MONTHLY MARKET COMMENTARY

SEPTEMBER 2024

PERSONAL T·R·U·S·T

for the personal touch

SOUTH AFRICA

GLOBAL

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Instrument Total Return %	September	YTD	1-Year	3-Years	5-Years
EU Equities (STOXX 600)	-0.41%	9.17%	16.14%	4.76%	5.87%
US Equities (S&P 500)	2.14%	22.08%	36.35%	11.91%	15.98%
US Equities (Nasdaq 100)	2.57%	19.97%	37.48%	11.88%	21.97%
Hong Kong Equities (Hang Seng)	18.32%	29.24%	24.20%	-1.19%	-0.73%
Global Equities (MSCI ACWI)	2.36%	19.08%	32.35%	8.60%	12.72%
FTSE World Government Bond Index	1.64%	2.72%	11.02%	-4.41%	-2.05%
South African Equities (ALSI)	4.04%	15.91%	23.93%	14.73%	13.67%
South African Bonds (ALBI)	3.89%	16.74%	26.17%	11.14%	9.84%
SA Listed Property	5.04%	30.04%	51.34%	15.97%	5.37%
EUR/ZAR	-2.6%	-4.9%	-4.0%	3.2%	3.0%
GBP/ZAR	-1.4%	-1.0%	0.0%	4.3%	4.4%
USD/ZAR	-3.4%	-6.2%	-9.0%	4.4%	2.6%

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

Instrument Total Return %	September	YTD	1-Year	3-Years	5-Years
Personal Trust Income Fund	1.4%	8.6%	12.6%	8.2%	7.3%
Personal Trust Conservative Managed Fund	1.2%	9.1%	15.4%	9.8%	9.5%
Personal Trust Managed Fund	1.4%	10.8%	17.6%	11.3%	11.0%
Personal Trust Prudent Fund of Funds	2.0%	8.9%	15.9%	10.4%	10.6%
Personal Trust Equity Fund	3.2%	6.5%	10.9%	10.6%	11.5%
PTI Global Select Opportunities Feeder Fund	-0.7%	3.0%	10.0%	5.9%	
PTI Global Select Managers Opportunities Fund	1.5%	10.2%	20.0%	2.1%	5.9%
PTI Global Select Managers Cautious Fund	1.2%	6.3%	13.9%	-0.1%	2.2%

3 and 5 year returns annualised

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The JSE was again positive as the ALSI closed September at 86 548. This has been the case over recent months following the more market-friendly election outcome of a government of national unity and renewed investment confidence. A combination of the SARB's rate cut, improved domestic sentiment, attractive relative valuations and China's policy announcement supported SA equities (3.3%) led by the Retailers (8.6%) and Industrial (5.4%) sectors with heavyweights BHP (14.5%) and PROSUS (14.3%) leading.

The SARB's MPC lowered the repo rate by 25bp to 8% in line with market expectations. Inflation continues to trend lower, falling below the SARB's inflation target for the first time in over three years. Headline y/y inflation for August (released in September) slowed to 4.4% (4.6% in July), and while economic growth is still slow, business and consumer sentiment surveys point to a better second half of the year. Second quarter economic growth improved to 0.4% Q/Q (from a downward revised -0.1%), marginally below consensus forecasts of 0.5%. However, data for July (released in September) was mixed.

Meanwhile, Eskom sees demand drop as the average hourly demand has dropped from 25,908MW in the 2022/23 period to 25,105MW in 2023/24. The drop in demand is particularly noticeable in the middle of the day, which suggests that rooftop solar at residential homes is having a real impact. But by far the biggest factors in Eskom's turnaround are the repairs and improved performance at Kusile and from storage/ hydro capacity.

The stronger rand (3.5% against the US dollar in September) and a third consecutive month of net foreign buying of SA bonds drove yields lower, with the asset class recording a sixth consecutive positive month, returning 3.9% and 10.5% for the month and quarter, respectively. The bull flattening of the curve suggests that the important driver of the rally is market expectations for a significant improvement in the fiscal outlook.

Money Market rates were driven lower by a stronger rand and a bigger-than-expected Fed Fund rate cut which helped drive down the Forward Rate Agreement (FRA) curve, further implying 125bps of rate cuts by the end of next year, to a cycle low of 6.75%.

The SA Listed Property Index saw property perform strongly, as the sector continued its strong performance with the SAPY ending September up 5.0%, bringing returns to 18.7% for 3Q24.

Alice Torppa & Mark Huxter, Investment Team

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Global markets continued to deliver strong returns during September as the Fed joined other major central banks in cutting its lending rate and China announced its stimulus plan to reach its growth target.

US markets had a difficult start to an historically challenging month for equities, retreating in the first week of September but rebounding as buy-the-dip interest supported the market. Markets seemed shaky after the release of August core (excluding food and energy) inflation, which remained above the US Federal Reserve's (Fed) 2.0% target at 3.2% YoY, but positive momentum continued following the Fed's 50-bp rate cut.

In the US, the three major indices ended the month in the green, reaching new record highs and becoming the first positive September for all three indices since 2019. The Dow rose by 1.8% MoM, while the S&P 500 ended the month 2.0% higher, and the tech-heavy Nasdaq advanced by 2.7%.

Major European equity markets ended higher in September as China's stimulus measures carried over to European equities. MoM, Germany's DAX was up 2.2%, while France's CAC ticked up slightly +0.1% MoM. In economic data, August eurozone headline inflation dropped to 2.2% YoY (the lowest level since July 2021) from 2.6% in July, The UK stock market, however, ended the month in the red, with the blue-chip FTSE-100 down 1.7% in September. UK inflation was unchanged from July, coming in at 2.2% YoY in August – slightly above the Bank of England's (BoE) 2.0% target rate.

In Asia, China unveiled its biggest economic stimulus package since the COVID-19 pandemic in September in its latest attempt at reviving the economy. It was a boost for equity markets in the last week of September, with the Shanghai Composite ending the month 17.4% higher, its first gain in five months and its best MoM performance since 2015. But September Manufacturing PMI came in at 49.8, higher than August's 49.1 and better than the Reuters consensus expectation of 49.5 but still the fifth consecutive month below 50.

Japan's benchmark Nikkei ended September -1.9% in the red following mixed economic data and as equities dropped on the back of expectations that the country's incoming prime minister, Shigeru Ishiba, would pursue policies keeping the yen strong — which would weigh on Japanese exporters. In economic data, August headline CPI stood at 3.0% (a 10-month high) vs July's 2.8%, amid a sustained pick-up in consumption on the back of higher wages.

US Treasuries: US 10-year government bond yields rose in a volatile month. Despite this, US inflation data showed inflation slowing marginally faster than anticipated, lending support to the prospect of accelerated monetary policy easing by the Fed.

USD trended weaker (-0.9%) in September supported by the market's soft-landing narrative but any future US dollar weakness, should only be temporary as rate differentials matter. Ultimately, the US dollar will see rate differentials widen in its favour, as peer central banks continue their cutting cycle.

Commodities: Chinese stimulus package also supported metal prices, with iron ore rebounding by 5.2% in the last five days of the month. Also, Gold continued its uptrend +5.2% MoM [its biggest quarterly gain since 2016]), posting fresh highs (it closed September at US$2,634.58/oz) and (PGMs), the platinum price gained 5.6% MoM, palladium rose 3.5% MoM, and rhodium was up 1.1% MoM. However, Oil prices fell for a third month in September, with the price of Brent crude declining by 8.9% as high supply levels seemed to offset the escalating conflict in the Middle East.

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