

This is just the darkest hour before dawn

Our politicians will do well to remember that economics drives politics and not the other way around, unless of course you are a dictatorship. Just ask Marie Antoinette what happens when you run out of bread, or was it cake?

The focus is finally shifting away from politics to economics, as Cyril slowly starts salvaging SA Inc. Unfortunately, with a divided ANC government held together for the sake of unity, politics will continue to dominate the headlines until the election has come and gone. Only then will Cyril be in a position to right the ship, and this only if he is able to cement his power base through a convincing electoral win. The risks are high, and the economic pressures are growing.

The reserve bank has just downgraded the GDP growth forecast from 1,7% to a measly 1,2% for the year, and you don't need the statisticians to tell you things are bad — just ask the man in the street and corporate SA how they are feeling.

Confidence has once again moved sharply lower after spiking up post Cyril's win, which in hindsight was probably only a relief rally.

The reality of the structural issues/problems facing SA Inc have once again begun to denominate headlines, this includes but not limited to some of the following:

- Rising government debt
- Failing State Owned Enterprises (SOE)
- Unclear policies i.e. land redistribution, mining charter, national health insurance
- Corruption
- And the symptoms, ie education collapse, unemployment, service



Money Matters

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delivery unrest.

But we also have a lot going for ourselves; we have natural resource wealth above and below the ground that few countries can compete with; we are the gateway to an awakening giant in Africa; and we finally have a President who understands globalisation and the importance of playing by global financial rules — ie ratings matter.

The light at the end of tunnel is undoubtedly the end of the tunnel and not an oncoming train. For investors it is always "darkest just before dawn", the share market now offering a buying opportunity, as share prices have corrected after all the bad news.

Although the challenges may seem daunting it requires only a change in sentiment to manifest in confidence, and once you have confidence you get investment, which creates jobs and grows your economy, which then addresses many aforementioned issues, and the "sun rises again."

Don't let the current negative sentiment trigger fear based irrational behaviour. —

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