



SELECT MANAGER

Newsletter

September 2024

MARKETS AND ECONOMICS

Despite a challenging start to the month, when United States (US) economic and labour market data (including the Purchasing Managers' Index figures and Nonfarm Payrolls) broadly missed market consensus and brought recession fears back into focus, markets delivered a strong rally into quarter-end. The long-anticipated start of the Federal Reserve's rate-cutting cycle, along with a less hawkish tone from Japanese policymakers and new stimulus measures out of China, helped to support markets and to boost sentiment.

Asia was one of the key contributors to global market gains, on the back of supportive government policies and stimulus measures from China during the last week of September. The Chinese authorities announced a range of aggressive measures aimed at monetary easing, housing market support, and stock market stability. Markets reacted very well to the announcements, with Chinese equity indices surging more than 20% in a week. This also contributed to a strong outperformance from emerging markets in general. In the US, despite September being known as a challenging month for stocks, all three major averages – the S&P 500, Dow, and Nasdaq Composite – posted gains for the month and also ended the third quarter in positive territory. It was the first positive September for the S&P 500 since 2019.

Local markets also delivered strong results during September, with the All Share Index ending the month above the 86 000 mark. The top performers were predominantly from the mining sector (benefitting from higher metal prices) and market heavyweights exposed to the Chinese economy, such as Naspers, Prosus, and Richemont. The rand also benefitted, strengthening to R17.10 to the US dollar intra-month and trading at levels last seen in January 2023. This was amid the improved interest rate differential, a weakening US dollar, and a more friendly risk environment.

Geopolitics dominated headlines during the month, with concerns over the escalating conflict in the Middle East and the upcoming US elections leading to some market volatility. Despite supply disruption fears, owing to the conflict between Iran and Israel, oil prices fell for the third consecutive month as supply remains strong and uncertainties grow over demand.

Other key economic highlights for the month included:

- + In South Africa (SA), the South African Reserve Bank's (SARB's) unanimous decision about a 0.25% cut reduced the repo rate to 8%. This was the first interest rate cut in SA since July 2020.
- + SA posted a strong recovery in manufacturing production of 1.7% over one year. Unfortunately, mining production figures were less supportive, showing an overall drop in production of 1.4% over the year.
- + SA inflation moderated below the 4.5% mid-point of the SARB's inflation target to 4.4% in August. This is the lowest print in local inflation since April 2021.
- + The US Federal Open Market Committee cut rates by a slightly higher-than-expected 0.5% in September and also pencilled in another 0.5% of cuts for the remainder of the year.
- + The US Consumer Price Index (CPI) rose by 0.2% in August, in line with expectations, while core CPI (excluding food and energy) rose by 0.3%, which was slightly higher than estimates.
- + The European Central Bank cut its rates for the second time this year, lowering the deposit rate by 0.25%, in line with expectations amid slowing inflation and an unenthusiastic economy.

JSE All Share 4,04% 86 548,42 ▲	MSCI World (USD) 1,83% 3 723,03 ▲	MSCI EM (USD) 6,68% 1 170,85 ▲
SA Bonds 3,86% 1 097,88 ▲	SA Property 5,04% 409,63 ▲	CPI (y/y) 4,40% 116,00 ▲
Gold 5,94% 2 651,87 ▲	Platinum 7,04% 991,19 ▲	Oil - 6,80% 71,70 ▼
\$/R - 3,14% 17,27 ▼	€/R - 2,36% 19,23 ▼	£/R - 1,31% 23,10 ▼