CORION CAPITAL

DECODING THE MONTH

October 2023

Global ($)

Bonds	-1.1%
MSCI SA	-1.8%
Nasdaq	-2.0%
MSCI ACWI	-3.0%
MSCI EM	-3.9%

Local

Bonds	1.7%
Financials	-2.2%
Property	-3.0%
All Share	-3.4%
Resources	-4.3%

Best Shares

Harmony Gold	22.7%
Gold Fields	21.0%
AngloGold	13.1%
Exxaro	8.5%
Clicks	6.2%

Worst Shares

Implats	-21.4%
MTN	-19.4%
Sibanye	-18.2%
Amplats	-11.6%
Sasol	-9.5%

Worth Noting

- The yield on cash is now higher than the earnings yield on the S&P 500.
- Eurozone inflation fell to a two-year low of 2.9% in October.
- Bitcoin leapt 28% as investors bet on promising regulations in the US.

Data Source: Morningstar, FTSE/JSE Indices

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Commentary

The month ended on a historic note as South Africans applauded the stellar defence displayed by the Springboks on their path to an unprecedented fourth Rugby World Cup title. While the resilience of our beloved team shone through, the same can't be said about global asset classes which produced negative results across the board.

In the US, equities took a tumble and are now flirting with the dreaded "correction territory". They've been on a downward slide for three months straight, losing around -10% since their peak in July. Most of the blame can be laid at the door of the 10-year Treasury yield flirting with 5%, coupled with the "Magnificent Seven" tech giants (Amazon, Apple, Alphabet, Meta, Microsoft, NVIDIA, and Tesla) serving up some mixed earnings reports. Those tech titans, whilst heroes in the past, turned into the villains of October, pushing the S&P 500 and NASDAQ 100 down by -2.1% (YTD: +10.7%) and -2.0% (YTD: +32.6%), respectively. The Dow Jones held its ground a bit better this month (down -1.3%), but it's been a laggard for the year overall (up +1.4%).

Across the pond, the story's not much brighter (and has nothing to do with both Ireland and France getting knocked out in the quarters of the RWC). Interest rates, sluggish growth, and geopolitical drama continued to cast shadows over the scene. In local currency terms, the Euro STOXX 50 declined by -2.6% (YTD: +9.6%) whilst the FTSE 100 declined by -3.7% (YTD: +1.6%). Japanese equities also sold off over the month with the Nikkei 225 Index declining by -3.1% (YTD: +20.5%). Market sentiment in Japan was adversely affected by rising bond yields, fluctuations in currency markets, and heightened geopolitical tensions. These factors have led to increased speculation about potential interventions by authorities and a potential revision of the yield curve control policy by the Bank of Japan (BOJ) in its upcoming meeting.

Locally, the story was much the same with the FTSE/JSE All Share Index declining by -3.4% (YTD: -1.3%) The performance was predominantly impacted by the Industrials and Resources sectors which were down -4.6% (YTD: +5.6%) and -4.3% (YTD: -19.0%), respectively for the month.

From an economic perspective, South Africa's headline inflation increased by more than expected in September, coming in at 5.4% - predominantly due to the impact of increased fuel prices. As a result of the higher reading, together with volatile oil prices and continued rand depreciation, the risk to further inflationary pressure remains. The consequence of all of this, is the strengthening of the belief that domestic interest rates will likely stay higher for longer with a potential for a further increase in the next MPC meeting.

House View

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

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