



Rebuilding, but inclement forecasts remain



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The fast view

- As we approach the half-year mark, a two-speed global recovery – split between those who remain afflicted, and those who have been vaccinated – looks increasingly likely.
- South Africa’s third wave looks like it’s coming; the experts seem to be predicting a less severe impact across most of the country. But now is not the time for us to be complacent.
- The developed countries, in their exuberance, have over-ordered vaccines. There is going to be a surplus in these countries. That is good news for emerging markets, as they’ll be coming our way.
- Globally, equity markets seem to be continuing their upward trajectory, and with economic data and corporate results generally surprising on the upside, this situation looks set to hold.
- The general “risk-on” atmosphere that this generates is favouring our currency and bond yields and should continue to do so for a while.

As we approach the half-year mark, analyst predictions of a global recovery of two separate speeds during the second half of 2021 – split between those who remain afflicted, and those who have been vaccinated – looks increasingly likely. Whilst the UK, Europe, and the US (and obviously Israel) seem to have brought their numbers under control, COVID-19 infections in Latin America, India and in fact most of Asia (except China), are currently raging.

Meanwhile, back home, despite what must rank as one of the slowest vaccination programmes in the world, (slower even than our neighbours), our much predicted, post-Easter holiday third wave looks ominously close. Why it hasn't materialised yet remains unclear. There is an argument that the inability of people living in low-income high-density areas to isolate effectively means that the disease has already washed through our population, meaning that we are already close to herd immunity. Whilst there's no doubt that argument holds sway, you would think the same logic would protect India or Brazil. A contributing factor in our favour must be our geographic positioning, being stuck at the bottom tip of Africa. This, plus our involuntary international isolation thanks to the dodgy variant that carries our name, means nobody will fly us anywhere or visit us. Therefore, whether we like it or not, we are successfully isolating.

Meanwhile, in the US, President Joe Biden recently passed a hundred days in office, and has certainly not been “sleepy”. The fact that you haven't heard from him daily, as was the case with his predecessor, has more to do with personality than productivity. As was said when he was inaugurated, he will be more boring than Trump, but given what the world has been through over the past year, “boring is bliss”. When elected, he vowed to have 100 million Americans vaccinated by his 100th day in office. He managed to double that. Thus far, 230 million Americans have been vaccinated, and their new infection numbers are declining accordingly. In addition, Biden signed 41 executive orders in his first 100 days, the fastest rate since Harry Truman in 1945. (Donald Trump had signed 33 and Barack Obama 9 in their first 100 days respectively). He has also managed to reverse 62 of Trump's 219 orders, compared to the 12 of Obama's that Trump reversed during his presidency. He made 78 factually inaccurate claims in 100 days, which whilst it sounds large, is significantly lower than the 511 made by his predecessor in his first 100 days.¹

Importantly, he has also pushed the US back into the Paris Climate Agreement, thereby reinvigorating the global fight against climate change.

Biden signed 41 executive orders in his first 100 days, the fastest rate since Harry Truman in 1945.

¹ Source: www.washingtonpost.com/biden-fact-checker-100-days.

Back home, on the political front, our President is seemingly feeling more confident and comfortable. Increasingly, the daily news headlines show progress and promise, while the negative headlines are the desperate efforts of those under fire for allegedly corrupt activities. Ace Magashule's suspension from the party is a crucial victory for the "clean-up" effort. Whilst the fight is by no means won, and the underhand efforts of those being prosecuted must not be underestimated both in terms of danger and criminal intent, it appears that there's been a marked shift in support away from those under fire and towards the President.

All in all, the world – including SA – feels a bit better. Globally, equity markets seem to be continuing their upward trajectory, and with economic data and corporate results generally surprising on the upside, this situation looks set to hold. The general "risk-on" atmosphere that this generates is favouring our currency and bond yields and should continue to do so for a while.

The pandemic is not over. More people apparently will die from COVID-19 in 2021 than in 2020, so now is not the time for us to be complacent.

Gradually, the world will recover as vaccine programmes roll out. The developed countries, in their exuberance, have over-ordered vaccines – in some cases as many as seven per person. They're vaccinating fast, and once you've had the vaccine, you don't want more, and given that they expire, there is going to be a surplus in these countries. That is good news for emerging markets, as they'll be coming our way.

The developed world now realises that having herd immunity counts for nothing if the disease keeps spreading in the unvaccinated rest of the world, creating new and increasingly militant and mutant variants capable of rendering their vaccines obsolete.

As we enter winter, our risks rise. People go indoors, close the windows, and the disease spreads.

Our third wave looks like it's coming; the experts seem to be predicting a less severe impact across most of the country. Hopefully we've learnt to follow science and don't allow personal ministerial bias to close down industries that don't need to be closed.

In the meantime, stay safe.

The developed world now realises that having herd immunity counts for nothing if the disease keeps spreading in the unvaccinated rest of the world.

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