

Market Highlights

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Monthly edition | 2023 recap



2023 | The year women unleashed their economic power

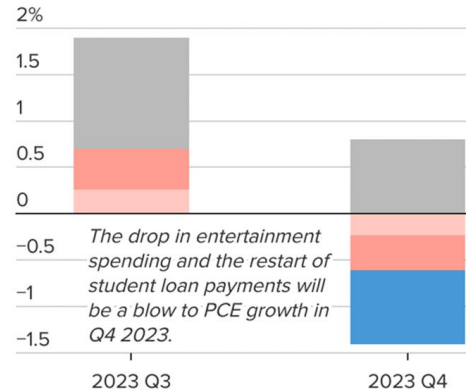


- Female spending emerged as a powerful economic force this year, impacting cities and entire countries.
- In May, Beyoncé's Renaissance World Tour kick-off in Sweden single-handedly inflated prices of hotel rooms and restaurant meals, as fans from around the world came together, resulting in a significant economic impact.
- Girl spending made box office history with the Barbie movie, as hordes of young women dressed in pink propelled it to become the highest-grossing film of the year in both the US and worldwide.
- In a year dominated by female spending, the Taylor Swift phenomenon stood out. Her Eras tour made history by surpassing US\$1 billion in revenue before reaching the halfway mark of 151 global shows.

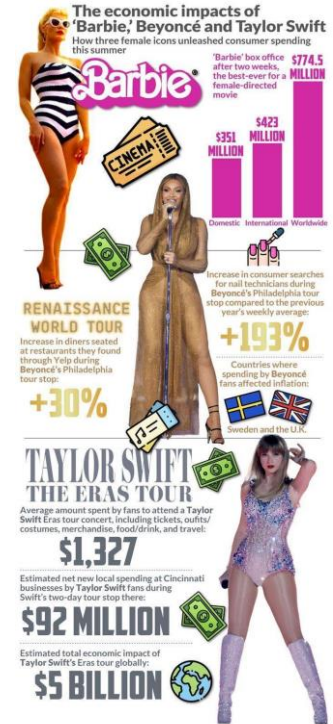
Barbenheimer, Beyonce and Taylor

The very real impact of the summer's pop culture phenomenons to real PCE growth in Q3 and Q4 in 2023

- Barbenheimer
- Beyoncé + Taylor Swift tours
- Other
- Student loan payments



Source: Morgan Stanley



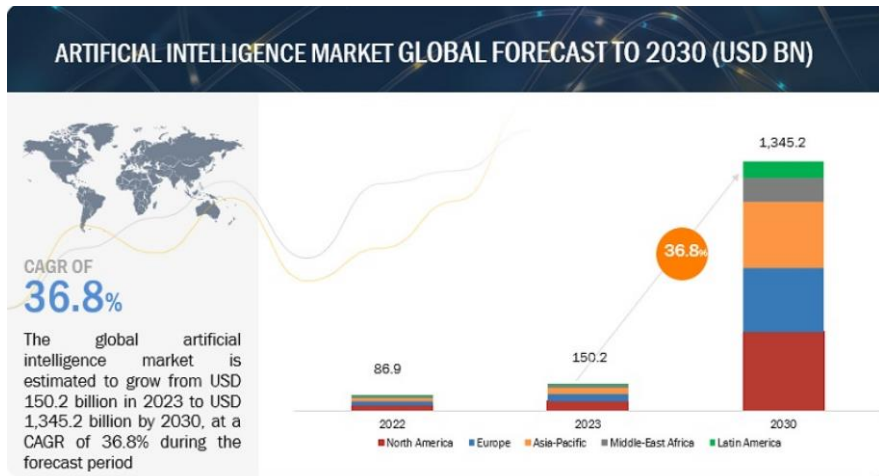
Sources: Yelp, QuestionPro, Cinesh Associates, Warner Bros. Pictures, Box Office Mojo

2023 | The biggest year ever for bank failures

- Silicon Valley Bank (SVB)'s collapse in March ended a 28-month period without any US bank failures, the longest in over 15 years.
- SVB's demise marked the start of a historic year for bank failures, totaling US\$548.7 billion in combined assets, a record for a single year, surpassing 1984 and 2008.
- First Republic Bank in San Francisco became the second-largest US bank failure, followed by Silicon Valley Bank at number three, and Signature Bank in New York City as the fourth-largest.
- Silvergate Bank, known for its crypto-friendliness, underwent voluntary self-liquidation. Heartland Tri-State Bank failed due to its CEO falling victim to a crypto scam.
- In total, five banks failed in 2023, the highest number since 2017.



Unleashing the AI revolution



- In 2023, AI went through significant changes, with progress in open-source AI, debates over licenses, and the rise of powerful generative AI models.
- The use of AI in automating routine tasks across industries led to increased efficiency, but raised concerns about job displacement, particularly in roles involving repetitive tasks.
- During the year, AI policy, rules, and global politics played a massive role in shaping how AI is used worldwide. There was progress in creating rules for AI, but there was also strong competition and strategic moves between major countries, especially the US and China.

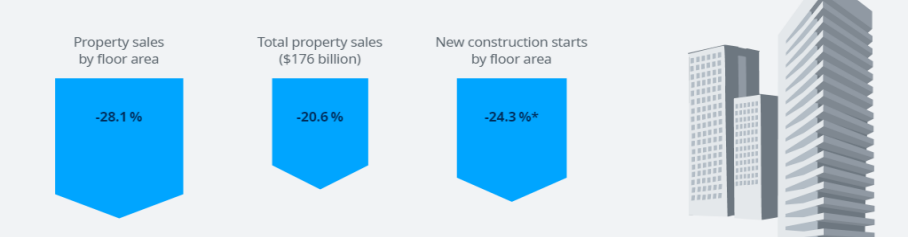


China's economic slowdown

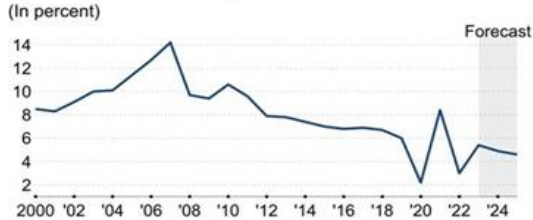
- China, the world's second-largest economy, faces challenges as it enters 2024, marked by deep-seated structural issues.
- Even after the lifting of strict "zero-COVID" measures in January 2023, China still faced economic difficulties, including soaring inflation that reduced international demand for Chinese goods.
- Despite the reopening, domestic consumers were hesitant to spend after two years of lockdown. The real estate crisis persisted, with more developers nearing default and home sales at half the levels of December 2020, posing a threat to an economy heavily reliant on property.
- Moody's shift of China's credit outlook to negative, driven by rising debt risks and economic slowdown concerns, signifies a notable change in the perception of China's fiscal health, with potential implications for global investors.



China's real estate troubles 2023 vs 2022



China's annual GDP growth



Source: China National Bureau of Statistics, Nikkei, Nikkei Quick News

Geopolitical conflicts continue

- A series of events, including the US trade wars, increasing impact of climate risk, the COVID-19 pandemic, Russia's invasion of Ukraine, and the Middle East conflict, have compounded one another, amplifying market volatility.
- During 2023, these factors now loom over the global economy, adding to the prevailing uncertainties in financial markets.



US avoids a recession in 2023

- The US economy outperformed economic expectations, showing stronger-than-expected growth in 2023. In Q3 the economy grew at its fastest pace since Q4 2021.
- Consumer spending helped to drive continued growth despite higher interest rates that were expected to slow the economy.
- The US Fed has hiked its key interest rate 11 times over the past 20 months. The Fed had not raised rates so much and that fast since America's last inflation crisis 40 years ago.
- Two years into the US Fed's campaign to slow America's economy, it may have done the impossible: rein in on inflation without plunging the US into a recession.



"God damn you all to Hel— Oh, wait, we avoided the recession."

2023 | A “dark” period in SA

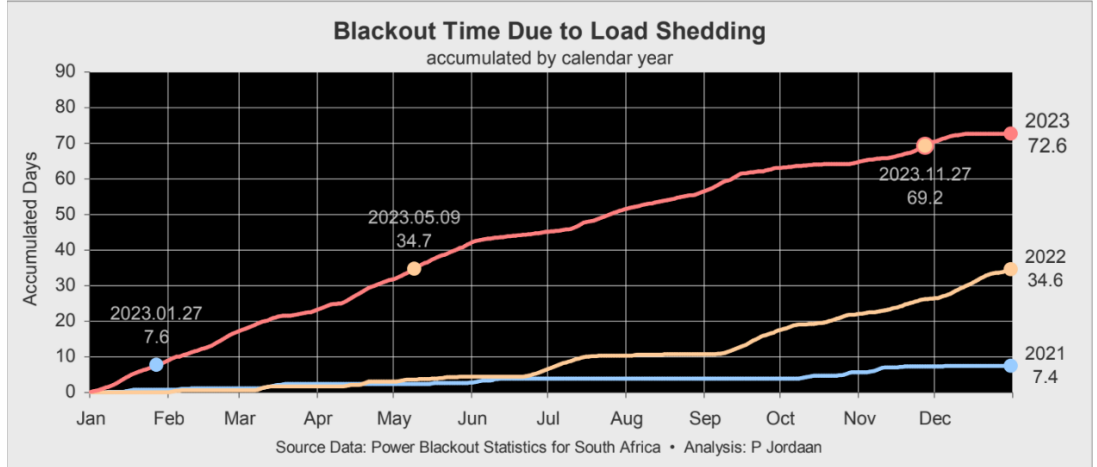
- 2023 has proven to be an extremely damaging year for South Africa’s power situation.
- Cumulatively, South Africans spent 72.6 days or 1,742 hours with no power in 2023, more than double the amount experienced in 2022 and almost 10 times as much as 2021.



Source: IOL, Times Live, Business Tech, January 2024

CHART 2: Blackout time due to load shedding, accumulated by calendar year

2021 – 2023.12.31



- Not only was 2023 the worst year for load shedding – with outages being in effect for 79% of the year – it was also by far the year of the most intense blackouts, with significant portions of the year being at stages 5 and 6.

Major central banks hold interest rates steady

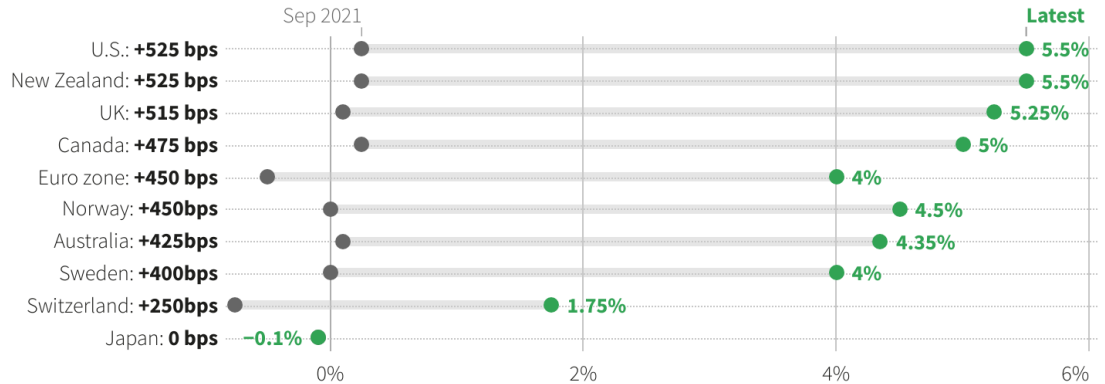
Following an extensive and historic monetary tightening effort to combat high inflation, major central banks are keeping high interest rates steady as at the end of December 2023.



Source: Reuters, Business Day January 2024

The race to raise rates slows down

Change in policy rates by central banks overseeing the 10 most traded currencies.



Note: As of December 14, 2023.

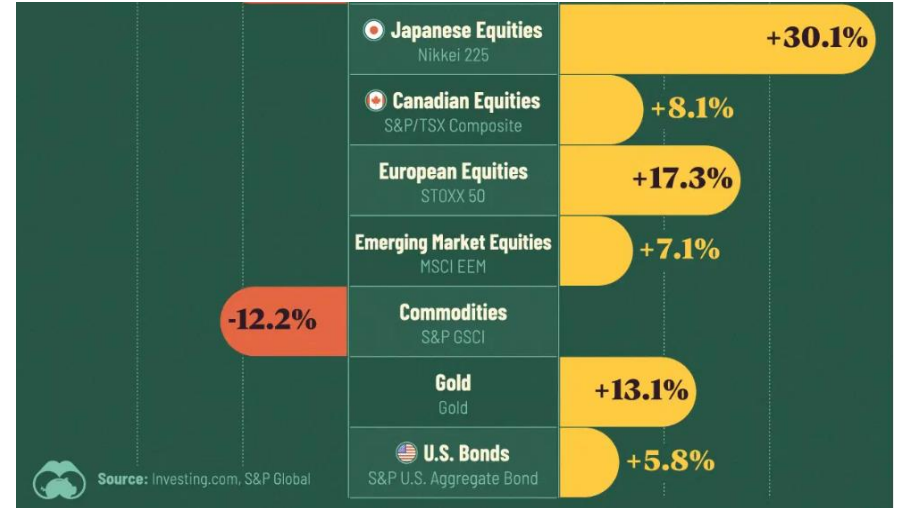
Source: LSEG Datastream | Reuters, Dec. 14, 2023 | By Kripa Jayaram

Top risks going into 2024...

- The US vs. itself (US elections)
- Middle East unrest
- Russia/Ukraine conflict
- Ungoverned AI – advancing faster than governance
- Axis of rogues - Russia, North Korea, and Iran are the world's most powerful “rogue states” working together?
- No China recovery
- The fight for critical minerals
- Global inflation
- El Nino is back
- Culture wars continue to impact boardroom decisions



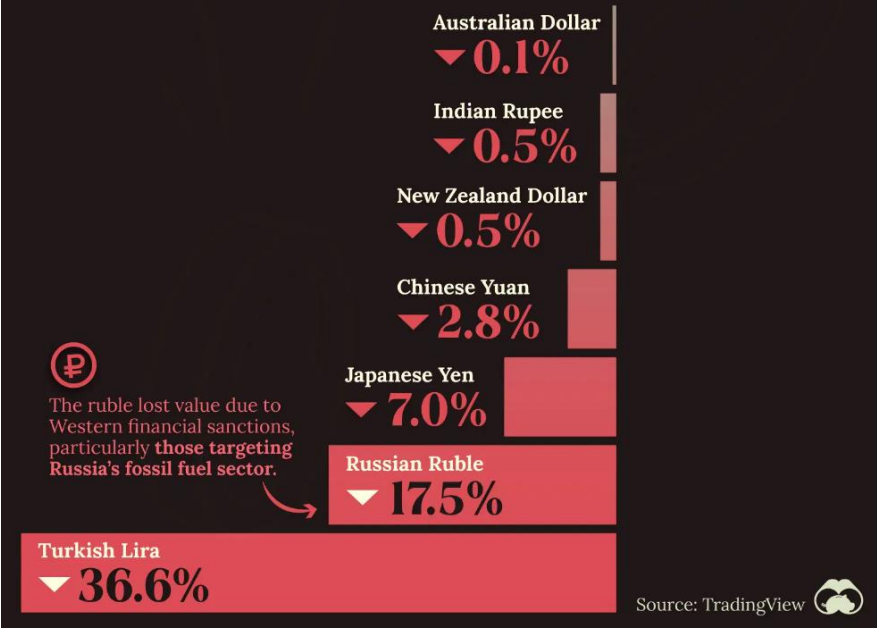
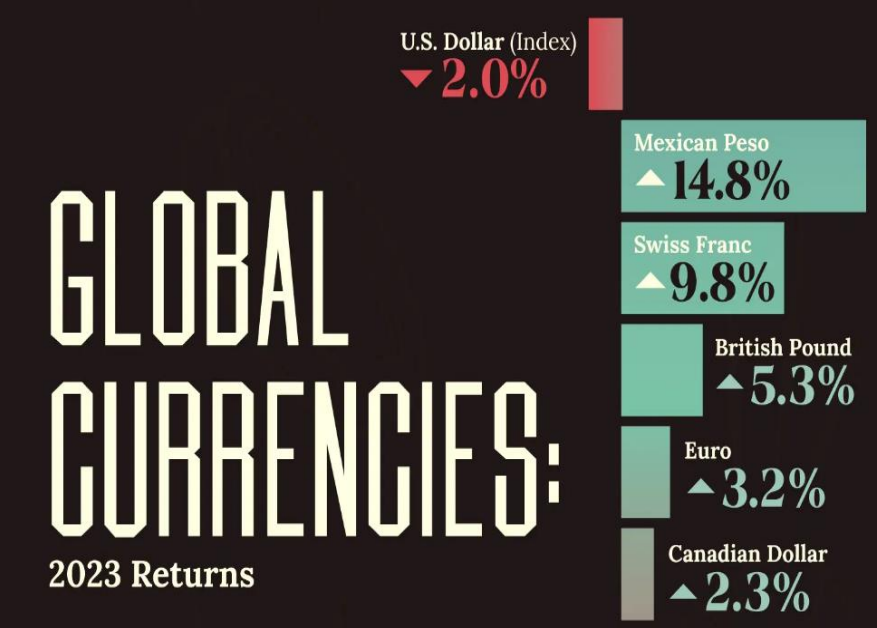
Of interest | Performance of major asset classes in 2023



- Japanese equities, represented in this graphic by the Nikkei 225, were one of the strongest performers, up 30% by the end of 2023.
- Gold stayed high, a popular inflation-hedge, also spurred on by rising geopolitical concerns.

- Oil, commodities, and Chinese equities all registered negative returns for the year.

Of interest | Performance of major currencies against the USD in 2023



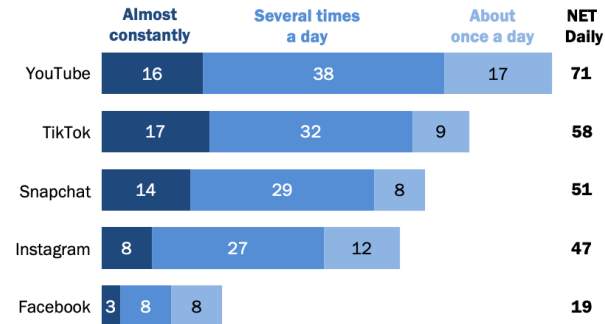
Of interest | The rise of social and digital media amongst teens



Despite the negative headlines and increasing concerns regarding the influence of social media on the youth, teenagers persist in using these platforms extensively, with some describing their engagement as "almost constant."

A majority of teens visit YouTube, TikTok daily

% of U.S. teens ages 13 to 17 who say they visit or use the following apps or sites ...



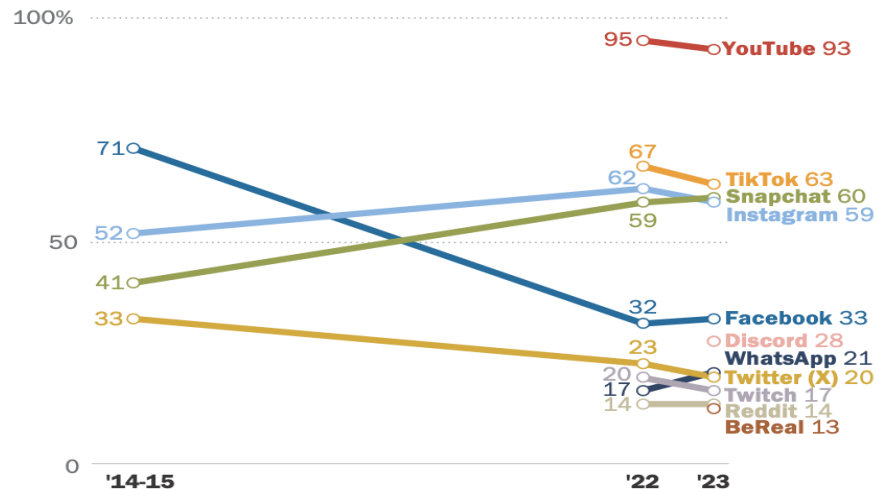
Note: Those who did not give an answer or gave other responses are not shown.
 Source: Survey conducted Sept. 26-Oct. 23, 2023.
 "Teens, Social Media and Technology 2023"

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Source: Pewresearch, January 2024

YouTube continues to be top platform among teens, followed by TikTok, Snapchat and Instagram

% of U.S. teens ages 13 to 17 who say they ever use the following apps or sites



Note: Those who did not give an answer are not shown.
 Source: Survey of U.S. teens conducted Sept. 26-Oct. 23, 2023.
 "Teens, Social Media and Technology 2023"

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