

Mining and manufacturing data better-than-expected  
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### Market moves

Performance: 06/08/2016 to 12/08/2016	Return (Cumulative)
<b>Local Markets</b>	
All Share TR ZAR	-1.02
Ind/Financials TR ZAR	-0.27
Ind/Industrials TR ZAR	-0.20
Financials&Indl 30 TR ZAR	-1.93
Ind/Basic Materials TR ZAR	1.57
Gold Mining TR ZAR	-1.66
SA Listed Property TR ZAR	-2.05
Beassa ALBI TR ZAR	1.02
<b>Commodities</b>	
Oil Price Brent Crude PR	7.71
LBMA Platinum AM PR USD	-0.61
Gold London AM Fixing PR USD	-1.40

### The week ahead

#### Domestic

**24** Core inflation rate YoY

**24** Inflation rates MoM

#### International

**17** Japan: Exports

**18** US: Jobless claims

### Macro

#### US

Retail sales in the United States showed no growth in July from June 2016, following an upwardly revised 0.8% gain in the previous period and below market expectations of a 0.4% rise.

#### UK

Consumer prices in the United Kingdom increased 0.6% YoY in July, following a 0.5% rise in the previous month and beating market expectations of a 0.5% gain. It is the highest figure since November 2014 and in the first month after the UK voted to leave the EU, mainly boosted by transport prices.

#### Japan

The Japanese economy unexpectedly showed no growth in the June quarter of 2016, following a 0.5% expansion in the first quarter and market expectations of a 0.2% growth, preliminary estimates showed. Private consumption and government spending slowed sharply while capital expenditure and exports declined.

### Markets\*

#### Best performer

For the week was the cement producer, PPC with a return of 18%. KAP was second with a 13% return for the week.

#### Worst performer

BATS was the worst performer for the week with a loss of 8%. Followed by investment holding company, Tencor with a 7% drop for the same period.

#### Sectors

The best performing sector for the week was construction and materials, with a return of 7.3% for the week. The sector representing industrial metal companies like Kumba Iron Ore was the worst performing sector for the week with a 6.3% loss.

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

## Macro note

### Mining and manufacturing data better-than-expected

Mining and manufacturing, the hearts of the South African economy, pulled in better-than-expected performances in June compared with the same period in 2015.

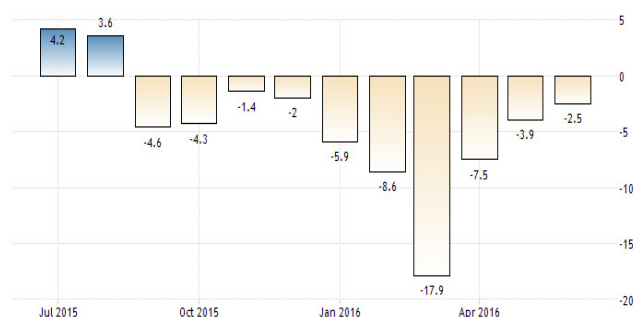
Although mining production contracted 2.5% YoY in June, this decline is slower than the 3.9% in May and the sharp 7.5% contraction in April, Statistics SA data show. Over the month, production in mining rose by a seasonally adjusted 1.9% MoM, driven mainly by a strong increases in iron ore, manganese ore and other metallic minerals. In the second quarter, mining output rose by a seasonally adjusted 4.2% QoQ following a 4.8% contraction in the first quarter. The quarterly rise was driven by platinum group metals (PGMs), iron ore and manganese ore.

Manufacturing output growth shot up 4.5% YoY in June. This is the highest level of growth recorded since a peak in July 2015. In May and April 2016, manufacturing output grew 3.9% and 3.2% respectively. Seven out of 10 manufacturing sub-sectors increased output.

Mining and manufacturing constitute 20% of the

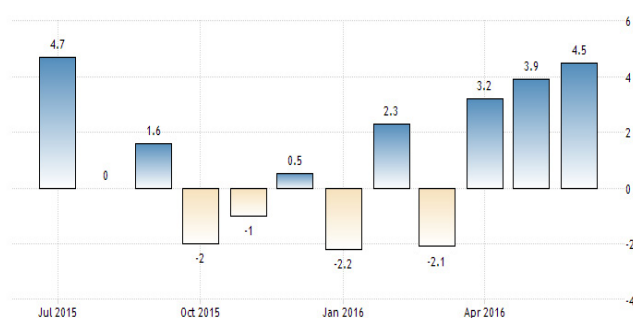
country's GDP and are significant employers in the economy. Statistics SA is expected to release the second-quarter GDP performance in September.

### Mining production since July 2015



Source: Trading Economics

### Manufacturing production since July 2015



Source: Trading Economics

## Bottom line

The positive change in both industries is a very good indication that the recent slide in economic growth has stopped and that there is a high probability we could avoid a recession.

The best investment an investor can make is an investment at prices below the intrinsic value of an

asset. Investors should, therefore, use financial market weaknesses, that usually relates to periods of weak economic growth, to add additional capital, at these below intrinsic values, to their investments.

## Market note

### JSE robust performance for H1 2016

The JSE, which has traded financial products for the past 129 years, delivered a robust performance for the first half of 2016, driven by strong growth from almost all divisions. Group earnings after tax increased by 19% to R513 million (H1 2015: R430 million), with operating revenue growing by 17% (H1 2015: 16%) to R1.2 billion (H1 2015: R1 billion).

Nicky Newton-King, CEO of the JSE says: "This growth is net of nearly R50 million fee cuts in Equity Market report-only trading fees and Broker Dealer Accounting (BDA) fees, part of a consistent focus on transaction fee reductions to drive use of our markets and taking client needs into account."

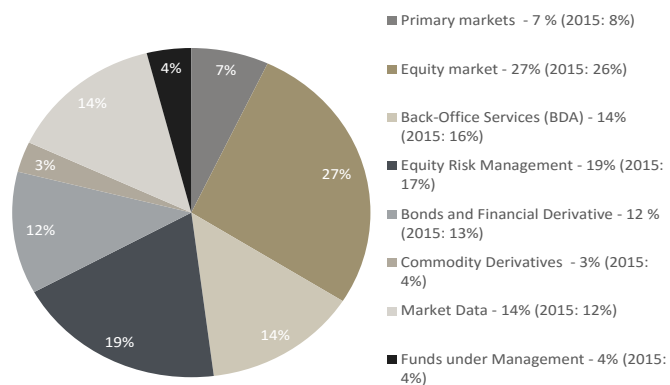
Group earnings before interest and tax (EBIT) are up by 17% to R567 million (H1 2015: R484 million). The earnings per share (EPS) increased by 19% to 599.7c (H1 2015: 503.9c) and headline earnings per share (HEPS) increased by 19% to 585.1c (H1 2015: 490.3c).

The following areas made strong contributions to revenue during the first half of 2016:

- **Capital markets:** Markets were volatile during the first half of 2016 following local concerns and global economic uncertainty. This impacted the Cash Equities and Equity Derivatives Markets, which grew R55 million and R8 million respectively. Cash Equities revenue growth is net of the impact of a reduction of report-only trade fees amounting to R11 million. The Currency Derivatives Market grew by R3 million due to the 12% increase in the number of contracts traded.
- **Trading and Market Services:** BDA contributed R151 million on the back of an 18% increase in the number of trades. This growth (R1 million) is net of fee cuts amounting to R39 million.

- **Post Trade and Information Services:** The revenue of Post Trade Services rose to R212 million as a result of the 29% growth in value traded in the Equity Market.
- **Market Data revenue including Colocation** rose by 32% to R150 million. Colocation revenue rose 26% to R10 million. Market Data revenue was also boosted by forex gains (R23 million) and pricing impact (R7 million).
- **Funds under management** increased revenue to R46 million due to an increase in margin deposits.

### H1 2016 revenue as a % total



Source: JSE H1 2016 interim results presentation

## Previous publications

### Daily



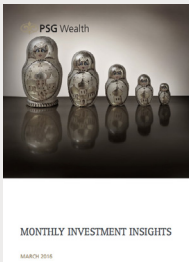
Published on a daily basis

### Weekly



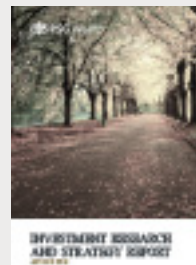
10 Aug	1 June	23 March
2 Aug	25 May	16 March
27 July	18 May	9 March
13 July	11 May	1 March
6 July	4 May	23 Feb
29 June	26 April	11 Dec
22 June	20 April	20 Nov
15 June	12 April	16 Nov
8 June	5 April	

### Monthly



July 2016	Sept 2015
June 2016	Aug 2015
May 2016	July 2015
April 2016	June 2015
March 2016	May 2015
Feb 2016	
Dec 2015	
Nov 2015	
Oct 2015	

### Quarterly



Winter 2016
Autumn 2016
Summer 2015
Spring 2015

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