



WEEK ENDING

26 NOVEMBER 2021

HIGHLIGHTS

South Africa

1. The number of confirmed Covid-19 cases rose to 2 858 on 28 November from 106 on 1 November, but remains well below the recent peak of 26 485 on 3 July.
2. The positivity rate for Covid-19 tests jumped to 9,8% on 28 November from 6,5% on 25 November, 3,6% on 24 November and 1,7% on 18 November.
3. Despite the rapid increase in the number of Covid-19 cases and the positivity rate, President Cyril Ramaphosa on 28 November kept the lockdown restrictions at Level 1.
4. Several countries banned travellers from South Africa due to the new Omicron variant.
5. The rand weakened to R16,3648/US\$1 on 26 November from R14,8636/\$ on 9 November and R14,3685/\$1 on 21 October.
6. The BER Business Confidence Index was steady at 43 in the fourth and third quarters after falling from 50 in the second quarter.
7. Producer inflation rose to 8,1% y/y in October from 7,8% y/y in September, 7,2% y/y in August and 7,1% y/y in July
8. Rail transport payload declined by 3,2% q/q in the third quarter, while road transport decreased by 2,7% q/q.
9. Food and beverage sales rose to R4,6796bn in September from R4,5675bn in August and R3,7043bn in July 2021, but is still way less than the R6,2983bn achieved in September 2019.
10. Income from tourism accommodation rose to R1,1377bn in September from a revised R915,1m (R889,3m) in August 2021 and R626,3m in July, but is still way down on the R2,5472bn achieved in September 2019.
11. The Financial Stability Review noted that the South African financial cycle has shifted into an upward phase for the first time in five years.
12. The default ratio for retail loans plateaued in the first half of 2021 according to Financial Stability Review.
13. The Prudential Authority (PA) surveyed 12 banks that, based on the geographic location of their businesses, were most likely to be impacted by the July civil unrest and found that banks suffered more than R700m worth of damage, but thankfully no bank employees were hurt or injured during the unrest.
14. Both life and non-life insurance claims rose in the second quarter.
15. The Financial Stability Review noted that the high level of public debt issuance and weak demand for debt from overseas have increased government's reliance on the domestic financial sector for financing.
16. The 2021 stress test of the six most important banks showed that these banks are adequately capitalised and able to withstand the protracted economic disruptions.
17. The composite leading business cycle indicator fell by 2,3% m/m in September after rising by 0,7% m/m in August.
18. The coincident indicator "only" grew by 8,4% y/y in August after a revised 16,35 (15,0%) y/y gain in July.
19. The Crop Estimates Committee released its final estimates for the 2020/21 summer crops production season.
20. Eskom's Energy Availability Factor (EAF) rose to 58,99% in week 46 from 58,62% in week 45.
21. South African mining companies are planning 3 900 Megawatts (MW) in green power projects.
22. The Gauteng retail price of petrol will rise by 81 cents per litre (c/l) on 1 December after a 121 c/l jump on 3 November.

Rest of Africa

23. Deutsche Bank and the Green Climate Fund (GCF) are launching a \$500m investment programme for sub-Saharan Africa.
24. The central bank of Ghana raised its benchmark lending rate by 100 basis points to 14,5%.
25. Consumer inflation in the Ivory Coast rose to 5,2% y/y in September from 4,7% y/y in August and 3,9% y/y in July.
26. Kenyans will be barred from bars, restaurants and public transport from 21 December if they are not fully vaccinated against Covid-19, Health Minister Mutahi Kagwe said.
27. The central bank of Lesotho raised its benchmark lending rate by 25 basis points to 3,75%.
28. Consumer inflation in Morocco rose to 1,7% y/y in October from 1,2% y/y in September.
29. Consumer inflation in Zambia eased to 19,3% y/y in November from 21,1% y/y in October.
30. The central bank of Zambia raised its benchmark lending rate by 50 basis points to 9,0%.
31. Consumer inflation in Zimbabwe rose to 58,4% y/y in November from 54,5% y/y in October.

International

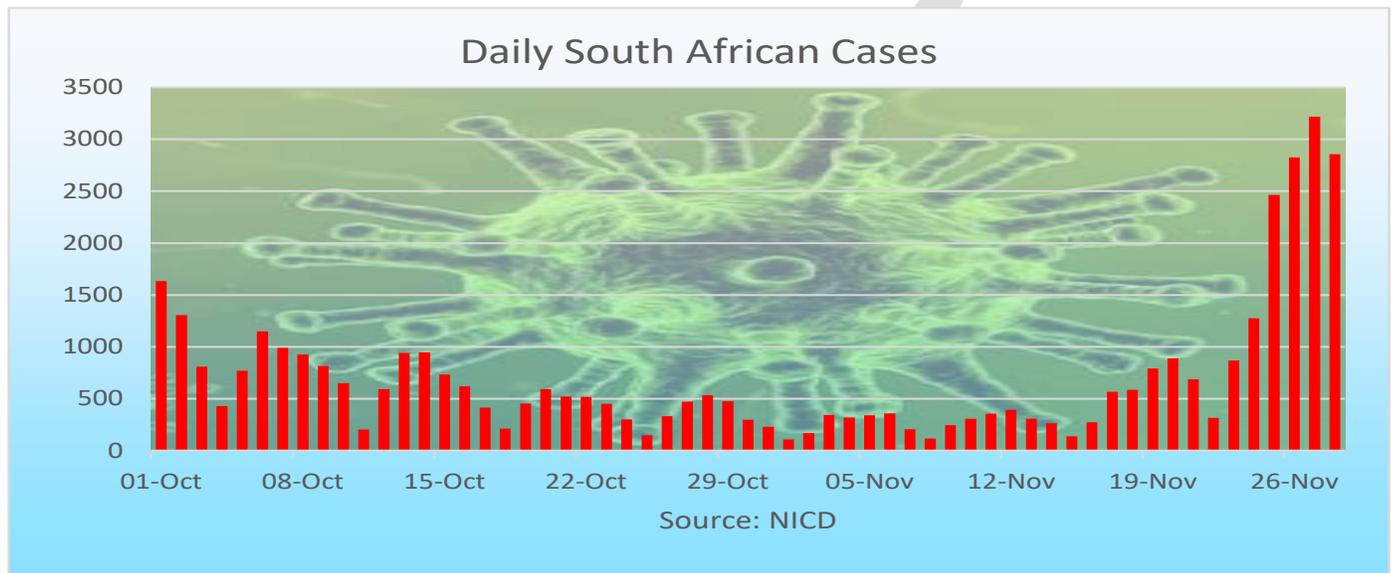
32. The number of confirmed cases of coronavirus around the world approached 262 million on 28 November.
33. Slovakia became the third European country to announce a two-week lockdown.
34. The central bank of the Dominican Republic raised its benchmark lending rate by 50 basis points to 3,5%.
35. The central bank of New Zealand raised its benchmark lending rate by 25 basis points to 0,75%.
36. The central bank of Paraguay raised its benchmark lending rate by 125 basis points to 4,0%.
37. The central bank of South Korea raised its benchmark lending rate by 25 basis points to 1,0%.

WEEKLY ECONOMIC BRIEFING

38. President Joe Biden said he would re-appoint Federal Reserve chairman Jerome Powell to another four-year term.
39. China's steel production plunged by 23,3% y/y in October, pulling down the global steel production by 10,6% y/y.
40. The US, China, Japan and other oil consuming countries will release crude oil from their strategic fuel reserves in an effort to tame rising energy prices.
41. Registrations of new commercial vehicles in the European Union (EU) continued their downward trajectory in October, falling by 16,4% y/y.
42. Olaf Scholz was confirmed as the next German chancellor.
43. Peru's economy expanded by 11,4% y/y in the third quarter after a record 41,9% y/y gain in the second quarter.
44. US new home sales rose by 0,4% m/m in October to a seasonally adjusted annualised rate of 745 000.
45. US household spending rose by 1,3% m/m in October.
46. The US personal consumption expenditure price index rose by 5,0% y/y in October from 4,4% y/y in September.
47. US sales of existing homes rose by 0,8% m/m in October to a seasonally adjusted annualised rate of 6,34 million units.
48. US initial jobless claims plunged by 71 000 w/w to 199 000 in the week ending 20 November.
49. Traffic at US retail stores on Black Friday dropped 28,3% compared with 2019 levels, but was up 47,5% y/y.
50. Import prices in Germany surged by 21,7% y/y in October.
51. The GfK Consumer Climate Indicator in Germany fell to -1,6 in December from 1,0 in November.
52. UK car production fell 41,4% y/y in October to 64 729 units.
53. Shipping lines' market power is finally starting to wane as the Black Friday rush is over.
54. The US Navy is opening facilities in Port Hueneme, which is located less than 100 miles north of the Port of Los Angeles.
55. China is preventing public access to shipping location signals because of national security concerns.
56. China's birth rate fell to its lowest point in more than four decades in 2020.

South Africa

1. The number of confirmed Covid-19 cases rose to 2 858 on 28 November from 106 on 1 November, but remains well below the recent peak of 26 485 on 3 July. The first case was only reported on 5 March 2020 and as at 21 November 2021, the total stands at 2 961 406. The seven-day average is also rising and was 1 975 in the seven days ending 28 November from a recent low of 258 in the seven days ending 5 November, but well below the peak of 19 956 in the seven days ending 8 July.



2. The positivity rate for Covid-19 tests jumped to 9,8% on 28 November from 6,5% on 25 November, 3,6% on 24 November and 1,7% on 18 November. The rapid jump in the positivity rate is what concerns the epidemiologists, yet there is little media coverage of this rate on a daily basis.
3. Despite the rapid increase in the number of Covid-19 cases and the positivity rate, President Cyril Ramaphosa on 28 November kept the lockdown restrictions at Level 1. The main message in my view was that the government will shortly be issuing vaccine mandates and will probably increase the frequency of the President's "family meetings" to weekly rather than the long wait between meetings.
4. Several countries banned travellers from South Africa due to the new Omicron variant. The World Health Organisation has condemned the moves, but it is unlikely to be reversed before 2022, so tourism establishments will see a flood of cancellations.
5. The rand weakened to R16,3648/US\$1 on 26 November from R14,8636/\$ on 9 November and R14,3685/\$1 on 21 October. This is the weakest level since October 2020. The move is mostly due to risk-off sentiment after new corona virus was discovered in Botswana.

South African Rand

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Summary Forecast Stats Download Alerts

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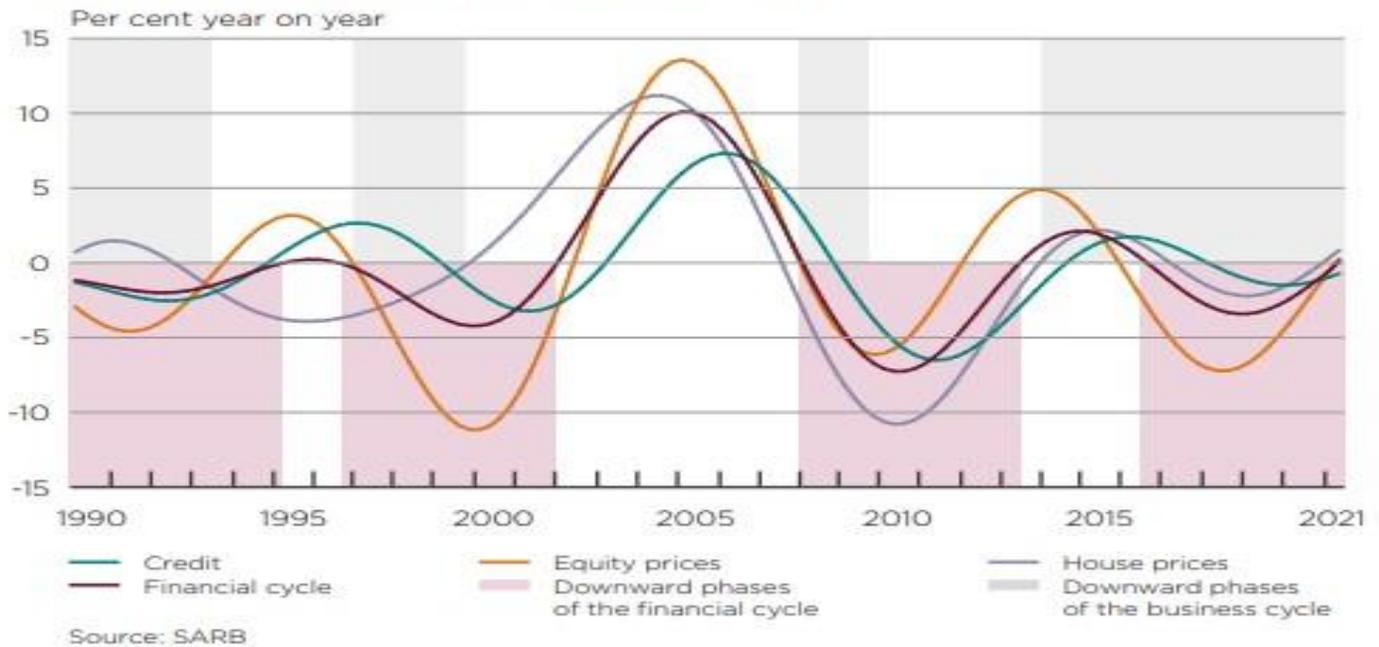


6. **The BER Business Confidence Index was steady at 43 in the fourth and third quarters after falling from 50 in the second quarter.** I had expected a recovery to 48, but load shedding, the NUMSA strike and stock shortages hampered the recovery. Building confidence jumped to 30 from 18, while retail confidence declined marginally to 52 from 56 and wholesale confidence dipped to 53 from 55. The latter two sectors where confidence has exceeded the neutral 50-mark and where indices are significantly above long-term averages. Manufacturing confidence declined to 38 from 41. New vehicle trade confidence fell to 41 from 47 as new vehicle dealers suffered from insufficient stocks.
7. **Producer inflation rose to 8,1% y/y in October from 7,8% y/y in September, 7,2% y/y in August and 7,1% y/y in July.** This was above the consensus forecast of a rise to 8,0% y/y. It was the highest producer inflation rate since February 2016. Producer inflation for intermediate manufactured goods rose to 20,4% y/y in October from 19,5% y/y in September, 17,7% y/y in August and 17,6% in July.
8. **Rail transport payload declined by 3,2% q/q in the third quarter, while road transport decreased by 2,7% q/q.** Rail transport payload in September 2021 was down 16,3% on September 2019, while road transport payload was 2,7% higher than September 2019.
9. **Food and beverage sales rose to R4,6796bn in September from R4,5675bn in August and R3,7043bn in July 2021, but is still way less than the R6,2983bn achieved in September 2019.** Food and beverage sales fell by 43,8% in 2020 and I expect at least a 25% increase this year. The increase in the first nine months was 31,0% y/y.
10. **Income from tourism accommodation rose to R1,1377bn in September from a revised R915,1m (R889,3m) in August 2021 and R626,3m in July, but is still way down on the R2,5472bn achieved in September 2019.** I only expect the annual income from tourism accommodation to reach 2019 levels in 2023.
11. **The Financial Stability Review noted that the South African financial cycle has shifted into an upward phase for the first time in five years.** The financial cycle is measured by the co-movement of a set of financial variables, including private sector credit growth, real estate price growth and equity price growth. Both equity and house prices (on a smoothed basis) have moved above their trend levels, which lifted the financial cycle into an upward phase in the second quarter of 2021. However, credit growth remains

WEEKLY ECONOMIC BRIEFING

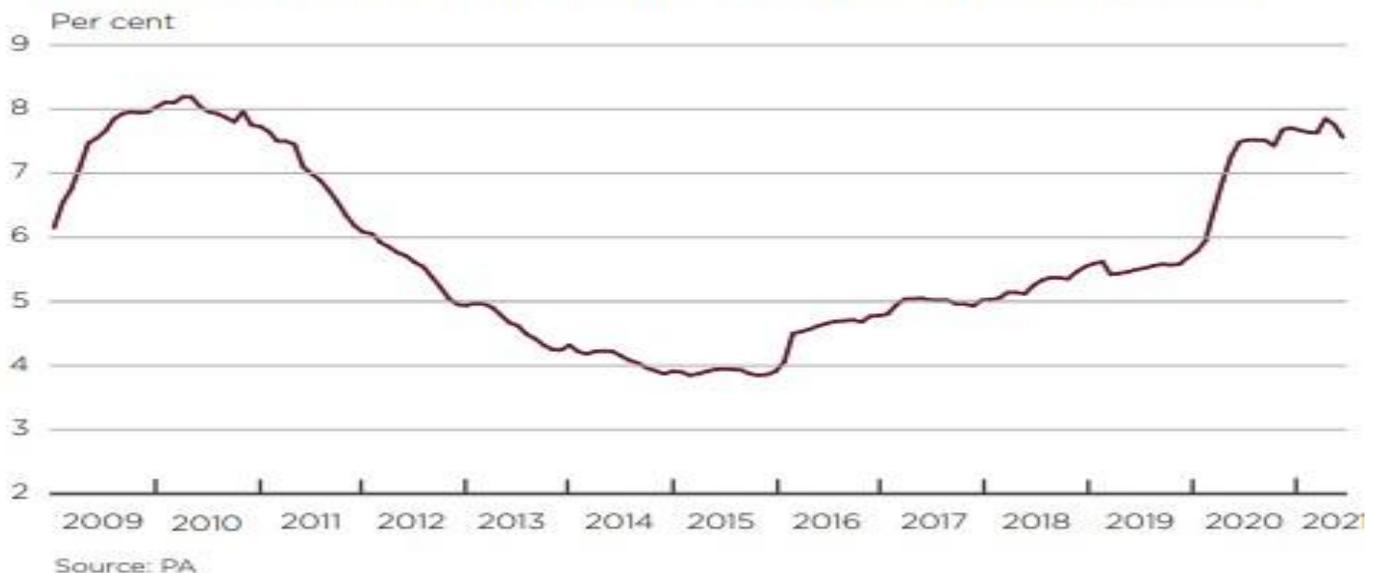
below the trend, which counteracts the sustainability of the financial cycle upswing. Although the lower turning point of the business cycle has not been determined yet, the economy has possibly entered an upward phase already. However, the recovery remains fragile and uneven, further weighing on future prospects for financial variables.

Figure 4: The South African financial cycle



12. **The default ratio for retail loans plateaued in the first half of 2021 according to Financial Stability Review.** Despite the moderation in the level of household debt, the default ratio for bank retail portfolios reached a level close to that during the global financial crisis. Encouragingly, this ratio appears to have stabilised since the start of 2021, albeit at an elevated level of approximately 7,7%. It remains too early to confirm whether retail defaults have peaked. Much depends on the path of Covid-19 and the pace of economic recovery in South Africa.

Figure 40: The default ratio for the banking sector's retail portfolio

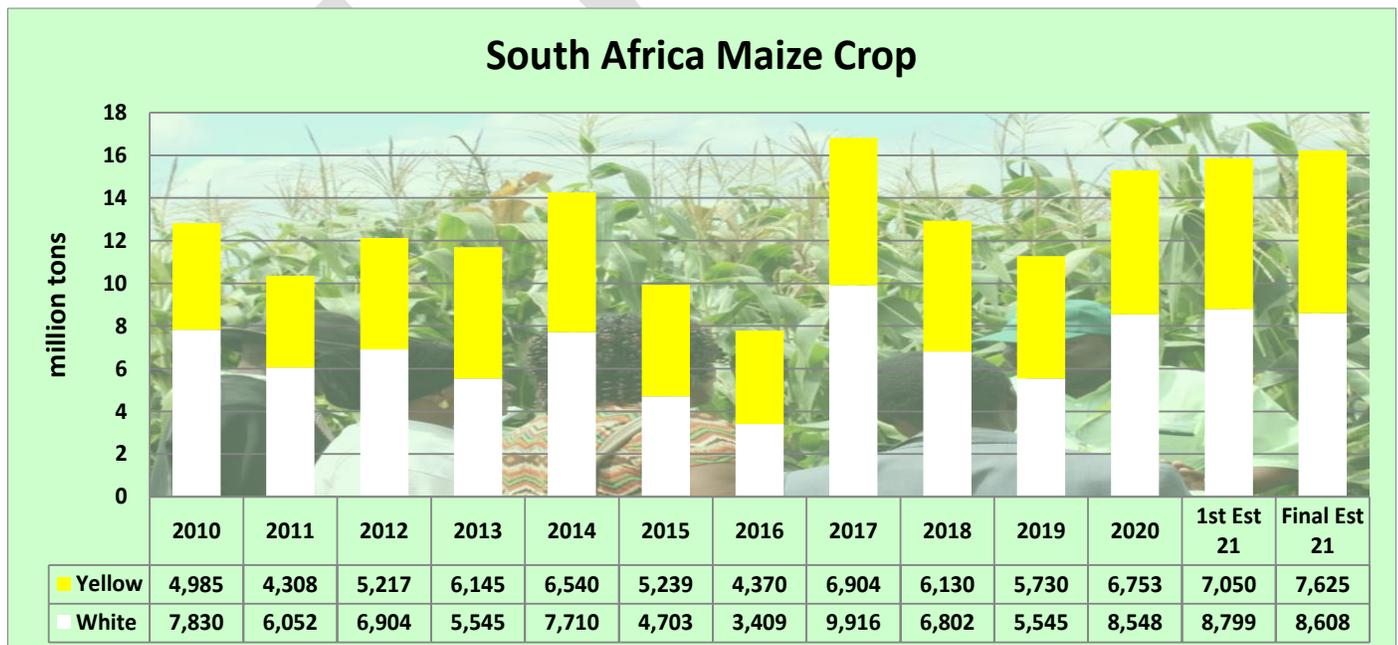


13. **The Prudential Authority (PA) surveyed 12 banks that, based on the geographic location of their businesses, were most likely to be impacted by the July civil unrest and found that banks suffered more than R700m worth of damage, but thankfully no bank employees were hurt or injured during the unrest.** In terms of automated teller machines (ATMs) there was

WEEKLY ECONOMIC BRIEFING

some R480m worth of damage with more than 1 200 ATMs affected. In addition to the physical damage, more than R300m was lost due to the theft of cash, branch assets and other goods.

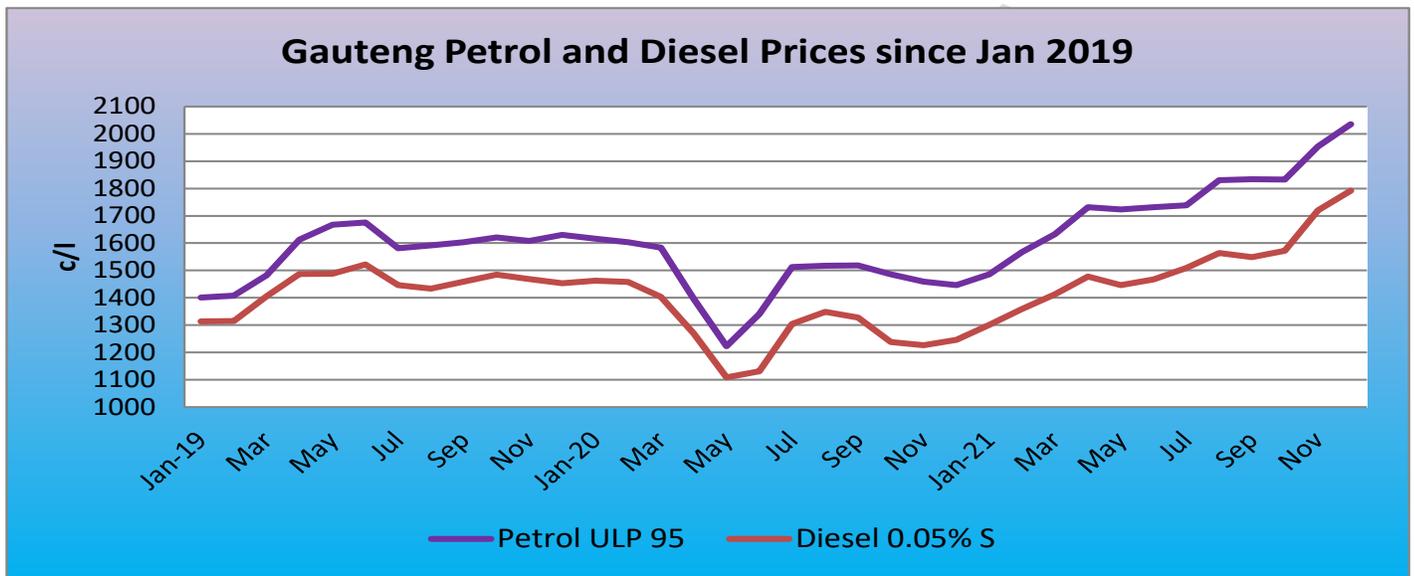
14. **Both life and non-life insurance claims rose in the second quarter.** Life insurance net claims increased by 50,1% y/y and by 7,4% q/q in the second quarter of 2021. In addition, an alarming increase in fraudulent and dishonest claims in the life insurance business poses an earnings risk to the sector. The Association for Savings and Investment South Africa (ASISA) reported an increase of 12% to R58m in these types of claims for 2020 compared with 2019. Non-life insurance claims increased by 40,4% y/y and by 4,1% q/q in the second quarter of 2021. The increase was largely due to increases in motor insurance claims. Non-life insurance claims are expected to increase further in the third quarter of 2021, following the unrest that resulted in looting and damage to property.
15. **The Financial Stability Review noted that the high level of public debt issuance and weak demand for debt from overseas have increased government's reliance on the domestic financial sector for financing.** Non-resident investors reduced their share of bond holdings to 29,0% in September 2021 from 37,3% at the start of 2020. Additionally, government has drawn down its cash deposits held with the South African Reserve Bank, increased short-term borrowing (Treasury bills and bridging finance from the Corporation for Public Deposits (CPD)), and obtained loans from international organisations such as the International Monetary Fund. The increased exposure of domestic institutions to the sovereign at a time of rising public debt poses potential financial stability risks. However, the composition of government debt (being largely local currency-denominated) and its long average maturity are mitigating repayment risks.
16. **The 2021 stress test of the six most important banks showed that these banks are adequately capitalised and able to withstand the protracted economic disruptions.** Banks' capital adequacy ratios (CARs) deteriorated in the adverse scenario, but remained well above the prudential minimum.
17. **The composite leading business cycle indicator fell by 2,3% m/m in September after rising by 0,7% m/m in August.** Seven of the nine available component time series decreased, while the remaining two increased. The largest detractors were decreases in the US dollar-denominated export commodity price index and in the number of residential building plans approved. The two positive contributors were increases in the average hours worked per factory worker and the volume of orders in manufacturing.
18. **The coincident indicator "only" grew by 8,4% y/y in August after a revised 16,35 (15,0%) y/y gain in July.** This indicates that the y/y GDP growth rate will ease in the third quarter compared with the second quarter's 19,3% y/y rise.
19. **The Crop Estimates Committee released its final estimates for the 2020/21 summer crops production season.** South Africa essentially had its second-largest grains harvest on record in the 2020/21 production season. The highlights are the 16,2 million tonnes of maize (up 6% y/y), the second-largest on record and soybeans at 1,9 million tonnes (up by 52% y/y) and a record harvest.



20. **Eskom's Energy Availability Factor (EAF) rose to 58,99% in week 46 from 58,62% in week 45.** I saw no media coverage of this important indicator. The main reason for the poor EAF was that unplanned outages rose to 29,49% in week 46 from 24,77% in week 45 and 23,32% in week 39, even as planned maintenance was cut back to 8,88% in week 46 from 13,32% in week 45. The EAF fell to 64,96% in 2020 from 66,93% in 2019, 71,84% in 2018 and 78,61% in 2016. Planned maintenance outages edged up to 11,32% in 2020 from 9,94% in 2019.

WEEKLY ECONOMIC BRIEFING

21. **South African mining companies are planning 3 900 Megawatts (MW) in green power projects.** This could relieve substantial pressure on the Eskom grid, but it would require a slashing of red tape. "Renewable energy projects in the mining sector could go a long way towards easing the pressure on Eskom to the benefit of other industries and the country as a whole," said Minerals Council CEO Roger Baxter. "These projects must be expedited through a smart tape system. Environmental authorisations take too long and should be materially shortened. In addition, policy issues related to wheeling charges and surplus offtake to other users are required," he added. Wheeling refers to the use of the transmission system to transport power from one location to another.
22. **The Gauteng retail price of petrol will rise by 81 cents per litre (c/l) on 1 December after a 121 c/l jump on 3 November.** This will push the y/y increase to 40,7% from 33,9%, while the equivalent increases for diesel are 43,9% and 40,3%.



Rest of Africa

23. **Deutsche Bank and the Green Climate Fund (GCF) are launching a \$500m investment programme for sub-Saharan Africa.** The facility is designed to finance renewable energy in sub-Saharan Africa and will mainly support decentralised renewable energy production.
24. **The central bank of Ghana raised its benchmark lending rate by 100 basis points to 14,5%.** This was the first rate hike since November 2015, as the central bank cited significant risks to the inflation outlook while the economy continues to recover. Ghana's inflation rate jumped to a 15-month high of 11% in October, breaching the upper limit of the central bank's target band of 6% to 10% for a second time.
25. **Consumer inflation in the Ivory Coast rose to 5,2% y/y in September from 4,7% y/y in August and 3,9% y/y in July.** The September detail was not available. Main upward pressure in August came from prices of food & non-alcoholic beverages (8,8% vs 7,8% in July vs 6,0% in June); housing & utilities (5,0% vs 4,0% vs 5,3%); communication (4,8% vs 4,6% vs 4,1%) and education (4,6% vs 4,5% vs 4,3%).
26. **Kenyans will be barred from bars, restaurants and public transport from 21 December if they are not fully vaccinated against Covid-19, Health Minister Mutahi Kagwe said.** The measures are aimed at increasing the rate of vaccinations ahead of the festive season. Less than 10% of the population is currently vaccinated. Despite the concerns that some African countries have a shortage of vaccines, the Kenyan government is confident that it has enough for its inoculation campaign.
27. **The central bank of Lesotho raised its benchmark lending rate by 25 basis points to 3,75%.** Lesotho's central bank raised its benchmark interest rate for the first time in three years to ensure the domestic cost of funds remains aligned with the rest of the region, but said the economic recovery remains vulnerable to further waves of the COVID-19 pandemic and the emergence of new variants.
28. **Consumer inflation in Morocco rose to 1,7% y/y in October from 1,2% y/y in September.** Upward pressure came from prices of both food products (1,1% vs -0,3% in September); and non-food products (2,2% vs 1,9%), primarily transport (6,2% vs 5,8%).
29. **Consumer inflation in Zambia eased to 19,3% y/y in November from 21,1% y/y in October.** This was the lowest rate since last December, on the back of a stronger kwacha that helped to bring down the costs of imports such as household appliances, vehicles, and certain food items like meat and fish. Prices slowed for both food (25,4% vs 28,1% in October) and non-food inflation (12,2% vs 13,2%).

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- 30. The central bank of Zambia raised its benchmark lending rate by 50 basis points to 9,0%.** "Although inflation is projected to decelerate sharply over the forecast horizon, it will still be above the upper bound of the 6-8 percent range," the central bank said, adding upside risks to the outlook include a possible rise in fuel pump prices and electricity to restore fiscal sustainability as well as a predicted fourth wave of Covid-19, which could disrupt supply chains and trigger price increases.
- 31. Consumer inflation in Zimbabwe rose to 58,4% y/y in November from 54,5% y/y in October.** That was the highest inflation rate since June, even despite the central bank raised in October its main lending rate to 60% in an attempt to tame that increase and to stabilize the free-falling Zimbabwe dollar. Finance and Economic Development minister Mthuli Ncube said recently the economy is witnessing inflationary pressures emanating from benchmarking or indexation of prices of goods and services at parallel market exchange rates, as well as from rocketing international food and oil prices.

International

- 32. The number of confirmed cases of coronavirus around the world approached 262 million on 28 November.** The number of cases globally exceeded 100 000 on 6 March, 200 000 on 18 March, 300 000 on 21 March, 1 million on 2 April, 2 million on 15 April, 3 million on 27 April, 4 million on 10 May, 5 million on 20 May, 6 million on 29 May, 7 million on 7 June, 8 million on 15 June, 9 million on 21 June, 10 million on 28 June, 20 million on 9 August, 30 million on 16 September, 40 million on 18 October, 50 million on 7 November, 60 million on 24 November, 70 million on 9 December, 80 million on 26 December, 90 million on 10 January, 100 million on 25 January, 110 million on 16 February, 120 million on 14 March, 130 million on 1 April, 140 million on 16 April, 150 million on 28 April, 160 million on 11 May, 170 million on 28 May, 180 million on 23 June, 190 million on 16 July, 200 million on 3 August, 210 million on 18 August, 220 million on 3 September, 230 million on 21 September, 240 million on 14 October, 250 million on 6 November and 260 million on 25 November, according to the John Hopkins University tracker.
- 33. Slovakia became the third European country to announce a two-week lockdown.** This followed Austria and Latvia. This highlights downside risks also for the core European economies, especially Germany, should the pressure on ICUs intensify.
- 34. The central bank of the Dominican Republic raised its benchmark lending rate by 50 basis points to 3,5%.** This was the central bank's first rate hike since July 2018 as it enters the second phase of normalizing monetary policy, saying this step will ensure inflation converges to its target while the economic recovery continues to strengthen.
- 35. The central bank of New Zealand raised its benchmark lending rate by 25 basis points to 0,75%.** This followed an earlier rate hike in October, which was the first rate hike since July 2014. The central bank said it would likely need to continue to raise the rate to above the neutral rate as the near-term risks to inflation were skewed to the upside and this carries the risk that higher inflation becomes embedded.
- 36. The central bank of Paraguay raised its benchmark lending rate by 125 basis points to 4,0%.** Policymakers noted that reopening of society and a normalizing economy make it appropriate to begin a gradual normalization of the policy rate, besides the need of a higher rate to counter built-up financial imbalances. This was the fourth consecutive hike since the monetary authority started the normalization process in August.
- 37. The central bank of South Korea raised its benchmark lending rate by 25 basis points to 1,0%.** This was the second rate hike in three months, amid rising inflation and mounting household debt. The board reiterated it will continue to manage the monetary policy with attention to financial stability while ensuring that the growth recovery continues and the inflation rate can be stabilized at the target level in the medium term.
- 38. President Joe Biden said he would re-appoint Federal Reserve chairman Jerome Powell to another four-year term.** He also nominated Governor Lael Brainard to Vice Chair.
- 39. China's steel production plunged by 23,3% y/y in October, pulling down the global steel production by 10,6% y/y.** Most other countries still managed to show y/y increases. India produced 9,8 million tons (Mt), up 2,4%. Japan produced 8,2 Mt, up 14,3%. The US produced 7,5 Mt, up 20,5%. Germany produced 3,7 Mt, up 7,0%. Turkey produced 3,5 Mt, up 8,0%. Brazil is estimated to have produced 3,2 Mt, up 10,4%.
- 40. The US, China, Japan and other oil consuming countries will release crude oil from their strategic fuel reserves in an effort to tame rising energy prices.** The move is part of a joint initiative alongside China, India, Japan, and South Korea, which will also release oil reserves. The decision puts the oil consuming countries on a collision course with OPEC+, which may decide against increasing production in its December meeting in a bid to maintain prices.
- 41. Registrations of new commercial vehicles in the European Union (EU) continued their downward trajectory in October, falling by 16,4% y/y.** All vehicle segments saw declines, but van and bus sales fell most significantly. The region's overall performance was not helped by its largest markets, as all four suffered double-digit losses last month: Spain (-32,7%), Germany (-24,3%), France (-23,3%) and Italy (-22,9%). Despite the large October fall, sales in the first ten months were still up 14,7% y/y.
- 42. Olaf Scholz was confirmed as the next German chancellor.** The center-left Social Democrat has built a coalition with two other parties, the Greens and the Free Democrats and will succeed Angela Merkel.

WEEKLY ECONOMIC BRIEFING

- 43. Peru's economy expanded by 11,4% y/y in the third quarter after a record 41,9% y/y gain in the second quarter.** The economy continued to recover from the recession brought by the pandemic. The main contributors to the GDP growth were commerce (10,0% vs 85,6% in Q2), manufacturing (8,4% vs 61,0%), construction (23,2% vs 230,5%), transportation and storage (31,6% vs 83,8%), and restaurants and hotels (99,4% vs 422,8%). On the other hand, output fell for fishing and agriculture (-37,9% vs 21,1%).
- 44. US new home sales rose by 0,4% m/m in October to a seasonally adjusted annualised rate of 745 000.** This was below the consensus forecast of a gain to 800 000. Positive contributions from the Midwest (11,0%) and the South (0,2%) were partly offset by sharp declines in the Northeast (-11,8%) and the West (-1,1%). The median sales price increased to \$407700 in October, the highest on record and compared with \$346 900 in October 2020. There were 389 000 new homes available for sale in the market, the most in 13 years and up from 378 000 in September. At the current sales pace, it would take 6,3 months to exhaust the supply of new homes, compared with 3,6 months at the start of the year.
- 45. US household spending rose by 1,3% m/m in October.** That followed upward revisions to the increases recorded in the prior two months. The household income rise of 0,5% m/m surprised to the upside, led by a robust 0,8% gain in wage and salary income, and with government transfer payments receding more slowly than expected. With these income gains, the saving rate dropped to 7,3% in October, in line with pre-pandemic norms, but not yet at a rate that would pare the \$2,5 trillion or so in excess savings accumulated during the pandemic.
- 46. The US personal consumption expenditure price index rose by 5,0% y/y in October from 4,4% y/y in September.** The core PCE index rose by 4,1% y/y in October from 3,7% y/y in September.
- 47. US sales of existing homes rose by 0,8% m/m in October to a seasonally adjusted annualised rate of 6,34 million units.** Sales were up in the Midwest and the South while the Northeast reported a drop, and the West held steady. The median existing-home price was \$353 900, up 13,1% from October 2020, as prices climbed in each region.
- 48. US initial jobless claims plunged by 71 000 w/w to 199 000 in the week ending 20 November.** This was the lowest level since 1969 and may in part be due to faulty seasonal adjustment as the non-seasonally adjusted number rose by 18 000 to 259 000. The data could become noisy over the holiday season.
- 49. Traffic at US retail stores on Black Friday dropped 28,3% compared with 2019 levels, but was up 47,5% y/y.** "It's clear shoppers are shopping earlier this season, just as they did last season," said Brian Field, senior director of global retail consulting at Sensormatic. Online, retailers rang up \$8,9bn in sales on Black Friday, down from the record of about \$9bn spent on the Friday after Thanksgiving a year earlier, according to data from Adobe Analytics. On Thanksgiving Day, visits to brick-and-mortar stores cratered 90,4% from 2019 levels, Sensormatic found. Retailers including Target, Walmart and Best Buy opted to keep their doors closed to customers on the holiday. Target has said it will be a permanent shift. According to Adobe, out-of-stock messages on retailers' websites are up 124% through Friday versus pre-pandemic levels. Appliances, electronics, housekeeping supplies and home and garden items have the largest stock-out rates, Adobe said.
- 50. Import prices in Germany surged by 21,7% y/y in October.** This was the largest annual increase since January 1980 and well above market consensus of a 19,6% rise. Energy cost jumped 141,0%, mainly due to higher prices for natural gas (193,9%) and crude oil (105,9%). Meanwhile, cost for imported intermediate goods rose 22,1%, boosted by fertilizers and nitrogen compounds (123,3%), pig iron, steel and ferro-alloys (60,8%), raw aluminium (59,6%), raw copper (47,1%) and plastics in primary forms (41,5%).
- 51. The GfK Consumer Climate Indicator in Germany fell to -1,6 in December from 1,0 in November.** This was the lowest reading since June, as consumers grew increasingly worried about inflation and the Covid-19 situation, which negatively affected the propensity to buy as well as both economic and income expectations. "On the one hand, there is the fourth wave of the pandemic with exploding incidences, the threat of overburdening the health system and fear of further restrictions. On the other hand, a high inflation rate is melting the purchasing power of consumers" said GfK expert Rolf Buerkl.
- 52. UK car production fell 41,4% y/y in October to 64 729 units.** This was the fourth straight month of decline and the weakest October since 1956 as firms grappled with the global shortage of semiconductors which led to production stoppages. Production of the latest battery electric (BEV), plug-in hybrid (PHEV) and hybrid (HEV) vehicles comprised 30,9% of all cars made in October. BEV manufacturing rose 17,5% to 8 454 units, meaning that, so far this year, UK car makers have produced more than 50 000 zero emission vehicles, exceeding the total built in the whole of the pre-pandemic 2019.
- 53. Shipping lines' market power is finally starting to wane as the Black Friday rush is over.** Ocean freight rates from Asia to North America, after plateauing in September, are starting to drop, according to data from the freight booking platform Freightos. Between 5 and 12 November freight rates fell 21%—the largest weekly drop since the pandemic began.
- 54. The US Navy is opening facilities in Port Hueneme, which is located less than 100 miles north of the Port of Los Angeles.** The opening is in direct support of decreasing port congestion. Port Hueneme is the West Coast homeport of the Navy's famous construction battalion, the Seabees. A standing Joint Use Agreement with Naval Base Ventura County (NBVC) and the Oxnard Harbor District (OHD), allows the Navy to support commercial supply chain logistics when activated for emergency use. The US Navy has not mentioned opening other ports in California but approximately 100 miles south is US Naval Base San Diego which is the second largest surface ship base operated by the United States Navy. There is also no mention of the Navy activating the US

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Maritime Administration's (MARAD) extensive Ready Reserve Fleet or US Navy Military Sealift Command ships capable of moving containers up and down the coast in a process called short sea shipping.

55. **China is preventing public access to shipping location signals because of national security concerns.** This may snarl up shipping schedules as shipping lines rely on realtime location data to schedule their ships.
56. **China's birth rate fell to its lowest point in more than four decades in 2020.** This is according to the National Bureau of Statistics. The birth rate stood at 8,52 per 1,000 people in 2020, down from 10,41 in 2019. This was the first time the birth rate has dropped below 10 since 1978. The seventh national census shows that China registered 12 million newborn babies in 2020, with a lower-than-expected fertility rate of 1.3 for women of childbearing age.

BUSINESS