

Weekly Economic Update

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MEDIUM TERM BUDGET POLICY STATEMENT DISAPPOINTS

Although the MTBPS was disappointing, it was realistic and showed government's commitment to stay on course for fiscal prudence to ensure fiscal sustainability. The focus on structural reforms and infrastructure investment will lift long-term growth potential. However, there are significant downside risks to the growth outlook and therefore fiscal trajectory, most of which are external global risks. Below are the main points from the MTBPS.



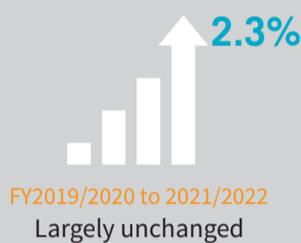
Medium Term Budget Policy Statement = MTBPS
Medium Term Expenditure Framework = MTEF

Economic growth

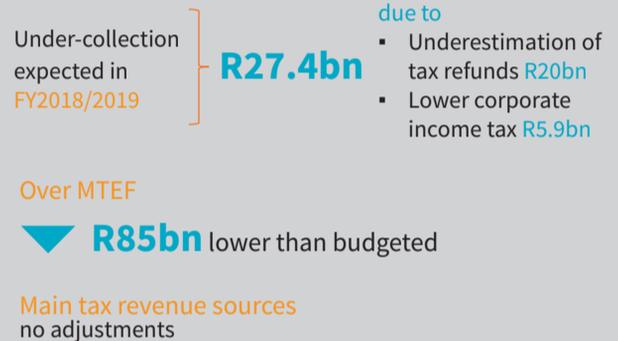
Compared to Budget 2018



Growth forecast



Tax revenue



Main budget deficit



Gross government debt



Net debt forecast
Stabilise in 7 years at **56.5%**

R290bn

Growth-boosting reforms pivot on the **investment drive**, which shows signs of success with R290bn in investment commitments, largely from the domestic private sector.

MOODY'S

There is an **increase in likelihood of a change** in outlook from stable to negative over the next 12 months if reforms currently being implemented fail to boost economic growth.

GLOBAL ECONOMIC DOWNTURN

Potential for a global economic downturn in late 2019 to 2020 present significant downside risks to domestic economic growth and fiscal sustainability.