




**Investment
Market Report
Week Ended 14
April 2023**

 **Noble Private
Portfolios**
Independent Asset Managers

Stability | Strength | Safety

Market Highlights 14 April 2023		Bi-Weekly Move
JSE ALSI	78,870.36	+3.64%
JSE Top 40	73,133.74	+3.74%
SA Inflation	7.0%	↑
Prime Rate	11.25%	↑
Dollar/Rand	18.10	+1.74%
Euro/Rand	19.88	+3.06%
Pound/Rand	22.47	+2.42%
Gold Price (\$/oz)	1,995.91	+1.33%

Domestic Market

Mining production edged lower 5 percent year-on-year in February, defying market estimates of a 1.75 percent rise. Also, manufacturing production slipped by 5.2 percent for the similar period, marking a fourth consecutive month of decline in industrial activity mainly as a result of persistent rolling blackouts. The S&P Global South Africa PMI fell to 49.7 in March, pointing to a fresh downturn in the country's private sector. Production returned to contraction after stabilizing in the month before and new orders were lower as inflationary pressures continued to suppress demand.

Domestic Asset Classes Performance week ended 14 April 2023

	1 Week	1 Month	YTD	1 year
SA Property	1.2%	4.6%	-0.1%	-4.6%
Equity	0.8%	3.6%	6.4%	5.9%
SA Int. Bearing	0.1%	0.6%	2.6%	6.9%
Inflation	-	-	-	5.3%

Market Expectations

There is a likelihood that interest rates are peaking as we near the top of the monetary policy tightening cycle. This provides room for interest rates to start declining later this year as inflation enters the top band of the SARB's target range. Pwc reports that the speed of supply chain cost inflation is likely slowing.

With regards to GDP and inflation expectation, the SARB forecast a growth of 0.2 percent in 2023 and 1.0 percent in 2024 while inflation expectations are expected to be 6.3 percent for 2023 and 5.8 percent for 2024 due to load shedding and logistics constraints. The bank maintains the risks to inflation are still assessed to the upside due to high food, electricity and fuel costs.

Domestic Equity Sector Performance week ended 14 April 2023

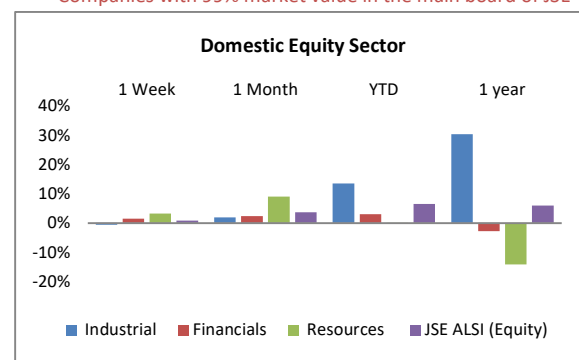
	1 Week	1 Month	YTD	1 year
Industrial*	-0.6%	1.9%	13.5%	30.3%
Financials**	1.5%	2.3%	2.9%	-2.8%
Resources***	3.2%	9.0%	-0.1%	-14.2%
JSE ALSI****	0.8%	3.6%	6.4%	5.9%
SA Property	1.2%	4.6%	-0.1%	-4.6%

*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 14 April 2023

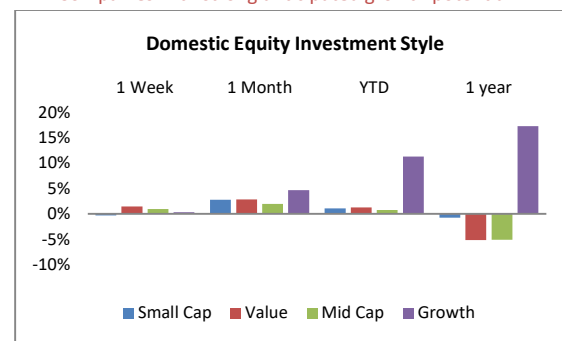
	1 Week	1 Month	YTD	1 year
Small Cap*	-0.4%	2.7%	1.0%	-0.8%
Value**	1.4%	2.8%	1.2%	-5.2%
Mid Cap***	0.9%	1.9%	0.7%	-5.2%
Growth****	0.3%	4.6%	11.2%	17.2%

*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 Risk comparison week ended 14 April 2023 (Standard Deviation)

	1 Week	1 Month	YTD	1 year
MSCI South Africa	-	3.9	3.7	4.4
MSCI Europe	-	1.7	2.6	3.3
MSCI USA	-	1.6	2.2	3.1
MSCI Emerging Markets	-	0.5	2.2	2.6
MSCI World	-	1.3	2.0	2.8

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

United States Retail sales fell 1 percent month-on-month in March, worse than market forecasts of a 0.4 percent drop, as rising interest rates continues to weigh on consumers' willingness to spend. Despite that, the annual inflation rate slowed to 5 percent in the same period.

Europe Retail trade was lower at 0.8 percent from a month earlier in February due to weak demand across the bloc as a result of inflation and rising borrowing costs which continue to fuel concerns about a potential recession.

Asia China annual inflation rate fell unexpectedly to 0.7 percent in March, the lowest figure since September 2021, food costs continue to ease following the economic recovery after the removal of pandemic policy.

Brent Crude investors are optimistic about China's recovery, as rebound in China economy is likely to cushion the impact of slower global growth. Meanwhile, Saudi Arabia said that OPEC should keep supplies steady in 2023 due to fragile demand.

Gold steadies as investors continue to reassess the possibility of interest rates reaching the peak in this tightening cycle due to easing of global inflationary pressures.

Global Equity Performance week 14 April 2023 (USD)

	1 Week	1 Month	YTD	1 year
MSCI South Africa	2.3%	6.5%	0.2%	-17.7%
MSCI Europe	2.3%	6.5%	13.4%	4.2%
MSCI USA	1.0%	5.7%	8.1%	-6.3%
MSCI Emerging Markets	1.0%	5.5%	4.3%	-10.8%
MSCI World	1.3%	5.8%	8.2%	-5.2%

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.

- **Keep capital intact.** Investors should be more geared towards investments that protect and preserve capital as uncertainty affects 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 situation 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.
- **Be focused on your strategy.** Investors should maintain their long-term strategic allocation and avoid panic. The market is characterised by fluctuations and therefore should not pose a significant threat to the investor.
- **Seek advice.** In situations where an investor may not know what to do or is unsure of 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.

Hope for the Future

Banking system

Financial systems have proven to pose a significant systemic and structural importance to an economy; most recent is the demise of two regional US banks as well as the sale of Credit Suisse. The impact would have been adverse had Credit Suisse not been rescued, in fact the reason for the swiftness in sale of the bank is to avoid contagion that would have affected other global banks.

However, in all these, the South African banking system has not only remained resilient but also competitive, shielding the impact of these forces. According to PwC, the South African banks showed competence in credit risk management as a result of a fall in credit loss ratios and total non-performing loans remaining flat during the pandemic and liquidity management remains above regulatory levels.

Going forward, as the banks continue to embrace innovation, technology and digitization; strong brand, prudence in credit provision and capital management, in addition to balance sheet growth will drive revenues and provide robustness to the general financial framework.

Political

There is more to be done on the political sphere in order stem and redirect South Africa on the path of growth and sustainability, since load shedding became a national issue over a decade ago, it remains to be tackled and has only gotten worse. This highlights the institutional and political leadership failure currently affecting the country. Interestingly, younger generations are more optimistic about the state of the country today than a decade ago.

While the government has made promises and commitment regarding investment spending to boost growth, the pace has been rather slow. The focus perhaps should be on efforts and policies to boost local human capital. Rising interest from the younger generation fuelled by a desire for change should provide a long term turn around in the political sphere.

TERM OF THE WEEK

Safe haven

Safe haven is an investment that is expected to retain or increase in value during periods of market stress. Often investors turn to safe haven assets in order to limit their exposure to losses in market downturns.

Compiled by:

Mitchell Dibua

+27 8127 333 88