



"This massive, outrageous, pork-filled Congressional spending bill is a disgusting abomination." Elon Musk 3 June 2025

HIGHLIGHTS

South Africa

1. The economy expanded by 0,1% q/q in the first quarter after a revised 0,4% (0,6%) q/q gain the fourth quarter.
2. Final sales expanded by only 0,4% y/y in the first quarter after a 1,7% y/y gain in the fourth quarter.
3. Gross fixed capital formation fell by 3,2% y/y in the first quarter after a 2,8% y/y drop in the fourth quarter.
4. Nominal GDP growth eased to 2,7% y/y in the first quarter after a 4,7% y/y gain in the fourth quarter.
5. The GDP deflator eased to 1,9% y/y in the first quarter from 3,7% y/y in the fourth quarter.
6. The current account deficit was steady at 0,5% of GDP in the first and fourth quarters.
7. The terms of trade improved to 109,9 in the first quarter from 109,1 in the fourth quarter.
8. The Organisation for Economic Cooperation and Development (OECD) said South Africa's growth potential in an inclusive way required product market reforms in several areas.
9. S&P Global Ratings reaffirmed a positive outlook for South Africa's economy.
10. The RMB/BER Business Confidence Index (BCI) eased to 40 in the second quarter from 45 in the first quarter.
11. Tractor sales rose by 12,2% y/y in May after a 5,4% y/y gain in April and a 21,1% y/y jump in March.
12. The trade surplus with the US narrowed to US\$330m in April from \$787m in March and \$2,838bn in February
13. Government's cash balances rose by R25,1bn in May to R214,8bn after dropping by R35,3bn in April, falling by R19,5bn in March, rising by R39bn in February and plunging by R109,5bn in January.
14. Penalties on early redemptions of RSA savings bonds eased to R728m in May from R916m in April and R538m in March.
15. The South African Reserve Bank's gross foreign exchange reserves rose by \$443m in May to \$48,4bn after falling by \$599m in April, edging up by \$66m in March, rising by \$114m in February, and falling by \$351m in January.
16. Eskom's Energy Availability Factor (EAF) rose to 60,36% in week 22 from 59,85% in week 21.
17. The Open Cycle Gas Turbine (OCGT) load factor eased to 6,31% in the week ending 5 June from 12,7% in the week ending 29 May.
18. Electricity consumption fell by 2,8% y/y in April after a 1,5% y/y decline in March and a 3,5% y/y drop in February.
19. Exports of electricity rose by 23,2% y/y in April after a 24,7% y/y increase in March, a 29,4% y/y gain in February, jumping by 51,5% y/y in January, surging by 53,8% y/y in December and soaring by 43,7% y/y in November.
20. Non-Eskom generation rose to 2 118 gigawatt-hours (GWh) in April from 2 090 GWh in March, 2 175 GWh in February, 2 589 GWh in January, 2 520 GWh in December, 2 416 GWh in November, 2 556 GWh in October, 2 601 GWh in September and 2 730 GWh in August.
21. Standard Bank and renewable-energy aggregator NOA reached financial close on the 349 MW Khauta South Solar PV project.
22. The Bureau for Economic Research (BER) manufacturing index eased to 43,1 in May from 44,7 in April and 48,7 in March. The S&P PMI rose to 50,8 in May from 50,0 in April, 48,3 in March, 49,0 in February and 47,4 in January.
23. New vehicle sales surged by 22,0% y/y in May after rising by 11,9% y/y in April and a 12,5% y/y gain in March.
24. New vehicle exports eased to 30 112 units in May from 31 822 units in April and 39 477 units in March
25. The retail price of 95 Octane petrol in Gauteng was cut by 5 cents per litre (c/l) on 4 June, while the wholesale price of diesel dropped by 36,9 c/l.

Rest of Africa

26. The African Development Bank was awarded the 2025 "Infrastructure Deal of the Year" for the 1,1 GW Suez Wind Farm in Egypt.
27. Africa Finance Corporation signed a deal with Italy for \$320m financing for the Lobito railway.
28. Côte d'Ivoire launched West Africa's first agricultural commodities exchange.
29. Consumer inflation in Egypt rose to 16,8% y/y in May from 13,9% y/y in April, 13,6% y/y in March and 12,8% y/y in February.
30. The Egypt PMI rose to 49,5 in May from 48,5 in April, 49,2 in March, 50,1 in February and 50,4 in January.
31. Consumer inflation in Ghana eased to 18,4% y/y in May from 21,2% y/y in April and 22,4% y/y in March.
32. The Ghana PMI rose to 53,6 in May from 52,6 in April, 50,6 in March, 50,5 in February and 47,9 in January.
33. The Kenya PMI eased to 49,6 in May from 52,0 in April, 51,7 in March, 50,6 in February and 50,5 in January.
34. Consumer inflation in Mauritius rose to 4,2% y/y in May from 3,8% y/y in April, 1,8% y/y in March and 0,1% y/y in February.
35. The Mozambique PMI eased to 49,6 in May from 50,5 in April, 50,2 in March, 50,9 in February and 47,4 in January.
36. Green Flare Holdings plans to transform waste gas in Nigeria from oil fields into power for Bitcoin mining.
37. The Nigeria PMI eased to 52,7 in May from 54,2 in April, 54,3 in March, 53,7 in February and 52,0 in January.

WEEKLY ECONOMIC BRIEFING

38. Consumer inflation in Tunisia eased to 5,4% y/y in May from 5,6% y/y in April.
39. The Uganda PMI rose to 56,4 in May from 55,3 in April, 52,9 in March, 52,6 in February and 49,5 in January.
40. The Zambia PMI rose to 51,4 in May from 50,9 in April, 49,3 in March after being steady at 50,9 in February and January.

International

41. The central bank of Denmark cut its benchmark lending rate by 25 basis points to 1,60%.
42. The European Central Bank cut its benchmark lending rate by 25 basis points to 2,15%.
43. The central bank of India cut its benchmark lending rate by 50 basis points to 5,5%.
44. The central bank of Russia cut its benchmark lending rate by 100 basis points to 20,0%.
45. According to the Organisation for Economic Cooperation and Development (OECD), the global economy is expected to slow this year with growth projected at 2,9% in both 2025 and 2026, from 3,3% in 2024.
46. The FAO Food Price Index (FFPI) eased to 127,7 in May from 128,7 in April, 127,1 in March, 126,8 in February and 125,1 in January.
47. The Australian economy expanded by 0,2% q/q in the first quarter after a 0,6% q/q gain in the fourth quarter.
48. Elon Musk and President Donald Trump had a very public fall-out on social media on 3 June.
49. The US economy added 137 000 non-farm jobs in May after a revised 147 000 (177 000) gain in April.
50. The US trade deficit narrowed to \$61,6bn in April from a \$138,3bn in April.
51. US employers announced 93 816 job cuts in May from 105 441 in March, 275 240 in March, 172 017 in February and 49 795 in January.
52. The number of Americans filing new claims for unemployment benefit rose by 8 000 w/w to 247 000 in the week ending 31 May.
53. US light vehicle sales fell to a seasonally adjusted annualised rate of 15,65 million units in May from 17,25 million in April and a four-year high of 17,83 million in March.
54. The number of US job openings rose by 191 000 in April to 7,391 million.
55. Consumer inflation in the Eurozone eased to 1,9% y/y in May after being steady at 2,2% y/y in April and March from 2,4% y/y in February and 2,5% y/y in January.
56. Consumer inflation in Germany was steady at 2,1% y/y in May and April from 2,2% y/y in March after being steady at 2,3% y/y in February and January from 2,6% y/y in December.
57. Consumer inflation in Kazakhstan rose to 11,3% y/y in May from 10,7% y/y in April, 10,0% y/y in March and 9,4% y/y in February.
58. Consumer inflation in Pakistan rose to 3,5% y/y in May from 0,3% y/y in April, 0,7% y/y in March and 1,5% y/y in February.
59. Consumer inflation in Paraguay eased to 3,6% y/y in May from 4,0% y/y in April.
60. Consumer inflation in Türkiye eased to 35,41% y/y in May from 37,86% y/y in April.
61. Russia's unemployment rate was steady at 2,3% in April and March after being steady at 2,4% in February and January.
62. Canada's foreign trade deficit widened to a record C\$7,1bn in April from C\$2,3bn in March.
63. Tourist arrivals in Spain rose by 10,1% y/y in April after a 3,8% y/y increase in March and a 7,7% y/y gain in February.
64. The Brazil manufacturing index eased to 49,4 in May from 50,3 in April, 51,8 in March, 53,0 in February and 50,7 in January.
65. The China manufacturing index eased to 48,3 in May from 50,4 in April, 51,2 in March, 50,8 in February and 50,1 in January.
66. The Eurozone manufacturing index rose to 49,4 in May from 49,0 in April, 48,6 in March, 47,6 in February and 46,6 in January.
67. The India manufacturing index eased to 57,6 in May from 58,2 in April, 58,1 in March, 56,3 in February and 57,7 in January.
68. The Indonesia manufacturing index rose to 47,4 in May from 46,7 in April, 52,4 in March, 53,6 in February and 51,9 in January.
69. The Japan manufacturing index rose to 49,4 in May from 48,7 in April, 48,4 in March, 49,0 in February and 48,7 in January.
70. The Russia manufacturing index rose to 50,2 in May from 49,3 in April, 48,2 in March, 50,2 in February and 53,1 in January.
71. The South Korea manufacturing index rose to 47,7 in May from 47,5 in April, 49,1 in March, 49,9 in February and 50,3 in January.
72. The UK manufacturing index rose to 46,4 in May from 45,4 in April from 44,9 in March, 46,9 in February and 48,3 in January.
73. The US ISM manufacturing index eased to 48,5 in May from 48,7 in April, 49,0 in March, 50,3 in February and 50,9 in January.
74. The global manufacturing index eased to 49,6 in May from 49,8 in April, 50,3 in March, 50,6 in February and 50,1 in January.
75. The US ISM Non-Manufacturing PMI eased to 49,9 in May from 51,6 in April and 50,8 in March.
76. The global services index rose to 52,0 in May from 50,9 in April, 52,6 in March, 51,6 in February and 52,2 in January.
77. Investment in renewable energy is set to increase to a record \$2,2 trillion this year according to the International Energy Agency's (IEA's) latest yearly 'World Energy Investment' report.
78. A near gale force wind was blasting into Scotland, but the Moray East and West offshore wind farms received money to not send any electrons into the UK national grid.

South Africa

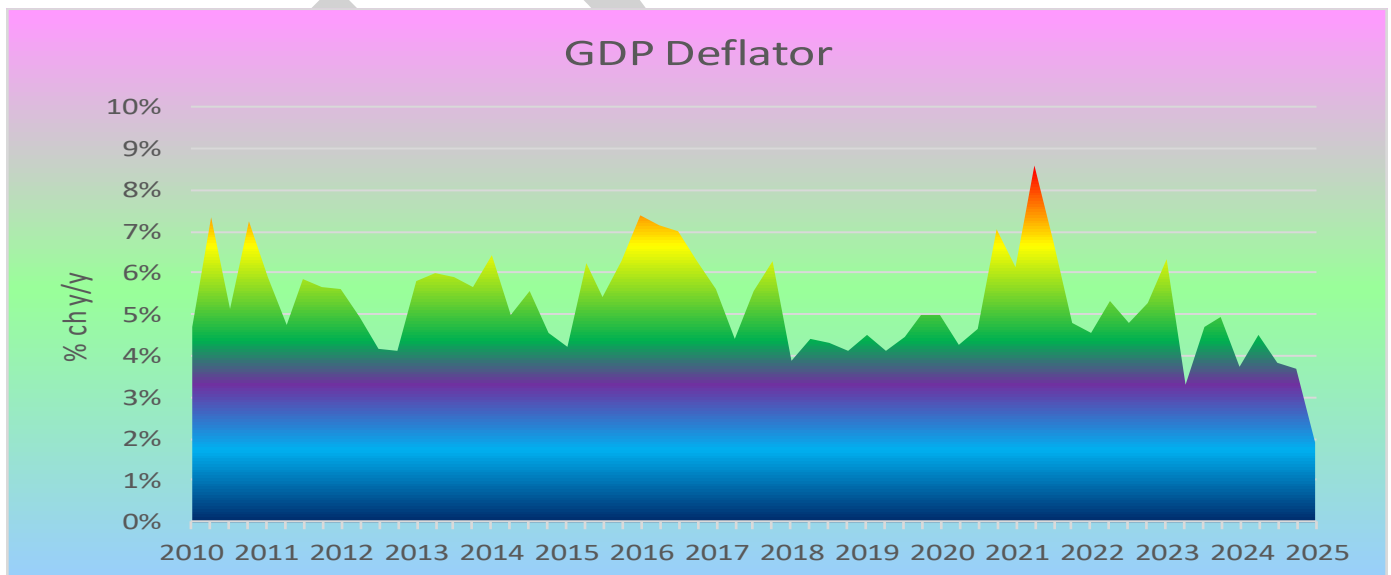
1. **The economy expanded by 0,1% q/q in the first quarter after a revised 0,4% (0,6%) q/q gain the fourth quarter.** This is measured from the production side and was slightly worse than my forecast of 0,2% q/q, but better than the Bloomberg consensus forecast of a 0,1% q/q contraction. The y/y change was 0,8%, the same as in the fourth quarter.
2. **Final sales expanded by only 0,4% y/y in the first quarter after a 1,7% y/y gain in the fourth quarter.** This is measured from the expenditure side and is GDP minus the change in inventories. This is in my view a better view of underlying demand as it is the national accounts equivalent of headline earnings, ie it excludes the non-recurring item of the change of inventories.

WEEKLY ECONOMIC BRIEFING

Quarter-on-quarter percentage change in expenditure components and contribution to expenditure on GDP
(constant 2015 prices, seasonally adjusted)



- Gross fixed capital formation fell by 3,2% y/y in the first quarter after a 2,8% y/y drop in the fourth quarter.** I suspect that the contraction in growth was due to the easing in load shedding, which had fuelled capital formation in 2023.
- Nominal GDP growth eased to 2,7% y/y in the first quarter after a 4,7% y/y gain in the fourth quarter.** This is the measure that determines the tax take. It underlines why there will be a revenue shortfall this fiscal year.
- The GDP deflator eased to 1,9% y/y in the first quarter from 3,7% y/y in the fourth quarter.** I saw no media coverage of this inflation indicator. It shows that inflation remains subdued.



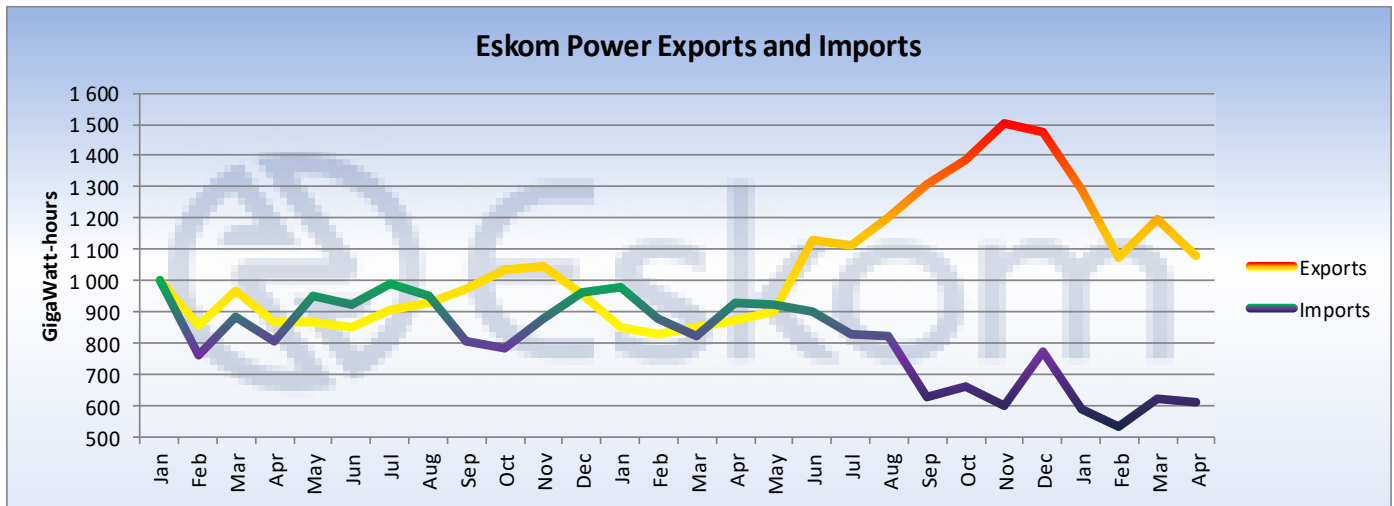
- The current account deficit was steady at 0,5% of GDP in the first and fourth quarters.** The Treasury in its February 2025 Budget Review expected the current account deficit to widen to 2,8% of GDP in 2025. This was revised to a 0,7% deficit in the May Budget Review.
- The terms of trade improved to 109,9 in the first quarter from 109,1 in the fourth quarter.** South Africa's terms of trade (including gold) improved as the rand price of exports, including gold, increased at a faster pace than that of imports. I saw no media coverage of this important trade indicator.

WEEKLY ECONOMIC BRIEFING

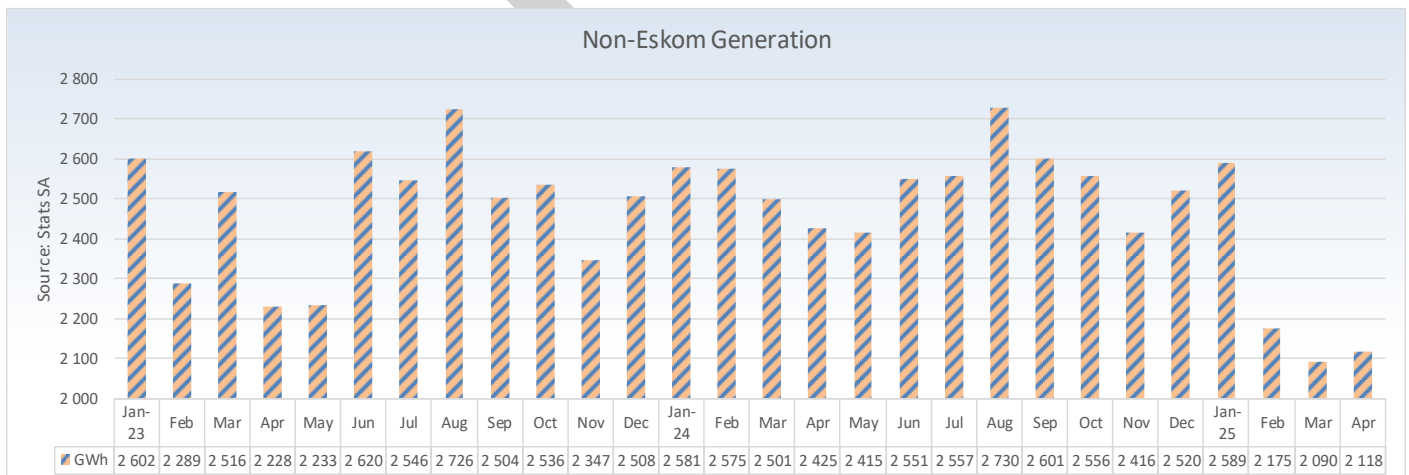
8. **The Organisation for Economic Cooperation and Development (OECD) said South Africa's growth potential in an inclusive way required product market reforms in several areas.** This would include creating a business-friendly regulatory environment and easing bottlenecks in rail transport and ports. The electricity sector is a priority to ensure a reliable energy supply to firms and citizens. Promoting job-friendly growth requires enhancing urban planning to better connect workers with job opportunities and reducing overly restrictive regulatory barriers that hinder business dynamism.
9. **S&P Global Ratings reaffirmed a positive outlook for South Africa's economy.** It highlighted South Africa's structural strengths and sound fiscal management at the S&P Capital Markets Conference in Johannesburg. However, sluggish growth means that structural reforms—especially around state-owned enterprises and the labour market—are needed to unlock real momentum.
10. **The RMB/BER Business Confidence Index (BCI) eased to 40 in the second quarter from 45 in the first quarter.** The decline was driven by declines in four of the five sectors, partially offset by a sharp increase in wholesale trade confidence. Wholesale traders' confidence rose to 50 in the second quarter from 42 in the first quarter, but retailers' confidence eased to 42 from 50, and new vehicle dealers' confidence slipped to 42 from 52. Building contractors' confidence fell to 35 from 45, and manufacturers' confidence eased to 33 from 34.
11. **Tractor sales rose by 12,2% y/y in May after a 5,4% y/y gain in April and a 21,1% y/y jump in March.** Sales so far this year are up 19,5% y/y.
12. **The trade surplus with the US narrowed to US\$330m in April from \$787m in March and \$2,838bn in February.** Imports from the US eased to \$511m in April from \$625m in March, \$499m in February and \$380m in January, while exports to the US eased to \$842m in April from \$1,411bn in March, \$3,337bn in February and \$2,253bn in January. The trade surplus with the US widened to \$8,837bn in 2024 from \$6,814bn in 2023, \$8,059bn in 2022 and \$10,242bn in 2021. Exports to the US rose to \$14,656bn in 2024 from \$13,971bn in 2023, \$14,547bn in 2022, \$15,743bn in 2021, \$11,368bn in 2020 and \$7,799bn in 2019, while imports from the US eased to \$5,819bn from \$7,156bn in 2023, \$6,515bn in 2022, \$5,501bn in 2021, \$4,374bn in 2020 and \$5,334bn in 2019.
13. **Government's cash balances rose by R25,1bn in May to R214,8bn after dropping by R35,3bn in April, falling by R19,5bn in March, rising by R39bn in February and plunging by R109,5bn in January.** I saw no media coverage of this increase. In May, net domestic short-term loans rose by R2,359bn, while net domestic long-term loans inclusive of redemptions and switch transactions increased by R36,351bn. In April, net domestic short-term loans rose by R4,606bn, while net domestic long-term loans inclusive of redemptions and switch transactions grew by R35,152bn. In addition, a foreign loan of R9,717bn was repaid.
14. **Penalties on early redemptions of RSA savings bonds eased to R728m in May from R916m in April and R538m in March.** This is a useful and timely measure of how distressed consumers are. In the 2024/25 fiscal year, penalties totalled R7,831bn compared with R8,207bn in 2023/24, R3,37bn in 2022/23, R3,664bn in 2021/22, R2,14bn in 2020/21, R2,345bn in 2019/20.
15. **The South African Reserve Bank's gross foreign exchange reserves rose by \$443m in May to \$48,4bn after falling by \$599m in April, edging up by \$66m in March, rising by \$114m in February, and falling by \$351m in January.** Gold reserves rose by \$85m in May to \$13,277bn after a \$604m gain in April, rising by \$443m in May, a \$1,043bn jump in March and a \$230m gain in February.
16. **Eskom's Energy Availability Factor (EAF) rose to 60,36% in week 22 from 59,85% in week 21.** I saw no media coverage of this important indicator. Unplanned outages slipped to 29,43% in week 22 from 29,53% in week 21 and 31,42% in week 12 of 2024. Planned maintenance eased to 9,81% in week 22 from 10,15% in week 21, 13,07% in week 13 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.
17. **The Open Cycle Gas Turbine (OCGT) load factor eased to 6,31% in the week ending 5 June from 12,7% in the week ending 29 May.** Year-to-date, Eskom spent approximately R3,76bn on fuel for the OCGT fleet, generating 631,52GWh. This is higher than the 246,91GWh generated during the same period last year. The year-to-date OCGT load factor stands at 11,68%, considerably higher than the 4,57% recorded during the same period last year.
18. **Electricity consumption fell by 2,8% y/y in April after a 1,5% y/y decline in March and a 3,5% y/y drop in February.** The February fall is almost entirely due to the fact that there were 3,4% fewer days in February 2025 compared with February 2024, while in April 2025 there were 9,5% fewer working days than in April 2024. Statistics South Africa incorporated data from independent power producers (IPPs) engaged in wheeling from the January 2025 release. Electricity wheeling refers to the process of transporting electricity from a generator to an end-user (customer) using an existing transmission or distribution network.

WEEKLY ECONOMIC BRIEFING

19. Exports of electricity rose by 23,2% y/y in April after a 24,7% y/y increase in March, a 29,4% y/y gain in February, jumping by 51,5% y/y in January, surging by 53,8% y/y in December and soaring by 43,7% y/y in November. Imports on the other hand fell by 33,9% y/y in April after a 24,3% y/y drop in March, a 39,4% y/y decrease in February plummeting by 40,1% y/y in January, falling by 19,6% y/y in December and plunging by 31,4% y/y in November. I saw no media report on this.



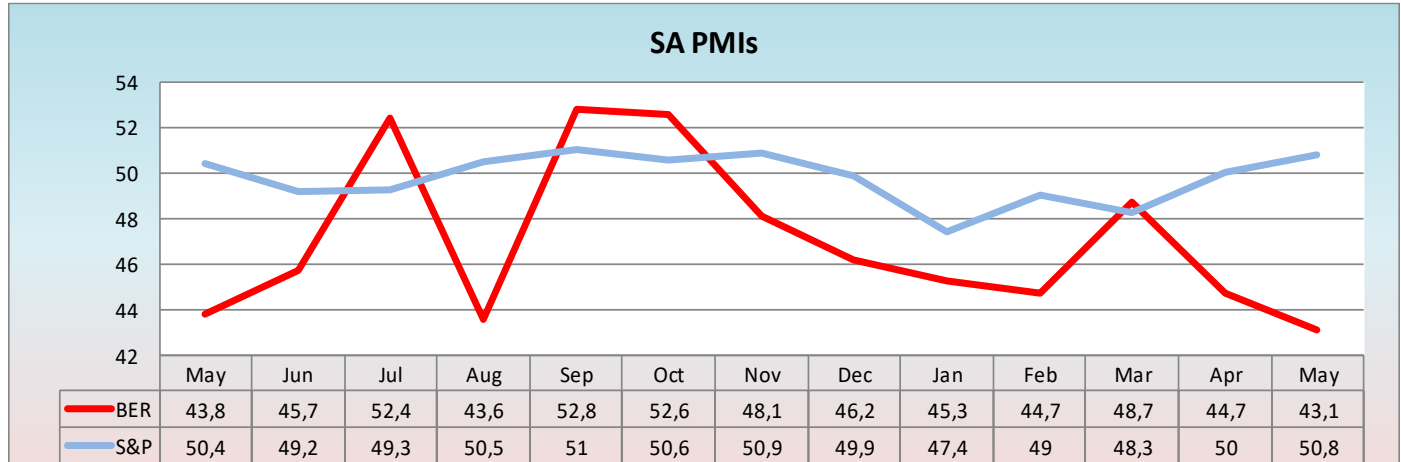
20. Non-Eskom generation rose to 2 118 gigawatt-hours (GWh) in April from 2 090 GWh in March, 2 175 GWh in February, 2 589 GWh in January, 2 520 GWh in December, 2 416 GWh in November, 2 556 GWh in October, 2 601 GWh in September and 2 730 GWh in August. August is traditionally the windiest month, so I expected a drop in non-Eskom generation in September, October and November and that is what happened. The increase in December was probably due to increased solar PV power, but the y/y increase was only 0,5%. The recovery in Eskom's generation fleet meant that the share of non-Eskom generation as a portion of total generation eased to 10,5% in March from 12,4% in February and 14,8% in February 2024 as the plentiful rain in March and February cut non-Eskom generation by 15,5% y/y in February 2025 and fell by 16,4% y/y in March before a recovery to a 12,7% y/y drop in April.



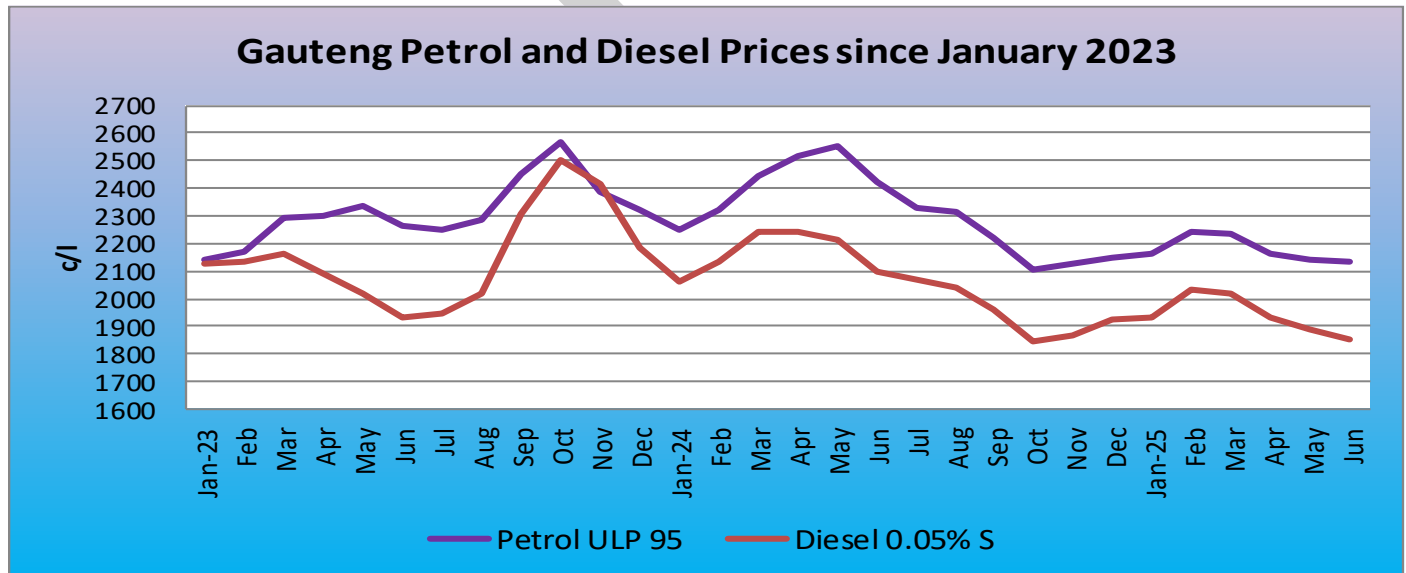
21. Standard Bank and renewable-energy aggregator NOA reached financial close on the 349 MW Khauta South Solar PV project. Located near Welkom, in the Free State, the project is expected to become the country's largest single-asset solar PV facility once built. Power from the Khauta project will be wheeled over the Eskom grid to a portfolio of companies across sectors including mining, manufacturing, data centres and real estate.
22. The Bureau for Economic Research (BER) manufacturing index eased to 43,1 in May from 44,7 in April and 48,7 in March. The business activity index rose to 43,1 in May from 40,0 in April, 48,3 in March and 40,6 in February, while the new orders index climbed to 38,3 in May from 36,5 in April, 48,7 in March and 38,7 in February. The inventories index slipped to 44,7 in May from 47,8 in April, 45,9 in March and 46,9 in February, while the employment index dipped to 40,0 in May from 42,9 in April and 46,1 in March. The price index ease to 60,4 in May from 68,3 in April, 64,5 in March from 70,4 in February and a record 95,9 in March 2022.
23. The S&P PMI rose to 50,8 in May from 50,0 in April, 48,3 in March, 49,0 in February and 47,4 in January. The January 2025 reading of 47,4 was the lowest reading since the July 2021 riots. The expansion in output in May was particularly notable as the respective sub-index reached its highest level since May 2021, signalling that firms made considerable efforts to recover activity

WEEKLY ECONOMIC BRIEFING

after a downturn during the first quarter. According to panellists, new project starts and rising domestic orders were often behind higher output. Total new order volumes rose in May, following a renewed uptick in the prior month. There were some reports suggesting that improved confidence at domestic clients was a key driver of increased order books.



- 24. New vehicle sales surged by 22,0% y/y in May after rising by 11,9% y/y in April and a 12,5% y/y gain in March.** The 2024 sales were down 3% on 2023 and below those of 2008. In 2024 car sales rose by 1,1%, while light commercial vehicle sales fell by 12,0%, medium commercial vehicle sales dropped by 6,5% and heavy commercial vehicle sales declined by 4,9%. October 2024 saw the best passenger car sales since October 2019.
- 25. New vehicle exports eased to 30 112 units in May from 31 822 units in April and 39 477 units in March.** In 2024 the average monthly exports were 32 570 units. The boost in March should result in another healthy foreign trade surplus in March, which is what happened, so the easing in May could result in a smaller foreign trade surplus in May.
- 26. The retail price of 95 Octane petrol in Gauteng was cut by 5 cents per litre (c/l) on 4 June, while the wholesale price of diesel dropped by 36,9 c/l.** This means the y/y change for petrol is -12,0% after -16,0% in May, -14,2% in April, -8,6% in March, -3,6% in February and -4,0% in January, while that for diesel is -11,6% from -14,7%, -13,9%, -10,1%, -4,8% and -6,5%.



Rest of Africa

- 27. The African Development Bank was awarded the 2025 "Infrastructure Deal of the Year" for the 1,1 GW Suez Wind Farm in Egypt.** Developed by a consortium, the project will deploy 138 advanced turbines and will deliver over 4 000 GWh of clean energy annually by 2027.
- 28. Africa Finance Corporation signed a deal with Italy for \$320m financing for the Lobito railway.** The railway will link the Angolan port of Lobito on the Atlantic coastline with Zambia and the Democratic Republic of the Congo, where the minerals are mined.

WEEKLY ECONOMIC BRIEFING

- 29. Côte d'Ivoire launched West Africa's first agricultural commodities exchange.** This is a major step toward modernizing regional trade. The exchange has attracted considerable interest, with over \$54 000 worth of cashews, kola nuts, and maize exchanged within minutes of its opening. With the platform, which took seven years to develop, Côte d'Ivoire aims to replace the informal trading practices in some of the region's countries with a regulated system that adapts to price fluctuations. Experts say this shift is vital, especially for crops like cashews, which have short harvest windows, and maize, a key staple for food security.
- 30. Consumer inflation in Egypt rose to 16,8% y/y in May from 13,9% y/y in April, 13,6% y/y in March and 12,8% y/y in February.** The February 2025 rate was the lowest inflation rate since March 2022, as the impact of the sharp price increases over the past two years faded. Food prices inflation jumped to 11,0% in May from 6,0% in April, 6,6% in March and 3,7% in February. There were faster rises in prices of housing and utilities (14,4% vs 13,9% in April vs 13,0% in March), transport (42,1 vs 37,4% vs 33,9%), recreation and culture (17,1% vs 20,8% vs 19,7%), and restaurants and hotels (17,9% vs 16,9% vs 15,0%).
- 31. The Egypt PMI rose to 49,5 in May from 48,5 in April, 49,2 in March, 50,1 in February and 50,4 in January.** The August 2024 reading of 50,4 was the first increase after 44 months of contraction in the private sector activity. The uptick was supported by milder falls in both output and new orders, as fewer firms reported a drop in customer demand. However, purchasing activity was cut at the fastest rate since October 2024, and employment declined for a fourth straight month as businesses refrained from replacing departing staff.
- 32. Consumer inflation in Ghana eased to 18,4% y/y in May from 21,2% y/y in April and 22,4% y/y in March.** Ghana, the largest gold producer in Africa, has seen its currency, the cedi, appreciate by over 30% this year, making it the world's top-performing currency, buoyed by a surge in gold prices. Price growth slowed for both food (22,8% vs 25,0% in April) and non-food products (14,4% vs 17,9%).
- 33. The Ghana PMI rose to 53,6 in May from 52,6 in April, 50,6 in March, 50,5 in February and 47,9 in January.** Falling prices amid currency appreciation helped to support accelerated growth in Ghana's private sector during May. Rapid rises in output and new orders were registered, while the pace of job creation hit a new survey record.
- 34. The Kenya PMI eased to 49,6 in May from 52,0 in April, 51,7 in March, 50,6 in February and 50,5 in January.** This was the first contraction in the private sector economy, following improvements in each of the previous seven months.
- 35. Consumer inflation in Mauritius rose to 4,2% y/y in May from 3,8% y/y in April, 1,8% y/y in March and 0,1% y/y in February.** Upward pressure stemmed primarily from prices of food & non-alcoholic beverages (9,0% vs 7,6% in April); restaurants & hotels (8,3% vs 8,0%); education (6,4%, the same as in April); health (5,8%, the same as in April); and furnishings & household equipment (5,3% vs 6,2%).
- 36. The Mozambique PMI eased to 49,6 in May from 50,5 in April, 50,2 in March, 50,9 in February and 47,4 in January.** Operating conditions in Mozambique eased as stocks of purchases, employment and suppliers' delivery times all had a negative impact on the headline index.
- 37. Green Flare Holdings plans to transform waste gas in Nigeria from oil fields into power for Bitcoin mining.** By capturing flare gas and converting it into electricity, the company will reduce emissions while powering data centers. While it is starting with Bitcoin, Green Flare plans to eventually scale into AI and cloud computing, positioning Nigeria as a digital infrastructure hub. The startup's model echoes efforts in the US by companies like Crusoe Energy and Giga Energy; however, it promises greater impact locally, including rural electrification initiatives and technical education programs. With costs far below industry averages and a dual-revenue model, Green Flare is betting big on stranded energy and rising global demand.
- 38. The Nigeria PMI eased to 52,7 in May from 54,2 in April, 54,3 in March, 53,7 in February and 52,0 in January.** The survey began in January 2014. This was the sixth consecutive month of expansion in the private sector. Rates of expansion in output and new orders eased in May while employment dipped for the first time in six months.
- 39. Consumer inflation in Tunisia eased to 5,4% y/y in May from 5,6% y/y in April.** This was the lowest level since May 2021. The slowdown was mainly driven by slower growth in prices for food (6,7% vs 7,3% in April), restaurants and hotels (10,8% vs 11,0%), and leisure and culture (6,1% vs 6,3%). On the other hand, inflation for clothing and footwear (9,4%) and education (5,7%) remained stable, while communication costs (1,0% vs 0,9%) and other goods and services (5,7% vs 5,4%) rose.
- 40. The Uganda PMI rose to 56,4 in May from 55,3 in April, 52,9 in March, 52,6 in February and 49,5 in January.** This was above the eight-year series average of 52,7. Ugandan private sector firms signalled a further upturn in business conditions midway through the second quarter, as output and new orders rose again. Expansions were driven by stronger client demand, as companies also raised their staffing levels and input buying. Expectations of greater output in the coming year also encouraged firms to accumulate stocks.
- 41. The Zambia PMI rose to 51,4 in May from 50,9 in April, 49,3 in March after being steady at 50,9 in February and January.** The December reading of 50,8 ended a 12-month streak of declining business conditions. Supporting overall growth was a faster rise in new business at Zambian firms. New orders increased for the sixth time in the last seven months, with the latest expansion the

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sharpest in seven years. Panellists stated that greater purchasing power at customers boosted new order inflows. That said, energy supply issues and electricity shortages hampered output levels during May.

International

42. **The central bank of Denmark cut its benchmark lending rate by 25 basis points to 1,60%.** This followed a similar cut by the European Central Bank (ECB). This marks the eighth rate cut since June 2024, bringing borrowing costs to the lowest level since November 2022. The decision ensures that the interest rate difference between Denmark and the Eurozone remains unchanged, maintaining the stability of Denmark's currency, the krone, against the euro.
43. **The European Central Bank cut its benchmark lending rate by 25 basis points to 2,15%.** ECB President Christine Lagarde said that the central bank is approaching the end of a cycle, suggesting a pause may be on the horizon following June's reduction.
44. **The central bank of India cut its benchmark lending rate by 50 basis points to 5,5%.** This was larger than market expectations of a 25 basis points reduction, while shifting its policy stance from accommodative to neutral. The decision was driven by easing inflation and ongoing uncertainty surrounding global trade tensions.
45. **The central bank of Russia cut its benchmark lending rate by 100 basis points to 20,0%.** The move was in line with expectations. A drop in consumer price growth, especially for non-food items, reflected the effect of tight monetary policy and a stronger rouble. The central bank warned that inflation risks still outweigh disinflationary ones and highlighted the potential impact of fiscal changes or external shocks. The central bank signalled it would maintain tight monetary conditions for an extended period to bring inflation back to the 4% target by 2026.
46. **According to the Organisation for Economic Cooperation and Development (OECD), the global economy is expected to slow this year with growth projected at 2,9% in both 2025 and 2026, from 3,3% in 2024.** The OECD attributed the weaker outlook to rising global uncertainty, primarily driven by shifting US trade policies under President Donald Trump. The report warns that more trade barriers could further damage growth, reduce incomes, and slow job creation. The US is forecast to grow just 1,6% this year, down from 3,3% in 2024, due to tariffs, reduced immigration, and government job cuts. Mexico and Canada are also expected to see slower growth due to their close trade ties with the US. Meanwhile, the OECD said that higher trade costs, especially in countries raising tariffs, will also push up inflation, although their impact will be offset partially by weaker commodity prices.
47. **The FAO Food Price Index (FFPI) eased to 127,7 in May from 128,7 in April, 127,1 in March, 126,8 in February and 125,1 in January.** Prices of cereals fell 1,8% m/m to hit the lowest level since September 2020, amid falls in maize, pressured by firm competition and increasing seasonal availability from ongoing harvests in Argentina and Brazil. Also, prices of sorghum and barley dropped and wheat prices declined as well. Prices for vegetable oils were down 3,7% m/m, reflecting lower quotations for palm, rapeseed, soy and sunflower oils. Sugar prices declined 2,6% amid concerns over the uncertain global economic outlook and its potential impact on demand from the beverage and food processing industries. On the other hand, meat cost increased 1,3% driven by higher international prices for bovine, ovine and pig meats. Also, dairy prices edged up 0,8% as international butter prices remained at historically high levels, sustained by strong demand from Asia and the Middle East.
48. **The Australian economy expanded by 0,2% q/q in the first quarter after a 0,6% q/q gain in the fourth quarter.** This was the 14th straight quarter of expansion but the weakest in three quarters. Public spending posed the biggest drag since the third quarter 2017, as severe weather disrupted mining, tourism, and shipping. Notably, public investment declined for the first time in three quarters (-2,0% vs 0,8% in Q4), reflecting the completion of major projects and some delays in new ones. Household spending eased (0,4% vs 0,7%), with growth focused on essentials like food, rent, and electricity. Government expenditure was flat after nine quarters of gains. Net trade also weighed on growth, as exports fell more than imports amid rising global trade risks. Inventories added 0,1 percentage point to GDP. The household savings ratio increased to 5,2% from 3,9% in Q4.
49. **Elon Musk and President Donald Trump had a very public fall-out on social media on 3 June.** The fall-out was over the proposed Budget for the next fiscal year, which contained tax breaks for the rich, but cut subsidies for electric vehicles.
50. **The US economy added 137 000 non-farm jobs in May after a revised 147 000 (177 000) gain in April.** The non-farm payroll increase was above the consensus forecast of 130 000. The household survey showed a large 696 000 decline in employment. The unemployment rate was steady at 4,2% in May, April and March from 4,1% in February from 4,0% in January from 4,1% in December, 4,2% in November after being steady at 4,1% in October and September from 4,2% in August.
51. **The US trade deficit narrowed to \$61,6bn in April from a \$138,3bn in April.** This was the smallest deficit since September 2023. Imports plunged by 16,3% m/m to a six-month low of \$351 billion, after jumping to a record \$419,4bn in March in anticipation of more tariff announcements. The biggest declines were seen in purchases for pharmaceutical preparations, finished metal shapes, passenger cars and cell phones and other household goods. On the other hand, exports rose by 3,0% m/m to a record \$289,4bn, led by sales of finished metal shapes, nonmonetary gold and computers.
52. **US employers announced 93 816 job cuts in May from 105 441 in March, 275 240 in March, 172 017 in February and 49 795 in January.** The services sector cut the most jobs in May (22 492), the highest monthly total for the industry since May 2020, followed by retail (11 483) and health care/products (6 514).

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- 53. The number of Americans filing new claims for unemployment benefit rose by 8 000 w/w to 247 000 in the week ending 31 May.** This is the highest level in eight months.
- 54. US light vehicle sales fell to a seasonally adjusted annualised rate of 15,65 million units in May from 17,25 million in April and a four-year high of 17,83 million in March.** This was the steepest monthly decline in nearly five years. The decline followed a surge in March, when sales hit their highest level since March 2021 as buyers rushed to get ahead of anticipated price hikes linked to President Trump's proposed tariffs on imported vehicles.
- 55. The number of US job openings rose by 191 000 in April to 7,391 million.** Regarding regional distribution, job openings rose in the Northeast (116 000), the South (127 000), and in the West (33 000, but fell in the Midwest (-85 000).
- 56. Consumer inflation in the Eurozone eased to 1,9% y/y in May after being steady at 2,2% y/y in April and March from 2,4% y/y in February and 2,5% y/y in January.** Price growth slowed for services (3,2% vs 4,0% in April vs 3,5% in March vs 3,7% in February vs 3,9% in January) and energy (-3,6% vs -3,5% vs -1,0% vs 0,2% vs 1,9%).
- 57. Consumer inflation in Germany was steady at 2,1% y/y in May and April from 2,2% y/y in March after being steady at 2,3% y/y in February and January from 2,6% y/y in December.** Service inflation eased to 3,4% from 3,9% in April, while inflation for goods rose to 0,9% from 0,5%, largely due to a smaller decline in energy prices (-4,6% vs -5,4%). Food inflation held steady at 2,8%. Core inflation, which excludes volatile energy and food prices, inched down to 2,8% from 2,9%.
- 58. Consumer inflation in Kazakhstan rose to 11,3% y/y in May from 10,7% y/y in April, 10,0% y/y in March and 9,4% y/y in February.** This was the highest reading since September 2023, driven by price increases for food products (9,6% vs 8,5% in April vs 7,6% in March vs 6,5% in February), non-food products (9,0% vs 8,9% vs 9,1% vs 8,7%), and paid services (16,0% vs 15,7% vs 14,3% vs 14,1%).
- 59. Consumer inflation in Pakistan rose to 3,5% y/y in May from 0,3% y/y in April, 0,7% y/y in March and 1,5% y/y in February.** The April 2025 reading was the lowest reading since August 1968. Upward pressure came from food and non-alcoholic beverage (3,1% vs -4,8% in April), clothing and footwear (9,6% vs 9,1%), restaurants and hotels (7,4% vs 6,3%), and miscellaneous goods and services (15,4% vs 13,8%), while price decreases moderated for both housing and utilities (-2,5% vs -2,6%) and transport (-2,5% vs -3,9%).
- 60. Consumer inflation in Paraguay eased to 3,6% y/y in May from 4,0% y/y in April.** Inflation showed mixed trends: while some food items, imported durable goods, and services saw price increases, these were offset by declines in fruit, vegetables, and fuel. Food inflation dropped to 4,3% from 4,9%, while goods inflation slowed to 3,5% from 4,3%. Services inflation rose slightly to 3,8% from 3,6%. Excluding horticulture, food inflation jumped to 9,4% from 7,9%, mainly due to higher meat prices.
- 61. Consumer inflation in Türkiye eased to 35,41% y/y in May from 37,86% y/y in April.** This marks a year-long easing in consumer inflation and the lowest level since November 2021, as price growth continued to slow across almost all sub-indexes. Notably, inflation moderated for food and non-alcoholic beverages (32,87% vs 36,09% in April) and housing and utilities (67,43% vs 74,07%).
- 62. Russia's unemployment rate was steady at 2,3% in April and March after being steady at 2,4% in February and January.** Labour shortages continue to impact various sectors, driven by military recruitment, increased defence industry hiring, and emigration since Russia's invasion of Ukraine in 2022.
- 63. Canada's foreign trade deficit widened to a record C\$7,1bn in April from C\$2,3bn in March.** Exports dropped 10,8% m/m to C\$60,4bn, the lowest level since June 2023. This was a third consecutive monthly decline and the strongest percentage decrease in five years. After the US implemented tariffs on Canadian goods in March, additional tariffs were imposed in early April, with a focus on motor vehicles manufactured in Canada. Sales to the US contracted 15,7%, while exports to countries other than the US rose by 2,9%. Imports were down 3,5% to C\$67,6bn. Imports from the US fell by 10,8% m/m.
- 64. Tourist arrivals in Spain rose by 10,1% y/y in April after a 3,8% y/y increase in March and a 7,7% y/y gain in February.** In the first four months of 2025, the number of tourists visiting Spain increased by 7,1% to nearly 25,6 million.
- 65. The Brazil manufacturing index eased to 49,4 in May from 50,3 in April, 51,8 in March, 53,0 in February and 50,7 in January.** The series started in February 2006. The April 2024 reading of 55,9 was the highest since July 2021. This was the first deterioration in factory activity in almost a year and a half amid demand retrenchment. New orders fell more sharply than in April and production also declined for the first time in four months, and at the sharpest pace since July 2023, reflecting weakening new business inflows.
- 66. The China manufacturing index eased to 48,3 in May from 50,4 in April, 51,2 in March, 50,8 in February and 50,1 in January.** This was the first contraction in the sector in eight months. The latest reading also represented the steepest decline since September 2022, as output shrank for the first time in 19 months and at the fastest pace since November 2022, while new orders contracted at the sharpest rate since 2022. At the same time, foreign sales fell to their lowest level since July 2023, amid ongoing uncertainty in the external trade environment.

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- 67. The Eurozone manufacturing index rose to 49,4 in May from 49,0 in April, 48,6 in March, 47,6 in February and 46,6 in January.** The series began in June 1997. Output rose for the third consecutive month, at the joint-quickest pace since March 2022. New orders stabilized after nearly three years of declines, while the rate of backlog depletion eased to its slowest since June 2022.
- 68. The India manufacturing index eased to 57,6 in May from 58,2 in April, 58,1 in March, 56,3 in February and 57,7 in January.** The data collection began in March 2005. Growth in new orders and output eased but remained strong, supported by robust demand. However, gains were partly weighed down by inflation, intense competition, and geopolitical tensions between India and Pakistan.
- 69. The Indonesia manufacturing index rose to 47,4 in May from 46,7 in April, 52,4 in March, 53,6 in February and 51,9 in January.** This was the second straight month of decline, with output falling again, though at a slower pace. New orders shrank the most since August 2021, and foreign sales dropped further, particularly to the US.
- 70. The Japan manufacturing index rose to 49,4 in May from 48,7 in April, 48,4 in March, 49,0 in February and 48,7 in January.** The May 2020 reading of 34,8 was the steepest contraction in the sector since March 2009, due to the severe impact of the Covid-19 pandemic on activity. This was the 11th straight month of contraction, due to weaker demand and worsening concerns about US tariffs. As a result, output contracted modestly, despite a slight improvement from April.
- 71. The Russia manufacturing index rose to 50,2 in May from 49,3 in April, 48,2 in March, 50,2 in February and 53,1 in January.** The March reading was the first contraction since last September. The latest reading signalled a return to growth in factory activity after two consecutive months of contraction, supported by a fresh upturn in new orders. However, the expansion was only marginal and remained below the series average. New orders rose slightly, but at the fastest pace since the beginning of the year. In contrast, foreign sales declined for the third straight month, though the rate of decline was modest. Meanwhile, output contracted marginally, marking the slowest drop in the current three-month sequence of decline.
- 72. The South Korea manufacturing index rose to 47,7 in May from 47,5 in April, 49,1 in March, 49,9 in February and 50,3 in January.** This was the fourth consecutive month of contraction in the sector. Output and new orders both declined at a faster pace, with new orders falling at the steepest rate since June 2020. Export demand also weakened, while purchasing activity and backlogs of work continued to shrink. Survey respondents cited a challenging domestic economic environment and uncertainty around global trade policies as key factors weighing on demand.
- 73. The UK manufacturing index rose to 46,4 in May from 45,4 in April from 44,9 in March, 46,9 in February and 48,3 in January.** The UK PMI has remained at a sub-50 level, signalling contraction, for eight months in a row. A combination of weak global demand, turbulent trading conditions and rising cost burdens led to reduced levels of output, new orders, new export business and employment. Tariff uncertainty, government policy and global market turbulence were all mentioned by panellists as factors underlying a further decrease in new export orders during May.
- 74. The US ISM manufacturing index eased to 48,5 in May from 48,7 in April, 49,0 in March, 50,3 in February and 50,9 in January.** The January 2025 reading pointed to the first expansion in the factory sector after 26 consecutive months of contraction. The reading marked the third consecutive month of contraction in the manufacturing sector and the sharpest decline since November 2024, highlighting mounting economic uncertainty and sustained cost pressures, partly driven by volatile trade policies under the Trump administration. Output, new orders, employment, and backlog of orders all declined but at a slower pace, while new export sales dropped more sharply. Meanwhile, the Inventories Index slipped into contraction territory after expanding previously due to pull-forward buying ahead of tariffs.
- 75. The global manufacturing index eased to 49,6 in May from 49,8 in April, 50,3 in March, 50,6 in February and 50,1 in January.** Manufacturing production contracted for the first time in five months during May. The downturn reflected weaknesses in the intermediate and investment goods sectors, both of which saw production volumes decline following modest gains in the prior survey month. In contrast, consumer goods output rose for the 22nd successive month.
- 76. The US ISM Non-Manufacturing PMI eased to 49,9 in May from 51,6 in April and 50,8 in March.** The reading signalled a modest contraction in the US services sector, marking the first decline in activity since June 2024, amid growing tariffs uncertainty. Production stalled (50,0 vs 53,7) and new orders (46,4 vs 52,3) and inventories (49,7 vs 53,4) contracted and backlogs of orders shrink faster (43,4 vs 48,0). Also, price pressures intensified to the highest since November 2022 (68,7 vs 65,1), likely impacted by tariffs. "Respondents continued to report difficulty in forecasting and planning due to longer-term tariff uncertainty and frequently cited efforts to delay or minimize ordering until impacts become clearer", Steve Miller, Chair of the Institute for Supply Management Services Business Survey Committee said.
- 77. The global services index rose to 52,0 in May from 50,9 in April, 52,6 in March, 51,6 in February and 52,2 in January.** Service sector business activity rose for the 29th successive month in May. Output rose across the business, consumer and financial services industries, with rates of increase improving in the business services sector but slowing in the latter two categories.
- 78. Investment in renewable energy is set to increase to a record \$2,2 trillion this year according to the International Energy Agency's (IEA's) latest yearly 'World Energy Investment' report.** Investment in oil, natural gas and coal is set to reach \$1,1 trillion. According to the report, current investment trends show a "new age of electricity" is drawing nearer. A decade ago, investments in fossil fuels were 30% higher than those in electricity generation, grids and storage. This year, electricity investments are set to be about 50% higher than the total amount being spent bringing oil, natural gas and coal to market. Rapid growth in

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electricity demand is underpinning continued investment in coal supply, mainly in China and India. China started construction on nearly 100 GW of new coal-fired power plants, pushing global approvals of coal-fired plants to their highest level since 2015. Currently, Africa accounts for just 2% of global clean energy investment, despite being home to 20% of the world's population and rapidly growing energy demand.

79. **A near gale force wind was blasting into Scotland, but the Moray East and West offshore wind farms received money to not send any electrons into the UK national grid.** Ocean Winds was paid £72 000 not to generate power from its wind farms in the Moray Firth during a half-hour period on 3 June because the system was overloaded - one of a number of occasions output was restricted that day. At the same time, 70km east of London, the Grain gas-fired power station on the Thames Estuary was paid £43 000 to provide more electricity. Payments like that happen virtually every day. Seagreen, Scotland's largest wind farm, was paid £65m last year to restrict its output 71% of the time, according to analysis by Octopus Energy. Balancing the grid in this way has already cost the country more than £500m this year alone, the company's analysis shows. The total could reach almost £8bn a year by 2030, warns the National Electricity System Operator (NESO), the body in charge of the electricity network. Now, the government is considering a radical solution: instead of one big, national electricity market, there'll be a number of smaller regional markets, with the government gambling that this could make the system more efficient and deliver cheaper bills. "Zonal pricing would make the energy system as a whole dramatically more efficient, slashing this waste and cutting bills for every family and business in the country," argues Greg Jackson, the CEO of Octopus Energy, one of the biggest energy suppliers in the UK. Octopus points out Sweden made the switch to regional pricing in just 18 months. A committee of the House of Lords recommended the UK should switch to the system.