

Weekly Investment Update [WIU]

Insights from our research team

Key market indicators

FTSE/JSE All Share TR ZAR Level: 10 265.1 ▼ -3.70%	FTSE/JSE Financials TR ZAR Level: 8 418.1 ▼ -6.17%	FTSE/JSE SA Industrials TR ZAR Level: 18 005.0 ▼ -1.22%	FTSE/JSE Fin&Ind 30 TR ZAR Level: 14 022.3 ▼ -2.48%
FTSE/JSE All Bond TR ZAR Level: 792.1 ▼ -0.11%	S&P 500 TR USD Level: 8 867.1 ▼ -2.86%	DJ Industrial Ave TR USD Level: 79 325.5 ▼ -2.93%	FTSE: 100 TR GBP Level: 6 666.3 ▼ -3.94%
Hang Seng HSI TR HKD Level: 10 778.20 ▼ -0.12%	USD/ZAR Level: 14.57 ▼ -1.15%	GBP/ZAR Level: 19.93 ▲ 0.34%	EUR/ZAR Level: 17.19 ▼ -0.63%

Source: Bloomberg
Data as at 19 July 2021. Measurement from Monday 12 July 2021 to Monday 19 July 2021.

Macroeconomics in brief

EU: The Eurozone recorded a current account surplus of €4.3 billion in May 2021, compared with a €0.7 billion deficit in the same month of the previous year, due to a rise of goods and services as well as a decline in the secondary income deficit.

DE: Germany's producer prices increased by 8.50% y/y in June 2021, following a 7.20% rise in the previous month and above market expectations of 8.40%.

SA: South Africa's composite leading business cycle indicator went up by 2.30% m/m in May 2021, easing from April's 8-month high of 3.70%.

CH: Despite market expectations of a cut, the People's Bank of China (PBoC) left its benchmark interest rates for corporate and household loans steady for the 15th consecutive month at its July meeting.

JP: Japan's annual inflation rate rose by 0.20% y/y in June 2021, following a 0.10% decline in the previous month, and marking the first increase since August 2020.

Source: Trading Economics
Data as at 19 July 2021



Weekly Insights

Violent protests are not a uniquely South African problem

While the country reels from the events of the past week, civil unrest is by no means an inherently South African problem. Riots that potentially have catastrophic economic consequences are on the rise worldwide.

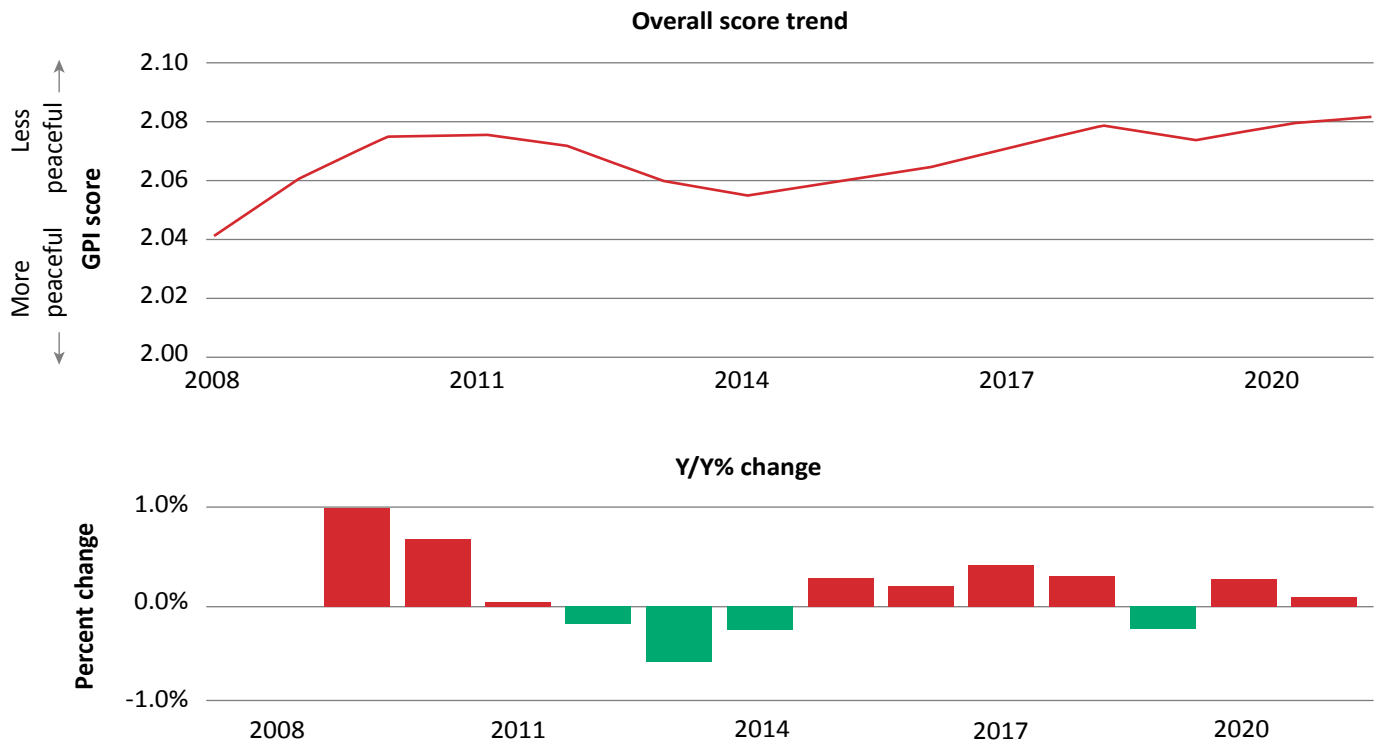
According to the latest Global Peace Index (GPI), which gauges independent states according to their level of peacefulness, the number of riots, strikes and anti-government demonstrations across the globe has spiked by at least 244% over the past 10 years. Available data also shows that more than 110 countries have experienced significant anti-government protests since 2017, while over 25 riots have been directly linked to the Covid-19 pandemic.

While South Africa is not the only country that has recently been affected by violent protest action, it is easy to see why investors are anxious about SA Inc during this period. The government's already strained fiscus was dealt another blow by the riots and looting of the past week, with businesses calling for monetary assistance, and labour demanding that a basic income grant be put back on the agenda. However, there's always a silver lining.

Although the rand weakened over the past week, this was not as a result of the violent protests, but due to the strength of the US dollar. In fact, the rand has already made up losses from last week's selloff, reaching an intraday best of R14.33/\$ on Friday, 16 July 2021. The FTSE/JSE All Share Index (ALSI) has also been able to sustain its recovery momentum, while rand-hedges have fared well. Over and above, our local funds are in positive territory for the month-to-date and are outperforming peers across the board.

The World Bank has upgraded its economic forecast for SA, and now expects GDP to grow by 4% in 2021, up from the 3% estimated in April 2021. The bank urged the South African Government to hasten economic reforms and recommended policy interventions that will help drive growth and put the country back on track. Among the policy interventions the bank recommend is expanding employment tax incentives to create employment, prolonging the temporary employer/employee relief scheme; halting regulations that raise the cost of labour; and relaxing regulations for small businesses.

Civil unrests on the rise globally



Sources: Global Peace Index

Bottom line

As mentioned in our previous edition of the *Platform Weekly*, political violence is not a new phenomenon for South Africans. Some disruption was anticipated following the Constitutional Court's decision to jail former President Jacob Zuma last week. While the situation is likely to remain volatile for some time as Government moves to restore order, we appreciate that volatility

is integral to emerging markets like South Africa. Our multi-management team's investment approach has proven its merit in the past and we do not expect this time to be any different. Our PSG Wealth solutions' range relies on multi-layered diversification to deliver robust investment outcomes over time, despite market upheavals.



Share price movements

Major	
Liberty Holdings	23.74%
Naspers	4.79%
Karooooo	4.63%
Harmony Gold Mining	3.91%
Prosus N.V.	2.96%

Minor	
Massmart Holdings	-12.84%
Montauk	-11.63%
Capital & Countries Properties	-11.54%
Investec Property Fund	-11.30%
Thungela Resources	-11.11%

Source: Bloomberg
Data as at 19 July 2021. Measurement from Monday 12 July 2021 to Monday 19 July 2021.



Previous publications

Daily



21 July 2021

Weekly



14 Jul	20 Jan	01 Jul	04 Dec
07 Jul	09 Dec	17 Jun	20 Nov
23 Jun	02 Dec	10 Jun	13 Nov
15 Jun	18 Nov	03 Jun	06 Nov
09 Jun	11 Nov	20 May	16 Oct
02 Jun	04 Nov	13 May	09 Oct
19 May	21 Oct	06 May	02 Oct
12 May	14 Oct	29 Apr	18 Sep
05 May	07 Oct	15 Apr	11 Sep
21 Apr	23 Sep	08 Apr	04 Sep
14 Apr	16 Sep	01 Apr	21 Aug
07 Apr	09 Sep	18 Mar	14 Aug
24 Mar	02 Sep	11 Mar	07 Aug
17 Mar	19 Aug	04 Mar	17 Jul
10 Mar	12 Aug	19 Feb	10 Jul
03 Mar	05 Aug	12 Feb	03 Jul
17 Feb	22 Jul	05 Feb	19 Jun
10 Feb	15 Jul	22 Jan	12 Jun
03 Feb	08 Jul	15 Jan	05 Jun

Monthly



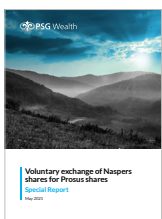
June 2021	Aug 2020	Oct 2019
May 2021	Jul 2020	Sep 2019
Apr 2021	Jun 2020	Aug 2019
Mar 2021	May 2020	Jul 2019
Feb 2021	Apr 2020	Jun 2019
Jan 2021	Mar 2020	May 2019
Nov 2020	Feb 2020	Apr 2019
Oct 2020	Jan 2020	Mar 2019
Sep 2020	Nov 2019	Feb 2019

Research and Strategy Report



Autumn 2021	Winter 2019
Summer 2021	Autumn 2019
Spring 2020	Summer 2019
Winter 2020	Spring 2018
Autumn 2020	Winter 2018
Summer 2020	Autumn 2018
Spring 2019	

Special report



- Prosus voluntary exchange
- Blockchains and bitcoins - a wealth manager's perspective
- Active management in equity portfolios Interest and yield-focussed solutions
- Remgro unbundling (adviser version) Downgrade FAQs
- Moody's downgrade
- Covid-19 questions and answers
- Advice to Advisers: Crisis of confidence, or not?
- Naspers and NewCo - what you should know
- Lessons from the PSG Annual Conference
- Mboweni as new Minister of Finance
- Value investing in the 21st century
- Our bear risk indicator

Wealth Perspective



Jul 2021
Apr 2021



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