

# sasfin

SECURITIES

UNLIMITED FINANCIAL HORIZONS

## SA Economic Forecasts • Reuters Survey of Economists

Sudheer Singh

September 2009

Reuters September Survey (08 October 2009)		2009	2010				2011		Year change/Ave		
		Q4	Q1	Q2	Q3	Q4	Q1	Q2	2009	2010	2011
<b>Gross Domestic Product (GDP)</b> (qqsaaa and y/y percentage change)	%	1.81	2.85	2.97	3.27	3.12	3.53	3.55	-1.90	2.35	3.61
Last: Q1 2009 -6,4 percent q/q											
<b>Current account</b> (percentage of GDP)	%	-4.38	-4.96	-4.87	-5.03	-5.37	-5.51	-5.61	-4.63	-5.15	-5.71
Last: Q1 2009 -7,0%											
<b>Consumer Price Index: Headline</b> (average y/y percentage change)	%	6.37	6.22	5.66	5.50	5.59	5.61	5.55	7.21	5.70	5.57
Last: August 2009: 6,4%											
<b>Producer Price Index: Headline</b> (average y/y percentage change)	%	-0.54	2.48	5.50	5.39	5.42	5.57	5.56	0.43	4.80	5.65
Last: August 2009: -4,0%											
<b>Repo Rate</b> (average at end of the period)	%	6.89	6.89	6.92	7.00	7.22	7.63	7.96	6.88	7.18	8.21
Last changed August 2009: 7,00%											
<b>10 Year Government Bond (R157)</b> (Average yield at end of period)	%	8.90	8.93	9.03	9.08	9.25	9.29	9.34	8.85	9.24	9.39
Last at time of survey: 9,255%											
<b>ZAR - USD Exchange Rate</b> (Average rate at the end of the period)	R	7.74	7.90	8.03	8.21	8.35	8.57	8.66	7.95	8.34	8.66
Last at time of survey: R8,10/\$											

**SUMMARY VIEW:** The Reuters Economist fell for a second consecutive month in September, falling to 241,51 from 247,90. Confidence fell as a stronger rand was expected to suppress exports and interest rates are now seen rising earlier than first expected. The economy is expected to grow next year, however a stronger rand is seen limiting the extent of the recovery. Inflation has been outside the target band since April 2007, expectation is still for inflation to fall within the target range by Q2 2010. The rand is now expected to end this year at R7,95/\$, compared to R8,41/\$ seen in the August survey. The rand has appreciated more than 25% against the dollar this year. The stronger rand is expected to dent the competitiveness of exports, as well as weigh on the mining and manufacturing sector. The economy is starting to show signs of increased stabilization, however the pace of the recovery is likely to be slow.

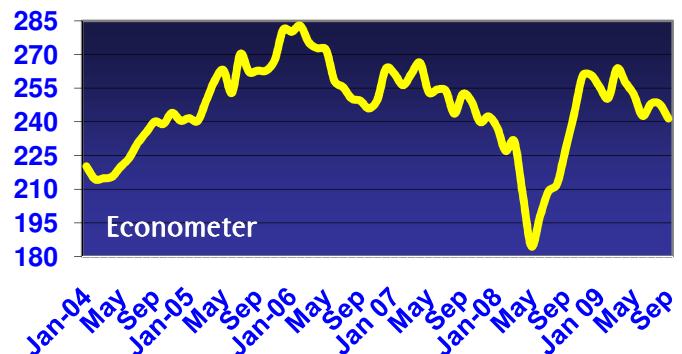
*The "October" survey will be published 5 November 2009.*

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%.

**September Economist:** ↓ 241,51 (247,90)

*(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 28 September and 06 October.)*



**DISCLAIMER:** This research report ("report") is confidential, issued for the information of clients of Sasfin Securities (Pty) Ltd ("SasSec") and may not be issued to members of the, nor published in, public. The information, research and opinions contained herein have been formulated in good faith and where applicable have been derived from published sources generally reliable and believed to be fair, however the information, research and opinions, as the case may be, are not warranted to be complete or accurate. SasSec does not assume liability or responsibility for their form, sufficiency or accuracy. Any person making use of this report does so entirely at his or her own risk. SasSec does not assume liability for any losses arising from any errors or omissions in this report, irrespective of whether there has been any negligence, including gross negligence, by SasSec, its affiliates, officers or employees, and whether such losses are direct, indirect or consequential. This report is neither an offer nor a solicitation to buy or sell, and is not intended to call attention to, or to market, or promote the services of SasSec. SasSec does not have a proprietary interest, other than a possible casual or arbitrage interest, in any of the listed companies referred to herein and no director of SasSec, unless otherwise stated in this report, is a director of the companies referred to herein. Sasfin Securities (Pty) Ltd – a Division of the Sasfin Group Limited and a member of the JSE.