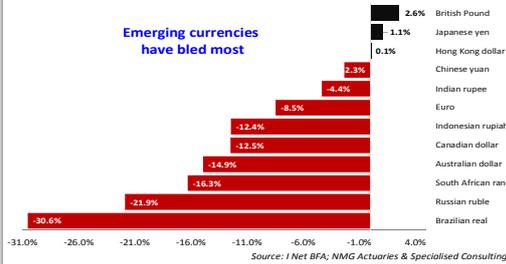
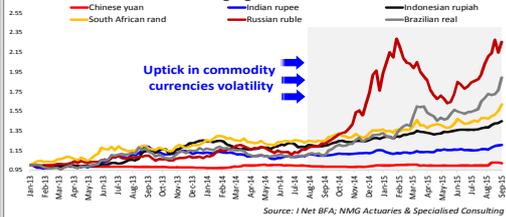


TOPICAL NEWS

Currency returns (Jan 2015 to Sep 04, 2015)



Selected Emerging Markets Currencies



Emerging Markets Currencies Drop

Most commodities currencies have lost against the greenback this year. Currencies that are leading in losses are the Brazilian real and the Russian ruble. These currencies have declined 30.6% and 21.9% against the dollar, respectively this year. Currency volatility is on the rise especially for emerging markets because of subdued commodity prices and as investors continue turning to the dollar in anticipation of the looming interest rate increase. On the other side, the dollar continue to rise as US macro data such as labour data, automobile sales and wage growth bolster expectations of the rate hike. Last week the dollar biggest gains were against the rand and real. The rand and real weakened by 4.0% and 6.8%, respectively. Commodity currencies are continuing being hit hard on risk off sentiments as slowdown in global growth persist. The currency of the world's biggest energy exporter, Russia's ruble has crumpled by 30.6%. We believe that commodity driven countries will somewhat benefit from the strengthening of the dollar and slowdown in China because it empowers exports. The Russian wheat is now on demand, Brazilian coffee producers are benefiting from the weaker real and effects on the platinum majors would be worse if the rand had not depreciated because the rand denominated costs such as labour costs would have a higher impact.

WEEK AHEAD

***Mining: Production and sales, July 2015**

***Manufacturing: Production and sales, July 2015 –**

Growth in both manufacturing and mining is expected to be marginal with August PMI falling to 48.9 from 51.4 seen in the previous month.

Rand Merchant Bank/Bureau for Economic Research

***Business Confidence Index –** The index looks to see further declines.

LOCAL ECONOMY

The Moody's Ratings Agency has stated that South Africa is unlikely to fall into a recession in 2015, however the agency has warned of strains on economic growth. Moody's will need to downgrade South Africa two more times for the country to be classified as "Junk". The agency has said that it is unlikely that SA will see another downgrade in the next twelve to eighteen months. Looking at another ratings agency, Fitch has had their registration as a credit rating agency cancelled in the Southern African region. This means that SA no longer issue credit ratings for regulatory purposes in the country. The South African Reserve Bank has said that it will not take measures to assist the weak rand as the falling currency should provide some benefits to the economy. The possibility of US interest rate hikes and the issues in the Chinese economy are the main reasons that the rand has taken a beating. The South African Chamber of Commerce and Industry (Sacci) business confidence index has plunged to a 16 year low in August amid weaker economic growth and extreme volatility seen in financial markets.

GLOBAL ECONOMY

US employers added 173 000 workers on their payrolls last month and the jobless rate dropped from 5.3% (recorded in July 2015) to 5.1%, the lowest since April 2008. This is a level, which the Fed considers full employment. Average hourly earnings increased by 0.3% in August 2015 on a MoM basis and were 2.2% on a YoY basis. The average workweek also increased by six minutes to 34.6 hours, the longest in six months. The US unemployment is now low enough that any additional decrease will begin to lift wages as employers compete for a dwindling pool of workers. The Fed officials will use the unemployment rate to judge whether improvement in the labour market can be merited by interest rate boost at the Fed's Sep 16-17 meeting. However, volatility in the financial markets, slowdown in China – which we expect to translate to sluggish global growth, devaluation of the yuan and drop in oil prices continue clouding the Fed's outlook. On another positive note, the US sales of cars and light trucks rose to a seasonally adjusted annual rate of 17.7 million in August 2015, their highest level since 2005. This is a good read through for South African platinum sector. British retailers hit their worst decline since 2008 as wet weather, which was 13% more than long-term average kept shoppers at home. Sales in stores dropped 4.3% in August 2015. The decline is attributed mainly to fashion retailers that slumped 5.5%. Last month, the Japanese wages increased by 0.6%, the most in since November 2005. The increase is a result of the monetary policy easing and the shrinking population which is pressuring companies to raise pay to attract increasingly scarce workers.

MARKET SNAPSHOT

	CLOSE PRICE	WEEKLY % CHANGE	YTD 04 SEP 2015		CLOSE PRICE	WEEKLY % CHANGE	YTD 04 SEP 2015
FTSE/JSE Indices				Currencies			
All Share Index	49,102.5	-1.7%	0.6%	Rand/Dollar	13.82	4.0%	20.7%
Top 40 Index	43,547.2	-1.9%	1.0%	Rand/Pound	20.89	2.7%	16.4%
Resources Index	18,637.8	-4.4%	-16.7%	Rand/Euro	15.46	4.0%	10.5%
Industrials Index	71,308.0	-0.8%	2.9%	Japanese Yen/Rand	8.58	-6.2%	-17.0%
Financials 15 Index	15,881.9	-3.3%	3.7%	Dollar/Pound	1.52	-1.4%	-2.6%

Interest Bearing Indices

BEASSA All Bond Index	488.6	-1.2%	1.5%
StEfi 12 Month Index	344.1	0.1%	4.8%
Inflation-Linked Bond Index	622.3	0.0%	3.0%

Commodities

Gold (Rand)	15,317.2	2.0%	10.6%
Platinum (US\$)	991.5	-2.7%	-18.0%
Brent Crude Oil (US\$)	49.6	-0.9%	-13.5%

World Indices

MSCI World Index	1,595.7	-3.8%	-6.7%
MSCI Europe Index	1,508.5	-3.9%	-6.2%
MSCI Emerging Index	788.6	-3.9%	-17.5%

Major Economies Indices

S&P 500 (United States)	1,921.2	-3.4%	-6.7%
FTSE 100 (United Kingdom)	6,042.9	-3.3%	-8.0%
Nikkei 225 (Japan)	17,792.2	-7.0%	2.0%

LOCAL MARKETS

South African markets closed the week off in negative territory, as the possibility of an interest rate hike in the US pushed stocks into the red. Analysts have warned that SA remains susceptible to capital outflows if the US is to increase their interest rates. At Friday's close, the All Share and Top 40 fell by 2.6% and 2.9% respectively, with resources having the largest losses. Over the week, both stocks and bonds saw declines. Whilst the local currency moved to R13.82 against the US dollar. The rand has fell by more than 8% over the month, as the markets grows increasingly worried that commodity prices will move even lower amid weaker growth levels in China.

GLOBAL MARKETS

The yen rose 2.2% last week, the most since December 2014 to 118.99 per dollar and YTD 2015 it is up 9.8%. The pound declined 0.7% against the euro last week to 73.17 pence per euro and against the dollar it dropped by 1.3% to US\$1.52 per pound. The Brazilian gauge dropped 1.4%. The Brazilian financial shares fell the most making them so cheap. We still view that emerging equity prices will continue declining because most investors are unconvinced that the US economy can underpin global growth amid Chinese sluggish growth that is spreading across the globe. The Hang Seng Index slumped 3.8% to a two-year low amid speculation mainland shares will decline this week. The Hang Seng Index has tumbled 10.7% YTD 2015. The Chinese mainland equities, measured by the Shanghai Composite Index slumped 2.2% last week and is now trading close to January 01, 2015 level. The ruble retreated 3.3% last week on continued concern on slowdown in China, Russia's biggest trading partner and pumelled commodity prices. The S&P 500 Index declined 3.4% last week and the Dow Jones Industrial Average Index suffered declines of 3.2%. These declines were the second biggest declines for both gauges this year after they recorded a decline of 5.8%, through the week August 21, for both indices. Last week's biggest tumbles on S&P 500 Index sectors came from healthcare, utilities and financial companies, with each sector losing at least 4.2%. Unless there is more clarity on macro data and central banks, the markets will continue exhibiting elevated volatility and downside price risk, hence we believe funds that have high cash holdings will do better in the short to medium term. The MSCI Emerging Markets Index slumped 3.9%, as equity benchmarks in Brazil, Hong Kong, India, South Korea, Hungary and Taiwan dropped more than 1.0%.

TOP PERFORMERS (TOP 40)

NAME	CLOSE PRICE	WEEKLY % CHANGE	YTD 04 SEP 2015
Bidvest Group Limited	323.97	6.2%	6.6%
Mondi plc	306.03	2.3%	61.5%
Mediclinic International Limited	105.78	1.4%	5.1%

WORST PERFORMERS (TOP 40)

NAME	CLOSE PRICE	WEEKLY % CHANGE	YTD 04 SEP 2015
Impala Platinum Holdings Limited	44.92	-10.8%	-40.7%
Mr Price Group Limited	209.50	-10.6%	-10.9%
Sanlam Limited	59.26	-8.5%	-15.3%

COMMODITIES

Copper prices for December delivery fell 3.0%, the most in eight weeks and settled at US\$2.31 a pound amid concerns that a slowing global economy will continue denting metals demand. Gold increased by 2.0% in rand terms and declined by 1.9% in dollar terms last week. Marginal change on gold price last week was due to the fact that the US unemployment rate dropped to a seven-year low, and this fuelled speculation that the Fed will raise interest rates this month. Brent crude oil fell 0.9% amid signs that the global crude surplus will persist. We view that US crude oil production must first decline before global oil markets recover. World oil supply has exceeded demand and it has triggered job losses in the energy sector. A positive note in the oil sector is OPEC said it is willing to talk to other nations about achieving a "fair" price in global markets. The EIA is projecting that the US production to decline to 8.8 million barrels a day by August 2016. Currently production is around 9.3 million barrels a day, although it has dropped by 119 000 barrels, it remains 70% higher than four years ago. We view that low price may undercut capital investments in the oil industry and this may lead to future shortages. US oil explorers' idled 13 rigs last week as crude traded at a six-year low on concerns that a global surplus will worsen. The drop in oilrigs was the first in seven weeks and brought the total US oilrig count to 662. We still hold our estimate of 520 oilrigs will be operating in the US oil fields by year-end. The US crude inventories climbed by 4.7 million barrels last week. Stockpiles remain about 100 million barrels above the five-year seasonal average as the nation's peak fuel demand season ends. The global wheat glut is eroding US exports, as cost conscious customers are now preferring the Russian wheat because of a weak ruble and falling freight rates. Russia is now selling the grain 16% cheaper than the US.

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