

Visit www.vistawealth.co.za

- FINANCIAL PLANNING AND INVESTING
- RETIREMENT PLANNING AND INVESTING
- PERSONAL AND BUSINESS INSURANCE
- OFFSHORE INVESTING AND BANK ACCOUNTS
- STOCKBROKING AND SHARE BASED LOANS
- TAX, TRUST AND ESTATE PLANNING

Representative under supervision of Accredinet Financial Solutions an authorised financial services provider FSP 8933

View of the month

March 2017

Dear investor,

A **credit rating downgrade** ramped up pressure on South Africa's assets on Tuesday, sending the rand tumbling and bond yields rising as political turmoil in the country exacerbated investors' overall caution towards riskier assets.

Gordhan's departure and the rifts in the ANC-led government prompted S&P Global to cut South Africa's sovereign credit to 'junk', handing it the first downgrade since 2000. Moody's said later it was also placing South Africa on review for a downgrade. Moody's however, still has two notches to go to junk status.

Junk status has unfortunately been an inevitability for South Africa for some time, as the country has struggled with debt, high levels of unemployment, incredibly slow economic growth and political uncertainty under president Jacob Zuma's tenure.

The rand weakened 1 percent against the dollar in its seventh straight session in the red, **having lost nearly 12 percent since last Monday** when President Jacob Zuma ordered respected Finance Minister Pravin Gordhan back home from a trip abroad in a week that culminated in his sacking. Last week, the 10 year R186 bond traded around 8.30% and then shot up to 8.91%, which means **investors in these instruments recorded capital losses**.

But what does it actually mean?

South Africa is going to **have to pay more to raise the money it needs** for economic growth, key projects and service delivery. Many international investors are also blocked by policy from investing in such countries or from buying their debt. Lower investment in turn, will lead to even lower job creation and a potential increase in unemployment.

Like individuals approach a bank for a home loan to buy a house, **governments source financing from international financial markets to fund key projects** like new roads and power plants, for example. Think of South Africa now as someone that battles to get a home loan because he or she has a bad credit record.

And how might it affect your own pocket? **Interest rates will likely rise**, thus increasing the monthly cost of things like home loans, vehicle finance repayments and petrol. **We may also find that the rand loses further ground** against international currencies, which would increase the price that we pay to import foreign goods into South Africa.

What's been happening internationally?

During March, the US Federal Reserve (Fed) **hiked the key lending rate by 25 basis points**, prompting a rise in stock markets on a global scale. Fed officials indicated that they could raise rates a second, and even a third time, later this year. The current rate at which the central bank lends money to borrowers is 1.00%.

In the Netherlands, Mark Rutte's People's Party for Freedom and Democracy (VVD) won the parliamentary elections, which seem to indicate that the populist trend prevalent in the past year is not a foregone conclusion. The next major election to watch closely is the presidential election in France later this year. Candidates are pitted against each other twice, with the first round kicking off on 23 April. The second run-off and final election takes place on 7 May 2017.

British Prime Minister Theresa May notified the European Union (EU) on 29 March of **the United Kingdom's intent to leave the EU**. This will set in motion the two-year period provided in Article 50 of the Lisbon Treaty for negotiating the terms of the United Kingdom's exit from the EU.

The purchasing managers' indices (PMIs) jumped to their highest level in nearly six years, with the Eurozone composite PMI rising to a robust 56.7. Economists deducted from the data that gross domestic product (GDP) growth is increasing at a rate in excess of an annualised 2%. **This is an indication that the economy in Europe is also performing better**. The euro strengthened on the data.

What else is happening at Vista Wealth Management?

In case you missed our March **Finweek/Fin24** contribution, looking at why your investment portfolio needs exposure to listed property, you can do some catch-up reading [here](#).

Upcoming event:

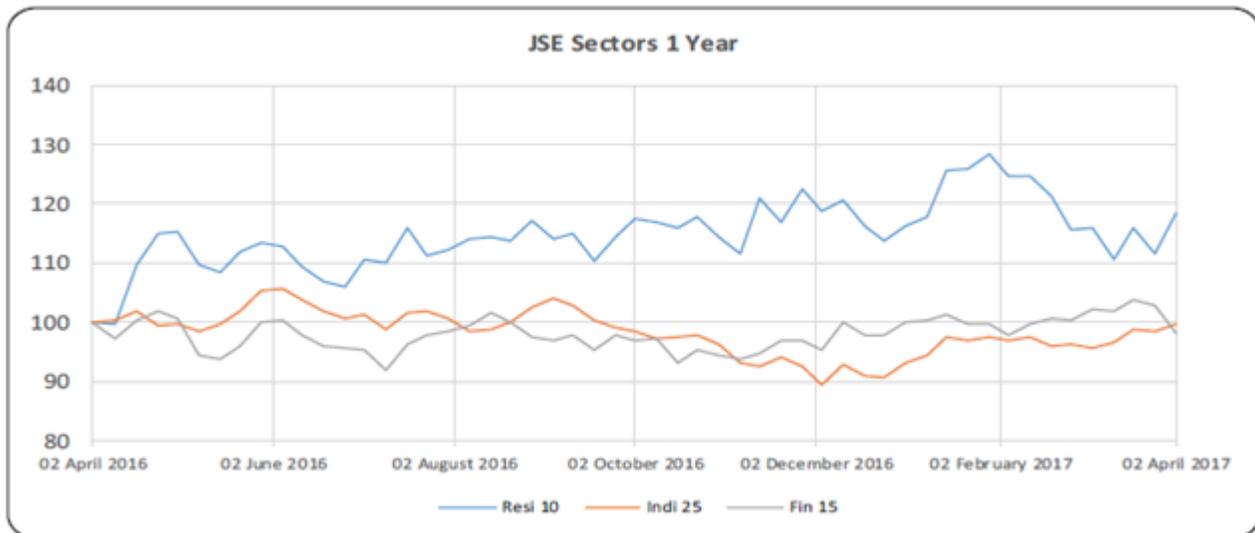
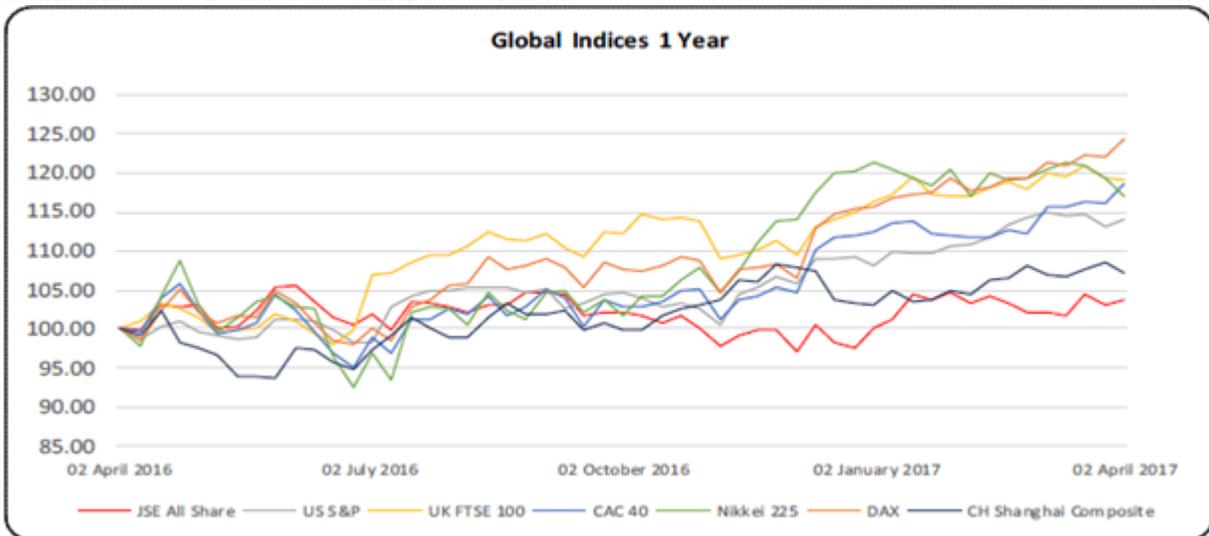
Join us on **Thursday 20 April'17 at 17:30** at the **Johannesburg Stock Exchange (JSE) Power Hour**. We've been invited to present at this prestige once a month **free education event** at the JSE's offices in Sandton Johannesburg. During this event, Vista's Magnus de Wet will be presenting the investment case for **listed property versus buying-to-let property**.

- Book for the webcast [here](#).
- Book to attend live at the JSE [here](#).

Quote of the month:

"The time of maximum pessimism is the best time to buy and the time of maximum optimism is the best time to sell." -John Templeton

Financial Indicators:



Currency's, Inflation and Rates

Global Currencies 3 Years



Currencies

Rand /USD	13.42
Rand /Pound	16.83
Rand/Euro	14.28
Rand/AUD	10.22

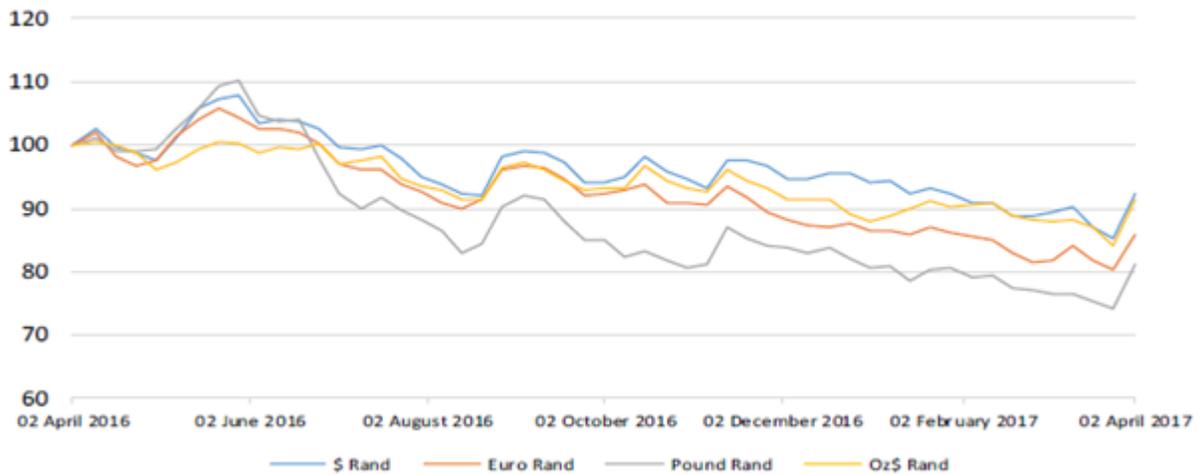
Rates

South Africa CPI	6.30
South Africa Repo Rate	7.00
Bond Yield Local	Yield
R 203	7.43
R 207	7.76
R 186	8.87

Bond Yield International

US 10 Year	2.39
US 30 Year	3.01
German 10 Year	0.33

Global Currencies 1 Year

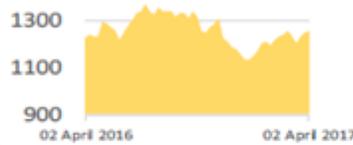


Commodities

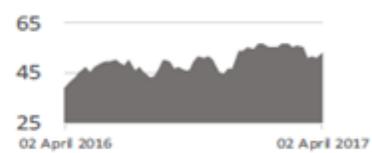
Spot Price

Gold	1249.20
Platinum	951.49
Brent	52.99
Copper	1952

Gold \$



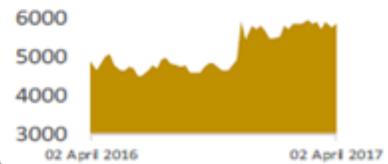
Brent \$



Plat \$



Copper \$



Regards,

The Vista Wealth Management Team

Magnus de Wet | 082 894 8654 | magnus@vistawealth.co.za

Rupert Giessing 082 411 8887 | rupert@vistawealth.co.za

info@vistawealth.co.za

www.vistawealth.co.za



A representative under supervision of Accredinet Financial Solutions, an authorised Financial Services Provider, Licence No. 8933



NOTICE - This message contains privileged and confidential information intended only for the use of the addressee named above. If you are not the intended recipient of this message, you are hereby notified that you must not disseminate, copy or take any action in reliance on it. If you have received this message in error, please notify Vista Wealth Management immediately. Any views expressed in this message are those of the individual sender, except where the sender specifically states them to be the view of Vista Wealth Management. Although our mail is scanned for viruses, please check all attachments before opening them, as Vista Wealth Management do not hold themselves responsible for any data loss or damage as a result of a virus being transmitted to the recipients computer.