SELECT MANAGER

Newsletter

March 2024

MARKETS AND ECONOMICS

Global equity markets showed continued strength during March, posting their fifth consecutive month of positive returns and also ending an impressive first quarter of 2024. While the large tech names still delivered positive returns, the rally broadened out to other sectors during the month. The South African equity market also finally gained some upward momentum, outperforming many of its emerging-market peers (although it is still in negative territory for the year thus far).

Commodities were a significant driver across many of the major indices for the month as gold, metal, and oil prices spiked. Amid continued production cuts by member countries of the Organisation of the Petroleum Exporting Countries (OPEC+), pressure for countries to step up their compliance with cut guidance, and higher-than-expected oil demand for the year, the International Energy Agency's Oil Market Report for March showed a swing in projections for 2024 from a supply surplus to a supply deficit. The forecasted supply deficit, combined with escalating geopolitical tensions, resulted in Brent Crude Oil posting an increase of 6% for the month. Gold prices (9% higher for March) also benefitted from the current geopolitical landscape that is supporting safe-haven assets, as well as the anticipated interest rate cuts (which lowers the opportunity cost of holding gold) and the continued purchasing of gold by central banks. China's central bank bought gold for the seventeenth month in a row, adding 160 000 troy ounces of gold to its reserves in March, while Turkey, India, and Eastern European countries have also been buying.

Economic resilience, primarily from the United States (US), was, once again, supportive of global market sentiment during March, while stability from central banks also provided a level of calm to market participants. The US Federal Reserve, European Central Bank, Bank of England, Reserve Bank of Australia, People's Bank of China, and the South African Reserve Bank (SARB) all left interest rates unchanged at their respective monetary policy meetings during the month. The expectations around the path for interest rates going forward, however, were far from stable. Hotter-than-expected inflation readings, combined with the elevated levels of oil prices, resulted in a significant dial back of rate-cut expectations. At the end of March, the market had adjusted its view of rate cuts in the US for 2024 down from six cuts (the expectation at the start of the year) to less than three cuts.

Local economic headlines for the month included the release of gross domestic product figures that showed that the South African economy narrowly avoided a recession in the fourth quarter of 2023 by growing 0.1% for the quarter. This takes the full 2023 growth figure to 0.6%. Inflation data for February (released in March) showed a 5.6% increase over the year (up from 5.3% in January), while core inflation jumped 5%. Given the uptick in both local and global inflation data, the SARB acted in line with expectations by leaving interest rates unchanged at their Monetary Policy Committee meeting. According to their Quarterly Projection Model, projections are now recommending a total of 0.5% worth of interest rate cuts for 2024.

JSE All Share 3,23% | 74 535,99 ▲	**MSCI World (USD)** 3,21% | 3 437,76 ▲	**MSCI EM (USD)** 2,48% | 1 043,20 ▲
SA Bonds - 1,93% | 924,04 ▼	**SA Property** - 1,02% | 338,52 ▼	**CPI (y/y)** 5,60% | 113,90 ▲
Gold 9,59% | 2 232,75 ▲	**Platinum** 2,62% | 900,91 ▲	**Oil** 6,21% | 87,00 ▲
$/R - 2,57% | 18,67 ▼	**€/R** - 1,67% | 20,38 ▼	**£/R** - 1,56% | 23,84 ▼

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