

AUGUST 2023

MONTHLY MARKET WRAP



GLOBAL SENTIMENT HAMMERED BY WEAK DATA OUT OF BEIJING



UNITED STATES

Company earnings negative, but better than expected.



UK/EUROPE

BoE continued to raise interest rates.



ASIA CHINA

China's economic woes push equity markets lower.



SOUTH AFRICA

inflation eases.

UNITED STATES

- It was a tough month for US equities mainly due to concerns about the Chinese economy and that the Fed will keep benchmark lending rates higher for longer than anticipated.
- The S&P 500 Index lost 1.6%, while the tech-heavy Nasdaq dropped 2%. US company earnings for Q2 were better than expected – but still in single-digit negative territory year-on-year – while revenue growth was marginally in the green.

UK/EUROPE

- The Euro-area Composite PMI Output Index, which combines data from both the manufacturing and service sectors, fell to a 33-month low of 47.0 from 48.6 in July, suggesting that business activity shrank for a third consecutive quarter.
- Germany reported a 13.2% decline in imports for the year up to July, marking the steepest contraction since January 1987.
- The Bank of England (BoE) continued to raise interest rates. The UK is still facing high inflation and the latest data showed that basic wages reached a new record growth rate of 7.8% year-on-year.

ASIA

- China's central bank unexpectedly cut a range of key interest rates in a bid to spur growth in its sputtering economy.
- Cracks in the Chinese economy have been evident recently, which was further unmasked by disappointing trade numbers and the latest deflationary prints. The CSI 300 Index retreated 6% in August.

SOUTH AFRICA

- Poor global sentiment spilled over to SA with the JSE All Share Index losing 4.7%, mainly due to the resources sector losing 10%, and Chinese-exposed shares such as Naspers, Prosus and Richemont. Bonds did not perform much better, with the ALBI losing 0.23%. Yields on South African local-currency bonds rose after data showed the government ran a record budget deficit in July.
- CPI slowed more than expected to 4.7% in July, despite a 14.2% increase in electricity prices. Core inflation came in at 4.7%. The rand lost 5.6% against the dollar in August as concerns over global growth lifted the safe-haven greenback

Annualised returns (%)	1m	1yr	3yr	5yr	10yr
MSCI AC World Index (\$)	-2.79	13.95	7.23	7.46	8.56
S&P 500 Index	-1.59	15.94	10.52	11.12	12.81
Nasdaq Composite	-2.05	19.85	6.85	12.58	15.78
Bloomberg Global Aggr. Bond Index (\$)	-1.37	-0.09	-6.12	-1.21	0.06
JSE All Share	-4.77	15.77	14.88	8.93	9.46
Bonds (ALBI)	-0.23	7.49	7.80	7.72	7.82
Money Market (STeFI Composite)	0.69	7.29	5.18	5.86	6.31
Rand/Dollar (depreciation +)	5.59	10.27	3.67	5.15	6.28
SA Inflation (1 month lag)	0.91	4.73	5.75	4.86	5.14

Source: Morningstar



-2.79% ↓

MSCI World Index

-1.37% ↓

Bloomberg Global Aggregate Bond Index (\$)

-4.77% ↓

ALSI Index

-0.23% ↓

All Bond Index



11.75% →

SA Prime Rate
(unchanged)

9.46%

INN8 Invest Flexible Income: YIELD
(net of fees)

(30 June 2023)



\$/R18.88

Exchange rate



\$86.82

Oil price