



MARKET SUMMARY

As of 2017/07/31

MARKET INDICES (R)

	1 month	3 months	1 year	3 years*	5 years*	7 years*
FTSE/JSE All Share	7.03	2.86	7.59	5.47	13.12	13.30
FTSE/JSE SA Listed Property	3.70	4.12	3.27	13.83	12.72	15.95
All Bond Index	1.50	1.58	7.21	7.29	6.10	7.99
STeFI (Cash)	0.62	1.87	7.64	6.97	6.32	6.20
MSCI World	3.04	2.93	8.40	12.09	20.29	17.81
MSCI EM	6.22	7.48	16.18	7.19	12.45	9.95
Oil Price	10.64	0.33	18.01	-15.02	-4.24	3.16
Gold Price	2.75	-1.33	-10.11	6.68	4.65	10.08

MARKET COMMENTARY

What a difference a month can make! After a torrid month of June, local markets bounced back markedly in July. Notable on the South African economic front was the decision by the South African Reserve Bank to reduce interest rates by 25 basis points in a meagre attempt to prop up shrinking local economic activity. However, the main drivers of strong returns in the equity market were resources as commodities rallied and the proposed mining charter was shelved (for now). We must also mention the contribution of Naspers (up 14% in July) which continues to gain momentum. In fact, only eight stocks of the FTSE/JSE All Share's top 60 stocks by market capitalisation delivered negative returns in July. All local asset classes provided positive returns in July, with listed property showing healthy returns for the month.

It is no secret that tough local economic and political conditions have, in recent times, been masked by heightened optimism towards emerging markets, which in turn has been supported by growing risk appetite in developed markets. Emerging markets outperformed developed markets for the seventh consecutive month in July. Most global markets provided positive returns last month in an environment of US dollar weakness.

The **FTSE/JSE All Share Index** gained 7.0% in July, thereby reaching its highest level in 3 years. The top performing shares amongst the largest 60 companies in July were Anglo American (+23.5%), BHP Billiton (+20.0%) and Glencore (+18.4%). The worst performing shares were British American Tobacco (-7.6%), Reinet (-5.5%) and Impala Platinum (-4.5%). All of the major local equity sectors experienced a strong recovery in July, showing an about-turn after sinking confidence in prior months. **Resources** (+13.3%) were the standout performer benefitting from rising commodity prices within reflationary environment. **Industrials** (+5.7%) and **Financials** (+5.0%) also had a relatively strong month as selected banks, retailers and Naspers drove positive returns. Naspers now makes up approximately 21% of the FTSE/JSE All Share Index.

The **MSCI World Index** ended the month up 2.4%, leaving the index up 16.8% in US dollar terms over the past year. It was a relatively quiet month for developed markets relative to the first half of the year which saw several economic and political events. The index's largest contributor, the US, mirrored this performance in July with the **S&P 500** posting a 2.1% return for the month. Elsewhere, the UK's **FTSE 100**, Germany's **FSE DAX** and Japan's **Nikkei 22** each posted a US dollar return of 2.4%, 1.6% and 1.2% in July respectively.

Emerging markets had yet another solid month of returns. The **MSCI Emerging Markets Index** gained 6.0% for the month in US dollars, leaving gains at 25.8% in 2017 and 25.3% over the past year. Better than expected economic data in China and rallying commodity prices reinforced positive sentiment in July.

Local bonds had a temperate month in July, but provided stable positive returns. With interest rates likely to remain low in the developed world, at least for the foreseeable future, South African bonds will continue to be buoyed by the global search for yield. The **All Bond Index (ALBI)** gained 1.5% in July, leaving gains over the past year at 7.2%. **Listed Property** made up some lost ground in July; posting a return of 3.7% for the month. However, annual returns from the sector remain low at just 3.3%. The sector has had a period of unusually low returns, as a depressed political and economic environment has put the brakes on local property valuations and prospects. **Cash** returned a stable 0.6% for the month, and has provided a steady 7.6% return over the past year.

Looking at currencies, the rand depreciated against most major currencies in July but remained relatively stable. Despite a weaker **US dollar**, the local currency depreciated by -0.7% against the greenback. The rand also depreciated against the **euro** (-3.9%) and **pound** (-2.2%) over the course of July.

Commodity prices showed broad-based increases in July, with strong economic data out of China promoting gains. Most notably, the US dollar price of **Iron Ore** was up 13.5% for the month. The US dollar price of **Oil** leapt up by 9.9% in July, with the market anticipating a decline in US crude inventories. The US dollar prices of **Gold** and **Platinum** were up 2.0%, as both precious metals were supported by a weaker US dollar.