

SOUTH AFRICA'S NEXT 10 YEARS:

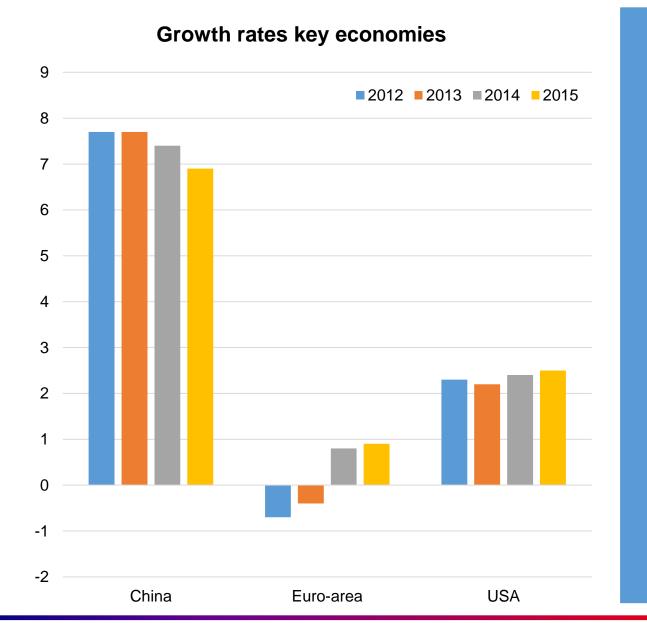
Trends, Risks, Scenarios and Probabilities

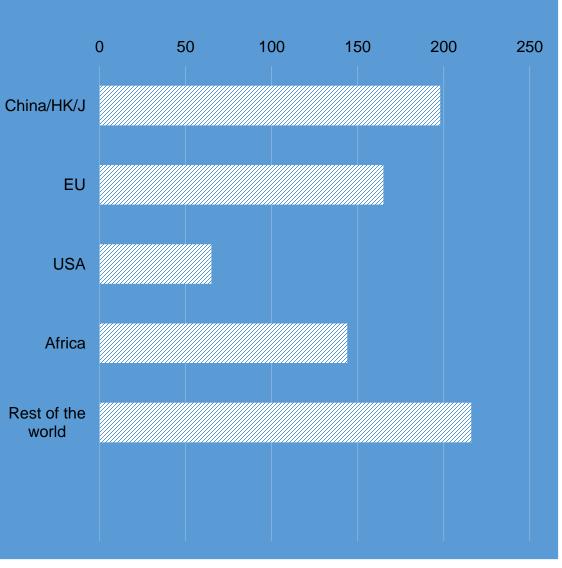
Produced by the Centre for Risk Analysis at the IRR June 2015



CHINA, THE EU, AND THE USA

World Bank forecasts anticipate China slowing with significant implications for South Africa's exports

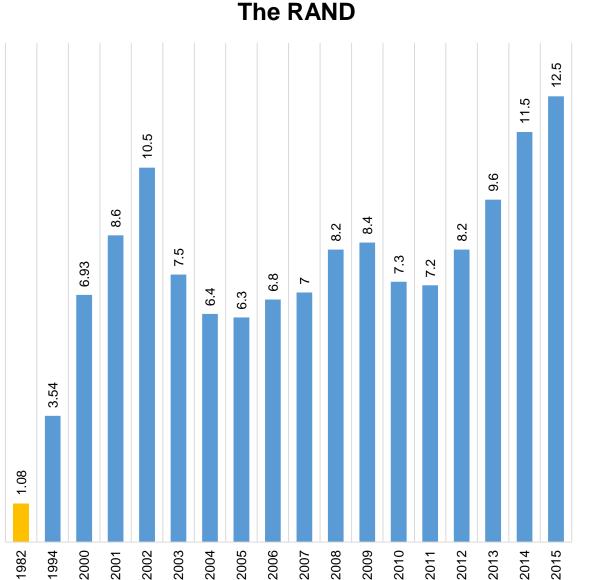




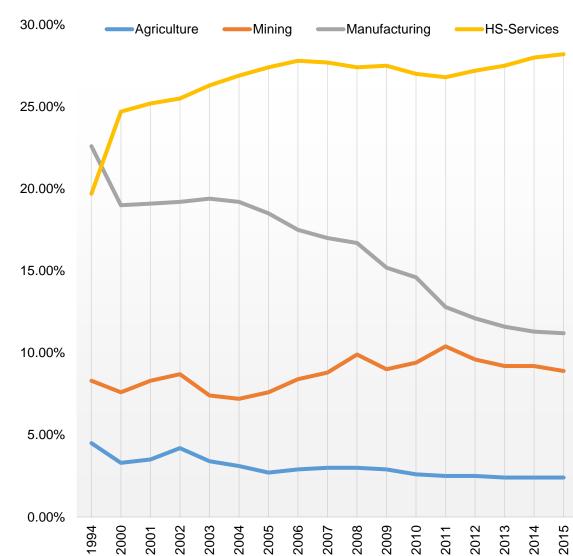
South Africa's export partners (Rbn)

THE RAND AND CHANGING GDP MAKE UP

The outlook is for further currency weakness amidst declining manufacturing output



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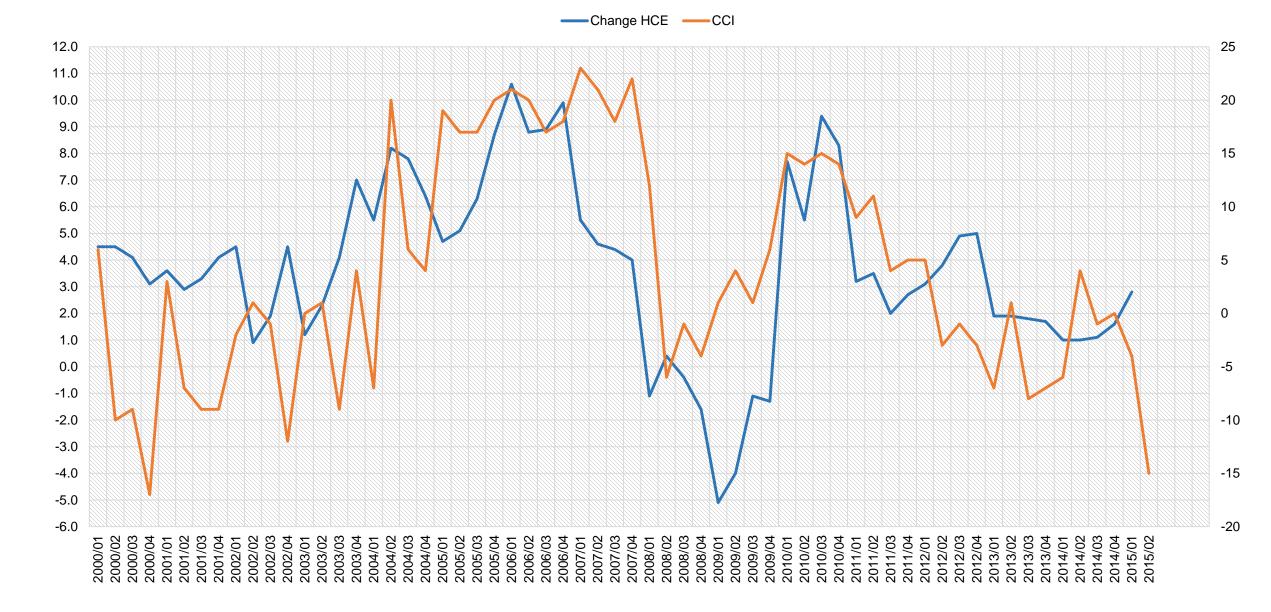


Structure of GDP

Consumer spending and consumer confidence

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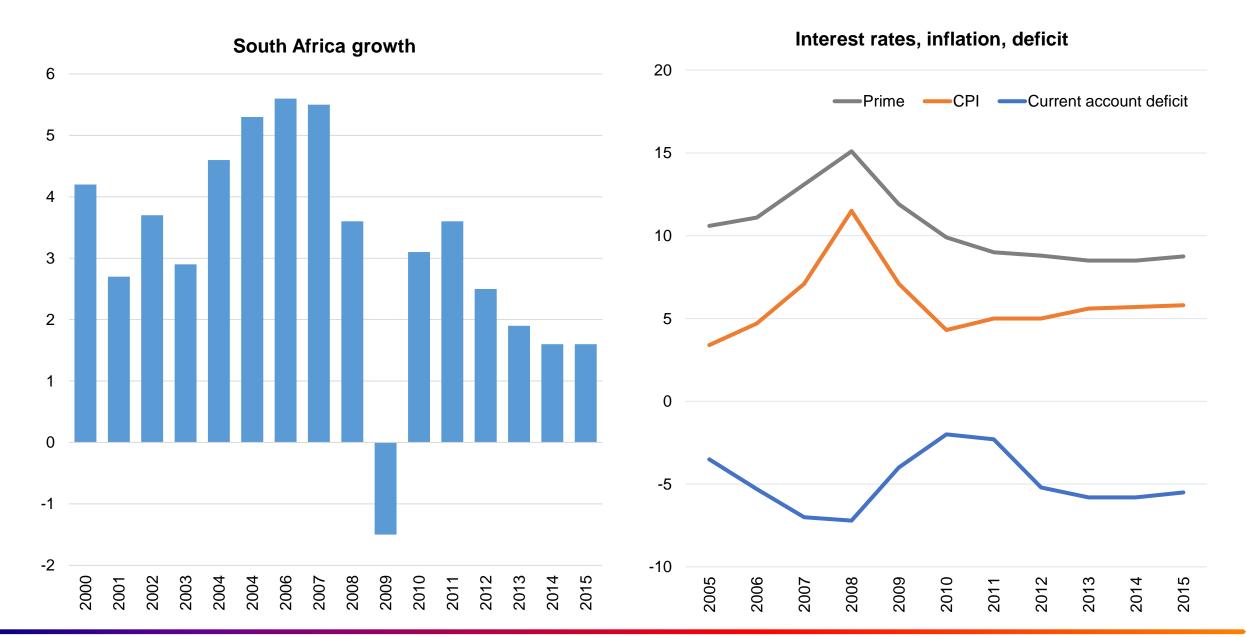
Confidence has reached near record lows and will pull spend down pinning GDP growth to sub-2%





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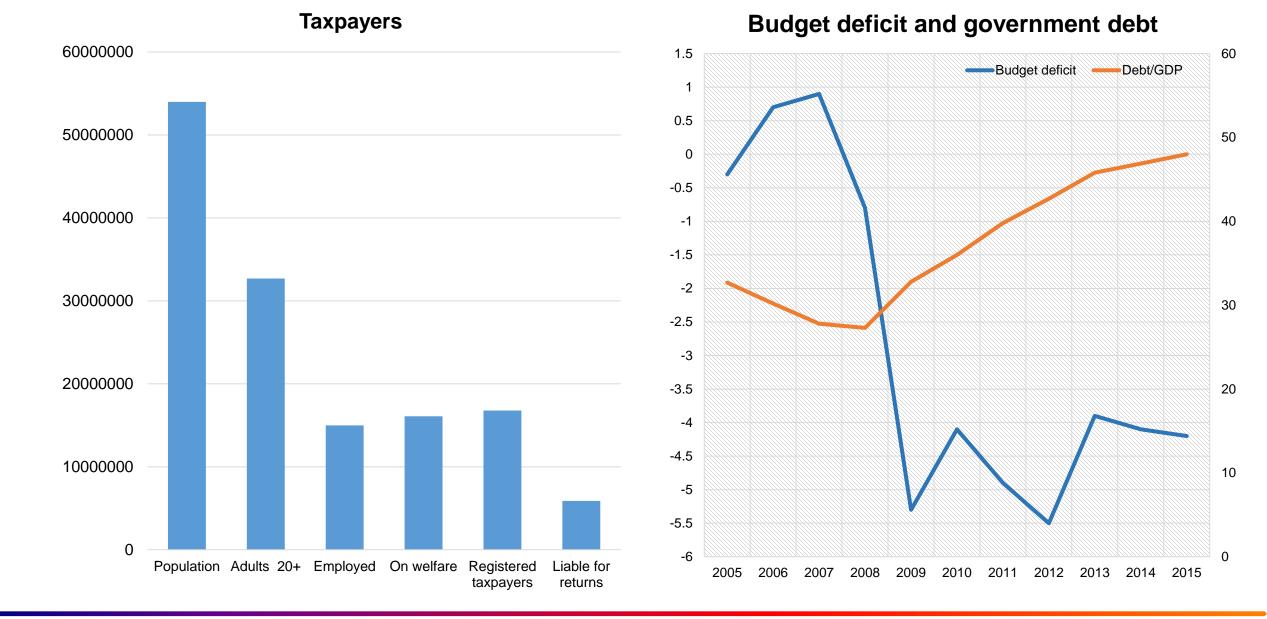
Expect low growth levels which will dampen inflation and exclude rate hikes as debt and deficit levels rise.

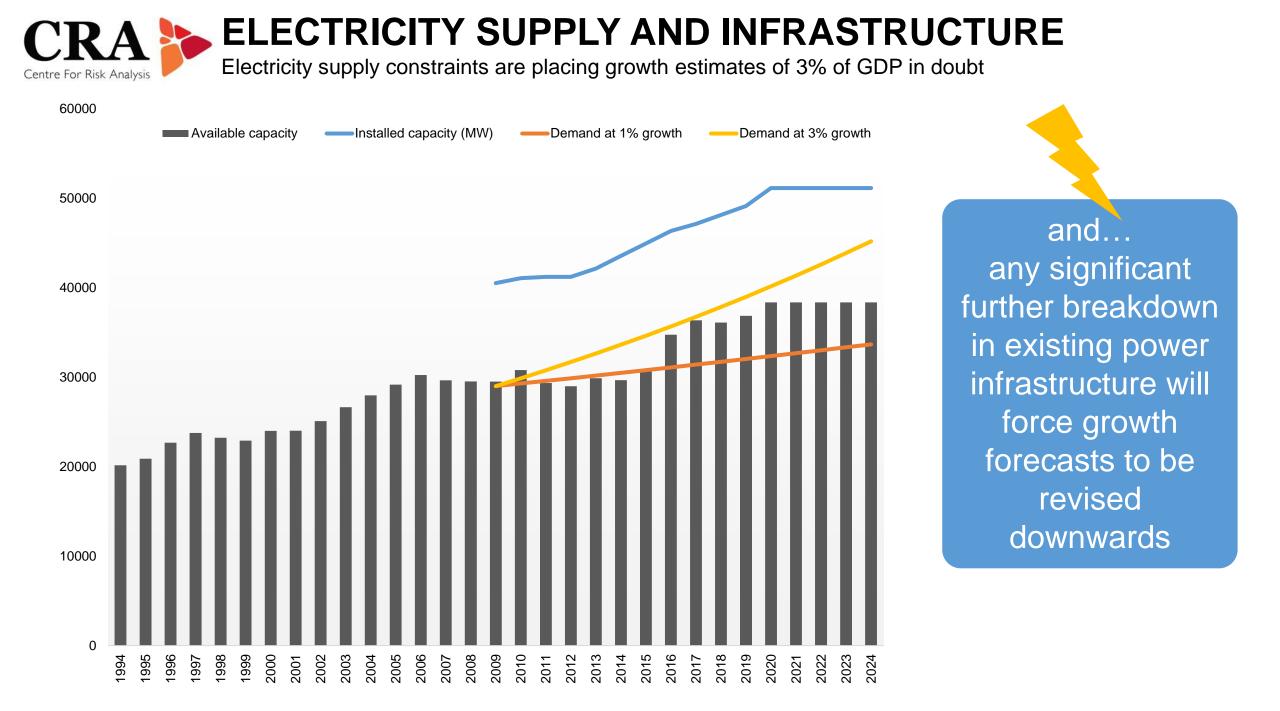




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Weak economic growth will dampen tax base expansion as government finances come under further strain

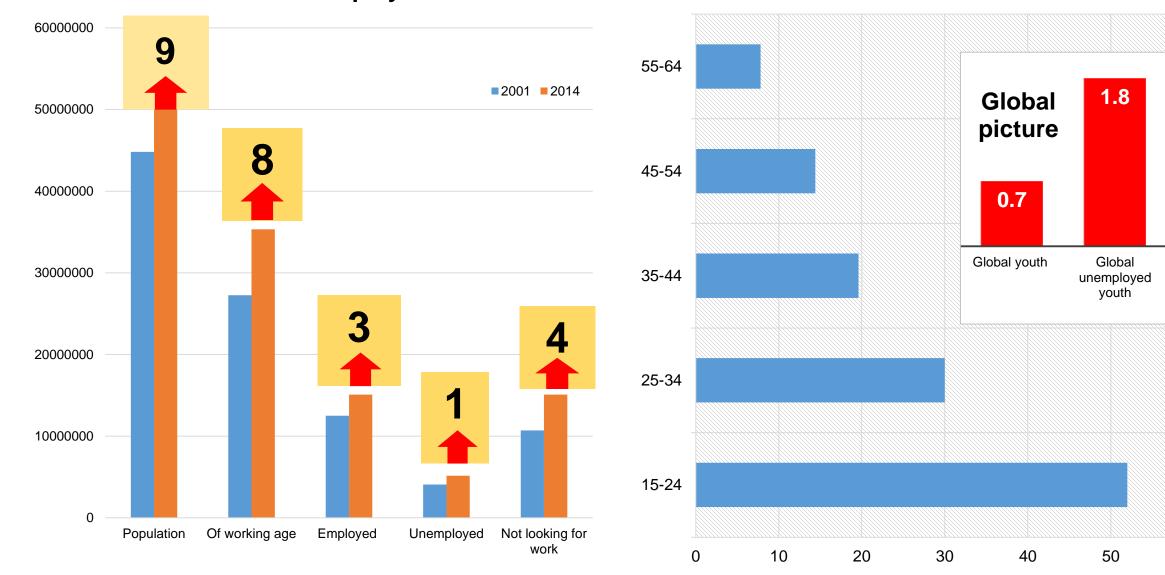






LABOUR MARKETS

We anticipate sustained high levels of joblessness centred around young people



Jobs and unemployment

Official unemployment rate by age group

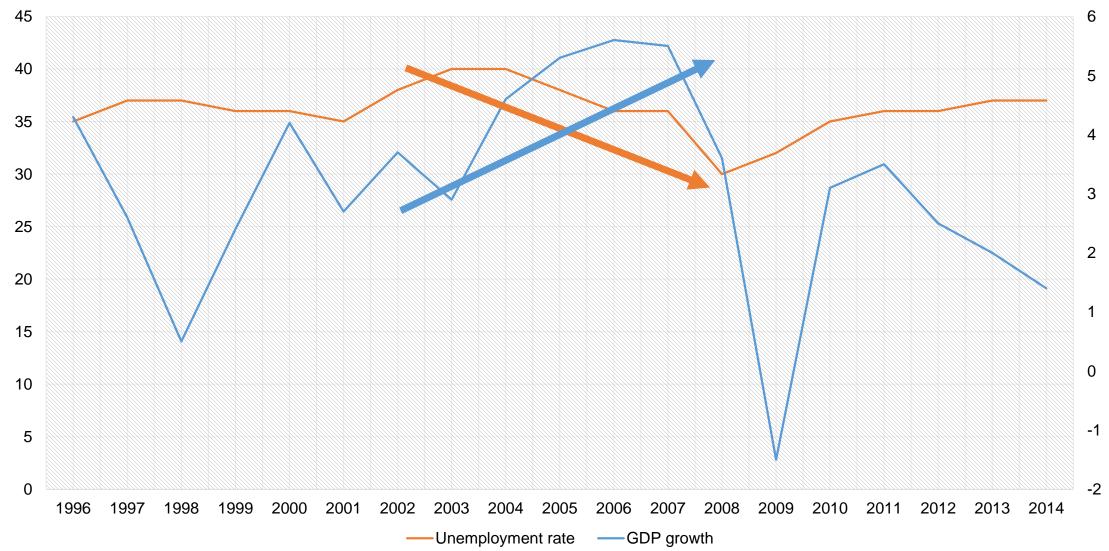
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JOBS AND GROWTH

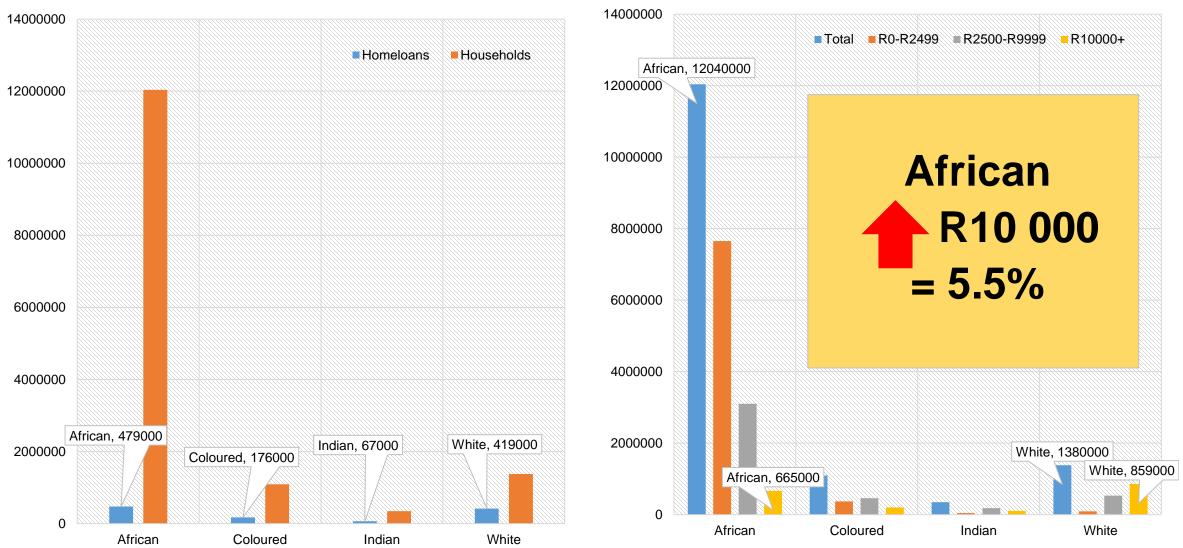
We expect GDP growth to remain key determinant of broader joblessness rate

Growth and unemployment



INCOMES, ASSETS, AND THE MIDDLE CLASS

The risk is that middle class size is overstated with 12% spending over R10 000 a month



Households and home loans

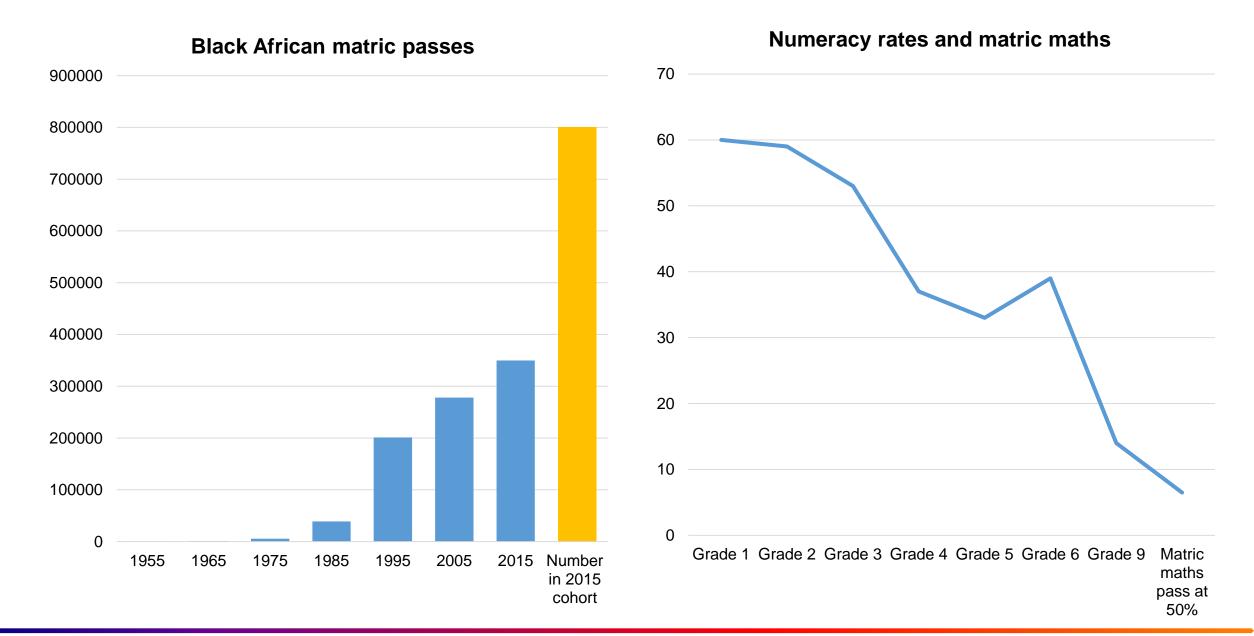
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Household monthly expenditure



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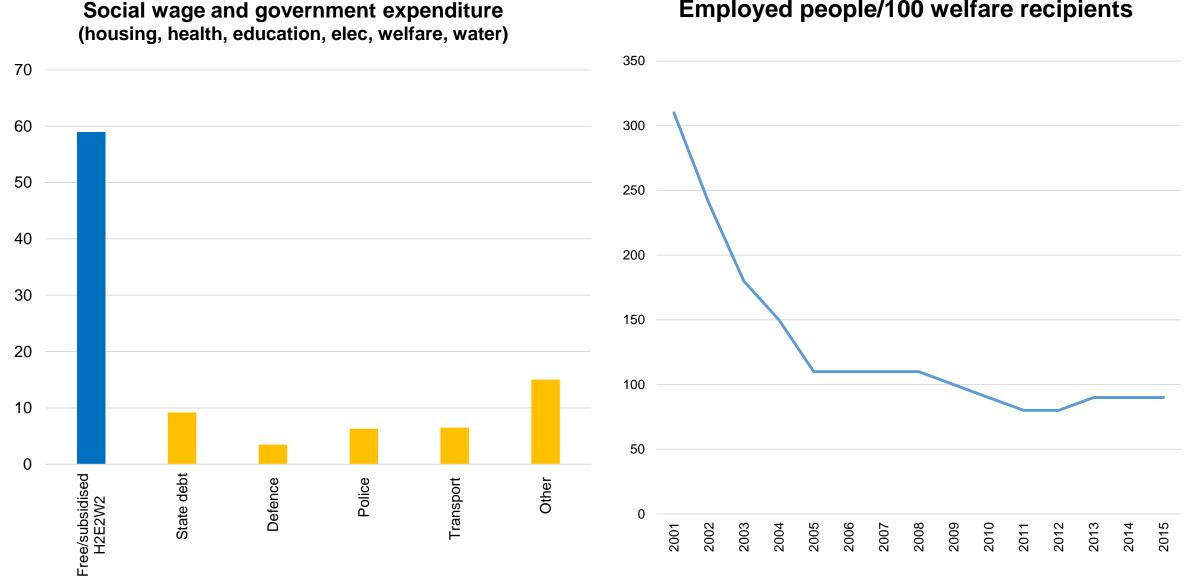
Despite half of children now completing their school education quality remains very poor





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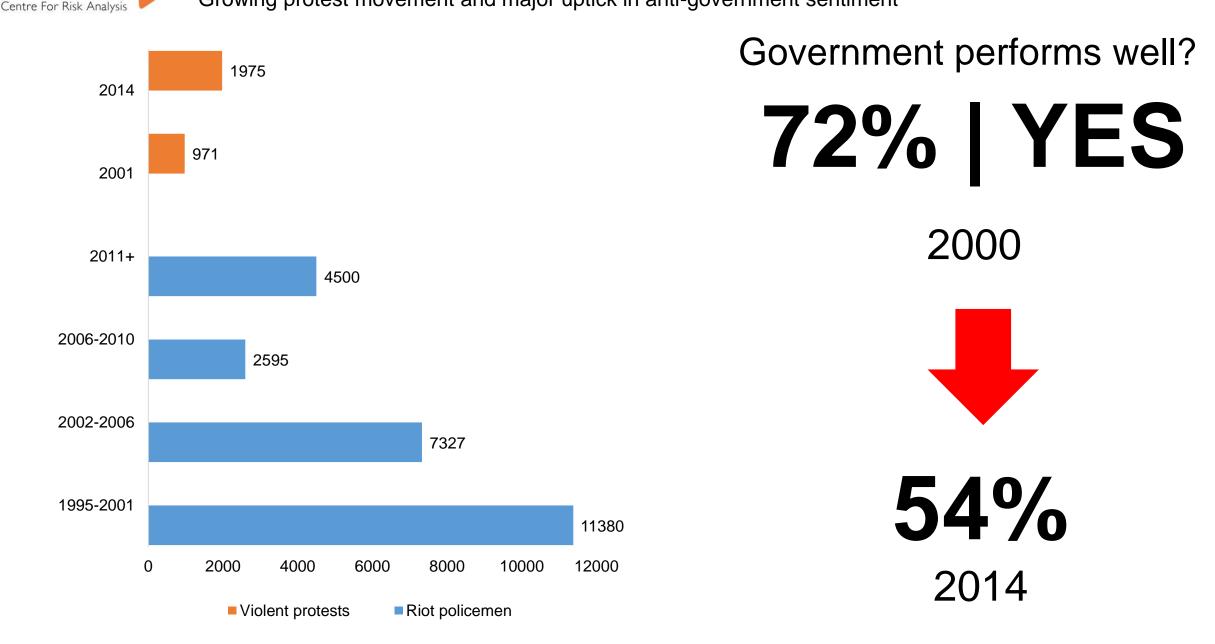
Almost 60% of government expenditure takes the form of income redistribution to poor people



Employed people/100 welfare recipients

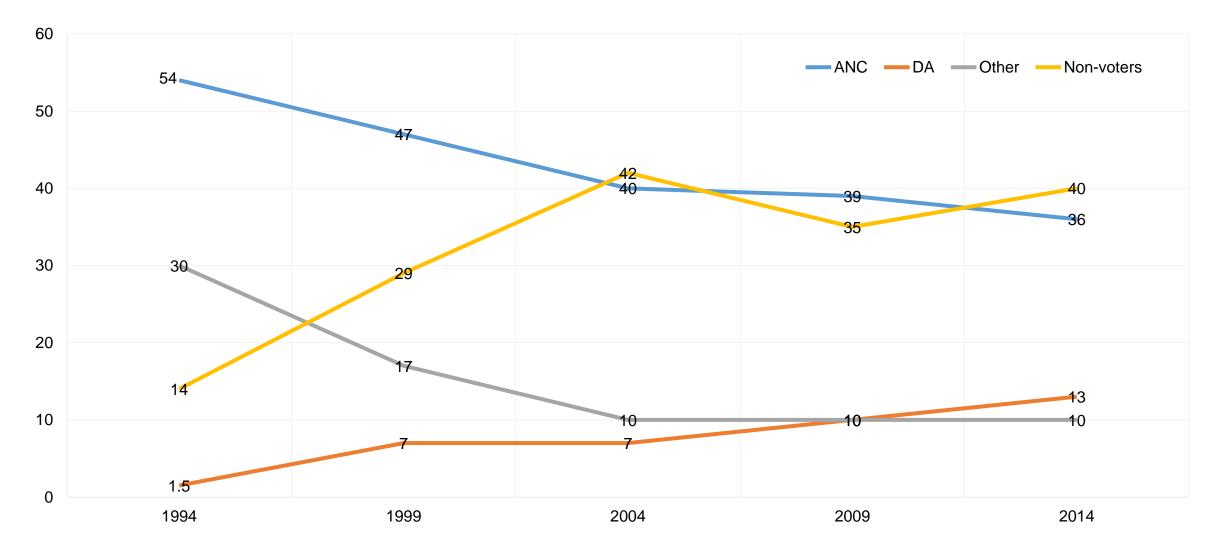
PROTESTS AND SOCIAL ATTITUDES

Growing protest movement and major uptick in anti-government sentiment





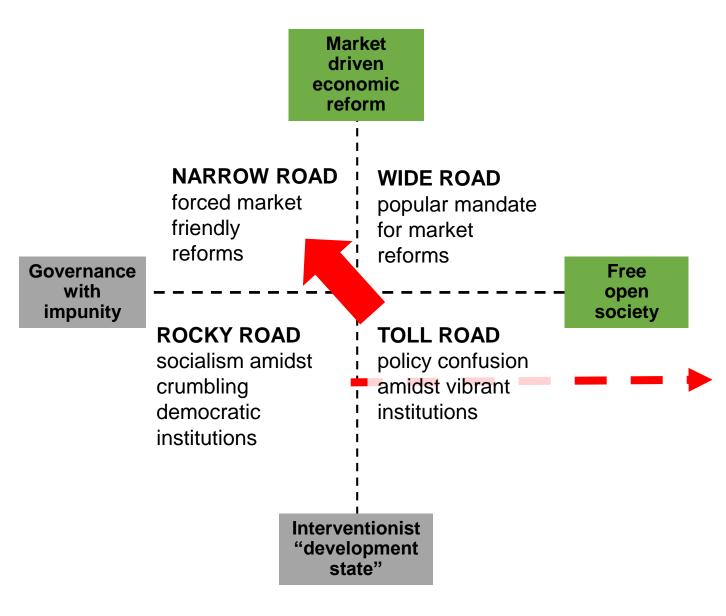
Votes cast as % of voting age population



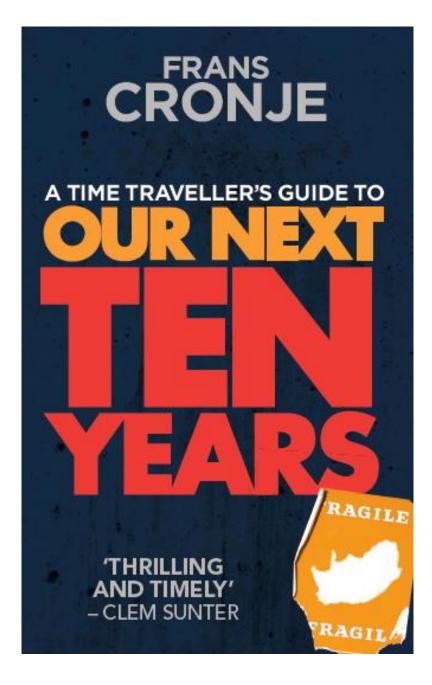


SCENARIOS AND PROBABILITIES

On current trends a Toll Road/Rocky Road hybrid is the scenario of greatest probability



- AGOA negotiations, BIT cancellations
- The Employment Equity Amendment Act of 2013
- The Broad-Based Black Economic Empowerment Amendment
- New generic codes of good BEE conduct
- Mineral and Petroleum Resources Development Amendment Bill
- laws have been amended to restrict the use of casual or atypical jobs
- Restitution of Land Rights Amendment Act of 2014 + Expropriation Bill + Property Valuation Act of 2014 + 50/50 + 12.5k hectares + foreigners + land use bill
- Private Security Industry Regulation Amendment Bill of 2013
- Promotion and Protection of Investment Bill of 2013
- Immigration restrictions
- Recent comments in Iran, Asia summit
- Undermining SARS, Hawks, Public Protector, SIU, SABC, Parliament



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