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UNLIMITED FINANCIAL HORIZONS

SA Economic Forecasts • Reuters Survey of Economists

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May 2009

Reuters MAY Survey (04 June 2009)	2009			2010				Year change/Ave		
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	2009	2010	2011
Gross Domestic Product (GDP) (qqsaaa and y/y percentage change) % Last: Q1 2009 -6,4 percent q/q	-2.02	0.03	1.24	2.42	2.97	2.97	3.20	-1.40	2.26	3.67
Current account (percentage of GDP) % Last: Q4 2008 -5.8%	-5.64	-6.01	-5.87	-6.04	-6.00	-5.96	-5.96	-5.85	-5.97	-6.38
Consumer Price Index: Headline (average y/y percentage change) % Last: April 2009: 8,4%	7.61	6.19	6.18	6.22	5.75	5.77	5.65	7.05	5.86	5.52
Producer Price Index: Headline (average y/y percentage change) % Last: April 2009: 2,9%	1.03	-0.31	2.59	4.90	5.98	5.78	5.41	2.66	5.52	5.86
Repo Rate (average at end of the period) % Last changed 28 May 2009: 7,50%	7.18	6.90	6.86	6.86	6.93	7.05	7.29	6.92	7.24	8.00
10 Year Government Bond (R157) (Average yield at end of period) % Last at time of survey: 8,885%	8.59	8.54	8.63	8.69	8.70	8.87	8.96	8.63	8.92	9.14
ZAR - USD Exchange Rate (Average rate at the end of the period) R Last at time of survey: R8,00/\$	8.31	8.43	8.56	8.61	8.62	8.68	8.68	8.59	8.75	9.02

SUMMARY VIEW: After reaching a 2-year high in March, the Economist has fallen in each of the past two months. The lingering weakness in the economy and concerns that the decline in inflation has not been as rapid as previously expected has resulted in the May Economist falling further to 251,97. With the confirmation of economic recession coming with the release of Q1 GDP growth data since the April Economist was published, growth forecasts have now been revised further downwards. The economy is now seen contracting by 1,42% over 2009, a more bearish outlook than that published in April's survey which saw a 0,5% contraction for 2009. Sticky consumer inflation has caused the other major revision to expectations with CPI inflation now seen averaging above 7% for the year, before dipping into the top end of the target band mid-way through 2010. This is a material change to the April outlook which saw consumer inflation falling into the target range by Q3 2009. Eskom tariff increases and higher spot oil prices will also contribute to stubborn consumer prices so a further upward revision in the June survey is not out of the question. The local currency has been in the headlines over the past few weeks. After reaching a recent high of R7,87/\$ in early June, the rand is now seen stabilizing in a range of R8,50/\$ to R8,70/\$ in the medium term and is expected to average R8,59/\$ for the year before trending weaker throughout the balance of the forecast period.

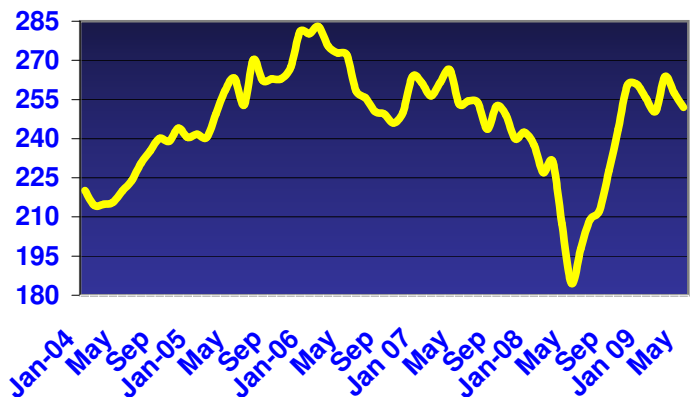
The "June" survey will be published 9 July 2009.

The **Reuters Economist** is a measure of economic sentiment drawn from a monthly poll of forecasts by leading economists in South Africa and abroad and presented in the form of an index. The index reflects the forecasters' sentiment for a quarter 12, 11 or 10 months forward.

The **weightings used in the index are:** GDP growth - 25%; Headline CPI - 20%; Producer Price Inflation - 5%; Repo Rate - 20%; 10-year bond yield - 5%; Rand-Dollar Depreciation - 25%.

May Economist: ↓ 251,97 (257,47)

(This survey is based on forecasts from around 15 banks, fund managers, corporate economists and research institutes based in S.A., Great Britain & America & was conducted between 25 May and 02 June.



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