



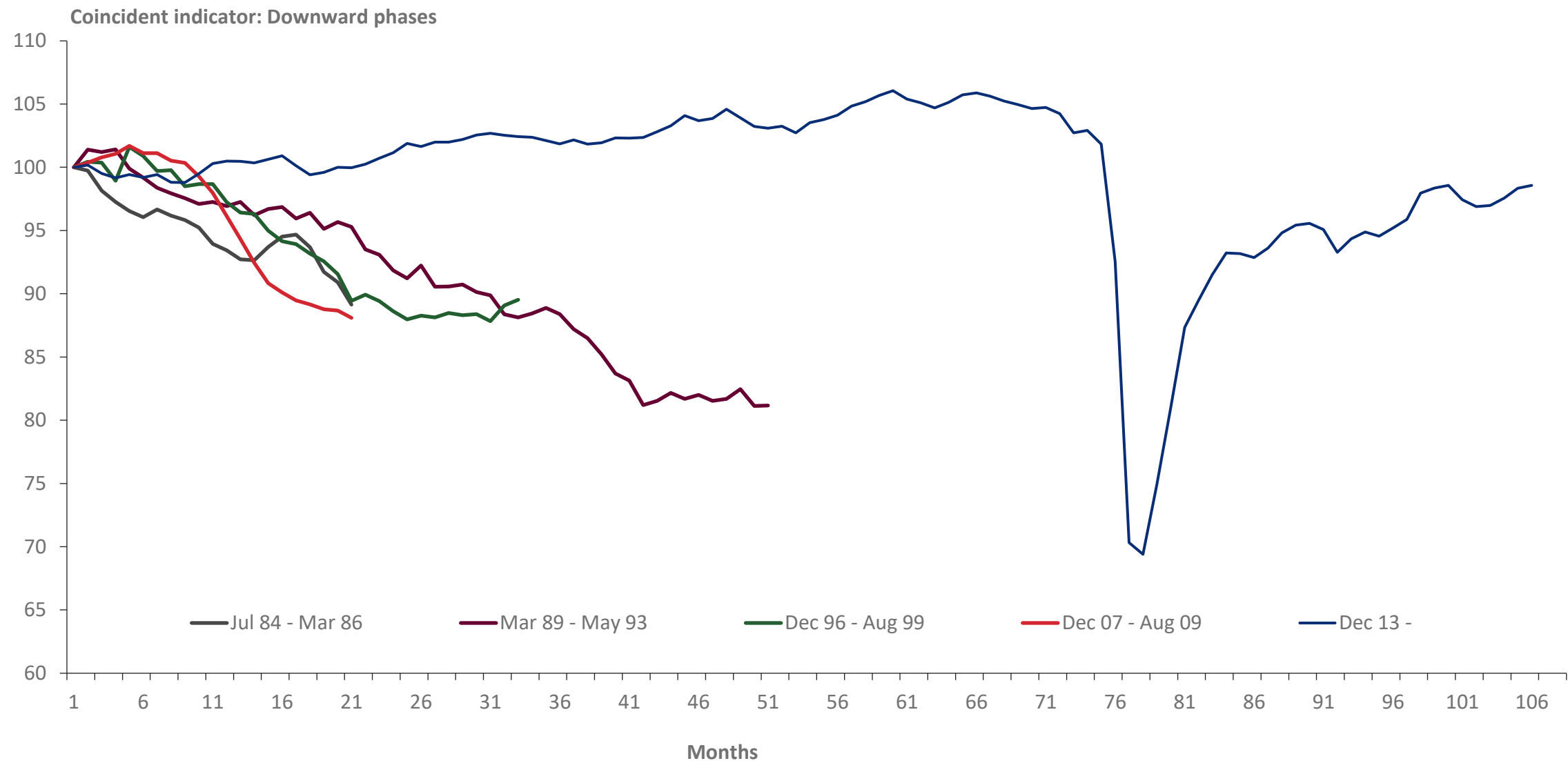
Growth, inflation and interest rates in an Unsettled Economy

Group Economic Unit

January 2023

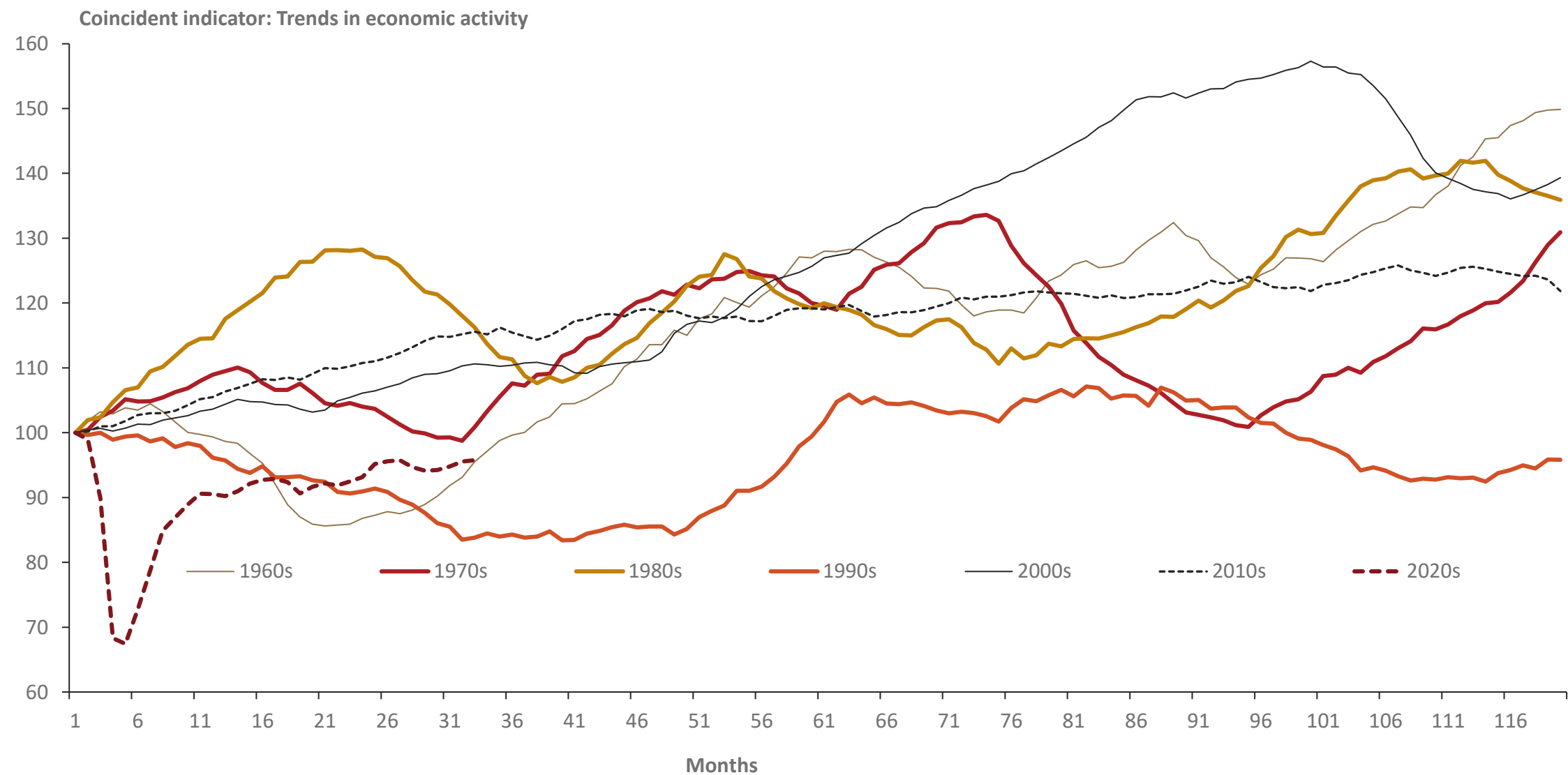
NEDBANK

The local economy has been in a downturn since December 2013



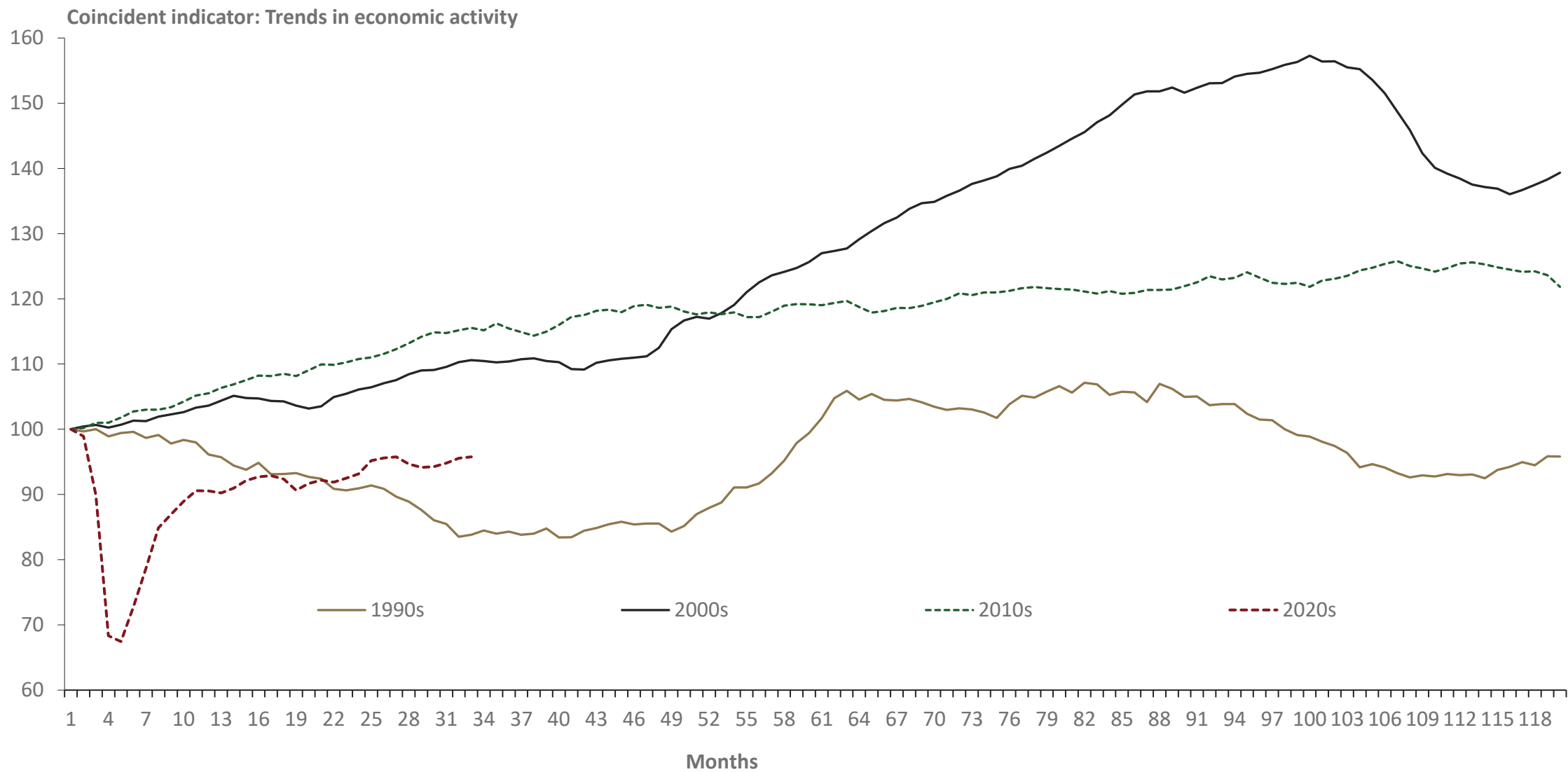
Source: South African Reserve Bank

The weakest start to the decade in recent history



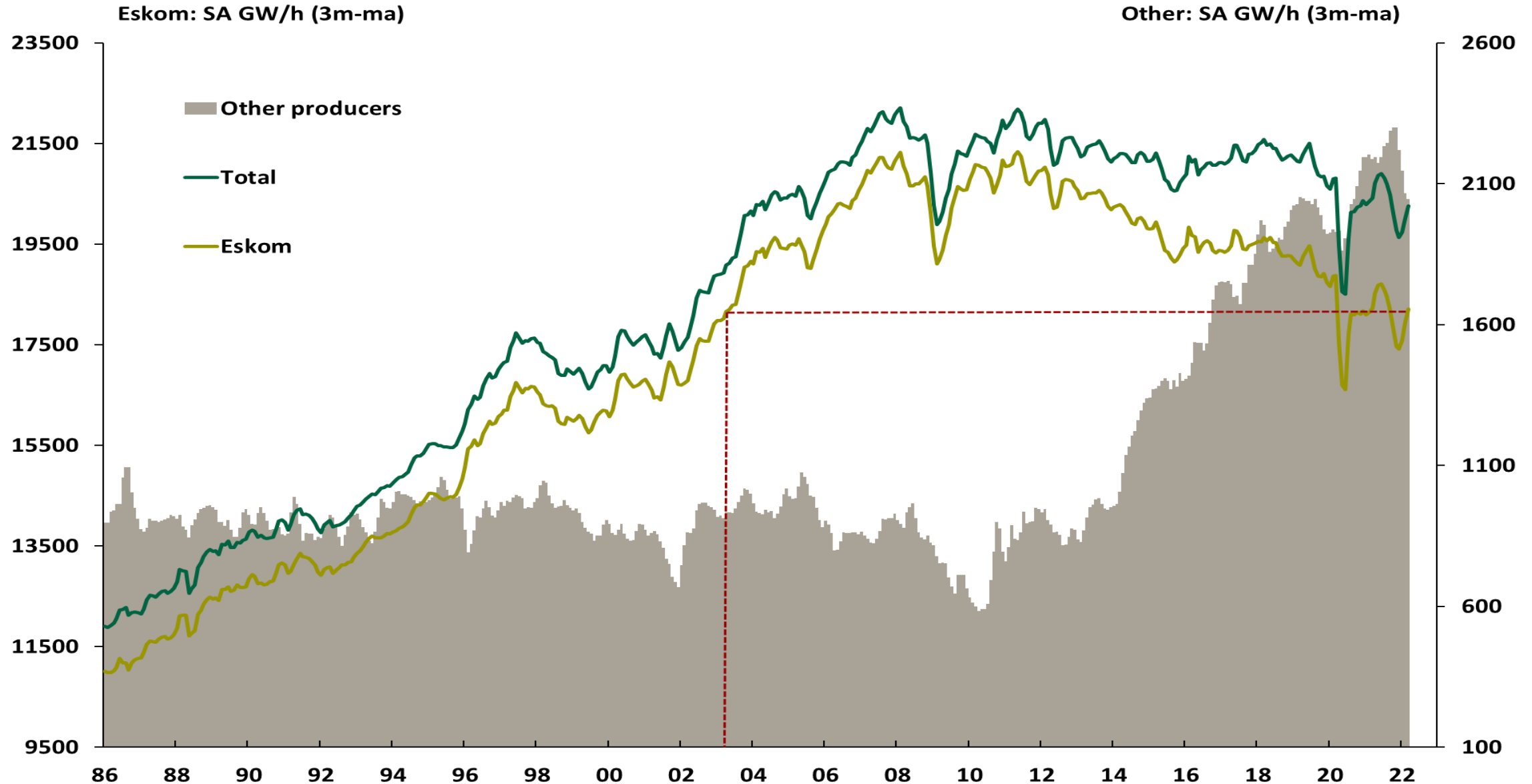
Source: South African Reserve Bank

Economic activity has still not recovered to the January 2020 level

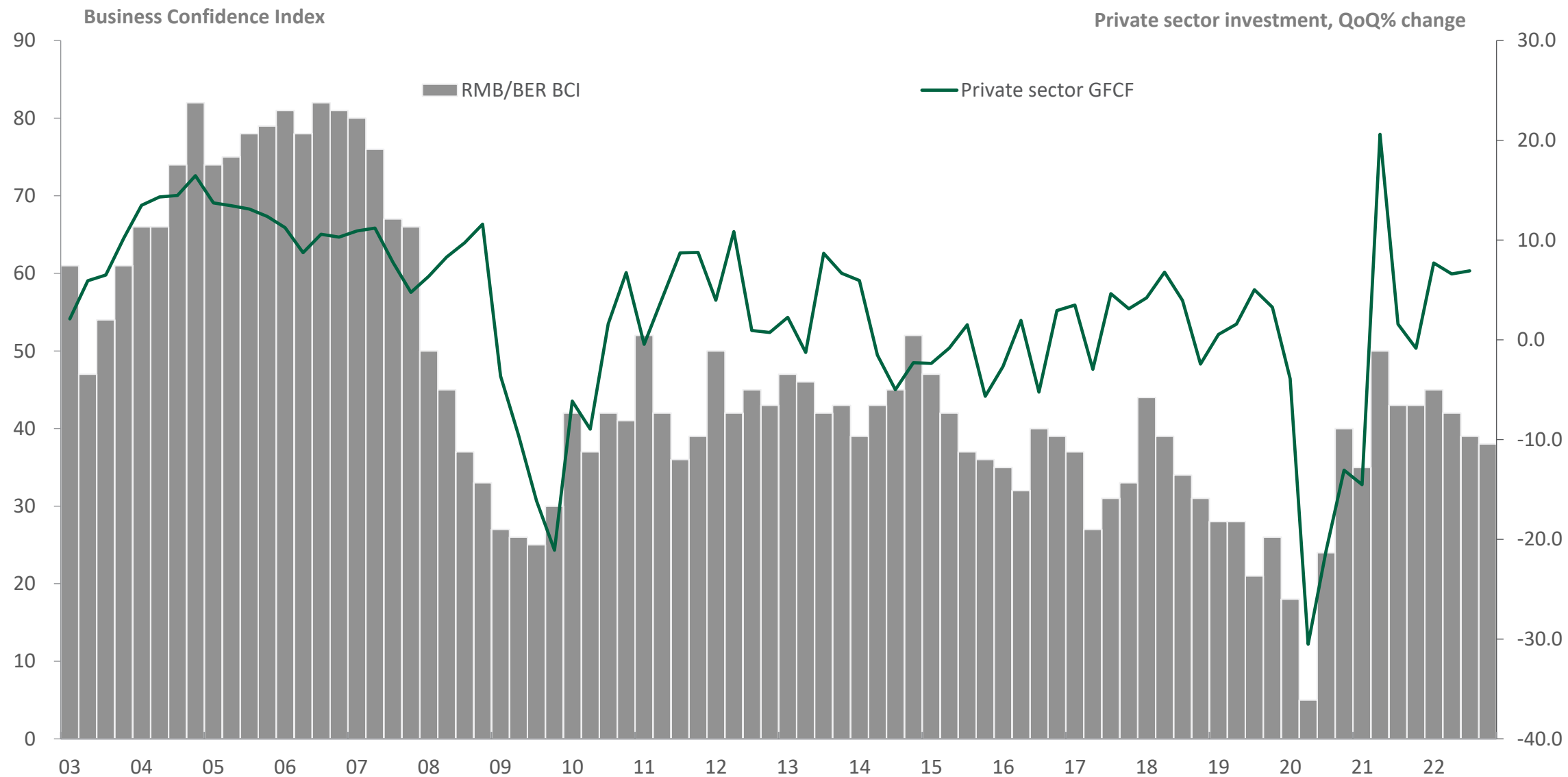


Source: South African Reserve Bank

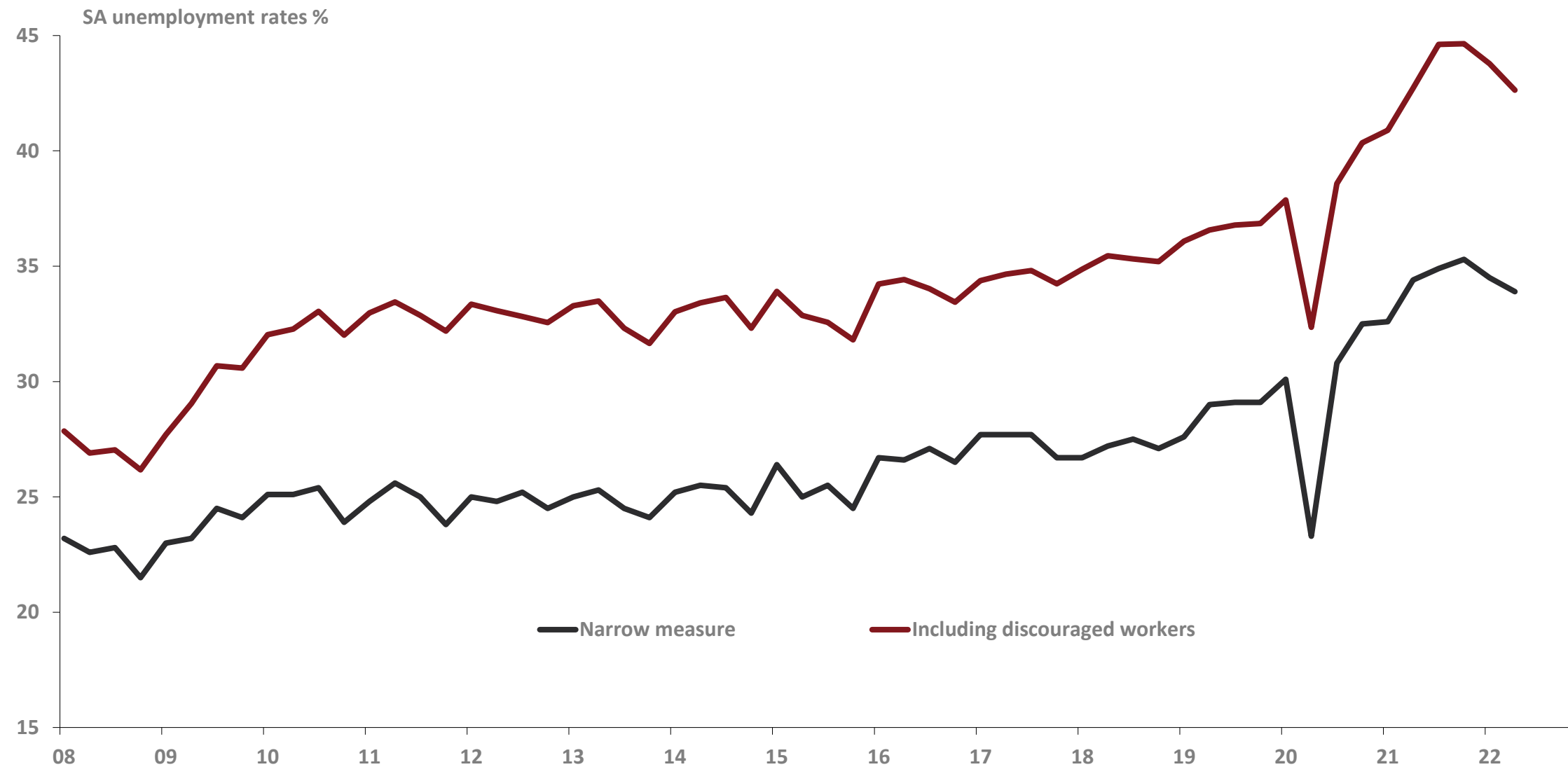
A sustained recovery will be delayed as the power outages persist



Fixed investment spending hurt by poor business confidence

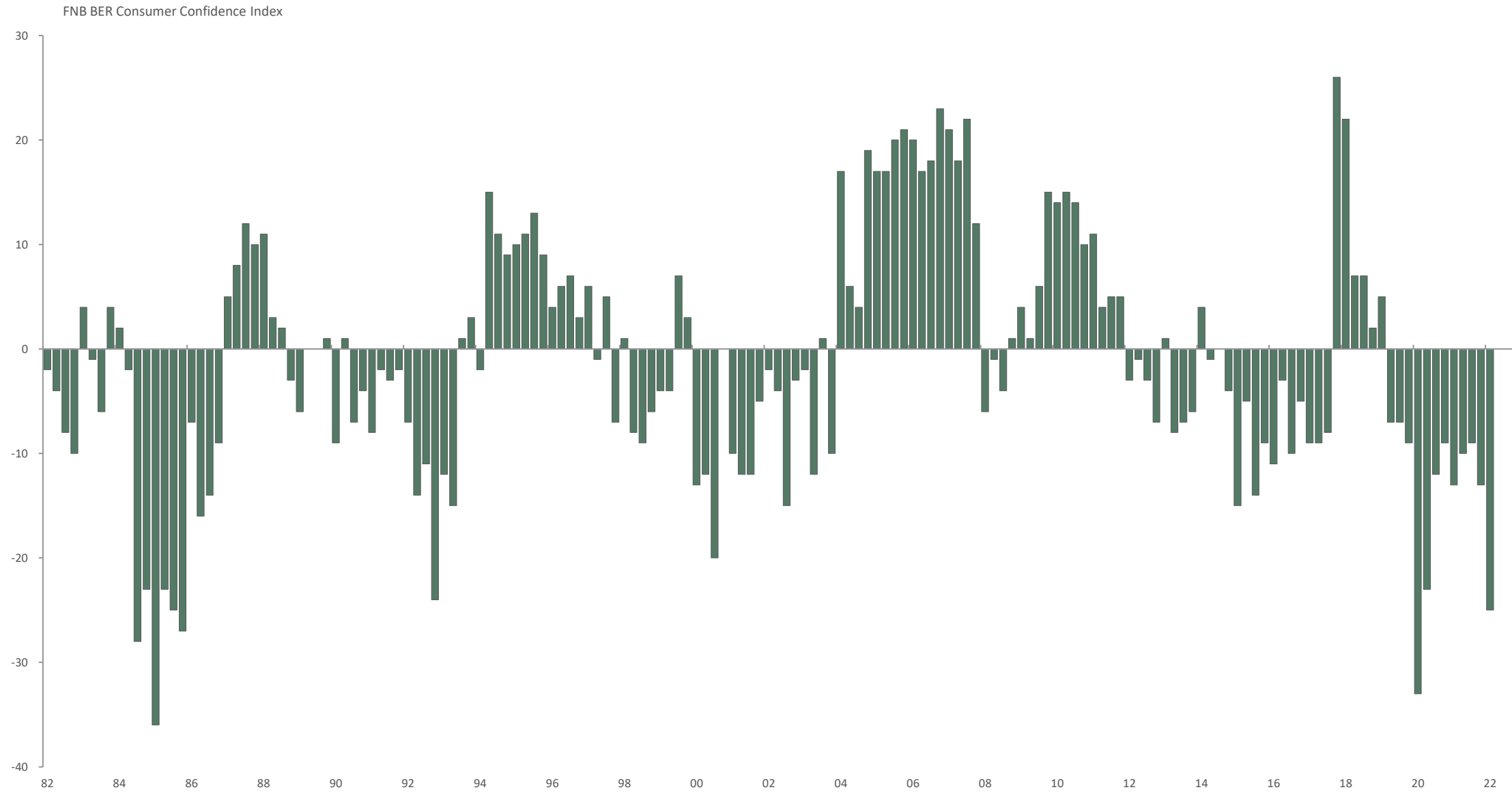


The job market remains fundamentally weak despite some recovery

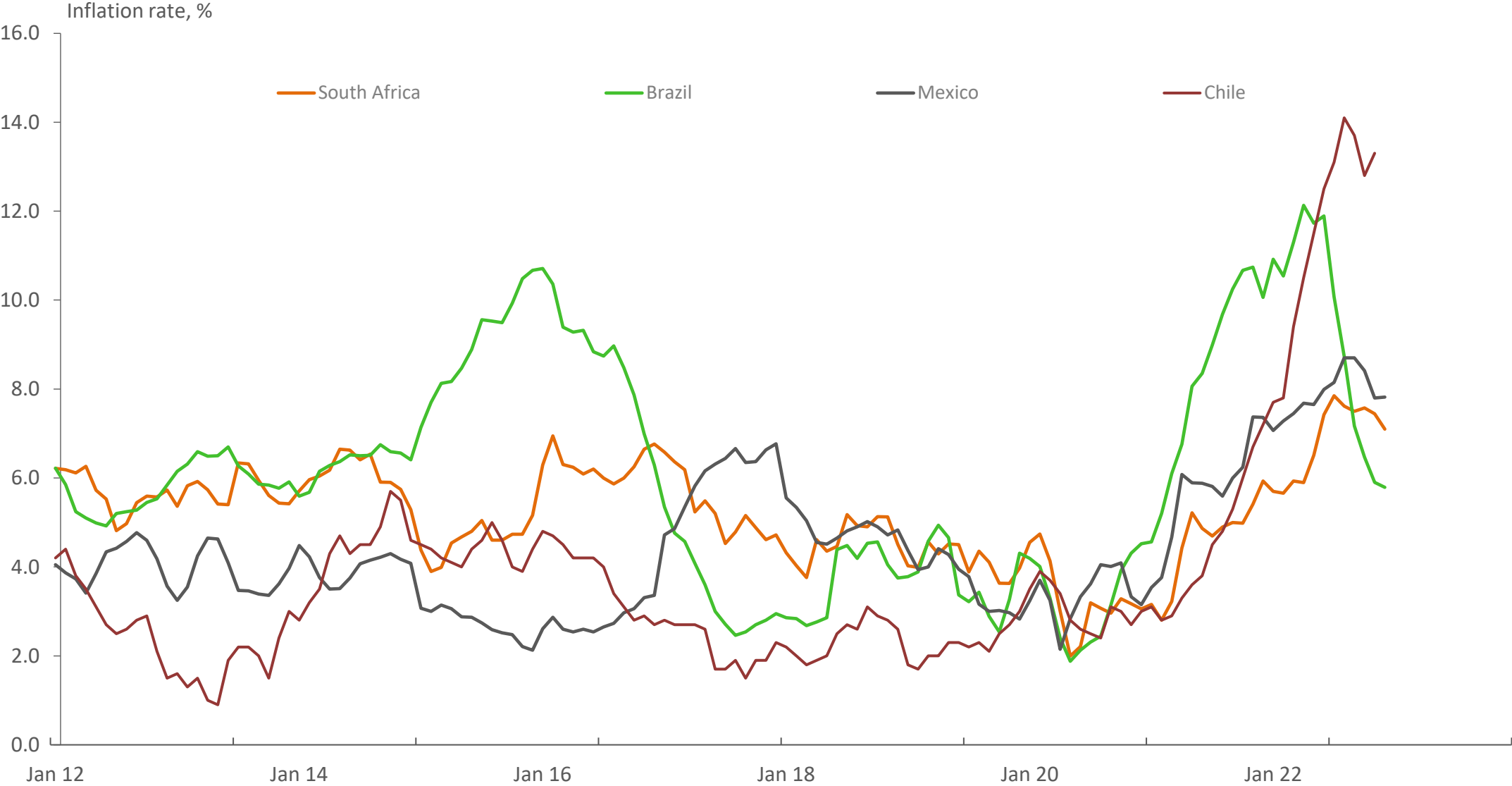


Source: Stats SA

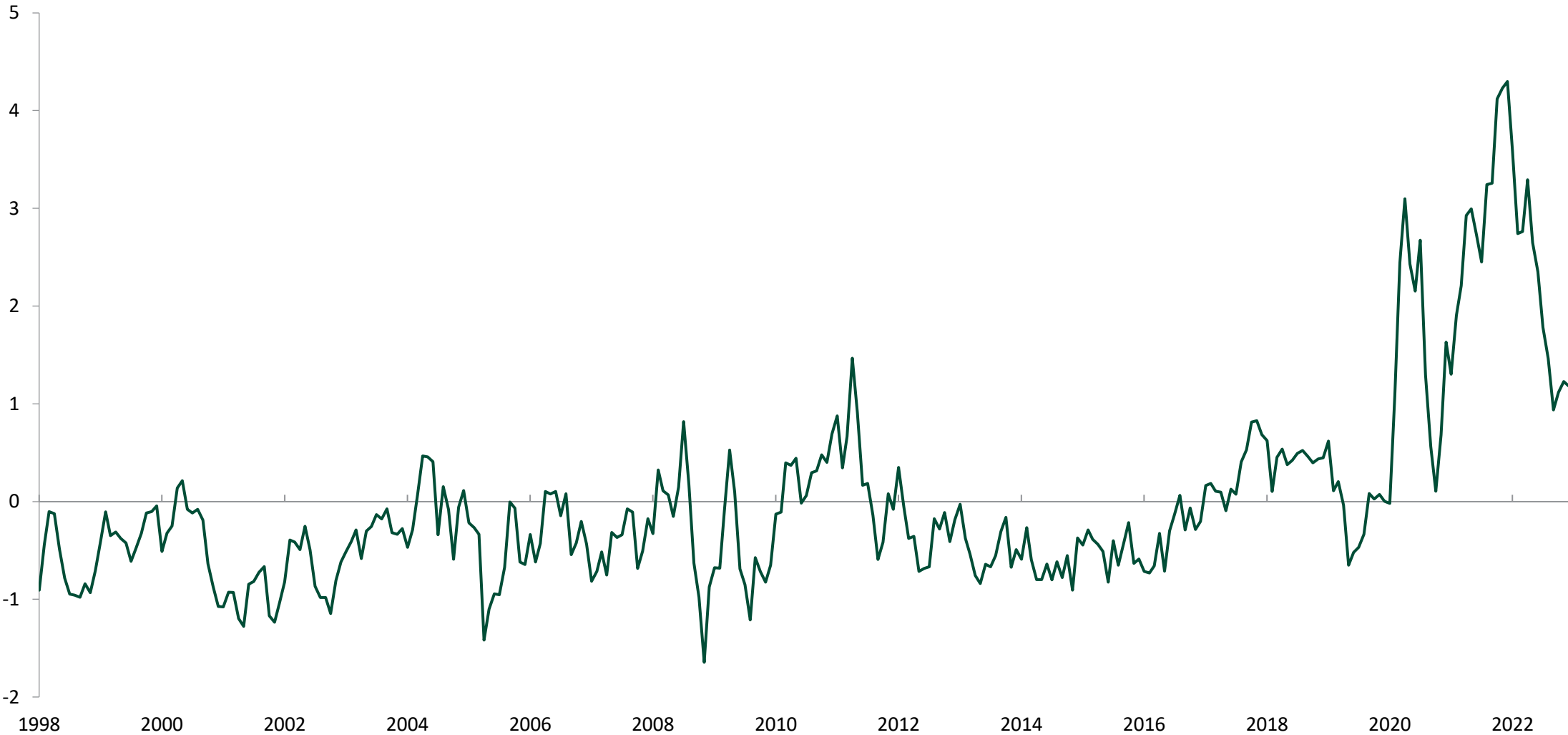
Consumer sentiment dampened by weak job market, high inflation and rising interest rates



Inflation will ease further as global price pressures moderate



Global supply chain pressures have eased significantly



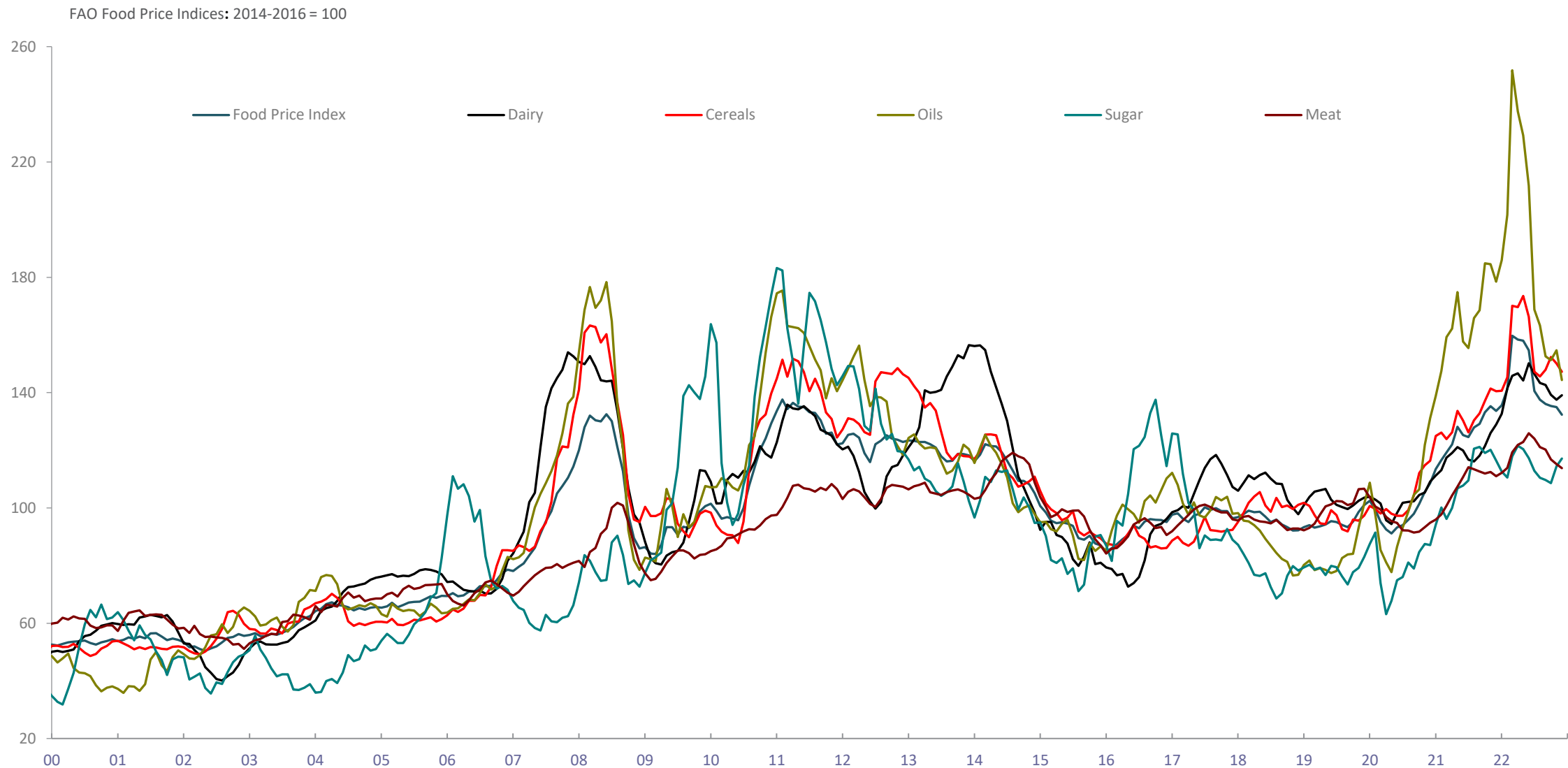
Source: New York Federal Reserve Bank

Oil prices likely to remain subdued as world demand weakens

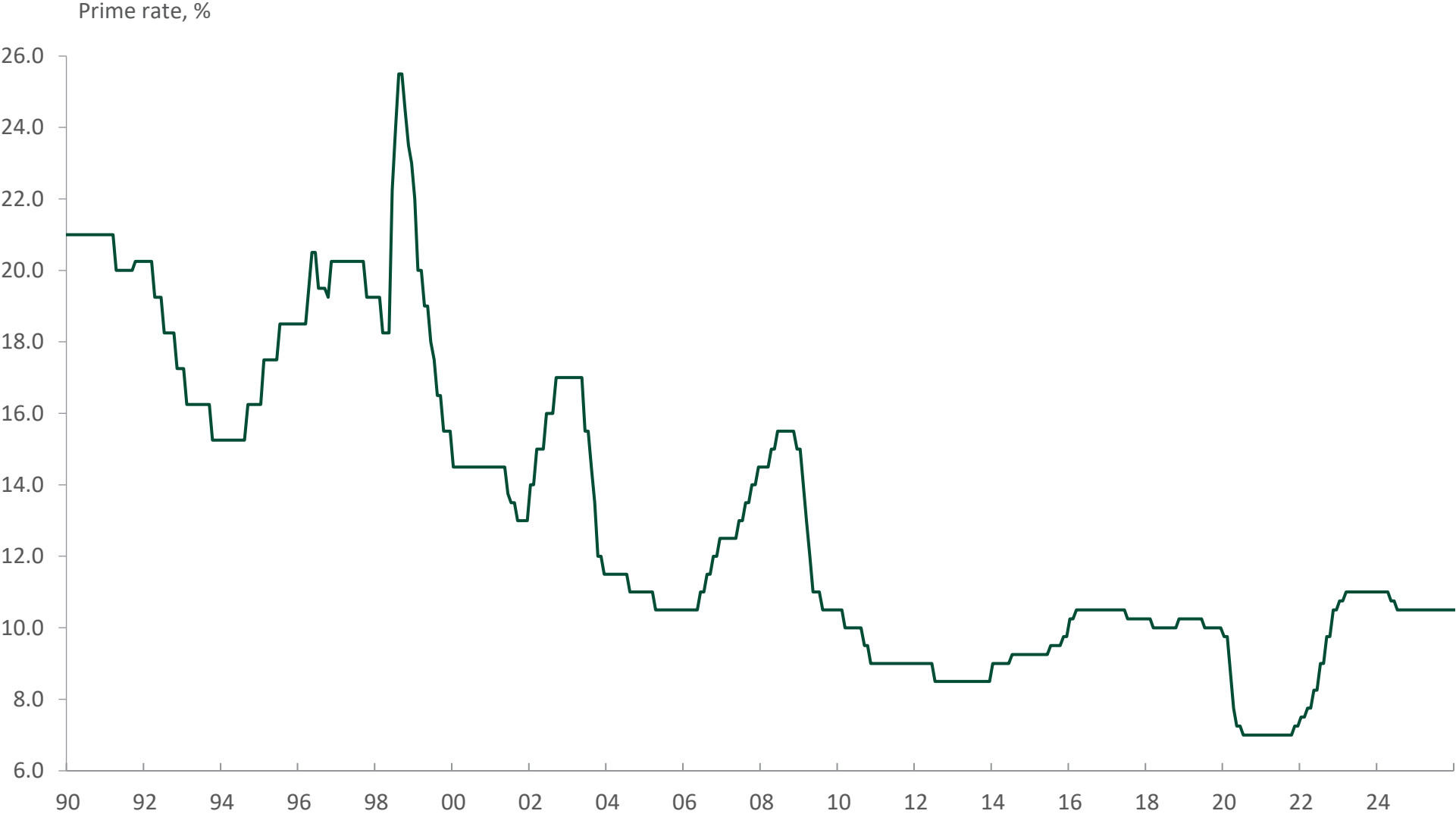


Source: Datastream

Global food inflation fell as supply improved



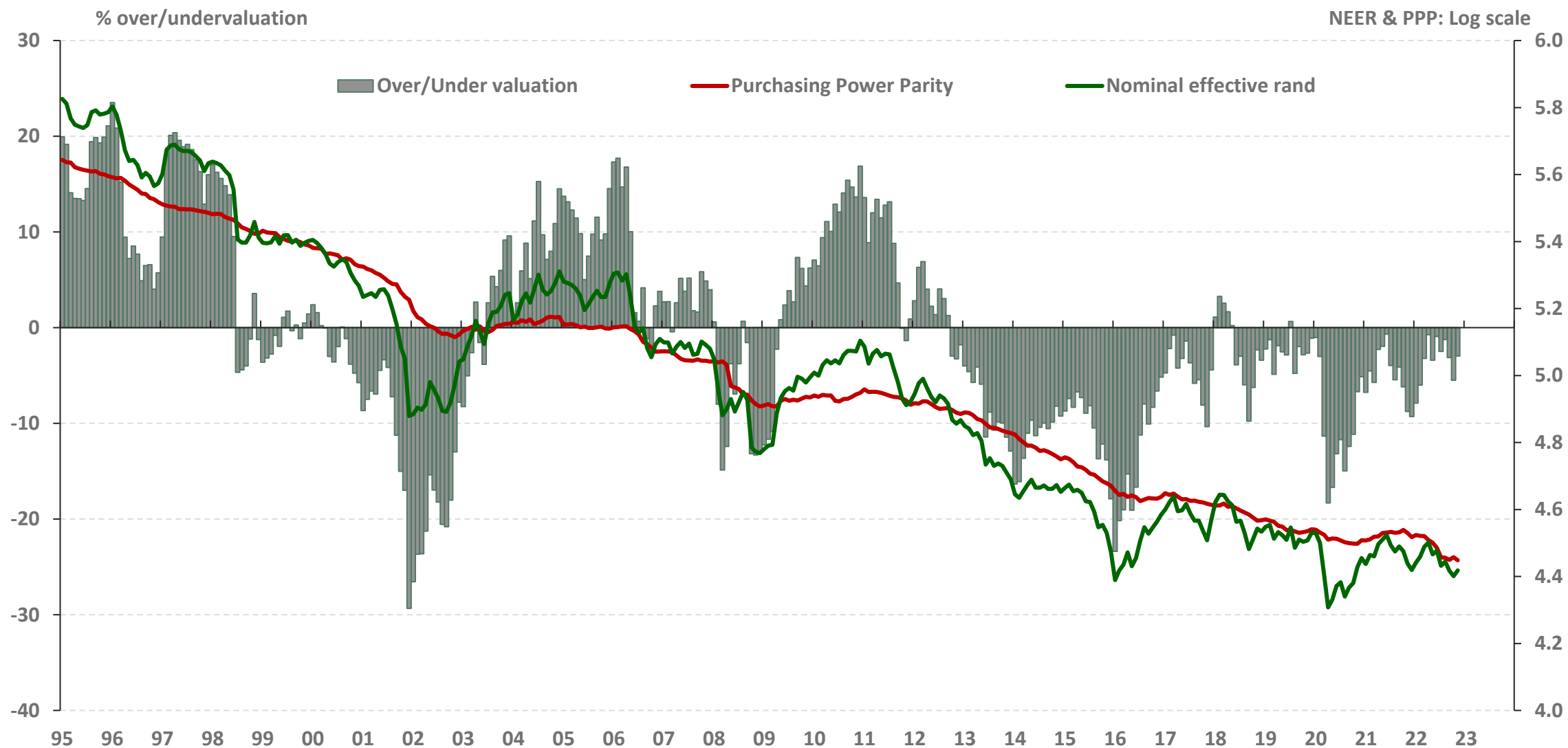
Interest rates to rise further, albeit moderately



	Prime
2022	10.50
2023	11.00
2024	10.50
2025	10.50

Source: Nedbank Group Economic Unit

The ZAR: remains undervalued on a PPP basis



Source: Nedbank Group Economic Unit

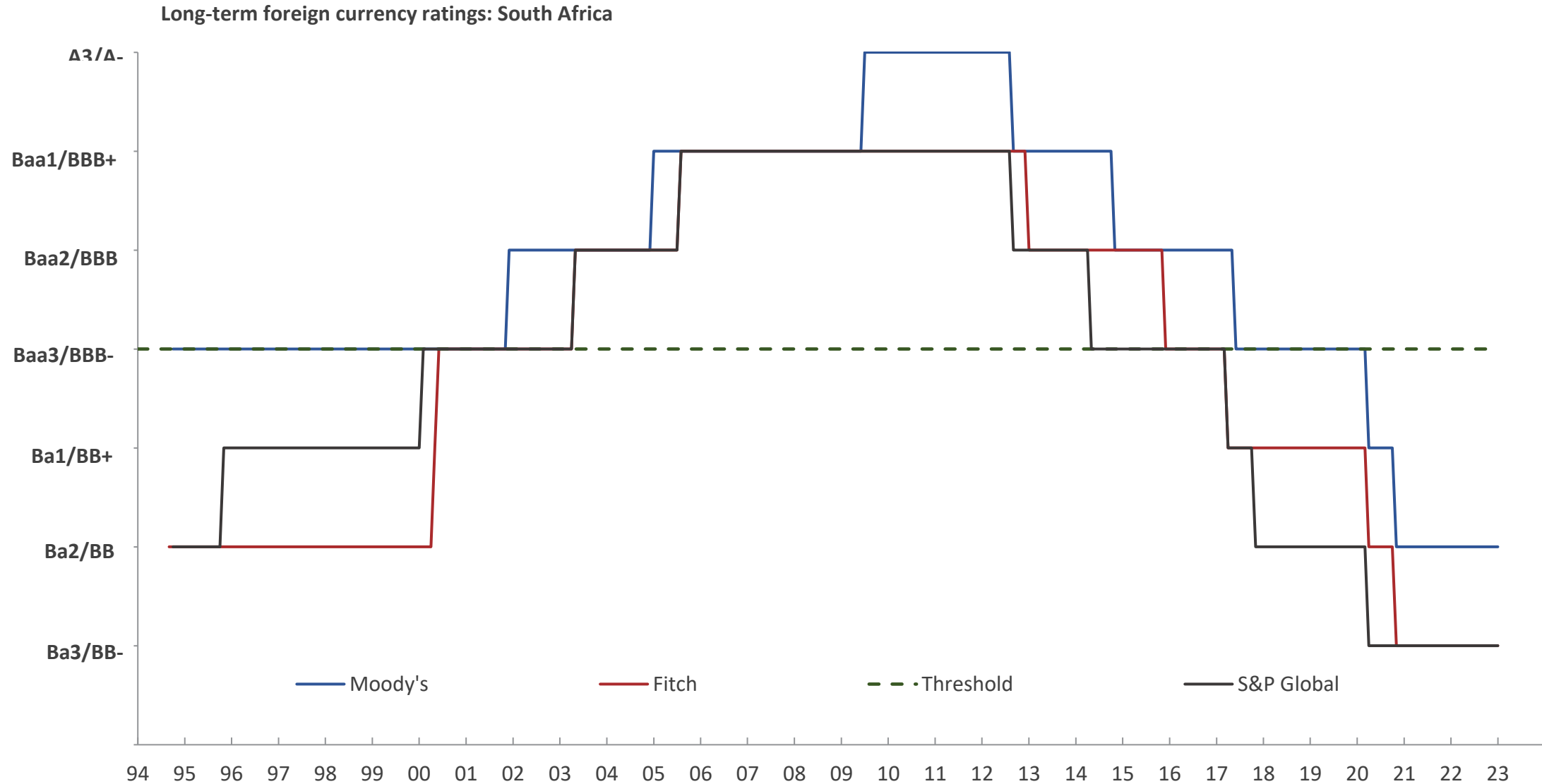
Forecast of the major economic indicators



	2018	2019	2020	2021	2022	2023	2024
Growth (real,% change)							
GDP	15	0.3	-6.3	4.9	2.3	12	18
Consumer Spending	2.7	12	-5.9	5.6	2.8	12	2.2
Gross Fixed Investment	-13	-2.1	-14.6	0.2	4.5	2.2	3.3
Exports	2.7	-3.4	-11.9	10.0	8.7	-0.4	3.4
Imports	3.2	0.4	-17.4	9.5	14.3	0.2	4.3
Exchange rates, average							
\$-Rand	13.24	14.48	16.45	14.93	16.41	17.03	16.64
Euro-Rand	15.59	16.20	18.86	17.63	17.23	18.19	18.63
GBP-Rand	17.58	18.49	21.15	20.54	20.06	20.99	20.96
Interest rates (end of period)							
Prime	10.25	10.00	7.00	7.25	10.50	11.00	10.50
Inflation (average)							
CPI	4.6	4.1	3.3	4.6	6.9	5.4	4.7

Source: Nedbank Group Economic Unit

"A long walk" back to investment grade ratings



Source: Rating Agencies



Thank you