

4 September, 2015

## The big picture brings hope



We send our heartfelt thanks to our customers for your understanding at the recent news that we have to raise our prices slightly. We are all feeling the effects of our country's economic woes. In fact, we confess that we were racking our brains as we prepared to write this story on the current state of the South African economy and the ramifications for our industry.

How, we wondered, can we bring light to what seems a gloomy situation?

In reality, our country's finances are leaving many of us reaching for a quick fix might: yet another chocolate bar, a box of little white pills, perhaps, or an overly strong whisky.

So we decided to cut to the quick, giving the facts as efficiently as possible, and also write about the big picture. The broad perspective brings us hope and a great sense of motivation - a far better fix, we believe, than a good, strong drink.

Firstly, here is the low-down:

The rand's value fell to a 14-year-low against the dollar in recent weeks and, along with those of other emerging markets, our economy is stagnating. Growth is weakening while prices continue to rise, leading to what many are terming the dreaded state of 'stagflation'.

The factors driving this include the effects of Eskom's power cuts on business, the South African Reserve Bank's recent increase in interest rates, the likelihood of the US Federal Reserve Bank pushing up interest rates, as well as the faltering of the economy in China - the largest trading partner of our commodity-driven economy.

Sadly, Dolphin Bay is extremely exposed to these developments, as we are paying ever-rising prices for the raw materials we import to manufacture our chemicals. We are committed to doing our utmost to mitigate the risks for our customers and, for the first eight months of this year, managed to keep the prices of our products stable, despite the rand's dramatically diminishing value.

Unfortunately, we could not sustain this approach during our currency's recent downturn. This alone almost drove us to guzzling chocolates and whisky!

But Dolphin Bay is committed to remaining positive and taking the long-term view. It might seem hard to believe right now, but in every crisis, opportunity beckons.

The upside of all this:

The plummeting rand's value means that exports present an increasingly lucrative opportunity for the companies in our industry, and several of our customers who are taking advantage of this opportunity are continuing to grow. In fact, new opportunities are among the factors helping to ensure that our manufacturing industry thrives.

New markets are continuing to open up in many African countries, as the stories in this and previous editions of the Dolphin Bay Brief illustrate. The ability to adapt to changing conditions, and take strategic advantage of new opportunities, is what will help your company, and ours, to continue to flourish.

Our attitude to business is the foundation of success. If we become complacent and cannot adapt to a fast-changing world, our businesses will flounder. If we remain open-minded, innovative, optimistic, and able to respond creatively to changes that occur, our enterprises are likely to thrive.

Dolphin Bay is committed to alerting our clients to new opportunities, highlighting best practice in our industry, and helping to grow our business philosophy: one that empowers us all to meet and overcome challenges as we encounter them.

These realisations gave us the strength to stash away those chocolate bars and whisky bottles, after all. We hope you can do the same!

Source: **Dolphin Bay Chemicals**