



MARKET SUMMARY

As of 2021/05/31

MARKET INDICES (R)

	1 month	3 months	1 year	3 years	5 years	7 years
FTSE/JSE All Share	1.56	4.17	38.11	9.98	7.98	7.81
FTSE/JSE SA Listed Property	-2.88	9.80	37.33	-10.90	-7.25	-0.16
All Bond Index	3.73	3.01	11.11	8.42	9.79	8.44
STeFI (Cash)	0.31	0.93	4.15	6.14	6.69	6.63
MSCI World	-4.24	-1.15	7.82	15.48	9.16	12.27
MSCI EM	-3.42	-6.92	15.12	9.98	8.26	8.20
Oil Price	-2.52	-5.05	52.70	-1.08	4.01	-2.80
Gold Price	1.65	-1.25	-14.47	16.39	6.46	10.17

MARKET COMMENTARY

Global equity markets ended the month in positive territory, despite rather modest gains in certain major markets, as global economies continued to show signs of recovery despite new Covid-19 restrictions in certain countries. There continues to be optimism around the US economic recovery, as strong economic data and the high likelihood of further stimulus measures continues to bode well for risk appetite. This, despite Republicans in the Senate unveiling a \$928 billion infrastructure proposal, well below US President Joe Biden’s original \$1.7 trillion plan. Inflation continues to be a talking point for investors, as the US Federal Reserve’s (Fed) preferred inflation measure, core personal consumption expenditure (PCE), advanced 0.7% month on month in April, bringing the year-on-year figure to the end of April to 3.1%. The Fed continues to reiterate its belief that inflation pressures are transitory and that they intend to keep monetary policy conditions accommodative for the foreseeable future.

South African equities ended higher for a seventh consecutive month, largely driven by strong performance from Financials, gold and retail counters. Local bonds had a strong month, as foreigners returned to the SA market (foreigners bought R9.3 billion of local bonds in May) and the yield curve flattened following strong performance from long dated SA government bonds. Local listed property gave back some gains during the month, as the asset class took a breather after strong performance in April. Uncertainty caused by the implications of a third wave of Covid-19 infections acted as a headwind for the asset class. The rand continued its impressive run, finishing the month stronger against most major developed market currencies, supported by strong commodity prices and a weaker US dollar.

The South African Reserve Bank’s (SARB) Monetary Policy Committee (MPC) left interest rates unchanged for a fifth consecutive meeting in a unanimous decision, with the MPC revising its growth forecast higher for 2021 from 3.8% to 4.2% following the strong rebound in Q1 2021. SA headline CPI moved significantly higher to a year-on-year figure of 4.4% for April (from 3.2% in March), the largest monthly change in annual inflation since 2009. The increase was largely driven by the base effects of higher fuel and food prices. SA’s trade surplus continues to provide support to the rand, with the surplus for April (R51 billion) following a revised surplus for March of R52.5 billion. Following higher daily Covid-19 cases across the country, President Cyril Ramaphosa announced that South Africa would move to a level two lockdown (effective 31 May), largely in response to a third wave of infections in certain provinces across the country.

The **JSE All Share Index** (+1.6%) ended higher for a seventh consecutive month, largely driven by positive moves in banks, gold counters and retailers. Local equity sectors had mixed performance for the month, with **Financials** (+9.3%) outperforming both **Industrials** (+1.6%) and **Resources** (-1.2%). The top performing shares amongst the largest 60 companies on the JSE in May were Mr Price Group (+28.3%), Gold Fields (+26.5%) and Pepkor (+24.0%). The worst performing shares in May were Sappi (-11.6%), Prosus (-9.7%) and Quilter (-9.5%).

Listed property (-2.9%) ended the month lower, with weak performance from some large index constituents and profit taking (after strong performance in April) acting as a headwind for the asset class. **Local bonds** (+3.7%) had a strong month, supported by foreign buying of SA bonds and a flattening of the yield curve. **Cash** delivered a stable return of +0.3% for the month.

The rand was stronger against most major developed market currencies for the month. The rand appreciated against the **US dollar** (+5.7%), the **euro** (+4.1%) and the **pound sterling** (+3.0%) over the month.

*All data is sourced from Morningstar Direct as at 31/05/2021. The performance of South African asset classes is quoted in rands.

Returns greater than a year have been annualised.
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