

MARKET SUMMARY

As of 2018/05/31

MARKET INDICES (R)

	1 month	3 months	1 year	3 years*	5 years*	7 years*
FTSE/JSE All Share	-3.48	-2.54	8.00	5.45	9.16	11.39
FTSE/JSE SA Listed Property	-5.92	0.34	-6.45	2.00	8.39	12.43
All Bond Index	-1.95	-0.63	10.44	8.13	7.31	8.43
STeFI (Cash)	0.59	1.79	7.39	7.26	6.67	6.34
MSCI World	1.76	6.03	5.15	6.98	12.35	16.23
MSCI EM	-2.36	0.61	7.07	5.12	6.94	8.58
Oil Price	4.72	26.56	48.13	7.20	-0.69	3.01
Gold Price	0.85	6.28	-0.98	4.48	3.34	6.71

MARKET COMMENTARY

May was a largely disappointing month for investors within a global risk off environment, driven by risks to the Euro due to political uncertainty in Italy, ongoing concerns around trade wars and a hawkish US Federal Reserve. This led to many investors turning to the relative safety of US Treasuries, with yields on these 'risk free' instruments moving lower during the month. As expected, most emerging markets felt the effects of the risk off trade in May, with many developing equity markets finishing the month in negative territory. South Africa was no exception, with the resources sector providing the only shelter from what was otherwise a broad-based sell off. In fact, only 10 of the largest 60 shares in the index ended the month in positive territory. Local bonds recorded a second consecutive negative month, as foreigners sold R30.2bn of the asset class during the month. Rising bond yields also detracted from local listed property returns over the month, as returns from the asset class continued to be weighed down by financial restructuring within the Resilient stable of companies.

The **FTSE/JSE All Share Index** ended the month down -3.5%. The top performing shares amongst the largest 60 companies in May were Exxaro (+12.6%), BHP Billiton (+8.6%) and Mondi PLC (+7.6%). The worst performing shares in May were Barloworld (-21.4%), Truworths (-18.0%) and Bidvest (-17.6%). **Resources** (+4.0%) was again the best performing market segment as rand commodity prices increased. Unfortunately, **Industrials** (-5.1%) and **Financials** (-6.3%) struggled in May, as global market movements impacted the former, while the latter gave back gains made earlier in the year.

The **MSCI World Index** ended the month up 0.7% in US dollars, leaving the index up 12.2% over the past year. The positive performance from the index during the month was largely driven by the U.S., with the **S&P 500** up 2.4% in May, buoyed by yet another round of strong economic data. Other major European and Asian developed markets ended the month in negative territory with Japan's **Nikkei 22** (-0.5%), the UK's **FTSE 100** (-0.7%) and Germany's **FSE DAX** (-3.4%) all posting disappointing US dollar returns during May.

The **MSCI Emerging Markets Index** produced a negative return of -3.5% for the month in US dollars in line with the prevailing risk off environment, however, the index is still up by 14.4% over the past year. Chinese shares ended the month largely flat for the month, despite rising towards the end of May ahead of their official inclusion in the MSCI benchmarks and relatively strong economic data in the form of healthy PMI numbers.

Local bonds had a disappointing month as yields moved higher in response to the withdrawal of foreign investors from emerging markets. The **All Bond Index (ALBI)** produced a return of -2.0% in May, however, bonds remain the best performing local asset class over the past year with a return of 10.4%. **Listed Property** had a poor May, reversing gains made in the prior month. The market reacted negatively to Resilient's decision to consolidate the Siyakha trusts in its financial statements which will result in the company's total liabilities increasing by R6.8bn and lower expectations of historical and forward-looking distribution growth. Listed property produced a return of -5.9% during the month, with the annual return from the asset class now at a disappointing -6.5%. **Cash** returned a stable 0.6% in May and has produced a return of 7.4% over the past year.

The rand showed mixed performance during the month of May against major currencies, mainly on the back of US dollar strength. The rand depreciated by 1.4% against the **US dollar** during the month, however, the local currency was 2.0% stronger against both the **euro** and the **pound** during May.

The US dollar price of **Oil** continued its recent upward trend, increasing by 3.2% in May, driven by reports that OPEC will curb production until at least the end of the year. The US dollar price of **Gold** decreased by -0.6% in the month on the back of a stronger US dollar, while the price of **Platinum** was relatively unchanged (up by 0.2%) during the month of May.