

KEY INDICATORS – 5 FEBRUARY 2016

SA MARKETS	LAST PRICE	WEEKLY MOVE	YTD MOVE
JSE ALL-SHARE	49 753,29	1,24%	-1,86%
RESOURCE 10	26 091,75	7,60%	2,75%
INDUSTRIAL 25	69 725,15	-0,16%	-2,83%
FINANCIAL 15	14 669,69	-0,27%	-3,71%
SA LISTED PROPERTY	600,26	1,68%	-1,37%

GLOBAL MARKETS	LAST PRICE	WEEKLY MOVE	YTD MOVE
DOW JONES	16 204,97	-1,59%	-7,00%
S&P 500	1 880,05	-3,10%	-8,02%
NASDAQ	4 363,14	-5,44%	-12,87%
STOXX 600	325,90	-4,78%	-10,91%
NIKKEI 225	16 819,59	-3,99%	-11,63%
HANG SENG	19 288,17	-2,01%	-11,98%
ASX ALL ORDINARIES	5 025,62	-0,61%	-5,97%

COMMODITIES	LAST PRICE	WEEKLY MOVE	YTD MOVE
GOLD	1 157,80	3,71%	9,20%
BRENT CRUDE	34,06	-1,96%	-8,64%
IRON ORE	44,04	6,97%	11,27%
PLATINUM	902,00	3,40%	1,16%

CURRENCIES	LAST PRICE	WEEKLY MOVE	YTD MOVE
USDZAR	16,01	0,86%	3,53%
GBPZAR	23,19	2,52%	1,71%
EURZAR	17,84	3,70%	6,31%

MARKET COMMENTARY

Local Update

It was a positive week for SA equities, the resource sector in particular had a massive bounce, albeit of all-time lows, it was encouraging to see buyers for a change.

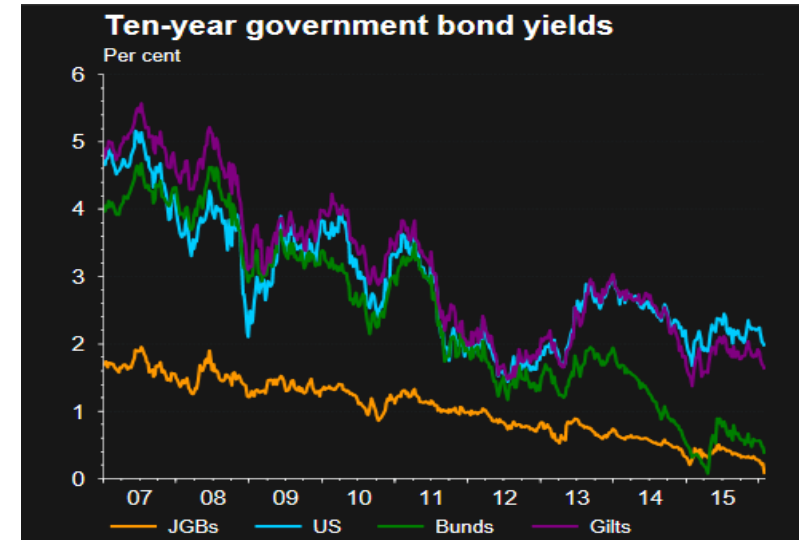
We also continued to see improving sentiment towards the Rand and our fixed income market. As mentioned in previous reviews this is being pre-dominantly driven by a weaker dollar and low developed world interest rates (see chart of the week). Domestically our market continues to focus on local politics, the upcoming State of the Nation address and Finance Minister Pravin Gordhan budget speech on the 24th February 2016.

Global Update

The January jobs report released in the US yesterday showed fewer jobs than expected were added in the first month of 2016 though the unemployment rate fell to a new eight-year low (4,9%). This rattled US markets which given weaker economic data of late had started pricing in less rate hikes in 2016.

US headlines were dominated by Cruz beating Trump and Hillary Clinton edging Bernie Sanders. Results didn't play out quite as the polls had anticipated.

CHART OF THE WEEK



What the chart is telling us

The chart above illustrates the ten-year sovereign yields for the world's developed economies. The Japanese 10 year yield is at a record low of 0.03 percent, (three hundredths of a percent!) whilst South African 10 year yields are trading at approximately 9.15%. This carry trade is looking very attractive at present (borrow at zero in Japan and invest at 9,15% in SA) and we expect it to continue to attract flows (strengthening Rand) subject to SA politics, SA credit rating and global risk appetite. The search for yield may be back again!