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"Things work out best for those who make the best of how things work out." - John Wooden

ECONOMIC COMMENTARY - By Francois Stofberg

I couldn't have chosen a better time to start writing this year's economic newsletter, than Friday the 13th! It sits quite well with our current economic theme for 2017, "uncertainty and volatility".

In the first couple of newsletters, I will set out and explain our economic expectations for 2017. It is important to always remember that forecasts, no matter the amount of research and analysis that goes into them, are in a sense still only "best guesses". We are, however, quite good at guessing! Over the last two years, our forecasts have surprised us, and we wish to do the same for you this year.

Before we get to our 2017 expectations for South Africa, it would be good to first give some global economic and -political background. Over the last couple of years, these global forces have played an important role in our local economy and will continue to do so. The US is our favored developed economy for 2017, and even more so now that they've appointed "The Donald". Although we believe he will do a lot to add to global "uncertainty and volatility", his economic ideas will do much to boost the US economy. Except for that, their jobs- and claims reports continue to set new bests. They are the only developed economy who have been able to start raising interest rates (and will most likely raise them by another 0.25%). Also, they are the only rich country talking about "huge" fiscal-driven infrastructure spending. What seems to be against the US is the lack of performance in the rest of the world; the ongoing monetary policy and economic divergence between the US and its peers can't go on indefinitely.

Britain will continue to be depressed by the negative sentiment towards Brexit. The populist vote in France, a decrease in Merkel-support in Germany, and the ailing Italian economy, will put a lot of pressure on growth in the European Union (EU). Except for that, the high risk of terrorist attacks and the unresolved immigrant issue will fuel social tensions in the EU, also dampening economic prospects. Finally, Japan seems to be set on going even lower for even longer. What this means is, that even if all the good things Trump promises don't occur, the US will still be relatively better off than the other developed economies, barring perhaps South Korea.