

# FEBRUARY 2024

## MONTHLY MARKET WRAP



### US INFLATION REMAINS STICKY – RATE CUT EXPECTATIONS PUSHED OUT



**UNITED STATES**  
Big tech in a class of its own.

#### UNITED STATES

- Personal Consumption Expenditure (PCE) inflation, the measure the Fed tracks for its inflation-targeting, rose 2.4% in January – the lowest annual increase since March 2021.
- The NASDAQ Composite reached a record high, closing above the 16 000 mark on the back of continued AI hype.
- Global bonds dropped as Fed Chair Jerome Powell led major peers in pushing back strongly against market bets that central banks would start rapidly cutting rates as early as March. The yield on the US 10-year Treasury bond increased to 4.25% from 3.99% at the end of January, with the Bloomberg Barclays Global Aggregate Bond Index down 1.3% for the month.

#### UK/EUROPE

- The UK economy contracted 0.3% in the last quarter of 2023, following a 0.1% decline in the third quarter, resulting in a technical recession. The European Union avoided a recession by the narrowest of margins.

#### ASIA

- Japanese stocks continued to rally, with the Nikkei 225 Index surpassing the peak reached in 1989, driven by gains in technology shares and chip-gear producers.
- China's CSI 300 Index rallied 9.4% in February, its best month, since November 2022. The stock market has rebounded off five-year lows. State-led buying and tighter regulations have been primarily responsible for pulling China's blue-chip index off its lows.

#### SOUTH AFRICA

- Annual inflation in South Africa rose to 5.3% in January from 5.1% in December; slightly below economists' expectations of 5.4%.
- The JSE/All Share Index lost 2.4% for the month, led by resources which lost 6.9%.
- The Budget announced upholds fiscal consolidation efforts, seeking to stabilise debt by bolstering the primary balance surplus and curbing debt service costs. Furthermore, it prioritises driving economic reforms aimed at enhancing potential growth, broadening the revenue base; and ensuring sustainable public finances.
- President Ramaphosa declared 29 May 2024 as the date the country goes to the polls.



**UK/EUROPE**  
UK falls into recession.



**ASIA**  
Japan's Nikkei reaches new highs.



**SOUTH AFRICA**  
Budget reveals ongoing fiscal challenges.



**+4.3%** ↑  
MSCI AC World Index (\$)

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**-1.3%** ↓  
Bloomberg Global Aggregate Bond Index (\$)

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**-2.4%** ↓  
ALSI Index

**-0.6%** ↓  
All Bond Index

All Bond Index



**11.75%** →  
SA Prime Rate (unchanged)

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**9.44%**  
INN8 Invest Flexible Income: YIELD (net of fees) (31 January 2024)

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**\$/R19.18**  
Exchange rate

Exchange rate



**\$81.91**  
Oil price (Settlement price: 29/02/24)

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Annualised returns (%)	1m	1yr	3yr	5yr	10yr
MSCI AC World Index (\$)	4.29	23.15	6.79	10.51	8.37
S&P 500 Index (\$)	5.34	30.45	11.91	14.76	12.70
Nasdaq Composite (\$)	6.22	41.63	7.69	17.38	15.23
Bloomberg Global Aggr. Bond Index (\$)	-1.26	3.10	-5.52	-1.03	-0.13
JSE All Share	-2.44	-2.86	7.53	9.32	7.93
Property Index	-0.34	16.28	13.77	-0.51	2.24
Bonds (ALBI)	-0.58	7.64	7.18	7.75	8.09
Money Market (STeFi Composite)	0.65	8.30	5.95	5.98	6.48
Rand/dollar (depreciation +)	2.54	4.36	8.20	6.35	5.95
SA inflation (1 month lag)	0.09	5.32	5.97	5.11	5.11

Source: Morningstar