

OCTOBER 2023

MONTHLY MARKET WRAP

INFLATION AND ISRAEL/GAZA CONFLICT KEEPS INVESTORS AWAY FROM RISK ASSETS



UNITED STATES
inflation remains sticky.



UK/EUROPE
ECB kept rates on hold.



ASIA CHINA
China facing deflation risks.



SOUTH AFRICA
positive response to mid-term budget – but risks remain.

UNITED STATES

- Global stocks shed over \$3 trillion during October. The MSCI World Index lost 3% in October.
- The US Fed left interest rates unchanged (5.25% - 5.5%) but signaled that rates may still go up in future.
- At the time of writing, 49% of S&P 500 companies reporting actual results, 78% of S&P 500 companies have reported a positive earnings per share (EPS) surprise and 62% reported a positive revenue surprise.

UK/EUROPE

- UK equities lost 3.7% in pounds as the economy grapples with higher inflation (6.7% in September) despite 14 consecutive interest rate hikes from the Bank of England.
- In Europe, equities fell 3.6% despite the ECB leaving interest rate unchanged at 4.5%. The war between Israel and Hamas has put a dampener on hopes of a sooner ECB pivot as inflation is now only expected to fall to 2% in Q4 2024.

ASIA

- In China, equity markets also fell in October by 4.3%.
- Inflation in September was 0% Y-o-Y, slipping closer to deflation and prompting the government to increase borrowing by 1 trillion renminbi (\$137 billion) to support the local economy.

SOUTH AFRICA

- The JSE/All Share Index lost -3% as all the main sectors retreated - Industrials were down -4.5%.
- Inflation rose to 5.4% in September, closer to the SARB's upper target driven by higher food (+8.0%) and petrol prices (+7.6%).
- The mid-term budget did not bring any surprises. The message was clear: budget cuts are coming, and condition-free bailouts are a thing of the past.
- The World Bank has announced it will support South Africa's transition to using cleaner forms of energy with a \$1 billion loan.
- AngloGold Ashanti paid SARS a total of R4.5 billion in taxes as part of the transaction to move its corporate domicile to the UK and primary listing to the New York Stock Exchange.

Annualised returns (%)	1m	ytd	1yr	3yr	5yr	10yr
MSCI AC World Index (\$)	-3,01	6,75	10,50	6,68	7,47	6,81
S&P 500	-2,10	10,69	10,14	10,36	11,01	11,18
Nasdaq Composite	-2,76	23,61	17,99	6,42	12,94	13,76
Bloomberg Global Aggr Bond Index	-1,20	-3,38	1,72	-7,33	-1,64	-0,66
JSE All Share Index	-3,44	-1,33	8,34	15,01	9,83	7,88
Property Index	-3,33	-7,63	-1,19	19,00	-5,34	-0,17
Bonds (ALBI)	1,71	3,20	7,91	7,25	7,88	7,29
Money Market (STeFI Composite)	0,70	6,59	7,73	5,42	5,90	6,37
Rand /Dollar	-1,44	9,54	1,62	4,72	4,77	6,38
SA Inflation (1-month lag)	0,63	4,68	5,37	5,94	4,98	5,15

Source: Morningstar



-3.0% ↓
MSCI World Index (\$)

-1.2% ↓
Bloomberg Global Aggregate Bond Index (\$)

-3.4% ↓
FTSE/ALL Share Index

1.7% ↓
SA All Bond Index



11.75% →
SA Prime Rate
(unchanged)

9.76%
INN8 Invest Flexible Income: YIELD
(net of fees)

[30 September 2023]



\$/R18.85
Exchange rate



\$85.02
Oil price