

KEY INDICATORS – 26 AUGUST 2016

SA MARKETS	LAST PRICE	WEEKLY MOVE	YTD MOVE
JSE ALL-SHARE	53 506,62	1,39%	5,55%
RESOURCE 10	32 665,75	2,99%	28,63%
INDUSTRIAL 25	71 453,73	2,62%	-0,42%
FINANCIAL 15	14 966,44	-2,67%	-1,76%
SA LISTED PROPERTY	647,92	-2,43%	6,47%

GLOBAL MARKETS	LAST PRICE	WEEKLY MOVE	YTD MOVE
DOW JONES	18 395,40	-0,85%	5,57%
S&P 500	2 169,04	-0,68%	6,12%
NASDAQ	5 218,92	-0,37%	4,22%
STOXX 600	343,72	1,05%	-6,04%
FTSE 100	6 838,05	-0,30%	9,54%
NIKKEI 226	16 360,71	-1,12%	-14,04%
ASX ALL ORDINARIES	5 607,36	-0,32%	4,92%

COMMODITIES	LAST PRICE	WEEKLY MOVE	YTD MOVE
GOLD	1 321,50	-1,41%	24,63%
BRENT CRUDE	49,92	-1,89%	33,91%
IRON ORE	60,69	0,17%	53,34%
PLATINUM	1 075,20	-3,67%	20,58%

CURRENCIES	LAST PRICE	WEEKLY MOVE	YTD MOVE
USDZAR	14,37	6,42%	-7,06%
GBPZAR	18,88	6,91%	-17,21%
EURZAR	16,09	5,22%	-4,09%

Source: Thomson Reuters

MARKET COMMENTARY

Local Update

The JSE All Share index had a stronger week as the sharply weaker rand boosted industrial stocks while putting pressure on financial stocks. On a market capitalisation basis, around 70% of the value of the JSE is now in rand hedge stocks. This is because of the dominance of a number of large cap counters such as Naspers, SABMiller and British American Tobacco that are effectively international companies.

The financial sector felt the brunt of the recent political fall-out and the risk it poses to economic growth coupled with the increased risk of a credit downgrade later this year.

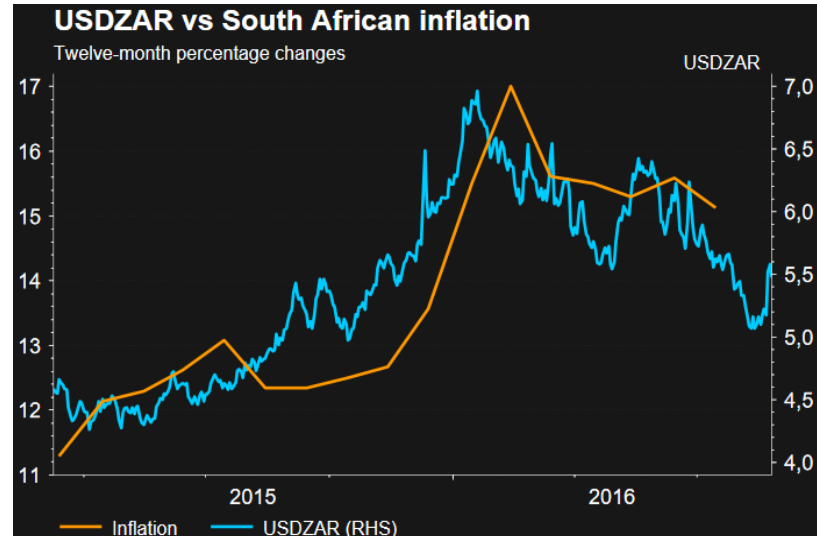
Global Update

In a speech to central bankers and economists in Jackson Hole on Friday, Federal Reserve Chair Janet Yellen said the case to raise interest rates is getting stronger as the US economy approaches the central bank's goals. A rate hike in September is a possibility with the primary focus on how the labour market is performing.

A weaker than expected CPI print in Japan raised fears of deflation. The core consumer price index--which excludes fresh food--slid 0.5% on year in July, following a revised 0.4% drop in June. The Bank of Japan is struggling to generate inflation three years after launching its massive easing program to reach its 2% inflation target.

U.S. employment numbers are released next Friday which should be a key driver of market sentiment in the weeks ahead.

CHART OF THE WEEK



What the chart is telling us

(Source: Thomson Reuters) The rand had a torrid week against all major currencies as well as the USD, depreciating by over 6% over the week. This sell-off has been driven by political concerns, with increasing speculation that there is a plot to discredit and oust the Finance Minister Mr. Gordhan. There are also concerns that South Africa could lose its investment grade later this year.

The political instability of late continues to pose significant downside risk on South Africa's ability to attract much needed foreign investment capital. Domestic and global market participants will be focused on the outcome of this recent round of political turmoil.