

# **MONTH IN PICTURES**

**MAY 2018**

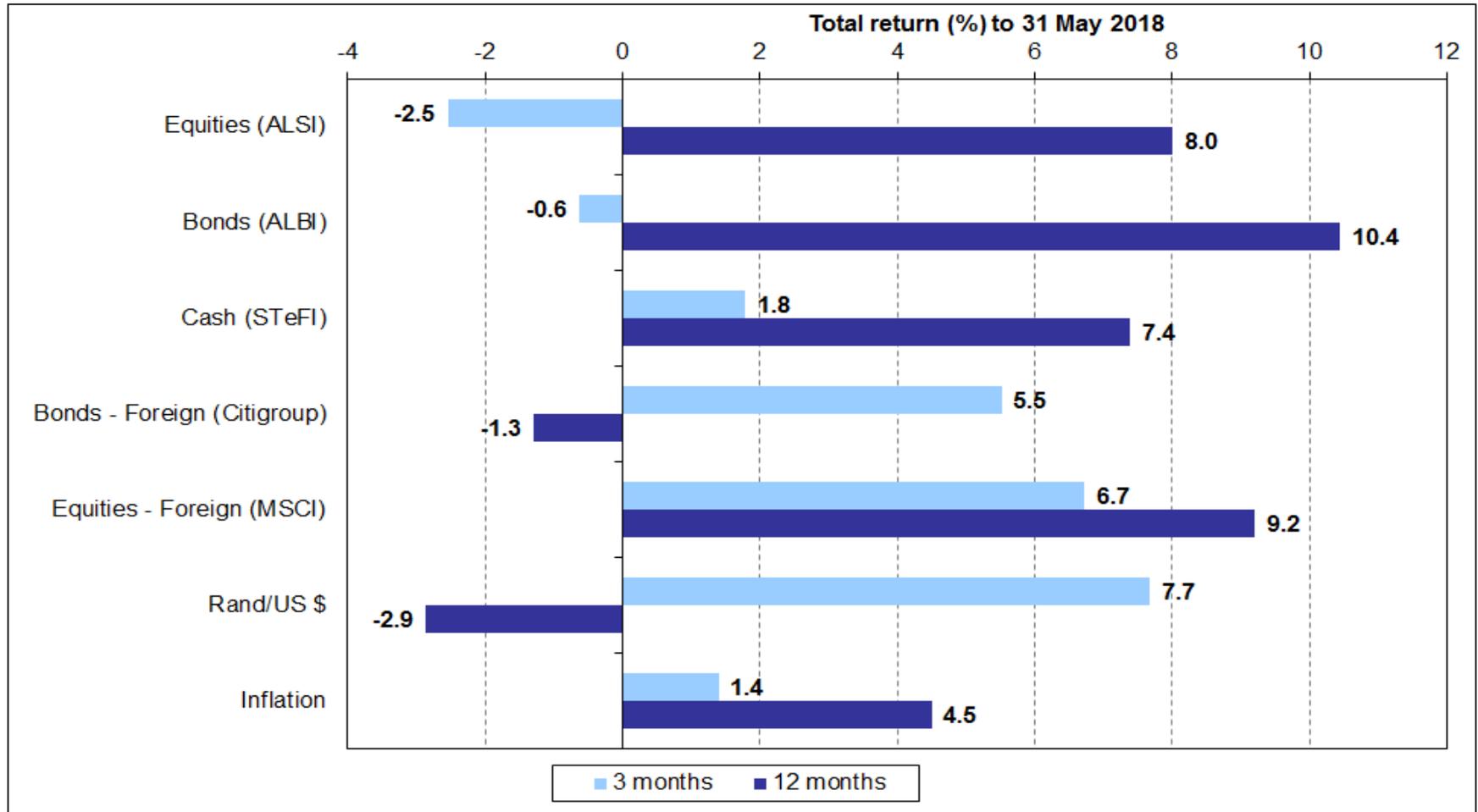
# MONTHLY SNAPSHOT

## NOTABLE EVENTS

- After recovering most of its first quarter losses in April, the local equity market pulled back again in May, going down by 3.5%. There was a wide divergence in sector performance, with Industrials (-5.1%), Financials (-6.3%) and Listed Property (-5.9%) performing poorly, while Resources (+4.0%) did well on the back of a weaker Rand and higher commodity prices.
- Local bonds retreated for a second month in a row (down 2% in May), but remains the best performing major asset class for local investors over the last 12 months.
- The Rand continued to weaken against the US Dollar, as higher US interest rates (the latest of which was announced in June) make emerging market assets less attractive to foreigners.
- Foreign assets (equities and bonds) were thus positive in Rands for the month, with foreign equities remaining the best performing major asset class over the medium term.
- Real (i.e. above inflation) returns from investment markets since 2008 remain low, so members need to keep this in mind when interrogating the performances of their investments. Over this period very few asset classes have produced real returns above 5% p.a.
- Local economic growth in the first quarter of 2018 disappointed, contracting by 2.2% on a seasonally adjusted and annualised basis.
- After hitting a seven-year low of 3.8% in March, headline inflation jumped to 4.5% in April, on the back of higher fuel prices, a weaker Rand and a number of tax increases that came into effect from April (VAT, sin taxes, sugar tax, etc.)

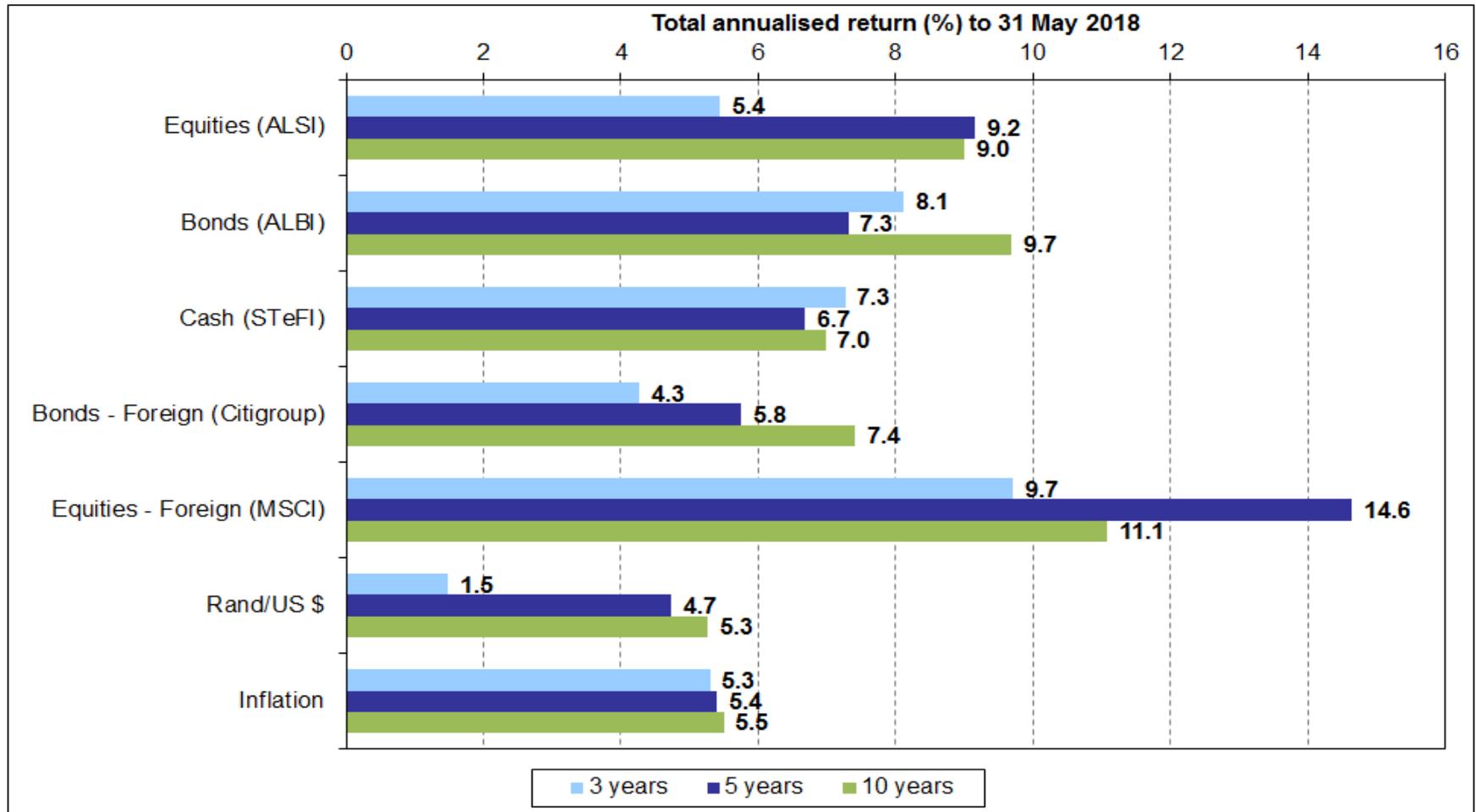
# ASSET CLASS PERFORMANCE

## SHORT TERM



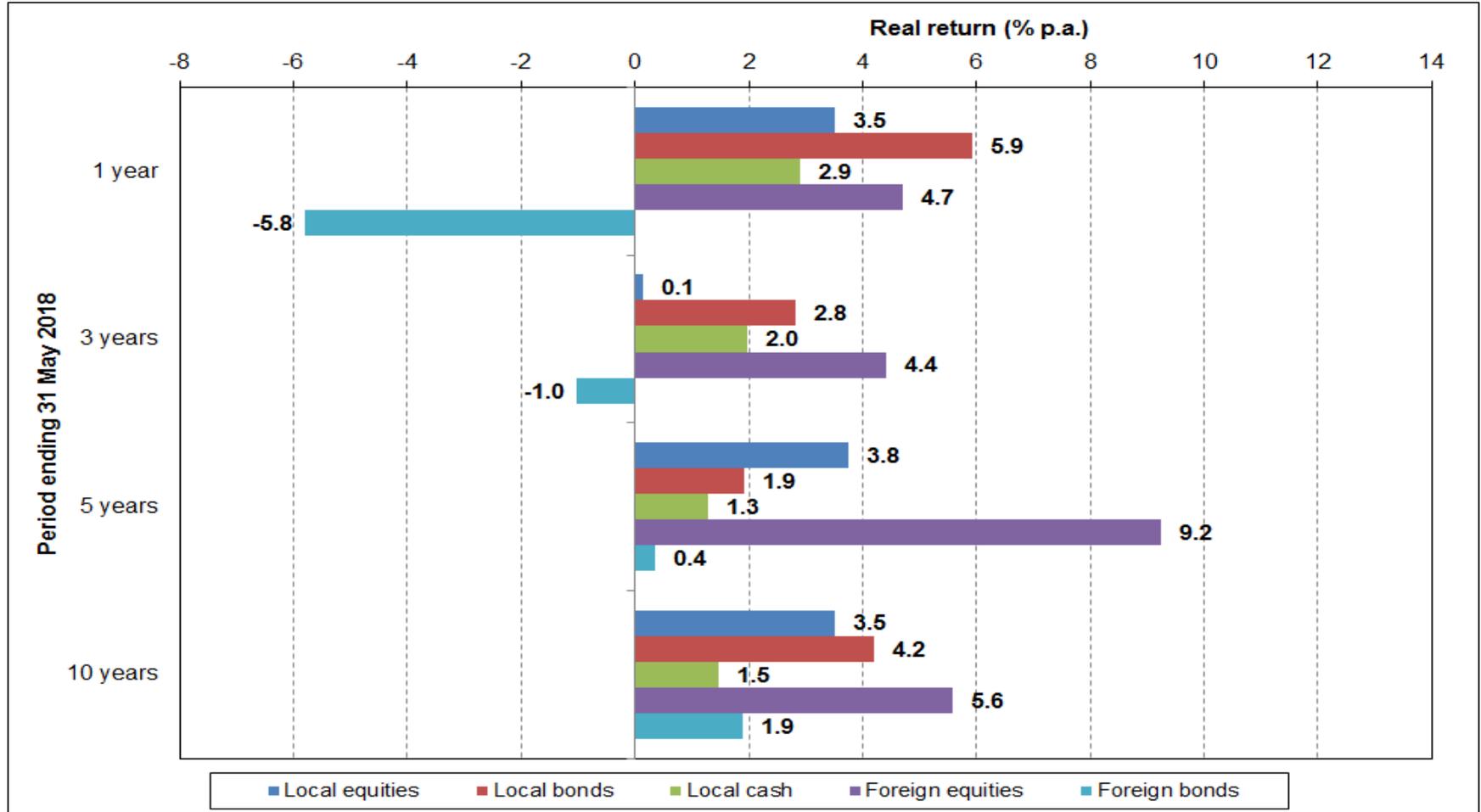
# ASSET CLASS PERFORMANCE

## MEDIUM TO LONG TERM



# ASSET CLASS PERFORMANCE

## REAL RETURNS OVER MOST PERIODS REMAIN LOW



# MARKET INDICATORS

## SHORT TERM

Market indicators (% change) <sup>1</sup>	Mar 2018	Apr 2018	May 2018	3 months	12 months
FTSE/JSE All Share Index	(4.2)	5.4	(3.5)	(2.5)	8.0
FTSE/JSE Resources Index	(2.1)	8.5	4.0	10.6	30.0
FTSE/JSE Industrial Index	(5.5)	5.2	(5.1)	(5.7)	(1.1)
FTSE/JSE Financial Index	(3.1)	3.2	(6.3)	(6.2)	11.4
FTSE/JSE Quoted Property Index	(1.0)	7.7	(5.9)	0.3	(6.5)
ALBI BEASSA Bond Index	2.1	(0.7)	(2.0)	(0.6)	10.4
STeFI Money Market Index (Composite)	0.6	0.6	0.6	1.8	7.4
MSCI All Country World Equity Index (ZAR)	(1.8)	6.5	2.1	6.7	9.2
Citigroup World Global Bond Index (ZAR)	2.2	3.0	0.3	5.5	(1.3)
Rand/USD	0.3	5.4	1.9	7.7	(2.9)
CPI <sup>2</sup>	0.4	0.8	0.3	1.4	4.5

1. Total returns for the months and periods ending 31 May 2018
2. Y-o-y CPI for May 2018 assumed to be equal to that of April 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	8.0	5.4	9.2	9.0
FTSE/JSE Resources Index	30.0	1.9	(0.5)	(2.9)
FTSE/JSE Industrial Index	(1.1)	4.3	10.3	14.9
FTSE/JSE Financial Index	11.4	4.2	11.8	13.9
FTSE/JSE Quoted Property Index	(6.5)	2.0	8.4	15.3
ALBI BEASSA Bond Index	10.4	8.1	7.3	9.7
STeFI Money Market Index (Composite)	7.4	7.3	6.7	7.0
MSCI All Country World Equity Index (ZAR)	9.2	9.7	14.6	11.1
Citigroup World Global Bond Index (ZAR)	(1.3)	4.3	5.8	7.4
Rand/USD	(2.9)	1.5	4.7	5.3
CPI <sup>2</sup>	4.5	5.3	5.4	5.5

1. Total returns for the months and periods ending 31 May 2018
2. Y-o-y CPI for May 2018 assumed to be equal to that of April 2018

# ECONOMIC INDICATORS

Economic indicators <sup>1</sup>	May 2016	May 2017	Mar 2018	Apr 2018	May 2018
<b>Exchange rates:</b>					
Rand/USD	15.69	13.07	11.82	12.46	12.70
Rand/GBP	22.75	16.84	16.61	17.15	16.89
Rand/Euro	17.49	14.70	14.59	15.05	14.85
<b>Commodities:</b>					
Brent Crude Oil (USD/barrel)	50.15	50.91	69.41	74.67	77.80
Platinum (USD/ounce)	979.00	948.50	930.28	906.17	912.66
Gold (USD/ounce)	1,215.63	1,268.81	1,325.03	1,317.26	1,305.23

1. Month-end prices

# MONTHLY TIMELINE

## IMPACT ON MARKETS

