

MARKET SUMMARY

As of 2018/02/28

MARKET INDICES (R)

	1 month	3 months	1 year	3 years*	5 years*	7 years*
FTSE/JSE All Share	-1.97	-2.20	17.44	6.08	11.23	12.12
FTSE/JSE SA Listed Property	-9.90	-15.41	-6.09	0.71	8.01	13.51
All Bond Index	3.93	11.85	14.33	7.72	7.33	9.17
STeFI (Cash)	0.54	1.76	7.48	7.18	6.57	6.28
MSCI World	-4.87	-11.79	3.95	6.56	14.67	15.03
MSCI EM	-5.30	-7.73	15.19	6.93	8.32	9.06
Oil Price	-5.30	-10.47	6.78	2.11	-5.07	-0.05
Gold Price	-2.60	-10.93	-5.28	3.21	1.76	6.84

MARKET COMMENTARY

February was a difficult month for most investors, as markets continued to exhibit a jittery behavioural backdrop in 2018. Global market movements were in the spotlight, with renewed volatility coming to the fore after an extended period of calm. US equity markets, which account for approximately 60% of global equity markets, drove changes in global risk appetite in February as markets recovered slightly following a sell off earlier in the month. Ironically, the selloff in early February was caused by positive economic news, as faster than expected wage growth in the US raised concerns that a spike in inflation may cause the US Federal Reserve (Fed) to raise interest rates more aggressively than expected.

On the local front, the rand and the bond market continued to react positively to South African political developments. The resignation of President Jacob Zuma mid-February was well received, however, the selloff in global equities masked positive developments on the local front. Domestic equity market performance was weighed down by negative performance from index heavy weights British American Tobacco, Naspers and BHP Billiton which faced headwinds from lower global markets, weaker commodity prices and a stronger rand. South African focused counters continued a recent trend of strong performance, with local banks and retailers benefiting from a noteworthy shift in local consumer, business and investor sentiment. Local listed property continued to come under pressure in February within an environment rife with speculation related to the Resilient stable of companies. Putting this all together, local bonds were one of the few asset classes to provide positive monthly rand returns.

The **FTSE/JSE All Share Index** ended the month down -2.0%. The top performing shares amongst the largest 60 companies in February were AVI (+11.9%), FirstRand (+11.1%) and Foschini (+10.8%). The worst performing shares in February were Fortress B (-46.8%), Resilient (-40.4%) and NEPI Rockcastle (-25.9%). **Financials** (2.6%) was the best performing market segment as sentiment towards South African focused assets continued to be positive. **Industrials** (-3.0%) struggled on the back of a global market sell off and a stronger rand. **Resources** (-4.8%) was the worst performing market segment, driven lower by softer commodity prices and a stronger US dollar.

The **MSCI World Index** ended the month down -4.1% in US dollar terms, leaving the index up 18.0% over the past year. The index's largest contributor, the US, dragged performance lower, with the **S&P 500** down -3.7% for the month. Within other major global markets, Japan's **Nikkei 22**, the UK's **FTSE 100** and Germany's **FSE DAX** each posted a US dollar return of -2.2%, -6.4% and -7.7% in February respectively.

Emerging markets also had a poor month as softer commodity prices and a market selloff in the US led to poor performance from most emerging nations. The **MSCI Emerging Markets Index** produced a return of -4.6% for the month in US dollars, leaving the index up 31.0% over the past year.

Local bonds were the best performing local asset class in February, as the market reacted positively to political developments and a mostly well-received budget given by now former Finance Minister Malusi Gigaba. Despite news of a first VAT hike in decades to 15% which divided opinion, the budget was generally positive, with Moody's now expected to maintain its rating for South Africa's sovereign debt. Local bond yields moved lower during the month, which led to a return of 3.9% for the **All Bond Index (ALBI)** in February. Local bonds have now produced a healthy return of 14.3% over the past year. **Listed Property** had another tough month as the Resilient group of companies which make up a substantial portion of the index drove negative returns. Listed property produced a return of -9.9% in February which leaves returns from the asset class at a disappointing -6.1% over the past year. **Cash** returned a stable 0.5% for the month and has produced a return of 7.5% over the past year.

Looking at currencies, the rand held up well against most major currencies in February. The rand appreciated by 0.6% against the **US dollar**, 2.8% against the **euro** and 3.8% against the **pound** during the month.

The US dollar price of **Oil** declined in the month of February (-4.7%) after seven consecutive monthly gains, as data showed higher than expected US crude inventories and three of the world's top consumers of oil, namely China, India and Japan reported slower monthly factory activity. The US dollar price of **Gold** was down by -2.0% in the month, while the price of **Platinum** was also down in February, decreasing by -2.4% over the month.