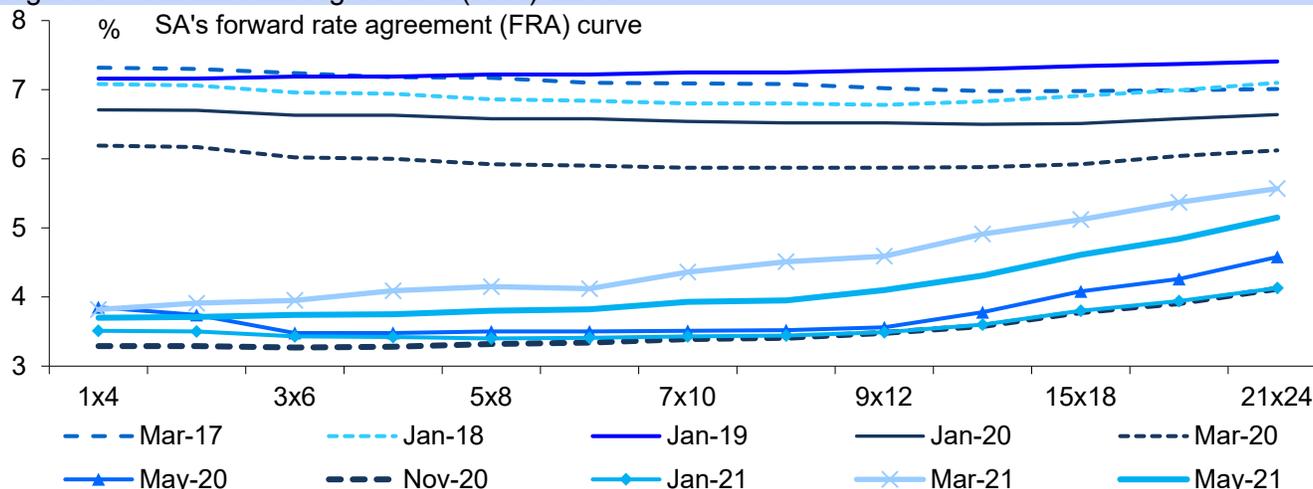




MPC preview: South Africa is unlikely to see a hike at the May MPC meeting and we have moved our forecast 25bp to November, and lowered the overall trajectory

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Figure 1: Forward Rate Agreement (FRA) curve



Source: Bloomberg

The FRAs (Forward Rate Agreements on interest rates) have dulled since the last MPC meeting, with no hike (25bp) expected in May any longer or indeed until at least September this year. We also believe this to be the case as global monetary policy has evidenced more relaxed views on future inflation, indicating that base effects are likely to be largely ignored, and indeed some inflationary pressure slightly over targets (both direct and indirect), would actually be helpful. South Africa has also seen very substantial rand strength this month and last, with the rand today reaching R13.95/USD today, which will calm imported inflationary pressures meaningfully, particularly from oil prices, which have risen sharply this year, but have stabilised so far this month around US\$68/bbl for Brent crude. Indeed, with the sharp strengthening of the rand, a petrol price cut of around 6c/litre is building for June, after May's 9c/litre decrease, as the rapid ascent in fuel prices until April this year has come to an end. OPEC+ is likely to be satisfied with the oil price around current levels, and Q2.21 could see less pressure from this source on inflation than price pressures were heralding earlier in the year. Currently we do not see CPI inflation breaching 5.0% y/y in Q2.21, although it comes close at 4.9% y/y, but it is still early. April will however still see a sharp jump in inflation, from March's 3.2% y/y to likely 4.2% y/y, and CPI inflation will likely remain above 4.0% y/y for the remainder of this year, and next year, averaging 5.0% y/y in 2022 and 2023, which falls into the SARB's inflation targeting period of twelve to eighteen months. While the inflation target is 3-6% y/y, the SARB has shown particular vigour in recent years in perusing the mid-point, of 4.5%, of the inflation target, but such an objective is less appropriate in the current fragile economic recovery, with the latest Consumer Financial Vulnerability Index (CSVI) from Momentum showing that "the majority of consumers are still feeling financially exposed and insecure, meaning that any small adverse event (e.g. pay cuts) can contribute to a large deterioration in the state of their personal finances." While we forecast that the November MPC

Figure 2: Forecasts

| Period end rate % | Q1.21 | Q2.21 | Q3.21 | Q4.21 | Q1.22 | Q2.22 | Q3.22 | Q4.22 |
|----------------------|-------|-------|-------|-------|-------|-------|-------|-------|
| Repo Rate | 3.50 | 3.50 | 3.50 | 3.75 | 3.75 | 3.75 | 4.00 | 4.00 |
| Prime Overdraft Rate | 7.00 | 7.00 | 7.00 | 7.25 | 7.25 | 7.25 | 7.50 | 7.50 |

Source: Iress, Investec



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Figure 3: Economic Scenarios: reduced downside, stronger expected case

| | | Q1.21 | Q2.21 | Q3.21 | Q4.21 | Q1.22 | Q2.22 | Q3.22 | Q4.22 |
|---|--|-------|-------|-------|-------|-------|-------|-------|-------|
| Extreme Up case 1% | USD/Rand (average) | 14.96 | 14.10 | 13.50 | 13.40 | 13.10 | 12.90 | 12.70 | 12.50 |
| | Repo rate (end rate) | 3.50 | 3.25 | 3.25 | 3.25 | 3.25 | 3.25 | 3.25 | 3.25 |
| | Impact of Covid-19 pandemic very rapidly resolved - economic growth of 3–5%, then 5-7% for SA. Good governance, growth-creating reforms (structural constraints overcome), strengthening of property rights - individuals obtain title deeds in EWC – no nationalisation. High business confidence and fixed investment growth, substantial FDI inflows, strong fiscal consolidation (government debt falls back to low ratios of 2000s). Strong global growth, commodity boom. Stabilisation of credit ratings, then credit rating upgrades. | | | | | | | | |
| Up case 2% | USD/Rand (average) | 14.96 | 14.30 | 14.00 | 13.90 | 14.00 | 14.40 | 14.70 | 14.30 |
| | Repo rate (end rate) | 3.50 | 3.50 | 3.50 | 3.50 | 3.50 | 3.50 | 3.50 | 3.50 |
| | Quick rebound from Covid-19 pandemic, rising confidence and investment levels - structural problems worked down. No further credit rating downgrades, rating outlooks move to stable and eventually positive, strong fiscal consolidation (government debt projections fall substantially). Global risk-on, global demand quickly returns to trend growth. Limited impact of expropriation (without compensation) to abandoned, unused, labour tenants' and government land (individuals are new owners and receive title deeds) does not have a negative effect on economy - no nationalisation. | | | | | | | | |
| Base case 50% | USD/Rand (average) | 14.96 | 14.50 | 15.00 | 14.90 | 15.00 | 15.40 | 15.70 | 15.30 |
| | Repo rate (end rate) | 3.50 | 3.50 | 3.50 | 3.75 | 3.75 | 3.75 | 4.00 | 4.00 |
| | Recovery from the sharp global economic slowdown by 2024 in real terms – sufficient global and domestic monetary and other policy supports to growth and financial markets occur and risk sentiment stabilises then improves. Expropriation of private sector property is limited and does not have a negative impact on the economy or on market sentiment. SA remains in the BB category rating bracket for Moody's – fiscal consolidation (debt to GDP stabilisation) occurs. | | | | | | | | |
| Lite (domestic) Down case 42% | USD/Rand (average) | 14.96 | 15.00 | 15.75 | 16.50 | 16.70 | 17.00 | 17.50 | 17.00 |
| | Repo rate (end rate) | 3.50 | 3.75 | 3.75 | 4.00 | 4.00 | 4.25 | 4.25 | 4.50 |
| | The international environment (including risk sentiment) is that of the base case. South Africa fails to see its debt projections stabilise and falls into single B credit ratings from all three agencies for local and foreign currency. Recession occurs. Expropriation of some private commercial sector property without compensation, with some negative impact on the economy. Business confidence depressed, rand weakness, significant load shedding and weak investment growth. Substantial fiscal consolidation ultimately occurs, preventing ratings falling into the C grades. | | | | | | | | |
| Severe down case 5% | USD/Rand (average) | 14.96 | 15.50 | 17.00 | 17.50 | 18.00 | 18.50 | 19.00 | 19.50 |
| | Repo rate (end rate) | 3.50 | 4.00 | 4.00 | 4.25 | 4.50 | 4.50 | 4.75 | 5.00 |
| | Lengthy global recession, global financial crisis – insufficient monetary and other policy supports to growth domestically and internationally. Depression in SA, unprecedented rand weakness. Nationalisation of private sector property (title deeds not transferred to individuals). SA rated single B from all three key agencies, with further rating downgrades eventually occurring into CCC grade and lower to D (default) as government finances deteriorate (debt projections elevate even further - fail to ever stabilise. Government borrows from increasingly wider sources as it sinks deeper into a debt trap), eventually include widespread services load shedding, strike action and civil unrest. | | | | | | | | |

Note: Event risk begins Q2.21. Source: Investec



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Figure 4: Reuters April 2021 forecasts: Repo rate end period %

| Forecast period | Q2.21 | Q3.21 | Q4.21 | Q1.22 | Q2.22 | Q3.22 | 2021 | 2022 | 2023 |
|-----------------|-------|-------|-------|-------|-------|-------|------|------|------|
| SARB repo rate | 3.50 | 3.50 | 3.50 | 3.75 | 4.00 | 4.00 | 3.50 | 4.00 | 4.75 |
| Previous survey | 3.50 | 3.50 | 3.50 | 3.75 | 3.75 | na | 3.50 | 4.00 | 4.50 |

Source: Reuters

meeting could see a 25bp hike in interest rates, this too may fade as SA is not likely to see a particularly quick, nor robust economic recovery, either this year or next.

The Momentum CFVI does show that “(t)he state of South African consumers’ personal finances continued to improve during the first quarter of 2021 (Q1 2021) on the back of a recovery in the income of especially middle- and higher income groups”, but is still below 50, and not yet showing consumers are financially secure. Furthermore, “(t)hey remain more vulnerable in terms of their ability to service debt and to save money, as both indices are still below the 50-point level.” “Key informants highlighted that financial vulnerability was prevalent in all income groups. However, the majority of the key informants (63.4%) perceived consumers earning less than R5 000 per month as most financially vulnerable.” “The trend witnessed since Q2 2020 that consumers are more worried about their finances than their health (due to Covid-19) continued in Q1 2021. Key informants also noted a significant drop over the past year in the level of control that consumers have over their lives and circumstances (personal empowerment). This contributed to consumers adjusting their financial behaviour, searching for additional income generating opportunities and empowering themselves with appropriate skills, financial and otherwise.”

Unemployment is high and rising as more enter the workforce. Interest rate hikes are more likely to be delayed, as the economy is weak, and will not recover this year or next to pre COVID-19 levels. The SARB stated in its last MPC statement that “(t)he implied policy rate path of the Quarterly Projection Model (QPM) indicates an increase of 25 basis points in each of the second and fourth quarters of 2021.” However, it will likely choose to ignore this or see the rate forecast shift out. Highlighting also “(a)s usual, the repo rate projection from the QPM remains a broad policy guide, changing from meeting to meeting in response to new data and risks.”

The SARB also highlighted, “(u)ntil vaccination is widespread and populations develop sufficient immunity to curb virus transmission, it is expected that these waves of infection will continue. As indicated by public health authorities, a third wave of virus infection is probable in coming months. Despite further expected waves, the start of vaccinations in many countries has lifted projections for global economic growth and boosted confidence significantly.” SA needs to see a much quicker vaccine rollout to lift its growth expectations and still remains vulnerable to further COVID-19 waves from new variants that the population have not been exposed to. Faster vaccine rollout and quicker regulatory reform would speed up SA’s growth prospects. The April IMF economic outlook showed an upwards revision for global 2021 growth

Figure 5: Reuters April 2021 forecasts: CPI % y/y

| Forecast period | Q2.21 | Q3.21 | Q4.21 | Q1.22 | Q2.22 | Q3.22 | 2021 | 2022 | 2023 |
|-----------------|-------|-------|-------|-------|-------|-------|------|------|------|
| CPI % y/y | 4.5 | 4.4 | 4.4 | 4.5 | 4.4 | 4.2 | 4.1 | 4.3 | 4.4 |
| Previous survey | 4.2 | 3.9 | 4.1 | 4.3 | 4.4 | na | 3.8 | 4.2 | 4.5 |

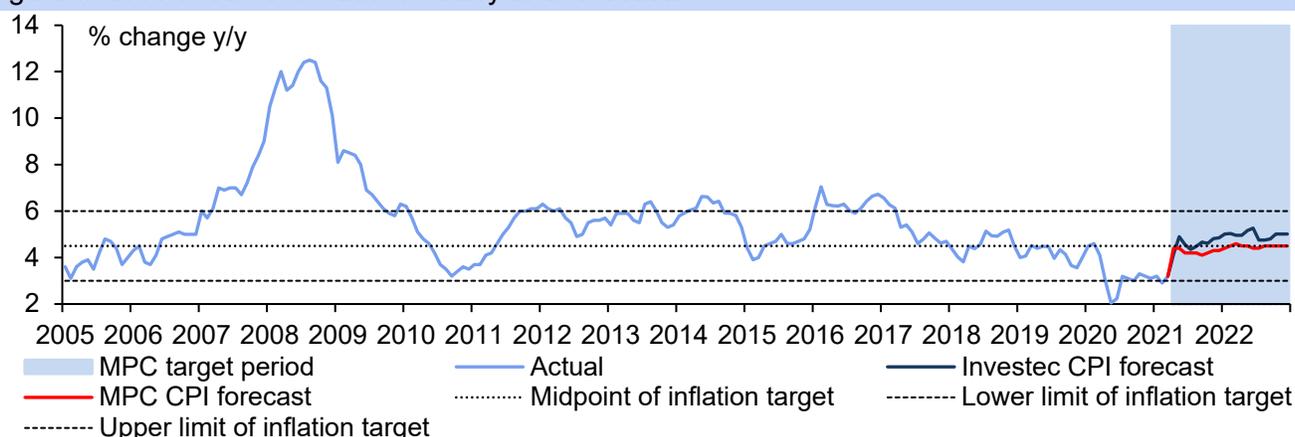
Source: Reuters



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Figure 6: SA Consumer Inflation: history and forecasts



Source: Stats SA, SARB, Investec

Figure 7: Reuters May 2021 Foreign exchange rates poll: USDZAR

| | 1M | 3M | 6M | 1Y |
|------------------------|-------------|-------------|-------------|-------------|
| Release/Effective Date | 31 May 2021 | 30 Jul 2021 | 29 Oct 2021 | 29 Apr 2022 |
| Median | 14.6000 | 14.7850 | 14.8865 | 15.2750 |
| High | 14.8900 | 15.5800 | 15.8300 | 16.2000 |
| Low | 14.2000 | 14.0000 | 13.8000 | 13.8000 |
| No. of forecasts | 23 | 26 | 26 | 24 |

Source: Reuters

Figure 8: SA Monetary Policy Committee (MPC) meeting dates for 2021

| Month | Date | Forecast |
|-----------|-------------------------------------|----------|
| May | 18 th – 20 th | 3.50 |
| July | 20 th – 22 nd | 3.50 |
| September | 21 st – 23 rd | 3.50 |
| November | 16 th – 18 th | 3.75 |

Source: SA Reserve Bank, Investec

Figure 9: Reuters April 2021 forecasts: GDP

| Forecast period | Q1.21 | Q2.21 | Q3.21 | Q4.21 | Q1.22 | Q2.22 | Q3.22 | 2021 | 2022 | 2023 |
|-----------------|-------|-------|-------|-------|-------|-------|-------|------|------|------|
| GDP q/q % | 0.4 | 1.3 | 1.6 | 1.9 | 2.1 | 2.0 | 2.0 | 3.7 | 2.1 | 2.1 |
| Previous survey | 0.4 | 1.5 | 1.9 | 2.0 | 2.0 | 1.9 | na | 3.6 | 2.1 | 2.1 |

Source: Reuters

| Figure 10: Inflation forecasts | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
|--------------------------------|------|------|------|------|------|------|------|
| Consumer Inflation (Av: %) | 3.3 | 4.2 | 5.0 | 5.0 | 5.0 | 5.0 | 5.2 |
| Producer Inflation (Av: %) | 2.5 | 5.1 | 4.7 | 4.7 | 4.6 | 4.8 | 5.0 |
| Salary & wage increases (%) | 0.9 | 4.6 | 5.0 | 5.1 | 5.6 | 6.2 | 6.4 |

Source: Investec



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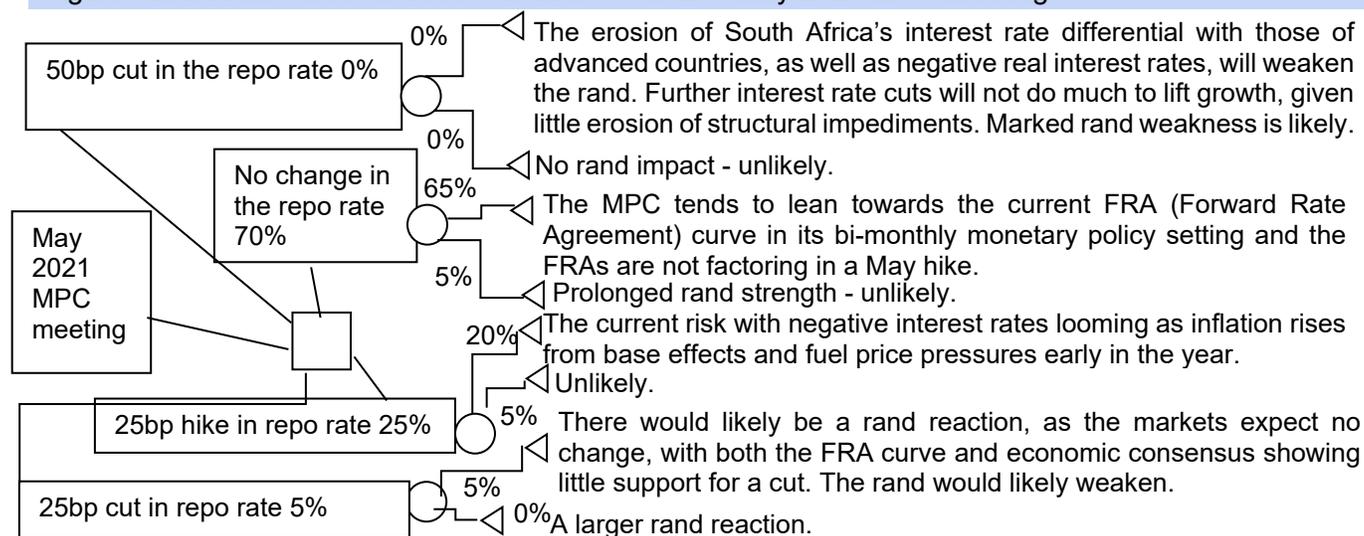
| Figure 11: forecasts | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
|----------------------|-------|-------|-------|-------|-------|-------|-------|
| Repo Rate | 3.50 | 3.75 | 4.00 | 4.25 | 4.50 | 4.75 | 5.00 |
| Prime Overdraft Rate | 7.00 | 7.25 | 7.50 | 7.75 | 8.00 | 8.25 | 8.50 |
| SA rand bond | 10.07 | 10.44 | 10.43 | 10.21 | 10.51 | 10.71 | 10.91 |
| US Fed funds rate | 0.25 | 0.25 | 0.25 | 0.50 | 1.00 | 1.50 | 2.00 |
| UK Bank rate | 0.10 | 0.10 | 0.10 | 0.50 | 1.00 | 1.50 | 2.00 |

Note: forecasts are % year-end. Source: Investec, SARB, IRESS

of 0.5%, to 6.0% y/y, and for South Africa to 3.1% y/y from their previous expectation of 2.8% y/y. While we had a forecast of 3.2% y/y already for 2021 GDP growth at the start of this year, we are in the process of assessing this and could revise it up to 3.6% y/y, although we would need the Q1.21 GDP outcome first, which is due to be released on 8th June. However, indications from a broad range of releases so far show that the Q1.21 GDP outcome will likely see markedly slower economic growth than in Q4.2020. This demonstrates the uneven and patchy nature of economic recovery. Today's release of manufacturing production, for example, shows current, not real, sales of manufactured products at 4.9% q/qsa (q/q seasonally adjusted) for Q1.21, versus 8.3% q/qsa in Q4.20, although in real terms, with inflation at 1.1% q/q in Q1.20 versus 0.5% q/q in Q4.20, manufacturing sales growth is even lower in Q1.21 than in Q4.20. Growth in the volume of manufacturing production was 0.3% q/qsa in Q1.21 versus 5.4% q/qsa in Q4.20, also showing a weaker quarter for Q1.21.

The South African Reserve Bank meets next week, with an interest rate decision, of no change, expected on 20th, but we believe the repo could rise in November. Rising inflation and stagnant interest rates risk negative interest rates fuelling rand weakness. The rand is not expected to strengthen forever, and indeed its PPP (purchasing power parity valuation) is closer to R12.00/USD than R14.00/USD, it has been driven in particular by improving commodity prices, although these have seen some recent stabilisation.

Figure 12: Decision tree for South Africa's 18th to 20th May 2021 MPC meeting



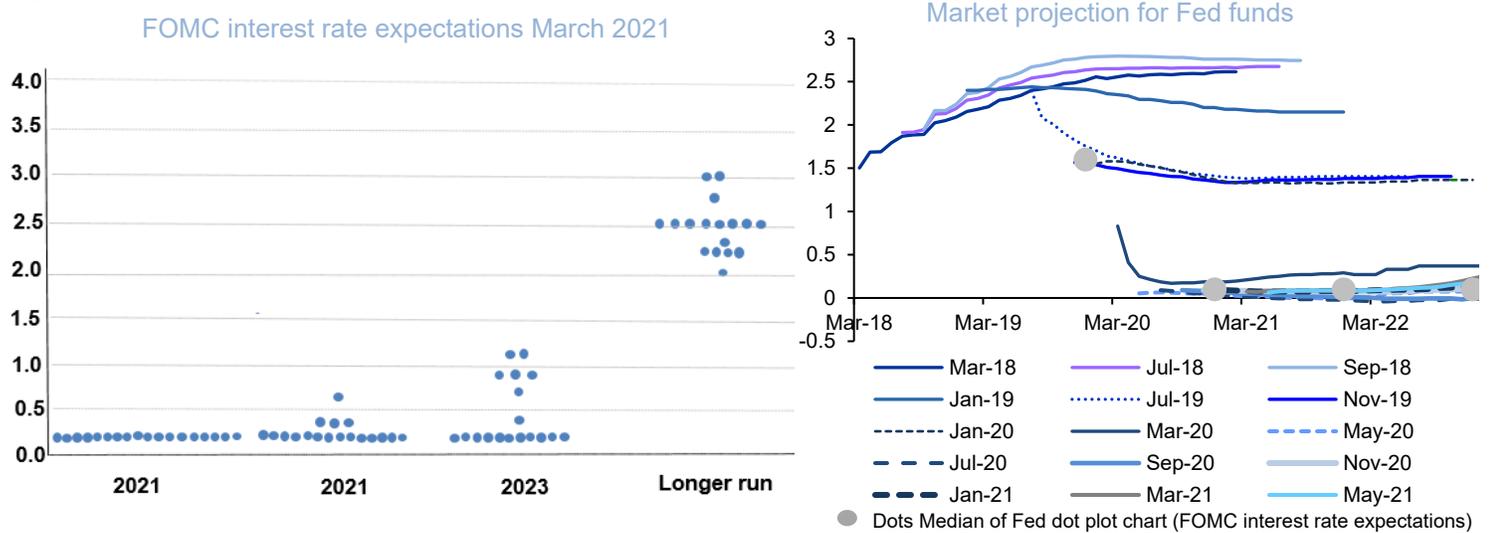
Key: squares are decision nodes, circles chance nodes and triangles end nodes. Source: Investec



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Figure 13: US interest rate projections



Source: FOMC, Bloomberg

Note: in left graph each circle/dot is individual's judgement of appropriate fed funds rate per period

Figure 14: FOMC 2021 Meeting Schedule

- June 15th – 16th*
- July 27th – 28th
- September 21st – 22nd*
- November 2nd – 3rd
- December 14th – 15th*

Source: Federal Reserve Bank

*Meeting associated with a Summary of Economic Projections

Figure 15: Forecast of international interest rates (% , end quarter)

| | US Fed funds | Euro zone Refi rate | Euro zone deposit rate | UK Bank Rate |
|---------|-----------------|------------------------|---------------------------|-----------------|
| Current | 0.00-0.25 | 0.00 | -0.50 | 0.10 |
| Q1.21 | 0.00-0.25 | 0.00 | -0.50 | 0.10 |
| Q2.21 | 0.00-0.25 | 0.00 | -0.50 | 0.10 |
| Q3.21 | 0.00-0.25 | 0.00 | -0.50 | 0.10 |
| Q4.21 | 0.00-0.25 | 0.00 | -0.50 | 0.10 |
| Q1.22 | 0.00-0.25 | 0.00 | -0.50 | 0.10 |
| Q2.22 | 0.00-0.25 | 0.00 | -0.50 | 0.10 |
| Q3.22 | 0.00-0.25 | 0.00 | -0.50 | 0.10 |
| Q4.22 | 0.00-0.25 | 0.00 | -0.50 | 0.10 |

Source: Macrobond, Investec



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Figure 16: Interest rate forecast end rates

| Date | Prime forecast | Prime less Inflation | Repo | Repo less Inflation |
|----------|----------------|----------------------|------|---------------------|
| Jan 2020 | 9.75 | 5.3 | 6.25 | 1.8 |
| Feb 2020 | 9.75 | 5.1 | 6.25 | 1.6 |
| Mar 2020 | 8.75 | 4.6 | 5.25 | 1.1 |
| Apr 2020 | 7.75 | 4.8 | 4.25 | 1.3 |
| May 2020 | 7.25 | 5.2 | 3.75 | 1.7 |
| Jun 2020 | 7.25 | 5.0 | 3.75 | 1.5 |
| Jul 2020 | 7.00 | 3.8 | 3.50 | 0.3 |
| Aug 2020 | 7.00 | 3.9 | 3.50 | 0.4 |
| Sep 2020 | 7.00 | 4.0 | 3.50 | 0.5 |
| Oct 2020 | 7.00 | 3.7 | 3.50 | 0.2 |
| Nov 2020 | 7.00 | 3.8 | 3.50 | 0.3 |
| Dec 2020 | 7.00 | 3.9 | 3.50 | 0.4 |
| Jan 2021 | 7.00 | 3.8 | 3.50 | 0.3 |
| Feb 2021 | 7.00 | 4.1 | 3.50 | 0.6 |
| Mar 2021 | 7.00 | 3.8 | 3.50 | 0.3 |
| Apr 2021 | 7.00 | 2.8 | 3.50 | -0.7 |
| May 2021 | 7.00 | 2.1 | 3.50 | -1.4 |
| Jun 2021 | 7.00 | 2.4 | 3.50 | -1.1 |
| Jul 2021 | 7.00 | 2.7 | 3.50 | -0.8 |
| Aug 2021 | 7.00 | 2.5 | 3.50 | -1.0 |
| Sep 2021 | 7.00 | 2.3 | 3.50 | -1.2 |
| Oct 2021 | 7.00 | 2.4 | 3.50 | -1.1 |
| Nov 2021 | 7.25 | 2.4 | 3.75 | -1.1 |
| Dec 2021 | 7.25 | 2.4 | 3.75 | -1.1 |
| Jan 2022 | 7.25 | 2.2 | 3.75 | -1.3 |
| Feb 2022 | 7.25 | 2.2 | 3.75 | -1.3 |
| Mar 2022 | 7.25 | 2.3 | 3.75 | -1.2 |
| Apr 2022 | 7.25 | 2.3 | 3.75 | -1.2 |
| May 2022 | 7.25 | 2.1 | 3.75 | -1.4 |
| Jun 2022 | 7.25 | 2.0 | 3.75 | -1.5 |
| Jul 2022 | 7.50 | 2.8 | 4.00 | -0.7 |
| Aug 2022 | 7.50 | 2.8 | 4.00 | -0.7 |
| Sep 2022 | 7.50 | 2.7 | 4.00 | -0.8 |
| Oct 2022 | 7.50 | 2.5 | 4.00 | -1.0 |
| Nov 2022 | 7.50 | 2.5 | 4.00 | -1.0 |
| Dec 2022 | 7.50 | 2.5 | 4.00 | -1.0 |

Source: IRESS, Investec



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Figure 16: Interest rate forecast end rates (continued)

| Date | Prime forecast | Prime less Inflation | Repo | Repo less Inflation |
|----------|----------------|----------------------|------|---------------------|
| Jan 2023 | 7.50 | 2.5 | 4.00 | -1.0 |
| Feb 2023 | 7.50 | 2.6 | 4.00 | -0.9 |
| Mar 2023 | 7.50 | 2.5 | 4.00 | -1.0 |
| Apr 2023 | 7.50 | 2.5 | 4.00 | -1.0 |
| May 2023 | 7.75 | 2.8 | 4.25 | -0.7 |
| Jun 2023 | 7.75 | 2.9 | 4.25 | -0.6 |
| Jul 2023 | 7.75 | 2.5 | 4.25 | -1.0 |
| Aug 2023 | 7.75 | 2.5 | 4.25 | -1.0 |
| Sep 2023 | 7.75 | 2.5 | 4.25 | -1.0 |
| Oct 2023 | 7.75 | 2.6 | 4.25 | -0.9 |
| Nov 2023 | 7.75 | 2.6 | 4.25 | -0.9 |
| Dec 2023 | 7.75 | 2.7 | 4.25 | -0.8 |
| Jan 2024 | 7.75 | 2.7 | 4.25 | -0.8 |
| Feb 2024 | 7.75 | 2.7 | 4.25 | -0.8 |
| Mar 2024 | 8.00 | 3.0 | 4.50 | -0.5 |
| Apr 2024 | 8.00 | 2.9 | 4.50 | -0.6 |
| May 2024 | 8.00 | 2.8 | 4.50 | -0.7 |
| Jun 2024 | 8.00 | 2.8 | 4.50 | -0.7 |
| Jul 2024 | 8.00 | 3.0 | 4.50 | -0.5 |
| Aug 2024 | 8.00 | 3.0 | 4.50 | -0.5 |
| Sep 2024 | 8.00 | 3.1 | 4.50 | -0.4 |
| Oct 2024 | 8.00 | 3.3 | 4.50 | -0.2 |
| Nov 2024 | 8.00 | 3.2 | 4.50 | -0.3 |
| Dec 2024 | 8.00 | 3.2 | 4.50 | -0.3 |
| Jan 2025 | 8.25 | 3.4 | 4.75 | -0.1 |
| Feb 2025 | 8.25 | 3.0 | 4.75 | -0.5 |
| Mar 2025 | 8.25 | 2.8 | 4.75 | -0.7 |
| Apr 2025 | 8.25 | 3.1 | 4.75 | -0.4 |
| May 2025 | 8.25 | 3.3 | 4.75 | -0.2 |
| Jun 2025 | 8.25 | 3.3 | 4.75 | -0.2 |
| Jul 2025 | 8.25 | 3.3 | 4.75 | -0.2 |
| Aug 2025 | 8.25 | 3.3 | 4.75 | -0.2 |
| Sep 2025 | 8.25 | 3.3 | 4.75 | -0.2 |
| Oct 2025 | 8.25 | 3.3 | 4.75 | -0.2 |
| Nov 2025 | 8.25 | 3.4 | 4.75 | -0.1 |
| Dec 2025 | 8.25 | 3.2 | 4.75 | -0.3 |

Source: IRESS, Investec



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Figure 17: CPI forecast averages

| Date | Index Base 2016 | Annual y/y | Monthly m/m | Quarterly y/y | Calendar year | |
|----------|-----------------|------------|-------------|---------------|---------------|-----|
| Jan 2020 | 114.1 | 4.5 | 0.3 | | | |
| Feb 2020 | 115.2 | 4.6 | 1.0 | | | |
| Mar 2020 | 115.6 | 4.1 | 0.3 | 4.4 | | |
| Apr 2020 | 115.0 | 3.0 | -0.5 | | | |
| May 2020 | 114.3 | 2.1 | -0.6 | | | |
| Jun 2020 | 114.9 | 2.2 | 0.5 | 2.4 | | |
| Jul 2020 | 116.4 | 3.2 | 1.3 | | | |
| Aug 2020 | 116.6 | 3.1 | 0.2 | | | |
| Sep 2020 | 116.8 | 3.0 | 0.2 | 3.1 | | |
| Oct 2020 | 117.1 | 3.3 | 0.3 | | | |
| Nov 2020 | 117.1 | 3.2 | 0.0 | | | |
| Dec 2020 | 117.3 | 3.1 | 0.2 | 3.2 | 2020 | 3.3 |
| Jan 2021 | 117.7 | 3.2 | 0.3 | | | |
| Feb 2021 | 118.5 | 2.9 | 0.7 | | | |
| Mar 2021 | 119.3 | 3.2 | 0.7 | 3.1 | | |
| Apr 2021 | 119.8 | 4.2 | 0.4 | | | |
| May 2021 | 119.9 | 4.9 | 0.1 | | | |
| Jun 2021 | 120.1 | 4.6 | 0.2 | 4.5 | | |
| Jul 2021 | 121.5 | 4.3 | 1.1 | | | |
| Aug 2021 | 121.8 | 4.5 | 0.3 | | | |
| Sep 2021 | 122.2 | 4.7 | 0.4 | 4.5 | | |
| Oct 2021 | 122.5 | 4.6 | 0.2 | | | |
| Nov 2021 | 122.7 | 4.8 | 0.2 | | | |
| Dec 2021 | 123.0 | 4.8 | 0.2 | 4.8 | 2021 | 4.2 |
| Jan 2022 | 123.6 | 5.0 | 0.5 | | | |
| Feb 2022 | 124.5 | 5.0 | 0.7 | | | |
| Mar 2022 | 125.2 | 5.0 | 0.6 | 5.0 | | |
| Apr 2022 | 125.7 | 5.0 | 0.4 | | | |
| May 2022 | 126.1 | 5.2 | 0.3 | | | |
| Jun 2022 | 126.5 | 5.3 | 0.3 | 5.1 | | |
| Jul 2022 | 127.2 | 4.7 | 0.6 | | | |
| Aug 2022 | 127.6 | 4.7 | 0.3 | | | |
| Sep 2022 | 128.1 | 4.8 | 0.4 | 4.8 | | |
| Oct 2022 | 128.6 | 5.0 | 0.4 | | | |
| Nov 2022 | 128.9 | 5.0 | 0.2 | | | |
| Dec 2022 | 129.1 | 5.0 | 0.2 | 5.0 | 2022 | 5.0 |

Source: StatsSA, Investec



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Figure 17: CPI forecast averages (continued)

| Date | Index Base | Annual y/y | Monthly m/m | Quarterly y/y | Calendar year | |
|----------|------------|------------|-------------|---------------|---------------|-----|
| Jan 2023 | 129.8 | 5.0 | 0.5 | | | |
| Feb 2023 | 130.6 | 4.9 | 0.6 | | | |
| Mar 2023 | 131.5 | 5.0 | 0.7 | 5.0 | | |
| Apr 2023 | 132.0 | 5.0 | 0.4 | | | |
| May 2023 | 132.3 | 4.9 | 0.2 | | | |
| Jun 2023 | 132.5 | 4.8 | 0.2 | 4.9 | | |
| Jul 2023 | 133.9 | 5.2 | 1.0 | | | |
| Aug 2023 | 134.3 | 5.2 | 0.3 | | | |
| Sep 2023 | 134.8 | 5.2 | 0.4 | 5.2 | | |
| Oct 2023 | 135.2 | 5.1 | 0.3 | | | |
| Nov 2023 | 135.5 | 5.1 | 0.2 | | | |
| Dec 2023 | 135.6 | 5.0 | 0.1 | 5.1 | 2023 | 5.0 |
| Jan 2024 | 136.3 | 5.0 | 0.5 | | | |
| Feb 2024 | 137.1 | 5.0 | 0.6 | | | |
| Mar 2024 | 138.1 | 5.0 | 0.7 | 5.0 | | |
| Apr 2024 | 138.8 | 5.1 | 0.5 | | | |
| May 2024 | 139.2 | 5.2 | 0.3 | | | |
| Jun 2024 | 139.5 | 5.2 | 0.2 | 5.2 | | |
| Jul 2024 | 140.6 | 5.0 | 0.8 | | | |
| Aug 2024 | 141.0 | 5.0 | 0.3 | | | |
| Sep 2024 | 141.4 | 4.9 | 0.3 | 5.0 | | |
| Oct 2024 | 141.6 | 4.7 | 0.1 | | | |
| Nov 2024 | 142.0 | 4.8 | 0.3 | | | |
| Dec 2024 | 142.1 | 4.8 | 0.1 | 4.7 | 2024 | 5.0 |
| Jan 2025 | 142.9 | 4.9 | 0.6 | | | |
| Feb 2025 | 144.3 | 5.3 | 1.0 | | | |
| Mar 2025 | 145.6 | 5.5 | 0.9 | 5.2 | | |
| Apr 2025 | 145.9 | 5.2 | 0.2 | | | |
| May 2025 | 146.1 | 5.0 | 0.1 | | | |
| Jun 2025 | 146.4 | 5.0 | 0.2 | 5.0 | | |
| Jul 2025 | 147.5 | 5.0 | 0.8 | | | |
| Aug 2025 | 148.0 | 5.0 | 0.3 | | | |
| Sep 2025 | 148.4 | 5.0 | 0.3 | 5.0 | | |
| Oct 2025 | 148.6 | 5.0 | 0.1 | | | |
| Nov 2025 | 148.9 | 4.9 | 0.2 | | | |
| Dec 2025 | 149.2 | 5.0 | 0.2 | 4.9 | 2025 | 5.0 |
| Jan 2026 | 150.1 | 5.0 | 0.6 | | | |
| Feb 2026 | 151.6 | 5.0 | 1.0 | | | |
| Mar 2026 | 152.9 | 5.0 | 0.9 | 5.0 | | |
| Apr 2026 | 153.5 | 5.2 | 0.4 | | | |
| May 2026 | 154.0 | 5.4 | 0.3 | | | |

Source: Stats SA, Investec

MPC preview: South Africa is unlikely to see a hike at the May MPC meeting and we have moved our forecast 25bp to November, and lowered the overall trajectory



Tuesday 11th May 2021

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MPC preview: South Africa is unlikely to see a hike at the May MPC meeting and we have moved our forecast 25bp to November, and lowered the overall trajectory



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