YOUR**OASIS**

SA EDITION 05 - 2019

VIEWS FROM OUR CEO

Macro and political uncertainty have increased, prompting fiscal and monetary authorities in major economies to respond. The US-China trade war that started in January 2018, was ramped up substantially when the US increased tariffs from 10% to 25% on $200bn of Chinese imports in May, threatening to extend the tariffs on the rest of its imports from China, and China responding by levelling a range of tariffs on $60bn of US imports. Major Chinese firms were also caught in the crossfire. The US administration banned US companies from exporting components to the Chinese technology giant Huawei and threatened non-US companies with exclusion to US markets if they fail to comply. More recently, the US detailed new restrictions on American companies doing business with five Chinese companies manufacturing supercomputers and related components.

China was not the only country threatened with tariffs. The US used the threat on its neighbour Mexico if the country failed to come up with acceptable measures to stem the tide of illegal immigration into the US via its borders. India was removed from the US Preferred Trade Program, opening the way for the imposition of tariffs on that country. The European Union is busy negotiating a trade deal with the US to avoid the latter imposing tariffs on its exports, with the European motor sector being in the US' crosshairs. In addition to the uncertainties that trade wars have imposed on the global economy, recently there has also been a dramatic escalation of geopolitical risk centred on the Middle East. The sharp increase in tensions between the US and some of its Gulf allies on the one hand, and Iran on the other, threatens the flow of oil through the strategically important Strait of Hormus chokepoint between the Persian Gulf and the Gulf of Oman.

Weaker global activity, continued signs of benign inflation and the increase in macro and political uncertainties have led to major central banks like the US Fed, the Bank of England and the European Central Bank signalling more dovish stances, and markets pricing in expectations of policy rate cuts. Other central banks like the Bank of India[1] and the Bank of Australia[2] have been cutting their benchmark rates, whilst others like the Central Bank of China[3] have extended quantitative easing. China has also ramped up fiscal policy measures like increased infrastructure spending to bolster growth.[4] The changed policy stances have boosted liquidity, with benchmark yields declining, spreads of risk assets compressing, major equity markets hitting new highs and both developed and emerging market currencies gaining against the US dollar. Though global liquidity conditions have been more supportive, a number of countries and regions have been challenged by domestic uncertainty.

SA ECONOMY

President Cyril Ramaphosa delivered his second State of the Nation Address (SONA) of 2019, reaffirming his commitment to the rebuilding that he initiated when he assumed the Presidency in February 2018. After a decade of maladministration, corruption and State Capture, the process of rebirth requires time, but we remain confident that South Africa is on a much healthier course.

Much has been done. Commissions have been established, one has reported back and its recommendations are being implemented, key agencies like the National Prosecuting Authority and the South African Revenue Service (SARS) have seen the appointments of capable leadership, the establishment of a Special Investigating Unit (SIU) Special Tribunal to fast-track the recovery of looted funds, a plan of action to sort out the challenges at Eskom, a process of private sector engagement has resulted in R840bn being pledged towards investment, and a new Mining Charter has been gazetted. The latest SONA has seen more measures, including the front-loading of Eskom funding, and continued focus on job creation, education, health, security and investment.

These efforts will continue to gain traction. In the meantime, after a very weak performance over the first quarter, the SA economy looks to be gearing up for a better performance over the second half of the year, as major headwinds like load shedding and supply disruptions in mining dissipate. Benign inflation figures and a more accommodating global monetary policy environment also open the door to easier monetary policy from the Reserve Bank.

FINANCIAL ADVISORY

The rise of the digital economy has changed the employment landscape, resulting in many company's offering separation and/or early retirement packages to its employees. It is imperative to seek sound financial advice especially if you are affected by the restructuring occurring at organisations which include, Multichoice, Eskom, Telkom, Tongaat, Standard Bank, ABSA, PPC, Tiso Blackstar and Group 5, amongst many others.

In the event of retrenchment, always preserve your pre-retirement fund savings if you want to continue working. The most tax efficient product to transfer your retirement fund savings into is a Preservation Fund. Oasis offers both the Oasis Crescent Preservation Pension Fund and Oasis Crescent Preservation Provident Fund.

If however, you elect the early retirement option, you will be entitled to take up to a maximum of one-third in cash from a pension fund and have the remaining portion transferred to a living annuity in order for you to draw a regular pension payment.

The cash portion withdrawn will be subject to the retirement fund tax tables and the member has the option to re-invest this into a collective investment scheme (CIS) product which will provide liquidity and return on investment.

Oasis offers the Oasis Crescent Pension Annuity product which is a living annuity purchased for the sole purpose of providing a regular income during your retirement years.

All Oasis products are suitably diversified and investors can chose the most suitable of products in line with their life stage and risk profile. We invite you to contact your financial advisor to provide you with guidance if you are faced with retrenchment or early retirement or call us directly on 0860 100 786 to ensure you make the best decision where your retirement is concerned.

OCAS Travel

Our Financial Advisors travel throughout the country on a monthly basis. During the month of July, will be travelling to the following areas:

DATE	AREA
15st - 19th	**Gauteng** JHB Central, Pretoria **North West** Rustenburg, Klerksdorp & Potchefstroom
22st - 26th	**Gauteng** JHB Central, Sandton, Midrand, Fordsburg, Lenasia, Benoni & Pretoria **North West** Rustenburg, Klerksdorp & Potchefstroom **KwaZulu-Natal** Rustenburg, Klerksdorp & Potchefstroom, Isipingo Glenwood, Sydenham, Westville North, Cramond, Merewent
29st - 2nd	**KwaZulu-Natal** Rustenburg, Klerksdorp & Potchefstroom, Shallcross, Chatworth, Malvern, Queensburgh, Durban CBD, Musgrave, Overport, Tongaat, Verulam, Stanger, Phoenix

IN THE **NEWS**

FOCUS ON **FINANCE**

Watch our Focus on Finance programme where we discuss Retrenchment and Early Retirement in more detail. To access this show, please click on the link provided or visit our Oasis Crescent YouTube channel in order to download and watch this show.

YouTube WATCH VIDEO

[1] https://rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=47225, [2] https://www.rba.gov.au/media-releases/2019/mr-19-15.html, [3] https://www.reuters.com/article/us-china-economy/china-to-step-up-bank-reserve-ratio-cuts-to-help-small-firms-state-media-idUSKCN1RJ0D4, [4] https://www.reuters.com/article/us-oecd-china-economy/chinas-policy-stimulus-may-worsen-economic-distortions-oecd-idUSKCN1RS0P7

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