



# OPPORTUNITY

PRIVATE CAPITAL

## Economic Snapshot December 2021

### LOCAL HIGHLIGHTS & LOWLIGHTS

- All-Share Index on 17 Dec: 71,203
- All-Share YTD return: 19.85%
- Market PE ratio: 11.84
- USD/ZAR currently at R16.01/\$
- South Africa 10Y Government Bond yield: Current 9.305%

(Data: Bloomberg; Sharenet ; [www.tradingeconomics.com](http://www.tradingeconomics.com))

### NEWS

- Omicron has arrived on the worldwide stage, first reported from South Africa but currently identified in 89.
- Global central banks are planning their next moves as inflation is seen as non-transitory more and more, laying the foundation for a potential tug-of-war between politicians and the central banks.
- Steinhoff offering a Christmas surprise by reaching settlements with two parties after the 2017 debacle, with Tekkie Town being on benefactor thereof.
- The Fitch rating agency has rather unexpectedly upgraded the outlook for SA Government debt to stable.

### Tis the season to be spending

With Christmas upon us and the year drawing to a swift close, kids and parents alike are thinking about what will be under the Christmas tree in a few days' time. Retailers are normally stocked up with toys for both young and old, enticing us to spend some of our hard-earned cash. Let us have a look at where the money goes.

The global toy industry is currently worth about \$94.7 billion per annum, with more than \$25.5 billion spent in North America alone (where the average spend per child is estimated at \$300 over the course of a year).

The toy industry has grown in leaps and bounds over the past 25 years as technology has improved, and toy manufacturers are trying to be ahead of the curve in a rapidly changing and evolving world. Today's parents can pick and choose from a seemingly unending line of options and, with the help of online shopping, are not limited by their local stock anymore.

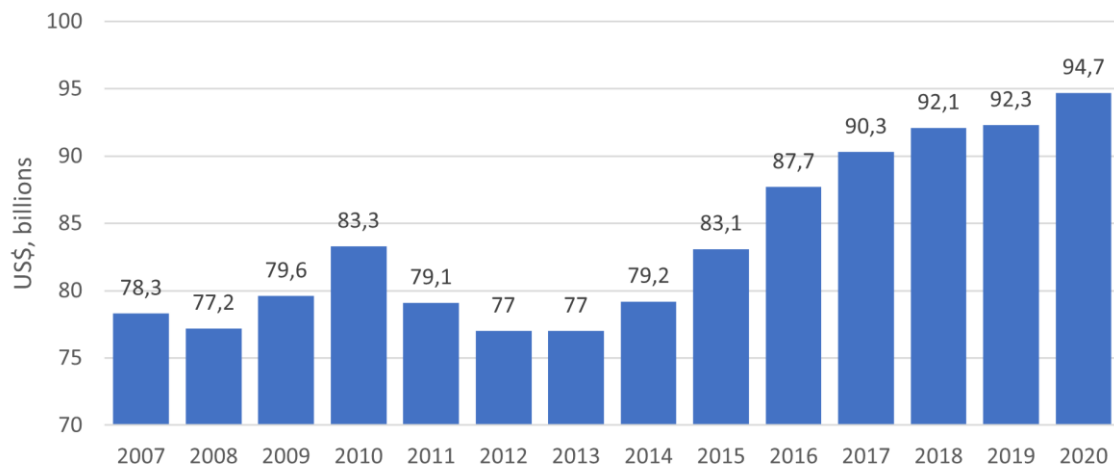
Some kids have even started to cash in on the craze, forging early careers from reviewing toys. So much so, in 2018 the Ryan's Toy Review YouTube channel earned the then 7-year-old a whopping \$22 million for his efforts, making little Ryan the highest YouTube earner for that year. (*Side note: I'm sure I'm not alone in questioning some of my career choices after reading that statistic.*)

One of our more famous global toy makers is the Lego company, holding one of the most recognisable toy brands over multiple generations and beating Barbie into the second placed all-time spot (according to Time Magazine). In Euro terms, Lego crossed the €1 billion annual sales mark in 2006, broke the €2 billion ceiling in 2010, crossed the €3 billion threshold in 2012, ended 2015 with €4.81 billion in sales, and reported revenue of €5.87 billion for last year after more growth. These days, the Lego empire even includes theme parks and reality TV shows.

And it is not only kids receiving the toys anymore - the video, console and computer games industry has changed their target market away from younger kids to older kids and adults, with more and more adults taking up the 'hobby' and including gaming in their leisure time.

Whatever you receive under the tree (or in the garage) this year, may it be accompanied by health and followed by a prosperous 2022. Prost!

## GRAPH OF THE MONTH: Total revenue of the global toy market (US\$, billions)



Source: [statista.com](https://www.statista.com)

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