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

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Highlights

Consumer sentiment deteriorates in Q1

After holding steady at +7 index points between the third and fourth quarters of 2018, the FNB/BER Consumer Confidence Index (CCI) renewed its downward trajectory with a drop to +2 index points during 2019Q1. This is in line with the long-run average reading for the CCI (since 1994), suggesting that most consumers are neither optimistic nor pessimistic. Importantly though, consumer confidence remains higher compared to the depressed levels recorded between 2015 and 2017. However, for the first time in just more than a year, consumers do not expect South Africa's economic prospects to improve over the next 12 months (as they did throughout 2018). For a more detailed report, please click [here](#).

Inflation accelerates to midpoint of SARB target range

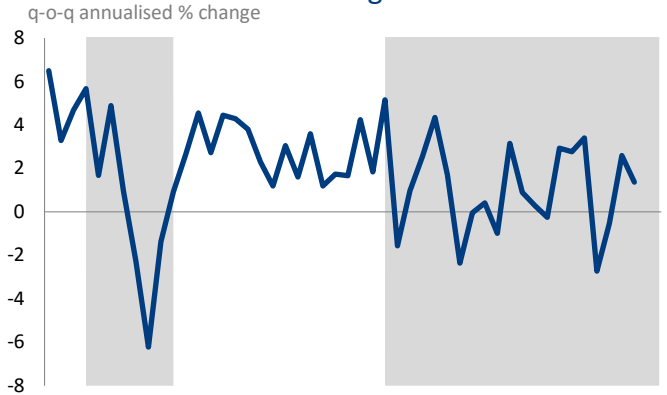
Headline consumer inflation, as measured by the Consumer Price Index (CPI), accelerated to 4.5% y-o-y in March, up from 4.1% in February. The biggest contributors to the March annual increase in headline CPI were the transport and miscellaneous goods and services categories, both adding 0.9 percentage points (% pts). On a monthly basis, inflation rose by 0.8%. Looking ahead, the impact of higher fuel prices and electricity tariff hikes is likely to add to price pressures. However, weak demand and subdued food inflation should keep CPI firmly below the upper end of the SARB's inflation target.

Manufacturing and mining output lower in February

The volume of **manufacturing** output contracted by 1.8% m-o-m, seasonally adjusted (sa), in February. Despite the monthly decline, production was up by 0.6% on an annual basis. The monthly drop comes mostly on the back of an 18% m-o-m decline in the output of petrol and other fuel products. That being said, monthly output was down in seven of the ten major divisions. Consecutive days of load shedding could have negatively affected production. Meanwhile, **mining** output also declined in February, falling by 1.5% m-o-m (sa), as platinum group metals (PGM) output contracted by 6%, while gold output declined by 1.6%. Building material production fell by nearly 18% m-o-m in February. Compared to a year ago, mining output contracted sharply, falling by 7.5% y-o-y. Output was dragged down by lower production of diamonds, gold and iron ore.

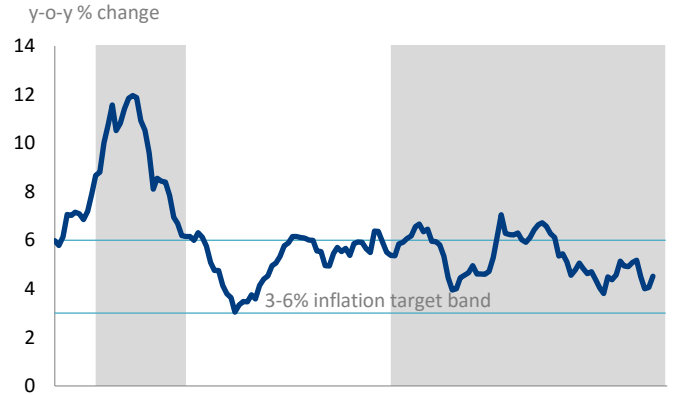
Core indicators

Real GDP growth



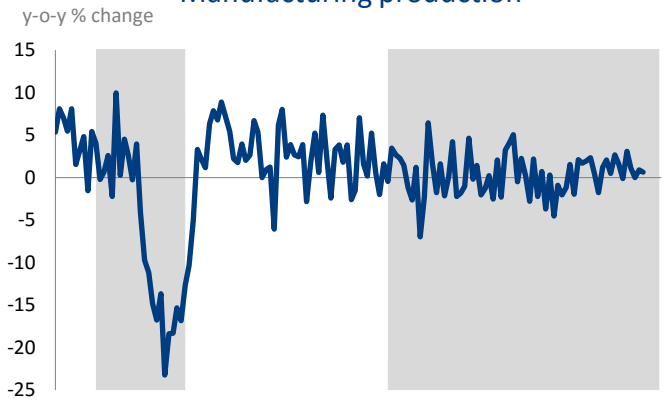
Source: Stats SA

CPI inflation



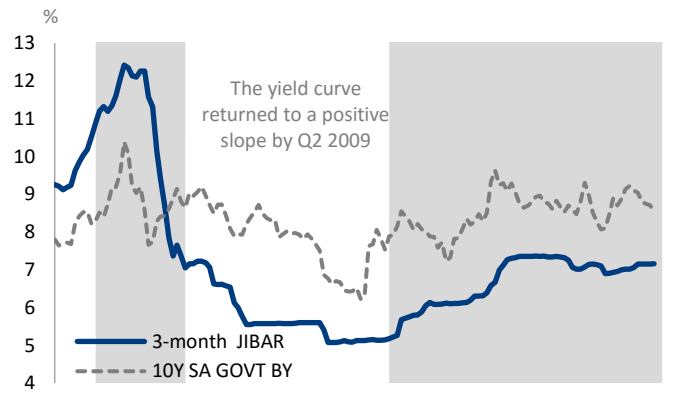
Source: Stats SA

Manufacturing production



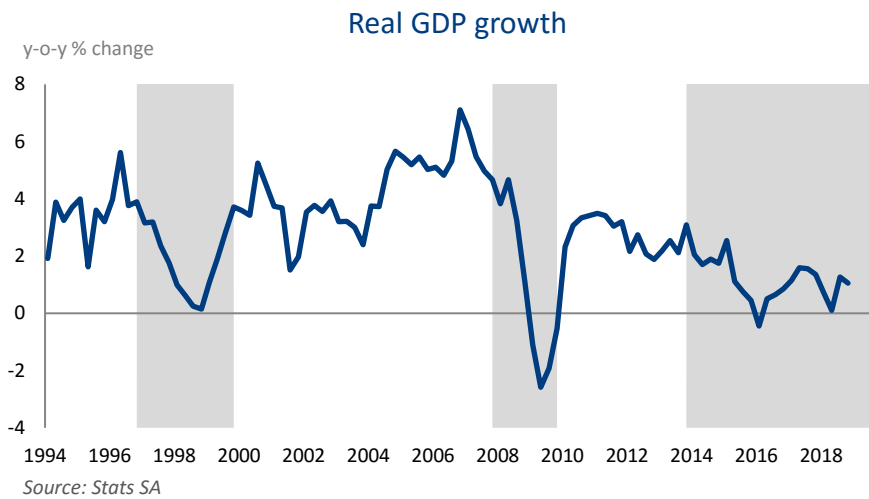
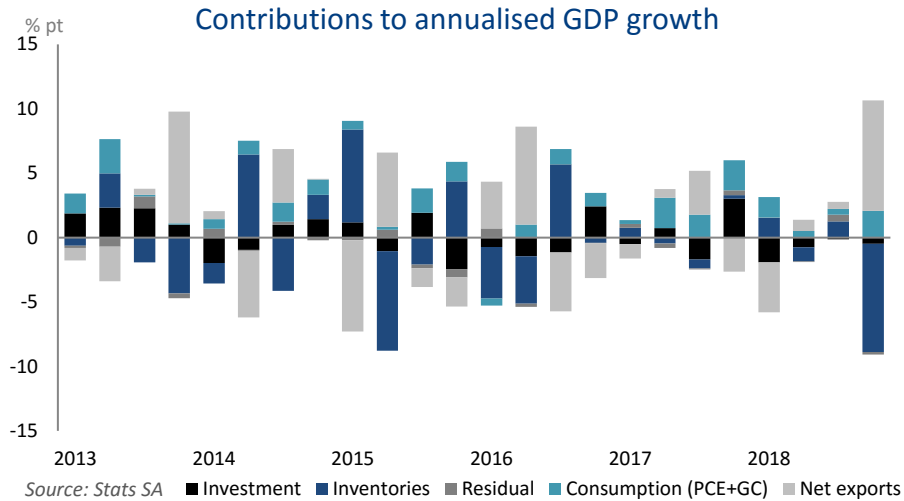
Source: Stats SA

Interest rates



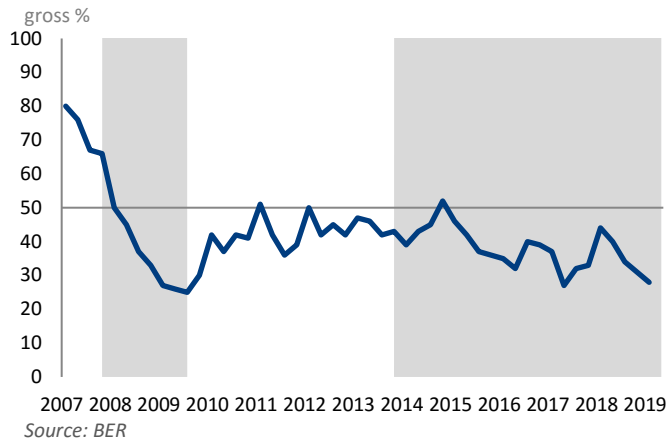
Source: Thomson Reuters

GDP growth

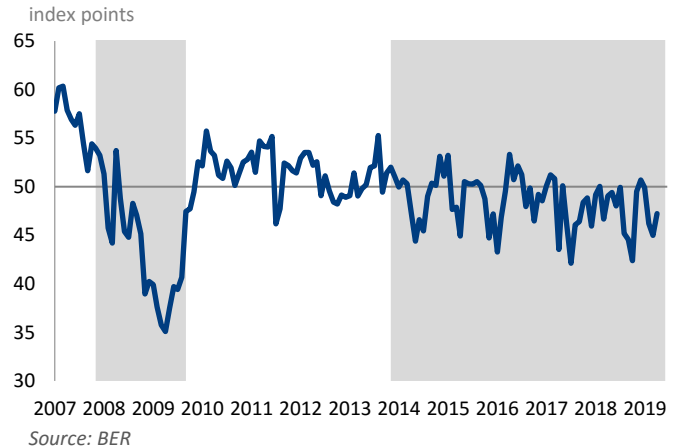


Business environment

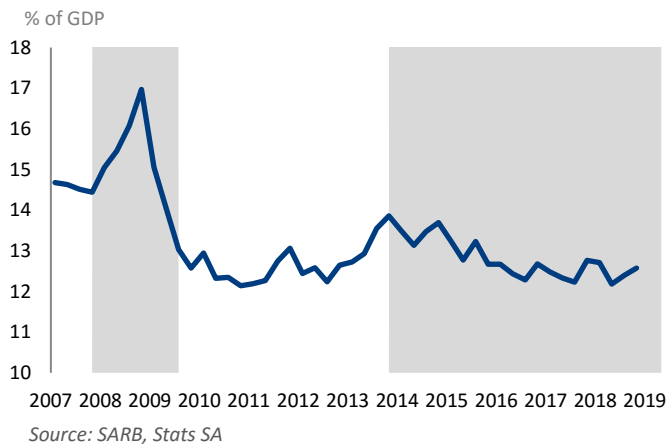
RMB/BER Business Confidence Index



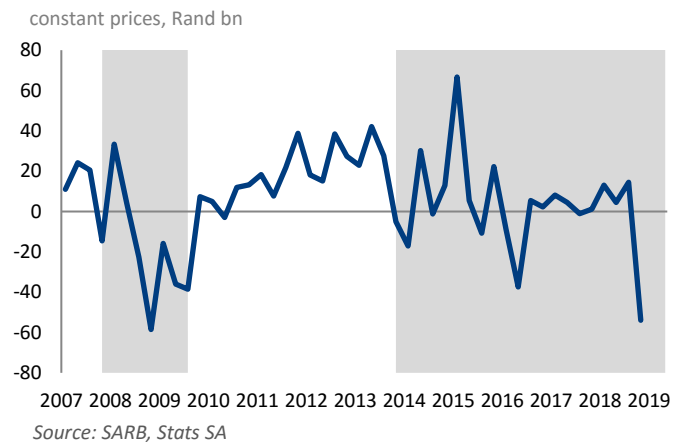
Absa Purchasing Managers Index



Private fixed investment

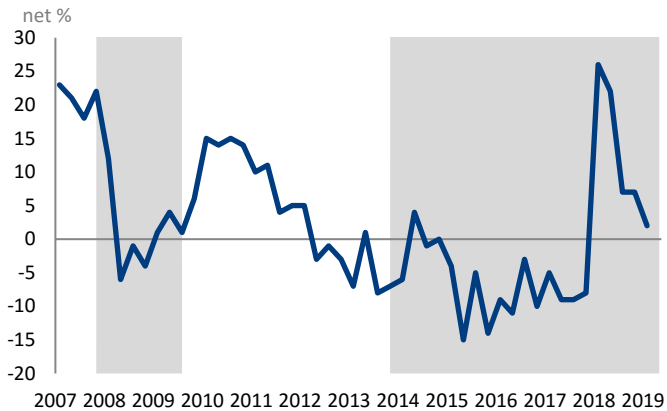


Changes in inventories



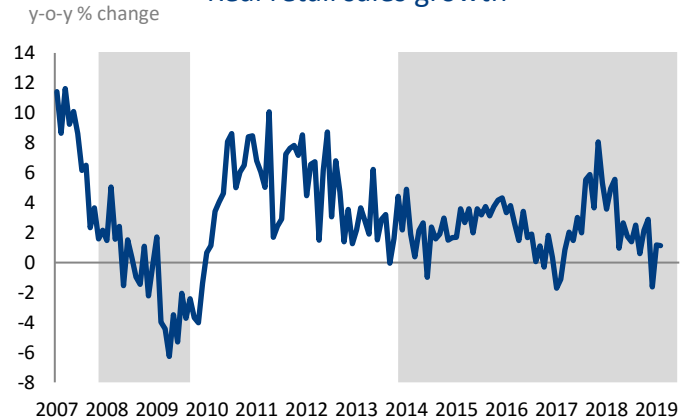
Household consumption

FNB/BER Consumer Confidence Index



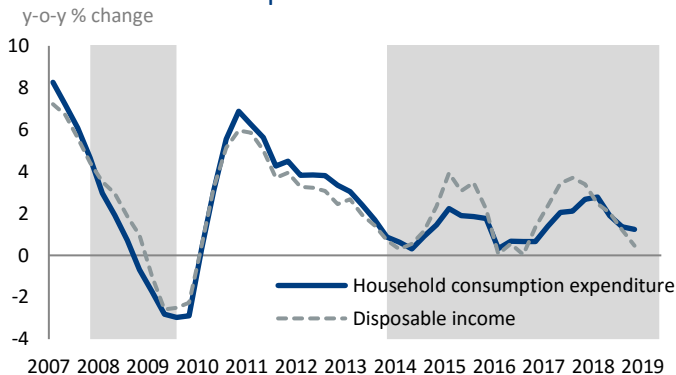
Source: BER

Real retail sales growth



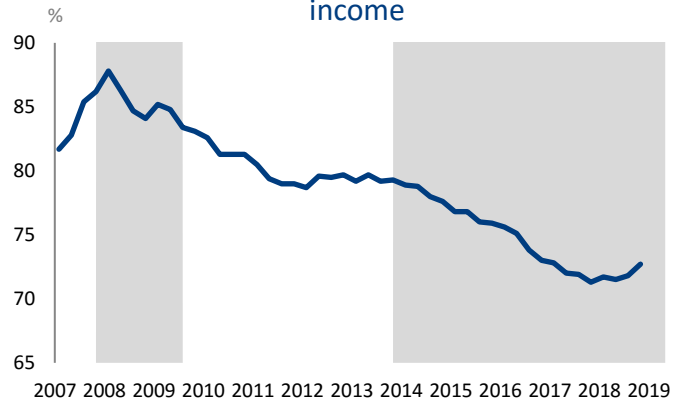
Source: Stats SA

Household consumption and real disposable income



Source: SARB, Stats SA

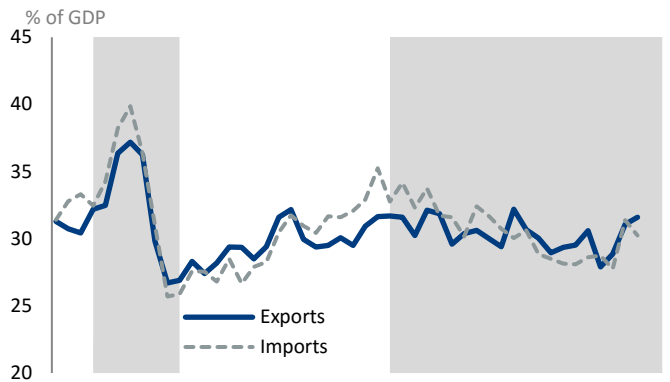
Ratio of household debt to disposable income



Source: SARB

International trade

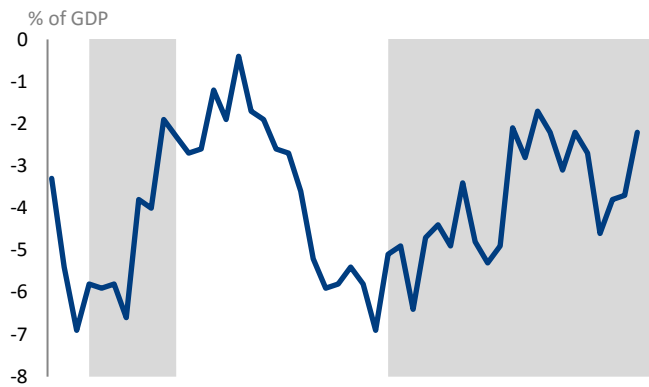
Imports and exports



2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019

Source: SARB, Stats SA

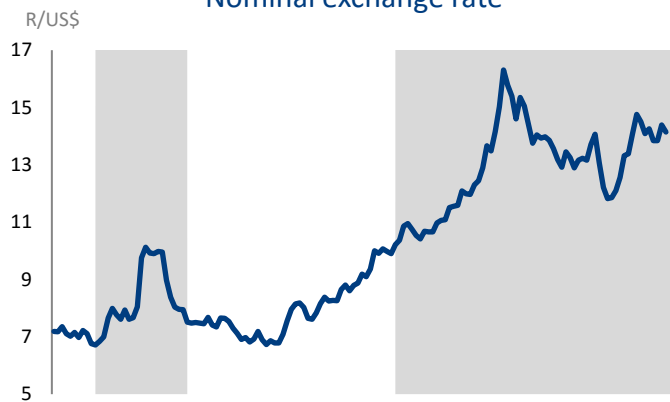
Current account balance



2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019

Source: SARB

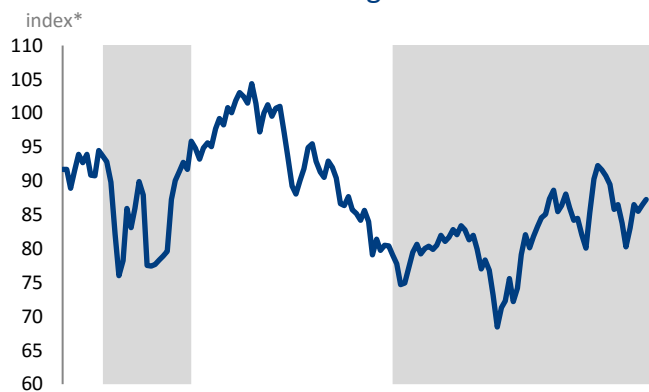
Nominal exchange rate



2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019

Source: Thomson Reuters

Real effective exchange rate of the Rand

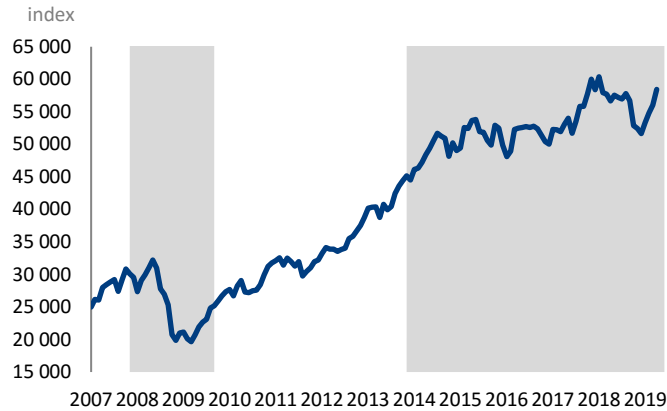


2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019

Source: SARB *higher values denote a stronger rand

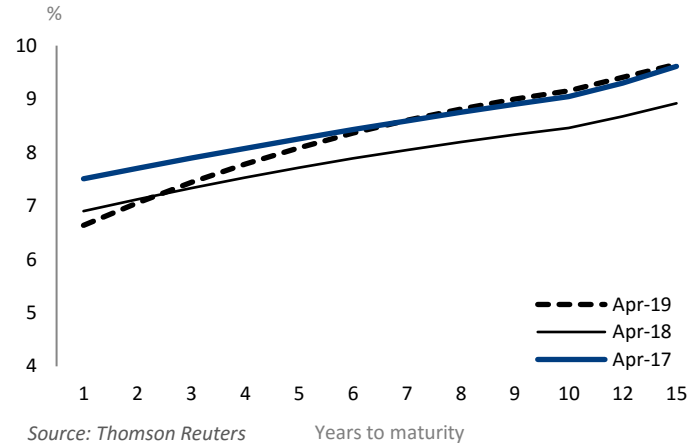
Financial markets

JSE all share index



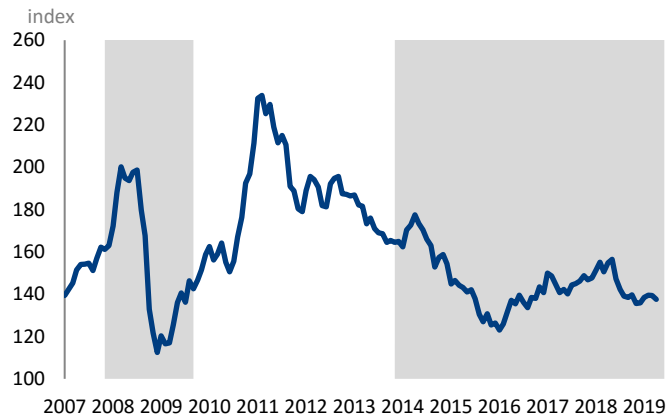
Source: Thomson Reuters

Yield curve comparisons



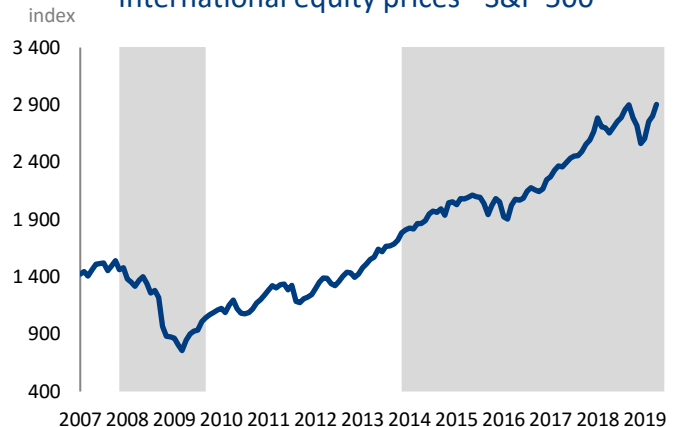
Source: Thomson Reuters

Economist all commodities index



Source: Economist

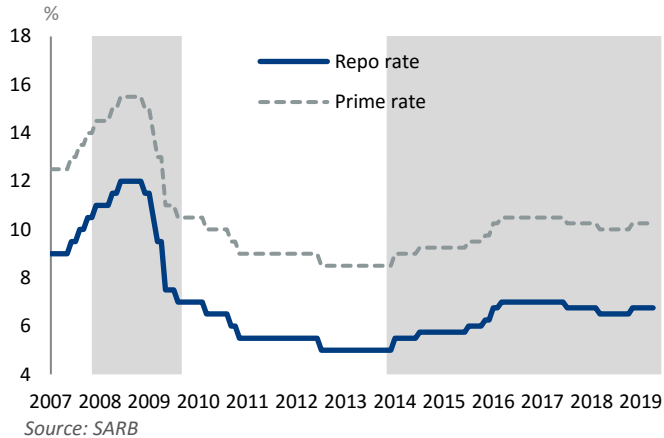
International equity prices - S&P 500



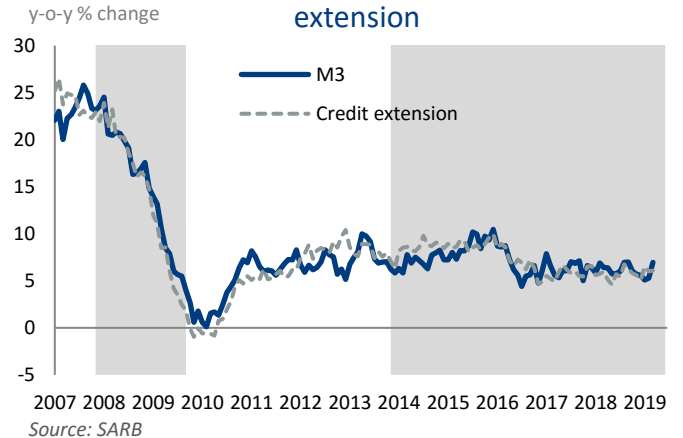
Source: Thomson Reuters

Money and prices

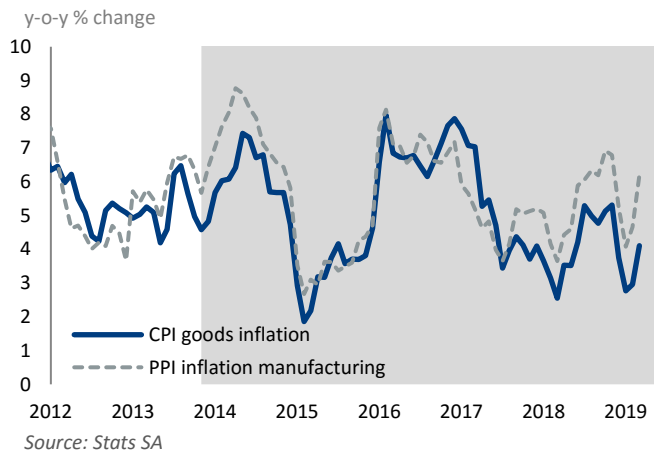
Repo and prime interest rate



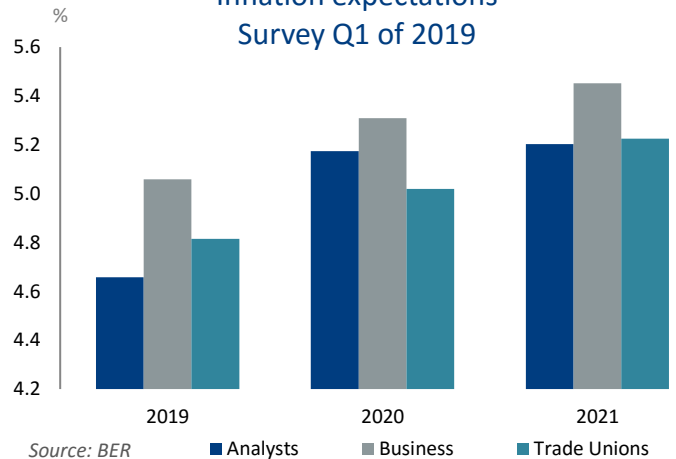
M3 monetary aggregates and credit extension



Consumer and producer prices

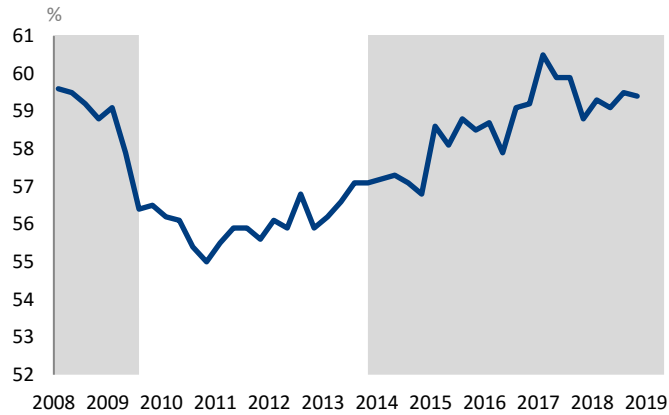


Inflation expectations Survey Q1 of 2019



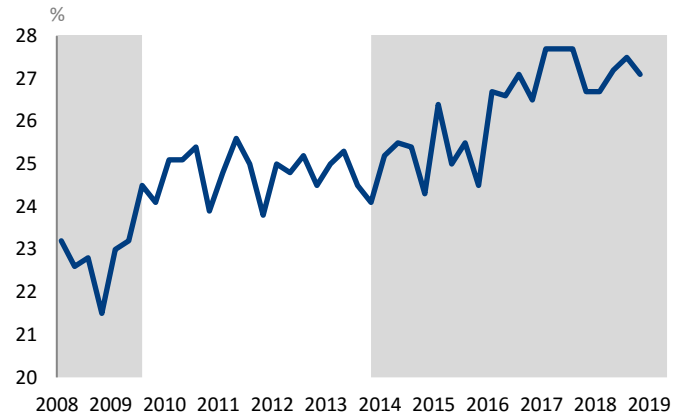
Labour

Labour force participation



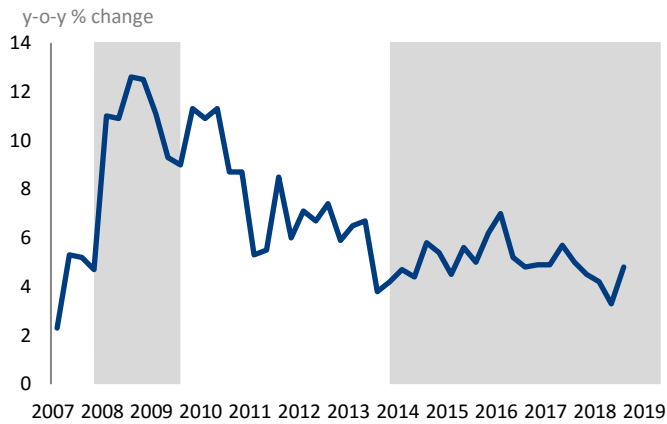
Source: Stats SA

Unemployment rate



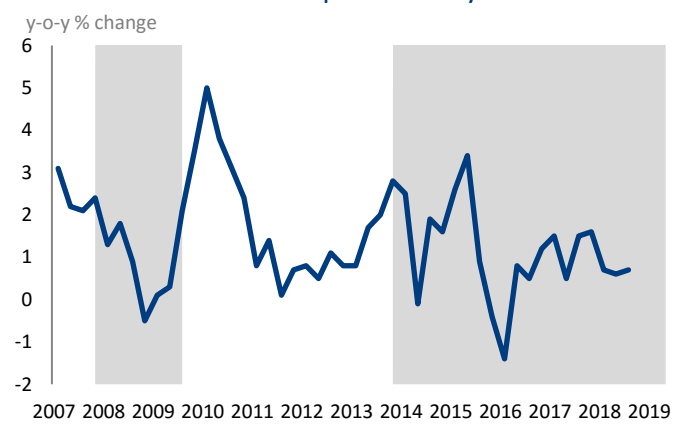
Source: Stats SA

Unit labour cost



Source: SARB

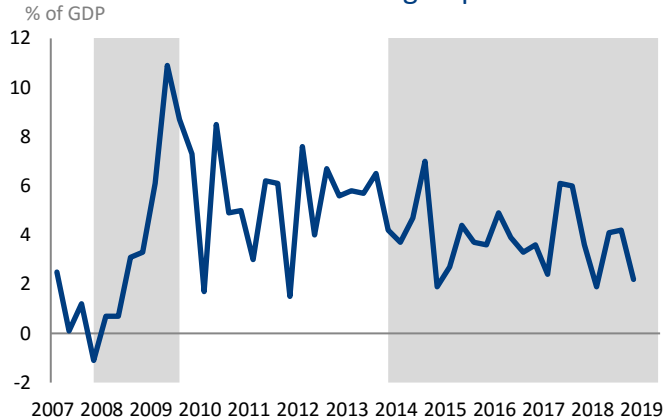
Labour productivity



Source: SARB

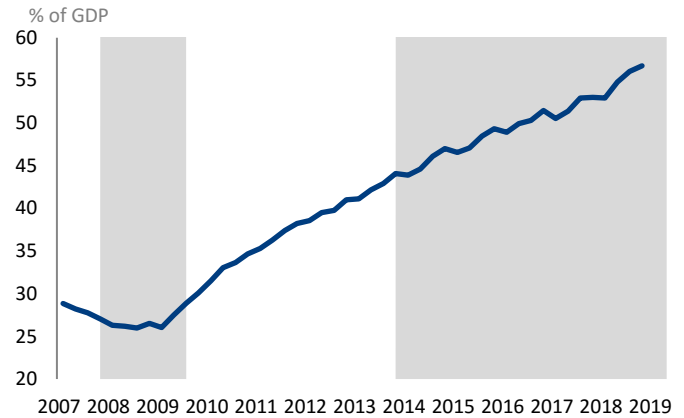
Government

Public sector borrowing requirement



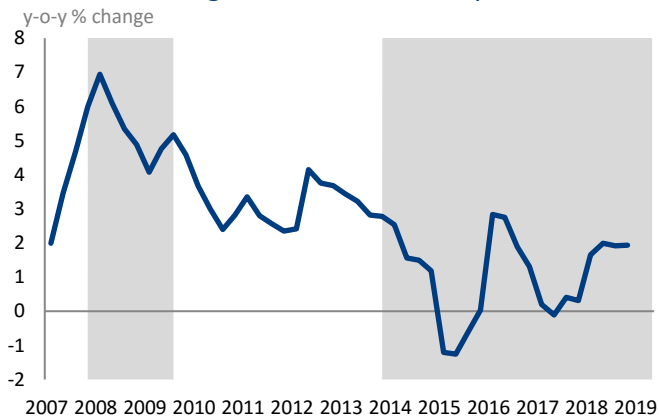
Source: SARB

Gross government debt



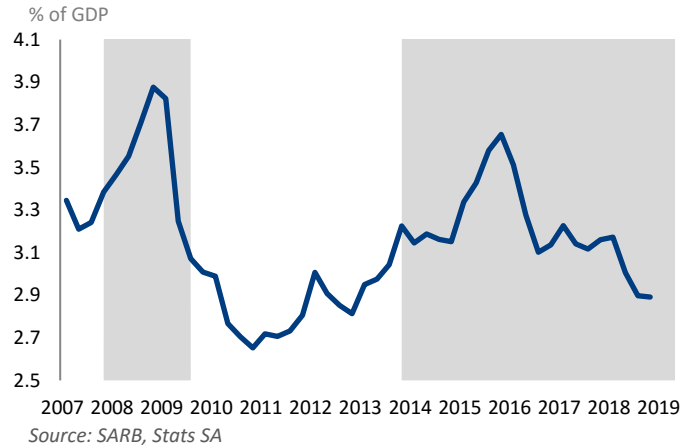
Source: SARB

Real government consumption



Source: SARB, Stats SA

Government fixed investment



Source: SARB, Stats SA

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