

IMPLICATION OF GLOBAL ECONOMIC DEVELOPMENTS ON NATIONAL AND PROVINCIAL ECONOMIES

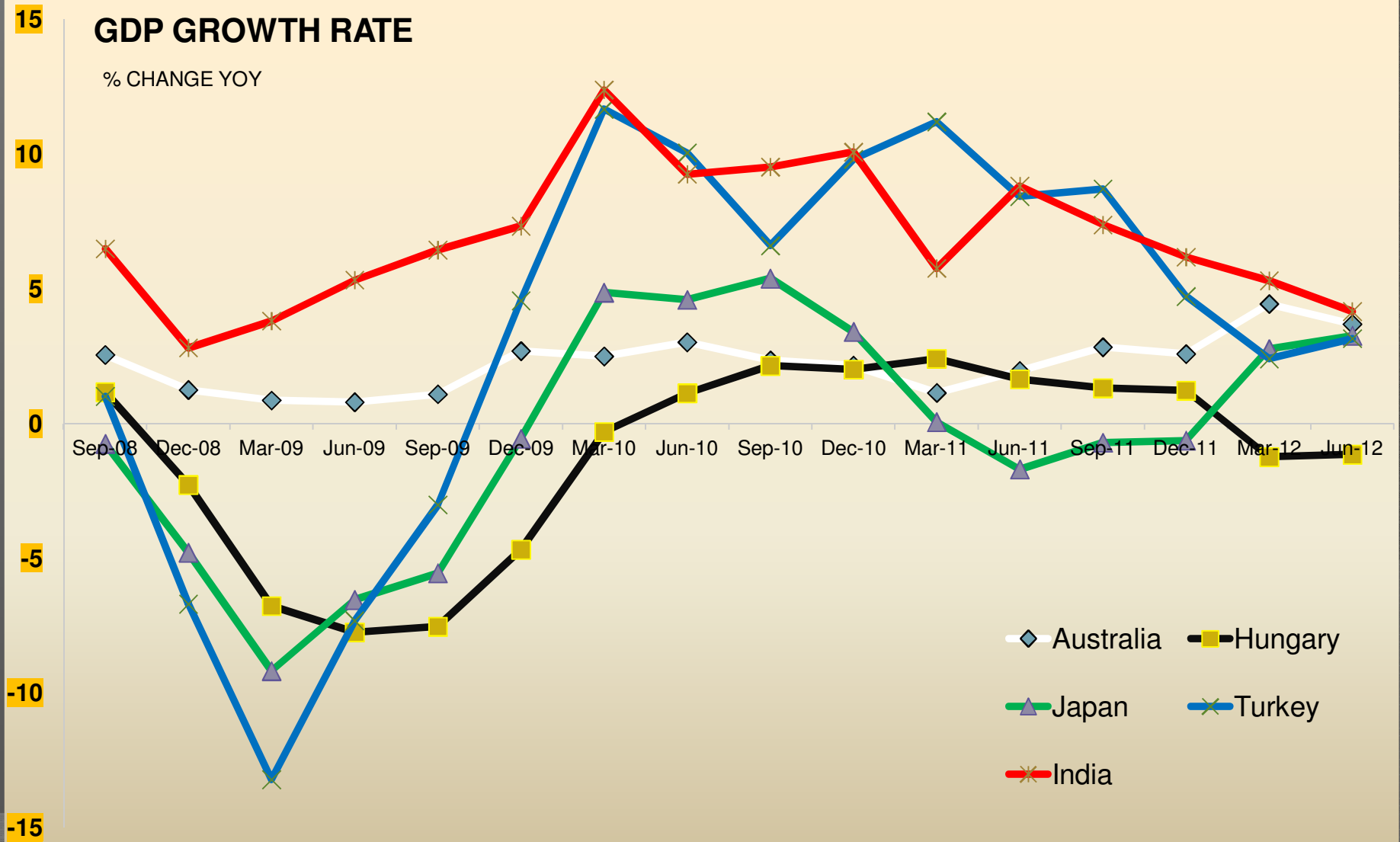
Clive Coetzee
General Manager: Infrastructure
Management and Economic Services
KZN Provincial Treasury



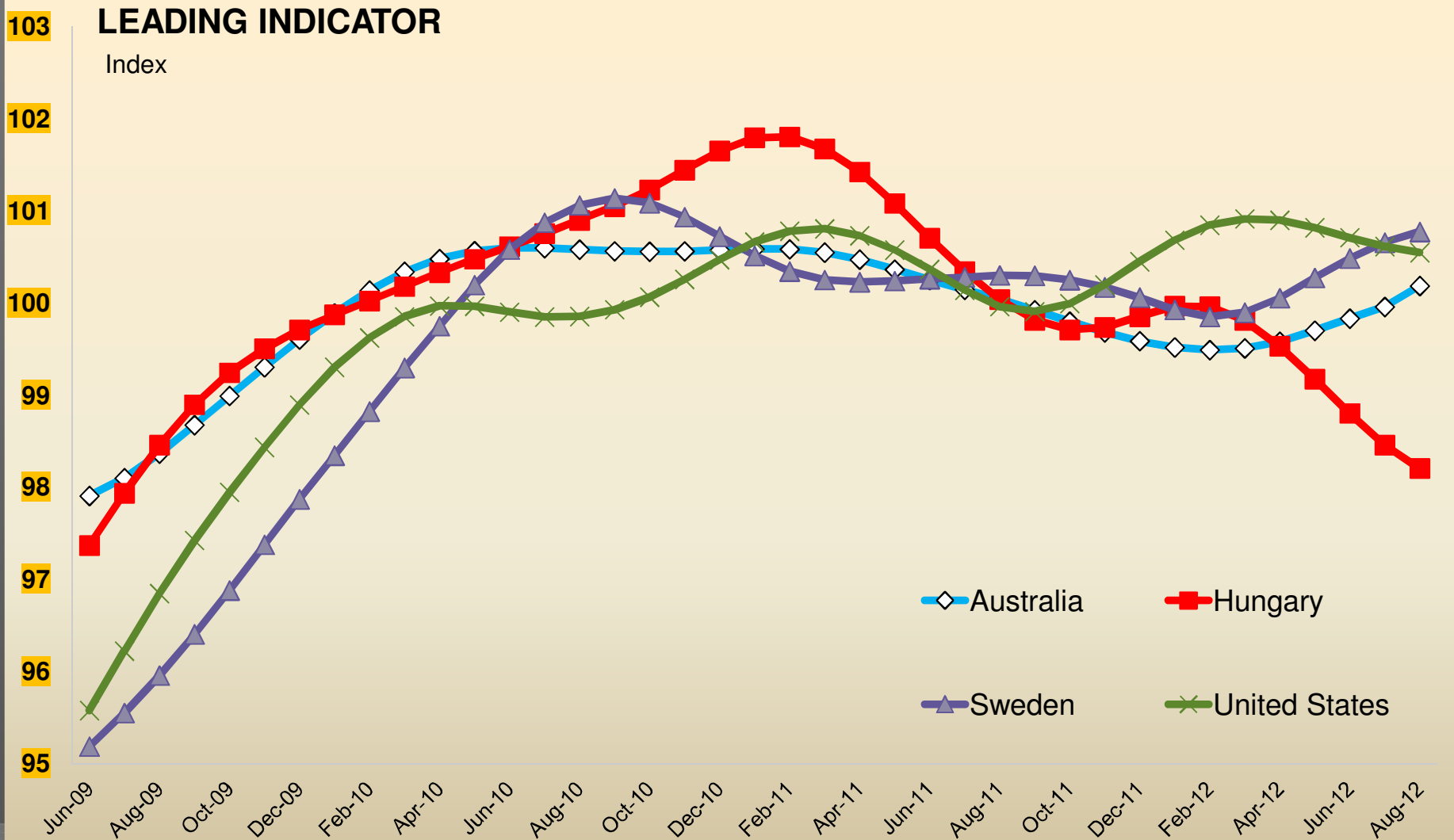
INTERNATIONAL MACRO ECONOMIC TRENDS



INTERNATIONAL MACRO ECONOMIC TRENDS

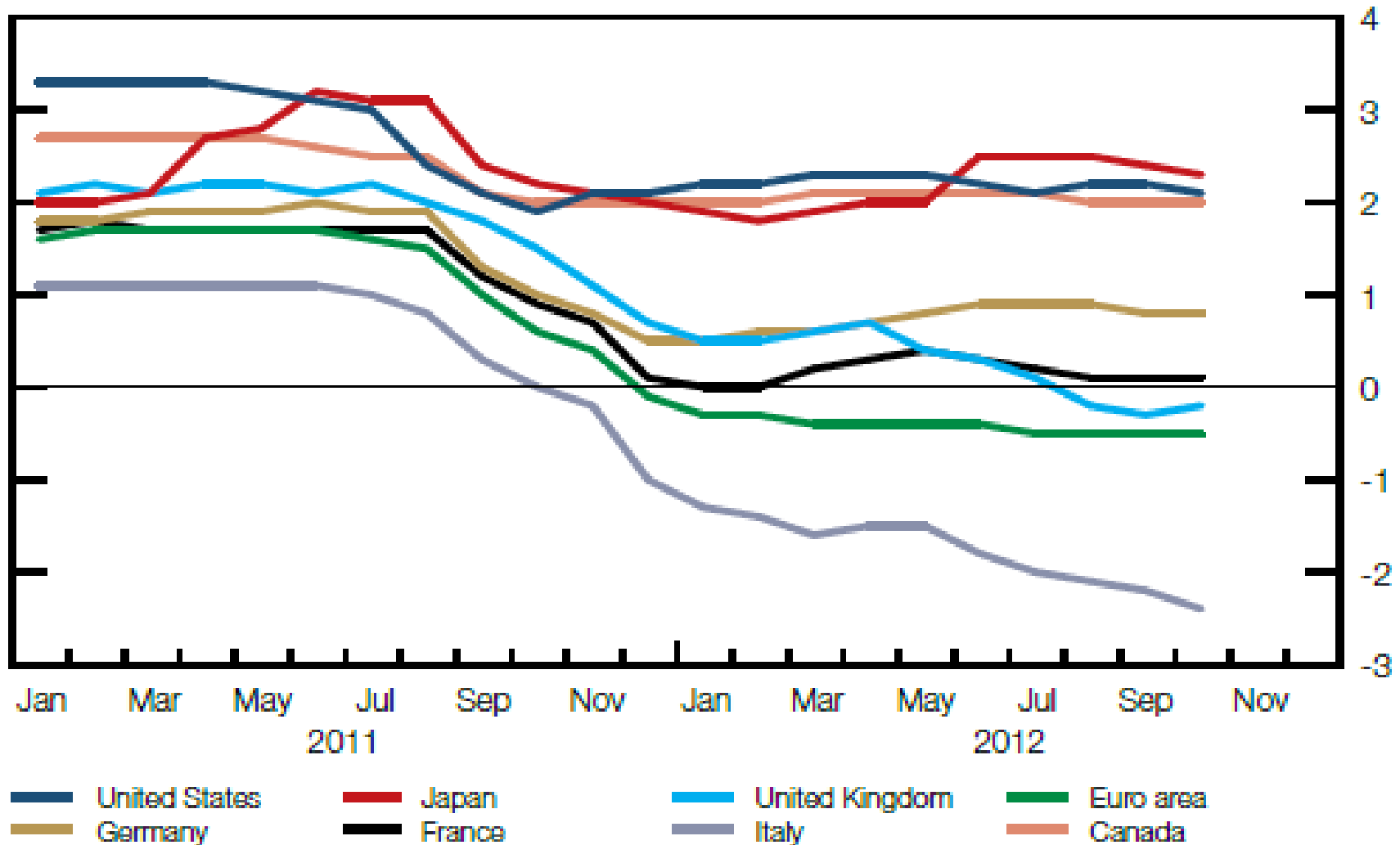


INTERNATIONAL MACRO ECONOMIC TRENDS

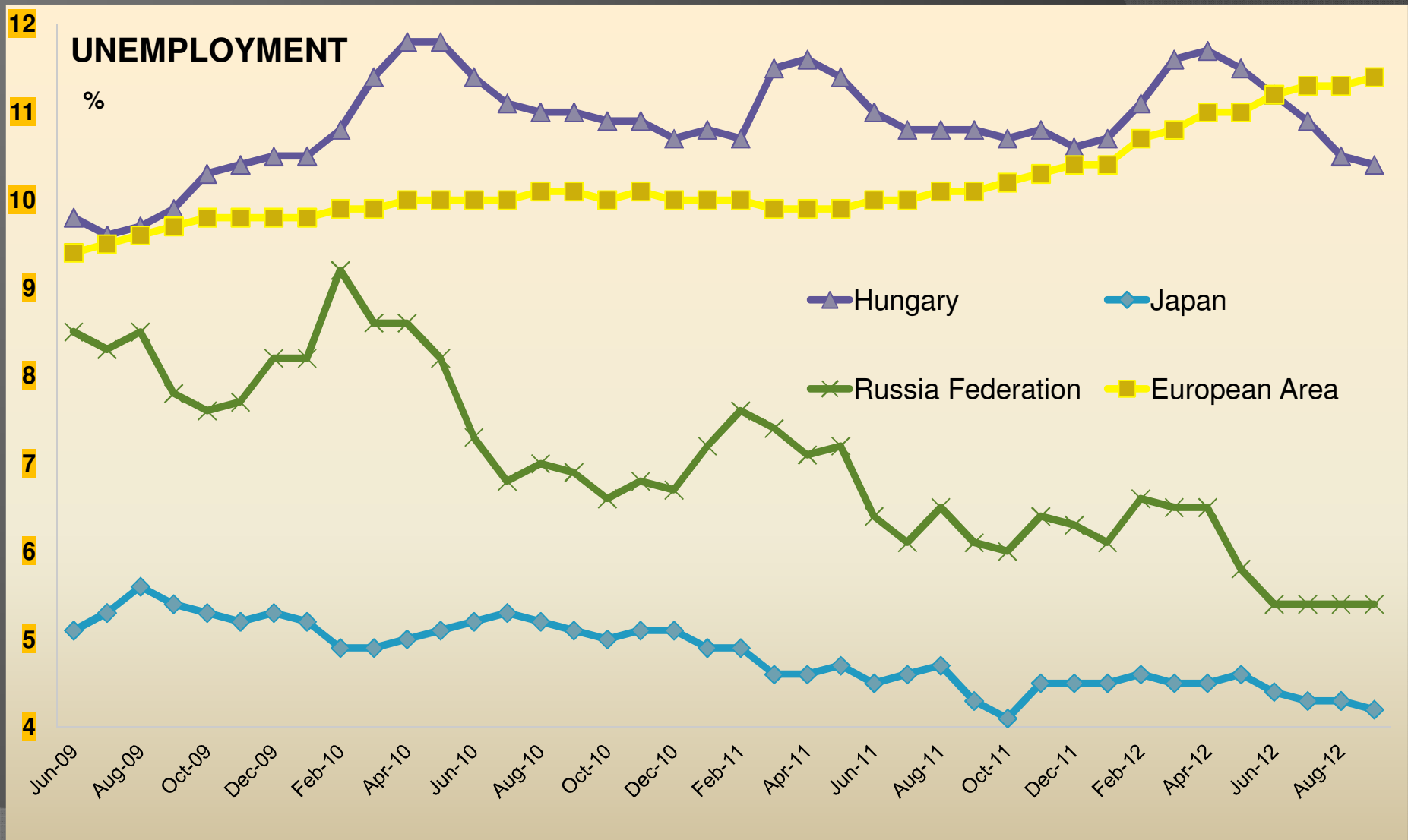


INTERNATIONAL MACRO ECONOMIC TRENDS

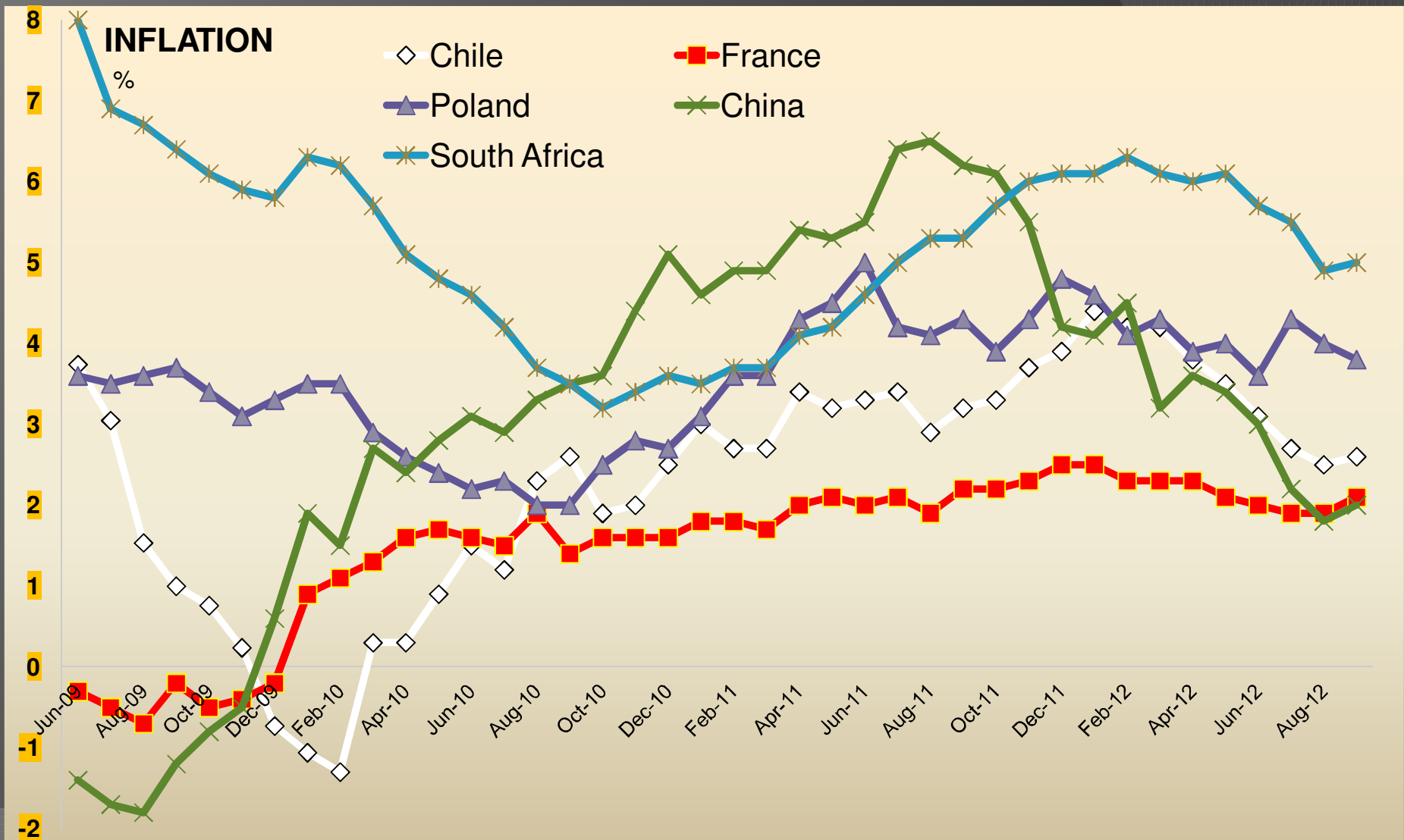
Annual percentage change



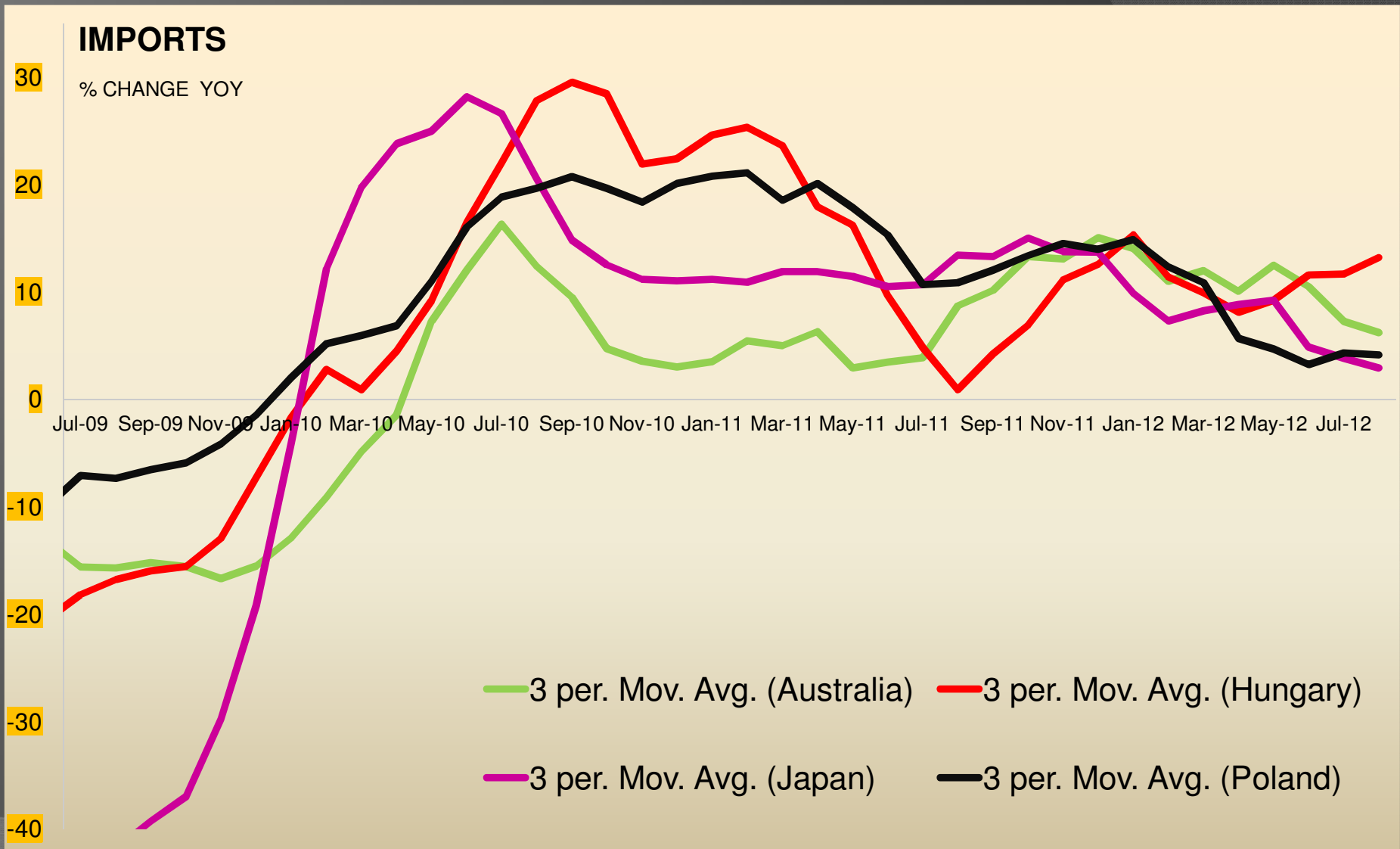
INTERNATIONAL MACRO ECONOMIC TRENDS



INTERNATIONAL MACRO ECONOMIC TRENDS



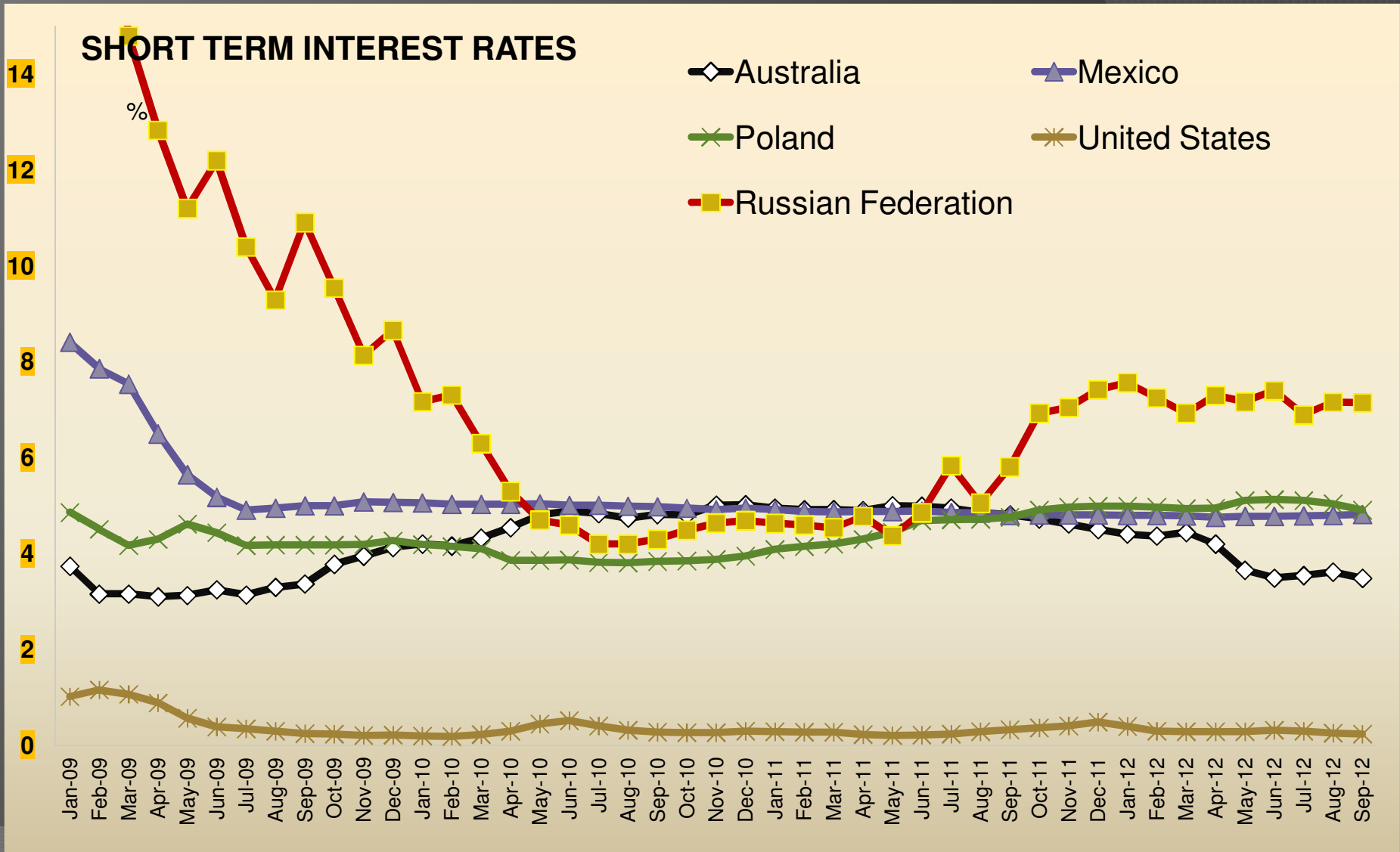
INTERNATIONAL MACRO ECONOMIC TRENDS



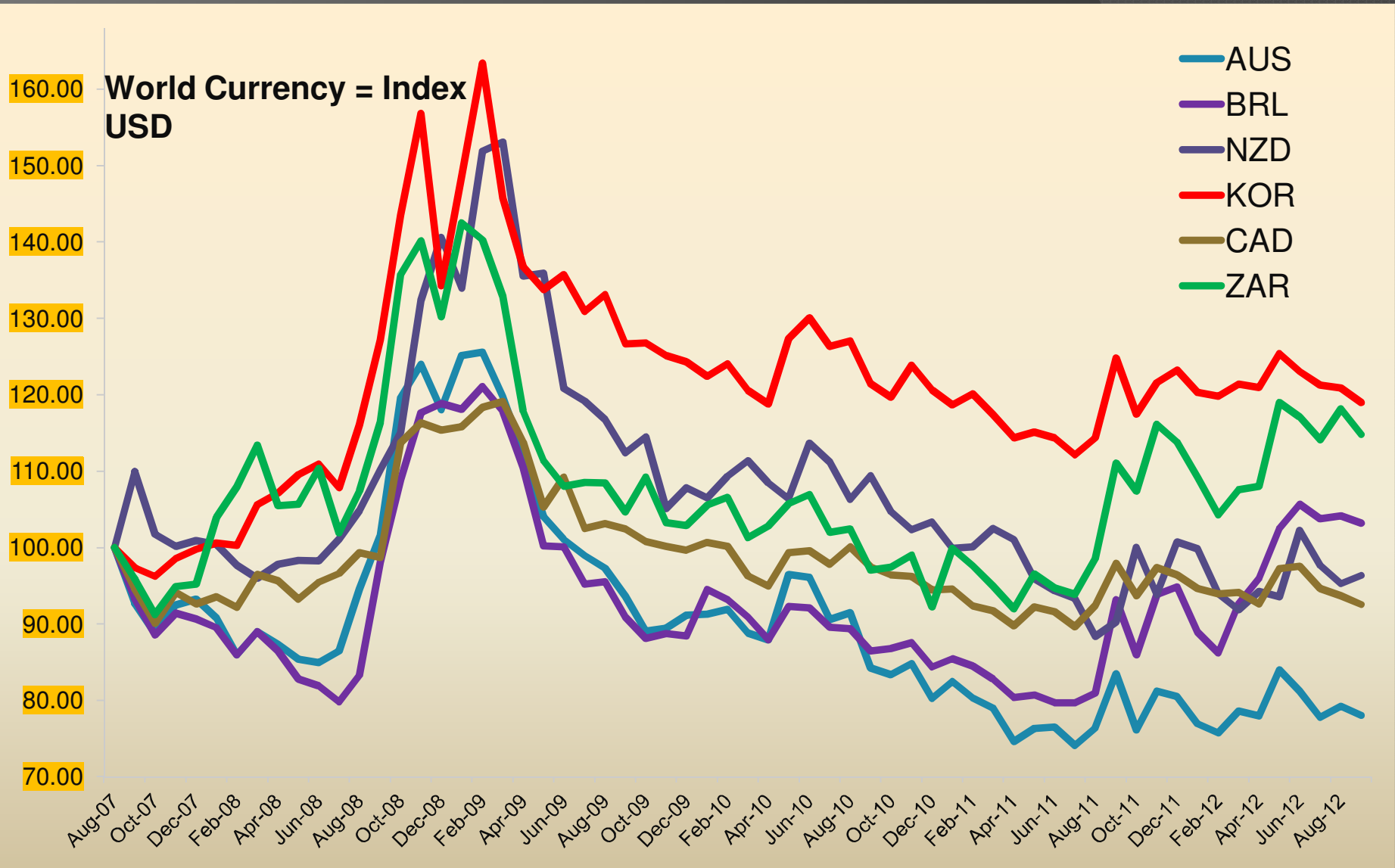
INTERNATIONAL MACRO INDICATORS



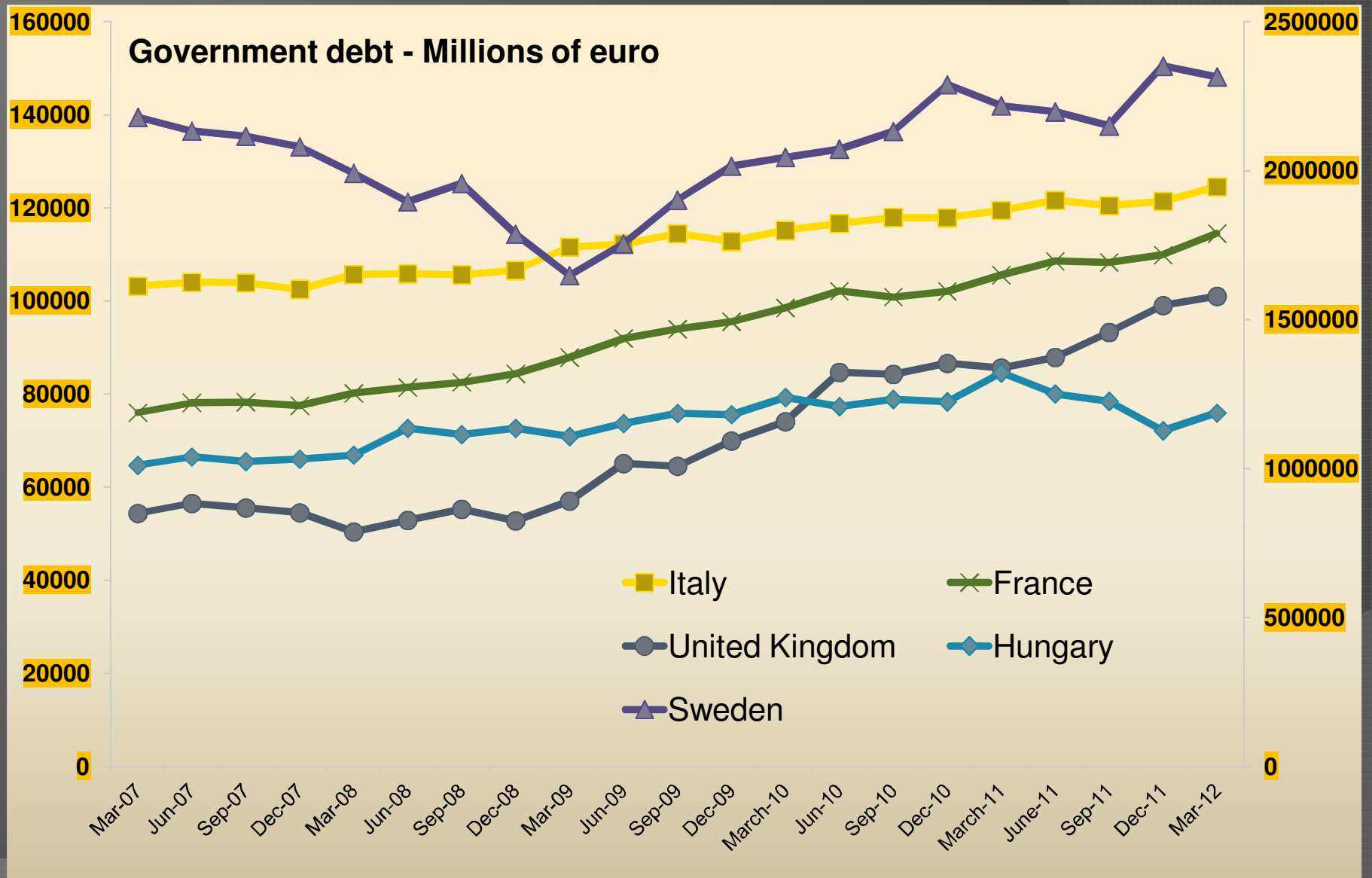
INTERNATIONAL MACRO INDICATORS



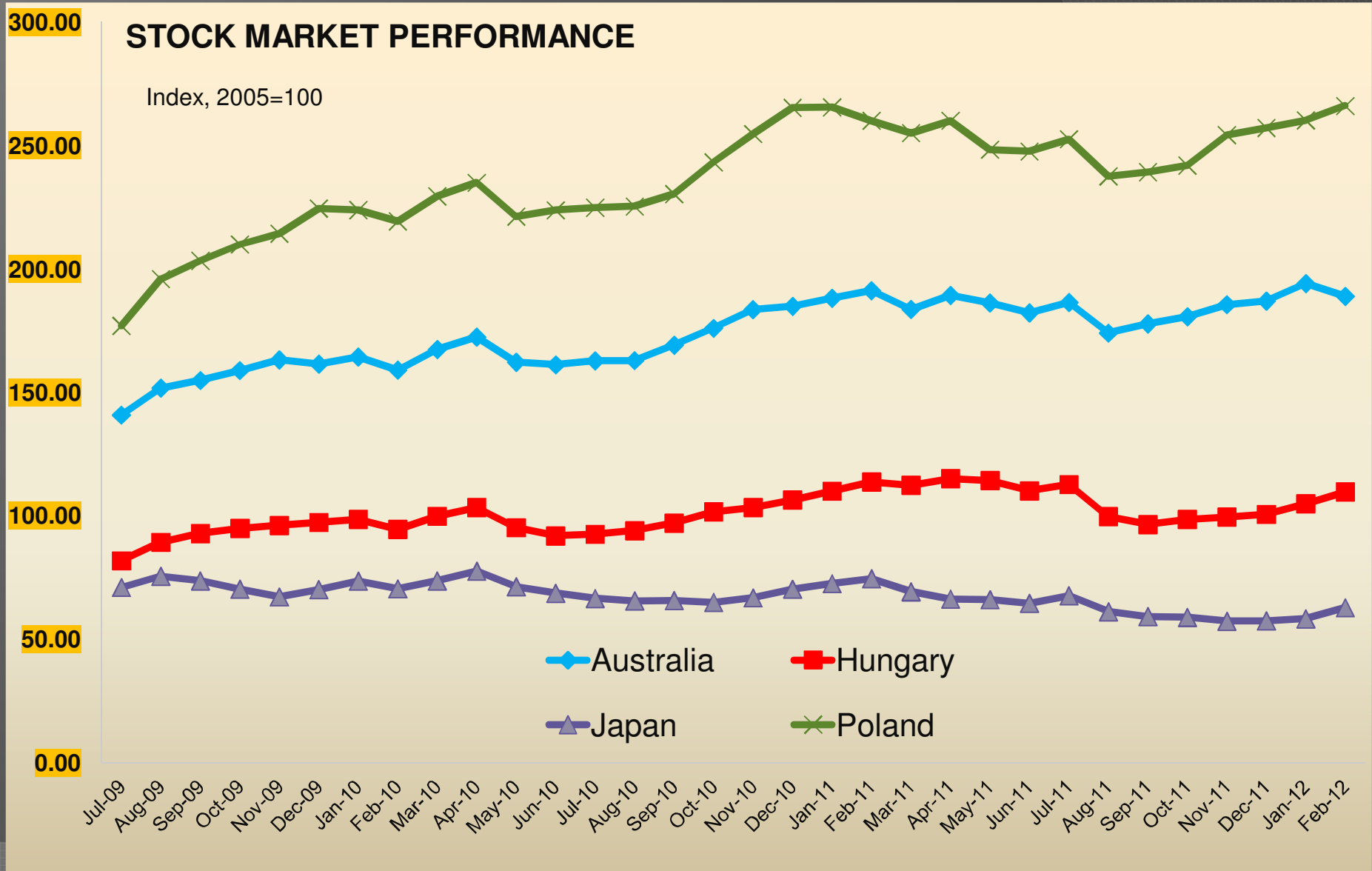
INTERNATIONAL MACRO INDICATORS



INTERNATIONAL MACRO INDICATORS

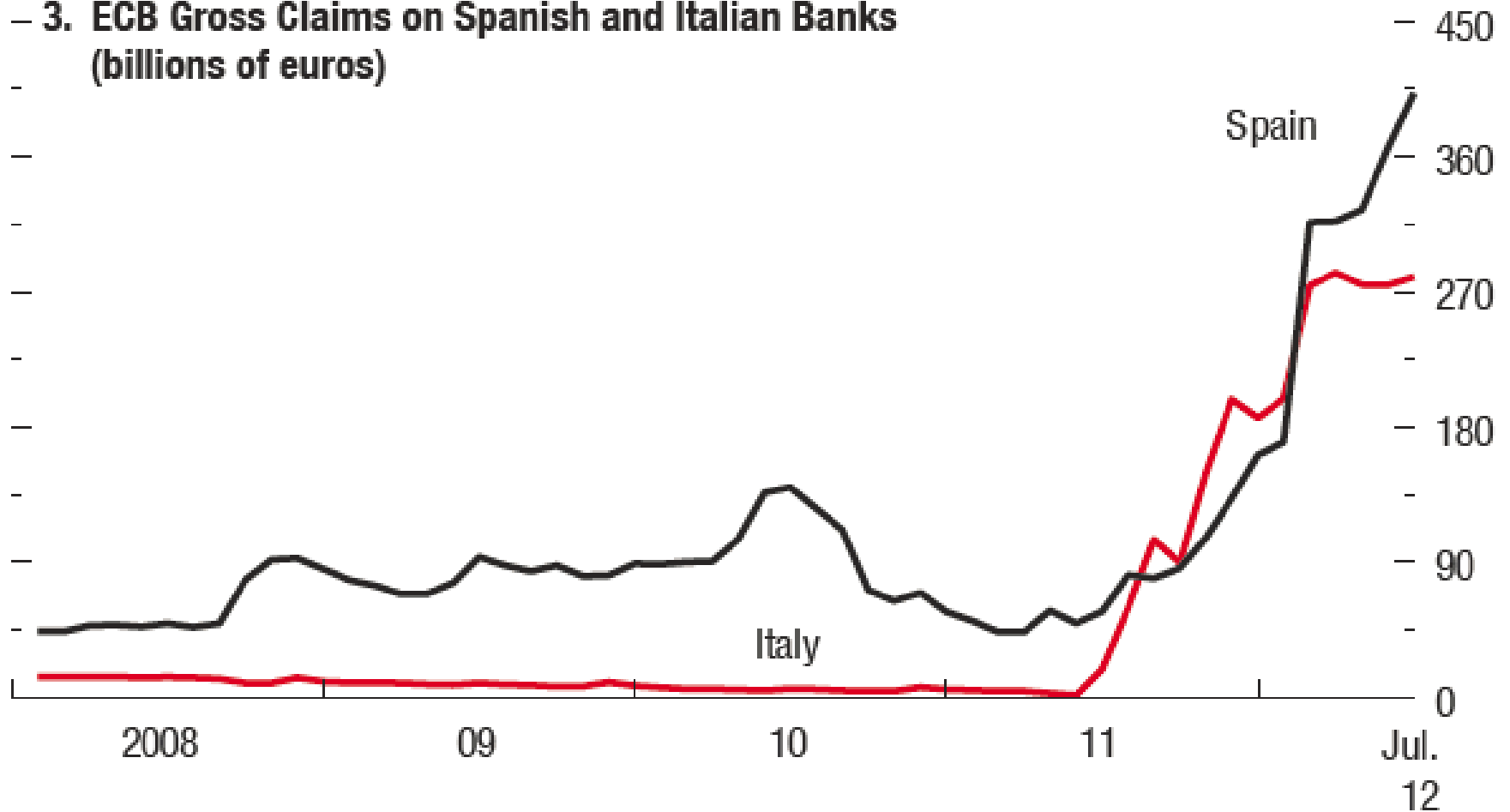


INTERNATIONAL MACRO INDICATORS



INTERNATIONAL MACRO INDICATORS

– 3. ECB Gross Claims on Spanish and Italian Banks (billions of euros)



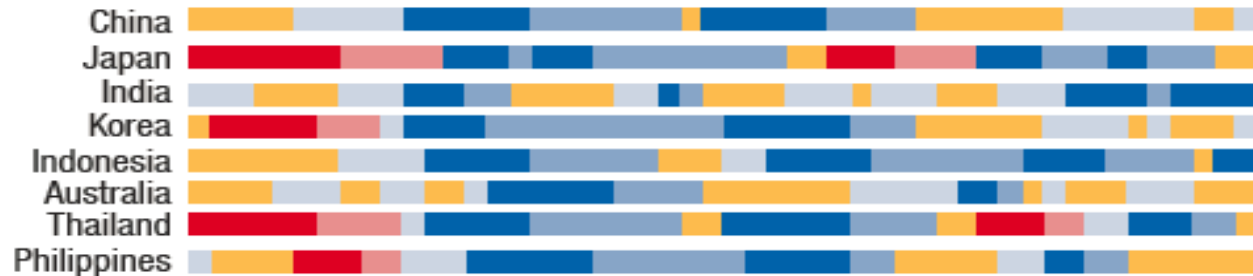
3. GrowthTracker⁴

- Above trend and rising
 - Above trend and moderating
 - Below trend and rising
- Below trend and moderating
 - Contracting at a moderating rate
 - Contracting at an increasing rate

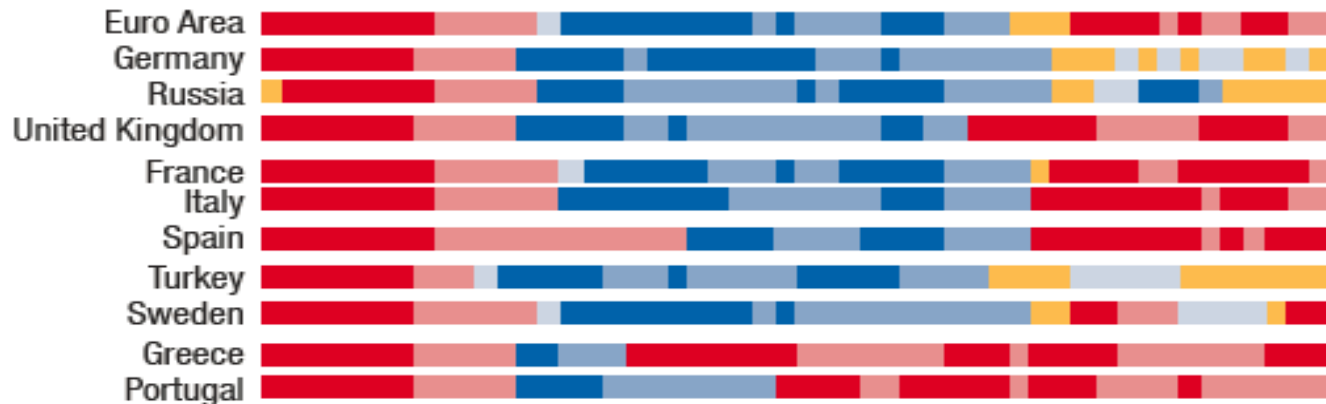
Western Hemisphere



Asia Pacific



Europe



Middle East & Africa



Jun. 2008 Jan. 09 Jan. 10 Jan. 11 Jul. 12

INTERNATIONAL ECONOMIC TRENDS



INTERNATIONAL ECONOMIC TRENDS

Political Polarization

- ✘ Economic Ideological Differences
- ✘ Geo Spatial Differences
- ✘ Policy Uncertainty

INTERNATIONAL ECONOMIC TRENDS

Global Volatility

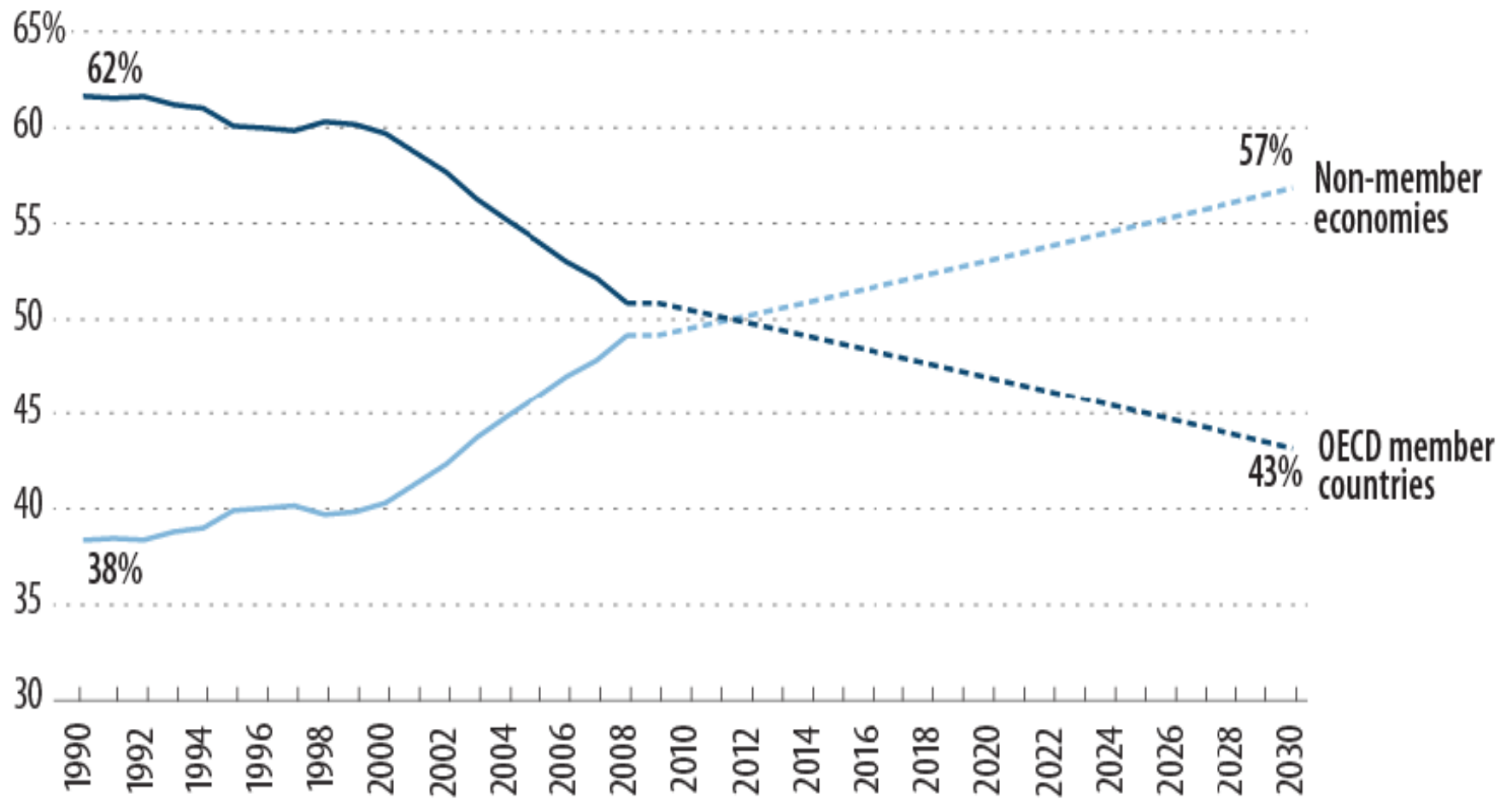
- ✘ Sovereign Debt Markets
- ✘ Energy Market
- ✘ Global Warming

INTERNATIONAL ECONOMIC TRENDS

Rising Economic Powers

- ✘ China Slowing Down
- ✘ Brazil Still Powering
- ✘ South Africa Internal Struggles

INTERNATIONAL ECONOMIC TRENDS



INTERNATIONAL ECONOMIC TRENDS

Fundamental Economic Change

- ✘ Technological Advancement
- ✘ Decrease Communication and Transport Costs
- ✘ Increase in World Supply of Labour
- ✘ Reduction of Trade Barriers

INTERNATIONAL FUNDAMENTAL CHANGES

The primary-products economy has come "uncoupled" from the industrial economy.

In the industrial economy itself, production has come "uncoupled" from employment.

Capital movements rather than trade (in both goods and services) have become the driving force of the world economy. The two have not quite come uncoupled, but the link has become loose, and worse, unpredictable.

INTERNATIONAL ECONOMIC OUTLOOK

- ✘ Economic Activity remains strongest in developing countries
- ✘ Moderate up-tick in global economic activity
- ✘ Strong price increases in key base metals
- ✘ Global trade will rebound
- ✘ Financial market conditions will continue to show signs of a sustained easing

SUMMARY

- **Africa as a new frontier**
- **Commodity prices cycles**
- **Sharp depreciation of local currency**
- **Disruptions to productive activity**
- **Monetary policy space**
- **Deteriorating World rankings**
- **City economic concentration levels**
- **Urbanization Rates**

SUMMARY

■ In SA we have the situation of TWIN Headwinds:

■ Global Economic Slowdown

■ Domestic Uncertainty and Unrest

■ Outlook does not look good – but.....

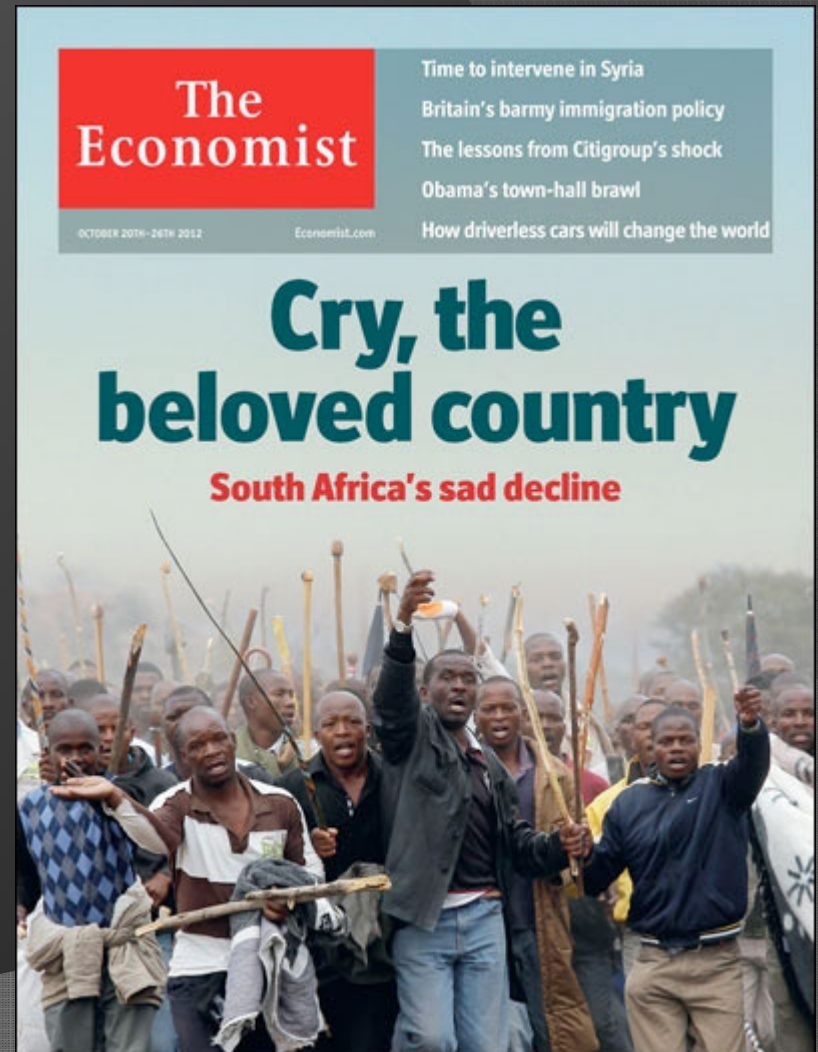
SUMMARY

- **“Good” Economic Policies**
- **An “attractive” Destination**
- **Implementation and Service Orientated Ethic**
- **Focus on Cities**
- **Social Partnership for development**

SUMMARY

"Cry, the beloved country

South Africa is sliding downhill while much of the rest of the continent is clawing its way up



SUMMARY

“Time is
Running
Out”

