Roxburgh
Market Summary

Roxburgh ASSET MANAGEMENT

NOVEMBER 2024

MARKET INDICES (% in ZAR) (*ANNUALISED)

	1 month	3 months	YTD	1 year	3 years*	5 years*	7 years*
FTSE/JSE All Share	-0.94	2.12	13.76	16.04	10.50	12.96	8.92
FTSE/JSE SA Listed Property	1.65	3.74	28.44	41.16	15.32	4.55	0.18
FTSE/JSE All Bond	3.06	4.68	17.59	19.35	11.36	10.04	10.32
STeFI (Cash)	0.65	2.04	7.75	8.50	7.12	6.15	6.48
MSCI World	6.86	6.21	20.36	21.85	13.22	17.22	15.41
MSCI EM	-1.50	-0.02	6.33	6.63	2.76	7.61	6.08
Oil Price	2.68	-6.04	-6.97	-16.50	5.04	7.46	6.08
Gold Price	-0.93	7.31	25.99	24.15	18.32	17.48	15.50

MARKET COMMENTARY

Global markets experienced significant volatility in November 2024, largely driven by Donald Trump's re-election as US President. The victory triggered a notable divergence between US and international markets, with US equities rallying while certain global markets declined. The immediate market reaction saw a pronounced ‘Trump Trade’ phenomenon, characterised by a surge in US equities and dollar strength. However, this initial euphoria proved short-lived, with most gains reversing within a week as markets adopted a more measured outlook. This month, the US dollar strengthened against major currencies, particularly impacting emerging market currencies. Global bonds recovered some of the ground lost in October with yields on US Treasuries ending the month lower (and prices higher). Emerging markets faced dual headwinds from currency weakness and concerns over proposed trade policies, particularly potential tariffs affecting export demand.

Turning to South African Asset classes, SA equities (-0.9%) recorded another negative month, though still outperforming the broader emerging market composite. The local index was dragged down by a weak performance from the Resources sector (-6.7%), with platinum miners being the largest detractor. Poor performances were recorded by Northam Platinum (-13.6%) Impala Platinum (-11.6%) and Anglo American Platinum (13.8%). Despite the market weakness, the SA retail sector performed strongly, with Pepkor (+17.0%) and Mr Price (+12.5%) producing strong returns. Financials (+0.5%) and Industrials (+0.5%) offered some positive contributions, ending the month marginally positive. SA’s Small-Cap Index (+3.6%) offered some positive contributions, ending the month higher and ahead of the large-cap peers. South African bonds ended the month positively (+3.1%), as yields declined in line with global peers extending their strong performance. This momentum is largely on the back of falling inflation, a lower repo rate, and an improving fiscal outlook improving domestic demand. The yield on South Africa's 10-year government bond hovered around 9.10% — its highest since mid-November — though still below the near 11% peak seen during the May elections. South African listed property also continued its upward trend, with the property index rising +1.7% in November, ahead of the broader equity. The rand weakened this month on the back of the stronger dollar.

The South African Reserve Bank (SARB) reduced the repo rate by 0.25% to 7.75% in November, while signalling a measured approach to future easing. The SARB's forward guidance suggests further rate reductions, with rates expected to stabilise slightly above 7%. South Africa's economic landscape presents a unique contrast to global trends, with inflation falling below the target range to 2.8% (year-on-year to the end of October), marking the fifth consecutive monthly decline. This disinflationary trend has been driven by multiple factors including weakness in fuel prices, broader moderation in goods inflation supported by medium-term rand strength and core inflation easing to 3.9% (year-on-year to the end of October). The Monetary Policy Committee’s expect GDP growth to reach 2.0% by 2027. However, the SARB remains vigilant about potential inflation risks. South Africa's unemployment rate fell to 32.1% in the third quarter of 2024, down from a two-year high of 33.5% in the prior period. This is the first decrease in South Africa's unemployment rate since the third quarter of 2023. The expanded definition of unemployment, which includes those discouraged from seeking work, was 41.9% in the third quarter of 2024, compared to 42.6% in the previous three-month period. S&P Global Ratings has revised its outlook on South Africa’s debt from stable to positive. According to S&P, this revision reflects the potential for stronger-than-expected economic growth and the stabilization of government debt, provided the new coalition government can accelerate economic reforms while addressing infrastructure and fiscal challenges. S&P highlighted that the improved outlook is based on expectations of increased political stability following the May general elections and a renewed drive for reform, which could bolster private investment and GDP growth.

The **JSE All Share Index** (-0.9%) decreased in November, mirroring the weak performance across global markets. Despite this, the index remains near its all-time-highs and has outperformed its emerging market peers over the month. **Resources** (-6.6%) detracted from performance, with platinum stocks delivering weak returns for the month. **Financials** (+0.5%) and **Industrials** (+0.5%) ended the month marginally positive. Furthermore, **Listed Property** (+1.7%) also ended the month positively, contributing to overall performance. After a brief stall in October, **Local bonds** (+3.1%) ended the month positively, extending their strong performance.

The rand delivered mixed performance against major global currencies this month. The rand depreciated against the **US dollar** (-2.2%) and the **pound** sterling (-1.0%) but strengthened against the **euro** (+0.6%) during the month.

*All data is sourced from Morningstar Direct as at 2024/11/30. The performance of South African asset classes is quoted in rands.

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