

KEY INDICATORS – 14 OCTOBER 2016

SA MARKETS	LAST PRICE	WEEKLY MOVE	YTD MOVE
JSE ALL-SHARE	51 146,78	-1,00%	0,89%
RESOURCE 10	32 034,30	-0,89%	26,15%
INDUSTRIAL 25	67 583,72	0,17%	-5,81%
FINANCIAL 15	14 076,30	-4,32%	-7,61%
SA LISTED PROPERTY	619,75	-2,22%	1,84%

GLOBAL MARKETS	LAST PRICE	WEEKLY MOVE	YTD MOVE
DOW JONES	18 138,38	-0,56%	4,09%
S&P 500	2 132,98	-0,96%	4,36%
NASDAQ	5 214,16	-1,48%	4,13%
STOXX 600	339,95	0,09%	-7,07%
FTSE 100	7 013,55	-0,44%	12,35%
NIKKEI 225	16 856,37	-0,02%	-11,44%
ASX ALL ORDINARIES	5 518,47	-0,54%	3,25%

COMMODITIES	LAST PRICE	WEEKLY MOVE	YTD MOVE
GOLD	1 253,10	0,34%	18,18%
BRENT CRUDE	51,95	0,04%	39,35%
IRON ORE	56,14	2,13%	41,84%
PLATINUM	935,90	-2,39%	4,96%

CURRENCIES	LAST PRICE	WEEKLY MOVE	YTD MOVE
USDZAR	14,31	3,30%	-7,44%
GBPZAR	17,44	1,10%	-23,51%
EURZAR	15,71	1,21%	-6,34%

Source: Thomson Reuters

MARKET COMMENTARY

Local Update

The JSE All Share Index had a volatile week ending down 1%. The financial sector and financial market at large was rocked by the issuing of a summons to Finance Minister Gordhan on fraud charges.

South African politics continued to dominate headlines coupled with the continued turmoil at the countries larger universities. As alluded to in the chart of the week South African politics was not a major feature of S&P's rating review in the past, but given recent charges against the Finance Minister this is now expected to be factored into the ratings outcome. With SA's low economic growth and the rising political tension it is difficult to see how a negative ratings review will be avoided.

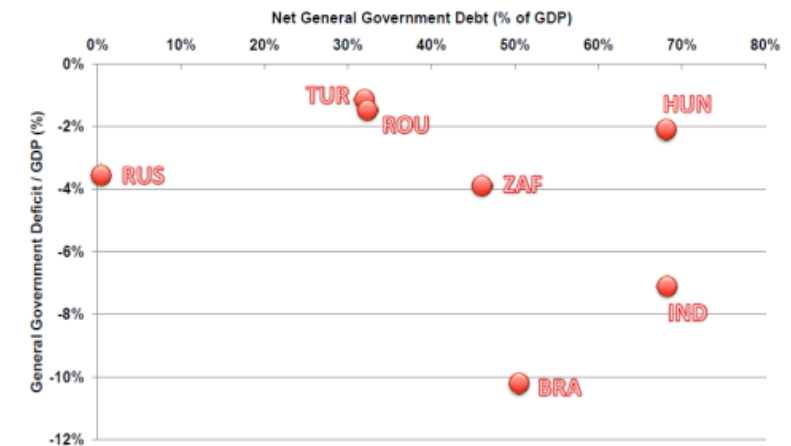
Global Update

Global stocks were generally lower on the week. Renewed fears of a slowing Chinese economy, central bank policies and rising tensions between the old "cold war" foes remain the key drivers of the increased volatility.

US election uncertainty continues to plague financial markets, although the "implosion" of Donald Trumps campaign appears to be giving Hillary Clinton the upper-hand but it isn't done yet. US earnings season kicked off this week with some positive earning surprises from the major banks, usually a positive indicator for financial markets.

In the week ahead investors will be focussed on US quarterly earnings and the looming US election.

CHART OF THE WEEK



Source: S&P Global ratings

What the chart is telling us

The chart above plots similar emerging markets to South Africa by their debt to GDP (horizontal) versus their deficit as a percentage of GDP (vertical). South Africa's debt to GDP is approximately 50% while Turkey's is at around 30% (recently downgraded to non-investment grade). Government Debt to GDP in South Africa averaged 38% from 2000 until 2015, reaching an all time high of 50% in 2015.

South Africa's budget deficit was equal to 4.2% of the country's Gross Domestic Product in 2015. S&P announces on the 2nd of December its rating outlook for South Africa. In the past South African politics was not a major feature in the ratings review, that is set to change given rising political tensions.