



WEEK ENDING

14 MARCH 2025

"To meet our goals of redistribution, redress and structural transformation, the economy needs to grow much faster and in an inclusive manner." Finance Minister Enoch Godongwana

HIGHLIGHTS

South Africa

1. The delayed 12 March Budget proposed increasing the VAT rate by 0,5 percentage points in 2025/6 and 206/7 each.
2. The Treasury forecasts GDP growth of 1,9% in 2025, but its upside Scenario expects growth of 2,7%.
3. The Budget Review showed a welcome improvement in provincial finances.
4. Eskom will now receive R20bn less than originally negotiated.
5. Finance Minister Enoch Godongwana said that by the end of February this year, the South African Revenue Service (SARS) reported a significant increase in undisputed debt.
6. The US expelled South Africa's ambassador to the US on 14 March.
7. European Union leaders announced a €4,7bn investment package during a visit to South Africa on 13 March.
8. Manufacturing production fell by 3,3% y/y in January after a 1,2% y/y drop in December.
9. Mining production fell by 2,7% y/y in January after a 2,4% y/y drop in December.
10. Mineral sales fell by 5,9% y/y in January after a 9,4% y/y drop in December.
11. The South African Chamber of Commerce and Industry (SACCI) Trade Activity Index (TAI) rose to 43 in February from 36 in January.
12. The volume of bulk exports fell by 1,7% y/y in February after a 9,1% y/y jump in January.
13. The number of full containers exported surged by 22,7% m/m in February after falling by 9,2% m/m in January.
14. Eskom's Energy Availability Factor (EAF) rose to 56,85% in week 10 from 55,32% in week 9
15. Eskom warned that there could be a risk of load shedding in the weeks starting 7 April and 14 April.
16. Electricity and Energy Deputy Minister Samantha Graham-Maré said the long-awaited South African Renewable Energy Masterplan (SAREM) is currently making its way through the Cabinet Committee process.
17. Transnet Port Terminals (TPT) said on 13 March that it will take delivery of over 100 pieces of new cargo handling equipment at the Durban Container Terminals (DCT) in 2025.
18. The newly established Transnet Rail Infrastructure Manager (TRIM) has confirmed that it received 98 applications for slots being made available across the network to private train operating companies (TOCs) by the February 28 submission deadline.
19. The Ctrack Transport and Freight Index (Ctrack TFI) showed that three subsectors contracted, with the heavy-weighted road-freight subsector leading the way with a contraction of 2,8%.

Rest of Africa

20. The Global Solar Council estimated that the continent added 2 400 megawatts of solar generation capacity in 2024.
21. Angola's economy expanded by 3,6% y/y in the fourth quarter after a 5,5% y/y gain in the third quarter.
22. Consumer inflation in Angola eased to 25,26% y/y in February from 26,48% y/y in January and 27,50% y/y in December.
23. Consumer inflation in Botswana rose to 2,7% y/y in February from 2,5% y/y in January after being steady at 1,7% y/y in December and November.
24. Botswana will seek proposals for the construction of 1,5 gigawatts of solar power generation.
25. Norwegian renewable-energy company Scatec has started commercial operation of the first 60 MW of the 120 MW Mmadinare Solar Cluster, in Botswana.
26. Consumer inflation in Egypt eased to 12,8% y/y in February from 24,0% y/y in January and 24,1% y/y in December.
27. Ghana's economy expanded by 3,6% y/y in the fourth quarter after a 7,5% y/y gain in the third quarter.
28. The reopening of the Lesotho Highlands tunnel has been delayed by three weeks, owing to maintenance work delays experienced in the Delivery Tunnel South, in Lesotho.
29. Mozambique's main rail line for its top export of coal halted operations this week because of a tropical cyclone that also cut off a national highway.
30. The board of the US Export-Import Bank approved a nearly \$5bn loan for a long-delayed LNG project in Mozambique.
31. Consumer inflation in Rwanda eased to 3,8% y/y in February from 5,7% y/y in January and 6,4% y/y in December.
32. Consumer inflation in Senegal eased to 0,6% y/y in February from 1,8% y/y in January and 0,8% y/y in December.

WEEKLY ECONOMIC BRIEFING

International

33. The central bank of Canada cut its benchmark lending rate by 25 basis points to 2,75%.
34. The International Energy Agency (IEA) said that global oil supply could exceed demand by around 600 000 barrels per day (bpd) this year, due to growth led by the US and weaker than expected global demand.
35. Chinese banks extended CNY 1,01 trillion in new yuan loans in February after a record CNY 5,13 trillion in January.
36. China's new vehicle sales rose by 34,4% y/y in February after a 0,6% y/y drop in January.
37. US small-business optimism eased to 101,7 in February from 102,8 in January, 105,1 in December, 101,7 in November, 93,7 in October and 91,5 in September.
38. The University of Michigan's consumer sentiment index eased to 57,9 in March from 64,7 in February.
39. Consumer inflation in the US eased to 2,8% y/y in February from 3,0% y/y in January, 2,9% y/y in December, 2,7% y/y in November, 2,6% y/y in October and 2,4% y/y in September.
40. US producer inflation eased to 3,2% y/y in February from a revised 3,7% (3,5%) y/y in January.
41. US initial jobless claims fell by 2 000 w/w to 220 000 in the week ending 8 March.
42. US job openings rose by 232 000 m/m in January to 7,7 million.
43. The US fiscal deficit widened to \$307bn in February 2025 from \$296,2bn in February 2024.
44. Consumer inflation in Argentina eased to 66,9% y/y in February from 84,5% y/y in January, 117,8% y/y in December and 166,0% y/y in November.
45. Consumer inflation in Belarus rose to 5,6% y/y in February after being steady at 5,2% y/y in January and December from 5,5% y/y in November.
46. Consumer inflation in Brazil rose to 5,06% y/y in February from 4,56% y/y in January and 4,83% y/y in December.
47. China's consumer prices fell by 0,7% y/y in February after a 0,5% y/y increase.
48. Consumer inflation in India eased to 3,62% y/y in February from 4,26% y/y in January and 5,22% y/y in December.
49. Consumer inflation in Mongolia rose to 9,6% y/y in February from 8,7% y/y in January.
50. Consumer inflation in Russia rose to 10,1% y/y in February from 9,9% y/y in January and 9,5% y/y in December.
51. Russia's foreign trade surplus widened to \$7,16bn in January from \$5,575bn in December and \$6,02bn in November.
52. The number of visitor arrivals in New Zealand rose by 13,4% y/y in January to 370 238.
53. Japan's Business Survey Index (BSI) for large manufacturing firms dropped to -2,4% in the first quarter from 6,3% in the fourth quarter.
54. About 240 000 homes and businesses were without power in Queensland in the wake of Ex-Tropical Cyclone Alfred.
55. At least 40 people died after tornadoes ripped through the US Midwest and South.
56. Nearly a tenth of global climate finance could be under threat according to Carbon Brief.
57. Germany's greenhouse gas emissions fell by 3,4% in 2024.
58. Wind and solar surpassed coal for power generation in the US in 2024 for the first time.

South Africa

1. The delayed 12 March Budget proposed increasing the VAT rate by 0,5 percentage points in 2025/6 and 206/7 each. At this stage there is no certainty that the Budget will be passed in its current form. As VAT will not be increased by 2 percentage points as proposed in the 19 February Budget, revenue in 2025/6 will be R25,85bn less. This has meant a R9,2bn cut in non-interest expenditure, while a bigger budget deficit results in a R710m increase in debt service costs.

Changes to the main budget fiscal framework since 19 February 2025

| R million / per cent of GDP | 2024/25 | 2025/26 | 2026/27 | 2027/28 |
|-----------------------------|--------------|----------------|----------------|----------------|
| Revenue | 2 593 | -25 850 | -12 486 | -13 539 |
| Expenditure | | -8 504 | -10 244 | -9 859 |
| Non-interest expenditure | | -9 214 | -10 857 | -11 256 |
| Debt-service costs | | 710 | 613 | 1 398 |
| Budget balance | 2 593 | -17 346 | -2 242 | -3 680 |
| | 0.04% | -0.22% | -0.03% | -0.05% |
| Primary balance | 2 593 | -16 636 | -1 629 | -2 282 |
| | 0.03% | -0.21% | -0.02% | -0.02% |

WEEKLY ECONOMIC BRIEFING

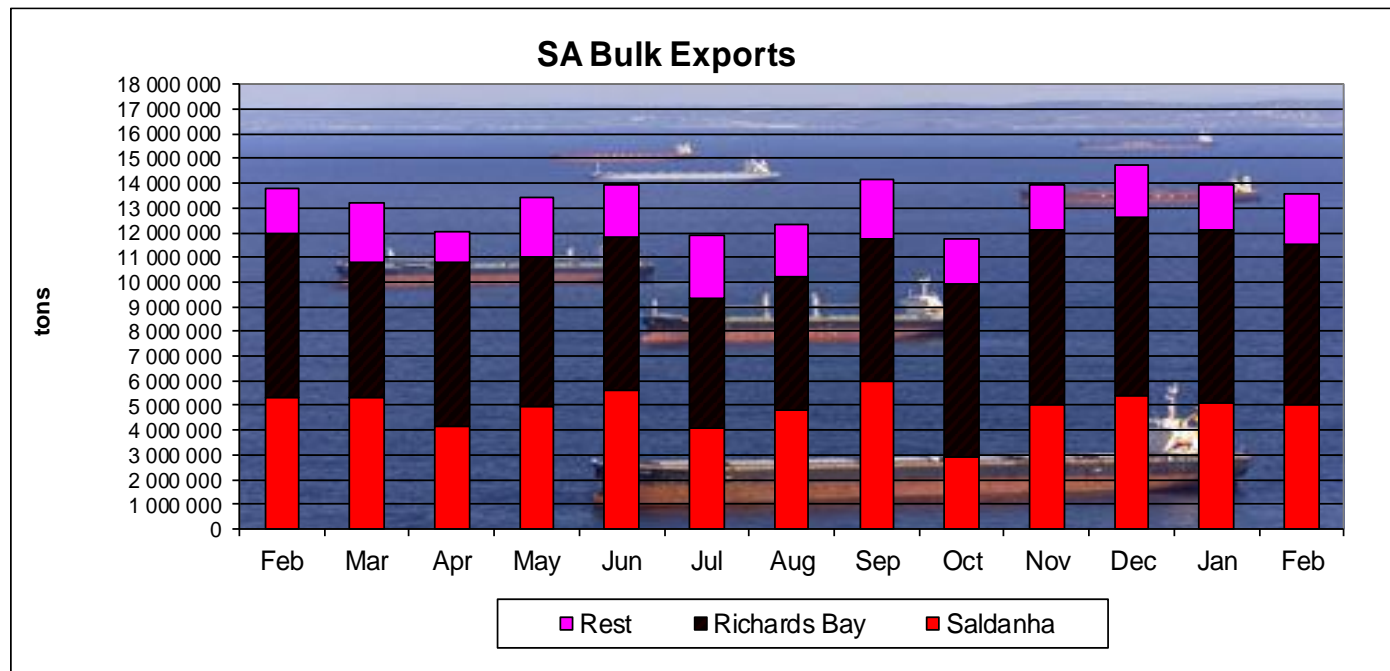
2. **The Treasury forecasts GDP growth of 1,9% in 2025, but its upside Scenario expects growth of 2,7%.** The Scenario A models a rapid infrastructure investment programme, supported by a successful scale-up of capital spending by public entities. Investments increase energy supply more than forecast, and rail and ports recover lost ground in transport volumes. As a result, productive capacity and business and investor confidence pick up, reducing the sovereign risk premium. Producer and consumer inflation decline in the short term, settling at the midpoint of the target in the medium term, which in turn would encourage lower interest rates stimulating business and consumer spending.
3. **The Budget Review showed a welcome improvement in provincial finances.** Irregular expenditure at the provincial level declined notably from R55bn in 2022/23 to R20,7bn in 2023/24. Unauthorised expenditure also decreased, from R3,1bn in 2022/23 to R2,2bn in 2023/24, while fruitless and wasteful expenditure fell from R626,6m in 2022/23 to R193,1m in 2023/24.
4. **Eskom will now receive R20bn less than originally negotiated.** The last R70bn debt takeover will now be replaced with R40bn in 2025/26, and R10bn in 2028/29. Treasury said over the five-year period, government will have provided Eskom with loans to the value of R230bn to assist the utility in repaying its debt. In accordance with the original agreement, the debt relief provided to Eskom will be converted into government equity over time.
5. **Finance Minister Enoch Godongwana said that by the end of February this year, the South African Revenue Service (SARS) reported a significant increase in undisputed debt.** This means billions of rands are owed to the State. The revenue collector has also detected 156 000 taxpayers who are not registered or have not filed despite their substantial economic activity.
6. **The US expelled South Africa's ambassador to the US on 14 March.** Secretary of State Marco Rubio declared Ebrahim Rasool, persona non grata, saying "he is no longer welcome in our great country." The immediate cause of Rubio's ire appeared to be statements Rasool made in a MISTRA webinar. The worry now is that the US will kick South Africa out of the benefits it has under the African Growth and Opportunity Act (AGOA). The government said: "South Africa remains committed to building a mutually beneficial relationship with the United States of America."
7. **European Union leaders announced a €4,7bn investment package during a visit to South Africa on 13 March.** The European leaders said the visit was an opportunity to strengthen close ties with Africa's most advanced economy, coinciding with the latter's presidency of the Group of 20 nations, which US officials have so far largely snubbed. European Commission President Ursula von der Leyen said South Africa had a vital role on the world stage as a leading voice of the Global South.
8. **Manufacturing production fell by 3,3% y/y in January after a 1,2% y/y drop in December.** The largest negative contributions were made by the following divisions: motor vehicles, parts and accessories and other transport equipment (-10,1%), petroleum, chemical products, rubber and plastic products (-9,1%) and food and beverages (-3,2%).
9. **Mining production fell by 2,7% y/y in January after a 2,4% y/y drop in December.** The largest negative contributors were: iron ore (-15,1%); coal (-4,4%) and PGMs (-3,8%). Manganese ore (21,2%) was the largest positive contributor.
10. **Mineral sales fell by 5,9% y/y in January after a 9,4% y/y drop in December.** We should see an increase in 2025 as the gold price continues its increase, but Statistics South Africa said gold sales fell by 21,1% y/y in January even though the rand price of gold is up some 40% y/y.
11. **The South African Chamber of Commerce and Industry (SACCI) Trade Activity Index (TAI) rose to 43 in February from 36 in January.** The main driver of the improvement was the new orders sub-index that rose to 53 in February from 41 in January and only 28 in December.

Current Trade Conditions Index (TAI)*

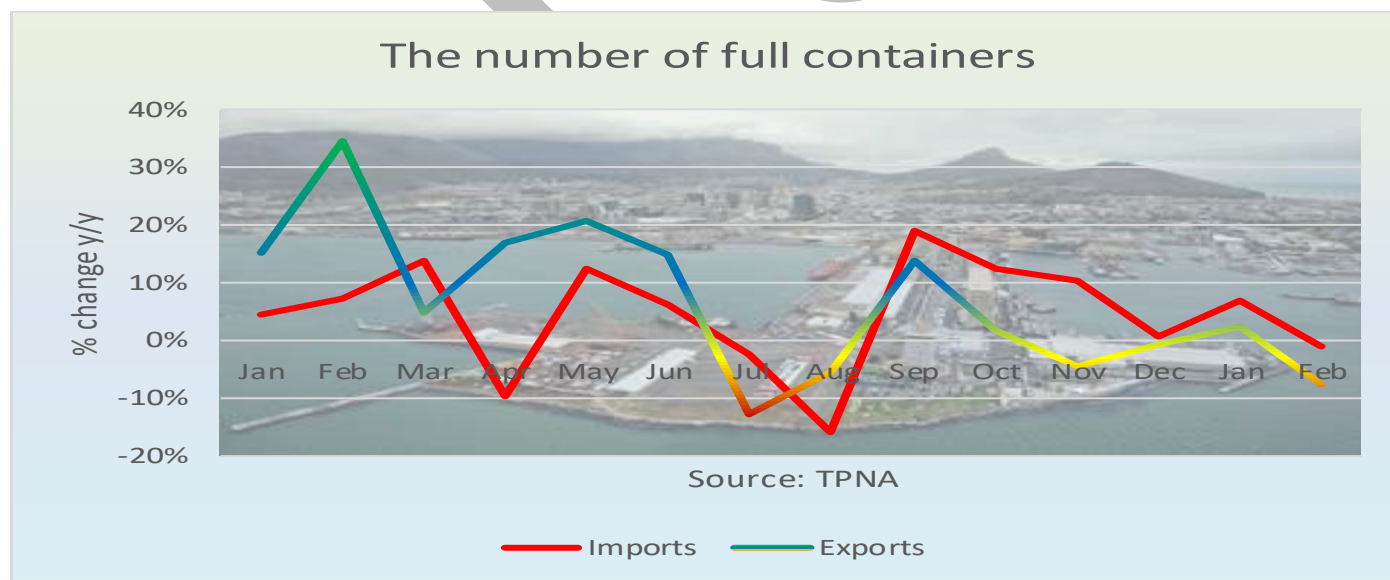
| Activity | Sep-24 | Oct-24 | Nov-24 | Dec-24 | Jan-25 | Feb-25 |
|--------------------------------|--------|--------|--------|--------|--------|--------|
| Sales volumes | 43 | 37 | 40 | 37 | 41 | 47 |
| New orders | 33 | 32 | 33 | 28 | 41 | 53 |
| Backlog on orders received | 33 | 29 | 25 | 20 | 26 | 33 |
| Supplier deliveries | 40 | 34 | 38 | 35 | 38 | 47 |
| Inventory level | 40 | 34 | 40 | 35 | 44 | 47 |
| Selling prices | 48 | 50 | 55 | 57 | 62 | 61 |
| Input prices | 63 | 74 | 68 | 65 | 65 | 67 |
| Employment | 25 | 32 | 45 | 41 | 38 | 33 |
| TAI | 35 | 34 | 38 | 35 | 40 | 46 |
| TAI seasonally adjusted | 36 | 29 | 37 | 44 | 36 | 43 |

WEEKLY ECONOMIC BRIEFING

- 12. The volume of bulk exports fell by 1,7% y/y in February after a 9,1% y/y jump in January.** The volume of bulk exports rose by 1,9% in 2024 to 158,3 million tons. I saw no media report on this.



- 13. The number of full containers exported surged by 22,7% m/m in February after falling by 9,2% m/m in January.** On the other hand, there was a 5,7% m/m drop in the number of full containers imported in February after 15,5% m/m jump in January. We should therefore expect a foreign trade surplus in February after January's deficit. I saw no media report on this.



- 14. Eskom's Energy Availability Factor (EAF) rose to 56,85% in week 10 from 55,32% in week 9.** I saw no media coverage of this important indicator. Unplanned outages rose to 32,22% in week 10 from 31,05% in week 9 and only 24,82% in week 6. Planned maintenance eased to 10,09% in week 10 from 12,93% in week 9 and a 2024 high of 19,63% in week 52 and a 2023-high of 19,07% in week 52 and only 5,06% in week 30 of 2022. The EAF rose to 59,79% in 2024 from 54,69% in 2023, 58,0% in 2022, 61,79% in 2021, 64,96% in 2020, 66,93% in 2019, 71,84% in 2018 and 78,61% in 2016. Planned maintenance outages rose to 13,25% in 2024 from 10,9% in 2023, 10,62% in 2022 from 10,81% in 2021, 11,32% in 2020 and 9,94% in 2019, while unplanned outages eased to 26,36% in 2024 from 33,08% in 2023, 29,86% in 2022, 24,49% in 2021 20,88% in 2020 and 21,57% in 2019.
- 15. Eskom warned that there could be a risk of load shedding in the weeks starting 7 April and 14 April.** This is because it intends to increase planned maintenance from 5 299 MW in the week starting 10 March to 7 134 MW in the week starting 7 April and 6 707 MW in the week starting 14 April.

WEEKLY ECONOMIC BRIEFING

| Week Start | Week | MW RSA Contracted Forecast | MW Residual Forecast | MW Available Dispatchable Capacity | MW Available Capacity (Less OR and UA) | MW Planned Maintenance | MW Unplanned Outage Assumption (UA) | MW Planned Risk Level (-15200 MW) | MW Likely Risk Scenario (-17200 MW) |
|------------|------|-------------------------------------|----------------------------|---|---|------------------------------|--|--|--|
| 10-Mar-25 | 11 | 29296 | 26884 | 44090 | 28890 | 5299 | 13000 | | |
| 17-Mar-25 | 12 | 28789 | 27082 | 42570 | 27370 | 6819 | 13000 | | |
| 24-Mar-25 | 13 | 29054 | 27185 | 42947 | 27747 | 6442 | 13000 | | |
| 31-Mar-25 | 14 | 29064 | 27135 | 42743 | 27543 | 6646 | 13000 | | |
| 07-Apr-25 | 15 | 29488 | 27647 | 42255 | 27055 | 7134 | 13000 | | |
| 14-Apr-25 | 16 | 29704 | 27863 | 42682 | 27482 | 6707 | 13000 | | |

16. **Electricity and Energy Deputy Minister Samantha Graham-Maré said the long-awaited South African Renewable Energy Masterplan (SAREM) is currently making its way through the Cabinet Committee process.** Speaking during an EE Business Intelligence Webinar, Graham-Maré acknowledged that the approval process had been stalled for more than two years and said she was adamant that it now needed to be signed off. The plan seeks to stimulate domestic industrial activities aligned to South Africa's deployment of solar PV, wind and green hydrogen.
17. **Transnet Port Terminals (TPT) said on 13 March that it will take delivery of over 100 pieces of new cargo handling equipment at the Durban Container Terminals (DCT) in 2025.** The announcement was made during an unveiling event at the Port of Durban, where new straddle carriers for DCT Pier 2 and rubber-tired gantry (RTG) cranes for the Pier 1 terminal were showcased. The investment surge includes 20 straddle carriers for Pier 2 and 9 RTGs for Pier 1, vital components designed to address the operational challenges that have plagued the Port of Durban in recent years, notably delays and backlogs affecting container and vessel movements. TPT officials confirmed an investment of R3,4bn this year alone aimed at bolstering their fleet, with DCT receiving the largest portion of these resources. Last year, TPT took delivery of 20 haulers, two reach stackers, one empty container handler, 10 trailers, two forklifts and eight straddle carriers. In 2026, the Port Elizabeth Container Terminal will take delivery of 12 straddle carriers, while Cape Town will receive 28 RTGs and straddle carriers.



18. **The newly established Transnet Rail Infrastructure Manager (TRIM) has confirmed that it received 98 applications for slots being made available across the network to private train operating companies (TOCs) by the February 28 submission deadline.** The applications were opened to third-party operators following the approval of a Network Statement in December outlining the condition of the network and its capacity to accommodate TOCs. The evaluation of their applications would be completed only at the end of April and any contracts were only likely to be concluded in May at the earliest.
19. **The Ctrack Transport and Freight Index (Ctrack TFI) showed that three subsectors contracted, with the heavy-weighted road-freight subsector leading the way with a contraction of 2,8%.** Transport via pipelines shrunk for a second consecutive year, by 1,8%, while storage and handling (-0,2%) declined for a third consecutive year. The air-freight sector turned out to be 2024's star performer, growing by 10,5%, while the rail freight and sea freight sectors grew by 3,9% and 3,4%, respectively.

Rest of Africa

20. **The Global Solar Council estimated that the continent added 2 400 megawatts of solar generation capacity in 2024.** The industry lobby group predicted 42% growth in new installations in 2025, in part because it expects several important projects that were delayed in 2024 to be brought online this year. Africa is expected to cumulatively install 23 gigawatts of new solar capacity between 2025 to 2028, more than doubling its 2024 cumulative installed capacity in only four years.

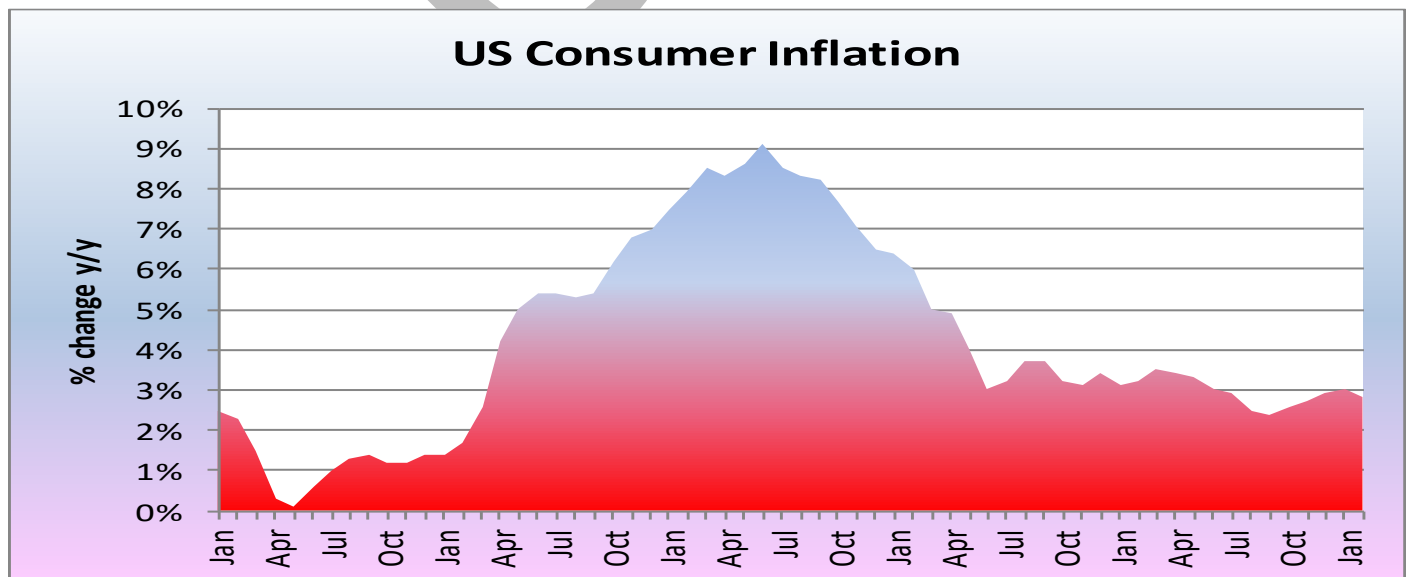
WEEKLY ECONOMIC BRIEFING

- 21. Angola's economy expanded by 3,6% y/y in the fourth quarter after a 5,5% y/y gain in the third quarter.** This growth was largely driven by the strong performance in diamond and mineral extraction, which increased by 62,4%, compared with 42,4% in the third quarter. Significant positive contributions also came from activities such as post & telecommunications (6,4% vs 4,3%); public administration, defence, and mandatory social security (5,9% vs 4,4%); utilities (5,1% vs 3,1%); transport & storage (4,0% vs 6,7%) and trade (4,0% vs 4,7%). On the other hand, declines were seen in finance & insurance activity (-18,6% vs -6,8%) and extraction and refining of crude oil and natural gas (-0,8% vs 3,0%). For 2024 as a whole, the GDP rose by 4,4%, marking strongest expansion in a decade, with the last similar growth recorded in 2014 at 4,8%.
- 22. Consumer inflation in Angola eased to 25,26% y/y in February from 26,48% y/y in January and 27,50% y/y in December.** This was the slowest level since March, helped by the relative stabilization of the kwanza.
- 23. Consumer inflation in Botswana rose to 2,7% y/y in February from 2,5% y/y in January after being steady at 1,7% y/y in December and November.** Upward pressure came mostly from prices of miscellaneous goods & services (7,7% vs 7,6% in January vs 7,5% in December); alcoholic beverages & tobacco (7,4% vs 7,1% vs 6,7%) and food & non-alcoholic beverages (5,5% vs 5,1% vs 4,7%).
- 24. Botswana will seek proposals for the construction of 1,5 gigawatts of solar power generation.** Botswana aims to get half its power needs from renewable facilities.
- 25. Norwegian renewable-energy company Scatec has started commercial operation of the first 60 MW of the 120 MW Mmadinare Solar Cluster, in Botswana.** The power plant is Scatec's first installation in the country. It will generate revenue from a 25-year power purchase agreement with State-owned energy utility Botswana Power Corporation. The remaining 60 MW of the project is currently under construction and is expected to be completed early in 2026.
- 26. Consumer inflation in Egypt eased to 12,8% y/y in February from 24,0% y/y in January and 24,1% y/y in December.** This was the lowest inflation rate since March 2022, as the impact of the sharp price increases over the past two years has faded, with food prices rising the least since May 2021 (3,7% vs 20,8%). Additionally, prices moderated for housing and utilities (12,9% vs 14,2%), transport (34,3% vs 35,9%), furnishings, household equipment, and routine maintenance (16,6% vs 21,6%), communications (12,5% vs 13,0%), recreation and culture (22,0% vs 46,2%), restaurants and hotels (17,6% vs 31,6%), miscellaneous goods and services (15,5% vs 19,8%), alcoholic beverages and tobacco (25,4% vs 28,5%), clothing and footwear (22,7% vs 26,1%), health (28,3% vs 43,1%), and education (11,2% vs 18,4%).
- 27. Ghana's economy expanded by 3,6% y/y in the fourth quarter after a 7,5% y/y gain in the third quarter.** The industrial sector acted as a drag, posting minimal growth of just 0,2%, following a 10,4% increase in Q3. The services sector advanced by 6,3% and agriculture rose by 2,9%. For the whole year of 2024, the country's GDP grew by 5,7%.
- 28. The reopening of the Lesotho Highlands tunnel has been delayed by three weeks, owing to maintenance work delays experienced in the Delivery Tunnel South, in Lesotho.** The critical tunnel, which transfers water from Lesotho to South Africa's Vaal dam, was closed on 1 October for maintenance, with expectations that water would be flowing again on 31 March. One of the challenges experienced was higher than anticipated seepage within the tunnel owing to a change in sandblasting technique – from manual to automated – with high humidity impacting the automated approach.
- 29. Mozambique's main rail line for its top export of coal halted operations this week because of a tropical cyclone that also cut off a national highway.** Nacala Logistics, which operates the railway linking coal mines in the central Tete province to the port of Nacala, said it paused trains on 10 March, when Tropical Cyclone Jude bringing torrential rainfall and damaging winds. Technical teams were on site to clear debris from the tracks, it said in a statement. Flood damage cut off the N1 highway that hauliers use to access Nacala.
- 30. The board of the US Export-Import Bank approved a nearly \$5bn loan for a long-delayed LNG project in Mozambique.** TotalEnergies had been waiting for loan re-approvals from the US, UK and Dutch export credit agencies before lifting a force majeure on the project that has been in place since 2021. Partner company Mitsui said in December that final preparations were underway to resume construction after renegotiation with contractors.
- 31. Consumer inflation in Rwanda eased to 3,8% y/y in February from 5,7% y/y in January and 6,4% y/y in December.** Price growth moderated particularly in the heavyweight category of food and non-alcoholic beverages (1,5% vs 4,1% in January vs 5,7% in December). Softer increases were also seen in other CPI items, including clothing & footwear (6,0% vs 6,2% vs 6,6%); housing & utilities (1,7% vs 4,2% vs 4,7%) and alcoholic beverages & tobacco (3,0% vs 6,5% vs 6,7%).
- 32. Consumer inflation in Senegal eased to 0,6% y/y in February from 1,8% y/y in January and 0,8% y/y in December.** The statistics agency said it has adopted 2023 as the new base year for its calculations, replacing the previous base year of 2014. The slowdown in February was mainly due to softer price increases for food and non-alcoholic beverages (0,6% vs 3,0% in January), housing and utilities (0,8% vs 1,1%), health (0,8% vs 1,2%), and restaurants and hotels (2,0% vs 2,2%). Meanwhile, prices rose for transport (1,0% vs 0,9%) and alcoholic beverages and tobacco (10,2% vs 6,1%).

WEEKLY ECONOMIC BRIEFING

International

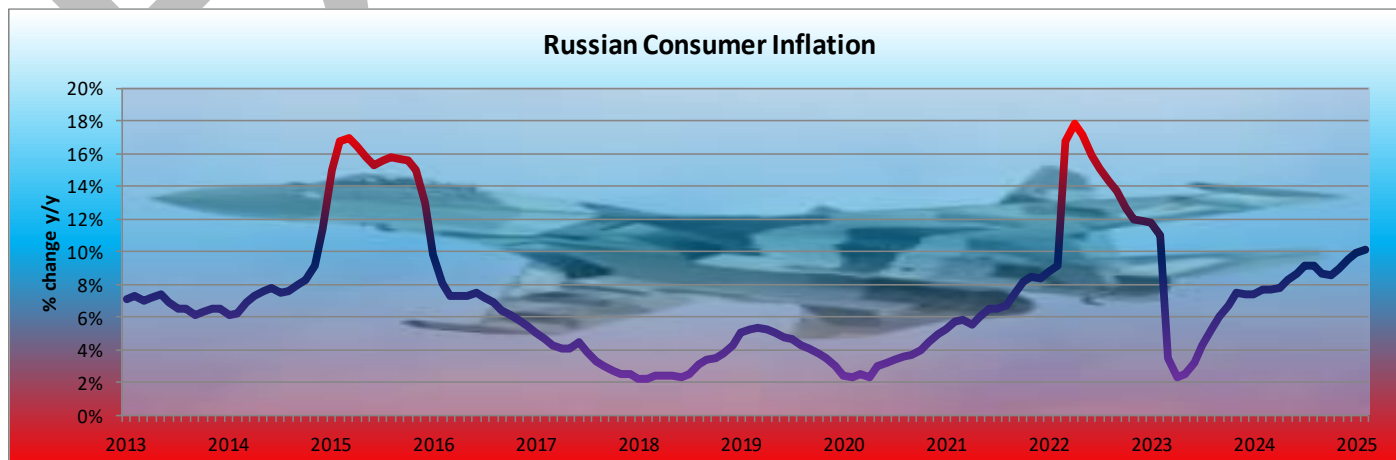
33. **The central bank of Canada cut its benchmark lending rate by 25 basis points to 2,75%.** This took rate cuts since the start of its loosening cycle in June 2024 to 225 basis points. Growth is expected to slow at the turn of the year due to increasing trade conflict with the US. The bank also noted that the continuously changing tariff threats from the US hurt gauges of consumer confidence and investment expectations, which are expected to erase the strong economic activity triggered by firms attempting to undercut trade barriers. In the meantime, the end of tax credits are expected to drive incoming inflation gauges to accelerate toward 2,5% after headline inflation remained below the 2% target for multiple months, but core gauges are set to gradually slow amid an expected ease in shelter inflation.
34. **The International Energy Agency (IEA) said that global oil supply could exceed demand by around 600 000 barrels per day (bpd) this year, due to growth led by the US and weaker than expected global demand.** The IEA projects that world oil demand will rise by 1,03m bpd in 2025 – down 70 000 bpd from last month's forecast. The expansion in demand will be eclipsed by another 1,5m bpd surge in oil supplies, led by the US, Brazil, Canada and Guyana.
35. **Chinese banks extended CNY 1,01 trillion in new yuan loans in February after a record CNY 5,13 trillion in January.** The February reading is also below the CNY 1,45 trillion of a year earlier.
36. **China's new vehicle sales rose by 34,4% y/y in February after a 0,6% y/y drop in January.** The sharp increase came amid a low base effect last year when the Lunar New Year holiday fell in February. New energy vehicles (NEVs) soared by 87,1% in February to 892 000 units, accounting for 41,9% of total new vehicle sales.
37. **US small-business optimism eased to 101,7 in February from 102,8 in January, 105,1 in December, 101,7 in November, 93,7 in October and 91,5 in September.** The December 2024 reading was the highest since October 2018. The Uncertainty Index surged by 4,0 points to 104, reaching its second-highest level on record. Small business owners' expectations for improved business conditions over the next six months declined, and the percentage viewing the current period as a good time to expand also decreased, though it remains well above fall 2024 levels. Inflation continues to be a major concern, ranking second behind the top issue, labour quality.
38. **The University of Michigan's consumer sentiment index eased to 57,9 in March from 64,7 in February.** This was its lowest level since November 2022. Sentiment declined for a third straight month, with many consumers citing the high level of uncertainty around policy and other economic factors. While current economic conditions were little changed (53,5 vs 65,7), and expectations for the future deteriorated (54,2 vs 64,0).
39. **Consumer inflation in the US eased to 2,8% y/y in February from 3,0% y/y in January, 2,9% y/y in December, 2,7% y/y in November, 2,6% y/y in October and 2,4% y/y in September.** The rise was partly influenced by low base effects from last year. Energy costs eased again after rising for the first time in a year in January (0,2% vs 1,0% in January vs -0,5% in December). Food prices rose (2,6% vs 2,5% vs 2,5%) with the egg price index surging by 58,8%. The spike is linked to a severe avian flu outbreak, which has led to large-scale culling of egg-laying hens, restricting supply. Inflation slowed for shelter (4,1% vs 4,4% vs 4,6%). Annual core inflation eased to 3,3% in February from 3,3% in January.



40. **US producer inflation eased to 3,2% y/y in February from a revised 3,7% (3,5%) y/y in January.** The core producer inflation, which excludes food and energy costs, eased to 3,3% y/y in February from 3,4% y/y in January, 3,5% y/y in December after being steady at 3,4% y/y in November and October.

WEEKLY ECONOMIC BRIEFING

41. **US initial jobless claims fell by 2 000 w/w to 220 000 in the week ending 8 March.** The weekly claim counts remained below averages from the second half of 2024, pointing to the continuation of a relatively strong labour market in the US that has allowed the Federal Reserve to increase its hawkish rhetoric.
42. **US job openings rose by 232 000 m/m in January to 7,7 million.** This is a relatively positive result, given the policy and economic shifts that have since unfolded. While January's job openings data suggested some stability, gross hiring rates have slowed, leaving little room for meaningful net employment growth. Given the latest trends, labour market conditions are unlikely to strengthen materially in the near term.
43. **The US fiscal deficit widened to \$307bn in February 2025 from \$296,2bn in February 2024.** Government receipts reached a record \$296bn for the month, up 9% y/y. Outlays also hit a new high of \$603bn, marking a 6% y/y increase. Fiscal year-to-date government revenue rose 2% to a record \$1,893 trillion, while spending surged 13% to a record \$3,039 trillion.
44. **Consumer inflation in Argentina eased to 66,9% y/y in February from 84,5% y/y in January, 117,8% y/y in December and 166,0% y/y in November.** This was the tenth consecutive month of disinflation and the softest increase since September 2022.
45. **Consumer inflation in Belarus rose to 5,6% y/y in February after being steady at 5,2% y/y in January and December from 5,5% y/y in November.** Prices rose for food (6,7% vs 6,5% in January vs 6,5% in December vs 6,7% in November), services (6,5% vs 5,2% vs 5,0% vs 5,8%) and non-food products (3,4% vs 3,3% vs 3,4% vs 3,7%).
46. **Consumer inflation in Brazil rose to 5,06% y/y in February from 4,56% y/y in January and 4,83% y/y in December.** Consumer prices rebounded for housing and utilities (3,78% vs -0,36% in January) amid a softer impact from temporary credits on electricity bills by the government, which drove power costs to rebound sharply (0,33% vs -13,98%). Inflation also accelerated for food and beverages (7,25% vs 7,0%), clothing (2,95% vs 2,49%), and household maintenance goods and services (1,51% vs 0,99%). On the other hand, transportation inflation slowed slightly (5,21% vs 5,32%).
47. **China's consumer prices fell by 0,7% y/y in February after a 0,5% y/y increase.** This was due to a contraction in seasonal demand following the Lunar New Year (LNY) Festival. Food prices fell by 3,3%, driven by sharply lower fresh vegetable prices (-12,6%) and much slower increases in pork prices (4,1% from 13,8%).
48. **Consumer inflation in India eased to 3,62% y/y in February from 4,26% y/y in January and 5,22% y/y in December.** This was the slowest rise in consumer prices since July of the previous year and the first time in six months that inflation fell below the Reserve Bank of India's (RBI) 4% mid-point target. The decline aligns with the RBI's decision to initiate the country's rate-cutting cycle and implement a series of liquidity-boosting measures for state banks. Inflation fell sharply for food (3,75% vs 5,97% in January), which accounts for nearly half of the Indian price basket, amid deflationary pressure for eggs, spices, vegetables, and pulses. Also, prices fell for fuel and light (-1,33%) and remained soft for housing (2,91%), although inflation was more elevated for miscellaneous goods (4,78%).
49. **Consumer inflation in Mongolia rose to 9,6% y/y in February from 8,7% y/y in January.** This was the highest inflation rate since September 2023, as prices accelerated for food and non-alcoholic beverages (9,5% vs 9,2% in January), housing and utilities (22,3% vs 20,5%), transport (4,7% vs 0,5%), alcoholic beverages and tobacco (3,4% vs 3,1%), health (4,1% vs 3,9%), and restaurants and hotels (14,3% vs 14,2%). Meanwhile, costs moderated for clothing and footwear (9,0% vs 9,6%), communication (1,2% vs 1,3%), recreation and culture (6,4% vs 6,8%), and miscellaneous goods and services (12,1% vs 12,3%).
50. **Consumer inflation in Russia rose to 10,1% y/y in February from 9,9% y/y in January and 9,5% y/y in December.** The result was aligned with the central bank of Russia's warning that inflation would rise sharply this year due to a weak rouble, a labour force crisis forced by the military mobilization, and soaring levels of deficit spending.



WEEKLY ECONOMIC BRIEFING

- 51. Russia's foreign trade surplus widened to \$7,16bn in January from \$5,575bn in December and \$6,02bn in November.** The December 2024 surplus was the smallest foreign trade surplus since August 2020, and the lowest for a December since 2002. Imports rose by 3,2% /y to \$22,09bn, while exports rose by 2,5% to \$29,24bn amid slowing demand for energy from China, which has been the main target for heavyweight commodity exports for Russia since Western sanctions from 2022.
- 52. The number of visitor arrivals in New Zealand rose by 13,4% y/y in January to 370 238.** Notable growth came from Australia (up 22 800), China (up 15 200), the UK (up 3 300), Taiwan (up 3 200), Korea (up 1 600), Germany (up 1 400), and the US (up 1 300). The rise in arrivals from China coincided with the Chinese Lunar New Year, which began on 29 January 2025, and typically causes a seasonal peak in January or February, depending on the holiday's timing. For comparison, the Lunar New Year in 2024 started on 10 February. January 2025 arrivals represented 93% of the pre-pandemic figure of 399 300 recorded in January 2019.
- 53. Japan's Business Survey Index (BSI) for large manufacturing firms dropped to -2,4% in the first quarter from 6,3% in the fourth quarter.** This marks the first negative reading since the second quarter 2024 and falls short of market expectations for a modest improvement to 6.5%. The latest reading came as persistent inflationary pressures and solid economic growth pushed the Bank of Japan to raise interest rates further. Additionally, Japanese manufacturers are grappling with an escalating global trade war, as US President Donald Trump imposed tariffs on key trading partners, including Mexico, Canada, and China. The BSI measures the difference between the percentage of firms expecting improved business conditions and those anticipating deterioration.
- 54. About 240 000 homes and businesses were without power in Queensland in the wake of Ex-Tropical Cyclone Alfred.** Brisbane residents were urged to stay away from local waterways after more than 260 mm fell in Brisbane's CBD since 9am on Sunday, including 45mm in a single hour during a late-night downpour.
- 55. At least 40 people died after tornadoes ripped through the US Midwest and South.** Missouri bore the brunt of the twisters, which began to spawn on 14 March. Powerful winds in Texas and Kansas whipped up dust storms that resulted in vehicle pile-ups and a dozen deaths. The extreme weather, covering an area of the country that is home to more than 100 million people, fanned nearly 150 deadly wildfires in Oklahoma. Fatalities were also recorded in Arkansas, Alabama and Mississippi. More than 320 000 people across the region were without power on the evening of 16 March, according to tracker PowerOutageUS.
- 56. Nearly a tenth of global climate finance could be under threat according to Carbon Brief.** This is due to the Trump administration continuing to cut spending on international aid. Since taking office in January, Trump has pulled the US out of multiple international climate funds and initiatives, including plans withdrawing the US from the Paris Agreement. He has also threatened to cancel virtually all US Agency for International Development (USAid) projects, with climate funds identified as a prime target. These actions are likely to endanger global efforts to help developing countries tackle climate change.
- 57. Germany's greenhouse gas emissions fell by 3,4% in 2024.** According to Germany's federal environment agency, the country's CO2 emissions fell to 649m tonnes.
- 58. Wind and solar surpassed coal for power generation in the US in 2024 for the first time.** Coal power peaked in 2007 but has since fallen to an all-time low, accounting for 15% of total US electricity generation last year, while combined solar and wind generation rose to 17%. Gas generation also grew by 3,3% in 2024 accounting for 43% of the US energy mix and resulting in an overall rise in power-sector emissions. Solar grew by 27%, remaining the nation's fastest-growing power source and rising to 7% of the mix. Wind saw a more modest 7% rise, but still accounted for 10% of total US electricity generation.

US solar generation rose more than gas in 2024

Year-on-year change in 2024 electricity generation, TWh
2023 baseline: 4,273 TWh

