

MARKET PERFORMANCE

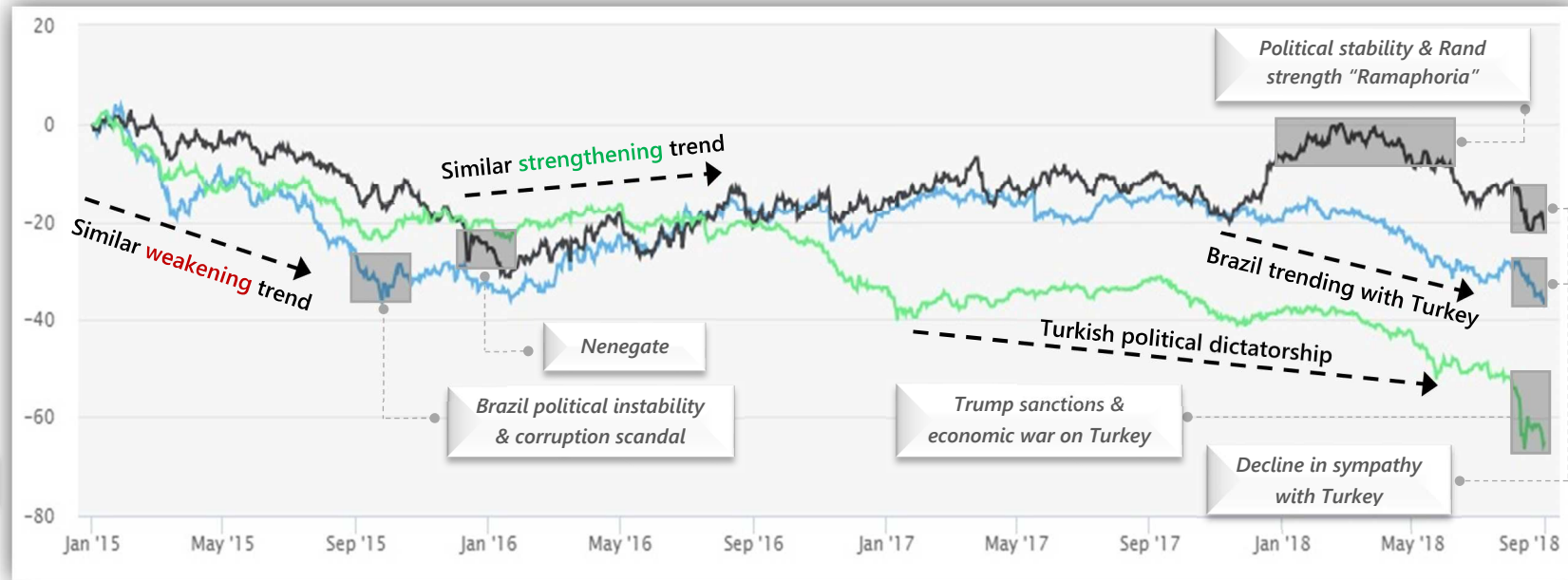
COUNTRY	AUG %	YTD %
South Africa	2.34%	0.35%
Brazil	-3.21%	0.36%
Russia	-0.65%	14.51%
India	2.76%	13.47%
China	-2.43%	-6.79%
USA	2.16%	5.04%
UK	-3.46%	-2.74%
Germany	-3.45%	-4.29%

MARKET COMMENTARY

Amidst cautious global sentiment, the Rand traded weaker against most global currencies. However, Resources benefitted from the weaker rand and added to the JSE's gain in August. Indian markets have been consistently resilient, as a result of a primarily domestic-driven economy, with reduced exposure to Trump's tariff decisions. Furthermore, Indian institutional investors have invested aggressively in their local equities, leading to a mammoth \$10 billion of inflows year-to-date.¹ Although US markets ended in positive territory, this was dampened slightly by the news that Trump wants to impose *additional* tariffs on Chinese imports. This resulted in the Chinese markets closing the month in the red. In light of this, European markets followed suit, as comments from the EU Commission highlighted instability in the EU-US trade truce.

¹ Financial Express Mumbai

SA RAND , BRAZILIAN REAL , TURKISH LIRA vs US DOLLAR



It may be a little while until Thanksgiving in the USA, but Turkey is certainly already getting a roasting.

Trump's political career is entwined with "conservative God-fearing Americans", and punishing Turkey for refusing to release a Pastor held in captivity for 2 years, is politically profitable.

The threat of sanctions and tariffs that could cripple Turkey has led to a meltdown in the Turkish Lira – and other emerging market currencies have followed suit (albeit not as severely affected). This, coupled with increasing rates in the USA creates a perfect storm for emerging economy pain, as cash flows back to the US Dollar.

CONTAGION: This is the pain of one being felt by all others in a similar situation. The harsh effect of a CONTAGION does not pause to assess differences between Turkey and SA. The general trend is "get out of emerging markets" and as a result, South Africa has not been spared.

SILVER LINING: After the dust settles, the Rand is likely to recover from the unwarranted weaknesses experienced in August 2018, provided that the Government acts decisively on growing the economy and improving the financial metrics. *Be patient, the Rand will bounce back.*