DECODING THE MONTH

January 2023

Global ($)

Nasdaq	10.7%
MSCI EM	7.9%
MSCI ACWI	7.2%
MSCI SA	4.7%
Bonds	3.2%

Local

All Share	8.9%
Resources	7.1%
Financials	4.0%
Bonds	2.9%
Property	-1.0%

Best Shares

Naspers	18.5%
Richemont	18.3%
Prosus	17.9%
Sasol	16.3%
Sanlam	15.6%

Worst Shares

Amplats	-9.8%
Northam	-8.8%
Implats	-5.5%
Capitec	-3.6%
Growthpoint	-3.6%

Worth Noting

- South Africa has now suffered 94 consecutive days of loadshedding.
- Gold surges above $1,900 as expectations are that rates will soon stop rising.
- Following a 65% drop in 2022, Tesla has appreciated more than 39% in 2023.

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Commentary

Hindsight is 2022, Foresight is 2023.

Markets have jumped into action this year, driven by slowing inflation, falling energy prices and China's reopening of their economy. Evidence of slowing global growth has also spurred on hopes that the major central banks will pause, or potentially even cut rates, in order to mitigate deep economic recessions.

As a result of the above, global markets ended the month firmly in the green with the MSCI ACWI Index ending the month up 7.2%. European equities were one of the best performing equity regions over the month (in base currency) with the EURO STOXX 50 Index ending the month up 9.9%. The S&P 500 Index also had a strong month up 6.3%, despite the below par earnings reports from index heavyweight, Microsoft. The FTSE 100 Index lagged the global indices over the month ending up 4.4%, but still remains one of the best performing markets over the last year (+8.0%).

Locally, the FTSE/JSE All Share Index followed global markets ending the month up 8.9%. The performance was predominantly boosted by strong returns from both the Resources and Industrial sectors which ended the month up 7.1% and 13.4%, respectively.

On the economic front, the South African Reserve Bank (SARB) hiked rates by a further 25bps over the month which was in line with expectations. However, the tone from the SARB was more subdued regarding South Africa's GDP growth forecasts - reduced from 1.1% to 0.3% for 2023 as a result of the record hours of loadshedding, failing state-owned enterprises and increased global uncertainty.

Continuing on the rates theme, the start of February will be a big week for markets, as the month will begin with the Fed's interest rate decision with the market expecting a reduced rate hike of 25bps. However, a 25bps Fed rate hike decision will not be an all-clear signal for risky assets, as the tone of the press briefing will be more important. The market will be looking for clues as to whether the Fed acknowledges that there has been significant progress in the fight against inflation, or if they insist that tightening must continue for a considerable while longer - the latter of which may cause a pullback in risky assets.

Only with benefit of hindsight will we know if January 2023 was the onset of the next bull market or just another bear market rally. Markets generally turn before the economy does, and thus as Warren Buffet said "You pay a very high price for a cheery consensus. It won't be the economy that will do in investors; it will be the investors themselves. Uncertainty is actually the friend of the buyer of long-term values."

Positioning

Large Underweight	Mild Underweight	Neutral Weight	Mild Overweight	Large Overweight
Local Income	Global Bonds	Global Income & Global Equity	Local Equity	Local Bonds