

# The SA economy and its financial and property markets- what is going on and what can we expect

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**For Western Cape Property Developers Forum**

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# Carrying the economy and the tax base

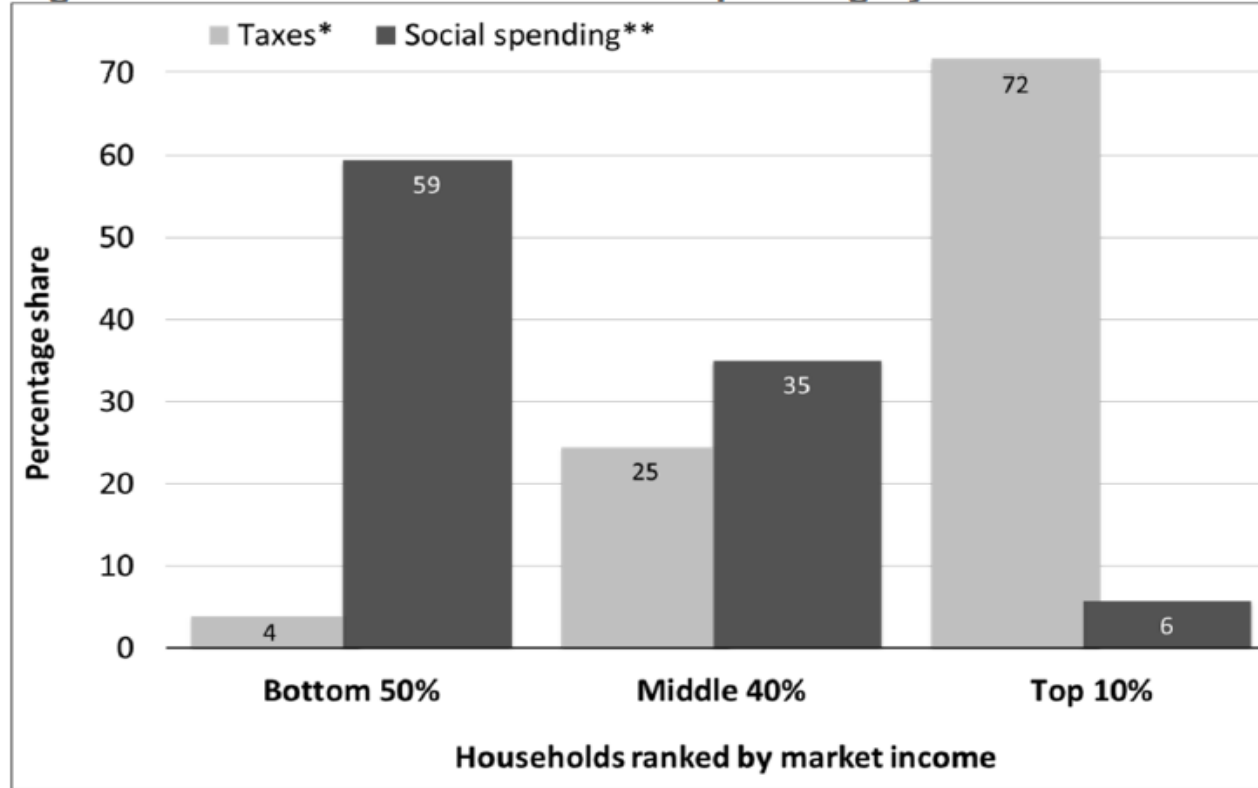
**Table 4.5 Estimates of individual taxpayers and taxable income, 2017/18**

Taxable bracket	Registered individuals		Taxable income		Income tax payable before relief		Income tax relief		Income tax from new top rate		Income tax payable after proposals	
	Number	%	R billion	%	R billion	%	R billion	%	R billion	%	R billion	%
R0 - R70 000 <sup>1</sup>	6 582 884	-	159.8	0.0	-	0.0	0.0	0.0	-	0.0	-	0.0
R70 001 - R150 000	2 602 653	35.1	274.4	11.9	12.5	2.6	-0.3	13.5	0.0	0.0	12.1	2.5
R150 001 - R250 000	1 813 517	24.5	355.6	15.4	35.6	7.4	-0.4	16.6	0.0	0.0	35.2	7.3
R250 001 - R350 000	1 077 915	14.5	315.1	13.7	46.9	9.8	-0.4	15.9	0.0	0.0	46.5	9.6
R350 001 - R500 000	906 151	12.2	365.1	15.8	70.6	14.7	-0.5	19.5	0.0	0.0	70.1	14.5
R500 001 - R750 000	527 288	7.1	310.4	13.5	77.3	16.1	-0.4	16.1	0.0	0.0	76.9	16.0
R750 001 - R1 000 000	227 561	3.1	189.6	8.2	56.0	11.7	-0.2	8.7	0.0	0.0	55.8	11.6
R1 000 001 - R1 500 000	152 604	2.1	178.4	7.7	58.9	12.3	-0.1	5.8	0.0	0.0	58.7	12.2
R1 500 001+	103 353	1.4	319.0	13.8	122.6	25.5	-0.1	3.9	4.4	100.0	126.9	26.3
<b>Total</b>	<b>7 411 042</b>	<b>100.0</b>	<b>2 308</b>	<b>100.0</b>	<b>480.2</b>	<b>100.0</b>	<b>-2.5</b>	<b>100.0</b>	<b>4.4</b>	<b>100.0</b>	<b>482.1</b>	<b>100.0</b>
<b>Grand total</b>	<b>13 993 926</b>		<b>2 467</b>		<b>480.2</b>		<b>-2.5</b>		<b>4.4</b>		<b>482.1</b>	

1. Registered individuals with taxable income below the income-tax threshold

# A highly redistributive system

Figure 1.3 Distribution of taxes and spending by household income<sup>1</sup>

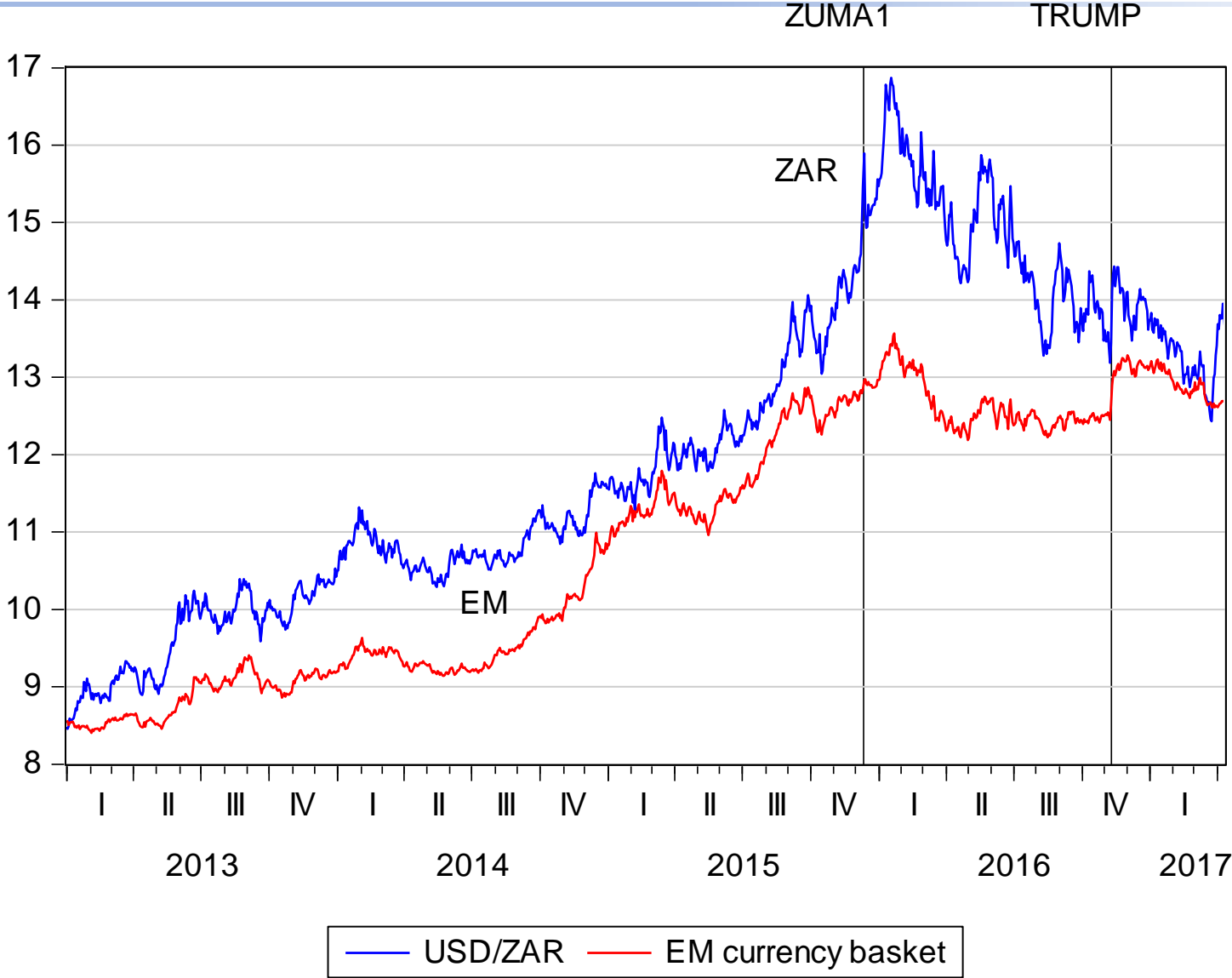


<sup>1</sup>Based on Statistics South Africa's income and expenditure survey, 2010/11

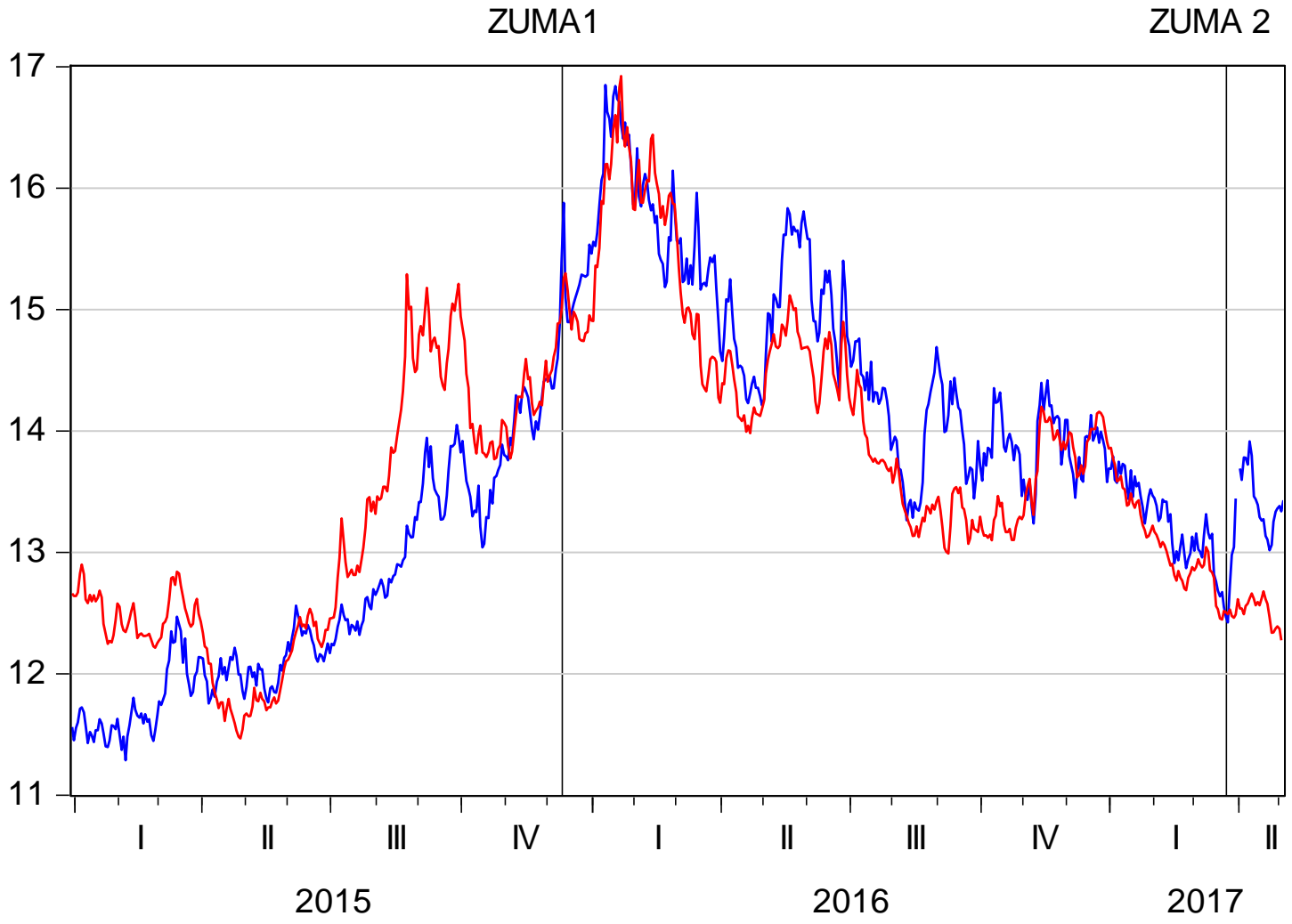
\*Includes personal income tax, value-added tax, fuel levies and excise

\*\*Includes social grants, free basic electricity and water, health and education budgets

# The ZAR and the EM currency basket Vs the USD

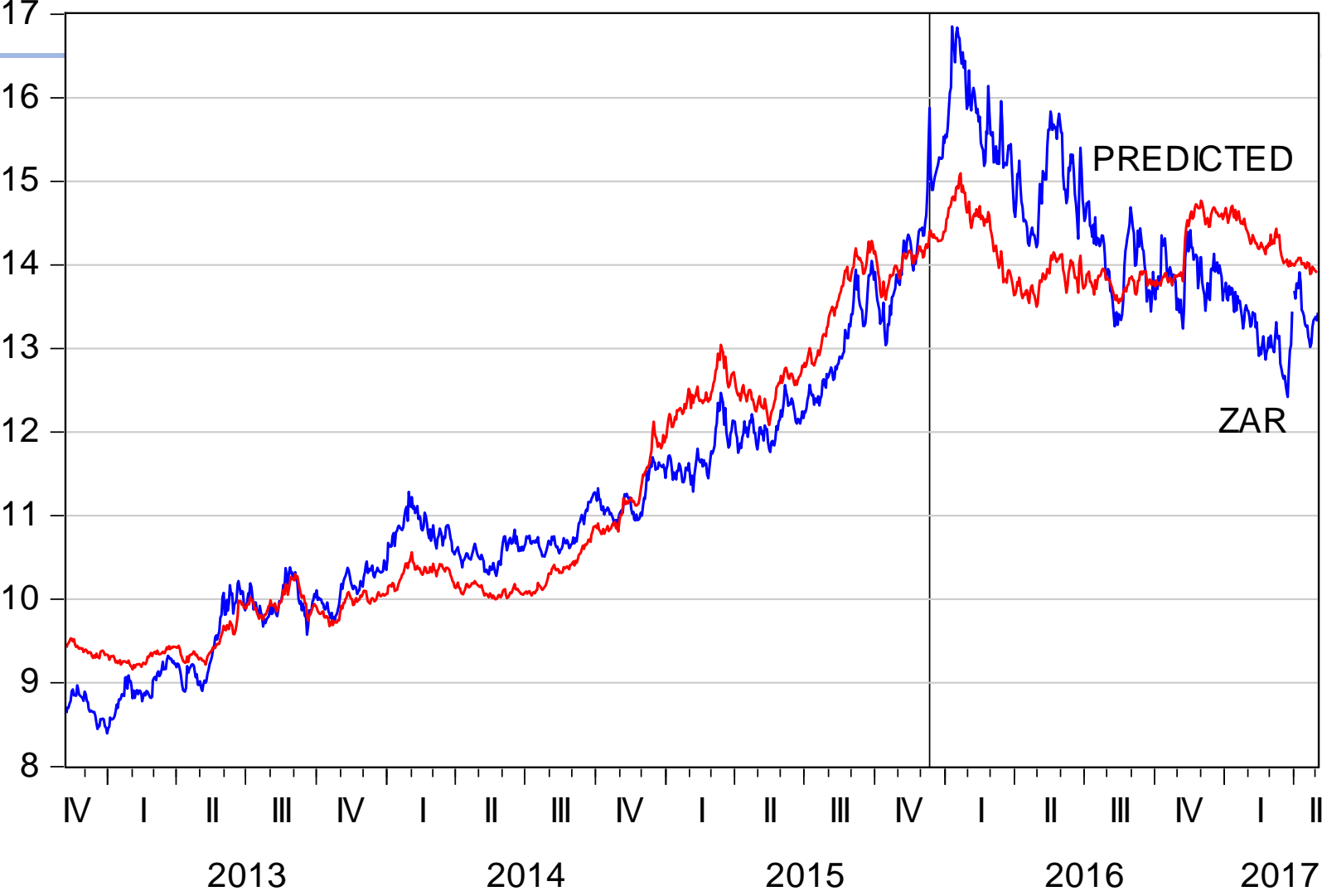


# USD/ZAR as predicted by Emerging market Equity Benchmark

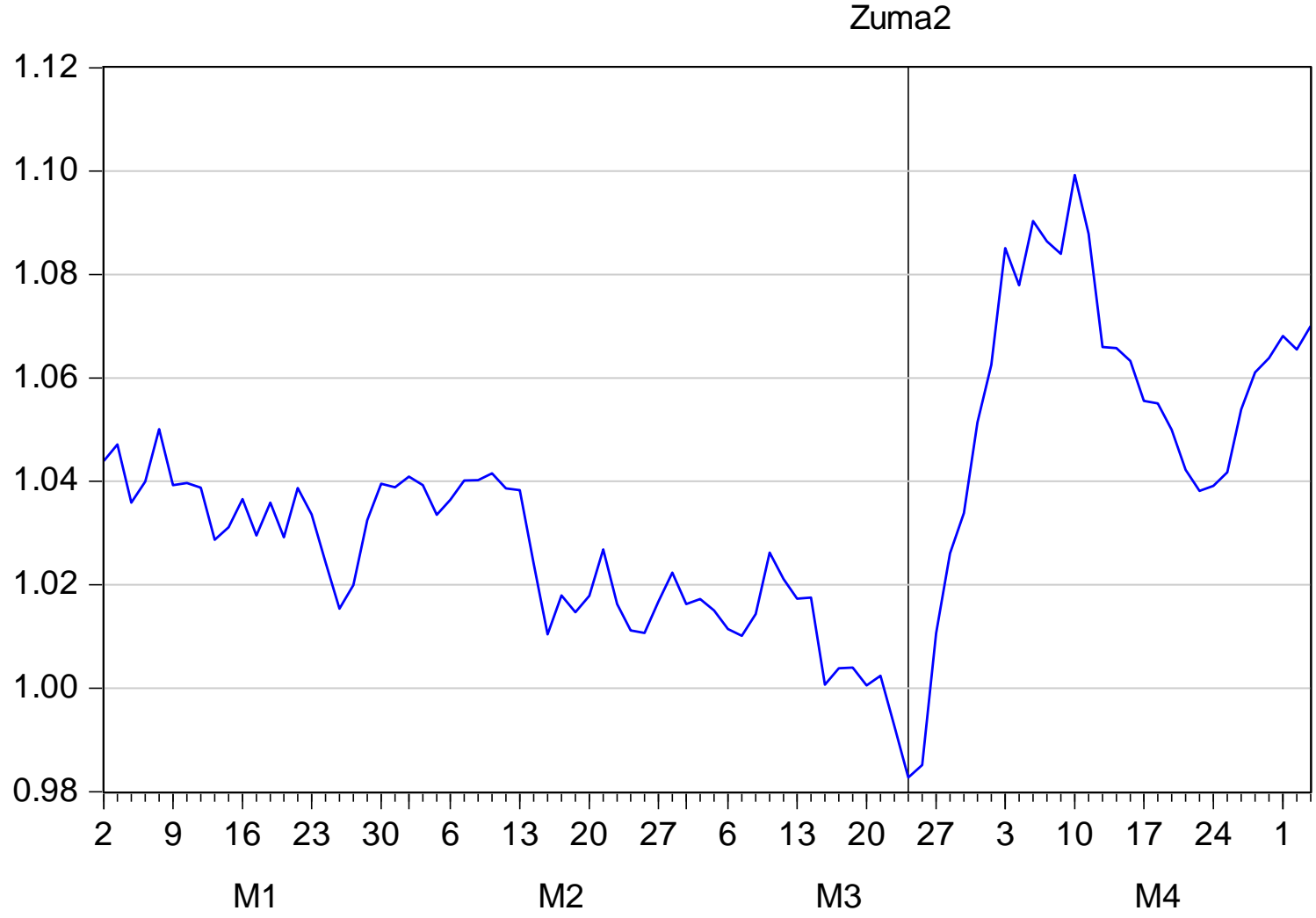


— ZAR  
— ZAR predicted by MSCI EM Equity Index

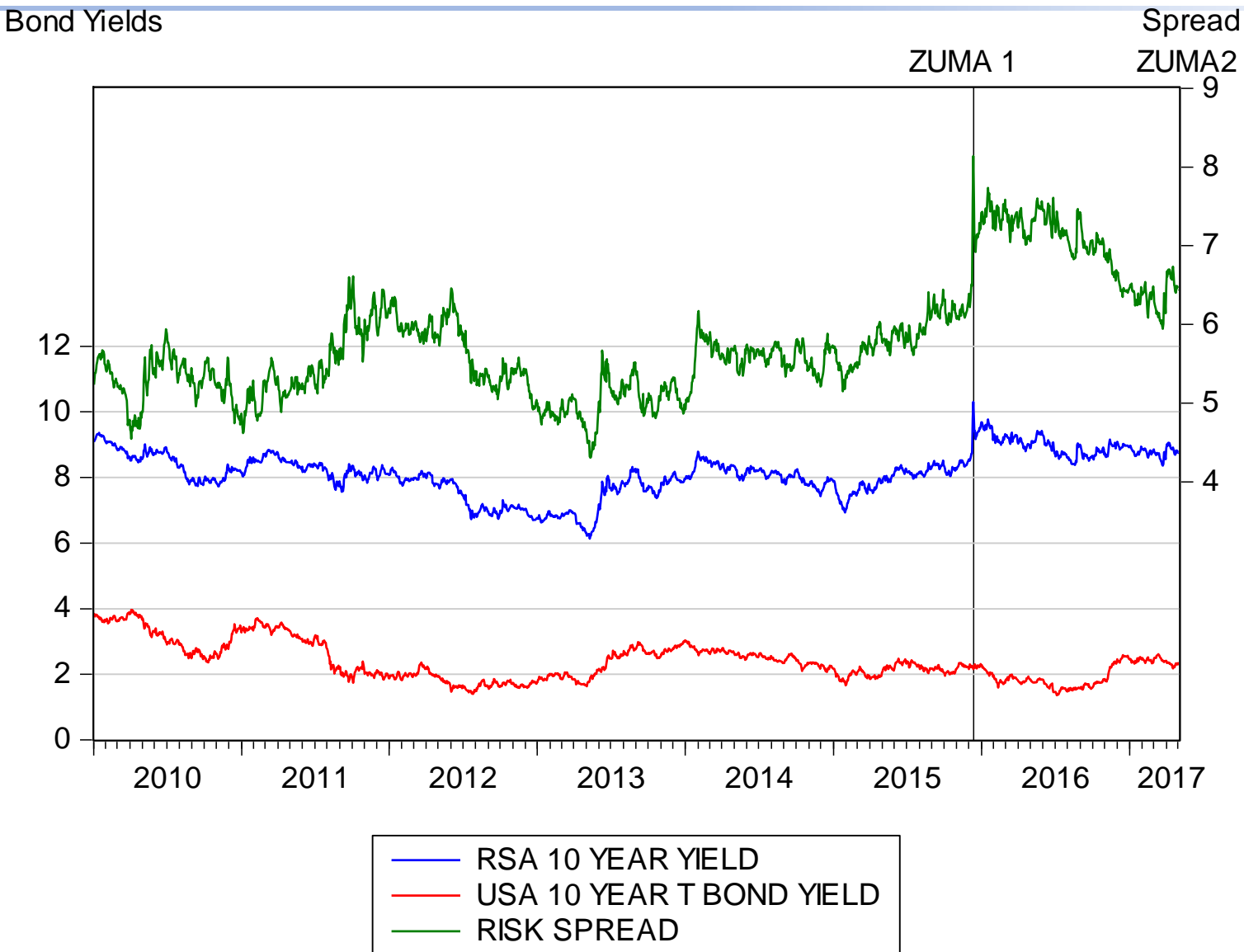
# The USD/ZAR as predicted by EM currency basket



# ZAR Vs EM Basket in 2017



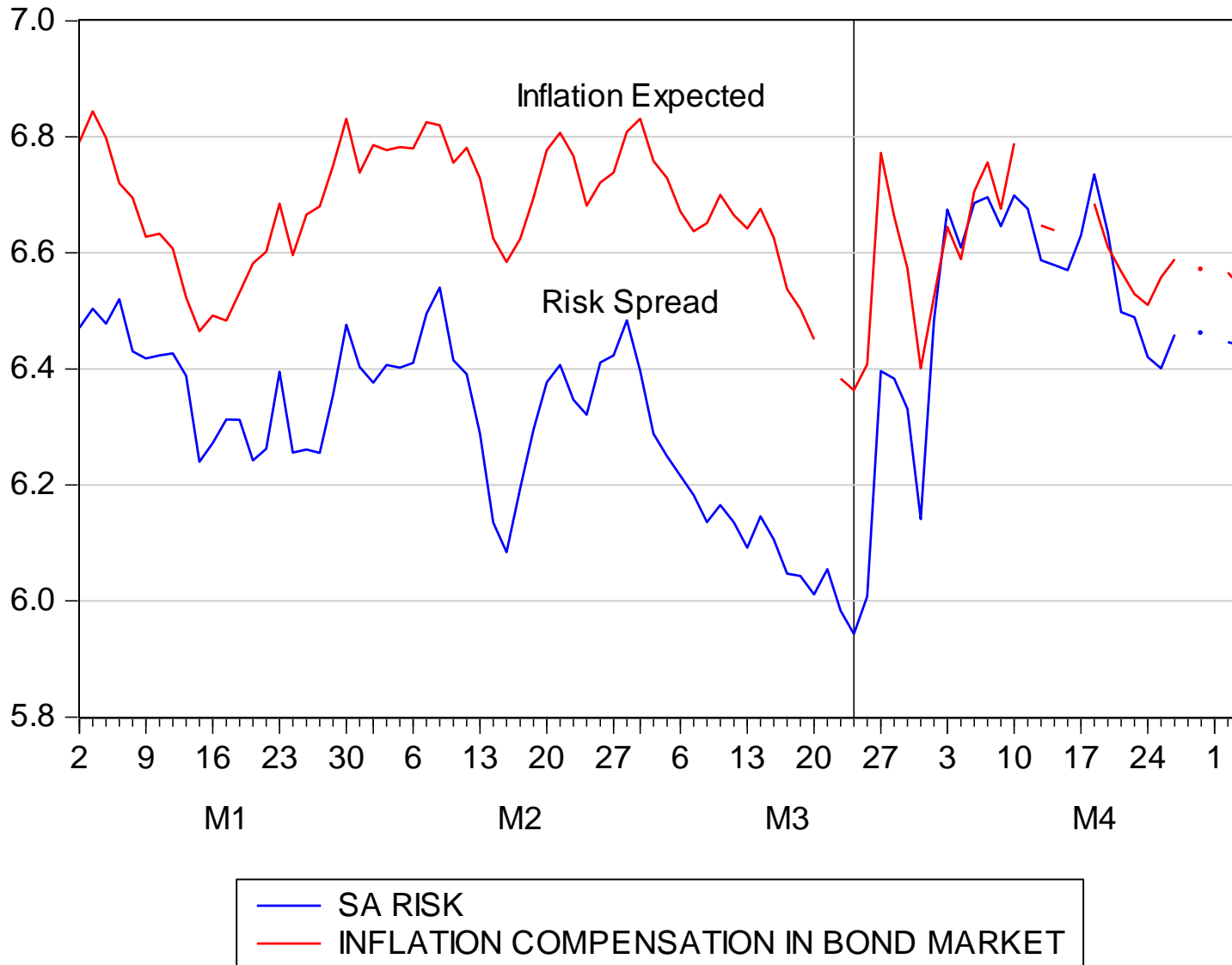
# Zuma and the risk of doing business in SA





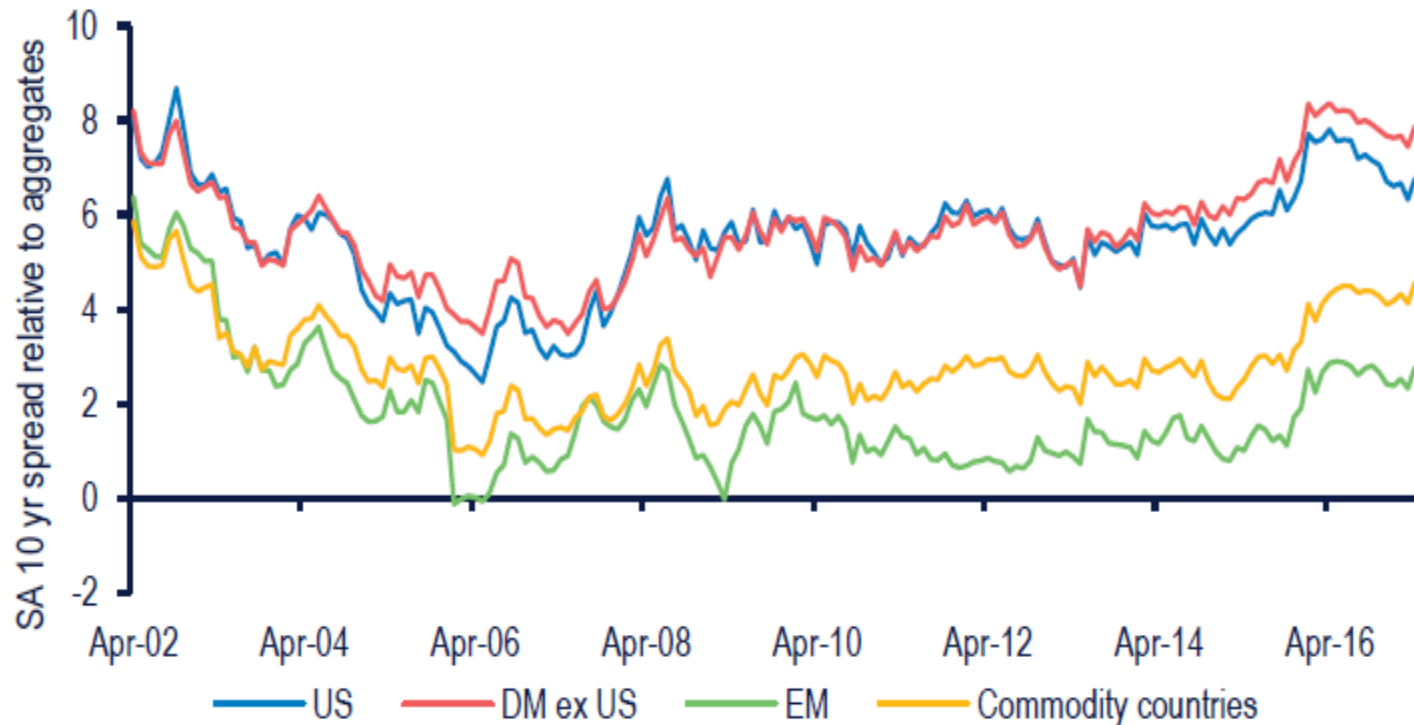
# SA Exchange rate risk and inflation expected

Zuma 2



# The RSA bond market offers much compensation for exchange rate and inflation rate risk

Figure 32: SA nominal 10yr bond spread relative to peers

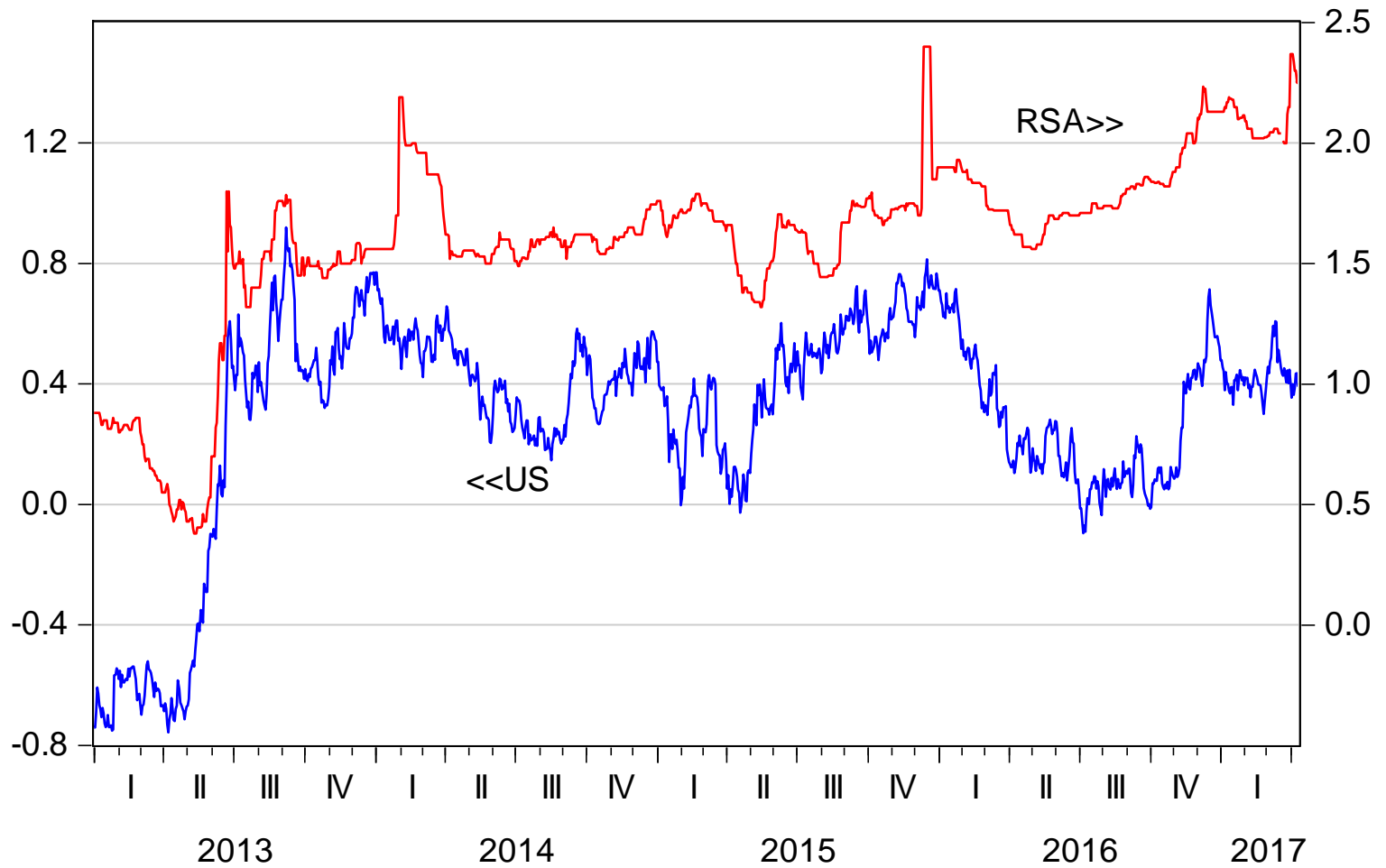


Source: Investec Securities research and Thomson Reuters

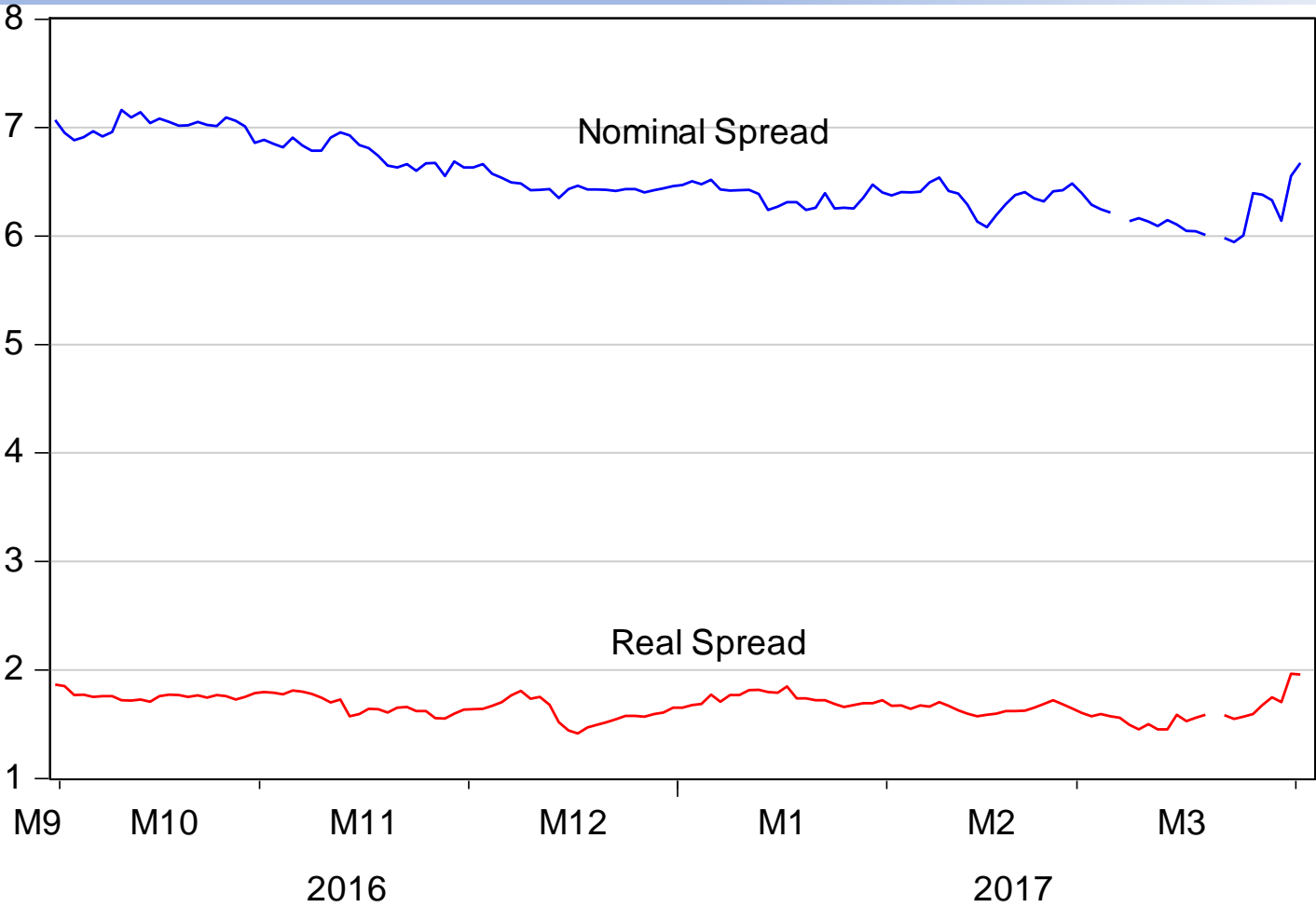
# Real Yields SA and USA

RSA Inflation Linked

US Tips

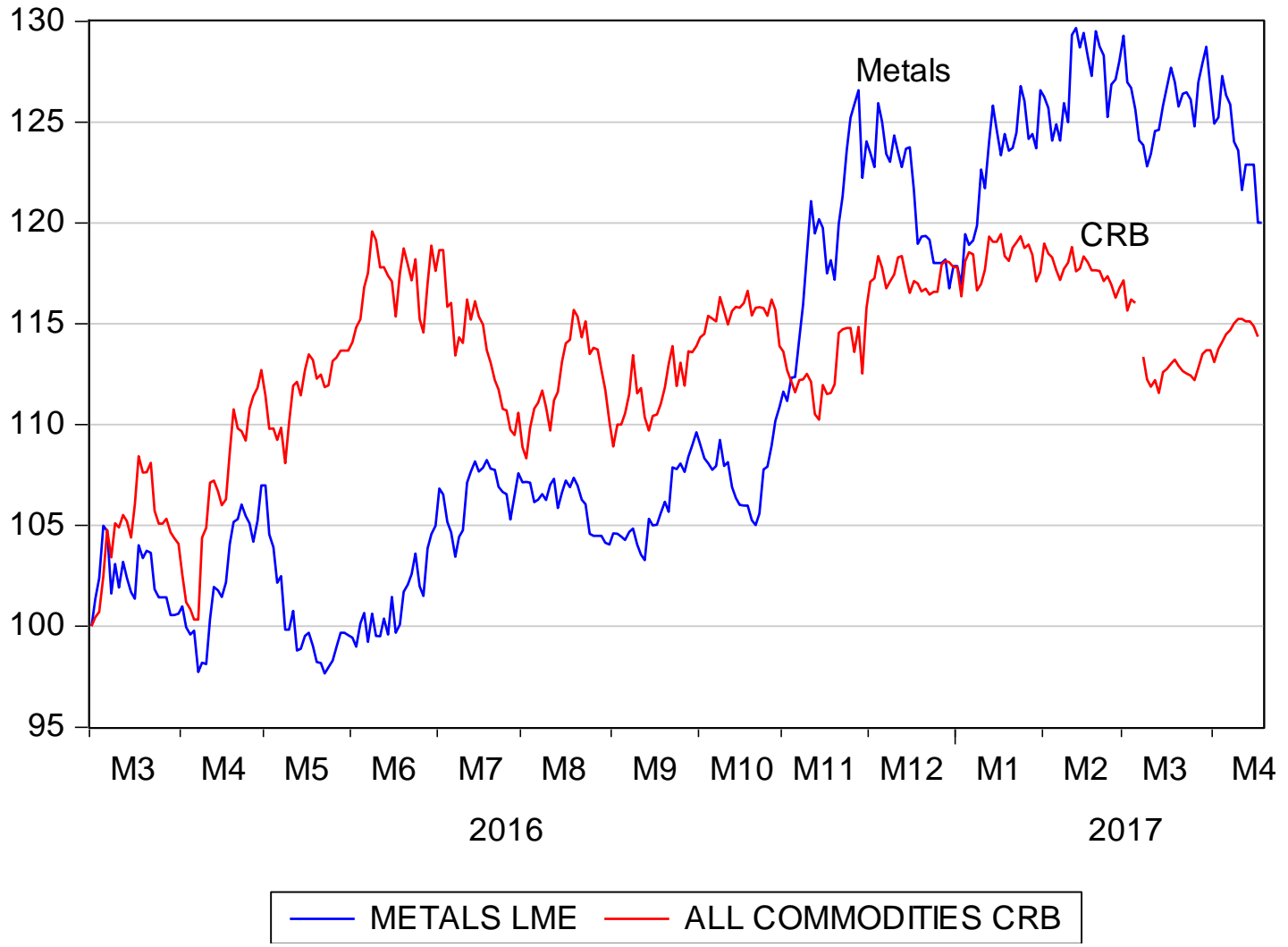


# SA Risk Spreads

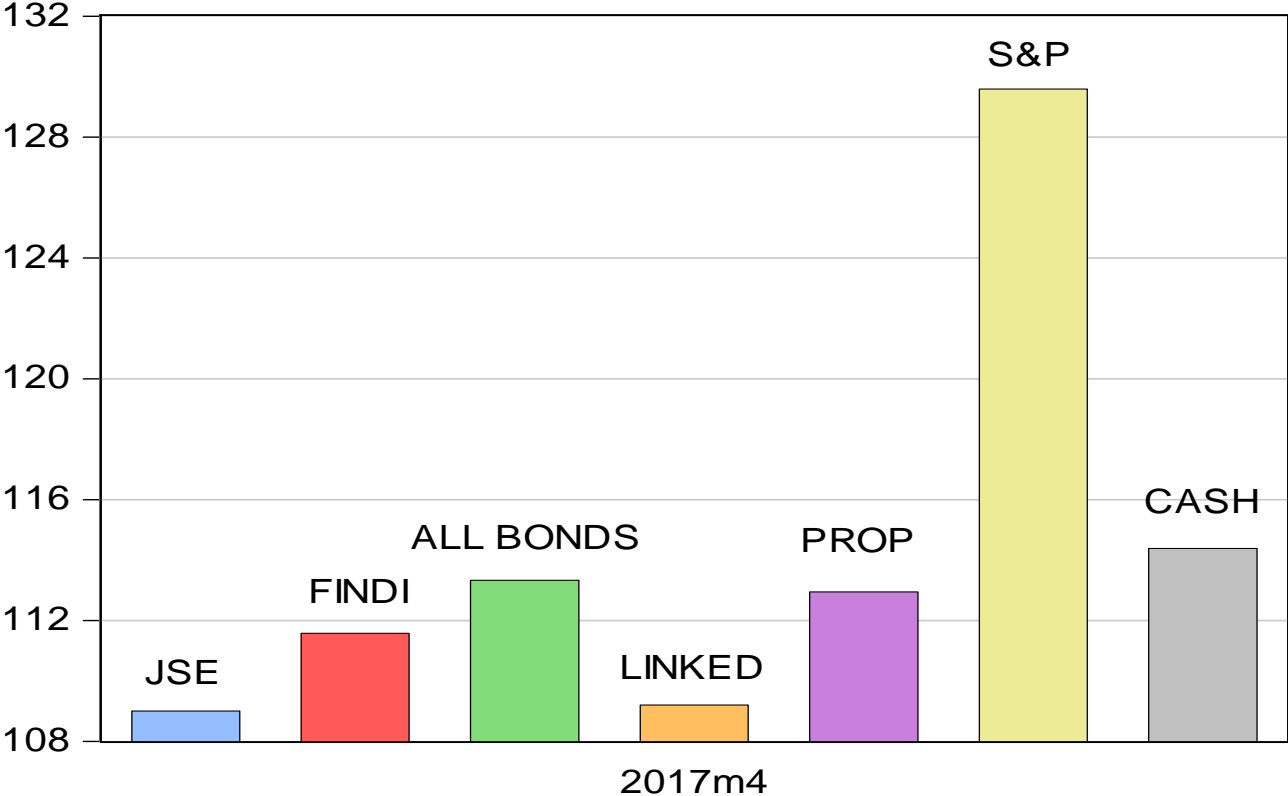


— SAGB10-USGB10 Nominal Spread  
— R212-USTIPS10 Real Spread

# Metal and Commodity Prices in 2016 - 2017. (MARCH 1<sup>ST</sup> 2016=100)

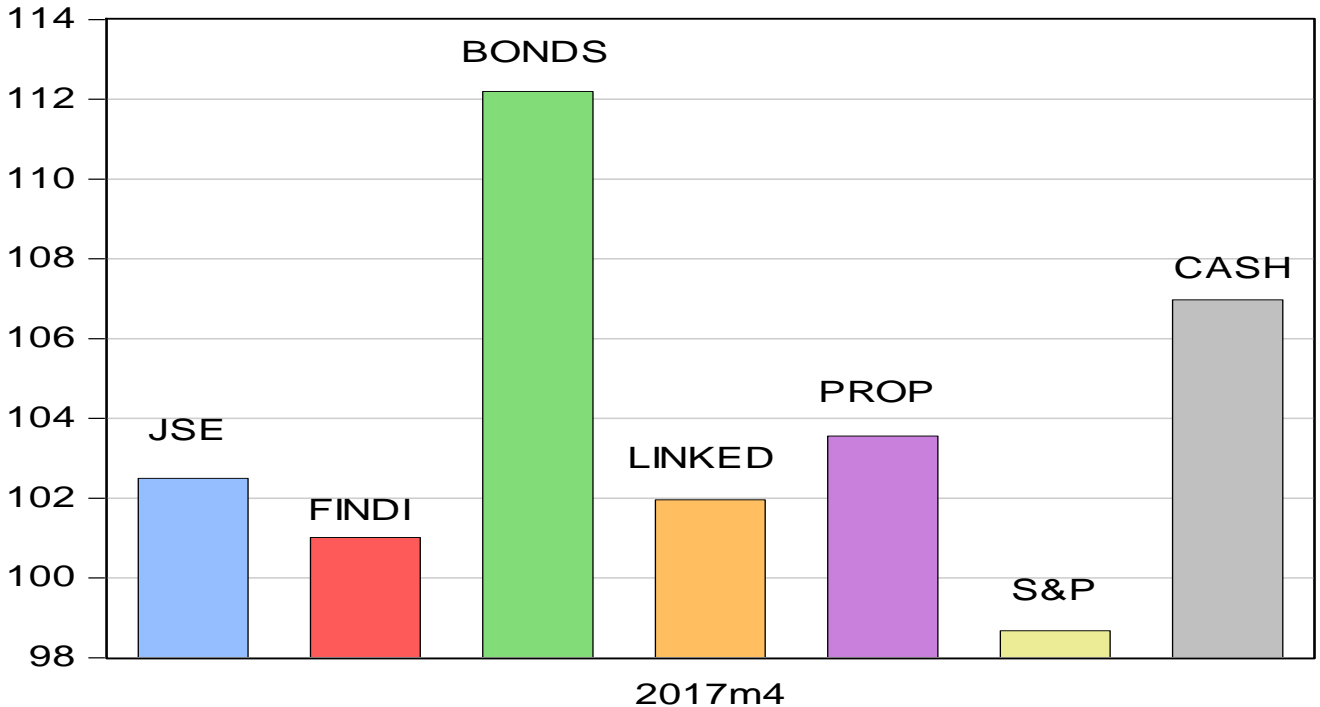


# PERFORMANCE (Total Returns 24 months MAY 2016- APRIL 2017)



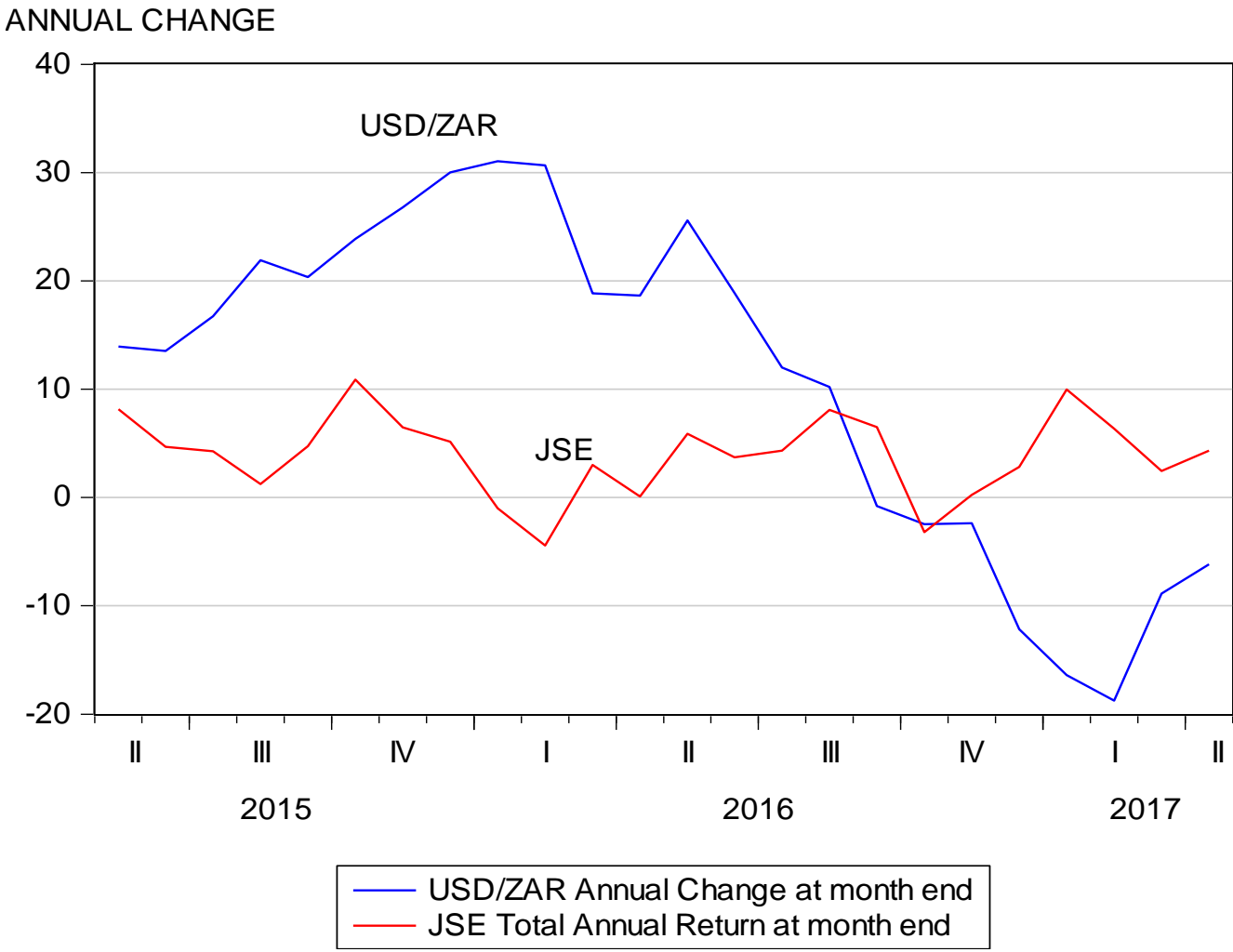
- JSE ALL SHARE INDEX
- JSE FINANCIAL AND INDUSTRIAL INDEX FINDI
- ALL BOND INDEX
- RSA INFLATION LINKED INDEX
- JSE PROPERTY INDEX
- S&P 500 INDEX RAND VALUE
- MONEY MARKET

# Asset Class Performance in ZAR over 12 months, May 2016 - April 2017



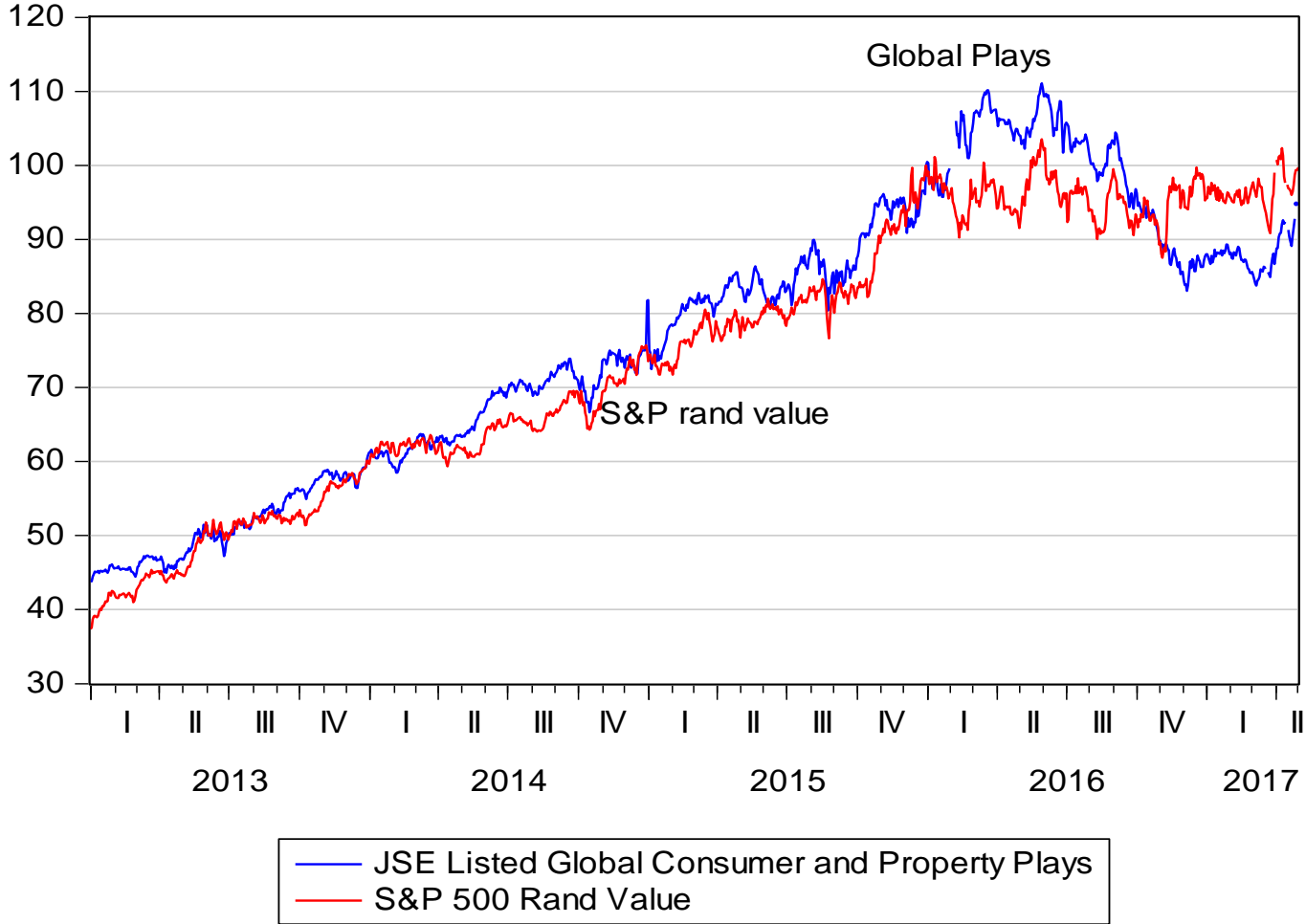
- JSE ALL SHARE INDEX
- JSE FINANCIAL AND INDUSTRIAL INDEX (FINDI)
- RSA ALL BOND INDEX
- RSA INFLATION LINKED INDEX
- JSE PROPERTY INDEX
- S&P 500 INDEX RAND VALUE
- MONEY MARKET

# The ZAR and the JSE

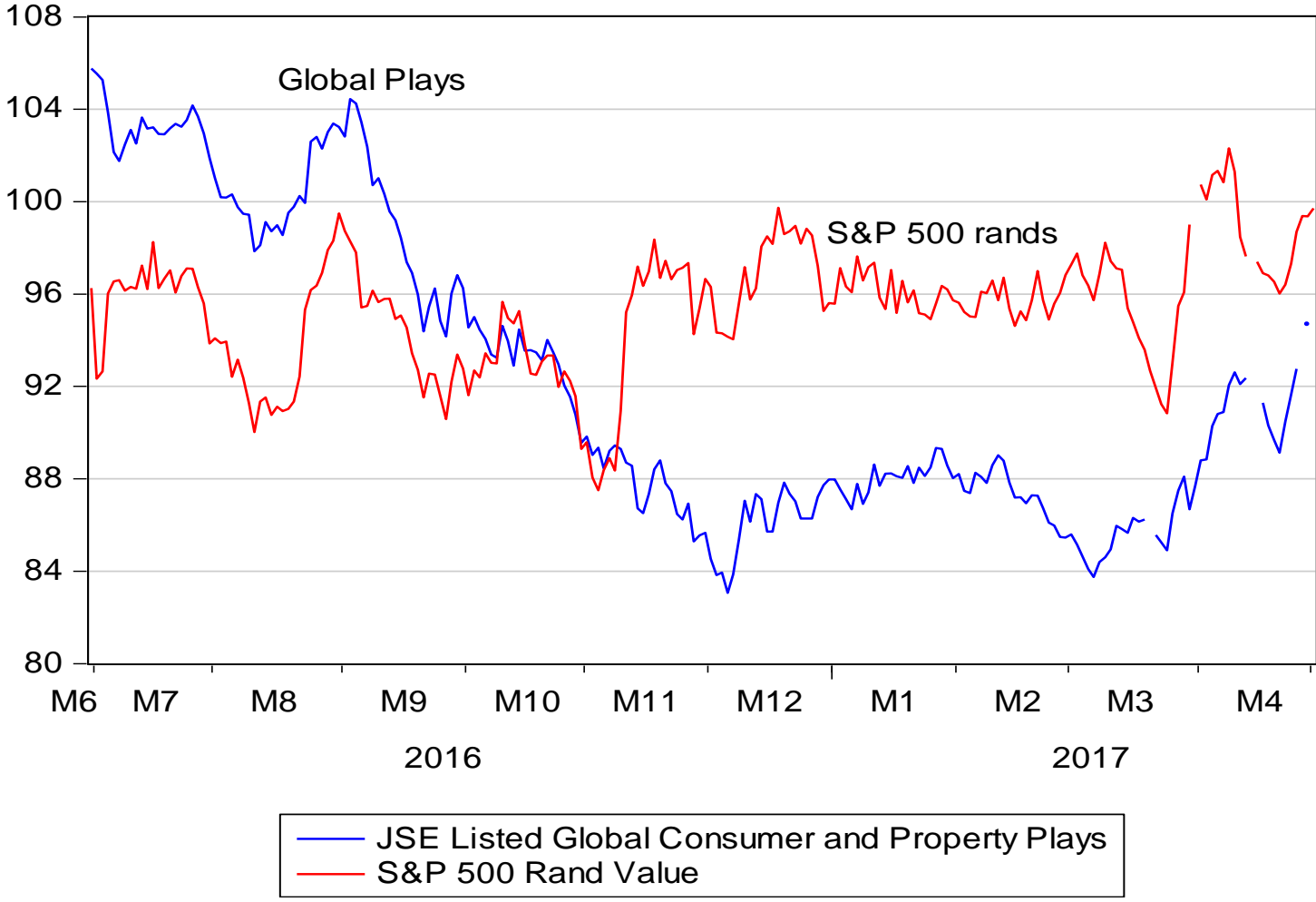




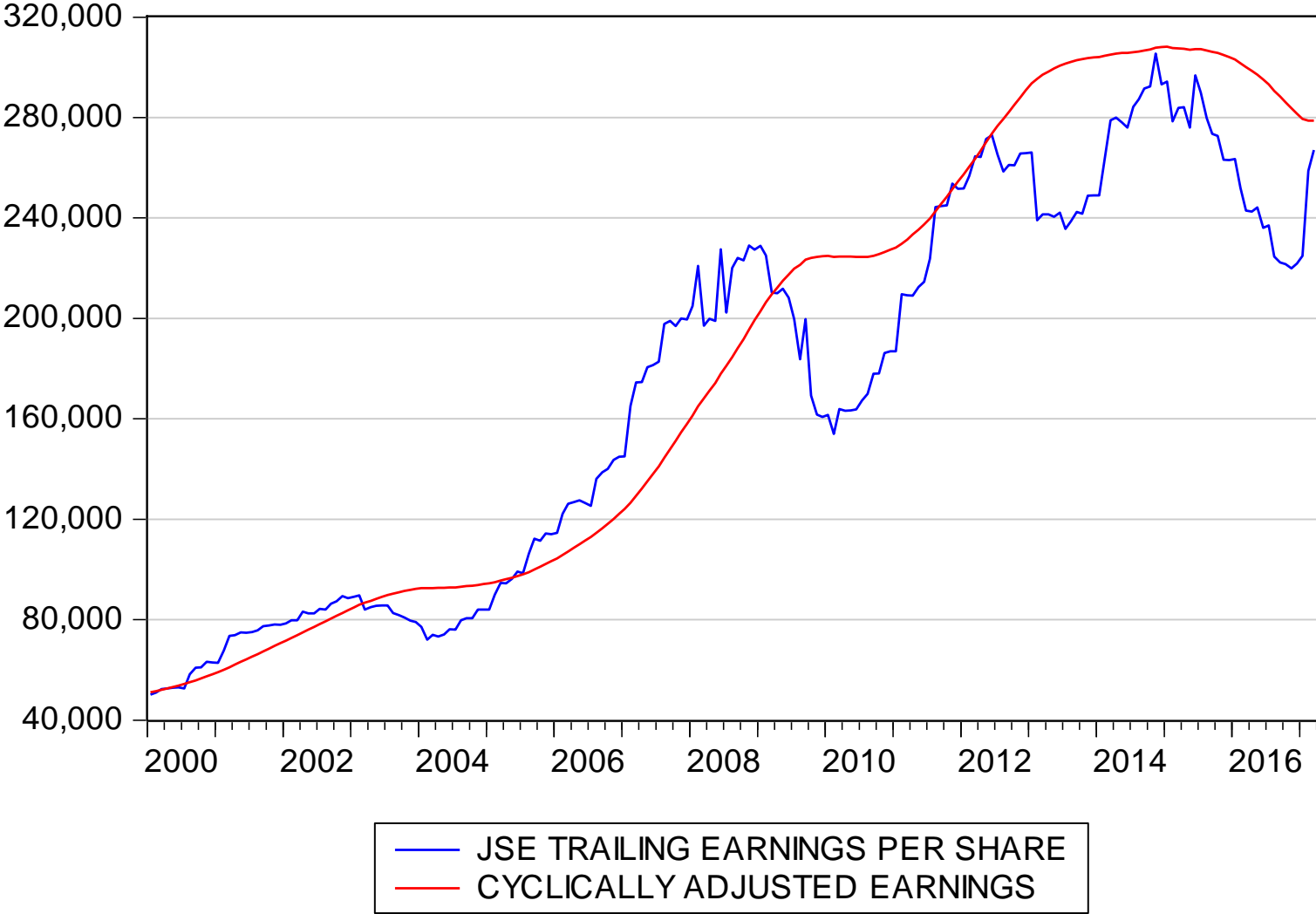
# The JSE Global Plays Vs the S&P 500 Rand Values. Daily Data 2013-2017 (2016=100)



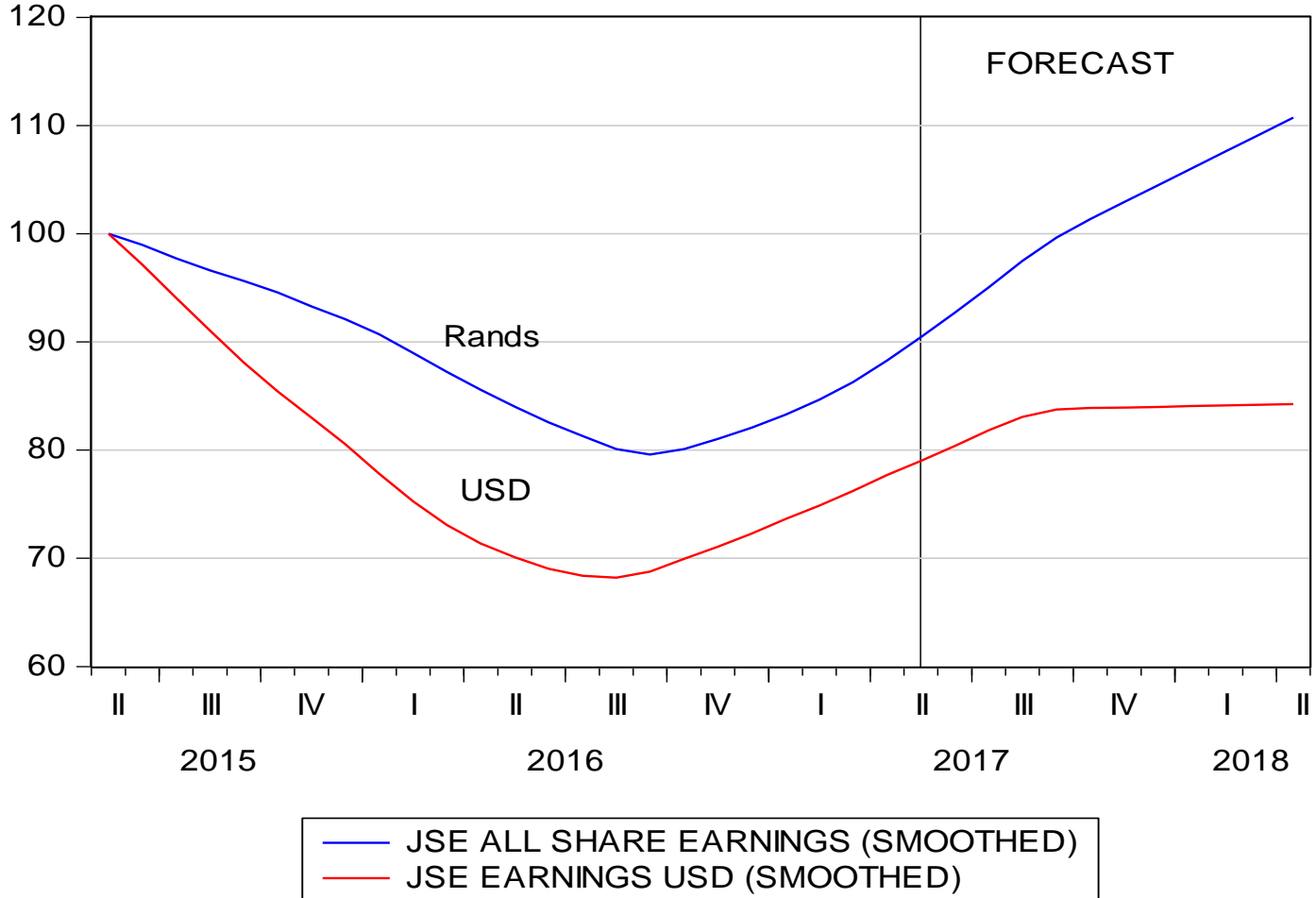
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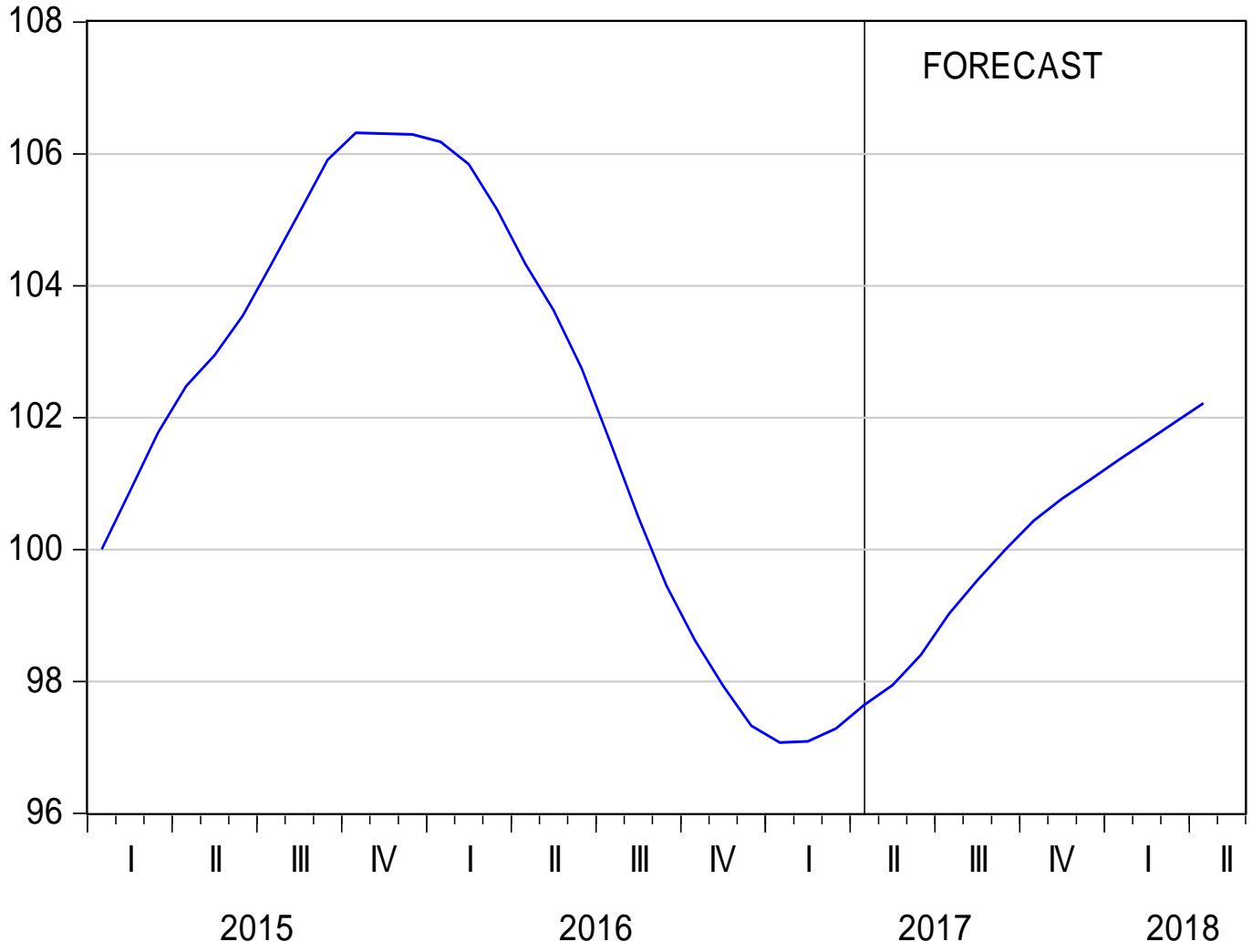
# JSE earnings per share



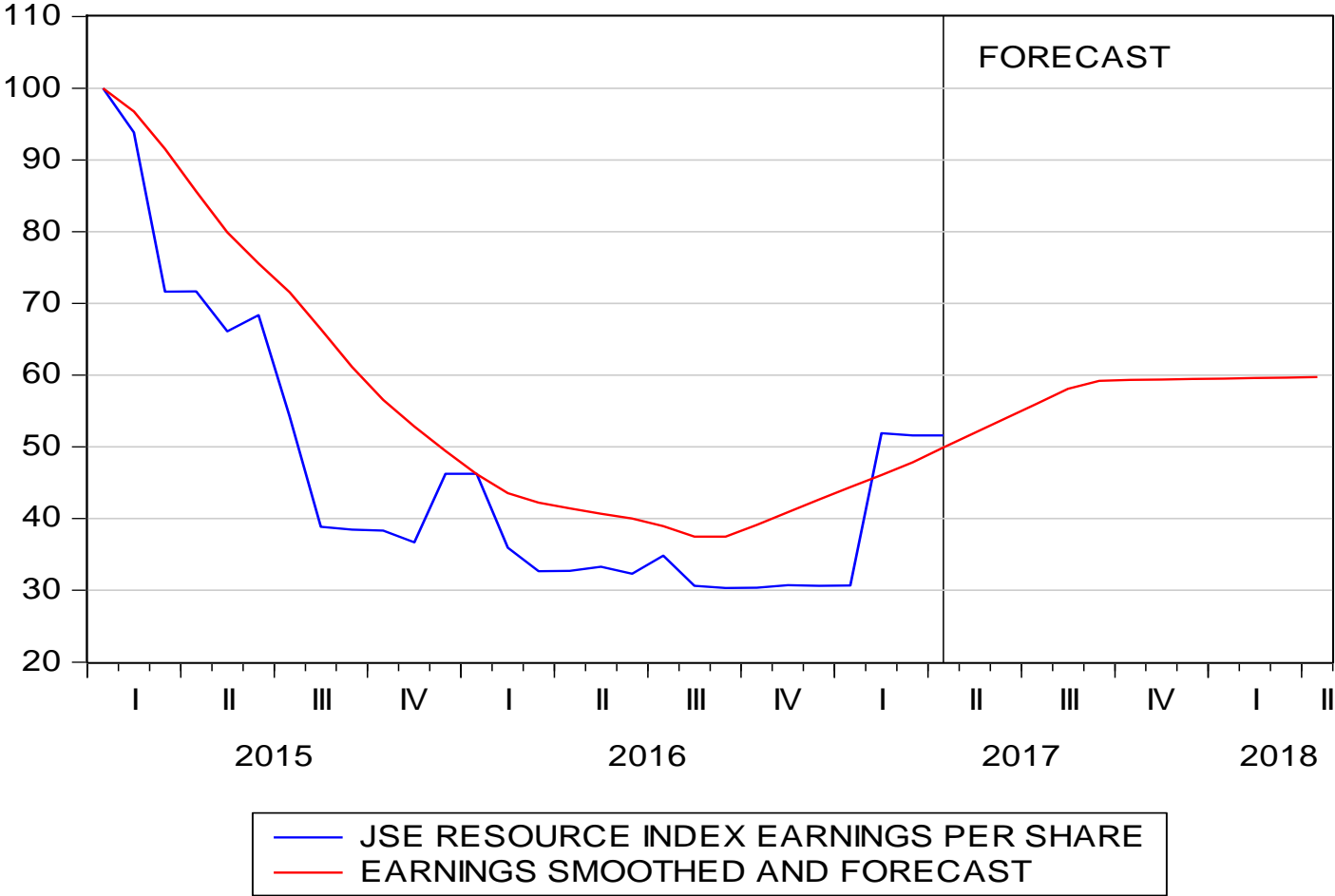
# JSE All Share Index Earnings per Share (2015=100)



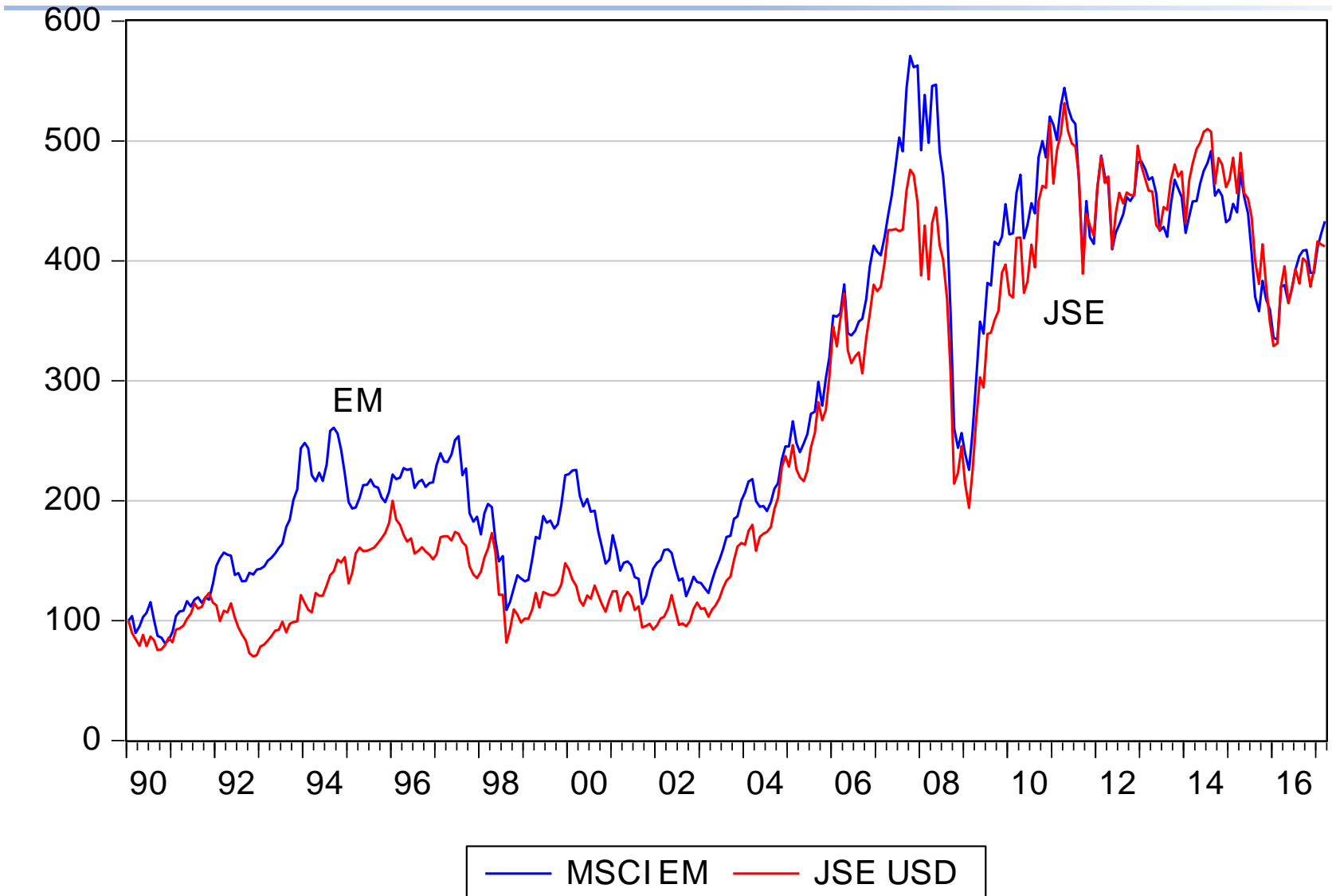
# JSE Financial and Industrial Index Earnings per share (2015=100)



# JSE Resource Index Earnings per Share (2015=100)

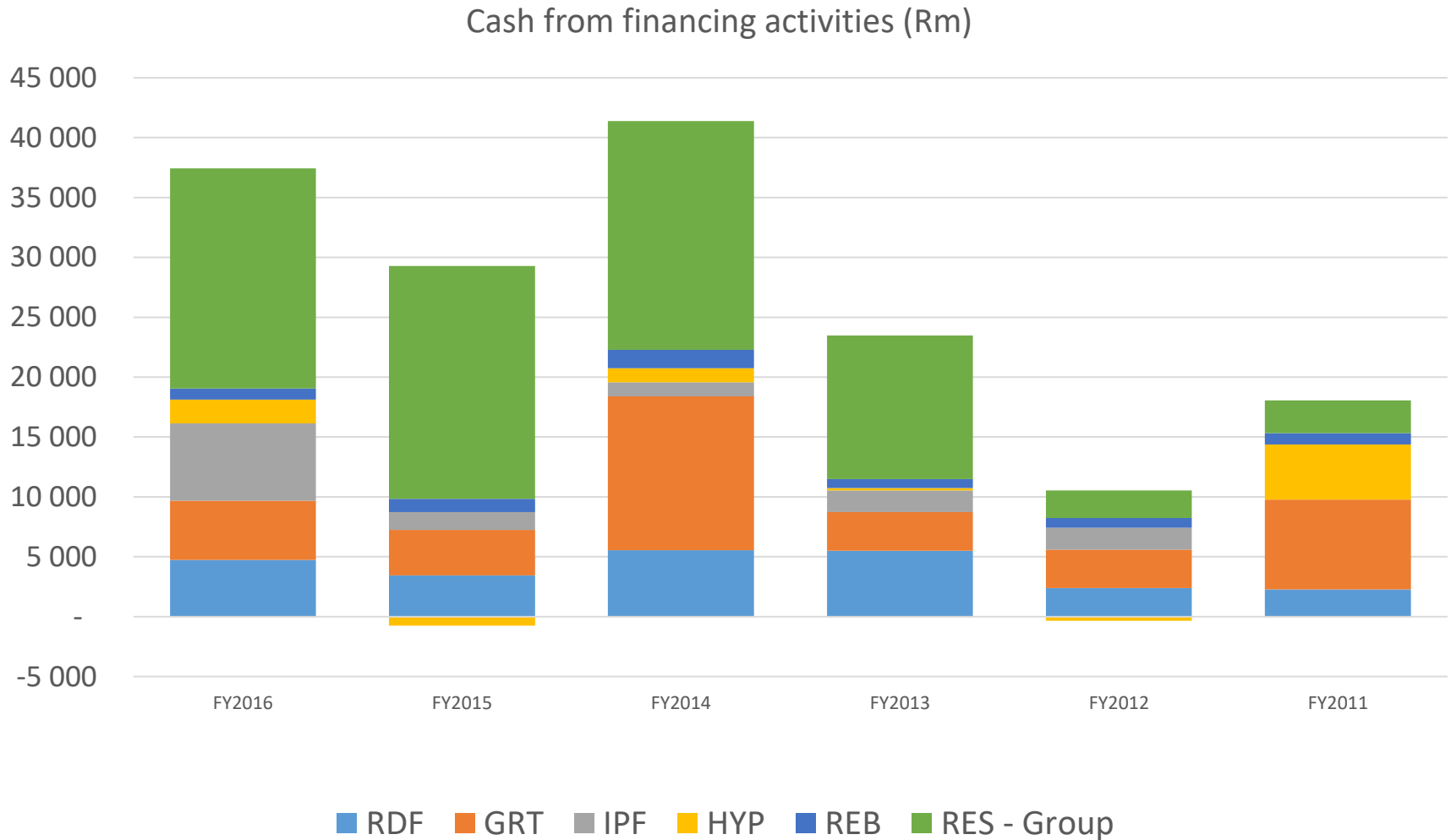


# The JSE is your average EM (1990=100)



# Leading property counters

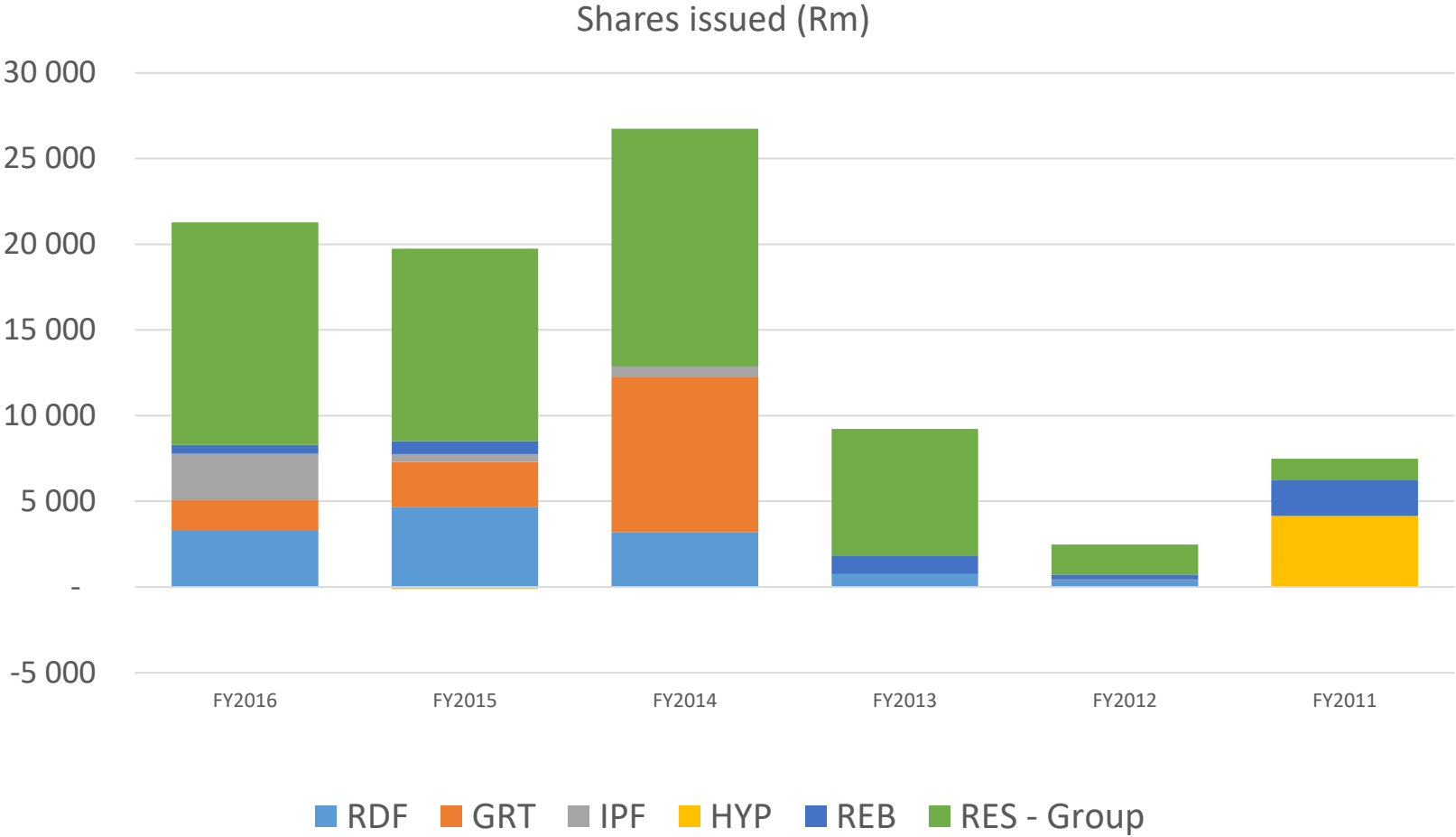
Cash raised- debt and equity





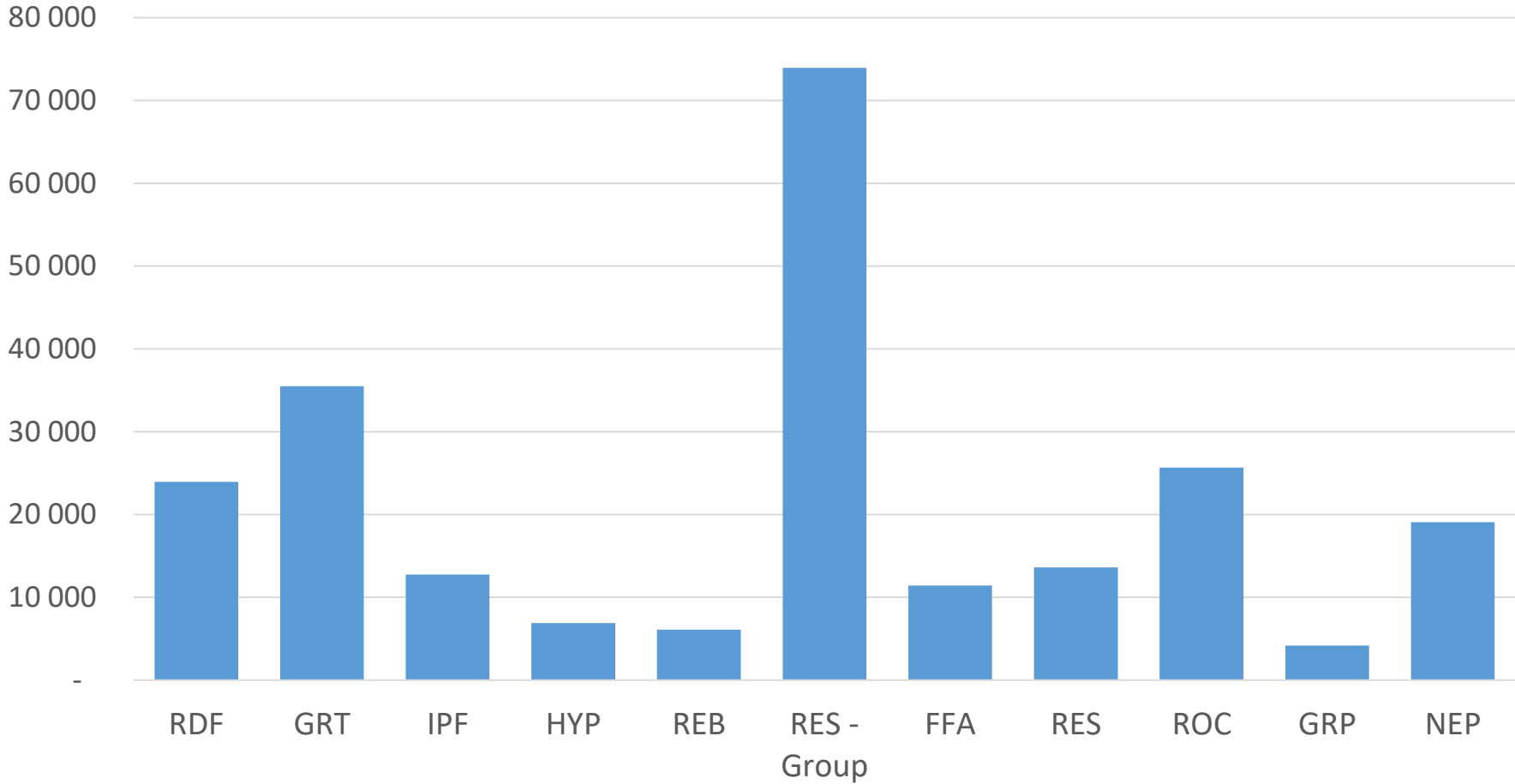
# JSE Property Counters

Equity capital raised

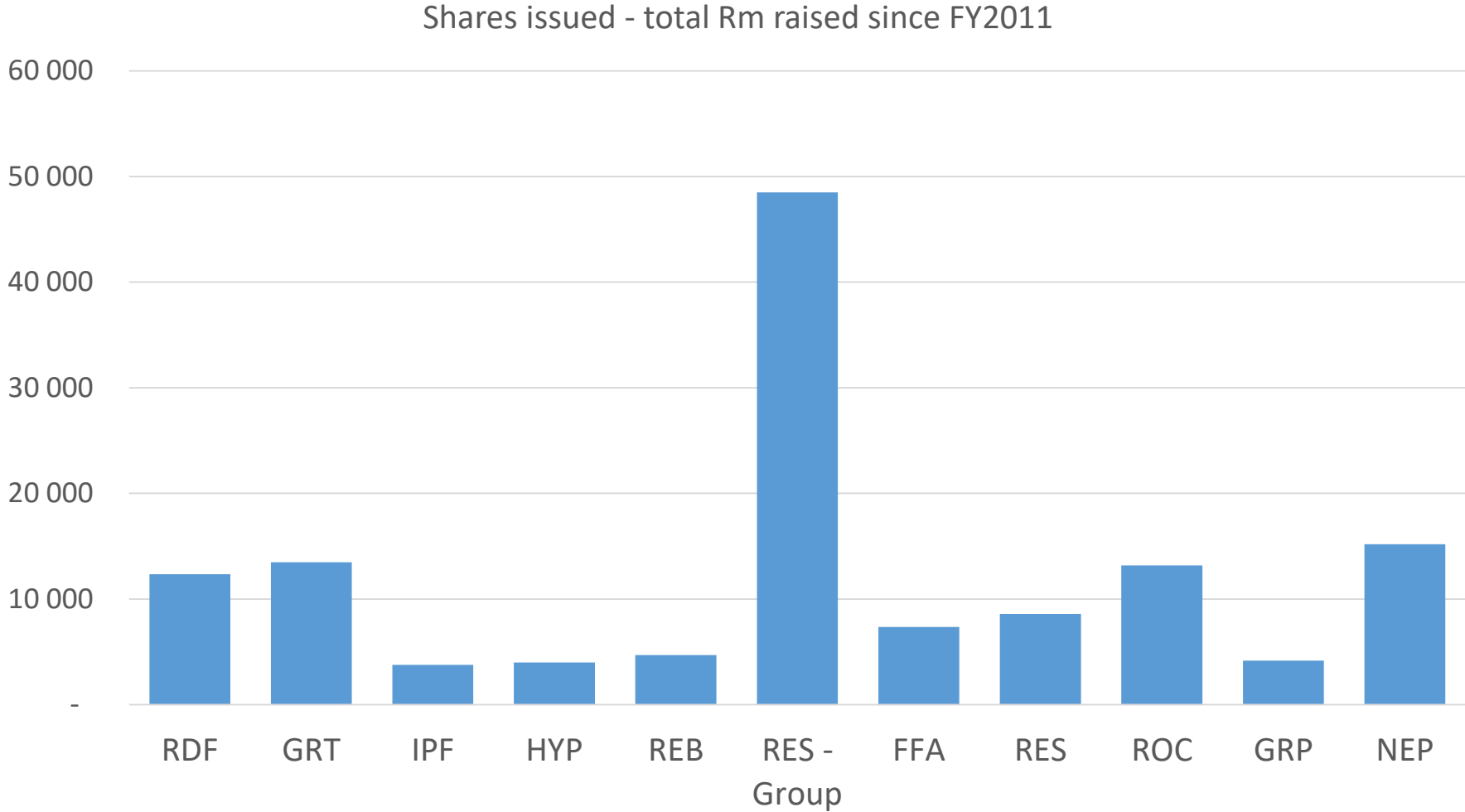


# JSE Property – capital raised 2011-2016

Cash from financing - total Rm raised since FY2011



# JSE property – equity capital raised 2011-2016



## Hyprop - some retail rental fundamentals

	<b>FY2013</b>	<b>FY2014</b>	<b>FY2015</b>	<b>FY2016</b>
Canal Walk	10.2%	15.0%	8.7%	7.4%
Clearwater Mall	4.0%	12.7%	9.1%	6.1%
The Glen	6.3%	15.9%	7.4%	6.0%
Woodlands	7.8%	14.2%	7.4%	6.6%
Somerset Mall				11.1%
Cape Gate	3.3%	5.7%	5.2%	9.9%
Cape Gate Lifestyle				
Hyde Park	10.9%	15.3%	9.1%	5.3%
The Mall of Rosebank		8.5%	136.4%	22.5%
Southcoast Malll				
Willowbridge	4.1%	2.0%	7.7%	12.5%
Stoneridge	23.0%	13.0%		
Somerset Value Mart	3.5%	2.6%	5.8%	9.4%
Atterbury Value Mart	1.1%	10.3%	7.0%	7.3%

## Hyprop growth in dividends and NAV

	<b>FY2013</b>	<b>FY2014</b>	<b>FY2015</b>	<b>FY2016</b>
Growth in distributable earnings from direct property assets	4.5%	9.3%	14.5%	8.7%
NAVps (excl deferred tax)	68.56	76.02	89.04	94.50
Growth in NAV	9.5%	10.9%	17.1%	6.1%
DPS	212.80	472.00	543.00	619.90
Growth in DPS	7.5%	15.2%	15.0%	14.2%
Net finance charge	388	401	417	394
Interest bearing liabilities	5 384	7 199	6 692	9 926
	7.2%	5.6%	6.2%	4.0%

# Hyprop – some key growth rates

