

In Touch May 2020

In my February 2020 letter, the American economy was at a high, unemployment was at a low, the Trade Wars were being resolved, and the oil crises with Russia and Saudi Arabia were being resolved. Only China reported lower GDP due to COVID. We in South Africa had our own problems with the previous President's corrupt performance leading to a downgrade. In March, when the real COVID lockdown shock took place, it drove the JSE from 56,079 on 3rd February down to 37,963 on the 20th March 2020. Markets got a double dose of bad news, but have since risen to 50,147 on 22nd May 2020. Recovery will be 'U' shaped, not a 'V'. Our Economy is expected to be -6% for 2020, -2.4% for 2021

Listening to several Asset managers, it appears prosecutions of corrupt officials are taking place with the 'low hanging fruit', which then implicates senior Government officials. ESKOM is now doing Private/Public partnering as part of its business. Government has made available funds for infrastructure spending, together with housing to reduce the urban 'shack' problems. The Unions have taken a haircut and agreeing to changes – merely to keep their jobs. This has positively impacted business confidence. Business now needs to have the lockdown terminated in order to deliver what is expected.

Again, from all Asset Managers, they are finding good value stocks which will produce good returns in the next three years and more. Off shore stocks produced double digit returns. The S.A. 10 year May bond yield was at 11%. SARS is now improving on its collections, and World Bank Funds are being made available. According to Stephan Koseff of Ninety One, in a Webinar on 26th May said, 'there are 25 million jobs in India on offer which will come to Africa.' Can South African business get some of that?

Kindly be aware of cyber scams on your Cell, PC and every kind of electronic device. It amazes me how clever crooks can be with email requests.

We now have a license to do face to face visits with clients considering COVID and all the requirements. One on one at the front door, or office, or Coffee Take Away Outlet. Anyone wishing to review their Will, this would be a good time.

Regards

Anthony Paitaki