



THE POWER OF INDEPENDENT ADVICE

GLOBAL MARKETS NO BIG CHANGE IN ECB MONETARY POLICY

IN LINE WITH EXPECTATIONS, THE ECB DID NOT ANNOUNCE ANY CHANGES AT THEIR MONTHLY MONETARY POLICY REVIEW MEETING.

ECB President Draghi did however confirm that the bank had started to implement the new stimulus measures taken on in March, including the EUR80bn monthly asset purchasing programme as well as the corporate sector debt purchasing programme, where debt will be purchased in both the primary and secondary markets.

INFLATION FOR THE 2016 YEAR IS FORECAST TO BE ALMOST FLAT AT 0.1%, FAR BELOW THE 2% TARGET.

While no additional stimulus is expected in the near term, if negative shocks reduce the bank's inflation forecasts even further, they may be forced to look at additional measures.

OIL HAS SEEN A FAIRLY VOLATILE WEEK.

Prices fell sharply on Monday following talks between some of the major oil producers in Doha on 17 April, which resulted in a failed agreement to control output. After reaching a low of around USD40/bbl, prices have since rebounded in reaction to US

production numbers released by the Energy Information Administration which indicated that crude inventories were lower than expected. US oil production increased 2.1m to 8.95m barrels per day. However, this was lower than the 2.4m expected, indicating that demand was greater than consensus expectations. Oil increased 4.7% w/w and is now trading around the USD44/bbl level.

IN BRAZIL, FOLLOWING A THREE DAY SESSION, THE HOUSE OF REPRESENTATIVES VOTED IN FAVOUR OF AN IMPEACHMENT OF PRESIDENT ROUSSEFF.

This vote has arguably been the most significant yet but a majority vote from the Senate is still required for the president to officially step down. Despite the positive outcome, both the Real and the Ibovespa Index hardly reacted, indicating that the market sees little scope of gains going forward given the country's economic and financial situation, regardless of who is in power.

Markets were fairly mixed over the week, with DM's outperforming EM's, the MSCI World and MSCI EM Index up 0.94% and down -0.18% respectively. On a total return basis, the Nikkei 225 Index outperformed most indices, up 4.3% w/w.

DOMESTIC MARKETS RATE HIKES MAY BE PAUSED

WEEKLYWRAP 22 APRIL 2016

IN LINE WITH OTHER EM AND COMMODITY BASED CURRENCIES, THE RAND CONTINUES TO STRENGTHEN AND APPRECIATED 1.1% AGAINST THE USD OVER THE WEEK. CLOSING AT ZAR/USD 14.45, THE RAND IS NOW UP 2.2% MONTH-TO-DATE AND IS THE SECOND BEST PERFORMER AMONGST ITS EM PEERS.

March inflationary figures were released, with both headline and core **CPI COMING IN LOWER THAN EXPECTED AND DOWN FROM THE PREVIOUS MONTH.**

Headline CPI fell to 6.3% y/y from 7% in February and core CPI fell to 5.4% y/y, down from 5.7% in February and much lower than expectations of 5.8%.

The decline in headline CPI can largely be attributed to the lower oil price, however food inflation continues to exert upwards pressure on prices, rising 9.5% y/y. Together with the recent strengthening of the Rand, the better than expected inflationary prints may cause the SARB to pause on their interest rate hiking cycle at the next MPC meeting in May.

IN AN ARTICLE IN THE SUNDAY TIMES, FINANCE MINISTER GORDHAN DISCUSSED THE NEED TO SPUR GROWTH IN THE COUNTRY.

The article highlighted energy plans which aim to connect renewable energy to the grid as well as progress made on labour relations. Gordhan also said that the government is working with municipalities to cut red tape inhibiting businesses but very little detail was given on how these measures are to be achieved.

Positively, the article concluded that “a lot of progress has been made, with announcements due in a few weeks.”

With most local markets closing the week in the negative, Resources were once again the star performer, the Resource 20 Index up 5.1% w/w. The JSE All Share Index was down -0.1% w/w.



This report was compiled in association with Counterpoint Asset Management. www.cpam.co.za

WEEK AHEAD

UPCOMING ECONOMIC EVENTS

WEEKLYWRAP 22 APRIL 2016

DATE	EVENT	PERIOD	SURVEY	PRIOR
SOUTH AFRICA				
28-Apr	PPI YoY	Mar	7.50%	8.10%
29-Apr	Private Sector Credit YoY	Mar	9.00%	9.02%
29-Apr	Trade Balance Rand	Mar	2.0b	-1.1b
29-Apr	South Africa Budget	Mar		16.39b
UNITED STATES				
22-Apr	Markit US Manufacturing PMI	Apr	52	51.5
25-Apr	New Home Sales	Mar	520k	512k
26-Apr	Durable Goods Orders	Mar	1.90%	-3.00%
27-Apr	FOMC Rate Decision (Upper	27-Apr	0.50%	0.50%
27-Apr	FOMC Rate Decision (Lower	27-Apr	0.25%	0.25%
28-Apr	GDP Annualized QoQ	1Q	0.70%	1.40%
EURO AREA				
22-Apr	Markit Eurozone Manufacturing	Apr	51.9	51.6
29-Apr	Unemployment Rate	Mar	10.30%	10.30%
29-Apr	CPI YoY	Apr	0.00%	
29-Apr	CPI Core YoY	Apr	0.90%	1.00%
29-Apr	GDP SA YoY	1Q	1.40%	1.60%
JAPAN				
28-Apr	Unemployment Rate	Mar	3.30%	3.30%
28-Apr	CPI YoY	Mar	0.00%	0.30%
28-Apr	CPI Core YoY	Mar	0.80%	0.80%
28-Apr	Retail Trade YoY	Mar	-1.40%	0.50%
28-Apr	BOJ Interest Rate Decision	28-Apr	-0.10%	-0.10%
28-Apr	BOJ Monetary Policy Statement			

WEEKLY TICKER

WEEKLYWRAP 22 APRIL 2016

CURRENCIES						
Description	Classification	Currency	Exchange Rate	Week	MTD	YTD
ZAR/USD	ZAR/USD	ZAR	14.45	1.08%	2.18%	7.04%
ZAR/Pound	ZAR/GBP	ZAR	20.84	-0.31%	1.74%	9.40%
ZAR/Euro	ZAR/EUR	ZAR	16.25	1.58%	3.41%	3.54%
Dollar/Euro**	USD/EUR	USD	1.12	-0.55%	-1.22%	3.49%
Yen/Dollar	YEN/USD	YEN	111.06	-2.79%	1.36%	8.25%

COMMODITIES						
Description	Classification	Currency	Price	Week	MTD	YTD
Gold	Gold Spot	USD	1235.00	-0.08%	0.18%	16.39%
Brent Crude Oil	ICE Brent Futures	USD	44.50	4.66%	10.34%	10.53%
Platinum	Platinum Spot	USD	1005.80	2.55%	3.09%	12.81%
Copper	LME 3 month Copper	USD	5031.00	4.65%	3.80%	6.93%
Silver	Silver Spot	USD	16.98	4.52%	10.00%	22.63%
Wheat	Generic active future	USD	468.50	1.58%	-1.06%	-0.32%
Yellow Maize	Generic active future	USD	370.75	-1.78%	5.48%	3.34%
Soy	Generic active future	USD	981.50	3.24%	7.77%	12.65%

GLOBAL EQUITY INDEXES (TOTAL RETURN)						
Description	Index	Currency	Index Value	Week	MTD	YTD
Global	MSCI World*	USD	1686.17	0.94%	2.50%	2.31%
United States	S&P 500	USD	3937.00	0.53%	1.65%	3.02%
Europe	Euro Stoxx 50	EUR	6013.88	2.89%	4.75%	-3.41%
Britain	FTSE 100	GBP	5013.89	-0.47%	2.44%	2.51%
Germany	DAX	EUR	10373.49	3.20%	4.09%	-3.44%
Japan	Nikkei 225	JPY	26536.87	4.30%	4.86%	-6.91%
Emerging Markets	MSCI Emerging Markets*	USD	845.21	-0.18%	1.14%	6.90%

SA EQUITY INDEXES (TOTAL RETURN)						
Description	Index	Currency	Index Value	Week	MTD	YTD
All Share	ISE All Share	ZAR	7186.46	-0.10%	1.63%	5.57%
Top 40	ISE Top 40	ZAR	6315.72	-0.42%	1.17%	2.69%
Shareholder Weighted	ISE SWIX	ZAR	18614.99	-0.58%	0.97%	6.91%
Small Companies	ISE Small Cap*	ZAR	61664.94	1.78%	5.27%	17.25%
Resources	ISE Resource 20	ZAR	1940.53	5.07%	12.91%	27.80%
Industrials	ISE Industrial 25	ZAR	12880.52	-2.49%	-1.54%	-2.19%
Financials	ISE Financial 15	ZAR	7937.44	1.50%	-0.09%	5.32%
SA Listed Property	ISE SA Listed Property	ZAR	2120.00	-0.22%	0.89%	11.08%
Preference Shares	ISE Pref Shares	ZAR	1783.78	2.33%	5.90%	10.75%

SOUTH AFRICAN FIXED INTEREST						
Description	Index	Currency	Index Value	Week	MTD	YTD
All Bond	BESA ALBI Index	ZAR	497.85	0.05%	1.12%	7.74%
Inflation Linked Bonds	BESA CILI	ZAR	243.29	0.95%	2.94%	5.04%
Cash	STEFI Composite*	ZAR	338.61	0.13%	0.42%	0.13%

*Price Index (not Total Return) ** Negative indicates Euro weakness

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