



SELECT MANAGER

Newsletter

May 2024

MARKETS AND ECONOMICS

Global assets ended higher in May despite significant swings in investor sentiment during the month. While various economic releases showed somewhat contradictory economic indicators, confirmation of the disinflation trend in the United States (US) (after three months of higher-than-expected inflation prints) increased the odds of an interest rate cut in the US and supported the market to end in positive territory. US equities were the primary driver of global market returns, supported by a rebound in technology shares, specifically a rally in Nvidia shares (up 27% for the month) after the company posted above-estimate revenue forecasts and announced a stock split.

Local assets, including the rand, moved sharply higher during the first half of the month, buoyed by the more favourable global environment, improved local sentiment as a result of a two-month streak of no load shedding, and a slightly hopeful turn in expectations for a potentially market-friendly election outcome. The All Share Index even reached the 80 000 level during the month. Unfortunately, the positive momentum dwindled towards the end of the month, as global interest rate concerns and local election jitters resulted in the market giving back a big part of its gains. A few specific events further contributed to the late-month downturn, such as the signing of the National Health

Insurance Bill and a retailer sell-off sparked by disappointing earnings guidance from Woolworths. Rand-hedge shares were the best performers for the month locally, while a more than 10% increase in the platinum price also helped local platinum miners to show strong gains.

Most local news was centred around South Africa's election on 29 May. The African National Congress lost its majority for the first time in 30 years and was forced into a two-week negotiation period on the back foot. Other local releases during May included the inflation print for April, which showed that inflation moderated slightly to 5.3% year-on-year. The South African Reserve Bank (SARB) acted in line with expectations by keeping rates unchanged at 8.25% at their May policy meeting. Comments from the SARB Governor, Lesetja Kganyago, highlighted that inflation risks are broadly balanced, which is a positive development from previous comments that emphasised upside risk to inflation.

JSE All Share 0,96% 76 704,26 ▲	MSCI World (USD) 4,47% 3 445,17 ▲	MSCI EM (USD) 0,56% 1 048,96 ▲
SA Bonds 0,75% 943,78 ▲	SA Property 0,16% 329,59 ▲	CPI (y/y) 5,20% 115,10 ▲
Gold 0,39% 2 327,02 ▲	Platinum 10,95% 1 044,30 ▲	Oil -6,05% 81,11 ▼
\$/R -0,02% 18,79 ▼	€/R 1,64% 20,38 ▲	£/R 2,04% 23,95 ▲