

MARKET SUMMARY

As of 2017/09/30

MARKET INDICES (R)

	1 month	3 months	1 year	3 years*	5 years*	7 years*
FTSE/JSE All Share	-0.87	8.91	10.22	7.17	12.53	12.82
FTSE/JSE SA Listed Property	1.19	5.73	9.51	12.65	12.67	15.22
All Bond Index	1.11	3.68	8.20	7.62	6.35	7.75
STeFI (Cash)	0.59	1.84	7.62	7.04	6.39	6.21
MSCI World	6.05	7.58	13.83	12.07	20.08	18.52
MSCI EM	3.31	10.28	17.57	8.74	12.04	9.99
Oil Price	14.12	23.74	15.16	-10.36	-3.48	4.59
Gold Price	1.62	6.44	-4.73	8.02	3.41	9.61

MARKET COMMENTARY

September proved to be a difficult one for local markets as local equities failed to build on healthy gains earlier in the third quarter. Overall there was retracting investor positivity towards the local outlook as politics, economic events and declining commodity prices took their toll. Political uncertainty has in no doubt kept investors at arm's length from South Africa, as we steam ahead towards the all-important ANC National Conference in December and the economy continues to stutter along. The World Bank slashed its South African growth forecast for 2017 in half highlighting the need for productivity improvements. Naturally this was not well received by markets, and the Reserve Bank's (SARB) decision not to cut interest rates, somewhat against market expectations, gave investors even less to be cheerful about. Despite this negativity, local property, bonds and cash managed to provide positive returns for the month.

Global markets continued to be supported by healthy levels of investor confidence in September, despite rising geopolitical risk relating to North Korea and European Union stability. There was, however, a clear divergence in US dollar returns in September, as developed market equities outperformed their emerging peers in US dollar terms for the first time (on a calendar month basis) this year. A stronger US dollar was a ubiquitous driver of returns across global markets, as expectations of higher US interest rates and growing confidence in the ability of US policy outcomes buoyed the greenback in September.

The **FTSE/JSE All Share Index** experienced broad-based declines amongst its constituents, losing -0.9% in September. The top performing shares amongst the largest 60 companies in September were Reinet (+13.1%), Richemont (+8.4%) and Resilient REIT (+6.4%). The worst performing shares in September were Sibanye-Stillwater (-26.7%), Impala Platinum (-22.9%) and MMI Holdings (-12.3%). In a marked turnaround from the previous month, all major sectors posted negative returns for the month of September. **Industrials** (-0.3%) were least affected as rand weakness helped stem losses through its positive impact on selected non-resource rand hedges. **Resources** (-1.1%) felt the negative effects of declining commodity prices, while **Financials** (-1.9%) were also down for the month as sentiment and the SARB's decision not to cut interest rates took their toll.

The **MSCI World Index** ended the month up 2.3%, leaving the index up 18.8% in US dollar terms over the past year. Heightening geopolitical tensions related to North Korea and rumblings in Europe did little to stymie returns from global equities. The index's largest contributor, the US, mirrored this performance in September with the **S&P 500** posting a 2.1% return for the month. Elsewhere, Germany's **FSE DAX**, the UK's **FTSE 100**, and Japan's **Nikkei 22** each posted a US dollar return of 5.8%, 3.4% and 2.0% in September respectively.

Emerging markets provided a mixed bag in terms of returns as country specific issues and a stronger US dollar drove performance in September. Energy was the only emerging market sector to produce positive US dollar performance for the month, and naturally countries with concentration in this sector benefitted (Russia). The **MSCI Emerging Markets Index** lost -0.4% for the month in US dollars, leaving gains at 22.9% over the past year.

Local bonds had another decent month of stable returns in September, despite the SARB deciding not to cut interest rates, which surprised the market. Local bonds continue to be buoyed by the global search for yield. The **All Bond Index (ALBI)** gained 1.1% in September, leaving annual gains at 8.2%. **Listed Property** had a relatively decent month; posting a return of 1.2% in September that left returns over the past year at 9.5%. Despite interest rates remaining on hold and negative news flow, property counters showed gains across the board coming off a relatively low valuation base. **Cash** returned a stable 0.6% for the month, and has provided a steady 7.6% over the past year.

Looking at currencies, the rand depreciated against most major currencies in September. A stronger **US dollar** saw the local currency depreciate by -3.7% against the greenback in September. The rand also depreciated against the **euro** (-3.2%) and **pound** (-7.6%) over the course of September.

The US dollar price of **Oil** showed healthy gains in September (9.9%), benefitting from rising demand and some limitations on US production because of the hurricane season. The US dollar prices of **Gold** and **Platinum** were down -2.2% and -6.7% respectively in September, as both precious metals were negatively impacted by a stronger US dollar.