

Roxburgh Market Summary

AUGUST 2020

MARKET INDICES (R) (*ANNUALISED)

	1 month	3 months	YTD	1 year	3 years	5 years	7 years
FTSE/JSE All Share	-0.26	10.21	-0.94	3.85	2.64	5.29	7.22
FTSE/JSE SA Listed Property	-8.59	0.36	-44.74	-44.25	-22.73	-12.18	-3.12
FTSE/JSE All Bond	0.89	0.30	1.87	4.16	7.74	7.56	7.84
STeFi (Cash)	0.39	1.25	4.02	6.46	7.02	7.14	6.81
MSCI World	5.98	9.86	26.14	28.11	17.76	13.77	15.60
MSCI EM	1.57	13.77	19.72	24.86	9.70	11.43	10.09
Oil Price	4.04	23.16	-16.88	-16.40	4.06	1.32	-5.93
Gold Price	-0.90	8.81	56.55	42.89	24.82	17.11	12.79

MARKET COMMENTARY

Global equity markets continued their upward trajectory in August, buoyed by strong returns from US equities, on the back of renewed hopes for a Covid-19 vaccine and a progression in trade talks between the US and China. US Federal Reserve (Fed) Chair Jerome Powell announced at the annual Fed symposium in Jackson Hole that the Fed would switch to inflation targeting, which appears to suggest that interest rates will remain low for quite some time, even if price pressures start to come through. US corporate earnings reporting for the second quarter of 2020 came to an end during the month, with overall earnings down close to -7% year-on-year, which was ahead of expectations. There was, however, significant divergence between different sectors and companies, with those sectors most severely affected by the Covid-19 pandemic such as energy and financials being the hardest hit.

South African equities were largely unchanged for the month, however, financials and listed property counters performed poorly, whilst resources and industrials ended the month largely flat from a sector perspective. Local bonds ended the month higher and inflation linked bonds were the standout performer amongst local asset classes, generating strong returns following a difficult start to the year. Local listed property continued to be out of favour, with only four counters in the SA Listed Property (SAPY) Index managing to end the month with a positive return. The sector is still plagued by uncertainty around distributions and increasing loan to value ratios for select counters. The rand had mixed fortunes against most of the major developed market currencies during the month. Expectations of a lower for longer interest rate environment in the US led to rand strength against the greenback, however, the rand ended the month slightly weaker against the euro and the pound sterling.

South Africa moved to a level 2 lockdown on 18 August, with President Ramaphosa announcing the lifting of bans on the sale of alcohol and tobacco in the process. This comes as Covid-19 infections appear to have reached a peak, with daily new confirmed cases moving lower to around 2,000 at the end of August. SA headline CPI rose to a year-on-year figure of 3.2% to the end of July (from 2.2% in June), supported by the easing of lockdown restrictions and increases in fuel prices and municipal tariffs. South Africa recorded another trade surplus in July, largely on the back of increased appetite for exports in line with a rebound in global demand and subdued imports.

The **JSE All Share Index** (-0.3%) ended the month slightly lower, weighed down by poor performance from financials and property counters. From a local equity sector perspective, **Resources** (+0.7%) and **Industrials** (+0.5%) ended the month largely flat, whilst **Financials** (-4.2%) ended the month lower. The top performing shares in August amongst the largest 60 companies on the JSE were PSG Group (+25.5%), Northam Platinum (+19.4%) and Mondi (+12.1%). The worst performing shares in August were Redefine Properties (-22.3%), NEPI Rockcastle (-10.9%) and Anglogold Ashanti (-10.8%).

Listed property (-8.6%) was the worst performing local asset class for the month, as many property counters signalled low to no distribution payments due to reduced rental collections over the lockdown period. **Local bonds** (+0.9%) ended the month higher, supported by the attractive yields on offer relative to local cash. **Cash** delivered a stable return of +0.4% for the month.

The rand had mixed fortunes against major developed market currencies for the month. The rand appreciated against the **US dollar** (+0.5%), however, the local currency depreciated against both the **pound sterling** (-1.5%) and the **euro** (-0.6%).

*All data is sourced from Morningstar Direct as at 31/08/2020. The performance of South African asset classes is quoted in rands.

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Source Morningstar Direct.

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