

World Markets Financial Update “COVID-19 and Beyond”

1st Quarter 2021 Review

**SOUTHERN AFRICAN LEBANESE
CHAMBER OF COMMERCE**



**Presented by Mark Kalil
April 2021**

USA Equities

- US large Tech leadership in Q1 “FAAMG”
- S&P500 breaks 4,000 for the first time
- Record highs on Dow, Nasdaq, S&P500
- US Banks finally rebound
- Cyclical, Economically sensitive stock rise

World Markets

1st Quarter 2021

USA Equities

South African Equities

South African Equities

- JSE All Share hits record high (11th March)
- Record high on Top40, Resi10, Platinums
- Positive follow-through from the South African Budget (24th February 2021), with Rand firming back to ~14.50 level

USA Equities – Top 10 by value (S&P500)

	Share price	Market cap	Return (%, \$)		P/E
			1Q 2021	1-year	
	US\$	\$'bln			
Apple	123.00	2.1T	-7%	+104%	33.4
Microsoft	242.35	1.8T	+9%	+58%	36.0
Amazon.com	3161.00	1.6T	-3%	+66%	75.7
Alphabet (Google)	2129.78	1.4T	+22%	+95%	43.1
Facebook	298.66	850	+9%	+94%	29.6
Tesla Inc.	661.75	635	-6%	+589%	895
JP Morgan Chase ³	153.71	469	+21%	+83%	16.8
Johnson & Johnson	162.83	428	+3%	+21%	24.3
Walmart	135.62	393	-6%	+14%	25.2
Procter & Gamble	134.28	330	-3%	+17%	23.9
S&P500 Index	4,019	35.6T	+7.0%	+61.5%	32.8
Dow Jones DJIA	33,153	10.0T	+8.3%	+57.5%	29.4

Top 5 = 22% of S&P500 value \$7.8Trn +6% +83.4% 43.6

South African Equities – Top 5 by value (FTSE/JSE)

	Share price	Market cap		Return (%, ZAR)		P/E
		ZAR'bln	\$'bln	1Q 2021	1-year	
	ZAR					
Prosus N.V.	1729.52	2.8T	190	+8%	+41%	37.7f/c
BHP Group	418.74	2.4T	163	+8%	+47%	20.8
Naspers	3719.00	1.6T	108	+23%	+46%	48.1
BAT PLC	549.84	1.2T	81	+1%	-19%	9.7
Richemont	142.78	819	55	+9%	+48%	59 f/c
Standard Bank	124.22	201	14	-2%	+24%	12.4
MTN	85.48	161	11	+42%	+81%	11.4
Sasol	222.43	140	9	+66%	+460%	155.6
Goldfields	147.73	131	9	+7%	+46%	12.1
Aspen	152.13	69	5	+21%	+57%	11.0
All Share Index	67,236	16.5T	1.1T	+13.2%	+50.8%	26.6
Top 40 Index	61,590	13.0T	0.88T	+13.2%	+50.7%	21.7

Top 5 > 67% of Top40 value R8.8Trn \$453bn +10% +32.6% 35.0

South African Equities

- Leadership from COVID-19 laggards in 2020 (Travel & Leisure, Retailers, Construction, Telecommunications, Real Estate)
- Gold, Beverage lag in Q1
- Foreigners net sellers of SAEQ > R100bln y/y

World Markets

1st Quarter 2021

South African Equities

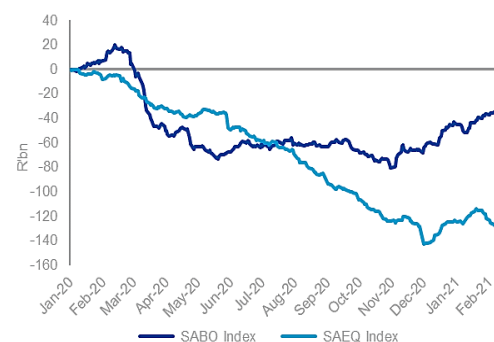
FTSE JSE Benchmark Indices Q1 2021

	Code	Price	Q1	1yr
Top 40	TOP40	61590	+16%	+81%
SA Resources	RESI20	66914	+16%	+81%
Industrial 25	INDI25	89425	+15%	+38%
SA Financials	FINI15	12165	+1%	+33%
SA Listed Property	JSAPY	288	+6%	+26%
All Bond Index	ALBTR	744	-2%	+20%
Rand (USD/ZAR)	USD/ZAR	14.7617	+1%	-21%
All-Share Index	JALSH	67236	+13.2%	+50.8%

FTSE JSE All Share Index (JALSH)



Foreigners net sellers of SA Equities/Bonds



FTSE JSE Equities Sector performance Q1 2021

	Code	Price	Q1	1yr
Chemicals	JCHEM	12169	+55%	+311%
Travel & Leisure	JLEHT	1824	+27%	+60%
Platinum	JPLAT	116.19	+26%	+210%
Telecommunications	JNCSV	4929	+26%	+51%
Retailers	JGENR	5768	+24%	+92%
Software & Computers	JSCVS	1055	+22%	+47%
Pharmaceuticals	JPBIO	14965	+20%	+52%
General Industrials	JDIND	129.77	+11%	+40%
Real Estate (REITS)	JREITS	333.28	+8%	+33%
Food producers	JFPPS	6372	+3%	+3%
Banks	JBNKS	6920	+1%	+42%
Gold	JGOLD	3732	-3%	+17%
Beverages	JBEVE	166	-5%	+19%
All-Share Index	JALSH	67236	+13.2%	+50.8%

International Metrics Q1 2021

	Price	Q1	1yr		Price	1Q	1yr
MSCI World Index	2811	+5%	+52%	VIX (CBOE)	19.4	-3.4	-34.1
Nasdaq Index	13246	+3%	+72%	Dollar Index USDX	93.23	+3.30	-5.82
S&P500 Index	4019	+7%	+62%	EUR/USD	1.1750	-4%	+7%

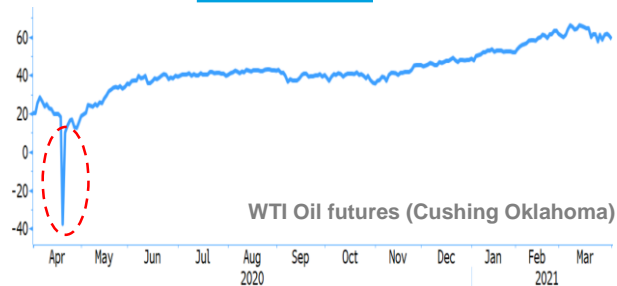
Spot Gold



- “Swift and brutal retreat”: **-17%** vs \$2067.15 high (6/08/2020). SA Gold equities > **-40%**
- Record Gold ETF inflows of \$47.9bln (2020)

Spot Gold	Price	Q1 2021	1yr
XAU (\$/oz)	\$1712.02	-10%	+7%

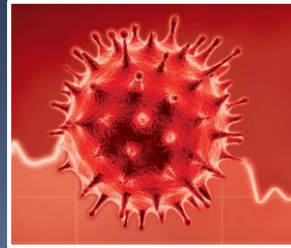
Crude Oil



- Pulls back **-10%** from highs, rising supply by OPEC+/Iran vs strong US economic rebound

Crude Oil	Price	Q1 2021	1yr
Brent Crude Oil CO1	63.54	+23%	+179%
WTI Oil Futures CL1	59.16	+22%	+189%

World Markets



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Spot Gold

Rand (ZAR)

Crude Oil

SA Bonds

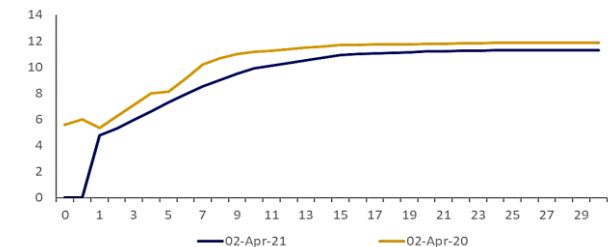
Rand (ZAR)



- Up **+31%** from 19.35 record low (23/04/2020)
- Positives from SA Budget 2021 + Carry trade
- No 1, Emerging Markets 1yr return Zar **+21%**

Rand (ZAR)	Price	Q1 2021	1yr
USD/ZAR	14.7617	+1%	-21%

South African Bonds



- Stabilisation of SAGBs (primary/secondary)
- ‘Carry’ trade vs. USTs / SA real rates of return
- SARB f/c Repo at 4% end-2021 (up 50bps)

All Bond Index	Price	Q1 2021	1yr
ALBTR	744	-2%	+20%

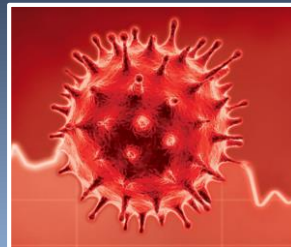
APPENDIX



“Devastation of world markets Q1 2020”

- “WHO declare a **pandemic** 11th March 2020
- World stock markets plunge > **25%**
- Global GDP growth revised down
- Oil crashes to **historic lows**
 - ✓ Brent Crude Oil at \$15.98 (18-year low)
 - ✓ WTI Oil May20 at -\$40.32 (record low)
- “Flight to Quality” into US Treasuries
- Stronger USD cripples EM currencies
 - ✓ Rand at 19.35 (record low, 24th April)
- EM bond/credit yields at **multi-year highs**

Covid-19 Recap 2020



The Impact & Recovery of World Markets

“Record recovery in 2020”

- “*Shortest Bear market in history*”
(S&P500: 5 months to pass pre-crisis high)
- Global fiscal support >\$10 trillion (~13% GDP)
- Co-ordinated stimuli drives “**risk-on**” rally
 - ✓ US Tech leadership (FAANG)
 - ✓ Positive vaccine news Q4 (viral containment)
 - ✓ **Record highs** on most global bourses (Q4)
 - ✓ Record lows on Govt Treasuries (US, EM)
- Commodities ‘super cycle’, Gold record high
- Q1 2021 sees “consolidation & profit-taking”
- 1st April 2021: **S&P500 hits 4,000** for 1st time



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