



OVERBERG MARKET REPORT

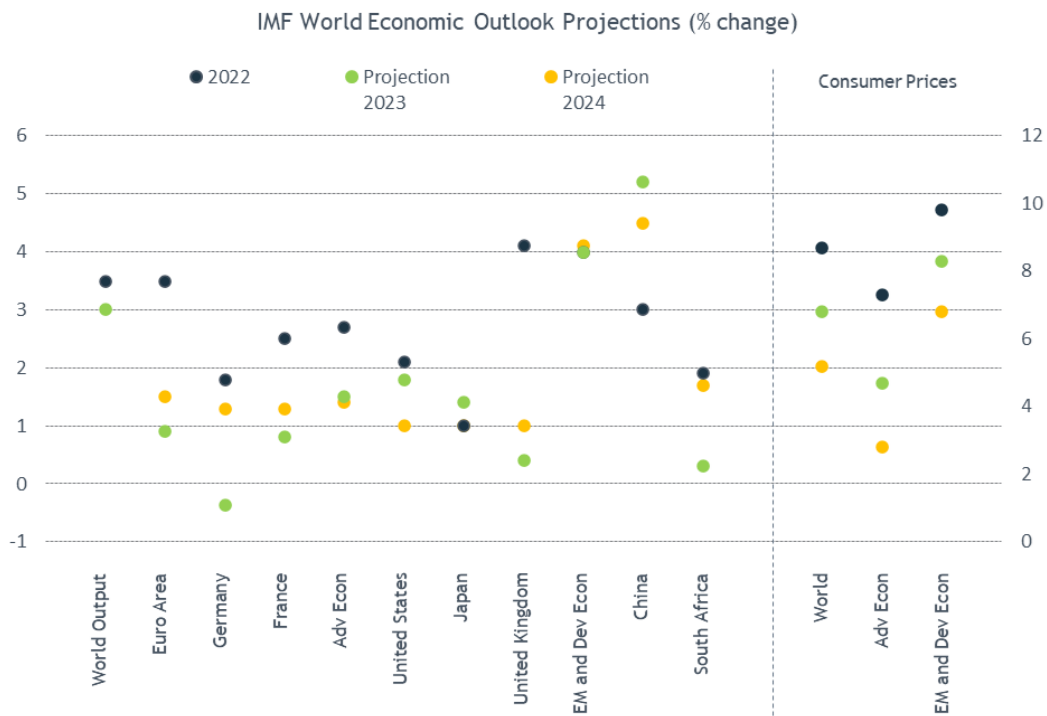
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Global Report

Carel la Cock

IMF World Economic Outlook

The global economy is anticipated to experience a decline in growth, going from an estimated 3.5% in 2022 to 3.0% in both 2023 and 2024. Although the forecast for 2023 shows a slightly more positive outlook than what was projected in the April 2023 World Economic Outlook (WEO), it remains historically weak compared to the annual average of 3.8% in the pre-pandemic decade. The ongoing efforts to combat inflation through increased central bank policy rates continue to exert pressure on economic activity. The anticipated global headline inflation is predicted to decrease from 8.7% in 2022 to 6.8% in 2023, and further down to 5.2% in 2024. The underlying (core) inflation is expected to decrease more gradually, with upward revisions in inflation forecasts for 2024.



Source: IMF WEO report July 2023



Advanced economies are the main detractors to expected global economic growth from 2022 to 2023. Weaker manufacturing will be partly offset by resilient service activity as the post-pandemic rotation from goods consumption to services nears completion. This is also evident in the outlook for world trade growth which is expected to more than half from 5.2% in 2022 to 2.0% in 2023 before recovering to 3.7% in 2024. However, despite the recovery in trade in 2024, it remains below the average of 4.9% during the pre-pandemic decade. The sharp slowdown in 2023 reflects the softening of global demand as well as the shift towards domestic services, while the US dollar appreciation and rising trade barriers are further headwinds.

Global interest rates are expected to remain higher for longer compared to the April WEO update, based on recent policy announcements and central banks' guidance. The Federal Reserve is expected to top out rates at 5.6% before reducing in 2024, while the European Central Bank will halt rate hikes at 3.75%. Global inflation expectations are broadly in line with the April outlook and will remain above pre-pandemic levels of 3.5%. Only a quarter of the world will see higher inflation in 2023 as policy tightening around the globe take effect, helped by lower commodity prices. The forecast for 2023 was revised downwards by 0.2 percentage points on account of lower inflation in China, while 2024 is now expected to be 0.3 percentage points higher due to core inflation remaining stickier. Higher-than-expected core inflation is expected to persist over the forecast period in nearly all economies with inflation targets.

Looking at the forecast for individual countries and regions, global economic growth will mostly come from emerging markets and developing economies which are expected to have stable growth in the next two years. The outlook for China remains strong with domestic consumption staying the course plotted in April. However, investment has been lacklustre given the ongoing real estate downturn while softening global demand will unwind the strong net export in the first half of the year. Growth in India is expected to be stronger than previously thought, building on the strong momentum in the last quarter of 2022. South Africa is expected to grow at a pedestrian 0.3% in 2023, lower than forecasted in April as persistent loadshedding continues to bite.

Amongst advanced economies, the Euro-area is expected to have a sharp decline from 3.5% in 2022 to 0.9% in 2023 and recover to 1.5% in 2024. The forecast is in line with the April WEO, however, a brighter outlook for Italy from improved services demand will be offset by a deterioration in Germany due to weaker manufacturing. The US is set to outperform other developed economies in 2023 with growth of 1.8% but is expected to run out of steam in 2024, growing by only 1.0%. Consumers in the US have nearly exhausted their excess savings while any further interest rate hikes by the Federal Reserve will further dampen growth.

Recent developments, including the resolution of the US debt ceiling standoff and proactive measures taken to stabilize US and Swiss banking, have alleviated immediate concerns of financial sector instability. This has helped mitigate some adverse risks to the economic outlook. However, the overall risks to global growth remain skewed toward the negative side. The possibility of sustained high inflation or even its escalation due to unforeseen shocks, such as increased conflict in Ukraine or extreme weather events, could lead to more restrictive monetary policies. Resumption of financial sector volatility is plausible as markets adjust to further tightening of central bank policies. China's economic recovery could slow, partly due to unresolved real estate issues, potentially causing negative cross-border repercussions. The threat of sovereign debt issues spreading to a wider array of economies also remains.



Potential upsides to the forecast include a possibility that core inflation could recede more rapidly than anticipated, reducing the need for stringent monetary measures. Lower energy prices have the potential to dampen inflation further if passed through to consumers while declining job vacancies could lead to lower wage demands and easing labour markets. Domestic demand might also exhibit greater resilience as excess savings sustain growth. Further policy support in China will have a positive spill-over effect on the region and the global economy.

Local Report

Elzje Kolver

Women Leaders in Business

Introduction: We live in a time where women lead by example in the workplace and their communities, paving the way forward for their peers and protégés. I have been grateful for the women who were my mentors in my career. With Women's Day in South Africa on 9 August 2023, half of our Weekly Market Report will contain articles inspired by women, written by women, for the next four weeks. Today, I will share the biographies of public figures that can inspire us for this August.

Wendy Appelbaum: Wendy Appelbaum co-founded her first business in 1994, Women's Investment Portfolio Holdings (WIPHOLD) Limited, together with a team of ten women. WIPHOLD is an investment company that grew to become the first female-controlled company listed on the JSE, registering assets of over R1 billion. Wendy attributes her knowledge, connections, and determination to her experience at WIPHOLD.

As a director at Liberty Group Investors, she later became one of the largest individual shareholders. She then sold her shares to start her own wine company De Morgenzon. Wendy's estimated net worth is around R2.6 billion.

Dr Judy Dlamini: Dr Judy Dlamini is the owner and executive chair of Mbekani Group - what started as a small occupational health consulting firm has grown to be a wealth and job creator in different sectors of the economy. Dr Dlamini is also the Chancellor of Wits University, since 2018. "In business and life, you have to work hard, you have to have integrity and you have to choose your partners carefully," says Dr Judy Dlamini. Her success clearly shows as she is estimated to have a net worth of R124 million.

Dineo Lioma: Dineo Lioma is 28 and already started two business ventures in Biotechnology. She is the Co-founder and COO of CapeBio Technologies, and the Founder of Deep Medical Therapeutics. "My ultimate vision for Africa is that it transforms into a world-class economy that is able to be one of the key players in the advancement of science and the creation of wealth," she explains to FORBES WOMAN AFRICA.

CapeBio Technologies is the first local manufacturer and distributor of laboratory reagent enzymes used in molecular biology research. The enzymes can be used to clone, cut, and manipulate DNA. The enzymes are sourced from biodiversity hotspots, like in the Western Cape.



Deep Medical Therapeutics, a social enterprise, created in partnership with IBM, builds artificial intelligence (AI) solutions to assist medical practitioners in making more informed therapy recommendations when resources are limited. The prototype app is in the research phase. Dineo has a mind for Biotechnology, and it will be fascinating to see where her career takes her.

Arlene Mulder: Arlene Mulder won the Forbes Woman Africa Technology and Innovation award in 2019. After seven years as an investment banker, Arlene left the finance industry to start 'WeThinkCode' to make software development education more accessible and deliver top tech talent to business. Her latest venture is BiB, Africa's digital audio library. **Arlene has taken technology and used it to better the lives of many in Africa.**

Why it pays to have female leaders in business: Women bring unique perspectives to leadership roles. Diversity paves the way to good decision making, problem solving, and innovation. According to a McKinsey & Company 2019 report, institutions in the top quartile for gender diversity in senior management teams were 25% more likely to have above-average profitability, an increase from 21% in 2017. We are likely to see a positive shift across generations with the inspiring female leaders we can learn from today. For women to be successful in their communities and careers, it is best to have mentors and a group of women who encourage you to achieve your goals. Starting with idols to be inspired by, then continuing your personal development by surrounding yourself with peers who challenge you to grow. We live in a world where increasingly female leaders are now in South African companies and are producing innovative solutions.

At Overberg Asset Management, we pride ourselves in customised support, and this month **we would like to invite all woman investors to reach out to our Wealth Managers: Julie Anderson, Kate Munitz, and Claire Moorhouse**, who are delighted to be part of your investment team.

Disclaimer

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