



Market Commentary

November 2023

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South African market themes



Challenges with electricity, infrastructure, and logistics continue to impact the local SA economy negatively



Inflation rises to 5.9%, and SA's growth outlook is revised down to 0.8%



Equity markets perform well as FTSE/JSE SWIX and Capped SWIX gain 8.6% and 8.3% respectively



Economic challenges include mixed results in resources, potential mine closures, and low business confidence

November kicked off with the 2023 Medium Term Budget Policy Statement (MTBPS) delivered by Finance Minister Enoch Godongwana. In short, the local economy suffered mainly due to challenges with electricity, infrastructure, and logistics. The inflation rate rose to 5.9% year-on-year, approaching the upper limit of the 6% target band. The local economy also felt the knock-on effects from a slower global economy too. South Africa's growth outlook was also revised down to 0.8%. However, the unemployment rate in South Africa decreased to 31.9% in Q3, still ranking among the highest globally.

During November, domestic interest rates remained high and subsequently, asset prices are expected to remain volatile. The economic landscape also grappled with high inflation, especially in food and fuel. Household consumption weakened, and the persistent decline in property prices continued.

Due to the global increase of energy prices and the export prices remaining relatively flat, the domestic financing needs will need to increase. This will likely lead to the South African current account deficit needing to expand and will thus add further pressure to the local market. The third quarter GDP data showed a contraction of 0.7% year-on-year.

In terms of the South African equity market, the FTSE/JSE SWIX increased by 8.6% for the month, while the Capped SWIX enjoyed an 8.3% gain. The stronger-performing sectors for the month included mining (gold and energy), tourism and agriculture. The poorer-performing sectors included industrials and retailers. However, the Black Friday sales results for retailers are expected to start showing in December. Pick n Pay has experienced continued pressure on its margins. However, Tiger Brands was able to increase its revenue and saw volume growth in exports, helping offset volume declines in the local market.

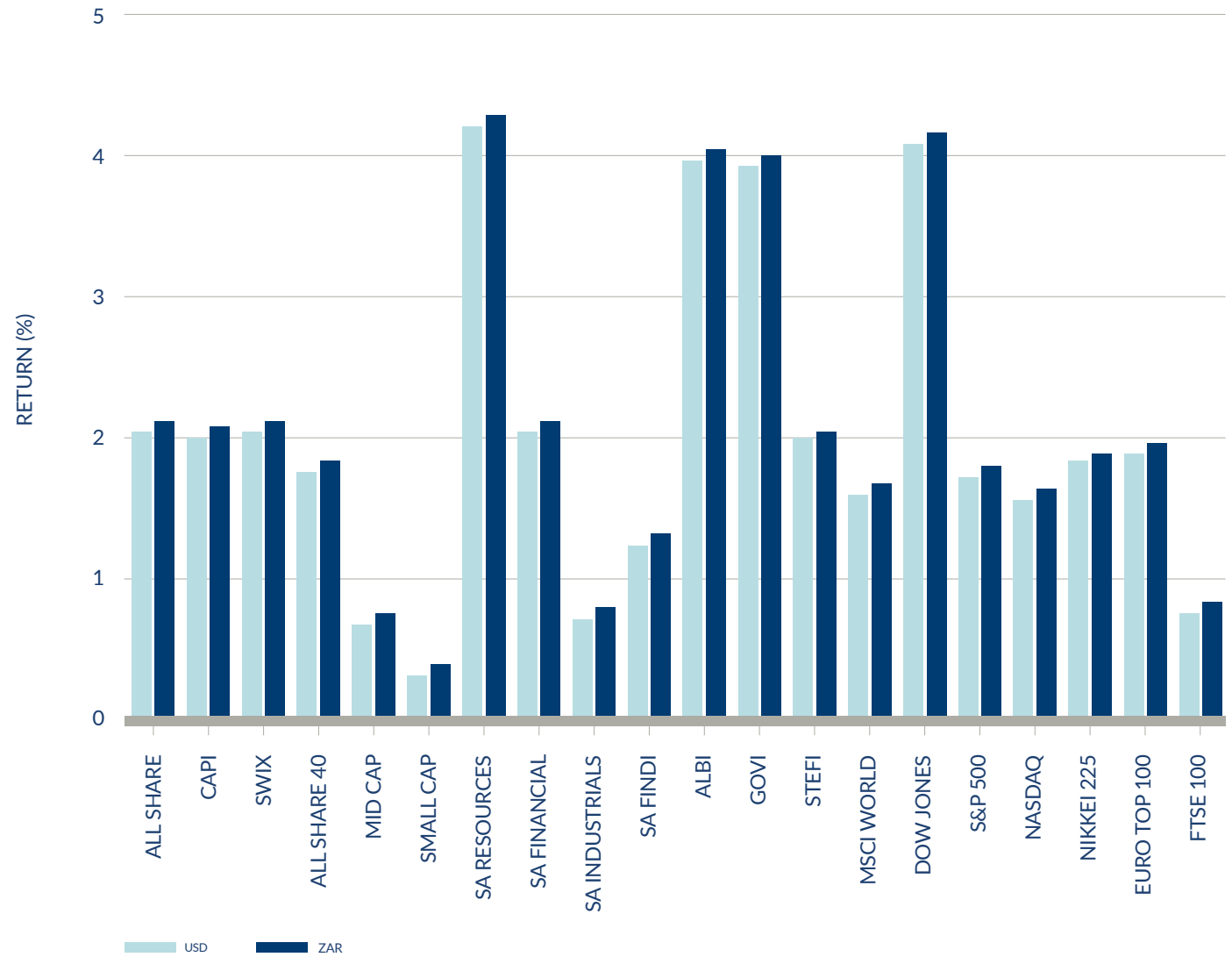
The FTSE/All Bond Index experienced a healthy gain of 4.7% for the month, while SA Listed property saw a stellar gain of 9.1%. Following their November meeting, the MPC kept the bank policy rate unchanged at 8.25%. Resources ended the month with mixed results. Gold, copper, and silver saw a positive uptick while the Platinum Group Metals (PGM) counters experienced some losses. Additionally, Sibanye announced that some unprofitable mines might need to close, potentially leading to job losses. Agriculture saw expansion following good overall rainfall. Mining has faced continued challenges, with electricity disruptions and logistical constraints playing a significant role. Overall business confidence remains low following on from higher lending rates, persistent loadshedding, logistical constraints, and policy uncertainty.

Following the first voter registration weekend in mid-November, a total of 568,374 new voters are now registered. This precedes the elections scheduled for 2024. The National Assembly and provincial legislatures' terms of office are set to conclude in May 2024, with the election likely to take place in the May to August 2024 window period.

The month ended with the Rand seeing R18.95 to the dollar, approaching R24 to the pound, and reaching R20.68 to the Euro.

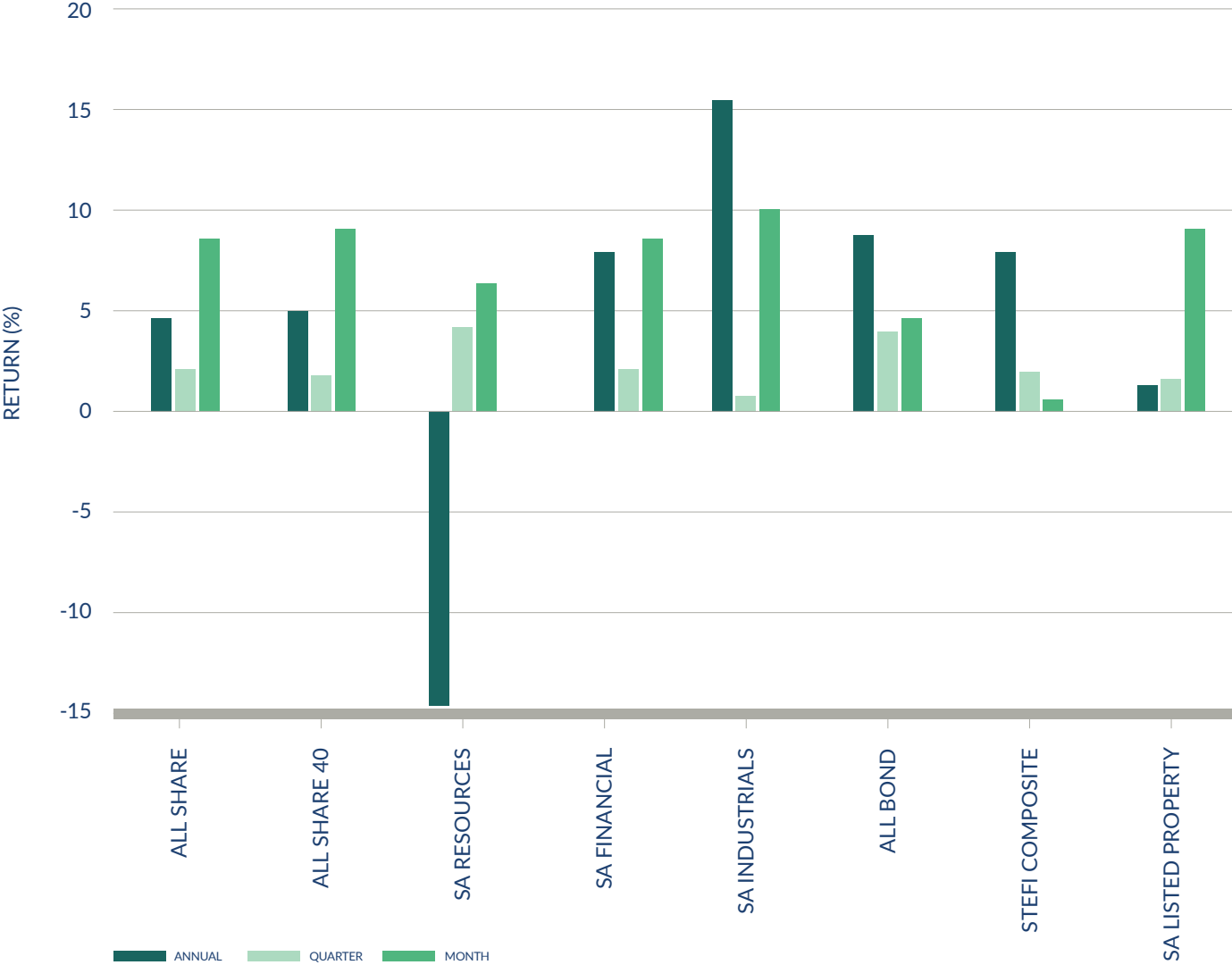
World Market Indices Performance

QUARTERLY RETURN OF MAJOR INDICES



South African Market Indices Performance

RETURNS OF THE FTSE/JSE SECTORS AND INDICES



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