



So the fuel price increase proved to be even more severe than most commentators had feared with 95 octane now costing R24.54 inland and R23.82 at the coast

This is the first time **this year** that petrol has breached the R24 mark in Gauteng. Note however that 95 ULP hit an all time record of R26.74 in July 2022, but then fell back to R21.40 in January.

The wholesale price of 500 ppm diesel rose to R22.33 at the coast and R23.05 inland from this month while, with 50 ppm increasing to R22.58 and R23.29 respectively, the latter figures exclude the retail margin because this category of fuel is unregulated and in respect of which retailers normally add around R2 per litre.

Fuel is weighted at 4.82 percent in the SA consumer price index so the graphs on the right, courtesy of Stats SA, help you get a picture of the consequence as the increases ripple through our economy as a very effective hidden tax upon every rand we currently spend.

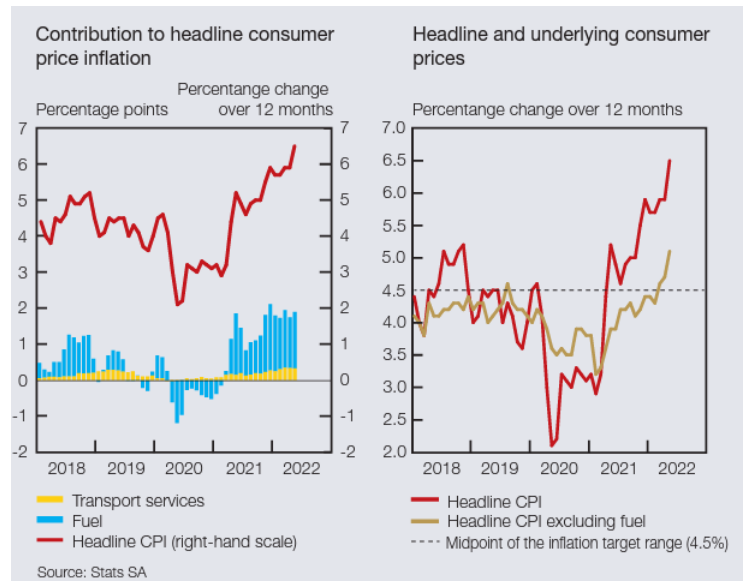
Higher fuel prices, notes the SA Reserve Bank, directly impact air and public road transport prices and, as most goods are transported by road, this often leads to price increases in other consumer goods.

Thus, though petrol prices fell in May last year by 12 cents a litre inland and 15 cents at the coast, diesel and illuminating paraffin increased between 80 and 98 cents a litre which in turn translated into transport services price inflation accelerating to 10.6% in March 2022 and contributing 0.34 percentage points to headline consumer price inflation, with a weight of 3.19% in the overall consumer price basket.

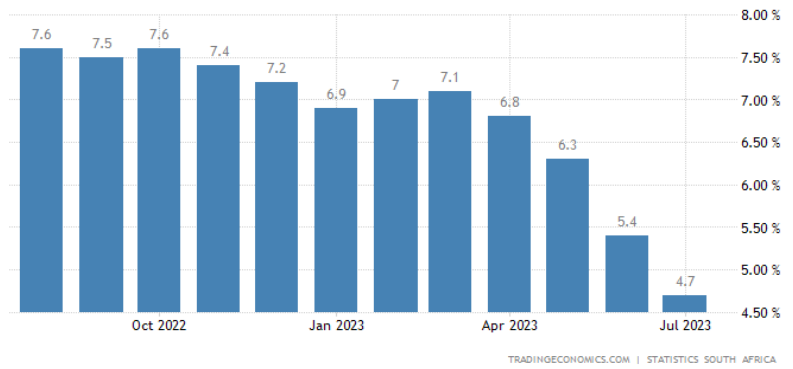
The acceleration in headline consumer price inflation to 6.5% in May 2022 primarily reflected the effects of higher domestic fuel prices. This is evidenced by the more benign domestic inflationary pressures of 5.1% in May 2022 when the impact of fuel prices is excluded from headline consumer price inflation. However, this measure of underlying inflation has nevertheless accelerated somewhat since early-2021 and could possibly reflect the gradual emergence of second-round price pressures.

Breakdown of petrol, diesel and paraffin prices as 06 September 2023

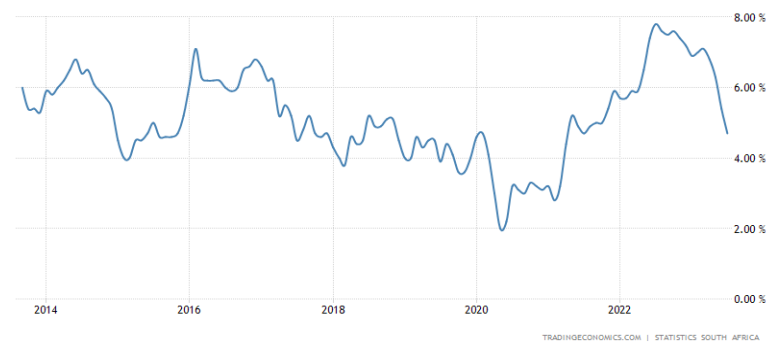
Petrol		
Date	Cents per litre	Region
06 September 2023	2414.00 c/l (93 ULP & LRP)	Inland Region
06 September 2023	2454.00 c/l (95 ULP & LRP)	Inland Region
06 September 2023	2342.00 c/l (93 ULP & LRP)	Coastal Region
06 September 2023	2382.00 c/l (95 ULP & LRP)	Coastal Region



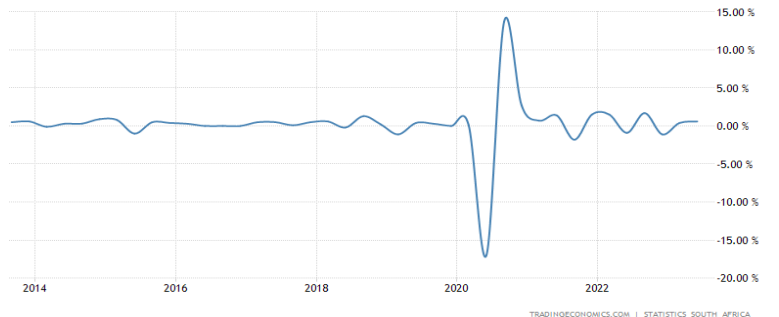
So it seems likely that even worse CPI increases will result from the latest fuel increases...just at a time when the hard-pressed consumer was beginning to see a glimmer of light in the complex mix of soaring costs he currently faces through his monthly home mortgage and hire purchase payments. The graph on the right from Trading Economics shows how the CPI has been giving us steadily improving news this past year:



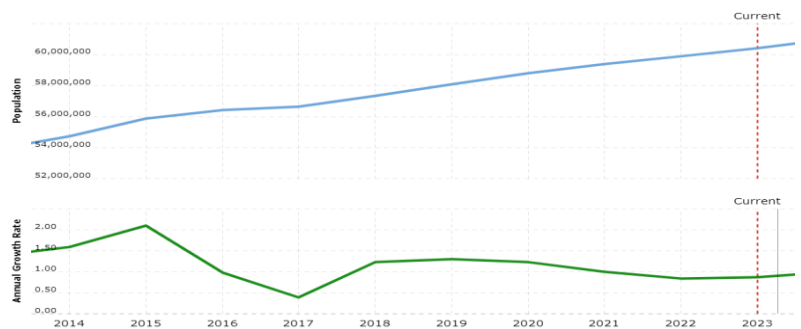
That decline gives an even more impressive perspective when one looks at the ten-year graph which was, until now, holding massive implications for the long-term value of the Rand and for our economy as a whole. An up-tick now is likely, moreover, to have disastrous consequences for the ANC in the up-coming elections next year.



How does this apply to the latest news this week that South Africa's GDP growth rate has ticked upwards to 0.6 percent for the second quarter of the year from 0.4 in the first quarter and 1.1 in the 4th quarter of 2022? Well, again we need to see a ten-year graph to put that number into perspective so, once again courtesy of Trading Economics, consider the third graph on this page. That third graph tells you at a glance the entire story of ANC economic policy. Growth has essentially hovered around one percent for the past decade.



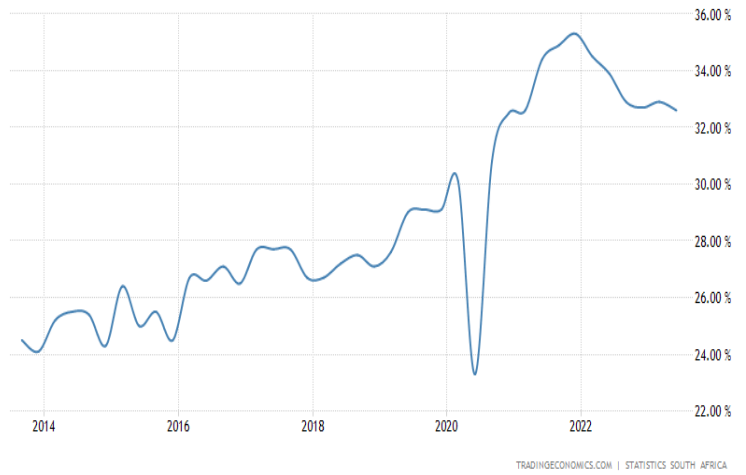
During the same period our officially recorded population has grown from 54.7-million to 60.4-million during a period when the population growth rate has declined from an annual 1.59 percent to an annual 0.87 percent as the next graph, constructed from United Nations data, so chillingly shows. So we have added (officially) 5.7 million mouths to feed but barely grown our economy.



Economists like Dawie Rood calculate that with the correct economic policies, South Africa could get to a 4 percent growth rate within one year and 6 percent average in the longer term. We just have to re-prioritise how we spend out tax Rands away from consumption towards value-added infrastructure development.

Just fixing a reliable electricity supply could, they believe, take us to three percent growth and fixing our railways could nearly double that total. Of course that would require that we have properly-skilled people in charge of those two utilities: which is why it is so important that the courts this week again threw out an appeal by the ANC to hand over for public consumption the minutes of its Cadre Deployment committee meetings.

Clearly the country cannot afford for our public utilities to be a feeding trough for politically-allied friends when the consequence has been economic decline and soaring unemployment rates. Again graphs speak more clearly than words with the next one tracking how official unemployment has grown to 32.6 percent over the past decade from 24 percent a decade ago.

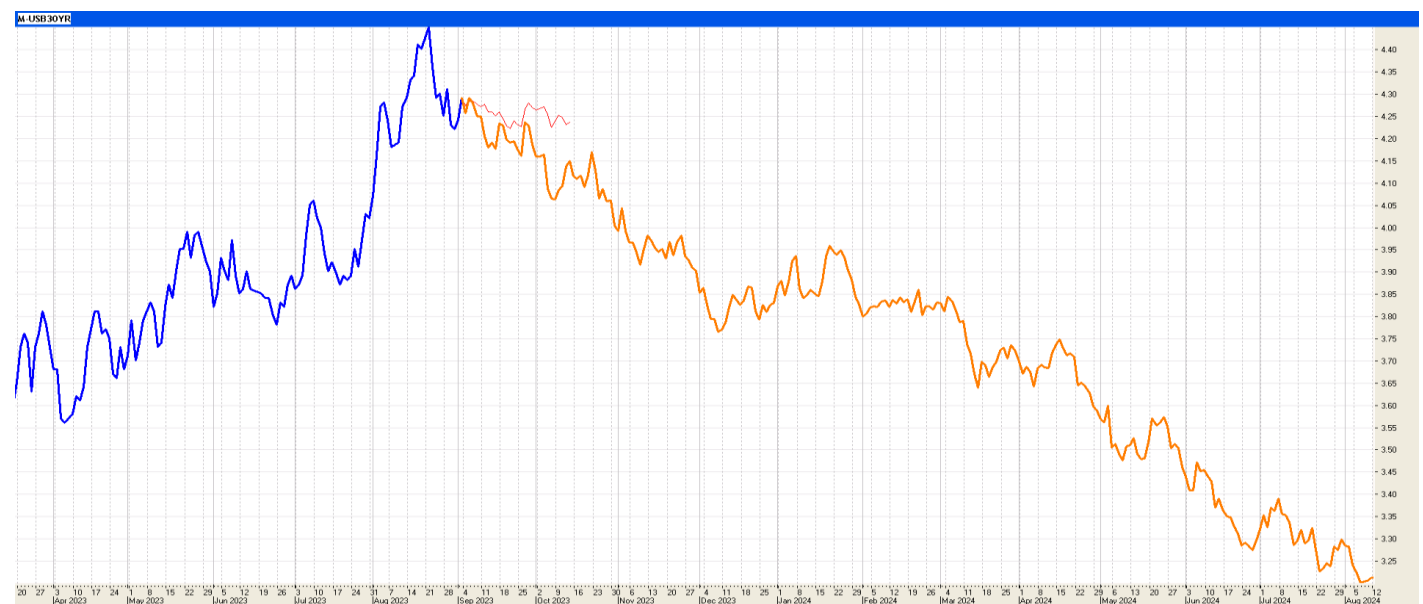


The expanded definition of unemployment, which includes those discouraged from seeking work, was 42.1% in Q2, down from a prior 42.4%. The youth unemployment rate, measuring job-seekers between 15 and 24 years old, dropped to 60.7%.

All of which takes me back to the Rand which, moving relative to the US Dollar, provides a good long-term look at how the outside world views our economic stability: our ability to keep on servicing our debts! Happily, for now, the outlook for a steadily strengthening Rand remains positive:



Internationally, the whole world continues to struggle as a consequence of US monetary policy but an improving interest rate outlook is definitely being signaled by US long bonds whose yield has fallen from a peak yield of 4.45 percent to 4.2 percent this week and, ShareFinder predicts they will be at 3.2 percent in a year:



The month ahead:

New York's SP500: I correctly predicted the retreat which was merely delayed in coming. I still expect weakness at least until the 12th.

Nasdaq: I correctly predicted an almost unrelenting recovery well into the New Year.

London's Footsie: I correctly predicted gains followed by a sideways trend which is now morphing into further increases to the end of October followed by the likelihood of three months of volatile weakness.

France's Cac 40: I correctly warned that a down-turn was under way and was likely to last well into the New Year. In the short-term there could be gains from the 14th to the 21st but they are likely to be short-lived.

Hong Kong's Hangsen: I correctly predicted a modest recovery until late November ahead of a decline to late March.

Japan's Nikkei: I correctly warned of weakness which I now expect to last until mid-April. In the interim I see declines until the end of this month followed by a recovery to the end of December but all within a long-term declining trend.

Australia's All Ordinaries: I correctly warned of weakness which I expect to last until late-October ahead of a recovery until early January.

JSE Top 40 Index: I correctly argued for a very volatile long-term recovery until mid-February but there will be some sharp pull-backs in between, the next one from the first week of October to month-end.

ShareFinder JSE Blue Chip Index: I correctly predicted a brief decline followed by gains until mid-November ahead of a two-month correction and then further gains well into the New Year.

Rand/Dollar: I correctly warned that weakness would last until around now followed by gains which are now beginning. The next weak phase should be from mid-November to year-end but overall we are in a year-long recovery phase.

Rand/Euro: I correctly warned of losses. Now I believe a recovery is imminent and likely to last until March.

The Predicts accuracy rate on a running average basis since January 2001 has been 86.97 percent. For the past 12 months it has been 90.76 percent.

I shall be out of the office next week and so there will be NO issue of Predicts next Friday