

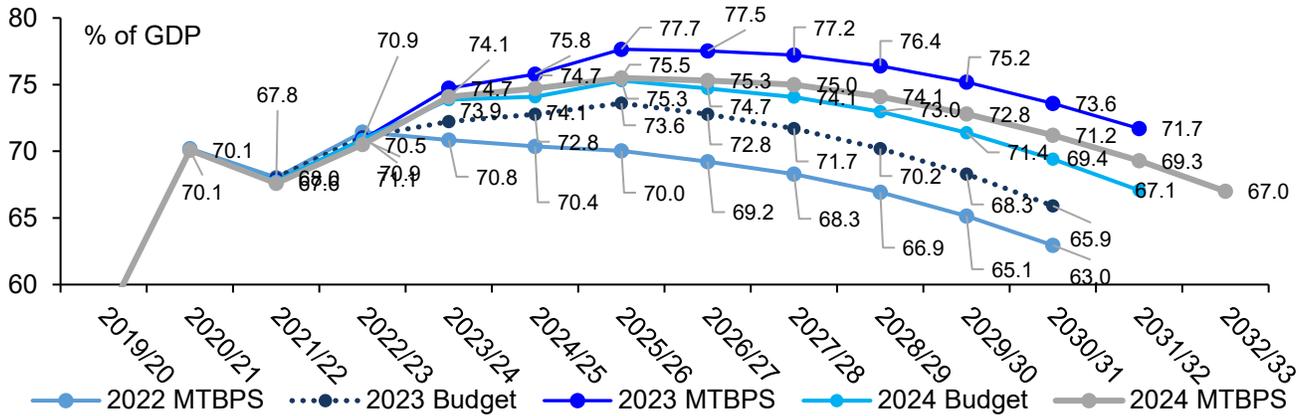


Budget Preview: Budget expected to be near MTBPS projections

Tuesday 4 February 2025



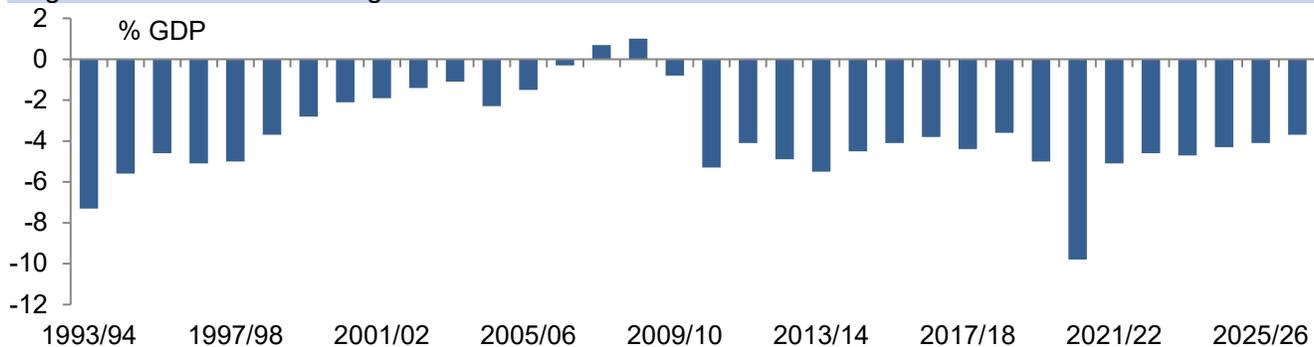
Figure 1: Gross debt-to-GDP outlook and main budget revenue and expenditure



Source: MTBPS October 2024

- The Budget on 19th February is expected to see similar fiscal ratio projections to 2024’s MTBPS (Medium-Term Budget Policy Statement), where gross loan debt was revised up, both for the current fiscal year, and over the projection period, with the same case for the budget deficit.
- The fiscal slippage has become a general trend in South Africa, as in most cases the fiscal metrics deteriorate, with only very occasional cases of improved outlooks, as occurred when savings in the GFECRA account were earmarked last year in October to bolster state finances.
- The latest gross debt to GDP ratio is projected to peak at 75.5% of GDP in 2025/26, well above the debt ratio of 60% of GDP instead seen as the maximum sustainable debt ratio for an emerging market economy.
- The budget deficit was revised weaker, to -5.0% of GDP for this year from -4.5%, and further evidence of fiscal slippage is likely, to beyond -5.0%, -4.5% -for 2025/26 and nearer to -4.0% in the next two years
- State expenditure for the fiscal year to date is lower as a % of the estimated budget outcome this fiscal year, compared to last, at 72.7% versus 74.2%, for the first three quarters. The revenue outcome to date is similar to last year at this point, of 71.2% versus 71.6%, both with a budget deficit of -R258bn to date.
- State finances are not strong, and as a consequence further fiscal slippage remains a risk.

Figure 2: Government’s budget balance



Source: MTBPS October 2024



Budget Preview: Budget expected to be near MTBPS projections

Tuesday 4 February 2025

Figure 3: Budget Balances

	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Budget 2018							
MTBPS	-4.0%						
Budget 2019	-4.0%						
MTBPS	-6.2%	-5.9%					
Budget 2020	-6.2%	-5.7%					
MTBPS	-10.1%	-8.6%	-7.3%				
Budget 2021	-14.0%	-9.3%	-7.3%	-6.3%			
MTBPS	-6.6%	-6.0%	-5.3%	-4.9%			
Budget 2022	-5.7%	-6.0%	-4.8%	-4.2%			
MTBPS	-5.1%	-4.9%	-4.1%	-3.7%	-3.3%		
Budget 2023	-5.1%	-4.5%	-3.9%	-3.6%	-3.3%		
MTBPS	-5.1%	-4.6%	-4.7%	-4.3%	-4.1%	-3.7%	
Budget 2024	-5.1%	-4.6%	-4.7%	-4.3%	-3.9%	-3.4%	
MTBPS	-5.1%	-4.6%	-4.6%	-4.7%	-4.3%	-3.8%	-3.4%

Source: MTBPS October 2024

Figure 4: Main Budget Framework

	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
R billion/percentage of GDP							
		Outcome		Revised		Medium-term estimates	
Revenue							
Gross tax revenue							
	1,563.8	1,686.7	1,740.9	1,840.8	1,971.8	2,111.1	2,255.2
Gross tax revenue growth	25.1%	7.9%	3.2%	5.7%	7.1%	7.1%	6.8%
Nominal GDP growth	12.6%	6.9%	4.9%	6.1%	6.5%	6.5%	6.6%
Buoyancy	1.99	1.14	0.66	0.95	1.09	1.09	1.04
Non-tax revenue	40.4	51.0	43.9	36.0	34.0	33.2	33.4
Southern African Customs Union ¹	-46.0	-43.7	-79.8	-89.9	-73.5	-75.5	-86.4
National Revenue Fund receipts ²	6.1	5.2	19.0	10.5	0.4	0.8	0.6
Main budget revenue	1,564.3	1,699.2	1,724.0	1,797.4	1,932.6	2,069.6	2,202.8
	24.7%	25.1%	24.3%	23.9%	24.1%	24.3%	24.2%
Expenditure							
Main budget expenditure	1,887.3	2,009.2	2,046.9	2,153.0	2,276.4	2,394.7	2,511.8
	29.8%	29.7%	28.9%	28.6%	28.4%	28.1%	27.6%
Non-interest expenditure	1,619.2	1,700.7	1,690.8	1,764.1	1,857.3	1,949.0	2,036.1
	25.6%	25.1%	23.8%	23.4%	23.2%	22.8%	22.4%
Debt-service costs	268.1	308.5	356.1	388.9	419.1	445.7	475.7
	4.2%	4.6%	5.0%	5.2%	5.2%	5.2%	5.2%
Main budget balance	-323.0	-309.9	-322.9	-355.6	-343.8	-325.2	-309.0
	-5.1%	-4.6%	-4.6%	-4.7%	-4.3%	-3.8%	-3.4%
Primary balance	-54.9	-1.5	33.2	33.2	75.3	120.6	166.7
	-0.9%	0.0%	0.5%	0.4%	0.9%	1.4%	1.8%

Source: MTBPS October 2024

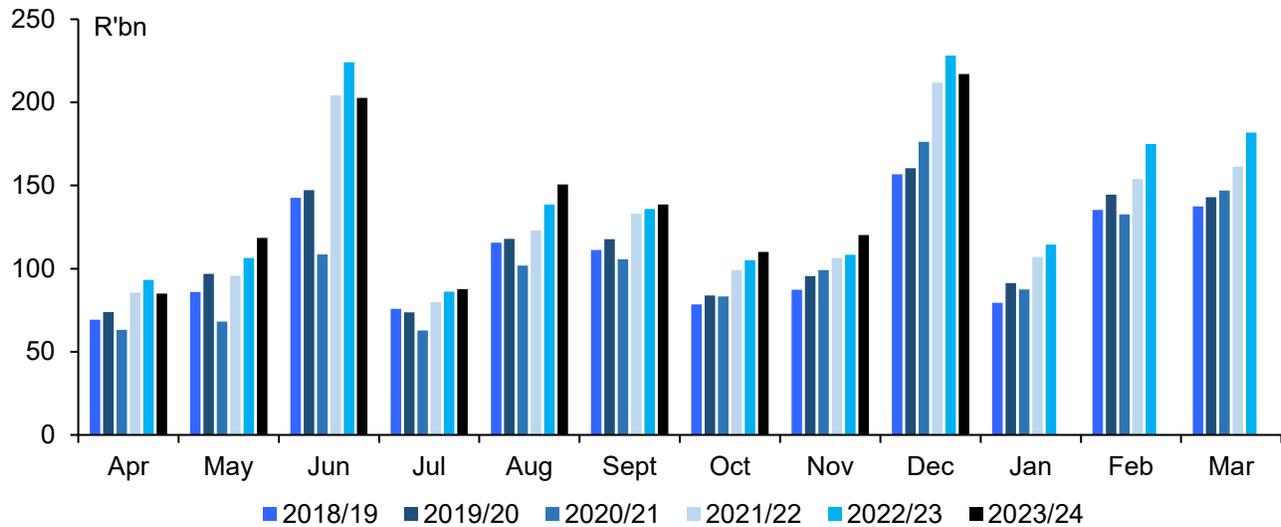
1. Amount made up of payments and other adjustments. 2. Mainly revaluation profits on foreign-currency transactions and premiums on loan transactions.



Budget Preview: Budget expected to be near MTBPS projections

Tuesday 4 February 2025

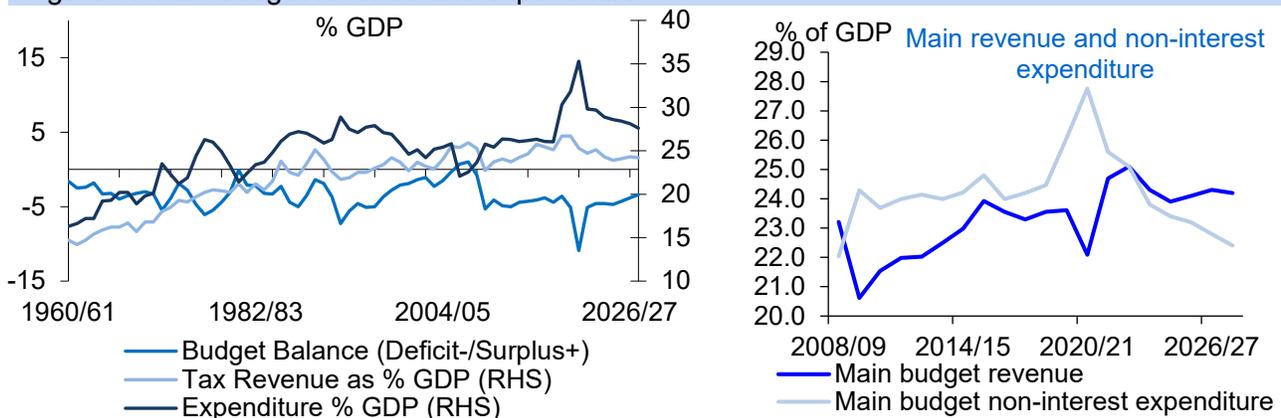
Figure 5: South Africa: government main budget revenue



Source: National Treasury

This week sees the State of the Nation Address (SONA) by the President, on 6th February (Thursday evening). The SONA tends to touch on the same themes each year, comparing progress against the prior year, and much will be made of mainly avoiding load shedding to date. Investors will however focus on the various crisis still gripping the country such as very weak growth, the rail, ports and other freight's inability to fully meet demand, as well as poor governance at a number of state entities, particularly municipalities and the need to fight crime and corruption. The water and sanitation crisis, still high unemployment (poverty and weak growth) and GBV will also be in focus. The President will likely point to the passing of the Bela and expropriation acts, but the latter is seen as a disincentive to investment as it is perceived to weaken property rights, and the former part of the growing and heavy regulatory burden. A quicker turnaround on Transnet, particularly better

Figure 6: Main budget revenue and expenditure*



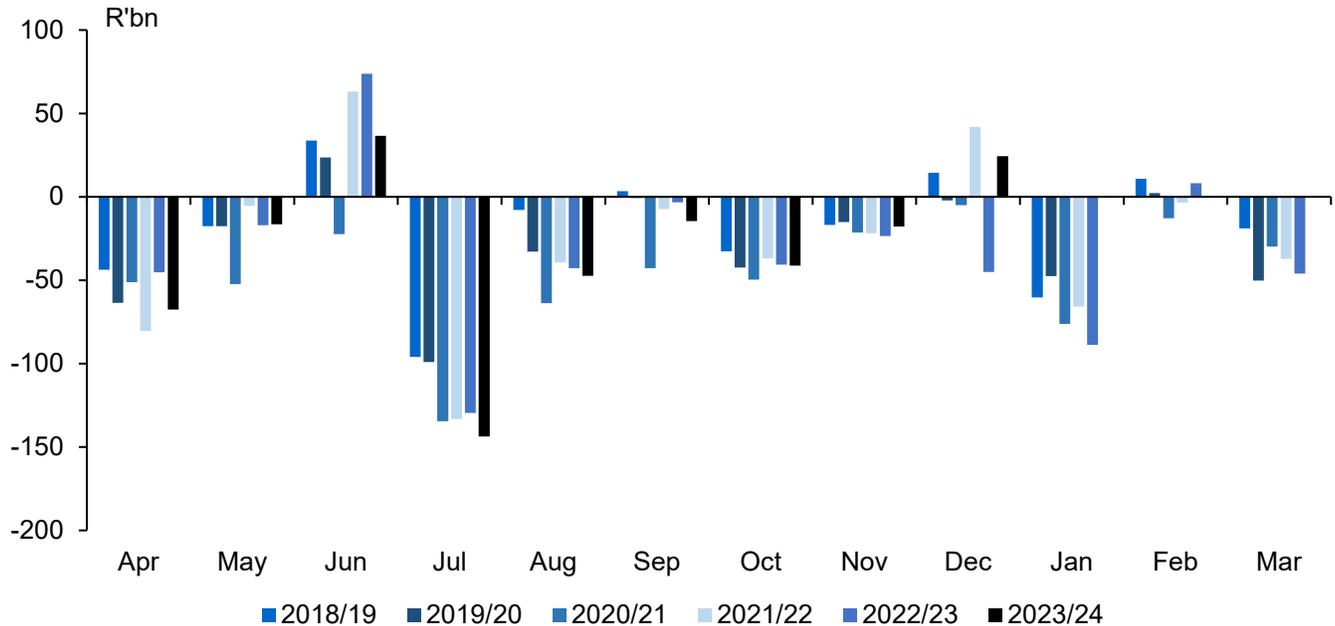
Source: MTBPS October 2024



Budget Preview: Budget expected to be near MTBPS projections

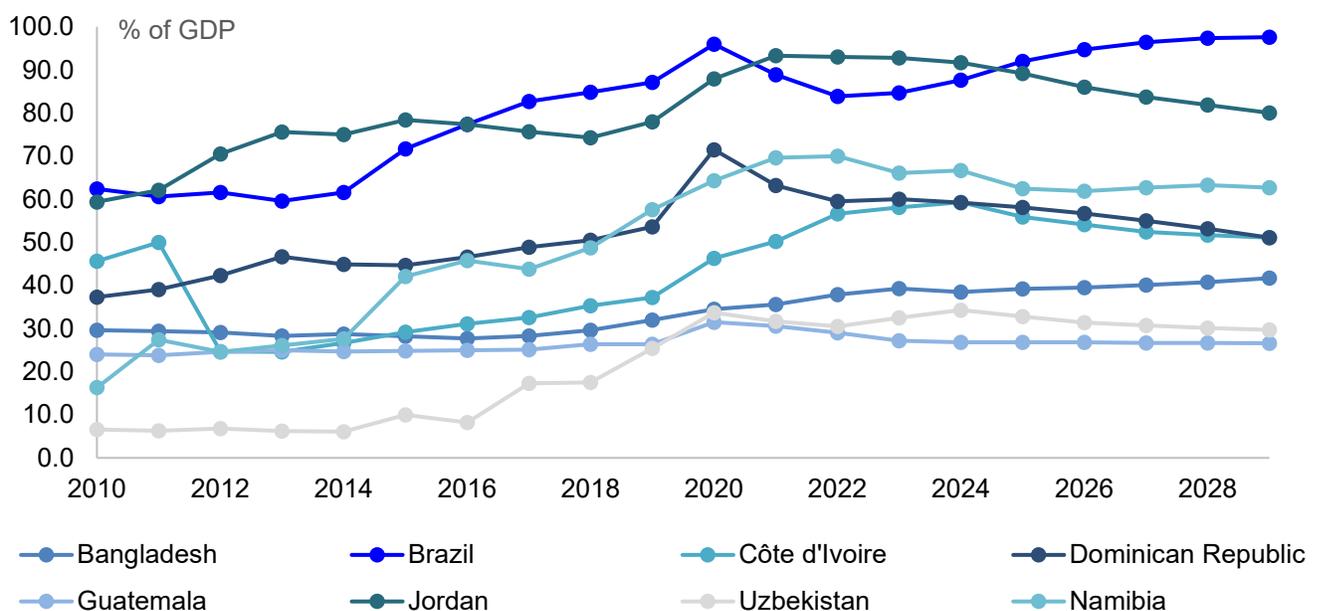
Tuesday 4 February 2025

Figure 7: South Africa: government main budget deficit/surplus – seasonality of deficits/surpluses



Source: National Treasury

Figure 8: Government gross debt % GDP – SA's BB- Fitch rated peers



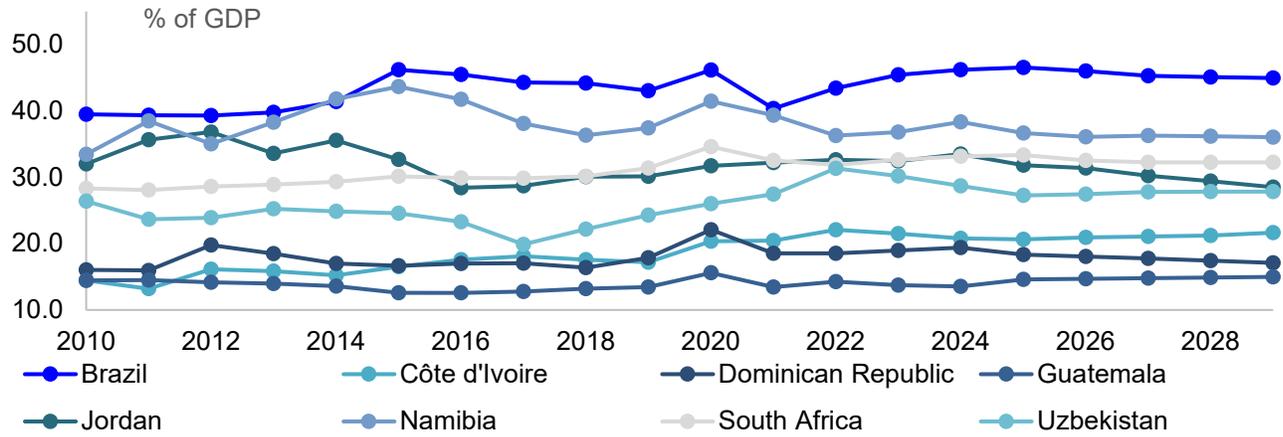
Source: IMF, Fiscal Monitor October 2024



Budget Preview: Budget expected to be near MTBPS projections

Tuesday 4 February 2025

Figure 9: Government total expenditure % GDP– SA’s BB- Fitch rated peers



Source: IMF, Fiscal Monitor October 2024

enabling PPPs is a key theme investors are focused on, along with a sharp reduction in red tape, reduction in the regulatory burden and a marked improvement in the productivity of various bureaucracies and a clear plan to quicken the end to the water crises. The Sona’s typical blandness supports unchanged medium-term Budget direction, but greater fiscal consolidation is needed to return SA to investment grade and inspire business and investor confidence.

The IMF most recently forecast South Africa’s GDP growth at 1.5% y/y this year, weaker than our forecast of 1.8% y/y, “on the back of improved electricity generation, monetary policy easing, and a return of investor and consumer confidence post elections. The IMF projects growth to reach 1.8 per cent by the end of the

Figure 10: Macro-economic forecasts, Treasury vs. Investec

	2024	2025	2026	2027
Final household consumption	1.2	1.8	1.7	1.9
Investec	1.3	2.1	2.2	2.6
Final government consumption	1.4	0.9	-0.4	-0.1
Investec	0.8	0.9	-0.4	-0.1
Gross fixed capital formation	-2.5	4.7	4.2	3.8
Investec	-3.3	4.8	5.0	5.3
Gross domestic expenditure	0.5	2.0	1.7	1.9
Investec	0.1	2.1	2.0	2.6
Exports	-1.6	3.1	3.1	3.1
Investec	-3.4	3.6	4.4	4.6
Imports	-3.2	4.1	2.8	3.0
Investec	-5.7	4.2	3.8	4.8
Real GDP	1.1	1.7	1.7	1.9
Investec	0.8	1.8	2.2	2.5
CPI Inflation	4.6	4.4	4.5	4.5
Investec	4.4	3.4	4.6	4.5

Source: National Treasury, Investec



Budget Preview: Budget expected to be near MTBPS projections

Tuesday 4 February 2025

Figure 11: General Government Gross Debt, 2015-29

% of GDP						Projections					
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Average	103.4	121.8	115.4	109.9	108.7	109.4	111.0	112.0	112.8	113.6	114.2
Euro Area	83.6	96.6	94.0	89.9	87.8	88.1	88.4	88.5	88.8	88.9	89.0
g7	117.8	139.3	132.2	125.3	123.4	124.3	126.5	128.0	129.1	130.2	131.1
g20 Advanced	112.3	132.8	126.0	119.8	118.2	119.2	121.4	122.7	123.7	124.8	125.6
Andorra	35.4	46.4	48.6	38.9	36.4	34.5	33.2	32.1	31.1	30.6	30.1
Australia	46.7	57.0	55.4	50.3	49.0	49.3	49.6	48.8	47.8	46.9	46.0
Austria	70.6	82.9	82.5	78.4	77.5	78.7	79.6	79.7	79.8	80.2	80.7
Belgium	97.6	111.9	107.9	104.3	105.2	105.0	107.1	109.8	112.7	115.8	119.0
Canada ²	90.2	118.2	113.5	107.4	107.5	106.1	103.2	101.2	99.5	97.9	96.3
Croatia	70.4	86.1	77.5	67.8	63.0	59.9	58.7	57.8	57.0	56.3	55.4
Cyprus	93.0	114.9	99.3	85.6	77.3	70.6	63.9	59.1	55.3	52.1	49.1
Czech Republic	29.6	36.9	40.7	42.5	42.4	43.5	43.8	43.6	43.5	43.4	43.5
Denmark	33.8	42.2	35.8	29.7	29.7	28.2	27.3	27.1	27.1	27.1	27.3
Estonia	8.3	18.3	17.6	18.3	19.3	21.8	25.4	28.7	31.7	34.6	37.3
Finland	65.2	75.3	73.1	73.9	77.0	81.4	83.4	84.3	84.8	85.1	85.3
France	97.6	114.6	112.6	111.1	109.9	112.3	115.3	117.6	119.8	121.9	124.1
Germany	58.6	67.9	67.9	64.8	62.7	62.7	62.1	60.9	59.9	59.0	57.8
Greece	185.5	213.2	201.2	179.6	168.9	159.0	152.9	149.1	145.4	142.3	139.4
Hong Kong SAR ²	0.3	1.0	1.9	4.3	6.3	9.0	11.3	13.0	13.2	12.8	13.2
Iceland	66.5	77.5	74.8	67.4	62.2	60.3	55.6	52.9	50.1	47.3	44.8
Ireland	55.9	57.0	52.6	43.1	43.3	42.4	40.7	39.0	37.8	36.8	35.9
Israel	59.0	70.7	67.4	60.2	61.4	68.0	69.3	68.8	69.3	69.8	70.1
Italy	133.6	154.1	145.5	138.1	134.6	136.9	138.7	140.2	141.4	142.0	142.3
Japan	236.4	258.4	253.7	256.3	249.7	251.2	248.7	246.9	245.7	244.8	245.0
Korea	39.7	45.9	48.0	49.8	51.5	52.9	54.3	55.4	56.3	57.2	58.2
Latvia	36.7	42.7	44.4	41.8	43.6	45.2	45.7	46.0	46.3	46.6	46.9
Lithuania	35.8	46.3	43.4	38.0	38.3	38.1	37.9	37.6	37.4	37.1	36.6
Luxembourg	22.4	24.6	24.5	24.7	25.7	26.7	27.8	28.4	29.1	29.9	30.6
Malta	39.2	48.6	49.6	49.3	47.3	47.7	48.2	48.7	49.1	49.4	49.7
The Netherlands	47.6	53.3	50.4	48.4	45.0	44.3	45.1	46.2	47.2	48.1	49.3
New Zealand	31.8	43.3	47.5	47.1	45.8	47.2	48.6	49.3	49.2	47.6	45.2
Norway	40.6	46.1	41.6	36.3	44.0	42.7	42.7	42.5	42.0	41.4	40.6
Portugal	116.6	134.9	124.5	112.4	99.1	94.4	89.8	86.2	82.8	79.4	76.2
Singapore	127.8	148.1	142.9	158.2	174.8	175.2	175.8	176.5	177.2	177.9	178.4
Slovak Republic	48.0	58.8	61.1	57.7	56.0	59.1	57.8	60.6	63.9	66.2	68.5
Slovenia	83.4	80.2	74.8	72.7	68.4	67.4	66.4	65.5	64.0	62.8	61.6
Spain	97.6	119.2	115.6	109.4	105.0	102.3	100.7	99.6	99.1	98.0	97.1
Sweden	35.7	40.3	36.8	33.8	36.4	36.4	35.4	34.4	33.3	32.6	31.7
Switzerland	39.6	43.2	41.0	37.2	33.3	31.9	30.8	29.8	29.0	28.0	27.3
United Kingdom	85.7	105.8	105.1	99.6	100.0	101.8	103.8	104.9	106.1	107.3	108.3
United States ²	108.0	131.8	124.5	118.6	118.7	121.0	124.1	126.6	128.4	130.2	131.7

Source: IMF, Fiscal Monitor October 2024

Note: "Cyclically adjusted primary balance" is defined as the cyclically adjusted balance plus net interest payable/paid (interest expense minus interest revenue) following the World Economic Outlook convention. For economy-specific details, see "Data and Conventions" in text and Table B. G7 = Group of Seven; G20 = Group of Twenty.

¹ Data are based on the fiscal year-based potential GDP.

² The data for these economies include adjustments beyond the output cycle.

³ For cross-economy comparison, expenditures and fiscal balances of the United States are adjusted to exclude the imputed interest on unfunded pension liabilities

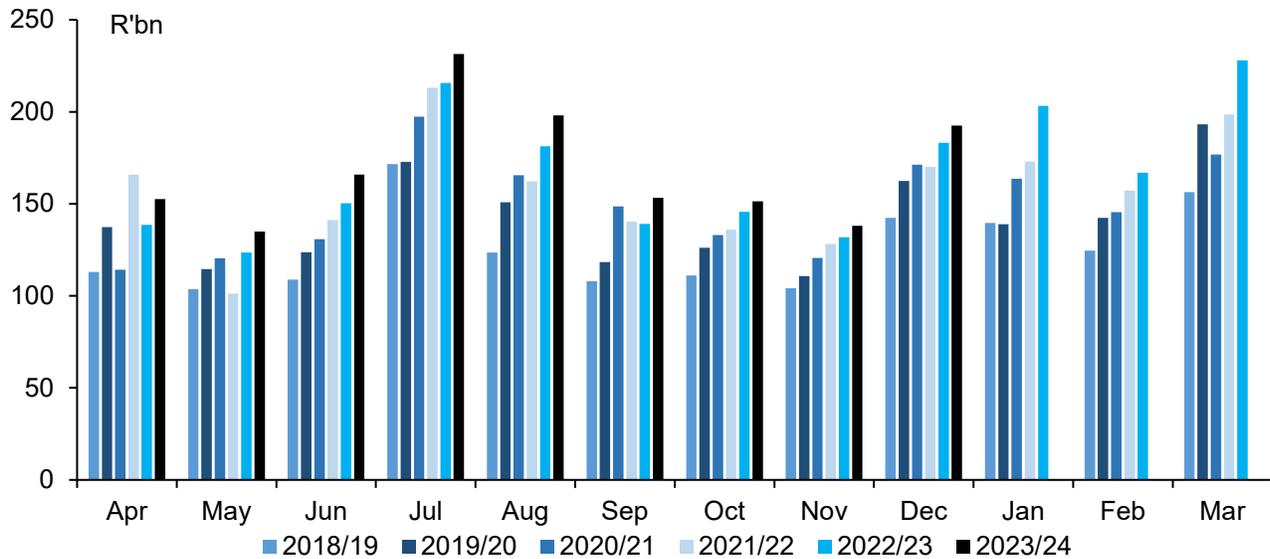
and the imputed compensation of employees, which are counted as expenditures under the 2008 System of National Accounts (2008 SNA) adopted by the United States, but not in economies that have not yet adopted the 2008 SNA. Data for the United States in this table may therefore differ from data published by the US Bureau of Economic Analysis.



Budget Preview: Budget expected to be near MTBPS projections

Tuesday 4 February 2025

Figure 12: South Africa: government main budget expenditure



Source: National Treasury

decade, supported by ongoing electricity and logistics reforms.” Investec expects growth by 2030 of 3.0% y/y however. The IMF warns of its weak forecasts that “(r)isks are tilted to the downside, related to a possible intensification of geoeconomic fragmentation and protectionist policies in the context of an uncertain global environment.” South Africa’s October MTBPS forecasts growth for 2024 at 1.1% y/y, with the outcome most likely to be 0.8% y/y, which will add some upwards pressure on the gross loan debt to GDP ratio. For government finance ratios, it is the nominal GDP (actual rand value) measure, which is used, not real GDP, in the fiscal ratio calculations.

On the inflation front, the MTBPS forecast of 4.6% y/y for 2024 is above the 4.4% y/y outcome and the lower inflation rate means the nominal GDP measure could be adjusted down somewhat, further lifting

Figure 13: Consolidated government fiscal framework, 2024/25 – 2027/28

	2024/25	2025/26	2026/27	2027/28
R bn/% of GDP	Revised		Medium-term estimates	
Revenue	1,797.4	1,932.6	2,069.6	2,202.8
	23.9%	24.1%	24.3%	24.2%
Expenditure	2,153.0	2,276.4	2,394.7	2,511.8
	28.6%	28.4%	28.1%	27.6%
Non-interest expenditure	1,764.1	1,857.3	1,949.0	2,036.1
	23.4%	23.2%	22.8%	22.4%
Budget balance	-355.6	-343.8	-325.2	-309.0
	-4.7%	-4.3%	-3.8%	-3.4%
Total gross loan debt	5,622.5	6,054.7	6,424.4	6,817.5
	74.7%	75.5%	75.3%	75.0%

Source: National Treasury, MTBPS October 2024



Budget Preview: Budget expected to be near MTBPS projections

Tuesday 4 February 2025

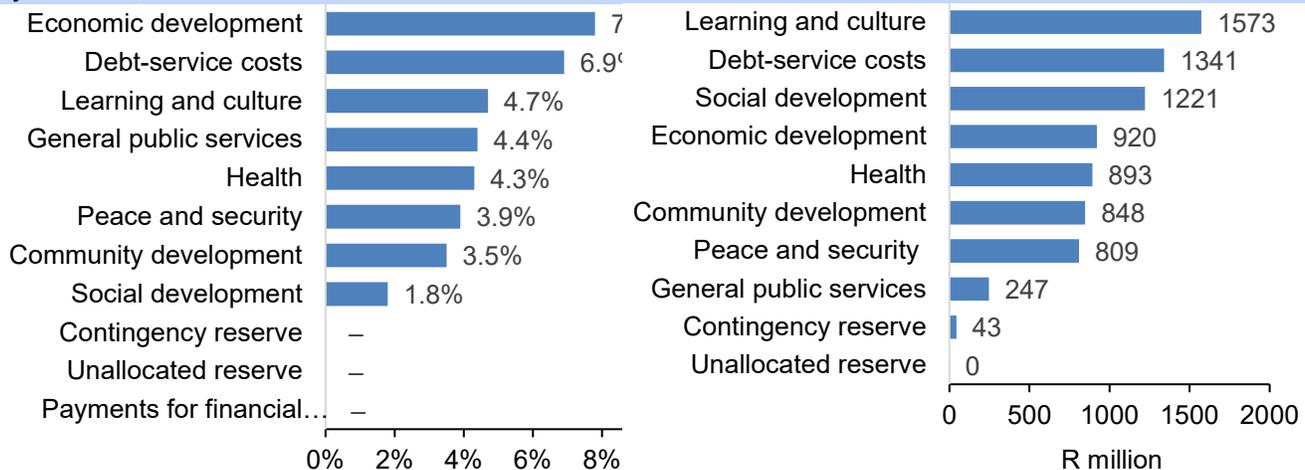
Figure 14: Consolidated government expenditure by economic classification

R million	2023/24	2024/25	2025/26	2026/27	2027/28	Average annual MTEF
	Outcome	Revised	Medium-term estimates			
Current payments	1,399.9	1,482.0	1,567.6	1,636.6	1,730.8	5.3%
Compensation of employees	724.1	761.4	798.3	832.6	868.0	4.5%
Goods and services	312.7	323.1	341.7	350.2	378.6	5.4%
Interest and rent on land	363.1	397.5	427.6	453.8	484.1	6.8%
of which:						
Debt-service costs	356.1	388.9	419.1	445.7	475.7	6.9%
Transfers and subsidies	746.8	789.1	803.8	825.5	852.3	2.6%
Provinces and municipalities	171.7	181.4	191.1	199.3	208.1	4.7%
Departmental agencies and accounts	33.6	29.1	33.4	29.3	25.9	-3.8%
Higher education institutions	51.0	54.4	55.5	58.0	60.6	3.7%
Foreign governments and international organisations	3.0	3.2	3.3	3.4	3.6	4.0%
Public corporations and private enterprises	39.6	39.5	38.9	40.3	42.4	2.3%
Non-profit institutions	42.2	40.2	43.3	46.4	49.8	7.4%
Households	405.7	441.3	438.3	448.8	461.9	1.5%
Payments for capital assets	106.6	118.7	128.9	145.1	160.6	10.6%
Buildings and other fixed structures	78.1	88.7	100.7	117.1	131.1	13.9%
Machinery and equipment	28.5	30.0	28.2	28.0	29.5	-0.5%
Payments for financial assets	5.4	5.2	2.4	2.6	2.6	
Total	2,258.8	2,395.0	2,502.7	2,609.9	2,746.3	4.7%
Contingency reserve	–	–	7.6	14.5	20.8	
Consolidated expenditure	2,258.8	2,395.0	2,510.3	2,624.4	2,767.1	4.9%

Source: National Treasury, MTBPS October 2024

1 The main budget and spending by provinces, public entities and social security funds financed from own revenue

Figure 15: Average nominal growth in spending 2024/25 -2027/28 and consolidated government expenditure by function, 2025/26-2027/28



Source: National Treasury, MTBPS October 2024



Budget Preview: Budget expected to be near MTBPS projections

Tuesday 4 February 2025

Figure 16: Total National debt, 2023/24-2027/28

End of period	2023/24	2024/25	2025/26	2026/27	2027/28
R billion	Outcome	Revised	Medium-term estimates		
MTBPS 2022					
Gross loan debt	5,259.4	5,622.5	6,054.7	6,424.4	6,817.5
Net loan debt¹	5,063.7	5,465.6	5,958.3	6,329.4	6,713.7
As percentage of GDP:					
Total gross loan debt	74.1%	74.7%	75.5%	75.3%	75.0%
Total net loan debt	71.4%	72.6%	74.3%	74.2%	73.8%

Source: National Treasury, MTBPS October 2024

1. Net loan debt is gross loan debt minus the bank balances of the National Revenue Fund

the 2024/25 fiscal ratios of debt and the budget deficit to GDP somewhat. Similarly for 2025, CPI inflation is likely to be closer to 3.5% y/y than the 4.4% y/y in October's Budget deficit, although the MTBPS's growth forecast is nearer ours, at 1.7% y/y vs. 1.8% y/y. Over the medium-term, "with fiscal deficits moderating but still elevated over the medium term, the IMF projects public debt to continue to rise under its baseline scenario, recommending a more-ambitious-than-envisaged fiscal consolidation."

"The IMF expects inflation to stabilise around the midpoint of the central bank's target range ... (and) recommends that the central bank continues to manage the normalization of the policy rate toward the neutral level in a flexible and data-driven manner. The IMF argues that transitioning from a target band to a lower point target with a well-calibrated tolerance band at an appropriate time can help strengthen

Figure 17: Total national government debt

End of period	2023/24	2024/25	2025/26	2027/28	2028/29
R billion	Outcome	Revised	Medium-term estimates		
Domestic loans¹	4,667.8	5,045.3	5,440.2	5,745.8	6,063.1
Short-term	511.2	543.6	588.6	624.6	677.6
Long-term	4,156.6	4,501.7	4,851.7	5,121.3	5,385.5
Foreign loans¹	591.6	577.2	614.4	678.5	754.4
Gross loan debt	5,259.4	5,622.5	6,054.7	6,424.4	6,817.5
Less: National Revenue Fund bank balances	-195.7	-156.9	-96.3	-95.0	-103.8
Net loan debt¹	5,063.7	5,465.6	5,958.3	6,329.4	6,713.7
As percentage of GDP:					
Gross loan debt	74.1%	74.7%	75.5%	75.3%	75.0%
Net loan debt	71.4%	72.6%	74.3%	74.2%	73.8%

Source: National Treasury, MTBPS October 2024

1. Estimates include revaluation based on National Treasury's projections of inflation and exchange rates 2. Net loan debt is gross loan debt minus the bank balances of the National Revenue Fund



Budget Preview: Budget expected to be near MTBPS projections

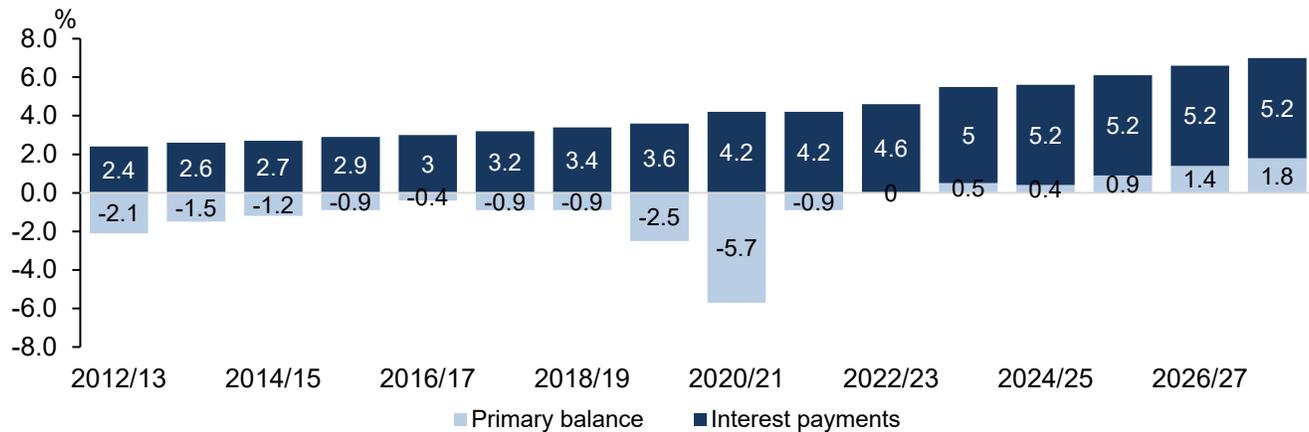
Tuesday 4 February 2025

Figure 18: Macroeconomic projections

	2023	2024	2025	2026	2027
<i>Percentage change unless otherwise indicated</i>	Actual	Estimate		Forecast	
Final household consumption	0.7	1.2	1.8	1.7	1.9
Gross fixed capital formation	3.9	-2.5	4.7	4.2	3.8
Real GDP growth	0.7	1.1	1.7	1.7	1.9
GDP at current prices (R billion)	7024.0	7396.7	7897.6	8404.1	8953.6
CPI Inflation	5.9	4.6	4.4	4.5	4.5
Current account deficit (% GDP)	--1.6	-1.8	-2.1	-2.2	-2.5

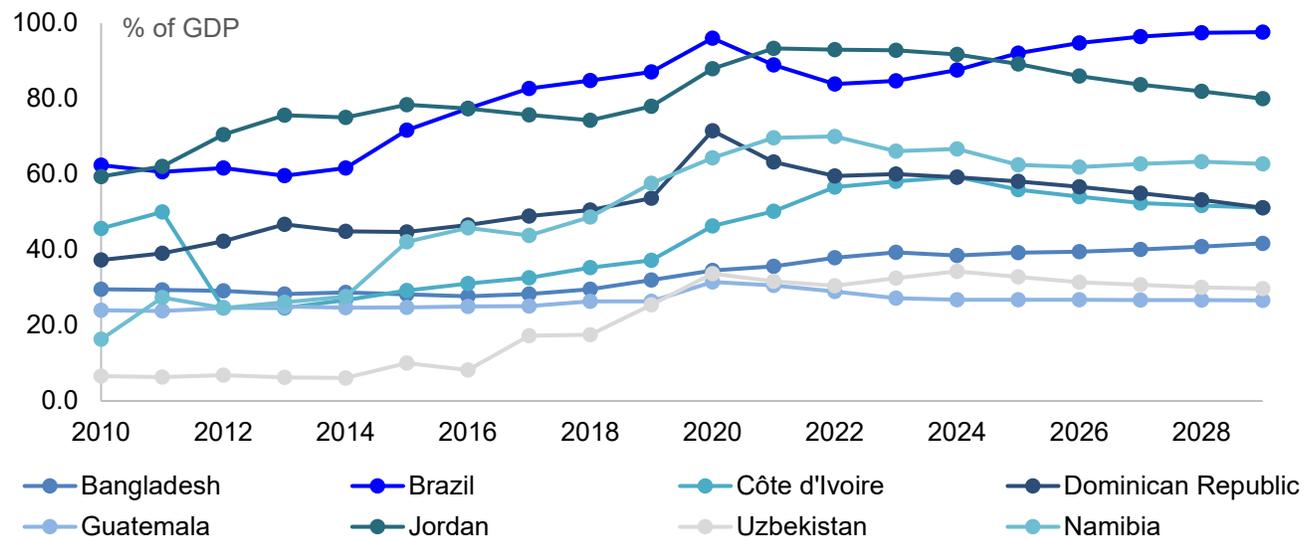
Source: National Treasury, MTBPS November 2024

Figure 19: Main Budget Balance



Source: National Treasury, MTBPS October 2024

Figure 20: Government gross debt % GDP – SA's BB- Fitch rated peers



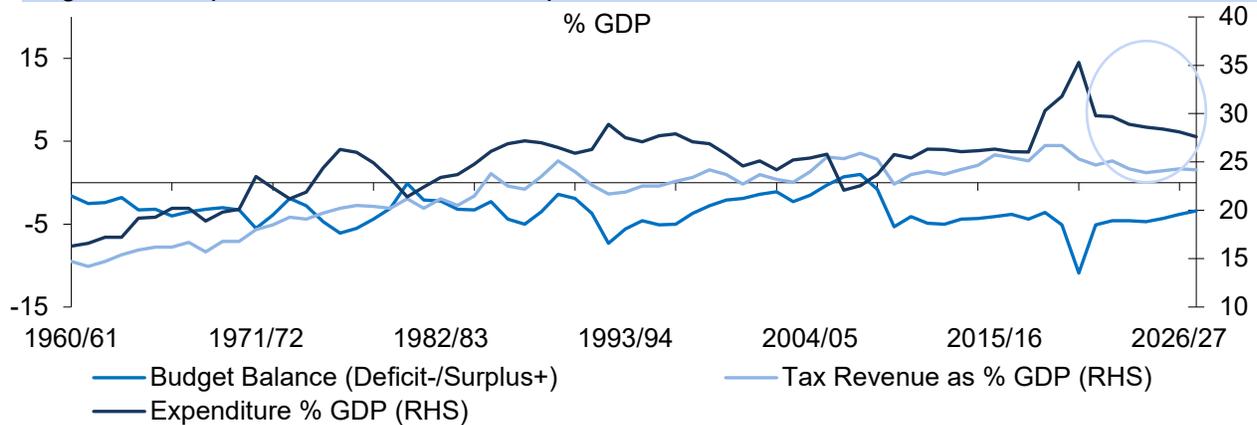
Source: IMF, Fiscal Monitor October 2024



Budget Preview: Budget expected to be near MTBPS projections

Tuesday 4 February 2025

Figure 21: Expenditure continues to outpace revenue

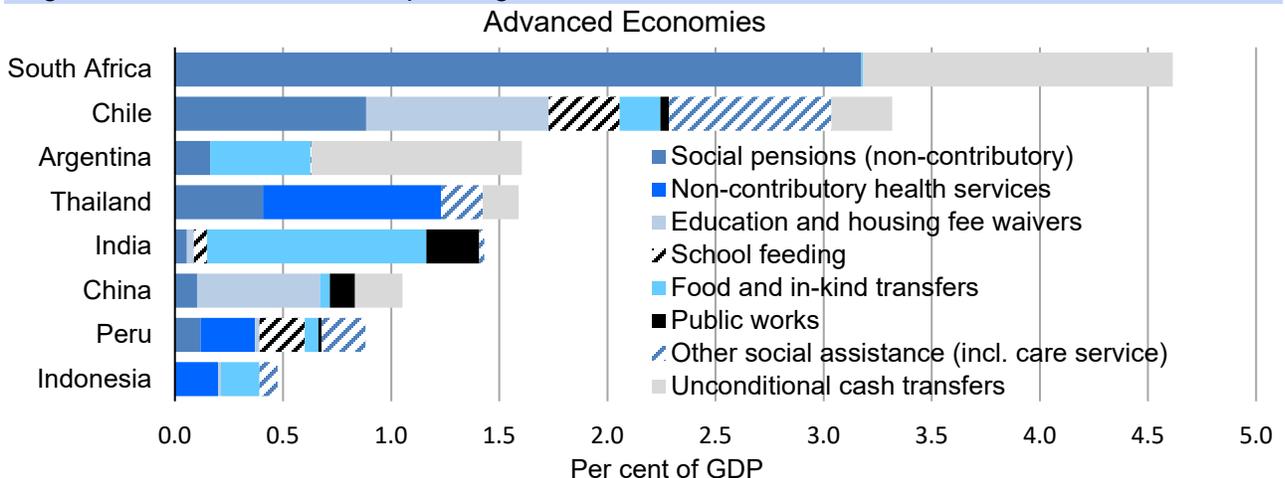


Source: National Treasury, MTBPS October 2024

macroeconomic stability.” While National Treasury sets the inflation target, and the Reserve Bank is tasked with achieving the target, the Reserve Bank has stated it believes there is a need to lower the inflation target. In the MTBPS, National Treasury stated more work needs to be done in this regard, particularly on the negative effects that could ensue on the economy and households, while the SARB has already published research on the positive implications from lowering the target.

The government finance figures for the year to date only main budget figures are only available, (i.e., figures of national government, while consolidated figures include the provinces and local municipalities) are similar to last year’s performance at this time on a net basis for the deficit, but a lowering of nominal GDP would increase the gross loan debt projections somewhat, as noted earlier. There is consequently still some risk for fiscal slippage, but much will depend on the state’s GDP and CPI projections.

Figure 22: Social assistance spending*



Source: National Treasury, MTBPS October 2024



Budget Preview: Budget expected to be near MTBPS projections

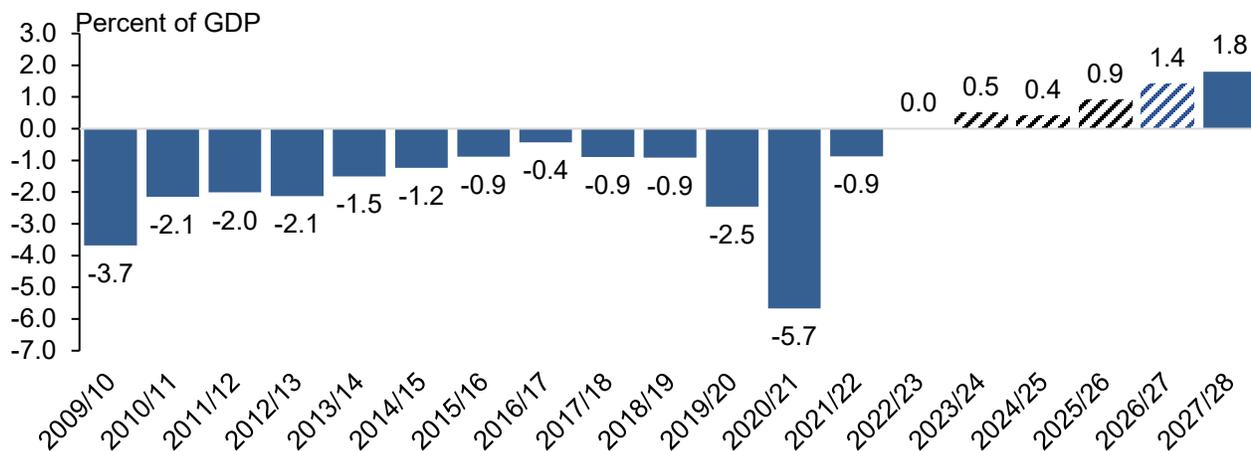
Tuesday 4 February 2025

Figure 23: Fiscal Balances, 2015-29 Overall Balance (Percent of GDP)

	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Advanced Economies											
Canada	0.1	-10.5	-3.6	-0.3	-0.2	-1.5	-0.7	-0.6	-0.5	-0.3	-0.3
Euro Area	0.9	-5.7	-3.8	-2.0	-2.1	-1.5	-1.3	-1.0	-0.8	-0.6	-0.5
France	-0.9	-7.7	-5.2	-2.9	-3.7	-4.2	-3.9	-3.5	-3.3	-3.0	-2.8
Germany	1.9	-3.9	-2.7	-1.6	-1.9	-1.3	-0.8	-0.1	0.2	0.5	0.8
Italy	1.7	-6.1	-5.6	-4.1	3.6	-0.1	0.2	0.6	0.9	1.1	1.2
Spain ¹	-1.0	-8.0	-4.7	-2.5	-1.7	-0.6	-0.3	-0.3	-0.4	-0.2	-0.3
Japan	-2.4	-8.4	-5.5	-4.0	-4.1	-6.0	-2.9	-2.6	-2.5	-2.5	-2.6
United Kingdom	-1.0	-12.0	-5.6	-1.0	-3.5	-2.0	-1.3	-1.0	-0.8	-0.8	-0.6
United States ²	-3.5	-11.9	-8.7	-1.1	-3.6	-3.7	-3.2	-2.9	-2.5	-2.6	-2.4
Emerging Market Economies											
MENA	-2.3	-8.3	-1.9	3.7	0.2	-1.7	-2.0	-1.6	-1.4	-1.3	-1.1
Asia	-5.7	-9.6	-6.4	-7.2	-6.6	-6.9	-7.0	-7.0	-7.1	-7.1	-7.2
China	-6.1	-9.7	-6.0	-7.5	-6.9	-7.4	-7.6	-7.7	-7.9	-8.1	-8.2
India	-7.7	-12.9	-9.3	-9.2	-8.3	-7.8	-7.6	-7.4	-7.1	-6.9	-6.6
Europe	-0.6	-5.4	-1.7	-2.3	-4.1	-4.2	-3.3	-2.8	-2.5	-2.5	-2.5
Russian Federation	1.9	-4.0	0.8	-1.4	-2.3	-1.9	-0.5	-0.6	-0.6	-0.7	-0.8
Latin America	-3.7	-8.2	-3.9	-3.6	-5.2	-4.9	-4.2	-3.6	-3.2	-2.9	-2.8
Brazil	-4.9	-11.6	-2.6	-4.0	-7.6	-6.9	-7.3	-6.9	-5.9	-5.5	-5.1
Mexico	-2.3	-4.3	-3.8	-4.3	-4.3	-5.9	-3.5	-2.7	-2.7	-2.7	-2.7
Saudi Arabia	-4.2	-10.7	-2.2	2.5	-2.0	-3.0	-3.4	-3.2	-3.1	-3.0	-2.8
South Africa	-5.1	-9.6	-5.5	-4.3	-5.8	-6.2	-6.3	-5.4	-5.1	-5.1	-5.1
Low-Income Developing Countries											
Kenya	-7.4	-8.1	-7.2	-6.1	-5.8	-5.0	-4.3	-4.0	-3.6	-3.3	-3.4
Nigeria	-4.7	-5.6	-5.5	-5.4	-4.2	-4.6	-4.2	-4.0	-4.3	-4.7	-4.8
Vietnam	-0.4	-2.9	-1.4	0.7	-2.5	-2.6	-2.2	-2.1	-2.0	-1.9	-1.8

Source: IMF, Fiscal Monitor October 2024

Figure 24: Main budget primary balance



Source: National Treasury, MTBPS October 2024



Budget Preview: Budget expected to be near MTBPS projections

Tuesday 4 February 2025

Disclaimer

For the purposes of this disclaimer, Investec shall include Investec Bank Limited, its ultimate holding company, a subsidiary (or a subsidiary of a subsidiary) of that entity, a holding company of that entity or any other subsidiary of that holding company, and any affiliated entity of any such entities. "Investec Affiliates" shall mean any directors, officers, representatives, employees, advisers or agents of any part of Investec.

The information and materials presented in this report are provided to you solely for general information and should not be considered as an offer or solicitation of an offer to sell, buy or subscribe to any securities or any derivative instrument or any other rights pertaining thereto.

The information in this report has been compiled from sources believed to be reliable, but neither Investec nor any Investec Affiliates accept liability for any loss arising from the use hereof or makes any representations as to its accuracy and completeness. Any opinions, forecasts or estimates herein constitute a judgement as at the date of this report. There can be no assurance that future results or events will be consistent with any such opinions, forecasts or estimates. Past performance should not be taken as an indication or guarantee of future performance, and no representation or warranty, express or implied is made regarding future performance. The information in this report and the report itself is subject to change without notice. This report as well as any other related documents or information may be incomplete, condensed and/or may not contain all material information concerning the subject of the report; its accuracy cannot be guaranteed. There is no obligation of any kind on Investec or any Investec Affiliates to update this report or any of the information, opinions, forecasts or estimates contained herein.

Investec (or its directors, officers or employees) may, to the extent permitted by law, own or have a position or interest in the financial instruments or services referred to herein, and may add to or dispose of any such position or may make a market or act as a principal in any transaction in such financial instruments. Investec (or its directors, officers or employees) may, to the extent permitted by law, act upon or use the information or opinions presented herein, or research or analysis on which they are based prior to the material being published. Investec may have issued other reports that are inconsistent with, and reach different conclusions from, the information presented in this report. Those reports reflect the different assumptions, views and analytical methods of the analysts who prepared them. The value of any securities or financial instruments mentioned in this report can fall as well as rise. Foreign currency denominated securities and financial instruments are subject to fluctuations in exchange rates that may have a positive or adverse effect on the value, price or income of such securities or financial instruments. Certain transactions, including those involving futures, options and other derivative instruments, can give rise to substantial risk and are not suitable for all investors.

This report does not contain advice, except as defined by the Corporations Act 2001 (Australia). Specifically, it does not take into account the objectives, financial situation or needs of any particular person. Investors should not do anything or forebear to do anything on the basis of this report. Before entering into any arrangement or transaction, investors must consider whether it is appropriate to do so based on their personal objectives, financial situation and needs and seek financial advice where needed.

No representation or warranty, express or implied, is or will be made in relation to, and no responsibility or liability is or will be accepted by Investec or any Investec Affiliates as to, or in relation to, the accuracy, reliability, or completeness of the contents of this report and each entity within Investec (for itself and on behalf of all Investec Affiliates) hereby expressly disclaims any and all responsibility or liability for the accuracy, reliability and completeness of such information or this research report generally.

The securities or financial instruments described herein may not have been registered under the US Securities Act of 1933, and may not be offered or sold in the United States of America or to US persons unless they have been registered under such Act, or except in compliance with an exemption from the registration requirements of such Act. US entities that are interested in trading securities listed in this report should contact a US registered broker dealer.

For readers of this report in South Africa: this report is produced by Investec Bank Limited, an authorised financial services provider and a member of the JSE Limited.

For readers of this report in United Kingdom and Europe: this report is produced by Investec Bank Plc ("IBP") and was prepared by the analyst named in this report. IBP is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority and is a member of the London Stock Exchange. This report is not intended for retail clients and may only be issued to professional clients and eligible counterparties, and investment professionals as described in S19 of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005.

For readers of this report in Ireland: this report is produced by Investec Bank plc (Irish Branch) and was prepared by the analyst named in this report. Investec Bank plc (Irish Branch) is authorised by the Prudential Regulation Authority in the United Kingdom and is regulated by the Central Bank of Ireland for conduct of business rules.

For readers of this report in Australia: this report is issued by Investec Australia Limited, holder of Australian Financial Services License No. 342737 only to 'Wholesale Clients' as defined by S761G of the Corporations Act 2001.



Budget Preview: Budget expected to be near MTBPS projections

Tuesday 4 February 2025

For readers of this report in Hong Kong: this report is distributed in Hong Kong by Investec Capital Asia Limited, a Securities and Futures Commission licensed corporation (Central Entity Number AFT069) and is intended for distribution to professional investors (as defined in the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)) only. This report is personal to the recipient and any unauthorised use, redistribution, retransmission or reprinting of this report (whether by digital, mechanical or other means) is strictly prohibited.

For readers of this report in India: this report is issued by Investec Capital Services (India) Private Limited which is registered with the Securities and Exchange Board of India.

For readers of this report in Singapore: this report is produced by IBP and issued and distributed in Singapore through Investec Singapore Pte. Ltd. ("ISPL"), an exempt financial adviser which is regulated by the Monetary Authority of Singapore as a capital markets services licence holder. This material is intended only for, and may be issued and distributed in Singapore only to, accredited investors and institutional investors, as defined in Section 4A of the Securities and Futures Act, Cap. 289 ("SFA"). This material is not intended to be issued or distributed to any retail or other investors. ISPL may distribute reports produced by its respective foreign entities, affiliates or other foreign research houses pursuant to an arrangement under Regulation 32C of the Financial Advisers Regulations. Singapore recipients of this document should contact ISPL at the above address in respect of any matters arising from, or in connection with, this report.

For readers of this report in Canada: this report is issued by IBP, and may only be issued to persons in Canada who are able to be categorised as a "permitted client" under National Instrument 31-103 Registration Requirements and Exemptions or to any other person to whom this report may be lawfully directed. This report may not be relied upon by any person other than the intended recipient.

The distribution of this document in other jurisdictions may be prohibited by rules, regulations and/or laws of such jurisdiction. Any failure to comply with such restrictions may constitute a violation of United States securities laws or the laws of any such other jurisdiction.

This report may have been issued to you by one entity within Investec in the fulfilment of another Investec entity's agreement to do so. In doing so, the entity providing the research is in no way acting as agent of the entity with whom you have any such agreement and in no way is standing as principal or a party to that arrangement.

This publication is confidential for the information of the addressee only and may not be reproduced in whole or in part, copies circulated, or disclosed to another party, without the prior written consent of an entity within Investec. Securities referred to in this report may not be eligible for sale in those jurisdictions where an entity within Investec is not authorised or permitted by local law to do so. In the event that you contact any representative of Investec in connection with receipt of this report, including any analyst, you should be advised that this disclaimer applies to any conversation or correspondence that occurs as a result, which is also engaged in by Investec and any relevant Investec Affiliate solely for the purposes of providing general information only. Any subsequent business you choose to transact shall be subject to the relevant terms thereof. We may monitor e-mail traffic data and the content of email. Calls may be monitored and recorded. Investec does not allow the redistribution of this report to non-professional investors or persons outside the jurisdictions referred to above and Investec cannot be held responsible in any way for third parties who effect such redistribution or recipients thereof. © 2019.