



MARKET SUMMARY

As of 2020/02/29

MARKET INDICES (R)

	1 month	3 months	1 year	3 years*	5 years*	7 years*
FTSE/JSE All Share	-8.99	-7.58	-5.71	3.15	2.21	6.86
FTSE/JSE SA Listed Property	-15.69	-19.96	-19.09	-10.35	-4.76	1.73
All Bond Index	-0.04	3.03	8.91	9.07	7.25	7.10
STeFI (Cash)	0.52	1.69	7.24	7.32	7.21	6.76
MSCI World	-4.13	0.28	14.85	11.88	10.27	15.07
MSCI EM	-0.73	3.80	7.05	8.90	6.51	7.62
Oil Price	-8.90	-13.12	-14.39	3.01	1.73	-3.33
Gold Price	6.58	18.37	36.55	15.53	12.35	8.56

MARKET COMMENTARY

February was a volatile month for global markets, as the spread of the coronavirus and its likely effect on global economic growth drove investors out of equities into perceived safe-haven assets such as developed market government bonds. The 10-year US treasury yield fell to an all-time low of 1.10%, with markets swiftly pricing in at least two interest rate cuts from the US Federal Reserve (Fed) in the next few months. China’s official manufacturing purchasing managers’ index (PMI) sank to 35.7 in February from a figure of 50.0 in January (greater than 50 indicates expansion), as the extent of the damage to the Chinese economy in the short-term from the Coronavirus became apparent.

South African equities fell during the month in line with other global equity markets, with only four shares in the top 60 of the JSE finishing the month with a positive return. Local bonds reacted positively to the budget speech by Finance Minister Tito Mboweni, however, the asset class lost some ground towards the end of the month as yields moved higher (moving prices lower) due to sales by foreigners on the back of the risk-off trade. Local listed property came under severe pressure during the month, as the sector faced headwinds from weak local economic conditions and global risk aversion to those asset classes perceived as risky. The rand was weaker against most major developed market currencies during the month, which slightly masked the negative contribution from global equity allocations.

Finance Minister Tito Mboweni delivered an ambitious budget speech during the month, with the minister announcing the government’s intention to reduce expenditure by R261 billion over the next three years, including a reduction in the government wage bill of R160 billion. The minister also announced a downward revision of R63 billion in estimates of tax revenue for the 2019/2020 fiscal year relative to the 2019 budget, which is likely to lead to a budget deficit of 6.3% for 2019/2020.

The **JSE All Share Index** (-9.0%) finished the month lower, weighed down by the large rand hedge industrials and diversified miners. All local equity sectors finished the month sharply lower, with **Industrials** (-7.0%) faring slightly better than both **Financials** (-9.5%) and **Resources** (-11.6%). The top performing shares in February amongst the largest 60 companies on the JSE were Sibanye Stillwater (+12.4%), Harmony Gold (+9.3%) and Mondi (+2.7%). The worst performing shares in February were Redefine Properties (-24.5%), Sappi (-23.5%) and Tiger Brands (-23.1%).

**Listed property** (-15.7%) had a very poor month in line with the global risk off environment, with only one share in the index finishing the month with a positive return. **Local bonds** (-0.0%) finished the month largely flat, as the global risk off environment offset decent performance following a well-received budget. **Cash** delivered a stable return of +0.5% for the month.

The rand was weaker against most major currencies during the month. It depreciated against the **US dollar** (-4.7%), the **euro** (-3.8%) and the **pound sterling** (-1.6%) during the month.

\*All data is sourced from Morningstar Direct as at 29/02/2020. The performance of South African asset classes is quoted in rands

\*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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