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**BUSA COMMENTS ON VOLATILITY IN GLOBAL FINANCIAL  
MARKETS**

Many businesspeople in South Africa have been assessing the current turmoil in global currency and financial markets. As BUSA's forecast for economic growth as a whole in 2011 of about 3.4% has always been conservative it believes that any immediate revision of this forecast would be premature. Positive elements in the global outlook include high commodity prices for gold, platinum and coal. The current economic recovery has to date nonetheless been modest and subdued - as recent economic data again confirms - and South Africa's slow rate of growth in export volumes has lagged far behind that of other emerging economies.

At the same time, if South Africa wishes to minimise any possible negative impact of the global situation on the economy, it should concentrate on the factors and measures over which it has control, rather than external ones over which it has little influence. This means expediting infrastructural spending and related projects to support growth and employment so as to offset any adverse consequences that may arise from the global outlook.

South Africa remains in a good position to maintain its counter cyclical fiscal policies within a sound macro-economic framework. In these circumstances the level of unspent State funds remains too high and should be addressed anew. While the risk of recession in South Africa remains low the global situation reinforces the need for domestic policies that are certain and predictable. It is also clear that interest rates may now have to remain low for longer as an essential element of support for the SA economy in this uncertain period, perhaps well into 2012.

BUSA shares the view expressed previously by Finance Minister Pravin Gordhan and Governor of the Reserve Bank Gill Marcus that, despite the current turbulence in global financial markets, South Africa's financial institutions are adequately capitalized. It is also noteworthy that recent surveys of institutional investors and financial planners still reveal a positive





valuation of the local equity market despite present volatility in global markets. It therefore suggests that investors should not make hasty financial decisions and should keep a cool head in a situation which, although one of concern, is not seen on present evidence as a repeat of the 2008 global recession.

BUSA's Economic Policy Committee will at its next meeting on 26 August again monitor the economic and business outlook in the light of the most recent trends and reassess BUSA's economic forecasts.

Ends.

11 August 2011

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