MARKET SUMMARY

As of 2017/03/31

MARKET INDICES (R)

	1 month	3 months	1 year	3 years*	5 years*	7 years*
FTSE/JSE All Share	2.68	3.78	2.53	5.98	12.50	12.14
FTSE/JSE SA Listed Property	0.11	1.37	1.46	14.48	15.81	16.38
All Bond Index	0.40	2.49	11.02	7.45	7.37	8.32
STeFI (Cash)	0.63	1.86	7.56	6.77	6.19	6.17
MSCI World	3.35	3.79	2.54	12.18	19.81	15.96
MSCI EM	4.92	8.98	4.41	7.09	9.96	8.16
Oil Price	-2.58	-8.83	21.62	-14.21	-5.62	2.39
Gold Price	1.64	6.52	-8.26	7.10	5.52	10.70

MARKET COMMENTARY

The month of March ended on a somewhat disheartening note, with South Africans waking up to the shocking news of yet another cabinet reshuffle which resulted in the unceremonious sacking of the finance minister and his deputy after market close on the 30th March. This abruptly ended the growing optimism South Africa has enjoyed of late as a result of positive emerging market sentiment, a strengthening currency and declining inflation. Understandably Friday 31st March was a negative trading session on the market which saw interest rate sensitive assets (bank shares, bonds and listed property in particular) come under pressure. Despite this local asset classes posted positive returns for the month of March.

On the global front, markets were broadly positive for the month as emerging markets outperformed their developed peers. Emerging markets continue to benefit from positive investor sentiment which has given momentum to a recovery in asset prices. In the developed world, European markets were the standout performers in March, as healthy economic data and a cooling of the political climate boosted investor optimism and risk appetite. Donald Trump's failure to pass healthcare reforms through Congress has created doubts over his ability to enact other proposed reforms. This, together with the ongoing political uncertainty surrounding the Trump administration stalled US equity markets in March.

The **FTSE/JSE All Share Index** was up 2.7% in March, as large rand-hedge shares drove performance. The top performing shares amongst the largest 60 companies in March were Gold Fields (+17.9%), Sappi (+11.4%) and Richemont (+11.0%). The worst performing shares were Netcare (-19.5%), Barclays Africa (-8.2%) and Steinhoff (-8.1%). A weaker rand led to gains in rand hedge shares, which helped both **industrials** and **resources** to monthly gains. **Financials** were weaker in March, with political events late in the month raising fresh concerns over return prospects within the sector.

The **MSCI World Index** ended the month up 1.1%, leaving the index up 15.4% in US dollar terms over the past year! The index's largest contributor, the US, was flat for the month with the **S&P 500** posting a 0.1% gain in March. Political uncertainty related to Trump's presidency and the failure of Mr Trump to get healthcare reforms passed through congress put US markets on pause for March. Japanese markets also ended the month flat in US dollar terms, with the **Nikkei 22** returning 0.0% for the month. Elsewhere, the UK's **FTSE 100** and Germany's **FSE DAX** had decent months, with US dollar returns of 1.6% and 4.7% respectively. Despite the official trigger (known as Article 50) being pulled on Brexit, European markets gained on the back of a general decrease in political uncertainty and stronger economic data.

Emerging markets had another strong month, as positive sentiment and economic data continued to promote investor flows. The **MSCI Emerging Markets Index** gained 2.6% for the month in US dollars, leaving gains at 17.7% over the past year!

It was a mildly positive month for local fixed income investors, with the replacement of the finance minister and his deputy dampening returns on the final day of the month as yields pushed higher. The **All Bond Index (ALBI)** gained 0.4% in March. Over the past year, SA government bonds remain the best performing domestic asset class with returns of 11.0%. **Listed Property** had another flat month with a return of 0.1% in March. The sector was negatively affected by rising bond yields at the back-end of the month as well as the adverse impact of rand weakness on certain companies that generate the majority of their earnings offshore. Listed property has returned a muted 1.5% to investors over the past 12 months. **Cash** returned a stable 0.6% for the month bringing the 12-month return to 7.6%.

Looking at currencies, the rand snapped its good run as news of the President summoning the now former finance minister and his deputy back from an international investor roadshow towards the end of the month filtered through. On Monday, the 27th March the Rand was trading at R12.44/$ and ended the month, just four days later, at R13.44/$. This meant that over the course of the month, the **rand** depreciated by -3.1%, -2.9%, -2.5% against the **euro**, **pound** and US **dollar** respectively, with possibly more pain to come.

The US dollar price of **Oil** continued to decline in March falling by -5.0% over the course of the month, due to growing concerns over the effectiveness of the OPEC deal in terms of ensuring production cuts amongst its members. After a strong start to the year, the **Gold** price lost -0.9% in US dollar terms in March. The US dollar price of **Platinum** took a significant knock in March with the price falling -8.7%.