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Medium-term economic outlook and risks

Forecast for South Africa: 2022 - 2027

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Forecast in a nutshell

Real annual % change*	Average 2016-21	Average 2022-27
Final household consumption expenditure	**1.0**	**2.0**
Durable goods	1.6	1.8
Semi-durable goods	0.2	2.6
Non-durable goods	0.6	1.7
Services	1.3	2.2
Gross fixed capital formation	**-3.6**	**5.3**
Private residential	-3.3	1.4
Private excluding residential	-1.3	7.7
Government	-4.6	1.2
Public Corporations	-10.5	2.8
Gross domestic expenditure	**0.1**	**2.3**
Exports of goods and services	-0.4	2.8
Imports of goods and services	-1.1	4.6
Gross domestic product	**0.4**	**1.8**
Current account as % of GDP	**-0.7**	**-1.8**
Interest rates (%)		
3-month NCD rate	6.10	7.24
10-year government bond yield	9.00	10.57
Prime overdraft rate	9.32	10.26
Inflation rates (%)		
Producer prices	5.3	6.1
Consumer prices	4.7	5.0
Labour and employment (private and public)		
Nominal wage rate	5.9	3.6
Employment growth	-1.1	2.6
Exchange rates (annual average)		
R/US dollar	14.49	16.74
R/Euro	16.56	19.04
R/Pound sterling	19.11	21.06
R/100 Japanese Yen	13.25	13.85
Fiscal indicators as % of GDP		
Main budget balance	-5.4	-4.5
Gross government debt	56.9	77.2

*unless specified otherwise

Executive summary

As expected, SA real GDP contracted in 2022Q2 as several domestic shocks collided with significant global headwinds. Incoming data for the third quarter paints a mixed picture, suggesting that real GDP failed to recover all the ground lost in Q2. Several adverse developments are also set to constrain economic activity at the start of the fourth quarter. These include ongoing power rationing and a debilitating strike at Transnet's rail and port operations. These (local) constraints are on top of a worsening global impulse. Despite these multiple headwinds, a strong GDP print for 2022Q1, a low base from 2021Q3 as well as some normalisation from the 2022Q2 shocks, and the expected return of foreign tourists in the upcoming summer holiday season imply that domestic real GDP growth of just below 2% remains possible in 2022. For 2023, the growth forecast was revised down significantly to just above 1%. This mainly reflects a further downgrade to global growth prospects and the associated (projected) slump in domestic export volumes. Notwithstanding the precarious growth dynamics, we have lifted the forecast for the peak in the domestic policy interest rate to 7.25%, from 6.50% in July. Amongst other factors, this is informed by a further downgrade to the near-term outlook for the rand exchange rate as the US dollar sustains outsized gains amid continued aggressive US interest rate hikes.

The real GDP growth prospects of major SA export markets continue to worsen. Indeed, relative to its forecast in April, the IMF slashed the 2023 growth outlook for the US, Germany, the UK and China by 1.3, 3, 0.9 and 0.7 percentage points (% pts) respectively. Combined, these countries contribute a third of SA's merchandise export value.

The long and variable lags of monetary policy decisions imply that the US economy will only feel the full (constraining) effects of the ongoing aggressive US Federal Reserve (Fed) interest rate hikes in 2023/24. In Europe, near-term recession risks are elevated after Russia cut off gas supplies to the continent. In China, property sector woes and the ill-fated zero-COVID policy continues to weigh on economic activity. With this in mind, after already cutting our global growth assumption in July, we have now made a further material downward revision. Mild recessions are pencilled in for the US, the Eurozone and the UK over the next 12 months. Even so, risks are judged on the downside, although recent large fiscal support packages in several countries should mitigate against the worst-case scenarios for growth.

The IMF expects global growth to accelerate again in 2024. However, at an expected 3.2%, growth is still set to be 0.5% pts below the average in the 20-year period before COVID struck in 2020. Besides impacting the volume of SA exports, the softer global growth dynamics also have adverse implications for domestic export prices. Excluding coal and rhodium, the forecast for SA-specific export commodity prices in 2023 has been revised lower. To the benefit of SA, the oil price is projected to average somewhat lower in 2023 (\$90/bbl) than assumed in July (\$94/bbl).

Although unexpected events could derail this narrative, in broad terms, the fortunes for **domestic real GDP growth** in 2023 are set to be determined by a tug of war between a notable slowing in global growth momentum and persistent load-shedding on the one hand, and a spurt of local green-energy investments on the other. Because earlier forecast rounds already assumed fast-tracked green-energy investments in 2023, the much weaker outlook for global growth has dragged down the forecast for SA growth. Real exports are set to perform particularly poorly, with an almost 2% contraction expected.

After a projected 1.8% in 2022, SA real GDP growth is expected to slow materially to 1.1% (down sharply from the 1.8% expected in July) during 2023. The 2023 growth risks are judged to be balanced: the push from green-energy investment could even be stronger than assumed, while load-shedding and the global economy could be even worse. A key underlying assumption of the forecast remains that any future wave(s) of COVID-19 infections will be mild and not require the imposition of mobility restrictions. This should support a continued recovery in services sector employment.

SA growth is projected to recover to 1.8% in 2024 as global prospects improve and green-energy induced private fixed investment provides a solid underpin. By that time, **consumer spending** growth should also start to look up as consumer inflation is expected to move back towards the midpoint of the SA Reserve Bank's (SARB) 3 to 6% inflation target. Driven by an expectation for much faster green-energy driven private sector fixed investment, the projection for real GDP growth over the medium term (2025-27) is around 2%. If achieved, this would be a substantial improvement on the pre-COVID (2015-2019) period.

In general, the outlook for SA **consumer inflation** is largely unchanged as a faster decline in fuel costs outweighs above-expected food price increases. *After increasing by a projected 6.9% in 2022, the rate of increase for headline CPI inflation is expected to ease to 5.5% in 2023, and further to 4.3% during 2024*.

Besides providing some direct support to disposable income, the lower rate of inflation supports a view that domestic **borrowing costs** could remain stable from the second quarter of 2023, with the possibility of a modest reduction during the second half of 2024. In the near-term, the policy interest rate peak has again been revised higher. This is a function of sustained elevated global inflation, which is pushing especially the Fed to continue on an aggressive policy interest rate hiking path. This, in turn, is sustaining outsized US dollar strength, which is keeping the rand exchange rate on the back foot. *Along with a rising trend of domestic wage settlements, the weaker rand is set to result in a third consecutive 75bps SARB interest rate hike in November. At this stage, a final hike of 25bps is pencilled in for January 2023, taking the repo (prime) rate to an expected peak of 7.25% (10.75%)*.

As was the case in 2022Q2, the **rand exchange rate** averaged much weaker than expected against the dollar during the third quarter. The softer trading levels have continued so far in 2022Q4. With no obvious catalyst to reverse US dollar gains over the short term, the outlook for the rand has (again) been revised weaker. *The currency is now set to average around R17.90/$ in 2022Q4, before strengthening towards R16.30/$ by 2023Q4*. The justification for the stronger rand in 12 months is largely because we think by then the Fed will be done with its hiking cycle, which should remove a major current underpin for the US dollar. Besides global developments, domestic currency risks include the outcome of the ANC's elective conference in December 2022 (we assume a second term for President Ramaphosa but that the rest of the ANC's top 6 leadership positions will not inspire confidence), SA's likely greylisting in early 2023, a faster-than-expected deterioration in the current account balance to a larger deficit, and a build-up of fiscal spending pressures.

In the near-term, **fiscal risks** were mitigated after the 2022 Medium Term Budget Policy Statement (MTBPS) outlined an improved outlook for public finances compared to the main budget in

February. However, although Treasury set aside sizeable (unallocated) amounts as cover against medium-term expenditure risks materialising, the improved medium-term debt trajectory in the MTBPS needs to be qualified. The planned transfer of potentially up to R250bn of Eskom debt to the government’s balance sheet, as well as higher-than-assumed outlays on the public sector wage bill and more funds for social protection, are likely to result in less constructive debt metrics than the MTBPS envisaged.

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Introduction[1]

Along with a worsening outlook for real GDP growth in SA's major export markets, the re-emergence of pre-COVID domestic growth constraints is weighing heavily on the domestic economy.

Tough current conditions should make way for improvement over the medium term

The next 12 to 18 months could prove to be a difficult period for the global and SA economy, with growth forecasts being downgraded. Despite the downward revisions, the risk is that growth disappoints. However, beyond 2023, an environment of lower global inflation and presumably also some relief on the interest rate front should see improved global growth. If, at the same time, the rollout of green-energy projects in SA picks up momentum, SA medium-term real GDP growth could double relative to the poor performance in the five years before COVID. The rest of the report details how the latest forecast balances the opposing forces that are set to impact the SA economy. But first we provide an overview of some notable risks to the baseline scenario forecast. The detailed (baseline) forecast numbers can be found in the summary tables at the end of the report.

[1] This report was completed on 7 November 2022.

Selected domestic and global risks[2] (in no particular order)

Risk	Narrative	Possible impact on the SA economy
Deep recession in major economies	The revised baseline forecast incorporates shallow recessions in the Eurozone (EZ), the US and the UK in the next 12 months, while real GDP growth of 5% is pencilled in for China during 2023. Although large fiscal support packages in some countries mitigate against severe recessions, the GDP outcomes in the rest of the world could still be worse than anticipated. In the **US**, after underestimating the extent of the inflation rise this year, the central bank (Fed) has adopted a more backward-looking interest rate stance. Given the long and variable lags in monetary policy, less reliance on forward-looking measures of inflation holds the risk that the Fed overtightens. Alternatively, if inflation outcomes continue to surprise on the upside, the Fed may be forced to tighten by more than is currently discounted. The interest rate sensitive US housing market is already taking strain. With further (aggressive) Fed rate hikes on the cards, this could spill over into other parts of the economy, including the labour market. In the **EZ**, good progress has been made to build gas inventories before the upcoming winter. However, it may still be insufficient in the case of a severe winter, requiring rationing. Even if stocks last through this winter, 2023 is set to be worse amid a lack of available supply to rebuild depleted reserves before the next winter. If the industrial sector is required to ration energy, this would weigh heavily on powerhouse economies like Germany. With this in mind, Europe would be particularly vulnerable in the event of a further escalation of Russia's unprovoked **war on**	As a small, open economy, SA is highly exposed to adverse international developments. A severe global downturn will have adverse implications for investor risk perceptions and key commodity prices, both of which have the potential to weigh on foreign capital inflows to emerging markets. SA export earnings will be adversely impacted by reduced demand for, and prices of, our key export commodities. Non-mining (agriculture and manufacturing) export volumes will also be under pressure. Depending on supply-side developments, including impacts stemming from the war in Ukraine, the oil price would presumably also be lower in such a scenario. Even so, SA's **terms of trade** could suddenly worsen, leading to a faster-than-expected reversal in the current account balance to a deficit position, and weighing on government tax revenue. Higher twin fiscal and current account deficits could fuel significant rand weakness, as well as drive up long-term interest rates, adding further pressure to public finances.

[2] These are risks that do not already explicitly form part of the current baseline scenario forecast. Some may only materialise over the medium term, i.e. not necessarily in 2022-24.

	Ukraine. In **China**, the recent Communist Party Congress provided no indication that the authorities were about to relax the economically damaging zero-COVID policy. In addition, deleveraging continues in the Chinese property market, removing a key driver of Chinese growth over many years.	
Risk	**Narrative**	**Possible impact on the SA economy**
China invades Taiwan	China's **geo-political aspirations** pose another key downside risk to global risk perceptions and potentially also global growth. This follows a ratcheting-up of Chinese rhetoric on the complete reunification of Taiwan with mainland China. Chinese President Xi Jinping has stressed his preference that this process should be peaceful, but China has been flexing its military muscle in Taiwanese airspace for some time. Taiwan is most unlikely to 'surrender' voluntarily to China, raising the threat of military conflict. The stakes of an invasion would be high as the US has traditionally supported an independent Taiwan. If the US were to get involved in any military conflict with China, the situation would escalate dramatically.	Military conflict involving global superpowers will have adverse implications for global risk perceptions, with the potential to weigh heavily on foreign capital inflows to emerging markets. The hit to sentiment is likely to weigh on global growth and industrial commodity prices. A likely higher gold price amid safe-haven demand may somewhat shield SA from the fallout.
Severe COVID-19 variant emerges	With the notable exception of China, high rates of vaccination and/or natural immunity from previous infection mean that most countries have transitioned to a more endemic stage of the pandemic. From an economic perspective, this is a crucial shift as it removes the risk of economically-damaging mobility restrictions to curb the spread of the virus. With the removal of all remaining COVID-19 restrictions at the end of June, this is also the case in SA. However, although this likely has a low probability, the risk remains that a new, more severe, variant could emerge that overwhelms the health sector in several countries, resulting in renewed mobility restrictions.	The key economic risk is if the SA government reacts to a resurgence in severe infections through the re-imposition of certain lockdown restrictions. Given the still incomplete GDP recovery (after the 2022Q2 contraction) and the lack of major fiscal firepower to support incomes, we would not expect overly draconian measures. However, as with the response to the second and third waves, any form of restriction on say the liquor and hospitality sectors would be a further setback to the SA economic recovery. Even in the absence of tighter lockdown restrictions, the likely confidence hit and associated more cautious consumer and business spending behaviour amid a severe wave would delay the recovery. A severe wave(s) will also

		have fiscal implications as the setback to growth adversely impacts tax revenue. It could also lead to extra government expenditure. Furthermore, it could result in renewed international travel bans on SA, delaying the much-needed recovery in tourism sector employment.
More frequent and intense load-shedding	As experienced since September, in the foreseeable future, there is a high risk of unreliable power supply resulting in **power rationing.** At an average of 59% so far this year, Eskom's energy availability factor (EAF) remains well below acceptable levels of 70%+. The current EAF implies that more than 40% of Eskom's installed power generation capacity is unavailable. This is due to a combination of planned and (significant) unplanned outages. Eskom management has continuously emphasised that periodic power outages will occur until significant (4 000 to 5000MW) new private sector power generation capacity comes on stream. In our baseline forecast, the EAF is assumed to start improving from 2023 onwards, reaching just below 75% by 2027. The risk is that it takes longer before a recovery sets in. While Eskom's management remains confident that the country is not at risk of a total energy system collapse, which could plunge the country into darkness for weeks, this cannot be ruled out completely. At the same time, the pressure on SA is growing to chart a credible **just energy transition** roadmap to move away from an overreliance on fossil fuels for power generation. This brings both opportunities and threats. Eskom has shown commitment to this cause, which could unlock a large pool of concessional green finance. The increased likelihood of losing out on future export/other business opportunities, or being hit by a range of non-tariff barriers if we don't commit to a green transition, highlights the importance of implementing a phased-in plan to reduce SA's carbon footprint.	Periodic load-shedding, especially if it is sustained beyond stage 2, will continue to hold back private sector fixed investment, as well as GDP and employment growth. In essence, until much more private sector power generation comes on stream, the electricity constraint will hold back SA's growth potential.

Risk	Narrative	Possible impact on the SA economy
Social tensions boil over in SA	We have long cautioned about the possibility of an **Arab-spring-like event** in SA. Years of maladministration, corruption and declining per capita GDP have resulted in increasing numbers of people disengaging from the political process and giving up hope for a better tomorrow. It is a dangerous situation when large parts of society believe that they have nothing to lose by participating in mass social unrest, looting of private property, **xenophobic violence**, etc. Egged on by former president Jacob Zuma's supporters after his arrest and 'imprisonment', and seemingly also fuelled by crime syndicates, this all boiled over in July 2021 in an unprecedented looting spree in parts of the country. With the high levels of poverty and deprivation set to remain in the foreseeable future, and if we do not see a dramatic improvement in service delivery at local government, there is a risk that the dramatic events in 2021 could be repeated. Since July last year, periodic targeting of foreign nationals has occurred. In part, this may have been driven by irresponsible comments from local politicians who blame immigrants for SA's social ills. Another source of violence could be plans by the EFF to start a **new trade union** to compete with Cosatu. In the past, as seen with the formation of AMCU in the platinum belt around a decade ago, this has led to violent clashes as existing and emerging unions compete for members.	Because the July 2021 looting spree coincided with stricter lockdown restrictions and the third wave of COVID-19, teasing out the economic impacts solely related to the looting is tricky. However, based on the weak economic outcomes for July, and 2021Q3 in general, there is no doubt that it had a severe negative impact on confidence, household spending and production. The longer-term impact on risk perceptions and foreign as well as domestic fixed investment in SA remains unclear. What should not be in doubt is that another outbreak of widespread social unrest would be a major setback to putting SA on a sustained path to faster growth in private sector fixed investment, real GDP and employment.
Globalisation retreats	Before coronavirus and the Russia-Ukraine war, the rising trend in global populism, the trade war between the US and China, as well as Brexit, already threatened to reverse some of the globalisation gains since the early 1990s. The supply-side bottlenecks associated with COVID-19 and the war in Eastern Europe, as well as the retaliatory (severe) sanctions imposed on Russia, seem to have accelerated this trend. Companies, in some cases nudged by authorities, may rely less on global supply chains and move to onshore production facilities. This is in order to be less reliant on	In some countries, selected parts of society may have lost out because of globalisation. However, the efficiencies and cost reductions brought about by rising global connectivity over the last 30 years were important drivers of sustained global GDP growth, a reduction in world poverty, and low inflation. A reversal is likely to reduce world productivity growth. The cost of production is also likely to increase as countries look inward to

	other countries for key supplies. SA's localisation policy, driven by the Department of Trade, Industry and Competition, fits in here.	produce goods in which they do not necessarily hold a comparative advantage. At a minimum, protectionist policies should be sector specific as opposed to being applied across the board. Domestic sectors that have ample production capacity and can expand would, for example, be better suited to benefit with less potential disruption to the broader economy. Even then, the question of whether local producers can supply goods at the same competitive prices as imports is important if one thinks about society-wide benefits.
(Permanent) increased role for the state	While increased state intervention can be justified to aid in the fight against the coronavirus, the key question is how the state 'shrinks' again once we move past the health crisis.	History is awash with examples where state planning of the economy failed dismally. Even in China, the last 30 years has seen increased opening up of the economy to the private sector. As with a reversal of globalisation, a permanent increased role for the state is likely to result in suboptimal outcomes. This is especially the case in a country like SA which is not known for having the most capable state.
Cyber security issues	IT security breaches have already led to notable disruptions in both the private and public sectors.	As highlighted by the IT-security breach at Transnet in July 2021, disruption of IT systems can have adverse real economy impacts. Ordinary citizens would also be affected if basic services are disrupted. Regulatory backlash and concern about security could delay the adoption of productivity-enhancing systems/technologies.
Climate change	Devastating fires and floods across the world and in SA in recent years have highlighted the adverse impacts of changing weather patterns.	This could result in wide-ranging impacts, including crop failure and subsequent job losses, damage to infrastructure, and in the worst cases death. Either through flood damage, the reduction in fossil fuel production, or the increased demand for metals used in

		the green energy revolution, climate change (and the transition policies to mitigate against it) is likely to add to global inflationary pressures in the foreseeable future.

Global outlook

War fallout to be felt for some time

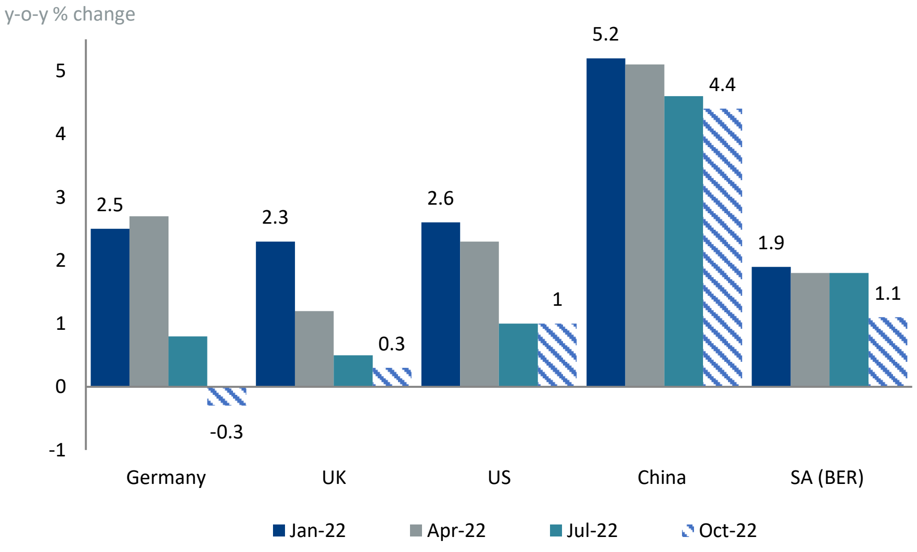
The global economy continues to be buffeted by several challenges. The war in Ukraine has contributed to many of these constraints, which include:

- Decades-high inflation in major economies, and elevated price pressures in many other parts of the world.
- Synchronised aggressive central bank policy interest rate hikes across several regions, as well as much higher long-term interest rates.
- Russia cutting off gas exports to Europe, dealing a heavy blow to European households and industrial firms, especially in Germany.
- Weak Chinese growth amid property sector woes and the draconian zero-COVID policy.

A precarious outlook for global GDP growth in 2023

To varying degrees, these challenges inhibit the real GDP growth outlook in several of SA's major trading partners. As illustrated in Figure 1, growth forecasts for 2023 continue to be revised lower. Germany and the UK, who together account for 13.5% of SA's merchandise exports, have seen some of the biggest downward revisions. Amongst other factors, these economies have been hit hard by surging gas prices as the fallout from the war in Ukraine intensifies.

Figure 1: Growth expectations for key SA export markets again revised lower

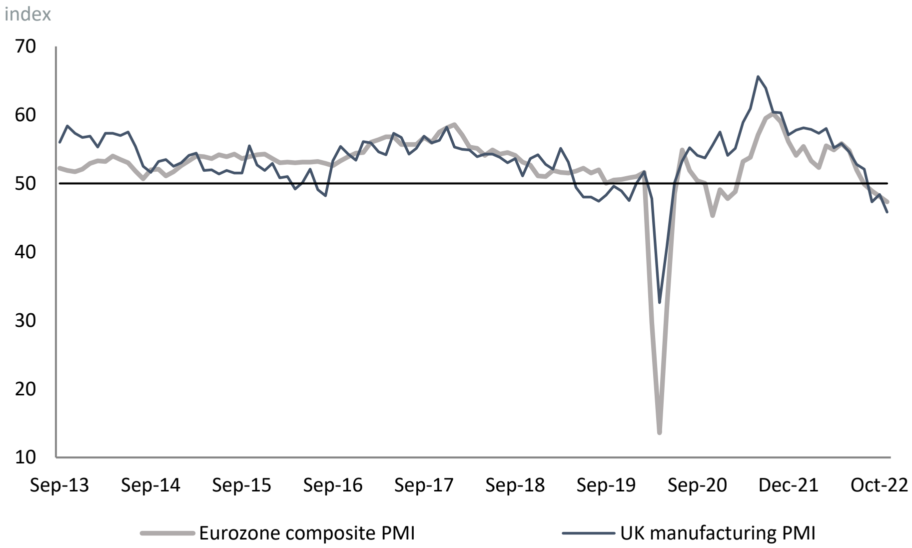


Source: IMF forecasts (January to October 2022), BER

Whereas the continued flow of gas from Russia earlier in the year enabled European countries to build stocks for the upcoming winter, this will not be possible next year, raising concern that the worst of the economic pain is yet to come. In addition, the COVID reopening boost that shielded Eurozone (EZ) GDP from the war fallout in 2022Q2 will start to fade from the third quarter onwards. Indeed, activity indicators have already softened notably (Figure 2), with the first estimate indicating a pronounced easing in EZ GDP momentum during the third quarter. With this in mind, we expect real GDP in Germany and the UK to contract over the next 12 months, pushing both countries into mild recessions. Large fiscal support packages, including capping the rise in household energy bills, will cushion some of the blow to disposable income. This argues against deep near-term recessions. Importantly, sustained high gas prices suggest that UK and EZ inflation could be stickier at current highs than in the US where the supply of gas is much less of a concern.

High gas prices suggest persistence in elevated EZ and UK inflation

Figure 2: Purchasing managers' indices (PMIs) signalling stark momentum loss



Source: S&P Global

Beyond 2023, an expected easing of inflationary pressures and the associated end of the European Central Bank's (ECB) interest rate hiking cycle should support a recovery in EZ household spending power, laying the foundation for improved real GDP growth. Table 1 provides a summary of the IMF's latest global growth outlook. *Over the medium term (2024-27), the IMF projects EZ real GDP growth of somewhat below the five years before the COVID crash in 2020*.

EZ real GDP growth expected to improve in 2024

Across the Atlantic, following a near-term GDP recovery[3] after a poor first half of 2022, growth in the **US** is also projected to slow during 2023. As in the EZ, high US inflation has squeezed disposable income. In addition, because the US Federal Reserve Bank (Fed) was late to the party in recognising the inflation threat, they have been forced into aggressive policy rate hikes. By early November, the Fed had already increased the policy interest rate by 375bps in 2022, a historically large move over such a relatively short period of time. With further rate hikes to come, the lagged effects of these moves should start to inhibit economic activity as we move through 2023. As highlighted in Figure 3, the interest rate sensitive housing market is already under strain as US mortgage rates have in some cases increased to the highest level since 2008. To date, the broader US economy has been shielded from the higher interest rates by a robust labour market. Indeed, monthly job growth has averaged 407 000 so far in 2022, down from an even better 562 000 during 2021. However, employment is typically a lagging indicator of the economic cycle, and we expect a meaningful downshift in the pace of job creation during 2023.

US job market remains firm as interest rate sensitive sectors take strain

Besides the strength of the job market, the recent moderation in US headline consumer inflation is providing a positive impulse to household finances. While this is likely to continue at least through the first half of 2023, weaker employment outcomes will dilute the boost to overall disposable income. *In all, US real GDP growth is set to slow down further in 2023 after already easing notably during 2022. Over the medium term, US real GDP growth is projected to average just below 2%. As in the EZ, if realised, this will be below the pre-COVID trend*.

Figure 3: US homebuilder sentiment has declined sharply so far in 2022

Source: St. Louis Federal Reserve Bank

[3] The first estimate for 2022Q3 showed decent US real GDP growth of 2.6% q-o-q (annualised).

Tough times persist in China

After rebounding strongly during 2021 from the initial hard COVID-19 lockdown in 2020Q1, real GDP growth in **China** slowed sharply to only 3% y-o-y in the first nine months of 2022. Growth for the entire year is also expected to be around 3%. Excluding 2020, this would be the slowest calendar year growth for China in four decades. This reflects deleveraging in the property sector, a key growth driver of recent years, and the government's persistence with a COVID elimination as opposed to a virus-containment policy. Periodic, draconian lockdowns of major cities have been a major drag on economic activity, causing supply chain disruptions and leading to stop-start growth. The recently concluded Communist Party Congress, which elected Xi Jinping to an unprecedented third term as party leader, gave no indication that the zero-COVID policy will end anytime soon. Some analysts expect that this will only be relaxed in the first half of 2023. Until then, Chinese growth is likely to be bumpy.

Table 1: Global growth set to slow sharply in 2023

				Forecast		
y-o-y % change (real)	2014-19	2020	2021	2022	2023	2024-27
World (PPP*)	**3.4**	**-3.0**	**6.0**	**3.2**	**2.7**	**3.3**
G7 countries	**1.9**	**-4.8**	**5.1**	**2.0**	**0.8**	**1.6**
US	2.4	-3.4	5.7	1.6	1.0	1.7
Euro area**	1.9	-6.1	5.2	3.1	0.5	1.7
United Kingdom	2.2	-9.3	7.4	3.6	0.3	1.7
Germany	1.8	-3.7	2.6	1.5	-0.3	1.7
Japan	0.8	-4.6	1.7	1.7	1.6	0.8
Emerging countries	**4.4**	**-1.9**	**6.6**	**3.7**	**3.7**	**4.3**
China	6.8	2.2	8.1	3.2	4.4	4.6
India	6.8	-6.6	8.7	6.8	6.1	6.6
Brazil	-0.3	-3.9	4.6	2.8	1.0	2.0
Russia	1.0	-2.7	4.7	-3.4	-2.3	1.0
Sub-Saharan Africa	**3.2**	**-1.6**	**4.7**	**3.6**	**3.7**	**4.2**
Botswana	3.2	-8.7	11.4	4.1	4.0	4.0
Mozambique	4.6	-1.2	2.3	3.7	4.9	10.1
Namibia	1.6	-8.0	2.7	3.0	3.2	2.5
Zambia	3.4	-2.8	4.6	2.9	4.0	4.6
Zimbabwe	1.4	-5.2	7.2	3.0	2.8	2.9
Nigeria	2.0	-1.8	3.6	3.2	3.0	2.9
Angola	0.1	-5.8	0.8	2.9	3.4	4.0

*Purchasing Power Parity

**19 Eurozone Countries

Source: IMF World Economic Outlook (October 2022)*, BER calculations*

On a positive note, China is not facing high inflation as in many other parts of the world. Combined with recently announced fiscal stimulus measures, a relaxation of the ill-fated COVID policy should see some recovery in growth. *At this stage, Chinese real GDP growth of 4-5% is pencilled in for 2023*. Beyond next year, the IMF has downgraded its medium-term growth outlook for China to 4.6% between 2024-27, down from 4.9% expected in April. Besides poor demographics, potential banking sector difficulties stemming from the property sector downturn are set to weigh on growth. Furthermore, the ongoing regulatory clampdown on the private business sector in China as the focus shifts to economic security as opposed to economic growth is likely to curtail the Chinese economy in future.

Medium-term Chinese growth outlook revised lower

Following a surprisingly strong rebound in 2021, the IMF expects real GDP growth in **Sub-Saharan Africa** (SSA) to slow by more than a percentage point in 2022. As per normal, the individual country outlooks differ substantially, especially between oil exporters and importers. Even so, in broad terms, the region is facing several adverse developments. Higher global food and energy prices are a particular concern for a region where these categories have a weighting of 50% in the consumer price baskets of several countries. High prices have raised fears about food insecurity and accompanied social/political instability. At the same time, regional public debt is heading towards levels last seen in the early 2000s, i.e., before the round of debt forgiveness under the Heavily Indebted Poor Countries Initiative. In addition, the environment of rising global interest rates means that debt financing will be harder, and more expensive, to access. This is made worse by the pre-COVID trend where countries in SSA moved away from the use of low-cost, long-term multilateral finance to more expensive private funds.

Sub-Saharan Africa under pressure from rising food prices and elevated debt levels

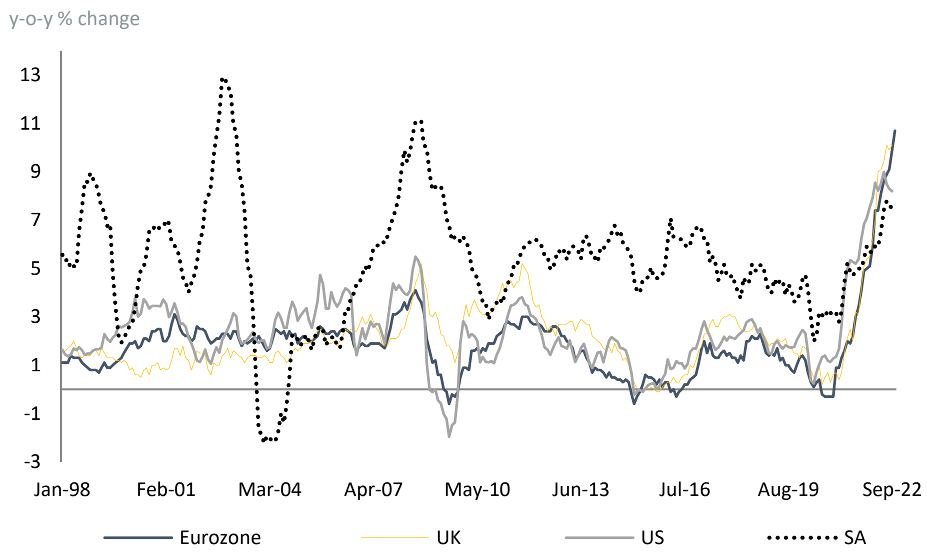
According to the IMF, in the first half of 2022, capital outflows from the region were on par with the start of the COVID crisis and the commodity price downturn in 2015. This weighed on currency values. Again, there is a stark difference between oil exporters and importers, with the currency of an oil producer like Angola doing well. An important additional concern is the still low COVID-19 vaccination rates across the region, which holds the risk of another severe virus outbreak. In sum, in the near term, growth in the region is likely to remain under pressure. However, over the medium term (2024-27), the IMF expects real GDP growth in SSA to handsomely outpace the rate achieved in the five years before COVID (Table 1 has the details).

Inflation peaks diverge between regions, with central bank and currency implications

Rate of increase for US headline CPI slowing down

In major advanced economies, headline **consumer inflation** (CPI) remains at multi-decade highs (Figure 4). Of importance is that outside of high food and fuel costs, underlying (core) price pressures are also starting to build. On a positive note, headline CPI in the US moderated from 9.1% y-o-y in June to an admittedly still elevated 8.2% in September. To a large extent, the easing is a function of declining US gasoline prices from the very high levels scaled earlier in the year. The situation is different in Europe and the UK where extremely high gas prices are likely to keep consumer prices at current highs for some months still. Indeed, the peak in EZ and UK inflation may still be months away.

Figure 4: Headline CPI seems to have peaked in US/SA, not so in the EZ/UK



Source: DataStream, Stats SA

Looking forward, several leading indicators suggest that global inflation should be substantially lower on a 12-month view. These include that:

- COVID-related supply-side disruptions are easing.
- International oil and food prices have come off their earlier highs, albeit remain volatile. *Our assumption is for the **Brent crude oil** price to average 10% lower in 2023 than 2022, and to then lose a further 10% (on average) during 2024.*
- Prices of several other major commodities have also declined, including base metals and US lumber prices. This softens input cost pressures across several industries.
- Global shipping rates have collapsed from the highs reached in late 2021.

- US money supply growth has tanked from very high rates of growth in 2021.
- The widely expected global growth slowdown in 2023 should soften consumer-demand driven inflationary pressures. This will especially be the case when labour market tightness eases, resulting in less upward pressure on wages.

US dollar set to remain firm over short term, but projected to lose ground through 2023

Because inflation in major economies should still be elevated early next year, CPI inflation is likely to again average above central bank targets for calendar year 2023. Therefore, the prognosis at this stage is for G7 CPI inflation to only move sustainably back to target (around 2%) from 2024 onwards. The move towards the target rate is set to be somewhat earlier in the US than in the EZ. That being the case, the US Fed may end its policy interest rate tightening cycle before the ECB. This is an important part of the story why we assume that, after a broad based and aggressive move stronger in 2022, the US dollar will start to give up some ground against other major currencies from next year. In the near term, further Fed policy rate hikes through early 2023 should continue to underpin dollar strength. Indeed, outside of the US, some central banks, including in Australia, Canada and Norway, have already pivoted towards less aggressive policy rate hikes.

Coal remains a (temporary) boon to SA export earnings

Energy prices held hostage by Russia

Russia's unprovoked war on Ukraine has fundamentally altered the global demand and supply of major sources of energy. For several years, Russia was by far the world's largest exporter of fossil fuels. As a result, in the wake of the war, the country's limitation on natural gas supply to Europe and, at the same time, European sanctions on imports of oil (imminent) and coal from Russia are having profound impacts on energy prices. While in Europe the focus is on extremely high gas prices, from an SA perspective, it is all about coal (a major export earner) and oil[4] price (a major import cost) developments.

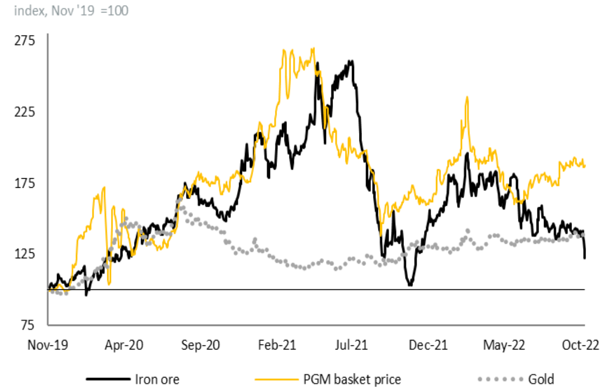
As outlined in the International Energy Agency's (IEA) World Energy Outlook 2022, the Russian-induced energy crisis provides a short-term boost to oil and coal demand as European consumers scramble for alternatives to high-priced gas. Although the benchmark **Richards Bay coal price** is down from the highs scaled earlier in the year, it continues to trade at levels substantially higher

[4] It is not just about oil. High global diesel prices and a weaker rand exchange rate versus the US dollar has pushed up the cost of imported diesel at a time of reduced domestic petroleum refinery capacity.

than before the invasion (see Figure 6[5]). Over the next 12 to 18 months, this is expected to remain the case as European countries are forced to consume greater quantities of coal. This is likely to override the impact of overall weaker global real GDP growth in 2023. While it is uncertain how long the switch to coal will last, our medium-term view of a return to pre-invasion coal prices is informed by a projected push to large green energy investments. Over time, alternative energy sources are set to meet a growing share of European, and global, energy demand. The current crisis has probably delayed this by several years, but the IEA is firmly of the view that it remains on the cards.

Coal prices still way above pre-invasion levels

Figure 5: SA export commodity prices firm but off earlier highs



Source: DataStream

Figure 6: Rise in coal price has vastly exceeded crude oil

Source: DataStream

The **Brent crude oil** price averaged $98/bbl in 2022Q3, down notably from the $112/bbl recorded in the second quarter. The price averaged less than $91/bbl in September but increased again somewhat to an average of roughly $94/bbl in October. Of late, oil prices were supported by an early-October decision from the OPEC+ cartel to reduce the grouping's oil output by 2 million barrels per day from November. With European sanctions on Russian oil sales only coming into effect at the end of the year and depending on the severity of the upcoming European winter, the oil price could increase further in the next several months. Faster Chinese real GDP growth in 2023 after the lockdown-induced stop-start economy in 2022 also has the potential to raise the demand, and the price, of oil. On the other hand, weaker overall global real GDP growth, including the likelihood of recessions in some major economies, should cap the demand for oil over the next 12 to 18 months. Beyond this period, as with coal, the shift away from fossil fuels is projected to see a steady decline in the oil price. In level terms, Brent crude is projected to stabilise between $70 to $75/bbl over the medium term.

Short-term upside for the oil price but a move to $70-$75/bbl still expected over the medium term

[5] Note that the commodity prices in Figure 5 and Figure 6 are in rand terms, i.e., it takes account of movements in the dollar/rand exchange rate.

The detailed tables at the end of the report provide our assumptions for other SA-specific commodity prices.

Domestic outlook

SA real GDP grew by 1.6% in the first half of 2022, weaker than the 2% we had pencilled in at the time of the July forecast. The softer outcome reflects the impact of a downwardly revised expansion of 1.7% q-o-q (from 1.9%) in 2022Q1, as well as a somewhat larger-than-expected quarterly GDP contraction of 0.7% during 2022Q2. The Q2 decline meant that the level of real GDP fell back below where it was before the onset of the COVID pandemic in 2019Q4.

Touch and go whether SA slipped into a technical recession in Q3

Back in July, we were hopeful that Q3 could see a reasonable recovery from the Q2 decline amid a full reopening of the economy after all the remaining COVID-19 restrictions were lifted in late June. In addition, economic activity was expected to normalise following the devastating KZN floods in April and a prolonged strike in the gold mining sector. This outlook was undermined by notable **load-shedding** in July and a dreadful month of power cuts in September. Although we are still pencilling in a modest (0.3%) q-o-q real GDP expansion for Q3, *it is now a close call between meagre quarterly growth or another quarterly contraction, which would meet the definition of a technical recession*.

Growth of just below 2% expected for 2022

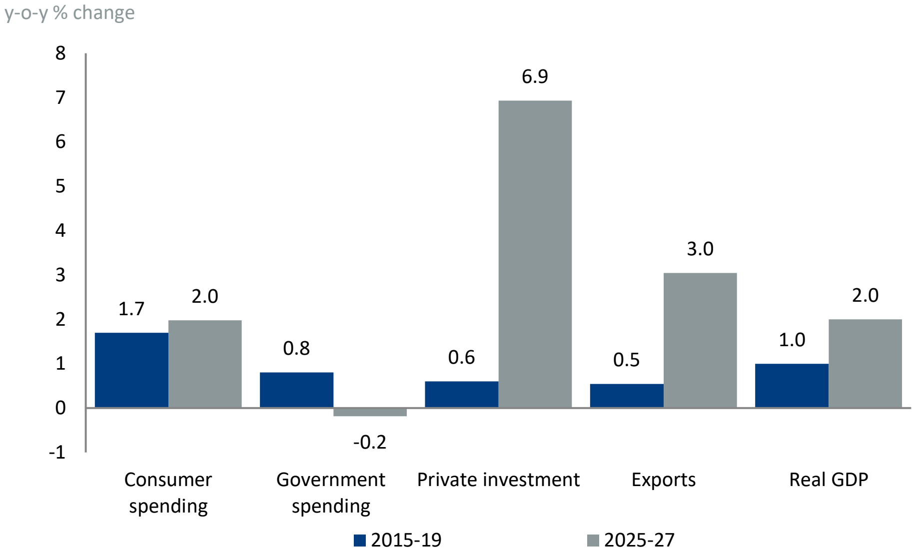
In terms of the fourth quarter, while not as severe as in September, load-shedding has continued. Furthermore, the economy was hit by a more than 10-day **strike of Transnet** rail and port workers in October. *In all, while some parts of the economy, mainly services, should perform better in the second half of the year, other domestic constraints have forced us to downscale the real GDP growth forecast for calendar 2022 to 1.8%, from 2.3% projected in July*. At first glance, this may still seem optimistic. However, it is worth bearing in mind that annual growth will be boosted in 2022Q3 by the low base in 2021 after the Delta COVID wave and the damaging KZN riots in July 2021 severely depressed economic activity during 2021Q3.

Weak global impulse set to dilute green-energy capex boost in 2023

Strong opposing forces complicate the real GDP growth forecast for 2023. On the upside, further domestic **energy market reforms** (details **here**) since our previous forecast update provide more certainty that growth could be boosted by a spurt of green energy investments from next year. However, the boost this provides to overall GDP growth is set to be diluted by the high likelihood of sustained load-shedding. As outlined earlier, a weakening growth outlook in some of our major export markets is another big negative. Although the updated forecast provides for robust green-energy driven private fixed investment, *the downward revision to trading partner GDP has led us to pull down the 2023 real GDP growth forecast substantially to 1.1%, from 1.8% before.*

The expected fading of global weakness in 2024, along with the ramp-up of local investment, should see domestic real GDP growth return towards the 2% mark. Driven by an expectation for much faster green-energy driven private sector fixed investment, this is also the projection for real GDP growth over the medium term (2025-27). As highlighted in Figure 7, this would be a substantial improvement on the pre-COVID (2015-2019) period.

Figure 7: Faster private capex key for accelerated medium-term GDP growth



Source: Stats SA, BER forecast

Rand taking strain from the mighty dollar

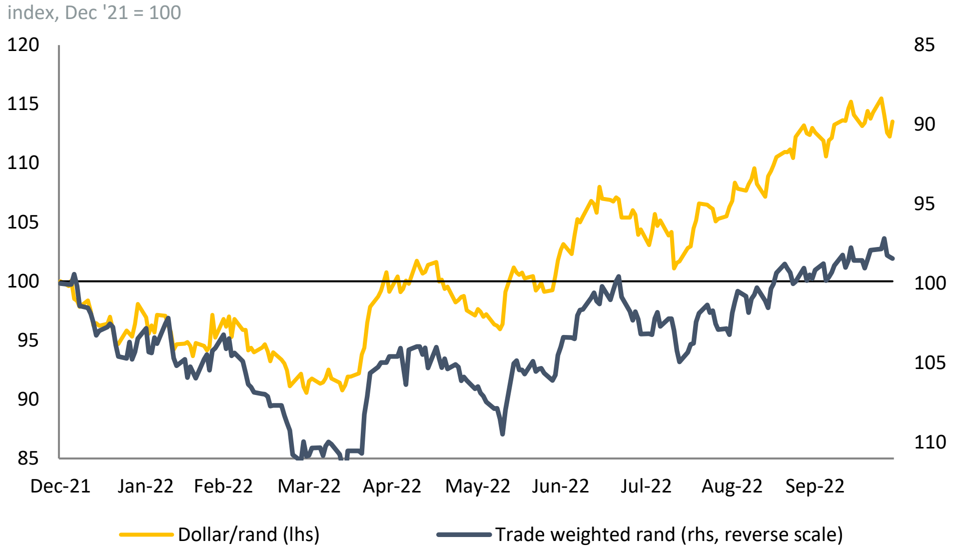
Local currency tanked by almost 10% versus the US dollar in 2022Q3

The rand exchange rate took a big knock against the strong US dollar in 2022Q3, weakening to an average of R17.04/$, from R15.55/$ during the second quarter. The losses were particularly severe in July and September. At an average of R18.10/$ in October, the rand remained under pressure at the start of the fourth quarter. While the overarching driver of rand weakness in recent months is the strong dollar, severe load-shedding during these months may have also played a role in denting foreign sentiment towards SA.

However, the currency has been significantly more resilient against other major currencies, which again emphasises that it is largely a dollar strength as opposed to a rand weakness story. Indeed, by the end of October, the rand's year-to-date losses versus the dollar was a hefty 13.5%. As highlighted in

Figure 8, the decline versus a basket of currencies from SA's major trading partners (including the dollar) has been significantly less (1.5%).

Figure 8: Rand more resilient against a basket of currencies



Source: DataStream

Over the next 12 to 18 months, there are several risk factors that could sustain the rand's weakness against the US dollar. These include:

Several downside risks for the rand outlook

- **Inflation** in major economies that remains stubbornly high, with central banks only pivoting later to less aggressive policy rate hikes. Alternatively, even if there is a move to smaller rate hike increments, the level of policy interest rates in advanced economies could still end up being higher than previously assumed. Indeed, this was the key message from US Fed Chair Jerome Powell in early-November.
- The likely **greylisting** of SA in February 2023. **Box 1** provides more details on this.
- A severe **global recession** that results in a sharp correction in SA-focused export commodity prices, causing a terms of trade shock and a faster-than-expected decline in the **current account** balance. The current account has steadily worsened from an outsized 5.2% of GDP surplus in 2020Q3 to an unexpected 1.3% of GDP deficit in 2022Q2. Our baseline assumption is for a gradual deterioration in the current account balance to a 0.6% of GDP shortfall in 2024, from a 3.7% surplus in 2021.

On a positive note, SA's near-term public finances have improved vastly, removing some downside for the rand. However, beyond the short term, several medium-term public finance risks remain. For this reason, we do not think the fiscal trajectory will be as benign as outlined in the October fiscal statement (MTBPS). For more details on this, see our **MTBPS comment.**

Despite the risks, fairly constructive (baseline) rand outlook for next 12 months

Notwithstanding the risks and the reality of a weaker starting point, the baseline narrative for the rand outlook remains largely unchanged. Following another aggressive 75bps Fed policy interest rate hike in early November, we assume that the US central bank will reduce the pace of rate hikes in December and end the hiking cycle in 2023Q1. Investors are then set to start discounting when the Fed could start to lower the policy rate[6]. These expectations should cap further gains for the dollar and could even see it lose some ground through 2023. Under these conditions, the rand is projected to trade at stronger levels versus the greenback on a 12-month view. Importantly, because the pressure on the currency should persist over the short term, the rand is likely to start 2023 on a much softer level than in early 2022. Therefore, even if it strengthens through next year, on average, the local currency is still projected to trade weaker against the dollar in 2023. Beyond next year, an expected improvement in global economic conditions during 2024 should boost global risk perceptions, supporting the rand and allowing it to stabilise at a projected R16 to R16.50/$.

Modest medium-term weakening pencilled in for the rand

To ensure SA's exports remain competitive on global markets, i.e., to prevent a real currency appreciation, the nominal value of the rand would need to depreciate over time. Broadly, over the medium term, the rand is projected to weaken by a nominal 1.5-2.5% per annum versus the US dollar. The anticipated return to the historical norm, where developed country inflation is lower than in SA, should contribute to the weakening trend for the rand. In addition, after returning to a projected mild deficit in 2023. the domestic current account is expected to deteriorate steadily over the medium term, contributing to a softer rand over time.

[6] In early-November, Fed Chair Jerome Powell pushed back forcefully against expectations that the Fed could cut the policy rate anytime soon.

Box 1: SA greylisting looms in early 2023

It has been well documented that SA's crime-fighting agencies were deliberately and systematically weakened during the state-capture years. This has had several adverse implications, including being flagged by the Financial Action Task Force (FATF), an inter-governmental body that sets international standards aimed at preventing global money laundering and terrorist financing activities, for shortcomings in our ability to prevent these crimes.

SA was given until October 2022 to tighten regulations and implement legislative reforms to address the identified deficiencies. Some progress has been made: Cabinet submitted the Anti-Money Laundering and Combating Terrorism Financing Amendment Bill of 2022 to Parliament in mid-August for public comment. The Bill addresses many of the areas in which FATF found SA to be deficient. However, the legislative process is unlikely to be completed in time to prevent SA from being put on the FATF's grey list of countries that do not comply with global best practice against money laundering and terrorist financing. Although not inevitable, confirmation of SA's greylisting is expected in February 2023.

Although many foreign investors have already downgraded SA's attractiveness as an investment destination, being greylisted would provide further justification for this. In particular, some of the macro impacts may include:

- **Higher transaction costs** for SA corporates who depend on offshore financing. This includes increased compliance requirements from offshore funders, as well as potentially higher offshore financing costs. In general, it is likely to be harder to access offshore financing to, for example, fund expansion projects.
- A perceived increase in the **risk of doing business** in SA, which could curtail foreign capital inflows. This would weigh on the rand exchange rate.

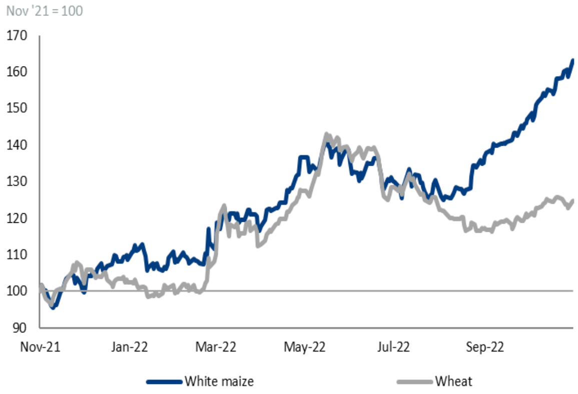
Our baseline rand and other domestic asset price assumptions assume that foreign investors have already discounted greylisting. Therefore, we do not expect the event to, in and of itself, weigh meaningfully on local asset prices. However, a 2021 IMF working paper (see **here**) that looked at the experience of greylisted countries found that it results in a 'large and statistically significant' reduction in foreign capital inflows. This emphasises the downside risks attached to greylisting. Even so, in our case, it may be more of a slow burn process where SA simply does not attract the amounts of foreign capital that the country would have received in the absence of sub-investment grade credit ratings and greylisting. The global context also matters: If, for example, at the time of greylisting major global central banks have stopped hiking policy interest rates, the adverse impact on capital inflows should be less severe.

Sticky near-term consumer inflation

Headline CPI looks to have peaked

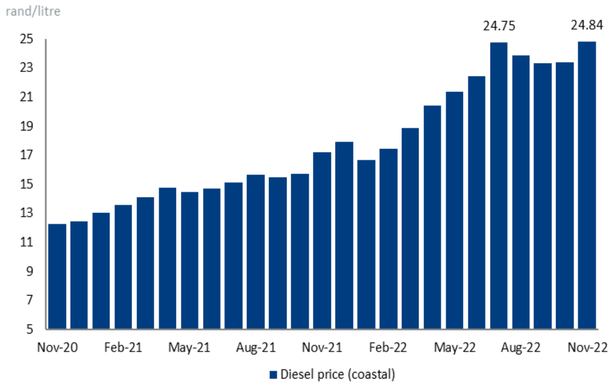
After increasing by 7.8% y-o-y in July, the highest rate of increase since early 2009, SA headline consumer inflation (CPI) eased to 7.5% during September. This was despite a continued acceleration in the rate of increase for food prices, which measured 12.3% y-o-y in September. The moderation in headline CPI was driven by a notable slowing in petrol CPI as the oil price, and subsequently local fuel prices, came down from earlier highs. While headline CPI has most likely peaked, we expect consumer prices to remain elevated in the next several months, with a projected average of 7.2% y-o-y in 2022Q4. In part, this is driven by the expectation that food prices will stay elevated in the foreseeable future. As illustrated in Figure 9, after easing around the middle of the year, domestic **grain futures** prices have increased again, significantly so in the case of white maize. Poultry producer Astral has already cautioned that sustained high feed costs will result in further selling price hikes for poultry.

Figure 9: SA maize futures price surging again



Source: DataStream

Figure 10: SA diesel price at an all-time high



Source: DataStream

High base effects from 2022 and a projected lower oil price support an easing in headline CPI during 2023

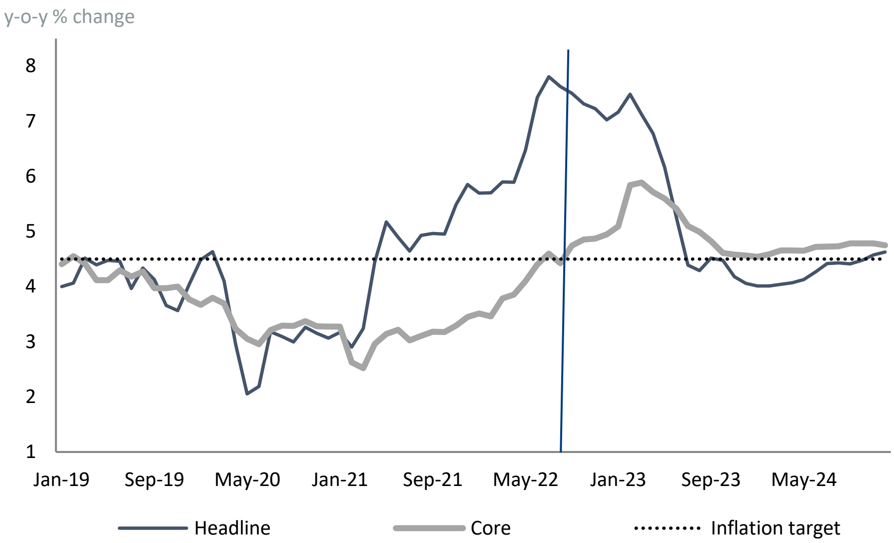
On the fuel price front, the cumulative R1.53/litre rise in the **diesel price** during October and November brought it to a new record high, increasing input costs across industries. Outside of food and fuel, we are starting to see a broadening of price pressures. To be sure, after rising by an average of 3.6% y-o-y in 2022Q1, **core[7] inflation** increased to 4.6% y-o-y during 2022Q3. As outlined in Figure 11, core CPI is only expected to peak in the first half of 2023. Besides sticky food prices, this helps to explain our view of higher-for-longer headline CPI. Beyond the early stages of 2023, the rate of increase for headline CPI should come down meaningfully. This view is supported by high base effects for petrol and food in 2022, as well as our assumption for a lower oil price, and the associated decline in domestic fuel costs. *Against this backdrop, headline CPI is projected to ease from an annual average of 6.9% in 2022 to 5.5% during 2023. In contrast, core CPI is expected to average at a higher rate of around 5% in 2023, up notably from a projected 4.3% in 2022.*

With several upside risks to the near-term outlook, including a renewed spike higher in the oil price, **medical insurance costs** may provide some relief. Recent reports that some major insurers will, as was the case in 2021 and 2022, delay the increase in medical insurance premiums to later in 2023 (historically these increases were implemented at the start of the year) mean

[7] Headline CPI excluding food and non-alcoholic beverages, fuel and electricity.

that CPI could ease at a faster pace next year than pencilled in the current baseline forecast.

Figure 11: Core CPI to accelerate through 2023Q1, headline has already peaked



Source: Stats SA, BER forecast

Over the medium term, CPI is expected to converge around the 4.5% mark

Over the medium term, headline CPI is expected to return to around the 4.5% midpoint of the SARB's 3 to 6% target. A crucial assumption here is that, from current elevated levels, the oil price tracks lower over time. Along with the moderate weakening projected for the rand over the medium term, this keeps imported inflation at bay. Well behaved unit labour costs also support the benign medium-term outlook for inflation. However, at this stage, we are not convinced that a further structural move lower in SA inflation towards the lower end (3%) of the target, in line with SARB Governor Lesetja Kganyago's preference, is achievable over the next five years. For starters, while unit labour costs are expected to be in line with the 4.5% midpoint of the current target range through the forecast period, recent multi-year wage settlements[8] of above expected headline CPI argue against inflation sustainably settling below 4.5%. In addition, it seems unlikely that **utility** (electricity, water, etc) **costs** will increase by less than 4% per annum. This emphasises that whereas it is a worthy goal to manage inflation down to 3% over time, achieving it will require buy-in from all social partners. Because there is no such buy-in at this stage,

[8] The mining sector stands out here with several companies recently signing up to five-year deals that will see wages rise by around 6% on average.

borrowing costs would need to rise significantly to push inflation to 3%, with potentially high costs in terms of lost output[9].

More SARB policy rate hikes on the cards

Another 75bps SARB rate hike pencilled in for November

Besides providing some direct support to disposable income, the lower projected rate of inflation through 2023 supports a view that domestic **borrowing costs** could remain stable from the second quarter of 2023, with the possibility of a modest reduction during the second half of 2024. In the near-term, the policy interest rate peak has again been revised higher. This is a function of sustained elevated global inflation, which is pushing especially the Fed to continue on an aggressive policy interest rate hiking path. This, in turn, is sustaining outsized US dollar strength, which is keeping the rand exchange rate on the back foot. *Along with a rising trend of domestic wage settlements, the weaker rand is set to result in a third consecutive 75bps SARB interest rate hike in November. At this stage, a final hike of 25bps is pencilled in for January 2023, taking the repo (prime) rate to an expected peak of 7.25% (10.75%)*. <u>With the Fed signalling that the end point (terminal rate) for the US policy interest rate could be even higher than expected before, the risk is that the peak for the domestic policy rate will also be higher than currently expected</u>.

Positive real policy rate required to attract sufficient foreign capital inflows

Given our forecast that the rise in headline CPI will settle at roughly the SARB's (current) preference of 4.5%, this would imply a medium-term real policy interest rate of 2.75%. This is somewhat above the SARB's current view that over the medium term, the neutral[10] real policy rate should revert back to just below 2.5%. With this in mind, there would be scope for a modest 25bps policy rate cut in the second half of 2024. At this stage, we do not think the SARB will be in any rush to reduce the policy rate further, especially not in a context where the **current account shortfall** is expected to widen (requiring greater quantities of foreign capital inflows) and the stated strategic central bank objective is to manage inflation down towards 3%.

[9] In contrast to this, the SARB (see Box 1 in the October 2022 **Monetary Policy Review**) emphasises that several estimates show that SA's historic sacrifice ratio, i.e. the short-term economic cost of achieving permanently lower inflation, is modest.

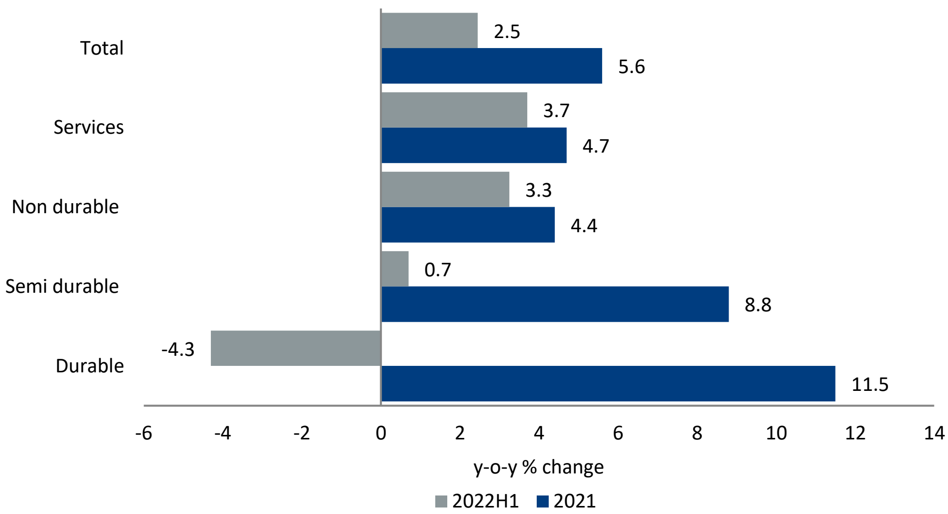
[10] The neutral rate can be thought of as an equilibrium policy interest rate where the stance of monetary policy is neither contractionary nor expansionary.

Countervailing forces for consumer spending

Driven by lower outlays on durable goods, real consumer spending growth slowed in 2022H1

The growth in real consumer spending eased to 2.5% in the first half of 2022, from a solid 5.6% in 2021. This followed the near 6% crash during 2020. Except for semi-durable goods[11], outlays on all the major consumer spending categories remained above their pre-COVID (2019Q4) levels during 2022Q2. In terms of the rate of consumer spending growth, there was an across-the-board moderation in the first half of 2022 (Figure 12). Following the robust bounce-back for consumer spending in 2021, this was bound to happen. Despite a strong increase in sales of passenger cars, spending on durable goods saw the most pronounced turnaround (to the downside) in the first six months of the year.

Figure 12: Growth in the key consumer spending categories slowed in 2022H1



Source: Stats SA

Monthly sales of passenger cars down notably from June peak

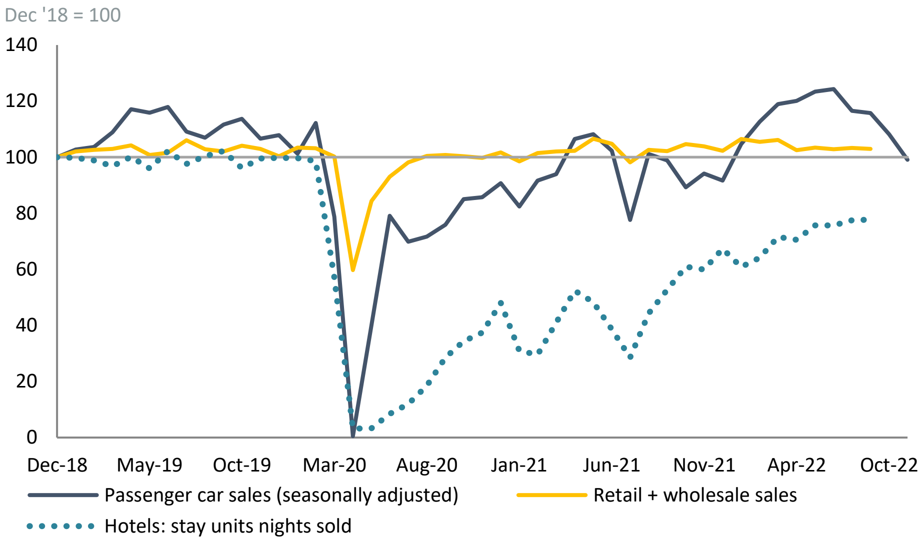
In contrast, household spending on services held up so far in 2022 as pent-up demand for these activities continued to be unleashed. With the last remaining COVID-19 mobility restrictions removed at the end of the second quarter and official COVID-19 cases remaining low in recent months, the trend of consumers switching expenditure away from goods to services continued in the third quarter. While media reporting has focused on the sustained robust annual increase in passenger car sales, Figure 13 shows that after monthly vehicle sales peaked in June 2022 at above its pre-COVID level, there has been a steady decline. In October, passenger car sales were back to well below the

[11] In 2022Q2, the real level of semi-durable consumption was still 8.7% below that of 2019Q4 (pre-COVID). In stark contrast, outlays on durable goods (1.8%), non-durable goods (2.4%) and services (2.8%) were comfortably above their pre-COVID levels.

average level of sales recorded in 2019. In addition, the level of real retail sales in August was almost 2% below that of June 2022. Combined, real retail and wholesale trade sales have flatlined in recent months. This contrasts with the trend in the accommodation sector, where although activity remains well below pre-COVID levels, the recovery trend continues.

In all, while there are nuances between the different categories of spending, the hit to household disposable income from elevated inflation and fast-rising borrowing costs is expected to weigh on total real consumer spending momentum in the near term. Even so, as with overall GDP, low base effects from 2021Q3, when consumer spending suffered from the severe Delta COVID wave and the KZN riots will support annual growth in consumer spending during 2022Q3. *With this in mind, and assuming modest quarterly growth in 2022Q4, we have kept the 2022 forecast for total real consumer spending growth unchanged at 2.8%.*

Figure 13: Consumers switching from outlays on goods to services



Source: Stats SA, naamsa, own calculations

Lower inflation rate and SRD extension should help to shield overall consumer spending against higher interest rate peak

Similarly, at 1.5%, the forecast for overall real household expenditure in 2023 was kept unchanged. With the prime lending rate now projected to peak 75bps higher in 2023 than expected in July and given the weaker growth impulse from the rest of the world, risks to the consumer spending outlook seem to be firmly on the downside. However, there are also some countervailing factors that should support consumer outlays. These include:

- The projected moderation in food and fuel prices, as well as overall inflation, over the next 12 months.
- The further one-year extension of the monthly social relief of distress (SRD) grant. Combined with the expected easing in the rate of food

price increases, this will be an important support to the spending power of low-income households.

- A continued recovery in services sector employment as the broader economy and the tourism/hospitality sector in particular continues to normalise from the COVID shock. The anticipated return of greater numbers of foreign tourists to SA will support this.

Faster capex growth post-2023 should sustain employment creation

Beyond 2023, we continue to assume that the SRD grant, or some other form of social protection, will be made permanent. Furthermore, the monetary SRD grant values are likely to be increased over time. Sustained employment growth after we get past next year's projected global/SA GDP growth slump and as domestic private fixed investment starts to ramp up should also support household income. This will provide lasting support to outlays on non-durable goods. An important caveat is that the National Treasury may need to raise personal tax rates to afford permanent additional income support for the unemployed.

Real consumer spending growth of 2% pencilled in over the medium term

Over the medium term (2025-27), real consumer outlays are forecast to increase by an average of 2%. This is somewhat higher than the average consumer spending growth rate in the five years preceding COVID-19 (1.7%). However, it is notably lower than the long-term pre-COVID (1994-2019) average for real consumer spending of 3.2% per annum.

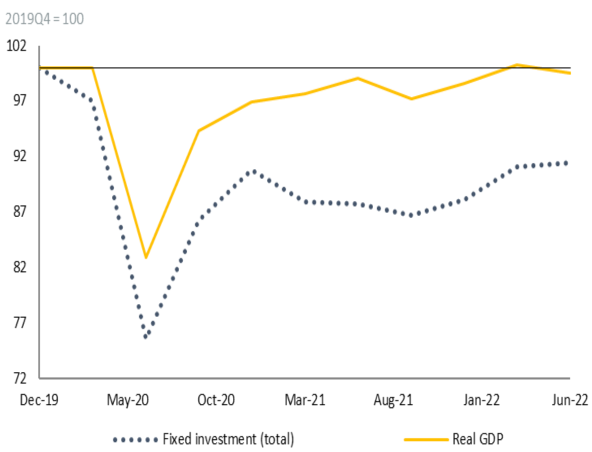
Private fixed investment on the mend

Rise in private capex since 2021Q4 has vastly outpaced the increase for real GDP

Real fixed capital formation (investment) remains the weak spot in the SA economic recovery from the COVID-19 lockdown crash in 2020. In 2022Q2, total real fixed investment was still 8.5% below the 2019Q4 level. This compares with the level of real GDP, which was 'only' 0.5% below the pre-COVID level during the second quarter (Figure 14). The overall weak capex recovery masks better news on **private** fixed investment in recent quarters. Admittedly from a low base, real private sector capex increased by a robust 7.7% between 2021Q4 and 2022Q2. This vastly outpaced a 2.4% rise in overall real GDP during the same period. As outlined in Figure 15, the better-than-expected private capex performance in recent quarters has seen a nice turnaround in the private capex-to-GDP ratio to above 10% in the first half of the year. However, this still remains below the 11% of GDP recorded in 2019.

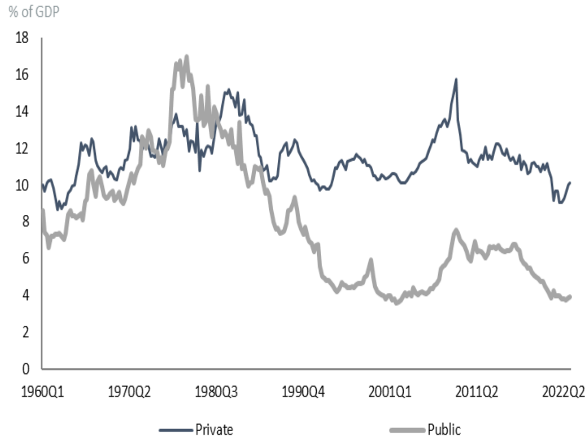
Real **public sector** fixed investment, comprising of general government and public corporation (SOE) capex, has been pedestrian in recent quarters, rising by only 0.2% since 2021Q4. As a result, expressed as a % of GDP, public capex remains around an all-time low. The reasons behind the poor fixed investment performance by the public sector has been well documented. For SOEs, they include a misallocation of funds meant for capex during the state capture years, as well as a significant deterioration in balance sheets. In the case of general government, the perennial poor capacity of local authorities to spend capex budgets and a shift of government resources to fund ever-increasing demands on current expenditure help to explain the poor capex outcomes.

Figure 14: Capex badly lagging GDP recovery



Source: DataStream

Figure 15: Some momentum in private capex



Source: DataStream

Strong outlays on machinery and equipment boost private capex

Coming back to private capex, although the recent outperformance is to be welcomed, it has not been broad-based. For example, fixed investment in residential and non-residential buildings has remained poor. At the other end of the scale, outlays on machinery and equipment[12] surged by almost 15% in real terms since 2021Q3. Besides increased spending on computer equipment, it is not immediately clear what has driven the strong rise in this category. Given the sustained high under-utilisation (22 to 23%) of production capacity in the manufacturing sector, it is unlikely to be related to capacity expansion in this industry. Similarly, despite elevated commodity prices, output in the mining sector remains below pre-COVID levels. Therefore, while it could already reflect some green-energy related investments, the outlays on machinery and equipment are most likely (largely) replacement capex as opposed to a requirement for new investment.

Looking forward, this is likely to change. Driven by green energy investment, capex on machinery and equipment, as well as construction works, should start to reflect capacity expansion. Previous editions of this report have highlighted how, for some time, we have lifted the forecast for private capex as the prospects for significant green energy fixed investment improved. Since our July

[12] This includes outlays on computers and related equipment.

forecast, there have been several developments that provide some comfort to the bullish outlook for green energy capex. These include the following:

Major energy reforms announced end-July

- In late July, President Cyril Ramaphosa announced **major energy market reforms**. These entail the removal of the **licensing requirement** for all embedded energy generation projects. This goes significantly further than the first step on this path in June 2021 when the licensing requirement was lifted for projects up to 100MW[13]. In addition, the president announced an increase in the generation capacity (from 2 600MW to 4 200MW[14]) to be procured in bid window 6 of the Independent Power Producer Programme (IPPP).
- Strict **local content** and environmental impact requirements that have been big constraints in expediting renewable energy projects will be streamlined, including a 'pragmatic' approach to the local content issue.
- An effort to incentivise a greater uptake of **rooftop solar installations**. Eskom will develop rules and a pricing structure - known as a feed-in tariff - for all commercial and residential installations on its network. This means that firms/individuals with installed solar panels will in future be able to sell surplus power to Eskom.
- The belated contract signing of three (out of 25 preferred bidders) projects that are part of **bid window 5** of the IPPP. Once completed in late 2024, the projects will add 420MW of renewable energy to the grid. *The total cost of these projects is estimated at R11bn*. It remains unclear how many of the other bid window 5 projects will reach the final contract-signing stage.

Mining sector lining up green-energy investment in excess of R100bn

- Concluded agreements by **Eskom** with four independent power producers (IPPs) for the commercial lease and use of land at its Majuba and Tutuka power stations in Mpumalanga. In a first of its kind, these lease agreements fall outside the government-driven IPP programme. *The first tranche of these green energy projects is expected to unlock R40bn in new investment.*
- The latest estimate from the Minerals Council South Africa is that their members have 6 500MW of embedded energy projects in the pipeline. There are 89 identified projects by 29 mining companies, *with the total investment estimated at more than R100bn.*

Although there are no exact timelines for these investments, and even considering the high likelihood that some projects will face delays, significant green energy investment is expected to provide a material boost to **private**

[13] Projects still need to be registered at the National Energy Regulator of SA.

[14] The initial bidding round was oversubscribed, i.e., the total bids exceeded the 4 200MW planned for bid window 6.

Public capex set to improve, but notably lag private sector spending

fixed investment from 2023 onwards (as highlighted in Figure 7). Assuming that these investments start to alleviate the domestic power constraint from late-2025 onwards, private capex should broaden beyond green energy as previously unviable non-energy projects become feasible. The outlook for **public sector capex** is notably less upbeat. However, at an average of just under 2% per annum over the next six years, we have pencilled in much improved public capex relative to the (dreadful) 2016-19 period. With strict conditionalities, government has of late shown a renewed willingness to alleviate the debt burden of SOEs such as Eskom, the SA Road Agency (Sanral) and Transnet. The removal of some of the debt straitjacket should allow these entities to spend more on capex.

Conclusion: Tough times ahead

Following almost three years of extreme challenges, 2023 is expected to be another rough year for the SA economy. Mild recessions in major SA export markets are projected, with risks on the downside. Domestically, power supply and logistical infrastructure woes are set to continue, there is a high probability that SA is greylisted early in the year, and there may be some fallout from the newly-elected ANC leadership in December 2022. At the same time, 2023 should see the first real boost from a large rollout of green-energy investments. Given the challenging environment, it is crucial that we prevent any further own goals, including damaging industrial action and strikes. Macro policy needs to ensure stability, while progress needs to be made on improving severe port and rail inefficiencies, as well as the supply of power. Generally speaking, more is required from government to reduce the high cost of doing business in SA. If we can show some progress on these fronts, it would lay the foundation to benefit from projected improved global economic conditions from 2024 onwards.

Appendix A

Statistics of the quarterly forecast, 2022 - 2024

Table A 1: International economic indicators

	2022Q1	2022Q2	2022Q3	2022Q4	2023Q1	2023Q2	2023Q3	2023Q4	2024Q1	2024Q2	2024Q3	2024Q4	2022	2023	2024
Real GDP growth rates															
US % growth	3.5	1.7	1.5	-0.2	0.1	0.1	0.4	0.9	1.8	1.8	1.8	1.8	***1.6***	***0.4***	***1.8***
UK % growth	8.6	3.2	2.1	0.5	-0.2	-0.4	0.4	0.8	1.2	1.2	1.2	1.2	***3.6***	***0.1***	***1.2***
Germany % growth	3.6	1.7	1.2	0.7	-0.6	-0.7	-0.5	0.4	1.5	1.5	1.5	1.5	***1.8***	***-0.4***	***1.5***
Japan % growth	0.9	1.1	2.8	2.4	2.5	1.8	1.1	0.8	1.5	1.5	1.5	1.5	***1.8***	***1.5***	***1.5***
Eurozone % growth	5.6	4.1	1.8	0.9	-0.3	-0.7	-0.4	0.5	1.6	1.6	1.6	1.6	***3.1***	***-0.2***	***1.6***
G7 % growth	3.9	2.3	1.9	0.6	0.5	0.1	0.3	0.8	1.9	1.9	1.9	1.9	***2.1***	***0.4***	***1.9***
CPI inflation rates															
US % CPI	8.0	8.6	8.3	7.2	5.9	3.9	2.6	2.1	2.1	2.1	2.1	2.1	***8.0***	***3.6***	***2.1***
UK % CPI	5.5	7.9	10.0	10.6	9.8	6.7	3.7	1.7	1.9	1.9	1.9	1.9	***8.5***	***5.3***	***1.9***
Germany % CPI	5.8	7.6	8.5	11.3	9.9	8.0	6.5	2.1	2.5	2.5	2.5	2.5	***8.3***	***6.6***	***2.5***
Japan % CPI	0.9	2.4	2.9	2.9	2.5	1.7	0.9	1.1	1.0	1.0	1.0	1.0	***2.3***	***1.6***	***1.0***
G7 % CPI	6.4	7.5	6.8	6.9	5.7	3.4	2.9	2.0	1.6	1.6	1.6	1.6	***6.9***	***3.5***	***1.6***
China % CPI	1.2	2.3	2.7	2.0	1.7	1.9	2.6	3.6	2.3	2.3	2.3	2.3	***2.0***	***2.4***	***2.3***
India % CPI	5.4	6.5	7.0	6.6	7.2	5.8	4.1	3.3	4.2	4.2	4.2	4.2	***6.4***	***5.1***	***4.2***
Interest rates															
US prime rate	3.29	3.94	5.36	6.83	7.50	7.50	7.50	7.50	7.25	6.83	6.25	5.83	***4.86***	***7.50***	***6.54***
Commodity prices															
Spot oil price: US$/barrel	98.0	112.1	98.0	95.0	96.0	91.0	88.0	86.0	83.2	81.9	79.2	77.5	***100.8***	***90.3***	***80.5***
London gold price: US$/oz	1874	1873	1729	1641	1671	1700	1710	1720	1710	1700	1697	1693	***1779***	***1700***	***1700***
Platinum price: US$/oz	1027	955	887	866	883	900	906	911	939	967	976	985	***934***	***900***	***967***
Palladium price: US$/oz	2329	2098	2077	2197	2248	2300	2317	2334	2417	2500	2528	2555	***2175***	***2300***	***2500***
SA coal price : US$/mt	239.2	313.2	324.9	262.7	256.4	250.0	247.9	245.8	232.9	220.0	215.7	211.4	***285.0***	***250.0***	***220.0***
China iron ore price : US$/mt	138.5	136.1	106.3	91.1	95.5	100.0	101.5	103.0	99.5	96.0	94.8	93.7	***118.0***	***100.0***	***96.0***
Exchange rates															
US$/Sterling exchange rate	1.34	1.26	1.18	1.12	1.13	1.13	1.15	1.16	1.17	1.19	1.20	1.20	***1.22***	***1.14***	***1.19***
YN/$ exchange rate	116.2	129.5	138.3	144.7	141.0	136.7	132.0	126.0	121.3	118.0	115.0	115.0	***132.2***	***133.9***	***117.3***
US$/Euro exchange rate	1.12	1.07	1.01	0.97	0.99	1.01	1.03	1.04	1.08	1.10	1.12	1.14	***1.04***	***1.02***	***1.11***

Table A 2: Expenditure on gross domestic product (R billion at current prices, seasonally adjusted annual rates)

	2022Q1	2022Q2	2022Q3	2022Q4	2023Q1	2023Q2	2023Q3	2023Q4	2024Q1	2024Q2	2024Q3	2024Q4	2022	2023	2024
Nominal GDP expenditure components															
Household consumption	4062.0	4131.5	4234.8	4291.6	4364.2	4402.5	4495.0	4550.6	4620.9	4659.3	4762.9	4825.1	***4180.0***	***4453.1***	***4717.1***
(year % ch.)	9.3	7.8	12.1	8.7	7.4	6.6	6.1	6.0	5.9	5.8	6.0	6.0	***9.4***	***6.5***	***5.9***
Government consumption	1278.8	1263.1	1341.9	1357.3	1371.0	1383.7	1401.7	1418.4	1431.7	1452.5	1470.7	1476.1	***1310.3***	***1393.7***	***1457.8***
(year % ch.)	6.3	6.7	10.0	7.8	7.2	9.5	4.5	4.5	4.4	5.0	4.9	4.1	***7.7***	***6.4***	***4.6***
Fixed investment	892.1	919.8	954.4	972.7	1003.9	1035.0	1064.3	1085.7	1114.8	1146.5	1170.3	1187.3	***934.7***	***1047.2***	***1154.7***
(year % ch.)	13.2	14.2	17.7	15.9	12.5	12.5	11.5	11.6	11.0	10.8	10.0	9.4	***15.3***	***12.0***	***10.3***
Inventory investment	-3.2	40.0	54.6	56.2	49.9	65.9	75.8	75.0	59.6	60.0	59.4	63.2	***36.9***	***66.7***	***60.6***
Residual item	-88.9	22.0	22.0	22.0	22.0	22.0	22.0	22.0	22.0	22.0	22.0	22.0	***-5.7***	***22.0***	***22.0***
Gross domestic expenditure	6140.7	6376.5	6607.7	6699.9	6811.0	6909.2	7058.8	7151.8	7249.2	7340.4	7485.5	7573.8	***6456.2***	***6982.7***	***7412.2***
(year % ch.)	8.4	11.0	13.6	11.3	10.9	8.4	6.8	6.7	6.4	6.2	6.0	5.9	***11.1***	***8.2***	***6.2***
Exports: goods and services	2160.3	2282.0	2375.1	2373.4	2372.2	2380.3	2389.9	2377.9	2409.6	2445.2	2479.4	2490.3	***2297.7***	***2380.1***	***2456.1***
(year % ch.)	17.2	13.4	25.6	19.8	9.8	4.3	0.6	0.2	1.6	2.7	3.7	4.7	***18.9***	***3.6***	***3.2***
Imports: goods and services	1868.0	2090.8	2163.6	2152.3	2168.6	2204.3	2224.7	2211.9	2232.6	2301.3	2330.5	2337.5	***2068.7***	***2202.4***	***2300.5***
(year % ch.)	28.0	38.5	42.5	25.7	16.1	5.4	2.8	2.8	3.0	4.4	4.8	5.7	***33.5***	***6.5***	***4.5***
Expenditure on GDP	6433.0	6567.7	6819.2	6921.0	7014.6	7085.3	7223.9	7317.9	7426.2	7484.2	7634.3	7726.6	***6685.2***	***7160.4***	***7567.8***
(year % ch.)	6.4	5.1	10.2	10.1	9.0	7.9	5.9	5.7	5.9	5.6	5.7	5.6	***8.0***	***7.1***	***5.7***

Table A 3: Expenditure on gross domestic product (R billion at constant 2015 prices, seasonally adjusted annual rates)

	2022Q1	2022Q2	2022Q3	2022Q4	2023Q1	2023Q2	2023Q3	2023Q4	2024Q1	2024Q2	2024Q3	2024Q4	2022	2023	2024
Real GDP expenditure components															
Household consumption	3051.6	3068.4	3058.3	3067.3	3083.0	3102.0	3117.7	3132.3	3146.6	3161.3	3175.2	3188.2	***3061.4***	***3108.7***	***3167.8***
(year % ch.)	3.0	1.9	4.5	1.8	1.0	1.1	1.9	2.1	2.1	1.9	1.8	1.8	***2.8***	***1.5***	***1.9***
Government consumption	907.7	901.4	914.8	893.7	898.2	911.1	899.0	887.1	897.8	917.9	906.2	888.3	***904.4***	***898.8***	***902.5***
(year % ch.)	2.2	1.1	2.1	-0.5	-1.1	1.1	-1.7	-0.7	0.0	0.7	0.8	0.1	***1.2***	***-0.6***	***0.4***
Fixed investment	657.0	660.1	663.1	667.1	674.3	683.9	695.2	703.4	716.3	727.8	736.1	741.4	***661.8***	***689.2***	***730.4***
(year % ch.)	3.6	4.3	6.0	5.0	2.6	3.6	4.8	5.4	6.2	6.4	5.9	5.4	***4.7***	***4.1***	***6.0***
Inventory investment	4.8	27.3	27.7	25.9	18.9	26.8	32.8	29.8	21.2	20.8	20.7	20.8	***21.4***	***27.1***	***20.9***
Residual item	5.1	3.7	3.7	3.7	3.7	3.7	3.7	3.7	3.7	3.7	3.7	3.7	***4.1***	***3.7***	***3.7***
Gross domestic expenditure	4626.1	4660.9	4667.7	4657.7	4678.1	4727.6	4748.4	4756.3	4785.5	4831.5	4842.0	4842.4	***4653.1***	***4727.6***	***4825.4***
(year % ch.)	3.4	3.4	4.5	2.8	1.1	1.4	1.7	2.1	2.3	2.2	2.0	1.8	***3.5***	***1.6***	***2.1***
Exports: goods and services	1262.9	1266.1	1271.9	1251.3	1240.8	1239.4	1241.0	1245.5	1257.1	1265.8	1277.1	1284.6	***1263.1***	***1241.7***	***1271.1***
(year % ch.)	7.8	4.9	13.2	2.8	-1.7	-2.1	-2.4	-0.5	1.3	2.1	2.9	3.1	***7.1***	***-1.7***	***2.4***
Imports: goods and services	1285.4	1357.3	1358.1	1324.0	1316.1	1333.3	1341.0	1349.1	1360.1	1380.1	1383.1	1387.5	***1331.2***	***1334.9***	***1377.7***
(year % ch.)	10.4	16.3	20.4	8.2	2.4	-1.8	-1.3	1.9	3.3	3.5	3.1	2.8	***13.7***	***0.3***	***3.2***
Expenditure on GDP	4603.6	4569.7	4581.5	4585.1	4602.9	4633.7	4648.4	4652.6	4682.5	4717.3	4736.0	4739.5	***4585.0***	***4634.4***	***4718.8***
(year % ch.)	2.7	0.5	2.6	1.3	0.0	1.4	1.5	1.5	1.7	1.8	1.9	1.9	***1.8***	***1.1***	***1.8***

Table A 4: Final household consumption expenditure (R billion at constant 2015 prices, seasonally adjusted annual rates)

	2022Q1	2022Q2	2022Q3	2022Q4	2023Q1	2023Q2	2023Q3	2023Q4	2024Q1	2024Q2	2024Q3	2024Q4	2022	2023	2024
Household consumption categories															
Durable goods	302.1	298.7	295.4	293.8	294.9	297.2	299.9	302.4	304.2	306.0	307.6	309.3	***297.5***	***298.6***	***306.8***
(year % ch.)	-2.6	-6.0	3.6	0.8	-2.4	-0.5	1.5	2.9	3.1	2.9	2.6	2.3	***-1.2***	***0.4***	***2.7***
Semi-durable goods	258.6	254.8	253.8	254.7	256.5	259.0	261.9	264.6	266.4	268.2	269.8	271.5	***255.5***	***260.5***	***269.0***
(year % ch.)	1.6	-0.2	4.6	-0.3	-0.8	1.6	3.2	3.9	3.9	3.5	3.0	2.6	***1.4***	***2.0***	***3.2***
Non-durable goods	929.2	920.9	909.1	910.7	916.2	923.9	926.8	929.3	932.9	937.5	941.3	944.0	***917.5***	***924.0***	***938.9***
(year % ch.)	4.3	2.2	4.9	-0.1	-1.4	0.3	1.9	2.0	1.8	1.5	1.6	1.6	***2.8***	***0.7***	***1.6***
Services	1561.7	1594.0	1599.9	1608.0	1615.4	1621.9	1629.0	1635.9	1643.1	1649.7	1656.5	1663.3	***1590.9***	***1625.6***	***1653.2***
(year % ch.)	3.6	3.8	4.4	3.4	3.4	1.8	1.8	1.7	1.7	1.7	1.7	1.7	***3.8***	***2.2***	***1.7***
Total household consumption	3051.6	3068.4	3058.3	3067.3	3083.0	3102.0	3117.7	3132.3	3146.6	3161.3	3175.2	3188.2	***3061.4***	***3108.7***	***3167.8***
(year % ch.)	3.0	1.9	4.5	1.8	1.0	1.1	1.9	2.1	2.1	1.9	1.8	1.8	***2.8***	***1.5***	***1.9***
Disposable income of households															
Real disposable income	3068.7	3074.6	3065.6	3074.9	3090.4	3108.7	3124.6	3138.9	3152.8	3167.0	3180.9	3193.8	***3071.0***	***3115.7***	***3173.6***
(year % ch.)	2.5	1.4	3.5	1.2	0.7	1.1	1.9	2.1	2.0	1.9	1.8	1.7	***2.1***	***1.5***	***1.9***
Adjusted for debt-service cost (real)	3020.3	3026.7	3019.1	3028.9	3044.9	3063.3	3079.9	3094.6	3108.9	3123.3	3138.0	3151.2	***3023.8***	***3070.7***	***3130.3***
(year % ch.)	2.6	1.5	3.7	1.4	0.8	1.2	2.0	2.2	2.1	2.0	1.9	1.8	***2.3***	***1.6***	***1.9***

Table A 5: Gross fixed capital formation (R billion at constant 2015 prices, seasonally adjusted annual rates)

	2022Q1	2022Q2	2022Q3	2022Q4	2023Q1	2023Q2	2023Q3	2023Q4	2024Q1	2024Q2	2024Q3	2024Q4	2022	2023	2024
Private sector															
Total private sector	474.1	478.0	480.5	484.6	489.6	497.5	506.5	514.7	525.6	536.0	542.4	547.5	***479.3***	***502.1***	***537.9***
(year % ch.)	7.2	7.4	8.3	6.2	3.3	4.1	5.4	6.2	7.3	7.7	7.1	6.4	***7.2***	***4.7***	***7.1***
Public sector															
Government	113.8	113.0	112.6	111.1	112.6	113.9	115.4	114.9	115.9	116.7	117.7	117.4	***112.6***	***114.2***	***116.9***
(year % ch.)	-7.8	-4.3	0.2	1.5	-1.0	0.8	2.5	3.4	2.9	2.5	2.0	2.2	***-2.8***	***1.4***	***2.4***
Public corporations	69.1	69.0	70.0	71.4	72.1	72.5	73.3	73.8	74.8	75.1	76.0	76.5	***69.9***	***72.9***	***75.6***
(year % ch.)	0.9	-0.6	0.8	2.7	4.3	5.0	4.7	3.4	3.7	3.6	3.7	3.7	***1.0***	***4.4***	***3.7***
Total public sector	182.9	182.1	182.6	182.5	184.7	186.4	188.7	188.7	190.7	191.8	193.7	193.9	***182.5***	***187.1***	***192.5***
(year % ch.)	-4.7	-2.9	0.5	2.0	1.0	2.4	3.3	3.4	3.2	2.9	2.6	2.8	***-1.4***	***2.5***	***2.9***
Total															
Total fixed capital formation	657.0	660.1	663.1	667.1	674.3	683.9	695.2	703.4	716.3	727.8	736.1	741.4	***661.8***	***689.2***	***730.4***
(year % ch.)	3.6	4.3	6.0	5.0	2.6	3.6	4.8	5.4	6.2	6.4	5.9	5.4	***4.7***	***4.1***	***6.0***

Table A 6: Labour sector (million)

	2022Q1	2022Q2	2022Q3	2022Q4	2023Q1	2023Q2	2023Q3	2023Q4	2024Q1	2024Q2	2024Q3	2024Q4	2022	2023	2024
Employment															
Total labour force	22.78	23.56	22.63	23.18	23.24	23.86	22.92	23.48	23.55	24.15	23.20	23.77	***23.04***	***23.38***	***23.67***
(year % ch.)	2.4	3.5	3.2	3.2	2.1	1.3	1.3	1.3	1.3	1.2	1.2	1.2	***3.1***	***1.5***	***1.2***
Private sector employment	12.60	13.35	13.48	13.66	13.51	13.62	13.72	13.90	13.82	13.89	14.07	14.27	***13.27***	***13.69***	***14.01***
(year % ch.)	-1.5	4.2	11.5	11.0	7.1	2.0	1.8	1.8	2.3	2.0	2.5	2.7	***6.2***	***3.1***	***2.4***
Government employment	2.31	2.22	2.19	2.19	2.19	2.19	2.19	2.21	2.22	2.25	2.25	2.22	***2.23***	***2.20***	***2.23***
(year % ch.)	5.0	3.9	-0.1	-2.1	-5.0	-1.1	0.1	0.7	1.0	2.5	2.5	0.6	***1.6***	***-1.4***	***1.7***
Total employment (incl. informal)	14.91	15.56	15.67	15.85	15.70	15.81	15.91	16.11	16.03	16.14	16.31	16.49	***15.50***	***15.88***	***16.24***
(year % ch.)	-0.5	4.2	9.7	9.0	5.3	1.6	1.5	1.6	2.1	2.1	2.5	2.4	***5.5***	***2.5***	***2.3***
Unemployment rate	34.5	33.9	30.7	31.6	32.5	33.8	30.6	31.4	31.9	33.2	29.7	30.6	***32.7***	***32.0***	***31.3***
Wage rates (year % change)															
Unit labour cost	2.7	4.6	3.2	8.1	7.3	5.2	4.5	3.9	3.8	4.0	3.6	3.8	***4.7***	***5.2***	***3.8***
Wage bill (R billion at current prices)															
Total wage bill	2968.6	2983.2	3054.5	3180.6	3184.5	3181.5	3237.2	3354.9	3362.4	3369.6	3417.1	3547.7	***3046.7***	***3239.5***	***3424.2***
(year % ch.)	5.5	5.2	6.0	9.5	7.3	6.6	6.0	5.5	5.6	5.9	5.6	5.7	***6.6***	***6.3***	***5.7***

Table A 7: Personal income and expenditure (R billion at current prices, seasonally adjusted annual rates)

	2022Q1	2022Q2	2022Q3	2022Q4	2023Q1	2023Q2	2023Q3	2023Q4	2024Q1	2024Q2	2024Q3	2024Q4	2022	2023	2024
Income and expenditure															
Remuneration of employees	2968.6	2983.2	3054.5	3180.6	3184.5	3181.5	3237.2	3354.9	3362.4	3369.6	3417.1	3547.7	***3046.7***	***3239.5***	***3424.2***
(year % ch.)	5.5	5.2	6.0	9.5	7.3	6.6	6.0	5.5	5.6	5.9	5.6	5.7	***6.6***	***6.3***	***5.7***
Disposable income	4084.8	4139.9	4244.9	4302.3	4374.7	4412.0	4505.0	4560.3	4630.0	4667.8	4771.4	4833.6	***4193.0***	***4463.0***	***4725.7***
(year % ch.)	8.7	7.1	11.1	8.1	7.1	6.6	6.1	6.0	5.8	5.8	5.9	6.0	***8.8***	***6.4***	***5.9***
Less household consumption	4062.0	4131.5	4234.8	4291.6	4364.2	4402.5	4495.0	4550.6	4620.9	4659.3	4762.9	4825.1	***4180.0***	***4453.1***	***4717.1***
(year % ch.)	9.3	7.8	12.1	8.7	7.4	6.6	6.1	6.0	5.9	5.8	6.0	6.0	***9.4***	***6.5***	***5.9***
Saving	22.9	8.4	10.1	10.7	10.4	9.4	10.1	9.7	9.1	8.5	8.5	8.5	***13.0***	***9.9***	***8.6***
Households: ratio to disposable income															
Saving	0.6	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	***0.3***	***0.2***	***0.2***
Debt	64.3	64.6	65.5	64.9	64.7	64.6	64.7	63.8	63.4	63.4	63.8	63.1	***64.8***	***64.5***	***63.4***
Debt-service cost	7.3	7.5	8.3	8.9	9.2	9.2	9.3	9.3	9.2	9.3	9.3	9.1	***8.0***	***9.3***	***9.2***
Net wealth	379.4	359.2	352.5	360.7	357.2	357.6	356.1	356.9	358.1	359.5	358.4	362.2	***362.9***	***357.0***	***359.5***

Table A 8: Current income and expenditure of general government (R billion at current prices, seasonally adjusted annual rates)

	2022Q1	2022Q2	2022Q3	2022Q4	2023Q1	2023Q2	2023Q3	2023Q4	2024Q1	2024Q2	2024Q3	2024Q4	*2022*	*2023*	*2024*
Income															
Direct taxes	863.5	1042.7	996.2	1027.6	962.7	1099.6	1056.7	1087.1	1020.2	1185.1	1122.6	1160.2	***982.5***	***1051.5***	***1122.0***
(year % ch.)	12.9	5.5	12.5	11.7	11.5	5.5	6.1	5.8	6.0	7.8	6.2	6.7	***10.4***	***7.0***	***6.7***
Value added tax (VAT)	456.1	376.2	408.2	440.4	495.1	408.2	443.1	478.5	530.0	437.5	476.1	514.5	***420.2***	***456.2***	***489.5***
(year % ch.)	16.5	12.1	11.1	8.9	8.5	8.5	8.5	8.6	7.1	7.2	7.4	7.5	***12.2***	***8.6***	***7.3***
Other indirect taxes	357.8	417.4	456.8	444.2	403.8	454.4	476.7	503.0	410.5	488.5	514.2	543.7	***419.1***	***459.5***	***489.2***
(year % ch.)	1.6	-1.3	15.2	13.6	12.9	8.9	4.4	13.2	1.7	7.5	7.9	8.1	***7.2***	***9.6***	***6.5***
Expenditure															
Consumption	1278.8	1263.1	1341.9	1357.3	1371.0	1383.7	1401.7	1418.4	1431.7	1452.5	1470.7	1476.1	***1310.3***	***1393.7***	***1457.8***
(year % ch.)	6.3	6.7	10.0	7.8	7.2	9.5	4.5	4.5	4.4	5.0	4.9	4.1	***7.7***	***6.4***	***4.6***
Interest Payments	280.8	265.9	317.2	393.7	381.3	401.2	394.2	394.3	404.0	435.6	447.8	456.8	***314.4***	***392.8***	***436.0***
(year % ch.)	17.5	10.4	18.4	53.3	35.8	50.9	24.3	0.2	6.0	8.6	13.6	15.8	***25.2***	***24.9***	***11.0***
Saving	-371.0	-166.4	-155.5	-218.2	-273.5	-322.4	-209.9	-163.7	-299.9	-296.7	-216.5	-153.9	***-227.8***	***-242.4***	***-241.7***
Ratios to GDP															
Total tax revenue	26.1	28.0	27.3	27.6	26.5	27.7	27.4	28.3	26.4	28.2	27.7	28.7	***27.3***	***27.5***	***27.8***
Main budget balance	-5.9	-2.0	-3.8	-4.8	-6.6	-4.7	-5.2	-4.1	-6.8	-4.2	-5.1	-3.9	***-4.1***	***-5.1***	***-5.0***
Gross debt (National government)	68.0	70.1	69.2	72.6	73.6	74.2	74.5	74.8	75.7	76.3	76.5	76.8	***72.6***	***74.8***	***76.8***

Table A 9: Balance of payments (R billion at current prices, seasonally adjusted annual rates)

	2022Q1	2022Q2	2022Q3	2022Q4	2023Q1	2023Q2	2023Q3	2023Q4	2024Q1	2024Q2	2024Q3	2024Q4	2022	2023	2024
Current account															
Exports: goods and services	2160.3	2282.0	2375.1	2373.4	2372.2	2380.3	2389.9	2377.9	2409.6	2445.2	2479.4	2490.3	***2297.7***	***2380.1***	***2456.1***
(year % ch.)	17.2	13.4	25.6	19.8	9.8	4.3	0.6	0.2	1.6	2.7	3.7	4.7	***18.9***	***3.6***	***3.2***
Net receipts	-37.4	-27.9	-33.8	-33.4	-33.4	-59.4	-59.4	-56.4	-61.4	-55.4	-55.4	-55.4	***-33.1***	***-52.2***	***-56.9***
(year % ch.)	-32.1	-21.9	8.7	57.7	-10.5	113.1	75.6	68.7	83.8	-6.7	-6.7	-1.8	***-7.4***	***57.5***	***9.1***
Less imports: goods and services	1868.0	2090.8	2163.6	2152.3	2168.6	2204.3	2224.7	2211.9	2232.6	2301.3	2330.5	2337.5	***2068.7***	***2202.4***	***2300.5***
(year % ch.)	28.0	38.5	42.5	25.7	16.1	5.4	2.8	2.8	3.0	4.4	4.8	5.7	***33.5***	***6.5***	***4.5***
Less net factor payments	98.2	249.9	142.4	137.2	143.5	144.0	137.9	137.5	140.9	141.4	145.4	152.8	***156.9***	***140.7***	***145.1***
(year % ch.)	62.8	46.3	11.9	18.3	46.1	-42.4	-3.2	0.2	-1.8	-1.8	5.4	11.1	***32.3***	***-10.3***	***3.1***
Current account balance	156.7	-86.6	35.3	50.4	26.7	-27.3	-32.2	-27.9	-25.3	-52.9	-52.0	-55.4	***39.0***	***-15.2***	***-46.4***
Current account in US$	10.3	-5.6	2.1	2.8	1.5	-1.6	-1.9	-1.7	-1.6	-3.2	-3.2	-3.4	***2.4***	***-0.9***	***-2.9***
Current account as % of GDP	2.4	-1.3	0.5	0.7	0.4	-0.4	-0.4	-0.4	-0.3	-0.7	-0.7	-0.7	***0.6***	***-0.2***	***-0.6***
Financing of the current account															
Total net capital flows	-0.5	32.7	8.1	-35.0	24.0	-17.0	23.0	-17.0	40.0	-12.0	30.0	-10.0	***5.3***	***13.0***	***48.0***
SDR + Valuation adjustment	-74.4	80.9	93.7	-21.9	-11.8	-8.8	-32.4	-26.5	-5.9	14.7	-8.8	-5.9	***78.2***	***-79.5***	***-5.9***
Change in gross reserves	-67.6	116.2	94.5	-20.4	-13.0	-8.5	-33.6	-26.6	-4.1	13.7	-8.0	-5.9	***122.6***	***-81.7***	***-4.3***
Gross reserves: quarter end	847.8	963.9	1058.4	1038.0	1024.9	1016.5	982.9	956.3	952.2	965.9	957.9	952.0	***1038.0***	***956.3***	***952.0***
Gross reserves: quarter end (US$)	58.2	58.9	58.9	59.0	58.9	58.9	58.9	58.8	59.0	58.9	58.9	58.9	***59.0***	***58.8***	***58.9***
Terms of trade															
Index (2015 = 100)	117.7	117.0	117.2	116.7	116.0	116.2	116.1	116.5	116.8	115.8	115.2	115.1	***117.2***	***116.2***	***115.7***
(year % ch.)	-6.3	-9.2	-6.3	0.3	-1.4	-0.7	-1.0	-0.2	0.7	-0.3	-0.7	-1.2	***-5.5***	***-0.8***	***-0.4***

Table A 10: Credit, interest rates and exchange rates

	2022Q1	2022Q2	2022Q3	2022Q4	2023Q1	2023Q2	2023Q3	2023Q4	2024Q1	2024Q2	2024Q3	2024Q4	2022	2023	2024
Money supply and credit extension															
M3 money supply	4467.7	4448.9	4677.1	4673.0	4747.6	4764.7	4830.8	4866.2	4931.9	4964.0	5053.2	5108.1	***4673.0***	***4866.2***	***5108.1***
(year % ch.)	8.4	8.3	9.0	7.4	6.3	7.1	3.3	4.1	3.9	4.2	4.6	5.0	***7.4***	***4.1***	***5.0***
Private sector credit to households	1927.5	1957.1	2008.8	2034.8	2078.3	2084.6	2106.7	2120.6	2152.7	2166.5	2199.9	2222.2	***2034.8***	***2120.6***	***2222.2***
(year % ch.)	6.1	6.9	8.1	7.8	7.8	6.5	4.9	4.2	3.6	3.9	4.4	4.8	***7.8***	***4.2***	***4.8***
Private sector credit to firms	2278.5	2320.8	2388.9	2417.2	2448.2	2459.1	2503.1	2524.6	2558.1	2576.5	2632.3	2664.9	***2417.2***	***2524.6***	***2664.9***
(year % ch.)	5.7	8.1	10.5	9.1	7.4	6.0	4.8	4.4	4.5	4.8	5.2	5.6	***9.1***	***4.4***	***5.6***
Total private sector credit extension	4206.0	4278.0	4397.7	4452.0	4526.6	4543.7	4609.8	4645.2	4710.8	4743.0	4832.1	4887.1	***4452.0***	***4645.2***	***4887.1***
(year % ch.)	5.9	7.5	9.4	8.5	7.6	6.2	4.8	4.3	4.1	4.4	4.8	5.2	***8.5***	***4.3***	***5.2***
Interest rates															
3-month NCD rate	4.13	4.65	5.83	7.11	7.75	7.80	7.80	7.79	7.79	7.79	7.78	7.50	***5.43***	***7.79***	***7.71***
10-year government bond yield	9.47	9.98	10.53	11.15	11.16	11.01	10.72	10.80	10.81	10.99	10.95	10.81	***10.28***	***10.92***	***10.89***
Prime overdraft rate	7.45	7.98	9.00	10.13	10.70	10.75	10.75	10.75	10.75	10.75	10.75	10.50	***8.64***	***10.74***	***10.69***
Effective household lending rate	11.35	11.61	12.71	13.78	14.25	14.33	14.36	14.57	14.58	14.63	14.61	14.44	***12.36***	***14.38***	***14.56***
Effective firm lending rate	4.57	5.51	6.66	8.01	8.74	9.01	9.15	9.23	9.16	9.07	8.97	8.66	***6.19***	***9.03***	***8.96***
Exchange rates															
R/US DOLLAR	15.23	15.54	17.04	17.93	17.55	17.27	17.02	16.32	16.10	16.35	16.38	16.15	***16.43***	***17.04***	***16.25***
(year % ch.)	1.8	10.0	16.6	16.3	15.3	11.1	-0.1	-9.0	-8.3	-5.3	-3.7	-1.0	***11.2***	***3.7***	***-4.6***
R/100 Japanese YEN	13.11	12.00	12.32	12.39	12.45	12.63	12.89	12.95	13.27	13.86	14.25	14.04	***12.46***	***12.73***	***13.85***
(year % ch.)	-7.2	-7.1	-7.3	-8.6	-5.0	5.3	4.7	4.5	6.6	9.7	10.5	8.4	***-7.5***	***2.2***	***8.8***
R/STERLING	20.45	19.55	20.06	20.08	19.83	19.57	19.57	18.93	18.84	19.46	19.66	19.38	***20.03***	***19.47***	***19.33***
(year % ch.)	-0.8	-1.1	-0.5	-3.3	-3.0	0.1	-2.4	-5.7	-5.0	-0.6	0.5	2.4	***-1.4***	***-2.8***	***-0.7***
R/EURO	17.10	16.57	17.14	17.33	17.37	17.44	17.47	17.02	17.33	17.93	18.29	18.36	***17.04***	***17.33***	***17.98***
(year % ch.)	-5.2	-2.7	-0.5	-1.7	1.6	5.2	1.9	-1.8	-0.2	2.8	4.7	7.8	***-2.5***	***1.7***	***3.8***
R/$ PP parity rate (base PPI 2003)	12.30	12.08	12.69	12.77	12.89	13.07	13.11	13.10	12.92	13.17	13.27	13.28	***12.46***	***13.04***	***13.16***
(year % ch.)	-5.2	-4.1	1.4	1.8	4.8	8.2	3.3	2.5	0.3	0.8	1.3	1.4	***-1.6***	***4.6***	***0.9***

Table A 11: Prices

	2022Q1	2022Q2	2022Q3	2022Q4	2023Q1	2023Q2	2023Q3	2023Q4	2024Q1	2024Q2	2024Q3	2024Q4	2022	2023	2024
Price deflators (index base year: 2015)															
Exports (incl. services)	171.1	180.2	186.7	189.7	191.2	192.0	192.6	190.9	191.7	193.2	194.1	193.9	***181.9***	***191.7***	***193.2***
(year % ch.)	8.8	8.1	11.0	16.5	11.8	6.6	3.1	0.7	0.3	0.6	0.8	1.5	***11.1***	***5.4***	***0.8***
Export commodities (in rand)	3622.2	3838.1	4024.1	3895.3	3786.7	3700.0	3638.0	3480.3	3355.8	3328.4	3308.7	3235.4	***3844.9***	***3651.2***	***3307.1***
(year % ch.)	22.9	10.5	29.5	34.6	4.5	-3.6	-9.6	-10.7	-11.4	-10.0	-9.1	-7.0	***23.8***	***-5.0***	***-9.4***
Imports (incl. services)	145.3	154.0	159.3	162.6	164.8	165.3	165.9	163.9	164.1	166.8	168.5	168.5	***155.3***	***165.0***	***167.0***
(year % ch.)	16.0	19.1	18.4	16.2	13.4	7.3	4.1	0.9	-0.4	0.9	1.6	2.8	***17.4***	***6.2***	***1.2***
GDE	134.8	136.4	141.2	143.5	145.2	145.8	148.3	150.0	151.1	151.6	154.3	156.1	***139.0***	***147.3***	***153.3***
(year % ch.)	6.3	6.1	7.7	7.5	7.7	6.9	5.0	4.6	4.1	4.0	4.0	4.0	***6.9***	***6.0***	***4.0***
Investment	135.8	139.3	143.9	145.8	148.9	151.3	153.1	154.4	155.6	157.5	159.0	160.1	***141.2***	***151.9***	***158.1***
(year % ch.)	9.3	9.5	11.1	10.4	9.6	8.6	6.4	5.9	4.5	4.1	3.8	3.7	***10.1***	***7.6***	***4.1***
GDP	139.7	143.7	148.8	150.9	152.4	152.9	155.4	157.3	158.6	158.7	161.2	163.0	***145.8***	***154.5***	***160.4***
(year % ch.)	3.6	4.6	7.4	8.6	9.1	6.4	4.4	4.2	4.1	3.8	3.7	3.6	***6.1***	***6.0***	***3.8***
Consumer (index base: Dec 2021) & producer prices (index base: Dec 2020)															
Headline inflation (CPI)	100.9	103.2	106.0	106.8	108.4	109.6	110.8	111.3	112.7	114.2	115.7	116.4	***104.3***	***110.0***	***114.8***
(year % ch.)	5.8	6.6	7.7	7.4	7.4	6.2	4.5	4.2	4.0	4.2	4.4	4.6	***6.9***	***5.5***	***4.3***
Core inflation*	100.8	102.2	103.7	104.8	106.6	108.1	109.0	109.6	111.5	113.2	114.2	114.9	***102.9***	***108.4***	***113.4***
(year % ch.)	3.6	4.1	4.6	5.1	5.8	5.8	5.2	4.6	4.6	4.7	4.7	4.8	***4.3***	***5.3***	***4.7***
CPI food and non-alcoholic beverages	101.7	105.0	109.5	111.6	112.9	113.8	114.7	115.9	117.4	118.2	119.2	121.2	***106.9***	***114.3***	***119.0***
(year % ch.)	6.1	7.4	11.1	12.0	11.0	8.4	4.8	3.8	3.9	3.9	3.9	4.6	***9.2***	***6.9***	***4.1***
CPI petrol	101.5	114.5	127.5	118.4	120.0	118.9	115.0	112.1	108.9	109.5	109.3	106.3	***115.5***	***116.5***	***108.5***
(year % ch.)	31.6	35.7	44.2	24.0	18.3	3.8	-9.8	-5.3	-9.3	-7.9	-4.9	-5.2	***33.7***	***0.9***	***-6.9***
Petrol price (R/l coastal unleaded)	*19.73*	*21.95*	*24.53*	*22.08*	*22.39*	*22.18*	*21.45*	*20.92*	*20.31*	*20.43*	*20.40*	*19.84*	***22.07***	***21.74***	***20.25***
(year % ch.)	*32.3*	*33.0*	*41.9*	*18.3*	*13.5*	*1.1*	*-12.6*	*-5.2*	*-9.3*	*-7.9*	*-4.9*	*-5.2*	***31.0***	***-1.5***	***-6.9***
CPI electricity	100.1	100.3	108.1	108.3	108.3	108.3	121.7	121.9	121.9	121.9	137.0	137.2	***104.2***	***115.1***	***129.5***
(year % ch.)	14.1	14.3	8.3	8.3	8.2	8.0	12.5	12.6	12.6	12.6	12.6	12.6	***11.1***	***10.4***	***12.6***
Producer price index	112.7	119.3	123.8	124.1	125.7	127.1	127.4	128.2	129.2	131.3	132.2	133.2	***120.0***	***127.1***	***131.5***
(year % ch.)	10.8	14.7	16.5	13.5	11.5	6.5	2.9	3.3	2.8	3.3	3.8	3.9	***13.9***	***5.9***	***3.5***

** CPI excluding food, non-alcoholic beverages, petrol and energy*

Appendix B

Statistics of the annual forecast, 2022 - 2027

Table B 1: International economic indicators

	Average 2016-21	2021	2022	2023	2024	2025	2026	2027	*Average 2022-27*
Real GDP growth rates									
US % growth	***1.9***	5.7	1.6	0.4	1.8	1.8	1.8	2.0	***1.6***
UK % growth	***0.7***	7.4	3.5	0.1	1.2	1.5	1.6	1.5	***1.6***
Germany % growth	***1.0***	2.7	1.8	-0.4	3.0	1.5	1.5	1.5	***1.5***
Japan % growth	***0.0***	1.7	1.8	1.5	1.5	1.2	1.2	1.2	***1.4***
Eurozone % growth	***1.2***	5.3	3.1	-0.2	1.6	1.3	1.3	1.3	***1.4***
G7 % growth	***1.4***	5.2	2.1	0.4	1.9	1.6	1.6	1.7	***1.6***
CPI inflation rates									
US % CPI	***2.3***	4.7	8.0	3.6	2.1	2.0	2.0	2.0	***3.3***
UK % CPI	***1.9***	2.5	8.5	5.3	1.9	1.8	2.0	2.0	***3.6***
Germany % CPI	***1.5***	3.2	8.3	6.5	2.5	2.0	2.0	2.0	***3.9***
Japan % CPI	***0.3***	-0.2	2.3	1.6	1.0	1.0	1.0	1.0	***1.3***
G7 % CPI	***1.8***	3.5	6.9	3.5	1.6	1.8	1.8	1.9	***2.9***
China % CPI	***2.0***	1.0	2.0	2.4	2.3	2.3	2.0	2.0	***2.2***
India % CPI	***5.1***	4.9	6.4	5.1	4.2	4.2	4.2	4.3	***4.7***
Interest rates									
US prime rate	***4.10***	3.25	4.86	7.50	6.54	5.50	5.50	5.50	***5.90***
Commodity prices									
Spot oil price: US$/barrel	***58.4***	70.8	100.8	90.3	80.5	75.0	74.0	73.0	***82.2***
London gold price: US$/oz	***1456***	1800	1779	1700	1700	1700	1700	1700	***1713***
Platinum price: US$/oz	***942***	1090	934	900	967	1033	1100	1150	***1014***
Palladium price: US$/oz	***1440***	2398	2175	2300	2500	2700	2800	2900	***2563***
SA coal price: US$/mt	***85.0***	124.2	285.0	250.0	220.0	180.0	150.0	120.0	***200.8***
China iron ore price: US$/mt	***93.5***	158.7	118.0	100.0	96.0	92.0	88.0	85.0	***96.5***
Exchange rates									
US$/Sterling exchange rate	***1.32***	1.38	1.22	1.14	1.19	1.27	1.35	1.38	***1.26***
YN/$ exchange rate	***109.5***	109.8	132.2	133.9	117.3	115.0	115.0	115.0	***121.4***
US$/Euro exchange rate	***1.14***	1.18	1.04	1.02	1.11	1.19	1.23	1.24	***1.14***

Table B 2: Expenditure on gross domestic product (R billion at current prices)

	Average 2016-21	2021	2022	2023	2024	2025	2026	2027	*Average 2022-27*
Nominal GDP expenditure components									
Household consumption	***3418.7***	3819.2	4180.0	4453.1	4717.1	5008.6	5325.7	5663.0	***4891.2***
(year % ch.)	***5.3***	9.9	9.4	6.5	5.9	6.2	6.3	6.3	***6.8***
Government consumption	***1068.4***	1216.7	1310.3	1393.7	1457.8	1509.7	1573.6	1645.4	***1481.7***
(year % ch.)	***6.4***	5.3	7.7	6.4	4.6	3.6	4.2	4.6	***5.2***
Fixed investment	***826.1***	810.7	934.7	1047.2	1154.7	1273.7	1418.5	1561.5	***1231.7***
(year % ch.)	***0.5***	6.0	15.3	12.0	10.3	10.3	11.4	10.1	***11.6***
Inventory investment	***-11.4***	-18.2	36.9	66.7	60.6	64.0	65.6	67.6	***60.2***
Residual item	***-4.1***	-17.9	-5.7	22.0	22.0	22.0	22.0	22.0	***17.4***
Gross domestic expenditure	***5297.7***	5810.4	6456.2	6982.7	7412.2	7878.0	8405.4	8959.5	***7682.3***
(year % ch.)	***4.5***	9.4	11.1	8.2	6.2	6.3	6.7	6.6	***7.5***
Exports: goods and services	***1533.4***	1931.7	2297.7	2380.1	2456.1	2565.9	2681.9	2794.7	***2529.4***
(year % ch.)	***8.2***	25.9	18.9	3.6	3.2	4.5	4.5	4.2	***6.5***
Imports: goods and services	***1406.2***	1549.6	2068.7	2202.4	2300.5	2482.2	2738.2	2975.2	***2461.2***
(year % ch.)	***3.7***	20.2	33.5	6.5	4.5	7.9	10.3	8.7	***11.9***
Expenditure on GDP	***5424.9***	6192.5	6685.2	7160.4	7567.8	7961.7	8349.2	8779.0	***7750.6***
(year % ch.)	***5.8***	11.4	8.0	7.1	5.7	5.2	4.9	5.1	***6.0***

Table B 3: Expenditure on gross domestic product (R billion at constant 2015 prices)

	Average 2016-21	2021	2022	2023	2024	2025	2026	2027	Average 2022-27
Real GDP expenditure components									
Household consumption	***2912.7***	2978.6	3061.4	3108.7	3167.8	3228.4	3293.4	3359.7	***3203.2***
(year % ch.)	***1.0***	5.6	2.8	1.5	1.9	1.9	2.0	2.0	***2.0***
Government consumption	***872.9***	893.4	904.4	898.8	902.5	899.8	898.9	897.5	***900.3***
(year % ch.)	***1.1***	0.6	1.2	-0.6	0.4	-0.3	-0.1	-0.1	***0.1***
Fixed investment	***717.0***	632.0	661.8	689.2	730.4	773.6	820.9	863.3	***756.6***
(year % ch.)	***-3.6***	0.2	4.7	4.1	6.0	5.9	6.1	5.2	***5.3***
Inventory investment	***-9.1***	-20.6	21.4	27.1	20.9	21.4	18.8	16.6	***21.0***
Residual item	***9.6***	12.0	4.1	3.7	3.7	3.7	3.7	3.7	***3.8***
Gross domestic expenditure	***4503.1***	4495.4	4653.1	4727.6	4825.4	4926.8	5035.8	5140.9	***4884.9***
(year % ch.)	***0.1***	4.8	3.5	1.6	2.1	2.1	2.2	2.1	***2.3***
Exports: goods and services	***1197.8***	1179.7	1263.1	1241.7	1271.1	1309.8	1351.7	1390.9	***1304.7***
(year % ch.)	***-0.4***	10.0	7.1	-1.7	2.4	3.0	3.2	2.9	***2.8***
Imports: goods and services	***1216.9***	1170.8	1331.2	1334.9	1377.7	1424.6	1476.4	1523.9	***1411.5***
(year % ch.)	***-1.1***	9.5	13.7	0.3	3.2	3.4	3.6	3.2	***4.6***
Expenditure on GDP	***4484.0***	4504.3	4585.0	4634.4	4718.8	4812.0	4911.1	5007.9	***4778.2***
(year % ch.)	***0.4***	4.9	1.8	1.1	1.8	2.0	2.1	2.0	***1.8***

Table B 4: Final household consumption expenditure (R billion at constant 2015 prices)

	Average 2016-21	2021	2022	2023	2024	2025	2026	2027	*Average 2022-27*
Household consumption categories									
Durable goods	***280.9***	301.2	297.5	298.6	306.8	315.4	325.4	335.2	***313.1***
(year % ch.)	***1.6***	11.5	-1.2	0.4	2.7	2.8	3.2	3.0	***1.8***
Semi-durable goods	***260.2***	252.0	255.5	260.5	269.0	276.8	285.6	294.5	***273.6***
(year % ch.)	***0.2***	8.8	1.4	2.0	3.2	2.9	3.2	3.1	***2.6***
Non-durable goods	***879.7***	892.7	917.5	924.0	938.9	954.1	969.7	985.6	***948.3***
(year % ch.)	***0.6***	4.4	2.8	0.7	1.6	1.6	1.6	1.6	***1.7***
Services	***1491.8***	1532.6	1590.9	1625.6	1653.2	1682.1	1712.8	1744.4	***1668.2***
(year % ch.)	***1.3***	4.7	3.8	2.2	1.7	1.7	1.8	1.8	***2.2***
Total household consumption	***2912.7***	2978.6	3061.4	3108.7	3167.8	3228.4	3293.4	3359.7	***3203.2***
(year % ch.)	***1.0***	5.6	2.8	1.5	1.9	1.9	2.0	2.0	***2.0***
Disposable income of households									
Real disposable income	***2912.8***	3006.7	3071.0	3115.7	3173.6	3233.1	3297.1	3361.9	***3208.7***
(year % ch.)	***1.3***	5.6	2.1	1.5	1.9	1.9	2.0	2.0	***1.9***
Adjusted for debt-service cost (real)	***2859.6***	2956.4	3023.8	3070.7	3130.3	3191.6	3257.3	3323.7	***3166.2***
(year % ch.)	***1.4***	5.7	2.3	1.6	1.9	2.0	2.1	2.0	***2.0***

Table B 4(A): Final household consumption expenditure – continued (R billion at constant 2015 prices)

	Average 2016-21	2021	2022	2023	2024	2025	2026	2027	Average 2022-27
Durable goods									
Furniture + household appliances	57.9	59.9	56.4	56.3	57.5	58.7	60.2	61.9	58.5
(year % ch.)	1.4	5.9	-5.7	-0.2	2.0	2.1	2.6	2.9	0.6
Personal transport equipment	113.5	120.6	127.4	126.1	128.2	130.5	132.9	135.1	130.0
(year % ch.)	-1.3	19.2	5.6	-1.0	1.7	1.8	1.9	1.6	1.9
Computers and related equipment	13.2	13.2	13.2	13.4	14.0	14.6	15.3	16.0	14.4
(year % ch.)	4.8	1.2	0.4	1.5	4.0	4.1	4.8	4.6	3.2
Recreation + entertainment goods	72.3	86.0	79.8	81.3	84.2	87.4	91.1	94.9	86.4
(year % ch.)	7.9	10.7	-7.2	1.8	3.6	3.8	4.3	4.2	1.7
Other durable goods	24.0	21.6	20.6	21.5	22.9	24.3	25.9	27.3	23.8
(year % ch.)	-0.5	-0.6	-4.4	4.2	6.6	6.3	6.4	5.6	4.1
Semi-durable goods									
Clothing and footwear	143.5	136.5	141.8	145.5	150.5	154.8	159.5	164.2	152.7
(year % ch.)	-0.3	12.5	3.9	2.6	3.4	2.9	3.0	2.9	3.1
Household textiles etc.	39.5	39.6	38.4	38.4	39.7	41.2	43.0	45.0	40.9
(year % ch.)	1.5	3.1	-3.0	-0.1	3.5	3.8	4.3	4.6	2.2
Motor accessories	45.1	43.3	44.1	44.7	45.6	46.5	47.4	48.2	46.1
(year % ch.)	-0.5	4.2	2.0	1.3	2.0	1.9	1.9	1.8	1.8
Recreation + entertainment goods	18.0	18.3	17.4	17.8	18.5	19.2	20.1	21.0	19.0
(year % ch.)	2.2	10.6	-5.0	2.6	4.1	3.8	4.4	4.4	2.4
Miscellaneous	14.2	14.4	13.8	14.1	14.6	15.1	15.6	16.2	14.9
(year % ch.)	2.3	4.3	-4.3	2.5	3.5	3.2	3.7	3.6	2.0

Table B 4(B): Final household consumption expenditure – continued (R billion at constant 2015 prices)

	Average 2016-21	2021	2022	2023	2024	2025	2026	2027	*Average 2022-27*
Non-durable goods									
Food, beverage & tobacco	***537.5***	545.6	573.7	579.1	588.9	599.4	610.2	621.3	***595.4***
(year % ch.)	***0.6***	4.9	5.1	0.9	1.7	1.8	1.8	1.8	***2.2***
Household fuel & power	***118.6***	125.5	122.9	122.5	122.9	123.4	124.0	124.6	***123.4***
(year % ch.)	***1.1***	3.6	-2.1	-0.3	0.3	0.4	0.5	0.5	***-0.1***
Household consumer goods	***61.8***	66.1	65.1	65.3	66.7	68.2	70.0	71.8	***67.9***
(year % ch.)	***2.7***	8.3	-1.5	0.4	2.1	2.3	2.6	2.6	***1.4***
Medical & pharm products	***58.7***	63.4	64.1	64.3	65.6	66.9	68.3	69.7	***66.5***
(year % ch.)	***3.2***	5.8	1.0	0.4	2.0	2.0	2.1	2.1	***1.6***
Petroleum products	***78.7***	71.5	72.3	73.2	74.9	75.8	76.4	76.9	***74.9***
(year % ch.)	***-2.0***	-0.6	1.1	1.3	2.4	1.2	0.8	0.6	***1.2***
Recreation & entertainment goods	**24.3**	20.5	19.5	19.6	20.0	20.4	20.8	21.2	**20.2**
(year % ch.)	***-3.6***	-0.6	-5.0	0.4	1.8	2.0	2.0	2.1	***0.6***
Services									
Rent	***321.7***	330.1	333.6	337.1	340.6	344.4	348.3	352.3	***342.7***
(year % ch.)	***1.2***	0.8	1.1	1.1	1.1	1.1	1.2	1.2	***1.1***
Household services	***71.5***	74.0	75.2	76.6	78.3	80.7	83.5	86.4	***80.1***
(year % ch.)	**3.1**	1.2	1.6	1.8	2.3	3.1	3.4	3.4	**2.6**
Medical services	***155.0***	156.4	167.2	169.7	172.5	176.1	180.1	184.3	***175.0***
(year % ch.)	***1.1***	6.1	6.9	1.5	1.6	2.1	2.2	2.3	***2.8***
Transport & communication	***326.5***	344.3	354.4	359.0	364.7	370.2	375.2	380.5	***367.3***
(year % ch.)	***1.7***	8.2	2.9	1.3	1.6	1.5	1.4	1.4	***1.7***
Recreation & entertainment	***221.5***	220.4	226.5	234.2	241.7	248.1	254.1	260.0	***244.1***
(year % ch.)	***0.8***	1.8	2.7	3.4	3.2	2.6	2.4	2.3	***2.8***
Miscellaneous Services	***395.7***	407.4	434.0	449.0	455.3	462.6	471.6	481.0	***458.9***
(year % ch.)	***1.4***	6.9	6.5	3.4	1.4	1.6	1.9	2.0	***2.8***

Table B 5(A): Gross fixed capital formation (R billion at constant 2015 prices)

	Average 2016-21	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	***Average 2022-27***
Private sector									
Residential	***95.3***	83.2	81.5	82.4	84.0	86.0	88.4	91.3	***85.6***
(year % ch.)	***-3.3***	8.7	-2.8	1.0	2.0	2.3	2.9	3.2	***1.4***
Other non-residential	***396.6***	363.8	397.8	419.7	453.9	490.7	531.6	566.5	***476.7***
(year % ch.)	***-1.3***	-1.6	9.6	5.5	8.1	8.1	8.3	6.6	***7.7***
Total private sector	***491.9***	447.0	479.3	502.1	537.9	576.6	620.0	657.7	***562.3***
(year % ch.)	***-1.7***	0.1	7.2	4.7	7.1	7.2	7.5	6.1	***6.7***
Public sector									
Government	***131.9***	115.8	112.6	114.2	116.9	119.4	121.4	124.0	***118.1***
(year % ch.)	***-4.6***	-2.5	-2.8	1.4	2.4	2.1	1.6	2.2	***1.2***
Public corporations	***93.2***	69.2	69.9	72.9	75.6	77.6	79.6	81.6	***76.2***
(year % ch.)	***-10.5***	5.6	1.0	4.4	3.7	2.6	2.6	2.5	***2.8***
Total public sector	***225.1***	185.0	182.5	187.1	192.5	197.0	201.0	205.6	***194.3***
(year % ch.)	***-7.3***	0.4	-1.4	2.5	2.9	2.3	2.0	2.3	***1.8***
Total									
Total fixed capital formation	***717.0***	632.0	661.8	689.2	730.4	773.6	820.9	863.3	***756.6***
(year % ch.)	***-3.6***	0.2	4.7	4.1	6.0	5.9	6.1	5.2	***5.3***

Table B 5(B): Gross fixed capital formation – continued (R billion at constant 2015 prices)

	Average 2016-21	2021	2022	2023	2024	2025	2026	2027	*Average 2022-27*
Residential	***96.4***	84.8	82.6	83.5	85.2	87.3	89.8	92.7	***86.8***
(year % ch.)	***-3.3***	8.5	-2.6	1.1	2.1	2.4	2.9	3.2	***1.5***
Non-residential	***56.3***	36.3	29.9	30.8	32.0	33.4	34.9	36.6	***32.9***
(year % ch.)	***-8.2***	-28.4	-17.4	3.0	3.7	4.4	4.6	4.6	***0.5***
Construction works	***153.1***	121.6	113.0	117.6	125.0	133.0	141.6	149.7	***130.0***
(year % ch.)	***-8.2***	-1.2	-7.1	4.2	6.3	6.4	6.4	5.7	***3.6***
Transport equipment	***82.7***	63.1	59.9	63.4	67.4	71.5	75.8	80.1	***69.7***
(year % ch.)	***-7.5***	-1.5	-5.1	5.9	6.2	6.1	6.1	5.7	***4.2***
Computer equipment	***27.3***	32.2	38.2	40.5	43.2	46.0	48.8	51.6	***44.7***
(year % ch.)	***5.5***	29.0	18.8	6.0	6.7	6.4	6.2	5.7	***8.3***
Machinery and other equipment	***226.3***	216.0	251.8	262.6	282.2	301.6	322.9	339.7	***293.5***
(year % ch.)	***-0.3***	-0.8	16.6	4.3	7.4	6.9	7.1	5.2	***7.9***
Research and development	***29.7***	25.6	27.0	27.9	28.9	30.3	31.8	33.3	***29.9***
(year % ch.)	***-3.4***	-2.9	5.3	3.3	3.8	4.6	5.1	4.8	***4.5***
Computer software	***24.2***	32.7	40.0	42.5	45.1	47.9	51.0	53.9	***46.7***
(year % ch.)	***13.2***	31.3	22.2	6.2	6.2	6.2	6.6	5.7	***8.8***
Mineral exploration and evaluation	***1.6***	1.2	1.4	1.4	1.5	1.6	1.7	1.8	***1.6***
(year % ch.)	***-7.8***	-12.9	10.6	4.5	5.4	6.0	6.3	6.3	***6.5***
Cultivated biological resources	***6.3***	6.5	6.9	7.2	7.6	8.1	8.7	9.2	***8.0***
(year % ch.)	***-1.0***	-4.7	6.7	4.6	5.6	6.6	6.6	5.9	***6.0***
Transfer costs	***13.2***	11.9	11.2	11.6	12.3	13.0	13.9	14.8	***12.8***
(year % ch.)	***-2.2***	-3.7	-6.5	4.3	5.4	5.7	6.7	6.6	***3.7***

Table B 5: Labour sector (million)

	Average 2016-21	2021	2022	2023	2024	2025	2026	2027	*Average 2022-27*
Employment									
Total labour force	***22.2***	22.3	23.0	23.4	23.7	23.9	24.2	24.5	***23.8***
(year % ch.)	***1.0***	4.7	3.1	1.5	1.2	1.2	1.2	1.2	***1.6***
Private sector employment	***13.6***	12.5	13.3	13.7	14.0	14.3	14.6	14.9	***14.1***
(year % ch.)	***-1.4***	-3.5	6.2	3.1	2.4	2.2	2.1	2.1	***3.0***
Government employment	***2.1***	2.2	2.2	2.2	2.2	2.2	2.2	2.2	***2.2***
(year % ch.)	***1.0***	3.7	1.6	-1.4	1.7	-0.3	0.1	0.1	***0.3***
Total employment (incl. informal)	***15.7***	14.7	15.5	15.9	16.2	16.5	16.8	17.1	***16.4***
(year % ch.)	***-1.1***	-2.5	5.5	2.5	2.3	1.8	1.8	1.8	***2.6***
Unemployment rate	***28.9***	34.3	32.7	32.0	31.3	30.9	30.5	30.1	***31.3***
Wage rates (year % change)									
Unit labour cost	***4.4***	1.7	4.7	5.2	3.8	4.2	4.4	4.5	***4.5***
Wage bill (R billion at current prices)									
Total wage bill	***2618.7***	2859.2	3046.7	3239.5	3424.2	3637.9	3876.8	4129.4	***3559.1***
(year % ch.)	***4.8***	6.8	6.6	6.3	5.7	6.2	6.6	6.5	***6.3***

Table B 6: Personal income and expenditure (R billion at current prices)

	Average 2016-21	2021	2022	2023	2024	2025	2026	2027	*Average 2022-27*
Income and expenditure									
Remuneration of employees	***2618.7***	2859.2	3046.7	3239.5	3424.2	3637.9	3876.8	4129.4	***3559.1***
(year % ch.)	***4.8***	6.8	6.6	6.3	5.7	6.2	6.6	6.5	***6.3***
Social benefits to households	***328.4***	405.5	420.8	458.7	486.3	515.4	546.4	579.1	***501.1***
(year % ch.)	***13.5***	-14.1	3.8	9.0	6.0	6.0	6.0	6.0	***6.1***
Less direct personal taxes	***500.0***	555.9	610.8	652.3	692.2	743.5	801.4	862.2	***727.1***
(year % ch.)	***6.0***	9.0	9.9	6.8	6.1	7.4	7.8	7.6	***7.6***
Disposable income	***3420.0***	3855.1	4193.0	4463.0	4725.7	5016.0	5331.6	5666.7	***4899.3***
(year % ch.)	***5.6***	9.9	8.8	6.4	5.9	6.1	6.3	6.3	***6.6***
Less household consumption	***3418.7***	3819.2	4180.0	4453.1	4717.1	5008.6	5325.7	5663.0	***4891.2***
(year % ch.)	***5.3***	9.9	9.4	6.5	5.9	6.2	6.3	6.3	***6.8***
Saving	***1.3***	35.9	13.0	9.9	8.6	7.4	5.9	3.7	***8.1***
Households: ratio to disposable income									
Saving	***0.0***	0.9	0.3	0.2	0.2	0.1	0.1	0.1	***0.2***
Debt	***65.5***	66.1	64.8	64.5	63.4	63.0	62.7	62.4	***63.5***
Debt-service cost	***8.7***	7.4	8.0	9.3	9.2	9.1	9.1	9.0	***9.0***
Net wealth	***367.8***	380.4	362.9	357.0	359.5	363.6	362.7	360.1	***361.0***

Table B 7: Current income and expenditure of general government (R billion at current prices)

	Average 2016-21	2021	2022	2023	2024	2025	2026	2027	*Average 2022-27*
Income									
Personal income tax	***500.0***	555.9	610.8	652.3	692.2	743.5	801.4	862.2	***727.1***
(year % ch.)	***6.0***	9.0	9.9	6.8	6.1	7.4	7.8	7.6	***7.6***
Corporate income tax	***246.8***	333.8	371.6	399.2	429.8	461.7	483.5	506.8	***442.1***
(year % ch.)	***10.6***	58.1	11.3	7.4	7.7	7.4	4.7	4.8	***7.2***
Value added tax (VAT)	***325.1***	374.7	420.2	456.2	489.5	523.9	561.9	603.1	***509.2***
(year % ch.)	***5.7***	12.4	12.2	8.6	7.3	7.0	7.2	7.3	***8.3***
Other indirect taxes	***333.3***	390.7	419.1	459.5	489.2	527.1	568.9	613.8	***512.9***
(year % ch.)	***6.8***	19.8	7.2	9.6	6.5	7.7	7.9	7.9	***7.8***
Other income	***60.0***	71.7	94.8	120.8	123.4	128.1	134.6	142.9	***124.1***
Current income	***1465.2***	1726.8	1916.5	2088.0	2224.1	2384.2	2550.3	2728.8	***2315.3***
(year % ch.)	***6.3***	18.9	11.0	8.9	6.5	7.2	7.0	7.0	***7.9***
Expenditure									
Consumption	***1068.4***	1216.7	1310.3	1393.7	1457.8	1509.7	1573.6	1645.4	***1481.7***
(year % ch.)	***6.4***	5.3	7.7	6.4	4.6	3.6	4.2	4.6	***5.2***
Interest Payments	***189.6***	251.1	314.4	392.8	436.0	496.4	551.5	612.8	***467.3***
(year % ch.)	***12.9***	12.9	25.2	24.9	11.0	13.8	11.1	11.1	***16.2***
Social benefits to households	***328.4***	405.5	420.8	458.7	486.3	515.4	546.4	579.1	***501.1***
(year % ch.)	***13.5***	-14.1	3.8	9.0	6.0	6.0	6.0	6.0	***6.1***
Other expenditure	***252.0***	345.4	268.9	255.5	256.0	253.2	256.5	257.7	***258.0***
Current expenditure	***1838.4***	2218.7	2314.4	2500.6	2636.1	2774.7	2928.0	3095.0	***2708.1***
(year % ch.)	***9.1***	2.7	4.3	8.0	5.4	5.3	5.5	5.7	***5.7***
Saving	***-211.8***	-262.6	-227.8	-242.4	-241.7	-220.3	-207.5	-196.1	***-222.6***
Ratios to GDP									
Total tax revenue	***25.9***	26.7	27.2	27.5	27.7	28.3	28.9	29.4	***28.2***
Current expenditure	***33.7***	35.8	34.6	34.9	34.8	34.9	35.1	35.3	***34.9***
Main budget balance	***-5.4***	-5.5	-4.1	-5.1	-5.0	-4.6	-4.2	-3.9	***-4.5***
Gross debt (National government)	***56.9***	69.0	72.6	74.8	76.8	78.4	79.8	80.7	***77.2***

Table B 8: Balance of payments (R billion at current prices)

	Average 2016-21	2021	2022	2023	2024	2025	2026	2027	*Average 2022-27*
Current account									
Exports: goods and services	***1533.4***	1931.7	2297.7	2380.1	2456.1	2565.9	2681.9	2794.7	***2529.4***
(year % ch.)	***8.2***	25.9	18.9	3.6	3.2	4.5	4.5	4.2	***6.5***
Net receipts	***-35.3***	-35.8	-33.1	-52.2	-56.9	-53.9	-57.1	-58.4	***-51.9***
(year % ch.)	***3.3***	-15.2	-7.4	57.5	9.1	-5.3	6.0	2.2	***10.4***
Less imports: goods and services	***1406.2***	1549.6	2068.7	2202.4	2300.5	2482.2	2738.2	2975.2	***2461.2***
(year % ch.)	***3.7***	20.2	33.5	6.5	4.5	7.9	10.3	8.7	***11.9***
Less net factor payments	***127.2***	118.6	156.9	140.7	145.1	156.2	166.9	179.3	***157.5***
(year % ch.)	***5.0***	27.9	32.3	-10.3	3.1	7.7	6.8	7.4	***7.8***
Current account balance	***-35.3***	227.7	39.0	-15.2	-46.4	-126.4	-280.3	-418.2	***-141.3***
Current account in US$	***-2.9***	15.5	2.4	-0.9	-2.9	-7.7	-16.6	-24.2	***-8.3***
Current account as % of GDP	***-0.7***	3.7	0.6	-0.2	-0.6	-1.6	-3.4	-4.8	***-1.8***
Financing of the current account									
Total net capital flows	***54.6***	-160.4	5.3	13.0	48.0	127.0	279.5	418.0	***148.5***
SDR + Valuation adjustment	***14.4***	40.5	78.2	-79.5	-5.9	35.4	23.6	11.8	***10.6***
Change in gross reserves	***33.6***	107.8	122.6	-81.7	-4.3	36.0	22.8	11.5	***17.8***
Gross reserves: quarter end	***751.7***	915.4	1038.0	956.3	952.0	988.0	1010.8	1022.4	***994.6***
Gross reserves: quarter end (US$)	***52.9***	57.6	59.0	58.8	58.9	59.0	58.9	58.9	***58.9***
Terms of trade									
Index (2010 = 100)	***110.5***	124.0	117.2	116.2	115.7	112.5	107.0	102.9	***111.9***
(year % ch.)	***3.7***	4.6	-5.5	-0.8	-0.4	-2.8	-4.9	-3.8	***-3.0***

Table B 9: Credit, interest rates and exchange rates

	Average 2016-21	2021	2022	2023	2024	2025	2026	2027	*Average 2022-27*
Money supply and credit extension									
M3 money supply	***3716.1***	4353.0	4673.0	4866.2	5108.1	5411.9	5758.1	6143.2	***5326.8***
(year % ch.)	***6.6***	5.7	7.4	4.1	5.0	5.9	6.4	6.7	***5.9***
Private sector credit to households	***1678.6***	1887.5	2034.8	2120.6	2222.2	2349.9	2486.2	2631.1	***2307.5***
(year % ch.)	***4.2***	5.4	7.8	4.2	4.8	5.7	5.8	5.8	***5.7***
Private sector credit to firms	***2046.8***	2214.9	2417.2	2524.6	2664.9	2841.0	3050.9	3291.1	***2798.3***
(year % ch.)	***5.4***	-0.1	9.1	4.4	5.6	6.6	7.4	7.9	***6.8***
Total private sector credit extension	***3725.4***	4102.3	4452.0	4645.2	4887.1	5190.9	5537.1	5922.2	***5105.7***
(year % ch.)	***4.8***	2.4	8.5	4.3	5.2	6.2	6.7	7.0	***6.3***
Interest rates									
3-month NCD rate	***6.10***	3.70	5.43	7.79	7.71	7.51	7.51	7.52	***7.24***
10-year government bond yield	***9.00***	9.10	10.28	10.92	10.89	10.61	10.42	10.30	***10.57***
Prime overdraft rate	***9.32***	7.03	8.64	10.74	10.69	10.50	10.50	10.50	***10.26***
Effective household lending rate	***13.26***	11.12	12.36	14.38	14.56	14.43	14.47	14.47	***14.11***
Effective firm lending rate	***6.98***	4.31	6.19	9.03	8.96	8.50	8.42	8.54	***8.27***
Exchange rates									
R/US DOLLAR	***14.49***	14.78	16.43	17.04	16.25	16.47	16.92	17.31	***16.74***
(year % ch.)	***3.0***	-10.2	11.2	3.7	-4.6	1.4	2.7	2.3	***2.8***
R/ 100 Japanese YEN	***13.25***	13.47	12.46	12.73	13.85	14.32	14.71	15.05	***13.85***
(year % ch.)	***5.2***	-12.7	-7.5	2.2	8.8	3.4	2.7	2.3	***2.0***
R/STERLING	***19.11***	20.32	20.03	19.47	19.33	20.87	22.76	23.89	***21.06***
(year % ch.)	***1.1***	-3.7	-1.4	-2.8	-0.7	8.0	9.0	5.0	***2.8***
R/EURO	***16.56***	17.48	17.04	17.33	17.98	19.60	20.85	21.47	***19.04***
(year % ch.)	***4.0***	-6.9	-2.5	1.7	3.8	9.0	6.4	3.0	***3.5***
R/$ PP parity rate (base PPI 2003)	***12.42***	12.66	12.46	13.04	13.16	13.38	13.66	13.95	***13.28***
(year % ch.)	***2.7***	-4.5	-1.6	4.6	0.9	1.7	2.1	2.2	***1.7***

Table B 10: Prices

	Average 2016-21	2021	2022	2023	2024	2025	2026	2027	*Average 2022-27*
Price deflators (index base year: 2015)									
Exports (incl. services)	***128.6***	163.8	181.9	191.7	193.2	195.9	198.4	200.9	***193.7***
(year % ch.)	***8.7***	14.5	11.1	5.4	0.8	1.4	1.3	1.3	***3.5***
Export commodities (in rand)	***1736.8***	3105.1	3844.9	3651.2	3307.1	3071.2	2818.1	2718.1	***3235.1***
(year % ch.)	***24.8***	33.4	23.8	-5.0	-9.4	-7.1	-8.2	-3.6	***-1.6***
Imports (incl. services)	***115.8***	132.3	155.3	165.0	167.0	174.2	185.4	195.2	***173.7***
(year % ch.)	***4.8***	9.6	17.4	6.2	1.2	4.3	6.4	5.3	***6.8***
GDE	***118.0***	130.0	139.0	147.3	153.3	159.6	166.6	174.0	***156.6***
(year % ch.)	***4.5***	4.6	6.9	6.0	4.0	4.1	4.4	4.4	***5.0***
Investment	***115.8***	128.3	141.2	151.9	158.1	164.6	172.8	180.8	***161.6***
(year % ch.)	***4.2***	5.8	10.1	7.6	4.1	4.1	5.0	4.7	***5.9***
GDP	***121.0***	137.5	145.8	154.5	160.4	165.4	170.0	175.3	***161.9***
(year % ch.)	***5.5***	6.3	6.1	6.0	3.8	3.2	2.8	3.1	***4.1***
Consumer (index base: Dec 2021) & producer prices (index base: Dec 2020)									
Headline inflation (CPI)	***88.3***	97.5	104.3	110.0	114.8	119.9	125.3	130.9	***117.5***
(year % ch.)	***4.7***	4.6	6.9	5.5	4.3	4.5	4.5	4.5	***5.0***
Core inflation*	***90.4***	98.6	102.9	108.4	113.4	118.7	124.0	129.6	***116.2***
(year % ch.)	***4.2***	3.1	4.3	5.3	4.7	4.6	4.5	4.5	***4.7***
CPI food and non-alcoholic beverages	***87.2***	98.0	106.9	114.3	119.0	124.4	130.1	136.0	***121.8***
(year % ch.)	***5.8***	6.1	9.2	6.9	4.1	4.6	4.6	4.6	***5.6***
CPI petrol	***74.0***	86.3	115.5	116.5	108.5	106.7	109.0	111.2	***111.2***
(year % ch.)	***6.2***	18.2	33.7	0.9	-6.9	-1.6	2.1	2.0	***5.0***
Petrol price (R/l coastal unleaded)	***14.4***	16.8	22.1	21.7	20.2	19.9	20.3	20.8	***20.8***
(year % ch.)	***6.2***	19.8	31.0	-1.5	-6.9	-1.6	2.1	2.0	***4.2***
CPI electricity	***76.9***	93.8	104.2	115.1	129.5	141.3	149.7	158.7	***133.1***
(year % ch.)	***7.9***	10.1	11.1	10.4	12.6	9.1	6.0	6.0	***9.2***
Producer price index	***93.5***	105.3	120.0	127.1	131.5	137.0	143.3	150.1	***134.8***
(year % ch.)	***5.3***	7.1	13.9	5.9	3.5	4.2	4.6	4.7	***6.1***

**CPI excluding food, non-alcoholic beverages, petrol and energy*