

KEY INDICATORS – 6th MAY 2017

SA MARKETS	LAST PRICE	WEEKLY MOVE	YTD MOVE
JSE ALL-SHARE	53 579.01	-0.44%	5.78%
RESOURCE 10	31 770.64	-1.78%	-1.06%
INDUSTRIAL 25	72 929.80	0.74%	13.45%
FINANCIAL 15	14 844.57	-1.35%	-1.55%
SA LISTED PROPERTY	630.64	-0.02%	-0.20%

GLOBAL MARKETS	LAST PRICE	WEEKLY MOVE	YTD MOVE
DOW JONES	21 006.94	0.32%	6.30%
S&P 500	2 399.29	0.63%	7.17%
NASDAQ	6 100.76	0.88%	13.33%
STOXX 600	394.54	1.92%	9.16%
FTSE 100	7 297.43	1.30%	2.16%
TOPIX (Tokyo Index)	1 550.30	1.21%	2.09%
ASX ALL ORDINARIES	5 863.81	-1.41%	2.53%

COMMODITIES	LAST PRICE	WEEKLY MOVE	YTD MOVE
GOLD	1 224.80	-3.26%	6.50%
BRENT CRUDE	49.10	-5.08%	-13.59%
IRON ORE	62.49	-10.69%	-21.64%
PLATINUM	907.70	-4.08%	0.68%

CURRENCIES	LAST PRICE	WEEKLY MOVE	YTD MOVE
USDZAR	13.42	0.41%	-2.29%
GBPZAR	17.40	0.55%	2.80%
EURZAR	14.75	1.32%	2.15%

Source: Thomson Reuters

MARKET COMMENTARY

Local Update

The JSE All-Share Index (-0.44%) ended the week lower with losses in both the Financial (-1.35%) and Resource (-1.78%) Sectors. Industrials (+0.78%) ended the week higher, led by gains from rand hedge stocks. The rand was weaker, depreciating by -0.42% against the US dollar.

In political news, the High Court has ordered that President Zuma must give reasons for reshuffling his cabinet ministers.

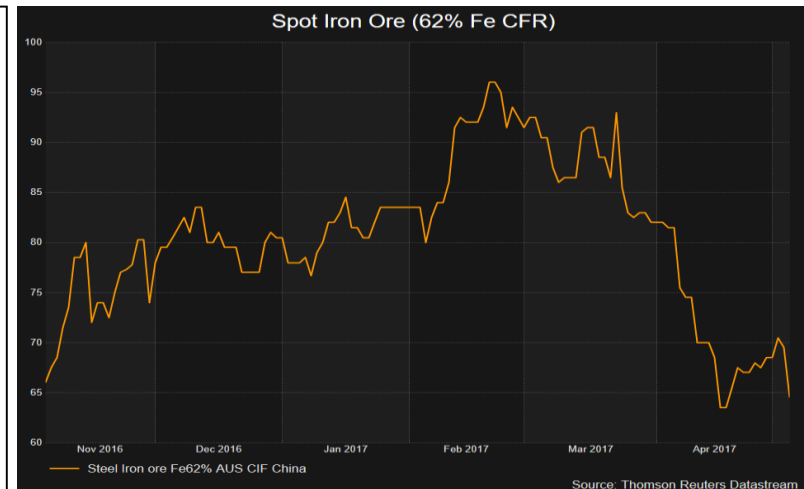
Global Update

In the US, the Federal Reserve kept interest rates unchanged on Wednesday. Markets are now pricing in a 97.5% probability that the Fed will hike interest rates in June. The House of Representatives also narrowly passed the healthcare bill 217-213, sending the vote to the Senate. Lastly, data released on Friday showed that the US's unemployment rate now stands at 4.4%.

Other news making headlines included weaker than expected Chinese data, with both manufacturing and services PMI coming in below expectations. Market's will also be keeping a close eye on this weekend's French elections with Macron the likely winner.

Global equity markets ended the week positively with the Dow Jones (+0.32%), S&P 500 Index (+0.63%), Nasdaq (+0.88%), STOXX 600 (+1.92%), FTSE 100 Index (+1.30%) and Topix Index (+1.21%) all ending the week in the green. Commodity prices were negative with gold (-3.26%) once again down as well as a big retracement in the iron ore price (-10.69%) on the back of Chinese economic concerns.

CHART OF THE WEEK



What the chart is telling us

In 2017, potential steel scrap supply in China is expected to amount to 7.8bn tonnes. This pool of recyclable steel could increase to 12bn tonnes by 2025, according to the China Metallurgical Industry Planning and Research Institute. Steel scrap output is estimated at around 200m tonnes at present and the Institute forecasts output to double by 2025. Steel reserves are expected to expand at a 5.5% CAGR between 2017 and 2025. Meanwhile, scrap output could increase relatively quicker by 9.1% per annum. The growing pool of steel scrap is expected to slowly reduce China's reliance on iron ore imports. This is a cautionary warning to the iron ore market, which will need to search for new buyers to fill the gap. Interestingly, since 22 Feb this year, the iron ore price has fallen by over 32%.