

# Monthly Market Highlights

Monthly edition | October 2023 recap

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# Monthly market recap | October in review

## Market news

- China's trade surplus in September narrowed to US\$77.71 billion from US\$82.67 billion in the same period last year. Trade has slumped this year due to lacklustre global demand for Chinese goods and muted domestic demand.
- New home sales in the US increased by 12.3% in September, as the annual median house price dropped by the most since 2009, reflecting discounts offered by builders to entice buyers. However, high mortgage rates could curb demand.
- Retail sales in Germany fell by 0.8% m/m in September, more than the expected 0.5% increase, marking a fourth consecutive month of no growth. Consumer spending weakened due to high inflation and interest rates.
- South African business confidence dropped marginally from 108.6 in August to 108.2 in September.

## International markets

MSCI World (\$)	-2.90%
Global Bonds (\$)	-1.20%
Global Property (\$)	-4.75%
MSCI EM (\$)	-3.88%
FTSE (£)	-4.09%
S&P 500 (\$)	-2.10%

## Bond market

All Bond	1.71%
Bonds 1-3 years	1.07%
Bonds 3-7 years	1.32%
Bonds 7-12 years	1.79%
Bonds 12+ years	1.99%

## Local markets

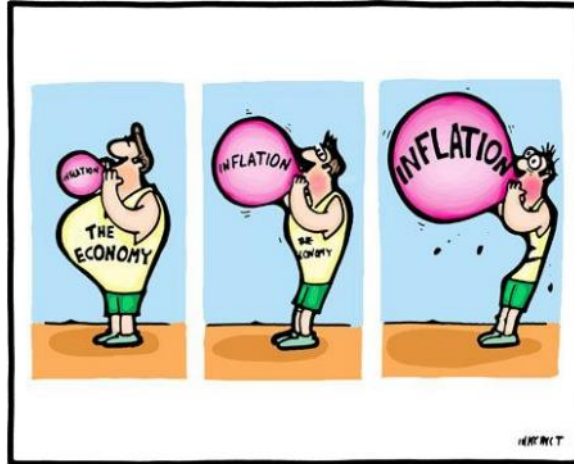
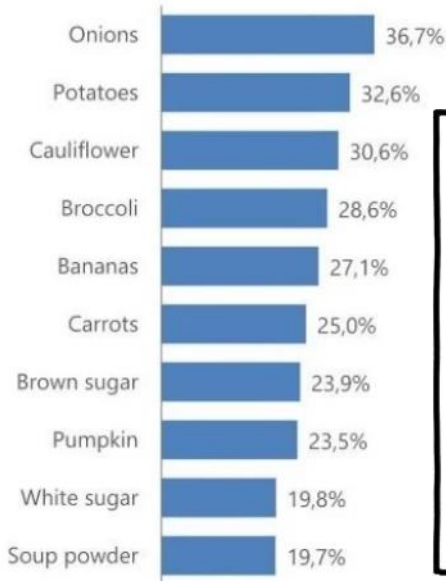
FTSE/JSE All Share	-3.44%
Industrials	-4.58%
Resources	-4.31%
Property	-2.98%
Financials	-2.15%
Cash	0.70%

## Currency

Rand vs USD	0.49%
Rand vs EURO	0.66%
Rand vs GBP	1.08%
Rand vs JPY	0.54%
Rand vs AUD	0.003%

# Inflation rises in SA

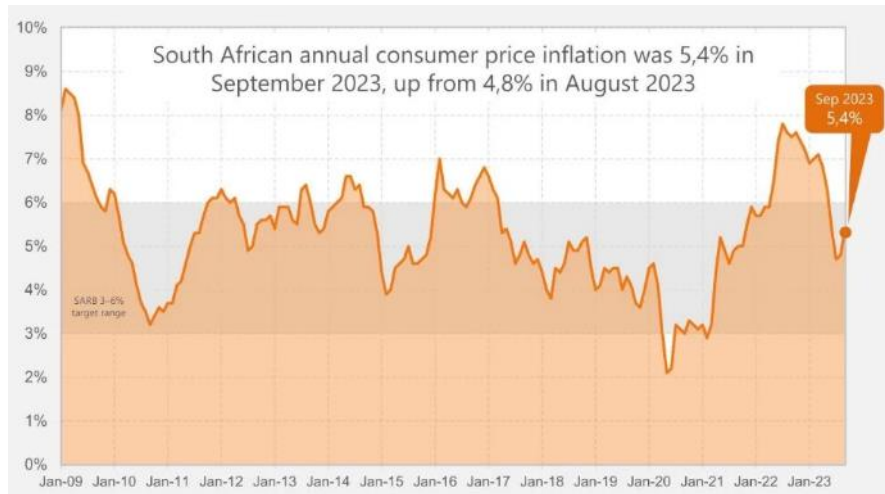
Products that have become more expensive over the last year  
Percentage change in price indices, September 2023 vs September 2022



- SA's headline consumer price index increased for the second consecutive month to 5.4% y/y in September from 4.8% in August. It was marginally above market expectations of 5.3%.
- Inflation remains within the South African Reserve Bank's target range of 3-6%.
- According to Stats SA, the main contributors to the increase were food and non-alcoholic beverages, which increased 8.1% y/y, housing and utilities, miscellaneous goods and services and transport.
- Annual core inflation reached a 13-month low of 4.5% y/y. This marked a decrease from the 4.8% recorded in the previous month and was below market projections of 4.7% y/y.

# Producer Price Index in SA increases

- September's annual producer price index increased for a second consecutive month to 5.1% from 4.3% in August. This increase exceeded economists' forecasts.
- According to Stats SA, the main contributor was food products, beverages and tobacco products, which increased by 4.4% year-on-year and contributed 1.1 percentage points.
- It was followed by metals, machinery, equipment and computing equipment, then paper and printed products and finally transport equipment.



# Census shows SA's population at 62 million

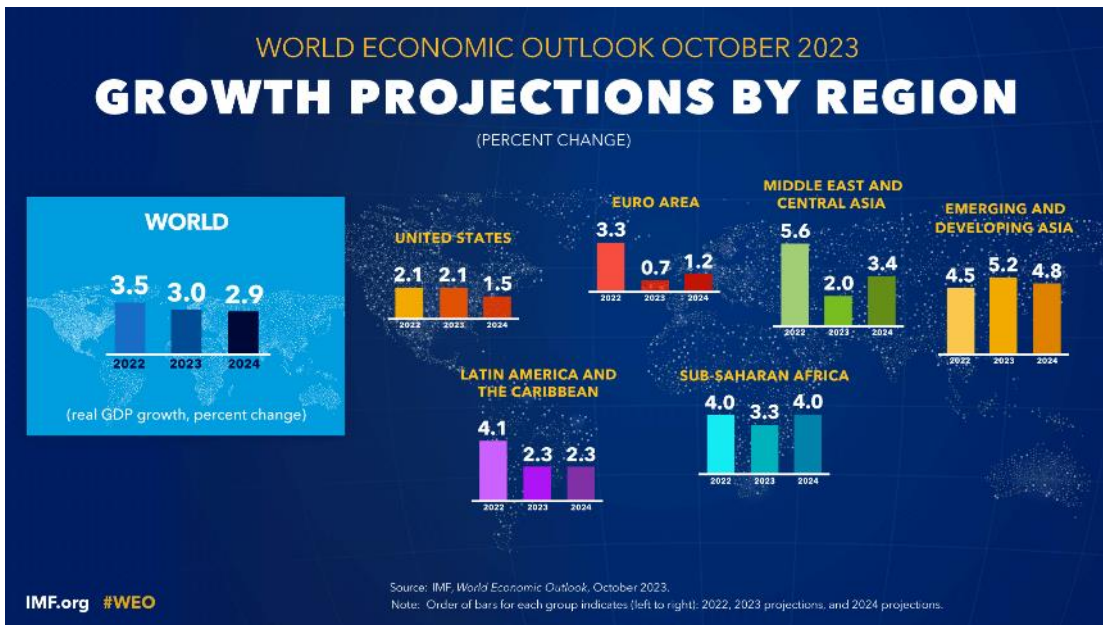


- SA's population rose to 62 million people last year from 51.8 million in 2011.
- The population of Gauteng, the economic hub, was 15 million, the highest of the nine provinces.
- Although the population increased by almost 20% compared to the previous census in 2011, an immediate observation is that the economy did not expand by such a significant margin.

Total Population	<b>62 027 503</b>
Males	<b>30 076 814 (48,5%)</b>
Females	<b>31 947 531 (51,5%)</b>

# Global growth remains low

- The global economy shows resilience amid pandemic recovery, conflicts, and inflation challenges, although growth remains slow.
- Projections indicate a continued slowdown in economic growth, with inflation decelerating gradually.
- Most countries are unlikely to achieve their inflation targets until 2025.
- “The global economy is limping along, not sprinting. Under our baseline forecasts, growth will slow from 3.5% last year to 3.0% this year and 2.9% next year, a 0.1% downgrade for 2024. This remains well below historical averages,” said the IMF’s Chief Economist.

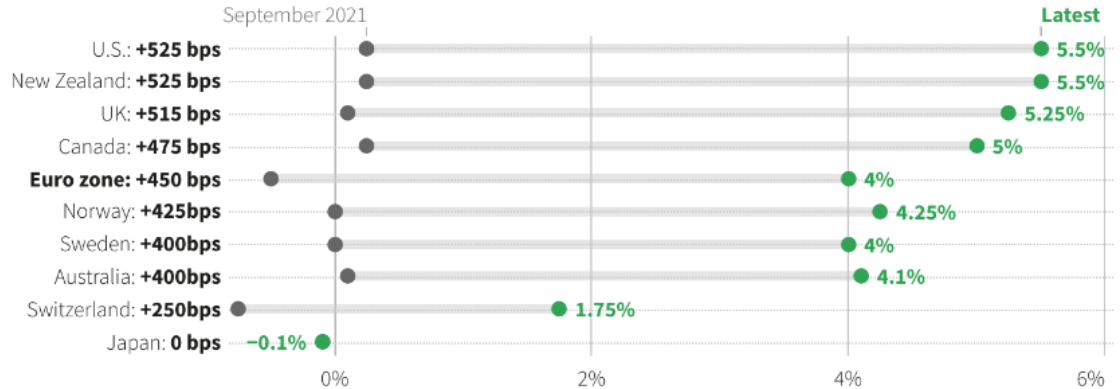


# Major central banks hold interest rates steady

- Major central banks such as the Bank of England, Swiss National Bank, Bank of Japan and US Federal Reserve held rates steady in September.
- The European Central Bank's key interest rate remained at 4% as it opted to pause in October after 10 consecutive hikes.
- The People's Bank of China maintained its benchmark lending rates. The one-year loan prime rate (LPR) was kept at 3.45%, while the five-year LPR was unchanged at 4.20%.
- To date, nine developed economies have raised rates by a combined 3 965 basis points (bps) in this cycle, starting September 2021. Japan is the outlier.

## The race to raise rates

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



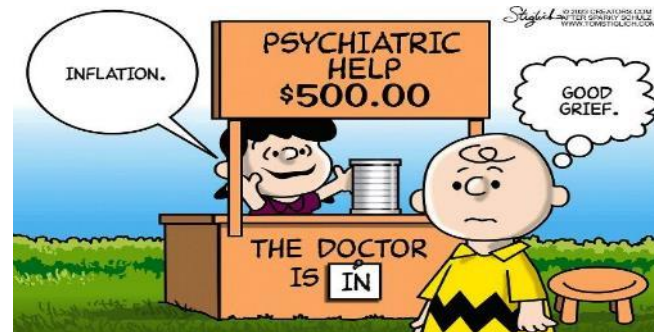
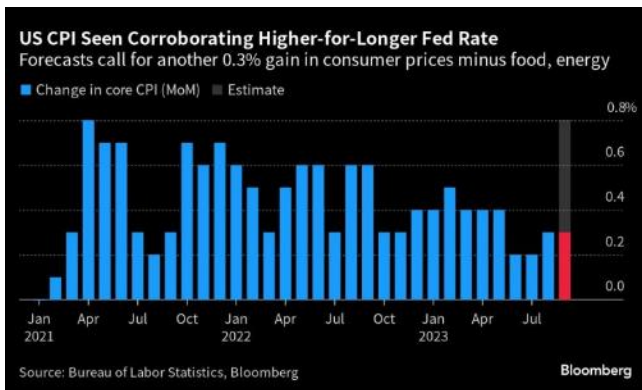
Note: As of October 26, 2023.

Source: LSEG Datastream | Reuters, Oct. 26, 2023 | By Sumanta Sen

Reuters Graphics

# US core inflation increases

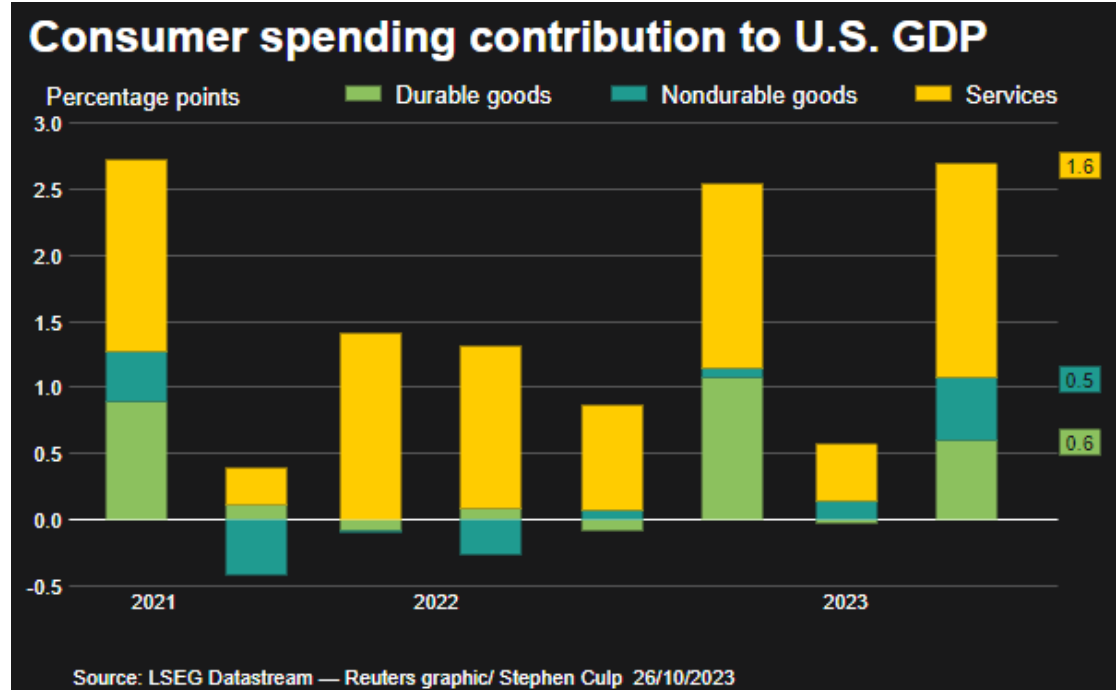
- The core Consumer Price Index (CPI) rate in the US, which excludes volatile items such as food and energy, rose by 0.3% in September and 4.1% on a 12-month basis, both exactly in line with expectations.
- CPI increased 0.4% in September and 3.7% from a year ago.
- Shelter costs were the main factor in the inflation increase, accounting for more than half the rise in CPI.
- The increase in underlying inflation in the US aligns with the message from central bankers that interest rates will need to remain elevated for an extended period.





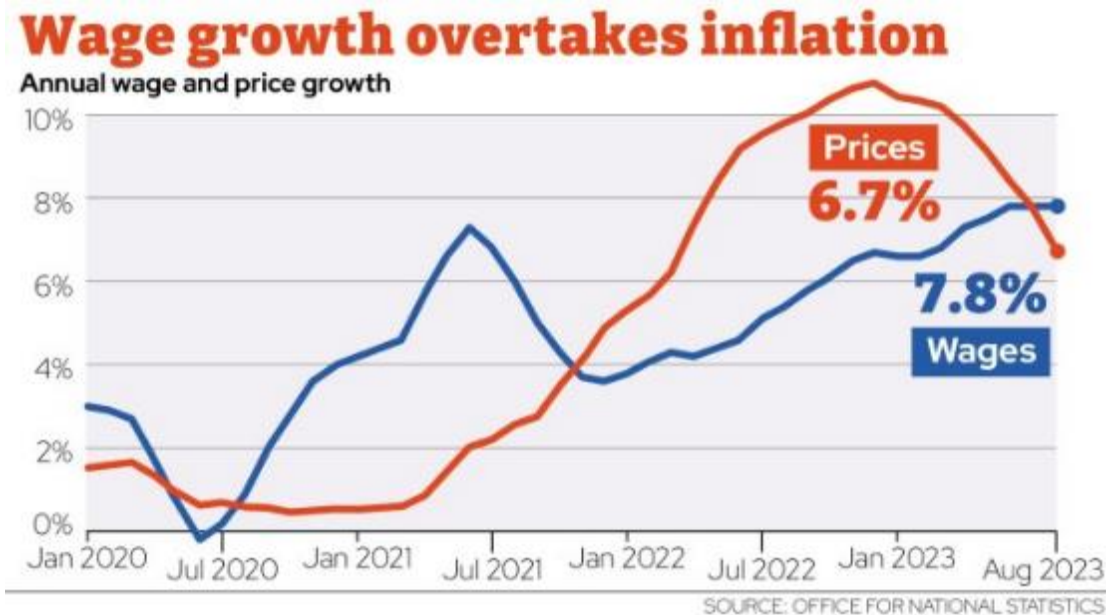
# Strong economic growth in Q3 in the US

- In Q3, the US economy expanded by 4.9%, once more defying gloomy recession predictions. This was the fastest rate since Q4 2021.
- This growth was propelled by increased wages resulting from a competitive labour market, which in turn boosted consumer spending.
- In Q4 we may see a deceleration in growth due to factors such as the United Auto Workers strikes, the reintroduction of student loan repayments for millions of Americans, and the delayed impacts of recent interest rate increases.



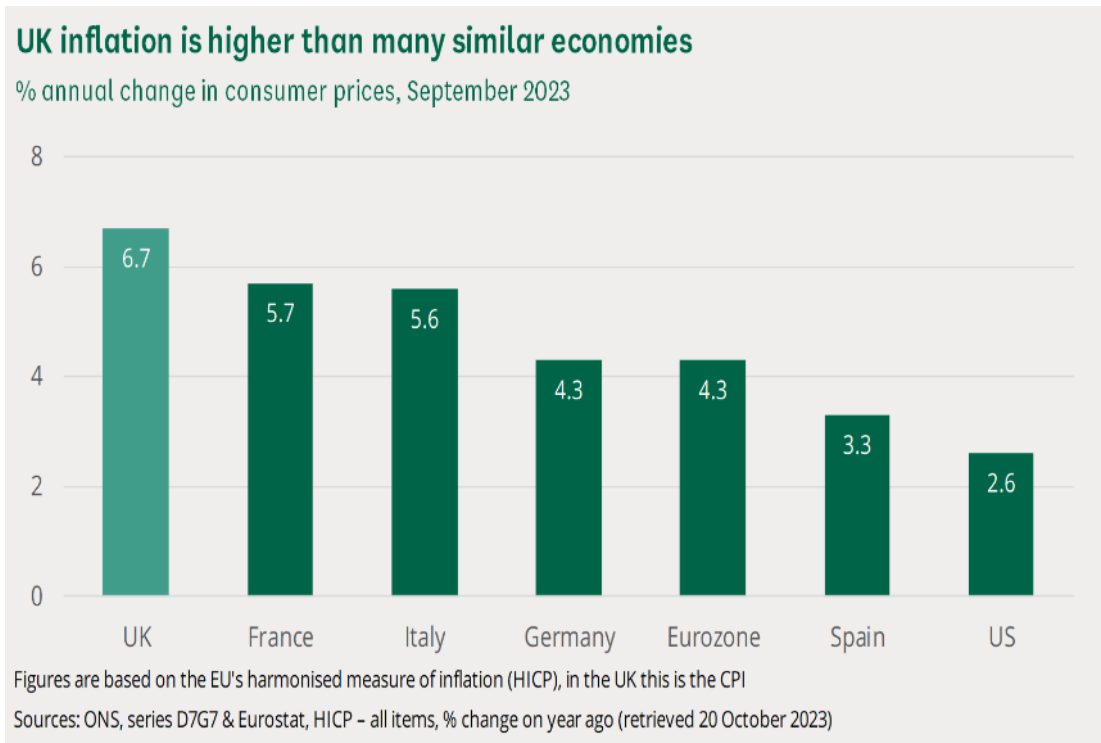
# UK pace of basic wage growth

- Basic wages in the UK increased by 7.8% y/y in the three months to August, slightly down from the previous month's rate of 7.9%.
- The Bank of England (BoE) is concerned that high wage growth could fuel inflation, which is currently at 6.7%.
- Increased household spending power from higher wage growth may drive up demand and put upward pressure on prices.
- While pay growth outpaced inflation recently, the BoE held off on an interest rate increase due to factors like lower-than-expected inflation, but it may still consider a 0.25% increase in November if inflation fails to slow.



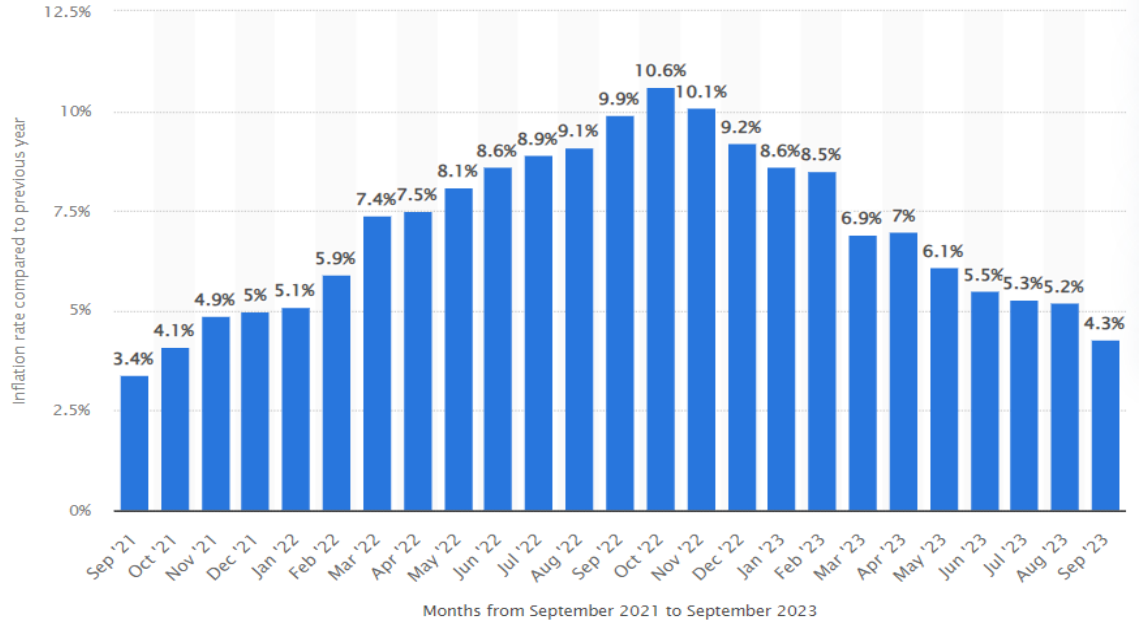
# UK inflation holds steady

- Inflation in the UK remained at 6.7% in September, as rising fuel costs offset the first monthly drop in food prices in two years, adding to the financial strain on households.
- CPI annual inflation rate in September matched August's rate, contrary to economists' expectations of a modest decline to 6.6%.
- Food and non-alcoholic drink prices decreased by 0.2% on the month, driven by supermarket competition, but prices are still over 12% higher than a year ago.
- Higher petrol and diesel prices resulting from the global increase in oil costs accounted for most of the inflationary pressure.



# Eurozone CPI eases

- Eurozone CPI eased to 4.3% y/y in September, a decline from August's 5.2% and the lowest level since October 2021.
- The decline is due to reduced price hikes for services, non-energy industrial goods, food, alcohol, and tobacco products.
- Core inflation dropped to 4.5% y/y, aligning with market forecasts. This is its lowest level since August 2022.

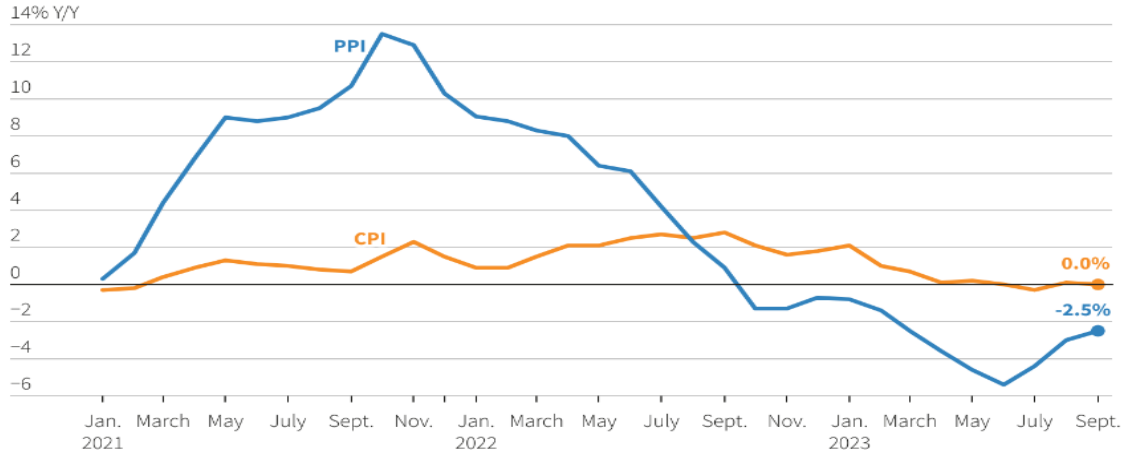


# CPI remains steady in China

- The National Bureau of Statistics reported that China's CPI was unchanged in September from a year earlier. This was below market expectations of a 0.2% y/y increase.
- Core inflation, which excludes energy and food prices, climbed 0.8% in September from a year earlier.
- China's PPI fell 2.5% from a year earlier, weaker than expectations for a 2.4% decline, after a 3% drop in August. However, the drop in factory prices was the smallest in seven months.

## Deflationary pressures persist in China's economy

China's consumer prices were flat in September from a year earlier, while factory-gate prices shrank at a slower pace, indicating deflationary pressures persist in the economy.



Source: LSEG Datastream | Reuters, Oct. 13, 2023 | By Kripa Jayaram

Reuters Graphics

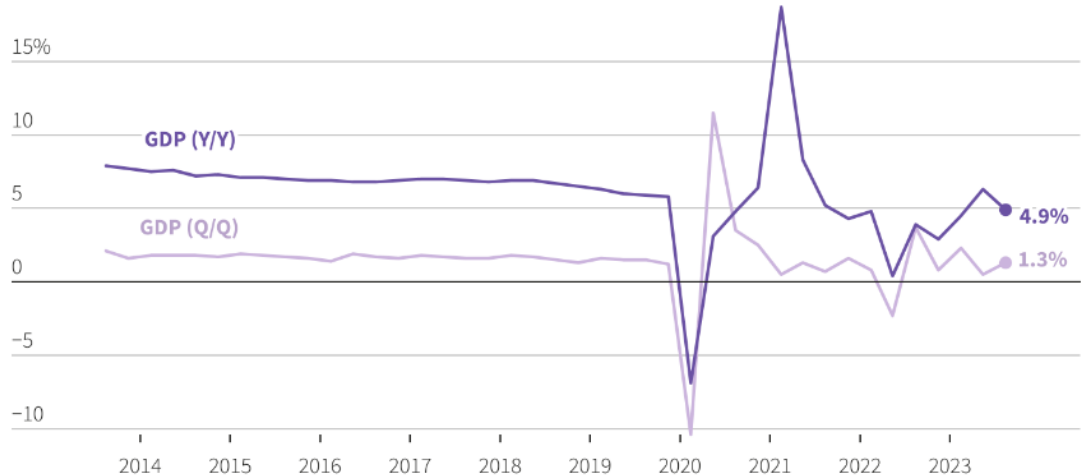
# China's Q3 GDP Growth

- According to data released by the National Bureau of Statistics, China's GDP grew by 4.9% in July-September from a year earlier.
- In Q3 2023, China's economy gained momentum, driven by increased spending across various sectors, such as restaurants, alcohol, and automobiles. This spending surge helped to counter the impact of the ongoing property crisis, bringing the annual growth target within reach.



## China economy shows stabilising signs

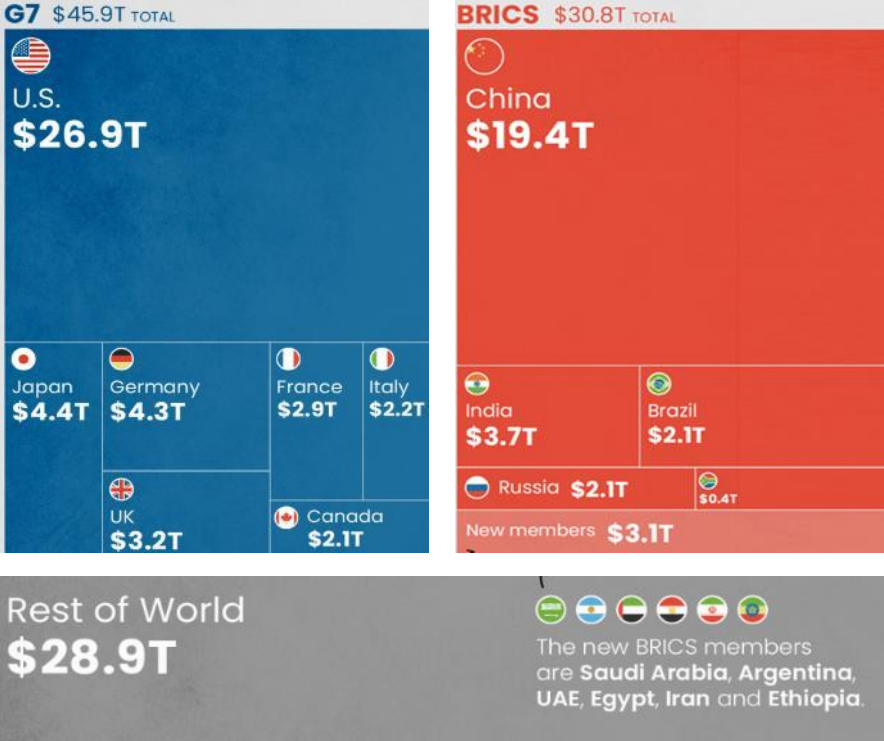
China's economy grew faster-than-expected at 4.9% in the third quarter from a year earlier suggesting that the recent recovery may carry enough steam to reach Beijing's full-year growth target of around 5%.



Source: LSEG Datastream | Reuters, Oct. 18, 2023 | By Kripa Jayaram

Reuters Graphics

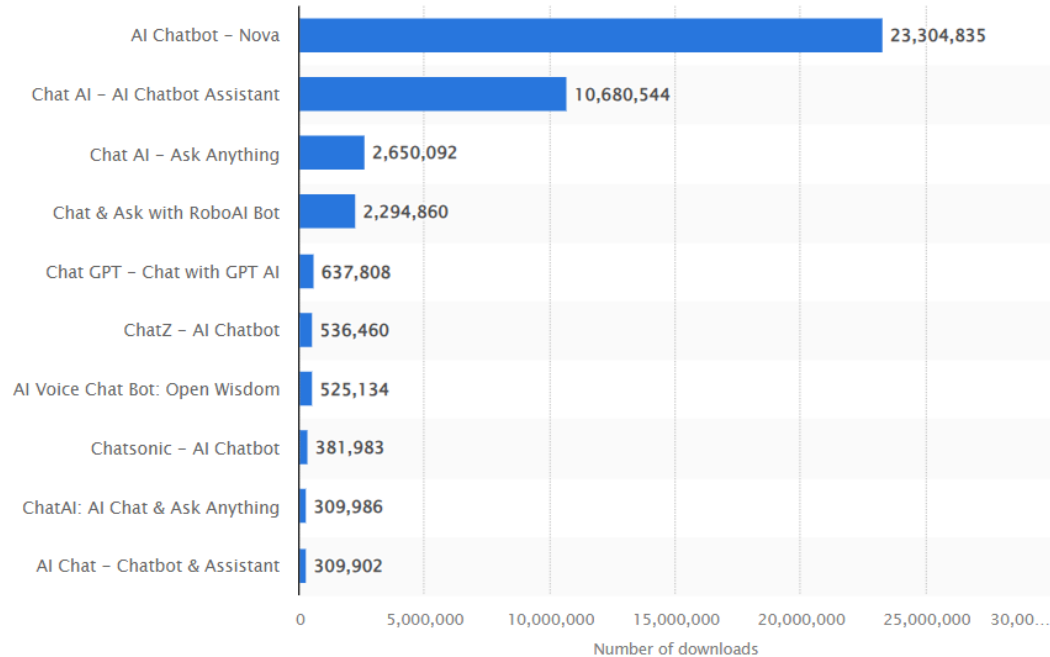
# Of interest | BRICS and G7 countries GDP



- BRICS is set to welcome six new members at the start of 2024, igniting discussions about the expansion of the group’s growing economic power. With its new entrants, the bloc will represent over US\$30 trillion in GDP or around 29% of the world’s GDP.
- Despite the inclusion of new members, BRICS still lags the G7 in terms of its share of the global GDP, which stands at 43%. This disparity is anticipated to narrow as key BRICS nations like India sustain above-average growth rates. The group's potential expansion with additional members in the future could further bridge this gap.
- The graphics compare the GDP of BRICS nations to the G7 by using GDP projections for 2023 from the International Monetary Fund.

# Of interest | Mobile apps downloaded using "chatbot" and "ChatGPT"

The graph below shows the number of mobile apps downloaded worldwide using the keywords "chatbot" and "ChatGPT" between January and October 2023, depicting the increased use of AI.





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

for  
your  
future

Thank You



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