



**momentum**  
investments

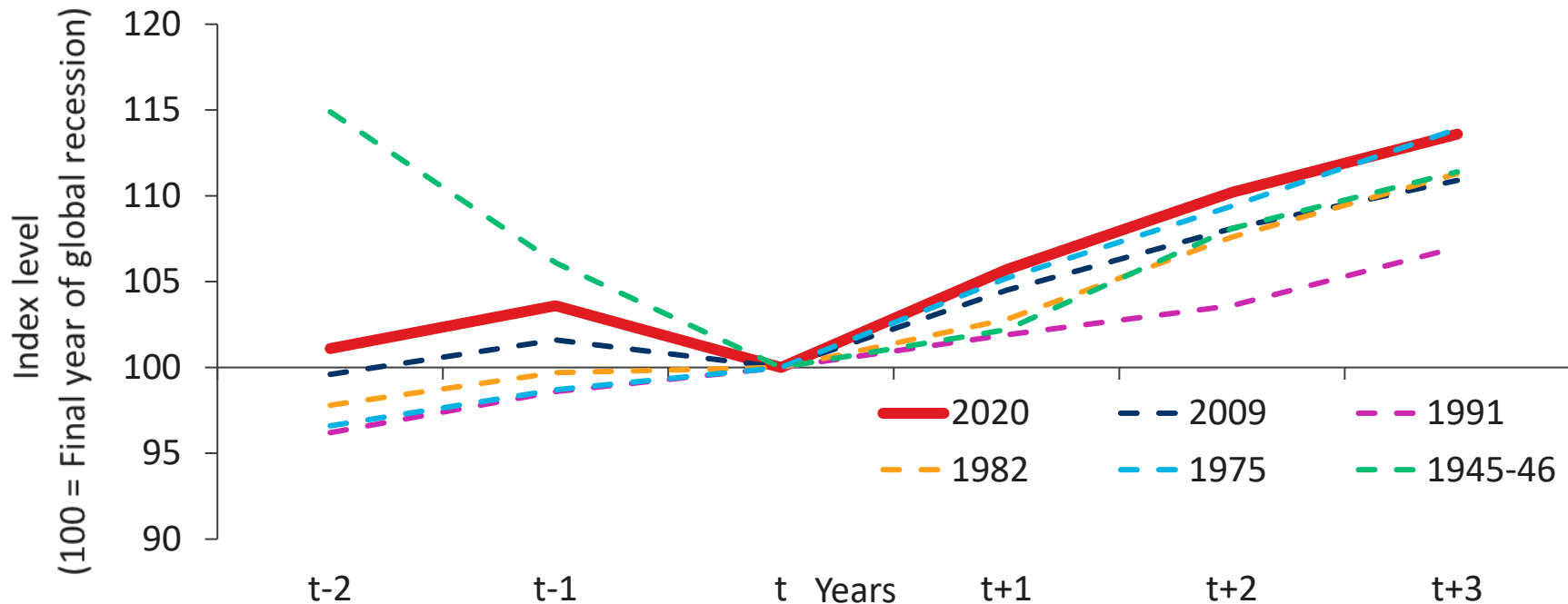
Unequal hit,  
uneven recovery  
**Sanisha Packirisamy**

23/24 August 2021

# Fastest-paced economic recovery in 80 years



Global economic recoveries after recessions have historically been milder

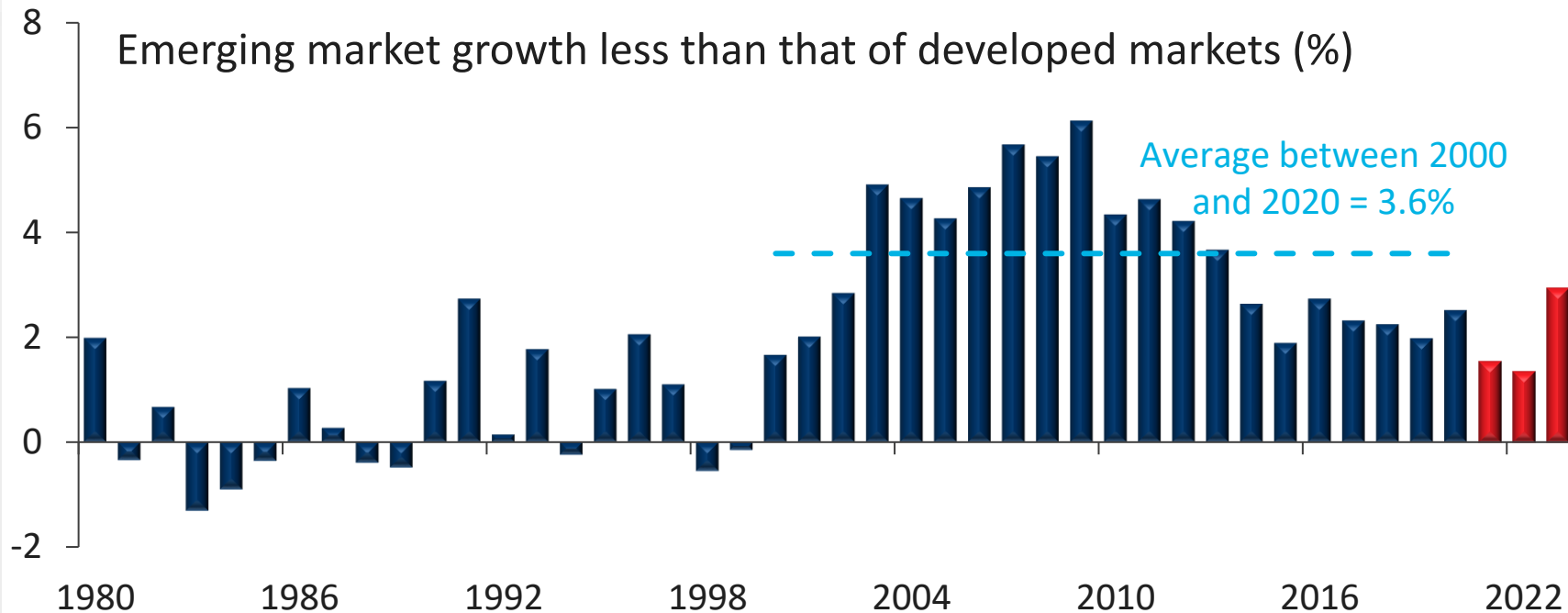


Source: World Bank, forecasts used for 2020 episode

# Narrowest excess growth gap since 2000



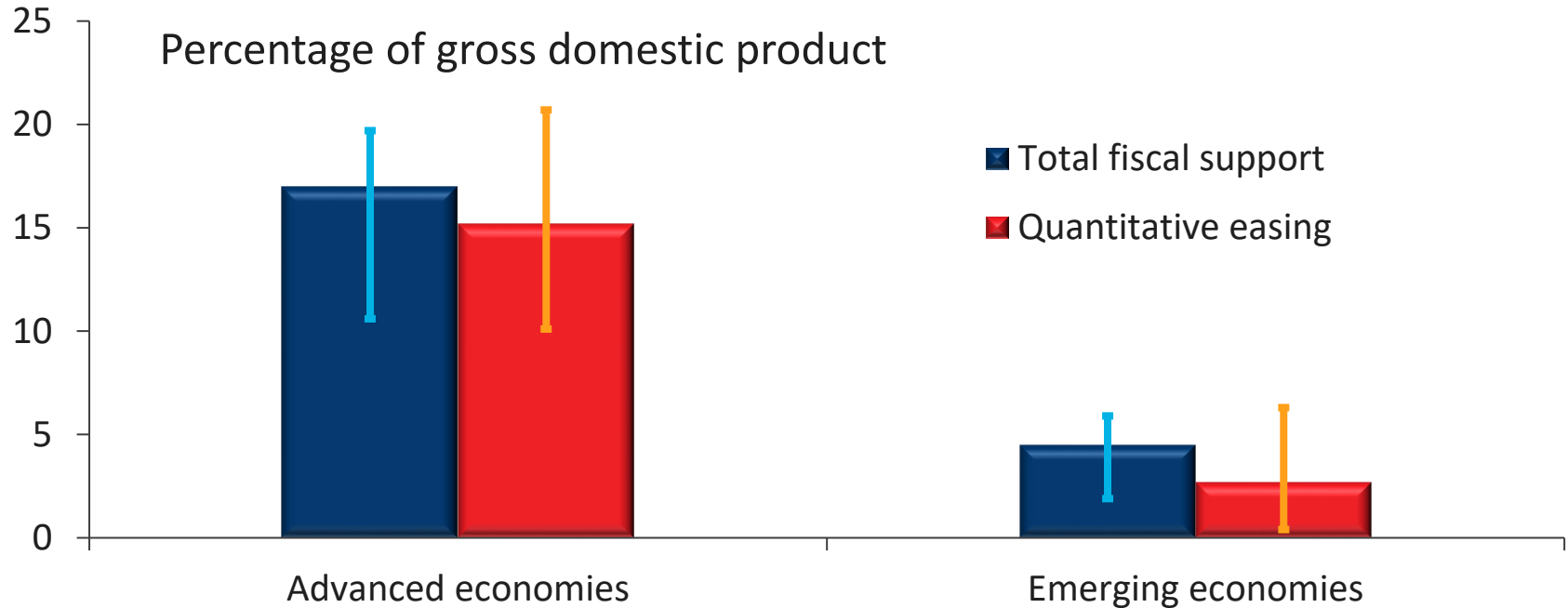
Lowest excess growth gap between emerging and developed economies since the turn of the century



Sources: International Monetary Fund, Momentum Investments

# Generous support measures in advanced economies<sup>TM</sup>

Fiscal and monetary policy support measures since January 2020 have been much larger in the developed world

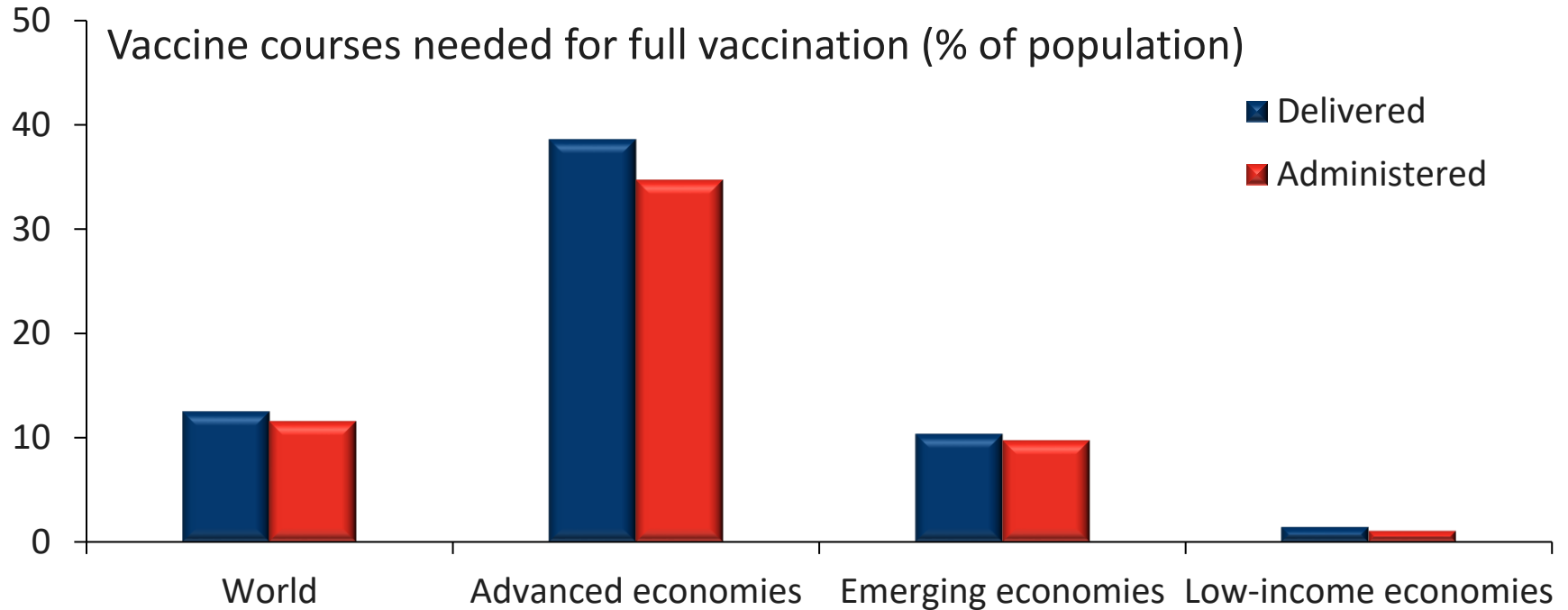


Sources: International Monetary Fund, Momentum Investments

# Highly unequal vaccine coverage



Vaccines are not being equitably deployed across the globe



Sources: International Monetary Fund, Momentum Investments

# Persistent inflationary episode less likely



Not anticipating runaway inflation



Demand unlikely  
to remain above  
supply



Above-productivity  
wages to unwind



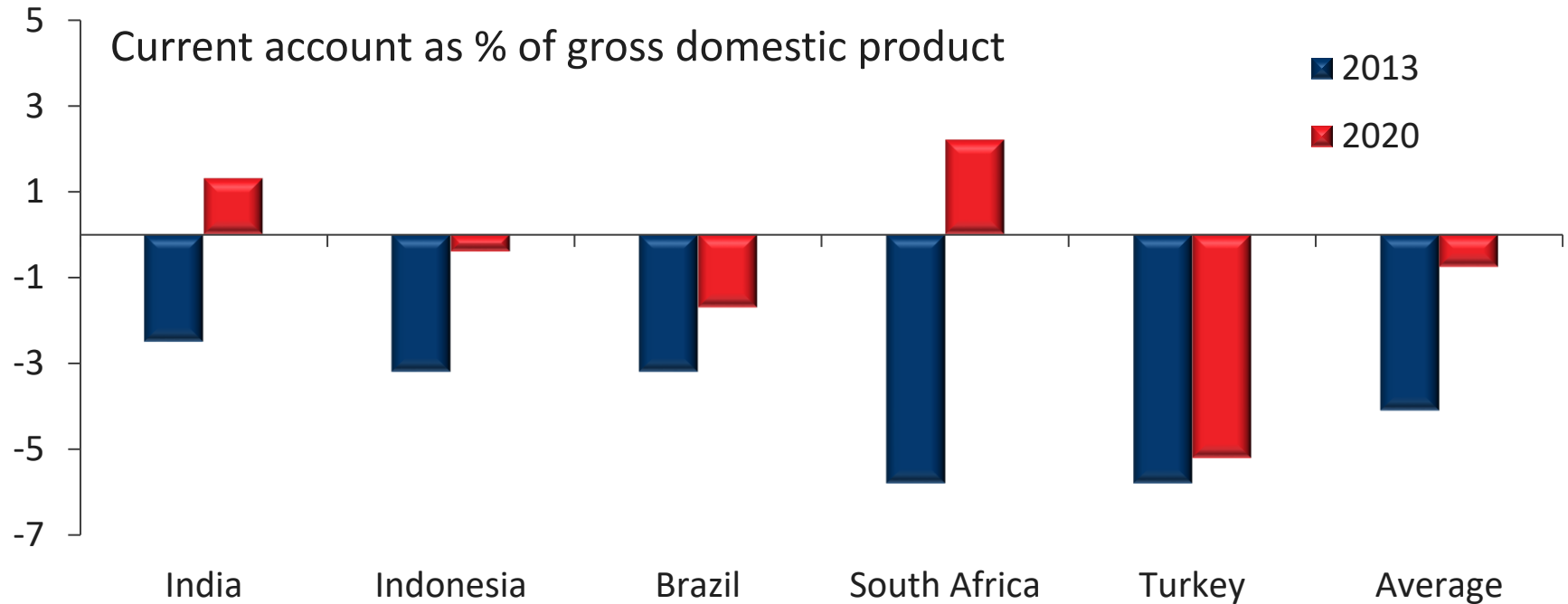
Well-anchored  
inflation  
expectations



Technological  
advances

# Emerging markets are less vulnerable on average <sup>TM</sup>

On average, the 'fragile five'\* showed an improvement in external imbalances in 2020 relative to 2013

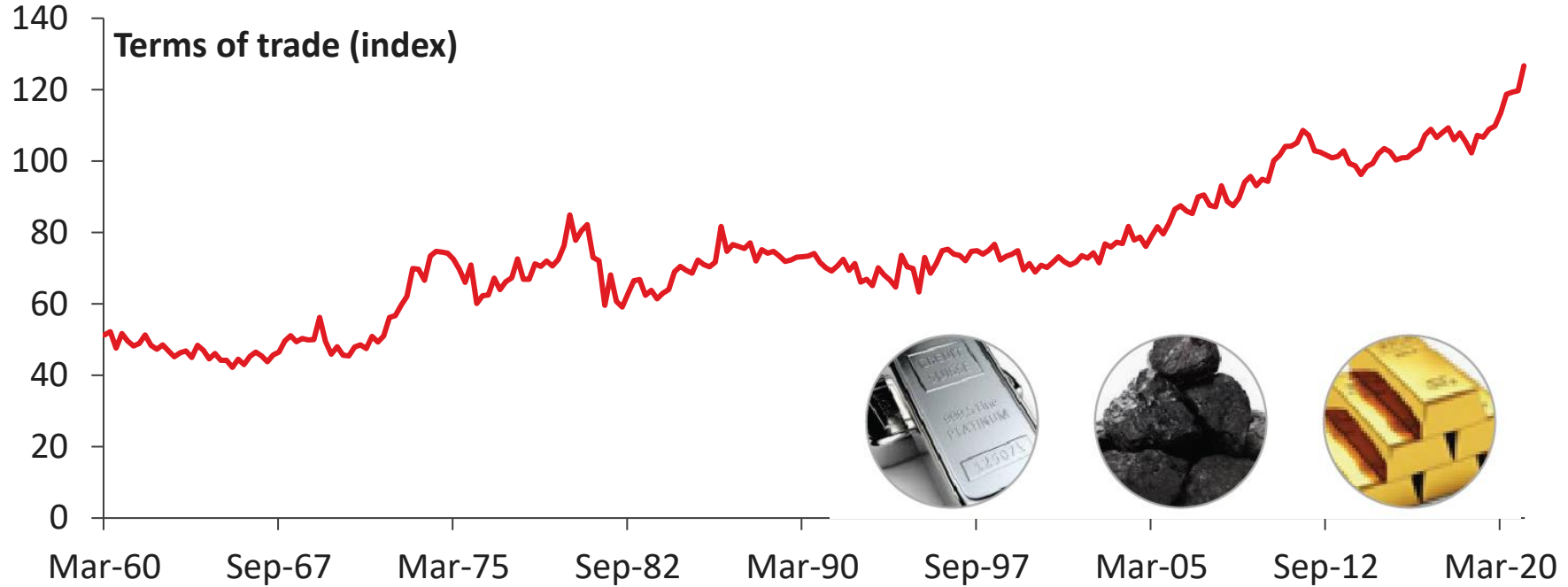


Sources: Organisation for Economic Cooperation and Development, Momentum Investments

\*Terminology created by Morgan Stanley

# Robust commodity prices drive record terms of trade<sup>™</sup>

Firm gold, platinum and coal prices have led to the highest terms of trade on record in South Africa

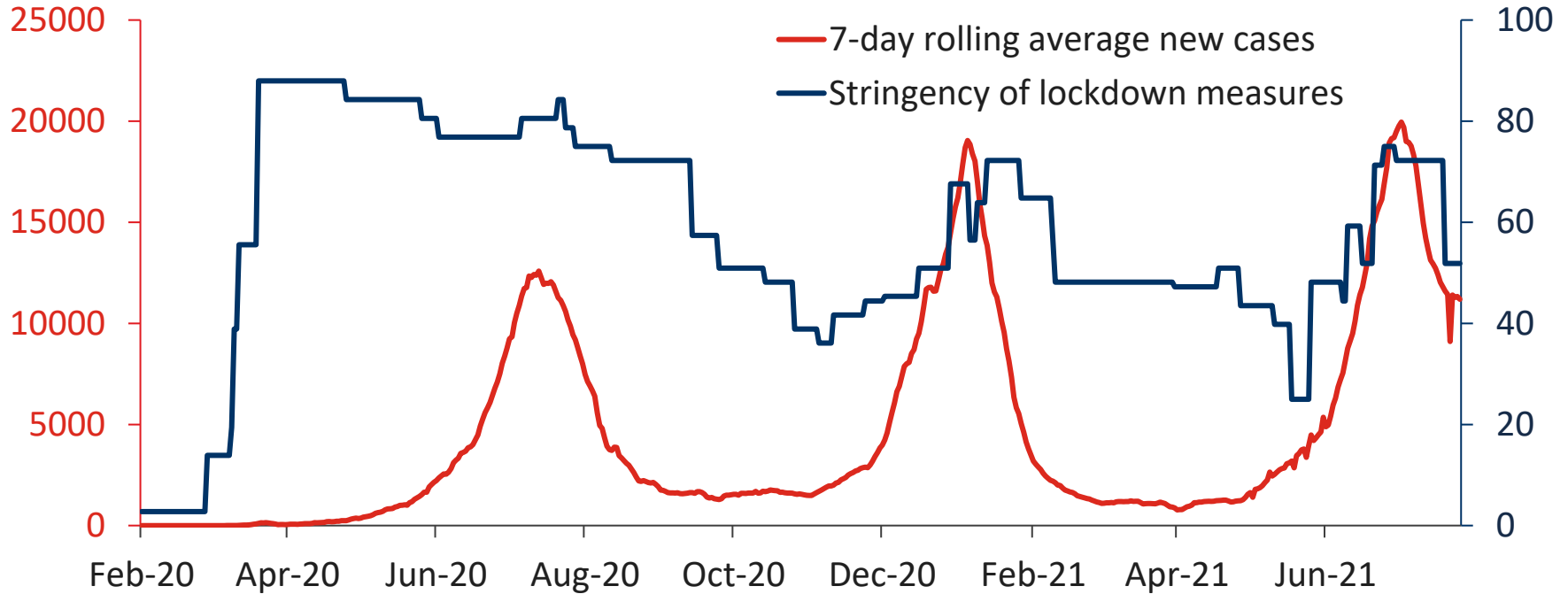


Sources: IRESS, Momentum Investments



# Lockdown regulations ebb and flow with virus waves <sup>TM</sup>

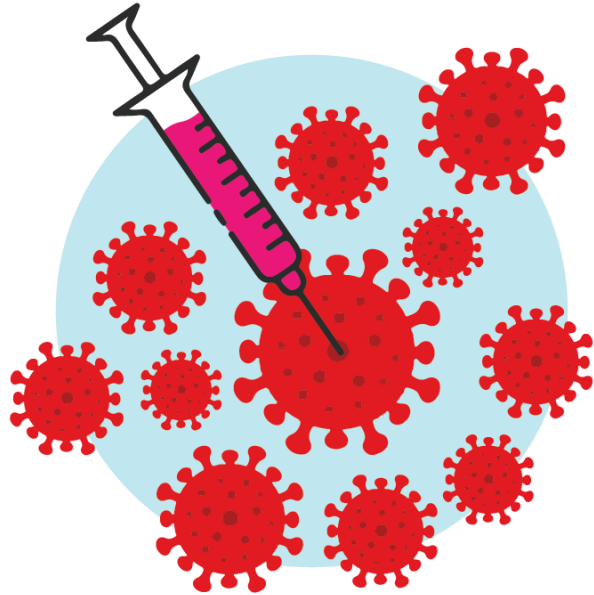
South Africa's lockdown measures ramped up in response to the severity of the third wave



Sources: Our World in Data, University of Oxford, Momentum Investments

# Urgent need to ramp up vaccination rollout plan <sup>TM</sup>

## Path to herd immunity



At the pace of the latest vaccination rate it would take another **six months** to cover 75% of the global population



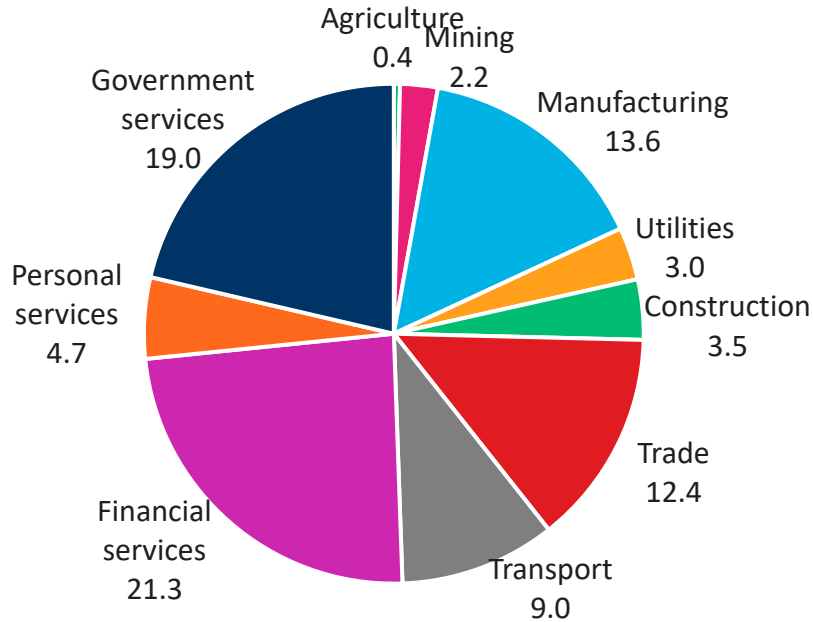
At the pace of the latest vaccination rate it would take another **13 months** to cover 75% of the South African population

# Unrest in key economic hubs

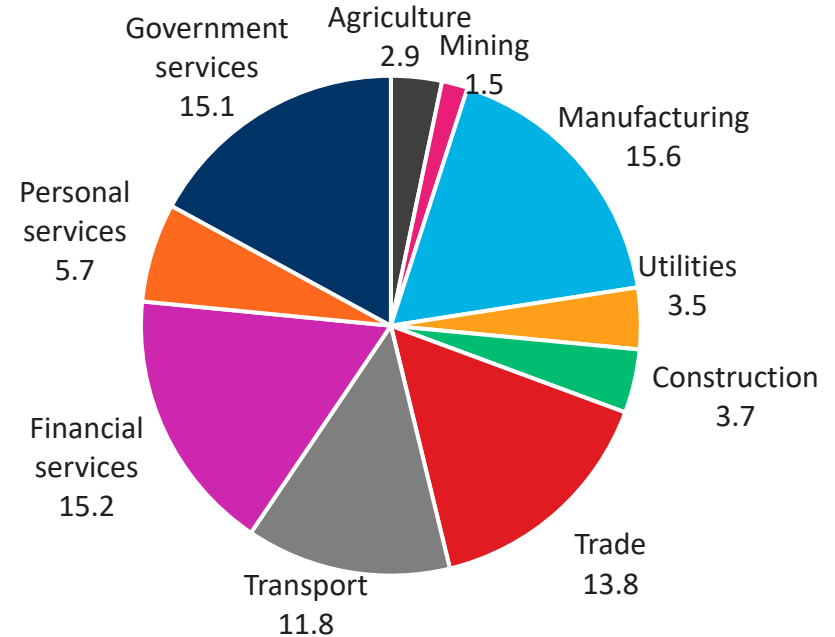


Gauteng and Kwa-Zulu Natal account for half of the country's economic activity

## Gauteng



## Kwa-Zulu Natal

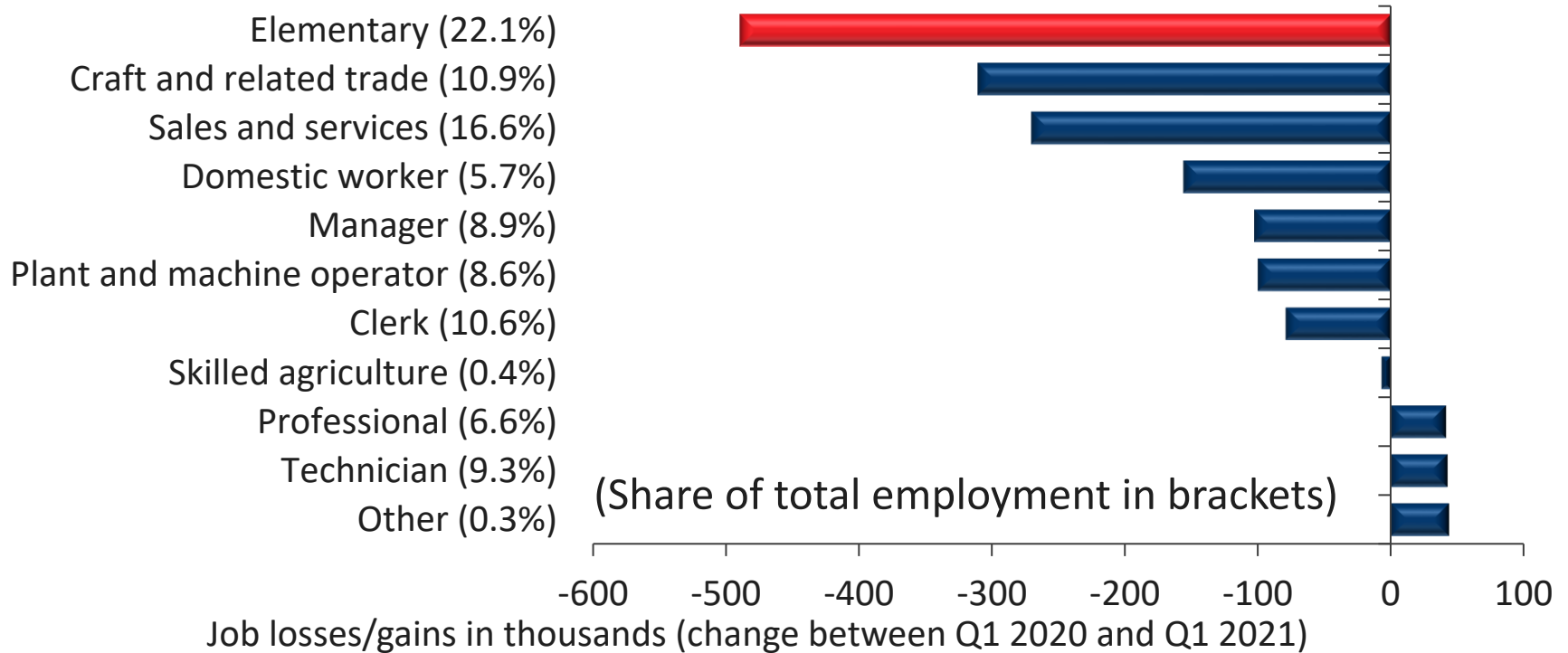


Sources: Statistics South Africa, Momentum Investments

# Lower skilled workers hit disproportionately



Poorer and lower skilled workers were more likely to lose their jobs during the pandemic

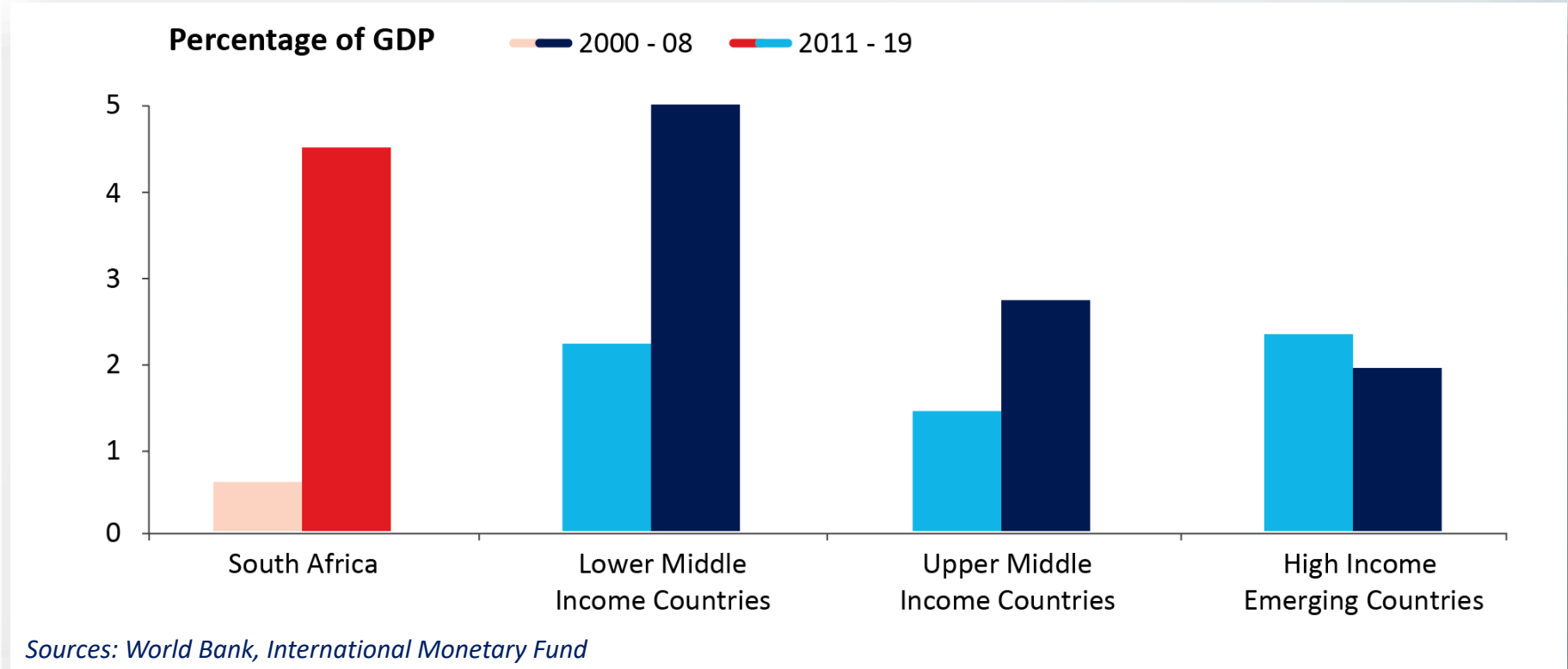


Sources: Statistics South Africa, Momentum Investments

# Unfavourable public debt dynamics



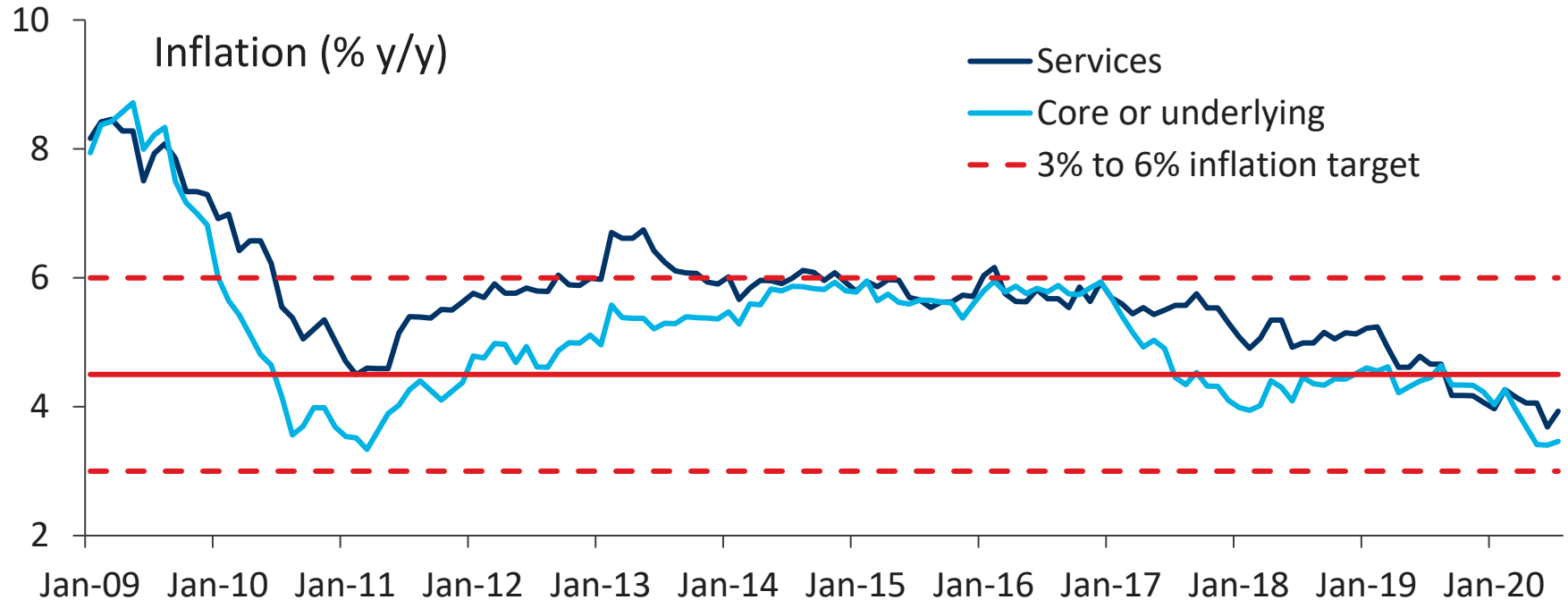
Significant comparative deterioration in South Africa's fiscal deficit over the past decade



# Services inflation has largely been contained



Core and services inflation are trending below the midpoint of the inflation target range



Sources: IHS Global Insight, Momentum Investments

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**Sources:** Momentum Investments, IRESS

**m**omentum  
investments

A woman in a grey long-sleeved top and bright red leggings is walking away from the camera down a long, empty hallway. The hallway has a polished concrete floor and a series of large, arched windows on the right side. The lighting is bright, coming from the windows, creating a clean and modern atmosphere. A large red graphic element, resembling a stylized 'S' or a curved arrow, is overlaid on the left side of the image, partially obscuring the wall and floor.

Thank you