

KEY INDICATORS – 31st DECEMBER 2016

SA MARKETS	LAST PRICE	WEEKLY MOVE	YTD MOVE
JSE ALL-SHARE	50 653.54	2.54%	-0.08%
RESOURCE 10	32 109.44	2.00%	26.44%
INDUSTRIAL 25	64 282.51	2.75%	-10.41%
FINANCIAL 15	15 078.01	2.34%	-1.03%
SA LISTED PROPERTY	631.92	3.51%	3.84%

GLOBAL MARKETS	LAST PRICE	WEEKLY MOVE	YTD MOVE
DOW JONES	19 762.60	-0.86%	13.42%
S&P 500	2 238.83	-1.10%	9.54%
NASDAQ	5 383.12	-1.46%	7.50%
STOXX 600	361.42	0.40%	-1.20%
FTSE 100	7 142.83	1.06%	14.43%
NIKKEI 225	19 114.37	-1.61%	0.42%
ASX ALL ORDINARIES	5 719.14	0.78%	7.01%

COMMODITIES	LAST PRICE	WEEKLY MOVE	YTD MOVE
GOLD	1 150.00	1.60%	8.46%
BRENT CRUDE	56.82	3.01%	52.41%
IRON ORE	79.75	0.00%	101.49%
PLATINUM	901.60	1.03%	1.11%

CURRENCIES	LAST PRICE	WEEKLY MOVE	YTD MOVE
USDZAR	13.73	-1.94%	-11.19%
GBPZAR	16.93	-1.46%	-25.76%
EURZAR	14.44	-1.24%	-13.93%

Source: Thomson Reuters

MARKET COMMENTARY

Local Update

2016 was certainly a year full of surprises. Having had a terrible January start, resource shares rebounded sharply, ending the year as the clear winner amongst the 3 major sectors. For 2016, the Resource 10 Index returned 26.44%, followed by the Financials 15 Index (-1.03%) and Industrials 25 Index (-10.41%). The JSE All Share Index ended the year flat at -0.08%.

The clear winner for 2016 was however the rand. It gained over 11% against the USD in 2016 (yes, we opened at 15.46/\$). The rand is also 13.93% stronger against the EUR and an incredible 25.76% stronger against the GBP.

Global Update

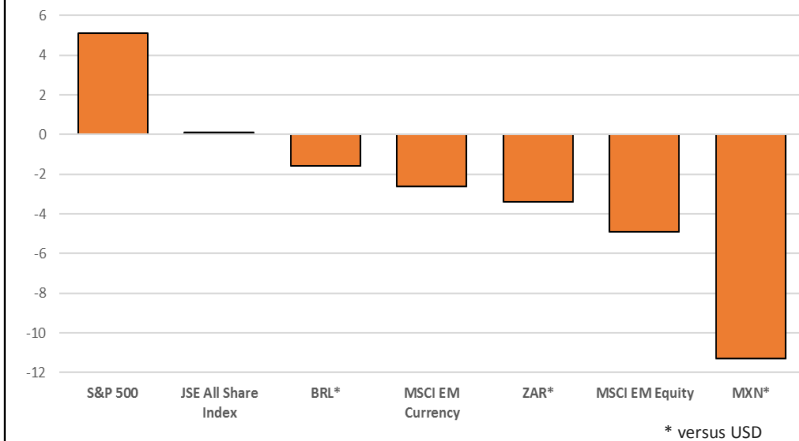
In the final week of the year, news flow was relatively light, with the majority of it focusing on US Economic data. US Consumer Confidence was ahead of expectations (113.7 vs 109), whilst the month-on-month change in US Pending Home Sales was surprisingly weak at -2.5% vs +0.5% expected. US Initial Jobless Claims came in line with expectations at 265k vs 264k estimated.

In a year that had its fair share of unexpected outcomes including Brexit and Trump's election victory, global equity markets ended the year strongly. In the US, the Dow Jones Industrial Average Index (+13.42%) and S&P 500 Index (+9.54%) both ended the year positively, along with the UK's FTSE 100 Index (+14.43%). Japan was weaker, with the Nikkei 225 ending the year up +0.42%, whilst Europe's Stoxx 600 Index (-1.20%) was the outlier ending the year negatively.

CHART OF THE WEEK

Market reaction to Donald Trump election victory

Percentage change since November 8



Source: Thomson Reuters DataStream / Fathom Consulting

What the chart is telling us

Despite months to prepare, the 'known unknown' of a Donald Trump election victory wrong-footed many analysts. One consensus Trump trade has however panned out: shorting Emerging Markets (EMs). The outcome was correct even if the cause was not. The decline in EM asset prices was not triggered by concerns about impending US protectionism, but was the consequence of a rally in the US dollar and rising treasury yields. Since his election victory, Mr. Trump has toned down his rhetoric, soothing markets along the way, but it is premature to conclude that we are in a 'Trump Lite' world. As a result, the balance of risks for EMs remains skewed to the downside.