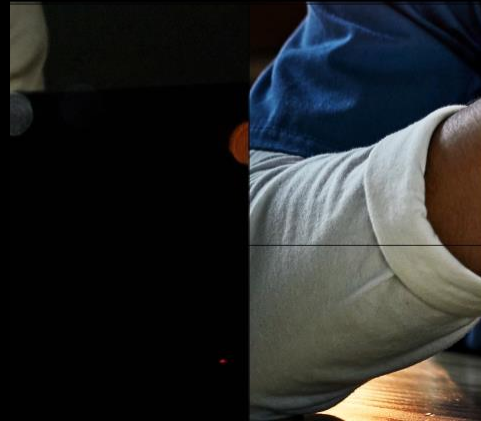


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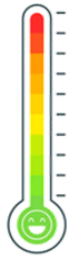
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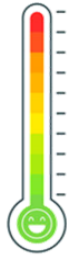
Monthly market recap | May in review

Market news



- South Africa's 10-year government bond yield was around 11.12%, not far from the over three-year high of 11.25% on 22 May, amid expectations that interest rates would stay higher for longer.
- Gold held below US\$1,950 an ounce on 29 May 2023, remaining close to its lowest level in two months, weighed down by hawkish US Federal Reserve bets and news that a tentative US debt ceiling deal was reached over the weekend.
- Brent crude futures fell almost 1.5% to \$72.6 a barrel on 31 May 2023, extending the monthly loss for May to nearly 10%, amid concerns surrounding a slowdown in demand, mainly from top crude importer, China.

Market stats



- South Africa's unemployment rate in Q1 2023 was at 32.9%, an increase of 0.2% compared to Q4 2022.
- Industrial firms in China posted an 18.2% drop in profits year-on-year.
- In the US, retail sales increased 0.4% in April, less than expected.
- Retail sales volumes in the United Kingdom rose by 0.5% from a month earlier in April 2023, partially recovering from a 1.2% decline in March.

International markets

MSCI World (\$)	-1,00%
Global Bonds(\$)	-1,95%
Global Property(\$)	-4,42%
MSCI EM (\$)	-1,65%
FTSE (£)	-4,63%
S&P 500 (\$)	0,43%

Local markets

FTSE/JSE All Share	-3,92%
Industrials	-3,06%
Resources	-2,16%
Property	-5,32%
Financials	-7,92%
Cash	0,65%

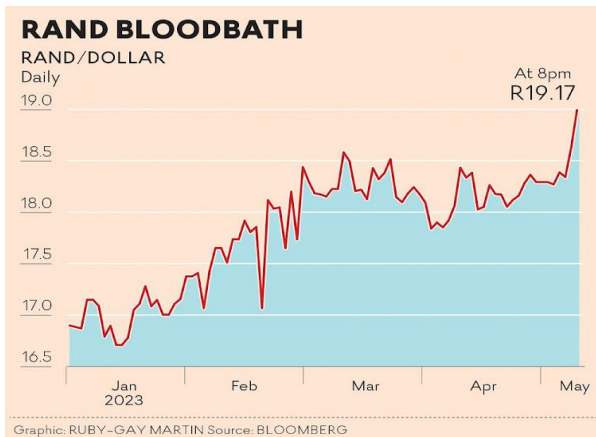
Bond market

All Bond	-4,79%
Bonds 1-3 years	-1,75%
Bonds 3-7 years	-3,23%
Bonds 7-12 years	-5,33%
Bonds 12+ years	-5,77%

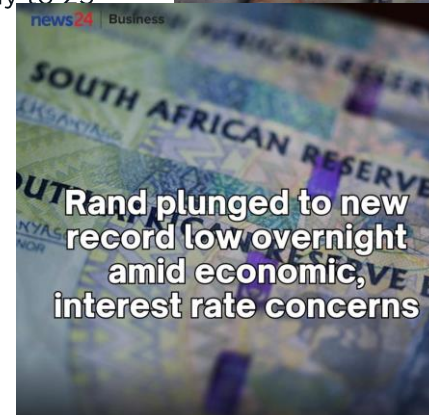
Currency

Rand vs USD	-7,73%
Rand vs EURO	-4,45%
Rand vs GBP	-6,43%
Rand vs JPY	-0,44%
Rand vs AUD	-0,005%

Rand plummets against the US dollar



- The rand crashed on Thursday, 11 May 2023, losing more than 30c of its value against the US dollar in minutes after the US ambassador accused South Africa of providing weapons and ammunition to Russia.
- On Thursday, 25 May 2023, the rand was hit by another shock following the repo rate hike.
- The currency has lost almost 26% of its value over the past year.
- During the two-week period between 11 May to 25 May it plunged 8%.



Below is an extract from a News 24 article:

The currency has already been under pressure, breaching the R19/\$ level earlier on Thursday amid a toxic cocktail of load shedding and a deepening economic crisis, as well as interest rate concerns.

"The rand is in a fragile state, with local factors, in particular load shedding, weighing on the local economy and currency. Rand weakness is expected to continue in the short term," said Bianca Botes, director at Citadel Global.

Just no end to load shedding...

Below is an extract from a News 24 article:

Electricity Minister Kgosientsho Ramokgopa has warned that it will be an "exceptionally difficult" winter. He has also raised concerns of the cost load shedding has had on the economy and the associated job losses.

The Reserve Bank previously estimated the power cuts would shave off two percentage points off GDP.

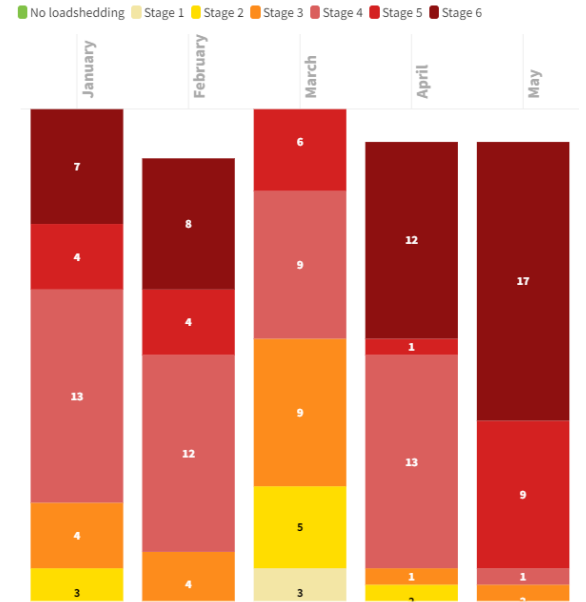
- The Council for Scientific and Industrial Research (CSIR)'s Energy Centre noted that in 2022 we had four times more load shedding compared to 2021.
- This is set to be repeated in 2023, based on current trends.
- Eskom says it anticipates a minimum of Stage 5 load shedding for most of the winter, but trends show there is a strong possibility of Stage 8 over July and August.



Days of load shedding by stage in 2023

news24 | Business

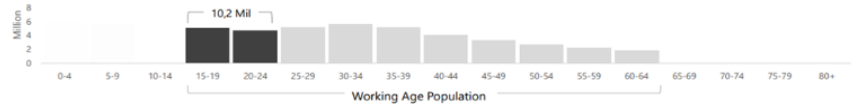
This graph was last updated on 29 May



This graph displays how many days South Africa has spent in different stages of load shedding this year, and will be updated daily throughout the year. If there is more than one stage per day, the graph will display the higher stage.

Unemployment in SA increases

Approximately **3,7 million (36,1%)** out of **10,2 million** young people aged 15-24 years were not in employment, education or training (NEET).



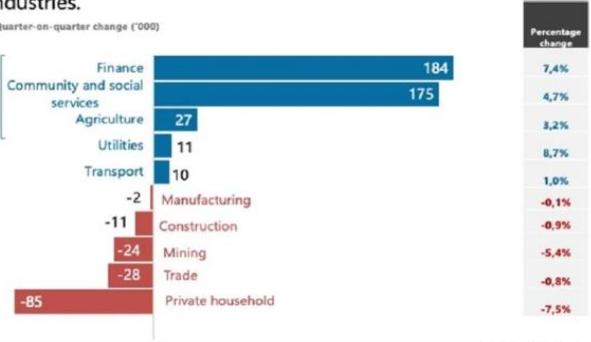
Number of NEET for ages 15-24 Q1:2023 3,7 Mil NEET	6,5 Mil Employed or in Education or Training
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- The number of unemployed people in SA increased by 179 000 to 7.9 million.
- The workforce grew by 437 000 people in 2023. Of this number, 232 000 were learners and students entering the market.

The unemployment level in SA is currently among the highest in the world.

Employment increases were mainly in finance, community and social services and agricultural industries.

Employment changes by industry, Quarter-on-quarter change ('000)

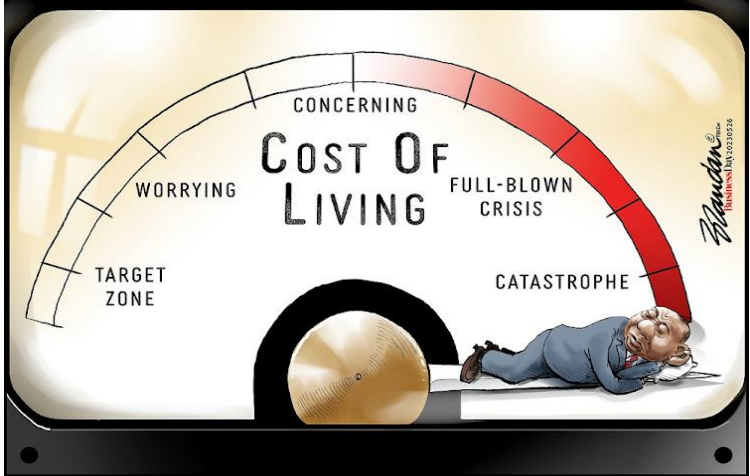


Inflation eases in April

- The consumer price index (CPI) increased by 0.4% between March and April. This is the lowest reading since May 2022, when the rate was 6.5%.
- Annual inflation for food and non-alcoholic beverages eased slightly to 13.9% in April from 14.0% in March.

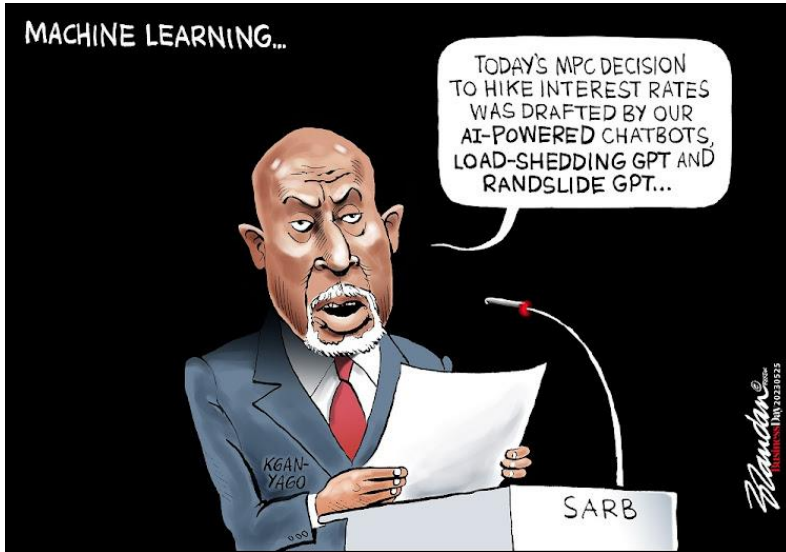


- South African annual consumer price inflation was 6.8% in April 2023, down from 7.1% in March 2023.



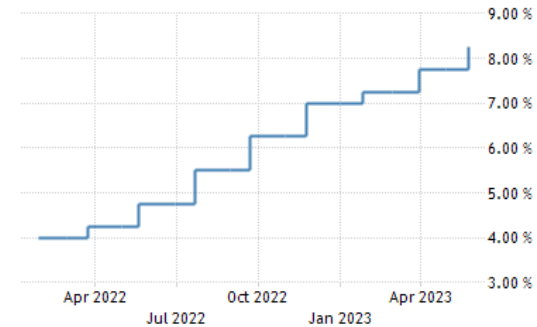
Under the new target, which is linked to the consumer price index (CPI), South Africa's lowest paid workers will see their earnings climb faster than inflation in the coming years.

SARB hikes repo rate



- The South African Reserve Bank (SARB)'s Monetary Policy Committee (MPC) has continued its aggressive tightening approach, raising the repo rate by 50 bps to 8.25%.
- This latest rate hike by the SARB marked the 10th consecutive increase in interest rates, totaling 475 basis points since the policy tightening began in November 2021.
- Reserve Bank Governor, Lesetja Kganyago cited the inflationary impact of a weakening rand, ongoing load shedding, and elevated global pricing levels as the primary drivers of the hike.

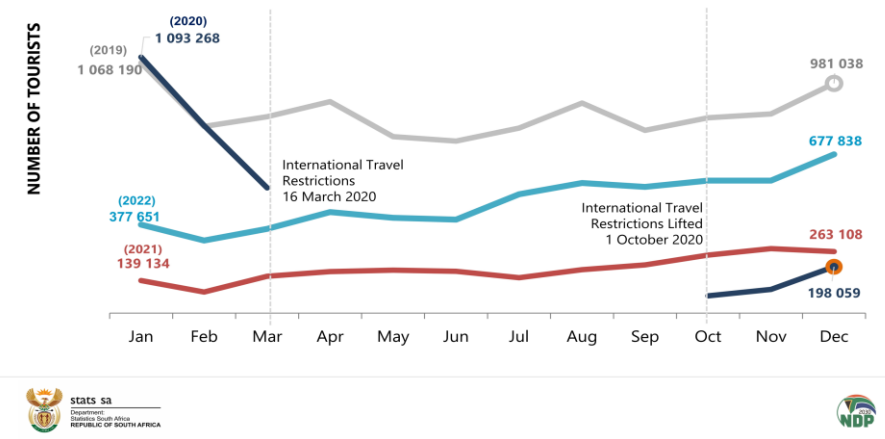
SA repo rate hikes over the past year:



Slight recovery in SA tourism

The volume of tourist arrivals increased by **152,6%** from 2 255 699 tourists in 2021 to 5 698 062 tourists in 2022.

Number of tourists by month and year of travel, 2019 and 2022



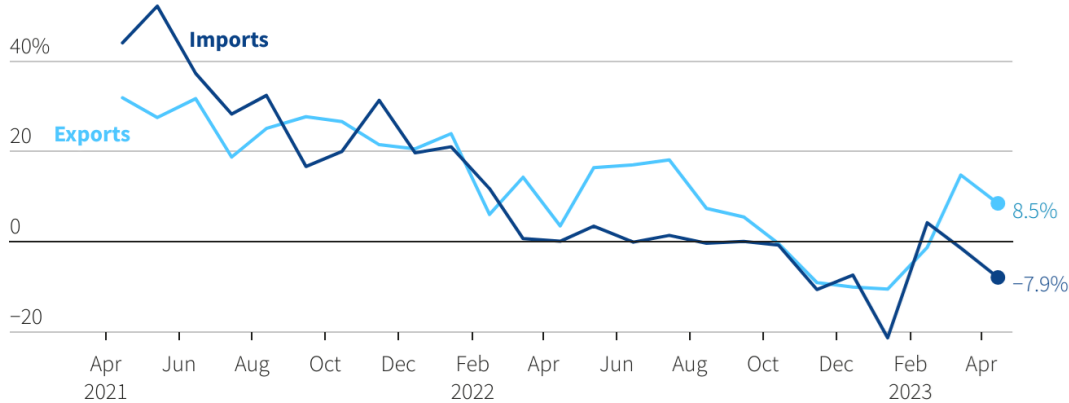
- After a drastic drop in tourist arrivals in 2020 and 2021, the volume of tourist arrivals in South Africa is showing improvement.
- A gradual improvement was noted in the number of tourists arrivals from January to December 2022 - however, it is still below the pre-pandemic year of 2019.
- Tourism remains a key growth area for South Africa, leading to significant job creation across South Africa, but the industry faces challenges ahead:
 - Improvement of ageing or damaged infrastructure, addressing crime and decreasing red tape remain crucial and are vital to attract investment into the sector and attract travellers.
 - The controversial near-R1 billion deal to sponsor English football club Tottenham Hotspur has led to several resignations from the Tourism Board.

China's import contract

Sharp shrink in China's April imports

China's imports contracted sharply in April, while exports grew at a slower pace, reinforcing signs of feeble domestic demand despite the lifting of COVID curbs and cooling global growth.

Change in exports and imports (Y/Y)



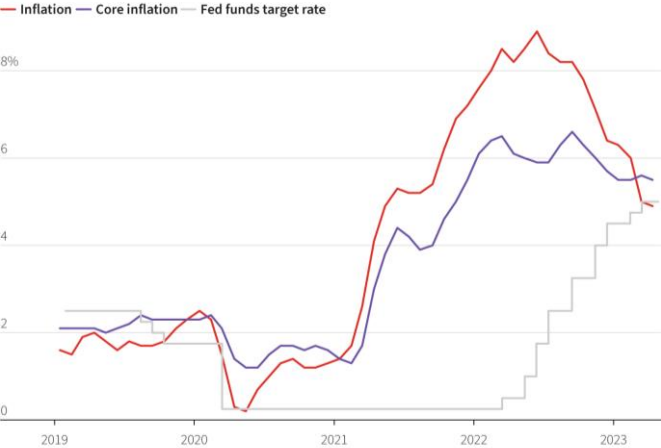
Source: Refinitiv Datastream | Reuters, May 9, 2023 | By Kripa Jayaram

- Inbound shipments to China fell 7.9% year-on-year in April, whilst exports grew 8.5%, easing from 14.8% in March.
- This highlights signs of weaker domestic demand - regardless of the lifting of the Covid curbs.
- Economists in a Reuters poll had predicted no growth in imports and an 8.0% increase in exports.
- “Government officials have repeatedly warned of a ‘severe’ and ‘complicated’ external environment in the wake of mounting recession risks for many of China’s key trading partners”.

US inflation eases | Jobs added to US economy

- Consumer inflation in the United States nudged down only slightly in April, the Labor Department said on Wednesday, regardless of strong efforts to cool the economy and rein in price increases.

Consumer prices decelerated to 4.9% year-on-year, the 10th straight month of slowdown as prices react to the Fed's rate-tightening cycle.



Note: Core inflation measures commodity prices, excluding food and energy costs.
Sources: Bureau of Labor Statistics, Federal Reserve
Prinz Magtulis | Reuters, May 10, 2023

April jobs one-month net change

Health care + social assistance	64.2K
Professional + business services	43K
Leisure + hospitality	31K
Financial activities	23K
Government	23K
Construction	15K
Manufacturing	11K
Transportation + warehousing	10.6K
Retail trade	7.7K
Mining + logging	7K
Information	1K

Chart: Gabriel Cortes / CNBC
Source: U.S. Bureau of Labor Statistics
Data published May 5, 2023

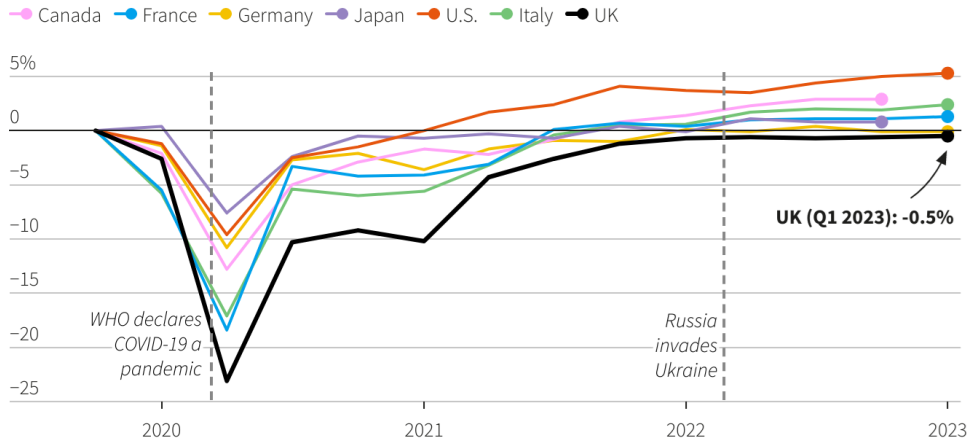


- The US economy added 253 000 jobs in April, as per data released by the Bureau of Labor Statistics.
- The increase comes as a surprise when many indicators were pointing to a slowdown in the job market.

UK growth lagging

UK's growth still lagging behind G7

Major economies' real GDP rebased to end-2019.



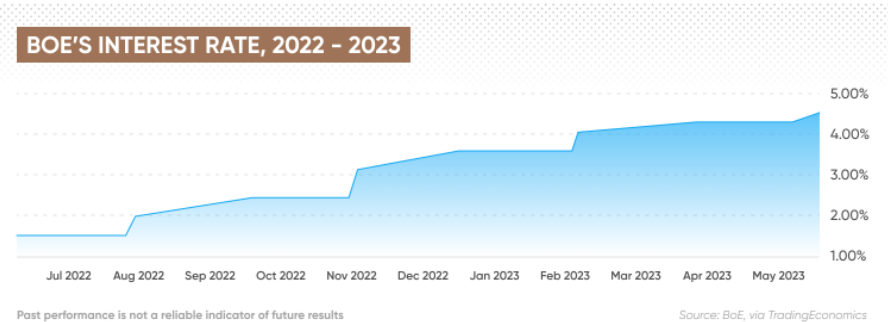
Note: Canada and Japan have not released their Q1 2023 growth figures.

Source: Refinitiv Datastream, ONS | Reuters, May 12, 2023 | By Sumanta Sen and Vincent Flasseur

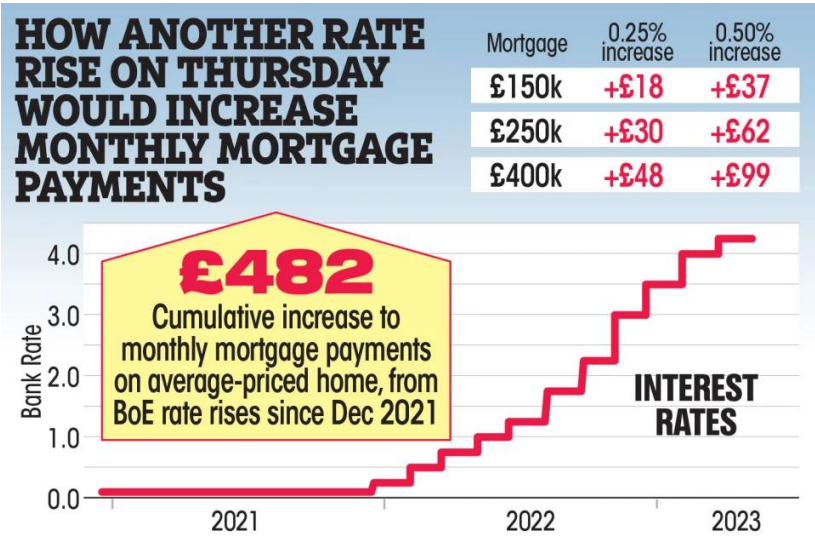


- UK Gross Domestic Product (GDP) grew 0.1% in Q1 2023. GDP remains 0.5% below the Q4 2019 level.

UK interest rate hike



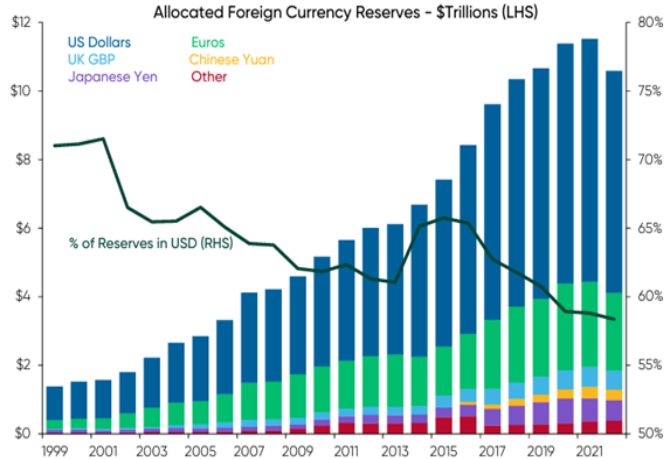
- The Bank of England (BoE) raised its key interest rate from 4.25% to 4.5%. This is the 12th consecutive increase by the BoE. There has been a series of Bank rate increases since December 2021, attempting to control inflation.
- Although this could benefit savers, homeowners will undoubtedly feel the pain.
- There is uncertainty over the coming months, not least about whether rate rises may be close to, or at an end. Some economists suggest there could be one or two more rises.



Accelerating de-dollarisation trend

USD RESERVE CURRENCY STATUS

USD declining as a percent of foreign currency reserves is nothing new. Total foreign currency reserves have been steadily rising over the years, but USD as a percent of reserves has been steadily declining as other currencies like EUR and CNY become more prominent. Still, USD is likely to remain the dominant global reserve and transaction currency for a long time due to the size, diversity and liquidity of its economy and capital markets.



Source: FactSet and IMF, as of 19/04/2023. Allocated foreign currency reserves of the world, yearly, 1999 – 2022.

Russia and China want to diversify away from the US dollar

Several other nations are also trying to reduce their reliance on the greenback.



- The US dollar's prominence as the global reserve currency has fallen.
- The Chinese yuan is one of the top contenders challenging the USD's dominance as a reserve currency.

An aerial photograph of a white speedboat moving across the dark blue ocean, leaving a white wake. The image is overlaid with a dark grid pattern. A blue square is positioned on the left side of the image, containing the text 'for your future'. To the right of this square, the words 'Thank You' are written in a large, white, sans-serif font.

for
your
future

Thank You