

MARKET SUMMARY

As of 2017-04-30

MARKET INDICES (R)

	1 month	3 months	1 year	3 years*	5 years*	7 years*
FTSE/JSE All Share	3.64	3.11	4.50	6.32	12.67	12.73
FTSE/JSE SA Listed Property	0.51	0.24	0.02	13.80	15.33	16.16
All Bond Index	1.42	2.55	10.55	7.84	7.29	8.35
STeFI (Cash)	0.61	1.82	7.59	6.82	6.22	6.17
MSCI World	1.14	4.09	6.10	12.25	20.18	16.14
MSCI EM	1.85	6.79	9.86	7.68	10.48	8.27
Oil Price	-2.26	-7.79	1.44	-15.29	-5.59	1.10
Gold Price	1.55	3.68	-7.03	7.69	5.78	10.04

MARKET COMMENTARY

Markets continued their positive run in April; despite investors growing more wary of the global reflationary theme that has promoted gains since the Trump election in November last year. Emerging markets equities were once again out in front, delivering higher returns than their developed peers for the month. Positive sentiment fuelled by expectations of earnings growth in emerging markets continues to underpin investor confidence and flows. In the developed world, rising geopolitical tensions in Syria and North Korea combined with more muted levels of optimism towards global reflation trades subdued markets for much of April. However election results and prospects in France and the UK respectively, as well as strong start to earnings season in the last week of the month, provided a welcome bump in returns in April.

On the local front, markets recovered well after the adverse impact of unsettling political events towards the end of March. The threat of a local currency debt downgrade to junk status did little to spark local market outflows; perhaps suggesting that investors see some sort of light at the end of the treacherous political and economic tunnel we find ourselves in. Positive sentiment towards emerging markets from global asset allocators has undoubtedly helped limit the negative impact of the ongoing political squabbling and instability. In fact, all local asset classes posted positive returns in April. Using a sports analogy (somewhat reluctantly); scoring own goals is probably least disastrous when you have the wind at your back!

The **FTSE/JSE All Share Index** was up 3.6% in April, as large rand-hedge shares drove performance. The top performing shares amongst the largest 60 companies in April were Mediclinic International (+18.3%), Capital & Counties (+13.2%) and Mondi (+9.9%). The worst performing shares were Pioneer Food Group (-6.7%), Gold Fields (-6.5%) and Anglo American (-5.9%). **Industrials** posted healthy returns in April as selected rand-hedges performed well. **Financials** also ended April in positive territory recovering from a sell-off in the final week of the previous month. **Resources** were flat over the month as commodity prices cooled in April.

The **MSCI World Index** ended the month up 1.5%, leaving the index up 15.3% in US dollar terms over the past year. The index's largest contributor, the US, gained some ground in April with the **S&P 500** posting a 1.0% return in April. Escalating geopolitical concerns (Syria and North Korea) and unwinding reflationary trades stalled markets for much of April. Despite this, global risk assets got a positive boost in the last week of the month from a market friendly French election result. This helped European markets the most with the UK's **FTSE 100** and Germany's **FSE DAX** posting returns of 2.1% and 2.9% for the month respectively. Elsewhere, Japan's **Nikkei 22** also ended the month in positive territory with a return of 1.5%.

Emerging markets had another decent month with the **MSCI Emerging Markets Index** gaining 2.2% for the month in US dollars, leaving gains at 14.0% in 2017 and 19.6% over the past 12 months!

It was a mildly positive month for local fixed income investors, with bond yields recovering after the negative effects of political shuffling towards the end of March. The **All Bond Index (ALBI)** gained 1.4% in April; leaving returns over the past year at 10.6%. **Listed Property** continued its run of underwhelming returns ending the month up just 0.5% in April, leaving the sector with a flat return of 0.0% over the past year. Investor confidence in listed property has been shaky in recent times as investors have become wary of valuations given the current political and economic landscape. **Cash** returned a stable 0.6% for the month, and has provided a steady 7.6% return over the past year.

Given the political events in the last week of March that have created an imminent threat of our local currency debt being downgraded to junk status, the rand held up surprisingly well in April. The local currency appreciated by 0.2% against the **US dollar** in April. Elsewhere, a well-received French election result and political developments in the UK result led to stronger European currencies. The **rand** depreciated by -3.2%, and -1.6% against the **pound** and **euro** respectively in April.

The US dollar price of **Oil** continued to decline, falling by -2.1% over the course of April, with growing doubts around effectiveness of the OPEC deal in terms of achieving some sort of supply control. The **Gold** price rebounded mildly, gaining 1.7% in US dollars for the month as geopolitical concerns saw some investors seek safe-haven assets. The US dollar price of **Platinum** also ended the month in positive territory, albeit only slightly, gaining 0.6% over the course of the month.