

# Market Commentary

January 2024

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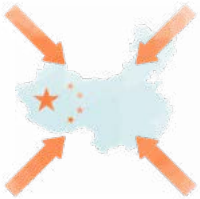
# Global market themes



Global equity markets were mostly positive with the Dow, S&P 500, NASDAQ up; while the MSCI EM down



Geopolitical tensions and conflict around the Suez Canal continue to negatively affect the global economy



The manufacturing segment of China's economy, as measured by the PMI reading, remains in contractionary territory for a fourth consecutive month



Mexico's economy slowed due to decreased exports and decreased consumer spending

US business activity kicked off 2024 on a strong note. The US Composite Purchasing Manager's Index increased from 50.9 to 52 index points in January, signalling improvement within this segment of the economy. On 31 January 2024, the Federal Open Market Committee (FOMC) announced that it would maintain its policy rate within the range of 5.25% to 5.5%. This move was widely anticipated. It marks the fourth consecutive meeting where the Fed has decided to keep interest rates steady. The European Central Bank (ECB) and Bank of England (BoE) followed suit, both keeping interest rates unchanged. The ECB believes that inflation has cooled from its highs but considers it premature to discuss rate cuts.

During January 2024, the Dow Jones Industrial Average rose by 1.3%, the S&P 500 experienced an uptick of 1.7% and the technology-orientated NASDAQ increased by 1.0%. The MSCI World Index saw an increase of 1.2%, while the MSCI All Country World Index, which includes emerging market stocks, increased by 0.6%. The MSCI EM, however, saw a sharp drop of 4.6% for the month, largely driven by underperformance within the Chinese market.

The Nikkei 225, which was among the star performers in 2023, continued its positive run and experienced a sharp rise of 8.4% in January. This marks its highest January performance since 1998. The equity rally in Japan stemmed from optimistic long-term prospects, driven by better corporate governance structures and reforms that listed companies are required to adhere to, as laid out by the Tokyo Stock Exchange. The Japanese economy has emerged from an extended period of entrenched deflation, partly due to its loose monetary policy stance.

The STOXX All Europe experienced an uptick of 1.4% over the month, along with a 10.6% uptick over the 12-month period. The world economy has been negatively affected by

the ongoing conflict along the Red Sea. This has led to various shipping companies pausing shipments through the Suez Canal due to safety concerns. Not only does this impact shipping and global supply chains, but it also adds to geopolitical tensions, increases transportation costs, and leads to higher greenhouse gas emissions.

Turning to China, 2024 marks the Year of the Dragon in the Chinese calendar, with the Lunar New Year falling on the 10th of February. This symbolises good luck, justice, prosperity, and strength. However, despite these auspicious beginnings, the manufacturing segment of China's economy, as measured by the PMI reading, remains in contractionary territory for a fourth consecutive month. Some factories closed for a period ahead of the New Year celebrations. Consequently, the official Purchasing Managers' Index (PMI) for China came in at 49.2 for January. In an attempt to revive the Chinese economy, China's Central Bank Governor, Pan Gongsheng, made an announcement in January to cut banks' reserve requirement ratio.

Looking at the year ahead, Asia (amongst a number of other regions) will host elections in countries including India, Indonesia, South Korea, Mongolia, Pakistan, Sri Lanka, and three Pacific Island nations. The International Monetary Fund (IMF) increased its forecast for (South) Korea's economic growth for 2024 to 2.3%. Korea has seen high growth among key developing economies. Mexico's economy slowed more than expected in the last quarter of 2023, attributed to decreased exports and waning household consumption. The IMF and Argentina have agreed on a stabilisation plan to release \$4.7 billion as part of a debt restructuring plan for the country.

Nigeria's growth rate has been forecasted by the UN to rise to 3.1% in 2024. Considerations included in this forecast include Nigeria's proactive approach to climate change and its domestic



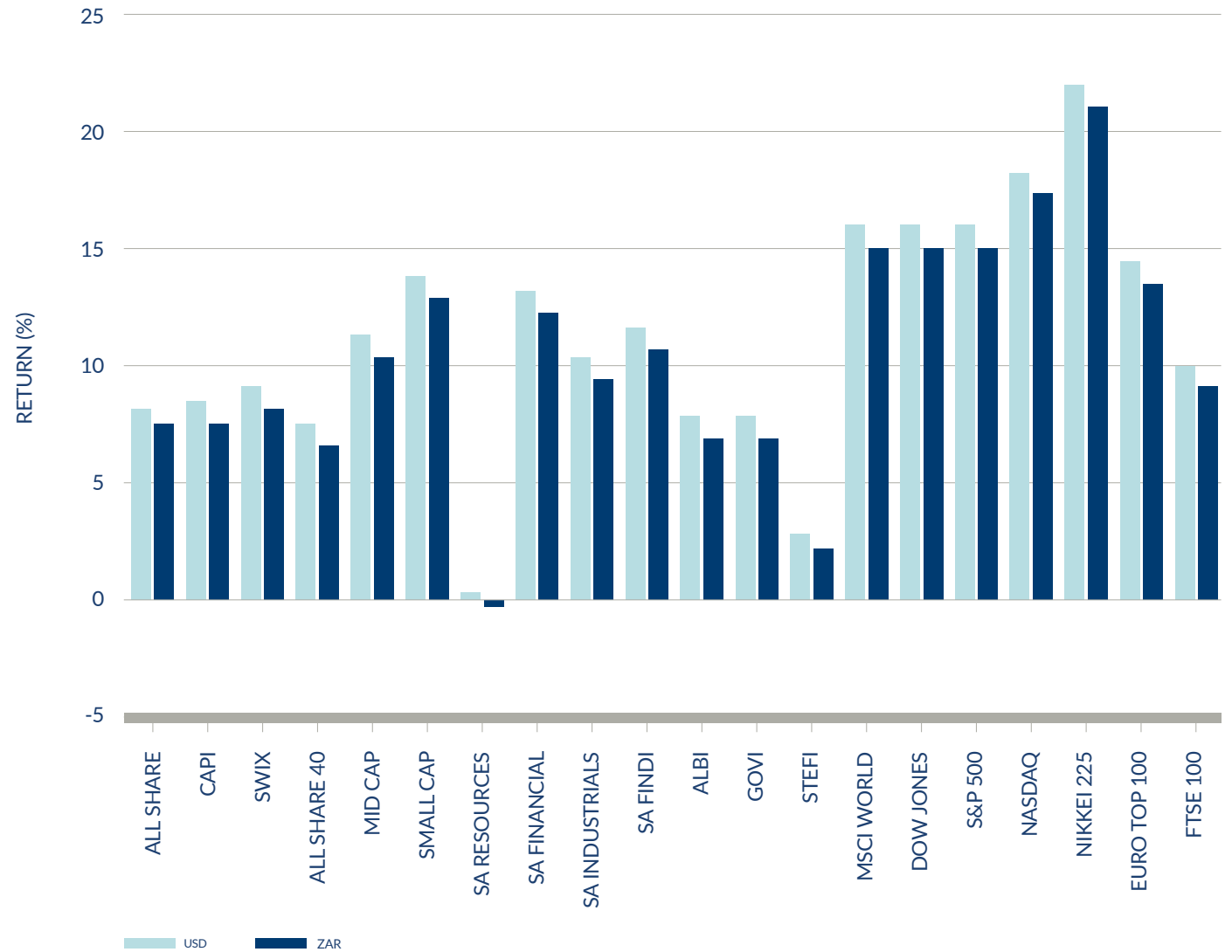
In Africa, Nigeria's growth outlook for 2024 is positive, while Egypt faces several economic challenges

oil production, which can help boost the economy. Conversely, Egypt has had a tough start to the year with steep price hikes, a potential devaluation on the table, and the knock-on effects of reduced traffic through the Suez Canal.

Brent crude oil settled at \$80.55 per barrel for January. During the month, Copper saw an increase of 0.4%, while Gold and Platinum each decreased by 1.1% and 7.0%, respectively. Palladium was also down by 10.8%, followed by Iron Ore, down by 7.4%. Silver saw a decrease of 3.5% over the month. The USD/ZAR exchange rate ended the month at R18.60.

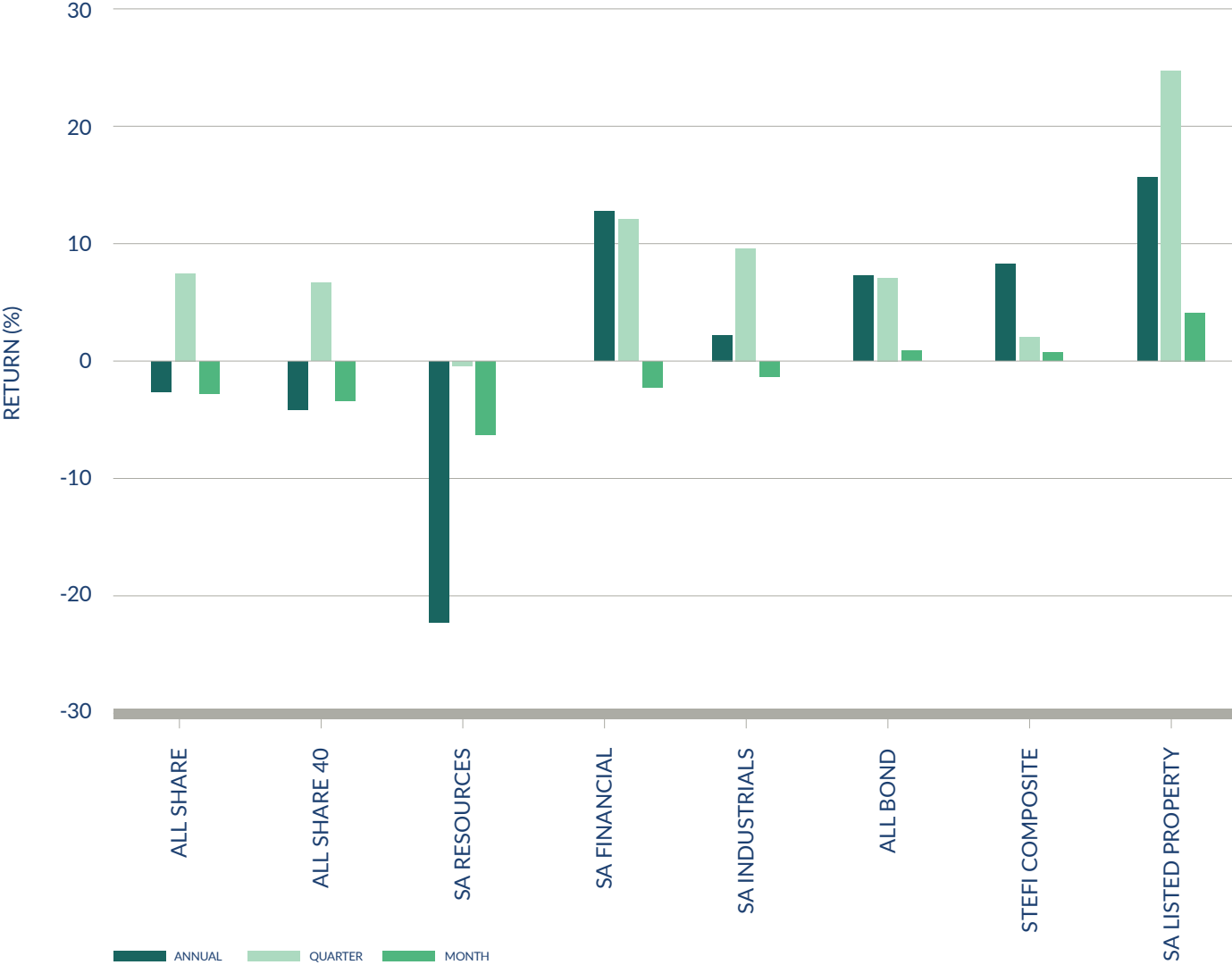
# World Market Indices Performance

QUARTERLY RETURN OF MAJOR INDICES



# South African Market Indices Performance

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