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Note: Shaded area in graphs denotes the downward phase of the business cycle.

Note by Lisette IJssel de Schepper

Compiled by Nicolaas vd Wath

Email: wnwath@sun.ac.za

Phone: 021 808 9755

Highlights

Factory-gate inflation accelerates in March, price pressure building in supply chain

Annual producer inflation for final manufactured goods accelerated to 5.2% in March – the fastest rate since June 2019 (click [here](#) for a graph). Furthermore, producer inflation for intermediate manufactured goods rose by 11.2% y-o-y - well above the averages seen in the previous few years. Though this can partly be attributed to a low base in 2020, a closer look at the underlying data suggests skyrocketing prices for individual components are a core driver. Producer prices for basic iron and steel increased by 24.6% y-o-y in March, corroborating industrywide complaints about steel shortages and price surges.

Commodity prices continue to rally as global growth prospects brighten

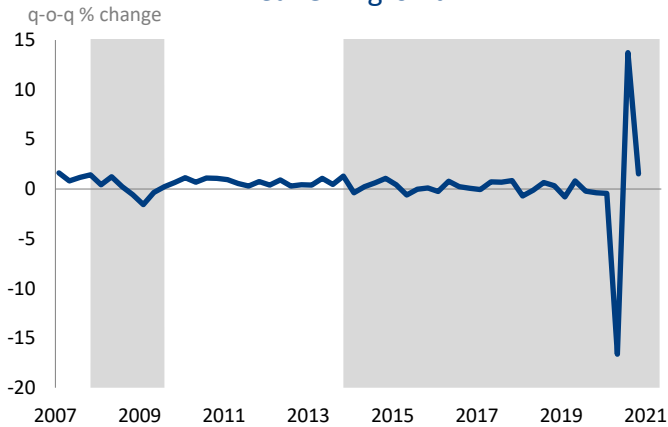
Although higher producer prices have so far not translated into faster consumer inflation, this remains a risk going forward. Furthermore, many commodity prices continue to rally on the back of upbeat global growth forecasts for the rest of 2021 and numerous governments announcing that they aim to sustain the recovery momentum through large (green) infrastructure investment programmes. (See the [Economist commodity price index](#) – a tracker of industrial and food commodity prices – as an example). From an SA perspective, the impact of higher commodity prices is mixed. While a persistent rise in key SA inputs such as the oil price and global food prices may start to pose a challenge to the domestic inflation and interest rate outlook, the higher prices for key SA export commodities continue to support the trade balance. This, in turn, should help to keep the [current account balance](#) in surplus during 2021.

Retail sales back in positive terrain in February as festive-season restrictions eased

Real [retail sales](#) rose by a solid 6.9% m-o-m from a downwardly revised 2.4% contraction in January. Important for quarterly GDP dynamics, wholesale sales also registered a monthly increase (of 1.3%) despite falling by 3.9% on an annual basis. Motor trade sales were also higher m-o-m. Indeed, February internal trade data points towards significant improvement in consumer spending from January and bodes well for Q1 GDP. A solid performance by the mining sector, with output up 3.8% m-o-m following a similar increase in January, adds to the positive story. Mining production also registered its first positive annual growth rate (0.8%) in a year. In contrast, [manufacturing production](#) data for February disappointed. Factory output slipped by 2.1% y-o-y and was down 1.2% m-o-m in February after no change was recorded in January.

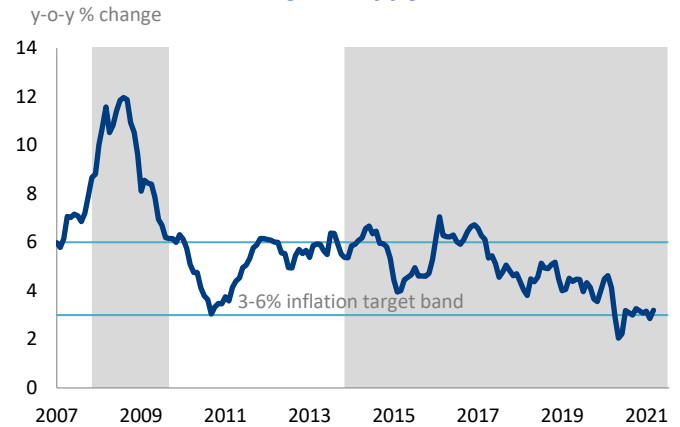
Core indicators

Real GDP growth



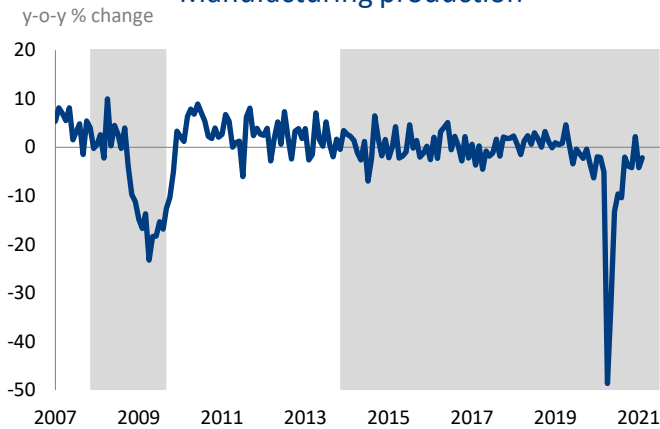
Source: Stats SA

CPI inflation



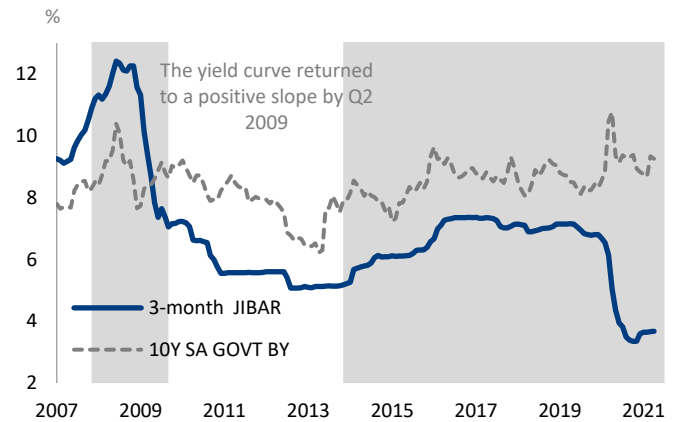
Source: Stats SA

Manufacturing production



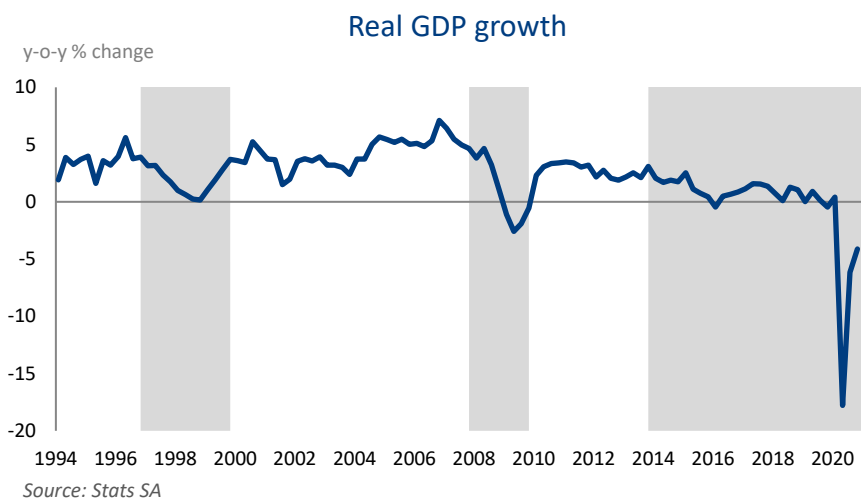
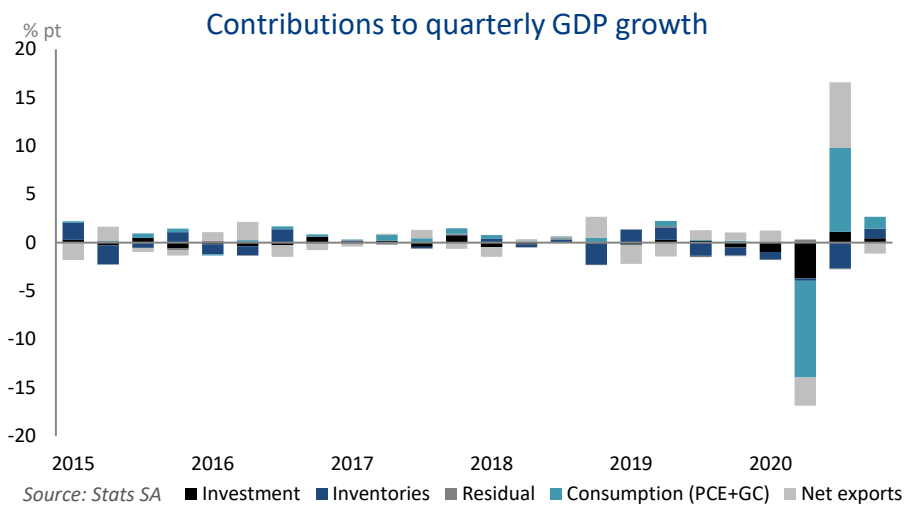
Source: Stats SA

Interest rates



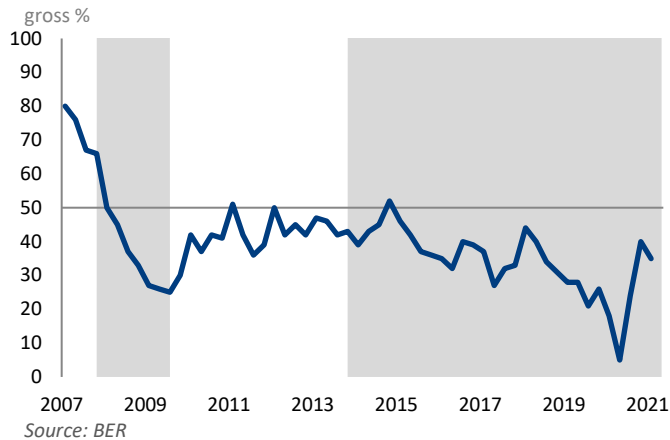
Source: DataStream

GDP growth

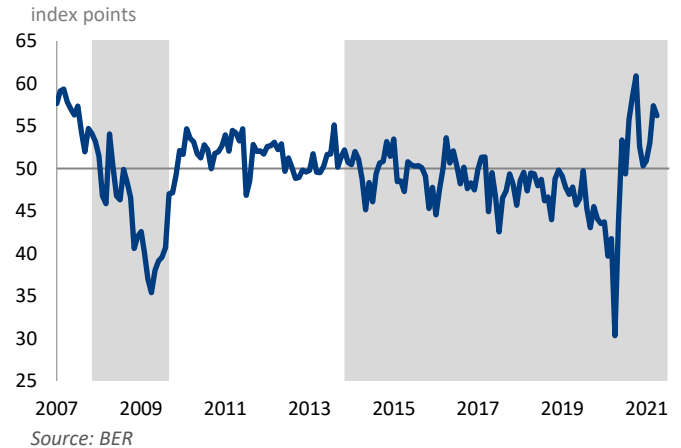


Business environment

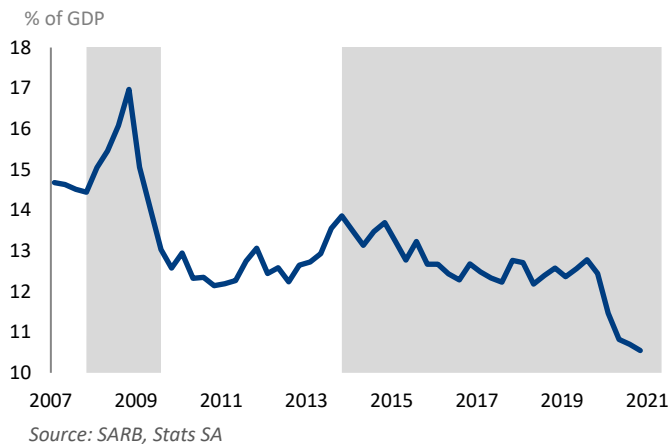
RMB/BER Business Confidence Index



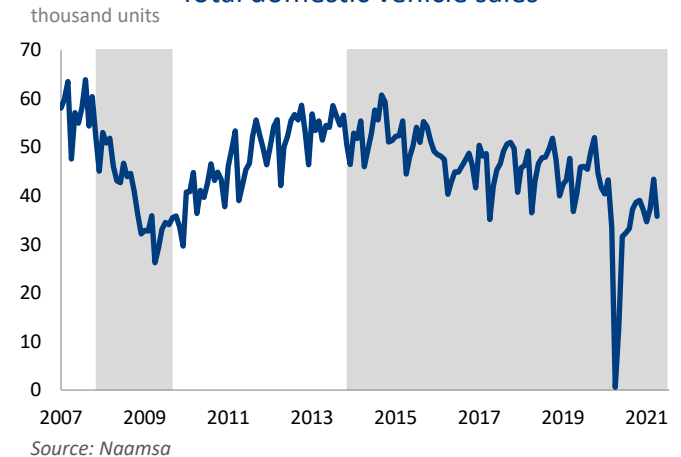
Absa Purchasing Managers' Index



Private fixed investment

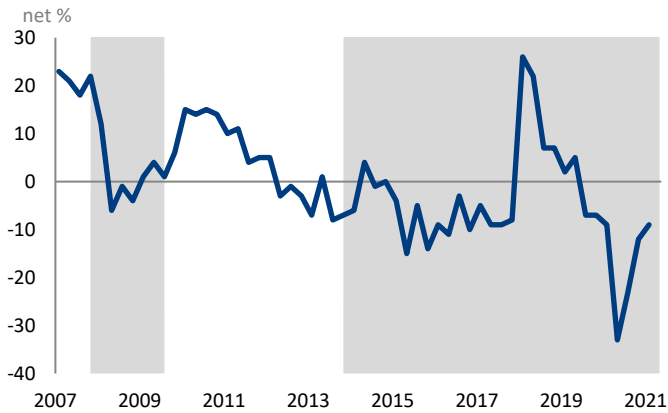


Total domestic vehicle sales



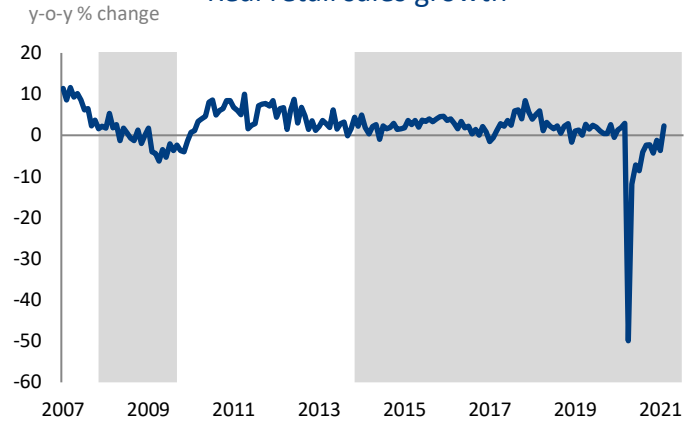
Household consumption

FNB/BER Consumer Confidence Index



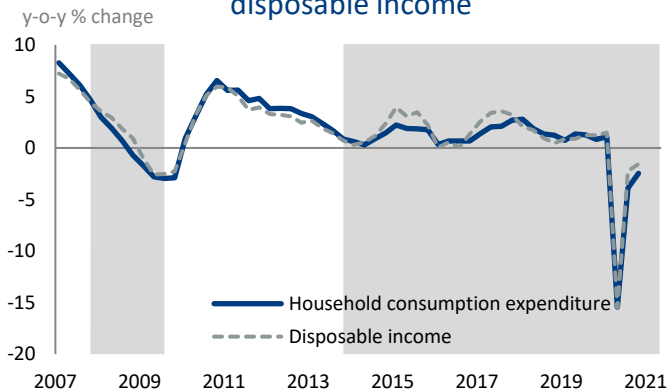
Source: BER

Real retail sales growth



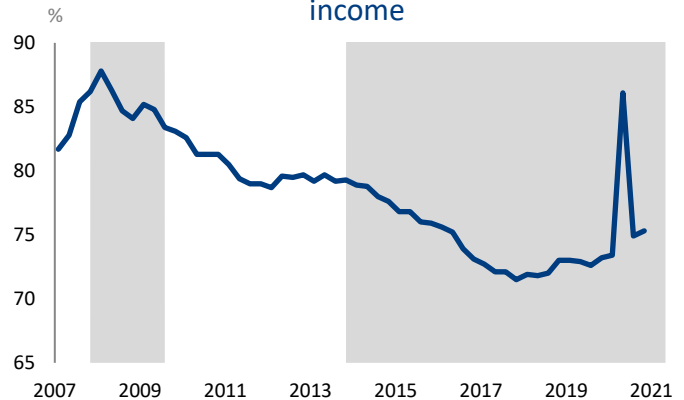
Source: Stats SA

Household consumption and real disposable income



Source: SARB, Stats SA

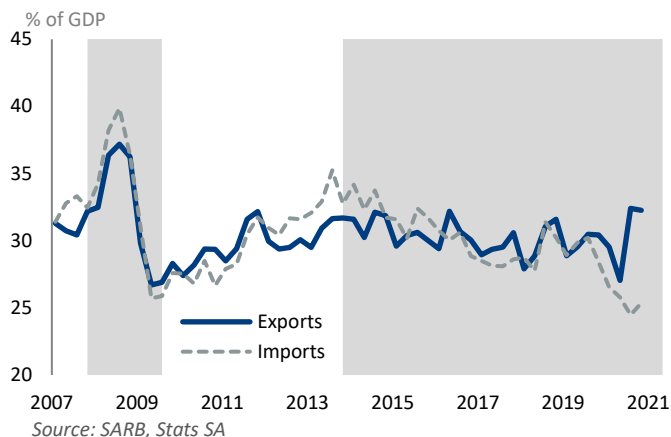
Ratio of household debt to disposable income



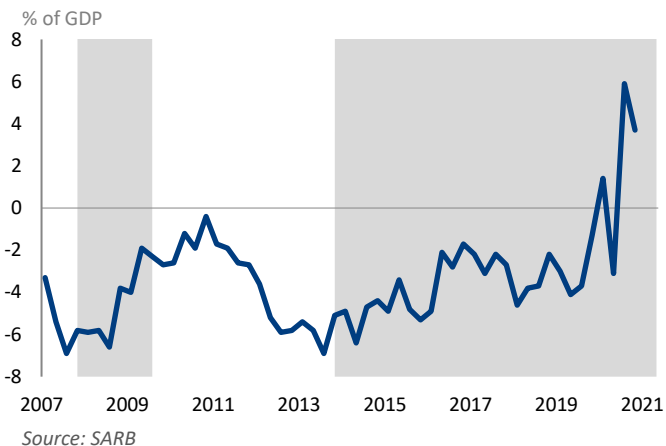
Source: SARB

International trade

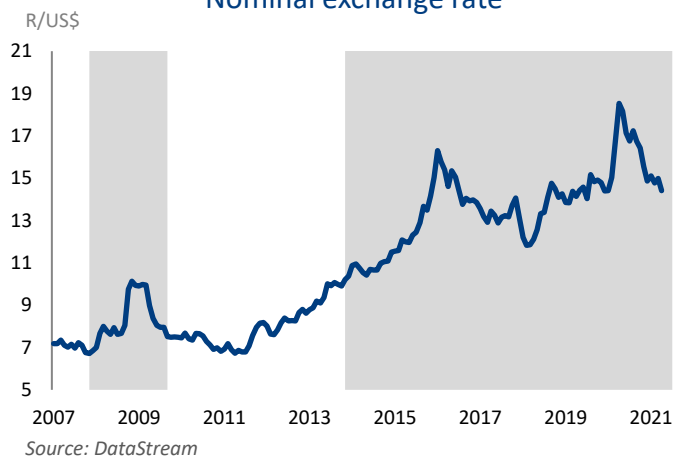
Imports and exports



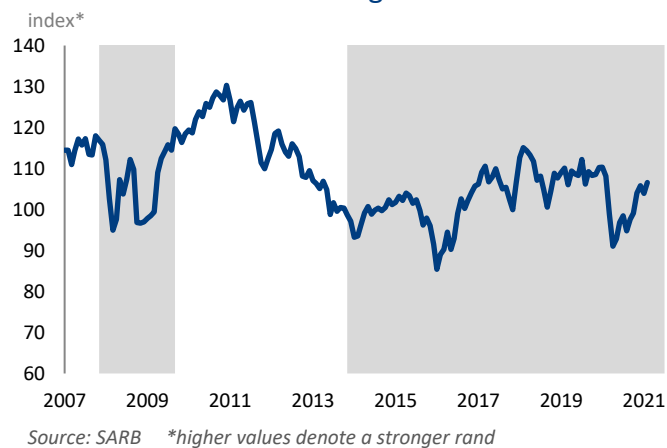
Current account balance



Nominal exchange rate

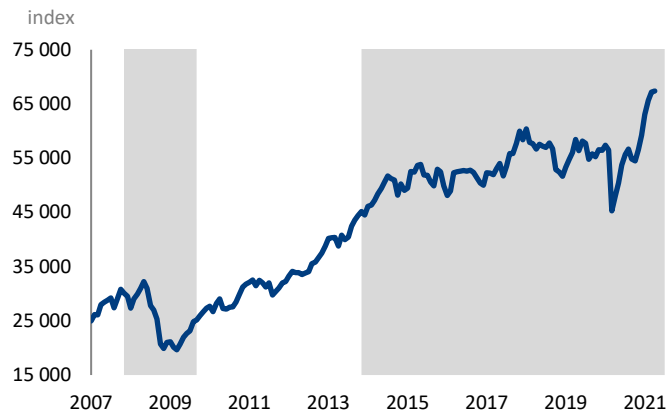


Real effective exchange rate of the Rand



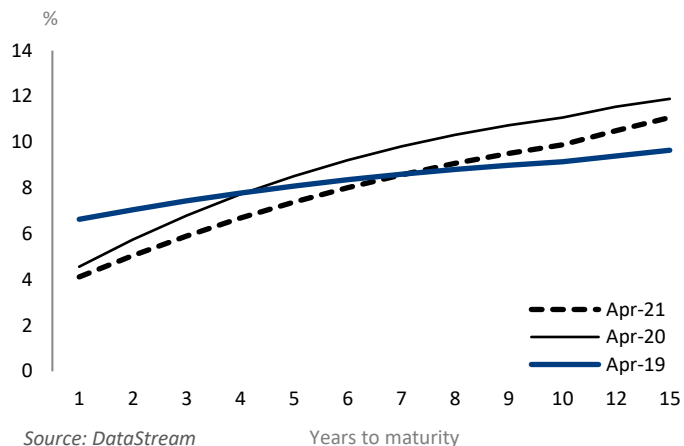
Financial markets

JSE all share index



Source: DataStream

Yield curve comparisons



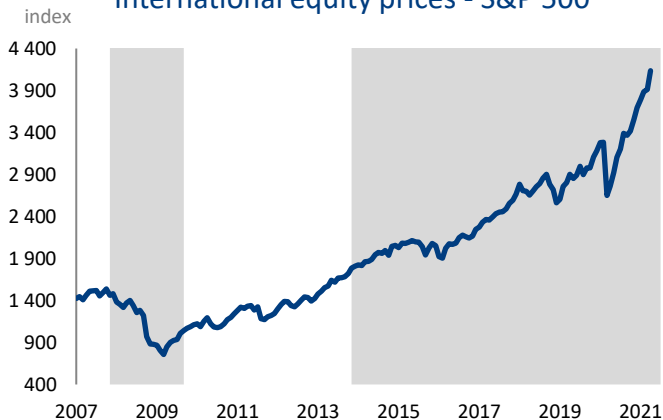
Source: DataStream

Economist all commodities index



Source: Economist

International equity prices - S&P 500

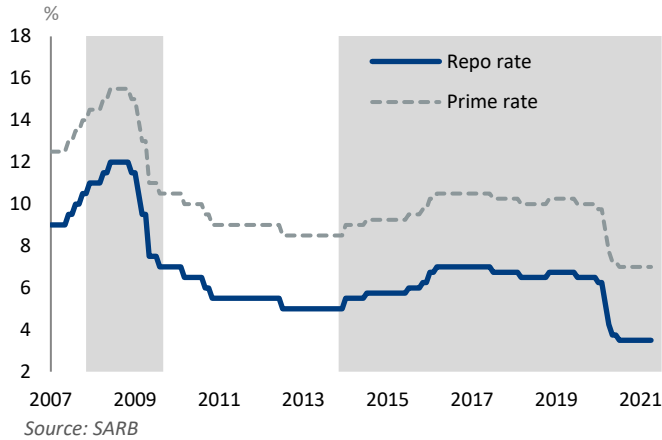


Source: DataStream

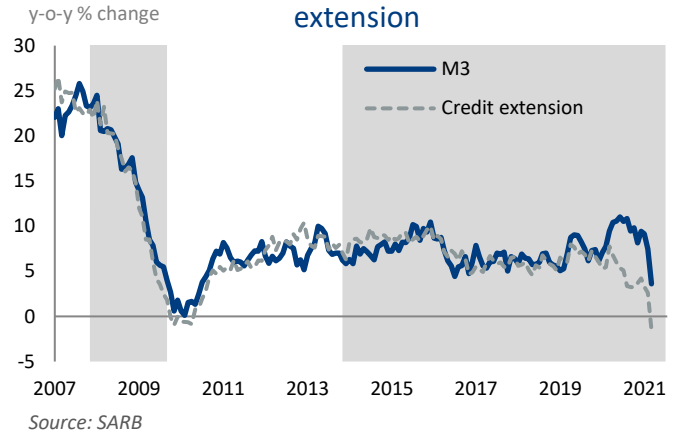
Please refer to the [glossary on the BER's website](#) for explanations of technical terms.
[Click here for more information about the BER's services.](#)

Money and prices

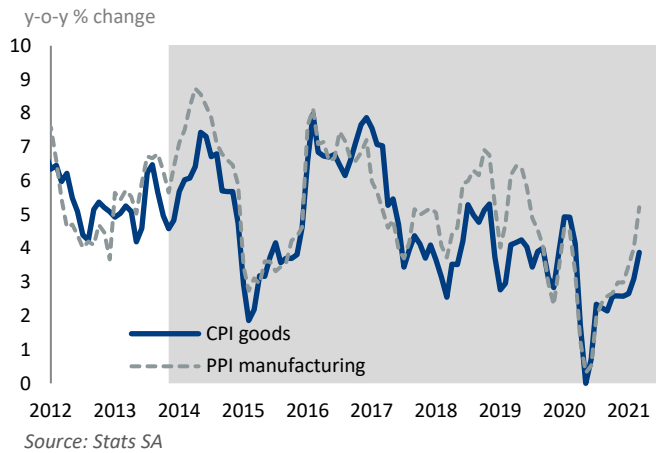
Repo and prime interest rate



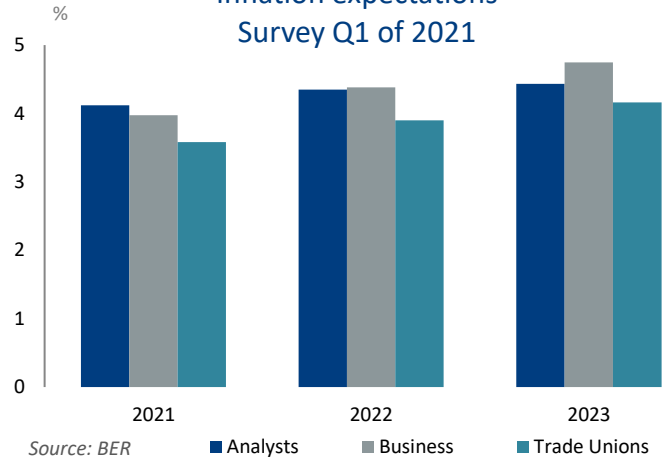
M3 monetary aggregates and credit extension



Consumer and producer prices

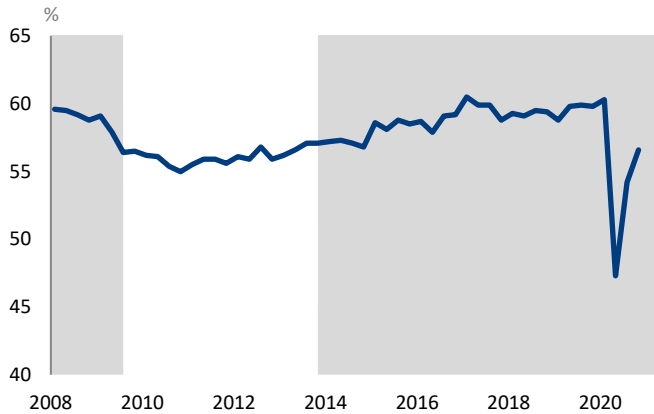


Inflation expectations Survey Q1 of 2021



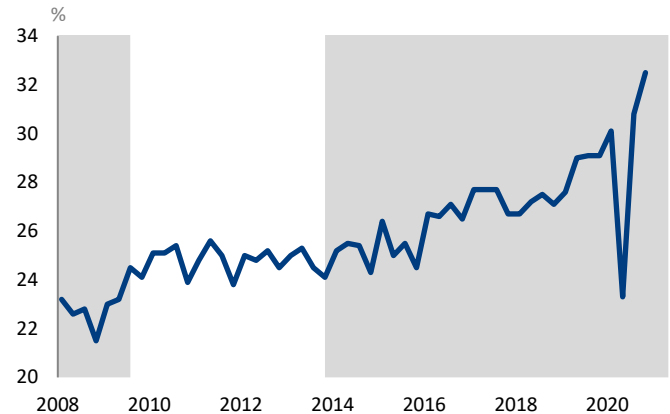
Labour

Labour force participation



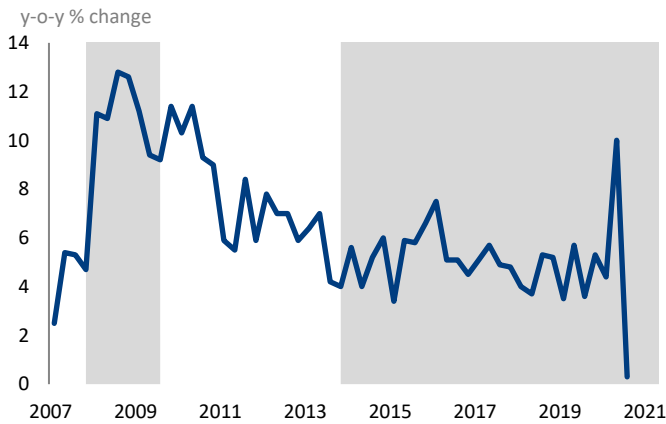
Source: Stats SA

Unemployment rate



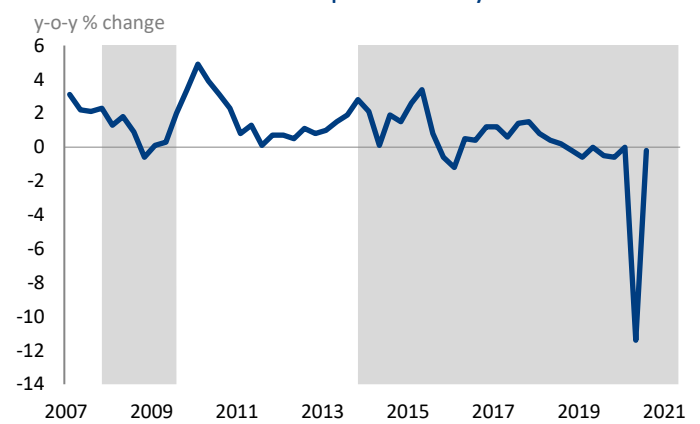
Source: Stats SA

Unit labour cost



Source: SARB

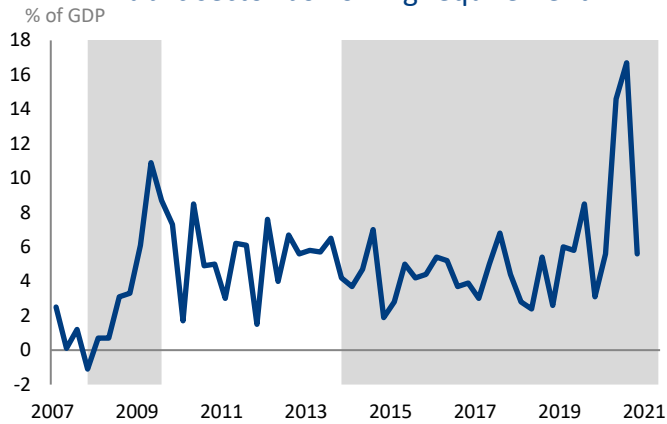
Labour productivity



Source: SARB

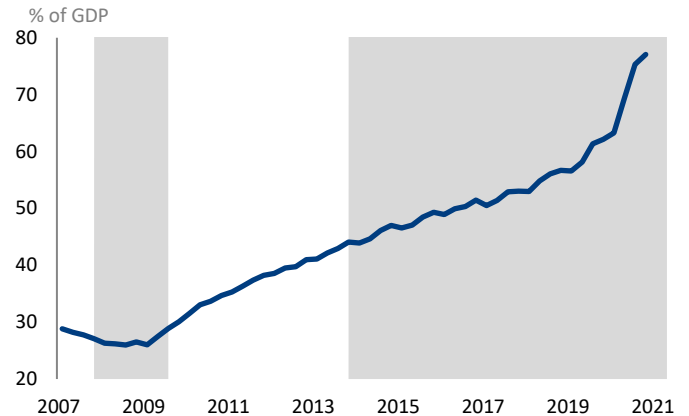
Government

Public sector borrowing requirement



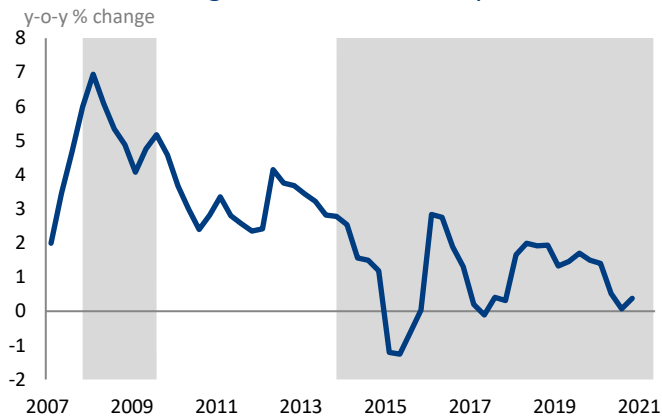
Source: SARB

Gross government debt



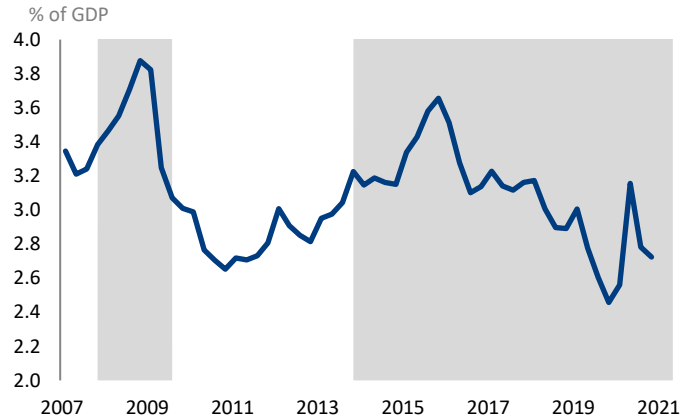
Source: SARB

Real government consumption



Source: SARB, Stats SA

Government fixed investment



Source: SARB, Stats SA

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