



MARCHING

ON INTO THE UNKNOWN

DEAR LOYAL PARTNERS

As Human Rights Day approaches, we are once more reminded how lucky we are to live in a country where each person is valued and has a cohort of protective rights to fall back on. As Ukraine is under siege, our thoughts are with those families being torn apart. It puts things into perspective, doesn't it?

Although the future seems uncertain, it's not all doom and gloom. Prospective energy projects and zero increases to fuel taxes might create some much-needed relief for local communities and businesses.

We invite you to read on and discover this month's relevant news topics and how it will impact our pockets and futures.

THE DEPARTMENT OF MINERAL RESOURCES AND ENERGY

The Department of Mineral Resources and Energy has published the latest fuel price adjustments for March 2022, showing a sharp hike in prices for both petrol and diesel in South Africa. The increases for March are mainly attributable to rising international petroleum prices as a result of Russia's invasion of Ukraine.

There's no better time to do business with us, as the slate levy was also increased by a further 15 cents per litre, escalating prices even more.



THIS IS HOW THE PRICE HIKES ARE EXPECTED TO REFLECT AT THE PUMPS:

Petrol 95 | **R21.60**

Petrol 93 | **R21.35**

Diesel 0.05% | **R19.49**

Diesel 0.005% | **R19.49**

Illuminating Paraffin | **R13.19**

"These increases will certainly impact every single South African given the reliance the country has on fuels for transportation, manufacturing and in the agricultural sector," said the Automobile Association (AA).

However, the price increases would have been more severe had the rand not stabilised against the US Dollar in the last few weeks. Another silver lining is the fact that potential increases will not be combined with increases to fuel taxes as the minister of finance announced that General Fuel and Road Accident Fund levies will not increase this year.

FURTHERMORE, THE RUSSIAN INVASION OF UKRAINE HAS

SENT A SHOCKWAVE THROUGH MARKETS

South African pockets will feel the pinch from more than just petrol price increases – earlier and bigger interest rate hikes by the SA Reserve Bank to curb inflation and higher bread prices are just a few of the potential spikes looming ahead.

On top of this, a lower demand for SA's commodities and a "risk-off" attitude among investors towards emerging markets, could end up impacting the rand.

"All in all, it is not good for South Africa. Estimations used for SA's national budget did not consider a war in Ukraine, which could impact global growth and in turn that of SA, depending on how protracted the war ends up being," says economist Thabi Leoka.

The Russian rouble took a record-breaking dip, and Leoka expects that the volatility in Ukraine will have consequences for the rand. "The conflict in Ukraine will slow down global growth, which has just been recovering from the Covid-19 lockdowns. What that means for SA is a further disruption of demand for our goods," she cautions.

SA exports a limited number of agricultural products to Russia and Ukraine - mainly citrus, nuts, vegetables and tobacco, according to Wandile Sihlobo, chief economist of the Agricultural Business Chamber of SA (Agbiz). It does, however, import wheat from the two countries. Russia and Ukraine account for 25% to 30% of the world's wheat exports, so there could be upward pressure on grain prices.

THE COMBINATION

of higher fuel prices, pricier wheat and a weaker rand will push inflation higher in South Africa. Attard Montalto expects the Russian conflict could bring headline inflation up to around or just above 6% through the second quarter of 2022, from 5.7% currently.

IN MORE POSITIVE NEWS, NORTHERN CAPE

PREMIER ZAMANI SAUL

says work is progressing at the Redstone Concentrated Solar Power Project in Postmasburg, which is expected to bring additional power to the country's energy network.

"The project comprises 100 Megawatts of Concentrated Solar Power (CSP). The plant will be constructed over a period of 31 months, achieving full commercial operation by the end of October 2023," he said.

The CSP tower plant will generate solar power using mirrors, known as heliostats, to concentrate a large area of sunlight onto a small area known as the receiver. Electricity is then generated when the concentrated light is converted to solar thermal energy. It will be capable of producing approximately 480 gigawatt-hours (GWh) net of renewable energy annually, with a nominal net generating capacity of approximately 100 megawatts (MW).

The project is expected to peak at close to 1,800 employees by the end of this year.

The Redstone project will hopefully create some relief, as one of the biggest risk factors of the global crisis will be energy disruption, said Ben Emons, global macro strategist with Medley Global Advisors.

MONTHS AFTER THE SHELL SCANDAL, THEY ARE FINALLY BEING BROUGHT TO TASK

and released a statement with their proverbial tails between their legs.

Shell planned a 3D seismic survey off the Wild Coast in December 2021 which aimed to explore potential hydrocarbon reserves beneath the seabed.

The company claims to minimise the impact of their projects on the environment and to be a good neighbour wherever they work, by contributing to the well-being of neighbouring communities.

In the meantime, Shell's spin doctors are trying to revive the company's fading image by claiming that should viable energy resources be found offshore, it could significantly contribute to South Africa's energy security and the government's economic development programmes.

Based on the outcome of the court hearing on 28 December 2021, the survey contract has been cancelled for the current survey window. Shell is currently seeking permission from the Court to appeal the 28 December judgement around the planned Wild Coast survey.

STAY ON THE LOOKOUT FOR NEXT MONTH'S HOT TOPICS AND NEWS STORIES

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