

Market Commentary

November 2024

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Global market themes



Trump's decisive victory set off global uncertainty on inflation and trade policies



China's manufacturing remained expansionary, signalling modest economic recovery



Mexico's manufacturing sector contracted in November, reflecting economic stagnation concerns



In Brazil, oil overtook soybeans as top export, reshaping its trade landscape



The Kenyan government cancelled its airport expansion and energy deals with the Adani group

November marked a decisive victory for Donald Trump in the presidential election, with Republicans securing control of the Senate and the House of Representatives. However, concerns persist about the president-elect's economic policies and their potential impacts on inflation and global growth. The news on the suggested 25% tariff on imports from Canada and Mexico and an additional 10% tariff on Chinese goods drove the affected currencies into some turmoil. This uncertainty on trade policies is forecasted to potentially create negative supply shocks. Should these import tariffs be implemented, US growth is forecast to slow from 2.7% in 2024 to 2.1% in 2025, while China's growth may retract from 4.8% to 4.1% in the same period.

The US Federal Reserve cut rates by 25bps in November, as anticipated. Inflation eased, partly due to lower oil prices and surplus oil supply in China. For the month of November, equities rallied strongly during the month. The Dow Jones Industrial Average surged by +7.7%, the S&P 500 jumped up by +5.9%, and the Nasdaq Composite increased by +6.3%. The MSCI World Index increased by +4.6%, while the MSCI All-Country World Index gained +3.7%. In contrast, the MSCI Emerging Markets Index shed -3.6% for the month, and Japan's Nikkei 225 fell by -2.2%. The STOXX All Europe increased by a modest +1.2%.

Ahead of Black Friday, the UK predicted that its consumers would spend more than £336 million, marking a 12% year-on-year increase. The Eurozone's year-on-year inflation rate rose to 2.3% in November, exceeding the ECB's target. This increase likely reflects a combination of underlying price pressures and base effects. It is expected that the ECB could lower borrowing costs to 3% at its next policy meeting in December.

China's manufacturing activity remained in expansionary territory for a second consecutive month, with the PMI rising from 50.1 to 50.3. Throughout 2024, Chinese President Xi Jinping and Russian President Vladimir Putin held three bilateral meetings

and conducted joint military exercises. These discussions underscored the importance of their bilateral cooperation. Russia looks to China as a supplier of electronics and manufacturing equipment, while China benefits from discounted Russian energy.

Mexico's manufacturing sector contracted for another consecutive month in November. This reflects the overall trend of stagnation in the manufacturing sector. In contrast, the non-manufacturing industries (including services and commerce) showed expansion during the same period. Inflationary headwinds may emerge for the country following the potential impact of Trump's trade policies.

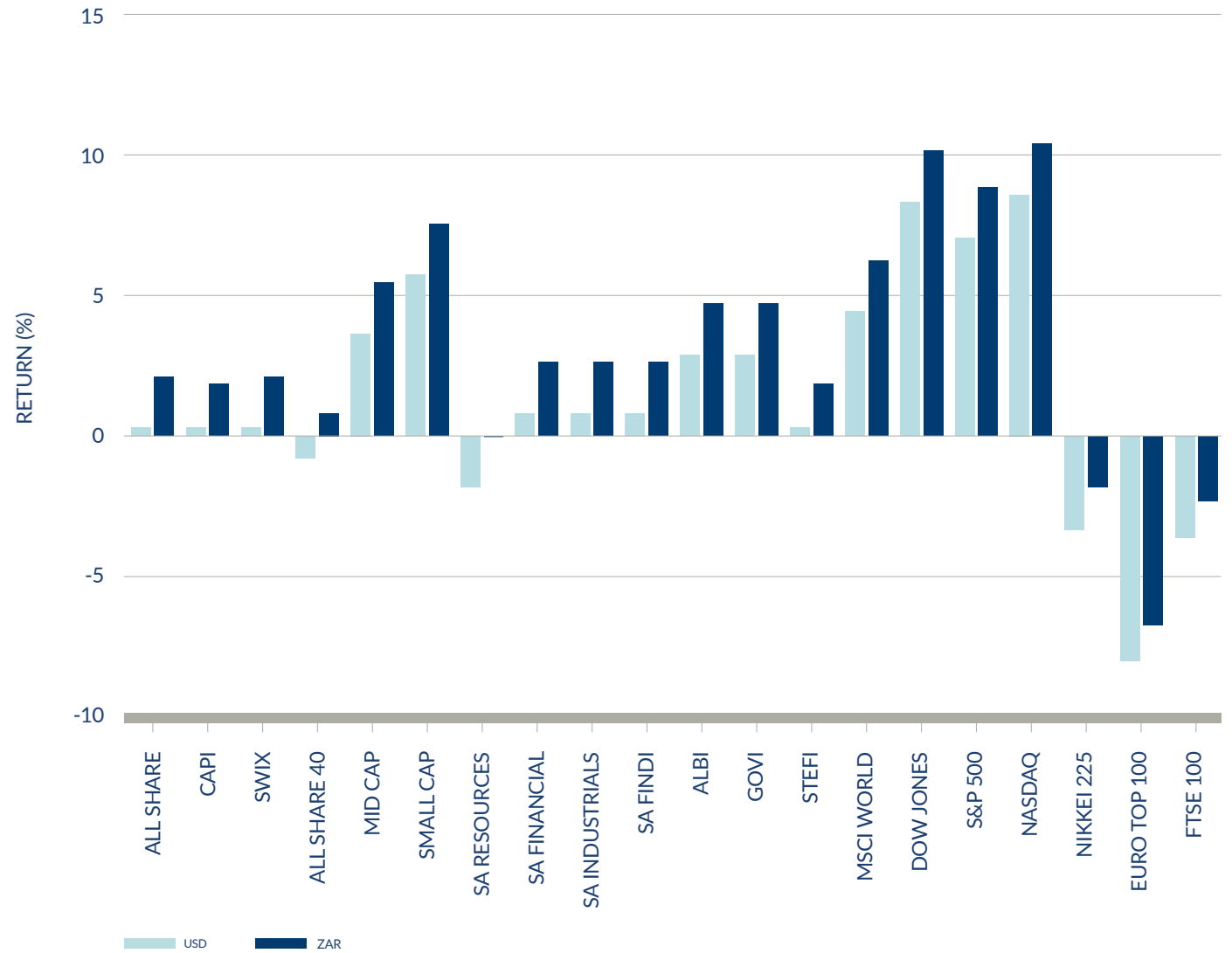
Brazil's trade balance resulted in a surplus of \$7.03 billion in November, a 20% decrease compared to the same period last year. This decrease reflects the changes in export and import dynamics. Oil has surpassed soybeans as Brazil's leading export product. Brazil's exports to China dropped by 31.3%, while exports to North America rose by 10%.

In Kenya, following the US indictments against Indian tycoon Gautam Adani, the government cancelled its multimillion-dollar airport expansion plans and energy deals with the Adani group. The proposed agreement would have included revamping the Nairobi airport, adding a runway and a terminal, and allowing the Adani group to run the airport for 30 years. Elsewhere, following an 11-year embargo, the Central African Republic is now able to export its diamonds. By lifting this embargo, the country seeks to generate revenue to support its development.

Commodity markets saw declines during November. Brent crude oil settled at \$71.84 per barrel. Gold, Copper, and Silver all declined by -3.7%, -5.1%, and -6.2%, respectively. Platinum decreased by -4.5%, while Palladium had a larger decrease of -12.2%. The price of Iron Ore was up by +0.3%. The USD/ZAR exchange rate ended the month at R18.06.

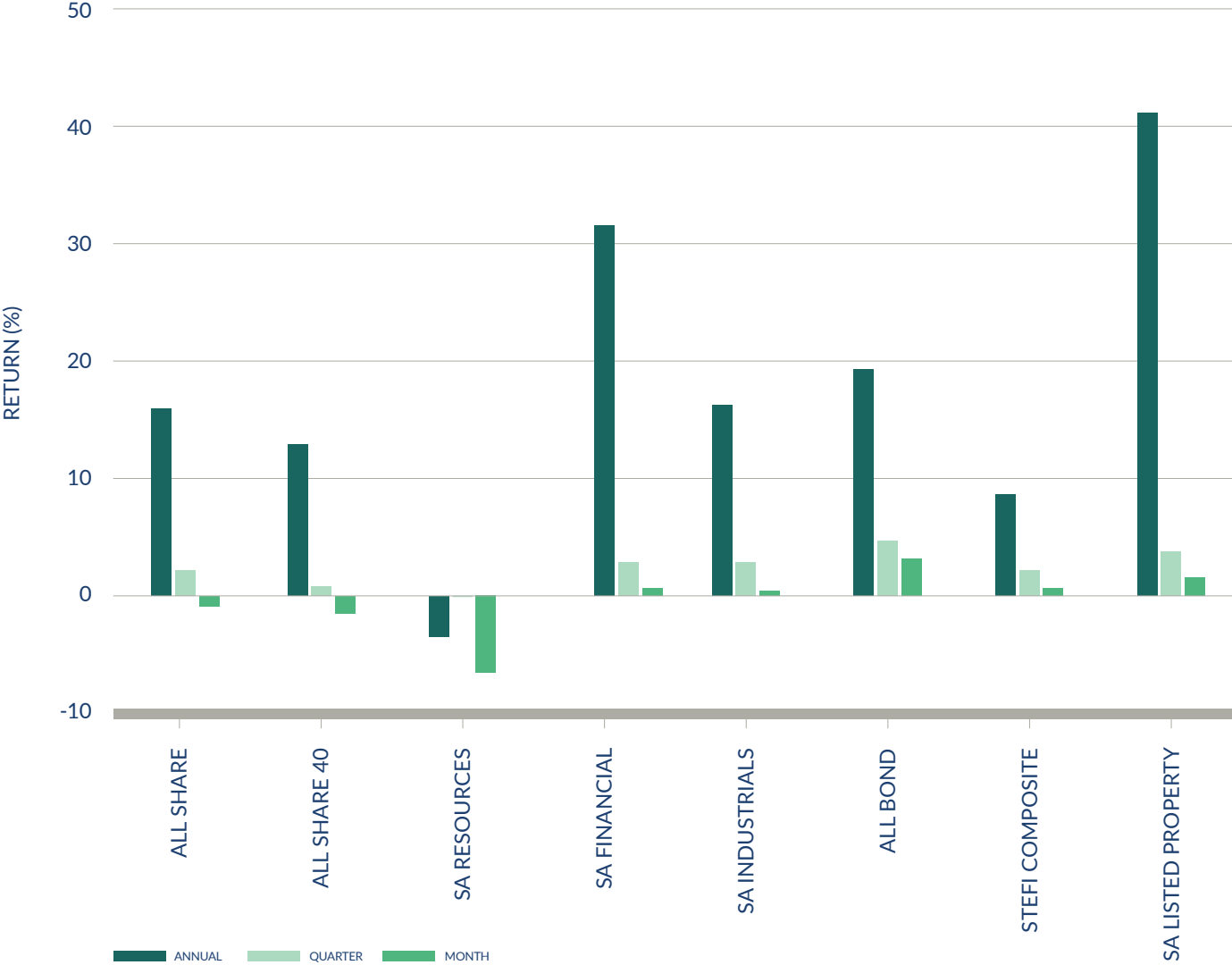
World Market Indices Performance

QUARTERLY RETURN OF MAJOR INDICES



South African Market Indices Performance

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