

## September 2017

### World Economy

Data for second quarter 2017 confirmed that global growth lifted on improving conditions in both advanced economies and emerging markets. The Global PMI and export orders have remained in expansionary territory in the same quarter suggesting sustained positive momentum for manufacturing production and trade going into quarter three. Markets are increasingly betting on a hike in US interest rates before the year is out. The United Kingdom in July announced a proposal that sales of new diesel and petrol cars would come to an end by 2040. This announcement mirrors one made earlier by the French government, with a similar timeline and intent.

### SA Economy

South Africa must sort out its political problems in order to kickstart structural reform and unlock economic growth, central bank governor Lesetja Kganyago told Reuters. This was confirmed by Fitch who said South Africa's economic growth will be significantly hampered by increasing political uncertainty in the run-up to the ruling African National Congress's leadership contest in December. South Africa's trade surplus retreated to R5.94-billion (\$440-million) in August from a revised R9.33-billion surplus in July, data from the revenue agency showed. PPI inflation lifted to 4.2% year-on-year in August from 3.6% year-on-year in July, mainly because of the fuel price component. A decline of 34 000 jobs was recorded in the second quarter of 2017 in South Africa's formal non-agricultural sector, the Quarterly Employment Survey, released by StatsSA, revealed. South Africa's new vehicle sales rose 6.3% year-on-year to 50 322 units in September, data from the trade and industry department showed. The Absa Purchasing Manager's Index (PMI), compiled by the Bureau for Economic Research (BER), increased slightly higher to a still weak level of 44.9 in September from 44 in August. The retail price of petrol in South Africa will increase by 2.1% in October, while the price of wholesale diesel will rise by 3.6%, the energy department said.

### Trends and Opportunities

- PPI inflation is likely to moderate again in the fourth quarter 2017.
- CPI inflation is expected to remain well within target, which should provide the SARB with the scope for a further interest rate reduction
- The US interest rates is expected to be raised before the end of this year.

*"Do not be embarrassed by your failures, learn from them and start again."* – **Richard Branson**

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