



Market Commentary

September 2024

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South African market themes



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South Africa will assume the presidency of the G20 in 2025



HSBC Holdings Plc confirmed the sale of its South African corporate branch unit (including branch clients, banking assets and liabilities, and employees) to FirstRand



South Africa has restructured its pipeline of planned infrastructural projects, with an estimated investment of close to R943 billion over the next three years

Following the resilience shown the South African economy and the latest rally in domestic assets, the IMF forecasts South Africa's year-on-year growth rate to be at 1.0%. Local sectors benefiting from this positive run include banks, life insurers, retailers, and listed property. Despite this, structural challenges continue to persist.

In September, the Capped SWIX and All Share indices both gained 4.0%, while the ALBI gained 3.9%. The Resources, Financials, and Industrials sectors all ticked up by 3.9%, 2.5%, and 5.2%, respectively. The Rand strengthened during the month, and ended with a Rand-US dollar appreciation of 2.9%.

Despite these gains, South Africa's fiscal position remains under pressure. The Monetary Policy Committee (MPC) trimmed the repo rate by 25 basis points, bringing it down to 8%, and the prime lending rate to 11.5%. This marks the first rate cut in four years. The October Medium-Term budget is expected to provide updated fiscal projections. Meanwhile, the inflation rate fell to 4.4% in August, down from 4.6% in July.

Manufacturing activity returned to expansionary territory in September, with the Absa Purchasing Managers' Index (PMI) increasing from 43.6 in August to 52.8. This increase reflects the regained confidence in the sector.

As of 1 September 2024, the Two-Pot retirement system officially came into effect as an effort by the country's retirement system to help improve financial security as well as encourage long-term saving. Going forward, individuals can now access a set portion of their retirement savings, while the remainder will stay preserved until retirement. Withdrawals from the saving portion will subsequently trigger tax events and in effect, will generate income for the South African Revenue Service (SARS). Shortly after the system's launch, withdrawal requests totalling R103 million were logged.

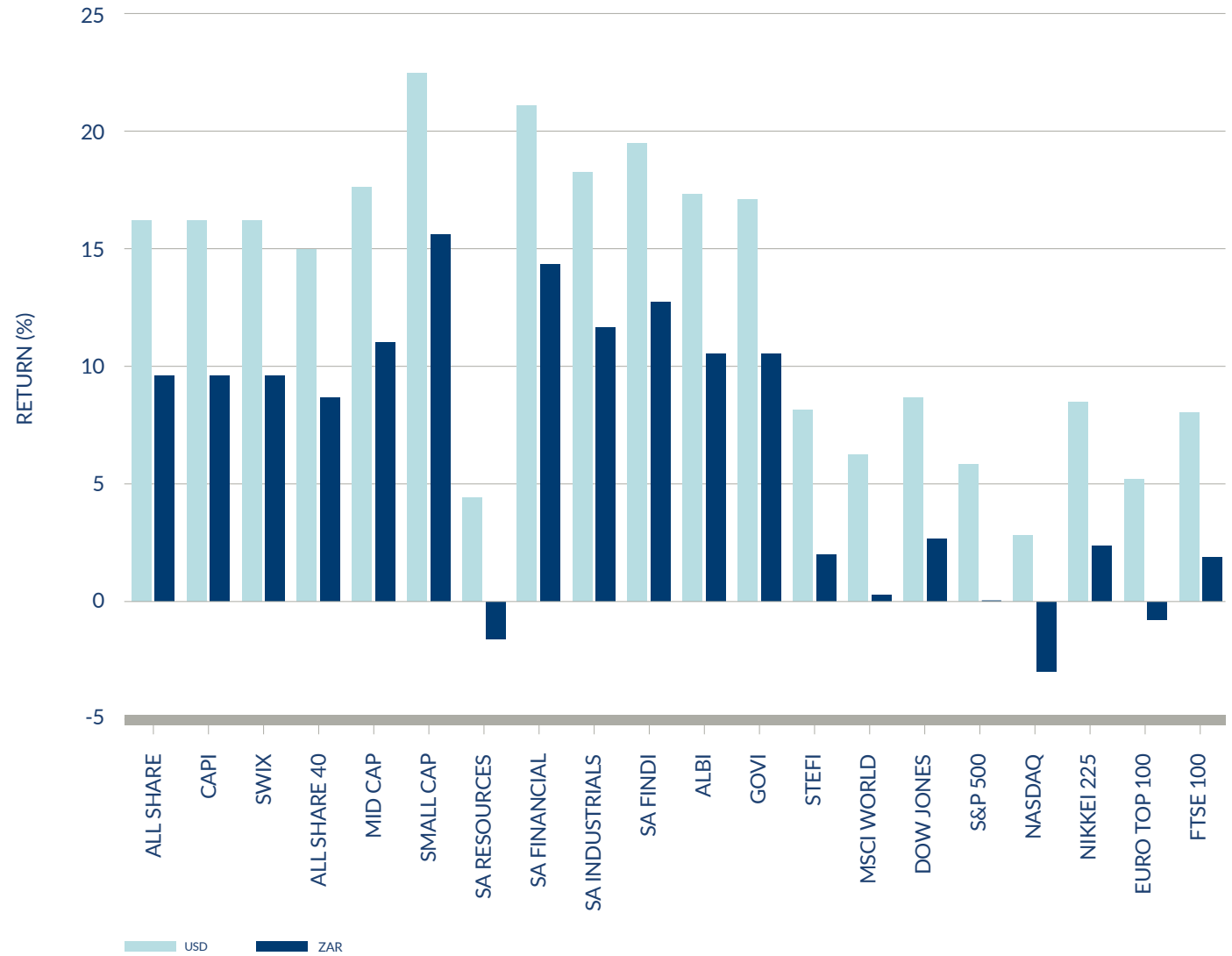
During September, South Africa had the opportunity to address the UN General Assembly at the 79th Session of the United Nations General Debate and High-Level Week (UNGA79) in New York. Prior to the meeting, South Africa endorsed the "Pact for the Future," which maps the course for a better future for global governance and towards achieving the Sustainable Development Goals (SDGs). South Africa also backed the UN Secretary-General's call for reforms to the global financial architecture. Additionally, South Africa is set to assume the presidency of the G20 in 2025.

In corporate news, HSBC Holdings Plc confirmed the sale of its South African corporate branch unit (including branch clients, banking assets and liabilities, and employees) to FirstRand. This move is part of HSBC's strategy to dispose of non-core assets. The deal is expected to be completed by the end of 2025, following relevant regulatory approvals.

South Africa has recently restructured its pipeline of planned infrastructure projects. This is in the hopes of attracting private sector participation and international investment. Deputy President Paul Mashatile has been tasked with leading a delegation to secure foreign investment for key infrastructure developments, including energy, water, and freight-rail. The infrastructure investment envisaged over the next three years is estimated to be close to R943 billion.

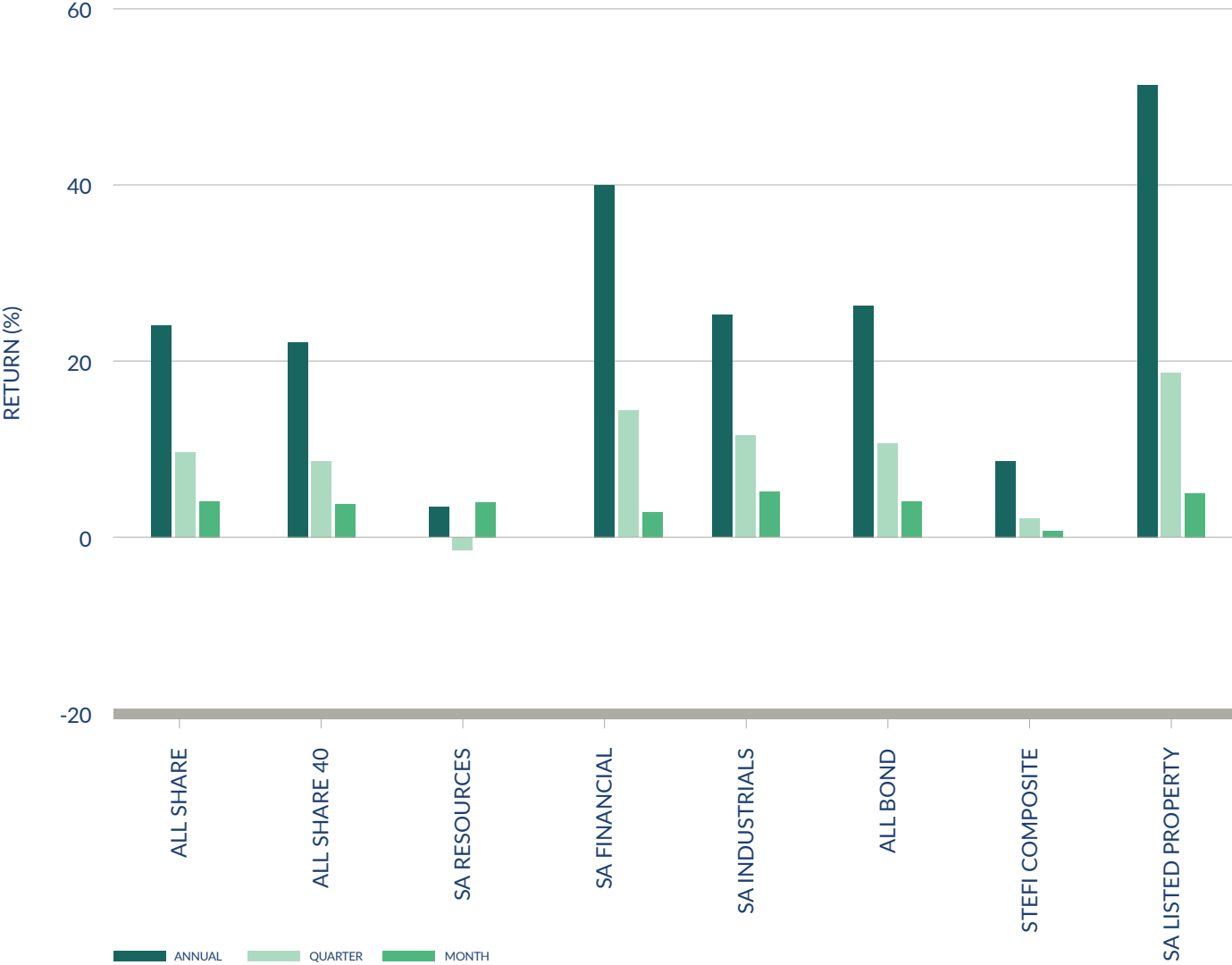
World Market Indices Performance

QUARTERLY RETURN OF MAJOR INDICES



South African Market Indices Performance

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