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IN THIS ISSUE

Global conflict is pushing up oil prices, weakening the rand, and adding to inflation. This raises living costs and puts pressure on household finances.

Staying resilient means budgeting carefully, reducing debt, keeping emergency savings, and sticking to a long-term investment plan despite short-term uncertainty.

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HOW TO REJIG YOUR FINANCES FOR A WORLD AT WAR

LLOYD UREN | FINANCIAL ADVISOR, BRENTHURST GRANGER BAY, CAPE TOWN

It's hard to ignore what's happening in the Middle East. The conflict involving the US, Israel and Iran has raised serious concerns about oil supply, pushing prices into territory that has markets spooked.

If you're feeling uneasy, that's completely understandable. War creates uncertainty that fuels volatility, which eventually ends up affecting your pocket – both in the short and long term.

Right now, the real concern isn't just higher oil prices, it's the combination of rising prices and slowing global growth. That's what economists call stagflation.

In simple terms, this means your cost of living rises while the economy struggles to grow. That's a tough mix for any country, but for South Africa it's even more complicated.



WAR PRESSURE ON YOUR WALLET

Rising oil prices, a weaker rand, and global conflict are pushing up costs - making smart budgeting and disciplined investing essential.

SOUTH AFRICA FEELS IT TWICE

We import most of our fuel. So, when oil prices climb we pay more, and if the rand weakens at the same time, we pay even more.

Global conflict often pushes investors away from emerging markets. That can weaken the rand, making imported goods, especially fuel, more expensive.

If oil stays near \$100 per barrel and the rand remains under strain, petrol prices could continue to rise. Once fuel increases, transport costs follow. Food prices usually move next.

For many households, there isn't much room left in the budget. And a sudden jump in fuel and food prices feels like a hidden tax. That's the stagflation trap: higher costs, slower growth and very few easy solutions.

THE RESERVE BANK'S DIFFICULT CHOICE

The war has placed the South African Reserve Bank in a very difficult position. If it raises interest rates to fight inflation and protect the rand, borrowing becomes more expensive. That puts pressure on homeowners and businesses.

If it keeps rates unchanged, the rand could weaken further, pushing inflation even higher. Either way, the environment stays uncomfortable, which is why planning matters so much right now.

While it's easy to focus on the negatives, we might have a slight silver lining.

South Africa exports commodities such as gold and platinum group metals. In times of global stress, investors often move to gold as a safe haven, with higher commodity prices helping to support export earnings and boost government revenue.

That helps at a national level, but it doesn't lower your petrol bill immediately. The benefits take time to filter through the economy, while higher fuel and food prices are felt almost immediately.

So, while there's some support in the system, you may still need to prepare for pressure in the short term.

WHAT YOU CAN CONTROL

When the world feels unstable, it's natural to want to react quickly, but long-term financial security is built on steady decisions, not emotional ones.

Here are some simple ways you can buffer your finances against unforeseen shocks.

Start with your debt. If interest rates stay high, expensive debt becomes even more dangerous. Focus on paying down what you can, especially short-term or unsecured loans. Avoid taking on new debt unless it's absolutely necessary.

Next, review your budget honestly. What happens if fuel and food costs rise by 10 to 15 percent? Where can you reduce discretionary spending before you're forced to? Small adjustments now are usually easier than drastic cuts later.

Then look at your investments. Market volatility during war and geopolitical tension is normal. Selling investments out of fear often locks in losses and reduces your ability to benefit when markets recover. Instead, make sure your portfolio is diversified and positioned for a range of outcomes, not just strong growth.

This may be the time to check whether your financial plan still works if inflation stays higher for longer and growth remains weak.

A STEADY RESPONSE IN UNCERTAIN TIMES

The reality is that you can't control events in the Middle East, nor oil prices or currency markets. But you can control how prepared you are.

Periods like this test confidence and discipline and often reveal whether your financial plan was built only for good times, or for all times.

If you're feeling anxious, that's normal. The headlines are unsettling, but uncertainty doesn't mean you're powerless.

My suggestion is to review your plan, tighten where needed and stay invested, but stay sensible. And if you need clarity, speak to a trusted financial adviser.

In times of global conflict, the most valuable quality isn't speed or boldness. It's resilience. And resilience starts with preparation.

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Lloyd joined the Brenthurst Wealth Team in 2023 as a paraplanner/advisor and currently works under the direct supervision of Brian Butchart in our Stellenbosch office.

He obtained his BCom (Investment and Financial Management) degree from the University of Stellenbosch, as well as his Postgraduate Diploma in Financial Planning through the Stellenbosch Business School.

Lloyd previously worked in the IT Services industry as a data officer for Wyzetalk before beginning his career in financial services with Brenthurst. He is passionately driven to help individuals achieve their lifetime financial goals and, thus, is working towards earning his CFP® designation to enable him to provide advice on all financial matters.

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