

## April 2017

### World Economy

The US administration is focused on tax reform and Trump may announce more on taxes. The oil price is suffering from an almost 10% increase in US oil production since the low last year, as the fracking industry increases production, offsetting OPEC's attempts at reducing production. Growth in China's manufacturing sector slowed faster than expected in April, an official survey showed, as producer price inflation cooled and policymakers' efforts to reduce financial risks in the economy weighed on demand. France is about to choose a new president. The UK has called a surprise election. Germans head to the polls soon and Italians and Greeks could be close behind.

### SA Economy

Emerging markets remain the flavor of the year so far. Foreign investors bought R35.3bn of SA bonds since January 2017. S&P rates SA local debt one notch above junk and Moodys two notches above junk. Property has not yet responded positively to the recent move lower in the bond yield and move higher in the rand. South Africa's trade surplus for March 2017 improved by R5.2bn to R11.44bn from February, according to the SARS. The local stock market has lately been hurt not only by the stronger rand, but also by a global tumble in mining and resource shares, on the back of a fall in some of the commodity prices, including oil, iron ore and coal. The North-West University (NWU) School of Business and Governance's Policy Uncertainty Index (PUI) increased to 51 in the first quarter of this year, putting it in negative territory. South Africa's inflation is under control and the Reserve Bank will maintain a policy to keep it low to protect the poor and ease inequality, says Governor Lesetja Kganyago. The retail price of petrol and the wholesale price of diesel in South Africa will rise from May 3, the energy department said. The Financial Intelligence Centre Amendment bill has finally been signed into law. Judge Lee Bozalek declared government's attempts to secure 9.6 GW of nuclear energy were unlawful, including the initial determination to procure nuclear energy in 2013, the cooperation agreements signed with Russia, the US and South Korea, as well as former energy minister Tina Joemat-Pettersson's decision to hand over the procurement of nuclear energy to Eskom late last year.

### Trends and Opportunities

- The International Monetary Fund forecast 2017 SA growth at 0.8%.
- According to Citibank, global growth is picking up
- South Africa's inflation is under control
- South Africa's trade surplus for March 2017 improved by R5.2bn to R11.44bn from February.
- As Brexit gets in motion and President Trump settles in, Europe's election season will bring risks and opportunities.

*"The power to tax is the power to destroy." — John Marshall*

**RvD de Kock**

**PJ de Jongh**

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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](http://www.noblepp.co.za)

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

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