



WEEK ENDING

11 JANUARY 2019

HIGHLIGHTS

South Africa

1. The African National Congress (ANC) launched its 2019 Election Manifesto on 12 January in Durban.
2. The rand strengthened to R13,77/US\$1 on 11 January from R14,65/\$1 on 3 January and R15,69/\$1 on 5 September.
3. South Africa's ranking in the 2018 Index of Economic Freedom improved to 77 (from 78) out of 180 countries ranked by the Heritage Foundation.
4. The National Association of Automobile Manufacturers of SA (Naamsa) new vehicle sales eased by 0,9% in 2018 to 552 390 units after a 1,8% gain in 2017, slumping by 11,3% in 2016, falling by 4,1% in 2015, a 0,7% drop in 2014, a 2,9% increase in 2013 and a 10,2% jump in 2012.
5. New vehicle exports rose by 5,7% in 2018 to 351 272 units after falling by 3,6% in 2017 to 332 467 units.
6. Electricity consumption rose by 0,9% y/y in November after a 2,2% y/y jump in October and a 0,3% y/y gain in September.
7. The power supplied by non-Eskom producers of the total produced rose to 9,7% in November from 9,4% in October and 8,8% in September.
8. Electricity imports rose by 33,6% y/y in November after falling by 18,8% in 2017, while exports declined by 4,0% y/y after dropping by 8,1% in 2017.
9. Eskom failed to publish its weekly system status report for the third consecutive week.
10. Manufacturing production rose by 1,6% y/y in November after a revised 2,8% (3,0%) y/y gain in October.
11. The Bureau for Economic Research (BER) manufacturing index rose to 50,7 in December from 49,5 in November and 42,4 in October.
12. The SACCI Business Confidence Index (BCI) eased to 95,2 in December from 96,1 in November and the multi-year low of 89,6 set in August 2017.
13. The South African Reserve Bank's foreign exchange reserves rose by \$716m in December to \$43,272bn after a \$478m increase in November, falling by \$333m in October, rising by \$637m in September and jumping by \$1,693bn in May.
14. The Gauteng Provincial Government is the worst performing province in South Africa when it comes to paying suppliers within 30 days, according to a report from the Department of Public Service and Administration (DPSA).
15. The neighbouring states of Botswana, Eswatini (formerly Swaziland), Namibia and Zimbabwe have banned the import of livestock products from South Africa following an outbreak of foot-and-mouth disease (FMD) in Limpopo.

Rest of Africa

16. The Egyptian PMI rose to 49,6 in December from 49,2 in November, 48,6 in October, 48,7 in September, 50,5 in August and 50,3 in July.
17. Consumer inflation in Egypt eased to 12,0% y/y in December from 15,7% y/y in November and 17,7% y/y in October.
18. Consumer inflation in Ghana rose to 9,4% y/y in December from 9,3% y/y in November, 9,5% y/y in October and 9,8% y/y in September.
19. Consumer inflation in Mauritius eased to 1,8% y/y in December after being steady at 2,8% y/y in November and October.
20. Consumer inflation in Mozambique eased to 3,53% y/y in December from 4,27% y/y in November, 4,75% y/y in October and 4,89% y/y in September.
21. Consumer prices in Rwanda rose by 0,1% y/y in December after easing by 1,0% y/y in November and falling by 3,4% y/y in October.
22. Consumer inflation in Senegal rose to 1,3% y/y in December from 0,5% y/y in November, 0,1% y/y in October and 0,9% y/y in September.
23. Consumer inflation in Tanzania rose to 3,3% y/y in December from 3,0% y/y in November and 3,2% y/y in October.
24. Consumer inflation in Tunisia rose to 7,5% y/y in December after being steady at 7,4% y/y in November, October and September and after being steady at 7,5% y/y in August and July.

International

25. International passenger traffic rose by 6,6% y/y in November after a 6,2% y/y gain in October according to the International Air Transport Association (Iata).
26. Consumer inflation in the US eased to 1,9% y/y in December from 2,2% y/y in November and 2,5% y/y in October.
27. The US NFIB's Small Business Optimism Index eased to 104,4 in December from 104,8 in November and 107,4 in October.
28. US consumer credit rose by \$22,2bn in November after a \$24,9bn gain in October.
29. Consumer inflation in Belarus rose to 5,6% y/y in December from 5,0% y/y in November.
30. Consumer inflation in Brazil eased to 3,75% y/y in December from 4,05% y/y in November, 4,56% y/y in October and 4,53% y/y in September.
31. Consumer inflation in Chile eased to 2,6% y/y in December from 2,8% y/y in November and 2,9% y/y in October.

WEEKLY ECONOMIC BRIEFING

32. Consumer inflation in China eased to 1,9% y/y in December from 2,2% y/y in November and 2,5% y/y in October.
33. Producer inflation in China eased to 0,9% y/y in December from 2,7% y/y in November and 3,3% y/y in October.
34. China's foreign exchange reserves rose by \$11bn to \$3,0727 trillion in December after a \$11bn gain in November.
35. Chinese commercial banks' non-performing loan (NPL) ratio hit a 10-year high of 1,89% at the end of 2018.
36. Consumer inflation in Russia rose to 4,3% y/y in December from 3,8% y/y in November.
37. Consumer inflation in Ukraine eased to 9,8% y/y in December from 10,0% in November.
38. The unemployment rate in Thailand eased to 0,9% in December from 1,0% in November.
39. Industrial production in Germany fell by 4,7% y/y in November after a 0,5% y/y gain in October.
40. Industrial production in India eased to 0,5% y/y in November from a 11-month high of 8,4% y/y in October.
41. Manufacturing production in the UK fell by 1,1% y/y in November after a 0,7% y/y drop in October.
42. New car registrations in the UK fell by 5,5% y/y in December to 144 089 units.
43. The UK trade deficit narrowed by GBP 0,13bn to GBP 2,9bn in November.
44. UK shopkeepers suffered the bleakest Christmas in a decade as sales registered no growth y/y in December 2018.
45. China imported 23,37 million tonnes of crude oil from Russia through the China-Russia oil pipeline in the first ten months of 2018.
46. The number of foreign tourist arrivals in Spain rose by 3,6% y/y in November to 4,5 million after a 5,0% y/y gain in October.
47. IBM kept the US patent crown for the 26th straight year in 2018, receiving 9,100 patents in areas like artificial intelligence, cloud computing and cybersecurity.

South Africa

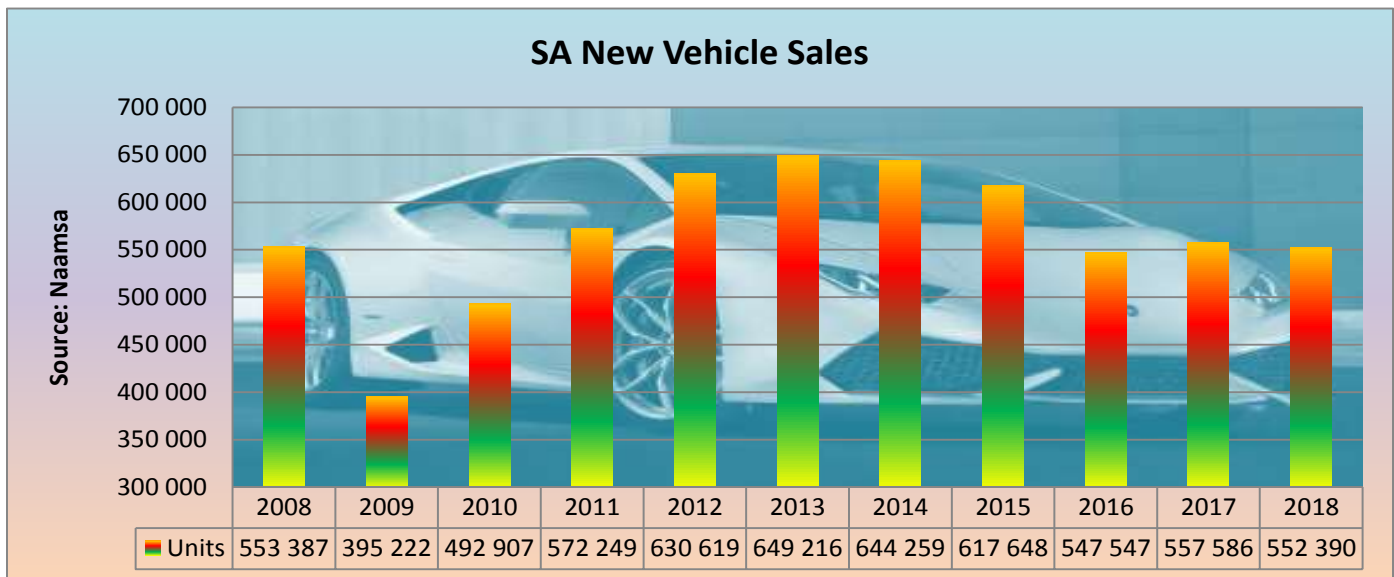
1. **The African National Congress (ANC) launched its 2019 Election Manifesto on 12 January in Durban.** The election slogan is "let's grow South Africa together" and is a continuation of the Thuma Mina ("Send Me") appeal from the 2018 State of the Nation Address. The core election narrative is that as the ruling party, only the ANC will be able to grow the South African economy, despite the failure of the Zuma years, when per capita GDP growth was negative. The "New Dawn" is referenced by President Cyril Ramaphosa in his foreword when he highlights, "new hope", "uproot corruption", "renewal", and "rebuilding".
2. **The rand strengthened to R13,77/US\$1 on 11 January from R14,65/\$1 on 3 January and R15,69/\$1 on 5 September.** The strengthening is largely due to US dollar weakness.



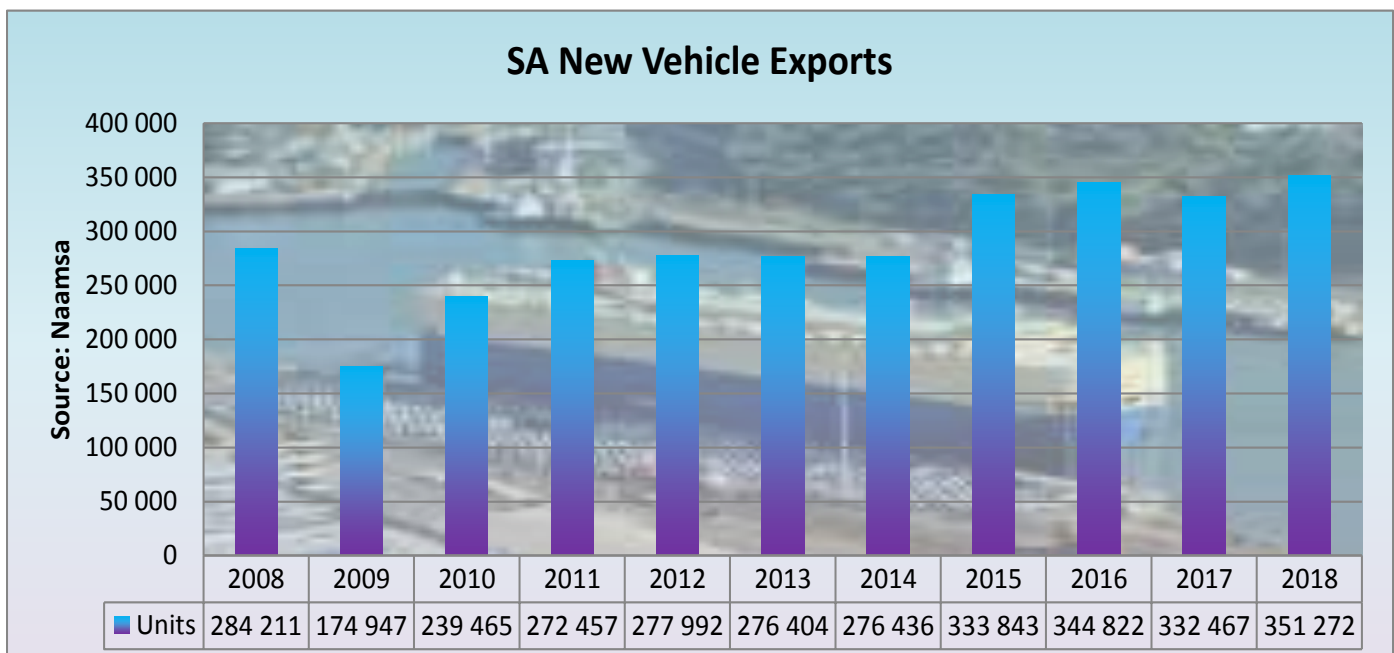
WEEKLY ECONOMIC BRIEFING

3. **South Africa's ranking in the 2018 Index of Economic Freedom improved to 77 (from 78) out of 180 countries ranked by the Heritage Foundation.** Notable improvements for South Africa in 2018 included an improvement in the area of investment freedom and judicial effectiveness. Investment freedom improved by ten points to 50, and judicial effectiveness improved from 59,7 in 2017 to 65,9 in 2018. Other improvements that boosted South Africa in the economic freedom rankings are advancements in the areas of property rights, which is up from 67,6 in 2017 to 67,7 in 2018, while fiscal health improved by 4,6 points to 75,3. Business freedom advanced by 3,1 points to 65,1, and labour freedom improved by 1,2 points to 60,1. On the global front, based on the measurements of this index, the Heritage Foundation finds that the global average economic freedom score is 61,1, the highest score since inception of the index 24 years ago.

4. **The National Association of Automobile Manufacturers of SA (Naamsa) new vehicle sales eased by 0,9% in 2018 to 552 390 units after a 1,8% gain in 2017, slumping by 11,3% in 2016, falling by 4,1% in 2015, a 0,7% drop in 2014, a 2,9% increase in 2013 and a 10,2% jump in 2012.** The year ended off on a disappointing note as new vehicle sales fell by 1,9% y/y in December after a 4,6% y/y drop in November. The 2018 total was below the start of the year Naamsa forecast of 572 000, while I was even more optimistic and expected 575 000, which is still well below the 2015 sales figure. Now Naamsa only expect a modest 1% rise in 2019, while I am looking for a 2% increase.

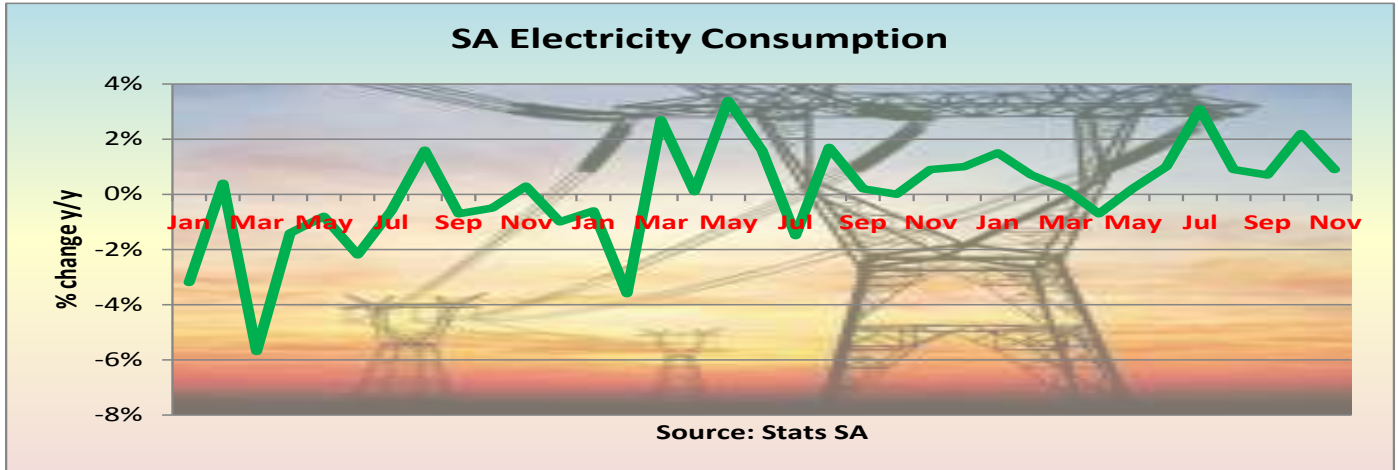


5. **New vehicle exports rose by 5,7% in 2018 to 351 272 units after falling by 3,6% in 2017 to 332 467 units.** This was below the Naamsa 2018 forecast of 366 000 units, while I was looking for 370 000 units. For 2019 Naamsa expects an increase to 385 000, while I forecast a rise to 381 000.

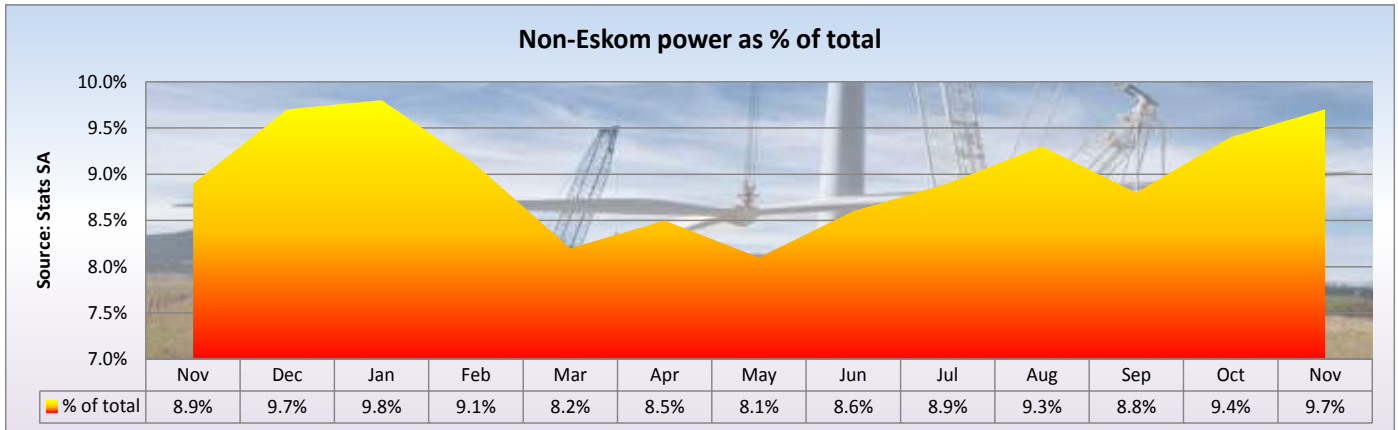


WEEKLY ECONOMIC BRIEFING

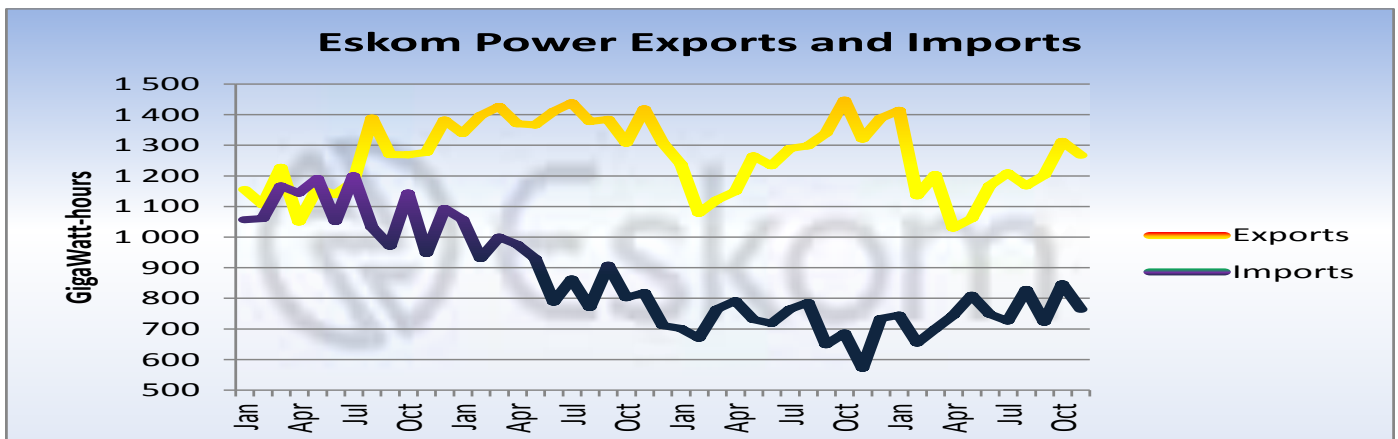
6. **Electricity consumption rose by 0,9% y/y in November after a 2,2% y/y jump in October and a 0,3% y/y gain in September.** A rough guide to GDP y/y growth is that recently electricity y/y growth is a third of GDP growth. The winter months are however more a reflection of how cold it is. In the first 11 months electricity consumption rose by 1,0% compared with a 0,5% increase for the full year 2017.



7. **The power supplied by non-Eskom producers of the total produced rose to 9,7% in November from 9,4% in October and 8,8% in September.** The power supplied by non-Eskom producers has increased from only 884 Gigawatt-hours (GWh) in December 2007 to a total of 2 060 GWh in November 2018. Eskom reduces its base load generation in the summer months to carry out maintenance. In winter it normally increases its capacity.



8. **Electricity imports rose by 33,6% y/y in November after falling by 18,8% in 2017, while exports declined by 4,0% y/y after dropping by 8,1% in 2017.** Exports grew by 13,3% in 2016, while imports fell by 19,2%. The drop in y/y exports was due to improved availability of hydroelectric power in our neighbouring states.

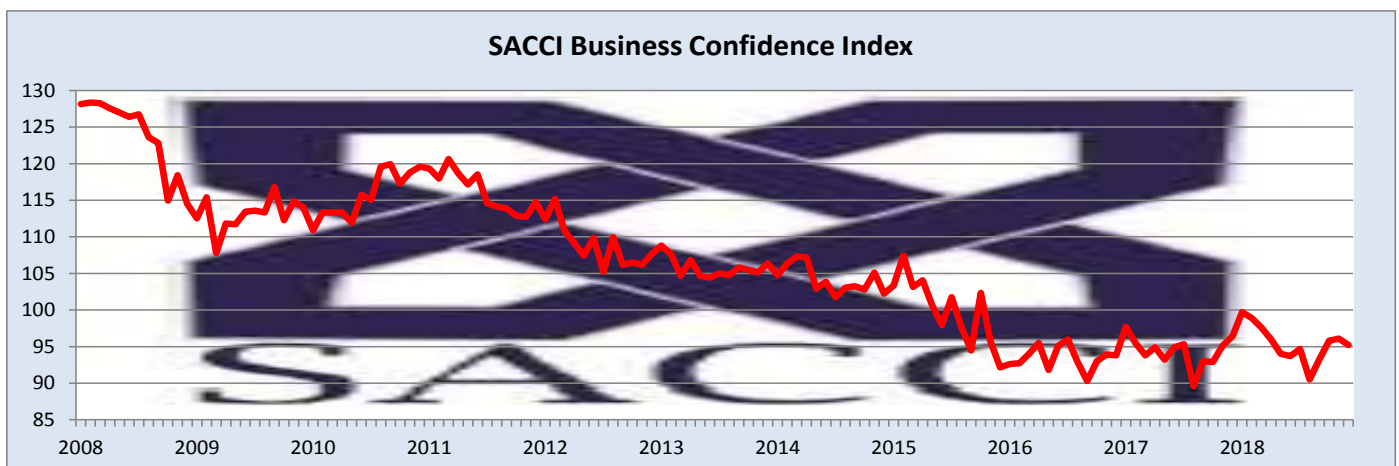


WEEKLY ECONOMIC BRIEFING

9. **Eskom failed to publish its weekly system status report for the third consecutive week.** They are supposed to publish the report on their website on the Wednesday for the week ending the Sunday of the previous week. The latest available weekly system status report is for the week ending 16 December 2018. This is the sixth time they have failed to publish the weekly report on a Wednesday for a failure rate of 20%. In the private sector you would be fired if you failed to turn up for work every fifth day.
10. **Manufacturing production rose by 1,6% y/y in November after a revised 2,8% (3,0%) y/y gain in October.** This brought the year-to-date increase to 1,3% compared with a 0,5% drop for the full year 2017. Output growth eased for food & beverages (5,2% vs 6,1% in October) and motor vehicles, parts & accessories other transport equipment (6,2% vs 13,2%). Production fell for basic iron & steel, non-ferrous metal products, metal products and machinery (-1,7% vs 2,9%) and wood & wood products, paper, publishing and printing (-1,4% vs 1,9%) and dropped further for electrical machinery (-6,3% vs -4,3% and radio, television & communication apparatus (-6,2% vs -5,6%).



11. **The Bureau for Economic Research (BER) manufacturing index rose to 50,7 in December from 49,5 in November and 42,4 in October.** This was the first time it was above or at 50 since February 2018. The business activity (output) index rose to 53,8 in December from 49,2 in November, 40,3 in October, 40,2 in September and 39,2 in August. The new sales orders index jumped to 54,3 in December from 50,3 in November, 39,0 in October, 42,1 in September and 44,2 in August. The employment index eased to 40,5 in December from 43,5 in November, 44,2 in October, 43,3 in September and 45,3 in August, while the prices index eased to 72,5 in December from 78,6 in November, 84,7 in October, 85,9 in September, 79,7 in August, 83,6 in July, and 73,6 in June. The inventory index jumped to 50,2 in November from 41,4 in October, 49,1 in September after rising to 50,4 in August for the first move above 50 since March 2017.
12. **The SACCI Business Confidence Index (BCI) eased to 95,2 in December from 96,1 in November and the multi-year low of 89,6 set in August 2017.** The average for the BCI in 2018 was 95,5 from 94,4 in 2017 and 93,5 in 2016. It was last above 100 in October 2015.



WEEKLY ECONOMIC BRIEFING

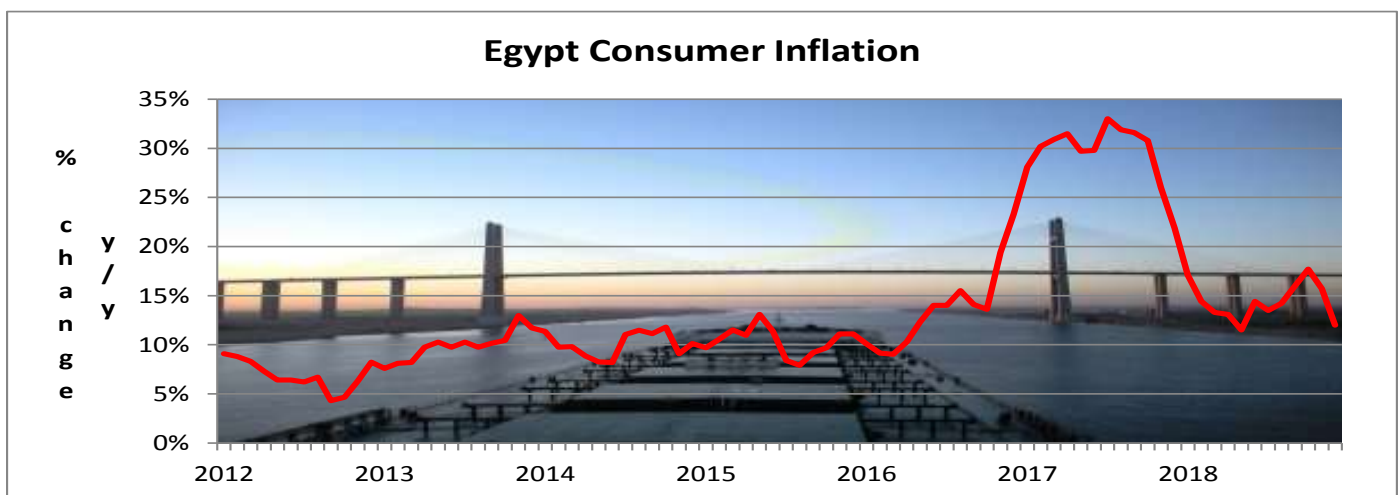
13. The South African Reserve Bank's foreign exchange reserves rose by \$716m in December to \$43,272bn after a \$478m increase in November, falling by \$333m in October, rising by \$637m in September and jumping by \$1,693bn in May. The December 2018 level was the highest since February 2012. The May 2018 jump was due to the \$2bn global bond issue by the Treasury. Gold reserves jumped by \$244m to \$5,17bn after rising by \$27m in November and \$128m in October.



14. The Gauteng Provincial Government is the worst performing province in South Africa when it comes to paying suppliers within 30 days, according to a report from the Department of Public Service and Administration (DPSA). In terms of the Public Finance Management Act (PFMA), government departments are obliged to pay suppliers within 30 days of receipt of invoice. According to the DPSA, for the first quarter (July to September) of the 2018/2019 financial year, the nine provincial governments failed to pay a staggering 96 076 invoices on time, of which Gauteng was responsible for 37 073. This amounts to 38% of all late and unpaid invoices with a value of R2,3bn.
15. The neighbouring states of Botswana, Eswatini (formerly Swaziland), Namibia and Zimbabwe have banned the import of livestock products from South Africa following an outbreak of foot-and-mouth disease (FMD) in Limpopo. The FMD outbreak means South Africa has to stop its exports of cloven-hoofed animals such as cattle, pig and goats. The cross border trade in veld grasses, bedding and animal manure from the contaminated area is also prohibited with immediate effect. The affected areas were under quarantine and investigations to verify the results and determine the extent of the outbreak were being conducted.

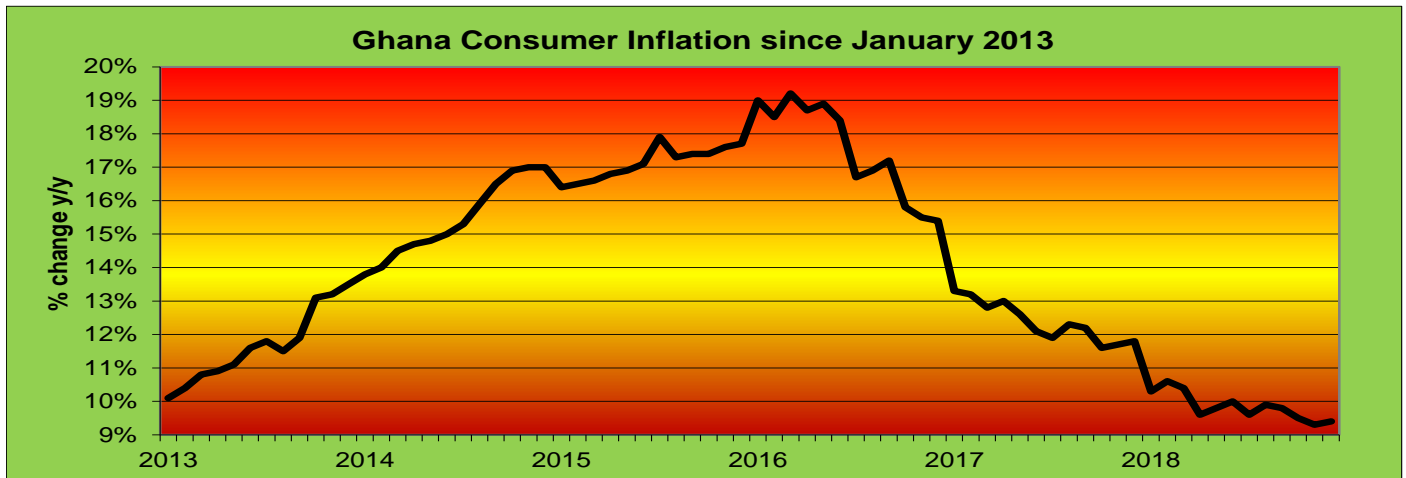
Rest of Africa

16. The Egyptian PMI rose to 49,6 in December from 49,2 in November, 48,6 in October, 48,7 in September, 50,5 in August and 50,3 in July. Prior to November 2017, the index was last above 50 in September 2015 at 50,2. August was the first time since September 2015 that two consecutive months have returned positive readings, suggesting that the Egyptian non-oil private sector is beginning to see the protracted recovery that panellists had projected would take hold in the new fiscal year. In December input cost inflation slowed to a new record low across the series, mainly due to lower purchase prices and salaries while output prices rose marginally.
17. Consumer inflation in Egypt eased to 12,0% y/y in December from 15,7% y/y in November and 17,7% y/y in October. The easing in the inflation rate will allow the central bank to cut rates soon. The annual average inflation rate was 14,4% in 2018 from 29,6% in 2017, 13,7% in 2016, 10,4% in 2015, 10,1% in 2014, 9,9% in 2013 and 6,9% in 2012.

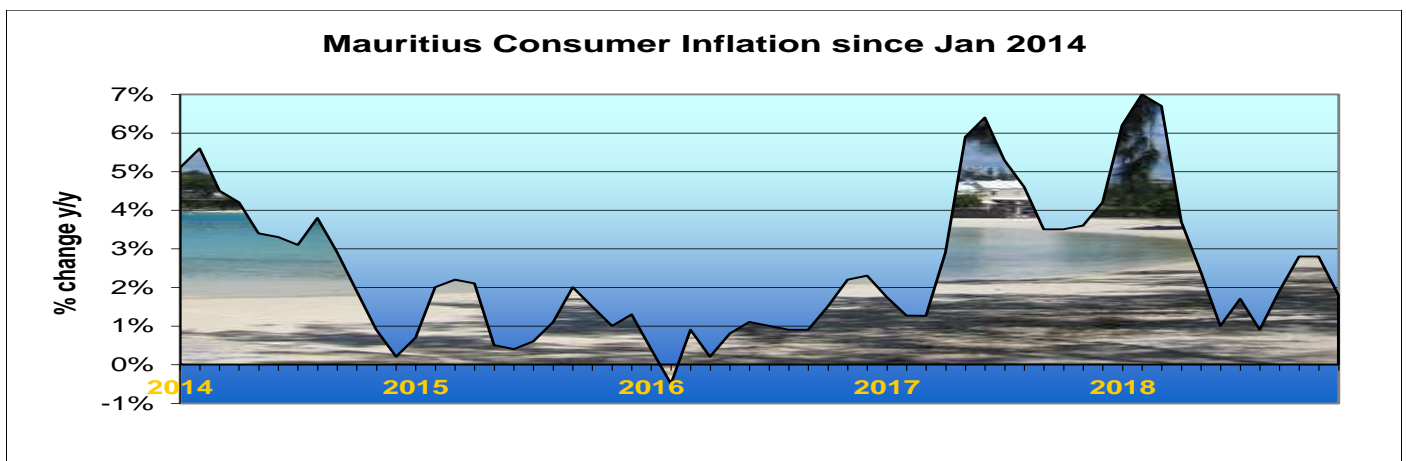


WEEKLY ECONOMIC BRIEFING

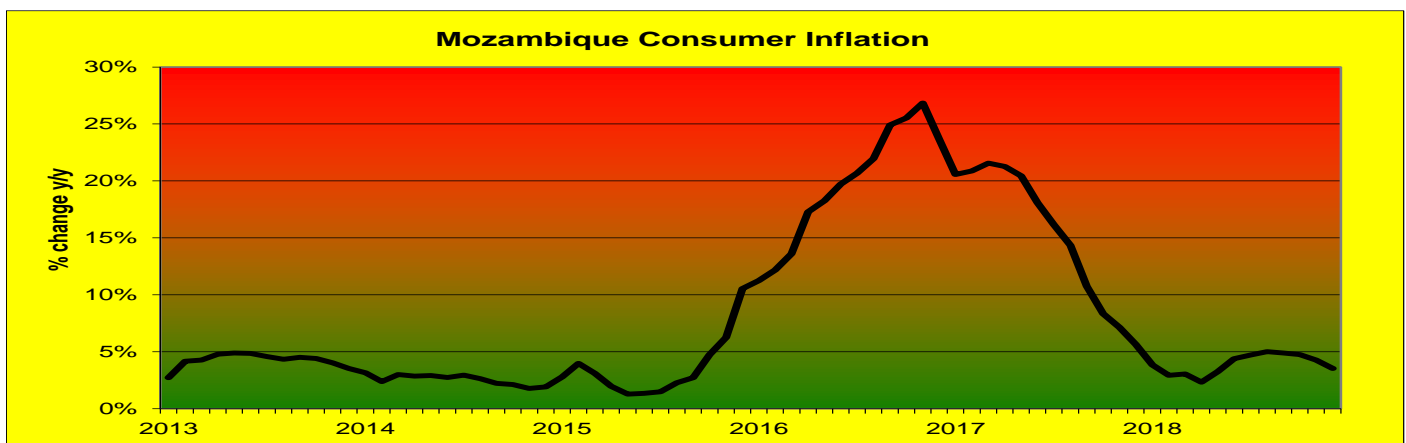
18. **Consumer inflation in Ghana rose to 9,4% y/y in December from 9,3% y/y in November, 9,5% y/y in October and 9,8% y/y in September.** The November 2018 rate was the lowest rate since December 2012. In December both food and non-food prices increased at a faster pace. The annual average inflation rate was 9,9% in 2018 from 12,4% in 2017, 17,5% in 2016, 17,1% in 2015 and 15,5% in 2014.



19. **Consumer inflation in Mauritius eased to 1,8% y/y in December after being steady at 2,8% y/y in November and October.** This was largely due to an easing in food inflation to 2,3% y/y in December from 5,2% y/y in November. The annual average inflation rate was 3,2% in 2018 from 3,7% in 2017, 1,0% in 2016, 1,3% in 2015 and 3,2% in 2014.



20. **Consumer inflation in Mozambique eased to 3,53% y/y in December from 4,27% y/y in November, 4,75% y/y in October and 4,89% y/y in September.** This was largely due to subdued food inflation which eased to 0,17% y/y in December from 0,9% y/y in November. The annual average inflation rate was 3,9% in 2018 from 15,4% in 2017, 19,7% in 2016, 3,5% in 2015 and 2,6% in 2014.

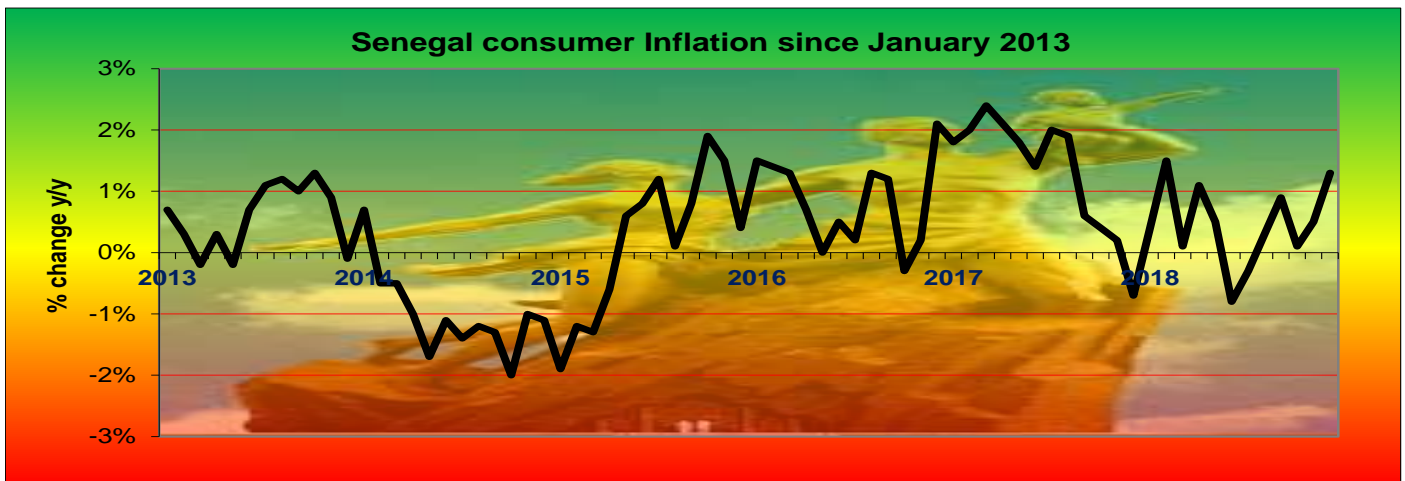


WEEKLY ECONOMIC BRIEFING

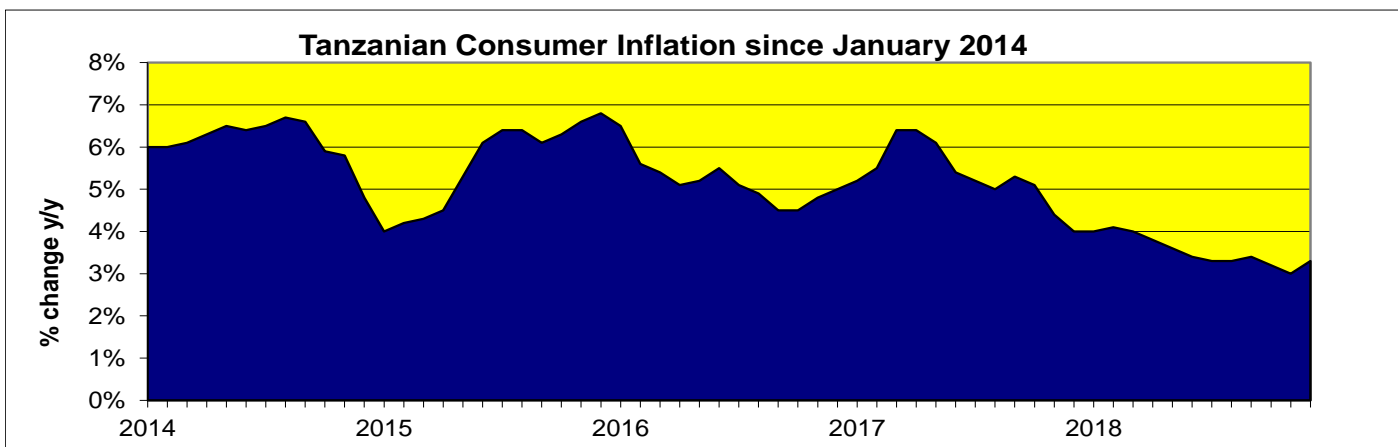
- 21. Consumer prices in Rwanda rose by 0,1% y/y in December after easing by 1,0% y/y in November and falling by 3,4% y/y in October.** The main reason for the recent easing was continuing food deflation with prices falling by 6,9% y/y in December after a 9,2% y/y slump in November, plunging by 14,2% y/y in October, a 9,7% y/y drop in September, a 6,3% y/y decline in August, a 5,7% y/y decrease in July, a 3,7% y/y drop in June and a 4,0% y/y decline in May. The annual average inflation rate was -0,3% in 2018 from 8,5% in 2017, 7,1% in 2016, and 2,5% in 2015.



- 22. Consumer inflation in Senegal rose to 1,3% y/y in December from 0,5% y/y in November, 0,1% y/y in October and 0,9% y/y in September.** Food inflation rose to 3,0% y/y in December from 1,0% y/y in November, 0,2% y/y in October and 2,1% y/y in September. The annual average inflation rate was 0,5% in 2018 from 1,3% in 2017, 0,8% in 2016, 0,2% in 2015 and -1,0% in 2014.

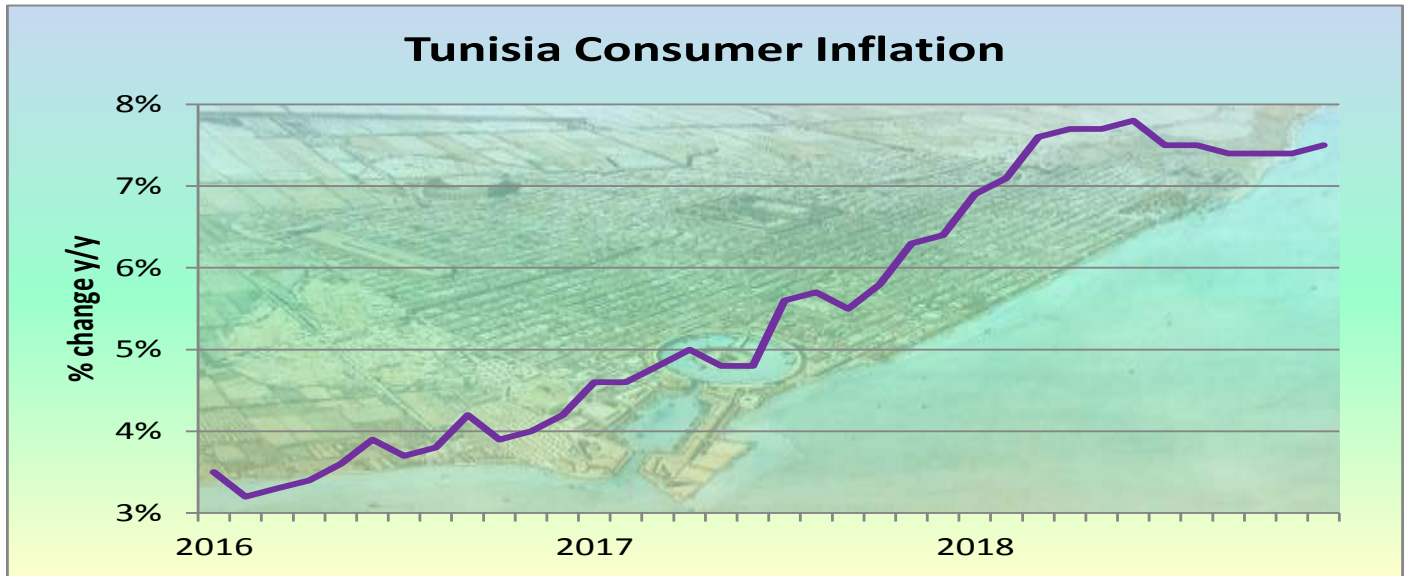


- 23. Consumer inflation in Tanzania rose to 3,3% y/y in December from 3,0% y/y in November and 3,2% y/y in October.** The November 2018 rate was a record low. The annual average inflation rate was 3,5% in 2018 from 5,3% in 2017, 5,2% in 2016, 5,6% in 2015 and 6,1% in 2014.



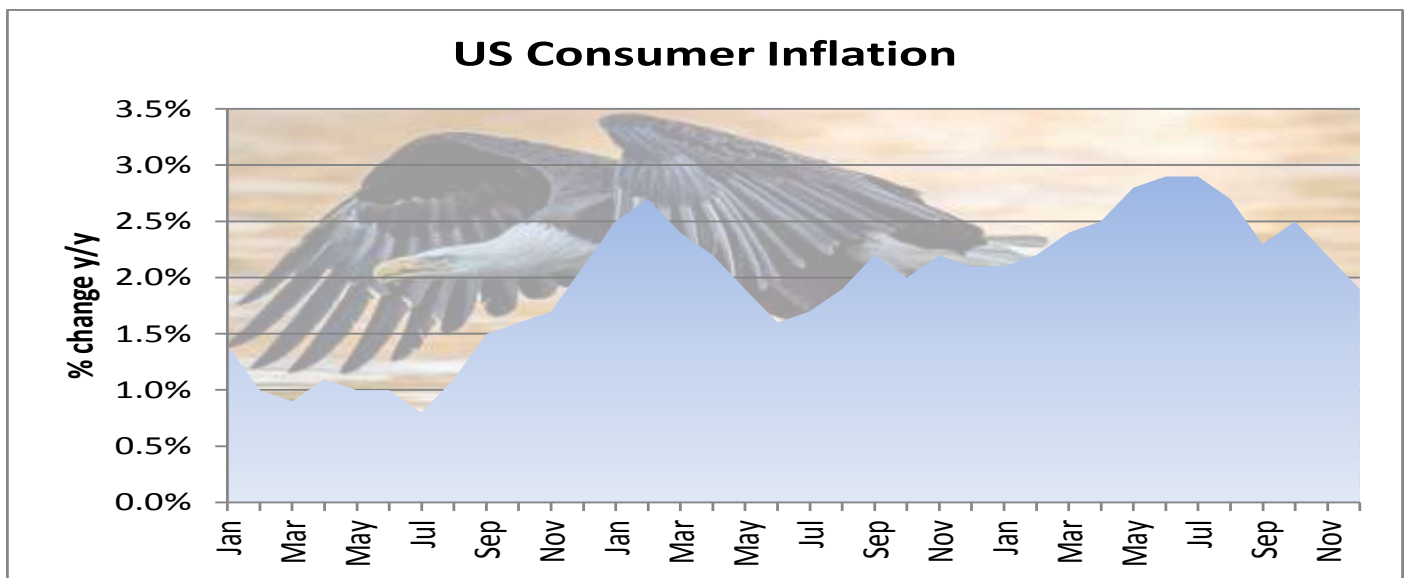
WEEKLY ECONOMIC BRIEFING

24. **Consumer inflation in Tunisia rose to 7,5% y/y in December after being steady at 7,4% y/y in November, October and September and after being steady at 7,5% y/y in August and July.** The fairly steady headline inflation rate was despite volatile food inflation which has fluctuated between 8,3% y/y in July and 5,8% y/y in September. It was 6,3% y/y in October, 6,0% y/y in November and 6,2% y/y in December. The annual average inflation rate was 7,5% in 2018 from 5,3% in 2017 and 3,7% in 2016.



International

25. **International passenger traffic rose by 6,6% y/y in November after a 6,2% y/y gain in October according to the International Air Transport Association (IATA).** The load factor dipped 0,1 percentage point to 78,4% as capacity grew faster at 6,7% y/y. African airlines experienced a 5,7% y/y gain in November after a 6,4% y/y rise, but this was higher than the five-year average of 5,8% growth. Capacity rose only 3,9% y/y and the load factor climbed 1,2 percentage points to 68,9%.
26. **Consumer inflation in the US eased to 1,9% y/y in December from 2,2% y/y in November and 2,5% y/y in October.** The June and July 2018 rates of 2,9% y/y were the highest y/y rates since March 2012. Core inflation, which excludes energy and food, in July 2018 rose to its highest level since September 2008 to reach 2,4% y/y from 2,3% y/y in June, but then eased to 2,2% y/y in August and September, 2,1% y/y in October before rising to 2,2% y/y again in December and November. The annual average rate for headline consumer inflation was 2,5% in 2018 from 2,1% in 2017 and 1,3% in 2016.

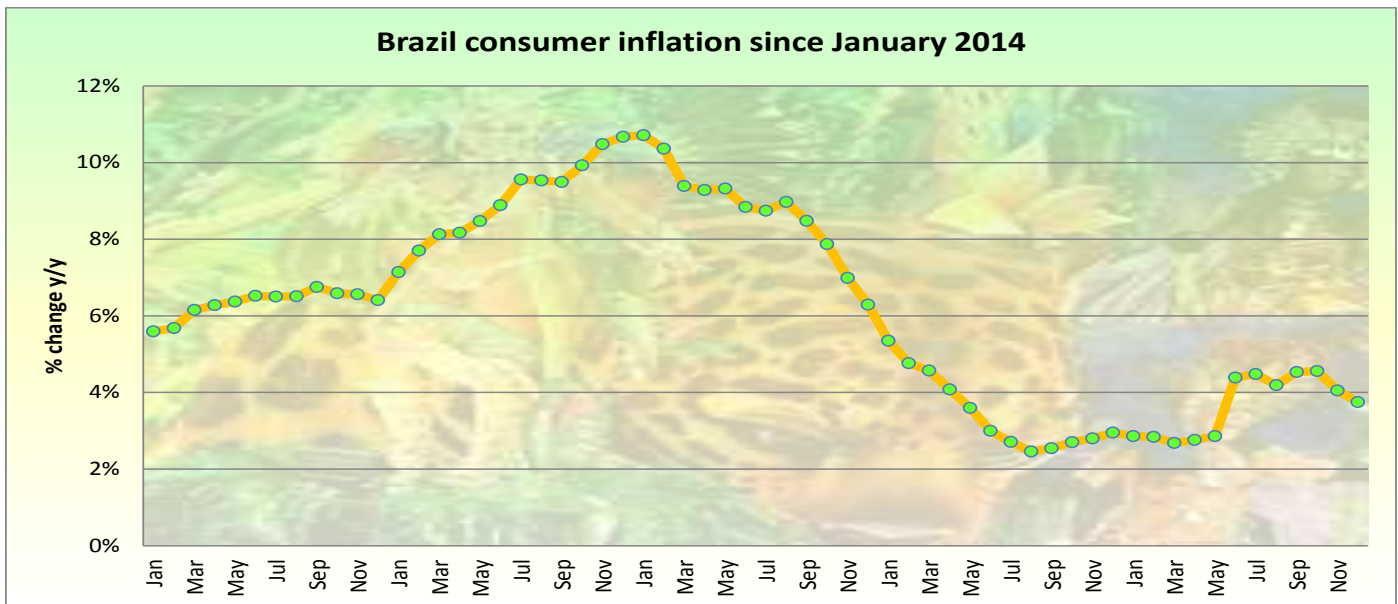


27. **The US NFIB's Small Business Optimism Index eased to 104,4 in December from 104,8 in November and 107,4 in October.** This was the lowest reading in eight months although it continued its exceptionally strong two-year trend. Unfilled jobs and the lack of qualified applicants continue to be a primary driver, with job openings setting a record high and job creation plans strengthening.

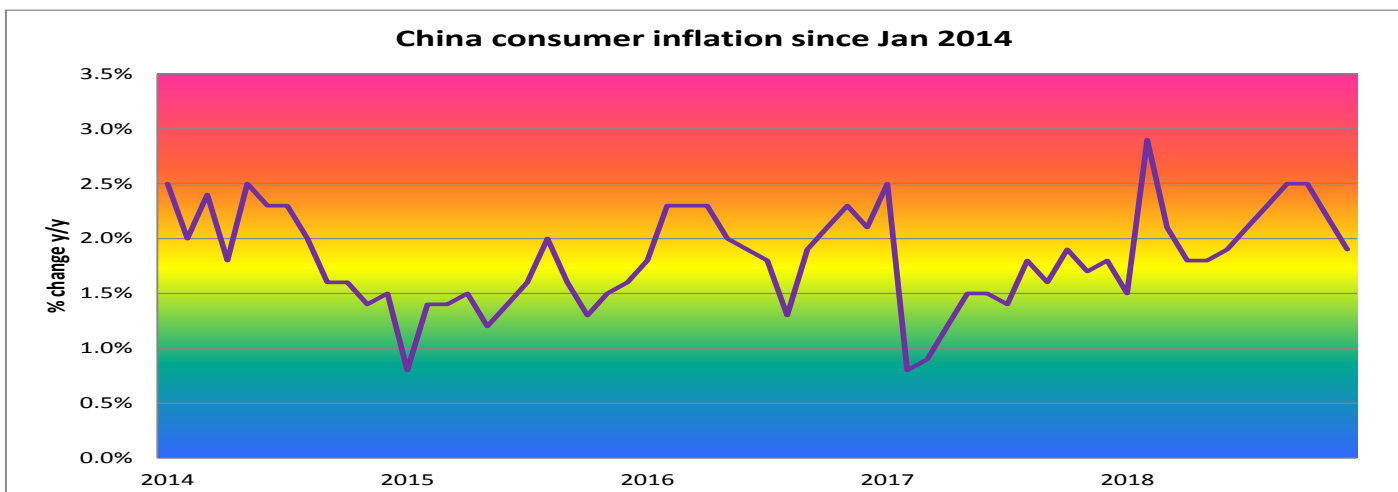
WEEKLY ECONOMIC BRIEFING

Reports of higher worker compensation remained near record levels and inventory investment plans surged. Expected real sales growth and expected business conditions in the next six months, however, accounted for the modest decline in the index.

28. **US consumer credit rose by \$22,2bn in November after a \$24,9bn gain in October.** The consensus forecast had been for an easing to \$17,5bn. Revolving credit including credit card borrowing rose by \$4,8bn in November after a \$9,4bn advance in October, while non-revolving credit including loans for education and automobiles jumped by \$17,3bn after a \$15,7bn gain in October.
29. **Consumer inflation in Belarus rose to 5,6% y/y in December from 5,0% y/y in November.** This was the highest inflation rate since September, as prices advanced faster for food (5,7% from 5,2% in November); non-food products (3,8% from 3,0%) and services (8,1% from 7,4%).
30. **Consumer inflation in Brazil eased to 3,75% y/y in December from 4,05% y/y in November, 4,56% y/y in October and 4,53% y/y in September.** This was the lowest inflation rate since May, as prices slowed mostly for food and fuels. The inflation rate finished 2018 within the central bank target of 4,5% plus or minus 1,5 percentage points.

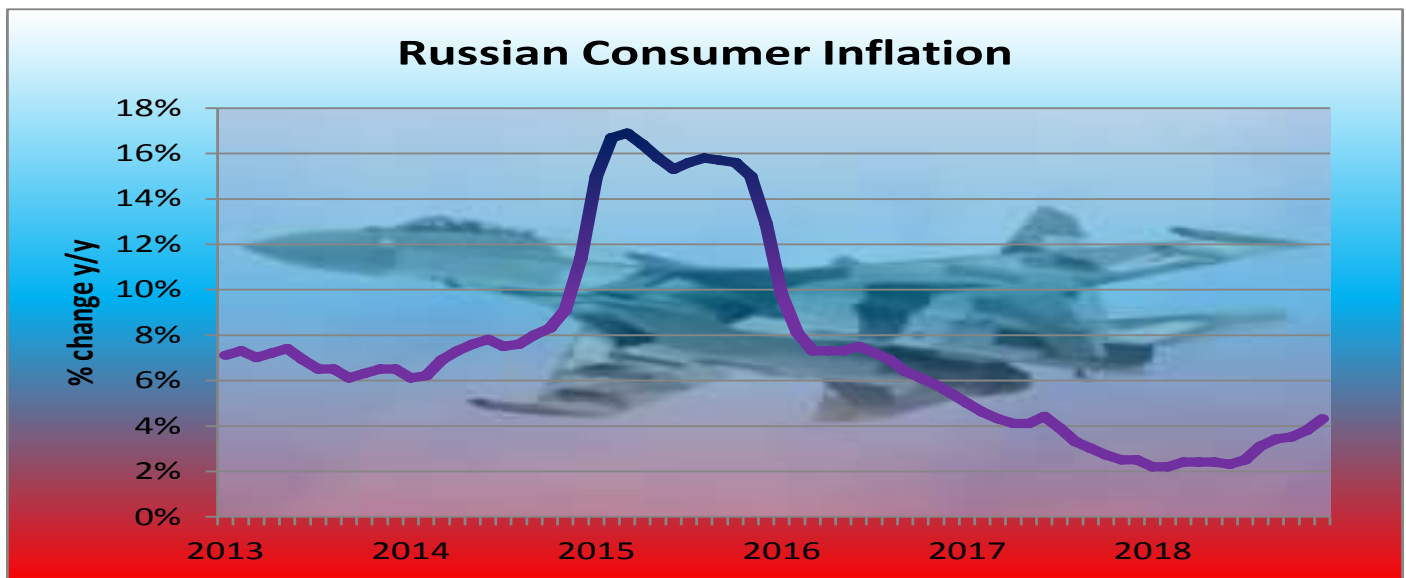


31. **Consumer inflation in Chile eased to 2,6% y/y in December from 2,8% y/y in November and 2,9% y/y in October.** This was the lowest inflation rate since August, as prices advanced less mainly for food & non-alcoholic beverages (2,9% vs 3,1% and 3,5%) and housing & utilities (3,8% vs 3,9% and 4,4%). The annual core inflation, which excludes volatile items, rose to 2,1% in December from 2,0% in November.
32. **Consumer inflation in China eased to 1,9% y/y in December from 2,2% y/y in November and 2,5% y/y in October.** The slowdown in inflation was mainly due to non-food prices, while food inflation remained at its lowest level in three months. Annual core inflation, which strips out volatile food and energy prices, was steady at 1,8% y/y in December and November. The annual average was 2,1% in 2018 from 1,6% in 2017, 2,0% in 2016, 1,4% in 2015 and 2,0% in 2014.



WEEKLY ECONOMIC BRIEFING

- 33. Producer inflation in China eased to 0,9% y/y in December from 2,7% y/y in November and 3,3% y/y in October.** This was the lowest producer inflation since September 2016, as prices of means of production eased to 1,0% y/y in December from 3,3% y/y in November and 4,2% y/y in October, while consumer goods inflation edged down to 0,7% y/y from 0,8% y/y and 0,7% y/y.
- 34. China's foreign exchange reserves rose by \$11bn to \$3,0727 trillion in December after a \$11bn gain in November.** This was only the second consecutive increase in 2018 amid hopes for a thaw in China-US trade tensions.
- 35. Chinese commercial banks' non-performing loan (NPL) ratio hit a 10-year high of 1,89% at the end of 2018.** Total NPLs of commercial banks amounted to 2 trillion yuan (\$296,52bn) at the end of December, unchanged from the third quarter. Separate from NPLs, "special mention" loans, or lending potentially at risk of becoming non-performing, rose to 3,4 trillion yuan by end-December, accounting for 3,16% of the total loan volume for commercial banks. To handle mountains of bad loans, Chinese banks accelerated the pace of bad loan disposal last year, resolving nearly 2 trillion yuan in soured assets, compared with 1,4 trillion yuan in 2017. The total domestic asset of Chinese banks stood at 261,4 trillion yuan at December 2018, up 6,4% y/y.
- 36. Consumer inflation in Russia rose to 4,3% y/y in December from 3,8% y/y in November.** This was the highest inflation rate since June 2017 on the back of rising prices of food and non-food products, while service inflation eased. The value-added tax (VAT) rate in Russia will amount to 20% starting from 1 January 2019 from 18% previously, so that will boost inflation in 2019.



- 37. Consumer inflation in Ukraine eased to 9,8% y/y in December from 10,0% in November.** Prices slowed for transport (12,9% from 16,8%); furniture & household equipment (6,8% from 7,0%); clothing & footwear (2,0% from 2,1%); miscellaneous goods & services (11,0% from 11,1%); recreation & culture (4,4% from 4,7%) and restaurant & hotels (13,0% from 13,7%). On the other hand, cost advanced faster for food & non-alcoholic beverages (7,8% from 7,5%); housing & utilities (10,6% from 10,2%); alcoholic beverages & tobacco (17,9% from 17,4%); communication (15,1% from 14,5%) and education (13,4% from 13,3%).
- 38. The unemployment rate in Thailand eased to 0,9% in December from 1,0% in November.** This was the lowest jobless rate since December 2016, as the number of unemployed decreased by 15 000 y/y to 349 400, while the number of employed rose by 675 000 to 37,87 million.
- 39. Industrial production in Germany fell by 4,7% y/y in November after a 0,5% y/y gain in October.** The decline was broad-based as uncertainty over Brexit and trade wars had an impact on export sales.
- 40. Industrial production in India eased to 0,5% y/y in November from a 11-month high of 8,4% y/y in October.** This was the smallest gain in industrial activity since a contraction recorded in June 2017 as manufacturing production fell by 0,4% after a 8,2% surge in October. Mining output expanded at a softer 2,7% rate after a 7,2% gain in October, while electricity production increased by 5,1% after a 10,8% jump in October.
- 41. Manufacturing production in the UK fell by 1,1% y/y in November after a 0,7% y/y drop in October.** This was the second consecutive y/y decline as production fell further for textiles, wearing apparel & leather products (-4,8% from -2,6% in October); basic metals & metal products (-5,3% from -2,1%); electrical equipment (-10,3% from -7,4%); machinery & equipment n.e.s. (-3,7% from -1,4%) and rubber & plastic products & non-metallic mineral products (-1,2% from 0,2%). Only the production of transport equipment decreased less (-2,8% from -6,0%).

WEEKLY ECONOMIC BRIEFING

- 42. New car registrations in the UK fell by 5,5% y/y in December to 144 089 units.** 2018 was a turbulent year of model changes, regulatory upheaval and continued anti-diesel policies. A 26,3% decline in diesel cars registrations was enough to offset increase for demand for petrol (7,2%) and alternatively fuelled vehicles (6,1%). In 2018, new car sales slumped by 6,8% to 2,37 million units.
- 43. The UK trade deficit narrowed by GBP 0,13bn to GBP 2,9bn in November.** Exports increased by 0,4% to a record GBP 53,95bn, while imports edged up by 0,1% to GBP 56,86bn.
- 44. UK shopkeepers suffered the bleakest Christmas in a decade as sales registered no growth y/y in December 2018.** This is according to the British Retail Consortium–KPMG Retail Sales Monitor as Tesco, Marks & Spencer and other retailers issued mixed trading statements. Total sales were flat in the five weeks to 29 December compared with a year before, versus a 1,4% y/y rise in the same period a year ago. This also marked the worst December sales performance since 2008.
- 45. China imported 23,37 million tonnes of crude oil from Russia through the China-Russia oil pipeline in the first ten months of 2018.** This is a 71,35% y/y increase as the second line for the China-Russia oil pipeline began commercial operation in January 2018, raising China's annual import capacity of Russian crude oil through the pipeline from 15 million tonnes to 30 million tonnes. The second line starts from Mohe, which borders Russia, to the city of Daqing in northeast China's Heilongjiang Province, passing north China's Inner Mongolia Autonomous Region. The first line was put into use on 1 January 2011, with an annual capacity of 15 million tonnes, starting from the Russian city of Skovorodino to Daqing.
- 46. The number of foreign tourist arrivals in Spain rose by 3,6% y/y in November to 4,5 million after a 5,0% y/y gain in October.** Visitors came mostly from the UK (up 2,8% to 937 000), Germany (down 3,0% to 575 000), France (down 10,4% to 481 000), Italy (up 13,0% to 289 000), the US (up 21,3% to 187 000), the Netherlands (unchanged at 165 000) and Portugal (up 18,0% to 159 000). In January to November, the number of tourist arrivals rose 0,7% to 78,4 million.
- 47. IBM kept the US patent crown for the 26th straight year in 2018, receiving 9,100 patents in areas like artificial intelligence, cloud computing and cybersecurity.** "IBM is committed to leading the way on the technologies that change the way the world works - and solving problems many people have not even thought of yet," CEO Ginni Rometty said in a statement.