



## WEEKLY REVIEW

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### WEEK ENDING

3 APRIL 2009

#### HIGHLIGHTS

1. The manufacturing index fell to a new record low of 36,0 in March from 39,2 in February, 40,7 in January, 40,1 in December after falling to the previous record low of 39,5 in November from 46,2 in October and 47,7 in September.
2. The rand briefly moved below R9/US\$1 on 3 April after reaching R9,25/US\$ on 26 March from R10,72/\$ on 3 March and last year's weakest level of R11,86/\$ on 22 October.
3. Consumer confidence recovered to plus one in the first quarter from minus four in the fourth quarter.
4. Bulk exports fell by 5,0% m/m in March, but are only down 0,3% y/y after jumping by 10,6% m/m in February.
5. New vehicle sales rose by 12,9% m/m in March, but are still down 30,1% y/y after declining by 36,3% y/y in February.
6. Vehicle exports rose to 17 896 units in March from a revised 14 781 (14 949) in February and only 10 713 in January.
7. Government revenue rose by 8,1% y/y in February to R52bn, while expenditure only increased by 1,7% to R60,3bn.
8. The foreign trade deficit narrowed to only R571m in February from a record R13,38bn deficit in January.
9. Broad M3 money supply growth eased to 13,17% y/y in February from 13,92% y/y in February, while narrow M1 money supply continued to show y/y declines at -5,12% y/y in February from -6,04% y/y in January.
10. The Treasury's cash balance jumped by R25,4bn in March after dropping by R22,6bn in February.
11. Electricity distribution declined by 10,2% y/y in February after a 7,0% y/y drop in January.
12. The Standard Bank (smoothed) median house price index "recovered" to a 1,5% y/y decline in March after a 2,0% y/y drop in February after decreasing by 3,6% y/y in January.

#### Rest of Africa

13. Standard Bank received a US\$400m three-year credit line from the International Finance Corporation to encourage cross-border trade as part of the World Bank's Global Trade Liquidity Programme.
14. Economic growth in Central Africa's six-nation CFA franc zone will slow to 2,8% this year from 4,4% last year.
15. A US\$4,6bn railway project linking the Tanzanian port of Dar es Salaam with Rwanda and Burundi is expected to halve transport costs.
16. The central bank of Namibia announced new Monetary Policy Committee meeting dates.
17. Malawi's economy expanded by 9,7% in 2008 beating China's 9% increase.
18. China plans to plant 2 million hectares of jatropha in Zambia for the production of biofuels.
19. Zambia's consumer inflation rate eased to 13,1% y/y in March from 14,0% y/y in February.
20. Zambia's foreign trade deficit narrowed to ZMK163,3bn in February from ZMK237,8bn in January.

#### International

21. The G20 meeting in London on 2 April exceeded expectations and pledged \$1,1 trillion to get growth going again.
22. The central banks of Denmark, the Eurozone, Indonesia, and Venezuela cut their benchmark lending rates.
23. The global manufacturing index rose to 37,2 in March from 35,8 in February, 35,0 in January and a record low 33,7 in December.
24. The Dow Jones index closed above 8 000 on 3 April for the first time since 9 February.

25. The number of US non-farm payrolls declined by 663 000 in March after a 651 000 drop in February and January's 741 000 plunge, while the unemployment rate rose to a 25-year high of 8,5% from 8,1%.
26. US planned lay-offs eased to 150 411 in March from 186 350 in February from January's 241 749, but remained above October's 112 884.
27. The US manufacturing index rose to 36,3 in March from 35,8 in February, 35,6 in January and 32,9 in December.
28. The US non-manufacturing index dropped to 40,8 in March from 41,6 in February and 42,9 in January, but remained above the November's record low of 37,3.
29. The American Trucking Association's freight tonnage index rose by 1,7% m/m in February but was still down 9,2% y/y after 10,8% y/y drop in January and December's 12,5% y/y decline.
30. US auto sales rose to a 9,9m unit annualised rate in March from a 9,1m rate in February.
31. Eurozone consumer inflation eased to a preliminary 0,6% y/y in March from 1,2% y/y in February.
32. The Eurozone manufacturing index rose to 33,9 in March from a record low of 33,5 in February after rising to 34,4 in January from the previous record low of 33,9 in December.
33. The UK services index rose to 45,5 in March from 43,2 in February, 42,5 in January, 40,2 in December and a record low of 40,1 in November.
34. UK companies' borrowing costs rose in the three months to March despite falling official interest rates, though the deterioration in finance availability was easing.
35. UK mortgage lender Nationwide reported the first m/m increase in March in 17 months in UK property prices.
36. The UK manufacturing index rose to 39,1 in March after easing to 34,7 in February from 35,8 in January, 34,9 in December and a record low 34,4 in November.
37. The Australian manufacturing index recovered to 33,1 in March after falling to a record low 31,7 in February from 36,6 in January.
38. The Chinese manufacturing index eased to 44,8 in March after rising to 45,1 in February from 42,2 in January, 41,2 in December and a record low 40,9 in November.
39. Initial reports are that Chinese banks lent 1,6 trillion yuan in March compared with 1,1 trillion yuan in February.
40. The Japanese government is considering introducing up to 300,000 yen in subsidies for people who buy hybrid and other environmentally friendly vehicles.
41. South Korean exports declined by 21,2% y/y in March after a 18,3% y/y decline in February after tumbling by 32,8% y/y in January, while imports were down 36,0% y/y in March after February's 30,9% y/y drop following January's 32,1% y/y decrease.
42. Global semiconductor sales plunged by 30,4% y/y in February to \$14,17bn after slumping by 28,6% y/y in January to US\$15,34bn following December's 21,9% y/y decline.
43. The monthly average OPEC Reference Basket (ORB) rose to US\$45,78 per barrel in March from \$41,41 in February, \$41,52 in January and \$38,60 in December.
44. Earth Hour on 28 March had more than 400 million participants in 88 countries.
45. Antarctic ice shelves are disappearing at a frightening rate with six major ice shelves lost over the past few years.

### South Africa

1. **The manufacturing index fell to a new record low of 36,0 in March from 39,2 in February, 40,7 in January, 40,1 in December after falling to the previous record low of 39,5 in November from 46,2 in October and 47,7 in September.** The 2006 peak of 60,7 was set in July, while the 2007 peak was 60,5 in March. The March output index fell to 31,2 from 34,0 in February, 36,9 in January, 33,1 in December, 30,6 in November, 42,5 in October, 43,7 in September and 44,5 in August. The new orders index rose to 32,6 in March from 31,9 in February, 33,2 in January after recovering to 37,5 in December from 35,8 in November, 42,8 in October, 46,5 in September and 43,9 in August. In January 2008 the employment index was at a high 56,2, but in January 2009 it fell to 43,0 and fell further to 39,2 in March from 40,8 in February, 44,7 in December and 46,4 in November. The employment index in January 2008 had been above the breakeven 50 for 20 consecutive months. The survey started in September 1999.
2. **The rand briefly moved below R9/US\$1 on 3 April after reaching R9,25/US\$ on 26 March from R10,72/\$ on 3 March and last year's weakest level of R11,86/\$ on 22 October.** The recovery is unlikely to continue as global equity markets remain vulnerable and the rand tends to be a risk aversion barometer just like the VIX index. The best way to combat the rand's weakness is for the South African government to launch a US\$2bn bond, as that would concerns on how South Africa finances its current account deficit.
3. **Consumer confidence recovered to plus one in the first quarter from minus four in the fourth quarter.** The recovery was in all income groups, as the pro-poor 11 February Budget boosted the prospects of the poor, while the interest rates cuts since December benefited the high income groups. All income groups benefited from the drop in petrol prices.

4. **Bulk exports fell by 5,0% m/m in March, but are only down 0,3% y/y after jumping by 10,6% m/m in February.** The February jump was due to a 16,6% m/m increase in bulk exports (mostly iron ore) out of Saldanha to a record 3 640 739 tons after a 58,1% m/m surge in January. The monthly drop in bulk exports probably means that we should see a widening in the foreign trade deficit in March, especially as retailers would have stocked up for Easter buying in April.
5. **New vehicle sales rose by 12,9% m/m in March, but are still down 30,1% y/y after declining by 36,3% y/y in February.** This compared with a 35% y/y drop in January and a 21% decline for all of 2008. New car sales fell by 23,4% y/y in March after a 34,1% y/y drop in February after January's 32% y/y decline, while new light commercial vehicle sales jumped by 11,5% m/m in March, which was still a 39,3% y/y drop after February's 40,3% y/y decline and January's 41% y/y drop as we suspect that small businesses could get not access to finance.
6. **Vehicle exports rose to 17 896 units in March from a revised 14 781 (14 949) in February and only 10 713 in January.** The media focus on the y/y change, but what is important for economists is the m/m change as that gives an indication of what will happen to foreign trade. The 58% m/m jump in the value of vehicle exports was indicated by the 40% m/m jump in units exported.
7. **Government revenue rose by 8,1% y/y in February to R52bn, while expenditure only increased by 1,7% to R60,3bn.** In the fiscal year ended March 2007, revenue rose by 16,8% y/y, while expenditure grew by 12,9% y/y. In the first ten months of the 2008/9 fiscal year, revenue only rose by 8,8% y/y, while expenditure surged by 16,4% y/y.
8. **The foreign trade deficit narrowed to only R571m in February from a record R13,38bn deficit in January.** The very sharp narrowing should have been expected as we have highlighted the recovery (both vehicle and bulk exports) in February after a dismal January and exports rose by R7,8bn to R44,1bn. What we did not anticipate was the extent of the collapse in imports by R9bn to only R44,6bn. We expect imports to jump by R3,4bn in March to the R48bn level, while exports should remain near the R44bn level to give a trade deficit of R4bn.
9. **Broad M3 money supply growth eased to 13,17% y/y in February from 13,92% y/y in February, while narrow M1 money supply continued to show y/y declines at -5,12% y/y in February from -6,04% y/y in January.** Credit extension to the private sector eased to 11,05% y/y from 11,85% y/y. Credit extended to households plummeted to only R4,777bn in February 2009 from R15,92bn in February 2008. Credit to other private sector entities, mostly businesses, held up better with R3,623bn in February 2009 from R4,426bn in February 2008.
10. **The Treasury's cash balance jumped by R25,4bn in March after dropping by R22,6bn in February.** The Treasury issued a net R7,7bn in domestic bonds in March and we expect it to issue a US\$2bn in April. Short-term Treasury Bill issuance jumped to R2,4bn in March from R1,04bn in February.
11. **Electricity distribution declined by 10,2% y/y in February after a 7,0% y/y drop in January.** The y/y rate needs to have 3,5% as February 2008 had one more day than February 2009. The 2008 annual consumption change was a 2,2% decline after a 4,4% increase in 2007. We expect this year to show a 5% decline. As recently as October Eskom increased its output by 0,8% y/y, as the bringing into service of the refurbished Camden and Grootvlei plants increased generating capacity. Imports are back to where they should be after disruptions between October 2007 and April 2008. There was a 37,9% y/y rise in imports of electricity in the first two months of 2009.
12. **The Standard Bank (smoothed) median house price index "recovered" to a 1,5% y/y decline in March after a 2,0% y/y drop in February after decreasing by 3,6% y/y in January.** The smoothed series may indicate that house prices are stabilising.

#### Rest of Africa

13. **Standard Bank received a US\$400m three-year credit line from the International Finance Corporation to encourage cross-border trade as part of the World Bank's Global Trade Liquidity Programme.** Standard Bank indicated that this loan would boost its loan book in the rest of Africa to close to R40bn. Much of the money is likely to promote trade with South Africa, which most of the time is the cheapest source of goods for the rest of Africa.
14. **Economic growth in Central Africa's six-nation CFA franc zone will slow to 2,8% this year from 4,4% last year.** The reason for the decline is the impact on export values of the global slowdown. Public and external accounts are deteriorating due to the fall in the prices of crude oil and other commodities, notably minerals and wood.
15. **A US\$4,6bn railway project linking the Tanzanian port of Dar es Salaam with Rwanda and Burundi is expected to halve transport costs.** The landlocked countries of Burundi and Rwanda (as well as Malawi) are cursed with the highest import costs in Africa. The railway, scheduled to be ready in 2014, will improve trade and accelerate economic development in the East African Community.

16. **The central bank of Namibia announced new Monetary Policy Committee meeting dates.** The expectation was that Namibia would follow South Africa's lead as it shares a common currency and move to a monthly meeting schedule. Instead, the Bank of Namibia has kept to a bi-monthly schedule. The meeting dates for the rest of the year are 15 April, 17 June, 19 August, 14 October and 9 December.
17. **Malawi's economy expanded by 9,7% in 2008 beating China's 9% increase.** A similar 10% growth is expected this year as maize and tobacco crops benefit from bountiful rains, which were the main reason behind last year's good growth. Growth has averaged over 7% over the past three years, so the high growth looks sustainable.
18. **China plans to plant 2 million hectares of jatropha in Zambia for the production of biofuels.** This would boost the agricultural sector in Zambia, which has an abundance of land and good rains, just very poor farming skills.
19. **Zambia's consumer inflation rate eased to 13,1% y/y in March from 14,0% y/y in February.** The slowing was mainly due to reductions in the prices of food products such as fish, kapenta, fresh vegetables, dried beans, tubers, and alcoholic beverages. Food inflation eased to 13,9% y/y from 16,3% y/y, while non-food inflation rose to 12,3% y/y in March from 11,7% y/y in February.
20. **Zambia's foreign trade deficit narrowed to ZMK163,3bn in February from ZMK237,8bn in January.** January is traditionally a deficit month, while all other months except October, when there is high import demand to stock shelves before the Christmas season, tend to be surplus months, but the collapse in copper prices are hurting export values although there was recovery to ZMK 1 129bn in February from ZMK 1 118bn in January, while imports eased to ZMK 1 291bn in February from ZMK1 355bn in January.

### International

21. **The G20 meeting in London on 2 April exceeded expectations and pledged \$1,1 trillion to get growth going again.** This was in part due to the poor follow-through from the November G20 meeting in Washington, where member countries pledged to complete the Doha trade negotiations by the end of 2008, but this optimistic target was put on the backburner within days of the meeting and 17 major countries have introduced some sort of protectionism in the past six months. The G20 pledged \$500bn for the International Monetary Fund (IMF) to lend to struggling economies with a further \$250bn to boost global trade. There would also be further \$250bn for a new IMF "overdraft facility" which member countries can draw on, while \$100bn would go to international development banks to boost lending to the world's poorest countries. The downside from this is that the IMF has been given authorisation to sell some 400 tons of gold to raise \$6bn to increase lending for the poorest countries.
22. **The central banks of Denmark, the Eurozone, Indonesia, and Venezuela cut their benchmark lending rates.** The Danes cut by 25 basis points to 2,0%, the Europeans by 25 basis points to 1,25%, the Indonesians by 25 basis points to 7,5%, and the Venezuelans cut the 28-day deposit rate by 300 basis points to 8,0%.
23. **The global manufacturing index rose to 37,2 in March from 35,8 in February, 35,0 in January and a record low 33,7 in December.** The PMI was last above the breakeven 50 level in May 2008 at 50,3. The June 2007 reading of 54,4 was the highest level since September 2006, while the June 2008 reading was the first time it was below 50 since June 2003. The output index recovered to 35,2 in March from 33,4 in February, 30,8 in January, 29,3 in December, 33,5 in November, 39,0 in October, 43,3 in September, 48,5 in August, 49,4 in July, 49,8 in June and 51,2 in May, while the new orders index rose to 35,8 in March from 31,4 in February, 30,1 in January, 25,8 in December, 30,0 in November, 36,5 in October, 41,4 in September and 46,8 in August. The input price index slipped to 34,2 in March from 35,1 in February, 33,9 in January, 31,4 in December, 35,8 in November, 47,9 in October, 59,6 in September, 72,6 in August, 80,8 in July, 79,9 in June and 76,2 in May.
24. **The Dow Jones index closed above 8 000 on 3 April for the first time since 9 February.** US equity market indices fell to a 12-year low on 9 March, but have since rebounded by more than 20%. We expect investors to take some profits at these levels. The Dow Jones is still down 8,6% since the start of the year. At the end of February 2008 it closed at 12 266.
25. **The number of US non-farm payrolls declined by 663 000 in March after a 651 000 drop in February and January's 741 000 plunge, while the unemployment rate rose to a 25-year high of 8,5% from 8,1%.** The economists' consensus forecast was for a 660 000 drop in the non-farm payrolls, so the shocking figures just produced a big yawn. The unemployment rate was only 4,9% in the first quarter 2008, so it has moved fairly rapidly from 6,5% in October to 6,8% in November, 7,2% in December and 7,6% in January. Cumulative jobs lost since the current recession began in December 2007 stand at 5,1 million, with much of that loss (3,3 million jobs) occurring in the past five months. At 8,5%, the unemployment rate now exceeds the peak from the 1991 recession, 7,8% in June of 1992, and is at a 25-year high. During the recession of the early 1980s, the unemployment rate was greater than 8% for 26 months, from November 1981 through January 1984. From September 1982 through June of 1983 (10 months), the rate was greater than 10%, peaking at 10,8% in November and December of 1982. In rural California, unemployment rates are now above 22% with Hispanic unemployment rates above the national average.

- 26. US planned lay-offs eased to 150 411 in March from 186 350 in February from January's 241 749, but remained above October's 112 884.** The January 2009 total was only exceeded by the January 2002 total of 248 475. In February 2008 there were only 72 091 layoff announcements, a total that was almost matched by the automobiles' sector 61 288 layoffs in February 2009. The first quarter 2009 total was the highest quarterly total since the fourth quarter 2001.
- 27. The US manufacturing index rose to 36,3 in March from 35,8 in February, 35,6 in January and 32,9 in December.** The record low of 29,9 was set in May 1980. The employment hit a record low of 26,1 in February from 29,9 in both December and January, but recovered to a very dismal 28,1 in March. The imports index also rose to 33,0 in March from 32,0 in February, 36,5 in January and 39,0 in December. The output index rose to 36,4 in March from 36,3 in February, 32,1 in January, 26,3 in December, 32,0 in November and 33,6 in October. The new orders index jumped to 41,2 in March after slipping to 33,1 in February from 33,2 in January, 23,1 in December, 28,1 in November and 32,4 in October.
- 28. The US non-manufacturing index dropped to 40,8 in March from 41,6 in February and 42,9 in January, but remained above the November's record low of 37,3.** The consensus forecast was for a rise to 42. The last time the index was above the breakeven 50 level was in September 2008. The new orders index fell to 38,8 in March from 40,7 in February, 41,6 in January, 38,9 in December, 35,4 in November, 44,0 in October, 50,8 in September, 49,7 in August, 47,9 in July, 48,6 in June and 53,6 in May. The series started in 1997. In March the prices paid index eased to 39,1 from 48,1 in February, 42,5 in January and 36,1 in December, and remained well below September's 70.0. The employment index dropped to 32,3 in March after recovering to 37,3 in February from 34,4 in January, 34,5 in December and November's 31,3.
- 29. The American Trucking Association's freight tonnage index rose by 1,7% m/m in February but was still down 9,2% y/y after 10,8% y/y drop in January and December's 12,5% y/y decline.** Forecaster clients will remember that in March 2007 we pointed out that the American Trucking Association's (ATA) index fell by 5,0% y/y in January 2007 for the seventh consecutive y/y monthly decline. The "recovery" in the y/y decline in January 2009 may be a sign that the various stimulus plans are finding some traction, as February was the second consecutive monthly increase.
- 30. US auto sales rose to a 9,9m unit annualised rate in March from a 9,1m rate in February.** On a seasonally adjusted annualised basis, February sales at 9,1 million units were the lowest since December 1981. Normal US annual sales are above 16 million units. Economists continue to be pessimistic and the consensus forecast for March was a 8,9m rate. March sales were down 36,8% y/y.
- 31. Eurozone consumer inflation eased to a preliminary 0,6% y/y in March from 1,2% y/y in February.** The easing in inflation may turn into outright y/y deflation by June, which is likely to generate a fair amount of media "scare" stories.
- 32. The Eurozone manufacturing index rose to 33,9 in March from a record low of 33,5 in February after rising to 34,4 in January from the previous record low of 33,9 in December.** The June 2008 reading was the first drop below the breakeven 50 level after 35 consecutive months above, after being below in the period March to June 2005. The output index rose to 33,4 in March from 30,8 in February, 31,4 in January, 31,2 in December, 32,6 in November, 39,8 in October, 44,1 in September and 47,6 in August, while the new orders index recovered to 30,9 in March from 28,2 in February, 29,0 in January, 26,4 in December, 28,8 in November, 36,2 in October, 41,7 in September and 44,6 in August.
- 33. The UK services index rose to 45,5 in March from 43,2 in February, 42,5 in January, 40,2 in December and a record low of 40,1 in November.** The rate of contraction in the service sector eased in March to its slowest for six months, though companies shed jobs at their fastest pace for over a decade. Economists on average had forecast a rise to only 43,5 in March. Apart from employment, all the sub-indexes rose in the monthly purchasing managers' survey. Business confidence improved to its highest since August last year, before the collapse of US investment bank Lehman Brothers damaged economic morale. Nearly 40% of managers forecast a rise in activity over the next year, while just over 20% saw a decline. The employment index hit a record low of 38,8, down from 40,4 in February. Businesses were more optimistic about the future, with some hoping that the recession would reduce competition as their rivals went bust or became takeover targets. Companies cut prices at their slowest pace since November, while falls in new business and outstanding business were the lowest since September. Input prices however rose at their fastest pace since November, with firms blaming sterling's weakness against other currencies for pushing up the cost of imports.
- 34. UK companies' borrowing costs rose in the three months to March despite falling official interest rates, though the deterioration in finance availability was easing.** The Confederation of British Industry's monthly credit conditions survey showed companies still found it hard to tap new and existing bank credit lines between January and March, but less so than they had between December and February. The availability balance for existing credit improved to -16 in the three months to March from -25 in the three months to February, and the availability balance for new credit lines rose to -36 from -59. However, lenders upped the cost of borrowing even as the Bank of England slashed official interest rates to a record low of 0,5%. The percentage of firms reporting a rise in the cost of existing credit lines rose to 35% in March from 26% in the February survey, while the percentage of firms reporting no change in cost held steady at 53%. The percentage of companies reporting a rise

in the cost of new loans rose to 62% in the three months to March from 57% in February. Only 26% saw no change, down from 29% in February.

35. **UK mortgage lender Nationwide reported the first m/m increase in March in 17 months in UK property prices.** The monthly increase was 0,9%, but needs to be sustained for several months before one can say that UK property prices have bottomed.
36. **The UK manufacturing index rose to 39,1 in March after easing to 34,7 in February from 35,8 in January, 34,9 in December and a record low 34,4 in November.** The August 2007 reading of 56,3 was the highest since July 2004. The November 2008 reading was a record low. The output index rose to 40,5 in March after falling to a record low of 31,4 in February from 35,4 in January, 34,0 in December, 32,0 in November, 40,7 in October, 41,3 in September and 48,0 in August, while the new orders index jumped to 39,0 from 33,5 in February, 30,8 in January, 30,2 in December, 30,3 in November, 37,1 in October, 36,0 in September and 41,1 in August.
37. **The Australian manufacturing index recovered to 33,1 in March after falling to a record low 31,7 in February from 36,6 in January.** The January increase was the second consecutive rise after six consecutive declines in the index. Employment by manufacturers fell for the 13th consecutive month, although the rate of decline eased in March, rising to 33,6 from 32,8 in February. The output index dropped fell to 28,7 in March from 30,1 in February after rising to 33,0 in January from 29,3 in December, 30,4 in November and 41,5 in October, while the new orders index rose to 31,4 in March from 28,1 from 31,8 in January, 30,1 in December, 24,5 in November and 38,9 in October. The series started in September 1992.
38. **The Chinese manufacturing index eased to 44,8 in March after rising to 45,1 in February from 42,2 in January, 41,2 in December and a record low 40,9 in November.** The output index rose to 44,3 in March from 43,9 in February, 39,7 in January, 38,6 in December, 39,2 in November, 43,3 in October, 46,7 in September, 46,1 in August, 53,4 in July, 54,0 in June, 56,7 in May after jumping to 57,9 in April from 55,6 in March and 53,2 in February, while the new orders index slipped to 43,6 in March from 44,2 in February, 39,9 in January from 37,0 in December, 36,1 in November from 43,8 in October, 45,8 in September, 49,4 in August, 54,8 in July, 55,2 in June, 57,3 in May after rising to 58,6 in April from 57,8 in March and 55,1 in February. The series started in April 2004.
39. **Initial reports are that Chinese banks lent 1,6 trillion yuan in March compared with 1,1 trillion yuan in February.** Some of the loan growth has spurred property investment with several Chinese cities reporting m/m increases greater than 50% with Shanghai leading the pack with a 91% m/m surge.
40. **The Japanese government is considering introducing up to 300,000 yen in subsidies for people who buy hybrid and other environmentally friendly vehicles.** The subsidies under consideration would cover hybrid and electric vehicles, as well as petrol and diesel-engine cars that meet certain emissions requirements. Those who buy mini-cars meeting the criteria would receive 100,000 yen in subsidies, with the amount increasing to Y200,000 for those purchasing larger qualifying vehicles. Furthermore, people who are upgrading to green new cars from cars that are at least 13 years old would receive an additional Y100,000 or so in subsidies. The government is looking to introduce the new subsidies before summer and keep them until the end of March 2010. This latest effort to shore up demand for environmentally friendly cars comes as tax breaks on such vehicles took effect Wednesday. The automobile acquisition and weight taxes are waived for these cars, enabling a person buying a Y2 million hybrid weighing 1,3 tons to save Y150,000. Nearly 10 million cars older than 13 years are still in use in Japan, accounting for about 13% of all registered vehicles. The subsidies and tax breaks are expected to generate an additional 1 million units in annual sales of new cars. The January 2009 sales were the worst since 1972. Last year, sales declined by 6% to 3,21 million, the lowest annual total since 1974. This year it looks as if sales will fall by more than 10% unless the subsidy scheme is implemented soon.
41. **South Korean exports declined by 21,2% y/y in March after a 18,3% y/y decline in February after tumbling by 32,8% y/y in January, while imports were down 36,0% y/y in March after February's 30,9% y/y drop following January's 32,1% y/y decrease.** The Korean foreign trade report is amongst the earliest available. In December exports fell by 17,4% y/y, while imports dropped by 21,5% y/y.
42. **Global semiconductor sales plunged by 30,4% y/y in February to \$14,17bn after slumping by 28,6% y/y in January to US\$15,34bn following December's 21,9% y/y decline.** The 2008 annual sales were down by 2,8% to \$248,6bn from 2007's sales of \$255,6bn, which was a 3,2% rise on 2006. Sales in February were down more than 20% y/y in all regions, with Europe the worst with a 36,1% y/y decline to only \$2,11bn. Asia Pacific played catch-up in February with a 30,5% y/y plunge to \$6,82bn after being the only region to show a y/y increase in October with a 3,7% y/y rise to \$11,61bn, but this was well off the August rise of 12,0% y/y to \$11,72bn following the January 2007 15,2% y/y jump to \$10,49bn. The September 2006 \$10,02bn sales for Asia Pacific was the first time any region has had monthly sales in excess of \$10bn and the July 2008 sales was the first time any region had sales in excess of \$11bn. In December 2008, the global downturn did not exempt Asia Pacific and sales were down 21,9% y/y to \$8,42bn. Japan suffered a 29,8% y/y decline in February to \$2,79bn after a 13,2% y/y drop to \$3,74bn in December compared with October sales of \$4,24bn. American sales showed some "recovery" and

were down "only" 24,9% y/y to \$2,45bn after December's 26,2% y/y drop to \$2,7bn compared with October sales of \$3,21bn. This was well off the 18,3% y/y increase in August 2006 to \$3,83bn.

- 43. The monthly average OPEC Reference Basket (ORB) rose to US\$45,78 per barrel in March from \$41,41 in February, \$41,52 in January and \$38,60 in December.** The monthly record in 2006 of \$68,89 per barrel was set in July. The 2007 daily record of \$91,91 per barrel was set on 21 November, while on 3 July 2008 a new daily record of \$140,73 was set, but prices then plunged to bottom at \$33,36 on 24 December 2008. There has been some recovery from that low in 2009, as the oil price has traded either side of \$40 per barrel. The low in February was \$38,14 on 18 February and prices moved above \$50 for the first time this year on 23 March. The monthly record was \$131,22 set in July 2008, while the first quarter 2009 average was only \$43.
- 44. Earth Hour on 28 March had more than 400 million participants in 88 countries.** The first Earth Hour was held in Sydney Australia in 2007 and had only 2,2 million participants. Last year South Africa was one of 44 countries that participated. In South Africa the hour from 8:30pm to 9:30pm this year saved some 400 million watts, while globally the estimate is that it saved around 5% of normal Saturday consumption.
- 45. Antarctic ice shelves are disappearing at a frightening rate with six major ice shelves lost over the past few years.** The film "Happy Feet" may have raised the consciousness about the plight of the penguins, but has had no impact on climate change as the global temperature rises and melts ice shelves. The latest ice shelf in danger of disappearing is the Wordie ice shelf.

