
April 2018

World Economy

The US dollar has continued its fight-back and has now gained over +4.5% versus the euro since its low on 15 February. The dollar is still down -9.2% from exactly one year ago versus the euro. The oil price is up +12.7% in dollar terms in 2018. It is at a 3.75 year high in rand terms. The April US employment report showed a modest +164,000 new jobs (net), a slow and steady rate. Average hourly earnings were weaker than expected, up +2.6% year-on-year. Sub-Saharan African nations are at growing risk of debt distress because of heavy borrowing and gaping deficits, despite an overall uptick in economic growth, the International Monetary Fund (IMF) warned. The Fund projected the region rate of economic expansion would rise to 3.4% this year, up from 2.8% in 2017, boosted by global growth and higher commodity prices.

SA Economy

South Africa's seasonally adjusted Absa Purchasing Managers' Index (PMI) rose in April, swinging back into positive terrain as new sales orders recover from a decline in the prior month, a survey showed. The Standard Bank and IHS Markit Purchasing Manager's Index (PMI) fell to 50.4 index points in April, from 51.1 in March. The South African new-vehicle market grew by 3.6% in April, to 36 346 units, compared with the same month last year. Total earnings from South African automotive exports reached R164.9-billion in 2017, comprising 13.9% of South Africa's total export earnings. SA petrol price increased by 49c/l on 2 May 2018 attributed to the rand's depreciation on average against the US dollar during the period under review, as well as an increase in the international price of crude oil. The IMF expects slower growth in South Africa and Nigeria, the continent's two largest economies. Interest rates in South Africa will remain unchanged into late 2019, Nedbank Group's Economic Unit forecasted.

Trends and Opportunities

- Four interest rate hikes are still expected in the USA in 2018.
- Slower growth is expected in South Africa's economy.
- SA interest rates are expected to remain unchanged into late 2019.

"It is health that is real wealth and not pieces of Gold and Silver" – Mahatma Gandhi

RvD de Kock

PJ de Jongh

NOBLE PRIVATE PORTFOLIOS (PTY) LTD

Reg No: 1996/006915/07

Suite 2 | 77 Park Drive | Northcliff | 2195

Tel: +27 (0) 11 476 8548 | Fax: +27 (0) 11 476 8375 | Website: www.noblepp.co.za

Directors: P J de Jongh, P A van Zyl, H W du Preez

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