DECODING THE MONTH

November 2023

Global ($)

Nasdaq	10.8%
MSCI ACWI	9.2%
MSCI EM	8.0%
MSCI SA	7.7%
Bonds	4.9%

Local

Property	9.1%
Financials	8.7%
All Share	8.6%
Resources	5.9%
Bonds	4.7%

Best Shares

Harmony Gold	35.4%
Amplats	27.8%
Prosus	19.6%
Naspers	19.4%
Capitec	18.5%

Worst Shares

Sibanye	-13.0%
Sasol	-11.3%
Bidvest	-10.6%
Old Mutual	-3.0%
Woolworths	-2.7%

Worth Noting

- The SARB's Gold and Forex Contingency Reserve Account is at R459 billion.
- The S&P 500 had its second-best November return of the last 40 years.
- US GDP grew at a 5.2% annualised rate in Q3 - even stronger than first indicated.

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

Data Source: Morningstar, FTSE/JSE Indices

www.corion.co.za

DECODING THE MONTH

November

Commentary

In the aftermath of a challenging three-month period for global asset classes, November provided investors with a much-needed reprieve, culminating in markets concluding the month on a positive note. A significant contributing factor to this reversal was the persistent moderation observed in global inflation trends.

In the US, the headline consumer price index (CPI) for October came down to 3.2% YoY, while core inflation moderated to 4.0% YoY. The recent lowering in inflation numbers helped push US Treasury bond yields lower and seemed to offer equity markets a catalyst to move higher. In addition, a key inflation gauge, the Personal Consumption Expenditures (PCE) Price Index, has also been trending in the right direction. Although the latest figures (+3% for October) are still above the Fed's target rate of 2%, the latest report showed a continued moderation in inflationary pressures - music to the central banks' ears.

This was evident at the November FOMC meeting where Fed Chair Jerome Powell adopted a more measured tone. As a result, the probability that the market has assigned of a rate hike at the December meeting has almost completely disappeared. Thus, the prevailing sentiment suggests that the Fed might be taking a breather for now, waiting for core inflation to approach 2.0% before considering a shift lower in interest rates.

On the domestic front, the South African Reserve Bank (SARB) opted to maintain interest rates at current levels during its final meeting of the year. This decision persisted despite an unexpected uptick in local inflation, rising to 5.9% year-on-year from 5.4% in September, surpassing market expectations. The SARB, resolute in its commitment to look through short-term price fluctuations, remains focused on the medium-term GDP and inflation prospects. Although the Monetary Policy Committee's (MPC) statement retained a hawkish tone, expressing concern about significant upside risks to the inflation outlook, particularly given heightened sensitivity to food inflation, the SARB emphasized its preparedness to act should these concerns materialize.

Heightened optimism among market participants has resulted in global markets producing robust returns for the month. The S&P 500 witnessed a significant rally of +9.1% for the month (YTD: +20.8%), with the Nasdaq performing even stronger with an increase of +10.8% (YTD: +47.0%). Across the pond, the Euro STOXX 50 also performed well, increasing by +8.0% (YTD: +18.4%), while the FTSE 100 recorded a relatively modest increase of +2.3% for the month (YTD: +3.9%), in local currency terms. The global growth style continued its dominance relative to value increasing by 11.2% and 7.4%, respectively for the month. Thus, growth stocks have maintained a large performance gap over their value style counterparts YTD—a sharp reversal from 2022, when value outpaced growth. As at month end, the MSCI Growth Index was up 31.2% YTD vs its value-style counterpart which is only up 7.4%.

Domestically, the FTSE/JSE All Share Index also exhibited a robust performance, registering an increase of +8.6% for the month (YTD: +7.1%). The Industrials sector predominantly drove this outcome, concluding the month with a notable +10.5% increase. The Financials and Resources sectors also demonstrated positive momentum, concluding the month with increases of +8.7% and +5.9%, respectively. Despite a monthly increase of +9.1%, the listed property asset class retained its status as the poorest performer on a YTD basis (up marginally by 0.2%), when compared against equities, bonds, and cash.

House View

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