Economics | South Africa

Nedbank
Guide to the Economy

GROUP ECONOMIC UNIT

31 July 2024

NEDBANK

Nedbank
Guide to the Economy

Economics | South Africa

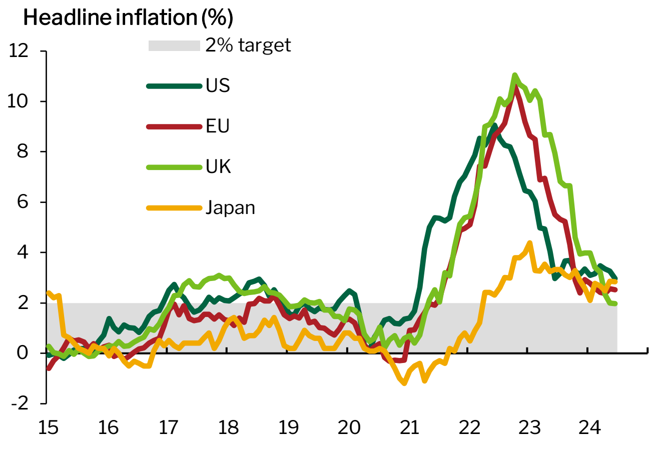
ISSN 1023-7097

International background and outlook

The focus remains on monetary policy as global inflation continues to moderate at a slow pace while underlying growth momentum is subdued. Global growth continued to edge modestly higher in Q2 2024, albeit with some divergences among countries and regions. Economic activity in advanced economies remains driven by solid services demand, with manufacturing also expanding but at a significantly softer pace. In emerging market economies, activity has been led by both services and manufacturing, with countries such as India posting strong growth due to robust domestic and external demand. The global growth outlook remains steady for 2024 and 2025, with the risks assessed as balanced. Despite some upward deviations during the quarter, global disinflation has continued, with headline inflation easing sustainably in most economies. However, strong services activity has kept core inflation sticky in most countries. As a result, some central banks face a conundrum: keeping rates elevated for too long will eventually weigh on growth outcomes, while cutting prematurely could revive inflation.

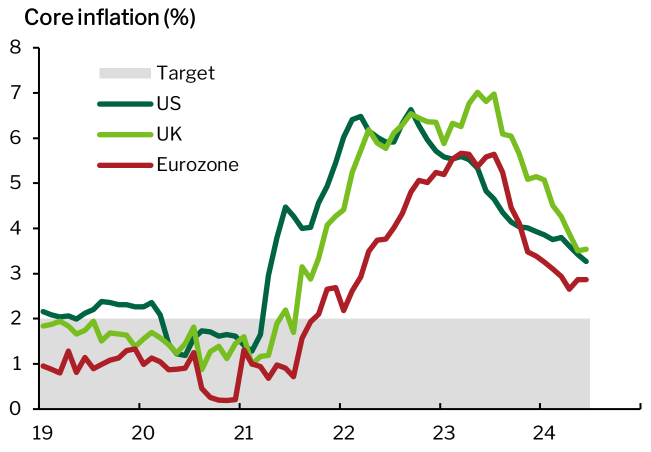
Global inflation decelerated further, paving the way for interest rate cuts by more central banks. However, services inflation remained sticky, keeping core inflation higher than target levels. As a result, the moderation of headline inflation remained unsteady. US headline inflation slowed for a third consecutive month to 3% yoy in June from 3.3% in May. Core inflation moderated to 3.3% in June, its lowest level since April 2021, from 3.8% in March. Food inflation held relatively steady at a low 2.2%, while fuel prices declined by 2.2%. In contrast, energy and transport services remained elevated but also eased somewhat over June. Shelter, which accounts for a significant portion of services inflation, eased to 5.2% in June from 5.7% in March.

Chart 1: Headline inflation eased further.



Source: Refinitiv

Chart 2: Core inflation has been stickier.



Source: Refinitiv

Although still above the 2% target, core inflation slowed noticeably over the past few months after having hovered close to 4% between November 2023 and March 2024. Disconcertingly, the United States Federal Reserve's (Fed's) preferred measure of inflation – the core personal consumption expenditure (PCE) price index – proved stickier, holding steady at 2.8% between February and April before slowing to 2.6% in May and June. US inflation is projected to moderate further, although a resilient economy will cap the rate of decline. In its June Summary of Economic Projections, the Fed revised its core PCE inflation forecast for 2024 to 2.8% in Q4 2024 from 2.6% in March. Then, it is forecast to dip to 2.3% in Q4 2025, reaching the 2% target in 2026.

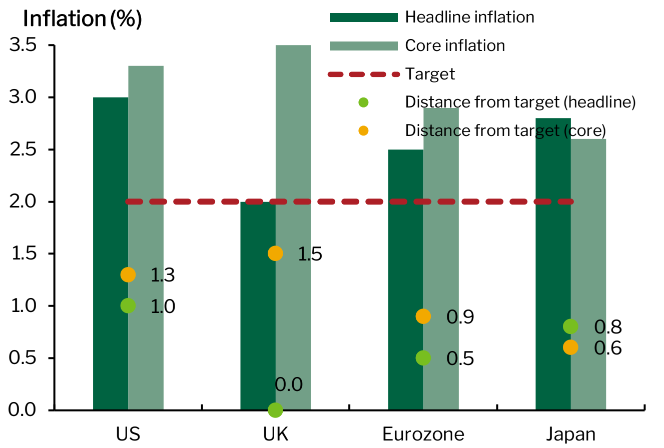
In the eurozone, inflation followed an unsteady path towards the 2% target, rising from 2.4% in March to 2.6% in May, then dipping to 2.5% in June. Services inflation remained sticky around 4%, offsetting the downward pressure from softer food and energy prices. As a result of the high services inflation, core inflation was unchanged at 2.9% in May and June. Despite sticky core prices, the European Central Bank (ECB) forecasts CPI to average 2.5% in 2024, 2.2% in 2025 and 1.9% in 2026. In the United Kingdom (UK), inflation eased faster than in most other advanced countries, falling off a high base to 2% in May and remaining steady in June. However, core inflation remained elevated at 3.5%. Japanese inflation rose to 2.8% in June, led by electricity, after the government had withdrawn its energy subsidy in May. Core inflation touched a 3-month high of 2.6% in June.

Among emerging market economies (EMEs), deflationary pressures lingered in China amid tepid domestic demand. Inflation declined to 0.2% in June from 0.3% in April and May, while core inflation has hovered between 0.6% and 0.7% since March. In Brazil, inflation rebounded in May and June after having been trending down since October 2023. A resurgence in food, transport, and healthcare costs was mainly to blame. As a result, inflation climbed to 4.2% in June from 3.9% in May. Although it remained within the central bank's 1.5%–4.5% target band, policymakers warned that the boost to demand from the higher cash transfers to households posed upside risks to inflation. Core inflation continued its decline in June but remained above the target range at 4.7% in June from 5.1% in May. In India, inflation rose to 5.1% in June from 4.8% in May after several months of decline, as food prices rose to a 6-month high of 9.4% from 8.7% in May.

Monetary policy remains restrictive amid sticky core inflation in most major economies. Despite this, some large economies started their cutting cycles, motivated by improved inflation outlooks. The eurozone, Switzerland, Sweden, and Canada were the first to move, with the latter easing in June and July. Although some leading central banks have remained cautious, global policy rates still appear set to decline in the remainder of 2024 and 2025. However, the pace and extent of easing will be slow as central banks fret about a potential resurgence in price pressures. The US Fed maintained its target for the federal funds rate at 5.25%–5.50% at its June meeting. The Fed did not deem cutting interest rates appropriate until it gained greater confidence that inflation was moving sustainably towards the 2% target. At the June meeting, the Federal Open Market Committee (FOMC) anticipated 1 cut of 25 basis points (bps) in 2024, followed by 4 cuts of a similar magnitude in 2025. However, the FOMC members articulated a more dovish tone in their recent public statements. In his biannual testimony to Congress on 9 July, Fed Chair Jerome Powell mentioned that the Fed was concerned about the risk of keeping interest rates at current levels longer than needed. He admitted that recent inflation readings were encouraging, adding that 'more good data would strengthen our confidence that inflation is moving sustainably towards the target.' Markets are slightly more optimistic following the better-than-expected inflation outcomes of the past 2 months, anticipating 2 cuts, the first in September and another in December. More recently, the higher-than-expected GDP outcome for Q2 2024 threw a spanner in the works, but the markets are still confident of a September rate cut.

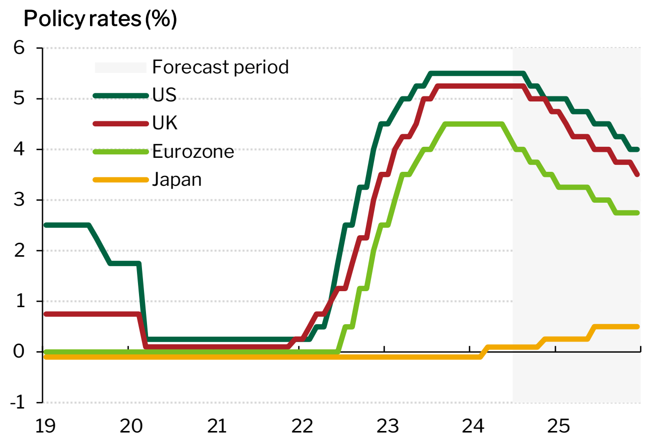
Due to weak demand dynamics and close-to-target headline inflation, the ECB reduced its refinancing rate by 25 bps to 4.25% in June. However, the ECB struck a cautious tone on further easing, primarily because core inflation remains far above the 2% target. The bank has emphasised that services inflation was still elevated, adding that it would maintain restrictive policy rates for as long as needed. The Bank of England (BoE) will likely start easing in August after inflation has returned to 2%. At the June meeting, 2 of the 9 policymakers favoured a 25-bps cut to 5%. As expected, the Bank of Japan (BoJ) raised its policy interest rate to 0.25% in July from 0.1% in June and March and halved its bond purchases to ¥3 trillion per month from ¥6 trillion previously.

Chart 3: Core inflation trending further from the target.



Source: Refinitiv

Chart 4: Even so, rate cuts remain on the cards.

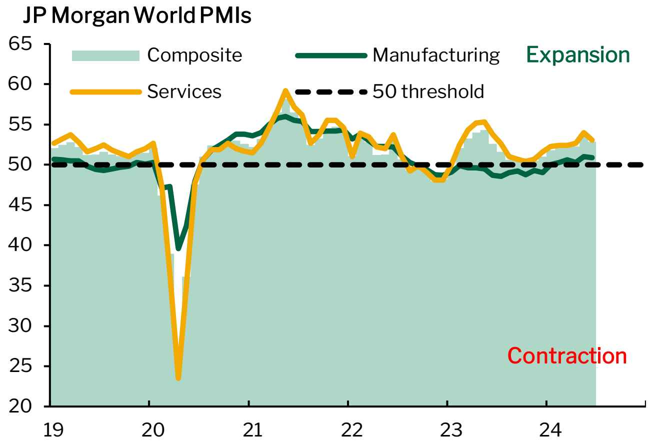


Source: Refinitiv Central Bank Polls

To spur its ailing economy, the People's Bank of China (PBoC) cut its key lending rates again, reducing the 1-year and 5-year loan prime rate (LPR) by 10 bps each to 3.35% and 3.85%, respectively. In addition, China recently lowered its short-term 7-day reverse repo rate to 1.7% from 1.8%. Brazil's central bank left its Selic rate unchanged at 10.5% after inflation had rebounded. Policymakers flagged the upside risks to inflation stemming from persistent global inflation, mainly services inflation and geopolitical uncertainty. Elsewhere, Mexico and India left interest rates unchanged due to renewed price pressures, with both unlikely to start easing before the Fed. The Central Bank of Chile cut rates despite 3 consecutive months of higher inflation.

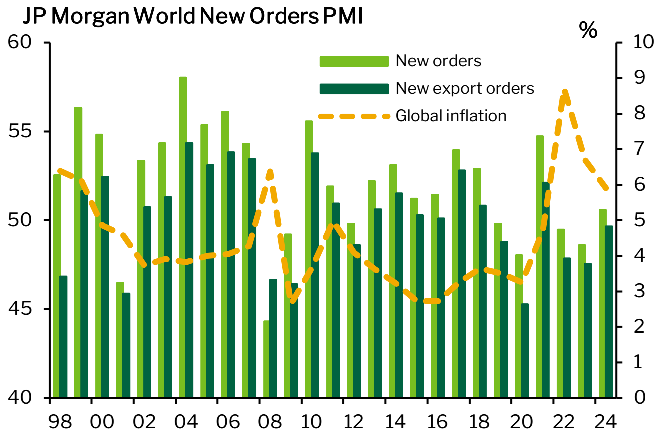
The world economy grew steadily in Q2 2024, after stronger-than-expected outcomes in Q1, driven by robust Asian exports. The JP Morgan Global Purchasing Managers' Index (PMI), a key gauge of economic activity, reflected firmer momentum in manufacturing, complementing still resilient services. However, services softened somewhat towards the end of Q2. Across the economies and regions, growth trends diverged on idiosyncratic factors. In advanced economies (AE), activity accelerated over the quarter, underpinned by demand for services. Encouragingly, the manufacturing PMI remained in expansion territory for the fifth consecutive month, rising to 51 in May, its highest level since mid-2022. In EMEs, activity improved only slightly in Q2, after strong momentum in Q1, as slower services activity offset a modest expansion in manufacturing.

Chart 5: Manufacturing's expansion has been shaky.



Source: S&P Global

Chart 6: Global demand is recovering as inflation falls.



Source: Refinitiv

The world economy will likely fare slightly better during the remainder of this year and next year. Moderating price pressures should bolster real wages and support demand. Easing monetary policy will also offer some support, although it will take time to filter through.

The International Monetary Fund (IMF) expects the world economy to grow at the same pace in 2024 as in 2023. In its July 2024 World Economic Outlook Update (WEO Update), the IMF kept its 2024 global GDP growth forecast at 3.2% and revised its 2025 projection to a slightly firmer 3.3% from 3.2%. The world outlook remains generally subdued, with growth expected to trend about 0.5 percentage points below its 2010–2019 average over the forecast period. This will be the case for developed and developing countries, with only some outliers. The IMF left its growth forecasts for advanced economies (AEs) unchanged, picking up modestly from 1.6% in 2023 to 1.7% in 2024 and 1.8% in 2025. The organisation lifted its EME growth forecasts to 4.3% for 2024 and 2025, slightly higher than April's estimate of 4.2% and unchanged from the 2023 growth outcomes. The improved outlook for EMEs stems from expectations of faster growth in Asia, driven by India and China. The IMF assesses the risks to the global outlook as balanced but warns of heightened near-term risks. Downside risks include the possibility of a resurgence in price pressures caused by increased trade barriers, geopolitical tensions, and sticky services inflation. More persistent inflation could lead to higher-for-longer interest rates, constraining demand and eventually weighing on economic growth. Other downside risks could stem from policy uncertainty ahead of elections in various jurisdictions, the ongoing withdrawal of fiscal policy support, weak productivity growth, and disruptions related to climate change. On the upside, modest monetary policy easing, short-term fiscal stimulus ahead of elections in some economies, and anticipated productivity boost from artificial intelligence (AI) should support growth.

In the US, real GDP growth doubled to a seasonally adjusted and annualised 2.8% qoq in Q2, surpassing the previous quarter's 1.4% and beating market estimates of 2%. The acceleration was driven by consumer spending, which rebounded to 2.3% from 1.5% in Q1, suggesting ongoing resilience in US demand. Further upside support came from private inventories, non-residential investment, and government spending. On the downside, residential investment contracted for the first time in a year, while net trade turned negative as imports rose by more than exports.

The US labour market is showing signs of easing but remains broadly growth-supportive. Although non-farm payrolls softened to 206 000 in June from a high of 310 000 in March, job gains remained significantly above the long-term average of 127 000. The unemployment rate increased marginally to 4.1% as the labour participation rate rose after having trended below 4% since February 2022. While wages (average hourly earnings) have eased quite notably, with growth slowing to 3.9% yoy in June, they remain almost a percentage point above inflation. The personal savings rate declined to 3.6% yoy in April, down from 4.1% in January, perhaps signalling financial strain among some consumer segments. Although personal consumption accelerated, consumer outlays on goods slowed. Nominal retail sales have slowed consistently since March, moderating to 2.3% yoy in June, down from 3.6% in March. This slowdown could reflect the impact of tight monetary policy and fading confidence amid heightened uncertainty ahead of upcoming elections. Confidence has dipped consistently since April, with the University of Michigan consumer sentiment falling to a 7-month low of 66 in July, down from 79.4 in March. Looking ahead, Refinitiv polls show that economic growth in the US is expected to slow to 1.7% in Q3 and Q4, despite the anticipated cut in interest rates in Q3. The IMF forecasts growth of 2.6% for the year, revised down from 2.7% in the April 2024 WEO.

Table 1: Global growth set to remain relatively steady, but it continues to trend below historical levels.

GDP growth forecasts (%)								
	Pre-Covid-19	Estimate	Jul-24		Apr-24		Jan-24	
	2010-2019	2023	2024	2025	2024	2025	2024	2025
World	3.7	3.2	3.2	3.3	3.2	3.2	3.1	3.2
Advanced economies	2.1	1.6	1.7	1.8	1.7	1.8	1.5	1.8
US	2.4	2.5	2.6	1.9	2.7	1.9	2.1	1.7
Eurozone	1.4	0.4	0.9	1.5	0.8	1.5	0.9	1.7
Germany	2.0	-0.3	0.2	1.3	0.2	1.3	0.5	1.6
France	1.4	0.9	0.9	1.3	0.7	1.4	1.0	1.7
Italy	0.3	0.9	0.7	0.9	0.7	0.7	0.7	1.1
UK	2.0	0.1	0.7	1.5	0.5	1.5	0.6	1.6
Japan	1.2	1.9	0.7	1.0	0.9	1.0	0.9	0.8
EM and developing economies	5.0	4.3	4.3	4.3	4.2	4.2	4.1	4.2
China	7.7	5.2	5.0	4.5	4.6	4.1	4.6	4.1
India	6.6	7.8	7.0	6.5	6.8	6.5	6.5	6.5
Russia	2.0	3.6	3.2	1.5	3.2	1.8	2.6	1.1
Brazil	1.4	2.9	2.1	2.4	2.2	2.1	1.7	1.9
Mexico	2.3	3.2	2.2	1.6	2.4	1.4	2.7	1.5
Nigeria	3.8	2.9	3.1	3.0	3.3	3.0	3.0	3.1
South Africa	1.7	0.6	0.9	1.2	0.9	1.2	1.0	1.3

Source: IMF World Economic Outlook Update, July 2024

Following 5 consecutive quarters of stagnation, the eurozone economy recovered modestly in the first half of the year, expanding by 0.3% qoq in Q1 and Q2. It marked the fastest quarterly expansion since Q3 2022, highlighting how weak growth in the monetary union has been in recent years. A modest increase in household spending and positive net trade drove the improvement. High-frequency data confirmed the recovery in Q2, led by the services sector. The HCOB eurozone composite PMI remained in expansion territory throughout the quarter, propped up by robust services, which offset the continued weakness in manufacturing. Household spending has recovered, underpinned by falling inflation and improving sentiment. Retail sales posted growth for the third straight month in May, expanding by 0.3% yoy, albeit slower than 0.6% in April. Meanwhile, consumer confidence jumped to its highest level since February 2022. Altogether, the recovery is expected to continue during the remainder of the year, gaining moderate momentum in 2025. The economy should benefit from firmer consumer spending as real incomes recover on lower inflation, robust wage growth, and easing monetary policy, further amplified by robust services and stronger external demand. Refinitiv economic polls forecast growth of 0.3% in Q3, climbing slightly to 0.4% in Q4. The ECB and IMF expect growth to average 0.9% in 2024.

The UK expanded by 0.7% qoq and 0.3% yoy in Q1 after having shrunk in the second half of 2023. Services grew 0.8% qoq, while goods output rose by 0.6%. Survey data growth softened somewhat from April onwards. The composite PMI remained above the key 50 threshold, which indicates expansion, supported by a recovery in manufacturing and continued growth services. UK consumers still appear vulnerable as high borrowing costs outweighed the impact of moderating inflation. Consequently, the underlying momentum in retail sales remained weak. The Bank of England (BoE) expects GDP growth to slow to 0.2% in Q2, followed by modest growth in the year's second half. The IMF revised growth outcomes for 2024 higher to 0.7% from 0.5%.

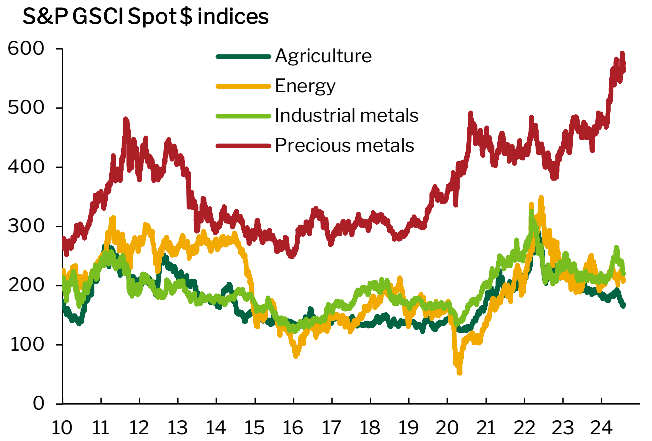
The Japanese economy contracted by 0.5% in Q1 after it had grown by 0.1% in Q4 2023. Household consumption fell at the steepest rate in 3 quarters as consumers faced high-living costs, while investment declined due to a slowdown in automotive production after Daihatsu had closed down 4 of its plants for most of January over a safety scandal. Net trade also subtracted from GDP, while government spending offered some support. High-frequency data points to further loss of momentum in Q2. The au Jibun Japan Composite PMI fell to 49.6 in June, dipping below the 50 threshold for the first time in 7 months due to lacklustre manufacturing activity while the services sector lost some momentum. Given the weakness in Q1, the IMF revised its 2024 growth forecast to 0.7% from 0.9% in April. The economy is expected to fare better during the second half of the year as consumer spending accelerates following the Shunto wage agreements, which saw firms offer a 4% rise in wages, the most in over 3 decades.

In EMEs, economic growth was mixed. Some economies expanded on robust domestic and global demand, while others eased on still-elevated inflation and the ongoing impact of tighter monetary policy. In China, growth slowed in Q2, weighed down by the beleaguered property market, weak domestic demand, a depreciating yuan, unfavourable global conditions, and trade tensions with the US. Real GDP moderated to 4.7% yoy in Q2 after having advanced by 5.3% in Q1, marking the softest growth since Q2 2022 when the economy grew by 0.4%. Private consumption has remained vulnerable as the weakness in the property market continued to erode household wealth and confidence. Consequently, retail sales growth eased to 2% in June, its slowest pace in 17 months. The IMF now expects slightly firmer growth in 2024, which aligns with the government's target of 5%. Thereafter, growth is forecast to slow to 4.5% in 2025, hurt by slowing productivity growth due to an ageing population. The weakness in the property market will also continue to weigh on domestic demand. The government has introduced various measures to end the prolonged property slump, including allowing local governments to purchase properties for conversion into affordable housing. At the Third Plenum meeting held in July, further measures were proposed, ranging from speeding up the establishment of a housing system and empowering local governments to regulate the property market.

India continued to outperform other EMEs, driven by robust domestic demand. Real GDP growth moderated to 7.8% yoy in Q1 2024, still a blistering pace, albeit down from an even more impressive 8.6% in Q4 2023. The growth rate remains well above its 2010–2019 average of 6.6%. The boost came from manufacturing, construction, and services, which helped offset the monsoon-driven agriculture slowdown. Growth will likely remain steady in Q2. The HSBC India Composite PMI increased to 60.9 in June from 60.5 in May. The expansion was broad-based, driven by manufacturing and services, buoyed by strong domestic and external demand. The IMF upped its 2024 growth forecast for India to 7% from 6.8%. Brazil's economy rebounded by 0.8% in Q1 following 2 consecutive quarters of muted growth. Household spending firmed after the government had increased cash transfers to alleviate the impact of higher interest rates, while agricultural exports rebounded. Economic conditions strengthened further in Q2, supported by robust activity in services and manufacturing. However, agriculture will subtract from growth due to lower harvests this year. The IMF revised Brazil's 2024 growth forecast lower to 2.1% from 2.2%. This downward revision mainly reflects the near-term impact of the floods that caused heavy damage in Rio Grande do Sul.

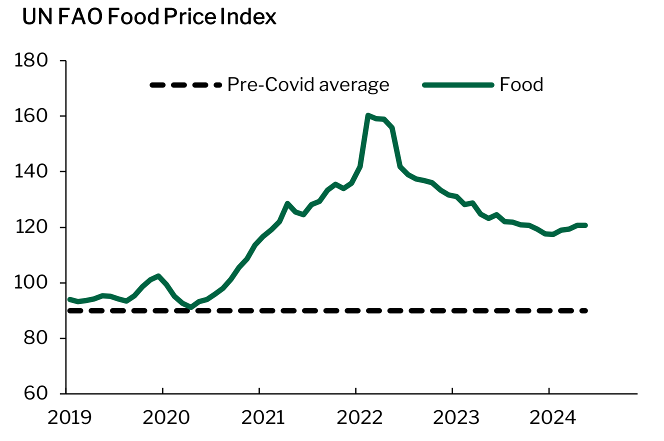
Commodity prices rose further in Q2, but at a much slower pace, as concerns over China's economy partially contained the upward pressure emanating from supply concerns that were triggered by geopolitical tensions. According to the S&P Goldman Sachs Commodity Spot Price Index, commodity prices ended Q2 up by a modest 0.7%, following an impressive 10.4% gain in Q1. Energy prices declined by 1.4%, with the Brent crude oil price down by 2.3%. In contrast, gas prices surged by 47.5% after having plunged by 29.9% in Q1. So far, the ongoing conflict in the Middle East has not impacted oil production or market supplies, but it still poses upside risks to oil prices. The fear remains that the conflict could escalate into a broader regional war, drawing in Lebanon's militant group, Hezbollah, and Yemen's Houthi rebels. Precious metal prices rose by a further 5.7% in Q2 after having gained 7.7% in Q1. Gold prices continued to benefit from its safe-haven status and central bank purchases. Industrial metals ended the quarter up 8.6%, but the rally ran out of steam over June.

Chart 7: Commodity prices have been mixed.



Source: S&P Global and Goldman Sachs

Chart 8: Global food prices are edging up.

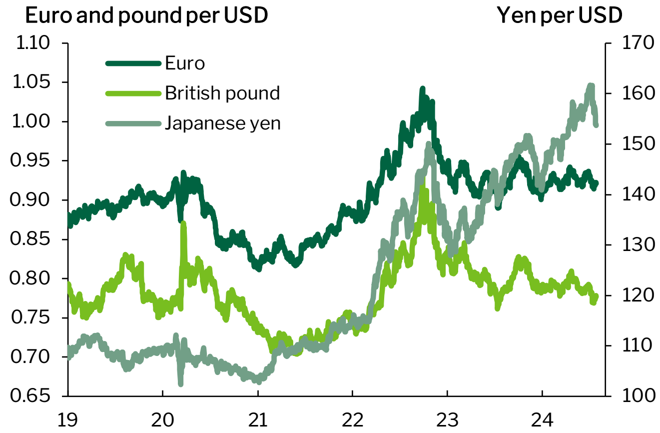


Source: UN Food & Agriculture Organisation

Global food prices rebounded in Q2, primarily due to unfavourable weather conditions in key producers such as Brazil and India. According to the Food and Agricultural Organization's (FAO's) food price index, prices increased by 1.8% qoq from the 1.9% contraction in Q1. Increases in vegetable oils, sugar, and dairy prices offset falling cereals prices and stagnant meat prices. More robust global demand for certain vegetable oils pushed prices to the highest level since March 2023, while seasonal factors lifted dairy in Europe. The higher sugar prices were due to lower-than-expected harvests in Brazil following unfavourable weather conditions, the erratic monsoon rainfall in India, and downward revisions to crop yield forecasts in Europe.

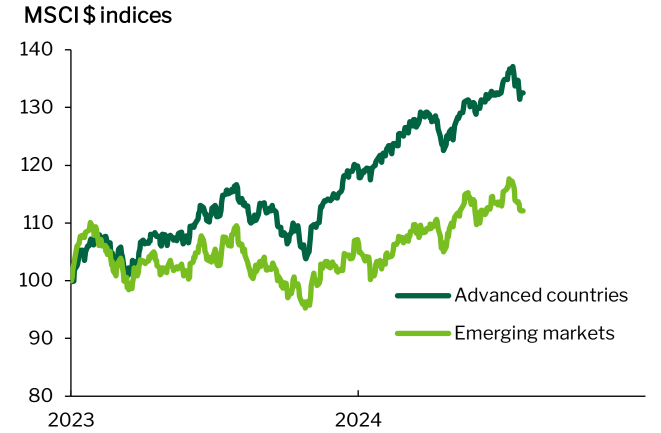
In the currency markets, the US dollar strengthened over the year's first half in volatile trade, driven by shifting interest rate expectations. In Q1 and early Q2, the greenback was propped up by sticky inflation data that pointed to the Fed delaying its first rate cut to the end of this year or next year. However, the better-than-expected US inflation data for May and June resulted in renewed hopes of an earlier cut in US interest rates, which was reinforced by more dovish messages from Fed officials. Consequently, the dollar gave up some gains towards the end of Q2 and remained under pressure in July. The trade-weighted dollar depreciated by 1.5% in July after having strengthened by 1.3% in Q2 and 3.2% in Q1. This pattern played out against the euro and the British pound. The Japanese yen regained an impressive 4.4% against the greenback in July after having lost dramatic ground throughout the first half of the year, when it fell to a 3-decade low despite BoJ's historic interest rate hike in March and significant foreign exchange market intervention. Despite the yen's pullback in July, it remains vulnerable given Japan's lacklustre growth momentum and the still stark interest rate differential with the US. EME currencies posted mixed results against the dollar. Most Latin American currencies depreciated significantly, driven by narrowing interest rate margins with the US as many central banks in the region started to ease their policy rates ahead of the Fed. Elsewhere, Asian EME currencies regained some ground over July after choppy but mostly weaker performances in Q2.

Chart 9: The US dollar came under pressure in July.



Source: Refinitiv

Chart 10: Global equity prices have weakened.



Source: Morgan Stanley Capital Index (MSCI)

The rally in global equity markets softened in Q2. US equities weakened as concerns over stubborn inflation, robust economic data, and declining expectations for interest rate cuts weighed on sentiment. Losses in the materials and industrial stock added to the downside. However, gains in information technology and communications services sectors offered support, edging higher on strong corporate earnings reports. The financial sector also rallied, gaining on reports that numerous US banks would increase dividend payments on the back of favourable annual stress test results. The Nasdaq and the S&P 500 were up by a softer 3.3% and 3.9%, respectively. The Dow Jones Industrial Average was down by 0.9% during the quarter. In Europe, equities were mixed. In the Eurozone, stocks moved lower due to dwindling hopes of steeper interest rate cuts by the ECB and political uncertainty following the announcement of parliamentary elections in France. Discretionary stocks dipped due to weakness in automotive and luxury goods, while information technology gained on robust performances by semiconductor stocks. UK stocks were up on solid performances from small and medium (SMIDS) companies. Gains were capped on declining hopes of imminent interest rate cuts. The German DAX and French CAC softened to 6.1% and 4.3% over the quarter, respectively, while the FTSE 100 was up by 6.2%. The Japanese Nikkei ended the quarter marginally lower at 5.8%, weighed down by a significantly weaker yen. EME equities outperformed AEs during the quarter, bolstered by a rebound in China and optimism in SA following the more competitive election results. The MSCI EM gained 7.2%.

Liandra da Silva

Domestic background and outlook

Economic activity contracted in Q1 2024, pressured by continued load-shedding, and weaker global and domestic demand. Early indications suggest that domestic activity improved slightly in Q2. Producers and exporters benefited from reduced load-shedding and marginal improvements in rail and port services. However, the financial pressure on consumers intensified, as elevated inflation and sharply higher interest rates eroded household incomes and weighed down confidence. These mixed conditions are likely to persist for much of 2024, keeping the economy in a relatively stagnant state, but the cycle should start to turn towards the end of the year. Exports are expected to recover later in the year as global demand lifts and commodity prices improve. At the same time, receding domestic inflation should help bolster real household incomes and prompt the South African Reserve Bank (SARB) to start reducing interest rates, which should enable a modest recovery in consumer spending. In contrast, fixed investment growth is likely to decline off last year's high base as private firms trim capital outlays and cut costs to restore profitability. The downside will be limited by continued outlays on renewable energy capacity. Growth in government consumption expenditure will be subdued given ongoing fiscal consolidation. Altogether, real GDP is forecast to grow at a slightly faster pace of around 0.9% in 2024. Against this backdrop of sluggish domestic demand, inflation is forecast to ease further, but only slowly, reaching SARB's 4.5% target on a sustainable basis around the second half of 2025. The upside risks to the inflation outlook stem from threats posed by the ongoing geopolitical conflicts, and the rand's underlying vulnerability to any abrupt shifts in risk sentiment driven by changing US interest rate expectations. We expect SARB's Monetary Policy Committee (MPC) to start cutting rates in September, followed by another reduction in November, taking the prime rate to 11.25% by the end of 2024.

Economic activity relapsed in Q1 2024, with real GDP shrinking by 0.1% qoq, down from 0.3% growth in Q4 2023. The drag came mainly from a sharp deterioration in domestic demand, which was only partially contained by an improvement in the country's net export position.

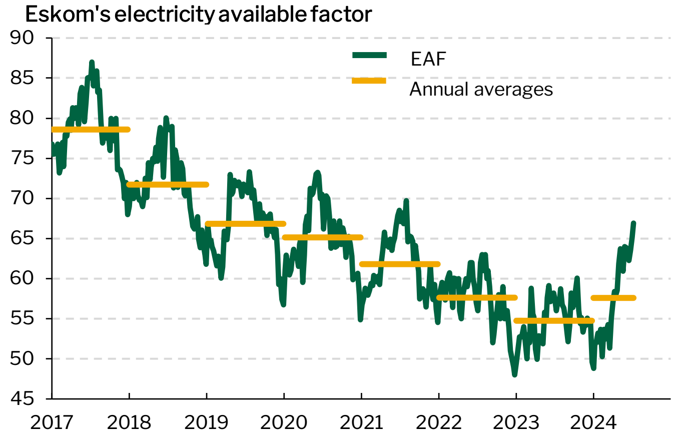
Table 2: GDP breakdown by sector and expenditure category

Industries	Size	Annual growth rates		Quarterly growth rates				Quarterly growth rates			
	% of GDP	yoy %		qoq % (not annualised)				yoy %			
	2023	2022	2023	Q2'23	Q3'23	Q4'23	Q1'24	Q2'23	Q3'23	Q4'23	Q1'24
Agriculture	2.6	2.0	-4.8	3.4	-19.4	-2.4	13.5	23.2	-30.7	-21.4	-3.8
Mining	6.3	-7.3	-0.5	0.5	-0.7	2.6	-2.3	0.7	-2.4	3.4	-0.2
Manufacturing	13.0	-0.4	0.3	2.3	-1.3	0.3	-1.4	3.7	-0.8	2.0	-0.4
Electricity and water	3.1	-2.9	-4.0	-0.7	0.3	2.3	-0.4	-6.8	-3.4	0.8	1.6
Construction	2.2	-3.2	-0.1	-0.2	-3.3	-1.5	-3.1	4.3	-3.2	-4.5	-8.7
Domestic trade	12.5	3.4	-1.8	-0.5	-0.3	-2.8	0.1	-0.9	-2.5	-2.4	-2.9
Transport and comms	7.0	8.6	4.1	-1.3	0.5	3.1	-0.5	3.6	1.5	3.9	1.4
Finance	21.0	3.3	1.6	0.4	1.1	0.8	0.1	0.6	0.6	3.1	2.4
General government	7.8	0.4	0.5	0.6	0.5	-0.5	-0.1	1.0	1.0	0.8	0.3
Personal services	14.3	2.5	1.8	1.5	0.8	0.9	0.1	0.6	2.9	3.7	2.4
Value added	89.8	1.9	0.7	0.7	-0.5	0.3	0.0	1.8	-1.0	1.4	0.5
GDP	100.0	1.9	0.7	0.7	**-0.4**	**0.3**	**-0.1**	**1.8**	**-0.9**	**1.4**	**0.5**
HCE	66.9	2.5	0.7	0.0	-0.2	0.1	-0.3	0.8	1.0	0.6	-0.4
GCE	19.9	1.0	2.1	1.5	0.5	-0.4	-0.3	2.5	2.2	3.2	1.4
GFCF	15.1	4.8	4.2	4.1	-4.7	-0.2	-1.8	8.2	2.1	0.8	-2.8
Δ in inventories (Rbn)	0.4	44.3	17.1	77.5	-45.7	19.4	-5.5	27.0	2.7	-5.7	-12.6
GDE	102.2	3.9	0.9	1.4	-3.3	1.3	-1.0	2.9	-1.6	0.3	-1.7
Exports	28.2	7.4	3.5	0.5	0.9	0.5	-2.3	2.8	2.9	5.9	-0.9
Imports	30.4	14.9	4.1	3.2	-8.8	4.0	-5.1	7.4	-2.3	2.4	-7.0
GDP expenditure	100.0	1.9	0.7	0.6	**-0.3**	**0.3**	**-0.2**	**1.8**	**-0.9**	**1.4**	**0.5**

Source: Statistics SA

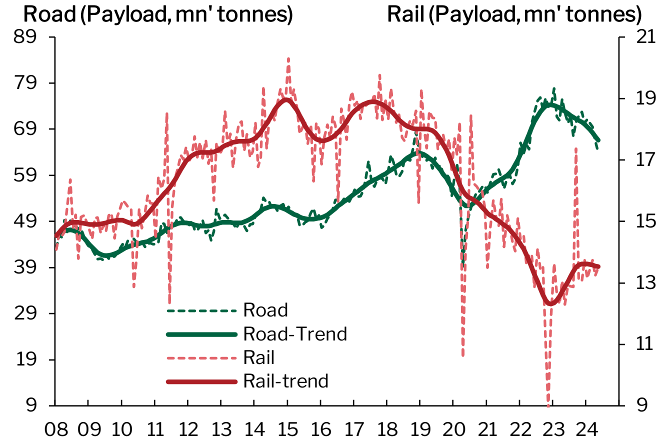
All components of final domestic demand declined over the quarter. Household consumption expenditure (HCE) fell amid strained household incomes and high interest rates, which capped the upside for wholesalers, retailers and hospitality. Consumers maintained conservative spending patterns, reducing outlays on all big-ticket items and services but upping spending on non-durables as food inflation imploded. At the same time, gross fixed capital formation (GFCF) declined for the third straight quarter, hurt by sharp cutbacks in fixed investment by the private sector, probably reflecting heightened uncertainty ahead of the May general election and the country's poor economic prospects. As a result, the slump in the battered construction sector intensified. Renewed fiscal restraint also exerted downward pressure, with value added by government services contracting 0.1%. Altogether, gross domestic expenditure (GDE) shrank by 1% qoq, which led to a 5.1% drop in import volumes. Meanwhile, export volumes declined less than imports, down by 2.3% qoq, significantly reducing the drag from the negative net export position. However, the poor export performance weighed on mining and manufacturing over the quarter, caused by persistent operating challenges, subdued demand from some of SA's major trading partners, and relatively stagnant commodity prices. In contrast, agriculture rebounded off a low base, boosted by higher horticultural production and the recovery in the poultry industry from last year's Avian flu outbreak.

Chart 11: Eskom's EAF improved noticeably in 2024.



Source: Eskom

Chart 12: Rail freight volumes improved moderately.



Source: Stats SA

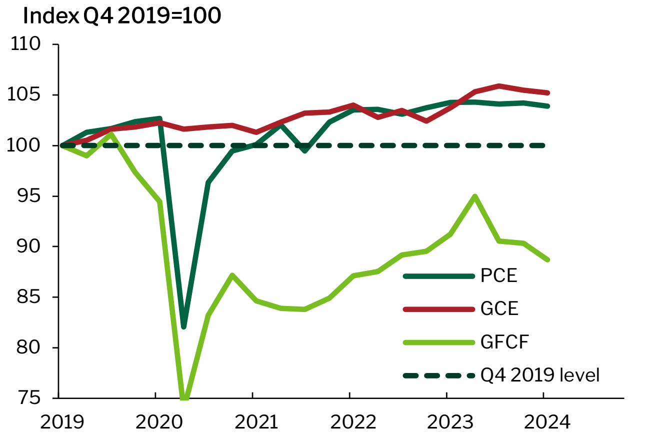
The economic landscape has improved in recent months. As widely expected, the May general election proved a watershed moment for the country. The ANC lost its outright majority for the first time since 1994 but opted to form a government of national unity (GNU) with other centrist or moderate political parties on the ideological spectrum. Business and investors welcomed the GNU, with all parties participating in the GNU committing to press ahead with critical structural reforms and maintaining prudent macroeconomic policies. Although implementation could be adversely affected by the complexities of governing through a GNU, the policy continuity offered by the current deal boosted confidence and improved risk sentiment towards South Africa.

Meanwhile, structural reforms have started to yield some results. Electricity supply has stabilised since April, with the economy enjoying a prolonged spell without load-shedding. Eskom ramped up its maintenance programme significantly ahead of the winter, lifting its electricity availability factor to 64% in early July from less than 50% in early 2023. Between April and May, the utility kept unplanned breakdowns below 12 000 MW, substantially better than 19 000 MW over the same period in 2023. Eskom also reduced its use of open-cycle gas turbines, slashing its diesel bill by 78%. The utility aims to restrict rolling power cuts to around stage 2 (2 000 MW) throughout the winter. Apart from improvements at Eskom, generally weak demand for electricity due to sluggish economic growth and increased reliance on alternative renewable energy sources also helped to lessen the pressure on the national grid.

Rail and port services also fared slightly better, but logistics networks remained inefficient. Transnet reported some improvements in the performance of its ports towards the end of last year and into this year, but the World Bank's 2023 Container Port Performance Index ranked South Africa's ports among the worst in the world. Of 405 ports, the World Bank ranked Durban at 398, Ngqura at 404, and Cape Town at 405 – dead last in its global survey. While some constraints receded at a national level, disruptions continued in several regions, with failures in municipal infrastructure and planning leading to water outages and electricity curtailment in some metros. Although South Africa is not out of the woods yet, infrastructure constraints will likely be less disruptive this year than last year. SARB estimates that load-shedding will shave around 0.2 percentage points (ppts) off GDP growth in 2024, considerably less than the massive 1.5 ppts sliced off the growth rate in 2023. Easing structural constraints should enable faster economic growth in the quarters ahead. The benefits will be most visible among heavy-energy users – notably the mining and manufacturing sectors. More reliable power supply, slightly firmer global demand and gains in some commodity prices are expected to lift production and exports from around mid-year. However, the impact of these gains will likely be contained by continued weakness in domestic demand, particularly over the near term.

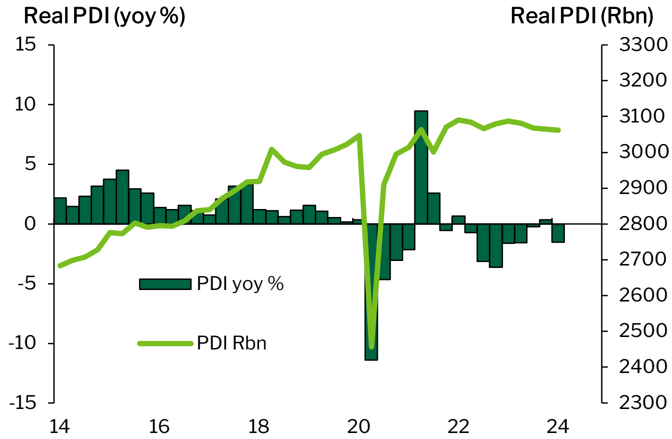
Consumer finances remain stretched. Real personal disposable income (PDI) declined for the fourth consecutive quarter in Q1, shrinking by a further 0.1% qoq and 0.6% yoy. The prolonged slide in household incomes reflects mainly the erosive impact of elevated inflation but also more muted wage and salary increases and stagnating job creation. According to the Quarterly Employment Statistics (QES), formal employment contracted by 0.6% qoq in Q1. Meanwhile, the Quarterly Labour Force Survey shows that total employment grew by only 0.1% over the same period. On aggregate, employment growth has been too weak to absorb a growing labour force. As a result, the unemployment rate increased marginally to 32.9% from 32.1%. On top of shrinking incomes, debt service costs remain punishing, already consuming 9.2% of personal disposable income in Q1, significantly reducing the funds available for discretionary spending. Since households have depleted their savings, they have limited financial buffers against the unexpected. This tight situation is likely to persist until around September.

Chart 13: Domestic demand weakened significantly.



Source: SARB

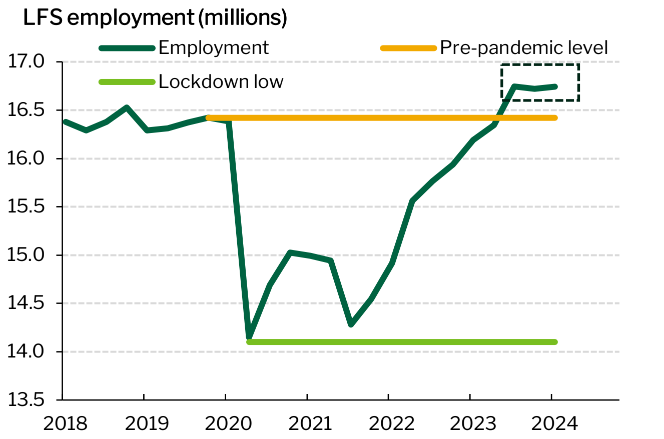
Chart 14: Personal incomes remain under pressure.



Source: SARB, Note: Personal Disposable Income = PDI

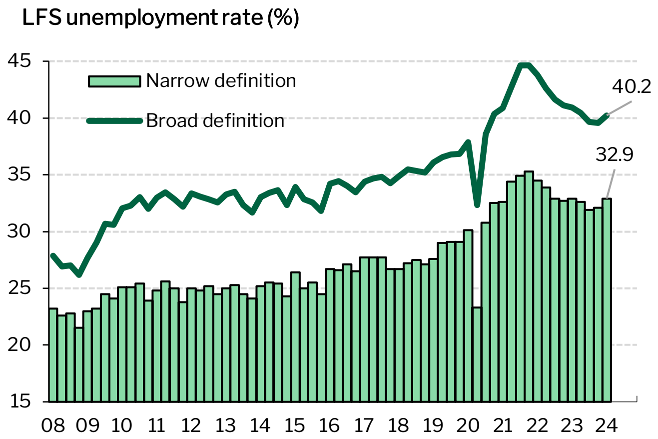
Some relief is expected as inflation dips below 5%, boosting household real incomes towards the end of the year. As inflation recedes, we expect interest rates to come down, providing households with some wiggle room and lifting consumer confidence. Another boost will likely come from the introduction of the controversial 2-pot retirement system, which will give individuals access to a portion of their contractional savings. Ideally, any withdrawals should be used to reduce debt burdens, but there is a strong likelihood that consumers will access savings for spending. The SARB estimates withdrawals from pension funds to amount to about R40 billion in Q4 2024 and a further R20 billion per year over the next 2 years. All told, the anticipated cyclical recovery will come too late to lift consumer spending for the year as a whole. Consumer spending is forecast to grow by a slower 0.2% in 2024, down from 0.7% in 2023. Thereafter, the recovery is expected to gain more significant momentum, driven by rising real incomes and lower interest rates.

Chart 15: Employment creation stagnated.



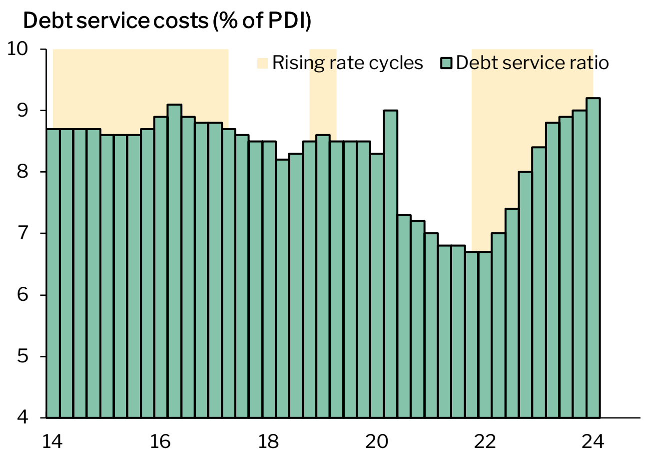
Source: Stats SA

Chart 16: Unemployment rates ticked up slightly.



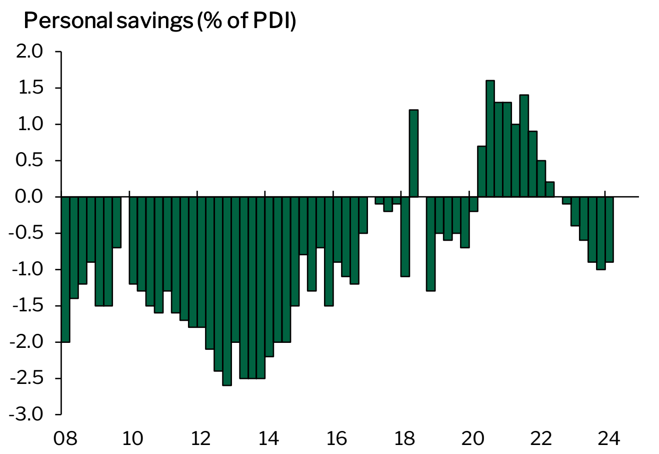
Source: Stats SA

Chart 17: Debt service costs have increased significantly.



Source: SARB, Nedbank calculations

Chart 18: Households have depleted their savings.

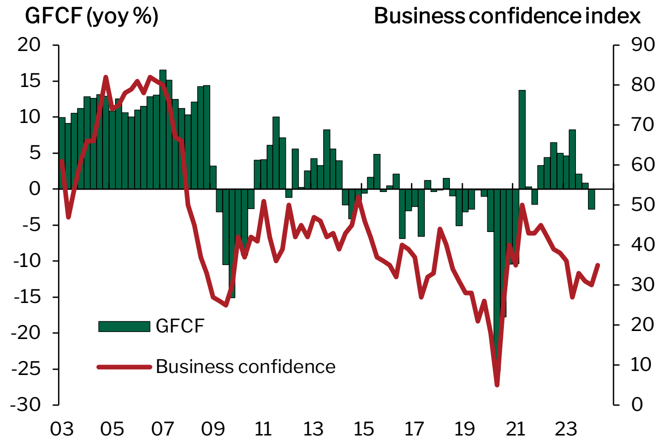


Source: SARB

Growth in fixed investment spending is expected to remain subdued during the rest of the year. The drag will still stem from the private sector. Company profits were squeezed in 2023 and early 2024 when persistent load-shedding weighed on output and raised operating costs, as firms were forced to acquire alternative energy sources to minimise disruptions and maintain operations. We expect the private sector to remain conservative about expanding operations in the short term, focusing on reducing costs to restore profitability. Moreover, global and domestic demand will likely remain patchy, with the expected recovery too modest to place significant pressure on existing capacity.

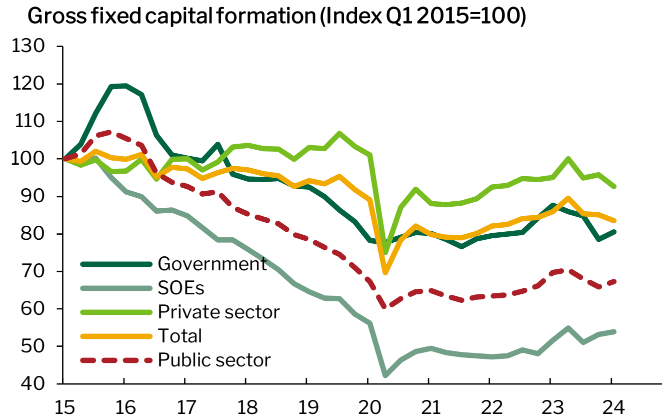
Consequently, most companies have ample spare capacity. In the manufacturing sector, capacity utilisation contracted for the third consecutive quarter in Q1, falling by 1.7% yoy to a low 77%. Against this backdrop, we expect GFCF to decline by 2.4% in 2024. The outlook for 2025 looks more promising. The peaceful elections and the GNU have resolved some uncertainties and reduced political risks, which should help lift business confidence in the quarters ahead. However, the GNU still needs to prove that it can accelerate structural reforms, which is the key to lowering the country's risk profile, reducing production costs, and improving international competitiveness sustainably. If SA can embed recent structural improvements and extend these to transport, water, ports, and rail services while simultaneously tackling crime and corruption, it will create conditions conducive to a more broad-based and sustainable recovery in fixed investment from 2025 onwards.

Chart 19: Fixed investment contracted.



Source: Stats SA and FNB/BER

Chart 20: Private sector fixed investment slowed further.



Source: Stats SA

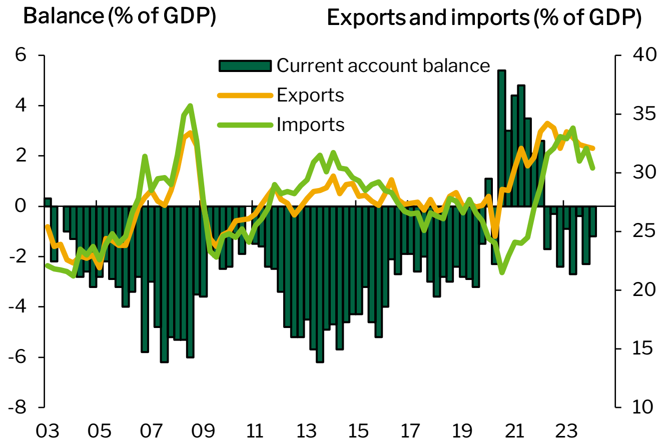
Government consumption expenditure (GCE) will remain constrained for much of 2024. The reappointment of Enoch Godongwana as Minister of Finance implies that the National Treasury will likely stick to the fiscal consolidation path set out in February, which aims to reduce the budget deficit and slow the pace of debt accumulation through cuts in non-interest spending. The government has already achieved a primary surplus equivalent to 0.4% of GDP in 2023/24 for the first time in 14 years and plans to grow the surplus to 0.8% in 2024/25. Consequently, we anticipate only modest growth in GCE of 0.4% in 2024, down from 1.9% in 2023. Spending growth will likely remain subdued at around 1% or less over the next 3 years. The wage bill and expanded portfolios under the GNU pose upside risks to our forecasts.

Altogether, the economy will likely fare slightly better in 2024. We forecast GDP growth of around 0.9%, up from 0.7% in 2023. The recovery is expected to gather pace from 2025 as structural constraints ease further and the global and domestic cycles become more supportive.

In the balance of payments, the current account deficit narrowed considerably to 1.2% of GDP in Q1 2024 from 2.3% in Q4 2023. A wider trade surplus offset a larger deficit on the services, income, and transfers account (non-trade). The trade surplus resulted from a 0.9% qoq increase in exports against a 4.4% qoq drop in imports. Higher prices propped up exports, which outweighed the impact of lower export volumes, hurt by generally unfavourable domestic operating conditions and subdued global demand. In contrast, imports were dragged down by a sharp drop in volumes due to shrinking domestic demand, which overshadowed a slight increase in import prices. Meanwhile, the non-trade deficit widened due to lower receipts and higher payments. The current account deficit will likely narrow in the coming quarters, averaging 1.2% in 2024 when compared with 1.6% in 2023. The boost will come from a wider trade surplus as exports increase further while imports remain under pressure. Exports will be supported by steadier electricity supply, easing logistics constraints, improved global demand and firmer commodity prices. Import volumes will be kept in check by subdued domestic demand, although purchases of renewable energy machinery could rebound later this year. The non-trade deficit is forecast to narrow as the ongoing revival in tourism underpins service receipts, and dividend payments decline due to subdued corporate earnings.

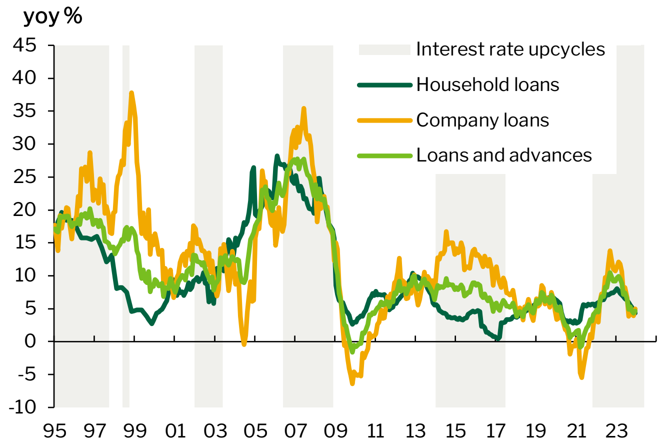
The financial account strengthened in early 2024, recording net capital inflows of R51.4 billion in Q1, equivalent to 2.9% of GDP, following net outflows of 0.6% of GDP in Q4 2023. The boost came from net direct investment and other investments, with inflows amounting to R3.5 billion and R8.1 billion, respectively. In contrast, net portfolio outflows continued, albeit less severe than at the end of last year. Capital flows into South Africa will probably improve during the remainder of the year as political uncertainty eases and the lower frequency of power cuts improve the country's growth prospects. However, the upside will be contained by fragile global risk sentiment.

Chart 21: The current account deficit narrowed.



Source: SARB, Nedbank calculations

Chart 22: High interest rates slowed credit growth.



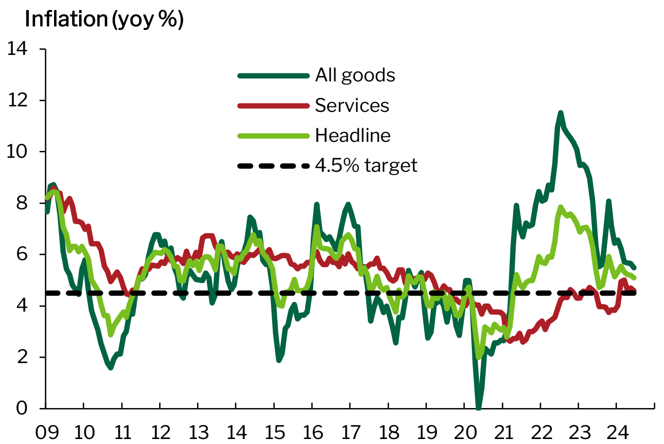
Source: SARB

Credit demand remained sluggish, but the recent data suggests the downturn is approaching its trough. Annual growth in private sector credit extension (PSCE) rose to 4.3% in June from 3.9% in May. Growth in loans and advances, excluding the highly volatile investments and bills category, fell to 3.1% in April, its lowest level since October 2021, but has bottomed out and edged up to 4.5% in June. The improvement was driven mainly by company loans, while growth in household credit remained weak. Company loans grew by 5.7% yoy in June, after having slowed to only 2.8% in April, driven by a jump in general loans, normally used to finance capital expenditure. General loans accelerated to 6.3% yoy in June, up from 3.1% in April and only 0.9% in February. Corporate overdrafts also recovered in May and June after 2 months of contractions. In contrast, household credit growth remained unchanged at a subdued 3.3% in June, down from 4.3% at the end of last year. Asset-backed credit slowed further as higher interest rates weighed, while credit card usage remained robust, suggesting that households relied on credit to smooth consumption.

Bank credit growth will likely remain relatively subdued in the months ahead. Fragile household finances and still-high interest rates will weigh on household loans, while weak fixed investment activity will contain corporate credit demand. We anticipate a moderate recovery towards year-end as interest rates decline and the economy improves. Bank credit growth is forecast to end the year at around 4% before accelerating to 6% in 2025 as interest rates fall further, structural reforms gain some traction, and economic growth shifts up a gear.

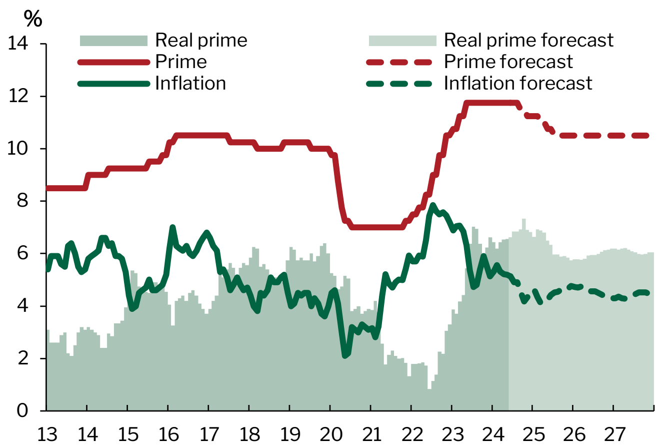
Headline consumer inflation (CPI) proved sticky in Q2. Inflation eased to 5.1% in June after having remained steady at 5.2% in the previous 2 months. The upward pressure came mainly from higher fuel prices driven by volatile global oil prices as the conflict in the Middle East threatened oil supplies and transport routes. In contrast, food inflation decelerated significantly, while core inflation cooled to 4.5%, kept in check by weaker domestic demand in response to tighter monetary policy.

Chart 23: Service fees kept headline inflation elevated.



Source: Stats SA

Chart 24: Nedbank's inflation and interest rate forecasts.



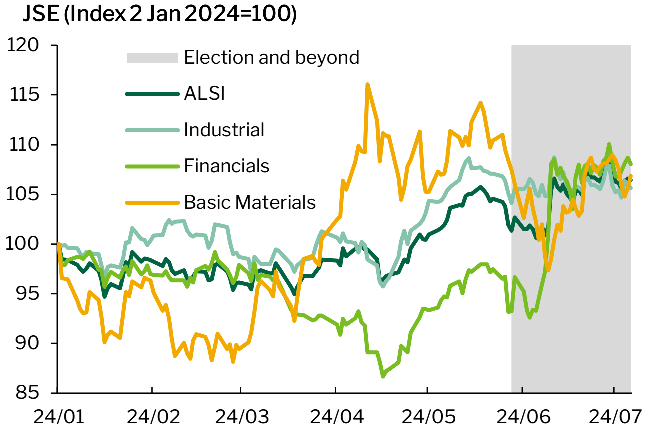
Source: Stats SA, SARB, Nedbank

We expect inflation to moderate further, stabilising around SARB's 4.5% throughout 2025. The downward pressure will come from the gradual easing in global price pressures and subdued domestic demand, but these will be partly countered by base considerations, volatile international oil prices, and high administrative prices. The outlook for food inflation also improved, with meteorologists reporting that the drought-inducing El Niño weather pattern has passed and the polar-opposite La Niña pattern is forming, which could bring more rain next summer, potentially boosting domestic and global food production. These will contain crop prices and ultimately filter through to other food prices. We forecast CPI to end the year at 4.4% and average

4.9% in 2024, before stabilising around 4.5% throughout 2025 and 2026. We assess the risks to our forecasts to be relatively balanced. The rand remains a worry given its sensitivity to shifts in global risk appetites. It will likely remain volatile until US disinflation gathers compelling downward traction and the Fed starts its rate-cutting cycle. Any relapse in global growth or signs of a hard landing in the US could also trigger bouts of risk-off sentiment. In addition, the geopolitical landscape remains fraught with conflicts and tensions, which could again disrupt oil production and global supply chains. Finally, SA's complex structural challenges against the backdrop of the changing political landscape also continue to pose upside risks to the inflation outlook.

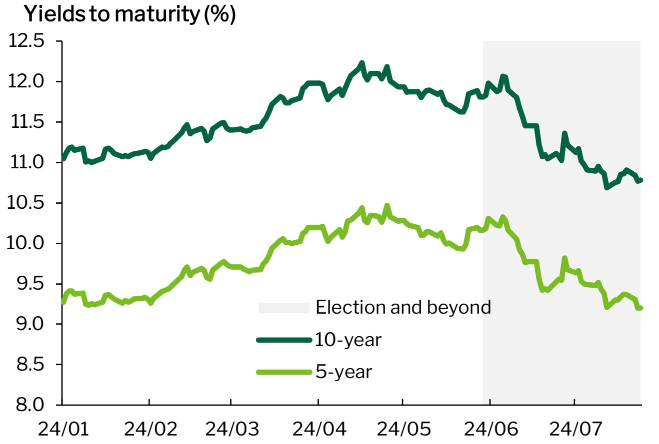
SARB's MPC left the repo rate unchanged at 8.25% in July in a split vote, with 2 committee members favouring a 25 bps cut. The MPC noted that the inflation outlook has improved on expectations of a firmer rand and easing food and fuel prices. As a result, the SARB lowered its inflation forecasts for 2024 and 2025. Headline inflation is now expected to dip below SARB's 4.5% target towards the end of this year, stabilising at the target throughout 2025. Headline inflation is forecast to average 4.9% in 2024 and 4.4% in 2025, holding relatively steady at 4.5% in 2026. Similarly, core inflation is forecast to average 4.6% and 4.4% in 2024 and 2025, converging to 4.5% in 2026. However, the MPC stressed that the outlook faced upside risks from the threat of another round of hefty electricity tariff hikes, elevated inflation expectations and the rand's continued vulnerability to higher-for-longer US interest rates in response to sticky inflation. Against this backdrop, the MPC opted to hold, noting that future decisions will remain data-dependent and 'sensitive to the balance of risks'. Given that inflation will likely reach SARB's target later this year and stabilise around this level in the year ahead, we anticipate monetary policy easing to start this year. Our forecast remains unchanged, expecting the first 25 bps cut in September, followed by another in November, taking the repo rate to 7.75% and the prime lending rate at 11.25% by the end of this year.

Chart 25: Equities mostly rallied ahead of the elections.



Source: Refinitiv

Chart 26: Bond yields declined sharply after the election.



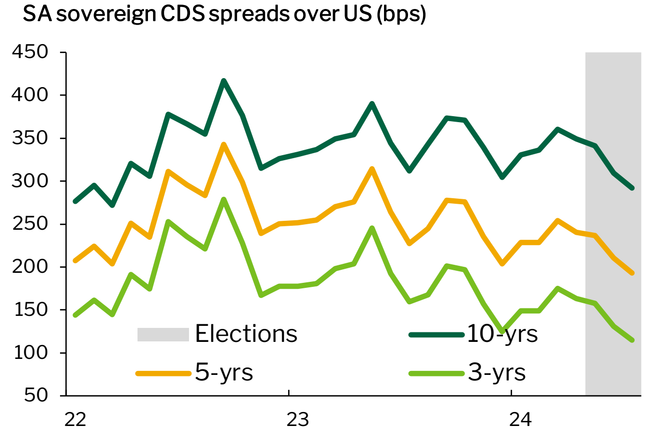
Source: BESA

Local financial markets staged a strong comeback over June and July after a volatile and weak spell during the first 5 months of the year. The peaceful elections culminating in a 'moderate' or 'centrist' GNU catalysed the upswing, lifting investor sentiment towards South Africa. Investors welcomed the continuity in economic policies, the commitment to accelerate structural reforms and the prospects of greater accountability and improved efficiency in the public sector. Foreign investors appear to have adopted a more favourable view of South Africa's perceived risk and potential returns. Apart from receding political risks, investors also priced in somewhat lower fiscal risks as the government delivered on its budget targets for the past fiscal year. At the same time, South Africa's growth prospects also appeared slightly brighter without load-shedding. As a result, the credit default spreads on government bonds over US equivalents declined by over 100 bps across all maturities from their peaks in September 2022. As the risk premium declined, net foreign purchases of local bonds and equities increased significantly, contributing to the turnaround in both markets. On top of these encouraging developments, local markets were also buoyed by firmer global risk appetites driven by mounting expectations of an imminent easing in US monetary policy before year-end following better-than-expected US inflation outcomes.

Against this backdrop, the local equity market rebounded, with the Johannesburg Stock Exchange (JSE) All-share Index up by 6.9% since the end of May, taking its gains over the year to date to 6.6%. Financials led the recovery, surging by 19.4% since May, while industrials increased by 2.9% and basic materials held steady over the same period. The local equity market will likely consolidate these gains in the months ahead, gaining further ground in 2025, supported by attractive valuations, healthy global risk appetites as US interest rates decline, and a stronger domestic economic outlook as structural constraints and interest rates ease further.

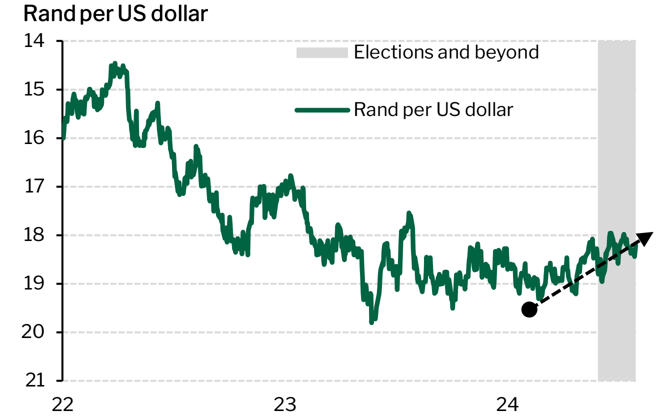
The bond market also strengthened, bolstered by receding political risks and renewed foreign demand. The continued moderation in domestic inflation, the country's improved fiscal outlook, and the prospect of lower US interest rates added wind to the market's sails. The yields on the benchmark 5- and 10-year government bonds fell to 8.39% and 9.48%, respectively, at the end of July from 9.29% and 10.13% at the end of March. Bond yields are expected to ease further, underpinned by lower fiscal risks. If the government remains disciplined in spending, the anticipated economic recovery should lift tax revenue, advancing its goals to reduce the budget deficit and the public debt burden. Barring any new shocks, such an outcome could pave the way for upgrades to the country's sovereign risk ratings by major rating agencies.

Chart 27: SA's risk premiums are easing.



Source: Refinitiv

Chart 28: The rand is drifting towards higher ground.



Source: SARB, Nedbank calculations

The rand also benefited from the wave of positive sentiment towards South Africa after the elections, but global developments played a more significant role, with risk appetites strengthening towards the end of June as the markets grew more confident that the US Fed will start to ease monetary policy this year. Consequently, the rand appreciated by 4.8% against the trade-weighted basket of currencies since March, extending its gain for the year to date to 4.7%. Much of the appreciation occurred against a softer US dollar. We still expect the rand to strengthen further over the next 12 months as the rate-cutting cycle in the US gathers pace and the world economy firms slightly.

Nicky Weimar and Johannes (Matimba) Khosa

FACTS AND FORECASTS OF KEY ECONOMIC VARIABLES

Updated 31 July 2024

Annual forecast	2019	2020	2021	2022	2023	2024	2025	2026
Growth (real, % change)								
GDP	0.3	-6.2	5.0	1.9	0.7	0.9	1.5	1.6
GDE	1.1	-8.0	5.3	3.9	0.8	-0.8	2.1	1.7
HCE	1.3	-6.1	6.2	2.5	0.7	0.2	1.9	1.8
GDFI	-1.7	-14.8	-0.4	4.8	3.9	-2.4	2.7	2.4
Exports	-3.3	-12.0	9.7	6.8	3.7	2.9	4.9	2.6
Imports	0.6	-17.6	9.6	15.0	3.9	-1.8	6.6	2.7
Current account balance								
R bn	-146.5	108.2	226.7	-30.0	-112.5	-86.8	-142.8	-175.3
% of GDP	-2.6	1.9	3.6	-0.5	-1.6	-1.2	-1.8	-2.1
Gold price (average per ounce)								
Dollar	1404.4	1783.4	1795.6	1817.1	1942.7	2258.0	2289.9	2261.5
Rand	20261.8	29568.4	26743.0	29892.2	35900.8	41564.9	41442.8	41587.3
Exchange rates								
Rand per US$	14.43	16.58	14.89	16.45	18.48	18.41	18.10	18.39
US$ per euro	1.118	1.147	1.180	1.053	1.082	1.085	1.101	1.095
Yen per US$	109.0	106.4	110.4	131.7	141.4	154.2	147.3	141.2
US$ per UK pound	1.279	1.292	1.374	1.233	1.247	1.287	1.312	1.293
Rand per eruo	16.12	19.00	17.55	17.27	19.98	19.97	19.92	20.13
Yen per rand	7.56	6.43	7.42	8.00	7.65	8.38	8.14	7.69
Rand per UK pound	18.45	21.40	20.46	20.20	23.04	23.69	23.74	23.78
Interest rates (end of period)								
Three-month JIBAR	6.80	3.63	3.87	7.21	8.34	7.75	7.00	7.02
Prime	10.00	7.00	7.25	10.50	11.75	11.25	10.50	10.50
Long bond	8.96	8.93	9.65	10.84	11.04	10.40	10.10	9.85
Inflation (average)								
Headline CPI	4.1	3.3	4.6	6.9	5.9	4.9	4.4	4.5
Core CPI	4.1	3.4	3.1	4.3	4.9	4.8	4.5	4.5

FACTS AND FORECASTS OF KEY ECONOMIC VARIABLES

Updated 31 July 2024

Quarterly forecasts	2023				2024			
	Q1'23	Q2'23	Q3'23	Q4'23	Q1'24	Q2'24	Q3'24	Q4'24
GDP (qoq %)	0.6	0.7	-0.4	0.3	-0.1	0.3	0.5	0.8
Interest rates (end of period)								
Three-month JIBAR	7.9	8.4	8.3	8.3	8.3	8.3	8.00	7.75
Prime	11.3	11.8	11.8	11.8	11.8	11.8	11.50	11.25
Long bond (10-yr)	10.6	11.4	12.0	11.0	12.0	11.2	10.53	10.40
Inflation (end of period)								
CPI	7.1	5.4	5.4	5.1	5.3	5.1	4.5	4.4
Core CPI	5.5	5.0	4.5	4.5	4.9	4.5	5.1	4.8
Exchange rates (end of period)								
Rand per US$	17.8	18.8	18.9	18.3	18.9	18.2	17.97	18.17
US$ per euro	1.1	1.1	1.1	1.1	1.1	1.1	1.096	1.093
Yen per US$	132.8	144.3	149.4	141.1	151.3	160.8	155.1	151.8
US$ per UK pound	1.2	1.3	1.2	1.3	1.3	1.3	1.314	1.309
Rand per euro	19.3	20.5	20.0	20.2	20.4	19.5	19.70	19.86
Yen per rand	7.5	7.7	7.9	7.7	8.0	8.8	8.63	8.35
Rand per UK pound	21.9	23.9	23.1	23.4	23.9	23.0	23.61	23.79
Gold price per ounce								
$	1977.6	1919.6	1964.2	2062.6	2232.4	2325.7	2276.9	2270.0
Rand	35162.1	36138.3	37153.0	37708.7	42239.7	42292.9	40908.3	41256.2

Group Economic Unit

Liandra da Silva
+27 10 228 2527
liandrad@nedbank.co.za

Johannes Khoza
+27 10 234 8359
johanneskh@nedbank.co.za

Nicky Weimar
+27 10 234 8357
nickywe@nedbank.co.za

Nedbank 135 Rivonia Campus

135 Rivonia Road, Sandown, Sandton, 2196, South Africa

nedbankgroup.co.za