



INFORMATION :

• [Home](#)



Your timber with our preservative chemicals makes a quality product

dolphin bay
FOUNDED ON INTEGRITY

Many have chosen Dolphin Bay as their NO 1 chemical supplier... have you?

• [Contact](#)

- COMMERCIAL:
 - Business Directory
 - Business Directory
 - Register Your Business
 - Rate Your Business
 - Industry Advertising Rates



February - Preparing for the rocky ride

[previous page](#)

8 February, 2016



Industry News

National News

Preparing for the rocky ride

Preparation

Engineering

Adding



Index

nt

loyment

er Partner



ner

ner



Reserve Bank governor Lesetja Kganyago

Our industry is in a position to survive, and even thrive, during economic hardships. We learnt the strategies for doing so during the global economic downswing of 2008, and will weather the current economic constraints by continuing to apply, and even improve upon, these lessons.

These observations from Bertus follow the Rand's value plummeting in recent months, and the Reserve Bank's decision last Thursday to raise the lending rate by 0.5%. The move was made in order to shore up the Rand's value and attract more foreign investment. It was "definitely an attempt at restoring some credibility," Manisha Morar, an economist at ETM Analytics, told Bloomberg News Agency. "It sends a message that the bank is willing to act to stabilise the economic environment, especially given the volatility that we've seen in the currency."

The Rand strengthened slightly soon after the Reserve Bank's announcement.

"We are happy to see the Rand moving to more realistic levels, but R16 to the dollar is still very high," says Bertus. "And given recent events, we should assume that the Rand's volatility will continue. "When we plan, we should plan for volatility."

The lessons that our industry learnt eight years ago, and will continue to apply, include a focus on innovation and maximising efficiencies in order to counter rising costs. At Dolphin Bay, we believe we are well positioned to cope with the current economic challenges due to our focus on efficiency, innovation and diversification.

For our industry, there are more reasons for optimism. As we reported in our December newsletter, the timber sector has been bucking general economic trends recently: after seeing healthy growth last year, forecasts for timber sales for this year were good, too. In addition, those companies who are exporting timber are profiting from the Rand's lower value.

For all businesses, one of the major downsides of the 0.5% interest rate hike will be the rising cost of borrowing money to finance business projects. Consumers will suffer, as the cost of borrowing money and of buying food and other consumables will rise even further. These costs were set to escalate even before the Reserve Bank's announcement, due to the effects of the drought and the continued relative weak value of the Rand.

While these consequences are severe, we believe they are less detrimental than a continued plummeting of the Rand's value, which was exacerbating the risk that international agencies might relegate our economy to "junk" status.

Dolphin Bay will continue to do our utmost to limit the effects of the Rand's volatility for our clients. Once again, thanks to every one of you for understanding our position, and the co-operative discussions we have had about the implications for both businesses.

Let's hope the rate hike by the Reserve Bank will have the intended effect and provide some stability for our currency.

Source: [Dolphin Bay Chemicals](#)

