DECODING THE MONTH

September 2023

Global ($)

MSCI EM	-2.6%
Bonds	-3.2%
MSCI SA	-3.5%
MSCI ACWI	-4.1%
Nasdaq	-5.0%

Local

Resources	1.0%
Bonds	-2.4%
All Share	-2.5%
Financials	-3.8%
Property	-4.1%

Best Shares

Sasol	11.0%
Exxaro	9.5%
Capitec	8.3%
Glencore	7.6%
Amplats	6.8%

Worst Shares

Gold Fields	-14.1%
Firstrand	-13.0%
Richemont	-11.0%
Growthpoint	-10.7%
Harmony Gold	-9.9%

Worth Noting

- Crude oil prices reached their highest levels in more than a year.
- The yield on the US 10-year Treasury reached its highest level since 2007.
- Local equities endured a seven-day losing streak, the longest since 2018.

Corion Capital (Pty) Ltd is an Authorised Financial Services Provider

Data Source: Morningstar, FTSE/JSE Indices

DECODING THE MONTH

September

Commentary

All kicking off

September kicked off with a contestable play as markets remained uneasy as to where the interest rate ball may finally drop. Historically, September has seen equities performing like a rugby team caught in a fierce scrum - often experiencing increased volatility and less-than-stellar returns. Whether it's the northern hemisphere's end-of-summer lull or worries about the financial game's final quarter, investors often huddle up in September, ready for a tough match on the trading field.

Whether coincidence or not, the "September Effect" played out as stock markets around the globe slumped with the MSCI ACWI Index ending the month down -4.1% (YTD: +10.1%). The primary culprit being the slew of global central bank meetings which generally underlined the prospect of higher-for-longer interest rates with lacklustre economic growth.

Furthermore, September is a month where numerous organizations and analysts release updated economic estimates. According to the OECD's latest outlook, the world economy fared better than anticipated in the first half of 2023 helped by lower energy prices and China's reopening. However, slower global growth is expected in the second half of 2023 and 2024 with stricter monetary policies, the return of rising energy prices, and a sluggish economic recovery in China all coming into play.

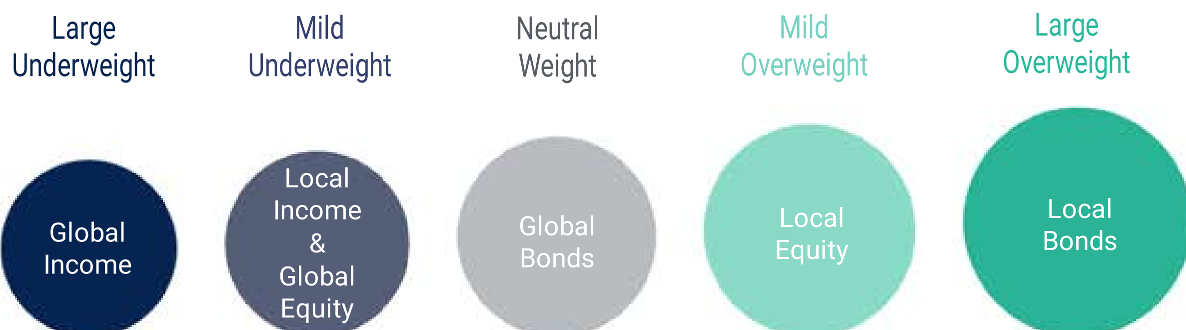
In the US, the more-hawkish Federal Reserve, surging crude oil prices and fears of increased supply of government debt drove the value of the US dollar and Treasury market yields higher, which was not good news for equities. As a result, the S&P 500 ended the month down -4.8% (YTD: +13.7%) while the NASDAQ 100 fared even worse, ending down -5.0% for the month (YTD: +35.4%). The Euro STOXX 50 held up slightly better but still declined by -2.8% (YTD: +12.6%) while the FTSE 100 regained some of its yearly losses ending the month up by +2.4% and remains one of the poorer performing equity markets YTD, up by +5.5%.

Locally, the South African Reserve Bank (SARB) kept the repo rate unchanged at 8.25%. However, the SARB reiterated that the recent currency devaluation and the spike in global oil prices remain a notable risk to the short-to medium-term inflation trajectory and as such, they have cautioned that the bank may need to tighten policy rates further if the economic data suggests it.

As such, local markets where not immune to the global equity sell off with the FTSE/JSE All Share Index declining by -2.6% (YTD: +2.2%). The performance was predominantly impacted by the Industrials and Financials sectors which were down -4.4% (YTD: +10.7%) and -3.8% (YTD: +8.5%) respectively for the month. Resources fared slightly better ending the month up +1.0% (YTD: -15.3%), while Listed Property struggled ending down -4.1 (YTD: -5.3%) and remains the worst performing asset class YTD vs cash (+5.8%), equities (+2.2%) and bonds (1.4%).

In both the world of rugby and equity investments, strategy, preparation, and adaptability are key to success. Just as rugby teams analyse their opponents and adapt their game plans, investors should stay vigilant, diversified, and be ready to pivot when the market throws unexpected challenges their way. Whether you're on the rugby pitch or navigating the stock market, a strong game plan and the ability to tackle adversity can make all the difference in achieving the ultimate team victory.

House View



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

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