



Update on market and economic developments

To 31 August 2020



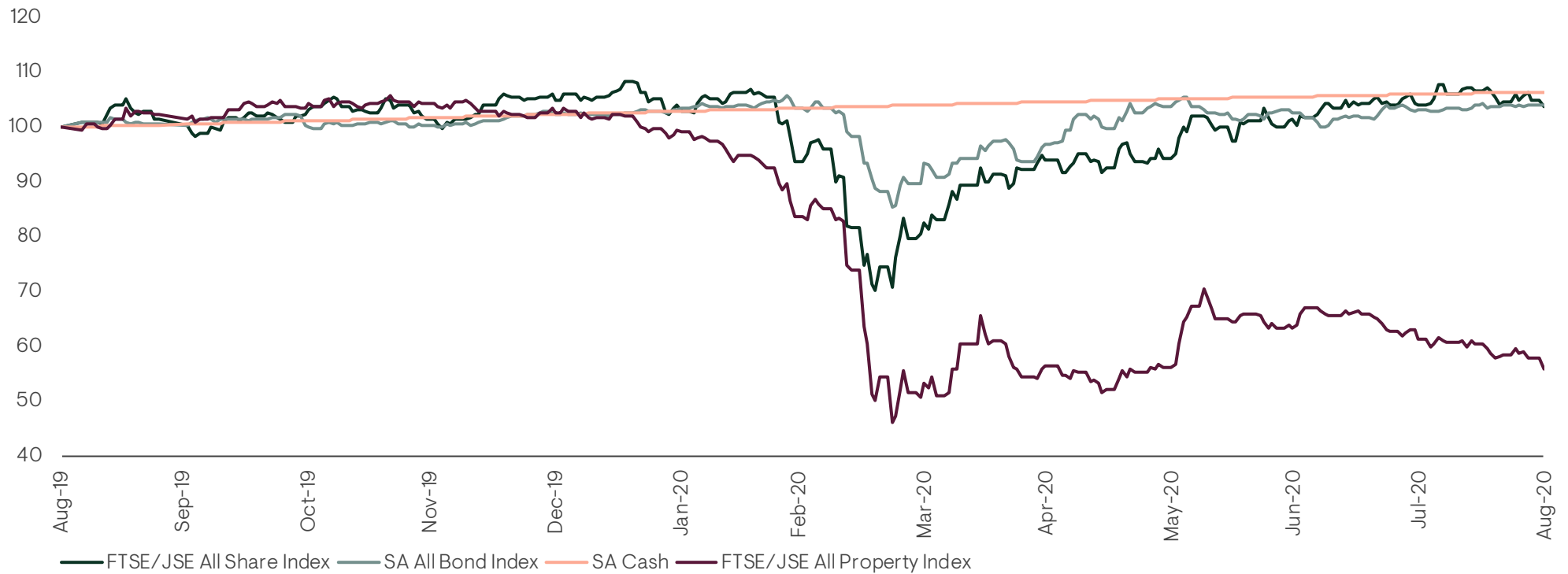
Local market developments





SA asset class returns

12 months to 31 August 2020

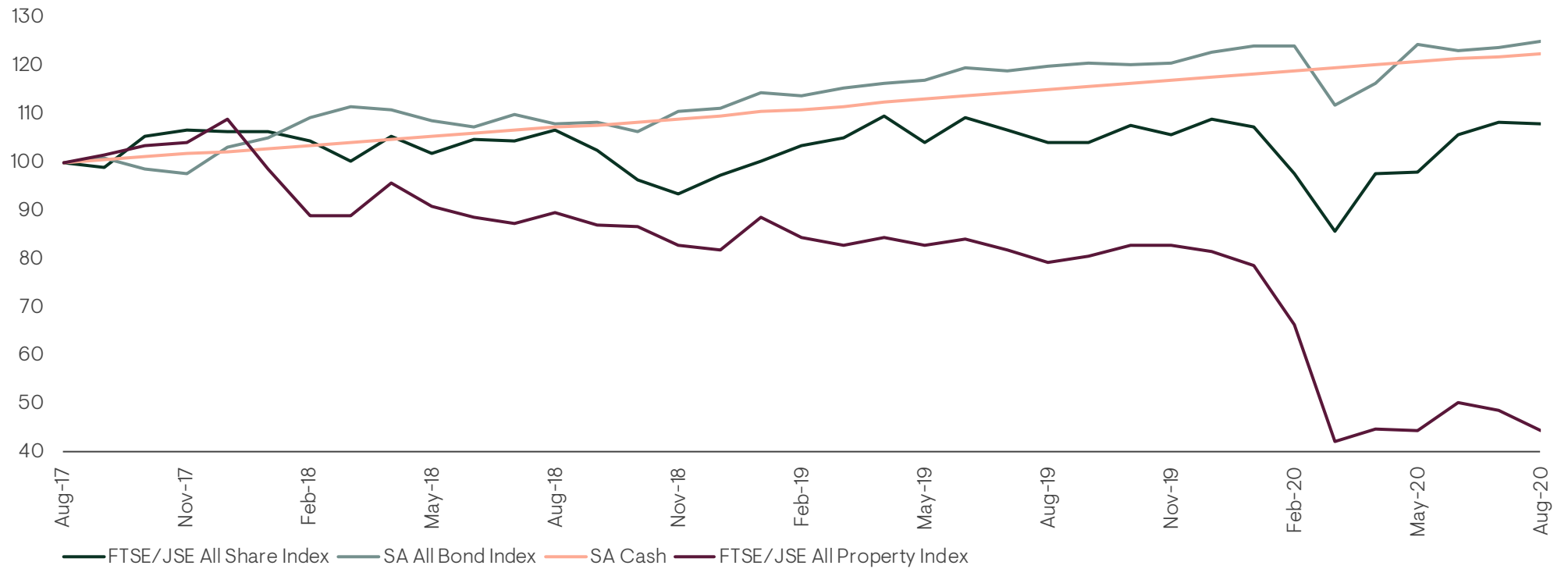


	2016	2017	2018	2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Aug 2020	YTD 2020	12 months
ALSI	2.6%	21.0%	-8.5%	12.0%	-4.6%	4.6%	-21.4%	23.2%	-0.3%	-0.9%	3.8%
ALBI	15.5%	10.2%	7.7%	10.3%	0.7%	1.7%	-8.7%	9.9%	0.9%	1.9%	4.2%
SA Cash	7.4%	7.5%	7.3%	7.3%	1.8%	1.7%	1.7%	1.5%	0.4%	4.0%	6.5%
ALPI	-0.4%	14.6%	-25.0%	-0.4%	-4.2%	1.2%	-48.1%	18.7%	-8.8%	-45.7%	-44.2%



SA asset class cumulative returns

3 years to 31 August 2020

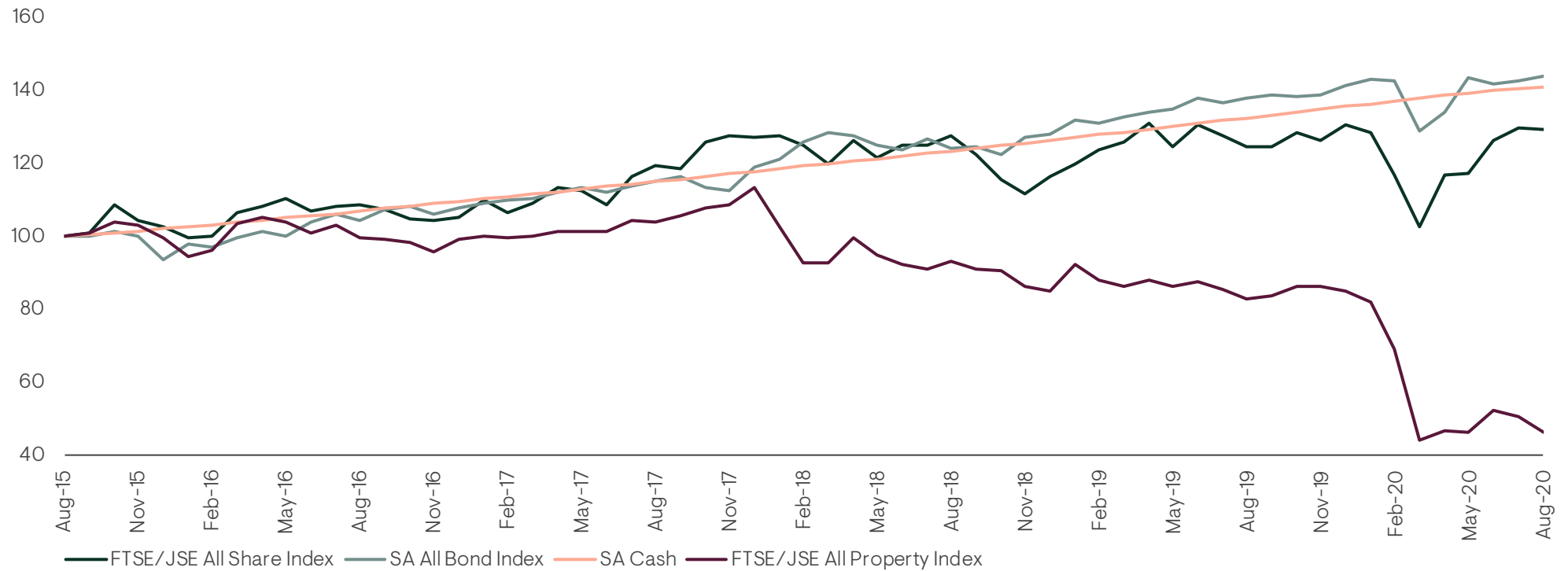


	Cumulative return	Annualised return
ALSI	8.1%	2.6%
ALBI	25.1%	7.7%
SA Cash	22.6%	7.0%
ALPI	-55.7%	-23.8%



SA asset class cumulative returns

5 years to 31 August 2020



	Cumulative return	Annualised return
ALSI	29.4%	5.3%
ALBI	44.0%	7.6%
SA Cash	41.2%	7.1%
ALPI	-53.9%	-14.3%

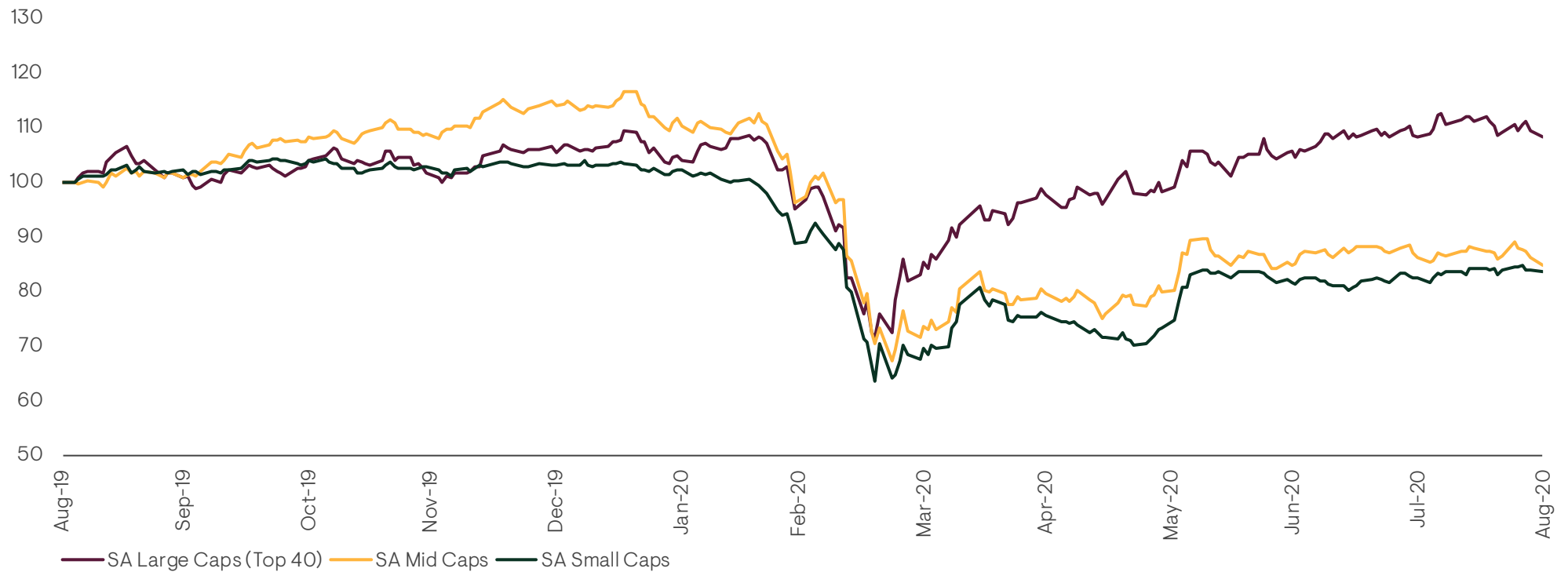
SA equities retreated in August

The FTSE/JSE All Share Index (in ZAR) (55,476)



SA equities: market cap returns

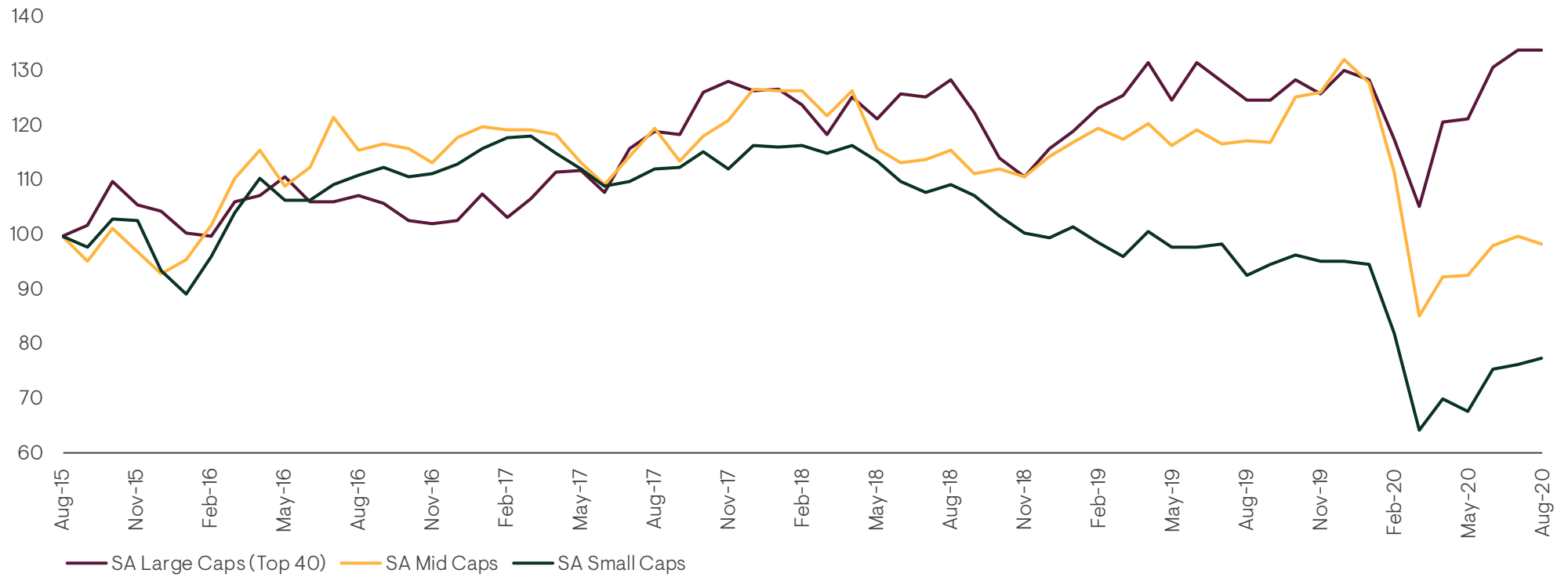
12 months to 31 August 2020



	2016	2017	2018	2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Aug 2020	YTD 2020	12 months
Large Caps	-1.6%	23.1%	-8.3%	12.4%	-5.2%	4.5%	-19.2%	24.2%	-0.1%	2.7%	7.4%
Mid Caps	26.9%	7.4%	-9.7%	15.6%	-1.8%	12.9%	-35.6%	15.4%	-1.7%	-25.6%	-16.2%
Small Caps	20.9%	3.0%	-14.6%	-4.1%	-3.2%	0.7%	-32.6%	17.2%	1.4%	-18.8%	-16.4%

SA equities: market cap returns

5 years to 31 August 2020

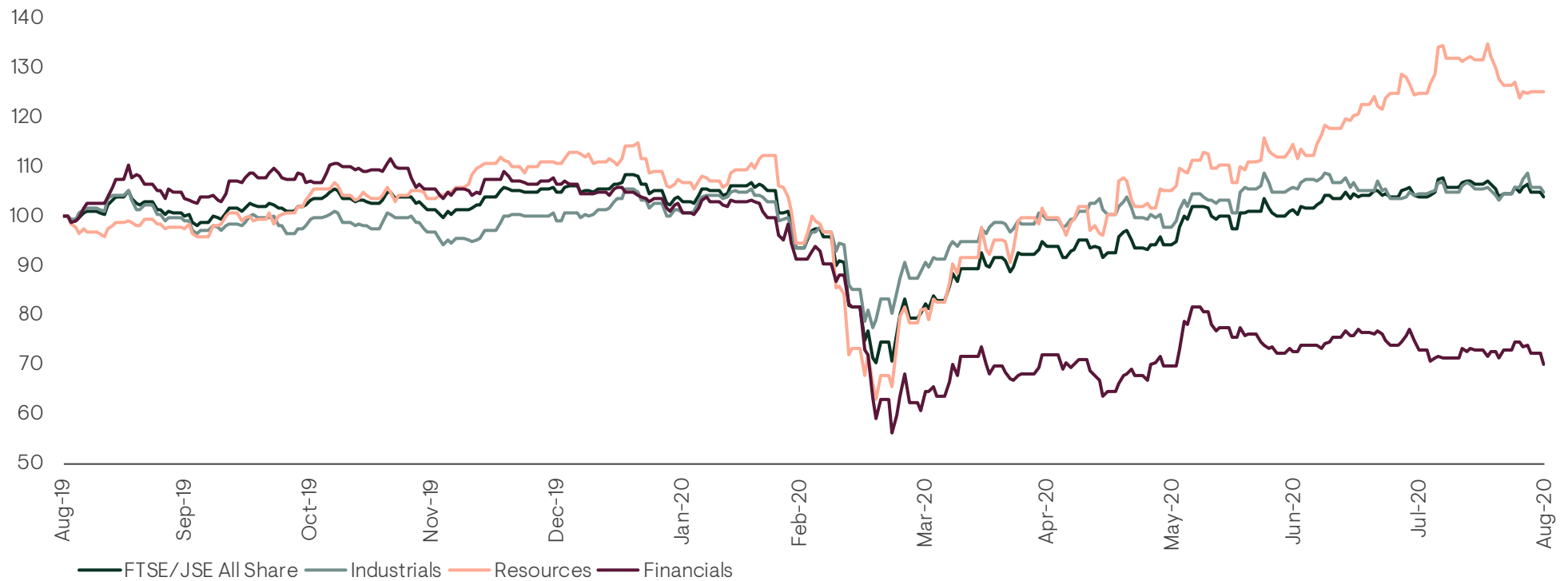


	Cumulative return	Annualised return
Large Caps	34.0%	6.0%
Mid Caps	-1.7%	-0.3%
Small Caps	-22.6%	-5.0%



SA equities: sector returns

12 months to 31 August 2020

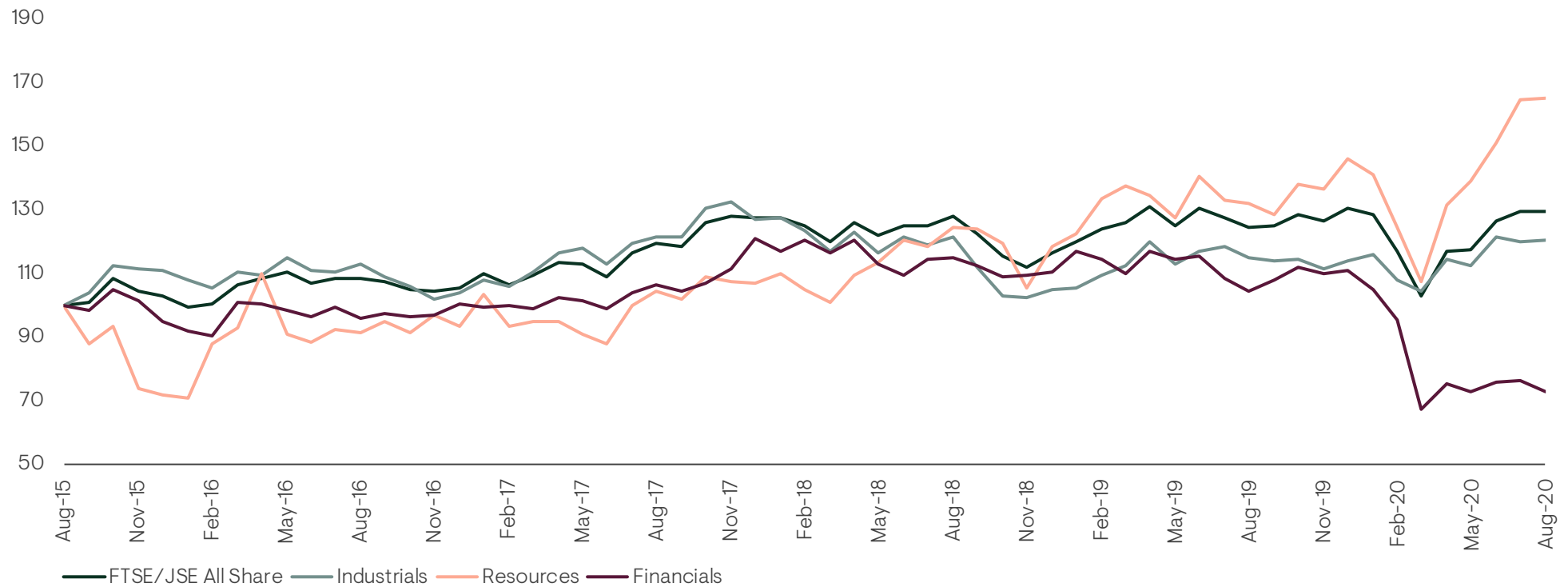


	2016	2017	2018	2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Aug 2020	YTD 2020	12 months
ALSI	2.6%	21.0%	-8.5%	12.0%	-4.6%	4.6%	-21.4%	23.2%	-0.3%	-0.9%	3.8%
Industrials	-6.5%	22.5%	-17.5%	8.9%	-2.5%	0.0%	-8.4%	16.6%	0.5%	5.9%	5.1%
Resources	30.8%	14.1%	11.0%	23.3%	-8.4%	13.7%	-26.7%	41.0%	0.2%	13.0%	25.2%
Financials	5.4%	20.6%	-8.8%	0.6%	-6.8%	2.8%	-39.5%	12.9%	-4.2%	-34.3%	-30.1%



SA equities: sector returns

5 years to 31 August 2020



	Cumulative return	Annualised return
ALSI	29.4%	5.3%
Industrials	20.7%	3.8%
Resources	65.1%	10.5%
Financials	-27.1%	-6.1%

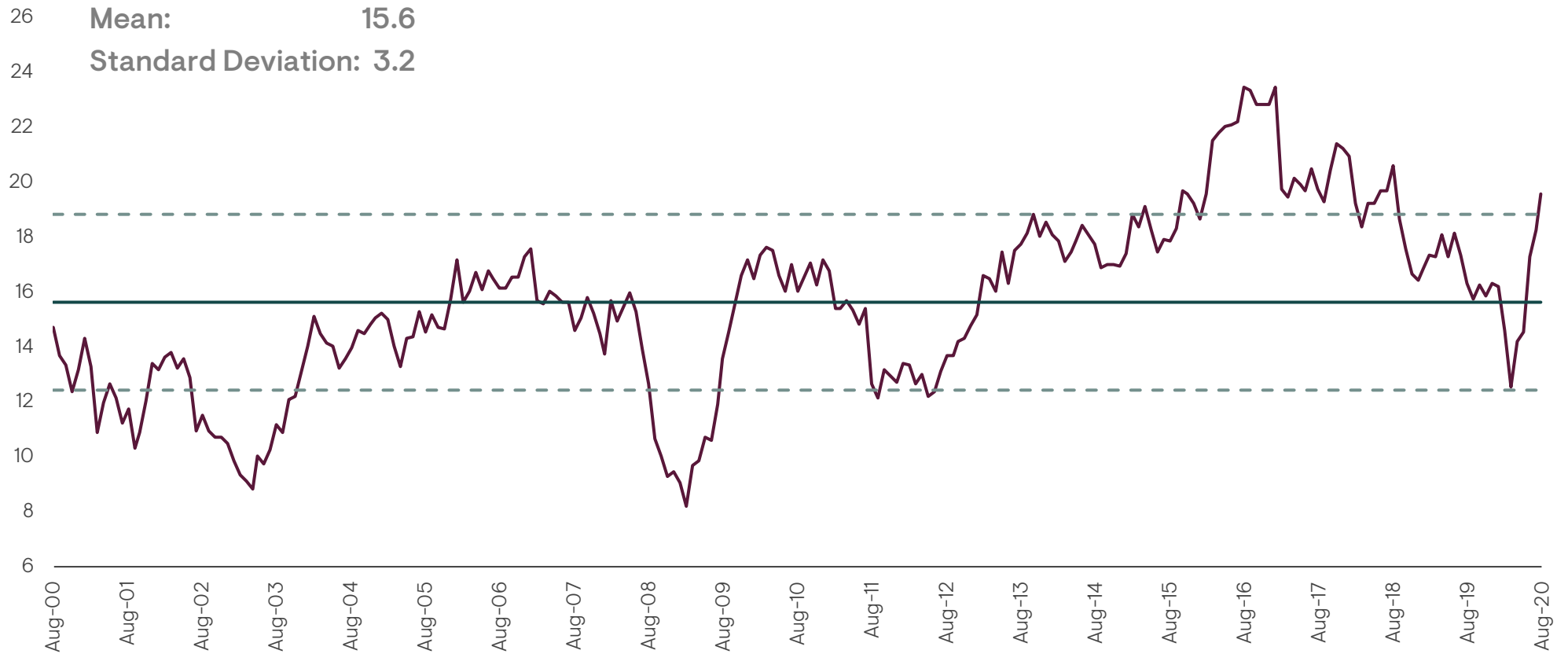
Financials, industrials and resources

SA equities: sector performances relative to the FTSE/JSE All Share Index: 12 months to 31 August 2020



SA equities (ALSI): trailing PE ratio

20 years to 31 August 2020 (19.6)



SA equities (ALSI): dividend yield

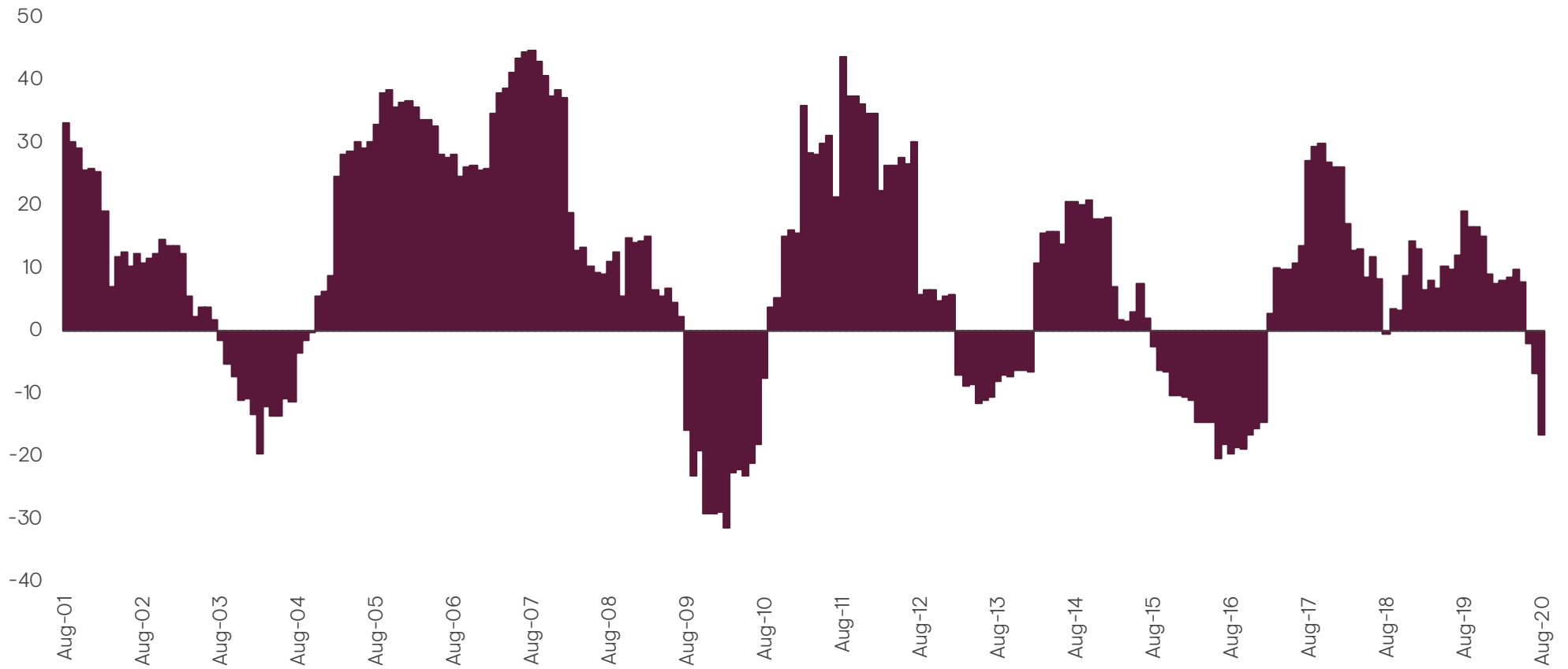
20 years to 31 August 2020 (3.7%)



SA equities: earnings growth

Rolling 12-month % change -16.6%

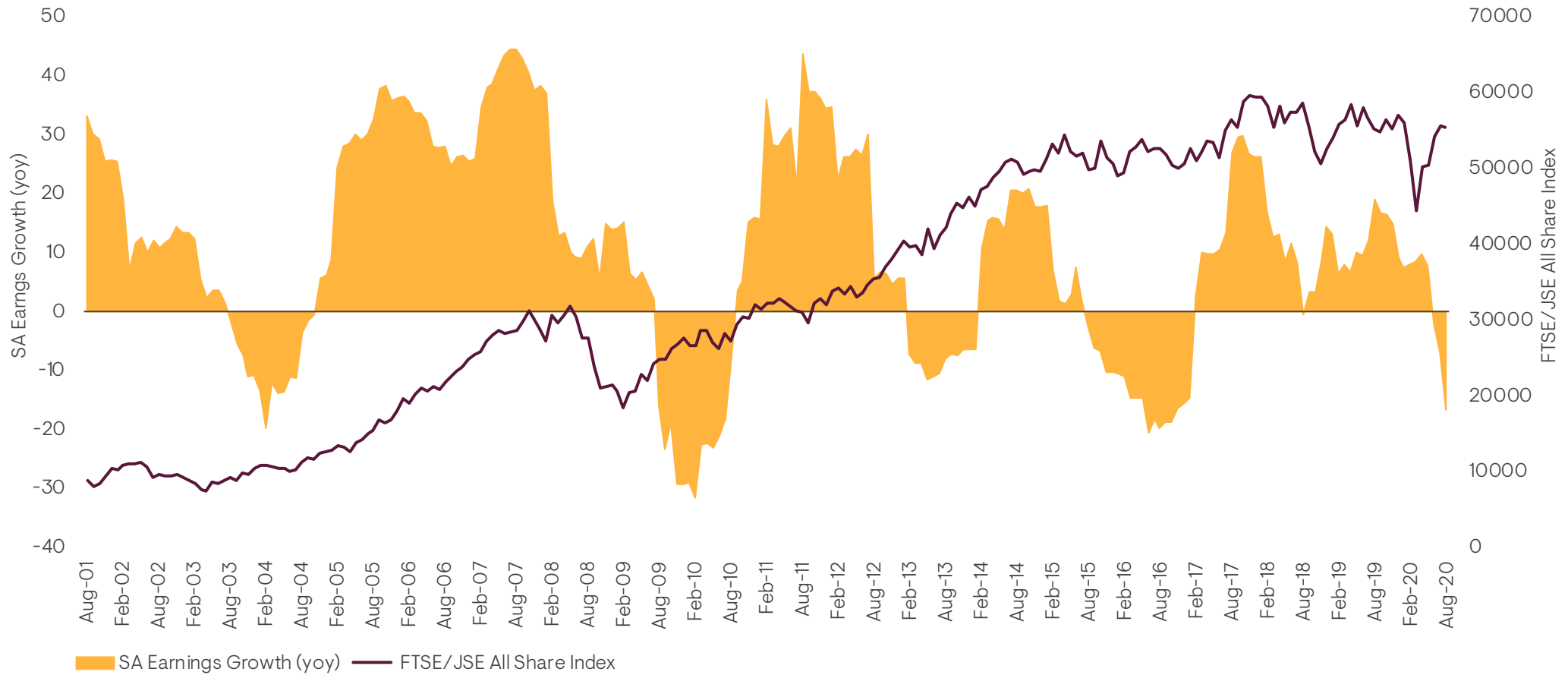
FTSE/JSE All Share Index earnings growth





SA earnings growth remained in negative territory in August

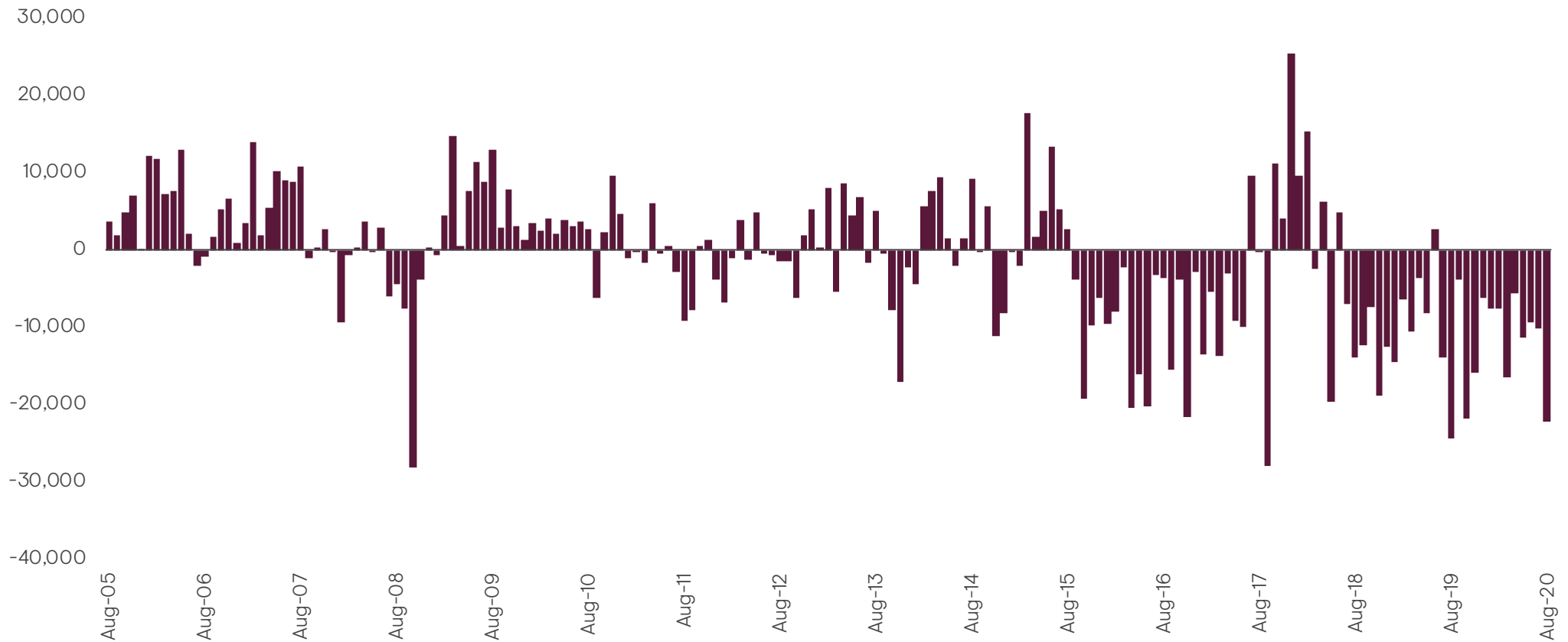
SA earnings growth (% change yoy) (-16.6%) & FTSE/JSE All Share Index (55,476)





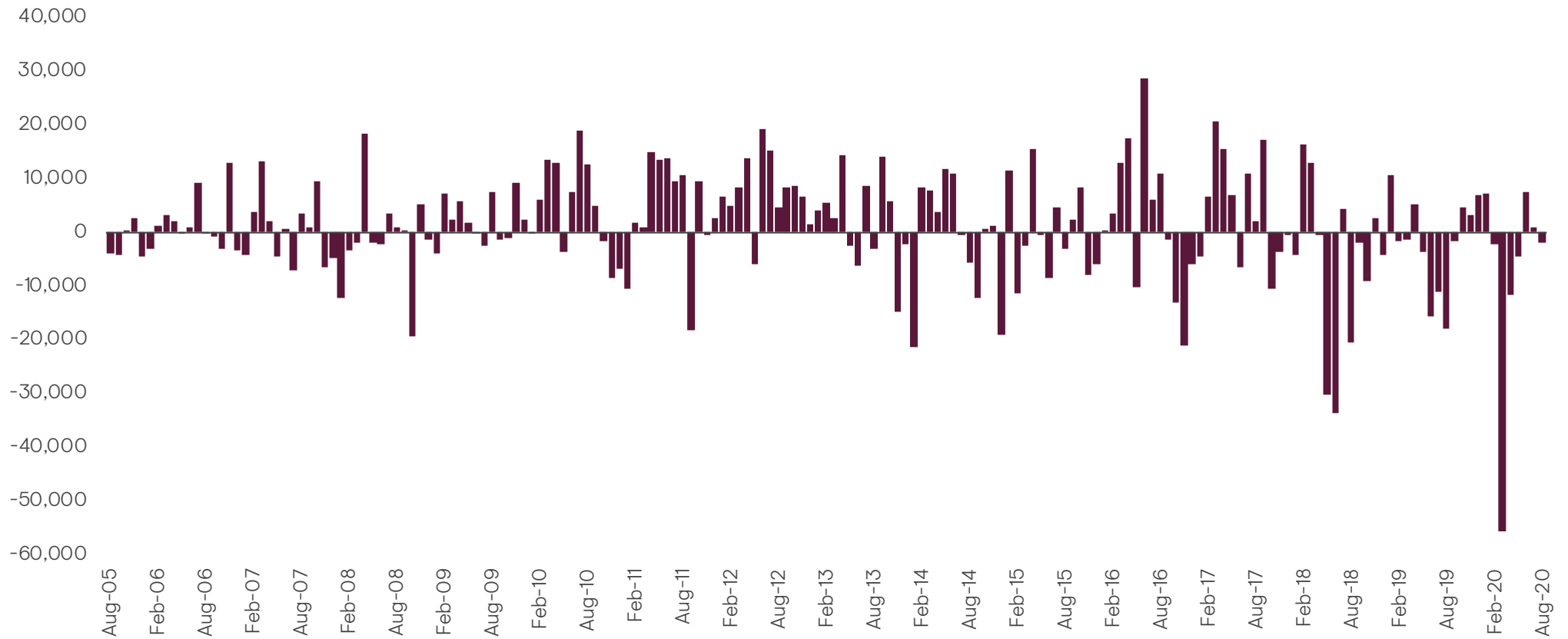
Foreigners were net sellers of SA equities in August

15 years to 31 August 2020 (R'million)



Foreigners sold SA bonds in August

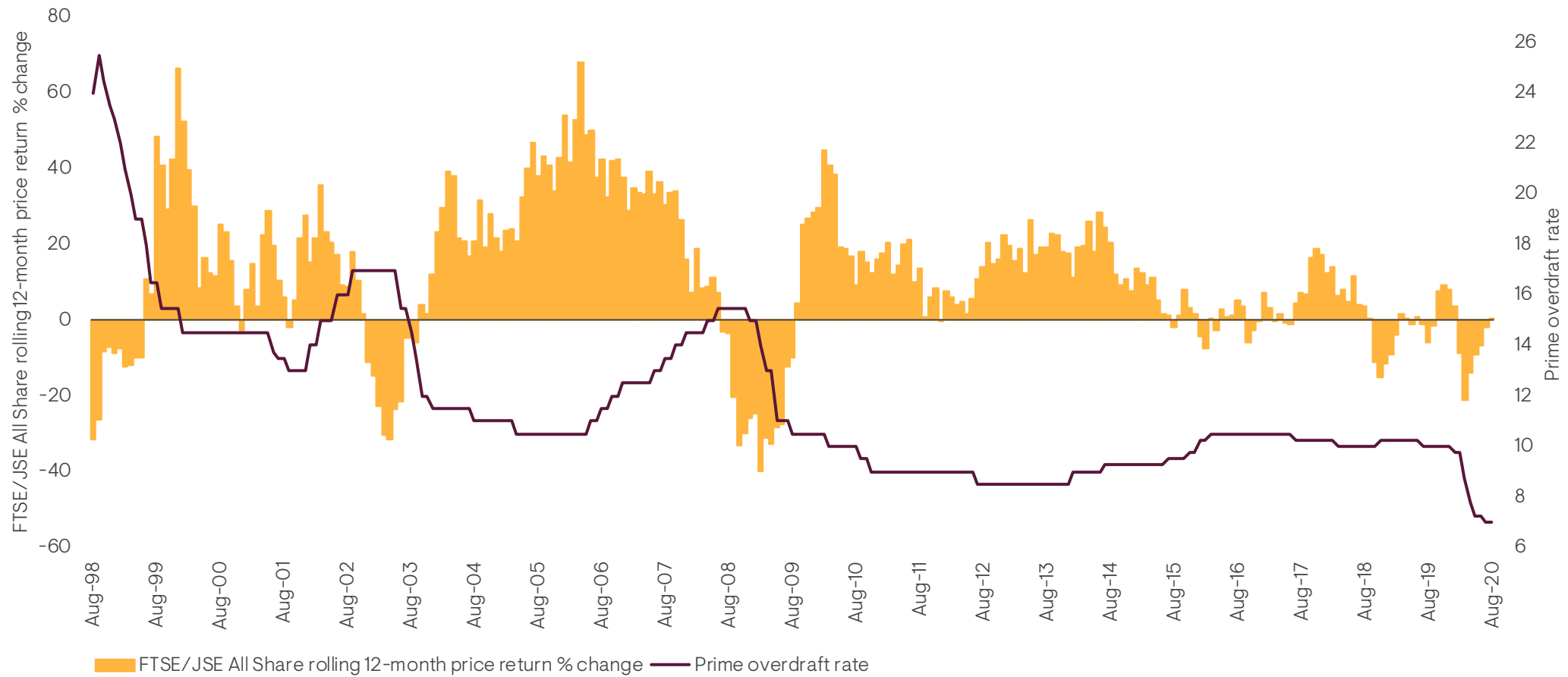
15 years to 31 August 2020 (R'million)





Interest rates were cut at the last MPC meeting

Prime overdraft rate (7.0%) & FTSE/JSE All Share rolling 12-month total return % change (3.8%)





Local and global equities

15 years to 31 August 2020

FTSE/JSE All Share Index (in US\$) (210) & MSCI ACWI (in US\$) (272)

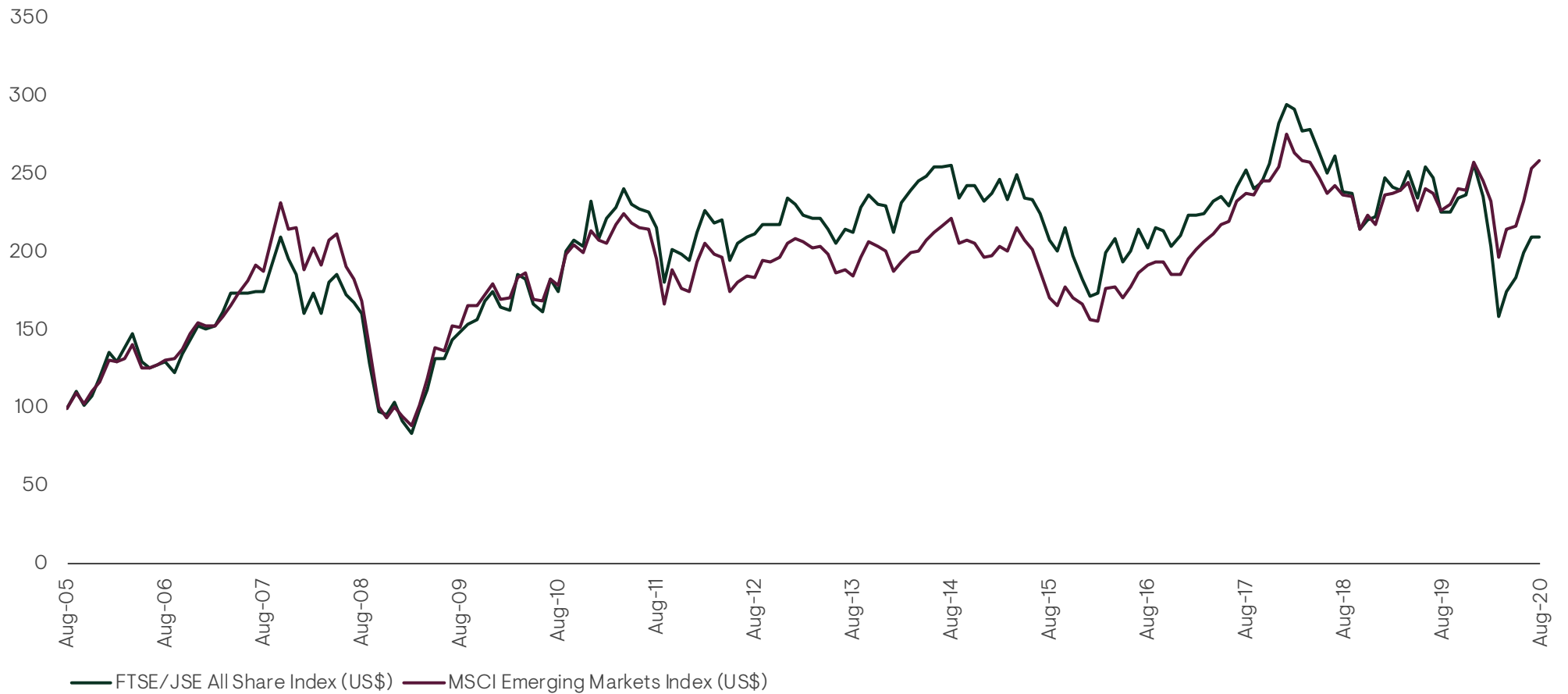




Domestic equities continue to have a high correlation to emerging markets

15 years to 31 August 2020

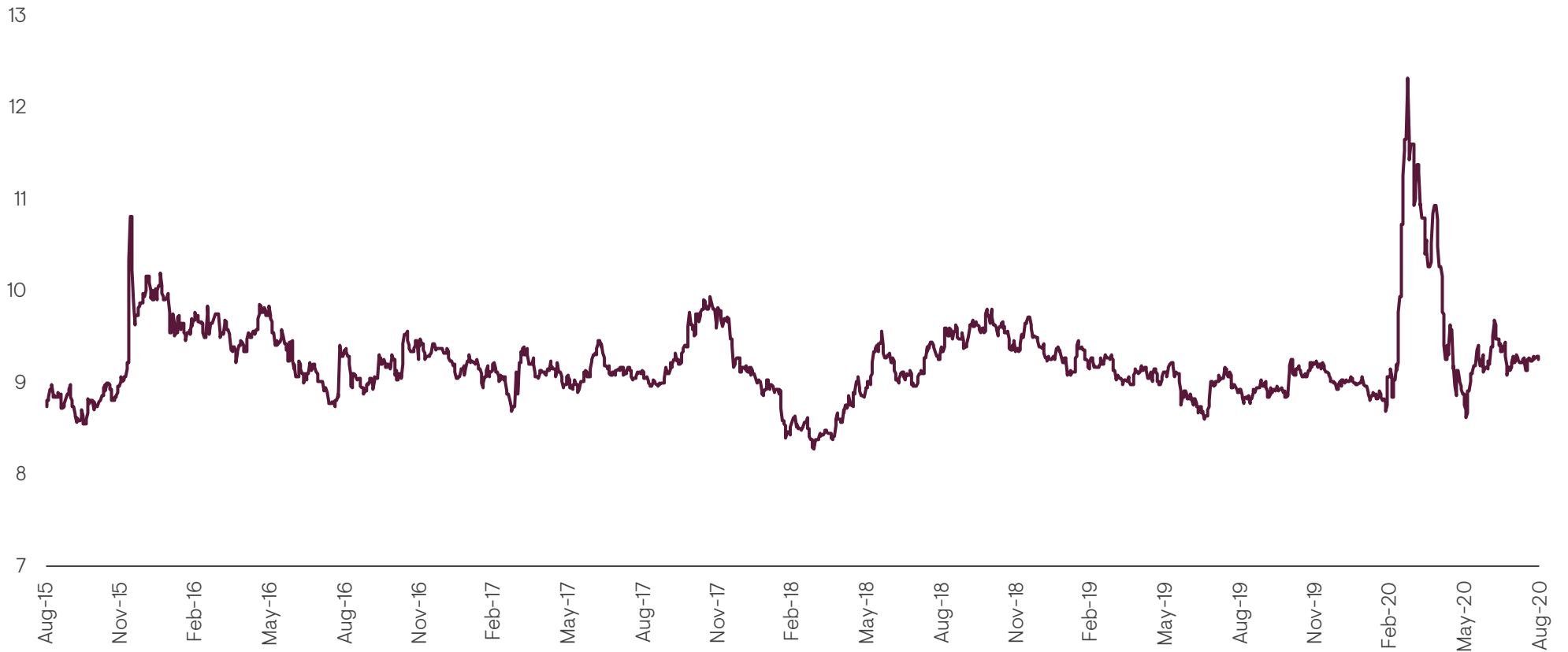
FTSE/JSE All Share Index (in US\$) (210) & MSCI Emerging Markets Index (in US\$) (260)





SA bond yields

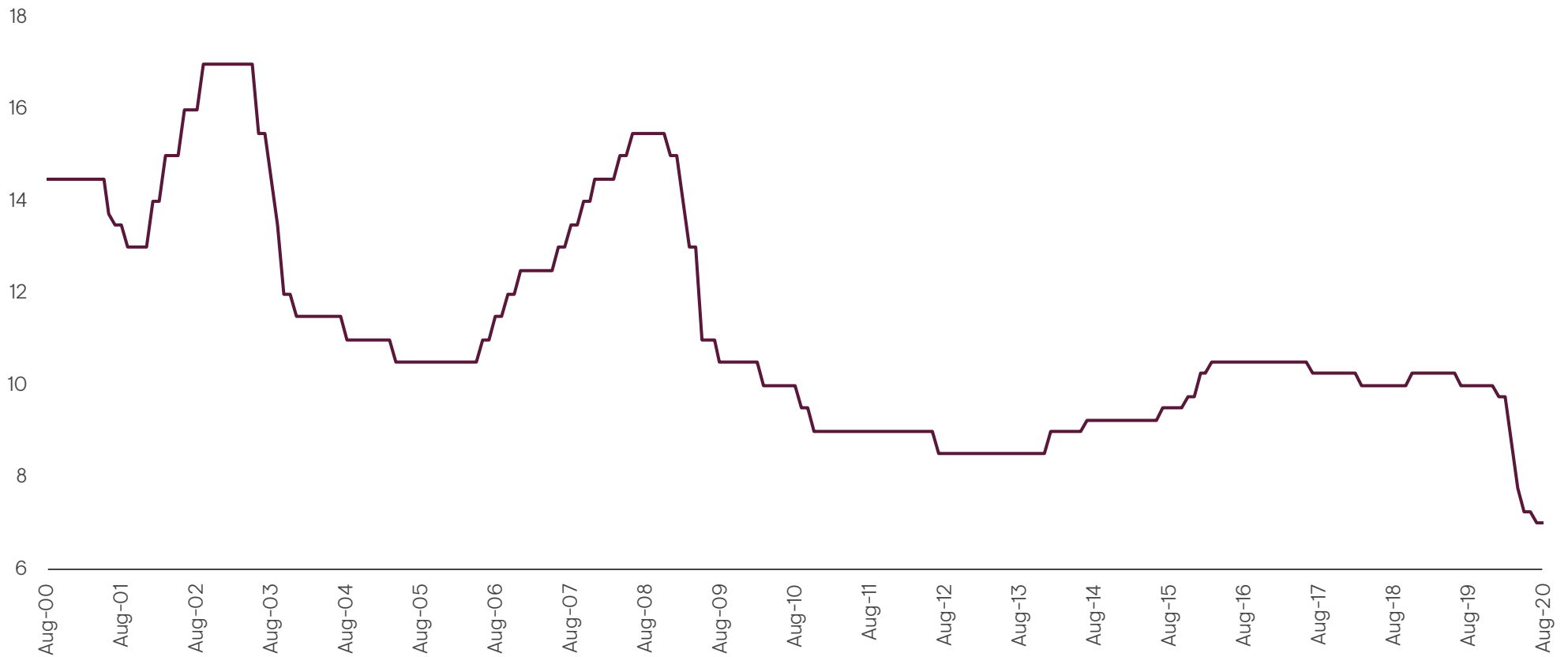
Yield on the generic SA 10 year bond (9.3%)



Source: Bloomberg to 31 August 2020
Note: R2030 government bond used as current proxy

SARB cut interest rates at its last meeting

Prime overdraft rate



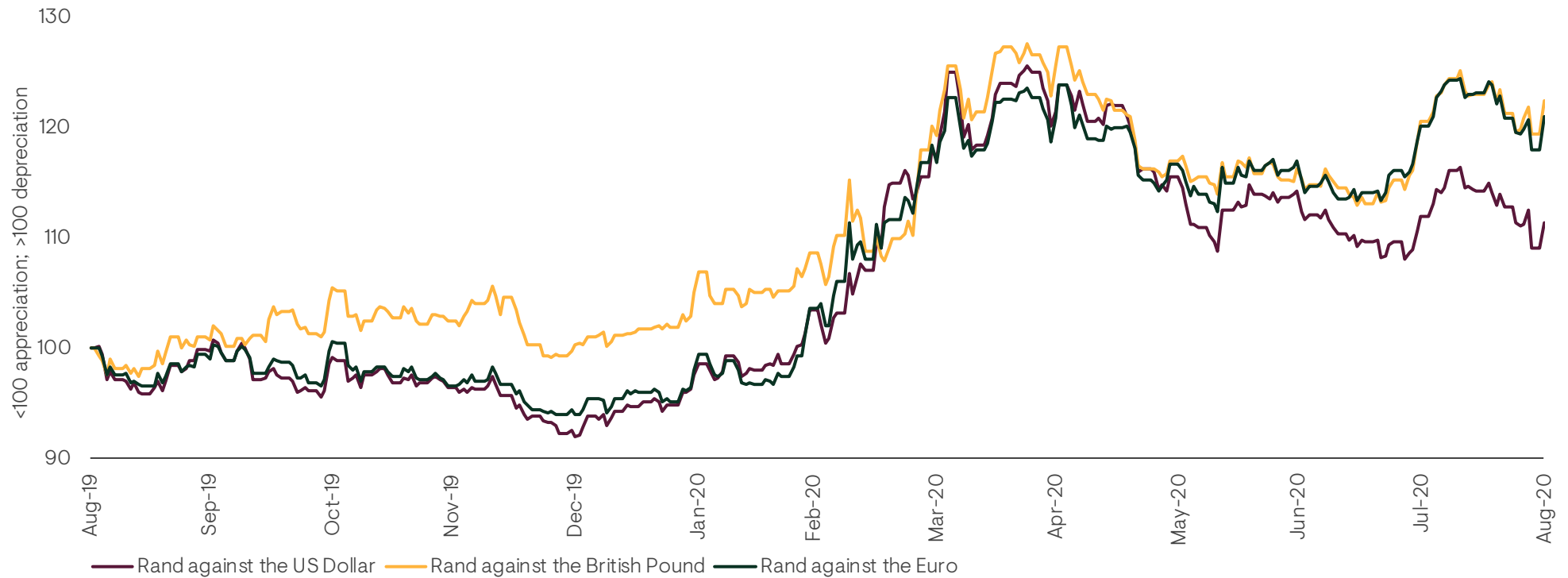
Global market developments





SA rand against the US dollar, pound & euro

12 months to 31 August 2020



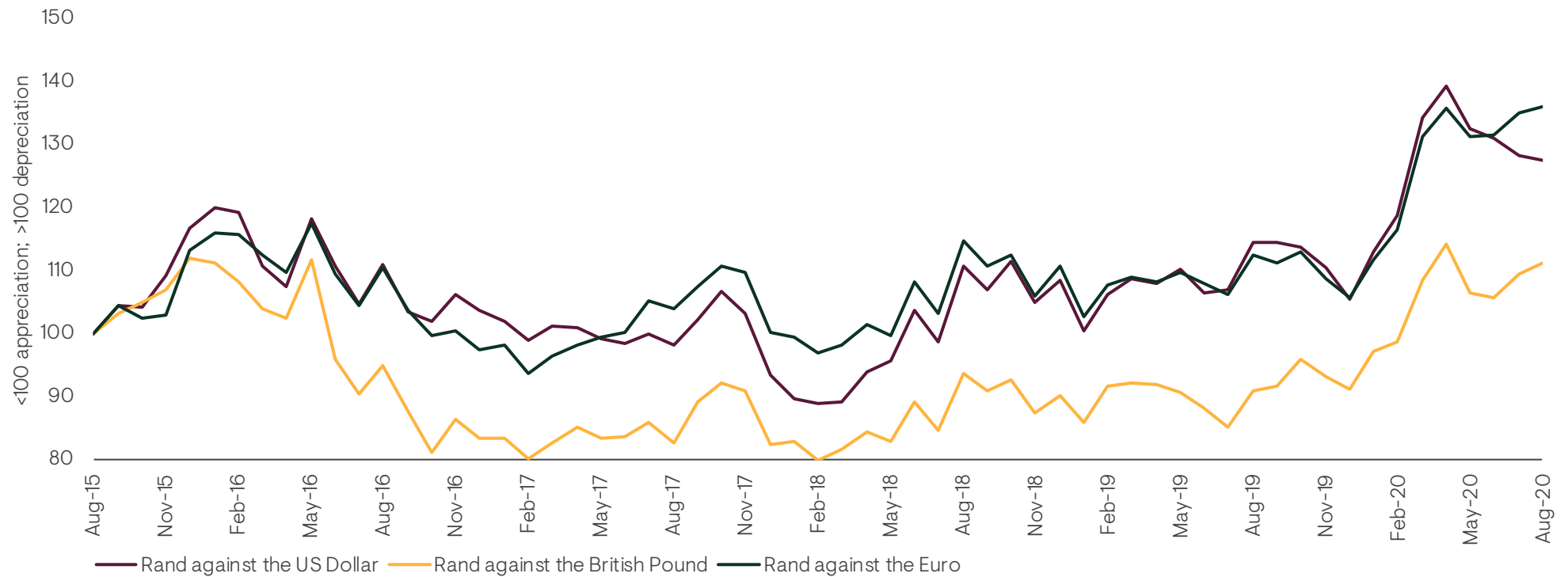
	2016	2017	2018	2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Aug 2020	YTD 2020	12 months
Rand against US\$*	-11.3%	-9.8%	16.1%	-2.8%	7.5%	-7.9%	27.4%	-2.4%	-0.6%	21.1%	11.4%
Rand against £*	-25.7%	-1.1%	9.4%	1.2%	4.1%	-0.5%	19.0%	-2.5%	1.6%	22.1%	22.5%
Rand against €*	-13.9%	2.9%	10.6%	-4.7%	3.2%	-5.1%	24.4%	0.1%	0.7%	28.8%	21.1%

Source: Bloomberg to 31 August 2020. * Depreciation (+); Appreciation (-)



SA rand against the US dollar, pound & euro

5 years to 31 August 2020

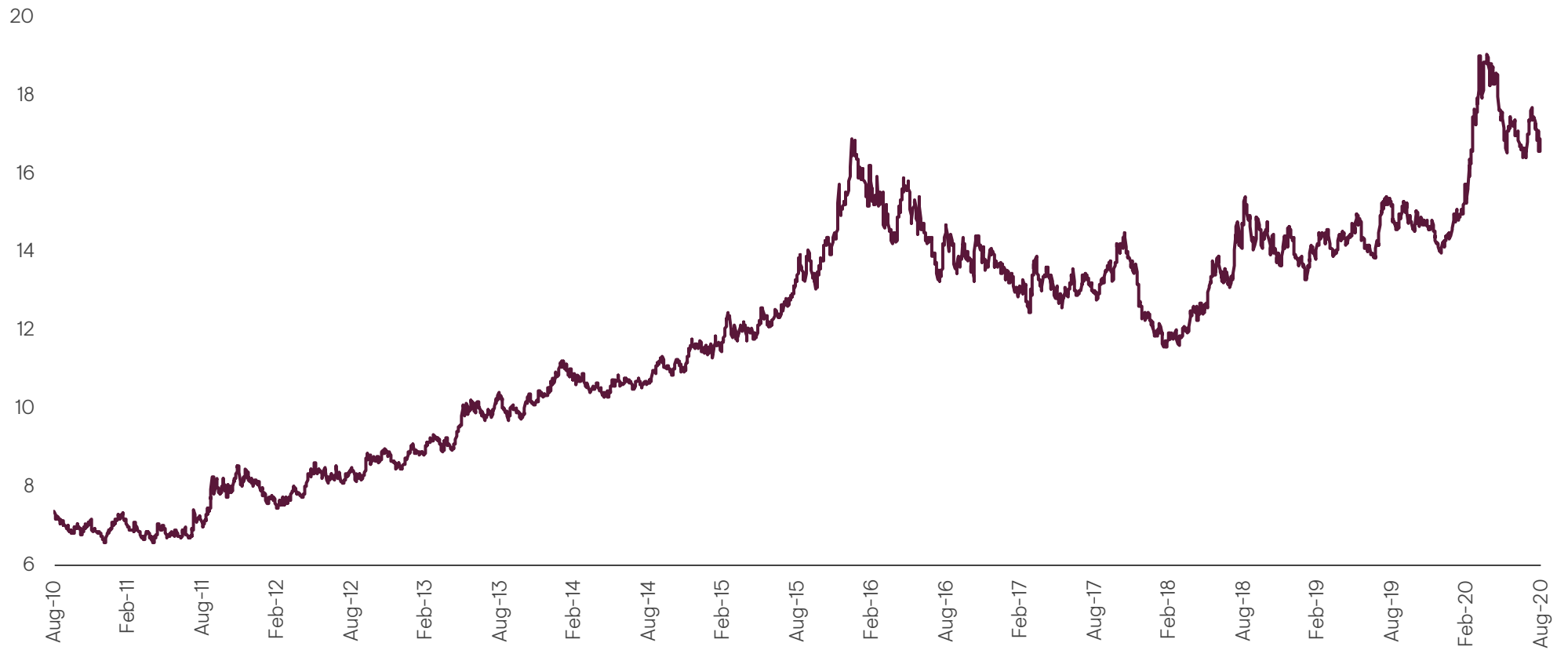


	Cumulative return	Annualised return
Rand against US\$*	27.6%	5.0%
Rand against £*	11.3%	2.2%
Rand against €*	36.1%	6.4%

Source: Bloomberg to 31 August 2020. * Depreciation (+); Appreciation (-)



SA rand against the US dollar (R16.93/US\$)



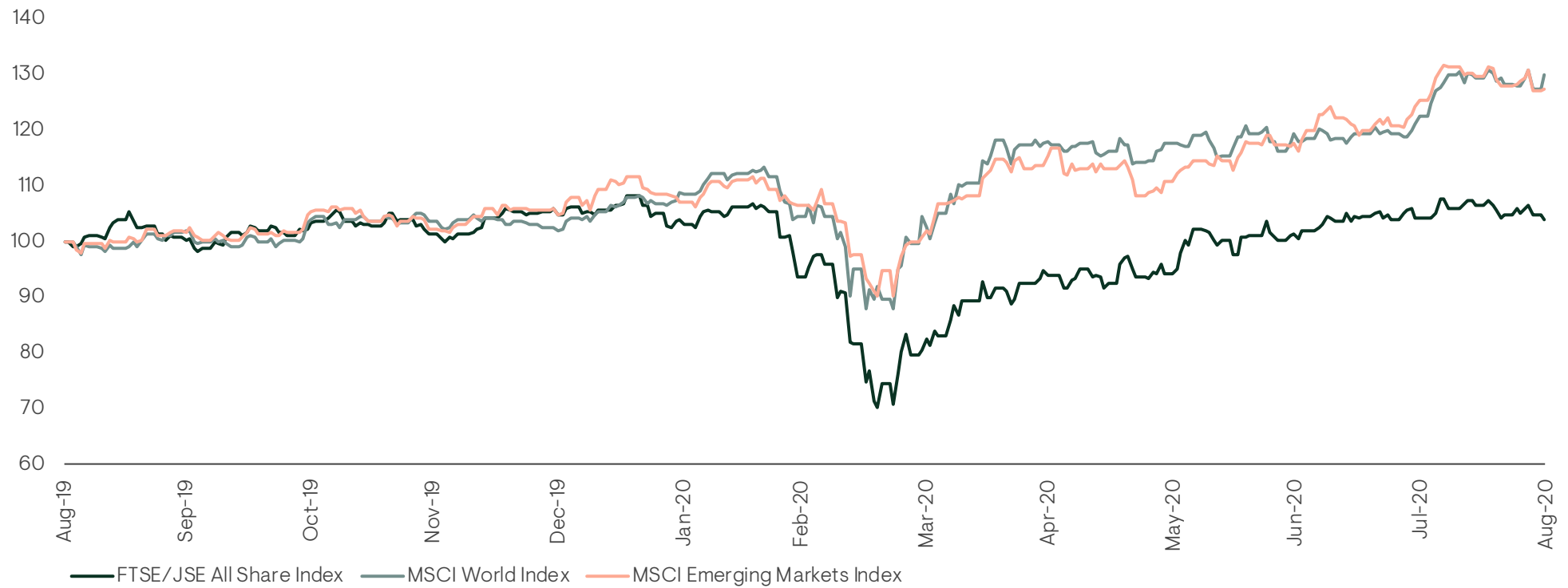
SA rand against the euro (R20.22/€)





SA equities vs. developed & emerging markets

12 months to 31 August 2020 (All in SA rand)

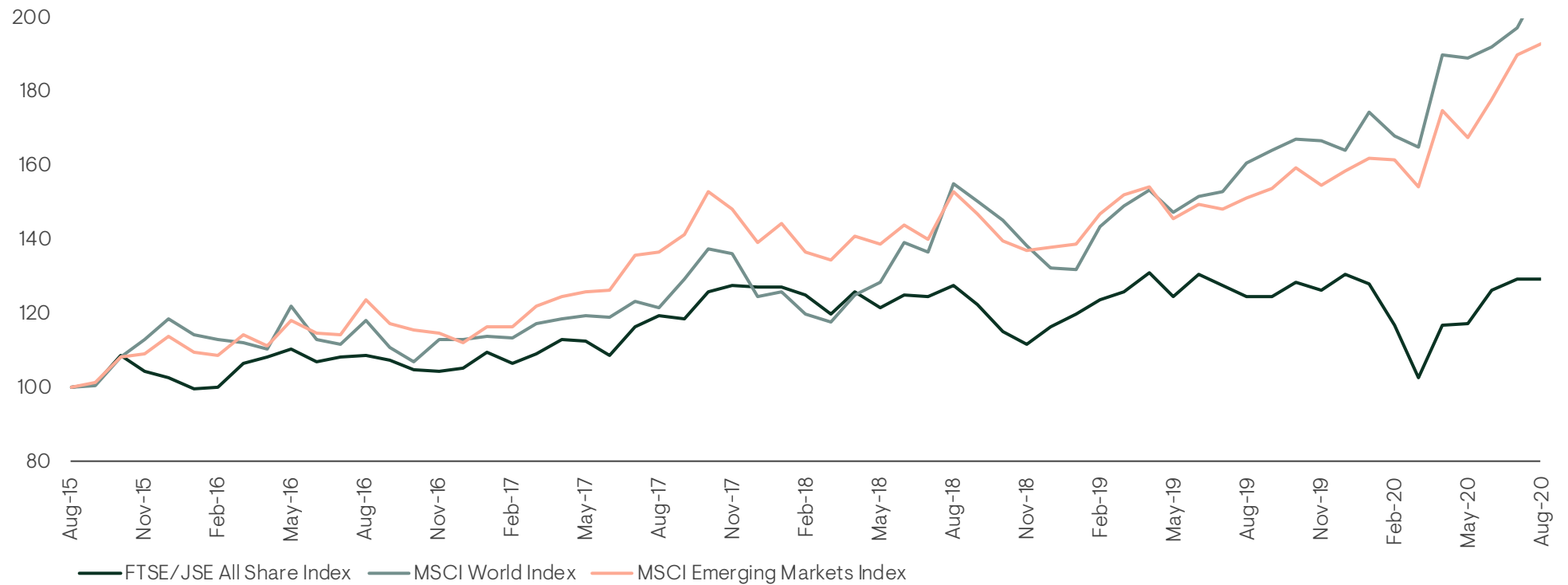


	2016	2017	2018	2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Aug 2020	YTD 2020	12 months
ALSI	2.6%	21.0%	-8.5%	12.0%	-4.6%	4.6%	-21.4%	23.2%	-0.3%	-0.9%	3.8%
Developed Markets	-4.7%	10.4%	6.0%	24.1%	8.1%	0.0%	0.5%	16.5%	6.1%	27.6%	30.1%
Emerging Markets	-1.4%	23.8%	-0.8%	15.1%	3.0%	3.0%	-2.7%	15.3%	1.6%	21.7%	27.5%



SA equities vs. developed & emerging markets

5 years to 31 August 2020 (All in SA rand)

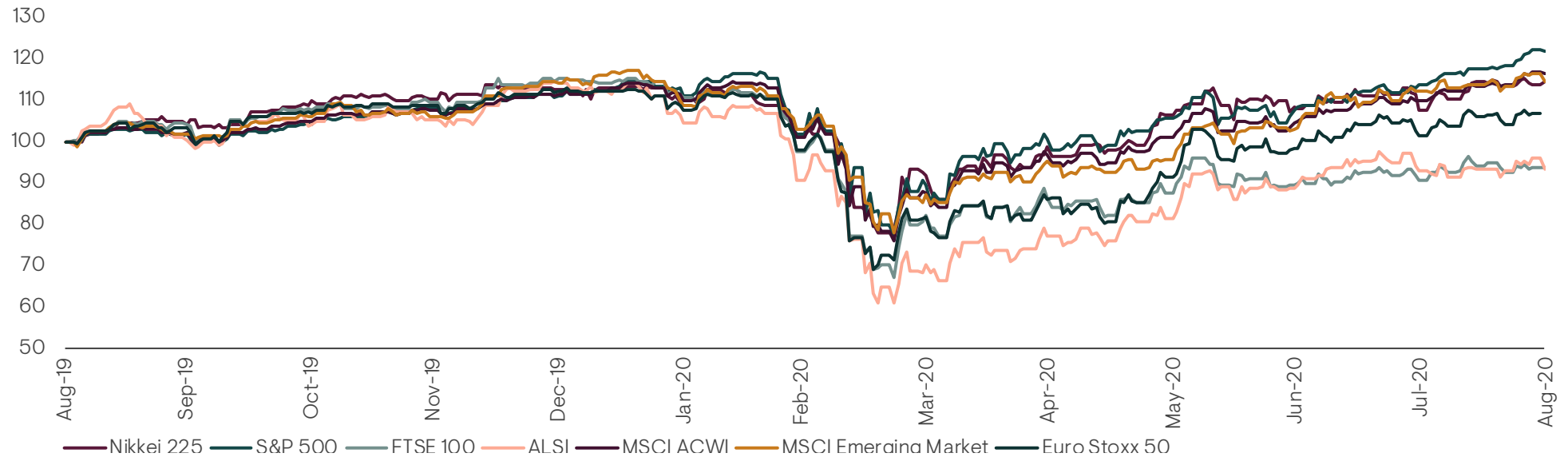


	Cumulative return	Annualised return
ALSI	29.4%	5.3%
Developed Markets	109.5%	15.9%
Emerging Markets	93.3%	14.1%



Global equities

12 months to 31 August 2020 (All in US dollars)

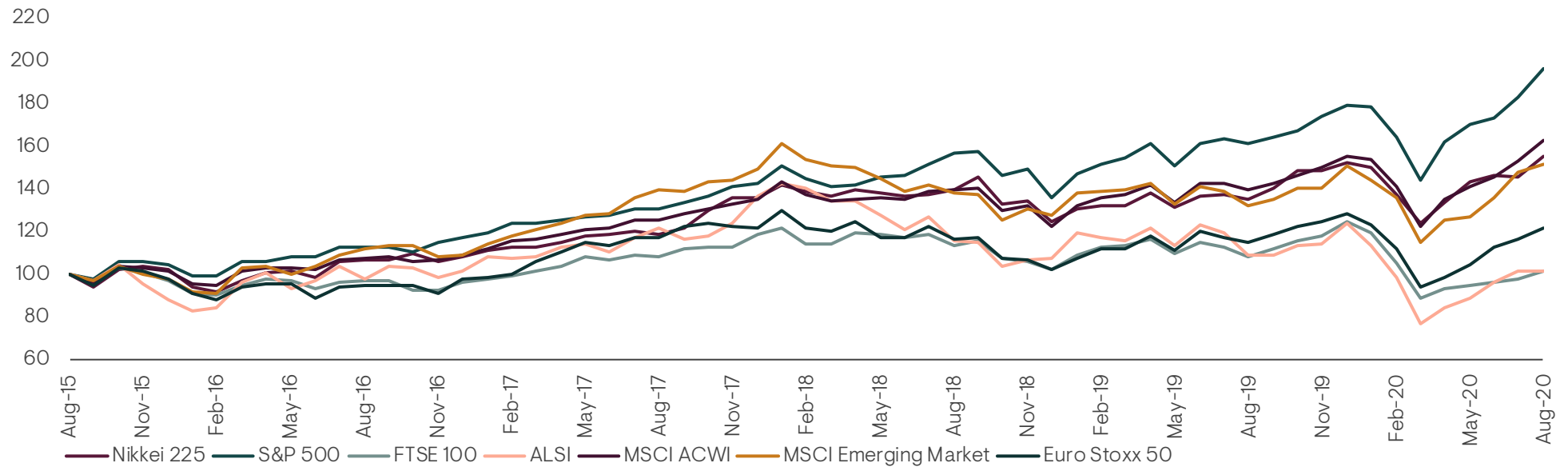


All in US Dollars	2016	2017	2018	2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Aug 2020	YTD 2020	12 months
Nikkei 225	5.9%	25.7%	-8.5%	22.4%	2.8%	8.2%	-18.4%	17.9%	6.6%	1.8%	14.7%
S&P 500	12.0%	21.8%	-4.4%	31.5%	1.7%	9.1%	-19.6%	20.5%	7.2%	9.7%	21.9%
FTSE 100	-0.2%	22.6%	-14.0%	22.1%	-2.2%	10.8%	-28.8%	9.0%	3.5%	-18.6%	-6.1%
ALSI	15.7%	34.1%	-21.2%	15.3%	-11.3%	13.6%	-38.3%	26.2%	0.3%	-18.2%	-6.8%
MSCI ACWI	7.9%	24.0%	-9.4%	26.6%	0.0%	9.0%	-21.4%	19.2%	6.1%	4.7%	16.5%
MSCI Emerging Market	11.2%	37.3%	-14.6%	18.4%	-4.2%	11.8%	-23.6%	18.1%	2.2%	0.5%	14.5%
Euro Stoxx 50	0.7%	24.4%	-16.2%	25.7%	-1.1%	8.3%	-27.1%	20.3%	4.5%	-5.4%	6.0%



Global equities

5 years to 31 August 2020 (All in US dollars)

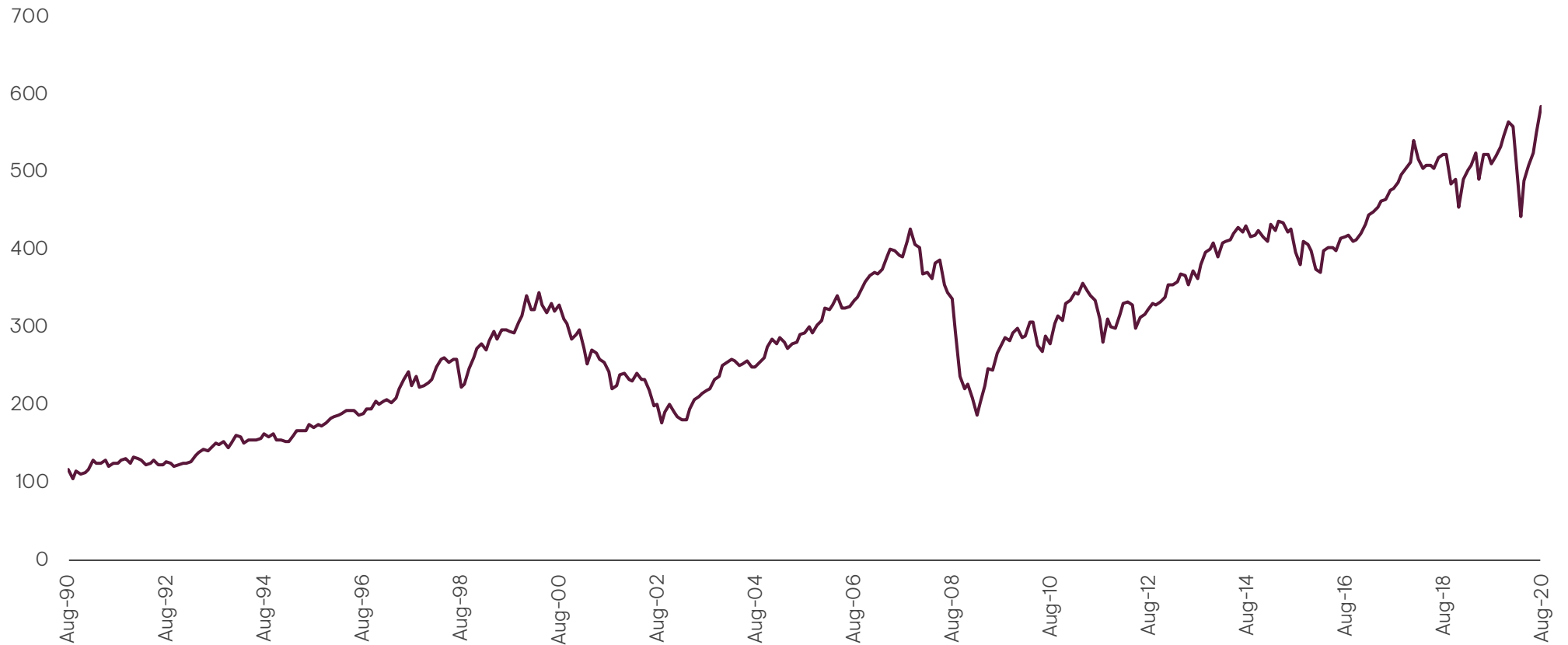


All in US Dollars	Cumulative return	Annualised return
Nikkei 225	55.0%	9.2%
S&P 500	96.5%	14.5%
FTSE 100	1.2%	0.2%
ALSI	1.4%	0.3%
MSCI ACWI	62.6%	10.2%
MSCI Emerging Market	51.5%	8.7%
Euro Stoxx 50	21.5%	4.0%

MSCI All Countries World Index

Global equities

MSCI ACWI (in US\$) (585)



Global equities: trailing PE ratio

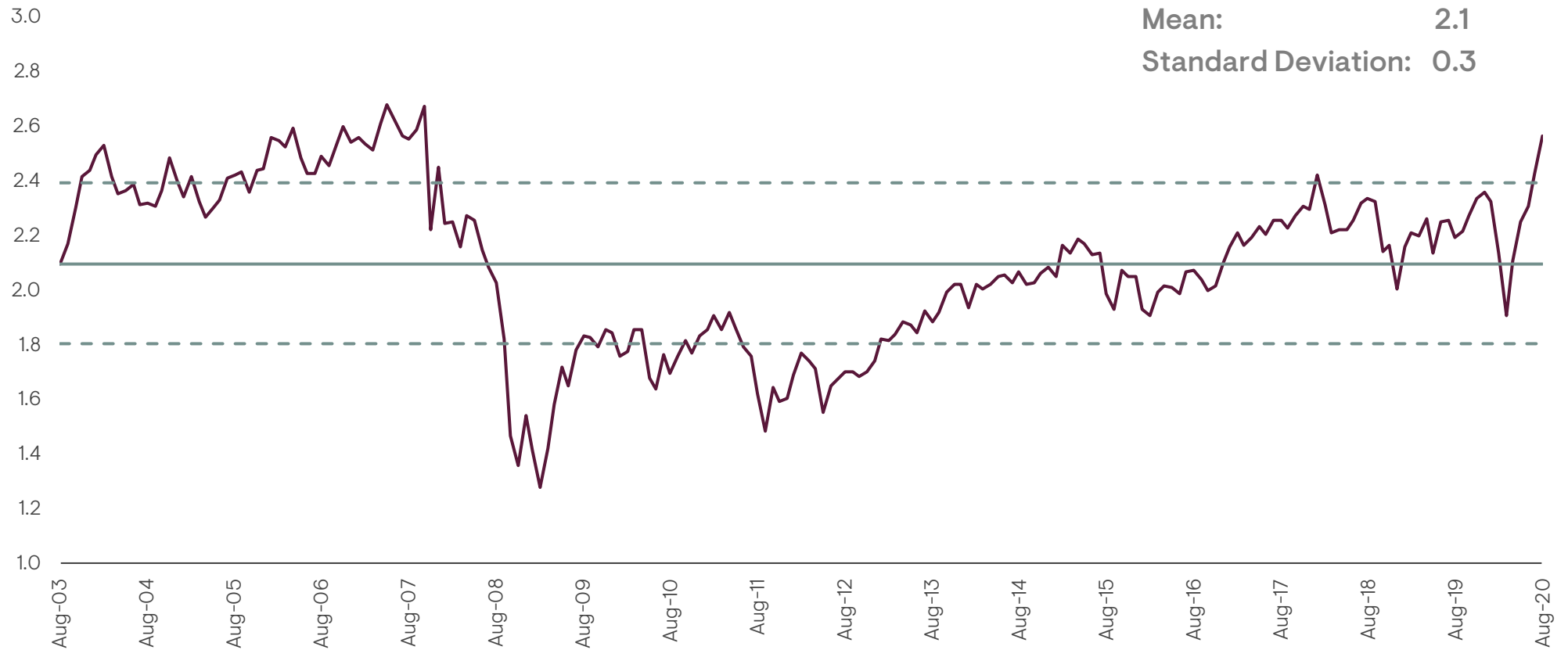
MSCI ACWI PE ratio (28.2)

Mean: 20.1
Standard Deviation: 5.1



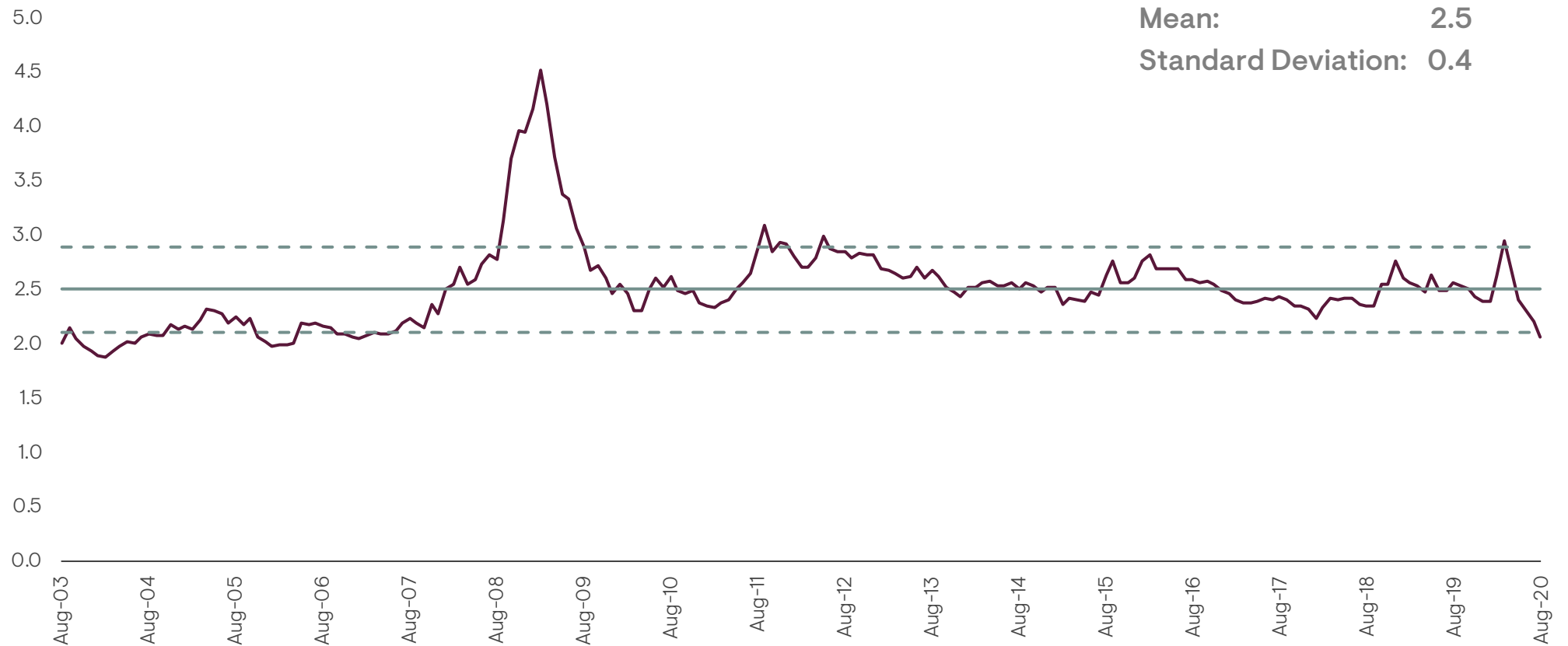
Global equities: price to book ratio

MSCI ACWI price to book ratio (2.6)



Global equities: dividend yield

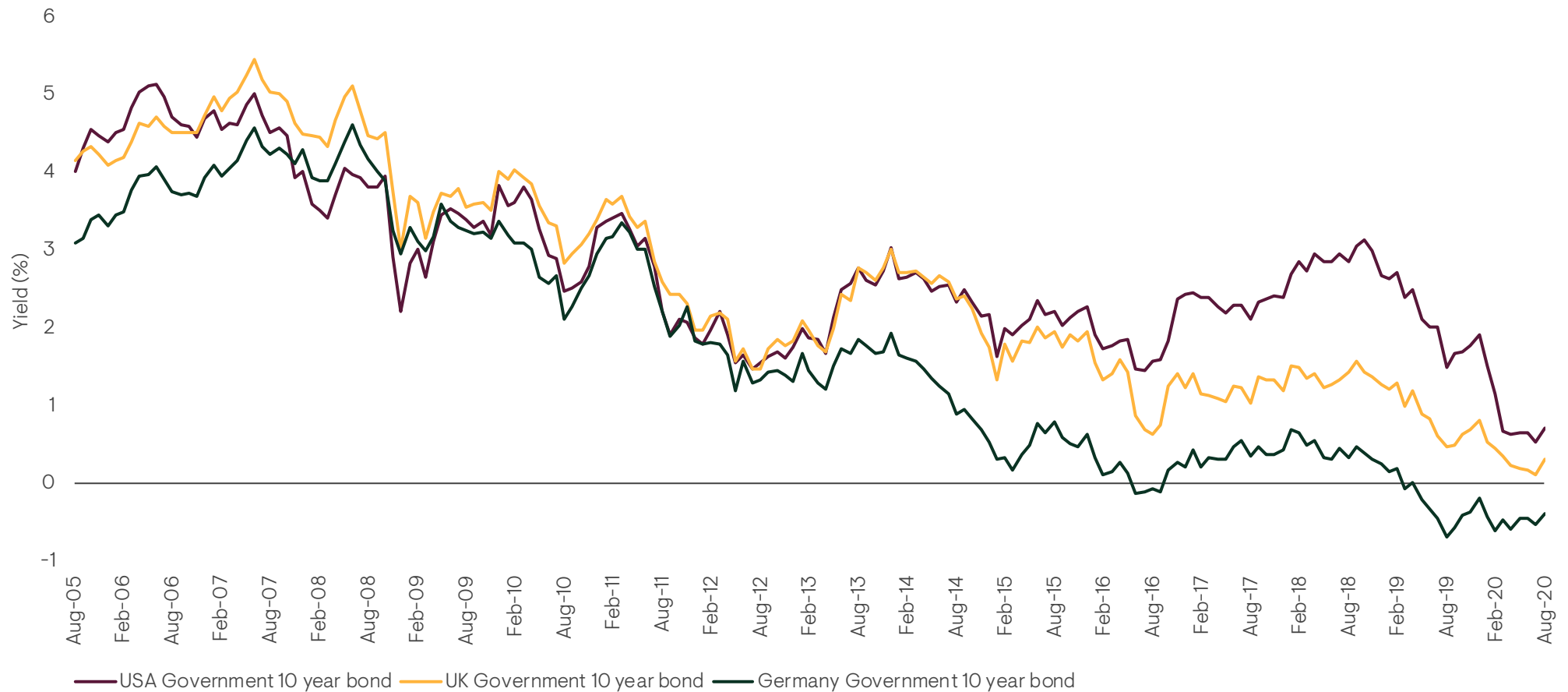
MSCI ACWI dividend yield (2.1%)





Developed market government bond yields drifted upwards in August

Developed market 10 year government bond yields:
USA (0.7%), UK (0.3%) & Germany (-0.4%)



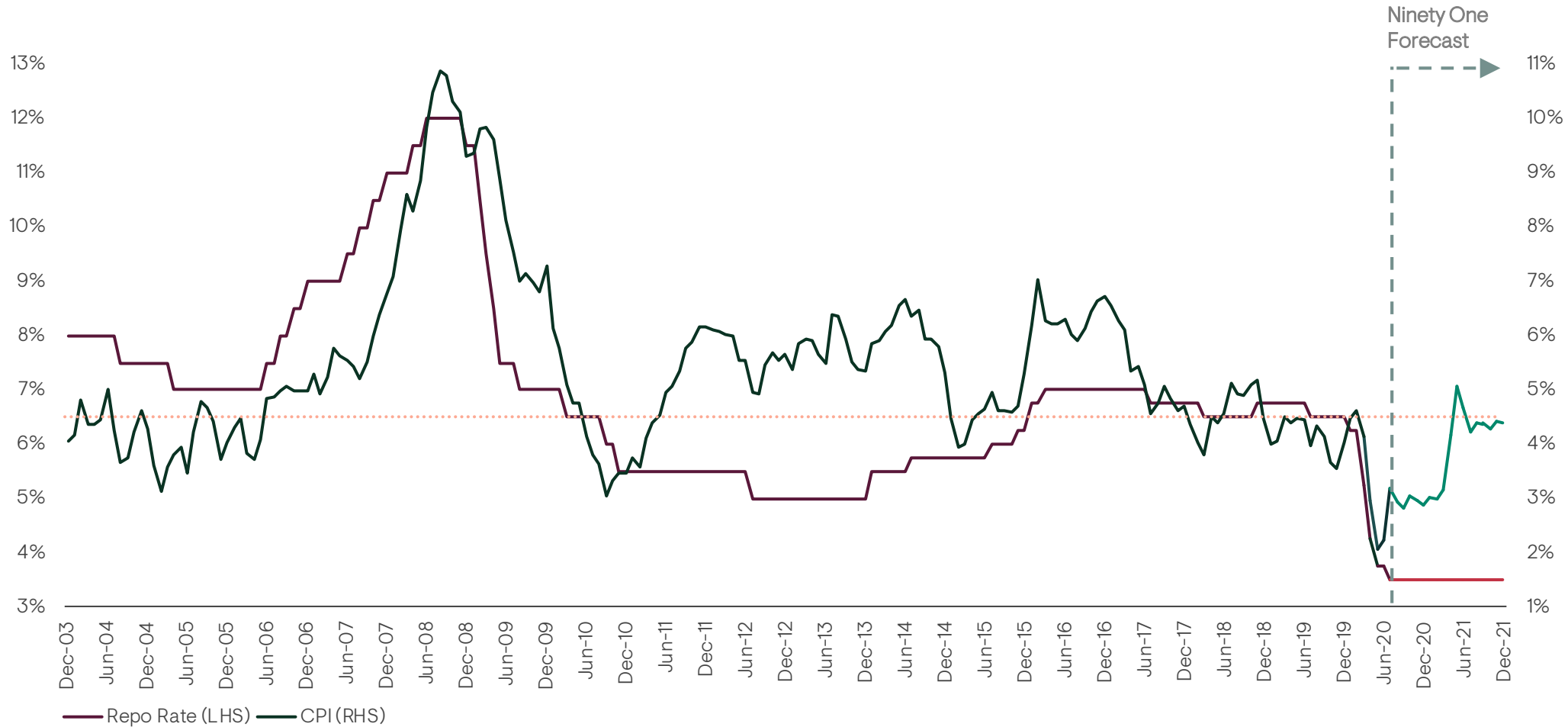
Economic developments





Inflation set to remain contained within target band

SA inflation and interest rate expectations

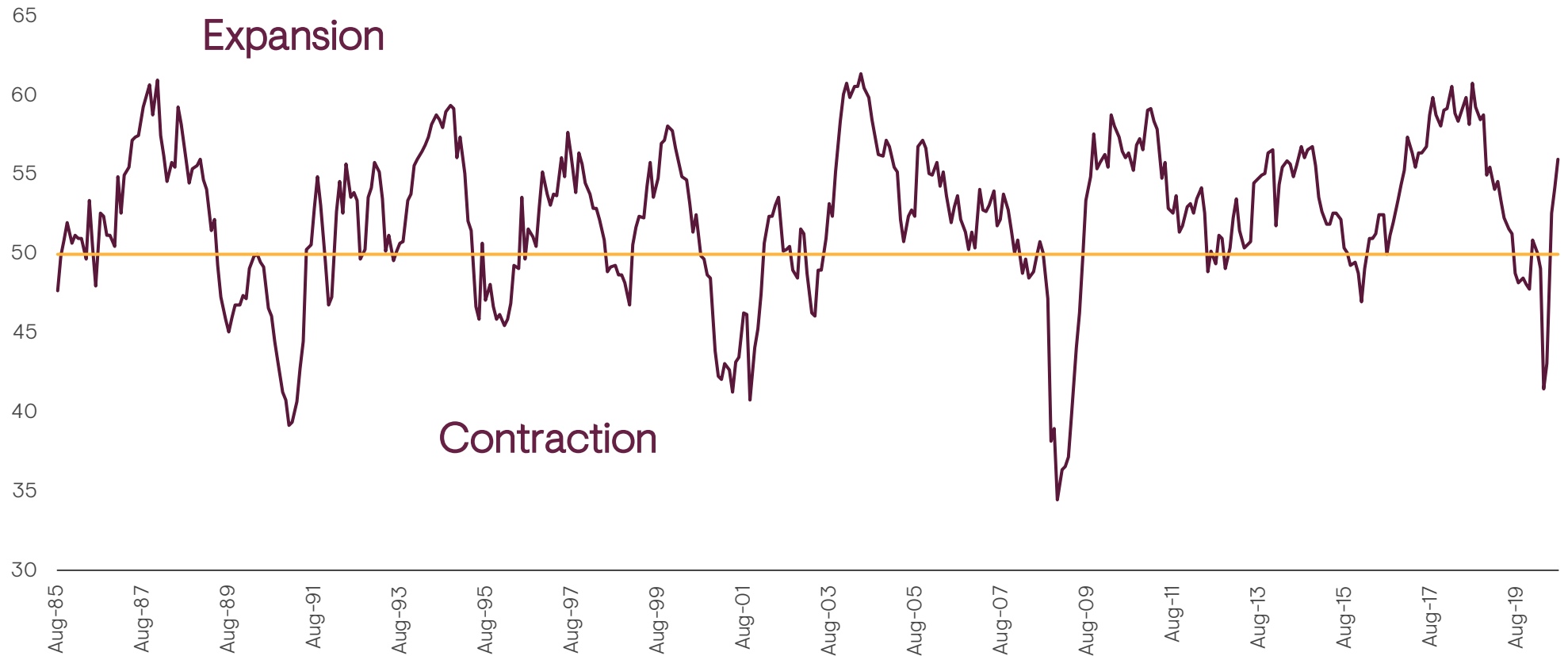


Forecasts are inherently limited and are not a reliable indicator of future results.
Source: Ninety One as at 31 August 2020



US manufacturing sentiment continued to track higher in August

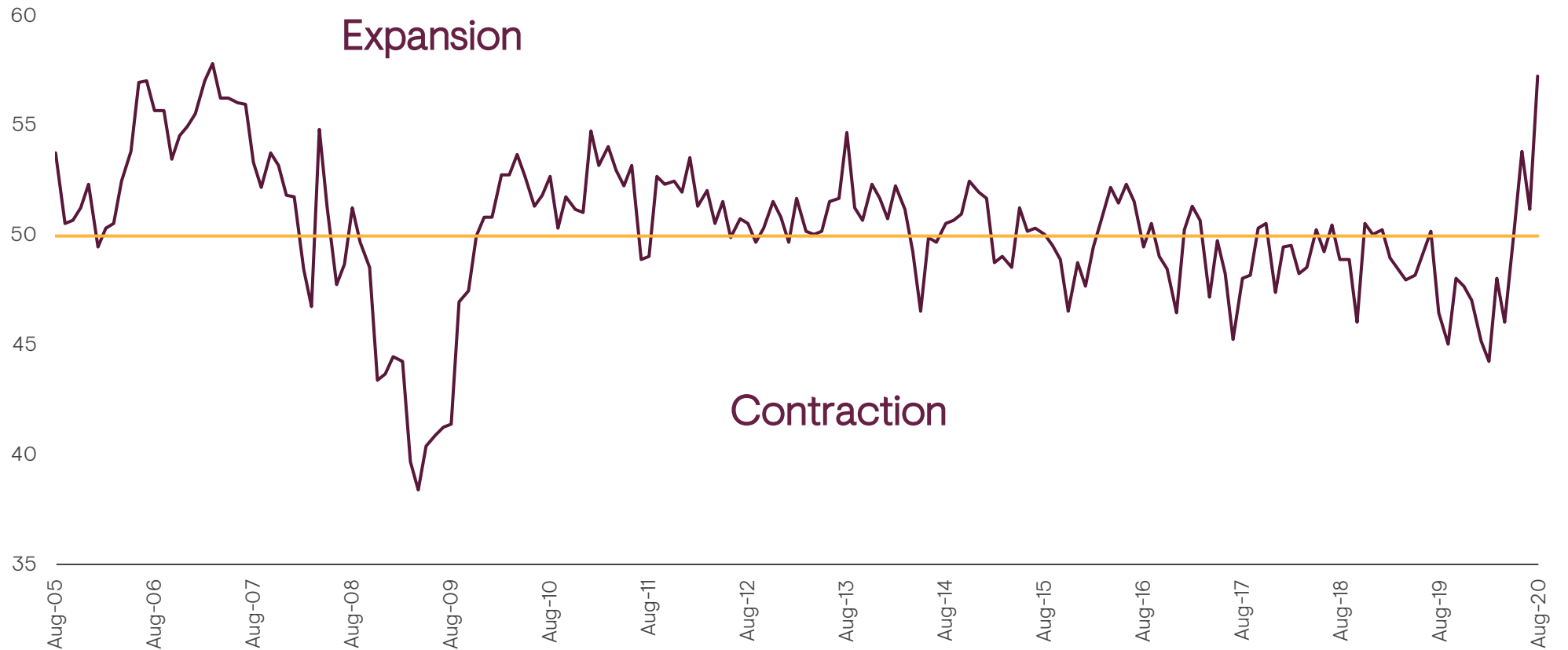
US Institute for Supply Management Index (56.0)





SA manufacturing – sentiment improved in August

SA Purchasing Managers' Index (57.3)

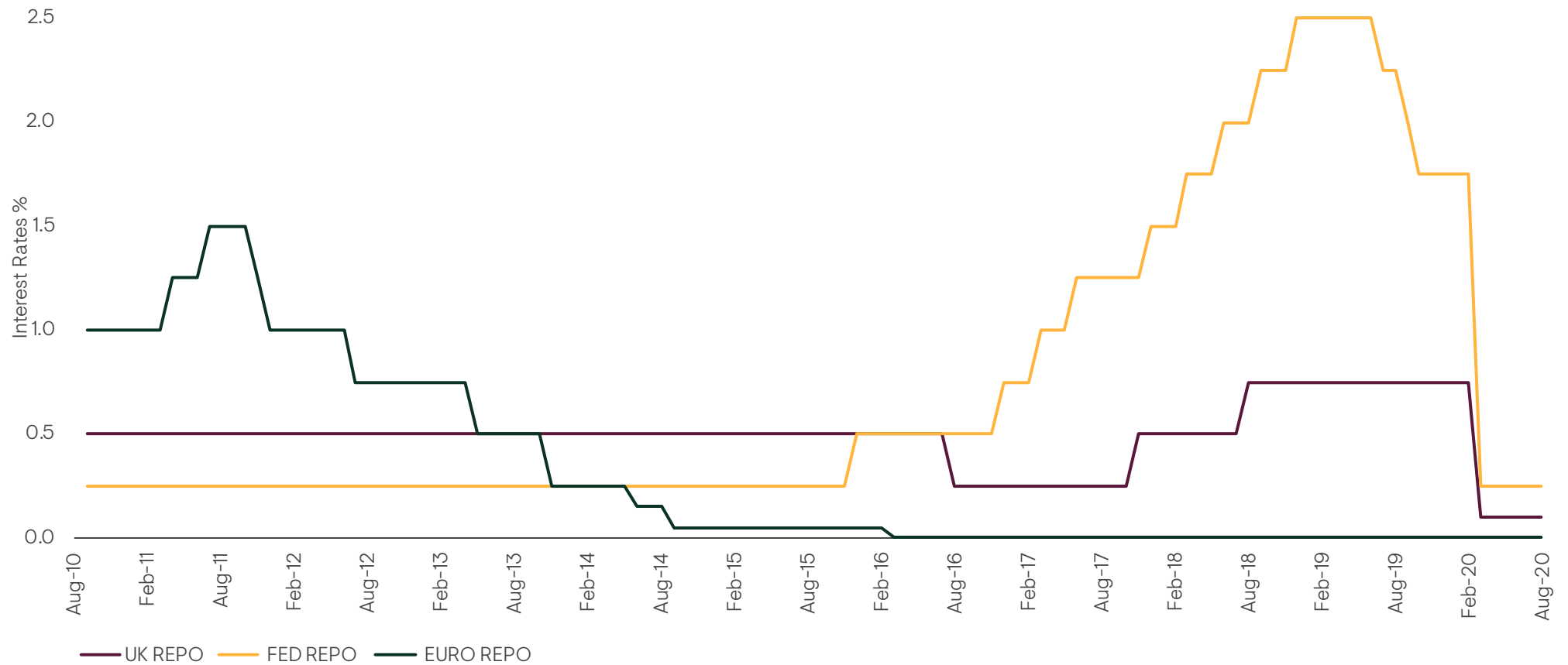




European, UK and US rates remain very accommodative

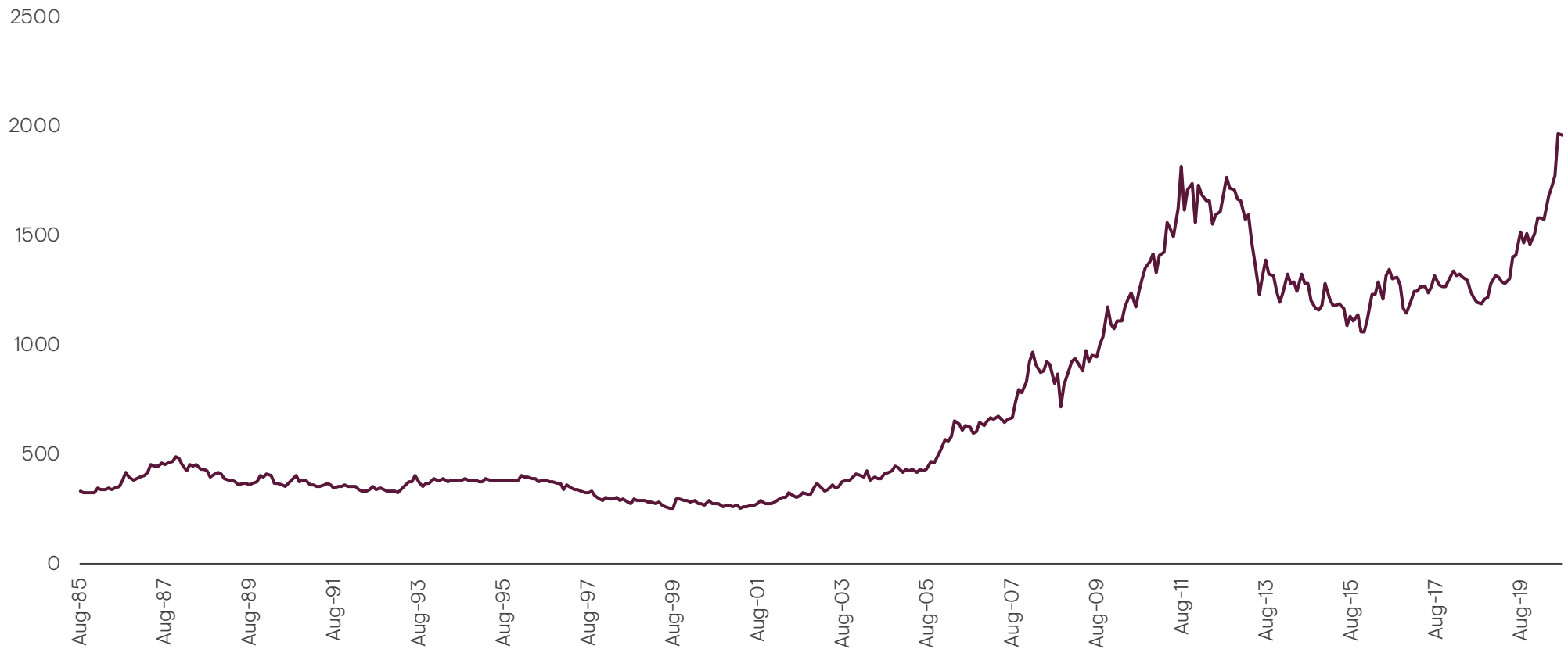
Developed market short-term interest rates:

UK (Clearing bank rate, 0.10%), US (Fed funds rate, 0.25%), EU (repo rate, 0.00%)



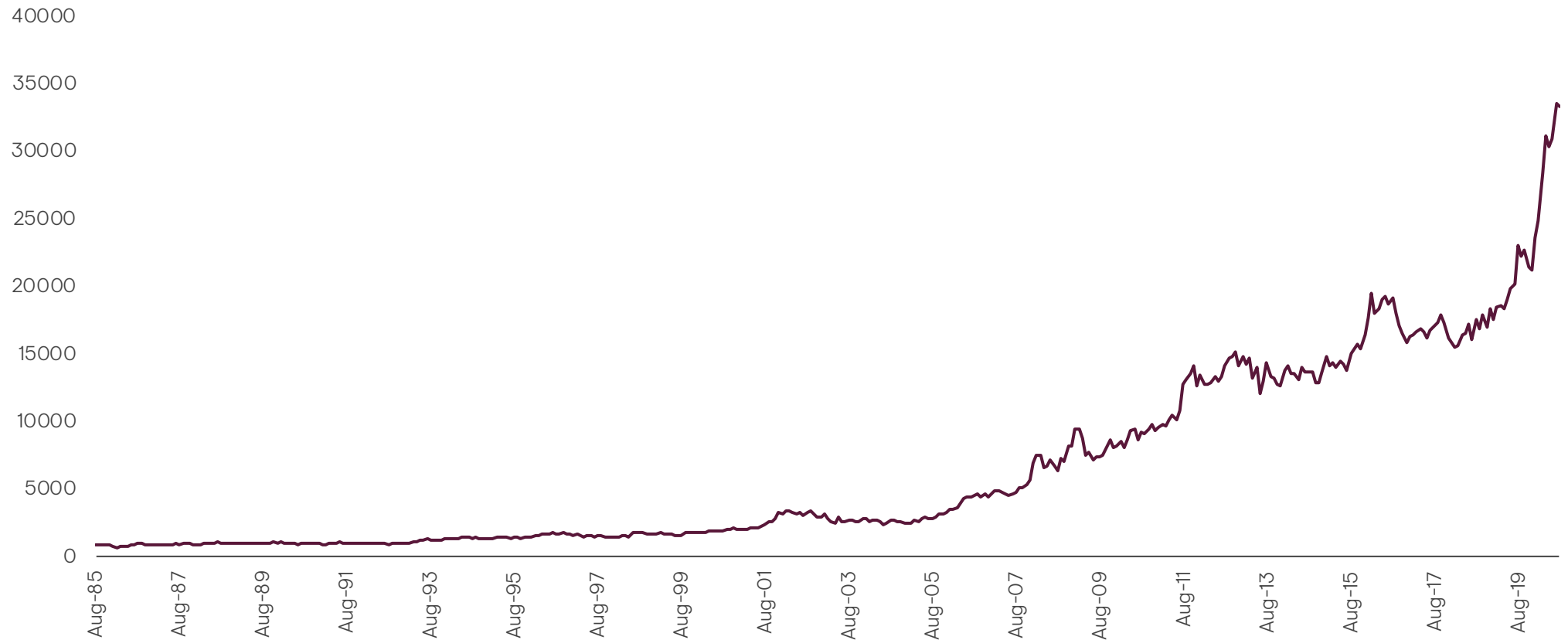
US\$ gold price plateaued in August

Gold in US\$ terms (\$1,968/ounce)



Rand gold price dipped slightly in August

Gold price in SA rand terms (R33,399/ounce)



US\$ oil price firmed in August

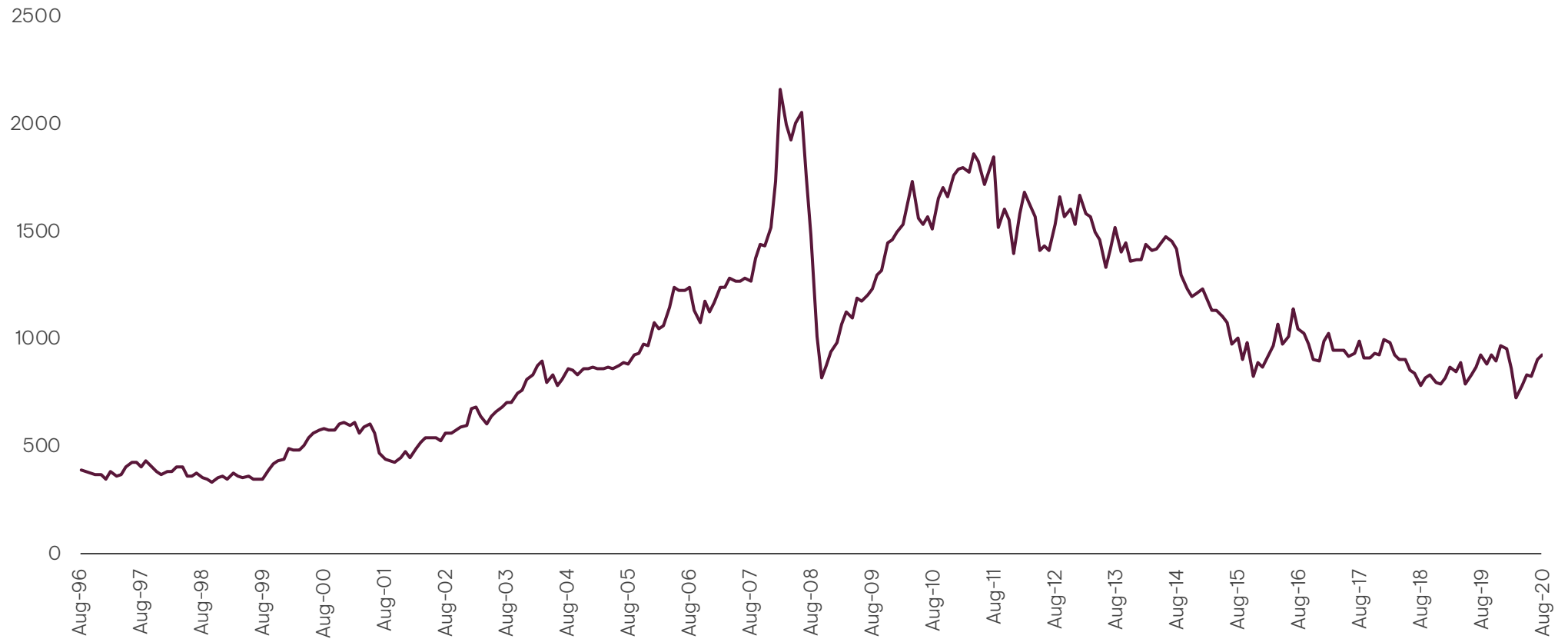
Crude oil in US\$ terms (\$45.28/barrel)





US\$ platinum price strengthened in August

Platinum price in US\$ terms (\$933/ounce)



Rand platinum price rose in August

Platinum price in rand (R15,786)





Thank you

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