[⊕]Investec



Economic growth note: upside improves substantially as probability of a stronger outlook jumps

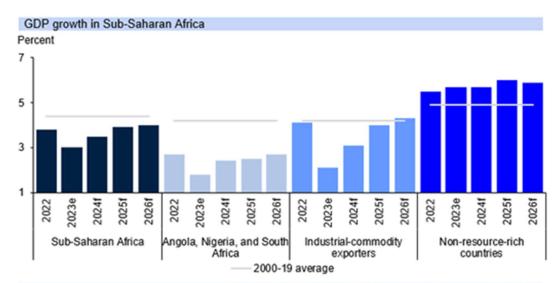
Friday 26 July 2024

Economic S	Scenarios:							
		2023	2024	2025	2026	2027	2028	2029
Extreme	SA GDP y/y%	0.7	1.1	3.3	5.0	5.7	6.4	6.8
Up case	Gross Fixed Capital Formation y/y%	3.9	4.6	7.5	9.2	10.1	10.4	10.8
2%	SA economic growth rises to 3-5%, the	nen 5-7%.	Good go	vernance	, growth-	creating r	reforms (s	structural
(previously	constraints eradicated), strong property							
1%)	High business confidence and fixed inve							
	low ratios of 2000s. Very subdued dom							
	conditions. Very short grey listing. Strong							
	ratings. Strong transition away from f							
	comprehensive measures to alleviate cli quickly.	mate chan	ge impac	t on econ	omy. The	Russian	Okraine v	war ends
Up case	quickly.	2023	2024	2025	2026	2027	2028	2029
12%	SA GDP y/y%	0.7	1.0	2.4	3.1	3.8	4.4	4.8
1270	Gross Fixed Capital Formation y/y%	3.9	4.4	5.8	6.7	7.4	8.1	8.3
(previously	Economic growth lifts to around 4%, risir							
2%)	global growth strong, global financial							
2.07	compensation. Low domestic inflation of							
	state-controlled price inflation on increas							
	upgrades on substantial fiscal consolida							
	eighteen months. Substantial transition							
	measures to alleviate climate change im	pact on eco	onomy. Ti	he Russia	an/Ukraine	war end		
		2023	2024	2025	2026	2027	2028	2029
Base	SA GDP y/y%	0.7	1.0	1.6	2.0	2.2	2.5	2.7
case	Gross Fixed Capital Formation y/y%	3.9	4.3	4.8	5.0	5.2	5.7	6.3
50%	Economic growth modest but lifts towar							
(previously	measures (but still limited somewhat b							
45%)	sentiment is neutral to positive. South A							
	(debt to GDP stabilisation) occurs leading							
	somewhat, inflation is impacted by the co	ourse of we	atner pati	erns via i	ood price	intiation.	I ittle expl	
	without compensation occurs and has no	negative e	ffect on e	conomy, i	no nationa	lisation.	A modest	transition
	without compensation occurs and has no to renewable energy and slow move awa	negative e y from foss	ffect on e	conomy, i	no nationa and mea	lisation. A	A modest	transition ne impact
	without compensation occurs and has no to renewable energy and slow move awa of climate change on the economy are n	negative e y from foss nodestly im	ffect on e il fuel usa plemente	conomy, i ge occurs d. The Ri	no nationa and mea ussian/Uk	lisation. A	A modest	transition ne impact
	without compensation occurs and has no to renewable energy and slow move awa	negative e y from foss nodestly im sions. The	ffect on e il fuel usa plemente grey listin	conomy, r ge occurs d. The Ri g is temp	no nationa and mea ussian/Uk orary.	lisation. A sures to a raine war	A modest alleviate the persists	transition ne impact and does
Lite	without compensation occurs and has no to renewable energy and slow move awa of climate change on the economy are n not exacerbate, nor do middle East Tens	negative e y from foss nodestly im sions. The 2023	ffect on e il fuel usa plemente grey listin 2024	conomy, r ge occurs d. The Ri g is tempo 2025	no national s and mea ussian/Uk orary. 2026	lisation. A sures to a raine war 2027	A modest alleviate the persists a 2028	transition ne impact and does 2029
Lite (domestic)	without compensation occurs and has no to renewable energy and slow move awa of climate change on the economy are n not exacerbate, nor do middle East Tens SA GDP y/y%	negative e y from foss nodestly im sions. The	ffect on e il fuel usa plemente grey listin	conomy, r ge occurs d. The Ri g is temp	no nationa and mea ussian/Uk orary.	lisation. A sures to a raine war	A modest alleviate the persists	transition ne impact and does
(domestic)	without compensation occurs and has no to renewable energy and slow move awa of climate change on the economy are n not exacerbate, nor do middle East Tens SA GDP y/y% Gross Fixed Capital Formation y/y%	negative e y from foss nodestly im sions. The (2023 0.7 3.9	ffect on edit fuel usa plemente grey listing 2024 0.6 4.1	conomy, rige occurs d. The Rig g is tempo 2025 0.2 3.1	no nationa s and mea ussian/Uk orary. 2026 0.5 3	lisation. A sures to a raine war 2027 0.7 2.8	A modest alleviate the persists a 2028 0.9 3.5	transition ne impact and does 2029 1.0 4.1
	without compensation occurs and has no to renewable energy and slow move awa of climate change on the economy are n not exacerbate, nor do middle East Tens SA GDP y/y%	negative e y from foss nodestly im sions. The (2023 0.7 3.9 k sentimer	ffect on e il fuel usa plemente grey listin 2024 0.6 4.1 nt) is that	ge occurs d. The Ri g is temp 2025 0.2 3.1 t of the b	no nationals and measussian/Ukorary. 2026 0.5 3 pase case	sures to a raine war 2027 0.7 2.8 South	A modest alleviate tr persists a 2028 0.9 3.5 Africa fail	transition ne impact and does 2029 1.0 4.1 s to see
(domestic) Down case	without compensation occurs and has no to renewable energy and slow move awa of climate change on the economy are not exacerbate, nor do middle East Tens SA GDP y/y% Gross Fixed Capital Formation y/y% The international environment (incl. ris	negative e y from foss nodestly im sions. The g 2023 0.7 3.9 sk sentimer alls into sin	ffect on e- il fuel usa plemente grey listin 2024 0.6 4.1 nt) is that gle B (loc	ge occurs d. The Ri g is tempo 2025 0.2 3.1 t of the beat and fo	no nationa s and mea ussian/Uk orary. 2026 0.5 3 pase case reign curr	sures to a raine war 2027 0.7 2.8 South a ency) cre	A modest alleviate the persists and 2028 0.9 3.5 Africa fail dit ratings	transition ne impact and does 2029 1.0 4.1 s to see s from all
(domestic) Down case 35%	without compensation occurs and has no to renewable energy and slow move awa of climate change on the economy are in not exacerbate, nor do middle East Tens SA GDP y/y% Gross Fixed Capital Formation y/y% The international environment (incl. ris government debt projections stabilise, for	negative e y from foss nodestly im sions. The g 2023 0.7 3.9 k sentimer alls into sin siness conf	ffect on e- il fuel usa plemente grey listin 2024 0.6 4.1 nt) is that gle B (local fidence d	ge occurs d. The Ri g is tempo 2025 0.2 3.1 t of the beat and foepressed	no nationals and measussian/Ukoorary. 2026 0.5 3 base case reign curr, substan	2027 0.7 2.8 South a ency) cre	A modest alleviate the persists at 2028 0.9 3.5 Africa fail dit ratings shedding,	transition ne impact and does 2029 1.0 4.1 s to see s from all marked
(domestic) Down case 35% (previously	without compensation occurs and has no to renewable energy and slow move awa of climate change on the economy are in not exacerbate, nor do middle East Tens SA GDP y/y% Gross Fixed Capital Formation y/y% The international environment (incl. ris government debt projections stabilise, for three agencies. Recession occurs. Bus freight constraints, weak investment gro conditions, marked rand weakness. Little	negative e y from foss nodestly im sions. The g 2023 0.7 3.9 k sentimer alls into sin siness conf wth, civil ar e transition	ffect on e- il fuel usa plemente grey listin 2024 0.6 4.1 nt) is that gle B (loc fidence d nd politica to renewa	ge occurs d. The Ri g is temp 2025 0.2 3.1 t of the b cal and fo epressed il unrest.	no nationals and measussian/Ukorary. 2026 0.5 3 base case reign currely, substan High inflat	2027 0.7 2.8 South a ency) cre tial load sion on unsures to a	A modest alleviate the persists at 2028 0.9 3.5 Africa fail dit ratings shedding, if avorable alleviate the	transition ne impact and does 2029 1.0 4.1 s to see s from all marked weather ne impact
(domestic) Down case 35% (previously	without compensation occurs and has no to renewable energy and slow move awa of climate change on the economy are not exacerbate, nor do middle East Tens SA GDP y/y% Gross Fixed Capital Formation y/y% The international environment (incl. ris government debt projections stabilise, fitnree agencies. Recession occurs. Bus freight constraints, weak investment gro conditions, marked rand weakness. Little of climate change. Very limited expropri	negative e y from foss nodestly im sions. The y 2023 0.7 3.9 k sentimer alls into sin sisness condi wth, civil ar e transition ation of prin	ffect on e- il fuel usa plemente grey listin- 2024 0.6 4.1 nt) is that gle B (loc- fidence d and politica to renewa vate sector	ge occurs d. The Ri g is tempe 2025 0.2 3.1 t of the b cal and fo epressed il unrest.	no nationals and measussian/Ukorary. 2026 0.5 3 base case reign curr, substan High inflat gy or measy without	2027 0.7 2.8 South dency) crettal load sion on unsures to a compens	A modest alleviate the persists are 2028 0.9 3.5 Africa fail dit ratings shedding, favorable alleviate the ation, with	transition ne impact and does 2029 1.0 4.1 s to see s from all marked weather ne impact a slight
(domestic) Down case 35% (previously	without compensation occurs and has no to renewable energy and slow move awa of climate change on the economy are not exacerbate, nor do middle East Tens SA GDP y/y% Gross Fixed Capital Formation y/y% The international environment (incl. ris government debt projections stabilise, fithree agencies. Recession occurs. Bus freight constraints, weak investment gro conditions, marked rand weakness. Little of climate change. Very limited exproprinegative impact on the economy. Substa	negative e y from foss nodestly im sions. The y 2023 0.7 3.9 k sentimer alls into sin siness com wth, civil ar e transition ation of pri	ffect on e- il fuel usa plemente grey listin- 2024 0.6 4.1 nt) is that gle B (loc- fidence d and politica to renewa vate sector	ge occurs d. The Ri g is tempe 2025 0.2 3.1 t of the b cal and fo epressed il unrest.	no nationals and measussian/Ukorary. 2026 0.5 3 base case reign curr, substan High inflat gy or measy without	2027 0.7 2.8 South dency) crettal load sion on unsures to a compens	A modest alleviate the persists are 2028 0.9 3.5 Africa fail dit ratings shedding, favorable alleviate the ation, with	transition ne impact and does 2029 1.0 4.1 s to see s from all marked weather ne impact a slight
(domestic) Down case 35% (previously	without compensation occurs and has no to renewable energy and slow move awa of climate change on the economy are not exacerbate, nor do middle East Tens SA GDP y/y% Gross Fixed Capital Formation y/y% The international environment (incl. ris government debt projections stabilise, fitnree agencies. Recession occurs. Bus freight constraints, weak investment gro conditions, marked rand weakness. Little of climate change. Very limited expropri	negative e y from foss nodestly im sions. The g 2023 0.7 3.9 dk sentimer alls into sin siness conf wth, civil ar e transition ation of pri intial fiscal	ffect on eil fuel usa plemente grey listin 2024 0.6 4.1 nt) is that gle B (loc fidence d nd politica to renewa wate secto consolida	conomy, ge occurs d. The Rig g is temp 2025 0.2 3.1 t of the b cal and fo epressed il unrest. li able energ or propert tion uttim.	no nationals and measussian/Ukorary. 2026 0.5 3 base case reign curr , substan High inflat gy or measy without ately occur	2027 0.7 2.8 South Aency) cretial load sion on unsures to a compens	A modest alleviate the persists of the persist	transition ne impact and does 2029 1.0 4.1 s to see s from all marked weather ne impact h a slight gs falling
(domestic) Down case 35% (previously 43%)	without compensation occurs and has no to renewable energy and slow move awa of climate change on the economy are not exacerbate, nor do middle East Tens SA GDP y/y% Gross Fixed Capital Formation y/y% The international environment (incl. ris government debt projections stabilise, fithree agencies. Recession occurs. Bus freight constraints, weak investment gro conditions, marked rand weakness. Little of climate change. Very limited exproprinegative impact on the economy. Substainto the C grades. The greylisting is length.	negative e y from foss nodestly im sions. The y 2023 0.7 3.9 kk sentimer alls into sin siness conf wth, civil ar e transition ation of pri intial fiscal tythy.	ffect on e il fuel usa premente grey listin, 2024 0.6 4.1 his that gie B (loc fidence d drd politica to renewa vate sect consolida 2024	conomy, ge occurs d. The Ri gg os temp 2025 0.2 3.1 t of the t cal and fo epressed il unrest. l able energ or propert tion ultim.	no nationas and mea ussian/Uk orrary. 2026 0.5 3 asse case reign curr , substan High inflat gy or mea: y without ately occu	2027 2.8 South Action on unsures to a compensor, prevent	A modest alleviate the persists of the persist	transition ne impact and does 2029 1.0 4.1 s to see s from all marked weather ne impact h a slight gs falling 2029
(domestic) Down case 35% (previously 43%)	without compensation occurs and has no to renewable energy and slow move awa of climate change on the economy are in not exacerbate, nor do middle East Tens SA GDP y/y% Gross Fixed Capital Formation y/y% The international environment (incl. ris government debt projections stabilise, fithree agencies. Recession occurs. Bus freight constraints, weak investment gro conditions, marked rand weakness. Little of climate change. Very limited expropringative impact on the economy. Substainto the C grades. The greylisting is length.	negative e y from foss nodestly im sions. The y 2023 0.7 3.9 kk sentimer alls into sin siness conf wth, civil ar e transition ation of pri intial fiscal ithy. 2023 0.7	ffect on e il fuel usa plemente grey listin, 2024 0.6 4.1 nt) is that gle B (loc fidence d d politica to renewa vate sect consolida 2024 0.3	conomy, ge occurs d. The Rig g is tempe 2025 0.2 3.1 t of the teal and fo epressed il unrest i able energ or propert tion uttim.	no nationals and meaussian/Ukororary. 2026 0.5 3 base case reign curr, substan High inflat gy or measy without ately occu 2026 -1.3	2027 0.7 2.8 . South Activities a compension on unsures to a compension, preventing the compension of the compension on unsures to a compension, preventing the compension on unsures to a compension, preventing the compension on unsures to a compension, preventing the compension of	A modest alleviate the persists of the persist	transition ne impact and does 2029 1.0 4.1 s to see s from all marked weather ne impact a slight gs falling 2029 0.4
(domestic) Down case 35% (previously 43%)	without compensation occurs and has no to renewable energy and slow move awa of climate change on the economy are in not exacerbate, nor do middle East Tens SA GDP y/y% Gross Fixed Capital Formation y/y% The international environment (incl. ris government debt projections stabilise, furnee agencies. Recession occurs. Bus freight constraints, weak investment gro conditions, marked rand weakness. Little of climate change. Very limited expropring the conditions on the economy. Substainto the C grades. The greylisting is length of the conditions of the conditions of the conditions of the conditions. The greylisting is length of the conditions of the condit	negative e y from foss nodestly im sions. The y 2023 0.7 3.9 kk sentimer alls into sin siness conf wth, civil ar e transition ation of printial fiscal othy. 2023 0.7 3.9	ffect on e il fuel usa plemente grey listin 2024 0.6 4.1 nt) is that gle B (loc fidence d d politica to renewa vate sectoconsolida 2024 0.3 3.8	conomy, ge occurs d. The Ri g is temp 2025 0.2 3.1 t of the tical and fo epressed il unrest. i able energ or propert tion utilim: 2025 -2.0 0.2	no nationas and mea ussian/Ukororay. 2026 0.5 3 oase case reign curr , substan High inflat ay or mea: y without ately occu 2026 -1.3 1.0	2027 0.7 2.8 . South / ency) cre tital load si ion on un sures to a compens rs, prever	A modest alleviate the persists of the persist	transition ne impact and does 2029 1.0 4.1 s to see s from all marked weather ne impact a slight gs falling 2029 0.4 2.6
(domestic) Down case 35% (previously 43%) Severe down case	without compensation occurs and has no to renewable energy and slow move awa of climate change on the economy are in not exacerbate, nor do middle East Tens SA GDP y/y% Gross Fixed Capital Formation y/y% The international environment (incl. ris government debt projections stabilise, fithree agencies. Recession occurs. Bus freight constraints, weak investment gro conditions, marked rand weakness. Little of climate change. Very limited exproprinegative impact on the economy. Substainto the C grades. The greylisting is leng SA GDP y/y% Gross Fixed Capital Formation y/y% Lengthy global recession, global financia.	negative e y from foss nodestly im sions. The y 2023 0.7 3.9 ik sentimer alls into sin siness conf wth, civil ar e transition ation of pri intial fiscal ithy. 2023 0.7 3.9 al crisis - in	ffect on e il fuel usa plemente grey listin. 2024 0.6 4.1 ht) is that gle B (loo fidence d and politica to renewa vate sectoconsolida 2024 0.3 3.8 isufficient	conomy, ge occurs d. The Rig g is temp 2025 0.2 3.1 t of the ball and for epressed all unrest. I able energy or propertion ultima 2025 -2.0 0.2 monetar,	no nationals and mea ussian/Ukorary. 2026 0.5 3 base case reign curr, substan High inflatal typ or mea by without ately occu 2026 -1.3 1.0 y and other	2027 0.7 2.8 South dency credital load side on on unsures to a compens rs, prever	A modest alleviate the persists of the persist	transition ne impact and does 2029 1.0 4.1 s to see s from all marked e impact he a slight gs falling 2029 0.4 2.6 cally and
(domestic) Down case 35% (previously 43%) Severe down case 1%	without compensation occurs and has no to renewable energy and slow move awa of climate change on the economy are in not exacerbate, nor do middle East Tens SA GDP y/y% Gross Fixed Capital Formation y/y% The international environment (incl. ris government debt projections stabilise, fithree agencies. Recession occurs. Bus freight constraints, weak investment gro conditions, marked rand weakness. Little of climate change. Very limited exproprinegative impact on the economy. Substainto the C grades. The greylisting is length of the constraints of the condition of	negative e y from foss nodestly im sions. The y 2023 0.7 3.9 dk sentimer alls into sin siness conf wth, civil ar e transition ation of pri ntial fiscal thy. 2023 0.7 3.9 al crisis - in ery adverse	ffect on e il fuel usa plemente grey listin, 2024 0.6 4.1 hit shall gle B (loc fidence d and politica to renewa vate sectic consolida 2024 0.3 3.8 isufficient e weather	conomy, ge occurs d. The Ri gg occurs d. The Ri gg is tempe 2025 0.2 3.1 t of the t tal and fo epressed il unrest. I able energ or propert tion uttim. 2025 -2.0 monetar condition	no nationals and measussian/Ukororary. 2026 0.5 3 3 3 3 ase case reign curr, substan High inflat gy or measy without ately occu 2026 -1.3 0.9 0 y and others, severe	2027 0.7 2.8 cool of a composition of a composition on unsures to a compens rs, prevential for a compensation of the com	A modest alleviate the persists of the persist	transition ne impact and does 2029 1.0 4.1 s to see s from all marked weather ne impact a slight gs falling 2029 0.4 2.6 cally and SA rated
(domestic) Down case 35% (previously 43%) Severe down case 1% (previously	without compensation occurs and has no to renewable energy and slow move awa of climate change on the economy are in not exacerbate, nor do middle East Tens SA GDP y/y% Gross Fixed Capital Formation y/y% The international environment (incl. ris government debt projections stabilise, fithree agencies. Recession occurs. Bus freight constraints, weak investment gro conditions, marked rand weakness. Little of climate change. Very limited expropri negative impact on the economy. Substainto the C grades. The greylisting is leng SA GDP y/y% Gross Fixed Capital Formation y/y% Lengthy global recession, global financi internationally. Very high inflation on ve single B from all three key agencies, do	negative e y from foss nodestly im sions. The y 2023 0.7 3.9 k sentimer alls into sin siness conf wth, civil ar e transition ation of pri intial fiscal inti	ffect on e il fuel usa plemente grey listim, 2024 0.6 4.1 his blad gle B (loc fidence d on d politica to renewayate sectoconsolida 2024 0.3 3.8 sufficiente e weather into CCC	conomy, ge occurs d. The Ri gg occurs d. The Ri gg is tempe 2025 0.2 3.1 t of the t cal and fo epressed il unrest. I able energor propert tion ultim. 2025 -2.0 0.2 monetar condition grade, in	no nationals and meaussian/Ukororary. 2026 0.5 3 ase case reign curr, substan High inflat gy or meat y without ately occu 2026 -1.3 1.0 y and others, severenceased	2027 0.7 2.8 South Agency or end of a sures to a compens rs, prevented and services of a compensation of a	A modest alleviate the persists of the persist	transition ne impact and does 2029 1.0 4.1 s to see s from all marked weather ne impact a slight gs falling 2029 0.4 2.6 cally and SA rated vernment
(domestic) Down case 35% (previously 43%) Severe down case 1%	without compensation occurs and has no to renewable energy and slow move awa of climate change on the economy are in not exacerbate, nor do middle East Tens SA GDP y/y% Gross Fixed Capital Formation y/y% The international environment (incl. ris government debt projections stabilise, fithree agencies. Recession occurs. Bus freight constraints, weak investment gro conditions, marked rand weakness. Little of climate change. Very limited exproprinegative impact on the economy. Substainto the C grades. The greylisting is leng SA GDP y/y% Gross Fixed Capital Formation y/y% Lengthy global recession, global financi internationally. Very high inflation on vesingle B from all three key agencies, deborrows from increasingly wider sources.	negative e y from foss nodestly im sions. The y 2023 0.7 3.9 kk sentimer alls into sin siness conf wth, civil ar e transition ation of pri initial fiscal ithy. 2023 0.7 3.9 al crisis - in ery adverse owngraded s, sinks de	ffect on e il fuel usa plemente grey listin, 2024 0.6 4.1 nt) is that gle B (loc fidence d do politica to renewa vate secto consolida 2024 0.3 3.8 nsufficient e into CCC eper into	conomy, ge occurs d. The Rig g is tempe 2025 0.2 3.1 t of the teal and fo epressed il unrest. i able energor propert tion uttim. 2025 -2.0 0.2 monetan condition crade, if a debt tra a debt tra	no nationals and meaussian/Ukororary. 2026 0.5 3 asse case reign curr , substan High inflat gy or mear y without ately occu 2026 -1.3 1.0 y and othings, severed ap, widesgap, widesgap.	2027 0.7 2.8 . South Activities a compension on unsures to a compension, prevential load of the compension of the compension of the compension on unsures to a compension, prevential load of the compension of th	A modest alleviate the persists of the persist	transition ne impact and does 2029 1.0 4.1 s to see s from all marked weather ne impact a slight gs falling 2029 0.4 2.6 cally and SA rated remment ices load
(domestic) Down case 35% (previously 43%) Severe down case 1% (previously	without compensation occurs and has no to renewable energy and slow move awa of climate change on the economy are in not exacerbate, nor do middle East Tens SA GDP y/y% Gross Fixed Capital Formation y/y% The international environment (incl. ris government debt projections stabilise, fithree agencies. Recession occurs. Bus freight constraints, weak investment gro conditions, marked rand weakness. Little of climate change. Very limited exproprinegative impact on the economy. Substainto the C grades. The greylisting is length of the conditional of the condition on visingle B from all three key agencies, do borrows from increasingly wider sources shedding, severe civil and political unit	negative e y from foss nodestly im sions. The y 2023 0.7 3.9 k sentimer alls into sin siness conf wth, civil ar e transition ation of pri initial fiscal ythy. 2023 0.7 3.9 al crisis - ir ery adverse owngraded s, sinks de rest. Faillur	ffect on e il fuel usa plemente grey listin 2024 0.6 4.1 nt) is that gle B (loc fidence do do politica to renewa vate secto consolida 2024 0.3 3.8 isufficient e into CCC eper into e to transe to transe e to tra	conomy, ge occurs d. The Rig g is temp 2025 0.2 3.1 t of the teal and fo epressed il unrest. is able energor propert tion uttim. 2025 -2.0 0.2 monetar condition g adebt fir a debt fir a debt ris sition to	no nationals and meaussian/Ukororary. 2026 0.5 3 base case reign curr, substan High inflat gy or meary without ately occur. 2026 -1.3 1.0 y and othins, severe oncreased app, widesgrenewable renewable standards.	2027 0.7 2.8 . South Action on unsures to a compens rs, prever 2027 0.1 1.6 er suppor ersk of de pread, see energy	A modest alleviate the persists of the persist	transition ne impact and does 2029 1.0 4.1 s to see s from all , marked weather ne impact in a slight gs falling 2029 0.4 2.6 cally and SA rated ernment ices load issures to
(domestic) Down case 35% (previously 43%) Severe down case 1% (previously	without compensation occurs and has no to renewable energy and slow move awa of climate change on the economy are in not exacerbate, nor do middle East Tens SA GDP y/y% Gross Fixed Capital Formation y/y% The international environment (incl. ris government debt projections stabilise, fithree agencies. Recession occurs. Bus freight constraints, weak investment gro conditions, marked rand weakness. Little of climate change. Very limited exproprinegative impact on the economy. Substainto the C grades. The greylisting is leng SA GDP y/y% Gross Fixed Capital Formation y/y% Lengthy global recession, global financial internationally. Very high inflation on vesingle B from all three key agencies, do borrows from increasingly wider sources shedding, severe civil and political unialleviate the impact of climate change.	negative e y from foss nodestly im sions. The y 2023 0.7 3.9 ik sentimer alls into sin siness conf wth, civil are e transition ation of pri intial fiscal tythy. 2023 0.7 3.9 al crisis - in ery adverse owngraded x, sinks de rest. Faillur on the eco	ffect on e il fuel usa plemente grey listin. 2024 0.6 4.1 ht) is that gle B (loo fidence d and politica to renewa vate secte consolida 2024 0.3 3.8 is ufficiente e weather into CCC eeper into e to trans.	conomy, ge occurs d. The Rig g is temp 2025 0.2 3.1 t of the ball and fo epressed if unrest. I able energ or propert tion ultims 2025 -2.0 0.2 monetar condition g grade, in a debt tra sition to b nited exp	no nationals and mea ussian/Ukororary. 2026 0.5 3 base case reign curry, substan High inflat and the substantial infla	2027 0.7 2.8 . South , ency) cretital load sion on un usures to a compens rs, prever 2027 0.1 1.6 er suppore rank we freed, see energy of private	A modest alleviate the persists of the persist	transition ne impact and does 2029 1.0 4.1 s to see s from all marked weather ne impact a slight gs falling 2029 0.4 2.6 cally and SA rated remment ices load issures to y without
(domestic) Down case 35% (previously 43%) Severe down case 1% (previously	without compensation occurs and has no to renewable energy and slow move awa of climate change on the economy are in not exacerbate, nor do middle East Tens SA GDP y/y% Gross Fixed Capital Formation y/y% The international environment (incl. ris government debt projections stabilise, fithree agencies. Recession occurs. Bus freight constraints, weak investment gro conditions, marked rand weakness. Little of climate change. Very limited exproprinegative impact on the economy. Substainto the C grades. The greylisting is leng SA GDP y/y% Gross Fixed Capital Formation y/y% Lengthy global recession, global financi internationally. Very high inflation on vesingle B from all three key agencies, do borrows from increasingly wider source shedding, severe civil and political unalleviate the impact of climate change compensation with a noticeable negative.	negative e y from foss nodestly im sions. The y 2023 0.7 3.9 k sentimer alls into sin siness conf wth, civil ar e transition ation of pri ntial fiscal thy. 2023 0.7 3.9 al crisis - in ery adverse owngraded s, sinks de rest. Failur rest. Failur on the eco	ffect on e il fuel usa premente grey listing. 2024 0.6 4.1 his that gie B (loc fidence d and politica to renewa vate sectic consolida 2024 0.3 3.8 isufficient e weather into CCC eper into e to trans.	conomy, ge occurs d. The Ri gg occurs d. The Ri gg is temp 2025 0.2 3.1 t of the t tal and fo epressed il unrest. I able energ or propert tion uttima 2025 -2.0 monetar condition grade, if a debt tra sition to inited exp SA is b	no nationals and mea ussian/Uk or orary. 2026 0.5 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3	2027 0.7 2.8 . South , ency) cretital load sion on un usures to a compens rs, prever 2027 0.1 1.6 er suppore rank we freed, see energy of private	A modest alleviate the persists of the persist	transition ne impact and does 2029 1.0 4.1 s to see s from all marked weather ne impact a slight gs falling 2029 0.4 2.6 cally and SA rated remment ices load issures to y without
(domestic) Down case 35% (previously 43%) Severe down case 1% (previously	without compensation occurs and has no to renewable energy and slow move awa of climate change on the economy are in not exacerbate, nor do middle East Tens SA GDP y/y% Gross Fixed Capital Formation y/y% The international environment (incl. ris government debt projections stabilise, fithree agencies. Recession occurs. Bus freight constraints, weak investment gro conditions, marked rand weakness. Little of climate change. Very limited exproprinegative impact on the economy. Substainto the C grades. The greylisting is leng SA GDP y/y% Gross Fixed Capital Formation y/y% Lengthy global recession, global financial internationally. Very high inflation on vesingle B from all three key agencies, do borrows from increasingly wider sources shedding, severe civil and political unialleviate the impact of climate change.	negative e y from foss nodestly im sions. The y 2023 0.7 3.9 k sentimer alls into sin siness conf wth, civil ar e transition ation of pri ntial fiscal thy. 2023 0.7 3.9 al crisis - in ery adverse owngraded s, sinks de rest. Failur rest. Failur on the eco	ffect on e il fuel usa plemente grey listin, 2024 0.6 4.1 hit is too fidence don't politicato renewavate sectoconsolida 2024 0.3 3.8 sufficiente a weather into CCC eper into e to transnomy. Lir ic impact e East ten	conomy, ge occurs d. The Ri gg occurs d. The Ri gg is tempe 2025 0.2 3.1 t of the t call and fo epressed il unrest. I able energor propert tion ultima 2025 -2.0 0.2 monetar condition grade, if a debt tra sition to inited exp	no nationals and meaussian/Ukororary. 2026 0.5 3 ase case reign curry, substan High inflat gy or meaty without ately occu 2026 -1.3 1.0 y and others, severence as any wides grenewable g	2027 0.7 2.8 South Agency of private and were to a compens rs, preventing the compens rs, preventing the compens rs and we compens rs and we compens rs and we compens rs and we compens rand results	A modest alleviate the persists of the persist	transition ne impact and does 2029 1.0 4.1 s to see s from all marked weather ne impact a slight gs falling 2029 0.4 2.6 cally and SA rated remment ices load issures to y without

Expected Case: Econom	ic growth forecasts					
Calendar year	2024	2025	2026	2027	2028	2029
GDP (Year on year growth	1, %)					
GDP Q3 2024	1.0	1.6	2.0	2.2	2.5	2.7
GDP Q2 2024	1.1	1.5	1.9	2.2	2.4	2.6
GDP Q1 2024	1.0	1.4	1.7	2.0	2.1	
	Source:	Investec Mac	ro-Economic	Outlook, 1st,	July, contact	details below

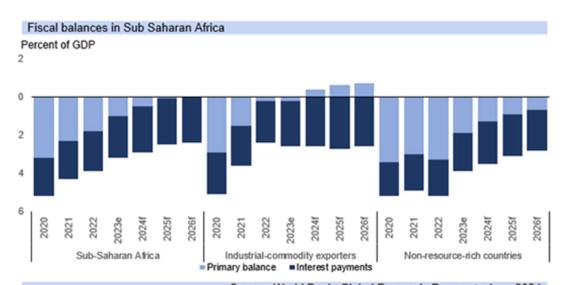
Base Case: Q1 2024 vs	Q3 2024 Economic gr	owth forecas	ts			
Financial year	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
GDP (Year on year growth	n, %)					
GDP Q3 2024	0.8	1.3	1.6	2.2	2.2	2.6
GDP Q1 2024	0.7	1.1	1.5	1.8	2.0	2.1
					Sou	rce: Investe

- South Africa continues to work towards removing the impediments to a stronger economic growth environment, most tangibly so far is the halt in loadshedding, but key is that the change in government has lifted the potential for a stronger outlook.
- In addition, the downside risk has meaningfully reduced as fiscal consolidation is a fundamental tenet of the newly established Government of National Unity (GNU) in South Africa, with the risk of a shift to the left and fiscal deterioration avoided.
- Finance Minister Godongwana highlighted this month a very firm stance on fiscal restraint and consolidation. The bond market saw substantial gains (see Bond note, 25th July) on the political developments, along with lower SARB inflation projections.
- The MPC's recent lowering of its inflation forecast substantially towards our much lower view (see Interest Rate Outlook, 19th July) has come as the feared inflationary effects of a leftist government have been avoided by the formation of the GNU.
- The risk of an ANC/EFF coalition to govern the country worried markets ahead of the
 election, creating a marked political risk premium which was suppressing the rand, the
 bond markets and the JSE, with business confidence in depressed territory too.
- The likelihood has now fallen for the downside: of weakening economic activity, fiscal deterioration, rising bond yields and inflation, substantial rand weakness, weakening investment growth, persistent load shedding and other structural constraints.
- In the economic scenarios, the down case (lite and severe down cases combined) has reduced in probability to 36%, from 51% before the election, as South Africa has seen the likelihood of centrist economic policy outcomes substantially strengthened.
- That is, the ANC has joined with centrist political parties in the main in the GNU, and as such, in itself has seen the potential for centrist policy making and implementation increased, lifting the expected case probability to 50% from 45%.
- Consequently, the upside (which consists of the up and extreme up cases) now has the potential of a 14% outcome, up from a 3% likelihood, as the possibility of stronger economic growth outcomes has increased substantially.



Source: World Bank, Global Economic Prospects June 2024

Note: e = estimates; f = forecasts. Industrial-commodity exporters excludes Angola, Nigeria, and South Africa. Non-resourcerich countries include agricultural-commodity-exporting and commodity-importing countries; excludes Chad and Sudan. Aggregate growth rates calculated using constant GDP weights at average 2010-19 prices and market exchange rates.



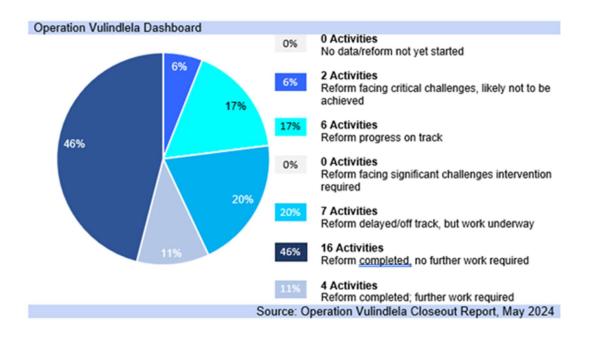
Source: World Bank, Global Economic Prospects June 2024

Note: e = estimates; f = forecasts; SSA = Sub-Saharan Africa. Industrial-commodity exporters excludes Angola, Nigeria, and South Africa. Non-resource-rich countries include agricultural-commodity-exporting and commodity-importing countries; excludes

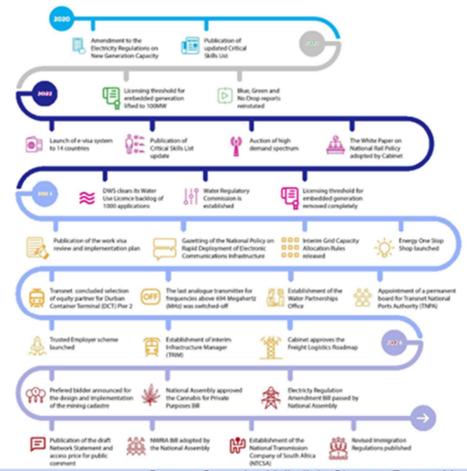
Activity	d progress No. of	Reform
tatus	reforms	
	2	 Address institutional inefficiencies in municipal electricity distribution Review and adjust the fuel price formula
		 Develop a fit-for-purpose procurement regime for state-owned entities
		 Create an enabling legal and regulatory environment for hemp and cannabis
		 Expedite the issuance of title deeds for subsidised housing
	7	 Create a modern and efficient mining rights system
		 Procure new generation capacity in terms of IRP 2019
		 Address institutional inefficiencies in municipal water distribution
		 Develop a strategy for the devolution of passenger rail to local authorities
		 Improve Energy Availability Factor (EAF) to over 70%
		Improve efficiency of ports
	6	 Implement third-party access to freight rail network
	0	Complete restructuring of Eskom
		 Strengthen regulation of price and service standards in the water sector • Implement the Energy Action Plan
		 Amend the Electricity Regulation Act to provide for a competitive electricity market
		Publish revised Critical Skills List
		Finalise the White Paper on National Rail Policy
		Raise licensing threshold for embedded generation
		Complete spectrum auction
		 Finalise Rapid Deployment Policy and Policy Direction
		Implement e-Visa system
	16	 Enable municipalities to procure power from independent power producers
	10	Streamline process for wayleave approvals
		Review policy framework and processes for work visas
		Clear backlog of water use, license applications
		 Expand visa waivers and explore visa recognition system
		Finalise the revised raw water pricing strategy
		Enhance the role of private sector participation in the water sector Reinstate the Blue
		Drop, Green Drop and No Drop water quality monitoring system
		 Streamline and improve water-use license application process
		Establish a National Water Resource Infrastructure Agency
	4	Corporatise the Transnet National Ports Authority (TNPA)
	4	 Complete migration from digital to analogue signal • Establish Transport Economic Regulator
		Source: Operation Vulindlela Closeout Report, May 202

- Strengthening infrastructure investment is an underpin to a marked improvement on the economic outlook (see Fixed Investment Outlook, 18th July) as electricity and logistic capacity rises so will business sentiment and economic growth.
- In the 2000s, which the up and extreme up cases are benchmarked against, good governance saw the highest consistent growth rate for South Africa in thirty five years and substantial fiscal consolidation yielded credit rating upgrades.
- The business confidence and the investor climate was boosted to the extent where the later years of the period of 2004 to 2008 saw an extreme up case (average growth 5.2% y/y). The ease of doing business in the country also improved.

- Minister Godongwana recently noted its key to "unencumber infrastructure financing from the traditional mechanisms used to fund the budget" with a process similar to the Independent Power Producers (IPP) Office's renewable energy procurement.
- And additionally, "(w)e want to have a similar structure for mega projects... In the case
 of the IPP Office, the Department of Energy cannot sit and adjudicate bids. It can only
 prescribe the criteria." This would make a marked improvement to economic growth.
- "(W)hat other reforms will be necessary? For instance, the ease of doing business is a
 critical issue. Just registering a company is a nightmare." Here reducing red tape and
 lowering the high compliance cost for small business.
- Both President Ramaphosa and Minister Godongwana are key proponents of Operation Vulindlela's (OV) which has seen substantial work on the energy sector so far as mentioned, with freight logistics and water infrastructure.
- Operation Vulindlela also focuses on planned reform for local government "ensuring that the institutional structure and funding model for local government is fit-forpurpose and that municipalities are financially and operationally sustainable".
- The free and fair elections, establishment of the GNU and it successful working partnership has allowed a stronger economic growth outlook, around 3.0% y/y by the end of the medium-term, and has improved investor sentiment substantially.



Roadmap



Source: Operation Vulindlela Closeout Report, May 2024

	y/y % change m/m % change						3-month	
	Feb-24	Mar-24	Apr-24	Feb-24	Mar-24	Apr-24	Feb-Apr	
Mining production	10.9	-4.8	0.7	5.2	-4.4	0.8	0.1	
Manufacturing production	4.1	-6.5	5.3	-0.6	-2.5	5.2	-0.5	
Electricity generation	4.2	0.0	5.7	1.6	-0.1	1.2	1.0	
Buildings completed (value)	-14.7	-34.6	-6.3	-9.7	1.6	22.4	-18.4	
Wholesale trade sales	-2.3	-12.7	1.2	2.3	-5.2	6.9	0.4	
Retail trade sales	-0.7	2.3	0.6	0.9	1.3	0.5	0.1	
Motor trade sales	1.3	-10.2	3.9	-0.6	-7.2	7.2	-2.2	
ncome from tourist accommodation	10.5	9.6	7.0	-0.3	-0.8	1.7	1.7	
Restaurants, catering & fast-food income	5.2	3.3	-4.6	6.8	-2.0	-4.0	2.3	
Rail transport: Freight payload	6.9	11.1	1.5	2.2	2.2	-3.7	1.0	
Road transport: Freight payload	-1.5	-6.6	-8.0	-0.9	-1.1	-3.6	-3.2	
Rail transport: Passenger journeys	73.0	42.9	96.1	5.5	-1.6	2.7	8.5	
Road transport: Passenger journeys	8.8	-1.5	29.5	-3.0	-1.3	14.9	0.5	
	Mar-24	Apr-24	May-24	Mar-24	Apr-24	May-24		
Consumer Price Index (CPI)	5.3	5.2	5.2	8.0	0.3	0.2		
Producer Price Index (PPI)	4.6	5.1	4.6	1.1	0.5	0.1		
						Source	e: Stats S	