

VIEWS FROM OUR CEO



ADAM EBRAHIM

The United States (US) economy expanded at a solid 4.1% over the second quarter of 2018 and 2.9% year-on-year (y/y), its best pace since 2014. Bolstered by pro-cyclical policy, the US labour market is nearing full employment, consumption is robust as wage growth picks up, and investment continues to be boosted by tax cuts, regulatory reforms, and fiscal spending. The confluence of the robust private and public sector has put the US growth on a divergent path from that of the global economy. However, with little spare capacity in the labour market, recent increases in oil prices and growing consumer demand, there is an upward pressure on domestic inflation. Amid the positive US macro outlook, the Federal Reserve (Fed), continues the monetary policy normalisation to sustain growth and therefore supporting the case for continued, gradual rate hikes throughout 2019.

Across the Euro-zone, growth in the second quarter of 2018 was at 0.4%, with y/y growth of 2.1%. The European Commission noted that their aggregate measure of consumer and business confidence declined to its lowest level in more than a year during September. Moreover, all of the economies in Europe will be negatively affected by rising oil prices, persistent geopolitical uncertainty, impacts of Brexit, poor fiscal discipline in countries such as Italy, ongoing trade tensions and the shift to the populist right. However, economic growth is projected to remain solid in Germany, backed by a booming labour market, strong investment in capital, and healthy surpluses in the fiscal and current accounts.

Amongst emerging markets, short term pressures continue to be a central theme. China y/y growth declined from 6.9% to 6.7% during the second quarter in 2018 and is further anticipated to slow down due to ongoing increase in tariffs and oil prices. Most macro-economic activity indicators were weaker than expected in July where retail sales growth slowed to 8.8% y/y and vehicles sales fell 2% y/y. Investment in infrastructure is declining and aggregate consumption growth is less exuberant.

The OECD has revised Turkey's real GDP growth forecast in 2019 from 5.0% to 0.5% following the depreciation of the Turkish lira. In addition, Argentina has made use of a \$57 billion bailout from the IMF, while reporting on rising inflation and an extremely weak peso, despite interest rates of 60%. Many of the emerging market economies will also be negatively affected by a potential trade war, which will further increase the disparity between developed world and emerging market economies. In light of the growth dislocation between the US and the rest of the world, the synchronised global growth is long gone, leaving domestic demand as the key driver. IMF global growth forecast for 2018 was projected at 3.9% in April this year, however, they have revised this figure lower to 3.7% in October.

SA ECONOMY

The South African economy y/y growth in the second quarter slowed to 0.4%. Following the relatively poor economic performance, President Cyril Ramaphosa announced that the government has formulated stimulus package focused on the reprioritisation of government spending and economic reform. However, there remain difficulties for government to reprioritise spending away from the relatively unproductive labour intensive organs of state and we expect a marginal impact to this shift in spending.

The package also addresses some of the supply side constraints, through the reformation of laws relating to visas, which would contribute towards an increase in tourism and a more flexible and efficient labour market. Additionally, revisions to the mining charter will provide this sector with a much needed reduction in uncertainty. Similarly, the imminent appointment of an advisory panel on land reform that will look to promote sustainability, growth and food security may also provide the agricultural sector with some stability. It is also encouraging to highlight that in conjunction with government, the banking sector has agreed to provide loans and investments to black-owned enterprises up to the value of R100bn over five years. This would provide the much needed liquidity in this market. Other areas that could benefit from partnerships between the public and private sector include those involved in the development of infrastructure, as the Industrial Development Corporation (IDC) is expected to increase its approvals of projects by 20% y/y.

The successful implementation of this plan would bolster the economy and could establish the foundation for renewed economic growth and the creation of additional employment opportunities. However, it may take some time before one is able to observe the benefits from such reform.

FINANCIAL ADVISORY

At Oasis, we focus on long term wealth management, offering products with a 10—20 year investment horizon. In protecting your wealth, we position your portfolio in advance of a trend which may at times be earlier than expected. During this transition, competitors may outpace our performance, however history has proven that our strategies of forward looking portfolios have led to the substantial creation of wealth for our clients over the long term. At Oasis we do not look for short-term strategies, rather we focus on extended investment periods, where value is fundamental to their portfolio. Our portfolios are currently positioned to have greater geographic exposure which in turn has offered currency diversification that has paid off handsomely to our clients, and will continue to do so as our strategies within future economic and financial markets are realised.

OASIS FINANCIAL ADVISORS SCHEDULE FOR OCTOBER

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

DATE	AREA
12 - 16	Gauteng: Pretoria, Laudium, Erasmia, Sandton, Marlboro, Bryanston, Rosebank, Lenasia, Johannesburg, Welkom, Vanderbijlpark, Benoni, Boksburg. KwaZulu-Natal: Ladysmith, Estcourt.
19 - 23	Gauteng: Emmerentia, Lenasia, Azaadville, Laudium, Erasmia, Centurion, Benoni, Boksburg, Sandton, Midrand, Mondeor, Killarney, Rosebank, Bryanston, Robertsham, Greenside. KwaZulu-Natal: Durban CBD, Chatsworth, Phoenix, Sherwood, Westville, Umhlanga, Shallcross, Queensburgh, Hillary, Silverglen, Verulem.
25 - 30	Limpopo: Polokwane, Bela Bela, Mokopane, Louis Trichardt, Tzaneen, Naboomspruit, Thohoyandou.

Financial planning is an ongoing process and it is crucial to liaise with your Financial Advisor should your circumstances change. This would ensure that your long term financial goals will be achieved. Should you wish to schedule an appointment with your Financial Advisor, do not hesitate to contact us.

IN THE NEWS

Oasis Crescent was named Best Islamic Fund Manager for 2018 at the eighth annual Global Islamic Finance Awards (GIFA) which took place in Sarajevo, recently. Alongside this notable accolade, Oasis CEO, Adam Ebrahim received the GIFA Championship Award 2018 in the category of Islamic Asset Management.

Watch the interview with Adam Ebrahim as he comments on his visit to Bosnia & Herzegovina and the awards he received whilst there.



WATCH VIDEO

