



Market Commentary

March 2024

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Global market themes



Markets show resilience despite interest rate cut delays, and equities perform well

March continued to deliver a month of robust performance, despite delays in the expected interest rate cut. The Fed's March meeting resulted in keeping the key interest rate unchanged. The post-meeting statement remained largely unchanged, with Chair Jay Powell observing that the risks to achieving the Fed's goals are becoming more balanced. Powell acknowledged that the higher-than-expected inflation numbers for January and February were obstacles to reaching the 2% target. He stressed, however, that policymakers require more data to be confident in a sustained return to the target. Powell noted that decisions are made on a meeting-to-meeting basis, and cautioned against overreacting to two months of data, stating that they do not alter the overall narrative that inflation is gradually decreasing.

China's services activity growth started to accelerate over the month. Chinese manufacturing activity also experienced growth for the first time in six months. The official Chinese Manufacturing Purchasing Managers' Index (PMI) rose to 50.8 in March, increasing from 49.1 in February. However, the Chinese property sector remains sluggish. As the first quarter of 2024 drew to a close, business confidence in the manufacturing sector in Japan improved. The headline large Manufacturers' Sentiment Index reflected 11.0 which was higher than the market expectation of 10.0 (however, still down from the previous 12.0). The Bank of Japan has raised its key interest rate from -0.1% to a new rate range of 0%-0.1%. This is the first increase since 2007 and it aims to help stimulate the economy, which has been struggling with growth. Japan's inflation has recently sped up, and wages have also increased, indicating that the economy has started to display stronger expansion.



Fed maintains key interest rate, with Powell emphasising balanced risks in achieving its goals

US equity indices fared well during the month. This was highlighted by the Nasdaq Composite gaining 1.8%, the Nasdaq 100 up by 1.2%, S&P 500 ticking up by 3.2%, and Dow Jones Industrial growing by 2.2%. Sectors that recorded strong growth included Energy (+10.6%), Materials (+6.5%), Financials (+4.8%), and Technology (+2.3%). So-called 'Magnificent-Seven' companies such as Nvidia continued their surge, with its share price climbing by some 14%. The Apple share price declined by 5.1% over March due to the pressure on its Chinese business and antitrust regulators. The energy sector's stellar month arose from oil prices being more favourable throughout the month.

India spent March gearing up for its general elections, which take place from April 2024. The voting process for the election occurs over seven phases and typically takes around six weeks to complete. Brazil has been battling a surge in dengue disease, a mosquito-borne viral illness, which has added pressure to the local healthcare system. UAE investment has boosted reform in Egypt's fixed exchange system, this in turn seeks to boost exports. To combat inflation, Nigeria's Central Bank increased its monetary policy rate by 200 basis points. Inflation in Nigeria has surpassed 30% on an annual basis.



Magnificent-Seven companies such as Nvidia continued their surge in March

The MSCI World Index saw an increase of 3.2%, while the MSCI All Country World Index increased by 3.1%. The MSCI EM saw an increase of 2.2% for the month. In March, the Nikkei 225 was up healthily by 3.7%. The STOXX All Europe experienced an uptick of 4.0% over the month, along with a 15.42% increase over the 12-month period. The European Central Bank kept its interest rates at its historical high of 4.5%, as well as the Bank of England maintaining its Bank Rate at 5.25%. The Eurozone's consumer price inflation rate came in at 2.6%.

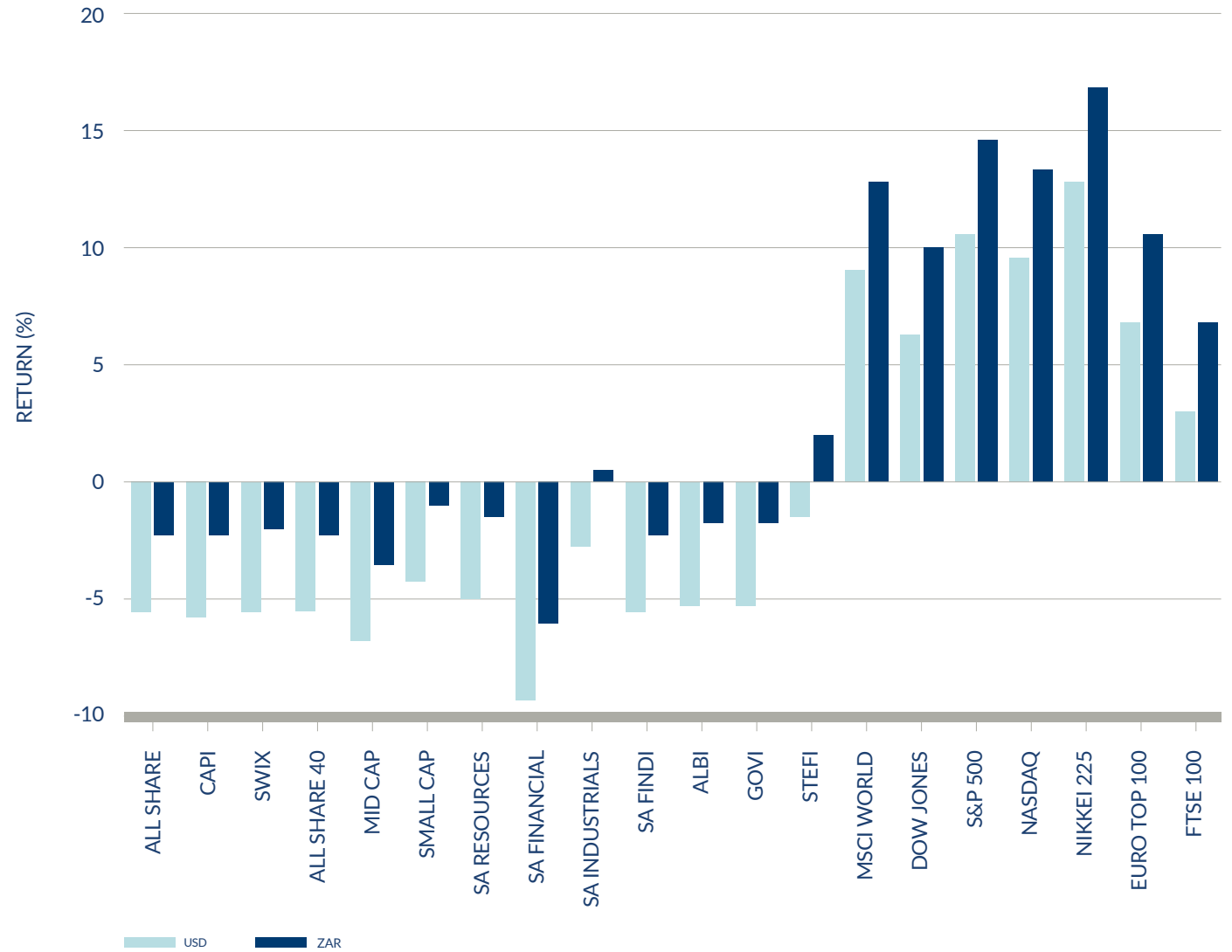
Brent crude oil settled at \$87.00 per barrel for March. During the month, Silver saw a significant increase of 10.1% followed by Gold increasing by 9.1%. Copper, Platinum and Palladium each rose by 4.3%, 3.5% and 2.3% respectively. The price of Iron Ore was down by 12.5%. The USD/ZAR exchange rate ended the month at R18.94.



Commodity market remains mixed: Silver and Gold prices surge, Iron Ore drops

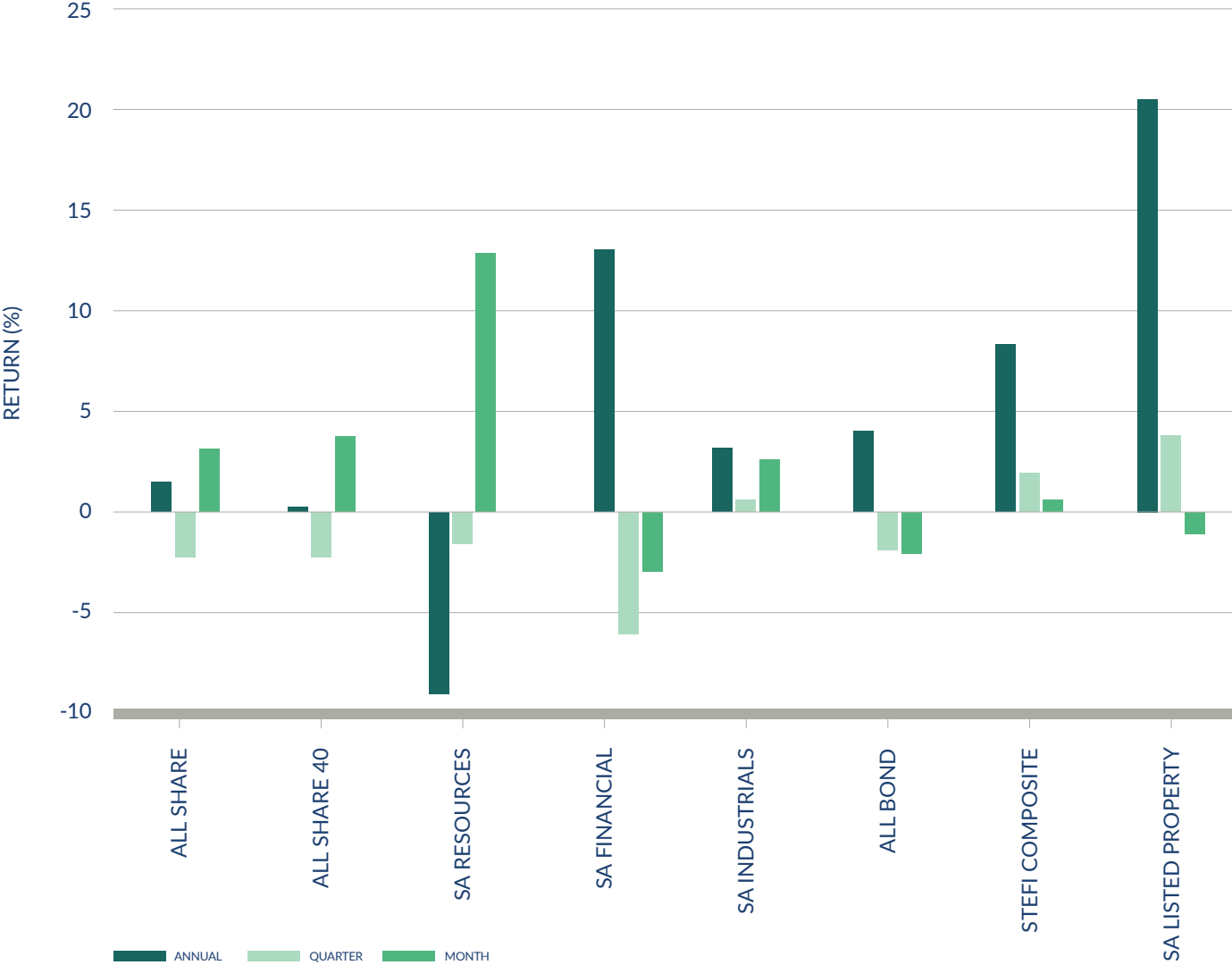
World Market Indices Performance

QUARTERLY RETURN OF MAJOR INDICES



South African Market Indices Performance

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