

Global highlights from 3rd January to 13th January 2012

The World

- Corn – As farmers across the US prepare to plant this year's corn crop, they are facing an unexpected obstacle, namely a lack of seeds. The shortage of seeds was caused by last year's drought conditions across the Midwest and Great plains. The US is the world's largest producer of corn. www.wsj.com
- International Monetary Fund – The Chief Economist of the International Monetary Fund (IMF) stated that they will lower this year's global economic growth forecast. The fund predicts the world economy will grow at about 3% to 4% however warning of severe repercussions if Europe's sovereign debt crisis is not contained. (The IMF will publish revised forecasts later this month). www.bloomberg.com www.cia.com

Europe

- European Union – Standard & Poor (S&P) downgraded the credit ratings of nine Eurozone countries. All 14 euro zone states were downgraded to a negative outlook however Germany is the only country to emerge totally unscathed with its triple – A rating and stable outlook. S&P cut the ratings of Italy, Spain, Portugal and Cyprus by two notches and France, Austria, Malta, Slovakia and Slovenia by one notch each. S&P cited political obstacles to a solution to the crisis and prolonged dispute among policymakers over the proper approach to address challenges. www.reuters.com
- United Kingdom – Banks in the UK plan to make loans available to households and businesses in the first quarter of 2012 provided they get access to funds. Lenders stated that, the key factors in determining the supply of credit to the UK economy will be the sovereign debt turmoil in the euro zone. www.wsj.com
- Germany – Retail sales fell unexpectedly in November 2011, dropping by 0.9% m – o – m following a 0.2% drop in October. Retail sales were up by 0.8% in November compared to the same month the year before. The Federal Statistics Office reported that based on the first 11 months of the year, retail sales for 2011 are expected to be 1.1% to 1.3% higher than the year before. An economist at Unicredit expected sales to have picked up in December. www.theeconomist.com www.washingtonpost.com
- Spain – Banks will set aside €50bn (equivalent to 4% GDP) in further provisions on their bad property assets as part of a new round of reforms in the financial sector. According to the Bank of Spain, out of the €338bn of property related assets in the Spanish financial system, about €176bn are bad loans, substandard loans or repossessed properties and land. Two weeks ago, centre – right popular party took office after defeating the Socialists party and are expected to announce plans to restructure the central government administration and rationalize state companies. www.ft.com
- Switzerland – Thomas Jordan replaced Philipp Hildebrand as interim president of Switzerland's central bank. His first test is to prove he can defend the four month old cap on the franc as it surged to its highest level since September 2011 against the euro after Philipp Hildebrand resigned following a currency trading fraud by his wife. www.bloomberg.com
- Hungary – Fitch Ratings agency downgraded Hungary's sovereign debt by one notch to BB+ with a negative outlook and junk status, the third ratings agency to do so. Fitch cited the downgrade was due to the country's growth outlook and the government's unorthodox policies. Many euro zone banks have exposure to Hungary with Austrian banks having the most at \$40bn while, Italian banks have about \$25bn and German banks have \$20bn. The Prime Minister angered investors by imposing the biggest tax in Europe on banks. The downgrade reflects further deterioration in the country's fiscal and external financing environment as well as its growth outlook as it struggles to strike a deal with the IMF and the EU. www.bloomberg.com
- France – French business confidence climbed from a two year low last month, as industrial output increased in November 2011. The Bank of France's Business Sentiment Indicator (FRBSI) for manufacturers advanced to 96 from 95 in November. The national statistics office reported that industrial production unexpectedly climbed by 1.1% in November, led by electronics and refinery output. Fitch Ratings stated that France is likely to avoid a downgrade this year. www.bloomberg.com
- Turkey – Turkey's central bank has begun intense efforts to defend the country's currency. Since August last year the country has spent \$15bn to stabilise its currency. A weaker currency further increases the country's inflation which is already above 10% but higher interest rates will hurt Turkey's economic success story after growing by 9.6% in the first nine months of 2011. www.ft.com

Asia

- China – Despite prospects of slower economic growth this year, two leading cities are raising their minimum wages. However this move has smaller businesses warning of widespread closures due to the sharp fall in demand from western economies. Wages rose by 22% over the past two years and increases are set to be smaller this year following pressures on its export-reliant manufacturing sector. www.ft.com
- Australia – A survey showed that the services industry shrunk for a third straight month as consumer spending weakened amid global financial turmoil due to Europe's sovereign debt crisis. www.bloomberg.com

Americas

- United States of America – The unemployment rate fell in December to its lowest level in three years. The unemployment rate reached 8.5% as America added 200 000 jobs after a 100 000 gain in November as working hours and earnings climbed. The financial crisis in Europe and political stalemate over ways to pass the U.S budget deficit are risks that companies may hold back hiring amid the expansion. www.bloomberg.com
- Canada – Consumer confidence rose in the fourth quarter from a two year low on optimism about real estate prices and the global economy. The Nanos Economic mood index rose to 107.4 in Q4'11 from 105.1 in Q3'11. The Bank of Canada is relying on consumption to account for almost two – thirds of economic growth this year while warning that consumer debt and European debt crisis are risks to Canada's financial system. According to a Nanos poll, 52% of Canadians believe their jobs are secure. Statistics Canada reported that unemployment rose to 7.5% in December 2011. www.bloomberg.com

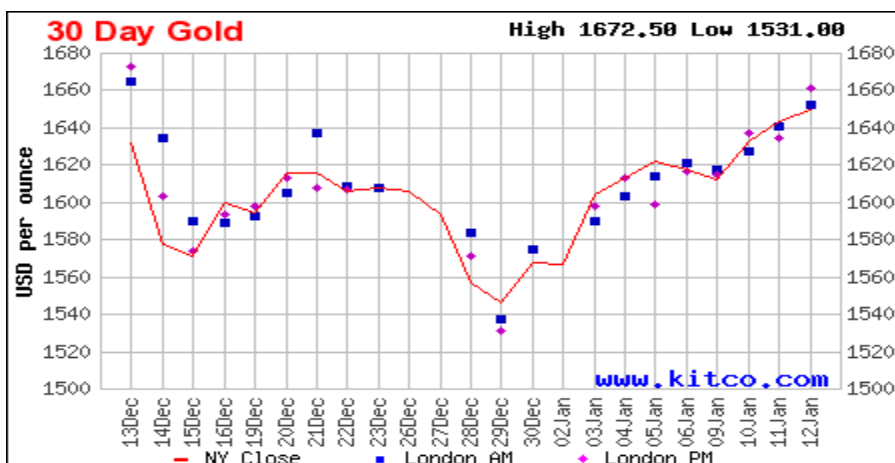
Africa

- Nigerian – Thousands of Nigerians took to the streets to protest against the axing of fuel subsidies. Shops, banks and petrol stations were shut. The fuel subsidy is estimated to be worth around \$8bn or 25% of Nigeria's expenditure budget. The government cut fuel subsidies to invest in local refining and other infrastructure. www.news24.co.za
- South Africa –According to Adcorp, 103 327 new jobs were created in December 2011. 15% of the jobs created were temporary while 6% were permanent. The number of jobs in South Africa were still 850 000 below the peak reached before the 2009 recession were the country lost 1.56 million permanent jobs with 0.71 million temporary jobs being created since then. Fitch Ratings agency downgraded South Africa's ratings from stable to negative. The agency cited limited progress on several long standing structural issues that have over time caused the country's economic performance to fall behind its peers. It also stated South Africa's in-ability to create jobs and an unemployment rate around 25% is putting pressure on growth and amidst narrowing tax base. www.sake24.com www.fin24.co.za www.reuters.com
- Libya – Oil production resumed at the al-Sedr oil port for the first time since the civil war. A tanker carrying 600 000 barrels of oil was recently shipped to a European country. Libya planned to produce 1.3 million barrels of oil per day in Q1'12 and 1.5 million in Q2'12. www.news24.co.za
- Egypt – the International Monetary Fund (IMF) reported that it is set to meet Egyptian authorities to discuss the country's economic problems. Egypt rejected a \$3bn funding in June last year however ministers may now be prepared to negotiate. The IMF cited that funding will have to be based on benchmarks that have broad political support. Egypt may need \$15bn to stave off a full blown financial crisis as economist state it could be forced to devalue its currency during Q1'12. Domestic borrowing has increased, foreign reserves have fallen and demands for its exports have declined due to a slow down in global trade. www.news24.co.za

Commodities

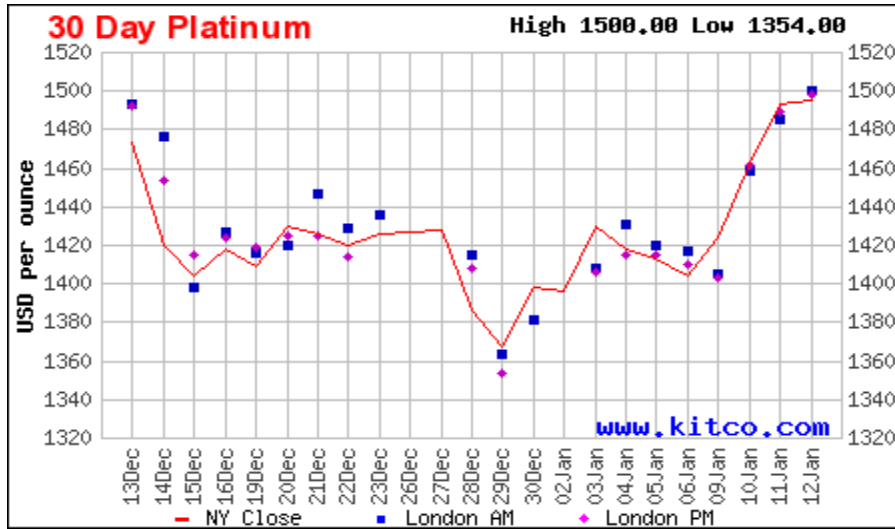
Gold

30 day graph, from the last report.



Platinum

30 day graph, from the last report.



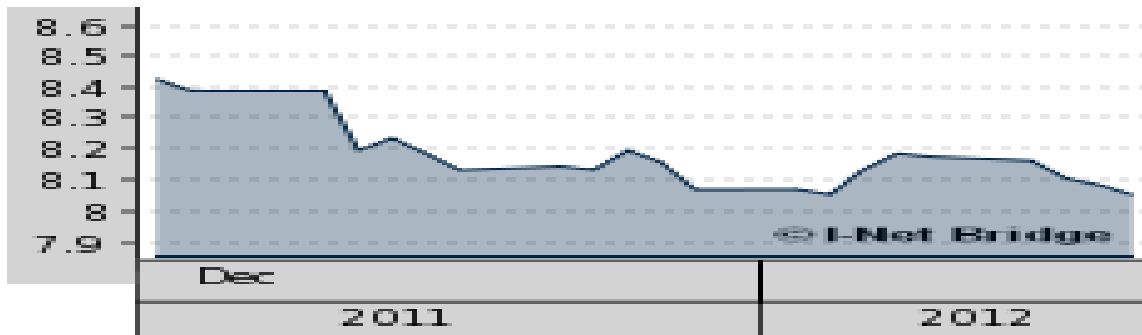
Graphs adapted from kitco.

Currency

ZAR vs. USD

30 day graph, from the last report.

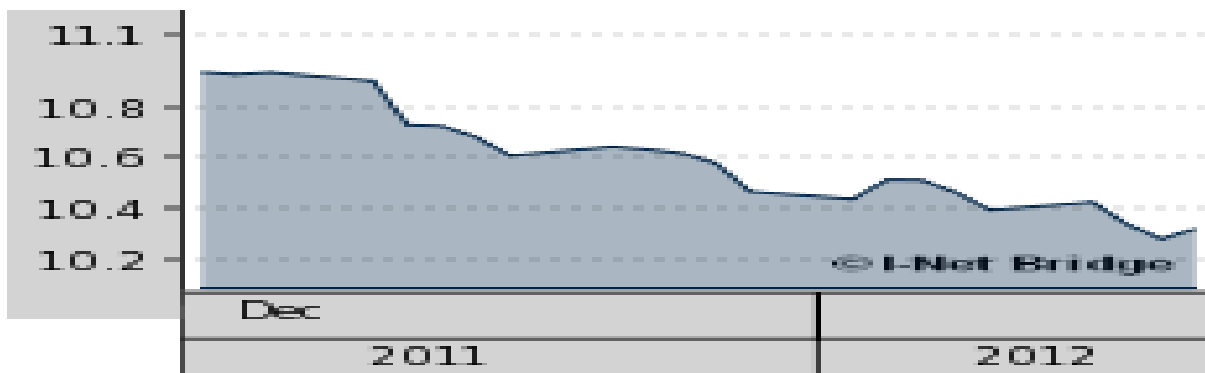
ZAR/USD [Daily]



ZAR vs. EUR

30 day graph, from the last report.

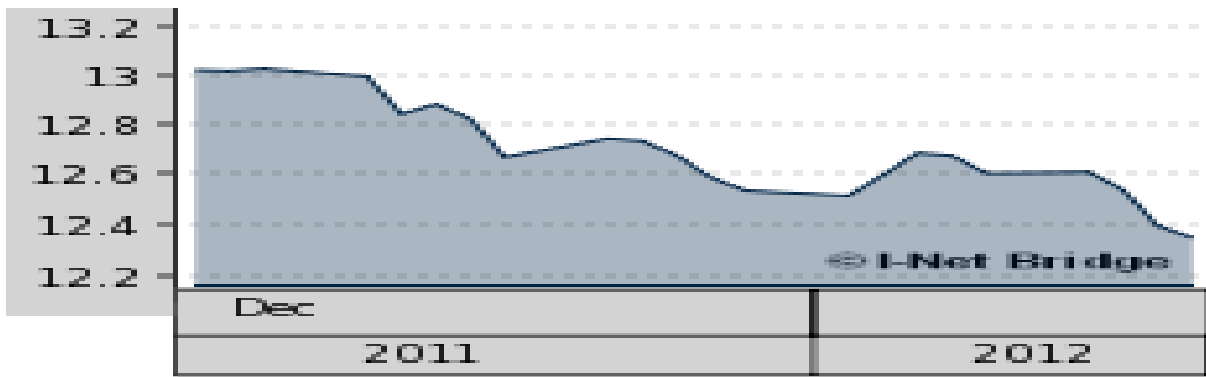
ZAR/EUR [Daily]



ZAR vs. GBP

30 day graph, from the last report.

ZAR/GBP [Daily]



Bridge.

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_Graphs adapted from I-net