



# INTERNATIONAL MARKETS

## - STRONG MONTH FOR GLOBAL EQUITIES

### ► S&P500, DOW AND NASDAQ CLOSE HIGHER

Global equity markets recovered strongly in June 2019 with the MSCI All Country World Index up 6.5% in the month, after plummeting 5.9% in May 2019, on hopes for a positive breakthrough in the ongoing trade negotiations between the US and China at a G20 Summit in Osaka, Japan.

US President Donald Trump agreed to hold off on new tariffs and allowed Huawei to once again purchase US products. Increased concern over global risks lifted expectations for further monetary policy easing by major central banks, which boosted risk appetite further.

In the US, the benchmark S&P 500 Index jumped 6.9% month on month (up 17.4% year to date; +3.8% in the 2<sup>nd</sup> quarter of 2019) and the Dow Jones Industrial Average (DJIA) rallied 7.2% month on month (+14.0% year to date; +2.6% in the 2<sup>nd</sup> quarter of 2019) – its biggest June gain since 1938, according to *CNBC*. The tech-heavy Nasdaq jumped 7.4% month on month (+20.7% year to date), despite large-cap US tech stocks, a key driver of global markets for the last few years, coming under pressure in June as US regulators announced a plan to investigate anti-competitive conduct amongst these companies.

Major equity markets in Europe also gained ground in June, with Germany's DAX up 5.7% month on month (+17.4% year to date; +7.6% in the 2<sup>nd</sup> quarter of 2019) while France's CAC rose 6.4% Month on month (+17.1% year to date).

Despite the market's ups and downs of 2019, *The Daily Maverick* reported that US stocks had their best first half of the year in over 20 years and that the US tallied its best six months for initial public offerings (IPOs) since 2014.

## SMART TIP - TAX SEASON

### WHAT YOU NEED TO KNOW

The South African Revenue Services (SARS) has launched the 2019 tax season for taxpayers who use the updated digital channels, eFiling and the SARS MobiApp.

In a major departure from previous years, the 2019 tax season is staggered to improve service to taxpayers and encourage conversion to online filing. "This allows taxpayers who use SARS eFiling and the SARS MobiApp for smart phones and tablets, to file their income tax returns from 1 July until 4 December 2019," the revenue collector said in a media statement.

Taxpayers who wish to use online filing for the first time, can register from 1 July. Taxpayers who want to file their income tax returns at a branch can do so from 1 August, through to 31 October 2019 – a far shorter period than the eFiling period.

# LOCAL MARKETS

## DESPITE LOW GDP SHOCK JSE REBOUNDS IN JUNE

MONTH IN REVIEW JUNE 2019

### ► MINING SHARES LEAD JSE HIGHER

Shock local GDP data released in June showed the SA economy shrank 3.2% in the 1<sup>st</sup> quarter of 2019 - a much bigger drop than consensus expectations of a 1.6% decline and the largest quarterly drop in a decade. The fall was driven by declines in manufacturing and mining, with load shedding during the 1<sup>st</sup> quarter emerging as a major culprit.

Despite this alarming news the local stock exchange rebounded strongly in June with the FTSE JSE All Share Index gaining 4.6% month on month (+10.4% year to date). Mining stocks were at the forefront of the local equity market rally, with large index constituents such as Anglo-American rocketing 15.6% month on month, Anglo American Platinum (Amplats) jumping 14.2% month on month, BHP Group increasing 10.1% and Glencore rising 5.7% month on month. Naspers, which accounts for 19% of the index, climbed 4.4% compared to May.

Strong iron ore prices provided a boost for diversified mining shares, while gold miners were also higher on the back of an 8% spike in the price of the yellow metal. This resulted in the Resi-10 outperforming and gaining 10.3% month on month (+16.8% year to date), while the Indi-25 rose 4.1% (+12.7% year to date).

The Fini-15 was the laggard but nevertheless advanced 1.4% month on month (+3.7% year to date), with major financial shares such as Standard Bank (-1.0% month on month), Capitec (-1.6% month on month) and Nedbank (-3.4% month on month), recording disappointing month on month gains.

June's top-performing share was AngloGold Ashanti which rose 30.5% month on month, buoyed by the rising gold price which jumped to above the \$1,400/oz -level for the first time since 2013. Harmony (+25.7% month on month) was June's second-best performing share, while Cell C's biggest shareholder, Blue Label Telecoms (+24.6% month on month) came in third. Rebasis Property Fund (REB) was June's worst-performing share, plummeting 29.2% compared to May.

In second spot, Omnia Holdings lost 20.4% month on month. Another property share, Intu Properties Plc (-20.0% month on month) was June's third worst performer.

### ► LIMITED DETAIL ABOUT FUTURE PLANS IN SONA

President Cyril Ramaphosa's state of the nation address (SONA) pledged strong support for Eskom, reaffirmed the central bank's mandate, promised infrastructure spending on roads and water and a long-awaited spectrum auction for the telco companies. While it went off without a hitch, it was somewhat light on the details. Meanwhile, tension between competing factions within the ruling party continued to hold the SA economy hostage.

ANC Secretary-General Ace Magashule opened the Pandora's box of the SA Reserve Bank's (SARB's) mandate in early June, with *News24* reporting that he released a statement on the SARB, following a National Executive Committee (NEC) lekgotla, which sent the rand weaker early in the month. His utterances were quickly refuted as misrepresenting the outcome of the NEC lekgotla and Ramaphosa's office released a statement, with the president making his stand clear.

The SA rand traded firmer in the second half of the month, as dovish DM central bank rhetoric and hopes of positive trade talks between the US and China supported the local currency. The rand strengthened by 1.6% against the euro and 3.0% against the sterling by the end of June 2019.



## ► FURTHER DECLINES IN VEHICLE SALES

The National Association of Automobile Manufacturers of South Africa (Naamsa) reports that new vehicle sales continued to decline in June 2019, although lower passenger car sales had been offset by growth in some of the commercial vehicle segments.

Reflecting on the new vehicle sales statistics for the month of June 2019, Naamsa confirmed that aggregate domestic sales at 45 939 units showed a decline of 724 units or 1.6% from the 46 663 vehicles sold in June 2018. Following a surprising decline in May 2019, export sales returned to register strong growth of 3 819 vehicles (+14.3%), compared to the 26 785 vehicles exported in June last year.

Overall, out of the total reported industry sales of 45 939 vehicles, an estimated 36 922 units or 80.4% represented dealer sales, an estimated 12.5% represented sales to the vehicle rental Industry, 3.7% to government, and 3.4% to industry corporate fleets.

Despite the tough market conditions Toyota had a good month with strong sales of its popular bakkie, the Hilux. The bakkie had its highest-ever recorded monthly sales total in South Africa. Volkswagen's Polo Vivo remains the top selling passenger car.

Sources:

*Anchor Capital, Momentum, Wheels24, The Daily Maverick*

## CONSISTENT EXCELLENCE SETS US APART

**ADVISOR SONIA DU PLESSIS, HEAD OF BRENTHURST STELLENBOSCH OFFICE WAS ANNOUNCED AS THE TOP FINANCIAL ADVISOR IN SA AT THE 2019 INTELLIDEX PRIVATE BANKS AND WEALTH MANAGER AWARDS, IN RECOGNITION OF INDIVIDUAL EXCELLENCE IN THE WEALTH MANAGEMENT SECTOR.**

According to Intellidex it was no easy task to select the inner as the feedback from respondents about their financial advisors was overwhelmingly positive. "It's clear that clients of wealth managers have a deep appreciation of the valuable work their advisors do," the company said.

*"We are very proud of Sonia. She has been with Brenthurst for 15 years and dedicated to deliver the best for her clients at all times. Well deserved," says Magnus Heystek, co-founder and Director of Brenthurst.*

**BRENTHURST WAS AWARDED THE TOP PRIZE IN THE CATEGORY FOR BOUTIQUE WEALTH MANAGERS IN 2017, RUNNER-UP LAST YEAR AND WAS PLACED 4<sup>TH</sup> THIS YEAR, A MERE 0.21 POINTS BEHIND OVERALL WINNER.**

*"This is an exceptional achievement for Sonia and for our entire team. It is recognition for our commitment to deliver excellence to our clients and validation for our strategy of building long term relationships, beyond providing investment and financial planning advice," says Brian Butchart, Managing Director.*

## CONSULT ANY OF BRENTHURST'S FOURTEEN HIGHLY-QUALIFIED INVESTMENT ADVISORS WHO CAN ASSIST YOU IN CREATING A TRULY GLOBAL INVESTMENT PORTFOLIO

<b>Johannesburg</b>	+27 (0) 11 799 8100	<b>Newlands</b>	+27 (0) 21 418 1236
<b>Sandton</b>	+27 (0) 10 035 1391	<b>Bellville</b>	+27 (0) 21 914 9646
<b>Pretoria</b>	+27 (0) 12 347 8240	<b>Stellenbosch</b>	+27 (0) 21 882 8706

Brenthurst Wealth Management is an authorised financial services provider (Reg No: 2004/012998/07) FSP No.7833. This e-mail and any file attachments transmitted with it are intended solely for the addressee(s) and may be legally privileged and/or confidential. If you have received this e-mail in error please destroy it. If you are not the addressee you may not disclose, copy, distribute or take any action based on the contents hereof. Any unauthorised use or disclosure is prohibited and may be unlawful. The view and opinions expressed in this e-mail message may not necessarily be those of the management of Brenthurst Wealth Management (Pty) Limited.