



HIGHLIGHTS

South Africa

1. Organisation for Economic Co-operation and Development (OECD) data ranks South Africa worst in terms in terms of product market regulation.
2. South African retirement fund members have withdrawn nearly R57bn since the implementation of the two-pot retirement system in September 2024.
3. The South African Reserve Bank's Financial Stability Review notes that the financial system continued to be resilient since the previous assessment in November 2024.
4. The South African Reserve Bank's Financial Stability Review said that although the financial system remains vulnerable to electricity supply-related fragilities, resilience has increased largely due to sustained growth in renewable energy generation registered and installed.
5. The volume of bulk exports fell by 0,8% y/y in May after rising by 6,2% y/y in April, a 15,9% y/y jump in March, a 1,7% y/y drop in February and a 9,1% y/y jump in January.
6. The number of full containers exported plunged by 19,0% y/y in May after falling by 11,2% y/y in April and a 2,7% y/y gain in March.
7. The Agricultural Business Chamber of South Africa (Agbiz) / Industrial Development Corporation (IDC) Agribusiness Confidence Index (ACI) eased to 65 in the second quarter from 70 in the first quarter.
8. Transnet Port Terminals (TPT) exceeded its targets in May for the arrival, berthing and departure of vessels in line with its shipping agreements across three of its five container terminals.
9. Consumer inflation was steady at 2,8% y/y in May and April from 2,7% y/y in March after being steady at 3,2% y/y in February and January.
10. Real retail trade sales jumped by 5,1% y/y in April after a 1,2% y/y gain in March.
11. Real wholesale trade sales fell by 6,5% y/y in April after a 1,7% y/y drop in March.
12. Real motor trade sales fell by 0,9% y/y in April after a 3,4% y/y gain in March.
13. The real value of building plans passed fell by 7,0% y/y in the first four months of 2025 after falling by 7,0% in 2024.
14. The real value of building plans completed fell by 6,4% y/y in the first four months of 2025 after a 14,2% decline in 2024.
15. The number of summonses plunged by 23,1% in April after a 12,9% y/y fall in March, a 12,1% y/y decline in February, a 30,5% y/y decrease in January and a 13,5% drop in 2024.
16. Eskom's Energy Availability Factor (EAF) rose to 60,47% in week 24 from 60,03% in week 23.
17. The Open Cycle Gas Turbine (OCGT) load factor eased to 9,12% in the week ending 19 June from 14,79% in the week ending 12 June, 6,31% in the week ending 5 June and 12,7% in the week ending 29 May.
18. Eskom confirmed it has a 5 gigawatt (GW) pipeline of "repowering" projects across six coal power station sites as part of its Just Energy Transition (JET) strategy.
19. The World Bank Group is considering financing \$500m of South Africa's participation in a new credit guarantee facility meant to unlock private financing for a massive transmission grid expansion plan.

Rest of Africa

20. The latest 'World Investment Report' from UN Trade and Development (UNCTAD) highlighted a significant rebound in foreign direct investment (FDI) inflows to Africa.
21. Consumer inflation in Morocco eased to 0,4% y/y in May from 0,7% y/y in April, 1,6% y/y in March and 2,6% y/y in February.
22. Average queue lengths at the Lebombo Border Post with Mozambique are expected to double due to maintenance on the rail lines between 17 June and 27 June.
23. Globeleq has signed a share purchase agreement with Norwegian development institution Norfund for the acquisition of a 51% equity stake in Zambia's Lunsemfwa Hydro Power Company (LHPC).
24. The International Monetary Fund (IMF) gave a cautiously optimistic assessment of Zimbabwe's economy.

International

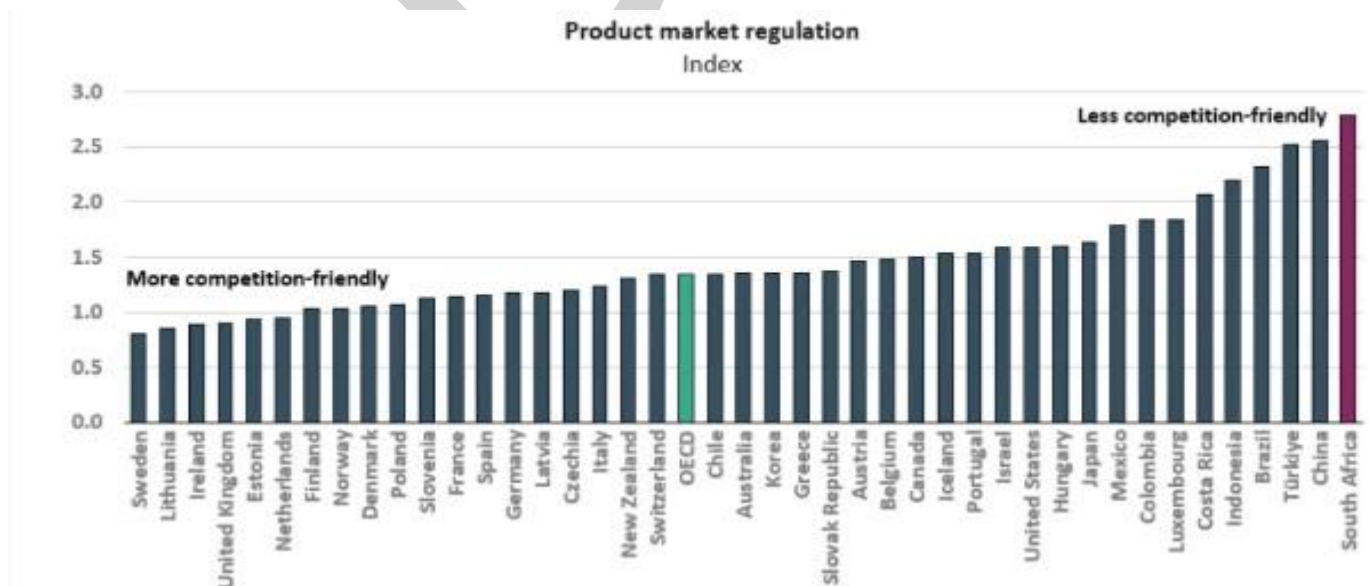
25. Oil analysts and investors are bracing for further escalation after Israel and Iran's attacks on each other's energy infrastructure, while the US bombed three Iranian nuclear sites on 22 June.
26. The central bank of Brazil raised its benchmark lending rate by 25 basis points to 15,0%.
27. The central bank of Norway cut its benchmark lending rate by 25 basis points to 4,25%.
28. The central bank of the Philippines cut its benchmark lending rate by 25 basis points to 5,25%.
29. The central bank of Sweden cut its benchmark lending rate by 25 basis points to 2,0%.
30. The central bank of Switzerland cut its benchmark lending rate by 25 basis points to zero%.

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31. Platinum prices rose to \$1 450,80 per ounce on 19 June, hitting a ten-year high and rallying over 45% so far this year.
32. Banks increased fossil fuel financing by more than one-fifth in 2024, marking the first time that fossil fuel financing has failed to decline since 2021.
33. New Zealand's economy expanded by 0,8% q/q in the first quarter after a 0,5% q/q gain in the fourth quarter.
34. Uruguay's economy expanded by 3,4% y/y in the first quarter after a 3,5% y/y gain in the fourth quarter.
35. President Donald Trump's tax cuts package would increase deficits by \$2,8 trillion over the next decade after including other economic effects, according to a fuller analysis by the Congressional Budget Office.
36. A new report by the UCLA Anderson forecast predicts that California's economy is likely to contract later this year due to fallout from global tariffs and immigration raids in Los Angeles and other cities that have rattled key sectors, including construction, hospitality and agriculture.
37. US industrial production fell by 0,2% in May after a 0,1% m/m gain in April.
38. US retail trade sales fell by 0,9% m/m in May after a 0,1% m/m drop in April.
39. The number of Americans filing new claims for unemployment benefit eased by 5 000 w/w to 245 000 in the week ending 14 June.
40. US housing starts fell by 9,8% m/m in May to a seasonally adjusted annualised rate of 1,256 million units.
41. The US National Association of Home Builders sentiment index fell to 32 in June from 34 in May and 40 in April.
42. China's electricity generation from coal rose by 1,2% y/y in May.
43. China's new home prices in 70 cities fell by 3,5% y/y in May after a 4,0% y/y drop in April, a 4,5% y/y easing in March, a 4,8% y/y decrease in February, a 5,0% y/y decline in January and a 5,3% y/y drop in December.
44. China's industrial production grew by 5,8% y/y in May after a 6,1% y/y rise in April and expanding by 7,7% y/y in March.
45. China's retail sales jumped by 6,4% y/y in May after a 5,1% y/y gain in April and a 5,9% y/y increase in March.
46. Consumer inflation in Japan eased to 3,5% y/y in May after being steady at 3,6% y/y in April and March from 3,7% y/y in February and 4,0% y/y in January.
47. Consumer inflation in the UK eased to 3,4% y/y in May from 3,5% y/y in April and 2,6% y/y in March.
48. German producer prices fell by 1,2% y/y in May after a 0,9% y/y drop in April.
49. The German Ifo Business Climate Indicator rose to 87,5 in May from 86,9 in April and 86,7 in March.
50. The German ZEW Indicator of Economic Sentiment rose to 47,5 in June from 25,2 in May, -14,0 in April and 51,6 in March.
51. The number of foreign visitors to Türkiye fell by 1,8% y/y in May after rising y 8,0% y/y in April, a 13,1% y/y decline in March and a 5,3% y/y drop in February.
52. The Spanish government on 17 June released its report on the causes of the 28 April blackout.
53. UK retail trade sales fell by 2,7% m/m in May after a revised 1,3% (1,2%) m/m rise in April and a 0,1% m/m gain in March.
54. The GfK Consumer Confidence Index for the UK rose to -18 in June from -20 in May and -23 in April.

South Africa

1. **Organisation for Economic Co-operation and Development (OECD) data ranks South Africa worst in terms in terms of product market regulation.** This is a proxy for the ease of doing business. This lack of competition results in low business dynamism and minimal job creation, despite a much-improved electricity supply and structural reforms gaining momentum. To drive structural changes in South Africa, it is vital that there be short-term results that demonstrate the benefits of reform.



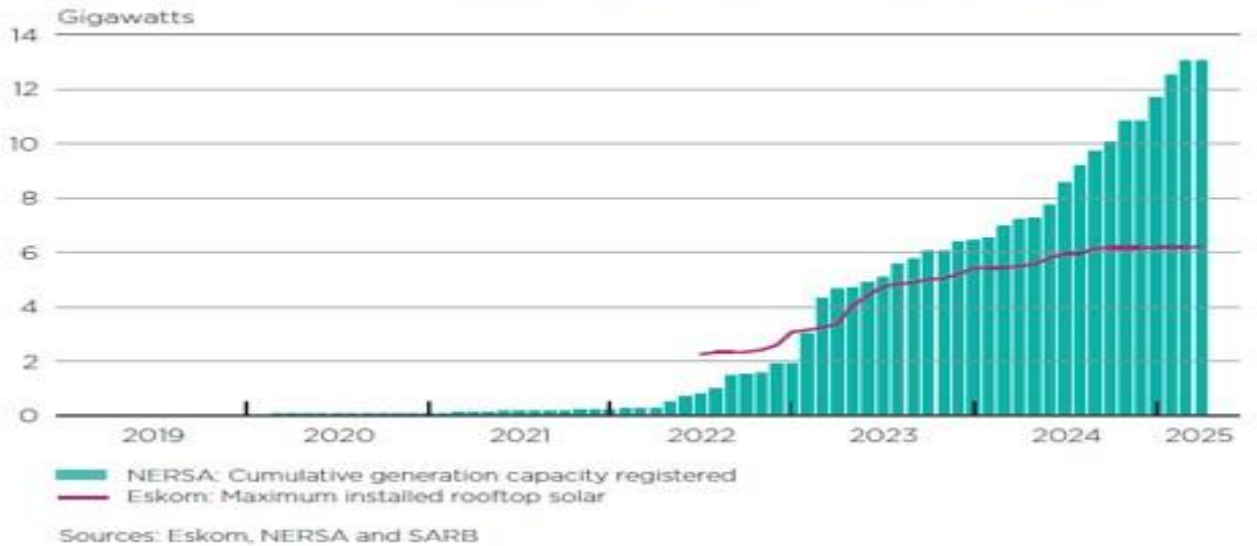
2. **South African retirement fund members have withdrawn nearly R57bn since the implementation of the two-pot retirement system in September 2024.** Under the two-pot system, one-third of contributions is allocated to a savings pot accessible before retirement, while two-thirds must be preserved in a retirement pot and can be accessed upon retirement. National Treasury indicated

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in February 2025 that there is consideration to allow members to access a portion of their retirement savings if they are retrenched, but this will be subject to strict conditions, including proof that the individual has no other source of income after a specified period.

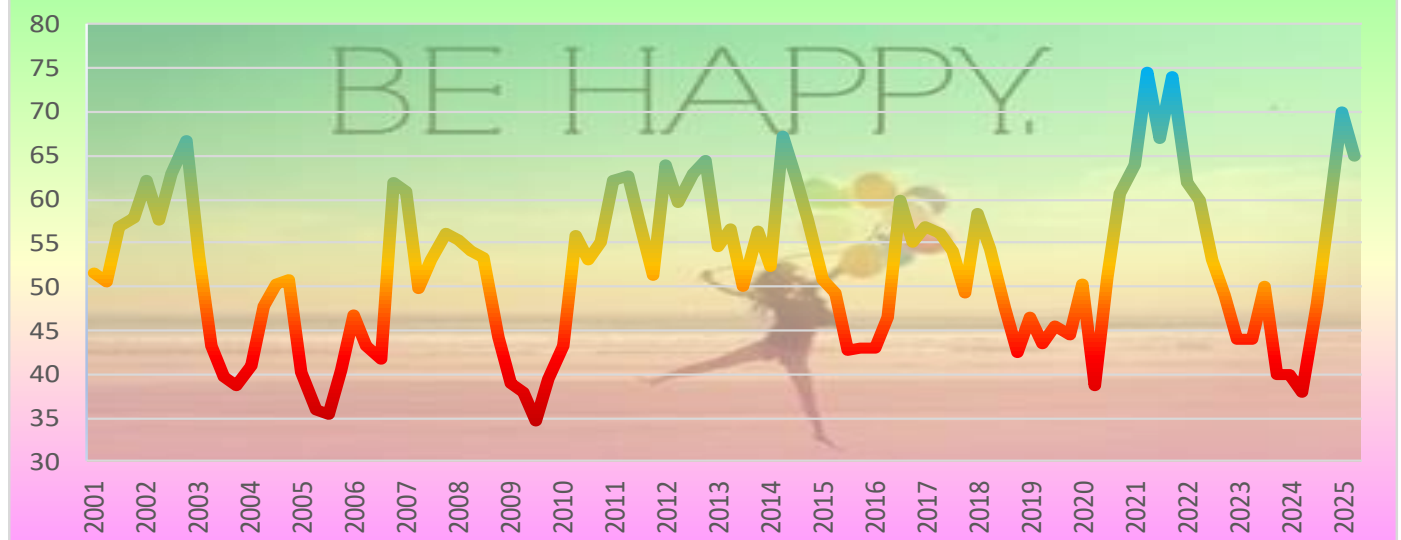
3. **The South African Reserve Bank's Financial Stability Review notes that the financial system continued to be resilient since the previous assessment in November 2024.** This resilience is expected to be sustained over the forecast period to June 2026.
4. **The South African Reserve Bank's Financial Stability Review said that although the financial system remains vulnerable to electricity supply-related fragilities, resilience has increased largely due to sustained growth in renewable energy generation registered and installed.** This has alleviated pressure on the electricity grid, leading to a notable reduction in load-shedding since April 2024.

Figure 10: Renewable energy generation registered and installed



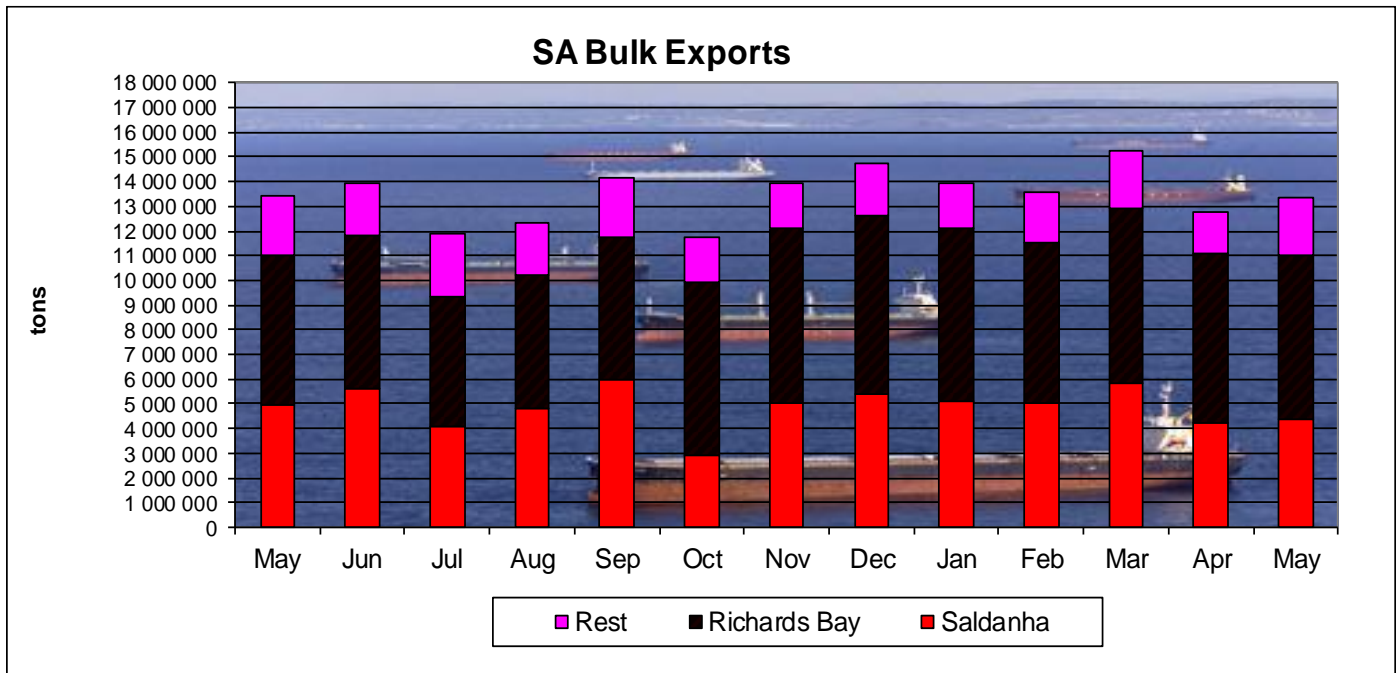
5. **The Agricultural Business Chamber of South Africa (Agbiz) / Industrial Development Corporation (IDC) Agribusiness Confidence Index (ACI) eased to 65 in the second quarter from 70 in the first quarter.** Most respondents pointed to the uncertain global trade environment, lingering geopolitical tensions and the domestic animal disease challenge as some of the key factors constraining the sector. Despite the slight decline, the current level of the ACI implies that South African agribusinesses remain optimistic about business conditions in the country. The better summer rains and improvements at the ports, which have enabled exports with minimal interruptions, are some of the positive aspects reported by respondents. Six of the ten sub-indices that make up the ACI declined in the second quarter, while the rest remained unchanged.

Agbiz Business Confidence Index

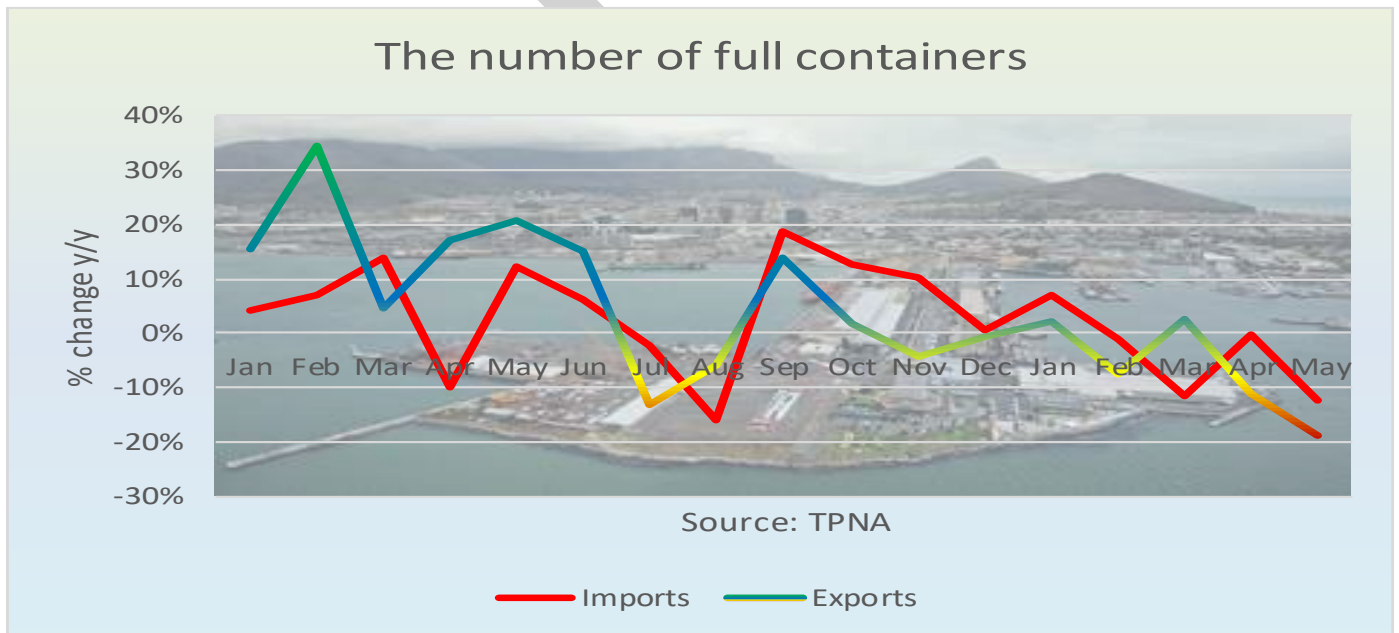


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6. The volume of bulk exports fell by 0,8% y/y in May after rising by 6,2% y/y in April, a 15,9% y/y jump in March, a 1,7% y/y drop in February and a 9,1% y/y jump in January. The volume of bulk exports rose by 1,9% in 2024 to 158,3 million tons. I saw no media report on this.



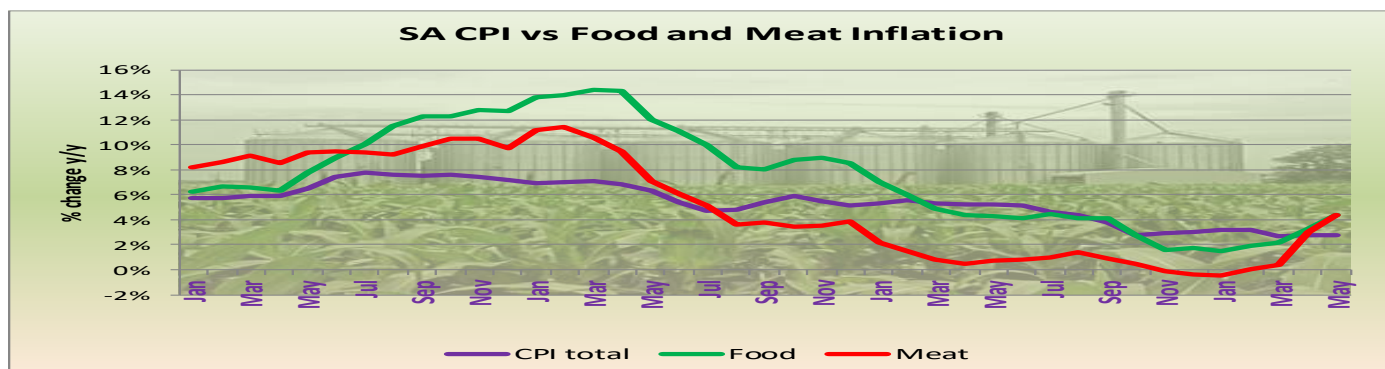
7. The number of full containers exported plunged by 19,0% y/y in May after falling by 11,2% y/y in April and a 2,7% y/y gain in March. There was a smaller 12,4% y/y decline in the number of full containers imported after a 0,4% y/y decline in April and a 11,4% y/y drop in March. I saw no media report on this.



8. Transnet Port Terminals (TPT) exceeded its targets in May for the arrival, berthing and departure of vessels in line with its shipping agreements across three of its five container terminals. The Ngqura Container Terminal (NCT) achieved 96% compliance, while the Port Elizabeth Container Terminal (PECT) and the Cape Town Container Terminal (CTCT) achieved 86% and 83%, respectively. The Durban Container Terminals (DCT) Pier 1 and Pier 2 continue ramping performance on the quayside. As such, DCT Pier 1 achieved 68% compliance, while DCT Pier 2 recorded 43%, but improvements have seen these two terminals improve to 100% and 50%, respectively, in the first two weeks of June.

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9. **Consumer inflation was steady at 2,8% y/y in May and April from 2,7% y/y in March after being steady at 3,2% y/y in February and January.** The July 2022 rate of 7,8% y/y was the highest y/y rate since May 2009, while the March 2025 rate was the lowest since June 2020. Food inflation rose to 4,4% y/y in May from 3,3% y/y in April, 2,2% y/y in March and 1,9% y/y in February. Excluding administered prices, consumer inflation rose to 3,3% y/y in May from 3,2% y/y in April, 3,0% y/y in March and 3,1% y/y in February. The annual average for total consumer inflation was 4,4% in 2024 from 6,0% in 2023, 6,9% in 2022 and 4,5% in 2021.



10. **Real retail trade sales jumped by 5,1% y/y in April after a 1,2% y/y gain in March.** The year-to-date increase is 4,3% y/y. The annual change was a 2,5% increase in 2024 after a 1,2% drop in 2023, a 1,6% gain in 2022 and a 6,2% jump in 2021.
11. **Real wholesale trade sales fell by 6,5% y/y in April after a 1,7% y/y drop in March.** The year-to-date decline is 4,2% y/y. The annual change was a 5,2% decrease in 2024 after a 3,2% drop in 2023.
12. **Real motor trade sales fell by 0,9% y/y in April after a 3,4% y/y gain in March.** The year-to-date decline is 0,9% y/y. The annual change was a 3,4% decrease in 2024 after a 1,9% drop in 2023.
13. **The real value of building plans passed fell by 7,0% y/y in the first four months of 2025 after falling by 7,0% in 2024.** The value of residential plans fell by 13,9% y/y in the first four months of 2025 after falling by 10,6% in 2024 and a 23,1% drop in 2023, while the value of non-residential plans dropped by 4,8% y/y after rising by 4,1% in 2024 and a 7,8% decline in 2023, while that of additions and alterations grew by 3,4% y/y after falling by 9,1% in 2024 and a 14,8% drop in 2023. The value of residential plans passed fell by 5,5% in 2022, while the value of non-residential plans passed increased by 8,4% and that of additions and alterations edged up by 1,5%.
14. **The real value of building plans completed fell by 6,4% y/y in the first four months of 2025 after a 14,2% decline in 2024.** The value of residential plans completed rose by 2,6% y/y in the first four months of 2025 after a 19,2% decline in 2024 and a 9,6% drop in 2023, while the value of non-residential plans completed fell by 11,4% y/y after a 14,0% decrease in 2024 and a 13,4% drop in 2023, while that of additions and alterations fell by 24,9% y/y after rising by 3,7% in 2024 and plunging by 42,7% in 2023. The value of residential plans completed rose by 3,8% in 2022, while the value of non-residential plans completed increased by 4,4% and that of additions and alterations jumped by 8,2%.
15. **The number of summonses plunged by 23,1% in April after a 12,9% y/y fall in March, a 12,1% y/y decline in February, a 30,5% y/y decrease in January and a 13,5% drop in 2024.** The number of judgements plunged by 31,4% y/y in April after an 8,7% y/y decrease in March, falling by 16,0% y/y in February, a 15,1% y/y decline in January and a 6,0% drop in 2024, while the value of those judgements declined by 32,2% y/y after rising by 13,3% y/y in March, a 6,1% y/y drop in February, a 15,4% y/y decline in January and slipping by 2,7% in 2024.
16. **Eskom's Energy Availability Factor (EAF) rose to 60,47% in week 24 from 60,03% in week 23.** I saw no media coverage of this important indicator. Unplanned outages rose to 30,73% in week 24 from 29,6% in week 23, 25,93% in week 16 and only 23,05% in week 7. Planned maintenance eased to 8,31% in week 24 from 9,42% in week 23, 16,18% in week 15 and 16,71% in week 7 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 9,12% in the week ending 19 June from 14,79% in the week ending 12 June, 6,31% in the week ending 5 June and 12,7% in the week ending 29 May.** Year-to-date, Eskom spent approximately R4,51bn on fuel for the OCGT fleet, generating 768,64 GWh. This is higher than the 378,75GWh generated during the same period last year.
18. **Eskom confirmed it has a 5 gigawatt (GW) pipeline of "repowering" projects across six coal power station sites as part of its Just Energy Transition (JET) strategy.** The six sites are Arnot, Camden, Grootvlei, Hendrina, Komati and Kriel. These include

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a mix of solar PV, battery energy storage systems (BESS), wind, and gas-to-power developments, aiming for commercial operation by 2030. For example, Komati will host 122 MW of solar and 150 MW of BESS, while Arnot will feature 800 MW of solar, 200 MW of BESS, and 168 MW of wind.

19. **The World Bank Group is considering financing \$500m of South Africa's participation in a new credit guarantee facility meant to unlock private financing for a massive transmission grid expansion plan.** The proposed credit guarantee vehicle aims to help overcome transmission infrastructure bottlenecks that have held back some 20 gigawatts (GW) of renewable energy from connecting to the national electricity network. Operating as a stand-alone entity, the credit guarantee vehicle would issue guarantees instead of South Africa's treasury and would cover payment defaults, for instance, should something go awry during the roll-out.

Rest of Africa

20. **The latest 'World Investment Report' from UN Trade and Development (UNCTAD) highlighted a significant rebound in foreign direct investment (FDI) inflows to Africa.** In 2024, foreign investment in the continent rose sharply by 75% to reach \$97bn, representing 6% of global FDI, compared with a 4% share in 2023. The surge was largely driven by an international project finance deal for urban development in Egypt. Net of this increase, FDI in Africa still rose 12% to about \$62bn. The report showed that European investors held the largest FDI stock in Africa, followed by the US and China. According to the report, the 2024 investment landscape was shaped by a combination of geopolitical tensions, trade fragmentation, and intensifying competition through industrial policies.
21. **Consumer inflation in Morocco eased to 0,4% y/y in May from 0,7% y/y in April, 1,6% y/y in March and 2,6% y/y in February.** Prices slowed for food and non-alcoholic beverages (0,4% vs 0,5% in April vs 2,3% in March vs 4,7% in February vs 3,4% in January), and clothing and footwear (0,7% vs 0,8% vs 1,0% vs 1,1% vs 0,9). At the same time, costs declined for transport (-4,3% vs -4,0% vs -2,4% vs -1,7% vs -2,7%). Inflation also eased for alcoholic beverages and tobacco (3,5% vs 3,6% vs 2,3% vs 2,9% vs 3,0%).
22. **Average queue lengths at the Lebombo Border Post with Mozambique are expected to double due to maintenance on the rail lines between 17 June and 27 June.** The increase in the queue length could lead to gridlock as vehicles attempt to overtake each other, occupying the entire road.
23. **Globeleq has signed a share purchase agreement with Norwegian development institution Norfund for the acquisition of a 51% equity stake in Zambia's Lunsemfwa Hydro Power Company (LHPC).** The remaining 49% of LHPC will continue to be owned by Wanda Gorge Investments, a Zambia-based infrastructure investment company. Based in Kabwe in Zambia's Central Province, LHPC sells power to the Zambia Electricity Supply Corporation through a power purchase agreement and a portfolio of private customers, which include Copperbelt Energy Corporation and Jubilee Metals. It also holds a Southern African Power Pool electricity trading licence. LHPC currently operates two hydroelectric power plants totalling 56 MW and is constructing a 20 MW solar PV project.
24. **The International Monetary Fund (IMF) gave a cautiously optimistic assessment of Zimbabwe's economy.** The IMF said Zimbabwe was now "experiencing a degree of macroeconomic stability despite lingering policy challenges" after emerging out of "successive bouts of hyperinflation" over the past few years. The IMF recommended that Zimbabwe improve the foreign currency willing buyer, willing seller market through a more transparent price-setting mechanism and by gradually replacing surrender requirements with a requirement to convert export proceeds directly into the market.

International

25. **Oil analysts and investors are bracing for further escalation after Israel and Iran's attacks on each other's energy infrastructure, while the US bombed three Iranian nuclear sites on 22 June.** Iran has the second-largest natural gas reserves and the fourth-largest crude oil reserves in the world, and is the third-largest producer in the Organization of the Petroleum Exporting Countries (OPEC). The country has also threatened to close the Strait of Hormuz, a major transit route for a third of the world's oil.
26. **The central bank of Brazil raised its benchmark lending rate by 25 basis points to 15,0%.** This was the seventh consecutive increase. The central bank cited persistent inflation and unanchored expectations as a reason for the hike.
27. **The central bank of Norway cut its benchmark lending rate by 25 basis points to 4,25%.** This caught the market by surprise as the central bank had kept the policy rate at a 15-year high since December 2023. The central bank noted that it is expected to deliver more rate cuts this year if the economy develops as it expects, although it stressed that heightened uncertainty prevent it from committing to a path.
28. **The central bank of the Philippines cut its benchmark lending rate by 25 basis points to 5,25%.** This was in line with market expectations. The central bank said the decision reflected a more moderate inflation outlook and the need to support growth with a more accommodative stance.

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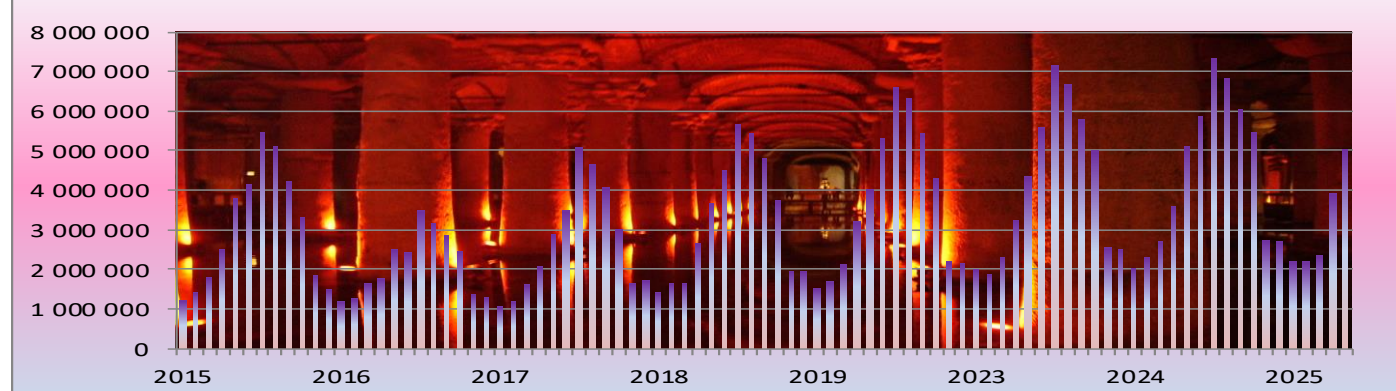
29. **The central bank of Sweden cut its benchmark lending rate by 25 basis points to 2,0%.** The cut was due to a slowing in the economic recovery, while inflation is easing. Recent data shows weaker growth and persistently high unemployment, while inflation has aligned with previous forecasts but is expected to fall slightly below earlier projections due to weaker demand.
30. **The central bank of Switzerland cut its benchmark lending rate by 25 basis points to zero%.** This was in line with market expectations. The cut came amid easing inflationary pressures and a weakening global economic outlook. Consumer prices in Switzerland fell by 0,1% y/y in May, marking the first decline in four years, mainly driven by lower prices in tourism and oil products.
31. **Platinum prices rose to \$1 450,80 per ounce on 19 June, hitting a ten-year high and rallying over 45% so far this year.** The bullish trend is driven by a significant supply deficit, rising jewellery restocking, and stronger investor sentiment post-London Platinum Week. On the industrial front, platinum continues to play a crucial role in automotive catalytic converters and the hydrogen economy, with increased adoption in fuel cell technologies further tightening global supply.
32. **Banks increased fossil fuel financing by more than one-fifth in 2024, marking the first time that fossil fuel financing has failed to decline since 2021.** Among the world's top 65 largest banks, coal, oil, and gas assets rose by \$162bn to \$869bn, with JPMorgan Chase seeing the biggest increase of more than a third to \$53,5bn, followed by Citigroup, Bank of America, and Barclays.
33. **New Zealand's economy expanded by 0,8% q/q in the first quarter after a 0,5% q/q gain in the fourth quarter.** This was the second consecutive quarter of growth following two quarters of contraction. Economic activity increased across all three major industry groups, with the strongest gains seen in manufacturing (2,4% vs 0,1% in Q4), followed by professional, scientific, technical, administrative, and support services (2,4% vs -0,1%), and agriculture, forestry, and fishing (+0,8%, unchanged). On a year-ago basis, GDP contracted by 0,7% in Q1, following a 1,3% decline in Q4.
34. **Uruguay's economy expanded by 3,4% y/y in the first quarter after a 3,5% y/y gain in the fourth quarter.** The slight slowdown was driven by softer export growth, which rose by 4,2% from 4,4% in Q4. Meanwhile, imports accelerated to 5,6%, up from 3,8%, and government spending also picked up, growing 4,3% versus 3,3%. Capital formation showed a notable improvement, surging 11,9% after a 5,4% increase in Q4. However, household consumption growth slowed to 2,1% from 2,7%, signalling some weakness in domestic demand.
35. **President Donald Trump's tax cuts package would increase deficits by \$2,8 trillion over the next decade after including other economic effects, according to a fuller analysis by the Congressional Budget Office.** The report, produced by the nonpartisan CBO and the Joint Committee on Taxation, factors in expected debt service costs and finds that the bill would increase interest rates and boost interest payments on the baseline projection of federal debt by \$441bn. The tax proposals passed the House in May on a party-line vote, and now faces revisions in the Senate.
36. **A new report by the UCLA Anderson forecast predicts that California's economy is likely to contract later this year due to fallout from global tariffs and immigration raids in Los Angeles and other cities that have rattled key sectors, including construction, hospitality and agriculture.** The report details the sectors that will be affected by deportations, which include food processing, agriculture, healthcare, social services, retail, leisure and hospitality. There will also be an effect on construction, an industry in which demand has increased because of fire recovery and rebuilding work as well as efforts to alleviate the housing crisis in the state. Construction will also be hit hard by tariffs since sources of building materials include a significant level of imports from China, Mexico and Canada, the report outlined.
37. **US industrial production fell by 0,2% in May after a 0,1% m/m gain in April.** Manufacturing output, which accounts for 78% of total industrial production, ticked up by 0,1%. Mining output rose by 0,1%, while utilities output fell by 2,9%.
38. **US retail trade sales fell by 0,9% m/m in May after a 0,1% m/m drop in April.** This was the biggest decrease in four months, as consumers scaled back their purchases ahead of the expected tariffs. Sales at motor vehicle & parts dealers recorded the largest decline (-3,5%), followed by building material & garden equipment suppliers (-2,7%), gasoline stations (-2,0%), food services & drinking places (-0,9%), food & beverage stores (-0,7%), electronics & appliance stores (-0,6%) and health & personal care stores (-0,1%). On the other hand, sales rose at miscellaneous store retailers (2,9%), sporting goods, hobby, musical instrument, & book stores (1,3%), furniture (1,2%), non-store retailers (0,9%), and clothing (0,8%).
39. **The number of Americans filing new claims for unemployment benefit eased by 5 000 w/w to 245 000 in the week ending 14 June.** The data continued to show that the US labour market remains at historically tight levels despite the slight softening since its post-pandemic peak, in line with the rhetoric from Federal Reserve members. Still, federal employees fired by the newly created Department of Government Efficiency (DOGE) are not included in the state claims data, as their claims are filed separately under the Unemployment Compensation for Federal Employees (UCFE) program.
40. **US housing starts fell by 9,8% m/m in May to a seasonally adjusted annualised rate of 1,256 million units.** This was well below market expectations of 1,36 million. This was the weakest level since May 2020, in the early aftermath of the COVID-19 pandemic, as high mortgage rates and an elevated supply of homes for sale dampened builder sentiment and construction activity.
41. **The US National Association of Home Builders sentiment index fell to 32 in June from 34 in May and 40 in April.** The drop was consistent with the prolonged period of high interest rates and pessimistic consumer demand as tariffs and uncertain economic

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conditions lifted mortgage costs. The current sales conditions fell two points to 35, and sales expectations for the next six months fell two points to 40. Consistently, traffic of prospective buyers also dropped two points to 21.

42. **China's electricity generation from coal rose by 1,2% y/y in May.** This was the first y/y increase since November 2024. The increase was due to rising temperatures across northern China boosted the use of air conditioners. China's wind and solar power generation increased by 11,0% and 7,3% y/y in May, respectively, with hydropower generation declining by 14,3% y/y due to the heat wave.
43. **China's new home prices in 70 cities fell by 3,5% y/y in May after a 4,0% y/y drop in April, a 4,5% y/y easing in March, a 4,8% y/y decrease in February, a 5,0% y/y decline in January and a 5,3% y/y drop in December.** Although it marked the 23rd consecutive month of contraction, it was the slowest pace since April 2024, reflecting continued efforts by the Chinese government to cushion the impact of the prolonged property downturn.
44. **China's industrial production grew by 5,8% y/y in May after a 6,1% y/y rise in April and expanding by 7,7% y/y in March.** The March 2025 increase was the strongest expansion in industrial output since June 2021, ahead of looming US tariffs.
45. **China's retail sales jumped by 6,4% y/y in May after a 5,1% y/y gain in April and a 5,9% y/y increase in March.** The boost in retail sales is likely due to a tariff-induced redirection of export goods to the domestic market given the significant slowdown in export growth in May (4,8% y/y vs 8,1% y/y in April).
46. **Consumer inflation in Japan eased to 3,5% y/y in May after being steady at 3,6% y/y in April and March from 3,7% y/y in February and 4,0% y/y in January.** Price growth eased for clothing (2,6% vs 2,7% in April), household items (3,6% vs 4,1%), and healthcare (2,0% vs 2,2%), while education costs fell further (-5,6% vs -5,5%).
47. **Consumer inflation in the UK eased to 3,4% y/y in May from 3,5% y/y in April and 2,6% y/y in March.** The largest downward contribution came from transport prices (0,7% vs 3,3%), reflecting falls in air fares (-5,0%) largely due to the timing of Easter and the associated school holidays, as well as falling motor fuel prices. Additionally, the correction of an error in the Vehicle Excise Duty series contributed to the drop; the error affected April's data, but the series has been corrected from May. Further downward pressure came from cost for housing and household services (6,9% vs 7,0%), mostly owner occupiers' housing costs (6,7% vs 6,9%). Services inflation also slowed to 4,7% from 5,4%. On the other hand, the largest, upward contributions came from food and non-alcoholic beverages (4,4% vs 3,4%), namely chocolate, confectionery and ice cream.
48. **German producer prices fell by 1,2% y/y in May after a 0,9% y/y drop in April.** This was the third consecutive month of falling producer prices and the sharpest drop since September 2024. The overall decline was largely due to lower energy costs, which fell by 6,7%. Excluding energy, producer prices increased by 1,3%, easing slightly from a 1,5% rise in April.
49. **The German Ifo Business Climate Indicator rose to 87,5 in May from 86,9 in April and 86,7 in March.** The improvement was supported by policy to aggressively increase public spending into infrastructure, defence, and businesses to trigger some traction in growth amid tariff threats from the US.
50. **The German ZEW Indicator of Economic Sentiment rose to 47,5 in June from 25,2 in May, -14,0 in April and 51,6 in March.** Optimism continued to grow, supported by a recent uptick in investment and consumer demand, amid the belief that fiscal measures from the new German government, combined with recent ECB rate cuts, may signal the end of nearly three years of economic stagnation in Europe's largest economy.
51. **The number of foreign visitors to Turkiye fell by 1,8% y/y in May after rising y 8,0% y/y in April, a 13,1% y/y decline in March and a 5,3% y/y drop in February.** Among the top five source countries, all but two recorded decreases: Bulgaria saw the sharpest drop (-8,7%), followed by Germany (-6,0%) and Russia (-5,2%). On the other hand, arrivals from the UK and Iran increased by 2,1% and 1,0%, respectively.

Turkish Tourist Arrivals



WEEKLY ECONOMIC BRIEFING

- 52. The Spanish government on 17 June released its report on the causes of the 28 April blackout.** Ecological Transition Minister Sara Aagesen, who heads Spain's energy policy, told reporters that a voltage surge in the south of Spain had triggered a "chain reaction of disconnections" that led to the widespread power loss, and blamed the nation's state-owned grid operator Red Eléctrica for "poor planning" and failing to have enough thermal power stations online to control the dynamic voltage.
- 53. UK retail trade sales fell by 2,7% m/m in May after a revised 1,3% (1,2%) m/m rise in April and a 0,1% m/m gain in March.** This was the steepest monthly drop since December 2023, driven largely by a 5% fall in food store sales—the biggest decline since May 2021—due to reduced supermarket sales. Retailers cited inflation, weaker consumer spending, and lower sales of alcohol and tobacco products as key factors. Non-food store sales volumes also fell by 1.4%, attributed to weaker sales in clothing and household goods stores, including hardware and paint retailers.
- 54. The GfK Consumer Confidence Index for the UK rose to -18 in June from -20 in May and -23 in April.** Despite the uptick, the index remains well below its long-term average, reflecting continued caution among consumers.

