

NEWS FLASH

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BACK TO THE FUTURE

The dramatic events in South Africa since Thursday last week showed more so than any other recent global occurrences just how true the statement of our headline is.

Analysts, investment strategists, market watchers and ordinary investors have been following global events pretty much since the first day of this year. Carefully adjusting views and portfolio composition in an attempt to protect returns in this highly volatile environment.

However, none were prepared for the carnage unleashed on the South African market in the wake of President Zuma's shock announcement last week that former Minister of Finance, Nhlamhla Nene, is to be replaced with an unknown MP.

MONEYWEB REPORTED THE LOSSES OF THURSDAY AND FRIDAY LAST WEEK IN DETAIL YESTERDAY:

- The FTSE/JSE Financial15 Index (FINI) dropped 13.36% from 15 600 to 13 515
- The FTSE/JSE Banks Index lost 18.54% dropping from 6 556 to 5 340
- The FTSE/JSE All Share Index (Alsi) dropped 1 456 points in those two days, closing at 48 068 on Friday, down 2.94%
- The FTSE/JSE Top 40 Index shed 987 points over the same period, closing at 43 558 on Friday
- The entire market cap fell R169.6 billion – from R11.35 trillion to R11.18 trillion (1.49%)
Such incredible losses have been recorded on markets before. How long it is going to take to recover depends on the particular situation and the severity of the decline.

Not even the most astute analyst could have foreseen the President's shocking and surprise move of last week and it will take some time for the situation and markets to calm down in the wake of the corrective measure with the re-appointment of Pravin Gordhan as Finance Minister.

The Brenthurst strategists and advisors have adjusted portfolios since the start of the year and diversified investments away from the JSE and the risks facing that market.

Although global events have had an impact on many different asset classes this year and pushed some values lower, the Brenthurst strategy of increased offshore exposure provided some protection against the massive losses of Thursday and Friday last week.

No sudden changes will be made at this time. Investment remains a long term pursuit and the team will wait to see how the recovery from the carnage progresses before any particular changes are made to portfolios.

It should further be noted that the South African drama is a unique situation but it is not the only issue weighing on markets. Although not exactly comforting at this time, a further sharp decline in the international oil price led to markets drifting lower all around the world. Bloomberg reports that oil has slumped to levels last seen during the global financial crisis as the Organization of Petroleum Exporting Countries effectively abandoned production limits to defend market share, fuelling a record surplus.

The long awaited rise in USA interest rates are imminent (expected on Wednesday this week) and will also cause some market movement.

At the time of writing the JSE All Share was at 48 361.33 after the market opened on 47 558.90 and the rand was trading at R15.08 against the dollar after touching on R16+ against the dollar on Friday.

A collective gloom has set in, we are not denying that. But as the country starts slowing down to celebrate the festive season (maybe not quite so festive this year), be assured that our team will continue to watch events very closely. Also, do reread our blog about market events of the last 100 years. <https://goo.gl/eGfXoh>

Sources: Moneyweb.co.za/Bloomberg.com

Happy Holidays

BRENTHURST WEALTH OFFICES
WILL BE CLOSING:
FRIDAY 18TH DEC 2015
& OPENING AGAIN ON
MONDAY 4TH JAN 2016

In case of emergency, Brenthurst Financial Planners
will be reachable on their emails.

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UPCOMING SEMINARS

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