



INTERNATIONAL MARKETS

- PRODUCTIVE US AND CHINA TRADE TALKS BOOST MARKETS

► MAJOR BOURSES CLOSE HIGHER

Global markets had a good run in February, with continuing trade talks between the US and China seen as productive and the hopes of a breakthrough buoying markets. US President Donald Trump said in a tweet on 24 February that he would extend the deadline (originally set for 1 March) to raise tariffs on Chinese goods, citing “substantial progress” in the latest round of talks. On Wednesday (27 February), Trade Representative Robert Lighthizer confirmed the US would abandon, for now, its threat to raise tariffs on 1 March to 25% on \$200bn of Chinese goods. However, towards month-end geopolitical tensions weighed on markets with global bourses closing Thursday 28 February on the backfoot. This was triggered by rising tensions between two nuclear powers, India and Pakistan, and as Trump and North Korean leader Kim Jong Un failed to reach a nuclear agreement at the Hanoi summit, reportedly because Kim wanted more sanctions lifted than Trump would allow.

Wall Street continued its robust January start to the year, with the benchmark S&P 500 Index posting a 3.0% month on month (+11.1% year to date) gain, while the tech-heavy Nasdaq rose 3.4% (+13.5% year to date) and the Dow Jones Industrial Average recorded a 3.7% month on month rise (+11.1% year to date).

European markets ended February in positive territory, although the continuing Brexit uncertainty, increased political tensions and the risk of weaker export demand from China weighed on sentiment.

Germany's DAX increased by 3.1% month on month (+9.1% year to date), while France's CAC rose 5.0% month on month (+10.8% year to date). The UK's FTSE 100 recorded a 1.5% month on month (+5.2% year to date) advance as continued concerns over a no-deal Brexit, as 29 March (when Britain is due to leave the EU) comes ever closer, hampered gains. Britain's Financial Conduct Authority (FCA) said last week that financial markets were still at risk of disruption in the event of a no-deal Brexit.

In Asia, Japan's benchmark Nikkei 225 Index closed last month 2.9% higher (+6.9% year to date), while China's Shanghai Composite Index jumped 13.8% month on month (+17.9% year to date) and Hong Kong's Hang Seng Index gained 2.5% month on month (+10.8% year to date).

On the commodities front, Brent crude oil (+6.7% month on month) ended February at \$66 per barrel as production cuts by the Organisation of the Petroleum Exporting Countries (OPEC) and its allies (including Russia) supported prices and it was reported that US crude inventories have declined. According to *CNBC*, Saudi Arabia plans to pump 500,000bbl/day below its quota in March, while Russia indicated it will increase cuts over the next two months. While the gold price was under pressure (-0.6% month on month) in February, hovering around \$1,313/oz, platinum rallied ending 6.2% higher month on month at around \$874/oz.

LOCAL MARKETS

– ESKOM DOMINATES BUDGET ADDRESS

► CURRENCY WEAKENS

The value of the rand against the dollar declined by 6.3% in February compared to January, in part thanks to the budget address by Finance Minister Tito Mboweni but it was also driven by tension between India and Pakistan, which boosted the dollar. Year to date the rand is at +1.8% against the dollar. Mboweni elaborated on the struggling economy and the on-going challenges facing power utility Eskom. Budget day saw citizens saddened with news of a tough fiscal environment, moderate growth forecasts, larger deficits, and thus increased borrowing, which will see SA's debt-to-GDP ratio climb above 60% in 2023/2024.

The JSE ended the month in positive territory with the FTSE JSE All Share index closing 3.4% higher than the previous month (year to date +6.5%). A phenomenal performance by especially resource shares boosted the local bourse. The Resi-10 rose 8.0% month on month and is up 11.0% year to date. Anglo American Platinum (Amplats) rocketed 20.2% month on month, BHP Group jumped 10.7%, Anglo American Plc gained 8.9%, Glencore rose 5.2% and Sasol leapt 7.4% month on month. The Indi-25 advanced 4.1% month on month (+5.0% year to date) as heavyweights Richemont, Anheuser-Busch InBev and Naspers gained 17.8%, 8.7% and 3.3% month on month, respectively.

After an impressive January performance, financials disappointed in February with the Fini-15 down 2.1% month on month (+4.6% year to date). Shares such as FirstRand (-7.3% month on month), Sanlam (-6.4% month on month) and Standard Bank (-0.6% month on month) weighed on the index.

In February, half of the 20 best-performing shares were all in the resources sector with platinum mining Group, Impala Platinum taking the top spot as its share price soared 55.8% month on month buoyed by a firmer platinum price and impressive results. In second spot was Lonmin Plc at +44.7% with Sibanye Gold third, rising 36.7% month on month.

► GAS FIND COULD BE GAME-CHANGER

However, all was not doom and gloom - French oil and gas giant, Total announced a \$100bn gas find off the Western Cape coast. *Business Day* reports that the so-called Brulpadda well could contain 1bn-plus barrels of oil equivalent and might very well be a game-changer for the country, allowing SA "to diversify its energy mix, cut reliance on coal, boost refined product exports and slash its trade deficit in energy products."

In economic news, SA's trade balance swung to a deficit of R13.1bn in January, while private sector credit extension (PSCE) growth accelerated to 6.5% year on year from 5.1% year on year in December. January headline CPI inflation came in at 4.0% year on year vs December's 4.5% year on year, while month on month prices fell 0.2% in January from a 0.2% decrease in December. The lower inflation was largely driven by a lower fuel price. *BusinessTech* reported, however, that drought conditions are affecting food prices and that the prices of various fresh items like sweet potatoes (+20.1%), peppers (+27.2%), tomatoes (+26.8%) and rooibos tea (+19.4%) climbed dramatically in February.

► ANOTHER SLOW MONTH FOR VEHICLE SALES

As load shedding rocked consumer and business confidence in February, new vehicle sales continued to shed volume. Industry sales declined 3 016 units compared to February 2018, according to the National Automobile Association of SA (Naamsa). New vehicle sales ended the month on 43 251 units, 6.5% down on the same month last year. Passenger vehicle sales took the brunt of the market's performance, declining 13.3% to 27 000 cars.

BusinessTech noted that affordability in the market remains key to vehicle purchase decisions and that it is clear that household budgets are under pressure.

- SMART TIP

ALWAYS UPDATE FINANCIAL PLAN TO SUIT CURRENT REQUIREMENTS

To build, protect and grow wealth require a long-term financial plan and investment strategy. However, devising the plan is not a once-off event. It needs to be adapted as circumstances change. For instance, planning to retire earlier, getting divorced, changing jobs and earning more, or expanding a family. Any such life events will have an impact on a financial plan and, for instance, how a will is set out. Consult your advisor to update your strategy to best suit your current situation and future requirements .

MARKET PERFORMANCE

Table finalised: 4 March 2019 YTD

	Level	YTD
USA		%
S&P 500	2804	+11.84
Nasdaq	7152	+12.98
Dow Jones	26026	+11.57
EUROPE		%
FTSE 100	7107	+5.63
XDAX	11632	+9.93
CAC 40	5265	+11.3
ASIA		%
Nikkei 225	21 603	+7.93
Sensex 30	36064	-0.01
Shanghai	2994	+20.05
Hang Seng	28812	+11.48

	Level	YTD
EMERGING MKTS		%
UAE ADX	5138	+4.53
KSA Taduwul	8493	+8.51
Qatar	3078	-0.04
South Africa	56203	+6.57
OTHER		%
Gold	1294	+0.84
Oil	65.07	+20.95
USA 10 year	2.76	+2.38
Pound/Dollar	1.32	+3.98
Euro/Dollar	1.14	-0.38

Sources:
Anchor Capital, Business Day, BusinessTech, Fidelity

CONSULT AN ACCREDITED FINANCIAL ADVISOR TO DEVISE AN INVESTMENT PLAN SUITED TO YOUR INDIVIDUAL REQUIREMENTS, CIRCUMSTANCES & GOALS

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