

August market economic update – Moneyweb 4 September 2019

The public has until 15 September to comment on the finance minister's economic transformation paper.

Local news

- The local equity market declined 2.4% for the month of August 2019 but is still positive for the year at 6.9%.
- The top performing shares came from the Resources companies, more specifically Gold companies such as AngloGold (36.4%), Gold Fields (19.5%) and Anglo-American Platinum (10.3%).
- The continuing tension between the US-China trade war and global risk-off sentiment continued to affect the Rand Dollar exchange rate. The Rand depreciated 5.9% against the US Dollar.
- State Capture, the struggling Eskom, National Health Insurance (NHI), e-tolls and AARTO remain the key talking points in the socio-economic sphere.
- Finance Minister Tito Mboweni's economy rescue plan looks to boost economic growth by between 2% to 3% and creating an additional 1 million jobs.

Some of the main plans highlighted:

- Electricity: Opportunities should be created for small business and private properties to sell excess electricity.
- Interest: Government should be liable to pay interest on late payments.
- Competition: Competition needs to be created across different sectors such as telecommunications (Telkom), transport (Transnet)

Don't forget you have until the 15 September to comment on the paper titled 'economic transformation, inclusive growth and competitiveness: towards an economic strategy for South Africa'.

Global news

- The inversion of the 2-year/10-year yield curve caused a panic in the US. The main concern was that a recession would occur very soon.
- The US economy grew by an annualised 2% in the second quarter of 2019.
- British Prime Minister, Boris Johnson's announcement to suspend parliament in order to fully enhance his no-deal Brexit sparked outrage across the United Kingdom.
- The unrest in Hong Kong continues to persist affecting the local economy.

- France hosted the 45th edition of the G7, with leaders of the most industrial countries offering 251 million US Dollar support for the African Development Bank's Affirmative Finance Action for women in Africa among other talking points.
- The G7 also pledged millions to the fighting of the Amazon Fires.