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SECURITIES

UNLIMITED FINANCIAL HORIZONS

## SA Economic Forecasts • Reuters Survey of Economists

Elan Levy, Sudheer Singh

June 2009

Reuters June Survey (09 July 2009)	2009		2010				2011	Year change/Ave		
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	2009	2010	2011
<b>Gross Domestic Product (GDP)</b> (qqsaaa and y/y percentage change) % Last: Q1 2009 -6,4 percent q/q	-0.11	1.31	2.49	2.94	3.26	2.98	3.69	-1.80	2.12	3.66
<b>Current account</b> (percentage of GDP) % Last: Q1 2009 -7,0%	-6.04	-6.14	-6.03	-5.69	-6.04	-5.94	-6.05	-6.02	-5.92	-6.05
<b>Consumer Price Index: Headline</b> (average y/y percentage change) % Last: May 2009: 8,0%	6.62	6.56	6.45	5.95	5.87	5.72	5.77	7.33	5.99	5.57
<b>Producer Price Index: Headline</b> (average y/y percentage change) % Last: May 2009: 3,0%	-2.57	0.65	3.43	5.45	5.49	5.37	5.82	1.14	4.98	5.82
<b>Repo Rate</b> (average at end of the period) % Last changed June 2009: 7,50%	7.25	7.17	7.17	7.20	7.32	7.61	7.64	7.20	7.60	8.07
<b>10 Year Government Bond (R157)</b> (Average yield at end of period) % Last at time of survey: 9,255%	9.21	9.26	9.26	9.15	9.15	9.23	9.41	9.12	9.24	9.33
<b>ZAR - USD Exchange Rate</b> (Average rate at the end of the period) R Last at time of survey: R8,10/\$	8.20	8.44	8.44	8.54	8.61	8.69	8.61	8.53	8.70	8.91

**SUMMARY VIEW:** The June Econometer fell to a 9-month low on expectations the economy will contract faster than previously expected and the central bank may have reached the end of its interest rate cuts. June's survey has shown that the economy is expected to contract more than previously expected. Contributing to the further contraction was the economy falling into a recession for the first time in 17 years. Inflation is still expected to fall within the target band by Q2 2010, however it still remains sticky and above the target even though it has slowed. CPI is now seen averaging 7,33% this year compared to 7,05% seen in the May Econometer. The electricity hike announced recently has contributed to pushing forecasts up. June's Econometer has shown expectations for further interest rate cuts have tempered. It is expected that interest rates will remain at current levels for some time to come. In a recent statement, the central bank said international oil prices was one of the main risks to the inflation outlook, however the rand's strength was a favourable factor. The rand has gained about 13% against the dollar since the beginning of this year, expectation is for the rand to average R8,53/\$ at the end of this year and R5,70/\$ by the end of 2010.

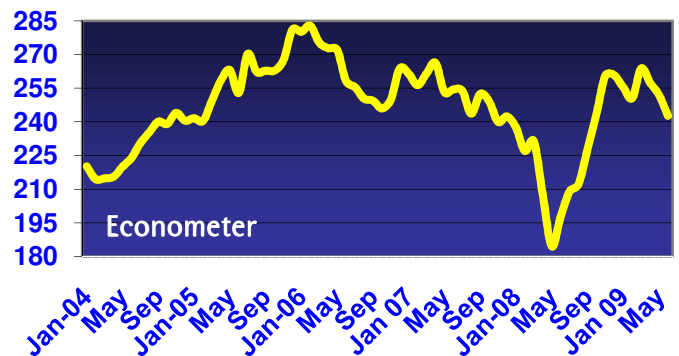
*The "July" survey will be published 6 August 2009.*

The **Reuters Econometer** 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 Econometer:** ↓ 242,69 (251,97)

*(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 29 June and 07 July.)*



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