

KEY INDICATORS – 30 JUNE 2017

SA MARKETS	LAST PRICE	WEEKLY MOVE	YTD MOVE
JSE ALL-SHARE	51 611,01	0,21%	1,89%
RESOURCE 10	30 287,89	3,20%	-5,67%
INDUSTRIAL 25	70 512,14	-0,96%	9,69%
FINANCIAL 15	14 469,72	0,27%	-4,03%
SA LISTED PROPERTY	626,87	-0,99%	-0,80%

GLOBAL MARKETS	LAST PRICE	WEEKLY MOVE	YTD MOVE
DOW JONES	21 349,63	-0,21%	8,03%
S&P 500	2 423,41	-0,61%	8,24%
NASDAQ	6 140,42	-1,99%	14,07%
STOXX 600	379,37	-2,13%	4,97%
FTSE 100	7 312,72	-1,50%	2,38%
TOPIX (Tokyo Index)	1 611,90	0,03%	6,14%
ASX ALL ORDINARIES	5 764,04	0,16%	0,79%

COMMODITIES	LAST PRICE	WEEKLY MOVE	YTD MOVE
GOLD	1 240,70	-1,23%	7,89%
BRENT CRUDE	47,92	5,23%	-15,66%
IRON ORE	56,01	2,34%	-29,77%
PLATINUM	923,70	-0,52%	2,45%

CURRENCIES	LAST PRICE	WEEKLY MOVE	YTD MOVE
USDZAR	13,05	1,01%	-4,98%
GBPZAR	17,02	3,55%	0,53%
EURZAR	14,93	3,13%	3,38%

Source: Thomson Reuters

MARKET COMMENTARY

Local Update

South Africa may need outside financial assistance to get out of its economic spiral, Finance Minister Malusi Gigaba said on Friday, calling for "drastic measures" to kick-start growth. Following Gigaba's comments, the rand extended its losses against the dollar as much as 0.7 percent lower, while bonds weakened.

The JSE All-Share Index (+0,21%) ended the week slightly stronger, led by gains in Resources (+3,20%) and Financials (+0,27%), while Industrials ended weaker (-0,96%). The rand has strengthened some 5% since the start of the year, though political uncertainty and concerns over the central bank independence in recent weeks have curtailed gains. This rally over the past six months has been attributed to foreigner's demand for higher interest, the "blind" search for yield. Weak inflation data and policy disappointments as the pro-growth, populist, economic policy of the Trump Administration stalled have supported the ongoing EM carry trade.

Global Update

US stocks were mixed on the week as the S&P 500 was marginally lower, the Dow was unchanged, and the NASDAQ fell by 2.0% as continuing volatility in the technology sector weighed on investor sentiment. Additionally, investors closely examined banks' individual results of the Federal Reserve's annual stress test, which showed that all 34 U.S. banks that were tested maintained capital ratios above the Federal Reserve's minimum required level.

The U.S. dollar recovered slightly on Friday, but posted its biggest quarterly decline against a basket of rival currencies in nearly seven years after hawkish signals from foreign central banks this week pressured the greenback further. European Central Bank President Mario Draghi, opening the door to tweaks in the bank's aggressive stimulus policy on Tuesday, sent tremors through global markets.

CHART OF THE WEEK



What the chart is telling us

In the second quarter of 2017, world stock markets put in a strong showing, with major US markets hitting new all time highs.

Domestically, the JSE All Share has traded in a range, ending the half-year mark up 1,9%. The domestic market has been volatile with foreigners net sellers of equities and local market participants "shell-shocked" with disappointing economic data and political turmoil. The rand has been shielded by a weaker US dollar and the continued "search for yield" carry trade. We are of the view that improving global growth and increasing global rates will put pressure on the rand carry trade.