

# Talking economics with the big guns for 60 years

With 60 years' experience in the field of economic research, analysis and forecasting, the Bureau for Economic Research (BER) has developed into one of the forerunners amongst economic institutions. So if it is information regarding South Africa's economic future that you are seeking, the BER, based at Stellenbosch University, should be your first stop. Lynne Rippenaar went to speak to the BER to find out what 2007 has in store.



*This is how we do it. Prof Ben Smit, Director of the BER (second from right) and Ms Jenny Terwin, Marketing and Communications Manager (middle) with 2007 interns Nomvuyo Guma, Philadelphia Oliphant and Sizwe Nxedlana.*

The BER consults to a number of major corporations and government departments. "What makes the BER unique is the fact that we are independent. For this reason companies use the BER to conduct economic research for them. We are also the leading research institute in South Africa in the field of business tendency surveys," says Ms Jenny Terwin, Media Relations Officer at the BER. "Furthermore, we are also involved in the forecasting of macroeconomic indicators such as inflation and interest rates. Over the years we have also undertaken numerous ad hoc research projects for both the private and the public sectors."

The BER was established in 1944 by Prof CGW Schumann, Dean of the Faculty of Economic and Management Sciences at Stellenbosch University, and was funded by the University up until 1995. Over the years the BER has built a solid reputation both nationally and internationally as an independent and authoritative economic research institution. When the Bureau first opened its doors, its main focus areas were the production of business surveys and the analysis of business cycles.

Today the BER's core business involves the production of the quarterly indices and economic surveys. These include indices such as the Consumer Confidence Index, the Business Confidence Index, the Building

Cost Index, the Purchasing Managers Index, the Financial Services Index, and surveys such as the Retail Survey, Manufacturing Survey, Building and Construction Survey, Inflation Expectations Survey, Purchasing Managers Survey and the Financial Services Survey.

The BER is not only involved in research, forecasting and analysis, but has started addressing the dire need for black economists in South Africa by implementing an internship programme in conjunction with Afrifocus Securities and Kagiso Trust Investments in 2005. Applications were invited from previously disadvantaged post-graduate Honours students right across South Africa. Three interns were chosen and spent a year working as trainee economists for the BER. According to Terwin, the three interns have been involved in research, analysis and forecasting from day one.

"Here they are thrown in the deep end and are given practical hands-on experience," says Terwin. "We certainly feel that the internship is addressing the shortage of black economists in the country."

According to Prof Ben Smit, Director of the BER, the South African macroeconomic outlook for 2007 is looking good despite indications that inflation will continue to climb over the next six months, pushing up interest rates further and curbing domestic expenditure as South African consumers adjust to price increases of consumer goods.

"South Africa's macroeconomic outlook remains quite positive despite more onerous financial conditions currently experienced. The real economy is holding up well and although domestic expenditure is expected to respond to the higher interest rate environment, export growth – responding to the weaker currency – should take up some of the slack, providing for a welcome rotation in sectoral growth," says Prof Smit. 

• Contact the BER at 021 887 2810 or visit [www.ber.sun.ac.za](http://www.ber.sun.ac.za) for more information.

## What can we expect in 2007?

- Inflation is expected to increase further over the next six months.
- This will lead to an increase in interest rates. According to Prof Ben Smit from the BER, it is expected that the interest rate will increase by at least two more 50 basis points in the first quarter of 2007.
- As interest rates increase, domestic expenditure, including private consumption expenditure and private fixed investment are expected to slow down.
- The volatility in the Rand/Dollar exchange rate is expected to continue, with expectations that the Rand will depreciate to R8,10 to the Dollar by the fourth quarter of 2007.