

Wednesday 15 April 2020

Local overview

Quick view | Selected indicators

Indicator	Close	1d %	1m %	6m %	ytd %	1y %	5y %
All Share	49874,5	3,88	12,90	-9,68	-12,63	-14,61	-6,45
Top 40	45580,9	3,98	15,46	-7,19	-10,30	-12,58	-3,10
Financial 15	10592,4	2,59	-12,31	-33,43	-32,43	-37,21	-39,90
Industrial 25	68895,8	2,33	14,79	0,12	-0,59	-4,27	1,88
Resource 10	43967,3	7,02	35,92	-0,58	-10,74	-8,37	8,45
Property - (J253)	1215,7	9,47	-10,74	-36,11	-35,23	-36,14	-39,40
Banks	5684,9	0,71	-16,34	-37,84	-34,89	-40,18	-32,19
Mid Cap	55991,9	4,04	-3,39	-21,82	-27,78	-22,86	-26,18
Small Cap	35687,7	4,09	0,93	-22,68	-22,36	-25,71	-40,33
ALBI	661,2	2,20	-2,45	-5,19	-6,02	-0,86	31,83
STeFI	449,4	0,09	0,58	3,45	1,95	7,23	41,75

[Click here for the full list of indicators](#)

[Click here for the closing prices of all JSE listed companies](#)

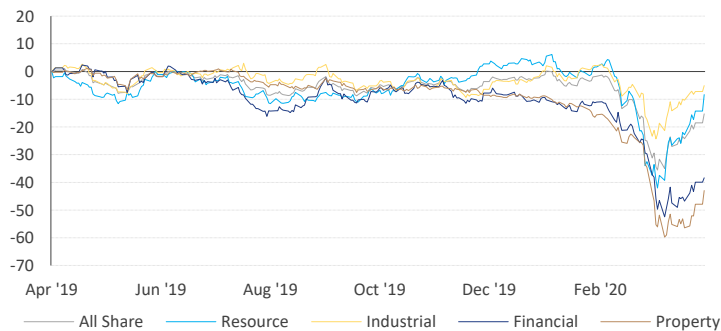
Market update

The South African Reserve Bank made headlines on Tuesday, as the MPC lowered the repo rate by 100bps to 4.25%. The move follows central bankers from across the globe in providing monetary support to combat the impact of the coronavirus. South Africa has been in lockdown in an attempt to flatten the curve, with many businesses struggling to keep their doors open. The lower interest rate might offer some short term relief. As hotspots around the world record lower new infections, global investors are piling into risky assets as optimism grows that the number of new cases might have peaked. The JSE All-Share index jumped 3.88% on the day, as the Resources index rose 7.18% and the Gold miners surged 19.87%.

The government's weekly bond auction saw the R186, R2032 and R2037 on offer. The shorter end of the curve was heavily over-subscribed with the bid-to-cover ratio at 6.13 on the R186. This comes after the SARB surprised the market with a 100bps cut in the repo rate, leading the SA 10Y to its strongest levels over the last month.

After the SARB announced a surprised 100bps interest rate cut to the country's repo rate, the local currency erased its early gains, led by better than expected trade data from China. The currency is facing pressure locally as the country heads into its fourth week of a mandatory lockdown. This has put a large amount of pressure on SMMEs and citizens alike, while the rate cut is an attempt to support the local economy. At the close of the JSE at 17:00, the rand had lost 0.95% and was trading around R18.29 to the USD, while the rand continued to weaken further.

JSE sector breakdown | Normalised % performances comparison



Equities | JSE All Share companies

Best one-day % performances	Code	Close	1d %	1y %
Steinhoff Int Hldgs N.V.	SNH	138	35,29	-20,23
Fortress REIT Ltd B	FFB	240	33,33	-77,36
KAP Industrial Hldgs Ltd	KAP	270	28,57	-62,76
Sibanye Stillwater Ltd	SSW	3679	26,43	164,68
Rebosis Property Fund Ltd	REB	25	25,00	-84,28
Intu Properties plc	ITU	137	24,55	-92,65

Equities | JSE All Share companies

Worst one-day % performances	Code	Close	1d %	1y %
Brimstone Inv Corp Ltd-N	BRN	500	-18,03	-45,95
Sun International Ltd	SUI	1770	-11,50	-63,80
Sasol Limited	SOL	6942	-6,81	-85,12
Sappi Ltd	SAP	2177	-4,60	-68,52
Cashbuild Ltd	CSB	14715	-3,92	-43,12
PSG Konsult Limited	KST	740	-3,90	-27,73

In the news

PSG Konsult – Results – 8% growth in HEPS

PSG Konsult released reviewed results for the full year ended 29 February 2020, which saw core income rise 10% to R5bn while recurring HEPS jumped 8% to 48.1 cents from 45.6 cents in the previous period. Total assets under management (AUM) increased by 3% to R230bn for the full year. The group raised its total dividend by 10% to 22.5 cents. The group stated they have been investing in systems and processes to the tune of R1bn.

Capitec – Results – Profits rise 19%, but opts to skip final dividend

The banking group's reported headline earnings rose 19% to R6.28bn or 5428 cents from 4577 cents in line with its guidance for the year ended 29 February. The group managed to grow its client book by 22% to 13.9 million, adding nearly 200K new customers every month. The lender previously aimed to pay around 40% of profits to shareholders, but opted to preserve capital to allow for prudent lending to clients as per the request from the SARB to support the economy.

Bidcorp – Update – Strong recovery in Chinese volumes

The group provided an update relating to its trading environment, focussing on the COVID-19 virus and its impact. The group is experiencing a quick recovery in demand from China, as volumes are approaching 2019 levels. However, in the other major markets, the group is experiencing a short-term decline of volumes ranging from 45% to 70%, compared to the previous period.

JSE All Share | 2019 vs 2020



Discovery funds | Selected funds

Annualised Returns

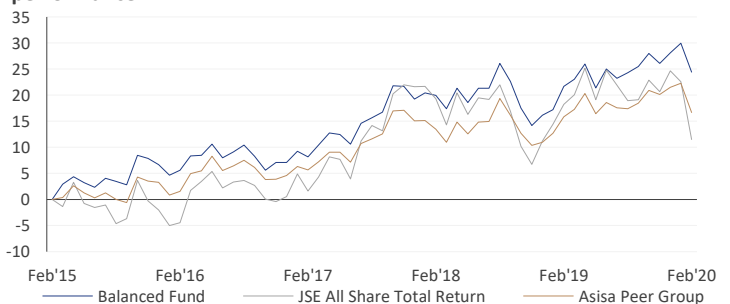
Fund name		1y %	3y %	5y %
Balanced	Download	-8,05	1,03	2,07
Moderate Balanced	Download	-6,12	2,33	3,08
Cautious Balanced	Download	-2,92	4,20	4,41
Diversified Income	Download	5,63	7,31	7,42
Equity	Download	-7,61	-1,33	0,95
Flexible Property	Download	-43,21	-19,49	-11,43
Money Market	Download	7,14	7,29	7,22

Did you know?

J.P. Morgan was famed for taking over failing businesses, and reorganising them into a more profitable enterprise.

Disclaimer: 1y, 3y, 5y figures are annualized. All the tables and/or figures are sourced from Iress and are shown net of fund management fees at as 15/4/2020.

Discovery Balanced Fund Return | Five-year normalised performance



Wednesday 15 April 2020

International overview

Quick view | Selected indicators **Cumulative Returns**

Indicators	Close	1d %	1m %	6m %	ytd %	1y %	5y %
Dow Jones	23949,8	2,39	3,30	-10,59	-16,08	-9,32	32,78
S&P 500	2846,1	3,06	4,98	-4,05	-11,91	-2,11	35,80
FTSE	5791,3	-0,88	7,92	-19,72	-23,22	-22,13	-18,15
Eurostoxx 50	2917,7	0,86	19,07	-18,92	-22,16	-15,75	-20,59
Nikkei 225	19638,8	3,13	12,67	-9,91	-16,98	-10,20	-1,36
Gold (\$)	1726,8	0,84	12,88	15,65	13,82	33,81	44,79
Brent Crude (\$)	30,0	-5,60	-13,39	-49,29	-54,52	-58,01	-50,04
R/\$	18,30	1,04	12,55	23,37	30,71	31,02	52,35
R/€	23,10	2,04	15,37	23,62	24,45	26,52	30,14
R/¥	20,10	1,72	11,66	22,88	28,08	27,33	57,03
Bitcoin/\$	6842,4	-0,04	36,45	-16,61	-4,88	30,69	3022,12
Ethereum/\$	157,6	0,84	42,48	-13,12	21,60	-5,98	--

Interest rates | Selected indicators

Area	Date Changed	Previous Rate	Current Rate
United States Fed Funds Rate	15 Mar 2020	1,00%-1,25%	0,00%-0,25%
Bank of England Rate	19 Mar 2020	0,25%	0,10%
European Central Bank Rate	10 Mar 2016	0,05%	0,00%
South African Repo Rate	14 Apr 2020	5,25%	4,25%
South African Prime Rate	14 Apr 2020	8,75%	7,75%

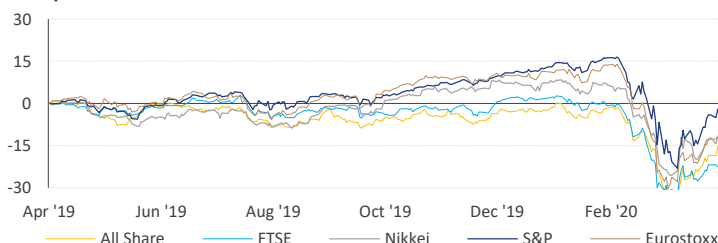
Market update

Wall Street rallied sharply on Tuesday as Q1 corporate earnings season kicked off, with investors hoping to gain more insight into the financial impact of the coronavirus and if any of stimulus the packages introduced by US policymakers assisted corporates. Global investors were bullish across the board as optimism rose on the hopes the spread of the virus has peaked. US officials followed their European counterparts, as they discussed the re-opening of various US States and the easing of restrictions in an attempt to get to world's largest economy operating again. The Dow Jones gained 2.39%, while the S&P 500 increased 3.06% and the tech-heavy Nasdaq Composite surged 3.94%, with Amazon jumping 5.27% to record a new all-time high (ATH).

Although the regional benchmark Stoxx 600 closed in the green, the major indices in the financial hubs were mixed on the day. The Frankfurt DAX increased 1.25%, followed by the CAC in Paris, climbing 0.38%, while the FTSE in London closed 0.88% lower. European countries, including former virus hotspots Italy and Spain, are now investigating the removal of some restrictions in an attempt to re-open their economies. Spain started to re-open some construction and manufacturing sites, with Italy also looking to allow some businesses to re-open. This lifted global sentiment as the world's economies are slowly returning to normal.

Financial markets in the Asian Pacific region were mostly mixed this morning, as investors grapple between a strong surge on Wall Street overnight and the continuous developments surrounding the coronavirus pandemic. This comes after the International Monetary Fund (IMF) warned that the global economy could see the worst recession since the Great Depression in the 1930's. The Japanese Nikkei slipped 0.15%, while the Shanghai Composite in Mainland China was mostly flat.

Selected global indicators | Normalised % performances comparison



Economic calendar | Selected events and releases

Time	Area	Event/release	Period	Expected	Previous
2:30am	AUD	Westpac Consumer Sentiment	Mar	---	-3.8%
2:30pm	USD	Core Retail Sales MoM	Mar	-5.0%	-0.4%
2:30pm	USD	Retail Sales MoM	Mar	-8.0%	-0.5%
2:30pm	USD	Empire State Manufacturing Index	Mar	-35.2	-21.5
2:30pm	USD	Business Inventories MoM	Mar	-0.4%	-0.1%
2:30pm	USD	NAHB Housing Market Index	Mar	56	72
4:30pm	USD	Crude Oil Inventories	Mar	---	15.2M
8:00pm	USD	Beige Book	Mar	---	---
10:00pm	USD	TIC Long-Term Purchases	Mar	---	20.9B

10-year bond yields | Selected indicators [Click on the region to see graphs](#)

Region	Yield %	One day ago	One month ago	One year ago
United States	0,74	0,77	0,81	0,74
United Kingdom	0,33	0,29	0,16	1,20
Germany	-0,38	-0,35	-0,38	0,06
Japan	0,01	-0,01	-0,10	0,01
SA	8,82	8,96	9,00	8,70

In the news

JPMorgan – Results – Profit plummets 69%, due to coronavirus

America's largest bank by assets, JPMorgan posted Q1 earnings on Tuesday which fell well below analysts' expectations. However, the group's revenue stood solid amid the coronavirus pandemic. The company added R6.8Bn to loan loss provision, as management expects a flood of defaults across its lending division, this pushed its net income to \$2.9Bn or 69% lower compared to \$9.2Bn in the previous year. EPS came in at 78 cents vs the expected 184 cents per share.

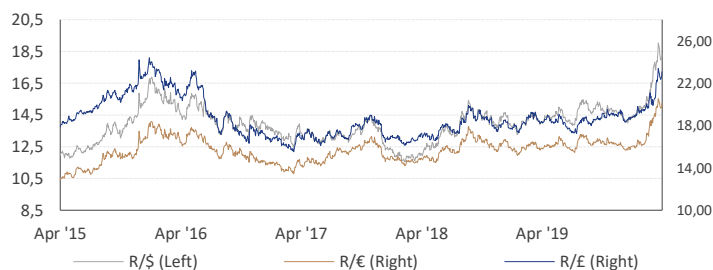
Johnson & Johnson – Results – Tops Wall Street's expectations

The drug maker is the first to report earnings which will include the period capturing the Covid-19 outbreak. The group topped Wall Street's earnings and revenue expectations, reporting adjusted earnings per share of \$2.30 vs expectations of \$2.00. The pharma giant generated \$20.7Bn in revenue, higher than the \$19.47Bn that was expected. The company however, lowered its 2020 outlook to adjust for the coronavirus' impact.

Gold trades at seven-year highs

Gold futures continued to rally, reaching its highest levels in seven years, as global investors hedge their bets against the monetary and fiscal stimulus injected into the markets to offset the impact of the coronavirus. The precious metal traded around \$1736/oz and looks set to reach \$1800/oz over the short term. Brent crude fell as the historic OPEC+ production cut failed to stabilise the market. Demand for the energy commodity remains low as global travel and industrial activity remains severely restricted.

Currency | R/\$ vs R/£ vs R/€



Discovery funds | Selected funds

Annualised Returns

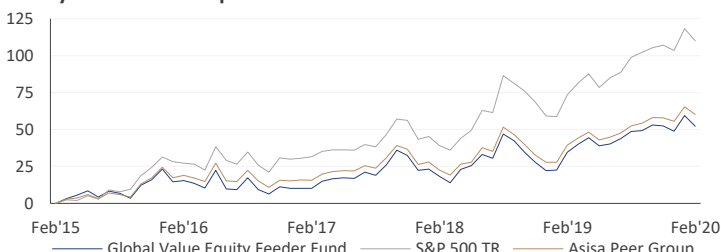
Fund name		1y %	3y %	5y %
Global Balanced Fund of Funds	Download	18,92	9,93	9,03
Global Equity Feeder	Download	11,36	9,84	8,86
Global Real Estate Securities Feeder	Download	1,57	5,71	---
Global Value Equity Feeder Fund	Download	-22,08	-3,00	2,95
Worldwide Best Ideas	Download	-3,25	2,19	1,29

Did you know?

By 1900, J.P. Morgan controlled half of the US' railroads, with interests in 24 separate companies running over 100,000 miles of track.

Disclaimer: 1y, 3y, 5y figures are annualized. All the tables and/or figures are sourced from Iress and are shown net of fund management fees as at 15/4/2020.

Discovery Global Value Equity Feeder Fund Return | Five-year normalised performance



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