

South African account deficit and trade balance disappoints - pg. 2

Most new listings on JSE in property sector - pg. 3

Market moves

Performance: 02/12/2016 to 08/12/2016	Return (Cumulative)
Local Markets	
All Share TR ZAR	1.30
Ind/Financials TR ZAR	1.65
Ind/Industrials TR ZAR	0.91
Financials&Indl 30 TR ZAR	1.15
Ind/Basic Materials TR ZAR	1.80
Gold Mining TR ZAR	-0.80
SA Listed Property TR ZAR	-0.48
Beassa ALBI TR ZAR	1.62
Commodities	
Oil Price Brent Crude PR	-0.09
LBMA Platinum AM PR USD	4.87
Gold London AM Fixing PR USD	0.51

The week ahead

Domestic

15 Dec PPI

16 Dec Day of Reconciliation

International

15 Dec UK: BoE interest rate decision

19 Dec EA: Wage growth

Macro

South Africa

The economy advanced 0.7% YoY in the September quarter of 2016. It was the second straight quarter of growth, as an increase in finance, real estate activities, construction, transport and communication offset a decline in the agriculture, mining and manufacturing industries.

United States

The US government posted a \$137 billion budget deficit in November, a 112% increase from a \$65 billion gap the same month of the previous year. The fiscal 2017 year-to-date deficit was \$181 billion compared with \$201 billion in the same period of the 2016 fiscal year.

China

Industrial production rose 6.2% YoY in November, compared to a 6.1% rise in the previous two months. This was slightly above market consensus. It was also the fastest growth recorded since August.

Markets*

Best performer

For the week was Steinhoff International with a return of 16%. The Trustco Group was second with a 14% return for the same period.

Worst performer

Sibanye Gold was the worst performer for the week with a loss of 13%. Followed by Pan African Resources with a 7% drop for the week.

Sectors

The best performing sector for the week was household goods with a return of 15.7% for the week. The pharmaceutical sector was the worst performing sector with a 3% loss.

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

Macro note

South African account deficit and trade balance disappoints

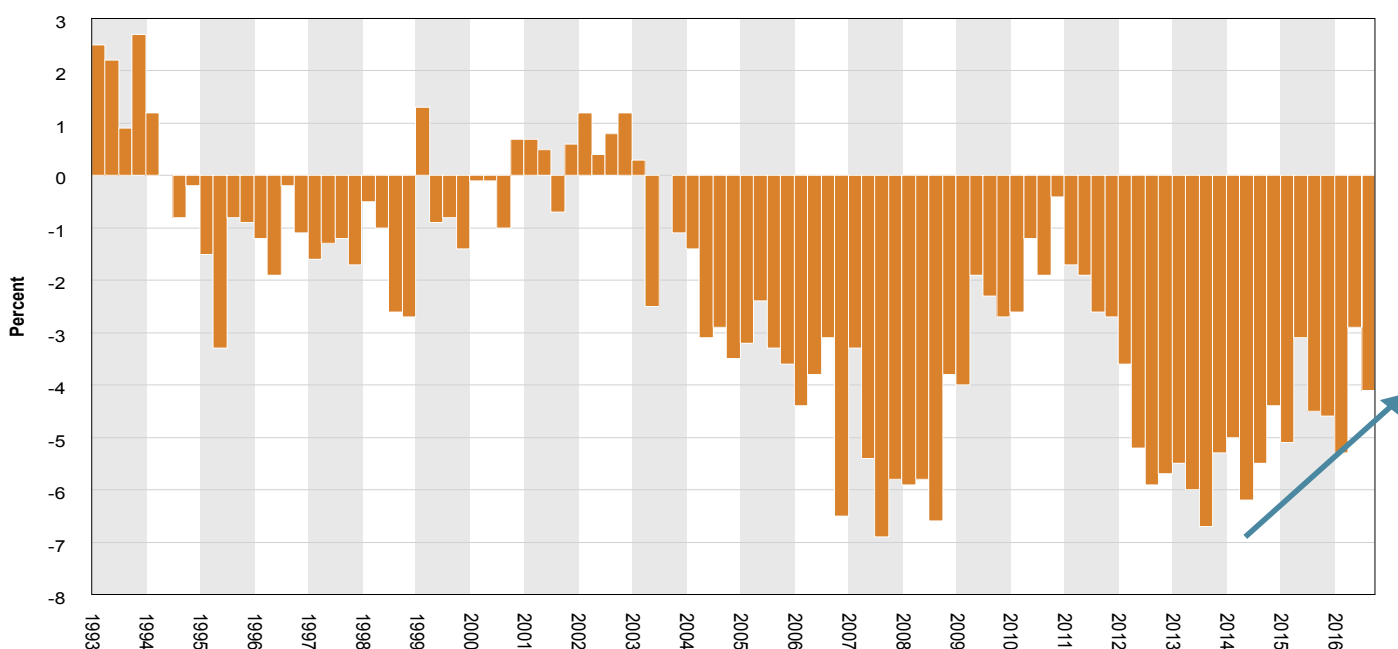
South Africa's trade balance deteriorated in the third quarter of 2016, recording a deficit of -0.1% of GDP compared with a surplus of 1.1% of GDP in the second quarter of the year.

Data shows that South Africa's trade deficit has systematically narrowed from a peak of -2.9% of GDP in the third quarter of 2013. During the third quarter, the volume of merchandise exports (non-gold exports) declined by a disappointing and fairly substantial -7.5% QoQ. Consequently, the value of South Africa's exports fell by 7.2% QoQ.

Overall, the combination of slightly higher commodity prices, coupled with a weak exchange rate should help to improve export proceeds in 2017, but this improvement is still expected to be modest given the weak growth in global trade.

In the same vein South Africa's current account deficit widened unexpectedly to -4.1% of GDP, down from a revised -2.9% of GDP in the second quarter of 2016. This was worse than market expectations for a deficit of around -3.6% of GDP.

Current account as % of GDP



Source: Trading Economics

Bottom line

The decline in exports of 7.2% QoQ is negative for the South African economy. We also saw an immediate weakening of the rand.

A weak rand is also negative for exporting companies as it represents a potential loss of company revenues. This, however, is not immediately reflected in the share

prices as the weaker rand acts as a temporary cushion against poor economic results.

The PSG Wealth Solutions are, however, well diversified in terms of regional exposure. Investors should be assured that they are protected by the offshore exposure against any poor economic results.

Market note

Most new listings on JSE in property sector

Real estate companies once again made up most of the new listings on the JSE this year. Seven of the 18 companies which have listed till end November represent this sector. Some of these included offshore property companies like Hammerson, the third largest real estate investment trust in the UK, which acquired a secondary listing on the JSE in July 2016. Another is the Global Trade Centre (GTC) Group, which listed on the JSE on 18 August. The GTC Group owns a €1.3 billion property portfolio of shopping malls and office properties in Poland and other South-East European countries.

Last year the finance industry, which includes the real estate sector, also accounted for the most capital raised on the JSE. The JSE confirmed that there has been a spate of property investment company listings over the past three years.

Pheliswa Mayekiso, JSE internal communication manager told PSG Wealth that “these have either been spin-offs from existing companies that are restructuring their assets/shifting their focus, or they are companies from abroad that are seeking a conducive investment environment, a place to raise capital, and an exchange that understands their needs.”

A number of huge transactions also took place on the local bourse this year. Anheuser-Busch InBev finally listed in January after the long awaited merger of more than \$100 billion with SABMiller concluded. Mediclinic also acquired Al Noor by means of a reverse takeover. Mediclinic shareholders received 0.625 Al Noor shares for every Mediclinic share they held.

Next year could prove to be interesting especially with heavyweights like Barclays International who announced their intention to sell their 62.3% stake in Barclays Africa.

JSE market profile



* Based on data as at 30 November 2016

Source: JSE market profile ending 30 November 2016

Previous publications

Daily

14 December 2016



Weekly



07 Dec	07 Sep	15 Jun	05 Apr
30 Nov	31 Aug	08 Jun	30 Mar
16 Nov	17 Aug	01 Jun	23 Mar
09 Nov	10 Aug	25 May	16 Mar
02 Nov	02 Aug	18 May	09 Mar
26 Oct	27 Jul	11 May	01 Mar
12 Oct	13 Jul	04 May	23 Feb
05 Oct	06 Jul	26 Apr	11 Dec
28 Sep	29 Jun	20 Apr	20 Nov
14 Sep	22 Jun	12 Apr	16 Nov

Monthly



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

Quarterly



Spring 2016
Winter 2016
Autumn 2016
Summer 2015
Spring 2015

Special Reports



Dec Fed hike
 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
 SARB hikes rates
 Weak PMI support foreign diversification

Wealth Perspective



Sep 2016
Jul 2016
Apr 2016
Jan 2016
Oct 2015
Jul 2015

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