

KWAZULU-NATAL PROVINCIAL TREASURY IGR UNIT

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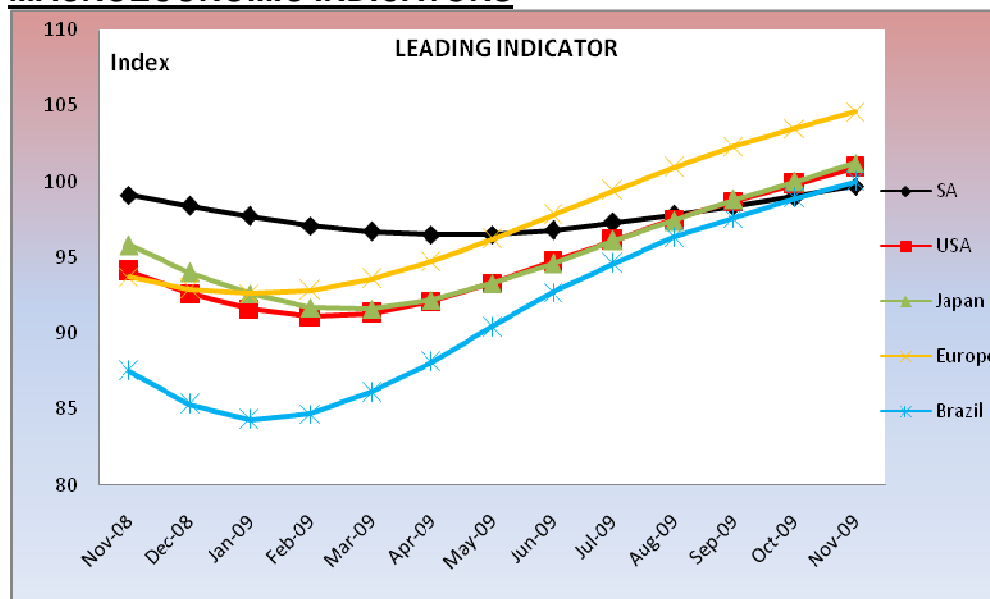
MONTHLY ECONOMIC NEWS LETTER January 2010

According to the Latest World Economic Outlook of the IMF:

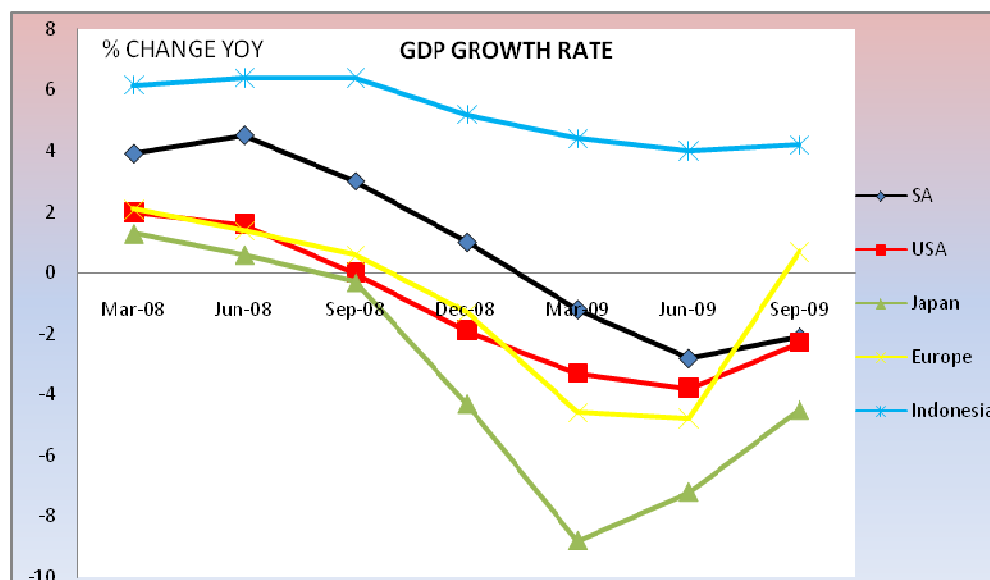
- The Recovery Has Started, and the Challenge Is to Sustain It
- Emerging and developing economies are further ahead on the road to recovery, led by a resurgence in Asia
- The pace of recovery is expected to be slow and, for quite some time, insufficient to decrease unemployment.
- Consumption and investment are gaining strength only slowly
- A key constraint on the pace of recovery will be limits on credit availability
- Fiscal policy is likely to become increasingly less effective in supporting demand in the absence of reassurances to investors and taxpayers that deficits and debt will eventually be rolled back.
- The key issues facing monetary policymakers are when to start tightening and how to unwind large central bank balance sheets
- Global activity is forecast to expand by about 3 percent in 2010

Source: IMF, <http://www.imf.org/external/pubs/ft/weo/2009/02/index.htm>

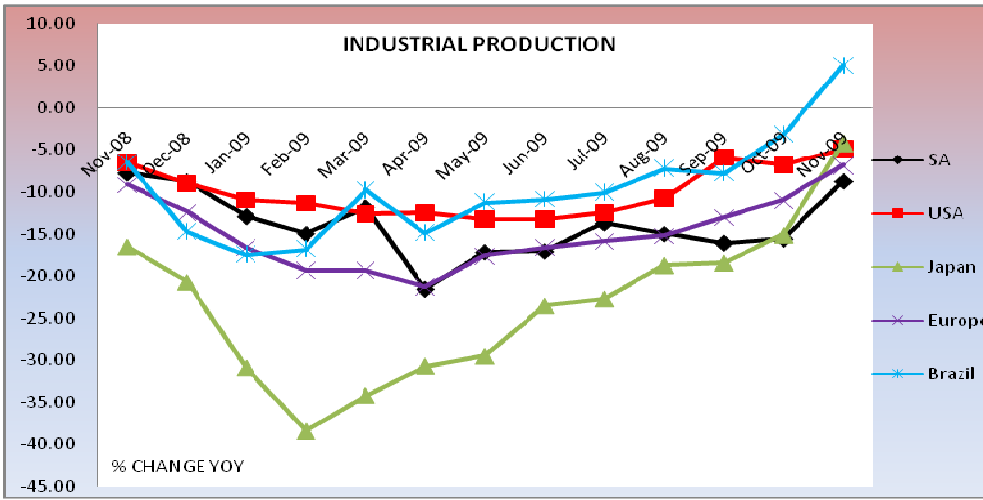
MACROECONOMIC INDICATORS



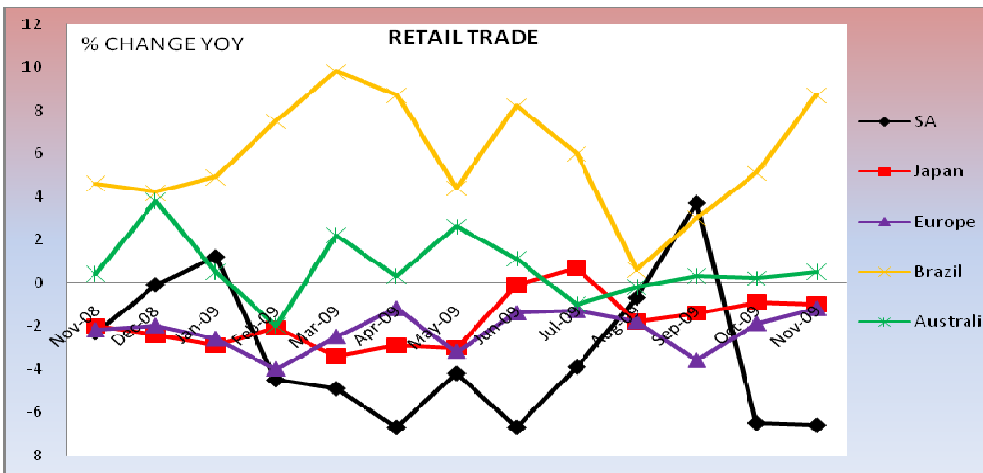
| | Oct-09 | Nov-09 |
|-----------|--------|--------|
| Russia | 101.90 | 102.90 |
| Sweden | 97.90 | 99.30 |
| India | 99.30 | 99.40 |
| Turkey | 101.80 | 101.60 |
| Hungary | 101.00 | 101.60 |
| Indonesia | 102.80 | 103.10 |
| Australia | 99.00 | 99.70 |
| Korea | 106.30 | 106.80 |
| China | 104.00 | 104.10 |



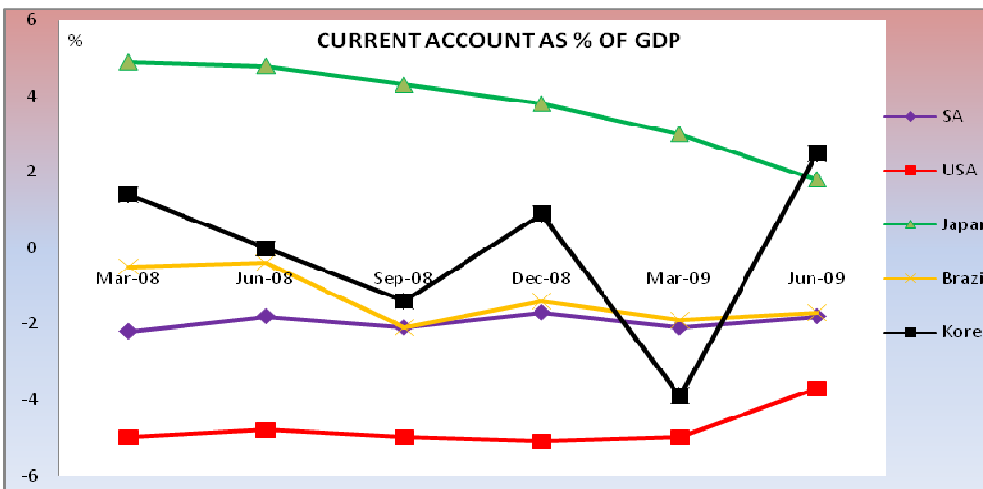
| | Jun-09 | Sep-09 |
|-----------|--------|--------|
| Russia | -10.90 | -8.90 |
| Sweden | -6.10 | -5.20 |
| Brazil | -1.16 | -1.22 |
| India | 6.10 | 5.30 |
| Turkey | -7.00 | -3.30 |
| Hungary | -7.50 | -7.20 |
| Australia | 0.60 | 0.50 |
| Korea | 2.20 | 0.60 |
| China | 7.90 | 8.90 |



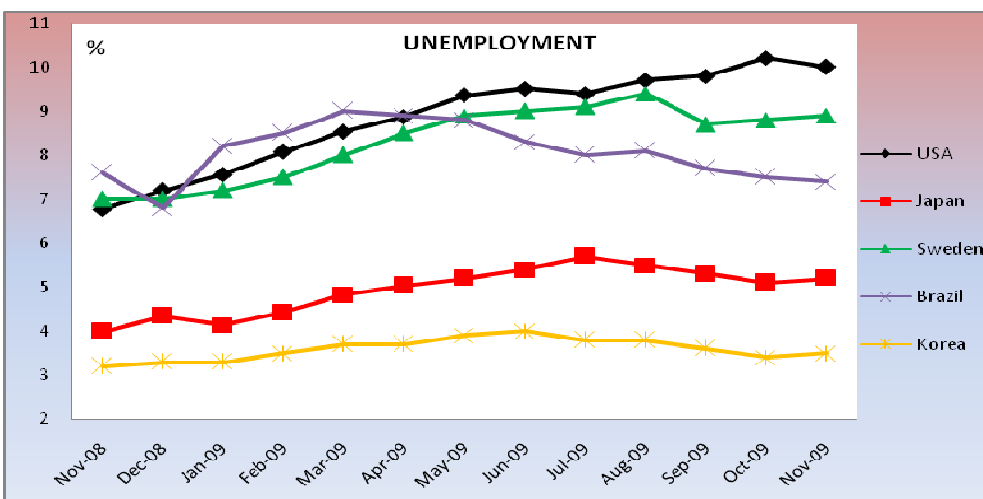
| | Oct-09 | Nov-09 |
|-----------|--------|--------|
| Russia | -4.00 | 6.00 |
| Sweden | -0.50 | 2.70 |
| India | -2.10 | 11.70 |
| Turkey | -7.60 | -13.30 |
| Hungary | 1.80 | -9.20 |
| Indonesia | 3.18 | 2.15 |
| Korea | -3.80 | 1.40 |
| China | 10.30 | 19.20 |



| | Oct-09 | Nov-09 |
|---------|--------|--------|
| Russia | -1.50 | 5.90 |
| Europe | -8.80 | - |
| Sweden | 4.10 | 3.60 |
| Hungary | -7.50 | -7.80 |
| Korea | - | 0.60 |
| China | 16.20 | 15.80 |

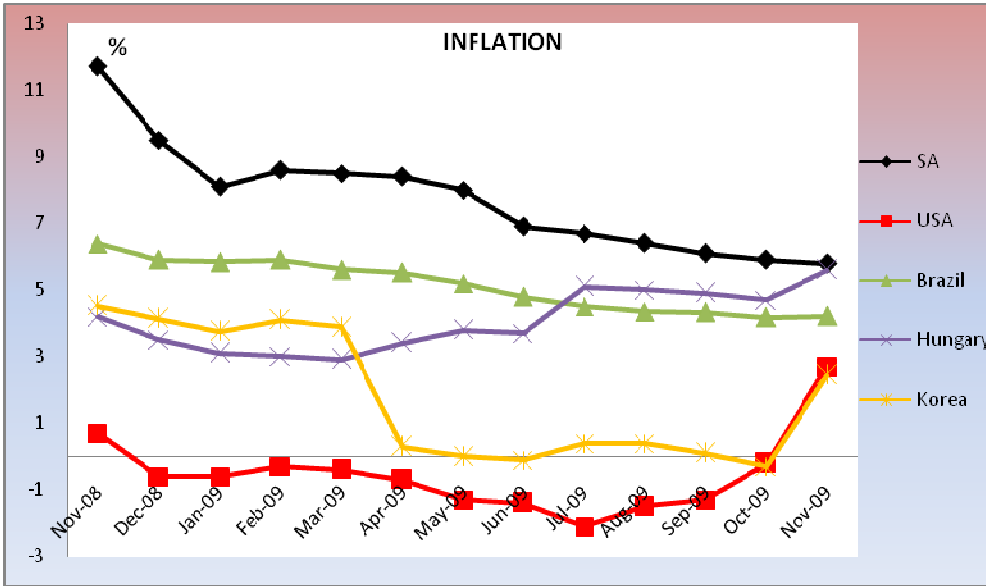


| | Mar-09 | Jun-09 |
|-----------|--------|--------|
| Europe | -0.90 | -1.30 |
| Sweden | 9.80 | 7.60 |
| India | -4.00 | 1.80 |
| Turkey | -5.90 | -3.60 |
| Hungary | -8.80 | -10.00 |
| Indonesia | -0.50 | 2.50 |
| Australia | -3.10 | -2.20 |

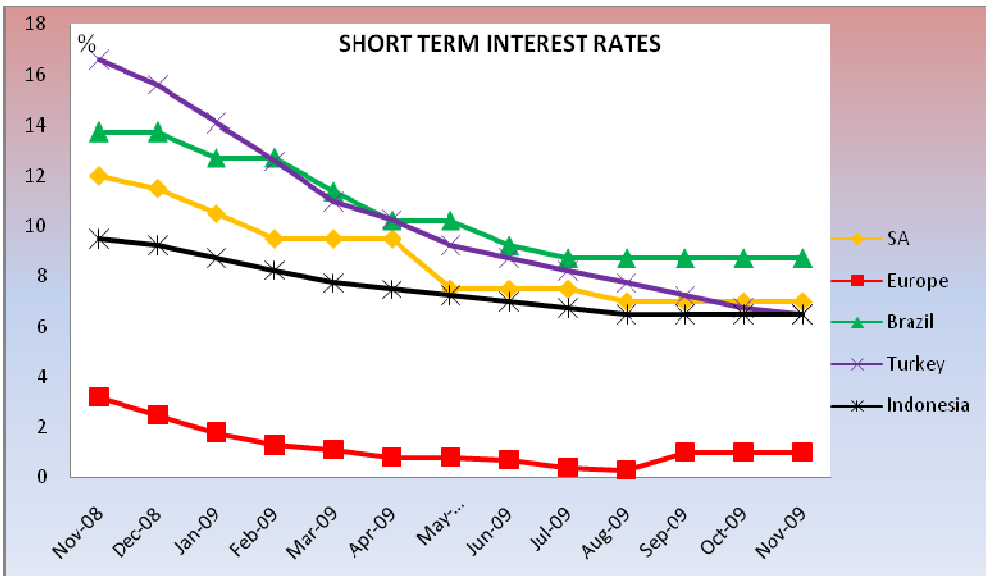


| | Oct-09 | Nov-09 |
|-----------|--------|--------|
| Russia | 7.70 | 8.10 |
| Europe | 9.90 | 9.90 |
| Turkey | 13.00 | - |
| Hungary | 10.40 | 10.50 |
| Australia | 5.80 | 5.60 |

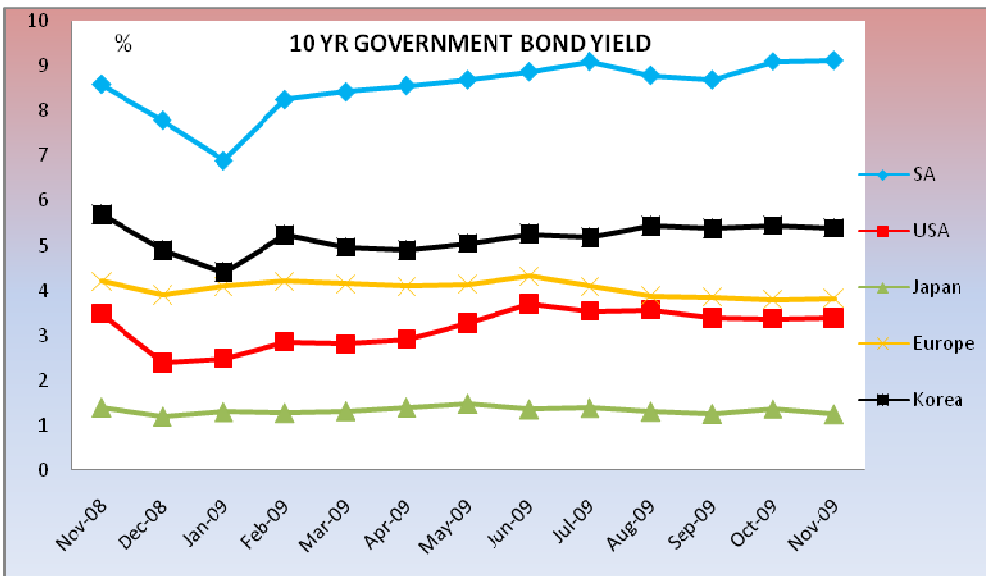
MONETARY INDICATORS



| | Oct-09 | Nov-09 |
|-----------|--------|--------|
| Japan | -2.5 | -1.7 |
| Russia | 9.7 | 8.8 |
| Europe | -0.1 | 0.5 |
| Sweden | -1.5 | -0.7 |
| India | 11.49 | 13.51 |
| Turkey | 5.08 | 5.53 |
| Indonesia | 2.57 | 2.41 |
| China | -0.5 | 0.6 |



| | Oct-09 | Nov-09 |
|-----------|--------|--------|
| USA | 0.25 | 0.25 |
| Japan | 0.10 | 0.10 |
| Russia | 9.50 | 9.00 |
| Sweden | 0.25 | 0.25 |
| India | 3.25 | 3.25 |
| Hungary | 7.00 | 6.50 |
| Australia | 3.25 | 3.50 |
| Korea | 2.00 | 2.00 |
| China | 3.25 | 3.25 |



| | Oct-09 | Nov-09 |
|-----------|--------|--------|
| Russia | 9.59 | 9.07 |
| Sweden | 3.25 | 3.27 |
| Brazil | 13.24 | - |
| India | 7.18 | - |
| Hungary | 7.45 | 7.37 |
| Australia | 5.44 | 5.23 |
| China | 5.94 | - |

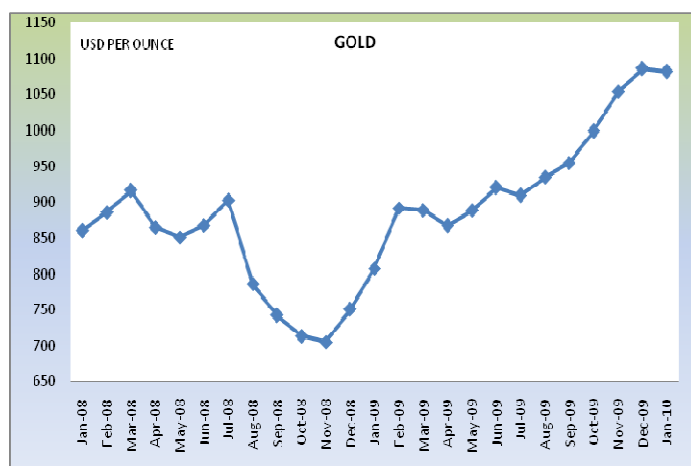
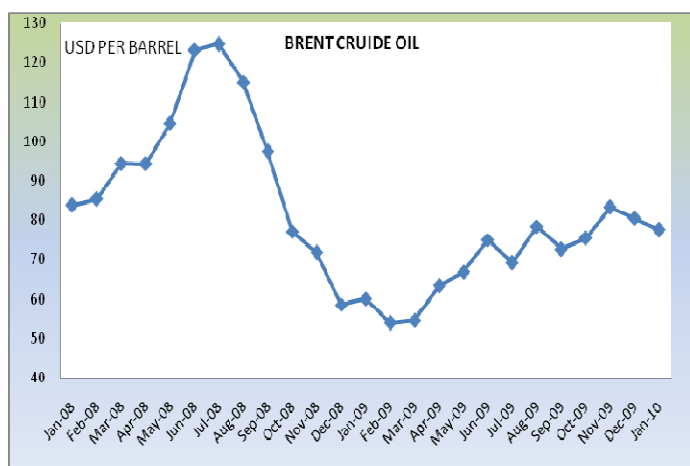
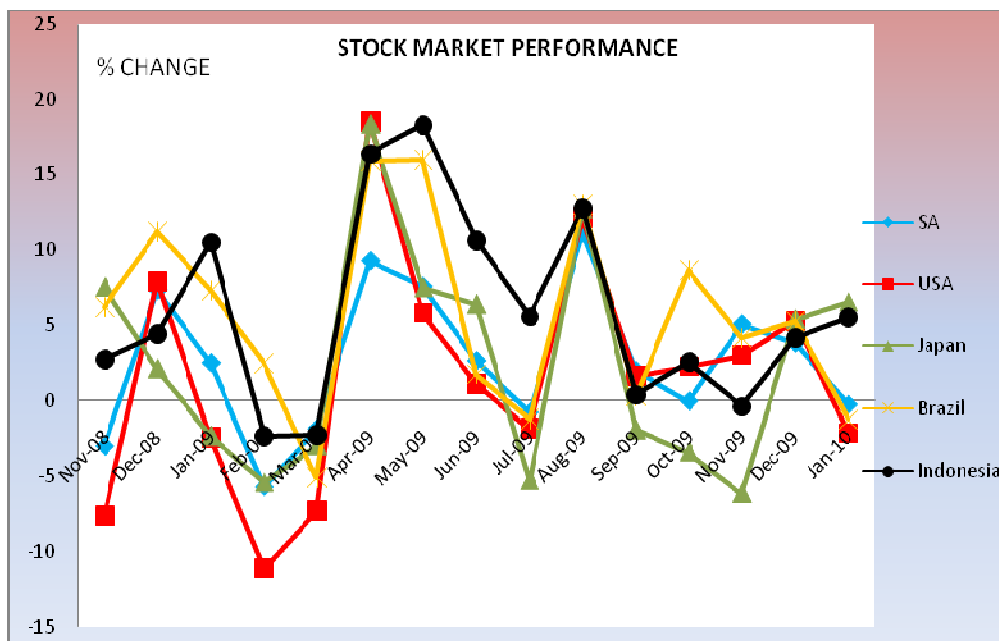
EXCHANGE RATES (PER 1 USD END OF THE MONTH)

| | Jul-09 | Aug-09 | Sep-09 | Oct-09 | Nov-09 | Dec-09 | Jan-10 |
|----|--------|--------|--------|--------|--------|--------|--------|
| SA | 7.86 | 7.77 | 7.43 | 7.77 | 7.45 | 7.42 | 7.60 |

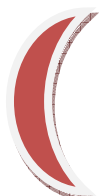
| | | | | | | | |
|------------------|---------|----------|---------|---------|---------|---------|---------|
| USA | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| Japan | 95.25 | 92.82 | 89.98 | 90.96 | 86.66 | 92.24 | 90.17 |
| Russia | 31.69 | 31.81 | 30.14 | 29.12 | 29.21 | 30.27 | 30.37 |
| Europe | 0.71 | 0.70 | 0.69 | 0.68 | 0.67 | 0.70 | 0.72 |
| Sweden | 7.44 | 7.12 | 7.02 | 7.04 | 6.95 | 7.19 | 7.36 |
| Brazil | 1.89 | 1.88 | 1.79 | 1.74 | 1.74 | 1.75 | 1.87 |
| India | 48.71 | 48.88 | 48.34 | 47.20 | 46.58 | 46.89 | 46.44 |
| Turkey | 1.48 | 1.50 | 1.49 | 1.50 | 1.52 | 1.51 | 1.49 |
| Hungary | 190.78 | 190.22 | 185.28 | 185.31 | 182.55 | 190.21 | 195.08 |
| Indonesia | 9970.09 | 10050.30 | 9746.59 | 9606.15 | 9407.34 | 9416.20 | 9310.00 |
| Australia | 1.22 | 1.19 | 1.15 | 1.10 | 1.10 | 1.12 | 1.12 |
| Korea | 1235.18 | 1250.37 | 1190.62 | 1184.69 | 1182.59 | 1165.77 | 1161.04 |
| China | 6.84 | 6.83 | 6.84 | 6.84 | 6.83 | 6.84 | 6.84 |

FINANCIAL INDICATORS

| | Dec-09 | Jan-10 |
|------------------|--------|--------|
| Russia | 6.81 | 6.46 |
| Europe | 3.91 | -2.87 |
| Sweden | 1.85 | 0.11 |
| India | 7.76 | -1.87 |
| Turkey | 1.89 | 15.81 |
| Hungary | 3.47 | 5.13 |
| Australia | 2.20 | -0.80 |
| Korea | 2.95 | 2.04 |
| China | -0.84 | -2.10 |



Some very informative websites



- <http://www.cnbc.com/id/30582844>
- <http://www.imf.org/external/datamapper/index.php>
- <http://timeline.stlouisfed.org/>
- <http://stats.oecd.org/Index.aspx?DatasetCode=KEI>
- <http://www.pbs.org/wnet/ascentofmoney/>