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# A dark storm or new dawn - time alone will tell



**Jeremy Gardiner**  
Director

As the dust finally settles on a year in which more than half of the world's population went to the polls, it is clear that in most cases, the incumbents struggled, as voters blamed them for high inflation, interest rates and the rising cost of living.

Fortunately, from an economic perspective, fears of record high interest-rate induced growth problems in the US (which buys around 8% of our exports), have largely evaporated. Exactly what the Trump presidency will bring remains uncertain and a topic of much emotional debate. What is pretty certain though is that the US's strong economy plus a combination of Trump's tax cuts, tighter immigration and tariffs, will prove inflationary and reduce the potential for rate cuts. It will be really disappointing if the Trump victory denies us the 'low interest rate, soft dollar, risk-on' world we in SA have so long been waiting for.

Despite Trump's negative comments about Africa being a sh\*\*hole, we can significantly limit the collateral damage by adopting a more considered and commercial approach to our international relations. Hopefully, our new and respected International Relations Minister, Ronald Lamola, adopts a slightly more low-key approach to our positioning on world affairs, because Trump will be a lot less lenient than the Biden/Harris administration, and as the old adage goes, "Choose your battles wisely."

We lost an enormous amount of jobs thanks to Covid, and then load-shedding. We cannot afford to lose our export-related jobs as well by offending and being punished by our major trading partners. Every job is precious. There's no need to choose between our BRICS 'friends' and the West; we can be friends with either/or, but from a trade perspective, we need to cultivate strong ties with both the West and the rest.

Much has been written about our government of national unity (GNU) being an 'arranged marriage', convened primarily between two parties who aren't wild about each other. The problem they face is that they're better off together than on their own. The ANC was not governing SA well on its own and the DA was facing an uncertain future. As official opposition party, the DA only managed to garner an additional one percent in support in the election following a year in which the country was effectively brought to its knees by mismanagement and corruption.

Fortunately, research by the Social Research Foundation shows that both the ANC and the DA's support levels have risen since the elections, whilst those of MK and the EFF have dropped.

The GNU members will fight, as we've seen, over issues such as basic education, NHI and cadre deployment, but it's not unhealthy. At least now there's debate and all players are heard. Previously, Luthuli House dreamed up policy, and then rammed it through, because they could. Now they have to get consensus amongst the various GNU partners. So fighting is fine, but we cannot have them threatening divorce every time. The GNU is precious and must be protected at all costs. Do not underestimate the negative impact on SA assets and our country were it to collapse.

Thanks to the GNU, we find ourselves in a virtuous cycle, which could well have been vicious.

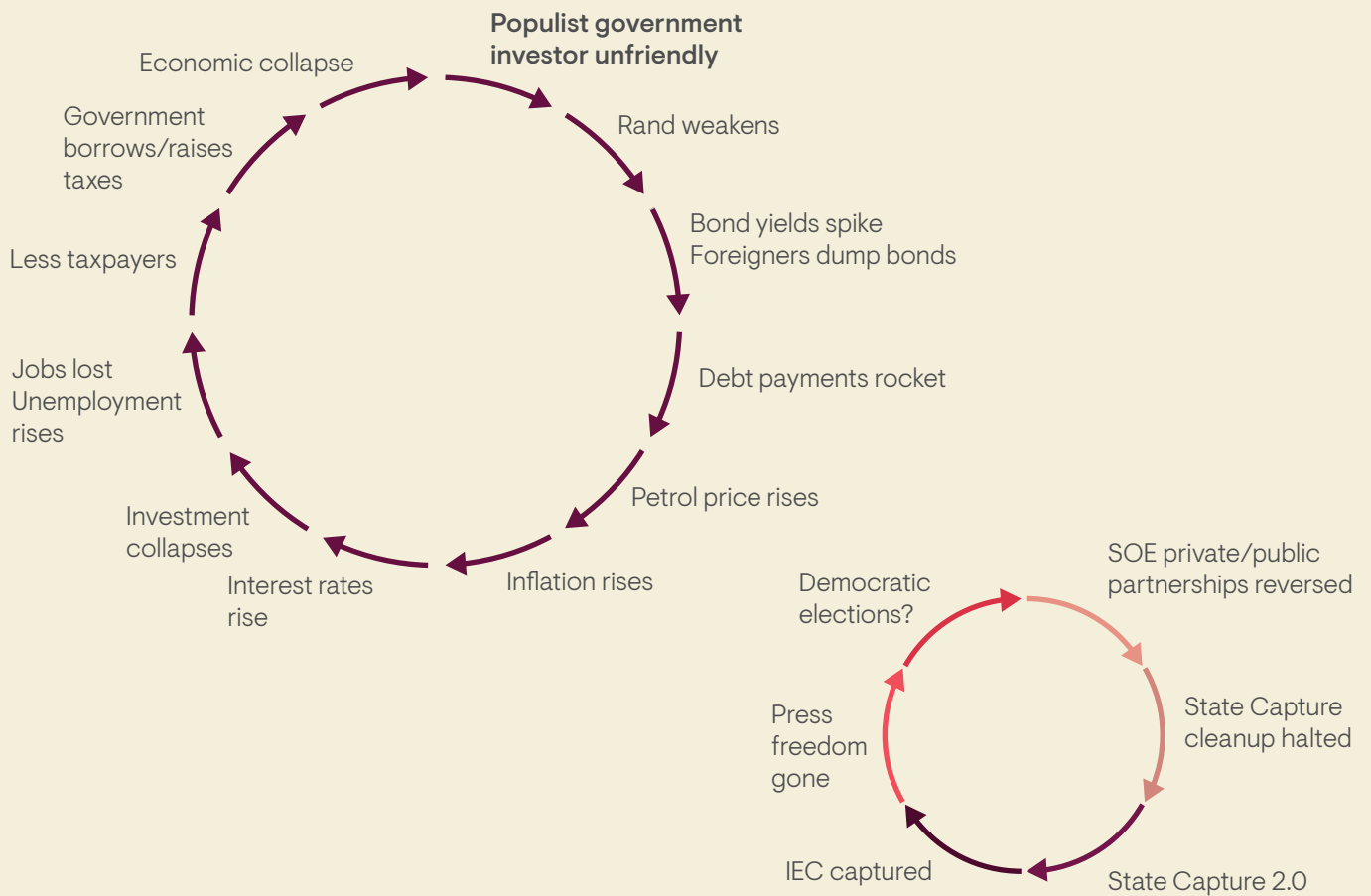
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Who knows what a second Trump presidency will bring? All one can predict is that it will be volatile. But if I had to choose between a volatile election result in the US or in SA, I'd take the US any day.

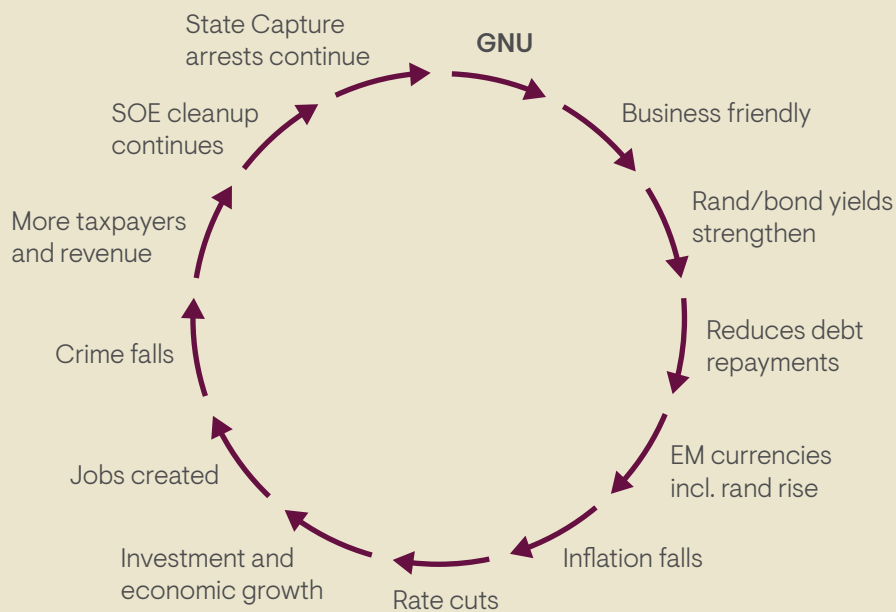
Miraculously, for once, we got the stable option. We can be very thankful, but we mustn't be naïve. The GNU is fragile, and if it collapses, all bets are off the table. Who knows where the rand would go then?

The road ahead will be bumpy, but at least there is a road.

## Where we could have been



## Where we are now



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36 Hans Strijdom Avenue  
Foreshore, Cape Town 8001  
Telephone: +27 (0)219011000  
Client service support: 0860 500 100  
Email: [clientservice@ninetyone.com](mailto:clientservice@ninetyone.com)

Please contact our Advisor Service Centre  
on telephone: 0860 444 487.

Alternatively, please contact your Ninety One  
investment consultant.

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