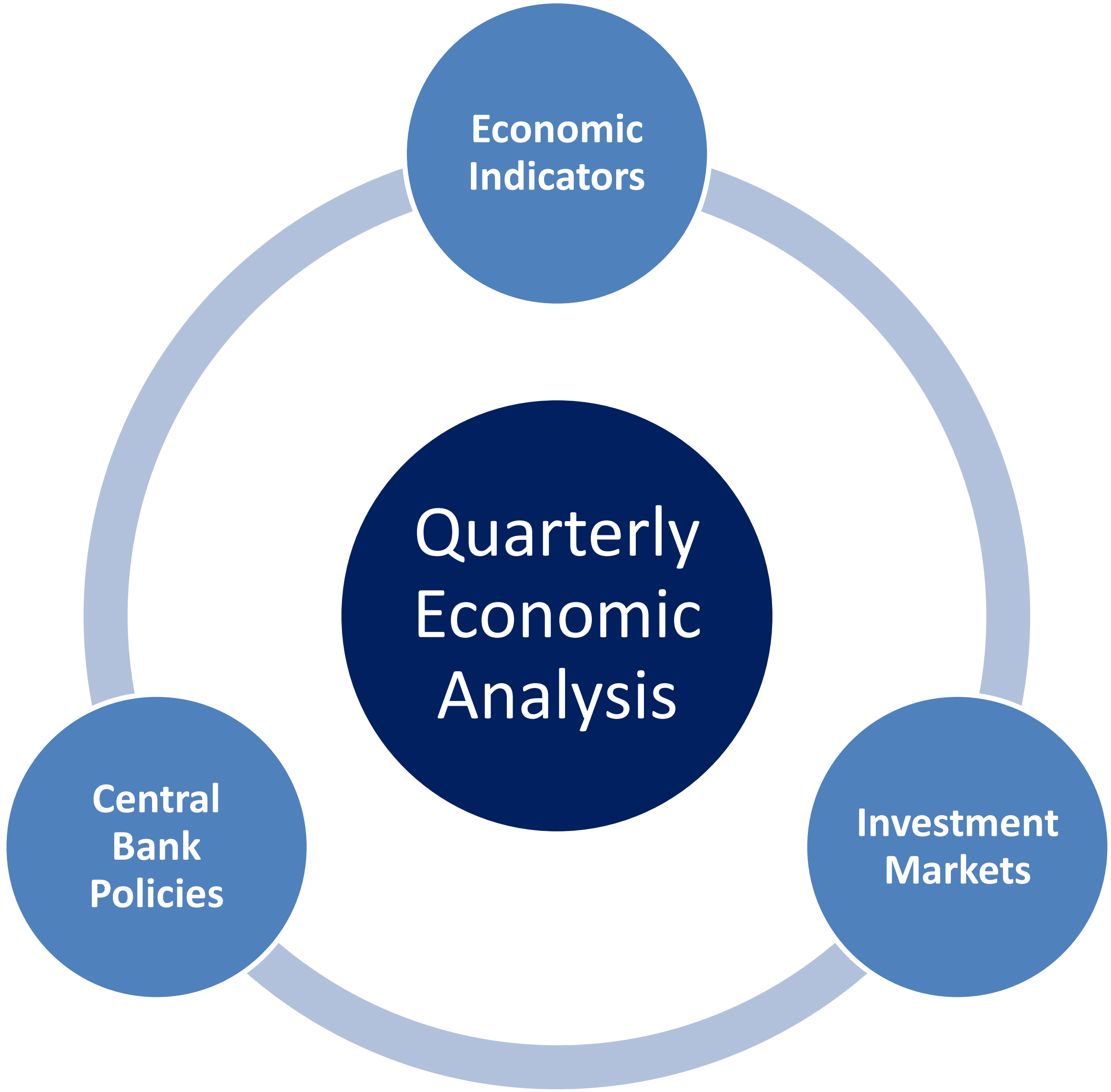
FFO SECURITIES (PTY) LTD

Authorised user of the JSE Ltd



International Economic Indicators

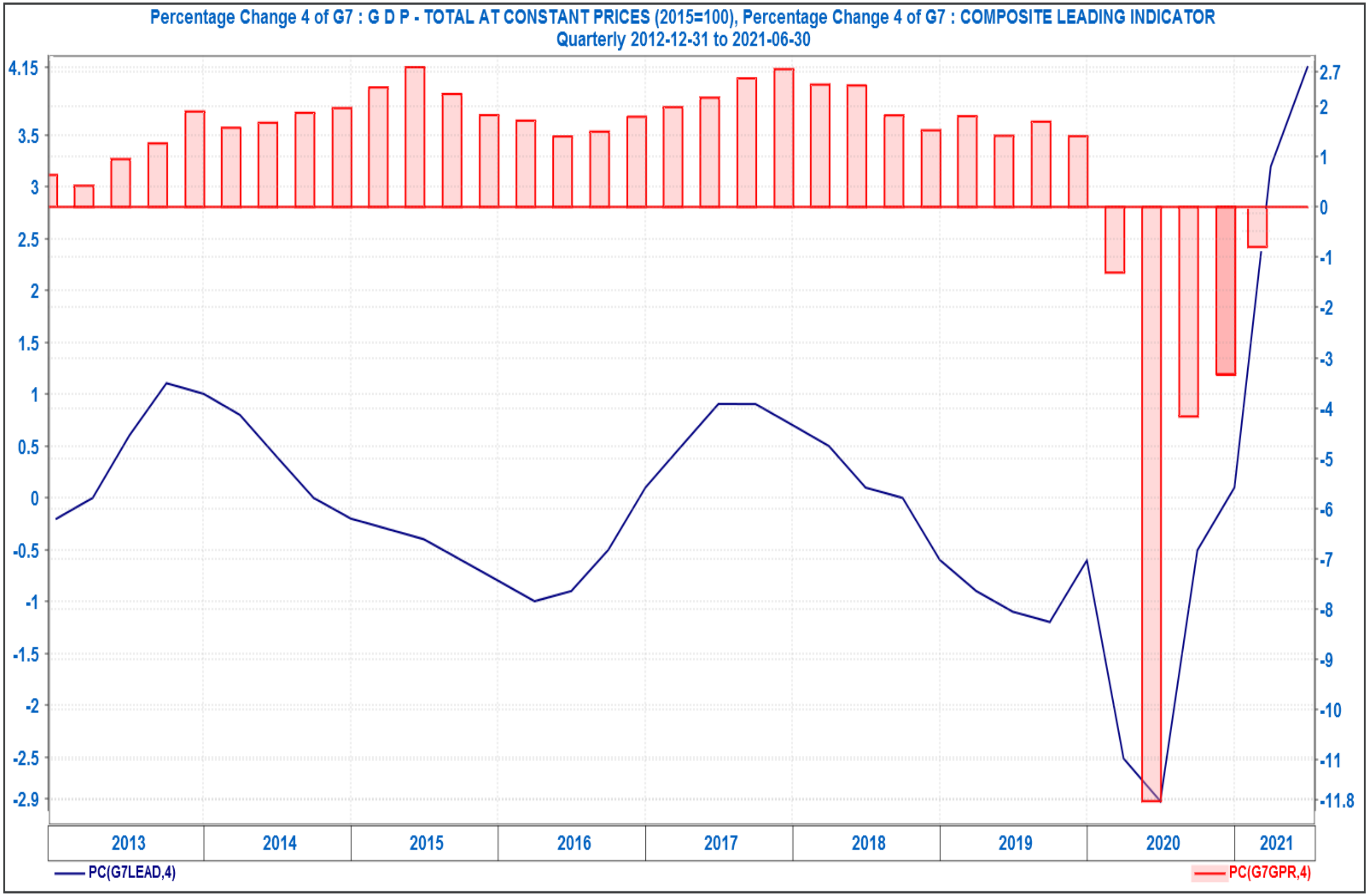
Worldwide: G7

Global impact of Covid-19 on economic growth recovered during the first quarter of 2021 with figures coming in at -0.4%. With the recovery from the impact of Covid-19 of world growth and the effectiveness of global vaccine rollouts still uncertain, current estimates of growth in 2021 are optimistic, however fears of the rapid spread of the Delta variant may still way down on global recovery.

Unemployment rates have decreased to 5.8% in Q1 of 2021; while the latest inflation figures at the 3.2% level for the second quarter.

G7 – Economic Growth Rate

% Change

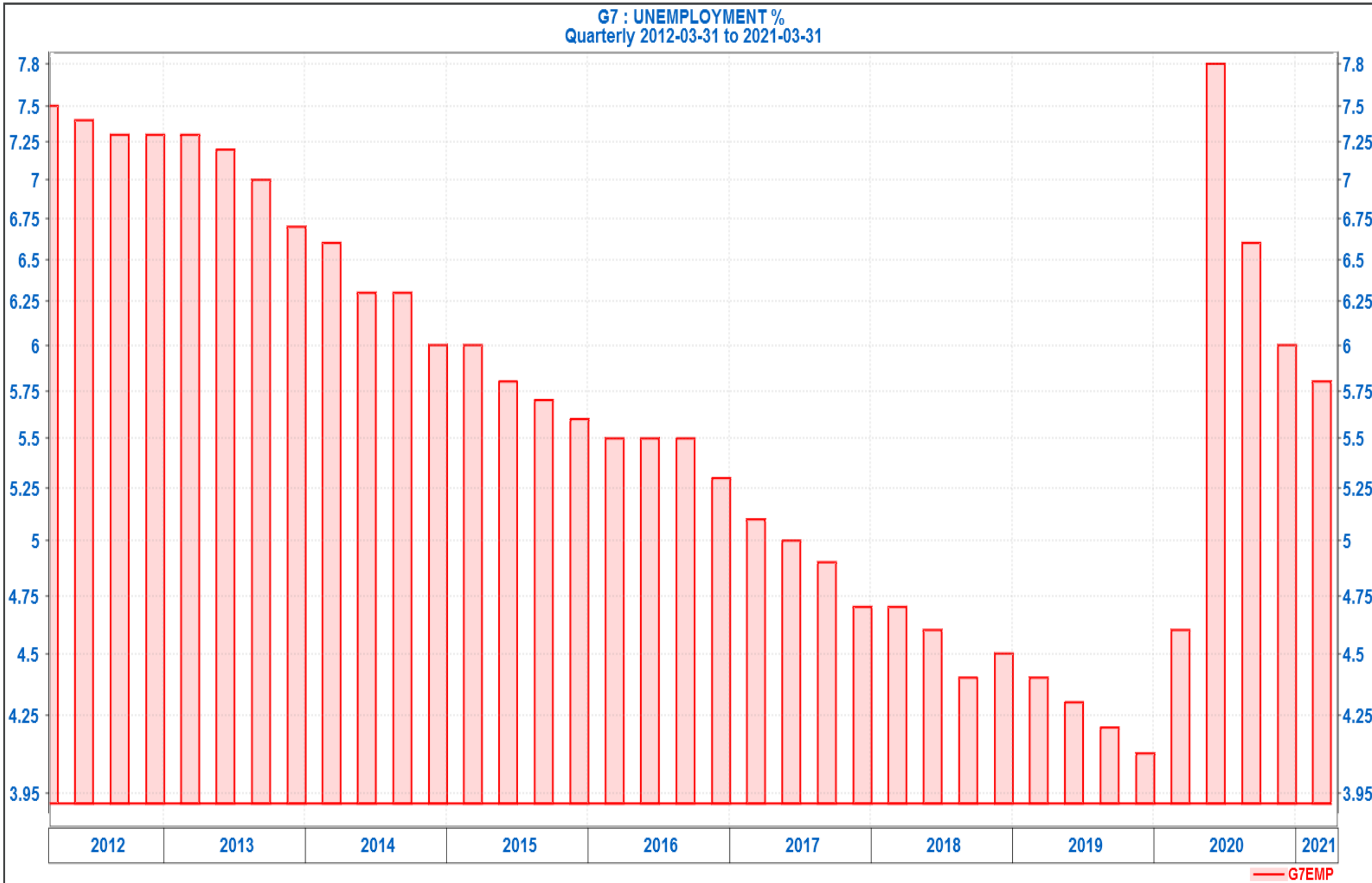


G7 Leading Indicator

G7 Growth Rate

Period

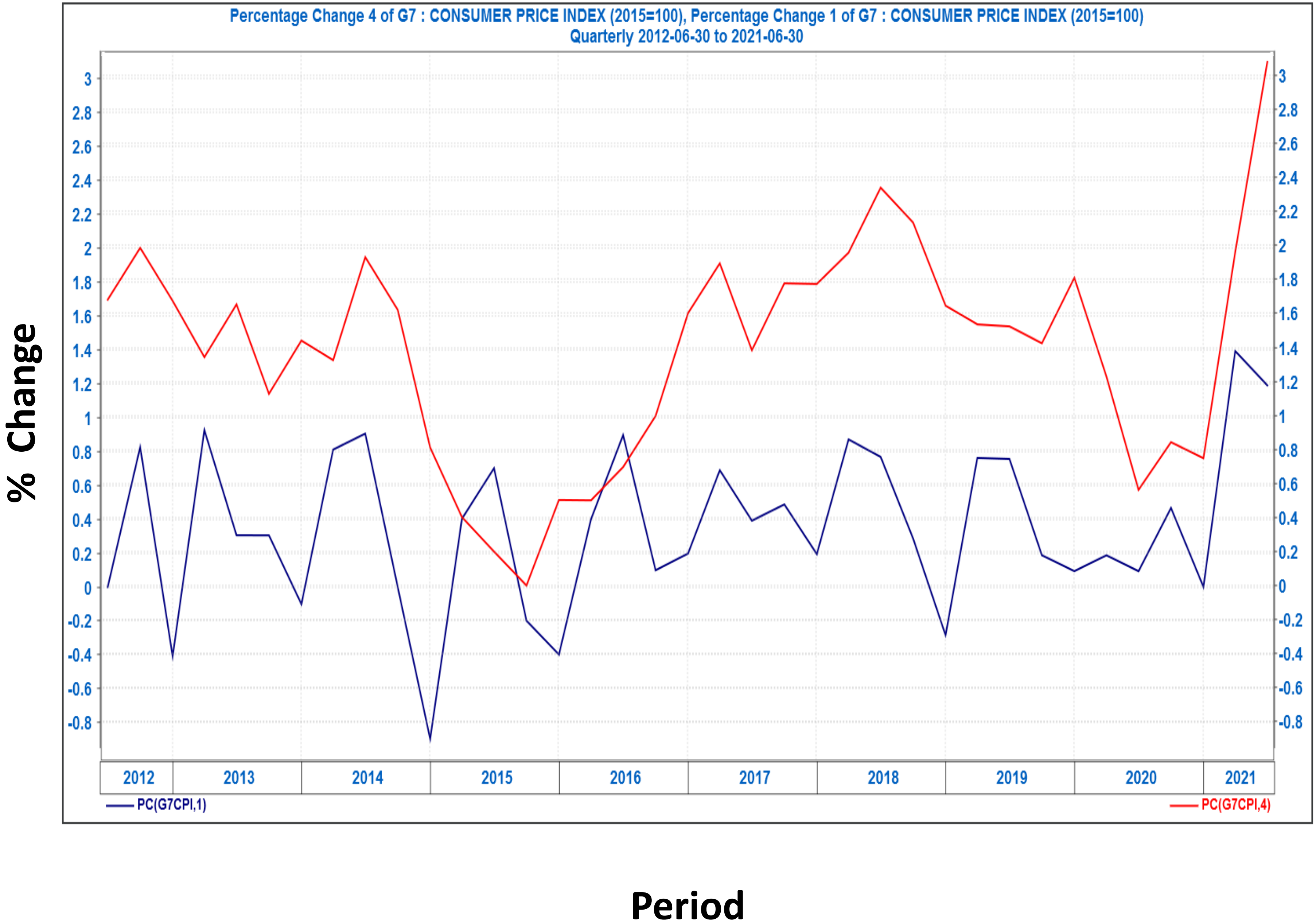
G7 – Unemployment



%

Period

G7 – Inflation (YoY & QoQ)

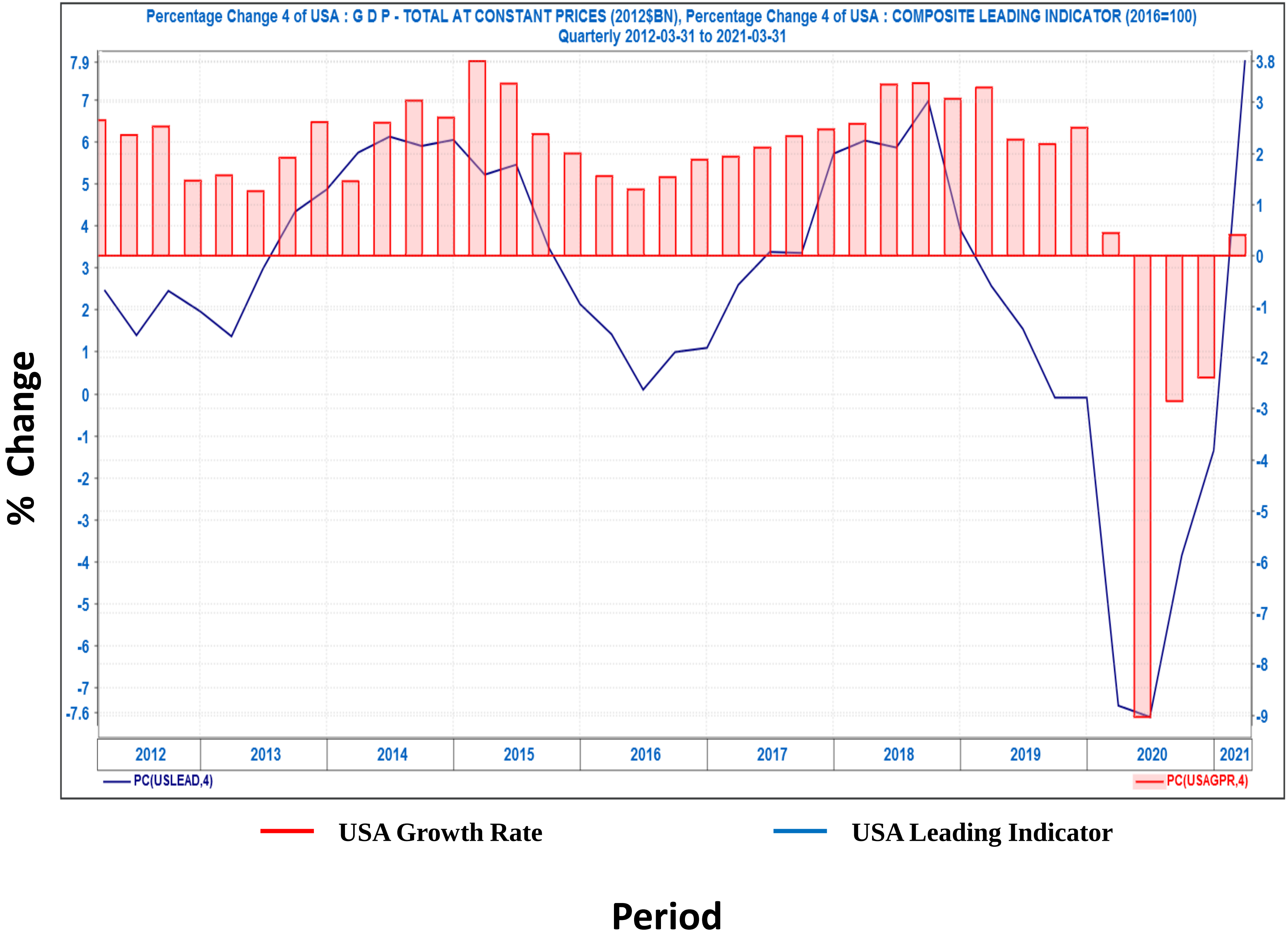


Unites States:

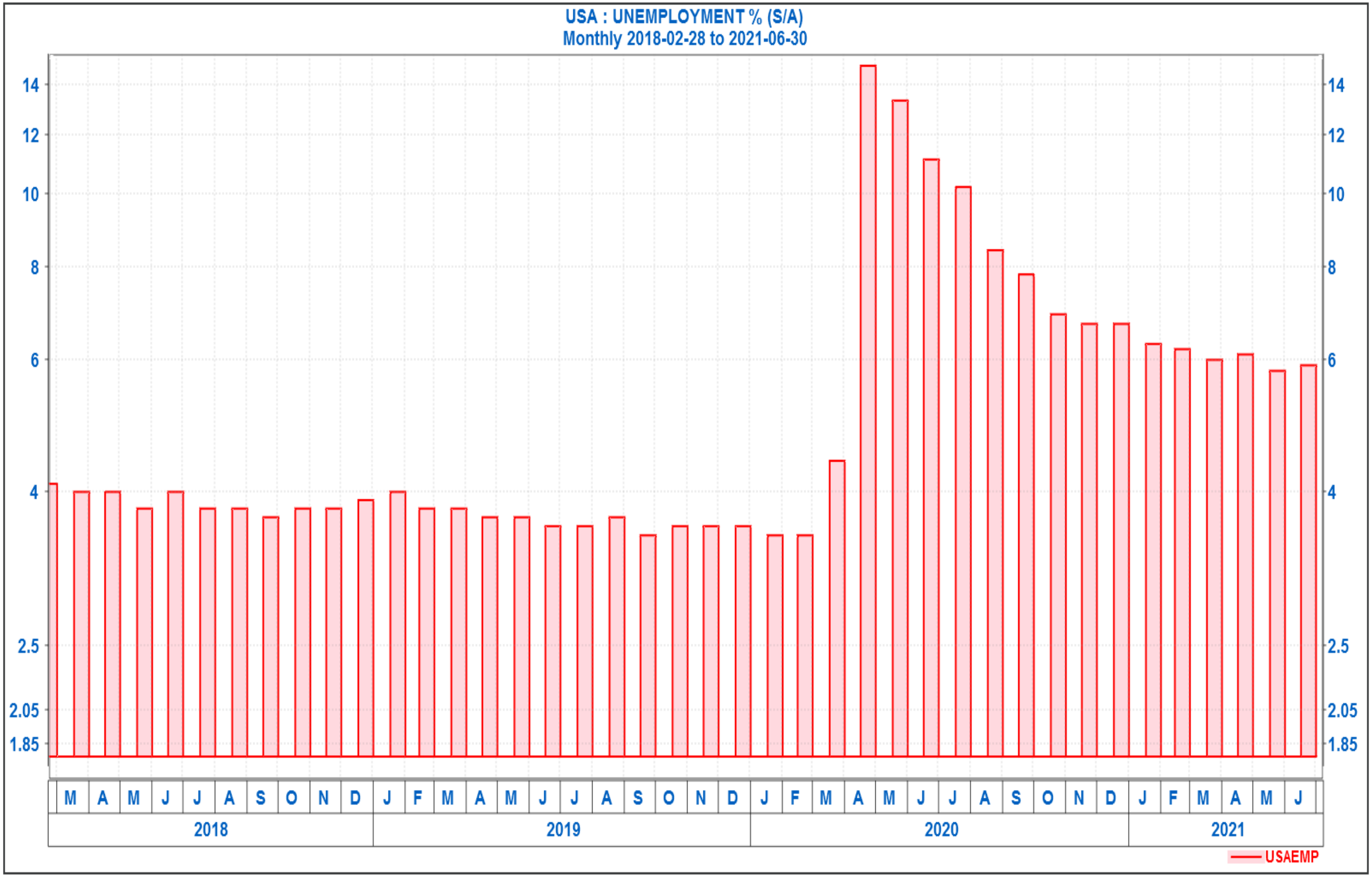
The Federal Reserve's continued quantitative easing measures as well as additional support from the US government continue to show an impact on economic activity with rising inflation rates causing concern. Inflation came in higher at 5.4% for June 2021. The unemployment rate came in at 5.9% and real wages growth decreased to -0.5% for the same period. GDP growth came in at 0.4% for Q1 after contracting -3.2% in Q4 of 2020.

Earnings growth expectations are on the rebound strongly to 52.1% and 64% in Q1 and Q2 2021 respectively.

USA – Economic Growth Rate



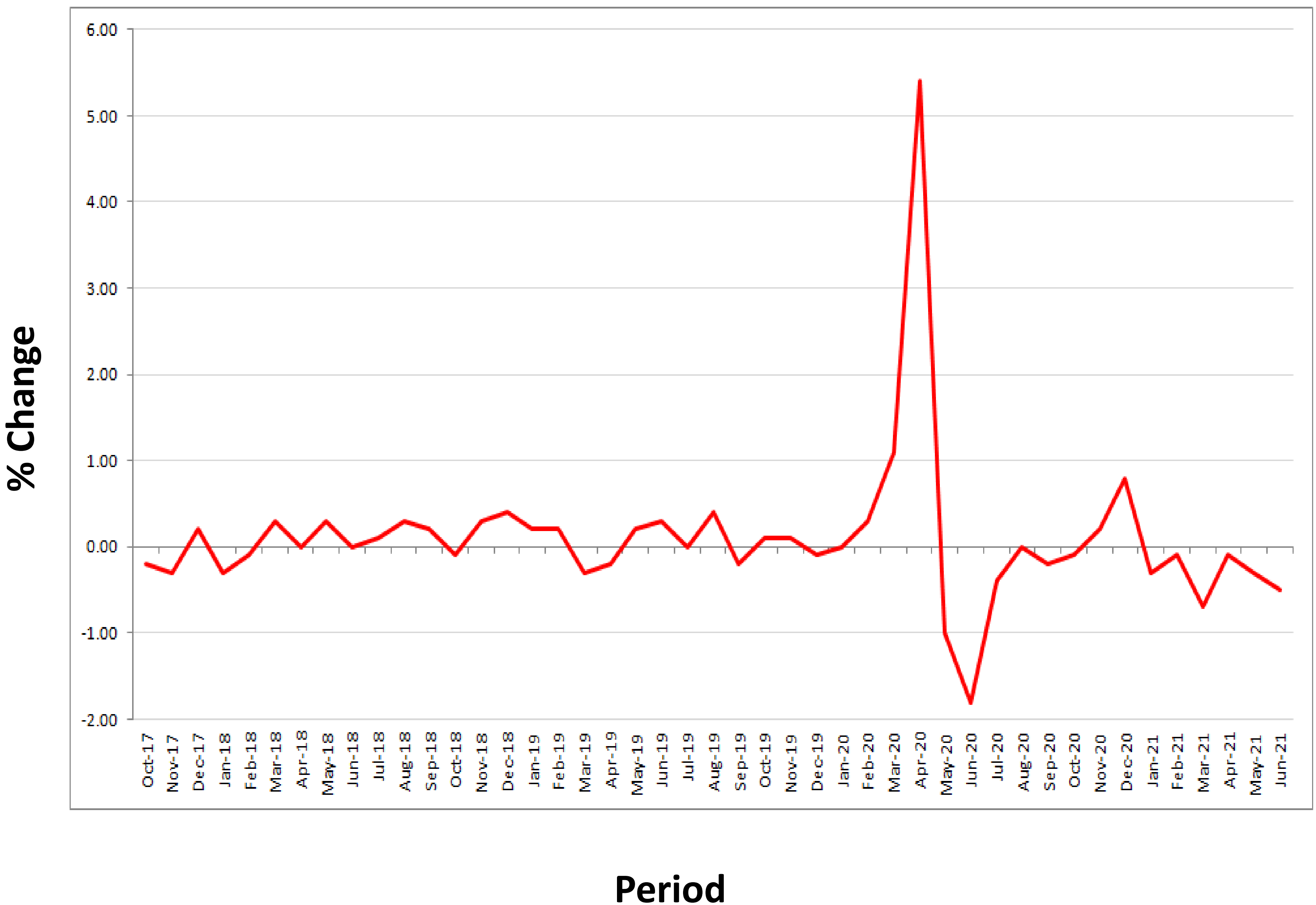
USA – Unemployment



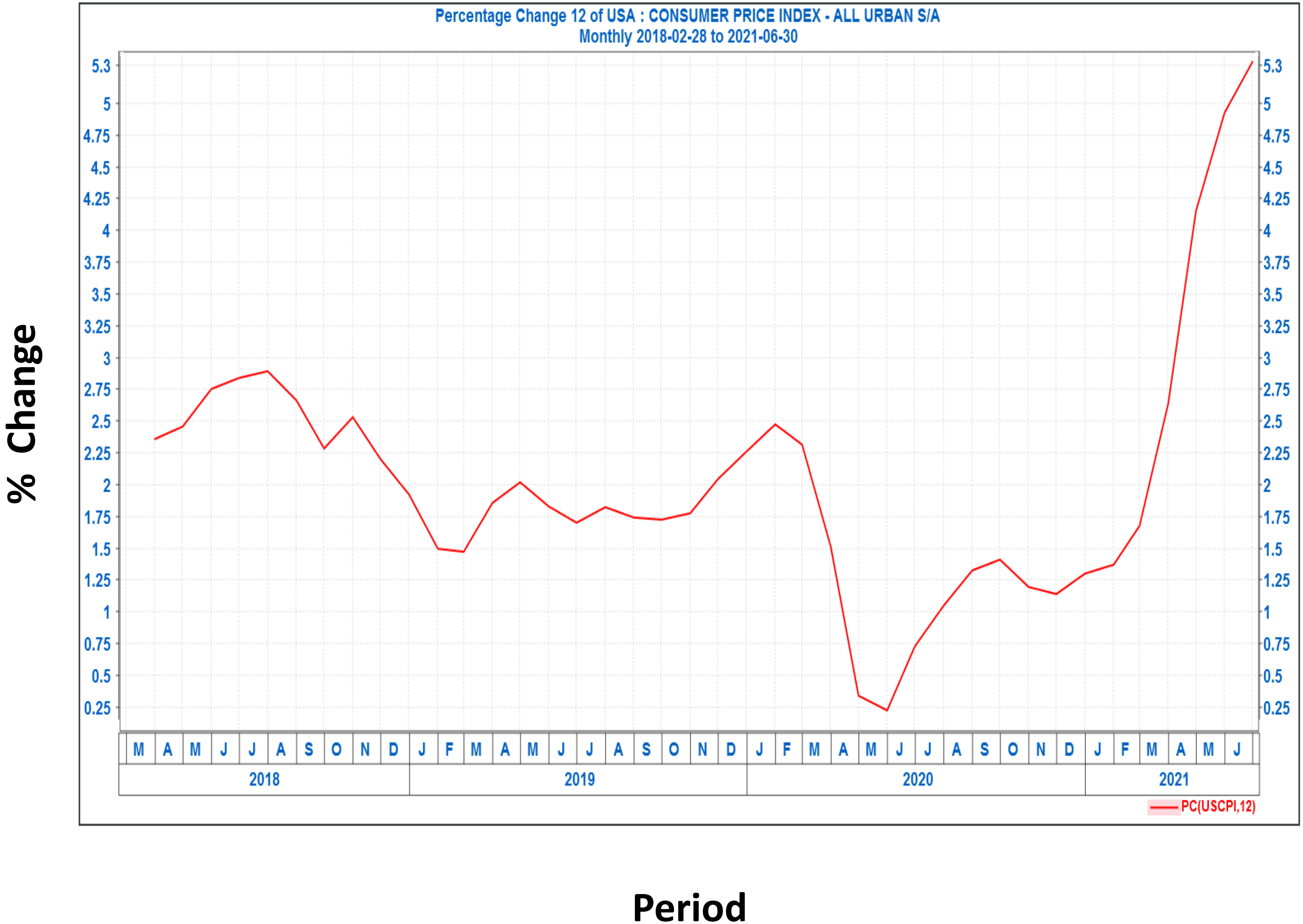
%

Period

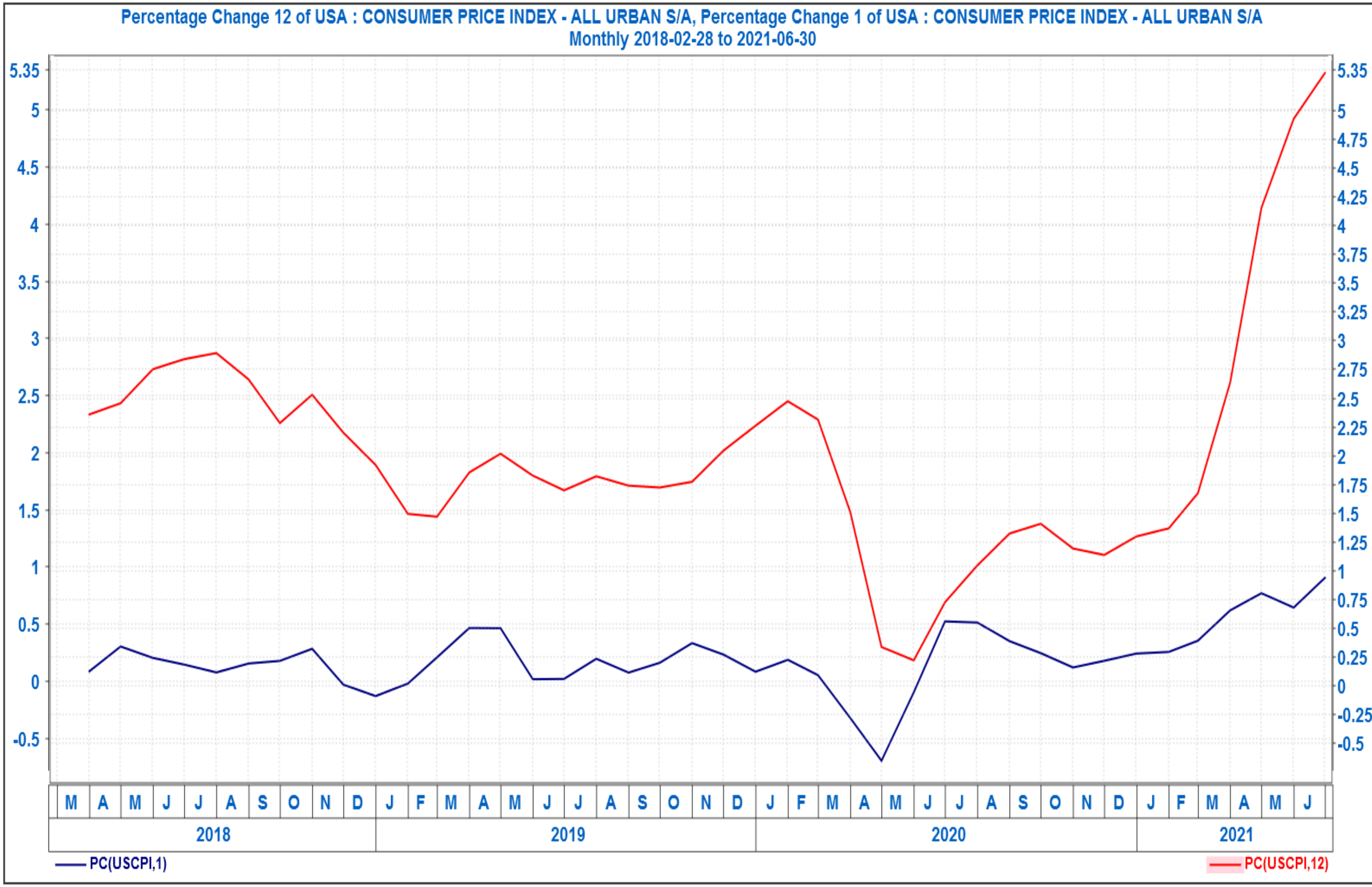
Real US Wages Growth (MoM)



USA – Inflation



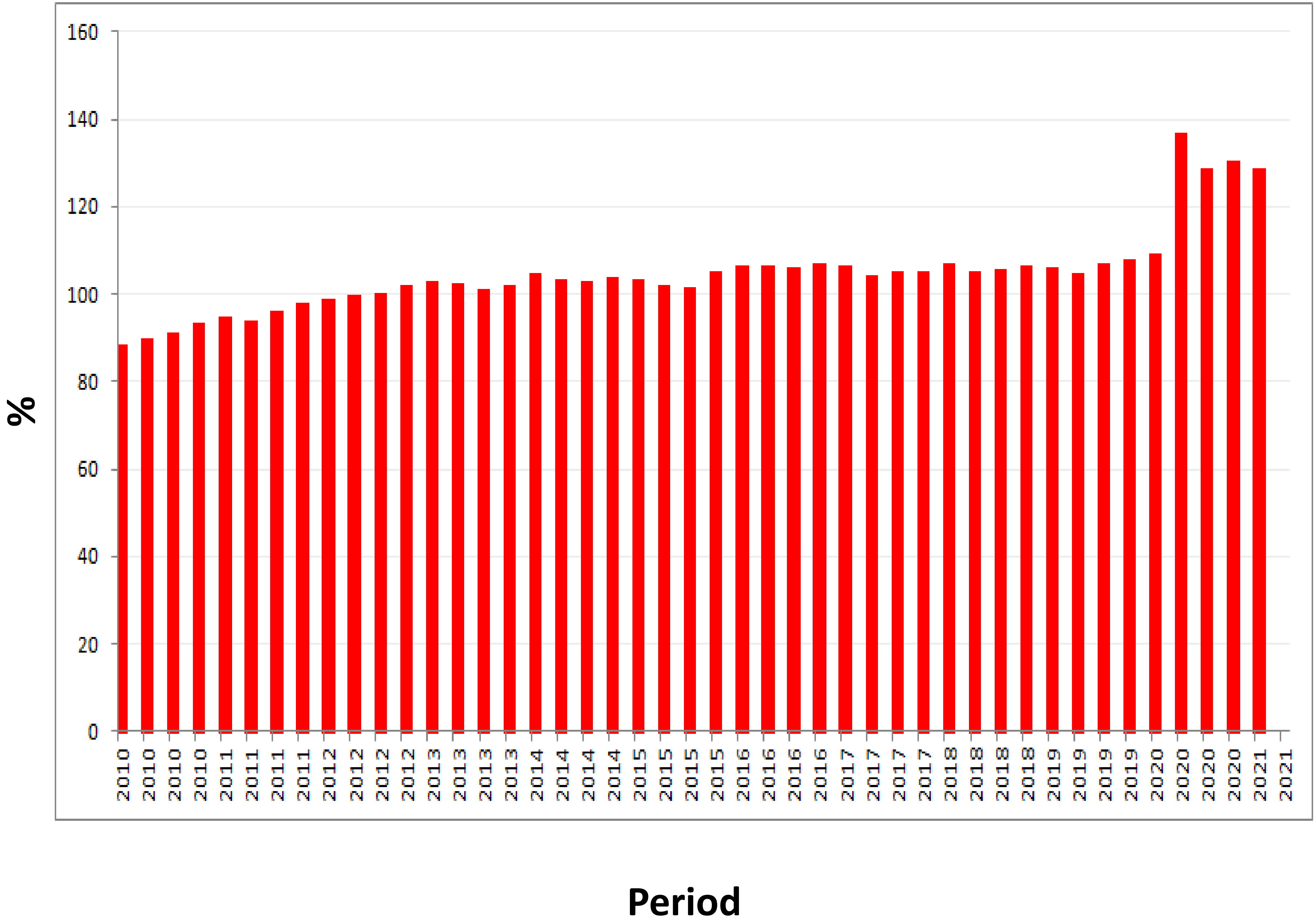
USA – Inflation



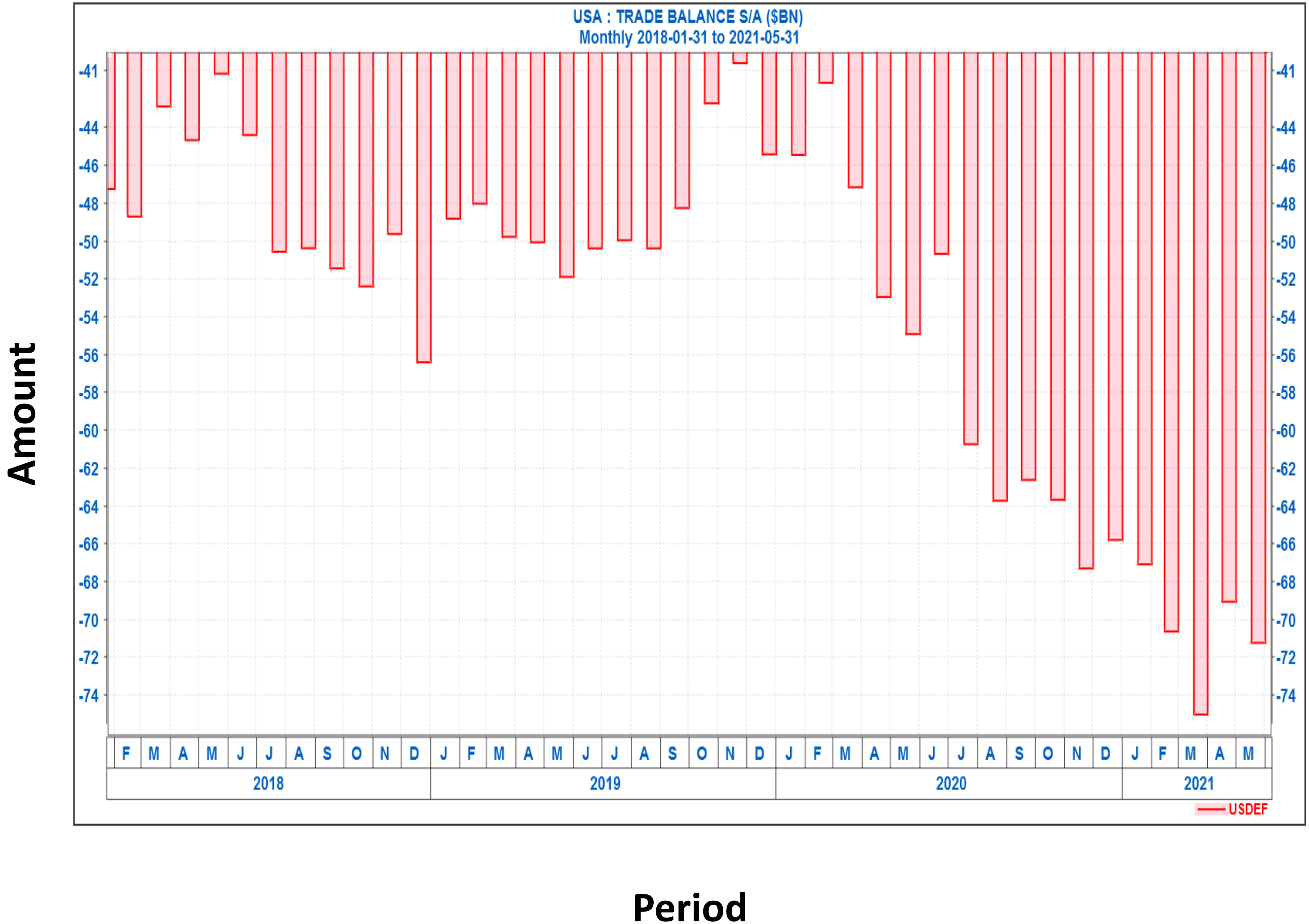
% Change

Period

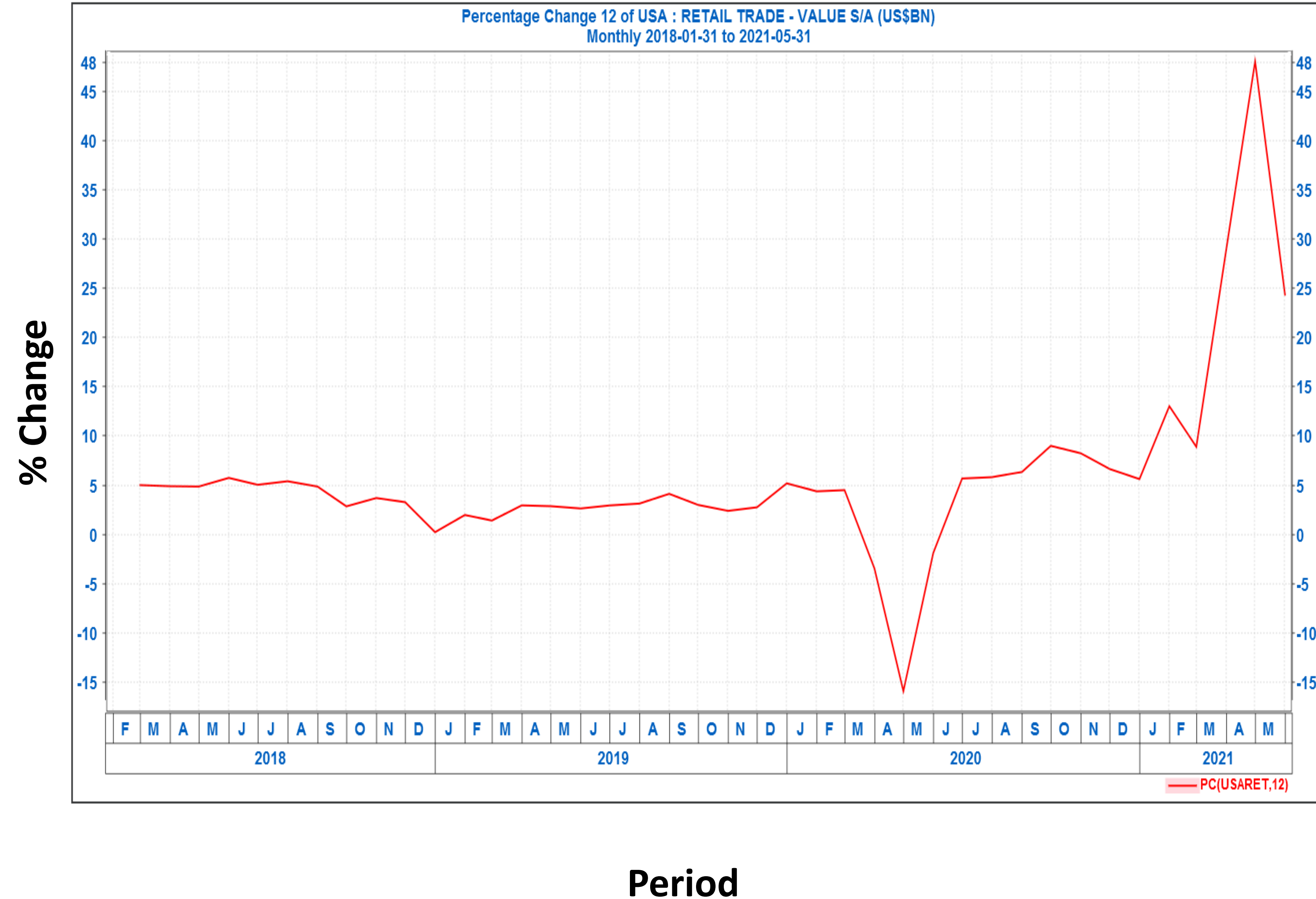
USA – Government Debt %GDP ($ Million)



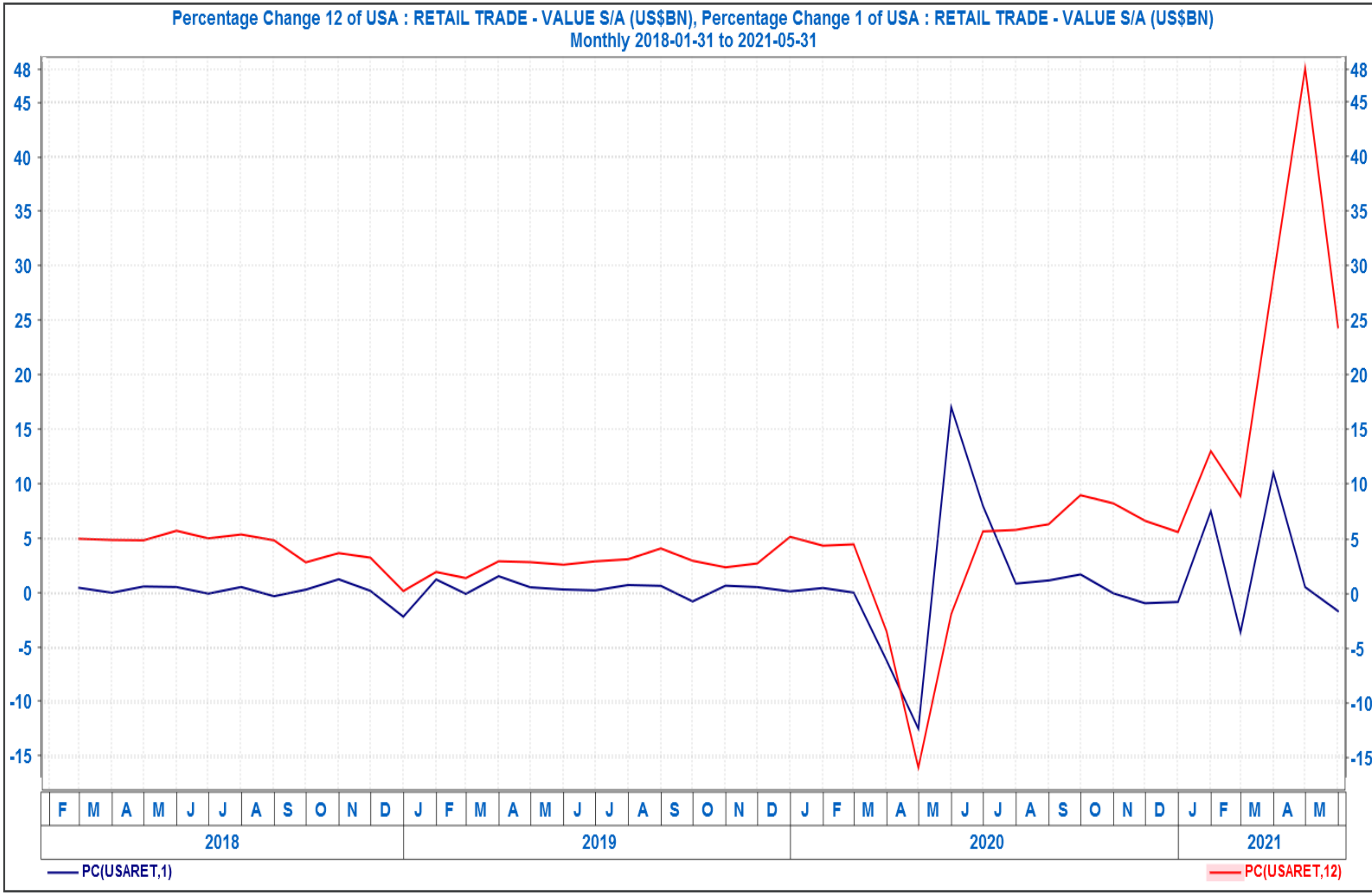
USA - Trade Balance Deficit ($ Billion)



USA - Retail Sales



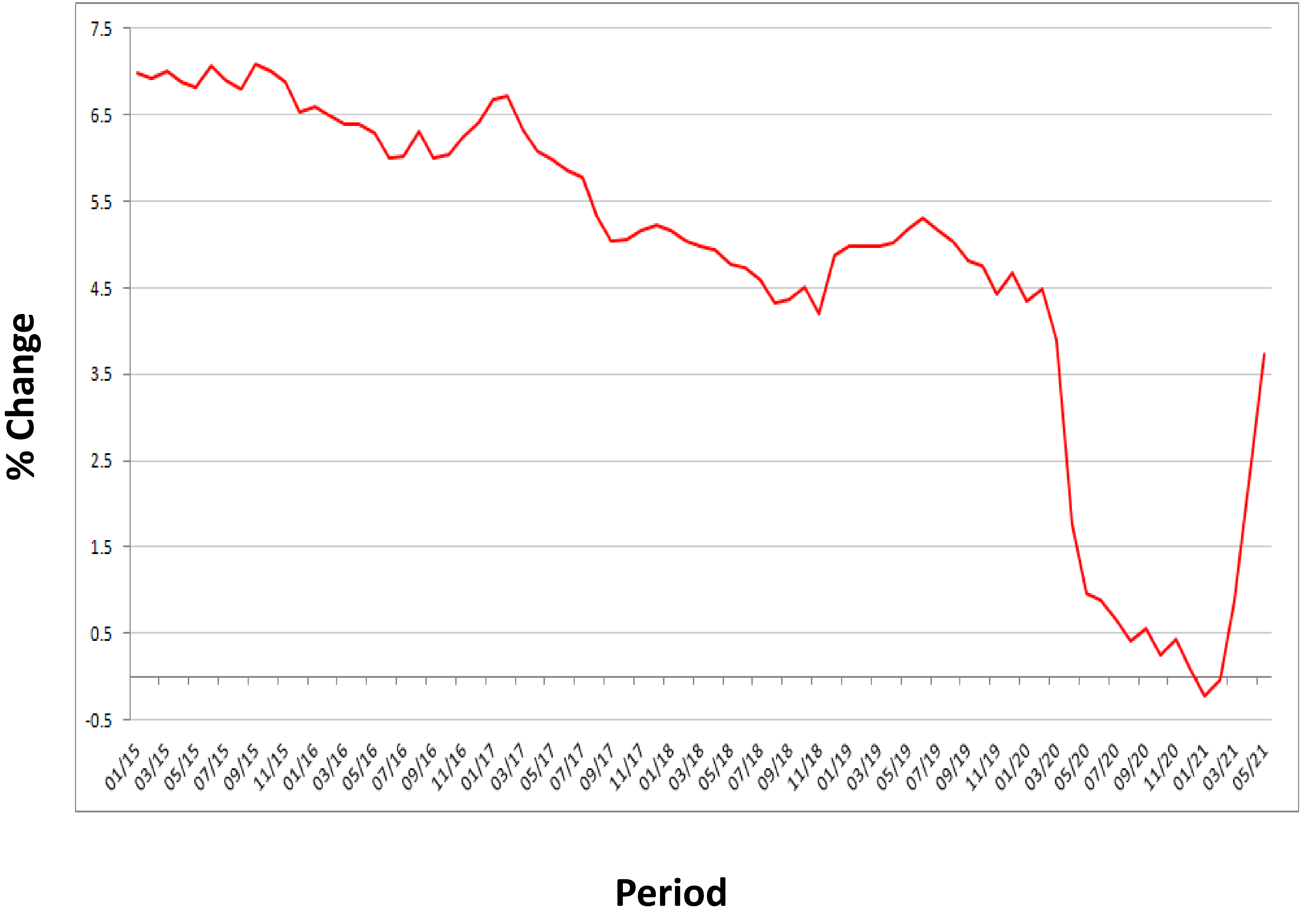
USA - Retail Sales



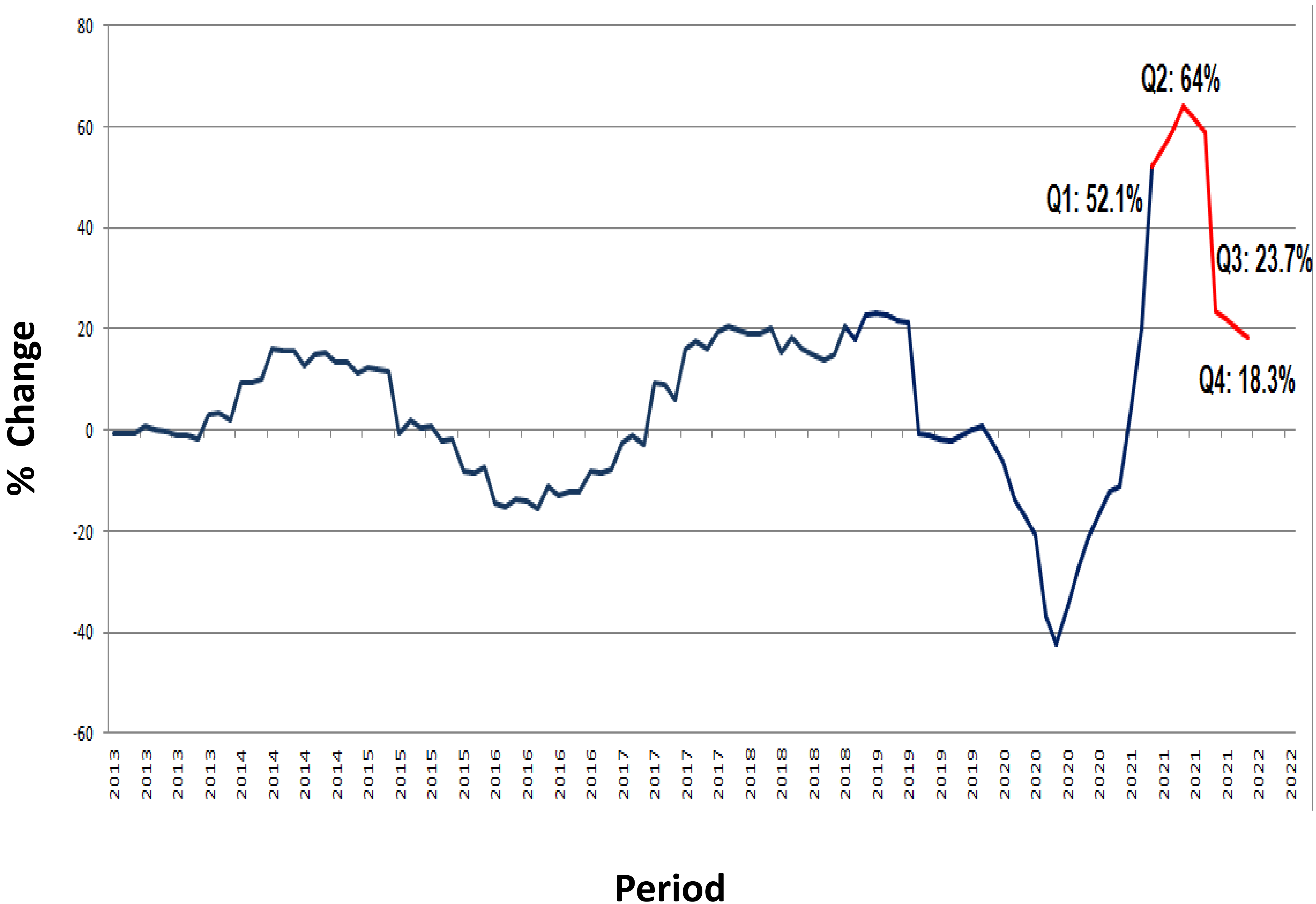
% Change

Period

USA – Consumer Credit



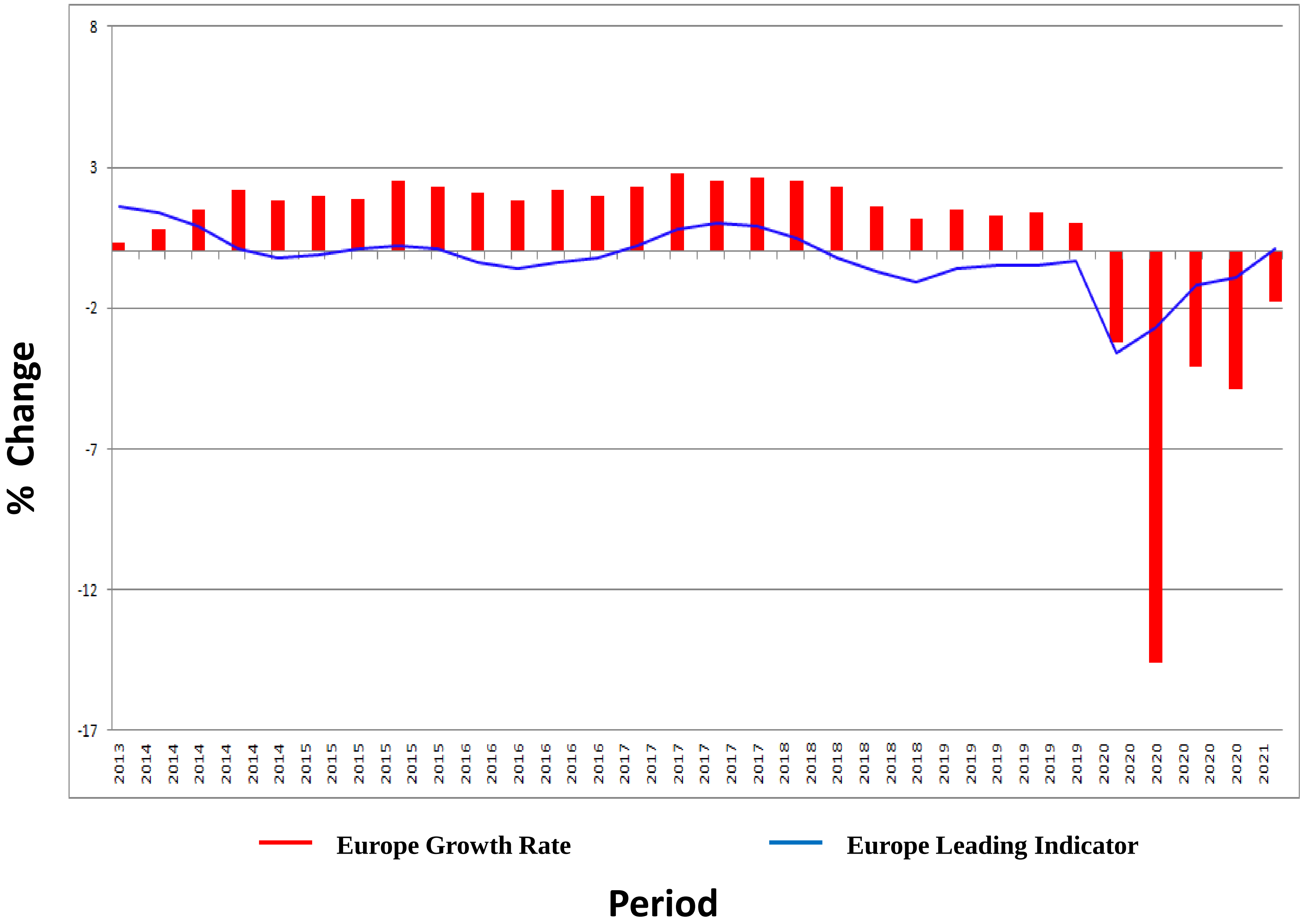
USA – S&P 500 Earnings Growth



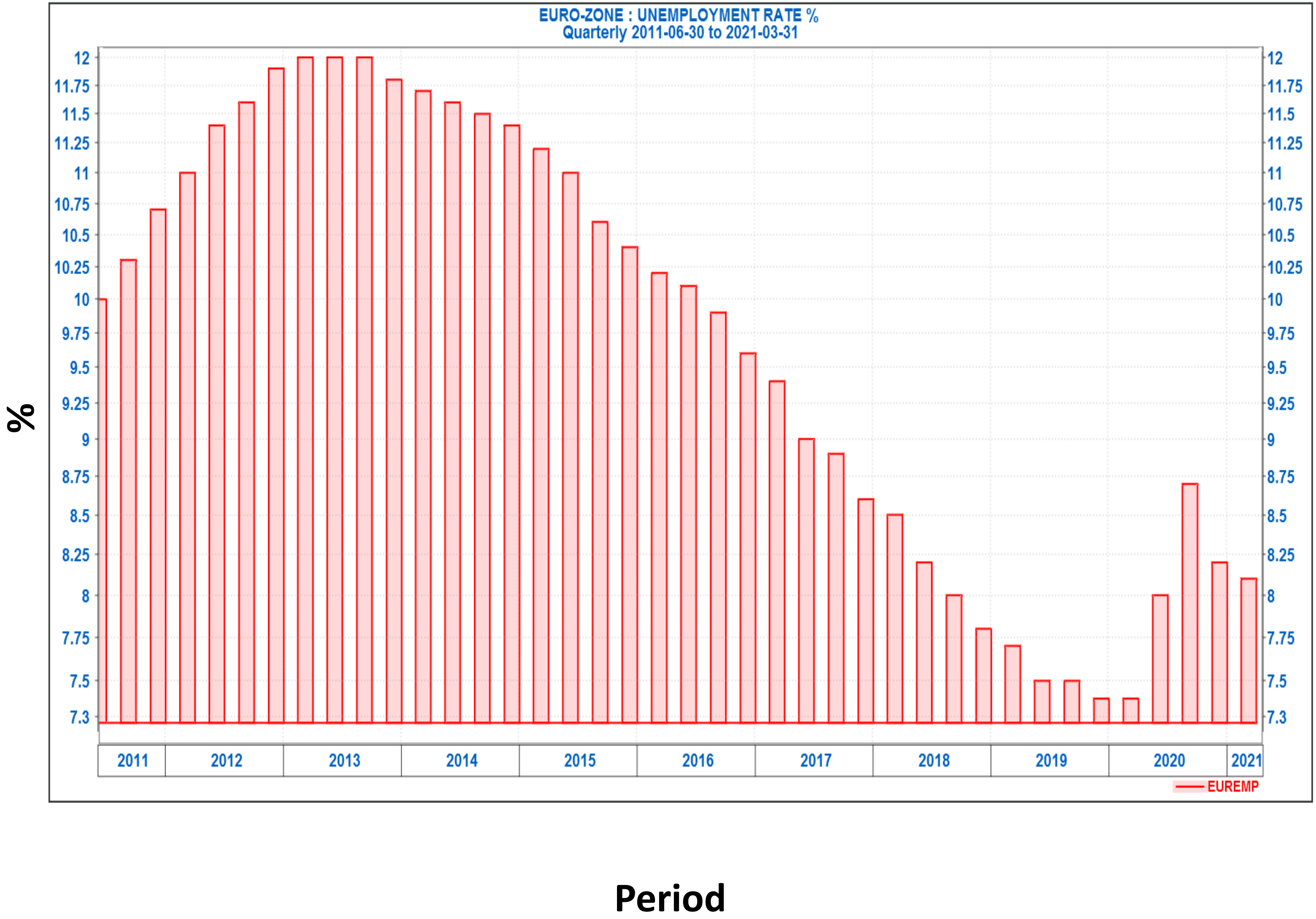
Euro Area:

GDP growth eased in Q1 to -1.8% after contracting -4.9% in Q4, clearly showing the implications of the lockdown surrounding the efforts to curb the spread of Covid-19. Raging fires and floods over most parts of EU may damper recovery. Unemployment ticked down to 8.1% in the first quarter. Inflation decreased to 1.9% in June 2021. The European Economy remains fragile; however growth expectations in 2021 indicate recovery.

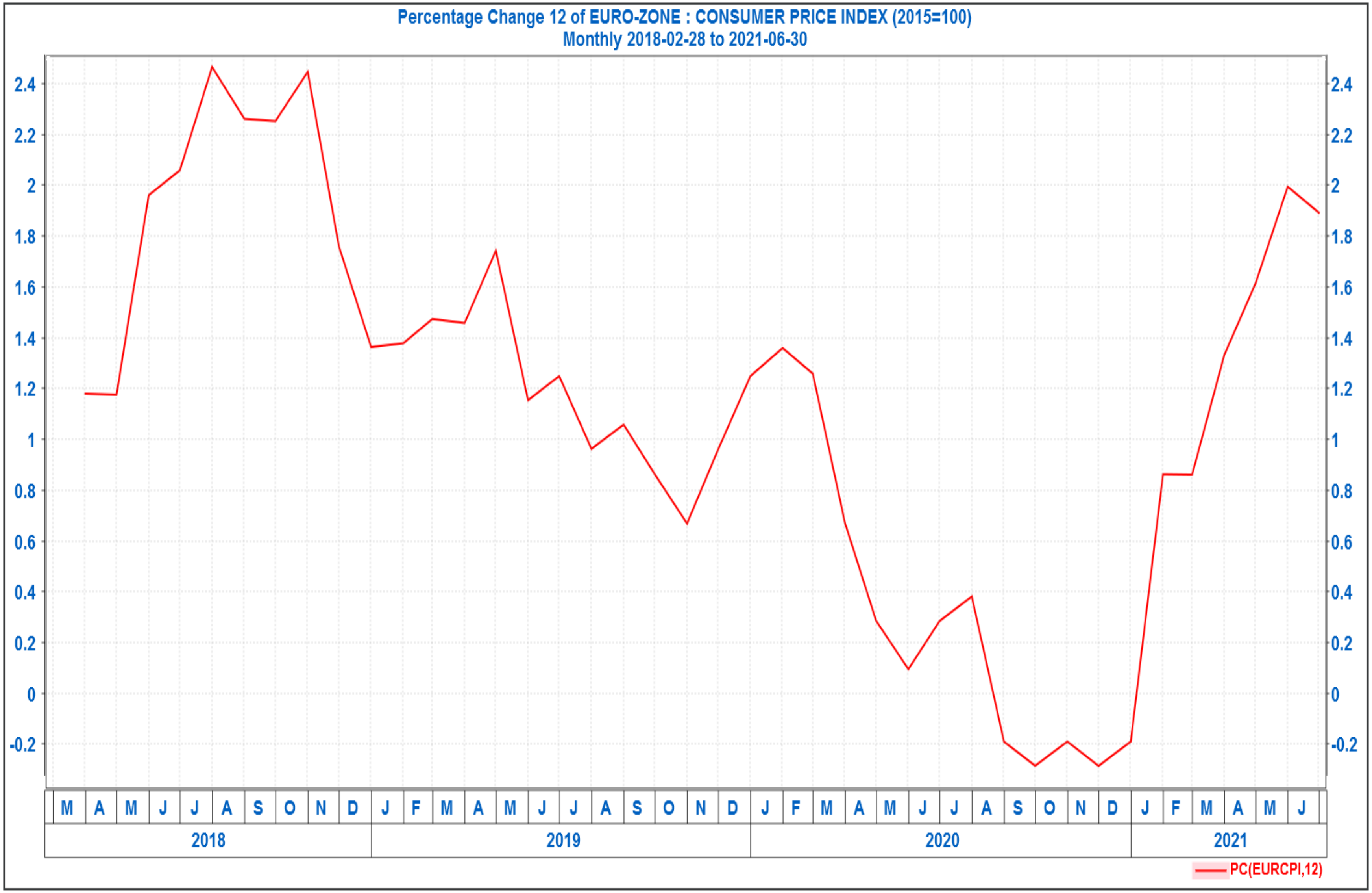
Europe – Economic Growth Rate Quarterly



Europe – Unemployment



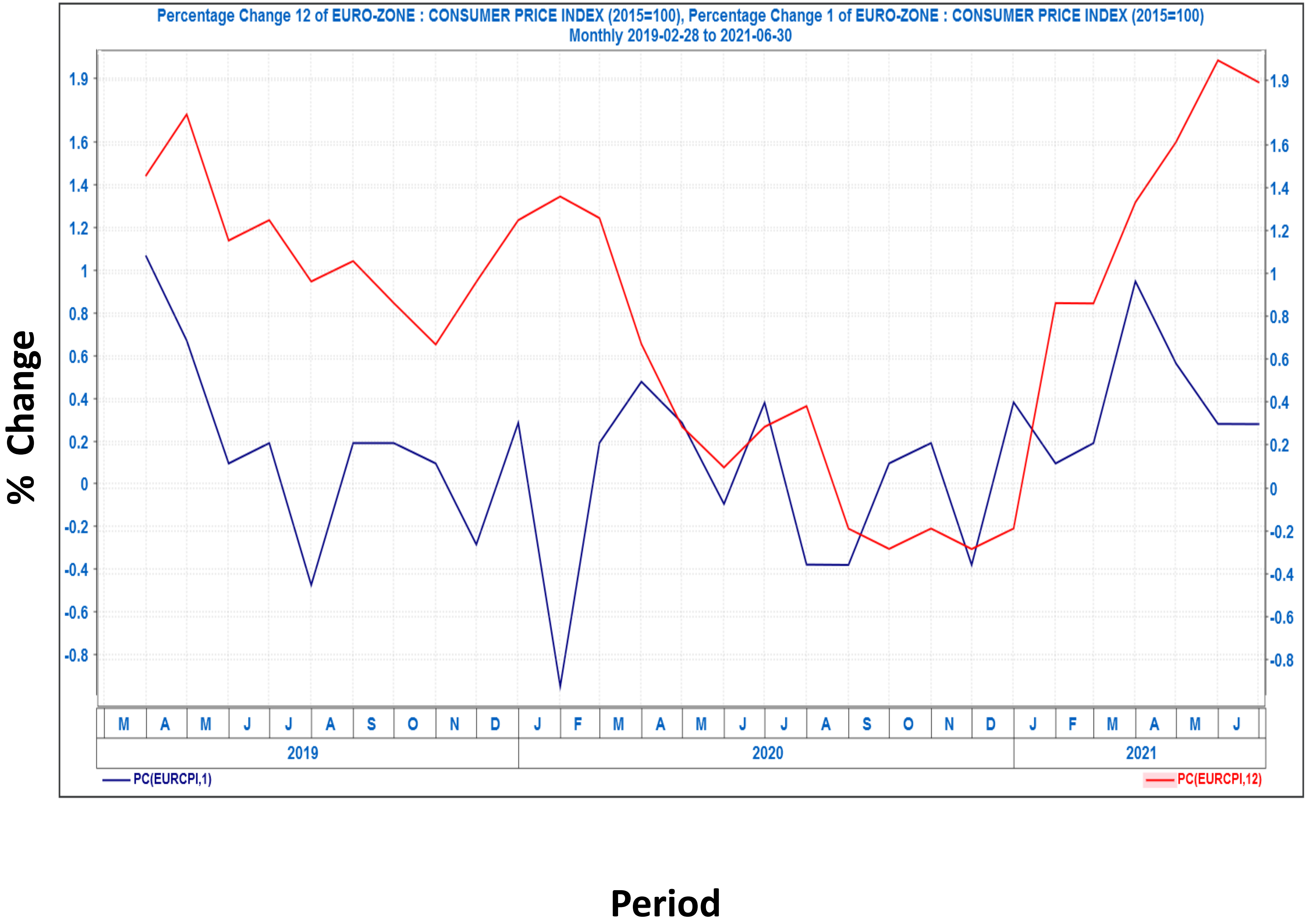
Europe – Inflation



% Change

Period

Europe – Inflation

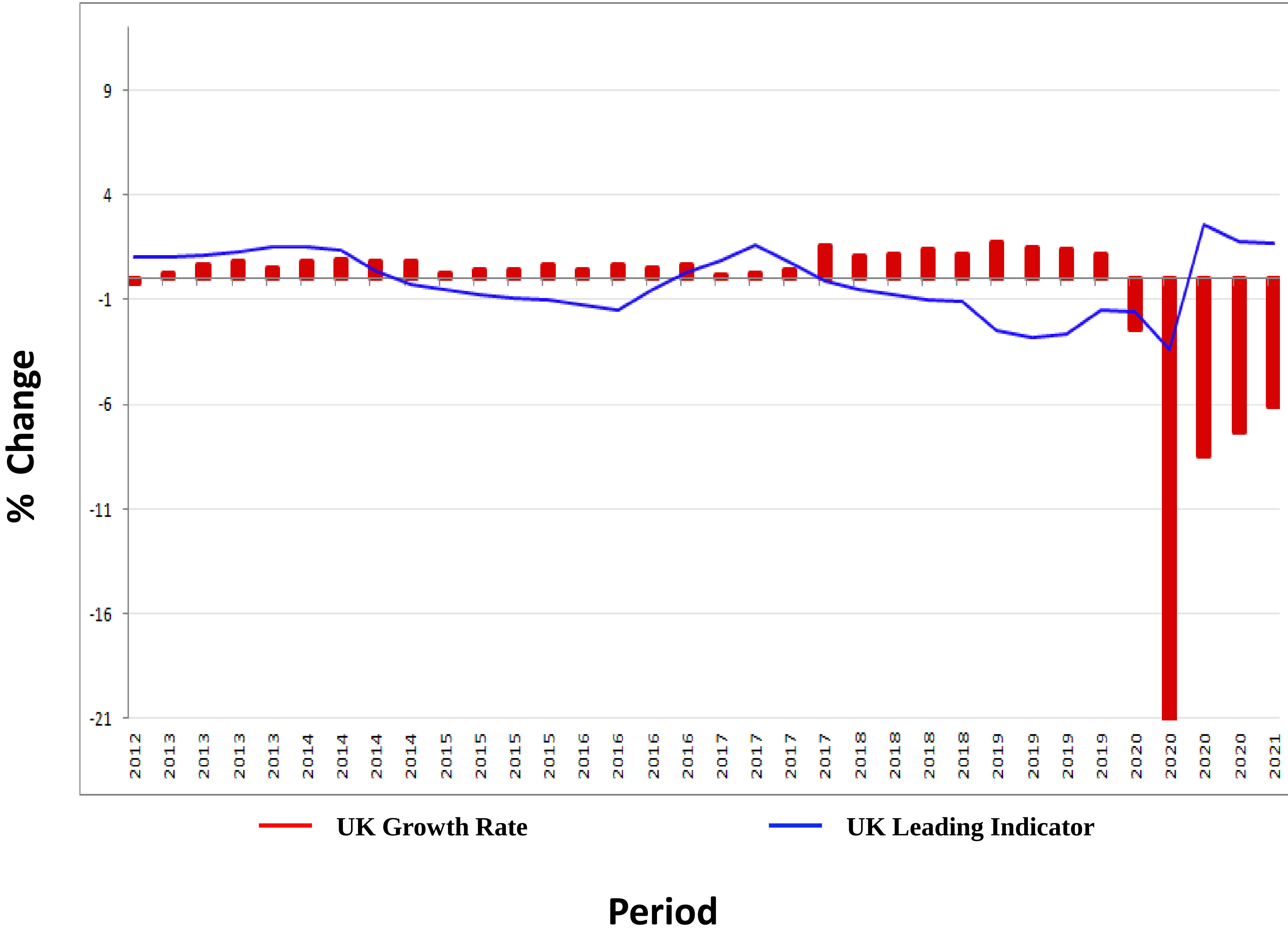


United Kingdom:

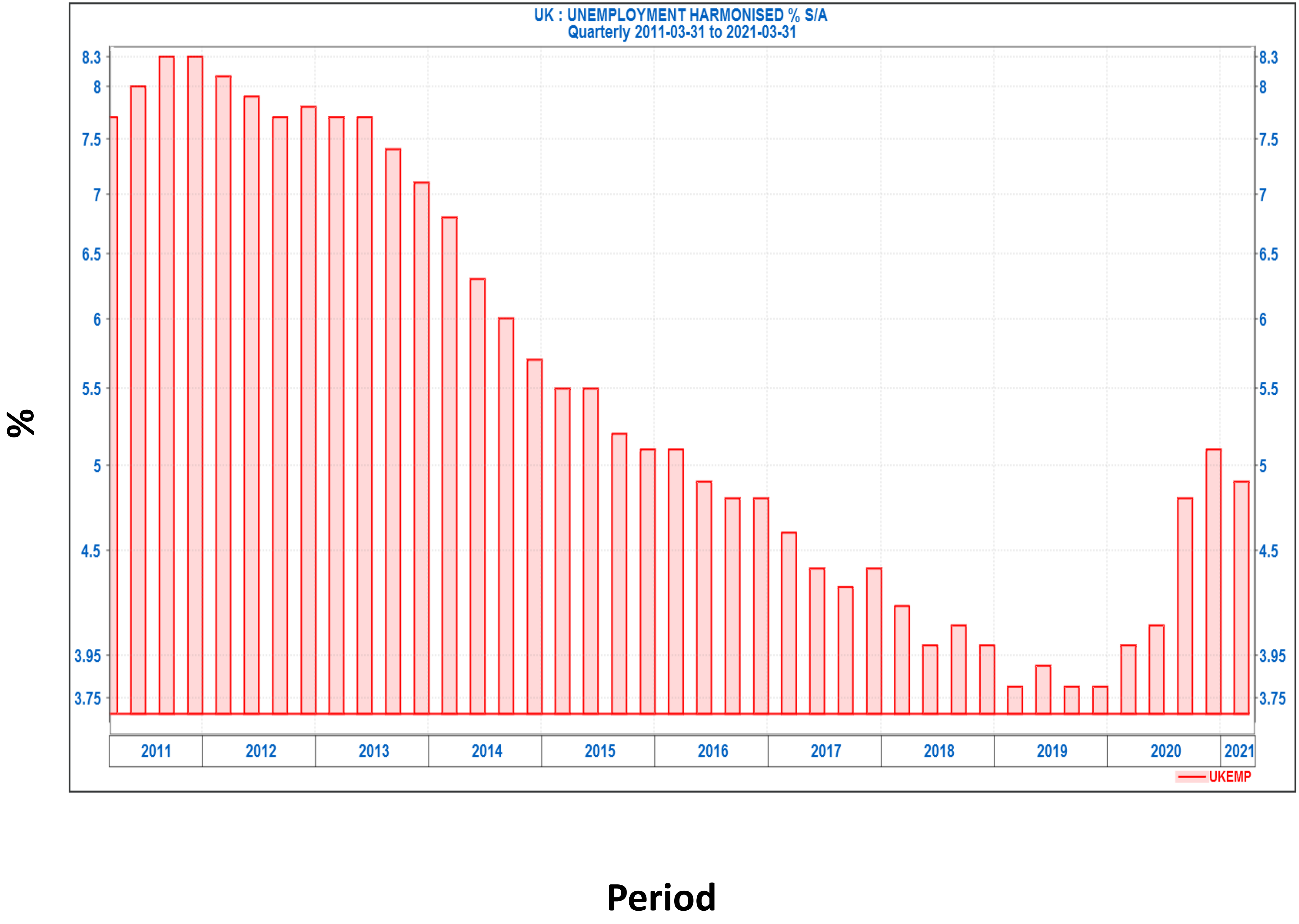
Economic growth weakened -6.1% in the first quarter, reflecting ongoing impact of Covid-19. With Brexit clearly weighing down on the country and additional strain from the effect of Covid-19. However easing of lockdown restriction may aid recovery in the coming months. Inflation ticked up to 2.5% for June 2021, and the unemployment rate came down to 4.8%.

Earnings growth of companies is forecasted to be 41.6% for 2021.

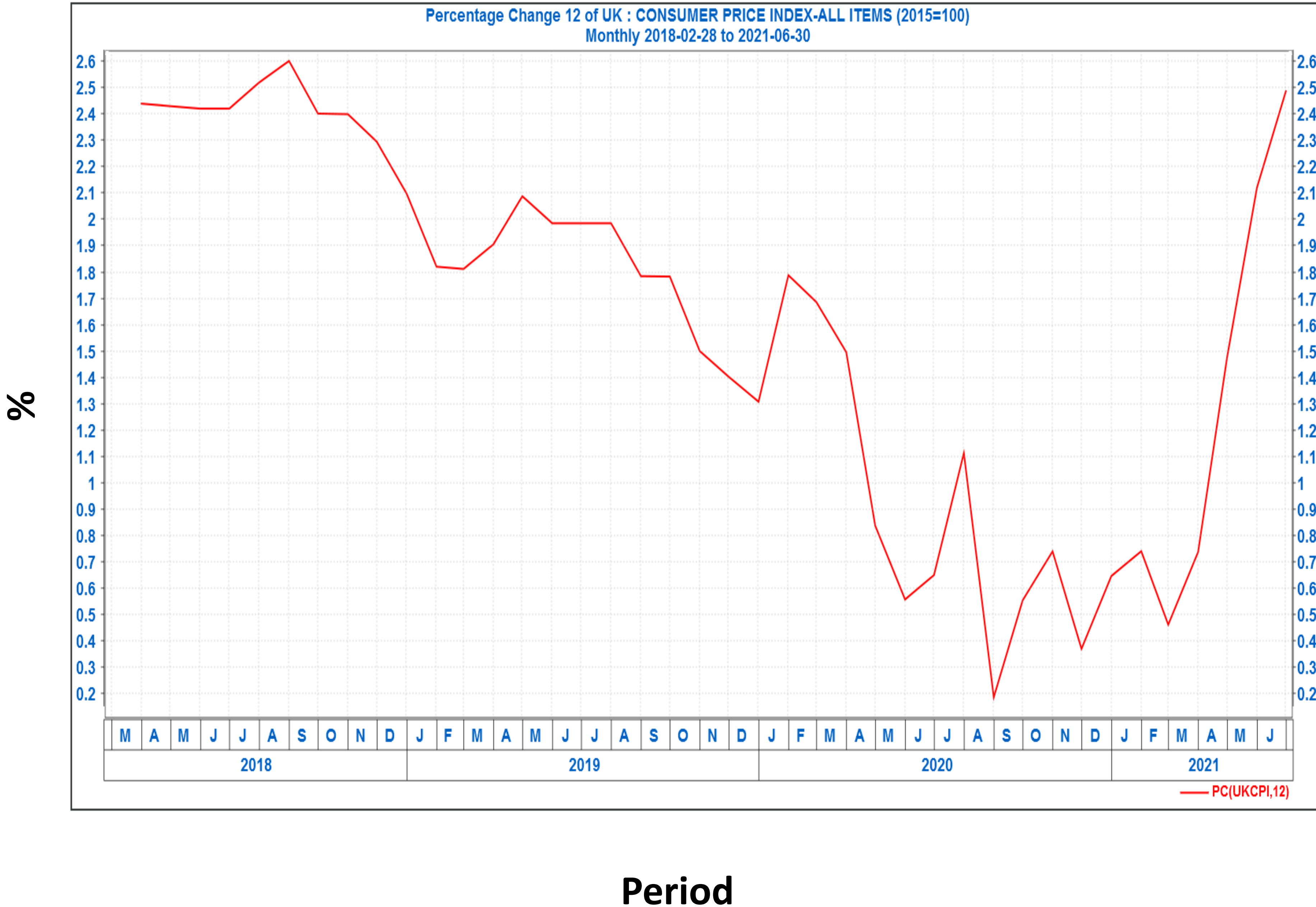
UK – Economic Growth Rate Quarterly



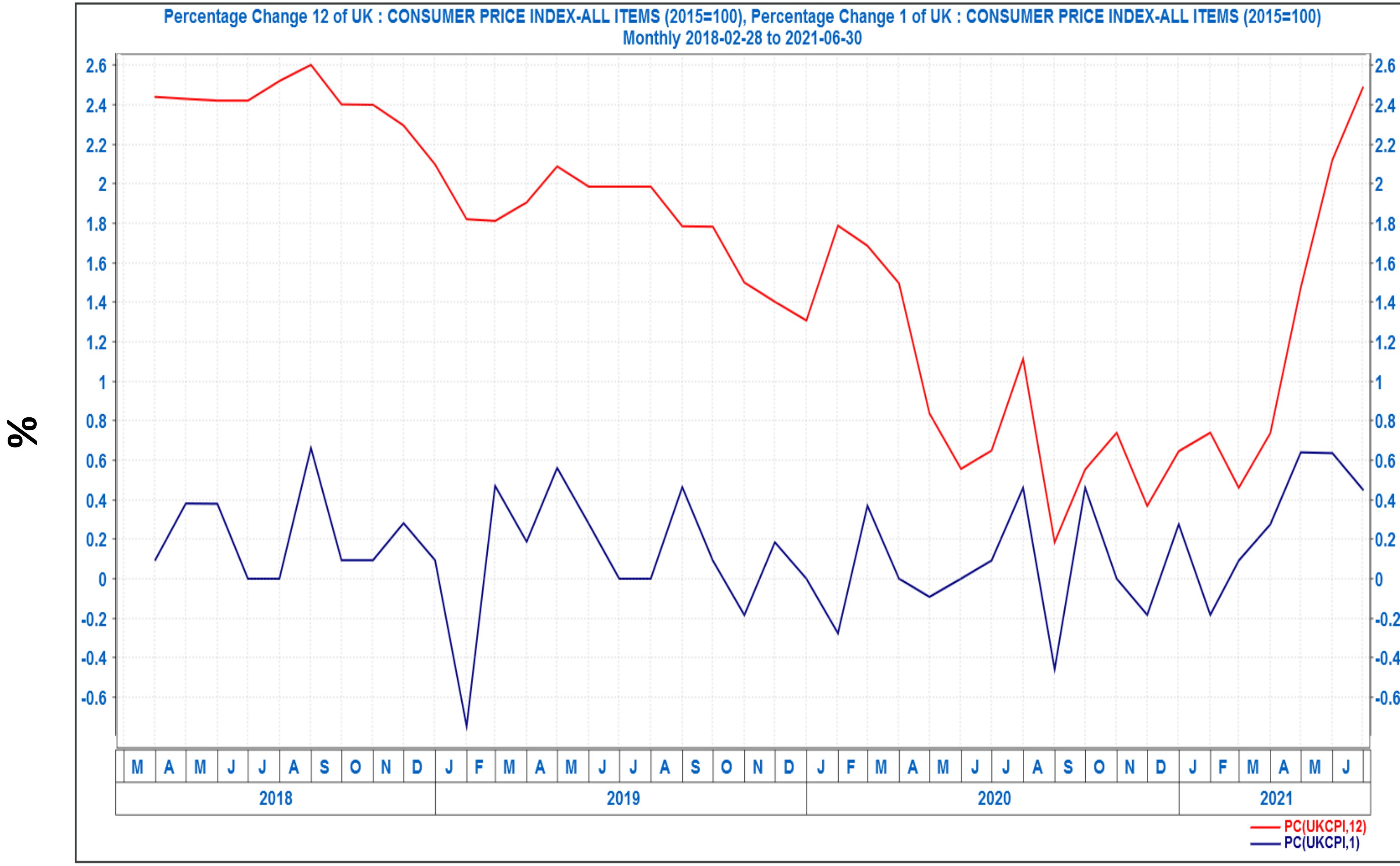
UK – Unemployment



UK – Inflation

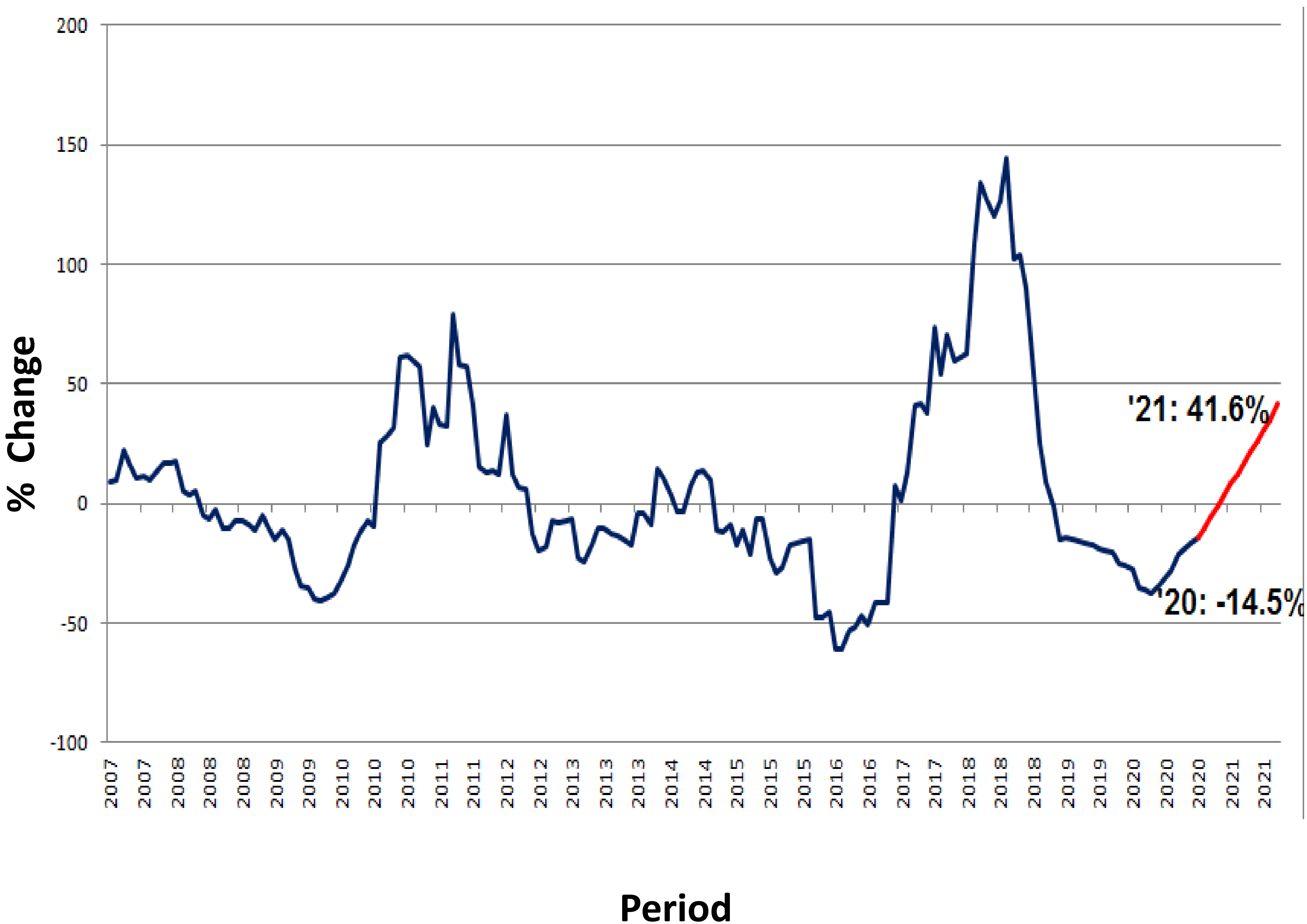


UK – Inflation

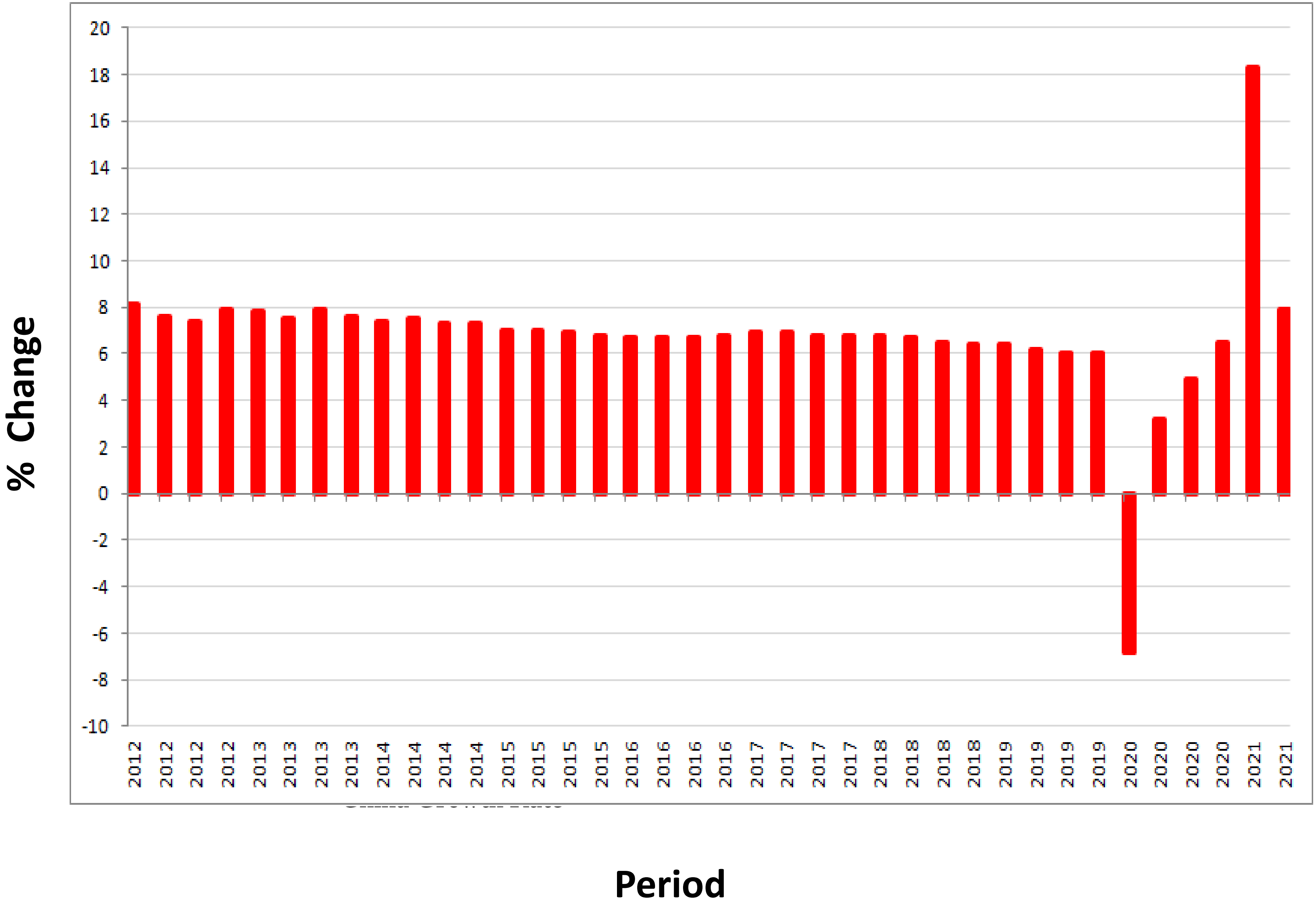


Period

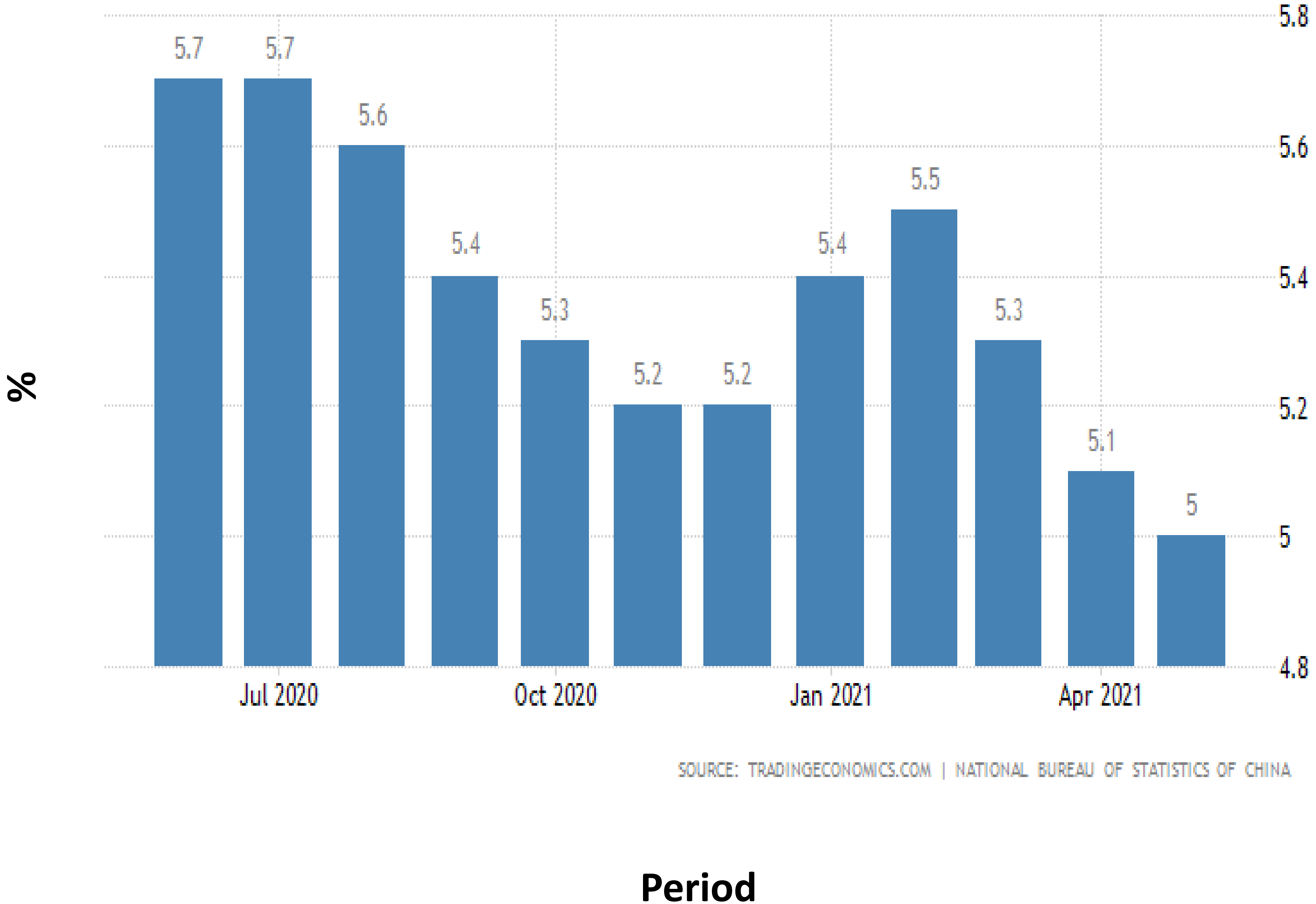
UK – FTSE 100 Earnings Growth



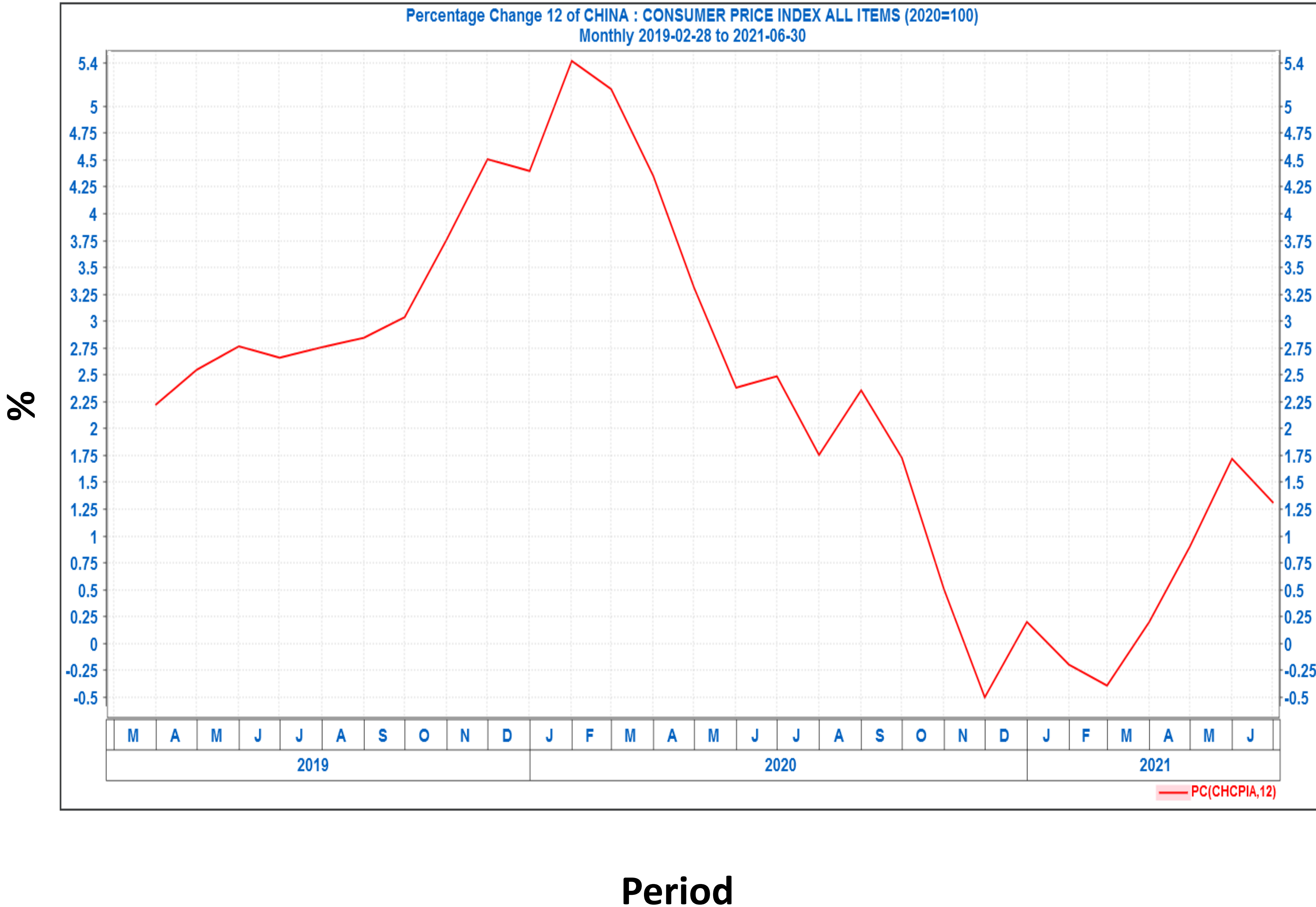
China – Economic Growth Rate



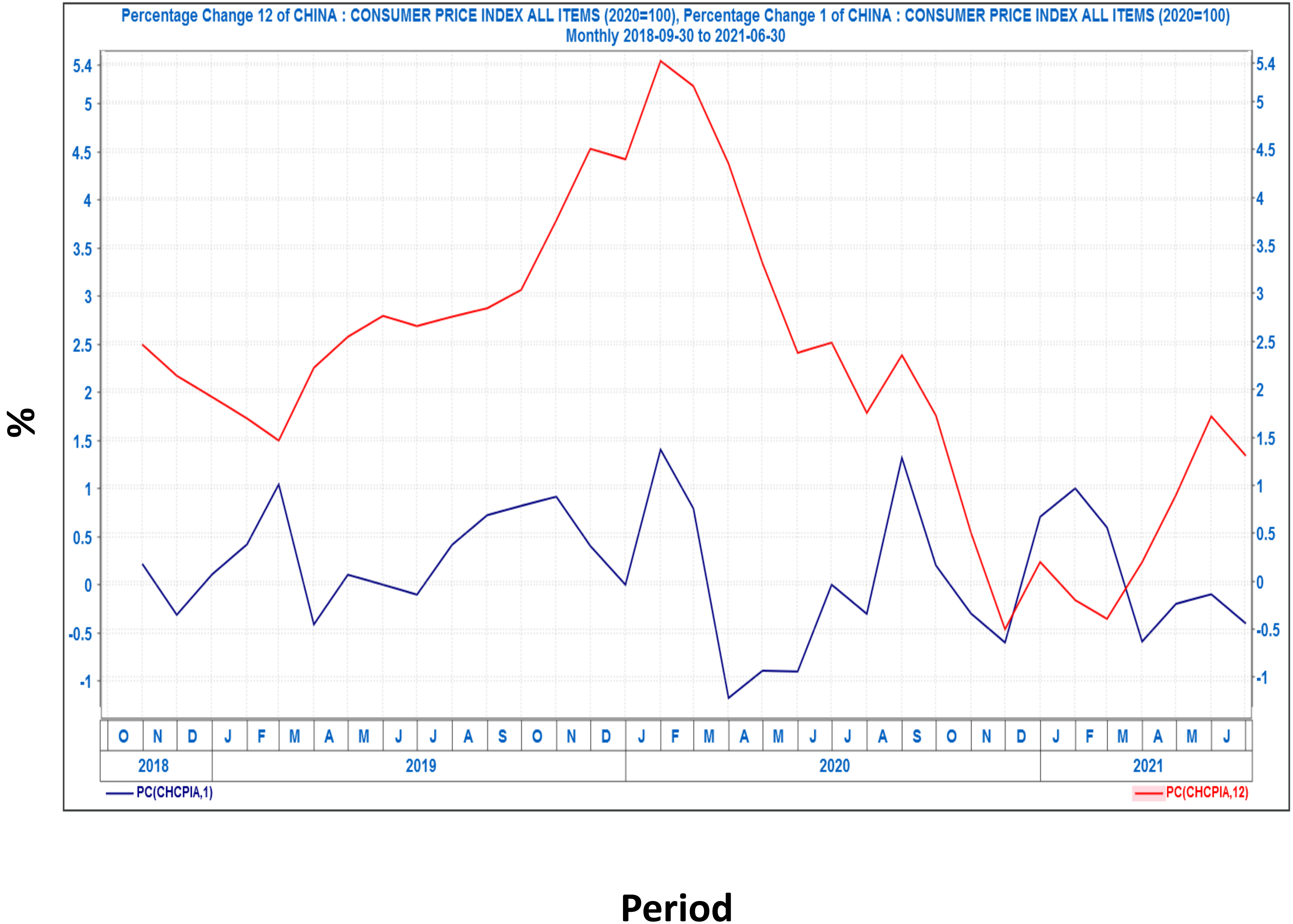
China – Unemployment



China – Inflation



China – Inflation



South Africa Economic Indicators

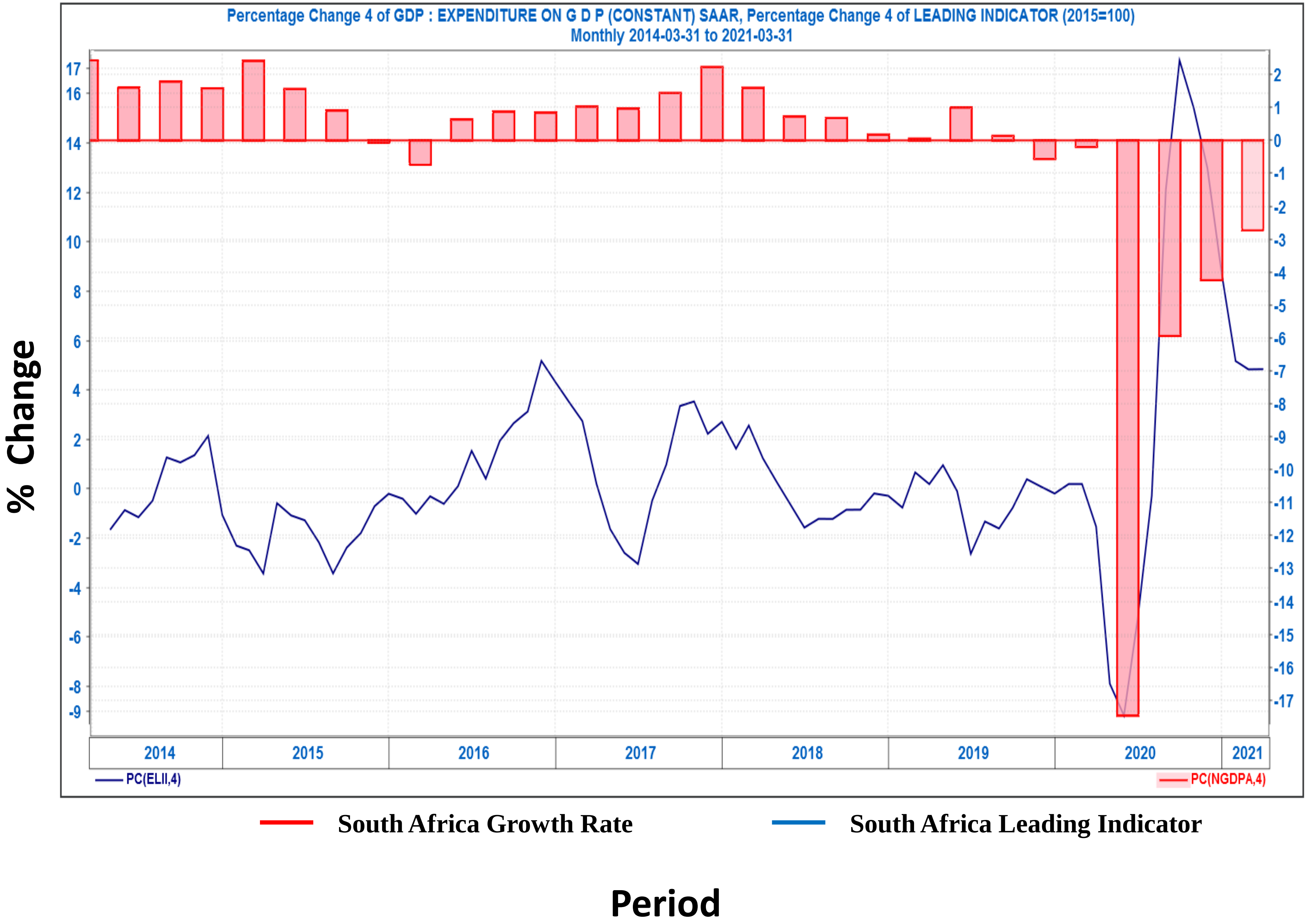
South Africa:

Economic growth recovered to -3.2% in Q1 after contracting a -4.2% in Q4. With rolling blackouts, strike action, riots, national lockdown and slow vaccination efforts weighing down production. Unemployment came in at a historic 32.6% in Q1 of 2021. Inflation came in higher at 5.2% for May 2021, whilst consumer credit recovered to -0.5%.

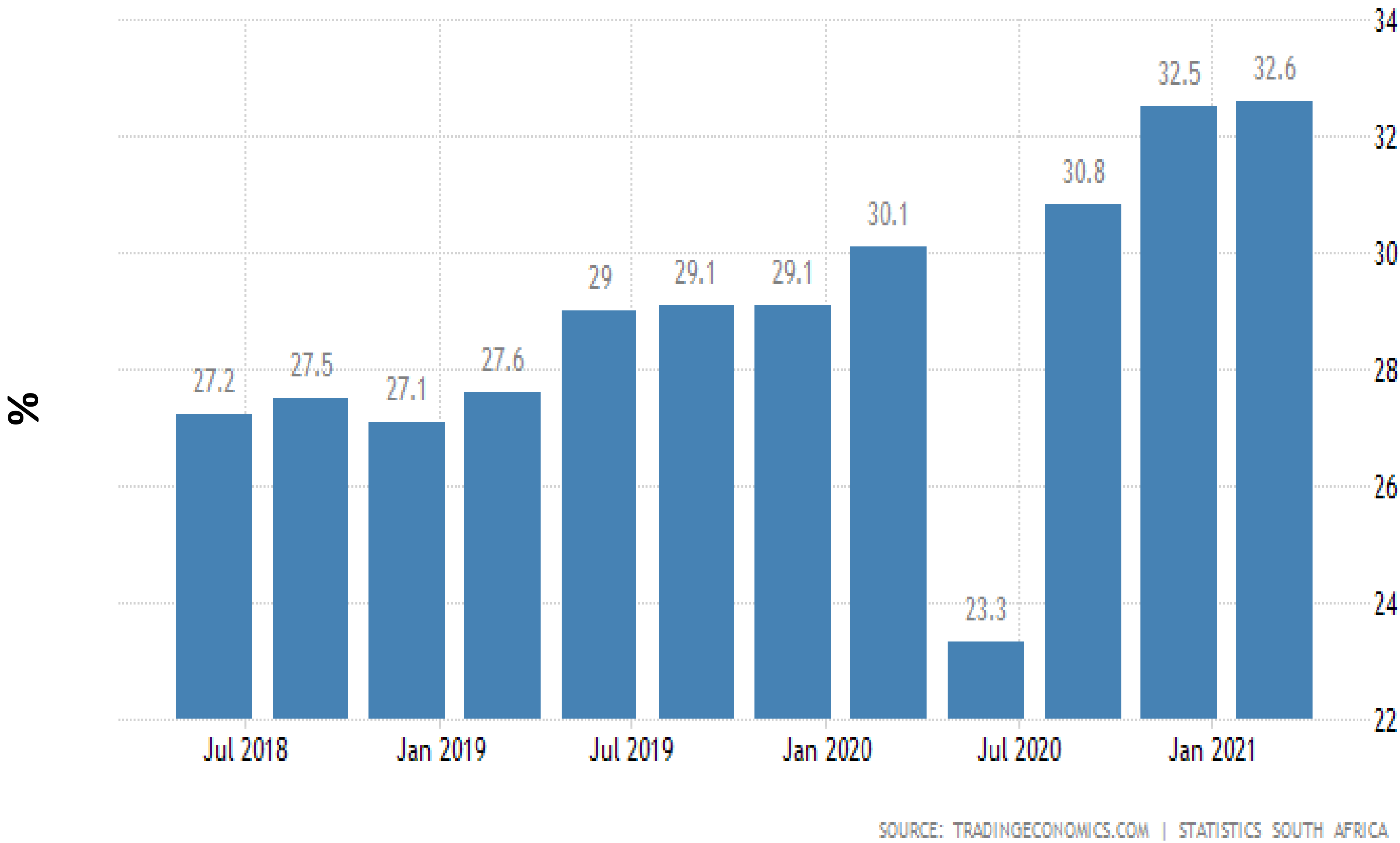
It is expected that the SARB may opt to keep interest rates stable despite inflation being above the midpoint of the SARB's inflation target.

Earnings growth of SA companies is expected to come in at 53.95% in 2021.

South Africa – Economic Growth Rate Quarterly

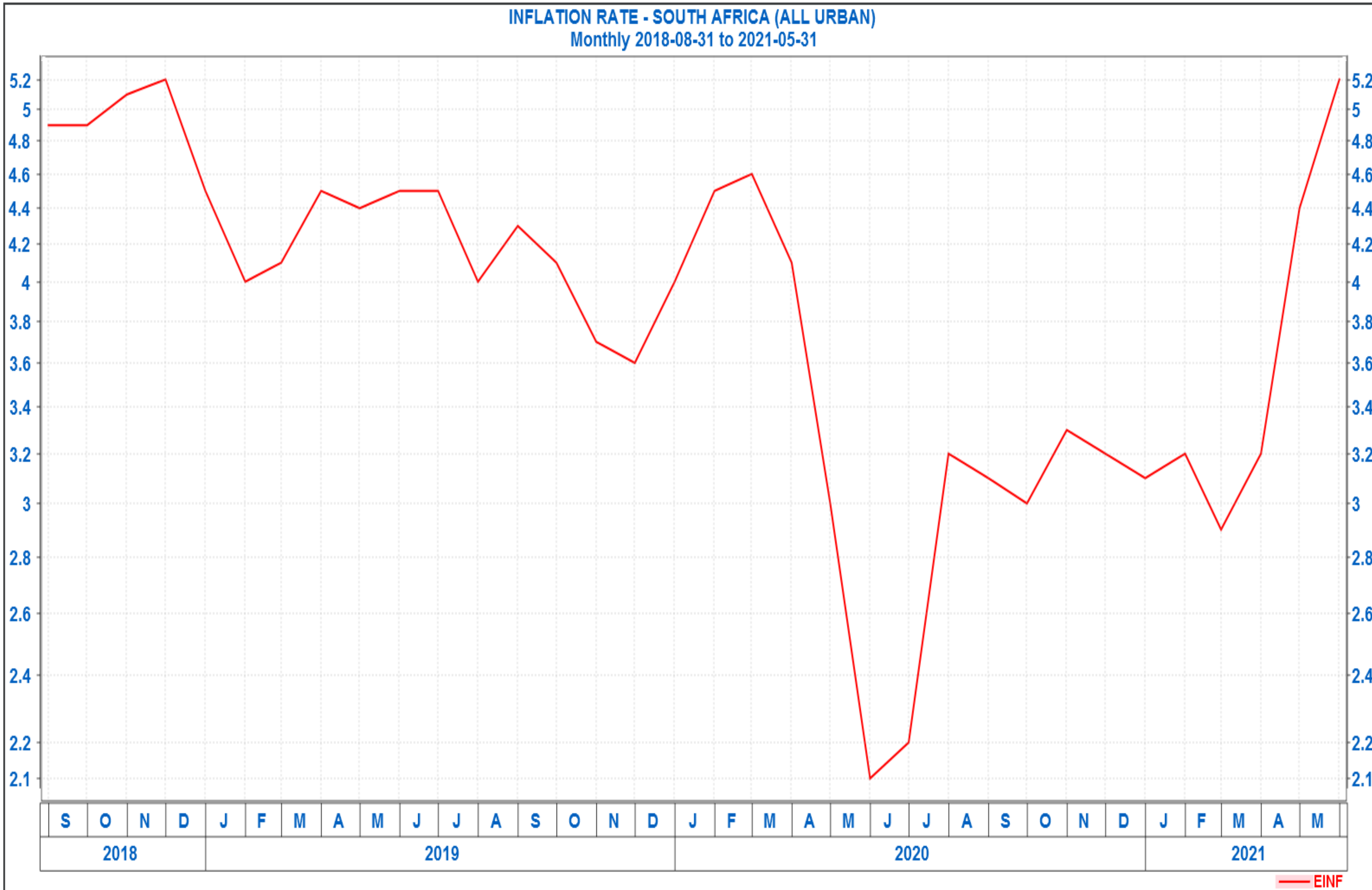


South Africa – Unemployment



Period

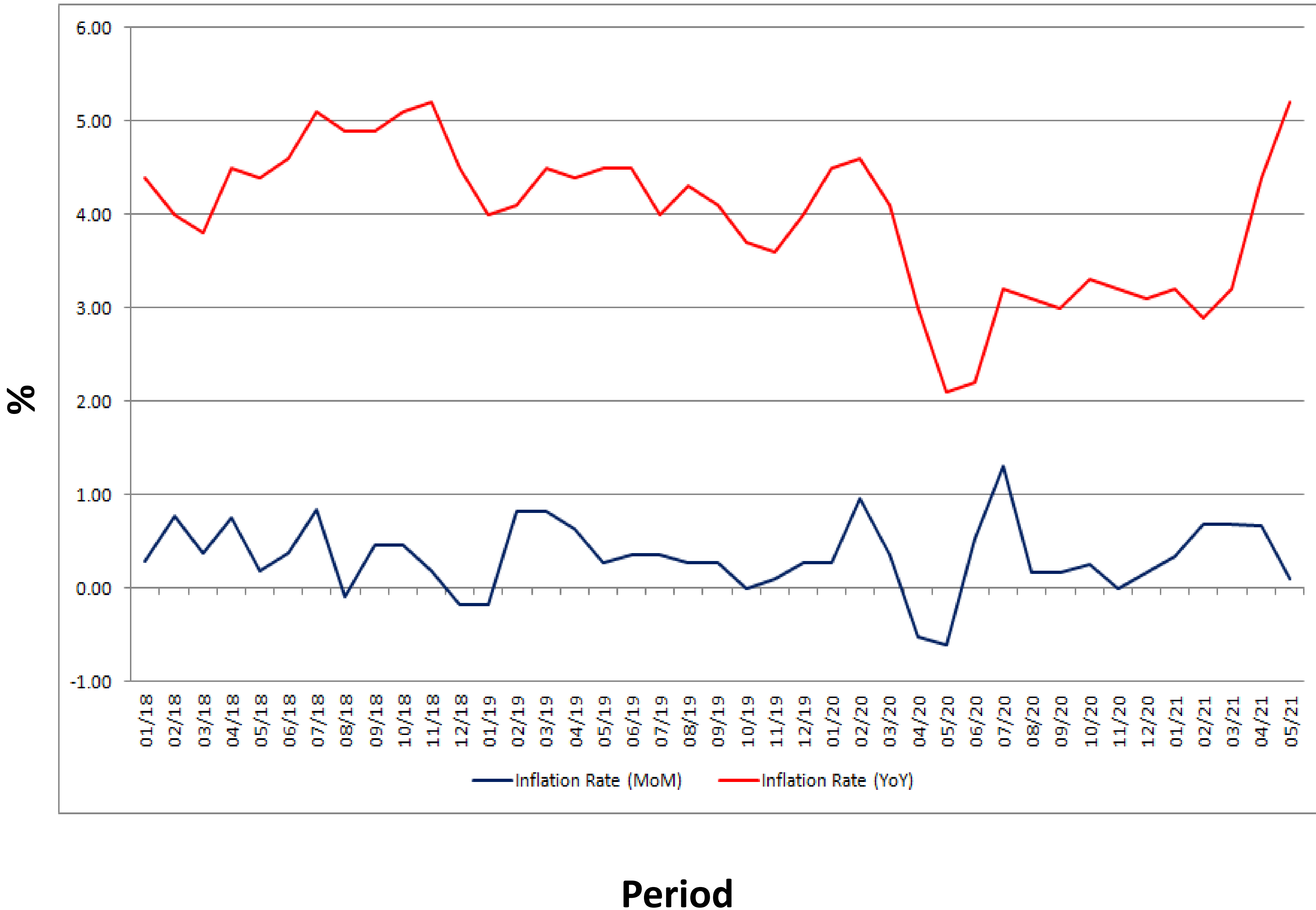
South Africa – Inflation Rate



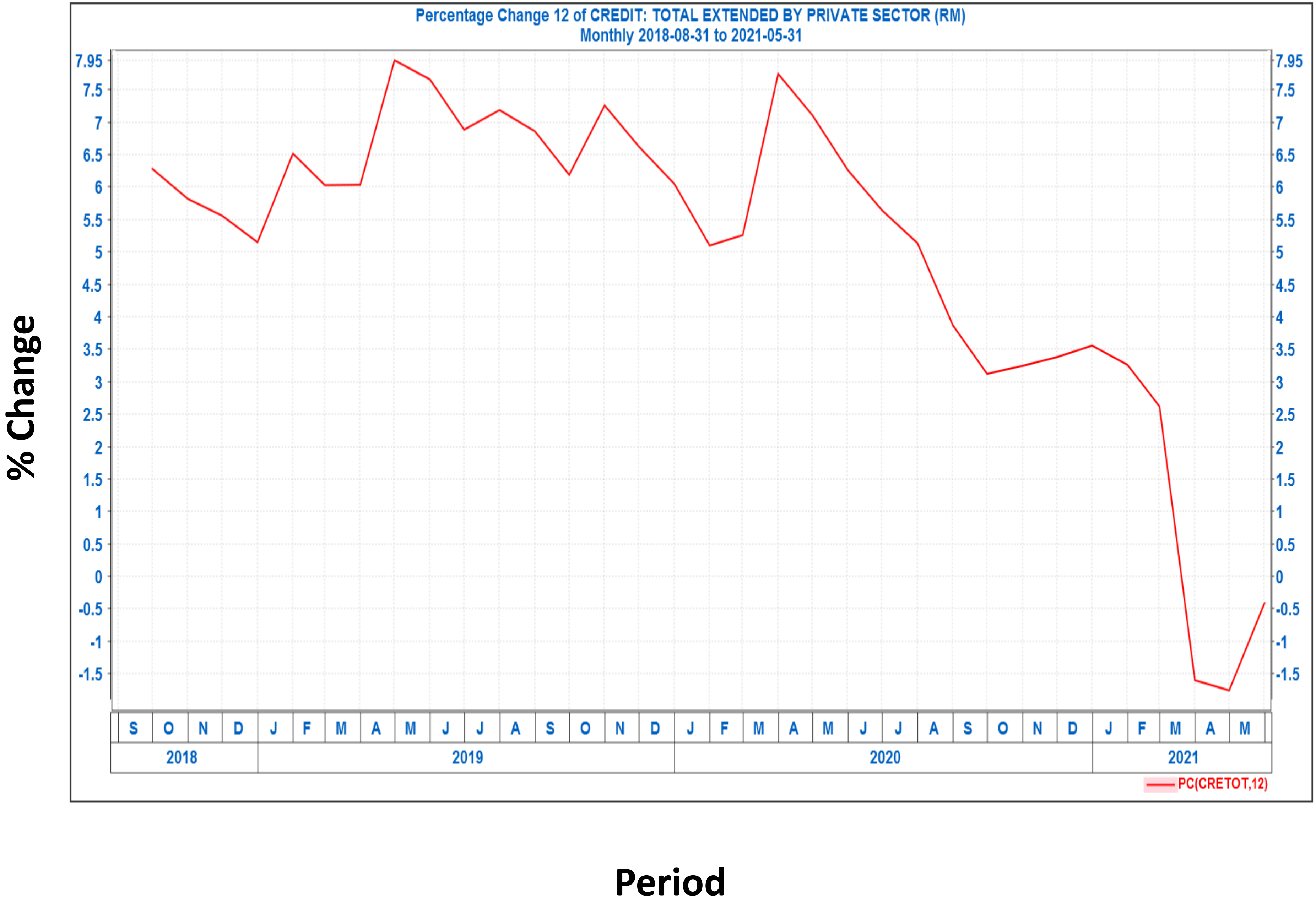
%

Period

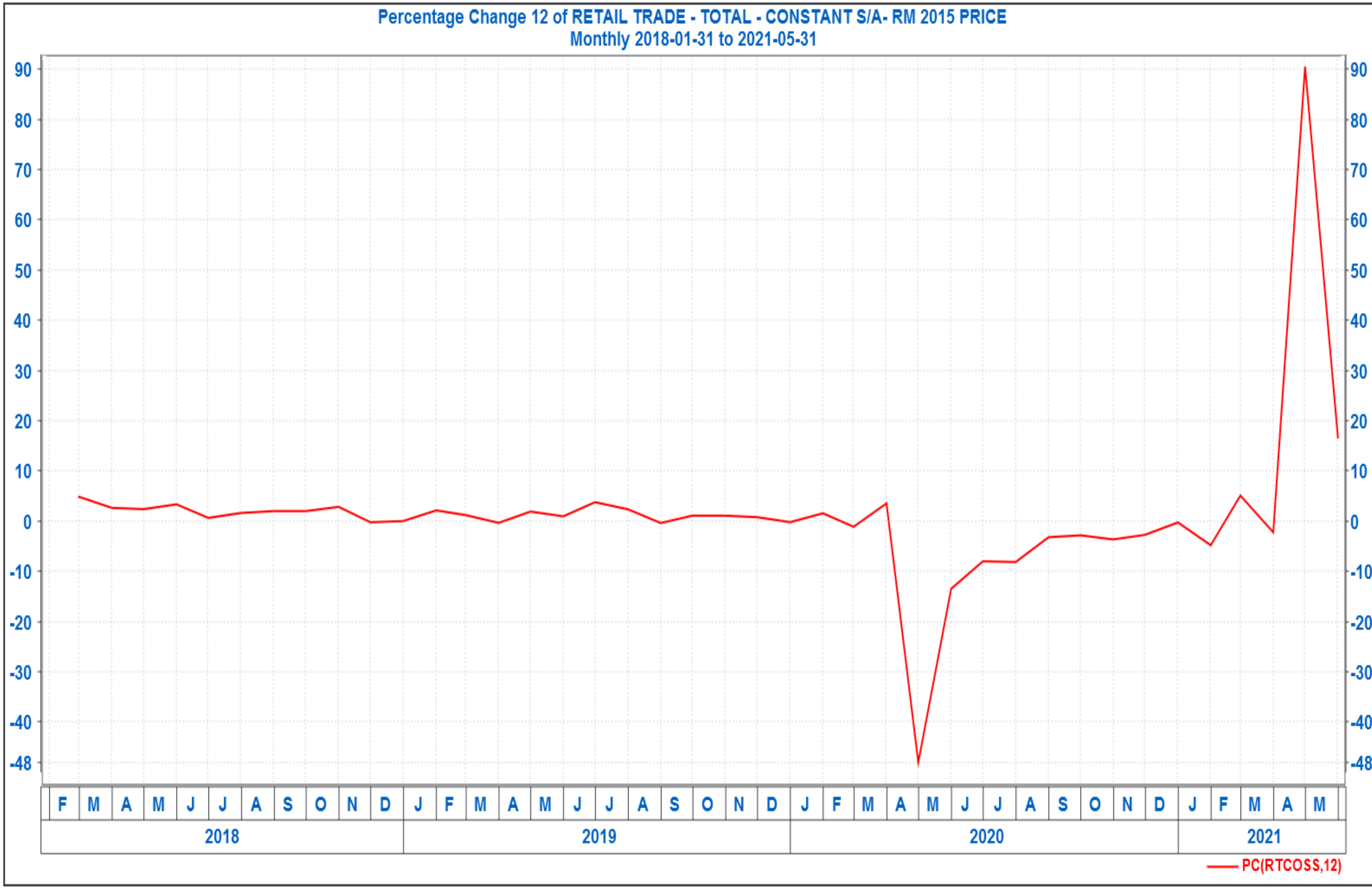
South Africa – Inflation Rate



South Africa – Consumer Credit



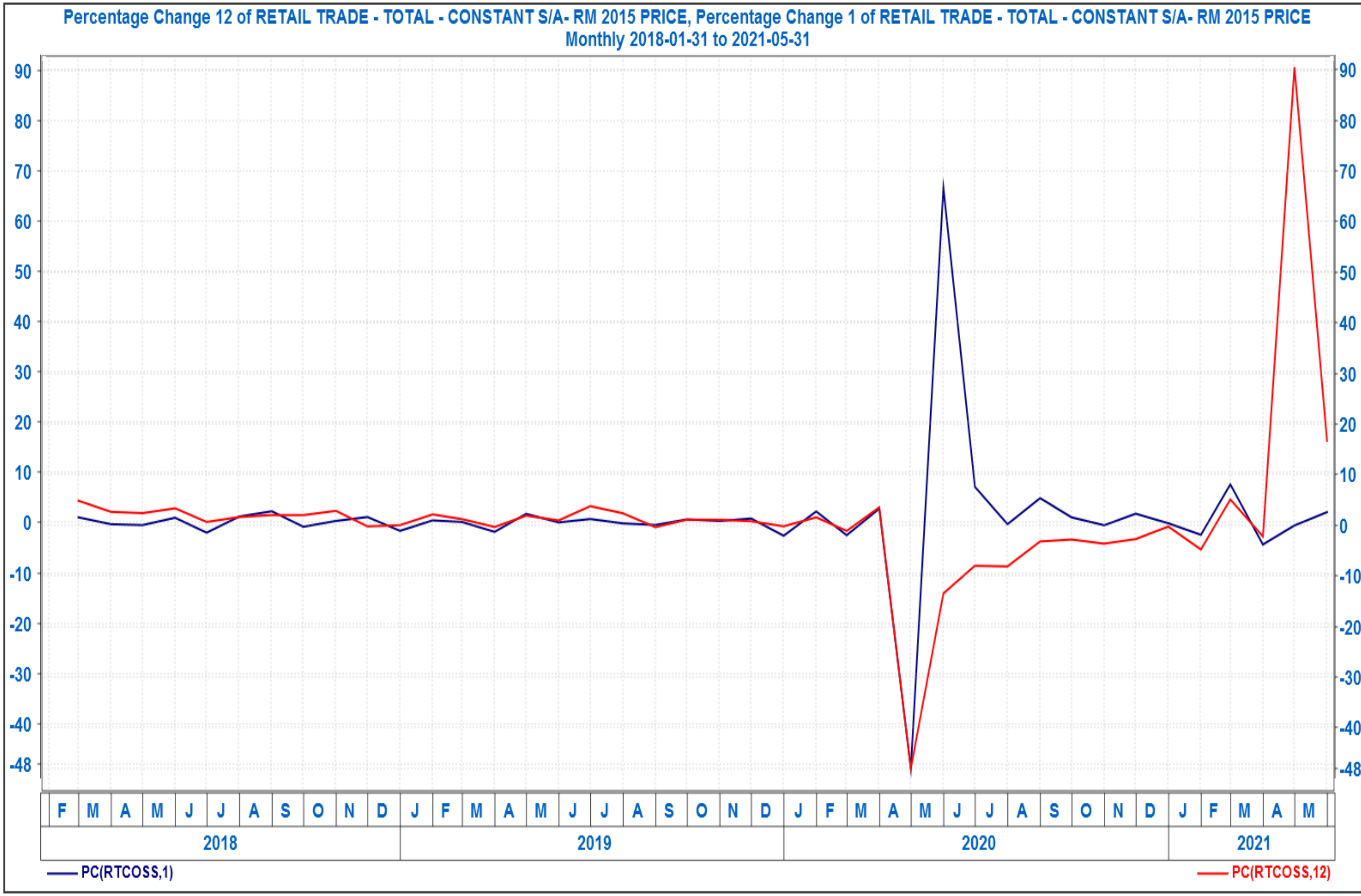
South Africa – Retail Sales



% Change

Period

South Africa – Retail Sales

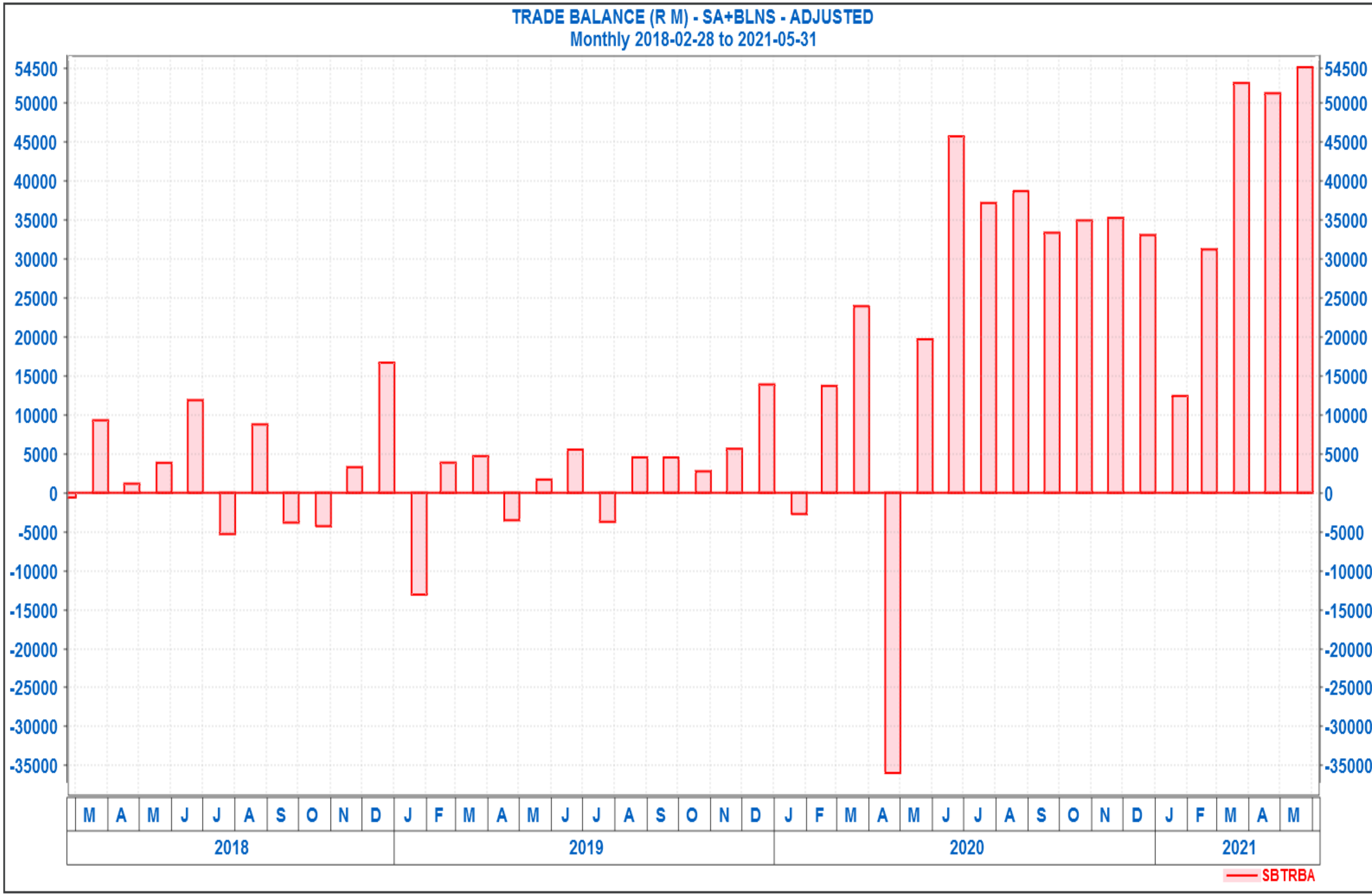


% Change

Period

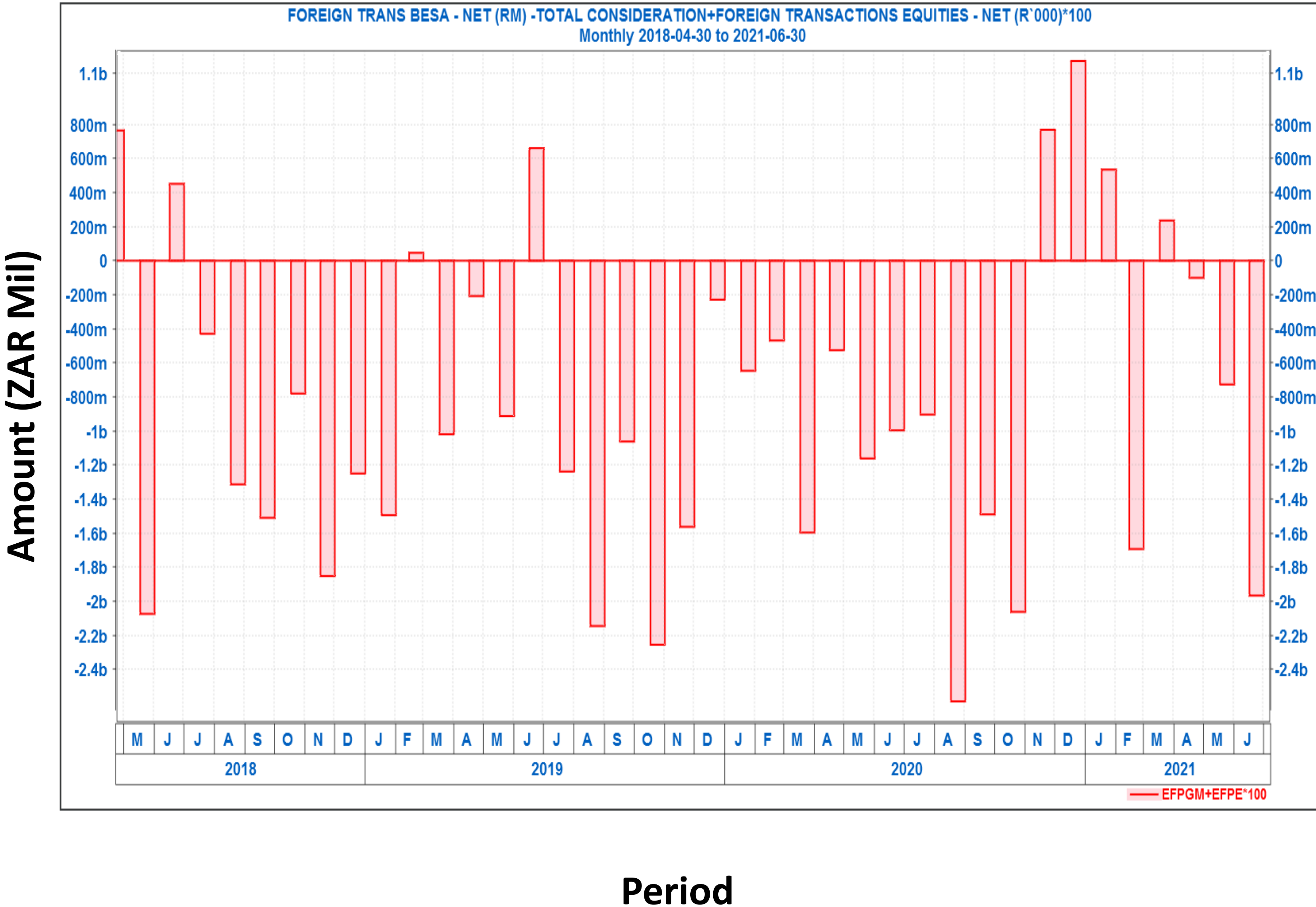
South Africa – Trade Balance (ZAR Million)

Amount

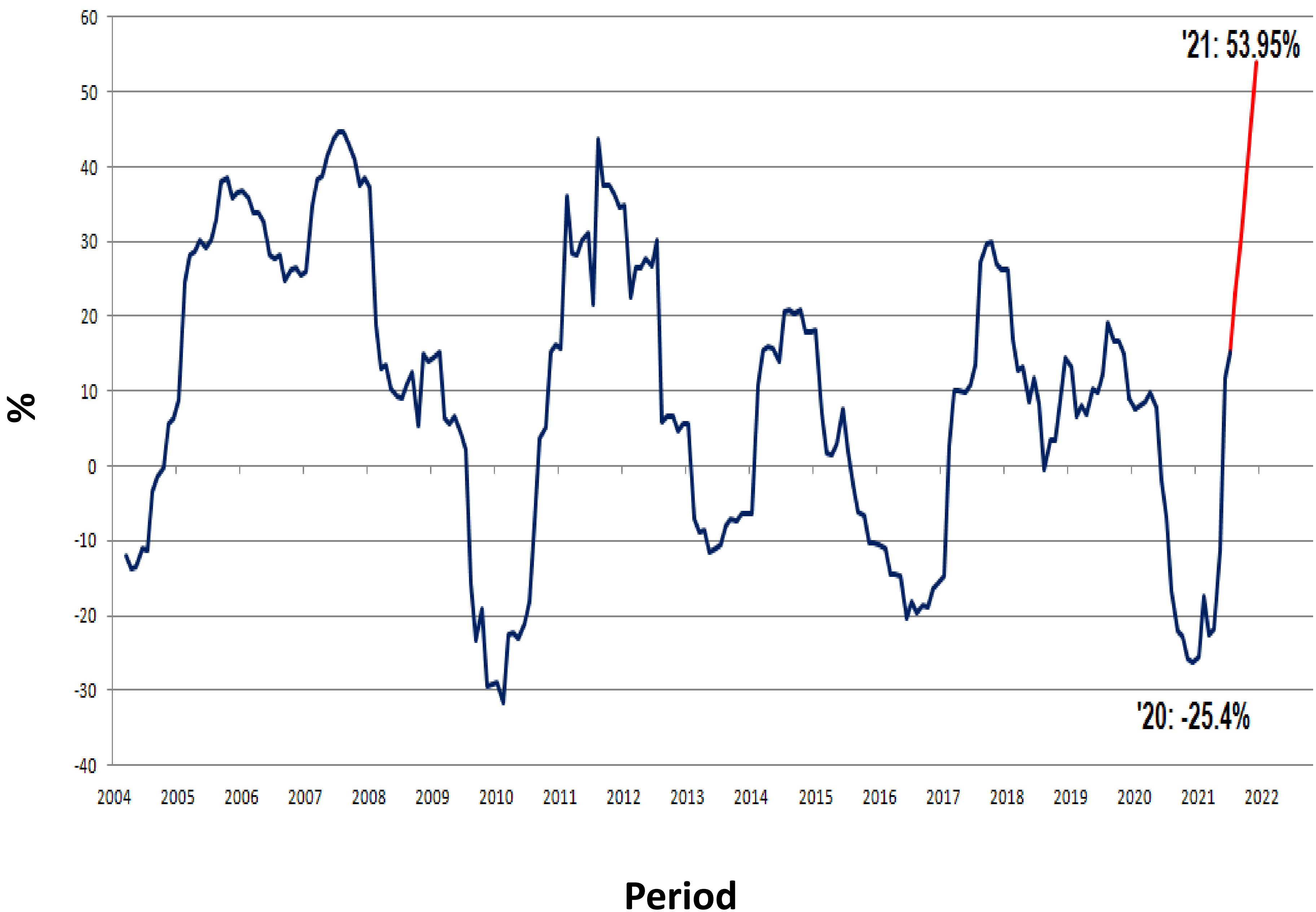


Period

Foreign In- and outflows in Investment Market (ZAR Million)



S.A. All Share Earnings Forecast



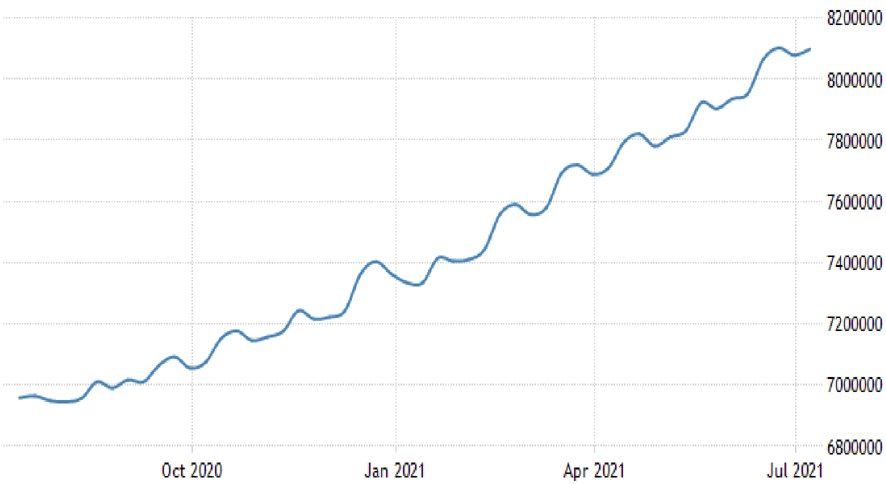
Central Bank Policies

Central Bank Policies:

Central Banks are likely to remain accommodative as global growth worries persist, however, the vaccine rollouts as well as inflationary fears may see central banks become more hawkish. Some Emerging Market countries have however already started to raise interest rates as fear of out of control inflation rates sparked action. Central banks' balance sheets have slowed down in expansion, but continue to focus on efforts to increase liquidity and damper effects of the virus.

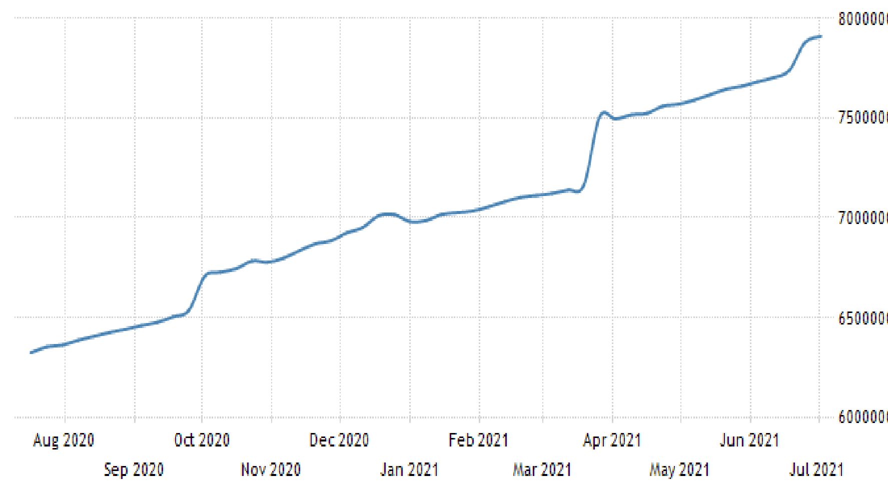
Central Banks Balance Sheets

Federal Reserve



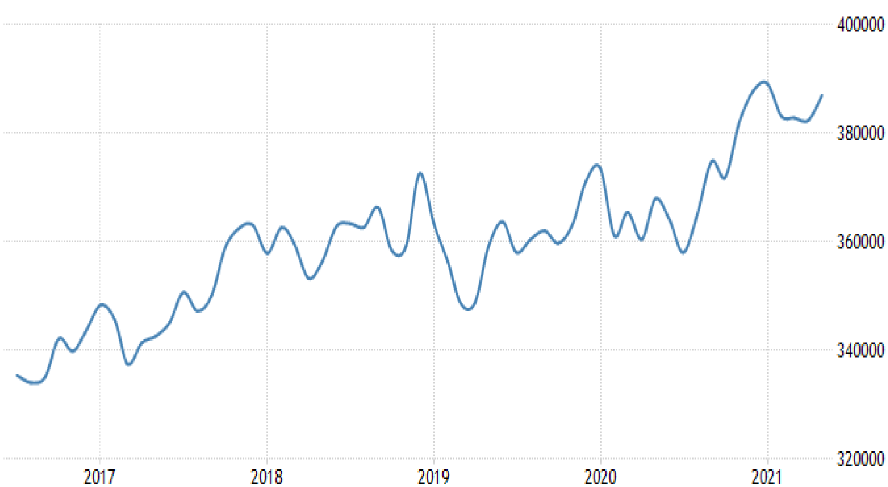
SOURCE: TRADINGECONOMICS.COM | FEDERAL RESERVE

European Central Bank



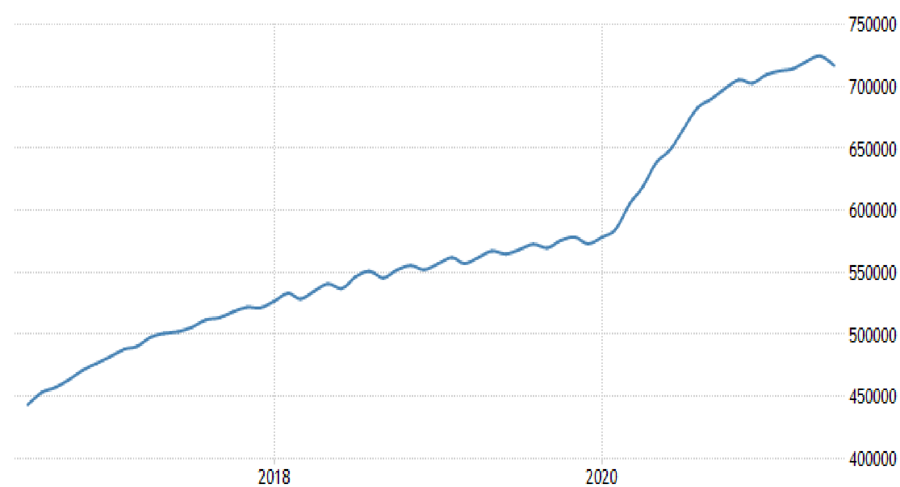
SOURCE: TRADINGECONOMICS.COM | EUROPEAN CENTRAL BANK

China Central Bank



SOURCE: TRADINGECONOMICS.COM | PEOPLE'S BANK OF CHINA

Japan Central Bank



SOURCE: TRADINGECONOMICS.COM | BANK OF JAPAN

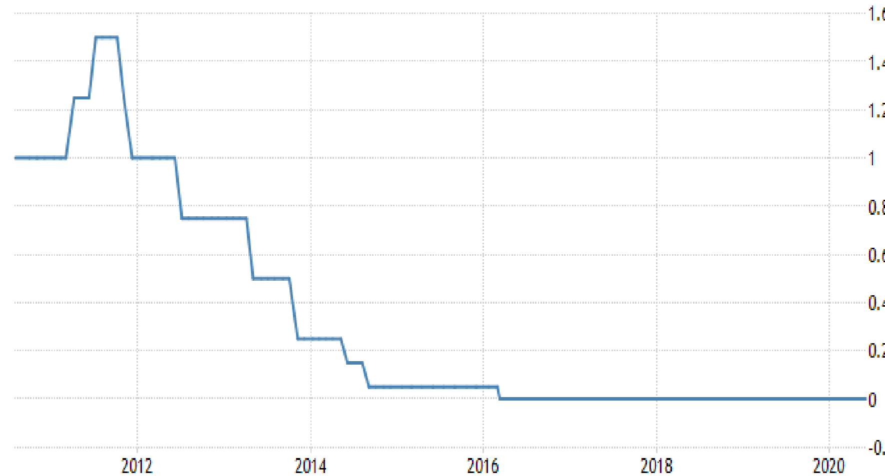
South Africa Central Bank Balance Sheet

Central Bank Interest Rate

Federal Reserve Interest Rate

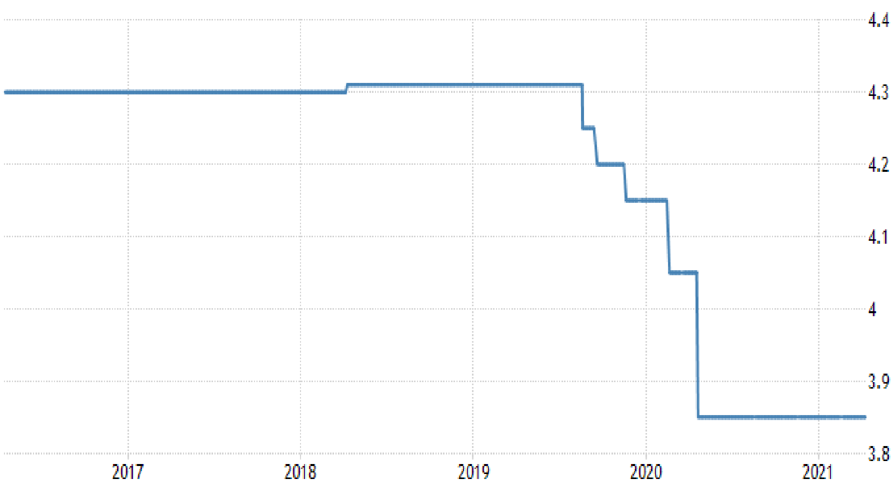
SOURCE: TRADINGECONOMICS.COM | FEDERAL RESERVE

European Central Bank Interest Rate



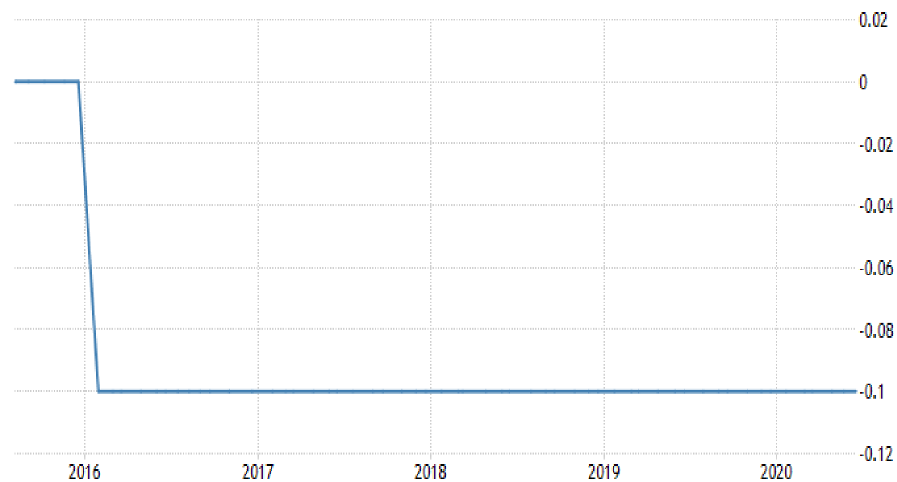
SOURCE: TRADINGECONOMICS.COM | EUROPEAN CENTRAL BANK

China Central Bank Interest Rate



SOURCE: TRADINGECONOMICS.COM | PEOPLE'S BANK OF CHINA

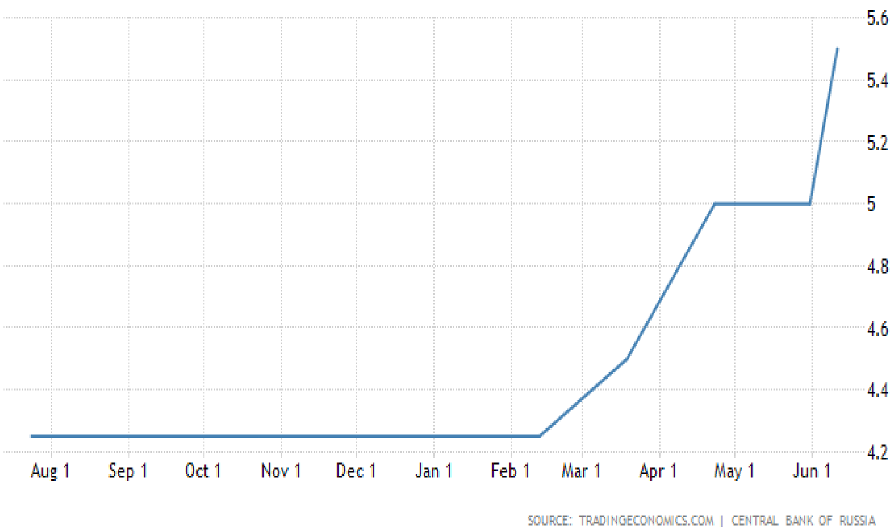
Japan Central Bank Interest Rate



SOURCE: TRADINGECONOMICS.COM | BANK OF JAPAN

Central Bank Interest Rate

Russia Interest Rate

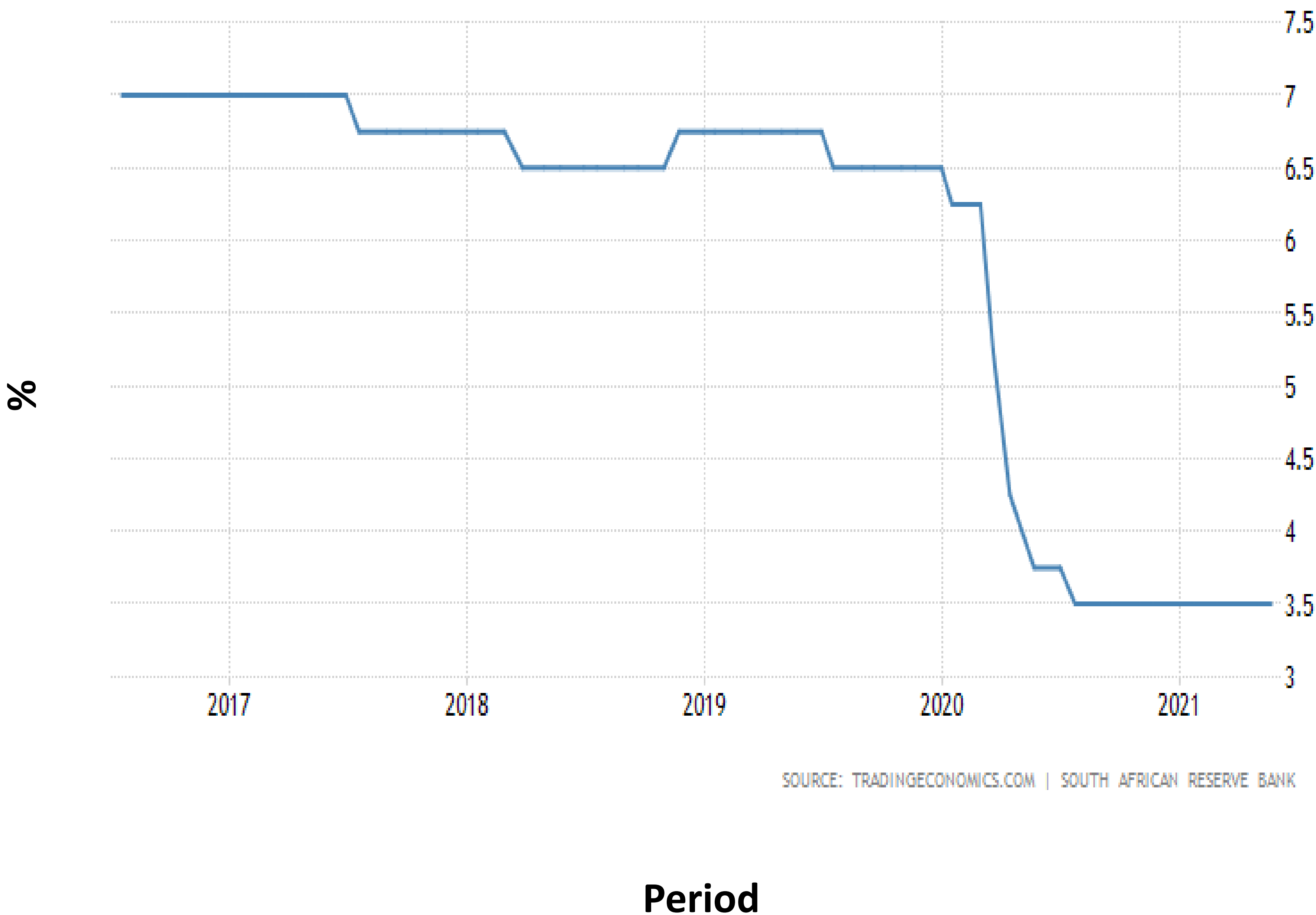


Indian Central Bank Interest Rate

Turkey Central Bank Interest Rate

Brazil Central Bank Interest Rate

SARB Interest Rate




Money Market
Equities Market
Investment Markets
Capital Market
Commodities Market

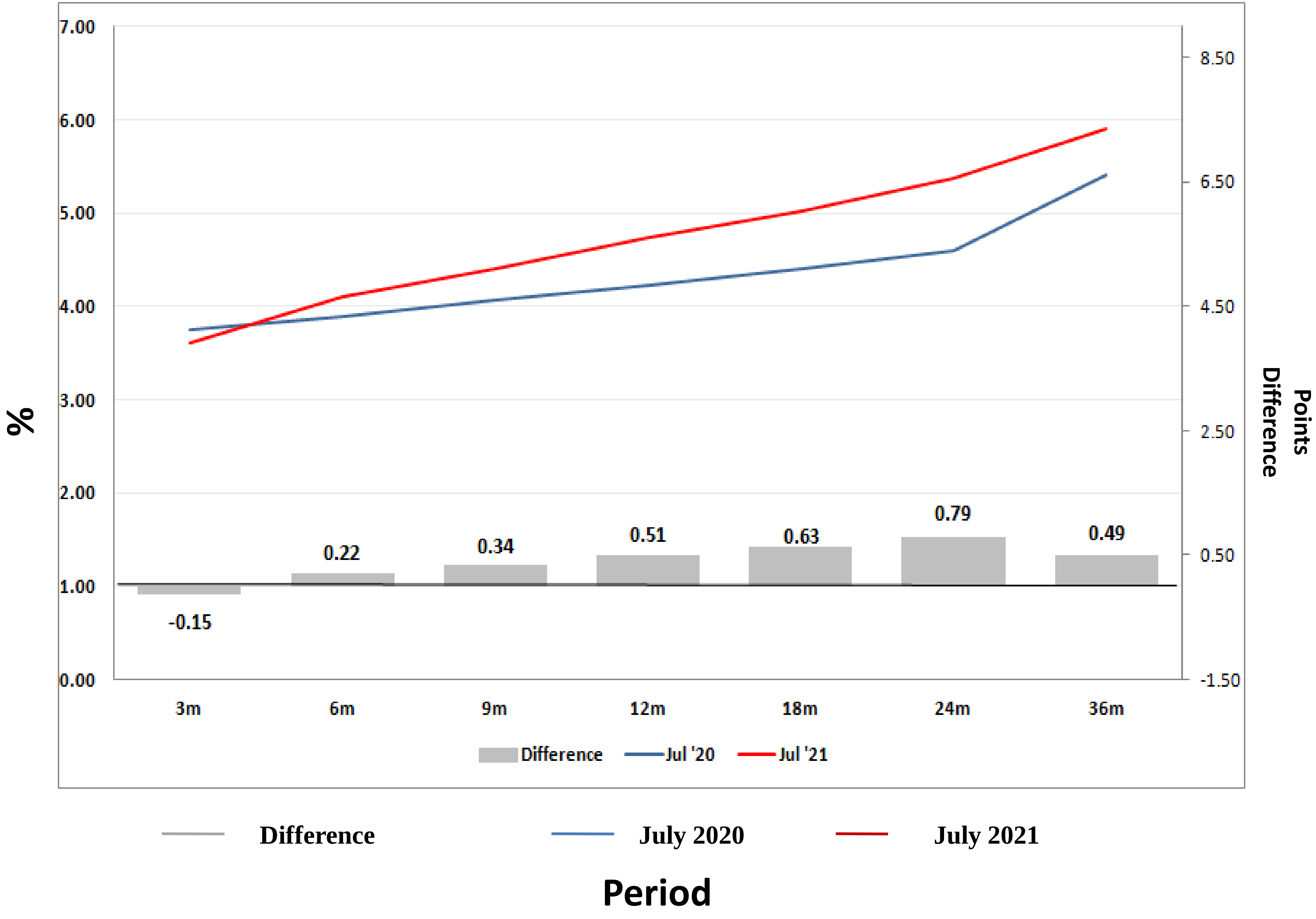
Money Market

Money Market:

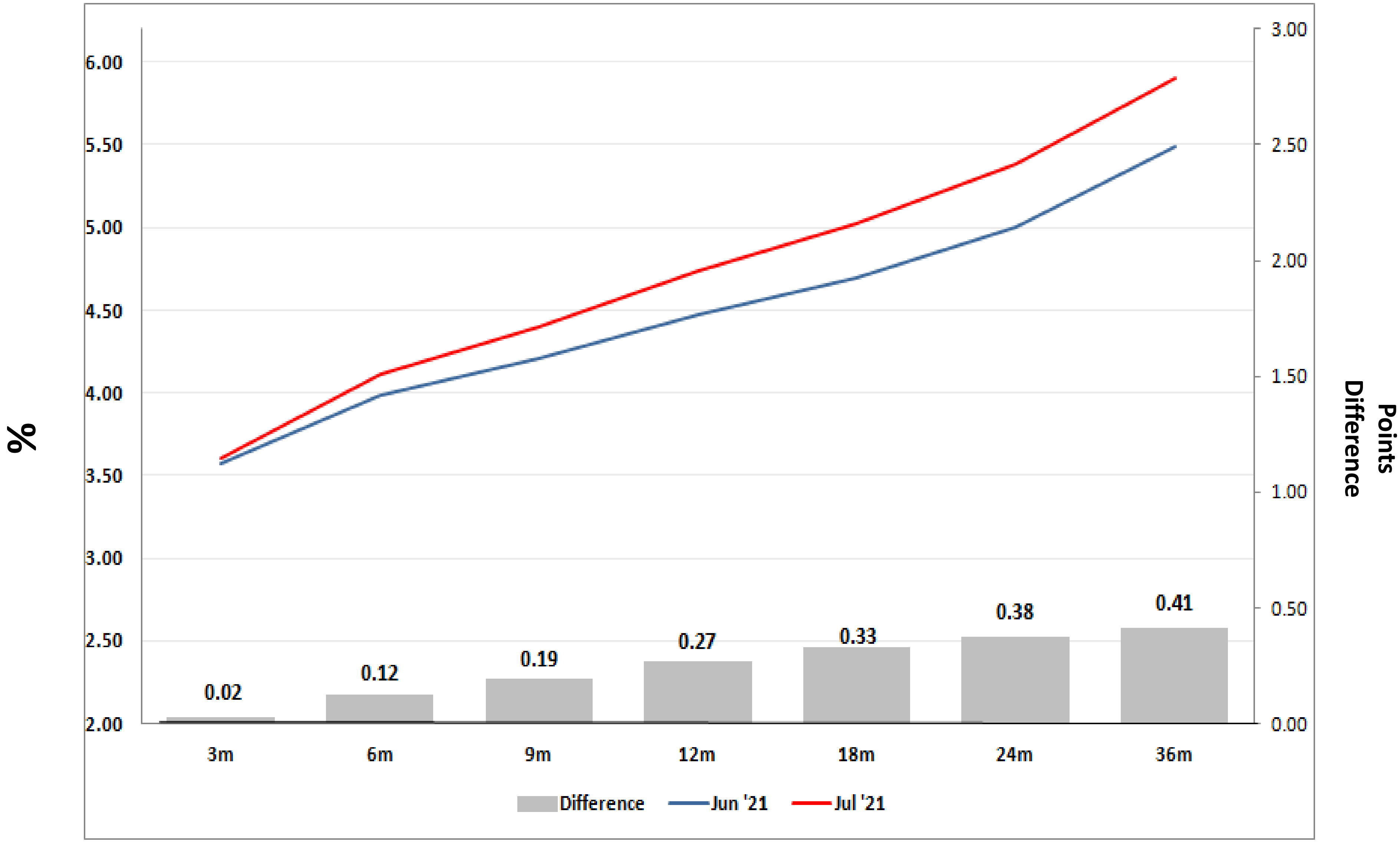
Money Market rates were lower year on year on the short side of the curve, but higher on the longer side. Indicating rising rates in the longer term. Slow economic growth coupled with muted inflation and currency weakness, suggests that rates are likely to remain the same in the short term.

Our current recommendation is not to invest longer than 3-6 month’s term.

South Africa – Money Market Rates (YoY)



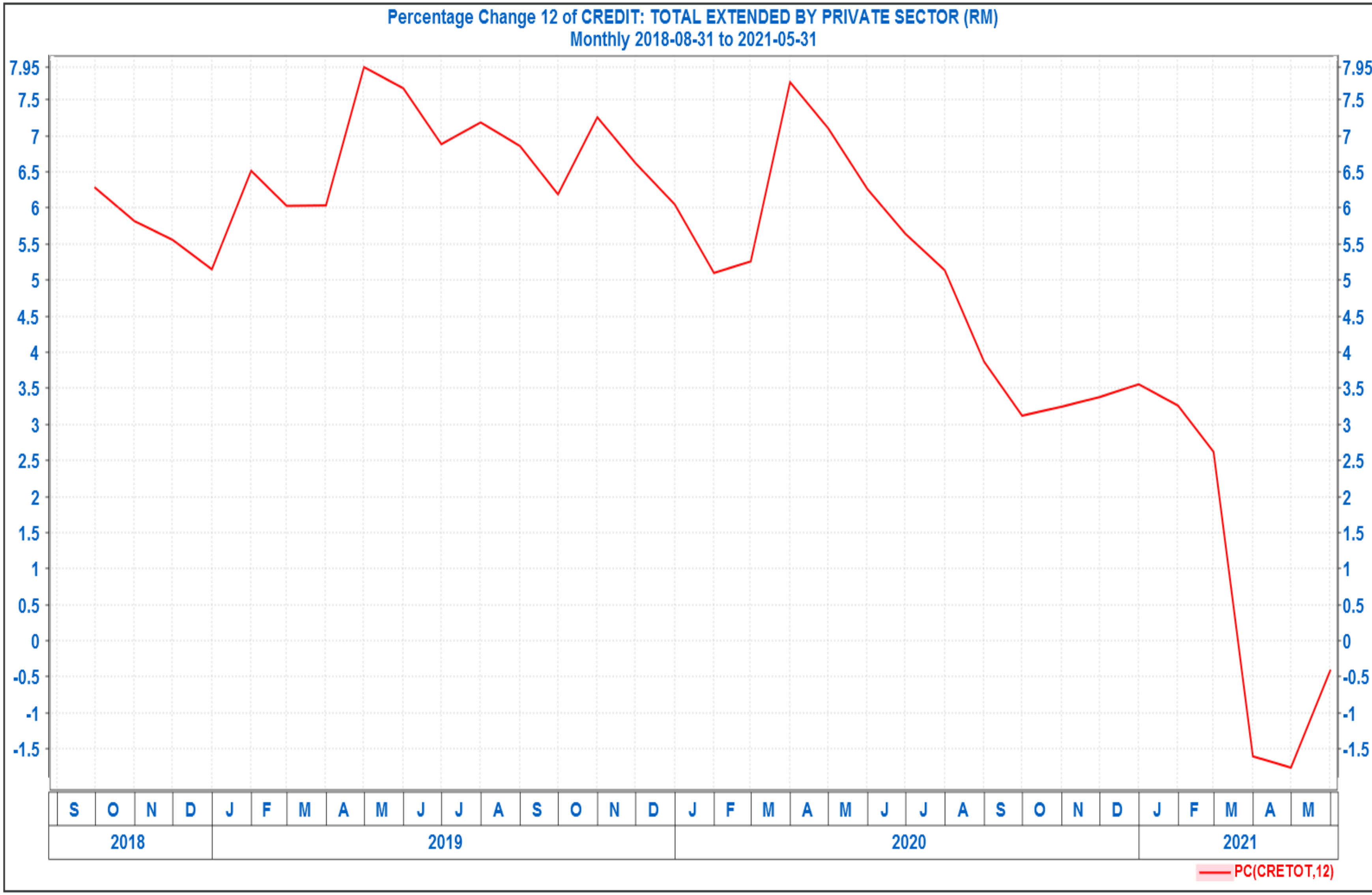
South Africa – Money Market Rates (MoM)



Difference June 2021 July 2021

Period

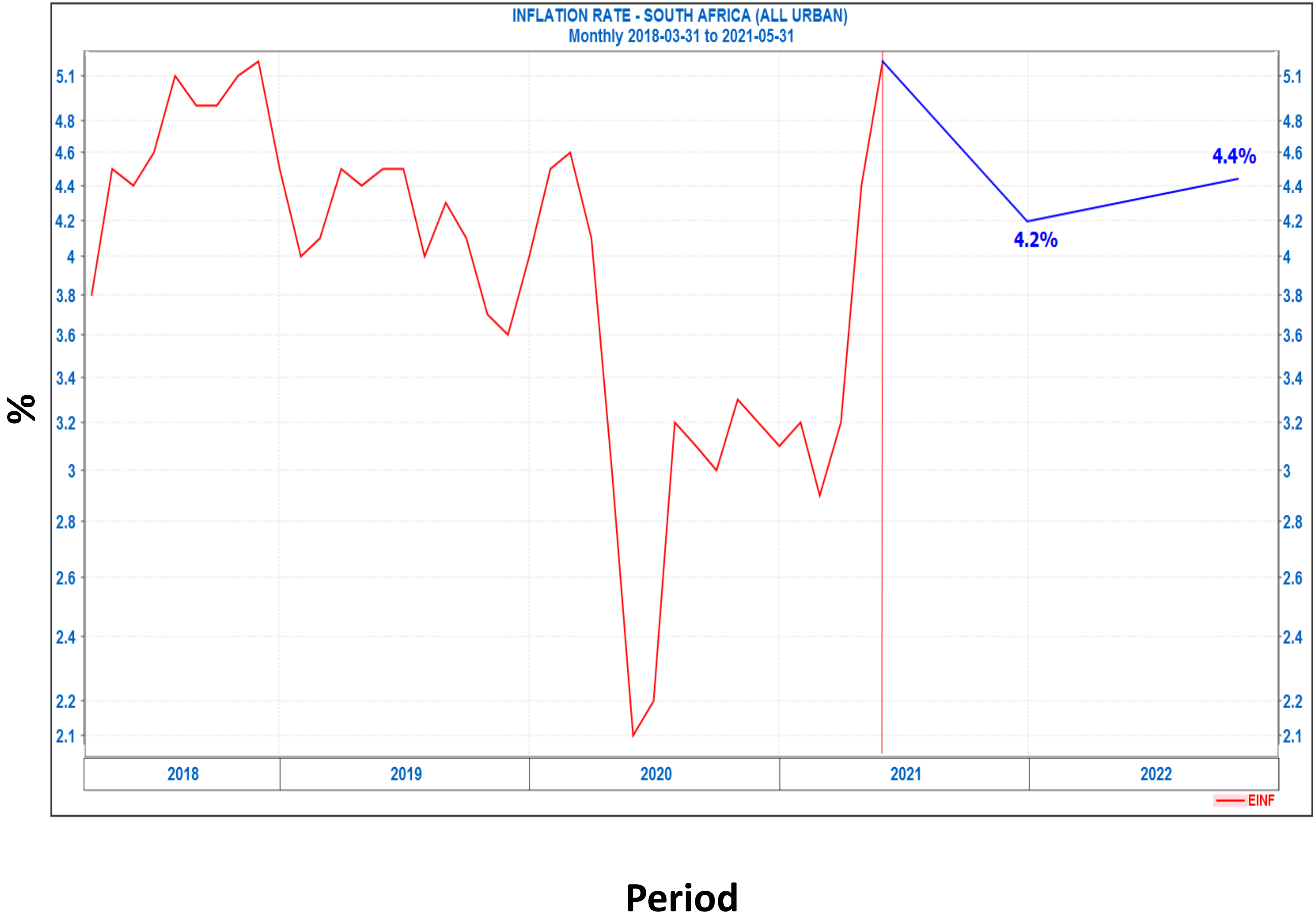
South Africa – Consumer Credit



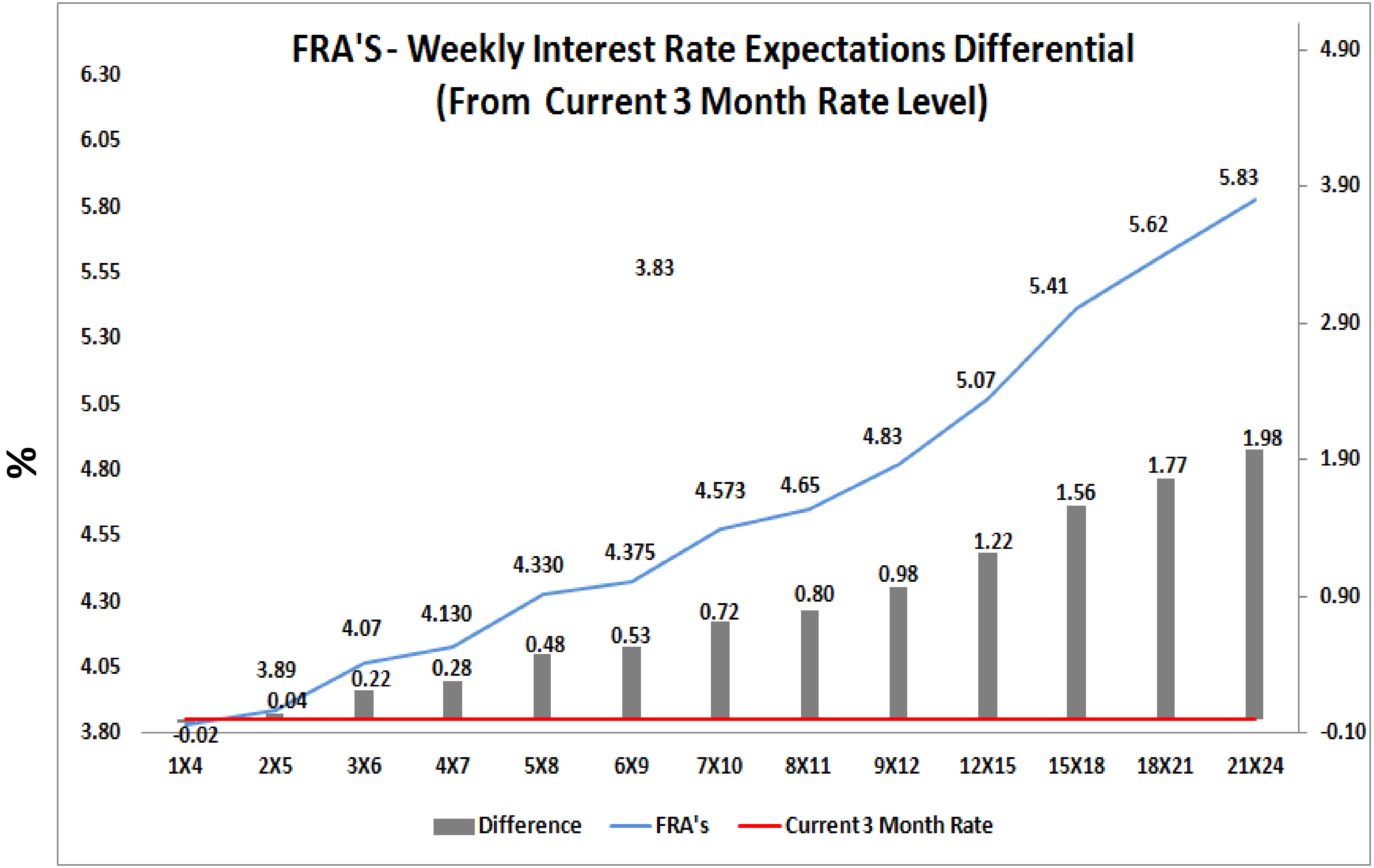
% Change

Period

SARB Inflation Expectation



Interest Rate Expectations



Difference FRA's Current 3 Month Rate

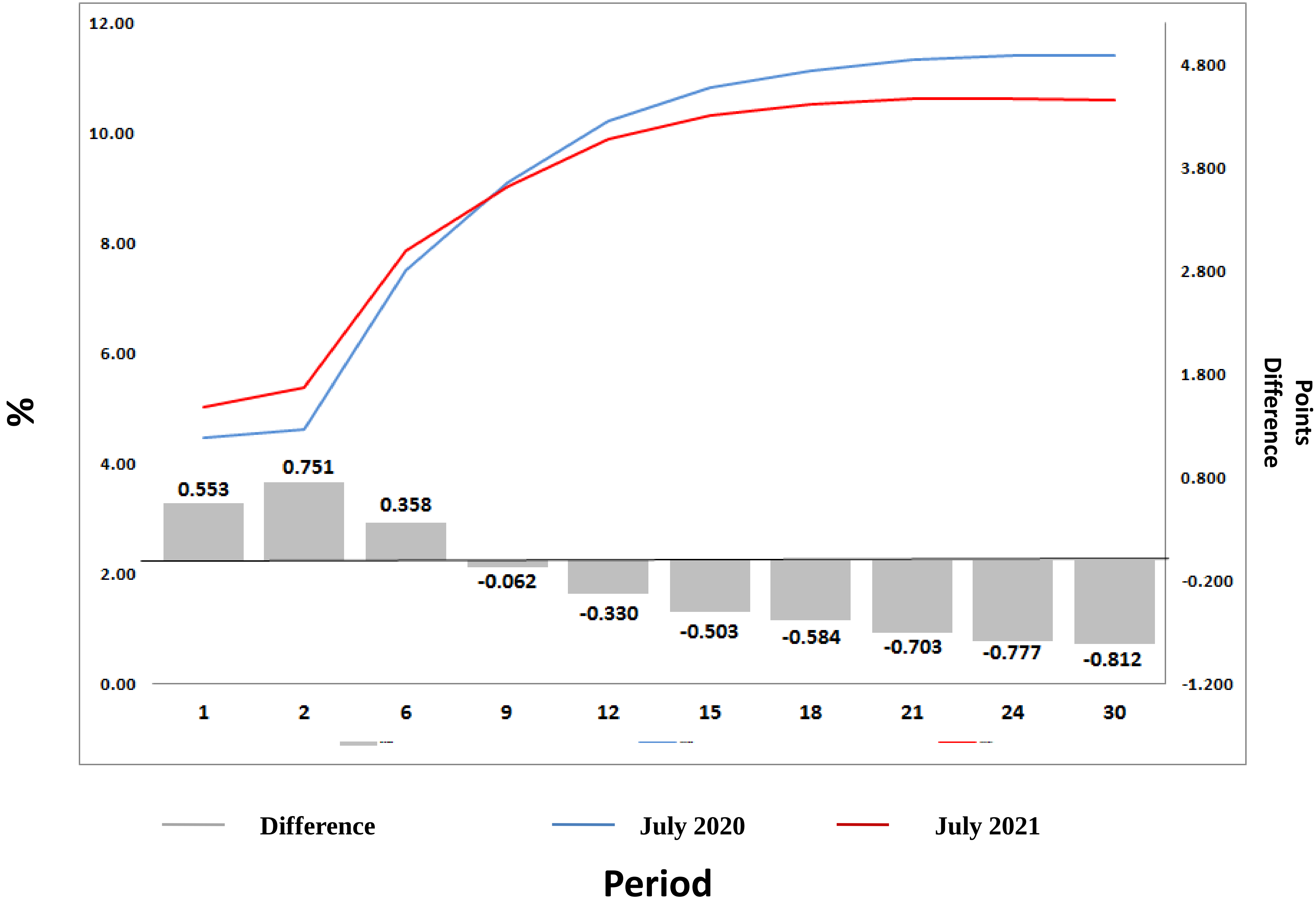
Period

Capital Market:

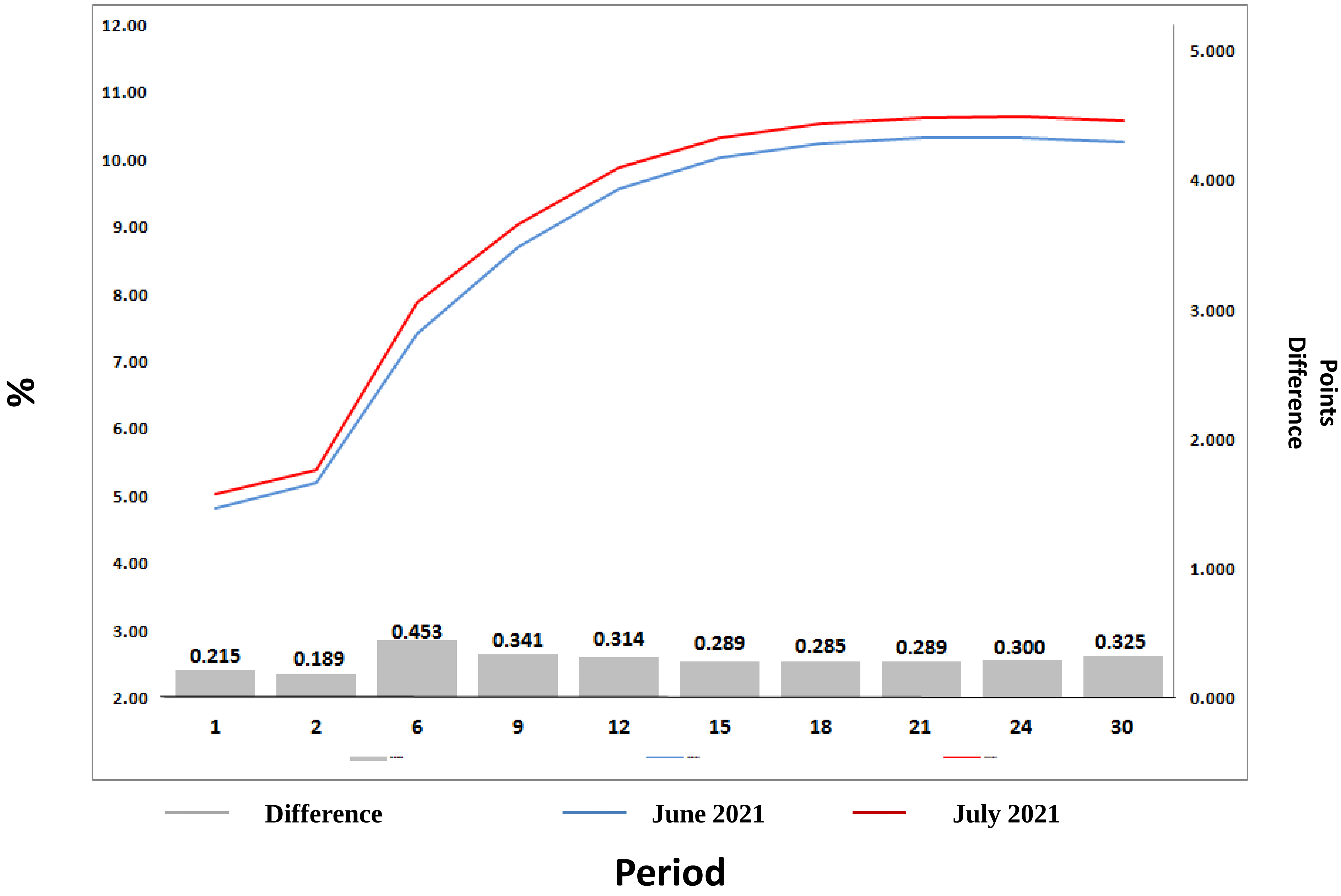
Capital Market rates are fully priced and do not offer much value at current levels given the risks posed by weak Government finances, higher inflation expectations, a volatile Rand and ratings downgrades. Foreigners were sellers of South African Bonds for month of June.

Benchmark rates offer value at current levels, and we maintain a hold recommendation, and not to invest in longer than 10 year term instruments.

South Africa –Yield Curve

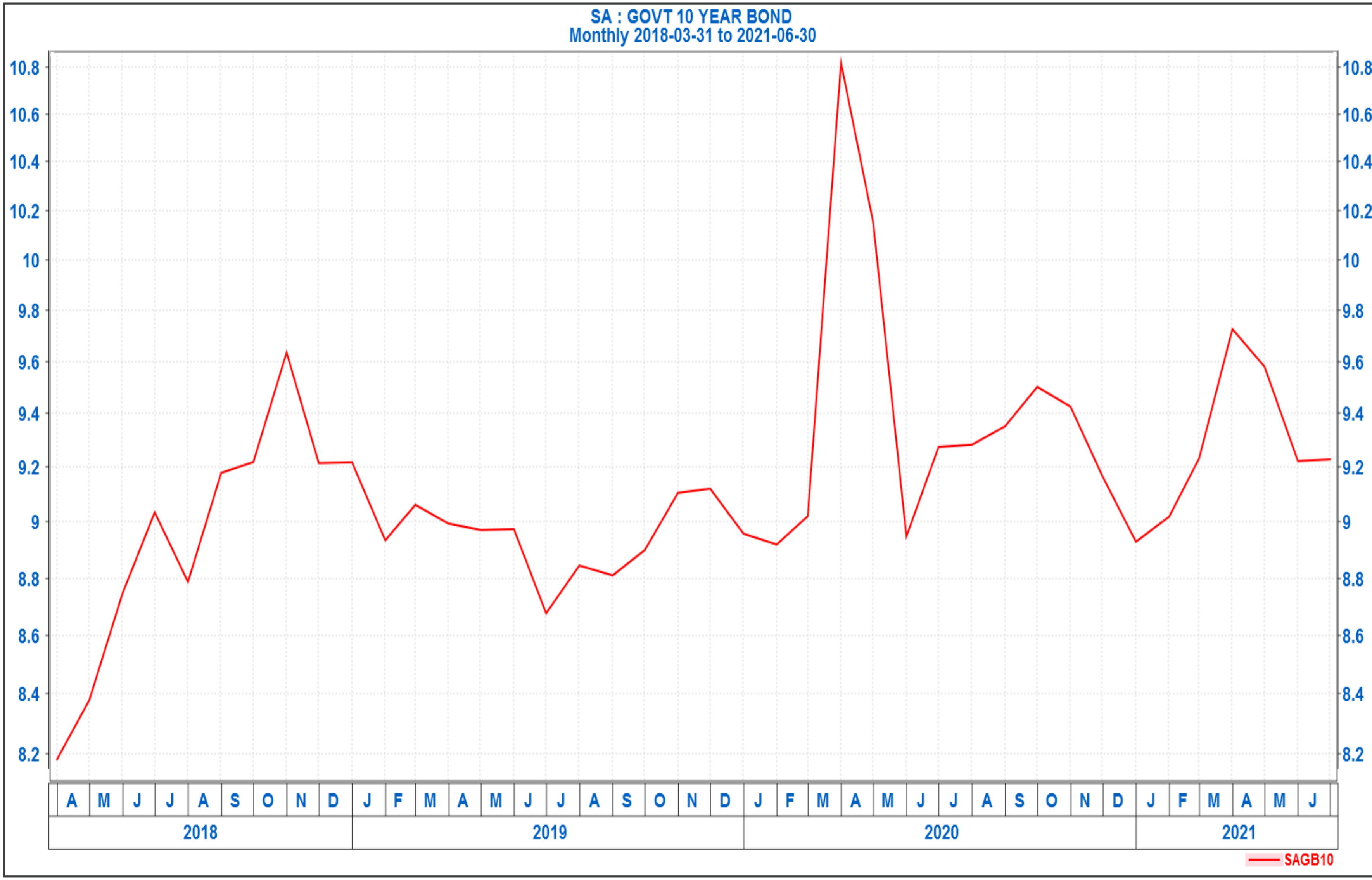


South Africa –Yield Curve (MoM)



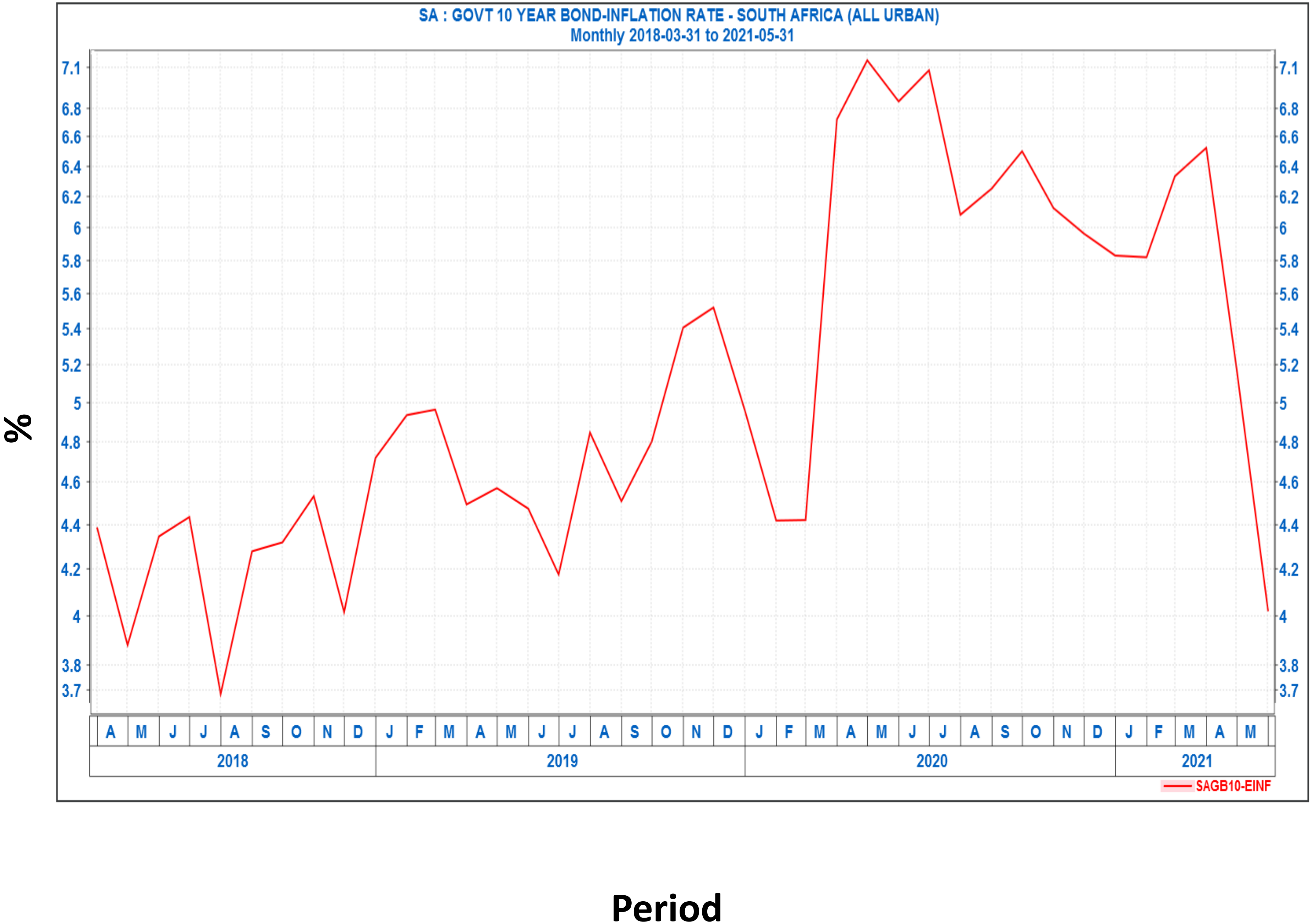
SA 10Year Bond Rate

%

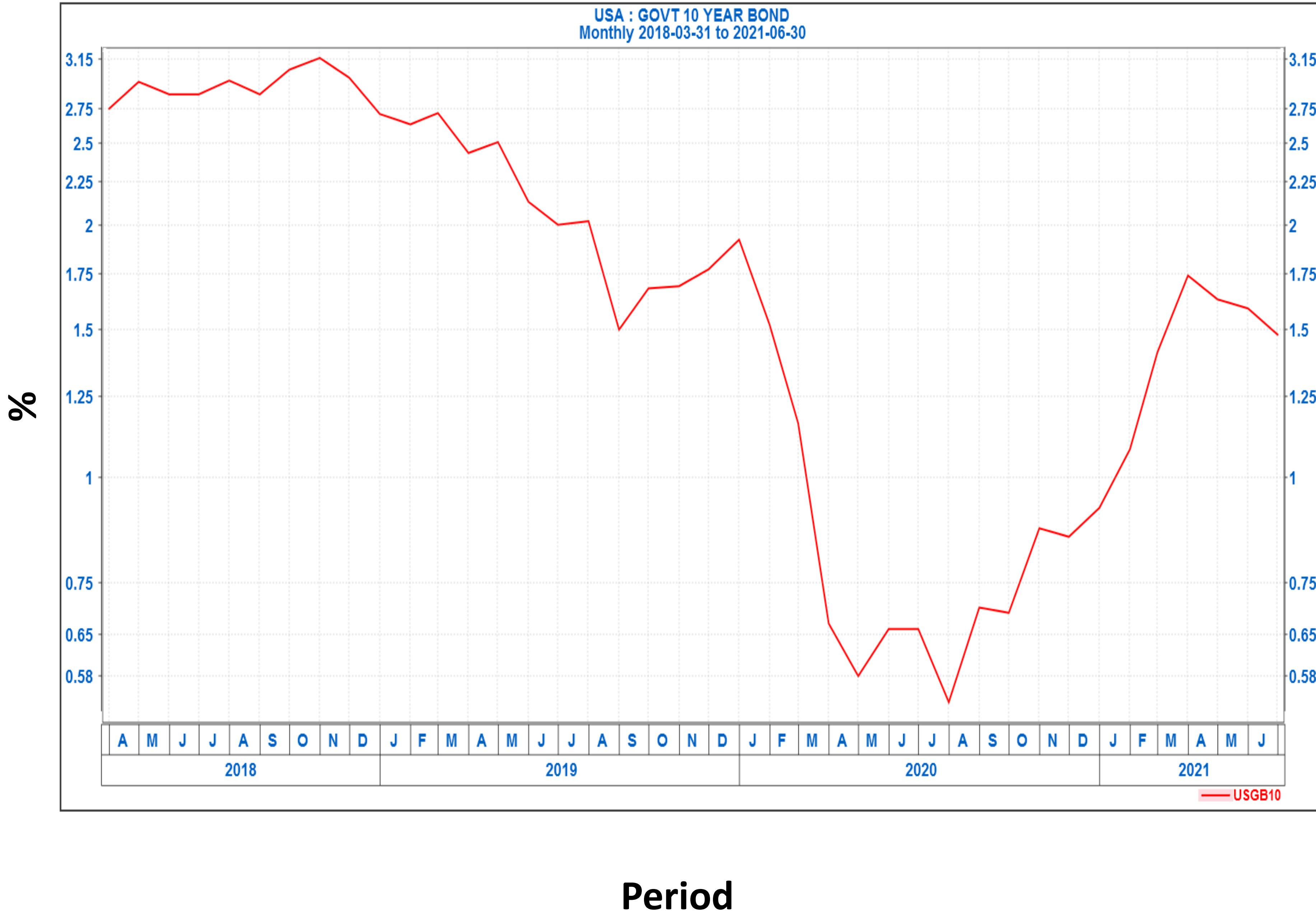


Period

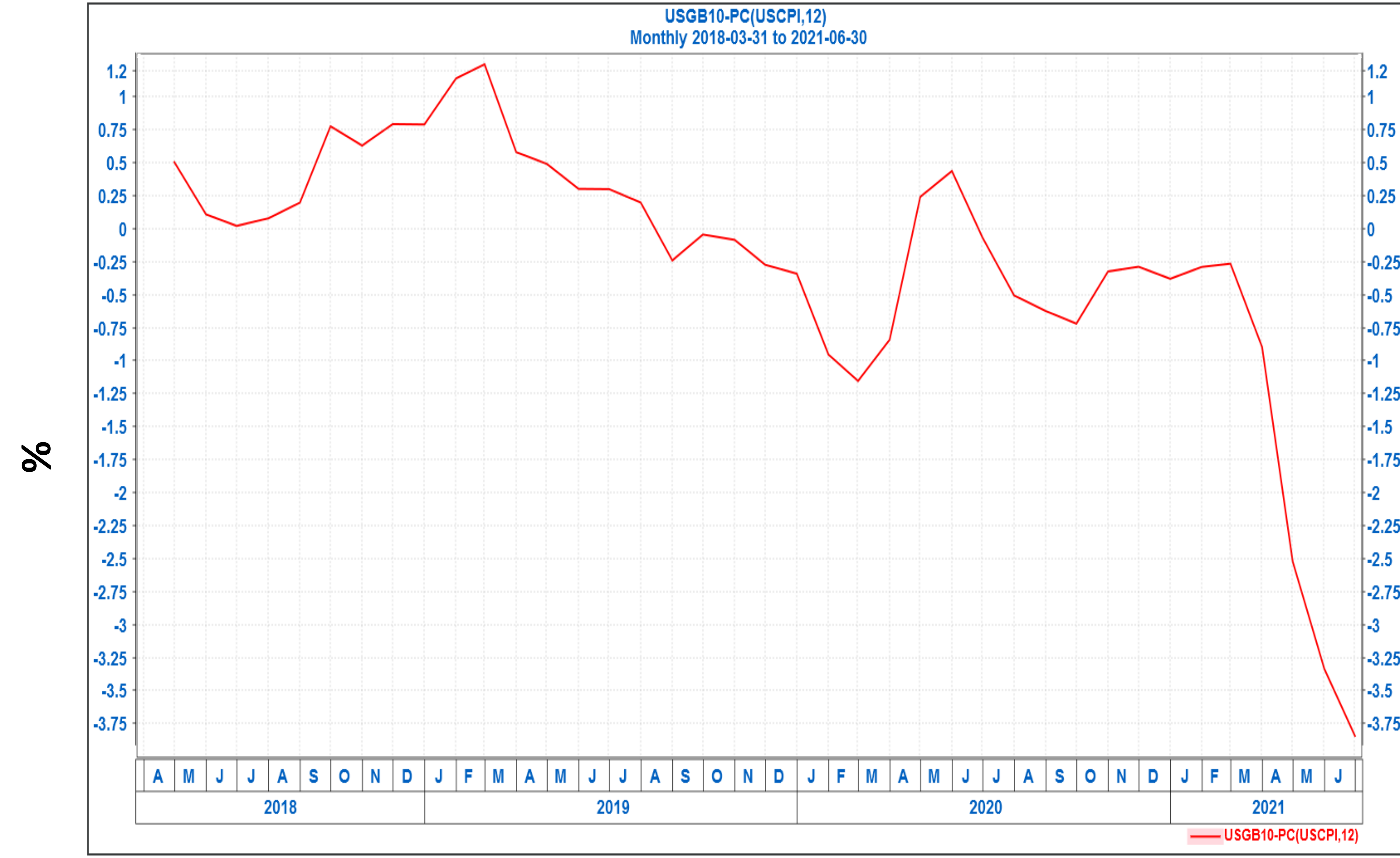
SA Real Interest Rate



US 10Year Bond Rate

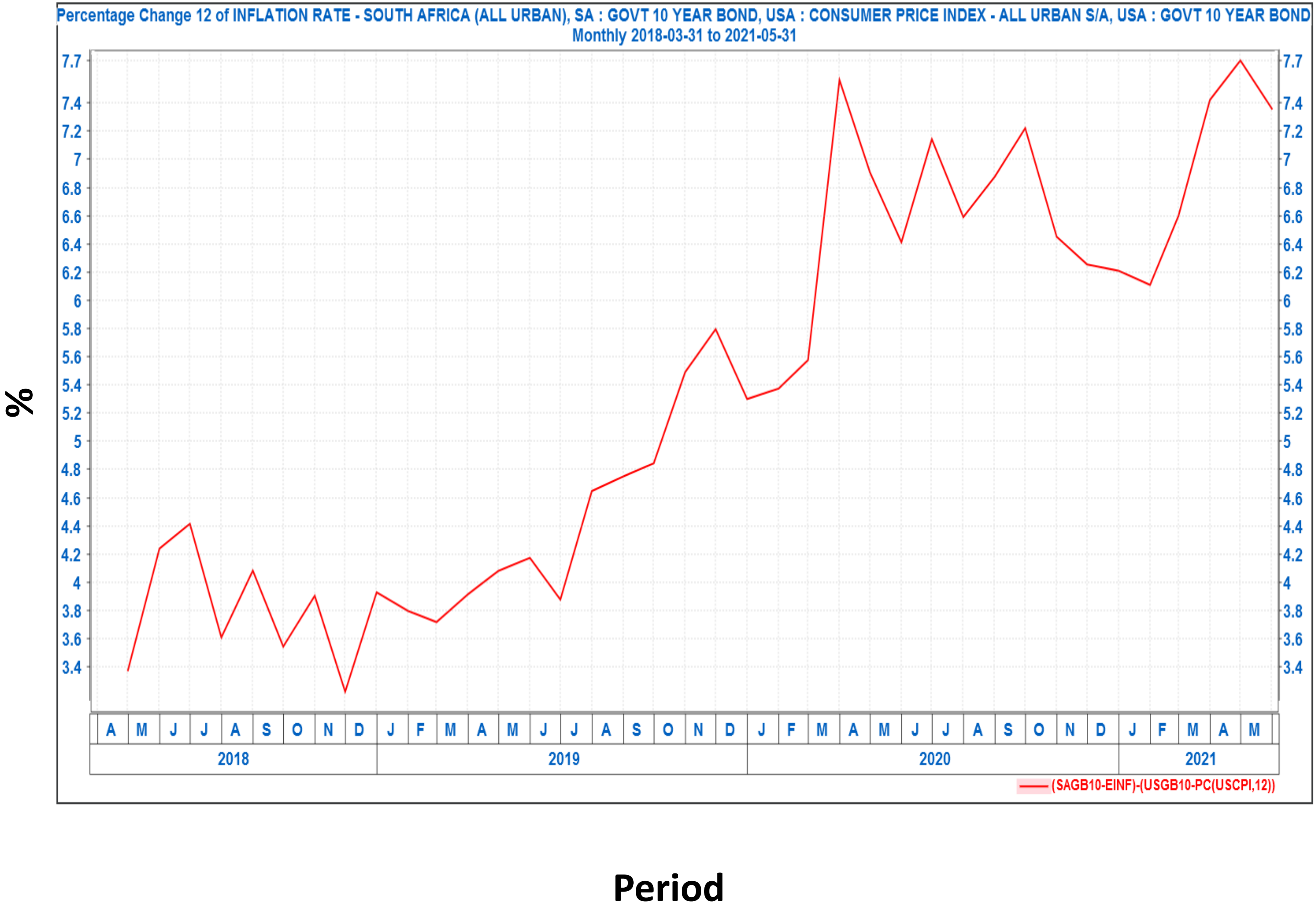


US 10Year Real Rate

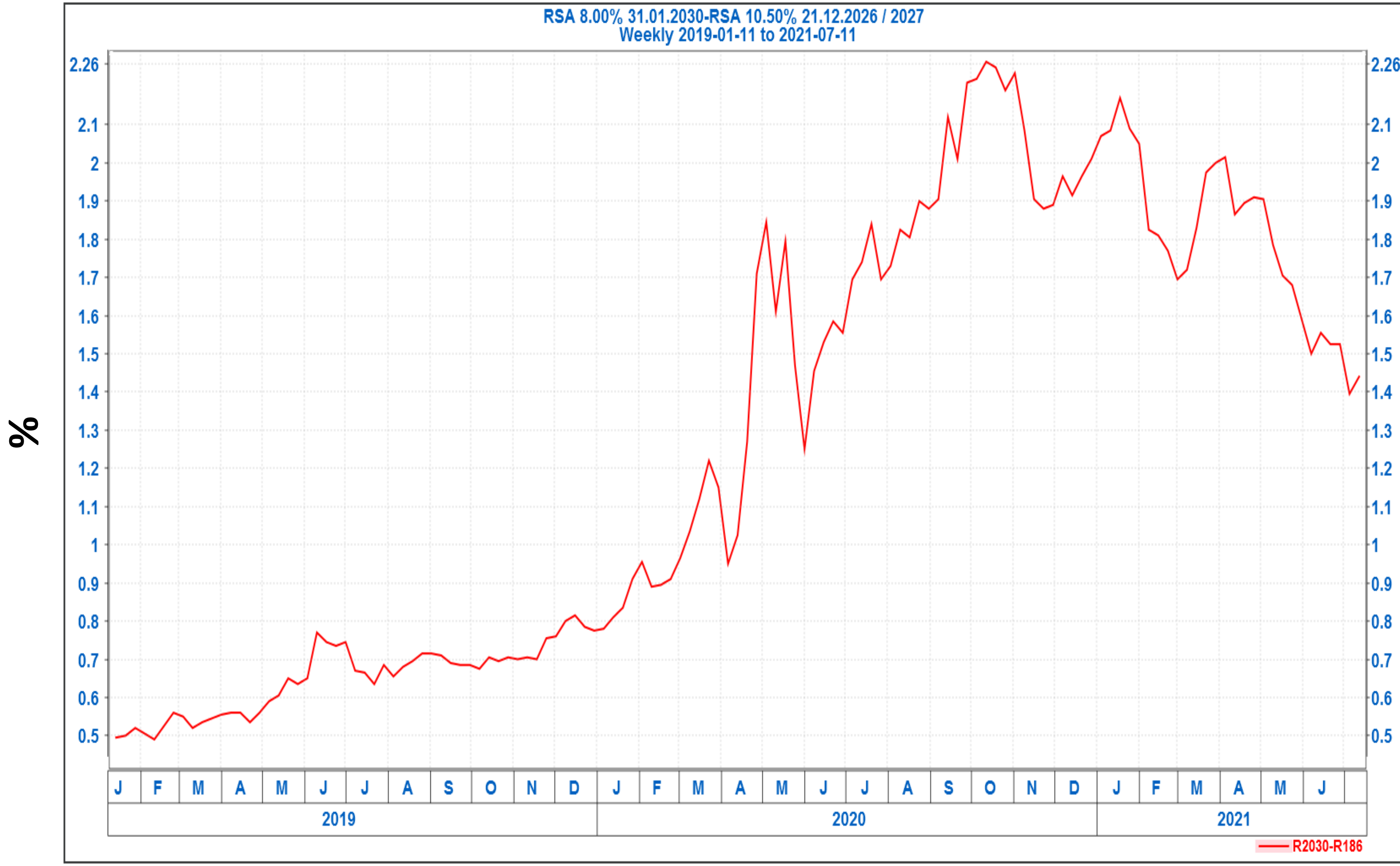


Period

Real Interest Rate - SA vs. USA

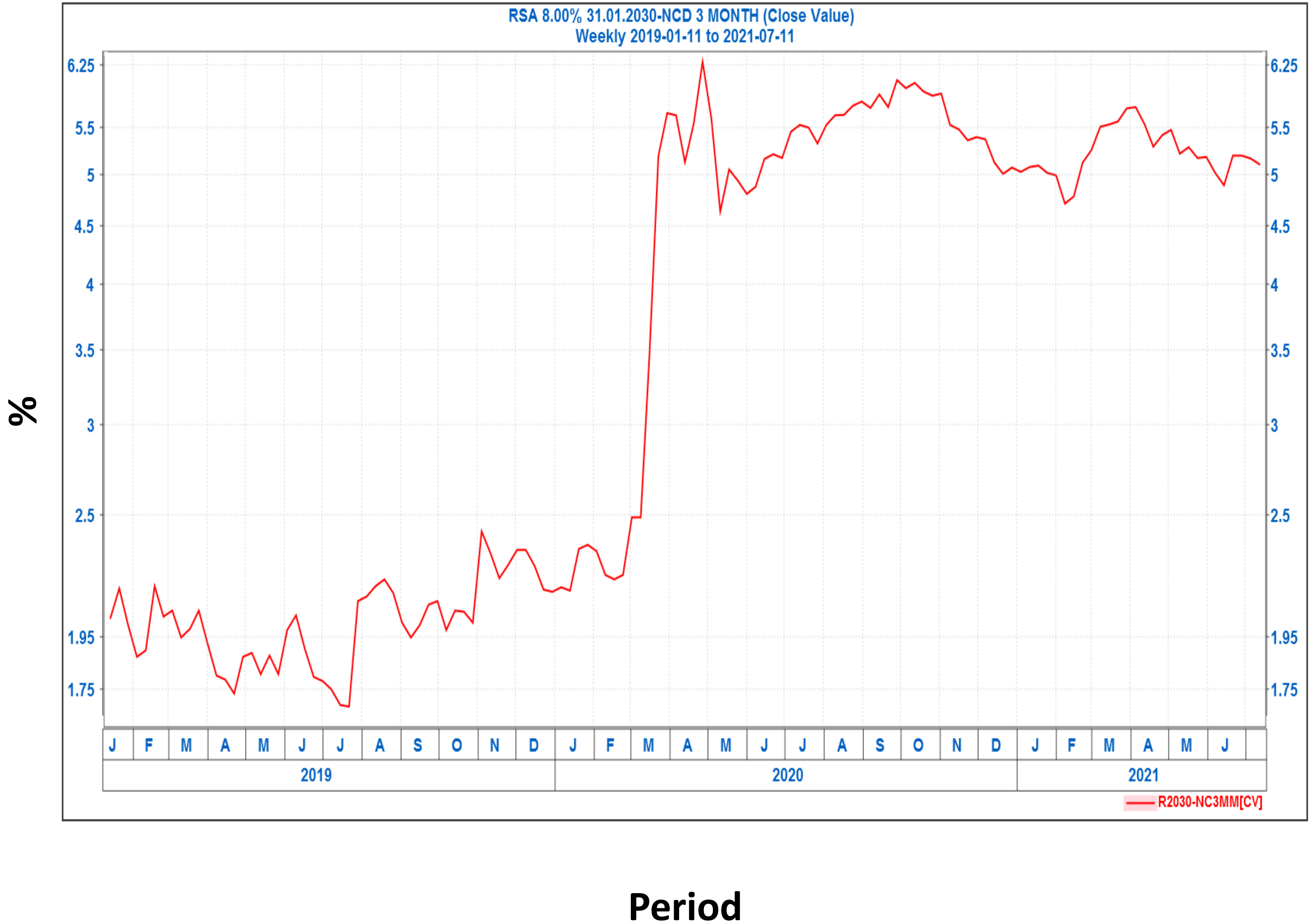


10Yr and 5Yr Spread

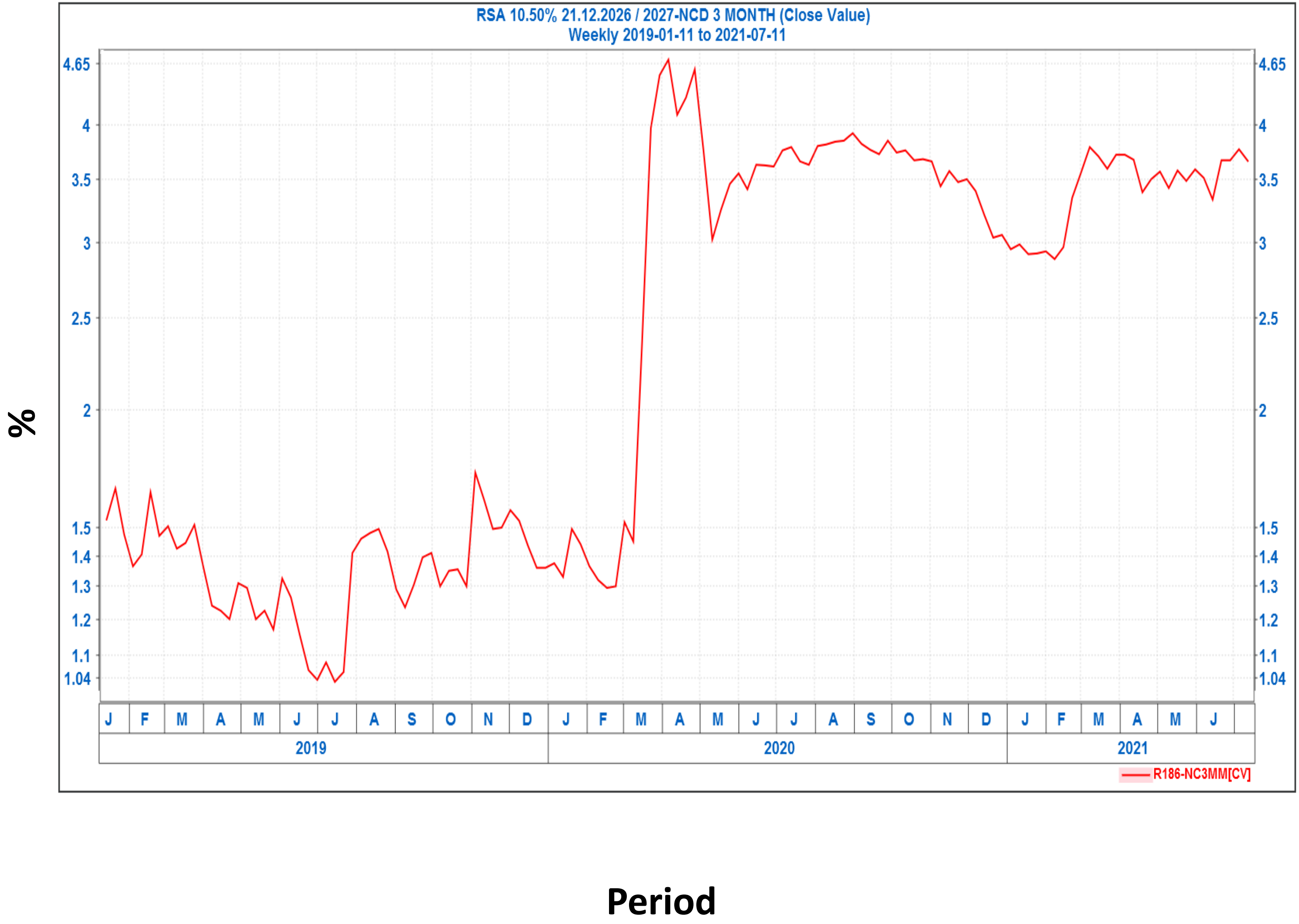


Period

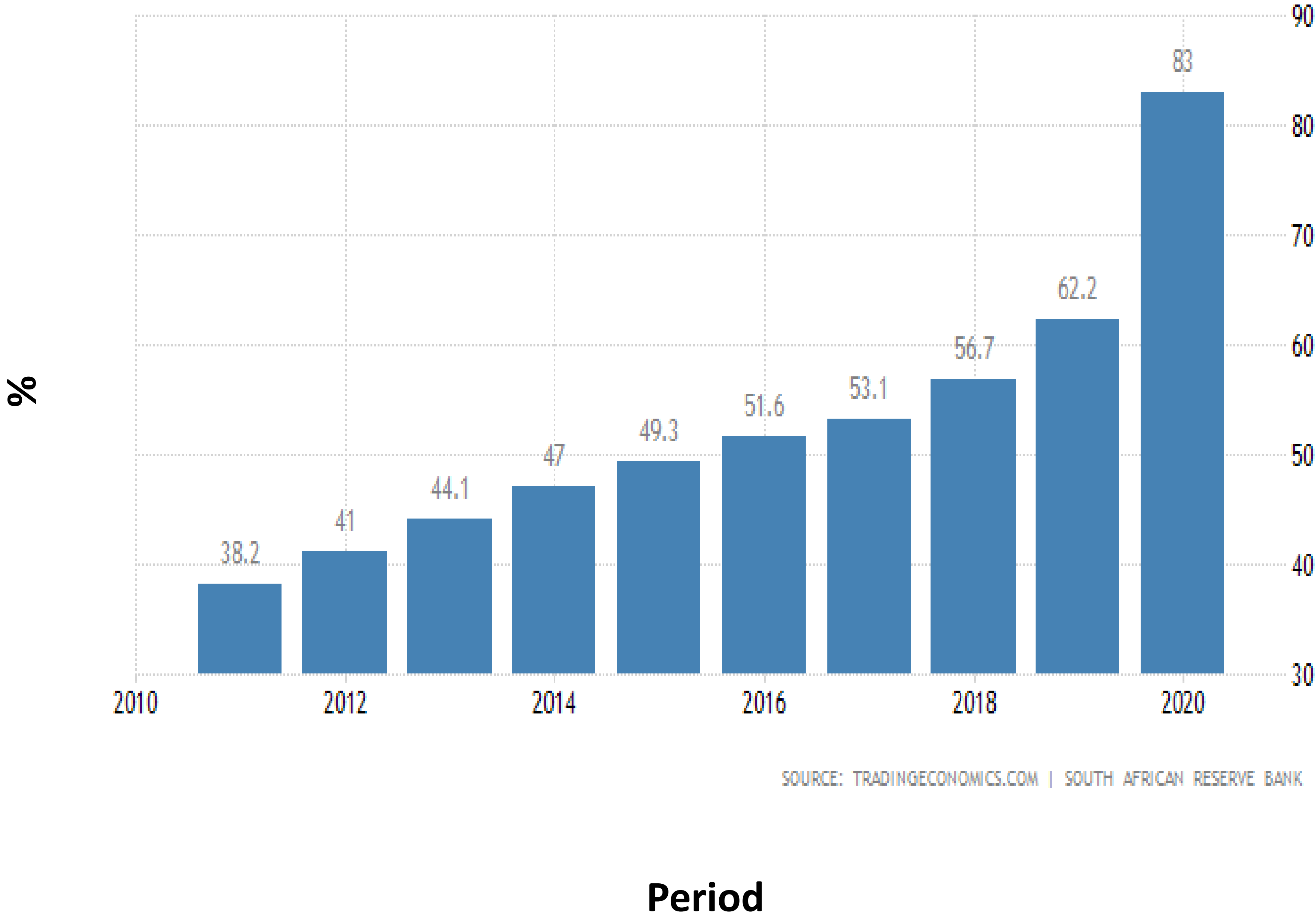
10Yr and 3M Spread



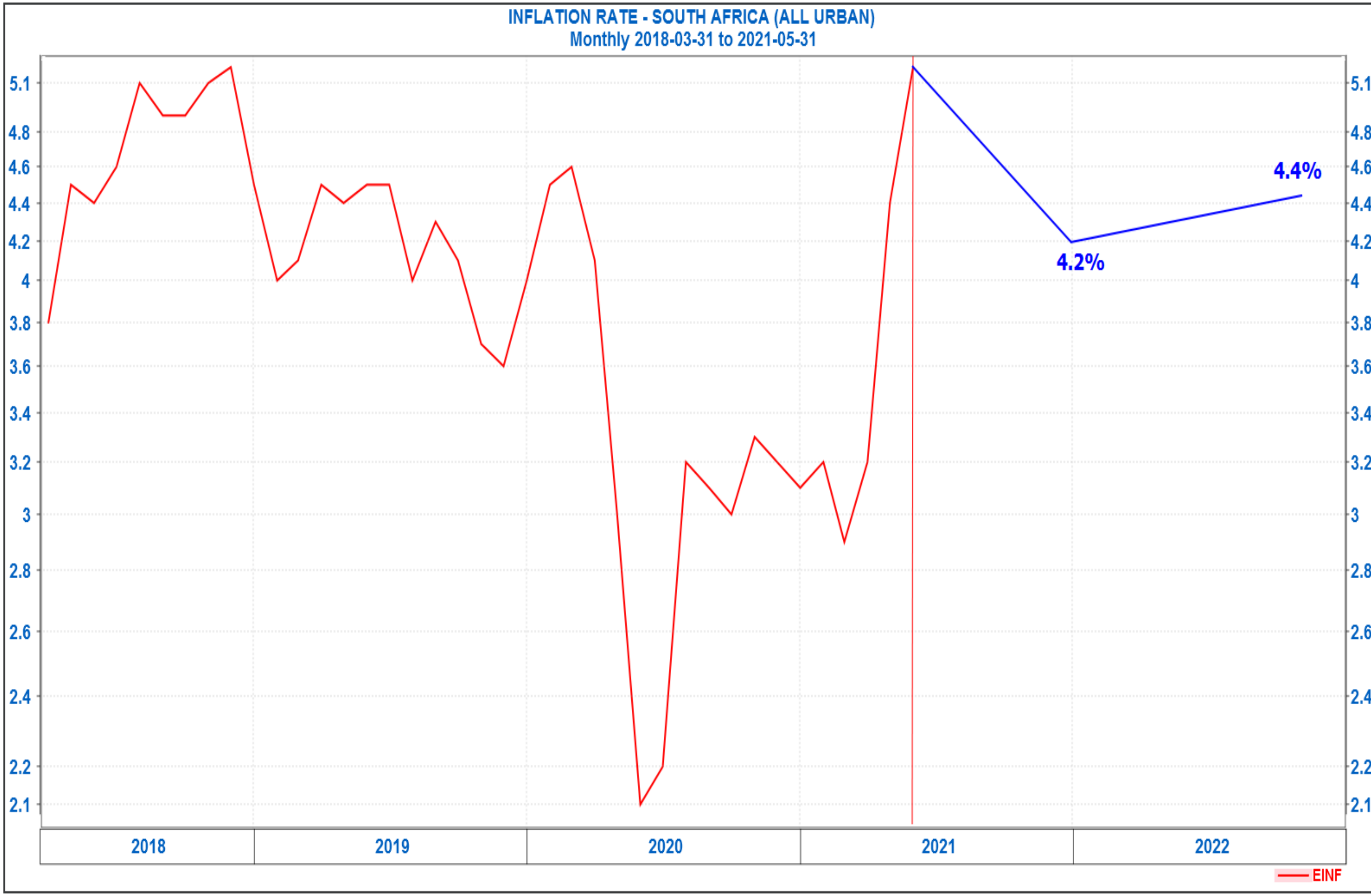
5Yr and 3M Spread



SA Government Debt %GDP



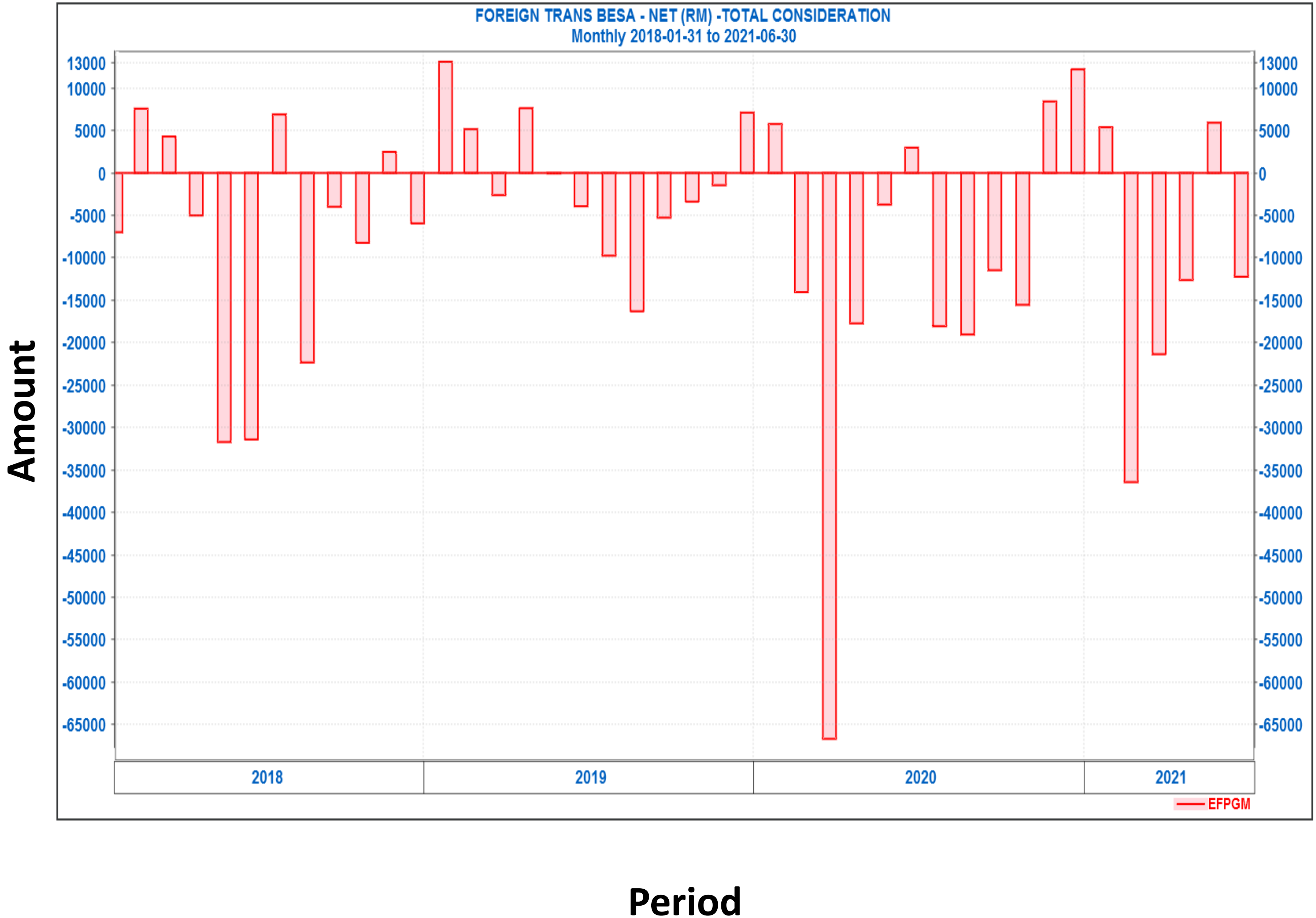
SARB Inflation Expectation



%

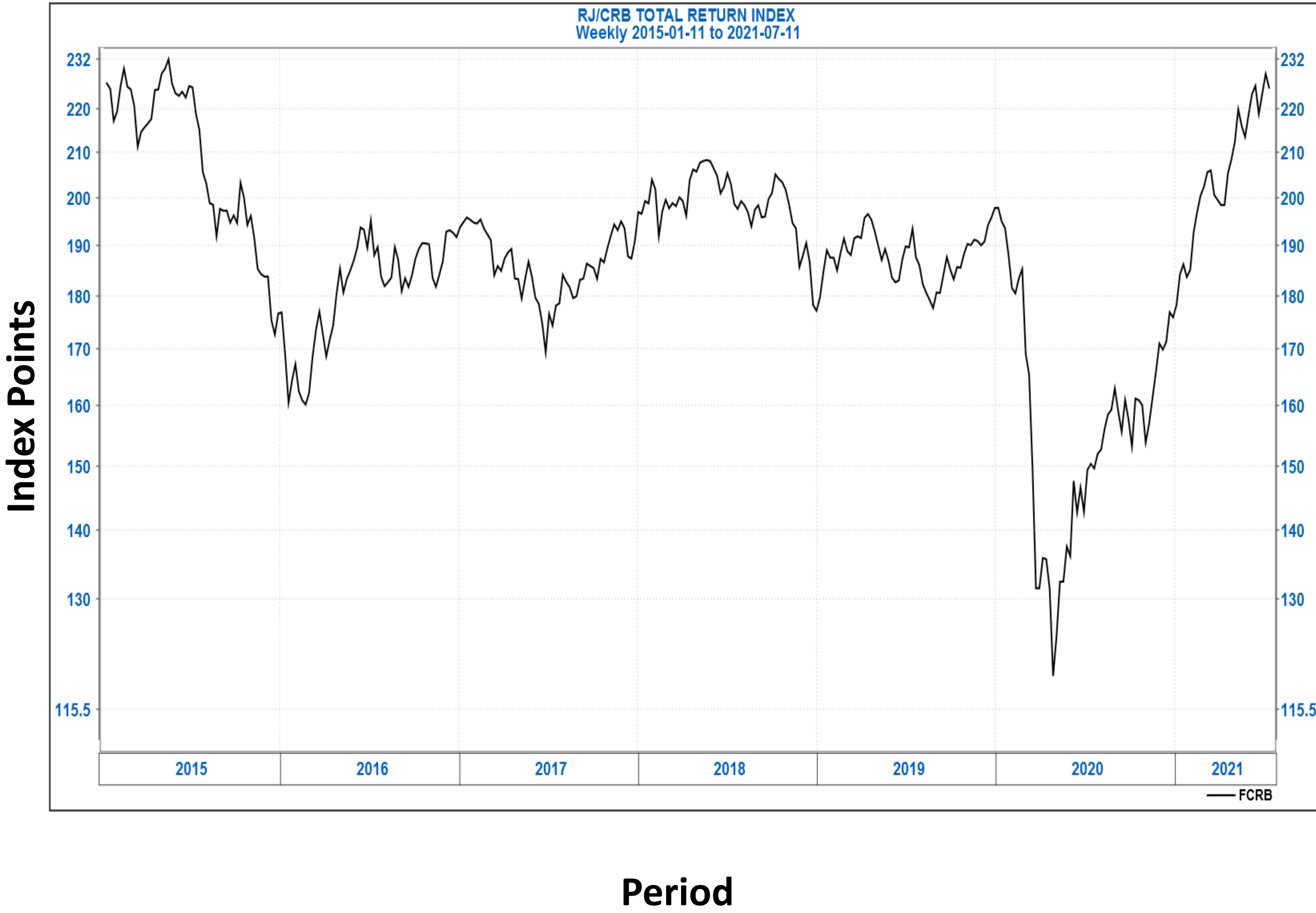
Period

Foreign In- and out flows in Capital market (Million)

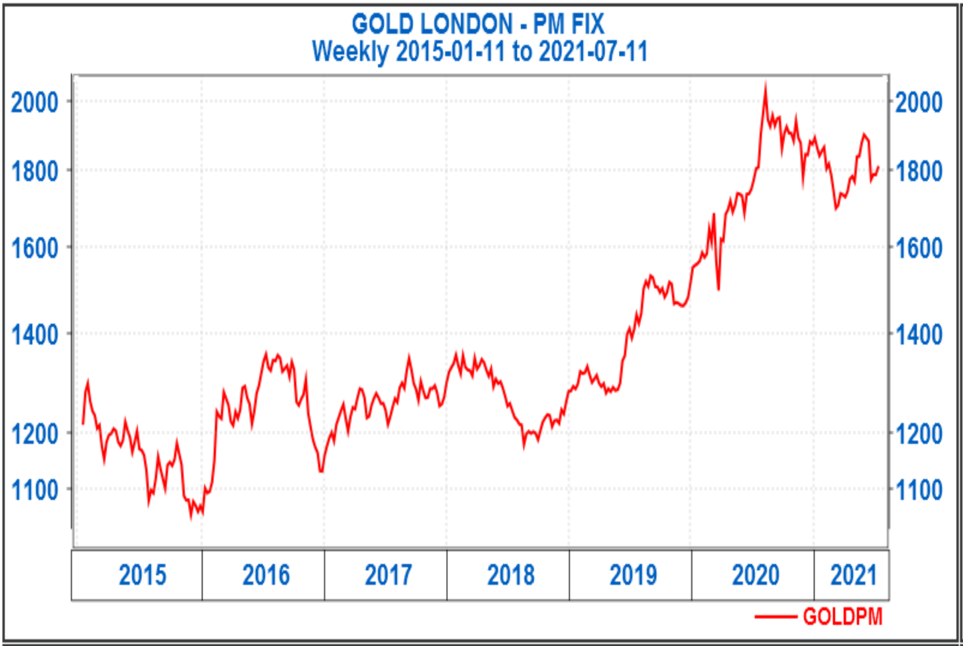


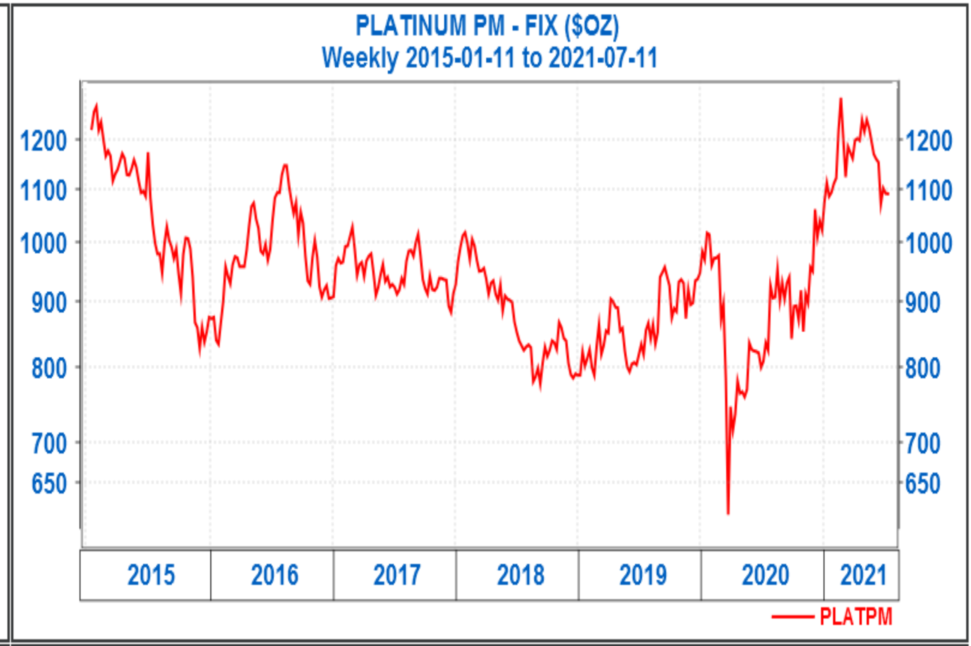
Commodities Market

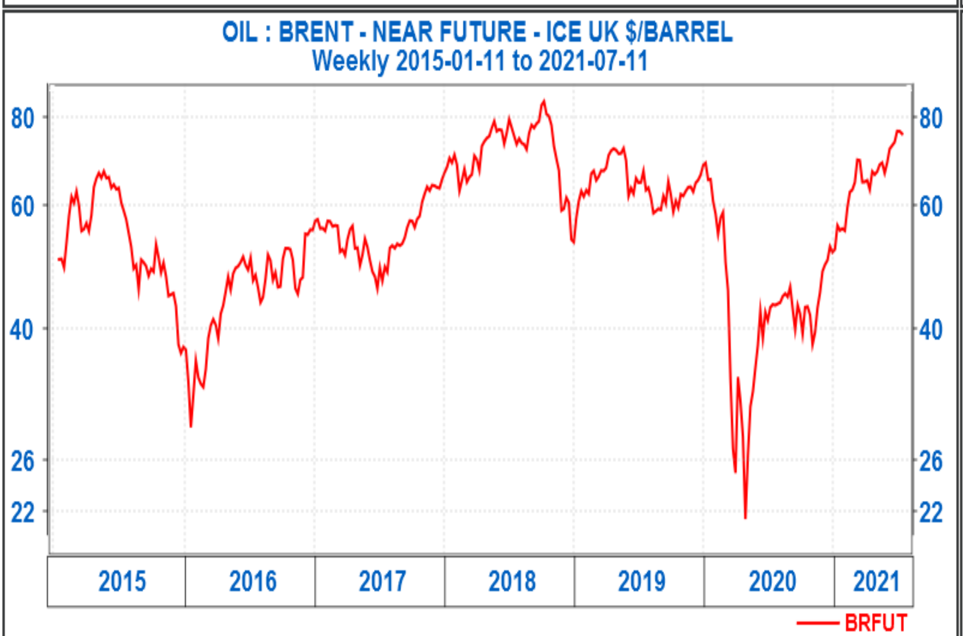
Commodity Index

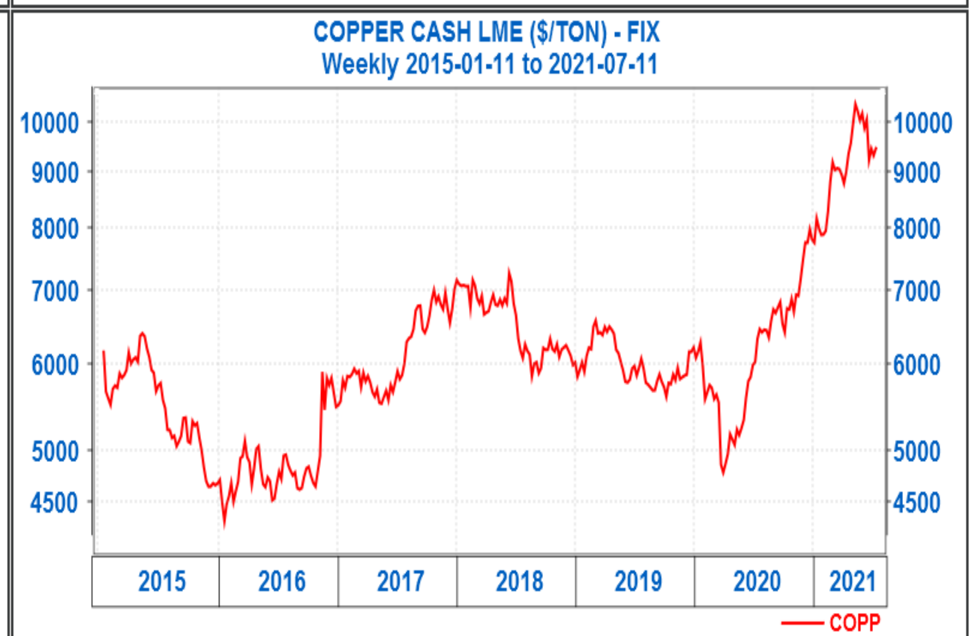


Commodity Prices









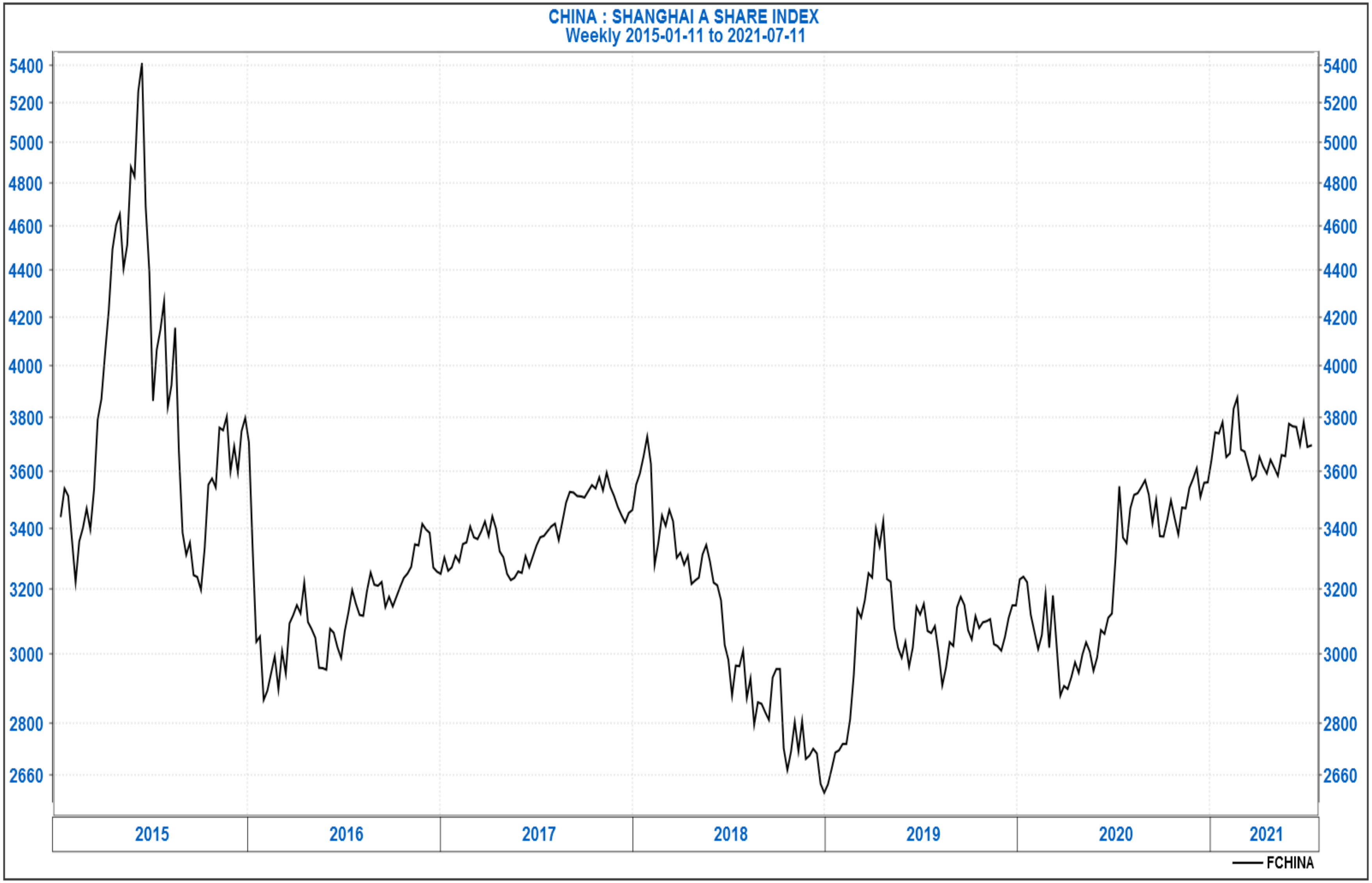
Equities Market

Equities Market:

Equity markets worldwide have surpassed pre-Covid-19 levels. SA Equities remain fairly priced relative to the Capital Market with worldwide equity markets volatility continuing to take strain on the back of Covid-19 fears. Selected shares in certain sectors are currently showing value, however market volatility increases uncertainty.

China – Shanghai A Share Index

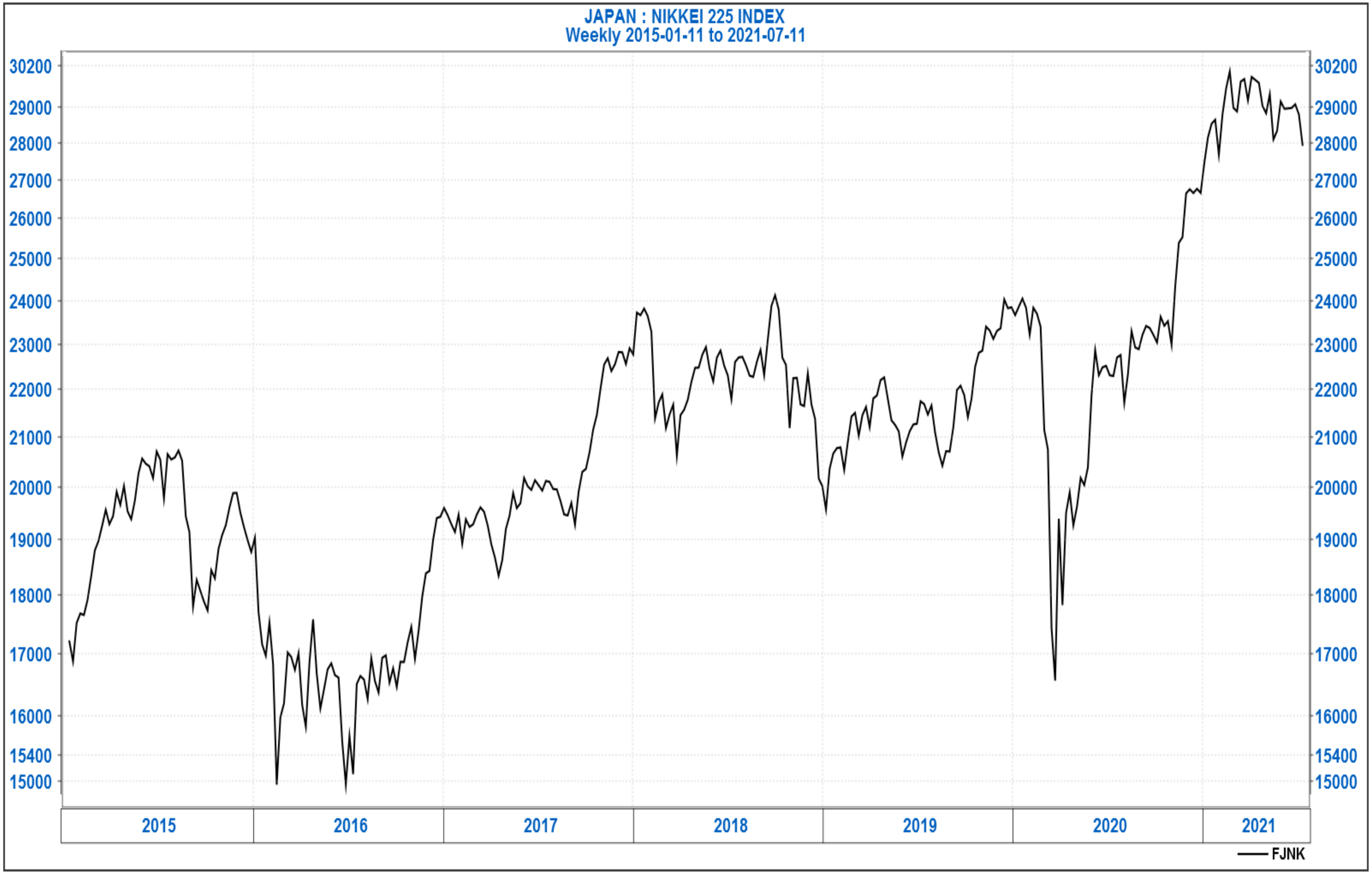
Index Points



Period

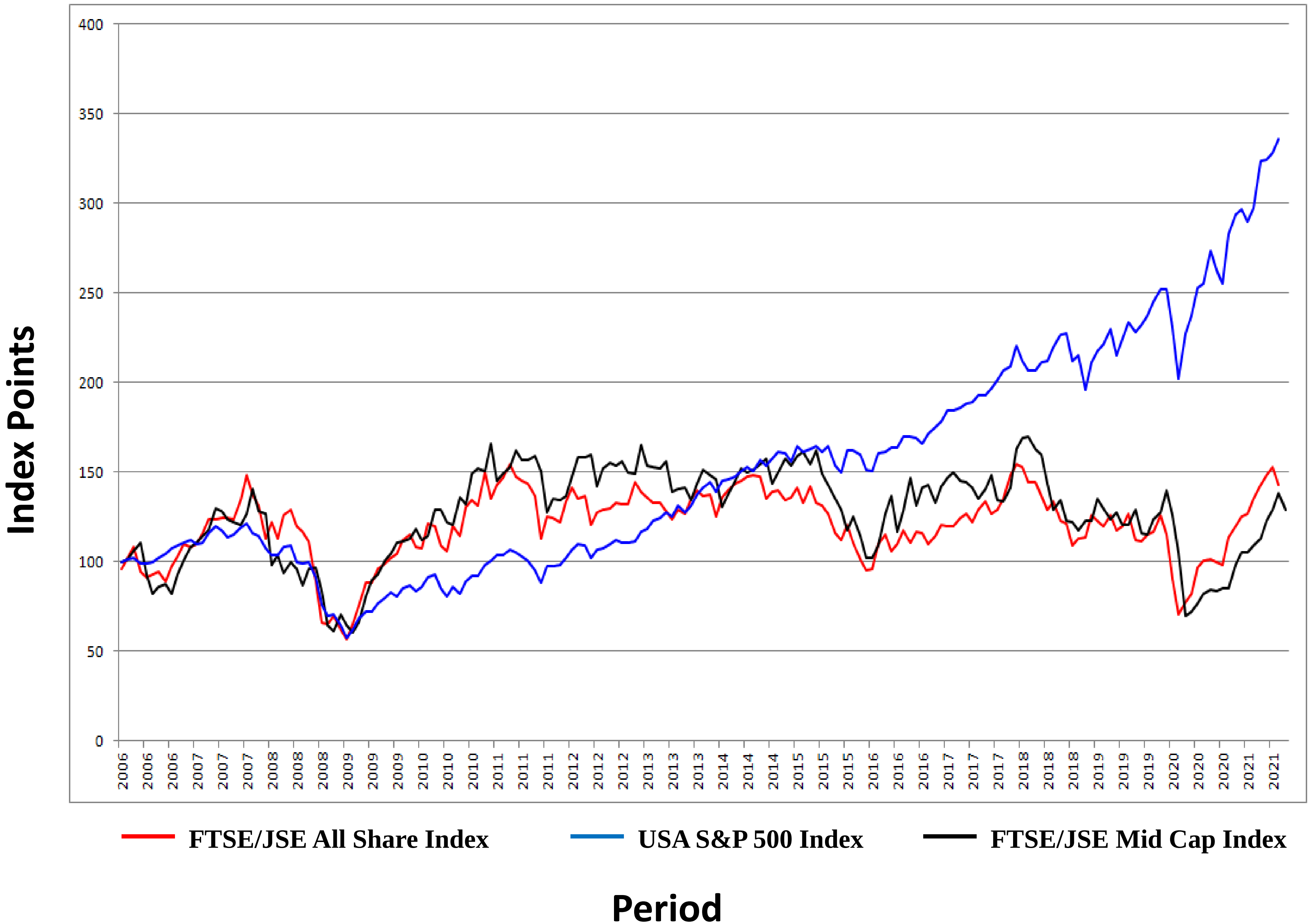
Japan – Nikkei 225

Index Points

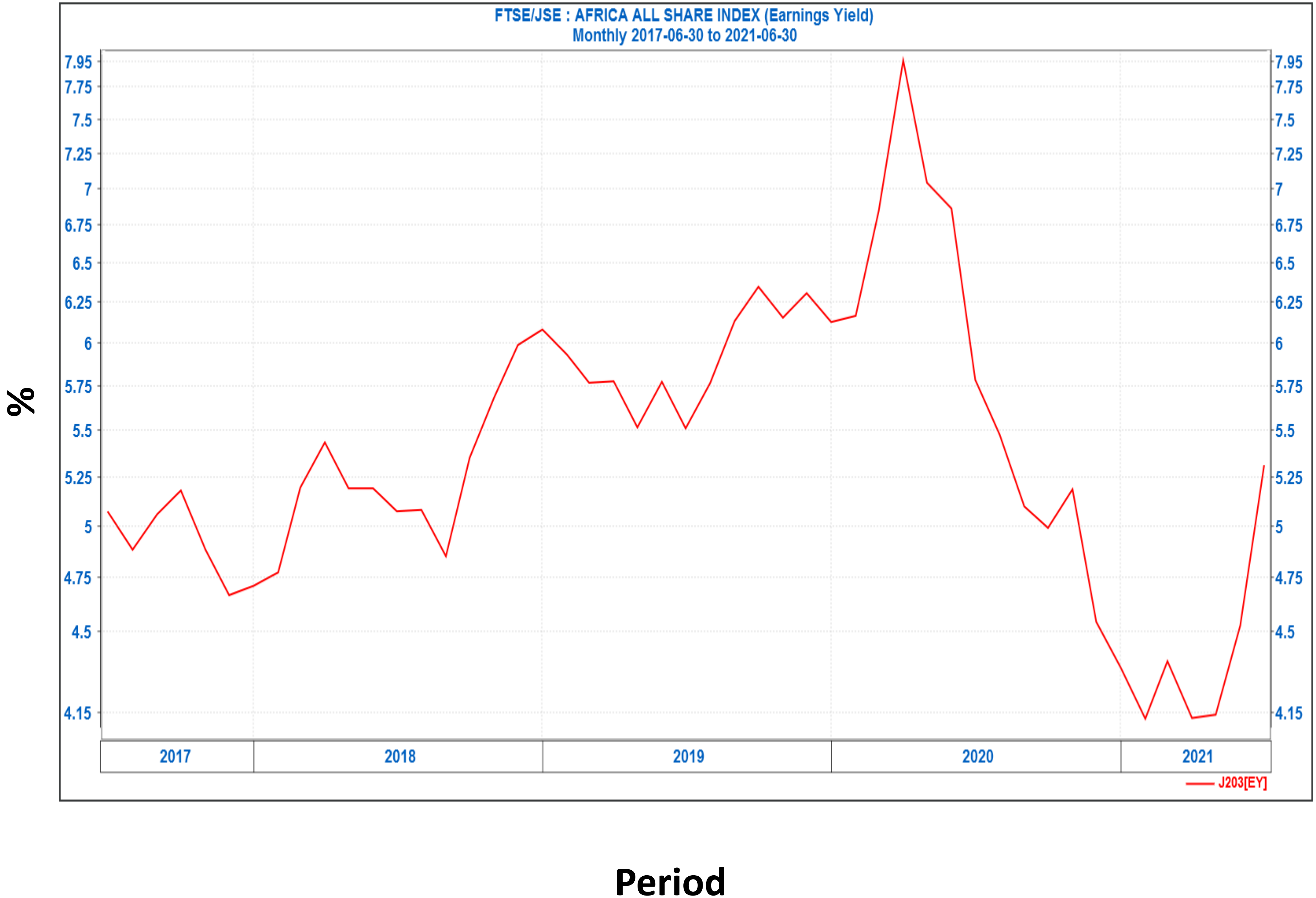


Period

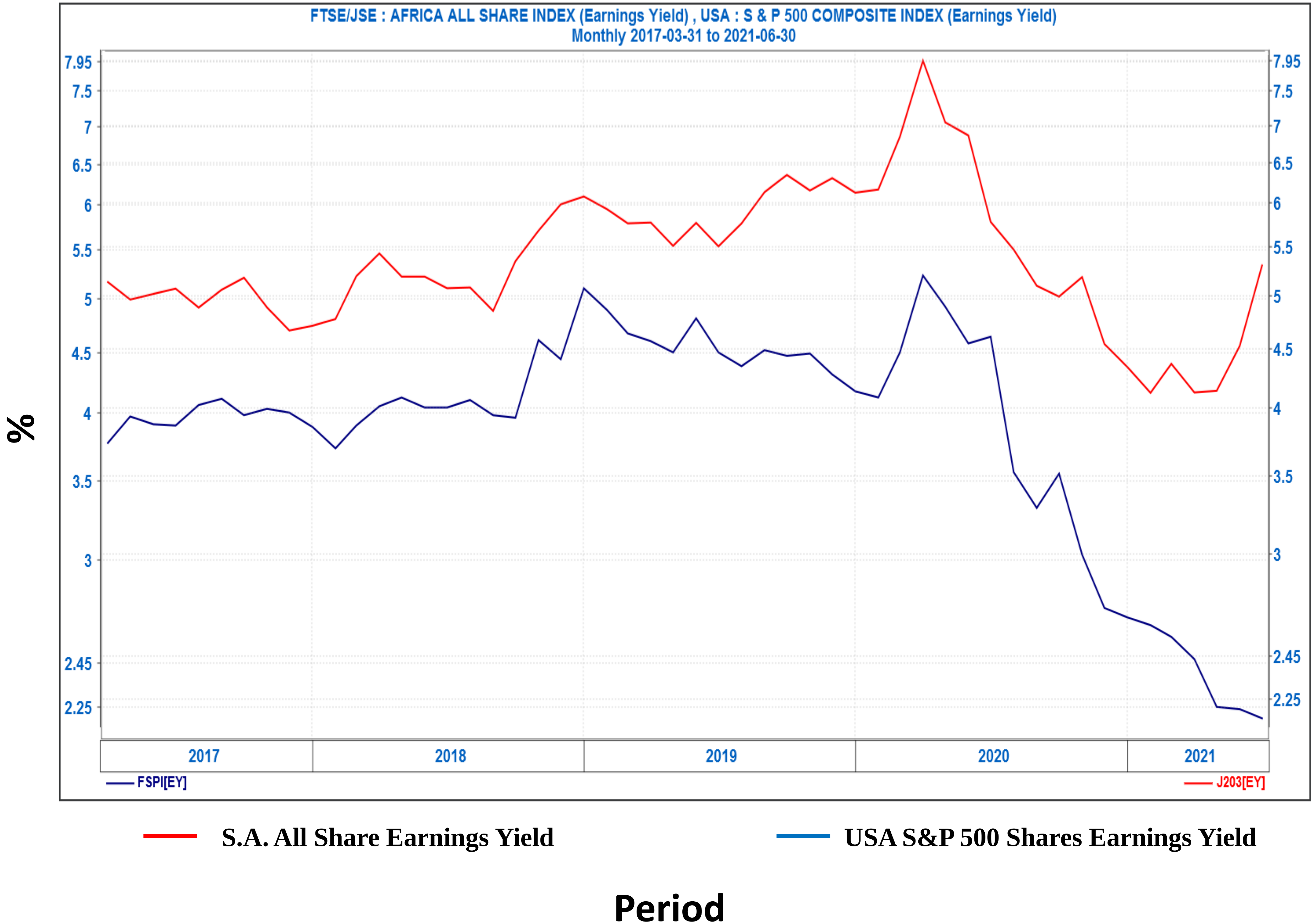
SA All Share Index and USA S&P 500 Index ($)



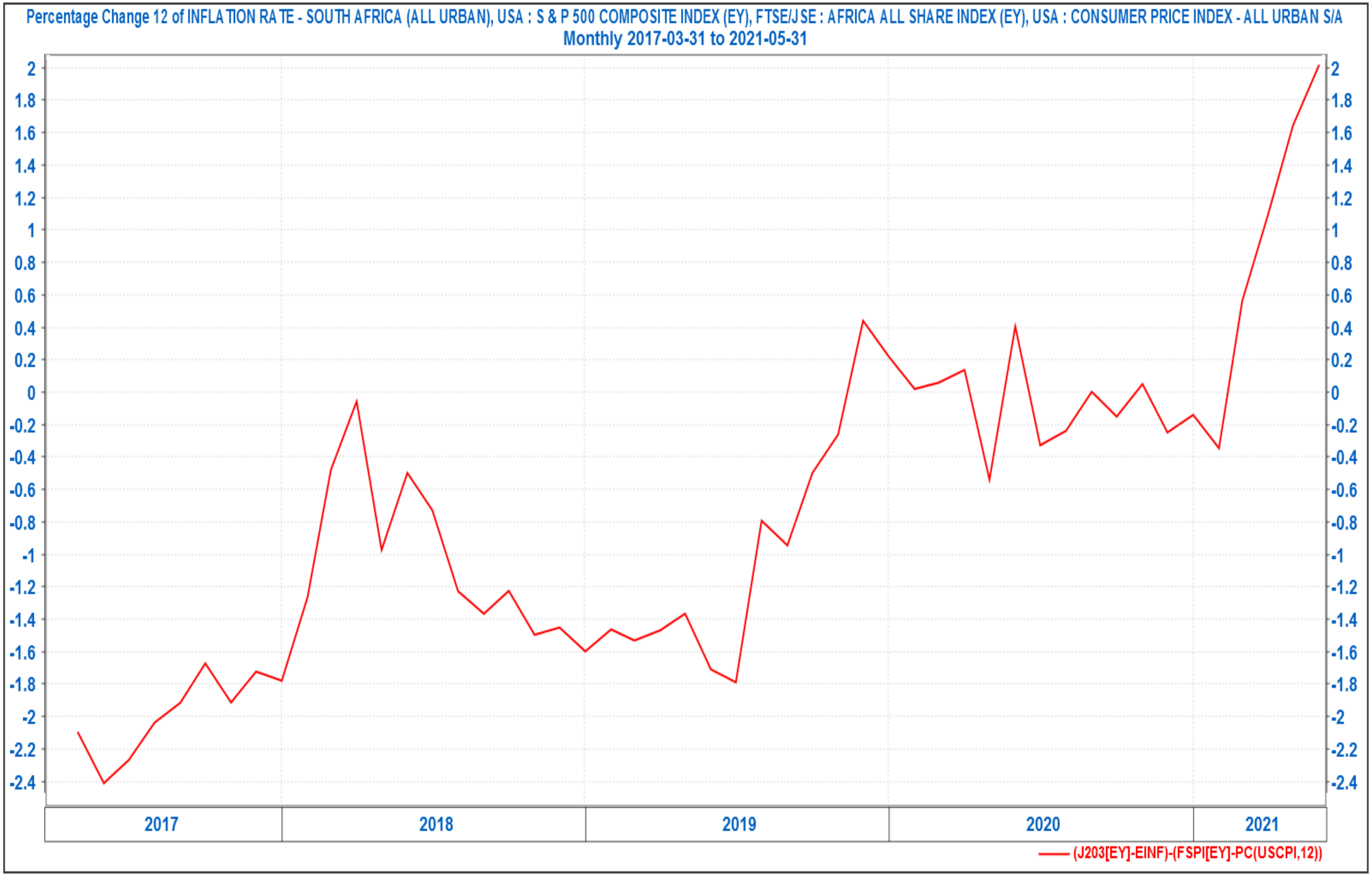
SA All Share Index – Earnings Yield



Earnings Yield- SA vs. USA



Real EY- SA vs. USA



%

Period

Relative value of share's against Capital market rates