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SA's economy in perspective

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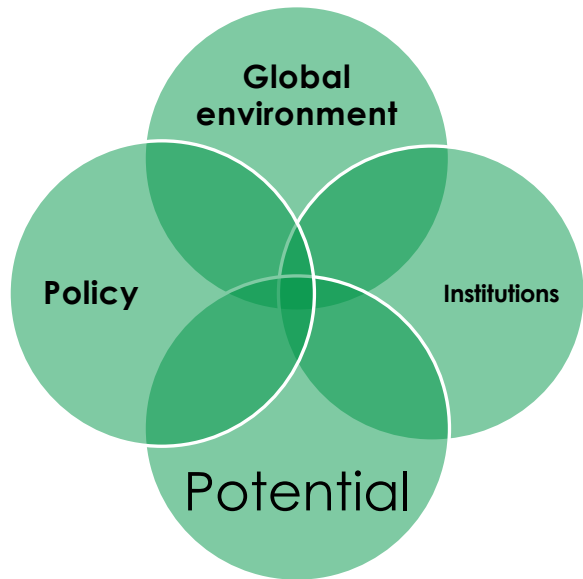
October 2023



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What drives the economy's performance?





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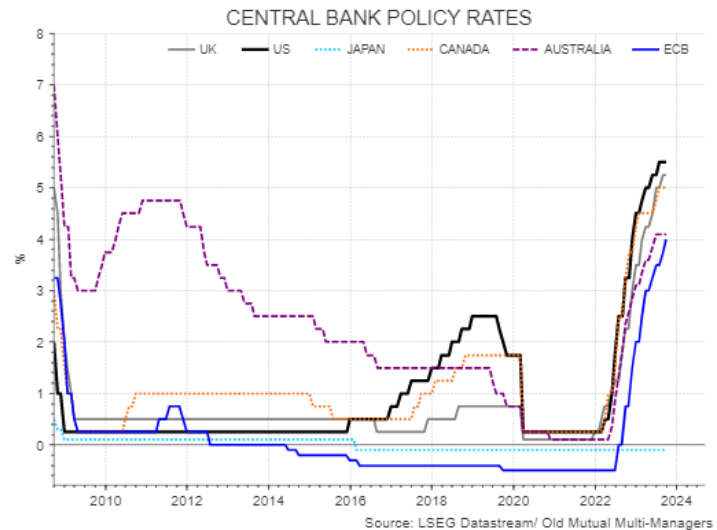
Global environment



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Global central bank rate hiking cycle is peaking





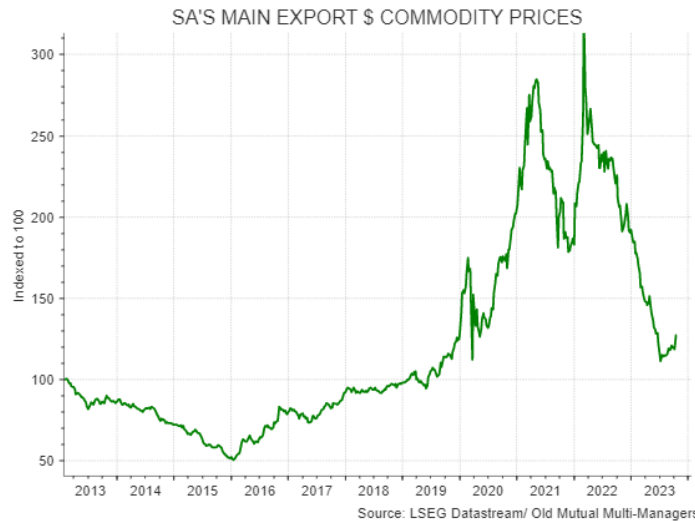
A stronger dollar is rarely good news for the rest of the world



Source: LSEG Datastream/ Old Mutual Multi-Managers



Commodity prices normalising after disruptions



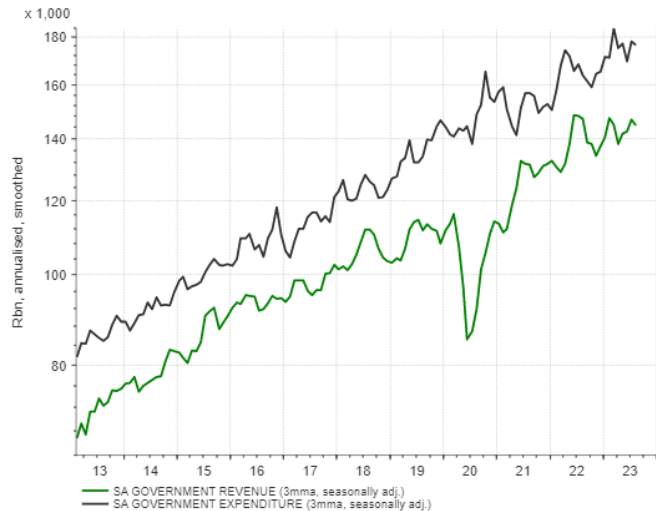


Policy





Unsustainable budget deficit needs to be closed



Source: LSEG Datastream/ Old Mutual Multi-Managers

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Interest rates high enough to combat inflation



Source: LSEG Datastream/Old Mutual Multi-Managers



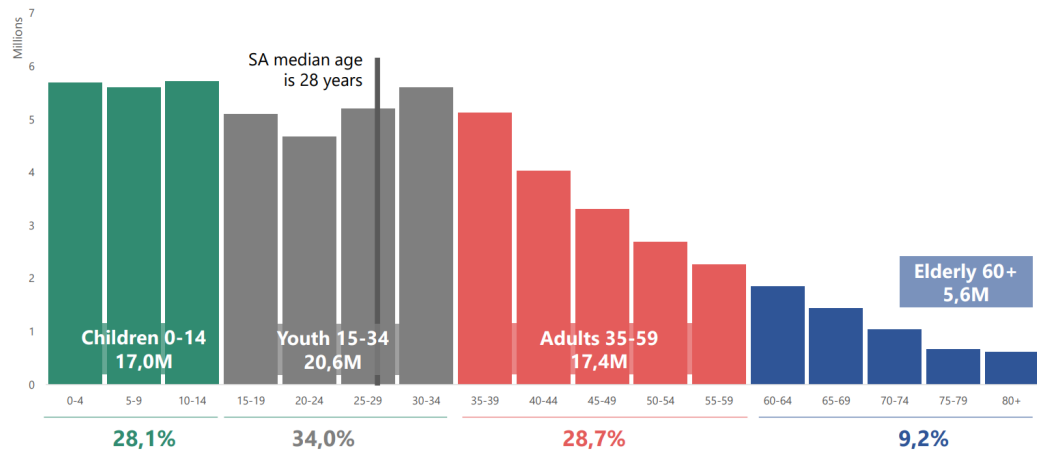
Potential growth





A relatively young population

Population age structure 5-year age groups, 2022



*Due to rounding totals may not add up to 100%

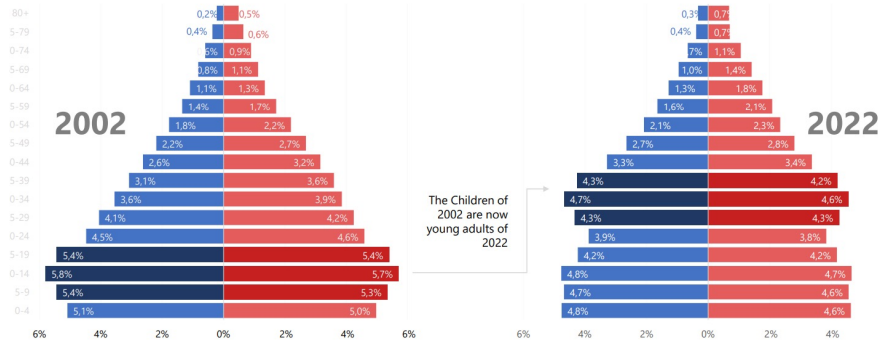
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...but oldest segment growing the fastest

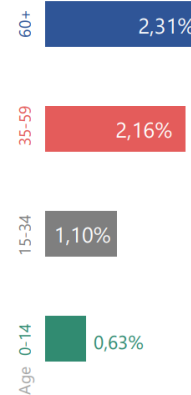
The population structure over time reflects change over 20 years

SA age structure by 5 year age groups, 2002 vs 2022



The Children of 2002 are now young adults of 2022

Average Annual Growth rate 2002 - 2022





Too few people work



Source: LSEG Datastream/ Old Mutual Wealth

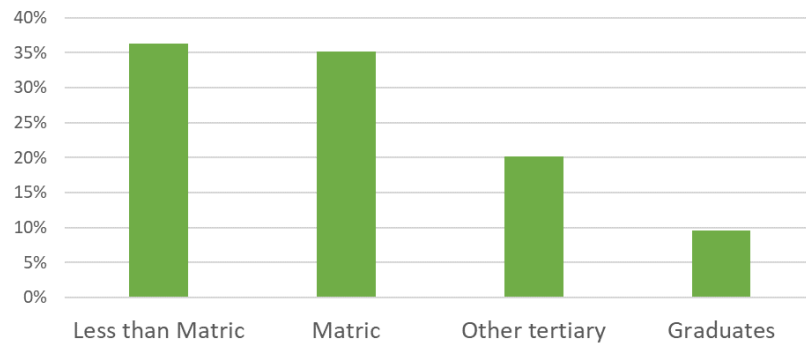
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Education plays a big role

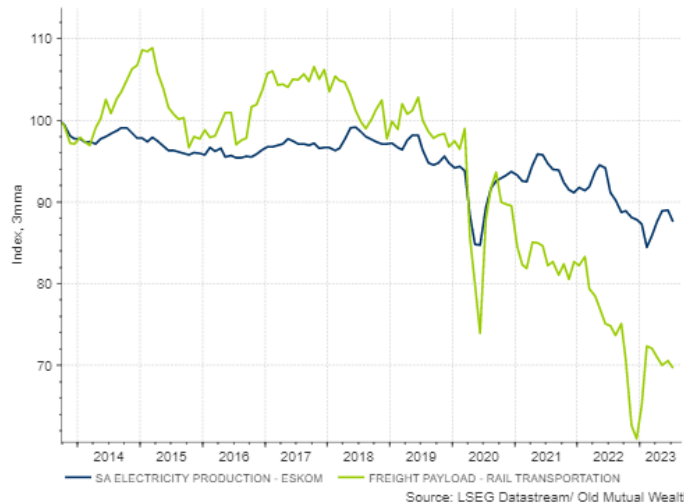
Unemployment rate per educational attainment

Source: StatsSA



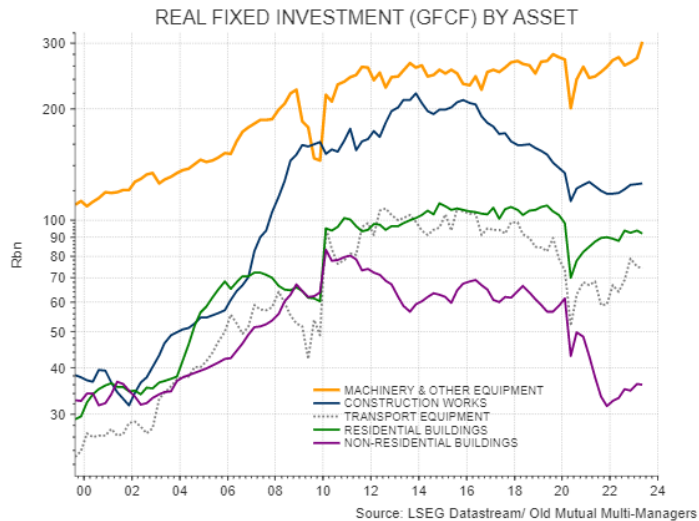


Electricity not the only worry for policymakers





Investment in renewables starting to show



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Institutions



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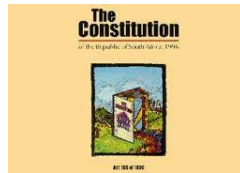
Key institutions that ensure the centre holds



Constitutional Court
of South Africa



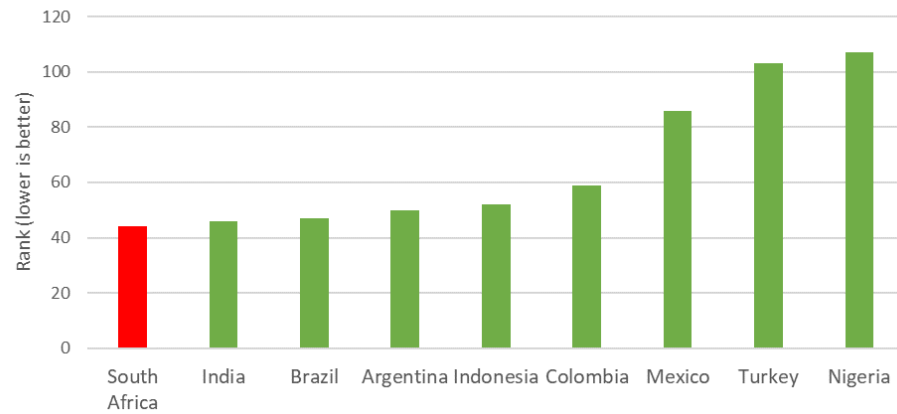
PARLIAMENT
OF THE REPUBLIC OF SOUTH AFRICA



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Economist Intelligence Unit Democracy Index



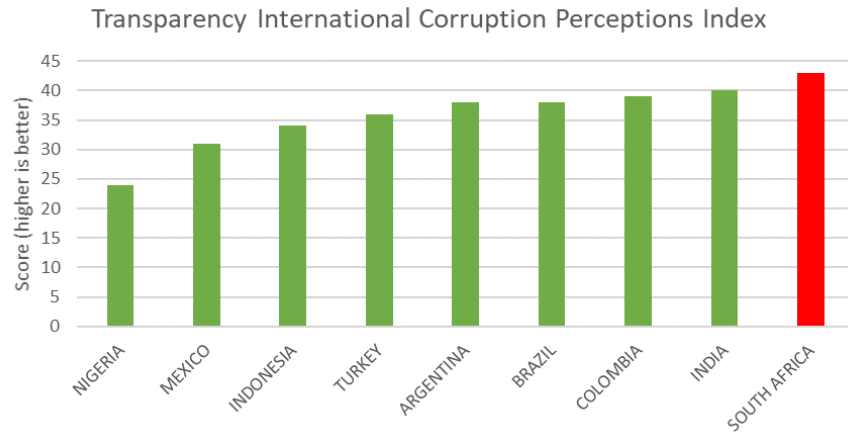


Rule of Law underpins democracy





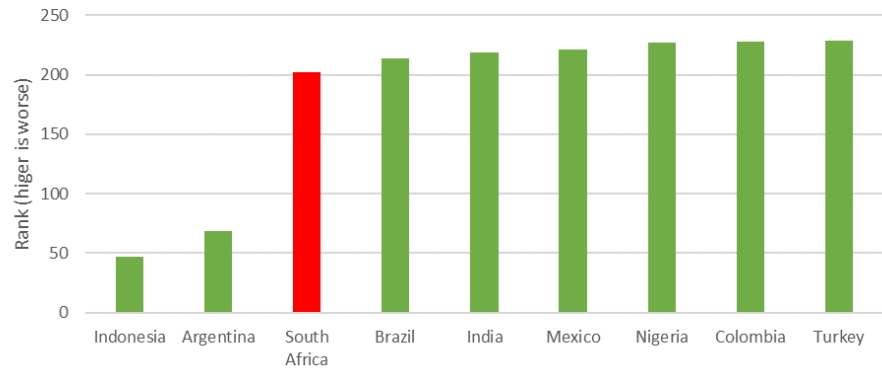
Corruption hampers state capacity, but SA no worse than its peers





A violent society, like many others

Fitch Country Risk Ranking: Absence of Violence





Summary – don't give up on SA yet

- **Global environment – challenging**
 - Higher-for-longer interest rates, strong dollar, commodity prices under pressure
 - Geopolitical/geo-economic shifts offer risks and opportunities
- **Potential growth**
 - Relatively young population means South Africa's labour force continues to grow – but too few find work
 - Infrastructure has not kept pace with the needs of the economy
 - Need more private sector involvement in network industries – this is happening in electricity
- **Domestic policy – stability and continuity**
 - Fiscal policy tightening to reduce government debt (despite election), while monetary policy (SARB) is already tight...Overall, SA benefits from macroeconomic policy stability
 - Expect microeconomic policy continuity for the next few years – ANC likely to remain in power in national government, headed by CR
- **Institutions – still strong enough**
 - On a broad range of measures, SA scores well compared to other developing economies



IMPORTANT INFORMATION

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