

Roxburgh Market Summary

SEPTEMBER 2020

MARKET INDICES (R) (*ANNUALISED)

	1month	3 months	YTD	1year	3 years	5 years	7 years
FTSE/JSE All Share	-1.58	0.67	-2.51	2.01	2.39	4.75	6.22
FTSE/JSE SA Listed Property	-2.97	-14.14	-46.38	-46.07	-23.80	-12.85	-4.43
FTSE/JSE All Bond	-0.05	1.45	1.82	3.58	7.33	7.57	7.24
STeFI(Cash)	0.35	1.16	4.38	6.20	6.93	7.11	6.80
MSCI World	-5.08	3.22	19.73	19.46	13.49	12.54	14.26
MSCIEM	-3.29	4.38	15.79	18.91	7.31	10.51	8.90
Oil Price	-10.96	-4.47	-25.99	-25.88	-4.20	0.42	-6.50
Gold Price	-5.09	2.45	48.59	39.75	22.02	15.36	13.03

MARKET COMMENTARY

Global equity markets ended lower in September, as concerns over a second wave of Covid-19 infections across Europe and the possibility of a recurrence of infections in the US winter weighed on sentiment. US politics took centre stage during the month, ahead of what is likely to be a hotly contested US Presidential Election in November. The first presidential debate between US President Donald Trump and Democratic nominee Joe Biden, was marred by President Trump refusing to declare that he will accept the election result if he loses. The US Federal Reserve left interest rates unchanged at its meeting midway through the month, indicating that they expect interest rates to remain close to zero through 2023, further reinforcing an increased tolerance for inflation in the medium term.

South African equities tracked global markets lower during the month, weighed down by poor performance from some large industrial and resource shares, despite strong performance from the local banking sector. Local bonds ended the month largely flat, as appetite for emerging market debt remained subdued despite the attractive yields on offer. Local listed property continued to face headwinds from uncertainty regarding earnings and distributions, which has deterred investment in the asset class due to the historical reliance on income as a source of return. The rand was stronger against most major developed market currencies for the month, which detracted from the contribution of the performance of global asset classes.

South Africa moved to alert level 1 lockdown on 21 September, as daily local Covid-19 infections continued to decline during the month and the recovery rate improved to around 90%. SA's Q2 2020 GDP data was released during the month, indicating that GDP fell 17.1% year-on-year for the second quarter, as the hard lockdown took its toll on the local economy. South African Reserve Bank Governor Lesetja Kganyago announced the Monetary Policy Committee's decision to leave the repo rate unchanged at 3.5%. The decision was split, with 2 of the 5 MPC members favouring an interest rate cut. SA headline CPI fell to a year-on-year figure of 3.1% to the end of August (from 3.2% in July), close to the bottom end of the target range of between 3% and 6%.

The **JSE All Share Index** (-1.6%) ended the month slightly lower, as large cap industrial and resource counters weighed on the performance of the index. From a local equity sector perspective, **Financials** (+2.3%) was the standout performer, while both **Industrials** (-1.5%) and **Resources** (-3.4%) ended the month lower. The top performing shares in September amongst the largest 60 companies on the JSE were Shoprite (+25.7%), Capitec (+24.2%) and Sappi (+19.1%). The worst performing shares in September were Harmony Gold (-19.4%), AngloGold Ashanti (-12.4%) and Aspen (-12.2%).

Listed property (-3.0%) continued to struggle, ending the month as the worst performing local asset class for the third month running. **Local bonds** (-0.1%) ended the month largely flat, with short dated exposures faring slightly better than long dated exposures, supported by the stable repo rate. **Cash** delivered a stable return of +0.4% for the month.

The rand was stronger against most major developed market currencies for the month. The rand appreciated against the **US dollar** (+1.6%), the **euro** (+3.6%) and the **pound sterling** (+5.2%) during the month.

*All data is sourced from Morningstar Direct as at 30/09/2020. The performance of South African asset classes is quoted in rands.

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Source Morningstar Direct.

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