



OPPORTUNITY PRIVATE CAPITAL

Economic Snapshot April 2021

LOCAL HIGHLIGHTS & LOWLIGHTS

- All-Share Index on 15 Mar: 67,898.
- All-Share year to date return: 14.3%
- Market PE ratio: 26.84
- USD/ZAR currently strong at R14.29/\$
- South Africa 10Y Government Bond yield: Current 8.52%

(Data: Bloomberg; Sharenet;
www.tradingeconomics.com)

NEWS

- Coronavirus is still with us as some European countries are going into a third lockdown.
- Global savers are estimated to have stockpiled around \$5.4tn during Covid, offers hope for post-Covid spending. The cash amounts to 6% of world output since pandemic began.
- Australia has opened a travel bubble with New Zealand in a first move towards normalcy.
- Chinese economy looking strong

ALTERNATIVES: Cryptocurrencies

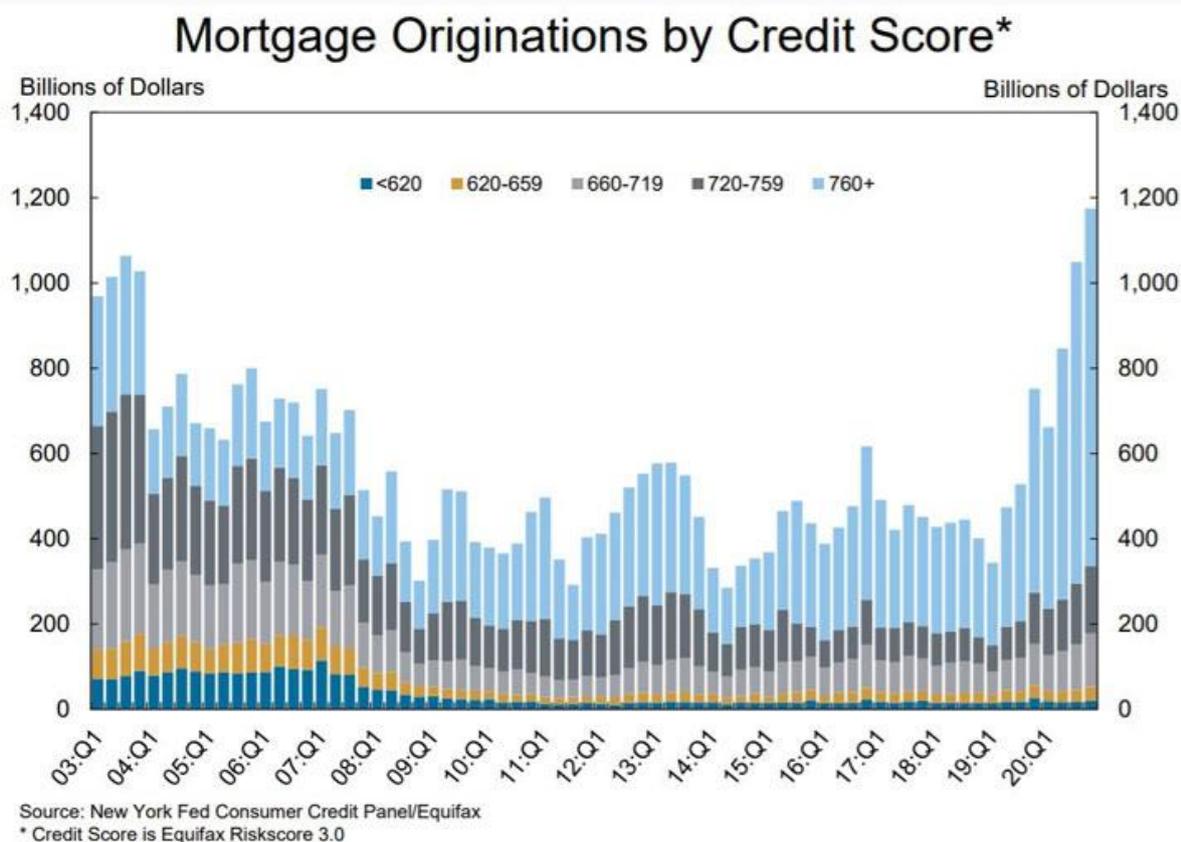
One of the greatest innovations of the past decade or so has been cryptocurrencies, with Bitcoin being the most famous of the lot and the 'granddaddy' of blockchain. It all started with a thought-provoking paper in 2008 called 'Bitcoin: A Peer-to-Peer Electronic Cash System', that outlined the mechanisms of how it would work. The first claimed transaction using Bitcoin followed 2 years later in 2010 where 10,000 bitcoins were used to buy a \$30 pizza. Quite a pizza, because it would be worth around \$0.5bn at current bitcoin prices.

Some cryptocurrencies are treated as a store of wealth or a digital alternative to gold (mostly Bitcoin), while others have found favour because they target transactional efficiency and anonymity (Ethereum, Ripple). The proponents and bulls of the crypto's believe it is an emerging new currency and/or payment system that offers anonymity and protects against central bank debasement. The opponents, or bears, see it as part of a speculative mania driven by cheap capital that is looking for a home.

The entire cryptocurrency market is now worth over \$2.05tr across more than 4,000 cryptocurrencies. The rise of the cryptos has been faster than any other asset class in history, mainly over the last 18 months where the value has increased tenfold. To put that into context - Gold is reported to be around 6.15billion ounces, and at US\$1700/oz is worth approximately US\$10.3tn.

The meteoric rise of Bitcoin has caught the attention of banks, investors and corporates, and will eventually enter the crosshairs of central banks as they seek to stabilise worldwide financial markets. Chances are that they will introduce their own regulated cryptos, but the end of this Cinderella story is yet to be written. With no underlying asset to connect to the currency, it is very difficult to predict where the prices will go. For now, let's see what PayPal and Facebook come up with as they join the crypto family.

GRAPH OF THE MONTH: USA Mortgages vs credit score



Source: www.awealthofcommonsense.com

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