

# JANUARY 2024

## MONTHLY MARKET WRAP

### BIG TECH CONTINUES TO DRIVE GLOBAL RALLY



#### UNITED STATES

Fed downplays early rate cuts.



#### UK/EUROPE

BoE keeps lending rate at a 16-year high of 5.25%.



#### ASIA

CSI 300 near 5-year low. Nikkei 225 hits 34-year high.



#### SOUTH AFRICA

IMF down-grades growth for 2024.

#### UNITED STATES

- The US Federal Reserve left interest rates unchanged, tempering expectations on rate cuts, and cautioned it will not begin lowering interest rates until it sees further progress on inflation returning to its 2% target.
- The S&P 500 Index gained 2%, while the Nasdaq Composite rose 1%. Big tech stocks – Microsoft (+7%), Meta (+12%) and Nvidia (+28%) – keep on riding the mania over artificial intelligence.
- Hotter-than-expected economic data powered the yield on the benchmark US 10-year Treasury note, briefly back above 4% (3.9% at the end of January).

#### UK/EUROPE

- The ECB kept interest rates steady at 4%, and the BoE at 5.25%.
- Europe narrowly avoided a technical recession in Q4 2023. Europe's largest economy, Germany, shrank 0.3% over the course of last year, bogged down by persistent inflation, high energy prices and weak foreign demand.

#### ASIA

- China's GDP rose 5.2% year-on-year in Q4 2023, slightly slower than estimates.
- Chinese policymakers stepped up their efforts in recent weeks to support the economy and sliding markets. The CSI 300 Index lost around 4% in January, trading near its lowest level in five years. The gloom over the Chinese economy deepened in January as the liquidation of debt-ridden China Evergrande Group intensified concerns about the embattled real estate sector.
- Japan's Nikkei 225 Index gained 8.4% in January, just 7% off its record high in 1989.

#### SOUTH AFRICA

- The MPC kept interest rates on hold at 8.25%, having left the benchmark rate unchanged for the past nine months. Headline consumer inflation declined to 5.2% in December.
- The JSE All Share Index lost 3% for the month, dragged down mainly by resources stocks, which lost 5.8%.
- Fitch Ratings agency maintained SA's credit rating at BB- with a stable outlook.
- The IMF downgraded its economic growth forecasts for SA, warning that logistical challenges are constraining activity and acting as a drag on the entire region. The economy will likely grow a meager 1% this year.

| Annualised returns (%)                 | 1m    | 1yr   | 3yr   | 5yr   | 10yr  |
|--|-------|-------|-------|-------|-------|
| MSCI AC World Index (\$)               | 0.59  | 14.70 | 6.12  | 10.16 | 8.43  |
| S&P 500 Index (\$)                     | 1.68  | 20.82 | 10.99 | 14.30 | 12.62 |
| Nasdaq Composite (\$)                  | 1.04  | 31.99 | 5.90  | 16.80 | 15.11 |
| Bloomberg Global Aggr. Bond Index (\$) | -1.38 | 0.94  | -5.67 | -0.89 | 0.13  |
| JSE All Share                          | -2.93 | -2.61 | 10.50 | 10.61 | 8.72  |
| Property Index                         | 4.42  | 16.52 | 17.46 | -1.41 | 2.66  |
| Bonds (ALBI)                           | 0.71  | 7.33  | 7.41  | 7.78  | 8.41  |
| Money Market (STeFI Composite)         | 0.70  | 8.18  | 5.82  | 5.96  | 6.45  |
| Rand/dollar (depreciation +)           | 2.11  | 7.32  | 7.21  | 7.12  | 5.34  |
| SA inflation (1 month lag)             | 0.00  | 5.13  | 6.07  | 5.05  | 5.18  |

Source: Morningstar



**+0.6%** ↑

MSCI AC World Index (\$)

**-1.4%** ↓

Bloomberg Global Aggregate Bond Index (\$)

**-2.9%** ↓

ALSI Index

**+0.7%** ↑

All Bond Index



**11.75%** →

SA Prime Rate  
(unchanged)

**9.45%**

INN8 Invest Flexible Income: YIELD  
(net of fees)  
(31 Dec 2023)



**\$/R18.68**

Exchange rate



**\$80.55**

Oil price