

# Nedbank

## Guide to the Economy

18 October 2007 | ISSN 1023-7097

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The possibility of a US recession has increased in recent months. If this occurs, it will be the first serious test of the decoupling theory that holds that other major economies are no longer as dependent on demand from the world's largest economy. This article examines prospects for South Africa under a negative US scenario.

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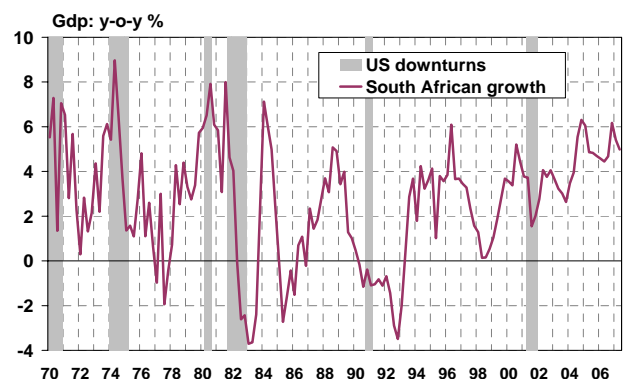
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### WHAT A US RECESSION MIGHT MEAN FOR SOUTH AFRICA

*The US economy is threatened with a possible recession for the first time since 2001. Weakness in the housing market and the subprime mortgage crisis threaten to depress spending in the world's largest economy. Normally, this would spell trouble for a small open economy that is commodity-based, but the conventional wisdom is that this time might well be different. How shielded is the South African economy by changing internal and external circumstances?*

Graph 1: South African growth and US downturns



#### The threat of a US downturn

US economic growth has slowed over the past year on reduced activity in the housing market and related industries. This follows several years of strong growth in the sector that was stimulated by low – or even negative – real interest rates as well as significant house price appreciation. The possibility of a US recession has increased in recent months, following the related difficulties in the subprime mortgage market and in credit markets more generally.

The subprime mortgage problem has been well documented and understood for some time now. It was



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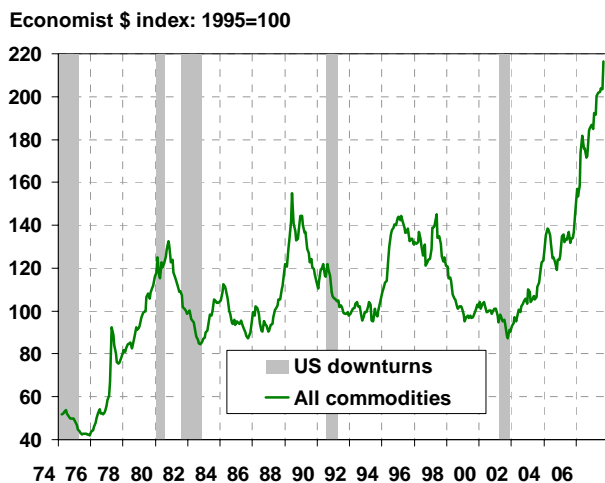
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already apparent in 2005 that a portion of total home loans would experience difficulties in 2007 and 2008 on the back of severe interest rate rises affecting these loans. However, what was less understood was that the packaging of these and other loans into securities would cause widespread chaos in financial markets once investors attempted to exit these poor investments. From early August to mid September liquidity dried up in major financial centres as banks struggled to assess the quality of paper being offered in the market. Central banks were forced to provide significant liquidity in various markets, culminating in the US Federal Reserve's decision to cut interest rates by 50 basis points on 18 September.

The more lasting effect of the crisis may be tighter credit conditions and some unravelling of the creativeness in financial markets that has boosted liquidity and fuelled US economic growth over the past few years. It is difficult to assess the full impact that this might have, with most commentators looking for growth of around or below 2% compared with an estimated potential of 2,8%. However, the potential spillover may be more significant, with former Federal Reserve Chairman putting the odds of a recession at less than 50-50, compared with his March assessment of a one-third probability. Further complications are high energy prices, low savings and high levels of debt.

Why this matters is that the US traditionally plays a dominant role in the global economy because of its size. The old adage 'if the US sneezes, the rest of the world catches a cold' has applied fairly consistently over decades. The global economy is still very dependent on the US consumer, whose spending is equivalent to around 20% of world gdp in straight US dollar terms. This is because US gdp (at 28% of global gdp) is considerably larger than China's and India's combined gdp in dollar terms (at about 8%), partly due to the effect of over- and undervalued exchange rates.

Graph 2: Commodity prices and US downturns



The US consumers' importance in global final demand over the past few years has been reflected in the bulging US current account deficit, which rose from 3,4% of gdp at the end of 2001 to 6,8% at the end of 2005 and is around 5,5% at present. In dollar terms the annual US shortfall is equal to the size of an economy such as Australia or Mexico. At the same time China's current account surplus has widened dramatically, from 1,3% of gdp to around 10%.

A further concern is that US problems may be ultimately spread through financial flows rather than trade flows. The recent reverberations from the subprime mortgage debt problem were felt in major financial centres across the globe and highlighted this vulnerability. Liquidity in several centres dried up and credit appetite faded. While strong action by central banks and collective assurances from major financial institutions have papered over the cracks, there is still a feeling that difficulties could re-emerge and spill over into unrelated markets.

### Has the US locomotive been decoupled?

All this suggests that the US remains the key driver in global economy. However, global growth has so far remained resilient in the face of the US growth slowdown since the middle of 2006. Asian growth, in particular, has powered ahead due to robust investment spending and a strongly emerging consumer market of considerable numbers (populations of around 1,3 billion in China and 1,2 billion in India). Export growth has also remained impressive, much of it as a result of intraregion trade. The problem has not been that growth is slowing, but that it may be unsustainably high. The Chinese authorities have periodically indicated that the 10% plus economic growth of the past few years needs to be curbed to around 8% to prevent overheating.

In contrast to the dollar measure mentioned earlier, gdp measured on a purchasing power parity basis (PPP, which eliminates the distorting effects of under- or overvalued national currencies) puts China's and India's combined contribution at around 22% of world gdp compared with the US's 19%. This measure gives a more accurate picture of underlying activity and explains why the Asian region is becoming so important in global terms. Importantly for South Africa and the rest of Africa, Asian growth is also absorbing a disproportionate amount of commodities because of the massive expansion of infrastructure, the heavy manufacturing bias and the sheer numbers of people being serviced. The Asian expansion is also very dependent on capital goods, helping countries like Japan and Germany and broadening the base of world growth.

Another source of comfort is that the US slowdown has so far been restricted to specific domestic sectors dependent on the ailing housing market. Although the growth of

consumer spending has slowed, this has been insufficient to derail growth elsewhere.

### South Africa and the US

South Africa is sensitive to US cycles as graph 1 suggests. Typically downturns in the US result in recessions in South Africa, although there have been exceptions. In the 1970s and early 1980s a soaring gold price shielded the local economy to some extent. More recently, the 2001 episode was associated with a moderation only in South African growth.

It is not surprising that a small open economy such as South Africa would be influenced by developments in the world's largest economy. This is not only because exports and imports form a relatively large portion of the overall economy, but also because the country is dependent on capital inflows to make up for inadequate domestic savings. Over the past decade the links with other economies and markets have become more significant. External trade accounted for 63% of the total economy in 2006, compared with 44,2% in the 1990s and 52,6% in the 1980s. This is despite the falling significance of gold, which now makes up less than 10% of exports compared with the 1980 peak of 50% and an average contribution of 43% in the 1980s. Exports alone make up around 30% of gdp, a steady buildup from the 22% prevailing at the time of the country's first democratic elections in 1994.

Global economic performance also has a bearing on export and import prices. Strong growth typically helps South Africa's terms of trade, the ratio of export to import prices. This helps financial flows and boosts the country's wealth.

Finally, robust economic growth internationally is often accompanied by positive financial market sentiment, increased willingness on the part of investors to take on increased risk and also a larger pool of financial resources. This enables countries like South Africa to invest and grow quicker.

Closer examination of the statistics shows that the direct impact of US performance on the South African economy is limited, however. South Africa exports around 9% of the total directly to the US and imports around 8%. This contrasts with Western Europe (around 40% and 34%) and East Asia (around 23% and 28%). Unsurprisingly, South Africa is therefore much more dependent statistically on what happens in the rest of the world in general and in Europe in particular. This link has grown stronger in recent years.

It seems plausible that the economic and financial links with the US are often the result of common factors impacting on both economies rather than events in the US alone leading South Africa into difficulties. Examples

would include the oil crises of the 1970s and the early 1990s, and the fallout from financial market crises in the 1990s and 2000s. Although the US experienced a downturn in 2001, for example, it was reduced liquidity flowing to emerging markets that helped force interest rates up in South Africa and weaken domestic demand.

The current threat to the US economy will therefore become a problem for South Africa only if there is significant spillover into the real economies or markets of other regions. At present there seems to be enough of a cushion in the global economy to absorb an underperforming, but still growing, US economy.

South Africa's own vulnerability at present is also dependent on the nature of any deterioration in the global climate. Growth is less vulnerable to slower external demand because high levels of capacity utilisation and infrastructure needs almost ensure that the fixed investment boom will continue into the medium term. However, if a global slowdown is accompanied or caused by increased risk aversion and reduced access to external financing, the country becomes more vulnerable because it remains very dependent on capital inflows to finance a large current account deficit. Despite this, increased foreign exchange reserves and low foreign debt will help to mitigate any short-term difficulties in global financial markets.

### Conclusion

South Africa's direct exposure to the US is relatively limited, making it more tied to global economic rather than US fortunes. In the short term the consensus view that Asia and other regions will pick up the slack left by a weaker US economy looks correct. However, much will depend on the severity of any US downturn. Ultimately, the US consumer still rules and the past few months have taught us that global economic and financial links are strong and can surprise in their manifestations.

Dennis Dykes

## Economic review and forecast

### International background

The **global expansion** is likely to moderate slightly during the remainder of the year and in 2008, as slower growth in the US and tighter monetary policies in Europe and the UK start to impact. The risk that the slowdown could be worse than initially expected has increased over the past quarter. Among the concerns are that weakness in financial markets may resurface and help provoke weakness in consumer spending in the US, pushing the world's largest economy into recession and hurting global growth through reduced trade and financial flows. Inflationary pressures remain and central banks may yet be forced to tighten

monetary policy at a time when global growth has begun to ease. In contrast, Asian growth is expected to remain relatively unscathed, helping to offset any moderate slowdown in the developed world's growth.

Ongoing weakness in the **US** housing market still poses the greatest risk to the US economy, which has been growing below its potential over the past year. The fallout in the subprime mortgage market has exacerbated the housing crisis, as stricter lending criteria and higher borrowing costs have made it less likely that the housing market will recover shortly. There is growing apprehension that falling house prices will adversely affect consumer spending, which makes up 70% of the US economy, increasing the chance of a recession. Financial markets fell sharply in early August on fears of a more marked slowdown. The Federal Reserve's decision to cut rates by 50 basis points in September and resilient consumer spending have alleviated some concerns that the US may be heading for a recession, although the economy remains vulnerable with weak figures for housing, employment and industrial production. The large current account deficit of 5.5% remains a concern, but there is preliminary evidence to suggest that a weaker dollar and strong demand from Asia have boosted exports. Growth in imports should be constrained by weaker domestic demand.

Growth in the **Eurozone** showed signs of moderating even before the recent financial market turmoil, as the cumulative effect of rate hikes since late 2005 took their toll. Consumer spending failed to gain momentum, while growth in the manufacturing and construction sectors – the key drivers of economic growth in the past – has begun to ease. Exports have been resilient in the face of a much stronger euro, but exporters may start to take strain should the euro remain above \$1.40 for an extended period of time. The situation will be exacerbated by a significant slowdown in the US. Prior to the recent credit squeeze, the European Central Bank (ECB) believed that inflation had probably not peaked, despite having crept below the upper limit of the ECB's target range. However, recent events have put any tightening of monetary policy on hold while the ECB assesses the impact on the real economy.

The **UK** economy was in good health prior to problems in the financial markets, with second-quarter gdp coming in above market expectations. There are few indications that domestic demand has begun to respond to higher interest rates, with growth in retail sales, money supply and manufacturing production remaining surprisingly resilient. Inflation recently dipped below 2%, but with producer prices high and capacity stretched, the Bank of England remains concerned about inflation. The outlook for the UK has been clouded by recent events, particularly given the more direct impact of a slowdown in financial services on the economy.

**Japan's** economic recovery has been built on exports and business investment needed to expand production. Recent data suggests that both have probably reached their peak, while consumer spending has shown few signs of gaining momentum. This slowdown was reflected in the latest gdp figures, which showed that the economy contracted at an annualised rate of 1.2% in the second quarter. Although Japanese figures are extremely volatile, weaker growth will probably persist. Recent financial market events have increased borrowing cost for companies, left the yen firmer and probably weakened external demand. These factors combined will hamper growth in the months ahead. Deflation remains a concern, making it unlikely that the Bank of Japan will raise rates this year, despite a desire to normalise rates.

Emerging markets have remained relatively unscathed from August's financial market troubles, as weakness has been confined largely to developed countries with exposure to subprime mortgage debt. Positive sentiment towards emerging markets is reflected in the sustained upward momentum of the Morgan Stanley Emerging Market Index, which has risen by 20% since the end of June. **Asia's** economic growth is expected to accelerate further this year, driven by China and India, despite recent financial market turmoil and a slowdown in the US economy. Capital controls and massive foreign exchange reserves should cushion these countries from fluctuations in capital flows. Weaker capital flows may even prove to be a blessing in disguise for economies battling to cope with excess liquidity and overheating. Asia's prospects will be determined by its ability to deal with domestic problems, including limited spare capacity, poor infrastructure and the impact of high oil prices. Inflation has risen sharply in **China**, fuelled by rising food prices, which has sparked popular dissent. Chinese authorities have responded by raising interest rates five times since the start of the year and imposing a freeze on government-controlled prices. Stronger macroeconomic fundamentals have made **Latin America** more resilient to financial market shocks. However, the region may not escape recent turmoil unaffected, given its close trade and financial links with the US. Pre-election populism in Argentina and rampant government spending in Venezuela make spiralling inflation a longer-term concern. Prospects for **sub-Saharan Africa** are closely linked to commodity prices and foreign investment. Commodity prices are likely to be supported at least in the short term as demand from Asia remains robust. However, tighter credit conditions and heightened risk aversion may make companies less willing to invest in riskier ventures in Africa.

**Commodity prices** have soared to near record peaks in recent weeks. Strong oil demand, sluggish non-OPEC production as well as political problems in Pakistan, tensions over Iran's nuclear programme and supply disruptions in Nigeria have caused the oil price to break

through \$80 a barrel. Gold and platinum prices have surpassed their 2006 highs on safe-haven buying and dollar weakness, reaching \$760 per ounce and \$1 415 per ounce respectively. Prices of some agricultural goods, particularly wheat and maize, have risen sharply and remain at elevated levels. Adverse weather conditions in many parts of the world, rising demand from the biofuels industry as well as strong demand from China and other emerging economies have contributed towards rising agricultural prices. The Economist's dollar commodity price index has risen by 7% after increasing by 5,6% in the second quarter.

**Global equity markets** fell sharply in late July as a result of concerns that the fallout in the US subprime mortgage market would have broader repercussions for the global financial system and the real economy. The quick response by some central banks to add additional liquidity as well as the Federal Reserve's decision to cut rates by 50 basis points have since caused equities to rally. However, markets are likely to remain relatively volatile until there is a clearer picture of to what extent credit market problems will impact the real economy.

**Exchange rate markets** have been dominated by dollar movements. The US unit initially benefited from financial market turmoil as investors sought refuge in safer US treasury bills. More recently, the dollar has continued its weakening trend, reaching record lows against both the euro and the British pound. Deteriorating prospects for US economic growth and speculation that the Federal Reserve will cut rates once more before the end of the year have weighed on the US unit.

### Domestic prospects

**Economic growth** eased but remained strong in the second quarter of 2007, with real gdp rising by a slightly slower 4,5% on a seasonally adjusted annualised basis, down from 4,7% in the first quarter and 5% in 2006 as a whole. The moderation in growth could be attributed mainly to slower activity levels in the manufacturing and trade sectors on the back of capacity constraints and lower consumer demand. In contrast, buoyant growth was recorded for agriculture, construction, financial services and transport.

Domestic spending as measured by gross domestic expenditure was down sharply in the second quarter, but this was due to an unexplained massive negative in the residual item. Within domestic demand, fixed capital formation is now the main driver of growth, while growth in consumer spending continues to ease.

The acceleration in **fixed investment activity** continued, albeit at a reduced pace after recording extraordinary high growth in the first quarter. Strong capital outlays by the general government, public corporations and the private

sector all contributed to the sustained expansion. Work is still focused on addressing general capacity constraints as well as on upgrading and developing infrastructure and stadiums for the 2010 FIFA Soccer World Cup.

Growth in **consumer spending** was dragged down by lower demand for durable goods (mainly new vehicle sales) and non-durable goods (largely food, beverages, tobacco and petroleum products). Households were affected by a combination of factors, including higher prices, higher interest rates and the introduction of the National Credit Act on 1 June. However, firm growth in real disposable income, which was buoyed by good employment growth, kept household finances fairly sound despite even higher debt levels. Household debt to disposable income rose to a new record high of 76,6% in the second quarter from just below 74% at the end of 2006, while the ratio of interest service costs to disposable income increased to 9,7%, still below the 1998 record of about 15%.

Import volumes fell slightly in the second quarter – also due to lower consumer spending – even though oil imports rose considerably, while the volume of exports rose marginally on firm international demand. The trade deficit narrowed substantially, but this was largely countered by a sharp increase in the services deficit (net payments for services and income to non-residents) due to higher payments of dividends to foreigners, following good corporate results. The **current account deficit** improved to 6,5% of gdp compared with 6,9% in the first quarter. This was lower than the recent peak of 7,8% in the fourth quarter of 2006, reducing concerns about its sustainability. **Capital inflows** were again more than sufficient to finance the deficit on the current account. Financial flows were dominated by portfolio investments by foreigners in equity and debt securities, but direct investments also featured strongly. The international liquidity position rose from US\$23 billion at the end of 2006 to US\$27,4 billion at the end of August 2007.

**Recent indicators** suggest that economic growth moderated further in the third quarter. A contraction in new vehicle sales and slightly lower growth in broader retail sales both point to slower growth in consumer spending. On the production side, modest growth in manufacturing output shows a subdued picture. The weaker trend in economic activity should continue in the final part of this year and in 2008, with high inflation, a tighter monetary policy stance, elevated household debt burdens and the stricter lending criteria enforced by the National Credit Act resulting in even slower growth in household spending. However, this will be partly offset by firm government spending and continued solid growth in fixed capital formation. To support the expansion in fixed investment activity and the consequent higher demand for capital goods, import growth will remain high. Export performance is likely to be contained throughout the

remainder of this year by capacity limitations in the production, transport and logistical areas. But the impact of the recent US subprime mortgage debt crisis on worldwide growth and commodity prices could pose an even more serious threat to export growth. The current account deficit is therefore expected to remain large. **Economic growth** is forecast to ease to 4,7% in 2007 as a whole and to 4,4% in 2008.

**Credit demand** started to ease at a moderate pace, with growth in private sector credit extension, excluding the volatile investments and bills-discounted categories, down to 25% in August from close to 28% in June. Corporate demand for credit continues to outpace individual demand for credit.

**Inflation** still surprised on the upside in recent months, with CPIX inflation – overall consumer inflation excluding interest costs on mortgage bonds – exceeding the upper 6% limit of the inflation target range for the fifth consecutive month in August. The main culprit remains rising food prices, with food price inflation currently above 11%. Food inflation will probably stay elevated, since local and international food prices are being pushed up by adverse weather conditions and increased demand for food for human consumption, livestock feed and the manufacturing of biofuels. Added risks to the inflation outlook include above-inflation wage settlements, supply constraints and soaring global oil prices. However, the firm rand will reduce the effects of higher oil prices on inflation. CPIX inflation should remain above 6% until the second quarter of next year, before easing towards 5% by year-end 2008. The Reserve Bank's Monetary Policy Committee (MPC) raised **interest rates** by 50 basis points at both the August and October MPC meetings, bringing the cumulative increase since June 2006 to 350 basis points. The MPC yet again cited high historical inflation and a cloudy inflation outlook as the main reasons for the hike. As noted earlier, consumer spending has already slowed noticeably following the tighter monetary policy stance of the MPC and the full outcome of the previous rate hikes on the economy should still materialise. We therefore expect that the MPC will decide to keep interest rates unchanged in December to avoid overkill on the economy. However, the risks to interest rates are clearly on the upside, with the MPC stating that it is 'determined' to bring inflation back to within the target range.

**Financial markets** were extremely volatile in recent months. The **bond market** remained weak due to the murky inflation outlook, with the yields on the R153 2010 and the longer-dated R157 2015 initially rising from the 9,09% and 8,49% levels recorded at the end of June. However, since the middle of September, the bond market has firmed in line with the rand, with the yields falling to 8,86% and 8,15% respectively by 16 October. Increased risk aversion on the back of concerns about the housing market crisis in the US dragged local share prices down

sharply at the end of July. Fortunately, the **equity market** has more than recovered since mid-August amid improved sentiment towards emerging markets and robust commodity prices, with the FTSE/JSE all-share index closing well above 30 000 points at a record high of 31 531,1 points on 11 October. Since the beginning of the year the all-share index has gained 25%. The largest contribution came from basic materials, which rose by close to 41% to date this year. Industrials and financials were up by 18% and 5% respectively.

The **rand** was also initially affected adversely by the increased risk aversion in global markets. However, it has since regained almost all its lost ground against the trade-weighted basket of currencies. The local unit started July on a positive note, dipping to R6,77 against the US dollar on 24 July, but depreciated sharply to reach R7,60 in mid-August. Thereafter, an ailing dollar, firm precious metal prices and higher local interest rates have supported the currency, with the unit improving to R6,70 against the US dollar on 11 October, but it has weakened again on renewed risk aversion to close at R6,86 on 16 October. Since the beginning of the year, the rand is still down by 3% on a trade-weighted basis, although it is up by 1,3% against the US unit. In the short term the rand should remain supported by higher local interest rates, high commodity prices, the weak dollar and improved sentiment towards emerging market currencies. However, it is still vulnerable to weakness and volatility given continued uncertainty about the impact of the recent financial crisis on global economic growth and commodity prices.

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## FACTS AND FORECASTS OF KEY ECONOMIC VARIABLES

18 October 2007

	2003	2004	2005	2006	2007	2008	2009
<b>Growth (real, % change)</b>							
Gdp	3.1	4.8	5.1	5.0	4.7	4.4	5.4
Gde	5.2	7.9	5.9	8.7	5.8	6.2	7.2
Pce	3.5	6.7	6.6	7.3	6.6	4.2	5.4
Gdfi	9.1	8.9	9.6	12.7	16.0	13.7	12.8
Exports	0.1	2.9	8.0	5.5	8.2	4.8	9.0
Imports	8.1	14.5	10.7	18.4	11.1	10.1	13.2
<b>Balance of payments (Rbn)</b>							
Exports	291.4	310.5	352.1	434.0	584.9	710.4	877.5
Imports	264.8	311.8	359.8	476.5	624.3	747.2	924.6
Trade balance	26.7	-1.2	-7.7	-42.5	-39.4	-36.8	-47.1
Net services	-40.3	-43.4	-54.6	-69.8	-90.0	-101.8	-108.2
Current account	-13.7	-44.6	-62.3	-112.4	-129.4	-138.6	-155.4
Capital account	8.8	82.2	96.6	142.2	142.0	256.0	277.4
Change net reserves	-4.9	37.5	34.3	29.8	12.6	117.4	122.0
Gross reserves (eop)	52.9	82.8	130.5	178.3	196.9	316.4	451.9
Current account as a % of gdp	-1.1	-3.2	-4.0	-6.5	-6.7	-6.5	-6.6
<b>Gold price (average per ounce)</b>							
\$	363.5	410.4	445.7	605.1	681.2	729.7	738.2
Rand	2757	2652	2844	4103	4846	5168	5413
<b>Exchange rates (average)</b>							
\$-Rand	7.58	6.46	6.38	6.78	7.11	7.08	7.33
Euro-\$	1.13	1.24	1.24	1.26	1.36	1.41	1.44
\$-YEN	116.0	108.2	110.2	116.3	118.4	114.2	114.5
GPB-\$	1.63	1.83	1.82	1.84	1.99	2.03	2.02
Euro-Rand	8.56	8.03	7.93	8.51	9.69	10.02	10.55
Rand-YEN	15.3	16.7	17.3	17.2	16.6	16.1	15.6
GBP-Rand	12.39	11.83	11.60	12.48	14.18	14.41	14.80
<b>Interest rates (end of period)</b>							
Three-month JIBAR	7.73	7.47	7.05	9.18	10.51	9.39	8.91
Prime	11.50	11.00	10.50	12.50	14.00	13.00	12.50
Long bond	9.21	8.15	7.43	7.76	8.06	8.20	8.84
<b>Inflation (average)</b>							
Headline CPI	5.9	1.4	3.4	4.6	6.8	6.1	4.7
CPIX (metro and other urban)	6.8	4.3	3.9	4.6	6.2	5.9	5.5

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## FACTS AND FORECASTS OF KEY ECONOMIC VARIABLES

18 October 2007

	2006				2007				2008			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<b>Gdp (q-o-q annual %)</b>	5.0	5.5	4.5	5.6	4.7	4.5	3.8	4.0	4.3	4.7	5.0	5.5
<b>Interest rates</b>												
Three-month JIBAR	7.09	7.54	8.31	9.18	9.18	9.78	10.21	10.51	10.49	10.46	9.91	9.39
Prime	10.50	11.00	11.50	12.50	12.50	13.00	13.50	14.00	14.00	14.00	13.50	13.00
Long bond (10 yr)	7.48	8.64	8.57	7.76	7.77	8.40	8.16	8.06	7.97	8.12	8.08	8.20
<b>Inflation</b>												
CPI	3.8	4.0	5.2	5.5	5.9	7.0	6.9	7.3	7.4	6.6	5.8	4.6
CPIX	4.2	4.2	5.0	5.0	5.2	6.4	6.4	6.6	6.8	6.0	5.7	5.3
<b>Exchange rates</b>												
\$-Rand	6.19	7.17	7.67	7.00	7.29	7.10	6.88	7.09	7.02	7.05	7.09	7.16
Euro-\$	1.21	1.27	1.27	1.32	1.33	1.34	1.42	1.40	1.40	1.41	1.42	1.44
\$-Yen	117.5	114.8	117.9	118.8	117.9	123.4	115.3	115.9	114.7	113.6	113.6	113.3
GBP-\$	1.74	1.83	1.87	1.97	1.96	2.00	2.02	2.00	2.02	2.04	2.05	2.05
Euro-Rand	7.51	9.10	9.74	9.23	9.73	9.55	9.75	9.95	9.80	9.95	10.10	10.30
Rand-Yen	18.99	16.11	15.38	16.97	16.17	17.38	16.75	16.34	16.34	16.10	16.02	15.83
GBP-Rand	10.78	13.13	14.37	13.77	14.30	14.22	13.92	14.19	14.19	14.41	14.55	14.70
<b>Gold price per ounce</b>												
\$	588	601	604	635	663	648	737	722	715	730	737	744
Rand	3637	4304	4629	4447	4834	4602	5074	5122	5020	5146	5224	5329

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