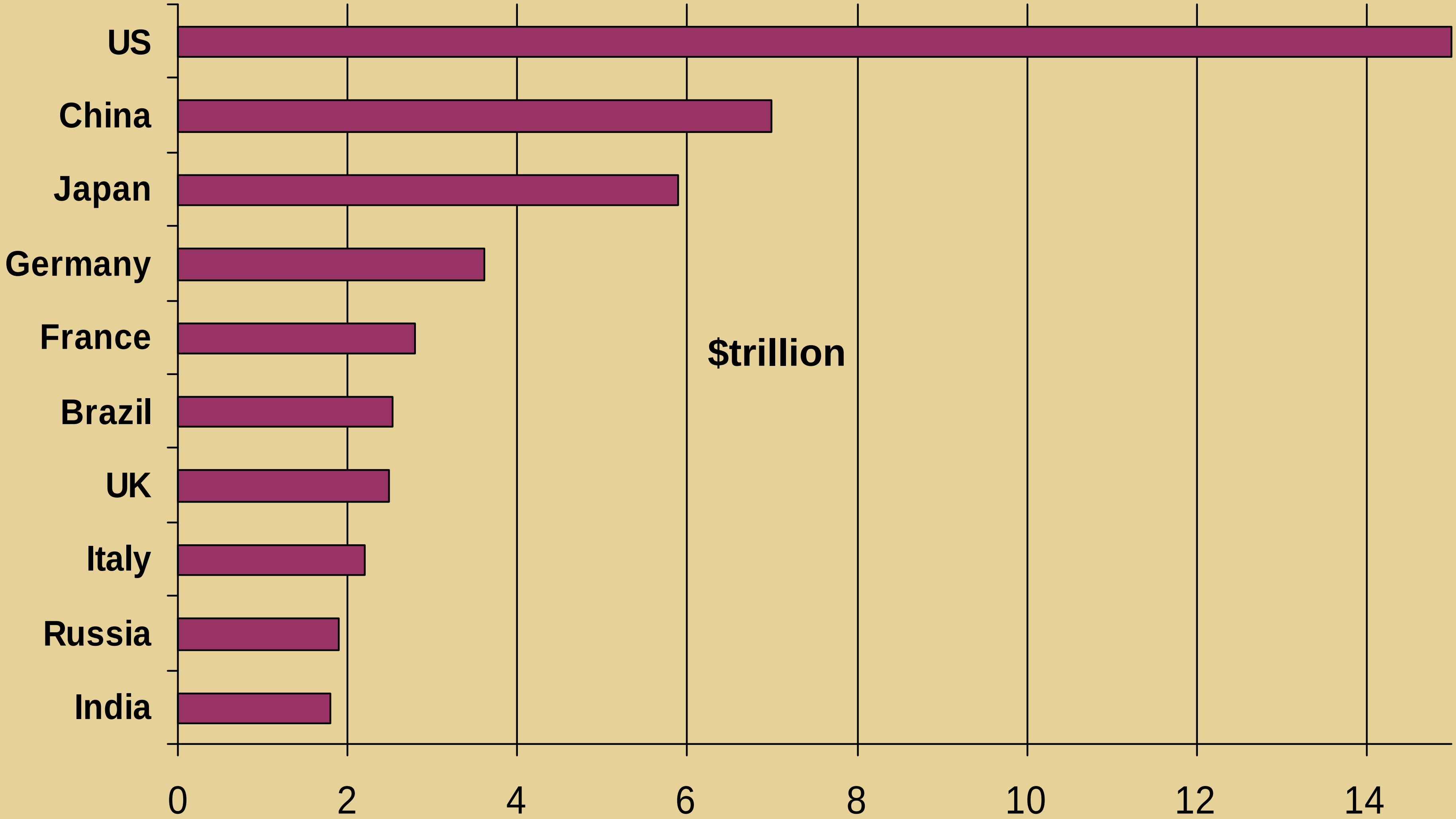
Emerging superpowers & other megatrends *en route* to 2020 (selection)

Researched by Dr Roelof Botha

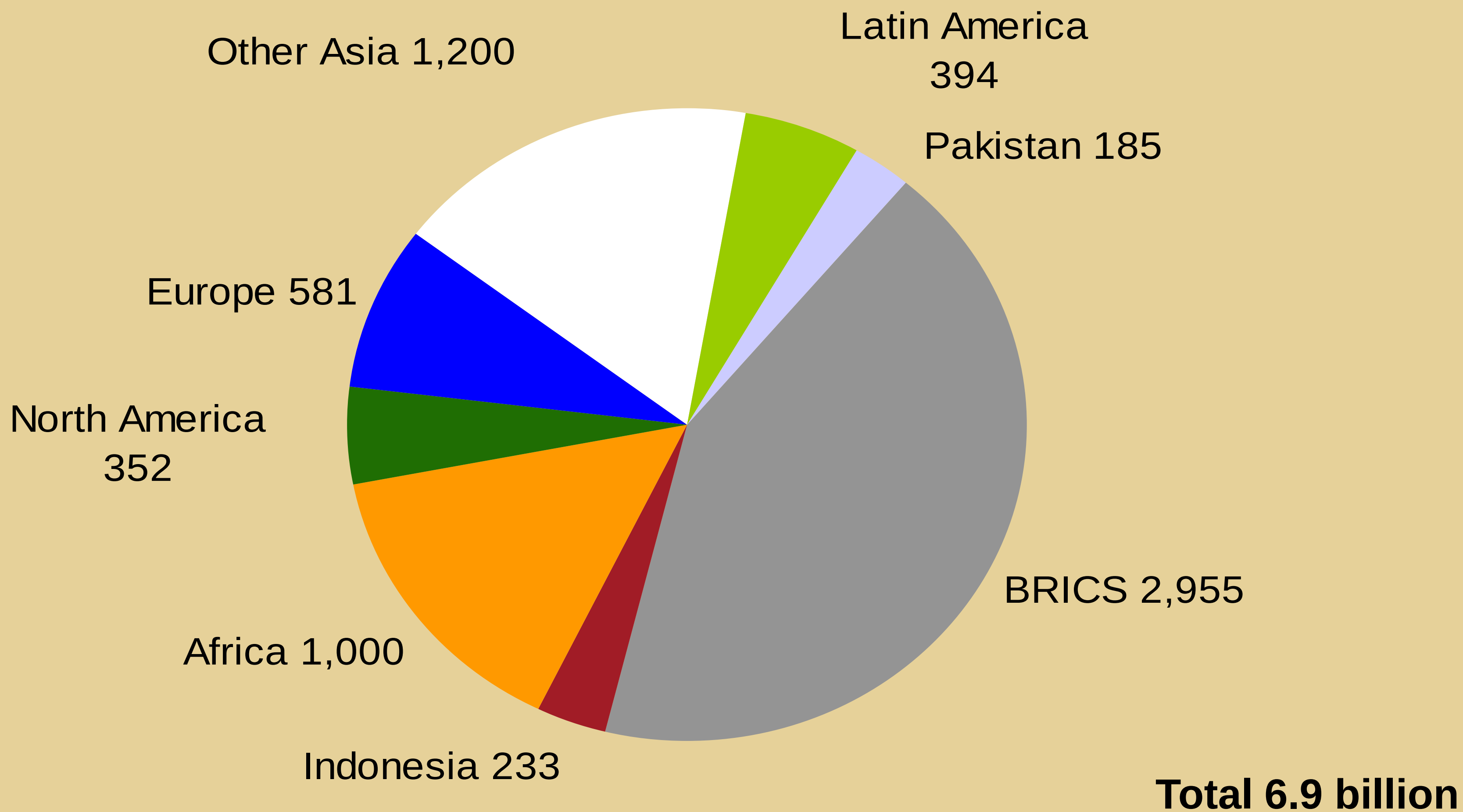
- World population exceeds 7.6 billion
- Increased urbanisation, ageing rises (71 years avg.)
- Emerging markets dominate global economic growth
- Further spread of democracy
- Rising *per capita* incomes
- New applications for nano-technology
- Further progress with bio-technology
- Computers will be 200 times faster
- Increased focus on renewable energy
- Emergence of multiple superpowers

Top-ten economies in the world (BRICS = $13.6 trillion – 22% of world total) *Source: World Bank*

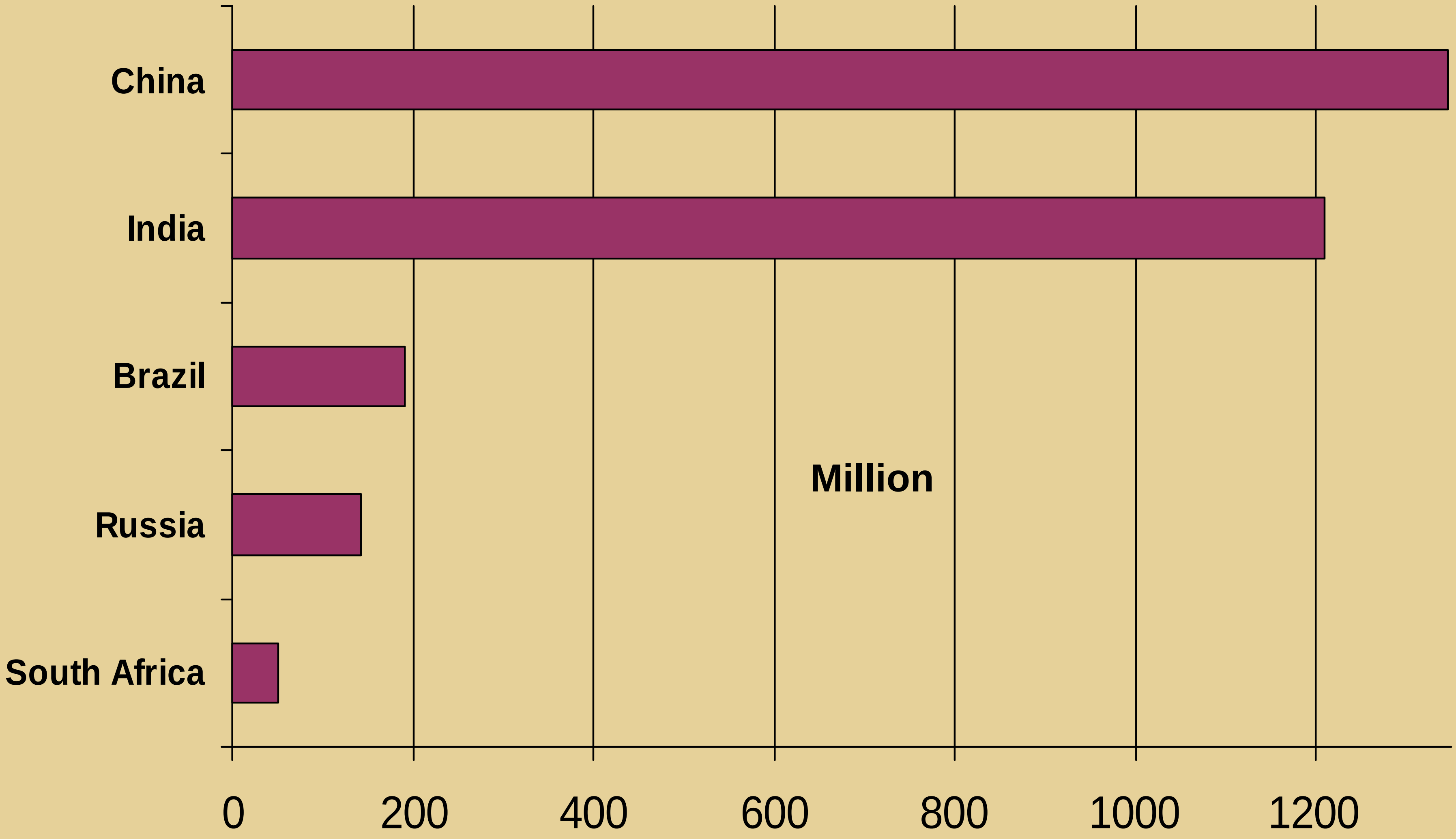


Regional composition of world population 2010

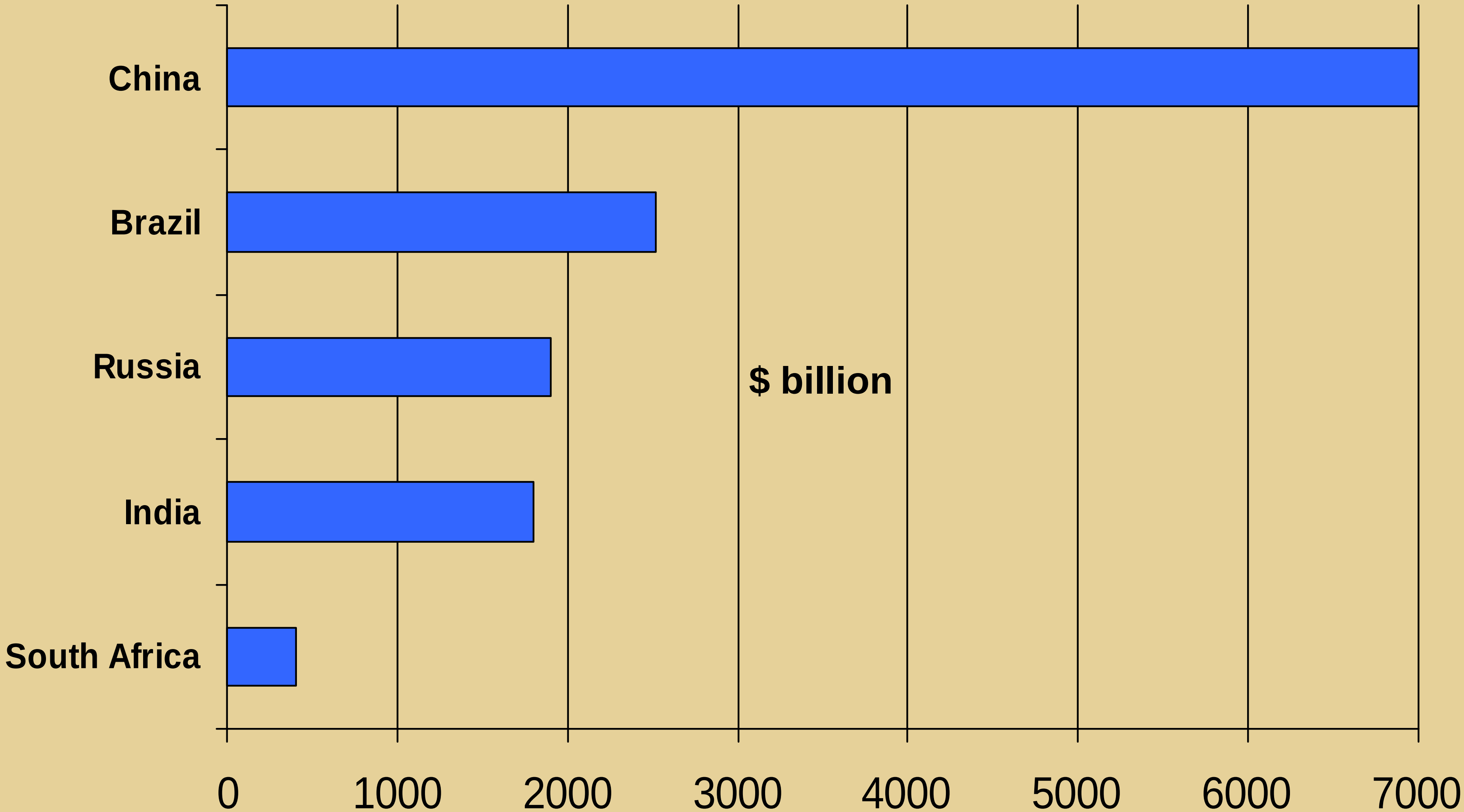
(BRICS = 42% of world total) *(Source: UNDP)*



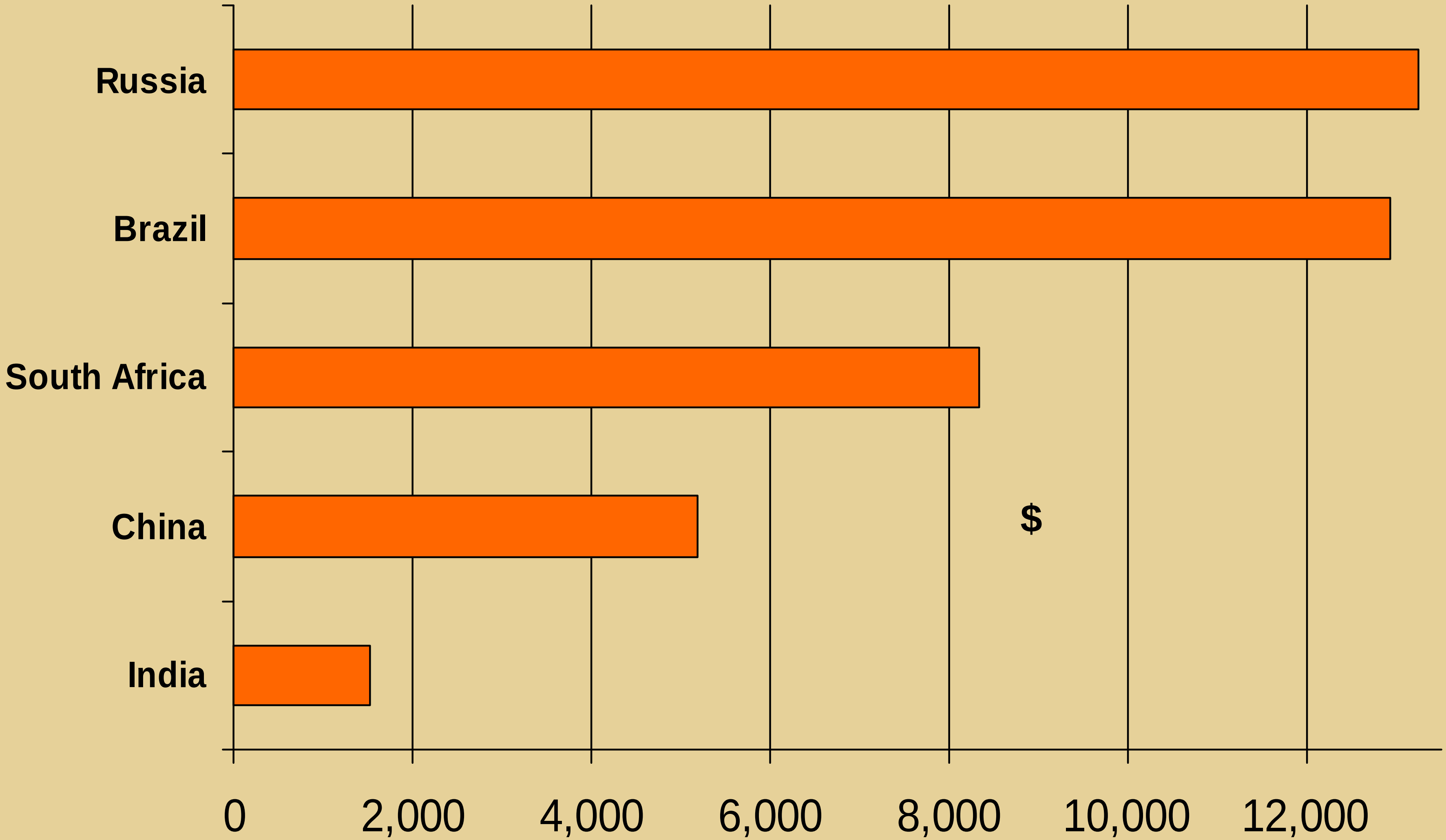
BRICS Population 2011



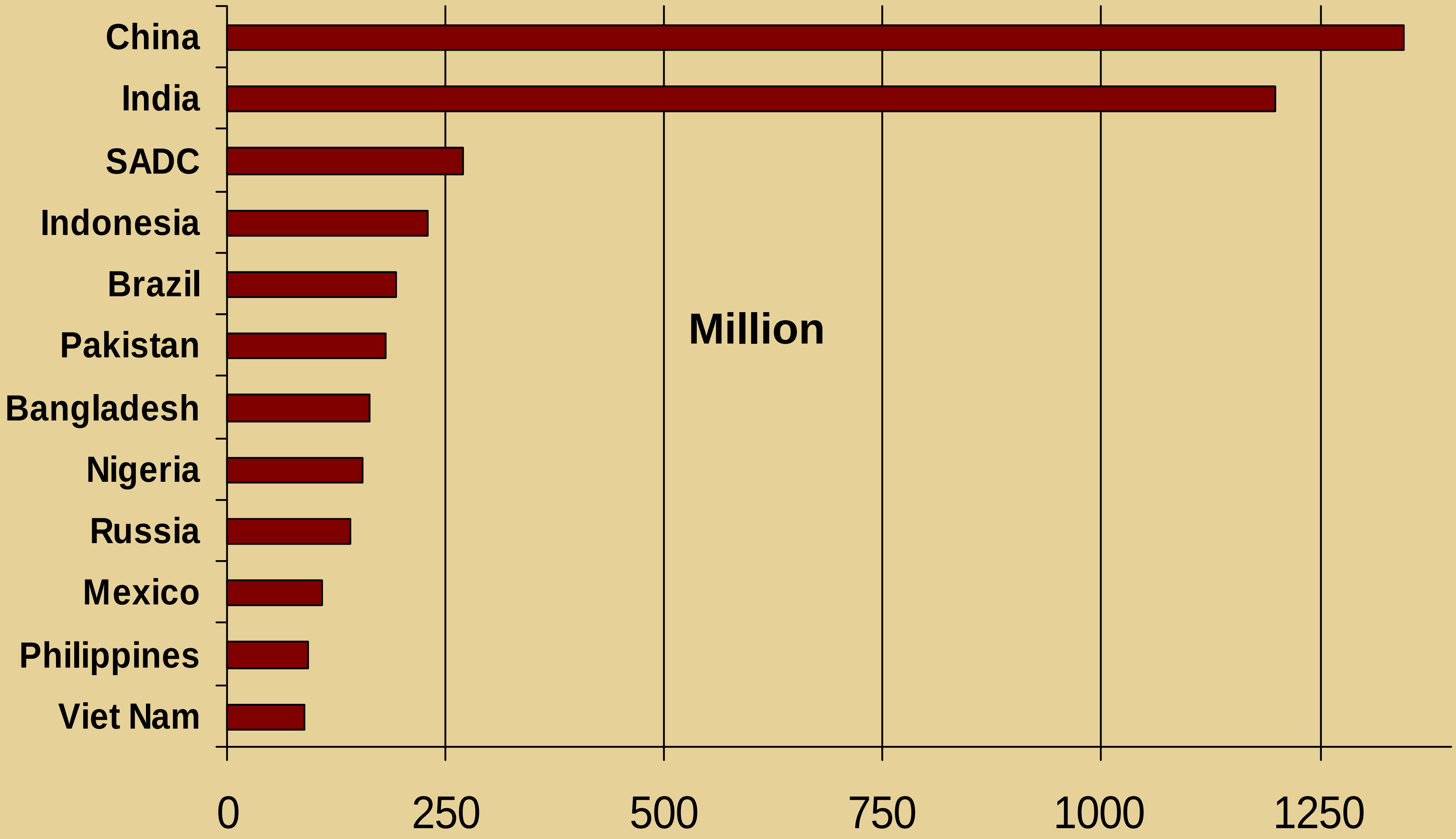
BRICS GDP 2011



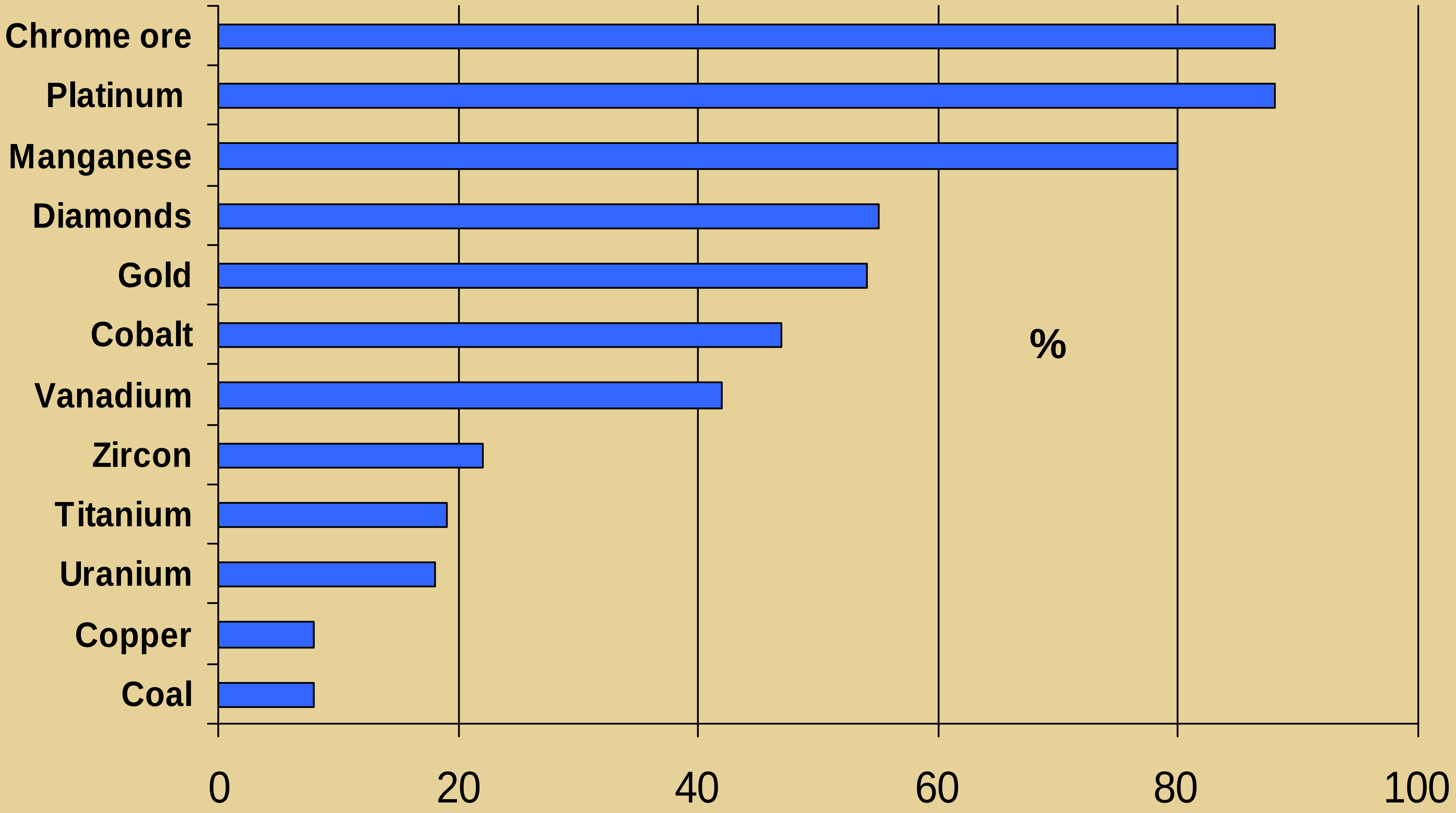
BRICS GDP *per capita* 2011



Most populous developing countries & SADC population

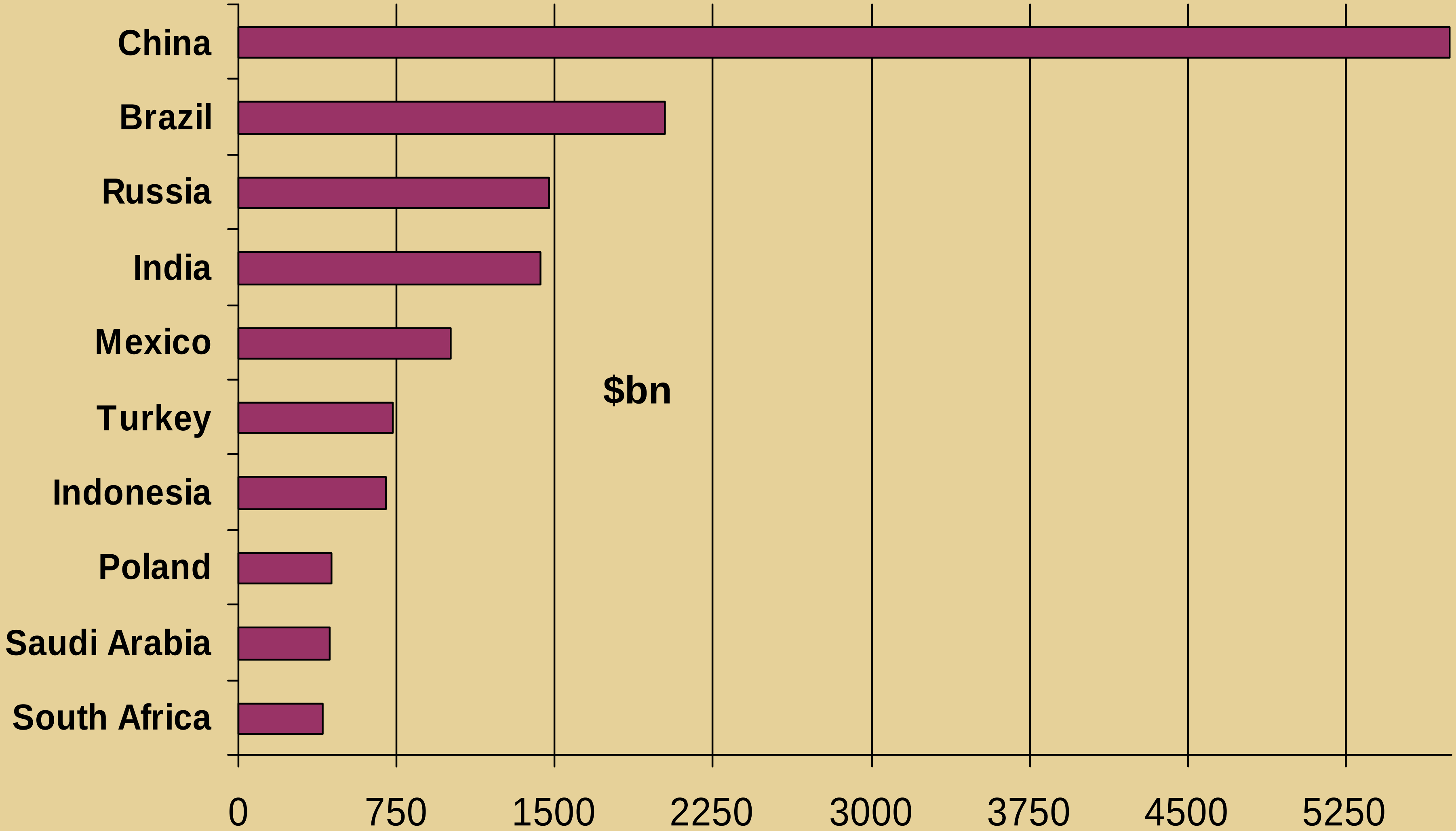


SADC share of world reserves for selected metals & minerals (2009)

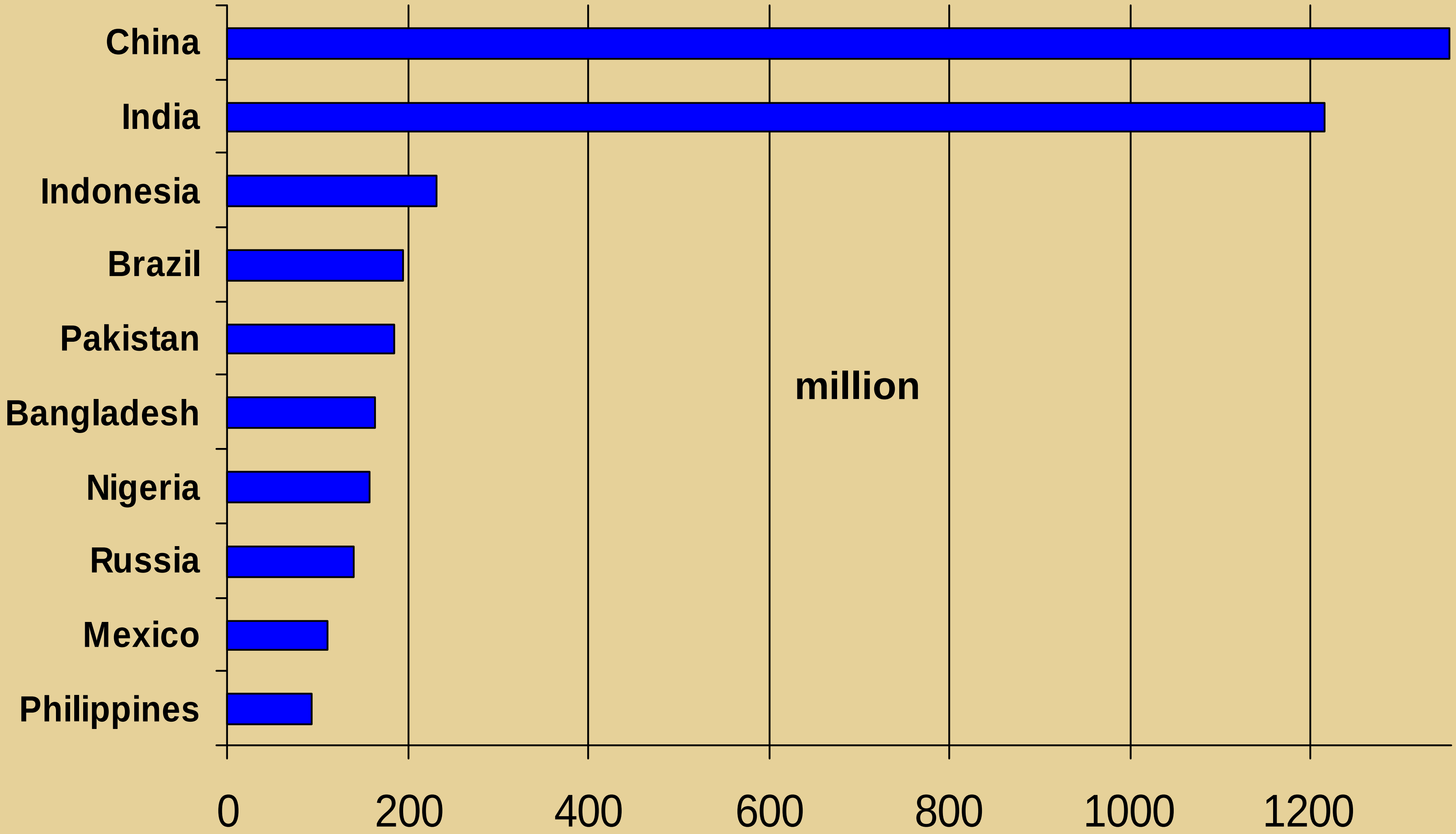


Emerging markets – top-ten economies

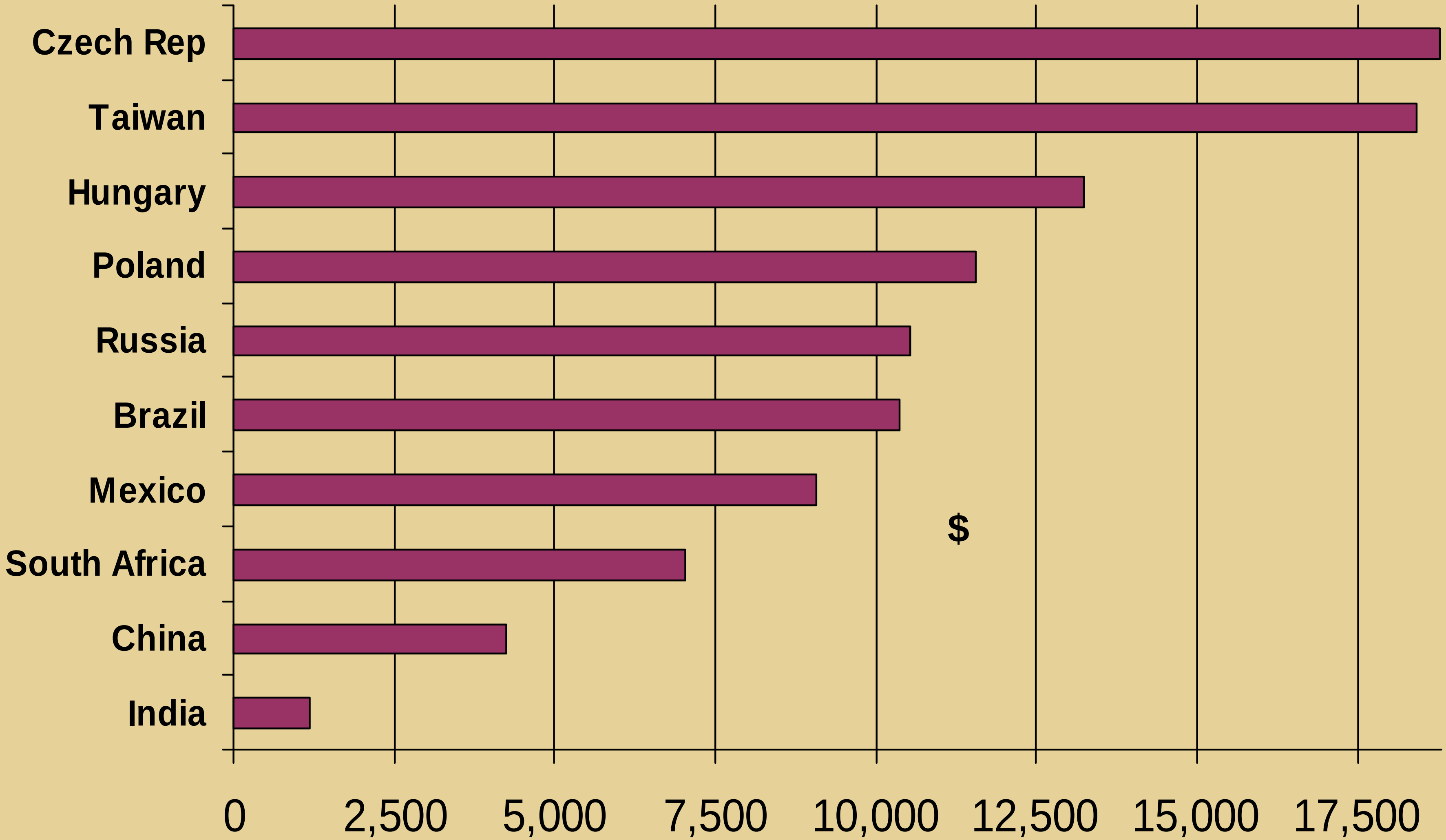
(total $14.4 trillion)



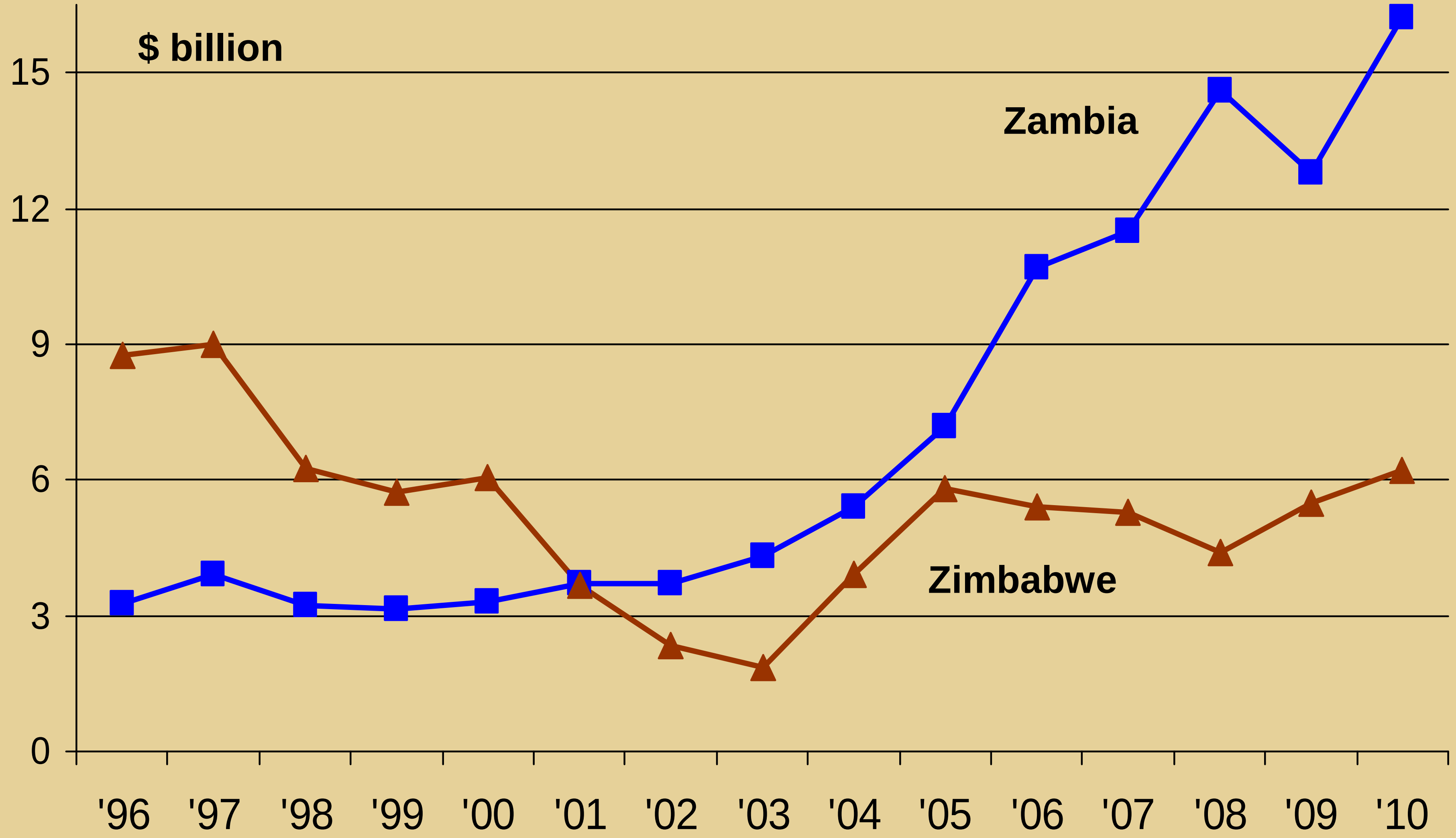
Emerging markets – top-ten populations
(total 3.85 billion)



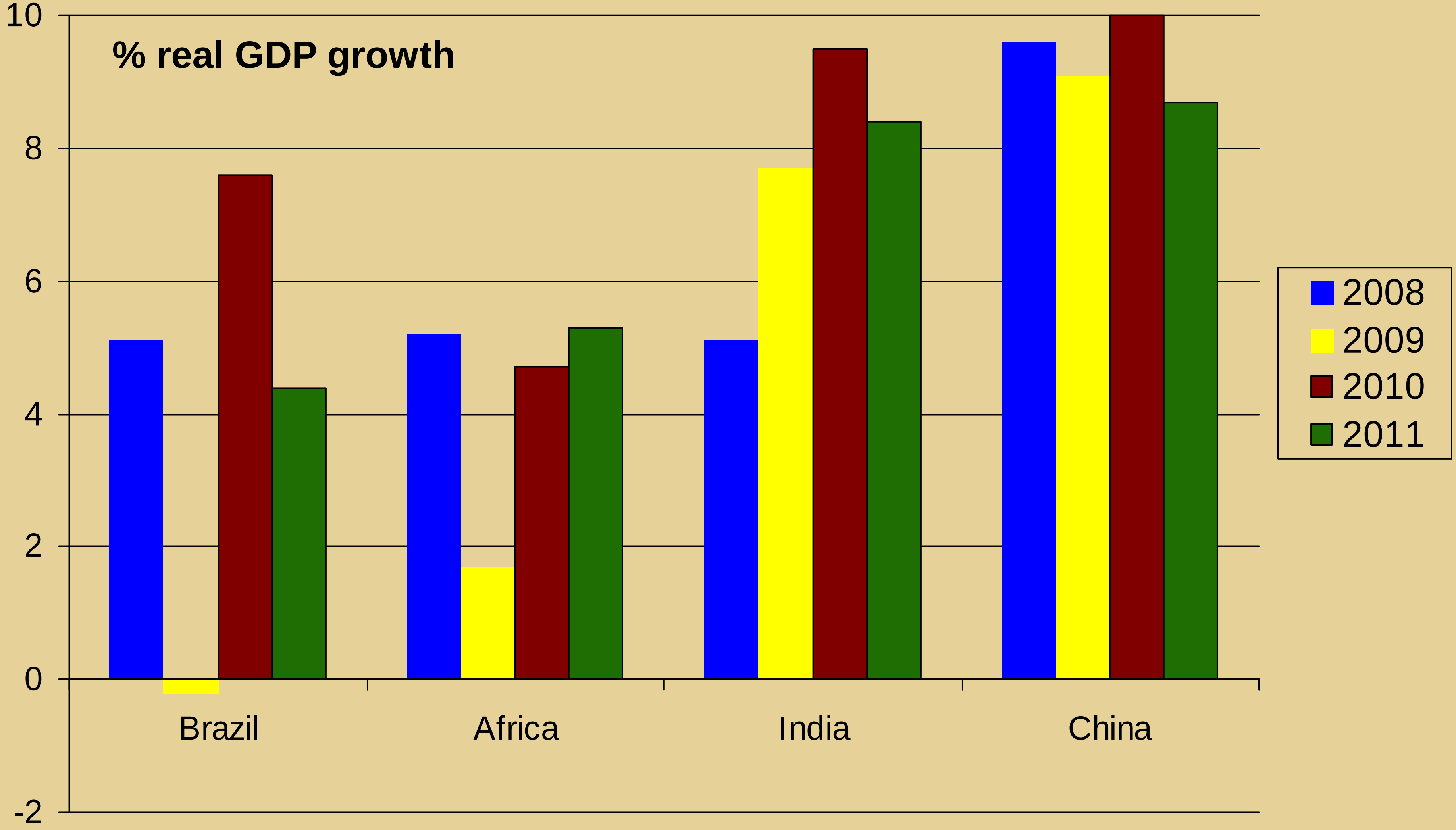
Emerging markets – 1^{st} tier group: *per capita* GDP 2010



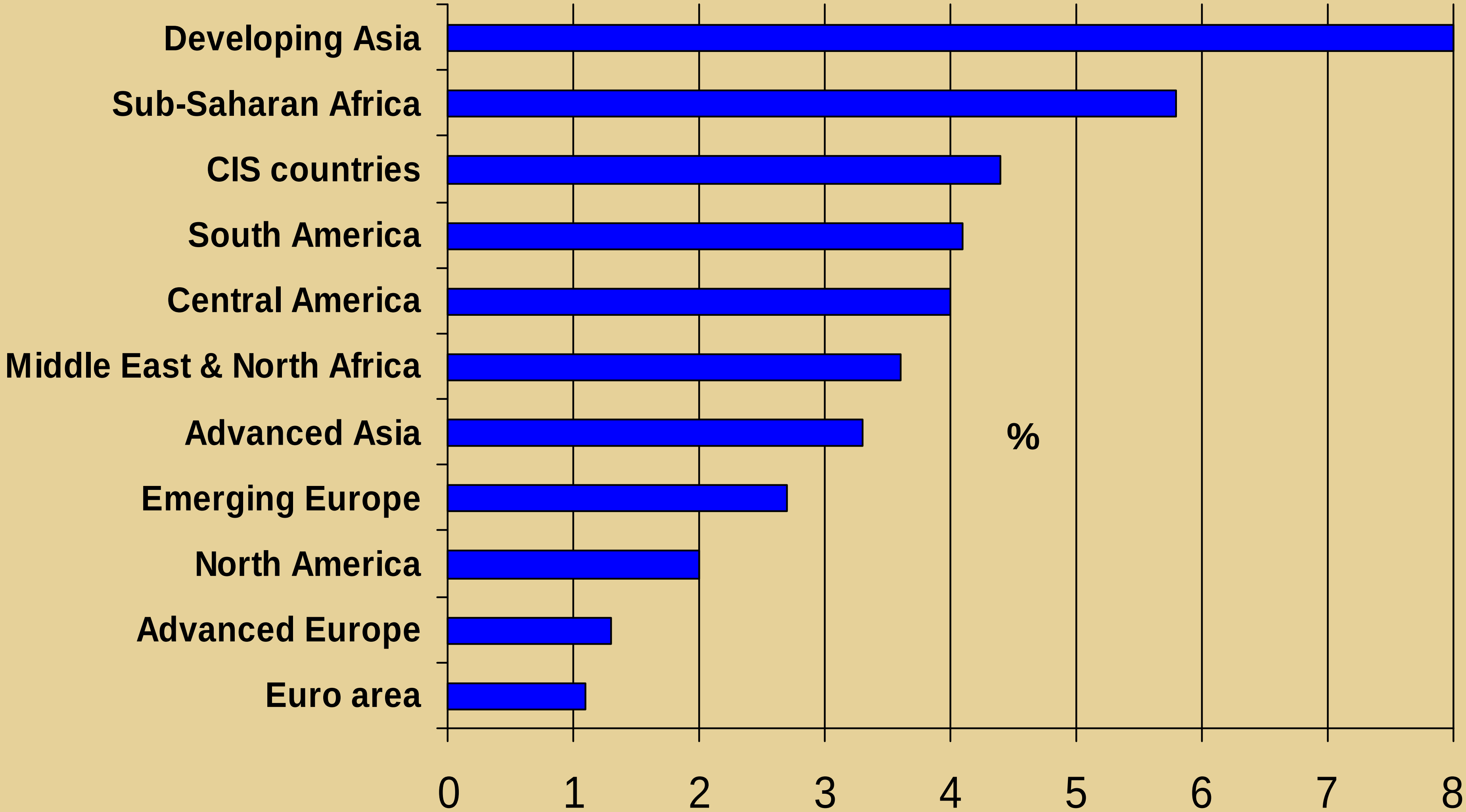
Sharp contrast between the GDP growth paths of Zambia and Zimbabwe (nationalisation in action)



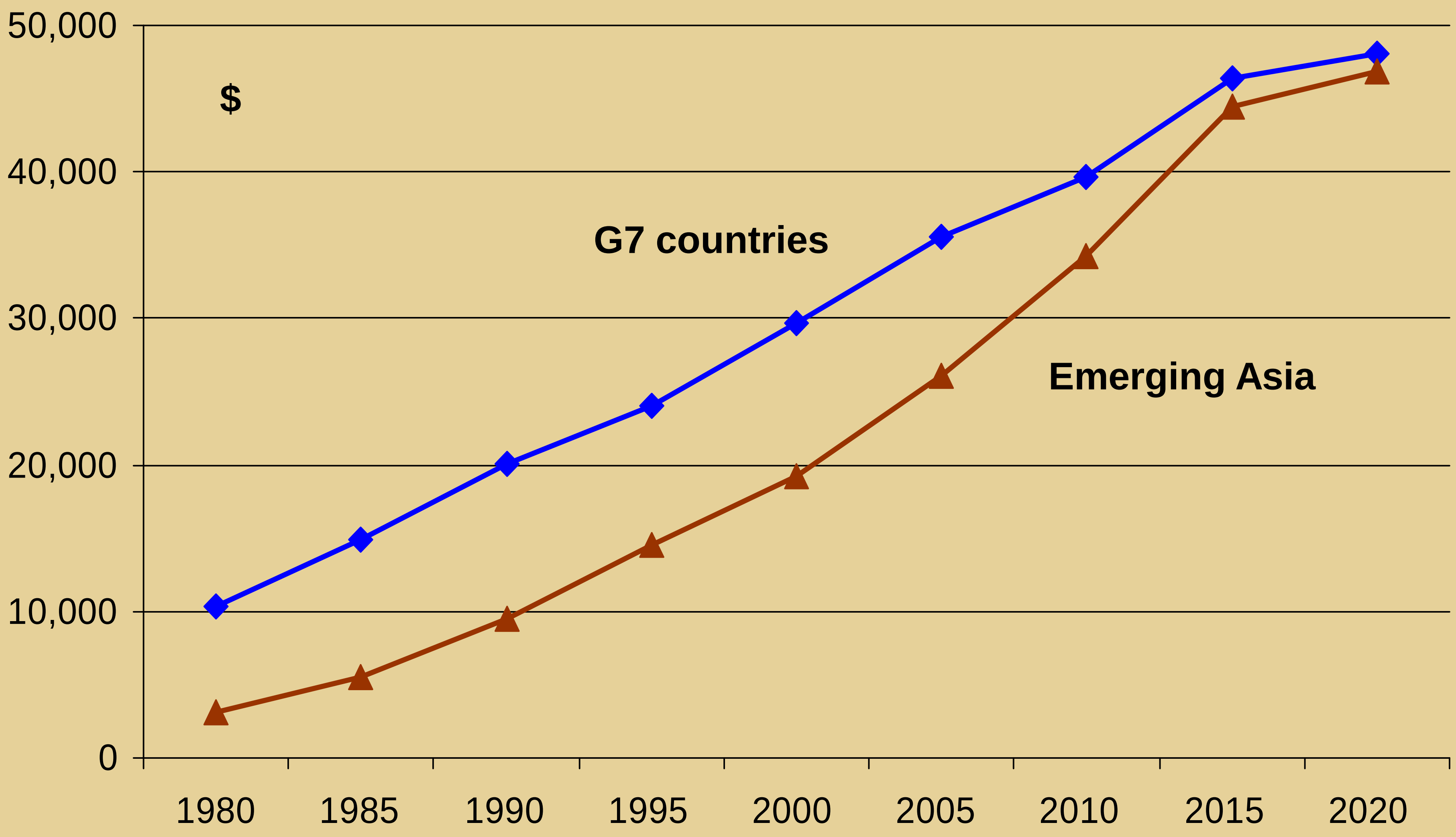
Key developing regions exhibit resistance to recession & set to grow at high rates *(Source: World Bank)*



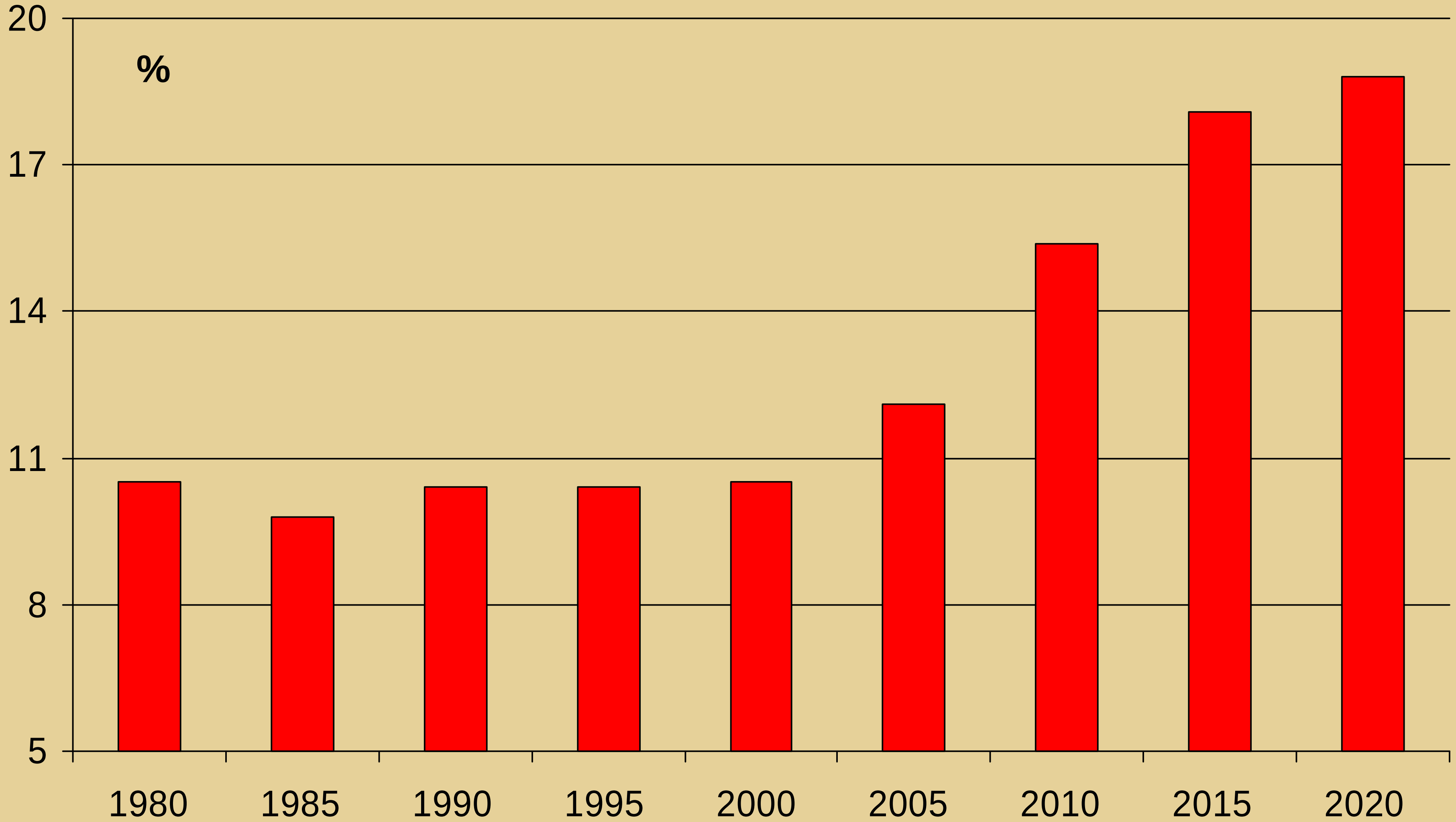
Global growth forecasts for 2012 (IMF) – a regional perspective



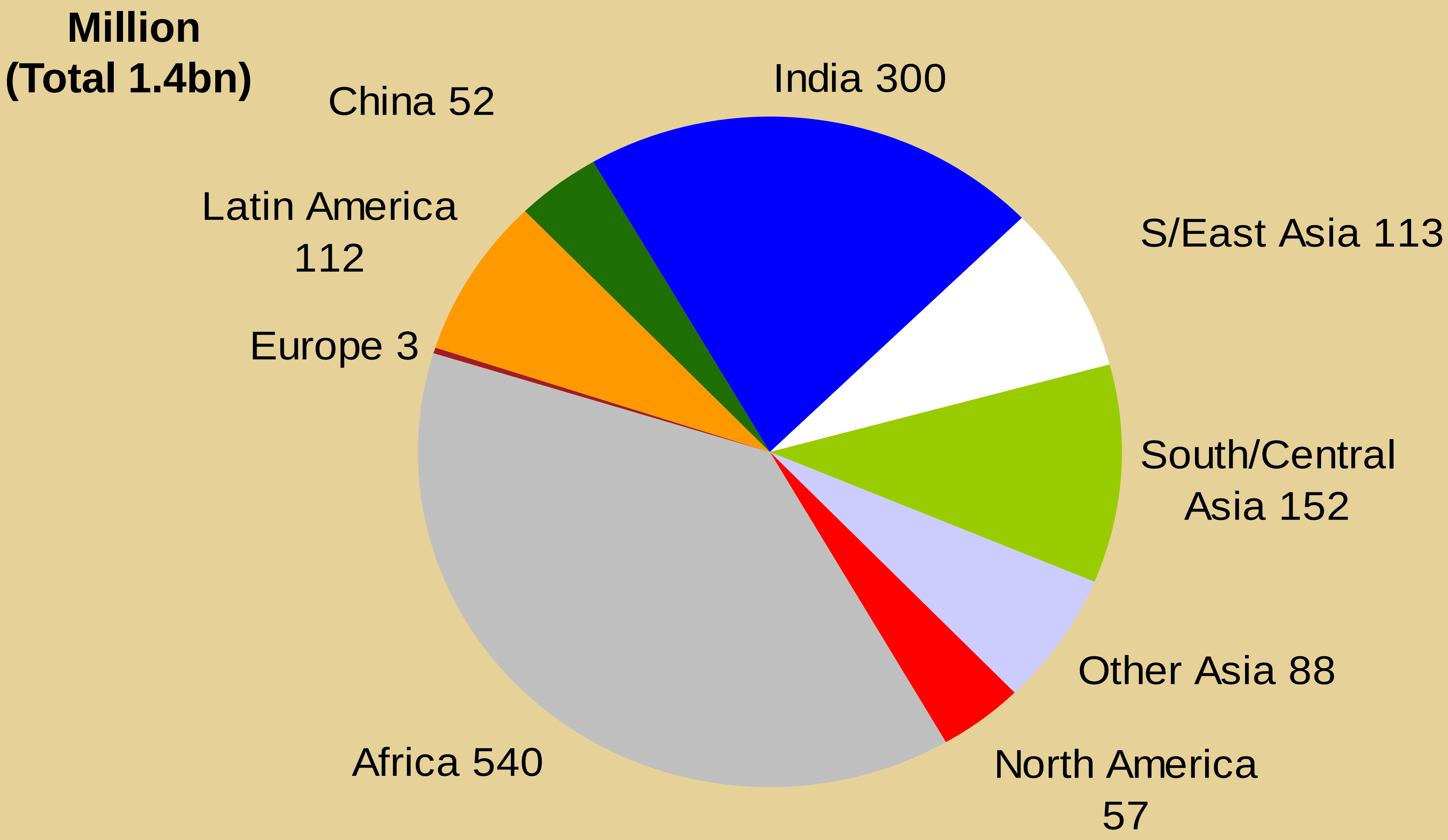
Convergence of *per capita* GDP (at purchasing power parity)



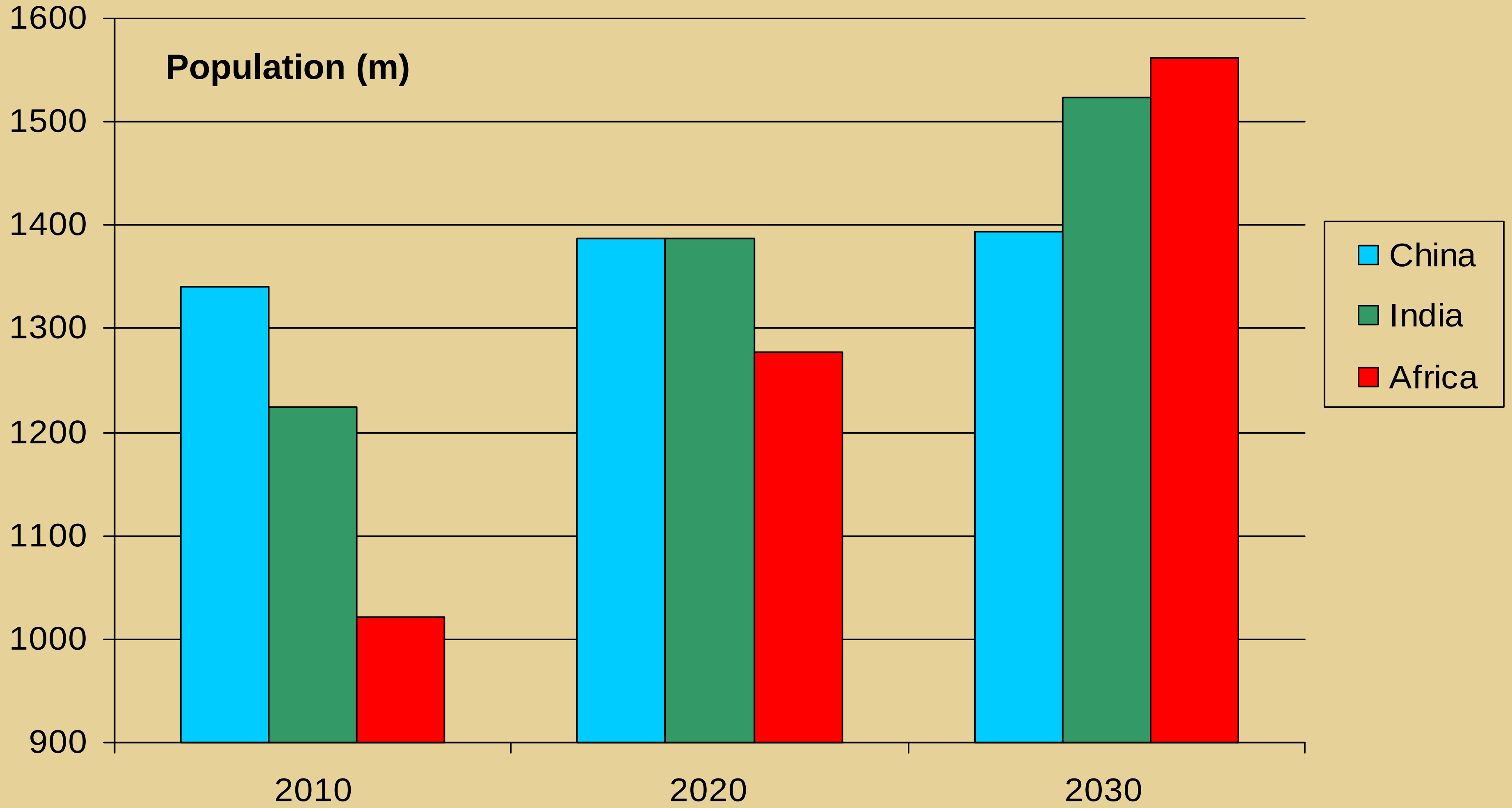
Ratio of emerging market/G7 *per capita* GDP



Forecast increase in the world's population 2010 to 2030 *(Source : UNDP)*



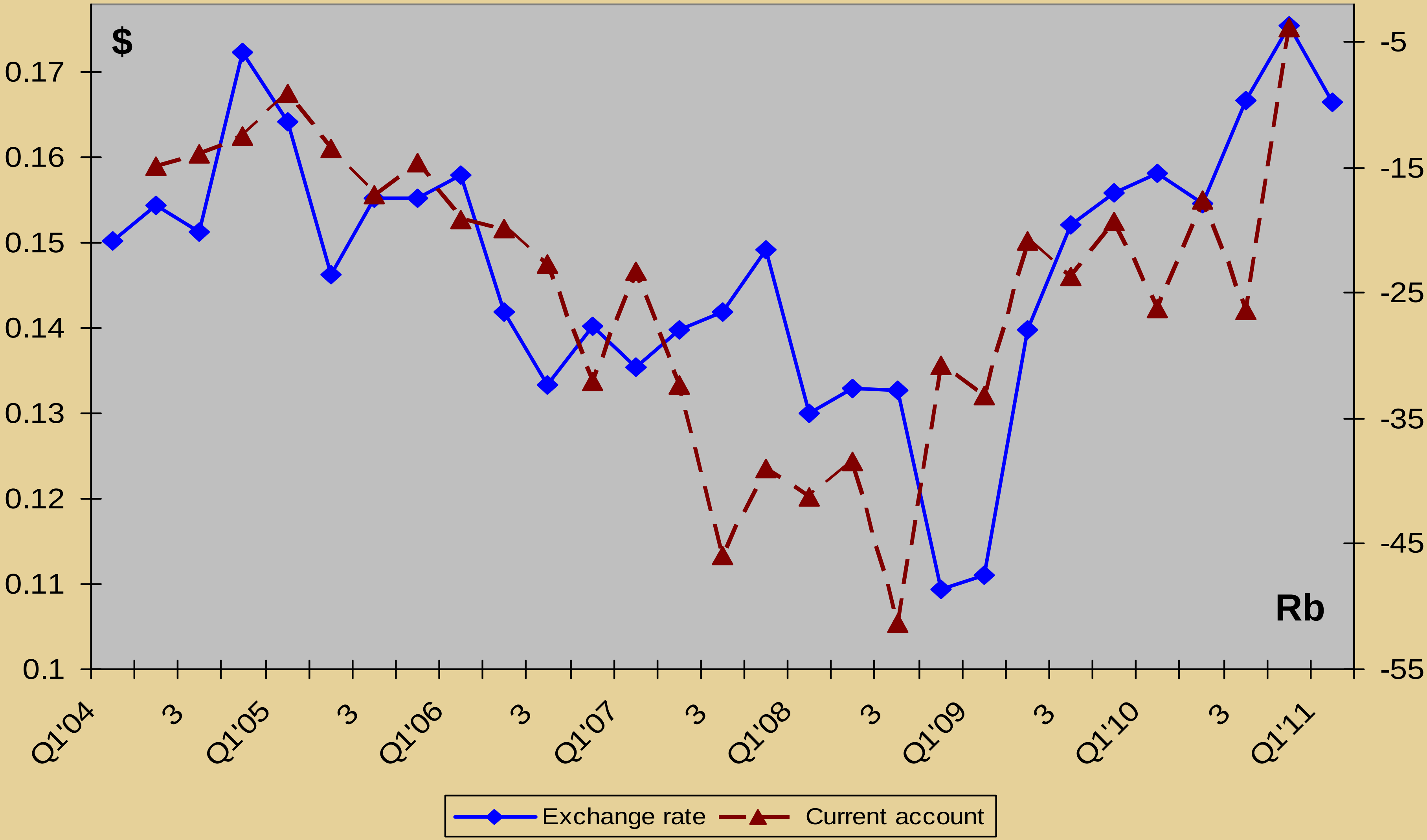
Africa will become the world's largest consumer market *(Source: UNDP)*



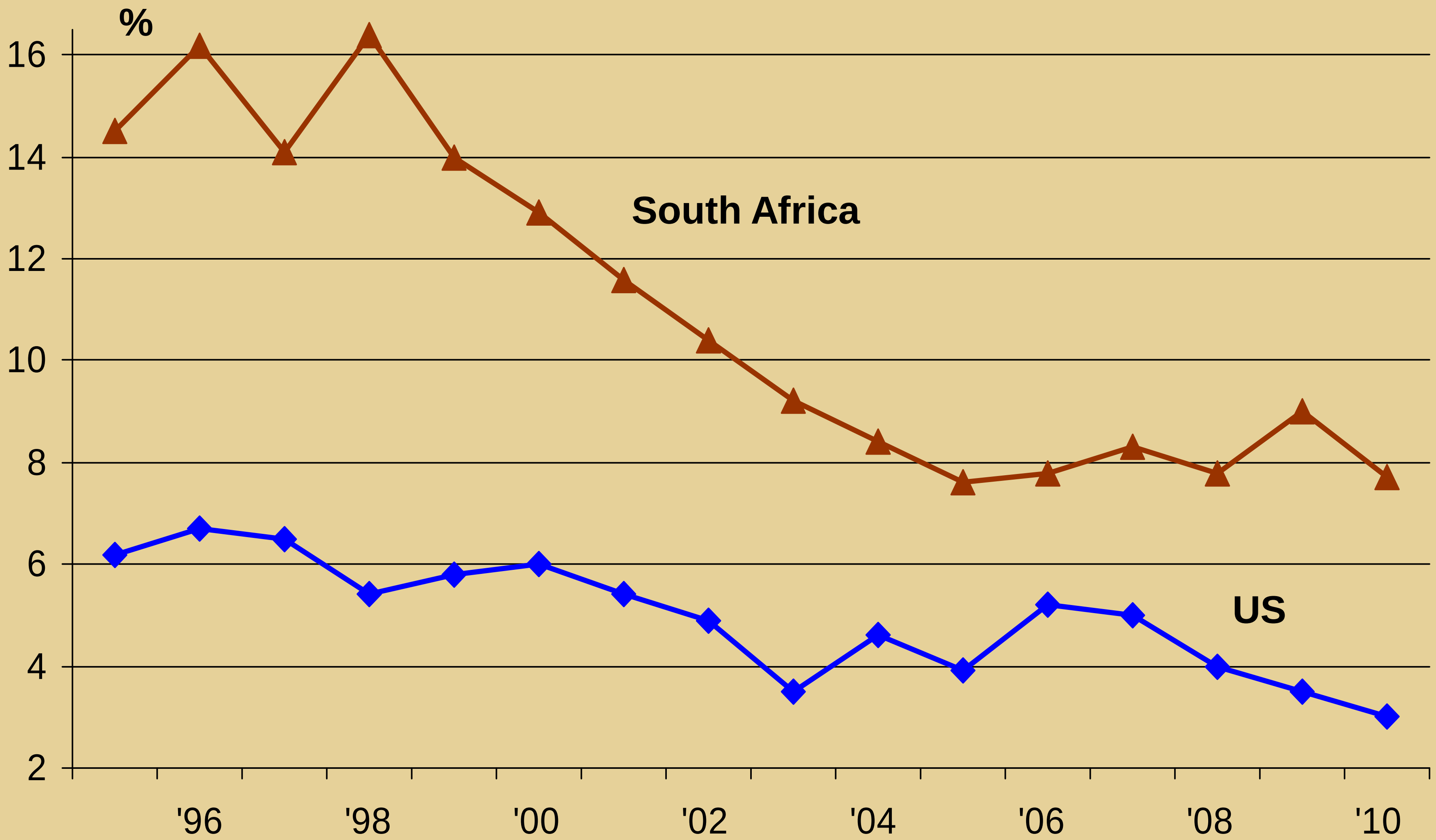
Characteristics (& investment attraction) of Sub-Saharan Africa *(selectivity remains a standard caveat)*

- Regional population of one billion people before 2020
- High & sustained growth in *per capita* incomes
- Strong multiplier effect of infrastructure investment
- Abundance of raw materials, metals & minerals
- Significant agri-processing potential
- Improved public sector corporate governance
- Saturation of markets in many high-income countries
- Relatively low labour costs
- Presence of global banks
- SADC seen as regional superpower

Real $/rand exchange rate & the balance on the current account

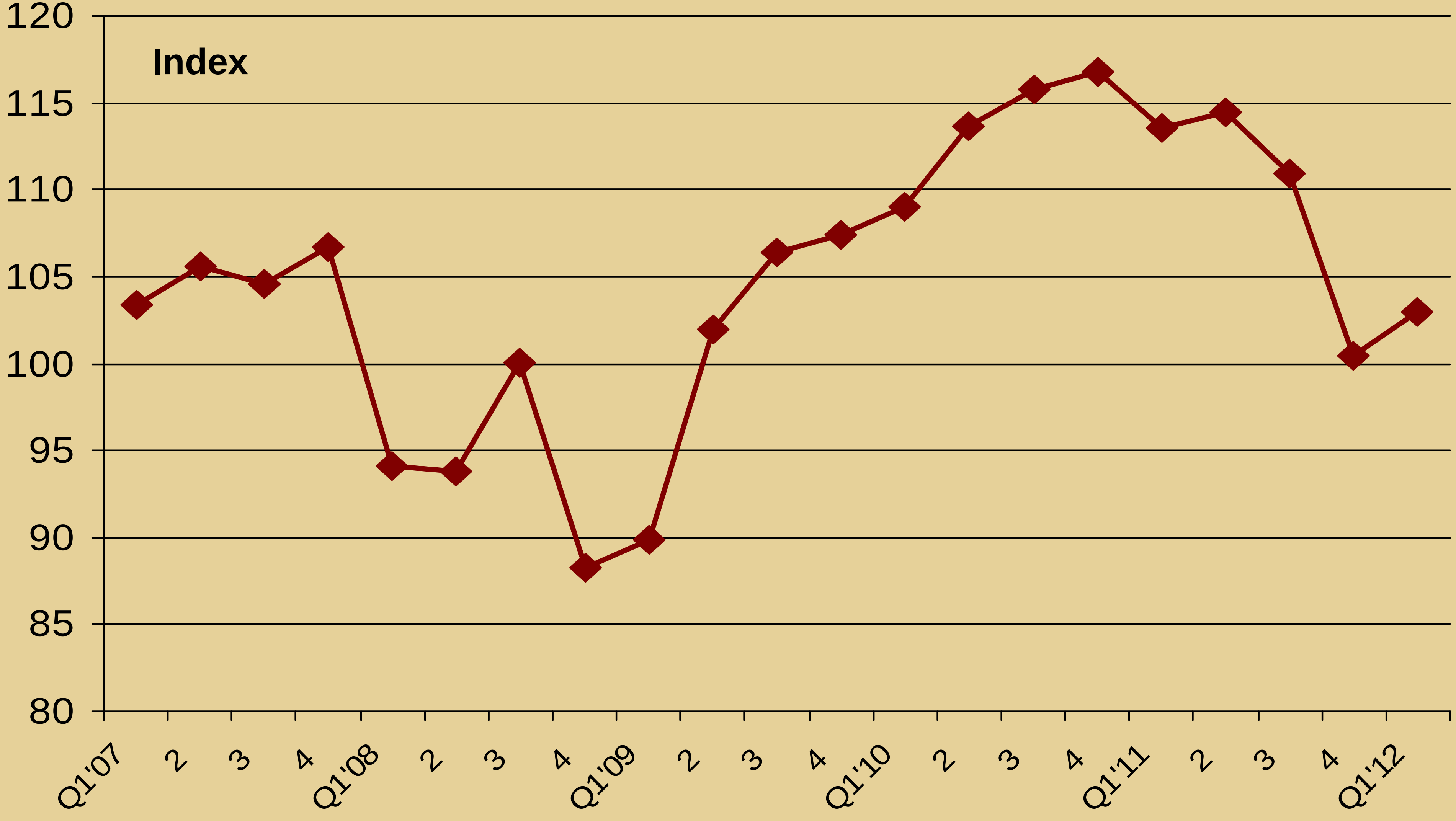


Long-term bond yields – US & South Africa

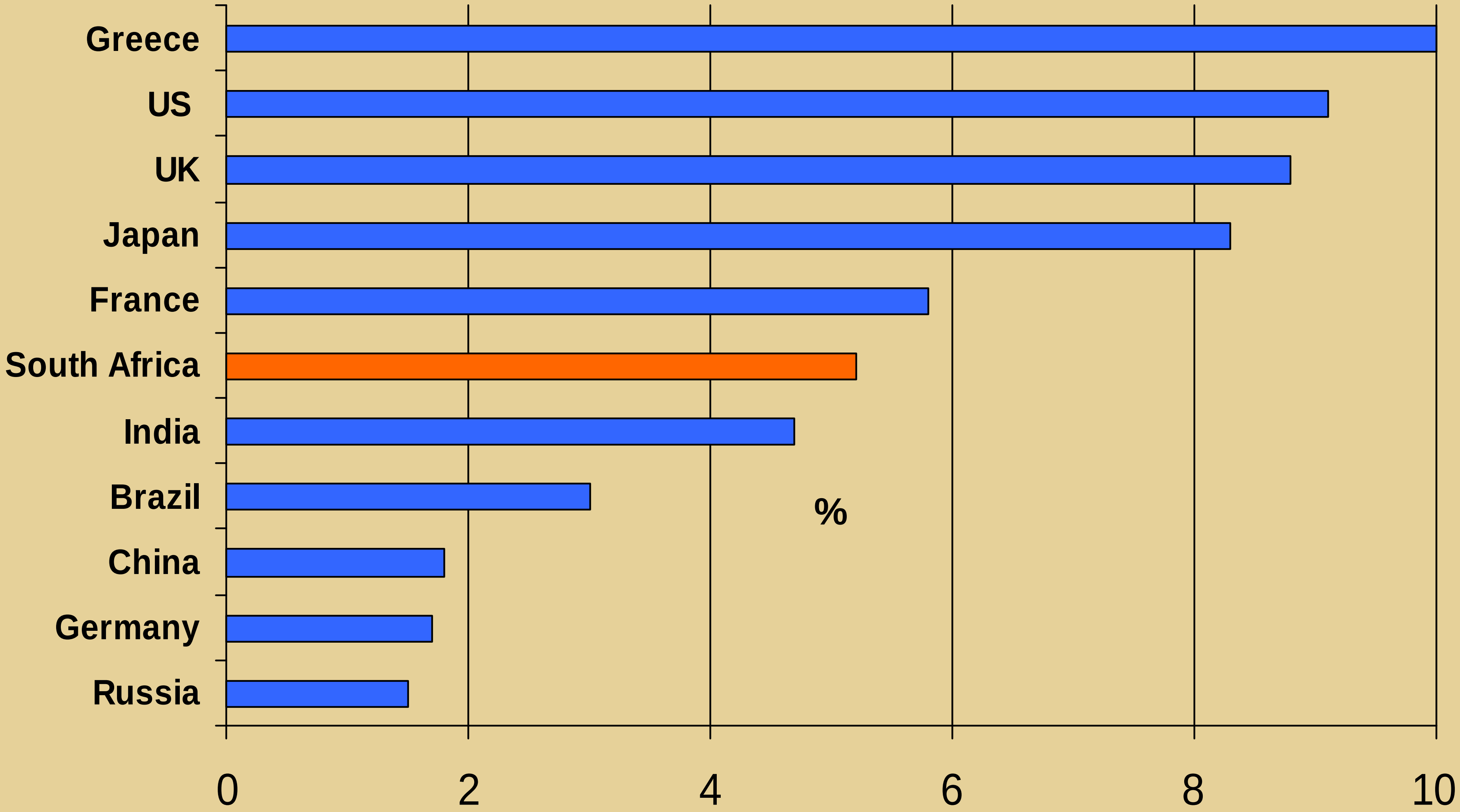


Real effective exchange rate of the rand

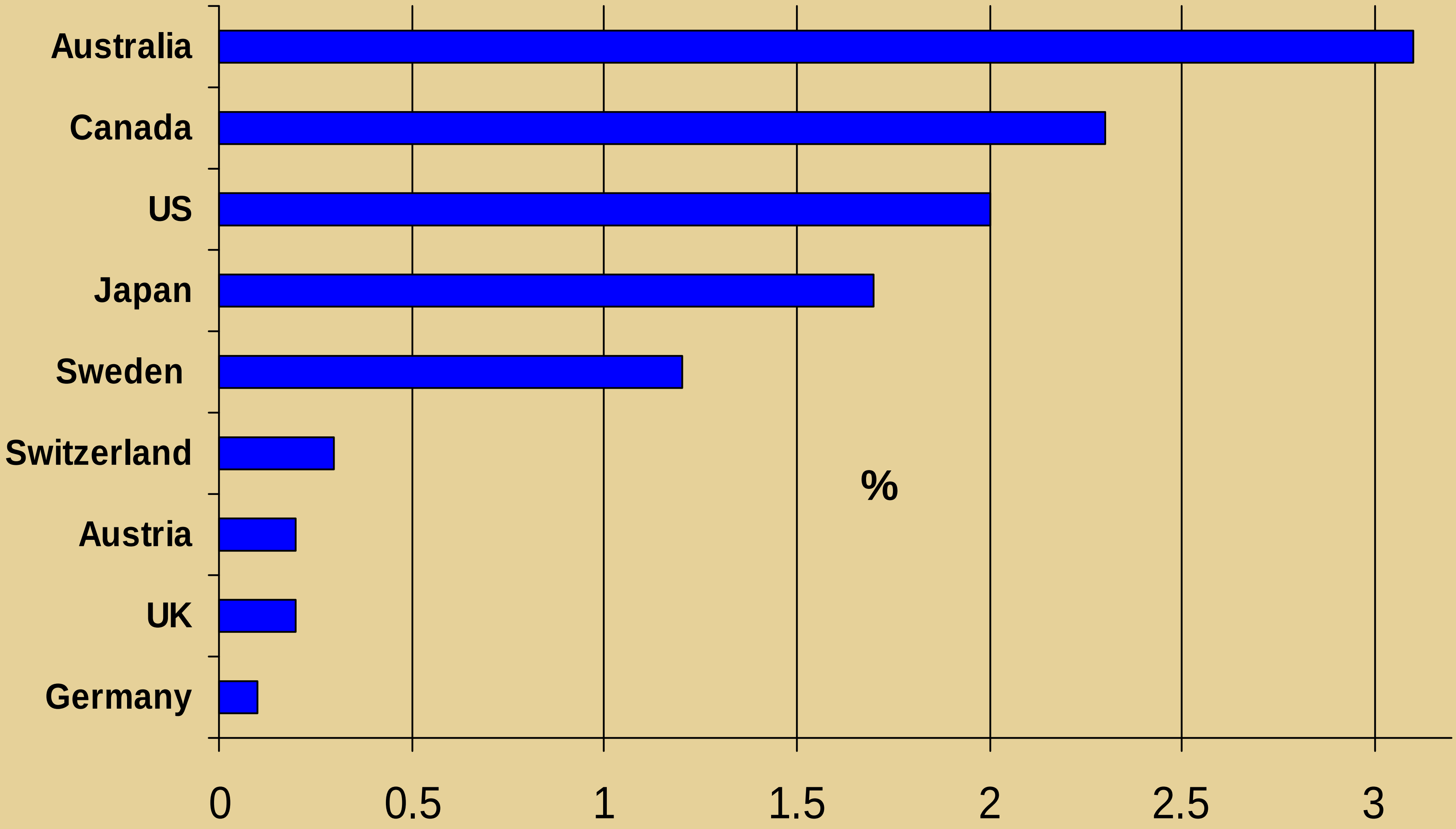
(index, 2000 = 100)



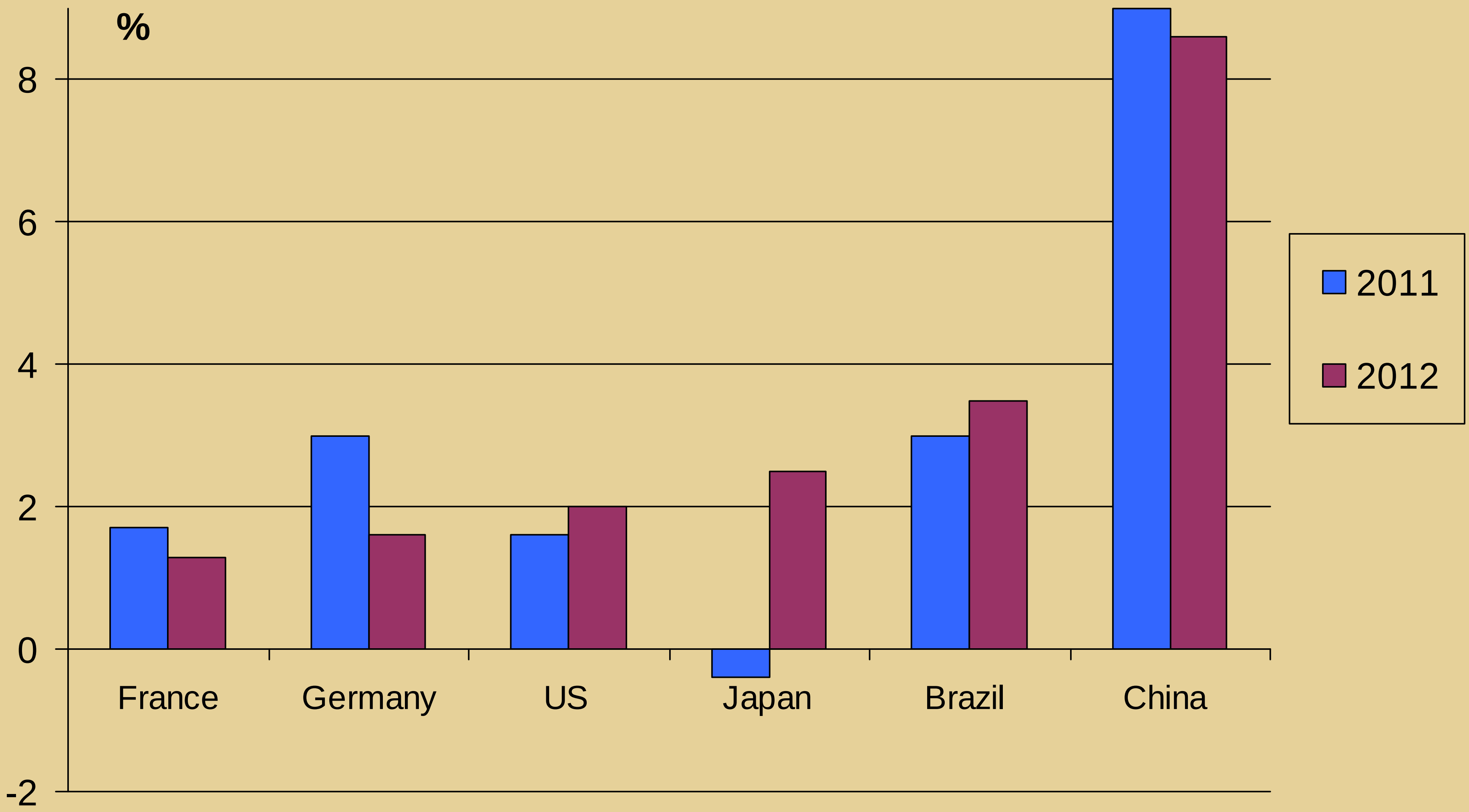
Fiscal deficits as % of GDP – selected trading partners



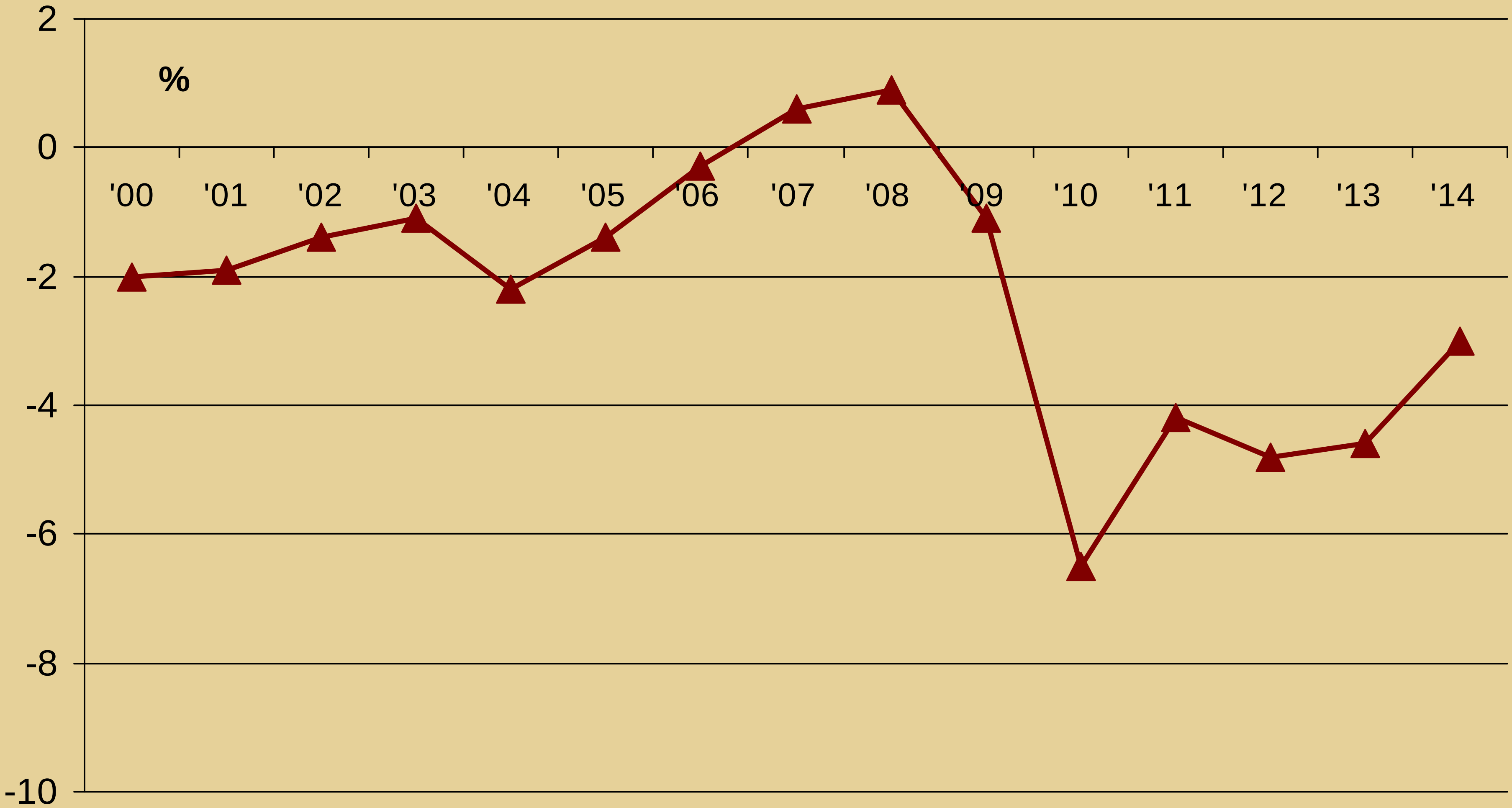
GDP growth forecasts for 2012 – key high-income countries *(Source: Economist Intelligence Unit)*



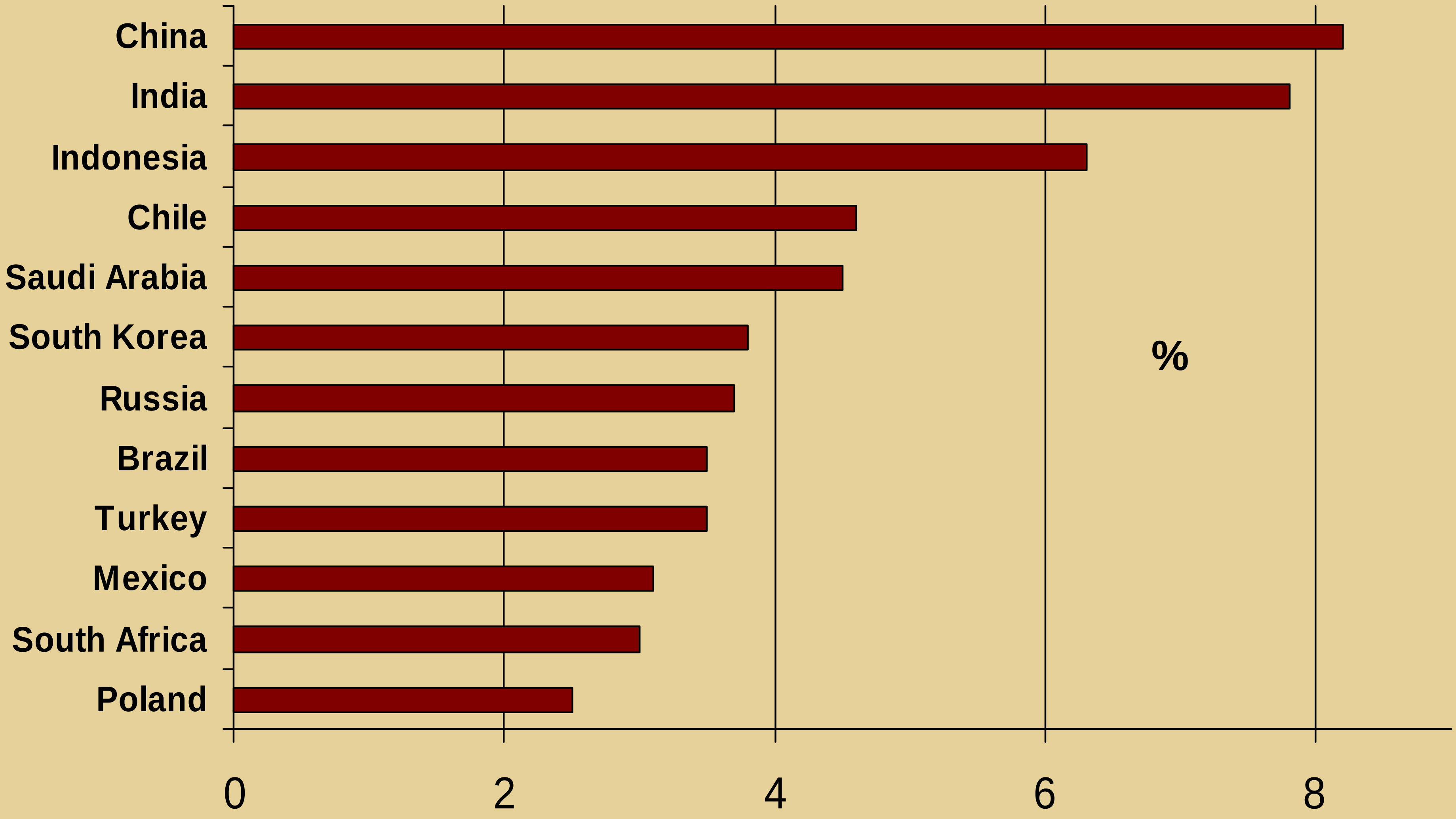
GDP growth forecasts for 2011 & 2012 – world's 6 largest economies *(Source: Economist Intelligence Unit)*



SA budget deficit/GDP ratio (with National Treasury forecast to 2014)

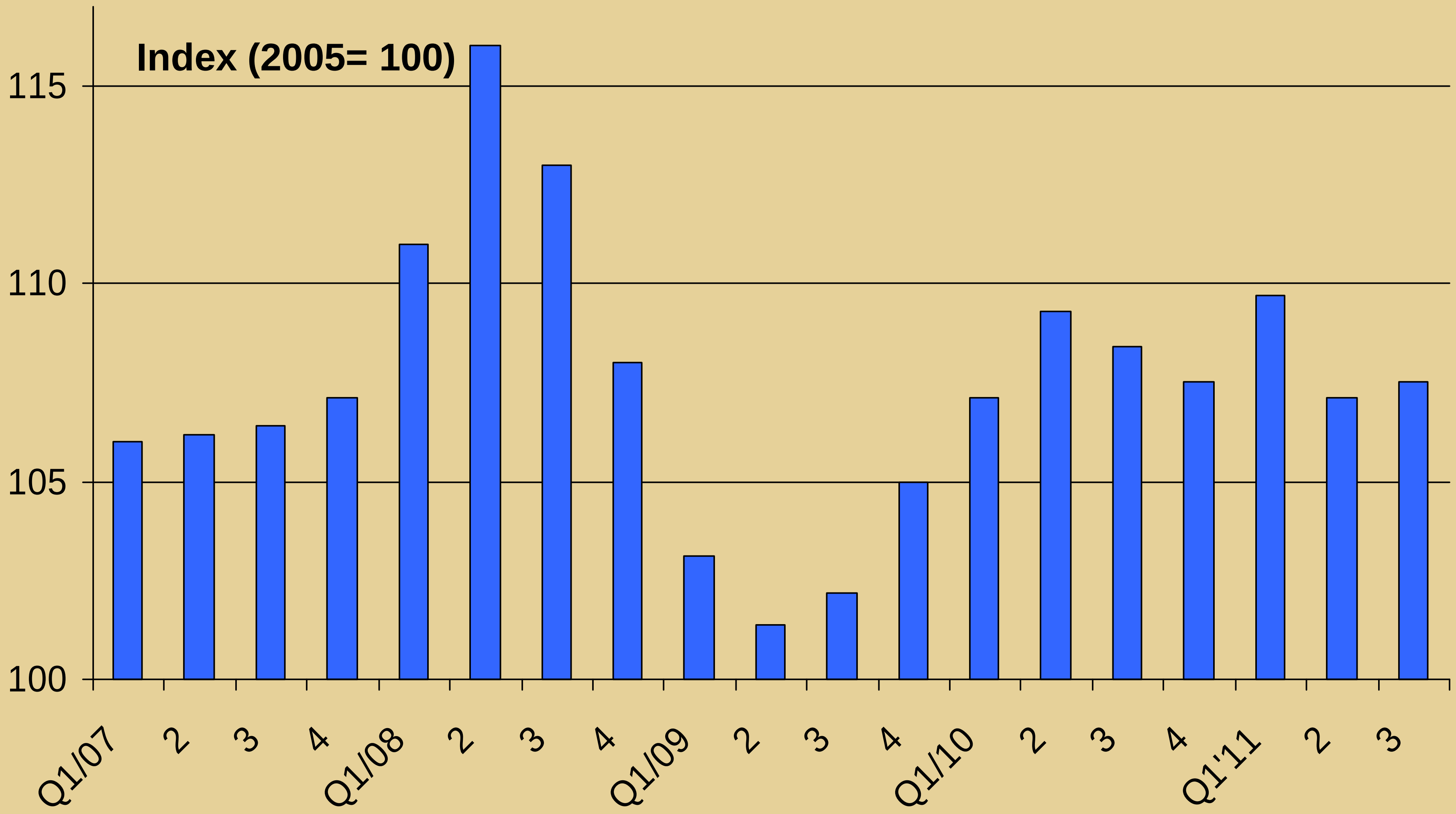


GDP growth forecasts for 2012 – key emerging markets *(Source: Economist Intelligence Unit)*

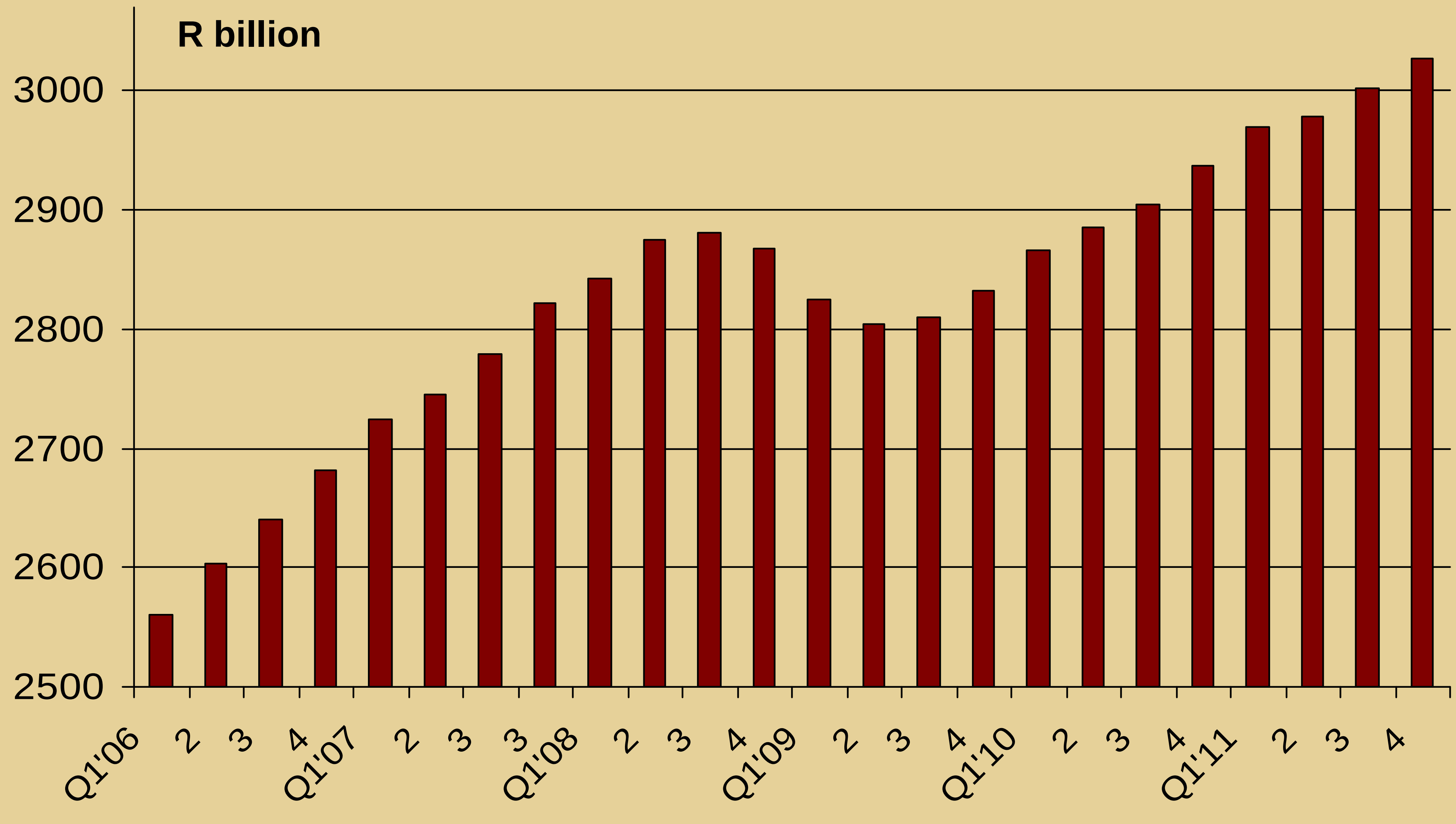


Indices of labour productivity & unit labour costs in manufacturing (2000 = 100)

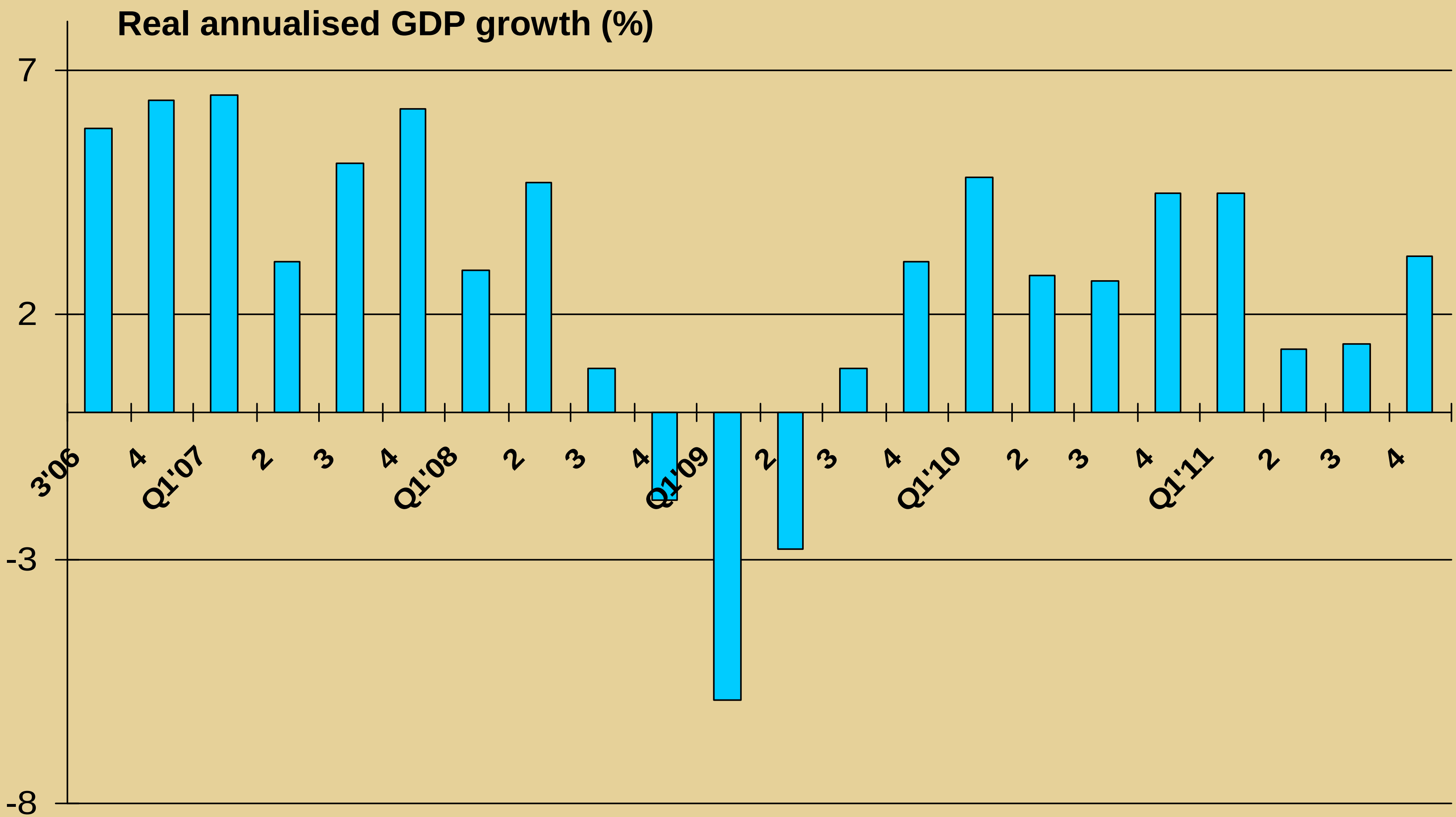
Volume of production – non-durables



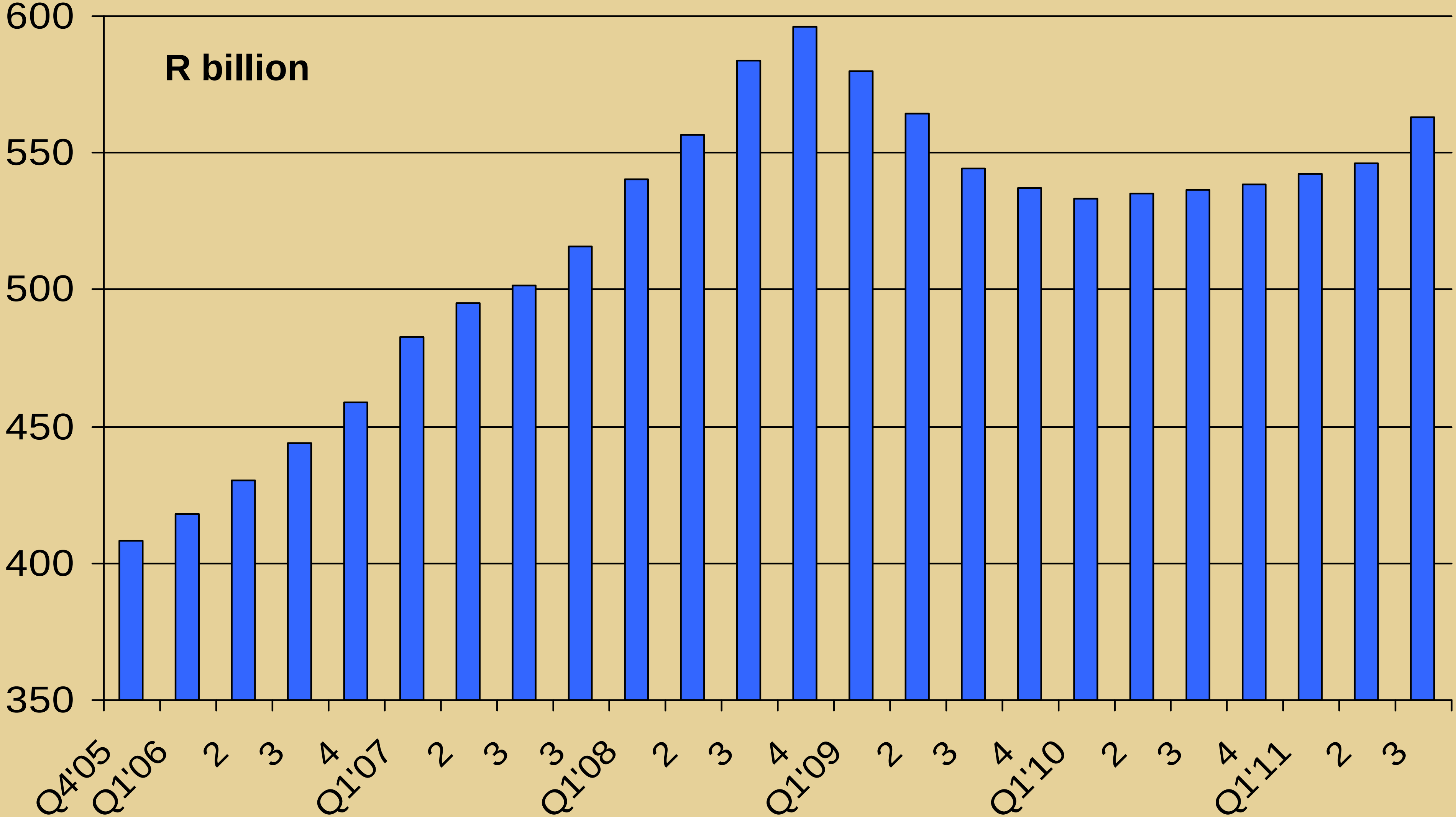
GDP trends (annualised rates)



Recession only lasts 3 quarters

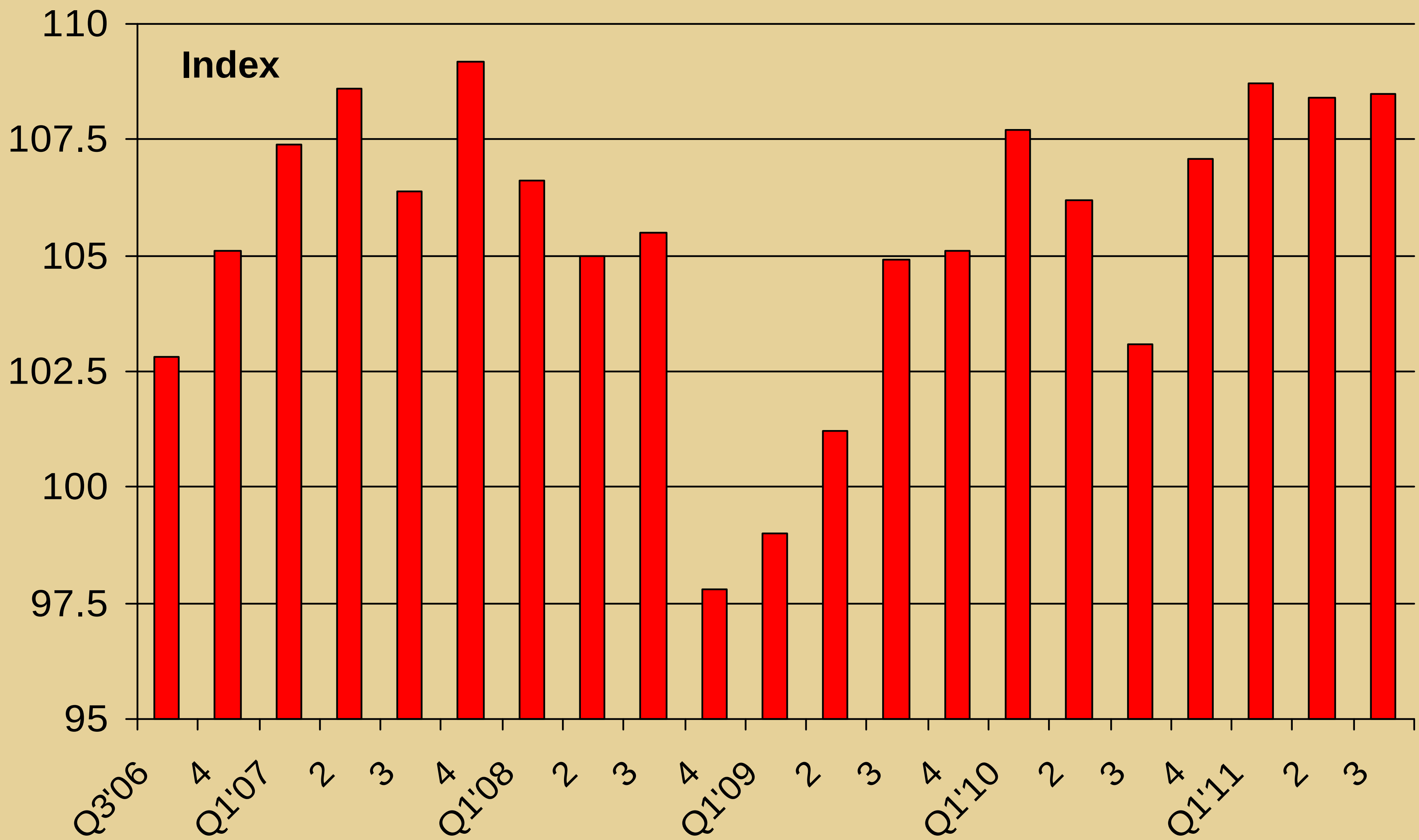


Capital formation trends (annualised rates)

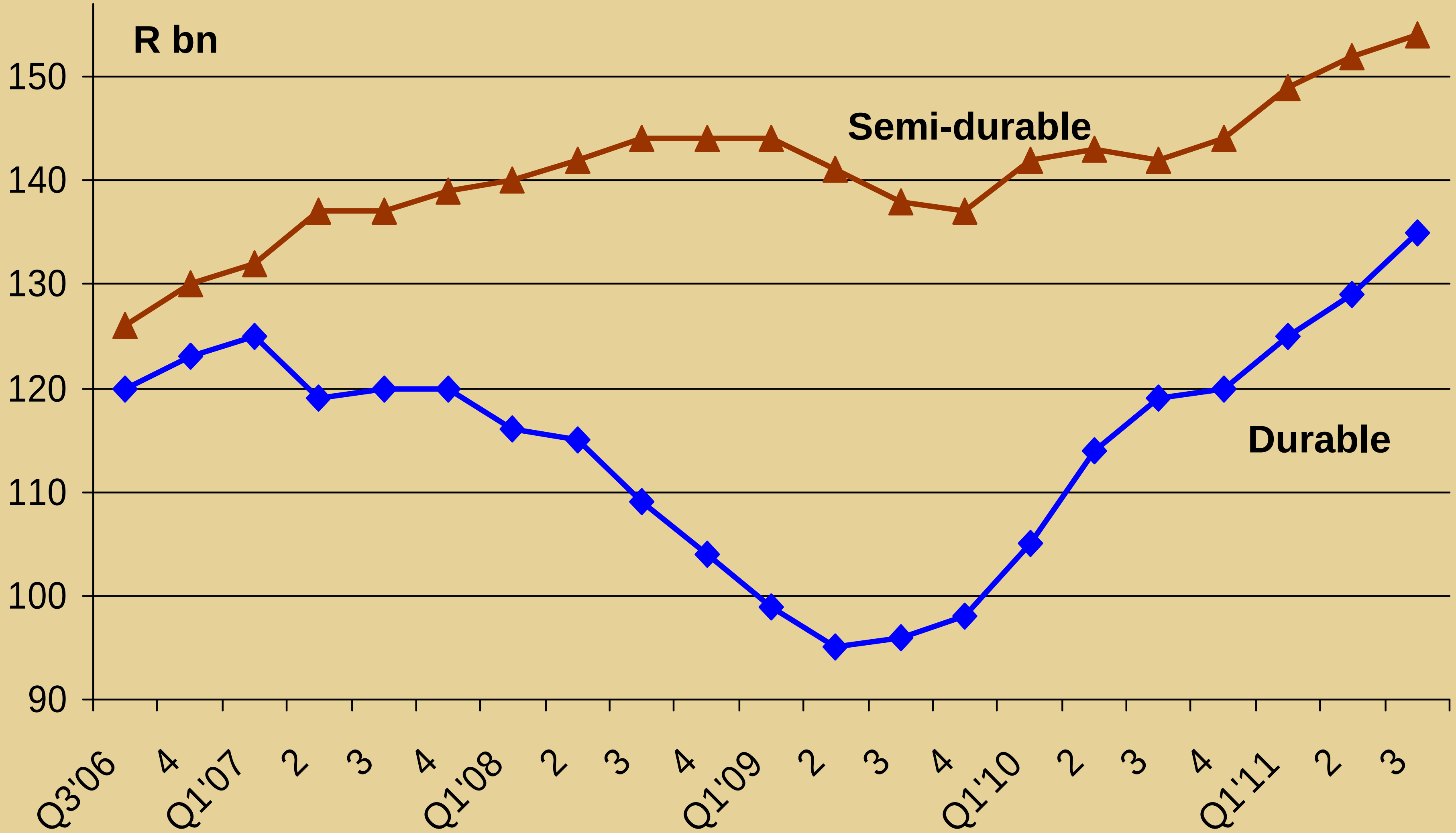


Electric current generated in South Africa

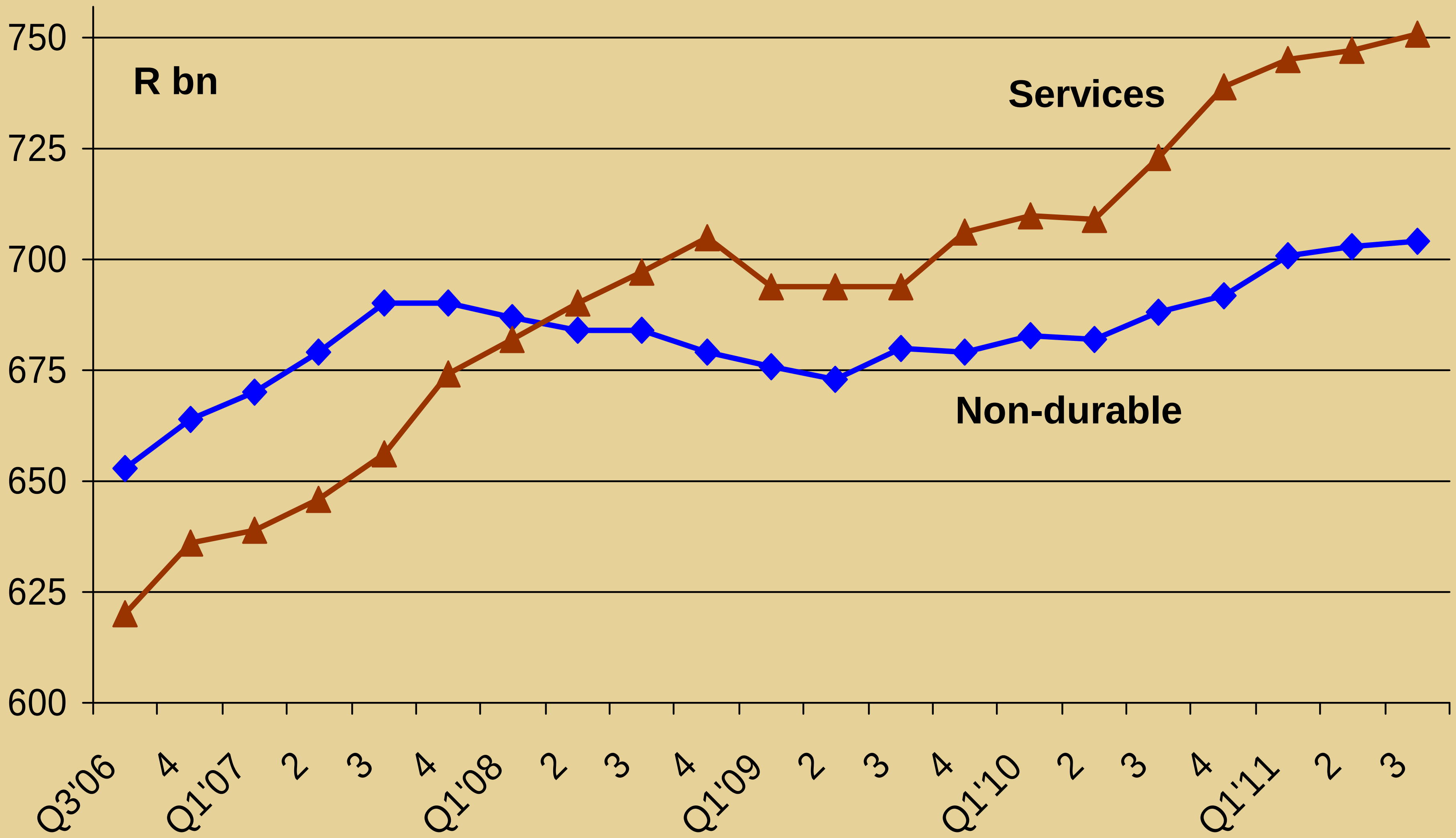
(index, 2005 = 100)



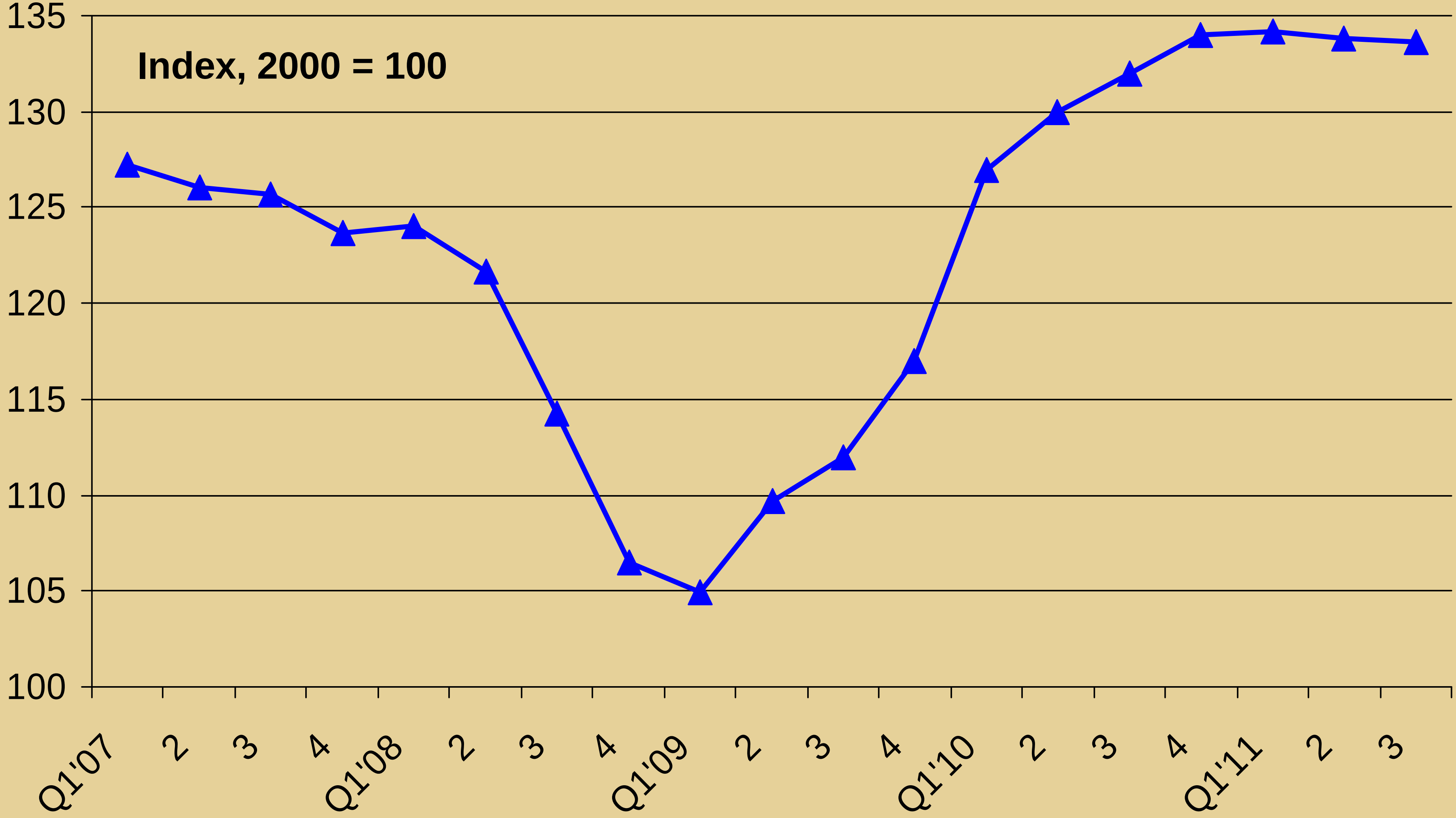
Household consumption expenditure at constant 2011 prices (annualised) – durables & semi-durables



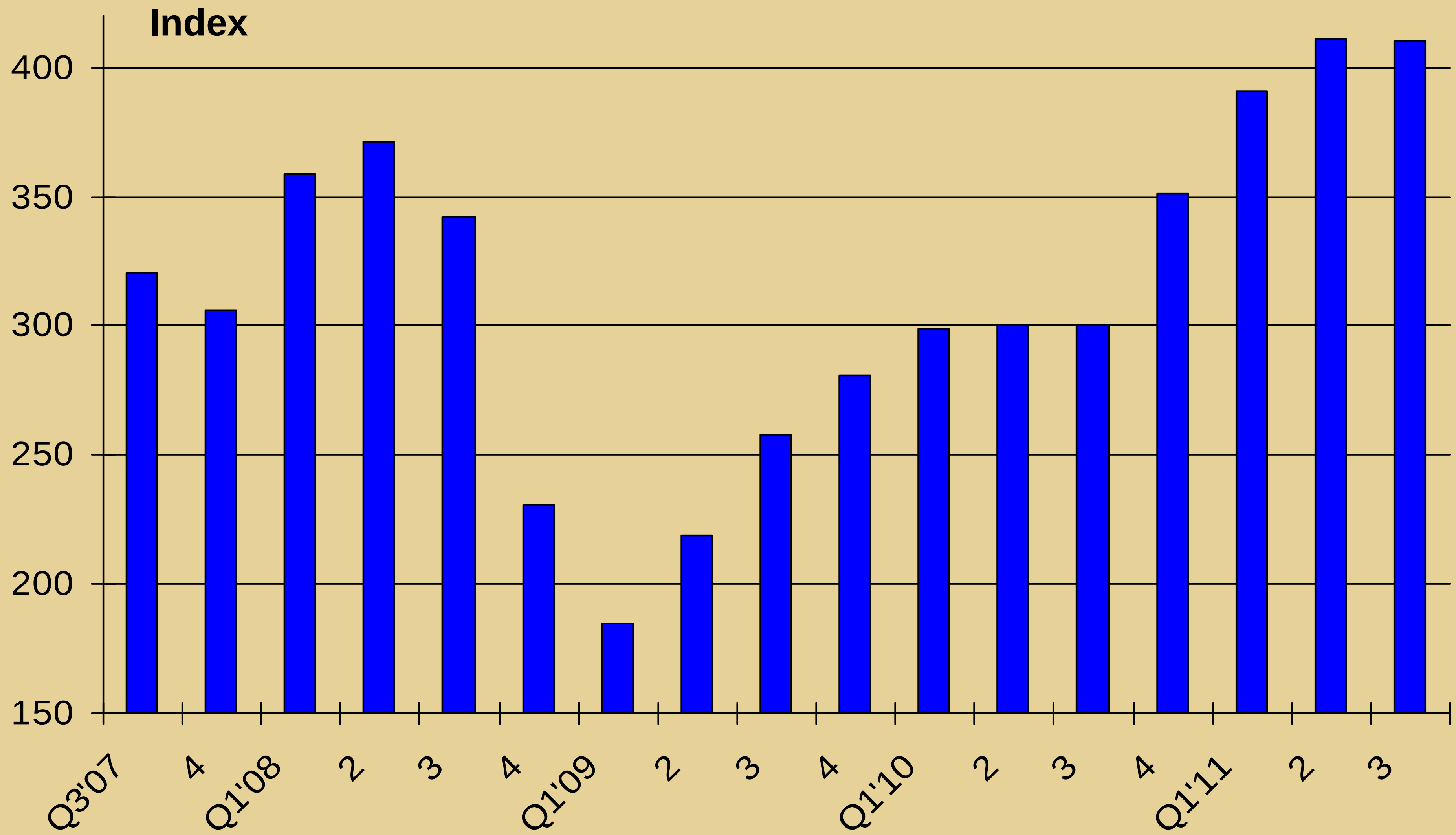
Household consumption expenditure at constant 2011 prices (annualised) – non-durables & services



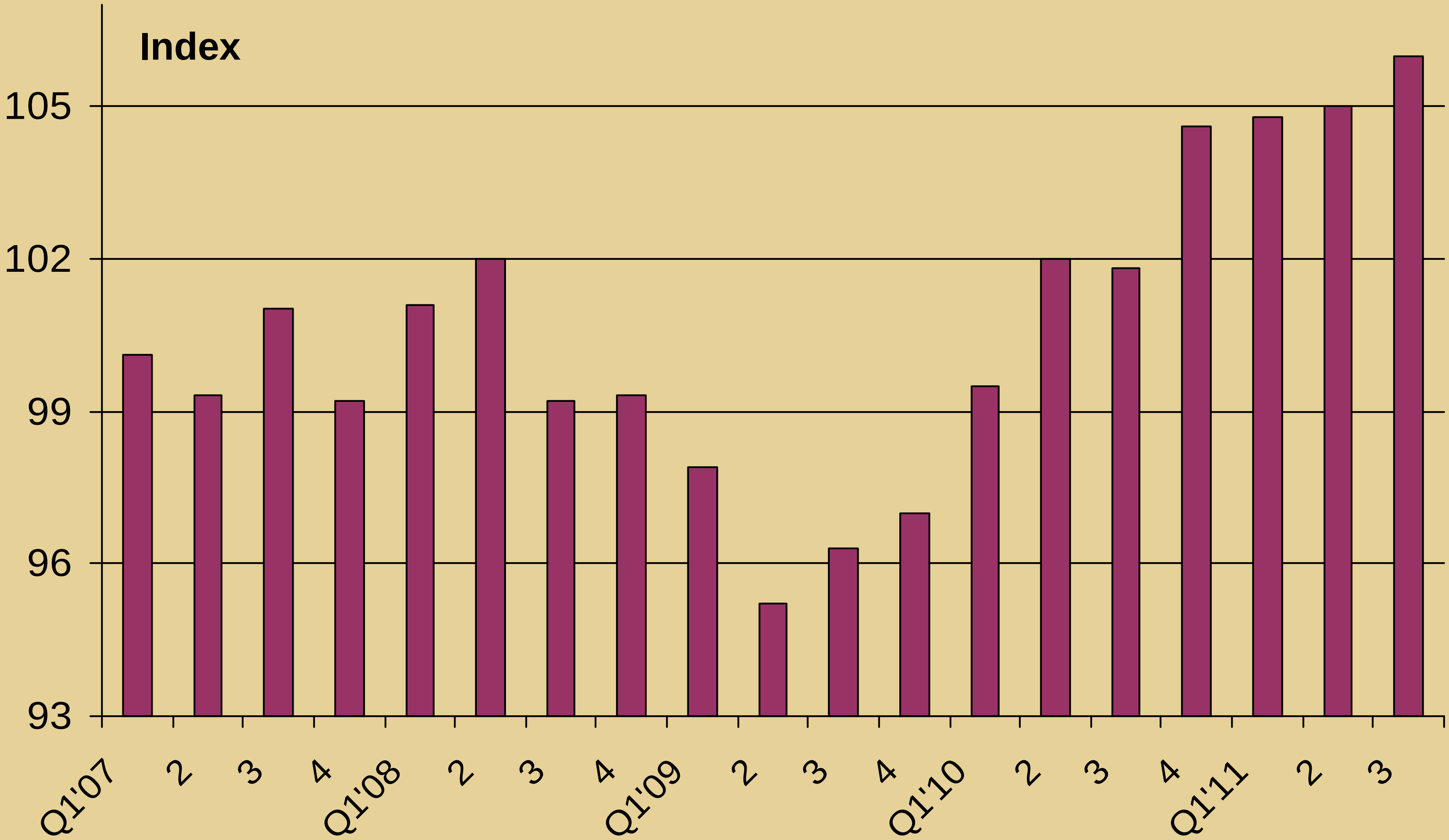
South Africa's leading business cycle indicator



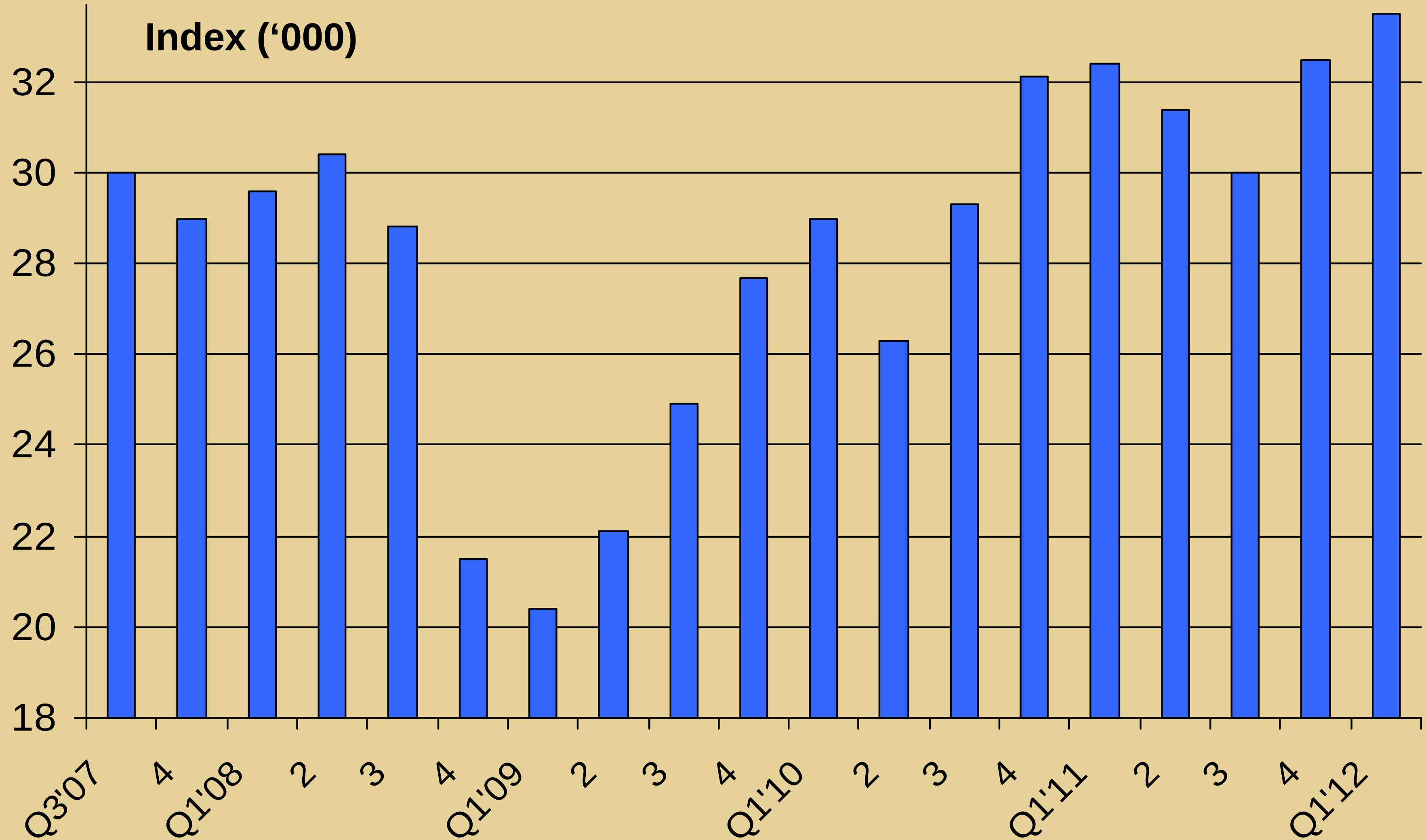
Recovery of World Bank commodity price index for metals & minerals (2000 = 100)



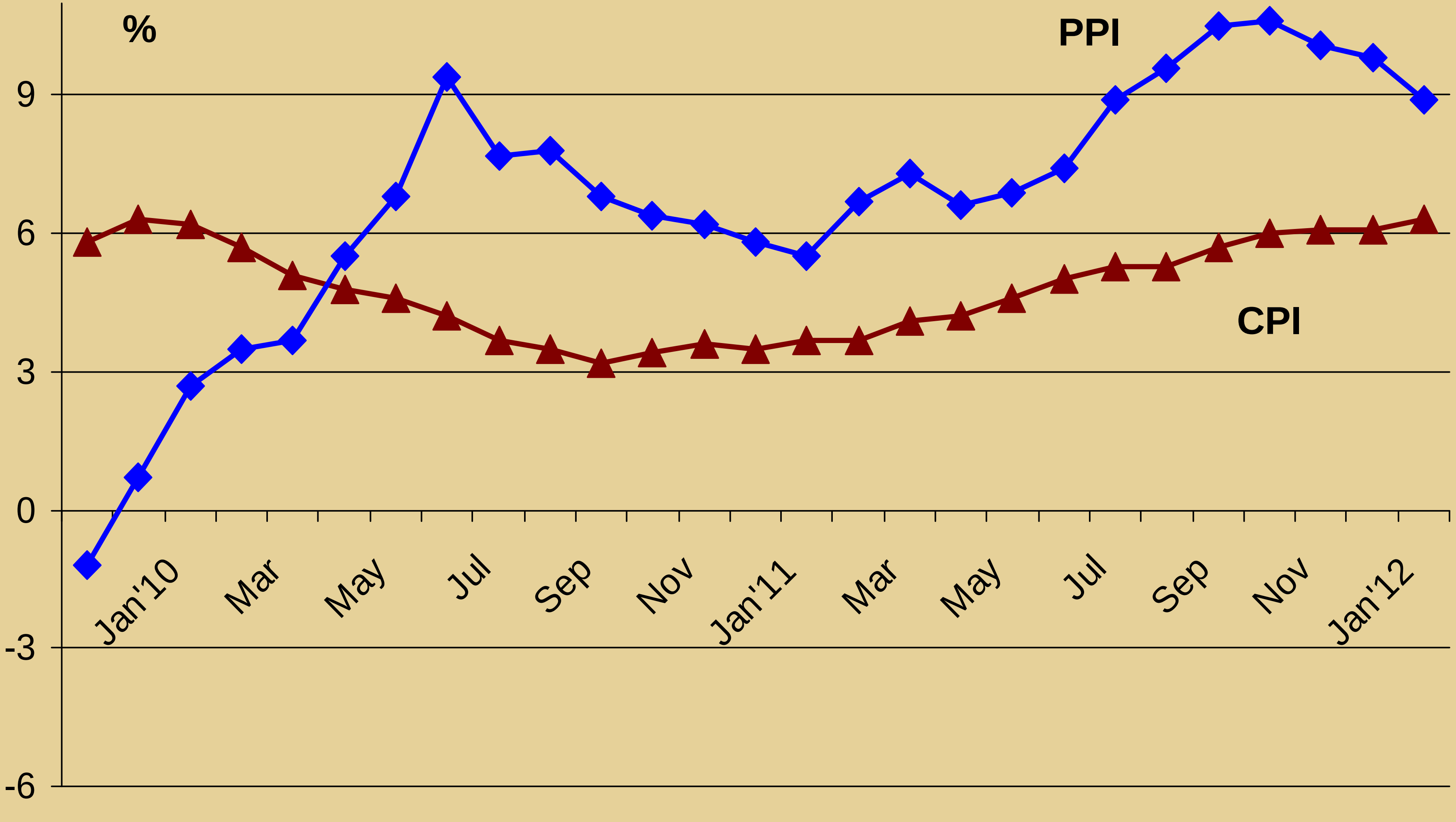
Real retail trade sales (index, 2008 = 100)



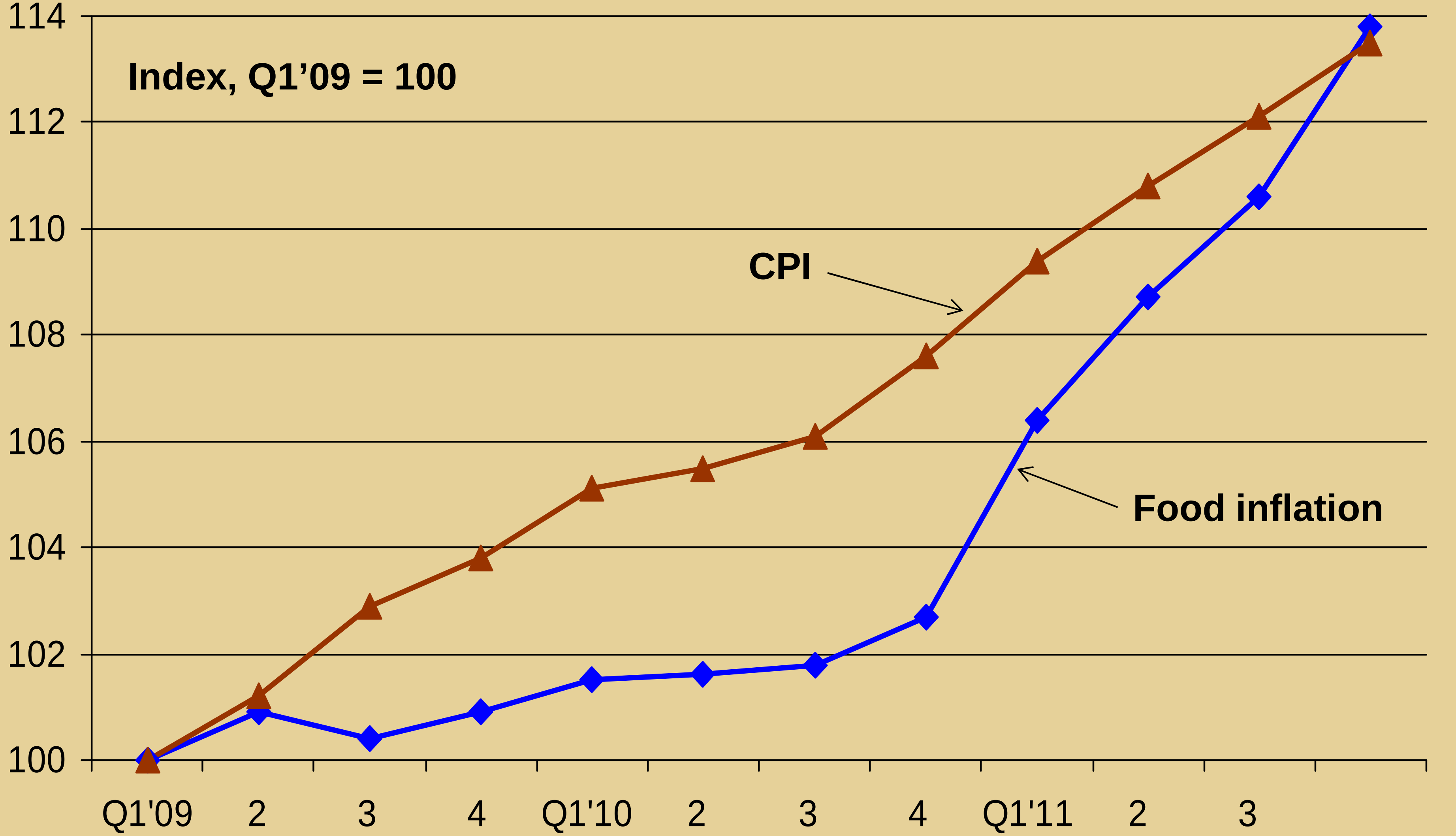
JSE all share index (Alsi)



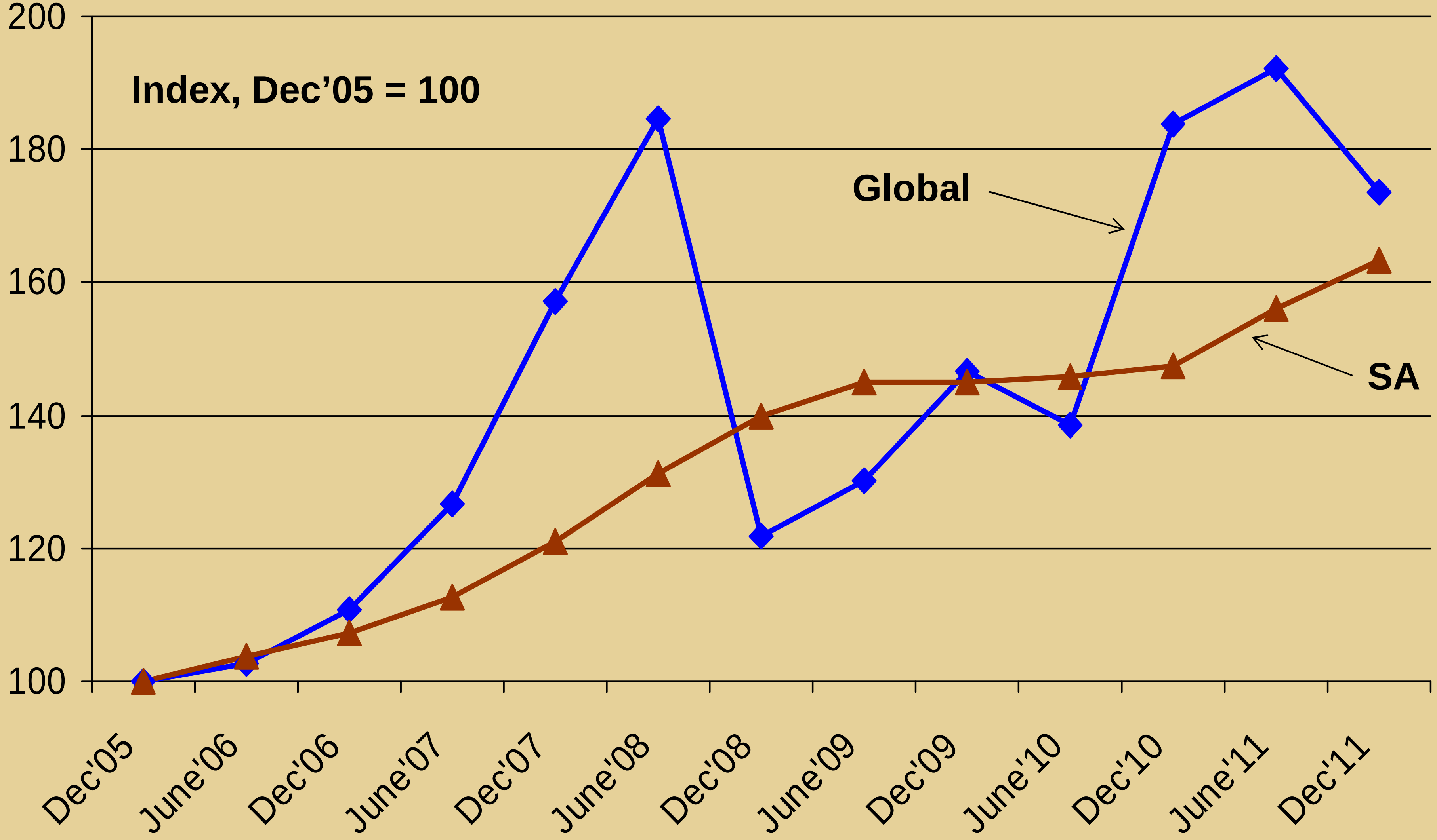
Consumer & producer price trends (annualised rate of increase)



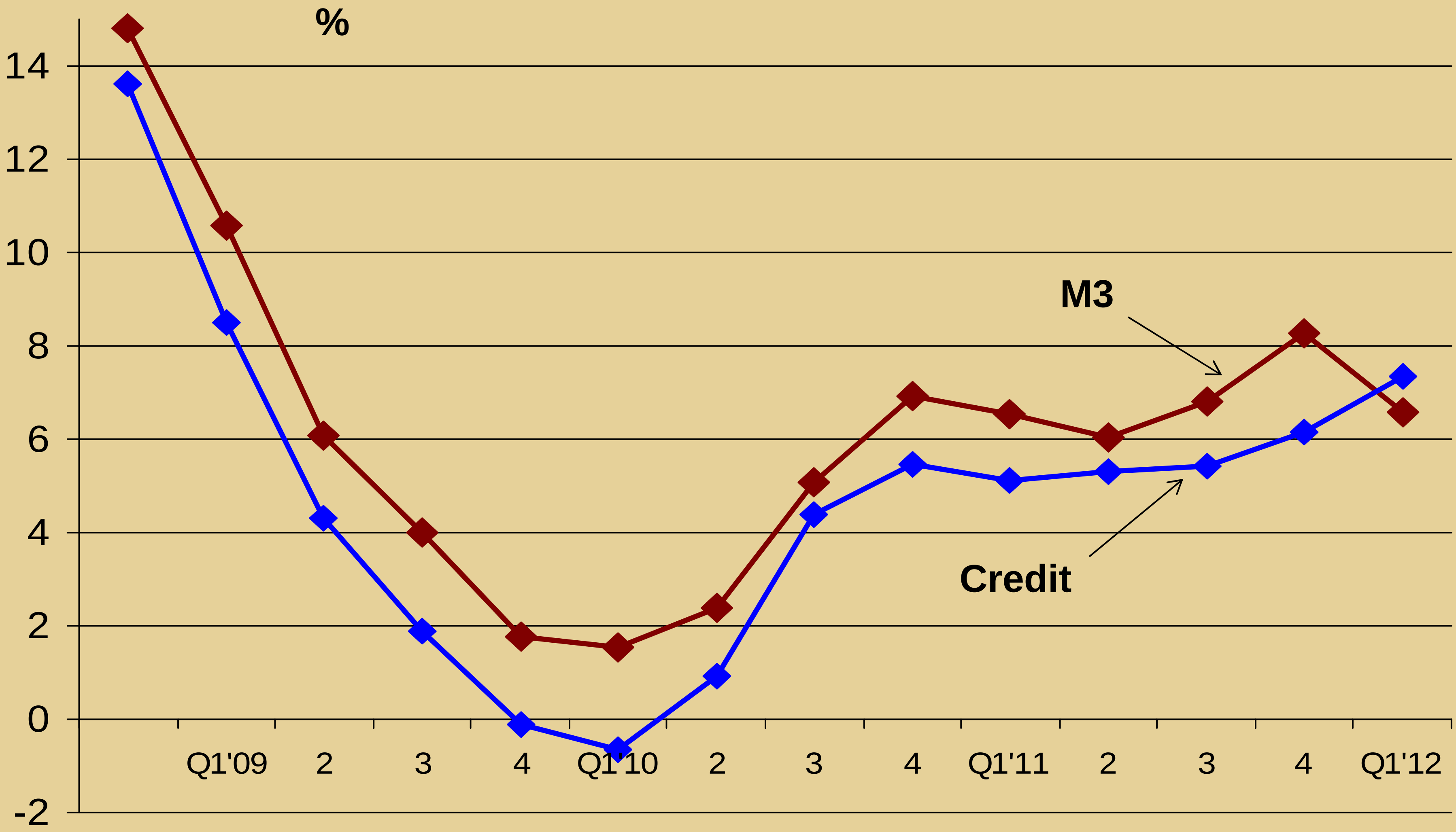
Food inflation vs total CPI in South Africa



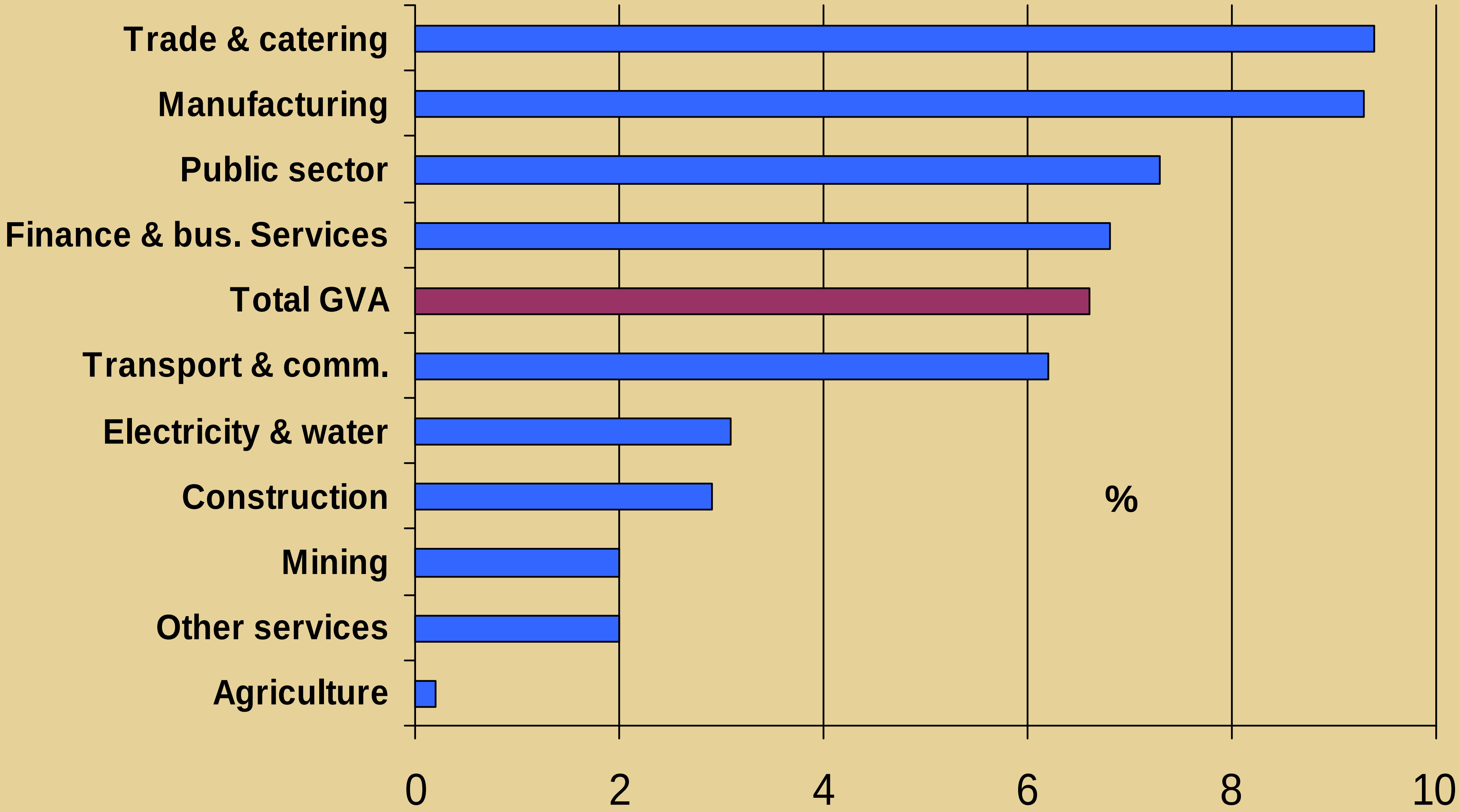
Food inflation trends – South Africa & global



Annualised change - M3 money supply & private sector credit extension (Q1 2012 until end January)



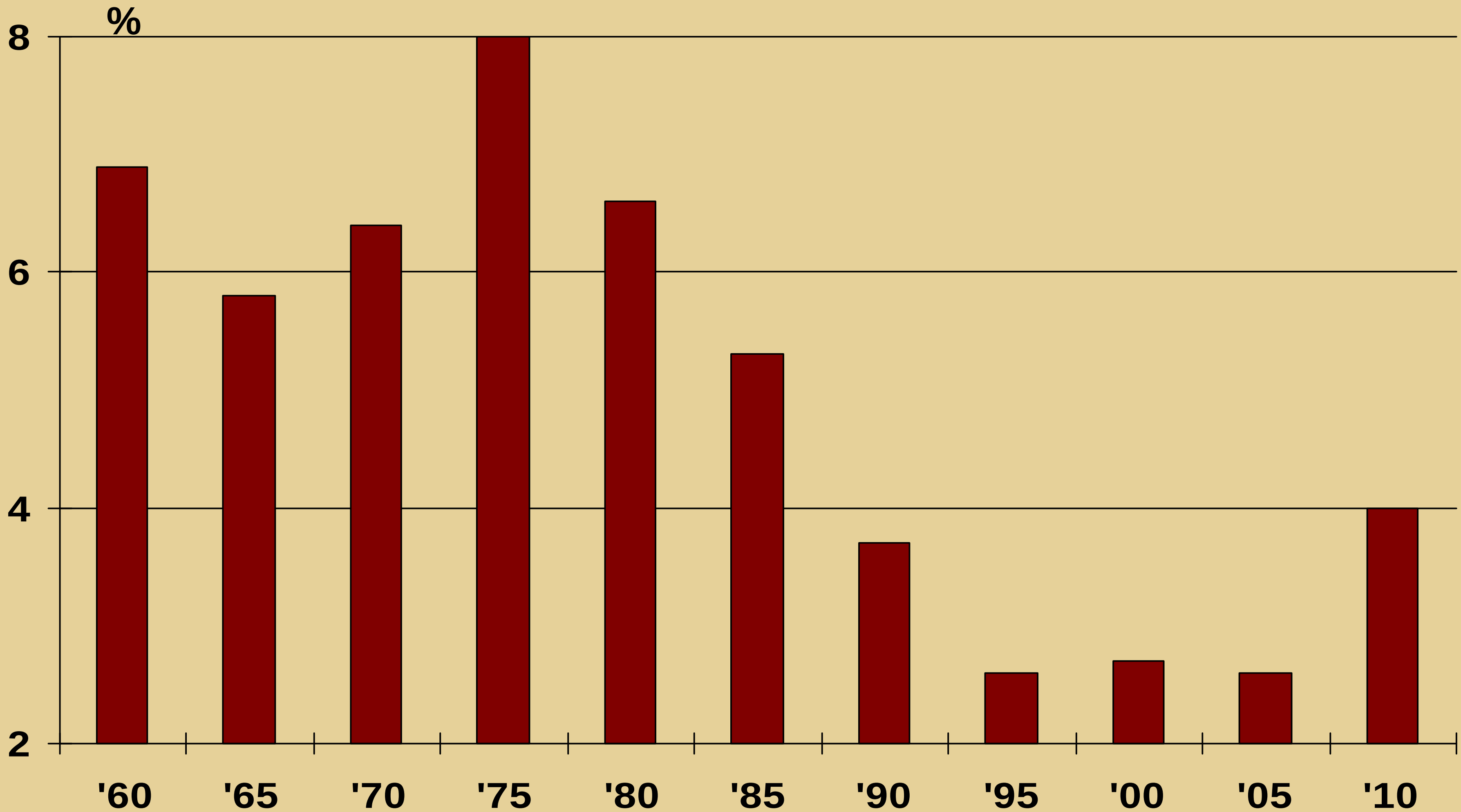
% increase in real output by sector since the end of the recession



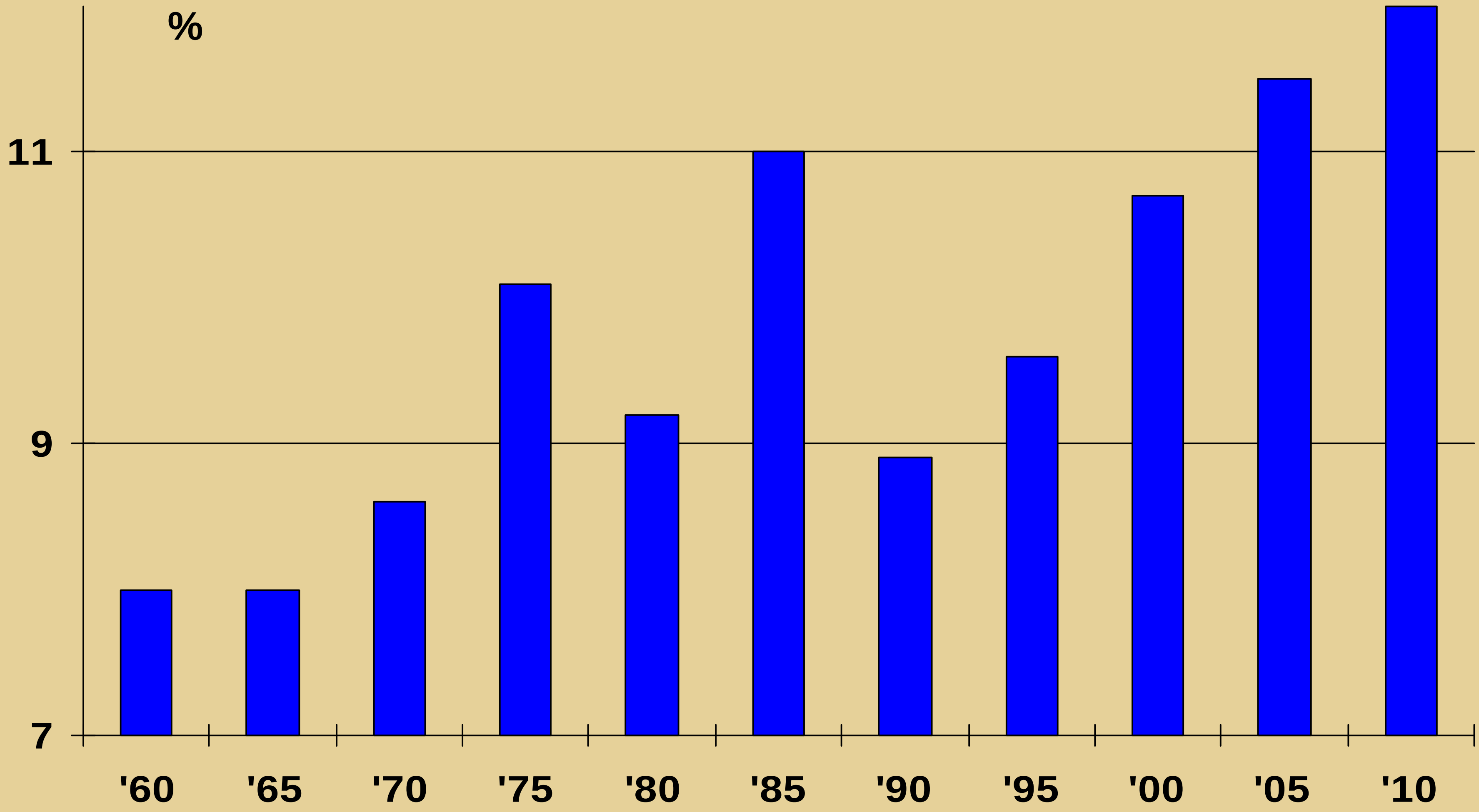
Progress with meeting basic needs

- 2.9 million houses
- 1000 new health clinics
- Access to clean water for 10 million people
- New sanitation facilities for 7 million people
- 4.5 million new electricity connections
- Free education
- Redistribution of 3 million hectares of land
- Primary School Nutrition Programme for 5 million children
- 14 million new social grant beneficiaries (BIG?)

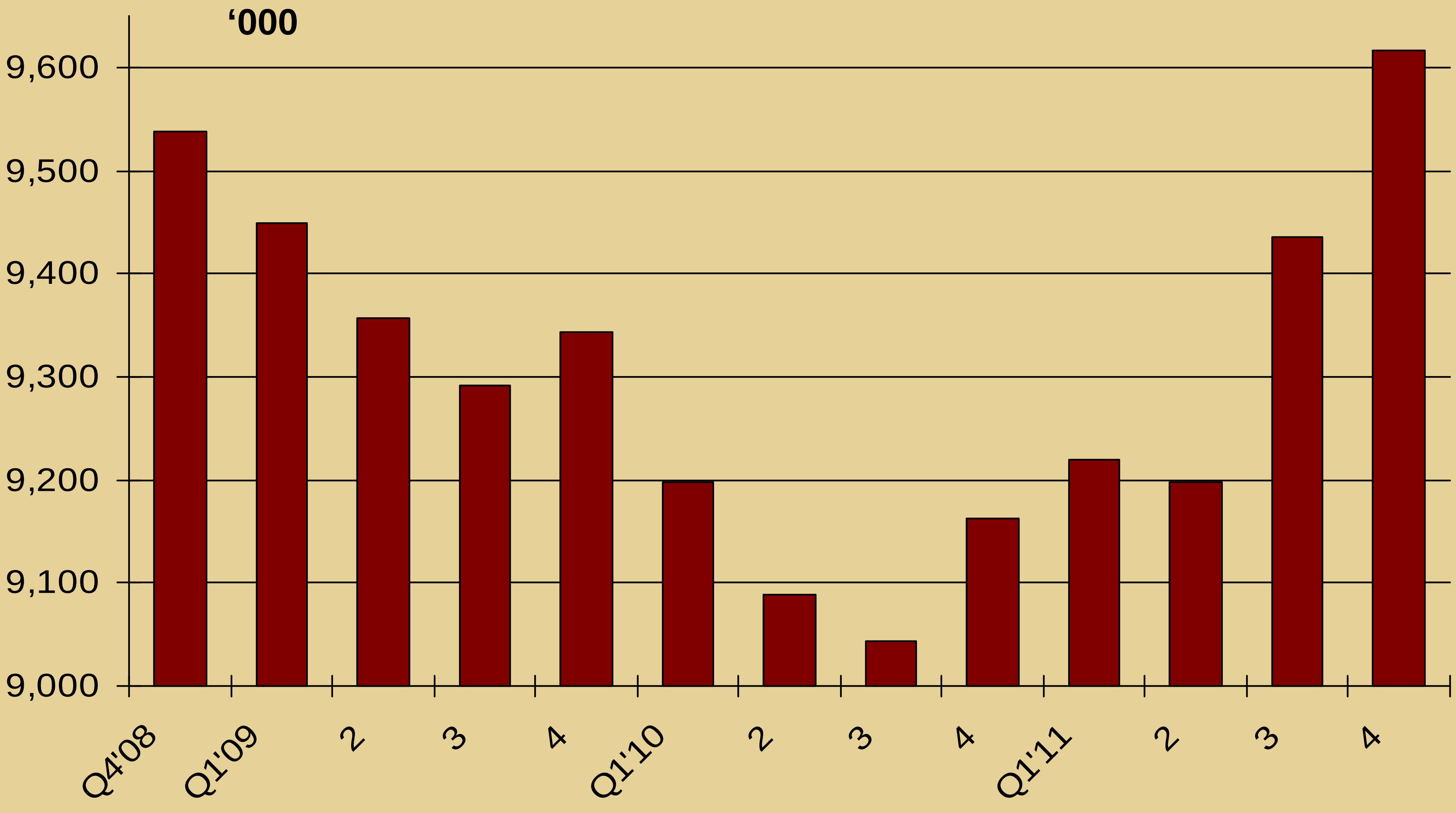
Capital expenditure by SA Government as % of GDP returns to growth mode



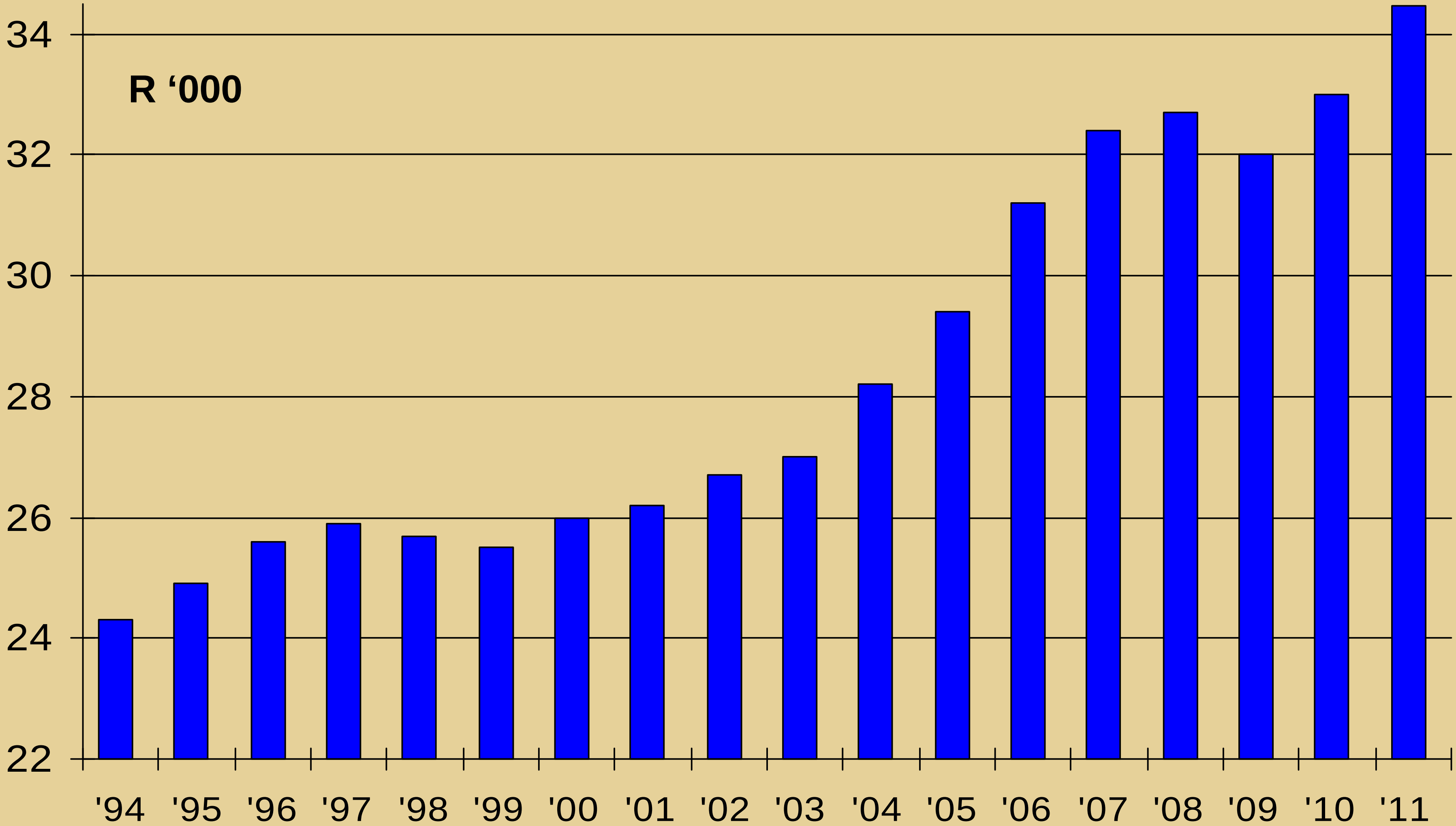
Private sector capital expenditure continues to anticipate a rise in demand



Formal sector employment



New record high for real disposable income *per capita* of households (at constant 2011 prices)



Researched & prepared by Dr Roelof Botha

Sources of basic data include the SA Reserve Bank, Stats SA, The Economist Intelligence Unit, the IMF & the World Bank Group

Biographical notes:

- ✓ Dr Roelof Botha received his early schooling in Sweden, Germany, the Netherlands and three different provinces in South Africa
- ✓ A diversified career has been followed in management accounting; financial journalism; lecturing; consulting; and economic research
- ✓ He is a regular commentator & columnist in the national media and has authored more than 500 articles, books and research publications
- ✓ His Honours and Masters degrees were both obtained *cum laude* at the University of Pretoria, whilst the Doctorate was completed at the University of Johannesburg
- ✓ In 2005, he received the prestigious *Finmedia Economist of the Year* award, based on the accuracy of forecasts of key economic indicators
- ✓ Current activities include being a Senior Adjunct Faculty member of the Gordon Institute of Business Science (GIBS)
- ✓ Economic advisor to PricewaterhouseCoopers for the past 20 years

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