

Market Commentary

December 2023

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Global market themes



As 2023 ends, discussions on possible rate cuts fuel 2024 speculation

The year 2023 closed with speculation on interest rate cuts. The latest US inflation data, as of December 2023, released by the U.S. Labor Department, showed an annual inflation rate of 3.4%. Looking ahead to 2024, headline inflation is expected to start returning to the consistent levels of central bank targets. However, this projection is in the absence of further food or energy price shocks that could possibly occur. Global growth for the year 2023 has been projected at 2.9%, largely influenced by the fast-growing Asian economies.

For December 2023, the Dow Jones Industrial Average rose by 4.9%, the S&P 500 jumped by 4.5%, and the NASDAQ increased by 5.6%. The MSCI World saw an increase of 4.9%, along with an increase for MSCI ACWI of 4.8% and MSCI EM of 3.9%. The Nikkei 225 saw a smaller uptick of 0.1%. The Russell 2000, reflecting small-cap stocks, had a stellar month, producing an increase of 12.2%. The rally in markets was attributed to the Fed signalling that interest rate cuts may very well be on the table for 2024. Certain sectors also saw a boost, namely: travel, energy, retail and industrials.

The Federal Open Market Committee (FOMC) meeting held on the 13th of December resulted in the Fed keeping its interest rate steady. However, at least three rate cuts are pencilled in for the year 2024. The Committee voted unanimously for the benchmark overnight borrowing rate to remain within the 5.25-5.5% range. The European Central Bank (ECB) and Bank of England (BoE) followed suit, both also keeping interest rates unchanged.

The STOXX All Europe saw a gain of 4% over the month along with a 16.2% uptick over the 12-month period. The Norwegian Petroleum Directorate is to officially change its name to the Norwegian Offshore Directorate as of 1st January 2024. This name change reflects its additional responsibilities related to CO2 storage, offshore wind, and seabed minerals.

The World Bank's economic prediction for China for 2023 growth is projected at 5.2%, which is likely to slow to 4.5% in 2024 due to continued weakness in the real estate sector and structural constraints, such as population aging and high debt levels. The Manufacturing Purchasing Managers Index (PMI) reflected a score of 49 (out of 100), indicating a slight contraction. This could be due to weaker demand and the contracting manufacturing sector. Following trade meetings between China and Vietnam, China has promised to deepen bilateral trade relations between the two countries, particularly in key areas such as the digital economy, green development, and e-commerce.

India has been one of the world's fastest-growing economies. After achieving a GDP of US \$3.75 trillion for 2023, it is now the fifth-largest economy in the world. The industrial manufacturing sector has seen a significant boost, with companies such as Apple expanding their supplier networks throughout the country. Brazil saw strong GDP growth of 3.1% for the year, positioning them as the world's ninth-largest economy. The growth has been boosted by a diverse stream of industries, including agriculture and mining.

Rwanda saw growth of 6.2% for the year and is forecasted to grow by 6.6% in the upcoming year. Ethiopia has signed a Memorandum of Understanding (MoU) with Somaliland to have the use of one of its ports. This is a legal step to assist Ethiopia in having access to a seaport, which will, in turn, seek to boost trade. Following the Democratic Republic of Congo's election, President Félix Tshisekedi was announced as the winner with approximately 73% of the vote.

Brent crude oil settled at \$77.04 per barrel on the last trading day of the year. Over the month of December, Gold, Copper and Platinum saw upticks of 1.3%, 0.9% and 6.7%, respectively. Palladium was up by 9.0%, followed by Iron Ore up by 8.1%. Silver saw a decrease over the month of 5.8%. The USD/ZAR exchange rate ended the month at R18.29.



China's growth projection slows from 5.2% in 2023 to 4.5% in 2024



India's economy soars as it achieves \$3.75 trillion GDP in 2023



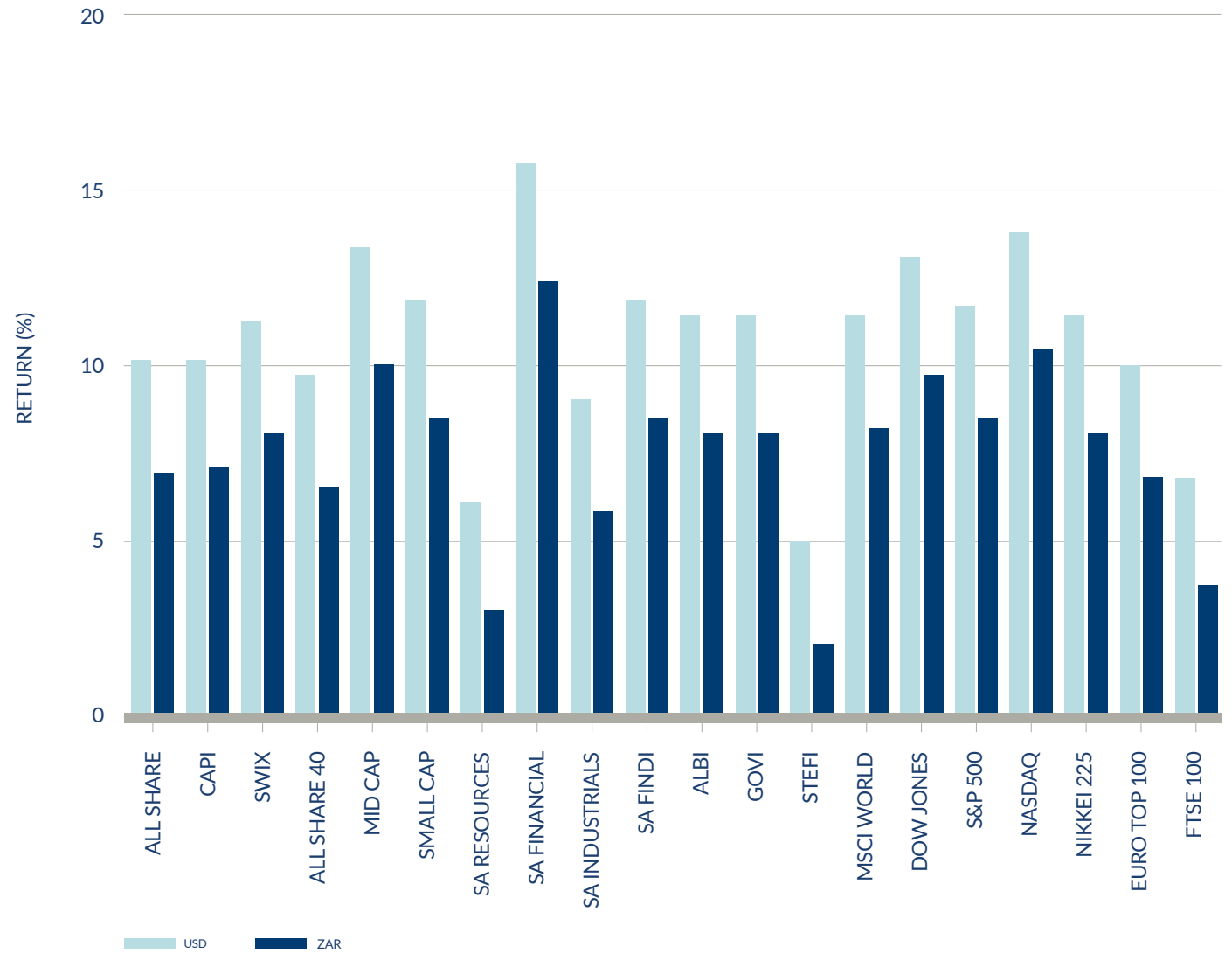
Brazil's GDP grows 3.1%, positioning it as the world's ninth-largest economy



In Africa, Rwanda saw growth of 6.2% and Tshisekedi wins the Congo Election

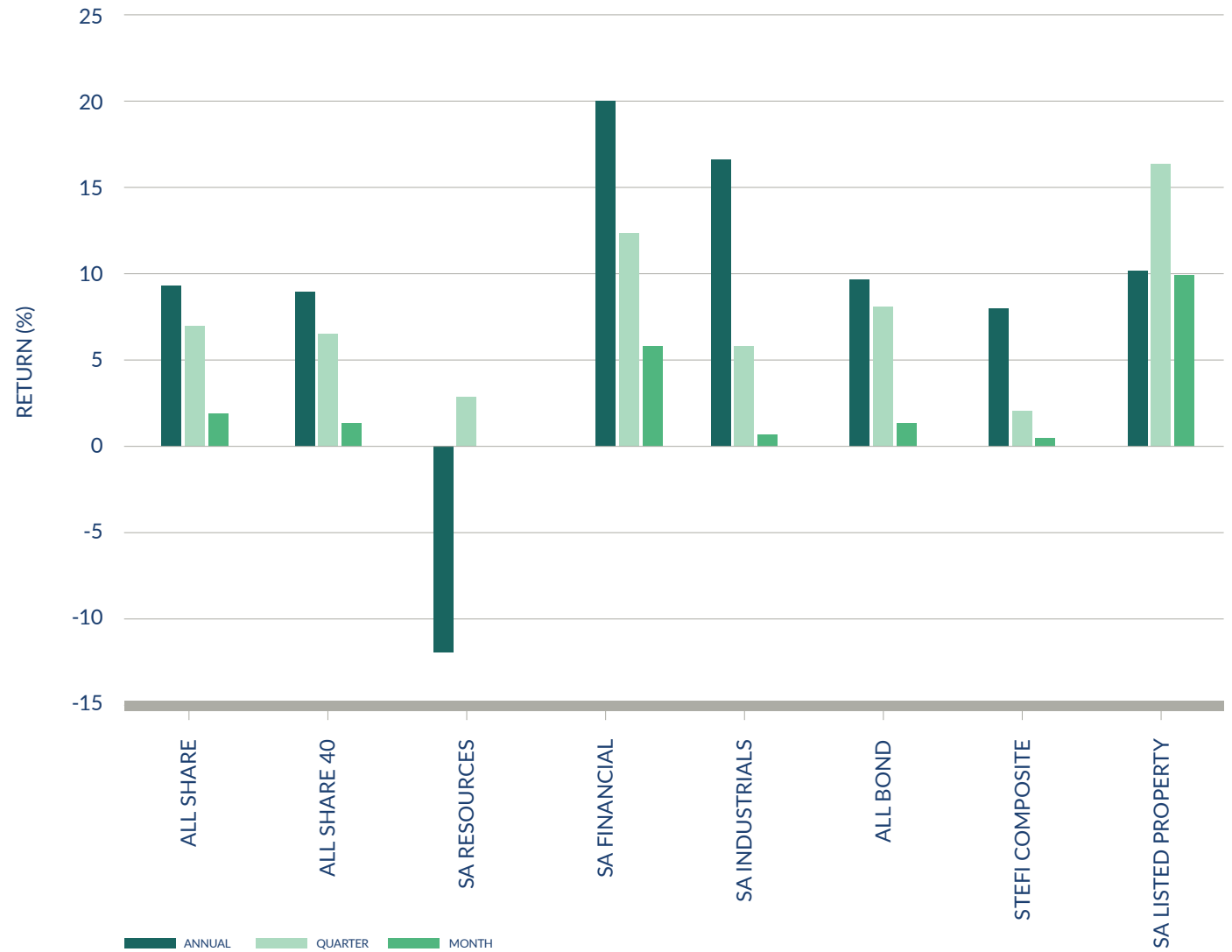
World Market Indices Performance

QUARTERLY RETURN OF MAJOR INDICES



South African Market Indices Performance

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