

SOUTH AFRICA

Real GDP growth will be negative in 2009, but should turn positive in the fourth quarter and accelerate in the first half of 2010, boosted by the soccer World Cup. Inflation should return to the target range in 2010 aided by a substantial output gap and the feed through of past rand appreciation. The current account deficit will narrow this year but should widen thereafter as imports outpace exports.

Given the fragile nature of the recovery, the planned increase in public spending in 2010 should be implemented. It must, however, remain cast within a medium-term framework consistent with debt sustainability, which is likely to imply substantial spending restraint in the coming cyclical upswing. The downturn and the attendant large deficits have also made it more urgent to increase the efficiency of public expenditure.

South Africa: Macroeconomic indicators

	2007	2008	2009	2010	2011
Real GDP growth	5.1	3.1	-2.2	2.7	4.5
Inflation	7.1	11.0	7.3	6.1	5.2
Fiscal balance (per cent of GDP)	1.8	-1.0	-7.3	-5.3	-3.5
Current account balance (\$ billion)	-20.7	-21.0	-13.9	-20.1	-23.5
Current account balance (per cent of GDP)	-7.3	-7.4	-4.9	-5.7	-6.0

Source: OECD Economic Outlook 86 database.

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