

KWAZULU-NATAL PROVINCIAL TREASURY IGR UNIT

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MONTHLY ECONOMIC NEWS LETTER February 2011

Oil Prices and Recessions

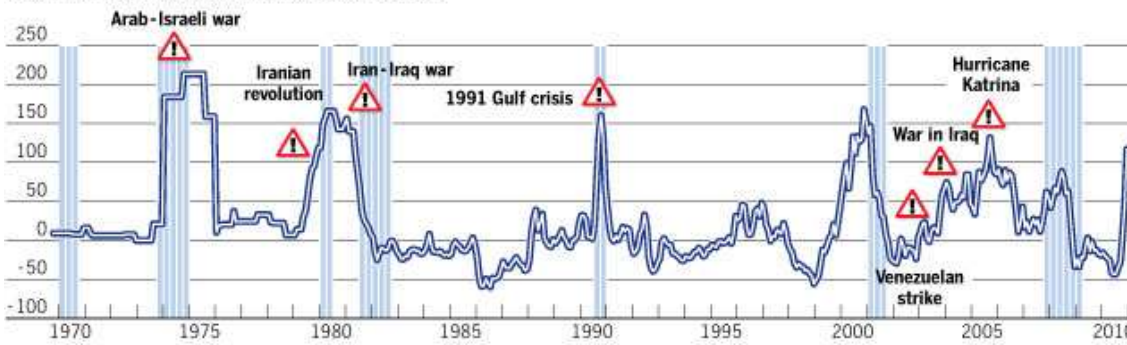
Turning off the taps: oil supply disruptions hit wider economy



Photo: Panos

Oil price spikes and recessions

2-year % change in crude oil, bars indicate US recessions*



Source: Thomson Reuters Datastream

* NBER data

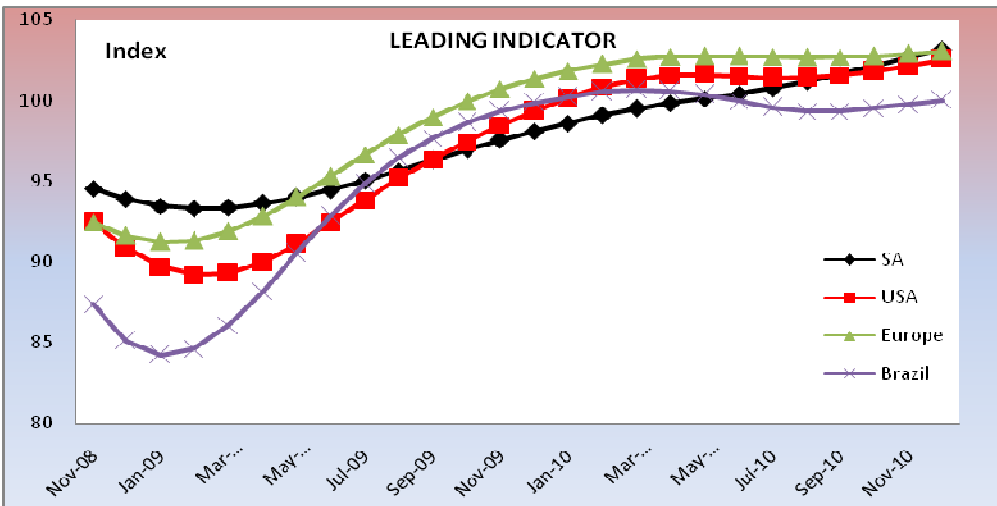
Each of the last five major downturns in global economic activity has been immediately preceded by a major spike in oil prices. Oil Price increases are significantly inflationary because food prices tend to rise at the same time as oil prices.

The wiggly line is the two-year percent change in oil prices.

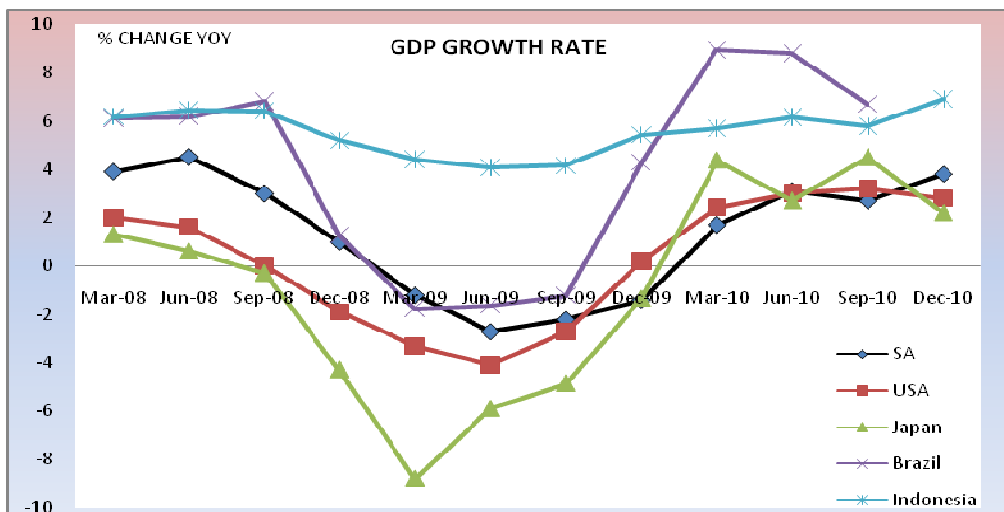
Level to watch

\$120 pb

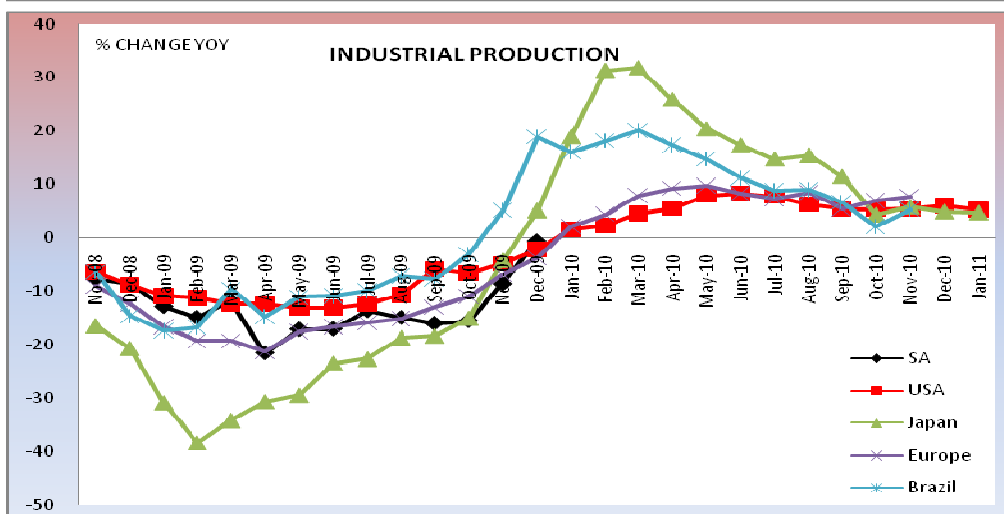
MACROECONOMIC INDICATORS



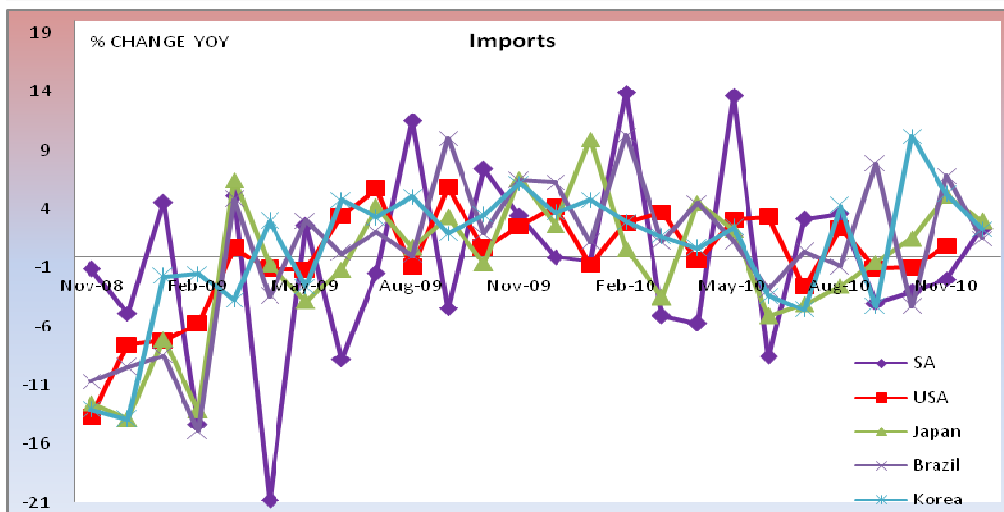
	Nov-10	Dec-10
Russia	105.09	105.46
Sweden	104.43	104.18
India	99.78	99.32
Turkey	101.96	102.31
Hungary	104.01	104.64
Indonesia	100.41	100.21
Australia	101.31	101.16
Korea	100.58	100.03
China	100.74	100.52



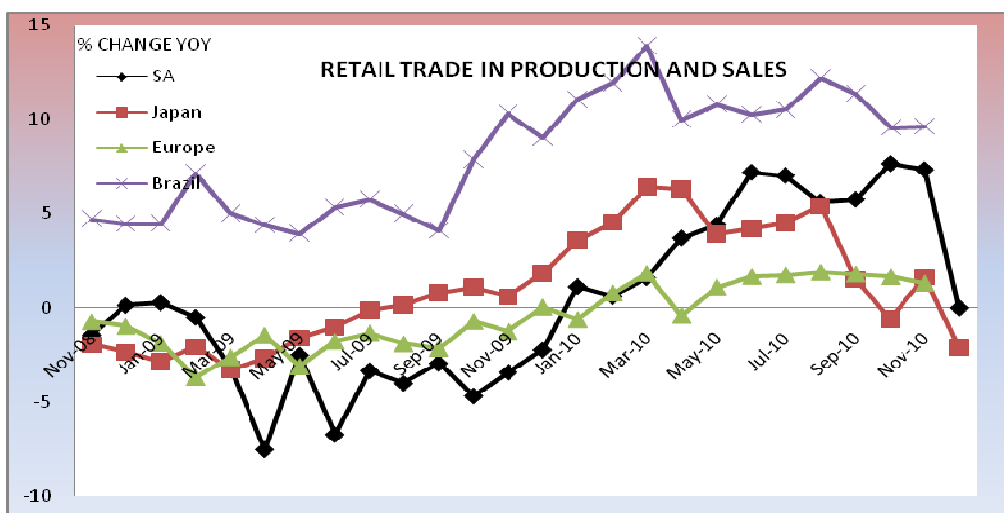
	Jun-10	Sep-10
Russia	5.20	2.70
Sweden	5.00	6.90
Brazil	8.80	-
India	-	-
Turkey	10.20	5.50
Hungary	1.00	1.70
Australia	3.30	2.70
Korea	7.20	4.40
China	10.30	9.60



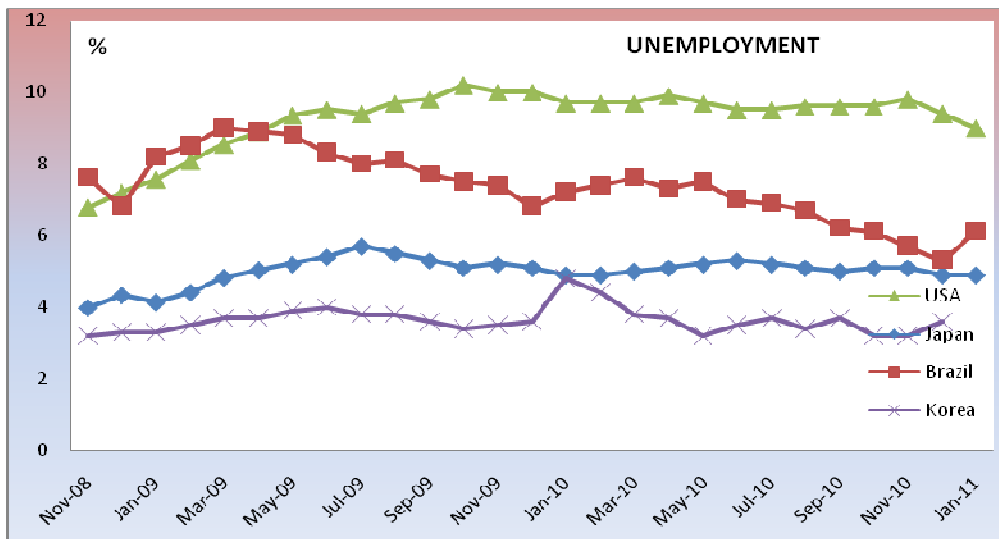
	Nov-10	Dec-10
Russia	6.7	6.3
Sweden	12.1	10
India	3.62	1.6
Turkey	16.5	16.9
Hungary	14.7	8.5
Indonesia		
Korea	10.4	9.8
China	13.3	15.7



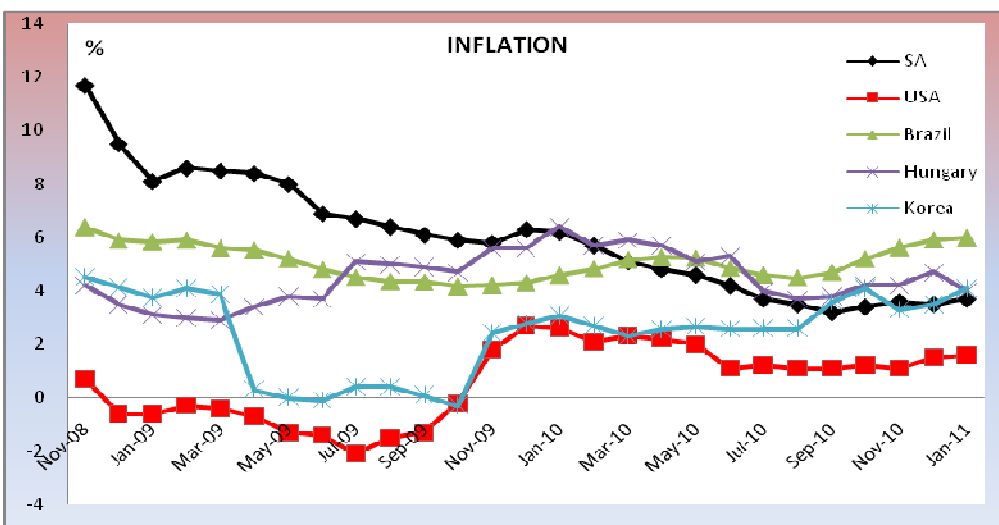
	Nov-10	Dec-10
USA	6.72	-
Brazil	9.62	-
Sweden	4.68	3.39
Hungary	-0.43	-
China	-	-
Russian	4.62	3.45
Korea	6.44	4.19



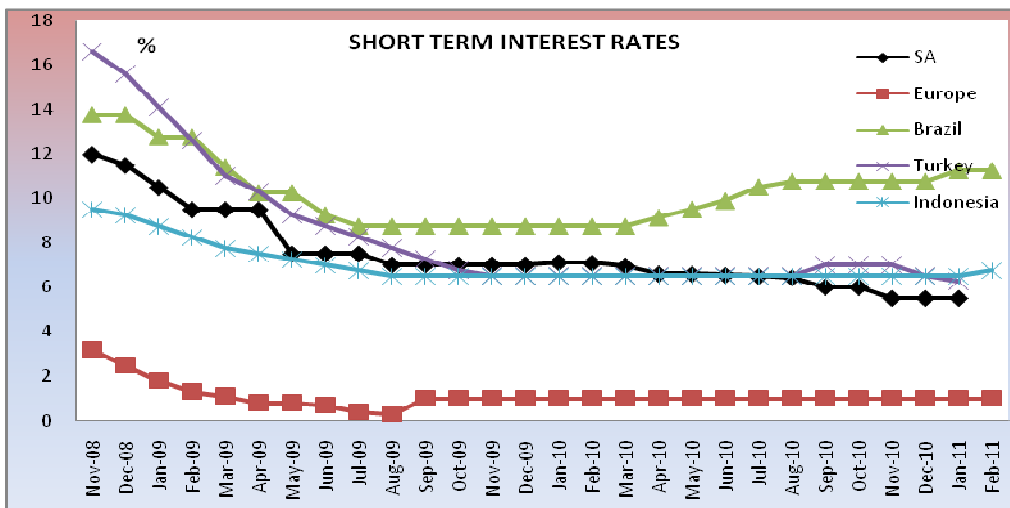
	Nov-10	Dec-10
Europe	-	-
Sweden	-3.37	5.86
India	-	-
Turkey	0.24	14.31
Hungary	-2.10	-
Indonesia	-	-
Australia	1.60	0.16



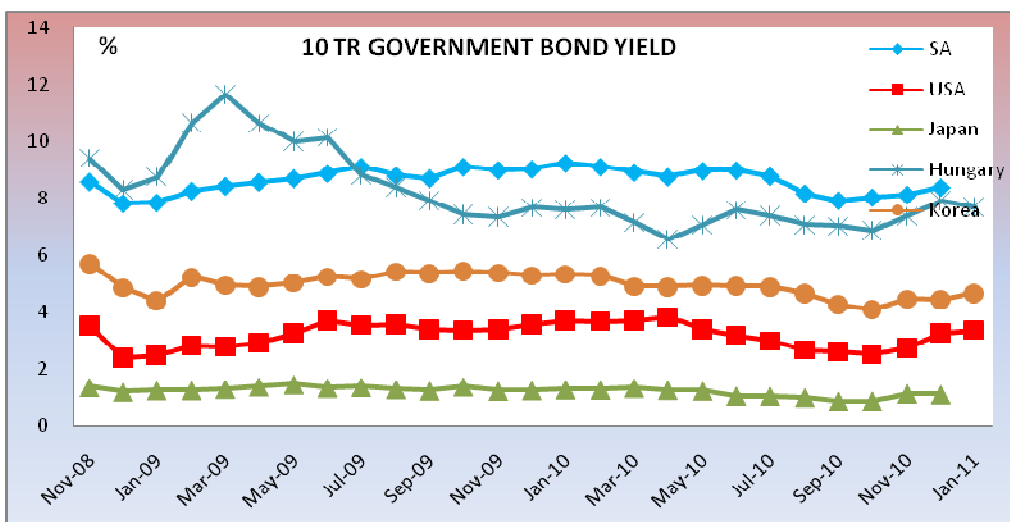
	Dec-10	Jan-11
Russia	7.20	7.60
Europe	10.00	9.90
Sweden	7.40	8.20
Japan	4.90	4.90
Australia	5.00	5.00
South Africa	24.00	-
USA	9.40	9.00
Korea	3.60	-



	Dec-10	Jan-11
Japan	0.00	0.00
Russia	8.80	9.60
Europe	2.20	2.30
Sweden	2.30	2.50
India	9.47	9.30
Turkey	6.40	4.90
Hungary	4.70	4.00
Indonesia	6.96	7.02
Australia	2.70	-
China	4.60	4.90



	Jan-11	Feb-11
USA	0.25	-
Japan	0.10	-
Russia	7.75	8.00
Sweden	1.25	1.50
India	5.50	-
Indonesia	6.50	6.75
Australia	4.75	4.75
Korea	2.75	-
China	5.81	6.06



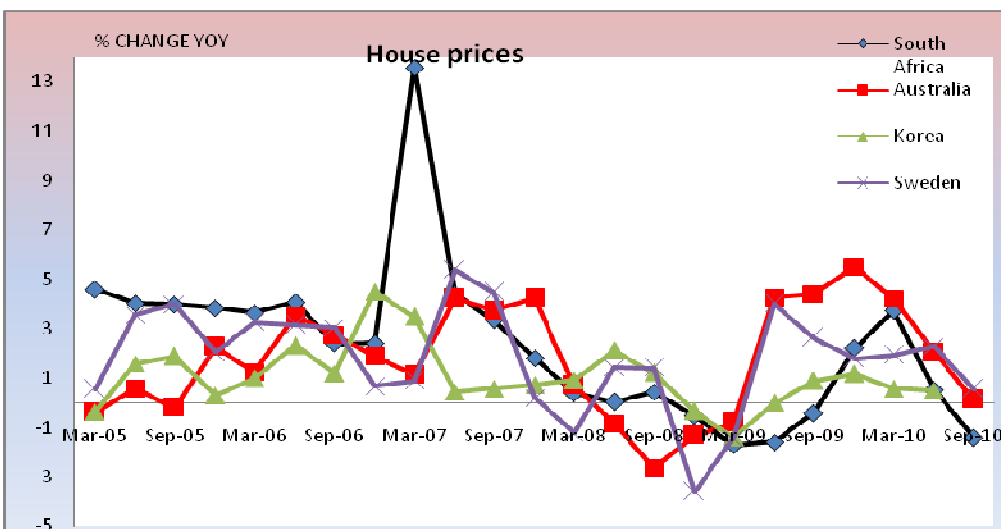
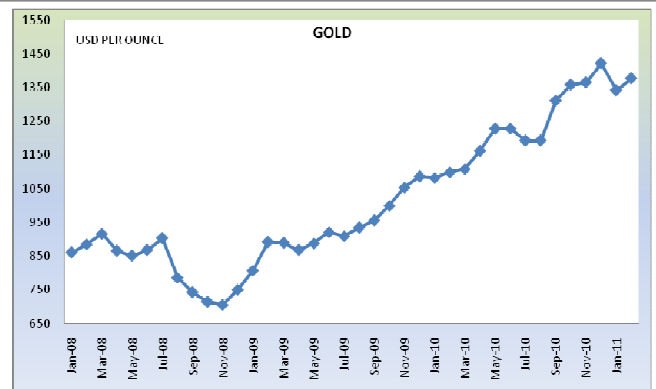
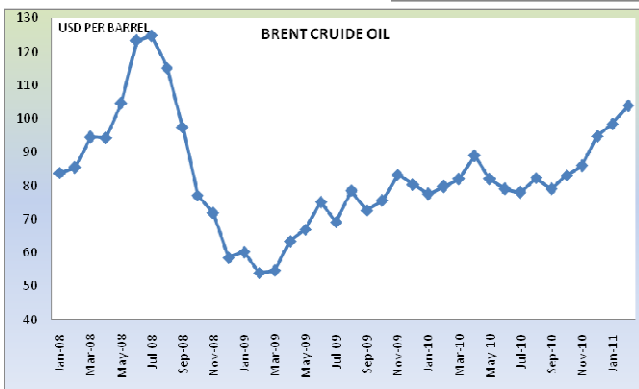
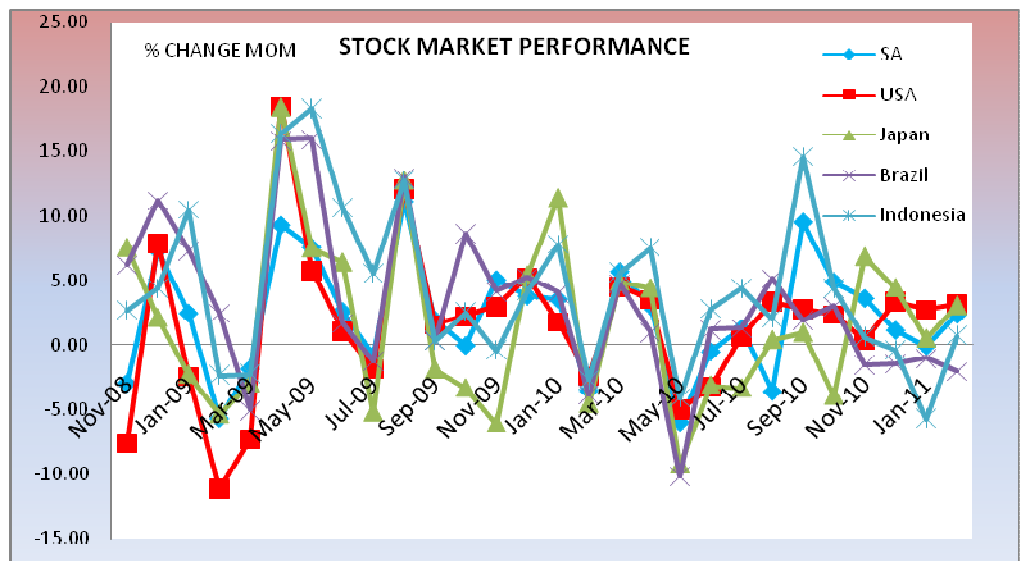
	Dec-10	Jan-11
Russia	8.01	-
Sweden	3.21	3.28
Brazil	-	-
India	-	-
Hungary	7.92	7.70
Australia	5.56	5.52

EXCHANGE RATES (PER 1 USD END OF THE MONTH)

	<u>Aug-10</u>	<u>Sep-10</u>	<u>Oct-10</u>	<u>Nov-10</u>	<u>Dec-10</u>	<u>Jan-11</u>	<u>Feb-11</u>
SA	7.31	6.98	6.98	7.15	6.63	7.18	7.02
Japan	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Russia	86.47	84.23	84.23	84.10	81.12	82.12	81.68
Europe	30.60	30.56	30.56	31.40	30.54	29.70	28.89
Sweden	1.33	1.35	1.35	1.32	1.34	1.36	1.38
Brazil	7.45	6.79	6.79	7.00	6.71	6.53	6.42
India	1.77	1.71	1.71	1.73	1.66	1.68	1.67
Turkey	46.77	45.02	45.02	45.86	44.71	45.76	45.33
Hungary	1.52	1.47	1.47	1.49	1.54	1.61	1.60
Indonesia	220.32	202.50	205.93	211.49	208.15	200.62	198.60
Australia	8949.00	8930.00	8945.00	8992.50	8996.25	9030.50	8837.50
Korea	0.89	0.96	0.96	0.96	1.02	0.99	1.02
China	1183.70	1146.60	1152.50	1159.63	1126.00	1113.83	1126.45

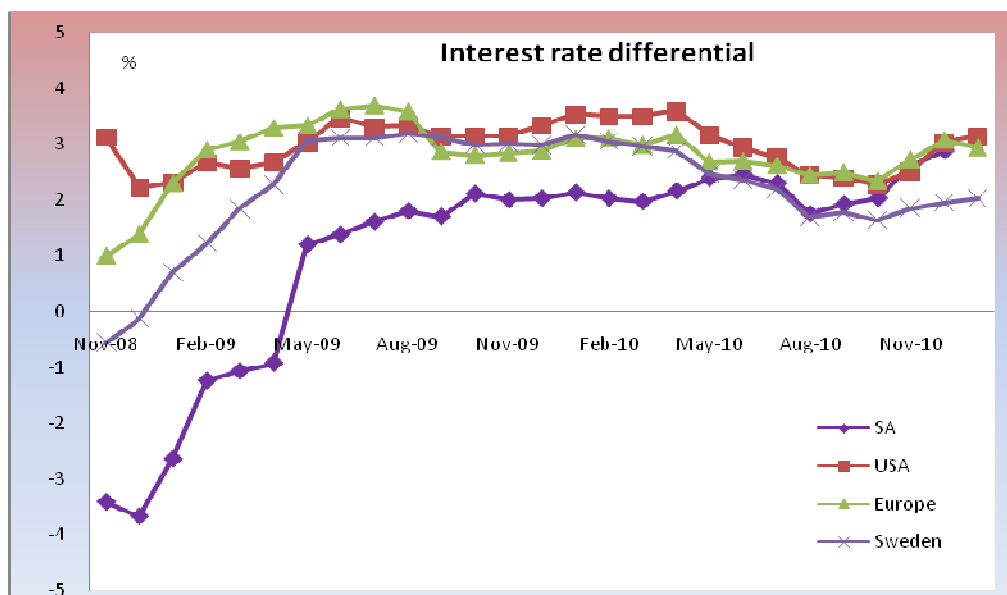
FINANCIAL

	<u>Jan-11</u>	<u>Feb-11</u>
Russia	3.82	-0.63
Europe	5.52	1.96
Sweden	-0.26	-2.00
India	-7.36	-4.22
Turkey	-0.30	-0.34
Hungary	7.70	-0.49
Australia	0.23	2.39
Korea	2.45	-3.97
China	-4.10	4.28

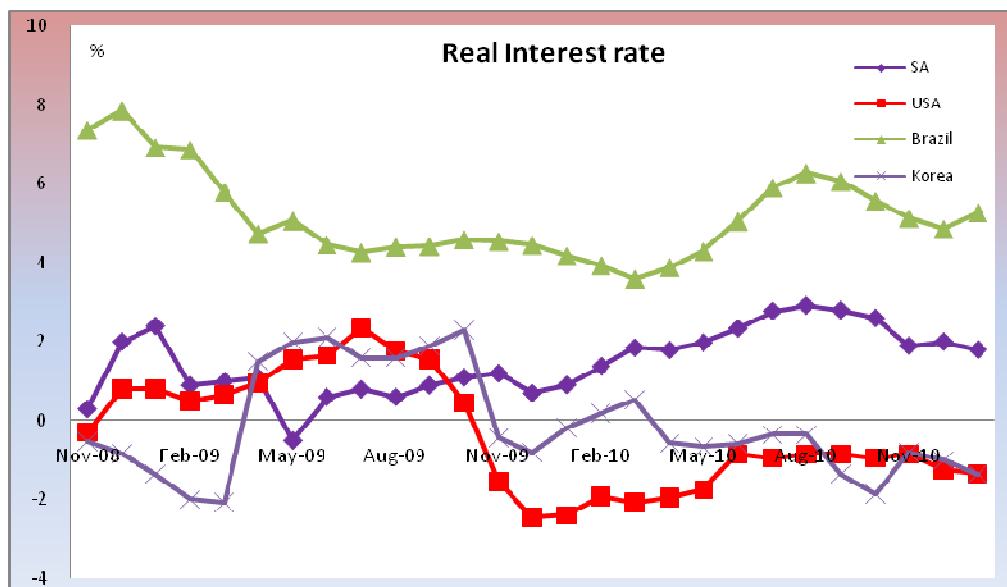


	<u>Mar-10</u>	<u>Jun-10</u>
Hong Kong	4.62	4.99
Portugal	-0.26	-1.54
Colombia	-1.35	-

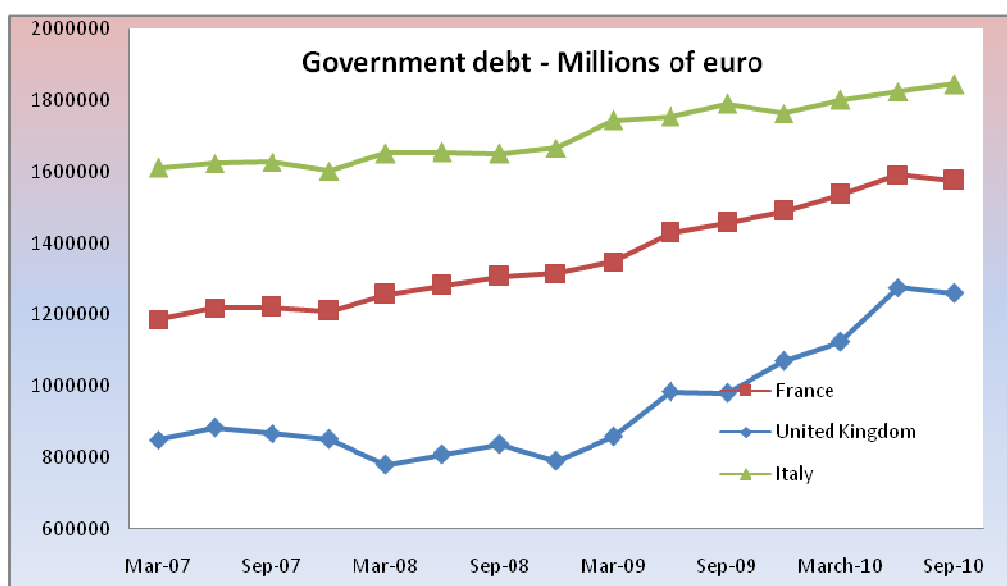
Monetary and Fiscal Analysis



	Dec-10	Jan-11
Japan	1.03	-
Brazil	-	-
India	-	-
Turkey	-	-
Hungary	2.17	1.70
Indonesia	-	-
Korea	1.96	1.94
China	-	-



	Dec-10	Jan-11
Europe	-1.2	-1.30
Sweden	-1.05	-1.28
India	-4.22	-3.80
Turkey	0.1	1.35
Hungary	1.05	2.00
Indonesia	-0.46	-0.52
Australia	2.05	-
China	1.09	0.91



	Jun-10	Sep-10
Europe	2.47	5.97
Hungary	-2.58	4.15
France	3.76	5.57
United Kingdom	14.14	16.95
Slovenia	0.16	7.75
Portugal	5.67	12.79
Italy	1.38	4.51
Sweden	921.62	4.80