

MONTHLY MARKET COMMENTARY

JULY 2024



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SOUTH AFRICA

GLOBAL

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Instrument Total Return %	July	YTD	1-Year	3-Years	5-Years
EU Equities (STOXX 600)	1.32%	8.18%	9.94%	3.92%	6.08%
US Equities (S&P 500)	1.22%	16.70%	22.15%	9.60%	15.00%
US Equities (Nasdaq 100)	-1.59%	15.60%	23.93%	9.88%	20.81%
Hong Kong Equities (Hang Seng)	-1.02%	5.14%	-9.67%	-9.25%	-5.78%
Global Equities (MSCI ACWI)	1.64%	13.41%	17.55%	6.26%	11.57%
FTSE World Government Bond Index	2.86%	-1.22%	1.87%	-6.54%	-2.56%
South African Equities (ALSI)	3.92%	9.89%	9.04%	10.87%	11.96%
South African Bonds (ALBI)	4.02%	9.79%	15.58%	8.73%	8.82%
SA Listed Property	4.39%	14.37%	28.84%	13.50%	2.01%
EUR/ZAR	0.9%	-2.5%	0.3%	4.3%	4.5%
GBP/ZAR	1.5%	0.3%	1.9%	4.8%	6.2%
USD/ZAR	0.0%	-0.9%	2.1%	7.6%	5.1%

FOR CURRENCY RETURNS: Negative Integer = ZAR strengthening | Positive Integer = ZAR weakening | 3 and 5 year returns annualised

Instrument Total Return %	July	YTD	1-Year	3-Years	5-Years
Personal Trust Income Fund	1.4%	5.8%	10.2%	7.6%	7.0%
Personal Trust Conservative Managed Fund	1.6%	6.9%	10.6%	9.1%	9.3%
Personal Trust Managed Fund	1.3%	8.0%	11.1%	10.1%	10.6%
Personal Trust Prudent Fund of Funds	2.1%	5.5%	9.8%	9.7%	10.1%
Personal Trust Equity Fund	0.2%	2.0%	2.6%	8.9%	10.2%
PTI Global Select Opportunities Feeder Fund	1.0%	3.8%	10.9%		
PTI Global Select Managers Opportunities Fund	1.8%	6.6%	9.4%	0.1%	5.1%
PTI Global Select Managers Cautious Fund	0.8%	2.1%	4.7%	-2.2%	1.4%

3 and 5 year returns annualised

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South African Equities (ALSI)	3.92%
South African Bonds (ALBI)	4.02%
SA Listed Property	4.39%
EUR/ZAR	0.9%
GBP/ZAR	1.5%
USD/ZAR	0.0%

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SA assets performed better than their global counterparts with equities (3.9%) outperforming both the DM (1.2%) and EM (0.2%) composites as local valuations remain at a discount. On aggregate, data releases for May (released in July) have disappointed. The economy looks to have expanded in the second quarter at a more moderate pace than previously thought.

The local equity market benefited from a strong performance from interest rate sensitive sectors such as Consumer Staples (7.2%), Banks (6.1%) and Financials (5.2%). The FTSE JSE All Share Index broke above the key 82,000 level in mid-July, closing at a record high of 82,765.12 on 31 July.

SA bonds had another strong month (4.0%) as the domestic bond rally looks to have now fully priced out the election risk premium it had embedded in it earlier in the year. It will require evidence of better delivery by the new government to justify a further decline in yields and lower global bond yields. The 3-7 sector of the yield curve saw the largest yield decline. The Inflation Linked Bonds yield curve bull flattened with longer dated maturities finding favour with investors as yields on bonds longer than 10 years traded above 5%.

The Rand after recording substantial gains in June, declined 0.1% against the US dollar in July and is now c. 1% stronger YTD against the greenback.

While SA inflation is likely to resume its downward trend as Headline y/y inflation for June (released in July) slowed to 5.1% (5.2% in May), in line with consensus forecasts while core inflation also slowed by 0.1% to 4.5% - a slightly better outcome than consensus forecasts of 4.6%, paving the way for the SARB to lower the repo rate in September in what is likely to be a shallow and gradual cutting cycle.

Money Market was impacted by a stable rand, declining inflation and the increasing likelihood that the Fed will start its cutting cycle soon resulting in the market pricing in an 80% probability of a first 25bp rate cut in September. The SARB's MPC kept the repo rate unchanged for the seventh consecutive meeting at 8.25%, in line with consensus, in a split decision that saw two of the committee members preferring a rate cut.

The SA Listed Property Index Listed saw property perform strongly, sector returned +4.4% in July catalysed by increased corporate activity in property markets. Which saw bifurcation in returns as REITS with significant SA-focused portfolios outperformed.

Alice Torppa & Mark Huxter, Investment Team

Readers of this document are reminded that any comments, opinions and recommendations relating to investment products are made in good faith and with full attention to accuracy. However, market conditions are subject to constant fluctuations locally and globally. We advise, at all times, that investments be made only after consultation with us, and after individual circumstances have been thoroughly considered.

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Instrument Total Return %	May
EU Equities (STOXX 600)	1.93%
US Equities (S&P 500)	3.31%
US Equities (Nasdaq 100)	4.34%
Hong Kong Equities (Hang Seng)	2.63%
Global Equities (MSCI ACWI)	2.92%
FTSE World Government Bond Index	0.69%
South African Equities (ALSI)	0.46%
South African Bonds (ALBI)	0.72%
SA Listed Property	1.11%
EUR/ZAR	1.5%
GBP/ZAR	1.8%
USD/ZAR	-0.1%

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The sudden withdrawal of US President Joe Biden from the presidential race and the evolving US political landscape added uncertainty in markets as to whether Vice President Kamala Harris could defeat Donald Trump in the November US Presidential Election.

Economic data led to Federal Reserve (Fed) Chair Jerome Powell indicating at the Fed's 31 July press conference that a rate cut is "on the table"; as (PCE) price index data saw a further moderation in inflation. Core PCE, excluding food and energy, a key Fed inflation barometer, increased by 2.6% YoY in June – unchanged from May's print. MoM, it rose 0.2%.

Global equities saw two of the three major US indices posting gains in July, with the tech that powered US equity markets in 1H24 stumbling as investors started to question their high valuations. Dow Jones Industrial Average (Dow) was the outperformer, rising by 4.4% in July while the Nasdaq declined by 0.8% MoM and the S&P 500 ended July 1.1% higher.

In Europe, major equity markets closed higher in July. MoM, Germany's DAX was up 1.5% while France's CAC ended the month 0.7% in the green. UK stock market also ended higher, with the blue-chip FTSE-100 Index up 2.5% MoM as July's UK general election saw the Labour Party sweep to power in a landslide victory.

In Asia, Japan's benchmark Nikkei ended July 1.2% down. Shanghai Composite closed June 1.0% lower. As China's central bank, the People's Bank of China (PBOC), cut major short- and long-term interest rates just days after a meeting of the Communist Party's Central Committee, surprising markets.

Emerging markets (EMs) eked out a small positive return for the month (MSCI EM +0.4%) with strong contributions from India and South Africa.

US Treasuries - US 10-year government bond yields inched lower in a volatile month, as US rate-cut hopes increased.

USD, saw the Trump trade fading as Harris enters the race and the Bloomberg Dollar Spot Index declined. The US dollar will see rate differentials widen in its favour, as peer central banks cut before the Fed considers cutting later this September.

Commodity prices were under pressure in July, erasing nearly all of their 2024 gains as the challenging outlook in China weighed on commodities. The gold price was a standout, breaching fresh highs and ending the month 5.2% higher. Brent crude declined 6.6% in July and (PGMs), platinum fell by 1.8% MoM, while Iron ore was down 7.9% MoM.

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