

Regional eXplorer



**4th Quarter 2016 Release:
Regional Explorer (ReX) Newsletter**



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Welcome to the last newsletter for 2016, in which we provide an overview of all the value-addition carried out by IHS Markit's ReX Economist Team over the last three months of the year.

This newsletter will address the main data releases that had an impact on the newest set of data which will be made available by IHS Markit.

We are also proud to present a global and local economic outlook on topics that have shaped the short-to-medium term performance of the South African regional economy.

Please enjoy this issue and don't hesitate to respond your comments on this quarter's newsletter.

Global Economic Perspective

Global economy on hold

- Even more than Brexit, the election of Donald Trump as the next president of the United States has the potential of upsetting the established global order and changing the global economic outlook.
- The global impact of a Trump presidency will depend on whether “protectionist populism” or “pro-growth populism” is the dominant theme during the next four years.
- If protectionist policies are pursued, growth in global trade and real GDP will likely be slower and inflation will probably be higher—in other words, we could get stagflation.
- If more pragmatic and pro-growth policies are pursued, then economic growth, inflation, and interest rates will all be higher—an outcome that will benefit most but not all economies around the world.
- Based on recent statements by President-elect Trump and his advisors, IHS Markit believes the latter scenario is more likely than the former.



South African Short-Term Outlook

Economic Outlook:

- South Africa's gross domestic product (GDP) grew by 0.2% in the third quarter of 2016.
- IHS Markit believes that the economies growth will only marginally increase to 0.7% in 2017.
- The South African Reserve Bank could increase its policy rate a further 25 basis points in 2017 as headline inflation remains above the official inflation target range of 3–6% during the first quarter of 2017.
- South Africa's current-account deficit is expected to remain above 3.0% of GDP.
- South Africa's export sector faces similar challenges to its global peers, grappling with lower volume demand from China and the Eurozone.



ReX Feature Updates

Major data updates:

- StatsSA Gross Domestic Product Q3
- StatsSA Quarterly Employment Survey Q2 (QES)
- StatsSA Quarterly Labour Force Survey Q3 (QLFS)
- StatsSA Financial Statistics of Consolidated General Government
- StatsSA CPI & PPI
- SARB Quarterly Bulletin Q3

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StatsSA Quarterly Labour Force Survey (Q3 2016):

- The working age population grew by 159 000 or 0,4 percent in the third quarter while the number of employed increased by 288 000. However, the growth in employment was offset by an increase in unemployment of 239 000 resulting in a rise of 0,5 of a percentage point in the unemployment rate to 27,1%. On a quarterly basis employment increased in the formal and informal sectors as well as in Agriculture.

StatsSA CPI & PPI (October 2016):

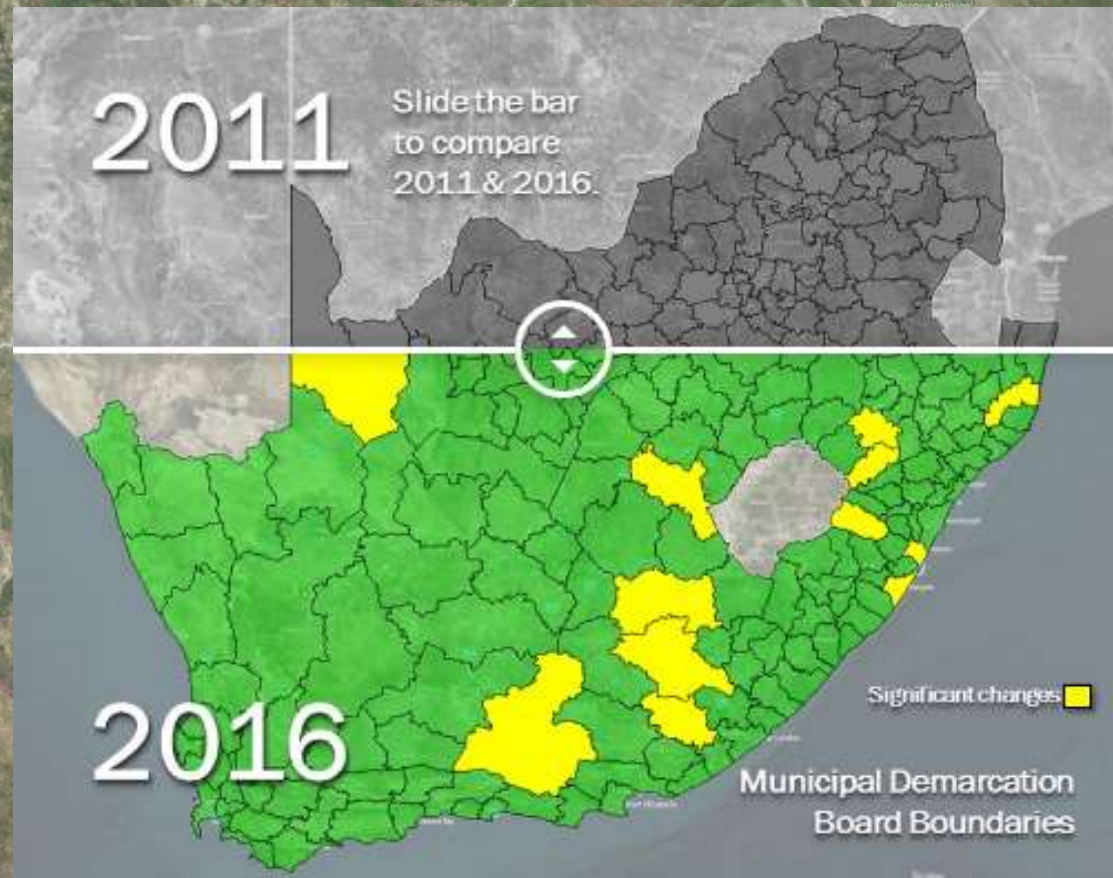
- The headline CPI (for all urban areas) annual inflation rate in October 2016 was 6,4%, up from 6,1% in September. The consumer price index increased by 0,5% month-on-month in October 2016. The Food and non-alcoholic beverages group increased the most from 1,7 percentage points in September to 1,8 percentage points in October. The index increased by 11,7% year-on-year.
- The annual percentage change in the PPI for final manufactured goods was 6,6% in October 2016. From September 2016 to October 2016 the PPI for final manufactured goods increased by 0,9%.

StatsSA GDP Release (Q3 2016):

- Real GDP increased by 0,2% in the third quarter of 2016, following an increase of 3,5% in the second quarter of 2016. The largest positive contributor to growth in GDP in the third quarter was mining and quarrying, which increased by 5,1% and contributed 0,4 of a percentage point to GDP growth.

Municipal Boundaries 2016

- The new 2016 Municipal boundaries have taken effect after the local municipal elections this year.
- The new demarcation will have fewer municipalities compared to 2011 with some municipalities being amalgamated into new municipal areas while others boundaries changed slightly.
- For those subscribing to municipal boundaries, when installing the latest release of ReX, you will have all the latest boundaries.



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With IHS Markit's Regional Explorer (ReX)

Thank You

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