

January 2017

World Economy

The Federal Reserve held interest rates steady in its first meeting since President Donald Trump took office, but painted a relatively upbeat picture of the US economy that suggested it was on track to tighten monetary policy this year. "Measures of consumer and business sentiment have improved of late," the Fed said. US GDP growth was around 2% in 2016. The European Central Bank president can cite accelerating inflation, declining unemployment and 15 quarters of expansion as evidence that his stimulus policies are working. Problems facing the British labour market including skills shortages and an aging population are likely to be worsened by Brexit, according to Mercer. U.K. companies are facing tighter margins as the pound's slide starts to fuel cost increases, according to the British Chambers of Commerce. The global developed market MSCI World Index, has returned to its previous all-time record high in May 2015. Growth in China's services sector remained robust in January as companies reported a solid increase in orders, a private business survey showed.

SA Economy

South African Reserve Bank decided to keep rates unchanged as expected, but warned that inflation risks are still weighted to the upside. SA's trade balance recorded a R12.04bn surplus in December, double the R6.3bn economists had expected. New allegations by President Jacob Zuma's supporters that South Africa's biggest banks are frustrating efforts to address racial inequality signal an escalation of a battle for control of the nation's financial system including the Treasury. The seasonally adjusted Absa Purchasing Managers' Index (PMI) rose to 50.9 in January, up from 46.7 in December. "This was the first time since July 2016 that the index edged above the neutral 50-point mark," according to the Bureau for Economic Research (BER), which compiles the PMI on behalf of Barclays. South Africa's new vehicle sales rose 3.7% year-on-year to 50 333 units in January, data from the trade and industry department showed. Exports, however, were down 10.3% to 11 659 units compared with the same month a year earlier, the department said.

Trends and Opportunities

- SA headline inflation is expected to return within the target range during the final quarter of 2017.
- US GDP growth forecast is 2.5% in 2017 and 3% in 2018.

"I contend that for a nation to try to tax itself into prosperity is like a man standing in a bucket and trying to lift himself up by the handle." – Winston S. Churchill

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