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GLOBAL MARKETS

BRENT CRUDE NOW FIRMLY ABOVE $50 PER BARREL

Brent crude oil traded -0.19% lower last week at $56.65/bbl. Brent is now firmly above the $50/bbl mark and US oil drillers are keen to increase production. The American Petroleum Institute released estimates of a 14.2m barrel increase in US oil inventories last week, significantly above expectations of a 2.5m barrel increase. Gold had a volatile week. It closed trading at $1 231/ounce (+1.09%) as cash flowed into safe haven assets. In Australia, interest rates were kept on hold. The Reserve Bank of Australia are optimistic about the outlook for the global economy. They expect a positive spill over into the Australian domestic economy.

Philadelphia Fed President Patrick Harker mentioned that he believes the Fed could hike rates in March. The US 10y treasury rate closed the week at 2.42% (decrease of 3bps). In economic news, initial jobless claims came in at 234k for the week ended 04 February, below 246k from the week before.

In Europe, Sentix Eurozone confidence for February came in at 17.4pts. This was above what markets were anticipating (16.8pts) but below the January figure of 18.2pts. However, although the reading is off the January highs, the index is at its highest range since August 2015 and sets a good start to 2017. The IFO Eurozone business climate index for Q1 2017 increased to 17.2pts from 8.2pts in Q4 2016 and indicates that the economic recovery is gaining impetus.

The MSCI World index closed the week 0.51% up whilst the MSCI Emerging Markets index rose 1.23%. The VIX, which is a measure of market volatility, closed around its lowest levels over the last 5 years at 10.85.

The meeting between US President Donald Trump and Chinese President Xi Jinping went well. GLOBAL MARKETS APPEAR TO BE TAKING A BULLISH VIEW ON THE US FOREIGN POLICY.

DOMESTIC MARKETS

NO MAJOR IMPACT ON MARKETS IN WAKE OF SONA

The main focus last week was on the State of the Nations Address (SONA). In the run up to the SONA on Thursday, market anxiety was heightened in anticipation of a potentially unfavourable cabinet reshuffle. In the event, there was no mention of a cabinet reshuffle by President Jacob Zuma. The rhetoric focused on economic transformation, further state intervention (especially in government procurement) and increased regulation on concentrated sectors. The rand traded at 13.37/US (depreciation of 0.53%), with heightened volatility. The 10y South African Treasury bond traded at 8.76% (decrease of 5bps).

The SACCI business confidence index reached its highest level in January since October 2015. The January index figure increased to 97.7 pts from 93.8pts in December, with 10 of the 13 sub-indices increasing.

Statistics SA released mining production data for December. Market consensus was for mining production output to have increased from-4.2% y/y in November to -3.8% y/y in December.

Markets were pleasantly surprised when the actual figure came in at -1.9%. The Platinum Group Metals (PGM) were the largest detractor, whilst manganese and iron ore both made positive contributions in December.

Manufacturing production moved into negative territory in December when it came in at -2.0% y/y from 2.0% y/y in November. The decline was due to less production of food and beverage products (-6.2% y/y) as well as petroleum and plastic products (-2.3% y/y). Manufacturing is therefore likely to detract from Q4 2016 GDP growth.

The National Economic Development and Labour Council (NEDLAC) announced that they have come to an agreement for the minimum wage. The agreement for minimum wage is R20 per hour instead of the R3500 per month as previously reported.

The JSE All Share Index traded 0.81% higher. The financial board contributed the most rising 2.06% whilst the JSE Small cap index closed 1.28%up.

REMINDER: TAX FREE & RETIREMENT ANNUITIES

As the 2017 tax year draws to a close on the 28 February 2017, there is still time to take advantage of the TAX FREE INVESTMENTS AND RETIREMENT ANNUITY CONTRIBUTIONS.

Contact Gavin Butchart at Brenthurst **(011) 799 8100** gavinb@brenthurstwealth.co.za or alternatively contact any of our financial planners should you wish to invest in the Tax Free Investment.

WEEK AHEAD

DATE	EVENT	PERIOD	SURVEY	PRIOR
SOUTH AFRICA				
02/14/17	South Africa Unemployment	4Q	26.90%	27.10%
02/15/17	CPI YoY	Jan	6.80%	6.80%
02/15/17	Retail Sales YoY	Dec	2.00%	3.80%
UNITED STATES				
02/15/17	CPI YoY	Jan	0.024	0.021
02/15/17	CPI Core YoY	Jan	0.021	0.022
02/15/17	Retail Sales MoM	Jan	0.001	0.006
02/16/17	Housing Starts	Jan	1230k	1226k
EURO AREA				
02/14/17	GDP QoQ	4Q	0.005	0.005
02/14/17	GDP YoY	4Q	0.018	0.018
02/15/17	Trade Balance SA	Dec	22.5b	22.7b
CHINA				
02/10/17	Foreign Direct Investment YoY	Jan	0.014	0.057
02/14/17	CPI YoY	Jan	0.024	0.021
02/14/17	PPI YoY	Jan	0.066	0.055
JAPAN				
02/13/17	GDP SA QoQ	4Q	0.003	0.003
02/13/17	GDP Annualized SA QoQ	4Q	0.011	0.013
02/14/17	Industrial Production YoY	Dec		0.03

COMMON ABBREVIATIONS USED FOR ECONOMIC INDICATOR TERMS

PPI	Producer price index (shows trends within the wholesale markets which feed through into inflation)
PMI	Purchasing managers index (indication of the economic health of the manufacturing sector)
GDP	Gross domestic product
ECB	European Central Bank
CI	Confidence Index
MoM	Month-on-month
YoY	Year-on-year
QoQ	Quarter-on-quarter
SA	Seasonally adjusted
NSA	Non-seasonally adjusted

WEEKLY TICKER

CURRENCIES

Description	Classification	Currency	Exchange Rate	Week	Month	Month-to-Date	Year-to-Date
ZAR/USD	ZAR/USD	ZAR	13.37	-0.53%	1.26%	0.76%	2.74%
ZAR/Pound	ZAR/GBP	ZAR	16.73	-0.93%	-1.80%	1.31%	1.27%
ZAR/Euro	ZAR/EUR	ZAR	14.22	0.49%	0.65%	2.31%	1.62%
Dollar/Euro**	USD/EUR	USD	1.06	-1.30%	-0.28%	-1.52%	1.11%
Yen/Dollar	YEN/USD	YEN	113.63	-0.54%	1.31%	-0.73%	2.93%

COMMODITIES

Description	Classification	Currency	Commodity Price	Week	Month	Month-to-Date	Year-to-Date
Gold	Gold Spot	USD	1231.02	1.09%	3.19%	1.68%	7.28%
Brent Crude Oil	ICE Brent Futures	USD	56.65	-0.19%	0.37%	1.93%	-1.46%
Platinum	Platinum Spot	USD	1008.40	0.67%	3.47%	1.35%	11.66%
Copper	LME 3 month Copper	USD	6090.00	5.51%	4.25%	1.65%	10.02%
Silver	Silver Spot	USD	17.96	2.49%	6.95%	2.29%	12.74%

GLOBAL EQUITY INDEXES (TOTAL RETURN)

Description	Index	Currency	Index Value	Week	Month	Month-to-Date	Year-to-Date
Global	MSCI World*	USD	1814.71	0.51%	1.97%	1.32%	3.79%
United States	S&P 500	USD	4435.42	0.87%	2.23%	1.73%	3.66%
Europe	Euro Stoxx 50	EUR	6433.12	-0.05%	-0.90%	1.37%	-0.38%
Britain	FTSE 100	GBP	5922.36	1.00%	-0.38%	2.27%	1.69%
Germany	DAX	EUR	11666.97	0.13%	0.72%	1.14%	1.62%
Japan	Nikkei 225	JPY	29593.74	2.44%	0.41%	1.77%	1.39%
Emerging Markets	MSCI Emerging MKTS	USD	930.16	1.23%	5.02%	2.32%	7.92%

SOUTH AFRICAN EQUITY INDEXES (TOTAL RETURN)

Description	Index	Currency	Index Value	Week	Month	Month-to-Date	Year-to-Date
All Share	JSE All Share	ZAR	7273.42	0.81%	0.51%	-0.19%	4.11%
Top 40	JSE Top 40	ZAR	6310.79	0.75%	0.04%	-0.37%	4.28%
Shareholder Weighted	JSE SWIX	ZAR	18704.55	0.99%	0.37%	0.58%	3.17%
Small Companies	JSE Small Cap*	ZAR	64003.65	1.28%	4.27%	1.54%	3.99%
Resources	JSE Resource 20	ZAR	2100.77	0.02%	0.29%	-2.87%	7.30%
Industrials	JSE Industrial 25	ZAR	12624.32	0.60%	0.84%	0.34%	4.74%
Financials	JSE Financial 15	ZAR	7783.19	2.06%	-1.41%	0.73%	-0.27%
SA Listed Property	JSE SA Listed Property	ZAR	2142.36	0.55%	0.33%	0.23%	1.86%
Preference Shares	JSE Pref Shares	ZAR	1938.64	0.22%	-0.23%	0.79%	1.30%

SOUTH AFRICAN FIXED INTEREST

Description	Index	Currency	Index Value	Week	Month	Month-to-Date	Year-to-Date
All Bond	BESA ALBI Index	ZAR	544.12	0.61%	0.97%	0.65%	2.02%
Inflation Linked Bonds	BESA CILI	ZAR	250.29	0.13%	1.90%	0.32%	1.90%
Cash	STEFI Composite*	ZAR	359.21	0.14%	0.61%	0.20%	0.14%

*Price Index (not Total Return)

** Negative indicates Euro weakness

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