

KWAZULU-NATAL PROVINCIAL TREASURY IGR UNIT

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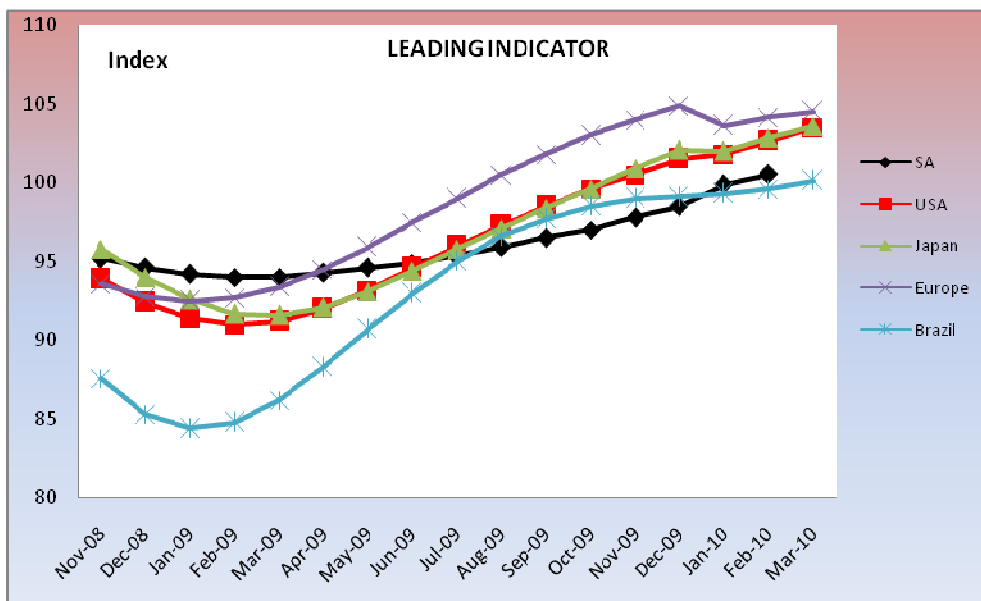
MONTHLY ECONOMIC NEWS LETTER April 2010

The Creek Economy:

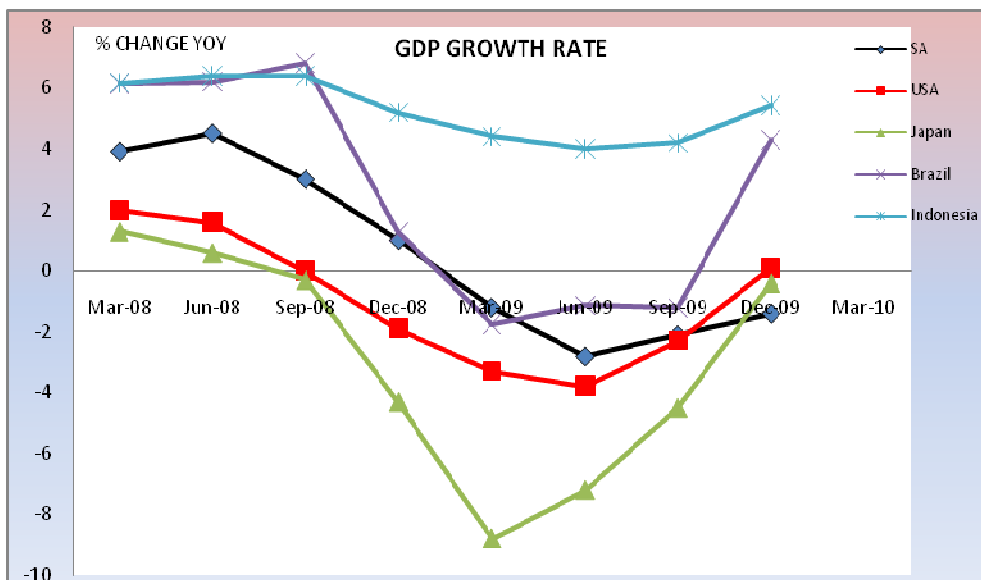
- Greece's debt hit €300 billion, more than the entire value of its annual GDP.
- Current budget deficit is running at 13.6 per cent of its gross domestic product, twice the Eurozone average
- International rating agencies have cut Greece's credit rating, concerned that it will default on its debts.
- This has the immediate effect of pushing up the cost of its borrowing, setting off a vicious spiral.
- Greece defaulted five times since independence, being a total of 50.6 years in rescheduling.
- Tax evasion, endemic among Greece's wealthy middle classes, meant that the Government's tax revenues were not coming in fast enough to fund its outgoings.
- The Greek economy is uncompetitive. Rising wages have not been matched by rising productivity.
- Greece has a predominately service economy, which (including tourism) accounts for over 73% of GDP.

Source: BBC News

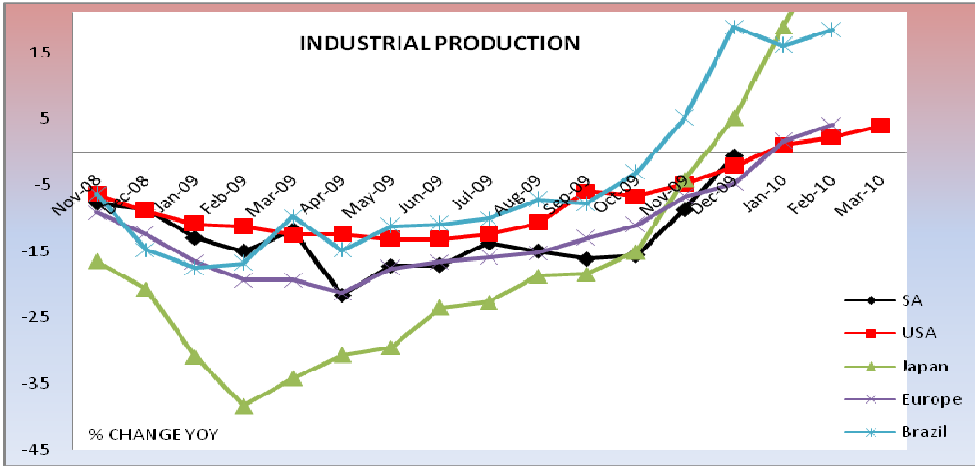
MACROECONOMIC INDICATORS



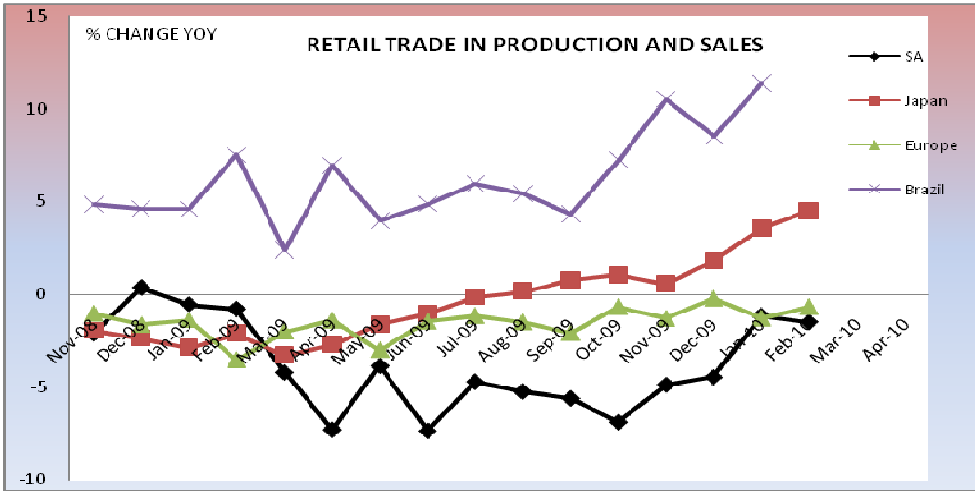
	Feb-10	Mar-10
Russia	102.29	102.67
Sweden	102.80	103.88
India	100.78	101.00
Turkey	103.44	104.56
Hungary	102.94	102.87
Indonesia	105.07	105.20
Australia	101.27	101.75
Korea	105.14	104.94
China	102.85	-



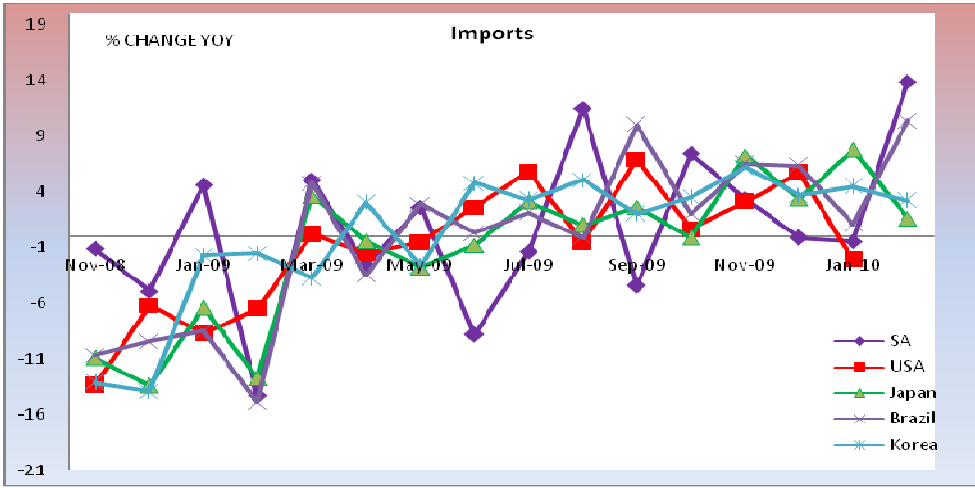
	Sep-09	Dec-09
Russia	-8.90	-3.8
Sweden	-5.20	-1.5
Brazil	-1.22	4.29
India	5.30	6.00
Turkey	-3.30	6
Hungary	-7.20	-4.00
Australia	0.50	2.7
Korea	0.60	6.00
China	8.90	10.70



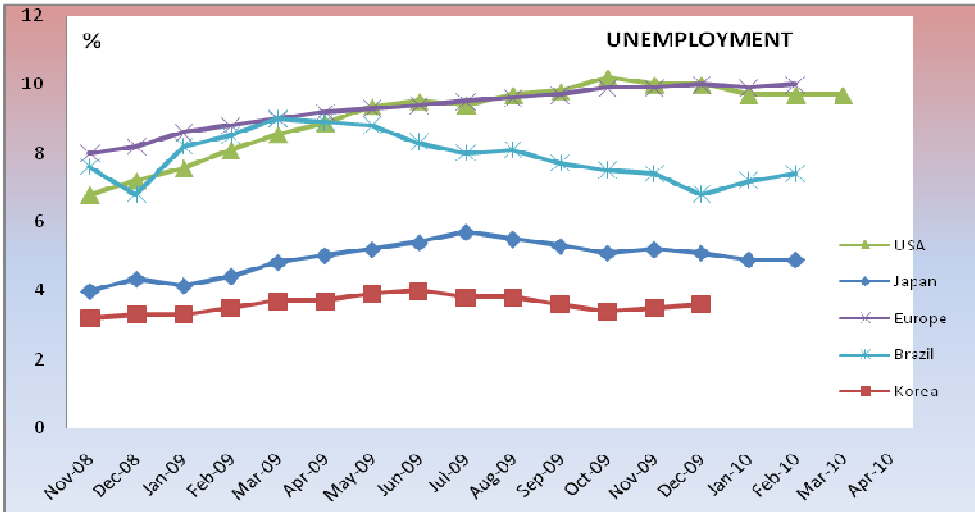
	Jan-10	Feb-10
Russia	7.80	1.90
Sweden	1.60	4.10
India	16.08	18.40
Turkey	-21.30	-
Hungary	5.70	8.40
Indonesia	5.72	-
Korea	36.89	19.10
China	-	12.80



	Jan-10	Feb-10
USA	2.38	2.42
Brazil	11.37	-
Sweden	3.31	2.62
Hungary	-6.07	-
Korea	11.45	9.50
Russian	0.35	1.54

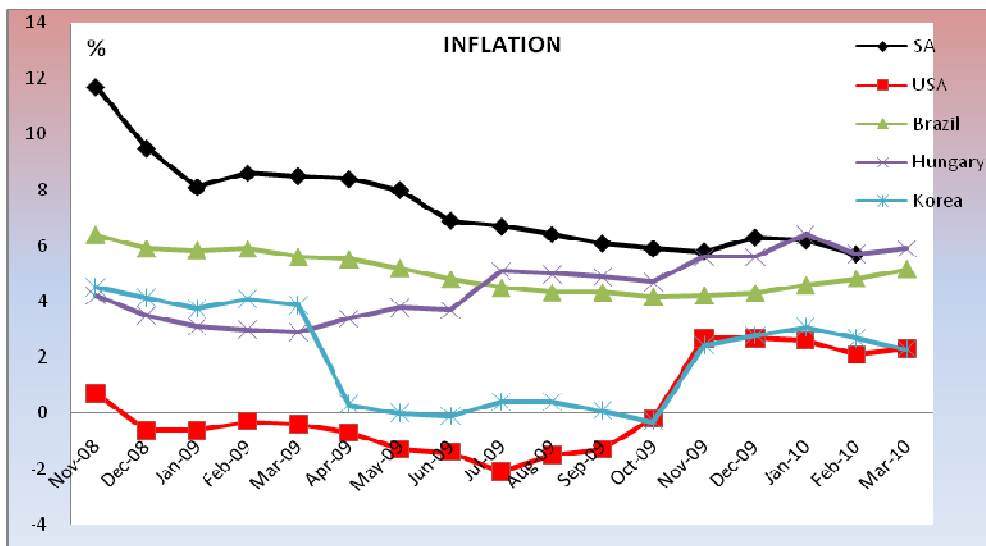


	Jan-10	Feb-10
Europe	1.10	-
Sweden	1.00	6.60
India	-	-
Turkey	0.30	-2.60
Hungary	4.40	0.60
Indonesia	-	-
Australia	2.40	-2.10

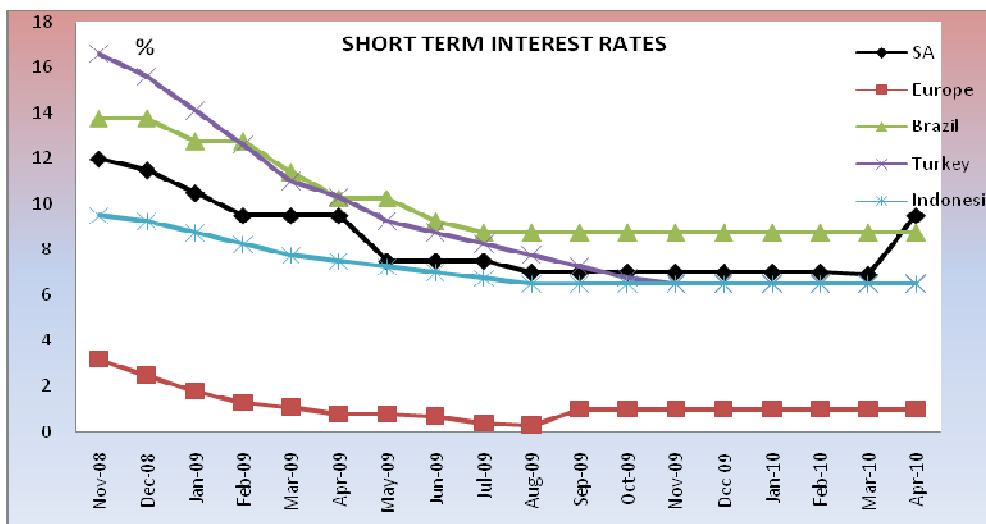


	Feb-10	Mar-10
Russia	8.60	-
Europe	10.00	-
Sweden	9.00	-
Hungary	11.40	-
Australia	5.30	5.30
South Africa	-	25.2

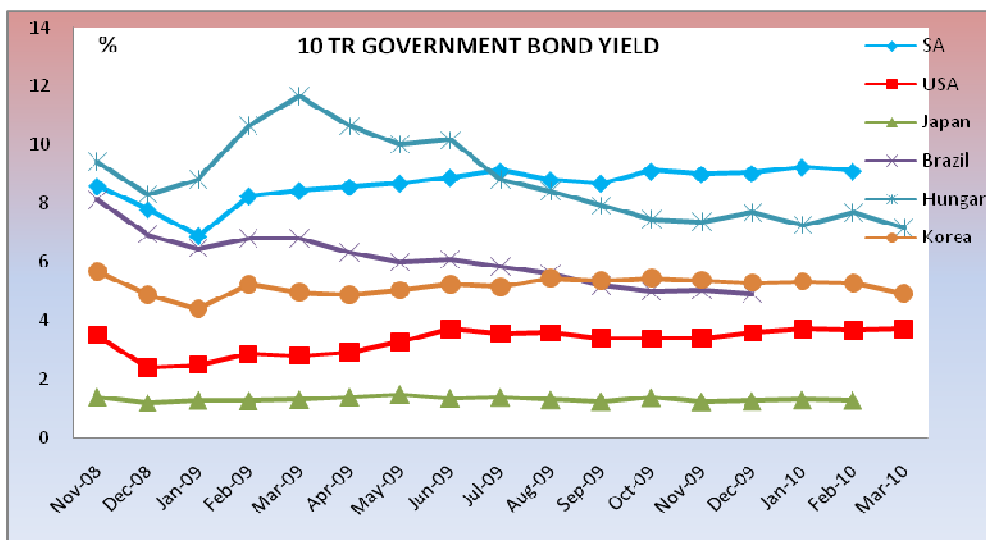
MONETARY INDICATORS



	Feb-10	Mar-10
Japan	-1.10	-
Russia	7.20	6.50
Europe	0.90	1.40
Sweden	1.20	1.20
India	14.86	-
Turkey	10.13	9.56
Hungary	5.70	5.90
Indonesia	3.81	3.43
China	2.70	2.40



	Feb-10	Mar-10
USA	0.25	0.25
Japan	0.10	0.10
Russia	8.71	8.47
Sweden	0.25	0.25
India	3.25	3.34
Hungary	5.94	5.72
Australia	4.16	-
Korea	2.88	2.83
China	5.31	5.31



	Feb-10	Mar-10
Russia	8.1	8.85
Sweden	3.28	3.2
Brazil	-	-
India	-	-
Hungary	7.69	7.16
Australia	5.43	5.76
China	-	-

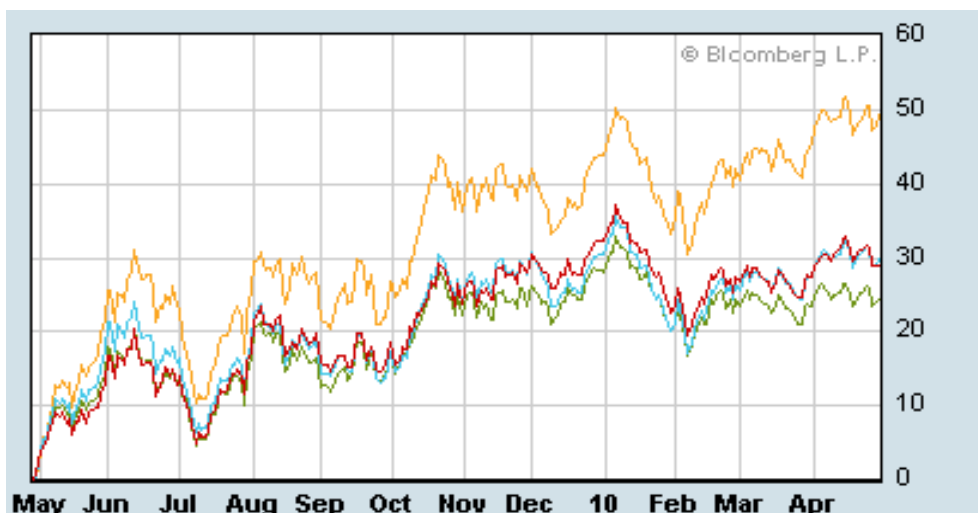
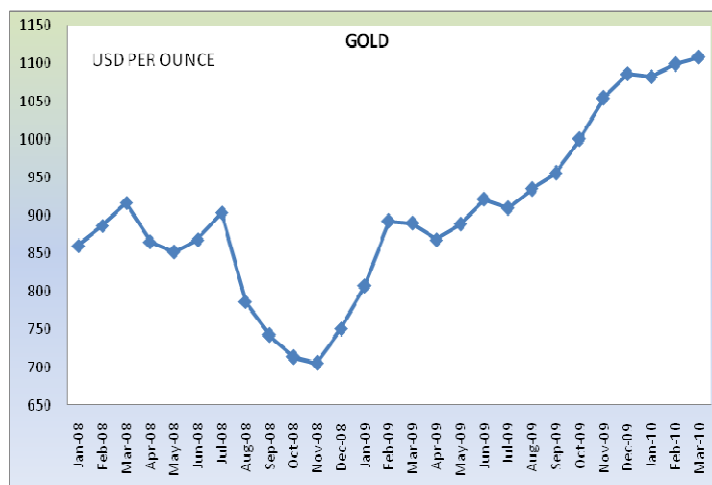
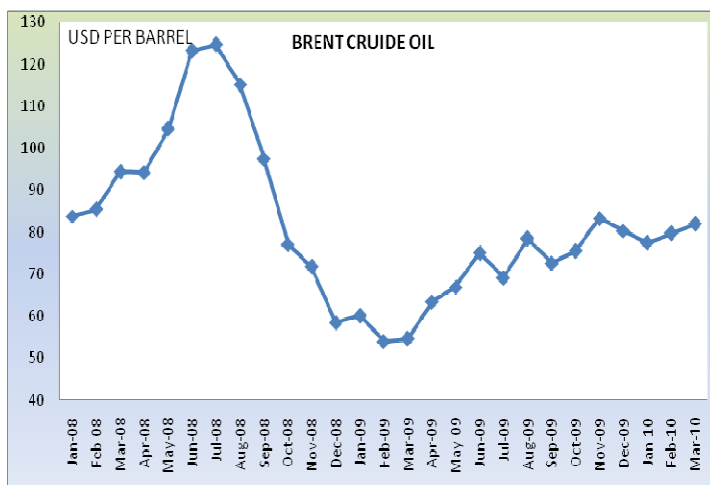
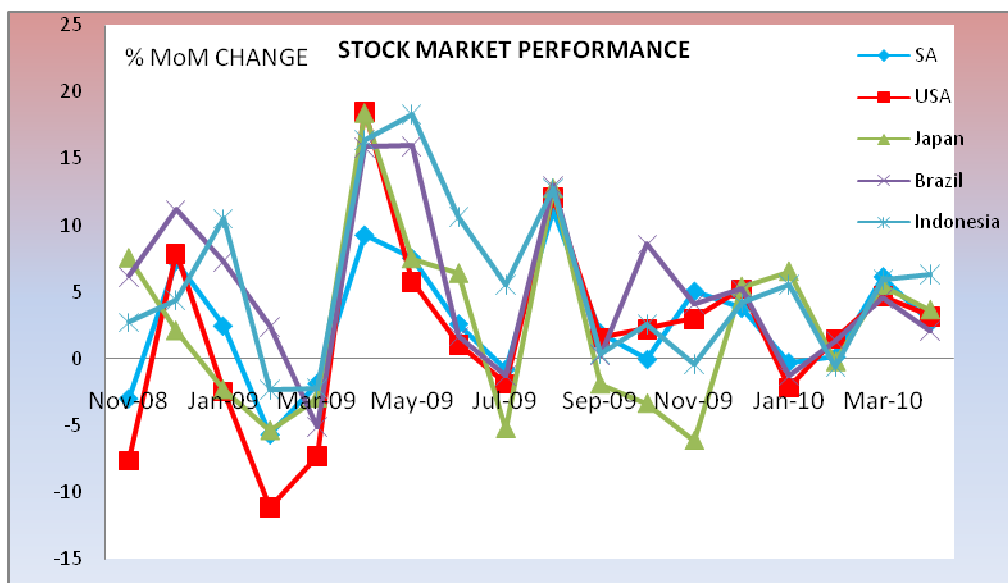
EXCHANGE RATES (PER 1 USD END OF THE MONTH)

	Oct-09	Nov-09	Dec-09	Jan-10	Feb-10	Mar-10	Apr-10
SA	7.77	7.45	7.42	7.68	7.78	7.34	7.42
USA	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Japan	90.96	86.66	92.24	90.32	88.99	1.35	1.34
Russia	29.12	29.21	30.27	30.44	30.55	29.33	29.12

Europe	0.68	0.67	0.70	0.72	0.73	1.35	1.34
Sweden	7.04	6.95	7.19	7.40	7.11	7.17	7.17
Brazil	1.74	1.74	1.75	1.90	1.86	1.80	1.76
India	47.20	46.58	46.89	46.87	46.08	45.50	44.44
Turkey	1.50	1.52	1.51	1.49	1.54	1.54	1.48
Hungary	185.31	182.55	190.21	195.89	197.35	194.75	196.83
Indonesia	9606.15	9407.34	9416.20	9450.00	9354.54	9108.00	9012.00
Australia	1.10	1.10	1.12	1.13	1.12	0.92	0.93
Korea	1184.69	1182.59	1165.77	1182.31	1170.00	1108.85	1132.80
China	6.84	6.83	6.84	6.84	6.84	6.83	6.83

FINANCIAL INDICATORS

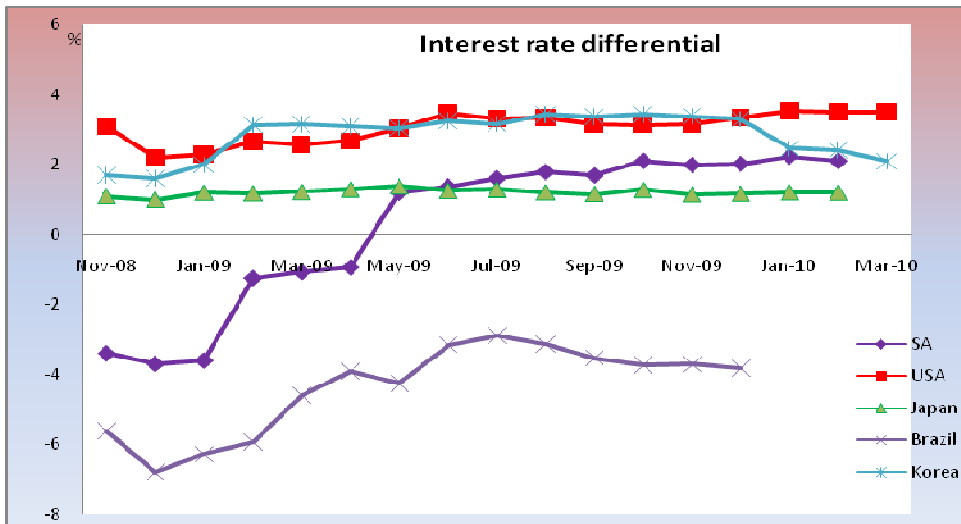
	Mar-10	Apr-10
Russia	4.73	5.22
Europe	6.49	1.93
Sweden	7.40	3.35
India	7.18	2.27
Turkey	3.45	8.79
Hungary	11.18	5.99
Australia	5.24	1.90
Korea	4.44	3.41
China	1.87	2.00



Commodity Futures

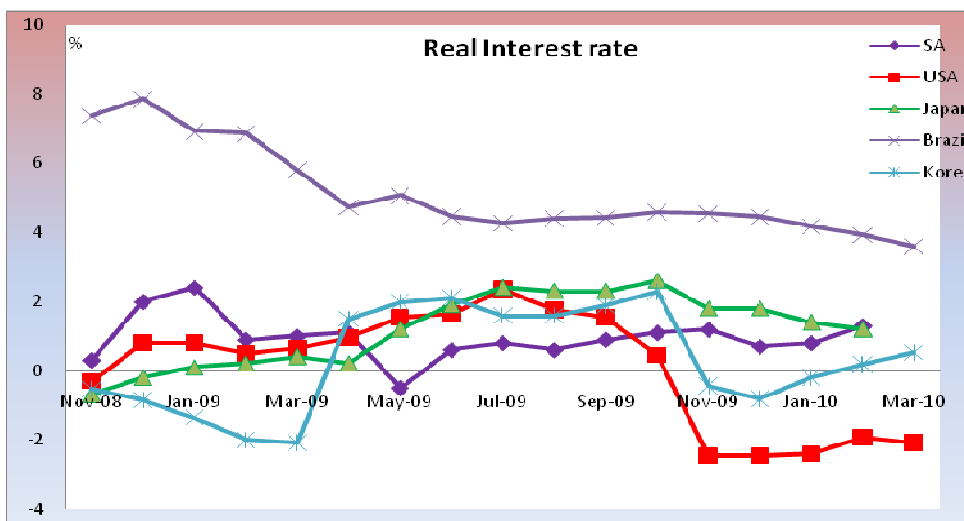
- UBS BLOOMBERG CMC
- S&P GSCI
- RJ/CRB Commodity
- Rogers Intl

Monetary Analysis



	Feb-10	Mar-10
Europe	-1.00	-1.00
Sweden	3.06	2.97
India		
Turkey		
Hungary	1.75	1.44
Indonesia		
Australia	1.28	5.76

IRD = Long term Interest rates - Short term interest rates



	Feb-10	Mar-10
Europe	0.10	-0.40
Sweden	-0.98	-1.17
India	-11.61	3.34
Turkey	-3.63	-3.06
Hungary	0.24	-0.18
Indonesia	2.69	3.07
Australia		
China	2.61	2.91

RIR = Short term Interest rates - Inflation

Fiscal Analysis



Source: CMA DataVision

With any debtor, there is a chance they will not be able to repay their debts. These figures in the left graph express the likelihood as a percentage called the Cumulative Probability of Default (CPD). The figures express the probability of a country defaulting sometime over the next five years.

Large public sector deficits are a problem because they tend to depress growth and employment prospects and have to be repaid from future revenues, implying higher taxes, which again depress growth and so on in a downward spiral to lower living standards.