

# **MONTH IN PICTURES**

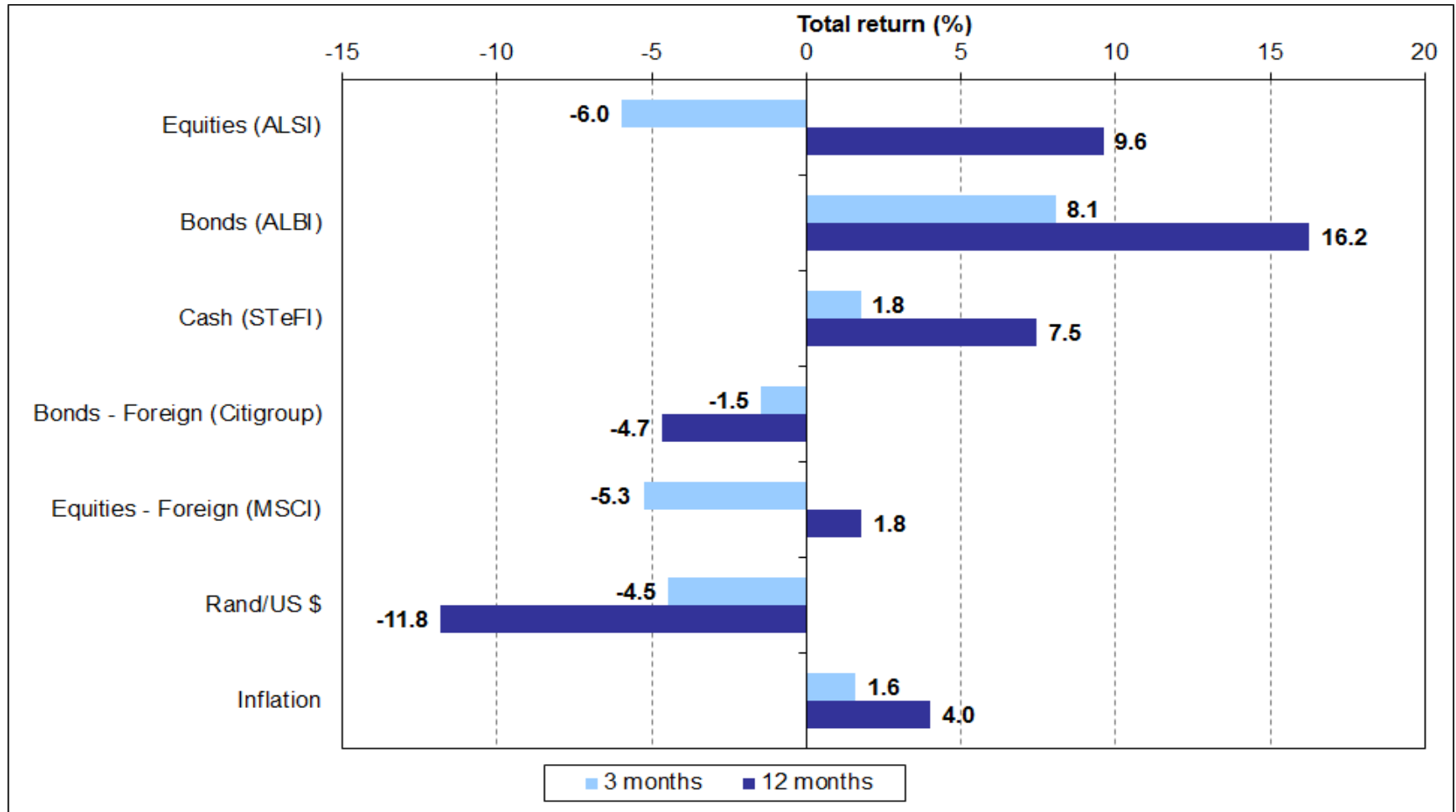
**MARCH 2018**

# MONTHLY SNAPSHOT

## NOTABLE EVENTS

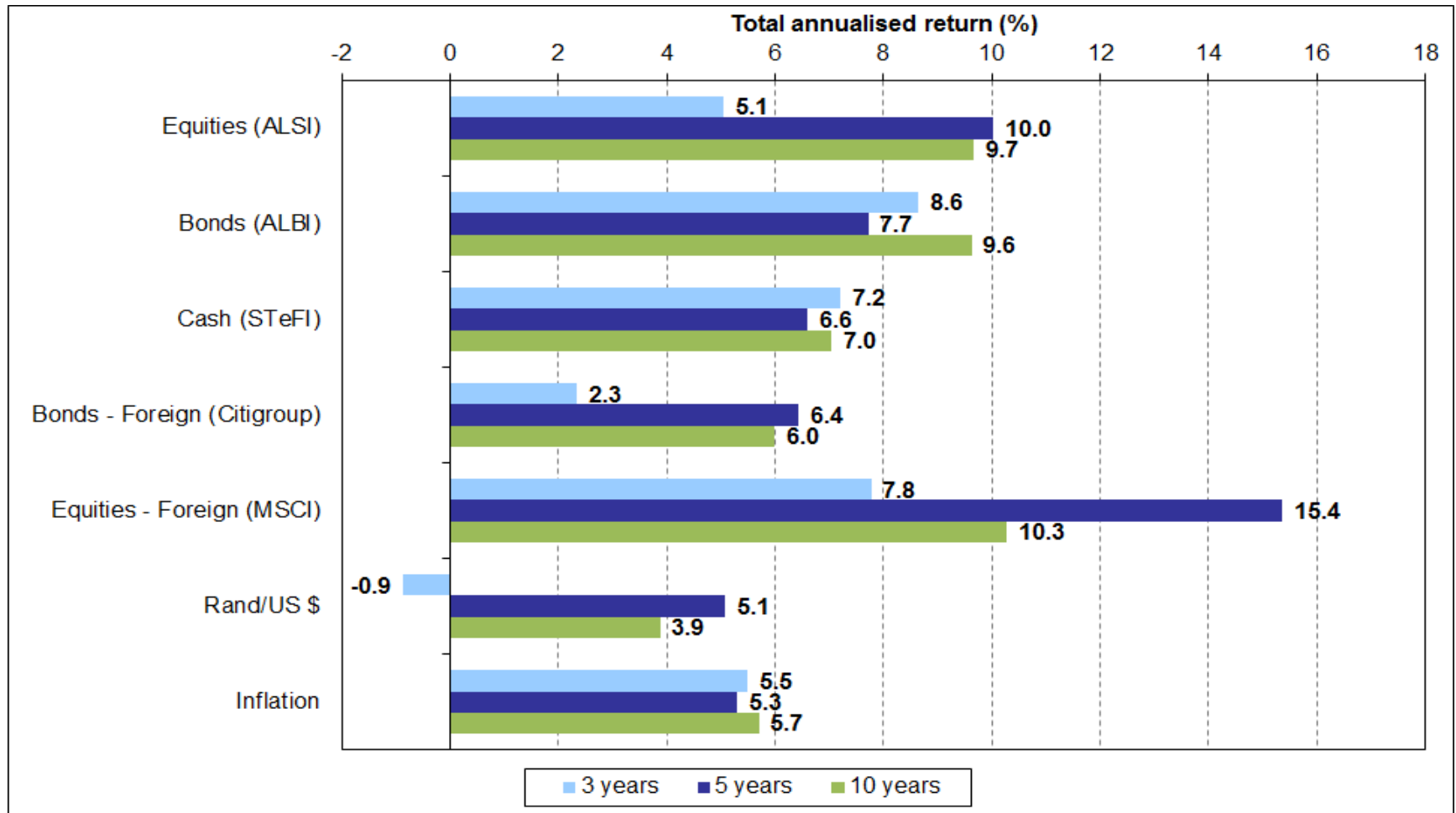
- Local and global equity markets remained under pressure in March (down 4.2% and 1.8% in Rands respectively) bringing their year-to-date losses to 6.0% and 5.3% each. This was mostly driven by global factors, including fears of an escalating trade war triggered by the US, markets that were arguably rather expensive following last year's good run, as well as rising expectations for higher interest rates in the US and many other developed economies.
- After much anticipation Moody's decided to maintain South Africa's investment grade credit rating, while also changing its outlook from negative to stable. This means that we have managed to avoid the exclusion of our bonds from the Citigroup World Government Bond Index, which could have resulted in higher lending rates and a weaker currency as many foreign investors would have been forced to sell their SA government debt holdings.
- Headline inflation hit a three-year low of 4.0% in February, down from 4.4% the previous month.
- Moody's decision, the low and stable inflation figures, along with still-sluggish domestic economic growth, prompted the SA Reserve Bank (SARB) to cut interest rates by 0.25%. This puts the repo rate at 6.5% and the prime lending rate at 10%.
- These developments provided local bonds with further tailwinds, bringing this asset class's return up to 8.1% over the quarter and an impressive 16.2% over the last year.
- The US Fed raised interest rates for the sixth time since the global financial crisis, with short term rates now set at between 1.5% and 1.75%.
- The Rand ended the month only slightly weaker, despite a narrowing of South Africa's yield differential compared to developed economies and comments from the SARB that the Rand was slightly overvalued. Nevertheless, the Rand is 4.5% and 11.8% stronger against the US Dollar over the last 3 and 12 months respectively (although much of this can still be attributed to a weak US currency, rather than a strong local one).

# ASSET CLASS PERFORMANCE SHORT TERM



# ASSET CLASS PERFORMANCE

## MEDIUM TO LONG TERM



# MARKET INDICATORS

## SHORT TERM

Market indicators (% change) <sup>1</sup>	Jan 2018	Feb 2018	Mar 2018	3 months	12 months
FTSE/JSE All Share Index	0.1	(2.0)	(4.2)	(6.0)	9.6
FTSE/JSE Resources Index	3.2	(4.8)	(2.1)	(3.8)	10.4
FTSE/JSE Industrial Index	0.4	(3.0)	(5.5)	(8.0)	5.7
FTSE/JSE Financial Index	(3.0)	2.6	(3.1)	(3.6)	17.6
FTSE/JSE Quoted Property Index	(9.9)	(9.9)	(1.0)	(19.6)	(7.1)
ALBI BEASSA Bond Index	1.9	3.9	2.1	8.1	16.2
STeFI Money Market Index (Composite)	0.6	0.5	0.6	1.8	7.5
MSCI All Country World Equity Index (ZAR)	1.4	(4.8)	(1.8)	(5.3)	1.8
Citigroup World Global Bond Index (ZAR)	(2.5)	(1.1)	2.2	(1.5)	(4.7)
Rand/USD	(4.1)	(0.7)	0.3	(4.5)	(11.8)
CPI <sup>2</sup>	0.3	0.8	0.6	1.6	4.0

1. Total returns for the months and periods ending 31 March 2018

2. Y-o-y CPI for March 2018 assumed to be equal to that of February 2018

# MARKET INDICATORS

## MEDIUM TO LONG TERM

Market indicators (% change) <sup>1</sup>	1 year	3 years	5 years	10 years
FTSE/JSE All Share Index	9.6	5.1	10.0	9.7
FTSE/JSE Resources Index	10.4	(1.3)	(2.5)	(3.0)
FTSE/JSE Industrial Index	5.7	4.8	12.5	15.9
FTSE/JSE Financial Index	17.6	4.7	12.8	13.7
FTSE/JSE Quoted Property Index	(7.1)	(0.5)	7.1	13.7
ALBI BEASSA Bond Index	16.2	8.6	7.7	9.6
STeFI Money Market Index (Composite)	7.5	7.2	6.6	7.0
MSCI All Country World Equity Index (ZAR)	1.8	7.8	15.4	10.3
Citigroup World Global Bond Index (ZAR)	(4.7)	2.3	6.4	6.0
Rand/USD	(11.8)	(0.9)	5.1	3.9
CPI <sup>2</sup>	4.0	5.5	5.3	5.7

1. Total returns for the months and periods ending 31 March 2018

2. Y-o-y CPI for March 2018 assumed to be equal to that of February 2018

# ECONOMIC INDICATORS

Economic indicators <sup>1</sup>	Mar 2016	Mar 2017	Jan 2018	Feb 2018	Mar 2018
<b>Exchange rates:</b>					
Rand/USD	14.65	13.41	11.87	11.79	11.82
Rand/GBP	21.09	16.63	16.88	16.23	16.61
Rand/Euro	16.70	14.30	14.79	14.39	14.59
<b>Commodities:</b>					
Brent Crude Oil (USD/barrel)	40.1	53.5	68.9	64.7	69.4
Platinum (USD/ounce)	977.5	950.5	1,002.76	979.83	930.3
Gold (USD/ounce)	1,233	1,249	1,343	1,318	1,325

1. Month-end prices

# MONTHLY TIMELINE

## IMPACT ON MARKETS

