




**Investment
Market Report
Week Ended 03
November 2023**

 **Noble Private
Portfolios**
Independent Asset Managers

Stability | Strength | Safety

Market Highlights 03 November 2023		Bi-Weekly Move
JSE ALSI	72,856.18	+3.79%
JSE Top 40	66,916.23	+3.59%
SA Inflation	5.40%	-
Prime Rate	11.75%	-
Dollar/Rand	18.26	-3.69%
Euro/Rand	20.08	-2.44%
Pound/Rand	22.61	-1.74%
Gold Price (\$/oz)	1992.73	+0.07%

Negative value on exchange rates signifies strengthening of ZAR

Domestic Market

The seasonally adjusted Absa Purchasing Managers' Index fell to 45.4 in October 46.2 in September, marking a ninth straight month of reduction in factory activity. The composite leading business cycle indicator rose by 0.4 percent in August, the third consecutive month of economic expansion as majority of the component time series showed growth. The Producer price inflation also accelerated to a four-month high of 5.1 percent in September, up from 4.3 percent in the prior month.

Domestic Asset Classes Performance week ended 03 November 2023

	1 Week	1 Month	YTD	1 year
SA Property	3.47%	-2.89%	-11.61%	-5.09%
Equity	0.42%	-1.46%	-4.53%	5.59%
SA Int. Bearing	0.65%	1.40%	6.90%	8.79%
Inflation	-	-	-	3.10%

Market Expectations

The SARB reports that South Africa's economic conditions remains volatile and sensitive to shock. However, investment spending by firms, households spending, public corporations and general government spending is expected to remain positive. Household disposable income continues to grow but slowly.

Treasury forecast for South Africa's GDP growth in 2023 is slightly higher than SARB's, at 0.8% (SARB, 0.7%). GDP growth forecast for 2024 and 2025 is also higher at 1.4% and 1.5%, respectively (SARB, 1.0% and 1.1% respectively).

Domestic Equity Sector Performance week ended 03 November 2023

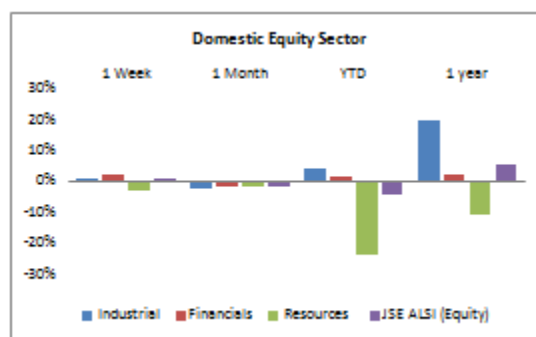
	1 Week	1 Month	YTD	1 year
Industrial*	1.08%	-2.37%	4.52%	19.82%
Financials**	2.45%	-1.47%	1.32%	2.26%
Resources***	-2.83%	-1.50%	-23.38%	-10.97%
JSE ALSI****	0.42%	-1.46%	-4.53%	5.59%
SA Property	3.47%	-2.89%	-11.61%	-5.09%

*25 largest industrial companies in the ALSI.

**15 largest financial companies in the ALSI.

***20 largest basic resources and energy companies in the ALSI.

**** Companies with 99% market value in the main board of JSE



Domestic Equity Investment Style Performance week ended 03 November 2023

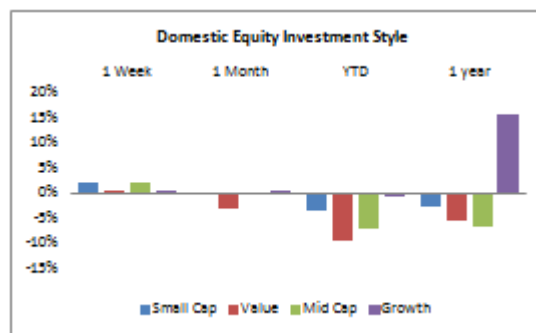
	1 Week	1 Month	YTD	1 year
Small Cap*	2.04%	-0.43%	-3.27%	-2.61%
Value**	0.58%	-2.92%	-9.44%	-5.46%
Mid Cap***	2.25%	-0.07%	-7.16%	-6.51%
Growth****	0.25%	0.05%	-0.67%	15.80%

*Market cap is below R 1 Billion.

**with price lower than that of companies in the same industry

***Market cap of between R 1 Billion and R 10 Billion.

**** Companies with strong anticipated growth potential



Global Markets

Global Equity Risk comparison week ended 03 November 2023 (Standard Deviation)

	1 Week	1 Month	YTD	1 year
MSCI South Africa	-	3.9	4.0	4.4
MSCI Europe	-	2.5	2.3	2.5
MSCI USA	-	2.3	1.8	2.2
MSCI Emerging Markets	-	1.6	2.1	2.2
MSCI World	-	2.1	1.8	2.0

- MSCI is a global provider of securities and portfolio analysis tools.
- Standard deviation is a measure of risk or market volatility

United States The third quarter GDP expanded by 4.9 percent after the markets expected a growth of 4.5 percent. The S&P Global Manufacturing PMI rose slightly to 50 from 49.8. Meanwhile the Federal Reserve kept rates unchanged for the second consecutive time, suggesting the Fed could be slowing down on its aggressive policy tightening.

Europe The Euro Area economy declined 0.1 percent in the third quarter of the year 2023, after the market had expected a flat reading. The inflation rate also fell to 2.9 percent in October 2023, slightly below the market consensus of 3.1 percent.

Asia The China NBS Composite PMI production Index declined from 52 in prior month to 50.7 in October as factory activity unexpectedly contracted after growing in September. The Manufacturing PMI also fell to 49.5 in October 2023 from 50.2 in September, missing market forecasts.

Brent Crude escalating turmoil in the Middle East continues to adversely affect the prices of oil, fuelling fears of global supply disruptions even as the US reported a higher inventory draw.

Gold reports of the US monthly retail sales beating forecasts has reignited fresh concerns that interest rates could stay high for a longer period denting the appeal of gold, as the metal thrives under lower interest rate conditions.

Global Equity Performance week 03 November 2023 (USD)

	1 Week	1 Month	YTD	1 year
MSCI South Africa	8.71%	11.06%	-6.90%	7.83%
MSCI Europe	4.76%	3.15%	5.36%	19.38%
MSCI USA	5.93%	3.00%	13.88%	17.28%
MSCI Emerging Markets	3.10%	0.97%	-0.85%	10.15%
MSCI World	5.29%	2.79%	9.48%	16.12%

Managing Your Investments in Volatile times

We understand the uncertainty of these times therefore we are providing our clients with some tips that can help them navigate the tough times.

- **Stay invested** It is important to stay invested over the long term, even when markets are volatile. This is because stock markets have historically trended upwards over time. Trying to time the market can be difficult and costly, so it is generally best to stay invested and ride out the volatility.
- **Diversify** diversification helps in reducing overall risk, as not all asset classes will perform the same way at the same time.
- **Conservative asset class framework** Keep the basket of investment within a conservative asset class structure helps reduce downside risk and of course in line with the investor's risk tolerance and capacity.
- **Don't panic sell** Panic selling can lead to you selling investments at a loss. Instead, investors should focus on long-term investment goals and plan.
- **Seek advice** In situations where an investor may not know what to do or is unsure the impact of any event on their investments, it is advisable for the investors to engage with one of our financial advisors for guidance.

Pensioners

Due to the investment nature of our pension clients, we recommend the following;

- Low equity exposure and higher exposure on interest bearing securities.
- Stick to conservative exposure on foreign investments.
- Don't try to time the market. Instead, focus on investing for the long term.

Hope for the Future

Overview of the Medium Term Budget Policy Statement (MTBPS).

The 2023 MTBPS focuses on fiscal stability and growth. These will be achieved by improving electricity and ease of doing business as well as debt stabilization. The current economic environment is that of low economic growth with weak business and consumer confidence, resulting in a tax revenue shortfall and significant infrastructure constraints. These factors have necessitated increasing demands for social assistance. In line with this, the National Treasury revised down its 2023 GDP forecast from 0.9 percent to 0.8 percent, however, GDP growth is expected to improve by 1.4 percent in 2024, 1.5 percent in 2025 and 1.7 percent in 2026.

The government is expected to borrow in the medium term to finance the budget deficit, which will be 4.9 percent in 2023/24 and moderating to 3.6 percent in 2026/27 fiscal year. The revenue collection is projected to be R56.8 billion lower from previous projection in the February Budget, due to lower corporate tax collections; downward revisions to near-term tax base growth projections and lower VAT collections. However, personal income tax revenue is expected to increase.

The ratio of government revenue to GDP is expected to fall from 24.5 percent in the 2023/24 fiscal year to 24.2 percent in 2024/25 year as revenue grows slower than GDP. Government expenditure is expected to rise to 28.2 percent in the current year. Government debt is expected to rise to 6.52 trillion in 2026/27 from 5.24 trillion in 2023/24 as a result of the budget balance, high inflation, fluctuations in interest and exchange rates. The government debt as a percentage of GDP is also expected to rise from 74.7 percent in 2023/24 to 77.7 percent in 2025/26. Debt service cost is also expected to increase to 354.5 billion in 2023/24, leading to a debt service cost as a percentage of revenue of 17.3 percent in 2023/24 before rising to 19.2 percent in 2026/27.

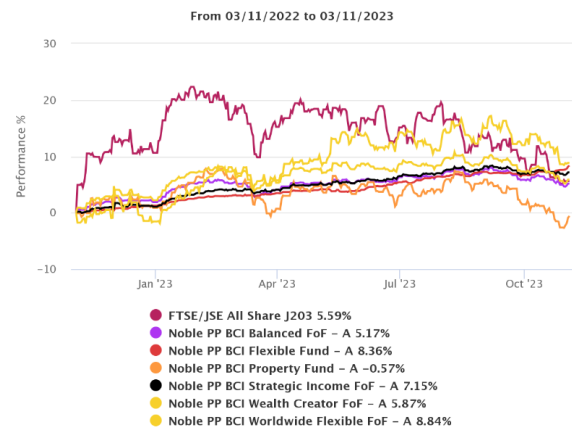
However, in this year's MTBPS, the Minister of Finance focused on allocating money more efficiently and highlighted the importance of infrastructure investment in improving economic growth and driving employment creation and innovation. National Treasury is therefore committed to ensuring that the public sector achieves an improved level of fiscal discipline in the medium term.

TERM OF THE WEEK

Fiscal Deficit

Fiscal deficit is a shortfall in a government's revenue in relation to its spending. Fiscal deficit shows that a government is likely spending beyond its means.

Noble PP One Year Fund Performance



For sound financial advice, don't hesitate to call:

Piet De Jongh – 082 578 3798

Pieter Van Zyl – 083 445 2181

Hester Du Preez – 082 376 6414

Compiled by:

Mitchell Dibua

+27 81 27 333 88