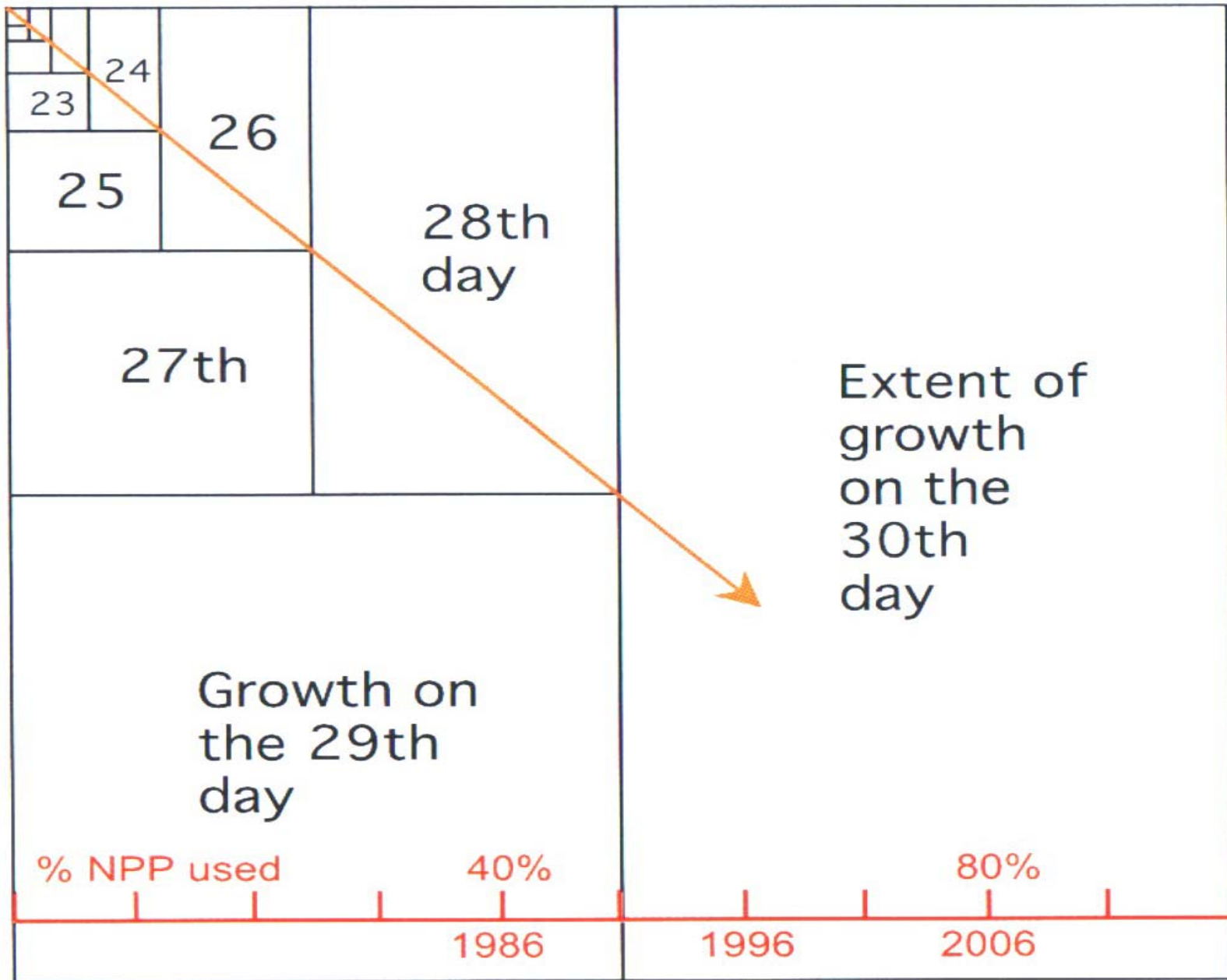


*The 29th Day in SA: An Economic
Outlook*

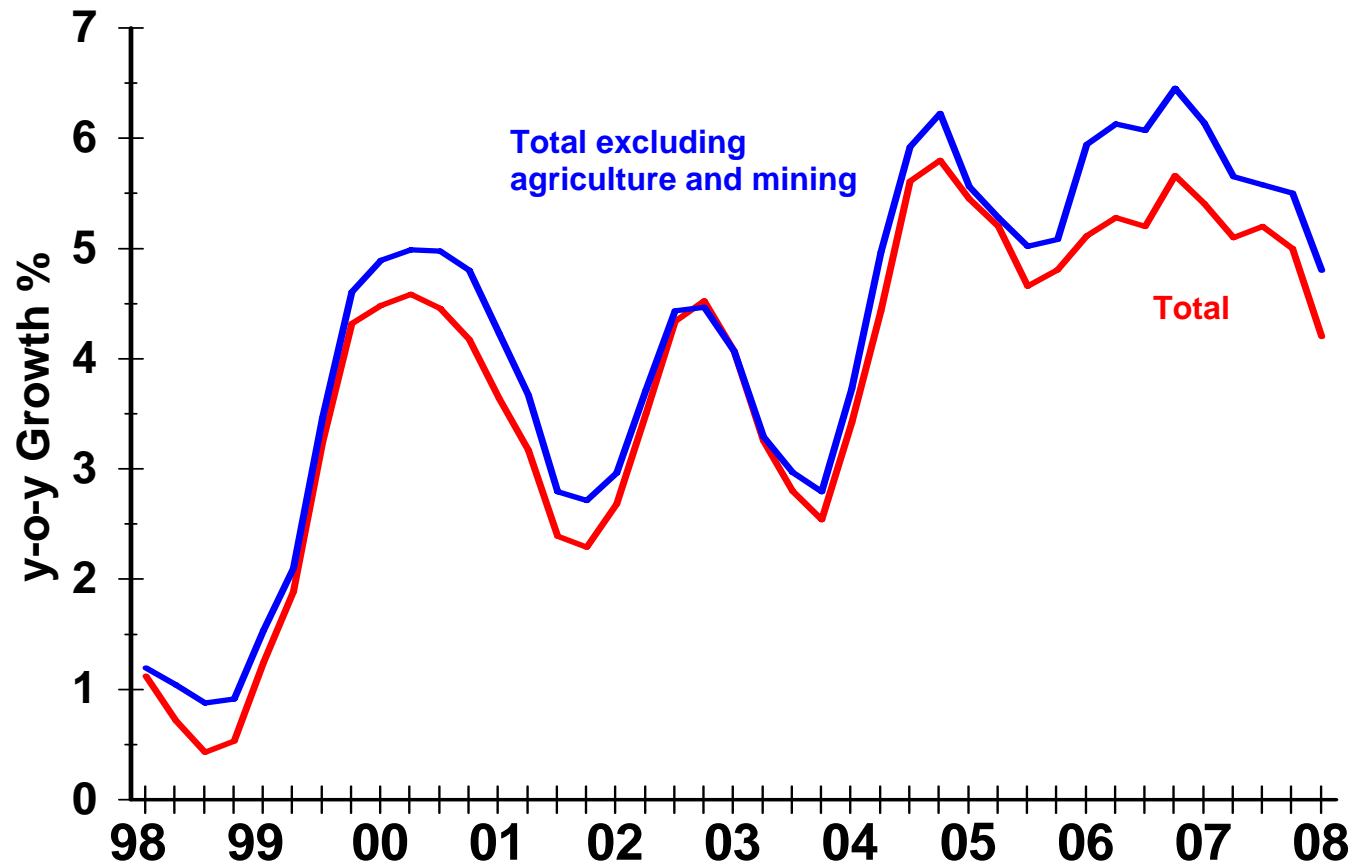
Future Fact

**Dr Azar Jammie
24th July 2008**





Real Gross Domestic Product Growth

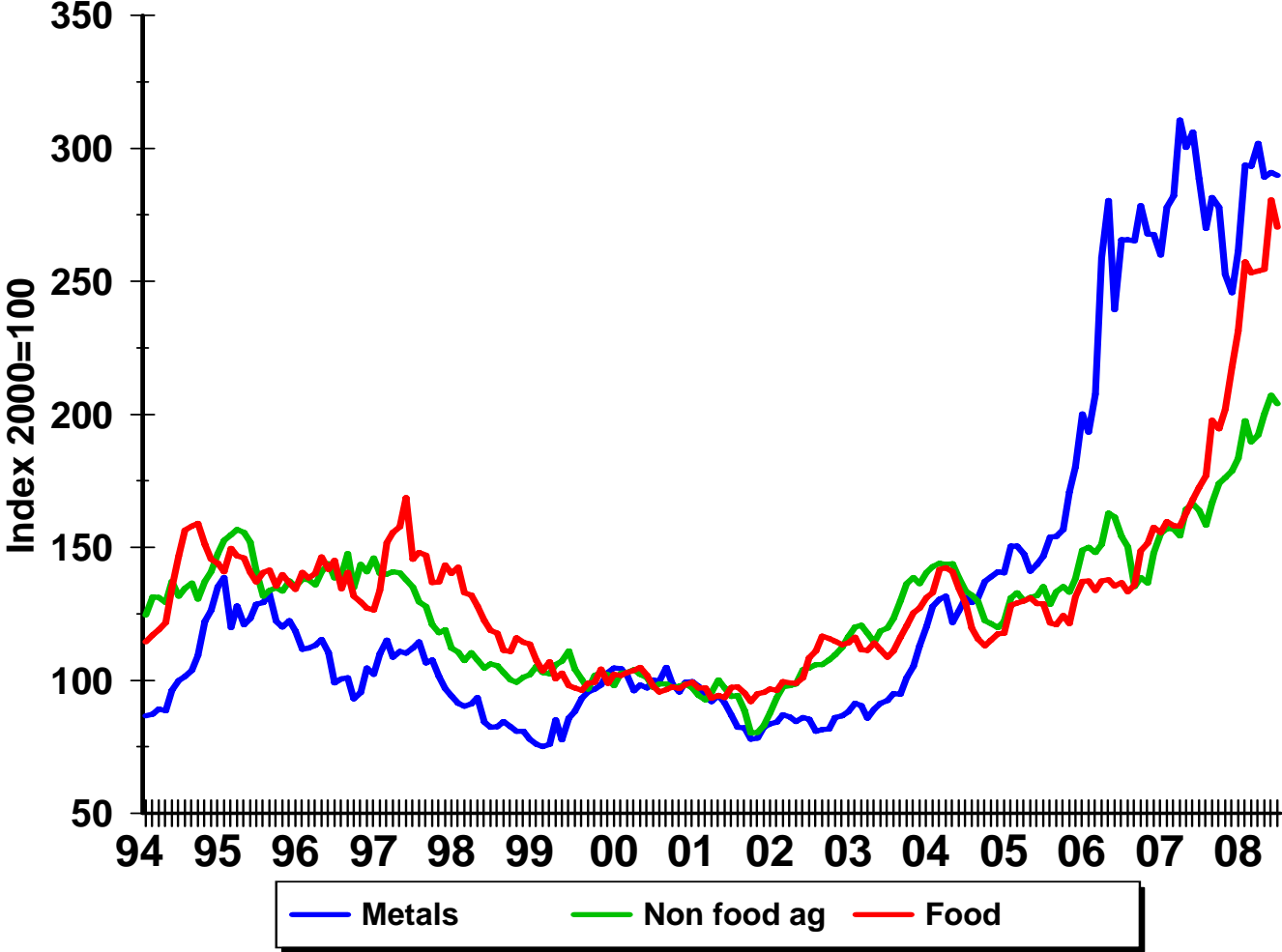


Factors contributing to slowdown

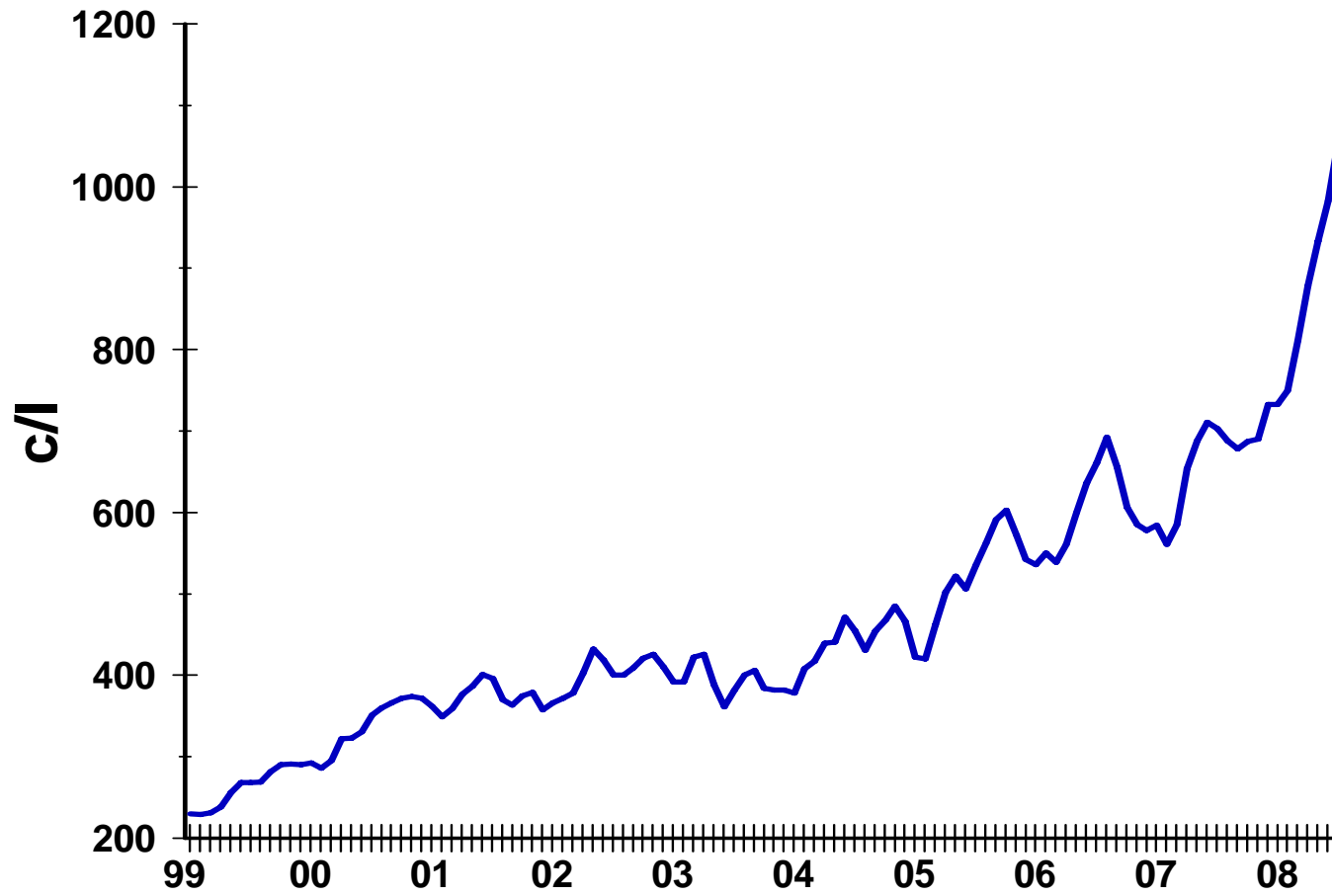
- Increased inflation due to rising fuel and food prices
- Rising interest rates
- Huge increase in personal debt levels
- Falling real house prices
- Loss of business and consumer confidence due to:
 - electricity crisis
 - weak global financial markets
 - aftermath of Polokwane
 - Zimbabwean crisis
 - xenophobic attacks
 - concerns about leadership



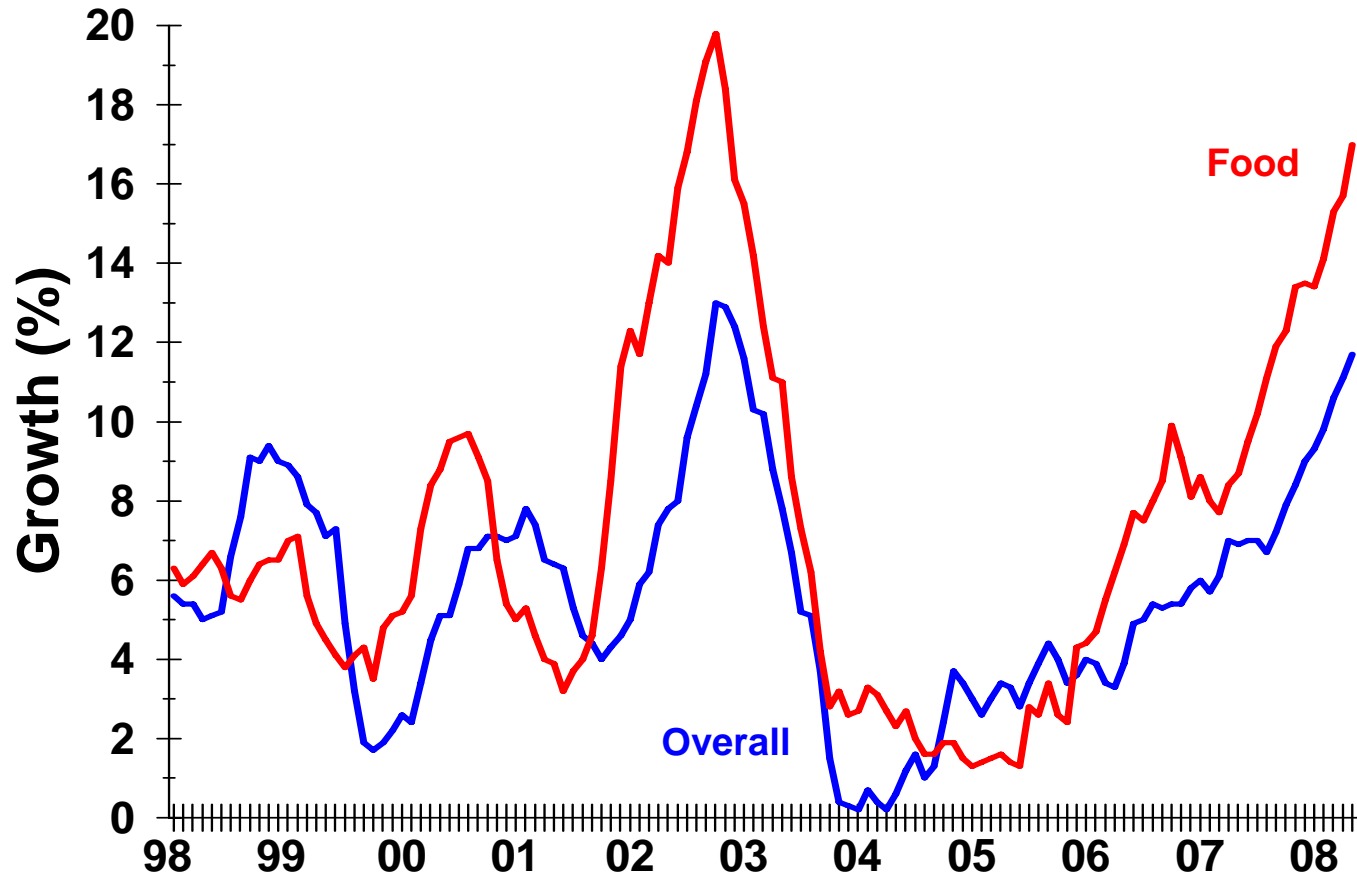
Commodity Price Index : \$ Terms



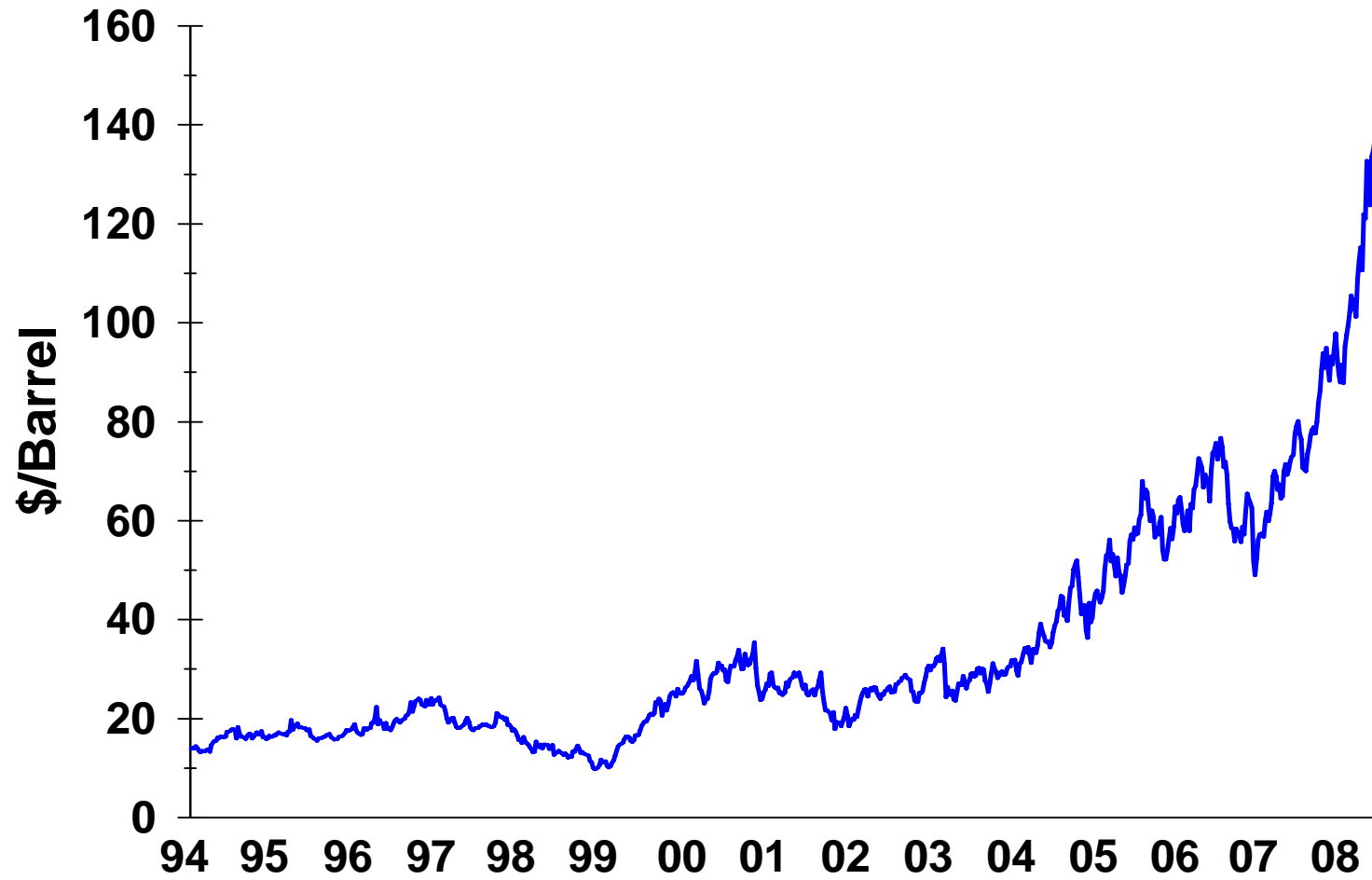
Petrol Price : 93 octane at the Reef ULP & LRP from January 2006



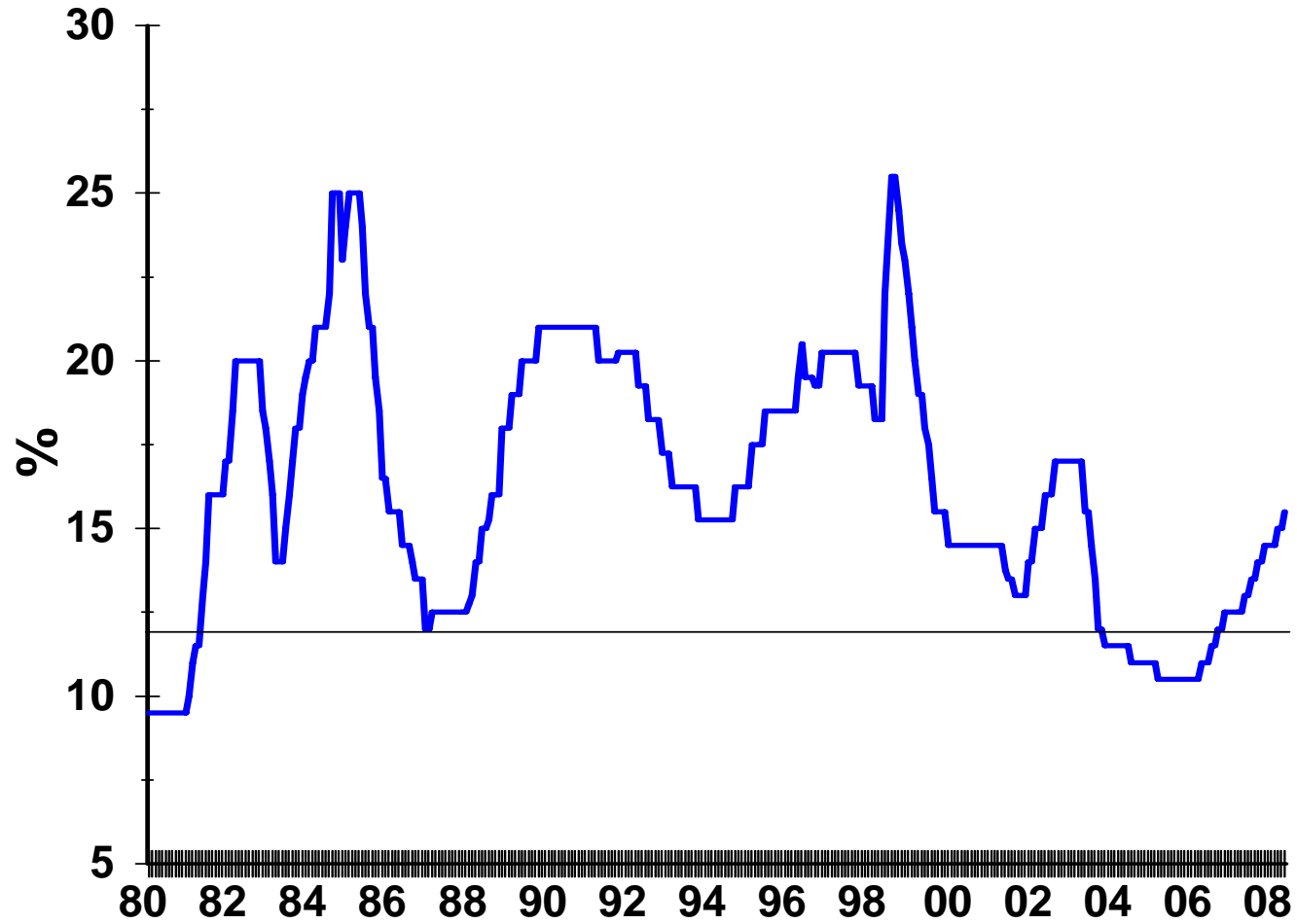
CPI Inflation : Overall vs Food



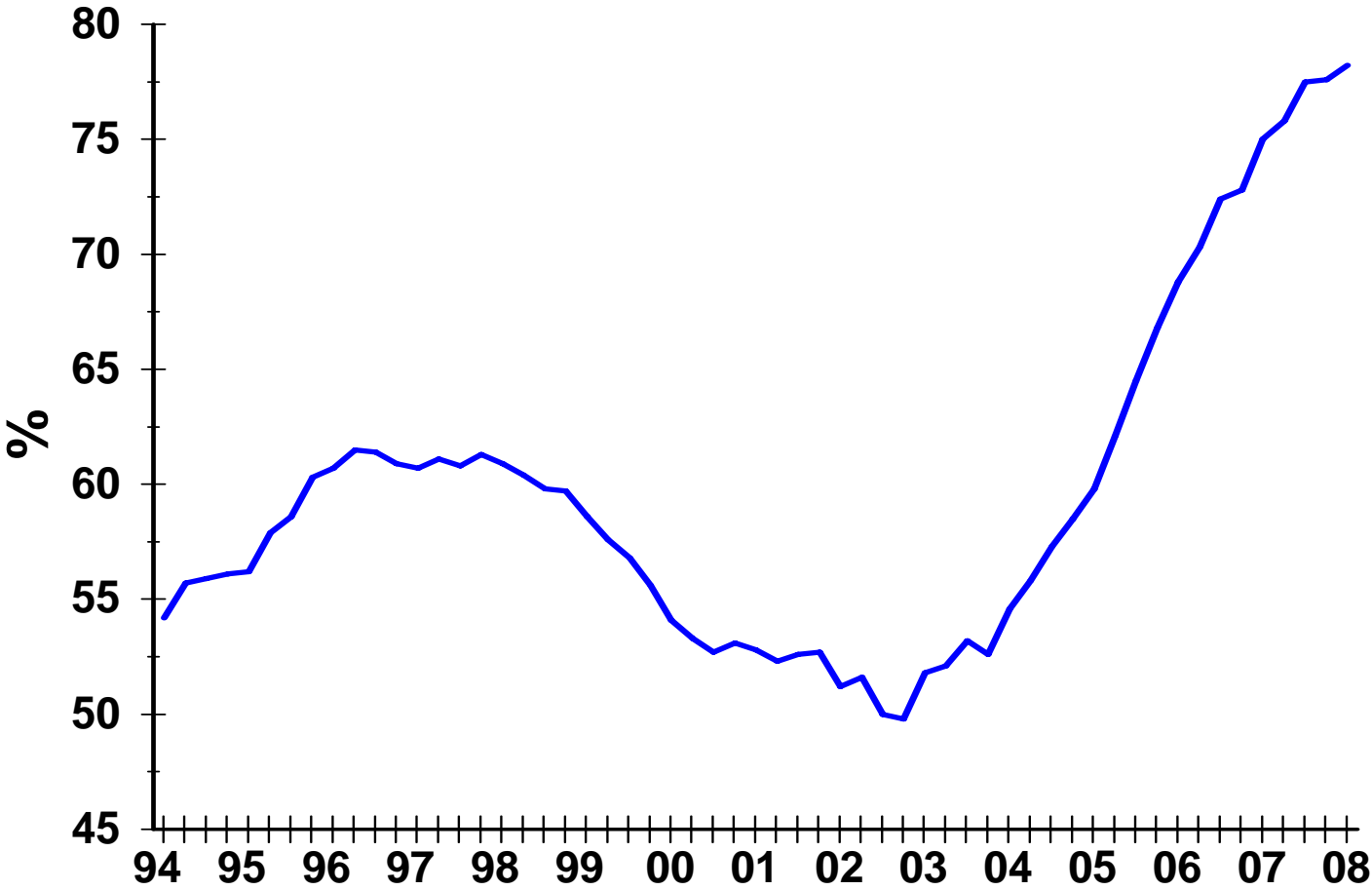
Crude Oil Price : \$ per Barrel



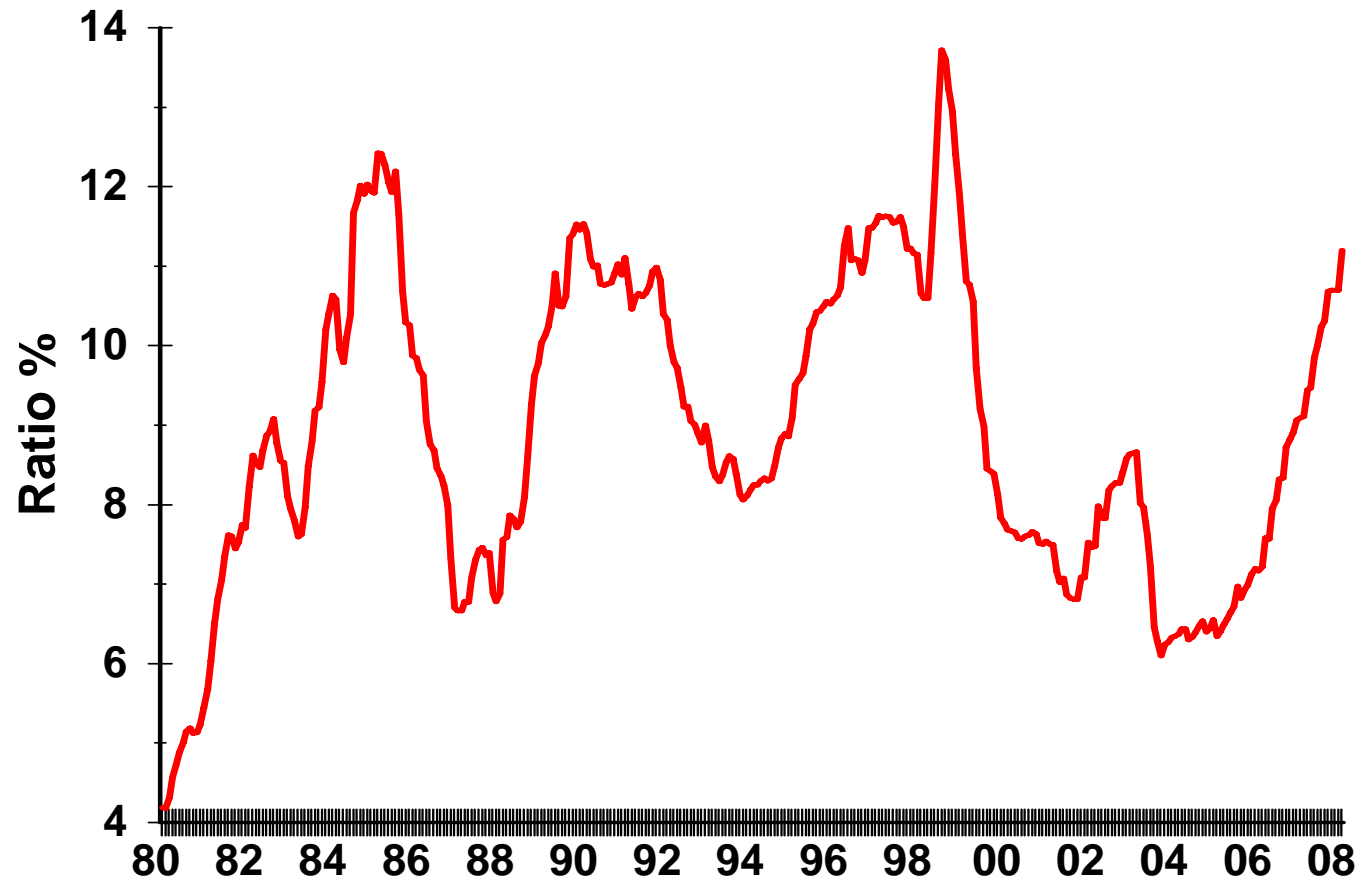
Prime Overdraft Rate



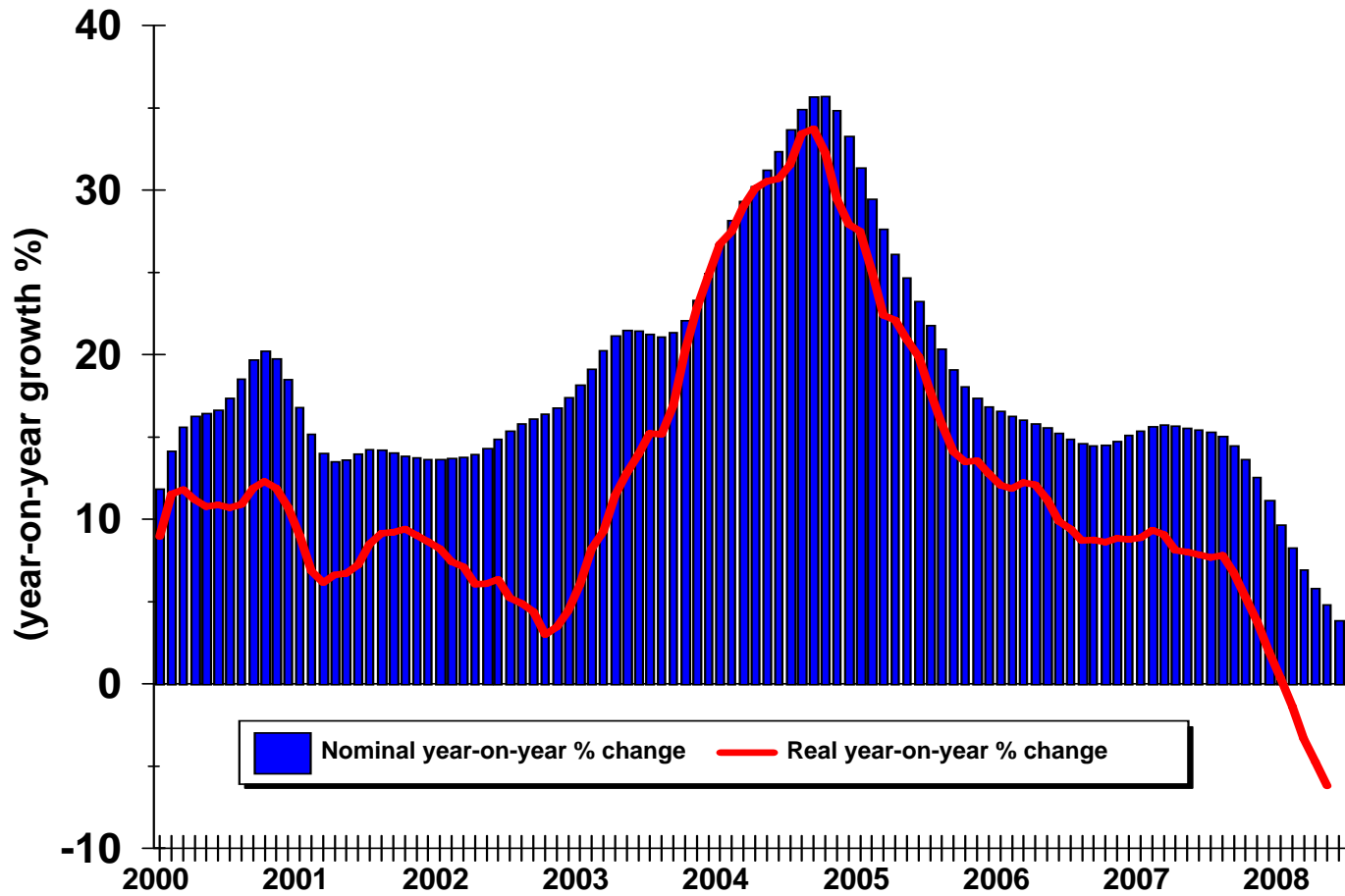
SA : Household Debt as % of Disposable Income



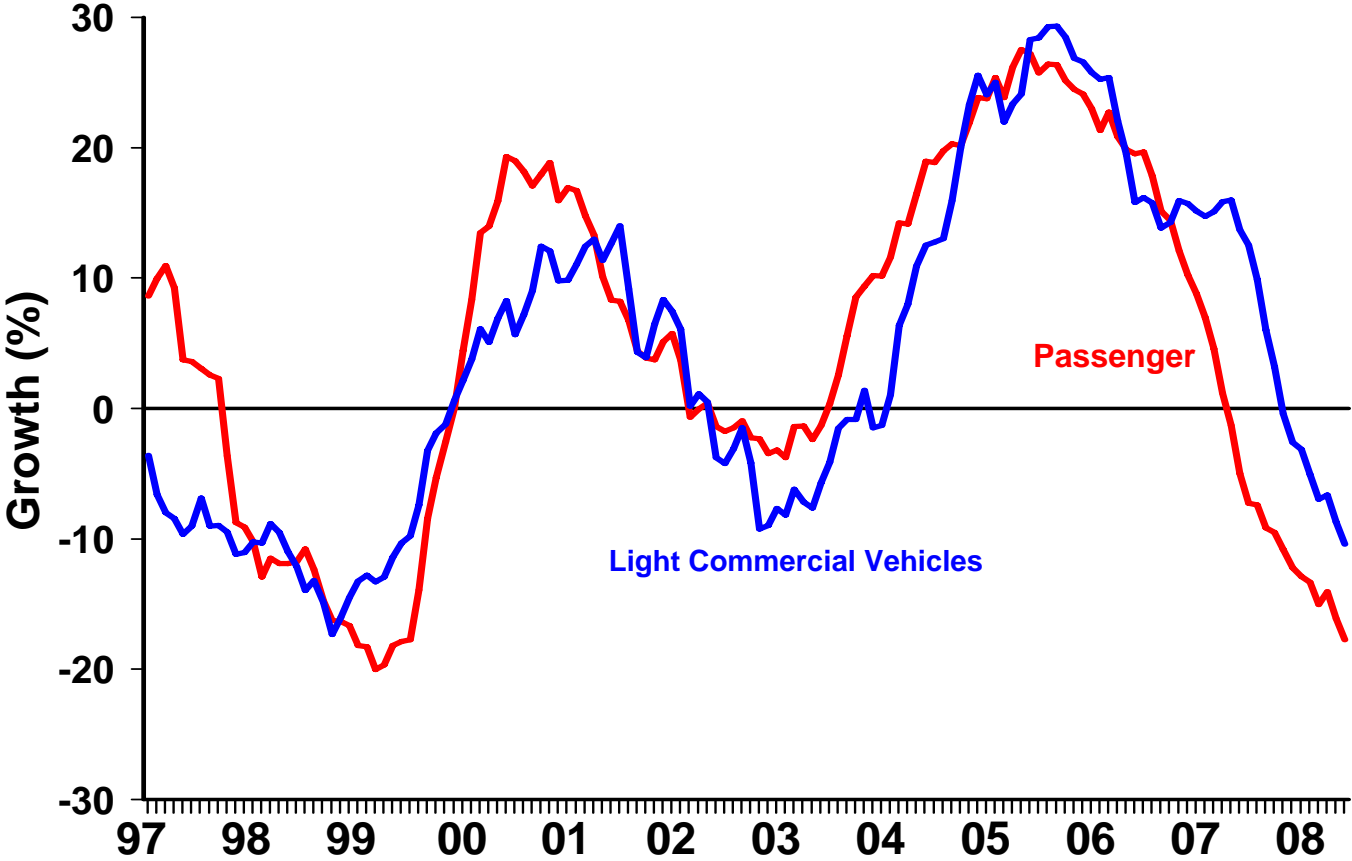
Interest on Debt as % Personal Disposable Income



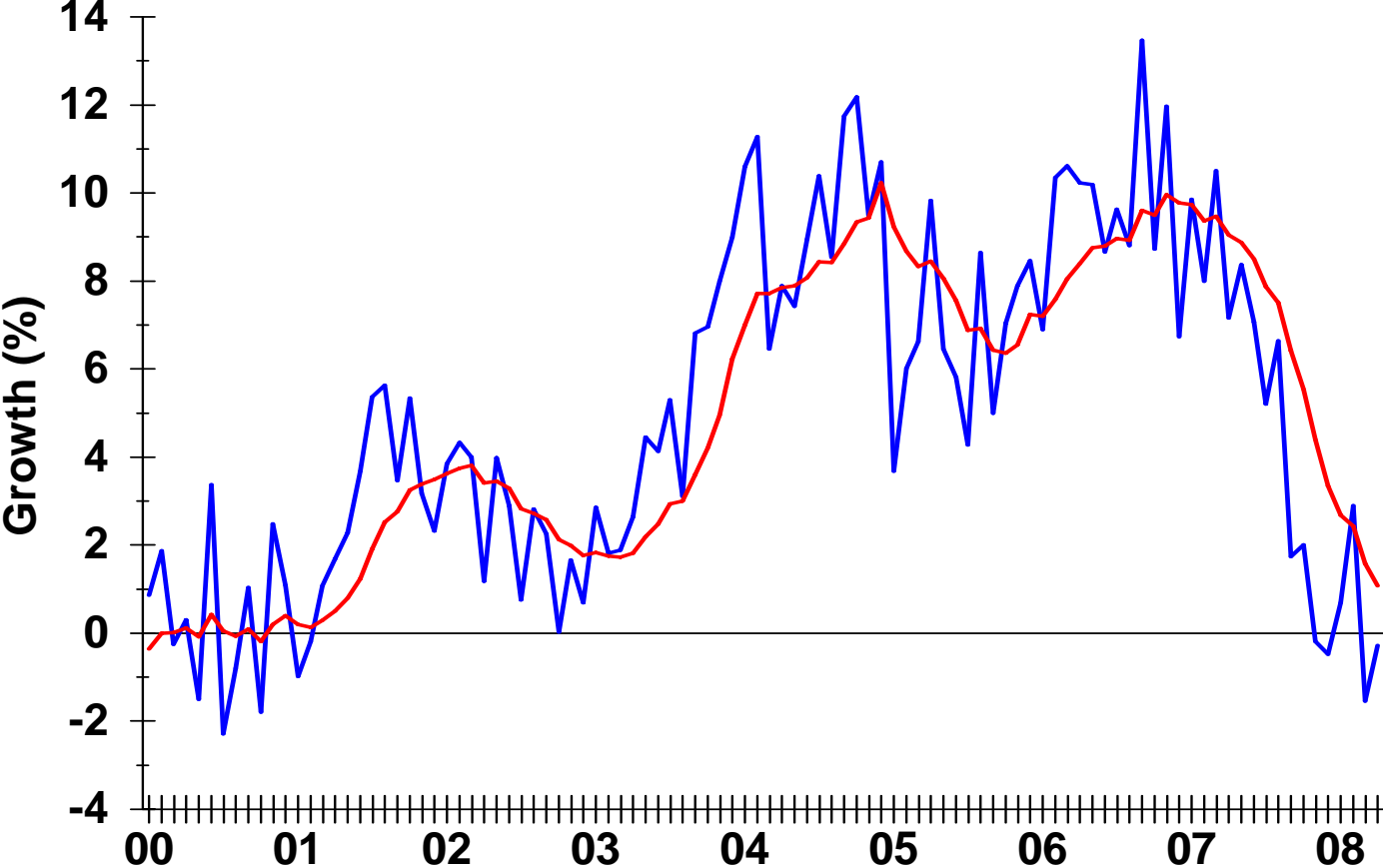
ABSA House Price Index



Growth in New Vehicles Sold



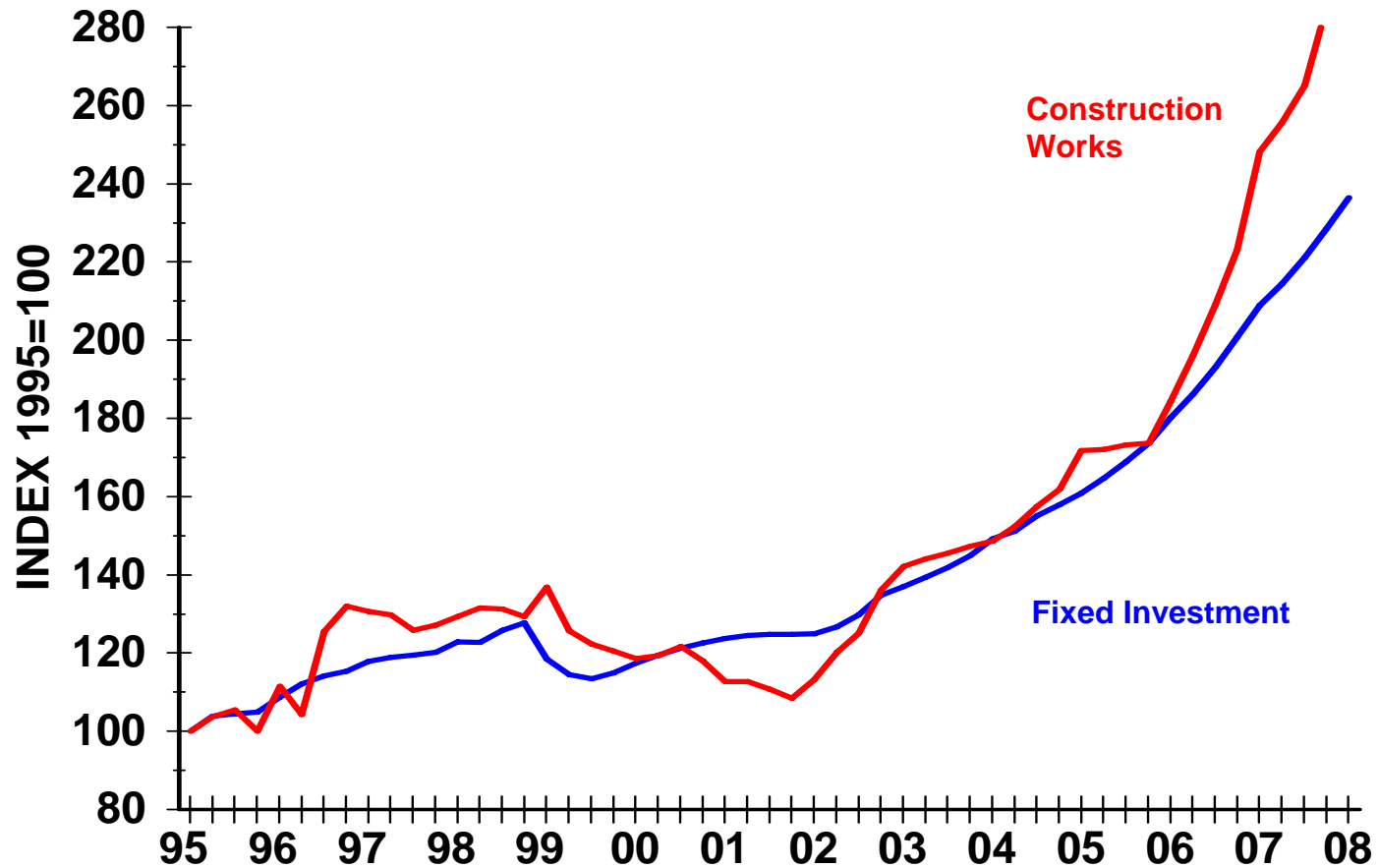
Growth In Retail Sales



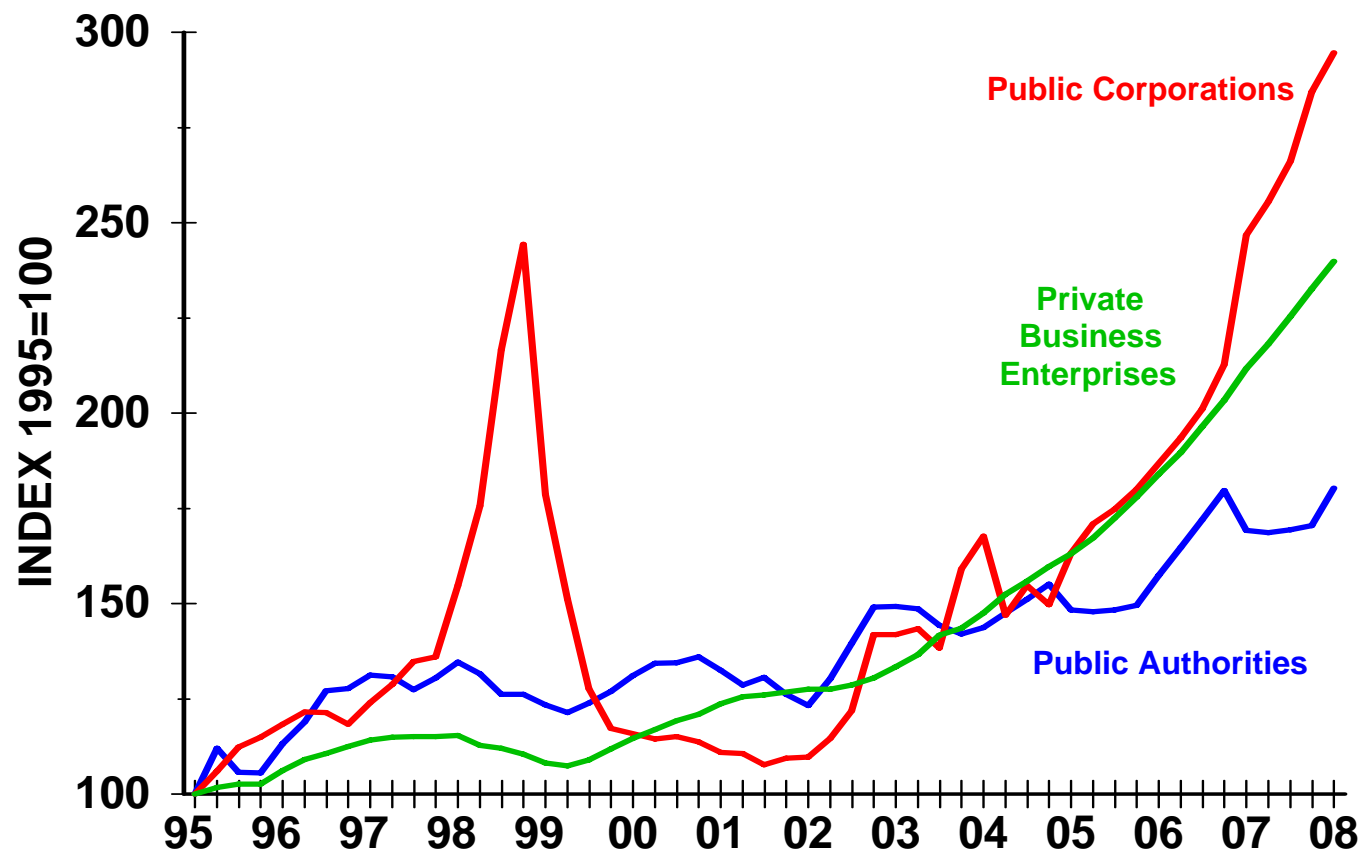
| Consumption Forecasts (growth %) | | | | | |
|---|-------------|-------------|-------------|-------------|-------------|
| | 2007 | 2008 | 2009 | 2010 | 2011 |
| TOTAL | 7.0 | 2.7 | 3.0 | 4.0 | 3.3 |
| Durable | 5.3 | -2.2 | 1.1 | 2.9 | 3.9 |
| Semi-Durable | 16.2 | 5.7 | 4.1 | 4.2 | 4.3 |
| Non-Durable | 5.5 | 1.9 | 2.5 | 3.6 | 2.5 |
| Services | 5.4 | 3.4 | 3.6 | 4.5 | 3.5 |



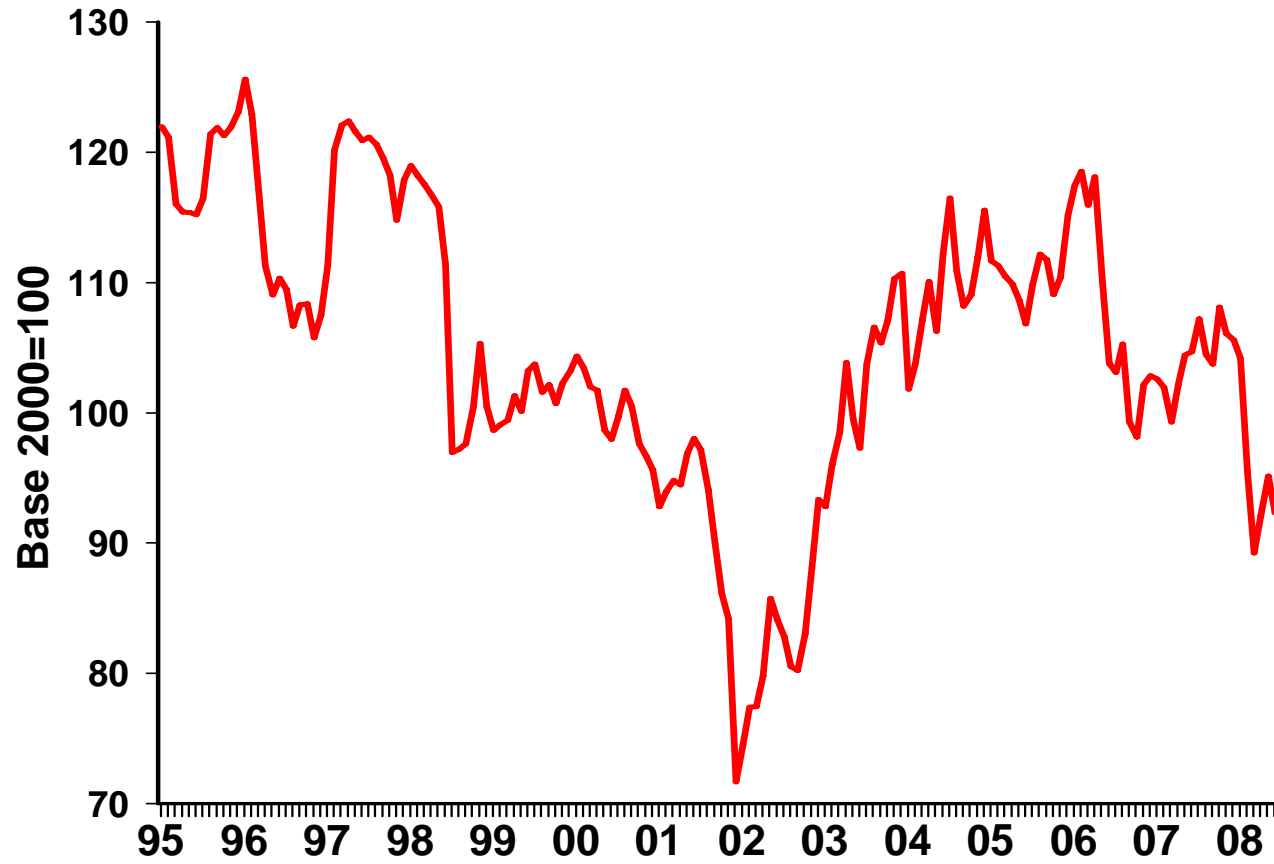
Gross Domestic Fixed Investment vs Investment in Construction Works



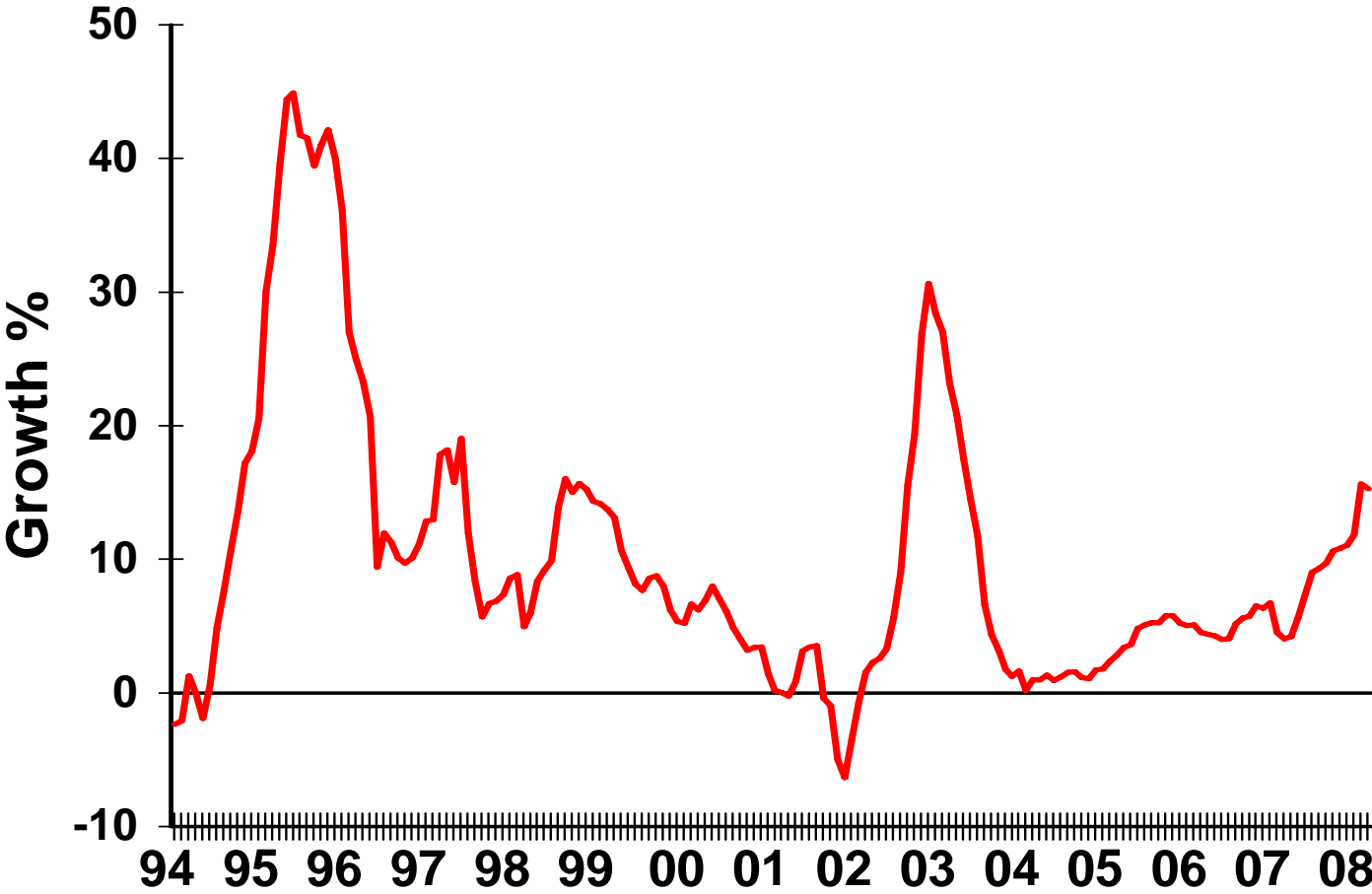
Gross Domestic Fixed Investment by Type of Organisation



Real Effective Exchange Rate



Airports : Growth in Departures Foreigners

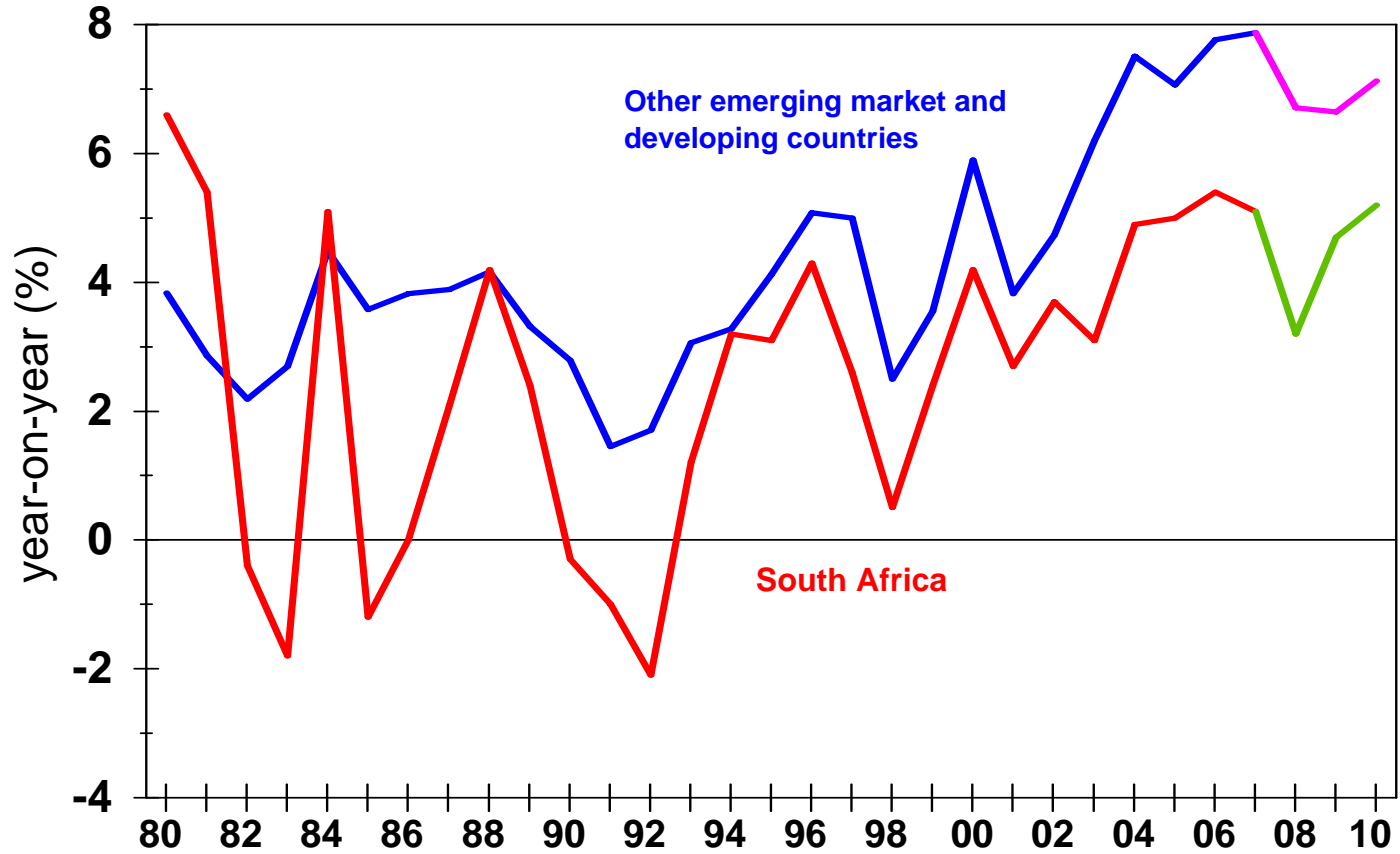


SA Economic Forecast (growth %)

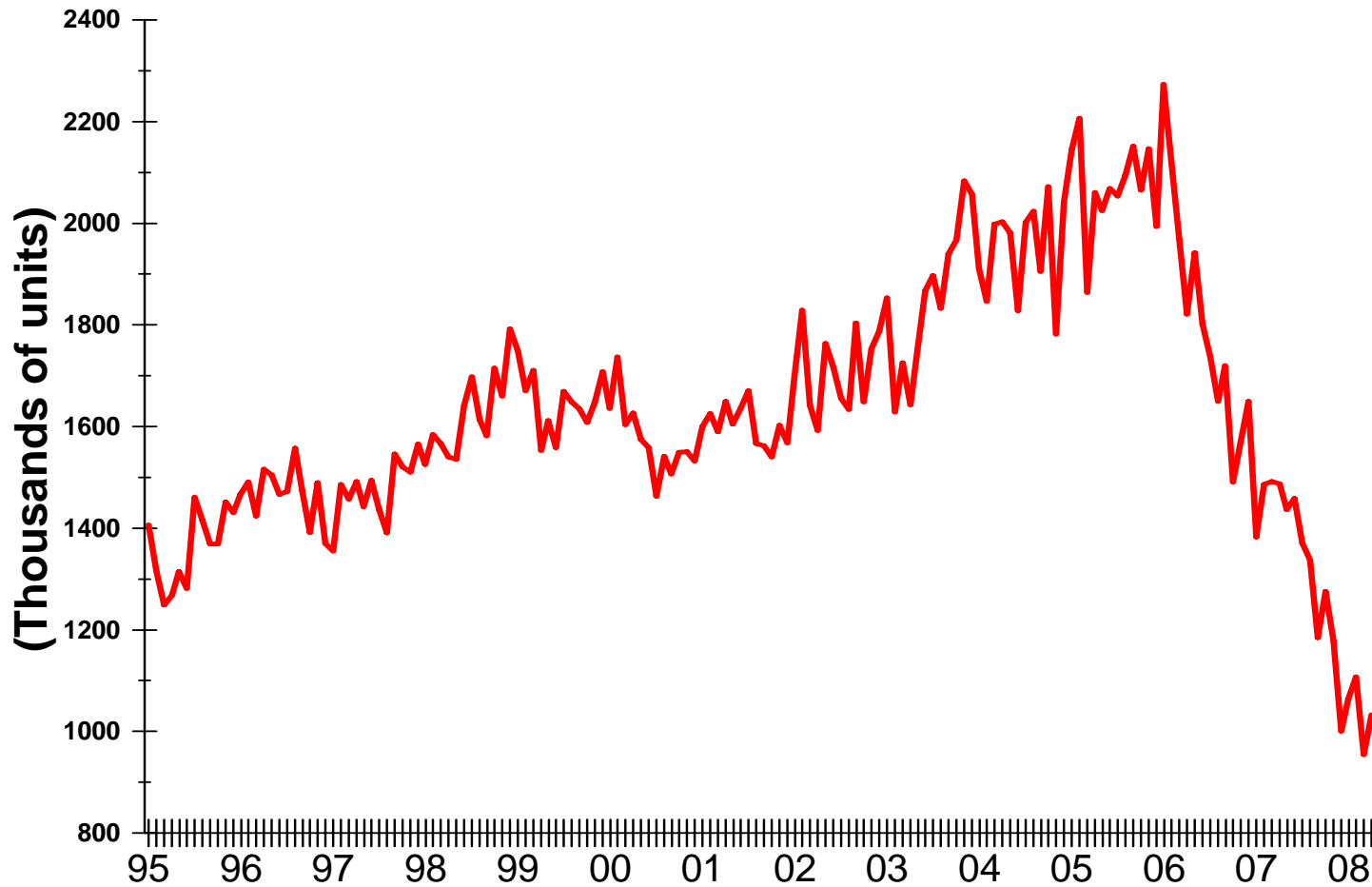
| | 2007 | 2008 | 2009 | 2010 | 2011 |
|--|-------------|-------------|-------------|-------------|-------------|
| Gross Domestic Product | 5.1 | 3.3 | 3.7 | 4.7 | 3.9 |
| Gross Domestic Expenditure | 6.0 | 5.0 | 3.8 | 4.4 | 4.0 |
| Private Consumption | 7.0 | 2.7 | 3.0 | 4.0 | 3.3 |
| Fixed Investment | 14.8 | 11.6 | 6.7 | 6.4 | 6.1 |
| Government Expenditure | 6.0 | 5.0 | 3.8 | 4.4 | 4.0 |
| Current A/C Balance As % of GDP | -7.3 | -8.0 | -8.9 | -9.2 | -9.4 |



GDP : Other Emerging Markets and Developing Countries vs South Africa



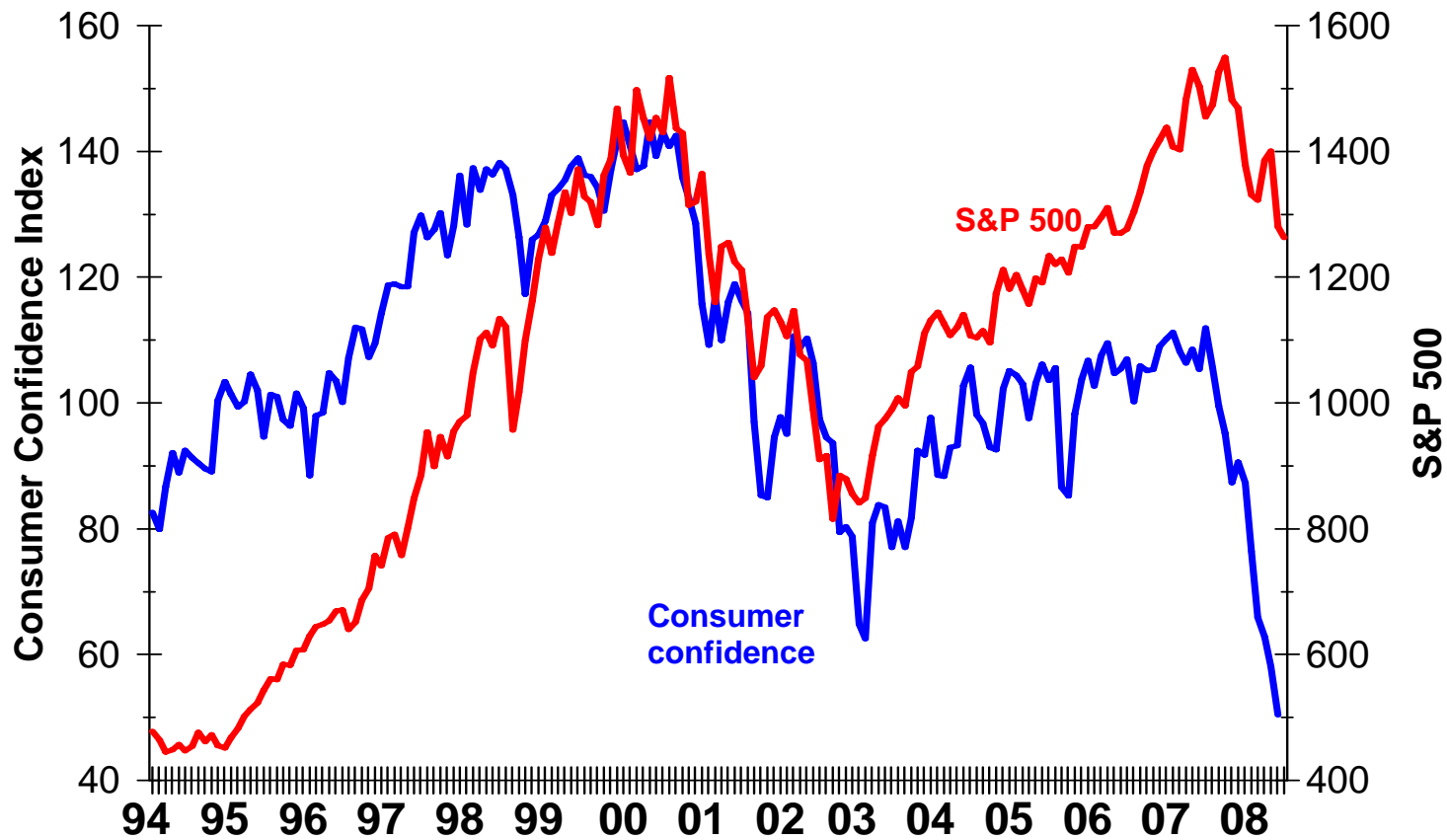
US Housing Starts : New Privately Owned Housing Units Started



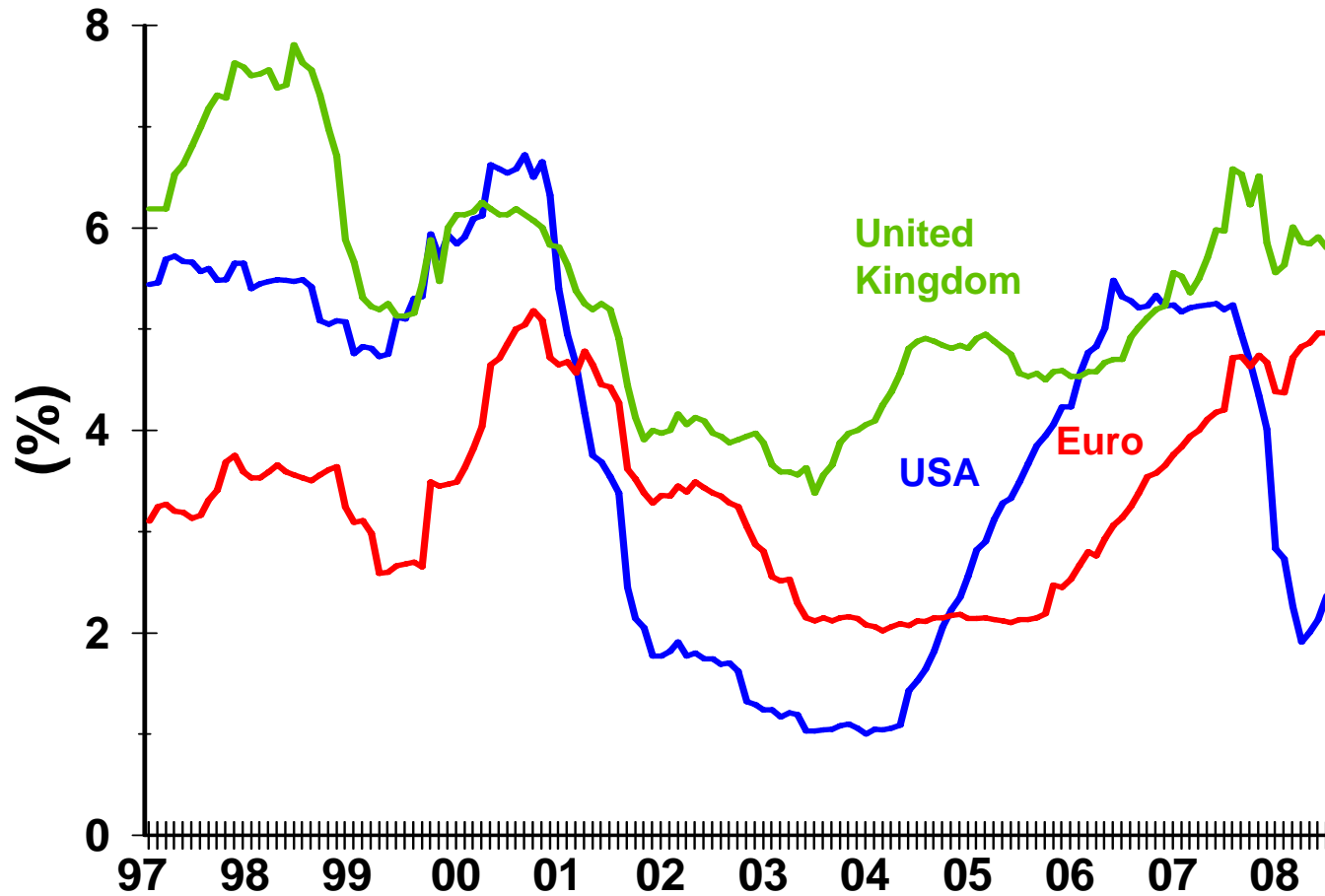
Source : U.S. Department of Commerce : Census Bureau



US Consumer Confidence Index vs S&P 500



Short Term Interest Rates



Disappointing Matric Trends Continue

(Public Schools 2007)

| | |
|-------------------------------|------------------|
| <i>Began School 1995</i> | <i>1 666 690</i> |
| Matriculants 2007 | 564775 |
| Passed | 368217 |
| University Exemption | 85454 |
| Of which Maths Exemption (HG) | 25415 |
| of which Black African | +/- 7000 |
| of which "C" symbol or better | < 2000 |



Disappointing Matric Trends Continue

| MATRIC PASS RATE AND ENDORSEMENT RATE (%) | | | | | | |
|--|------------------|--------------------|-----------------|-------------------|-----------------|-------------------|
| | PASS RATE | ENDORSEMENT | MATHS HG | SCIENCE HG | MATHS SG | SCIENCE SG |
| 2001 | 61.7 | na | 7.0 | 8.8 | 26.1 | 16.3 |
| 2002 | 68.9 | na | 6.7 | 8.1 | 33.1 | 23.1 |
| 2003 | 73.3 | 19.2 | 7.3 | 8.1 | 32.5 | 23.5 |
| 2004 | 71.4 | 18.2 | 7.3 | 8.2 | 33.2 | 22.4 |
| 2005 | 68.3 | 17.0 | 7.6 | 8.6 | 32.3 | 21.2 |
| 2006 | 66.6 | 16.2 | 7.2 | 8.5 | 31.4 | 23.1 |
| 2007 | 65.2 | 15.1 | 6.9 | 7.6 | 33.6 | 23.8 |



Unemployment Rate (%) by Education Level

| | 1995 | 2005 |
|-----------------------|-------------|-------------|
| No Education | 34.7 | 34.5 |
| Grade 0 - 9 | 36.8 | 44.0 |
| Grade 10 - 11 | 34.5 | 48.5 |
| Matric | 27.0 | 37.8 |
| Tertiary | 6.6 | 9.7 |
| Diplomas/Certificates | 7.9 | 13.2 |
| Degrees | 3.9 | 4.4 |
| Total | 30.8 | 38.8 |

Source CDE



Inequality in Education

Proportions of over 20's

| Educational Qualification | Black African | | Coloured | | Indian | | White | |
|---------------------------|---------------|------|----------|------|--------|------|-------|------|
| | 2005 | 2007 | 2005 | 2007 | 2005 | 2007 | 2005 | 2007 |
| Up to Grade 7 | 37.9 | 35.6 | 29 | 28.4 | 13.3 | 12.9 | 0.6 | 0.1 |
| Grade 8-10 | 25.4 | 25.4 | 33.8 | 33.2 | 21.6 | 21.3 | 15.3 | 14.9 |
| Grade 11-12 | 28.2 | 31.1 | 27.3 | 28 | 44.3 | 44.3 | 45.3 | 42.6 |
| Degrees/Diplomas | 7.6 | 7.1 | 8.3 | 9.9 | 18.1 | 18.8 | 35.6 | 40.2 |

Source: *Econometrix & GHS*



Trends Amongst Households

Trends Amongst Households (% of Households)

| | | 2002 | 2006 | 2007 |
|------------------------------------|--|---------------|---------------|---------------|
| Number of Households (000s) | | 11 479 | 12 972 | 13 261 |
| Housing | Occupy Informal dwellings | 12.7 | 13.8 | 15.4 |
| | Govt housing subsidy received (all types) | 5.6 | 9.6 | 9.1 |
| Sanitation | Bucket toilet or none | 13.2 | 9.0 | 8.3 |
| Electricity Supply | Connected to the mains | 76.1 | 80.2 | 81.5 |
| Energy Sources | Cooking: Paraffin/Wood | 38.1 | 31.7 | 29.1 |
| | Lighting: electricity (mains or generator) | 75.7 | 81.3 | 82.5 |
| Refuse Removal | by Municipality | 55.1 | 60.7 | 61.0 |
| Water | Piped in the dwelling | 66.1 | 69.8 | 71.3 |
| Hunger | Adults going hungry | 6.9 | 2.5 | 2.0 |
| | Child going hungry | 6.7 | 2.4 | 2.0 |
| Assets | Own or partly own dwelling | 70.0 | 71.1 | 68.2 |
| | Radio | 79.8 | 79.1 | 68.2 |
| | Television | 56.5 | 64.9 | 67.0 |
| | Cellphone | 35.0 | 67.7 | 73.7 |

Source: Econometrix & GHS



Concerns Regarding Lack of Leadership

- Mbeki on Zimbabwe and xenophobia
- Concerns regarding independence of judiciary
- Irresponsible statements by leaders of ANCYL and COSATU
- Is the constitution being respected?
- Zuma's response to irresponsible statements
- Other African leaders seem to be showing up our leaders



• - The End -

