

## KEY INDICATORS – 20 MAY 2016

SA MARKETS	LAST PRICE	WEEKLY MOVE	YTD MOVE
JSE ALL-SHARE	52 638,25	2,01%	3,84%
RESOURCE 10	31 193,45	2,99%	22,84%
INDUSTRIAL 25	71 352,86	2,02%	-0,56%
FINANCIAL 15	14 752,03	2,09%	-3,17%
SA LISTED PROPERTY	643,57	1,35%	5,75%

GLOBAL MARKETS	LAST PRICE	WEEKLY MOVE	YTD MOVE
DOW JONES	17 500,94	-0,20%	0,44%
S&P 500	2 052,32	0,28%	0,41%
NASDAQ	4 769,56	1,10%	-4,75%
STOXX 600	338,01	0,99%	-7,60%
NIKKEI 225	16 736,35	1,97%	-12,07%
HANG SENG	19 852,20	0,67%	-9,41%
ASX ALL ORDINARIES	5 415,18	0,35%	1,32%

COMMODITIES	LAST PRICE	WEEKLY MOVE	YTD MOVE
GOLD	1 252,40	-1,53%	18,12%
BRENT CRUDE	48,72	1,86%	30,69%
IRON ORE	56,00	0,92%	41,49%
PLATINUM	1 022,50	-2,79%	14,67%

CURRENCIES	LAST PRICE	WEEKLY MOVE	YTD MOVE
USDZAR	15,62	1,48%	1,01%
GBPZAR	22,67	2,46%	-0,59%
EURZAR	17,53	0,66%	4,48%

## MARKET COMMENTARY

## Local Update

The South African Reserve Bank (“SARB”) announced on Thursday to keep the Repo rate unchanged at 7%. Five of the MPC members preferred for rates to remain unchanged while one member preferred a hike. The inflation forecast presented a stronger rand which implies some potential downside to inflation forecasts (higher inflation).

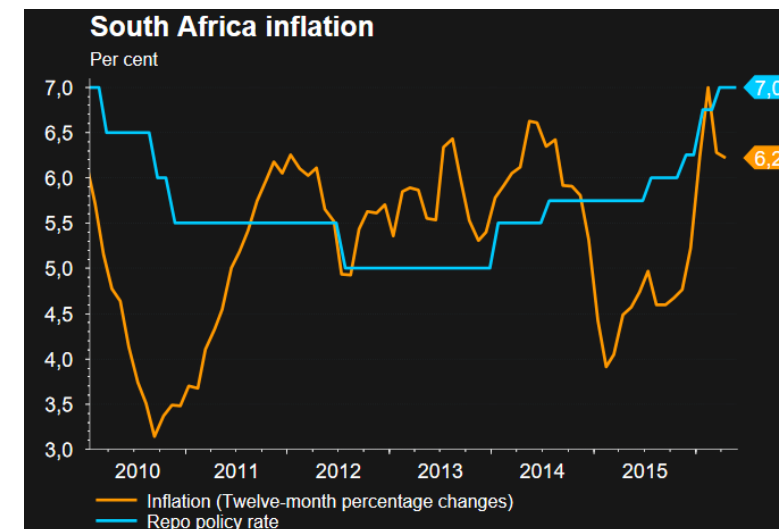
The governor outlined that the rand remains vulnerable to domestic political developments (like removing Finance Minister Pravin Gordhan) and a worsening growth outlook. On Wednesday CPI came out in line at 6.2% (as at April 2016) whilst food inflation surprised to the upside due to the drought at 11,3%!

## Global Update

Globally, the price of Brent crude oil gained 2.5% to US\$48.7/bbl, pulling other commodity prices stronger. The price was supported higher due to disruptions in supply, specifically in Nigeria, Canada and Venezuela.

Hawkish Fed minutes released on Wednesday have stoked rate hike fears, the minutes showed that it would be appropriate to hike in June if data pointed to stronger growth. The G7 meeting will take place this weekend where global finance ministers and central bankers will gather to discuss the world's low growth problem.

## CHART OF THE WEEK



## What the chart is telling us

The above chart illustrates the South African inflation rate and key policy repo rate. South African inflation slowed to 6.2% in the twelve months to April (spiked in February to 7%), despite food prices continuing to surge. The rand which has weakened by almost 25% over the past year, is also putting upward pressure on inflation.

The continuing volatility in the Rand and the recent increase in crude prices will continue to place upward pressure on local inflation compounding the already slowing domestic economy.