

# Market Commentary

July 2024

RISCURA

## Global market themes

July proved to be another month of market resilience in anticipation of interest rate cuts. China's economy has, however, continued to be under strain despite low interest rates. Markets continue to expect the Fed to announce a rate cut in September. Global growth is expected to remain at 3.2% for the year, with expectations having dropped to the same level for 2025.

The US economy and markets experienced uncertainty following the attempted assassination of Donald Trump on July 13th. These political developments dominated news throughout most of the month. US inflation dropped below 3% for the first time over the past year. US equity indices saw some fluctuations but showed continued resilience overall. Sectors in the US that recorded positive growth for the month included value sectors, namely real estate, utilities and financials.

The Dow Jones Industrial Average rose 4.5%, while the S&P 500 ticked up 1.2% for the month. The Nasdaq Composite dropped by 0.7%. The MSCI World Index saw an increase of 1.8%, while the MSCI All Country World Index increased by 1.6%. The MSCI EM Index saw an increase of 0.3% for the month, while the Nikkei 225 saw a dip of 1.2%. The STOXX All Europe ticked up by 1.5% over the month.

The UK experienced a broad increase in economic output. The construction industry grew by 1.9% as more homes were built. This uptick and economic recovery may help boost the new Labour administration. Goldman Sachs revised its growth forecast for the UK upwards to 1.2%, from 1.1%. The UK's business index grew from 51.6 in June to 54.9 in July, highlighting the increased demand from international markets.

The European Central bank kept its policy rate on hold in July. Across the Eurozone, credit conditions have been improving, but larger increases in energy prices and goods have driven inflation higher. The Eurozone inflation for the year to July came

in at 2.6%, up from 2.5% in June. Trade between the UK and Germany has recovered from the post-Brexit decline. Trade between the two countries came in at €49.5 billion for the first five months of the year compared to €48.2 billion in the same period in 2023.

The People's Bank of China implemented an unexpected 10-basis point rate cut in the seven-day reverse repo rate during the month. This led to the commercial banks following suit with a 10bp reduction in prime rates. The rate cut followed policy-setting meetings that took place, aiming to take a more stringent pro-market stance, focus on unlocking new growth drivers to strengthen the economy, and revive private sector confidence. This provides encouraging signals to the global markets on the longer-term growth ambitions of the country.

From an emerging market perspective, Turkey performed strongly off the back of their central bank implementing a more conventional monetary policy outlook to curb inflation. Taiwan's equity markets fared well following positive investor sentiment on their AI capabilities and technology orders. India's market has performed strongly regardless of the election outcome. Conversely, Mexico saw sell-off as a result of the election results. Ethiopia's Central Bank has implemented a foreign exchange reform to help ease foreign currency shortages and to attract investment. The reform will include a move to a market-based exchange system. The Ethiopian Government hopes to secure over \$10 billion from the IMF and World Bank to help restructure its debt.

Brent crude oil settled at \$80.84 per barrel in July. During the month, Gold saw a significant increase of 5.2%. Copper, Silver, and Platinum each decreased by 3.7%, 0.5% and 1.8% respectively. Palladium saw a larger drop of 5.0%, contrasting with its increase in June. The price of Iron Ore was down by 5.4%. The USD/ZAR exchange rate ended the month at R18.19.



Global growth is expected to remain stable at 3.2% for the year, with the same expectation for 2025



Eurozone inflation increased to 2.6% in July from 2.5% in June, driven by higher energy and goods prices



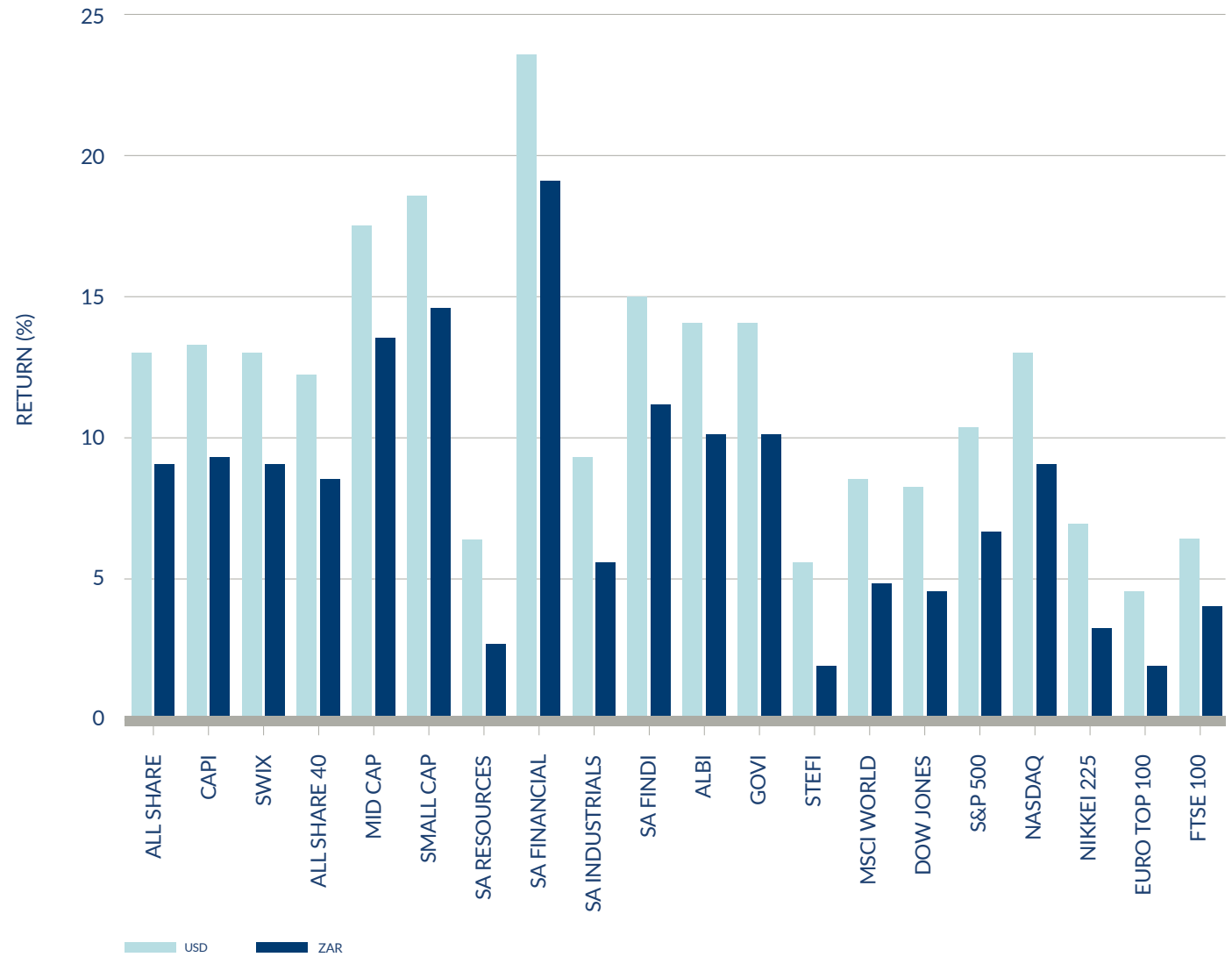
Trade between the UK and Germany has recovered from the post-Brexit decline, coming in at €49.5 billion



China displayed encouraging signals to the global markets around its longer-term growth ambitions

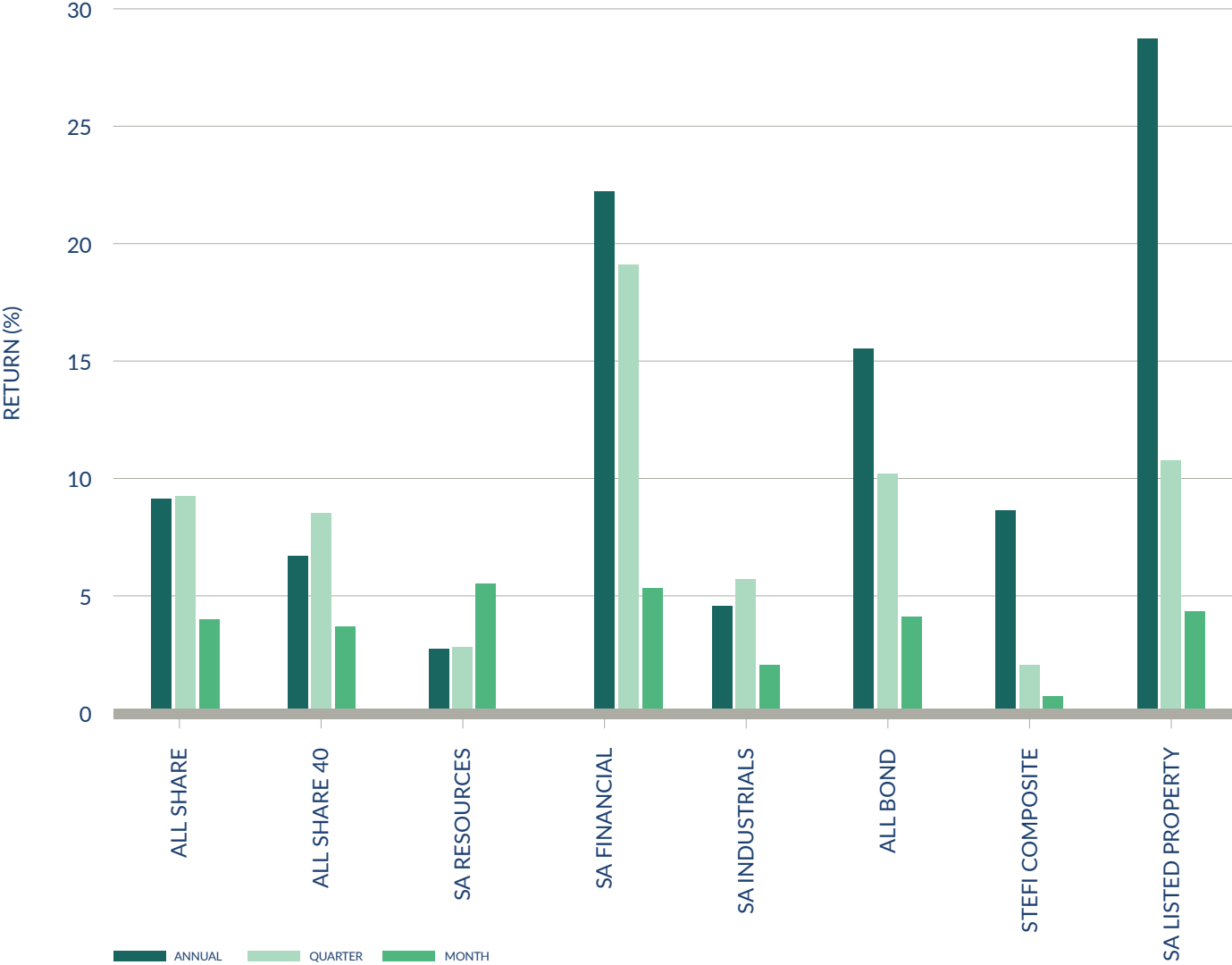
# World Market Indices Performance

QUARTERLY RETURN OF MAJOR INDICES



# South African Market Indices Performance

RETURNS OF THE FTSE/JSE SECTORS AND INDICES



This document contains confidential information and is protected by copyright law. Copyright in all information, material and logos are protected by both national and international intellectual property laws. Accordingly, any unauthorised copying, reproduction, retransmission, distribution, dissemination, sale, publication, broadcast or other circulation, or exploitation of this material will constitute an infringement of such protection. The copyright in all material of RisCura Holdings (Pty) Ltd ("RisCura") and all its subsidiaries shall continue to vest in RisCura. The information contained in this document is provided 'as is' without warranty of any kind. The entire risk as to the result and performance of the information supplied in this document is assumed by the user and in no event shall RisCura be liable for any direct, consequential, or incidental damages suffered in the course of using the information contained herein as a result of the use of, or the infringement of any copyright laws. RisCura Solutions (Pty) Ltd and RisCura Invest (Pty) Ltd are authorised financial services providers.

**RISCURA**