

KEY INDICATORS – 24<sup>th</sup> FEBRUARY 2017

SA MARKETS	LAST PRICE	WEEKLY MOVE	YTD MOVE
JSE ALL-SHARE	51 609,86	-1,18%	1,89%
RESOURCE 10	31 962,34	-4,65%	-0,46%
INDUSTRIAL 25	66 346,01	0,11%	3,21%
FINANCIAL 15	15 119,99	-0,25%	0,28%
SA LISTED PROPERTY	648,90	-1,09%	2,69%

GLOBAL MARKETS	LAST PRICE	WEEKLY MOVE	YTD MOVE
DOW JONES	20 821,76	0,96%	5,36%
S&P 500	2 367,34	0,69%	5,74%
NASDAQ	5 845,31	0,12%	8,59%
STOXX 600	370,01	-0,06%	2,38%
FTSE 100	7 243,70	-0,77%	1,41%
TOPIX (Tokyo Index)	1 550,14	0,36%	2,08%
ASX ALL ORDINARIES	5 786,88	-1,10%	1,18%

COMMODITIES	LAST PRICE	WEEKLY MOVE	YTD MOVE
GOLD	1 256,90	1,56%	9,30%
BRENT CRUDE	55,99	0,32%	-1,46%
IRON ORE	87,57	1,35%	9,81%
PLATINUM	1 026,50	2,29%	13,85%

CURRENCIES	LAST PRICE	WEEKLY MOVE	YTD MOVE
USDZAR	12,96	-0,80%	-5,65%
GBPZAR	16,13	-0,65%	-4,73%
EURZAR	13,68	-1,47%	-5,30%

Source: Thomson Reuters

## MARKET COMMENTARY

## Local Update

The JSE All-Share index ended the week down -1,18% with a significant retracement in the resource sector (-4.65%).

The budget speech saw some significant increases to personal income tax rates through a higher rate (45%) and little adjustment in tax brackets (bracket creep). Only 7.4 million people in South Africa actually pay tax - out of a population of 55 million. In other words, just 13% of the population carries the rest.

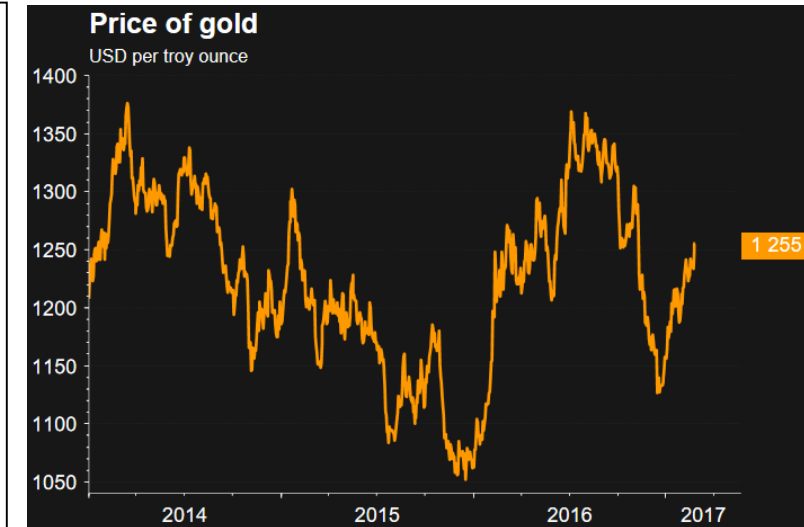
President Jacob Zuma announced on Friday that South Africa will amend its laws to allow expropriation of land without compensation for owners as it tries to speed up the redistribution of land to its black majority. Expropriation without compensation would mark a radical policy departure for Zuma's ruling African National Congress (ANC), shifting from a willing buyer-willing seller approach to more radical alternatives.

## Global Update

US stocks continued to move higher and have increased five weeks in a row as the Dow Jones Industrial Average closed at a record high on Friday. Helping stocks move higher has been a better-than-expected earnings season, as the blended earnings growth rate for the S&P 500 is nearly 5%, and about 66% of companies have reported earnings above analyst estimates.

International stocks also rose as better-than-expected manufacturing data was reported in the eurozone.

## CHART OF THE WEEK



Source: Thomson Reuters

## What the chart is telling us

The price of gold has been rallying in recent weeks as investors flock to safe haven assets following uncertainty over President Trump's economic plans. Gold is now trading close to its pre-US election level. Gold is considered a "safe haven" asset in times of heightened risk because it is a store of value.

The risk to the gold price is that as inflation increases in the US (and globally) the Fed will continue to raise rates, as gold has no yield this would make the increased yield of currencies more attractive to investors and they would accordingly sell gold and buy treasury notes.