

JULY 2023

MONTHLY MARKET WRAP

STRONG MONTH FOR GLOBAL AND LOCAL EQUITIES



US FED

raised interest rates to highest level in 22 years



UK/EUROPE

UK inflation remained stubbornly high.



ASIA CHINA

announced more stimulus and BoJ tweaked yield curve control.



The SARB paused rate hikes.

UNITED STATES

The US Fed pushed a widely anticipated 25 basis point interest rate hike through, raising benchmark borrowing costs to the range of 5.25-5.5%. July was strong month for US markets. The S&P 500 is up 3.2% and the NASDAQ 4%, with big tech on a seemingly unstoppable hot streak. The economy is in better shape than economists had anticipated just a few months ago. Forecasters are split on the odds of a recession, a strong labor market but sturdy consumer spending and easing inflation have fuelled hopes that the US will avoid a downturn.

UK/EUROPE

The ECB continued its series of interest rates hikes, raising rates by another 25 basis points. The bank is 'likely' to continue raising rates. In the UK, inflation slowed to 7.9% in June, down from 8.7%, but remains relatively high compared to the US where inflation is 3% and the eurozone where it is 5.5%.

ASIA

China's economy grew at a slow pace in the second quarter as demand weakened at home and abroad. Most analysts say policymakers are unlikely to deliver any aggressive stimulus amid mounting fears over debt risks. The CSI 300 Index was up 3.1% in July following the government's commitment to introducing measures to boost confidence, improve consumption activity and stabilise the property sector. The Bank of Japan made its Yield Curve Control Policy more flexible and loosened its defense of a long-term interest rate cap, seen by investors as a prelude to an eventual shift away from massive monetary stimulus.

SOUTH AFRICA

The SARB kept the repo rate unchanged at 8.25%, although it warned this was not necessarily the end of its hiking cycle. Inflation slowed further in June to 5.4%. SA equities have followed global peers higher, with the JSE All Share Index up 4% for the month. All sectors are in the green, with resources, financials, and industrials returning 4%, 3%, and 8% respectively. The All Bond Index gained 2.3% as foreigners returned to the local market. Lastly, the rand strengthened 5% against the dollar mainly on the back of dollar weakness.

Annualised returns [%]	1 yr	3yr	5yr	10yr
MSCI AC World Index (\$)	12.91	10.41	8.24	8.64
S&P 500 Index	13.02	13.72	12.20	12.66
Nasdaq Composite	16.82	10.96	14.35	15.93
Bloomberg Global Aggr. Bond Index (\$)	-2.70	-5.74	-0.92	0.14
JSE All Share	19.34	16.66	10.51	10.28
Bonds (ALBI)	8.07	8.20	7.37	7.70
Money Market (STeFI Composite)	7.04	5.07	5.83	6.29
Rand/Dollar (depreciation +)	7.67	1.57	6.13	6.14
SA Inflation (1 month lag)	5.37	5.88	4.86	5.16

Source: Morningstar



3% ↑

MSCI World Index

0.7% ↑

Bloomberg Global Aggregate Bond Index (\$)

4.0% ↑

ALSI Index

2.3% ↑

All Bond Index



11.75% →

SA Prime Rate (unchanged)

9.73%

INN8 Invest Flexible Income: YIELDYIELD (net of fees)

(30 June 2023)



R22.46

Petrol 95

R20.53

Diesel

(wholesale)