# Standard Bank CEO foresees tough year ahead

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21 Jan 2016

This year is going to be a "tough" one for the local economy, with "no clear evidence" that high unemployment, and a low business and consumer confidence environment will change, Standard Bank joint CEO Sim Tshabalala says. He was speaking at a Frontier Advisory Deloitte Africa outlook function on Thursday.

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Although the Treasury and the South African Reserve Bank see the economy growing at closer to 1.5% this year, the International Monetary Fund (IMF) and a few other economists forecast growth at less than 1% on the effect of low commodity prices, weak demand and rising debt levels.

Speaking about the rand, Tshabalala said the currency was likely to continue depreciating, which would stoke inflation. He expected the Reserve Bank to allow the currency to "act as a shock absorber".

The rand has weakened more than 7% this year to above R16.70/$ and has led to a deterioration in the inflation outlook, which will force the Reserve Bank to raise rates again. Rand weakness could be beneficial if the local economy avoids strikes and load shedding, as competitiveness, the tourism sector and exports would be boosted, Tshabalala said.

The private sector was looking forward to next month's budget "for firm evidence of fiscal discipline", the CEO said.

But even if the Treasury stayed committed to prudent spending and to implementing structural reforms, it could not improve SA's position alone. The government as a whole needed to pull "in the right direction", which was not happening, Tshabalala said.

*Source: BDpro*