



DECODING THE MONTH

September 2021

Global

Bonds (WGBI)	-2.3%
Gold (Spot)	-3.2%
EM Equity	-4.0%
All Country	-4.1%
Nasdaq	-5.7%

Local

Financials	1.7%
Property	-0.8%
Bonds	-2.1%
All Share	-3.1%
Resources	-9.5%

Best Shares

Aspen	39.2%
Sasol	27.4%
Remgro	12.4%
Glencore	10.9%
Old Mutual	9.2%

Worst Shares

Amplats	-20.9%
Implats	-18.7%
Sibanye	-17.1%
Anglo American	-13.1%
BHP Group	-9.2%

Worth Noting

Oil prices jumped above \$80 for the first time in almost three years
Over six years, a fraud in a Chinese operation cost Bidcorp R694m
Evergrande is the world's most indebted company (\$300bn of debt)

Commentary

Markets in September seemed to go through a volatile spring cleaning with most indices ending in negative territory. Locally, the FTSE/JSE All Share Index ended down -3.1% for the month, predominantly impacted by the retracement in the resources sector, which ended down -9.5%

From an economic perspective, the USD/ZAR seemed to have placed the R14.50 level in its rear-view mirror ending the month at R15.05. The rand has come under pressure of late due to concerns surrounding Chinese economic growth and how that would affect demand for raw materials that account for a major proportion of South Africa's exports.

In addition, rising crude-oil prices (which are at their highest in more than two years) are expected to contribute to price increases across the economy. This may complicate the SARB's task of keeping inflation in line without impacting South Africa's fragile economic recovery. For now, SA inflation is still within target range, and the SARB has not seen any reason to adjust interest rates.

Globally, anxiety continues to build among investors. Concerns around monetary policy decisions, the looming debt ceiling debate in Washington, the coronavirus' Delta variant, inflationary pressures that are being stoked by rising demand and supply shortages, signs of slowing growth in China and the recent Evergrande debacle are all adding to the "wall of worry".

The increased concerns led to the S&P 500 posting its first monthly decline since January 2021, ending down -4.8%. Cyclical stocks led the way higher as investors bet on higher inflation and rising rates. Growth and technology stocks underperformed due to rising US Treasury yields and the resultant impact this has on their future valuations.

One might view the negative returns seen this month as the "September Effect" coming to fruition. However, in times like these it is important to remember the words of Mark Twain, "October: This is one of the particularly dangerous months to speculate in stocks. The others are July, January, September, April, November, May, March, June, December, August and February."

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

Positioning