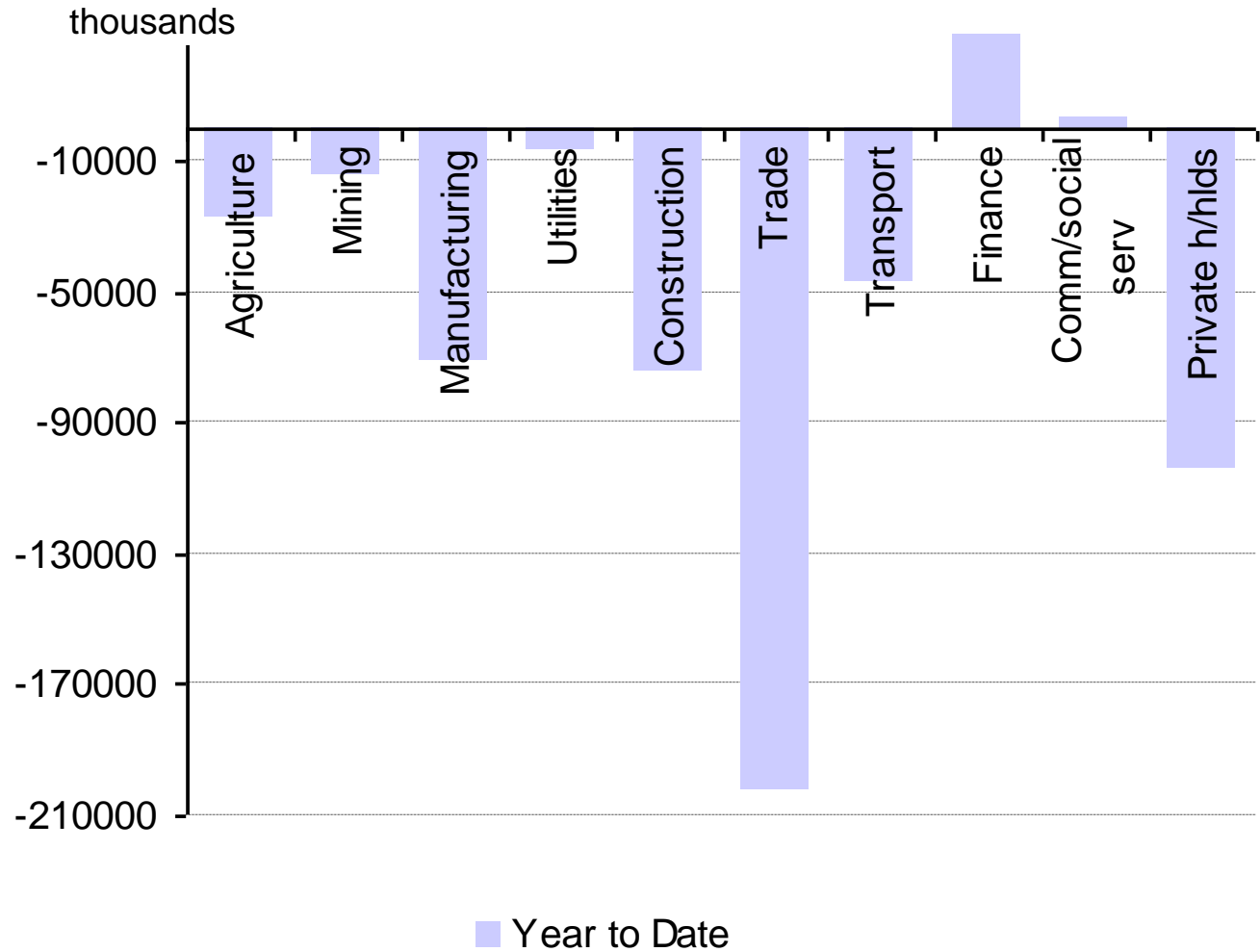


...retail, wholesale and finance sectors affected by slowdown in credit demand and low consumer confidence.....





...as a result 475 000 jobs have been lost so far this year and more to follow....

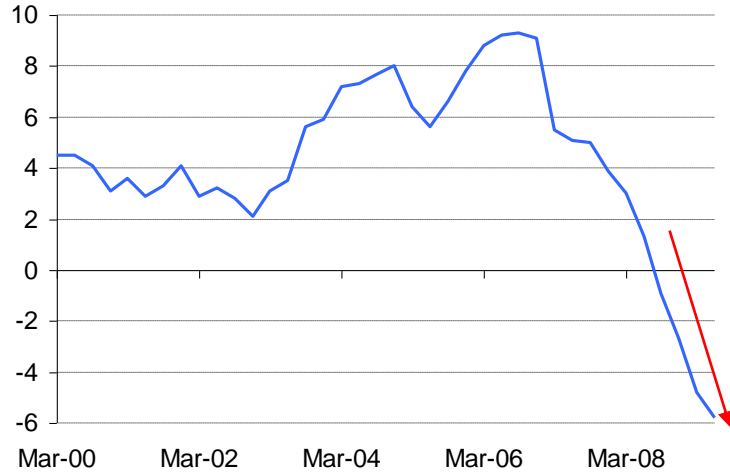




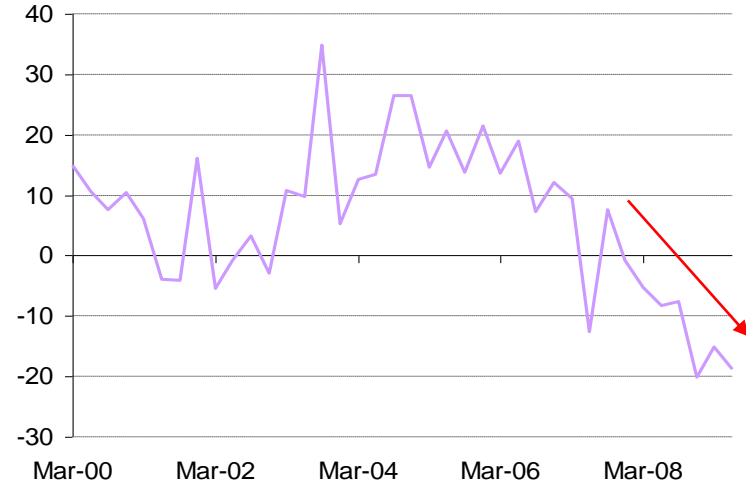


# ...domestic consumption?

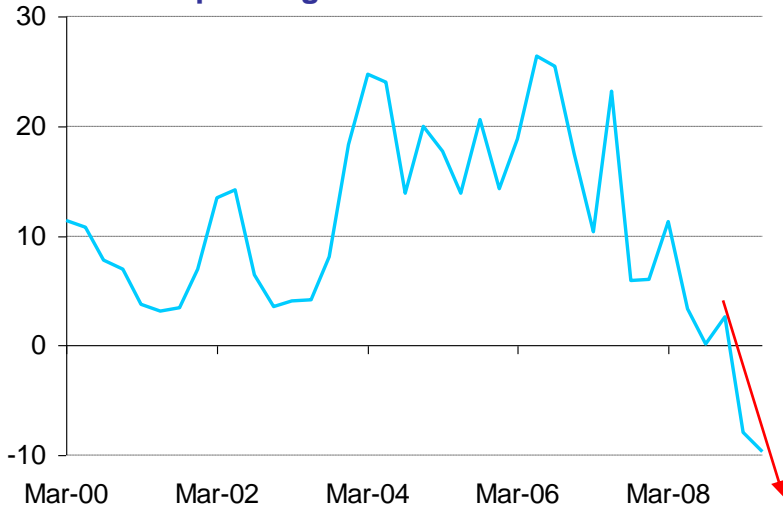
### % qqsaa Consumption by households



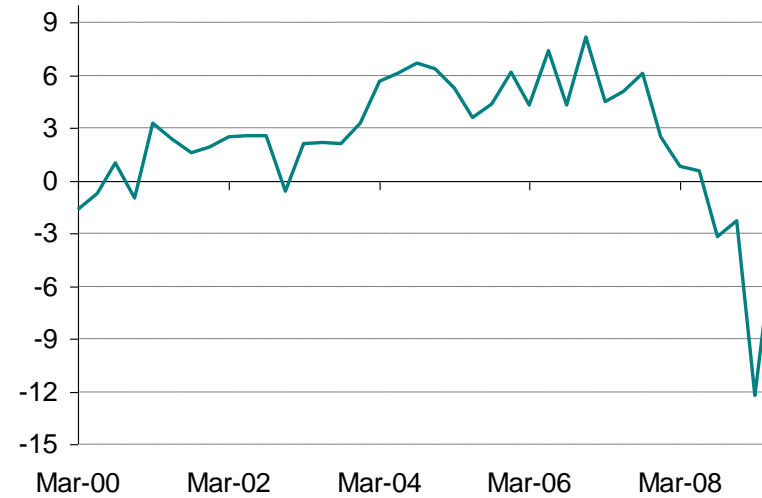
### Spending on Durable goods



### Spending on semi-durable



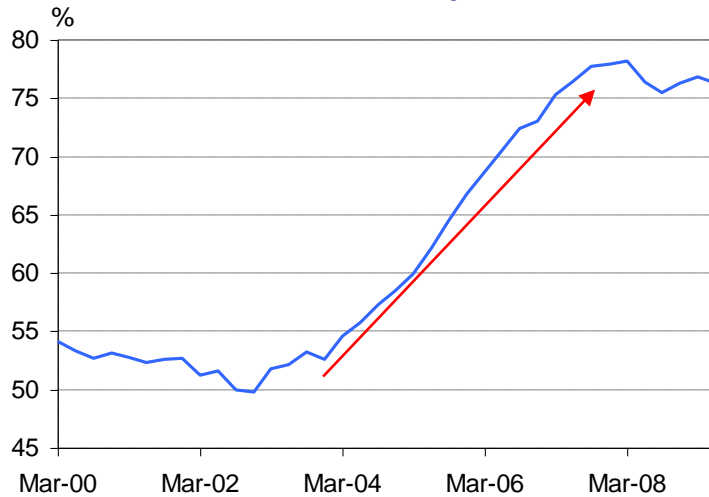
### Spending on non-durable



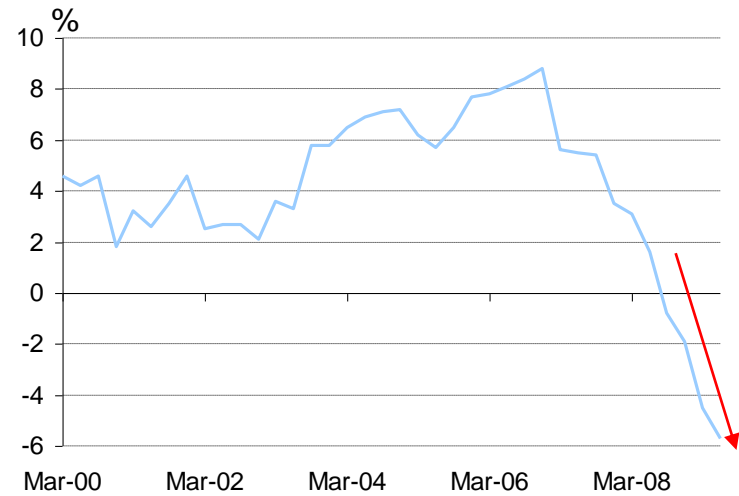


....debt levels still high, while disposable income is falling...

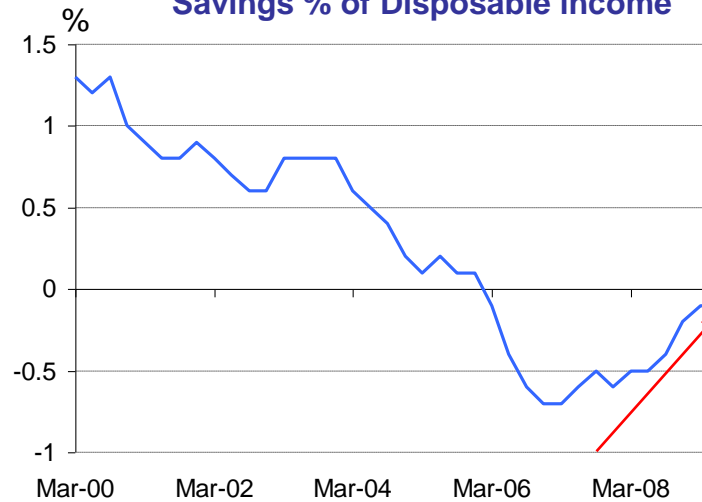
**Household debt % of disposable income**



**Disposable income**



**Savings % of Disposable income**

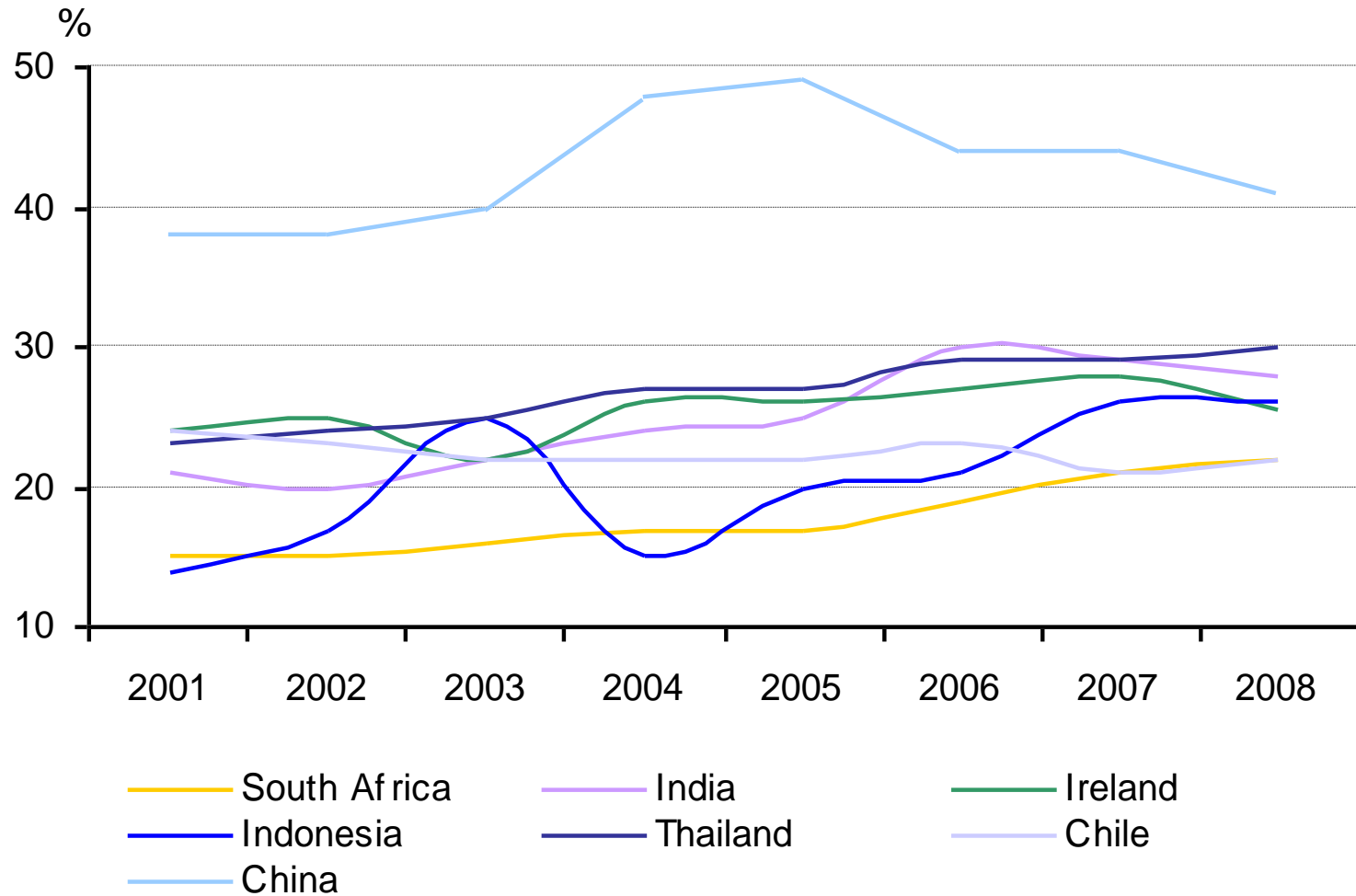




....so where to from here?

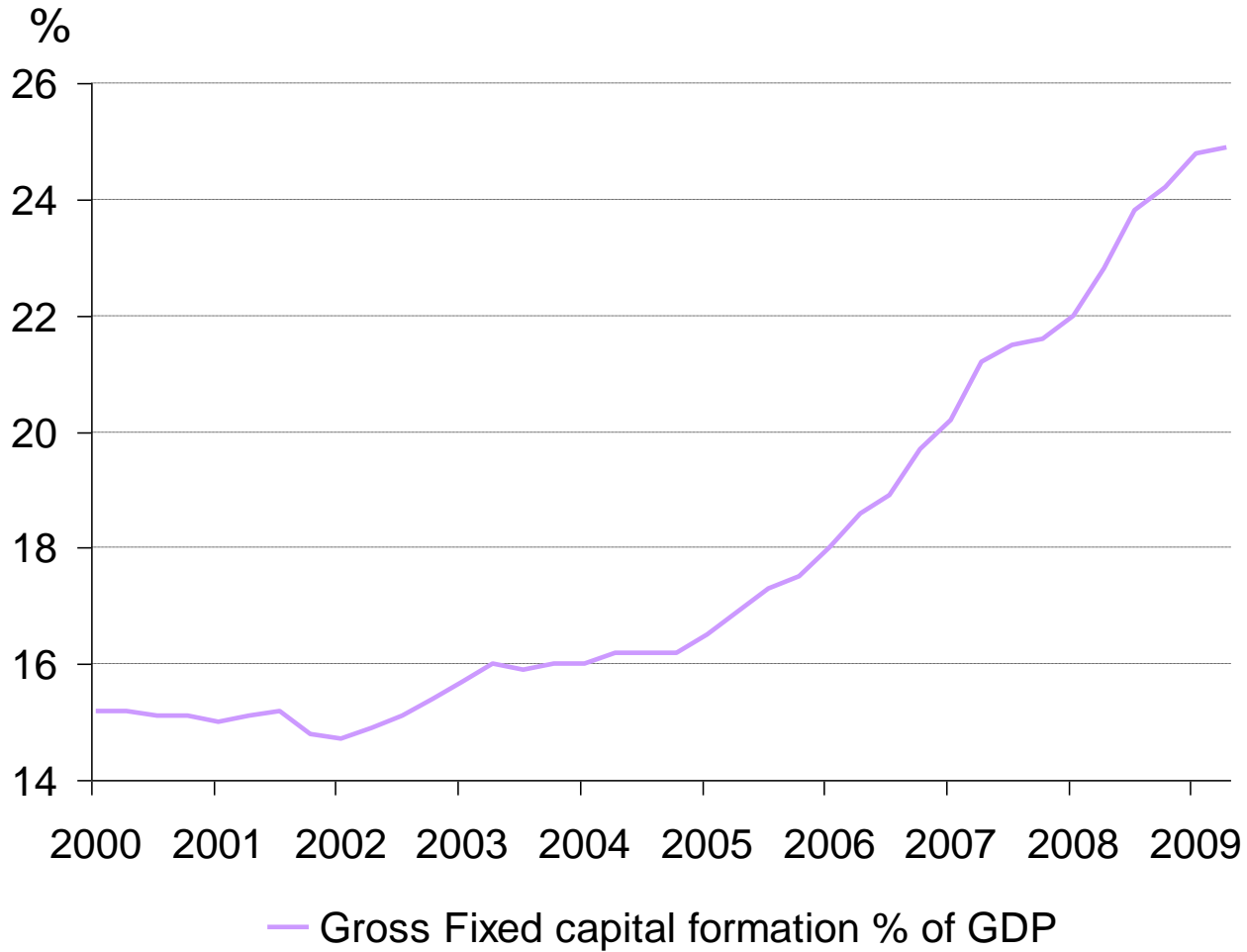


....for SA to grow we must invest in fixed assets..



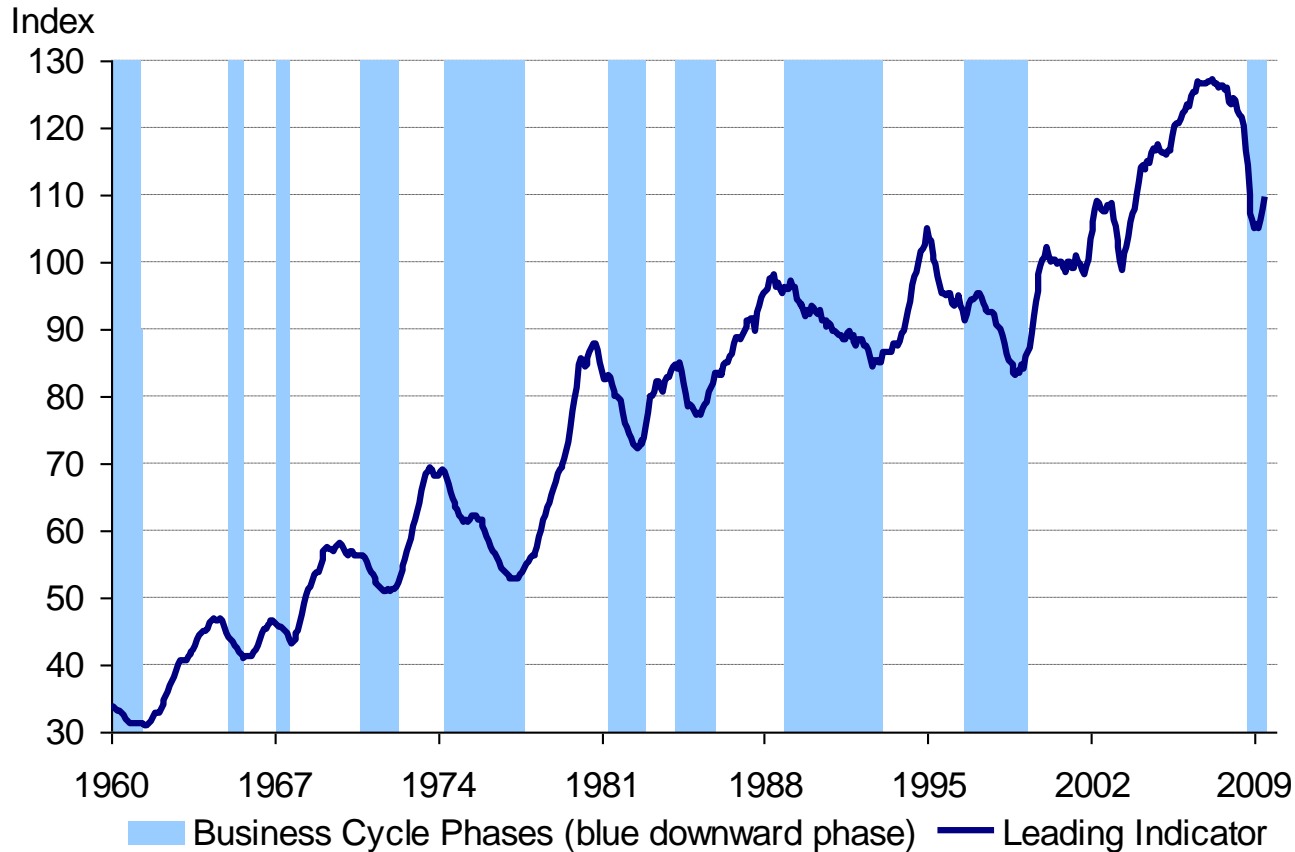


....SA is moving in the right direction,  
although slowly..



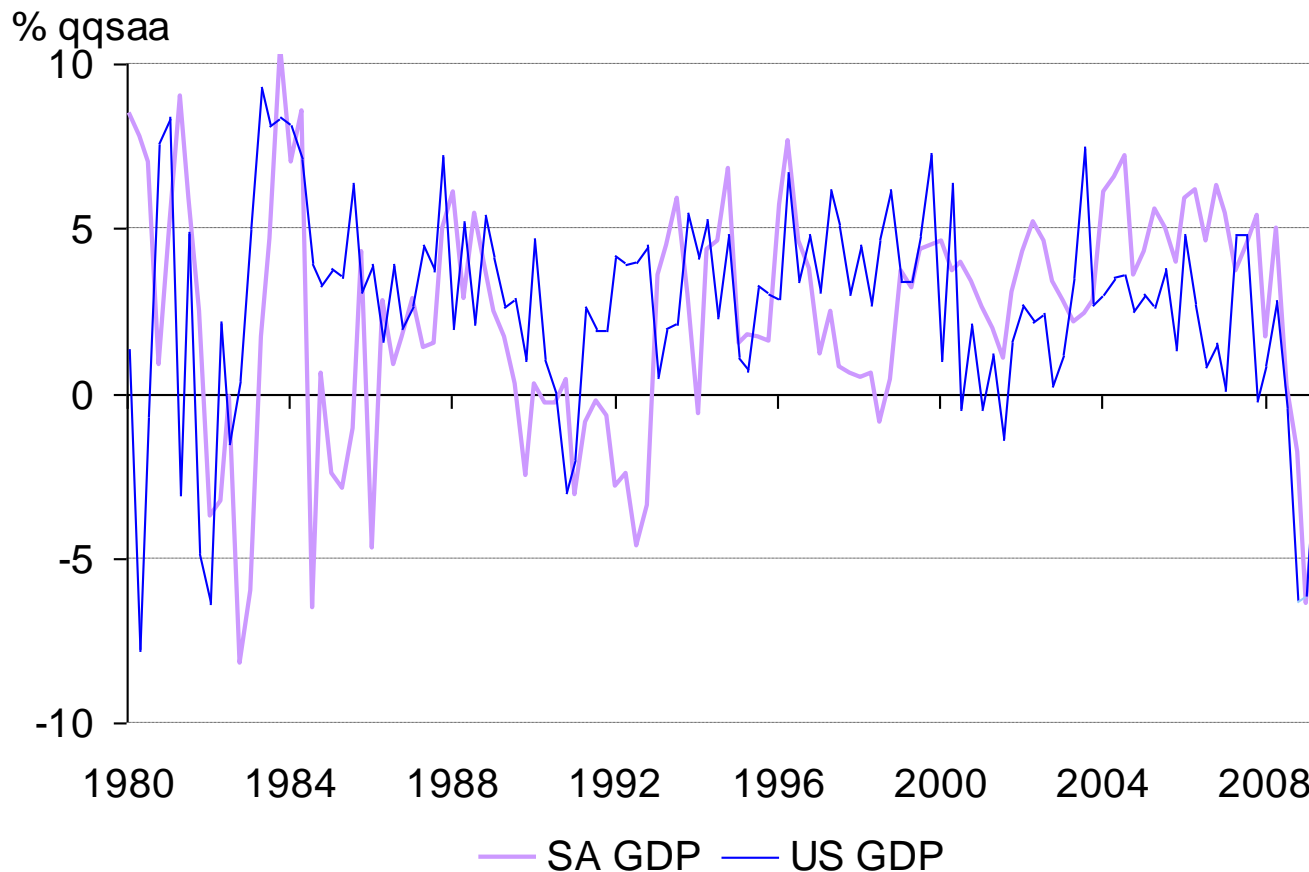


SA's leading indicator has risen for three successive months, could be signaling a turning point....



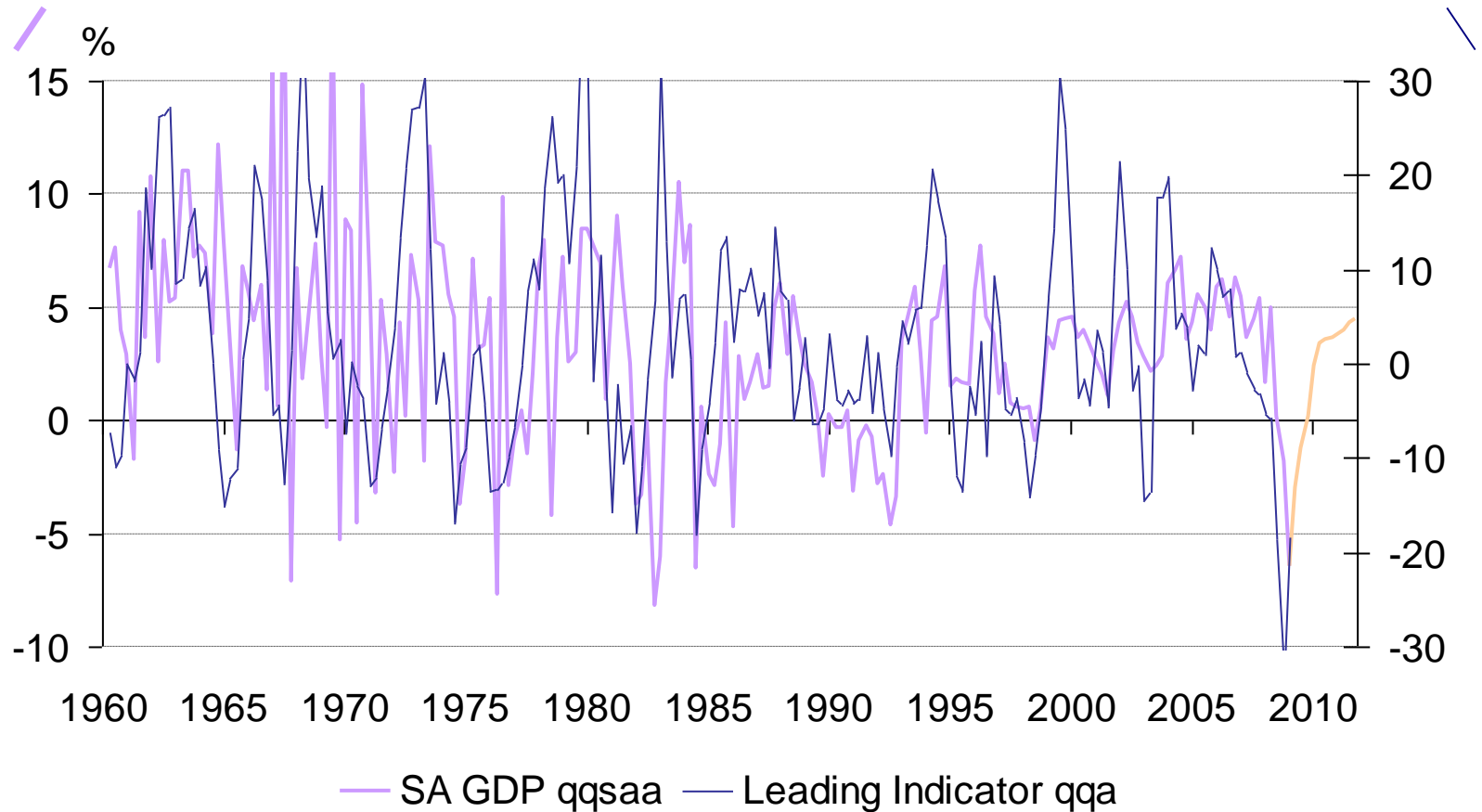


Similarly, the US recorded a less than expected contraction in Q2.09 and is likely to record GDP growth in Q3.09 (SA lags the US by one quarter)...





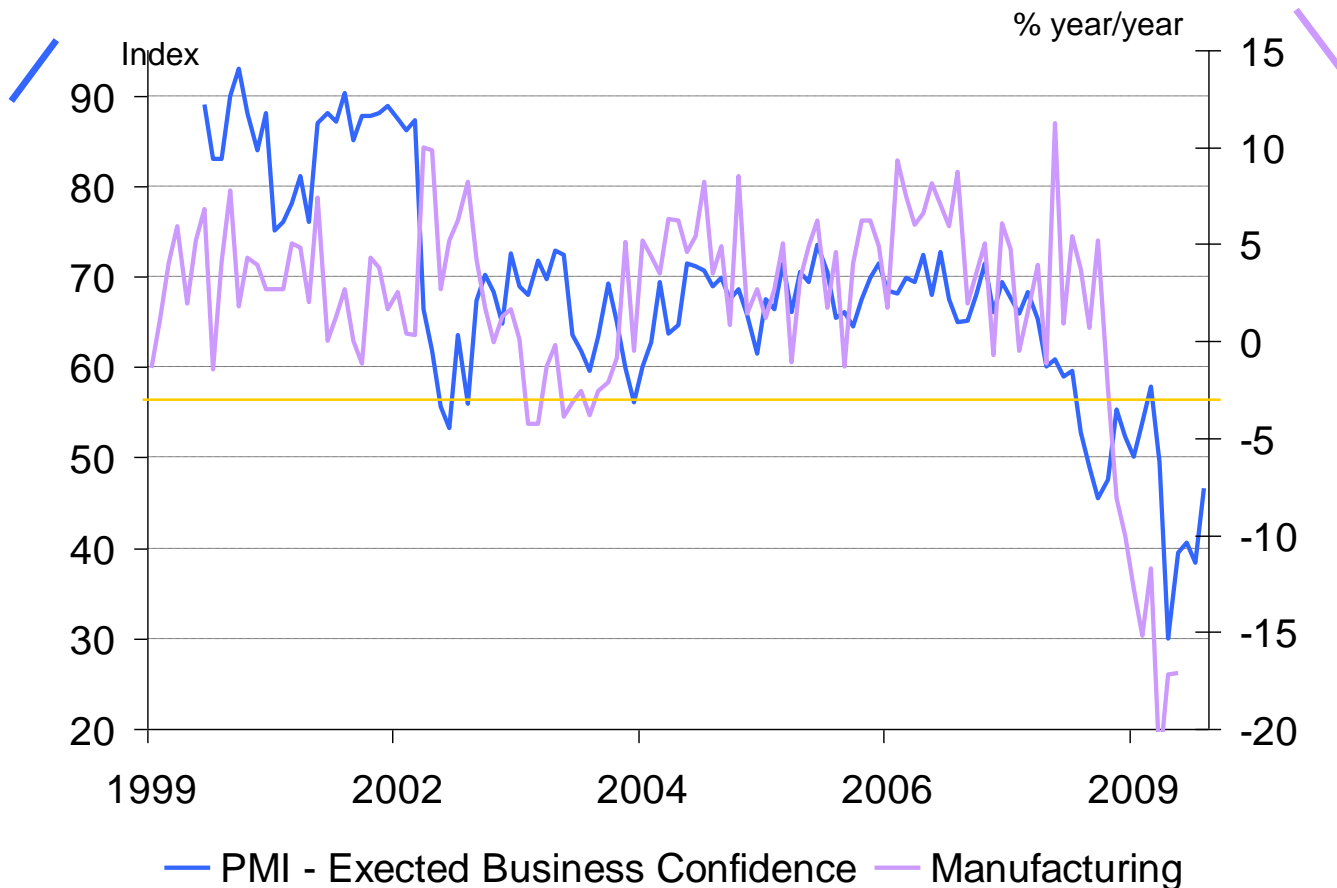
... we believe the worst of the current recession is over but remain cautiously optimistic about the recovery path....





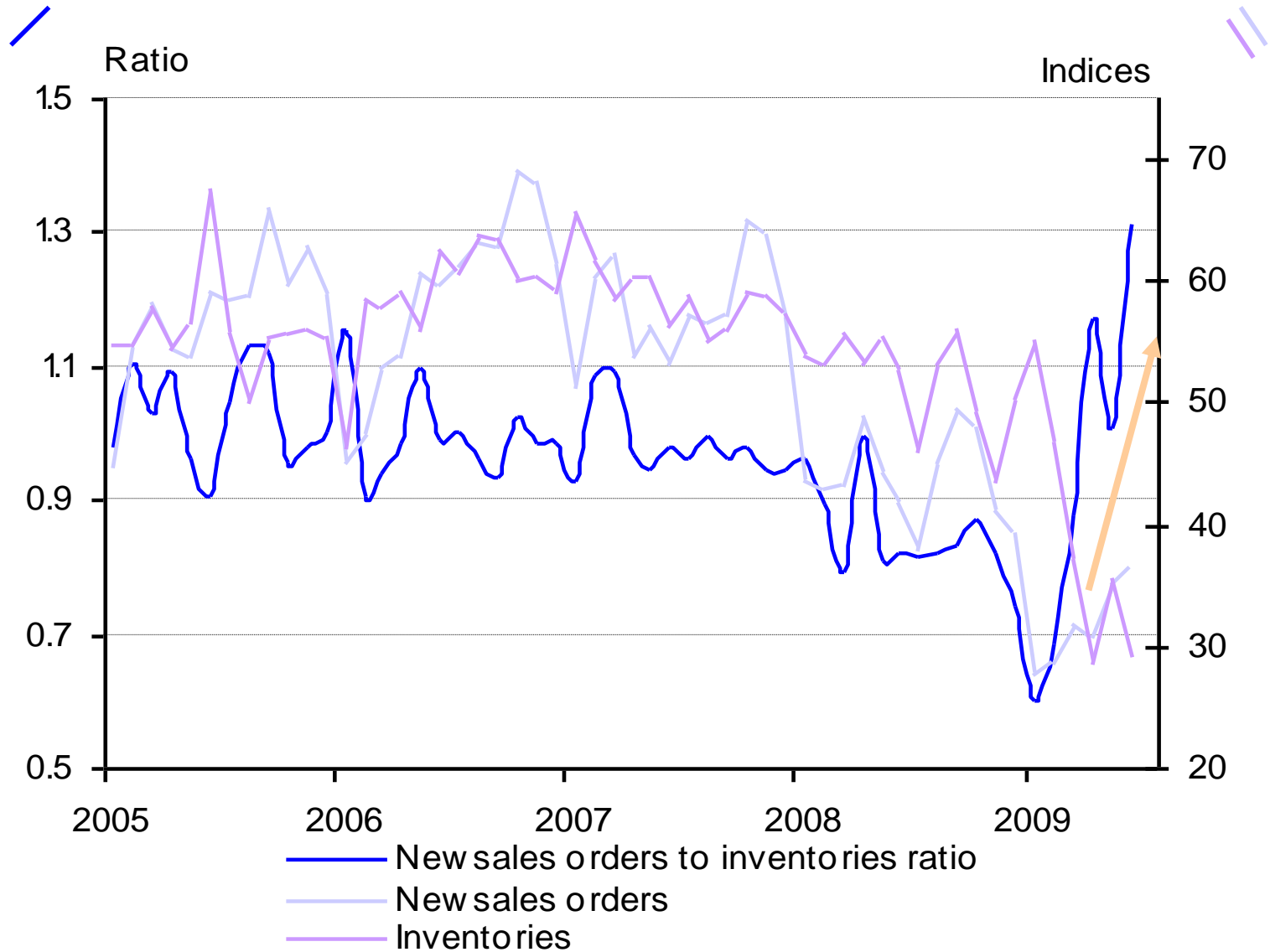


...despite seeds of hope for SA:  
the PMI is indicating a less rapid contraction in  
the manufacturing sector in 6 months time...





# PMI new sales orders & inventories



## SA's key forecasts to Q1.10

Household Consumption Expenditure	Q3.09	Q4.09	Q1.10
<b>GDP (qqsa, %)</b>	<b>-1.2</b>	<b>0.2</b>	<b>2.4</b>
HCE (qqsa, %)	-1.1	0.7	2
GCE (qqsa, %)	4.1	3.9	4.4
GFCF (qqsa, %)	-4.4	-3	2.6
Real change in Inventories (R'bn)	-6.2	1.2	1.2
GFCF as a % GDP	23	22	
GDE (qqsa, %)	4.7	2.7	2.6
Exports (goods & non-factor services) - (qqsa, %)	6.3	0.5	-10
Imports (goods & non-factor services) - (qqsa, %)	14.9	8.3	-5.9
Balance: Current Account (saa) - R'bn	-133.4	-156.8	-164.5
Balance: Current Account (saa) - % GDP	-5.4	-6.3	-6.6



## Factors supporting another interest rate cut this year...

	Latest	Previous	Supportive
Unemployment	23.5	21.9	Yes
TEI - leading indicator for retail sales	Below 50	Below 50 & falling	Yes
PMI	Below 50	Below 50 & falling	Yes
PMI Inventories	Below 50	Below 50 & falling	Yes
PMI New Sales Orders	Below 50	Below 50 & falling	Yes
RMB/BER Business Confidence Index	Below 50 & falling	Below 50 & falling	Yes
FNB/BER Composite Building Confidence Index	Below 50 & falling	Below 50 & falling	Yes
PSCE	6.0	7.6	Yes
PPI Inflation	-4.1	-3.1	Yes
Growth	-3.0	-6.4	Yes
CPI Inflation	6.9	8.5	Expected to be in target in Q4.09
CPI Inflation - December	5.5		Yes



# Fiscal Policy

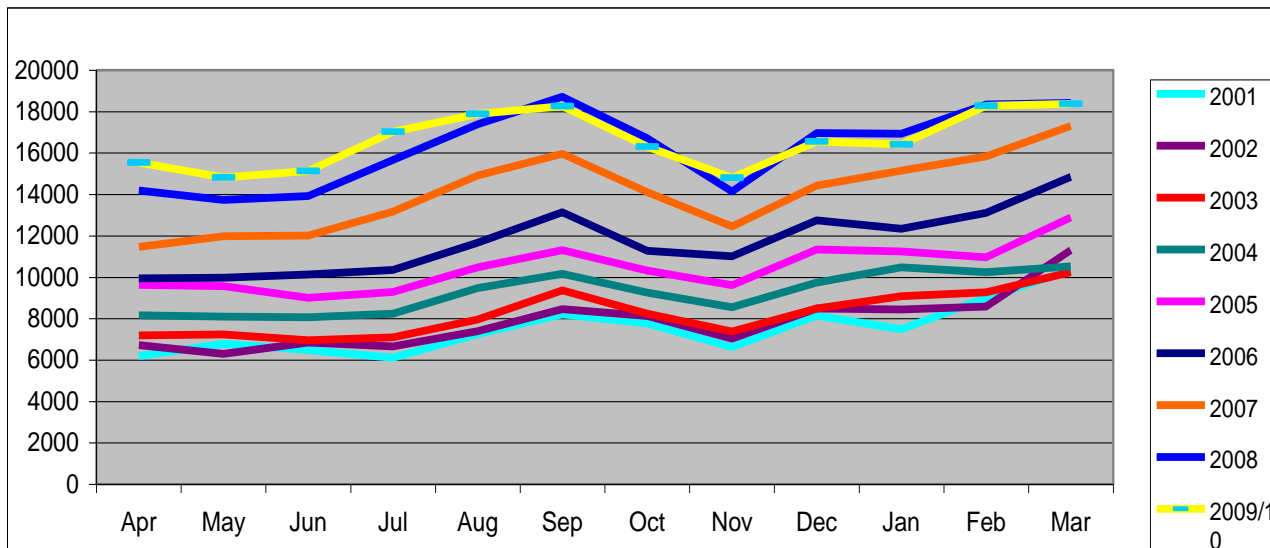


# Personal Income tax

## Personal income tax

	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Year	Percentage
1998	5307	5408	5661	5421	6230	7452	6616	5928	6815	7186	6951	8619	<b>77594</b>	
1999	5127	6561	6055	6675	7149	8057	7081	6422	7667	7646	7754	9692	<b>85884</b>	10.68
2000	5908	5803	6453	6646	7607	7711	7856	6531	7495	7775	8063	8630	<b>86478</b>	0.69
2001	6183	6786	6488	6112	7245	8212	7776	6620	8141	7493	9000	10334	<b>90390</b>	4.52
2002	6724	6298	6845	6654	7393	8451	8134	7030	8488	8435	8580	11306	<b>94337</b>	4.37
2003	7184	7229	6960	7102	7950	9361	8239	7383	8487	9083	9270	10247	<b>98495</b>	4.41
2004	8161	8089	8061	8231	9469	10166	9256	8552	9745	10476	10246	10528	<b>110982</b>	12.68
2005	9625	9565	9004	9290	10485	11304	10317	9616	11341	11238	10971	12889	<b>125645</b>	13.21
2006	9952	9969	10139	10354	11671	13145	11278	11017	12747	12346	13113	14848	<b>140578</b>	11.89
2007	11469	11979	12016	13168	14916	15965	14116	12457	14421	15151	15827	17303	<b>168788</b>	20.07
2008	14190	13736	13919	15667	17382	18721	16706	14141	16964	16933	18333	18423	<b>195115</b>	15.60
2009/10	15538	14817	15124	<b>17023</b>	<b>17887</b>	<b>18265</b>	<b>16299</b>	<b>14796</b>	<b>16550</b>	<b>16420</b>	<b>18277</b>	<b>18367</b>	<b>199364</b>	2.18

17.98    18.00    8.68    0.40



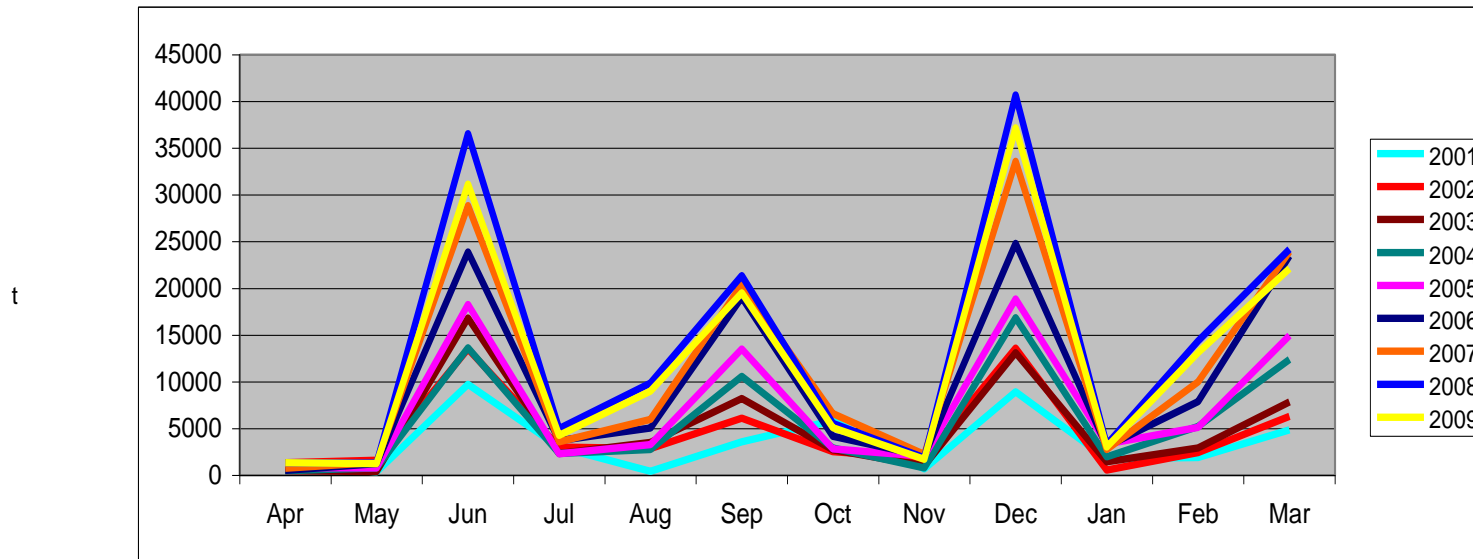


# Company Tax

## Company tax

	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Year	Percentage
1998	651	307	1787	3117	142	989	3198	2107	3940	1800	1001	3975	23011	
1999	455	169	2098	3003	267	1734	3500	162	3334	1849	898	3503	20972	-8.86
2000	769	-207	3629	3048	483	1946	3245	513	4307	3422	1051	7285	29492	40.63
2001	1145	353	9746	3040	438	3586	5866	683	8955	1769	1901	4872	42354	43.61
2002	1362	1600	13511	3030	2859	6119	2531	1821	13598	553	2436	6324	55745	31.62
2003	493	383	16834	2334	3531	8212	2728	1021	13118	1444	2926	7857	60881	9.21
2004	505	787	13657	2327	2767	10570	2916	805	16857	1984	5220	12387	70782	16.26
2005	816	775	18279	2317	3274	13510	2841	2035	18882	3352	5124	14955	86161	21.73
2006	511	1258	23893	3707	5058	19040	4188	2068	24822	3090	7887	23477	118999	38.11
2007	751	1389	28847	3579	5990	20418	6615	2241	33601	2761	9983	23931	140106	17.74
2008	1337	1303	36539	5000	9853	21380	5563	1861	40685	3300	14358	24198	165378	18.04
2009	1346	1246	31157	4263	9002	19533	5082	1700	37170	3015	13117	22108	148741	-10.06

20.76    26.44    -13.86    -8.88

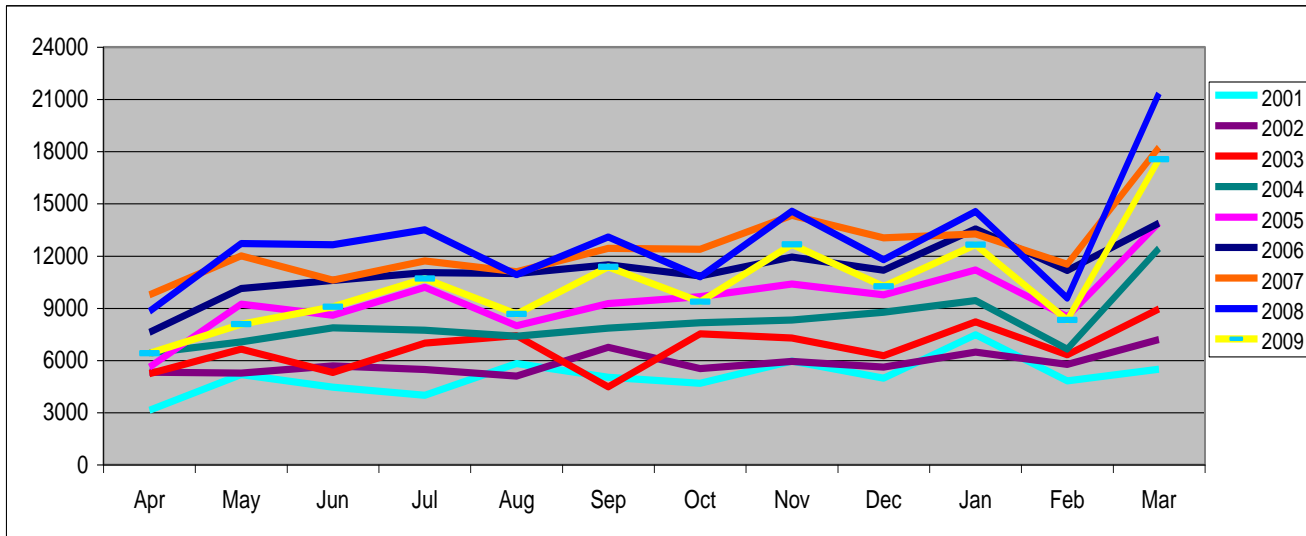




# Value Added Tax

	VAT												Year	Percentage
	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar		
1998	3120	3851	3089	3584	3359	3650	3560	4496	3227	4088	2548	5105	43677	
1999	2904	3739	2803	4463	3224	5603	4247	4014	4516	4373	3633	4857	48377	10.76
2000	3755	4786	3280	4959	4426	4433	3952	4921	4681	5442	3805	6014	54455	12.56
2001	3143	5180	4468	4003	5829	5025	4681	5963	4971	7469	4831	5494	61057	12.12
2002	5327	5273	5683	5479	5096	6759	5528	5947	5621	6472	5769	7196	70150	14.89
2003	5229	6654	5301	7001	7423	4486	7529	7286	6278	8219	6322	8953	80682	15.01
2004	6434	7071	7879	7737	7387	7862	8174	8313	8768	9447	6650	12437	98158	21.66
2005	5624	9242	8591	10204	7993	9275	9663	10382	9765	11197	8509	13907	114352	16.50
2006	7620	10131	10596	11045	10989	11488	10853	11941	11177	13568	11170	13886	134463	17.59
2007	9765	12000	10606	11715	11098	12447	12392	14328	13036	13272	11533	18252	150443	11.88
2008	8816	12709	12645	13503	10929	13091	10795	14569	11790	14565	9577	21351	154340	2.59
2009	6408	8088	9083	10699	8660	11373	9378	12657	10243	12654	8320	17549	125113	-18.94

14.19    5.56    -31.00    -15.51







# Total Revenue

## Total Tax Revenue

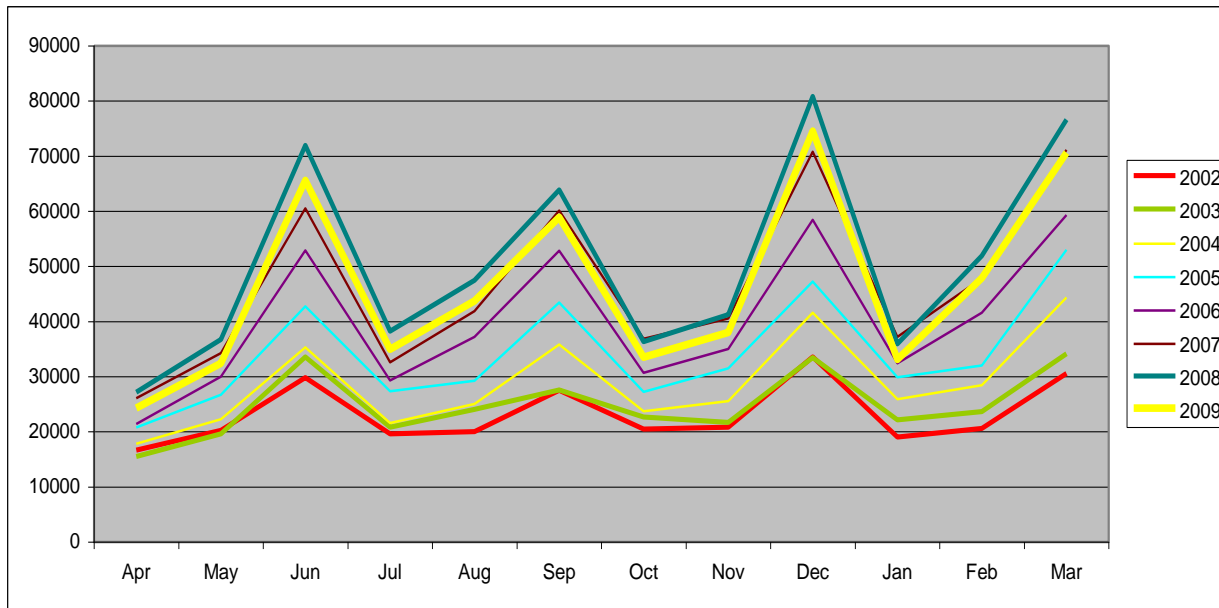
	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Year	Percentage
1998	10507	12789	13463	16233	13368	15533	17622	13569	17891	15776	14753	21662	183166	
1999	10320	14030	14991	16075	15014	19628	16706	15430	20609	15905	15650	24138	198494	8.4
2000	12250	15036	17515	16776	15962	18970	17906	16734	20904	19157	16810	27573	215592	8.6
2001	12441	17773	22784	18682	18820	22635	22064	19118	26864	19919	19894	27107	248101	15.1
2002	16647	20227	29816	19587	19993	27512	20477	20820	33585	19019	20599	30603	278885	12.4
2003	15503	19597	33577	20813	24079	27565	22647	21681	33440	22158	23632	34178	298870	7.2
2004	17812	22294	35314	21558	25028	35829	23731	25559	41584	25878	28416	44350	347352	16.2
2005	20781	26692	42730	27353	29241	43448	27224	31517	47263	29859	32019	53038	411164	18.4
2006	21412	30017	52916	29301	37218	52858	30708	34997	58430	32445	41618	59282	481201	17.0
2007	26053	34255	60506	32577	41913	60133	36855	40542	70791	37184	47802	71163	559774	16.3
2008	27196	36733	71946	38236	47458	63870	36356	41264	80832	35922	51937	76600	608348	8.7
2009	24301	32435	65575	<b>34950</b>	<b>43748</b>	<b>58876</b>	<b>33513</b>	<b>38038</b>	<b>74513</b>	<b>33113</b>	<b>47876</b>	<b>70611</b>	<b>557550</b>	<b>-8.4</b>

15.78

12.47

-9.98

-7.88



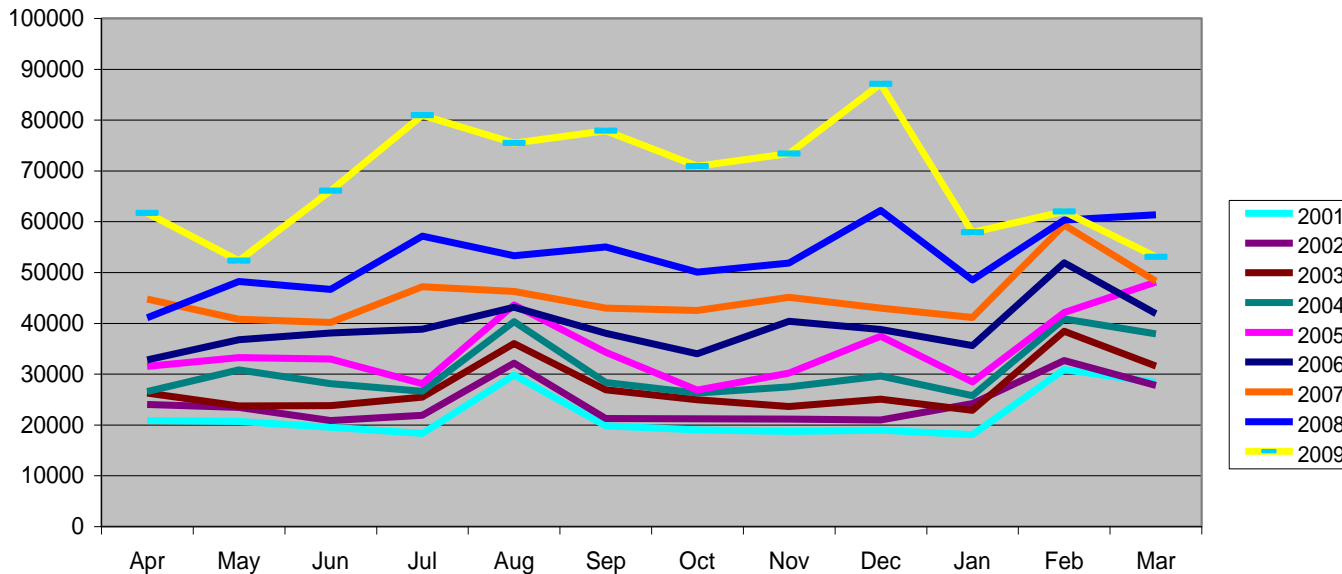


# Total Expenditure

## Total Expenditure

	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Year	Percentage
<b>1998</b>	19123	14662	16743	14001	21583	16554	15634	15241	16743	14695	22573	16473	<b>204028</b>	
<b>1999</b>	20347	16346	16370	15373	23688	17840	14859	15870	17832	15348	23426	19109	<b>216405</b>	6.1
<b>2000</b>	21144	16003	18338	16515	24505	19064	17058	16217	18734	17009	26632	22725	<b>233944</b>	8.1
<b>2001</b>	20867	20681	19541	18306	29775	19794	18993	18701	18965	18073	30856	28354	<b>262905</b>	12.4
<b>2002</b>	23997	23458	20827	21897	32136	21264	21216	21124	20983	24207	32678	27741	<b>291529</b>	10.9
<b>2003</b>	26288	23724	23806	25474	36018	26913	24922	23643	25057	22877	38435	31590	<b>328744</b>	12.8
<b>2004</b>	26554	30823	28097	26625	40349	28350	26271	27454	29621	25761	40819	37878	<b>368603</b>	12.1
<b>2005</b>	31487	33210	32976	28096	43578	34299	26841	30211	37423	28449	42096	48118	<b>416784</b>	13.1
<b>2006</b>	32749	36755	38094	38830	43154	38037	34007	40392	38768	35611	51877	41889	<b>470163</b>	12.8
<b>2007</b>	44775	40758	40175	47206	46270	42999	42485	45112	42976	41123	59314	48251	<b>416784</b>	13.1
<b>2008</b>	41061	48213	46651	57159	53281	54992	50082	51823	62219	48500	60309	61357	<b>635647</b>	52.5
<b>2009</b>	61667	52329	66052	<b>80931</b>	<b>75439</b>	<b>77862</b>	<b>70910</b>	<b>73375</b>	<b>87094</b>	<b>57890</b>	<b>61985</b>	<b>53063</b>	<b>818597</b>	28.8

16.83    8.13    32.46    27.78





# Budget Deficit



- Global economy approaching stability although not uniform
- Most of this due to government intervention and inventories
- SA's recovery will lag trading partner countries and is expected to be slow
- PPI and CPI are expected to continue on their down path
- Interest Rates
- The rand is still seen remain at current levels but could reverse
- Budget deficit likely to be around 8% of GDP