

## UNITED STATES

Tourism, travel and entertainment spend initially bore the brunt of the virus outbreak, but the blowback of necessary, widespread social distancing measures has spread to many other sectors, suggesting that, even with a levelling off in new COVID-19 cases, a fully fledged recession is inevitable. An emergency 100-basis point interest rate cut, massive expansion in liquidity provision by the Federal Reserve, tax cuts, cash handouts and public spending aim to protect businesses and consumers from near-term economic disruption, but a drag on services and an already frail manufacturing sector are likely to weigh negatively on near-term growth.

### Forecast 2020:

GDP: -5.1%  
Inflation: 1.3%

### Forecast 2021:

GDP: 1.9%  
Inflation: 1.8%

## EUROZONE

Activity has collapsed by the most in Italy and Spain, given more draconian measures to contain the spread of COVID-19. Although the scale of economic fallout varies in the remainder of the region, the contraction in the Eurozone as a whole is likely to be the worst on record since the Second World War. Although the European Central Bank has responded to the crisis by ramping up asset purchases by an additional €870 billion and introducing a comprehensive package focused on liquidity, solidarity on a coordinated fiscal policy response remains strikingly absent among European governments. Rising tensions over longer-term costs for the economy could in turn feed populist forces.

### Forecast 2020:

GDP: -6.5%  
Inflation: 0.7%

### Forecast 2021:

GDP: 1.0%  
Inflation: 1%

## UNITED KINGDOM

Disruptions in global supply chains and gloomier Eurozone economic prospects will compound the negative effect on growth caused by social distancing behaviour, which has dampened business and consumer spending. The Bank of England cut interest rates to an all-time low, expanded quantitative easing and announced a number of actions to increase lending and liquidity support, while the United Kingdom government announced a fiscal package of 18% of gross domestic product (GDP) to ease the effects of the virus on the economy.

### Forecast 2020:

GDP: -5.7%  
Inflation: 1.2%

### Forecast 2021:

GDP: 1.3%  
Inflation: 1.5%

## JAPAN

Even before the pandemic wreaked havoc on global supply chains, a higher sales tax in Japan and the trade dispute between the United States and China had already dented growth. The disruptive economic effects of the sanctioning of a national emergency are expected to weaken the economy further. The Japanese government is supporting households and businesses through cash transfers, tax deferrals, wage subsidies and lending programmes of around 10% of GDP, while the Bank of Japan aims to boost liquidity and step up its quantitative easing programme to cushion the effects of the virus shock.

### Forecast 2020:

GDP: -4.2%  
Inflation: -0.1%

### Forecast 2021:

GDP: 0.6%  
Inflation: 0.3%

## CHINA

### Forecast 2020:

GDP: 1.1%

Inflation: 3.4%

### Forecast 2021:

GDP: 5.9%

Inflation: 1.6%

While there are tentative signs of a recovery from the growth onslaught brought on by the pandemic, the path ahead for the evolution of the disease and the trajectory for growth remain uncertain. While activity has resumed, businesses are still operating around 20% below normal capacity. The Chinese government has enacted a number of stimulus measures to jolt the economy, but the size and target of the stimulus have been more restrained relative to its response during the global financial crisis, given China's heavy debt load and rising financial risks.

## EMERGING MARKETS

The crippling COVID-19 outbreak has worsened the environment for emerging markets which will suffer the blow of much lower global growth and plunging commodity prices. A proliferation of measures to curb the spread of the virus and a consequent change in consumer and business behaviour will strike retail, recreation and transport sectors the hardest. Parts of Emerging Europe and Emerging Asia have scope to accelerate fiscal and monetary policy efforts. Meanwhile, it will be more difficult to stave off a recession in Latin America and Africa, where capacity is more constrained and where policymakers have been behind the curve.

### Forecast 2020:

GDP: -0.3%

Inflation: 3.8%

### Forecast 2021:

GDP: 3.9%

Inflation: 3.5%

## SOUTH AFRICA

### Forecast 2020:

GDP: -4.9%

Inflation: 2.9%

### Forecast 2021:

GDP: 1.2%

Inflation: 3.5%

An extension of the national lockdown to 35 days and a phasing out of containment measures will squeeze local demand even further. With South Africa's (SA) relatively strong financial and economic integration into the international economy, suppressed international demand and global disruptions in supply chains will slash the country's export volumes. Even with government's announced R500 billion fiscal stimulus package (10% of GDP), the SA economy is unlikely to be saved from a historic contraction in growth this year. Despite the rand reacting poorly to negative global risk sentiment, lower oil prices and a modest currency pass through should result in tame inflation. Although the SA Reserve Bank has already lopped 225 basis points off interest rates since the start of the year, further easing is expected in light of a sharp expected growth contraction and well-behaved inflation.



## The macro research desk

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Herman van Papendorp is the head of the Momentum Investments research and insights team and takes ultimate responsibility for macro research and asset allocation. Economist, Sanisha Packirisamy, is responsible for providing a macro framework to inform investment opportunities and strategies.



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## Economic and market snapshot for April 2020

### Highlights

- United States (US): Consumers are increasingly feeling the effects of COVID-19, and more than half of surveyed respondents believe it will take more than four months for routines to return to normal.
- Eurozone: Survey information indicates a souring in consumer sentiment, more so than in other major countries, as containment measures implemented to curb the spread of COVID-19 weighs negatively on consumer optimism.
- United Kingdom (UK): The lockdown restrictions on business have had notable effects on staffing levels and working hours, which will dampen spending in the near term, despite relaxed credit conditions.
- China: The economy experienced a staggering decline in growth in the first quarter of 2020, as production and spending came to a standstill during the country's lockdown.
- South Africa (SA): Early insight into the effects of the national lockdown and necessary containment measures on SA businesses suggest a significant hit to output and jobs.
- Financial markets: Global equity markets staged a sharp rebound from the low reached on 23 March 2020, but investors remain wary that equities have rallied too far and too fast.

### Global economic developments

#### US

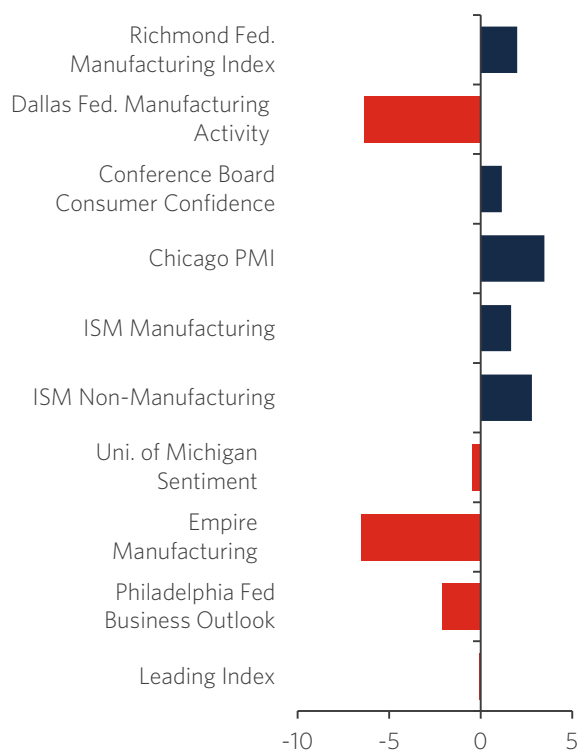
*More than half of surveyed respondents believe it will take longer than four months for routines to return to normal.*

The Conference Board Leading Economic Index (LEI) for the US declined 6.7% in March 2020 to 104.2 points, following a milder decline of 0.2% (revised lower from 0.1%) in February 2020 and surprised the consensus expectation to the downside (see chart 1). This was the largest decline in the LEI in its 60-year history, overtaking the 3.4% drop in October 2008 during the global financial crisis. Although the deterioration was broad based across the contributing sub-indices, the largest detractor came from initial claims for unemployment insurance and the equity market.

The LEI corroborates other high-frequency data, which indicated a sharp slowdown in economic growth in the US for the second quarter of the year. The real gross domestic product (GDP) Nowcast of the Federal Reserve (Fed) Bank of St Louis crashed to a reading of negative 15.4% for the first quarter of the year. The Nowcast models from the New York Fed and Atlanta Fed expected a shallower contraction of 0.4% and 0.3%, respectively. Meanwhile, manufacturing and survey data have contributed to the second quarter Nowcast of the New York Fed dropping to negative 7.9%. The median of a sample of 31 contributors to the Bloomberg consensus project a contraction of 30% in US GDP in the second quarter of

the year, but expect a significant bounce of 14.8% in the third quarter of 2020.

**Chart 1: Surprise data for the leading indicators in the US (net %)**



Source: Bloomberg, Momentum Investments

However, survey data suggesting some prolonged changes to consumer behaviour in certain industries may result in a slower return to normal or forgone output, which could result in a downside surprise to the third-quarter growth estimate.

Survey data collected by McKinsey between 13 and 19 April 2020 suggest that consumers are increasingly feeling the effects of COVID-19 and a cutback to spending is likely to follow. More than a third of respondents strongly agreed with the statement that their income has been negatively affected by COVID-19. The data also showed that nearly three quarters of respondents believe their finances will be affected for more than two months by the COVID-19 situation.

The survey detail also outlined the possibility for a reduction in in-person activities, such as travel,

entertainment (movies, concerts and events) and shopping at malls in a post-COVID-19 world. More than a quarter of respondents highlighted their intention to decrease local travel, 35% suggested a cut to international travel and 30% proposed a reduction in activities such as going to movies, concerts and other events. Moreover, 89% of respondents believe it will take more than two months before routines can return to normal, with 56% believing it could take more than four months.

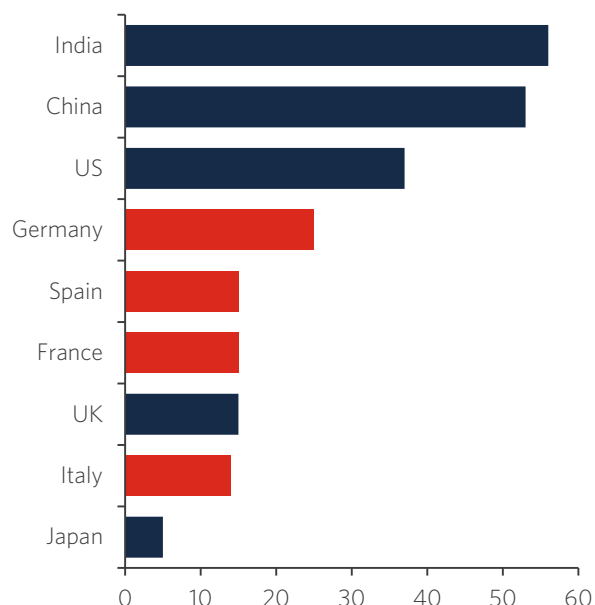
### Eurozone

*The consumer climate has soured more relative to some other countries.*

In a consumer confidence survey spanning 38 countries, McKinsey found that European countries, which have been hit hard by the COVID-19 pandemic, are considerably less optimistic than some of their counterparts (see chart 2).

**Chart 2: Consumer sentiment varies significantly**

Optimism about country's economic recovery after COVID-19 (percentage of respondents)



Source: McKinsey, Momentum Investments

The GfK Consumer Climate Index for March 2020 confirmed this trend, showing a steep 20-point decline in European economic expectations relative to the previous month. The index measuring consumers'

willingness to buy dipped 13 points, while income expectations dropped by 9 points. Within countries, the sharpest drop was observed in Italy (down 43 points) and France (29 points lower).

GfK's forecasts for Germany in May based on data collected in the first two weeks of April 2020 show a sharp fall to a historic low of negative 23.4 points. The steep collapse is likely due to the economy experiencing the full effects of the containment measures instituted at the time.

Given that an easing of the COVID-19 containment measures may be phased in, subdued confidence could persist in the coming months, weighing negatively on growth into the third quarter of the year.

## UK

*The effects of the lockdown on staffing levels and working conditions have been notable.*

In a survey conducted between 6 April and 12 April 2020 (for the period 23 March to 5 April 2020), the Office for National Statistics reported the closure of a quarter of companies in the UK in response to the lockdown imposed by government on 23 March 2020.

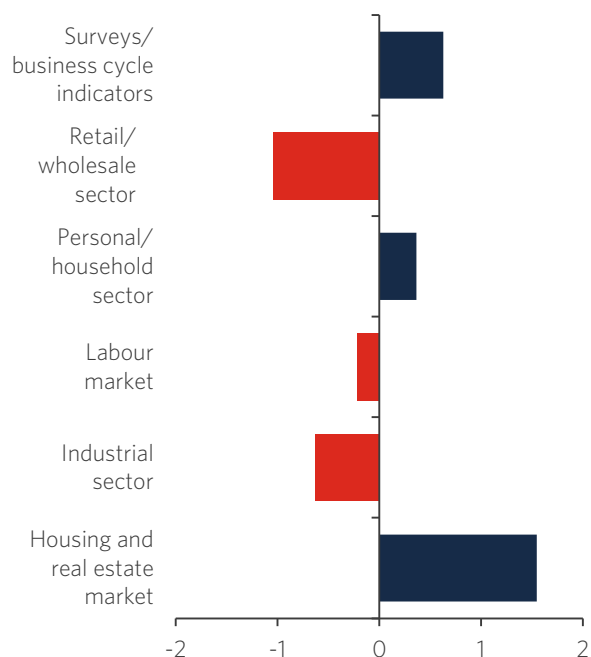
The survey showed that 38% of firms were operating at a substantially lower turnover than normal, while 17% reported that their turnover ranked only slightly below normal levels. This sentiment is corroborated in the data surprises observed in the retail sector, where high-frequency data for retail and wholesale trade surprised expectations considerably to the downside (see chart 3).

The effects of the lockdown on jobs has been notable. The survey showed that 40% of firms, which had continued to operate between 23 March 2020 and 5 April 2020 cut staffing levels, while 29% reduced working hours.

While lenders are expected to increase their issuance of credit to firms and households, as a result of a package of measures announced by the Bank of England (BoE) to help UK households and businesses to manage the economic shock, the BoE Credit Conditions Survey

conducted between 2 March and 20 March 2020 showed that lenders expect default rates to rise in the next three months for households and firms.

**Chart 3: Economic surprise data in the UK (net %)**



Source: Bloomberg, Momentum Investments

## China

*The economy experienced a staggering decline in growth, as production and spending came to a standstill.*

China experienced a staggering decline in economic growth in the first quarter of the year, as production and spending came to a standstill during the country's lockdown.

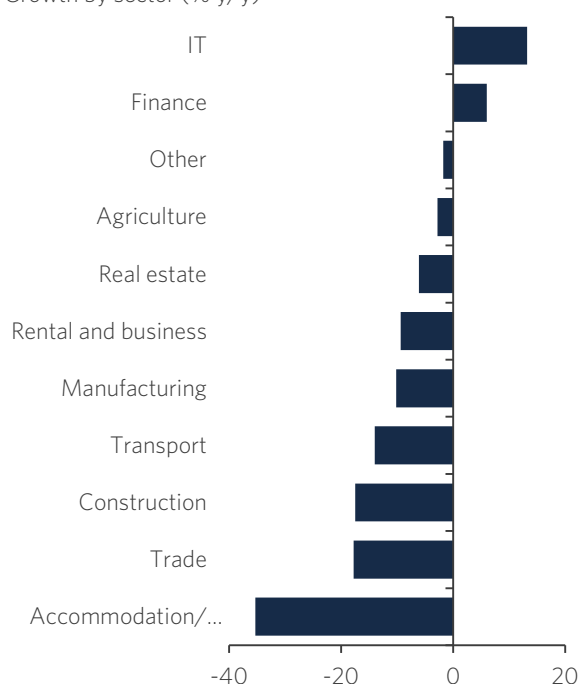
The National Bureau of Statistics of China reported a 6.8% contraction in growth during the first quarter of the year relative to the same period a year ago. The secondary sector of the economy was hit the hardest, contracting by 9.6%, while growth in the primary sector experienced a shallower decline of 3.2%.

The effects of the containment measures were particularly harsh on the accommodation and restaurant industry, where activity crashed 35.3% in the first quarter of 2020 relative to a year ago (see chart 4). This was followed by a 17.8% knock to wholesale and retail trade and a 17.5% plunge in construction activity.

The only two sectors showing positive growth were information technology services (up 13.2% in the same period) and finance, where activity grew by 6%.

**Chart 4: Hospitality and trade hit hard**

Growth by sector (% y/y)



Source: National Bureau of Statistics of China, Momentum Investments

According to analysts surveyed by Bloomberg, growth is anticipated to crawl into positive territory (0.8%) in the second quarter of the year (median estimate), before rebounding to 5% in the third quarter of the year.

A larger number of analysts (24) contributed to the annual forecasts. The median annual estimate for growth in the Chinese economy sits at 1.8% for 2020 and 7.7% for 2021.

## Local economic developments

*Early insight into the effects of the national lockdown on SA businesses suggests a significant hit to output and jobs.*

In a survey conducted between 30 March and 13 April 2020, Statistics (Stats) SA surveyed 707 businesses across various sectors of the economy that are not classified as essential services. Of the respondents, 85.4% reported turnover below the normal range. This was particularly the case for the construction industry.

About 46% of businesses stated they were temporarily closed or had paused trading. This percentage was higher at 74.4% for the 39 construction firms surveyed, 58.4% for the 180 manufacturing firms and 56.3% for the 71 firms in the trade industry.

The survey also signalled significant changes were likely in the size of the workforce due to the pandemic.

Nearly 37% of those surveyed intimated a decrease in the size of their workforce two weeks after the reference period. Nearly 30% of firms suggested they were decreasing working hours to cope with the effect of COVID-19 and 19.6% indicated they were laying off staff in the short term (see chart 5). About a quarter of firms surveyed had not taken any measures as yet.

Disruptions to supply chains were also noted in the survey, with 37.7% of firms mentioning they were unable to get the materials, goods or services required for their business operations. There was a mixed response on the pricing of supplies, with 19.1% of firms noting a larger increase in the price of supplies and 31.6% recording a regular-sized increase in the price of supplies.

Tentative signs of funding constraints were highlighted in the survey data. Access to finance has remained the

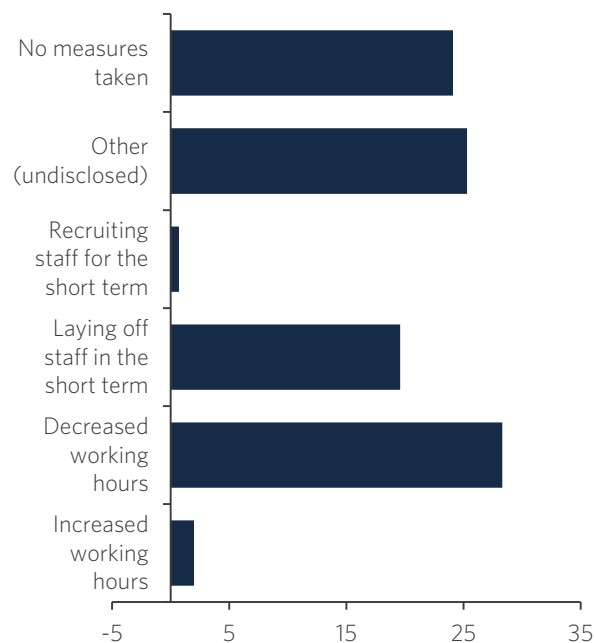
same for 52.6% of the firms surveyed, but access to finance decreased for 23.8%. Of the businesses applying for financial assistance, 38.5% stated they would use government relief schemes, 22.8% revealed they would defer tax payments and 20.5% suggested they would make use of holidays for debt payments. That said, 42.2% of firms did not feel confident that these measures were sufficient to keep their operations running throughout the COVID-19 pandemic. Slightly more than half of the businesses surveyed (54%) acknowledged they could survive between one and three months without a turnover, with 30.6% warning they could survive less than a month without any turnover.

Expectations on the severity of the economic fallout were also gauged in the survey. Nearly two thirds of respondents expect the COVID-19 pandemic to be substantially worse than the global financial crisis.

For the survey as a whole, nearly a fifth of the respondents noted that more than 80% of their workforce was working remotely at home and 53.2% of

respondents indicated that family commitments had not affected their ability to work remotely.

**Chart 5: Workforce measures implemented in SA (%)**



Source: Stats SA, Momentum Investments

## Financial market performance

### Global markets

The announcement of aggressive monetary policy measures and fiscal stimulus packages eased the pressure on global risk sentiment and buoyed financial markets in the first half of the month. The rally in markets was further supported by the announcement of plans from various governments around the world to ease lockdown restrictions and reopen parts of their respective economies.

The CBOE Volatility Index (Vix), or fear gauge, retraced from 53 points at the end of March 2020 to 34 points at the end of April 2020, as investors pinned their hopes on supportive monetary and fiscal policies. Nevertheless, the Vix remains nearly 25 points above where it ended the year in 2019. Given the magnitude and speed of stimulus measures already announced, we think it has become more challenging to elicit a significantly positive market surprise from these levels.

A string of dire economic data caused the short and sharp rally to fizzle out in the second half of the month. The Citigroup Economic Surprise Index for the US crashed to its most negative level since the global financial crisis late in the month, while the index for the Eurozone collapsed to its lowest level on record since 2003. The MSCI All Country World Index bounced 10.7% in April 2020, but global equities were still down 14.8% from levels reached at the end of 2019. The recovery extended from developed equity markets to the emerging market (EM) composite, but gains in the former were larger.

The MSCI Developed Market Index sprang up 10.9% in April 2020 (but was still 14.5% lower than the end of 2019), led higher by returns in the S&P 500 Index. The US\$484 billion stimulus package signed into law, which includes health spending and support for small businesses in the US, aided the move higher in markets. The market has also taken the negative news of the first



earnings decline since 2016, in the current earnings season, in its stride. According to Bloomberg, more than a quarter of companies listed on the S&P 500 Index had reported by the end of the month, with the biggest misses coming from the financial, basic materials and telecommunication sectors.

The US equity market has been propped up by a small handful of large-cap companies leading into the COVID-19 crisis. According to Goldman Sachs, the five largest stocks now account for 20% of the market cap of the S&P 500 Index. This is higher than the 19% concentration level reached in 1980 and the 18% level experienced during the dot-com bubble. Goldman Sachs warned narrow market breadth was a poor signal for future market returns.

European and Japanese bourses trailed the US equity market. The Nikkei 225 Index ended April 2020 6.7% higher but was down 16.2% for the year to date (YTD). The Bank of Japan pledged to buy an unlimited amount of government bonds and announced it would quadruple its limit on corporate debt purchases to ¥20 trillion to cushion the economic blowback from the COVID-19 pandemic. The Eurostoxx 50 Index climbed 5.4% by the end of the month but remained more than 21.2% lower for the YTD.

DM government bond yields steadied in April 2020, as investors piled back into equities. The US 10-year government bond yield shifted a mere three basis points lower by the end of the month, while the German 10-year government bond yield dipped 12 basis points to negative 0.6%. Despite intra-month stability in April 2020, the US 10-year government bond yield sank 131 basis points for the YTD, with a smaller decline of 40 basis points in the German 10-year government bond yield.

Even with a 9.2% rise in the MSCI EM Index in April 2020, the index continued to track 17.3% below levels seen late last year. Gains were noted in the Asian and European, Middle Eastern and African (EMEA) regions, while the equity market continued to slide in Latin America.

The MSCI EMEA Index rallied 10.9% in the month, followed by a robust return of 9.2% in the MSCI Asia Index. Even though South Korea experienced the largest contraction in growth since 2008, the number came in slightly higher than market expectations. Moreover, Asian bourses were lifted on the news of a partial easing of lockdown restrictions in some parts of the world.

Returns on the MSCI Latin America Index caught up at the end of the month and ended April 2020 6.3% in the black. Earlier in the month, political worries flared in Brazil, which is the largest constituent of the MSCI Latin America Index. Brazil's justice minister, Sergio Moro, resigned on allegations of political interference in law enforcement, spurring speculation of impeachment of President Jair Bolsonaro.

Losses in the MSCI Latin America Index remained substantial at 43.3% YTD. The MSCI EMEA Index is down 27.8% for the same period, followed by a milder contraction of 11.2% in the MSCI Asia Index, following the pattern of the shifting epicentre of the COVID-19 pandemic.

Risk appetite improved in the first half of the month on a deluge of monetary and fiscal support packages aiming to put a floor under the economy. The spell of positive risk sentiment was interrupted by grim high-frequency data releases by the middle of the month and the 33-point improvement in the JP Morgan EM Bond Index (Embi) spread in the first half of April 2020 more than unwound in the second half of the month.

The credit default swap spreads for Romania (an increase of 60%), Argentina (57%) and Brazil (13%) widened the most in April 2020, whereas the Philippines (decrease of 26%), Thailand (23%) and Chile (19%) narrowed by the most in the corresponding period.

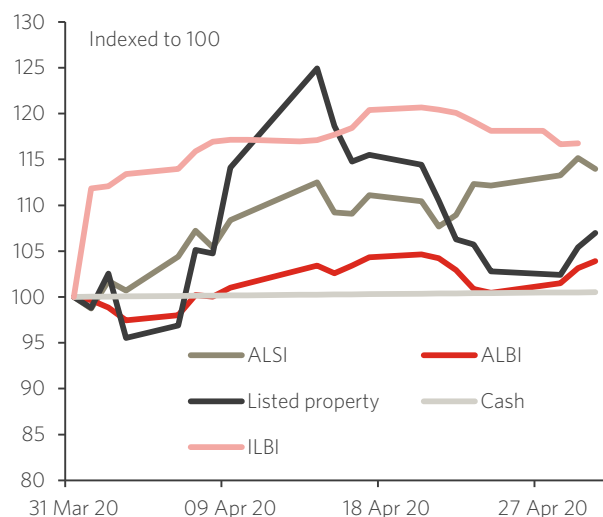
The JPMorgan EM Currency Index shed 0.8% in April 2020. The steepest depreciation against the US dollar was in the Turkish lira (5.3%), Brazilian real (5.1%) and SA rand (3.6%). During April 2020, the Indonesian rupiah appreciated by 9.6% and the Russian

rouble gained 5.4% against the US dollar. The worst performers for the YTD were commodity-related currencies, including the Brazilian real (depreciated by 26.5%), followed by the SA rand (24.4%) and the Mexican peso (down 21.7%).

### Local markets

The local equity market was swept up in the wave of global optimism during the first half of the month. The FTSE/JSE All-Share Index marched 14% higher in the first half of April 2020, but traded sideways for the remainder of the month (see chart 6). The SA equity market remains 10.4% down YTD.

Chart 6: Returns from local asset classes (%)



Source: Iress, Momentum Investments, data up to 30 April 2020

Gains were particularly strong in the FTSE/JSE Resources Index, which ended April 2020 firmly in the black at 23% (but down 8.1% YTD).

The 15% plunge in the international price of Brent crude oil to US\$19/bbl in the middle of the month likely contributed to the 1.5% fall in the Bloomberg Commodity Price Index, considering the 30% contribution to the index from energy-related commodities. Nevertheless, the US dollar price of gold and platinum rose in April 2020 by 6.9% and 7.5%, respectively.

The FTSE/JSE Industrials Index advanced 9.6% in April 2020, aided by dual-listed shares in the index. Retail shares also strengthened 10.7% in the month. Gains in the FTSE/JSE Small-cap Index of 8.8% marginally outstripped a rise of 8.5% in the FTSE/JSE Mid-cap Index.

Relative to March 2020, it was a slightly more stable month for the SA 10-year government bond yield, which ended the month 67 basis points lower and 110 points lower than the intra-month peak. The JSE Assa All Bond Index rose 3.9% in the month, while the JSE Assa Government Inflation-linked Bond Index surged ahead 16.8% in the same period. Meanwhile, the FTSE/JSE SA Listed Property Index experienced milder gains of 7.0% in April 2020.

Negative headlines about the virus continued to dominate news flow and the direction of the local currency. The rand weakened by a further 3.6% against the US dollar, 2.8% against the euro and 5.1% against the pound in April 2020.

SA's five-year CDS spread widened by 1.2% (five points) to 423 points in April 2020 and ranks 160% (260 points) higher than the start of the year.

## Indices summary for April 2020

|  | One month | Three months | One year | Three years | Four years | Five years | Six years | Seven years | Ten years |
|--|-----------|--------------|----------|-------------|------------|------------|-----------|-------------|-----------|
| <b>Equity indices</b>  |           |              |          |             |            |            |           |             |           |
| FTSE/JSE All-Share Index (ALSI)                                  | 13.98%    | -8.85%       | -10.78%  | 1.08%       | 1.92%      | 1.58%      | 3.67%     | 7.09%       | 9.10%     |
| FTSE/JSE Shareholder Weighted Index (SWIX)                       | 14.07%    | -10.89%      | -14.63%  | -1.59%      | -0.12%     | -0.17%     | 3.07%     | 6.38%       | 9.00%     |
| FTSE/JSE Capped SWIX All Share index                             | 14.18%    | -13.96%      | -17.93%  | -4.31%      | -2.58%     | -2.07%     | 1.41%     | 4.92%       |           |
| FTSE/JSE All Share Top 40 Index                                  | 14.65%    | -5.98%       | -8.15%   | 2.70%       | 3.04%      | 2.28%      | 4.04%     | 7.70%       | 9.31%     |
| FTSE/JSE Mid Cap Index   | 8.53%     | -27.83%      | -23.38%  | -7.91%      | -5.44%     | -3.50%     | 0.46%     | 2.80%       | 7.07%     |
| FTSE/JSE Small Cap Index   | 8.77%     | -26.12%      | -30.51%  | -15.32%     | -10.77%    | -7.72%     | -3.50%    | 0.00%       | 5.02%     |
| FTSE/JSE Resources Index   | 22.99%    | -4.78%       | 2.33%    | 16.16%      | 12.68%     | 4.78%      | 0.16%     | 4.65%       | 2.40%     |
| FTSE/JSE Financials Index  | 11.92%    | -28.52%      | -35.74%  | -9.87%      | -7.03%     | -6.63%     | -0.88%    | 2.18%       | 6.88%     |
| FTSE/JSE Industrials Index                                       | 9.57%     | -1.22%       | -4.58%   | -0.54%      | 1.10%      | 1.58%      | 5.22%     | 8.47%       | 13.25%    |
| FTSE/JSE Research Affiliates Fundamental Indices 40 Index (RAFI) | 14.28%    | -15.94%      | -20.32%  | -1.03%      | 0.50%      | 0.08%      | 1.44%     | 5.26%       | 7.28%     |
| FTSE/JSE Research Affiliates Fundamental Indices All Share Index | 13.59%    | -16.88%      | -21.08%  | -1.75%      | 0.00%      | -0.40%     | 1.09%     | 4.73%       | 6.86%     |
| FTSE/JSE SA Listed Property Index (SAPY)                         | 7.00%     | -42.77%      | -45.98%  | -21.38%     | -16.50%    | -12.33%    | -5.41%    | -5.16%      | 3.32%     |
| <b>Interest-bearing indices</b>                                  |           |              |          |             |            |            |           |             |           |
| JSE ASSA All Bond Index (ALBI)                                   | 3.92%     | -6.25%       | 0.06%    | 6.11%       | 7.21%      | 6.09%      | 6.98%     | 5.49%       | 7.68%     |
| JSE ASSA All Bond Index 1-3 years (ALBI)                         | 4.09%     | 4.38%        | 10.28%   | 9.35%       | 9.36%      | 8.74%      | 8.47%     | 7.77%       | 7.89%     |
| JSE ASSA SA Government ILB Index                                 | 4.57%     | -2.50%       | -3.99%   | 0.60%       | 0.77%      | 1.75%      | 3.13%     | 2.77%       | 6.34%     |
| Short-term Fixed Interest Composite Index (StefI)                | 0.52%     | 1.64%        | 7.14%    | 7.28%       | 7.37%      | 7.23%      | 7.05%     | 6.80%       | 6.50%     |
| <b>Commodities</b>   |           |              |          |             |            |            |           |             |           |
| NewGold Exchange-Traded Fund                                     | 8.86%     | 31.99%       | 69.48%   | 22.06%      | 13.79%     | 16.80%     | 14.41%    | 12.62%      | 13.14%    |
| Gold price (in rands)  | 8.61%     | 32.26%       | 69.75%   | 22.79%      | 14.34%     | 17.38%     | 14.88%    | 13.06%      | 13.68%    |
| Platinum Exchange-Traded Fund                                    | 8.73%     | -1.33%       | 10.73%   | 3.35%       | -2.10%     | 0.37%      | -1.48%    | -0.67%      |           |
| Platinum price (in rands)  | 11.22%    | 0.25%        | 12.16%   | 4.53%       | -1.56%     | 1.36%      | -0.67%    | -0.50%      | -0.88%    |
| <b>Currency movements</b>  |           |              |          |             |            |            |           |             |           |
| Rand/euro movements  | 2.82%     | 21.93%       | 25.39%   | 11.38%      | 5.52%      | 8.51%      | 5.50%     | 7.88%       | 7.49%     |
| Rand/dollar movements  | 2.88%     | 22.99%       | 28.10%   | 11.12%      | 6.67%      | 8.97%      | 9.71%     | 10.76%      | 9.57%     |
| <b>Inflation index</b>   |           |              |          |             |            |            |           |             |           |
| Consumer Price Index (CPI)                                       |           |              | 4.14%    | 4.16%       | 4.65%      | 4.97%      | 4.82%     | 4.99%       | 5.10%     |

### Important notes

1. Sources: Momentum Investments, IRESS, www.msci.com, www.yieldbook.com, www.ft.com.
2. Returns for periods exceeding one year are annualised.
3. The return for Consumer Price Index (CPI) is to the end of the previous month. Due to the reweighting of the CPI from January 2009, this number reflects a compound of month-on-month CPI returns. The historical numbers used are the official month-on-month numbers based on a composite of the previous inflation series (calculations before January 2009) and the revised inflation series (calculations after January 2009).
4. The MSCI World index (All Countries) returns are adjusted to correspond with global investment prices received.
5. FTSE/JSE disclaimer: www.jse.co.za
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