
January 2020

World Economy

The US economy grew 2.3% in 2019, the commerce department said. That was the slowest since 2016 and followed the 2.9% growth in 2018. In January 2020, the estimate of US consumer confidence, as measured by the Conference Board, rose sharply to 131.6 index points, up from a revised 128.2 in December 2019. US house prices reached another record high in November 2019 and are now 6.1% above the peak price level ahead of the global financial market crisis. The US Institute for Supply Management's (ISM) purchasing managers' index, based on a survey of manufacturers, increased to 50.9 in January from a near four-year low of 47.8. The World Health Organisation (WHO) declared the China coronavirus outbreak a global emergency, as cases spread to other countries. China is preparing steps to adjust to a slower rate of economic growth as coronavirus shows few signs of abating. Research by Bloomberg Economics estimates that the economic cost of Brexit has already hit £130bn.

SA Economy

Toyota South Africa Motors (TSAM) will invest R4.28-billion in its local operations up to the end of 2020. New-vehicle sales fell 8.1% in January from a year earlier. However, BMW's decision to withhold details of monthly sales around the world makes it difficult to draw conclusions from the first month of sales in 2020. The South African new-vehicle sales market will shrink by 4% in 2020, says Toyota South Africa Motors (TSAM) president and CEO Andrew Kirby. The Absa purchasing managers' index (PMI) declined 1.9 index points to reach 45.2, according to a release from the bank. Revenue collections, particularly company income tax and VAT, were slower during December, according to economists. At the same time, spending by the state into December was up more than 14% year on year. This means that South Africa's fiscal deficit year-to-date amounts to R249.7 billion compared with R163.1 billion during the same period last year. In December 2019, SA's producer inflation (PPI) rose by 0.2% month-on-month, substantially higher than the 0.3% month-on-month decrease recorded in November (Bloomberg). For 2019, producer inflation averaged 4.6%.

Trends and Opportunities

- The South African new-vehicle sales market will shrink by 4% in 2020
- Britain will ban the sale of new petrol and diesel cars from 2035
- The world's population is likely to increase by about 1-billion people over the next decade, placing enormous strain on the planet's finite resources.

"When people are financially invested, they want a return. When people are emotionally invested, they want to contribute." – **Simon Sinek**, author of *The Infinite Game*

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