

Election countdown – Update III

12 APRIL 2019

South Africa

Our third update in the countdown to 8th May. The first one which contained a more foundational views of where the campaigns are at is still available [here](#), and the second update [here](#).

The note includes feedback from a range of meetings related to the elections we had in the past week in South Africa, though these were often detail related and our fundamental views have not shifted.

Will be hosting two conference calls on the elections. One just before (most likely on 24th April) and the other on 10th May. Details to follow next week.

ANALYST

Peter Attard Montalto
Head of Capital Markets Research
peter@intellidex.co.uk
+44 (0) 796 0095 001
+27 (0) 11 083 5588

TOPICS

Politics

Baseline

Our current baseline ranges with our risk bias within the range, any recent change indicated and 2014/2016 results:

National

- ANC 55-60 (mid, unchanged) // 62.1 / 53.9
- DA 19-22 (mid, unchanged) // 22.2 / 26.9
- EFF 9-12 (mid, unchanged) // 6.3 / 8.2
- Turnout 69-74 (mid, unchanged) // 73.5 / 57.9

Gauteng

- ANC 47-52 (mid, new) // 53.6 / 45.6
- DA 29-33 (mid, unchanged) // 30.8 / 37.2
- EFF 13-16 (mid, unchanged) // 10.3 / 11.5

WC

- DA 50-55 (upper, new) // 59.4 / 63.1
- ANC 32-36 (mid, new) // 32.9 / 26.0

NEW - We lowered the bias assumption for the ANC in Gauteng after the latest byelections data. Our baseline is still that the ANC win Gauteng but this is very marginal and the reality is that it is too close to call, though we assume (/think) that the recent strategic win of Ramaphosa in Alexandria township over the DA will secure the final push.

Recent events

We take each party in turn:

- **ANC:** There has been significant disquiet within the party at the lack of campaign funds available and so the party has launched and is now pushing very hard on crowd sourced funding. This has caused

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some upset amongst branches however that small donations are being redirected to the centre and away from local campaigns.

- The party's election chief has toned back some of his previous hyperbole about the ANC's election results but in a range of interviews still seems to express strong optimism that they will get the 60% they are after. We believe this optimism is not shared in private from some of our meetings this week. There is a much larger degree of concern in the party we believe over turnout and fatigue amongst voters.
- Mavuso Msimang, the ANC stalwart, came out and backed the party this week. We believe he was under intense pressure to do so after having previously raised questions over his vote and said certain names must be removed from lists, which they haven't. We expect more elders, as well as celebrities to endorse the ANC in a coordinated fashion in the coming weeks.
- Several meetings President Ramaphosa had with voters over the past week were important. The first was with farmers in Stellenbosch, where Ramaphosa reinforced the need for trust in a constitution-based land reform process. Whilst media reports implied his reception was positive we understand there was not a huge deal of warmth in the room from those that were there. A more receptive event was his appearance in Alexandria township after unrest there in the past week. He promised an impossible to deliver 1mn new houses over the coming five years. Which would be more than three times the number houses built nationally in the past five years in this one area. The visit was an easy strategic win for the ANC after the DA Mayor Herman Mashaba refused to meet community leaders saying it was all an ANC set up. Indeed, we believe such protest action was likely agitated but this still meant the DA allowed an open goal rather than gaining a draw maybe.
- More widely protest action has been surging beyond the usual service delivery action into more violent protest and looting. This was seen in Pretoria and Johannesburg this week. Such protests seemed poorly populated and with unclear demands however we found when encountering one such protest on the ground. We expect more such action in the coming weeks.
- The fallout from the "Gangster State" book about Ace Magashule continued with what appeared to be ANCYL and Free State ANC backed disruption of book launches and burning of the book. This led to a surprisingly rapid counter reaction against such action by some in the ANC given the party's past utterances on freedom of speech.
- The list petitions process to the IEC finished last week and as expected no cabinet minister was impacted given no corruption convictions in place. One minor player was struck off for false declarations. The list process formally is now really

over, and there seem no change in our mind that the Integrity Commission of the ANC will be able to take any action – not least because the IEC briefed at the start of this week that parties could not now change lists voluntarily.

- We have been surprised with the lack of any major land reform announcements or transfers and watch for this in the coming weeks.
- Eskom appears to have faded from the campaign somewhat.
- **DA:** The DA has gotten remarkably little airtime in the media in the past week. Indeed, its challenging to know what the party has been up to apart from its ground campaign.
 - During a campaign press conference the party claimed it was certain of victory for Gauteng and North West (which shouldn't be forgotten about as at risk for the ANC). Such levels of hubris are unusual from the DA and were based on supposed internal polling which was not produced. Just as with the ANC we believe internally within the party there is a great degree of scepticism and fatigue given the expected drop in the nation vote share.
- **EFF:** The party is being sued by Trevor Manuel for libel following statements (repeatedly made) by Julius Malema that Manuel had deliberately chosen the new SARS commissioner for his own benefit and against the rules and terms of reference of the advisory panel on the appointment he was chairing. This will be a distraction, not to mention a cost they cannot afford, for the party. Overall the party failed to make any meaningful impact in the media on its own terms.

Investors previously concerned by the lack of party posters on street lamp posts in Johannesburg and Pretoria will be pleased to know that this has certainly been remedied in the past two weeks and the things are now everywhere. The biggest surprise has been the number of SRWP posters in Sandton for the party seconded only by the EFF in its distance from voters in that area.

Events to watch for

We are watching for a continuation of a series of celebrity and ANC elders declaring their support for the ANC. We don't believe the DA or EFF have anything similar – certainly not on the scale – lined up.

Eyes will be very much on the Zondo Commission in the coming week with the testimony of former IPID head Robert McBride. The Zondo Commission has not featured specifically in the campaign it seems yet, in terms of specifics of a campaigning message rather than the broad narrative of state capture. This could change however with the number (over 30) of politicians expected to be explicitly named in the testimony.

There are several dates for the IEC related to appeals against being struck off from the party lists but given this is only affecting one person we expect no issue.

We are watching for further flare ups on more violent protest action in Pretoria and Cape Town as pressure is applied in DA controlled areas.

Eskom is running with a very tight grid at around 350MW of margin next week. That is the same as the current week where there ended up being no loadshedding – but was down from an initial pre-week forecast of 1.5GW margin.

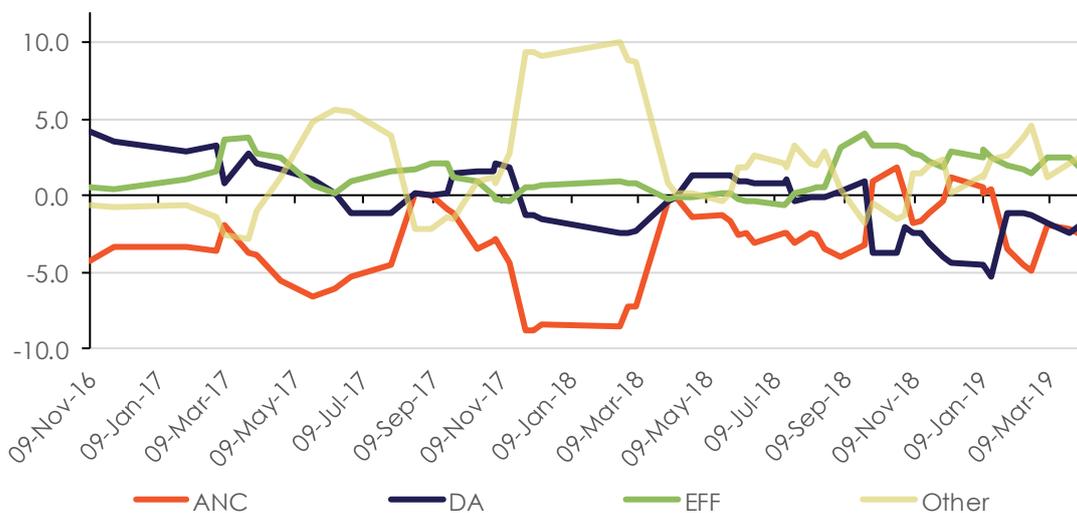
By-election update

The usual monitor below has been updated for the latest round of 13 by-elections that occurred this past Wednesday.

Broadly the elections saw full pace deployment of party machines. The ANC won one seat previously held by the IFP in KZN and the DA one seat previously held by the ANC in Western Cape.

Overall the final 90-day window raw swing is -2.7/-1.6/+1.5/+2.8% for ANC/DA/EFF/Other.

By-election swing vs 2016, rolling 90-day (ex-Christmas) period



Source: IEC, Intellidex

The key lessons we draw from the whole sample of 232 by-elections since the 2016 municipal elections, and specifically the last batch – is that whilst there are a lot of micro-details, broadly we are holding around those 2016 levels of underlying support and no party has truly broken out.

The EFF has shown the most consistent success vs 2016 though faded slightly this week given its lack of money. The DA has held onto its marginal improvement vs H2 last year and the last batch of by-elections end March as its full machine and ability to deploy money kicked into gear. Yet I

remains down on 2016 even if it has recovered from the 'foot shooting' related incidents in H2 last year.

The ANC continued to lose momentum at the margin even though this week showed, as we have commented on before, that in specific battles they have the ability to win. On this point, despite some media commentary and even on the ground feedback that the IFP is showing a rebound, we can see no evidence of this in the by-election results. Indeed whilst since the start of the year the IFP has seen a swing against it of around -2.5% on average. Its relative swing to (ie performance vs) the ANC has been -3.5% in those specific battles.

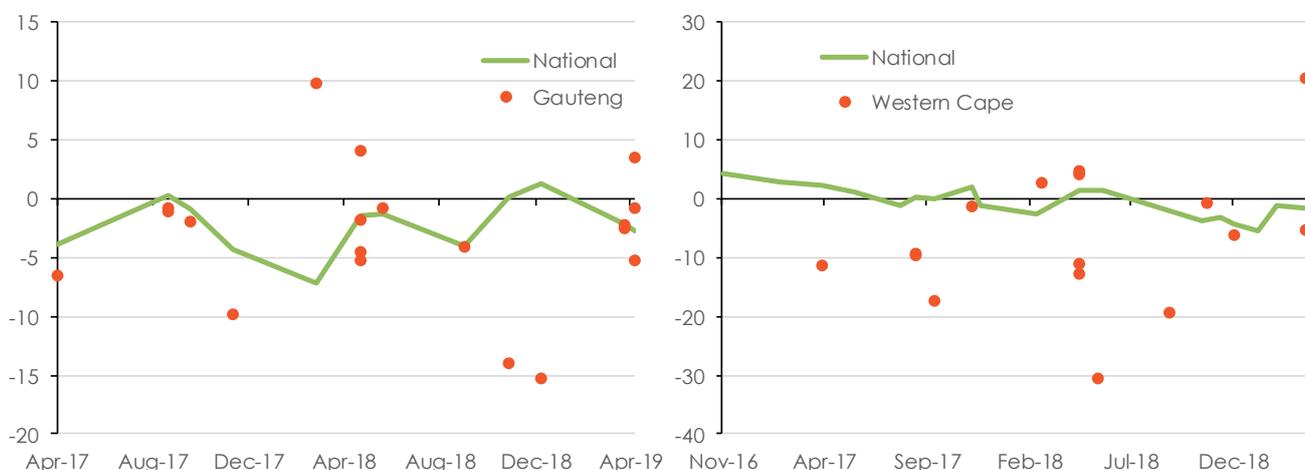
Smaller parties, as their election machines have ramped up have seen some meaningful showings in a piecemeal way which is reflected in their overall increase of share vs 2016. Some parties like GOOD and SRWP however have not been seen in the by-elections and are concentrating on the national elections though are offset somewhat by the fact independents aren't present in the national election. Overall therefore the 'others' needs to be taken with a pinch of salt.

When we first introduced our by-election monitor last year we said the 90-day window was useful for tracking high-frequency momentum but that our demographically and geographically weighted sampling measure of swing was more important.

This swing score on results from start August is -1.9/-1.9/+3.2/+0.5% for comparison. We cannot really take the numbers from the start of this year because some provinces only have one by-election say. This reinforces further the EFF momentum and the loss of support between the other two parties.

A lot has been written about issues like ANC support in townships or other areas but we can actually find relatively little statistically significant information from the by-election results. What we can see however is that in Gauteng the higher the turnout the better for the ANC, whilst in the Western Cape the higher the turnout the worse it is for the DA.

ANC Gauteng vs ANC national swings / DA WC vs DA national swings



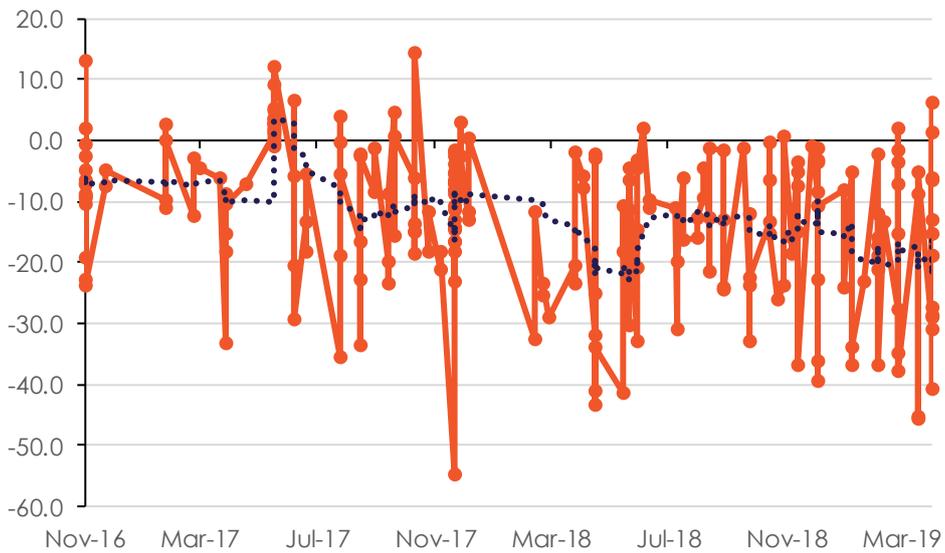
Source: IEC, Intellidex

It is interesting to see the progression of national and key battle ground swings in Gauteng and Western Cape below, showing the range of outcomes and some of the risks on the principal level.

We are loathed to really start providing overall % vote share imputations from by-election to national level given the way that by-elections can see outliers. However what we can say, having done some fiddling with the data – and noting very strongly that this is not our forecast – the by-elections since start year would indicate 51.4% for the ANC in Gauteng (lower than last month when we looked), and the DA with 53.7% in the Western Cape. Nationally the ANC comes in at 58.2%. However we would add a very large pinch of salt to these numbers.

On turnout we can see below that turnout has trended lower through the last 6 months or so slightly, and this is why we adjusted down our national turnout expectations last week.

Turnout shift from 2016 per seat trend



Source: IEC, Intellidex

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