

MARKET SUMMARY

As of 2018/04/30

MARKET INDICES (R)

	1 month	3 months	1 year	3 years*	5 years*	7 years*
FTSE/JSE All Share	5.37	-1.02	11.42	5.27	11.74	11.83
FTSE/JSE SA Listed Property	7.68	-3.91	-0.45	2.00	7.17	13.43
All Bond Index	-0.70	5.34	13.80	8.57	6.71	8.96
STeFI (Cash)	0.58	1.74	7.43	7.23	6.64	6.32
MSCI World	6.36	-0.88	3.62	7.00	14.46	16.12
MSCI EM	4.78	-2.42	11.06	5.08	9.26	9.04
Oil Price	12.71	14.46	35.54	5.53	0.42	1.78
Gold Price	4.51	2.65	-3.28	5.12	4.44	7.14

MARKET COMMENTARY

What a difference a month makes. April provided a welcome reprieve to local investors following a difficult first quarter, which was one of the poorest quarters for risk assets in recent memory. Rand weakness, particularly against the US dollar, provided a strong tailwind to rand hedge shares and commodity shares which generate significant amounts of their earnings outside of South Africa's borders. The South African rand was in fact the second worst performing emerging market currency over the month as emerging markets came under pressure. South African listed property was the best performing local asset class during April, as the Resilient group of companies showed a partial recovery after a torrid start to the year. Local bonds, which were the standout performer among local asset classes in the first quarter, gave back a small portion of their gains in April.

Global markets delivered their first positive month since strong returns in January as U.S. technology companies announced strong earnings and several high-profile merger announcements took place. More than half of the companies which make up the S&P 500 reported Q1 2018 results during the month, with the majority beating consensus analyst estimates. U.S. 10-year treasury yields moved higher in the month, breaking the significant psychological barrier of 3% for the first time in four years as the market continued to price in interest rate increases in the U.S. on the back of rising inflation expectations.

The **FTSE/JSE All Share Index** ended the month up 5.4%. The top performing shares amongst the largest 60 companies in April were NEPI Rockcastle (+19.6%), Pick N Pay (+17.4%) and Clicks (+17.3%). The worst performing shares in April were Coronation (-8.1%), Truworths (-4.7%) and Foschini (-3.9%). **Resources** (+8.6%) was the best performing market segment as rand commodity prices increased. **Industrials** (+5.2%) was the second best performing market segment, driven higher by Naspers and the positive effect of a weaker local currency on large rand hedge shares. **Financials** (+3.2%) were not far behind with a healthy return for the month.

The **MSCI World Index** ended the month up 1.2% in US dollars, leaving the index up 13.8% over the past year. The U.S. had a relatively muted month, with the **S&P 500** up 0.4% in April. Other major developed markets drove returns over the month with the UK's **FTSE 100** (4.9%), Germany's **FSE DAX** (2.4%) and Japan's **Nikkei 22** (1.8%) all posting healthy US dollar returns during April.

The **MSCI Emerging Markets Index** produced a negative return of -0.4% for the month in US dollars, however, the index is still up by 22.1% over the past year. A stronger US dollar was the main driver of negative returns in April.

Local bonds had a disappointing month, breaking a recent trend of strong performance, as global bond yields moved higher in response to U.S. yields edging upwards. The All Bond Index (ALBI) produced a return of -0.7% in April, however, bonds are still the best performing local asset class over the past year with a return of 13.8%. **Listed Property** rebounded strongly in April after a very poor start to 2018. The market reacted positively to the release of an independent report by former auditor-general Shauket Fakie, which cleared the Resilient group of any wrongdoing on allegations of share price manipulation and accounting irregularities. Resilient group sister company, NEPI Rockcastle, was in fact the best performing share in the top 60 of the FTSE/JSE All Share Index with a return of 19.6% during April. Listed property produced a return of 7.7% during the month, however, the annual return from the asset class is still negative at -0.5%. **Cash** returned a stable 0.6% in April and has produced a return of 7.4% over the past year.

The rand was weaker against most major currencies in April, mainly on the back of US dollar strength. The rand depreciated by 5.1% against the **US dollar**, 3.4% against the **euro** and 3.3% against the **pound** during the month.

The US dollar price of **Oil** continued its upward trend and increased by 7.0% in April, supported by efforts from OPEC to balance the market via supply cuts. The US dollar price of **Gold** decreased by -0.8% in the month on the back of a stronger US dollar, while the price of **Platinum** decreased by -3.3% during April.