

IMF warns of unprecedented global debt - pg. 2

Quarterly contributors and detractors - pg. 3

### Market moves

Performance: 01/10/2016 to 07/10/2016	Return (Cumulative)
<b>Local Markets</b>	
All Share TR ZAR	-0.45
Ind/Financials TR ZAR	0.49
Ind/Industrials TR ZAR	-0.81
Financials&Indl 30 TR ZAR	-0.41
Ind/Basic Materials TR ZAR	-0.61
Gold Mining TR ZAR	-15.16
SA Listed Property TR ZAR	0.53
Beassa ALBI TR ZAR	0.30
<b>Commodities</b>	
Oil Price Brent Crude PR	5.85
LBMA Platinum AM PR USD	-6.50
Gold London AM Fixing PR USD	-5.49

### The week ahead

#### Domestic

**13 Oct** Mining production

**26 Oct** Medium term budget

#### International

**14 Oct** China: Inflation rate

**17 Oct** EA: Inflation rate

## Macro

### South Africa

South Africa posted a trade gap of R8.56 billion in August, from a downwardly revised surplus of R5.04 billion in July, and way below market expectation of a R3 billion surplus. Exports declined 5.5%, mostly due to a fall in sales of precious metals and stones, while imports jumped by 9.2% due to higher purchases of precious metals and stones.

### United States

Consumer credit in the United States increased by \$25.87 billion in August, following an upwardly revised \$17.78 billion rise in July and above market expectations of \$16.5 billion.

### Japan

Japan's current account surplus rose to 2 008-billion yen in August, from 1 938.2-billion yen in July. It was the largest surplus since March and above market estimates of a surplus 1 539-billion yen. Primary income surplus stood at 1 985.3-billion yen, up from 1 693.8-billion yen a month earlier.

## Markets\*

### Best performer

For the week was Net 1 UEPS Technologies with a return of 28%. ArcelorMittal South Africa was second with a 23% return for the week.

### Worst performer

Sibanye Gold was the worst performer for the week with a loss of 20%. Followed by Harmony Gold with a 15% drop for the same period.

### Sectors

The best performing sector for the week was support services with a return of 12.2% for the week. The sector representing tobacco was the worst performing sector for the week with a 4.6% loss.

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

## Macro headline

### IMF warns of unprecedented global debt

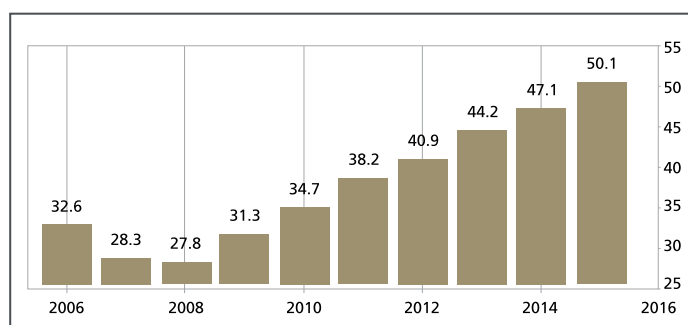
Eight years after the financial crisis, the world is suffering from a debt legacy of unprecedented proportions. Gross debt in the non-financial sector has more than doubled in nominal terms since the turn of the century, reaching \$152-trillion last year, and it's still rising, the International Monetary Fund (IMF) said.

The figure includes debt held by governments, non-financial firms and households. Current debt levels now sit at a record 225% of world gross domestic product (GDP), the IMF said in its semi-annual Fiscal Monitor, noting that about two-thirds of the liabilities reside in the private sector.

The rest of it is public debt, which has increased to 85% of GDP last year from below 70%. The massive debt load complicates the task for global policy makers, who have been urged to use fiscal policy to boost growth amid the waning ability of central banks to stimulate the economy.

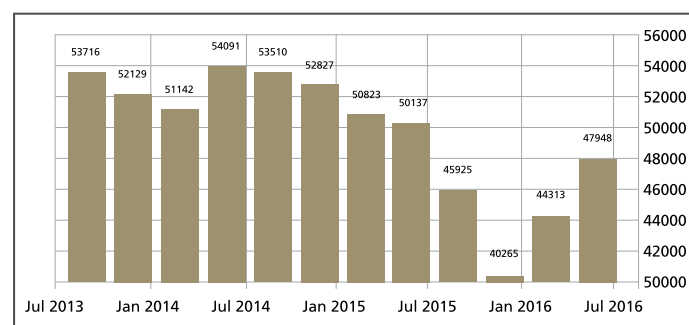
Most of this debt in advanced economies dates back to the boom in private debt before the 2008 crisis. Meanwhile low interest rates drove a surge in corporate debt in emerging markets. Levels of private debt are now high in both advanced nations and a few large emerging markets such as China and Brazil that are considered systemically important to the global financial system.

### SA government debt



Source: Trading Economics

### SA government debt to GDP



Source: Trading Economics

## Bottom line

The figures above show that South Africa's offshore debt, as a percentage of GDP is tiny, and not a good enough reason to warrant a downgrade by credit agencies. However, the rate at which this debt needs to be serviced, (about 8%-10%) compared to the rate for advanced economies (about 0.25%-0.25%),

could impact these agencies views on the economy. In times of low equity returns, clients can benefit from the PSG Wealth Solutions which offers various multi-asset funds of funds that are allowed to invest in these higher yielding South-African bonds.

## Market headline

### Quarterly contributors and detractors

The 0.48% total return of the FTSE/All Share Index (ALSI) over the last quarter was mainly driven by six shares on the index. The year-to-date total return of the ALSI at the end of September was 4.82%, compared to the 4.32% at the end of the previous quarter.

Research conducted by the PSG Wealth Investment Divisions shows that Naspers, BHP Billiton, Anglo American, Standard Bank, Impala Platinum and Shoprite Holdings were the major contributors for returns on the index in the past quarter. Thus, investors with active positions in these companies, would have improved their return relative to the index.

Naspers was the number one index contributor for the quarter, mainly due to a strong performance from Tencent. The share price of Tencent, China's biggest internet company, rose 21% for the quarter. BHP Billiton, the global mining giant, benefited from strong

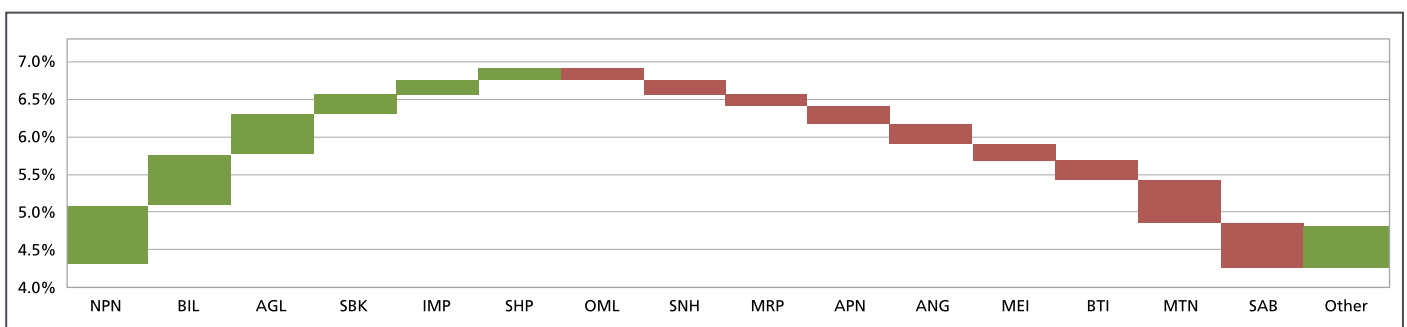
price movements over the past quarter in most of the commodities it trades in. The rally in coal prices and more recently the uptick in global oil prices contributed to its strong performance.

Unfortunately, companies like SABMiller, MTN, British American Tobacco and Mediclinic International were some of the main detractors on the ALSI over this period.

SABMiller was the number one detractor for the quarter, mainly due to the weakening of the sterling. The currency depreciated by 9.23% against the rand for the quarter.

MTN continued to feel the headache of its Nigerian operations which included the company's first results reported after the regulatory fine imposed on its operations. As a result of Nigeria's sovereign credit downgrade, S&P followed suit by downgrading the MTN Group's long-term credit rating to junk status.

### 2016Q3: Top contributors and detractors on ALSI



Source: PSG Wealth Investment Division

## Previous publications

### Daily

12 Oct 2016

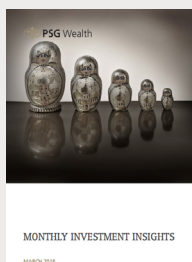


### Weekly

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

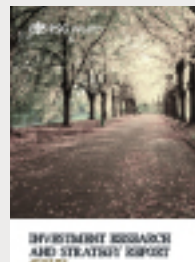
### Monthly

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



### Quarterly

Winter 2016
Autumn 2016
Summer 2015
Spring 2015



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