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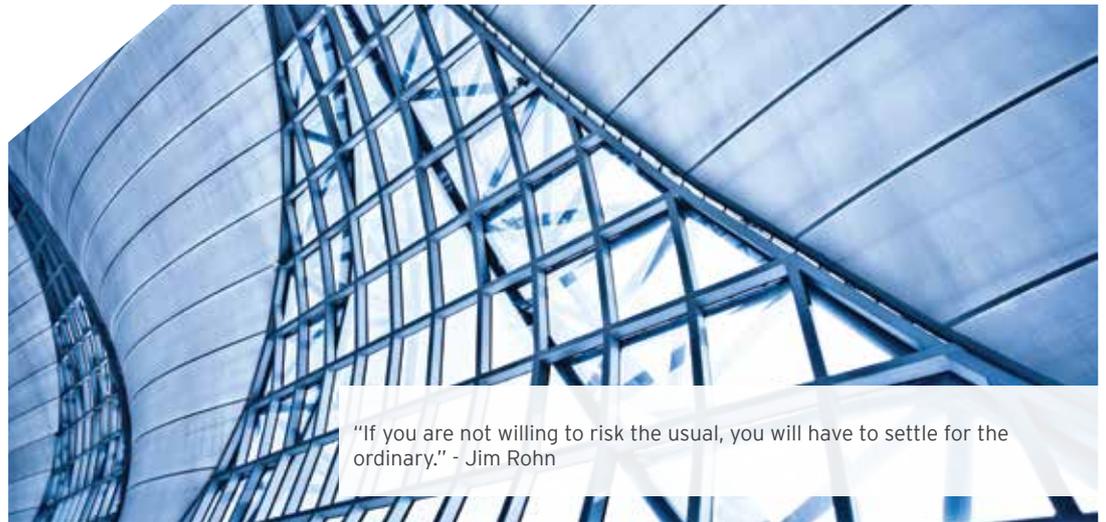
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## ECONOMIC COMMENTARY - By Francois Stofberg

Last week's big news was the agreement reached between countries that represent the OPEC cartel. According to this agreement, the cartel will cut crude-oil production by 1.2 million barrels per day in 2017. The Organization of Petroleum Exporting Countries (OPEC) which was formed in 1960 consists of Iran, Iraq, Kuwait, Saudi Arabia, and Venezuela. The cartel last cut production eight years ago, since then members have been struggling to come to an agreement due to geopolitical tensions and mistrust. Mistrust occurred because of certain countries not honouring past agreements. Whilst some countries cut their production the remaining countries increased production and therefore gained a larger market share, which translated into larger revenues and profits. With the expectation that supply will once again be constrained the international price for Brent Crude increased to roughly \$55 per barrel, up from the \$50-mark it was hovering around over the last couple of quarters. This substantial increase came despite the news that shale gas production in the US was higher than initially anticipated.

What this means for South Africa is that petrol prices will only decrease with 20 cents in December. This implies that your holiday travels to the Cape region will only be about R 100 cheaper this summer. Next year petrol prices should either remain at the relatively high levels they are at currently or increase when the Minister of Finance announces new fuel levies in February 2017.

The big news this week is South Africa's 3rd quarter GDP growth figure, which is due to be released by Statistics South Africa (STATSSA) on Thursday. In our estimates, we see the economy either contracting by about - 0.5% or showing some growth of roughly + 0.3%. Considering the governing party's aversion to structural change, bad policies, and bad execution should keep SA's economic growth hovering at these low levels for the foreseeable future, with a few sparks here and there.