

# Monthly Market Highlights

Monthly edition | November 2023 recap

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# Monthly market recap | November in review



## Market news

- In Japan, the Core Consumer Price Index (CPI), which excludes fresh food, increased by 2.9% year-on-year in October, up from 2.8% in September – staying above the Bank of Japan’s target of 2% for the 19th month.
- Gasoline prices in the United States have fallen for 60 consecutive days – the longest streak of declines in more than a year.
- Gold prices touched a nearly seven-month high on Wednesday, 29 November, driven by a decline in the US dollar and bond yields as investors grew confident that the Federal Reserve would likely cut interest rates by the first half of next year.

## International markets

MSCI World (\$)	9.38%
Global Bonds (\$)	5.04%
Global Property (\$)	10.68%
MSCI EM (\$)	8.02%
FTSE (£)	2.99%
S&P 500 (\$)	9.13%

## Bond market

All Bond	4.73%
Bonds 1-3 years	1.89%
Bonds 3-7 years	2.99%
Bonds 7-12 years	5.17%
Bonds 12+ years	5.90%

## Local markets

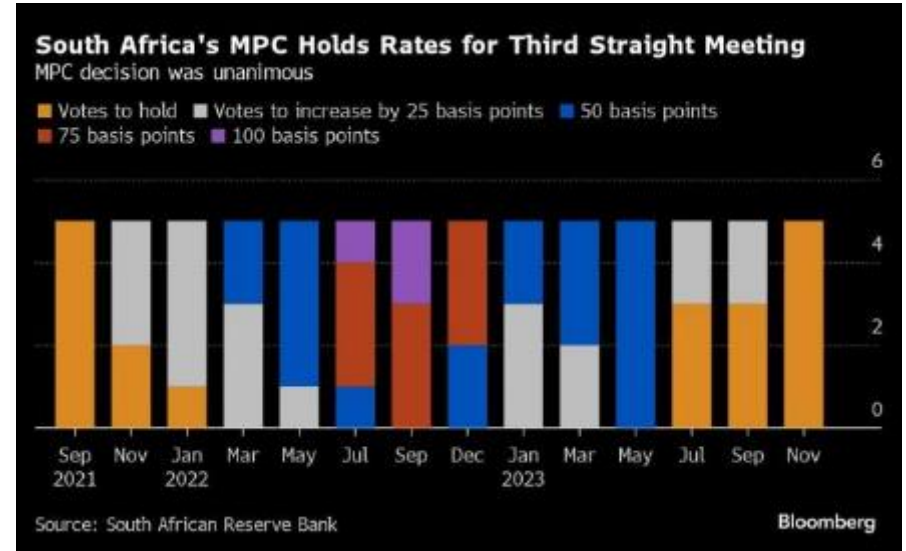
FTSE/JSE All Share	8.55%
Industrials	10.47%
Resources	5.86%
Property	9.14%
Financials	8.72%
Cash	0.68%

## Currency

Rand vs USD	-1.07%
Rand vs EURO	-4.16%
Rand vs GBP	-5.17%
Rand vs JPY	-0.27%
Rand vs AUD	-0.004%

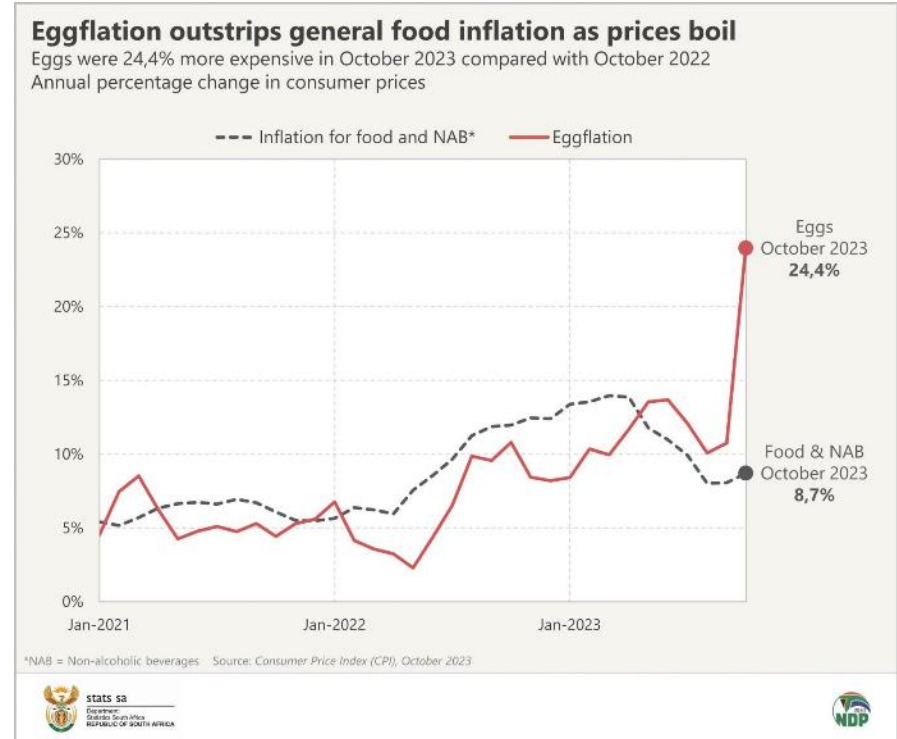
# SA interest rates remain steady

- South Africans will not be faced with an interest rate hike ahead of the festive season, as the repo rate remained steady at 8.25%.
- Although rates were not changed, the central bank voiced a hawkish tone with repo rate cuts only likely in Q2 or latter months of 2024.
- Before holding interest rates steady in July, the central bank raised them at 10 previous meetings, bringing the cumulative increase to 475 basis points since November 2021.



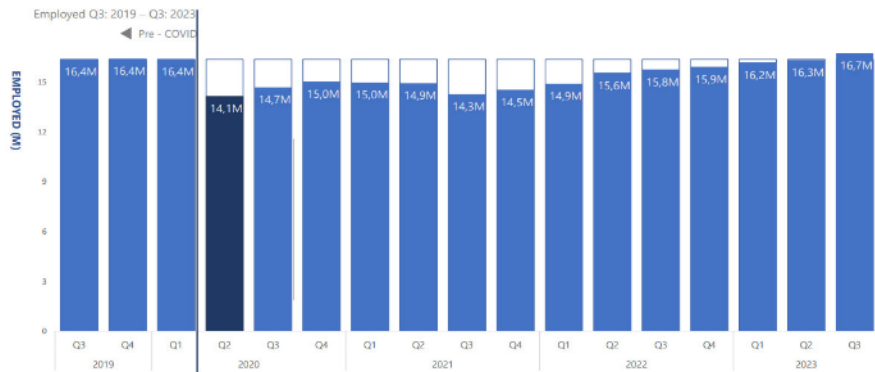
# SA inflation increases to five-month high

- Annual consumer inflation increased for a third consecutive month in October, rising to 5.9% from 5.4% in September.
- According to Stats SA, prices increased on average by 0.9% between September and October, the highest monthly increase in three months.
- Inflation is approaching the upper end of the central bank's target range of between 3% and 6%. It was driven by steep increases in food, transport and health costs.
- Core inflation, which excludes food and fuel costs, fell to 4.4% year-on-year in October from 4.5% in September.



# SA's unemployment rate at 31.9%

The number of **employed** increased to 16,7M and has surpassed **pre-COVID** levels of 16,4M.

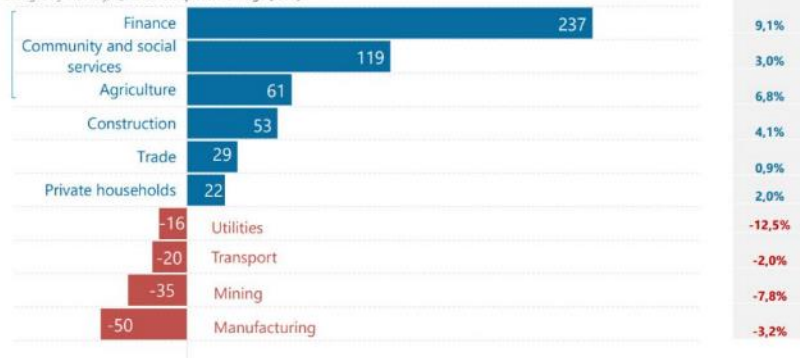


- SA's economy showed positive labour market trends, with an increase of 399 000 people to the workforce. This is the 8th consecutive increase and second largest increase since Q4 2021.
- The largest employment gains were recorded in the finance industry, which saw a more than 9% quarter-on-quarter bump.

- SA's unemployment rate declined in Q3 2023, easing to 31.9% from 32.6%.
- According to Stats SA, the country's official unemployment rate fell below 32% for the first time since Q3 2020, when the number was at 30.8%.

**Employment** increases were mainly in the Finance, Community and Social Services, and Agriculture industries.

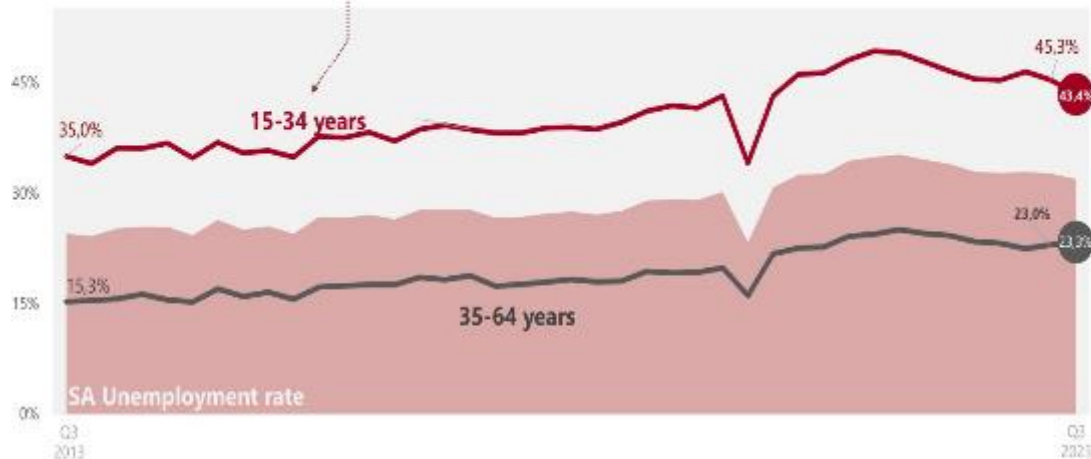
Employment changes by industry, Quarter-on-quarter change ('000)



# Millions of youth unemployed in SA

Youth aged **15-34 years** are more vulnerable to unemployment when compared to older age groups

Official Unemployment rates by age group,  
Q3:2013-Q3:2023



- Youth aged 15 to 24 years and 25 to 34 years continue to have the highest unemployment rates, at 58% and 38.3% respectively.

- Young people aged 15 to 34 years showed an unemployment rate of 43.4% in Q3 2023, compared with 45.3% in Q2 2023.
- The decline mirrored the drop in the country's overall unemployment rate, but the figures still show that close to half of the young people who should be economically active are jobless.



# MTBPS in a nutshell



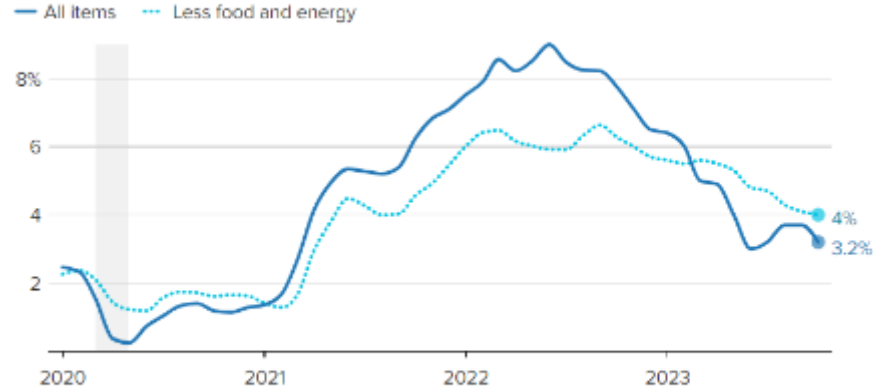
- Social Relief of Distress (SRD) Grant extended for another year. The extension will cost the government an additional R34 billion.
- SA will need to borrow an average of R553 billion per year over the medium term.
- **Eskom** bailout – changed from a no-interest loan to an interest-bearing loan.
- **Transnet** – no bailout or assistance until progress has been made towards enhancing efficiencies, facilitating competition and leveraging financial and technical support of the private sector.
- **Revenue collection** for 2022/2023 down R56.8 billion from February projections.
- **Spending** for 2022/2023 reduced by R21 billion.
- **Public wages** – another R24 billion this year and R74 billion over the medium term to fund 2023/2024 wage increases.

# Inflation eases in the US

- The October Consumer Price Index (CPI) slowed to 3.2% year-on-year, from 3.7% in August and September. This was below market expectations of 3.3%.
- Gasoline prices were a big driver of the reduction in October, and housing inflation also continued to cool.
- Core inflation, which excludes energy and food, rose 4% from a year earlier and 0.2% month-on-month - the slowest pace in more than two years. This was below forecasts of 4.1% and 0.3% respectively.

## U.S. consumer price index

Year-over-year percent change as of October 2023

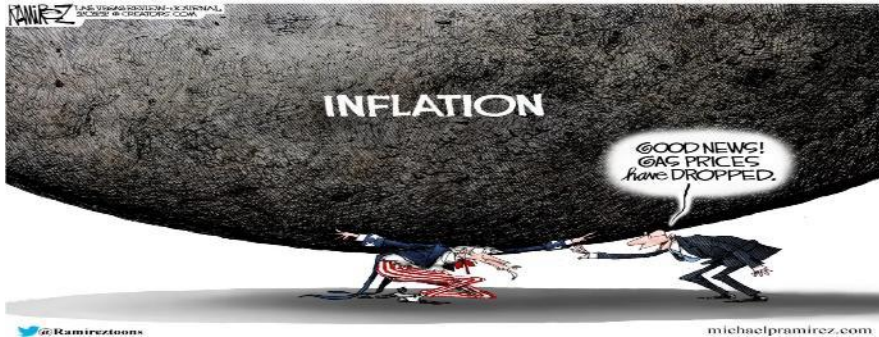


Note: Shaded area indicates recession.

Chart: Gabriel Cortes / CNBC

Source: U.S. Bureau of Labor Statistics

Data as of Nov. 14, 2023





# UK inflation slows to lowest rate

- Inflation in the UK dropped to 4.6% in October, down from 6.7% the month before.
- This is the lowest rate in the last two years and is largely attributed to lower energy prices.
- Although inflation has more than halved from its October 2022 peak of 11.1%, the Bank of England has warned that the last stretch in getting it down will be tougher.
- The central bank anticipates that inflation will only return to its 2% target in late in 2025, though many economists say it will happen sooner.



## UK inflation has fallen sharply since the start of 2023

Key measures of year-on-year % price growth slow

— CPI — Goods — Services — CPI excl energy, food, alcohol & tobacco



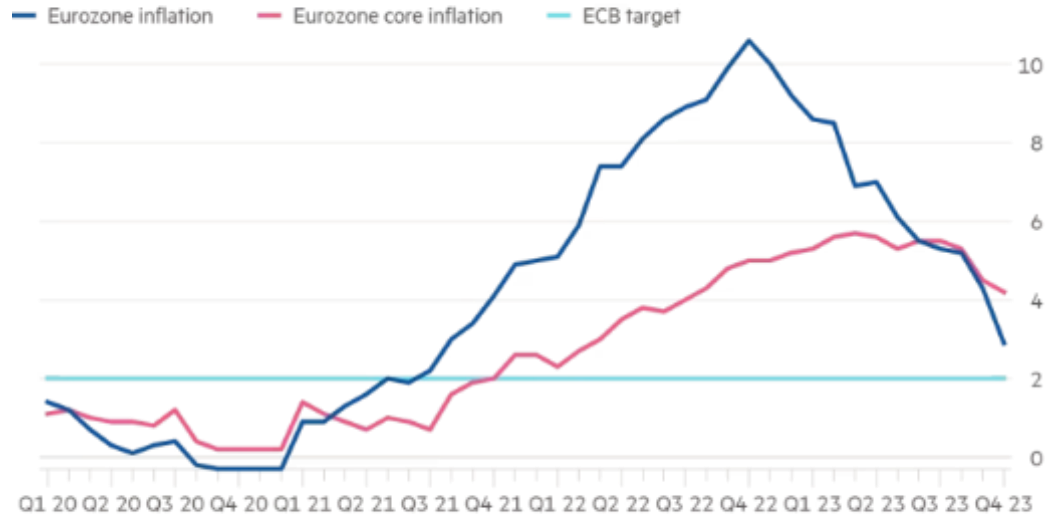
Source: ONS  
© FT

# Eurozone inflation eases

- According to Eurostat, consumer inflation in the 20 countries using the euro declined to 2.9% year-on-year in October from 4.3% in September after prices rose 0.1% month-on-month.
- More expensive services and food were the main drivers of consumer price growth.
- The better-than-expected inflation data is getting closer to the 2% target set by the European Central Bank.

## Eurozone inflation has fallen rapidly from its peak a year ago

Harmonised index of consumer prices (annual % change)



Core inflation excludes energy, food, alcohol and tobacco prices

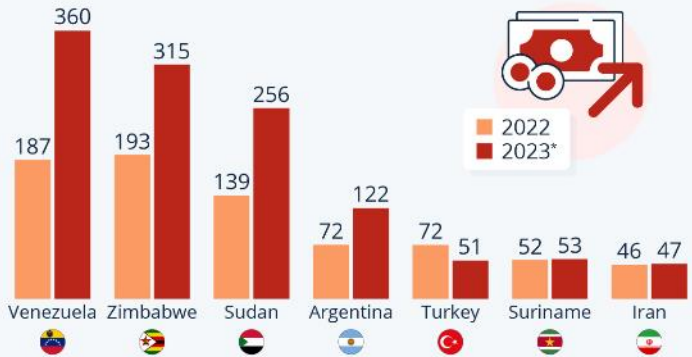
Source: Eurostat

© FT

# Inflation across industrial economies and countries

## The Countries With the Highest Inflation Rates

Countries with the highest annual increases in consumer prices in 2022 and 2023\*



\* Annual forecast as of October 2023  
Source: IMF



## Inflation Is Coming Down Across Major Industrial Economies

But Britain still has higher inflation than the US and euro area



Source: Statistics agencies



# Eurozone growth forecast cut



- European Union executives have cut the eurozone growth forecast for 2023, however, they see a rebound in 2024.
- According to the European Commission, the eurozone economy's growth will be slower than anticipated this year but will avoid a technical recession and growth will rebound next year.
- The EU executive arm cut the growth forecast for the 20 countries sharing the euro for 2023 to 0.6% from the 0.8% expected in September due to high inflation, rising interest rates and weak external demand which took a heavier toll than expected.
- Growth will start to pick up in the last three months of this year with GDP up by 0.2% quarter-on-quarter after a 0.1% contraction in Q2. In 2024 growth is likely to be 1.2%, accelerating to 1.6% in 2025.

# Consumer prices in China decline

- Annual average inflation fell to 0.6% in October from 0.8% in September, undershooting market expectations.
- Consumer prices fell 0.10% in October, contrasting September's 0.20% increase and below market expectations.
- October's result represented the largest fall in consumer prices since July and was a sign of subdued domestic demand.
- Lower prices for transport and certain foodstuffs, such as pork, weighed on the headline reading.



Economist.com

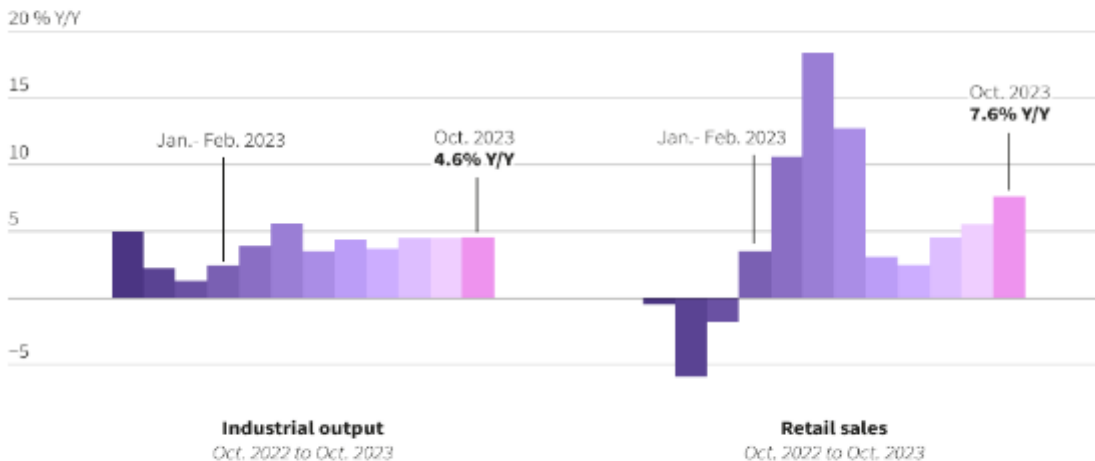
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# China's retail sales and industrial output exceed forecast

- China's industrial output grew 4.6% in October year-on-year, up from 4.5% in September.
- Retail sales grew 7.6% in October. This was driven by increased growth in auto and restaurant sales, accelerating from 5.5% in September and hitting the fastest pace since May.
- Despite the growth in retail sales and industrial output, the property sector remains a weak link in the economy.

## China October industrial output, retail sales beat expectations

The October economic activity in the world's second-biggest economy perked up as industrial output grew 4.6% from a year earlier, marking the quickest pace since April, while retail sales rose 7.6%.



Note: For these indicators, China reports combined January-February data, while the others are single month data.


Source: LSEG Datastream | Reuters, Nov. 15, 2023 | By Pasit Kongkunakornkul

Reuters Graphics

# Of interest | Largest importers in the world

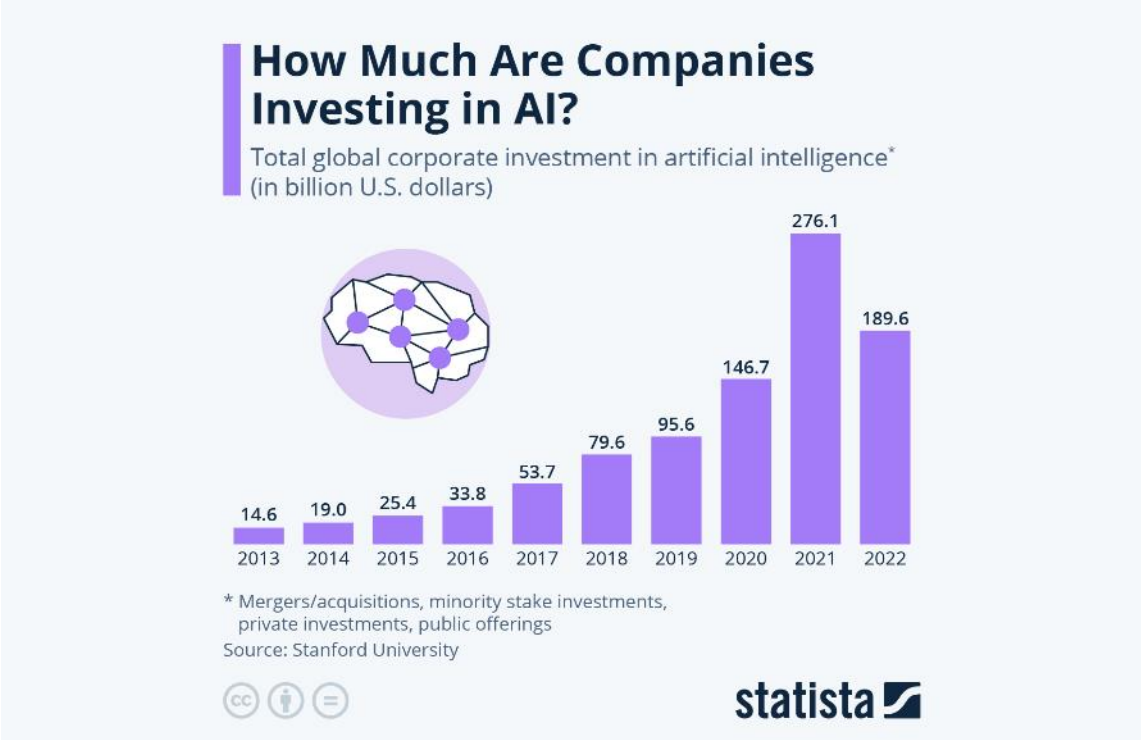
The table below list the top 10 countries which import the most goods

- In 2022, global imports climbed to US\$25.6 trillion in value.
- The US is the largest importer globally with US\$3.4 trillion in imports in 2022.
- Despite higher inflation and market uncertainty looming over the US economy, imports increased 15% annually, with China as its top goods importing partner.

Country	Value 2022	Share	Annual
 U.S.	\$3,376B	13.2%	15.0%
 China	\$2,716B	10.6%	1.0%
 Germany	\$1,571B	6.1%	11.0%
 Netherlands	\$899B	3.5%	19.0%
 Japan	\$897B	3.5%	17.0%
 UK	\$824B	3.2%	19.0%
 France	\$818B	3.2%	14.0%
 South Korea	\$731B	2.9%	19.0%
 India	\$723B	2.8%	26.0%
 Italy	\$689B	2.7%	22.0%
 World	\$25,621B	100.0%	13.0%

# Of interest | Company investments in AI

- Global corporate expenditure on artificial intelligence (AI) has experienced significant growth in the last 10 years.
- In 2021 investment peaked when US\$276.1 billion was invested into the sector by businesses around the world.
- A decline was noted in 2022; however, the launch of OpenAI's generative AI tool, ChatGPT, in November 2022 has widely reinforced the perception of AI as the next major frontier.







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