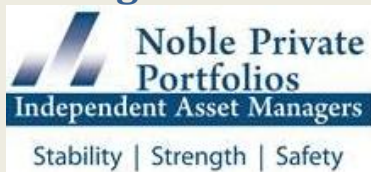


**Investment  
Market Report  
Week Ended 05  
August 2022**



Market Highlights 05 August 2022		Weekly Move
JSE ALSI	69,519.27	+2.13%
JSE Top 40	63,114.01	+2.18%
SA Inflation (y/y)	7.40%	↑
Prime Rate	9.00%	↑
Dollar/Rand	16.73	-0.65%
Euro/Rand	17.04	-0.98%
Pound/Rand	20.20	-0.05%
Gold Price (\$/oz)	1,775.18	+3.95%

### Domestic Market

The leading business cycle fell 0.7 percent month-on-month in May after falling 0.8 percent in April, the negative contributors to the indicator were fall in the US dollar - denominated export commodity price index and decrease in the number of approved residential building plans, where the positive contributors were increases in the growth rate in job advertisement and the interest rate spread. Meanwhile, the Purchasing Managers' Index fell to 47.6 in July as a result of electricity supply chain disruptions. Also, the annual producer inflation reached 16.2 percent in June, above market forecasts of 15.8 percent.

### Domestic Asset Classes Performance week ended 05 August 2022

	1 Week	1 Month	YTD	1 year
SA Property	-0.1%	9.1%	-8.9%	-1.8%
Equity	-0.5%	5.5%	-6.9%	0.4%
SA Int. Bearing	0.3%	1.1%	2.6%	5.2%
Inflation	-	-	3.1%	6.3%

### Market Expectations

**Equity** is expected to remain volatile as effort to rein in inflation will continue to drive interest rates up.

**Interest Bearing securities** are likely to be favoured as increasing rate hikes will see further rise in yields. The reserve bank has raised the key rate to 75 basis point hike in July and there is a possibility of 25 basis point in September.

**Inflation** is expected to continue to increase as rising food and petrol costs continue to put a strain on consumer spending. The inflation rate is also expected to remain beyond the higher end of the bandwidth as the reserve

bank continues to increase the interest rate in a bid to combat inflation and ensure price stability.

**Rand** is expected to weaken as sentiments continue to weigh on investors spending with the currency losing over 3 percent to the dollar last week.

**Property** Higher rates and inflation are expected to put downward pressure on property values but this will also likely to reduce demand for property investment.

### Domestic Equity Sector Performance week ended 05 August 2022

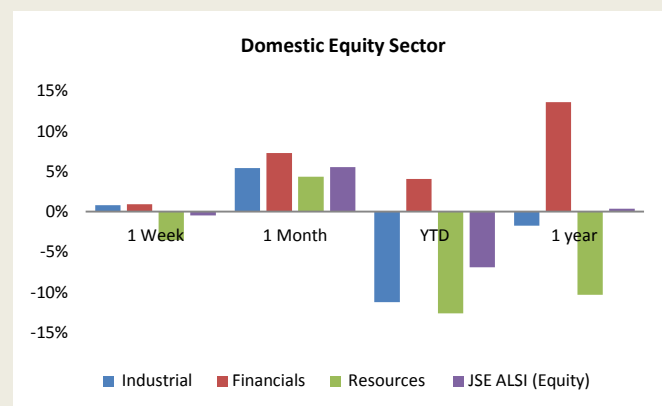
	1 Week	1 Month	YTD	1 year
Industrial*	0.8%	5.4%	-11.3%	-1.7%
Financials**	0.9%	7.3%	4.1%	13.6%
Resources***	-3.5%	4.3%	-12.6%	-10.3%
JSE ALSI****	-0.5%	5.5%	-6.9%	0.4%
SA Property	-0.1%	9.1%	-8.9%	-1.8%

\*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 05 August 2022

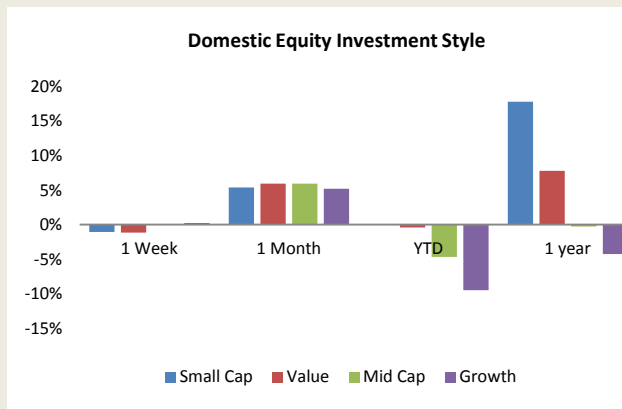
	1 Week	1 Month	YTD	1 year
Small Cap*	-1.1%	5.4%	0.0%	17.8%
Value**	-1.2%	5.9%	-0.4%	7.8%
Mid Cap***	0.03%	5.9%	-4.7%	-0.3%
Growth****	0.2%	5.2%	-9.5%	-4.2%

\*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 Performance week ended 05 August 2022 (USD)

	1 Week	1 Month	YTD	1 year
MSCI South Africa	0.9%	2.5%	-7.7%	-14.4%
MSCI Europe	-0.9%	7.7%	-19.2%	-19.3%
MSCI USA	0.6%	8.4%	-14.0%	-8.4%
MSCI Emerging Markets	0.9%	1.1%	-18.6%	-22.9%
MSCI World	0.3%	7.0%	-15.3%	-12.7%

### Global Equity Risk comparison week ended 05 August 2022 (Standard Deviation)

	1 Week	1 Month	YTD	1 year
MSCI South Africa	-	0.9	3.8	3.5
MSCI Europe	-	1.5	3.2	2.7
MSCI USA	-	2.2	3.2	2.7
MSCI Emerging Markets	-	1.5	2.5	2.4
MSCI World	-	1.6	2.7	2.5

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

**United States** The US economy fell to an annualized 0.9 percent marking a second consecutive negative growth, pushing the economy into a technical recession. The fall was led by Inventories and business investment. Meanwhile, the Federal Reserve raised the target range for the policy rate by 75bps during its July meeting. The unemployment rate fell to 3.5% in July while the number of unemployed persons was also down. Both data are enough to ensure the Fed continues with its aggressive monetary policy.

**Europe** The Euro zone economy grew 0.7 percent on the second quarter, beating market forecasts of a 0.2 percent rise. The annual inflation rate was 8.9% in July. However,

retail sales were softer at 1.2 percent in June and the S&P Global Euro zone Construction PMI was lower at 45.7 in July.

**Asia** China's current account surplus rose to USD 80.2 billion in the second quarter of 2022 from USD 45.5 billion. The Manufacturing Purchasing Managers Index and the NBS Non-Manufacturing PMI declined to 50.4 and 53.8 respectively in July below market forecasts of 51.5, while factory activity rose. Both output and new orders were weaker.

**Brent Crude** Brent crude has been volatile amid concerns that a global economic slowdown as a result of higher interest rates will heavily impact fuel demand.

**Gold** was slightly higher as the heightened tension between China and Taiwan spurred a rise in demand for the safe haven asset.

## Market Expectations and Impact

We outline expectations of data to be released for the new week and their impact and implications to enable our investors make informed decisions.

## Global

The US data on inflation is expected which will provide guide as to whether the Fed will continue its aggressive policy. Meanwhile, Japan and China will be releasing data on Inflation.

## 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 tough times.

- **Keep capital in tact** investors should be more geared towards investment that protects and preserves capital as uncertainty drives performance of asset classes.
- **Spend responsibly** budgeting and priority spending help stay on course with expenses. There might be some spending that needs to be postponed after careful consideration of the economic and revisited at a later stage.
- **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.

- **Stick to a long term strategy** investors should maintain their long term strategic allocation and avoid panic.

### 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 20 percent exposure on foreign investments.

### Noble PP BCI Fund Performance and Ranking as at 14 July 2022

Fund	1 Month	Ranking	Count*
Noble PP BCI All Weather FoF	0.27%	22	50
Noble PP BCI Flexible	0.43%	19	50
Noble PP BCI Wealth Creator FoF A	0.30%	143	216
Noble PP BCI Balanced FoF A	0.36%	63	101
Noble PP BCI Strategic Income FoF A	0.27%	95	160
Noble PP BCI Worldwide Flexible FoF A	5.09	39	58

\*Total number of funds in each fund classification

## TERM OF THE WEEK

### Volatility

Volatility is a measure of the dispersion of returns for a given security. It is also the movement in asset price as a result of big up or down moves usually over a period of time. In most cases, the higher the volatility, the riskier the security.