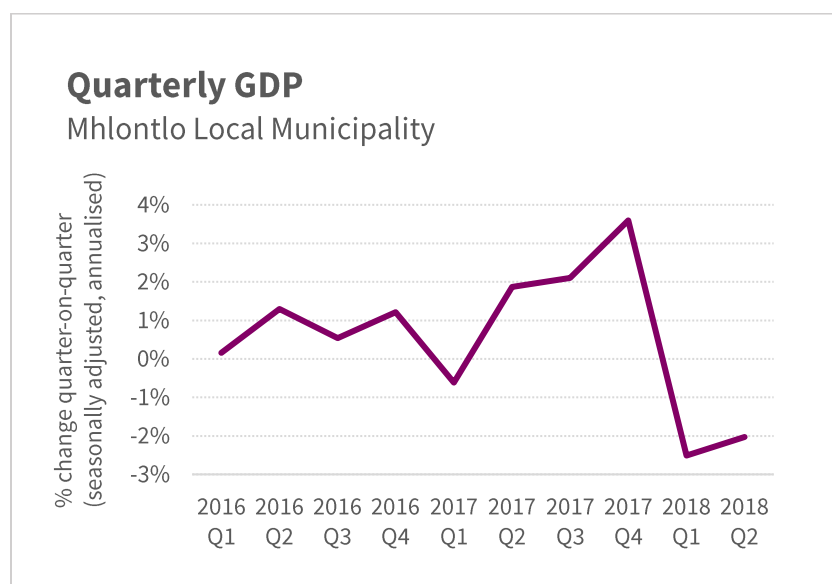


## Regional eXplorer (ReX) update - 3<sup>rd</sup> quarter of 2018

IHS Markit is glad to announce another quarterly update of [Regional eXplorer \(ReX\)](#) – the South African knowledge base of municipal level insight. Each quarter, data from a vast number of sources ([see list](#)) are incorporated into the ReX database to provide users with the most up-to-date statistics. Other than the data updates, the ReX team is excited to announce we have included **three new additions** to the ReX product!

### QUARTERLY GDP FIGURES

Over the years, ReX has mainly provided annual data for most of its variables. After many user requests and some research, we have decided to make some variables available on a quarterly basis as well – starting with the GDP figures (seasonally adjusted). Quarterly GDP figures will give users a more up-to-date measure of where the economy is heading. The ReX GDP numbers will be in sync with StatsSA's quarterly GDP release (i.e. 2018's second quarter data is available in this release) and, in line with the StatsSA release, might include historical revisions with each update.

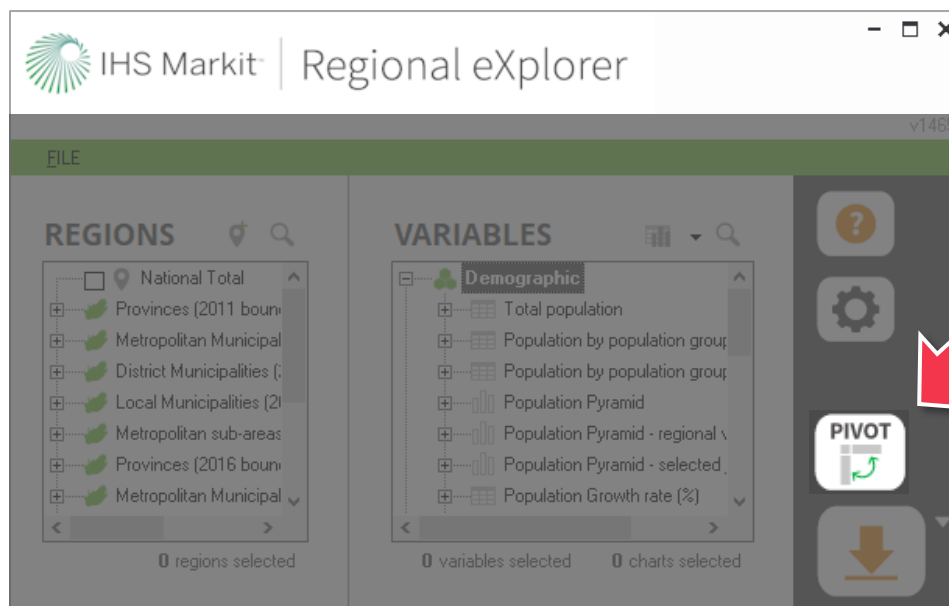


*New quarterly GDP figures in the Regional eXplorer application*

### PIVOT TABLE OUTPUT

When extracting data from the ReX interface into Microsoft Excel, users have the option to select the orientation of the output tables. Two options have always been available: regions and variables across, or variables down and regions across. We are excited about the new output option added: pivot table. Pivot table is part of Excel's built-in functionality, and many advanced Excel users enjoy the rich

functionality it provides. With this option, users have ample freedom in deciding how to output their selection in the most meaningful way, by giving the user a flexible way to filter, reorganize, and analyze multi-dimensional variables in different ways.



New pivot table option in the Regional eXplorer application

IHS Markit Regional eXplorer Demographic Population by population group, gender, age						
Age groups	15-19					
Sum Of Value	Column L					
	African		African Total	White		
Row Labels	Male	Female		Male	Female	
National Total						
1996	1,772,092	1,902,191	3,674,283	198,704	194,6	
1997	1,838,009	1,967,099	3,805,108	196,325	191,9	
1998	1,901,358	2,030,761	3,932,119	193,215	188,5	
1999	1,963,569	2,094,016	4,057,585	189,654	184,8	
2000	2,022,821	2,152,638	4,175,458	185,892	180,9	
2001	2,075,205	2,202,663	4,277,869	182,154	177,1	
2002	2,121,236	2,242,911	4,364,147	178,394	173,3	
2003	2,158,514	2,274,223	4,432,736	174,631	169,6	
2004	2,185,894	2,295,350	4,481,244	170,738	165,7	
2005	2,196,246	2,301,987	4,498,232	166,672	161,6	
2006	2,173,005	2,282,575	4,455,581	162,083	157,0	

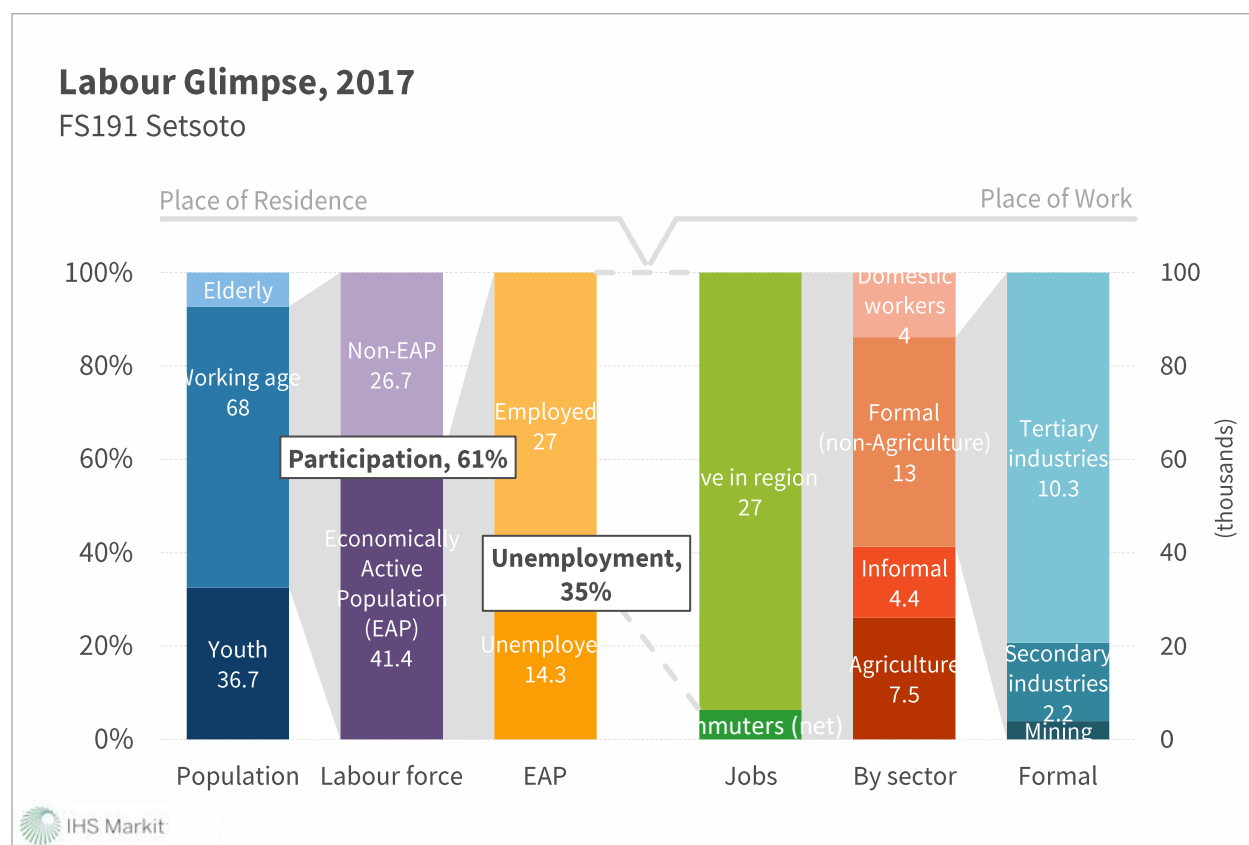
Sample of pivot table output from Regional eXplorer Windows application

Please take note that aggregation is part of Microsoft Excel pivot tables, although for some ReX variables (like growth rates) and summary statistics (like the Gini coefficient) as well as as well as certain selections

of regions, this auto-sum function does not make sense and can lead to erroneous totals. For variables where this might happen, a warning will be shown at the top of the worksheet.

## LABOUR GLIMPSE CHART

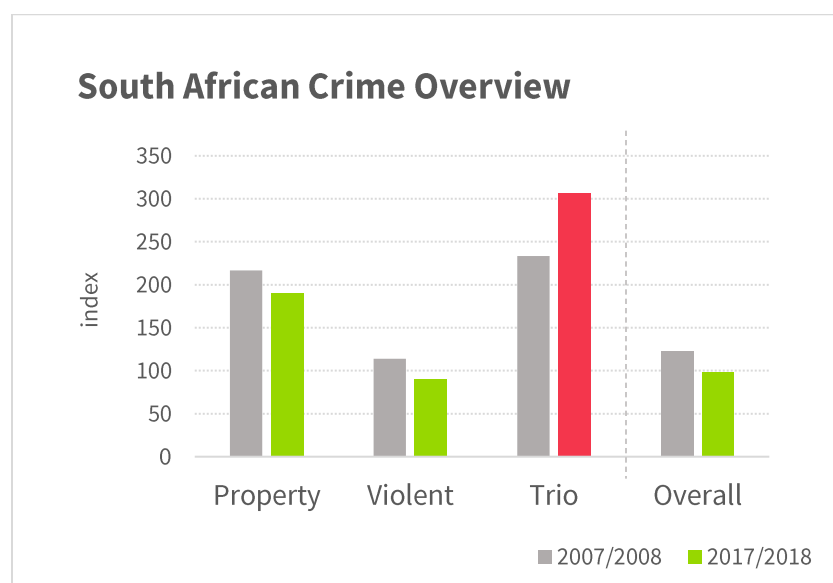
One of the Regional eXplorer's most complex pre-defined charts, the labour glimpse chart, has long been available in the product's Windows application. The ReX team has now made this chart also available in the ReX Publisher "Statistical Overview" report, together with an easy-to-understand description of the chart and the underlying data. With this chart one gains a quick glance of how the various labour indicators make up a region's labour force. Below is a sample chart of Setsoto local municipality's current labour indicators.



New labour glimpse chart in the "Statistical Overview" report of ReX Publisher

## MAIN DATA RELEASES INCORPORATED IN THIS UPDATE

ReX has been updated with the latest data available from StatsSA (incl. QLFS and GDP), SARB, SARS and many other data sources. The recently released **Crime Statistics of South Africa** have also been incorporated into this ReX update.



Source: IHS Markit Regional eXplorer

Looking at the trend for the last 10 years, crime has declined slowly but steadily on a national level, except for the trio crime index. The trio crime index measures the perceived level of aggravated robbery which include carjacking and robberies at residential and non-residential premises. These robberies are perceived by households as the most common and feared crimes in South Africa (2014/2015 Victims of Crime Survey, Statistics South Africa).

Compared to last year, there has been a drop in the composite weighted overall crime index, although the crime rates of some detailed categories have increased (e.g. murder increased by 7%). Although South Africa still has one of the highest crime rates in the world, the steady overall decrease the past decade makes for a positive story.

## REGIONAL PERSPECTIVES: SOUTH AFRICAN OUTLOOK

### Policy uncertainty could deter investment spending during 2018–19

The South African government will embark on a parliamentary process in 2018–19 to redraft the Expropriation Bill in line with the ruling African National Congress (ANC) party's decision on 31 July to amend the property clause in the Constitution to allow for the expropriation of land without

compensation. Until the finalization of the new Expropriation Bill, uncertainty over property rights in South Africa will prevail. This bodes particularly negative for South Africa's residential and commercial property market. Additionally, any positive turnaround in net foreign direct investment flows, which have been net negative since 2014, appears highly unlikely. Instead, South Africa has become excessively dependent on highly volatile portfolio inflows to finance its structurally embedded current-account deficit. These flows are subject to reversal, reflecting changing emerging-market sentiment and the country's local-currency credit risk ratings.

Latest statistics produced by the South African Reserve Bank (SARB) show that foreign holdings of South African rand-denominated debt amounted to USD57.6 billion at end-2017, while foreign currency-denominated debt held overseas amounted to USD26.7 billion. South Africa suffered an estimated USD5.3-billion net portfolio outflow involving debt investments during May–August in response to higher interest rates in the United States and the increasingly controversial populist ANC rhetoric. The latter is viewed by investors as putting the country's growth prospects and current domestic currency credit risk rating at risk. Severe instability in the Turkish lira and Turkish debt during August triggered a second-round sell-off of South African financial assets and the rand. During the month, the rand's exchange rate depreciated more than 4% against the US dollar. Higher inflation caused by currency weakness comes at a time when South Africa was already facing the strong possibility of recording below average growth.

The weak growth profile is particularly challenging for South Africa's fiscal finances moving forward. The South African budget assumes a real GDP growth rate of 1.5% for 2018. IHS Markit is of the view that growth will be lower, at around 0.4–0.6% for the year. For 2019, the National Treasury projects a real growth rate of 1.8%, but IHS Markit projects real GDP growth of around 1.3%. The lower growth outlook, combined with less tax buoyancy, will act as a drag on fiscal revenue flows during the upcoming fiscal year. Furthermore, expenditure overruns due to the above-budget negotiated public-sector wage increases, financial constraints at state-owned entities, and the introduction of free education could all add to the deficit.

The uncertainty over property rights, which IHS Markit expects will deter fixed investment, limit government revenue, and lower overall GDP growth, ultimately could trigger further downgrades by international credit rating agencies such as Moody's during 2019. The appetite of local investors to absorb foreign-owned government bonds will determine whether capital controls would need to be introduced under such a scenario. IHS Markit considers the risk of an International Monetary Fund bail-out to be limited, given that the rand's exchange rate would be an important balancing factor. As in Angola, Mozambique, and Zambia, which experienced external liquidity pressures during 2014–15, the weaker South African rand will stifle import demand, shielding South Africa's foreign-reserves holdings while higher domestic interest rates will control inflationary pressures.

A strict adjustment to the government's spending ceiling over the medium term could nonetheless prevent a downgrade by Moody's. Below-budget capital expenditure, the use of the government's large contingency reserves, some partial privatization initiatives for state-owned entities such as South African Airways and downsizing the public-sector labor force could increase the likelihood of this more-favorable outcome. This scenario also assumes some greater clarity regarding future property rights as the year progresses.

## REGIONAL PERSPECTIVES: GLOBAL ECONOMIC OUTLOOK

The IHS Markit outlook for the major economies is little changed this month. However, we have downgraded forecasts for several emerging markets under financial stress, with Turkey, Argentina, and South Africa experiencing recessions. World real GDP growth is projected to gradually slow from 3.3% in 2017 to 3.2% this year, 3.1% in 2019, and 2.9% in 2020. A more-pronounced slowdown in 2019–20 is increasingly likely. President Trump has announced that 10% import tariffs on USD200 billion of Chinese goods will take effect on 24 September, with the rate rising to 25% on 1 January. Tariffs on another USD267 billion of Chinese imports have been threatened should China retaliate. The combined actions would effectively cover all imports from China and result in an increase in customs duties of up to USD125 billion—roughly the same absolute magnitude as the personal tax cuts enacted earlier this year. These US import tariffs would effectively undermine the earlier stimulus, reducing US real GDP growth, possibly by as much as 0.5 percentage point.

Enjoy the update!

*The IHS Markit ReX team*



T +27(0)12 622 9660

W [www.ihsmarkit.co.za](http://www.ihsmarkit.co.za)