



MARKETS AND ECONOMICS

April provided another strong batch of returns as general positive sentiment, driven by increasing levels of global stimulus, stronger global growth combined with a weakening United States (US) dollar and strong corporate results supported capital flows into growth assets. Market optimism seemed to rely on the return of normal consumer spending/behaviour as vaccine rollouts and the easing of restrictions gain momentum across most countries, with highly accommodative policies acting as a backstop. This came as the US Federal Reserve, once again, assured the market that they will maintain interest rates at current levels and continue to support the economy. There were, of course, a few intramonth hiccups, including the blockage of the Suez Canal (clearing close to \$10 billion worth of goods daily and accounting for around 10% of all global trade), the dire conditions in India following a second wave of COVID-19 and the proposal for a near doubling of capital gains tax by US President Joe Biden (at least to the benefit of the fiscal position).

US, United Kingdom (UK) and French equity markets were the place to be in April, while Asian markets were, once again, plagued by regulatory concerns as Chinese authorities ordered various internet platforms to strengthen their compliance. Locally, the equity market posted muted returns compared with our offshore competitors, albeit still positive. Returns were primarily driven by property stocks and resource counters that followed commodity prices higher. The big industrial listings of Naspers and Prosus were the primary detractors, losing -3.7% and -6.3% respectively in April.

In terms of local economic data, the following were a few key releases during April:

- + Inflation moved slightly higher to 3.2% year-on-year in March (it was 2.9% in February), primarily driven by the food and non-alcoholic beverages and transport categories.
- + The manufacturing Purchasing Managers' Index (PMI) dropped to 56.2 in April (it was 57.4 in March) but continues to show expansion in manufacturing activity.
- + South Africa reached its highest monthly trade surplus (R52.77 billion) ever recorded in March, as exports jumped close to 30%.
- + After experiencing a dip in January, retail sales rose 2.3% year-on-year in February (from 6.9% in the previous month). This was the first month of positive retail sales (on a yearly basis) since March 2020 when the national lockdown was first implemented.

Globally, the following economic indicators are worth noting:

US:

- + The US gross domestic product (GDP) growth jumped 6.4% quarter-on-quarter (annualised) for Q1, slightly ahead of expectations.
- + The US manufacturing PMI moved slightly higher to 60.5 in April (from 59.1 in March), confirming a strong expansion in manufacturing activity.
- + US inflation rose to 2.6% in March (it was 1.7% in February), primarily driven by energy costs.

Europe:

- + The Eurozone manufacturing PMI rose to 62.9 in April, slightly higher than the previous month's 62.5, signalling the fastest pace of expansion since June 1997.
- + Eurozone inflation rose to 1.6% year-on-year in April, the highest level since April 2019.
- + The Euro Area economy dipped 0.6% quarter-on-quarter (-1.8% year-on-year) in Q1. Germany, Italy and Spain contracted over the period, while France's economy expanded slightly.

China:

- + The Chinese economy grew an impressive 18.3% year-on-year (0.6% quarter-on-quarter) in Q1, highlighting a rapid recovery from the COVID-19-induced contraction in 2020.
- + China's official manufacturing PMI for April came in at 51.9, up from 50.6 in the previous month, thanks to new orders and increasing exports.

JSE All Share 0,97% 66 937,00 ▲	MSCI World (USD) 4,65% 2 938,76 ▲	MSCI EM (USD) 2,49% 1 347,61 ▲
SA Bonds 1,90% 759,89 ▲	SA Property 11,68% 315,37 ▲	CPI (y/y) 3,20% 119,30 ▲
Gold 5,17% 1 772,10 ▲	Platinum 3,73% 1 200,98 ▲	Oil 6,41% 66,76 ▲
\$/R -1,90% 14,50 ▼	€/R 0,53% 17,42 ▲	£/R -1,67% 20,03 ▼