

# FOREWORD

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The Retail and Marketing Review

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## Volume 14 Issue 1 (2018)

With 2018 is half way gone the world economy is still in turmoil and the world economy has not yet shown positive signs of growing and stabilizing. South Africa has a new president, Cyril Ramaphosa, and while President Ramaphosa has been the talk in business, the long-term effects still have to be seen. South Africa is still battling high levels of unemployment (27%), and the GDP has decreased in the first quarter of 2018. On the political front, there has been some movement and some stability but it is expected that there will be major political upheavals in the run up to the general election in 2019 as Zuma loyalists try to oust the current president and the opposition try and capitalize on the turmoil in the ANC ranks for their own gain.

The long term prospects for the South African economy is however more positive than negative and business confidence has increased over the first half of the year as business has seen some positive steps. The Steinhoff debacle and the threat of expropriation of land without compensation has scared many investors off and until clarity has been given on how this will be achieved there will be much uncertainty in the markets. The rand has fallen back to one of its lowest levels for the past three months in June and a record increase in the price of petrol and diesel has made South Africa one of the most expensive countries in the world for fuel. This will have a negative impact on inflation and place a damper on inflation. Many retailers have closed down in the first six months of the year already and if the economy do not pick up soon this pattern will continue.

On the international front the USA and North Korea summit dominated the news for the past few months and the threatened trade war between the USA, the EU and China has led to major uncertainty in the markets with all the major stock exchanges showing some fluctuations and erratic behavior.

Britain and the EU is still in the process of discussing the best exit strategy and this has led to a range of new initiatives being launched between various countries to try and soften the blow to the respective economies. Against this scenario it can be expected that many businesses will face serious challenges in the months to come and they will have to look harder for the opportunities that may open up and be exploited.