



South African Market

The local equity market, continued its momentum from March into April, with the FTSE/JSE ALSI index outperforming its offshore counterparts. The index returned 2.95% and pushed the total return into positive territory YTD, up 0.64%. The resource sector was once again the best performer, returning 7.09%. This was mostly attributed to the share price spike of 34.9% by Anglo American, when news broke that BHP Group had offered a \$40.7bn all-share takeover proposal for the firm, which the Anglo directors have since rejected.

Local inflation (CPI) decreased to 5.3% YoY, down from 5.6% the previous month, moving closer to the 4.5% midpoint of the SARB’s target band of 3% to 6%. The moderation in inflation was largely attributable to food and non-alcoholic beverages easing for a fourth month to 5.1%, down from 6.1% the previous month. This was also the lowest reading for this category since the latter part of 2020. The transport index rose by 2% between February and March, mainly due to a rise of 2.7% in fuel prices. The core inflation rate, which excludes food and energy costs, eased back to 4.9%, from 5.0% the previous month. The SARB now forecasts headline inflation to only ease to the midpoint of the 3-6% target band by the 4th quarter of 2025.

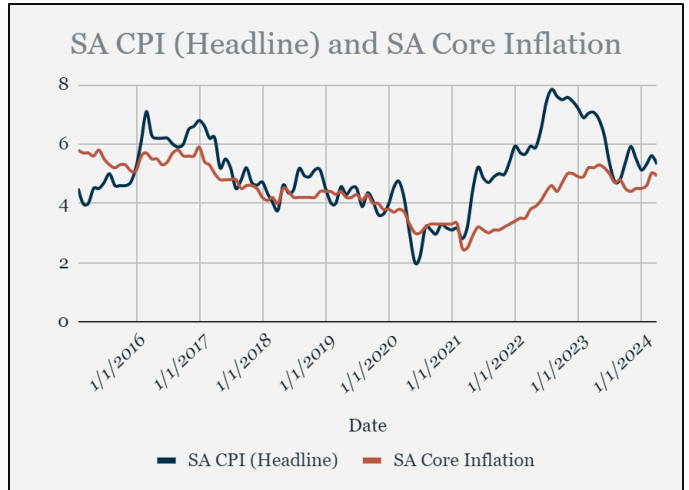
Asset Class Performance (ZAR):

As of 30 th April 2024	MTD	YTD	1 Year	3 Years*	5 Years*	10 Years*
Global Equity	(3.87)	7.29	20.80	13.47	15.73	15.00
Global Property	(6.56)	(5.25)	2.27	4.09	5.43	9.50
Global Bond	(3.10)	(2.41)	(1.19)	1.53	3.14	4.84
Global Cash	(0.08)	4.90	8.82	12.43	7.97	7.68
SA Equity	2.95	0.64	1.14	8.81	9.41	8.11
SA Property	(0.59)	3.24	13.67	9.61	(0.04)	2.84
SA Bond	1.37	(0.45)	6.81	7.22	7.18	7.80
SA Cash	0.65	2.65	8.17	5.92	5.57	5.99

ZAR/USD (negative = Rand strength)	(0.32)	2.80	2.81	9.09	5.59	5.98
Gold	2.33	12.28	11.89	14.95	14.89	9.65
Brent Crude Oil	(0.10)	17.46	13.79	19.26	9.66	3.81

*Returns more than 1 year are annualized.

SA Inflation Rate:



Source: Trading Economics

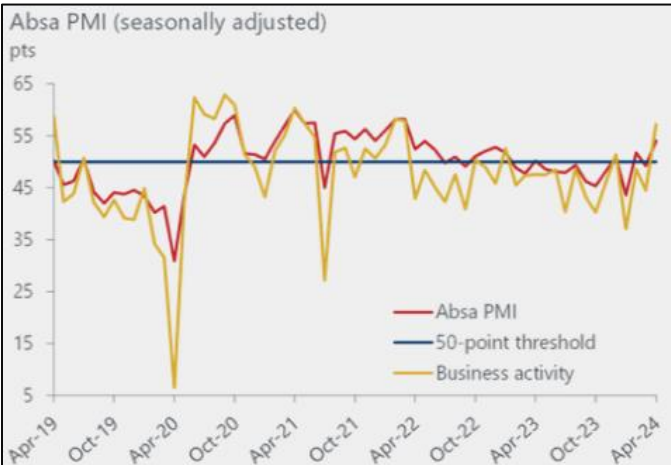
The South African Reserve Bank’s MPC kept interest rates unchanged at 8.25% during its March meeting. The bi-annual Monetary Policy Review (MPR) of the South African Reserve Bank was released during the month. In the review hopes of an interest rate cut this year in South Africa have steadily dimmed. The MPR mentioned that: “Amid setbacks in recent domestic inflation outcomes, along with heightened uncertainty about global disinflation, markets now expect South Africa’s policy rate to remain unchanged this year.”



The Rand saw a further recovery during April, gaining ground for a second consecutive month against the Dollar. After breaching the R19/\$ barrier during the middle of the month, the Rand recovered to end the month at R18.76/\$, gaining 0.32%. The Rand was one of only 2 currencies to strengthen against the Dollar during the month. The Rand has recently tracked stronger, mainly boosted by the release of weaker than expected US jobs data, and the hopes of an earlier US rate cut being pushed towards the end of the year. The current political sensitivity of the Rand was highlighted during the month, when Bloomberg published a report about a new poll that showed a surge in support for former president Jacob Zuma’s MK party at the expense of the ANC. This leaves the Rand in the run-up to the election largely at the mercy of global economic and political winds, which will likely mean a period of high volatility.

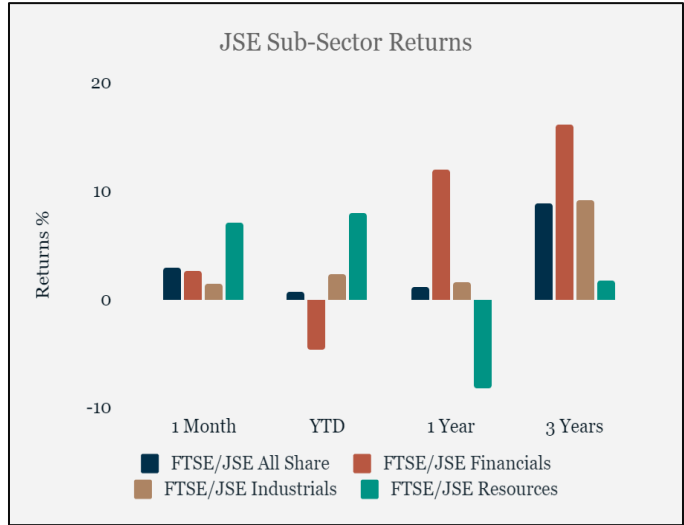
Local bonds, similarly to local equities, outperformed the global bond market during April, as local currency bonds were among the best performing in emerging markets. The ALBI index gained 1.37% during April, bringing the YTD returns of (0.45%) closer to positive territory. The SA 10-year government bond yield ended the month at 11.97% down marginally from 12.02% the previous month. The lower local yields also decreased the SA-US 10-year bond spreads to 5.96%. With all eyes on the election on the 29th of May, local bonds are still trading on a higher risk premium.

ABSA PMI & Business Activity:



Source: BeR

JSE Sub-Sector Returns:



Source: Morningstar (Returns more than 1 year are annualized)

South Africa’s seasonally adjusted manufacturing PMI increased above the neutral 50 level in April mainly due to no load shedding during the month. In turn this contributed to stronger business activity and higher new sales orders. The PMI increased sharply to reach 54 points in April from 49.2, the previous month, the strongest reading since March 2022. The rebound comes from an improved business activity index improving to 57.2 points from 44.5 in March. While stronger domestic demand filtered through to higher new sales orders rising to 55.6 points in April, compared with 45.5 in March. Despite the improvement in operating conditions for local manufacturers, export sales remained more muted than domestic orders. Eskom says its ageing power stations are faring better because of the Energy Action Plan and generation recovery plan that has been implemented. The private sector’s embrace of renewables and a decline in demand are also seen as key factors behind the improved performance.



Global Markets

Global financial markets started to cool off during April, after posting strong gains for the past six months. Higher than expected inflation dampened hopes of interest rate cuts in the near term and weighed heavily on investor sentiment. The weakest sectors were those most sensitive to changes in interest rates, including real estate and information technology, while Utilities continued to outperform. The MSCI ACWI lost (3.36%) during April, reducing the YTD performance back to 4.17%. More risk-on sentiment was felt toward emerging markets as a whole, as sentiment in the Chinese markets started to improve during the month. Emerging Market equities outperformed their developed market peers returning 0.47% and (3.83%) respectively.

The inflation rate in the US rose for a second consecutive month to 3.5% in April, the highest since September 2023, compared to 3.2% the previous month. This is still well above the Fed's 2% YoY target and with the uptick in inflation has now moved further away from this target. Shelter and energy costs drove the increase on the all-items index. Energy rose 1.1%, while shelter costs, which make up about one-third of the weighting in the inflation basket, rose 5.7% from a year ago. The core inflation rate, which excludes prices for food and energy, stayed unchanged from the previous month at 3.8% YoY.

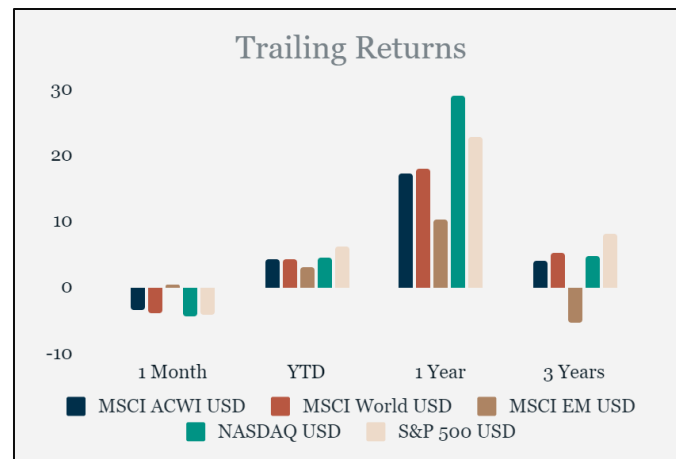
Asset Class Performance (USD):

As of 30 th April 2024	MTD	YTD	1 Year	3 Years*	5 Years*	10 Years*
Global Equity	(3.36)	4.17	17.26	4.01	9.58	8.50
Global Property	(6.06)	(8.01)	(0.73)	(4.58)	(0.17)	3.31
Global Bond	(2.58)	(5.25)	(4.09)	(6.93)	(2.34)	(1.08)
Global Cash	0.45	1.85	5.63	3.06	2.23	1.60
SA Equity	3.50	(2.29)	(1.83)	(0.26)	3.60	2.01
SA Property	(0.06)	0.23	10.34	0.47	(5.35)	(2.97)
SA Bond	1.92	(3.35)	3.68	(1.71)	1.49	1.71
SA Cash	1.19	(0.34)	5.00	(2.90)	(0.04)	(0.00)

ZAR/USD (negative = Dollar strength)	0.32	(2.72)	(2.73)	(8.33)	(5.30)	(5.64)
Gold	2.88	9.02	8.62	5.37	8.78	3.46
Brent Crude Oil	0.43	14.04	10.46	9.32	3.83	(2.06)

*Returns more than 1 year are annualized.

Global Indices Trailing Returns:



Source: Morningstar (Returns more than 1 year are annualized)

The US Federal Reserve held interest rates steady for a sixth straight meeting keeping the level at a 23-year high to fight stubborn price increases. Central bank policy-makers decided unanimously that the Fed would keep the benchmark lending rate unchanged at 5.25-5.50%. In the statement, Fed officials added that the economy “has continued to expand at a solid pace” and “job gains have remained strong.” The Fed also announced that, starting in June, it would slow the pace of decline of its securities holdings, by reducing the monthly redemption cap on Treasury securities from \$60 billion to \$25 billion.

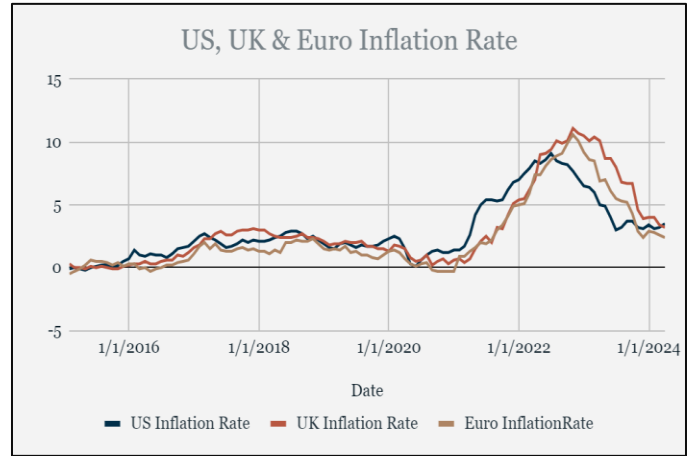


Inflation in the UK has continued to trend downwards since the start of the year, with the latest reading falling to 3.2%, down from 3.4% the previous month. Food prices provided the biggest downward drag on the inflation rate declining to 4% from 5% the previous month, while motor fuels pushed slightly higher. Core inflation, which excludes prices for food and energy, dropped to 4.2% from 4.5%. The latest inflation data shows that the UK's inflation rate can reach the 2% target earlier than suggested, due to sharply lower domestic energy bills. The BoE's MPC will announce its next interest rate decision in May.

The US led the selloff in global government bonds in April, with the 10-year Treasury yield hitting the highest level since late 2023 as the market embraced a higher for longer narrative regarding interest rates. The US 10-year yield rose to 4.70%, up from 4.21%, similarly the UK 10-year yield rose to 4.31%, up from 3.94%. Global government bonds returned (2.58%) during April, its worst month since September 2023. The latest moves highlight market sensitivity to inflation even as it slows from double-digit levels in 2022. Investors have also curbed European rate cut expectations, adding to the bond sell off experienced in April.

US GDP growth was slightly weaker than anticipated, expanding by 1.6% on an annualized basis in the first quarter of this year, though this followed an extremely strong end to 2023 (the US economy has expanded for seven consecutive quarters now). In terms of the GDP growth breakdown, consumer spending was softer than thought likely, rising 2.5% annualized. Fixed investment and government spending at the state and local level helped keep GDP positive on the quarter, while residential investment (which forms part of housing's contribution to GDP, and includes construction of new structures, production of manufactured homes and brokers' fees) increased 13.9%. Hiring in the US slowed in April with the workforce only adding another 175,000 jobs, while wage growth started to slow down. The unemployment rate ticked up from 3.8% to 3.9% over the month but the figures underlined the continuing strength of the US jobs market.

US/UK/Euro Inflation Rate:



Source: Trading Economics

In the foreign exchange markets, the strength of the US dollar was driven higher by the higher for longer rates narrative. The Dollar Index, which measures the US currency against six major counterparts, advanced 1.7% in April and is now up 4.6% YTD. The Japanese Yen was the clear underperformer, reaching over a thirty year low against the Dollar due to rising US yields. Yield differentials between the US and other economies have widened in the last month, contributing to the Dollar rally as higher yields continue to boost the allure of Dollar denominated assets.

US GDP Growth Rate:



Source: Trading Economics



Historic Asset Class Performance Matrix

The below performance matrix shows returns (colour coded) for the 4 main indicative sources of return per asset class and separated for South Africa and Global. **All performance figures here shown in ZAR.** The performances show the one-year performance of each asset class up to the displayed date (X-axis) except for the column showing YTD returns up to 30th April 2024.

	YTD	4/2024	4/2023	4/2022	4/2021	4/2020	4/2019	4/2018	4/2017	4/2016	4/2015	4/2014	4/2013
Global Equity 7.3	Global Equity 20.8	Global Cash 19.6	SA Equity 13.2	SA Prop-erty 40.3	Global Fixed Income 37.2	Global Property 28.8	SA Fixed Income 13.8	SA Fixed Income 10.5	Global Property 26.3	SA Prop-erty 38.3	Global Equity 35.3	SA Prop-erty 43.7	
Global Cash 4.9	SA Prop-erty 13.7	Global Equity 17.9	Global Property 13.0	SA Equity 36.4	Global Cash 30.5	Global Equity 20.2	SA Equity 11.4	Global Equity 9.5	Global Fixed Income 26.2	Global Property 26.2	SA Equity 30.1	Global Property 41.5	
SA Prop-erty 3.2	Global Cash 8.8	SA Equity 12.6	SA Prop-erty 12.2	Global Equity 17.7	Global Equity 20.7	Global Cash 17.5	Global Equity 7.2	SA Cash 7.0	Global Cash 19.0	Global Equity 22.4	Global Property 18.6	Global Equity 34.2	
SA Cash 2.6	SA Cash 8.2	Global Fixed Income 11.7	Global Cash 9.2	SA Fixed Income 14.7	Global Property 7.2	Global Fixed Income 14.4	SA Cash 6.8	SA Equity 4.5	Global Equity 12.8	SA Equity 14.8	Global Fixed Income 18.6	SA Fixed Income 16.9	
SA Equity 0.6	SA Fixed Income 6.8	SA Fixed Income 6.4	SA Fixed Income 8.4	Global Property 7.8	SA Cash 6.5	SA Cash 6.6	SA Prop-erty -0.5	SA Prop-erty 0.0	SA Prop-erty 6.6	Global Cash 13.7	Global Cash 17.4	Global Cash 16.2	
SA Fixed Income -0.4	Global Property 2.3	SA Cash 6.0	SA Cash 3.7	SA Cash 3.6	SA Fixed Income 0.1	SA Fixed Income 5.0	Global Fixed Income -2.1	Global Property -3.8	SA Cash 6.1	SA Fixed Income 11.5	SA Cash 4.9	SA Equity 16.1	
Global Fixed Income -2.4	SA Equity 1.1	SA Prop-erty 3.3	Global Equity 2.6	Global Fixed Income -18.7	SA Equity -10.8	SA Equity 3.9	Global Property -3.6	Global Cash -5.0	SA Fixed Income 1.7	Global Fixed Income 7.0	SA Fixed Income -3.0	Global Fixed Income 14.8	
Global Property -5.3	Global Fixed Income -1.2	Global Property -2.4	Global Fixed Income -5.1	Global Cash -20.9	SA Prop-erty -46.0	SA Prop-erty -9.6	Global Cash -5.4	Global Fixed Income -9.1	SA Equity 0.2	SA Cash 5.6	SA Prop-erty -3.6	SA Cash 4.9	

Source: Morningstar Direct