
January 2019

World Economy

The president of the European Central Bank (ECB), Mario Draghi said persistent uncertainties and trade tensions are weighing on the eurozone, where growth has been softer than expected. He blamed “softer external demand and some country and sector-specific factors”, but indicated he still has some confidence in the underlying strength of the economy. US employers added 304,000 jobs in January, well ahead of market expectations of 174,000. The US Federal Reserve surprised many by abandoning plans for further rate hikes. The Fed offered no alterations to its interest rate outlook, instead stating that the case for further rate increments had “weakened” in recent weeks. China has announced over \$370bn in tax cuts and infrastructure spending. Euro-area GDP grew by 0.2% quarter-on-quarter in Q4 2018. The region continues to lose momentum, with Italy slipping into recession at the end of last year.

SA Economy

Data from Statistics SA showed that inflation eased to 4.5% in December, in line with market expectations, on the steep fuel price cuts. The Reserve Bank’s monetary policy committee (MPC) kept the interest rates unchanged, as expected, at 6.75%. While risks to global economic growth are “without a doubt” a dominant concern and the domestic inflation outlook is largely “contained”, it’s important to anchor inflation at the midpoint to allow flexibility to deal with price shocks, Kganyago said. Sales numbers released by the Department of Trade and Industry showed that January new-passenger car sales dropped by 10.8%. New-vehicle exports from South Africa increased by 29.4%. South Africa’s seasonally adjusted Absa Purchasing Managers’ Index (PMI) fell in January as four out of five measures of factory performance declined, led by slumps in new orders and business activity, the survey showed. South Africa’s trade balance recorded a surplus of R17.17-billion in December from a revised R3.29-billion surplus in November, official data showed. The South African currency has outperformed all of its emerging-market peers in January, having gained 7.35% against the dollar.

Trends and Opportunities

- US-China trade war developments are expected to continue to provide a catalyst for market activity.
- The Fed said it would pause its three-year interest-rate rise campaign while assessing the weakening of the economy.

“Wealth, like a tree, grows from a tiny seed” George S. Clason , The Richest Man in Babilon.

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

Noble Private Portfolios (Pty) Ltd. is an authorised FSP in terms of the FAIS Act, 2002 (568)

Noble Private Portfolios (Pty) Ltd. is a member of StoneHouse Capital

STONEHOUSE
CAPITAL

Partnering the Exceptional