

# Roxburgh Market Summary

JUNE 2020

## MARKET INDICES (R) (\*ANNUALISED)

	1month	3 months	YTD	1year	3 years	5 years	7 years
FTSE/JSE All Share	7.74	23.18	-3.16	-3.30	5.11	4.16	7.93
FTSE/JSE SA Listed Property	13.41	20.43	-37.56	-39.98	-18.33	-9.06	-2.51
FTSE/JSE All Bond	-1.18	9.94	0.36	2.85	8.11	7.49	7.31
STeFI(Cash)	0.44	1.46	3.18	6.86	7.17	7.20	6.81
MSCIWorld	1.21	16.30	17.44	27.40	17.87	15.50	18.05
MSCIEM	5.85	14.97	12.24	19.46	12.36	10.92	12.22
Oil Price	14.79	76.04	-22.53	-23.81	4.43	-1.52	-4.93
Gold Price	0.80	6.91	45.04	54.62	23.58	16.67	14.60

## MARKET COMMENTARY

June proved to be another positive month for global markets, as investor appetite for risk continued to increase despite concerns around the spread of Covid-19 in emerging markets as well as a new spike in cases in the United States. Emerging market equities were the largest beneficiary of the risk-on environment, benefitting from the unprecedented fiscal stimulus announced by governments and central banks across the globe. Global equity markets (and US technology shares in particular), delivered strong returns during the month, despite continued growth in Covid-19 cases across the globe and the announcement of new lockdown measures in some cases.

South African equities benefitted from the increase in investor risk appetite, with the local equity market delivering strong performance during the month. The positive performance was broad based and largely driven by gold miners and Naspers. Banks, however, continued to underperform the broader market despite ending the month on a better footing. Local bonds ended the month marginally lower after a very strong April and May, as the worsening fiscal position of the country was highlighted in the supplementary budget delivered towards the end of the month. Local listed property rebounded strongly in the month, recovering some lost ground despite continued concerns around rental collections and balance sheet risks posed by ever increasing loan to value ratios. The rand was largely stronger against most major currencies during the month, showing signs of stabilising following a significant depreciation since the beginning of the year.

Finance Minister Tito Mboweni delivered the supplementary budget towards the end of June, providing an update on the state of the country's finances along with government's intentions to reduce debt to a more sustainable level. While the content of the supplementary budget was generally well received, it was rather light on specific details, with many commentators highlighting the fact that implementation risk remains relatively high. The Q1 2020 GDP figure was announced during the month, which showed a 2% decline in growth, deepening the recession in SA following two consecutive quarters of negative growth in the second half of 2019. SA headline CPI fell to a year-on-year figure of 3% to the end of April, its lowest level since June 2005, largely driven by lower fuel and transport prices. In positive news, May's trade balance came in at a surplus of just under R16 billion, as exports dramatically increased by 96% month-on-month, while imports declined by 2% month-on-month.

The **JSE All Share Index** (+7.7%) delivered strong performance during the month, supported by positive returns from large index constituents and resources counters. All local equity sectors delivered strong returns, however, **Resources** (+8.8%) fared better than both **Industrials** (+8.3%) and **Financials** (+4.2%). The top performing shares in June amongst the largest 60 companies on the JSE were Sasol (+46.1%), Harmony Gold (+25.2%) and MultiChoice (+22.8%). The worst performing shares in June were RMB Holdings (-96.9%) following the unbundling of its entire FirstRand stake, Clicks Group (-9.6%) and Life Healthcare (-7.9%).

**Listed property** (+13.4%) had its best month in over a decade, largely driven by strong performance from Redefine (+72%) following the company entering discussions to sell part of its business. **Local bonds** (-1.2%) ended the month lower, as yields moved higher (moving prices lower) following the announcement of the precarious fiscal position of SA in the supplementary budget. **Cash** delivered a stable return of +0.4% for the month.

The rand was slightly stronger against most major developed market currencies for the month. The rand appreciated against the **pound sterling** (+1.5%), the **US dollar** (+1.5%) and the **euro** (+0.5%) during the month.

\*All data is sourced from Morningstar Direct as at 30/06/2020. The performance of South African asset classes is quoted in rands.

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Source Morningstar Direct.

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