



MARKET SUMMARY

As of 2018/11/30

MARKET INDICES (R)

	1 month	3 months	1 year	3 years*	5 years*	7 years*
FTSE/JSE All Share	-3.17	-12.56	-12.56	2.30	5.51	9.65
FTSE/JSE SA Listed Property	-1.29	-5.48	-21.28	-2.90	6.14	10.45
All Bond Index	3.87	2.40	13.05	8.31	7.82	7.82
STeFI (Cash)	0.58	1.76	7.25	7.37	6.88	6.44
MSCI World	-5.20	-11.19	-0.12	5.03	11.33	16.71
MSCI EM	-2.28	-10.85	-9.79	5.51	5.91	9.05
Oil Price	-26.95	-28.23	-6.13	8.16	-6.19	-1.38
Gold Price	-5.89	-4.17	-3.33	3.31	5.80	2.56

MARKET COMMENTARY

Most markets struggled to gain traction in November, as concerns around trade wars, rising interest rates and slowing global growth (ex U.S.) weighed on most equity bourses. Despite a volatile month, markets closed strongly amid renewed hopes of a trade deal being struck between U.S. President Donald Trump and China's President Xi Jinping. At a post-G20 summit meeting in Buenos Aires both parties agreed to halt new trade tariffs for 90 days to allow for talks. Dovish remarks from U.S. Federal Reserve Chair Jerome Powell towards the end of the month proved supportive of emerging market bonds and equities as the market priced in expectations for slower than expected interest rate increases in the U.S.

It was another very tough month for the South African equity market with large cap shares (namely resources, British American Tobacco and Richemont in particular) dragging the market into negative territory. The local listed property sector continued to come under pressure from poor results releases as well as a speculative report by research firm Viceroy on NEPI Rockcastle which questioned accounting policies at the company. Financials were the strongest performers in the month, as the large banks posted decent gains in November.

The South African Reserve Bank (SARB) raised the repo rate in November by 0.25% to 6.75%, although the decision was not unanimous. This highlights the increasing focus of the Monetary Policy Committee (MPC) on the midpoint of the inflation range (4.5%), with very little sign of demand-pull pressures in the economy and a significantly lower oil price since the previous meeting. GDP growth forecasts continue to be disappointing, with consumer and business confidence indicating that the economy is unlikely to show a sharp recovery in the near term from current levels.

The **FTSE/JSE All Share Index** ended the month with a return of -3.2%. The top performing shares amongst the largest 60 companies on the JSE in November were Impala Platinum (+21.3%), Bidvest Group (+11.7%) and Spar Group (+11.3%). The worst performing shares in November were Imperial Holdings (-61.0%), Intu Properties (-45.5%) and British American Tobacco (-24.0%). **Financials** (+0.5%) and **Industrials** (-0.7%) were largely flat for the month, while the **Resources** (-11.5%) sector gave back most of its gains for the year so far in line with softer commodity prices.

Developed market equities had a decent month, driven higher by strong performance from U.S. equities, which make up a significant portion of the index. The **MSCI World Index** (+1.2%) produced positive performance for the month, leaving the index largely flat year-to-date (-0.7%). Japan's **Nikkei 225** (+1.4%) posted decent gains in November, while Germany's **FSE DAX** (-1.7%) and the UK's **FTSE 100** (-1.7%) fared slightly worse. The U.S. equity market had mixed fortunes during November, as the **S&P 500** (+2.0%) had a strong month, while the tech heavy **NASDAQ 100** (-0.1%) was largely flat for the month.

Emerging markets had a decent month, driven higher by Chinese and Indian equities. The **MSCI Emerging Markets Index** (+4.1%) produced a strong return for the month, however, the index is still in negative territory for the year with a return of -12.0%.

Local bonds (+3.9%) had a decent month, supported by a strong rand, positive movements in the country's trade balance and improving sentiment towards emerging market bonds and equities. **Listed property** (-1.3%) delivered negative monthly performance for a 9th month this year, driven lower by poor trading updates as well as the release of a speculative report by research firm Viceroy on NEPI Rockcastle. **Cash** delivered a stable return of +0.6% for the month, maintaining its lead over local equities and local property over 3 and 5-year periods.

The **rand** was stronger against most major currencies in November, supported by the increasingly dovish tone of Federal Reserve Chair Jerome Powell which supported emerging market currencies globally. The local currency appreciated against the **pound sterling** (6.6%), **euro** (6.6%) and **US dollar** (6.5%) during the month.

In terms of commodities, **Oil** (-22.2%) had its worst month in over a decade, while **Platinum** (-3.5%) also ended the month lower. **Gold** (+0.2%) was flat for the month.

*All data is sourced from Morningstar Direct as at 30/11/2018. The performance of South African asset classes is quoted in rands and the performance of global asset classes is quoted in US dollars.

*Returns are simulated and based on the underlying funds at the initial weightings and are net of published asset manager fees. Returns greater than a year have been annualised.

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