Our Weekly Paid Newsletter

Richard Cluver Predicts

In our 36th year of service to the investing public of South Africa

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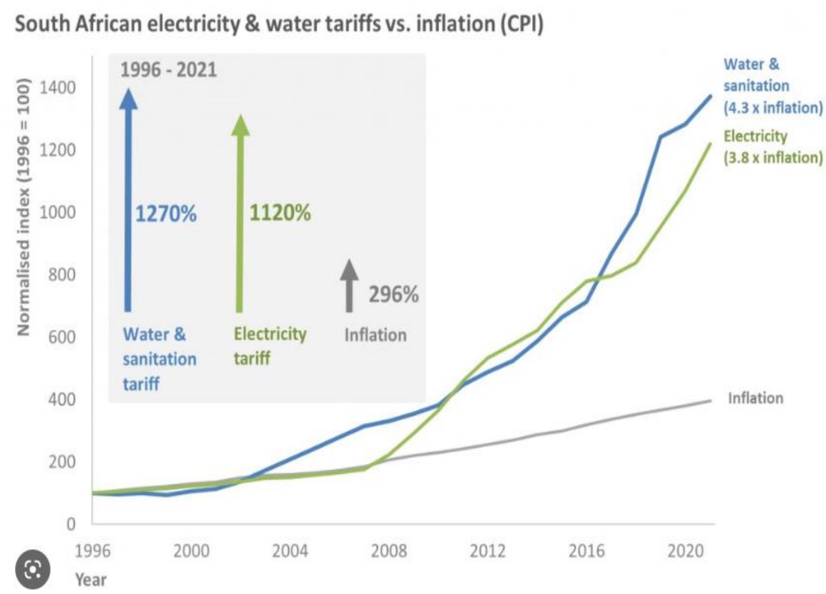
This is the last version of the Prospects newsletter service that unsubscribed readers will receive. If you would like to continue receiving these columns you have until the end of this month to take advantage of ShareFinder International's half-price special offer which expires at midnight on Tuesday January 31. Go to www.sharefinderpro.com to get the full details.

Morphing out of a neighbourhood watch organisation into something that has all the makings of a mini municipality, residents of a wealthy KZN suburb have embarked on ground-breaking litigation which could have a dramatic impact upon every dysfunctional municipality in South Africa.

Like our changing skylines whose mushrooming solar electricity farms tell a graphic story of citizens simply getting on with their own plans to solve the Eskom crisis, the neighbourhood story is yet another example of ordinary people deciding that politicians are no longer going to dictate their lives. But in the process a dangerous polarisation is under way which could have dramatic social consequences.



My underlying point here is that often when things look bleak, the indomitable human spirit comes to the fore with surprisingly positive initial results!

But back to the neighbourhood watch story - I am not going to tell you where the neighbourhood is because, I understand, similar stories are playing themselves out all over South Africa: Activists in the neighbourhood I am telling you about grew impatient because they were not receiving the services from their municipality that they believed they were entitled to as ratepayers and so, after repeated complaints resulted in municipal inaction they served their municipality with a lawyer's letter stating that if the work was not done within a required period, they would do it themselves and bill the municipality.

Of course nothing did happen and so they went out to formal tender, selected the best contractors and got the work done. Then they passed on the bill to the municipality which, unsurprisingly, failed to pay up. So now they have gone to court to force the municipality to either pay up and continue paying up or, alternatively, accept that in future there would be NO rates forthcoming because their suburb will have legally abdicated itself from the municipality.

It is but a short step from here to suburbs creating their own solar power grids and dumping one of South African municipalities' major revenue sources!

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Now the municipality concept has evolved over the course of history from the simple observation that a few people banding together can achieve more for themselves collectively than any individual can manage. Further the law of economies of scale also dictates that collective action is normally less costly than individuals can achieve.....provided it is not corruptively exploited by freeloading parasitic forces.

Later democracy introduced the idea that this same collective should offer help to the helpless few who through age, physical infirmity, lack of skill or whatever, could not help themselves. It was an idea that made moral sense to a society unified by religious belief in the aftermath of the Industrial Revolution, but as the numbers of the dependants have grown all over the world and the tax base has shrunk, it has become increasingly untenable everywhere.

Finally, socialist politicians came along to dictate that, in the interests of community harmony, the hard-working wealthy should be made to contribute to those who could not or would not help themselves....with the politicians siphoning off a healthy dollop for themselves. In consequence society has for centuries witnessed tax revolts of one kind or another when ordinary folk have decided for themselves that "enough is enough."

Economist Dawie Rood has, for example, calculated that the average South African taxpayer is responsible for the welfare of 20 families....because we now lead the world in the rate at which we transfer wealth to the poor! That is why, since a million taxpayers have opted out of the South African burden by emigrating in the past five years, the system is no longer working. That is the passive response to perceived injustice just as putting solar panels on your roof is you opting out of the clutches of a rapacious Eskom that is collapsing under political incompetence and corruption. Opting to not pay your rates is an active response but it amounts to the same thing. In both cases the service provider is destined to outright failure.

It has already happened across a broad swathe of municipalities where service delivery is no more. Now, even the politically blind are forced to confront this reality when load-shedding puts the lights out and jobs are lost as small businesses are forced to retrench in the face of imminent liquidation. This week's march on Luthuli House in Johannesburg was, furthermore, vivid proof that ordinary citizens will no longer take it lying down. You can also bet, because of a widespread belief that our taxes are being stolen, that most folk are also doing their very best to pay as little tax as possible!

But back to our KZN neighbourhood: Even though they knew that they were getting back far less than they paid for with their ever-increasing rates bill, residents of the KZN town accepted this situation for many years because they recognised that the benefit was for the common good of everyone......until they came to the conclusion they were **no longer getting anything back** in return.

Once, in response to a failed police system and a consequent rising crime rate, they had banded together to fund a neighbourhood watch, they clearly had the beginnings of a formal organisation through which they could address a growing grievance. When the state health system began failing they had joined medical aids and started frequenting private hospitals. When education failed they had sent their children to private schools. When the SABC failed they moved to subscription cable TV etc etc etc. But their disposable income was shrinking at the same time that economists were telling them they were becoming the most highly-taxed people on earth.

As far back at 2009 the Dullah Omar Institute documented over 20 communities which had joined the rates revolt. They noted that, In the Free State, for instance, communities in Bethlehem, Frankfort, Hennenman, Ventersburg, Welkom, Deneysville, Edenville, Heilbron, Kroonstad, Oranjeville, Villiers and Smithfield were refusing to pay rates. The same was true in the Northern Cape, where the communities in Barkly-West, Delportshoop, Warrenton, Windsorton, Carnarvon, Sutherland, Williston, Britstown, Colesberg, De Aar and Hanover were withholding property rates.

Now, I am reliably informed that well over a hundred suburbs are withholding municipal rates and have declared official disputes in accordance with the Municipal Systems Act on the basis that their municipalities are failing to fulfil their constitutional duty of basic service delivery. And if the court finds that neighbourhoods that perceive they are not getting decent services in return for the rates they pay have a right to emigrate, it is fair to assume that hundreds will soon become thousands.

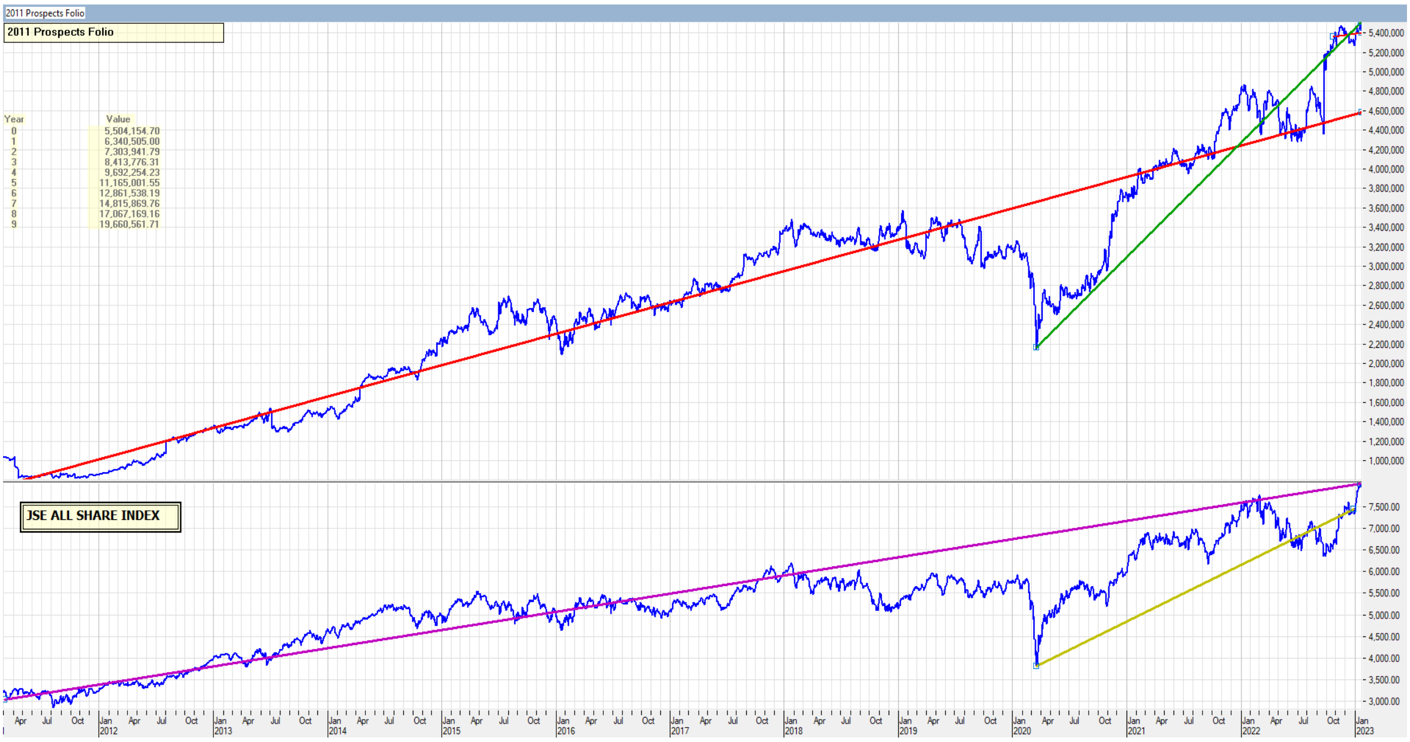
Now here is the thing: it is at a municipal level that most citizens receive the majority of their social benefits. If the wealthy were to opt out, poorer suburbs would demonstrably collapse into worse squalor than is currently evident across our crumbling municipal landscape. Polarisation between rich and poor in the world's most unequal society might arguably soar to the extent that something like civil war might be expected...if the current crime rate is not already a manifestation of low-level war? Note that recently neighbourhood watch organisations have begun investing in riot control equipment as a precaution, so I am not really guilty of exaggeration in documenting a steady rise in social tensions.

It's clearly not a route South Africa wants to tread. So the answer appears simple. The politicians need to understand that taxation is a balancing act which tilted too much either way leads to social chaos. Their promotion of a tax-extractive approach to try and create a more equal society has patently failed. That the ANC has completely ignored well-tested economic growth measures as the orthodox means of achieving social equality almost completely explains why few South Africans will be voting for them next year.

Those who currently govern South Africa seem unable or unwilling to grasp this point and so it is becoming more likely each day that they will be swept away in next year's elections.

Meanwhile, the basic point of all of this is that smart people will always find a way to manage around problems and the best will prosper no-matter what obstacles arise. As conclusive proof which is graphically demonstrable I offer you the latest Prospects share portfolio performance graph. For those readers who are unfamiliar with the project, the Prospects portfolio consists of shares automatically selected by ShareFinder software which aims to always consist of the top Blue Chip JSE performers. I have contrasted its performance since it was launched in January 2011 with the JSE all share index over the same period.

Thus you can see that the red line delineating the compound annual average performance of the Prospects portfolio illustrates that this "Best of the Best" portfolio has grown steadily at compound 16.9 percent annually while the green line indicates that it has grown at 39 percent annually since the bottom of the 2020 market crash. In contrast, the mauve line in the lower graph indicates that the average listed company in South Africa has grown annually at compound 8.5 percent while the yellow line highlights the market average grew at compound 27.2 percent. The best are doing twice as well as the average!



Both graphs show that business in South Africa is thriving despite ANC misrule, but it is clear the smart guys are really prospering. In fact, as far as I have been able to determine, that green line is a global performance record!

The month ahead:

New York's SP500: I was caught off guard by the New Year resurgence. Nevertheless I expect Wall Street to peak early in the new week and head downwards for most of February before resuming its longer term recovery trend. I see June as the high point for the year ahead of a weaker second half.

Nasdaq: As with The S&P500 I was caught off guard by the New Year resurgence. Nevertheless I expect this tech-heavy sector to peak early in the new week and then head downwards for most of February. Here, however, the recovery trend is likely to be over in late March ahead of weakness until late August.

London's Footsie: Here, the earlier than I expected recovery is already over and the declines I predicted until mid-February have re-asserted themselves and might thus continue into early-March before beginning a very erratic recovery trend that is likely to peak in October.

France's Cac 40: I correctly predicted a decline until mid-February followed by a long recovery which I continue to expect will last to the end of June.

Hong Kong's Hangsen: I correctly predicted a market peak followed by a decline beginning now until late April before the next long recovery begins.

Japan's Nikkei: I correctly predicted an interim market peak within a protracted decline which began last August and is likely to last until late April before the next long but volatile recovery trend begins.

Australia's All Ordinaries: I correctly predicted gains which I expect to last until the end of this month ahead of a brief retraction and then further gains to late-March when I expect another brief decline. From mid-April I see fairly steady gains until late August.

JSE Top 40 Index: I correctly predicted the gains which I still see lasting until early-March before a long decline sets in.

ShareFinder JSE Blue Chip Index: The nearly year-long Blue Chip bear phase is nearing its end and from mid-February I see the beginning of a long but volatile recovery.

Rand/Dollar: The expected February weakness is nearly over but this interim strength is likely to be short-lived because I see a further four weeks of weakness from the second week of February. Thereafter, however I expects a strengthening Rand all the way to November.

Rand/Euro: I correctly predicted weakness until late March ahead of an extended period of gains.

The Predicts accuracy rate on a running average basis since January 2001 has been 86.86 percent. For the past 12 months it has been 94.57 percent.

Jobs at Denny Mushrooms farm go up in smoke

By Lyse Comins for Business Live

An arson attack in September brought KwaZulu-Natal's largest mushroom farm to its knees and has resulted in 315 employees being retrenched.

KwaZulu-Natal's largest mushroom farm, Denny Mushrooms, has retrenched all its staff, leaving hundreds of workers jobless after an alleged arson attack brought the operation to its knees last September. A well-placed source within JSE-listed Libstar Holdings, which owns Denny Mushrooms, and a competitor told Business Day on Tuesday that 315 farm employees, including artisans, pickers, office workers and managers, had been retrenched after a decision was taken in December to shut the operation for good.

However, Denny Mushrooms said on Tuesday that while all its staff had been retrenched, a decision had not yet been made regarding the longer-term future of the farm, saying the insurance claim had not yet been finalised in full. "The possible redesign and cost of rebuilding the facility are still being investigated and assessed. Our farming operations are energy intensive, hence the evaluation of available infrastructure and options regarding alternative energy generation form[s] a part of this broader assessment.

"Therefore, no decision can yet be made regarding the longer-term future of the farm," Denny Mushrooms said. "The fire damage to the property was extensive ... making it impossible to grow, harvest and pack mushrooms."

The company said that with the Commission for Conciliation, Mediation and Arbitration it had "consulted extensively" with employees. "The unanimous decision of our employees was to accept retrenchment, which meant that all employees, except a small number of core employees who could be deployed in different parts of the business, received termination of employment compensation." This facilitated access to unemployment benefits for affected employees, it said.

The firm said it remained focused on servicing the needs of its customers to ensure it was able to meet demand and quality standards."This includes servicing the KwaZulu-Natal region from our other facilities at present."

Denny, which has been in existence for more than 70 years, describes itself as the number one producer and supplier of fresh mushrooms in SA, with farms in KwaZulu-Natal, Gauteng and the Western Cape. However, the source at Libstar, who asked not to be named, said staff were advised in December that the farm would be closing down permanently. The decision, he said, had been influenced by the civil unrest in KwaZulu-Natal in 2021, as well as labour disturbances at the farm that preceded the alleged arson attack.

The source said word on the ground was that the firm simply did not want to reinvest in the province."The message is 'KwaZulu-Natal is not good for investment and we are not prepared to reinvest our insurance money to get back in and rebuild just so this can happen again at a later stage, especially because of the rioting and looting'," he said.

Another source in the mushroom industry, who also asked not to be named, said Denny had been deterred by labour unrest and the "astronomical" cost of rebuilding.

"They have been burnt so many times, it's not just the arson. They had so many issues with staff. They had riots where staff crashed gates some years ago saying 'you will only hire from Shongweni'," he said. He said it would cost R100m to rebuild the farm and take at least two years.

The Libstar insider said wage-earning workers were retrenched about two months after the fire and the balance of salaried staff in December. He said some employees had been offered transfers to farms in Gauteng and the Western Cape but were reluctant to move away from KwaZulu-Natal.

He said the Shongweni staff had been well paid and many had service of between 20 and 30 years. Mushroom pickers were earning R8,400 a month.

He said just a handful of staff had caused the labour disturbance. “It was a small group of men who wanted to take on management because they wanted [a] 8.5% pay increase and we were offering 7%. “The level of intimidation was extreme. Some women got letters saying they must not come to work, they will be killed at the bus stop,” he said.

Steven Stewart, co-owner of Forest Mushrooms, which is marketed under the Forest Fresh Brand, Denny’s biggest competitor in the province, said the closure of the factory was “devastating” for the local economy and production.

Stewart said the closure had affected mushroom prices inthe province.“It is a huge loss in market share in KZN. In terms of tonnage, they were double our size, producing around 40 to 45-tonnes a week and we are a little more than half of that. But that disappeared out of the market overnight.”

KwaZulu-Natal had been fortunate in that it was oversupplied and prices were a lot lower than the rest of country. “Mushroom prices have now gone up in line with the rest of the country,” he said.

Stewart said the industry had been battling to recover from Covid-19 and the July 2021 riots.“Business is booming but any money we are making now is helping us to recover the costs of the last three years,” he said. The firm had hired a few of the retrenched staff and was considering expanding production as the closure of Denny presented an opportunity.

A spokesperson for the Transport, Retail and General Workers Union had not responded to a request for comment at the time of publication.

No arrests have been made in connection with the arson.

From the November issue of 'The Investor':

Our Monthly Free Newsletter
TheInvestor
In our 35th year of service to the investing public of South Africa

You can help me to test the world's oldest investment theory!

By Richard Cluver

I have long awaited the opportunity to test one of the world's most ancient and most revered investment theories and now the signs are perfect for me to do so. So I am calling on ALL my readers to help me solve one of mankind's deepest mysteries.....and enjoy a ShareFinder Black Friday opportunity at the same time!

If the belief is a provable reality, it has the potential to fundamentally change the world we live in and usher in a completely new era for charities which have seemingly forever existed on the scraps of society's goodwill!

Much older than modern religions, the belief is nevertheless best encapsulated in the biblical book ***of Malachi 3:10*** which states: ***"****Bring the whole tithe into the storehouse, that there may be food in my house. Test me in this," says the Lord Almighty, "and see if I will not throw open the floodgates of heaven and pour out so much blessing that there will not be room enough to store it."*

But the belief goes back to far earlier times. In the writings of the ancient Greeks there were numerous references to tithes of the annual harvest and to tithes of spoil taken in battle. Delphi, Delos, and Athens are mentioned as recipients of tithe offerings made to the gods. The offering of first fruits and of tithes seems to have also been quite closely associated.

It is a view which kept the ancient Jewish temple flourishing, was at the heart of Roman economics and for over fifteen hundred years ensured that the Roman Catholic Church was the most powerful financial institution on earth. Today, a fervent belief in the principle of giving has furthermore ensured that, for example, among the poorest social groupings in Africa there are pastors who own private jets while, with the rise of Quantum Physics, white-coated scientists claim laboratory proof that what mankind believes fundamentally changes the physical nature of our universe.

Of course it does not only apply to religious belief for it is founded upon the concept of helping one another which is the primary attribute which ensured that mankind became the apex species on Planet Earth. It has, however, been powerfully built into Christian dogma which, as cynics observe, has obviously greatly benefitted the priesthood.

I have long been numbered among the sceptics. However, throughout my life I have encountered so many folk whose opinions I have respected who have sworn to the truth of it in their own lives. So I have never been able to fully ignore their reality. But is it just a religious touchstone or, as the ancients believed, an esoteric reality that has nothing to do with a belief in celestial deities and is in truth actually a fundamental and inexplicable reality of the human condition?

Most importantly, does it really work?

With financial markets in their worst disarray since the onset of the 1929 Great Depression, this seems to me to be the best ever opportunity to attempt an empirical test of the belief because investors really need all the help they can receive at present.

With that in mind I have persuaded ShareFinder International to be the first in a round-robin exercise of charitable giving. Thus, subscribers who take up a subscription to the ShareFinder Professional programme during the months of December and January will receive a 50 percent discounted festive season price in the hope that such beneficiaries will in turn give some of the benefit to charity. What that means is that any South African who cares to take part will be able to subscribe to the ShareFinder software at an annual saving of R1 050: that is exactly half the normal cost of R2 100 per year and they will be invited to give, at their own discretion, as much or more of that saving to a registered charity. You can access the special offer by going to **www.sharefinderpro.com**

There is no compulsion to donate and all who participate will be in line for FOUR additional bonuses which, some might argue, will immediately prove the veracity of the ancient belief....confirming, for example, what we already know about events like the Black Friday discount sales which are known to benefit retailers by, on average, an additional at least 20 percent of annual sales!

- The charity I have chosen is the St Marys Diocesan School Foundation Trust which is able to provide donors with a Section 18A tax credit certificate to offset the donation against their annual income tax liability.
- Furthermore, they will receive a FREE subscription to my Prospects newsletter service representing a saving of R650 a year. .
- In addition, I have just published a new book entitled '**Hope'** which looks at the major challenges facing contemporary society and highlights the many solutions that are already underway. Everyone who participates will receive a free copy which would normally retail as an E-book at R90.
- Finally, for those who participate, these reduced rates will continue to apply for the next THREE years.

If you care to calculate it out, the implication for South Africans who currently pay the top marginal tax rate of 45 percent and elect to donate the entire benefit of R1 050, the latter will be able to deduct that sum from their annual taxable income yielding them an effective bonus of R472.50. In addition, together with the saving on the book cost and the fact that they will not have to pay for a Prospects subscription for the next THREE years nor pay for the book with after-tax money, they will effectively get back a total of R3 915.

Potentially this is a massive saving. I should furthermore add that, in recognition of the weakness of the South African economy, the usual South African subscription of R2 100 a year is already heavily discounted from the normal international charge of US$49 a month. It also includes ALL daily market data update costs, namely both share price data and the fundamental statistics of all companies listed on the Johannesburg Stock Exchange, the London Stock Exchange, the New York Stock Exchange, the NASDAQ Stock Exchange and the Australian Stock Exchange.

Notwithstanding the obvious cost savings that donors will enjoy, they might take further consolation from the fact that, not only will they be donating to a truly worthwhile charity, they will also be participating in an experiment which could profoundly change global attitudes towards charitable giving. After all, if this experiment can show that the largely religious belief that those who give to charity are rewarded, as many authorities testify, "... at least ten-fold and even a hundredfold," most investors would be foolish to in future NOT give in abundance to charity.

Now my choice of one of South Africa's leading private schools as the potential donor recipient might at first glance surprise some. St Mary's in KZN is obviously an institution serving the daughters of South Africa's well-heeled families. However, in an era in which South Africa's public institutions of education are in terminal decline, private schools like St Marys have become the ultimate custodians of educational best practice. They are, as I so often tell everyone who will listen, akin to the monasteries of the Dark Ages which for over a thousand years kept education and learning alive following the collapse of the Roman Empire.

Without them there would have been no Industrial Revolution and, instead of sitting before a computer each day, people like you and I would have been working the fields from dawn to dusk to try and put food on the tables of our starving families.

The St Mary's Foundation Trusts exists to provide bursaries for scholastically-promising girls whose families cannot afford to pay private school fees. As a trustee of the fund, I have long been involved in guiding its fortunes and so I can confidently say that your participation will give a boost to a trusted and very important South African educational cause.

But how will we conduct this test?

To start with, ShareFinder International will be making a substantial gift to the investment public and so its own revenue stream might be expected to be profoundly increased if the belief is grounded in fact. And that is, of course, easily measurable.

But there is another knock-on to measure. Readers of ***The Investor*** and investors generally who wish to take advantage of the 50 percent discount will be invited to make a gift to the St Mary's Foundation Trust (Details for donating to the trust will be sent to everyone who takes advantage of the ShareFinder offer) whose administrators have in turn agreed to supply ShareFinder with a coded return which will, over the coming year, both protect the anonymity of donors but nevertheless allow them to compare their generosity with the performance of their investment portfolios within the ShareFinder system.

In order to comply with SARS requirements for the issuing of Section 18A tax deduction certificates, charities are required to record the name, e-mail address and physical address of each donor and so when you apply for the discounted package ShareFinder will supply those details to St Mary's. Then, depending on the level of individual donor generosity, the school will in turn supply ShareFinder International with a coded response which will enable them to link nominated share portfolios to the levels of individual giving.

I should add that in the interests of protecting your privacy, NO curious ShareFinder staff member will be able to determine who gave how much because the process of portfolio observation will be automated in order to ensure that donor privacy is scrupulously protected. Qualified auditors will, however, be allowed to sample this process in order to assure that the results we achieve are above reproach.

We will work in groups of 50 subscribers and so ten percent of participants - that is up to five in every 50 who apply - will be allowed to use the software without donating anything to the charity. These five will represent our control group and, if the ancient belief holds true, their personal portfolios might be expected to continue to decline in value in line with the broadly anticipated declining market trends during 2023.

At the opposite end of the scale, those who donate more than the annual subscription saving of R1 050 to the charity might expect to at least gain tenfold or more if the ancient belief is true.

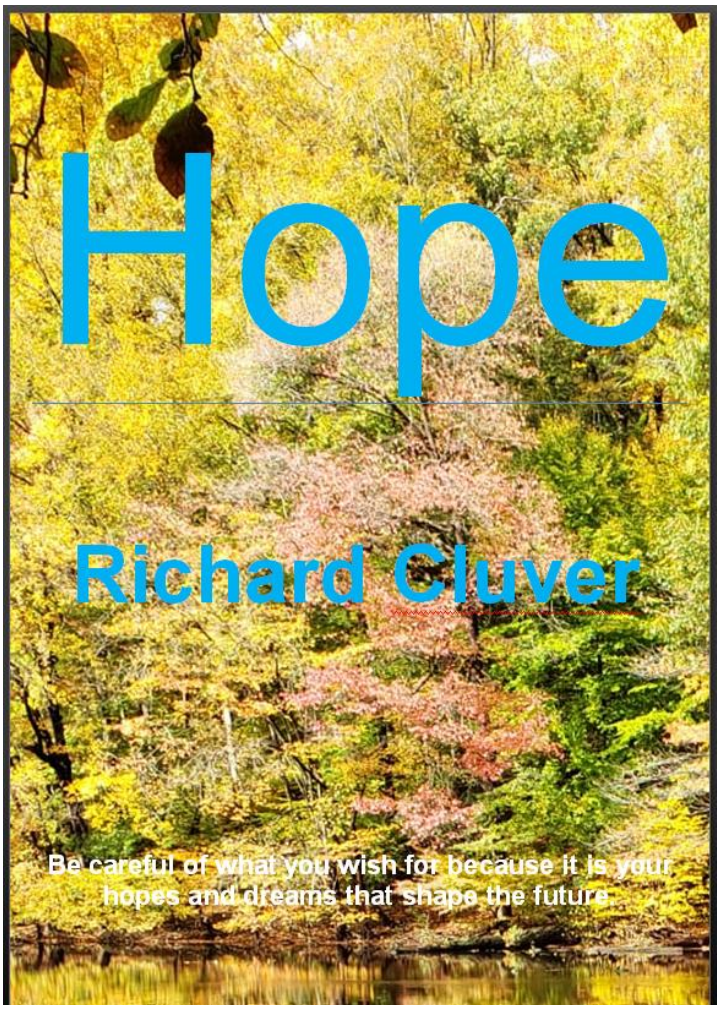
So, for example, in the case of these first five who elect to give nothing, St Marys will send ShareFinder the code *0. Those who give ten percent of more will be coded *10. Those who give 50 percent or more will be denoted by the code *50 and those who give over 100 percent will be denoted *100.

My long association with the ShareFinder programme has made me confident that participants in this ***Great Experiment*** will, in the form of the ShareFinder Professional, be getting the finest investment tool available on the world stage, a fact attested to by the proof that ShareFinder's auto-generated 'Prospects Portfolio' has over the past decade delivered the highest compound average investment growth of any fund that our analysis of the worldwide investment fund industry has so far uncovered. Thus they will obviously be off to a flying start.

But the rest will lie in the lap of God!

A new Richard Cluver book

If you are planning on a relaxed holiday season with the opportunity for some serious reading, then Richard Cluver's latest E-book might be just what you are looking for.



Explaining the genesis of his latest offering, Richard writes: "This study began with the working title 'Apocalypse'. But later, as I came to understand the immutable cycles of renewal which have marked our species since the very beginning, I began to glimpse the new springtime that was overtaking us and I renamed it 'Apocalypse Averted.' Finally, I have begun to sense the truth about mankind's ultimate destiny and so I have renamed it a third time. I have simply called it 'Hope.'

Beginning as a sequel to his 2019 work **'The Crash of 2020'** which predicted a Black Swan event originating in China which would devastate the world and set in motion the economic crisis that is even now unfolding, Hope is an attempt to trace mankind's journey from hunter-gatherer in the Cradle of Mankind to apex life form and the challenges we have faced along the line: how we dealt with them and how we are likely to solve the major crises we now face, finally posing the question, 'Are we about to evolve into Gods?'

Underlying it all is the imponderable question of why, after ten million years of living as a hunter-gatherer whose lifestyle provided for all his needs in return for just two hours of work a day, around five thousand years ago mankind abruptly abandoned that life and committed himself to the back-breaking 14-hour work-day of the farmer and the inevitable attendant problems of modern society where today global warming and nuclear war offer us annihilation and where political and monetary mismanagement have bound our species into unconscious slavery from which science is pointing ever more strongly to our final evolution.

An intriguing attempt to answer many of mankind's most pressing contemporary problems, the fittingly-titled book points us towards a bright future which, if Richard Cluver is correct in his extrapolation of current social trends, another evolution will leads us to an imminent future in which, in his words, mankind is: "…about to become Gods!

Hope is available as an E-Book at a cost of $5 from www.sharefinderpro.com or free for those participating in The Great Experiment mentioned in the previous story.

STANLIB

The Weekly Focus

SA's inflation rate eases faster than expected

In December 2022, SA's headline CPI inflation rose by 0.4% m/m, impacted by increases in food, housing and transport. This follows a monthly increase in CPI of 0.3% in November and 0.4% in October. In 2022 inflation averaged a monthly rise of 0.6%, which is above the average monthly increase recorded in each of the past 13 years. The monthly rise in December resulted in the annual rate of inflation easing to 7.2% y/y, down from 7.4% in November, 7.6% in October and a peak of 7.8% in July. As mentioned over the past few months, it seems likely that the inflation reading of 7.8% in July was the peak in inflation for the current business cycle.

The December outcome was below market expectations for inflation to slow to 7.3% (STANLIB 7.1%). Core inflation also eased to 4.9% (below market expectations for core inflation to rise to 5.1%). At 4.9% the underlying rate of inflation remains encouraging, however key risks remain including the potential for further upward pressure on wages, the recently announced 18.65% increase in electricity tariffs, upward pressure on food price due to sustained electricity outages and the risk that the reopening/stimulation of the Chinese economy in 2023 could result in upward pressure on oil and other commodity prices. Consequently, the South African Reserve Bank (SARB) cannot afford to be complacent in guarding against a broad-based deepening of inflationary pressure. It is likely to increase interest rates further in early 2023.

SA's inflation rate is still expected to remain around 7% over the next two months, but should then slow meaningfully during the remainder of 2023, ending the year at just below 5% (this forecast considers the recently announced 18.65% increase in electricity prices, which should be implemented in mid-2023), helped largely by base effects in fuel and food inflation. This should open the door for the SARB to consider cutting interest rates late in 2023 or early 2024 – but, as mentioned above, upside risks remain.

Food inflation rose by a further 0.4% m/m in December, after rising by a monthly average of 1.2% in the preceding seven months. Although the monthly rise in food inflation was not especially high, the annual rate of food inflation remains elevated at 12.7% y/y (STANLIB 12.6%), which is very near to its highest level since April 2009 (almost 14 years ago). It is also discouraging that agricultural inflation appears to have re-accelerated, rising to 18% y/y in November, while manufactured food inflation is also still elevated at 14.2%, but at least below the recent peak of 16.4% in September 2022. Unfortunately, food price pressure remains broad-based, while the persistent electricity outages could result in food inflation remaining higher for longer, given the difficulties some food producers are experiencing in meeting demand. This suggests that, while consumer food inflation might have peaked and is expected to slow meaningfully during 2023 (helped by base effects), the risks are firmly to the upside.

Fuel inflation rose by 1.7% m/m in December, largely reflecting the 59c/l increase in the petrol price at the start of the month. Consequently, although the annual rate of fuel inflation has moderated from a high of 53.8% y/y in the middle of the year, it remains elevated at 222.8% y/y. Fortunately, the petrol price is expected to decline by around 50c/l in February 2023, after dropping by a very substantial R1.76/l in

January 2023 (helped by a lower oil price and an improved currency performance). This, together with favourable base effects, should result in fuel inflation falling very significantly in 2023, helping to bring the overall rate of consumer inflation rate back inside the target range.

For 2022, SA’s inflation averaged 6.9%, up from 4.5% in 2021, 3.3% in 2020, and 4.1% in 2019. For 2023, it is forecast to average a more respectable 5.5%, ending the year at around 5%. Unfortunately, the risk to inflation is still to the upside, given the range of factors outlined above. Under these circumstances, the SARB is expected to continue to increase interest rates in early 2023, albeit at a much more modest pace, given the already large increase in domestic interest rates and the expected moderation in the pace of US interest rate rises.

President Andrew Jackson and an Outrageous Crime Inflicted on the Next Generation

by Nick Giambruno

With over $30 trillion in debt and counting, it’s hard to believe the United States government was ever debt-free. But it happened once—in 1835—thanks to President Andrew Jackson. He was the first and only president to pay off the national debt completely.

One biographer says the former president viewed debt as a "moral failing," a sort of "black magic. When he became president, Jackson was determined to rid the US of its national debt. After all, debt enslaves you to your creditors. Jackson knew that being debt-free was essential to independence. This outlook resonated with many Americans back then.

With that in mind, Jackson attacked the institutions and powerful people who promoted and enabled the federal debt. This included the banking elites and the Second Bank of the United States, the country's central bank at the time and precursor to today's insidious Federal Reserve system.

While campaigning against the evils of national debt and central banking, Jackson miraculously survived an assassination attempt when an assassin’s two pistols both misfired. Shadowy interests tied to the central bank were almost certainly behind the effort.

However, Jackson survived and went on to "End the Fed" of his days. He successfully bested the central bank—and the powerful interests behind it—and shut down the Second Bank of the United States.

He also repaid the federal debt in full, which was no easy task.

Jackson couldn't squeeze the American people with a federal income tax to repay the debt. It didn’t exist at the time and would have been unconstitutional.

He also couldn’t simply print currency to pay off the debt. Perpetuating such an insane fraud—which the Fed does on a massive scale today—likely never entered his mind.

Instead, Jackson had to rely on tax revenue from other sources, mainly import tariffs and excise taxes, to pay down the debt. He also drastically cut federal spending and frequently vetoed spending bills.

Jackson's determination worked. By January 1835, the US was debt-free for the first time.

Unfortunately, it didn't last much more than a year. After that, the US would never again be debt-free—not even close.

Revenge of the Central Bankers

After Jackson succeeded in ending the Second Bank of the United States, anything associated with a central bank became deeply unpopular with the American public. So, central bank advocates tried a new branding strategy.

Rather than call their new central bank the "Third Bank of the United States," they went for a vague and boring name. They called it "the Federal Reserve" and managed to hide it from the average person in plain sight. As a result, over 100 years since its founding, most Americans have no idea what the Federal Reserve is or what it actually does.

Ironically, Jackson's face has been on the $20 "Federal Reserve Note" since 1928. So in a sense, this symbolic move is central banking advocates giving the middle finger to one of their most steadfast opponents.

After all, the Fed is really the "Third Bank of the United States." No doubt, Jackson would have been disturbed at having his face on its fake confetti money.

In any case, most Americans today have no idea who Jackson is, what he did, or why he did it.

To the extent he is ever mentioned, the media, academia, and the rest of the establishment unjustly besmirch him as—you guessed it—a "racist."

That's exactly what the Deep State—the permanently entrenched bureaucracy—wants. It doesn't want the average citizen to understand why Jackson shut down the central bank and (temporarily) freed Americans from national debt bondage. Doing the same thing today would be a mortal threat to their power.

This is one of the reasons the establishment will try in the coming years to replace Jackson on the $20 bill with the more politically-correct Harriet Tubman… pushing Jackson further down the memory hole.