LIMPOPO

PROVINCIAL GOVERNMENT

REPUBLIC OF SOUTH AFRICA

PROVINCIAL TREASURY

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The heartland of southern Africa - development is about people

Foreword

The importance of economic buoyancy cannot be over emphasised, particularly in a developing economy. Over the long term, if economic growth sours, incomes will rise, corporate profits will increase, so as government revenues leading to more stable economy and sustainable fiscal policy. However, to achieve sustainable economic growth, growth must be inclusive and attempt to narrow the income inequality. This should be the focus of the Limpopo Provincial administration over the long run.

Albeit, South Africa and Limpopo Gross Domestic Product (GDP) has been on a decrease in recent years landing the country in economic recession in early 2017. The situation was saved by the second quarter of 2017 economic performance, where the economy performed well recording a 2.5 percent quarter-on-quarter growth. The largest positive contributor to growth in GDP in the second quarter of 2017 was agriculture sector, contributing 33.6 percent to GDP, indicating the end to the severe drought that faced the country in 2016. The agricultural sector continued the rain-fed rebound realised in the first quarter and accounted for almost a third of the overall GDP growth achieved in the second quarter. The sectors that recorded a negative growth in the second quarter were only government services and construction.

The country is faced with low economic growth, high uncertainties and low investor confidence. This has led to low economic development, job creation and sustained fiscal policy. It is of this backdrop that the Limpopo Provincial administration review its service delivery models in light of radical economic transformation and ensuring maximum socio-economic benefits.

PHUKUNTSI M.J.
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LIMPOPO PROVINCIAL TREASURY

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1. Introduction

South Africa has been faced with economic and political instabilities in recent years coupled with the recent credit rating downgrade. The release of the second quarter GDP data confirmed that the country has entered a period of slow economic recovery from the technical economic recession, thanks to the agriculture and electricity industries that have performed well. Though the country can breathe a sigh of relief more still need to be done, as the level of economic growth is not at the desired levels of 3-5 percent which are anticipated as suitable to stimulate job creation in the country as per the National Development Plan (NDP). The quarter-on-quarter growth will most probably translate into an annual growth rate of 1 percent for 2017.

This Quarterly Economic Bulletin will provide a synopsis of the current economic conditions as well as looking at the population and health dynamics both nationally and provincially. The bulletin will further give an outline of the role played by the Monetary Policy and the SARB in stimulating economic growth in the country. This bulletin is aimed at providing guidance to government institution about the tough economic conditions that the country is facing, as well as to make them aware that they should play their part to assist the country to recover from the current weak economic situations.

2. Economic Outlook

2.1. World Economic Outlook

The world economy has gained momentum as it continues with its cycle of recovery after the 2009 crisis. The growth momentum in the first quarter of 2017 were higher than the April World Economic Outlook (WEO) forecasts in large emerging and developing economies such as Brazil, China, and Mexico, and in several advanced economies including Canada, France, Germany, Italy, and Spain. High-frequency indicators for the second quarter provide signs of continued strengthening of global activity. Specifically, growth in global trade and industrial production remained well above 2015/16 growth rates, despite retreating from the very strong pace registered in late 2016 and early 2017. Purchasing Managers' Indices (PMIs) signalled sustained strength ahead in manufacturing and services.

Global growth for 2017 has picked up as it is now estimated at 3.2 percent primarily reflecting much higher growth in Iran and stronger activity in India following national accounts revisions. Economic activity in both advanced economies and emerging and developing economies is forecasted to accelerate in 2017, to 2 percent and 4.6 percent respectively, with global growth projected to be 3.5 percent, unchanged from the April forecast of the IMF. The growth forecast for 2018 is 1.9 percent for advanced economies, 0.1 percentage point below the April 2017 WEO, and 4.8 percent for emerging and developing economies, the same as in April. The 2018 global growth forecast is unchanged at 3.6 percent. The revisions reflect primarily the macroeconomic implications of changes in policy assumptions for the world's two largest economies, the United States and China.

2.2. The South African Economic Outlook

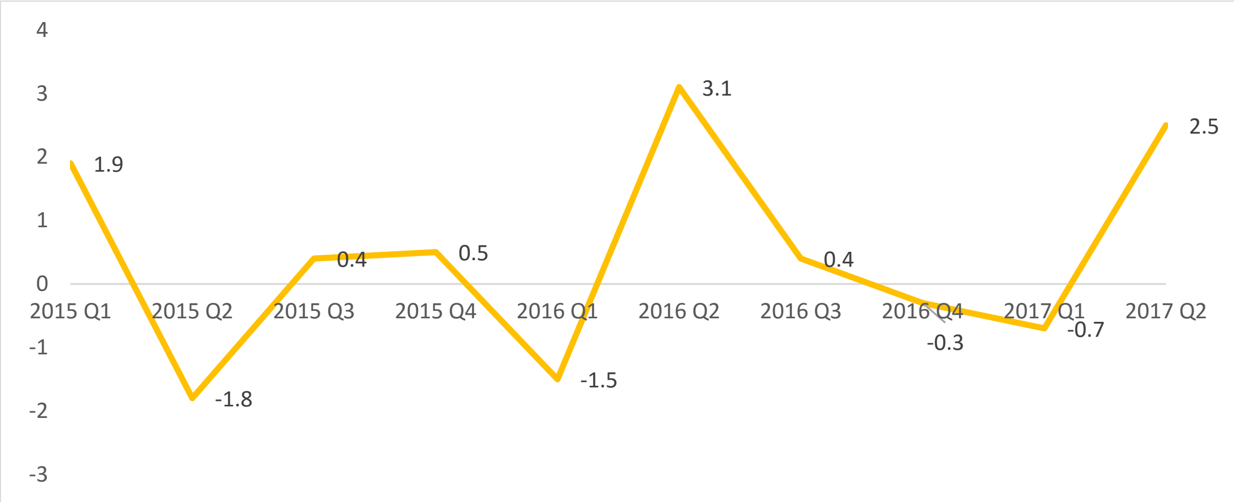
The South African economy moved into technical recession with the reported decrease of 0.7 percent in GDP during the first quarter of 2017, following a 0.3 percent contraction in the fourth quarter of 2016 as depicted in the diagram below. After two consecutive quarters of decline, the South African economy recovered in the second quarter of 2017. Positive contributions to higher economic activity across most industries in particular agriculture, finance and mining has lifted the Gross Domestic Product (GDP) by 2.5 percent quarter-on-quarter.[1]

The 2.5 percent rise in GDP brings to an end South Africa's second recession since 1994. However, there are a few statistical points to note. Firstly, quarterly growth rates can be quite volatile and secondly the headline figure of 2.5 percent is the growth rate after annualisation. Thirdly, if we compare the first half of 2017 with the first half of 2016, the growth rate is 1.1 percent. Although the headline figure is the most publicised in the media, the key lesson is that it should not be used in isolation. There are other GDP indicators that complement the headline figure, and taken together they provide

[1] (seasonally adjusted and annualised).

a more comprehensive picture of economic performance. So even though 2.5 percent might seem like an impressive recovery, longer-term indicators still show subdued growth. As a nation, the goal of achieving and sustaining higher rates of economic growth and development remains just as important as ever.

Figure 1: SA GDP growth (quarter on quarter)



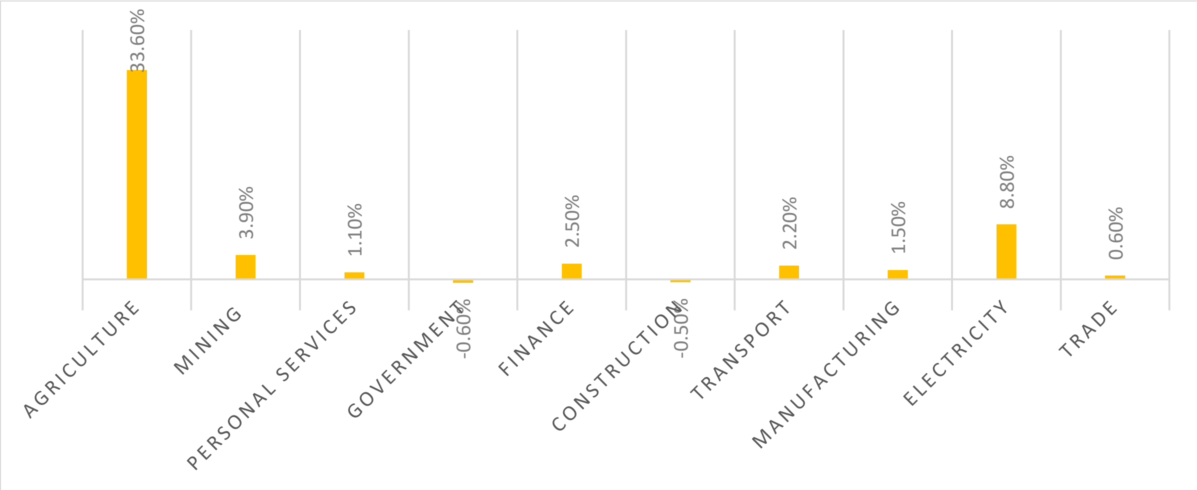
Source: StatsSA 2017

The South African economy is not growing close to its long terms average of 3 to 3.5 percent per annum and the economy has just recovered out of being in full recession by avoiding three consecutive quarters of negative growth. In terms of the impact of slow growth on fiscal policy, the country runs the risk of not achieving its revenue targets which further raises a risk of financing current expenditure by opting to obtain advances thereby exposing the country to financial market risks.

2.3. South African Sectoral performance

In the second quarter of 2017, both the secondary and tertiary sectors recorded positive growth rates with only government services and construction recording a negative growth. Agriculture and electricity industries were the major heavyweights that boosted production in the second quarter and contributed positively to GDP growth, as they assisted the economy of the country to avoid full recession.

Figure 2: South African Sectoral contribution to GDP



Source: StatsSA 2017

Agriculture continued to show strong recovery from South Africa's recent drought, increasing production by 33.6 percent. The rise in the second quarter was mostly driven by a rise in the production of field crops, in particular maize and wheat, as well as increased production of horticulture products such as vegetables.

The electricity, gas and water industry was the second largest contributor to GDP growth in the second quarter of 2017, growing by 8.8 percent followed by the mining industry which expanded by 3.9 percent on the back of increased production of coal, gold and 'other' metal ores such as iron ore and manganese ore. This is the second consecutive quarter of growth for mining, although production was more subdued than the 13.1 percent growth recorded for the first quarter of 2017.

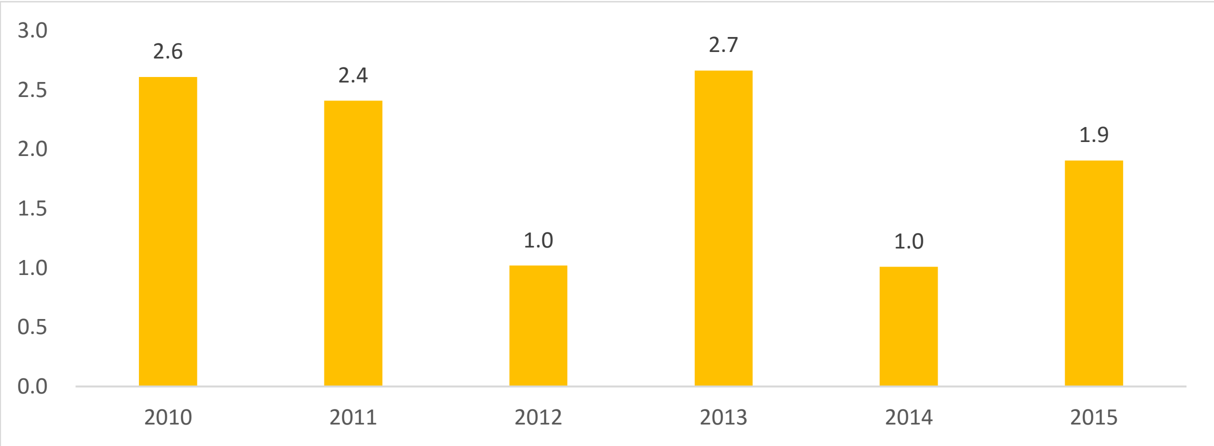
Other notable features of the second quarter include a strong positive growth of 2.5 percent and 1.5 in the finance and in the manufacturing sectors respectively. The manufacturing growth comes after three consecutive quarters of decline

The conclusion is that even though the economy has breathed a sigh of relieve in the second quarter of 2017, it will be pretty tough going forward as growth will barely recover on last year's dismal performance, but in the longer-term prospects are not as dire. The BER's view is that real GDP growth is likely to average just 1.7 percent annually over the next five years. This is still much slower than the 3-5 percent growth rate anticipated in the NDP.

2.4. Limpopo Economic Growth Outlook

The annual real estimate of GDP growth per region as measured by the gross domestic product by region (GDPR) at market prices for 2015 in Limpopo Province was recorded at 1.9 percent following a 1.0 percent growth in 2014. There was a 0.9 percent increase in the GDP growth in the said period meaning that the economic conditions of the province have improved. Looking at the overall period of 2010 to 2015 the GDP growth of the province has been positive recording its peak in 2013 at 2.7 percent.

Figure 3: GDP percentage changes 2010-2015 LP at constant 2010 Prices



Source: Regional explore 2016

2.5. Limpopo sectoral performance

An overview will now be provided on the sectoral performance in Limpopo economy. The sectoral performance in Limpopo from 2010 to 2015 is shown in Table 1.

Table 1: LP 2010-2015 GDPR by activity Constant 2010 prices - percentage changes

Industry	2010	2011	2012	2013	2014	2015
Primary Industries	**4.2**	**-1.1**	**-1.2**	**5.3**	**-0.1**	**4.3**
Agriculture, forestry and fishing	-1.8	-1.2	0.5	4.8	6.6	0.6
Mining and quarrying	4.8	-1.0	-1.4	5.4	-0.8	4.7
Secondary Industries	**3.5**	**0.9**	**1.5**	**1.3**	**1.5**	**-0.9**
Manufacturing	6.2	1.5	1.2	0.3	2.2	-1.2
Electricity, gas and water	4.2	0.9	0.1	-1.0	-0.3	-2.7
Construction	1.1	0.6	2.9	3.8	2.4	0.7
Tertiary industries	**1.8**	**4.2**	**2.2**	**1.7**	**1.6**	**1.3**
Trade, catering and accommodation	3.6	3.2	3.1	0.6	1.3	0.8
Transport, storage and communication	1.0	2.8	0.9	1.1	3.3	2.8
Finance, real estate and business services	0.8	3.5	2.0	1.3	1.2	2.5
Personal services	-0.1	1.5	2.1	2.4	1.5	0.9
General government services	1.7	6.5	1.9	2.7	1.9	0.5
All industries at basic prices	**2.7**	**2.2**	**1.0**	**2.7**	**1.1**	**2.0**
Taxes less subsidies on products	1.6	4.5	0.8	2.0	0.3	0.9
GDPR at market prices	**2.6**	**2.4**	**1.0**	**2.7**	**1.0**	**1.9**

Source: StatsSA GDP 2016

From the table above it is evident that growth in the Limpopo Provincial economy is closely related to the growth in the mining sector and the tertiary sector. Sub-sectors under the tertiary sector such as trade, transport, finance, personal services and government services continued to contribute positively to the provincial economy during these though economic period of 2010 to 2015. The provincial government need to diversify the local economy away from its dependence on the primary sector. The poor performance of manufacturing in Limpopo also raised the need to re-industrialise the provincial economy.

2.6. Unemployment in Limpopo

Unemployment is one of the biggest economic challenges in the province. Figure 4 below shows the total number of persons and the percentage of people that are formally unemployed in the province.

Table 2: Limpopo Labour force characteristics

	Apr-Jun 2016	Jul-Sep 2016	Oct-Dec 2016	Jan-Mar 2017	Apr-Jun 2017	Qtr-to-qtr change	Year-on-year change	Qtr-to-qtr change	Year-on-year change
	Thousand	Thousand	Thousand	Thousand	Thousand	Thousand	Thousand	Percent	Percent
Limpopo									
Population 15-64 yrs	3 619	3 634	3 649	3 663	3 678	15	59	0,4	1,6
Labour Force	1 667	1 728	1 751	1 732	1 754	22	87	1,3	5,2
Employed	1 324	1 349	1 414	1 358	1 390	32	66	2,3	5,0
Unemployed	343	379	337	374	364	-10	21	-2,5	6,2
Not economically active	1 952	1 906	1 898	1 932	1 924	-8	-29	-0,4	-1,5
Discouraged work-seekers	403	304	298	371	345	-26	-57	-6,9	-14,2
Other	1 550	1 602	1 599	1 560	1 579	18	29	1,2	1,9
Rates (%)									
Unemployment rate	20,6	21,9	19,3	21,6	20,8	-0,8	0,2		
Employed / population ratio (Absorption)	36,6	37,1	38,7	37,1	37,8	0,7	1,2		
Labour force participation rate	46,1	47,6	48,0	47,3	47,7	0,4	1,6		

Due to rounding, numbers do not necessarily add up to totals.
Note: 'Employment' refers to market production activities.

Source: Statistics SA (2017)

According to Statistics SA (2017) 1 924 000 persons out of a possible 3 678 000 persons of a working age in Limpopo are deemed not to be economically active. One possible explanation is the high percentage of the population in Limpopo that is youth. The youth are still school going or attending tertiary education and is not actively looking for jobs.

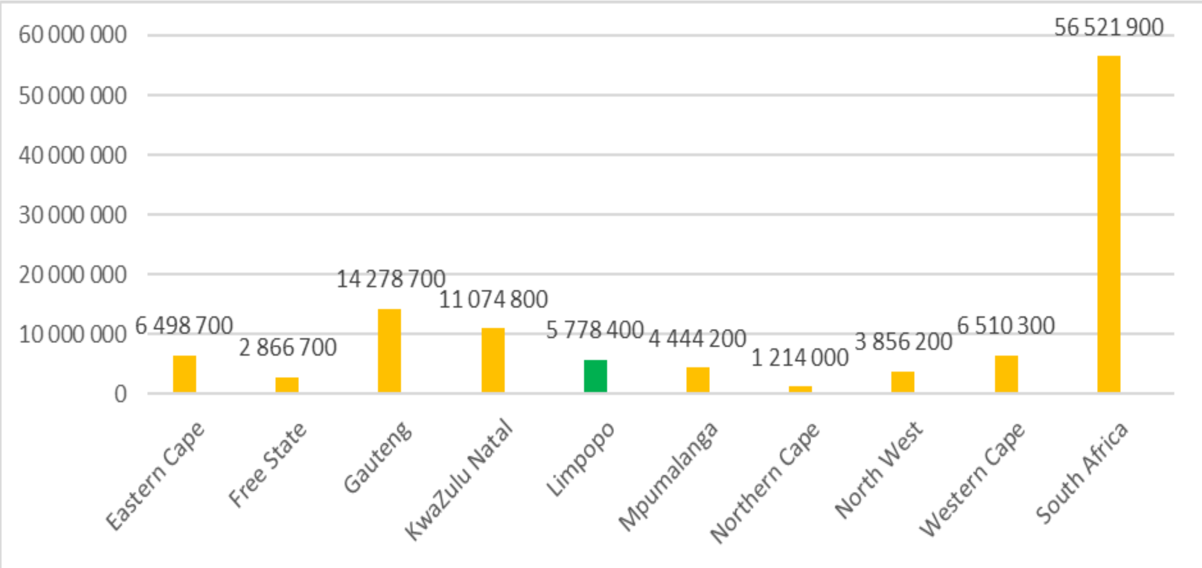
The absorption rate is the ratio between the number of employed workers to the population of workers of an age between 15 to 64 years. In June 2017 the absorption rate was only 37.8 percent. This is an indication that production in the Limpopo economy is not very labour intensive. The biggest challenge in this regard is the mining sector, which by nature, is highly capital intensive.

Limpopo economic growth is performing well as compared to other provinces though it is still falling short to the Provincial targets as set out in the Limpopo Development Plan (LDP) as it aspires the province's economy to grow above 3 percent as this growth rate is deemed suitable to stimulate job creation in the province for the unemployed population.

3. Demographic profile

3.1. Population estimates by province

Figure 4: 2017 Mid-year population estimates by province

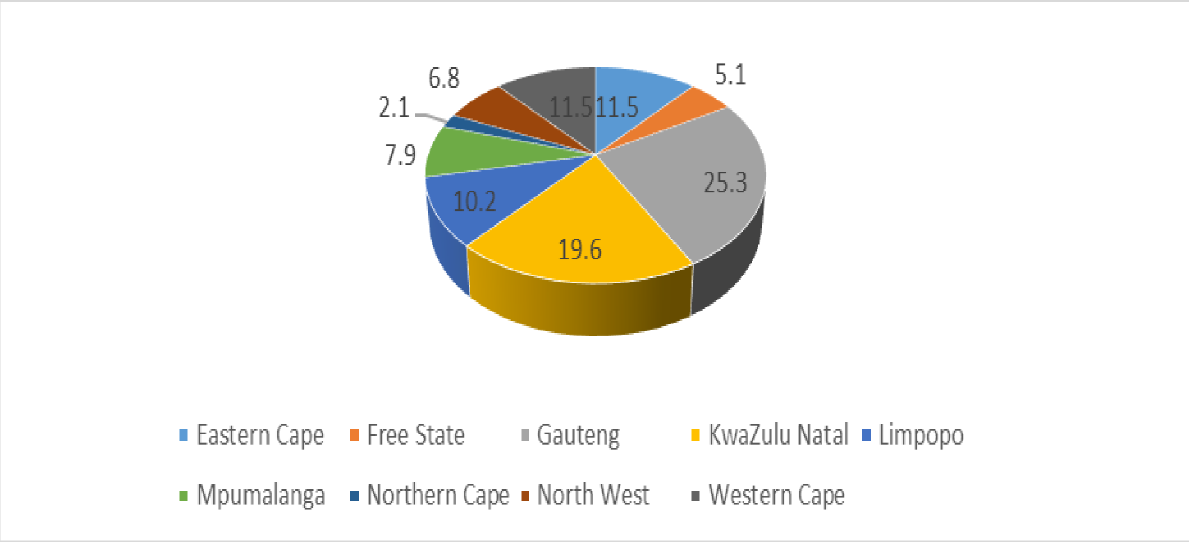


Source: StatsSa 2017

In July 2017, Statistics South Africa (Stats SA) estimated the mid-year population in South Africa at 56.5 million, with approximately fifty-one per cent (28.9 million) of the population being female. Limpopo has a population of approximately 5.8 million (10.2 percent) is the fifth largest population in the country.

Figure 5 below shows the estimated percentage of the total population residing in each of the provinces in 2017. Inter-provincial as well as international migration patterns significantly influence the provincial population numbers and structures in South Africa.

Figure 5 : SA 2017 Provincial Percentage contribution of total population



Source: StatsSa 2017

Table 3 below shows that the implied rate of growth for the South African population has increased between 2010 and 2017. The estimated overall growth rate increased from approximately 1.4 percent between 2010 and 2011 to 1.6 percent for the period 2016 to 2017. The proportion of elderly in South Africa is on the increase and this is indicative in the estimated growth rate over time rising from 2.6 percent for the period 2010-2011 to 3.0 percent for the period 2016–2017. The growth rate among children aged 0–14 increased between 2010 and 2017 from 0.9 percent to 1.6 percent, while the growth rate among youth aged 15-34 decreased between 2010 and 2017 from 1.2 percent to 0.2 percent.

Table 3: Estimated annual population growth rates, 2010–2017

Period	Children 0-14	Youth 15-34	Elderly 60+	Total
2010-2011	0.94	1.24	2.59	1.41
2011-2012	1.23	1.02	2.69	1.45
2012-2013	1.39	0.87	2.75	1.48
2013-2014	1.46	0.78	2.90	1.51
2014-2015	1.44	0.68	2.95	1.54
2015-2016	1.54	0.32	2.98	1.58
2016-2017	1.56	0.18	2.99	1.61

Source: StatsSa 2017

3.2. Estimated provincial migration streams

From Census 2011 it was possible to determine out-migration rates for each province. Applying these rates to the age structures of the province it was possible to establish migration streams between the provinces. The result of these analyses is shown in the below table. The assumptions imply that Gauteng and Western Cape received the highest number of migrants for all periods. The Eastern Cape and Limpopo experienced the largest number of outflow of migrants.

Limpopo province recorded the second highest negative net migration of -143 767 just behind Eastern Cape at -326 171. The highest receiver of Limpopo out migrants is Gauteng at 289 000 persons, Mpumalanga 43 000 persons and North West 28 000 persons.

Table 4: Estimated provincial migration streams 2011–2016

Province in 2011	Province in 2016									Out migrants	In migrants	Net migration
	EC	FS	GP	KZN	LIM	MP	NC	NW	WC			
EC	0	17 461	143 937	93 489	**13 149**	15 721	7 562	36 751	171 472	499 543	173 372	-326 171
FS	7 676	0	79 445	7 739	**6 454**	9 994	8 706	22 397	11 999	154 405	133 492	-20 913
GP	44 064	38 334	0	66 477	**75 454**	72 524	11 088	87 127	86 195	481 263	1 462 553	981 290
KZN	21 785	11 334	222 828	0	**7 764**	30 914	2 629	10 374	32 599	340 228	277 867	-62 360
LIM	**4 379**	**5 685**	**289 638**	**7 301**	**0**	**43 638**	**2 280**	**28 920**	**11 063**	**392 905**	**249 137**	**-143 767**
MP	4 502	5 110	122 961	12 368	**22 991**	0	2 271	15 161	9 594	194 958	258 961	64 003
NC	4 259	8 568	17 423	5 513	**2 565**	4 212	0	12 341	17 562	72 441	75 752	3 311
NW	4 975	11 306	107 431	5 856	**19 105**	11 413	22 595	0	8 732	191 413	289 177	97 764
WC	48 263	7 572	58 692	12 864	**5 289**	6 868		7 895	0	159 513	451 885	292 372
Outside SA	33 468	28 122	420 199	66 261	**96 365**	63 678	6 550	68 210	102 673			

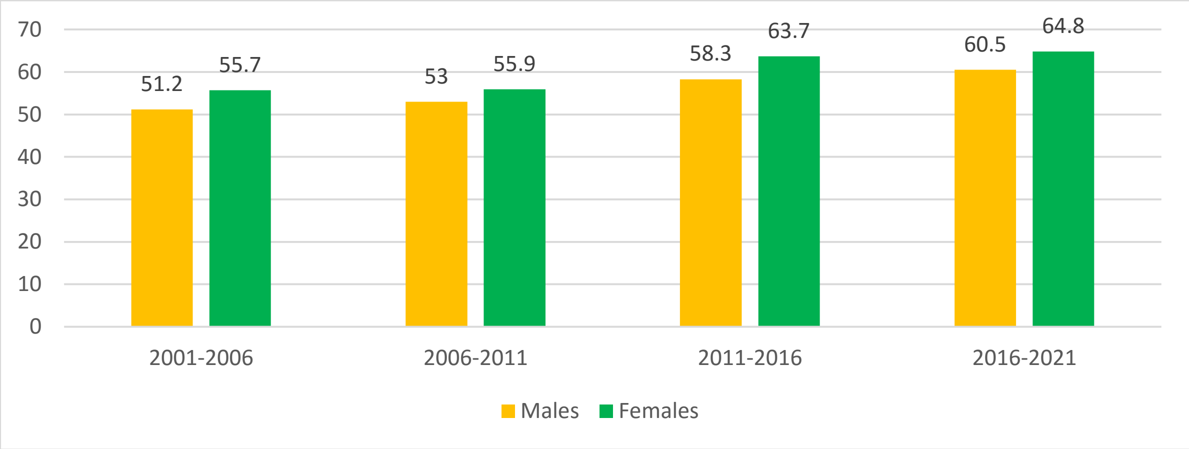
Source: StatsSA 2017

4. Health and other indicators

4.1. Limpopo average life expectancy at birth (males and females)

Figure 6 below show that the average provincial life expectancies at birth in Limpopo for males and females for the periods 2001–2006, 2006–2011, 2011–2016 and 2016–2021 has increased from 51.2 years and 55.7 years for males and females respectively in 2001-2006 to 60.5 and 64.8 in 2016-2021. The life expectancy in the province has increased incrementally for each period for both males and females but more significantly in the period 2011–2016 due to the uptake of antiretroviral therapy over time in South Africa.

Figure 6: Limpopo average life expectancy at birth (males and females)



Source: StatsSA 2017

4.2. The impact of AIDS (using the AIM model)

Table 6 shows the life expectancies that incorporate the impact of AIDS (using the AIM model). The crude death rate (CDR) is down from 11.6 deaths per 1 000 people in 2010 to 9 deaths per 1 000 people in 2017 while the crude birth rate (CBR) has decreased between 2010 and 2017 from 23.9 to 21.3.

Infant mortality has declined between 2010 and 2017 as a result of expansion of health programmes to prevent mother to child transmission as well as access to antiretroviral treatment. By 2017 life expectancy at birth is estimated at 61.2 years for males and 66.7 years for females. The life expectancy increases may be related to marginal gains in survival rates among infants and children under-5 post HIV interventions in 2005. Infant mortality rate (IMR) has declined from an estimated 41.1 infant deaths per 1 000 live births in 2010 to 32.8 infant deaths per 1 000 live births in 2017. Similarly, the under-five mortality rate (U5MR) declined from 58.4 child deaths per 1 000 live births to 42.4 child deaths per 1 000 live births between 2010 and 2017.

Table 5: SA Demographic and other indicators 2010-2017

Year	Crude Birth	Male Life expectancy	Female Life expectance	Infant Mortality	Under 5 mortality	Crude Death Rate	Rate of natural increases
2010	**23.9**	**56.4**	**60.6**	**41.1**	**58.4**	**11.6**	**1.23**
2011	**23.5**	**57.6**	**62.7**	**39.9**	**54.4**	**10.7**	**1.28**
2012	**23.3**	**58.5**	**63.6**	**38.8**	**51.5**	**10.2**	**1.31**
2013	**23.0**	**59.2**	**64.6**	**37.4**	**49.1**	**9.8**	**1.32**
2014	**22.7**	**59.7**	**65.1**	**36.0**	**47.1**	**9.6**	**1.31**
2015	**22.2**	**60.0**	**65.5**	**34.0**	**44.7**	**9.5**	**1.27**
2016	**21.7**	**60.6**	**66.1**	**33.5**	**43.6**	**9.2**	**1.25**
2017	**21.3**	**61.2**	**66.7**	**32.8**	**42.4**	**9.0**	**1.23**

Source: StatsSa 2017

5. Monetary Policy

The role of monetary policy in the South African economy has been hotly debated during the last few months. The two main issues were the independence of the Reserve bank and the possible role of the Bank in achieving the macro-economic objective. In this section an overview will be provided about monetary policy in South Africa and its possible contribution to the achievement of the overall macro-economic objectives.

5.1. Monetary policy implementation in South Africa

Monetary policy is the macroeconomic policy laid down by the central bank or South African Reserve Bank (SARB). It involves management of the money supply and interest rates with the aim to defend the internal and external value of the Rand. Monetary policy is mainly influencing the demand side of the economy by regulating the cost of credit. In the process the SARB is also taking other macro-economic objectives like inflation, consumption, growth and liquidity into account.

5.2. The Reserve Banks Transparency and Autonomy

The Bank's recent commitment to transparent monetary policy has resulted in several initiatives to improve the communication of its policies to the public. At the conclusion of every Monetary Policy Committee (MPC) meeting, an MPC statement is issued through a press conference by the Governor of the Bank explaining the reasons for the MPC's policy stance. This press conference is broadcasted live on national television and at the same time the MPC statement is released on the Bank's website.

The Bank also publishes its Monetary Policy Review (MPR) twice a year. This Review is aimed at broadening the understanding of the intentions and conduct of monetary policy. Moreover, the Review analyses the domestic and international developments that have impacted on inflation and motivates the monetary policy reaction to these developments. An assessment of the future outlook for the factors determining inflation as well as the Bank's forecast of the future path of inflation is provided in the MPR. The Bank also publishes other material from time to time, to increase awareness and understanding of its monetary policy function.

Monetary Policy Forums (MPFs) are also convened by the Bank in order to develop a better understanding of monetary policy. These forums are held twice a year in the major centres of South Africa across all provinces, and representatives of the labour movement, business, government and academic institutions are invited to attend.

5.3. Inflation Targeting Framework as a tool in South Africa

South Africa formally introduced inflation targeting in February 2000, after announcing the intention to adopt the framework in August 1999. Prior to adopting the inflation-targeting framework, the SARB had adopted a number of frameworks targeting monetary variables like credit growth and the exchange rate. Between 1960 and 1998, these included exchange-rate targeting, discretionary monetary policy, monetary-aggregate targeting and an eclectic approach.

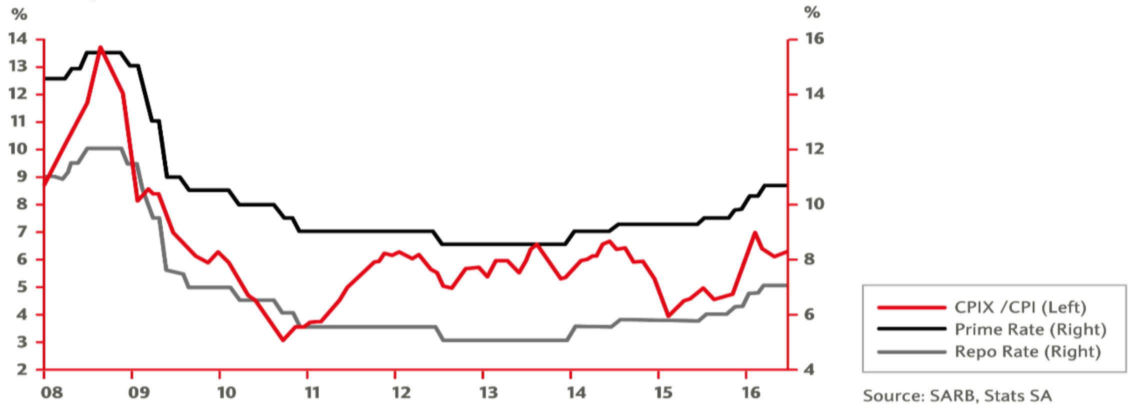
Inflation targeting is a monetary policy framework in which the National Treasury announces an explicit inflation target range and implements policy to achieve this target directly. Inflation targeting has been adopted in a number of countries. The choice of the target varies across countries. Some countries have opted for target ranges in specifying their inflation targets, while others prefer a point target or a point target combined with a range.

The current inflation target in South Africa is between 3-6 percent. The flexible inflation-targeting framework allows for inflation to be out of the target range as a result of first-round effects of a supply shock and for the Bank to determine the appropriate time horizon for restoring inflation to within the target range. This flexibility does not relieve the Bank of its responsibility with respect to returning inflation to within the target range but allows for interest rate smoothing over the cycle, which may mitigate any output variability from the monetary policy response to the shock. It is worth noting that an increase or decrease in interest rate will only have full impact after 9 – 12 months in the financial markets.

5.4. The effect of rate increase or decrease to the consumer

Knowing if the rate is likely to increase, decrease or remain the same is very possible by analysing trends and cycles and can inform many of the consumer's financial decisions, particularly toward management of debts and savings. Hence it is important to realise that the repo and prime rates are intricately connected and these tend to move in cycles and the prime rate is usually 3.5 percentage point higher than the repo rate. The graph below clearly indicates that South Africa was in a downward cycle from 2008 to mid-2012, where the prime rate was sitting at 8.5 percent and the repo rate at 5 percent. From 2014 to 2017 the prime rate and repo rate are taking an upward trend due to the change in the inflation outlook in the country.

Figure 7: Inflation and interest rates



Source: SARB, StatsSA

From figure 7 above, it is clear that interest rates are increased when there is a change that the inflation rate might breach the upper band of the inflation target at 6 percent. When the inflationary pressures decline, it leaves room for reserve bank to reduce the interest rates again.

When the SARB reduces interest rates it can also be negative to the consumer in the long run. These low rates can be dangerously deceiving to the consumer as they make the prospect of taking out loans, vehicle finance etc. much more attractive, with far lower repayment rates. However, as the country has now been in an upward cycle since 2014, with a 2 percent jump in the prime rate, this will have meant bad news for those consumers that increased their debts, as they have seen their repayments rise year on year.

It is therefore advisable to consumers to plan for an interest rate at least 2-3 percent higher than the prevailing interest rate when they consider to take up loans to buy cars or property. South Africa is currently in an upward trend and future rise in the rates is very likely. As such, it is a good idea for consumers to start focusing on repaying debts and increasing their savings.

5.5 Financial stability and economic growth

Research have indicated a direct positive relationship between financial stability and economic growth. In countries that are experiencing financial stability the level of economic growth also tends to be higher than countries with financial instability.

It is important for policymakers and market participants to acknowledge that the financial systems are inherently unstable and that they are prone to booms and busts, and that these episodes can destabilize the real economy. As a consequence, at times, the Reserve Bank must be willing to intervene to restrain financial booms in order to temper the busts. Reforms should be undertaken in ways that better align the economic incentives of participants in the financial system with the goal of financial stability and the bank should strive to achieve a degree of transparency in the financial system that would enable market participants to make informed judgments about their financial market risks and exposures.

6. Conclusion

The country faces a myriad of risks that are stifling economic progression, varying from socio-political upheavals, shrinking investor and consumer confidence, unsustainable state owned enterprises, international geo-political contestations etc. These are the same variables that credit rating agencies consider when rating sovereign debt. These risks require diligent and responsive policy responses that will dismiss uncertainty in the economy and restore confidence. Clearly, the monetary policy environment is stabilised with reduced rates of inflation and stable interest rates, this is a positive sign of an era of economic stability and hopefully prosperity.

7. Recommendations

The country needs to rebuild the economy through structural reforms thereby ensure sustained buoyancy, restore investor confidence, create jobs and reduce social expenditure in favour of investment expenditure. Limpopo economy is more depended on the agriculture and mining, this situation need to be changed to allow the economy to be more diversified, as the more the economy is diversified will ease dependence on the primary sector and will also help with job creation. The reason for this is that the secondary and tertiary sectors in Limpopo are more labour intensive than the mining.

It is also recommended that for the province to achieve the desired employment numbers it should invest more on the resuscitation of the former homelands factory such as the one's in Seshego in the Capricorn district and Nkowankowa in Mopani district as part of the process of reindustrializing the local economy and creating more jobs in the process for local youths as the number of unemployed young people is growing.

Government Departments and Municipalities should consider the provincial population dynamics as they plan on rendering service delivery to the communities as the province's population is growing steadily affected by the high number of people who are going to other provinces to look for better opportunities.

Taking lessons from the impact that the distribution of ARV's have in improving life expectance and reducing the number of HIV related deaths, the Department of Health should ensure full implementation of Test and Treat campaigns in all districts as this can yield positive results for the province. It is important that the province keeps its citizens in good health conditions trough routine check-ups so that diseases can be prevented or identified early and treated to reduce the costs of providing health services which are currently under strain.

The SARB should continue implementing its mandate and maintaining its independence as this has a positive spill to the economy as it was evident in recent times where the bank was able to reduce interest rate and relieve the burden from the consumers as well as attracting investment.