



MARKET SUMMARY

As of 2023/11/30

MARKET INDICES (R)

	1 Month	3 Months	1 Year	3 Years	5 Years	7 Years
FTSE/JSE All Share	8.55	2.15	4.69	14.33	12.37	9.77
FTSE/JSE SA Listed Property	9.14	1.57	1.35	16.17	-1.84	-2.45
All Bond Index	4.73	4.02	8.76	7.76	8.06	8.46
STeFI (Cash)	0.68	2.07	7.91	5.54	5.92	6.34
MSCI World	10.56	1.70	25.96	14.52	17.06	15.19
MSCI EM	9.17	1.17	16.18	2.66	8.94	9.03
Oil Price	-4.21	-4.56	8.09	28.69	14.03	12.05
Gold Price	3.03	4.88	29.41	12.24	17.97	12.87

MARKET COMMENTARY

Global markets headed higher this month, as positive economic signals and strong sentiment fuelled a rally in risk assets. Investors piled into risk assets in the growing belief that the US Federal Reserve and other global central banks are close to winning their battle with inflation. After six consecutive months of a rising 10-year US treasury yield, November saw the biggest fall in the US 10-year yield since 2008. The S&P 500 produced its 7th best monthly return in the past 30 years, however, the year-to-date returns continue to be dominated by a small group of companies. Even with a slight broadening in the performance decomposition of the S&P 500 return in November, the top five contributors for the S&P 500 account for 68% of the index's gain this year, and the top 10 make up 90% of the return. While most global equity markets produced strong returns, China was the biggest laggard this month, as continued concerns around the real estate sector coupled with concerns around its slowing economy weighed on investor sentiment.

South African asset classes followed global peers higher this month, as local equities, property, and bonds produced robust returns. South African equities produced strong returns this month, in line with the broader emerging market complex. South African bonds continued their strong run, producing robust returns for November, ahead of global peers. The rand weakened this month, despite a broadly weaker US dollar. While most emerging-market currencies have benefitted from a weaker US dollar in November, the rand has been weighed down by local influences. These include persistent power cuts and rail and ports constraints which are weighing on economic growth and sentiment. The strength in South African equities was broad based, as all sectors produced strong returns. Industrials were the best performer this month, producing double digit returns as index heavy weights Naspers (+19.4%) and Prosus (+19.7%) climbed on the back of strong results. Further to that, most rand hedges including Richemont (+6.1%), Anheuser-Busch InBev (+11.4%) and British American Tobacco (+7.7%) rose on the back of a weaker rand and generally strong global equity markets. Financials produced a strong return this month, driven by strong returns from Capitec (+18.5%) and Investec (+18.4%). Resources produced a strong return this week, however, they lagged the broad market increase on the back of weakness in the energy sector including Sasol (-11.3%) and Thungela (-13.2%). On the other hand, gold counters such as Harmony (+35.4%), Gold Fields (+14.6%) and AngloGold Ashanti (+5.7%) continued to produce strong returns, as the gold price moved higher this month (+1.9%). Local bonds ended the month higher, as the yield curve shifted lower, with the longer dated part of the yield curve falling the most. The strength in the SA bond market was largely on the back of the risk on environment that led to increased appetite for emerging market asset classes. Local listed property rebounded strongly in November and was the best performing local asset class. The prevailing risk-on sentiment, coupled with a large increase in the index heavy weight Nepi Rockcastle (+15.2%), led the sector higher.

South Africa's annual inflation rate moved higher to 5.9% (year-on-year to the end of October), above market estimates of 5.5%, with the largest price pressures coming from prices of food, non-alcoholic beverages and transportation (namely fuels). The annual core inflation, which excludes prices of food, non-alcoholic beverages, fuel and energy, eased to a 14-month low of 4.4% (year-on-year to the end of October), ahead of market forecasts of 4.7%. Against this backdrop, as expected, the South African Reserve Bank (SARB) looked through the first-round inflation impact of these supply-side shocks and kept the repo rate on hold at 8.25% at its last meeting for the year, with the prime interest rate remaining at 11.75%. South Africa's retail trade rose by 0.9% (year-on-year to the end of October), following a 0.3% decrease in the prior month and better than market forecasts of a 0.1% increase. It follows nine consecutive months of decline, largely driven by increased sales of textiles, clothing, footwear and leather goods.

The **JSE All Share Index** (+8.6%) ended November higher, as all sectors ended in positive territory. After briefly touching negative territory in October, the strong performance in November has pushed the JSE All Share Index into positive territory on a year-to-date basis. The strong performance from South African equities was broad based, with all sectors posting positive performance. **Financials** (+8.3%), **Industrials** (+10.1%) and **Resources** (+6.4%) produced robust performance this month as positive global sentiment filtered through the local equity market. **Listed property** (+9.1%) ended the month higher, producing a strong performance. Local listed property was the best performing local asset class, however, continues to struggle over longer time periods. **Local bonds** (+4.7%) ended the month higher, as the yield curve moved lower across the curve (leading to higher prices). Local bonds are the best performing local asset class on a year-to-date basis. Cash continues to yield a positive return. **Cash** delivered +0.7% in November and 7.3% on a year-to-date basis. The rand weakened against most of the major crosses this month. The currency lost ground against the **US dollar** (-1.1%), **euro** (-4.3%), and the **pound sterling** (-5.5%) during the month.

*All data is sourced from Morningstar Direct as at 30/11/2023. The performance of South African asset classes is quoted in rands.

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