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Newsletter, September 2020

Addressing pre-pandemic problems the key to saving South Africa's economy

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Addressing pre-pandemic problems the key to saving South Africa's economy

South African equities have been making gains in recent months as they continue their recovery from Covid crisis-induced lows at the end of the first quarter. But while some local stocks are doing well, indicators suggest the economy is crumbling, with some observers asking whether it can be saved at all. We take a look at how serious the situation is and why stock market performance appears largely unaffected by the country's growing economic problems.

As the Covid-19 pandemic began to sweep around the world in March, health experts predicted that some countries, particularly in Africa, would be hardest hit, both in terms of public health and economically.

At the time, the South African economy was already struggling – the economy was in recession and the unemployment rate in the first quarter of the year, before lockdowns were imposed, stood at a staggering 30%.

As country after country announced lockdowns and large parts of economies were effectively shuttered, experts warned that a serious outbreak and a prolonged lockdown in South Africa could be devastating for the country.

South Africa by the numbers

50%

The government's worst-case forecast for unemployment rate by end of 2020

30.1%

The official unemployment rate at end of 1Q2020

USD 4.3 billion

Size of the emergency loan given by IMF to South Africa in July – the group's largest pandemic-related disbursement so far

USD 18.2 billion

Projected loss in government revenue this year, according to IMF

15%

Debt of troubled state power utility Eskom as a percentage of total South African sovereign debt

USD 26 billion

The government's stimulus package, announced soon after lockdown began

3.5%

Central bank's forecast for economic growth in 2021

60%

Proportion of companies on the JSE Top 40 index deriving their revenues from offshore

77%

South Africa's current economic activity compared to pre-pandemic level, according to Swiss Private Bank Lombard Odier & Co.

58%

Gains posted by local benchmark FTSE/JSE Top 40 index (as at end of July) since Covid crisis-induced lows in March

Those fears seem to have been realised. South Africa has been one of the worst affected countries in terms of coronavirus cases, accounting for half of all cases on the African continent, and the fifth highest number of cases in the world as of August 15.

Its economy has also taken a hammering. The central bank has estimated it probably contracted more than 30% on an annualized basis in the second quarter, and consumer confidence is at its lowest since 1985 when the country was facing further economic sanctions over its apartheid system and the government declared a partial state of emergency.

During a five-month lockdown which was one of the strictest in the world, it is thought as many as 3 million people lost their jobs with unemployment rising possibly to as high as 50%. Meanwhile, the International Monetary Fund has projected a loss in government revenue of USD 18.2 billion this year while the economy is predicted to shrink 12% in 2020.

These dire readings have prompted some observers to question whether the economy could be heading for some kind of collapse.

In an article in early August entitled "Apocalypse just now: Can SA's economy still be saved?", the popular BusinessLive news website wrote that with the country facing its worst recession since the 1930s, the government's economic recovery plan was "the last throw of the dice" but that "many fear it's too late" to save the economy. It asked whether "it's all over for SA. Can the country pull out of its death spiral or have we left it too late to fix the economy?"

A survey by Statistics South Africa suggested that a lot of people feared the same. A study released in May by the group showed that more than 93 percent of respondents were very concerned or extremely concerned about the possible economic collapse of the country.

The government has even admitted the seriousness of the situation.

Speaking to lawmakers as he unveiled an emergency budget in June, Finance Minister Tito Mboweni warned that the country could face "a fiscal reckoning" if it did not rein in its debts, as South Africa's budget deficit projection for 2020/21 more than doubled to about 15 per cent of GDP.

He also said the country could face a debt crisis similar to that seen in Argentina and pointed out South Africa ran the risk of falling onto a "path of bankruptcy". He said: "We are still some way from that. But if we do not act now, we will shortly get there."

Analysts say even if the worst scenarios of economic Armageddon being touted by some observers are exaggerations, the outlook for the economy is still bleak. Estimates for a contraction this year run between 7% and 12% depending on who is asked.

Part of the problem the economy faces is that many of its fundamental problems pre-date the pandemic and that while the months of lockdown the country has had to endure have undoubtedly worsened things, lifting the lockdown alone is unlikely to fix them.

Speaking to Johannesburg-based radio station 947, Standard Bank South Africa chief executive officer Lungisa

Fuzile said: "Whilst we look at the crisis and see its impact on us and compare ourselves to other countries, we must remember that we had a near crisis of our own even before the pandemic broke."

He said that the economy had not grown for many years and even when it had, it did not create enough jobs.

"The economy had problems before COVID-19 and the pandemic has served to exacerbate those problems," he said.

The country's economy had been mired in a downward economic cycle for more than six years, with critics blaming many of the problems on the scandal-ridden, dysfunctional regime of the last president, Jacob Zuma and the shock of the global financial crisis more than a decade ago.

A lack of investment and reforms as well as mismanagement in some areas over many years has led to serious problems which continue to plague businesses today. The disastrous saga of state power company Eskom is a good example.

Over the last two years the country has faced major rolling blackouts because of failing infrastructure – due to delayed maintenance. And the utility's massive debts are a problem for the government – Eskom debt accounts for 15% of South Africa's total sovereign debt. It has received more than USD 8.5 billion in government bailouts over the last four years.

Other key sectors, such as mining which has seen widespread strikes in recent years, also face problems, and the country's debt is providing a major headache for Pretoria. The Organisation for Economic Co-operation and Development (OECD) recently warned that the debt could exceed 100% of GDP by 2022 and an emergency budget presented by the government in June suggested that without urgent action, national debt could exceed 140% of GDP by the end of the decade.

Authorities have moved to deal with at least some of the immediate problems facing the economy. Soon after the lockdown was introduced, President Cyril Ramaphosa announced a USD 26 billion stimulus package to help the economy, the country's poorest people and to help prop up the healthcare system.

He has also talked of plans to bring in private investment to help create more than 1.8 million jobs in the next ten years.

But while the country is undoubtedly facing serious economic problems and its battle with one of the world's most severe coronavirus outbreaks is not likely to end any time soon, the South African stock market has been performing well.

Like others around the world, South Africa's stock market plunged in March as government-imposed lockdowns shut entire economies.

But recent months have seen local stocks making up that lost ground. By the end of July, the FTSE/JSE Africa All Share Index had surged almost 55% from its March bottom and was only 2% off its pre-pandemic levels. The FTSE/JSE Africa Top-40 Index had done even better, gaining 58% over the same period to be in positive territory for the year. South African equities outperformed their Emerging Market peers – MSCI Emerging Markets Index was down over 3% for the year as of the end of July.

Analysts say that this has been in part down to rising wider demand for emerging market assets and greater risk appetite.

Some sectors have fared better than others with tech shares leading the South African rebound. This mirrors a wider global trend of strong performance from technology stocks amid increased demand for online services as work and education moves online.

The fact local benchmarks are doing so well is also partly down to the fact that many of the local market's heavyweight counters are relatively unaffected by the woes of the South African economy because they generate most of their income offshore.

More than 60% of companies on the JSE Top 40 index derive their revenues from offshore, meaning that local portfolios are often underexposed to South Africa's economic ups and downs.

Another reason for the strong performance has been rising commodity prices, which have been a boon for companies in the materials sector, which makes up a fifth of the MSCI South Africa index.

Obviously though, while there is a disconnect to an extent between overall local stock performance and the economy, were the country's economy to go into freefall, investors would certainly take notice.

Experts agree that the easing of lockdown restrictions in mid-August are a good starting point for economic recovery.

Business for South Africa (B4SA), an alliance of the main business groups in the country, said in a statement, this would "enable a quicker recovery process".

The government has also laid out economic recovery plans focusing heavily on infrastructure initiatives, including touting for investment in natural gas-to-power plants, preparing for a nuclear power-build programme, and investing in broadband and roads.

Some organisations see a return to growth next year.

The OECD has said that while the economy will, in line with others around the world, see a significant contraction this year, it should return to growth next year, expanding as much as 2.5%, if there is no second wave of infections.

Meanwhile, South Africa's central bank is predicting growth of 3.5% in 2021.

Most economists suggest though that even if growth does return next year, it will be some time before the economy returns fully to pre-Covid levels.

Even B4SA has said it expects it will be two years at least before it does so.

However, some recent data suggests the economy could get back to pre-crisis levels quicker than many have so far thought.

According to Swiss Private Bank Lombard Odier & Co, which uses big data and data science to track economies, South Africa had recovered 77 percent of its pre-pandemic activity as of August 9.

The South African news website Independent Online (IOL) reported that the figure gave "some optimism that the economy might be recovering

faster than anticipated as traditional economic data, which is gathered from less immediate information sources, painted a picture of an economy that would take a long time to recover".

Whatever growth the economy does register next year, the government appears, at least, to understand the scale of the task ahead as it looks to get the economy back into good health.

Speaking as he announced the easing of lockdown restrictions in mid-August, President Ramaphosa said: "The further easing of restrictions presents us with the greatest opportunity since the start of the pandemic to breathe life into our struggling economy.

Even as we open up economic activity, it will take a long time for industries and businesses to recover, and there is much work still to be done." ■

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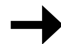
NEW NAME, SAME WORLD CLASS SERVICE

This month – September – sees another change within Cornhill as the group continues to strive toward its long-term goal of delivering outstanding products and services to clients and partners worldwide.

Cornhill Management o.c.p., a.s.
has changed its name to
International Investment Platform o.c.p., a.s.



On 1 September, Cornhill Management o.c.p., a.s. became International Investment Platform o.c.p., a.s.

The change in name is exactly that – a change in name only. International Investment Platform, or IIP, will

continue to play a cornerstone-role within the Cornhill family of companies, providing products and essential operational services and support to the wider group as well as all Cornhill clients and partners. There will be no change to Cornhill group operations and the Cornhill brand will continue to be used in group marketing materials.

And there has been no change in the ownership structure or personnel within Cornhill, nor its relationships and dealings with partners and clients — all shareholders and beneficiaries remain unchanged while all existing contracts and terms remain in place and unchanged.

The move comes as the Cornhill group continues to develop its products and services, modernise its image and expand its global reach. For example, Cornhill recently launched a new group website, 1cornhill.com. And this most recent re-branding exercise — changing the name of the group's service and support arm to IIP — is further evidence of the company's intention to develop and grow.

Cornhill Chairman Derek Chambers said: "Changing the name of our service and support unit along with the move to a new and modern image will enable us to further develop our investment platform and international services to the point where we can provide them on a global scale. Such ambition requires continual growth."

Chambers added that among the first steps the company is taking towards achieving this ambition is the digitisation of Cornhill's account opening and investment ordering processes.

He concluded by highlighting again that the name change underlined the company's commitment to its world class financial solutions and services.

"We have always strived to create firm and stable relationships with our business partners, the basis of which has been the professional service provided by our employees. We see this move to a new name along with the introduction of a host of product updates and improvements as a renewal of our long-term commitment to deliver outstanding quality to our clients and partners worldwide, thus enabling our business to continue to thrive." ■

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WORLD MARKETS UPDATE

GLOBAL

Stock markets saw one of their best Augusts for many years. Usually a quiet month as many investors concentrate more on holidays than their portfolios, this August there were record rises for world stocks, as proxied by the MSCI World Index which was up 6.6%, the steepest August rally for the gauge since 1986. Sentiment was buoyed by encouraging news on Covid vaccines and treatments, and signs that economies around the world were recovering.

There were gains in major developed markets while emerging markets also did well overall. Notably, the S&P 500 index marked its fastest recovery from a bear market in history, and tech stocks continued their recent strong run. During the month, Apple became the first US-publicly traded company to reach a market capitalization of more than USD 2 trillion.

US

S&P 500	7.2%	Dow Jones	7.9%
MSCI USA	7.5%	NASDAQ	9.7%

US stocks tracked higher in August with market sentiment supported by positive news on coronavirus vaccines and treatments and continuing expansive policy support. The positive performance came as the S&P 500 index marked its fastest recovery from a bear market in history: in the middle of the month it moved back to its February peak, and the 126 trading days it took to do so

was more than 10 times as fast as the index's average historical rebound.

Some companies which have struggled during the pandemic, such as airline and other aviation-related firms, saw gains on the back of news suggesting progress in the development of various vaccines, as well as local regulatory approval for plasma treatment for Covid 19. These firms would be among those likely to benefit most were the economy to re-open fully once an effective vaccine can be rolled out to the population. However, technology firms remained the main drivers behind the market's continuing march upwards. During the month, Apple became the first US-publicly traded company to reach a market capitalization of more than USD 2 trillion.

In other news, housing market data was encouraging, as were business activity readings, although labour market news was more mixed. Towards the end of the month, the Federal Reserve announced a major policy shift with officials saying the bank would allow inflation to run above its 2% target rate to help the labour market and wider economy. In practice, this means the bank is less likely to hike rates if the unemployment rate falls, allowing them to stay at record low levels for longer.

Europe

MSCI EMU	3.5%	DAX	5.1%
FTSE 100	1.8%	CAC 40	3.4%

Despite rising numbers of coronavirus infections and fears that a second wave of Covid-19 was beginning to spread across the continent, European shares finished up for the month. This came as hopes rose that a vaccine could be developed soon and progress was seen on treatments for the disease, while key local economies committed to further economic stimulus and governments appeared to reject re-imposing national lockdowns in response to rising infection rates. Towards the end of the month, expectations of further accommodative measures from major central banks, as well as encouraging Chinese economic data, also provided some support to sentiment. Leaders in France, Italy, and Spain all publicly said they would not look to bring in nationwide restrictions, although local lockdowns may be needed, while officials in other countries have also said they want to avoid imposing blanket lockdowns.

In Germany, there were signs that the economy may have made a strong recovery in the third quarter after a record contraction in 2Q2020. Local business sentiment strengthened for a fourth consecutive month in August, while the Ifo Institute's business climate index rose to 92.6 from a revised 90.4 in July. Meanwhile, the government announced it was extending a programme to help keep workers on companies' books, upping its funding for the scheme by EUR 10 billion. In France, officials said a EUR 100 billion plan to help businesses would see commercial and industrial property taxes, local value-added taxes, and corporation taxes, all lowered.

UK stocks, as proxied by the benchmark FTSE 100 index, ended August in positive territory despite market worries about the speed of a post-pandemic recovery for the local economy. At the start of the month, the Bank of England said that its latest forecast was for the UK economy to contract 9.5% this year, a less severe drop than the 14% it had

predicted in May. But it warned that a recovery would be slower than previously thought with the economy getting back to pre-pandemic levels only at the end, rather than the middle, of 2021. It was also reported that the UK fell into a recession in the second quarter of the year as the economy slumped by a record 20.4%. However, the composite Purchasing Managers' Index (PMI) reading came in at more than 60 — the highest for almost seven years — as the economy began to open up further.

Away from the Covid crisis, Brexit began to make the headlines more frequently as talks between London and Brussels on a trade deal appeared to reach an impasse. The UK left the EU on 31 January and entered a transition period which is due to end at the end of this year. As the month came to an end, some European officials were pessimistic over the chances of any deal being reached by the end of December.

Asia

MSCI Australia	5.6%	Shanghai Composite	2.6%
MSCI ASEAN	-0.2%	Nikkei 225	6.6%
KOSPI	3.4%	SENSEX	2.8%

Japanese stocks climbed in August, following the upward trend of most other developed markets during the month. There was a surprise late in the month as Prime Minister Shinzo Abe announced he was resigning for health reasons. Japan's longest-serving PM, he implemented a set of economic reforms – widely known as Abenomics – designed to boost the sluggish local economy. His departure, however, is not expected to lead to great change in Japanese fiscal and monetary policy with many analysts expecting expansionary policy to remain in place as the economy recovers from the damage wrought by the coronavirus pandemic. The news comes as the government admitted that the economy is still in "a severe situation". The world's third-largest economy contracted an annualised 27.8% in the second quarter of the year, according to official data released during the month. This was the biggest fall since comparable data became available in 1980. However, officials said during the month that there has been some improvement, pointing to a pick-up in exports. Business sentiment, although still very poor, has also improved.

Chinese markets pushed higher as sentiment was buoyed by encouraging domestic economic readings, positive performance in major developed markets and generally accommodative policy from central banks.

The gains came despite lingering tensions between Beijing and Washington, notably after the White House tightened restrictions on Chinese social media networks in the US. Latest figures showed industrial profits in July jumped 19.6% y-o-y – the fastest growth since June 2018. However, profits of state-owned firms were well behind those of private and foreign-owned companies. Meanwhile, activity in China's services sector expanded at a fast rate in August, with the official non-manufacturing Purchasing Managers' Index (PMI) reading rising to 55.2 from 54.2 in July. The composite PMI reading, which is made up of both manufacturing and services activity, came in at 54.5, rising from 54.1 in the previous month.

Indian shares advanced in August despite the country continuing to be badly impacted by the coronavirus

pandemic with record rises in infections. As of the end of the month, the country had registered more than three and a half million infections, making it the third worst affected behind only the United States and Brazil. Restrictions remain in many sectors and manufacturing, services and retail have been hit hard. Economists have pointed out that the economic effects of the coronavirus crisis have been much worse in India than other Asian countries. Official figures released at the end of the month showed that Indian GDP contracted 23.9% in the April-June quarter – the largest quarterly drop on record – as consumer spending, private investment and exports all fell. Some economists are now predicting a contraction of as much as 10% for the fiscal year that began in April, which would be India's worst economic performance since independence in 1947. The problems come despite government stimulus and moves by the central bank to help prop up the economy. At the start of the month, the central bank gave the green light for the one-off restructuring of loans to help banks as the pandemic is expected to exacerbate existing serious problems with bad loans in the domestic financial system.

South Korean shares posted a solid gain for August, taking support from largely positive global sentiment and advances in major developed markets as well as hopes of further stimulus from governments and major central banks. However, rising Covid infections and growing concerns that an already weakened economy will be further affected by new restrictions to fight the spread of the disease weighed on stocks as the month went on. South Korea's economy contracted 3.2% q-o-q in the second quarter of the year and exports were down for a sixth straight month in August, and towards the end of the month the central bank slashed its economic growth forecast for the year to a contraction of 1.3% from an earlier prediction of a 0.2% fall. This followed readings showing industrial output growth slowed in July, coming in below forecasts. The gloomy data came as the government warned that new restrictions which were to come into force in Seoul and surrounding areas from the start of September would hurt the economy. It has, though, promised to boost policy support if needed and has announced plans to hike spending in the coming years, including plans to boost spending on welfare and jobs by 10.7%, and allocate 11.9% more on social infrastructure projects.

Despite the wider positive global sentiment, South East Asian shares, as proxied by the MSCI ASEAN index, were largely flat in August as local business and economies continued to feel the economic effects of the pandemic. In Singapore, where shares finished marginally higher for the month, second quarter earnings reports from most locally listed companies were largely weak. This had been expected though as the firms were expected to see the worst of the economic effects of the pandemic during the period. Many analysts believe that most sectors now have the worst behind them. Total earnings for the quarter were 47% lower y-o-y. In other news, the three major local banks – DBS, UOB, and OCBC – reported steep falls in net profit in the second quarter. Figures also showed the economy registered its worst quarterly contraction on record, shrinking 13.2% in the second quarter. Official growth forecasts for

2020 have now been cut to minus 5-7% from minus 4-7% previously. The government announced further stimulus to help the economy, including labour market support measures. Elsewhere, Thailand's exports came in 11.9% lower in July compared to a year earlier while imports plunged 25.4%, resulting in a trade surplus of USD 4.11 billion for the month. Meanwhile, the Thai cabinet gave approval for further stimulus to prop up the country's key tourism industry which is struggling amid global Covid shutdowns and travel restrictions. In Malaysia, exports came in well above expectations in July, rising 3.1% y-o-y. Imports were down 8.7% from a year earlier, and the trade surplus widened to a record USD 6.03 billion. In Indonesia, officials warned that the country's economic recovery was "very fragile" and that there was a threat it could go into recession. Finance Minister Sri Mulyani Indrawati pointed to tax revenue data in July showing contributions from some sectors such as trade, mining and construction fell. The Indonesian economy contracted 5.32% y-o-y in the second quarter and is predicted to return growth of -2% to 0%, for the third quarter.

In Australia, the market shrugged off rising Covid cases and local lockdowns to finish higher for the month. The gains came against a background of wider global investor optimism about coronavirus vaccines and stimulus. However, disappointing earnings results weighed on sentiment later in the month. Most sectors saw gains with Auto and Components and software services leading the way. Telecoms fared worst. Among key economic readings, the CBA Flash Composite Purchasing Managers' Index (PMI) reading for August came in at 48.8, a fall of 9 points from the previous month, as private business activity was down. Results of the NAB Business Survey for July were mixed with the confidence index slipping to -14 from 0 in June but the conditions index rising from 0 to 8.

Latin America

MSCI Latin America	-6.2%	MSCI Chile	-9.8%
MSCI Brazil 25-50	-8.8%	MSCI Mexico	0.6%
MSCI Colombia	3.2%	MSCI Peru	-1.4%

In Brazil, concerns over fiscal discipline weighed on the local market. There was some volatility on markets in mid-month as speculation grew that Economy Minister Paulo Guedes was close to leaving office. Guedes, who wants a cap on public spending, appeared to be under pressure from the public and politicians who want more stimulus measures to help the virus-impacted economy. And there were also fears among investors that strict austerity rules could be dropped so that large spending programmes can be implemented even after the coronavirus crisis recedes. Although it soon became clear that President Jair Bolsonaro had no plans to fire Guedes and that Guedes himself had no plans to step down, investors remained concerned. In other news, Brazilian stocks should finish the year in relatively decent health, according to a Reuters poll of market strategists conducted during the month. This poll forecast that despite investors' concerns about the continuing problems caused by the country's coronavirus outbreak, which has been one of the worst in the world, and a ballooning fiscal deficit, the benchmark Bovespa index will finish the year almost 5.0% down on the end of 2019. This would mark a 60% rally from March lows.

In Chile, sentiment faltered as global credit ratings agency Moody's changed its outlook for Chilean sovereign debt from stable to negative, although it left the country with an A1 investment-grade rating. The change had been widely expected, but markets took note of the agency's highlighting of challenges ahead for the economy, including a rising debt burden and political and social uncertainty.

In Mexico, the central bank revised its growth projections for the year downward to between -8.8% and -12.8%. Its monthly policy reports also revealed that officials have had further discussions around the prospect of additional rate easing. This comes after the economy contracted by over 17% during the second quarter of the year. However, President Andres Obrador said more than 60,000 jobs were created in August alone as the economy begins to gradually recover from the worst economic effects of the pandemic.

Africa

MSCI FM Africa	5.4%	FTSE/JSE	-1.4%
MSCI South Africa	-1.2%	MSCI Egypt	8.4%
MSCI Kenya	10.5%	MSCI Nigeria	6.0%

In South Africa, investors and locals alike welcomed the lifting of many lockdown restrictions. The removal on bans of sales of alcohol and cigarettes, as well as on interprovincial travel and personal and family visits, were cheered by companies in key sectors, such as hospitality and leisure, which have been hit hardest by the restrictions. In others news, the economic cost of ongoing problems with power cuts which have plagued the country in recent years – and which caused problems again in August – has been made clear with studies by South Africa's Council for Scientific and Industrial Research (CSIR) showing that 1,498 Gigawatt hours (GWh) of energy had been lost in planned power cuts so far in the first eight months of 2020. This compares with more than 1,352 GWh in the whole of last year and 1,325 GWh in 2015, the previous two worst years on record. The CSIR said power cuts last year cost the economy up to USD 7.2 billion. Faults and poor maintenance at South Africa's debt-ridden state utility Eskom has meant it has struggled to meet demand for years. Problems have continued despite massive state bailouts to try and help the company. South African petrochemicals group Sasol – the world's top producer of motor fuel from coal – reported an annual loss of ZAR 91.3 billion for the full year ended June 30 on the back of falling oil and chemical prices as well as a ZAR 111.6 billion write-down.

In Nigeria, data showed the economy contracted by 6.1% y-o-y in the second quarter of the year as lockdowns during the period left businesses shuttered, and oil prices fell. Meanwhile, the unemployment rate stood at 27.1% in the same quarter, according to official data. During the month it was reported that the government is planning to spend a record 12.65 trillion NGN (USD 33.2 billion) in 2021. The figure, contained in a document released by the Finance Ministry, would be a 17.2% rise from record 10.8 trillion NGN spending planned this year. The document stated though that spending would focus on completing ongoing projects rather than new work.

In Kenya, worries grew over the economy. Lockdowns imposed in the country, and which were extended late in the month, have weighed on growth prospects with groups like the International Monetary Fund (IMF) forecasting Kenyan GDP to grow at just 1% this year. Latest data suggested economic activity is depressed – total tax receipts in July were down 12% y-o-y – and some locally listed firms have issued warnings to investors that earnings could be down as much as 25% this financial year while others have suspended dividends. Meanwhile, the central bank has told banks they will need approval before declaring dividends for the current financial year. This is to ensure they have enough capital to respond appropriately to the COVID-19 pandemic.

In Egypt, the market was helped by growing hopes that the key tourism sector could be starting to recover. The beleaguered industry has been badly hit by local and global lockdowns and travel restrictions during the pandemic. Hopes that the central bank could be moving towards relief measures for businesses hit during the crisis also supported stocks during the month. Meanwhile, a report from the International Monetary Fund (IMF) stated that with a global recovery now expected to be more gradual, its forecast for Egyptian economic growth in FY2020/2021 has been further revised down to 2%. The group is predicting a contraction in the second quarter and the third quarter of 2020 followed by a slight recovery in the fourth quarter of the year and a potentially stronger rebound in 2021 as domestic activity normalises and tourism slowly recovers. But tourism activity will not be back to pre-crisis levels until the second half of 2022, the IMF said. ■

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Cornhill Sales Diary

Even though staying at home is the safest course of action during the current pandemic, Cornhill remains fully open for business. Your sales representatives are more than happy to provide assistance via calls or virtual meetings.

Covid 19