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**September 2018**

## **World Economy**

Federal Reserve officials raised interest rates for a third time this year and reaffirmed their outlook for further gradual hikes well into 2019. Growth and job gains have been "strong" and inflation remains near the central bank's 2% target, the federal open market committee (FOMC) said in its statement. After eight hikes since late 2015, the fed funds rate is now at the highest level since October 2008. Two-thirds of business economists in the US expect a recession to begin by the end of 2020, while many respondents say trade policy is the greatest risk to the expansion, according to a new survey. US confidence indicators have improved more recently, after losing some momentum in Q2 2018. The level of business and consumer confidence argues for continued strong growth. The Japanese market is performing better now, with the Nikkei Index reaching a 27-year high, although the weaker yen is helping. The MSCI Europe Index had a positive return in dollars in the third quarter of +2.3%, but is still negative in 2018 with -1.9%. Brent has risen by more than 20 percent from its most recent lows in August and is currently trading at \$85 a barrel.

## **SA Economy**

Employment in South African's non-agricultural formal sector dropped by 69 000 between March and June 2018, Stats SA announced. South Africa's trade balance swung to a surplus of R8.79-billion (\$619-million) in August from a revised R5.29-billion deficit in July, data from the revenue agency showed. The Absa Purchasing Managers' Index (PMI) remained virtually unchanged at a weak level of 43.2 points in September. The price of unleaded 93 petrol will rise 99c, unleaded 95 R1 and diesel R1.24. Illuminating paraffin will cost an additional R1.04 and liquefied petroleum gas (LPG) R1.79 the Central Energy Fund (CEF) announced. The South African new-vehicle market declined by 1.9% in September, compared with the same month last year. Export sales reached a new record in September, gaining 1.2%. The rand lost -2.2% versus the dollar in the third quarter and is now -14.3% versus the dollar in 2018, -10.6% versus the euro and -10.4% versus the pound.

## **Trends and Opportunities**

- 3% GDP growth is forecast this year and next year in the US.
- The FED is expected to gradual raises interest rates well into 2019
- Brent oils is expected to keep hiking for the near future.

*"If a window of opportunity appears, don't pull down the shade" – Thomas Peters*

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