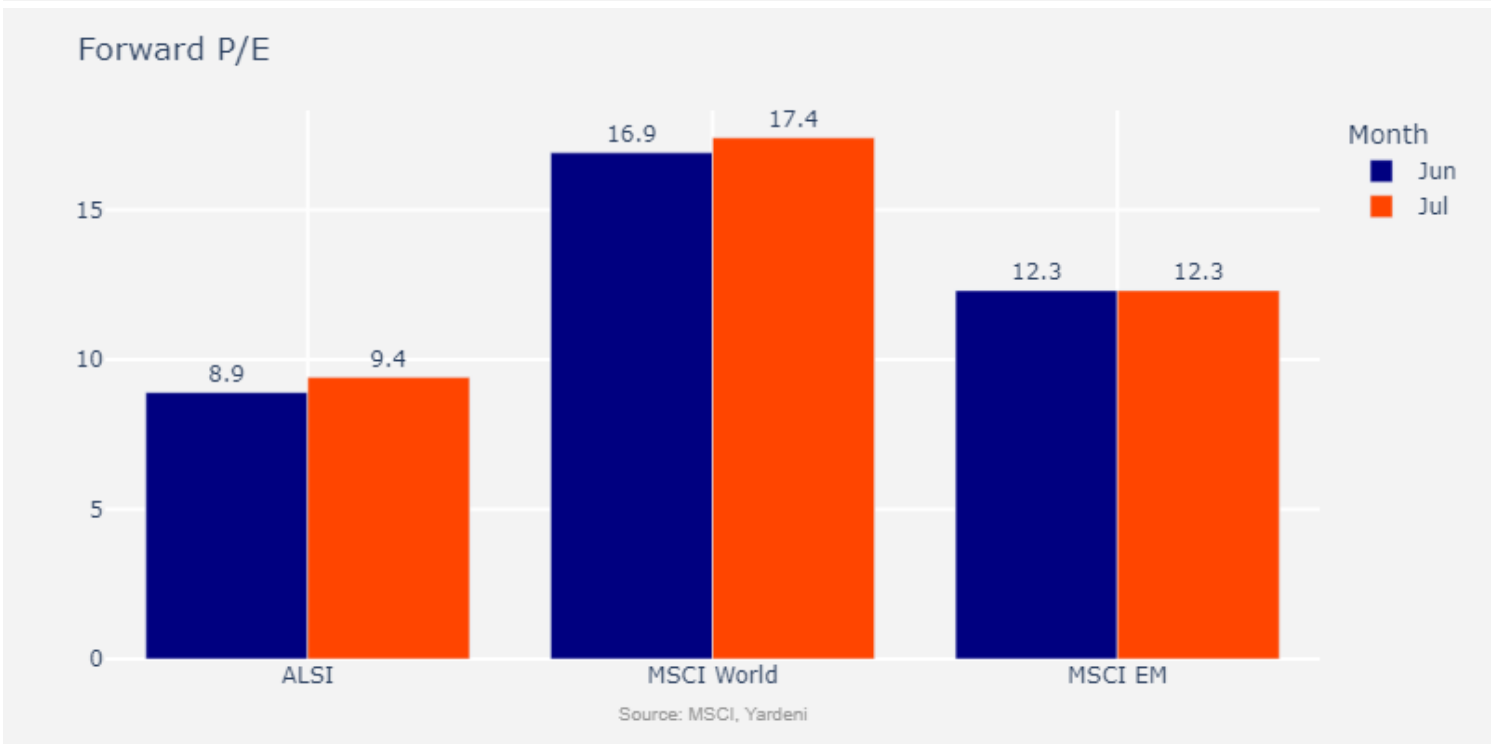
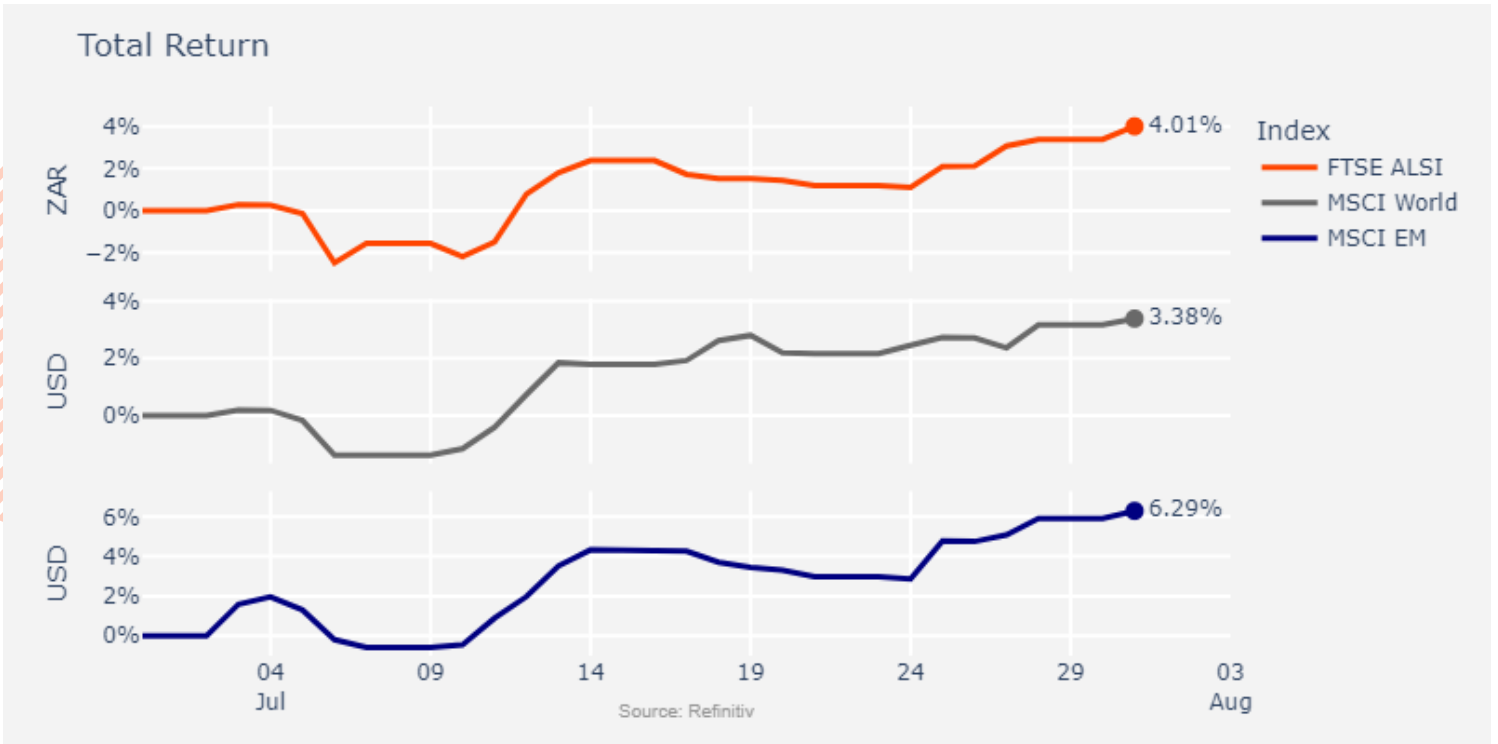




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Equities





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Equities

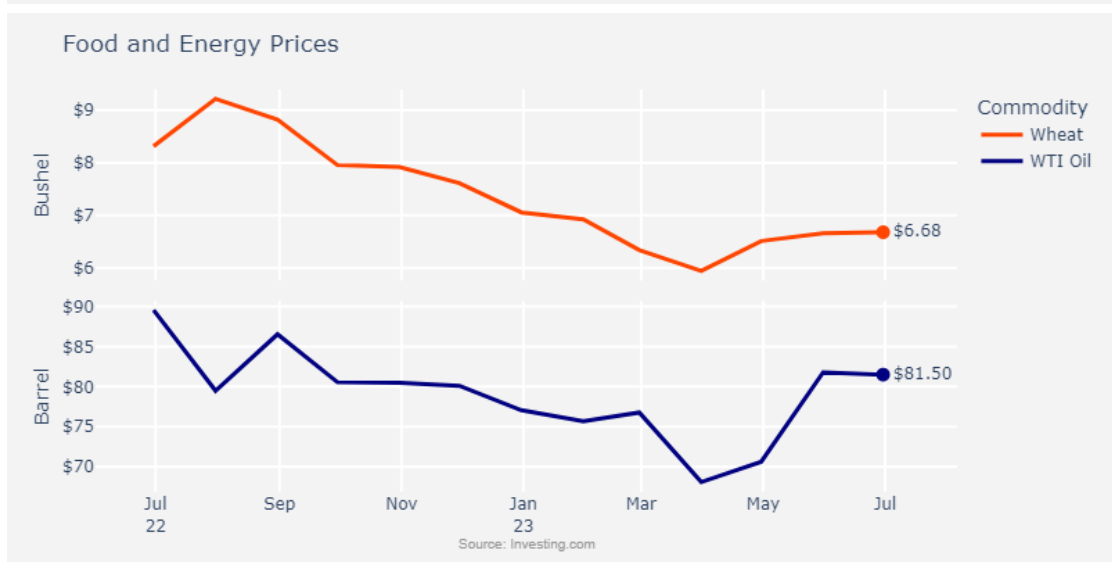
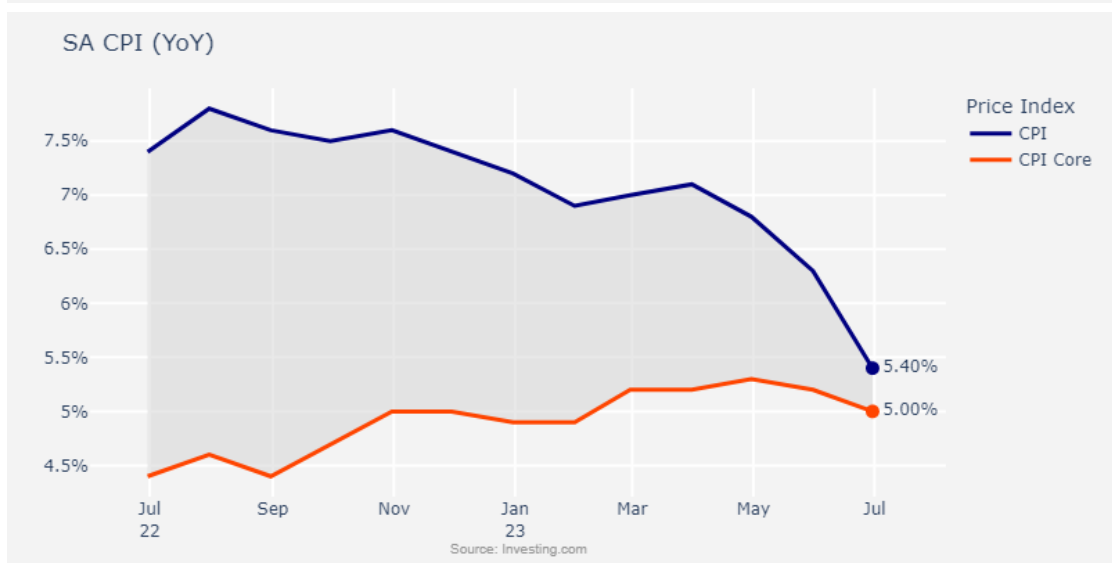
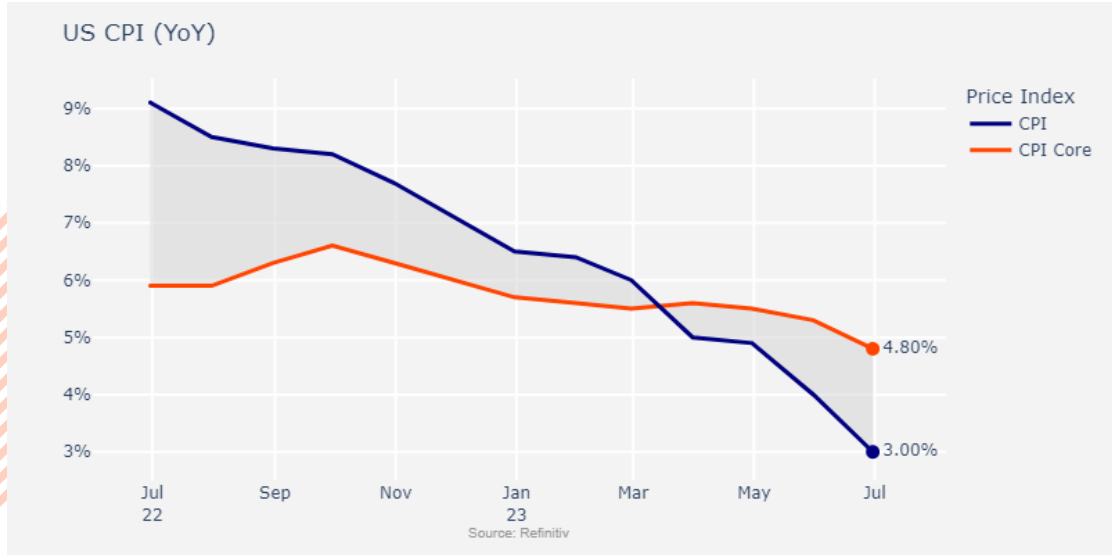
- Markets across the world enjoyed a risk-on sentiment with most equities delivering strong returns.
- Returns were supported by the release of strong economic data, as well as central banks taming their response to inflation.
- Fears of a US recession have largely been washed away as the US consumer remains strong and prices normalise.
- Locally, the ALSI was supported further by the SARB deciding to keep rates constant at their latest meeting.



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Inflation





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Inflation

- Year-on-year US inflation dropped by a full percent in July, down to 3% from 4%, and is getting very close to the Federal Reserve's target of 2%.
- US Core inflation is still higher at 4.8% but definitely in a downward trend.
- Although the US Fed did raise rates by 25 bps in July, this followed no hike in June.
- Locally, headline inflation figures also nearly fell by 1%, with both headline and core inflation now being within its target band of 3-6%.
- On the back of this, the SARB decided not to raise rates at the latest MPC meeting for the first time in 11 meetings, further indicating a turnaround in the cycle.

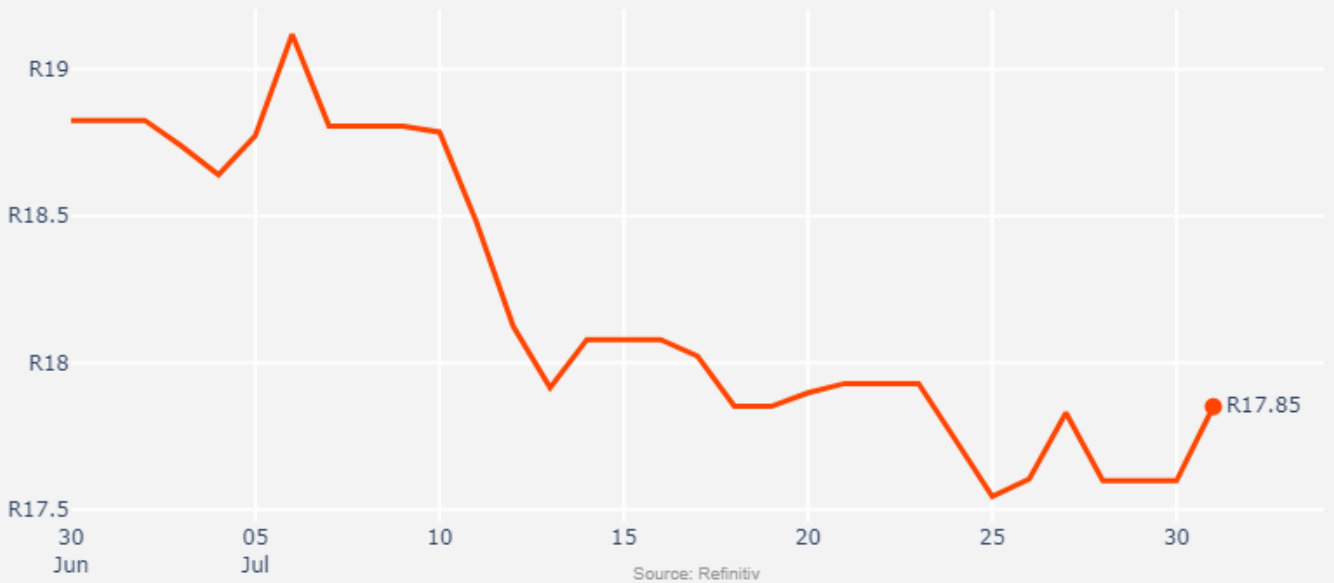


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Local vs US Economy

ZAR/USD Exchange Rate



SA-US 10y Bond Spread





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Local vs US Economy

- In light of the risk-on month of July, the Rand appreciated by more than 5% to below R18 per US Dollar.
- As fears of inflation are abating, together with the disappearance of idiosyncratic risks South Africans were exposed to in previous months, emerging markets, including South Africa, are looking more appealing to foreign investors.
- With local bonds becoming more attractive, the SA-US 10-year bond spread contracted again in July.

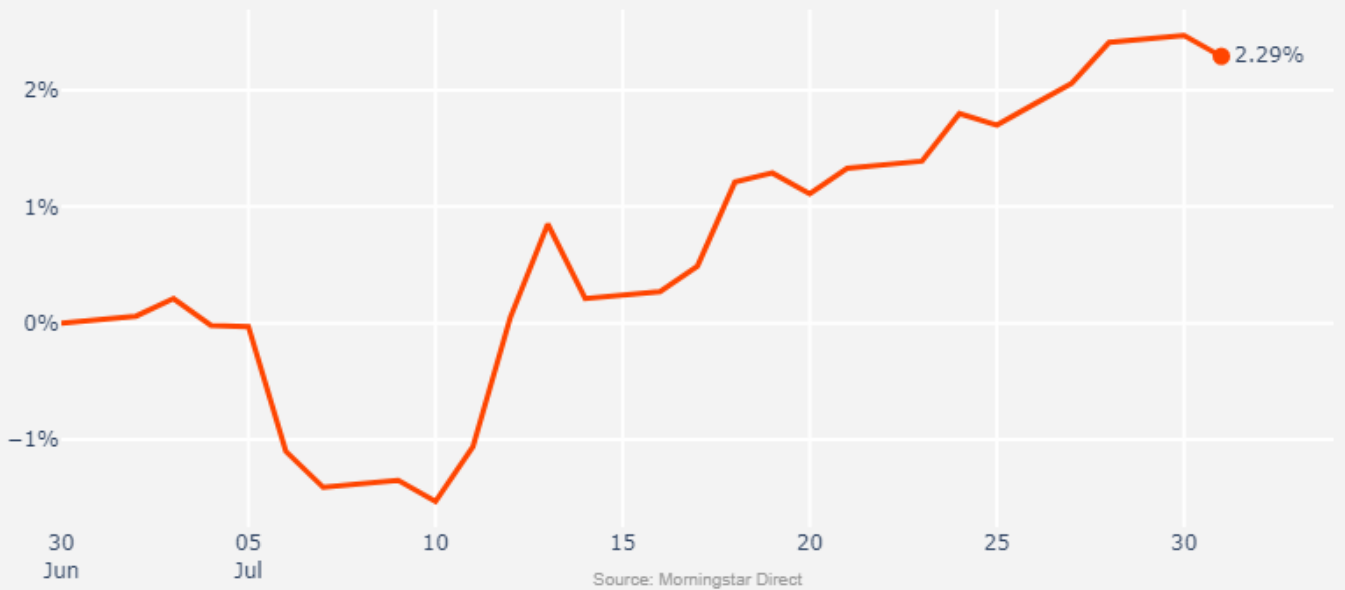


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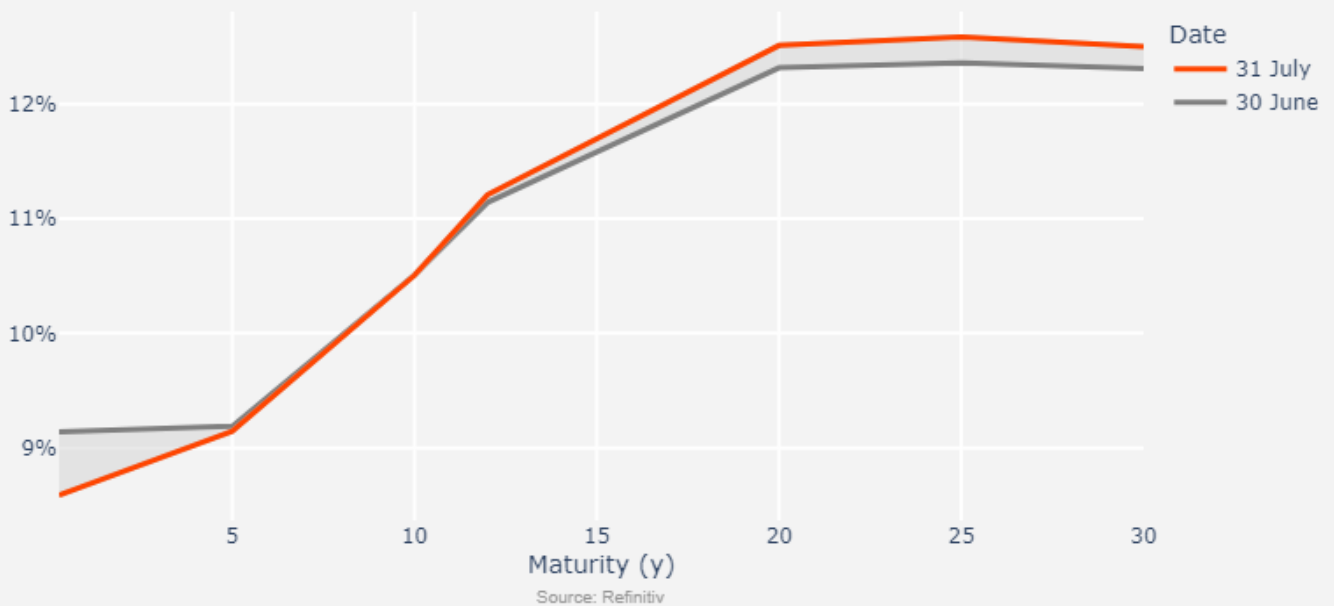
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Bonds

ALBI Total Return



Yield Curve South Africa



- Local bonds once again had a strong month in July, delivering near equity-like monthly returns.
- High yields contributed to returns, as well as a rally in the short end of the South African yield curve.
- The short-end rally may be an indication that the market expects rate cuts in the near future.
- The South African yield curve elevated slightly on the long end, keeping longer dated government bonds attractive.