THE LONG ROAD FROM “HKGK” TO “GRIT” ….SA’S BIG ECONOMIC SCENARIO SHIFT

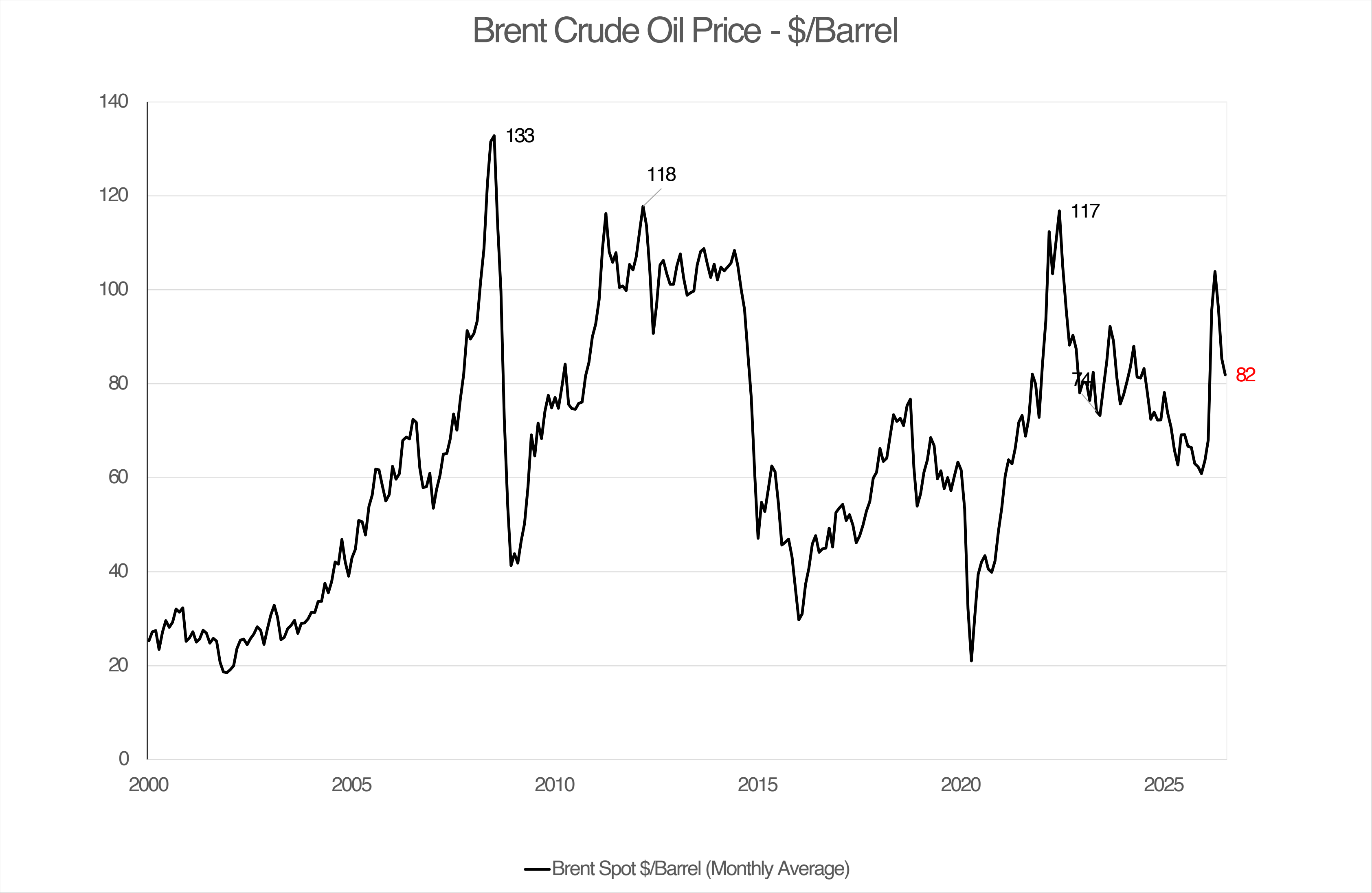
John Loos

28 July 2026

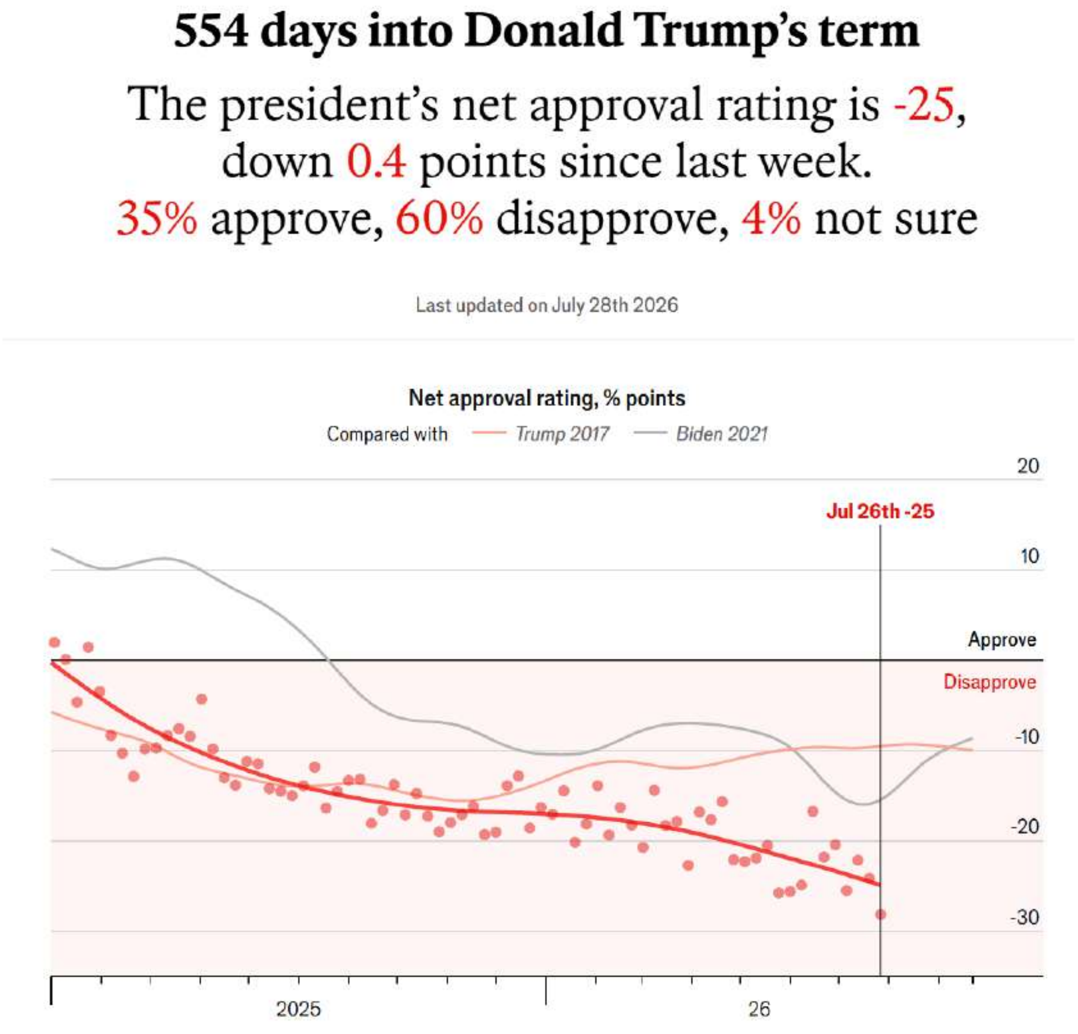
3 potential macro-impact risk paths for the Middle East Conflict

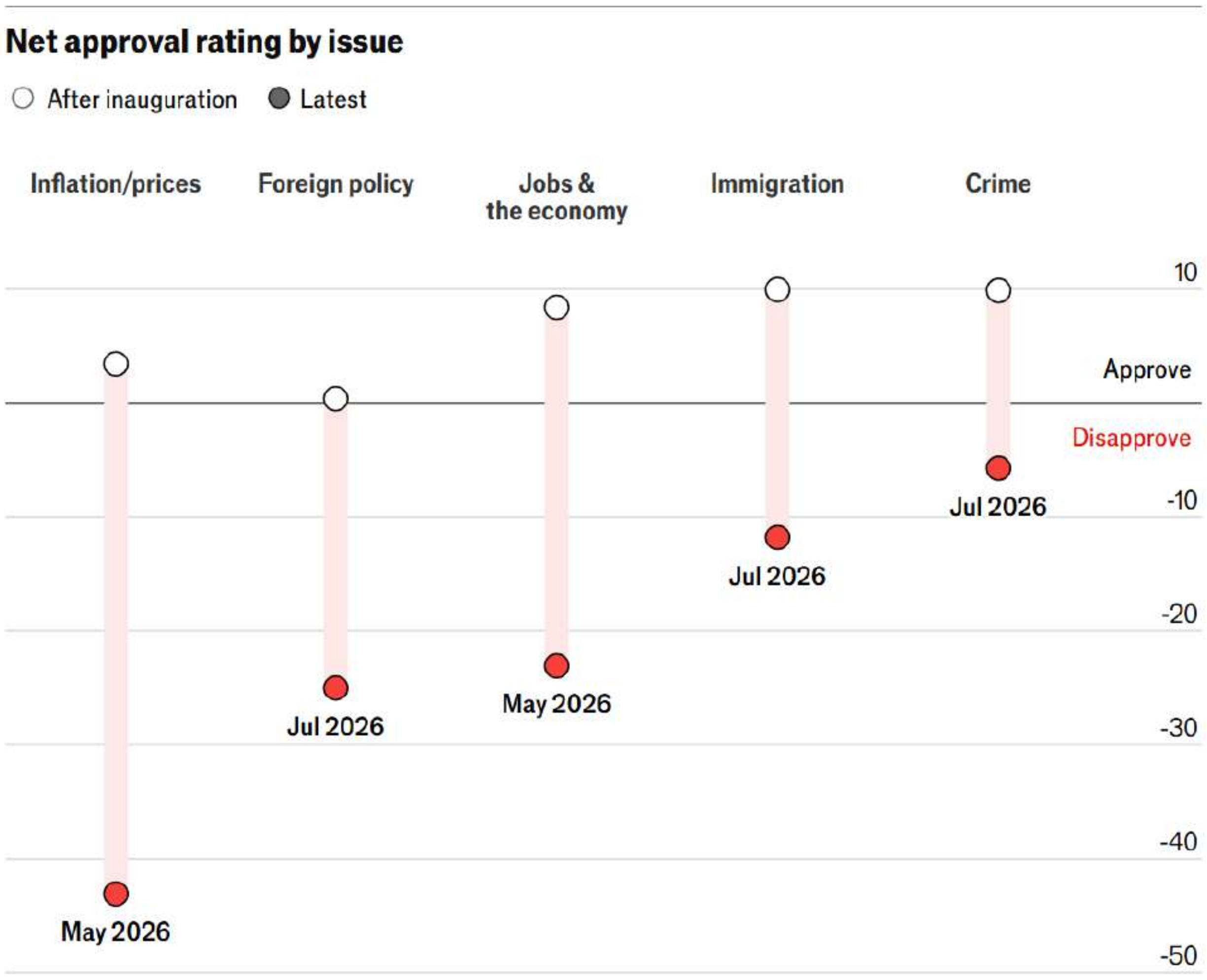
- Global economic slowdown impact
- Imported inflation impact
- Interest rate impact

Another Oil Price Spike – But no recession projected…

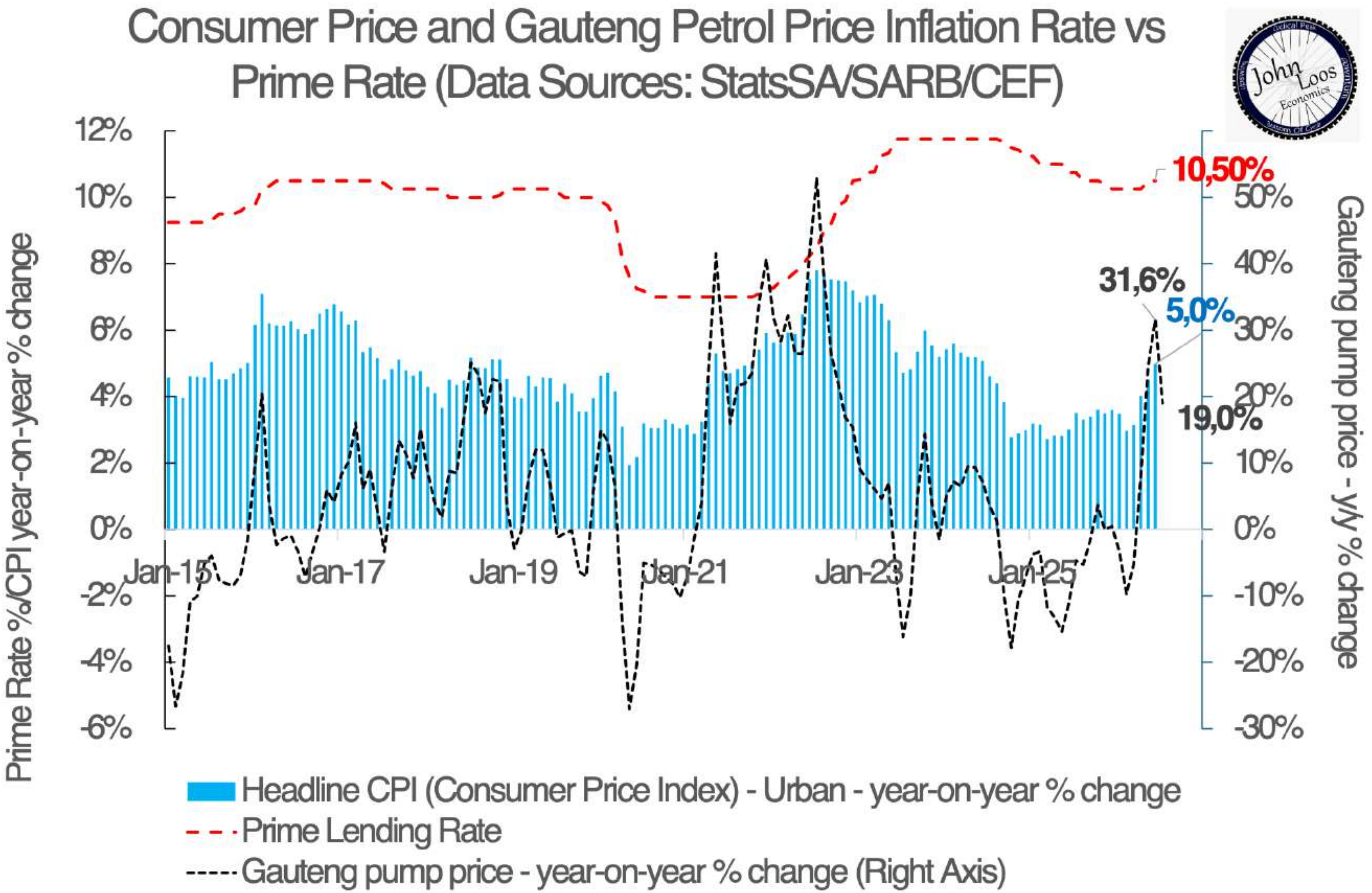


Trump Approval Rating – Weakness on inflation/cost of living, economy and foreign policy…with mid-term elections approaching (Source: The Economist)





Petrol Prices….CPI and Interest Rates…Another hike?

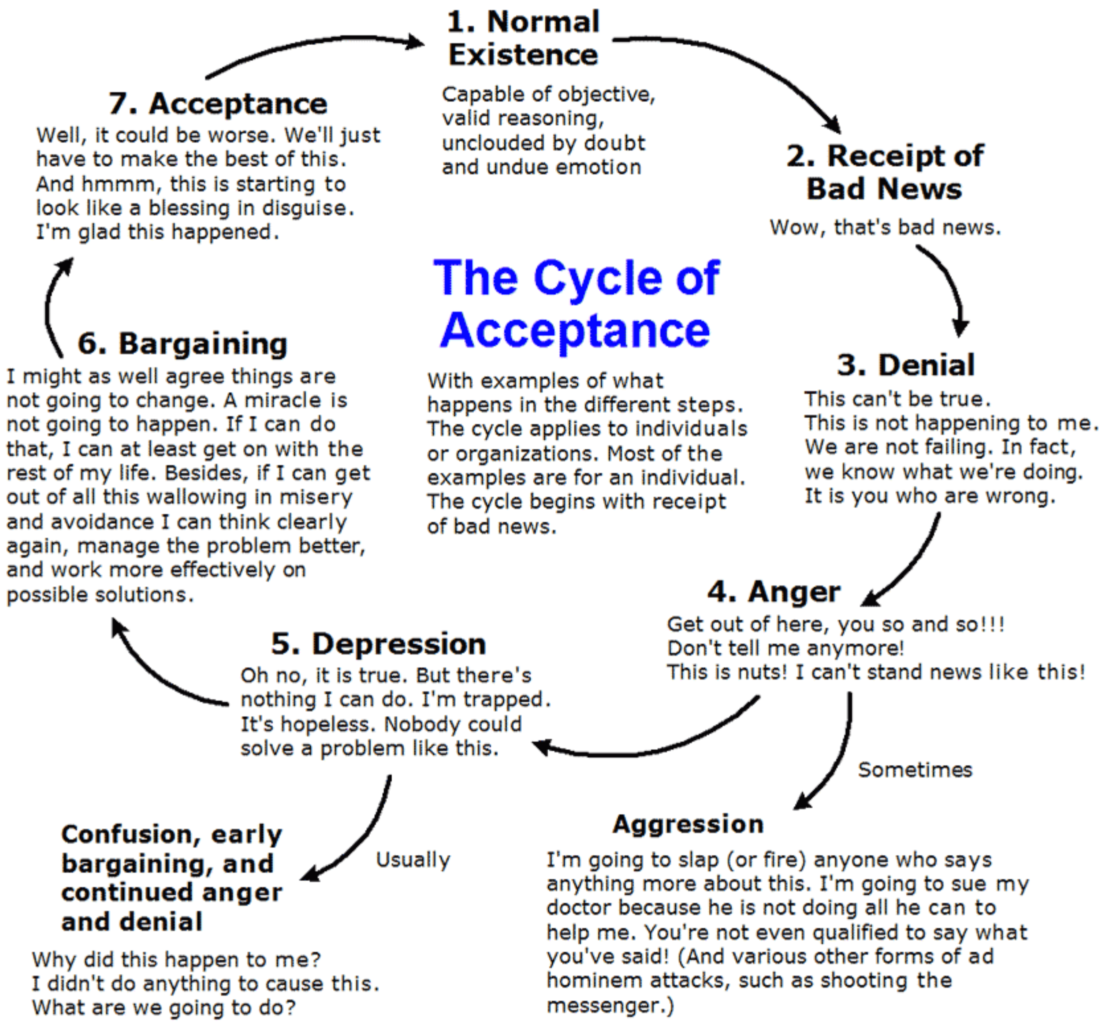


Macroeconomic Outlook – A slower global and local growth year with 2 interest rate hikes…but the Rand can strengthen hereafter

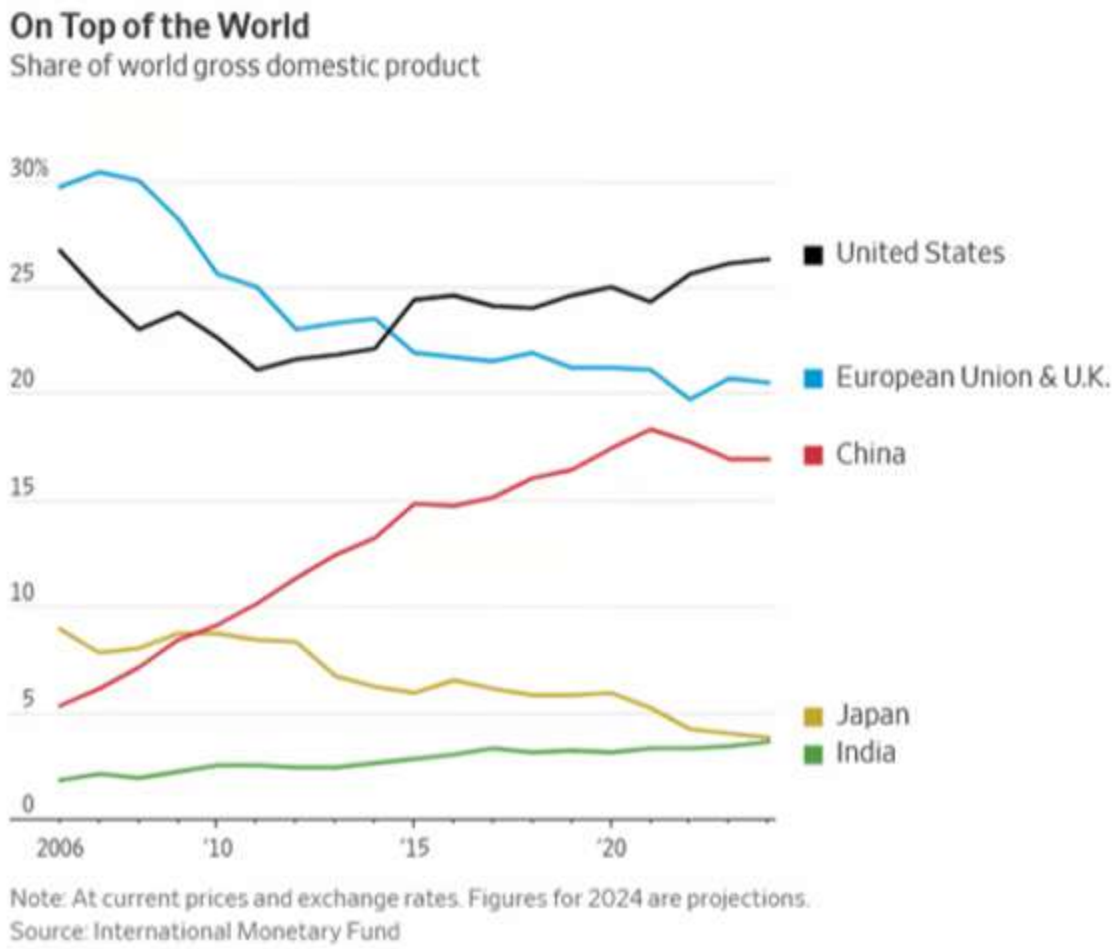
MACRO FORECAST SUMMARY

	2025	2026	2027	2028
Global GDP Growth	3,40%	3,00%	3,20%	3,40%
GDP Growth	1,10%	0,90%	1,40%	2,00%
Real Household Consumption Spend Growth	3,60%	1,60%	2,00%	2,50%
CPI Inflation (Average)	3,20%	4,30%	3,50%	3,0%
Prime Rate (End of Period)	10,25%	10,75%	10,00%	9,50%
USDZAR	16,56	16,00	15,45	14,95
Brent Crude $/Barrel	60,85	75,00	65,00	72,00
Government Long Bond Yields (10-year)	8,05%	8,20%	7,95%	7,75%

Acceptance of Change....Tough for Many....Easy for A Few



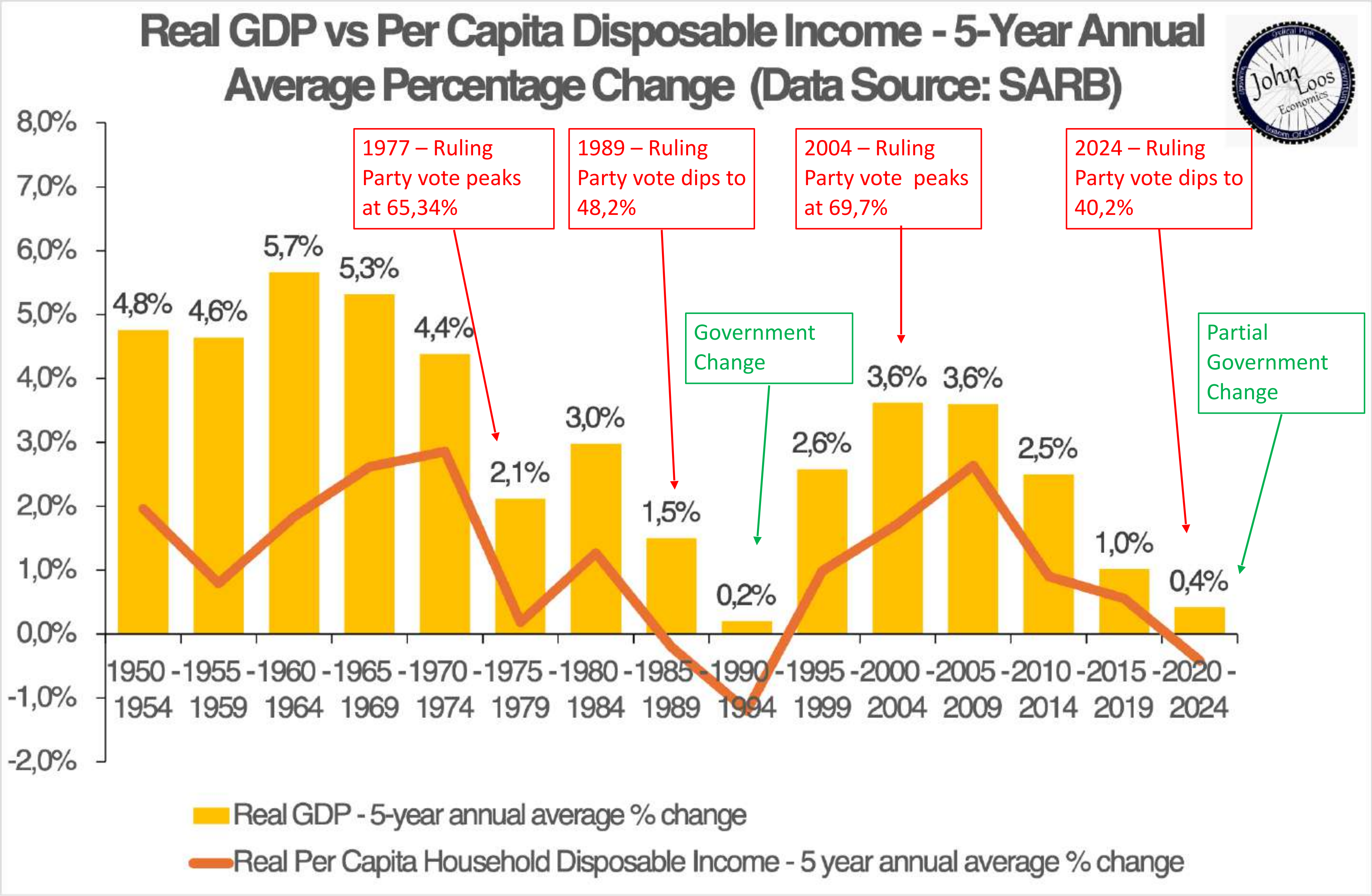
US Economy has fared relatively well over past decade-and-a-half….But China threatens



But rising US income inequality makes protectionism and isolationism more appealing?

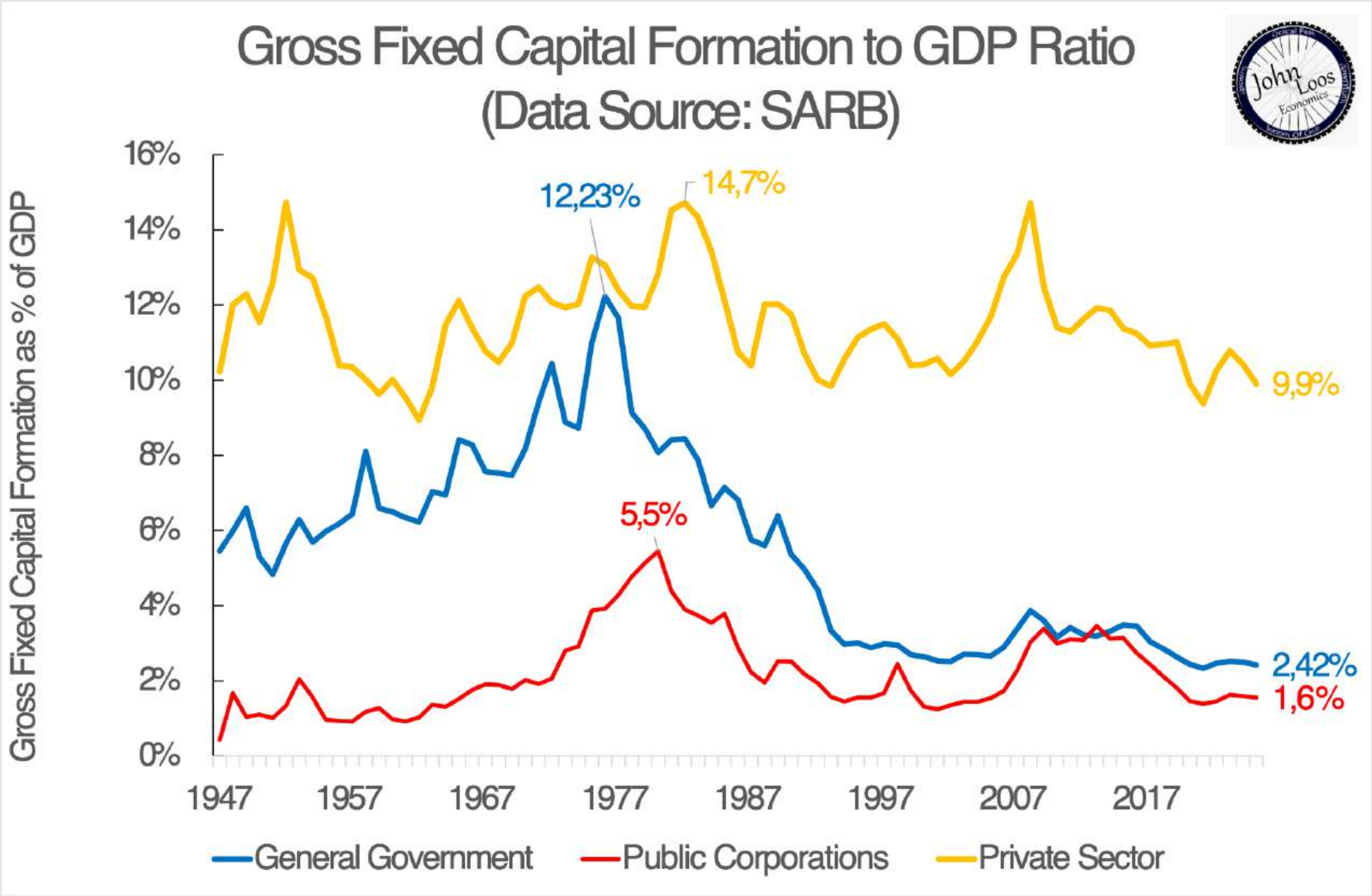
The Long Term South African Scenario Shifts

The Economic Growth and Political Super-Cycle



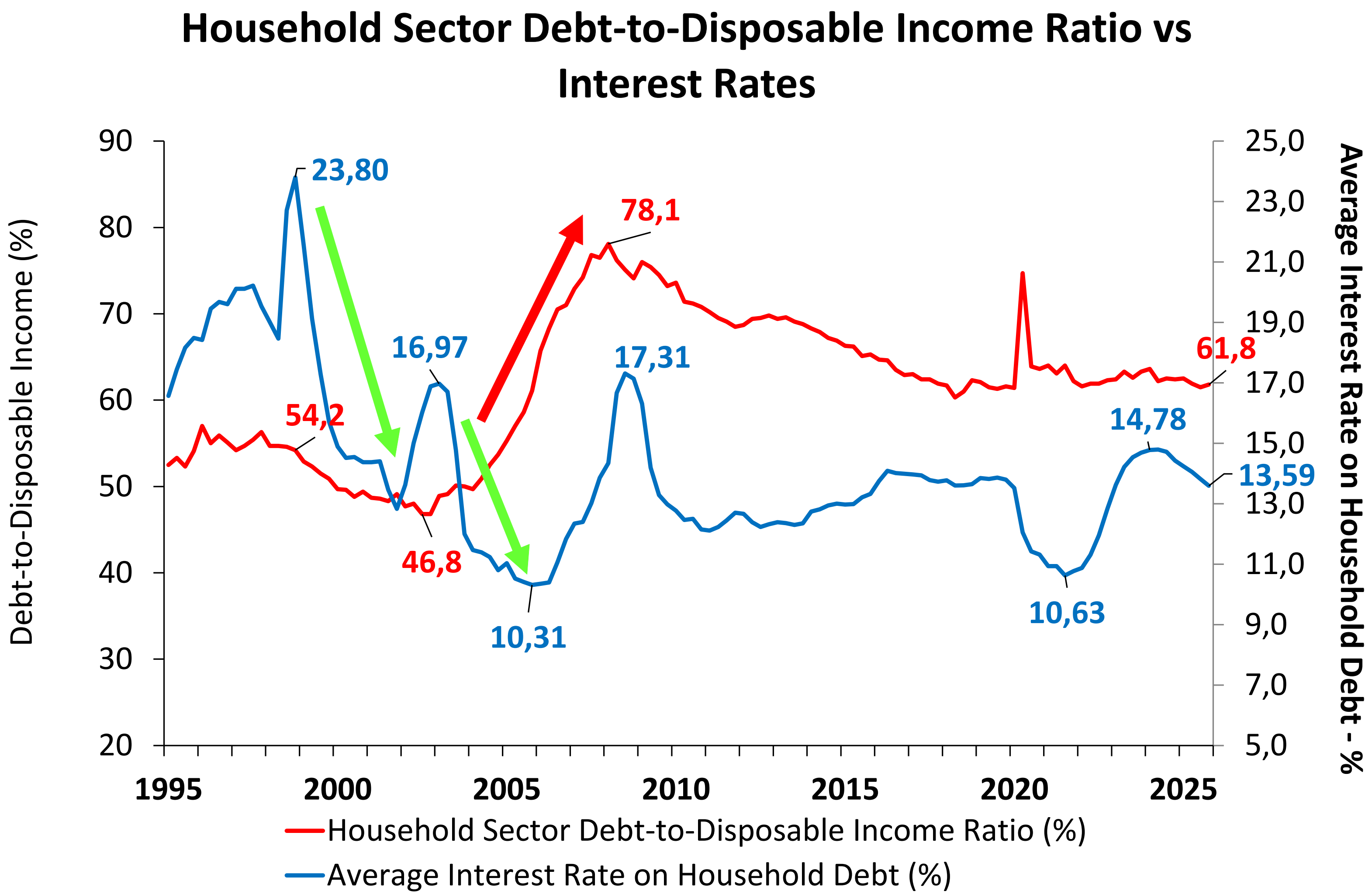
The 1990s shift from HKGK to something of a “Fool’s Paradise”…on a strong external environment and a few easy short term stimulus levers

Stimulus Lever T-1: Capex from the 1960s (and public sector human capital built up) provided the platform for the pre-2008 boom years



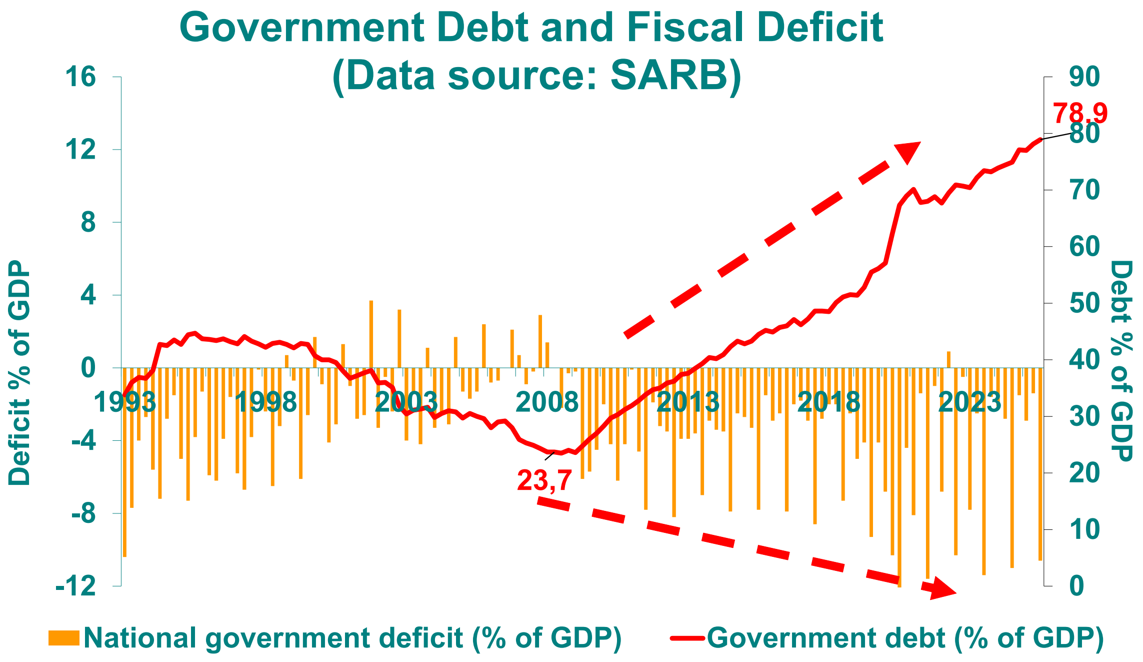
Stimulus Lever 1: Political Solution Heralds the normalization of trade and business relations with the world

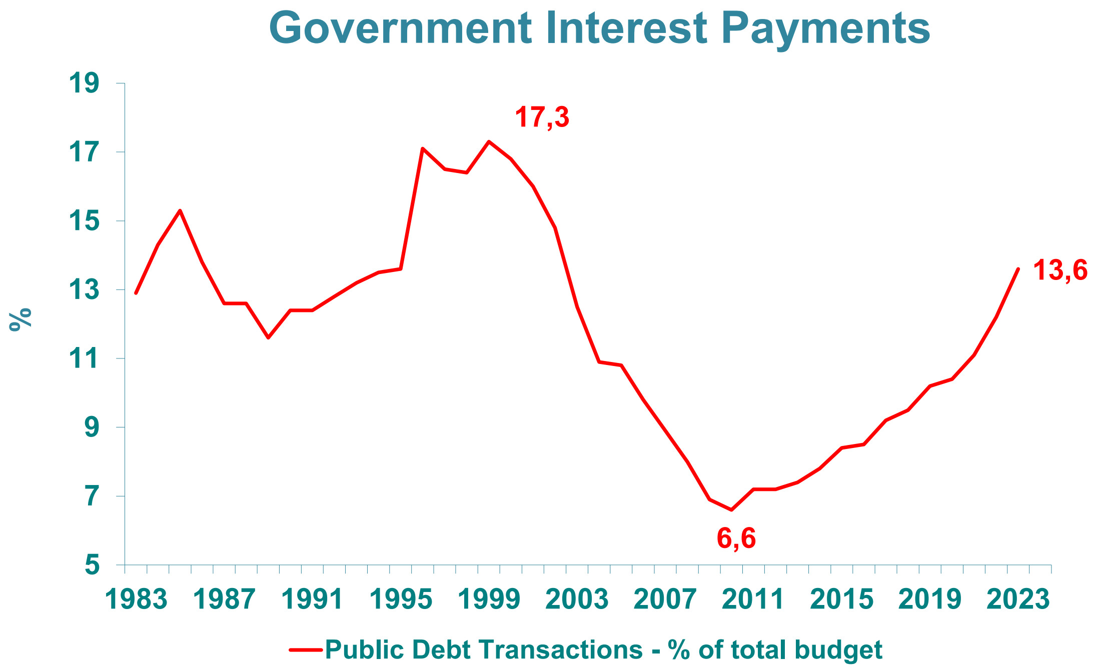
Stimulus Lever 2: Rapid Credit-Driven Consumer and Housing "Bubble" as interest rates drop sharply from late-1990s



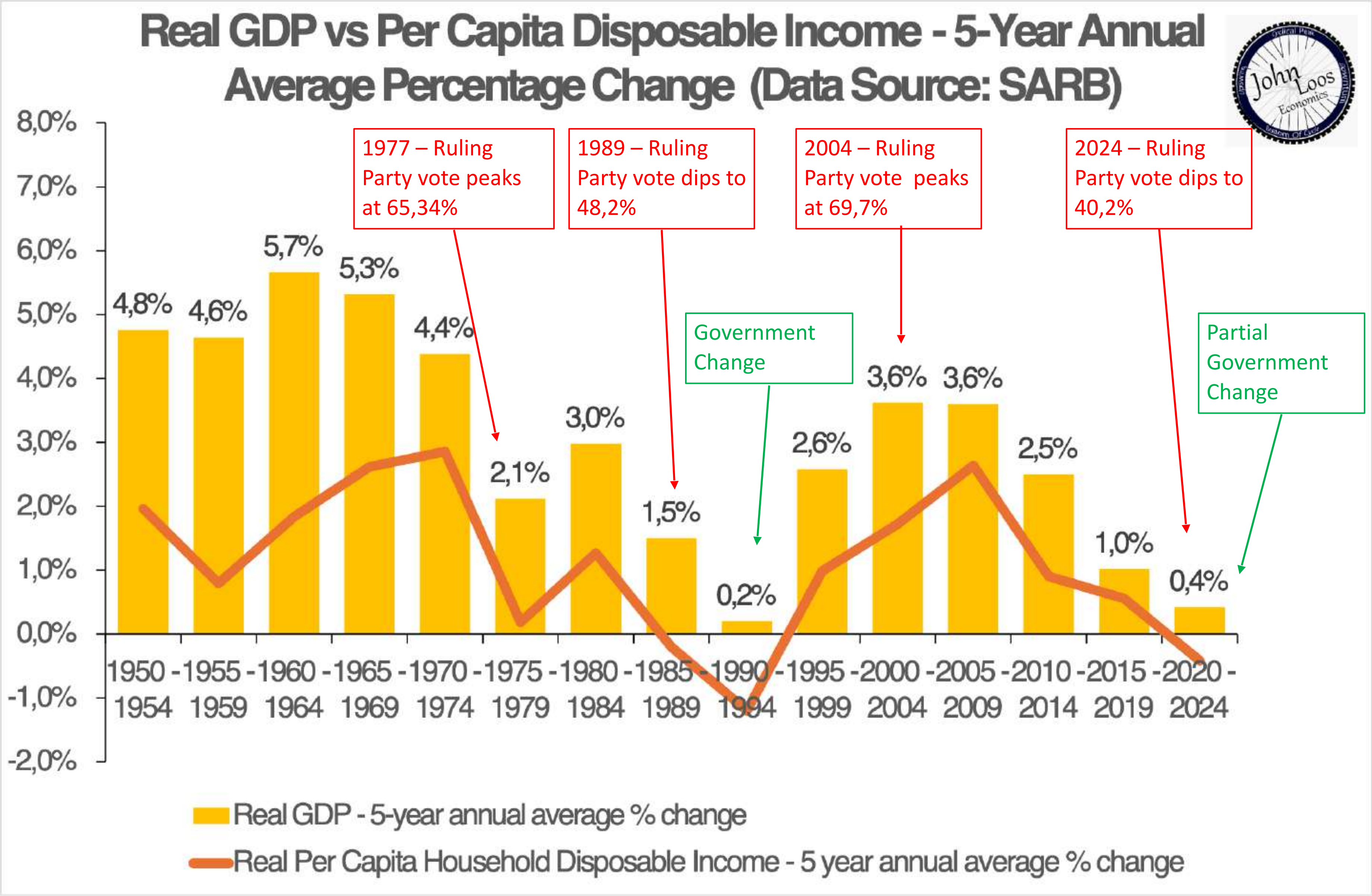
The post-2008 to 2015/17-ish….

Stimulus Lever 3: The HKGK/State Capture Period - Government has run up its debt too…. no budget left for Capex….Private Sector the only obvious path





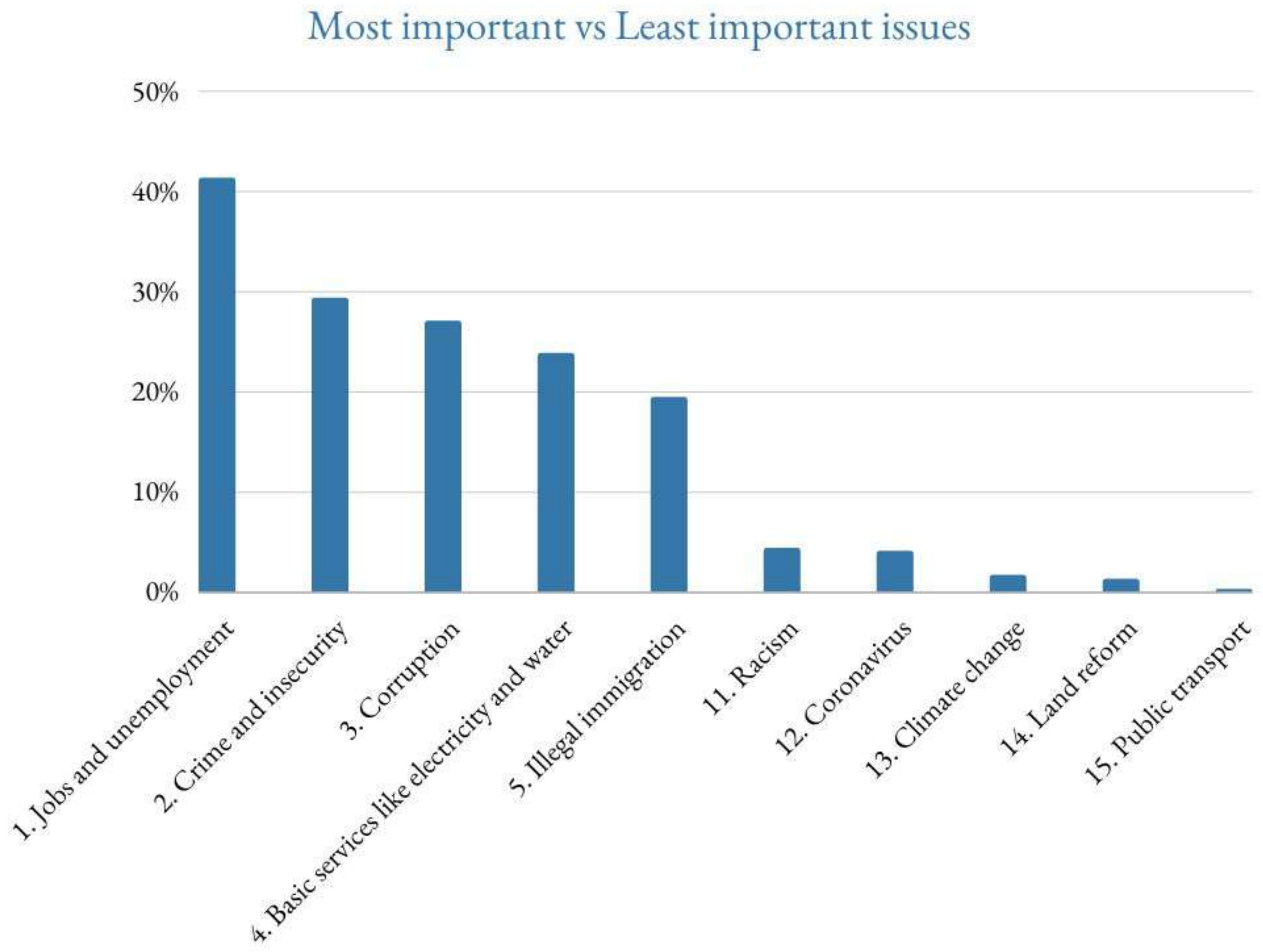
The Economic Growth and Political Super-Cycle



Finally…..

What is important to the Voters appears to be what is slowly changing policy

- Source – Social Research Foundation/ Frans Cronje



Important messages hitting home to SA Leadership

- **Foreign Aid cut-back message**….SA and others need to "do it for themselves"
- **Trade message** is clear - If you want trade "perks"…compete by offering more attractive trade and investment "perks".
- **Voter message** is clear - The economy, employment, and poverty; service delivery; illegal immigration
- **Investor message** is clear – Get fiscal situation of Govt sorted out (reduce deficits and debt)
- **Fiscal Message** is clear – Too much debt, interest payments crowding out capex….and increasing taxes no longer viable

THE KEY POLICY PHILOSOPHY SHIFT

The Natural Private Sector-Government Sector Split

- **Private Sector**
  - Goods and Services Production/Delivery

- **Government**
  - Regulatory Role

Our current super-cycle of acceptance has been long yet again…but it is slowly happening

ARTICLE / 26 JANUARY 1990

We will nationalise — Mandela

By Staff Reporter

This is a letter from Nelson Mandela confirming the ANC's commitment to the nationalisation of mines, banks and monopoly industries.

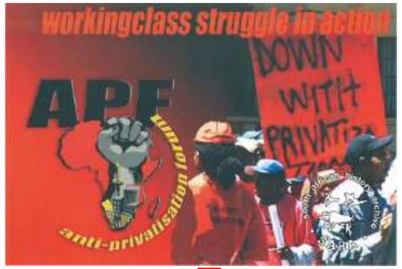
"A change or modification of our views in this regard is inconceivable," he says in the letter which he asked the Mass Democratic Movement to distribute widely.

DealBook: How Mandela Shifted Views On Freedom Of Markets

By ANDREW ROSS SORKIN

December 9, 2013

anti privatisation forum



BUSINESSTECH

FINANCE ENERGY MOTORING INDUSTRY NEWS PROPERTY TREN

South Africa's list of failure – the state-owned companies that are in a financial crisis

BUSINESSTECH

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Big trouble for South Africa's economy

Mbalula reveals shocking state of ANC support: Is the ANC becoming a rural party?

The ANC still believes it is the only party that can govern South Africa, despite a decline in voter support.

Private companies must take over South Africa's failing state-owned firms

MYBROADBAND
TRUSTED IN TECH

Structural Reforms emerge…and slowly increasing the use of “WINNERS”….notably in electricity and logistics

BUSINESS / 15 NOVEMBER 2022

Private sector can arrest Transnet’s decline, says rail association

By Sarah Smit

Transnet opens bidding for Durban multi-purpose terminal concession

The operator will be in charge of handling fresh produce and break bulk.

By Terri-Ann Brouwers · 5 May 2025 22:30

GRINDROD R17.25 -0.17%
2026/01/07, 17:00

BIDVEST R243.99 -0.04%
2026/01/07, 17:03

Ramaphosa urges ANC councillors to match DA

Ramaphosa tells councillors to emulate DA municipalities, fix water leaks in 48 hours, and put communities’ needs above self-interest.

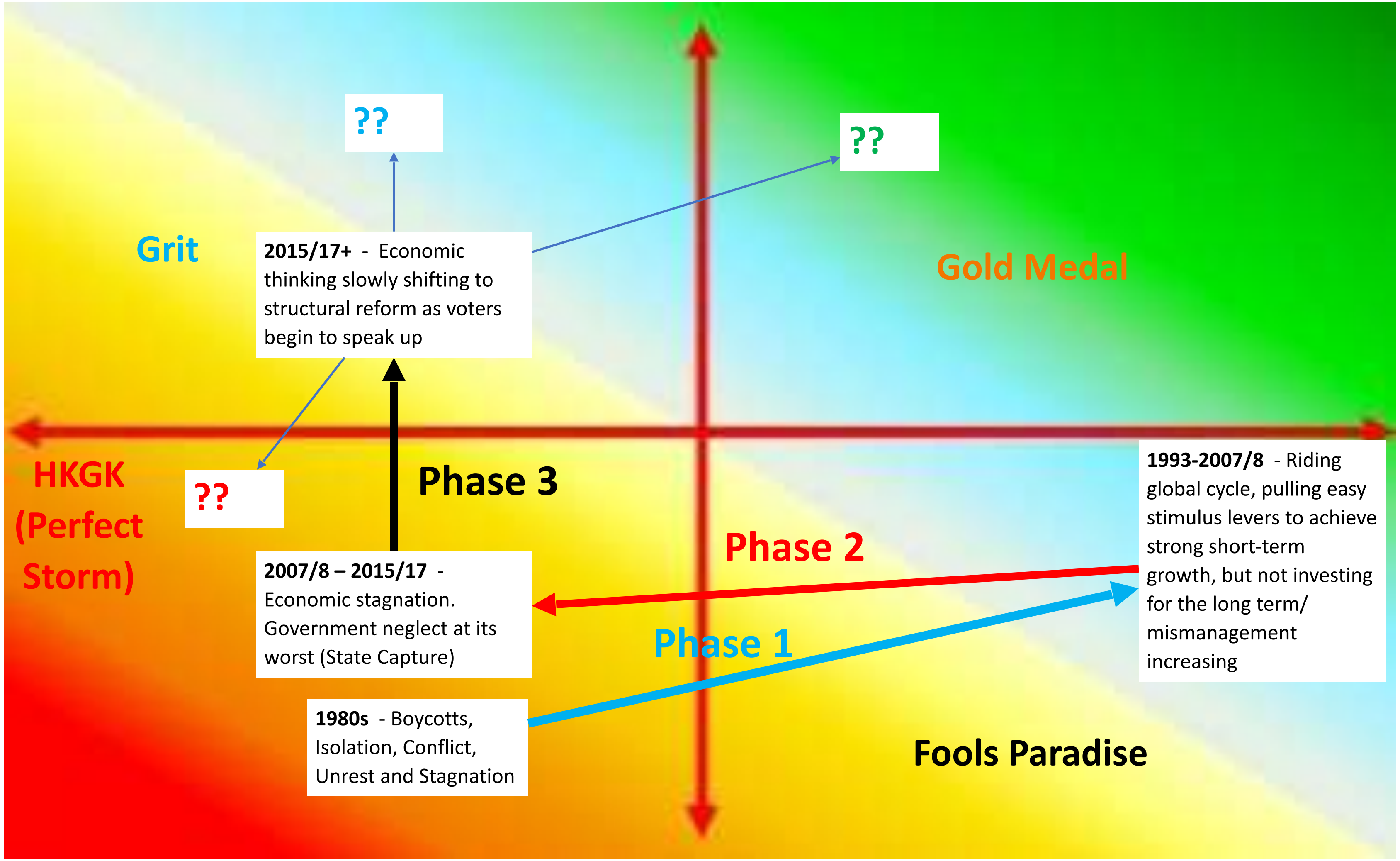
Ratings and Other Agencies' Optimism Increases

- SA off the Financial Action Task Force "Grey List" (October 2025) (Relating to combating money laundering and financial terrorism)
- S&P Global Ratings Upgrade SA – Foreign Currency Long Term Sovereign Risk Rating from BB- to BB
  - Local Currency Long-term Sovereign Credit Rating from BB to BB+
- Fitch Ratings Upgrade SA - Foreign Currency Long Term Sovereign Risk Rating from BB- to BB
  - Local Currency Long-term Sovereign Credit Rating from BB- to BB
- Moody's changes Outlook for SA from "stable" to "positive" (Rating remains Ba2)
- Agencies point to gradual strengthening in fiscal performance, commitment to structural reform
- World Bank issues 4th Development Loan in support of management capacity in Electricity, Transport/ Logistics and Water/Sanitation
- **AND IT IS HARDER THESE DAYS FOR THE CROOKS TO OPERATE**

SA Democratic Era Economic Super-Cycle Scenario Path

Sound Economic/Company/Household Policy/Decisions aimed at boosting productivity and output of desired goods and services

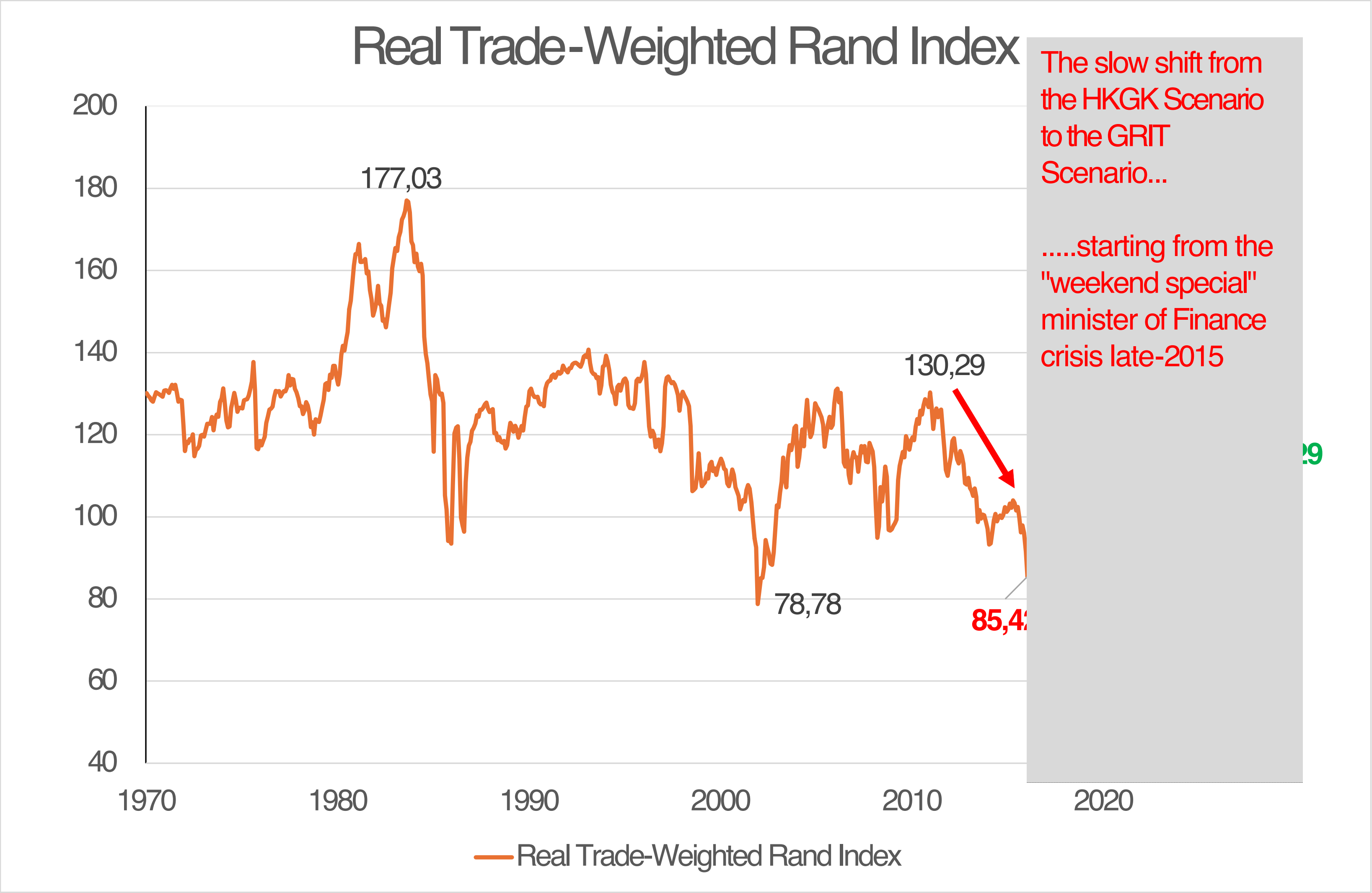
Tough external economic environment



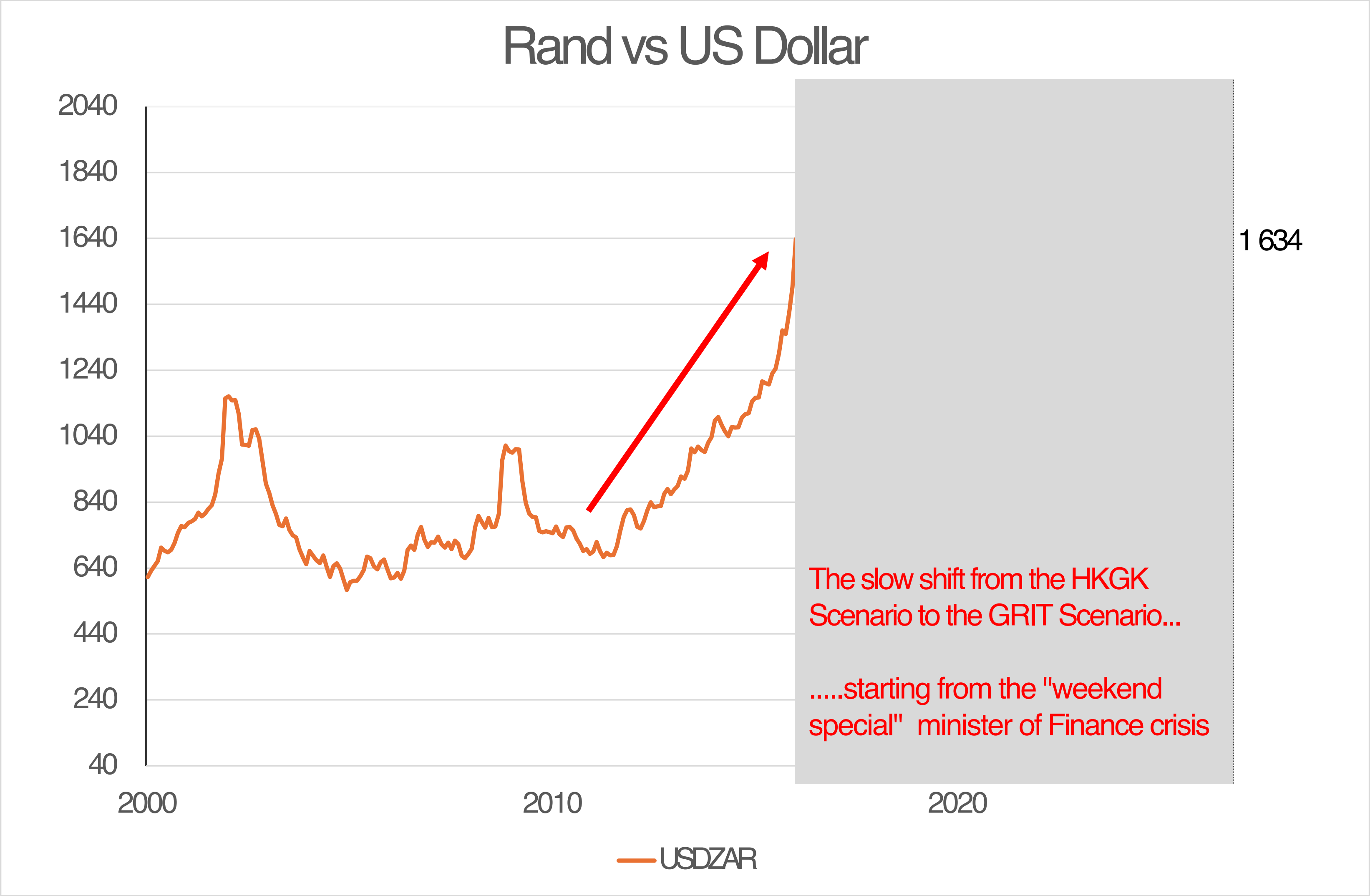
Favorable external economic environment

Poor Economic/Company/Household Policy/Decisions – weakening hope/optimism, creating dependency, low productivity, and shortages

Slowly SA's scenario shift boosts the real (inflation differential-adjusted) value of the Rand +35% stronger since Dec-2015



Slowly the turn vs the Dollar …since late-2023



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Consumer Demand Shifting Patterns – Real Growth