

The image features a large, vibrant red 'S' shape that acts as a central graphic element, partially obscuring the background. The background is a photograph of a modern, minimalist interior space with a high ceiling, large arched windows, and a polished concrete floor. A woman in a grey long-sleeved shirt and bright red leggings is walking away from the camera towards the right side of the frame. The overall aesthetic is clean and professional.

momentum
investments

Our world in the next five years

Sanisha Packirisamy

16 November 2020

1: Three likely pathways for the global economy

m



60%

Muddle through: Base case



25%

Deflation: Worst case



15%

Reflation: Best case

2: Three likely pathways for the global economy

m



60%

Muddle through: Base case



25%

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3: Three likely pathways for the global economy

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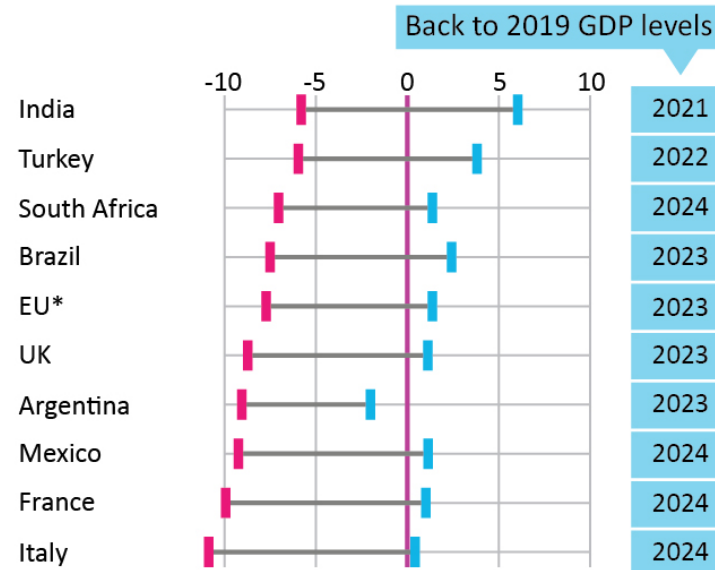
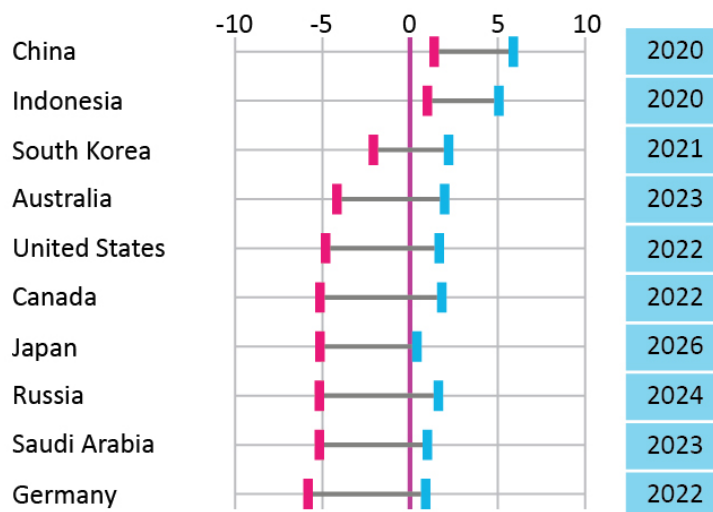
Global: Varied recovery rates

Asian economies will recover the fastest from the COVID-19-induced economic crisis

Forecast real GDP growth in 2020, % change
G20 countries

■ Pre-coronavirus forecast

■ June 10th forecast

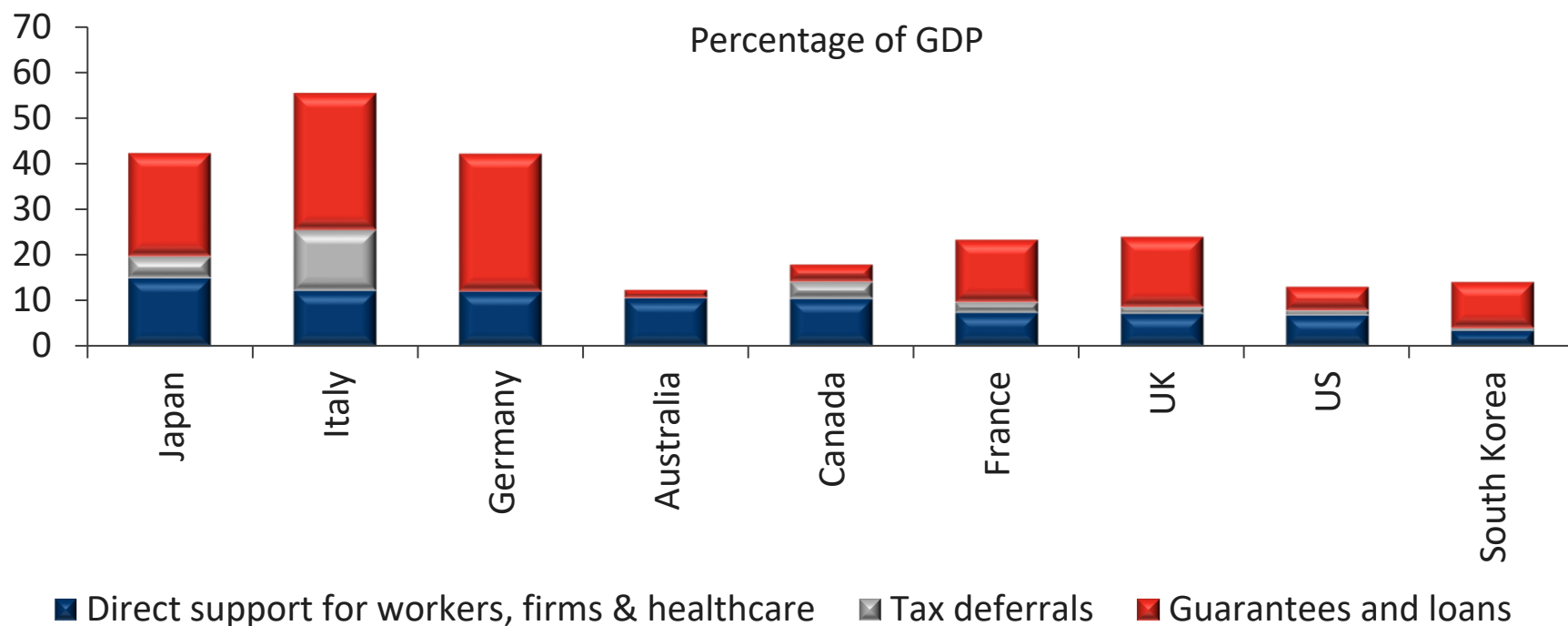


Source: The Economist Intelligence Unit, *EU pre-coronavirus forecast includes the UK

1: Global: Constrained ability to normalise policy



Fiscal, monetary and structural policy support needs to be maintained to preserve confidence

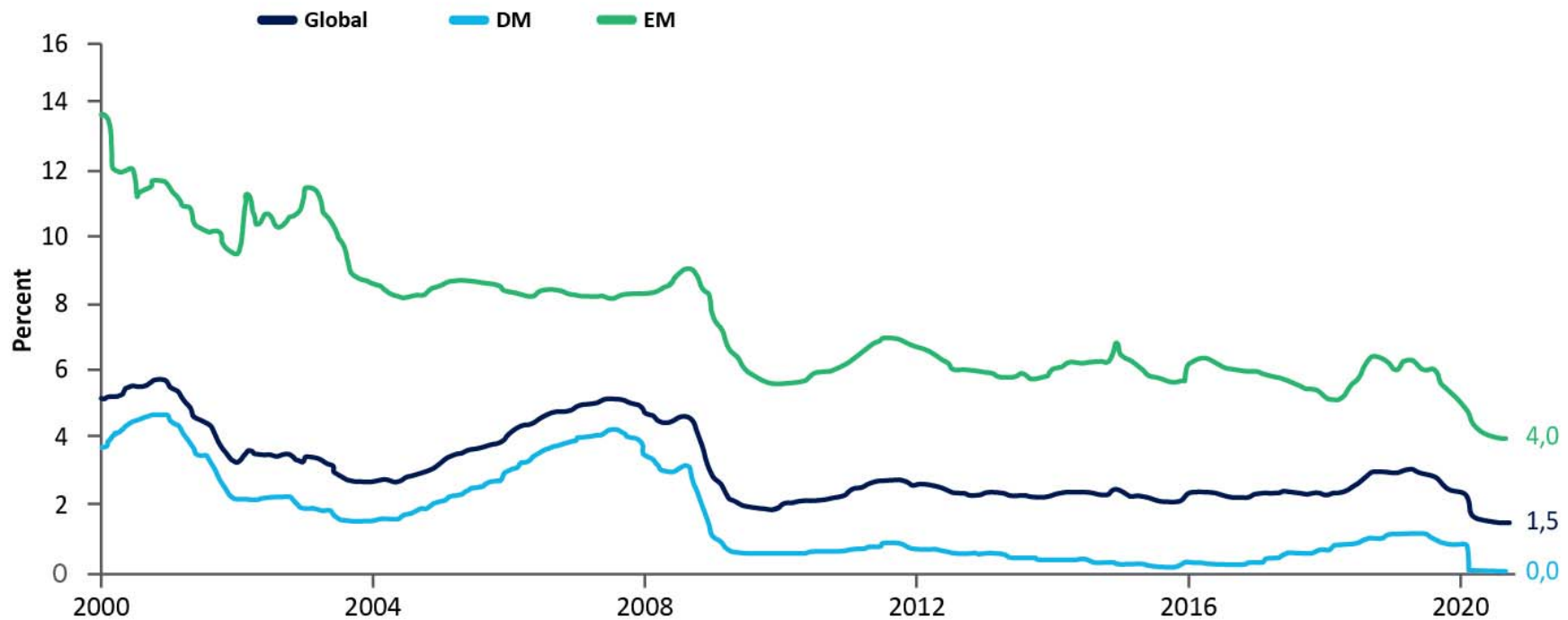


Source: OECD, Sarb

2: Global: Constrained ability to normalise policy



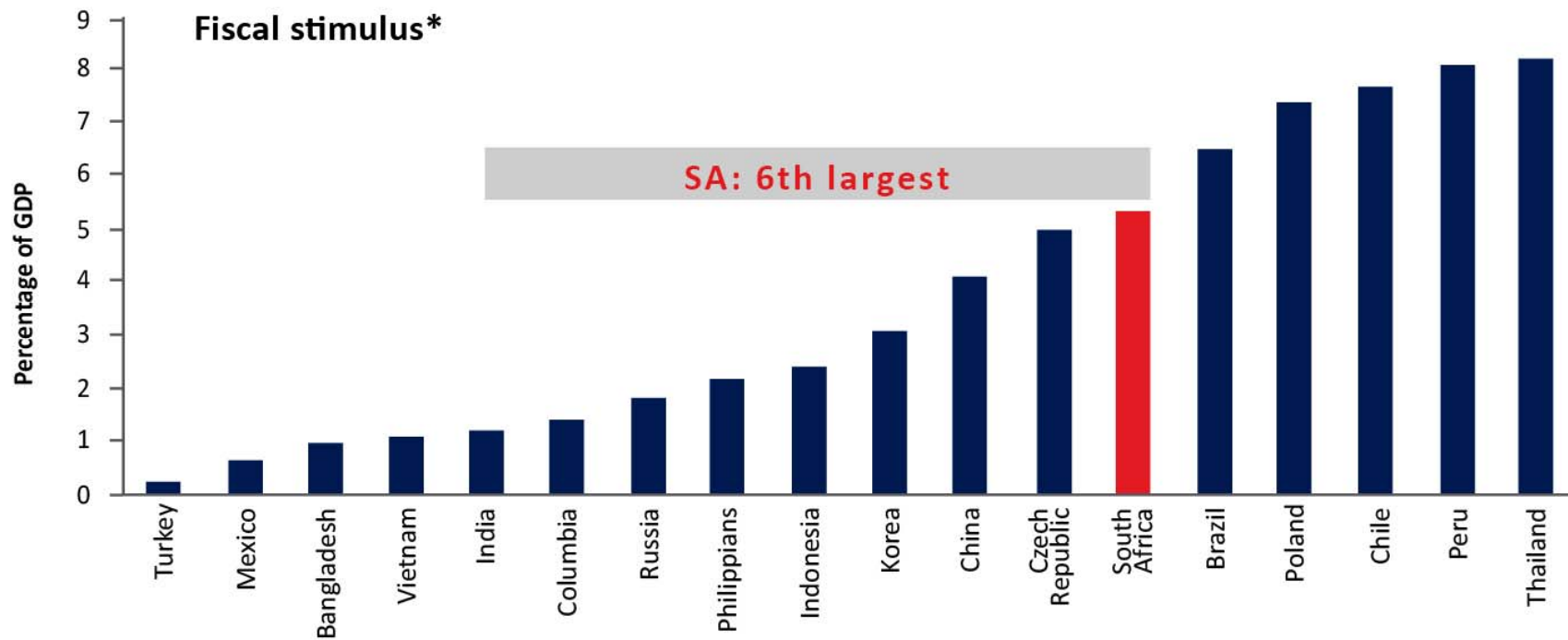
Global weighted average policy rate



Source: OECD, Sarb – the sample includes 42 central banks

1: SA: Not getting bang for its buck

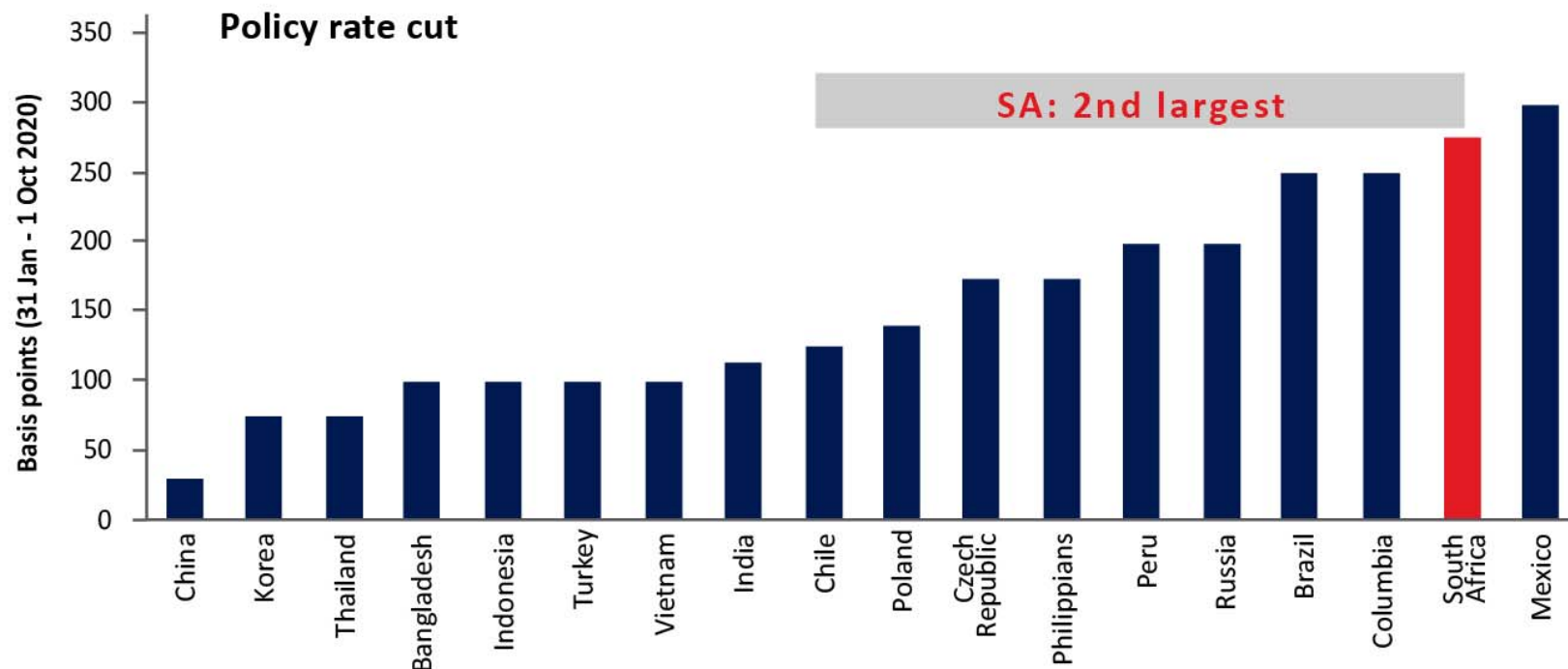
SA growth is comparatively weak despite deploying large fiscal stimulus



Source: Sarb, Momentum Investments *Additional spending of foregone revenues

2: SA: Not getting bang for its buck

SA growth is comparatively weak despite deploying large monetary stimulus

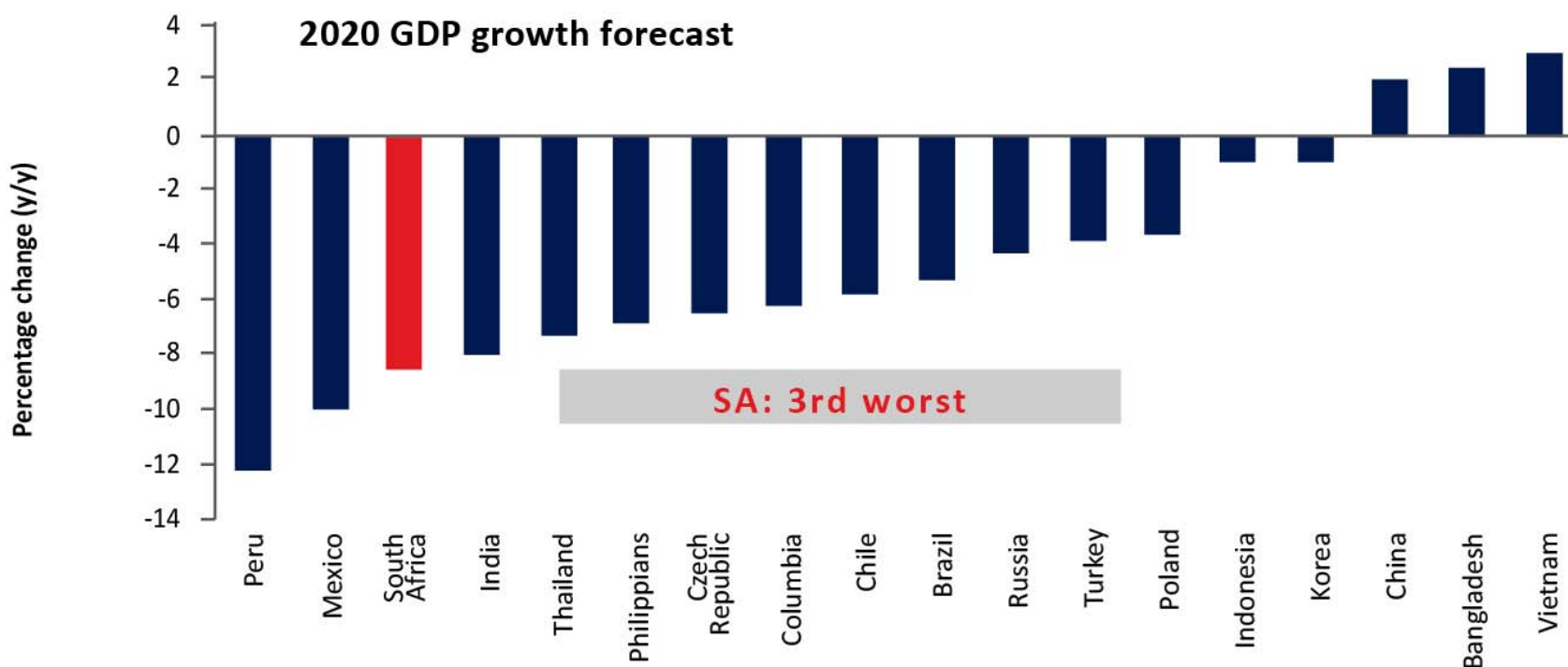


Source: Sarb, Momentum Investments

3: SA: Not getting bang for its buck



SA growth is comparatively weak despite deploying large fiscal and monetary stimulus

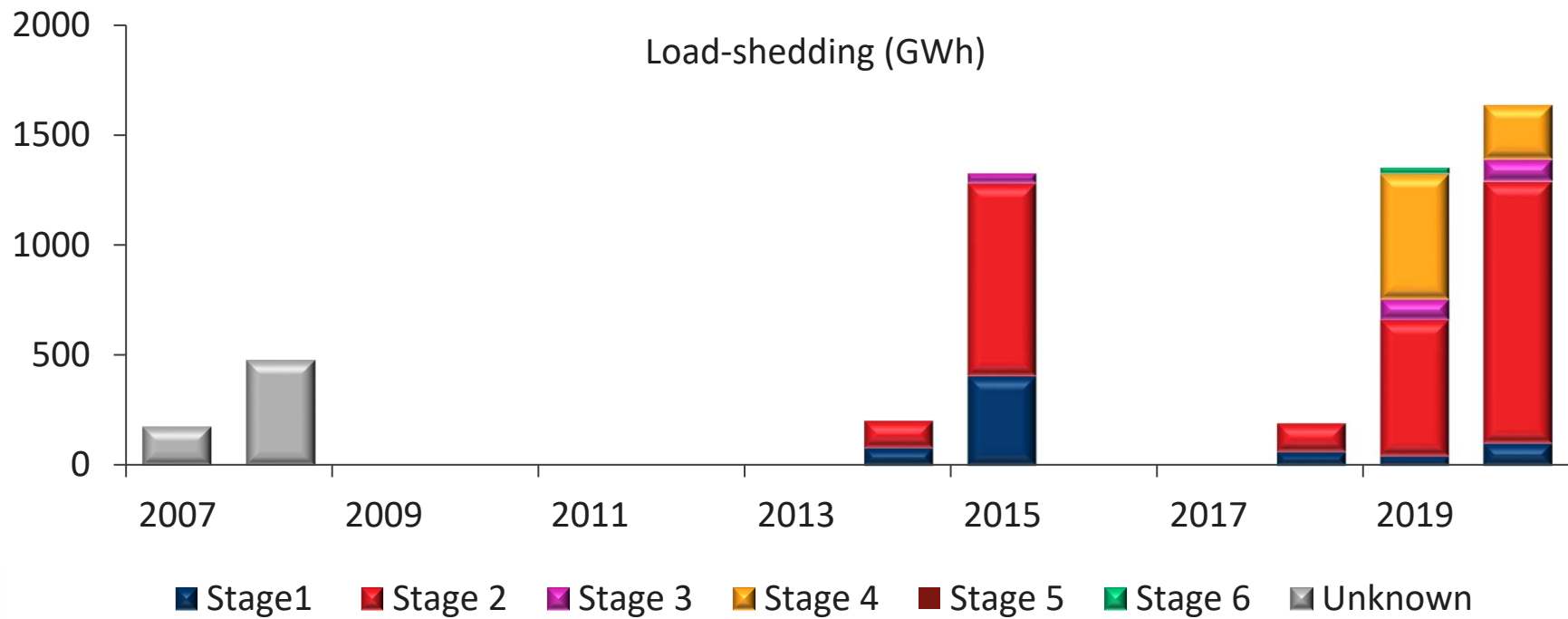


Source: Sarb, Momentum Investments

1: SA: Constraints to growth



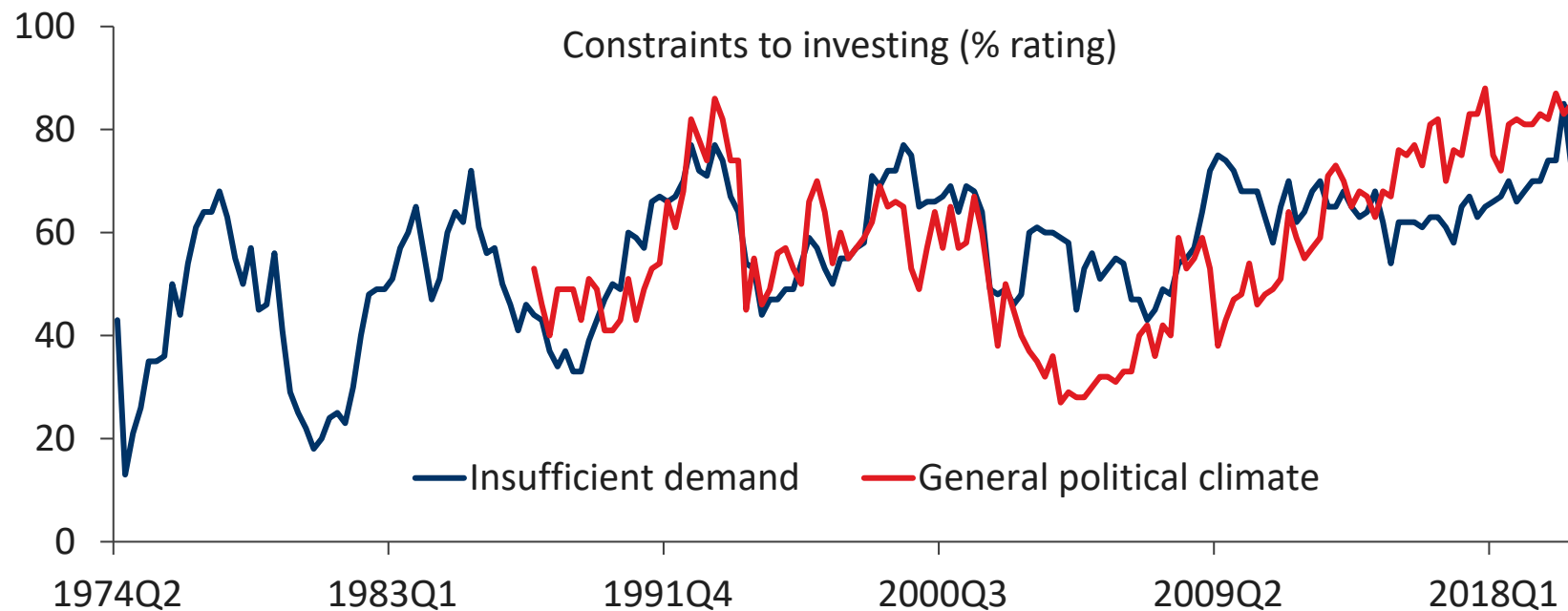
Load-shedding and confidence crisis are the main constraints to achieving higher growth in SA



Source: Sarb, Momentum Investments

2: SA: Constraints to growth

Load-shedding and confidence crisis are the main constraints to achieving higher growth in SA

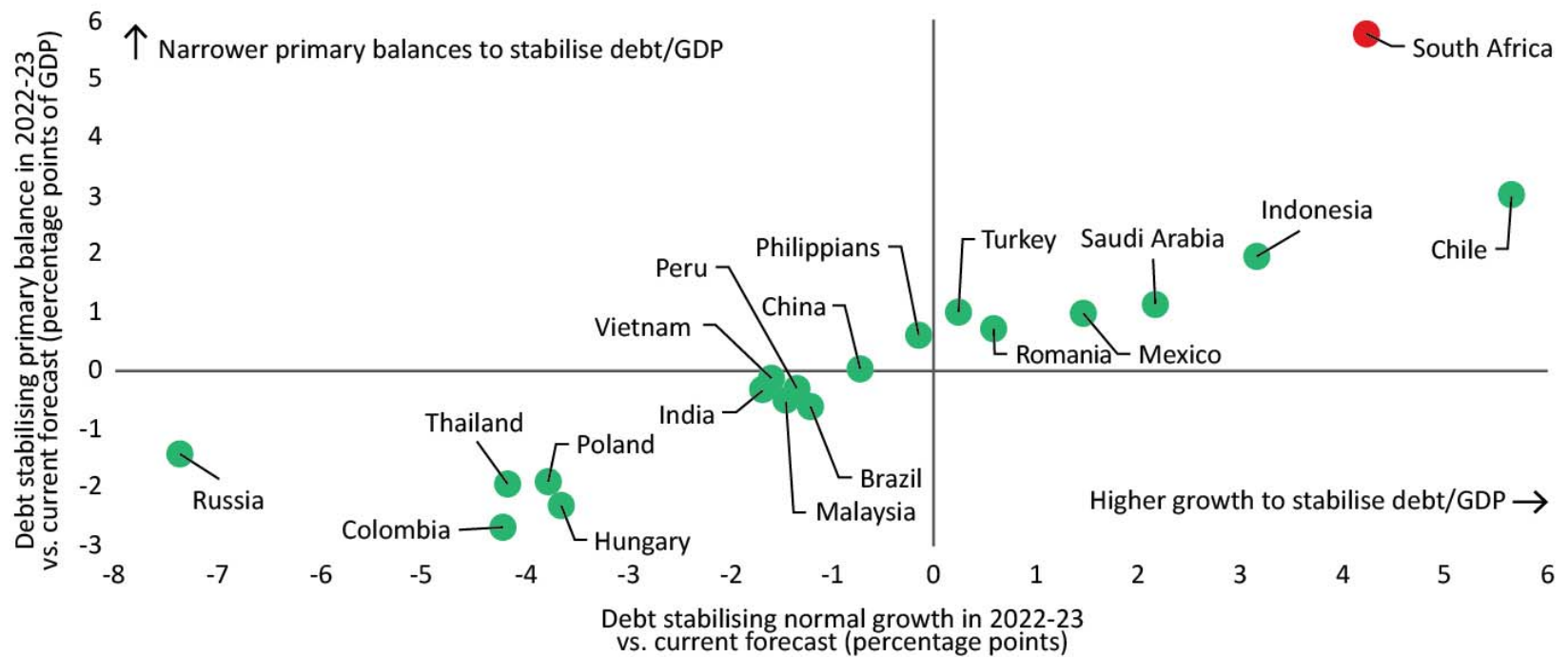


Source: Sarb, Momentum Investments

SA: Fiscal woes



Growth shortfall and primary budget deficit problems



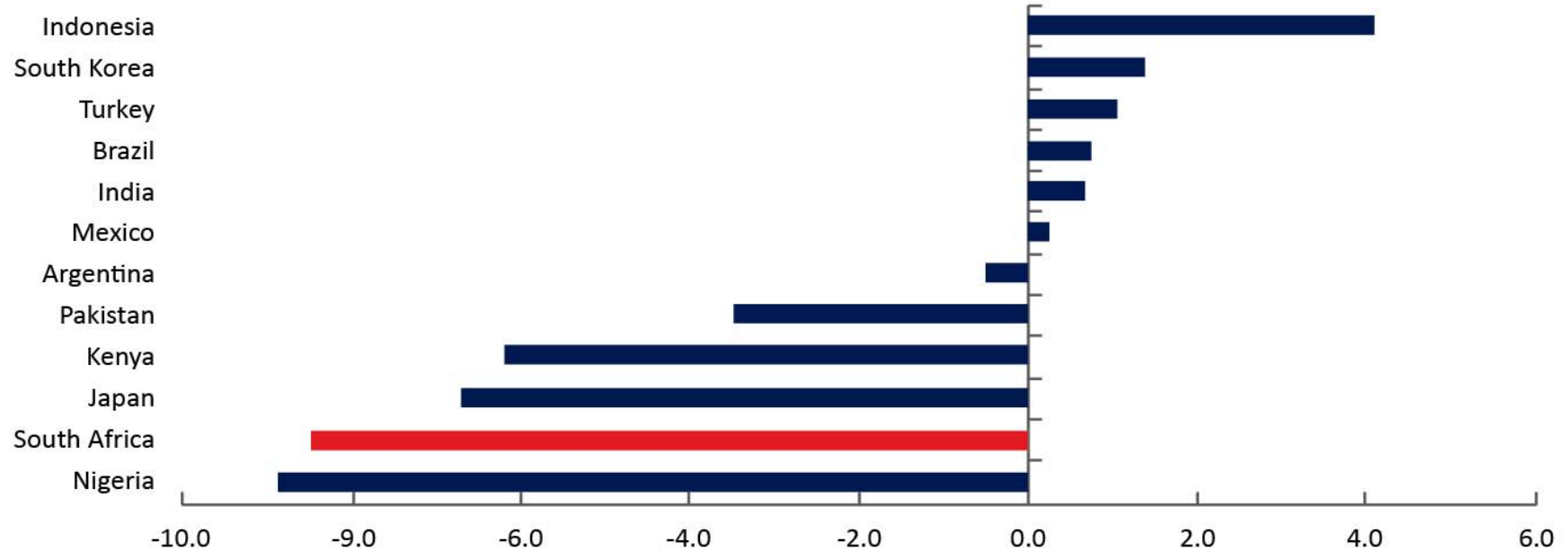
Source: Moody's

SA: Politics count



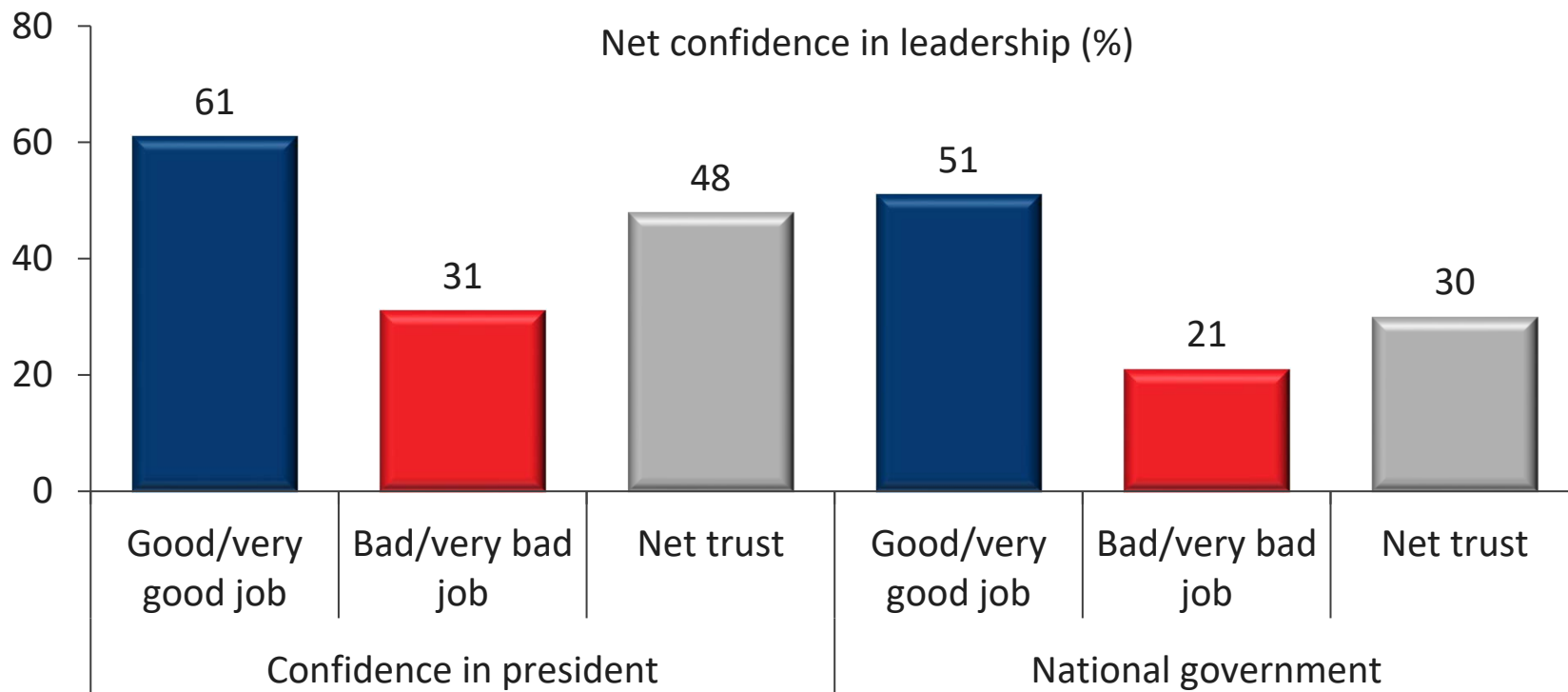
Increasing youth frustration may change voter patterns in the near future and could create a noisier backdrop

Change in voter turnout between two recent elections



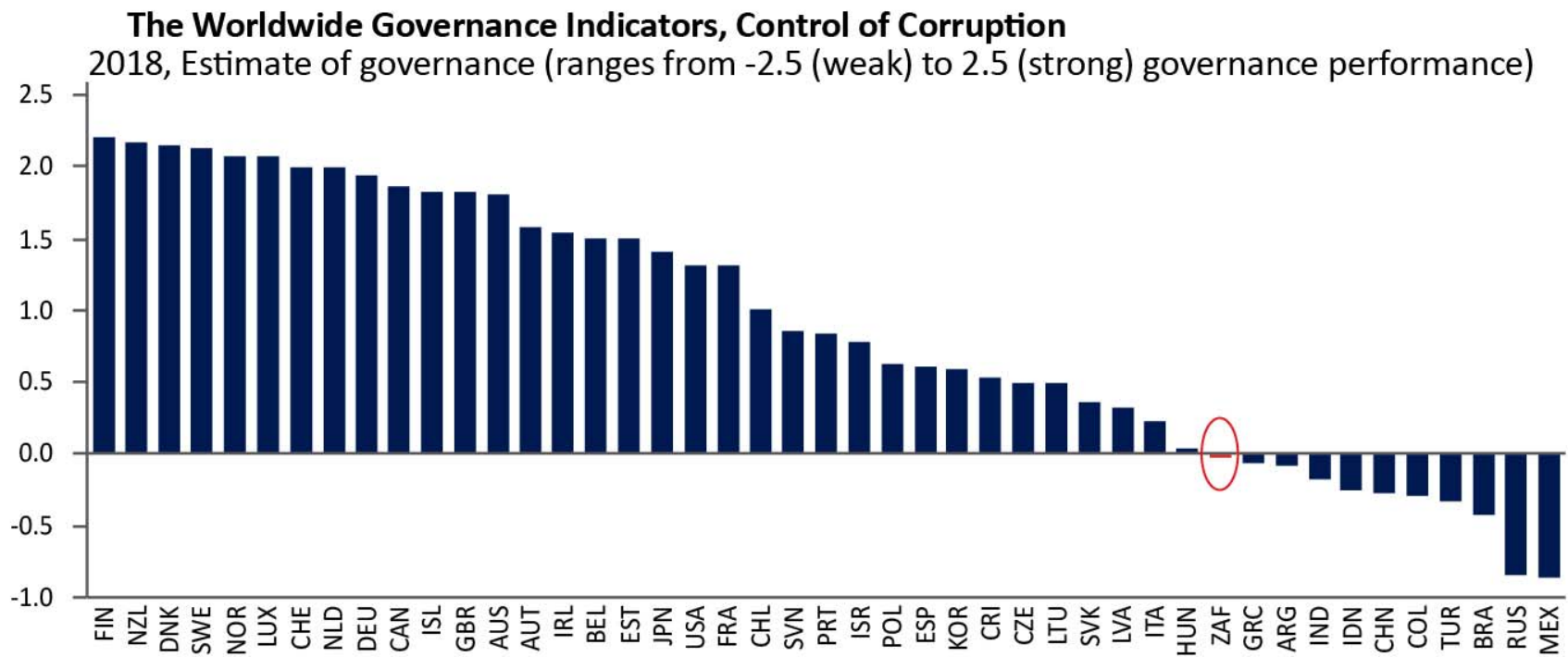
Source: Citi, Momentum Investments, percentage change

SA: Ramaphosa more popular than government



Source: Citi, Momentum Investments

SA: Furthering the anti-corruption drive



Source: OECD

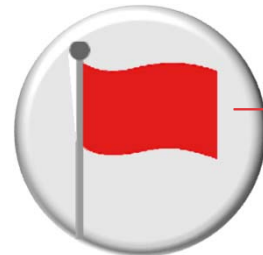
SA: Three flags to watch



The potential for and the severity of a second wave in COVID-19 infections



Accountability, transparency and action on the economic plan



Anti-corruption momentum

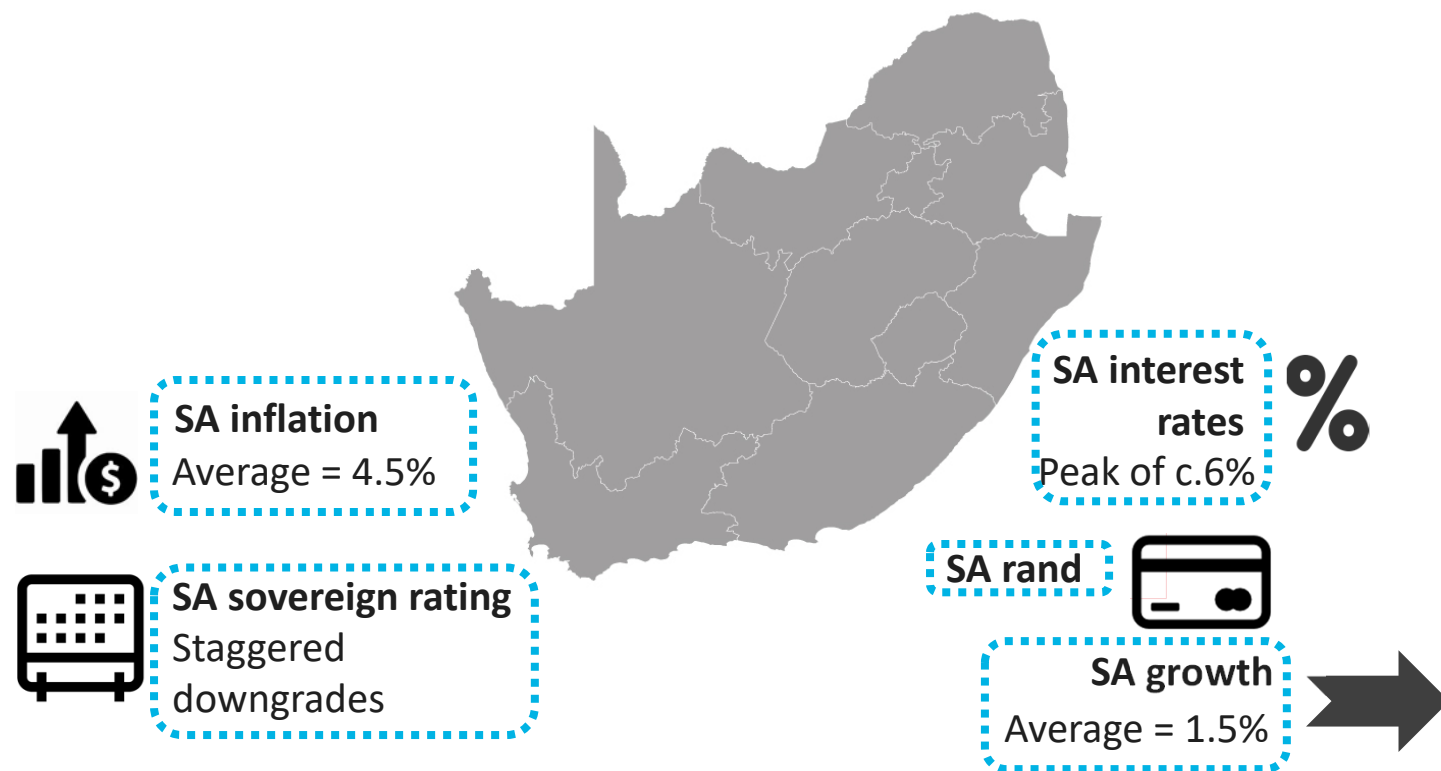
1: Muddle Through (60%): Macro scenarios global

m



1: Muddle Through (60%): Macro scenarios SA

m

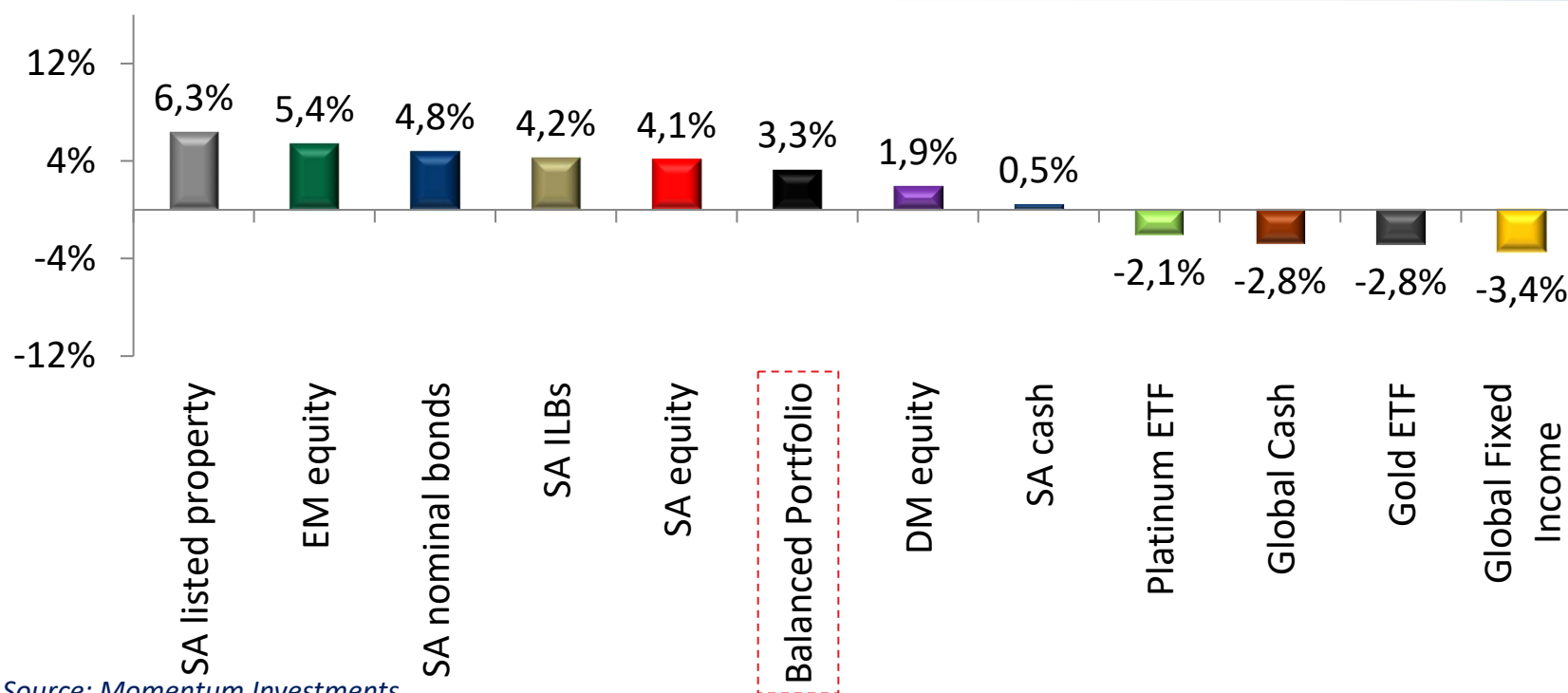


1: Muddle through: Strategic asset class preferences



Overweight SA listed property, emerging market and SA equities, as well as SA nominal and real bonds

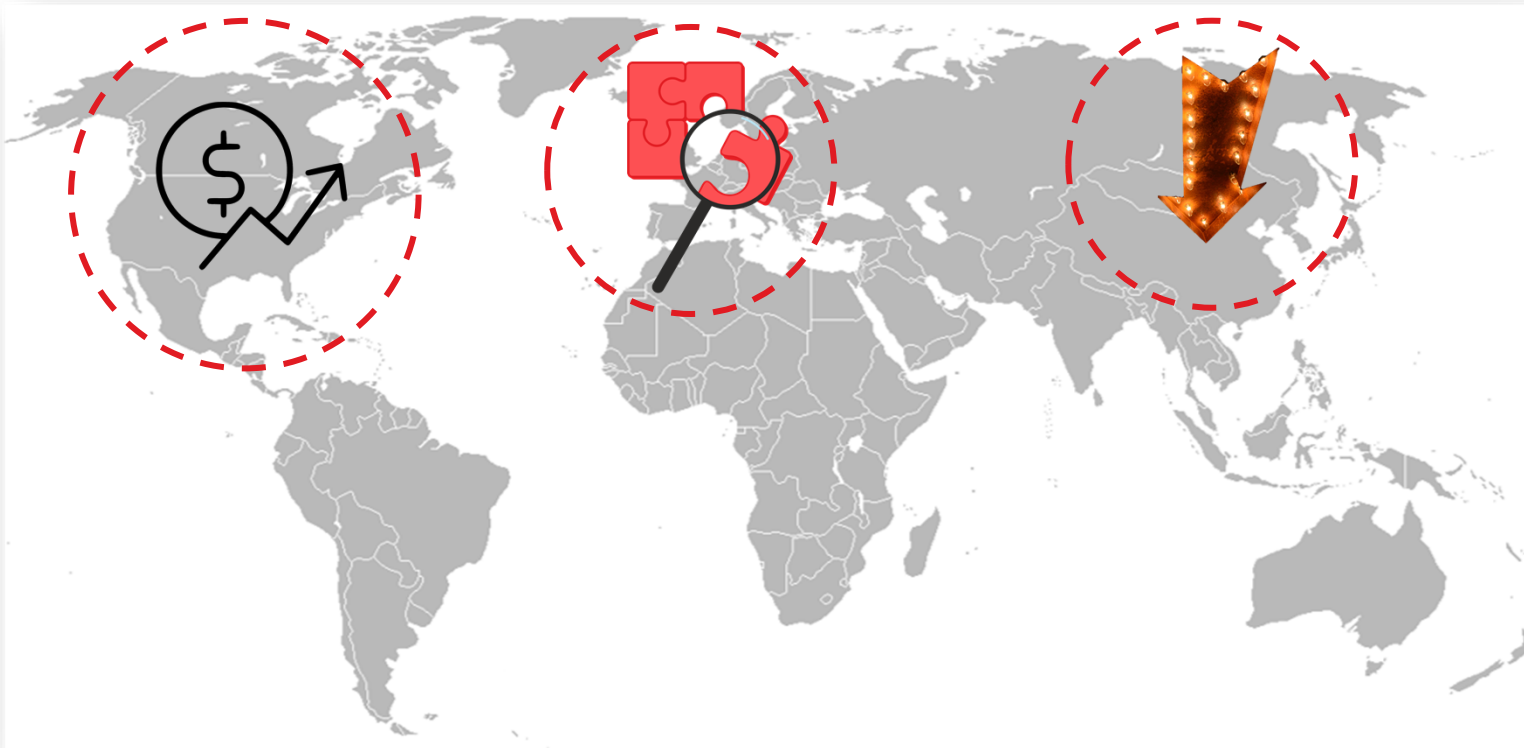
Underweight global nominal bonds and cash, as well as commodities



Source: Momentum Investments

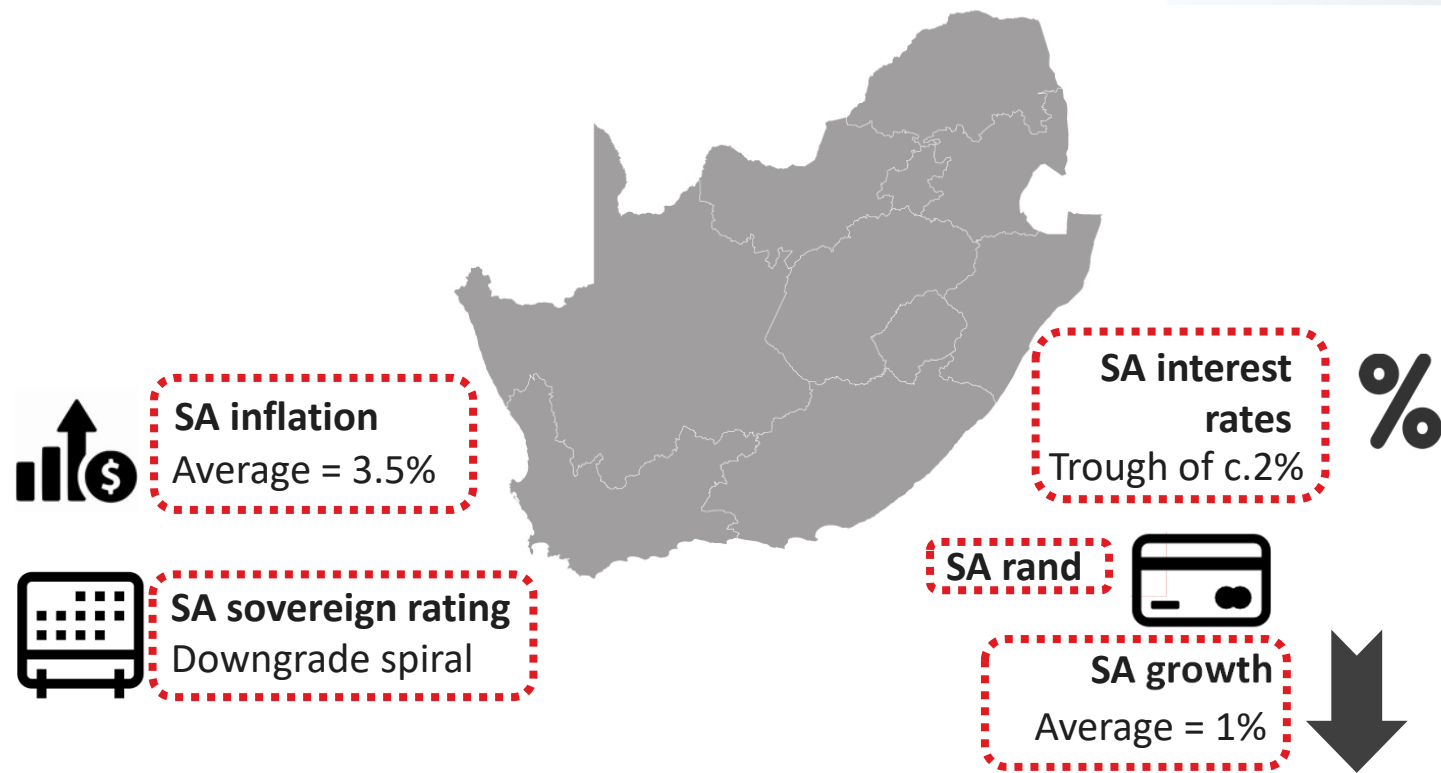
2: Deflation (25%): Macro scenarios global

m



2: Deflation (25%): Macro scenarios SA

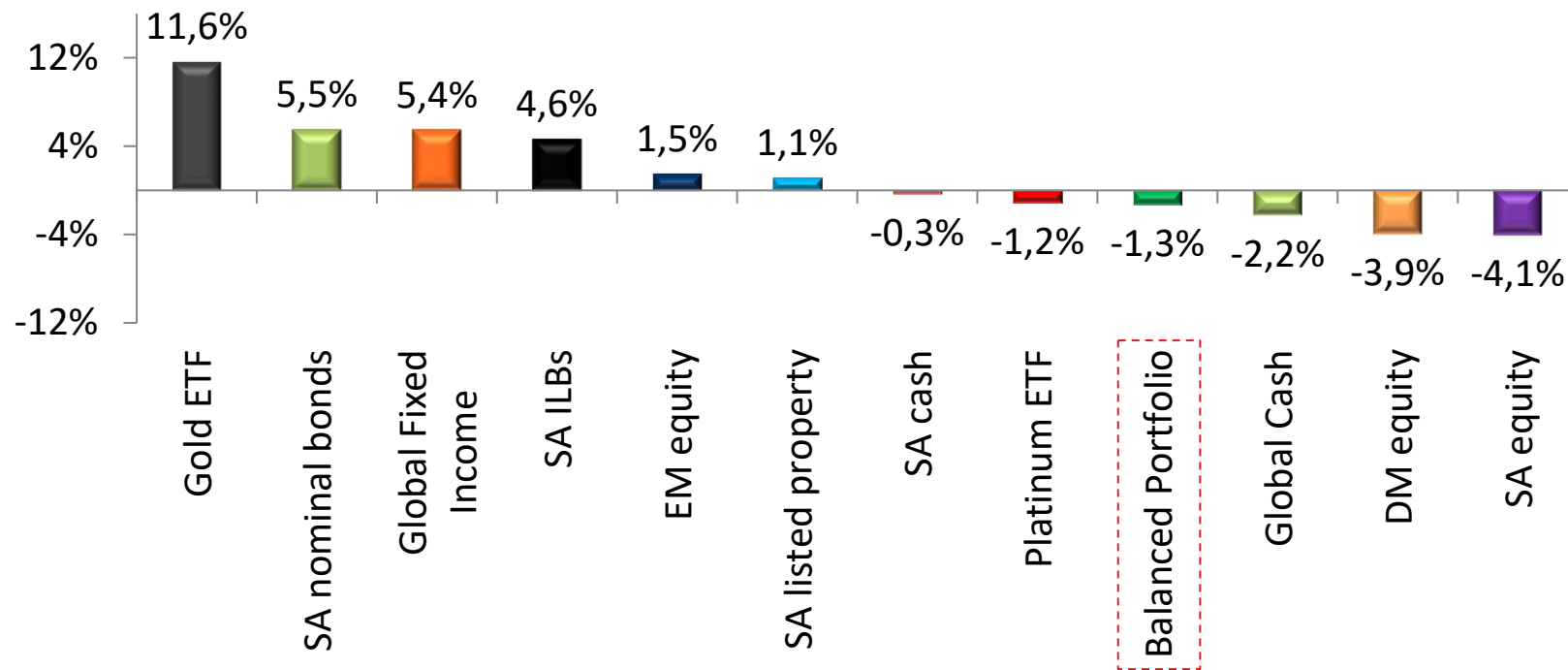
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2: Deflation: Strategic asset class preferences

Overweight gold, global and SA nominal bonds, as well as SA inflation-linked bonds

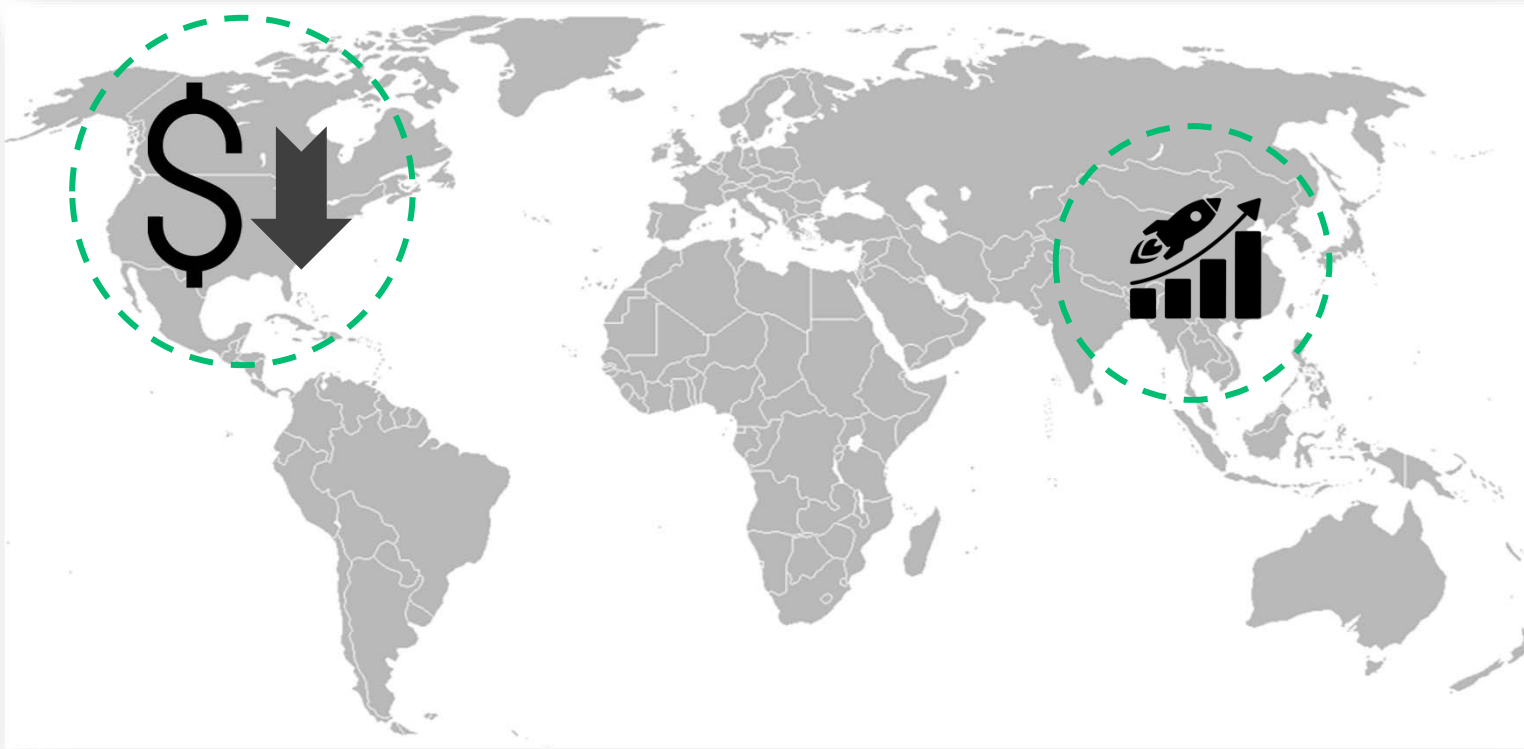
Underweight SA and developed market equities, global cash, as well as platinum



Source: Momentum Investments

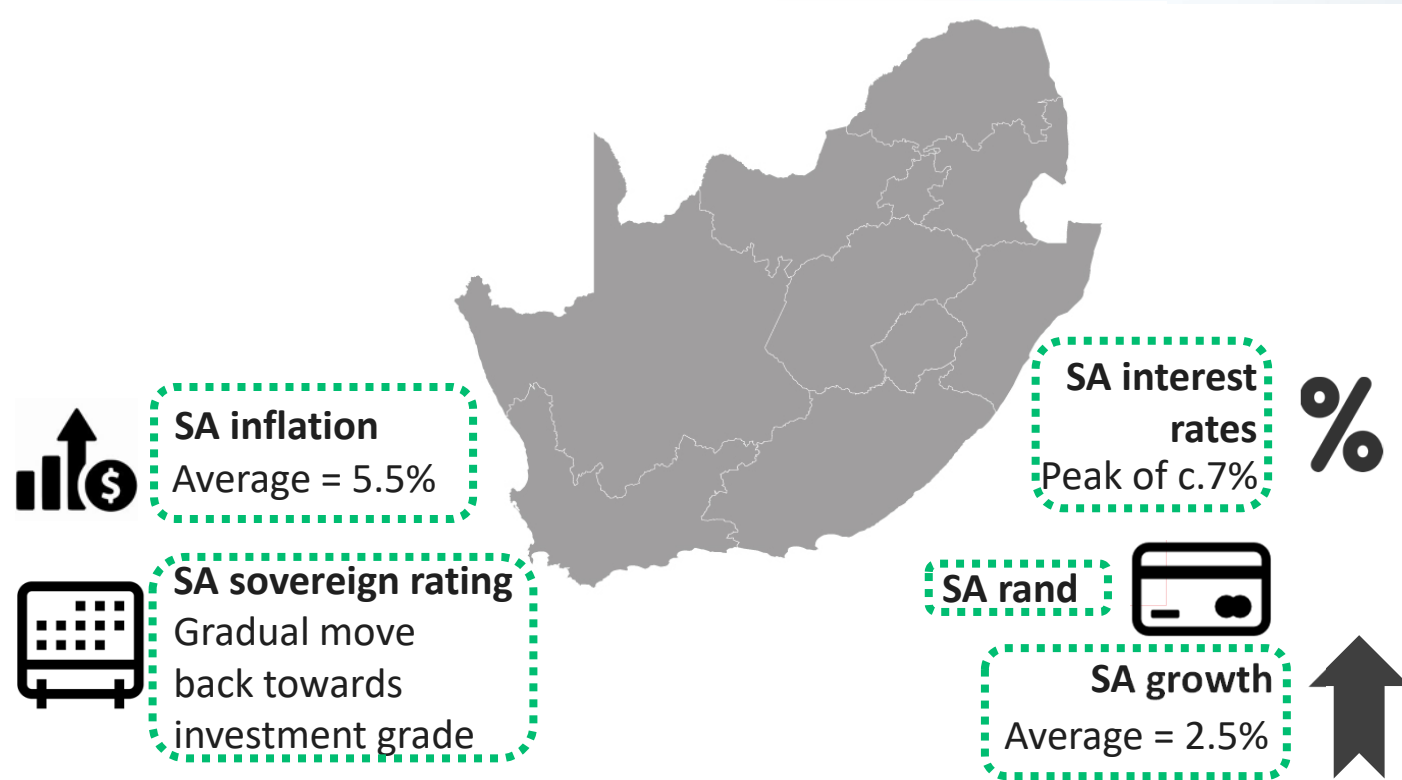
3: Reflation (15%): Macro scenarios global

m



3: Reflation (15%): Macro scenarios SA

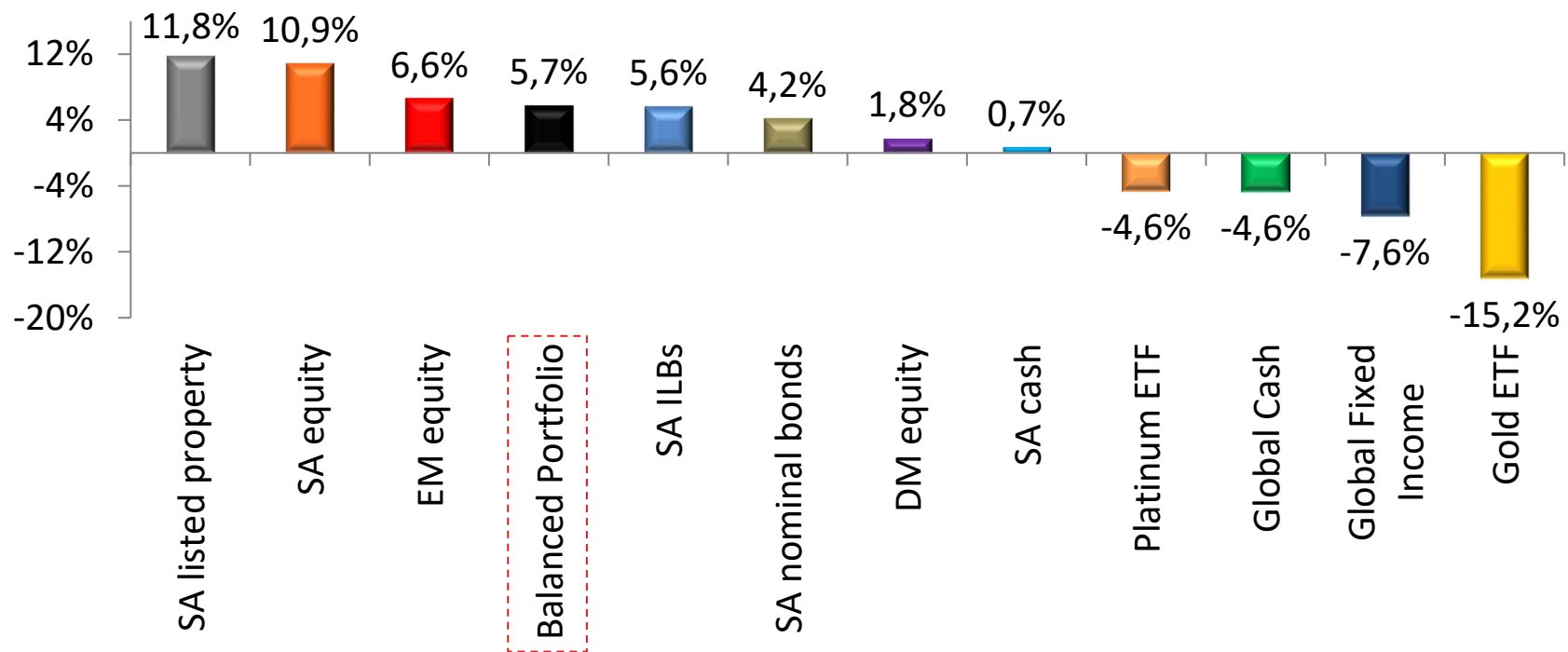
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3: Reflation: Strategic asset class preferences

Overweight SA listed property, SA and emerging market equities, as well as SA inflation-linked bonds

Underweight commodities, as well as global nominal bonds and cash



Source: Momentum Investments

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The image features a large, vibrant red graphic element, a thick curved line resembling a stylized 'S' or a comma, that originates from the left side and sweeps across the middle of the frame. The background is a photograph of a modern, minimalist interior space with a polished concrete floor and a wall of tall, arched windows. A woman in a grey long-sleeved shirt and bright red leggings is walking away from the camera towards the right side of the frame. The overall aesthetic is clean and professional.

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Thank you