
June 2019

World Economy

The US economy recorded its longest period of expansion since 1854 according to the US National Bureau of Economic Research. US consumer confidence fell sharply in June 2019 to its lowest level since September 2017. Confidence levels remain above their long-term average, but the trend is leaning towards a further weakening. Payrolls climbed 224 000 after a downwardly revised 72 000 advance the prior month, according to a Labour Department report. The US jobless rate ticked up to 3.7% from a half-century low of 3.6% while average hourly earnings increased 3.1% from a year earlier, slightly less than projected. Euro-area consumer inflation remains unchanged at 1.2% year-on-year in June 2019, while core inflation edged slightly higher than expected to 1.1% year-on-year. Overall, Euro-area inflation remains subdued and well below the target of 2%. The German lender's sweeping turnaround plan, including an exit from the equities sales and trading business, will slash Deutsche Bank's workforce by about 18 000 employees globally. The gold market is seeing the biggest price swings since late 2016 as traders and investors struggled to read when the Federal Reserve may cut interest rates.

SA Economy

South Africa recorded a R1.74-billion trade surplus in May after a revised R3.53-billion deficit in April, data from the revenue service showed. For the year, the cumulative trade deficit of R6.05bn is an improvement on the R12.08bn deficit for the same period in 2018. Following a surprising decline in May 2019, the June 2019 vehicle export sales number represented a substantial improvement with an increase of 14.3%, compared to vehicles exported in the same month last year. Vehicle exports for the year to date are now 19,3% higher than the corresponding period last year. New-vehicle sales continued to lose ground in June, falling 1.6% compared to a year earlier. The seasonally adjusted Absa purchasing managers index (PMI) rose to 46.2 index points from 45.4 in May. The cost of South Africa's road maintenance backlog is nearing R417-billion, research undertaken by the University of Cape Town's School of Economics academics have found. The SA Reserve Bank will likely cut the repo rate by about 25 basis points in July, Nicky Weimar, senior economist at Nedbank, said.

Trends and Opportunities

- A strong US labour market report reduces the chance of the Fed cutting rates at the end of July.
- The SA Reserve Bank will likely cut the repo rate by about 25 basis points

*"There are three constants in life – change, choice and principles." **Stephen Covey***

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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