



DECODING THE MONTH

May 2021

Global Assets

Gold (Spot)	5.9%
EM Equity	2.3%
All Country	1.6%
Bonds (WGBI)	0.9%
Nasdaq	-1.2%

Local Assets

Financials	9.2%
Bonds	3.7%
All Share	1.6%
Resources	-1.4%
Property	-2.9%

Best Shares

Mr Price	28.3%
Goldfields	26.5%
ABSA	16.9%
Bidvest	16.0%
Standard Bank	15.0%

Worst Shares

Prosus	-9.7%
Amplats	-8.4%
Sasol	-8.2%
Naspers	-7.9%
Implats	-7.7%

Worth Noting

- The FTSE/JSE All Share Index posted its 7th consecutive month of positive return
- The rand (appreciating 5.4%) continues to impress and reaches a 2-year high.
- Possible increased regulation triggered a crypto currency crash. Bitcoin fell -35.4%

Commentary



US equity markets closed out May at near all-time highs, with the market receiving updated numbers on consumer income and spending levels, inflation data and updated news on a pandemic that appears to be regionally under control.

The inflation debate remains top-of-mind as investors try to ascertain whether the latest numbers are structural or transitory. However, high commodity prices, financial markets that have been on a hot streak and supply shortages might point to inflation being stickier than originally anticipated. This also comes as the US core personal consumption price gauge for April increased by 0.7% - the largest monthly gain since October 2001. The FED however remains steadfast with their view that prices will revert once the economy has recovered from the pandemic and pent-up demand is satisfied.

From a local perspective, the FTSE/JSE All Share Index posted its 7th consecutive month of positive returns (+1.5%), which represents the longest consecutive monthly positive performance since the beginning of 2013. The positive performance was boosted by c. 40% of the All-Share constituents reaching 52-week highs during the month. Financials were the flavour of the month ending up 9.2%, while resources took a breather ending down -1.4% yet still remaining one of the top performing local sectors YTD (+20.5%).

From an economic perspective, the USD/ZAR seemed to place the R14 level in its rear-view mirror ending the month at R13.72. The strong demand for commodities should bode well for the SA balance of trade, however this can also drive the Consumer Price Index (CPI) higher to the point where an adjustment to monetary policy will be needed. For now, SA CPI is still within target range, and the SARB has not seen any reason to adjust interest rates.

As equity indices continue their positive performance, investors emotions will continue to be tested alongside equity valuations. Volatility is likely to continue until the market becomes more comfortable with the re-opening of a post-pandemic world and what that means for the inflation outlook.

Large Underweight	Mild Underweight	Neutral Weight	Mild Overweight	Large Overweight
Global Bonds & Local Income	Global Equity		Local Equity	Local Bonds & Global Income

Positioning