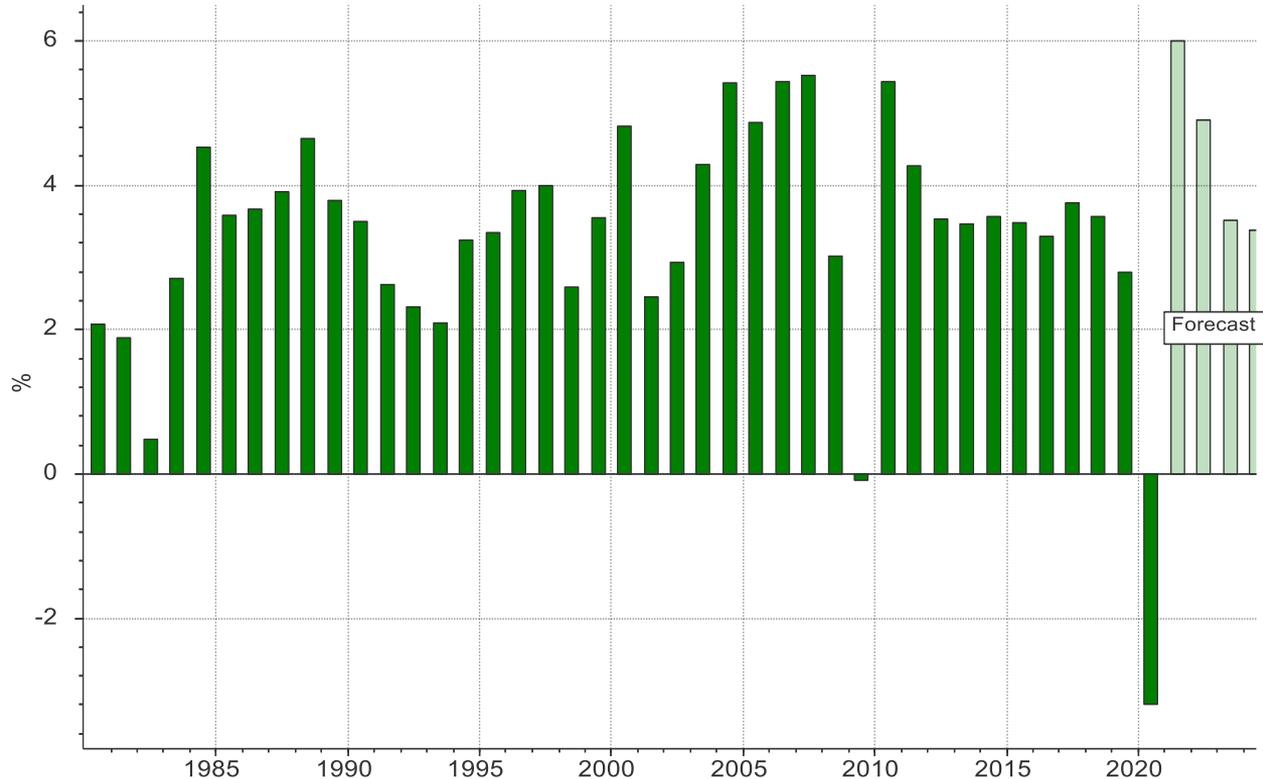




Global economy recovering strongly but unevenly from the Covid-19 shock

IMF REAL GLOBAL GROWTH ESTIMATE

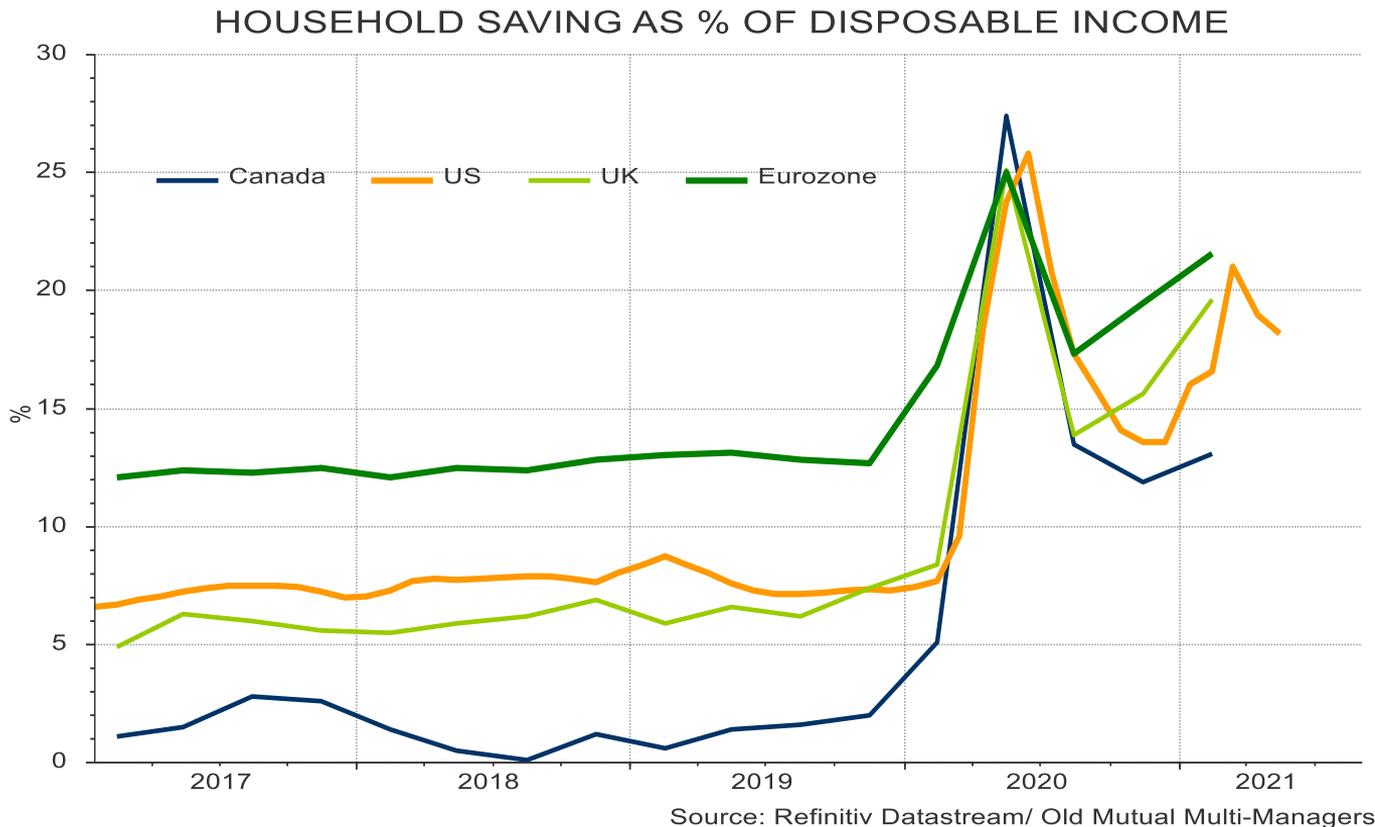


Source: Refinitiv Datastream/ Old Mutual Multi-Managers

- 2020 saw the worst global recession since the 1930s. 2021 is seeing a record recovery that should extend into 2022 as the major economies put the pandemic behind them.
- The recovery has benefited greatly from policy support. Those countries whose governments lack the means to support their economies fiscally and vaccinate their populations will recover slower.



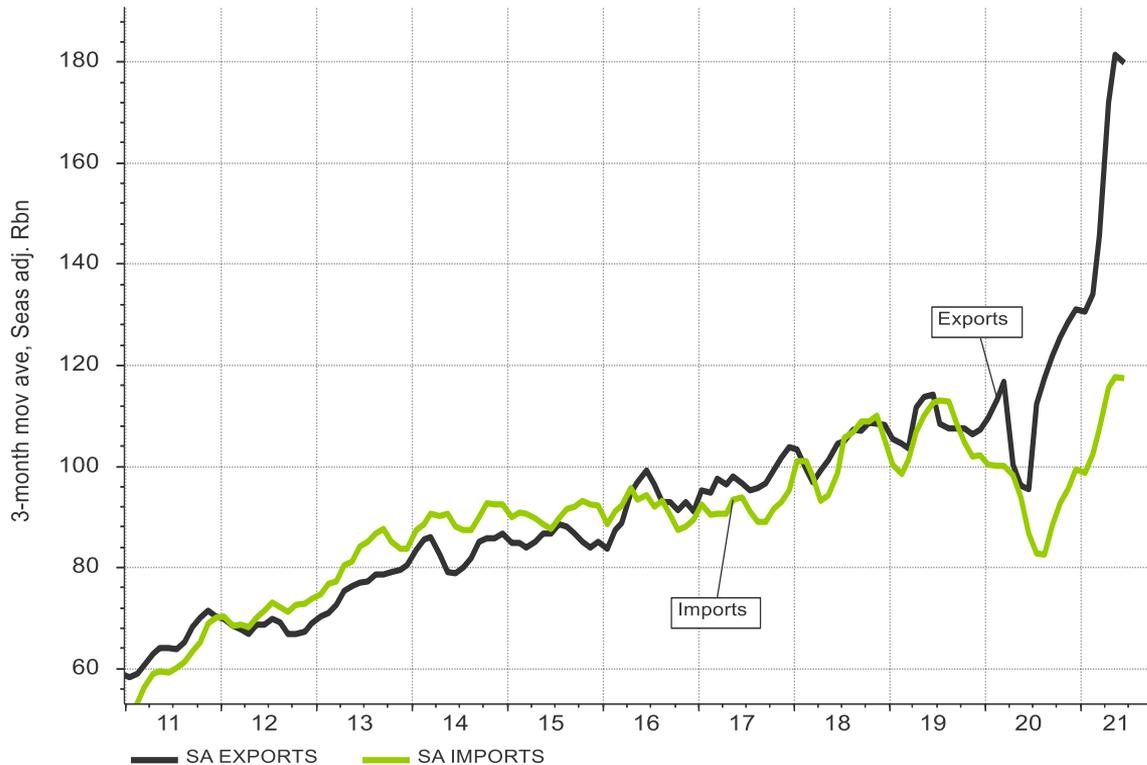
Savings rates remain elevated in rich countries



- In macroeconomic terms, savings is the difference between spending and income. Across the world, spending fell during lockdowns. In the rich countries, households benefited from government income support. This pushed savings rates to record levels.
- Time will tell whether there is a permanent change in saving behaviour. Will more people build rainy day funds or they've experienced the flood?



SA recovery getting a boost from commodity prices

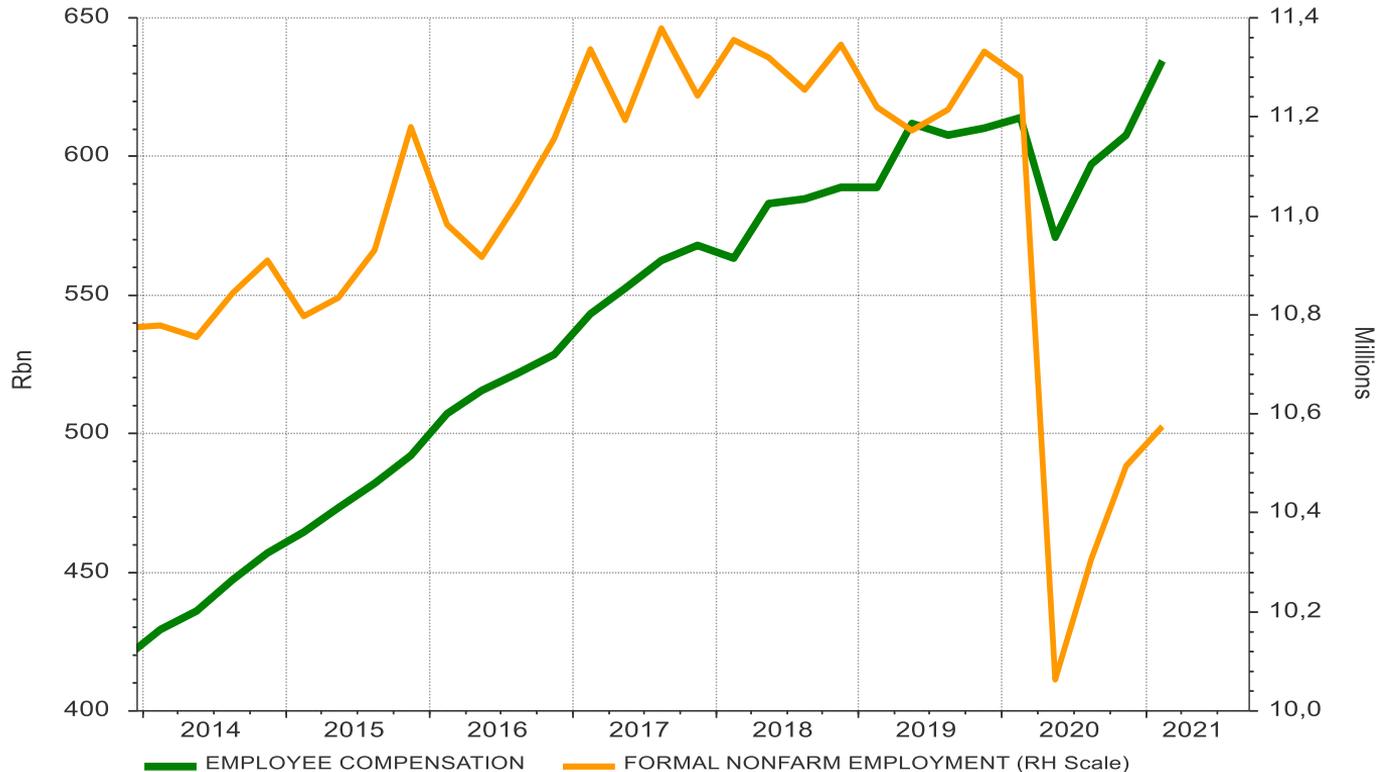


Source: Refinitiv Datastream/ Old Mutual Multi-Managers

- The local economy is greatly helped by the global recovery. Commodity prices have surged over the past year, and this has pushed SA export values to record level.
- On the other hand, the tourism and leisure sectors have borne the brunt of the pandemic, and are likely only to recover with widespread vaccination.



Incomes have recovered (in aggregate) but unemployment scars remain



Source: Refinitiv Datastream/ Old Mutual Multi-Managers

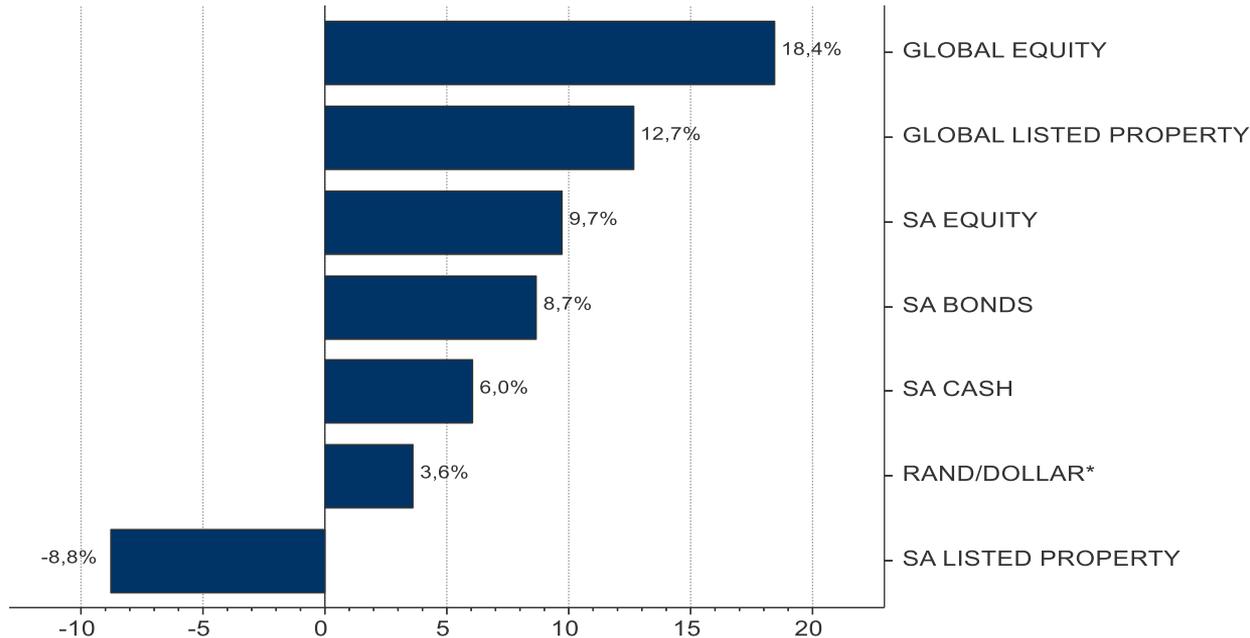
- Workers' total incomes have recovered despite the large number of job losses. This is good news, but also a stark reminder of the K-shaped nature of the recovery and the increased inequality and that probably contributed to the recent unrest.
- Lower interest rates also support the consumer spending recovery by lowering interest payments.



Much better investment returns for local savers

3 YEAR ANNUAL ASSET CLASS RETURNS IN RAND

Jul 2021



Source: Refinitiv Datastream/ Old Mutual Multi-Managers

- Investment returns of a typical SA balanced portfolio are not only much better than might've been expected a year ago, but also somewhat better than pre-pandemic (SA equity in particular).
- Many people invest "through the rear view mirror" by looking at past performance. Improved returns should therefore boost the confidence of investors and could make them more inclined to save.



In conclusion

- The global economic recovery is going better than expected, but the virus still poses a risk.
- The impact on households globally and in SA has been very uneven.
- Time will tell if there has been a permanent change in savings behaviour here and abroad.