

An aerial photograph of a lighthouse situated on a rocky, forested island. The lighthouse is a small, white, cylindrical structure with a dark top. The island is surrounded by the ocean, with several large, dark rock formations scattered in the water. The sky is a mix of blue and orange, suggesting a sunset or sunrise. The overall scene is serene and dramatic.

The macro-economic environment
underpinning labour market trends -
a global perspective

Dr Roelof Botha

Themes for interesting times

Theme 1:

Labour market trends

Theme 2:

Global financial instability

Theme 3:

Identifying sunrise industries

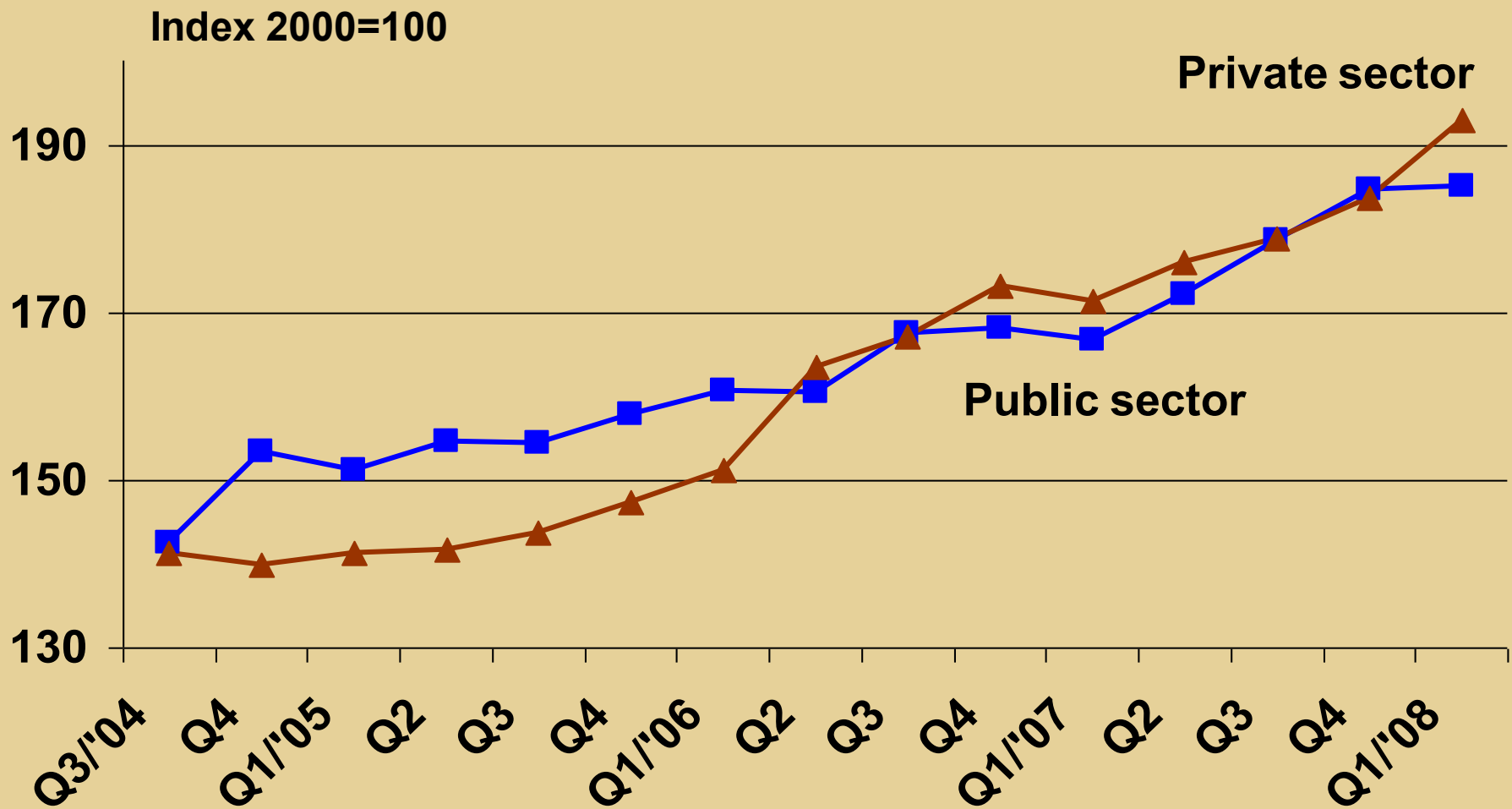
Theme 4:

Rise of emerging markets

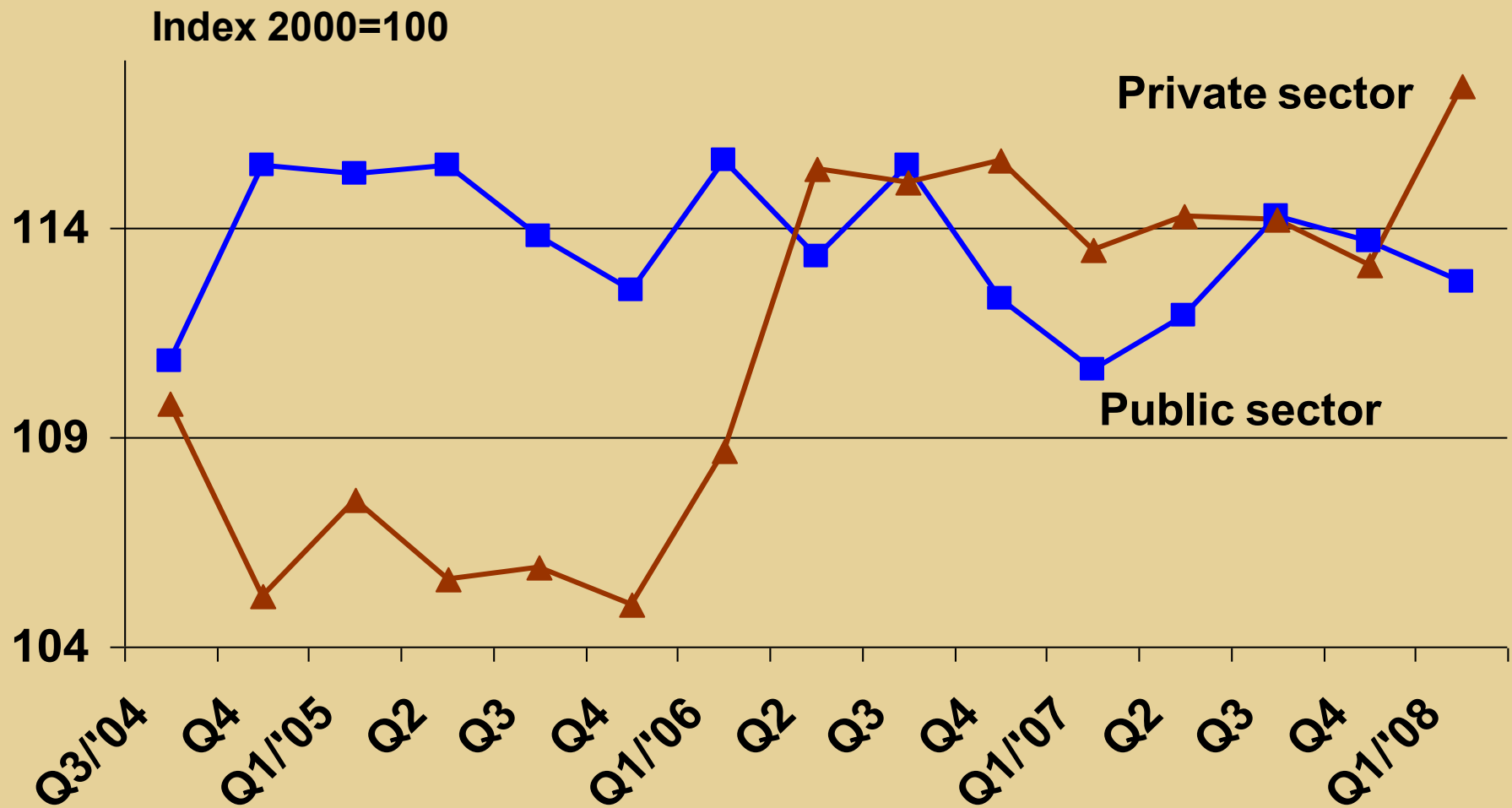
Theme 5:

The 6% Asgisa growth target – myth or reality?

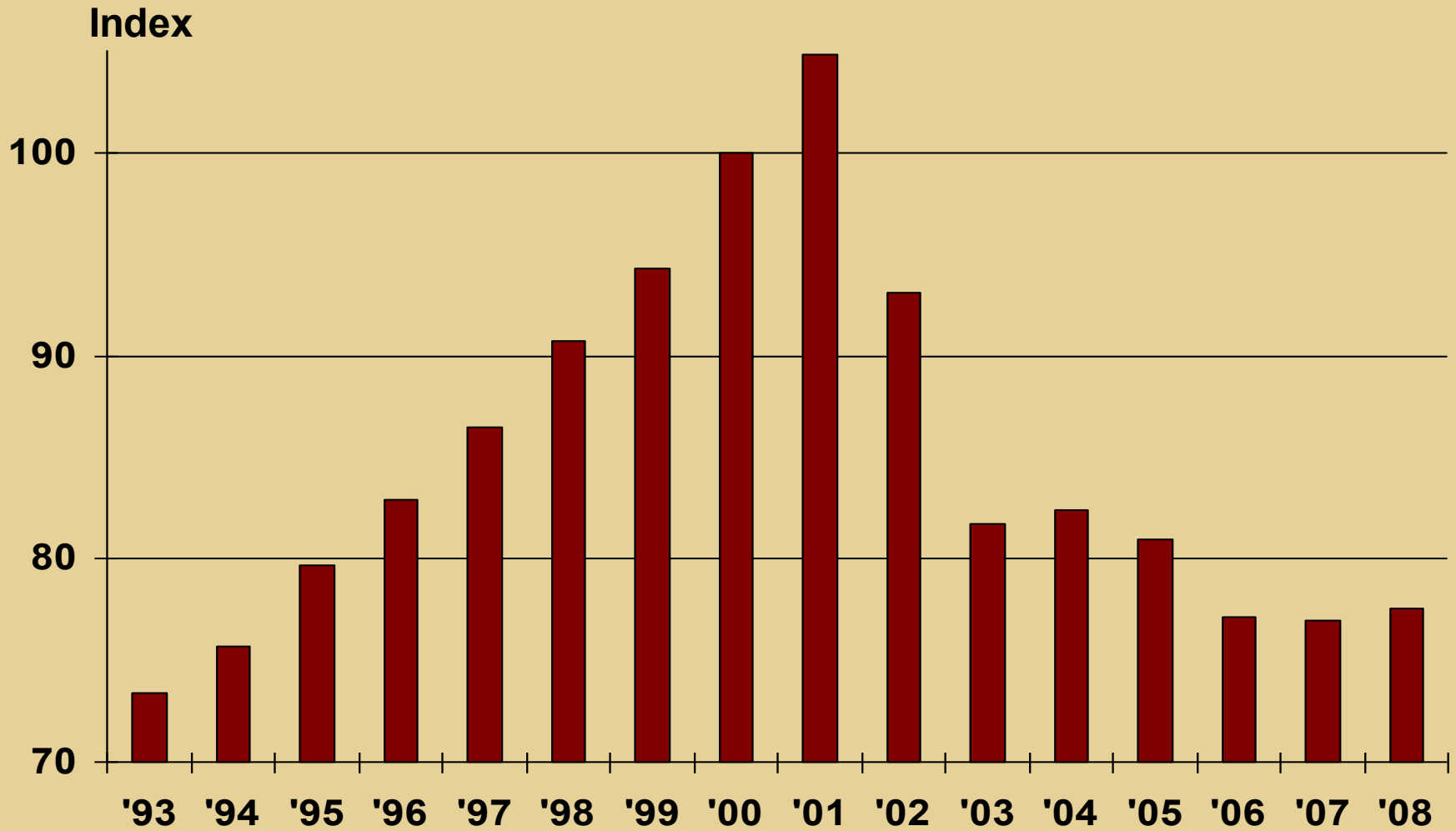
Labour cost index (at current prices)



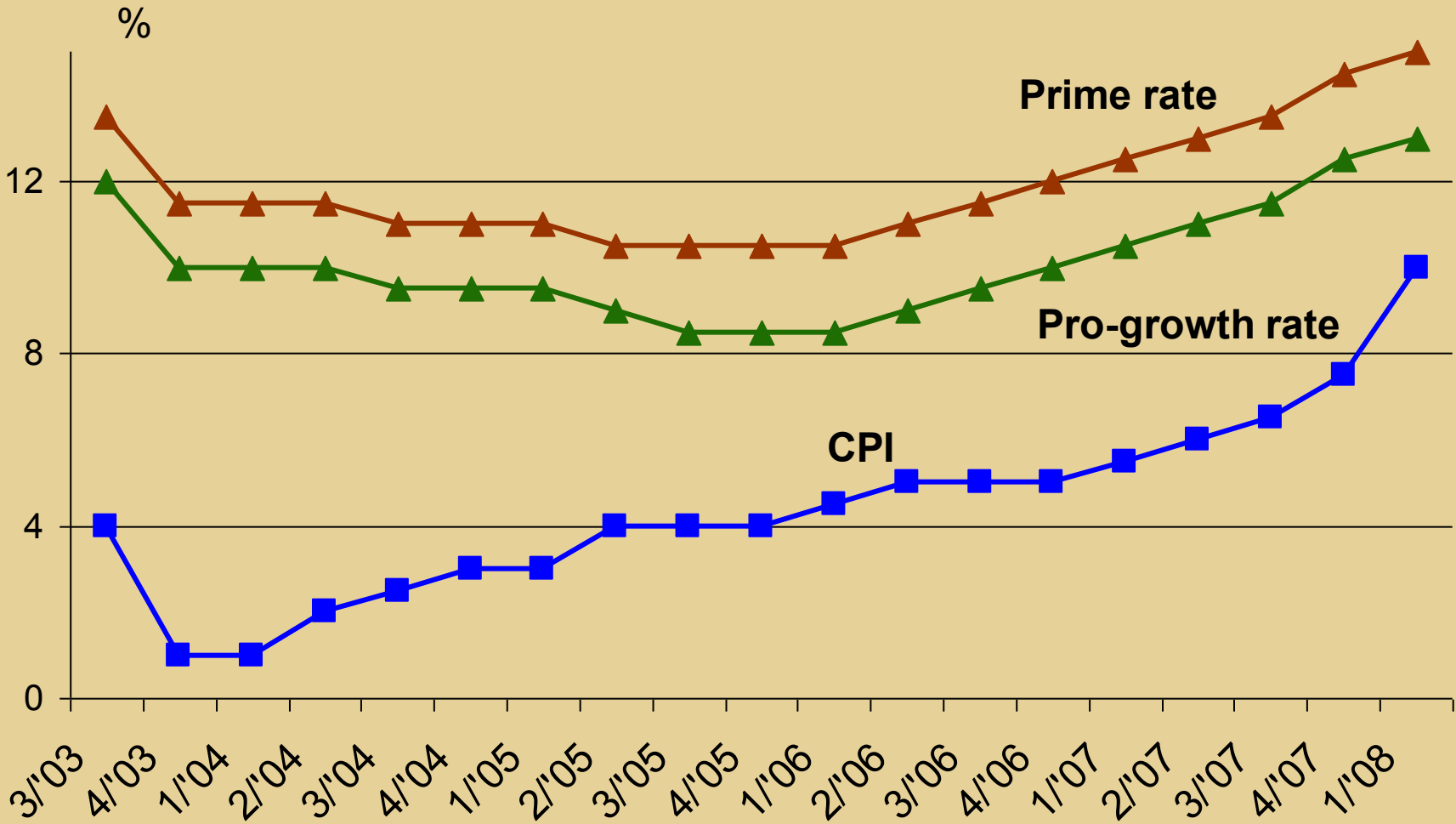
Labour cost index (at constant prices)



Labour productivity index (2000 = 100)



CPI (?) and the prime rate



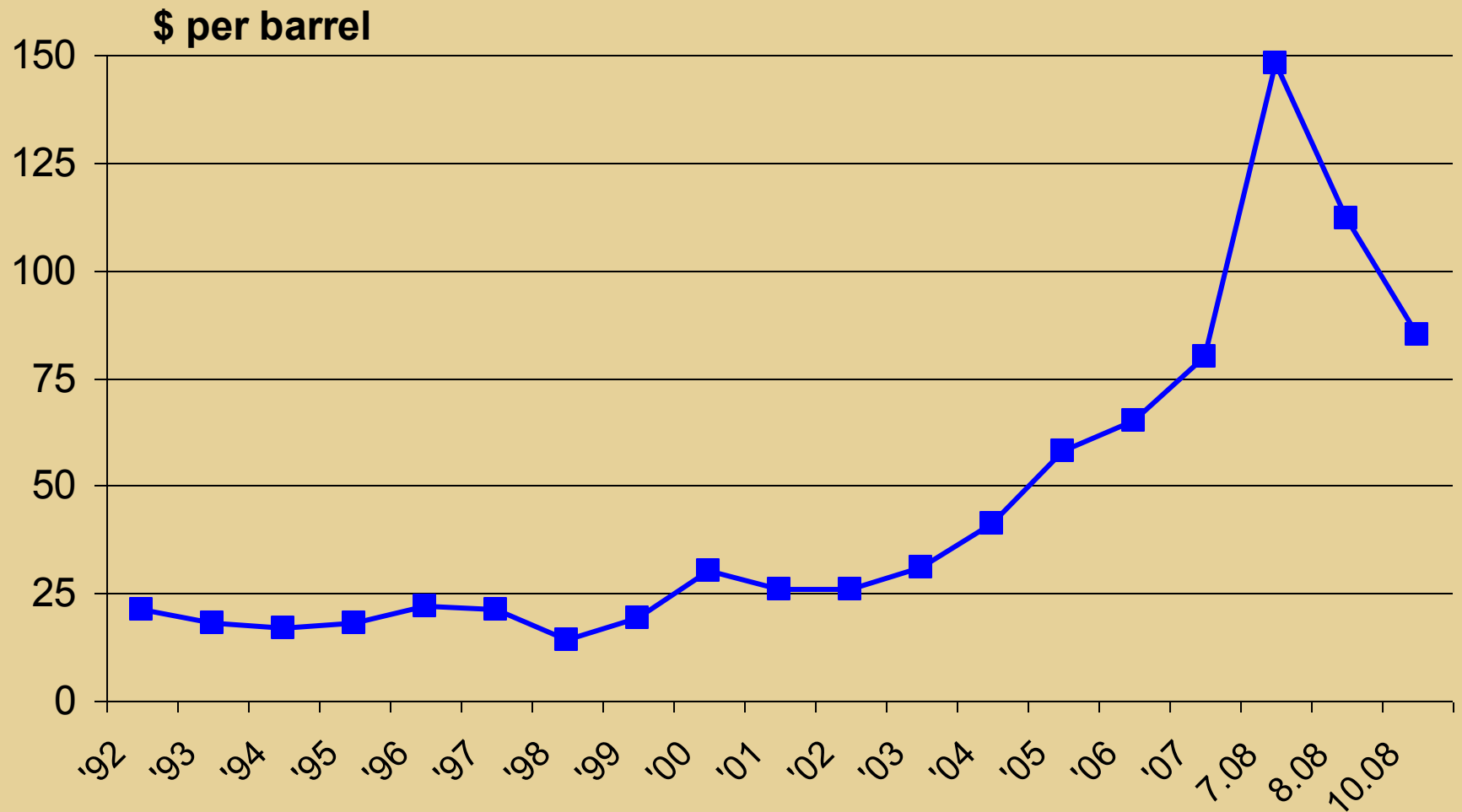
Factors exerting downward pressure on salary increase levels

- Prospects for lower inflation early in 2009
- Declines in staple food commodity prices & oil price
- Lower domestic economic growth
- Global financial crisis
- Shift to contract labour (due to over-regulation)
- Low and declining rates of labour productivity
- University graduates to exceed demand for skills in 2008

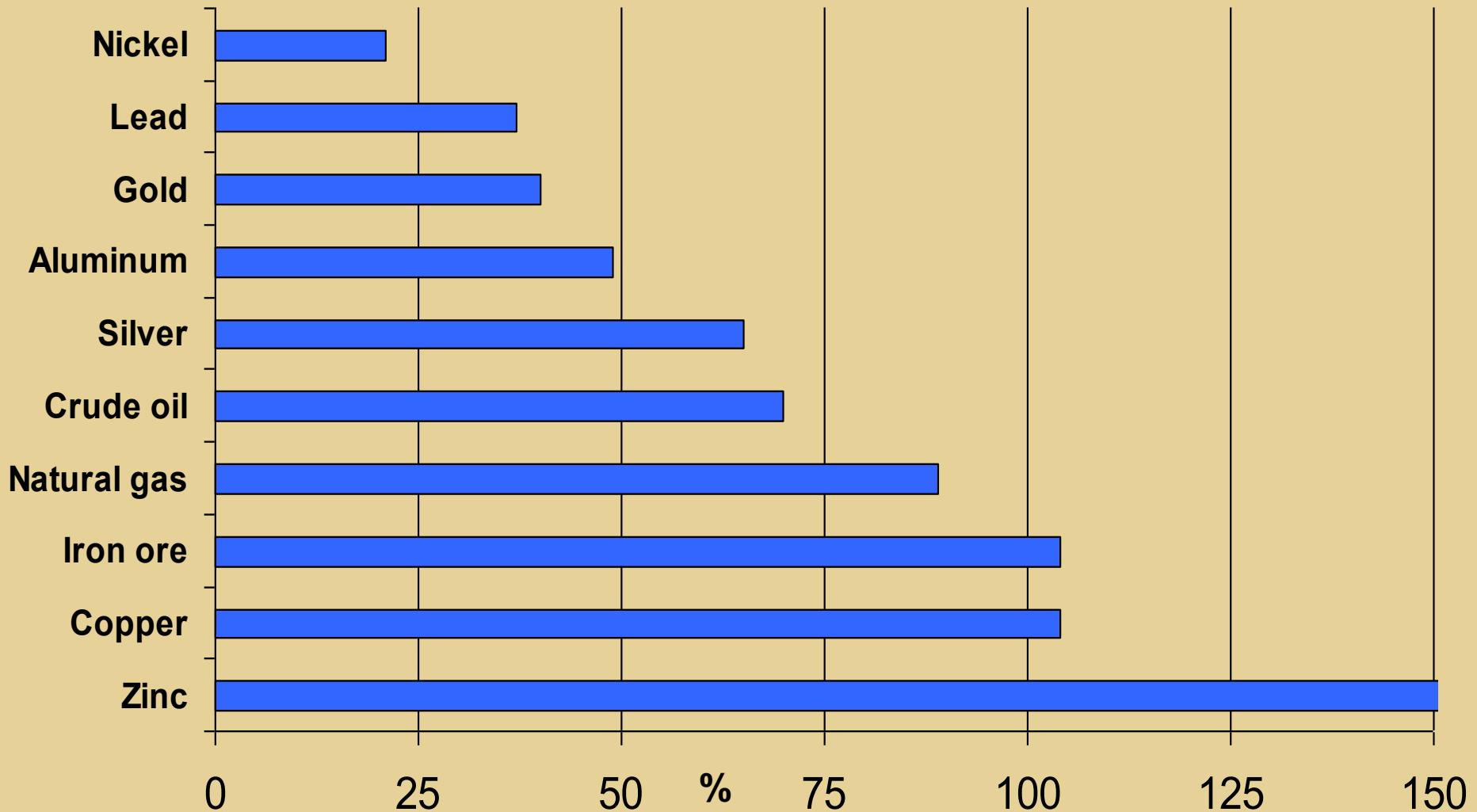
Factors exerting upward pressure on salary increase levels

- High inflation rates (currently)
- Strong growth in capital formation
- Imminent resumption of the international war for talent
- Prospects for lower interest rates early in 2009
- Emigration of highly skilled people
- Perceived elevation of the political status of major trade unions
- Skills shortages emanating from critical projects to facilitate the 2010 Soccer World Cup finals

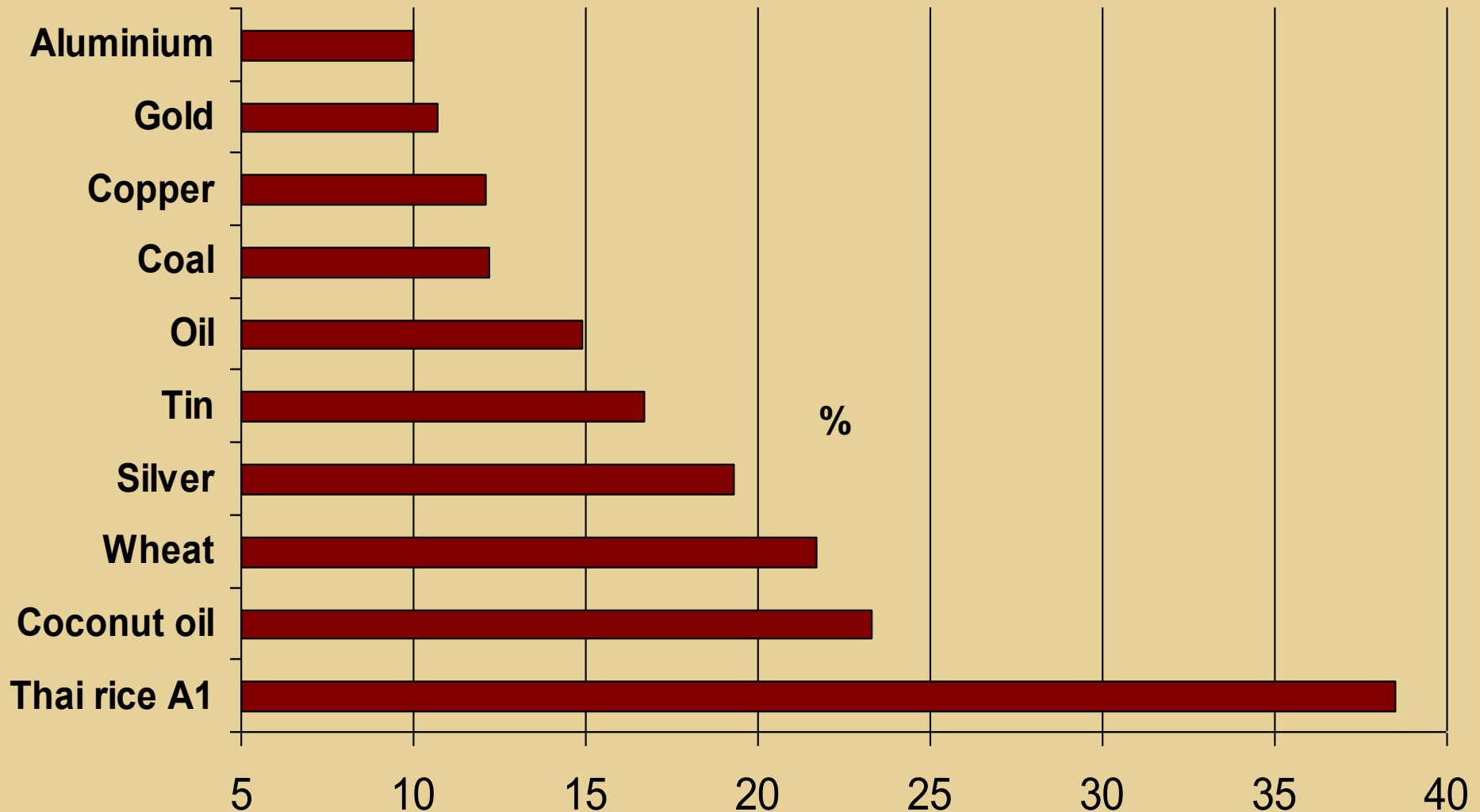
Oil price trends



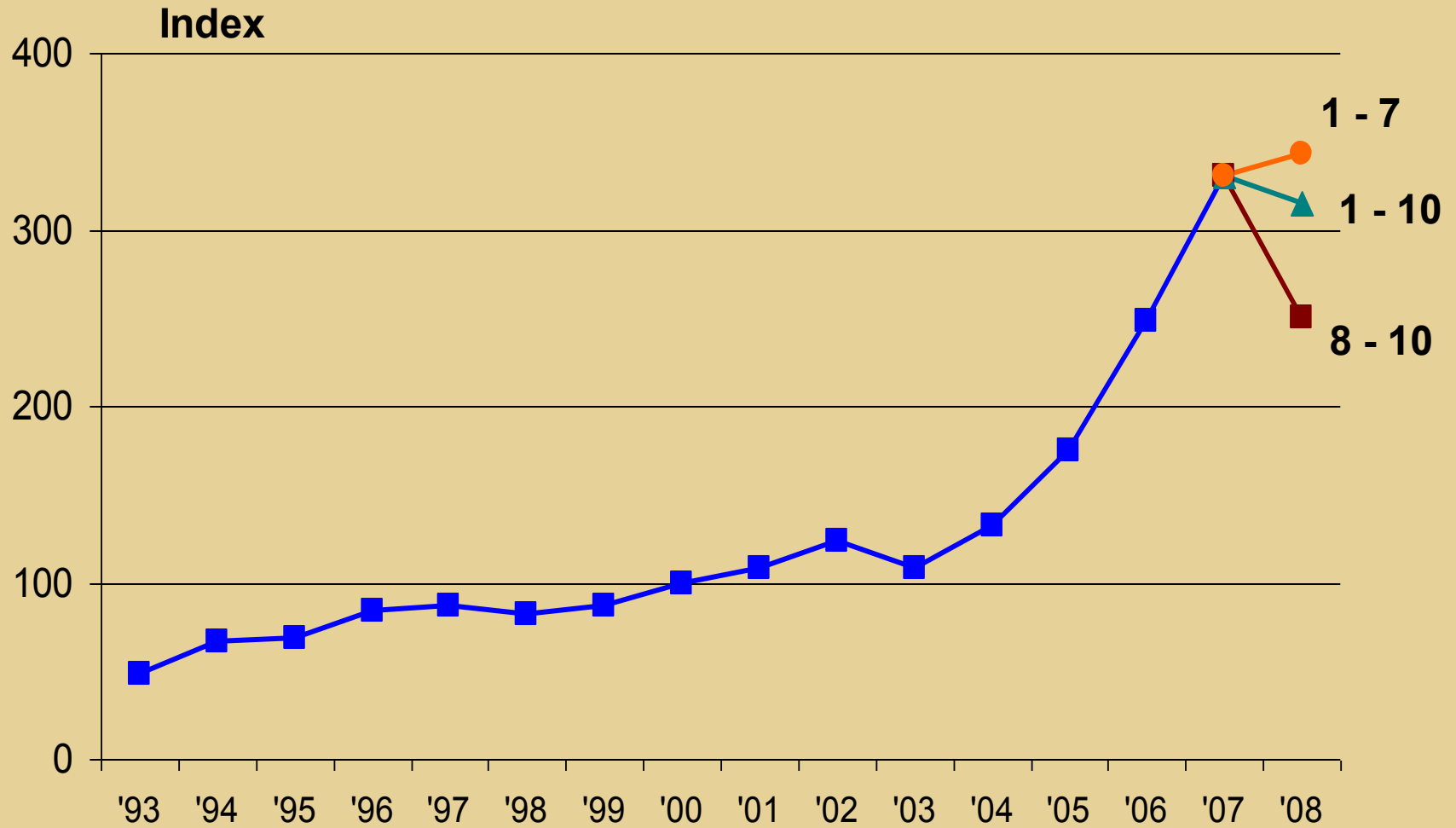
Metal & mineral commodity price change 2004 to 2007



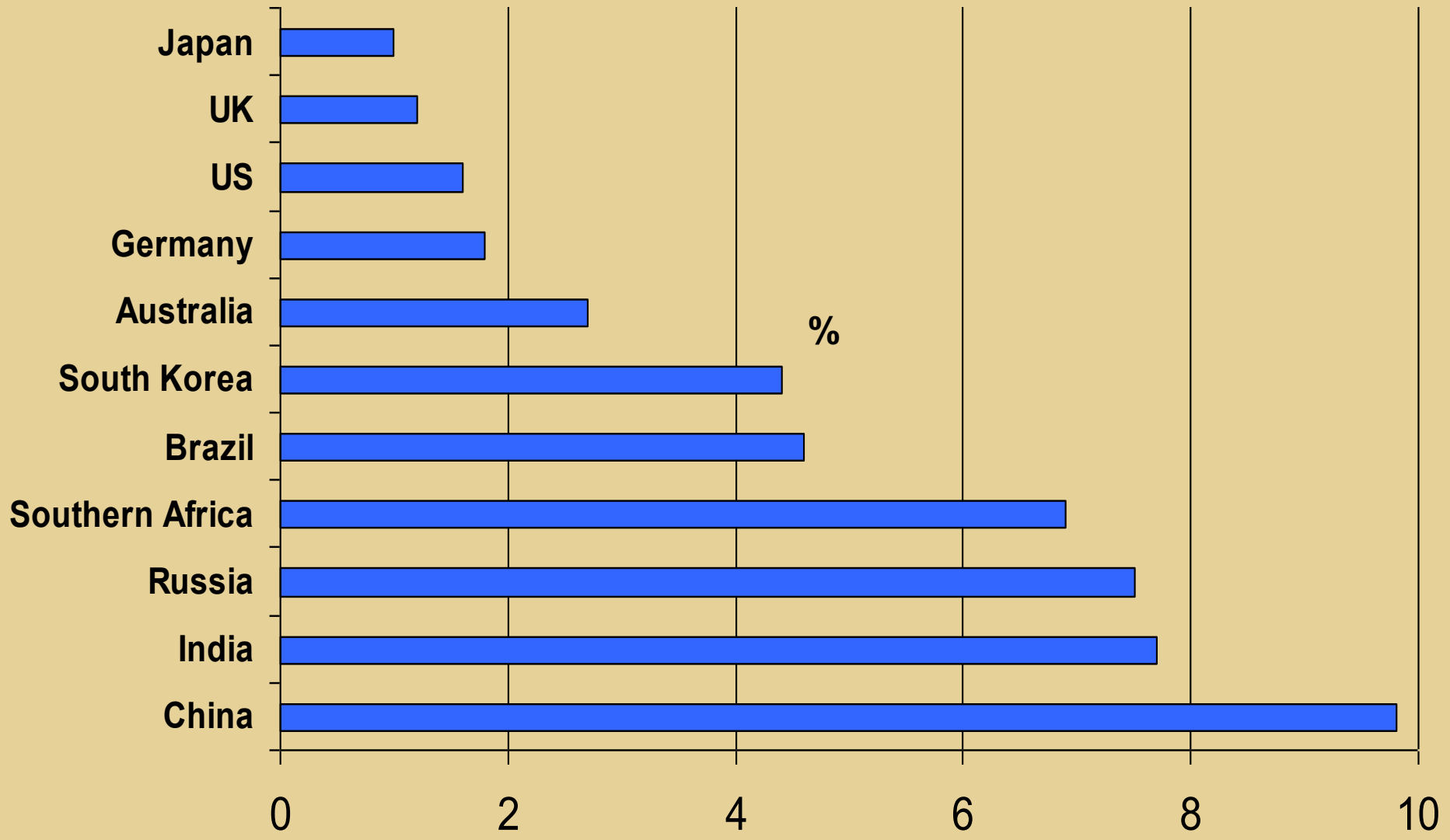
Commodity price declines between 2008 high & August 2008



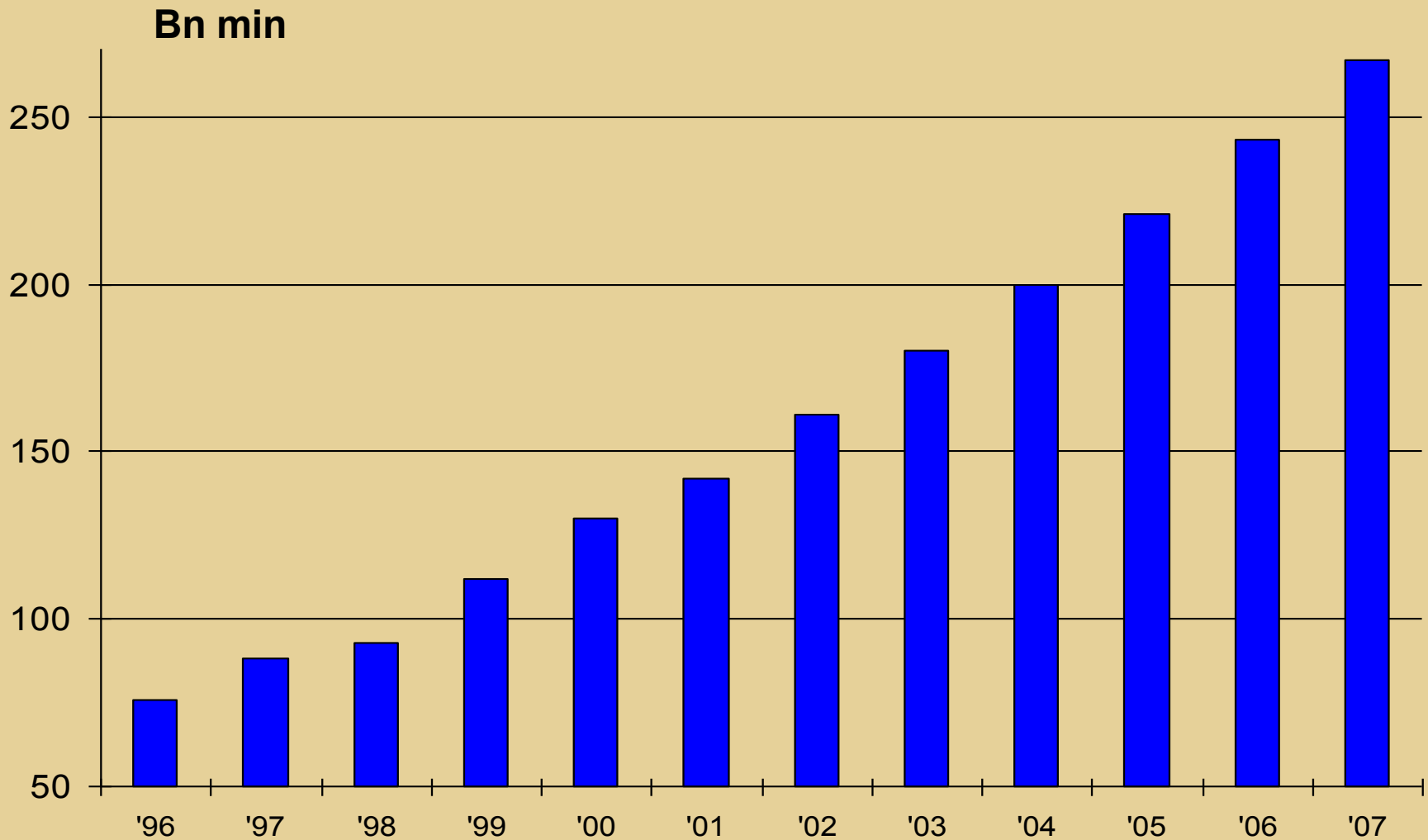
Share prices (JSE)



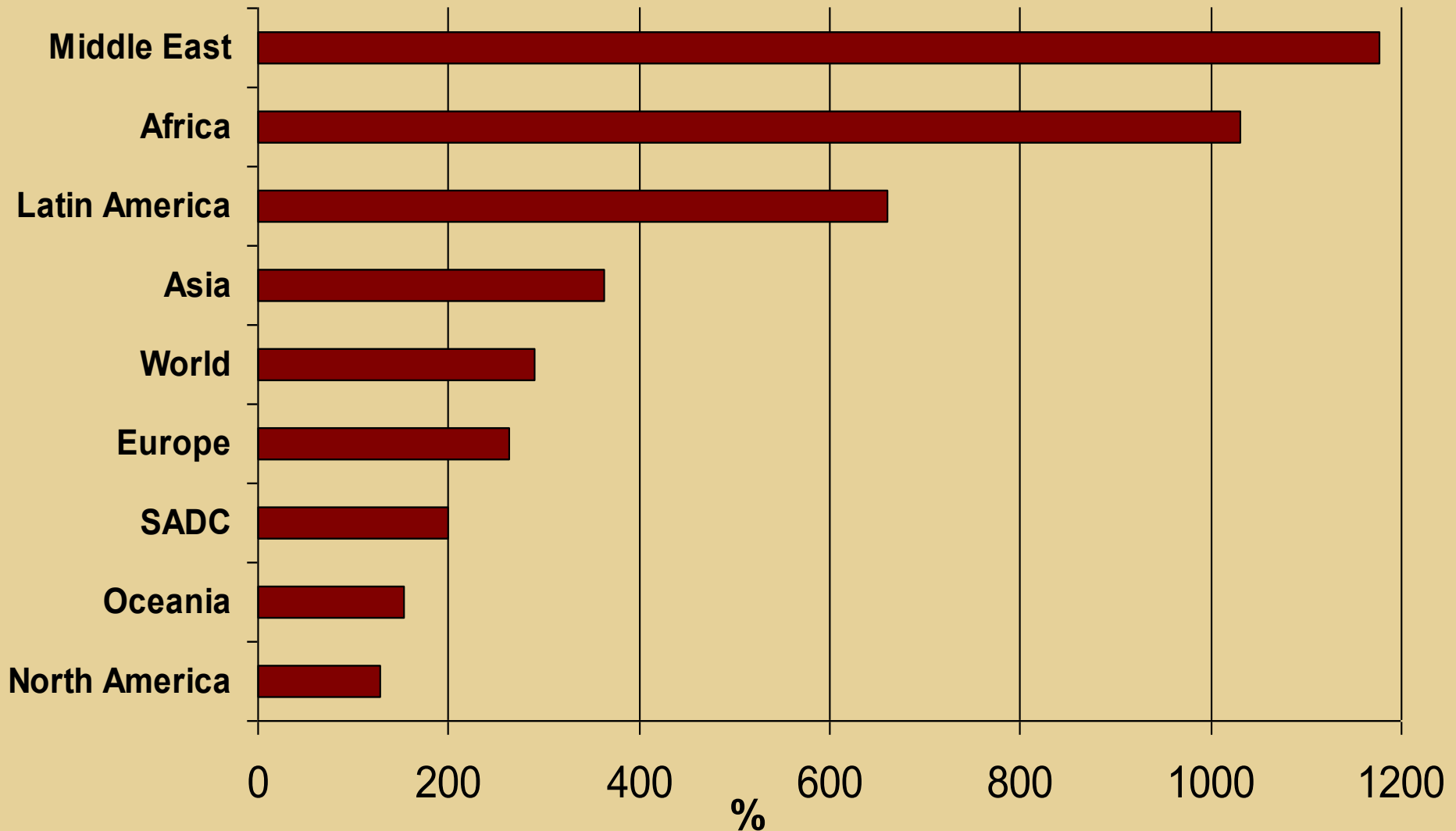
World growth forecasts - 2008



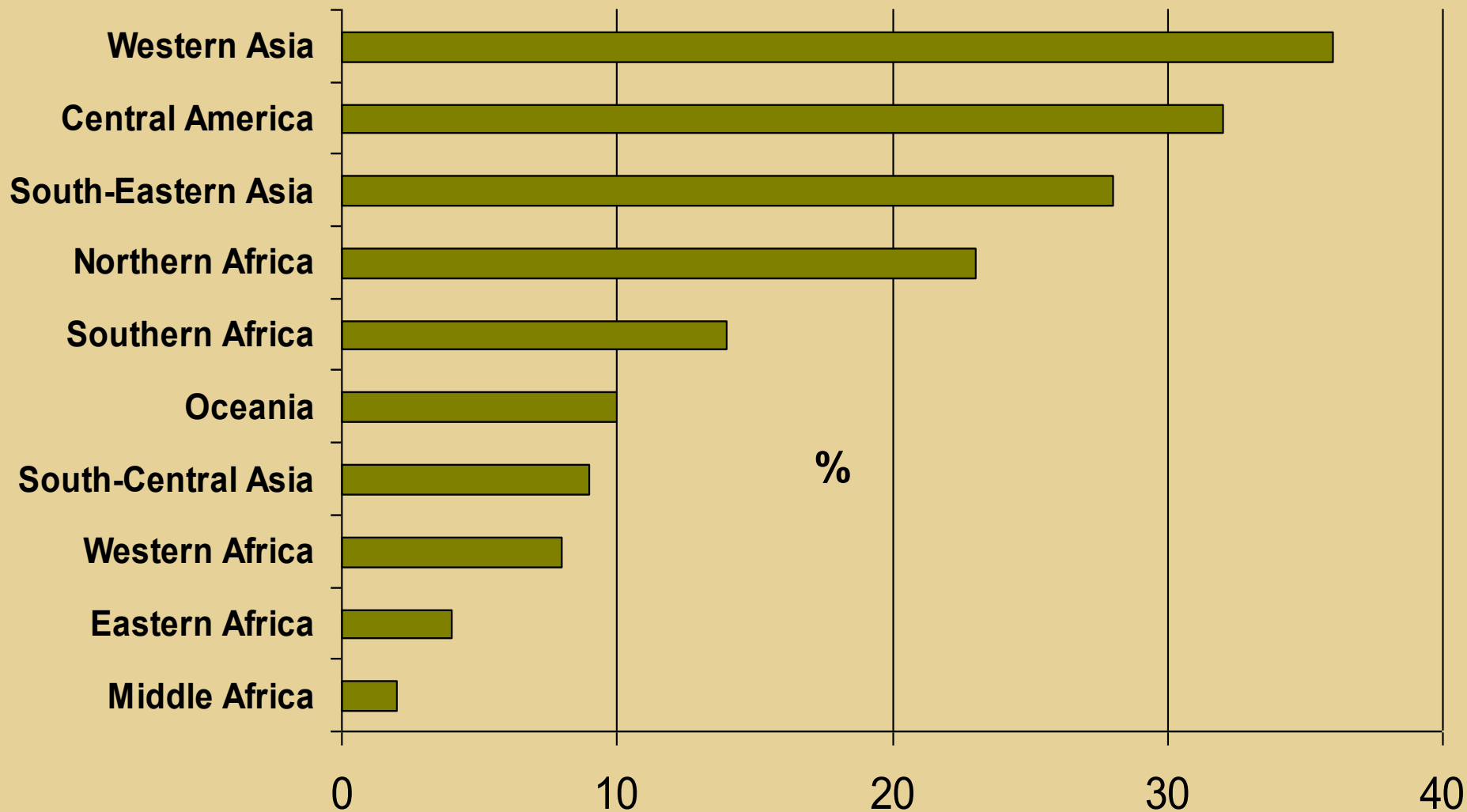
International phone calls (excluding VoIP)



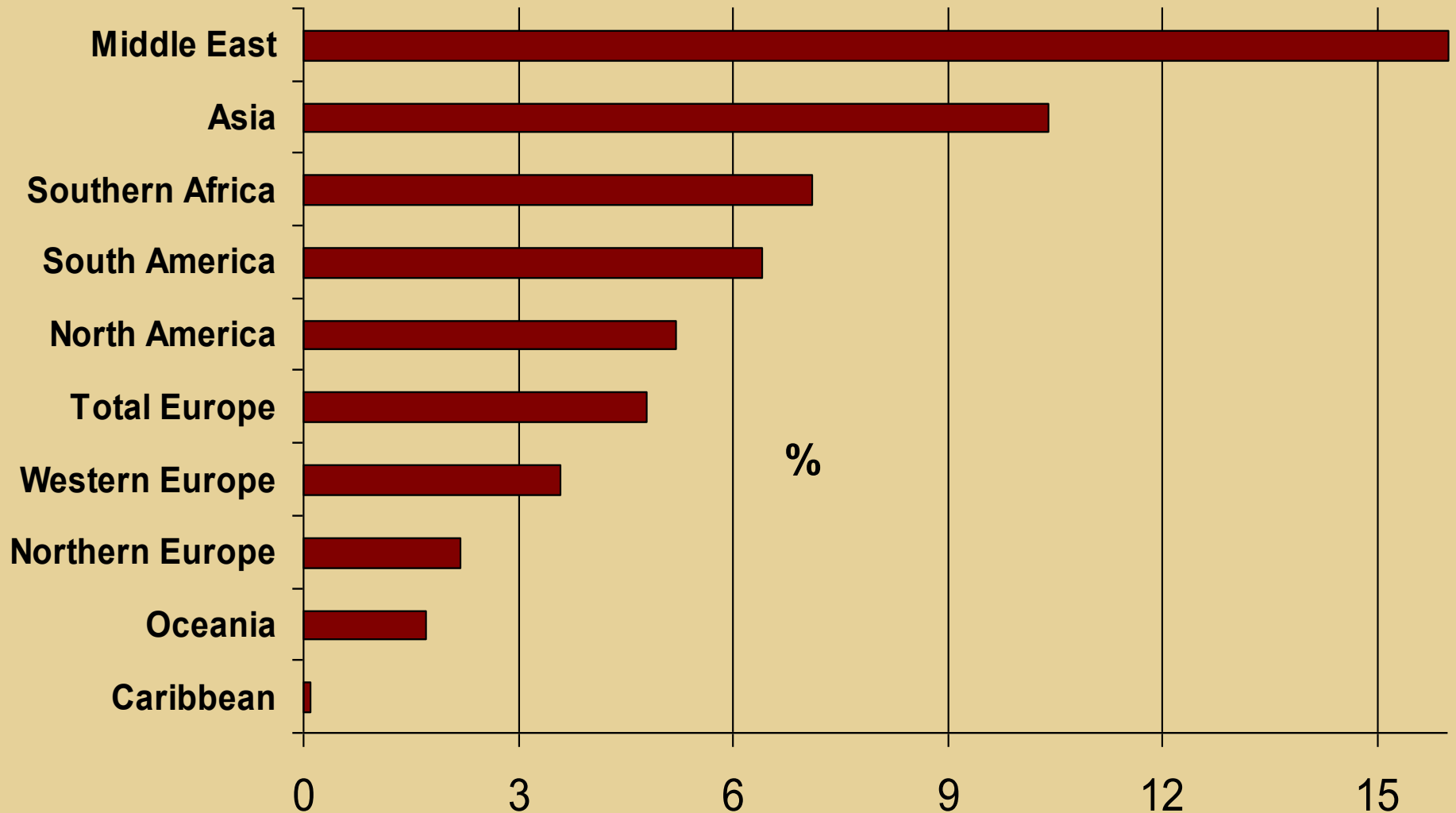
Internet usage growth between 2000 & 2008 by region



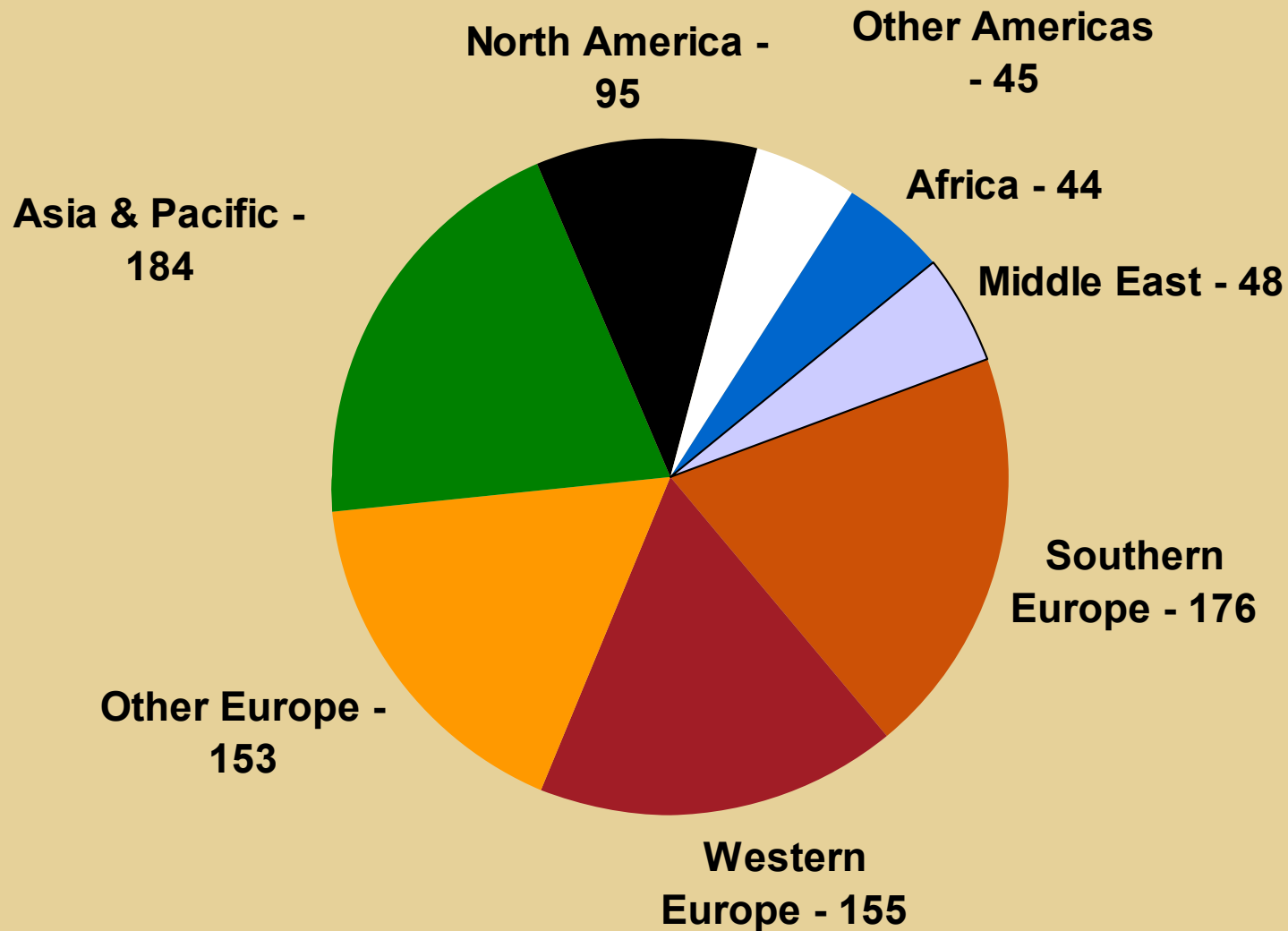
Current telecoms penetration levels – developing regions



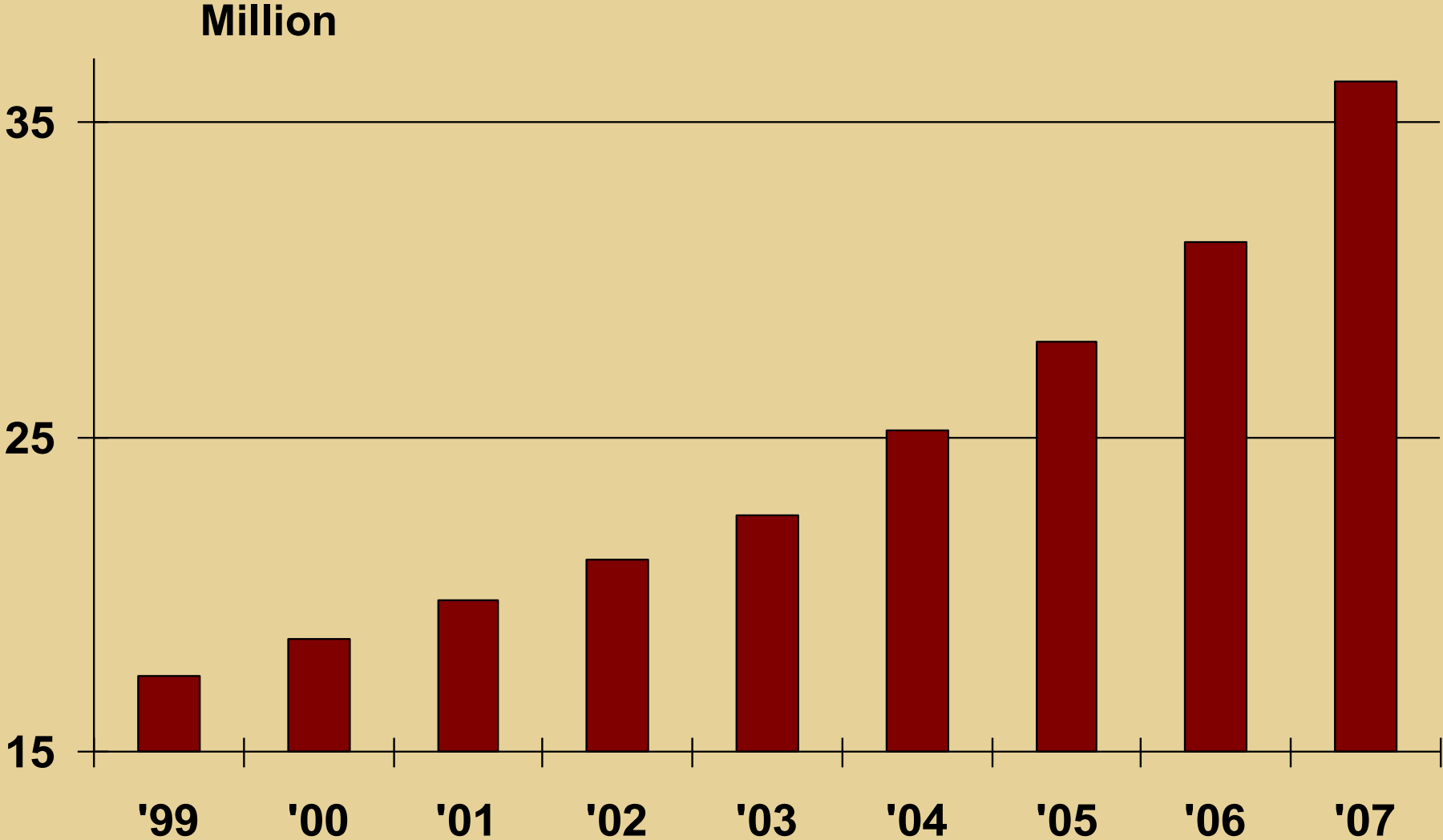
Growth in international tourist arrivals - 2007



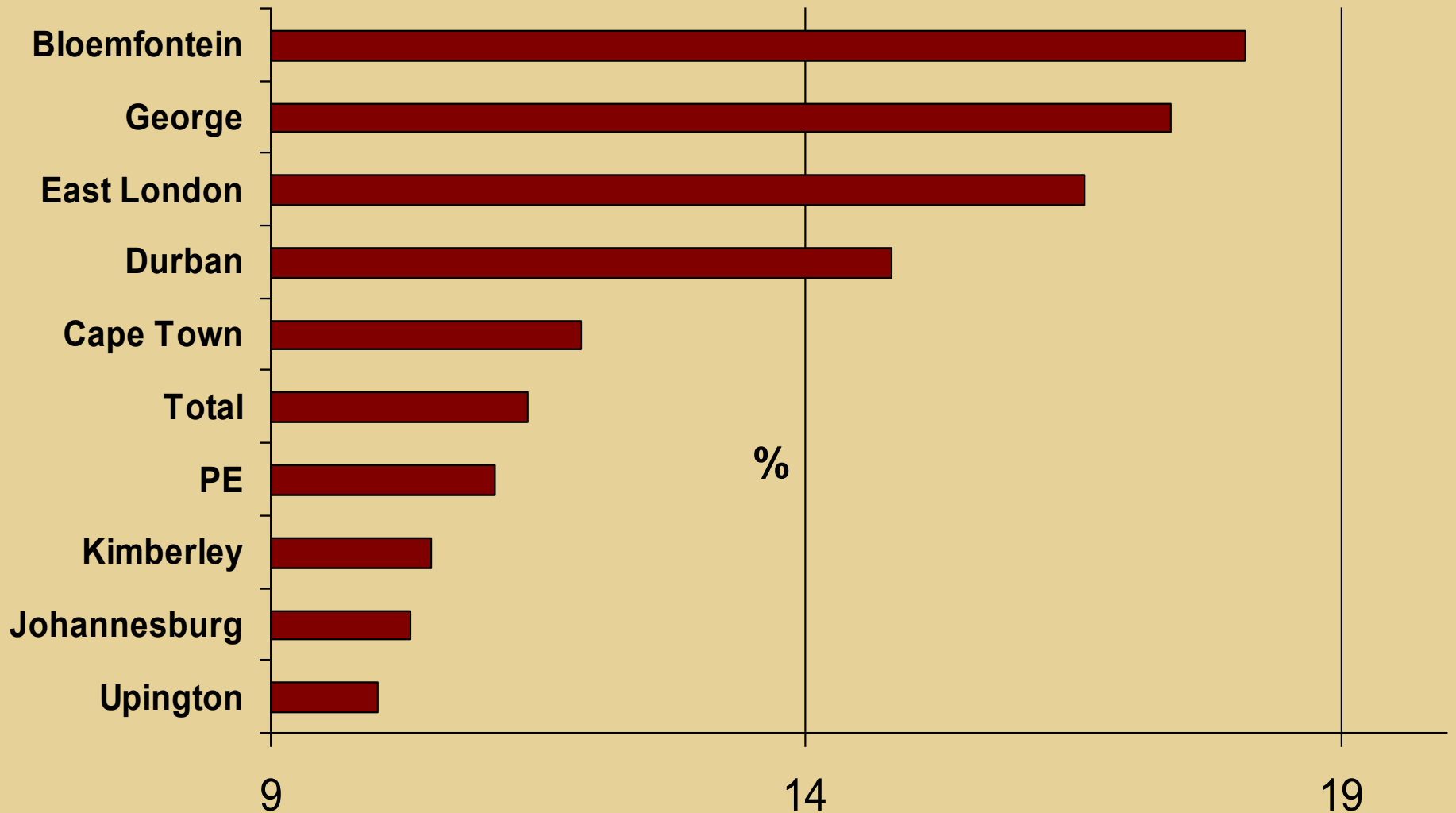
Composition of international tourist arrivals (total 900 million)



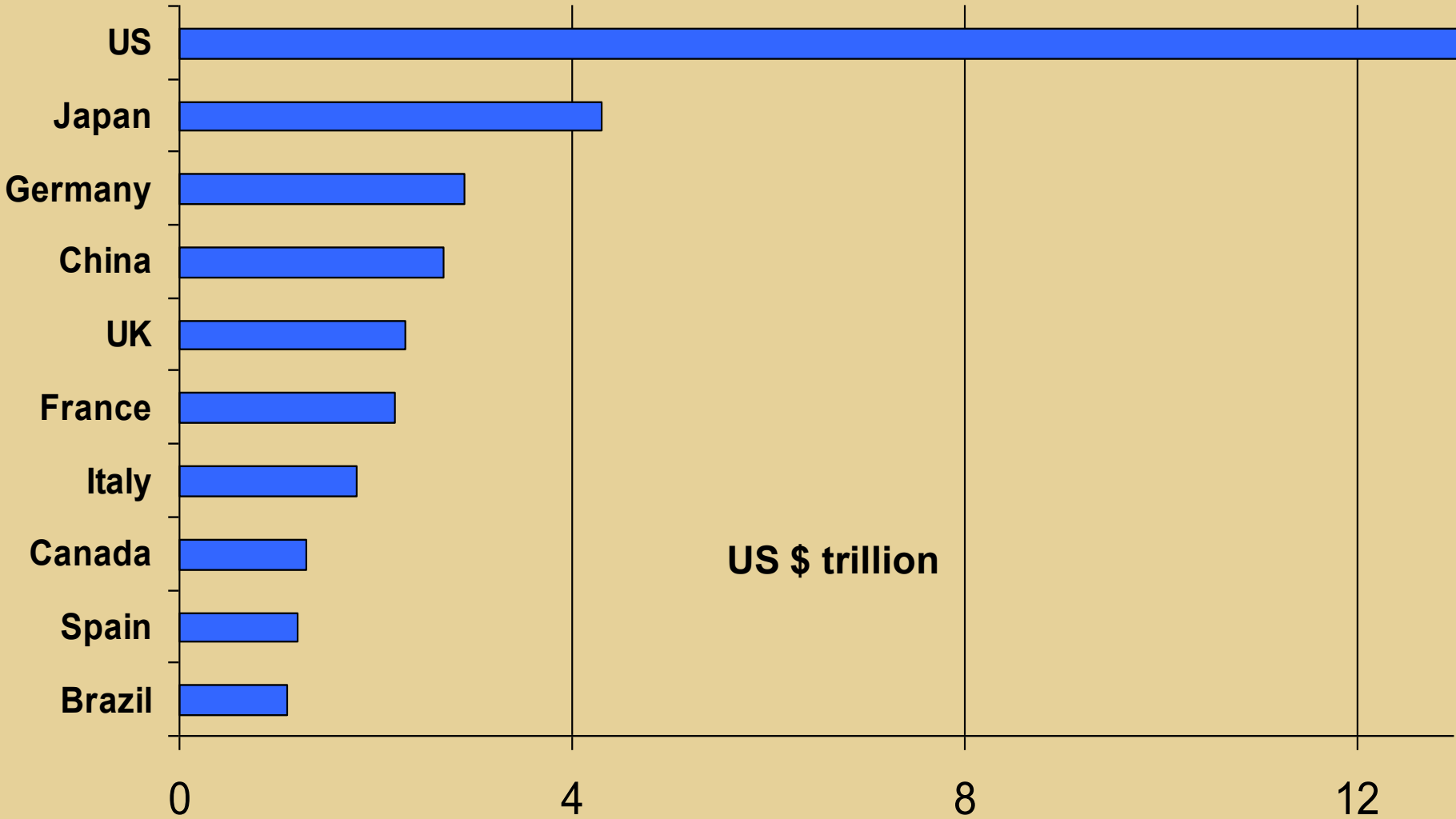
Total passenger arrivals at airports in South Africa



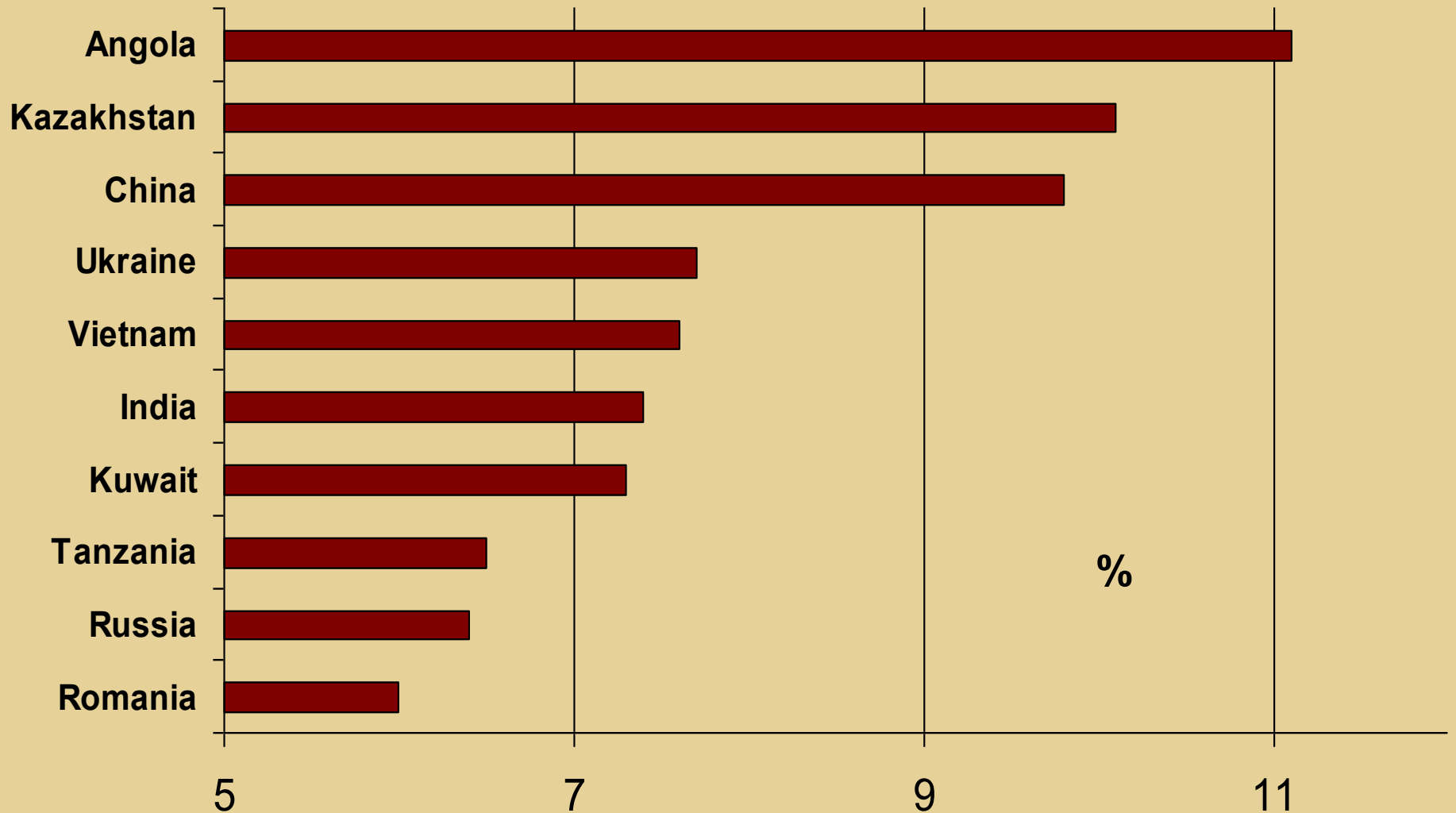
Average annual growth in passenger arrivals at SA airports 2002- 2007



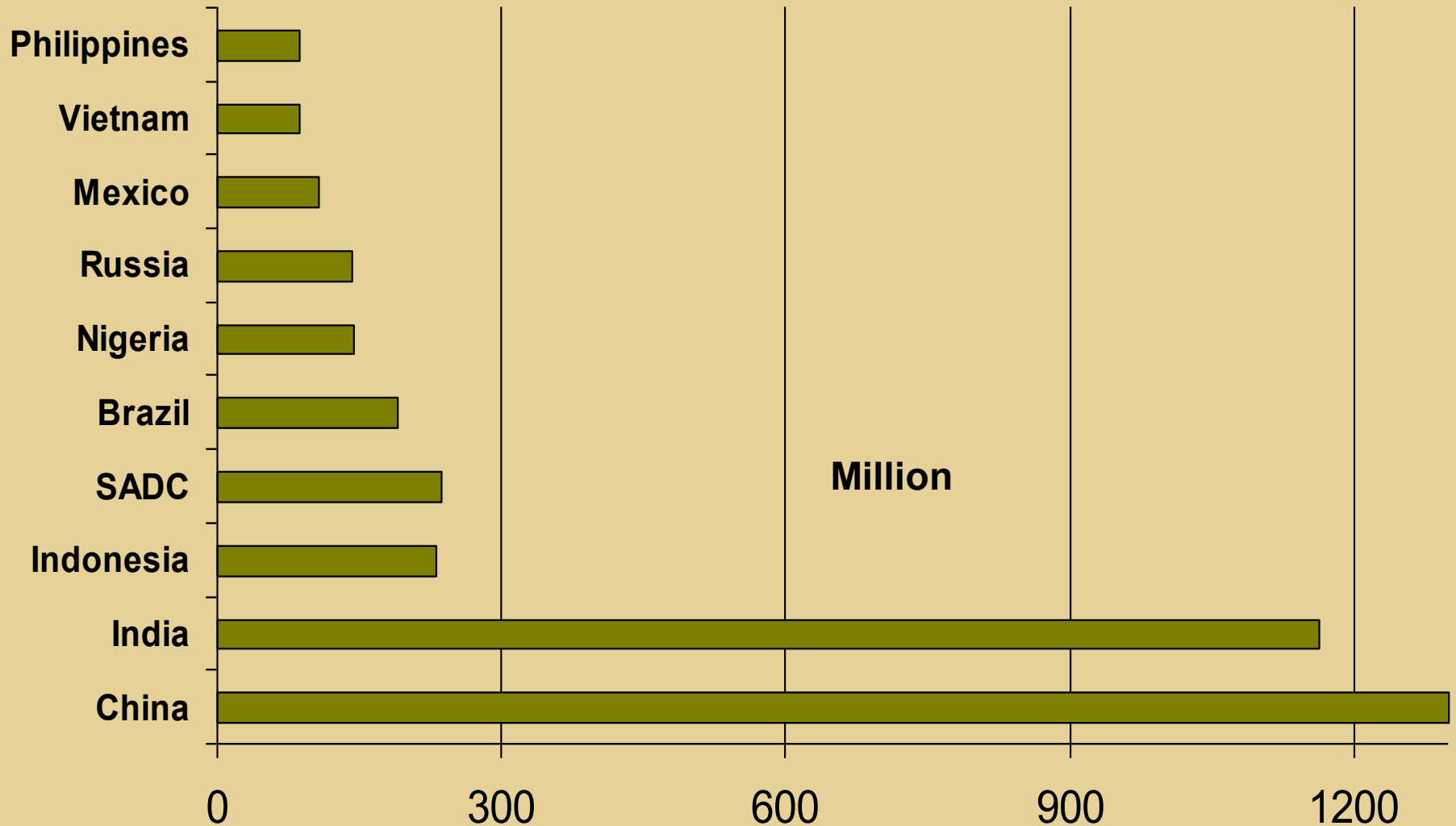
The world's top ten economies- 2006



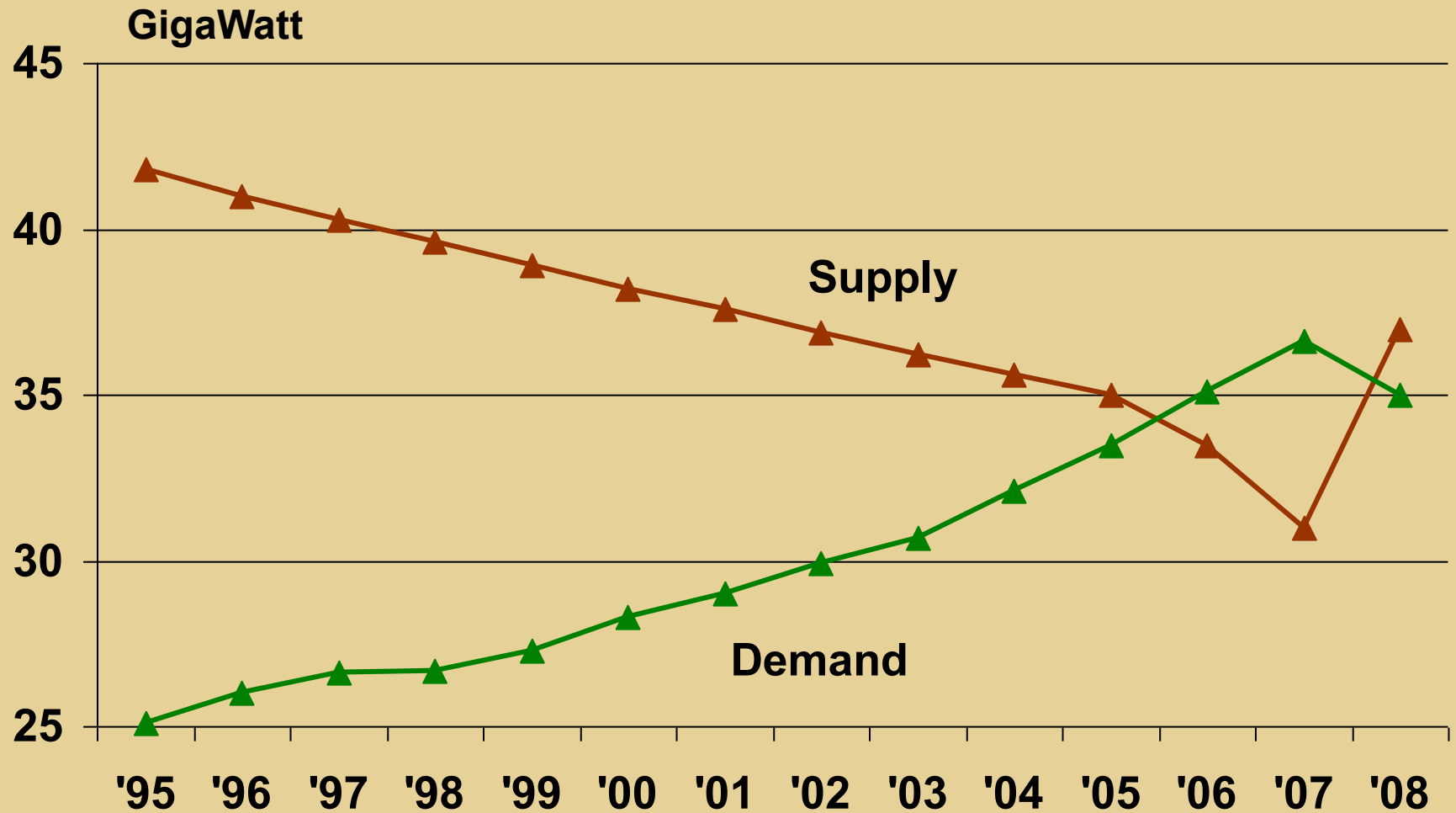
The world's top ten growth performers - 2000 to 2006



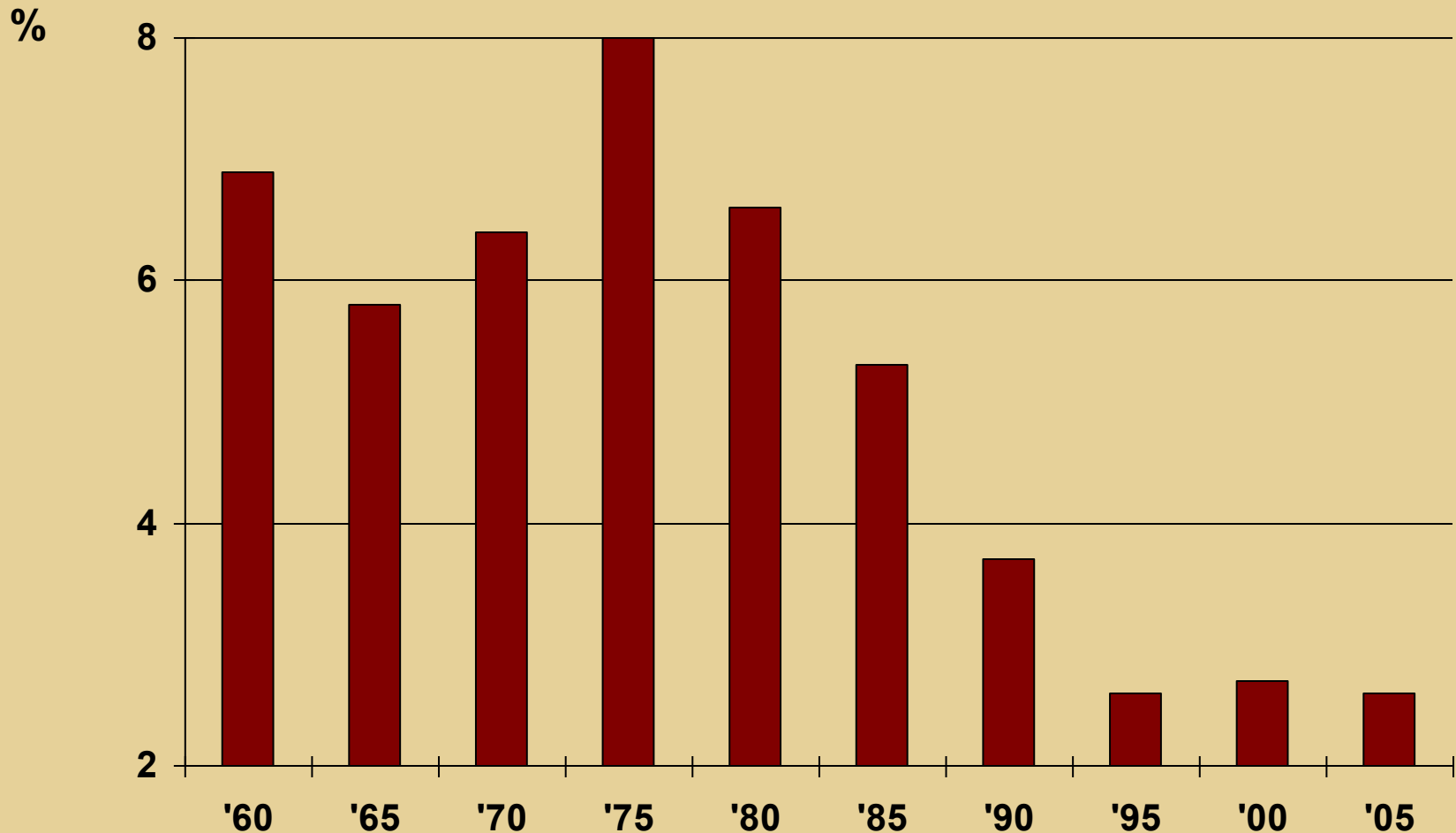
Largest emerging market populations- 2007



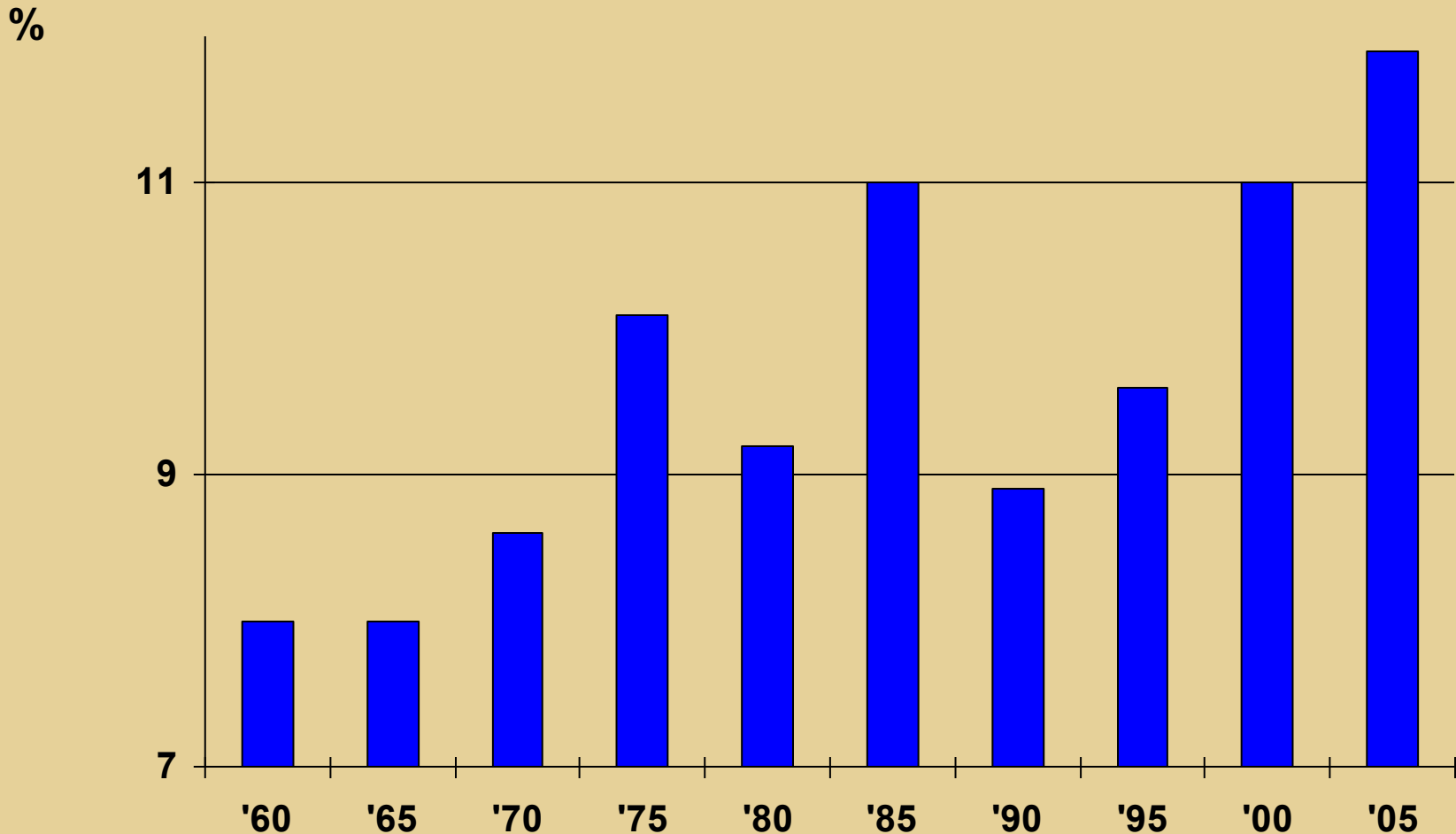
Effective supply of and demand for peak time electricity - Eskom



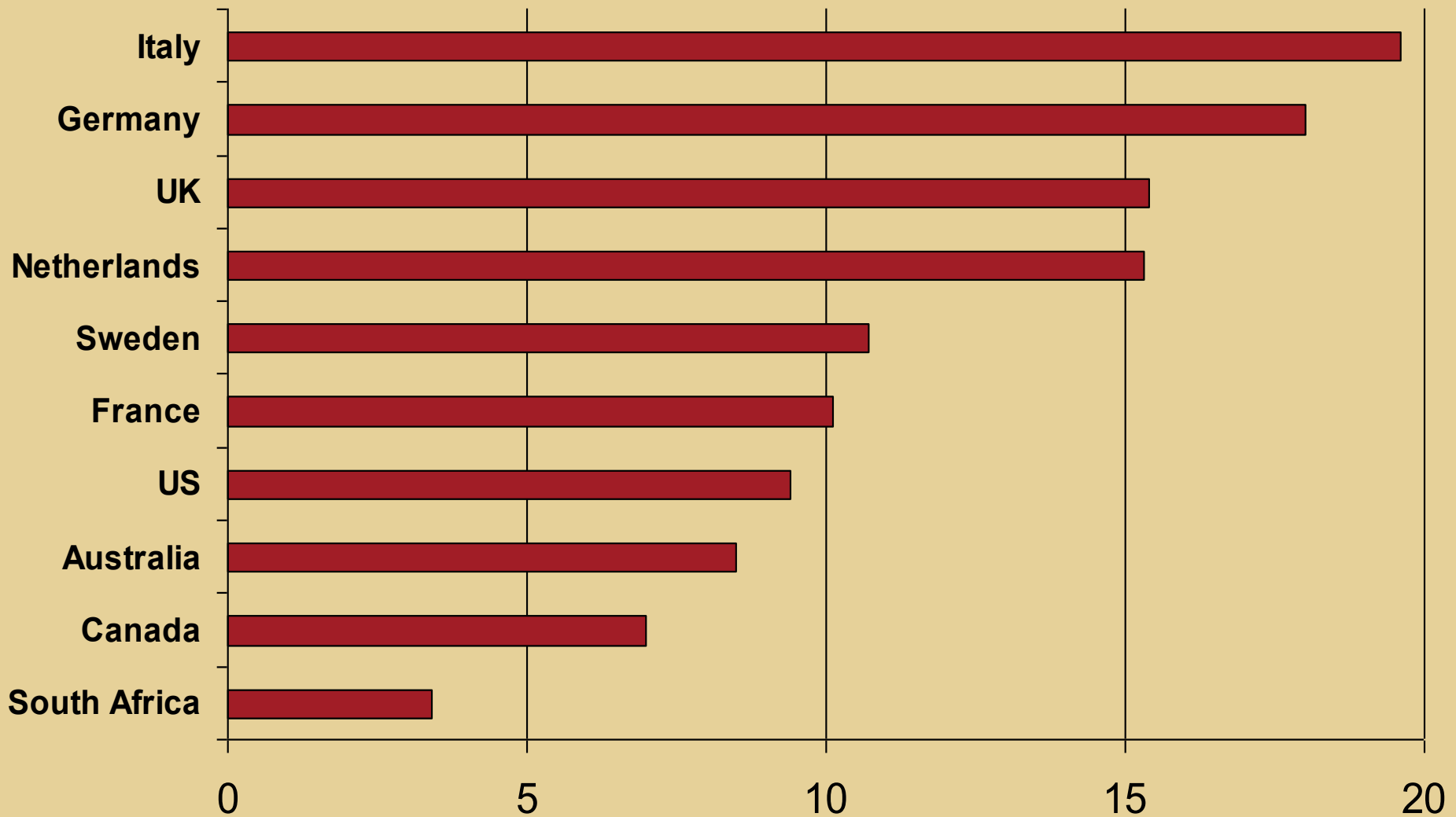
Capital expenditure by Government as % of GDP



Capital expenditure by the private sector as % of GDP



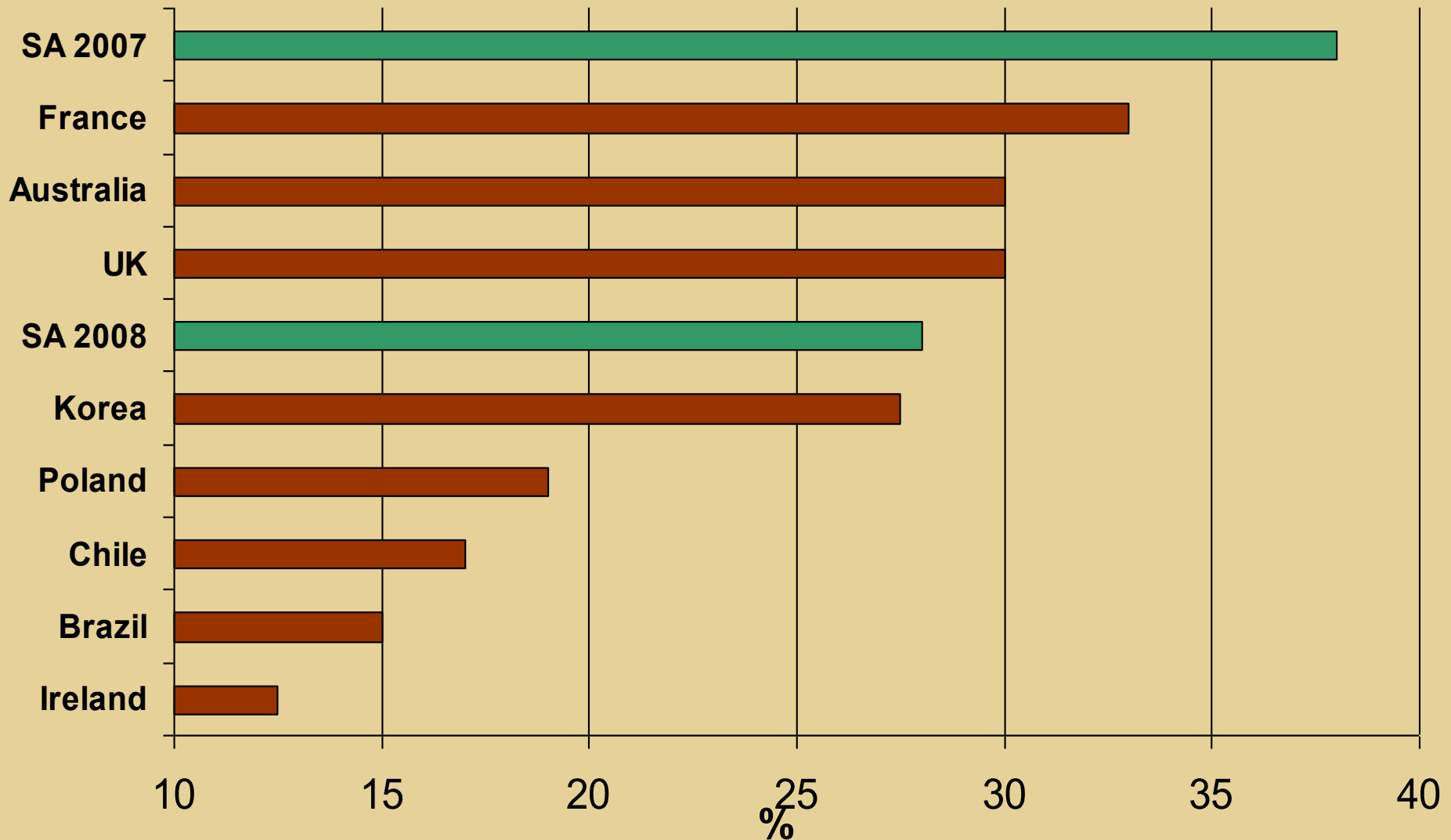
Electricity costs (US cents/kWh)



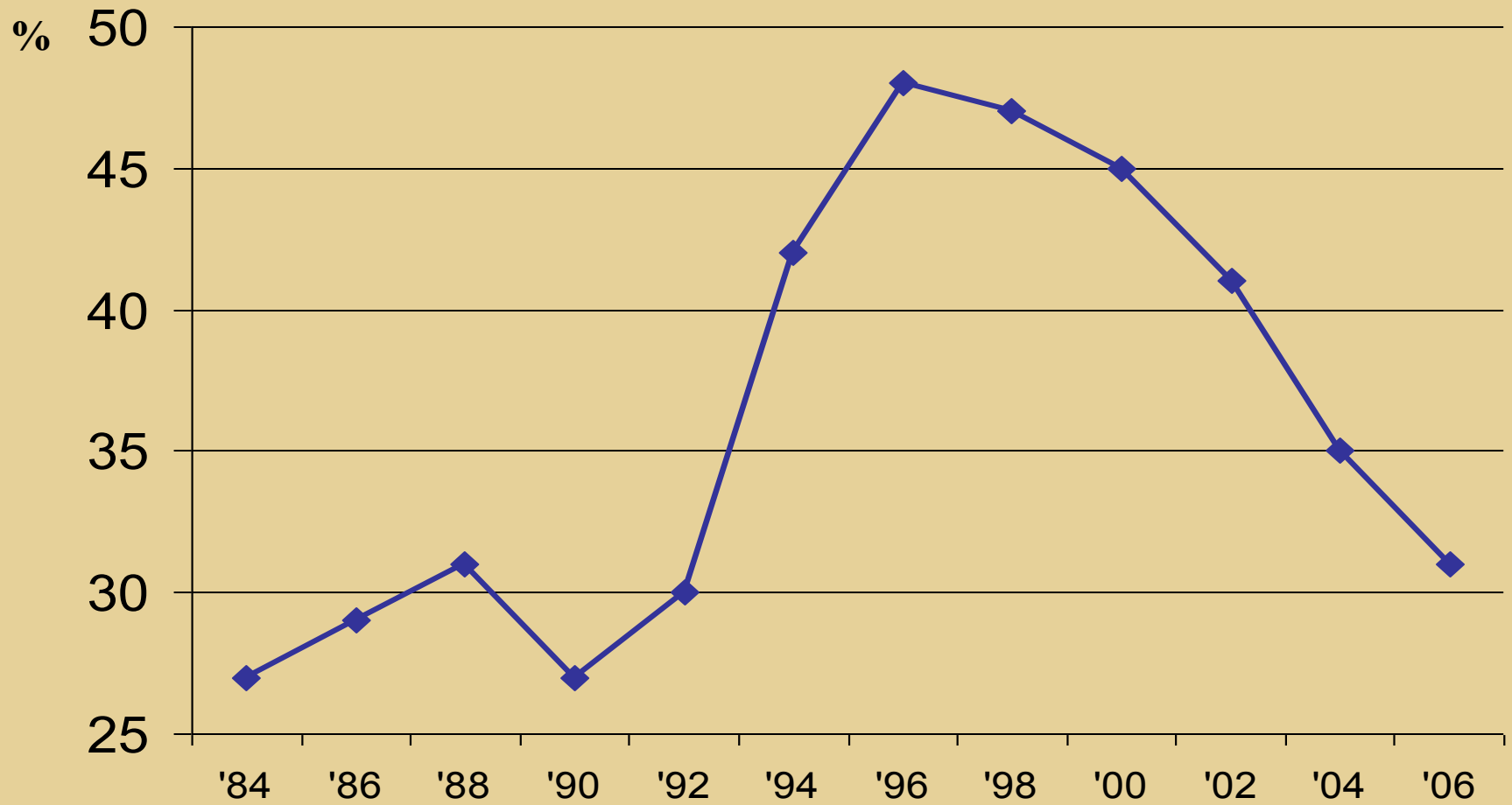
Progress with meeting basic needs

- 2.6 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
- 11 million new social grant beneficiaries (BIG?)

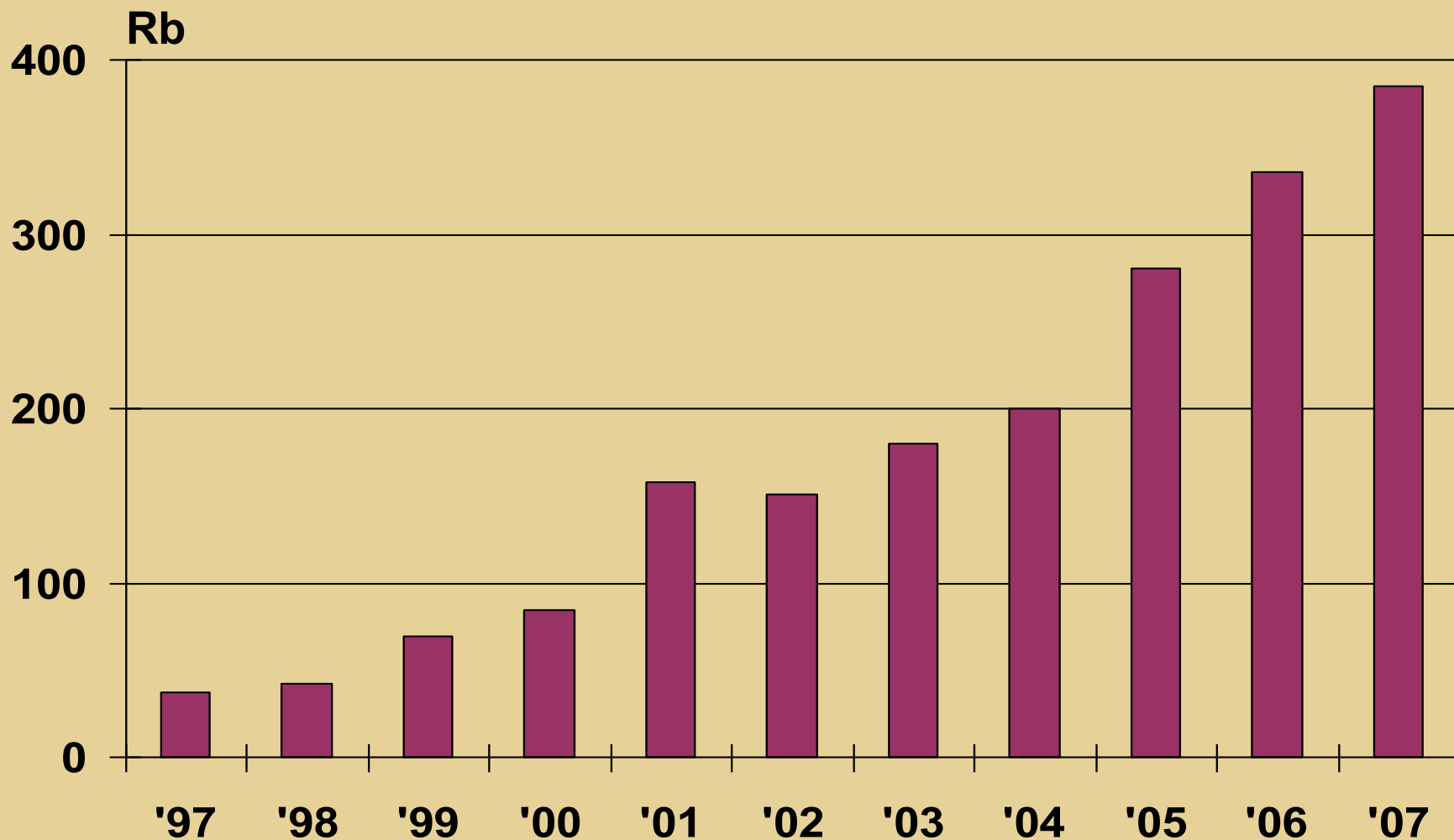
Effective corporate tax rates – SA & key trading partners



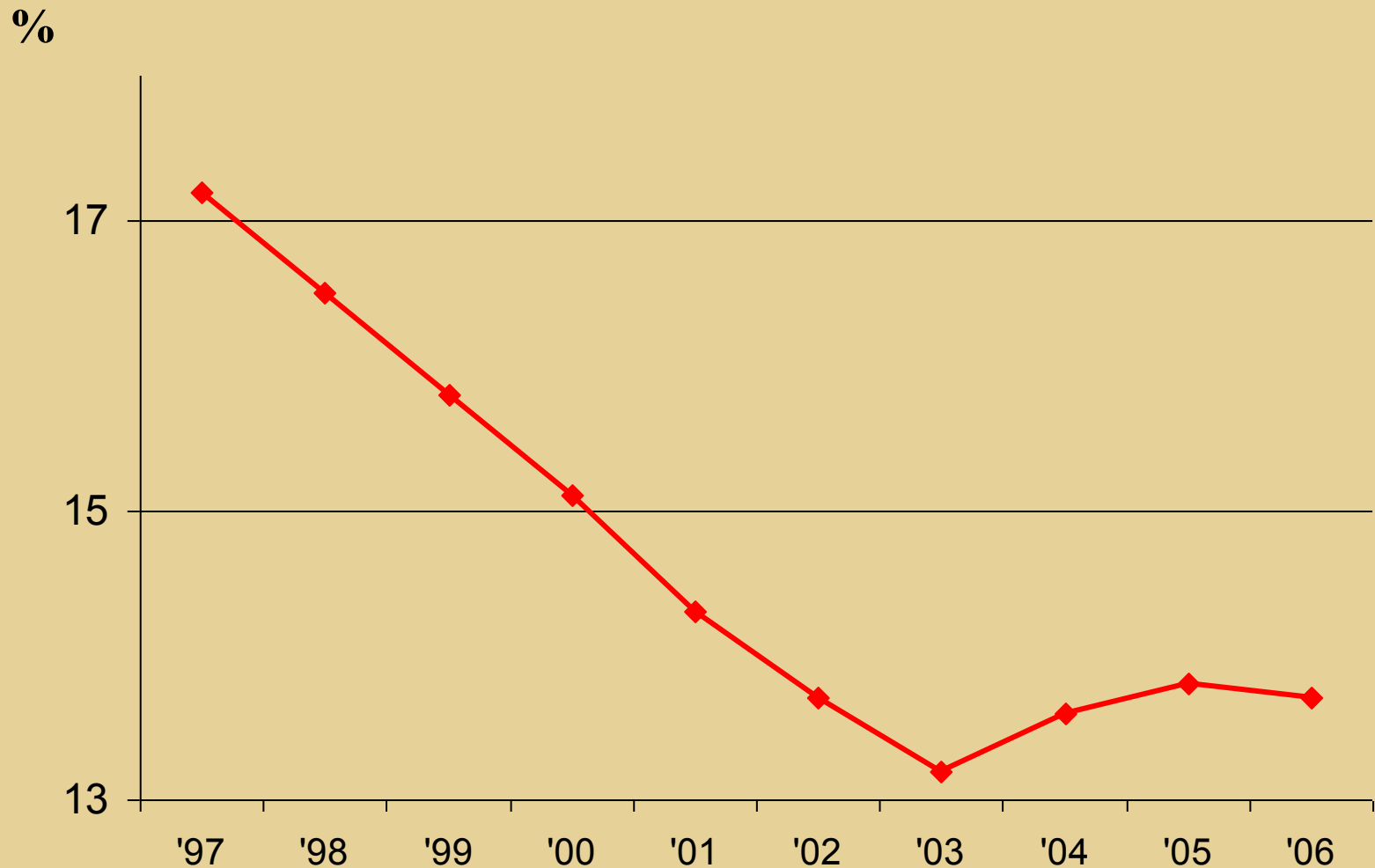
Public debt/GDP ratio



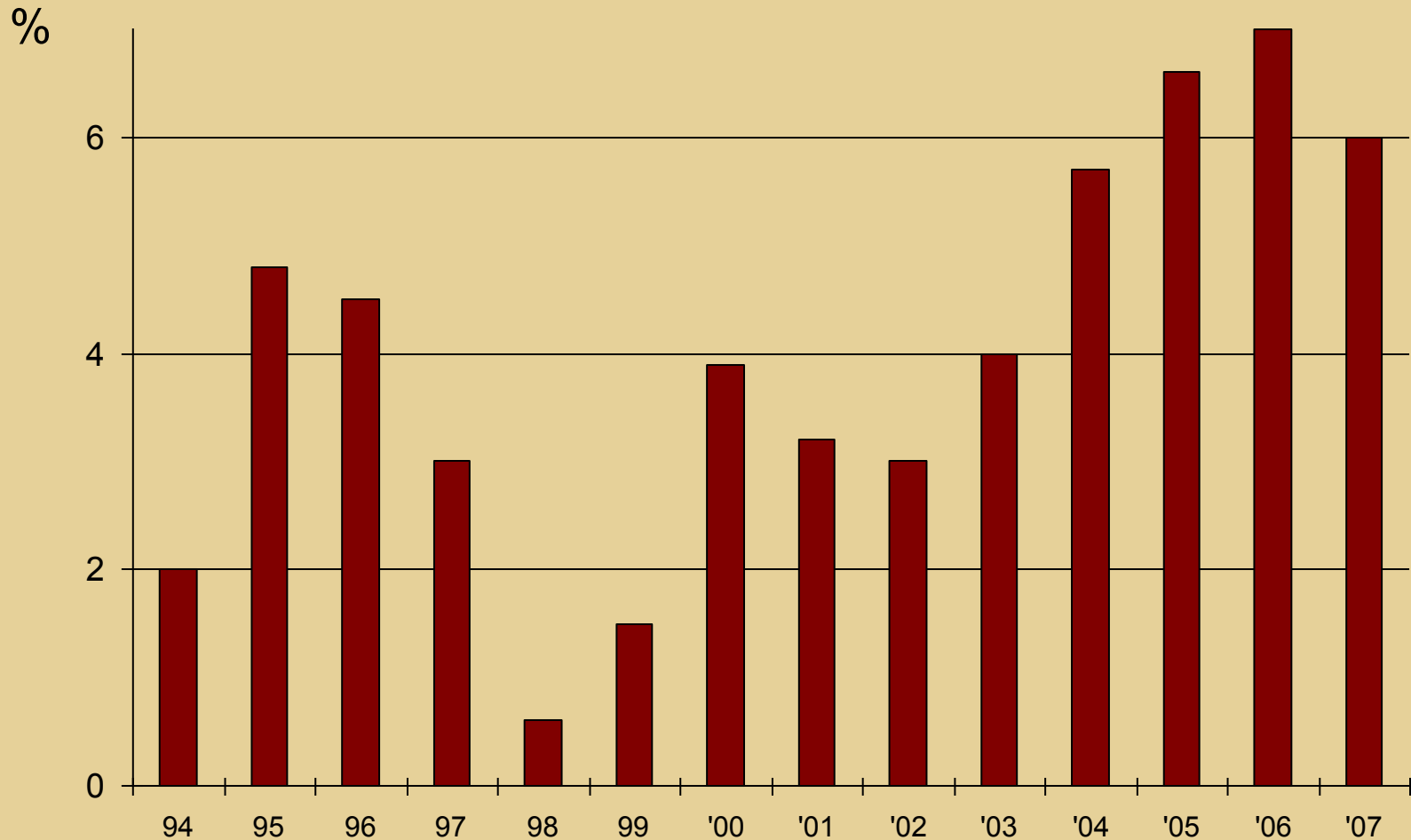
South Africa's gross gold & foreign exchange assets



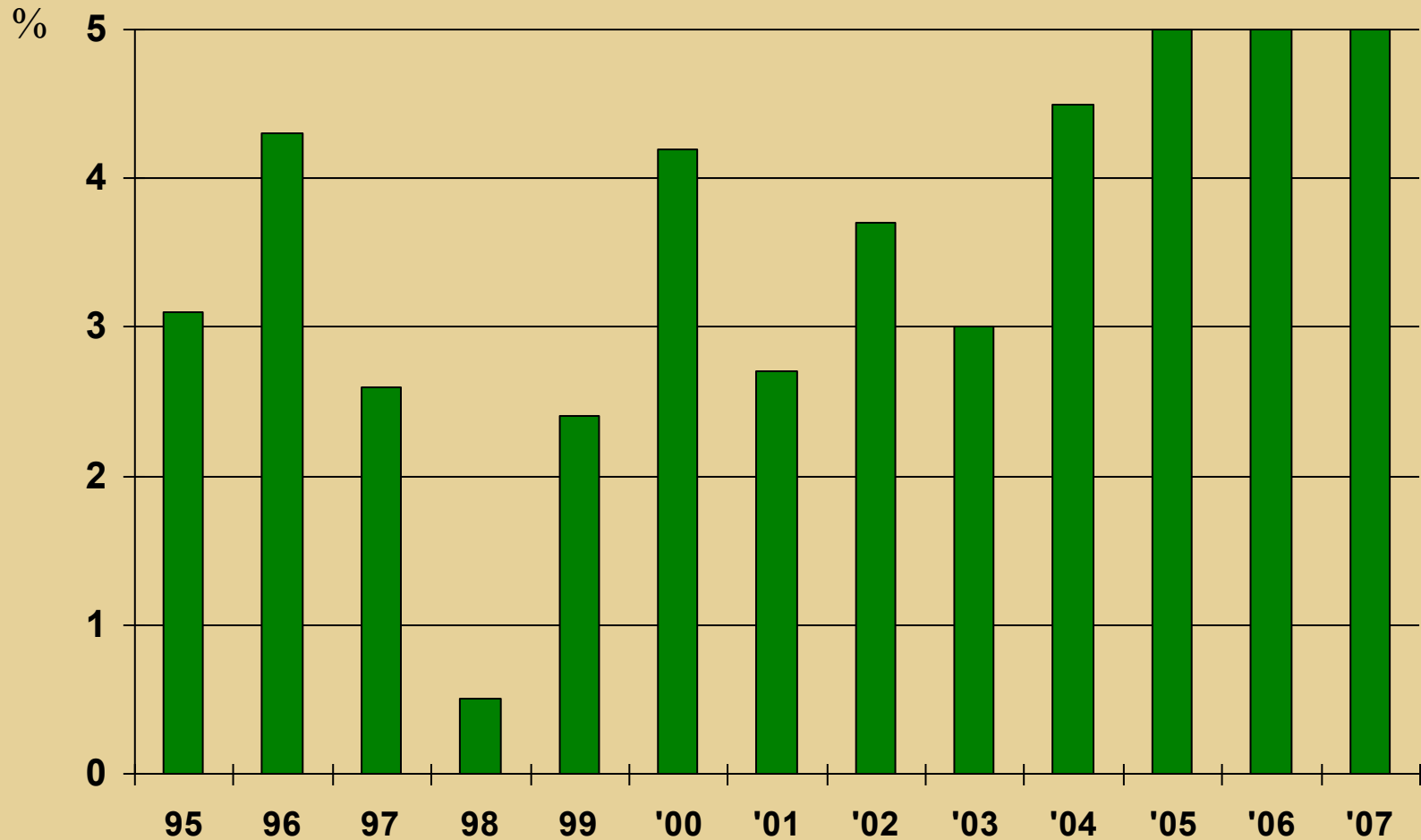
Trends in income & wealth taxes/household income ratio



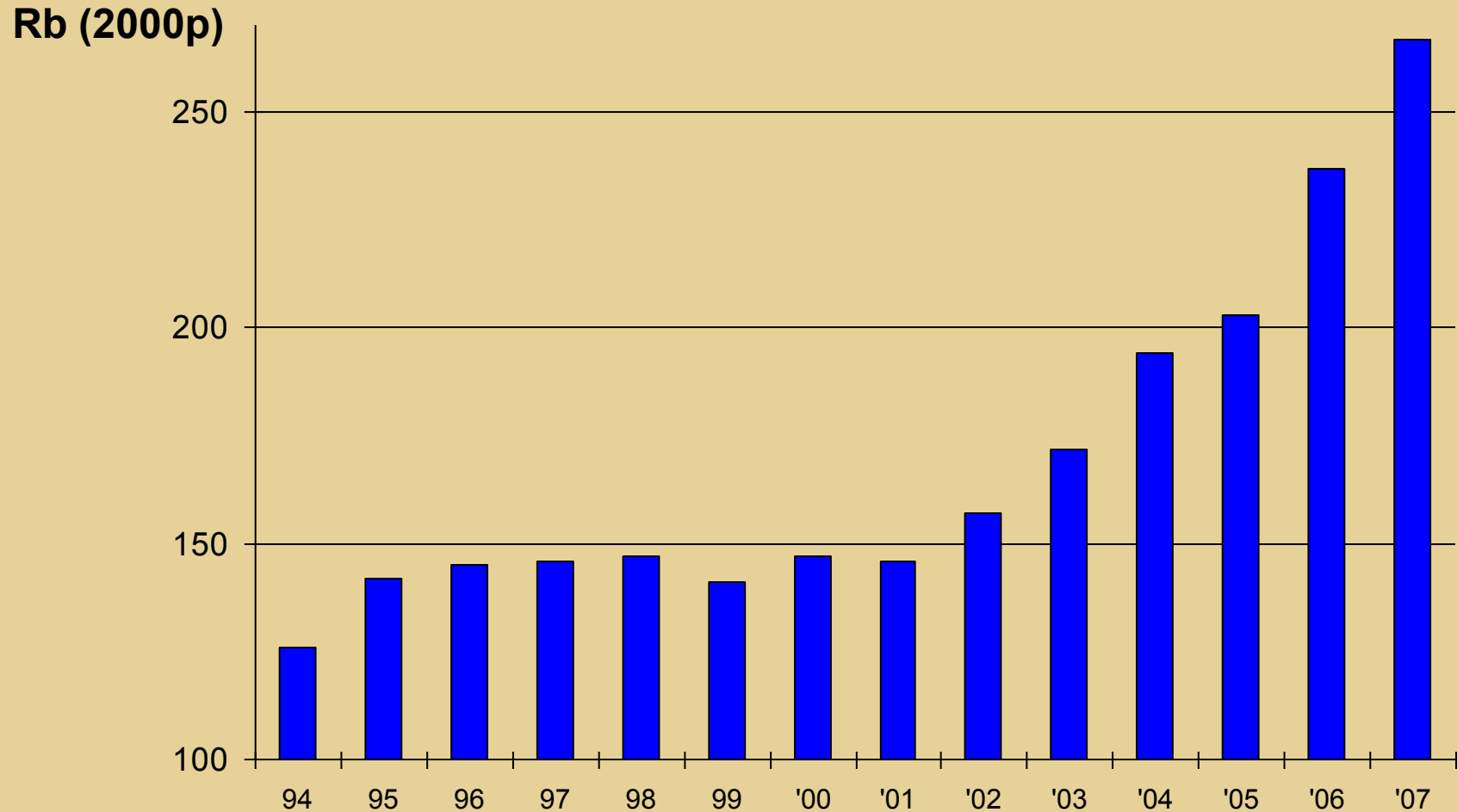
Real growth in household disposable income



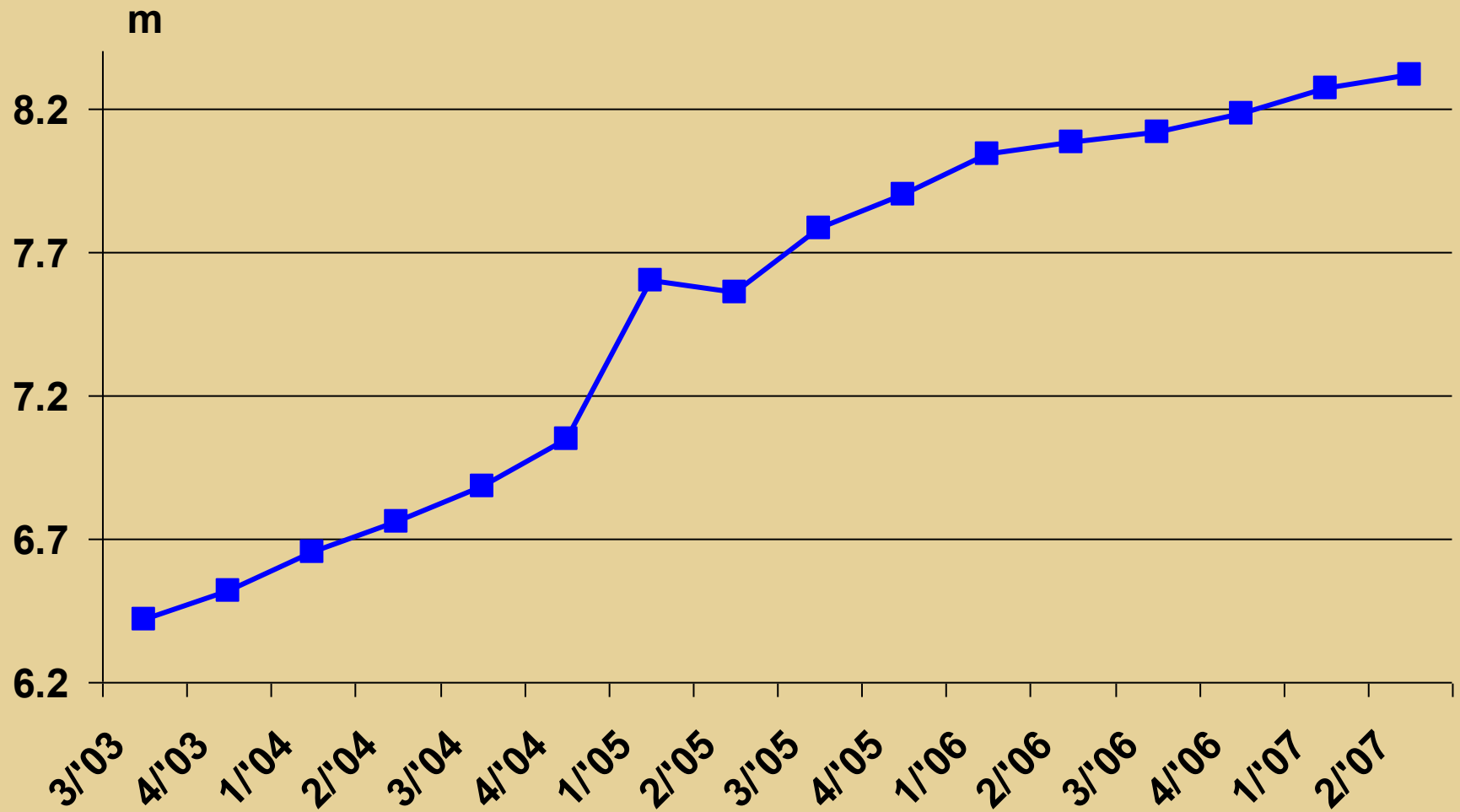
Real GDP growth



Real capital formation in the SA economy - post-election scenario



Formal non-agricultural employment



South Africa beyond 2010 – High road?

- Sustained expansion of infrastructure & job creation
- Peace in DR Congo, Mugabe retires & crime drops
- RDP houses reach the 3 million mark
- Public policy (also health) becomes more effective
- Primary sectors benefit from commodity surge
- Strong growth in key GDP drivers – fin., IT & bus. services
- Fiscal policy becomes more growth-orientated
- Deepening of democracy
- New President embraces market friendly policies
- Asgisa target reached & lifted to 7%