



Market Commentary

April 2024

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Global market themes

In April, both equity and fixed-income markets faced challenges amid concerns over the “higher for longer” narrative, amidst strong private demand and inflationary pressures. Global stock markets experienced a downturn, with developed market equities declining by -3.7%, and global bonds (BarCap GABI) dropping by -2.5%. However, emerging market equities saw a modest uptick of 0.7%, thanks to increased exposure to commodities and investor interest in undervalued Chinese equities.

Over the past month, sectors sensitive to interest rates, such as small caps and REITs, experienced significant declines in performance, lagging behind the overall large-cap market performance by 5.1% and 6.3%, respectively. Similarly, the fixed-income markets were also affected as the markets adjusted their rate expectations, leading to notable increases in Treasury yields. This change in rate expectations resulted in the fixed-income markets also suffering. In April alone, the markets priced out one-and-a-half rate cuts in the US for this year, which led to the timing of the first cut being pushed further out. As a result, the 2-year Treasury yields increased by 40 basis points (bps) to 5.0%, while the 10-year Treasury yields rose 47 bps to 4.7%. Additionally, the US stock market did not perform well in April, with the S&P 500 composite index suffering a loss of -4.4%.

The Stoxx Europe 600 index fell by 0.7%. However, the UK FTSE 100 performed well, gaining positive total returns of 2.4%, thanks to the high share of energy and commodity companies.

During April, the Japanese stock market faced various challenges. One issue is the increasing interest rate differential between Japan and other developed countries, which has caused the yen to lose value. This depreciation has raised concerns among investors about the risk of imported inflation, which may weaken Japan's domestic demand. Moreover, the global equity slump has also affected the Japanese market, with the Nikkei 225 shedding

4.7%. On the other hand, Chinese equities have performed well, recording gains as investors focused on signs of economic improvement in the region. The CSI 300 index saw an increase of 2.5%.

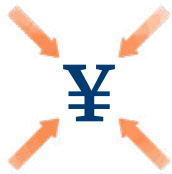
Chinese equities performed well, as investors focus on regional economic improvement. The inflation rates in the Eurozone and the UK remained slightly moderated. Sovereign bonds in the Eurozone have performed better than US Treasuries and UK Gilts, indicating positive growth prospects for the region. In March, Eurozone inflation remained unchanged at 2.4% year on year. UK inflation eased to 3.2% year on year in March, slightly higher than the expected 3.1%. However, certain core components are still showing signs of being stubborn.

In April, the market sentiment shifted as the expectations for rate cuts by the Federal Reserve were pushed further out. The focus was on economic indicators, particularly inflation, which had the potential to challenge the upward trajectory of risk assets. The threat of persistent inflation was highlighted as March's CPI and PPI data exceeded expectations, especially in sectors like shelter and services. Less than 30% of S&P 500 constituents were trading above their 50-day moving average, down from 92% in Q1.

In April, the price of copper continued to rise, increasing by 11.59%. Towards the end of the month, the strengthening US dollar, alongside geopolitical turmoil, affected oil prices, making dollar-denominated oil more expensive for foreign currency holders. Meanwhile, gold prices reached new all-time highs, rising by 4.02% to \$2319.56. Commodity prices surged, driven by a strong economic environment and geopolitical tensions. As a result, the Bloomberg Commodities Index increased by 2.7% in April, making it the top-performing major asset class of the month.



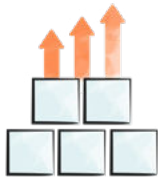
On the whole, markets faced challenges amid inflation fears; global equities and bonds declined



The Japanese market faced challenges with the yen depreciation and Nikkei 225 decline



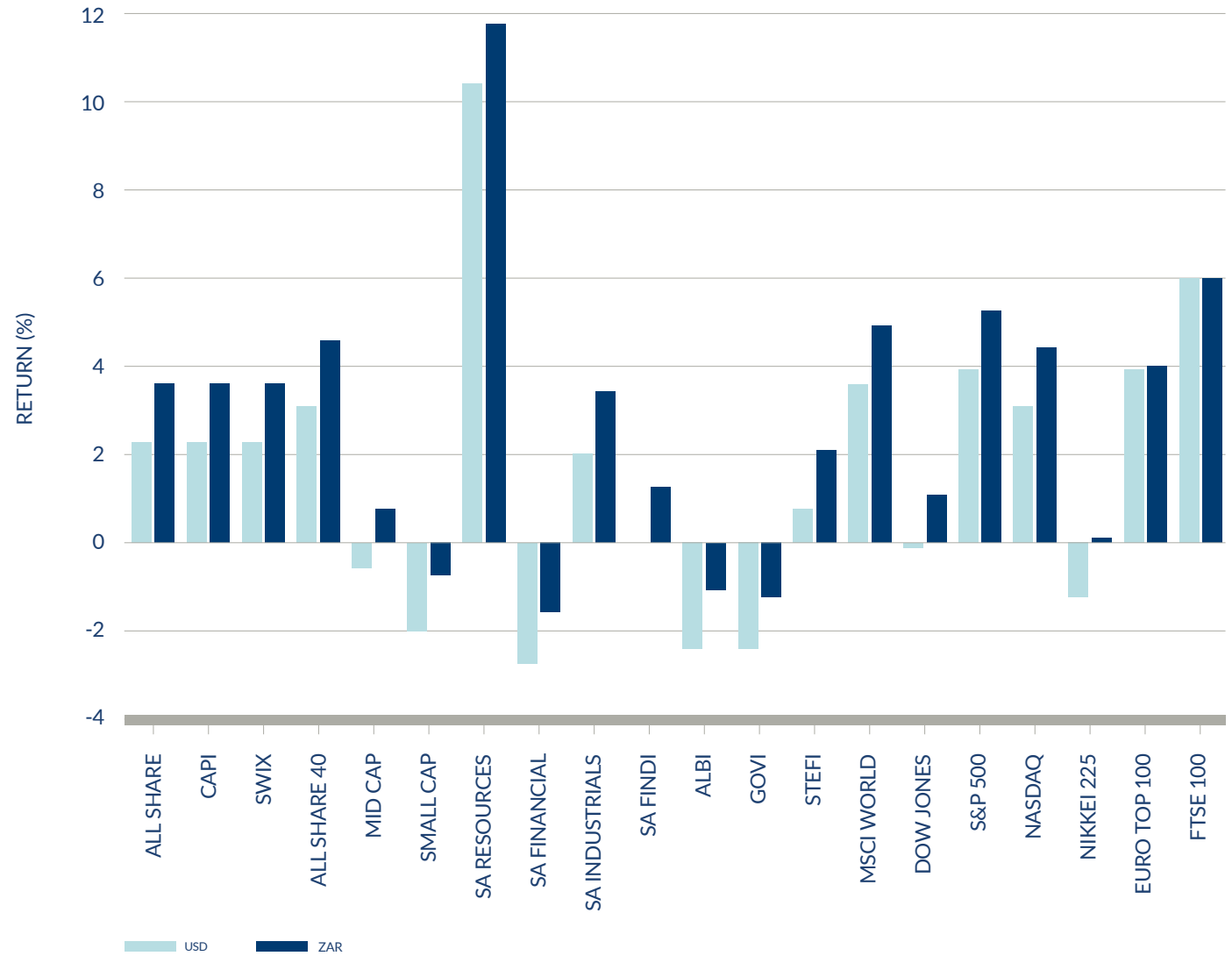
As the Fed rate cut expectations waned, focus shifted to inflation indicators



Copper surged and gold hit new highs, as geopolitical tensions drive commodities

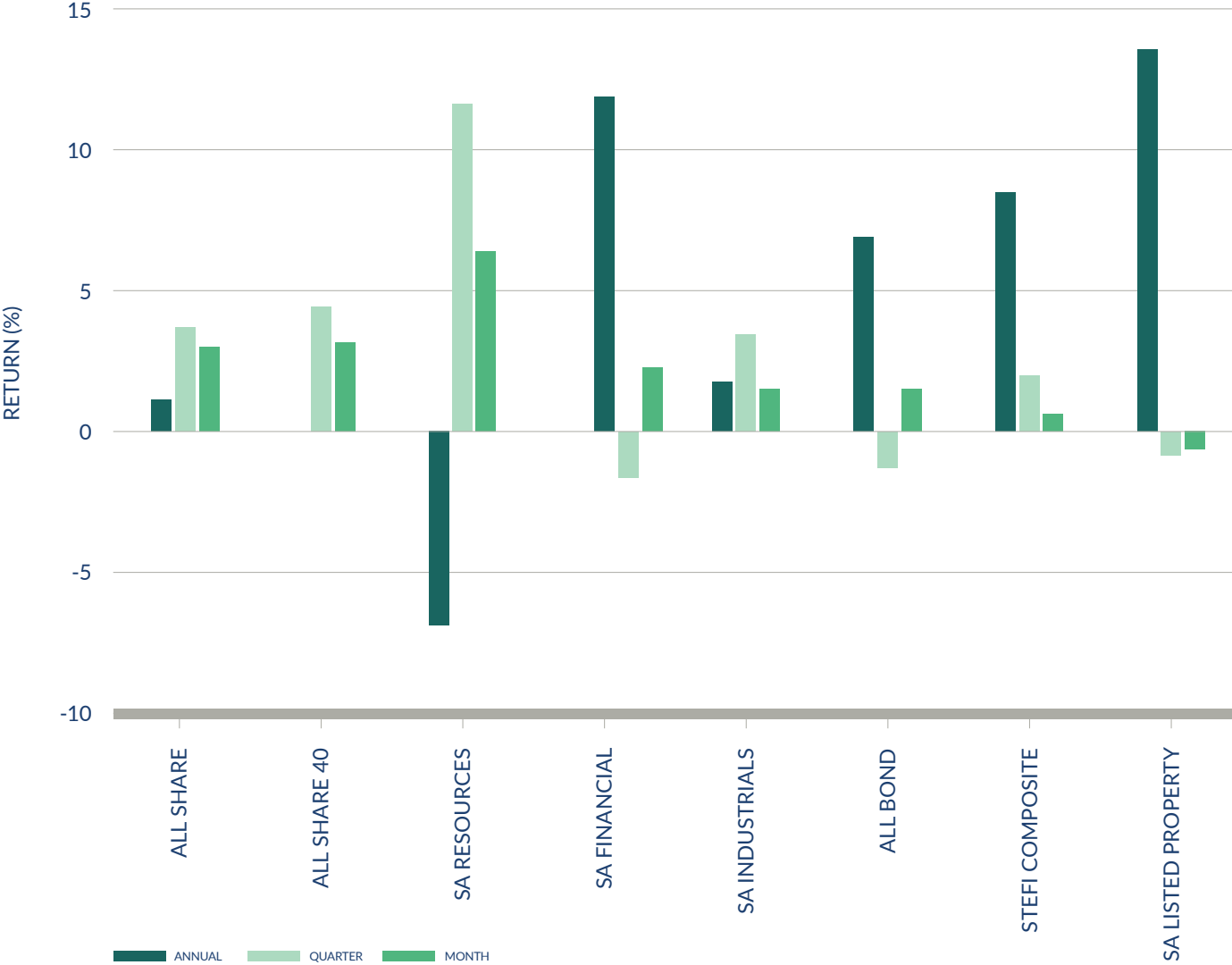
World Market Indices Performance

QUARTERLY RETURN OF MAJOR INDICES



South African Market Indices Performance

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