

Market Commentary

June 2024

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Global market themes



The World Bank expects that global growth will stabilise in 2024, for the first time since COVID-19



US equity indices showed strong performance, with the Dow Jones touching 40 000 points intra-month



The BoE holds rates steady, and the UK energy price cap reduced to £1 568, the lowest level in two years



China's tech sector struggles because of regulatory evaluations, which dampened investor sentiment

June continued to deliver a month of robust performance. The World Bank expects global markets to stabilise during 2024 for the first time since COVID-19. It is estimated that global growth will reach 2.6% in 2024, rising slightly to 2.7% in 2025. This is still below pre-pandemic levels of 3%, although improvement may be on the horizon.

US equity indices showed resilience, with the Nasdaq Composite gaining 6%, S&P 500 ticking up by 3.6%, and Dow Jones Industrial gaining 1.2%. The Dow Jones Industrial Average touched 40 000 index points intra-month. The MSCI World Index saw an increase of 2.1%, while the MSCI All Country World Index increased by 2.2%. The MSCI EM Index saw an increase of 3.9% for the month and the Nikkei 225 was up healthily by 3.0%. The STOXX All Europe experienced a decrease of 1.2% over the month, despite a 15.4% increase over the 12-month period. Sectors that recorded positive growth included banking, life insurance, and telecommunications.

The Fed's June meeting resulted in keeping interest rates steady at a range of 5.25-5.50% amid a rising US unemployment rate (from 3.7% to 3.9%). The looming uncertainty of the upcoming presidential election also played a role in US market volatility. Technology and AI advancements continued to drive US market performance, supporting utilities for technology electrification. NVidia's market capitalization has grown by \$1.477 trillion since the beginning of the year, continuing its positive run.

At its June meeting, the Bank of England's MPC voted to keep its bank rate at 5.25%. Overall, UK households and corporate borrowers have been resilient for the time period ending Q2. However, they do still remain under pressure. The UK banking system has worked hard to be well-capitalised, and has maintained strong liquidity positions. The energy price cap saw a reduction to £1 568, which is the lowest level in two years.

Market optimism was displayed through UK small caps, which performed better than UK large caps for the year-to-date.

The European Central Bank (ECB) cut its interest rate from 4% to 3.75% in June, the first decrease since 2019. The European manufacturing sector experienced some volatility in energy prices along with some disruptions to supply chain activities due to the ongoing Ukraine conflict. The Eurozone saw strong performance from the technology sector, followed by financials, which is double the size of technology. Inflation across the Eurozone remained at 2.6%.

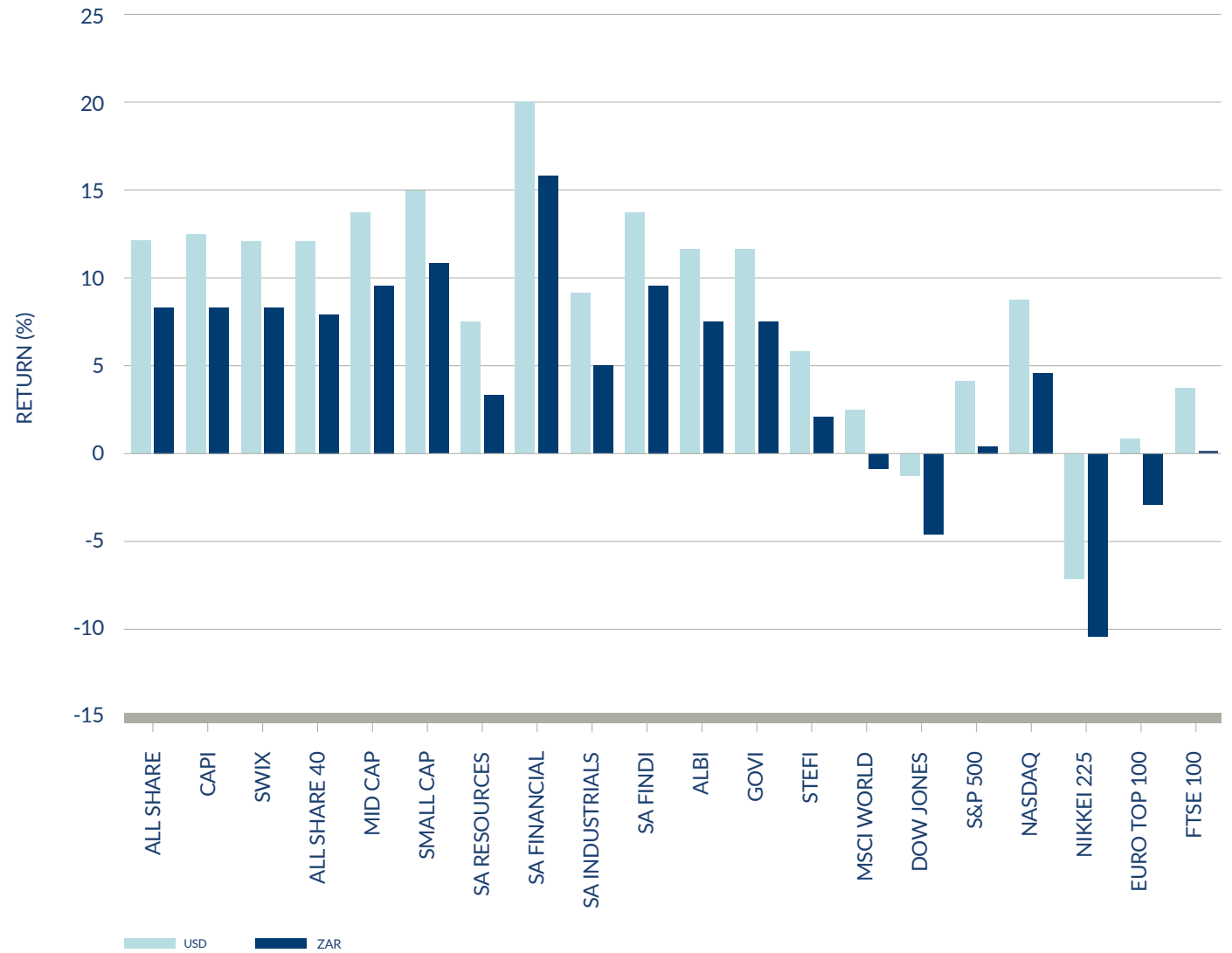
China's tech sector faced various regulatory evaluations, which has dampened investor enthusiasm. This regulatory crackdown, along with slow economic recovery, resulted in the MSCI China index down -1.9%. Japan's export market thrived due to the growing demand for cars and electrical machinery, bolstering the Nikkei 225 performance. This was backed by strong corporate earnings and favourable policies from the Bank of Japan.

From an emerging market perspective, Brazil has continued to grapple with challenges stemming from its double-digit interest rates and political dynamics. In contrast, India has shown robust economic growth backed by a flourishing technology sector and resilient local demand. Both India and Mexico have recently completed their election processes. Prime Minister Modi in India is expected to implement similar policies to previous ones, which boosts business confidence. Conversely, concerns have arisen about potential radical policy changes under Mexico's new President, Claudia Sheinbaum.

Brent crude oil settled at \$85 per barrel in June. During the month, Palladium saw a significant increase of 6.6%. Gold, Copper, and Platinum each decreased by 0.1%, 4.6%, and 4.1%, respectively. The price of Iron Ore was down by 7.6%. The USD/ZAR exchange rate ended the month at R18.26.

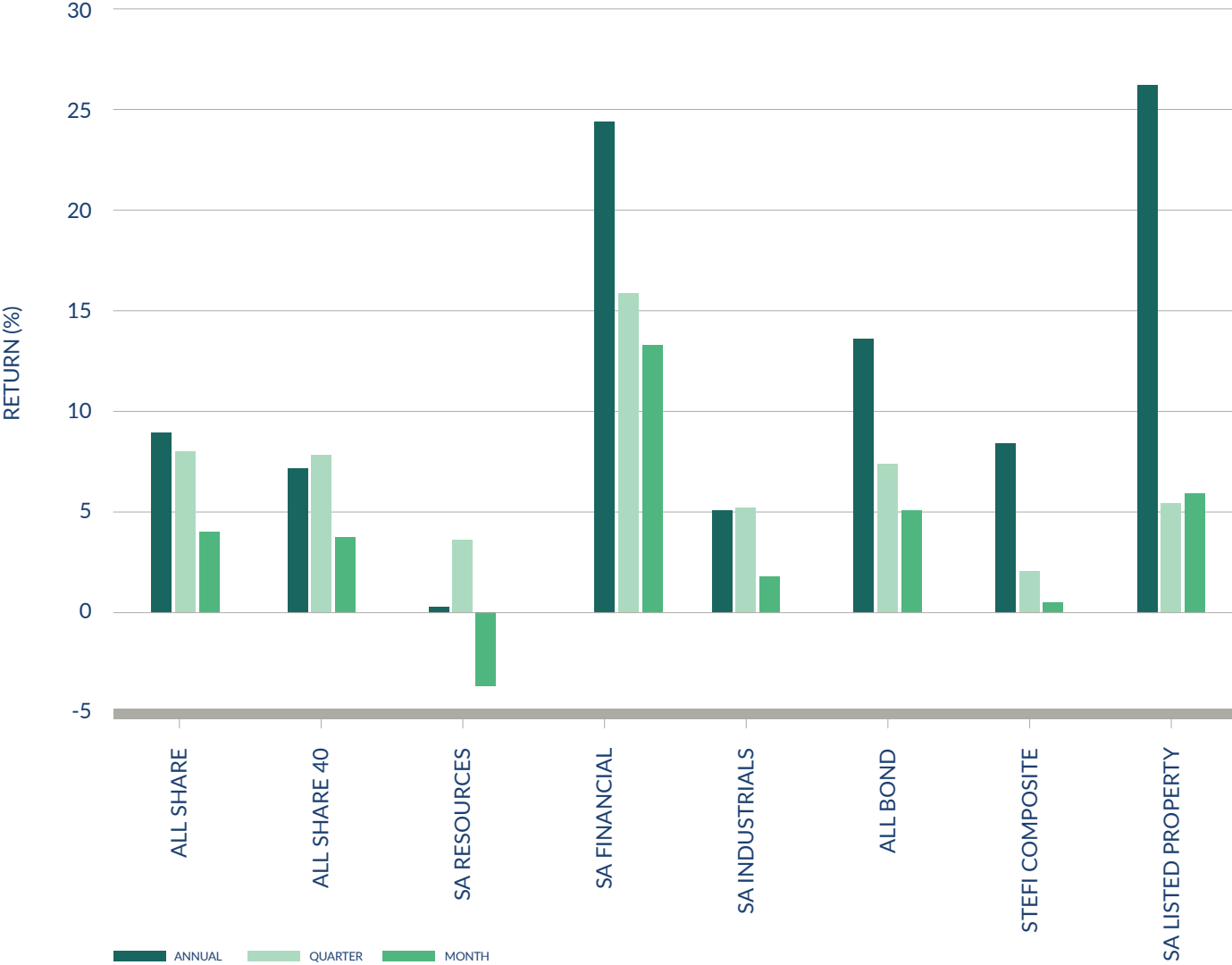
World Market Indices Performance

QUARTERLY RETURN OF MAJOR INDICES



South African Market Indices Performance

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