

IMF expects world economy to accelerate over the next two years  
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Good start to US earnings' season  
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### Market moves

Performance: 22/04/2017 to 28/04/2017	Return (Cumulative)
<b>Local Markets</b>	
All Share TR ZAR	3.11
Ind/Financials TR ZAR	3.14
Ind/Industrials TR ZAR	4.10
Financials&Indl 30 TR ZAR	3.80
Ind/Basic Materials TR ZAR	0.62
Gold Mining TR ZAR	-9.85
SA Listed Property TR ZAR	2.35
Beassa ALBI TR ZAR	-0.14
<b>Commodities</b>	
Oil Price Brent Crude PR	-0.44
Gold London AM Fixing PR USD	-1.24

### The week ahead

#### Domestic

**04 May** Standard Bank PMI

**08 May** Foreign exchange reserves

#### International

**05 Apr** US: Non-farm payrolls

**10 Apr** China: Inflation rate

### Macro

#### US

The US economy grew at an annualised 0.7% q/q in the first quarter of 2017, following a 2.1% expansion in the previous period and below expectations of 1.1%. The deceleration in real GDP was mostly due to lower auto sales and home-heating bills which offset a pickup in investment in housing, oil drilling and a rise in exports.

#### EU

The unemployment rate in the Euro Area came in at 9.5% in March 2017, unchanged from the previous month's figure and slightly above market expectations of 9.4%. It was the lowest jobless rate since April 2009.

#### UK

The Markit/CIPS Manufacturing PMI in the UK rose to a three-year high of 57.3 in April 2017, up from March's four-month low of 54.2 and above expectations of 54.

### Markets\*

#### Best performer

For the week was Mediclinic International that returned 16% for the week. Ascendis Health was second with a 12% return for the same period.

#### Worst performer

Goldfields was the worst performer for the week with a loss of 14%. Followed by AngloGold Ashanti with a 9% drop for the week.

#### Sectors

The healthcare sector was the best performing sector for the week with a return of 6.4%. The industrial engineering sector was the worst performer for the week with a 3.5% loss.

\*Disclaimer: Total weekly returns based on closing values from Monday to Friday.

## Macro note

### IMF still expects the world economy to accelerate meaningfully over the next two years

A cyclical recovery in investment, manufacturing and trade is due to support growth in the world economy over the next two year. For this reason the International Monetary Fund (IMF) revised their 2017 estimate of world growth up by a 0.1% point to 3.5%, compared with a growth estimate of 3.1%.

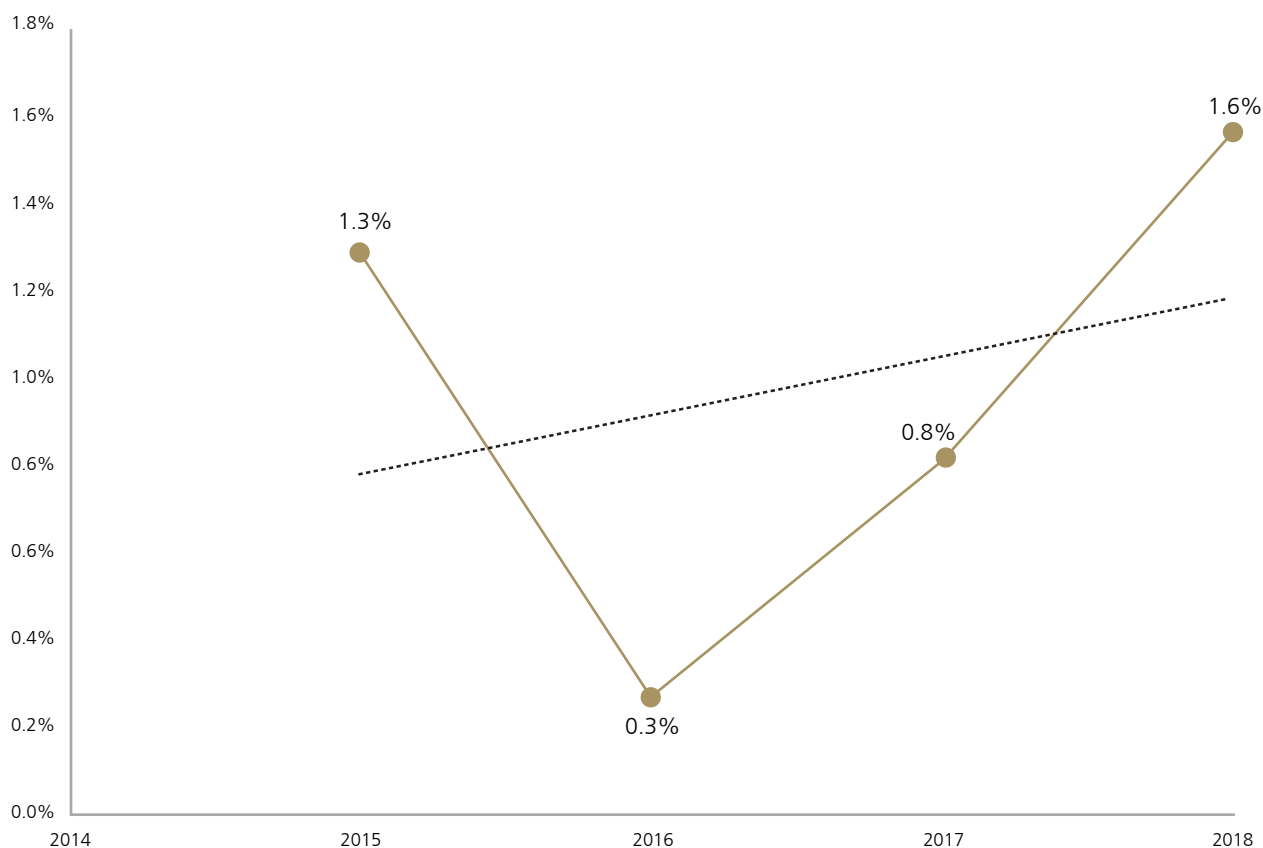
While the IMF seems optimistic, they did flag that the balance of risks to world growth are tilted to the downside. These risks include the dampening impact of persistent low productivity growth as well as sustained high income inequality, which are creating pressures for inward-looking policies, especially in the advanced economies. In advanced economies, the pickup in growth over the next two years is primarily driven by the United States. For 2017, the IMF has assumed that there will be some easing of fiscal policy and a sustained

improvement in business confidence that followed the November elections.

The IMF's outlook has also improved for Europe and Japan based on a cyclical recovery in global manufacturing and trade that started in the second half of 2016.

Growth in the United Kingdom is projected to be 2.0% in 2017, before declining to 1.5% in 2018. The Chinese economy is projected to grow at 6.6% in 2017, slowing to 6.2% in 2018. The IMF's view on South Africa remains relatively positive, although they have some significant concerns. In particular, the IMF highlighted that SA's near-term recovery remains insufficient to keep pace with population growth.

IMF forecast for South African GDP growth



Source: IMF as at April 2017

## Bottom line

This world economic outlook may not seem very positive, however we need to remember that any forecast is extremely difficult. The good news, however, is that world economic indicators are becoming more and more positive as time goes by. This is also good news for our domestic economy. A stronger world economy will lead to

a stronger demand for commodities, which will help South Africa to improve its export-import ratio. Any investment is a long-term strategy and those investors that remain invested according to their investment strategy will benefit the most from opportunities caused by times of increased market volatility.

## Market note

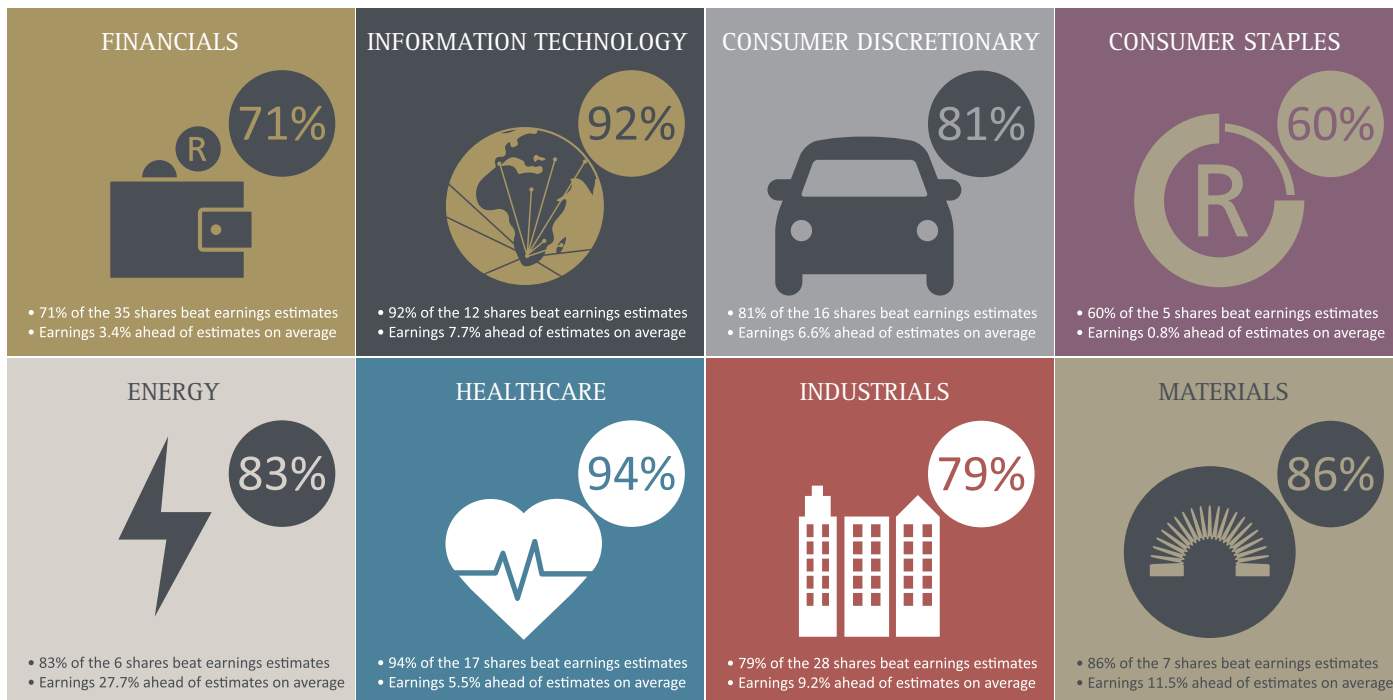
### Good start to US earnings' season

A total of 77% (105) of shares out of the 136 listed on the S&P 500 Index that released their results have topped Bloomberg consensus estimates. This according to data from 1 to 25 April.

Only 28 of the shares, or 21%, came in below expectations while three were in line with consensus expectations.

On average earnings from these companies came in 6.8% higher than the market was expecting. Over the same period the index rose by 1.1%. At the time of writing the S&P 500 was trading at a forward P/E of 18.5

EM and DM indices show upsurge since start of year



Source: Bloomberg

## Previous publications

### Daily

03 May 2017



### Weekly

19 Apr	14 Dec	07 Sep	08 Jun
12 Apr	07 Dec	31 Aug	01 Jun
05 Apr	30 Nov	17 Aug	25 May
22 Mar	16 Nov	10 Aug	18 May
15 Mar	09 Nov	02 Aug	11 May
08 Mar	02 Nov	27 Jul	04 May
01 Mar	26 Oct	13 Jul	26 Apr
15 Feb	12 Oct	06 Jul	20 Apr
06 Feb	05 Oct	29 Jun	12 Apr
18 Jan	28 Sep	22 Jun	05 Apr
11 Jan	14 Sep	15 Jun	30 Mar



### Monthly

Apr 2017	Apr 2016
Mar 2017	Mar 2016
Feb 2017	Feb 2016
Jan 2017	Dec 2015
Nov 2016	Nov 2015
Oct 2016	Oct 2015
Sep 2016	Sep 2015
Aug 2016	Aug 2015
Jul 2016	Jul 2015
Jun 2016	
May 2016	



### Quarterly

Summer 2017
Spring 2016
Winter 2016
Autumn 2016
Summer 2016
Spring 2015



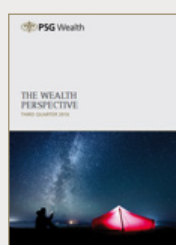
### Special Reports

Distributions explained  
 S&P junk status  
 Research provided  
 Fed hike inevitable?  
 S&P 2 Dec review  
 US election  
 Market PE's  
 Domestic local government elections  
 Brexit vote  
 Cash vs Long-term instruments  
 S&P June 2016 rating decision explained  
 Fed Dec 2015 interest rate hike  
 Impact of political moves on investments  
 FoF fees small compared to actual gains



### Wealth Perspective

Mar 2017
Dec 2016
Sep 2016
Jul 2016
Apr 2016
Jan 2016
Oct 2015
Jul 2015



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