

KWAZULU-NATAL PROVINCIAL TREASURY IGR UNIT

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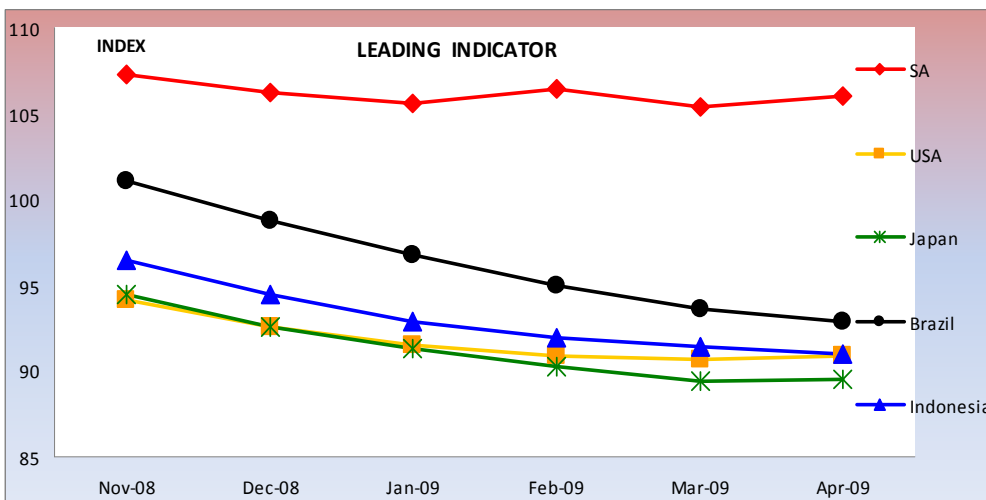


MONTHLY ECONOMIC NEWS LETTER June 2009

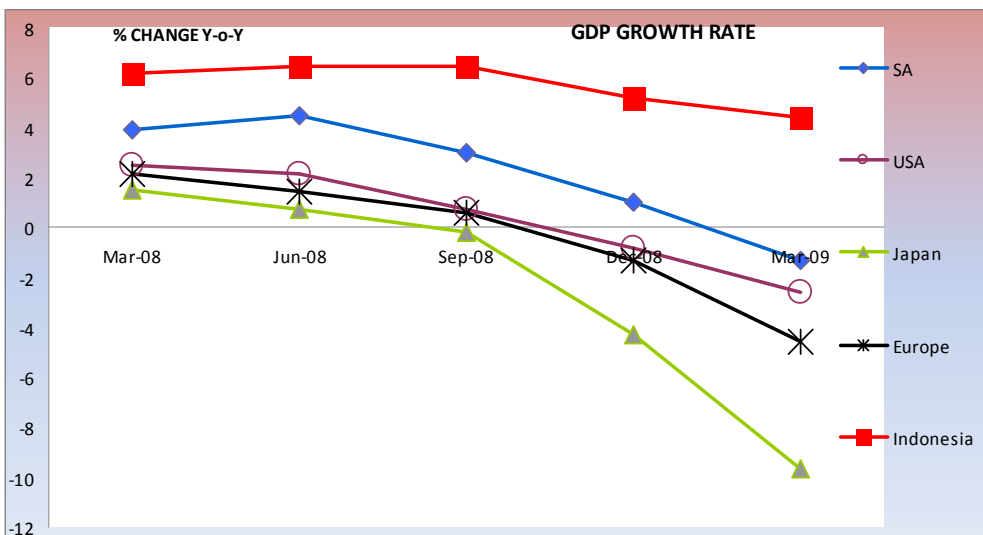
Keynesian economics (also called **Keynesianism** and **Keynesian Theory**) is a macroeconomic theory based on the ideas of 20th-century British economist John Maynard Keynes. Keynesian economics argues that private sector decisions sometimes lead to inefficient macroeconomic outcomes and therefore advocates active policy responses by the public sector, including monetary policy actions by the central bank and fiscal policy actions by the government to stabilize output over the business cycle (Wikipedia).

According to the latest World Bank estimates, the global economy will decline this year by close to 3 percent, a significant revision from a previous estimate of 1.7 percent. Most developing country economies will contract this year and face increasingly bleak prospects unless the slump in their exports, remittances, and foreign direct investment is reversed by the end of 2010. "Although growth is expected to revive during the course of 2010, the pace of the recovery is uncertain and the poor in many developing countries will continue to be buffeted by the aftershocks," World Bank Group President **Robert B. Zoellick**

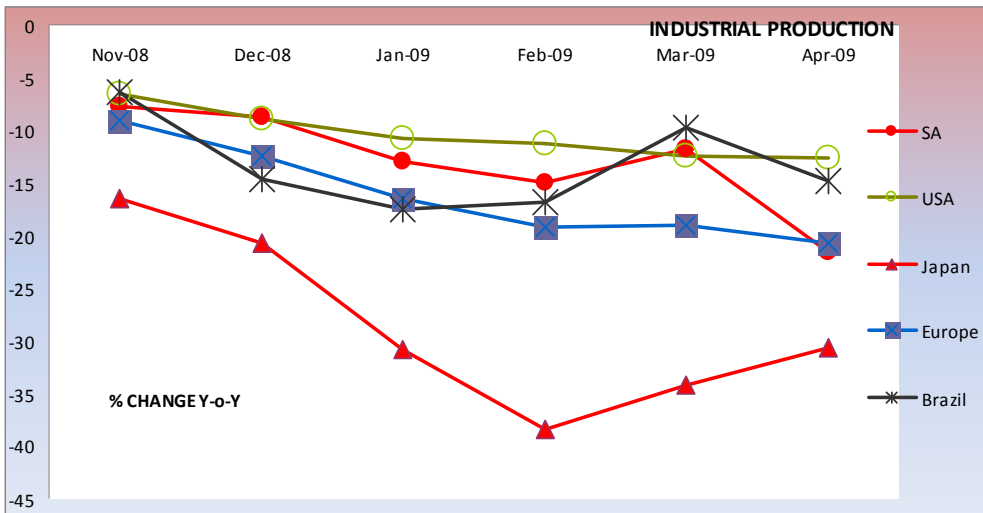
MACROECONOMIC INDICATORS



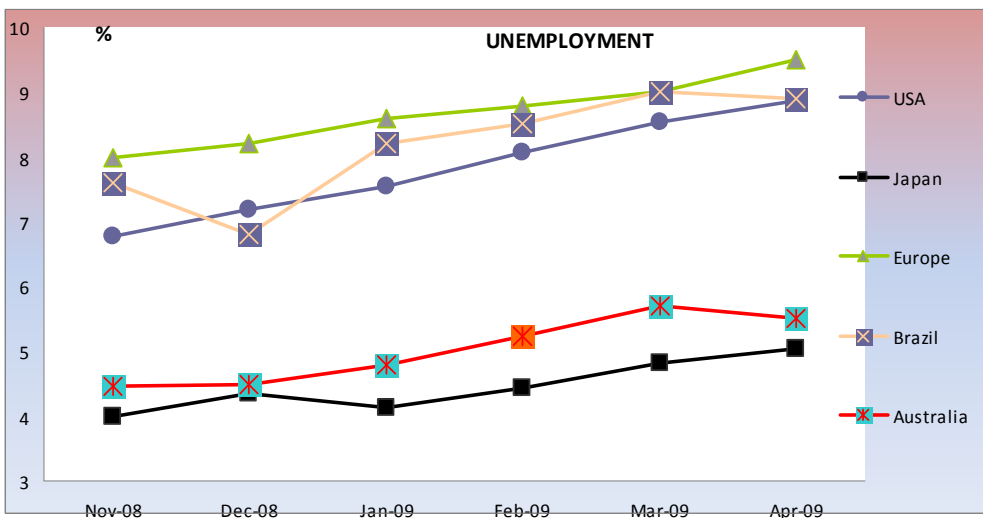
	Mar-09	Apr-09
Russia	86.20	85.87
Europe	94.45	95.28
Sweden	91.89	91.11
India	93.49	93.86
Turkey	91.45	93.25
Hungary	88.17	90.01
Australia	96.58	96.10
Korea	96.50	98.97



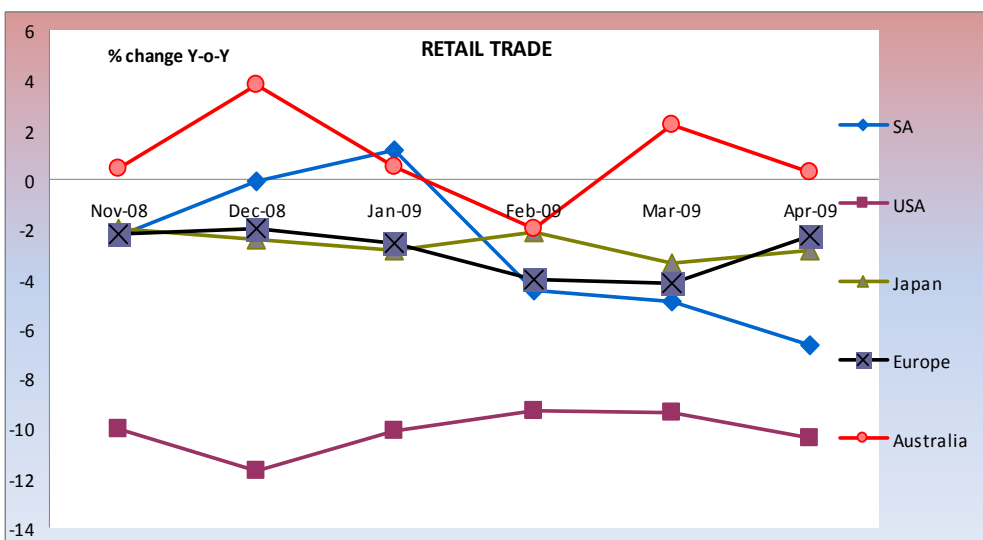
	Dec-08	Mar-09
Russia	1.20	-9.50
Sweden	-4.40	-6.40
Brazil	1.27	
India	5.80	5.80
Turkey	9.20	
Hungary	-2.30	-6.40
Australia	0.30	
Korea	-3.40	-4.30



	Mar-09	Apr-09
Russia	-13.60	-16.90
Sweden	-20.04	-21.40
India	-0.80	1.40
Turkey	-20.20	-19.50
Hungary	-19.60	-25.30
Korea	-10.49	-8.17



	Mar-09	Apr-09
Russia	9.50	10.20
Sweden	8.00	8.50
Brazil	9.00	8.90
Hungary	9.20	9.90
Korea	3.66	3.70

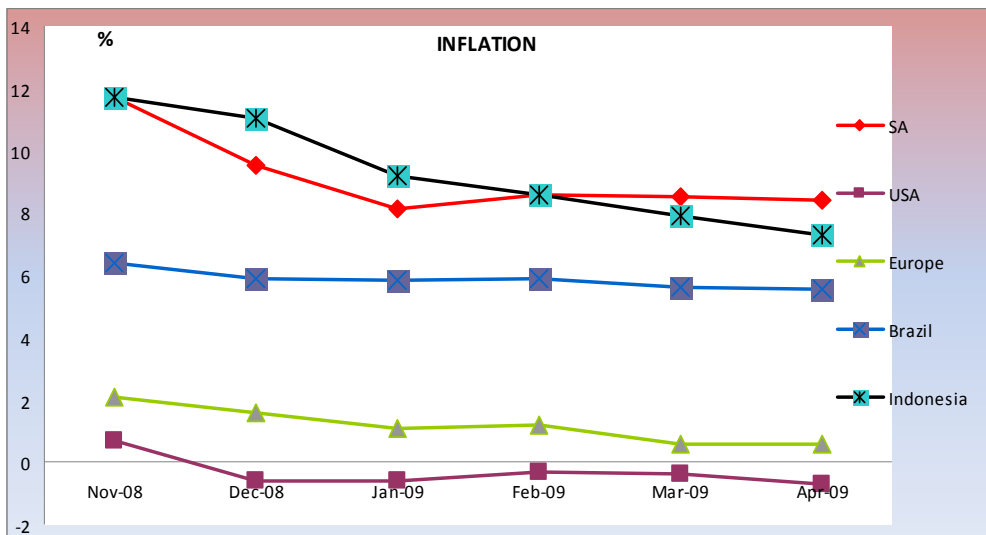


	Mar-09	Apr-09
Sweden	-1.80	3.70
Brazil	9.80	-
India	-10.80	-11.40
Korea	-3.50	10.90

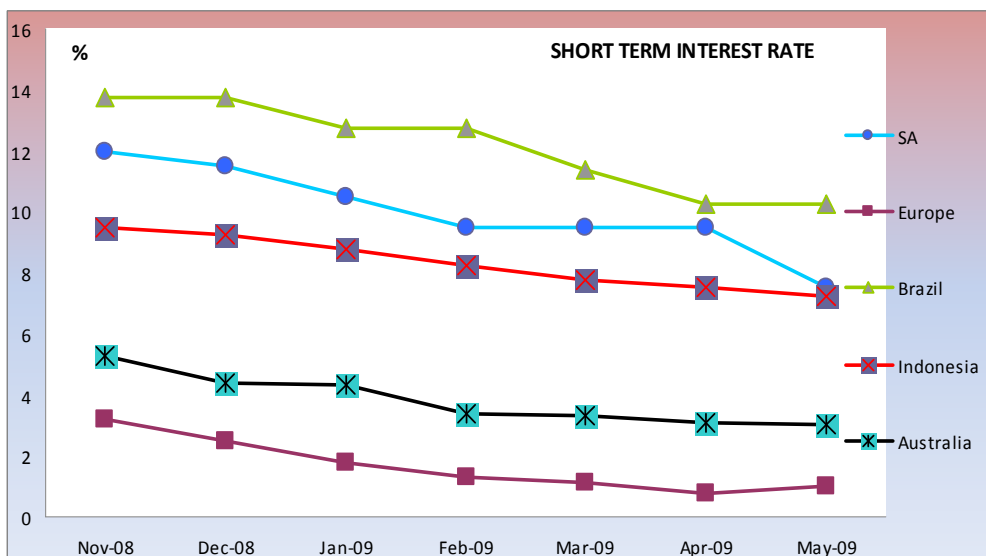
"A sharp fall in the number of jobs being lost in the US has raised hopes that the world's biggest economy could be through the worst of the recession and on the road to -recovery.

The latest non-farm payroll figures showed the pace of US job losses slowed in May. Employers cut 345,000 jobs last month, the US labour department said, far fewer than expected and the lowest monthly total since September" (Financial Times, June 6 2009).

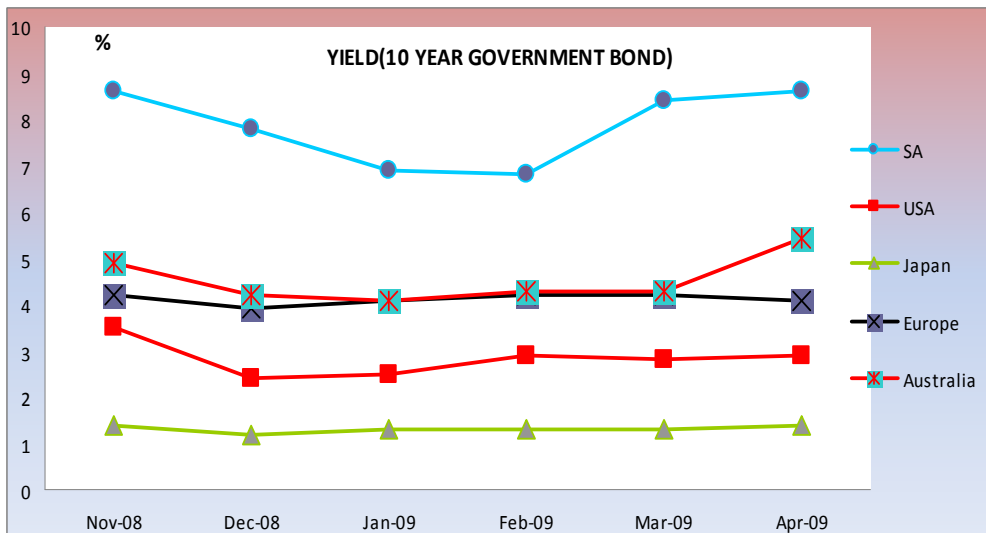
MONETARY INDICATORS



	Mar-09	Apr-09
Japan	-0.30	-0.10
Russia	14.00	13.20
Sweden	0.20	-0.10
India	0.26	-
Turkey	7.89	6.13
Hungary	2.90	3.40
Australia	2.50	-
Korea	3.88	3.58



	Apr-09	May-09
USA	0.25	0.25
Japan	0.10	0.10
Russia	12.50	12.00
Sweden	0.90	
Brazil	10.25	10.25
India	6.00	3.25
Turkey	10.30	9.25
Hungary	9.10	9.50
Korea	1.80	2.00



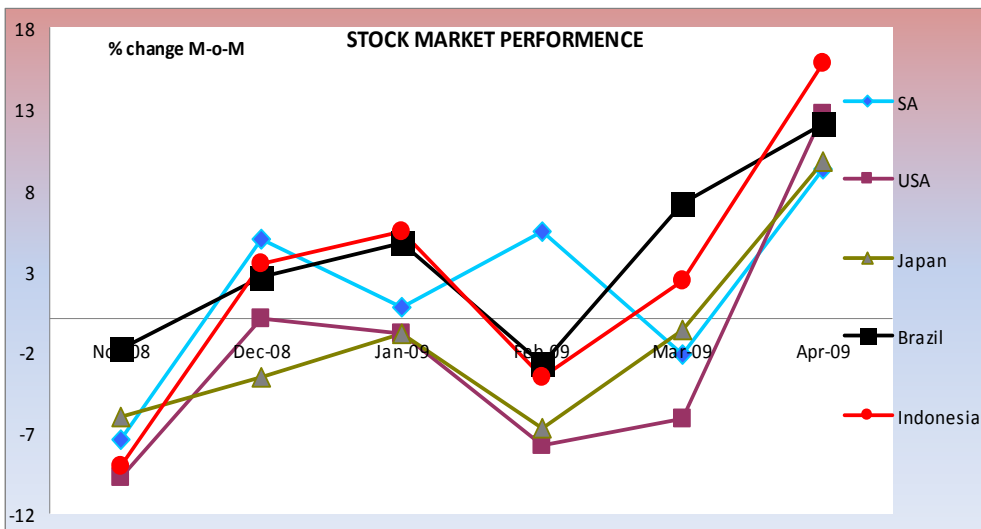
	Mar-09	Apr-09
Russia	10.80	10.40
Sweden	2.90	3.20
Brazil	-	12.79
India	-	6.05
Hungary	11.70	10.60
Indonesia	10.00	11.46
Australia	4.30	5.43
Korea	5.00	4.90

EXCHANGE RATES (PER 1 USD END OF THE MONTH)

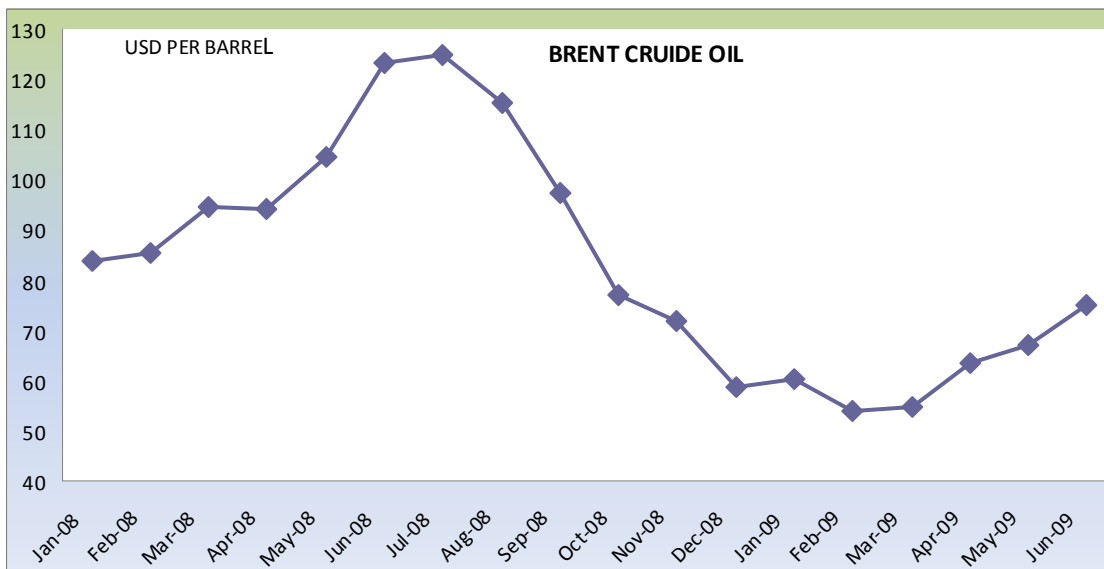
	Nov-08	Dec-08	Jan-09	Feb-09	Mar-09	Apr-09	May-09
SA	10.10	9.97	9.90	10.01	10.47	9.02	7.97
USA	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Japan	96.86	91.31	90.27	92.82	97.80	98.90	96.53

Russia	27.31	28.13	32.01	35.83	34.67	33.56	30.82
Europe	0.79	0.74	0.76	0.78	0.77	0.76	0.73
Sweden	7.97	8.01	8.14	8.53	8.57	8.23	7.74
Brazil	2.27	2.39	2.18	2.24	2.31	2.21	2.01
India	49.00	48.63	48.25	51.07	51.23	50.06	47.12
Turkey	1.59	1.54	1.59	1.66	1.70	1.60	1.55
Hungary	207.84	196.89	213.48	232.73	232.68	222.07	206.02
Indonesia	11 836.00	11 092.86	11 183.29	11 916.20	11 627.90	10 600.00	10 313.00
Australia	1.52	1.49	1.49	1.54	1.50	1.40	1.31
Korea	1 401.16	1 372.33	1 358.05	1 438.83	1 448.6205	1 331.0318	1 253.59

FINANCIAL INDICATORS

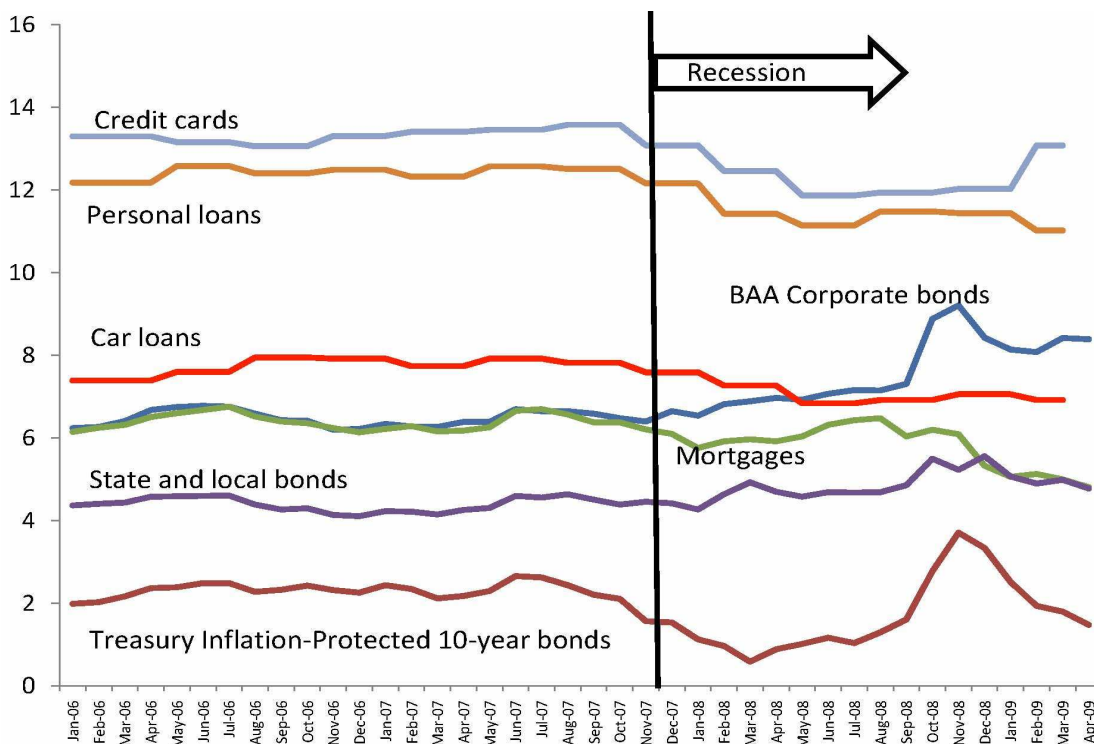


	Mar-09	Apr-09
Russia	14.00	17.30
Europe	4.80	14.69
Sweden	-1.30	15.30
India	-2.10	20.90
Turkey	7.20	12.62
Hungary	-7.30	19.20
Australia	7.10	13.80
Korea	0.10	17.35





US INTEREST RATES BEFORE AND AFTER THE CRASH



In 2006, a boom in U.S. housing prices abruptly reverses course; between the fourth quarter of 2005 and the first quarter of 2006, median U.S. housing prices fall 3.3 percent. These declines accelerate in 2007. The downturn prompts a collapse of the U.S. subprime mortgage industry, which offered loans to individuals with poor credit or no cash for a down payment. More than twenty-five subprime lending firms declare bankruptcy in February and March 2007. The collapse rattles the Dow Jones Industrial Average, which on February 27 loses 416 points, or 3.3 percent, its biggest one-day point loss since 9/11 (Council on Foreign Relations).