

## KEVIN LINGS : STANLIB weekly economic review in charts: 2 to 8 August 2021: focus is on the change in SA Minister of Finance as well as the extremely strong US employment data for July 2021

[HERE](#) is this week's economic review in charts. As usual, we hope the charts are reasonably self-evident, and somewhat reflective of the range of economic data released in the past seven days. The section on commodity prices has been expanded. Commodity prices are expected to remain elevated over the coming months, but the increase does not look and feel like a commodity super-cycle

### The focus areas during the week included:

- **SA COVID-19 infections** continued to ease during the weekly, largely as a result of a further fall-off in the number of new infections in Gauteng. Unfortunately, the number of new infections in the Western Cape and KwaZulu-Natal accelerated further. Very encouragingly, the number of excess deaths slowed significantly during the prior week.
- **SA number of vaccinations** has risen to over 8 million, accelerating meaningfully over the past three weeks. There is more confidence that SA has managed to procure sufficient vaccine doses to meet the country's needs
- **SA President Cyril Ramaphosa announced a cabinet reshuffle** on Thursday, 5 August 2021. In particular Enoch Godongwana was appointed as SA's new Minister of Finance. Mr Godongwana is extremely knowledgeable and has been instrumental in the development of SA's macro-economic policies over the past decade. The policy approach from National Treasury is not expected to change over the short to medium term, although the MTBPS in November 2021 will provide important insight into Mr Godongwana's approach to fiscal policy. It is hoped that the appointment of Mr Godongwana will highlight the need for policy implementation rather than the development of new policies.
- **US added a massive 943 000 jobs** in July 2021, unemployment rate down sharply to 5.4%, wages up 4%/y, more hours worked and previous months data revised higher. This will raise concerns about QE tapering.
- **SA PMI manufacturing** index plunged down to 43.5 in July, down from 57.4 in June amid a COVID 19 third wave and civil unrest in KZN and Gauteng
- **SA petrol price** increased by a substantial 91c/l in August 2021 as a result of rising oil prices, and a weaker exchange rate
- **Foreign ownership of SA government** bonds dipped to below 30% in July 2021, and has remained in a narrow range around 30% for the past year
- **US ISM services index** rose well above expectations in July 2021, but this was before that latest surge in COVID-19 infections due to the Delta variant
- **US new vehicle sales** fell further in July 2021, partly reflecting the global shortage of computer chips
- **US consumer credit** rose substantially further in June 2021, and has accelerated noticeably in the past five months
- **US infrastructure bill** is finally making progress towards a final approval
- **Euro-area retail sales** improved further in June 2021, confirming the improvement in the region's economic performance
- **US bond market** weakened marginally after the release of exceptionally strong US employment data for July 2021
- US Nasdaq up over 17% year-to-date, while the **S&P 500 index has risen by 18% to a record high**. SA equities up 15% year-to-date, in Rands.
- **SA Rand weakened** by just over 2% on Friday, 6 August 2021, partly due to the better than expected US employment data

- **Global shipping costs** remain exceptionally high by historical standards
- Shame the **British Lions** tried, maybe next time 😊

Regards,

**Kevin Lings**  
Chief Economist

