

INTERNATIONAL PERSPECTIVE OF SOUTH AFRICA

The ECONOMIST	2016	2017	2018
GDP US\$			
GDP Per Head \$	5900 (PPP: 13530)	5430 (PPP: 13860)	5590 (PPP 13780)
Population	55	55.4m	57.4
Growth	2.20%	1.40%	1.80%
Inflation	5.10%	5.60%	5.40%
Budget balance (% GDP)	-3.50%		
Exchange Rate ZAR/\$	R 15.57	R 12.30	R 15.56
COMMENT	<p>Jacob Zuma will press on to second and final term using stimulus and industrial policy to buoy the economy.</p> <p>Improving trading conditions and partner relations will lift growth of the economy, however this is dependent on erratic electricity and poor workforce skills.</p> <p>Protests over inequality and joblessness will continue.</p>	<p>ANC is licking its wounds after performing poorly in the 2016 municipal election and will face a greater challenge from a strengthening opposition in the 2019 general election.</p> <p>Authorities must maintain discipline in both fiscal and monetary policy to contain inflation and protect the country's investment-grade status on international lending markets.</p>	<p>The tenure of the president, Jacob Zuma, faced a test at the end of 2017. ANC is due to choose a new leader</p> <p>Battle between backers and critics. ANC will hold on to power until elections in 2019</p> <p>A credit-rating downgrade will weigh on investor sentiment</p>
WARNING			
TO WATCH			

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The ECONOMIST	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
GDP US\$	237	256	261	282	275	346	418			
GDP Per Head \$	5600	6090	5460	5870	5610	7050	8460	7580	7140	7480
Population	42.3	42	47.8	48	49.1	49	48.8	48.6	53.1	53.5
Growth	4.00%	4.50%	5.10%	2.70%	3.10%	3.70%	3.60%	3.00%	3.30%	3.40%
Inflation	5.50%	4.70%	5.70%	7.30%	5.70%	5.70%	5.20%	4.20%	5.20%	5.40%
Exchange Rate ZAR/\$	R 6.27	R 7.26	R 7.78	R 9.54	R 7.41	R 6.80	R 7.80	R 8.98	R 10.44	R 12.04
COMMENT	<p>The government will focus on job-creating public-works projects, without risking its record of fiscal prudence</p> <p>Higher inflation</p>	<p>The economy will grow by 4.5-5% for the fourth straight year, powered by public spending on infrastructure and foreign direct investment</p> <p>Lower inflation</p> <p>Election of ANC presidential candidate</p>	<p>Economic policy will remain pragmatic and fiscally conservative. The construction and investment boom shows no sign of slowing</p> <p>Higher inflation</p>	<p>Kgalema Motlanthe, the deputy leader of the ANC replaces Thabo Mbeki. Jacob Zuma will be the next president. Economy will remain firmly on boosting growth and investment, especially with regard to electricity generation</p> <p>High interest rates. Weak global economy</p> <p>Jacob Zuma next president</p>	<p>Preparations for soccer World Cup have given a boost to the economy through infrastructure spending. Maintaining living standards will remain a challenge.</p> <p>There is more as football fans from around the world descend on the country's big cities</p> <p>Unemployment will stay alarmingly high, above 20% causing a lot of social unrest</p>	<p>In the first half of his presidency, Jacob Zuma faces a challenge uniting the various factions of his administration.</p> <p>Policy will drift and there is little progress on corruption, inequality and unemployment</p> <p>Poor result in Municipal Elections, scheduled</p>	<p>At the mid-point of his 5 year term, Jacob Zuma, the President, will face rising tensions between and within the three parties of his ruling coalition</p> <p>Opposition to his pro-market platform from leftist allies risks disruptive strikes.</p> <p>No clear challenger to the Presidency</p>	<p>The African National Congress at the end of 2012 was expected to test Jacob Zuma's standing as party leader and national president</p> <p>Competition of interests between moderates and leftists is likely to favour moderates, although poor and the landless will keep protesting</p> <p>Growth will get a boost from government stimulus</p>	<p>The president Jacob Zuma is on course for re-election in 2014 presidential elections.</p> <p>An authoritarian drift will be watched with care from outside the country and merge living standards will bring some protests</p> <p>Expanding black middle class will help growth</p>	<p>Jacob Zuma's re-election to a second presidential term in May 2014 guarantees continuity of policy.</p> <p>The economy is rallying up from a slow patch.</p> <p>Planned pro-business reforms resisted by unions and their political allies.</p>
WARNING	<p>Trial of strength within the ANC between Mbeki and Zuma</p>	<p>Fighting within the ANC</p>	<p>Election of a new president in 2009</p>							
TO WATCH			<p>Jacob Zuma unanimously elected in this leftist move by the ANC. This may force an early change in horses.</p>	<p>Sub-Saharan growth forecast at 4.8%. It will be the year of the map in Africa. With 21 coups on the continent in the 60's and 18 in the 80's, the continent has many more democracies.</p>	<p>Rounders? If the FIFA World Cup does not appeal, try the International Fellowship of Cricket-loving Rotarians World Festivals, to be held in Durban in March.</p>	<p>Wheel deal. The Maloof Money Cup is set for Kimberley in September, outside America for the first time</p>		<p>Authoritarian drift will be watched by outside countries</p>		

Source: Economist. The World in..... A SPECIALIST PUBLICATION PUBLISHED IN 95 COUNTRIES AND 17 LANGUAGES

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The ECONOMIST	1995	1998	2000	2001	2003	2004	2005
GDP US\$	121.7	139	138.2	136.2	101	154	193
GDP Per Head \$	2940	3535	3150	3050	2200	3310	4110
Population	41.4	37.9	43.8	44.7	45.9	46.4	47.1
Growth	4%	3.20%	3.20%	3.60%	3.40%	3.50%	3.30%
Inflation	11%	7%	5%	6.50%	6.00%	4.90%	4.70%
Exchange Rate ZAR/\$	R 3.98	R 4.80	R 6.90	R 8.00	R 11.50	R 7.57	R 6.20
COMMENT	A year of ANC	End of Mandela era nears	ANC Consolidates	Controlling ANC	Leadership of Mr Mbeki	Re-election of Thabo Mbeki	Over the next 5 years, 25% of banking, mining and farming transferred to Black hands
	Friction - Ramaphosa Mbeki	No Competition to ANC	Centralisation of Powers	Cost of Reform	Job Creation	High Consumer spending due to reduced taxes	High spending continues
	Balancing Act Expenditure vs. Improve Standards Rand Depreciates Inflation double digit Liberalisation of Exchange Control	NP grows appeal to Blacks Current account deficit 1.3% to GDP	Tourism growth inhibited by Crime	Unemployment & Job Losses Upbeat Economy & Confidence	Nepad	Lower Inflation	Inflation in check
WARNING		Wooing of Buthezi Economic growth too low	Whither World Cup?	A Slightly Better place Backlash against Aids, 25% infected	The volatility of the rand.	Black empowerment	Strengthening of ANC's power following 2004 elections
TO WATCH		Rise of New Africans Congo, Angola Ethiopia, Uganda	Triumvirate to negotiate Mbeki Olisanjo	Relations with Zimbabwe			Relations with Zimbabwe Credibility of Thabo Mbeki A one party state?

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