

KEY INDICATORS – 17 JUNE 2017

SA MARKETS	LAST PRICE	WEEKLY MOVE	YTD MOVE
JSE ALL-SHARE	50,831.89	-2.65%	0.35%
RESOURCE 10	29,275.44	-4.70%	-8.83%
INDUSTRIAL 25	69,174.34	-3.16%	7.61%
FINANCIAL 15	14,367.74	-0.29%	-4.71%
SA LISTED PROPERTY	630.25	-0.61%	-0.26%

GLOBAL MARKETS	LAST PRICE	WEEKLY MOVE	YTD MOVE
DOW JONES	21,384.28	0.53%	8.21%
S&P 500	2,433.15	0.06%	8.68%
NASDAQ	6,151.76	-0.90%	14.28%
STOXX 600	388.60	-0.46%	7.52%
FTSE 100	7,463.54	-0.85%	4.49%
TOPIX (Tokyo Index)	1,596.04	0.28%	5.10%
ASX ALL ORDINARIES	5,808.05	1.62%	1.55%

COMMODITIES	LAST PRICE	WEEKLY MOVE	YTD MOVE
GOLD	1,254.00	-1.14%	9.04%
BRENT CRUDE	47.37	-1.62%	-16.63%
IRON ORE	54.70	0.33%	-31.41%
PLATINUM	925.90	-1.41%	2.70%

CURRENCIES	LAST PRICE	WEEKLY MOVE	YTD MOVE
USDZAR	12.81	-1.04%	-6.72%
GBPZAR	16.36	-0.88%	-3.36%
EURZAR	14.34	-1.02%	-0.68%

Source: Thomson Reuters

MARKET COMMENTARY

Local Update

The JSE All-Share index (-2,65%) ended the week weaker led by losses in Resources (-4,70%) and Industrials (-3,16%). SA listed property (-0,61%) and Financials (-0,29%) both ended the week slightly negative as well.

Volumes were larger due to the second quarter close-out in the futures market on Thursday, with trades amounting to R53bn compared to an average day's R20bn.

Mining stocks came under serious pressure as foreign selling followed the release of the latest version of the Mining Charter. The charter contains a requirement by companies to increase their black ownership share to 30% from 26%, amongst other BBEE related requirements.

Further, market heavyweight Naspers dragged the market down on a disappointing trading update. It expects headline earnings per share to rise between 4% and 10% for the year to end-March. Core headline earnings per share are set to rise between 33% and 39%.

Global Update

Stocks were mixed on the week as the Dow was slightly higher, the S&P 500 was flat, and the NASDAQ was lower. Driving most of the market's volatility was the Federal Reserve and several other important economic data reports.

The Federal Reserve raised short-term interest rates while also laying out its plans to reduce the size of its \$4.5 trillion balance sheet, and disappointing retail sales and inflation data caused interest rates to fluctuate more than average.

CHART OF THE WEEK



What the chart is telling us

As expected, the Federal Reserve (Fed), announced this week that it would increase the target range for its federal funds rate by 25 basis points, to 1.00%-1.25%. Markets appeared cautious on this stance due to recent weak economic data out of the US.

This is the Fed's fourth short-term rate increase in the current expansion and its third increase in the last six months. Market indicators reflect some doubt about the Fed's forecast, implying about a 40% chance of at least one more hike this year but a low likelihood of three increases in 2018.

The Fed has been raising rates to bring them towards more normal levels, not to slow down the economy. While labour markets have been strong, inflation has been below the Fed's target, which may constrain future rate hikes.