

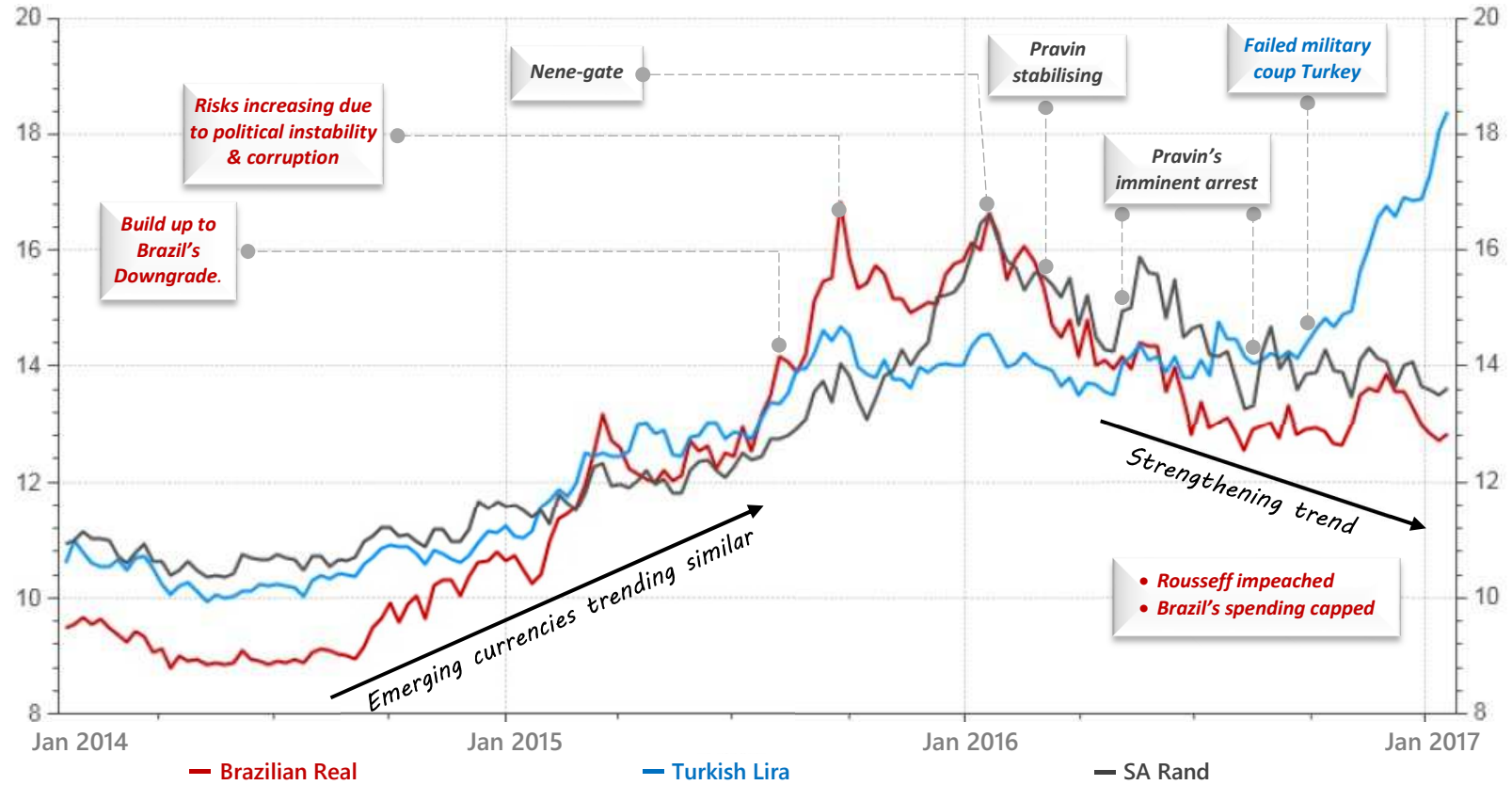
MARKET PERFORMANCE

COUNTRY	JAN %	YTD %
South Africa	4.31%	4.31%
Brazil	7.38%	7.38%
Russia	-1.52%	-1.52%
India	3.87%	3.87%
China	6.18%	6.18%
USA	0.51%	0.51%
UK	-0.39%	-0.39%
Germany	0.47%	0.47%

MARKET COMMENTARY

The month of January saw a resurgence in the markets, following the announcement by President Trump to withdraw the US from trade agreements with Pacific countries and restricting the entry of immigrants into the US. The Brazilian market was the stand-out performer following US policy changes, closing the month up 7.38%. This was further aided by a rally of the commodities sector. The Chinese and Indian Markets also benefited from the US withdrawing from the Trans-Pacific Partnership agreement, closing the month up 6.18% and 3.87% respectively. Interestingly, even with the radical policy changes, the US markets closed the month up by a modest 0.51%. On the Local markets front, the JSE fared well closing the month up 4.31% however, the Rand did falter, losing a bit of its momentum at the tail end of the month, due to cabinet reshuffle speculations.

EFFECT OF POLITICAL AND FISCAL INSTABILITY ON CURRENCIES



Source: Rezco/Thompson Reuters Datastream

The "share price" of a country is its currency. Just as the share price of a company will fall if its future profitability and cash is under pressure, so too will a country's currency weaken. The investment analysts of countries are their ratings agencies. Political factors and fiscal stability play a huge role in rating agencies reviews.

VERDICT:

The Rand is vulnerable to the political landscape. Diversification into international hard currency (\$, £, €) is recommended.