

KEY INDICATORS – 28 OCTOBER 2016

SA MARKETS	LAST PRICE	WEEKLY MOVE	YTD MOVE
JSE ALL-SHARE	50 797,70	-1,61%	0,21%
RESOURCE 10	31 659,75	-2,82%	24,67%
INDUSTRIAL 25	66 732,24	-1,43%	-7,00%
FINANCIAL 15	14 251,00	-0,99%	-6,46%
SA LISTED PROPERTY	626,23	-1,61%	2,90%

GLOBAL MARKETS	LAST PRICE	WEEKLY MOVE	YTD MOVE
DOW JONES	18 161,19	0,09%	4,22%
S&P 500	2 126,41	-0,69%	4,03%
NASDAQ	5 190,10	-1,28%	3,65%
STOXX 600	340,80	-1,01%	-6,84%
FTSE 100	6 996,26	-0,34%	12,08%
NIKKEI 225	17 446,41	1,52%	-8,34%
ASX ALL ORDINARIES	5 370,90	-2,59%	0,49%

COMMODITIES	LAST PRICE	WEEKLY MOVE	YTD MOVE
GOLD	1 275,50	0,76%	20,30%
BRENT CRUDE	49,71	-4,00%	33,34%
IRON ORE	57,72	1,98%	45,83%
PLATINUM	978,20	5,34%	9,70%

CURRENCIES	LAST PRICE	WEEKLY MOVE	YTD MOVE
USDZAR	13,82	-1,05%	-10,61%
GBPZAR	16,85	-1,52%	-26,12%
EURZAR	15,18	-0,23%	-9,51%

Source: Thomson Reuters

MARKET COMMENTARY

Local Update

The JSE All-Share index declined 1.61% to close at 50,797.70 led by weakness in sectors across the board.

Earlier in the week Finance Minister Gordhan delivered the mid-term budget. The budget deficit is now projected at 3.4% of GDP for 2016-17 instead of the 3.2% forecast in the February budget and is projected to fall to 3.1% in 2017-18, 2.7% in 2018-19 and 2.5% in 2019-20.

Gross loan debt as a percentage of gross domestic product — closely watched by credit ratings agencies — has crept up to 51.3% for 2016-17 from the budget forecast of 50.9% and is set to rise further to 52.5% in 2017-18 and 53% in 2018-19.

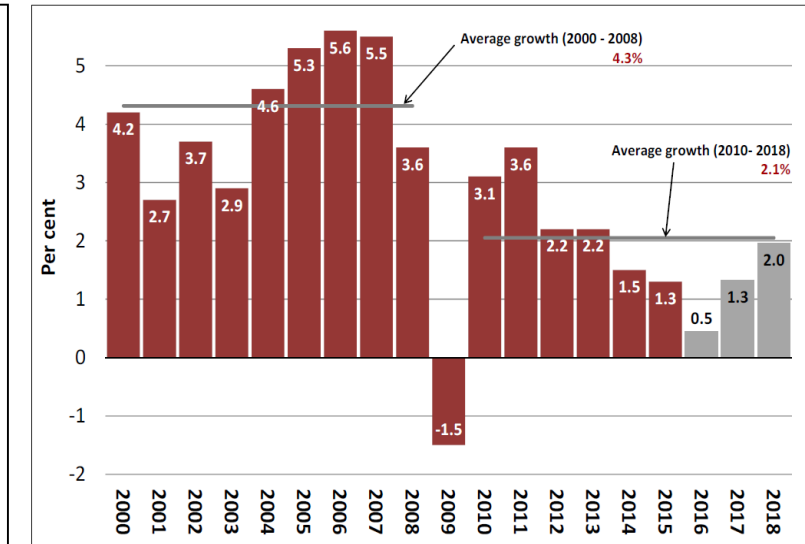
Is it enough to avert a downgrade? We are of the view that the mid-term budget will not provide sufficient comfort to ratings agency S&P to avert downgrade.

Global Update

In the US GDP for the third quarter was reported at a better-than-expected 2.9%, Stock indexes were mixed on the week as the Dow Jones Industrial Average increased marginally, while the S&P 500 fell.

Investors continue to focus on the upcoming US elections on November 8. Markets are currently pricing in a higher probability of a Clinton victory. As the Brexit outcome reminded us, polling is not a perfect predictor.

CHART OF THE WEEK



Source: National Treasury

What the chart is telling us

The trend growth rate — that is, the long-term average rate of GDP growth — has fallen from 4 per cent a decade ago to 2 per cent today.

The Treasury forecasts growth to slow to 0.5% this year — compared with 0.9% projected in February. The economy is forecast to grow to 1.3% next year, 2% in 2018 and 2.2% in 2019, though Treasury has conceded that its forecasts have historically tended to be somewhat optimistic.