

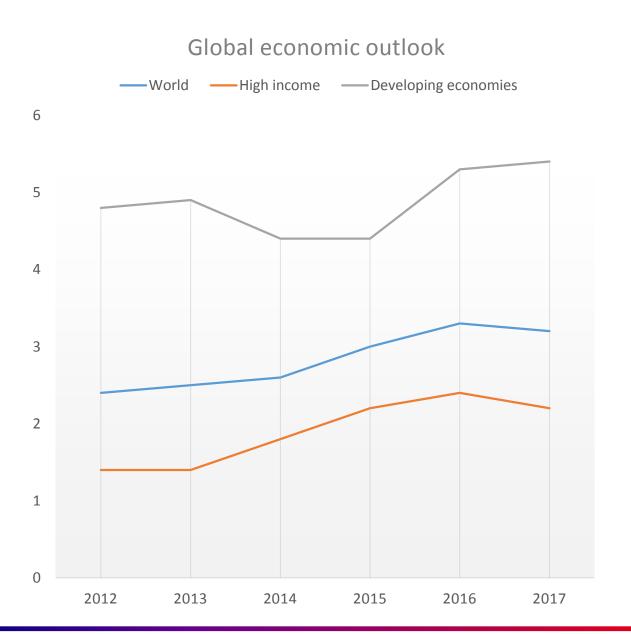
# SOUTH AFRICA'S NEXT 10 YEARS: TRENDS, RISKS, SCENARIOS, AND PROBABILITIES

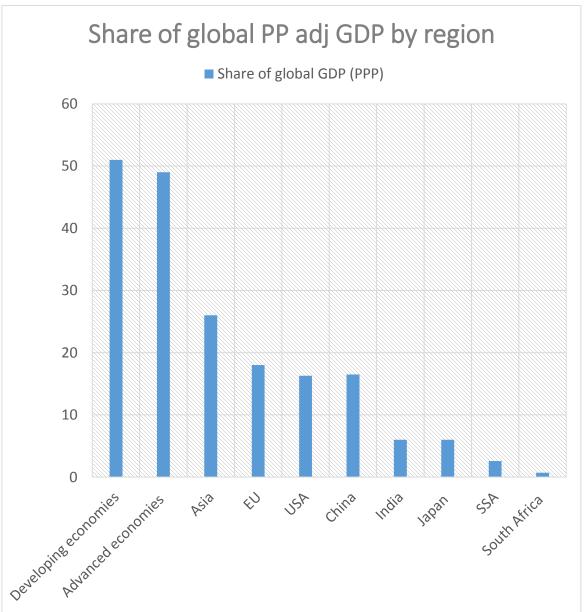
Produced by the Centre for Risk Analysis at the IRR June 2015



#### **GLOBAL GROWTH**

Global growth is set to average just over 3% in 2015 driven in large part by growth in developing economies

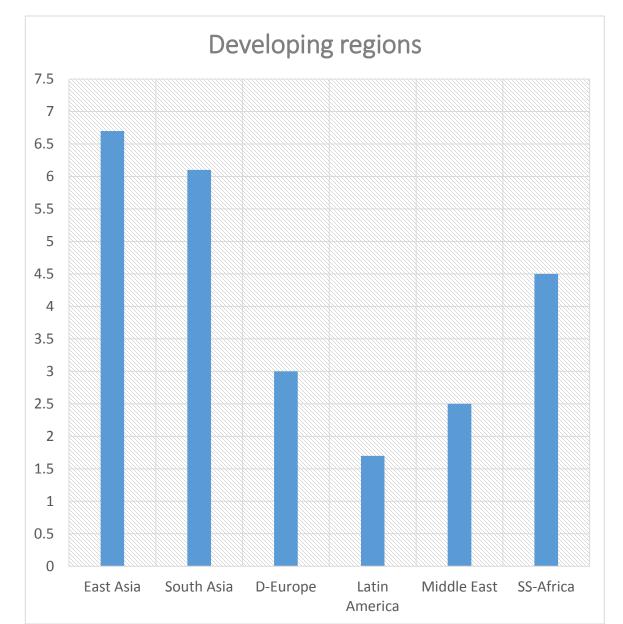


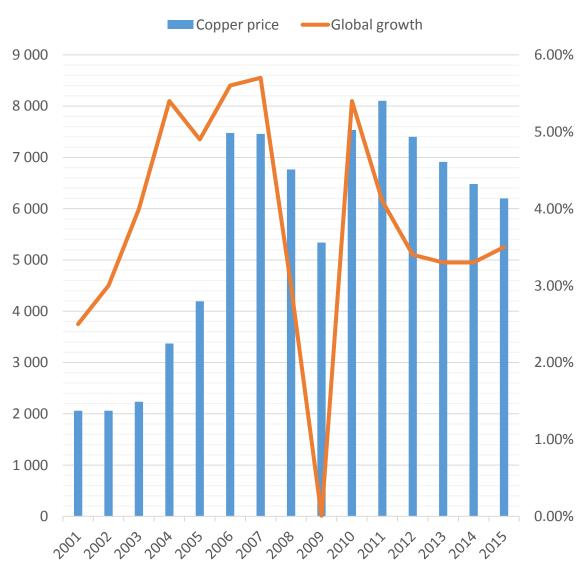




#### SOUTH AND EAST ASIA AND PRICE OF COPPER

South and East will drive developing market growth but falling copper prices sound a cautionary note

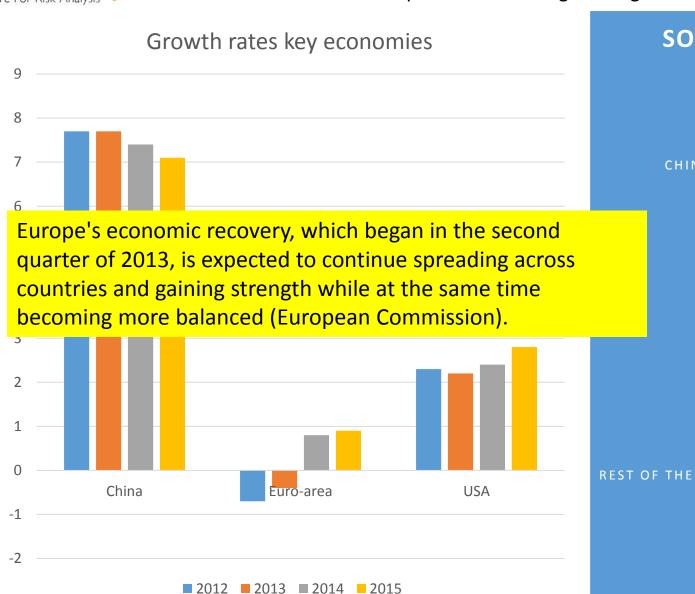


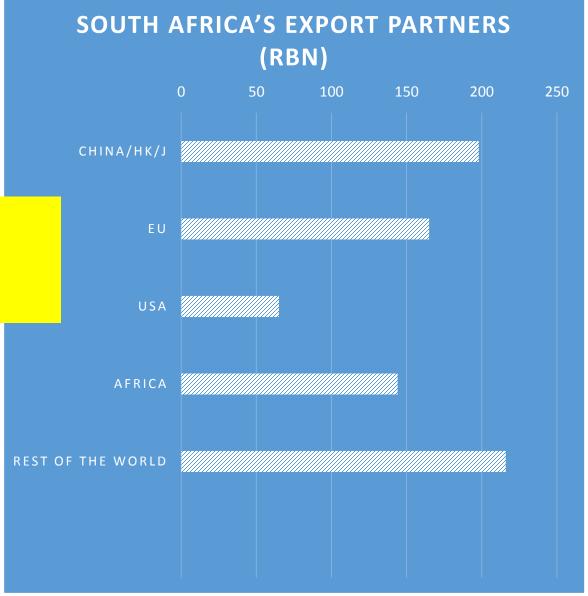




#### CHINA, THE EU, AND THE USA

World Bank forecasts anticipate China slowing with significant implications for South Africa's exports

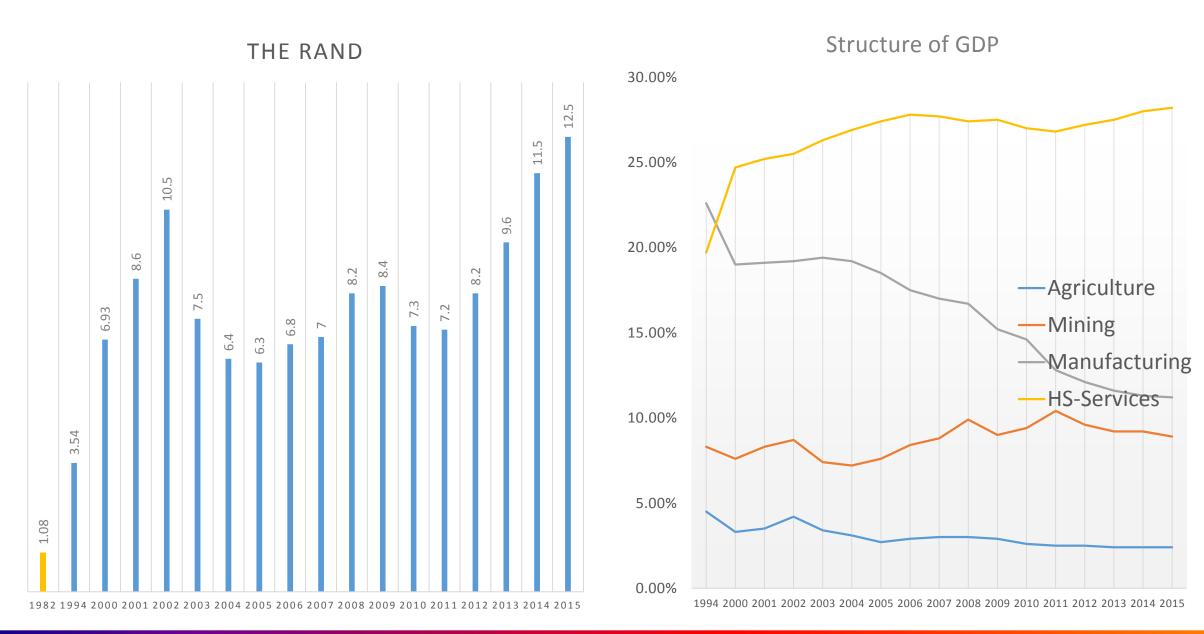






#### THE RAND AND CHANGING GDP MAKE UP

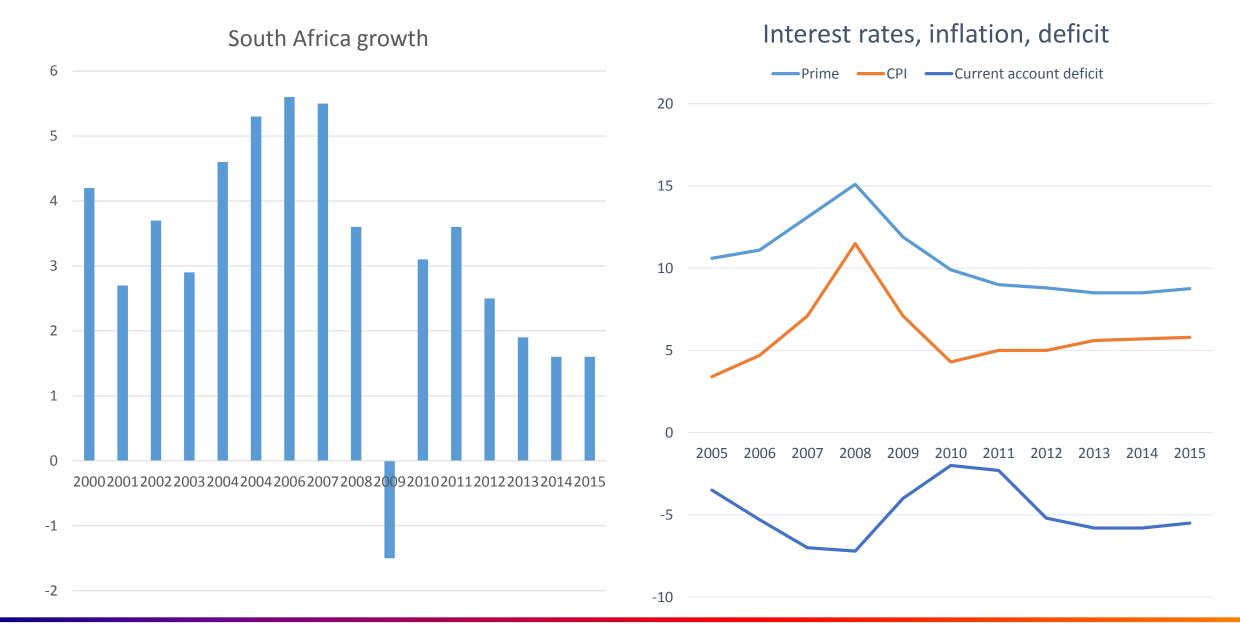
The outlook is for further currency weakness amidst declining manufacturing output





# **LEADING INDICATORS**

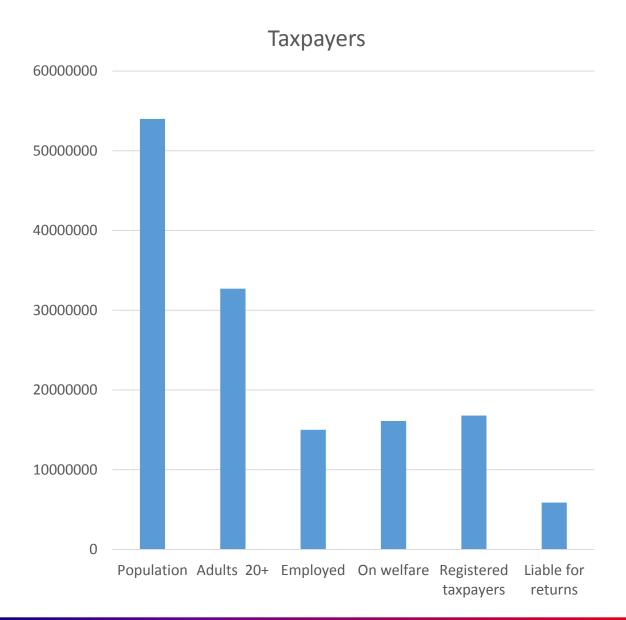
Expect low growth levels which will dampen inflation and exclude rate hikes as debt and deficit levels rise.

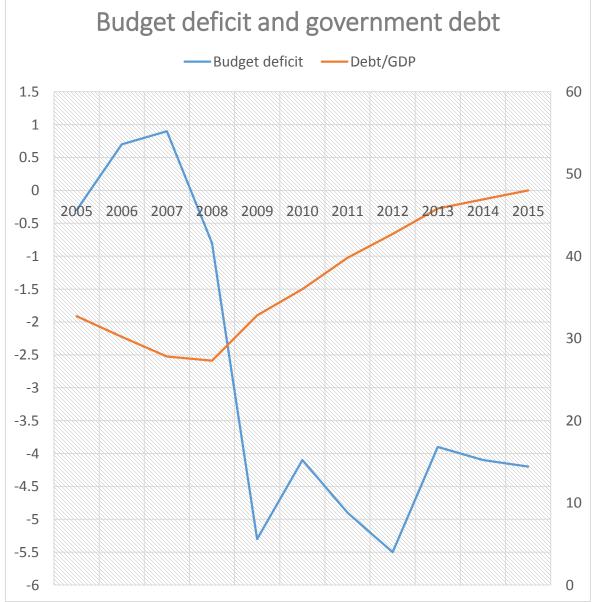




#### TAXPAYERS AND GOVERNMENT FINANCES

Weak economic growth will dampen tax base expansion as government finances come under further strain



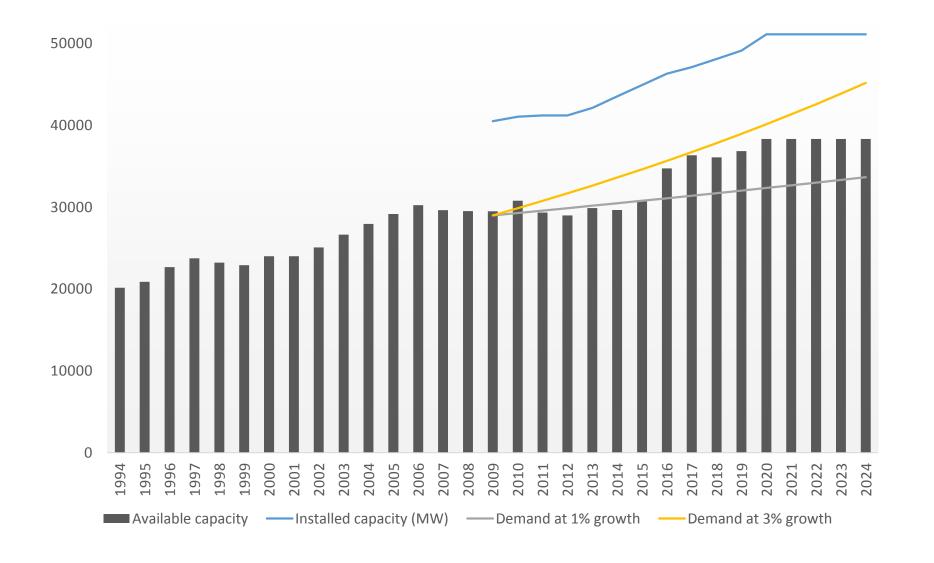




#### **ELECTRICITY SUPPLY AND INFRASTRCUTURE**

Electricity supply constraints are placing growth estimates of 3% of GDP in doubt

60000



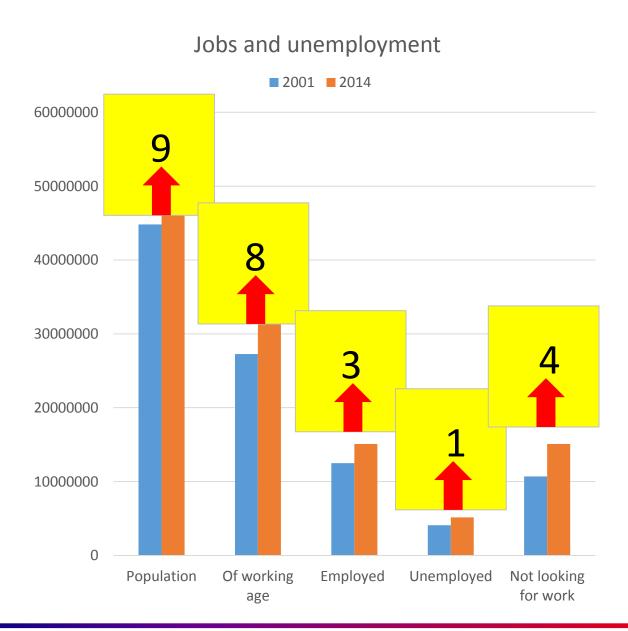


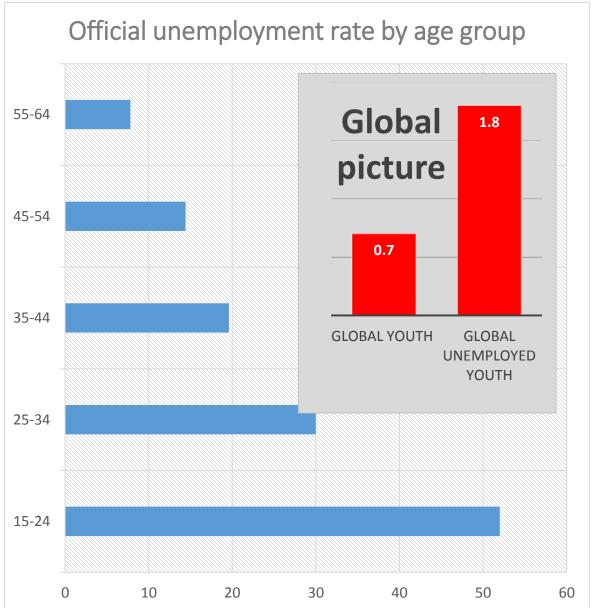
any significant further breakdown in existing power infrastructure will force growth forecasts to be revised downwards



# **LABOUR MARKETS**

We anticipate sustained high levels of joblessness centred around young people

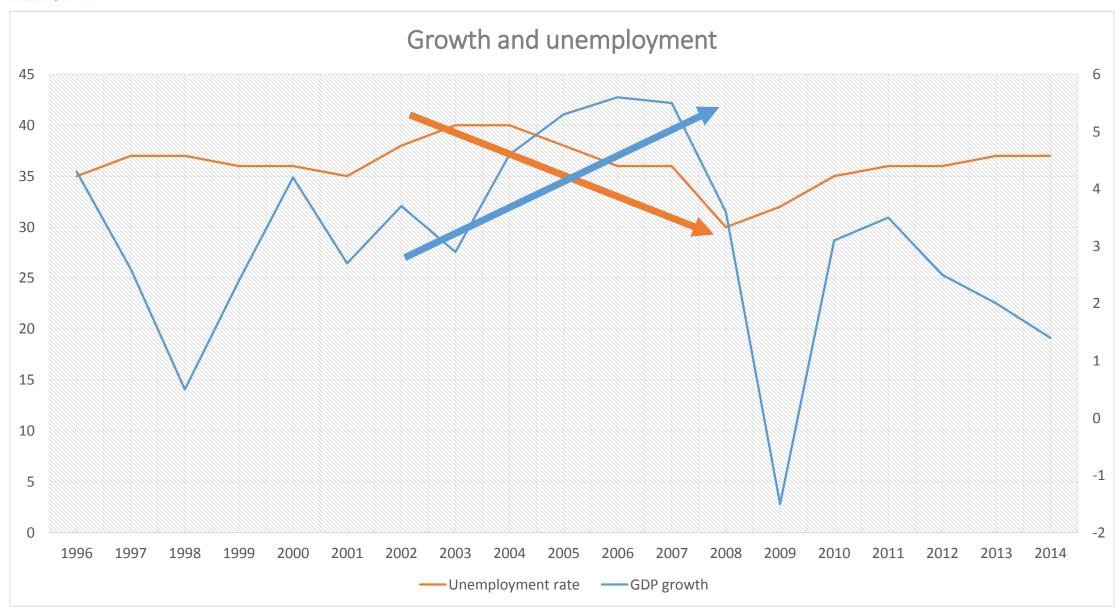






# **JOBS AND GROWTH**

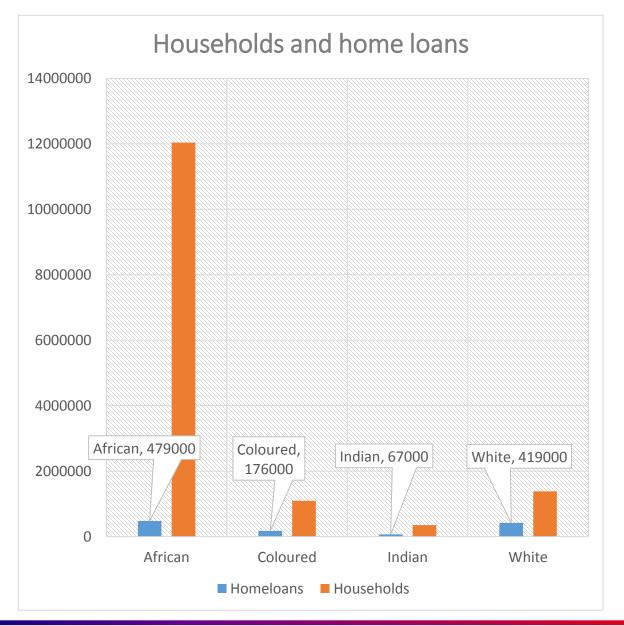
We expect GDP growth to remain key determinant of broader joblessness rate

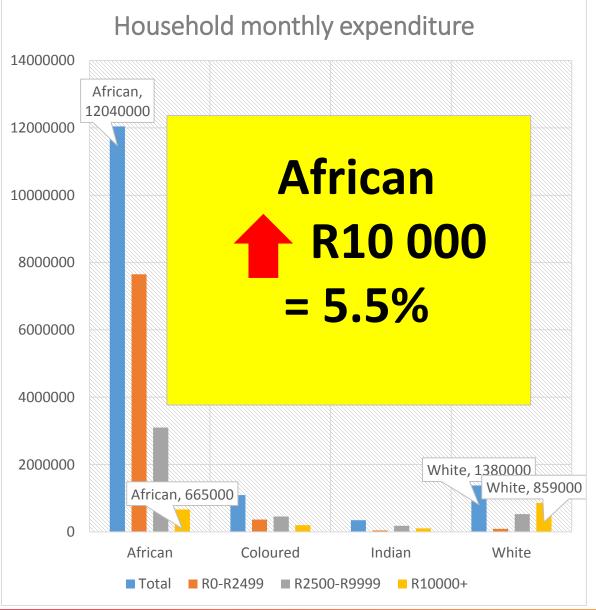




#### INCOMES, ASSETS, AND THE MIDDLE CLASS

The risk is that middle class size is overstated with 12% spending over R10 000 a month

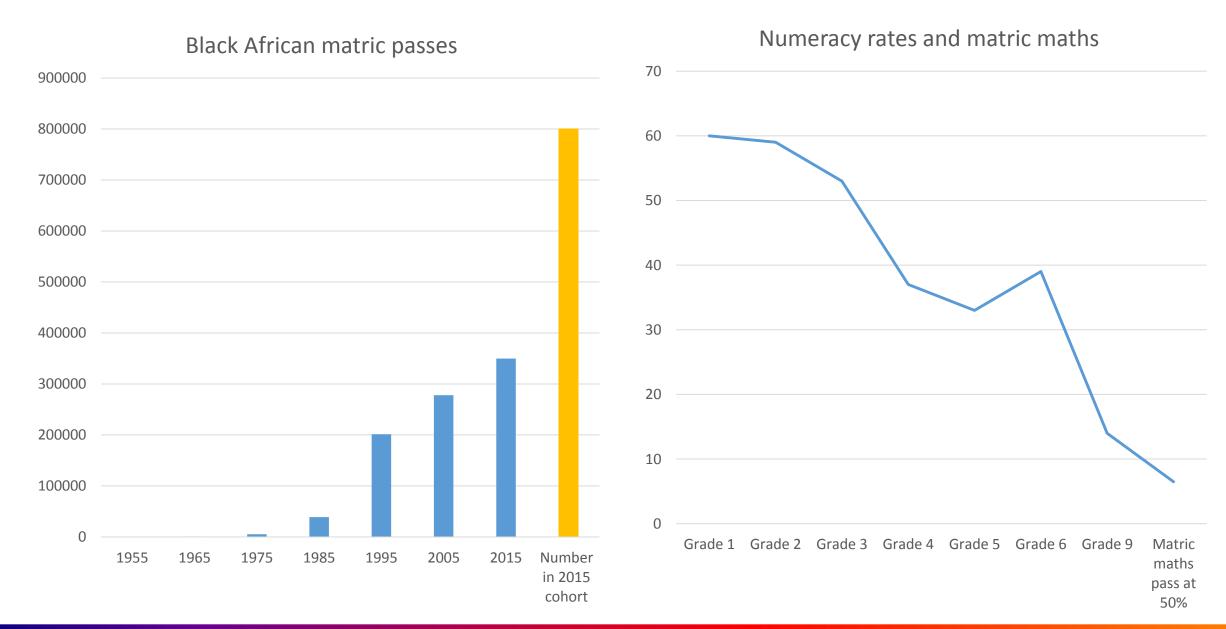






#### **SCHOOLS AND EDUCATION**

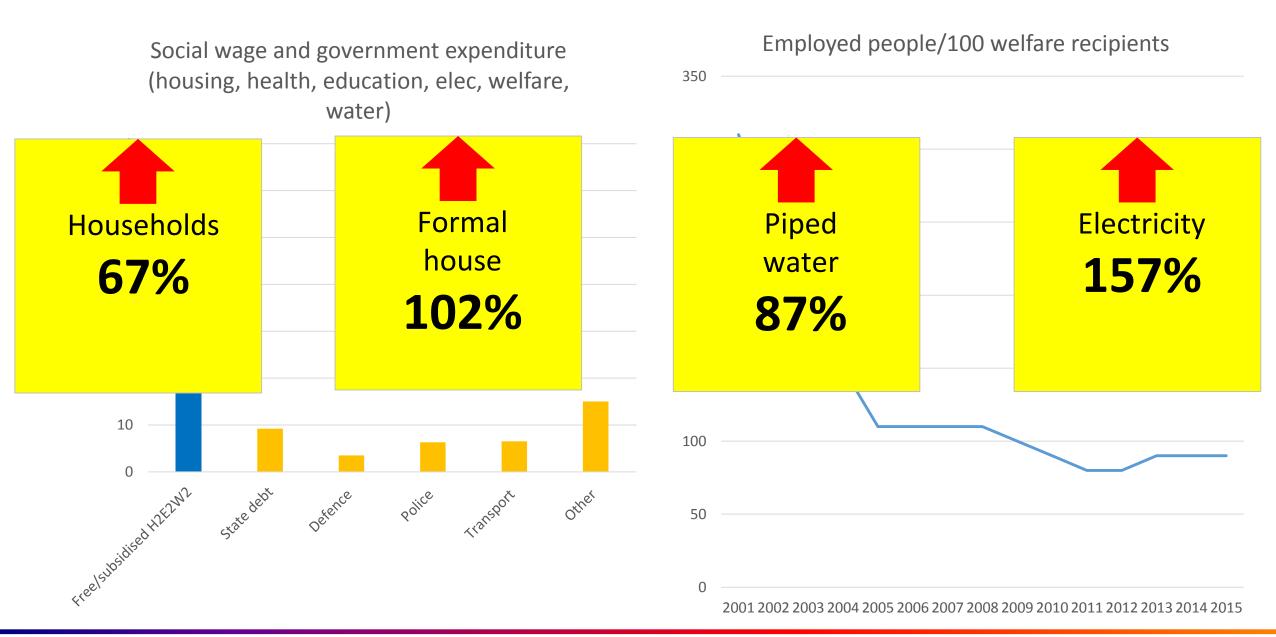
Despite half of children now completing their school education quality remains very poor





#### **WELFARE AND SERVICE DELIVERY**

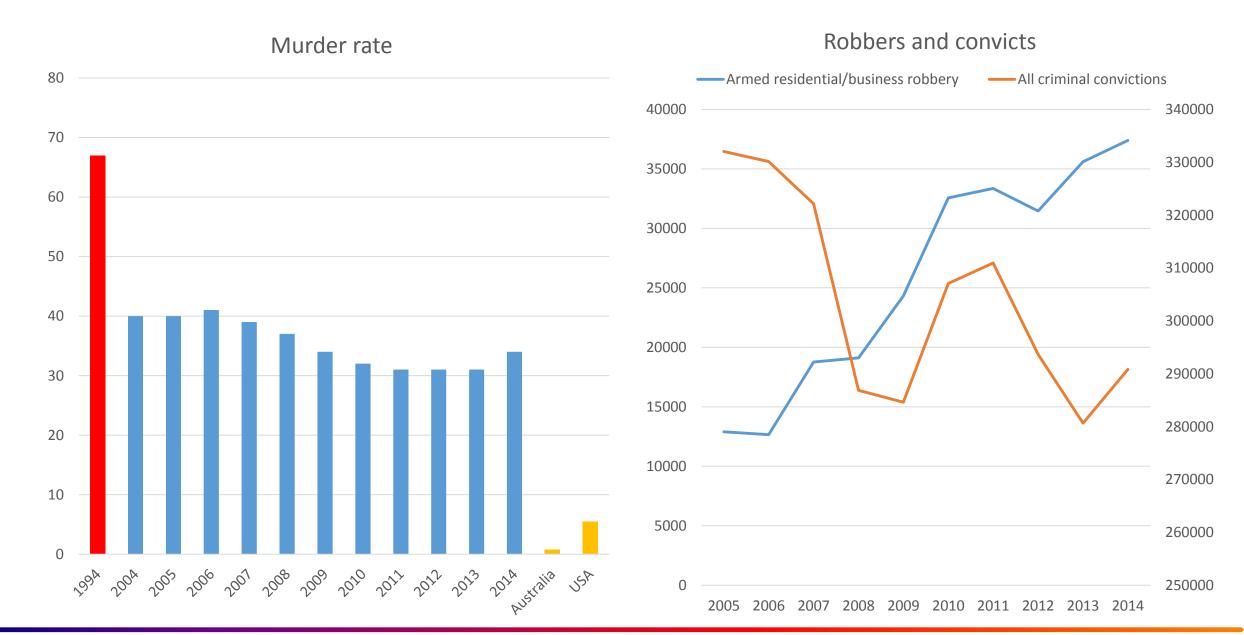
Almost 60% of government expenditure takes the form of income redistribution to poor people





#### **CRIME AND SECURITY**

Expectation is that high violent crime levels will continue to overwhelm the justice system

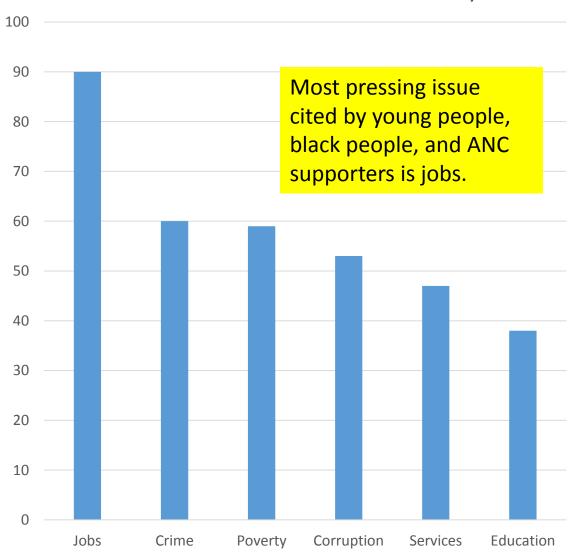




#### **POLLS AND SOCIAL ATTITUDES**

Joblessness appears to be the major driver of anti-government sentiment

#### Issues voters want addressed within 5 yrs



# Government performs well?

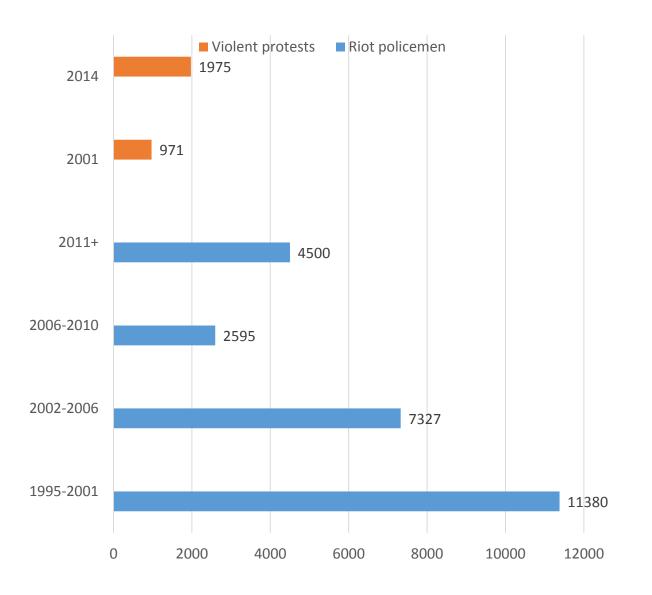
72% YES



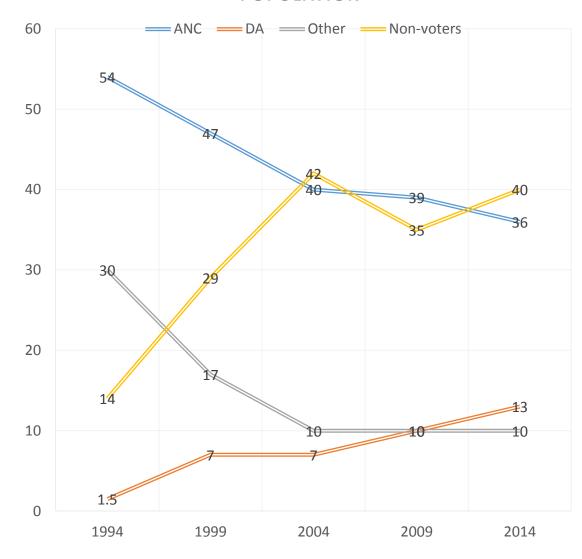


#### **PROTESTS AND POLITICS**

As protest levels pick up confidence in democratic institutions falls



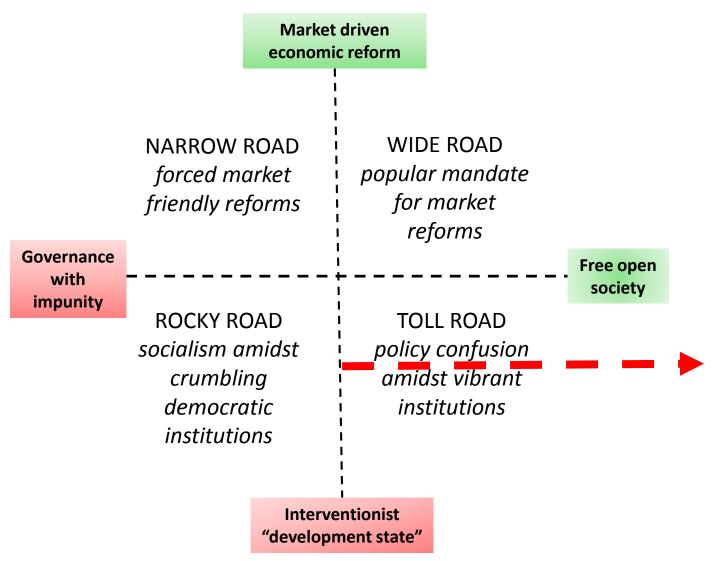
# VOTES CAST AS % OF VOTING AGE POPULATION



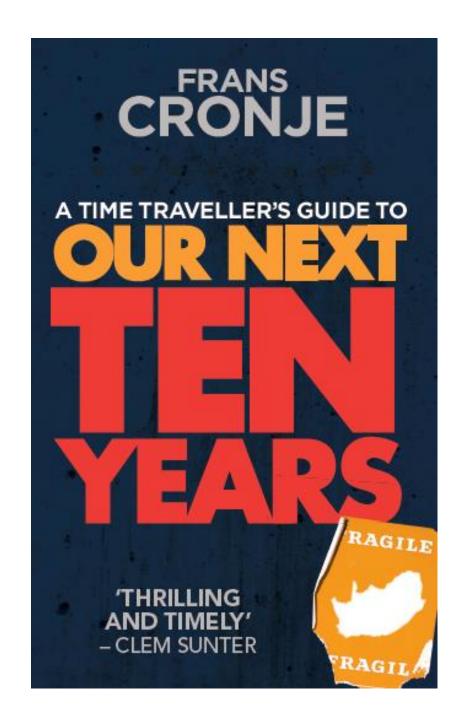


#### **SCENARIOS AND PROBABILITIES**

On current trends a Toll Road/Rocky Road hybrid is the scenario of greatest probability



- AGOA negotiations, BIT cancellations
- The Employment Equity Amendment Act of 2013
- The Broad-Based Black Economic Empowerment Amendment
- New generic codes of good BEE conduct
- Mineral and Petroleum Resources Development Amendment Bill
- laws have been amended to restrict the use of casual or atypical jobs
- Restitution of Land Rights Amendment Act of 2014 + Expropriation Bill + Property Valuation Act of 2014 + 50/50 + 12.5k hectares + foreigners
- Private Security Industry Regulation Amendment Bill of 2013
- Promotion and Protection of Investment Bill of 2013
- Immigration restrictions
- Recent comments in Iran, Asia summit
- Undermining SARS, Hawks, Public Protector, SIU, SABC, Parliament



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