

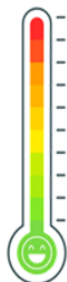


Graviton | Market snapshots Monthly edition | April 2023 recap

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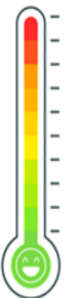
Monthly market recap | April in review

Market news



- India's population is expected to match China's by the end of April 2023 and India will most likely surpass China as the most populated country.
- Young job seekers were hit hard by the lockdown in China, and unemployment among 16- to 24-year-olds hit 19,6%. This is the second highest level on record.
- Since 2010, residential property prices have increased by 141% in the City of Cape Town, outstripping other metropolitan municipalities.

Market stats



- The annual percentage change in the PPI for final manufactured goods in South Africa was 10,6% in March 2023. The PPI for final manufactured goods increased by 1,0% from February 2023 to March 2023.
- The Gross Domestic Product (GDP) in the United States rose at a 1,1% annualised pace in Q1 2023.
- The GfK Consumer Confidence Index in the United Kingdom rose to -30 in April 2023 from -36 in March. This is the highest level since February 2022.

International markets

MSCI World (\$)	1,75%
Global Bonds(\$)	0,44%
Global Property(\$)	1,93%
MSCI EM (\$)	-1,11%
FTSE (£)	3,35%
S&P 500 (\$)	1,56%

Bond market

All Bond	-1,11%
Bonds 1-3 years	-0,22%
Bonds 3-7 years	-0,68%
Bonds 7 -12 years	-1,38%
Bonds 12+ years	-1,31%

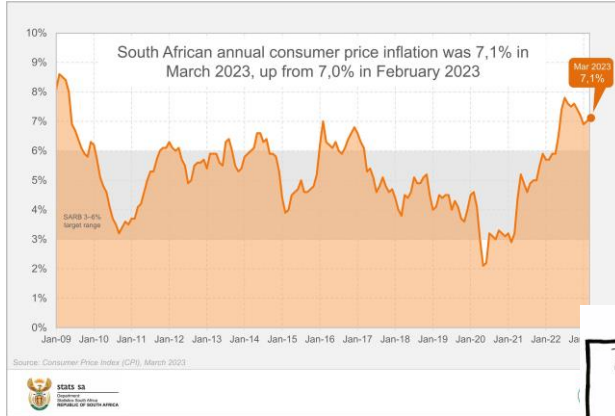
Local markets

FTSE/JSE All Share	3,38%
Industrials	3,20%
Resources	4,18%
Property	5,36%
Financials	3,31%
Cash	0,61%

Currency

Rand vs USD	-2,96%
Rand vs EURO	-4,50%
Rand vs GBP	-4,54%
Rand vs JPY	0,22%
Rand vs AUD	-3,30%

SA consumers still feeling the pinch



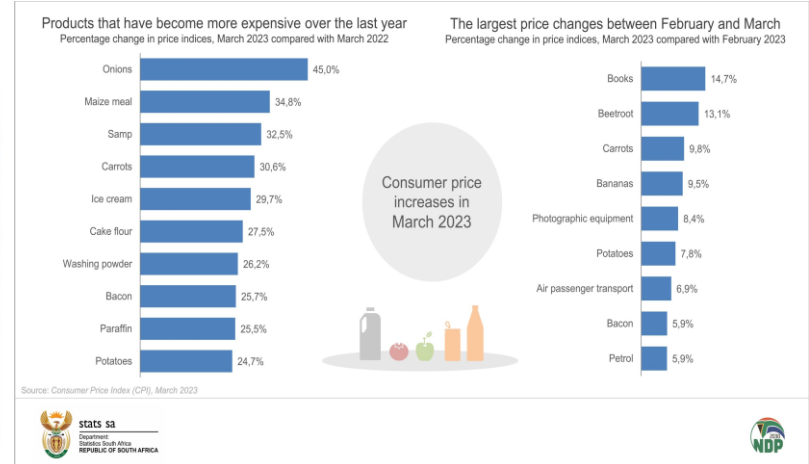
- Consumer Price Inflation (CPI) increased to 7,1% in March.
- Inflation for food and non-alcoholic beverages continued to increase.
- Food inflation peaked at 14,4% during April. This is the highest level since March 2009.



Below is an extract from a News 24 article:

Stats SA datas show that 2.1 million South African households experienced hunger in 2021, and a total of 3.7 million did not have adequate access to food.

The African Bank data shows that even senior citizens are experiencing food shortages as they run out of money mid-month.



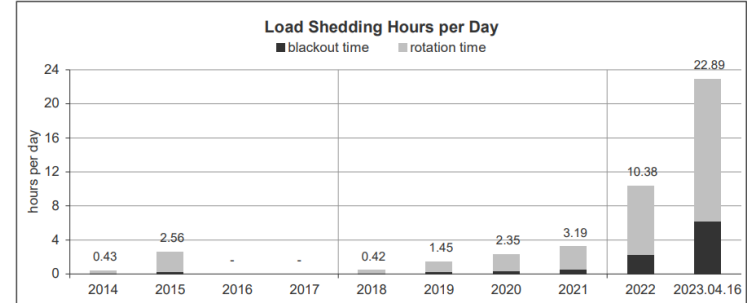
Amount of load shedding experienced thus far...

- By the middle of April, South Africa had already experienced as many load shedding hours as almost the whole of 2022.
- By mid-April the country had already experienced 106 days of load shedding. This is more than half of the 207 days of load shedding experienced in 2022.
- To add to the load shedding woes, Eskom is in negotiations with trade unions over a wage increase. Eskom offered 3,75% but trade unions are demanding an above-inflation increase of up to 15%.



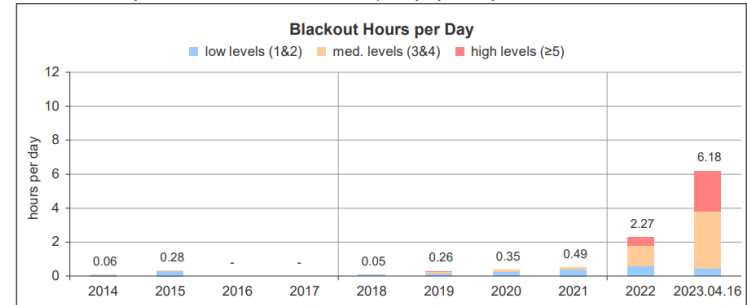
GRAPH 1-b: Yearly realised national load shedding hours per day

2014 – 2023.04.16



GRAPH 1-c: Yearly realised national mean blackout hours per day, by intensity

2014 – 2023.04.16



Will SA fall into recession in 2023?

- Finance Minister Enoch Godongwana says that SA will not fall into a recession in 2023, despite the International Monetary Fund (IMF) forecasting a slight growth of only 0,1%.
- Severe power cuts, a 50bps interest rate increase in March and rising inflation is holding the economy to ransom.
- According to an index that tracks interbank payments, South Africa's economy probably entered a technical recession.



Mining production fell year-on-year in February by 5%. This is the latest sign of recession. Below is an extract from a Daily Maverick article:

Power outages and rampant criminality are among the factors that are combining with policy inertia to torpedo South Africa's mining sector, which still plays an absolutely critical role in the economy.

And the data, coming in the wake of a 5.2% annual decline in manufacturing output in February and a weaker March BETI (BankservAfrica Economic Transactions Index) – which tracks transactions between the country's banks – almost seals the case that South Africa's economy has likely fallen into a recession after contracting 1.3% in the fourth quarter (Q4) of last year.

Potential interest rate hike| Job cuts soar in the US

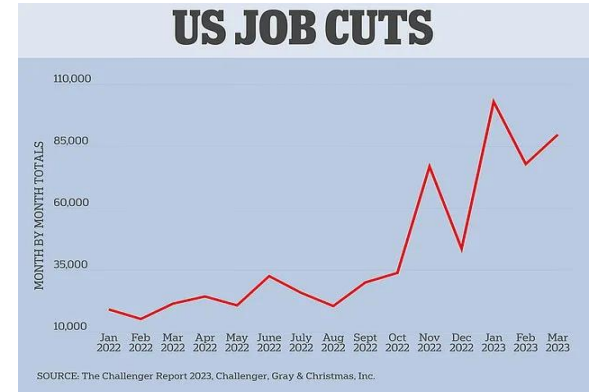
- The US Fed increased borrowing costs by 25bps in March 2023, and it's projected there will be another interest rate hike when they convene in early May 2023.
- Recurring claims for US unemployment benefits increased to the highest level since November 2021.



- Job cuts soared to 270 416 thus far in 2023 - an increase of 396% for the same period a year ago.
- Walt Disney started with their second round of lay-offs. It's expected that the company will cut about 7 000 jobs this year.

Marketing material

A snapshot of the world economy April 2023

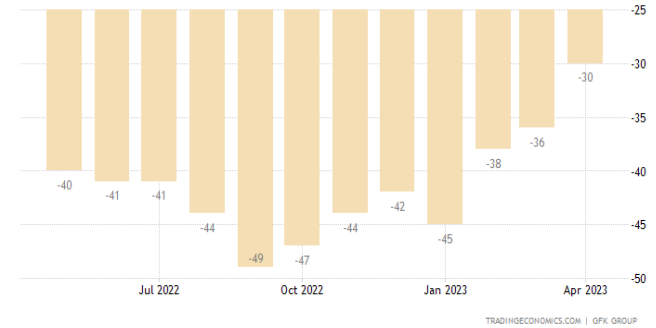


UK economy showing signs of recovery

- The UK economy showed signs of recovery as businesses reported their busiest month and consumers showed more confidence.
- The Bank of England (BoE) expects modest economic growth in Q2 2023 and predicted a contraction in Q1 2023.
- The BoE is expected to increase borrowing costs in May 2023 as it continues to battle with an inflation rate above 10%.



The graph below depicts the rising consumer confidence:



The UK Will be the Worst Performing G7 Economy Over 2023 and 2024, According to the OECD
GDP growth

	2023	2024
Canada	1.1%	1.4%
France	0.7	1.3
Germany	0.3	1.7
Italy	0.6	1.0
Japan	1.4	1.1
UK	-0.2	0.9
US	1.5	0.9

Source: OECD Bloomberg

"The key takeaway is that the economy as a whole is not only showing encouraging resilience but has gained growth momentum heading into the second quarter," Chris Williamson, chief business economist at S&P Global, said.

UK deputy prime minister, Dominic Raab, resigned from the government following an independent investigation into complaints that he bullied colleagues.

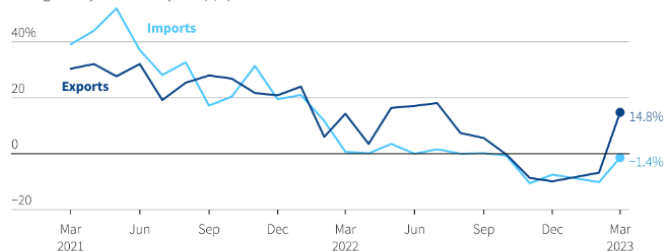
This is the third senior minister that prime minister Rishi Sunak has lost over personal conduct.

China's growing economy

China's exports post surprise surge in March

China's exports were mainly fuelled by strong outbound shipments of solar products, new-energy vehicles, and lithium batteries.

Change in exports and imports (Y/Y)



Source: Refinitiv Datastream | Reuters, April 13, 2023 | By Kripa Jayaram

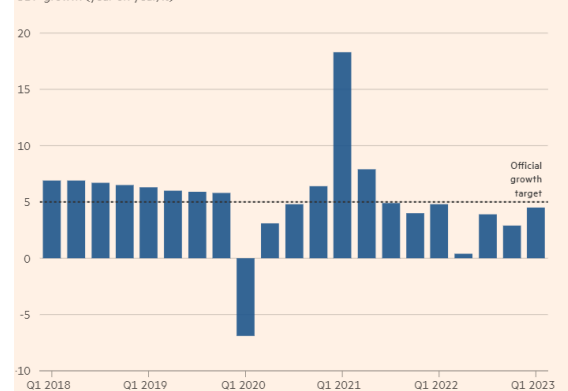


- Exports from China increased 14.8% from a year ago.
- Some analysts believe the surge is due to a backlog of orders which exporters are rushing to fulfil.

- China's economy grew 4,5% year-on-year in Q1 2023.
- China's economy grew by only 3% last year, the second lowest rate since 1976.
- This shows that the world's second largest economy is on the road to recovery after the end of Beijing's "zero-Covid" policies.

China's economy is falling short of 5% target for 2023

GDP growth (year on year, %)



Source: National Bureau of Statistics of China

FINANCIAL TIMES

Is the US dollar losing its dominance?

i DE-DOLLARIZATION

The process of substituting the U.S. dollar as the currency used for trading commodities and other goods and services.



- The US dollar has dominated global trade and capital flows for decades.
- More countries are now looking for alternatives to the US dollar to reduce their dependence on the United States (US).
- Geopolitical risks and economic dynamics have accelerated the trend to move away from the US dollar.

Global 'de-dollarization' events in 2023

January 23

Brazil and Argentina announce to start preparations for a common currency.



February 21

Iraq plans to allow trade from China to be settled directly in yuan for the first time.



March 28

China and France complete first LNG transaction in Chinese yuan.



March 29

China and Brazil reach RMB-based trade deal.



April 1

Trade between India and Malaysia can be settled in Indian Rupee in addition to the current modes of settlement in other currencies.

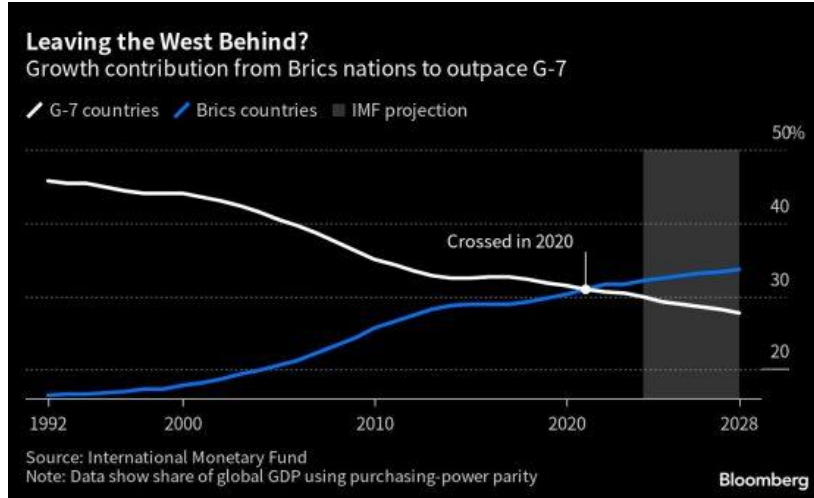


Source: Reuters, Financial Times, Global Times, SCMP

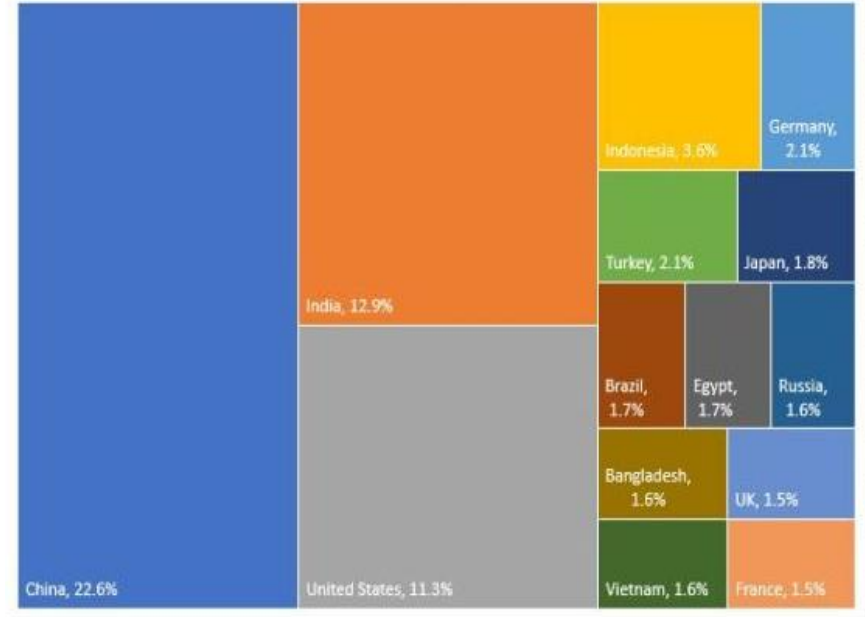


China – top contributor to global growth

- As per the International Monetary Fund (IMF), China will be the top contributor to global growth over the next five years.
- South Africa's expansion will contribute 0,5% to global growth over the next five years.



2023-2028 World Economy Growth Contribution





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