



# DECODING THE MONTH

February 2023

## Global (\$)

Nasdaq	-0.4%
MSCI ACWI	-2.9%
Bonds	-3.3%
MSCI EM	-6.5%
MSCI SA	-8.1%

## Local

Financials	2.5%
Property	-0.7%
Bonds	-0.9%
All Share	-2.2%
Resources	-13.2%

## Best Shares

MultiChoice	17.7%
Bidcorp	12.2%
Reinet	10.2%
Discovery	8.5%
AB InBev	7.8%

## Worst Shares

Amplats	-20.8%
Sibanye	-18.2%
Gold Fields	-15.5%
Implats	-14.8%
AngloGold	-14.3%

## Worth Noting

- Six-month T-bill yields surpassed 5% for the first time since 2007.
- Fed Fund Futures are pricing in at least a 25-bps rate rise next month.
- SA hedge fund assets grew by almost one-third in 2022 to R113bn.



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### Commentary

Two months into 2023 and investor emotions have already been put to the test. The year started out with a bang, on the hope that the major central banks will pause, or potentially even cut rates, in order to mitigate deep economic recessions. While the US economy appears to be coping fairly well with the effects of rising interest rates, the small drop in the US year-on-year inflation in January and the continued tightness of the labour market indicate that the Federal Reserve may need to raise rates further in order to get inflation back on target.

Thus, it appears that global markets are stuck between these two prevailing outcomes and have therefore lacked any substantial conviction. As a result, US markets gave up some of their January gains with the S&P 500 Index ending the month down -3.4% (+3.7% YTD). Emerging markets also had a difficult month with the MSCI Emerging Markets Index (USD) declining by -6.5% (+1.0% YTD). This performance was predominantly impacted by Chinese and Indian markets, with the relevant MSCI Country Indices declining by -10.4% and -4.6%, respectively. Growth stocks continued their outperformance YTD but still remain well behind value stocks over a one-year period (-12.9% vs -2.2%).

Locally, the FTSE/JSE All Share Index followed global markets ending the month down -2.2% (+6.5% YTD) impacted by large declines seen across the basic materials sector which ended the month down -12.7% (-6.7% YTD).

On the economic front, Finance Minister Enoch Godongwana delivered his 2023/2024 Budget Policy Statement during the month. In general, he made the right noises as he vowed to return state finances to a sustainable path. However, downside risks of increased government wage bills, redundant SOE support and record hours of loadshedding all continue to impact overall sentiment. Action will continue to speak louder than words and many participants are once again wanting (and waiting) to get tangible evidence of the above coming to fruition.

### Positioning

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

Data: Reuters. Indices are the FTSE/JSE, the MSCI and the WGBI.