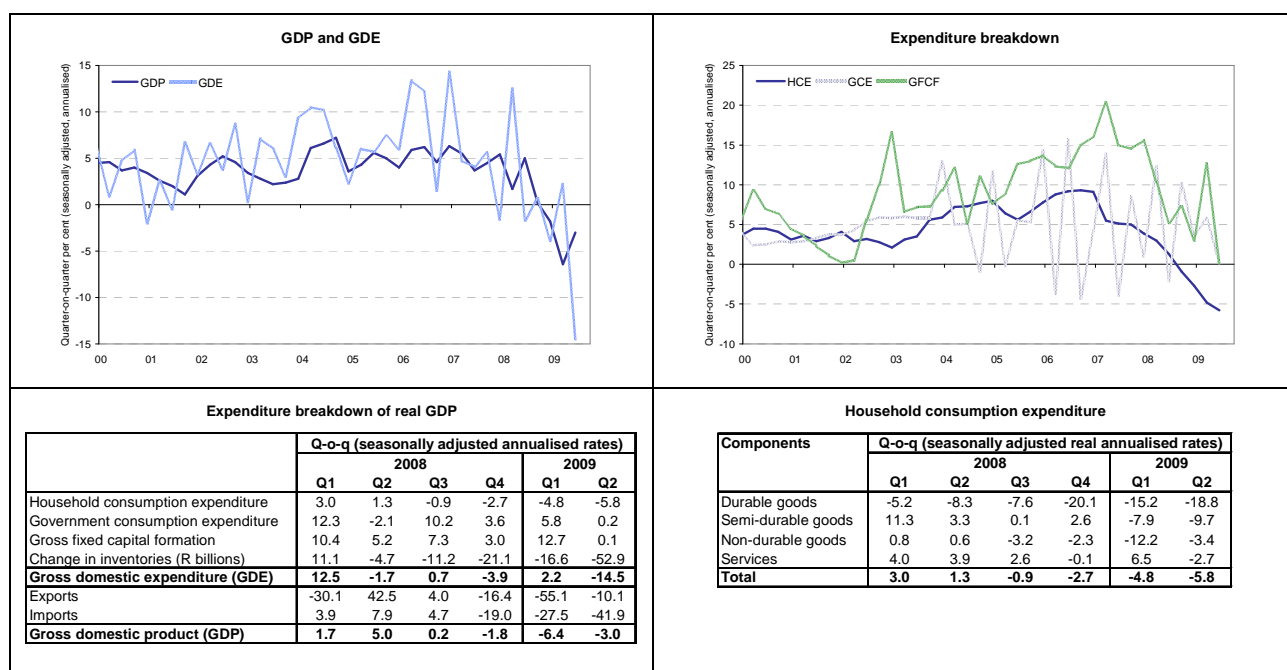
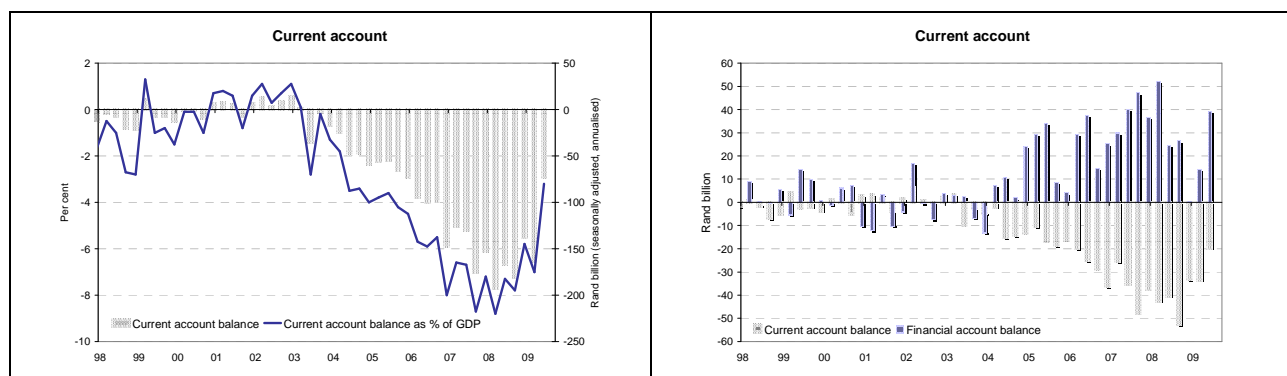


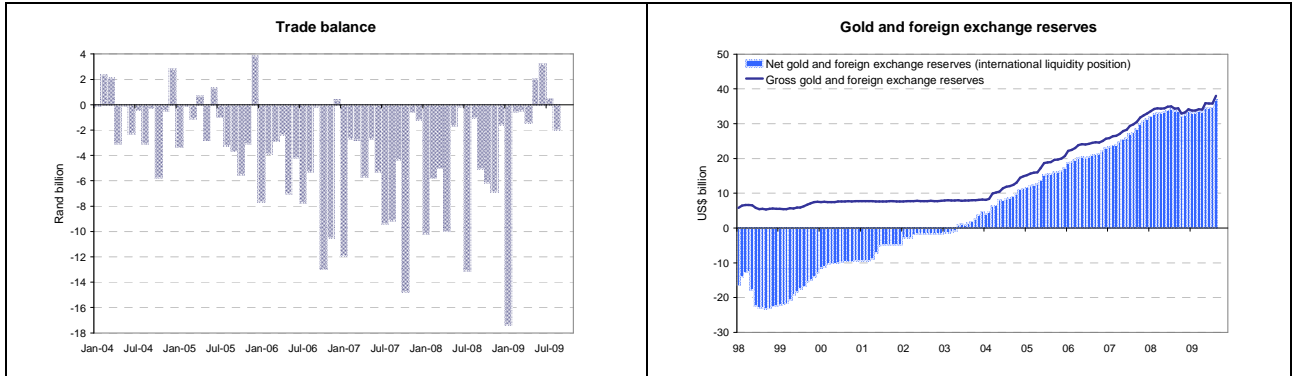
## Growth and expenditure



In the second quarter of 2009, gross domestic expenditure (GDE) fell by a steep 14.5 per cent on a quarter-on-quarter seasonally adjusted and annualised basis, following a 2.2 per cent increase reported in the first quarter of the year. This was driven by a significant decline in inventories, and a 5.8 per cent quarterly decline in household consumption expenditure. The decline in household spending in the second quarter was greater than the 4.8 per cent decline recorded in the preceding quarter, and marked the fourth consecutive quarterly decline in household consumption expenditure. All household spending categories showed negative growth in the second quarter, reflecting continued financial weakness experienced by households. Spending on durable goods contracted for the seventh consecutive quarter, declining by 18.8 per cent in the second quarter from 15.2 per cent in the first quarter. Spending on semi-durable goods fell by 9.7 per cent and spending on non-durable goods fell by 3.4 per cent in the second quarter of the year. Households' expenditure on services contracted by 2.7 per cent. Government consumption expenditure and gross fixed capital formation weakened significantly in the second quarter, growing by 0.2 and 0.1 per cent on a seasonally adjusted and annualised basis, respectively, from 5.8 and 12.7 per cent in the previous quarter, respectively. This reflects the impact of weak economic conditions on investment projects by companies, many of which have been scaled down, delayed or cancelled.

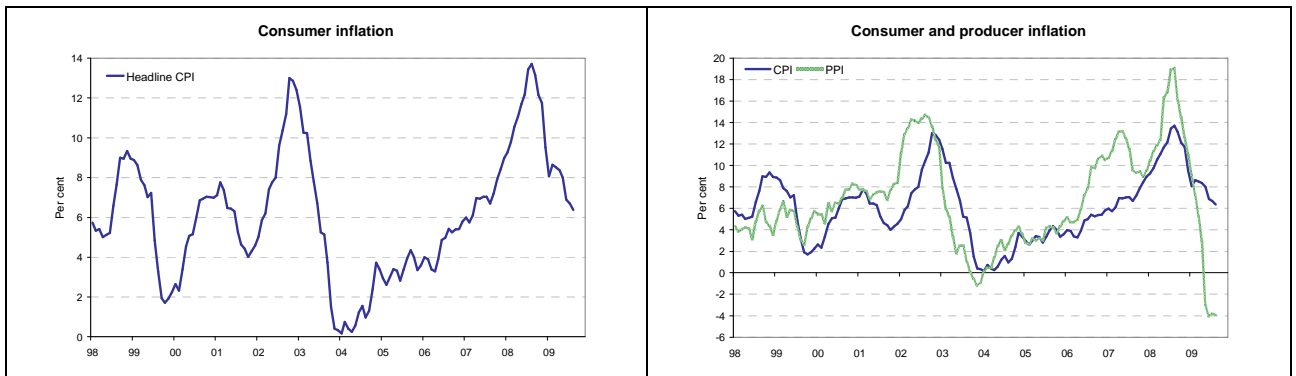
## Balance of payments





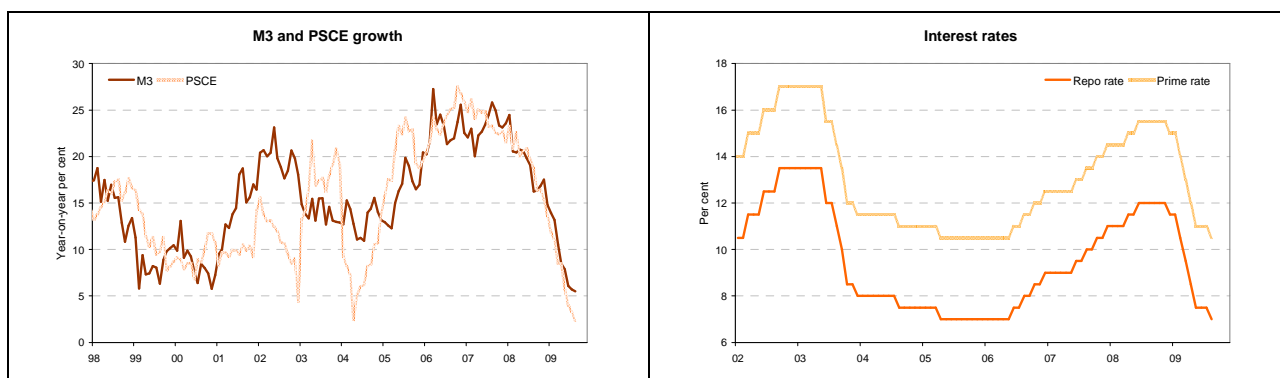
The current account deficit improved in the second quarter of the year, narrowing to 3.2 per cent of GDP, attributed mainly to a trade surplus recorded in that quarter. However, the South African Revenue Service (SARS) reported a trade deficit of R1.98 billion for August 2009. Imports decreased by R1.7 billion (3.8 per cent) during the month to R42.4 billion and exports decreased by R4.1 billion (9.2 per cent) to R40.4 billion. The Reserve Bank's holdings of gold and foreign reserves increased from US\$35.7 billion on 31 July 2009 to US \$38 billion on 31 August 2009. The US\$2 206 million increase can be attributed to a US\$48 million increase in gold reserves and an increase of US\$2 158 million in foreign reserves, attributed to an inflow from an IMF allocation to member countries. Net reserves (the international liquidity position) increased by US\$2 249 million to US\$36.9 billion in August.

## Inflation



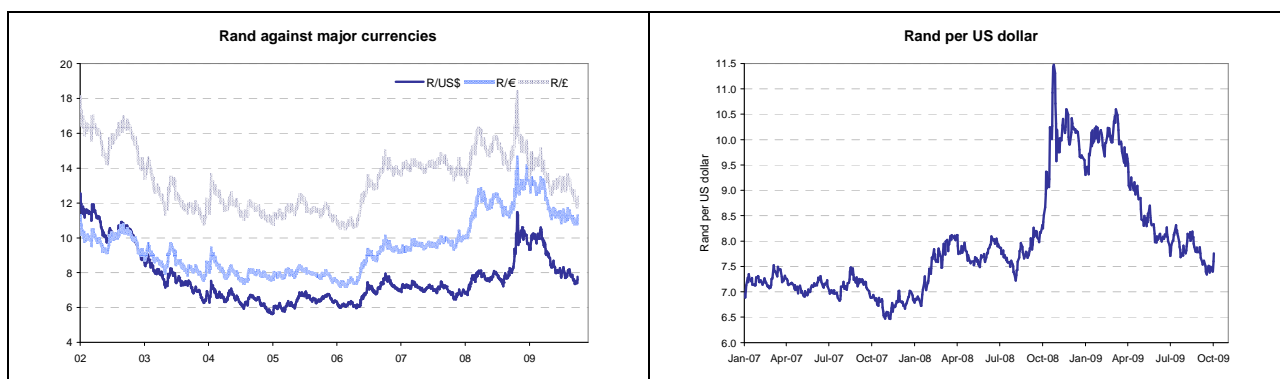
CPI inflation eased from 6.7 per cent year-on-year in July 2009 to 6.4 per cent in August 2009. The main contributors to the annual increase of 6.4 per cent in the CPI were housing and utilities, which contributed 1.8 percentage points of the 6.4 per cent, and miscellaneous goods and services, which contributed 1.7 percentage points. Food and non-alcoholic beverages added 1.1 percentage points to annual consumer inflation, while alcoholic beverages and tobacco added 0.7 percentage points. Transport provided downward pressure on CPI inflation, mainly due to a 21c/l decrease in the petrol price in August. PPI inflation for August 2009 was recorded at -4 per cent year-on-year from -3.8 per cent in the previous month. The PPI increased by 0.3 per cent over the month, largely due to higher basic metal and electricity prices, which were partially offset by lower prices in the petroleum and coal goods category and the mining and quarrying category.

## Monetary sector



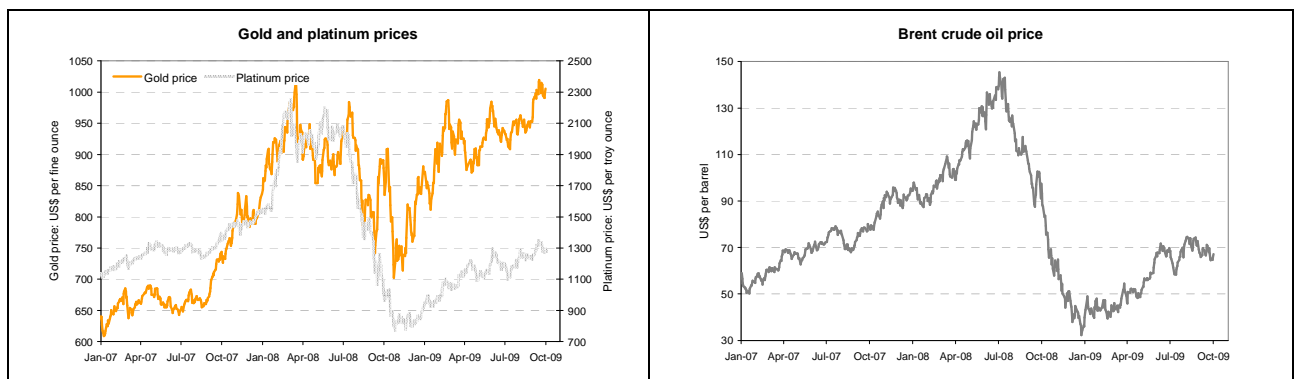
Growth in broad (M3) money supply decreased from 5.7 per cent year-on-year in July 2009 to 5.5 per cent in August 2009. Growth in private sector credit extension also eased from 3.3 per cent year-on-year in July to 2.3 per cent in August. Interest rates remained unchanged after the Monetary Policy Committee (MPC) meeting in September 2009, with few changes to the Reserve Bank's inflation outlook. CPI inflation is expected to enter the target range in the second quarter of 2010, remaining there until the end of 2011.

## Exchange rates



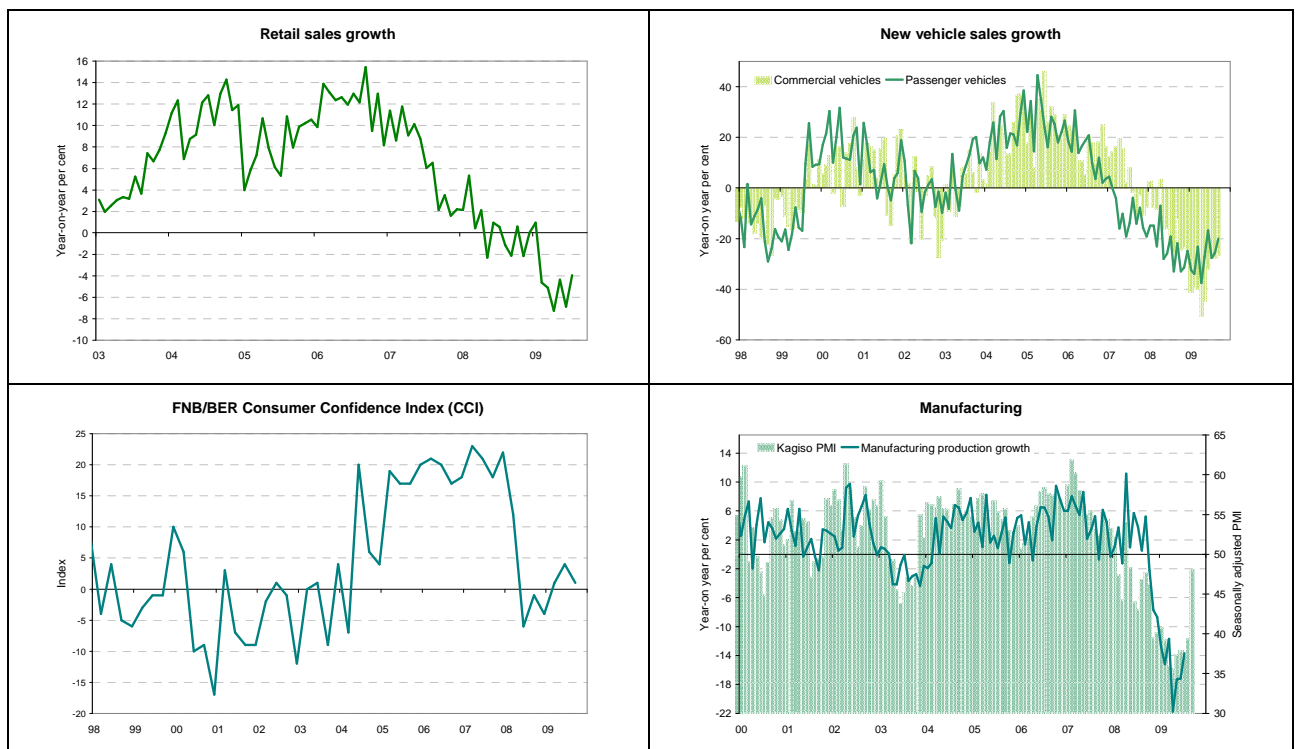
The Rand performed fairly strongly against major currencies in September 2009. It resumed the month trading at R7.79 to the US dollar, weakening to R7.88, but recovered to R7.58 by the start of the second week of the month, mainly due to a better-than-expected current account deficit figure. The Rand remained bound between R7.53 and R7.61 for the second week, but appreciated considerably in the following week, due to a weaker US dollar and higher commodity prices. The Rand maintained its strength against the dollar for the rest of the month, but weakened sharply in early October to R7.76 on 2 October after talks between MTN and Bharti Airtel failed to culminate in a merger. On 1 September the Rand traded at R11.17 per Euro, strengthening to R10.95 by the end of the first week, slowly returning to R11.10 by the end of the next week. The Rand strengthened over the next two weeks, reaching R10.79, before weakening steeply to R11.28 by 2 October. The Rand performed similarly against the British pound, resuming September at a level of R12.69 to the pound, and strengthening to R12.43 before retreating back to R12.70 by the end of the second week. The Rand then strengthened considerably over the following two weeks, reaching R11.74 last seen in May 2006, before sharply falling to R12.34 by 2 October.

## Commodity prices



The gold price strengthened from US\$952 per ounce at the beginning of September to US\$1 020 mid-month, an 18-month high. However, it struggled to maintain a level above the US\$1 000 mark for the rest of the month, ending the month at US\$999, but it increased again to close at US\$1 005 on 1 October. The price of platinum enjoyed a rise from US\$1 229 at the beginning of September to reach a year-to-date high of US\$1 347 by the middle of the month. This was short-lived, however, as the platinum price declined to US\$1 296 by the end of September and US\$1 280 on 2 October. The oil price was volatile in September 2009, resuming the month at US\$67.80 per barrel and improving to US\$65.83 within three days, but weakening to US\$69.75 by another three days. The oil price fell slightly thereafter, but grew to US\$71.12 mid-month before declining again to end the month at US\$65.82. The oil price closed at US\$67.11 on 1 October.

## Other



Retail trade sales growth for July 2009 remained negative, declining by 3.9 per cent year-on-year. New vehicle sales also remained weak, down by 22.5 per cent year-on-year in September 2009, but it was better than the 26.6 per cent decline recorded in the preceding month. The FNB/BER consumer confidence index fell from 4 in the second quarter of 2009 to 1 in the following quarter, largely caused by increased job losses, experienced mostly in the mining and manufacturing industries. The seasonally

adjusted Kagiso Purchasing Managers Index (PMI) recorded an increase from 37.3 in July 2009 to 39.3 in August 2009, and then jumped by 8.7 index points to 48 in September 2009. This is indicative of rising activity in the manufacturing sector. Manufacturing production fell by 13.7 per cent year-on-year in July 2009, a slower decline than the 17.2 per cent decline recorded in June. This decline was mainly due to lower production in the basic iron and steel, non-ferrous metal products, metal products and machinery division.