Publication: Invest SA
Date: 2016-02-01
Page: 34

Barometer

HOT

Manufacturing increases year-on-year

Manufacturing production in South Africa increased by 0.9 per cent year-on-year in November 2015, according to data released by Statistics South Africa. The data further revealed that eight of the ten manufacturing divisions reported positive growth rates over this period. The main contributing sectors responsible for this increase were petroleum, chemical products, rubber, plastic products, and food and beverages.

Cape Town City Centre property value boosted by investments

Cape Town's inner city property values are expected to increase to more than R30 billion collectively within the next five years. This is according to the Cape Town Central City Improvement District (CCID), which reveals that property valuations for the 2013/14 financial year stood at about R24 billion. Various successes boosting property value, and contributing to a rise in investments, include the CBD property demand and city awards, including the Mother City being voted one of the best cities in the world by *Travel+Leisure* Magazine in 2015.

India voted top investment destination

In a survey conducted by Ernst & Young (EY) among global investors, India was voted the most attractive country for investment followed by China and Southeast Asia. Out of the 505 executives questioned, 32 per cent favoured the Indian market for investment. Mark Otty, EY's area managing partner for Europe, Middle East, India and Africa says, "there is no doubt that interest in India has increased" and that "investors increasingly see the potential and understand the fundamentals" in the country.

NOT

Fast-growing Egypt could overtake SA

Egypt, which is currently ranked Africa's third largest economy by investment bank Renaissance Capital (RenCap), could move up to second place, shifting South Africa's rating to number three. Charles Robertson, chief economist at RenCap, says, "The group's projections would see South Africa's GDP output for 2015 slipping to $317 billion." Egypt is estimated to reach $315 billion by the end of the year, only a fraction away from South Africa. South Africa, whose GDP output for 2014 was $349.8 billion, is predicted to grow by only 1.5 per cent, whereas most other countries on the continent are expected to grow by 4 per cent.

Goldman Sachs pulls out of BRIC

Multinational investment banking firm, Goldman Sachs Group, will no longer invest in the Brazil, Russia, India and China (BRIC) economies. The firm is pulling out of the BRIC fund due to the poor performance of the fund. Assets under management decreased from about $800 million at the end of 2010 to around $100 million at the end of 2015. Furthermore, investors are no longer attracted to the fund due to China's slowing growth, the sanctions imposed against Russia, and the general falling commodity prices among the BRIC nations.

Consumer credit worrying

South Africa's consumer credit health has declined from 53.6 in the second quarter of 2015 to 51.2 in the third quarter of 2015. This is according to the TransUnion South African Consumer Credit Index (CCI) report released in November 2015, which found that more consumers were borrowing money to pay off debt for automotive and banking loans as well as other expenses. Salem Dyafta, consumer brand manager at TransUnion, noted an increase in accounts in arrears. Dyafta said that the slowing of the credit health shows consumers are feeling severe financial pressure. If the South African consumer credit continues to slow down, it will raise concern over a possible economic recession.