

sasfin

SECURITIES

UNLIMITED FINANCIAL HORIZONS

SA Economic Forecasts • Reuters Survey of Economists

Sudheer Singh

October 2009

Reuters October Survey (05 Nov 2009)		2009	2010				2011		Year change/Ave		
		Q4	Q1	Q2	Q3	Q4	Q1	Q2	2009	2010	2011
Gross Domestic Product (GDP) (qqsaaa and y/y percentage change)	%	1.94	2.83	2.91	3.06	3.03	3.40	3.49	-1.90	2.33	3.50
Last: Q1 2009 -6,4 percent q/q											
Current account (percentage of GDP)	%	-4.45	-5.37	-5.22	-5.25	-5.45	-5.66	-5.64	-4.59	-5.39	-5.61
Last: Q1 2009 -7,0%											
Consumer Price Index: Headline (average y/y percentage change)	%	6.18	6.14	5.65	5.73	5.78	5.74	5.79	7.17	5.79	5.85
Last: September 2009: 6,1%											
Producer Price Index: Headline (average y/y percentage change)	%	-1.81	1.55	4.86	5.26	5.89	6.06	6.01	0.00	4.40	5.88
Last: September 2009: -4,0%											
Repo Rate (average at end of the period)	%	6.91	6.91	6.94	7.03	7.24	7.60	8.00	6.91	7.19	8.32
Last changed August 2009: 7,00%											
10 Year Government Bond (R157) (Average yield at end of period)	%	8.87	9.00	9.10	9.17	9.35	9.39	9.39	8.99	9.36	9.55
Last at time of survey: 9,255%											
ZAR - USD Exchange Rate (Average rate at the end of the period)	R	7.73	7.91	8.03	8.24	8.41	8.55	8.63	7.86	8.36	8.86
Last at time of survey: R8,10/\$											

SUMMARY VIEW: The Reuters Econometer fell for a third consecutive month in October, falling to 235,60, its lowest level since September last year. Confidence in SA's economy fell as demand and manufacturing capacity is seen taking longer to improve, as a result of the looming increase in power tariffs, which is expected to further restrain growth and fuel inflation. GDP forecasts have been further downgraded in the October survey, on expectation that the recovery won't be a smooth process and it will take time for confidence to build up. With Eskom pushing for an increase in electricity prices of 45% over the next three years, a prospect the central bank said is the main upside risk to long-term inflation. Compared with September's survey, inflation is now expected to be higher, averaging 5,79% next year and 5,85% in 2011. The rand is now seen weakening slightly next year, compared to September's survey. The National Treasury and the central bank have expressed their concern about the strength of the ZAR currency and its impact on the broader economy.

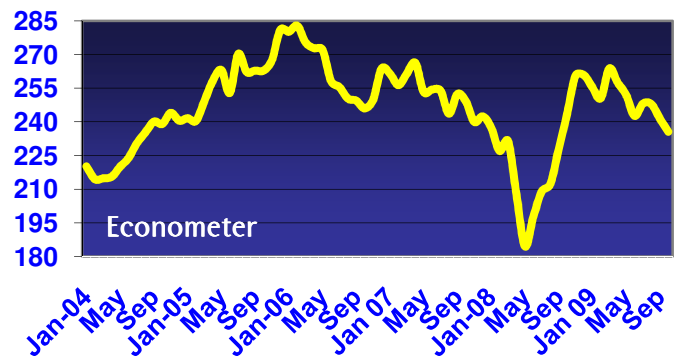
The "October" survey will be published 3 December 2009.

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%.

October Econometer: ↓ 235,60 (241,51)

(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 26 October and 03 November.)



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.