



WEEKLY ECONOMIC BRIEFING

Forecaster Ecosa cc

PO Box 693 Sunninghill 2157

WEEK ENDING

8 JANUARY 2016

HIGHLIGHTS

South Africa

1. The rand touched a record R17,9950/US\$1 on 11 January from R16,30/US\$1 on 8 January 2016, R13,04/\$1 on 19 October 2015 and R11,41/\$1 on 4 February 2015.
2. The JSE all share index ended 2015 at 50 693,76, down 8,1% on the 24 April peak of 55 188,337.
3. The African National Congress (ANC) 8 January statement put local government at “the apex of priorities.”
4. The national matriculation pass rate slipped to 70,7% in 2015 from 75,8% in 2014 and 78,2% in 2013.
5. Bulk export volumes rose by 7,3% in 2015 to a record 168 million tons (Mt) after only a 2,6% gain in 2014 and a 2,8% rise in 2013.
6. The World Bank cut its GDP growth forecast for South Africa to 1,3% in 2015 from the 2,0% forecast in June, while there is only marginal improvement to 1,4% in 2016.
7. The National Association of Automobile Manufacturers of SA (Naamsa) new vehicle sales fell by 4,1% to 617 927 units after a 0,7% drop in 2014, a 2,9% increase in 2013 and a 10,2% jump in 2012.
8. New vehicle exports rose by 22,0% in 2015 to 337 748 units.
9. Government revenue rose by only 3,3% in November after jumping by 16,2% y/y in October, while expenditure grew by 6,3% y/y from 7,6% y/y.
10. The government’s cash balance jumped by R36bn in December 2015 to R183,3bn after soaring by R43,4bn to R212,1bn in December 2014.
11. The trade weighted rand averaged 56,14 in December from 59,34 in November, 60,84 in October, 60,41 in September, 63,31 in August, 65,2 in July, 65,34 in June, 67,01 in May , 67,63 in April, 67,4 in March, 68,73 in February and 68,06 in January.
12. The volatility in the trade weighted rand surged to 9,07% in December from 2,88% in November, 5,21% in October, 4,52% in September, 4,9% in August, 3,17% in July, 3,23% in June, 2,82% in May, 3,55% in April, 3,4% in March, 3,55% in February and 4,14% in January.
13. Daily average turnover on the South African foreign exchange market eased to US\$19,961bn in November from \$20,305bn in October and a record US\$27,64bn in March 2014.
14. Broad M3 money supply growth eased to 9,35% y/y in November from 9,74% y/y in October, while narrow M0 money supply growth rose to 10,92% y/y from 9,31% y/y.
15. The foreign trade balance swung to a R1,8bn surplus in November from a revised R21,6bn (R21,4bn) deficit in October.
16. South Africa’s trade surplus with the US widened to US\$160m in November from \$131m in October and \$150m in September.
17. South Africa resolved the outstanding issues regarding meat imports from the US, so it will continue to benefit from the African Growth and Opportunity Act (AGOA).



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18. The South African Reserve Bank's gross foreign exchange reserves rose by \$595m in December to \$39,046bn after falling by \$509m in November, a \$168m drop in October and a \$89m rise in September.
19. South Africa's electricity consumption fell by 2,4% y/y in November after a 2,7% y/y drop in October, a 3,7% y/y decline in September and a 5,4% y/y plunge in August.
20. Electricity imports fell by 15,4% y/y in November after plunging by 50,1% y/y in the first quarter 2013.
21. The new Standard Bank Markit Purchasing Managers' Index (PMI) eased to 49,1 in December from 49,6 in November and 47,5 in October.
22. The South African Chamber of Commerce and Industry (SACCI) Business Confidence Index (BCI) eased to a 22-year low of 79,6 in December from 82,7 in November and 88,4 in October.
23. Weather SA reported several record maximum temperatures on 6 and 7 January.
24. Pretoria received 57mm of rain in December 2015 compared with 49mm in November, only 11mm in October 2015 and 99mm in November 2014.
25. Good weather meant that several of Cape Town's tourist hot spots set new records in December.
26. The Gauteng retail ULP 95 petrol price was cut by 3c/l on 6 January after a 1c/l in December, a 22c/l cut in November after a 4c/l rise in October, a 69c/l cut in September, a 51c/l fall in August, rising by 41c/l in July, a 47 c/l jump in June and being steady in May and April.

Rest of Africa

27. The World Bank expects sub-Saharan Africa's economic growth rate to rise to 4,2% in 2016 from 3,3% in 2015.
28. Consumer inflation in Egypt was steady at 11,1% y/y in December and November from 9,7% y/y in October.
29. The Egyptian private sector index rose to 48,2 in December from 45,0 in November, 47,2 in October and 50,2 in September.
30. The Kenyan private sector index rose to 55,5 in December from 53,7 in November, 51,7 in October and 51,9 in September.
31. Consumer inflation in Kenya rose to 8,01% y/y in December from 7,62% y/y in November and 6,72% y/y in October.
32. The number of tourist arrivals in Mauritius rose by 10,9% in 2015 to 1 151 723.
33. Consumer inflation in Mauritius rose to 1,3% y/y in December from 1,0% y/y in November, 1,5% y/y in October and 2,0% y/y in September.
34. Consumer inflation in Mozambique rose to 10,55% y/y in December from 6,27% y/y in November, 4,74% y/y in October and 2,73% y/y in September.
35. The Nigerian private sector index rose to 54,4 in December from 53,9 in November and 52,1 in October.
36. Consumer inflation in Tanzania rose to 6,8% y/y in December from 6,6% y/y in November and 6,3% y/y in October.
37. Consumer inflation in Uganda rose to 9,3% y/y in December from 9,1% y/y in November and 8,8% y/y in October.
38. Consumer inflation in Zambia rose to 21,1% y/y in December from 19,5% y/y in November and 14,3% y/y in October.
39. Zambia's foreign trade deficit narrowed to ZMK 1,226bn in November from a revised ZMK 2,585bn (ZMK2,11bn) in October.

International

40. Global interest rates rose in 2015 and are likely to rise further in 2016 as the US Federal Reserve continues to normalize its monetary policy.
41. Equities had a poor start to 2016 with China twice invoking circuit-breakers after shares slumped more than 7%.



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42. The Food and Agricultural Organisation's (FAO) Food Price Index eased by 18,7% in 2015 to an average of 164,1 and is well below the 2011 peak of 229,9.
43. Consumer inflation in China rose to 1,6% y/y in December from 1,5% y/y in November and 1,3% y/y in October.
44. US nonfarm payrolls rose by 292,000 in December after a revised 252 000 (211 000) in November and a revised 307 000 (first revision 298 000, first estimate 271 000) gain in October.
45. US employers announced a 24% rise in job cuts to 598 510 in 2015.
46. The US foreign trade deficit narrowed to \$42,4bn in November from a revised \$44,6bn (\$43,9bn) in October.
47. US light vehicle sales rose by 5,7% in 2015 to 17,47 million.
48. Canadian employment rose by 22 800 in December after a 35 700 drop in November.
49. The GfK consumer climate in Germany increased to 9,4 for January from 9,3 in December.
50. The seasonally adjusted unemployment rate in Taiwan rose to 3,84% in November from 3,79% in October.
51. The global manufacturing index eased to 50,9 in December from 51,2 in November and 51,3 in October
52. The Eurozone manufacturing index rose to 53,2 in December from 52,8 in November and 52,3 in October.
53. The Japanese manufacturing index was steady at 52,6 in December and November from 52,4 in October.
54. The US manufacturing index from the Institute for Supply Management (ISM) eased to 48,2 in December from 48,6 in November and 50,1 in October.
55. The UK manufacturing index eased to 51,9 in December from 52,5 in November and 55,2 in October.
56. The Brazilian manufacturing index rose to 45,6 in December from a 80-month low of 43,8 in November, 44,1 in October, and a record 57,6 in January 2010.
57. The Chinese manufacturing index eased to 48,2 in December from 48,6 in November, 48,3 in October and 47,2 in September.
58. The Indian manufacturing index eased to 49,1 in December from 50,3 in November and 50,7 in October.
59. The Indonesian manufacturing index rose to 47,8 in December from 46,9 in November, 47,8 in October, and a record low of 46,4 in March.
60. The Russian manufacturing index eased to 48,7 in December from 50,1 in November and 50,2 in October.
61. The South Korean manufacturing index rose to 50,7 in December after being steady at 49,1 in November and October.
62. The global services index eased to 53,1 in December from 53,9 in November and 53,7 in October.
63. The US ISM non-manufacturing index eased to 55,3 in December from 55,9 in November and 59,1 in October, 56,9 in September, 59,0 in August after it reached its highest level since August 2005 at 60,3 in July from 56,0 in June and 55,7 in May.
64. Global semiconductor sales eased by 3,0% y/y in November to \$28,9bn after falling by 2,5% y/y in October, a 1,9% y/y decline in September, a 3,0% y/y decrease in August and a 0,9% y/y drop in July.
65. OPEC oil output eased to 31,62 million barrels per day (mbpd) in December from 31,79 mbpd in November, 31,64 mbpd in October, 31,76 mbpd in September, 31,57 mbpd in August and 31,88 mbpd in July, which was the highest monthly level in recent history.
66. The annual average OPEC Reference Basket (ORB) eased to \$49,49 per barrel in 2015 from \$96,29 in 2014, \$105,87 in 2013, a record \$109,45 per barrel in 2012, \$107,46 in 2011 and \$77,45 in 2010.
67. Four new elements have been added to the periodic table.

South Africa

1. The rand touched a record R17,9950/US\$1 on 11 January from R16,30/US\$1 on 8 January 2016, R13,04/\$1 on 19 October 2015 and R11,41/\$1 on 4 February 2015. The latest weakness was not rand-specific as most emerging market



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currencies also weakened. Nomura, which forecast a R16/\$1 after the firing of Finance Minister Nhlamhla Nene on 9 December, now expect the rand to reach R19/\$1 before the end of this year. **The blow-off in early Monday morning trade took place in Japan as investors there liquidated some of their South African bond holdings. The rand moved back below R17/\$1 as soon as other markets opened.**

- The JSE all share index ended 2015 at 50 693,76, down 8,1% on the 24 April peak of 55 188,337.** We issued the equity market warning on 22 April and repeated it in the WEB240415. In the first week of 2016 the JSE slid further and is now down 12,8% from the peak at 48 104,68. We expect continued weakness this year.
- The African National Congress (ANC) 8 January statement put local government at “the apex of priorities.”** This follows last year’s focus on energy. The ANC identified a two-pronged strategy to chart the way forward: structural reforms to create and maintain a higher growth path and reducing South Africa’s vulnerability by stabilising public debt.
- The national matriculation pass rate slipped to 70,7% in 2015 from 75,8% in 2014 and 78,2% in 2013.** There were a total of 799 306 students wrote the matric exams in 2015, 667 925 (550 127 in 2014) were fulltime, while 131 381 (138 533) were part-time. The peak year was 2007 when many part-time learners took the old curriculum exams before the new curriculum matrics wrote in 2008. In 2007 the total was 858 754. Twelve years ago, when most of the 2015 matrics started school, there were 1 278 120 pupils enrolled in Grade 1, so less than half completed their secondary schooling. A total of 90 027 girls compared with 76 236 boys obtained their university exemption. This is a sharp drop in the university exemption pass rate to 20,8% in 2015 from 28,3% in 2014, 30,6% in 2013, 26,6% in 2012, 24,3% in 2011, 23,5% in 2010, 19,9% in 2009 and 20,1% in 2008.
- Bulk export volumes rose by 7,3% in 2015 to a record 168 million tons (Mt) after only a 2,6% gain in 2014 and a 2,8% rise in 2013.** Policy uncertainty and logistics constraints meant that South Africa lost out on the 2003 to 2008 commodity price boom with annual bulk exports increasing by a mere 2,8 Mt between those two years. Since then there has been a marked turnaround due to better policy co-ordination between mining companies and state-owned Transnet, so that volumes have improved by 45% or 52,3 Mt between 2008 and 2015. Bulk exports out of Richards Bay, which are mostly coal, grew by 8.2% in 2015 to 93 Mt. As Richards Bay Coal Terminal (RBCT) no longer releases operational statistics, economists are finding it more difficult to track economic performance in South Africa in a timeous manner. The 30% slump in the maize harvest this year compared with last year has also affected bulk exports with grain and sugar bulk exports from the other ports such as Durban down 19,3% in 2015 to 11,6 Mt, although there was a surprise 12,8% y/y rise in December, the first y/y increase since January. Despite the 40% plunge in the iron ore price, bulk exports out of Saldanha, which are mostly iron ore, are up 12,7% in 2015 to 63,4 Mt.
- The World Bank cut its GDP growth forecast for South Africa to 1,3% in 2015 from the 2,0% forecast in June, while there is only marginal improvement to 1,4% in 2016.** This is weaker than latest estimates for this year of 1,7% by Fitch Ratings and Moody’s, and 1,6% by Standard & Poor’s. All three ratings agencies warned that South Africa could face a downgrade if economic growth proved weaker. The Reserve Bank’s most recent forecast was 1,4% for 2015 and 1,5% for 2016.
- The National Association of Automobile Manufacturers of SA (Naamsa) new vehicle sales fell by 4,1% to 617 927 units after a 0,7% drop in 2014, a 2,9% increase in 2013 and a 10,2% jump in 2012.** New car sales fell by 5,9% in 2015 after a 2,5% drop in 2014, while light commercial vehicle sales edged up by 0,4% in 2015 after rising by 3,4% in 2014. Medium commercial vehicle sales dropped by 4,9% in both 2014 and 2015, while heavy trucks sales fell by 2,0% in 2015 after increasing by 6,2%. Naamsa expects sales to ease to 598 200 in 2016, while we expect 602 000 units.



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8. **New vehicle exports rose by 22,0% in 2015 to 337 748 units.** The 2012 and 2013 exports of 277 992 and 276 404 came in far below start of the year projections of 320 000 and 361 300 units respectively, while the 2014 exports of 276 936 was also below the 321 000 units forecast at the start of the year. 2015 marked a change as it was above the Naamsa forecast of 325 000. Naamsa now expects 380 000 units in 2016, while we forecast 395 000 units.
9. **Government revenue rose by only 3,3% in November after jumping by 16,2% y/y in October, while expenditure grew by 6,3% y/y from 7,6% y/y.** This meant that in the first eight months of the 2015/16 fiscal year, revenue grew by 11,1% y/y, while expenditure increased by 9,2% y/y. In the 2014/15 fiscal year, revenue increased by 8,7% y/y, while expenditure grew by 7,0% y/y. The result was that the fiscal deficit for the fiscal year eased to R158,3bn from R161,6bn in the previous fiscal year.
10. **The government's cash balance jumped by R36bn in December 2015 to R183,3bn after soaring by R43,4bn to R212,1bn in December 2014.** Given the large jump in cash resources in December 2014 we could not understand why the Treasury borrowed R12,86bn in the short-term market in December 2014. In December 2015 they did not make the same mistake and repaid R3,308bn in short term loans. Net domestic long-term loans, inclusive of redemptions and repo transactions, increased by R9,593bn in December 2015.
11. **The trade weighted rand averaged 56,14 in December from 59,34 in November, 60,84 in October, 60,41 in September, 63,31 in August, 65,2 in July, 65,34 in June, 67,01 in May, 67,63 in April, 67,4 in March, 68,73 in February and 68,06 in January.** This is the new series that started in May 2014 and that has been reweighted and rebased. The weighted average exchange rate of the rand is based on trade in and consumption of manufactured goods between South Africa and its most important trading partners. As from 1 January 2010, the weighted average exchange rate of the rand is calculated against twenty currencies. The weights of the five major currencies are in brackets: Euro (29,26), Chinese yuan (20,54), US dollar (13,72), Japanese yen (6,03), British pound (5,82). The base is 2010 = 100, so the trade weighted rand has lost more than 40% of its value since then. The high in 2015 was 70,05 on 6 February, while the low was 53,80 on 31 December. The annual average was 64,12 in 2015 from 67,89 in 2014.
12. **The volatility in the trade weighted rand surged to 9,07% in December from 2,88% in November, 5,21% in October, 4,52% in September, 4,9% in August, 3,17% in July, 3,23% in June, 2,82% in May, 3,55% in April, 3,4% in March, 3,55% in February and 4,14% in January.** The measure of volatility we use is to divide the monthly range by the monthly average. The rand's weakening in October 2008 resulted in the most volatile month ever, exceeding that of December 2001. The October 2008 volatility was 28,25% compared with December 2001's 23,22%. The May 2013 volatility of 11,61% was due to the announcement that the US Federal Reserve would start tapering its bond buying programme sometime in the future. The actual tapering started in December 2013. The most volatile month in 2014 was January at 6,7%, while December was the most volatile in 2015.
13. **Daily average turnover on the South African foreign exchange market eased to US\$19,961bn in November from \$20,305bn in October and a record US\$27,64bn in March 2014.** In November the turnover consisted of \$12,059bn (\$11,38bn in October, \$12,104bn in September, and \$17,016bn in March 2014) in swap transactions, \$4,504bn (\$4,842bn, \$4,744bn, and \$5,635bn) in third currencies, \$2,184bn (\$2,876bn, \$2,886bn, and \$3,586bn) in spot transactions and \$1,213bn (\$1,208bn, \$1,523bn, and \$1,403bn) in forward transactions. The June 2015 forward transactions of \$2,048bn almost matched the record \$2,052bn achieved in May 2011.
14. **Broad M3 money supply growth eased to 9,35% y/y in November from 9,74% y/y in October, while narrow M0 money supply growth rose to 10,92% y/y from 9,31% y/y.** Total loans and advances y/y change troughed at minus



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1,63% y/y in November 2009. The y/y increase recovered to 8,94% y/y in November from 8,34% y/y in October and 7,49% y/y in September.

15. **The foreign trade balance swung to a R1,8bn surplus in November from a revised R21,6bn (R21,4bn) deficit in October.** The swing was due to a R8,9bn (10,3%) m/m jump in exports to R94,7bn, while imports fell by R14,5bn (13,5%) to R92,9bn. What failed to get any media attention was that the rest of Africa was once again the region that attracted the most South African exports. In the first 11 months, the rest of Africa attracted R279bn worth of exports, while Asia received R275,4bn and Europe only R220,4bn.
16. **South Africa's trade surplus with the US widened to US\$160m in November from \$131m in October and \$150m in September.** The surplus had widened to \$1,921bn in 2014 from \$1,187bn in 2013 and \$1,121bn in 2012. The surplus was \$2,217bn in 2011, \$2,577bn in 2010 and \$1,426bn in 2009. Exports to the US eased to \$8,308bn in 2014 from \$8,5bn in 2013, \$8,7bn in 2012, \$9,5bn in 2011 and \$8,2bn in 2010, while South African imports of American goods eased to \$6,387bn in 2014 from \$7,3bn in 2013, \$7,6bn in 2012, \$7,3bn in 2011 and \$5,6bn in 2010. South African exports to the US eased to \$568m in November from \$619m in October and \$597m in September, while imports from the US slipped to \$409m in November from \$488m in October and \$447m in September.
17. **South Africa resolved the outstanding issues regarding meat imports from the US, so it will continue to benefit from the African Growth and Opportunity Act (AGOA).** South Africa's AGOA access had been under threat and could have been withdrawn at the end of 2015, but goodwill from the US allowed South Africa "extra time" to resolve the issues.
18. **The South African Reserve Bank's gross foreign exchange reserves rose by \$595m in December to \$39,046bn after falling by \$509m in November, a \$168m drop in October and a \$89m rise in September.** Gold reserves inched up by \$24m to \$4,277bn after falling by \$367m in November, rising by \$109m in October and falling by \$31m in September. We expected a boost in October as we were expecting the proceeds of an international bond, but that must still take place even though the lead managers were already appointed in October.
19. **South Africa's electricity consumption fell by 2,4% y/y in November after a 2,7% y/y drop in October, a 3,7% y/y decline in September and a 5,4% y/y plunge in August.** The sharp fall in August had more to do with mild winter temperatures rather than load shedding, as the last major episodes of load shedding took place in July. Eskom has been urging consumers since 2008 to cut consumption by 10%.
20. **Electricity imports fell by 15,4% y/y in November after plunging by 50,1% y/y in the first quarter 2013.** The first quarter 2013 drop in imports was due to problems with the transmission line from Mozambique since August 2012. The line has been back at full capacity since 22 April 2013, so there was a return to almost normal monthly imports from May 2013, but in February 2014, there was once again a problem, which led to national emergencies being declared on 19 and 20 February 2014 and national load shedding took place on 6 March. The transmission line from Mozambique was not affected by the January 2015 flooding in that country.
21. **The new Standard Bank Markit Purchasing Managers' Index (PMI) eased to 49,1 in December from 49,6 in November and 47,5 in October.** The January 2015 reading of 49,8 was the first sub-50 reading since July 2014. The Markit PMI covers the construction, manufacturing, mining, retail and service sectors. Currently the Bureau for Economic Research PMI covers the manufacturing sector, while the South African Chamber of Commerce and Industry (SACCI) Trade Activity Index covers the retail and service sectors. The Markit survey has been conducted since July 2011 and provides an early indication of operating conditions in South Africa.



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22. **The South African Chamber of Commerce and Industry (SACCI) Business Confidence Index (BCI) eased to a 22-year low of 79,6 in December from 82,7 in November and 88,4 in October.** The lowest ever reading for the BCI since its inception in 1985 was in April 1985 at 76,1. The BCI's highest reading was 122,1 in December 2006. The average for the BCI in 2015 was 86,4 compared with 90,0 in 2014 and 91,4 in 2013. The previous lowest annual average was 81,3 in 1993 and the highest BCI annual average was 118,8 in 2006 with the BCI at 100 in 2010.
23. **Weather SA reported several record maximum temperatures on 6 and 7 January.** Among the new record maximums on 6 January were Tosca 46 Celsius, Twee Rivieren 45,4 C, Skukuza 44,7 C, Taung 44,6 C and Ladysmith 43 C, while on 7 January it was Marico 45 C, Lephalale 44,5 C, and Pretoria 42,7 C.
24. **Pretoria received 57mm of rain in December 2015 compared with 49mm in November, only 11mm in October 2015 and 99mm in November 2014.** The summer rains are poor this year due to the el Nino effect with drought conditions already evident in many areas with Vredendal in the Western Cape registering a record maximum temperature of 48,3 degrees Celsius on 27 October 2015. The "Maize Capital", Bothaville in the Free State, received 26mm in December 2015 from 11mm in November and 9mm in October compared with 139mm in December 2014. Bethlehem received 24mm in December 2015 from 37mm in November and 24mm in October compared with 144mm in December 2014. Ermelo was the exception to the rule and received 229mm in December 2015 from 53mm in November and 51mm in October compared with 115mm in December 2014. Cedara had 67mm in December 2015 from 46mm in November and 18mm in October compared with 116mm in December 2014.
25. **Good weather meant that several of Cape Town's tourist hot spots set new records in December.** Robben Island had a record month in December 2015 with a 43% y/y rise to 46,793 visitors, while Table Mountain Aerial Cableway had a record December with 28% more visitors than December 2014.
26. **The Gauteng retail ULP 95 petrol price was cut by 3c/l on 6 January after a 1c/l in December, a 22c/l cut in November after a 4c/l rise in October, a 69c/l cut in September, a 51c/l fall in August, rising by 41c/l in July, a 47 c/l jump in June and being steady in May and April.** The y/y change moved into negative territory for the first time since November 2009 with a 5,5% y/y decline in December after a 1,1% y/y increase in November. In January the y/y fall was 17,2% and it was 26,1% y/y in February before easing to 21,3% y/y in March, 10,4% y/y in April, 9,5% y/y in May, 4,7% y/y in June, 3,9% in July, 3,5% y/y in August, 8,0% y/y in September, 7,3% y/y in October, 5,9% y/y in November and only 0,6% y/y in December, before returning to a positive y/y change in January 2016 with a 10,1% y/y increase. For diesel the y/y change will be in negative territory for the 17th consecutive month edging down by 2,2% y/y in January 2016 after a 4,5% y/y fall in December, a 8,5% y/y drop in November, a 12,2% y/y drop in October, a 17,3% y/y plummet in September, a 14,8% y/y plunge in August, a 9,3% y/y drop in July, a 8,6% y/y fall in June, a 14,0% y/y decrease in May, a 15,6% y/y fall in April, a 25,3% y/y drop in March, a 28,4% y/y plunge in February and a 20,1% y/y slump in January 2015.

Rest of Africa

27. **The World Bank expects sub-Saharan Africa's economic growth rate to rise to 4,2% in 2016 from 3,3% in 2015.** This is in part due to a uptick in global growth to 2,9% in 2016 from 2,4% in 2015 as the developed world recovers after years of under-performance. This should help stabilise commodity prices.
28. **Consumer inflation in Egypt was steady at 11,1% y/y in December and November from 9,7% y/y in October.** The core inflation rate, which excludes volatile food items, rose to 7,44% y/y in November from 6,26% y/y in October. The annual average was 10,4% in 2015 from 10,1% in 2014 and 9,9% in 2013.



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29. **The Egyptian private sector index rose to 48,2 in December from 45,0 in November, 47,2 in October and 50,2 in September.** There was some recovery in December from the slump in November as business sentiment was hurt by the downing of a Russian aircraft over the Sinai, which resulted in travel advisories against visiting Egypt by several countries.
30. **The Kenyan private sector index rose to 55,5 in December from 53,7 in November, 51,7 in October and 51,9 in September.** The bounce is a welcome recovery in private sector activity in Kenya.
31. **Consumer inflation in Kenya rose to 8,01% y/y in December from 7,62% y/y in November and 6,72% y/y in October.** Food inflation rose to 13,26% y/y in December from 12,67% y/y in November and 11,27% y/y in October. The annual average was 6,6% in 2015 from 6,9% in 2014 and 5,7% in 2013.
32. **The number of tourist arrivals in Mauritius rose by 10,9% in 2015 to 1 151 723.** The number of Chinese tourists rose by 41,4%, India grew by 17,9%, South Africa increased by 9,5%, but the main source country of France only had a 4,4% rise. We expect that China will be the leading source country within three years.
33. **Consumer inflation in Mauritius rose to 1,3% y/y in December from 1,0% y/y in November, 1,5% y/y in October and 2,0% y/y in September.** Food inflation eased to 1,72% y/y in December from 1,82% y/y in November. The annual average was 1,3% in 2015 from 3,2% in 2014.
34. **Consumer inflation in Mozambique rose to 10,55% y/y in December from 6,27% y/y in November, 4,74% y/y in October and 2,73% y/y in September.** The sharp rise in February is in part due to the impact of January's flooding on food prices, but this was reversed in April and May before a recovery in August and September. Increases to the prices of education, food and non-alcoholic beverages were responsible for the sharp uptick in rate of inflation in October, while the weakness in the metical will spur inflation going forward. We expect the central bank to raise interest rates soon to curb inflation expectations. The annual average was 2,5% in 2015 from 2,6% in 2014 and 4,3% in 2013.
35. **The Nigerian private sector index rose to 54,4 in December from 53,9 in November and 52,1 in October.** The November 2015 release contained the first public release of data collected from the new monthly survey of business conditions in the Nigerian private sector. The survey, sponsored by Stanbic IBTC Bank and produced by Markit, has been conducted since January 2014 and provides an early indication of operating conditions in Nigeria.
36. **Consumer inflation in Tanzania rose to 6,8% y/y in December from 6,6% y/y in November and 6,3% y/y in October.** Food inflation rose to 11,5% y/y in December from 11,2% y/y in November and 10,2% y/y in October. The annual average for 2015 was 5,6% compared with 6,1% in 2014, 7,9% in 2013 and 16,1% in 2012.
37. **Consumer inflation in Uganda rose to 9,3% y/y in December from 9,1% y/y in November and 8,8% y/y in October.** Food inflation rose to 16,5% y/y in December from 16,4% y/y in November, while core inflation, which excludes food, fuel, electricity and metered water, rose to 7,4% y/y in December from 6,33% y/y in November and 6,3% y/y in October. The annual average was 5,2% in 2015 from 4,3% in 2014, 5,5% in 2013, 14,0% in 2012, 18,7% in 2011 and only 4,0% in 2010. The 2011 average was the highest average annual inflation rate since 1992 when it was 54,5%.
38. **Consumer inflation in Zambia rose to 21,1% y/y in December from 19,5% y/y in November and 14,3% y/y in October.** This exceeds the previous recent peaks set in 2009. Food inflation surged to 24,8% y/y in December from 23,4% y/y in



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November and 16,2% y/y in October, while non-food inflation rose to 17,1% y/y in December from 15,5% y/y in November, 12,4% y/y in October and 7,3% y/y in September. The annual average for 2015 was 10,0% compared with 7,8% in 2014, 7,0% in 2013, 6,6% in 2012, 8,7% in 2011 and 8,5% in 2010.

39. **Zambia's foreign trade deficit narrowed to ZMK 1,226bn in November from a revised ZMK 2,585bn (ZMK2,11bn) in October.** Exports jumped to ZMK 8,776bn in November from ZMK 6,191bn in October, while imports surged to a record ZMK 9,362bn in November from ZMK 8,776bn in October.

International

40. **Global interest rates rose in 2015 and are likely to rise further in 2016 as the US Federal Reserve continues to normalize its monetary policy.** The Global Monetary Policy Rate (GMPR), the average policy rate of the 90 central banks tracked by Central Bank News, rose to 6,27% at the end of 2015 from 5,56% at the end of 2014. Policy rates were raised 76 times in 2015 compared with 52 times in 2014. Three-quarters of the hikes (55) took place in the second half of the year. By contrast, two-thirds of the 86 rate cuts in 2015 came in the first half of the year as the central banks of Australia, China, the ECB, Denmark, Sweden and New Zealand - to name a few of the major central banks - followed suit and eased their policy, in some cases pushing rates into negative territory. The result was that 48 different central banks and monetary authorities eased their policy stance in 2015 in response to economic weakness and decelerating inflation compared with 34 central banks that tightened, mostly in response to inflationary pressures from currency depreciation.
41. **Equities had a poor start to 2016 with China twice invoking circuit-breakers after shares slumped more than 7%.** The MSCI world index eased by 2% in 2015. Denmark had the best performance in 2015 in developed markets, with a gain of nearly 30%, while Hungary led emerging market equities with a 35% gain. Despite a savage summer rout which rocked global markets, China had the region's best performing emerging market indices in 2015, with the Shanghai Composite index rising by 10,5%. New Zealand was the best-performing Asia-Pacific developed market, with a 13,5% rise.
42. **The Food and Agricultural Organisation's (FAO) Food Price Index eased by 18,7% in 2015 to an average of 164,1 and is well below the 2011 peak of 229,9.** The FAO price index peaked at 237,9 in February 2011 and its decline since then allowed many central banks, including the South African Reserve Bank in July 2012, to cut interest rates in 2012.
43. **Consumer inflation in China rose to 1,6% y/y in December from 1,5% y/y in November and 1,3% y/y in October.** The politically sensitive food prices increased by 2,7% y/y in December from 2,3% y/y in November, 1,9% y/y in October, 2,7% y/y in September, 3,7% y/y in August, 2,7% y/y in July, 1,9% y/y in June and 1,6% y/y in May, while non-food costs rose by 1,1% y/y in December and November from 0,9% y/y in October, 1,0% y/y in September after being steady at 1,1% y/y in August and July from 1,2% y/y in June and 1,0% y/y in May. The annual average for 2015 was 1,4% compared with 2,0% in 2014, 2,6% in 2013, 2,7% in 2012, 5,4% in 2011 and 3,3% in 2010.
44. **US nonfarm payrolls rose by 292,000 in December after a revised 252 000 (211 000) in November and a revised 307 000 (first revision 298 000, first estimate 271 000) gain in October.** The consensus forecast for the October payrolls was for a 185,000 gain, while for December and November it was 200 000. The non-farm payrolls have an error margin of 100 000, while the household survey of employment has a 400 000 margin. The unemployment rate was steady at 5,0% in December, November and October after being steady at 5,1% in September and August after being steady 5,3% in July and June from 5,5% in May, at 5,4% in April after being steady at 5,5% in March and February from 5,7% in January and 5,6% in December. Total employment, as measured by the household survey, rose by 485 000 in December after a 244 000 rise in November and a 320 000 gain in October. The participation rate rose to 62,6% in December from



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62,5% in November after being steady at a 38-year low of 62,4% in October and September after holding steady at 62,6% in August, July and June from 62,9% in May.

45. **US employers announced a 24% rise in job cuts to 598 510 in 2015.** The 2014 total of 483 171 in 2014, was the lowest annual total since 1997. In 1997 there were 434 350 job cuts. Energy (94,409), government (70,029), retail (65,858), computers (62,191) and industrial goods (57,625) were the top five sectors announcing layoffs. While the 2015 total was largest since 2011 (606 082), outplacement firm Challenger, Gray & Christmas, which compile the figures, noted that the year definitely ended with job cuts on the decline. Employers announced 105 072 layoffs in the fourth quarter, which was 49% less than the third quarter and 12% fewer than the fourth quarter 2014. The scaling back of US military involvement in the Middle East meant that the United States Army announced plans in July to cut 57 000 troops and civilian personnel from its ranks. This resulted in 105 696 job cuts being reported in that month, the highest monthly total in 2015. The monthly average for the other 11 months was only 44 769.
46. **The US foreign trade deficit narrowed to \$42,4bn in November from a revised \$44,6bn (\$43,9bn) in October.** November exports fell by \$1,6bn m/m to \$182,2bn, while imports fell by \$3,8bn to \$224,6bn. Year-to-date, the goods and services deficit increased \$25,2bn or 5,5%, from the same period in 2014. Exports decreased \$99,0bn or 4,6%. Imports decreased \$73,7bn or 2,8%.
47. **US light vehicle sales rose by 5,7% in 2015 to 17,47 million.** This was the highest annual total since 2001. We expect sales this year to exceed the record 17,8 million units achieved in 2000. The good factors that helped 2015 should continue in 2016, namely a stronger economy, increasing consumer confidence, low gasoline prices and cheap leases.
48. **Canadian employment rose by 22 800 in December after a 35 700 drop in November.** The unemployment rate however held steady at 7,1%. The details of the report were underwhelming though with all of the gain in part-time jobs (+29 200), while full-time jobs fell 6 400.
49. **The GfK consumer climate in Germany increased to 9,4 for January from 9,3 in December.** Business cycle expectations rebounded (+2,9 from -5,3) while willingness to buy and income expectations rose (49,0 from 48,9 and 50,8 from 44,4).
50. **The seasonally adjusted unemployment rate in Taiwan rose to 3,84% in November from 3,79% in October.** It is the highest rate since December 2014. There were 457 000 people unemployed, an increase of 0,35% m/m. The number of employed persons rose to 11,235 million in November from 11,225 million in October.
51. **The global manufacturing index eased to 50,9 in December from 51,2 in November and 51,3 in October.** The output index eased to 51,7 in December from 52,3 in November and 51,9 in October after being steady at 51,0 in September and August. The new orders index eased to 51,1 in December from 51,4 in November, 52,0 in October after being steady at 51,4 in September and August. The employment index rose to 50,8 in December from 50,6 in November and 50,7 in October. The new export orders index eased to 50,6 in December from 51,1 in November and 51,2 in October. The prices index slipped to 48,3 in December from 48,5 in November, 48,2 in October, 48,5 in September, 50,5 in August, 51,4 in July, 52,5 in June, 52,4 in May, 50,0 in April, 50,1 in March, 49,0 in February and 47,5 in January.
52. **The Eurozone manufacturing index rose to 53,2 in December from 52,8 in November and 52,3 in October.** National survey data signalled that all nations including Greece were above the breakeven 50 level.



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53. **The Japanese manufacturing index was steady at 52,6 in December and November from 52,4 in October.** Manufacturing conditions in Japan improved substantially in November. Both production and new orders increased with the former expanding at the fastest rate since March 2014.
54. **The US manufacturing index from the Institute for Supply Management (ISM) eased to 48,2 in December from 48,6 in November and 50,1 in October.** This is the lowest level since June 2009. The ISM was founded in 1915 and has been compiling the monthly manufacturing index since the early 1930s. The output index rose to 49,8 in December from 49,2 in November and 52,9 in October, while the new orders index rose to 49,2 in December from 48,9 in November and 52,9 in October. The employment index eased to 48,1 in December from 51,3 in November and 47,4 in October, while the input price index eased to 33,5 in December from 35,5 in November, 39,0 in October, 38,0 in September, 39,0 in August, 44,0 in July after being steady at 49,5 in June and May from 40,5 in April, 39,0 in March after being steady at 35,0 in February and January.
55. **The UK manufacturing index eased to 51,9 in December from 52,5 in November and 55,2 in October.** The July 2012 reading was the lowest level since May 2009 with the output index at the lowest in 40 months. The January 2010 reading was the highest since the previous record in September 1994. The November 2008 reading of 34,5 was a record low. Manufacturing output rose for the 33rd successive month in December.
56. **The Brazilian manufacturing index rose to 45,6 in December from a 80-month low of 43,8 in November, 44,1 in October, and a record 57,6 in January 2010.** The December reading may hint at a stabilisation in the rate of decline. The series started in February 2006.
57. **The Chinese manufacturing index eased to 48,2 in December from 48,6 in November, 48,3 in October and 47,2 in September.** The July reading of 47,8 from 50,7 in February may have been impacted by the sharp fall in equity prices, which has put more pressure on the central bank to ease monetary policy further, which took place in late August. The September reading was the lowest since March 2009. The series started in April 2004.
58. **The Indian manufacturing index eased to 49,1 in December from 50,3 in November and 50,7 in October.** The July 2012 reading was the 52nd consecutive reading above 50, but manufacturing activity in India continues to be hampered by power outages and the May 2013 output index moved below 50 for the first time since March 2009. The third quarter 2013 average was the lowest since the first quarter 2009, but since then there has been a gradual improvement with the November 2015 reading being the 25th consecutive month above 50. The drop below 50 in December was in part due to the flooding in Chennai.
59. **The Indonesian manufacturing index rose to 47,8 in December from 46,9 in November, 47,8 in October, and a record low of 46,4 in March.** The June and July 2014 readings were the highest since the series began in April 2011, but August 2014 saw foreign orders fell for a third straight month and at the steepest rate since October 2013. In September 2014 there was a recovery to above 50, but it was followed by a renewed downturn in the final three months of the year. Weak external demand continues to pose the largest drag with December 2015 being the 15th consecutive month below 50.
60. **The Russian manufacturing index eased to 48,7 in December from 50,1 in November and 50,2 in October.** The January 2015 reading of 47,6 was the lowest since June 2009. The previous record low before 2009 was 43,2 in September 1998 after Russia defaulted on its debt. The October 2015 reading was the first above 50 in 11 months. The December reading reflected renewed weakness in the oil price. The series started in September 1997.



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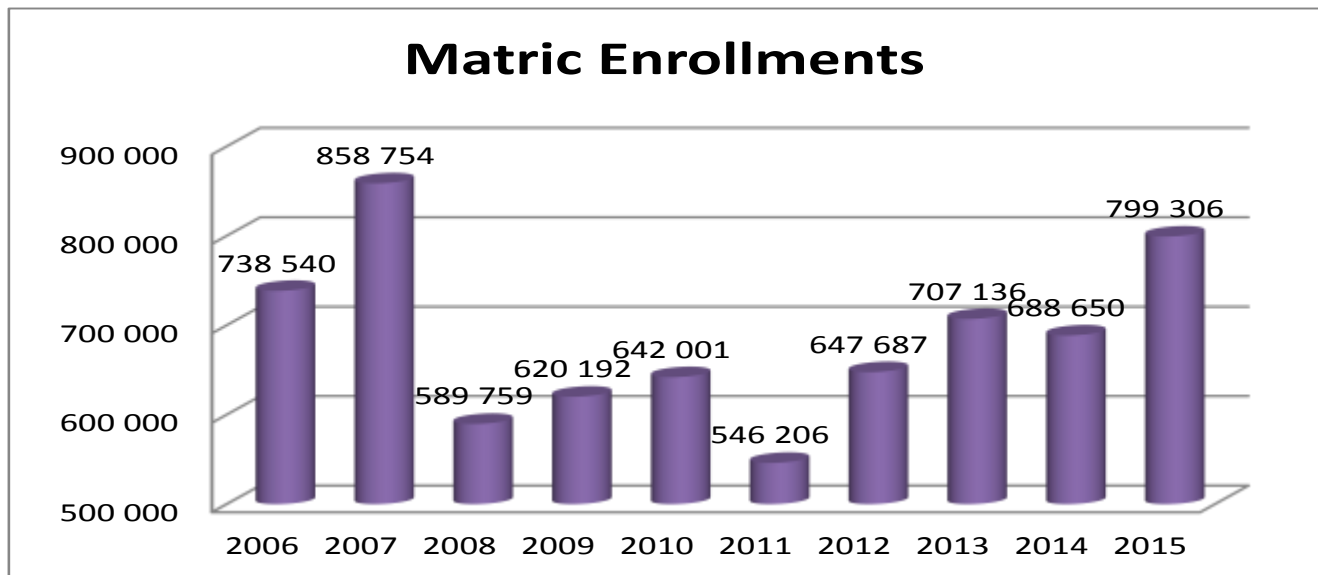
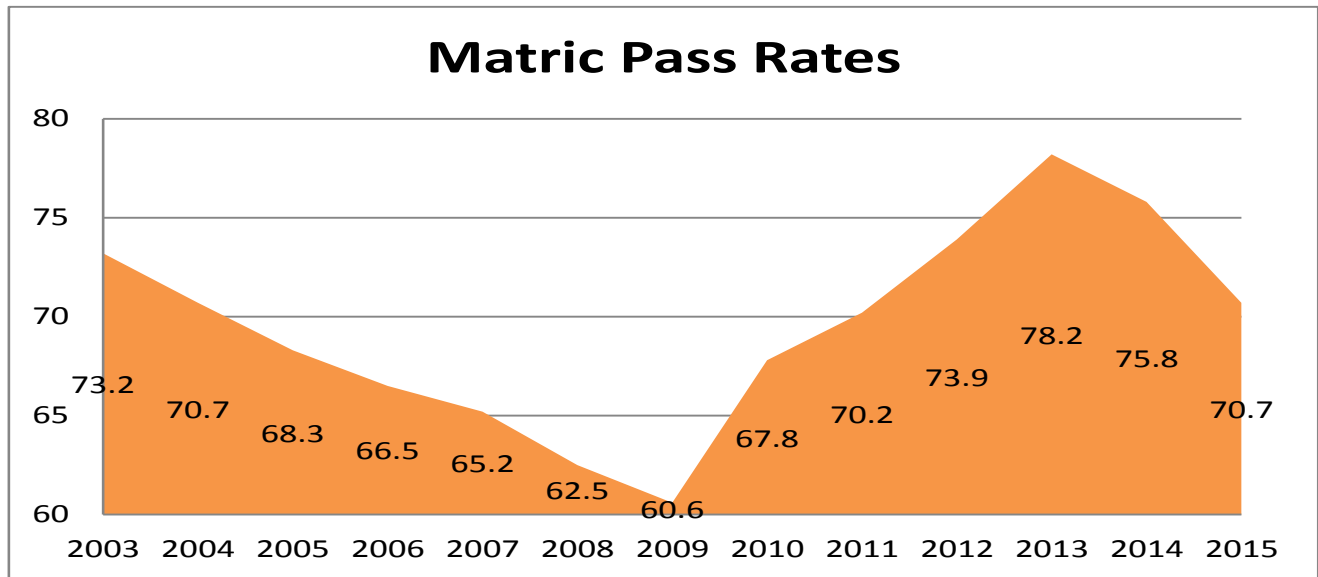
61. **The South Korean manufacturing index rose to 50,7 in December after being steady at 49,1 in November and October.** Production at South Korean producers declined for the ninth month in a row in November, signalling the joint-longest period of contraction since an 11-month sequence ended in February 2009.
62. **The global services index eased to 53,1 in December from 53,9 in November and 53,7 in October.** The new business index eased to 52,8 in December from 54,1 in November, 53,5 in October, 53,4 in September, 54,1 in August and 55,2 in July. The employment index rose to 52,0 in December from 51,9 in November, 51,7 in October, 52,5 in September, 52,6 in August and 52,5 in July. The input price index eased to 53,0 in December from 53,1 in November, 53,6 in October, 53,2 in September and August and 54,6 in July.
63. **The US ISM non-manufacturing index eased to 55,3 in December from 55,9 in November and 59,1 in October, 56,9 in September, 59,0 in August after it reached its highest level since August 2005 at 60,3 in July from 56,0 in June and 55,7 in May.** The non-manufacturing index is, arguably, more important than the manufacturing index, since non-manufacturing covers about 80% of the private sector economy. The business activity index rose to 58,7 in December from 58,2 in November, 63,0 in October, 60,2 in September, 63,9 in August, 64,9 in July, 61,5 in June and 59,5 in May, while the new orders index rose to 58,2 in December from 57,5 in November, 62,0 in October, 56,7 in September, 63,4 in August from 63,8 in July, 58,3 in June and 57,9 in May. The employment index rose to 55,7 in December from 55,0 in November, 59,2 in October, 58,3 in September, 56,0 in August, 59,6 in July, 52,7 in May and 55,3 in May.
64. **Global semiconductor sales eased by 3,0% y/y in November to \$28,9bn after falling by 2,5% y/y in October, a 1,9% y/y decline in September, a 3,0% y/y decrease in August and a 0,9% y/y drop in July.** The July 2015 data was the first y/y decline since 2013. Year-to-year sales in October increased in China (5,7%), but decreased in Asia Pacific/All Other (-2,4%), the Americas (-5,6%), Europe (-9,4%), and Japan (-10,5%). In November y/y sales were up in China (5,3%), but down in Asia Pacific/All Other (-4,1%), the Americas (-7,1%), Europe (-8,0%), and Japan (-8,6%).
65. **OPEC oil output eased to 31,62 million barrels per day (mbpd) in December from 31,79 mbpd in November, 31,64 mbpd in October, 31,76 mbpd in September, 31,57 mbpd in August and 31,88 mbpd in July, which was the highest monthly level in recent history.** July's output from OPEC's current 12 members was revised lower but is still the highest since Reuters records began in 1997. OPEC output was above 32 million bpd in 2008 until Indonesia left the group at the end of the year. At its 4 December meeting in Vienna, OPEC said it would watch and wait to see whether the oil price would recover, while Indonesia rejoined the group. The current diplomatic crisis between Saudi Arabia and Iran makes cooperation over supply even less likely.
66. **The annual average OPEC Reference Basket (ORB) eased to \$49,49 per barrel in 2015 from \$96,29 in 2014, \$105,87 in 2013, a record \$109,45 per barrel in 2012, \$107,46 in 2011 and \$77,45 in 2010.** In 2008 the price averaged \$94,45. The monthly average eased to \$33,64 in December from \$40,50 in November, \$45,02 in October, \$44,83 in September, \$45,46 in August, \$54,19 in July, \$60,21 in June, \$62,16 in May, \$57,15 in April, \$52,46 in March, \$54,06 in February, \$44,38 in January. We expect low prices in the \$40 to \$70 range to continue for some time.
67. **Four new elements have been added to the periodic table.** The International Union of Pure and Applied Chemistry (IUPAC) announced that man-made elements 113, 115, 117, and 118 have met its criteria for discovery, making them the first elements to be added to the periodic table since 2011. Their addition also completes the seventh row of the periodic table.



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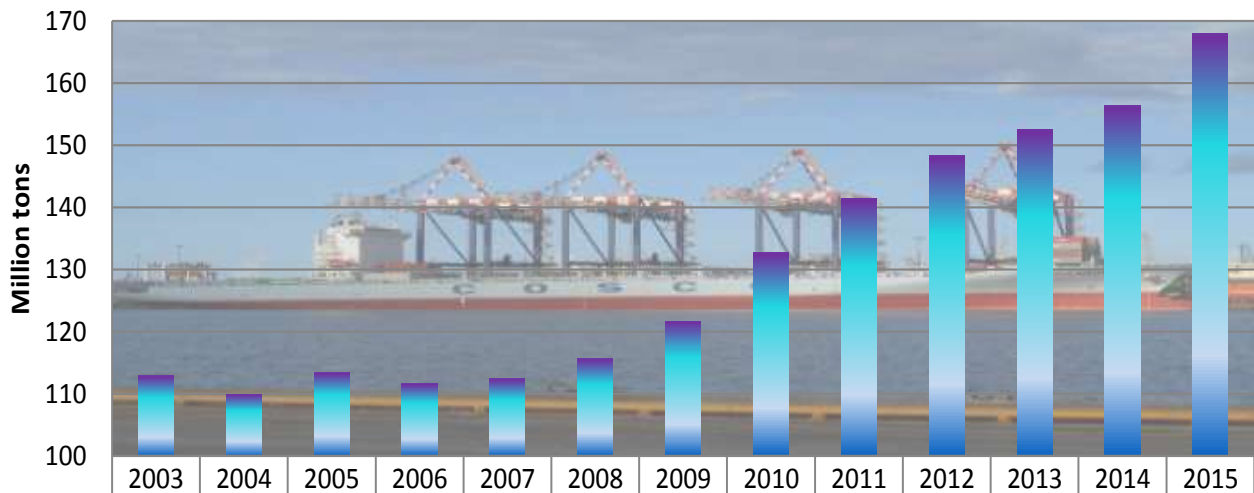
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University Exemption Pass Rate



	2008	2009	2010	2011	2012	2013	2014	2015
◆ % of Matrics	20.1	19.9	23.5	24.3	26.6	30.6	28.3	20.8

South African Bulk Exports



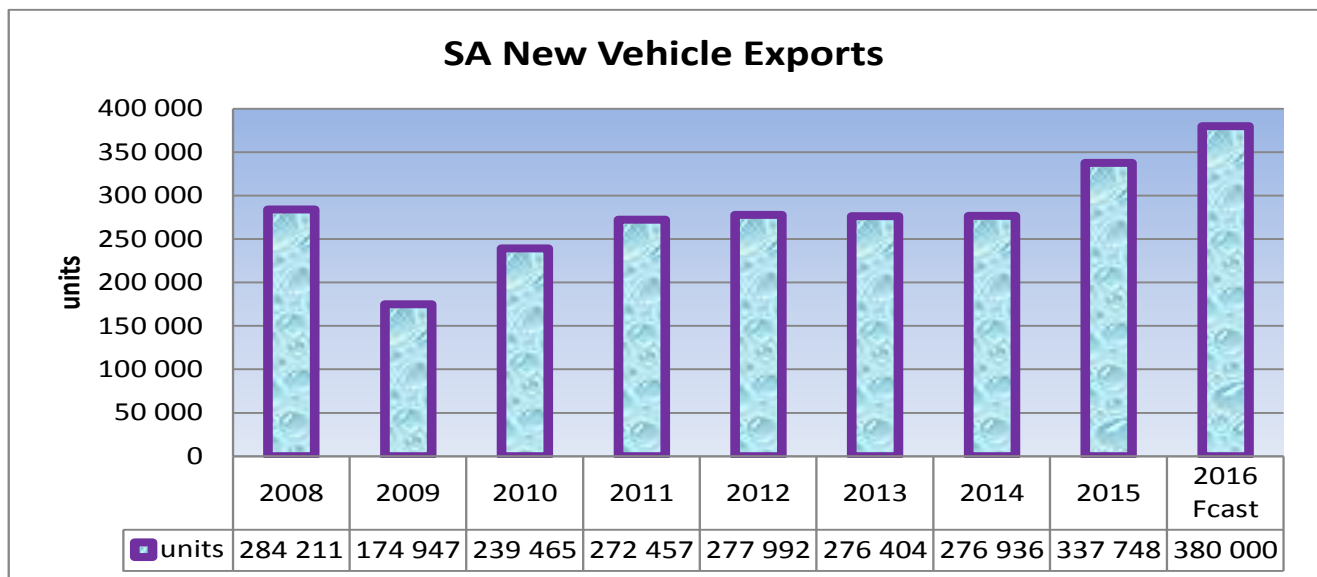
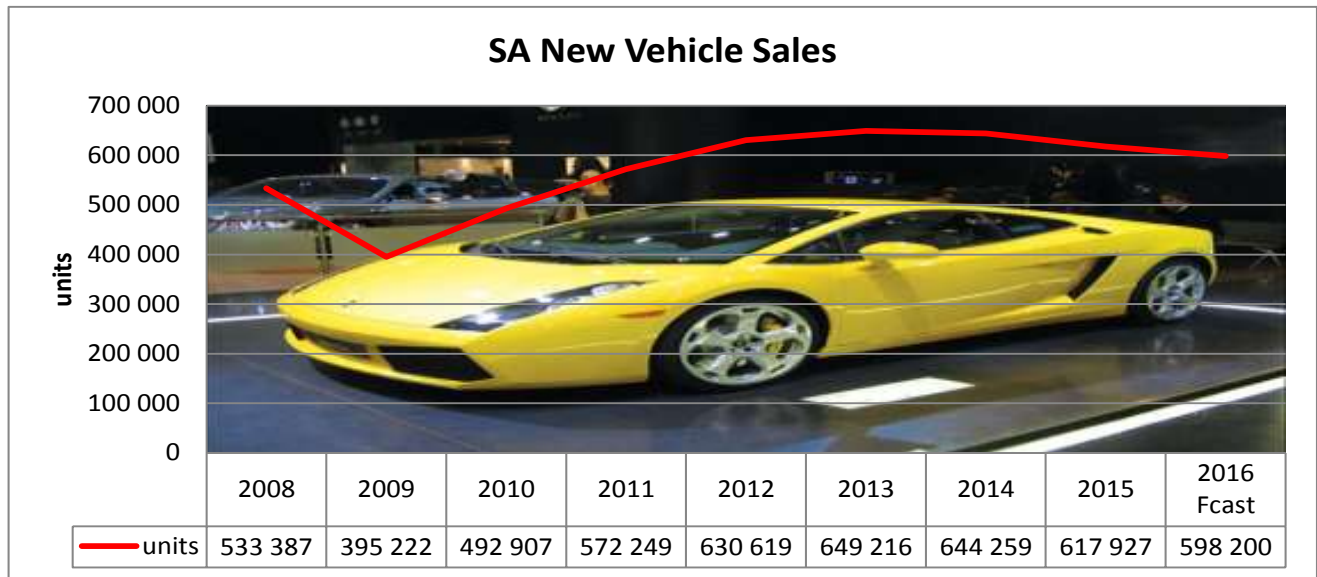
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
■ Mt	112.9	109.9	113.4	111.6	112.4	115.6	121.7	132.7	141.5	148.4	152.5	156.5	168.0



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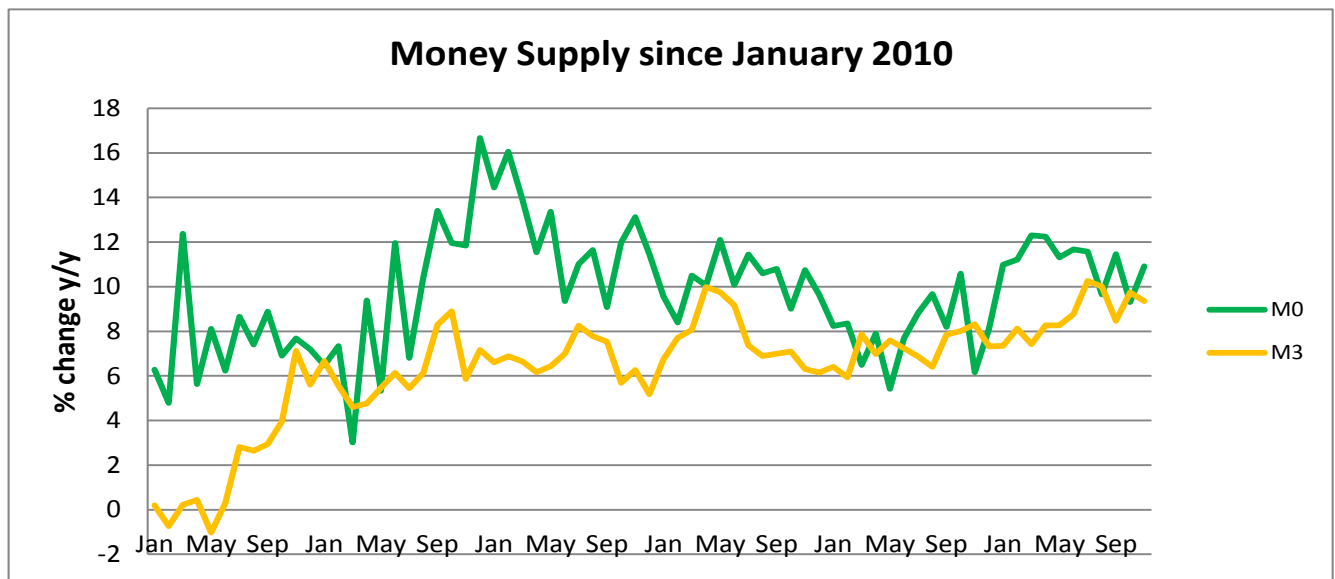
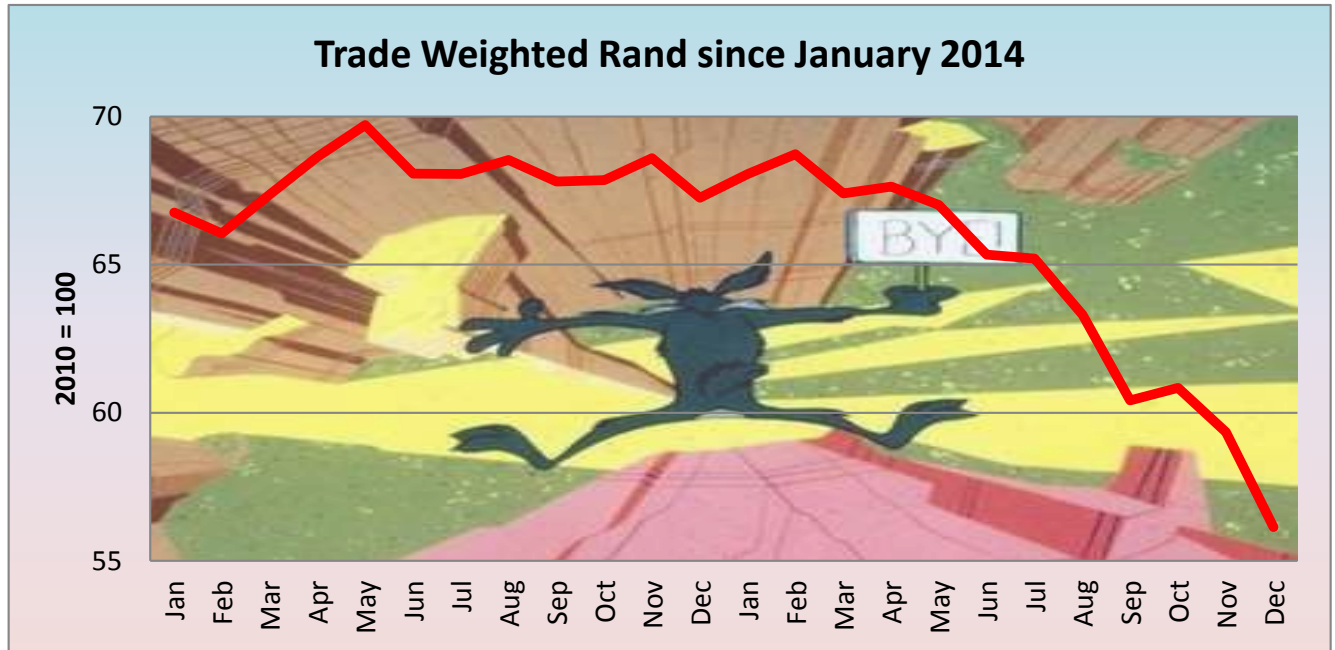


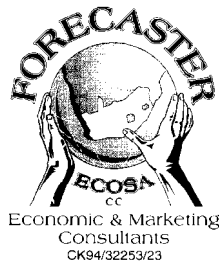


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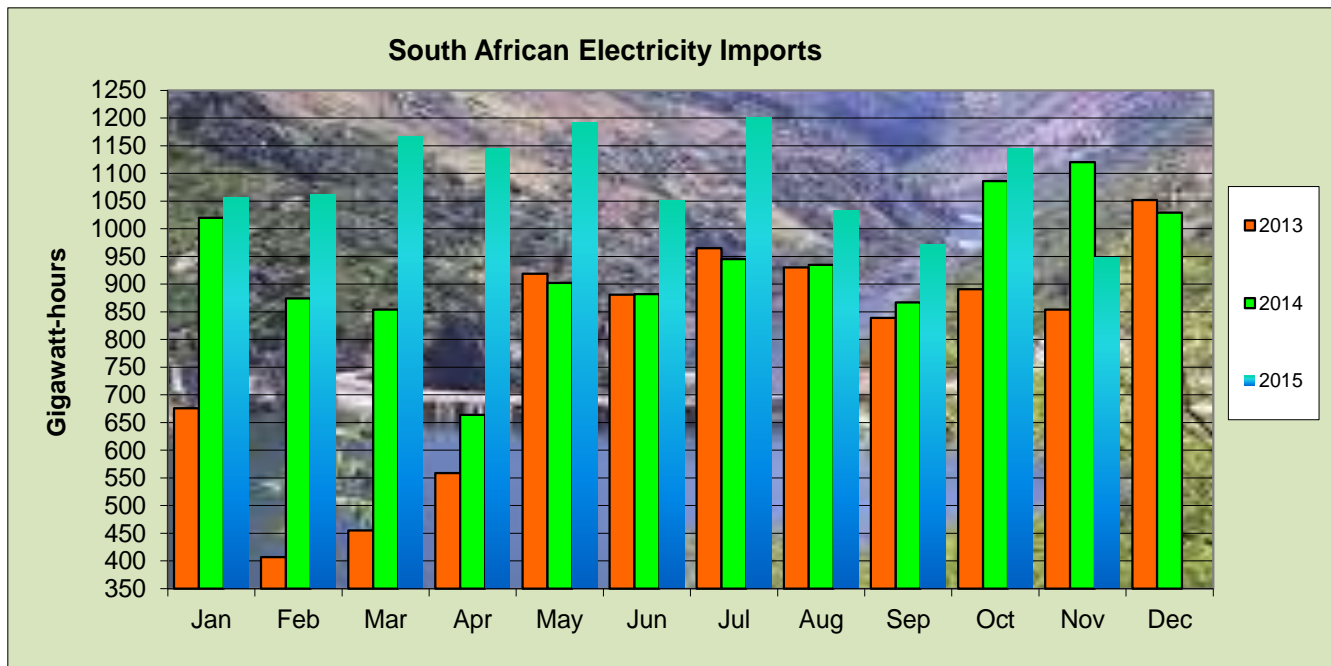
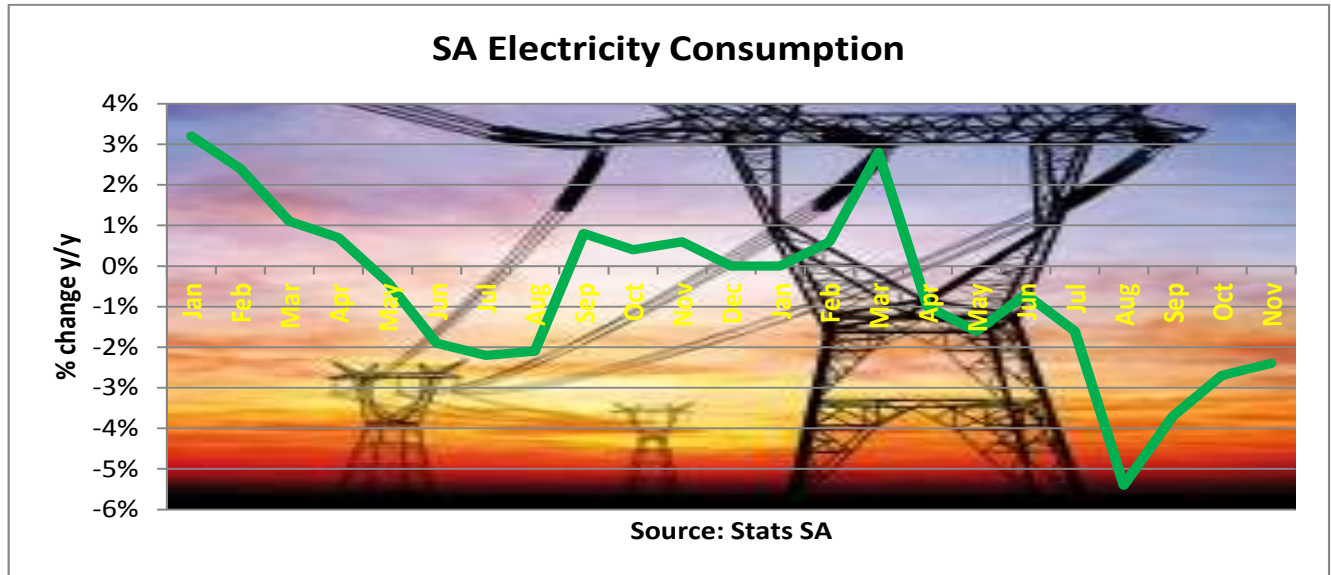




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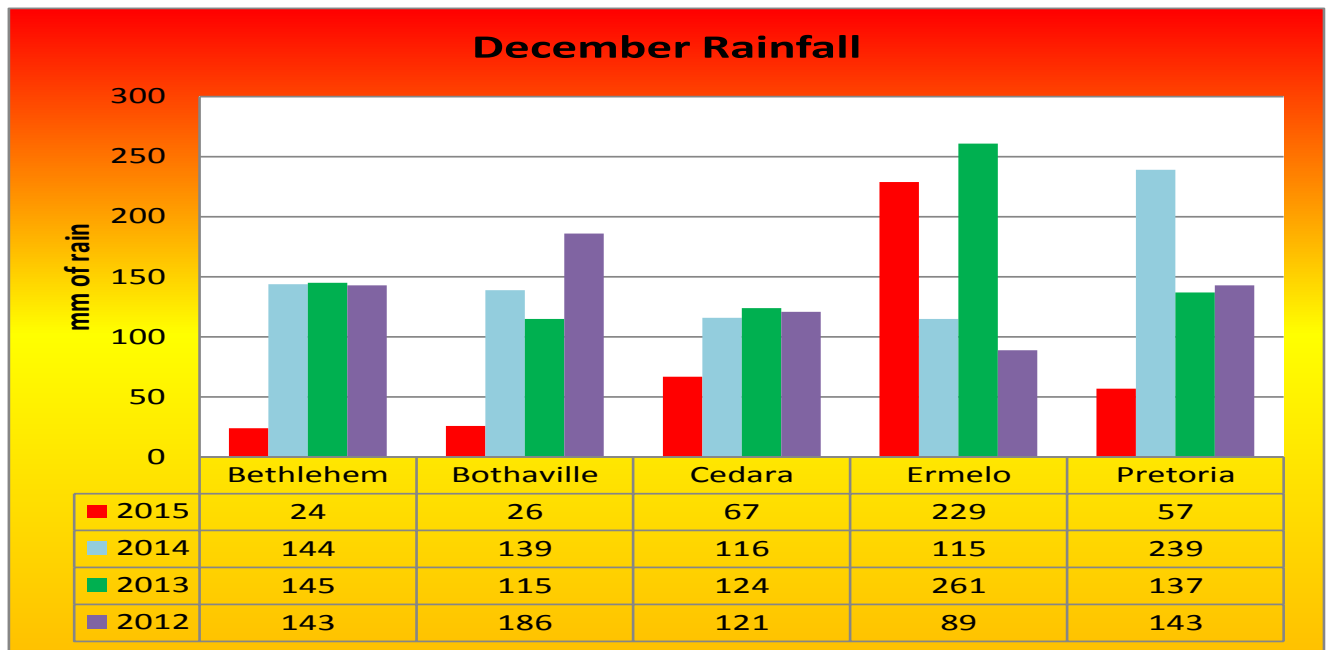
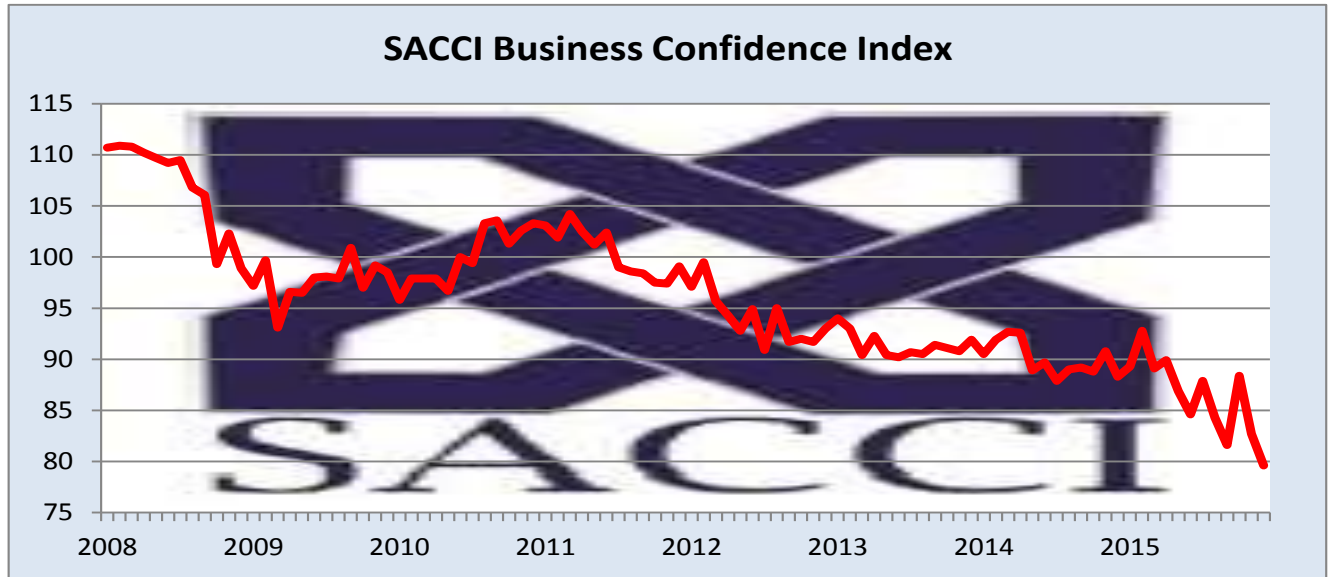




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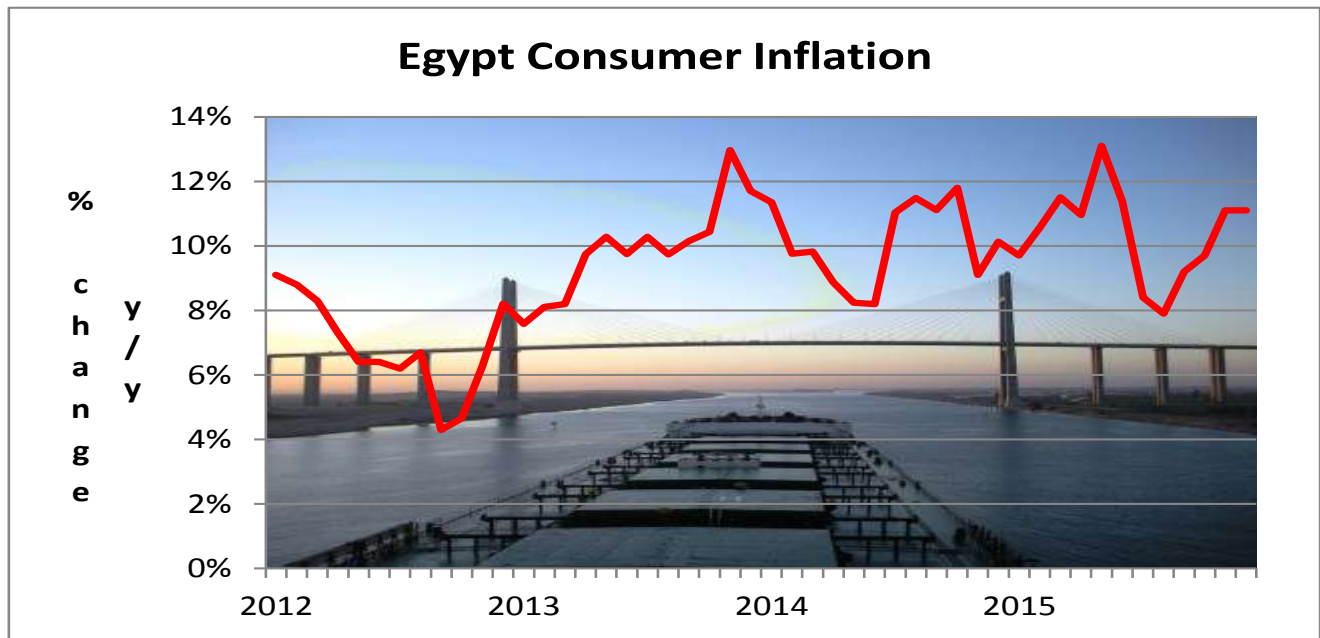
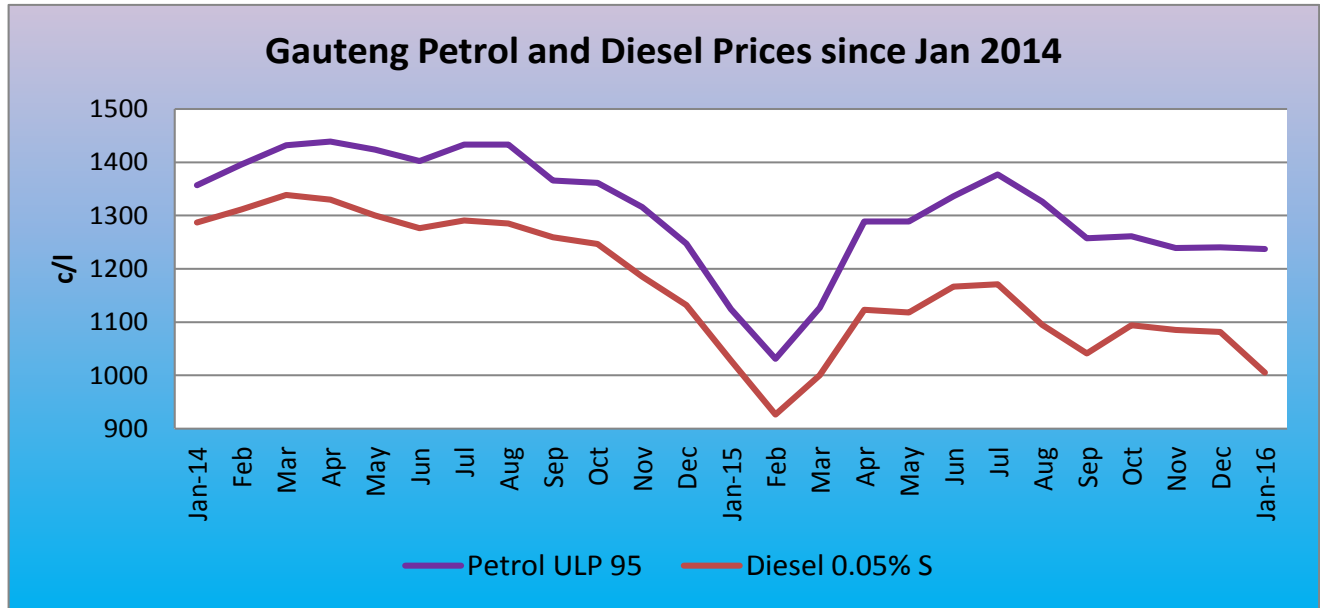




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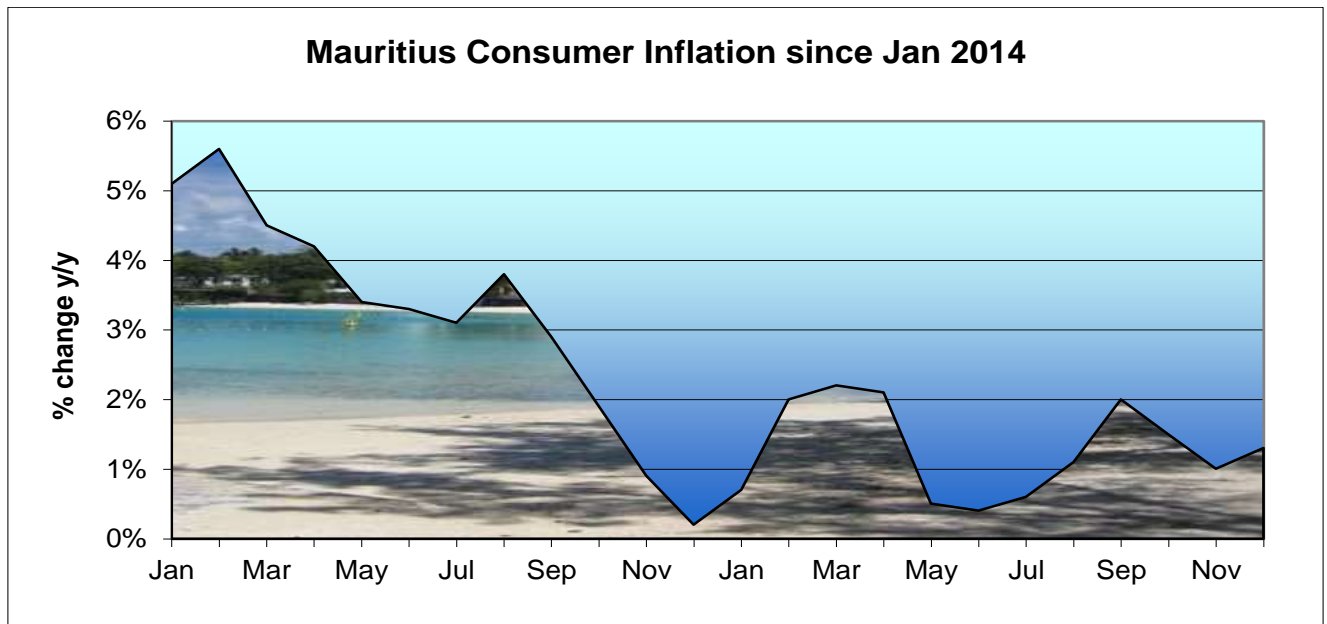
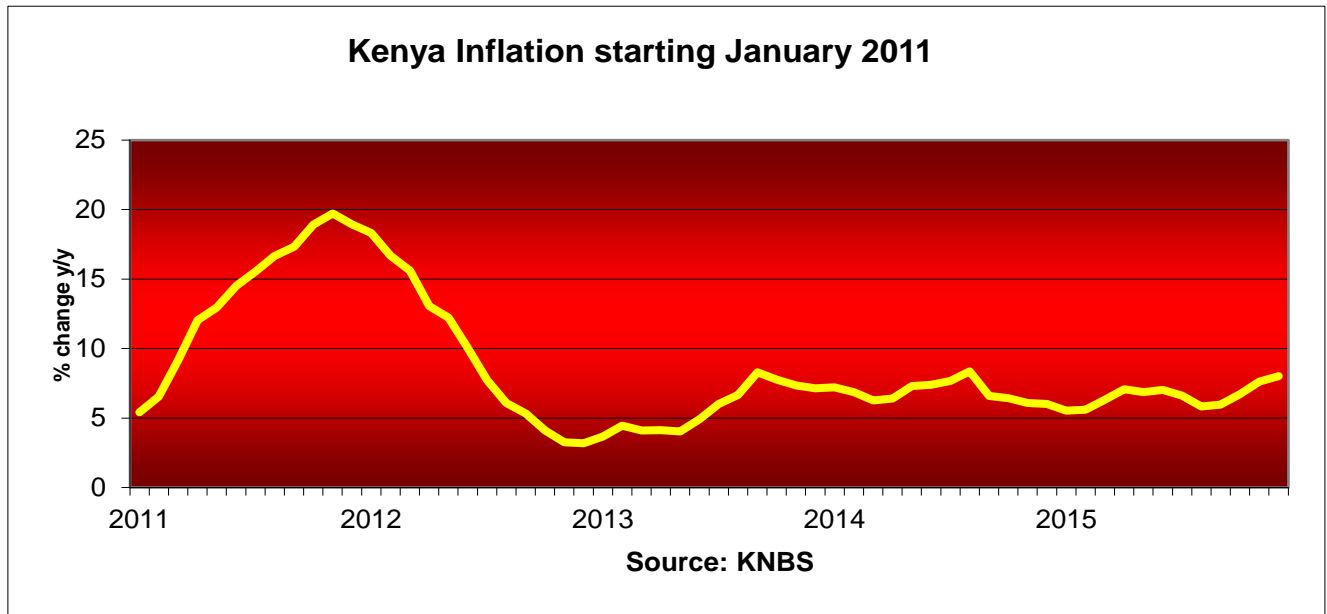




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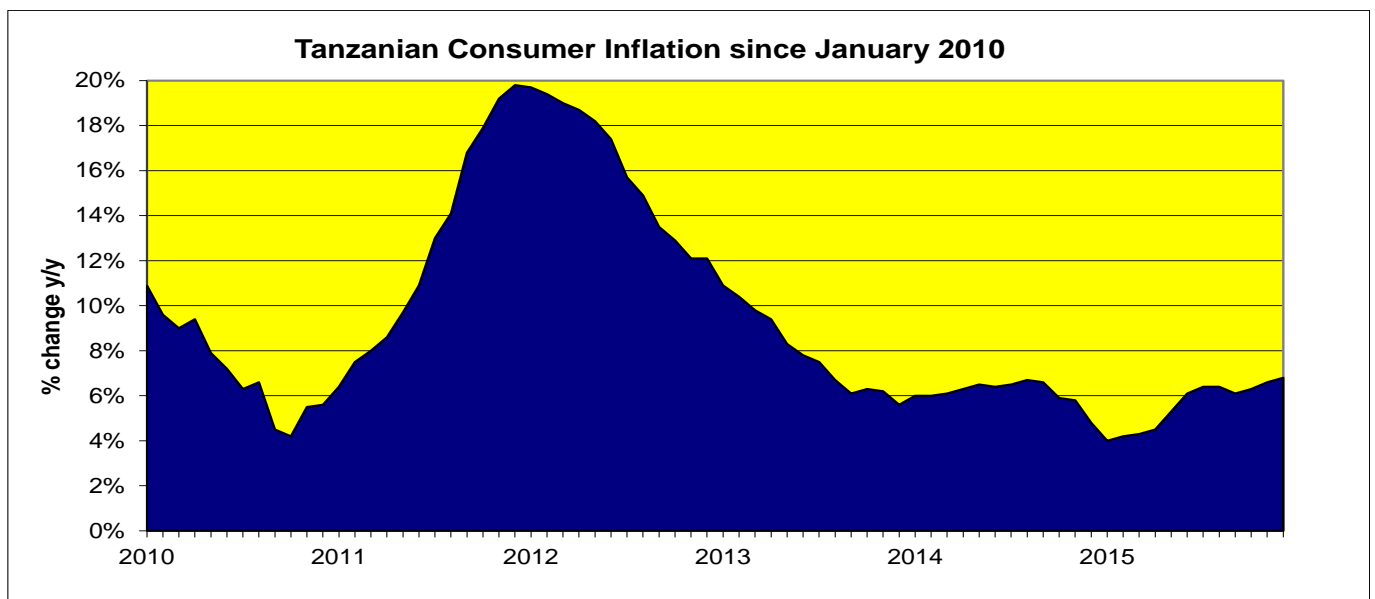
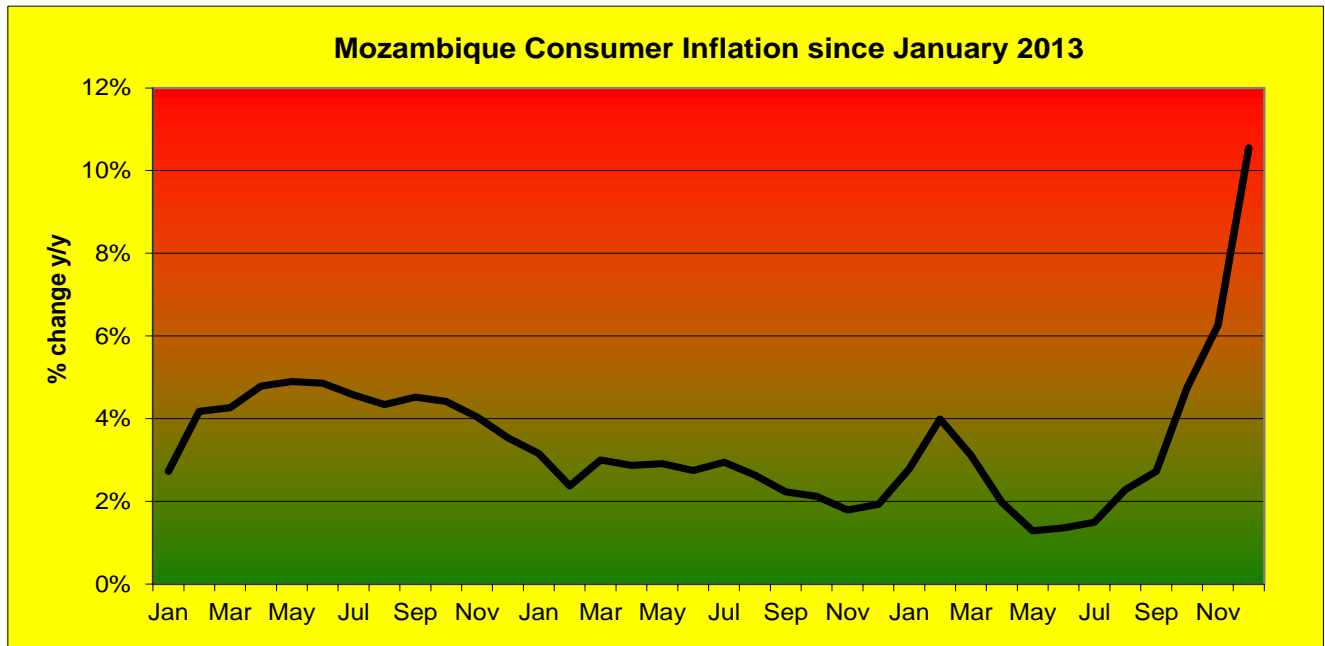




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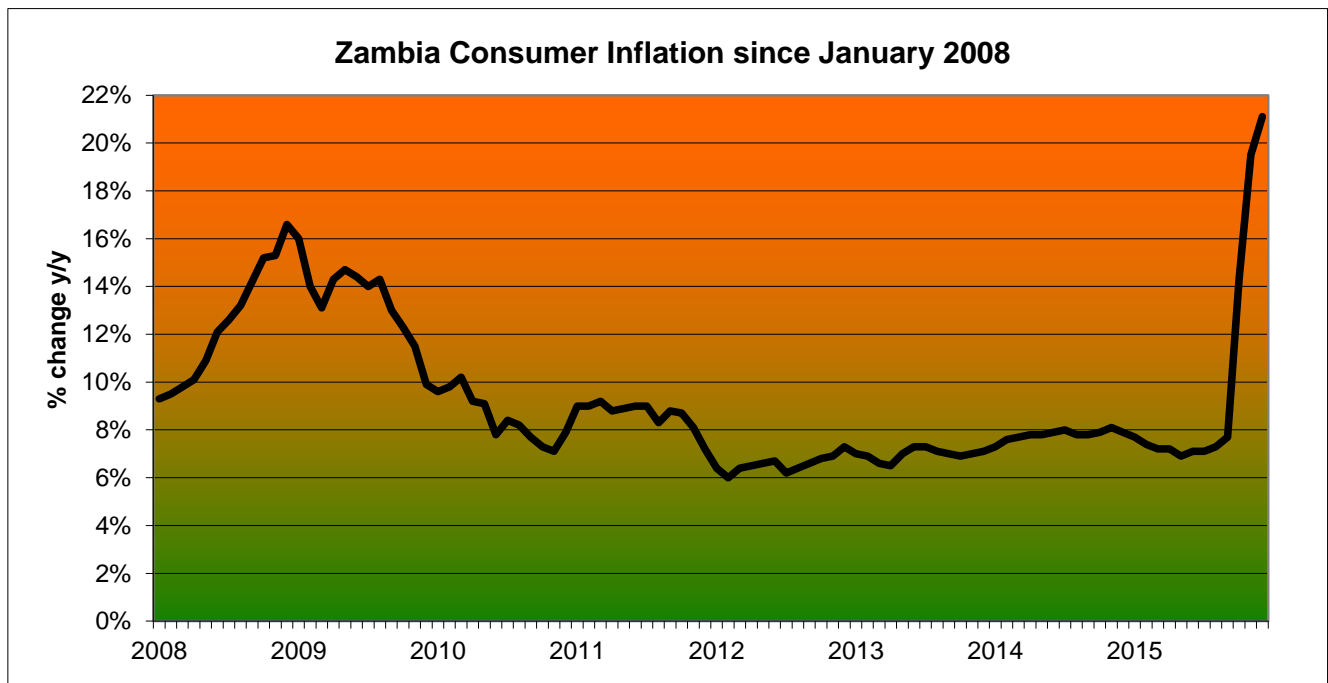
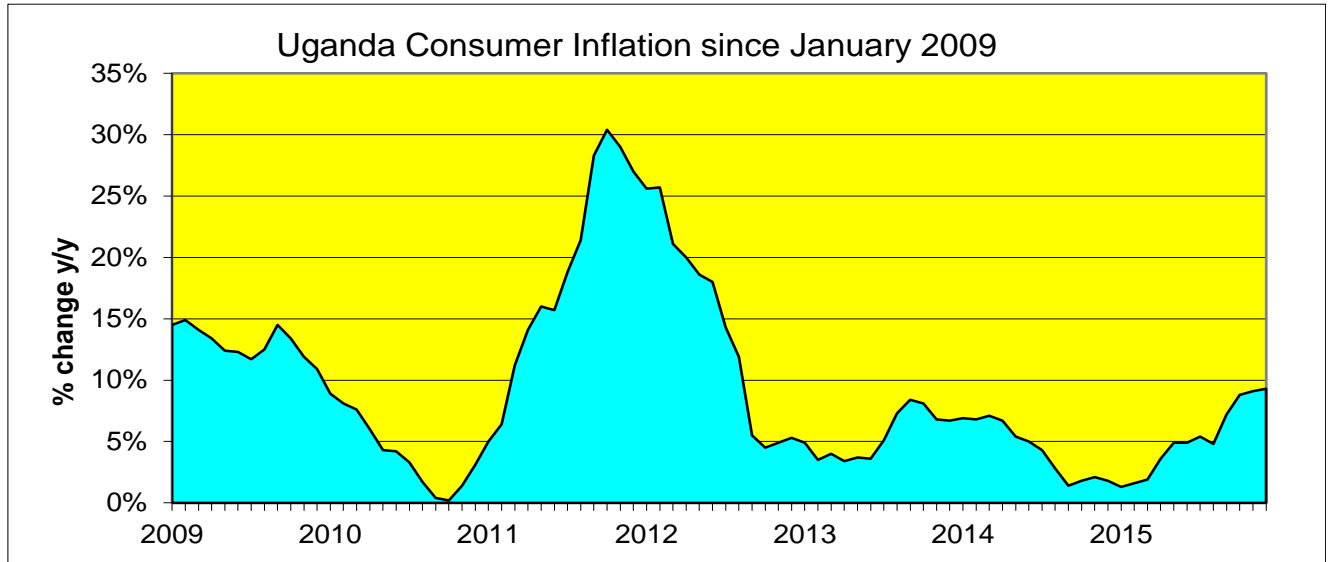


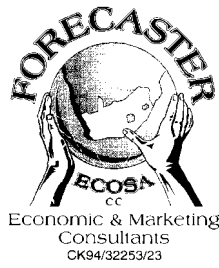


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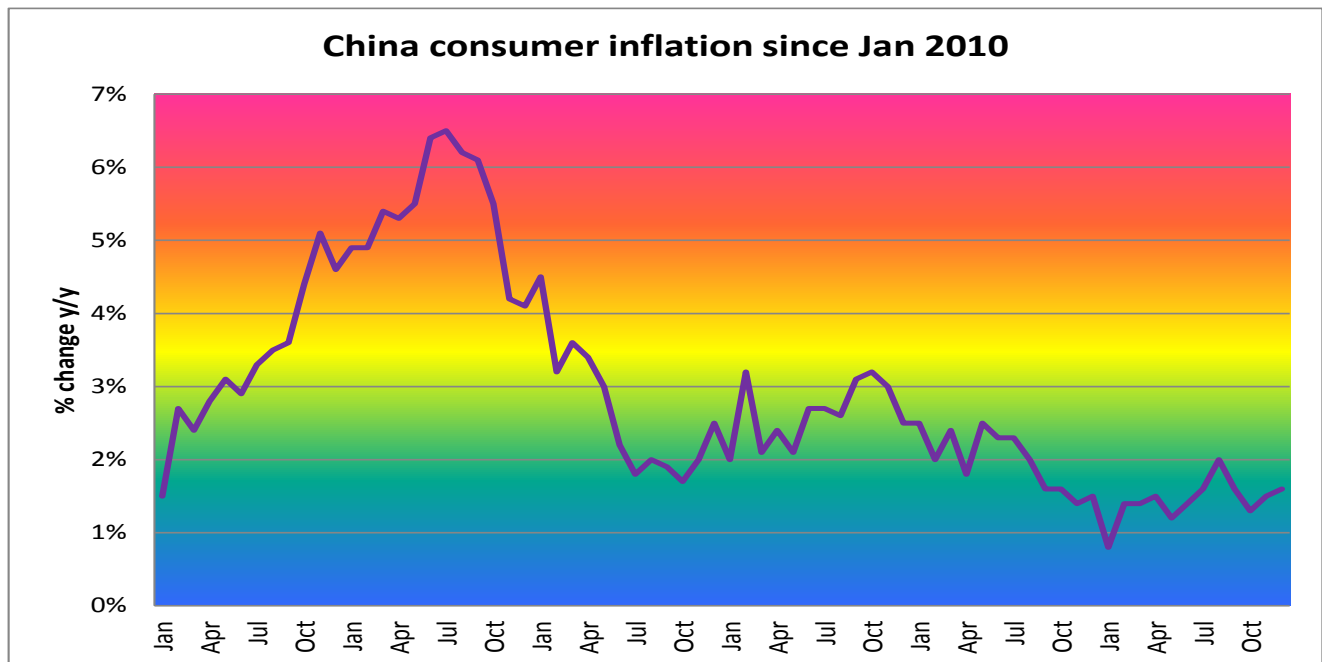
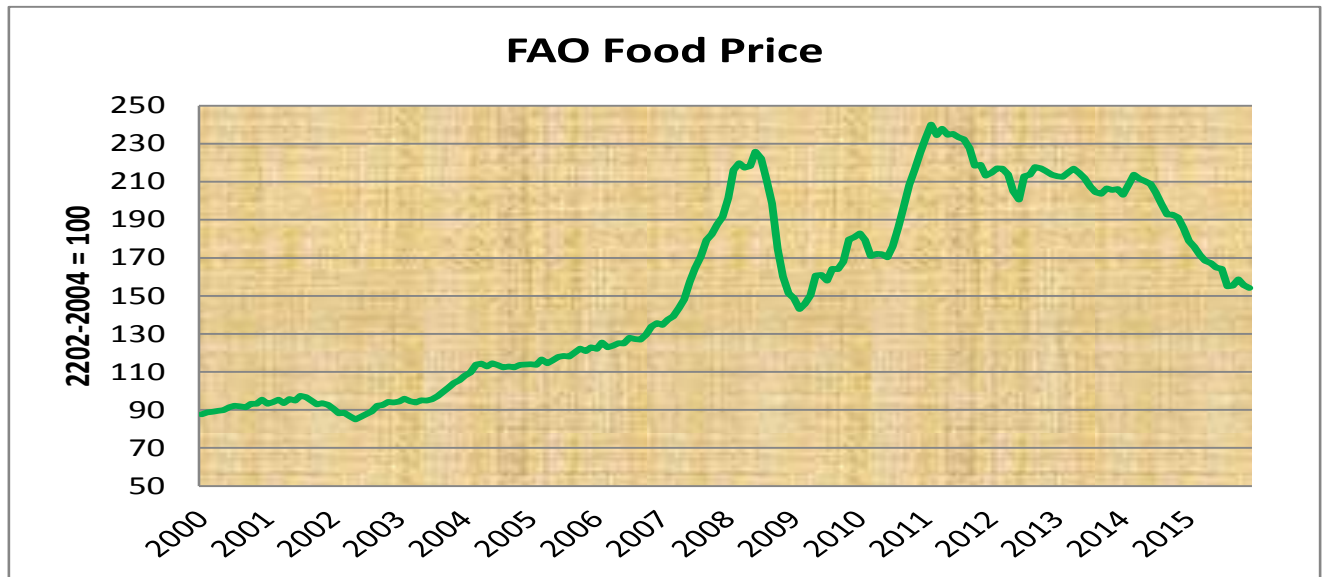




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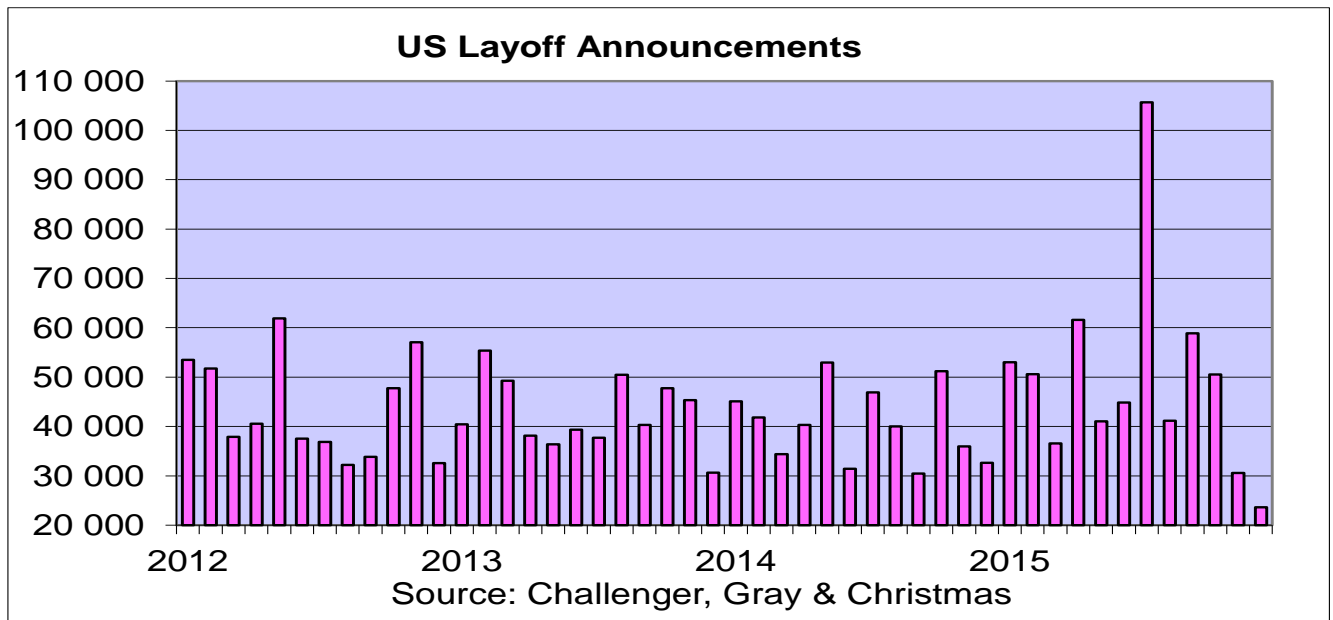
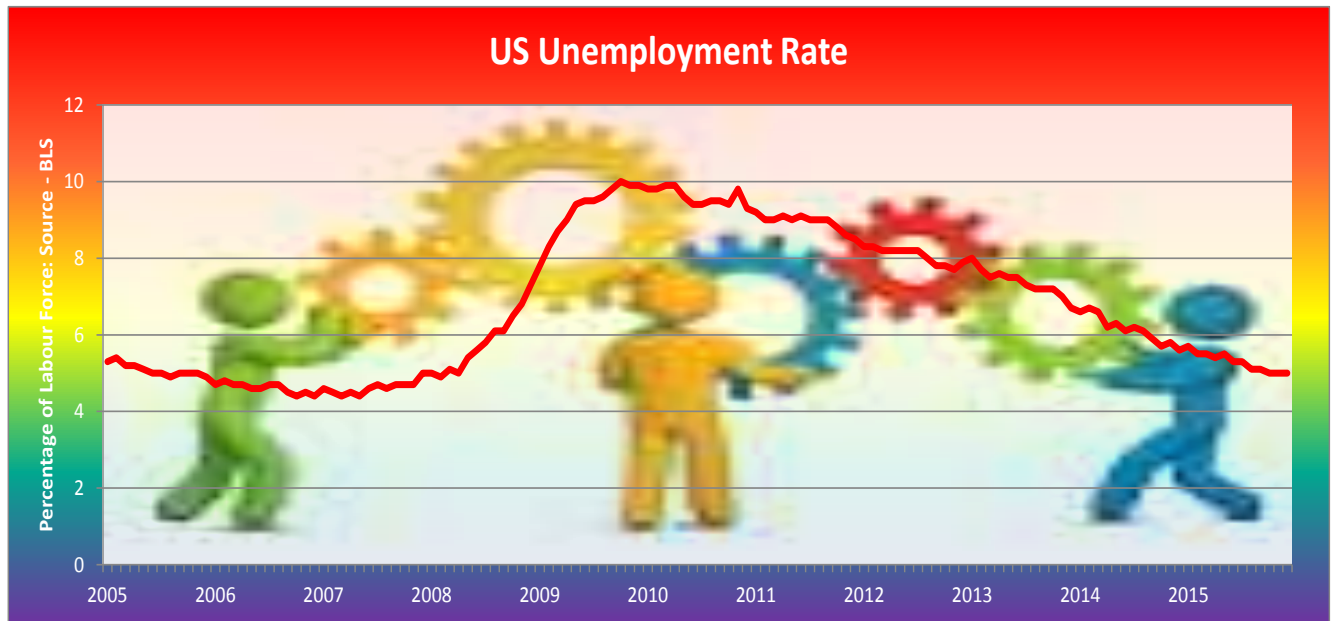




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